

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
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## Markit/JMMA Japan Manufacturing PMI™

## Solid production growth registered at start of 2015

**Key points:**

- Headline PMI posts above 50.0 no-change mark for eighth month running
- Further increases in output and new orders
- Inflationary pressures remain amid reports of yen depreciation

**Summary:**

Data at the start of 2015 signalled a solid improvement in operating conditions in the Japanese manufacturing sector. Production growth continued for the sixth month running, supported by a further rise in new orders. Subsequently, payroll numbers remained in growth territory, with the latest expansion broadly in-line with the previous month. Meanwhile, upward pressures on both input and output prices remained.

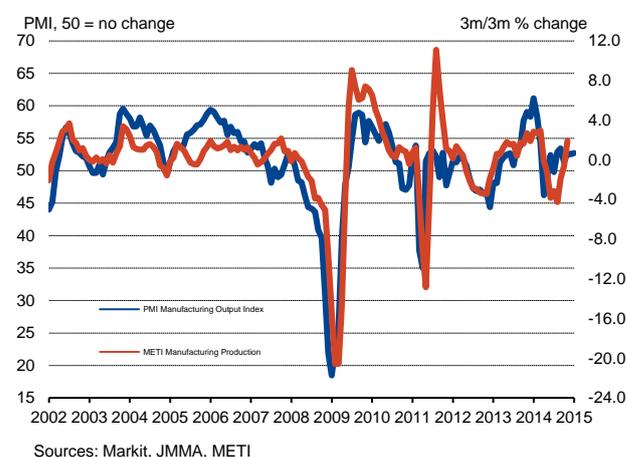
The headline Markit/JMMA Japan Manufacturing *Purchasing Managers' Index (PMI)* is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The headline PMI posted at 52.2 in January, little-changed from 52.0 in December and above the 50.0 no-change mark for the eight month running, thereby signalling sustained growth in the Japanese manufacturing sector at the start of 2015.

January data registered a rise in production for the sixth month running at Japanese goods producers. The latest increase in output was supported by higher new work intakes from both domestic and international markets.

New work at Japanese manufacturers rose for the eighth month running, with the rate of expansion ticking up from the previous survey period to a

three-month high. Panellists attributed the latest increase to a combination of improved advertising, stronger demand conditions and the launching of new products. Similarly, new orders from abroad rose in January. All three monitored sectors signalled growth in new work from both domestic and foreign clients, with investment goods producers noting the strongest increases in both cases.

**Markit/JMMA Manufacturing PMI: Output Index**

Sources: METI, Markit, JMMA.

In line with higher production requirements and stronger demand conditions, manufacturers continued to hire staff and purchase pre-production goods in January. Stocks of purchases rose, with firms linking the increase to greater production capacity. The accumulation of stocks was only fractional, however.

As has been the case since July 2014, suppliers' delivery times lengthened in January. Some firms linked worsening vendor performance to suppliers' difficulty in coping with sustained new order growth. However, the rate of lengthening times was only marginal.

On the prices front, the depreciation of the yen against the dollar continued to have a negative effect on raw material prices, driving up input prices at a marked pace. Subsequently, manufacturers passed higher cost burdens on to their clients, with charges increasing at a quicker pace than the previous month.

**Comment:**

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

*“January data highlighted a solid improvement in operating conditions in the Japanese goods-producing sector. Production remained in robust growth territory, alongside a sustained increase in new work. Consequently, manufacturers continued to hire staff, with the rate of growth broadly in line with the previous month.”*

*“Meanwhile, the depreciation of the yen against the dollar continued to put pressure on input and output prices, with panellists reporting sharp increases in raw materials costs leading to higher charges.”*

-Ends-

## For further information, please contact:

### Markit

Amy Brownbill, Economist  
Telephone +44-1491-461-063  
Email [amy.brownbill@markit.com](mailto:amy.brownbill@markit.com)

Joanna Vickers, Corporate Communications  
Telephone +44207 260 2234  
E-mail [joanna.vickers@markit.com](mailto:joanna.vickers@markit.com)

Keiko Yamaguchi, Sales & Marketing  
Telephone +813-6402-0837  
Email [keiko.yamaguchi@markit.com](mailto:keiko.yamaguchi@markit.com)

## Notes to Editors:

The Markit/JMMA 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 Markit/JMMA 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.

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](mailto:economics@markit.com).

### About JMMA

**Japan Materials Management Association (JMMA)** is a voluntary organization, established by members in 1958. JMMA contributes to the practice of business management in the field of research, education, books and standardization of materials / purchasing management. In relation to education, JMMA is the organization which trains Purchasing Managers, the specialists of materials / purchasing. JMMA is the organization which gives the certification of "Certified Purchasing Manager (CPM)", the globally recognized certification for purchasing managers. JMMA is also the representative of IFPMM (International Federation of Purchasing and Materials Management) in Japan. JMMA, 6F Iwamotochokiita-bld, 1-8-15, Chiyoda-ku, Tokyo, Japan. Tel: +81 3 5687 3477; Fax: +81 3 5687 3660 email: [info\\_jmma@jmma.gr.jp](mailto:info_jmma@jmma.gr.jp) website: [www.jmma.gr.jp](http://www.jmma.gr.jp)

### About Markit

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### About PMI

*Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) surveys are now available for 32 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](http://www.markit.com/economics).

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