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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Business activity growth accelerates to eight-month high

Key findings

Flash Composite Output Index, April: 52.6
(March Final: 51.7)

Flash Services Business Activity Index, April: 54.6
(March Final: 54.1)

Flash Manufacturing Output Index, April: 48.1
(March Final: 46.4)

Today sees the latest release of the au Jibun Bank Flash Japan Composite PMI®. Published on a monthly basis approximately one week before final PMI data are released, this makes the PMI the earliest available indicator of private sector operating conditions in Japan. The estimate is typically based on approximately 85%–90% of total PMI survey responses each month and is designed to provide an accurate indication of final PMI data.

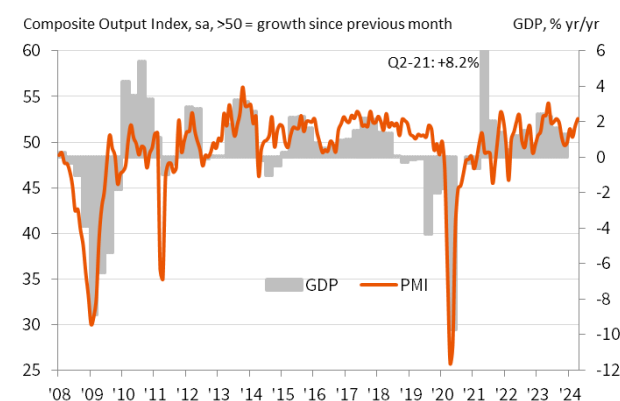
Commenting on the latest survey results, Jingyi Pan, Economics Associate Director at S&P Global Market Intelligence, said:

“Japan’s private sector expansion accelerated at the start of the second quarter of 2024, according to the April flash PMI data. The latest reading signalled that output rose at the joint-fastest pace in nearly a year (matched by August 2023). While the service sector remained the primary driver of growth, it was encouraging to see the deterioration in manufacturing output further ease in April.”

“Overall new orders rose at a solid pace in the opening month of Q2, which fed through to sustained accumulation of backlogged work within the Japanese private sector. Business confidence also remained positive as private sector firms picked up the pace of hiring. These forward-looking indicators suggest that the expansion in activity is expected to sustain in the near-term.”

“April data also brought with it additional signs of intensifying price pressures. Average input prices rose at a quicker rate, attributed to higher rates of input cost inflation among both goods producers and service providers. Higher material, energy and wage costs were key sources of rising average cost burdens, with the weaker yen having played a significant part as well. Firms thereby passed on rising costs to clients, leading to the fastest increase in average charges in a year.”

au Jibun Bank Japan Composite Output Index



Sources: au Jibun Bank, S&P Global PMI, Cabinet Office via S&P Global Market Intelligence.

Index summary

Index	Sector	Interpretation
Output	Composite	Stronger growth
	Manufacturing	Weaker decline
	Services	Stronger growth
New Orders	Composite	Stronger growth
	Manufacturing	Weaker decline
	Services	Stronger growth
New Export Orders	Composite	Weaker decline
	Manufacturing	Weaker decline
	Services	Stronger growth
Employment	Composite	Stronger growth
	Manufacturing	Stronger growth
	Services	Unchanged pace of growth
Backlogs of Work	Composite	Unchanged pace of growth
	Manufacturing	Weaker decline
	Services	Weaker growth
Output Prices	Composite	Stronger inflation
	Manufacturing	Stronger inflation
	Services	Stronger inflation
Input Prices	Composite	Stronger inflation
	Manufacturing	Stronger inflation
	Services	Stronger inflation
Future Output	Composite	Weaker positive outlook
	Manufacturing	Stronger positive outlook
	Services	Weaker positive outlook
Stocks of Purchases	Manufacturing	Grow th, from decline
Stocks of Finished Goods	Manufacturing	Grow th, from decline
Quantity of Purchases	Manufacturing	Weaker decline
Suppliers’ Delivery Times	Manufacturing	Renew ed shortening

au Jibun Bank Flash Japan Manufacturing PMI®

The au Jibun Bank Japan Manufacturing PMI® is compiled by S&P Global from survey responses from a panel of around 400 manufacturers. The headline figure is the Purchasing Managers' Index (PMI), a composite single-figure indicator of manufacturing performance. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

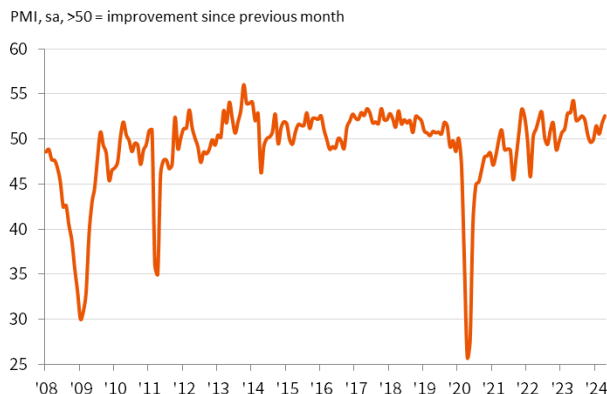
The headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® rose from 48.2 in March to 49.9 in April to signal a near-stabilisation of Japanese manufacturing business conditions. Both output and new orders fell at slower rates in the latest survey period, with the decline in the latter easing to the softest in ten months. In turn, manufacturing sector confidence improved while employment growth accelerated. Finally, input cost inflation rose in April, leading average charges to rise at the fastest pace in nine months.

au Jibun Bank Flash Japan Services PMI®

The au Jibun Bank Japan Services PMI® is compiled by S&P Global from survey responses from a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The headline figure is the Services Business Activity Index, which tracks changes in the volume of business activity compared with one month previously. A reading above 50 indicates an overall increase compared to the previous month, and below 50 an overall decrease.

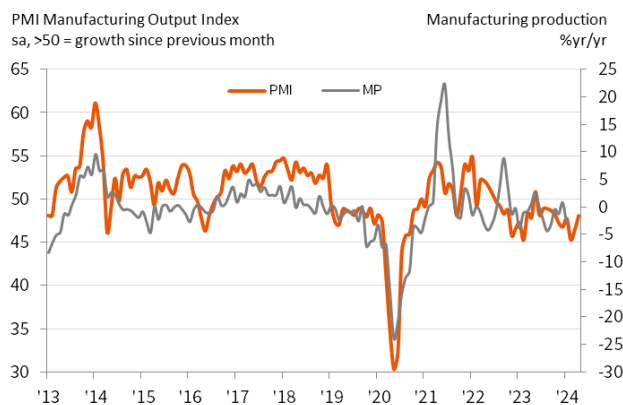
The au Jibun Bank Flash Japan Services Business Activity Index posted 54.6 in April, up from a final reading of 54.1 in March. This signalled the sharpest expansion in Japan's services activity since May 2023. Underpinning business activity growth were faster new business inflows, the quickest in ten months. April data also indicated sustained pressure on capacity, leading to another solid expansion of employment levels. On prices, input cost inflation rose for a second successive month. As a result, Japanese service providers shared their additional cost burdens with clients, contributing to the strongest rise in selling prices in ten years.

au Jibun Bank Japan Composite Output PMI®



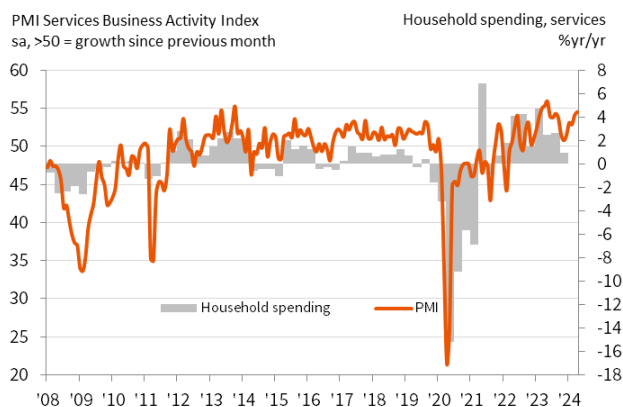
Sources: au Jibun Bank, S&P Global PMI.

Manufacturing output



Sources: au Jibun Bank, S&P Global PMI, METI via S&P Global Market Intelligence.

Services business activity



Sources: au Jibun Bank, S&P Global PMI, Cabinet Office via S&P Global Market Intelligence.

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Methodology

The au Jibun Bank Japan Composite PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies and a panel of around 400 manufacturers. The service sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panels are stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Composite indices are weighted averages of comparable manufacturing and services indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

The headline figure is the Composite Output Index. This index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The headline manufacturing figure is the Purchasing Managers' Index (PMI), a composite single-figure indicator of manufacturing performance. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Flash indices are released approximately one week before the 'final' indices. Flash indices are typically based on approximately 85%–90% of total PMI survey responses each month and are designed to provide an accurate indication of final indices.

Final underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

April 2024 flash data were collected 11-19 April 2024. For further information on the PMI survey methodology, please contact economics@spglobal.com.

The au Jibun Bank Japan PMI is sponsored by au Jibun Bank Corporation

The au Jibun Bank is an internet retail bank established in 2008 by a joint investment of KDDI – a major telecommunication service provider – and MUFG Bank – Japan's largest bank – As a "smartphone-centric bank", au Jibun Bank focuses on providing high-quality financial services via smartphones.

The au Jibun Bank provides unique services such as "Smartphone ATM", a service allowing to deposit and withdraw money from teller machine without cash card by just scanning a QR code shown on the smartphone app, and "AI Foreign Currency Forecast", a foreign currency trading support tool that predict the rise of foreign exchange rate based on past trend deep learned by an AI (artificial intelligence).

As a member of the "au Financial Group", au Jibun Bank aims to play a major role in providing comprehensive smartphone-centric banking services in line with the "Smart Money Concept" and enhance customer experience.

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more, go to ihsmarkit.com/products/pmi.html.

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