

# IHS Markit Flash Japan Manufacturing PMI<sup>®</sup>

## Manufacturing conditions deteriorate amid sharpest fall in new orders for three years during June

### Key points:

- Flash Japan Manufacturing PMI<sup>®</sup> edges down to 49.5 in June, from 49.8 in May.
- Fastest drop in new orders since June 2016
- Resilient output trend in June as manufacturers reduce backlogs of work to greatest extent since January 2013

Data collected 12 – 19 June.

Today sees the latest public release of the IHS Markit Flash Japan Manufacturing *Purchasing Managers' Index*<sup>™</sup> (PMI<sup>®</sup>). Published on a monthly basis approximately one week before final PMI data are released, this makes the PMI the earliest available indicator of manufacturing 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.

### Flash Japan Manufacturing PMI<sup>®</sup> Summary

PMI	Decline, faster rate
Output	Decrease, slower rate
New Orders	Decrease, faster rate
New Export Orders	Decrease, faster rate
Employment	Increase, faster rate
Backlogs of Work	Decrease, faster rate
Output Prices	Decrease, change of direction
Input Prices	Increase, softer rate
Stocks of Purchases	Decline, faster rate
Stocks of Finished Goods	Increase, change of direction
Quantity of Purchases	Decrease, stronger rate
Suppliers' Delivery Times	Lengthened, slower rate
Future Expectations	Positive, change in sentiment

### Comment:

Commenting on the Japanese Manufacturing PMI survey data, Tim Moore, Associate Director at IHS Markit, which compiles the survey, said:

*“June survey data reveals a further loss of momentum across the manufacturing sector, as signalled by the headline PMI dropping to a three-month low. Softer demand in both domestic and international markets contributed to the sharpest fall in total new orders for three years. A soft patch for automotive demand and subdued client confidence in the wake of US-China trade frictions were often cited by survey respondents.*

*“Disappointing sales volumes also led to the largest accumulation of finished goods inventories for over six-and-a-half years. At the same time, backlogs of work were depleted to the greatest extent since January 2013, which will likely act as an additional drag on production volumes in the months ahead.”*

IHS Markit Flash Japan Manufacturing PMI

sa, 50 = no change since previous month



Output Index



New Orders Index / New Export Orders Index



Employment Index / Backlogs of Work Index



Input Prices Index / Output Prices Index



Source: IHS Markit.

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## Note to Editors

Final June data are published on July 1<sup>st</sup>.

The IHS Markit Japan Manufacturing PMI<sup>®</sup> is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper, and Transport. The **flash** estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2008 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias)

Index	Average difference	Average difference in absolute terms
Japan Manufacturing PMI <sup>(1)</sup>	0.0	0.3
Japan Manufacturing Output Index <sup>(2)</sup>	0.0	0.5

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### Notes

1. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
2. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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### About PMI

*Purchasing Managers' Index*<sup>™</sup> (PMI<sup>®</sup>) 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 <https://ihsmarkit.com/products/pmi.html>.

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