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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Strongest rise in private sector activity for three months

Key findings

Flash Composite Output Index, December: 50.8
(November Final: 50.1)

Flash Services Business Activity Index, December: 51.4
(November Final: 50.5)

Flash Manufacturing Output Index, December: 49.4
(November Final: 49.2)

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.

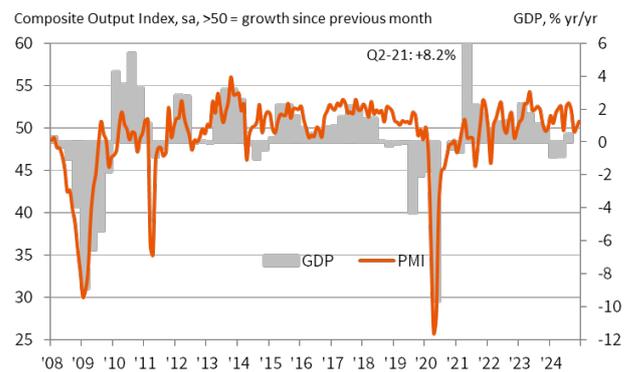
Commenting on the latest survey results, Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

“December flash PMI data signalled a further expansion of business activity at Japanese private sector firms at the end of 2024. Growth was only marginal but the most pronounced since September, amid an acceleration of services sector expansion. Manufacturing output meanwhile remained subdued, recording a contraction for the fourth consecutive month. Diverging trends continued to be seen in demand, with services firms seeing the strongest rise in new business in four months, while goods producers saw a stronger reduction in orders.

“Stubborn inflation held back a stronger expansion of the Japanese private sector in December. Average input prices rose markedly again, and at the steepest rate for four months, with anecdotal evidence placing particular emphasis on the impact of the weakness of the yen in relation to inputs sourced from abroad. As such, the pace of selling price inflation also quickened on the month and was the fastest since May.

“Overall optimism levels remained above average and suggested that firms were confident that output will continue to rise in the coming year. That said, the level of business confidence eased to the second-weakest in over three years. Anecdotal evidence pointed to concerns over labour supply, while other firms mentioned the impact of high inflation on activity.”

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

PMI®

by S&P Global

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)® rose from 49.0 in November to 49.5 in December. The latest reading signalled that manufacturing business conditions deteriorated for the sixth successive month, albeit only marginally. New orders continued to fall and at a steeper pace compared to November. Meanwhile, output fell only slightly as higher workforce capacity supported the strongest clearance of backlogged orders since March. Input price inflation remained elevated in December, with the rate of increase the most pronounced in four months. This contributed to the steepest rise in output charges since July. While firms remained optimistic regarding output growth over the coming year, the degree of confidence slipped to the lowest since May 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 51.4 in December, up from a final reading of 50.5 in November. This indicated that services activity rose for the second month running and at a stronger rate. Supporting the latest uptick in activity was a rise in new business inflows, where growth reached a four-month high. In turn, service providers hired additional staff to deal with ongoing workloads and limit the build-up of outstanding business. The level of optimism was above-average during December, but eased amid concerns over

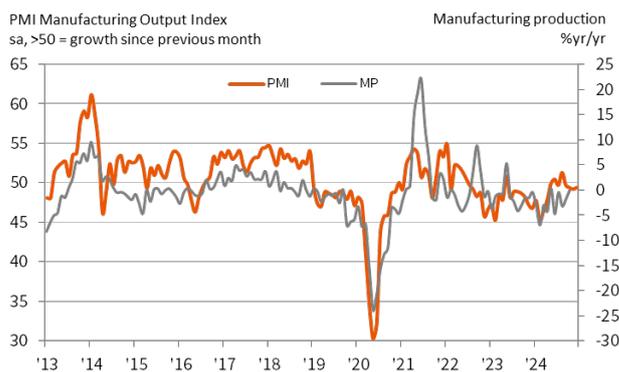
labour constraints and the impact of rising costs. In line with a stronger rise in input costs, average selling prices increased at the steepest rate in eight months.

au Jibun Bank Japan Composite Output PMI®



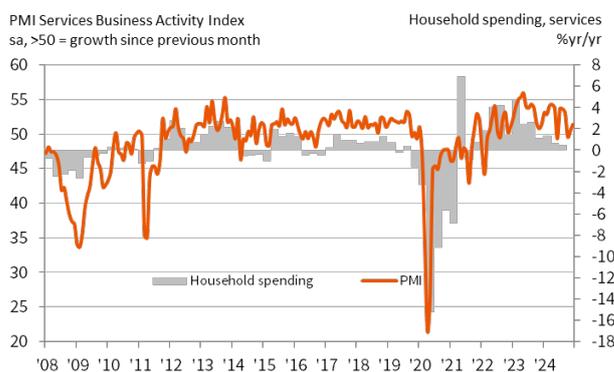
Sources: au Jibun Bank, S&P Global PMI.

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.

December 2024 flash data were collected 04-12 December 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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