

## The Current Condition of the Japanese Machine Tool Industry

### Monthly Machine Tool Orders (July 2015)

The total value of machine tool orders in July was 129.94 billion yen. This was a decrease of 4.5% compared to June and marked the second consecutive month-on-month decline. However, this figure represented an increase of 1.7% compared to the same month of the previous year, with July posting the twenty-second consecutive month of year-on-year growth. The total amount of orders fell below 130 billion yen for the first time in six months. However, this has still passed 100 billion yen for twenty-third consecutive months, thus remained strong.

Both domestic and foreign demands are expected to be driven by a robust trend in the future. However, we will keep a close watch on the trend of world economy and special demand of electrical and precision machinery from China.

Domestic orders fell by 0.8% from June, amounting to 59.84 billion yen. This marked the first month-on-month decline in three months. This figure was an increase of 39.9% over the same month of the previous year and marked the twenty-fifth consecutive month of year-on-year growth.

Looking at major industries, orders compared to June fell by 8.7% in industrial machinery, rose by 6.8% in motor vehicles, fell by 0.2% in electrical & precision machinery, and by 15.4% in aircraft, shipbuilding & transport equipment.

Foreign orders fell by 7.5% from June to 70.10 billion yen. This marked four consecutive months of month-on-month decline. Foreign orders also showed a decrease of 17.6% from the same month of the previous year, with July posting the second consecutive month of decline. By region, orders from Asia fell by 14.5% from June to 30.34 billion yen. This was also a decrease of 32.9% from the same month of the previous year. Orders from Europe rose by 7.4% over June to 17.47 billion yen. This was also an increase of 2.7% over the same month of the previous year. Orders from North America fell by 3.4% from June, amounting to 21.48 billion yen. This figure was also a decrease of 0.7% from the same month of the previous year.



## NET NEW ORDERS – METAL CUTTING MACHINE TOOLS IN JAPAN

(Value: in Millions of Yen)

Industry \ Period		Total 2014	14/13 (%)	15/01–15/03	15/04–15/06	Previous Quarter (%)	year-to-year (%)	15/01–15/07	year-to-year (%)	July '15	July 15/June 15 (%)	July 15/July 14 (%)
1. Primary Metals		11,584	101.0	3,644	4,105	112.7	142.9	10,399	195.2	2,650	192.9	–
2. Fabricated Metal Products		23,280	127.4	6,719	8,891	132.3	188.7	18,338	148.4	2,728	86.5	111.6
Machinery & Equipment Industries	3. Industrial Machinery	199,946	122.7	52,434	62,599	119.4	139.0	138,701	130.8	23,668	91.3	125.6
	(of which construction machinery)	–	–	1,179	1,918	162.7	–	3,495	–	398	71.7	–
	(of which dies and molds )	26,589	103.3	6,908	9,036	130.8	157.8	19,332	134.7	3,388	90.5	131.9
	4. Motor Vehicles	167,660	135.7	47,685	56,618	118.7	135.8	124,531	135.4	20,228	106.8	149.6
	(of which auto parts)	117,474	142.8	35,284	42,116	119.4	144.4	91,694	147.1	14,294	107.1	164.5
	5. Electrical Machinery	27,412	137.4	6,117	7,870	128.7	149.4	17,644	129.1	3,657	115.4	120.3
	6. Precision Machinery	17,151	121.4	4,900	6,054	123.6	129.7	12,866	132.4	1,912	79.3	117.9
	5 – 6. Electrical & Precision Machinery (Sub Total)	44,563	130.8	11,017	13,924	126.4	140.1	30,510	130.5	5,569	99.8	119.5
	7. Aircraft, Shipbuilding & Transport equipment	20,558	91.2	7,962	7,692	96.6	202.3	17,797	177.5	2,143	84.6	129.7
	(of which aircraft)	–	–	3,157	3,917	124.1	–	7,713	–	639	56.3	–
3 – 7. Sub total		432,727	126.1	119,098	140,833	118.2	140.2	311,539	134.6	51,608	97.5	133.4
8. Other Machinery & Equipment		13,012	106.6	3,169	3,698	116.7	112.6	8,320	122.0	1,453	90.6	140.5
9. Government, Public Agencies & Schools		4,110	80.1	334	538	161.1	116.2	1,102	85.1	230	237.1	80.1
10. Others		6,400	115.1	2,081	2,324	111.7	177.7	4,997	149.7	592	75.4	123.8
11. Trading Companies		5,278	104.5	1,619	1,217	75.2	106.7	3,418	129.0	582	173.7	130.5
1–11. Domestic Total		496,391	123.8	136,664	161,606	118.3	141.5	358,113	136.1	59,843	99.2	139.9
12. Foreign		1,013,006	141.4	263,313	247,667	94.1	96.8	581,076	102.8	70,096	92.5	82.4
1–12. Grand Total		1,509,397	135.1	399,977	409,273	102.3	110.6	939,189	113.3	129,939	95.5	101.7
(of which: NC machines)		1,474,239	135.7	392,600	400,932	102.1	110.6	921,097	114.1	127,565	95.3	102.1
Sales		1,422,184	129.9	438,320	358,474	81.8	117.7	914,620	116.5	117,826	88.7	101.9
(of which: NC machines)		1,388,366	130.1	430,625	351,984	81.7	118.5	898,453	117.4	115,844	88.8	102.6
Order Backlog		652,213	115.2	613,854	665,037	108.3	111.6	677,148	111.4	677,148	101.8	111.4
(of which: NC machines)		624,303	115.8	586,281	636,175	108.5	111.9	647,894	111.6	647,894	101.8	111.6

## NET NEW ORDERS BY DESTINATION

(Value in Millions of yen)

2015		Jan.		Feb.		Mar.		Apr.		May		Jun.		July		Aug.		Sep.		Oct.		Nov.		Dec.		Total				
			%		%		%		%		%		%		%		%		%		%		%		%	2015	%			
Asia	East Asia	Korea	3,609	138.5	3,542	109.9	4,075	173.8	3,849	93.3	3,706	94.8	4,141	138.4	3,315	107.9											26,237	117.8		
		Taiwan	2,887	189.3	2,554	163.4	3,371	176.4	2,987	211.8	2,262	109.8	2,724	142.2	2,140	88.1												18,925	147.7	
		China	17,927	103.7	22,565	125.1	28,770	76.9	30,111	92.1	35,018	104.8	23,047	77.3	18,966	67.9												176,404	89.7	
		Other	16	-	12	120.0	248	1127.3	205	135.8	16	-	-	-	54	45.4												549	-	
	East Asia Total		24,439	114.5	28,673	125.6	36,464	87.4	37,152	96.8	41,002	105.0	29,910	85.9	24,475	72.9											222,115	95.9		
	Other Asia	Thailand	1,534	46.1	2,420	62.8	2,352	75.2	2,403	101.0	2,220	121.9	1,396	66.7	1,923	57.9												14,248	71.5	
		Malaysia	1,333	650.2	567	196.9	333	53.5	220	48.5	488	134.1	941	220.4	422	33.7												4,304	119.1	
		Singapore	141	42.9	377	68.1	683	71.1	338	53.5	94	18.0	237	51.6	301	53.9												2,171	54.1	
		Philippine	294	-	552	-	325	-	355	-	164	-	280	-	148	-												2,118	-	
		Indonesia	1,175	-	401	-	553	-	563	-	758	-	985	-	592	-												5,027	-	
Vietnam		17,268	-	16,971	-	7,774	-	5,871	-	525	-	502	-	499	-												49,410	-		
India		1,603	92.0	1,788	130.8	2,232	114.4	1,731	129.3	2,086	144.3	1,196	50.0	1,957	80.7												12,593	99.5		
Other	5	-	17	-	-2	-	24	-	18	-	38	-	24	-												124	-			
Other Asia Total		23,353	347.4	23,093	285.1	14,250	179.1	11,505	165.8	6,353	118.5	5,575	70.5	5,866	50.2												89,995	164.6		
Sub Total		47,792	170.3	51,766	167.3	50,714	102.1	48,657	107.4	47,355	106.6	35,485	83.1	30,341	67.1												312,110	109.0		
Europe	EU	Germany	2,983	70.7	4,673	99.6	4,756	97.4	5,031	94.4	4,941	129.4	3,768	82.2	4,859	91.1												31,011	94.4	
		U.K.	1,909	110.7	2,079	91.8	2,004	81.1	1,902	77.4	1,740	63.9	1,879	106.2	2,295	90.4												13,808	86.6	
		Italy	1,890	133.9	2,035	88.9	2,036	120.8	1,960	101.1	1,585	76.3	2,051	102.8	1,588	71.7												13,145	96.6	
		France	1,107	94.7	2,617	239.0	2,329	193.6	1,719	97.1	1,156	62.8	3,057	178.3	2,465	275.1													14,450	149.1
		Central Europe	1,261	111.0	1,731	167.4	1,098	83.2	1,391	85.9	1,220	52.2	1,682	118.3	1,689	107.7													10,072	96.5
		Other	1,799	-	1,818	-	1,659	-	1,290	-	1,240	-	1,773	-	2,000	-													11,579	-
		Sub Total		10,949	96.9	14,953	117.6	13,882	106.1	13,293	92.9	11,882	86.9	14,210	106.3	14,896	103.2												94,065	101.3
	Other West Europe	Turkey	1,848	114.5	1,552	91.3	1,259	86.3	1,376	83.9	970	53.5	1,270	84.2	1,547	116.8													9,822	88.8
		Switzerland	533	-	563	-	374	-	426	-	478	-	568	-	372	-													3,314	-
		East Europe	71	21.8	75	15.0	130	79.3	129	153.6	425	262.3	89	26.6	24	8.8												943	51.1	
		Russia - Other	664	107.1	412	91.6	822	163.1	681	84.6	836	92.2	706	73.8	1,006	102.4													5,127	98.1
		Sub Total		13,532	97.7	16,992	110.6	16,093	105.8	15,479	92.0	14,113	85.3	16,275	100.6	17,473	102.7												109,957	99.1
North America & Central America	U.S.A.	17,309	102.0	17,845	92.4	20,826	101.4	18,181	85.8	20,121	104.8	20,194	98.3	18,022	96.8													132,498	97.2	
	Canada	975	42.8	1,138	168.3	1,063	78.5	1,455	284.2	1,187	143.9	974	77.6	1,811	190.0													8,603	109.6	
	Mexico	2,275	67.3	657	84.4	1,607	71.2	1,315	87.4	1,727	242.6	1,062	68.6	1,649	80.2													10,292	84.1	
	Sub Total		20,559	90.8	19,640	94.6	23,496	97.3	20,951	90.3	23,035	111.1	22,230	95.2	21,482	99.3													151,393	96.8
Oceania	Brazil	68	7.4	208	57.3	368	50.0	357	62.6	328	16.8	581	34.2	132	34.8													2,042	30.9	
	Other	388	113.1	38	34.5	582	218.8	56	329.4	182	-	596	448.1	172	64.2													2,014	178.5	
	Sub Total		456	36.1	246	52.0	950	94.8	413	70.4	510	26.3	1,177	64.3	304	47.0												4,056	52.4	
Australia	151	55.9	170	89.9	122	63.5	182	31.7	540	323.4	296	72.0	241	94.9													1,702	82.7		
Other	-2	-	11	-	30	-	17	-	33	-	-2	-	73	-													160	-		
Sub Total		149	-	181	-	152	-	199	-	573	-	294	-	314	-												1,862	-		
Middle East	134	-	92	-	153	-	280	-	77	-	243	-	130	-													1,109	-		
Africa	4	-	0	-	212	-	177	-	42	-	102	-	52	-													589	-		
Grand Total	82,626	124.7	88,917	130.8	91,770	101.5	86,156	99.0	85,705	102.3	75,806	89.2	70,096	82.4													581,076	102.8		
Of which NC	82,165	125.3	87,631	130.2	90,681	105.2	85,361	98.9	84,995	102.9	74,832	88.9	69,426	82.2													575,091	103.3		

(Note) 1. "Other East Europe" until April 2014 is the division of before the integration of EU. The countries which joined EU from 04-07 is divided as "Central Europe".

Japan Machine Tool Builders' Association

2. Middle East and Africa until July, 2014 are included in "Other" in Oceania.

3. It will be described as "-", if the actual value is "negative" or "0" or no actual value.