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# January 2022 Machinery Orders

**Private sector demand declines due to worsening COVID-19 situation and reactionary decline in response to growth experienced through the previous month**

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## Summary

- According to statistics for machinery orders in January 2022, the leading indicator for domestic capex and private sector demand (excluding ships and electrical power), orders declined after seasonal adjustment for the first time in five months at -2.0% m/m, in keeping with market consensus. The Cabinet Office kept its assessment for machinery orders at “picking up.”
- Manufacturing orders declined for the first time in three months at -4.8% m/m. Looking at performance by industry, reactionary declines were experienced in electrical machinery and non-ferrous metals, but at the same time continued to perform favorably in terms of level of orders. Non-manufacturing orders (excluding ships and electrical power) suffered a decline for the first time in two months at -1.9%. Wholesale and retail trade shifted into decline in addition to construction and telecommunications, due to the worsening of the COVID-19 situation.
- As for the future of private sector demand (excluding ships and electrical power), performance is expected to mark time. The quasi-state of emergency in Japan is expected to be lifted after March 21, but even so, the growing sense of uncertainty regarding the future due to Russia’s invasion of Ukraine is spurring high prices of resources, and corporations will be less likely to put cash reserves into capex spending. We believe that corporations in some industries will be cautious about capex because of the risk of supply chain disruptions if procurement of items that are highly dependent on Russia is delayed.

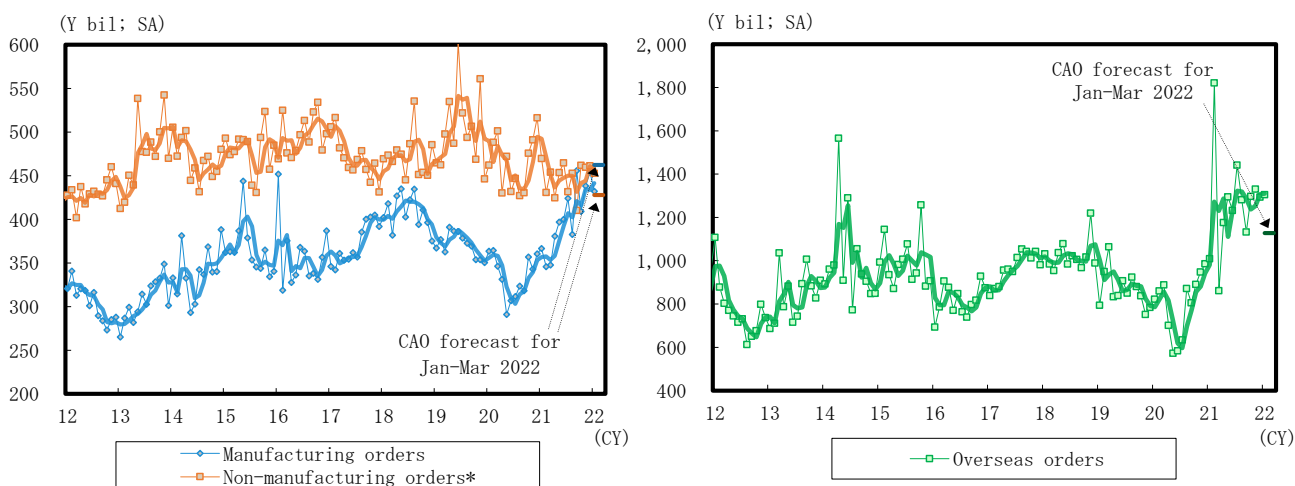
Machinery Orders (m/m %; SA)													Chart 1
	2021												2022
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Machinery orders (private sector)*	-7.0	3.7	0.2	6.3	-0.7	0.3	-1.4	0.5	2.5	2.4	3.1	-2.0	
Market consensus (Bloomberg)												-2.0	
DIR Economist estimate												-3.0	
Manufacturing orders	-5.7	0.6	9.5	4.3	0.7	6.1	-9.8	19.1	-10.2	7.1	3.5	-4.8	
Non-manufacturing orders*	-8.3	5.4	-6.5	6.8	2.4	-7.1	4.9	-9.4	12.6	-0.5	0.4	-1.9	
Overseas orders	80.5	-52.7	36.5	10.1	-4.8	16.9	-11.1	-11.6	14.5	2.6	-2.8	0.9	

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

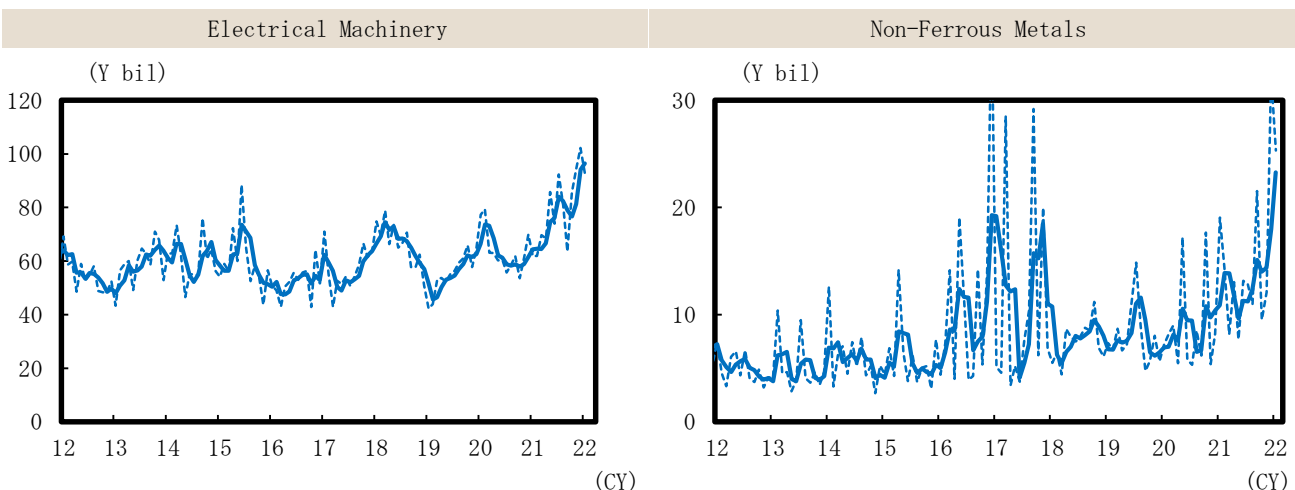


Source: Cabinet Office (CAO); compiled by DIR.

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

Note: Thick lines 3M/MMA basis.

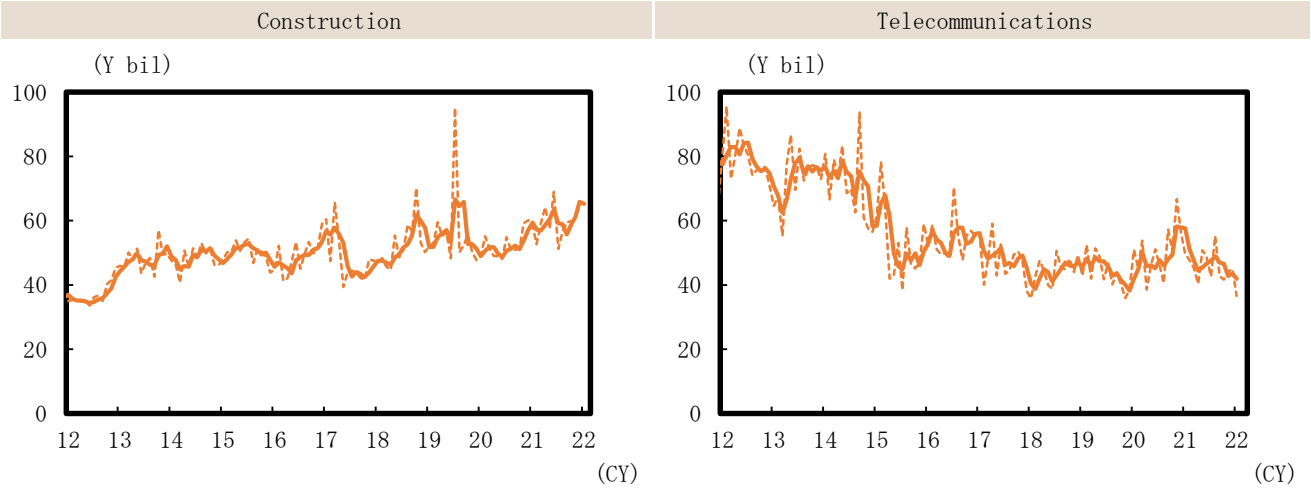
Order Amounts by Industry (Manufacturing) Chart 3



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

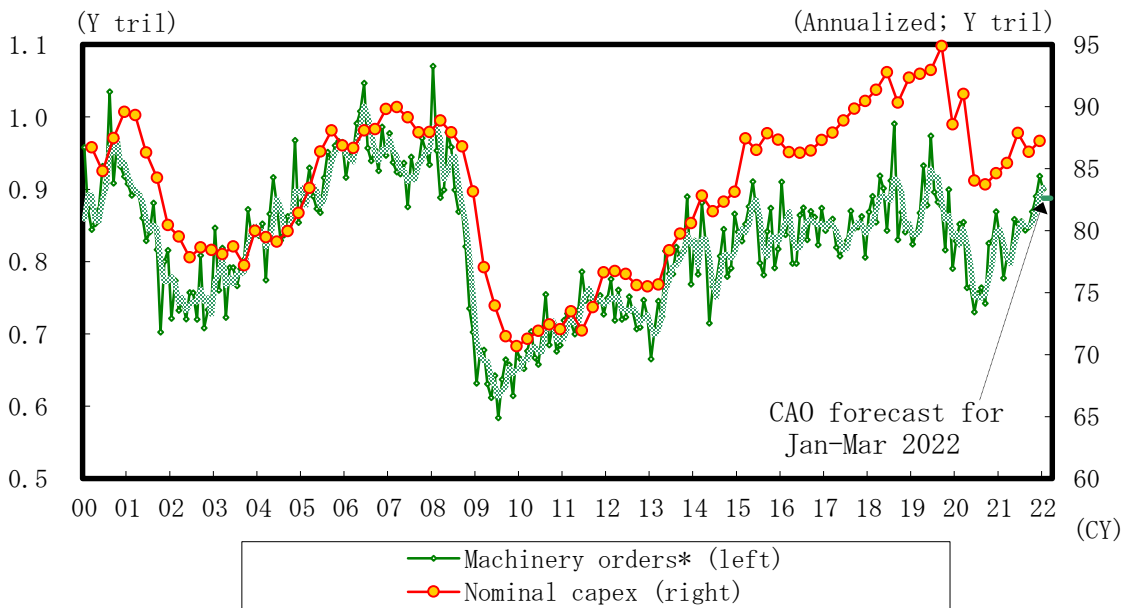
Note: Thick lines 3M/MMA basis.

**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.