

17 June 2024 (No. of pages:3)

Japanese report: 17 Jun 2024

April 2024 Machinery Orders

Private sector demand (excluding ships and electric power) declines for first time in three months due to reactionary decline in manufacturing orders

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Summary

- According to statistics for machinery orders in April 2024, private-sector orders (excluding ships and electric power) declined for the first time in three months by -2.9% m/m. While orders declined significantly for manufacturing due to a reactionary decline in response to the previous month's performance, non-manufacturing (excluding ships and electric power) achieved growth in orders. The Cabinet Office left its assessment for machinery orders unchanged at "showing signs of picking up."
- Manufacturing orders declined for the first time in three months. Ship building, which registered a high during the previous month due to large projects (exceeding 10 bil yen), suffered a reactionary decline, thereby becoming the main source of negative performance. Meanwhile, non-manufacturing orders (excluding ships and electric power) grew for the first time in two months. The major factor bringing a boost to performance was growth in orders for the first time in two months for finance and insurance, and transportation and postal activities.
- As for the future of private sector demand (excluding ships and electric power), performance is expected to continue marking time. Corporations are expected to be active in renewal investment and labor-saving investment with a strong appetite for capex spending. On the other hand, caution is recommended as capex could hit a low due to the risk of a slowdown in the US and Chinese economies.

Machinery Orders (m/m %; SA)

Chart 1

	2023												2024	
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr		
Machinery orders (private sector)*	-5.2	2.1	-1.3	-0.2	1.2	-0.1	-3.7	1.9	-1.7	7.7	2.9	-2.9		
Market consensus (Bloomberg)												-3.0		
DIR Economist estimate												-3.2		
Manufacturing orders	1.5	0.5	-3.5	0.4	-0.4	0.7	-3.9	6.0	-13.2	9.4	19.4	-11.3		
Non-manufacturing orders*	-16.8	8.8	0.7	-2.1	4.2	-0.1	-0.1	-2.3	6.5	9.1	-11.3	5.9		
Overseas orders	8.7	-4.4	0.8	-4.2	13.4	-4.2	1.4	3.1	-4.4	0.7	-9.4	21.6		

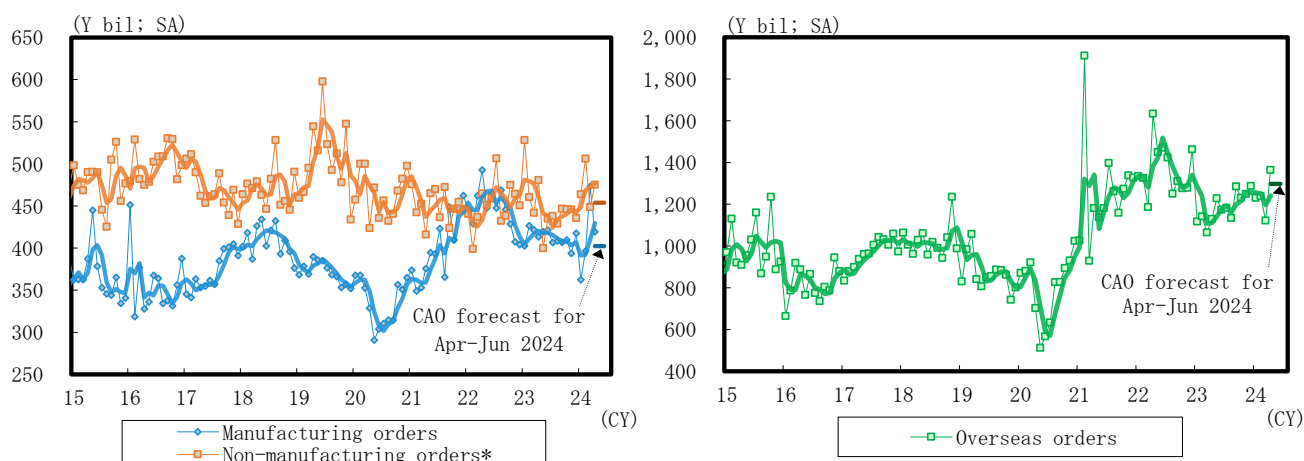
Source: Cabinet Office (CAO), Bloomberg; compiled by DIR.

* excluding ships and electric power.

Note: Figures on market consensus from Bloomberg.

Orders by Demand Source (seasonally adjusted figures)

Chart 2



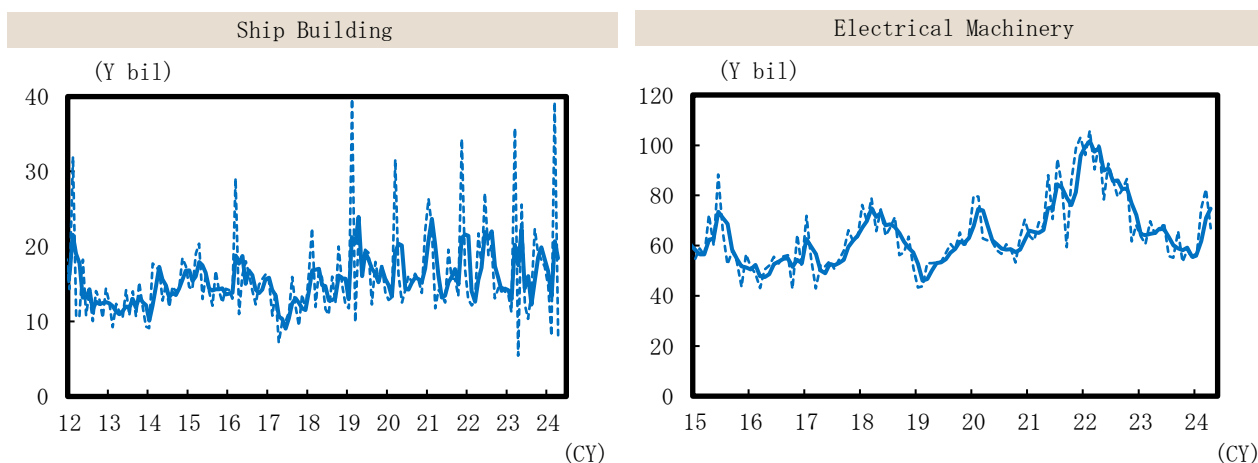
Source: Cabinet Office (CAO); compiled by DIR.

* excluding ships and electric power.

Note: Thick lines 3M/MA basis.

Order Amounts by Industry (Manufacturing)

Chart 3

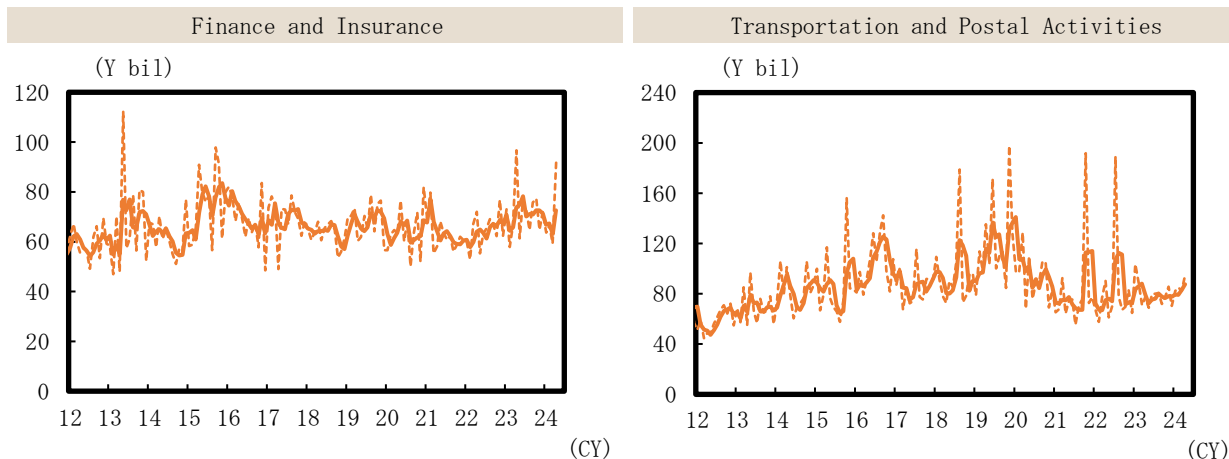


Source: Cabinet Office (CAO); compiled by DIR.

Note: Thick lines 3M/MA basis.

Order Amounts by Industry (Non-Manufacturing)

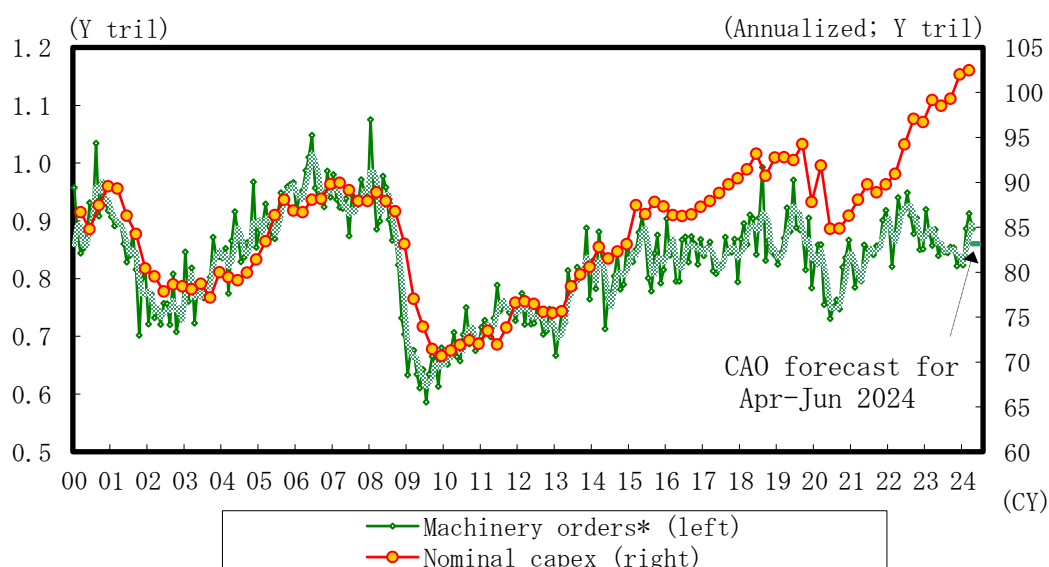
Chart 4



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.