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# May 2023 Machinery Orders

**Private sector demand (excluding ships and electric power) suffers downturn due to major decline in non-manufacturing orders**

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## Summary

- According to statistics for machinery orders in May 2023, the leading indicator for domestic capex and private sector demand (excluding ships and electric power), orders declined for the first time in two months by -7.6% m/m. Manufacturing orders grew for the first time in three months at +3.2% thanks to the influence of large projects (exceeding 10 bil yen), but non-manufacturing orders suffered a decline for the first time in two months at -19.4%. The Cabinet Office has therefore left its assessment for machinery orders unchanged at “stalling.”
- Manufacturing saw overall performance buoyed by large projects in ship building (+688.9% m/m). On the other hand, non-manufacturing orders (excluding ships and electric power) shifted into a decline due to a downturn for finance and insurance (-42.2%), which had been recording growth recently.
- As for the future of private sector demand (excluding ships and electric power), on average the move toward moderate growth is expected to continue. Appetite for capital investment is expected to increase centering on the non-manufacturing industries with the 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 inbound consumption.

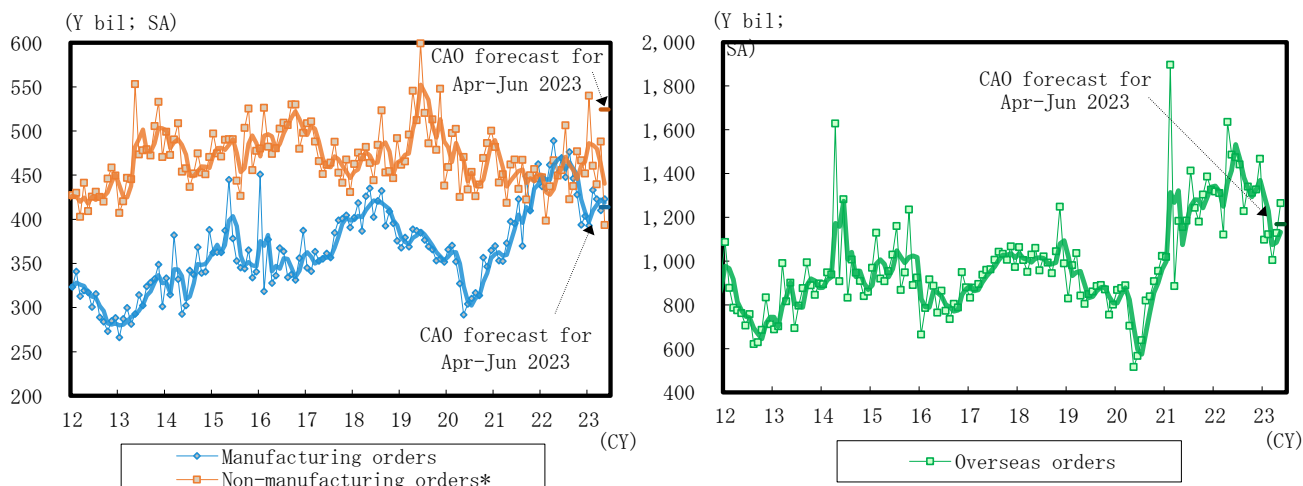
Machinery Orders (m/m %; SA)												Chart 1
	2022							2023				
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Machinery orders (private sector)*	0.6	3.8	-4.6	-3.2	3.5	-6.7	0.3	9.5	-4.5	-3.9	5.5	-7.6
Market consensus (Bloomberg)												1.0
DIR Economist estimate												1.3
Manufacturing orders	3.9	-4.6	6.3	-6.3	-4.1	-8.0	2.5	-2.6	10.2	-2.4	-3.0	3.2
Non-manufacturing orders*	1.4	11.2	-16.6	3.5	9.0	-2.1	-3.2	19.5	-14.7	-4.5	11.0	-19.4
Overseas orders	-0.7	-2.3	-14.7	9.0	-2.1	1.2	10.5	-25.2	2.3	-10.5	12.3	12.0

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

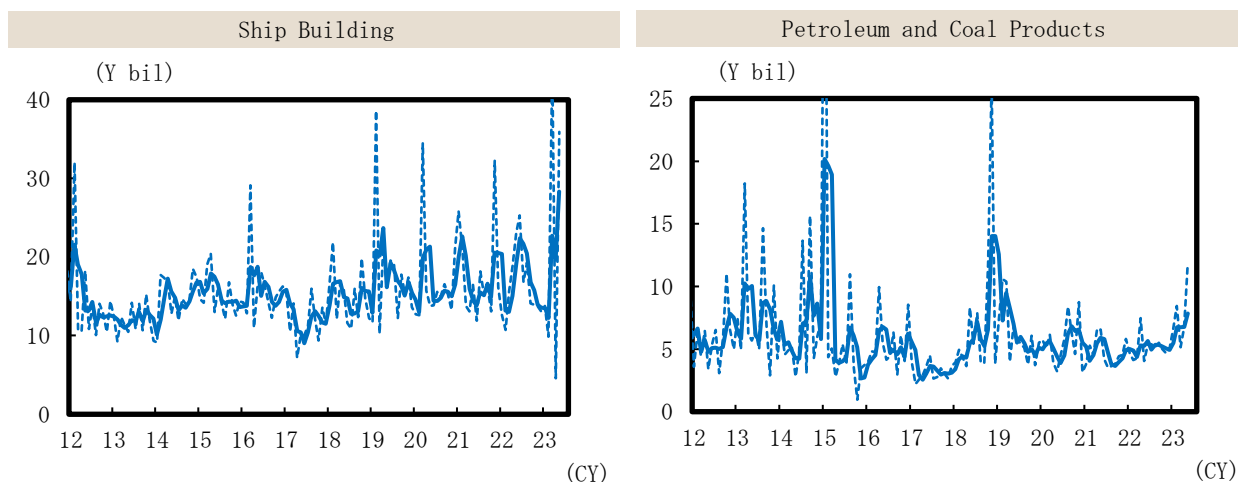


Source: Cabinet Office (CAO); compiled by DIR.

\* excluding ships and electric power.

Note: Thick lines 3M/MA basis.

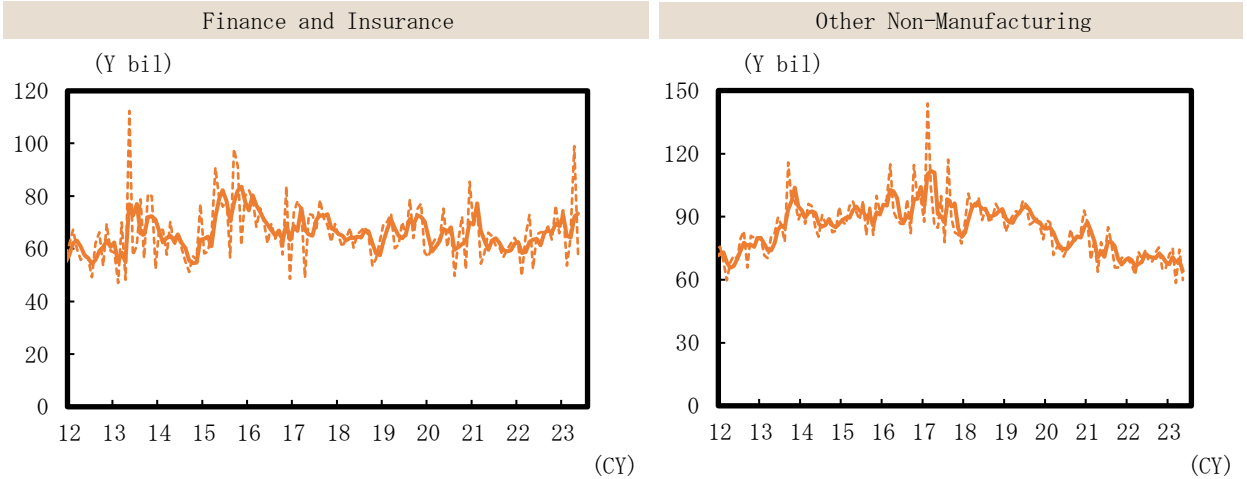
**Order Amounts by Industry (Manufacturing)** Chart 3



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

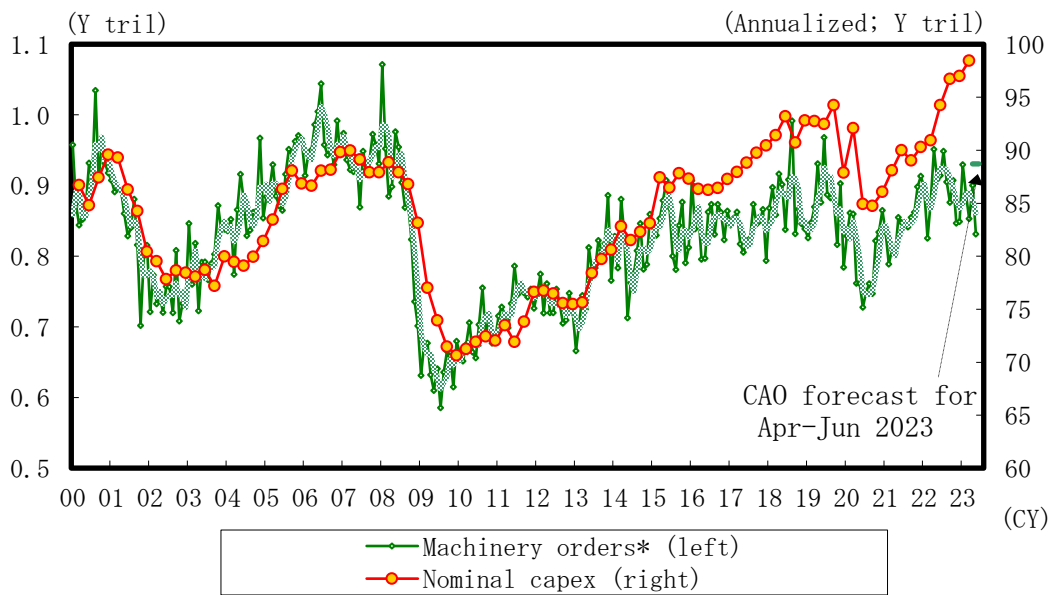
Note: Thick lines 3M/MA basis.

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