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November 2024 Industrial Production

Production indices decline due to reactionary decline in comparison to previous month, and production halts at motor vehicle factories, but underlying tone remains firm

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Summary

- The November 2024 indices of industrial production declined for the first time in three months by -2.3% m/m, while at the same time exceeding market consensus (-3.5% according to Bloomberg Survey), and the upper limit of the production plan for November in the previous month's survey of the Indices of Industrial Production Forecast. The trend in production appears to be firmer than expected, centering on major products such as semiconductor manufacturing equipment and standard passenger cars. The Ministry of Economy, Trade, and Industry has left its economic assessment unchanged at "Industrial Production fluctuates indecisively."
- As for the future of industrial production, the indices are expected to mark time. Recovery production in motor vehicles is expected to gradually run its course, while production of semiconductor related goods is expected to provide underlying support due to the recovery of the silicon cycle. However, caution is required in regard to the risk of production cuts due to the strengthening of export control regulations in advanced technologies. In addition, a gradual economic slowdown is expected in the US, and the effects of the policies of the incoming Trump administration could further shrink overseas demand.
- The November 2024 Indexes of Business Conditions are to be published on January 10, 2025, and the leading index is expected to be down by -2.5pt m/m to 106.6, and the coincident index is expected to be down by -1.5pt to 115.3. Based on the predicted value, the assessment of the coincident index for November 2024 will automatically be left unchanged at "halting to fall."

Industrial Production (m/m %; SA basis)

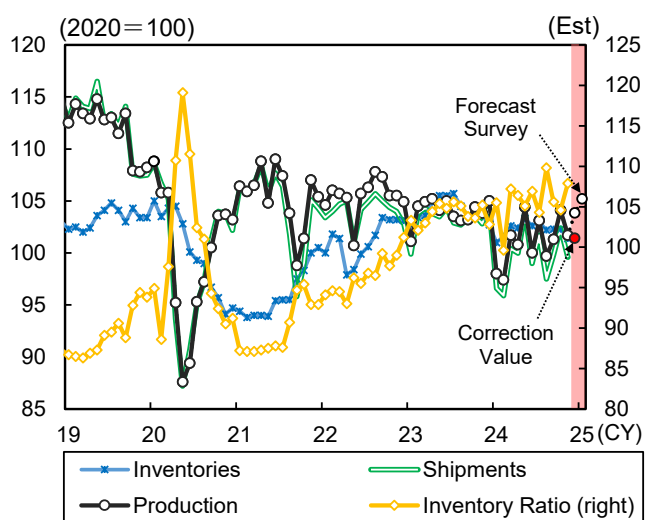
Chart 1

	2024										
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
Industrial Production	-0.6	4.4	-0.9	3.6	-4.2	3.1	-3.3	1.6	2.8	-2.3	
Market consensus (Bloomberg)										-3.5	
DIR estimate										-3.3	
Shipments	-0.7	4.7	-0.4	3.9	-4.7	2.7	-4.1	2.4	2.6	-2.7	
Inventories	0.6	1.0	-0.2	0.9	-0.7	0.4	-0.8	0.1	0.0	-0.9	
Inventory ratio	-5.6	7.6	-0.7	-1.2	1.7	-2.4	5.3	-3.8	-0.9	3.2	

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

Production, Shipments, and Inventories

Chart 2

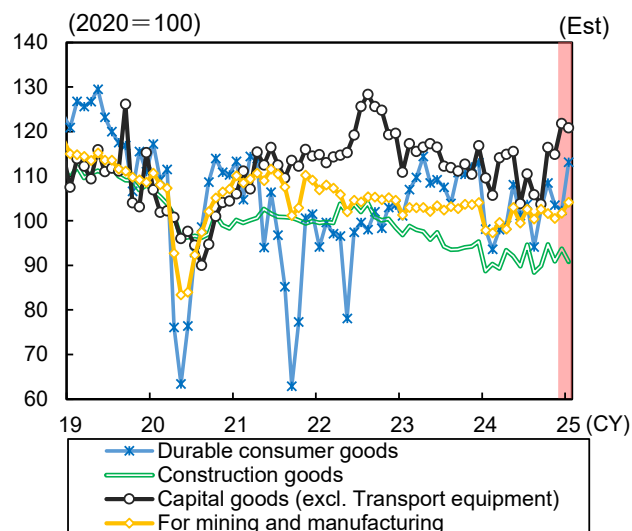


Source: Ministry of Economy, Trade, and Industry (METI), compiled by DIR.

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.