

Nikkei Flash Japan Manufacturing PMI™

Operating conditions worsen at sharpest pace in over three years

Key points:

- Flash Japan Manufacturing PMI™ at 48.0 (49.1 in March). Flash headline PMI signals quickest deterioration in manufacturing conditions since January 2013.
- Flash Japan Manufacturing Output Index at 47.9 (49.8 in March). Production declines at fastest rate in two years.

Data collected 12– 20 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	Decrease, faster rate
Output	Decrease, faster rate
New Orders	Decrease, faster rate
New Export Orders	Decrease, faster rate
Employment	Increase, faster rate
Backlogs of Work	Decrease, faster rate
Output Prices	Decrease, slower rate
Input Prices	Decrease, faster rate
Stocks of Purchases	Decrease, slower rate
Stocks of Finished Goods	Decrease, slower rate
Quantity of Purchases	Decrease, faster rate
Suppliers' Delivery Times	Shortening, slower rate

Comment:

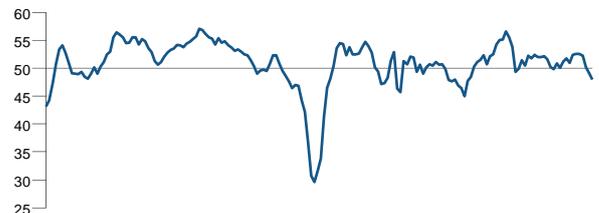
Commenting on the Japanese Manufacturing PMI survey data, **Amy Brownbill**, economist at Markit, which compiles the survey, said:

“Manufacturing conditions in Japan worsened at a sharper rate in April. Both production and new orders declined markedly, with total new work contracting at the fastest rate in over three years. The sharp drop in total new work was underpinned by the fastest fall in international demand since December 2012, and following the two earthquakes on the island of Kyushu (one of Japan’s key manufacturing regions), the outlook of the goods-producing sector now looks especially uncertain.”

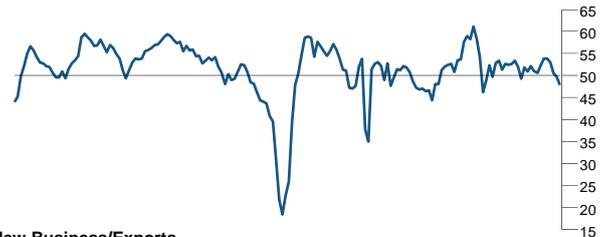
Nikkei Flash Japan Manufacturing PMI

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, Markit

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Note to Editors:

Final April data are published on May 2nd.

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.

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 Markit. Please contact economics@markit.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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About PMI

Purchasing Managers' Index™ (*PMI*™) 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/economics.

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