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# January 2024 Industrial Production

## Indices of industrial production suffer major decline due to halt of operations at the factories of some motor vehicle manufacturers

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### Summary

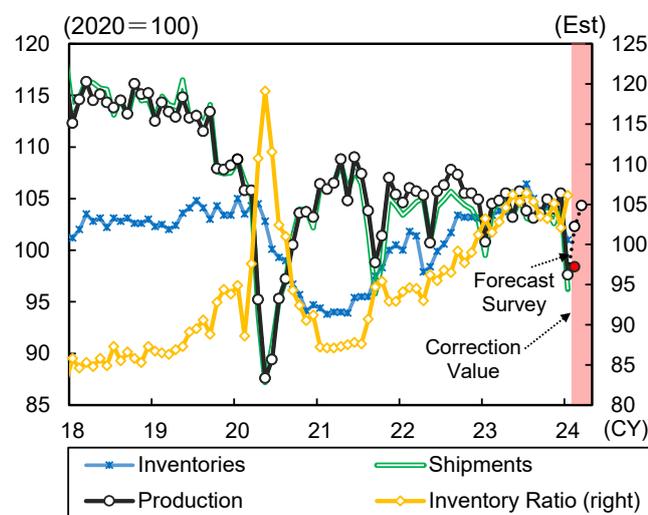
- The January 2024 indices of industrial production declined for the first time in two months by -7.5% m/m. The main factor behind the major decline was a halt of operations at the factories of some motor vehicle manufacturers. Production cuts were especially large in regular passenger vehicles and power drive systems and steering device parts. Production cuts were also conspicuous in general-purpose and business oriented machinery, as well as production machinery. The Ministry of Economy, Trade, and Industry has revised its economic assessment downwards to “Industrial Production fluctuates indecisively, but it has weakened.”
- As for the future of industrial production, the indices are expected to continue marking time. Recovery in China’s economy and the silicon cycle entering a recovery phase are expected to provide underlying support for production. On the other hand, the expected economic slowdown in the US and Europe will likely bring downward pressure. In addition, the influence of the halt of operations at the factories of Daihatsu Motor is expected to continue bringing downward pressure on the indices for some time, though influence should gradually decrease. The possibility of a downward swing in the production index for regular passenger vehicles and other vehicles due to the shutdown of Toyota Motor Corporation's plant operations should also be noted.
- The January 2024 Indexes of Business Conditions are to be published on March 8, 2024, and the leading index is expected to be up by +0.1pt to 110.3, while the coincident index is expected to be down by -7.4pt to 108.5. Based on the predicted value, the underlying tone for January 2024 is automatically left unchanged at "improving".

**Industrial Production (m/m %; SA basis) Chart 1**

	2023										2024
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Industrial Production	0.7	-2.2	2.4	-1.8	-0.7	0.5	1.3	-0.9	1.4	<b>-7.5</b>	
Market consensus (Bloomberg)										-6.5	
DIR estimate										-8.2	
Shipments	-0.2	-1.1	1.6	-1.8	-0.3	0.6	0.4	-1.2	2.2	<b>-8.3</b>	
Inventories	-0.1	1.8	0.2	0.6	-1.3	-1.3	0.6	0.0	-1.2	<b>-1.8</b>	
Inventory ratio	1.8	1.5	-0.8	1.0	-1.0	-1.7	-0.3	1.8	-2.9	<b>3.9</b>	

Source: Ministry of Economy, Trade, and Industry; Bloomberg; compiled by DIR.

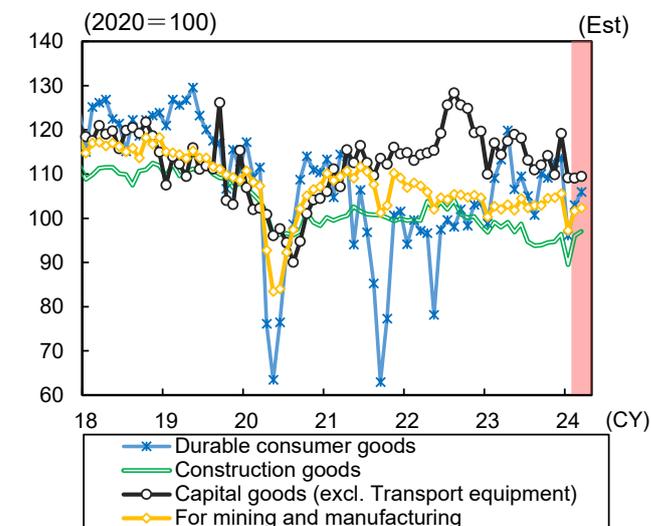
**Production, Shipment, and Inventories Chart 2**



Source: Ministry of Economy, Trade, and Industry (METI), compiled by DIR.

Note: The predicted value of the Production Forecast Survey (the red circle) is the Correction Value for the Indices of Industrial Production (mode).

**Production Index and Breakdown by Types of Goods Chart 3**



Source: Ministry of Economy, Trade, and Industry (METI), compiled by DIR.

Note: Values for most recent 2-months of production index from METI Production Forecast Survey.