

3 March 2025 (No. of pages: 2)

Japanese report: 28 Feb 2025

January 2025 Industrial Production

Production indices decline for third consecutive month due to lackluster performance of production machinery and other industries

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Summary

- The January 2025 indices of industrial production declined by -1.1% m/m in agreement with market consensus. The indices have declined for three consecutive months. Production was slow in production machinery, electronic parts and devices, and other industries. 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 continue marking time. The silicon cycle is expected to peak out in the middle of 2025 and hence semiconductor related goods will not be the main growth factor in the production indices for much longer. Meanwhile, if “Trump tariffs 2.0” are implemented, this will be a negative factor for domestic production. Continued attention should be paid to the trend of additional tariff measures.
- The January Indexes of Business Conditions are to be published on March 10, 2025, and the leading index is expected to be down by -0.6pt m/m to 107.7, and the coincident index is expected to be down by -0.6pt to 115.8. Based on the predicted value, the assessment of the coincident index for January 2025 will automatically be left unchanged at “halting to fall.”

Industrial Production (m/m %; SA basis)

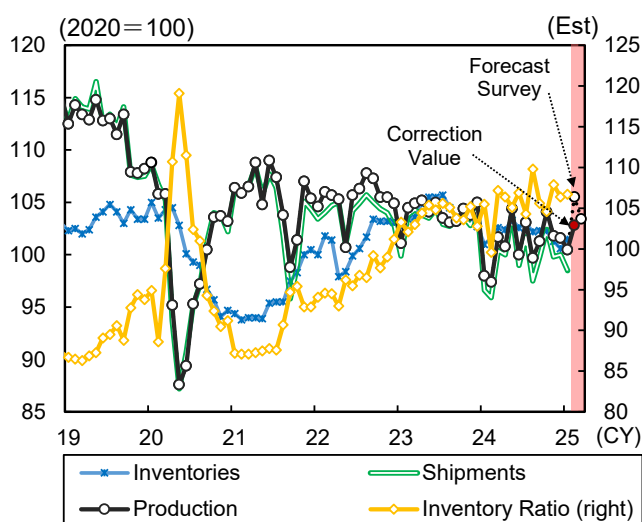
Chart 1

	2024										2025
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		Jan
Industrial Production	-0.9	3.6	-4.2	3.1	-3.3	1.6	2.8	-2.2	-0.2		-1.1
Market consensus (Bloomberg)											-1.1
DIR estimate											-1.9
Shipments	-0.4	3.9	-4.7	2.7	-4.1	2.4	2.6	-2.5	0.2		-1.5
Inventories	-0.2	0.9	-0.7	0.4	-0.8	0.1	0.0	-1.0	-0.7		0.9
Inventory ratio	-0.7	-1.2	1.7	-2.4	5.3	-3.8	-0.9	3.2	-1.4		0.3

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

Production, Shipments, and Inventories

Chart 2

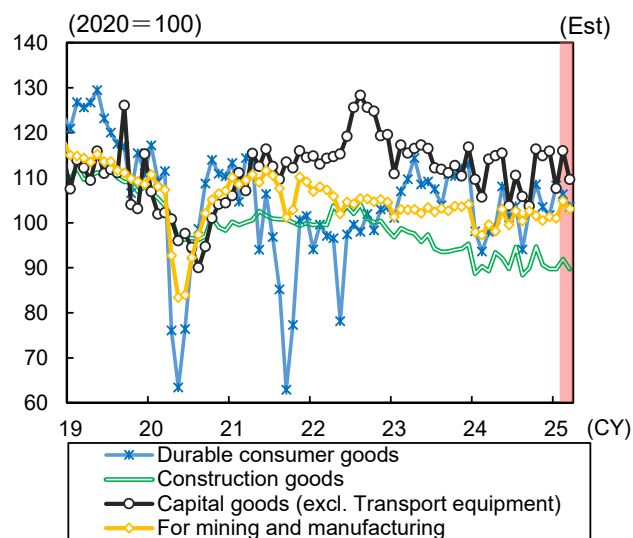


Source: Ministry of Economy, Trade, and Industry (METI), compiled by DIR.

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.