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# June 2023 Machinery Orders

**Apr-Jun period private sector demand (excluding ships and electric power) shifts into decline contrary to corporate outlook**

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## Summary

- According to statistics for machinery orders in June 2023, the leading indicator for domestic capex and private sector demand (excluding ships and electric power), orders grew for the first time in two months by +2.7% m/m. Manufacturing grew for the second consecutive month at +1.6% while non-manufacturing (excluding ships and electric power) grew for the first time in two months at +9.8% in a rebound from the previous month. The Cabinet Office has left its assessment for machinery orders unchanged at “stalling.”
- Manufacturing saw overall performance buoyed by non-ferrous metals (+153.4% m/m). With recovery production in motor vehicles, possibilities are that orders for related materials may also increase. Meanwhile, non-manufacturing orders (excluding ships and electric power), shifted into growth due to a rebound in finance and insurance (+39.8%) from the previous month.
- Apr-Jun period private sector demand (excluding ships and electric power) fell below the March 2023 corporate outlook of +4.6% q/q, suffering a decline for the first time in two quarters at -3.2%. Manufacturing grew by +1.1% in comparison to the corporate outlook of -0.6%, while non-manufacturing suffered a decline of -8.8% in comparison to the outlook which was at +9.2%.
- As for the future of private sector demand (excluding ships and electric power), on average the move toward moderate growth is expected to continue. China's ban on group tours to Japan has been lifted and inbound consumption is expected to recover to a new level. Appetite for capital investment is expected to increase centering on the non-manufacturing industries with expectations for increasing demand for investment in labor-saving due to the manpower shortage.

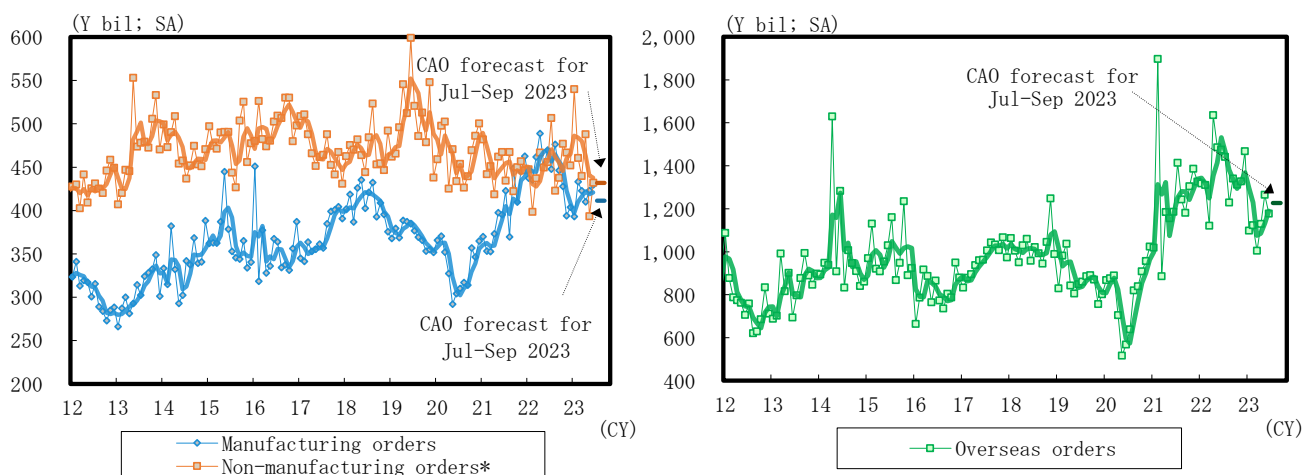
Machinery Orders (m/m %; SA)												Chart 1	
	2022						2023						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Machinery orders (private sector)*	3.8	-4.6	-3.2	3.5	-6.7	0.3	9.5	-4.5	-3.9	5.5	-7.6	2.7	
Market consensus (Bloomberg)												3.5	
DIR Economist estimate												3.8	
Manufacturing orders	-4.6	6.3	-6.3	-4.1	-8.0	2.5	-2.6	10.2	-2.4	-3.0	3.2	1.6	
Non-manufacturing orders*	11.2	-16.6	3.5	9.0	-2.1	-3.2	19.5	-14.7	-4.5	11.0	-19.4	9.8	
Overseas orders	-2.3	-14.7	9.0	-2.1	1.2	10.5	-25.2	2.3	-10.5	12.3	12.0	-6.9	

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

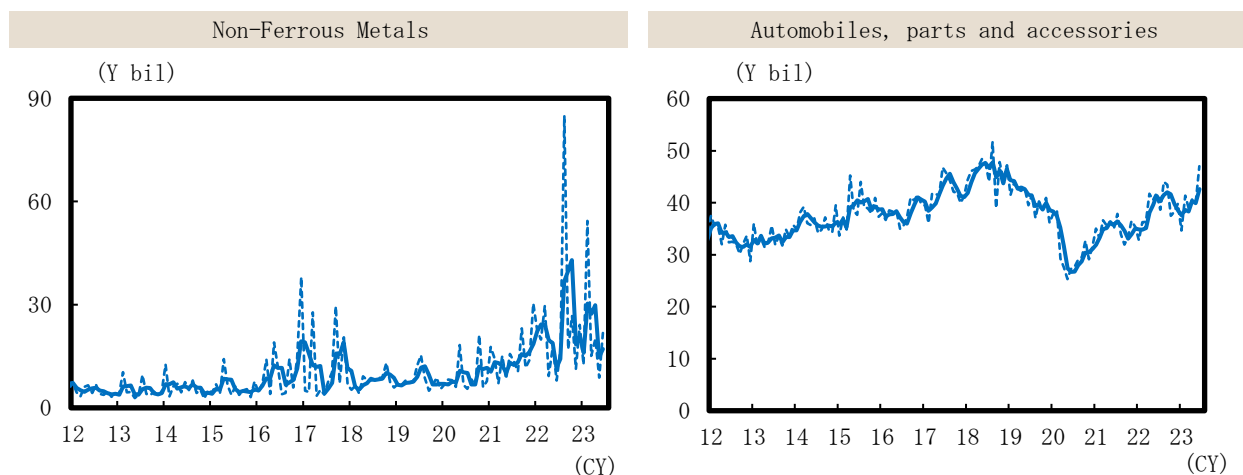


Source: Cabinet Office (CAO); compiled by DIR.

\* excluding ships and electric power.

Note: Thick lines 3M/MA basis.

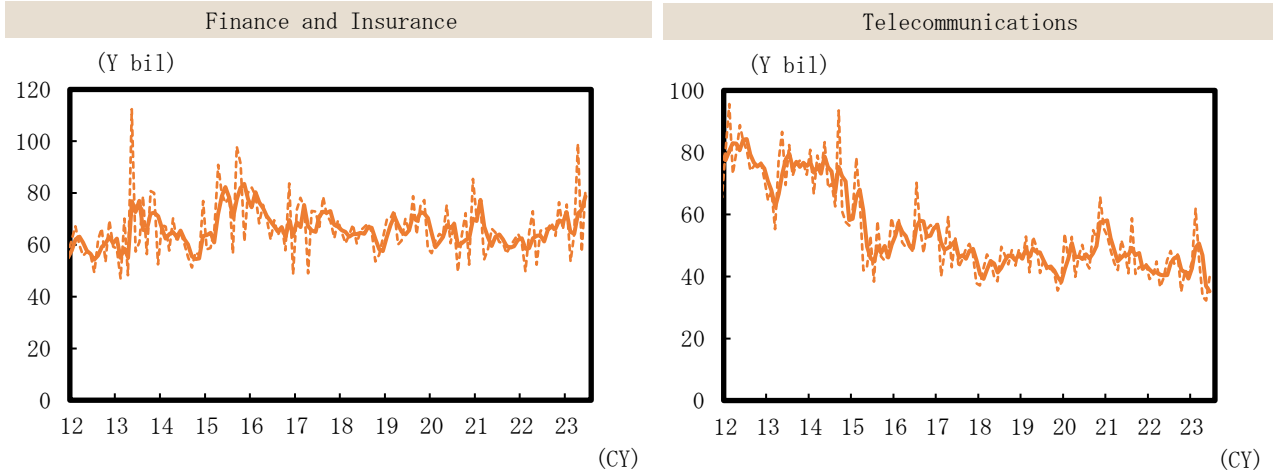
**Order Amounts by Industry (Manufacturing)** Chart 3



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

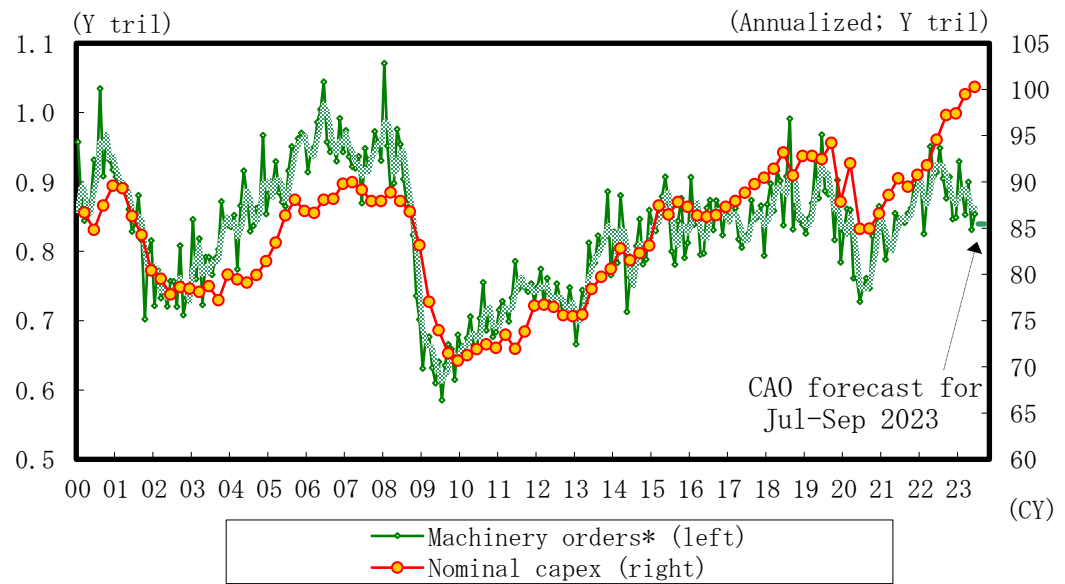
Note: Thick lines 3M/MA basis.

**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.