

Japan Capital Goods

Japan's Jan robotics data: Further deceleration

Industry Overview

Jan robotics data: Production weakened further

The Ministry of Economy, Trade and Industry (METI) and the Ministry of Finance (MoF) published Japan's robotics production and export data for Jan. Japan's robotics production volume fell 36% YoY to 11,053 units, deteriorating further from Dec (-31% YoY). Jan volumes were 19% below the monthly average in the Oct-Dec quarter. That said, a sharp sequential decline in Jan is not unusual in terms of seasonality. We continue to watch production data closely, as we believe it will provide us with useful insights into inventory and end-market trends. In terms of demand, we expect a tepid recovery in 2024 (low-single-digit %), followed by stronger growth in 2025/26 (see [our deep dive report for details](#)).

Exports to US and China still weak

Total exports were -30% YoY in Jan (vs. -32% YoY in Dec). Jan saw continued weakness in the US (-55% YoY in Dec → -51% YoY in Jan) and China (-49% YoY → -56% YoY). Momentum in Europe moderated from last month (+39% YoY → flattish YoY) but absolute volumes are still relatively firm.

Data suggest inventory destocking remains ongoing

We believe the ongoing weakness in export data suggests that inventory levels remain high, which is not surprising given the commentary at Dec quarter results. On the other hand, we should probably be careful reading too much into the sequential slump in Jan production, given seasonality. While any further declines in production will be incrementally negative, we would prefer to wait for Feb data to make any judgments on production trends.

Key robotics drivers recovering

According to our data analysis (see [our report on forecasting robot production](#)), we believe the most useful forecasters of robot production are the global auto production volumes, Japan's chipmaking-equipment billings, South Korea's semis exports, and industrial production (IP) in Japan. The semis-related data appear to be on a recovery trend. For example, Japan's chipmaking-equipment billings were +5% YoY in Jan (flattish YoY in Dec) and South Korea's semis exports were +67% YoY in Feb (+56% YoY in Jan). Our global semis team is looking for semis capex to decline 1% YoY in 2024, followed by 6% YoY growth in 2025 (see [Global Semiconductors: 2024 Playbook: bumpy yet bountiful, focus on quality in Cloud, Cars, Complexity 15 December 2023](#)). Auto production by Japan makers was +15% YoY in Jan (vs. +15% YoY in Dec), continuing the solid recovery trend (see [Japan Automobiles: JPN OEMs' January data: Bar still low, YoY growth high 28 February 2024](#)). BofA Global Research expects global auto production to grow 1% in 2024 (see [European Automobiles: Global LVP tracker: Crouching tiger, hidden dragon 21 February 2024](#)). Lastly, Japan's IP was -8% MoM.

11 March 2024

Equity

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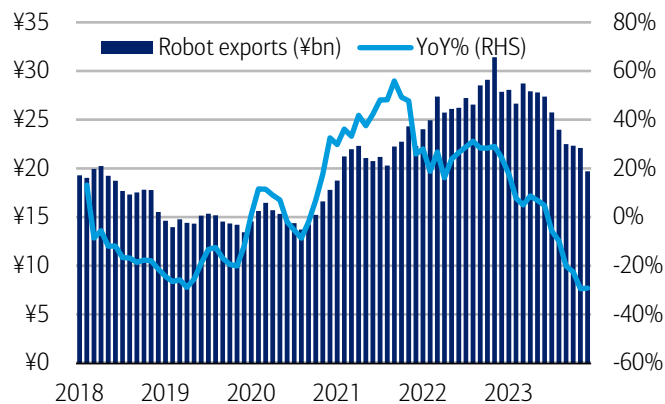
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Exhibit 1: Japan's robot exports (value, 3MMAV)

Robotic exports continue to decline YoY

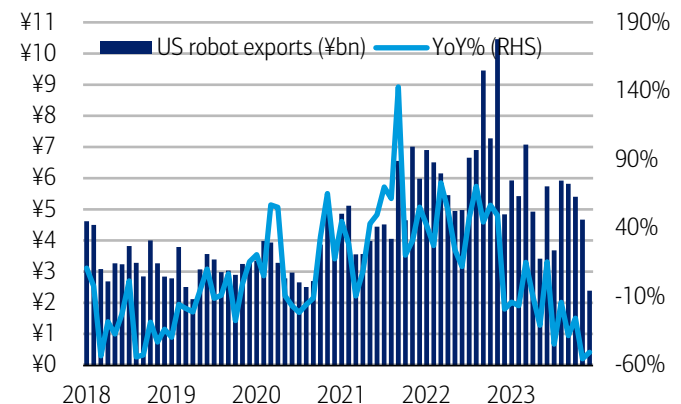


Source: MoF, BofA Global Research

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Exhibit 2: US robot exports (¥bn)

Exports to US were -51% YoY

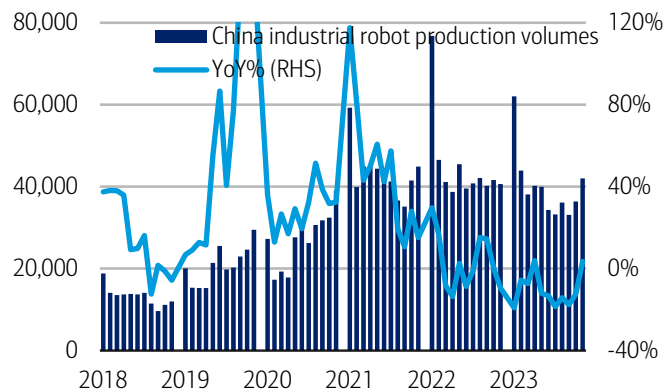


Source: MoF, BofA Global Research

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Exhibit 3: China's industrial robot production

China's production volume in December was +3% YoY

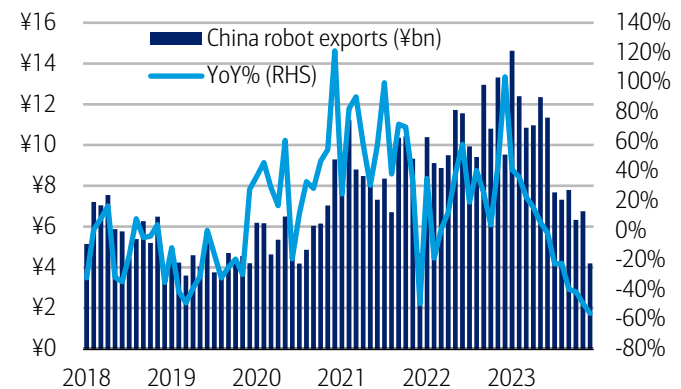


Source: National Bureau of Statistics of China, BofA Global Research

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Exhibit 4: China robot exports (¥bn)

Exports to China were -56% YoY

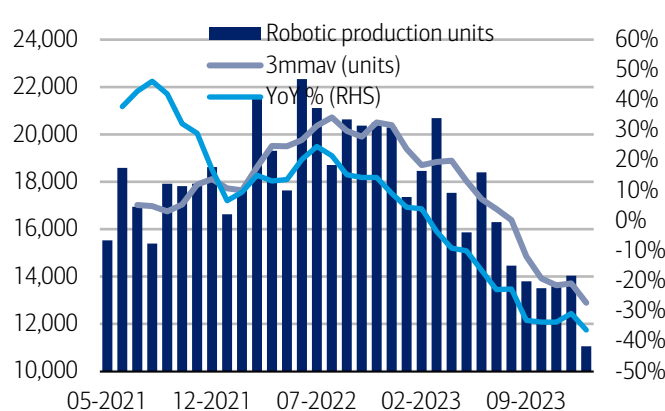


Source: MoF, BofA Global Research

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Exhibit 5: Japan's robotic production units

Robotics production was -36% YoY

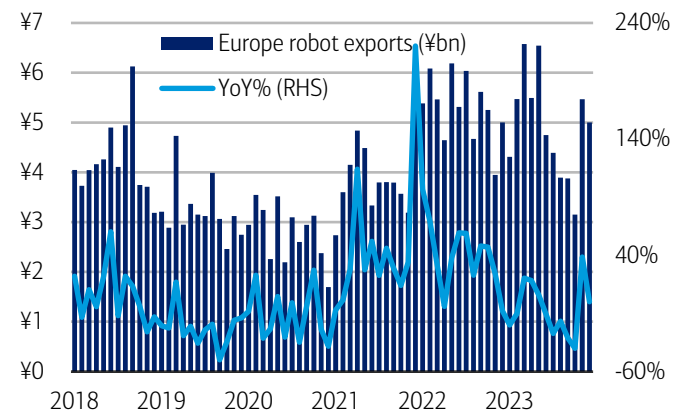


Source: METI, BofA Global Research

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Exhibit 6: Europe robot exports (¥bn)

Exports to Europe were flat YoY



Source: MoF, BofA Global Research

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