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Japanese report: 16 Dec 2024

October 2024 Machinery Orders

Private-sector demand (excluding ships and electric power) grows for the first time in four months with major growth in orders in manufacturing

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Summary

- According to statistics for machinery orders in October 2024, private-sector orders (excluding ships and electric power) grew for the first time in four months by +2.1% m/m, exceeding market consensus (Bloomberg survey: +1.1%). While orders for non-manufacturing (excluding ships and electric power) suffered minor decline, manufacturing achieved major growth. The Cabinet Office has left its assessment for machinery orders unchanged at “signs of stalling in their recovery.”
- Manufacturing orders grew for the first time in five months. Electrical machinery, pulp, paper and paper products, and other industries registered growth in orders. Meanwhile, non-manufacturing orders declined for the first time in two months. Orders were slow for industries such as telecommunications and finance and insurance.
- As for the future of private sector demand (excluding ships and electric power), moderate growth is expected. Amid a strong corporate appetite for capex spending, renewal investment, which had been postponed for some time, is expected to increase. On the other hand, it should be noted that the implementation of capex spending could be delayed due to construction projects falling behind schedule as a result of labor shortages and the high price of capital goods.

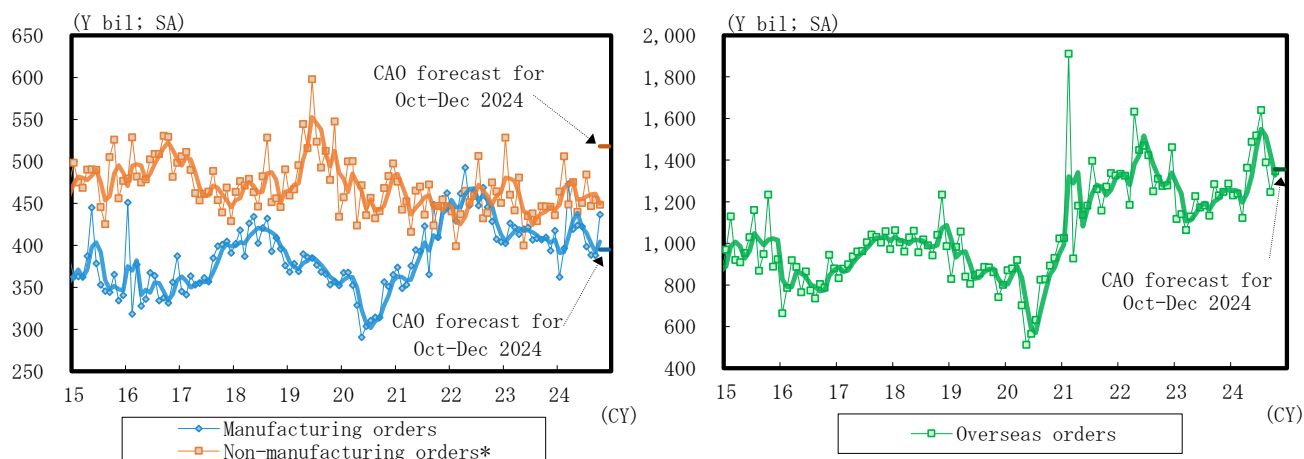
Machinery Orders (m/m %; SA)**Chart 1**

	2023		2024										Oct
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
Machinery orders (private sector)*	-3.7	1.9	-1.7	7.7	2.9	-2.9	-3.2	2.1	-0.1	-1.9	-0.7	2.1	
Market consensus												1.1	
DIR Economist estimate												2.5	
Manufacturing orders	-3.9	6.0	-13.2	9.4	19.4	-11.3	1.0	-0.3	-5.7	-2.5	-0.0	12.5	
Non-manufacturing orders*	-0.1	-2.3	6.5	9.1	-11.3	5.9	-7.5	2.4	7.5	-7.7	1.5	-1.2	
Overseas orders	1.4	3.1	-4.4	0.7	-9.4	21.6	9.1	2.0	8.0	-15.3	-10.3	7.9	

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

* excluding ships and electric power.

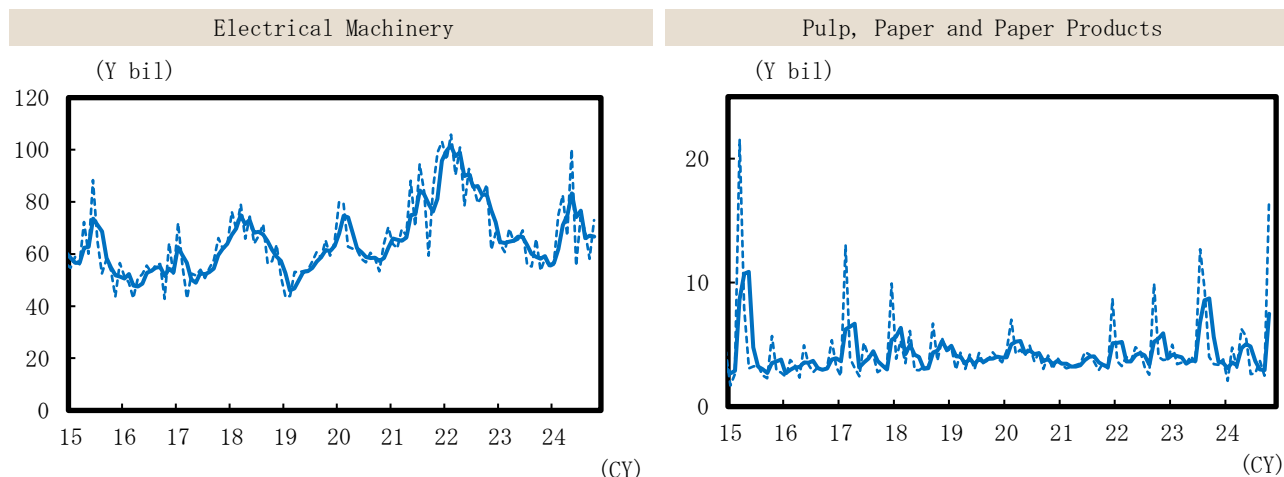
Note: Figures on market consensus from Bloomberg.

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.

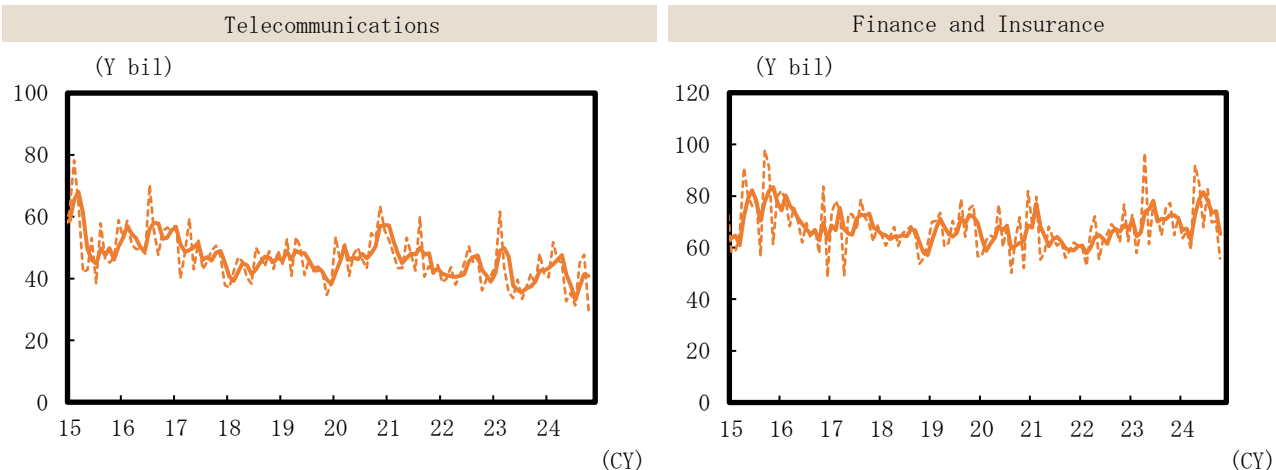
Order Amounts by Industry (Manufacturing)**Chart 3**

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

Note: Thick lines 3M/MA basis.

Order Amounts by Industry (Non-Manufacturing)

Chart 4

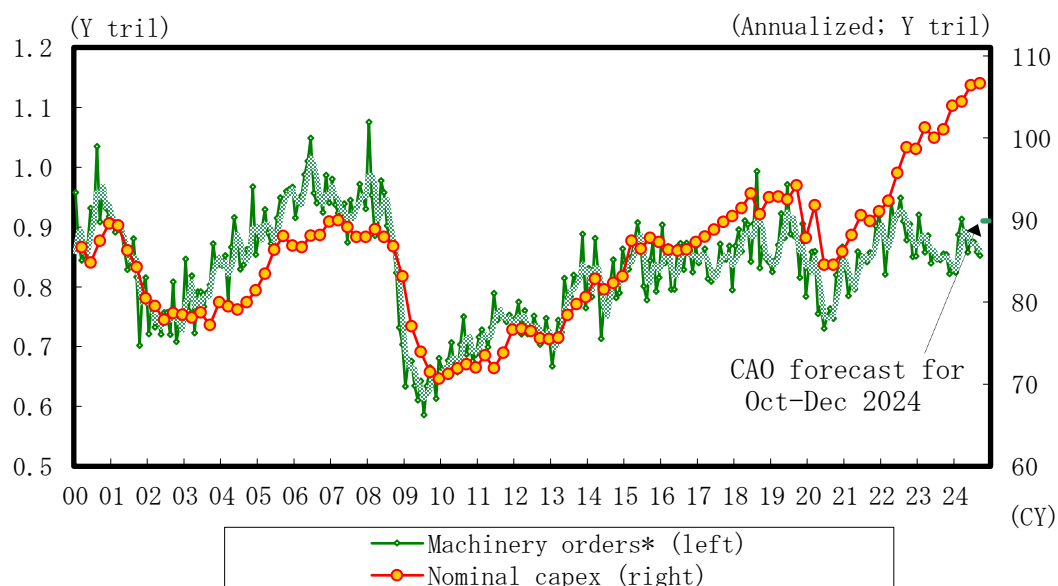


Source: Cabinet Office (CAO); compiled by DIR.

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.