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July 2024 Industrial Production

Semiconductor related goods strong, with large-scale projects also providing boost

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Summary

- The July 2024 indices of industrial production grew for the first time in two months by +2.8% m/m. Amongst other factors, growth was encouraged by the influence of large-scale projects in electrical machinery, and information and communication electronics equipment. There were also production hikes in semiconductor related goods which helped boost overall performance in production machinery and electronic parts and devices. On the other hand, petroleum and coal products declined.
- As for the future of industrial production, the indices are expected to continue marking time. Recovery of the silicon cycle is expected to be a positive factor leading to growth in production of semiconductor related goods. In addition, recovery production in motor vehicles in order to handle order backlog is expected due to progress in normalization of motor vehicle production. However, production will likely experience downward pressure due to the halt of operations at some factories due to the typhoon at the end of August.
- The July 2024 Indexes of Business Conditions are to be published on September 6, 2024, and the leading index is expected to be at ± 0.0 pt m/m to 109.0, while the coincident index is expected to be up by +3.1pt to 116.3. Based on the predicted value, the assessment of the coincident index for July 2024 will automatically be revised upwards to “improving.”

Industrial Production (m/m %; SA basis)

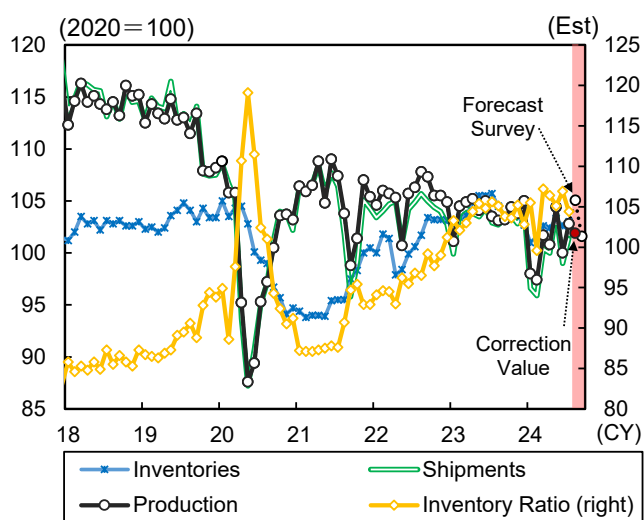
Chart 1

	2023			2024						
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Industrial Production	1.2	-0.6	1.2	-6.7	-0.6	4.4	-0.9	3.6	-4.2	2.8
Market consensus (Bloomberg)										3.5
DIR estimate										4.0
Shipments	0.3	-0.8	1.6	-7.5	-0.7	4.7	-0.4	3.9	-4.7	2.4
Inventories	0.0	0.0	-0.9	-1.7	0.6	1.0	-0.2	0.9	-0.7	0.4
Inventory ratio	-0.2	1.5	-2.3	2.6	-5.6	7.6	-0.7	-1.2	1.7	-2.3

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

Production, Shipment, and Inventories

Chart 2

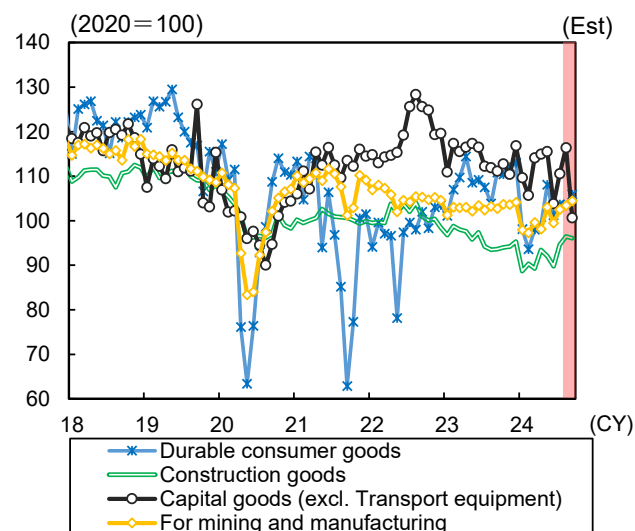


Source: Ministry of Economy, Trade, and Industry (METI), compiled by DIR.

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.