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September 2024 Industrial Production

Motor vehicles and related industries back on track with normalization of production

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Summary

- The September 2024 indices of industrial production grew for the first time in two months by +1.4% m/m, and also exceeded market consensus (+0.8% according to Bloomberg Survey). Motor vehicles and related industries are now back on track with the impact of the halt in operations due to the problem of authentication fraud and the typhoon in late August having run its course. The Ministry of Economy, Trade, and Industry has left its economic assessment unchanged at “Industrial Production fluctuates indecisively.”
- As for the future of industrial production, the indices are expected to grow moderately. Recovery production in motor vehicles in order to handle order backlog is expected due to the normalization of motor vehicle production. In addition, recovery of the silicon cycle is expected to be a positive factor leading to growth in production of semiconductor related goods. However, caution is required in regard to the risk of downward pressure on the production indices, which could occur if export control regulations are strengthened, causing a decline in the amount of sales of semiconductor production equipment in China.
- The September 2024 Indexes of Business Conditions are to be published on November 8, 2024, and the leading index is expected to be at +2.7pt m/m to 109.6, and the coincident index is expected to be up by +1.7pt to 115.7. Based on the predicted value, the assessment of the coincident index for September 2024 will automatically be left unchanged at “halting to fall.”

Industrial Production (m/m %; SA basis)

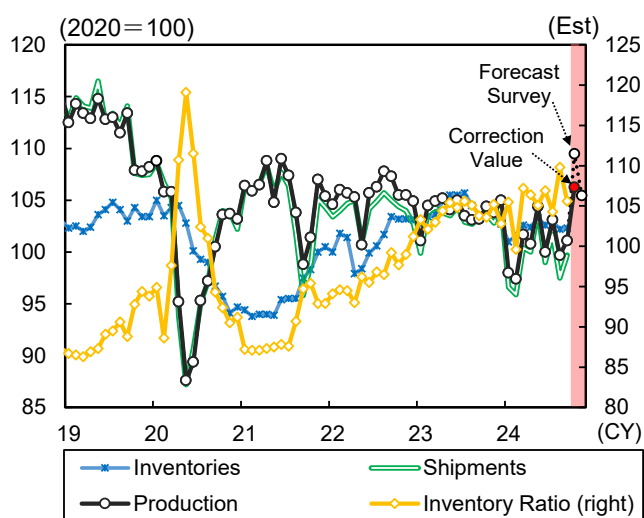
Chart 1

	2023	2024								
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Industrial Production	1.2	-6.7	-0.6	4.4	-0.9	3.6	-4.2	3.1	-3.3	1.4
Market consensus (Bloomberg)										0.8
DIR estimate										1.2
Shipments	1.6	-7.5	-0.7	4.7	-0.4	3.9	-4.7	2.7	-4.1	2.3
Inventories	-0.9	-1.7	0.6	1.0	-0.2	0.9	-0.7	0.4	-0.8	0.1
Inventory ratio	-2.3	2.6	-5.6	7.6	-0.7	-1.2	1.7	-2.4	5.3	-3.8

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

Production, Shipments, and Inventories

Chart 2

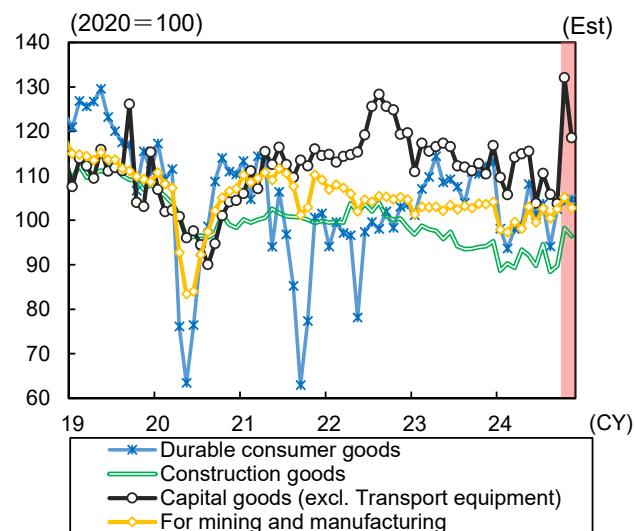


Source: Ministry of Economy, Trade, and Industry (METI), compiled by DIR.

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.