



Japan / Japon

Brighter outlook for production

The rebound in industrial production in December by 2.5% m/m is due to the large seasonal adjustment factor. The original data point to deterioration. Nevertheless, the industrial outlook has certainly improved due to the depreciation of the yen and the recently announced stimulus plan.

■ As expected, industrial production (seasonally adjusted) rebounded in December by 2.5% from the previous month. This result can only be explained by the large positive seasonal adjustment factor for this month, related to the sharp production fall in December 2008.

■ Looking at the original data, production is almost 8% lower from a year earlier. In October-November, the year-on-year change was around -5%. This actually points to a deterioration of industrial activity. It is largely driven by a sharp decline in year-on-year production growth in the large transport equipment industry, -16.2% in December after -9.1% in November. The slump in car production in Q4 is due to the termination of the purchase incentives for eco-friendly cars in September.

■ The worsening of the industrial climate fits better with other data releases. For example, goods exports actually contracted in December by 0.2% largely due to retaliations following the territorial conflict with China (See *EcoFlash 24 January, Trade is harmed by conflict with China*).

■ Nevertheless, the manufacturing outlook has certainly improved in recent months. The diffusion index for the outlook in the Economy Watchers Survey jumped to 51 in December, a highest since April 2007. The panel reported that inquiries and orders have increased thanks to the depreciation of the yen and the increase in stock prices. The exporting industries are well placed to profit from the gradual strengthening of the global manufacturing cycle. Moreover, a resolution of the territorial conflict with China would further boost demand. On the domestic side, the recently announced supplementary budget is likely to boost production in the coming months.

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Meilleurs perspectives pour la production industrielle

Le rebond de la production industrielle en décembre, de 2,5% m/m, est lié au facteur d'ajustement saisonnier important. Les données non corrigées montrent une détérioration. Néanmoins, les perspectives industrielles se sont certainement améliorées en raison de la dépréciation du yen et du plan de relance récemment annoncé.

Industrial production

December 2012				
% , SA	mm	3ma	yy	
Industrial output	2.5	-7.3	-7.8	
Shipments	4.4	-8.1	-7.2	
Inventories	-1.2	-9.7	3.5	
Inventories to shipment ratio	-0.6	-2.8	12.2	

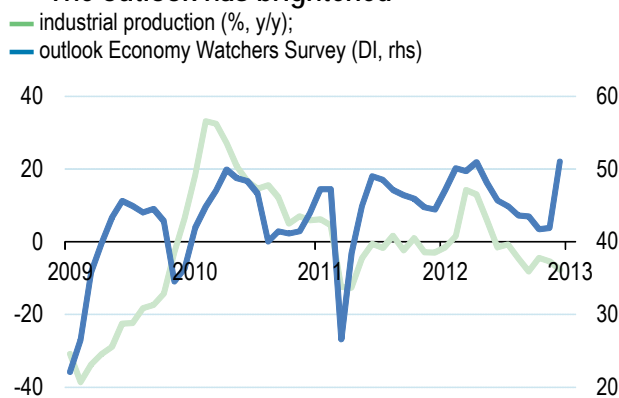
Source: METI

mm : on one month / sur un mois

3ma: on three months, annualised / sur un trimestre, annualisé

yy : on one year / sur un an

The outlook has brightened



Source: METI, Cabinet Office

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