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## au Jibun Bank Japan Manufacturing PMI®

### Strongest contraction of manufacturing sector in eight months

#### Key findings

Steeper decline in output amid sustained reduction in new orders

Employment falls for first time since February amid spare capacity

Overall business conditions among Japanese manufacturers deteriorated for the fifth month running in the penultimate month of the year. There was a sustained contraction in new order volumes, which contributed to the steepest reduction in production levels since April. At the same time, spare capacity was evident in among manufacturers as firms reduced employment levels for the first time in nine months and were able deplete their outstanding business at a sharp rate. On the price front, Japanese goods producers recorded a marked rate of input price inflation, which contributed to the steepest increase in output charges since July.

The headline au Jibun Bank Japan Manufacturing Purchasing Managers' Index™ (PMI®) – a composite single-figure indicator of manufacturing performance – fell slightly from 49.2 in October to 49.0 in November to signal a deterioration in the health of the sector for the fifth month running. The reduction was modest, yet the strongest seen since March.

There was a sustained decline in new orders midway through the final quarter of 2024. The pace of decline slowed from October, and was modest overall. According to panellists, demand from both domestic and international markets was subdued. As such, the current sequences of decline in both total new orders and new export business extended to 18 and 33 months respectively.

Also contributing to the sub-50.0 headline PMI reading was a stronger contraction in output levels during November. The downturn reportedly reflected production adjustments in response to weak demand, particularly for autos and semiconductors. While only marginal, the rate of reduction was the strongest since April.

Muted customer demand allowed firms to work through existing orders, as indicated by a further fall in backlogs of work. The rate of depletion eased slightly since October but remained sharp overall. Firms often indicated that capacity requirements were also subdued, displayed by the first reduction in employment levels in

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sa, >50 = improvement since previous month



Sources: au Jibun Bank, S&P Global PMI.  
Data were collected 12-22 November 2024.

#### Comment

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

*"The performance of the Japanese manufacturing sector was downbeat in November. The headline PMI fell to its lowest level since March as a sustained fall in new orders contributed to a stronger reduction in production levels.*

*"Meanwhile, capacity pressures remained subdued, as firms continued to work through outstanding business at a sharp rate in the absence of a meaningful rise in demand. This demand weakness also hindered manufacturers' hiring activity, as firms signalled lower employment levels for the first time in nine months.*

*"Cost inflationary pressures were also marked during November, despite remaining unchanged from October. That said, firms opted to raise selling prices at a stronger rate in order to protect margins.*

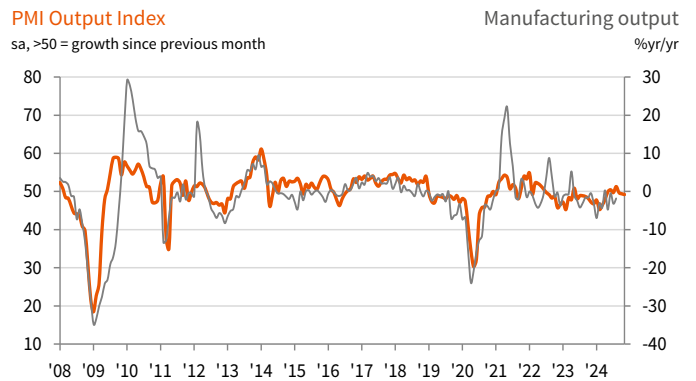
*"Looking ahead, firms were optimistic that this period would pass over the coming year and new product launches would stimulate sales, whilst coinciding with a domestic and global economic recovery. The overall degree of confidence strengthened to the highest since August."*

nine months.

On the price front, input cost pressures remained robust in the latest survey period. Despite the rate of cost inflation remaining unchanged from October's six-month low, the increase was still historically strong. Higher operating expenses were often attributed to increased labour, logistics and raw material prices, notably from abroad. Output price inflation meanwhile intensified, and reached the most marked since July.

Mirroring demand developments, manufacturers reduced input purchases for the second successive month in November. The latest decrease was moderate, and little-changed from that in October. Latest data also pointed to efforts to wind down stocks as holdings of both pre- and post-production inventories fell at sharper rates. There were also mentions that delivery delays had played a part in a sustained lengthening in suppliers' delivery times, though the rate of deterioration was the softest in the current three-month sequence and only marginal.

Business sentiment remained elevated in November and was marked overall. Firms often centered hopes on new sales stemming from new product launches as well as a broad-based recovery in domestic and global economic conditions. The overall degree of positive sentiment was also the highest since August.



## Contact

Usamah Bhatti  
Economist  
S&P Global Market Intelligence  
T: +44 1344 328 370  
[usamah.bhatti@spglobal.com](mailto:usamah.bhatti@spglobal.com)

SungHa Park  
Corporate Communications  
S&P Global  
T: +81 3 6262 1757  
[sungha.park@spglobal.com](mailto:sungha.park@spglobal.com)

### 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 12-22 November 2024.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto: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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