

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 10:35 (TOKYO), 22 May 2014**

## Markit/JMMA Flash Japan Manufacturing PMI™

### Output and new orders continue to fall, but at slower pace

#### Key points:

- Flash Japan Manufacturing PMI™ at 49.9 (49.4 in April). Two-month high.
- Flash Japan Manufacturing Output Index at 49.2 (46.2 in April). Two-month high.

Data collected 12 - 20 May.

Today sees the first public release of the **Markit/JMMA 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

50.0 = no-change on previous month (seasonally adjusted)

PMI	Decrease, slower rate
Output	Decrease, slower rate
New Orders	Decrease, slower rate
New Export Orders	Decrease, faster rate
Employment	Increase, slower rate
Backlogs of Work	Decrease, faster rate
Output Prices	Decrease, change of direction
Input Prices	Increase, slower rate
Stocks of Purchases	Increase, slower rate
Stocks of Finished Goods	Increase, following no change
Quantity of Purchases	Decrease, slower rate
Suppliers' Delivery Times	Shortening, change of direction

**Chris Williamson, Chief Economist at Markit, which compiles the survey said:**

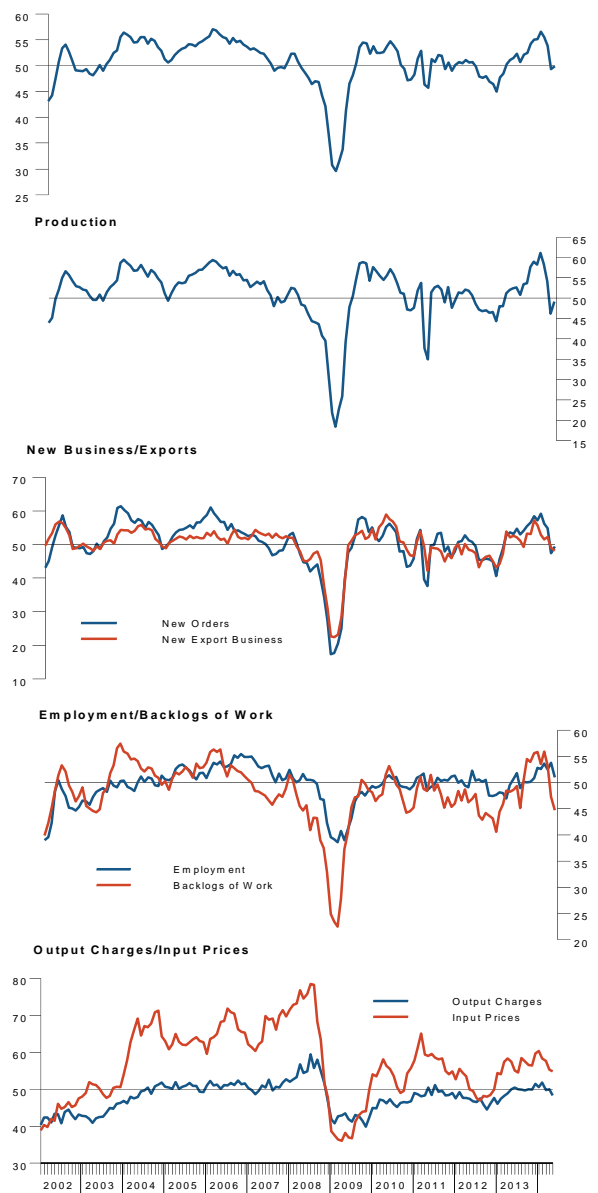
*“The manufacturing sector showed welcome signs of stabilising after the steep downturn seen in April, but producers are clearly still struggling as demand has been hit by the April 1st tax hike. Of additional concern is the fall in export orders, which is a sign of softening demand in key trading partners. GDP growth is consequently likely to have weakened significantly in the second quarter.”*

*“While many companies signalled optimism that the slowdown would be temporary, the cutting of prices and downturn in job creation are signs the sector is preparing for continued tough conditions in the coming months. The*

*extent to which the economy can rebound in the second half of the year remains highly uncertain at this stage.”*

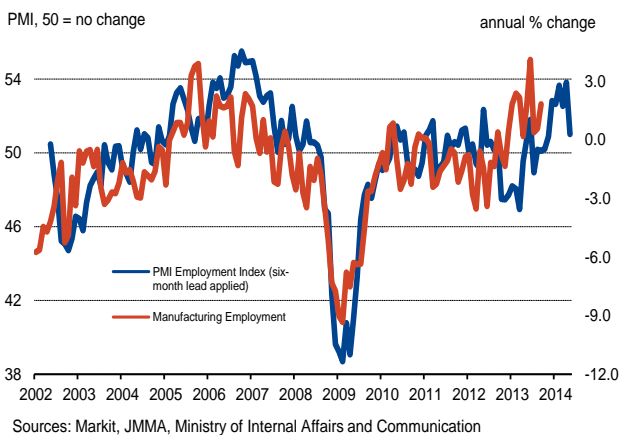
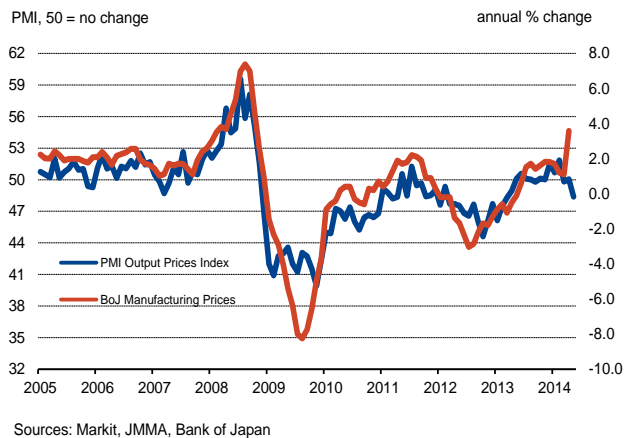
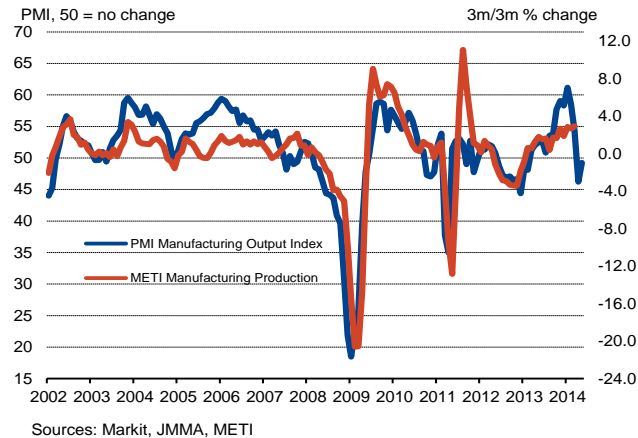
50 = no change on previous month

Purchasing Managers' Index (PMI)



## The Japan Manufacturing PMI and official data

The PMI has established a track record of accurately anticipating changes in similar official data including those for output, employment, prices and trade. These relationships are outlined in the charts below.



### For further information, please contact:

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### Note to Editors:

Final May data are published on 2 June.

The Markit/JMMA 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 <sup>(1)</sup>	0.0	0.3
Japan Manufacturing Output Index <sup>(2)</sup>	0.0	0.6

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](mailto: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?"

#### 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

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 11 countries. For more information, please see [www.markit.com](http://www.markit.com)

#### About PMIs

*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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