

1 April 2024 (No. of pages: 2)

Japanese report: 29 Mar 2024

# February 2024 Industrial Production

## Index suffers downturn due to continued halt of operations at some motor vehicle factories

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### Summary

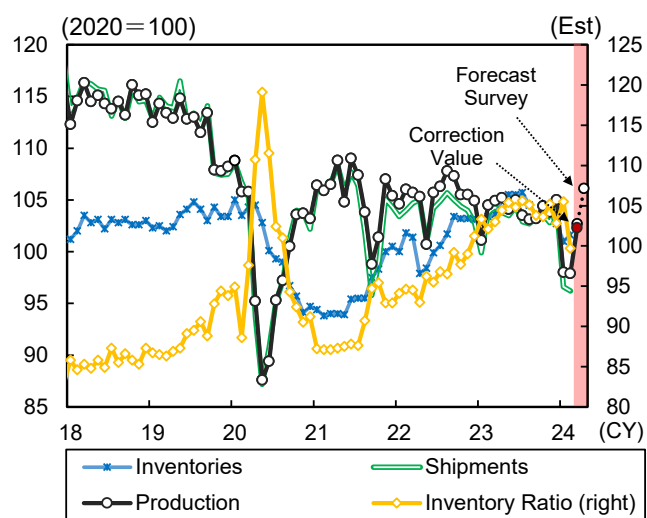
- The February 2024 indices of industrial production declined for the second consecutive month by -0.1% m/m. The continued halt of operations at some motor vehicle factories was largely responsible for the decline. Production cuts were especially significant in large passenger cars and large trucks. Production cuts also occurred in production machinery with production cuts in semiconductor manufacturing equipment. The Ministry of Economy, Trade, and Industry has left its economic assessment unchanged at “Industrial Production fluctuates indecisively, but it has weakened.”
- As for the future of industrial production, the indices are expected to continue marking time. The silicon cycle, having entered a recovery phase, is expected to provide underlying support for production. On the other hand, the expected economic slowdown in the US and Europe will likely bring downward pressure. In addition, the influence of the continued halt of operations at some motor vehicle factories is expected to continue bringing downward pressure on the indices for some time, though said influence should gradually decrease.
- The February 2024 Indexes of Business Conditions are to be published on April 5, 2024, and the leading index is expected to be up by +2.3pt to 111.8, while the coincident index is expected to be down by -1.1pt to 111.0. Based on the predicted value, the underlying tone for February 2024 has automatically been revised downwards to "signaling a possible turning point."

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

	2023									2024	
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
Industrial Production	-1.0	0.9	-1.4	-0.4	0.1	1.2	-0.6	1.2	-6.7	<b>-0.1</b>	
Market consensus (Bloomberg)										1.3	
DIR estimate										1.7	
Shipments	-0.3	0.8	-1.3	-0.2	0.6	0.3	-0.8	1.6	-7.5	<b>-0.4</b>	
Inventories	0.6	0.0	0.2	-1.1	-0.9	0.0	0.0	-0.9	-1.7	<b>0.6</b>	
Inventory ratio	1.0	-0.6	0.8	-0.5	-1.2	-0.2	1.5	-2.3	2.6	<b>-5.5</b>	

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

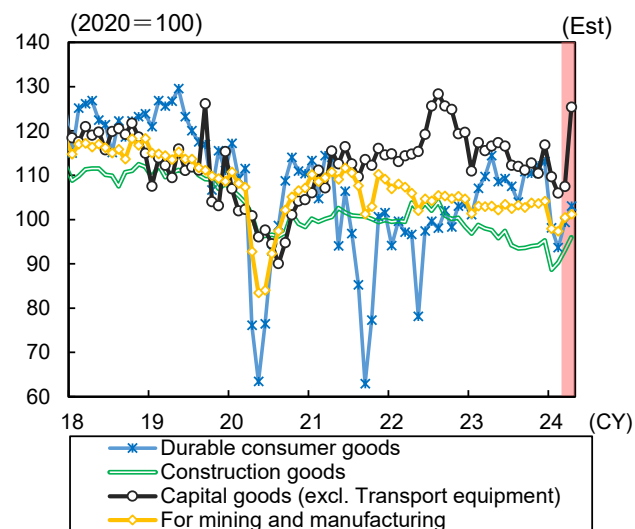
**Production, Shipment, and Inventories Chart 2**



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.