

Embargoed until 0930 JST (0030 UTC) 01 September 2021

## au Jibun Bank Japan Manufacturing PMI®

### Softer expansion in manufacturing output in August

#### Key findings

Output and new orders increase at slower rates

Export orders decline for first time in seven months

Lead times lengthen to greatest extent in a decade amid ongoing disruption

August 2021 data were collected 12-23 August.

The Japanese manufacturing sector registered a slightly softer improvement in operating conditions in August, according to the latest PMI® data. Firms reported slower expansions in both production and incoming business, with the latter increasing at the softest pace since January. Manufacturers often noted that rising COVID-19 cases both domestically and in South East Asia had dampened output and demand. As such, new export orders saw a renewed decline, the first since the start of the year. At the same time, supply chain disruption continued to hamper manufacturing activity across Japan, as firms noted the strongest deterioration in average lead times since the 2011 earthquake and tsunami.

At 52.7 in August, the headline au Jibun Bank Japan Manufacturing Purchasing Managers' Index™ (PMI) – a composite single-figure indicator of manufacturing performance – dipped from 53.0 in July. This indicated a softer improvement in the health of the sector, reflecting the continued impact of the COVID-19 pandemic on the Japanese manufacturing sector.

The lower reading in the headline index was partly the result of a softer rise in output levels. Production increased for the seventh successive month, though growth eased to a marginal pace overall. Firms linked ongoing growth to a sustained rise in new orders, though noted that a surge in COVID-19 cases and lack of raw materials and hindered production.

New orders also rose in the latest survey period, though the pace of expansion was the weakest recorded since January. According to anecdotal evidence, client confidence was dampened by the extension of virus restrictions in domestic and international markets. Moreover, new export sales fell into contraction territory for the first time since the start of the year as COVID-19 cases rose across the Asia-Pacific region.

More positively, employment rose for the fifth month running in August. The rate of job creation quickened from July and was the fastest recorded since January 2020. Firms noted that headcounts were increased in preparation for higher production requirements.

*continued...*

au Jibun Bank Japan Manufacturing PMI  
sa, >50 = improvement since previous month



Sources: au Jibun Bank, IHS Markit.

#### Comment

Commenting on the latest survey results, Usamah Bhatti, Economist at IHS Markit, said:

*"Latest PMI data pointed to a sustained expansion in the Japanese manufacturing sector midway through the third quarter. That said, the improvement eased from the previous survey period as firms noted softer growth in both production and new orders, with the latter rising at the softest pace since January."*

*"A sharp rise COVID-19 cases in South East Asia was among the key factors listed by Japanese manufacturers for the easing in demand, both domestically and externally. In fact, new export orders fell into contraction territory for the first time since the start of the year."*

*"Concurrently, severe supply chain disruption partly caused by pandemic restrictions and raw material shortages remained a dampener on production and orders, as manufacturers commented on difficulty sourcing and receiving inputs. Average lead times in August lengthened to the greatest extent since the earthquake and tsunami struck in 2011."*

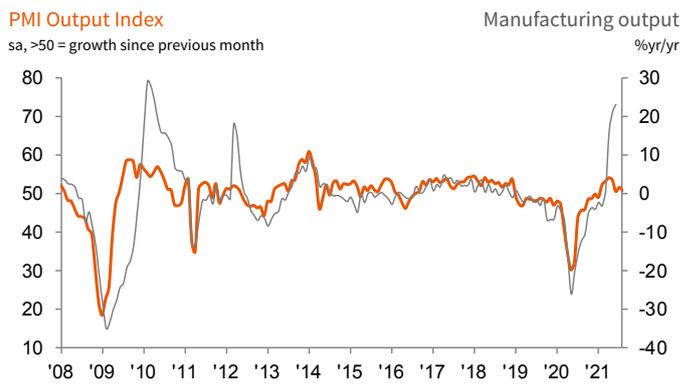
*"Though still optimistic, Japanese goods producers were wary of the continued impact of the pandemic and supply chain disruption, which resulted in confidence dipping to the softest since January."*

Reflecting increased new orders, outstanding business rose for the sixth successive month. Manufacturers commented that a lack of raw materials had disrupted the ability to complete existing orders.

In line with slowing growth of output and new orders, buying activity rose at the softest pace in the current six-month sequence of growth. Japanese manufacturers noted ongoing difficulties in sourcing and receiving inputs due to material shortages and global COVID-19 restrictions, as evidenced by supplier delivery times lengthening to the greatest extent since April 2011. As a result, businesses reported that orders were fulfilled using existing stocks of finished goods.

There were continued reports that rising raw material prices placed further pressure on average cost burdens at Japanese goods producers during August. Input prices have now risen in each of the last 15 months and, while the rate of inflation softened from July, it remained rapid overall. Output prices meanwhile increased for the ninth consecutive month, and at the quickest pace since October 2018 as firms sought to partially pass on higher costs to clients.

Finally, business confidence regarding activity over the coming 12 months eased in August. Sentiment was positive overall, but at its lowest level for seven months as firms cited uncertainty regarding the duration of the pandemic. Nonetheless, manufacturers were confident that a broad-based recovery would occur once the pandemic subsided.



## Contact

au Jibun Bank  
[Grp-S-l-Room@jibunbank.co.jp](mailto:Grp-S-l-Room@jibunbank.co.jp)

Usamah Bhatti  
Economist  
IHS Markit  
T: +44 1344 328 370  
[usamah.bhatti@ihsmarkit.com](mailto:usamah.bhatti@ihsmarkit.com)

Joanna Vickers  
Corporate Communications  
IHS Markit  
T: +44 207 260 2234  
[joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

### Methodology

The au Jibun Bank Japan Manufacturing PMI® is compiled by IHS Markit 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.

August 2021 data were collected 12-23 August.

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

### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit 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 IHS Markit 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. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

### 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 IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, click [here](#).

### 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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)