

Embargoed until 0930 JST (0030 UTC) 1 May 2025

au Jibun Bank Japan Manufacturing PMI®

Business conditions continue to weaken in April

Key findings

Output declines for eighth month in a row

Sharper falls in both total new work and new export business

Business confidence slips to lowest level since June 2020

Latest survey data pointed to a further deterioration in business conditions across Japan's manufacturing sector in April. New business fell solidly amid the steepest drop in new export work for six months, with firms often reporting subdued demand conditions and weaker customer spending. As a result, companies reduced output volumes, albeit modestly, and cut back on their purchasing activity and inventories. Price indicators continued to signal historically strong increases in both input costs and output charges, though rates of inflation did soften from March. When assessing the year-ahead outlook for output, firms were less upbeat in April, with overall optimism slipping to the lowest level since June 2020 amid concerns over future global economic and trade conditions.

The headline au Jibun Bank Japan Manufacturing Purchasing Managers' Index™ (PMI®) – a composite single-figure indicator of manufacturing performance – rose slightly from 48.4 in March to 48.7 in April. This signalled a deterioration in business conditions for the tenth month in a row, albeit one that was modest overall.

Sub-sector data highlighted divergent trends in April. Operating conditions weakened across both intermediate and investment goods segments, but makers of consumer goods saw a renewed improvement in the health of its sector.

Demand for Japanese manufactured goods continued to decline in April. Overall new work fell at a solid pace that was the quickest since February 2024, with firms often noting subdued client spending at home and abroad. New export orders fell at a similarly marked pace, and one that was the most pronounced in six months. Mainland China, Europe and the US were among the export markets cited as having lower demand.

Muted demand conditions led firms to cut production levels again in April. That said, the rate of contraction was the slowest seen in 2025 to date and only modest.

Nevertheless, the sustained falls in production and new work

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sa, >50 = improvement since previous month



Sources: au Jibun Bank, S&P Global PMI.
Data were collected 09-23 April 2025.

Comment

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

"Business conditions continued to weaken across Japan's manufacturing industry in April, with firms noting steeper falls in both overall new orders and new export sales.

"This prompted firms to cut back on their purchasing activity and readjust their inventories, while worries over the demand outlook weighed on expectations around the year-ahead. Business confidence regarding future output hit its lowest level since mid-2020, during the initial wave of the COVID-19 pandemic, with firms commenting that heightened uncertainty around global trade conditions and demand had made them more cautious.

"Firms are likely to struggle to see a recovery in conditions unless there is a noticeable improvement in demand both at home and overseas, which requires an improved global outlook and greater certainty around future trade relationships."

prompted firms to reduce input buying for the seventh straight month, while inventories of both purchased items and finished goods also fell.

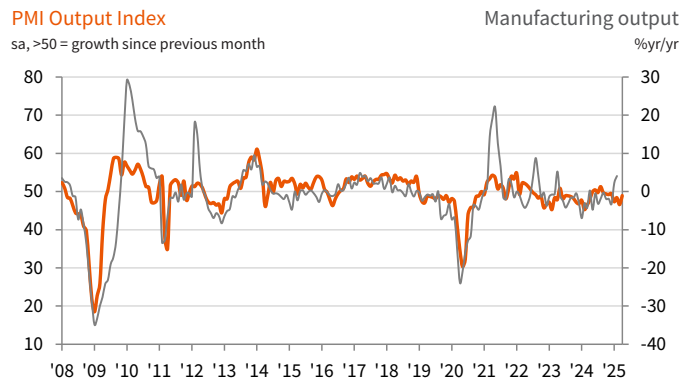
Supplier performance meanwhile deteriorated only fractionally, with longer lead times generally linked to material shortages.

Although demand conditions were subdued, manufacturers continued to add to their payrolls in April. The rate of job creation was only marginal, however, with some firms attributing this to the filling of vacancies. Higher staff numbers and a lack of incoming new work to replace completed orders led to a further solid reduction in outstanding business.

April survey data indicated that average input costs rose at the softest rate in a year, albeit one that remained sharp overall. Businesses noted that a variety of factors had gone up in price, notably transport, fuel, labour and raw materials.

As part of efforts to protect operating margins, goods producers increased their selling prices at the start of the second quarter. The rate of output charge inflation remained stronger than the series average, despite slipping to a seven-month low.

Concerns over the global economic outlook and US tariffs weighed on business confidence in April. Although companies generally anticipate output to increase over the next 12 months, the degree of optimism was the weakest recorded since the initial wave of the COVID-19 pandemic in June 2020.



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Methodology

The au Jibun Bank Japan Manufacturing PMI® is compiled by S&P Global from responses to monthly 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.

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.

Data were collected 09-23 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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