

## Japan: November industrial production fell for the third month in a row

The recent release of data, including exports, retail sales, and industrial production, signals that the Japanese economy is still very fragile and thus supports the Bank of Japan's view that easing monetary policy should continue



Industrial production in Japan fell for the third consecutive month in November

**-0.1%** Industrial Production  
%MoM sa

Higher than expected

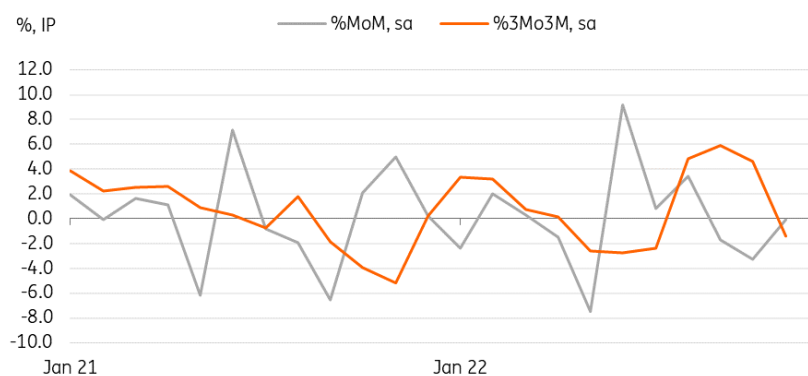
### Industrial production fell as global demand weakened

Japan's industrial production declined -0.1% month-on-month seasonally adjusted in November (vs -3.2% in October and -0.2% market consensus), recording a third consecutive monthly drop. In sequential terms, IP growth contracted to -1.4% 3Mo3M sa (vs 5.8% in September), meaning sluggish manufacturing activities will drag the current quarter's GDP. Even worse news is that

manufacturing output is likely to deteriorate in the first quarter of next year, given that IP is unlikely to rebound for the next few months. The sluggish exports in early December suggest a weak IP in December. China's reopening will eventually boost Japan's IP, but we think the positive effects will only be realized by the second quarter of 2023 or the second half of 2023.

In our view, the Bank of Japan will maintain its accommodative policy stance for a considerable time. The BoJ meeting minutes revealed that several board members distinguished yield curve control band widening from policy tightening while the BoJ announced an unscheduled bond buying, driving the JPY weakness, hitting 134 again this morning. The BoJ is trying to give the market a stronger signal that their easing policy has not come to an end yet.

## November IP contracted in sequential terms



Source: CEIC

### Author

**Min Joo Kang**

Senior Economist, South Korea and Japan

[min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10

Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.