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Japanese report: 29 Sep 2023

August 2023 Industrial Production

Production indices mark time in comparison to the previous month with suspension of operations at complete vehicle plants

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Summary

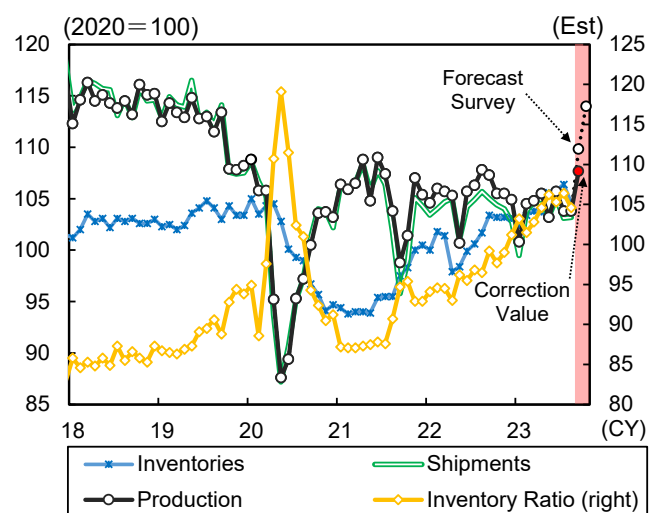
- The August 2023 indices of industrial production marked time in comparison to the previous month. While the motor vehicles industry was down due to the suspension of operations at Toyota Motor Corporation's complete vehicle plants, the petroleum and coal products industry and the electrical machinery, and information and communication electronics equipment industries boosted overall performance. The Ministry of Economy, Trade and Industry has left its economic assessment unchanged at "Industrial Production fluctuates indecisively."
- As for the future of industrial production, for the time being the indices are expected to continue in a moderate growth tone, mainly due to recovery production in motor vehicles. On the other hand, demand for capital goods both overseas and in the domestic market is in a downswing, and possibilities are that production of capital goods could decline further, requiring caution.
- The August 2023 Indexes of Business Conditions are to be published on October 6, 2023, and the leading index is expected to be up by +0.9pt to 109.1, while the coincident index is expected to be up by +0.1pt to 114.3. Based on the predicted value, the underlying tone for August is automatically left unchanged at "improving".

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

	2022		2023							
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Industrial Production	0.0	-0.6	-3.9	3.7	0.3	0.7	-2.2	2.4	-1.8	0.0
Market consensus (Bloomberg)										-0.8
DIR estimate										-1.9
Shipments	-0.4	-1.2	-3.2	4.3	0.9	-0.2	-1.1	1.6	-1.8	0.1
Inventories	0.0	-0.1	-0.7	1.0	0.4	-0.1	1.8	0.2	0.6	-1.7
Inventory ratio	1.3	2.2	2.0	-1.6	1.3	1.8	1.5	-0.8	1.0	-1.7

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

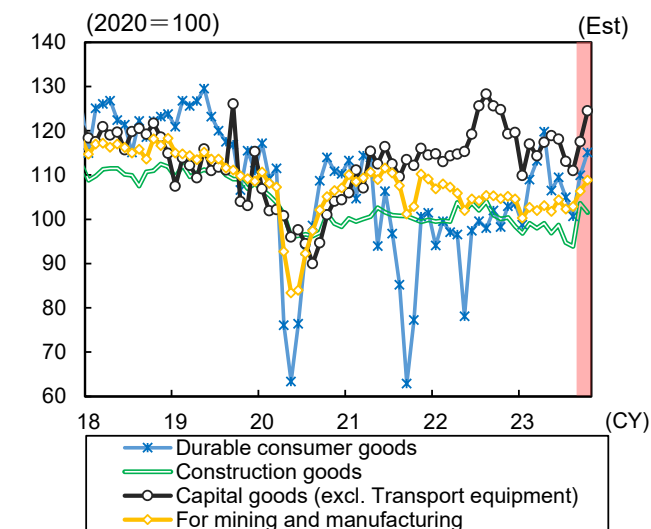
Production, Shipment, and Inventories Chart 2



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.