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# April 2021 Machinery Orders

**Manufacturing records major growth, while non-manufacturing suffers steep decline. Private sector demand grows slightly.**

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## Summary

- According to statistics for machinery orders in April 2021, the leading indicator for domestic capex and private sector demand (excluding ships and electrical power), orders grew for the second consecutive month at +0.6% m/m, while at the same time falling below market consensus at +2.5%. Manufacturing won double-digit growth, while non-manufacturing suffered a double-digit decline. Overall orders registered a narrow range of growth.
- Looking at performance by industry, manufacturing orders grew for the first time in four months at +10.9% m/m, hitting the highest level since July 2019. Both ship building and non-ferrous metals contributed to growth. Meanwhile, non-manufacturing orders (excluding ships and electrical power) suffered a decline for the first time in two months at -11.0%, hitting its lowest point since January 2013. The decline in orders for transportation & postal activities in comparison to the large-scale orders (exceeding 10 bil yen) received last month brought down overall orders.
- Overseas demand achieved major growth at +46.2% m/m. There have been major fluctuations, but on average, overseas demand is in a growth phase.
- As for the future of private sector demand (excluding ships and electrical power), gradual recovery is expected to continue. Exports are expected to experience growth overseas economies seen achieving a favorable recovery, and this in turn is expected to increase the willingness to engage in capex in the manufacturing industry. On the other hand, on the domestic scene, an extension until June 20 was implemented for the third state of emergency and the number of prefectures affected was expanded. The food service and accommodations industries are therefore expected to continue exhibiting weak performance. However, but the impact is expected to be minor for private sector demand overall.

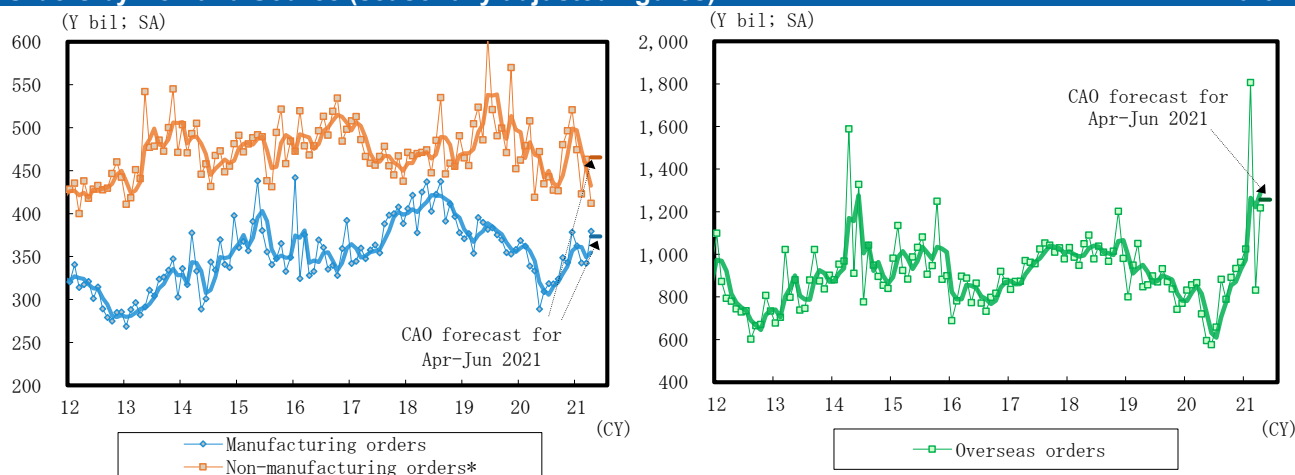
**Machinery Orders (m/m %; SA)****Chart 1**

	2020					2021							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Machinery orders (private sector)*	1.4	-5.1	3.7	0.5	-3.6	12.6	1.1	5.3	-4.5	-8.5	3.7	0.6	
Market consensus (Bloomberg)												2.5	
DIR Economist estimate												2.3	
Manufacturing orders	-13.3	7.0	3.0	-0.0	1.7	7.7	-1.6	10.3	-4.2	-5.5	-0.1	10.9	
Non-manufacturing orders*	12.7	-7.9	1.8	-3.5	-0.2	12.6	3.4	4.9	-8.9	-10.9	9.5	-11.0	
Overseas orders	-17.3	-3.4	14.4	34.1	-10.7	13.0	4.8	3.1	6.4	76.2	-53.9	46.2	

Source: Cabinet Office, Bloomberg; compiled by DIR.

\*excl. those for ships and from electric utilities.

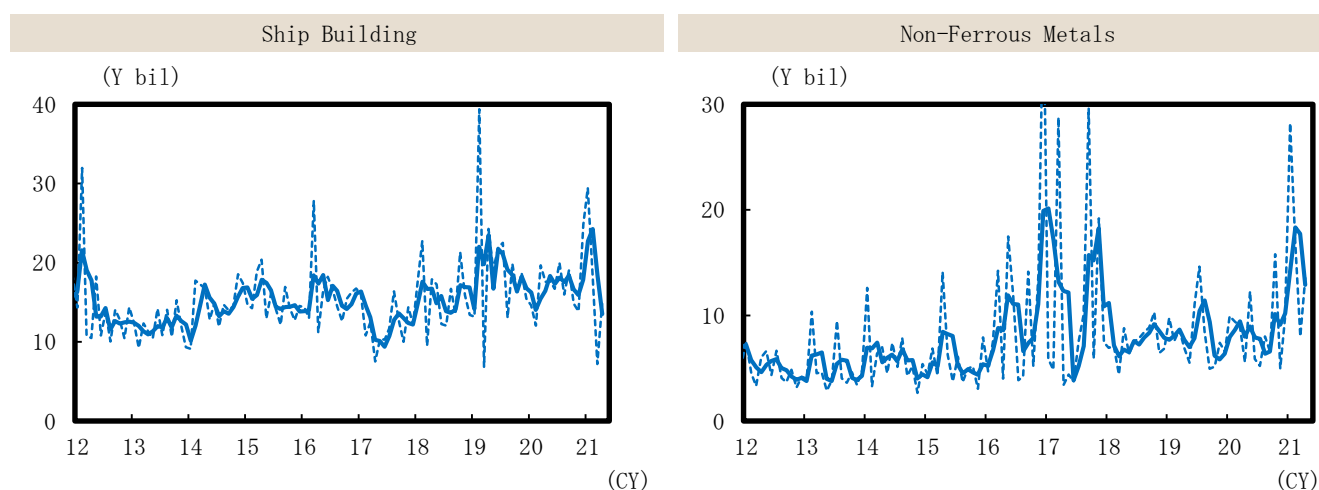
Note: Figures on market consensus from Bloomberg

**Orders by Demand Source (seasonally adjusted figures)****Chart 2**

Source: Cabinet Office (CAO); compiled by DIR.

\*excl. those for ships and from electric utilities.

Note: Thick lines 3M/MA basis.

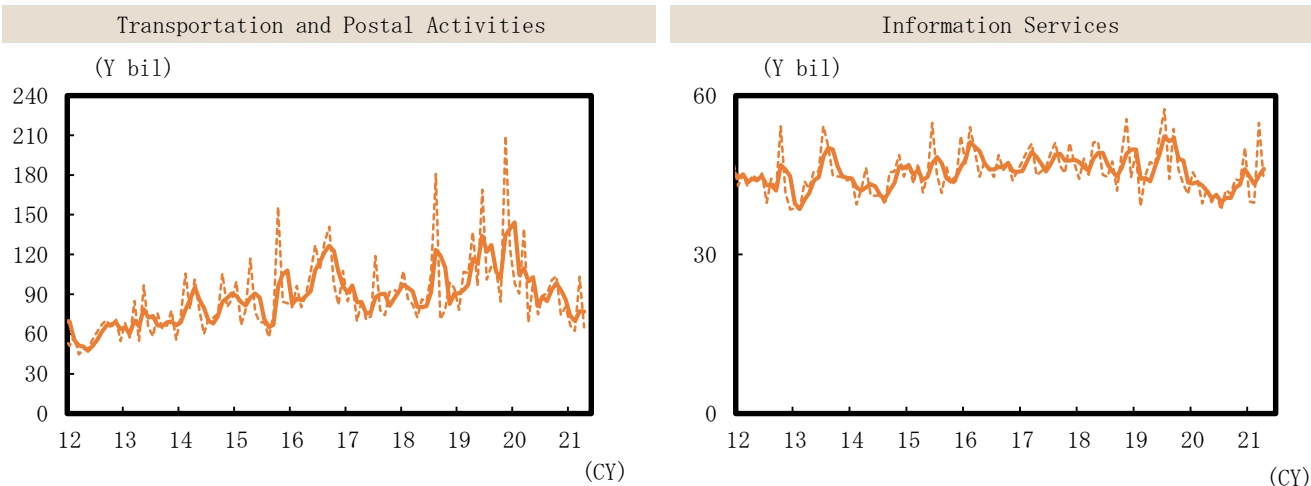
**Order Amounts by Industry (Manufacturing)****Chart 3**

Source: Cabinet Office (CAO); compiled by DIR.

Note: Thick lines 3M/MA basis.

## Order Amounts by Industry (Non-Manufacturing)

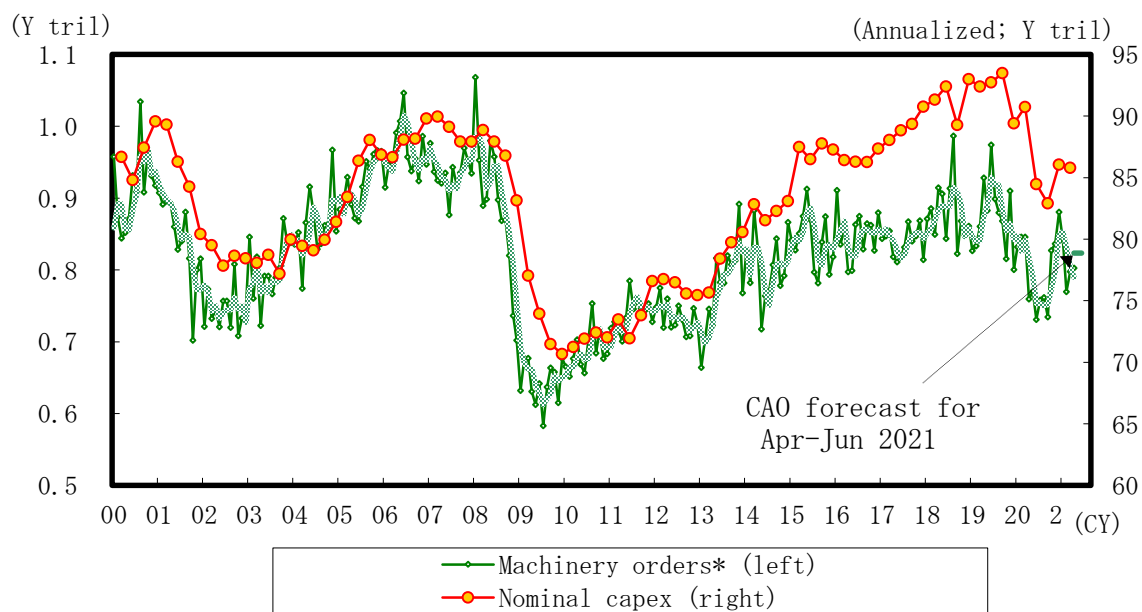
Chart 4



Source: Cabinet Office (CAO); compiled by DIR.  
 Note: Thick lines 3M/MA basis.

## Domestic Demand and Nominal Capex (seasonally adjusted figures)

Chart 5



Source: Cabinet Office (CAO); compiled by DIR.  
 \*excl. those for ships and from electric utilities.  
 Note: Thick lines 3M/MA basis.