

# Nikkei Japan Manufacturing PMI®

## Solid growth sustained during August

### Key points:

- Output and new orders continue to increase
- Domestic and international demand reported to have strengthened
- Job creation maintained at solid rate

Data collected August 11-22

The Japanese manufacturing sector continued to experience improving operating conditions during August, with output, new orders and employment all registering expansion. Strengthened demand from both domestic and international sources (especially China) was widely reported by panellists.

Price data showed that inflationary pressures continued to dissipate, with input costs rising to the slowest degree of 2017 so far. Output charges were increased only slightly as a result.

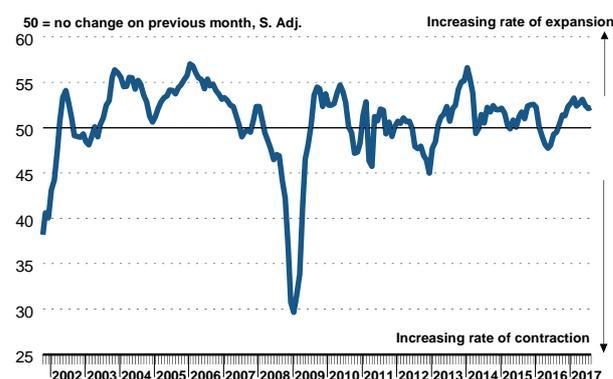
The headline Japan Manufacturing *Purchasing Managers' Index™ (PMI)®* – a composite single-figure indicator of manufacturing performance – was little changed during August at a level of 52.2 (July: 52.1). The latest reading was indicative of solid growth, and the PMI has now recorded above the 50.0 no-change mark for 12 successive months.

Underpinning the ongoing expansion of the sector was a further increase in manufacturing output, the thirteenth in as many months. The rate of expansion was solid, and the best recorded since May. Panellists reported that a combination of backlog depletion – latest data showed a second successive monthly fall in outstanding business – and rising levels of new work supported production.

Overall new work increased during August for an eleventh successive month amid reports of higher domestic and international demand. New export orders rose modestly with manufacturers noting higher sales to clients based in China.

Stronger growth in production also enabled firms to bolster warehouse inventories over the month. August's survey indicated that stocks of finished goods rose marginally following a slight decline in the previous month.

### Nikkei Japan Manufacturing PMI



Sources: Nikkei, IHS Markit

Panellists reported that positive projections for orders underpinned inventory accumulation, which was also noted as a reason to expand workforce numbers. Rising current workloads strengthened the need for additional workers and overall employment rose at a historically marked pace as a result.

Purchasing activity was also increased during August as companies bought inputs to service higher production requirements. However, there were reports of an imbalance between the supply and demand of inputs, especially metals and electronics. The net effect was a lengthening of delivery times for a sixteenth successive month. Input prices were also higher, although the rate of inflation was the lowest recorded in 2017 so far. Output charges were increased only fractionally as a result.

Finally, business confidence remained inside positive territory during August. Nearly 27% of the survey panel are forecasting growth in production, with the Olympics in 2020 and hopes of an ongoing improvement in the economic environment reported as factors supporting positive sentiment. That said, confidence weakened to the lowest recorded by the survey since March.

## Comment:

Commenting on the Japanese Manufacturing PMI survey data, **Paul Smith**, Director at IHS Markit, which compiles the survey, said:

*“August’s survey showed growth moving broadly sideways, maintaining the recent positive trend of improvement in the health of the manufacturing sector.*

*“The latest expansion was also balanced in terms of demand sources, with sales to both domestic and international clients (especially in China) reported to be up.*

*“With workforce numbers continuing to expand and companies projecting further rises in new orders, near-term prospects for ongoing manufacturing sector growth remain clearly positive.”*

-Ends-

## Nikkei Japan Manufacturing PMI<sup>®</sup> is sponsored by

Nikkei is a media organization with newspaper publishing at its core. Our flagship daily newspaper, The Nikkei, has approximately three million subscribers. Nikkei's multi-platform media distribution also includes online, broadcast and magazines.

The Nikkei marks its 140th anniversary this year. Since our founding in 1876 as the Chugai Bukka Shimpō (Domestic and Foreign Prices News), we have consistently provided high-quality reporting while maintaining fairness and impartiality. The Nikkei brand has become synonymous with trustworthiness at home and abroad.

Nikkei Inc. offers a range of media platforms to satisfy the diverse needs of our readers. At the core of these services is The Nikkei which has a circulation of approximately three million. Adding further depth to our offerings are our premium content and strong digital technology. The number of paying subscribers to the Nikkei Online Edition, which was launched in 2010, has surpassed 400,000. Our fee-based online services have one of the largest readerships in the world among newspaper publishers. Five years after its creation, the online edition is set to evolve from a medium for providing news to readers into a tool that helps people advance their careers.

In 2013, we kicked off the Nikkei Asian Review, an English-language news service provided both online and as a weekly print magazine. The following year, we established an Editorial Headquarters for Asia in Bangkok to deepen our coverage of Asian economic news. In addition, we doubled the number of reporters stationed in Asia outside Japan. 2014 also saw the launch of Nikkei Group Asia Pte., a new company in Singapore tasked with spreading the Nikkei brand in the region. Our goal is to make Nikkei the leading media voice in Asia.

<http://www.nikkei.co.jp/nikkeiinfo/en/>

## ASIAN REVIEW <http://asia.nikkei.com/>

### INTRODUCING THE ONLY BUSINESS PUBLICATION THAT BRINGS YOU INSIGHTS ABOUT ASIA, FROM THE INSIDE OUT

With more reporters and contributors across the region than any other business publication, only Nikkei Asian Review can give you a view of business in Asia from the inside.

Stay abreast of the latest news, analysis and insights with a subscription to Nikkei Asian Review – available in print, online, and on your mobile and tablet device.



**Asia300:** Providing extensive coverage of over 300 leading companies in 11 countries and regions in Asia. Nikkei Asian Review aims to build the largest hub for Asian corporate news through enhanced reporting backed by large database of business and financial information on companies in the region.

**JAPAN UPDATE:** Keeping you up-to-date with business and news from Japan.

**VIEWPOINTS:** Bringing views of leading minds on Asia from around the world, including our column "Tea Leaves" written by some of our best writers.

**POLITICS & ECONOMY:** Looking at fiscal and monetary policy, international affairs and more

**MARKETS:** Deep analysis of the markets, with detailed industry news to keep you abreast of some of the fastest growing sectors in the region.

**Video:** Watch analysts explain our articles, catch interviews with top executives.

**Print Edition:** Weekly delivery of the best content from Nikkei Asian Review to your home or office

**For further information, please contact:**

**IHS Markit (About PMI and its comment)**

Paul Smith, Director  
Telephone +44 1491 461 038  
Email: [paul.smith@ihsmarkit.com](mailto:paul.smith@ihsmarkit.com)

Jerrine Chia, Marketing and Communications  
Telephone +65 6922 4239  
E-mail: [jerrine.chia@ihsmarkit.com](mailto:jerrine.chia@ihsmarkit.com)

Bernard Aw, Principal Economist  
Telephone +65 6922 4226  
E-mail: [bernard.aw@ihsmarkit.com](mailto:bernard.aw@ihsmarkit.com)

**Nikkei inc. (About Nikkei)**

Ken Chiba, Deputy General Manager, Public Relations Office  
Atsushi Kubota, Manager, Public Relations Office  
Telephone +81 3 6256 7115  
Email [koho@nex.nikkei.co.jp](mailto:koho@nex.nikkei.co.jp)

**Notes to Editors:**

The Nikkei Japan Manufacturing *PMI*<sup>®</sup> is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP. The manufacturing sector is divided into the following 8 broad categories: Basic Metals, Chemicals & Plastics, Electrical & Optical, Food & Drink, Mechanical Engineering, Textiles & Clothing, Timber & Paper, Transport.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

The Nikkei Japan Manufacturing *PMI*<sup>®</sup> is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

**About PMI**

*Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>®</sup>) surveys are now available for over 30 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 [www.markit.com/products/pmi](http://www.markit.com/products/pmi).

The intellectual property rights to the Nikkei Japan Manufacturing *PMI*<sup>®</sup> 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 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 be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*<sup>™</sup> and *PMI*<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Nikkei uses the above marks under license. IHS Markit is a registered trademark of IHS Markit Ltd.

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](#).