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au Jibun Bank Japan Services PMI®

Including au Jibun Bank Japan Composite PMI®

Service sector activity rises in April

Key findings

Fresh rise in business activity amid stronger sales growth

Input cost inflation quickens to 26-month high

Business confidence recedes to lowest level since January 2021

After stagnating in March, latest survey data indicated a renewed upturn in Japanese service sector activity at the start of the second quarter. The increase coincided with a stronger increase in total new work, which expanded at the quickest pace in nearly a year. Rising backlogs and efforts to expand capacity encouraged firms to add to their payrolls again. However, cost pressures intensified, with average input prices increasing at the fastest rate in over two years, prompting firms to raise their output charges again.

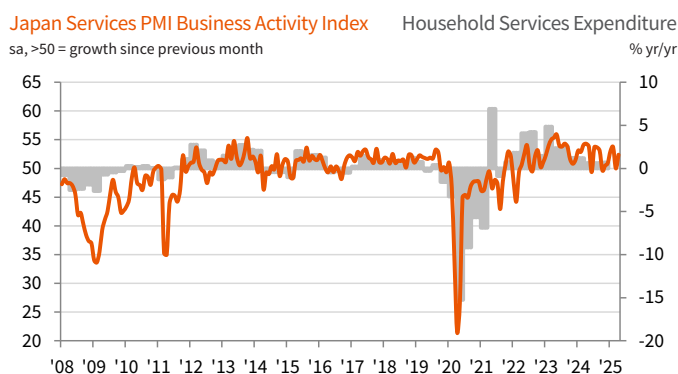
Despite the improvements in activity and demand, optimism around the 12-month outlook for output waned in April, slipping to the lowest level since the start of 2021.

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 50.0 indicates an overall increase compared to the previous month, and below 50.0 an overall decrease.

At 52.4 in April, the headline au Jibun Bank Japan Services Business Activity Index rose from the no-change level of 50.0 in March to indicate a fresh increase in service sector activity across Japan. Business activity has now expanded in five of the past six months, though the latest rise was modest overall.

There were a number of reports that improved client numbers and greater sales had underpinned the upturn in activity levels.



Sources: au Jibun Bank, S&P Global PMI, Cabinet Office Japan via S&P Global Market Intelligence. Data were collected 09-25 April 2025.

Sub-sector data indicated that output expanded across all five monitored sub-sectors except for Information & Communication.

Firmer customer demand was highlighted by a stronger increase in total new orders in April. Notably, the rate of sales growth was the steepest recorded since last May. New export business also increased again in April, albeit at the softest rate in three months.

Employment across the services industry remained on an upward trajectory in April. Though modest, the rate of job creation was the strongest seen since the start of the year. Firms often mentioned hiring additional workers to help expand capacity in line with customer demand. Nevertheless, the sustained rise in new work led to a back-to-back increase in outstanding business, though the rate of accumulation remained mild.

Service providers in Japan signalled a sharp and accelerated rise in average input costs during April, with the rate of inflation the quickest recorded since February 2023. Companies looked to partially pass on higher expenses to clients to help ease pressure on margins, and raised their output charges at a solid pace.

Business sentiment regarding the one-year outlook for output slipped again in April, falling to the lowest level since January 2021. While firms were often hopeful that stronger market demand and company expansion plans will boost activity levels, there were concerns around the global economic and trade outlook, labour shortages and inflation.

au Jibun Bank Japan Composite PMI®

Japan's private sector returns to growth in April

The au Jibun Bank Japan Composite PMI Output Index* posted above the neutral 50.0 mark at 51.2 in April, up from 48.9 in March, to signal a renewed increase in overall private sector business activity. Output has now risen in five of the past six months, though the latest expansion was modest overall. Growth was predominantly driven by the service sector, which moved back into expansion territory in April, as factory output continued to decline.

Overall new business increased for the sixth straight month, albeit marginally. The upturn was supported by the strongest rise in service sector sales for nearly a year, as manufacturers registered the steepest drop in new orders since February 2024.

At the composite level, employment growth edged up to the highest in three months. Staffing levels increased across both the manufacturing and service sectors, with the latter noting the steeper rate of job creation.

Inflationary pressures picked up in April, with overall input cost inflation quickening to a two-year high on the back of a stronger rise in service sector costs. This in turn led to a slightly quicker increase in composite selling prices.

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

Comment

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

"Latest PMI data showed that a fresh increase in service sector activity offset a further decline in factory production in April, to help lift overall private sector output in Japan back into expansion territory."

"While output has now risen in five of the last six months, growth has been relatively subdued and solely driven by the services industry."

"While the new order indices suggest that services companies experienced a notable improvement in demand conditions, manufacturers saw a steeper drop in sales, which panellists partly linked to the challenging trade environment for goods amid recent US tariff announcements."

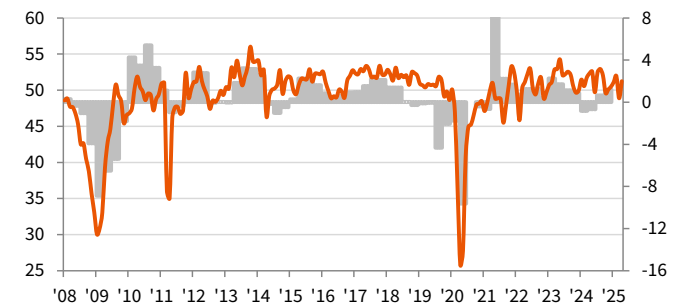
"However, the reduction in business confidence in April was broad-based, with both manufacturers and service providers expressing concerns over the global economic outlook and impact of tariffs on growth potential. Costs were also a concern, with the latest survey indicating that overall input price inflation hit a two-year high in April. This added further pressure on firms to pass on costs to customers in order to maintain operating margins."

Japan Composite Output Index

sa, >50 = growth since previous month

GDP

% yr/yr

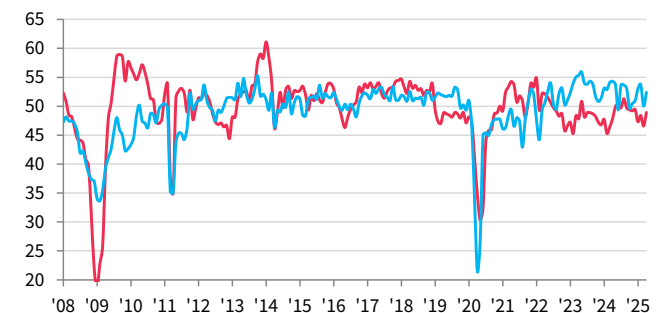


Sources: au Jibun Bank, S&P Global PMI, Cabinet Office Japan via S&P Global Market Intelligence.

Japan Manufacturing Output Index

Japan Services Business Activity Index

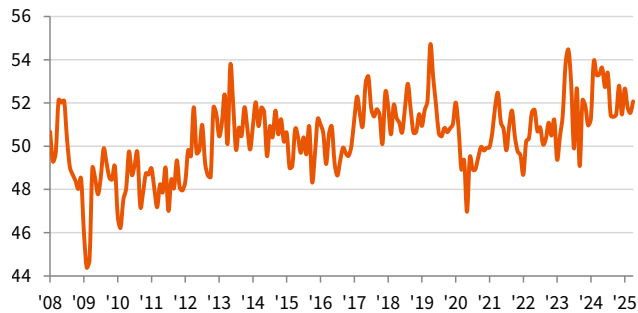
sa, >50 = growth since previous month



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

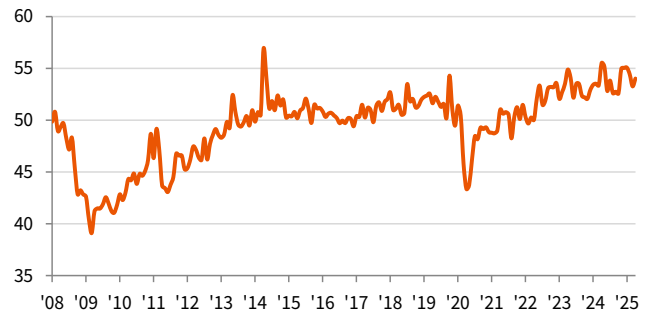
Japan Services Employment Index

sa, >50 = growth since previous month



Japan Services Prices Charged Index

sa, >50 = inflation since previous month



Contact

Annabel Fiddes
Economics Associate Director
S&P Global Market Intelligence
T: +44 1491 461 010
annabel.fiddes@spglobal.com

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

Methodology

The au Jibun Bank Japan Services PMI® is compiled by S&P Global from responses to questionnaires sent to 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 panel is 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.

The headline 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 Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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.

Data were collected 09-25 April 2025.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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.

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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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