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au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

Sharpest rise in private sector output for four months

Key findings

Flash Composite Output Index, April: 50.9
(March Final: 50.3)

Flash Services Business Activity Index, April: 50.5
(March Final: 49.4)

Flash Manufacturing Output Index, April: 51.7
(March Final: 52.2)

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, said:

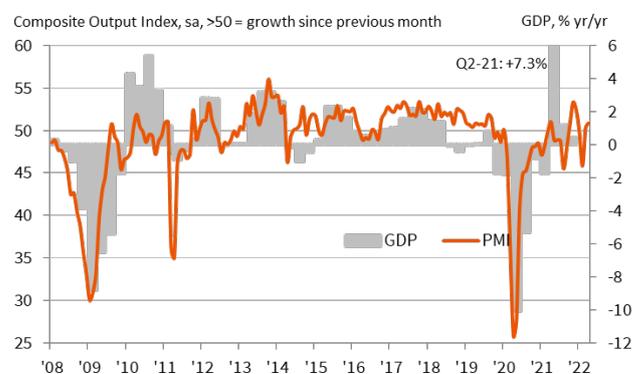
“The latest Flash PMI data showed that Japanese private sector activity improved at a sharper rate at the start of the second quarter of 2022. Services companies recorded an expansion in activity for the first time since last December, while manufacturers saw output levels rise for the second successive month. April data signalled the sharpest expansion in four months, though the pace of growth was only marginal. Moreover, growth in incoming business in the private sector stagnated amid increased headwinds.

“Cost pressures were sustained and remained more acute at manufacturers, though the rate of input cost inflation at service providers accelerated to the highest since August 2008 on the month and pushed composite input cost inflation up for the third month running. Concurrently, firms passed these price rises to clients through the steepest rise in output charges for eight years.

“Business confidence eased to an eight-month low amid increased headwinds as concerns over the impact the war in Ukraine and

strict China lockdown measures would have on supply chains, costs and demand – especially at manufacturing firms where positive sentiment was the weakest since June 2020.”

au Jibun Bank Japan Composite Output Index



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

Index summary

Index	Sector	Interpretation
Output	Composite	Stronger growth
	Manufacturing	Weaker growth
	Services	Growth, from decline
New Orders	Composite	No change, from growth
	Manufacturing	Weaker growth
	Services	Decline, from growth
New Export Orders	Composite	Weaker decline
	Manufacturing	Weaker decline
	Services	Growth, from decline
Employment	Composite	Stronger growth
	Manufacturing	Weaker growth
	Services	Stronger growth
Backlogs of Work	Composite	Decline, from growth
	Manufacturing	Weaker growth
	Services	Decline, from growth
Output Prices	Composite	Stronger inflation
	Manufacturing	Stronger inflation
	Services	Weaker inflation
Input Prices	Composite	Stronger inflation
	Manufacturing	Unchanged rate of inflation
	Services	Stronger inflation
Future Output	Composite	Weaker positive outlook
	Manufacturing	Weaker positive outlook
	Services	Stronger positive outlook
Stocks of Purchases	Manufacturing	Weaker growth
Stocks of Finished Goods	Manufacturing	Growth, from decline
Quantity of Purchases	Manufacturing	Stronger growth
Suppliers' Delivery Times	Manufacturing	Weaker 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)® – which measures the overall health of the manufacturing sector – posted 53.4 in April, down from 54.1 in March to signal a more moderate improvement in operating conditions. Manufacturers registered an expansion in output levels for the sixth time in seven months, while new order growth continued for a seventh month running, albeit at a softer rate. Concurrently, the rate of job creation dipped to a nine-month low amid a softer rise in backlogs. Sustained shortages of inputs contributed to a further rapid rise in costs however, while business confidence softened to the weakest since June 2020.

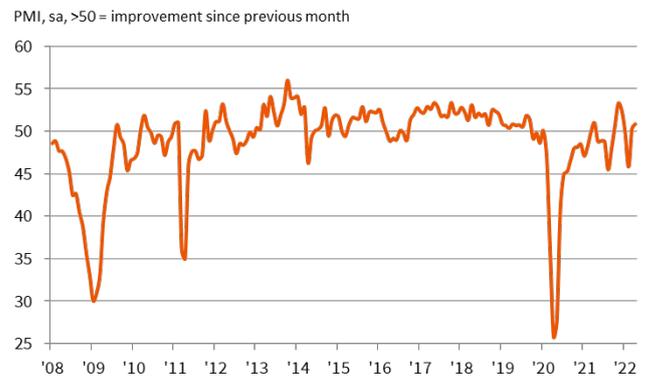
au Jibun Bank Flash Japan Services PMI®

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.

The au Jibun Bank Flash Japan Services Business Activity Index rose from 49.4 in March to 50.5 in April, signalling the first expansion in business conditions since last December. That said, overall new business fell for the third time in four months amid weaker domestic demand, while new export orders rose for the

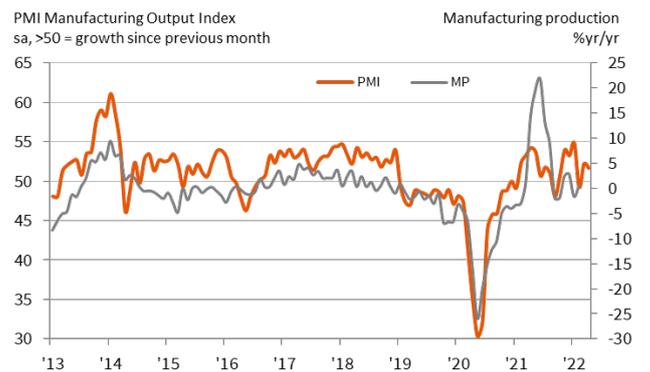
first time in four months and at the sharpest pace since October 2019. Service providers commented on a fresh acceleration in input prices, with the latest rise the steepest since August 2008. However, the rate of charge inflation broadly stagnated as firms looked to absorb rising cost pressures to support demand.

au Jibun Bank Japan Composite Output PMI®



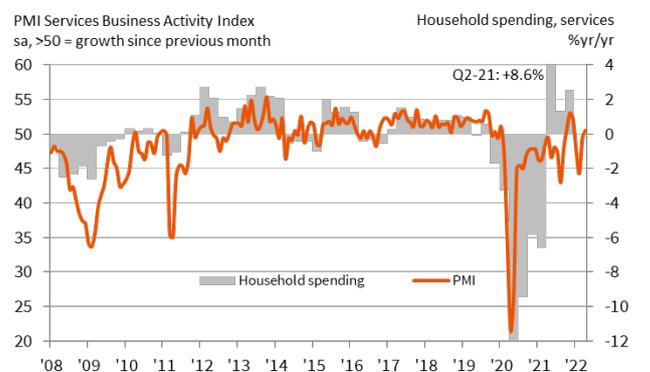
Sources: au Jibun Bank, S&P Global.

Manufacturing output



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

Services business activity



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

PMI®

by S&P Global

Contact

au Jibun Bank

Grp-S-I-Room@jibunbank.co.jp

Usamah Bhatti

Economist

S&P Global

T: +44 1491 461010

usamah.bhatti@spglobal.com

Joanna Vickers

Corporate Communications

S&P Global

T: +44 207 260 2234

joanna.vickers@spglobal.com

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.

April 2022 flash data were collected 12-20 April 2022. For further information on the PMI survey methodology, please contact 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.

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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.

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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.

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