

Nikkei Flash Japan Manufacturing PMI[®]

Manufacturing sector expands at faster pace during April

Key points:

- Flash Japan Manufacturing PMI[®] rises in April to 53.3, from 53.1 in March.
- Output, new orders and employment increase at quickened rates.
- Output price inflation remains marked relative to historical data.

Data collected 12 – 19 April.

Today sees the latest public release of the **Nikkei Flash Japan Manufacturing Purchasing Managers' Index[™] (PMI[®])**. Published on a monthly basis approximately one week before final PMI data are released, this makes the PMI the earliest available indicator of manufacturing 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.

Flash Japan Manufacturing PMI[®] Summary

PMI	Increase, faster rate
Output	Increase, faster rate
New Orders	Increase, faster rate
New Export Orders	Decrease, change of direction
Employment	Increase, faster rate
Backlogs of Work	Increase, faster rate
Output Prices	Increase, faster rate
Input Prices	Increase, slower rate
Stocks of Purchases	Increase, faster rate
Stocks of Finished Goods	Increase, change of direction
Quantity of Purchases	Increase, faster rate
Suppliers' Delivery Times	Lengthened, slower rate
Future Expectations	Positive, stronger optimism

Comment:

Commenting on the Japanese Manufacturing PMI survey data, **Joe Hayes, Economist** at IHS Markit, which compiles the survey, said:

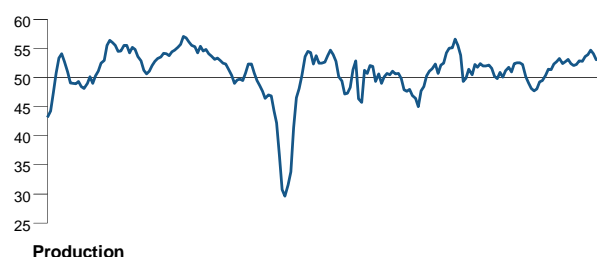
“Survey data depicted a positive backdrop in the Japanese manufacturing sector during April. The improvement in the headline PMI was underpinned by stronger rates of growth in output, new orders and employment. Furthermore, business confidence strengthened, while output prices were hiked to a stronger degree, signalling optimism in demand conditions.”

“Although new export orders declined for the first time since August 2016, as the stronger yen begins to impact price competitiveness, the rise in total new business inflows signals stronger domestic demand.”

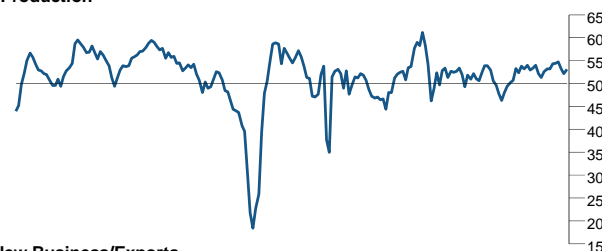
Nikkei Flash Japan Manufacturing PMI

sa, 50 = no change on previous month

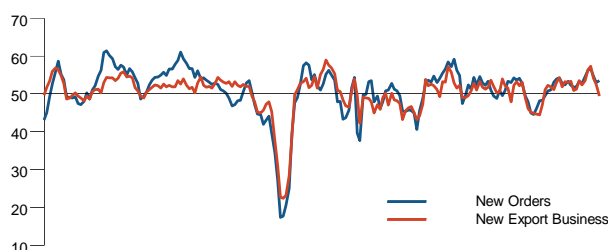
Purchasing Managers' Index (PMI)



Production



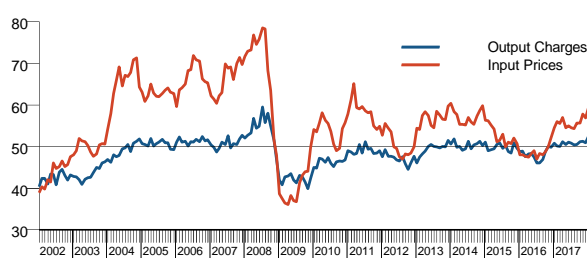
New Business/Exports



Employment/Backlogs of Work



Output Charges/Input Prices



-Ends

Sources: Nikkei, IHS Markit

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Note to Editors:

Final April data are published on May 1st.

The Nikkei Japan Manufacturing PMI[®] 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, and Transport. The **flash** estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2008 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias)

Index	Average difference	Average difference in absolute terms
Japan Manufacturing PMI ⁽¹⁾	0.0	0.3
Japan Manufacturing Output Index ⁽²⁾	0.0	0.5

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.

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.

Notes

1. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
2. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

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