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# January 2024 Machinery Orders

**Private sector demand (excluding ships and electric power) suffers decline for the first time in two months due to major downturn in orders from manufacturing industry**

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## Summary

- According to statistics for machinery orders in January 2024, 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 -1.7% m/m. A major decline in manufacturing orders brought overall performance down. The Cabinet Office has revised its assessment for machinery orders downwards to “showing some weakness.”
- Manufacturing orders declined for the first time in two months. Orders from chemical and chemical products and automobiles, parts and accessories suffered declines, becoming factors in bringing down overall performance. Meanwhile, non-manufacturing orders (excluding ships and electric power) grew for the first time in four months. However, the influence of large projects (exceeding 10 bil yen) in other non-manufacturing was a major influence. Considering the fact that six out of eleven industries suffered declines, we can assume that results were not that good.
- As for the future of private sector demand (excluding ships and electric power), weak performance is expected to continue for the time being. Corporations may be cautious about capex against a backdrop of strong uncertainty about the outlook for overseas economies. In addition, the high rate of wage hikes expected this year will bring pressure on corporate cash on hand, hence caution is advised regarding the possibility that capex could be sluggish in the short-term.

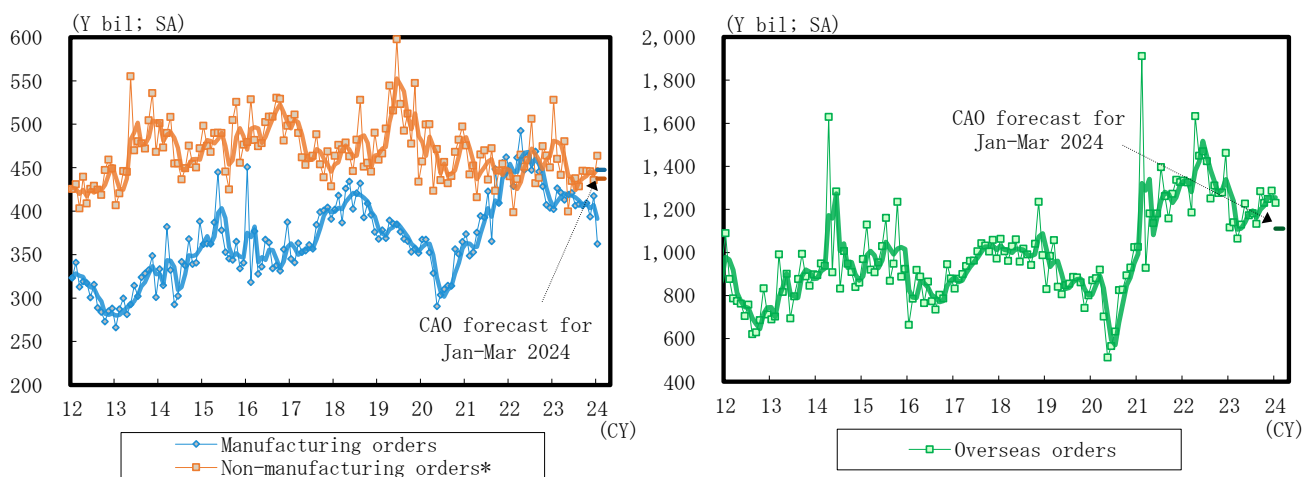
Machinery Orders (m/m %; SA)													Chart 1
	2023												2024
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Machinery orders (private sector)*	-4.3	-2.7	3.2	-5.2	2.1	-1.3	-0.2	1.2	-0.1	-3.7	1.9	-1.7	
Market consensus (Bloomberg)												-0.7	
DIR Economist estimate												1.2	
Manufacturing orders	6.0	-1.2	-2.0	1.5	0.5	-3.5	0.4	-0.4	0.7	-3.9	6.0	-13.2	
Non-manufacturing orders*	-12.9	-4.0	8.8	-16.8	8.8	0.7	-2.1	4.2	-0.1	-0.1	-2.3	6.5	
Overseas orders	2.1	-6.7	6.1	8.7	-4.4	0.8	-4.2	13.4	-4.2	1.4	3.1	-4.4	

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

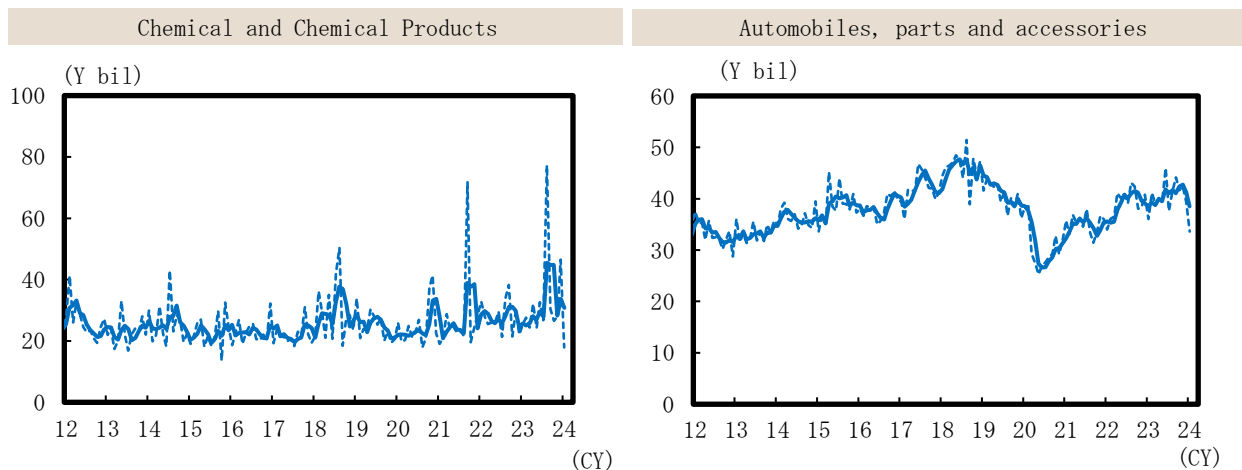


Source: Cabinet Office (CAO); compiled by DIR.

\* excluding ships and electric power.

Note: Thick lines 3M/MA basis.

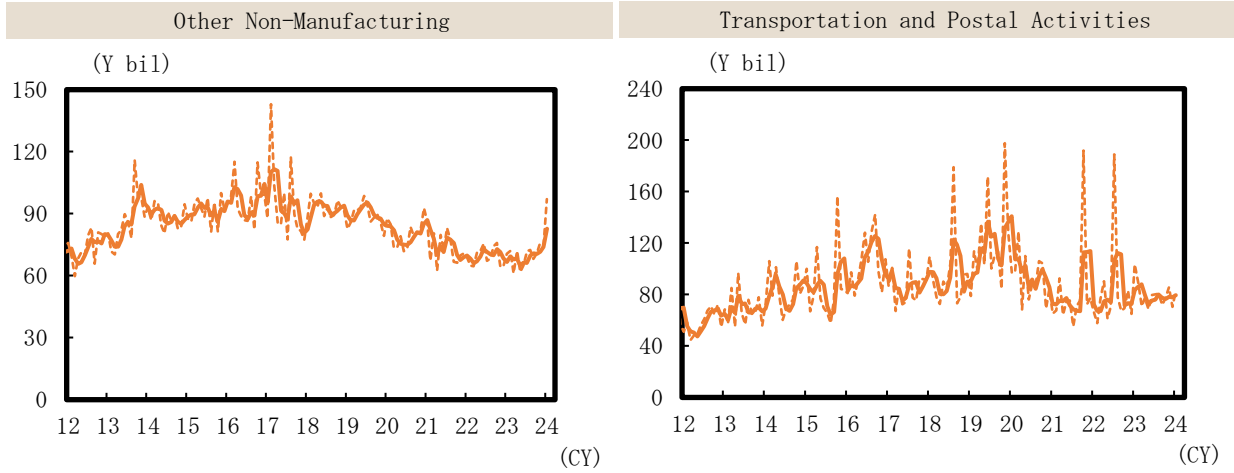
**Order Amounts by Industry (Manufacturing)** Chart 3



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

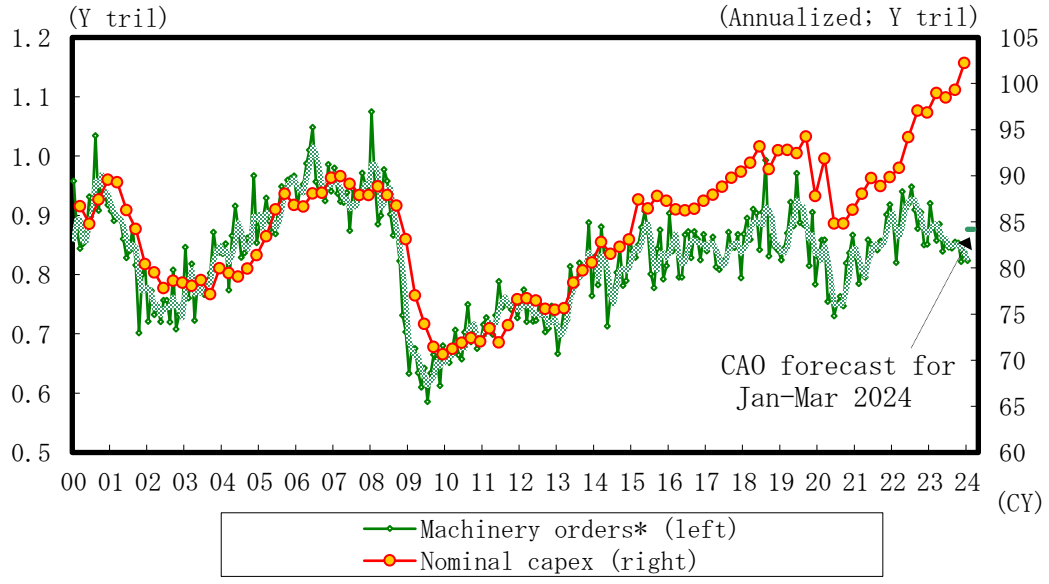
Note: Thick lines 3M/MA basis.

**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.