

17 February 2022 (No. of pages:3 )

Japanese report: 17 Feb 2022

# December 2021 Machinery Orders

**Government assessment of economy revised upwards to “picking up,” due to continued favorability of manufacturing industry**

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## Summary

- According to statistics for machinery orders in December 2021, the leading indicator for domestic capex and private sector demand (excluding ships and electrical power), orders grew for the third consecutive month at +3.6% m/m, contrary to market consensus (Bloomberg survey: -2.0%). The Cabinet Office revised its assessment for machinery orders upwards to “picking up.”
- Manufacturing orders grew for the second consecutive month at +8.0% m/m. Looking at performance by industry, growth was led by non-ferrous metals, chemical and chemical products, and electrical machinery. On the other hand, non-manufacturing orders (excluding ships and electrical power) suffered a slight decline for the second consecutive month at -0.1%. Information services and finance & insurance, which had continued exhibiting growth up to now, suffered declines. Overseas demand fell for the first time in three months at -3.5%.
- As for the future of private sector demand (excluding ships and electrical power), performance is expected to mark time. The Omicron variant of COVID-19 has continued to spread in domestic Japan, and corporate willingness to spend on capex is very likely to decline centering on service industries associated with moving about and close contact. In addition, the tendency to refrain from capex may become more manifest in response to production cuts in motor vehicles, electrical machinery and other industries due to the continued semiconductor shortage.

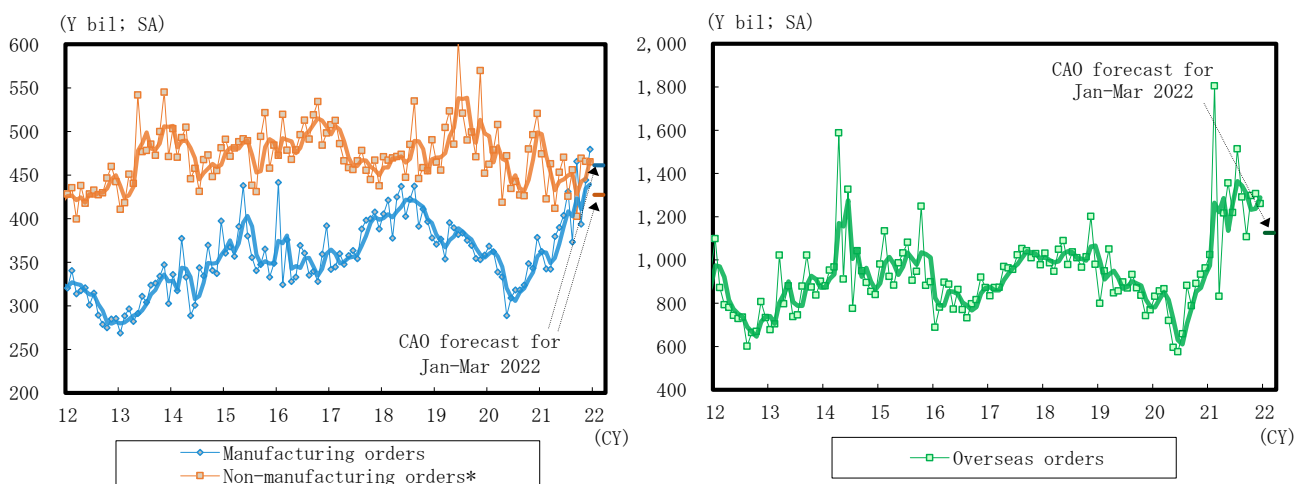
Machinery Orders (m/m %; SA)												Chart 1
	2021											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Machinery orders (private sector)*	-4.5	-8.5	3.7	0.6	7.8	-1.5	0.9	-2.4	-0.0	3.8	3.4	3.6
Market consensus (Bloomberg)												-2.0
DIR Economist estimate												-3.3
Manufacturing orders	-4.2	-5.5	-0.1	10.9	2.8	3.6	6.7	-13.4	24.8	-15.4	12.9	8.0
Non-manufacturing orders*	-8.9	-10.9	9.5	-11.0	10.0	3.8	-9.5	7.1	-11.7	16.5	-0.8	-0.1
Overseas orders	6.4	76.2	-53.9	46.2	11.4	-10.0	24.1	-14.7	-14.2	17.2	0.7	-3.5

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

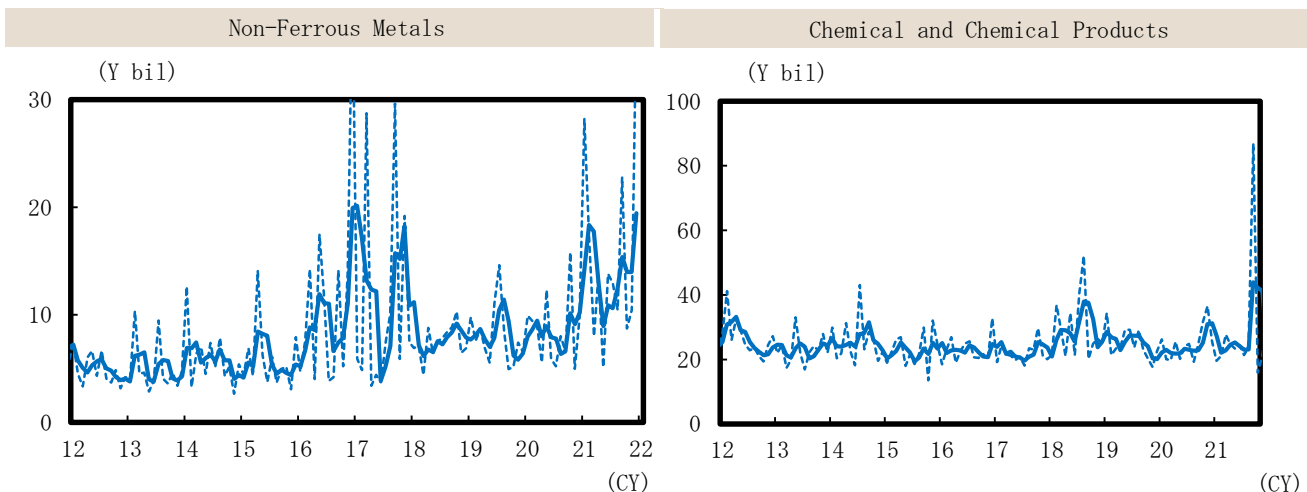


Source: Cabinet Office (CAO); compiled by DIR.

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

Note: Thick lines 3M/MMA basis.

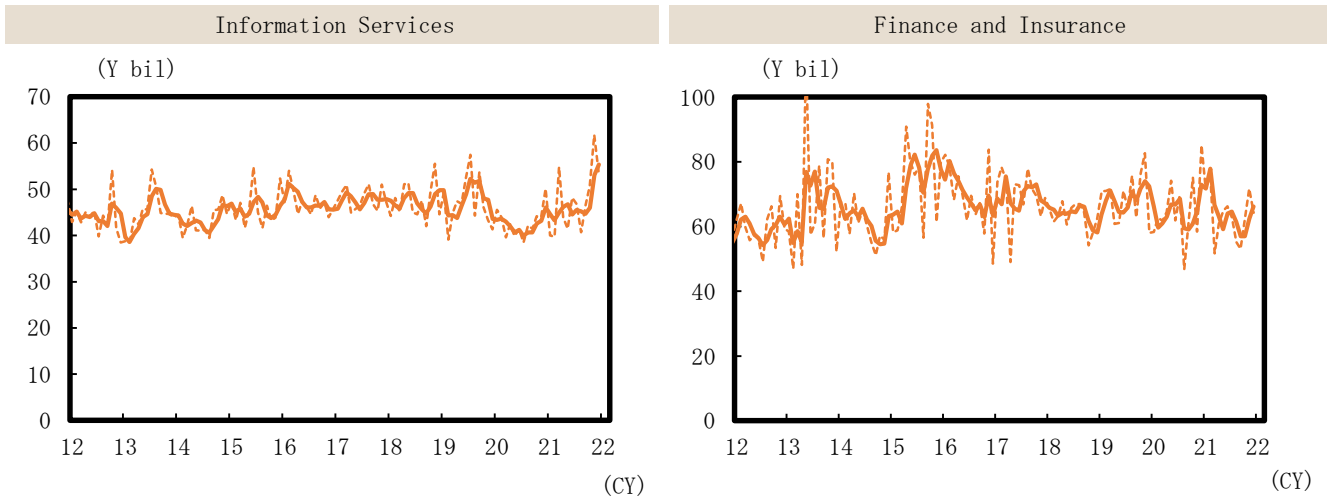
**Order Amounts by Industry (Manufacturing)** Chart 3



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

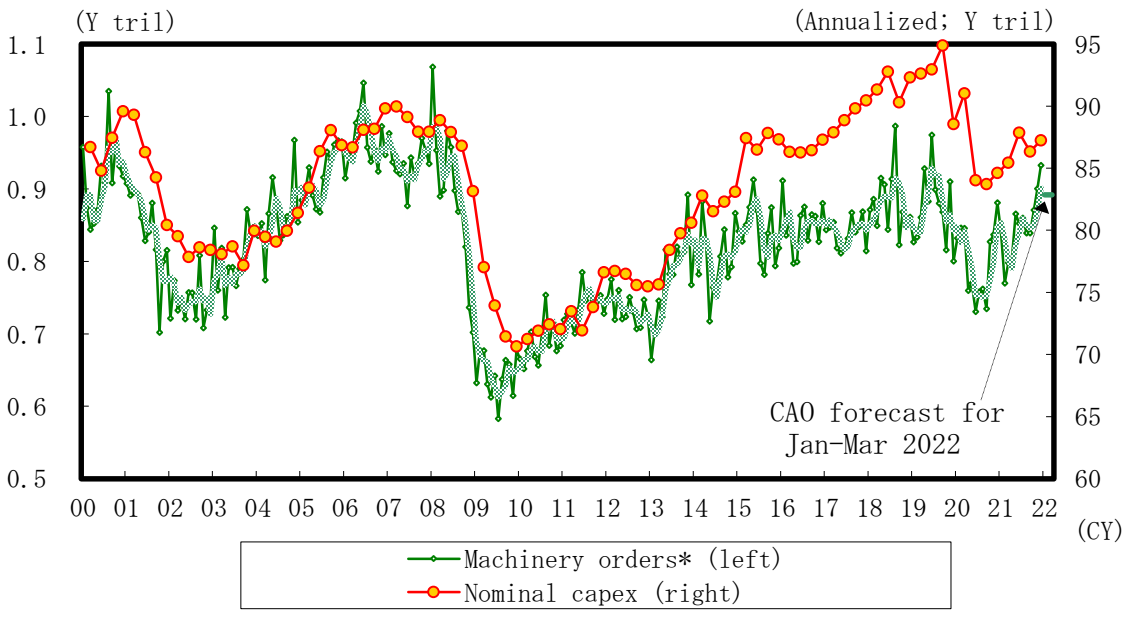
Note: Thick lines 3M/MMA basis.

**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.