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# April 2023 Industrial Production

## Production index declines for first time in three months due to production cuts in semiconductor production equipment and other items

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### Summary

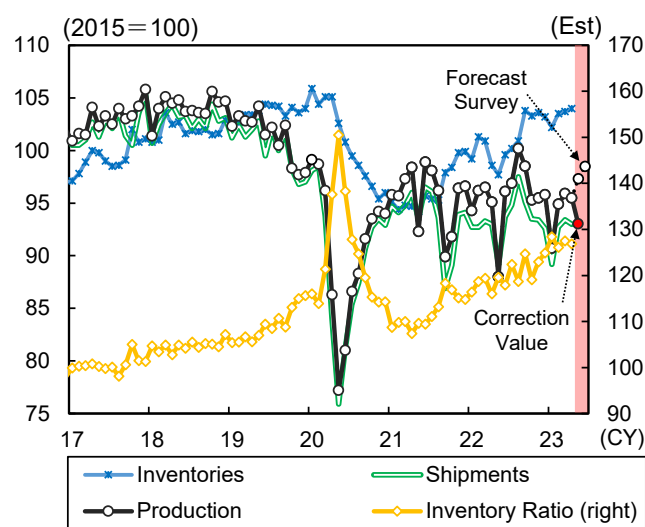
- The April 2023 indices of industrial production declined for the first time in three months at -0.4% m/m, falling below market consensus (+1.3%, according to the Bloomberg survey). However, the majority of industries provided a positive contribution, hence performance was not as bad as overall figures suggest. The Ministry of Economy, Trade and Industry has therefore left its economic assessment unchanged at “Industrial Production shows signs of increase at a moderate pace.”
- As for the future of industrial production, the indices are expected to continue moderate growth for the time being, with the pace of recovery expected to pick up in the summer. Recently there have been the competing influences of increasing production due to the easing up of supply constraints and shrinking overseas demand, but in the future, recovery production carried out by domestic automobile manufacturers and other industries, and demand for goods in China heading for a comeback are promising factors.
- The April 2023 Indexes of Business Conditions are to be published on June 7, 2023, and the leading index is expected to be up by +1.8pt m/m to 99.5, while the coincident index is expected to do the same at +0.2pt to 99.0. Based on the predicted value, the assessment of the coincident index will automatically be left at “weakening.”

**Industrial Production (m/m %; SA basis) Chart 1**

	2022						2023				
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Industrial Production	0.8	3.4	-1.7	-3.2	0.2	0.3	-5.3	4.6	1.1	<b>-0.4</b>	
Market consensus (Bloomberg)										1.3	
DIR estimate										2.1	
Shipments	1.2	2.8	-2.5	-1.7	-0.1	-0.9	-3.7	3.9	0.8	<b>-0.4</b>	
Inventories	0.6	0.7	2.9	-0.5	0.3	-0.4	-1.0	1.3	0.2	<b>0.3</b>	
Inventory ratio	3.8	-3.0	5.1	-4.5	3.3	1.5	2.8	-1.8	1.1	<b>-0.5</b>	

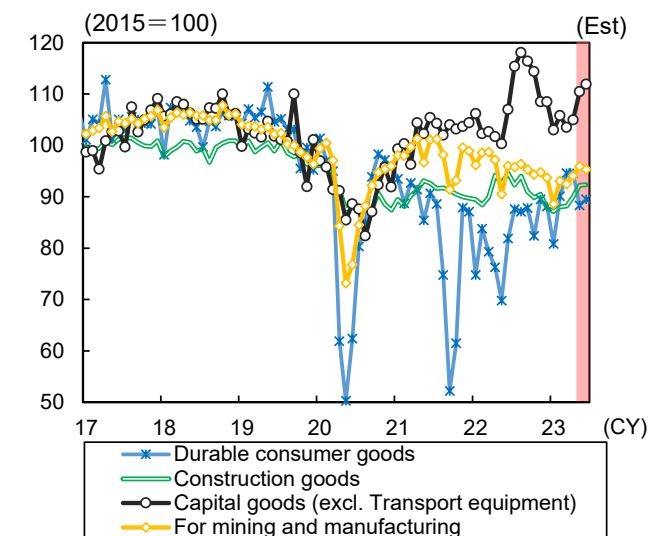
Source: Ministry of Economy, Trade, and Industry; Bloomberg; compiled by DIR.

**Production, Shipment, 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.