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# April 2023 Machinery Orders

## Private sector demand shifts into growth with non-manufacturing industries leading

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### Summary

- According to statistics for machinery orders in April 2023, the leading indicator for domestic capex and private sector demand (excluding ships and electric power), orders grew for the first time in three months at +5.5% m/m. Growth in the non-manufacturing industries pushed up overall performance, but the manufacturing industry was sluggish. The Cabinet Office has therefore left its assessment for machinery orders unchanged at “stalling.”
- Manufacturing orders declined for the second consecutive month at -3.0% m/m. This was partially due to a reactionary decline in response to last month’s large projects (exceeding 10 bil yen) in ship building (-89.8%). Meanwhile, non-manufacturing orders (excluding ships and electric power), grew for the first time in three months at +11.0%. The main reasons were growth in capital expenditure for digitalization and favorable performance in information & communication electronics equipment.
- As for the future of private sector demand (excluding ships and electric power), on average the move toward moderate growth is expected to continue. There is still plenty of room left for recovery in consumption of services due to COVID-19 having been shifted to Category V Infectious Diseases under the Infectious Diseases Control Law and recovery in the number of tourists visiting from China, and this should boost the appetite for capital investment, especially in the non-manufacturing sector.

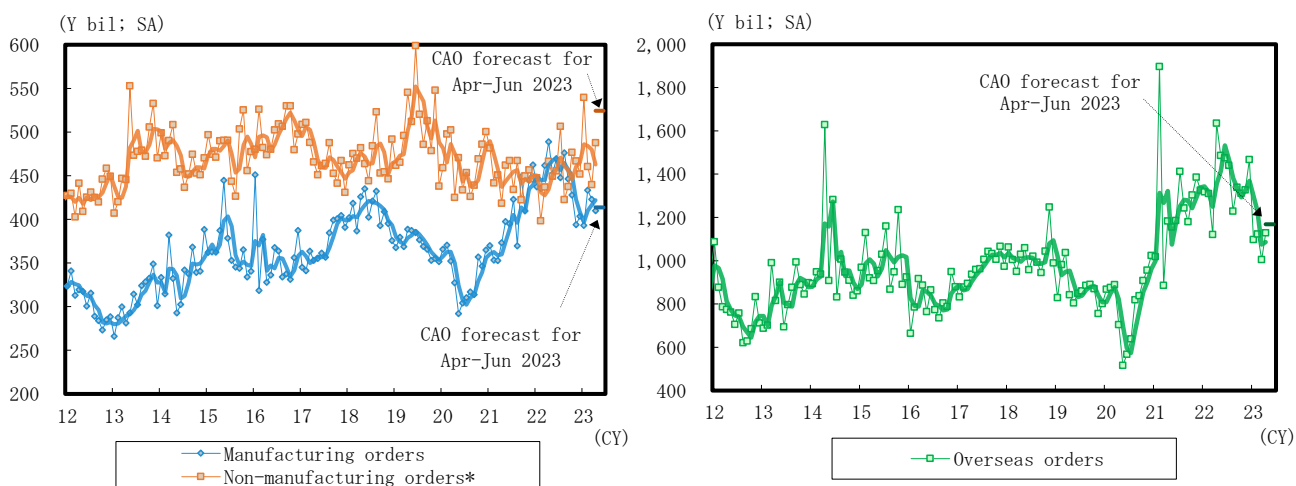
Machinery Orders (m/m %; SA)											Chart 1		
	2022									2023			
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Machinery orders (private sector)*	-4.5	0.6	3.8	-4.6	-3.2	3.5	-6.7	0.3	9.5	-4.5	-3.9	5.5	
Market consensus (Bloomberg)												3.0	
DIR Economist estimate												4.4	
Manufacturing orders	-7.6	3.9	-4.6	6.3	-6.3	-4.1	-8.0	2.5	-2.6	10.2	-2.4	-3.0	
Non-manufacturing orders*	-3.7	1.4	11.2	-16.6	3.5	9.0	-2.1	-3.2	19.5	-14.7	-4.5	11.0	
Overseas orders	-9.2	-0.7	-2.3	-14.7	9.0	-2.1	1.2	10.5	-25.2	2.3	-10.5	12.3	

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

\* excluding ships and electric power.

Note: Figures on market consensus from Bloomberg.

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

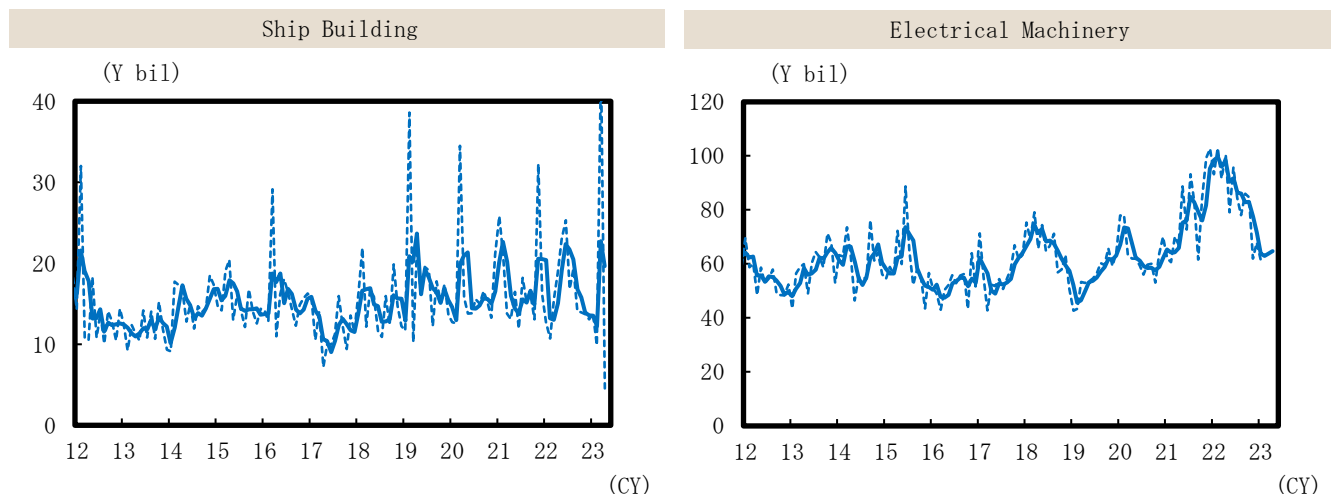


Source: Cabinet Office (CAO); compiled by DIR.

\* excluding ships and electric power.

Note: Thick lines 3M/MMA basis.

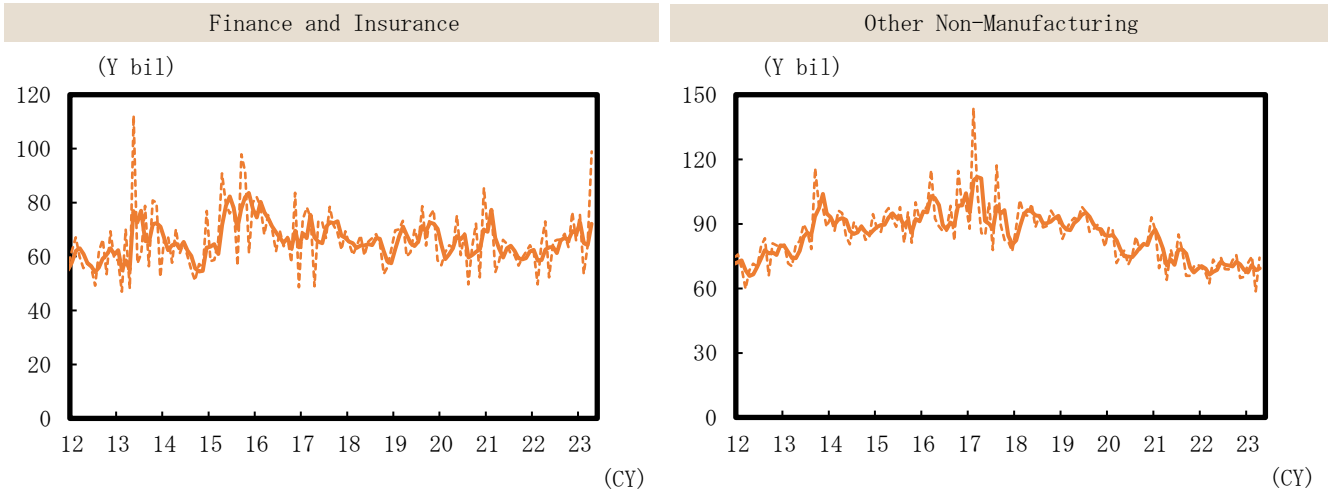
**Order Amounts by Industry (Manufacturing)** Chart 3



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

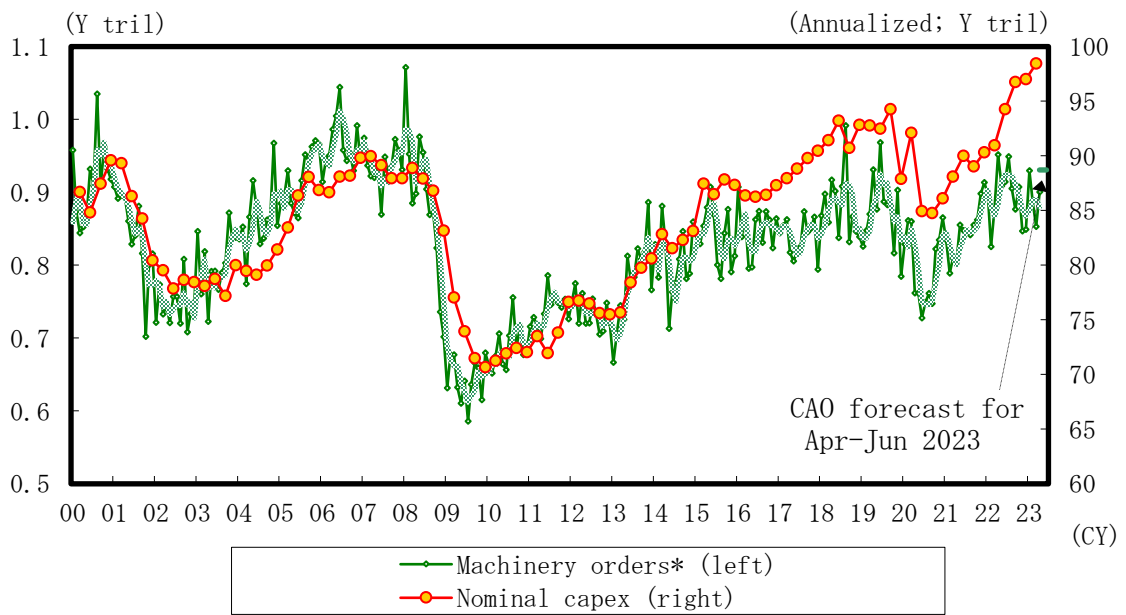
Note: Thick lines 3M/MMA basis.

**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.  
 \* excluding ships and electric power.  
 Note: Thick lines 3M/MA basis.