

Nikkei Flash Japan Manufacturing PMI[®]

Weakest improvement in business conditions since October 2017

Key points:

- Flash Japan Manufacturing PMI[®] declines in March to 53.2, from 54.1 in February.
- New orders increase, albeit to weakest extent in five months.
- Job creation eases amid joint-softest pace of output growth since July 2017.

Data collected 12 – 19 March.

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, slower rate
Employment	Increase, slower rate
Backlogs of Work	Increase, slower rate
Output Prices	Increase, faster rate
Input Prices	Increase, faster rate
Stocks of Purchases	Increase, slower rate
Stocks of Finished Goods	Decrease, slower 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:

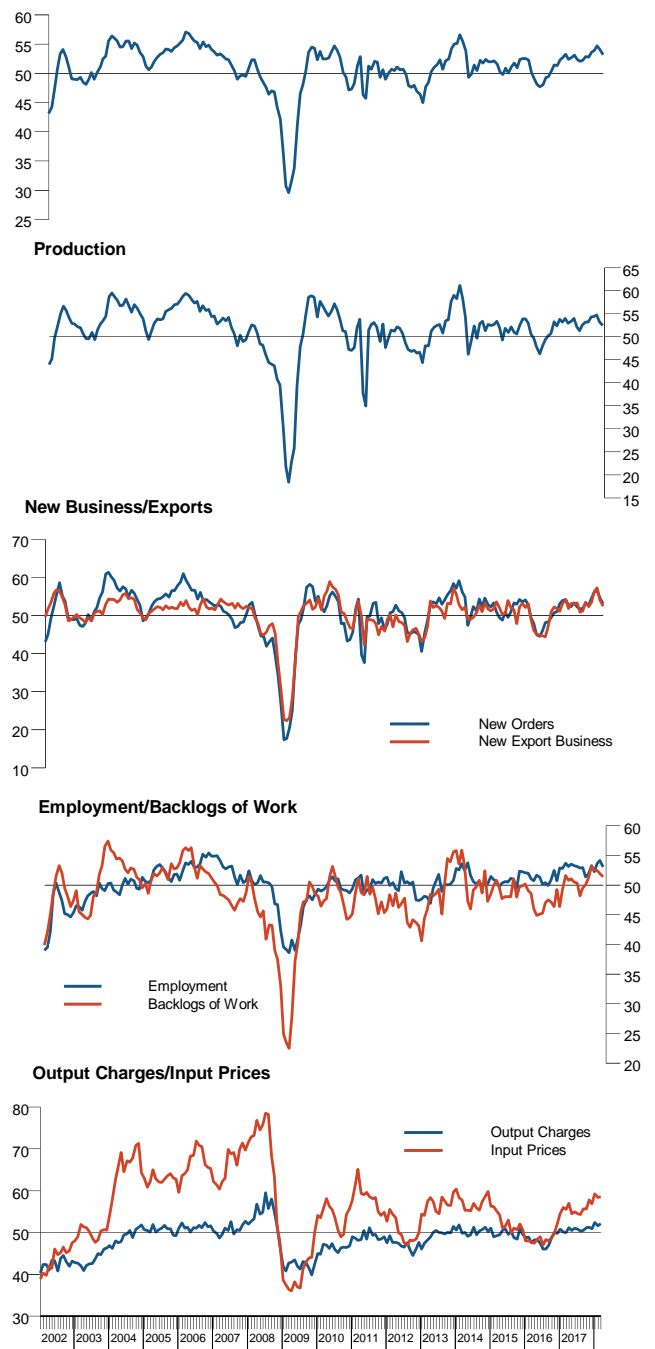
“The headline PMI declined in March, signalling a weaker improvement in overall business conditions in the manufacturing sector. Output, new order and employment growth rates all slowed, while longer lead times continued to impact supply capacities.

“That said, with new business increasing for an eighteenth straight month, firms raised output prices to a quicker extent, signalling confidence in the demand climate and purchasing power of their clients. Despite two months of weaker headline PMI readings, the 2018 Q1 average still signals a robust operating environment.”

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 March data are published on April 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.

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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