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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Slowest rise in private sector activity since February

Key findings

Flash Composite Output Index, September: 51.8
(August Final: 52.6)

Flash Services Business Activity Index, September:
53.3 (August Final: 54.3)

Flash Manufacturing Output Index, September:
48.6 (August Final: 48.9)

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, Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

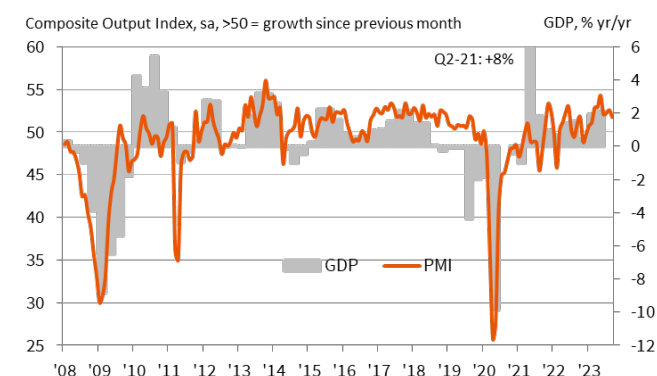
“The Japanese private sector economy signalled a further loss of growth momentum at the end of the third quarter of 2023, as signalled by a softer expansion in output during September. The rate of growth was only modest and the slowest recorded since February. Service providers continued to lead the way with a sustained increase in business activity, though the rate of growth slowed to an eight-month low. Manufacturers meanwhile signalled a fourth consecutive deterioration in operating conditions that was the steepest seen for seven months.”

“Forward-looking indicators from the survey suggest the potential for softening demand and activity over the coming months. Composite new order growth came close to stalling, as private sector firms noted the weakest expansion since February. While there was a further rise among services firms, Japanese manufacturers indicated that new orders fell at the strongest pace in seven months. Firms took the opportunity provided by slower expansions in orders to work through outstanding business to the greatest extent since February 2022.

“As pressure on capacity eased, there was a renewed reduction in employment levels that was the first since the start of the year and the quickest since August 2020. Private sector companies often noted the

non-replacement of voluntary leavers, partly as part of cost-saving efforts amid elevated cost burdens.”

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	Weaker growth
	Manufacturing	Stronger decline
	Services	Weaker growth
New Orders	Composite	Weaker growth
	Manufacturing	Stronger decline
	Services	Weaker growth
New Export Orders	Composite	Stronger decline
	Manufacturing	Stronger decline
	Services	Decline, from growth
Employment	Composite	Decline, from growth
	Manufacturing	Stronger growth
	Services	Decline, from growth
Backlogs of Work	Composite	Stronger decline
	Manufacturing	Stronger decline
	Services	Decline, from growth
Output Prices	Composite	Weaker inflation
	Manufacturing	Unchanged rate of inflation
	Services	Weaker inflation
Input Prices	Composite	Weaker inflation
	Manufacturing	Stronger inflation
	Services	Weaker inflation
Future Output	Composite	Weaker positive outlook
	Manufacturing	Weaker positive outlook
	Services	Weaker positive outlook
Stocks of Purchases	Manufacturing	Weaker growth
Stocks of Finished Goods	Manufacturing	Growth, from decline
Quantity of Purchases	Manufacturing	Stronger decline
Suppliers' Delivery Times	Manufacturing	Weaker lengthening

PMI®

by S&P Global

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.

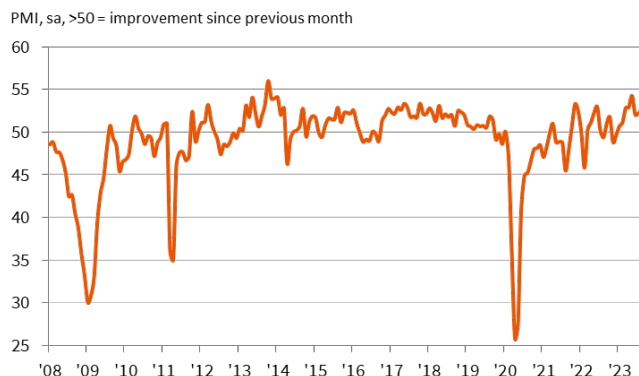
The headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® decreased from 49.6 in August to 48.6 in September, signalling a fourth consecutive deterioration in operating conditions that was the strongest since February. There were sustained decreases in both output and new orders, with the latter falling at the sharpest rate in seven months. In line with the trend for new orders, the rate of backlog depletion also quickened on the month to reach the joint-sharpest since March. Price pressures faced by Japanese manufacturers remained elevated during September, as the rate of input price inflation accelerated for the second successive month to hit a four-month high. That said, output charges were increased at an unchanged, albeit solid pace in the latest survey period.

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.

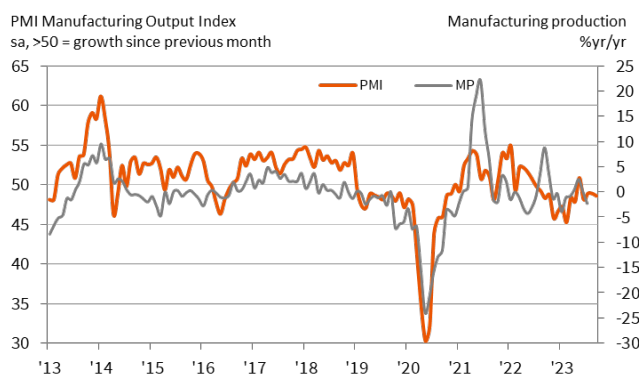
At 53.3 in September, the au Jibun Bank Flash Japan Services Business Activity Index fell from 54.3 in August to signal a softer, yet still moderate increase in business activity that was the slowest since the start of the year. Growth in new business also eased from that seen in August while foreign demand for Japanese services fell for the first time in 13 months. Service providers also noted a reduction in employment levels for the second time in the past three months at the end of the third quarter, with the rate of job shedding the strongest seen since January 2022. Firms remained optimistic regarding the outlook for output over the coming 12 months during September, however the overall degree of optimism eased to the softest since March 2022.

au Jibun Bank Japan Composite Output PMI®



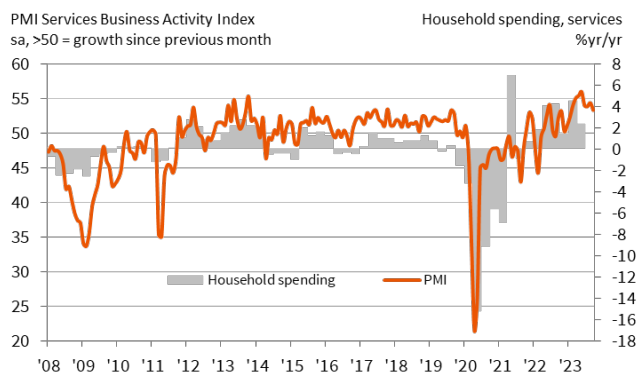
Sources: au Jibun Bank, S&P Global PMI.

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.

Contact

au Jibun Bank
Grp-S-I-Room@jibunbank.co.jp

Usamah Bhatti
 Economics Director
 S&P Global Market Intelligence
 T: +44-1344-328-370
usamah.bhatti@spglobal.com

SungHa Park
 Corporate Communications
 S&P Global Market Intelligence
 T: +82 2 6001 3128
sungha.park@spglobal.com

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.

September 2023 flash data were collected 12-20 September 2023. For further information on the PMI survey methodology, please contact economics@ihsmarkit.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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