

Embargoed until 0930 JST (0030 UTC) 02 May 2022

## au Jibun Bank Japan Manufacturing PMI®

### Softer improvement in manufacturing conditions in April

#### Key findings

Growth in output levels unchanged as new order expansion slows

Record rise in factory gate charges amid accelerating input prices

Business optimism dips to lowest since July 2020

April 2022 data were collected 11-22 April 2022.

The Japanese manufacturing sector registered a solid, albeit softer improvement in operating conditions at the start of the second quarter of 2022, according to April data. Firms reported a slower expansion in incoming business while growth in production levels was broadly unchanged on the month. Firms were increasingly commenting that delivery delays and material shortages had weighed on demand and output, notably as input prices continued to rise at a substantial rate that was among the sharpest in the survey history. This contributed to a series record increase in output charges in April. Manufacturers also commented that shortages and delays were exacerbated by the Ukraine war and renewed lockdowns in China, which pushed confidence to a 21-month low.

At 53.5 in April, the headline au Jibun Bank Japan Manufacturing Purchasing Managers' Index™ (PMI) – a composite single-figure indicator of manufacturing performance - dipped from 54.1 in March, indicating a softer improvement in the health of the sector that was the second-weakest in the past six months.

The lower reading of the headline index was partly the result of a softer rise in new orders. Sales increased for the seventh month running, though growth eased to a milder pace overall. Firms commented that growth was held back by delivery delays and the Russia-Ukraine war. Geopolitical tensions and rising COVID-19 cases in China continued to weigh heavily on export orders, which fell solidly for the second month running.

Production levels increased for the second successive month in April, with the rate of growth little-changed from March. Firms linked the expansion to rising new orders, though difficulty securing inputs had prevented an acceleration in growth.

In response to ongoing supply chain disruption, buying activity rose at the sharpest pace since January at the start of the second quarter. Japanese manufacturers noted ongoing difficulties in sourcing and receiving inputs due to shortages and surging prices. Concurrently, supplier delivery times lengthened at a broadly similar, yet marked

continued...

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



Sources: au Jibun Bank, S&P Global.

#### Comment

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

*"Latest PMI data pointed to a sustained expansion in the Japanese manufacturing sector at the start of the second quarter of 2022. That said, the rate of growth eased from March as firms noted softer growth in new orders and a broadly unchanged expansion in production levels.*

*"Domestic demand was a key driver of growth as firms launched new products, but the reintroduction of lockdown restrictions in China hindered international demand. These measures coupled with the fallout from war in Ukraine continued to disrupt supply chains across the sector.*

*"Delivery delays and price rises remained a dampener on production and sales, as manufacturers commented on sustained difficulty in sourcing and receiving inputs amid material shortages and surging input costs. Sharply rising cost burdens pushed Japanese manufacturers to raise selling prices to the greatest extent in the survey history.*

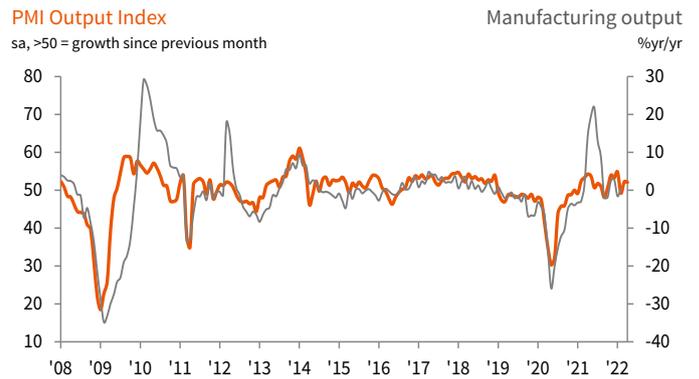
*"Though still optimistic, Japanese goods producers were increasingly wary of the continued impact of price and supply pressures, and also the impact of the war and extended lockdowns in China. As a result, confidence dipped to the weakest since July 2020."*

degree in April, with average vendor performance among the worst in the survey history. As a result, businesses aimed to build greater inventories of pre-production inventories.

April data signalled that rising raw material prices placed further pressure on average cost burdens at Japanese goods producers. Input prices rose for the twenty-third month running and accelerated to the fifth-highest in the survey history. As a result, the rate of output price inflation surged to a new series record.

Manufacturers also commented that a lack of raw materials had disrupted the ability to complete existing orders, as evidenced by a sustained rise in outstanding business. At the same time, firms increased employment levels in response to higher production requirements. The rate of job creation was the weakest for nine months, however, amid an increased number of voluntary leavers.

Business confidence regarding activity over the coming year eased further in April. The degree of positive sentiment was strong overall, yet was the weakest since July 2020. Firms cited hopes that a resolution to price and supply issues would trigger a broad economic recovery, though this was dampened by concerns regarding a prolonged impact from COVID-19 and the Russia-Ukraine war.



## Contact

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

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

Joanna Vickers  
Corporate Communications  
S&P Global  
T: +44 207 260 2234  
[joanna.vickers@spglobal.com](mailto:joanna.vickers@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.

April 2022 data were collected 11-22 April 2022.

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 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 trademarks 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](http://www.spglobal.com).

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.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](http://ihsmarkit.com/products/pmi.html).