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 rose for the second month running in November. Growth in output quickened from October and was the quickest recorded since October 2018. By sector, service providers noted the sharpest rise in activity since September 2019, while manufacturers indicated the fastest rate of growth for six months. “Firms across the Japanese private sector reported intensifying price pressures. Input prices across the private sector rose at the fastest pace for over 13 years with businesses attributing the rise to higher raw material, freight and staff costs amid shortages and deteriorating supplier performance.

“As vaccination rates rose and economic restrictions eased, Japanese private sector companies were strongly optimistic that business activity would rise in the year ahead. Positive sentiment was the strongest on record and stemmed from hopes that the end of the pandemic and lifting of international restrictions would provide a broad-based boost to activity.”
au Jibun Bank Flash Japan Composite 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 54.2 in November, the au Jibun Bank Flash Japan Manufacturing Purchasing Managers’ Index™ (PMI)® – which measures the overall health of the manufacturing sector – rose from 53.2 in October to signal a solid improvement in operating conditions that was the fastest since January 2018. Both output and new order growth quickened in November. Manufacturers continued to point to strengthening inflationary pressures amid ongoing supply shortages, which pushed input price inflation to the highest since August 2008. Positive sentiment was also marked overall, despite softening from October.

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 rose from 50.7 in October to 52.1 in November, indicating the strongest rise in private sector activity for 26 months. New business inflows returned to expansion territory for the first time since January 2020 as restrictions were eased. That said, job shedding was reported for the first time in four months. Input price inflation quickened for the third month running to reach the highest since August 2008. Yet, service providers highlighted a record high degree of optimism regarding the year-ahead outlook for activity.

au Jibun Bank Japan Composite Output PMP

PMI, sa, %SD = improvement since previous month

Sources: au Jibun Bank, IHS Markit.

Manufacturing output

Sources: au Jibun Bank, IHS Markit, METI.

Services business activity

Sources: au Jibun Bank, IHS Markit, CabinetOffice.
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 index 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.

November 2021 flash data were collected 12-19 November 2021. For further information on the PMI survey methodology, please contact economic@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 “SmartMoneyConcept” 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 oftentimes unique monthly indicators of economic trends. To learn more, go to ihsmarkit.com/products/pmi.html.
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