

Embargoed until 0930 JST (0030 UTC) 4 December 2024

au Jibun Bank Japan Services PMI®

Including au Jibun Bank Japan Composite PMI®

Renewed growth in service sector in November

Key findings

Activity returns to growth amid sustained new order increase

Charge inflation accelerates to six-month high

Business optimism strongest since July

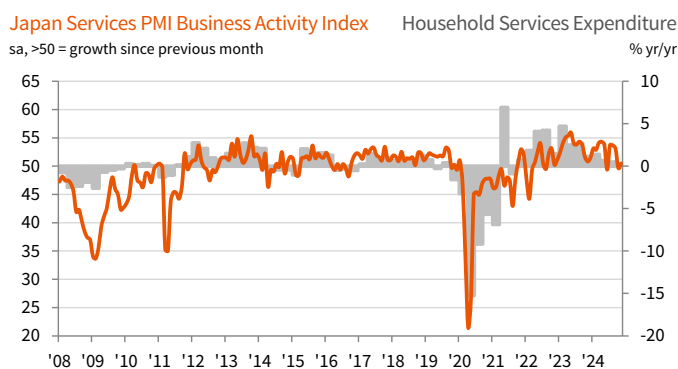
Japan's service economy returned to growth in November, following the slight dip recorded in October. There was a renewed gain in total activity, while new business inflows increased for the fifth month in a row. There were also stronger upticks in employment and outstanding business, indicative of pressure building on capacity amid improving demand conditions. As such, firms were increasingly confident regarding activity over the coming year, with optimism at a four-month high. On the price front meanwhile, another robust increase in operating expenses contributed to a sharp rise in prices charged that was the highest since May.

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 50.0 indicates an overall increase compared to the previous month, and below 50.0 an overall decrease.

The headline au Jibun Bank Japan Services Business Activity Index post 50.5 in November, up from 49.7 in October. This signalled a renewed improvement in activity across the Japanese service sector, albeit one that was only marginal. Firms commonly attributed the uplift to improved demand. Only Finance & Insurance registered notable growth in November, although only Consumer Services saw an outright decline.

Japanese service providers registered a modest rise in new



Sources: au Jibun Bank, S&P Global PMI, Cabinet Office Japan via S&P Global Market Intelligence. Data were collected 12-26 November 2024.

business volumes in the penultimate month of 2024. The uptick was above the long-run average but unchanged from that seen in the prior month and the joint-softest in the current five-month sequence. Firms signalled stronger confidence and business expansions had boosted order books. In contrast, foreign demand for Japanese services contracted for the second month running, though the contraction was only fractional.

Japanese services companies recorded a sustained improvement in employment levels during November. The rate of job creation strengthened from October to reach a four-month high. There was also evidence of pressure on capacity at service sector firms, with the level of outstanding business rising for the second time in three months. The rate of accumulation was the strongest since March.

Inflationary pressures remained marked in November, as the latest rise in operating expenses pushed the current sequence to four years. Higher costs were often reported across a broad range of inputs, including fuel, labour and logistics. Firms increasingly looked to pass higher cost burdens on to clients via higher selling prices, with the rate of charge inflation strengthening to the highest in six months.

Finally, business confidence across the Japanese service sector garnered strength in the penultimate month of the year, as firms hoped that business expansions plans and new client wins would boost order books and customer numbers. As such, the overall degree of optimism reached the highest since July.

au Jibun Bank Japan Composite PMI®

Private sector output broadly stabilises in November

At 50.1 in November, the au Jibun Bank Japan Composite PMI Output Index* rose from 49.6 in October to signal a broad stabilisation in Japanese private sector output following a mild contraction. The latest reading was supported by a marginal expansion in services business activity, while manufacturing production fell further into contraction territory. Concurrently, new business inflows also stabilised, once again led by the services sector.

Japanese private sector jobs expanded in the penultimate month of the year, with the rate of job creation modest overall but the strongest since July. At the same time, the level of outstanding business rose for the first time in seven months, as a moderate increase at services firms offset a sharp depletion at manufacturers.

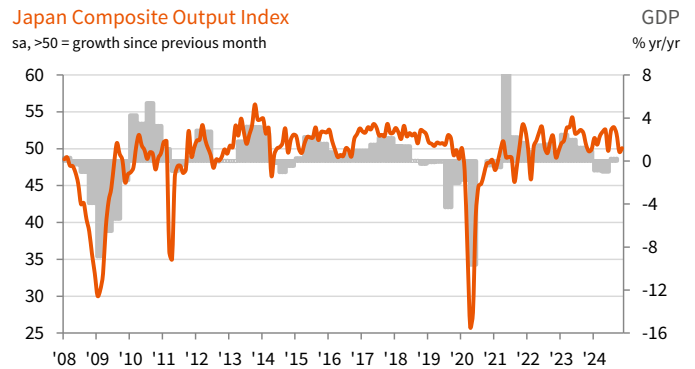
Average cost burdens faced by private sector companies increased at a marked pace in November, though the pace of inflation was the slowest since March. Charge inflation however, accelerated on the month to reach a six-month high.

Finally, confidence regarding the year-ahead outlook for private sector activity strengthened in November, and was the most pronounced since July.

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

Japan Composite Output Index

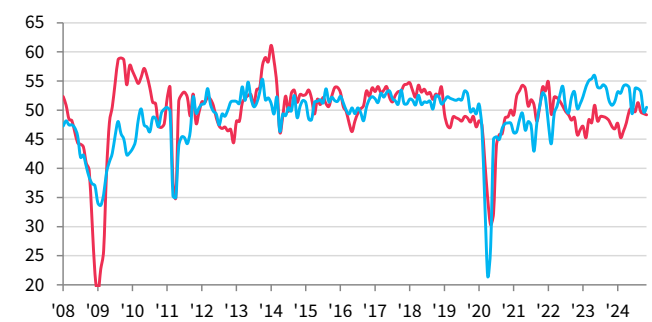
sa, >50 = growth since previous month



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

Japan Manufacturing Output Index Japan Services Business Activity Index

sa, >50 = growth since previous month



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

Comment

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

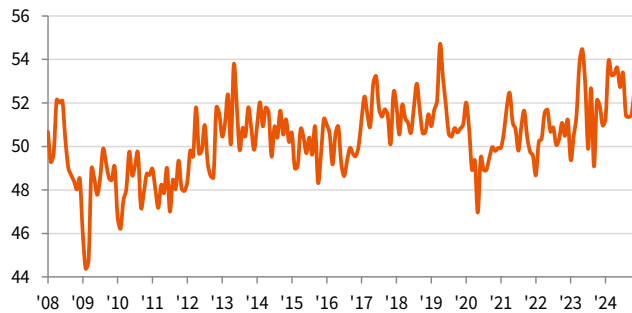
"The Japanese services economy experienced a renewed upswing in growth in the penultimate month of the year, as a sustained improvement in demand and stronger client confidence led to a renewed increase in output and held new business growth at a steady pace.

"The near-term outlook for the service sector appears solid, as growth of outstanding business - a signal for upcoming work - reached the highest for eight months, while confidence in the 12-month outlook also remained strong.

"Meanwhile, the combined output of the manufacturing and services sectors broadly stabilised in November, reversing the slight fall in October. Growth was driven by the service sector, as manufacturers noted another slight contraction in production. Japanese private sector companies also mentioned that stubbornly high input prices had fed through in to prices charged for goods and services. That said, firms were increasingly optimistic that downside risks from inflation and global uncertainty would dissipate and provide a welcome boost to the currently subdued private sector."

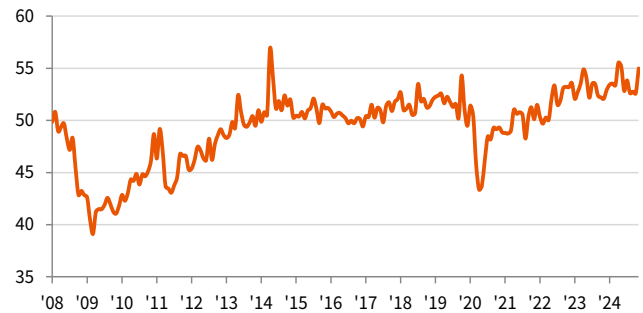
Japan Services Employment Index

sa, >50 = growth since previous month



Japan Services Prices Charged Index

sa, >50 = inflation since previous month



Contact

Usamah Bhatti
Economist
S&P Global Market Intelligence
T: +44-1344-328-370
usamah.bhatti@spglobal.com

SungHa Park
Corporate Communications
S&P Global Market Intelligence
T: +81 3 6262 1757
sungha.park@spglobal.com

Methodology

The au Jibun Bank Japan Services PMI® is compiled by S&P Global from responses to questionnaires sent to 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 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 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 Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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 12-26 November 2024.

For further information on the PMI survey methodology, please contact 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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global and au Jibun Bank shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global or au Jibun Bank be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

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.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

www.spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).