

# S&P Global Japan Manufacturing PMI<sup>®</sup>

## Japanese manufacturing conditions stabilise in December

### December 2025

New business declines at softest pace for over a year-and-a-half

Output stabilises and employment continues to expand

Input prices increase at fastest pace since April

The latest PMI<sup>®</sup> data signalled that business conditions across Japan's manufacturing sector stabilised at the end of 2025. New orders fell at a notably slower pace that was the weakest in 19 months, while output was broadly stable. Firms also added to their staff numbers again and at a slightly faster pace.

Business confidence meanwhile slipped from November, but remained strong. Input costs rose to the greatest extent since April, leading to another solid increase in output charges.

The headline S&P Global Japan Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) – a composite single-figure indicator of manufacturing performance – posted at the neutral level of 50.0 in December, up from 48.7 in November, indicating stable business conditions at the end of the year. This ended a five-month period of deterioration.

Data broken down by sub-sector indicated that conditions improved across the consumer and investment goods segments, but weakened for makers of intermediate goods.

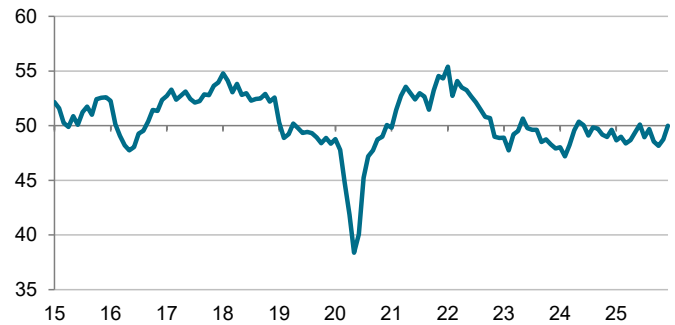
A key factor helping to lift the PMI reading was a much slower and only marginal reduction in overall new business in December. Moreover, the latest reduction in new work was the softest since May 2024. While companies often noted that demand conditions remained relatively subdued, some firms recorded an improvement in sales amid new projects and stronger-than-anticipated customer spending.

New export orders meanwhile fell at a slightly slower and modest rate at the end of 2025. Lower overseas sales were partly linked to weaker demand across Asia, and for semiconductors in particular.

At the same time, companies signalled that output volumes were broadly stable December. Production fell at a negligible pace that was the slowest seen over the current six-month sequence of decline.

In line with the trend seen for output, purchasing activity decreased at the softest rate in six months and only marginally. Manufacturers continued to lower their inventory levels in December, which was partly linked to muted demand conditions. Stocks of purchases were depleted at a slower but

S&P Global Japan Manufacturing PMI  
Index, sa, >50 = improvement m/m



Data were collected 4-16 December 2025.  
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### Comment

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"Japan's manufacturing industry saw conditions stabilise at the end of the year, with factories reporting a much weaker reduction in sales and largely steady production levels.

"There was also good news on the employment front, with staffing levels rising at a slightly quicker pace as firms projected greater demand in the months ahead. This optimism was also reflected in output projections, with the degree of positive sentiment the second-highest seen since January. New product releases and greater demand across key industries such as autos and semiconductors were all anticipated to boost the sector's performance in 2026. However, a number of firms expressed concerns over relatively sluggish global conditions, an ageing population and rising costs.

"There were signs of stronger cost pressures in December, with input prices rising at the sharpest rate since April as higher raw material and labour costs, along with a weak yen, pushed up expenses. This led firms to raise their charges solidly as they looked to ease pressure on margins."

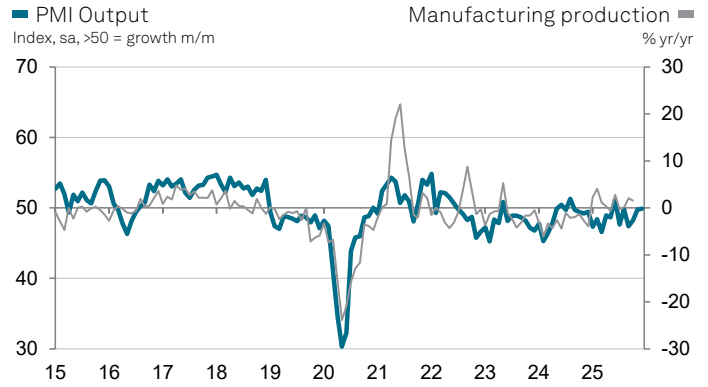
still solid rate, while inventories of finished items fell at the second-steepest pace since September 2020.

The time taken for purchased items to be delivered to Japanese manufacturers continued to lengthen at the end of the year amid reports of material shortages and increased shipping times. That said, the rate at which vendor performance deteriorated was modest and slower than the series long-run trend.

Turning to employment, firms raised their staffing levels again in December, often due to expectations of stronger customer demand in the months ahead. Though marginal, the rate of job creation was the best seen in four months. This supported a further reduction in outstanding business. However, the rate of backlog depletion was the slowest recorded in 18 months.

Optimism regarding the one-year outlook for output was sustained in December. The degree of positive sentiment slipped from November's recent high, but remained above the survey's long-run average. Firms often hoped that new product releases and a recovery in customer demand would drive production higher over the course of 2026.

On the prices front, average input costs rose at a sharp and accelerated rate in the latest survey period. Moreover, the rate of inflation was the steepest recorded since April, with a number of firms attributing the rise in expenses to higher raw material and labour costs. As a result, factories increased their selling prices again in December and at a solid pace.



Sources: S&P Global PMI, METI via S&P Global Market Intelligence. ©2026 S&P Global.

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## Methodology

The S&P Global Japan Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in October 2001.

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 Purchasing Managers' Index™ (PMI). 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.

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.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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