

Embargoed until 0930 JST (0030 UTC) 24 January 2022

# au Jibun Bank Flash Japan Composite PMI®

Including au Jibun Bank Flash Japan Manufacturing and Services PMI®

## Renewed downturn in private sector activity in January

### Key findings

Flash Composite Output Index, January: 48.8  
(December Final: 52.5)

Flash Services Business Activity Index, January:  
46.6 (December Final: 52.1)

Flash Manufacturing Output Index, January: 53.5  
(December Final: 53.3)

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 IHS Markit, said:

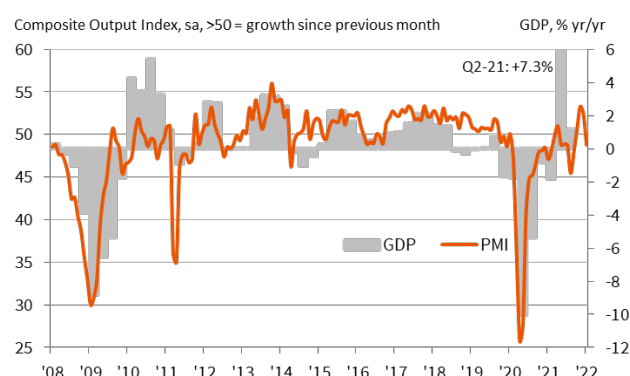
*“Flash PMI data indicated that activity at Japanese private sector businesses dipped into contraction territory for the first time in four months at the start of 2022. The pace of decline was modest, and led by the sharpest fall in services activity since August, while manufacturers commented on a slight quickening in output growth.*

*“Private sector firms reported that the surge in COVID-19 cases from the more transmissible Omicron variant had hindered client confidence, most notably in customer-facing industries across the service sector as restrictions were re-introduced across various prefectures including the capital Tokyo.*

*“Disruption was also reported in the labour market, where employment levels fell for the first time in a year. Positively, it appeared that price pressures may have peaked at the end of last year, as firms noted a softening in input price inflation for the first time in five months. Finally, firms remained confident regarding*

*the year-ahead outlook for activity in Japan, though optimism waned to the weakest since January 2021.”*

### au Jibun Bank Japan Composite Output Index



Sources: au Jibun Bank, IHS Markit, Cabinet Office.

### Index summary

Index	Sector	Interpretation
<b>Output</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Stronger growth
	Services	Decline, from growth
<b>New Orders</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Stronger growth
	Services	Decline, from growth
<b>New Export Orders</b>	<b>Composite</b>	<b>Stronger growth</b>
	Manufacturing	Stronger growth
	Services	Decline, from growth
<b>Employment</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Weaker growth
	Services	Stronger decline
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Decline, from growth</b>
	Manufacturing	Stronger growth
	Services	Decline, from growth
<b>Output Prices</b>	<b>Composite</b>	<b>Weaker inflation</b>
	Manufacturing	Stronger inflation
	Services	Weaker inflation
<b>Input Prices</b>	<b>Composite</b>	<b>Weaker inflation</b>
	Manufacturing	Weaker inflation
	Services	Weaker 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	Stronger growth
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 IHS Markit 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.

At 54.6 in January, the headline au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index™ (PMI)® – which measures the overall health of the manufacturing sector – rose from 54.3 in December to signal the strongest improvement in operating conditions since January 2018. Both output and new order growth quickened, with the latter rising at the fastest pace for nine months. Manufacturers remained confident regarding the health of the sector and continued to take on additional staff, as indicated by a further moderate increase in employment. Though firms remained strongly optimistic regarding the 12-month outlook for output, positive sentiment dipped to a five-month low.

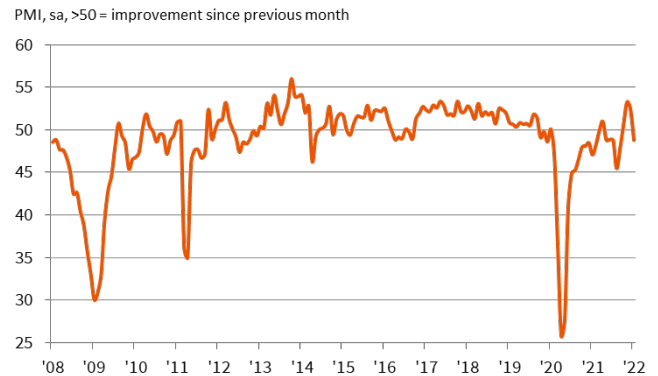
## au Jibun Bank Flash Japan Services PMI®

The au Jibun Bank Japan Services PMI® is compiled by IHS Markit 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 returned to contraction, falling from 52.1 in December to 46.6 in January. The decline was the sharpest since the Delta-induced contraction in August, and was attributed largely to the reintroduction of restrictions and concerns surrounding the

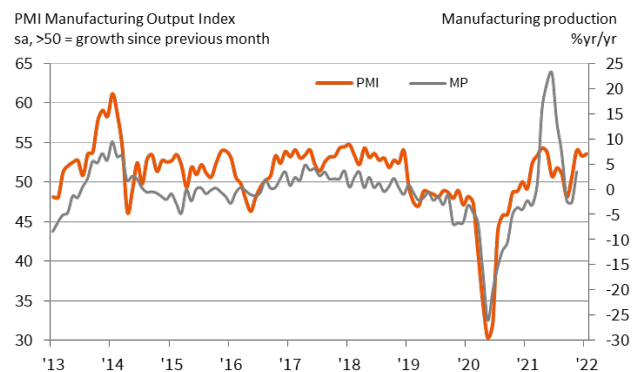
spread of the Omicron variant. Concurrently, the level of new business received reduced at the quickest pace for five months. The rate of job shedding also quickened for the second month running to reach the fastest since May 2020. Firms remained confident that activity would increase over the next year, however the degree of optimism eased to the softest for 12 months.

### au Jibun Bank Japan Composite Output PMI®



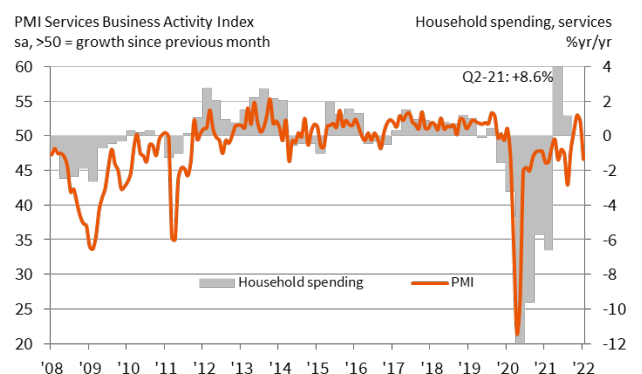
Sources: au Jibun Bank, IHS Markit.

### Manufacturing output



Sources: au Jibun Bank, IHS Markit, METI.

### Services business activity



Sources: au Jibun Bank, IHS Markit, Cabinet Office.

## Contact

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

Usamah Bhatti  
 Economist  
 IHS Markit  
 T: +44 1491 461010  
[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 Composite PMI® is compiled by IHS Markit 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.

January 2022 flash data were collected 12-20 January 2022. 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 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.

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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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