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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Business activity returns to growth in July

Key findings

Flash Composite Output Index, July: 52.6
(June Final: 49.7)

Flash Services Business Activity Index, July: 53.9
(June Final: 49.4)

Flash Manufacturing Output Index, July: 49.7
(June Final: 50.4)

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, Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

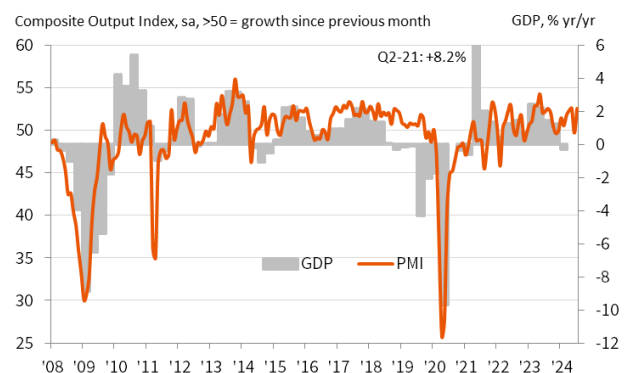
“Activity at Japanese private sector firms returned to expansion territory at the start of the third quarter of 2024, according to the July flash PMI data. The latest reading was indicative of solid growth, having reversed the slight contraction seen in the previous survey period, with the pace of increase equalling that seen in May. Service providers led the expansion and saw activity growth hit a three-month high, while manufacturers saw a renewed reduction in output that was nonetheless only marginal.

“Concurrently, demand conditions at private sector companies strengthened in July, following the slight dip in June. Service providers saw a solid rise in new business, however new work at manufacturing firms fell at the steepest rate since February. There were also further positive movements on the employment side as composite staffing levels increased for the tenth consecutive month, with both manufacturing and services companies seeing a sustained rise in headcounts.

“July data also brought with it a renewed increase in capacity pressures in the Japanese private sector economy. The level of outstanding business rose for the first time in three months, albeit only fractionally. At the same time, firms continued to note stubbornly high input prices

in the private sector, particularly among manufacturers who recorded the steepest rise in cost burdens since April 2023.”

au Jibun Bank Japan Composite Output Index



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

Index summary

Index	Sector	Interpretation
Output	Composite	Growth, from decline
	Manufacturing	Decline, from growth
	Services	Growth, from decline
New Orders	Composite	Growth, from decline
	Manufacturing	Stronger decline
	Services	Growth, from decline
New Export Orders	Composite	Unchanged pace of decline
	Manufacturing	Weaker decline
	Services	Decline, from growth
Employment	Composite	Stronger growth
	Manufacturing	Weaker growth
	Services	Stronger growth
Backlogs of Work	Composite	Growth, from decline
	Manufacturing	Stronger decline
	Services	Growth, from decline
Output Prices	Composite	Stronger inflation
	Manufacturing	Weaker inflation
	Services	Stronger inflation
Input Prices	Composite	Stronger inflation
	Manufacturing	Stronger inflation
	Services	Weaker inflation
Future Output	Composite	Weaker positive outlook
	Manufacturing	Weaker positive outlook
	Services	Stronger positive outlook
Stocks of Purchases	Manufacturing	Decline, from growth
Stocks of Finished Goods	Manufacturing	Stronger growth
Quantity of Purchases	Manufacturing	Stronger decline
Suppliers' Delivery Times	Manufacturing	Renewed 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.

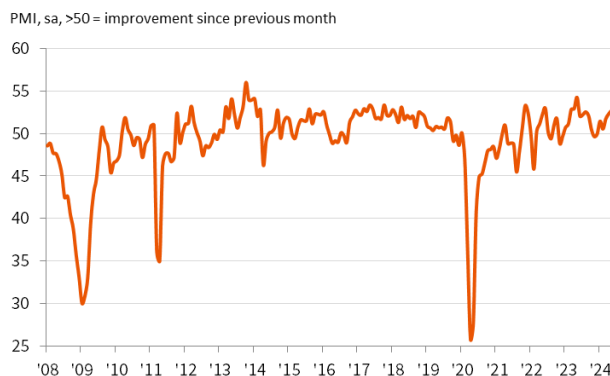
The headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® fell from 50.0 in June to 49.2 in July to signal a marginal deterioration in Japanese manufacturing business conditions for the first time in three months. Both output and new orders fell in the latest survey period, with the latter reducing to the largest degree since February. Sustained declines in new orders and further increases in employment levels meant spare capacity in the sector, and backlogs of work fell at the most marked extent in four months. Input cost inflation remained marked in July and accelerated to the fastest since April 2023. That said, the rate of charge inflation eased to a four-month low.

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.

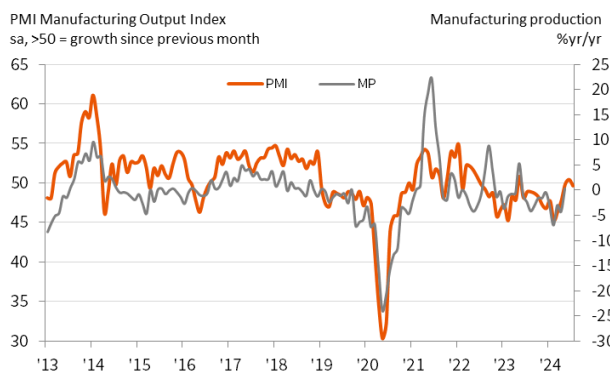
The au Jibun Bank Flash Japan Services Business Activity Index posted 53.9 in July, up from a final reading of 49.4 in June. This signalled a renewed and solid expansion in business activity in Japan's service sector, and one that was the strongest since April. The pace of expansion in incoming business was also at a three-month high and was solid overall. July data indicated sustained pressure on capacity as the level of outstanding business rose to the greatest extent since March. At the same time, average cost burdens increased at a robust rate that was nonetheless softer than that seen in June. That said, firms increasingly passed cost burdens on to clients through a stronger and solid increase in prices charged.

au Jibun Bank Japan Composite Output PMI®



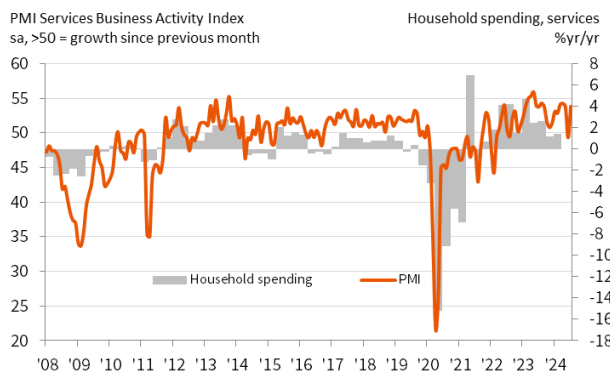
Sources: au Jibun Bank, S&P Global PMI.

Manufacturing output



Sources: au Jibun Bank, S&P Global PMI, METI via S&P Global Market Intelligence.

Services business activity



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

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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.

July 2024 flash data were collected 11-22 July 2024. For further information on the PMI survey methodology, please contact economics@spglobal.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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