

15 June 2022 (No. of pages:3 )

Japanese report: 15 Jun 2022

# April 2022 Machinery Orders

**Private sector demand (excluding ships and electrical power) achieves major growth due to improvement in COVID-19 infection situation in Japan and overseas**

Economic Research Dept.  
**Kazuma Kishikawa**

## Summary

- According to statistics for machinery orders in April 2022, the leading indicator for domestic capex and private sector demand (excluding ships and electrical power), orders grew for the second consecutive month at +10.8% m/m, defying market consensus, which had expected a decline (-1.3%). It appears that capex has recommenced after having been delayed for some time, due to improvement in COVID-19 infection situation both in Japan and overseas, and is now headed for a comeback in comparison to the Jan-Mar period during which it had marked time. The Cabinet Office has revised its assessment for machinery orders upwards to “showing signs of picking up.”
- Manufacturing orders grew for the second consecutive month at +10.3% m/m. Looking at performance by industry, key industries such as electrical machinery increased across the board. Meanwhile, non-manufacturing orders (excluding ships and electrical power) were up by +8.9%, also growing for the second consecutive month. Transportation and postal activities, as well as other industries which had been showing reluctance to invest in capex due to the effects of the spread of COVID-19, experienced a comeback in orders.
- As for the future of private sector demand (excluding ships and electrical power), performance is expected to continue growth. April results have encouraged improvement in corporate willingness to invest in capex. The COVID-19 infection situation in China began to move toward improvement during late April, and there is a large margin for growth in orders which are on the rise accompanying the continued recovery of global economy. However, continued vigilance is still required regarding the possibility of a downturn in willingness to spend on capex if the Ukraine situation or the COVID-19 infection situation happen to take a turn for the worse.

## Machinery Orders (m/m %; SA)

Chart 1

	2021					2022							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Machinery orders (private sector)*	6.3	-0.7	0.3	-1.4	0.5	2.5	2.4	3.1	-2.0	-9.8	7.1	10.8	
Market consensus (Bloomberg)												-1.3	
DIR Economist estimate												-1.5	
Manufacturing orders	4.3	0.7	6.1	-9.8	19.1	-10.2	7.1	3.5	-4.8	-1.8	7.1	10.3	
Non-manufacturing orders*	6.8	2.4	-7.1	4.9	-9.4	12.6	-0.5	0.4	-1.9	-14.4	11.0	8.9	
Overseas orders	10.1	-4.8	16.9	-11.1	-11.6	14.5	2.6	-2.8	0.9	-2.8	-14.2	52.1	

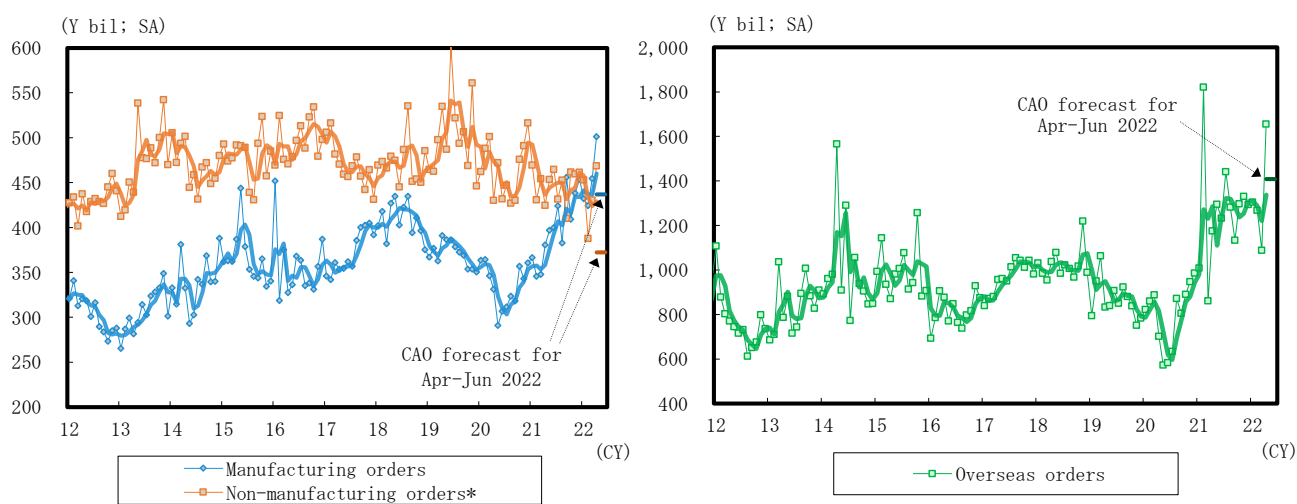
Source: Cabinet Office (CAO), Bloomberg; compiled by DIR.

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

Note: Figures on market consensus from Bloomberg.

## Orders by Demand Source (seasonally adjusted figures)

Chart 2



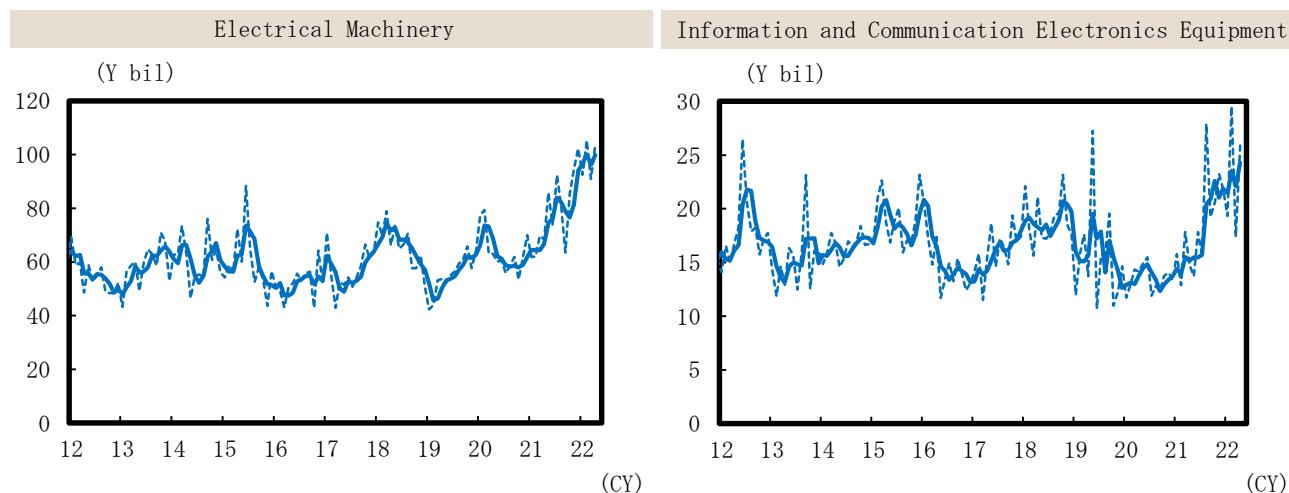
Source: Cabinet Office (CAO); compiled by DIR.

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

Note: Thick lines 3M/MA basis.

## Order Amounts by Industry (Manufacturing)

Chart 3

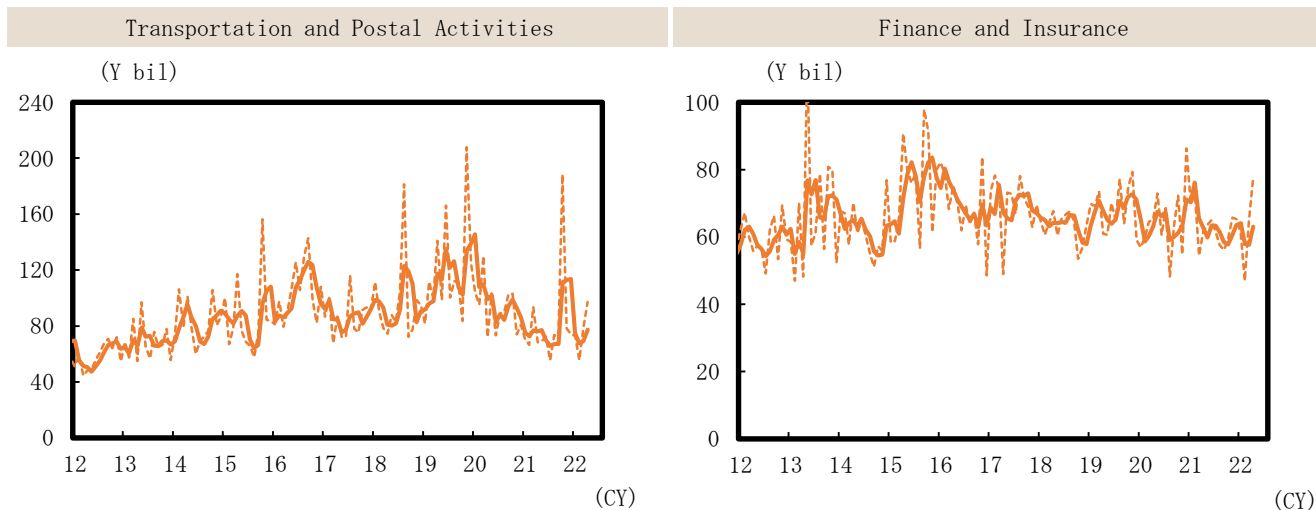


Source: Cabinet Office (CAO); compiled by DIR.

Note: Thick lines 3M/MA basis.

## Order Amounts by Industry (Non-Manufacturing)

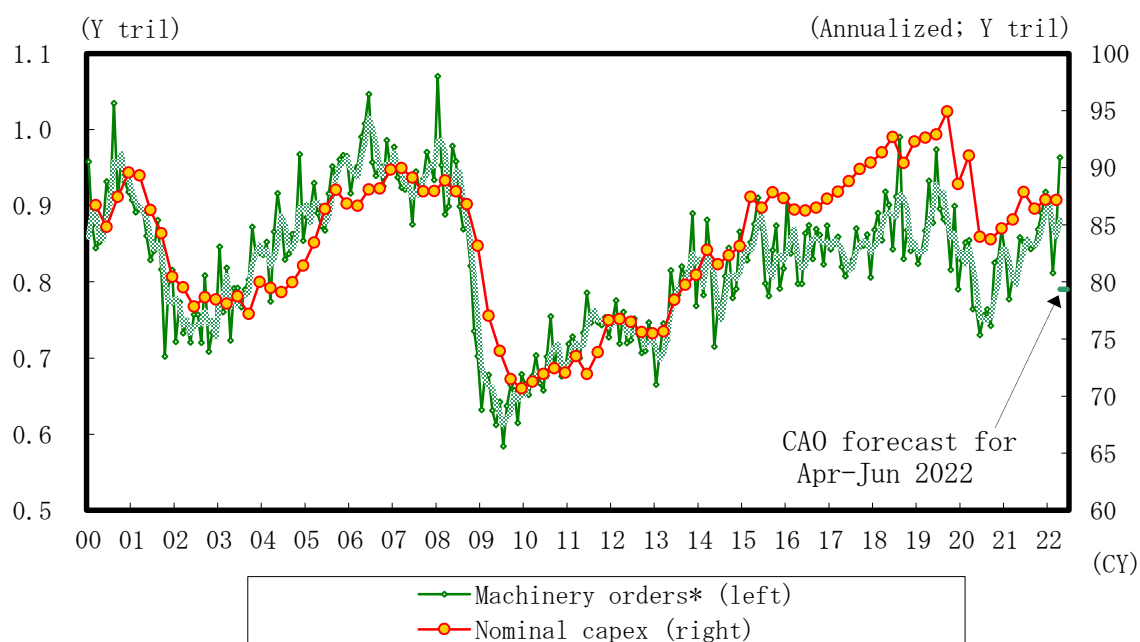
Chart 4



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.

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