News Release
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S&P Global Japan Manufacturing PMI®

Japanese manufacturers signal another marked drop in sales in November

November 2025

Downturn in new orders remains solid...

...but production levels are cut at softest pace since August

Input cost inflation quickens to five-month high

Japanese goods producers continued to face weak demand conditions in November, according to latest PMI data, with overall new business falling solidly. However, the downturn in production eased for the second straight month, and business confidence picked up to a ten-month high.

Cost pressures meanwhile picked up, with expenses rising at the fastest rate since June, which led to another solid increase in selling prices.

The headline S&P Global Japan Manufacturing Purchasing Managers' Index™ (PMI®) – a composite single-figure indicator of manufacturing performance – rose from 48.2 in October to 48.7 in November, to signal a deterioration in the health of the sector for the fifth month in a row. That said, the rate of decline was the slowest seen since August and only mild.

Sub-sector data revealed that operating conditions continued to weaken across intermediate and investment good segments, but improved slightly for makers of consumer goods.

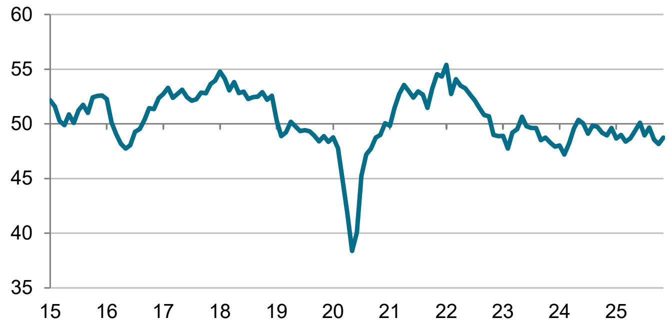
Helping to push up the headline index reading in November was a softer reduction in output. Manufacturers signalled only a marginal drop in production that was the slowest seen since August. Where output had fallen, firms often mentioned this was due to weaker inflows of new work and subdued demand conditions. However, some firms raised output due to forecasts of greater customer demand in the months ahead.

Current demand conditions remained challenging, however, as manufacturers registered another solid decline in overall new work. Notably, the rate of contraction eased only slightly from October's 20-month record. This was despite a softer and only modest reduction in new export business. A number of factors were linked to lower sales, including sluggish global conditions, tighter client budgets and reduced capital investment. Weaker demand across the automotive and semiconductor industries was also mentioned.

In line with the trend seen for new orders, manufacturers cut their purchasing activity again in November. Though solid, the latest reduction was the softest recorded since June.

Inventories were likewise scaled back further as firms often

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



Data were collected 12-21 November 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

Annabel Fiddes, Economics Associate Director at S&P Global Market Intelligence

"The latest PMI data showed that Japan's manufacturing sector continued to struggle with weak demand conditions in November, with firms signalling another solid decline in overall new business. Reduced demand was reported across key markets across Asia, with weaker-than-expected sales across the automotive and semiconductor industries noted in particular.

"Encouragingly, production fell at a slower and only marginal rate, which coincided with improved optimism around the year-ahead. Overall, business confidence rose to the highest level since the start of the year. Upbeat projections also supported a further rise in employment, as a number of firms anticipated a recovery in market demand over the course of 2026.

"With Japan's new prime minister recently announcing a substantial economic stimulus package - the biggest since the pandemic - it will be important to see how this impacts demand and the sector's performance as the administration seeks to boost investment in key strategic areas such as AI."

PMI by S&P Global

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cited efforts to streamline holdings due to subdued demand conditions. However, while stocks of finished goods fell at a slower and mild pace, inventories of purchased items declined at the steepest rate in five years.

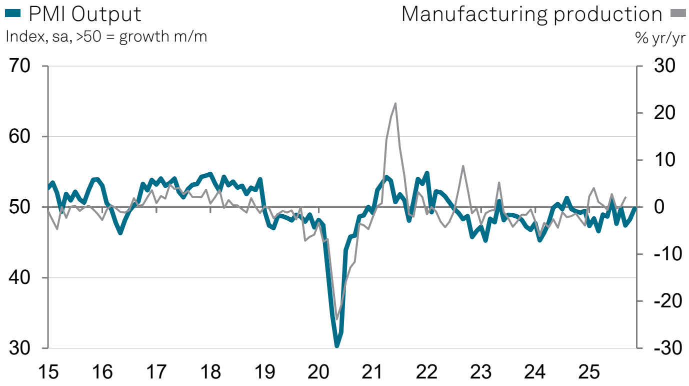
Despite the sustained drop in demand for inputs, average vendor performance deteriorated for the fifteenth month in a row in November. Notably, the rate at which delivery times increased was the quickest since early-2023. Panel members often linked longer lead times to staff and material shortages at suppliers.

Japanese manufacturers added to their workforce numbers again in November. Though only slight, the latest increase in employment was the fastest seen in three months. Higher headcounts were often attributed to the filling of vacancies, planned company expansions and in preparation for upcoming retirements.

A combination of rising staff levels and subdued sales enabled firms to work through unfinished business, stretching the current period of decline to 38 months. The rate of depletion was little-changed from October and solid overall.

Prices data meanwhile pointed to a further acceleration in the rate of input cost inflation. Operating expenses increased at the most pronounced rate since June, with firms frequently citing higher costs for staff and raw materials. As a result, firms raised their selling prices, and at a solid pace that was unchanged from October.

The latest survey indicated that Japanese factories were more upbeat about the 12-month outlook for output in November. Furthermore, the degree of optimism was the highest seen since January amid reports of new product launches and forecasts of stronger customer demand.



Sources: S&P Global PMI, METI via S&P Global Market Intelligence. ©2025 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.

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