

Nikkei Flash Japan Manufacturing PMI[®]

Manufacturing sector grows at weakest rate since August 2017

Key points:

- Flash Japan Manufacturing PMI[®] declines in May to 52.5, from 53.8 in April.
- New order growth softens to nine-month low.
- Input prices rise at the fastest pace since January 2014.

Data collected 11 – 21 May.

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

Comment:

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

“Despite the promising upturn in April data, May’s flash release erred on the side of disappointment as the headline figure signalled the weakest expansion in manufacturing growth in nine months.”

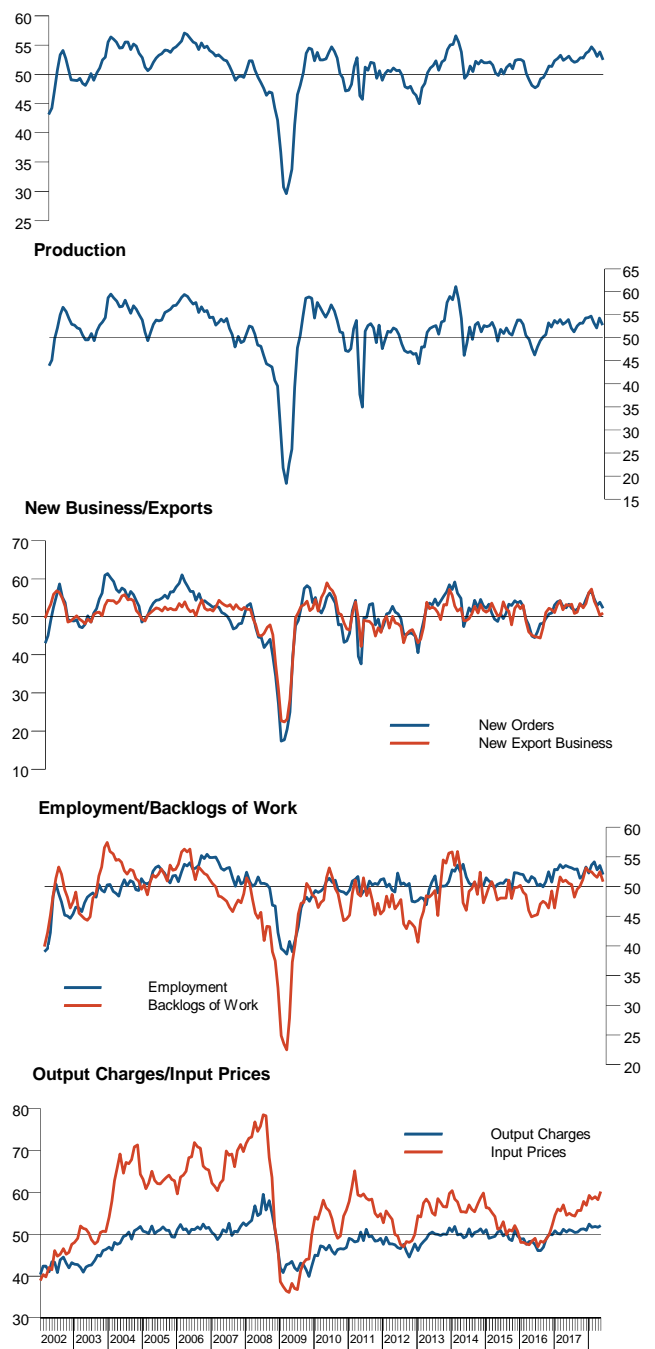
“Employment growth eased, in line with a weaker accumulation of work backlogs due to softer demand pressures. That said, new export sales expanded faster amid the recent dollar strength vs. JPY.”

“However, there was further evidence that supply-side constraints may be impacting output potential, as material shortages contributed to the greatest lengthening of delivery times in seven years. Consequently, input prices soared at the fastest pace in 52 months.”

Nikkei Flash Japan Manufacturing PMI

sa, 50 = no change on previous month

Purchasing Managers' Index (PMI)



-Ends

Sources: Nikkei, IHS Markit

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Note to Editors:

Final May data are published on June 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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