



Sino-Japan Trade Report June 2025

Released on July 1st., 2025

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1. Summary

1. Global Economy and Merchandise Trade

The J.P.Morgan Global Manufacturing PMI fell to a five-month low of 49.6 in May, down from 49.8 in April, to signal a deterioration in overall operating performance for the second successive month. Manufacturing production contracted for the first time in five months during May. In contrast, consumer goods output rose for the twenty-second successive month. The level of incoming new business declined for the second successive month in May, with the rate of contraction accelerating over the month. International trade flows continued to deteriorate, with new export business falling for the second month in a row.

J.P.Morgan Global Manufacturing PMI™ Index Summary

Index	Apr-25	May-25	Interpretation
PMI	49.8	49.6	Deterioration, faster rate
Output	50.5	49.1	Decline, from increasing
New Orders	49.8	49.1	Decline, faster rate
New Export Orders	47.2	48.0	Decline, slower rate
Future Output	57.2	60.2	Growth expected, better sentiment
Employment	49.1	49.3	Decline, slower rate
Input Prices	55.1	53.8	Inflation, slower rate
Output Prices	52.6	51.9	inflation, slower rate

Remark: sa, 50 = no change over previous month, *50 = no change over next 12 months

Manufacturing PMI

Country	Apr-25	May-25
Japan	48.7	49.4
Korea	47.5	47.7
India	58.2	57.6
Vietnam	45.6	49.8
Indonesia	46.7	47.4
Malaysia	48.6	48.8
Thailand	49.5	51.2
ASEAN	48.7	49.2
United States	50.2	52.0
Eurozone	49.0	49.4

Data Source from S&P Global.

1. Summary

The latest Global Economic Prospects released by World Bank in June 2025 pointed out that global growth was slowing due to a substantial rise in trade barriers and the pervasive effects of an uncertain global policy environment. Growth is expected to weaken to 2.3 percent in 2025, with deceleration in most economies relative to last year. This would mark the slowest rate of global growth since 2008, aside from outright global recessions. The outlook for global trade is subject to substantial downside risks, notably a renewed escalation of trade restrictions.

Table 1.1 Real GDP (Percent change from previous year unless indicated otherwise)

	2024e	Percent Point differences from January 2025 projections					
		2025f	2026f	2027f	2025f	2026f	
World Output	2.8	2.3	2.4	2.6	-0.4	-0.3	
Advanced Economies	1.7	1.2	1.4	1.5	-0.5	-0.4	
United States	2.8	1.4	1.6	1.9	-0.9	-0.4	
Euro Area	0.9	0.7	0.8	1.0	-0.3	-0.4	
Japan	0.2	0.7	0.8	0.8	-0.5	-0.1	
EMDE	4.2	3.8	3.8	3.9	-0.3	-0.2	
China	5.0	4.5	4.0	3.9	0.0	0.0	
Indonesia	5.0	4.7	4.8	5.0	-0.4	-0.3	
Thailand	2.5	1.8	1.7	2.3	-1.1	-1.0	
India	6.5	6.3	6.5	6.7	-0.4	-0.2	
Russia	4.3	1.4	1.2	1.2	-0.2	0.1	
Brazil	3.4	2.4	2.2	2.3	0.2	-0.1	
Mexico	1.5	0.2	1.1	1.8	-1.3	-0.5	

Remark: EMDE indicates Emerging Market and Developing Economies.

1. Summary

2. China's Macro Economy

In China, the PMI in June rose to 49.7%, 0.2 percentage point higher than the same in May. The Production Index and the New Order Index increased 0.3 and 0.4 percentage point m-o-m to 51.0 and 50.2 respectively. The New Export Order Index climbed 0.2 percentage points m-o-m to 47.7% while Import Index became 47.8%, 0.7 percentage points higher m-o-m.

The major commodities import volume continuously dropped except copper concentrate, pulp and machine tools. However, new energy vehicle export keeps strong trend while the domestic and export sales of excavator and loader still increased, especially domestic sales volume went upward sharply, indicating the continuous investment.

In May, the China steel industry PMI was 45.9, a decrease of 0.5 points m-o-m. Both uncertain global trade environment and weak domestic demand quite influenced steel industry. The recovery will not be expected in the hot and rainy July.

3. Japan's Macro Economy

The headline S&P Global Japan Manufacturing PMI rose from 49.4 in May to just above the neutral 50.0 level at 50.1 in June. The latest reading was therefore consistent with broadly stable operating conditions following an 11-month period of deterioration.

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Overall demand conditions remained subdued in June, with manufacturers recording a further decline in overall new orders. The rate of contraction quickened slightly since May but remained mild. There were reports that US tariffs and lingering uncertainty over the outlook had dampened sales. New export business likewise declined in June and at a solid rate, with lower demand across key markets in Asia, Europe and the US noted by panel members.

1.4 Sino-Japan Merchandise Trade

Sino-Japanese merchandise trade amount of May in USD announced by the GACC increased by 2.62% y-o-y while the aggregated trade amount indicated plus 1.15% which is the second consecutive positive rate in 2025. The same data released in JPY by the Japanese Ministry of Finance increased by -5.04% y-o-y in May. Though the aggregated growth rate is gradually dropping, it is still 3.65% until the end of April.

Overall, Sino-Japan trade has remained stable against significantly increased uncertainty of global trade. Meanwhile, the eastbound container freight index of Sino-Japan route in May kept stable at 957.14 points and 2.5% lower m-o-m.

However, the demand of the Sino-Japan conventional market was still sluggish now. In May, 138,443 tons of steel were exported from China to Japan, with a cumulative 543,257 tons in the first five months and almost same y-o-y. In the same month, 194,718 tons of steel were

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exported from Japan to China, with a cumulative 971,973 tons, a year-on-year decrease of 18.8%. Total steel trade volume in terms of metric ton including eastbound and westbound decreased 11.63%, in which most part of cargoes were carried by conventional vessels.

Meanwhile, the order data of May 2025 released by the Japan Machine Tool Builders' Association showed that orders from China increased by 10.6% y-o-y, with a cumulative increase of 23.8% up to the end of May. China and the United States occupy about 65% of the overseas order. Though the growth rate of India is quite higher, the absolute order value is still about one-fourth or one-fifth of the China's. The machinery and equipment export to China is still the main direction in the near future.

2. Appendix

2.1 GDP Statistics

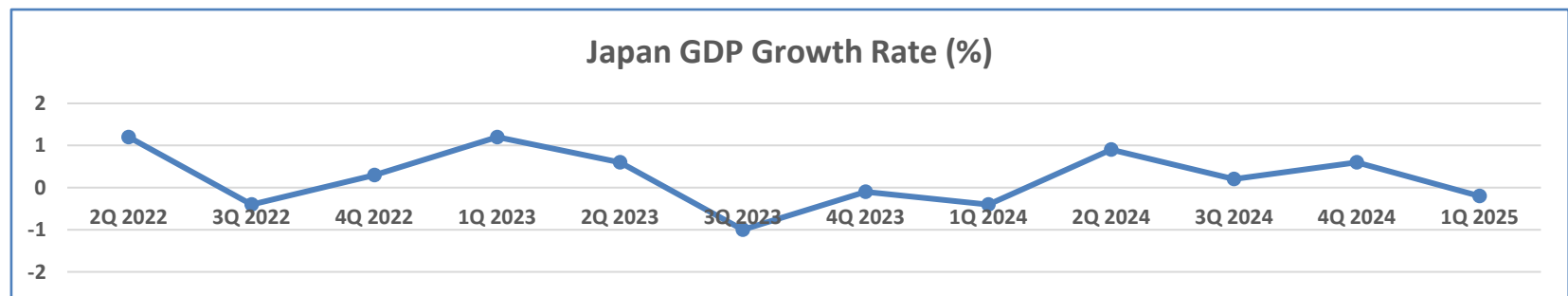
Indicator	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
China GDP Growth Rate (%)	0.8	4.0	3.0	4.7	6.5	5.0	5.3	5.3	4.7	4.6	5.4	5.4

Data Source: National Bureau of Statistics (Growth Rate with year-on-year basis)



Indicator	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
Japan GDP Growth Rate (%)	1.2	-0.4	0.3	1.2	0.6	-1.0	-0.1	-0.4	0.9	0.2	0.6	-0.2

Data Source: Cabinet Office, Government of Japan (Growth Rate with year-on-year basis, seasonally adjusted series)

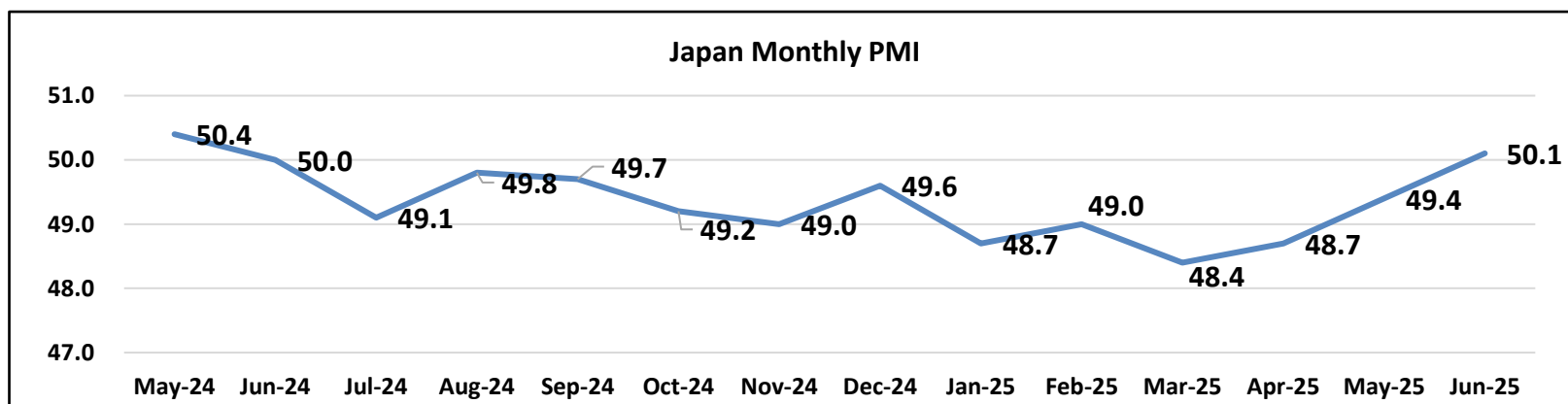


2. Appendix

2.2 Monthly PMI



Data Source: National Bureau of Statistics, China



Data Source: S & P Global Manufacturing PMI

**End of
Sino-Japan Trade Report
June 2025**