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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 since October 2013

### Key findings

Flash Composite Output Index, May: 54.9  
(April Final: 52.9)

Flash Services Business Activity Index, May: 56.3  
(April Final: 55.4)

Flash Manufacturing Output Index, May: 51.9 (April Final: 47.9)

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.

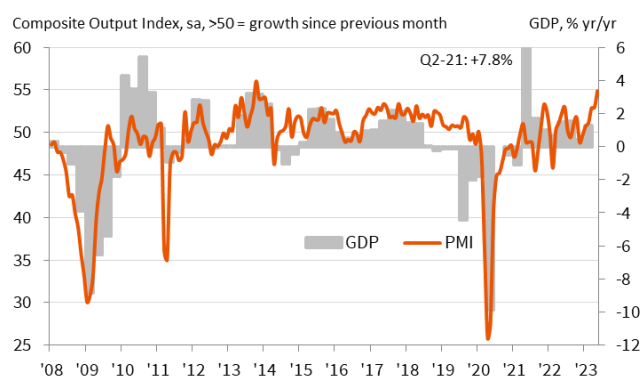
Commenting on the latest survey results, Usamah Bhatti, Economist at S&P Global Market Intelligence, said:

*“The Japanese private sector economy continued on an upward trajectory, as signalled by a further expansion in May. The rate of growth quickened from April to reach the strongest since October 2013 and the second-strongest in the survey history (since September 2007). Service providers continued to report strong growth momentum with a renewed record increase in business activity, while manufacturers indicated an improvement in operating conditions for the first time in seven months, with output and new orders returning to expansion territory for the first time since last June.*

*“Firms were also optimistic about the outlook for activity in the near and medium term. The level of outstanding business in the private sector, a bellwether for activity not yet completed, accumulated at the joint second-fastest pace in the series history. This encouraged firms to raise employment levels at a solid pace to keep pace with rising demand. Moreover, business confidence remained robust despite easing from April’s recent peak, as private sector firms commented on a broad improvement from reduced COVID-19 related disruptions and stronger client confidence. Some firms also mentioned hopes that inflationary pressures would peak soon and ease throughout the remainder of the year, though the latest data signalled a sustained*

*marked rise in input prices. That said, the rate of increase eased to the softest since October 2021.”*

### au Jibun Bank Japan Composite Output Index



Sources: au Jibun Bank, S&P Global, Cabinet Office.

### Index summary

Index	Sector	Interpretation
<b>Output</b>	<b>Composite</b>	<b>Stronger growth</b>
	Manufacturing	Growth, from decline
	Services	Stronger growth
<b>New Orders</b>	<b>Composite</b>	<b>Stronger growth</b>
	Manufacturing	Growth, from decline
	Services	Stronger growth
<b>New Export Orders</b>	<b>Composite</b>	<b>Weaker decline</b>
	Manufacturing	Weaker decline
	Services	Stronger growth
<b>Employment</b>	<b>Composite</b>	<b>Weaker growth</b>
	Manufacturing	Weaker growth
	Services	Stronger growth
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Stronger growth</b>
	Manufacturing	Weaker decline
	Services	Stronger growth
<b>Output Prices</b>	<b>Composite</b>	<b>Weaker inflation</b>
	Manufacturing	Weaker inflation
	Services	Weaker inflation
<b>Input Prices</b>	<b>Composite</b>	<b>Weaker 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	Stronger growth
Stocks of Finished Goods	Manufacturing	Decline, from growth
Quantity of Purchases	Manufacturing	Weaker decline
Suppliers' Delivery Times	Manufacturing	Shortening, from 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)® increased from 49.5 in April to 50.8 in May, signalling the first improvement in operating conditions since October 2022. There were renewed increases in both output and new orders, with both variables rising at the strongest rate for 13 months. Moreover, manufacturers signalled that supply chain issues that had plagued the sector for the past three years had showed signs of improvement, as suppliers' delivery times shortened for the first time since January 2020, albeit only fractionally. There was also reduced, but still strong pressure on the price front during May. Average cost burdens rose at a strong pace, that was nonetheless the softest since February 2021 while output charges increased at the slowest pace for four months.

## 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.

At 56.3 in May, the au Jibun Bank Flash Japan Services Business Activity Index rose from 55.4 in April to indicate a steeper increase in business activity that was the strongest in the series history. There were also series record expansions in total new business, exports and outstanding business, with survey respondents attributing growth to the resumption of both domestic and international tourism, as well as the further dissipation of COVID-19 related disruption. Service providers continued to note strong increases in input prices in the latest survey period however, with input price inflation at its strongest for three months. This contributed to a sustained and solid increase in output charges.

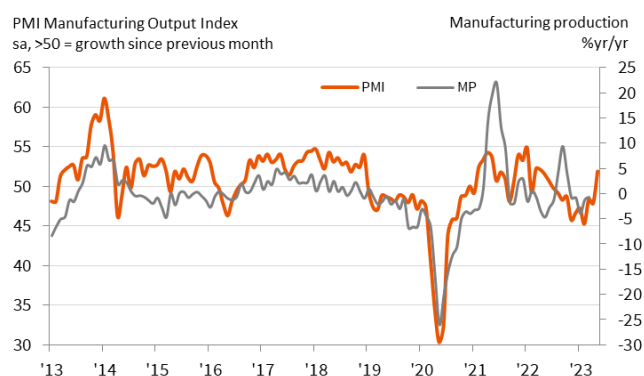
## au Jibun Bank Japan Composite Output PMI®

PMI, sa, >50 = improvement since previous month



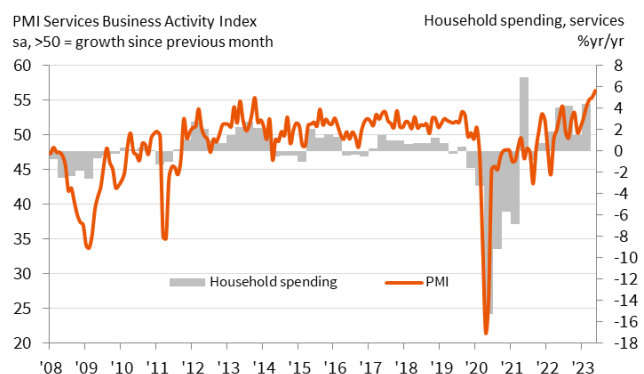
Sources: au Jibun Bank, S&P Global.

## Manufacturing output



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

## Services business activity



Sources: au Jibun Bank, S&P Global, Cabinet Office.

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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.

May 2023 flash data were collected 12-19 May 2023. For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.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.

## About S&P Global

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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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