

4 June 2024 (No. of pages: 2)

Japanese report: 31 May 2024

April 2024 Industrial Production

Indices down for first time in two months due to reactionary declines experienced by some industries on an m/m basis

Economic Research Dept.
Kiyoka Ishikawa

Summary

- The April 2024 indices of industrial production declined for the first time in two months by -0.1% m/m. In addition to reactionary declines experienced on an m/m basis in transport equipment (excluding motor vehicles), the motor vehicles industry also shifted into a decline in production due to halts in production of certain models. As for other industries, the production index rose in production machinery due to growth in production of semiconductor manufacturing equipment backed by the recovery in the silicon cycle. 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 grow moderately. Domestic production capacity of motor vehicles is back to normal for the most part, and recovery production to eliminate order backlog is expected. In addition, production of semiconductor related goods is expected to see continued growth. However, caution is required in regard to the risk of downward pressure on the production indices due to the strengthening of export control regulations, which are expected to cause a decline in sales of semiconductor related goods in China.
- The April 2024 Indexes of Business Conditions are to be published on June 7, 2024, and the leading index is expected to be down by -1.0pt to 111.2, while the coincident index is expected to be up by +0.9pt to 114.5. Based on the predicted value, the assessment of coincident index for April 2024 has automatically been left unchanged at "signaling a possible turning point."

Industrial Production (m/m %; SA basis)

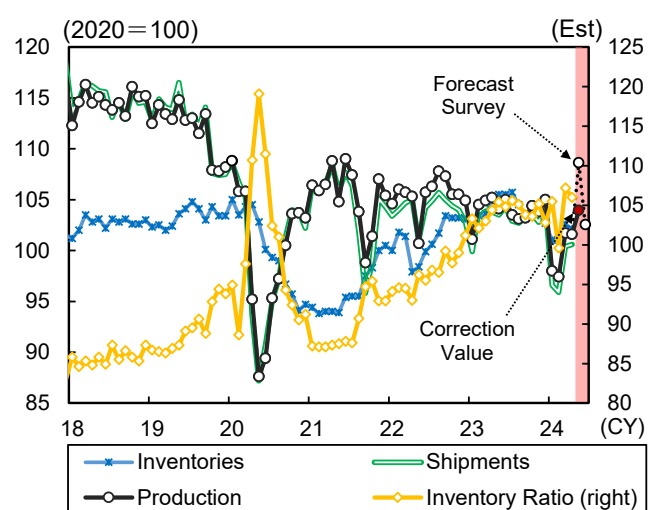
Chart 1

| | 2023 | | | | | | 2024 | | | | |
|------------------------------|------|------|------|------|------|------|------|------|-----|------|--|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | |
| Industrial Production | -1.4 | -0.4 | 0.1 | 1.2 | -0.6 | 1.2 | -6.7 | -0.6 | 4.4 | -0.1 | |
| Market consensus (Bloomberg) | | | | | | | | | | 1.5 | |
| DIR estimate | | | | | | | | | | 1.5 | |
| Shipments | -1.3 | -0.2 | 0.6 | 0.3 | -0.8 | 1.6 | -7.5 | -0.7 | 4.7 | 0.2 | |
| Inventories | 0.2 | -1.1 | -0.9 | 0.0 | 0.0 | -0.9 | -1.7 | 0.6 | 1.0 | -0.5 | |
| Inventory ratio | 0.8 | -0.5 | -1.2 | -0.2 | 1.5 | -2.3 | 2.6 | -5.6 | 7.6 | -1.1 | |

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

Production, Shipment, and Inventories

Chart 2

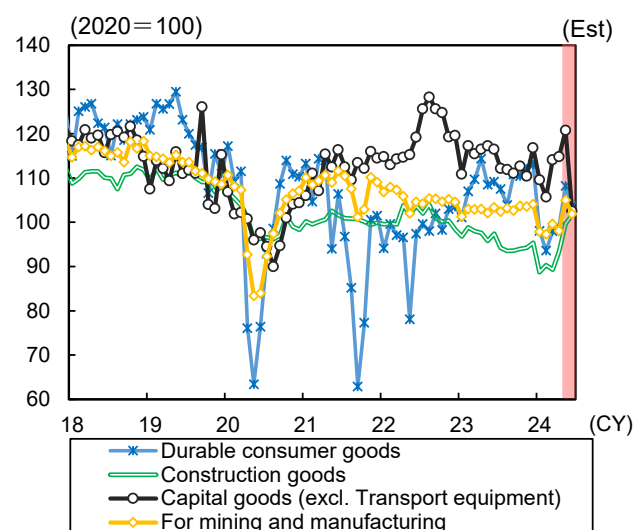


Source: Ministry of Economy, Trade, and Industry (METI), compiled by DIR.

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.