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# au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

## Output declines for first time in four months

### Key findings

Flash Composite Output Index, October: 49.4 (September Final: 52.0)

Flash Services Business Activity Index, October: 49.3 (September Final: 53.1)

Flash Manufacturing Output Index, October: 49.5 (September Final: 49.7)

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:

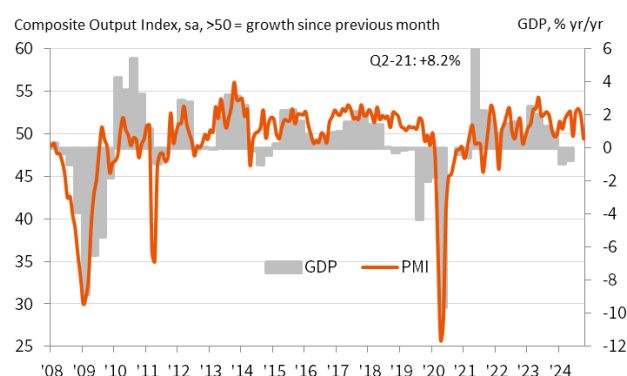
*“Japan’s private sector fell into contraction territory at the start of the fourth quarter of the year, as reflected by the Composite Output Index falling below the neutral 50.0 threshold for the first time since June. While the contraction was marginal, it was the most prominent since November 2022. Both manufacturing output and services activity reduced during October, with the latter seeing a decline for the first time in four months. Firms often attributed the deterioration to a muted economy and subdued new order inflows.*

*“As such, new business received by Japanese private sector companies decreased modestly in October, ending three-month sequence of growth. Moreover, the contraction was the steepest recorded for just over two-and-a-half years. New orders decreased across manufacturing and services. Poor demand conditions were not limited to just the domestic economy as new orders from abroad fell at the quickest pace since February 2023.*

*“Confidence about business activity growth in the next 12 months softened in October and was the least pronounced since August 2020. Companies mentioned the current economic malaise as dampening overall sentiment levels, but also the stubbornness of high prices. In fact, firms recorded a stronger rate of output charge inflation for the*

*second successive month, and one that was well above the series average.”*

### au Jibun Bank Japan Composite Output Index



### Index summary

Index	Sector	Interpretation
<b>Output</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Stronger decline
	Services	Decline, from growth
<b>New Orders</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Stronger decline
	Services	Decline, from growth
<b>New Export Orders</b>	<b>Composite</b>	<b>Stronger decline</b>
	Manufacturing	Stronger decline
	Services	Decline, from growth
<b>Employment</b>	<b>Composite</b>	<b>Weaker growth</b>
	Manufacturing	Decline, from growth
	Services	Weaker growth
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Stronger decline</b>
	Manufacturing	Stronger decline
	Services	Decline, from growth
<b>Output Prices</b>	<b>Composite</b>	<b>Stronger inflation</b>
	Manufacturing	Stronger inflation
	Services	Weaker inflation
<b>Input Prices</b>	<b>Composite</b>	<b>Stronger inflation</b>
	Manufacturing	Weaker inflation
	Services	Stronger inflation
<b>Future Output</b>	<b>Composite</b>	<b>Weaker positive outlook</b>
	Manufacturing	Weaker positive outlook
	Services	Weaker positive outlook
Stocks of Purchases	Manufacturing	Decline, from growth
Stocks of Finished Goods	Manufacturing	Stronger decline
Quantity of Purchases	Manufacturing	Decline, from growth
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)® fell from 49.7 in September to 49.0 in October to signal a stronger deterioration in manufacturing operating conditions. Output and new orders fell at the fastest rates in six and seven months respectively. In response, firms lowered employment levels for the first time since February, while purchasing fell for the first time in three months. Output in the coming months is likely to remain muted, with firms reporting that the level of outstanding business depleted at the most marked rate since March, while positive sentiment regarding the next 12 months eased to the lowest since April 2022.

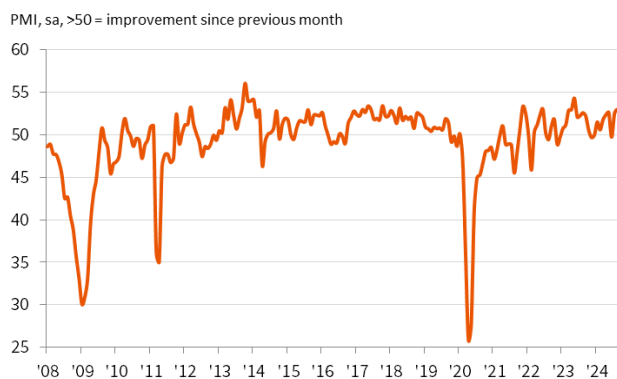
## au Jibun Bank Flash Japan Services PMI®

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 49.3 in October, down from a final reading of 53.1 in September. This indicated that business activity fell for the first time in four months and at the strongest rate since February 2022. There was also a renewed, albeit fractional reduction in new business as service providers commented that economic weakness at both a domestic and international level had led clients to hold back on new orders. Meanwhile, a slower improvement in employment levels reflected reports from firms that they had broadly sufficient capacity to fulfil existing workloads. Meanwhile, input cost inflation climbed in October, but firms raised average charges at the slowest pace in 11 months

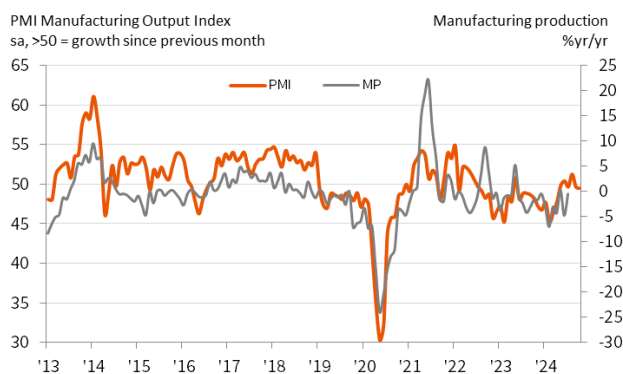
in a bid to support sales. Concurrently, confidence levels eased sharply in October, with firms expressing concerns that demand would remain stagnant while labour shortages would also hinder services output over the next 12 months.

### au Jibun Bank Japan Composite Output PMI®



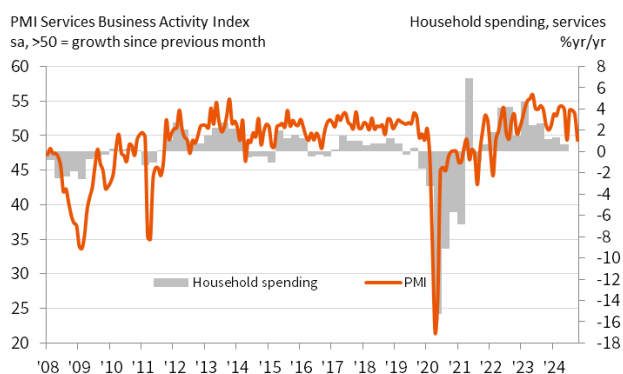
Sources: au Jibun Bank, S&P Global PMI.

### 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.

October 2024 flash data were collected 10-22 October 2024. For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto: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](https://ihsmarkit.com/products/pmi.html).

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