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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Stronger service sector growth contrasts with deeper manufacturing downturn

Key findings

Flash Composite Output Index, February: 50.7
(January Final: 50.7)

Flash Services Business Activity Index, February: 53.6
(January Final: 52.3)

Flash Manufacturing Output Index, February: 44.9
(January Final: 47.2)

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, Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

“The modest, stable growth signalled by the au Jibun Bank Flash Japan Composite PMI in February masked widely differing trends between the manufacturing and service sectors midway through the first quarter of the year. Service providers posted sharper rises in activity and new business as the latest wave of the COVID-19 pandemic faded, providing a boost to demand. The picture was much less positive in the manufacturing sector, however, where new orders and production dropped to the greatest extents in just over two-and-a-half years.

“Meanwhile, inflationary pressures remained stubbornly high across the board. Input costs increased at the fastest pace since last October, with firms in turn also raising their output prices at a sharper pace than in January. Companies will be hoping to see price pressures ease meaningfully in the coming months to provide some support to customer demand.”

au Jibun Bank Japan Composite Output Index



Sources: au Jibun Bank, S&P Global, Cabinet Office.

Index summary

Index	Sector	Interpretation
Output	Composite	Growth, pace unchanged
	Manufacturing	Stronger decline
	Services	Stronger growth
New Orders	Composite	Stronger decline
	Manufacturing	Stronger decline
	Services	Stronger growth
New Export Orders	Composite	Stronger decline
	Manufacturing	Stronger decline
	Services	Weaker growth
Employment	Composite	No change, from decline
	Manufacturing	Growth, pace unchanged
	Services	Weaker decline
Backlogs of Work	Composite	No change, from growth
	Manufacturing	Stronger decline
	Services	Stronger growth
Output Prices	Composite	Stronger inflation
	Manufacturing	Stronger inflation
	Services	Stronger inflation
Input Prices	Composite	Stronger inflation
	Manufacturing	Weaker inflation
	Services	Stronger inflation
Future Output	Composite	Stronger positive outlook
	Manufacturing	Weaker positive outlook
	Services	Stronger positive outlook
Stocks of Purchases	Manufacturing	Stronger growth
Stocks of Finished Goods	Manufacturing	Stronger decline
Quantity of Purchases	Manufacturing	Stronger decline
Suppliers' Delivery Times	Manufacturing	Weaker lengthening

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.

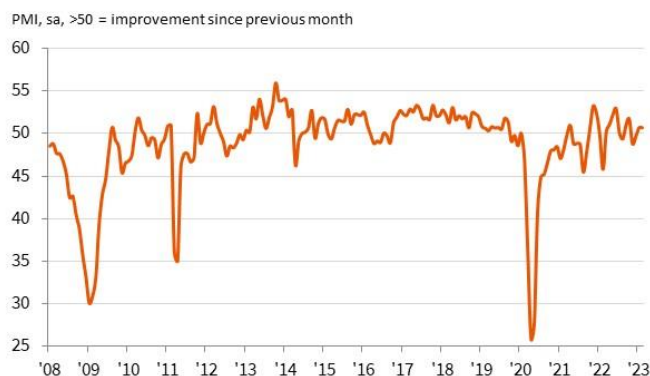
The headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® dropped to 47.4 in February from a final reading of 48.9 in January, signalling a solid deterioration in the health of the sector, and one that was the sharpest for two-and-a-half years. The decline in business conditions mainly reflected steeper reductions in output and new orders, which both fell to the greatest extents since July 2020. More positively, cost and supply pressures showed further signs of easing and manufacturers continued to raise their staffing levels slightly, extending the current sequence of job creation to 23 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.

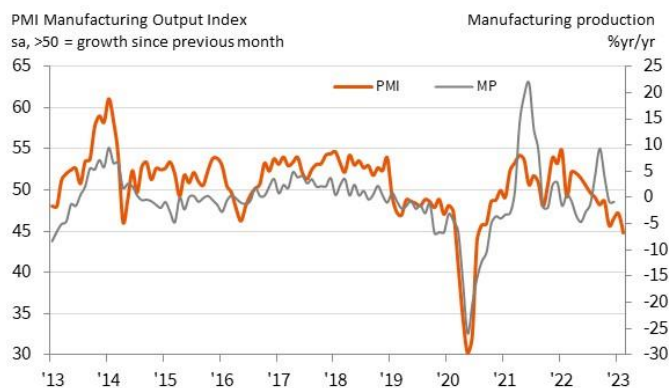
The au Jibun Bank Flash Japan Services Business Activity Index signalled sustained growth in the service sector during February, rising to 53.6 from a final reading of 52.3 in January. Services activity has now increased in each of the past six months, with the latest solid expansion the fastest since June last year as the most recent wave of the COVID-19 pandemic subsided. New order growth also quickened, while new business from abroad increased slightly. Employment ticked down for the second month running. The combination of stronger new order inflows and falling staffing levels meant that outstanding business accumulated to the greatest degree since the survey began in September 2007. Meanwhile, rates of both input cost and output price inflation quickened from the start of the year. Higher fuel and wage costs were widely mentioned by respondents.

au Jibun Bank Japan Composite Output PMI®



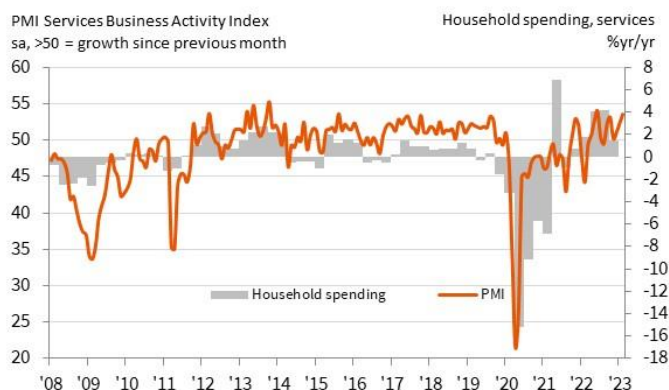
Sources: au Jibun Bank, S&P Global.

Manufacturing output



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

Services business activity



Sources: au Jibun Bank, S&P Global, Cabinet Office.

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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.

February 2023 flash data were collected 10-17 February 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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