



Medium-term Outlook for Japanese Industry

Supply and demand trends and required business
strategies for the next five years (2026-2030)

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Toward a high-value-added industrial structure through supply system right-sizing, business domain expansion, and digital technology utilization despite increasing uncertainty

I. Business Environment

(Short-term)

- The manufacturing sector is expected to continue growing, driven primarily by global demand expansion in semiconductors and IT fields accompanying DX; however, growth is slowing due to backlash from rush demand before tariff increases and uncertain conditions. The non-manufacturing sector is expected to continue growing, centered on healthcare demand expansion against the backdrop of aging populations.

(Medium-term)

- From 2026 onward, changes in the external environment are expected to materialize as the formation of economic blocks due to international tensions and instability, supply constraints and inflationary pressures accompanying labor shortages. Additionally, industrial structures will face major changes due to the advancement of DX, AI, and other technologies.
 - Materials and automotive industries will face domestic demand contraction due to structural factors such as population decline, shifts to local production, and resource conservation, as well as intensifying competitive environments in overseas markets
 - Electronics and IT industries will experience some adjustment phases but will grow supported by robust DX and AI investment appetite
 - The energy industry faces unchanged circumstances requiring production capacity optimization in anticipation of domestic demand contraction, as well as clean energy supply expansion toward achieving decarbonization. In the power sector, securing supply capacity to meet rising data center demand is becoming increasingly important
 - Living and social infrastructure industries face materializing supply constraints as labor shortages become even more severe in addition to sluggish domestic demand, also affecting cost increase pressures
 - The healthcare industry's market is steadily expanding due to advancing aging populations and medical sophistication, but faces labor supply constraints due to declining working-age population

II. Risks and Opportunities

- The main risks and opportunities brought about by five major changes in the external environment ((1) international tensions and instability, (2) fluctuations in decarbonization and environmental response, (3) rising supply constraints, (4) demographic changes, (5) rapid evolution of DX and technology) are as follows

(Risks)

- (1) Trade restrictions due to domestic industry protection, (2) increased costs and investment accompanying the shift to decarbonization and environmental response, (3) price increases due to supply constraints, (4) labor supply constraints due to labor shortages, (5) declining competitiveness due to delayed response to DX and technology

(Opportunities)

- (1) Increased domestic investment aimed at economic security and strengthening domestic industries, (2) expansion of energy-efficient products and low/decarbonization markets, (3) expanded strategic flexibility through cost pass-through, (4) investment toward resolving labor shortages and transformation to high-value-added domains, (5) value enhancement and creation of new demand through utilization of AI and technology

III. Medium-term Strategy

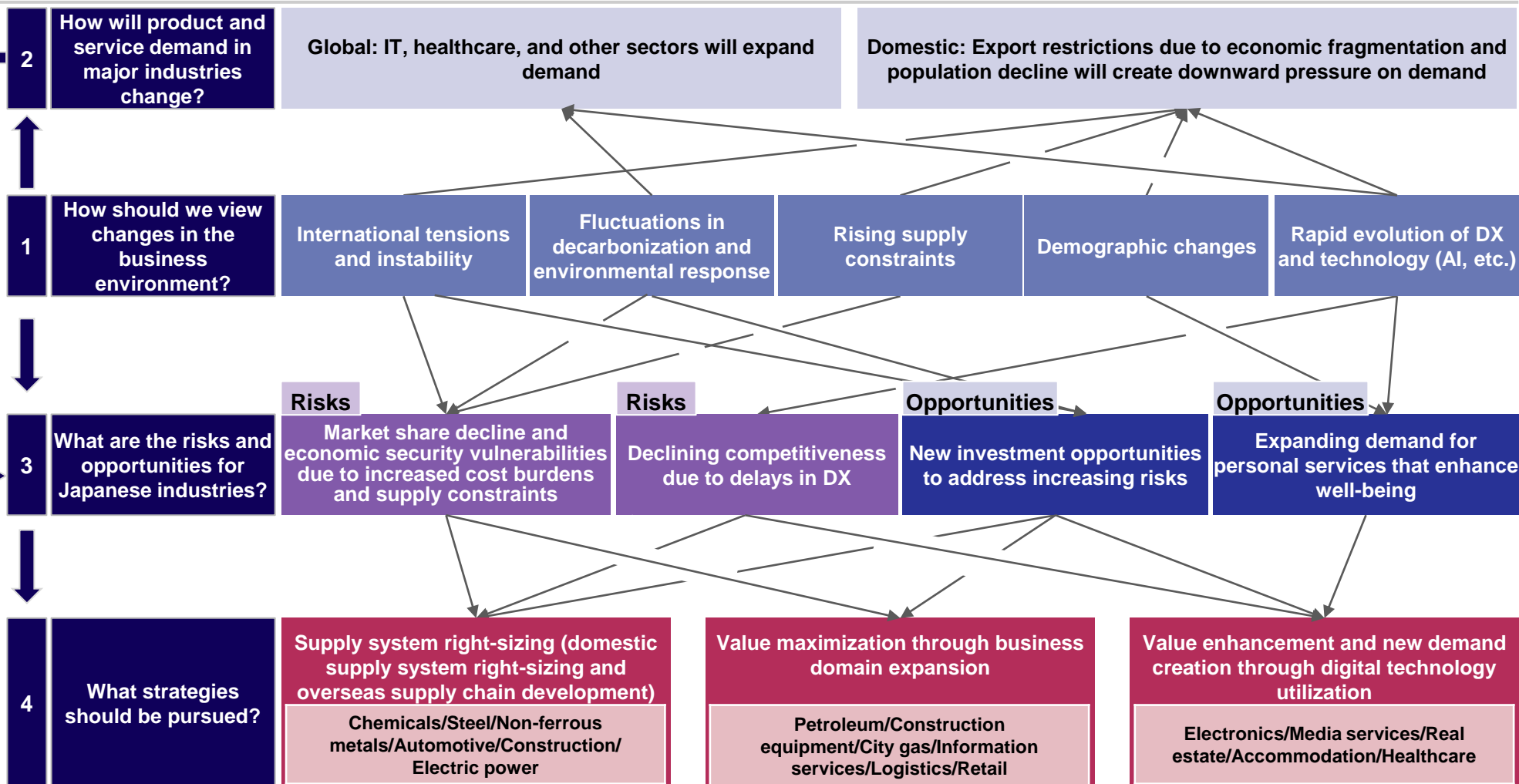
- Japanese industries are required to identify opportunities even amid increasing uncertainty and transform toward a high-value-added industrial structure. The main points are as follows
 - Supply system right-sizing: Sustainable securing of supply resources through supply network reconstruction based on assessment of international circumstances such as domestic industry protection, securing human resources and labor-saving in domestic labor shortage environments, and stable procurement of raw materials (chemicals/steel/non-ferrous metals/automotive/construction/power)
 - Value maximization through business domain expansion: Value chain business by deploying customer needs captured in existing businesses to peripheral domains, efficiency improvement and domain expansion through cross-domain strategic alliances in non-competitive and competitive areas (petroleum/construction equipment/city gas/information services/logistics/retail)
 - Value enhancement and new demand creation through digital technology utilization: Improving added value of existing products and services and capturing new demand through embedding digital technologies and providing advanced technologies (electronics/media services/real estate/accommodation/healthcare)

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Capturing new demand from new investment opportunities toward strengthening economic security, expanding business domains, and utilizing digital technologies

- Going forward, industrial structures will transform as efforts move toward supply chain resilience and addressing labor shortages through AI and technology utilization
- Business strategies that capture the risks and opportunities brought by changes in the external environment will be critical elements for winning the competition

Transformation of Japan's Industrial Structure Brought by Changes in the External Environment



A robust supply foundation and the synergies created by expansion, along with value creation brought by technology, will lead to strengthening the competitiveness of Japanese industries

Five major external environments bring changes to Japanese industries

- With the advancement of DX on a global basis, the supply and demand structures of consumers and industries are changing. At the same time, from an economic security perspective, domestic industry protection and development are progressing, requiring supply chain resilience
 - This report examines the supply and demand outlook, business environment, and strategic directions for the next five years (~2030)

Five External Environments Surrounding Japanese Industries

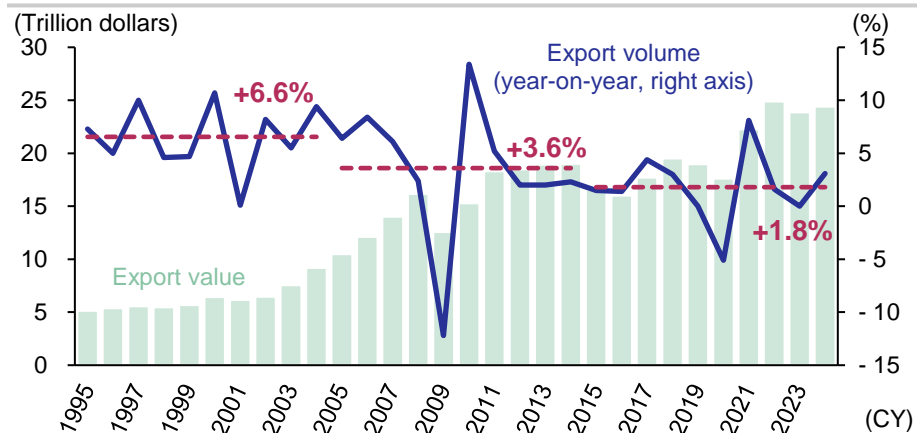
Political	International tensions and instability	<ul style="list-style-type: none"> ■ As countries advance efforts to protect domestic industries and de-risk to reduce geopolitical risks, <u>the formation of economic blocks and local production for local consumption centered on like-minded countries</u> are progressing, slowing trade in goods ■ In strategic sectors for economic security such as defense, aerospace, shipbuilding, healthcare (antibiotics and active pharmaceutical ingredients), and cybersecurity, <u>government-led domestic industry protection and development, as well as collaboration among like-minded countries,</u> are advancing, and related budgets and investments are increasing
	Fluctuations in decarbonization and environmental response	<ul style="list-style-type: none"> ■ In addition to inconsistent environmental policies across countries toward decarbonization, global environmental responses are facing challenges as there is a need to address expanding power demand due to advancing electrification and <u>increasing data centers</u> ■ In the US, which pursues economic efficiency, <u>investment in LNG and nuclear power is expanding.</u> In Europe, which aims to balance decarbonization and industrial competitiveness, <u>clean industry investment is expanding, and GX investment and carbon pricing adoption</u> are progressing. <u>Domestically, the burden of GHG emissions is increasing</u> through the introduction of emissions trading systems (2026), fossil fuel levies (2028), and paid auctions of emission allowances for power generation businesses (2033), <u>expanding GX investment</u>
Economic	Rising supply constraints	<ul style="list-style-type: none"> ■ <u>Domestically, as labor shortages become more severe, inflationary pressures from the supply side</u> will not be resolved. Prices of goods and services will continue to rise ■ <u>China's competitiveness</u> as it aims to become a manufacturing powerhouse <u>is expanding further</u>
Social	Demographic changes	<ul style="list-style-type: none"> ■ Domestically, labor shortages will continue. Accepting foreign workers is also becoming more difficult due to a weak yen and low wages, intensifying competition with other countries for workers, and strengthened government regulations. <u>Investment in labor-saving and labor reduction through robots and AI is expanding</u> (transformation of non-manufacturing industries to 2.6th sector industries) ■ While the overall domestic population is declining, <u>the elderly population is increasing.</u> Globally, the world population is increasing, centered on emerging countries in Asia and Africa
Technology	Rapid evolution of DX and technology (AI, etc.)	<ul style="list-style-type: none"> ■ <u>Deployment of AI agents</u> and other technologies is advancing from data-rich and knowledge-intensive industries. In specific areas such as drug discovery and finance, development toward social implementation of AI and quantum computers is being promoted. Additionally, the fusion of the physical world and digital is gradually progressing, such as through <u>advanced robotics with physical AI</u> ■ Investment in data collaboration platforms for AI utilization and <u>AI infrastructure (data centers, watt-bit coordination, next-generation chips, etc.)</u> continues ■ <u>Recurring business models that profit from services (after-sales service, customization, etc.)</u> rather than one-time hardware sales are expanding with DX (transformation of manufacturing industries to 2.4th sector industries)

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

(Reference) key indicators showing changes in the external environment

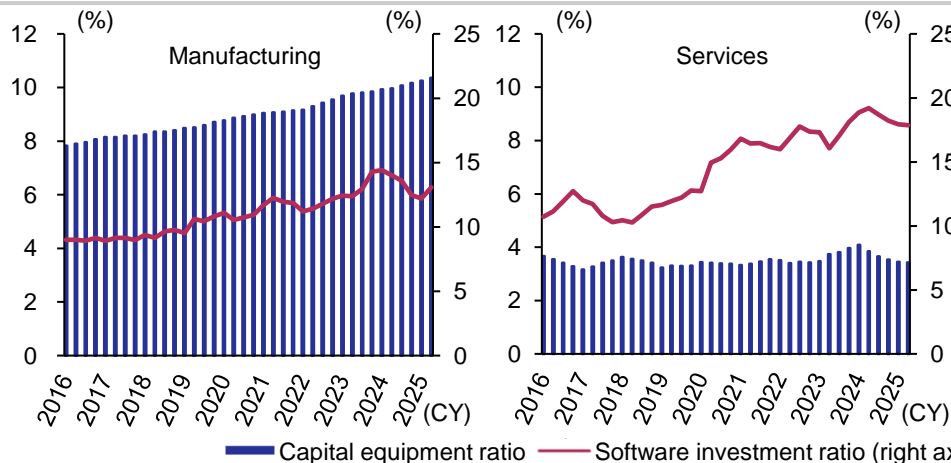
[Chart 1] International Situation: Trends in Global Goods Exports

The growth of global trade in "goods" is gradually slowing recently



[Chart 3] Demographics: Corporate Capital Equipment Ratio and Software Investment Ratio

While software investment is accelerating across industries, the capital equipment ratio in the service industry is stagnant

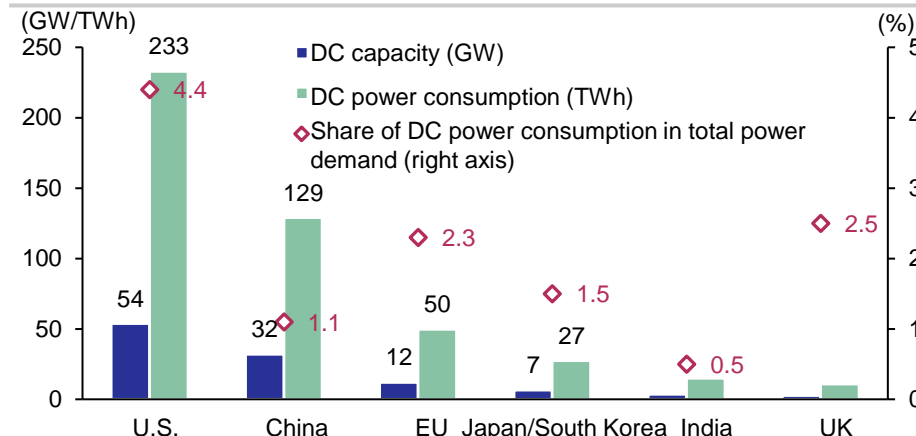


Note: [Chart 1]: Each dashed line represents the average year-on-year growth rate of export volume for 1995-2004, 2005-2014, and 2015-2024. [Chart 2]: Estimated values for 2025 by the IEA (as of June 16, 2025). [Chart 3]: Capital equipment ratio is calculated as tangible fixed assets ÷ number of employees; software investment ratio is the proportion of software investment in capital expenditure. Both capital equipment ratio and software investment ratio values are 4-quarter backward moving averages

Source: [Chart 1] WTO Stats; [Chart 2] IEA, "Energy and AI Observatory"; [Chart 3] Ministry of Finance "Financial Statements Statistics of Corporations by Industry"; [Chart 4] Stanford HAI, "The 2025 AI Index Report," IMF; compiled by Industry Research Department, Mizuho Bank, Ltd.

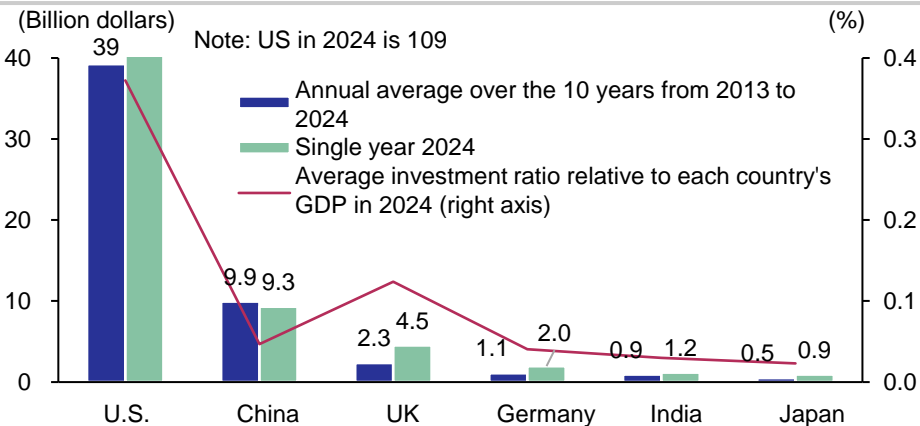
[Chart 2] Decarbonization: Current Data Center (DC) Capacity and Power Consumption by Country

Facing challenges that require balancing response to rising power demand and decarbonization



[Chart 4] Technology: Trends in Private Investment Related to AI by Country

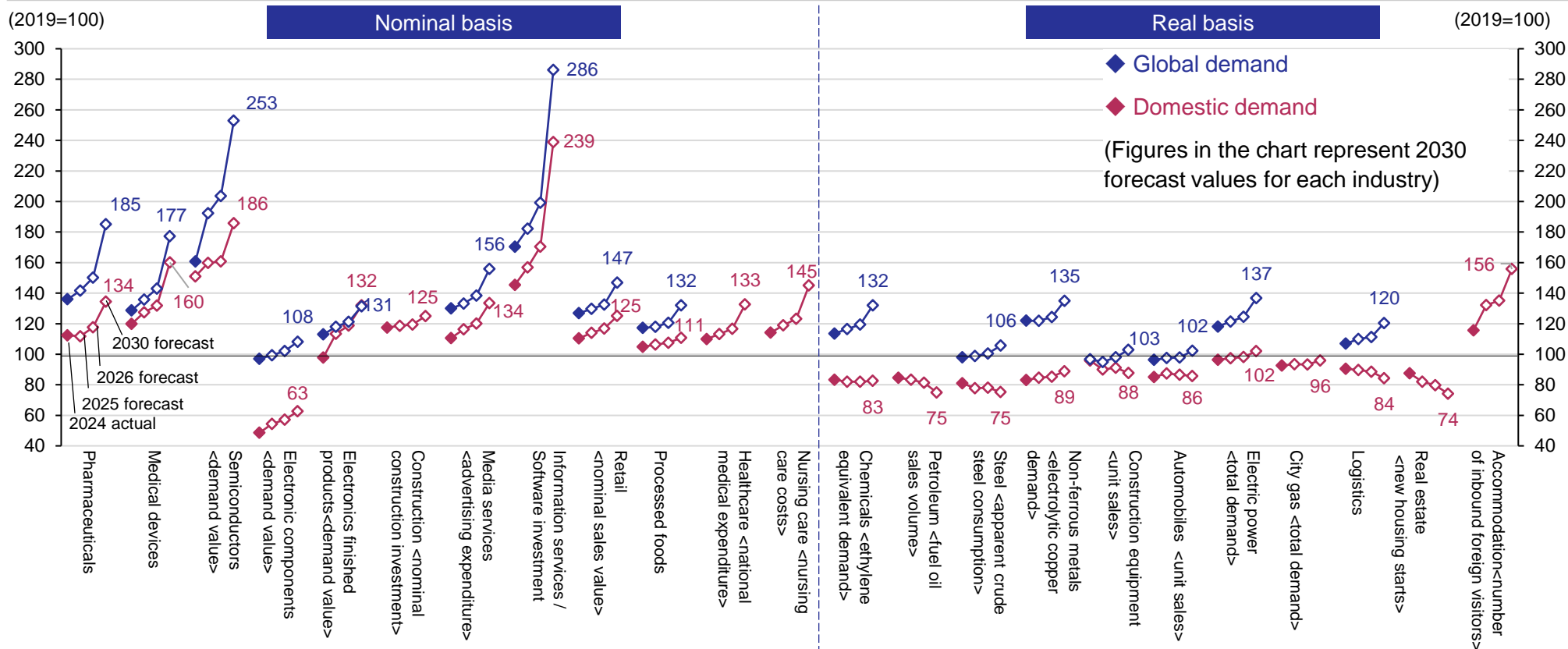
While Japan's investment in AI is progressing recently, its lag compared to other countries is notable



Global demand continues to be robust, but domestic demand will face increasing downward pressure over the medium term due to structural factors

- Global demand is expected to continue growing not only in nominal terms but also in real terms, driven primarily by demand expansion in the semiconductor and IT sectors due to DX, as well as demand expansion in the healthcare sector due to aging populations and advances in medical care
- On the other hand, domestic demand is expected to face increasing downward pressure through 2030 due to structural factors such as Japan's declining population and reduced demand for parts and materials resulting from decreased exports in core industries (automobiles, etc.) as global localization of production and consumption advances

Medium-term Outlook for Global and Domestic Demand by Industry (2025–2030)



Note: (1) For pharmaceuticals, global figures represent sales value and domestic figures represent shipment value. For medical devices, global figures represent market size and domestic figures represent shipment value. For processed foods, global figures represent sales value and domestic figures represent food expenditure. For logistics, global figures represent maritime container cargo throughput and domestic figures represent truck transport volume. (2) Electronics finished products are calculated with 2020=100. (3) Construction, healthcare, nursing care, and logistics (domestic) are fiscal year values, not calendar year values. (4) Refer to each chapter for detailed sources of each indicator by industry. (5) Refer to the "Forecast Table" for the names of the indicators for each industry.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

Overcoming risks posed by changes in the external environment and taking proactive measures to capture business opportunities

- By advancing efforts in Japan's challenging areas of resources, energy, and digital fields, while enhancing the value-added of Japan's strengths in manufacturing and personal services industries, there is potential to strengthen economic security, reinforce social infrastructure, and address social issues

Risks and Opportunities for Japanese Industry from Changes in the External Environment

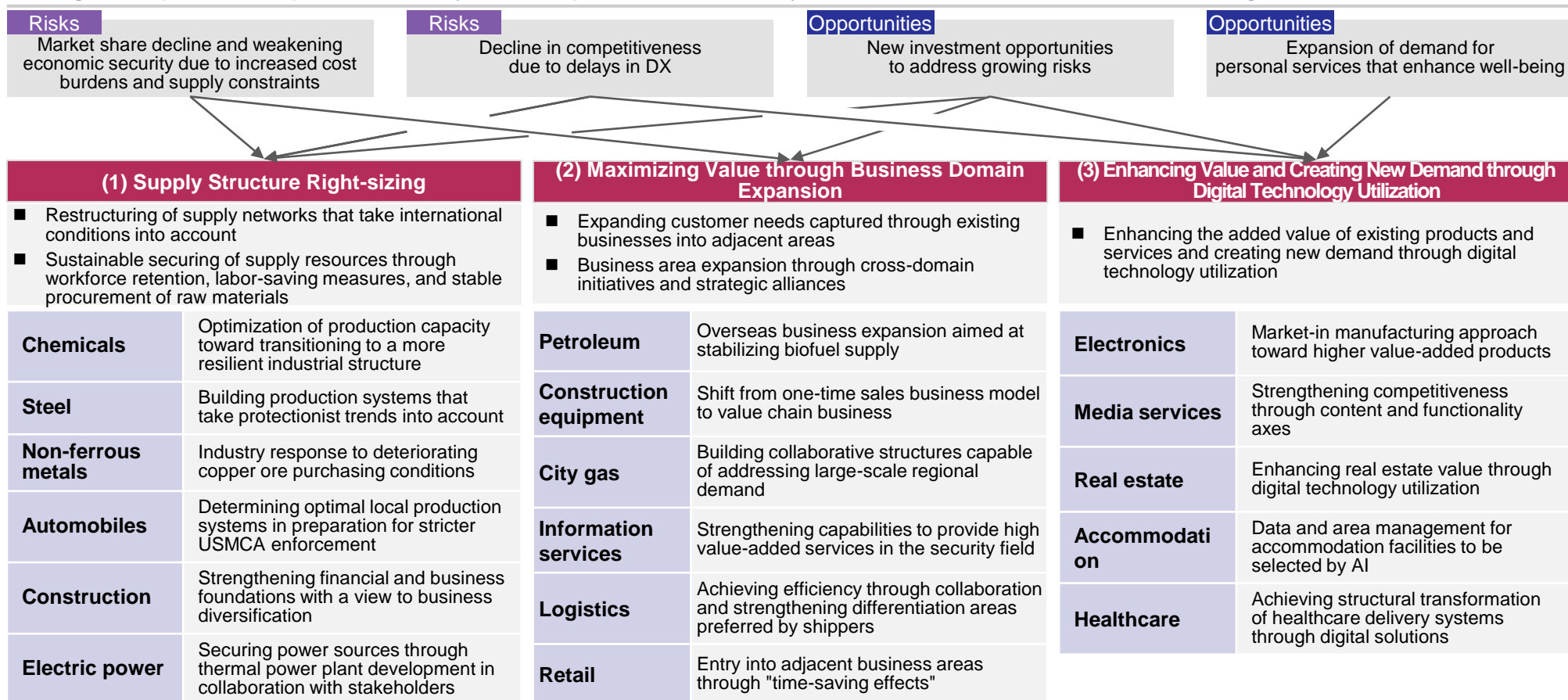
	Risks	Opportunities	Note: Colored sections indicate fields where growth is expected
International tensions and instability	<ul style="list-style-type: none"> Decline in price competitiveness and market share contraction in export industries (automobiles, etc.) Possibility that Japan will follow U.S. regulations on China, restricting exports of electronic components and semiconductor-related products 	<ul style="list-style-type: none"> Increased public and private sector demand for defense and security products (electronics, information services) Increased domestic investment in strategic fields (semiconductor-related, pharmaceuticals, batteries, etc.) due to de-risking progress vis-à-vis China; increased domestic investment in resource development and resource recycling 	
Fluctuations in decarbonization and environmental response	<ul style="list-style-type: none"> Increased corporate costs due to carbon pricing Rising resource procurement prices due to supply chain constraints Slowdown in EV and renewable energy market growth in the U.S. and other markets 	<ul style="list-style-type: none"> Increased demand for energy-saving products Market expansion for EVs, decarbonized power sources (renewables, nuclear), and low-carbon/decarbonized fuels (LNG, hydrogen, ammonia, synthetic fuels, biofuels, etc.) 	
Rising supply constraints	<ul style="list-style-type: none"> Difficulty passing on rising raw material costs amid strong consumer frugality (retail) Cost-push inflation due to labor shortages (construction, accommodation) Weakening of Japan's supply system due to production expansion in China as it aims to become a manufacturing superpower 	<ul style="list-style-type: none"> Greater strategic flexibility if companies successfully pass on raw material and wage increases under inflation 	
Demographic Changes	<ul style="list-style-type: none"> Possibility of supply decline due to labor shortages and difficulty maintaining social infrastructure (construction, healthcare) Deterioration of domestic demand industry performance due to shrinking domestic demand 	<ul style="list-style-type: none"> Expansion of labor-saving and automation measures using digital technologies and robots to compensate for labor shortages Potential for entry into global markets, primarily in high value-added areas 	
Rapid Evolution of DX and Technology (AI, etc.)	<ul style="list-style-type: none"> Decline in competitiveness due to AI and technology utilization and delays in DX Risk of economic security being threatened as reliance on overseas DX infrastructure increases 	<ul style="list-style-type: none"> Accelerated adoption of digital technologies such as AI and robots in healthcare, business infrastructure, etc. toward becoming a leading nation in solving social issues Expansion of semiconductor, data center, software, and system integration markets, as well as electricity and telecommunications demand, due to accelerated adoption of digital technologies 	
	<ol style="list-style-type: none"> Market share decline and economic security vulnerabilities due to increased cost burdens and supply constraints Decline in competitiveness due to delays in DX 	<ol style="list-style-type: none"> New investment opportunities to address growing risks Expansion of demand for personal services that enhance well-being 	

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Synergies from a robust supply base and business expansion, along with value creation through digital technologies, will strengthen the competitiveness of Japanese industry

- Given the increasingly uncertain changes in the external environment, there are three major strategies required for Japanese industry and companies
 - I. Development of optimal supply networks that take international conditions into account and securing supply structures capable of meeting demand
 - II. Expansion into adjacent business areas based on information accumulated through existing businesses
 - III. Enhancement of existing business value and creation of new demand through the utilization of digital technologies

Strategies Required for Japanese Industry and Companies Based on Key Issues from External Environment Changes



A robust supply foundation and the synergies created by expansion, along with value creation brought by technology, will lead to strengthening the competitiveness of Japanese industries

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

As challenging business conditions continue, Japan needs to build a robust structure by taking the lead in right-sizing production capacity

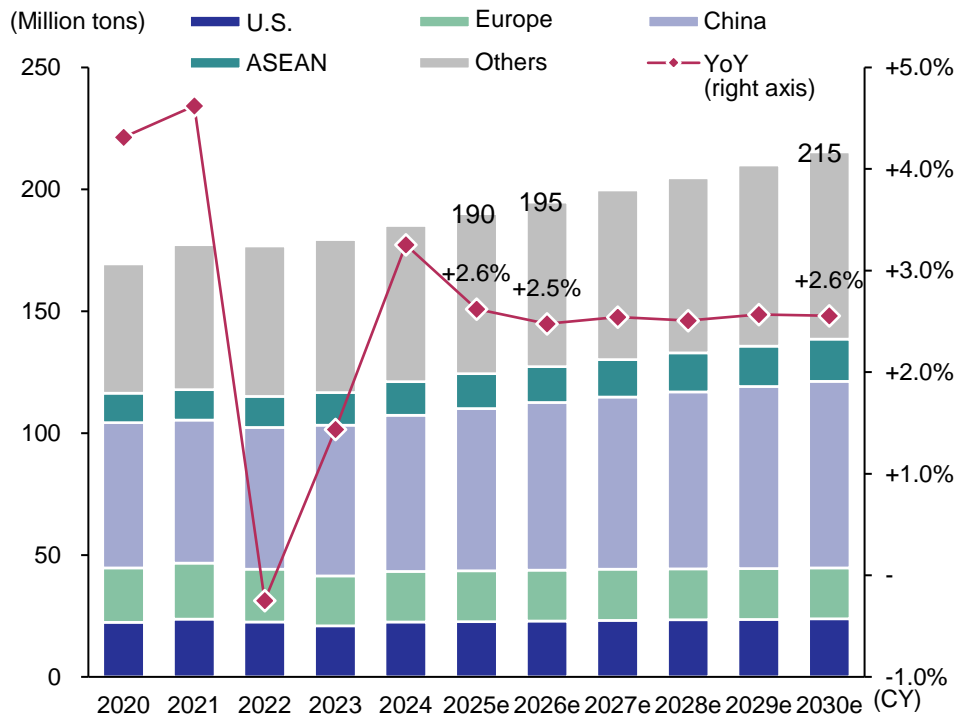
I	Supply and Demand Trends	<p>(Short-term)</p> <ul style="list-style-type: none"> Global: Demand growth is expected to slow, with +2.6% YoY in 2025 and +2.5% in 2026. In 2026, China, which accounts for 30% of global demand, is expected to see its demand growth rate fall below the previous year, dragging down overall global growth Domestic: Ethylene-equivalent domestic demand is in a recovery phase from the post-COVID China economic slowdown and automobile decline, but has not fully recovered due to structural factors such as reduced purchasing from price increases, labor shortages in demand industries like construction, and reduction in plastic usage. In 2025, domestic production of electronics and automobiles will increase, but stagnation in demand industries like construction will impact, resulting in domestic demand of -1.5% YoY, with 2026 at +0.1%, remaining flat. Exports will fluctuate due to scheduled maintenance factors, but are expected to decline from 2025 onward due to slowing global demand and expanding supply capacity, leading to reduced production <p>(Medium-term)</p> <ul style="list-style-type: none"> Global: Expected to grow at an annual rate of +2.6% through 2030. Although China's growth rate will stagnate, growth in emerging markets such as ASEAN will drive demand. Meanwhile, the U.S. is projected to grow at around +1%, while other developed countries are expected to remain flat Domestic: Domestic demand will continue to stagnate. In addition to declining growth rates in demand industries due to population decline and labor shortages, progress in reducing plastic usage will also be a structural factor for decline, with domestic demand expected to remain sluggish. Exports and production are expected to decrease, centered on ethylene exports with poor market conditions and difficult profitability, following the shutdown of three ethylene plants from 2026 onward
II	Competitive Environment	<ul style="list-style-type: none"> Global: The supply-demand environment is expected to remain challenging as oversupply conditions continue beyond 2025. Large-scale investments are expected to continue through around 2030, centered on China's steadily progressing large-scale new construction and expansions, including the Middle East Domestic: Exports of commodity products in particular are expected to become difficult due to China's advancing self-sufficiency. Meanwhile, even if domestic demand stagnates, cost-competitive imports centered on commodity products will continue to flow in, causing domestic production volume to decline and challenging business conditions to persist
III	Risks and Opportunities	<p>(Risks)</p> <ul style="list-style-type: none"> Through around 2030, the impact of low-priced Chinese products on market prices is expected to expand, mainly in Asian markets, against the backdrop of successive new construction and expansions of cost-competitive overseas plants in China and elsewhere. Declining Japanese exports and expanding imports are risk factors <p>(Opportunities)</p> <ul style="list-style-type: none"> Japan is leading other countries in ethylene plant restructuring, and if the shutdown of three plants from 2026 onward is realized, capacity utilization is expected to improve. As trade flows are changing due to tariff impacts and overseas production capacity expansion, in the medium to long term it will be important to right-size production capacity including derivatives, thereby securing supply for highly profitable derivatives toward maximizing profitability
IV	Strategic Direction	<ul style="list-style-type: none"> For the domestic petrochemical industry, it is urgent to transition to an industrial structure that can survive even in challenging market conditions by leading other countries in optimizing production systems including reduction of ethylene production capacity Specifically, companies are expected to use ethylene production capacity reduction as an opportunity to minimize the ratio of low-profitability commodity products in downstream derivatives and increase the weight of hard-to-substitute, high value-added products. Since this involves difficult operations such as balancing raw material and derivative capacity, it is necessary to pursue capacity right-sizing while leveraging collaboration across multiple industrial complexes

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Global growth is expected at +2.6% annually, but significant recovery is not expected domestically

- Global ethylene equivalent demand is expected to reach 190 million tons in 2025 (+2.6% YoY) and 195 million tons in 2026 (+2.5% YoY). In the medium term, although growth is expected to slow in China, which accounts for 30% of demand, expansion to 215 million tons (+2.6% annually) is projected for 2030
- Ethylene equivalent domestic demand is projected to be 3,862 thousand tons in 2025 (-1.5% YoY) due to declining housing demand, and to remain flat at 3,886 thousand tons in 2030 (+0.1% annually), supported by resilient electronics and food demand despite population decline. Although recovering from the post-COVID China economic slowdown, domestic demand is not expected to return to 4,000 thousand tons due to structural factors such as reduced purchasing from price increases, labor shortages in demand industries like construction, and reduction in plastic usage. Production volume is expected to decline due to slowing global demand and expansion of overseas supply capacity, in addition to ethylene plant shutdowns and declining exports from 2026 onward

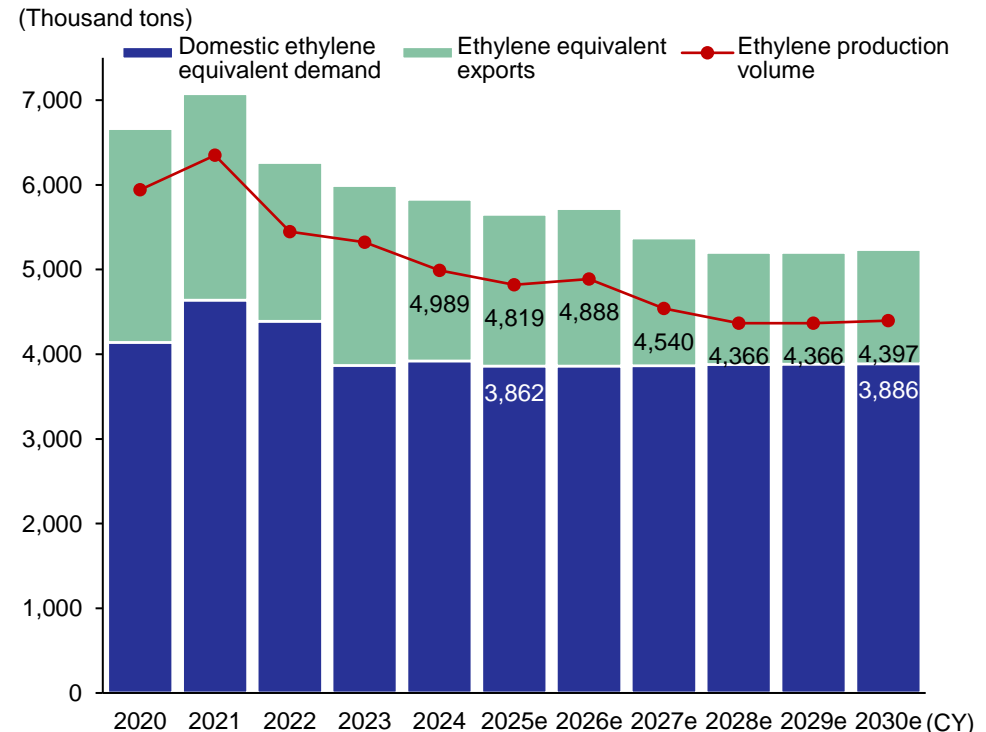
Regional Trends in Global Ethylene Equivalent Demand



Note: Figures from 2025 onward are forecasts by Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various published materials

Trends in Domestic Ethylene Equivalent Demand, Exports, and Production



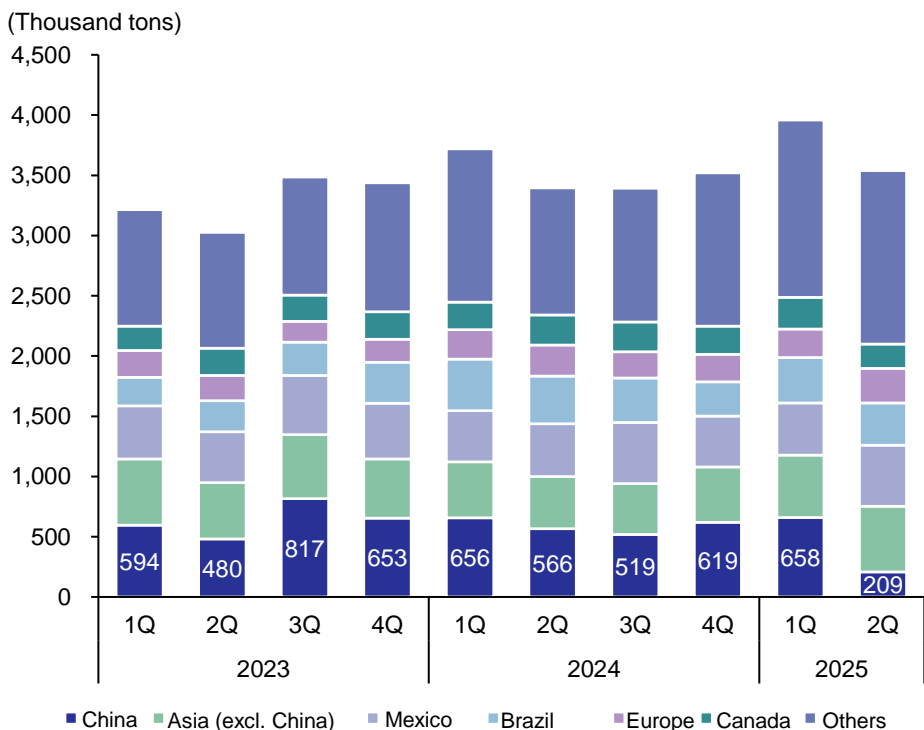
Note: Figures from 2025 onward are forecasts by Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on The Heavy & Chemical Industries News Agency, etc.

Changes in trade flows due to declining U.S.-China transactions from tariff impacts and China's increasing self-sufficiency are expected to have a negative impact on Japan's exports

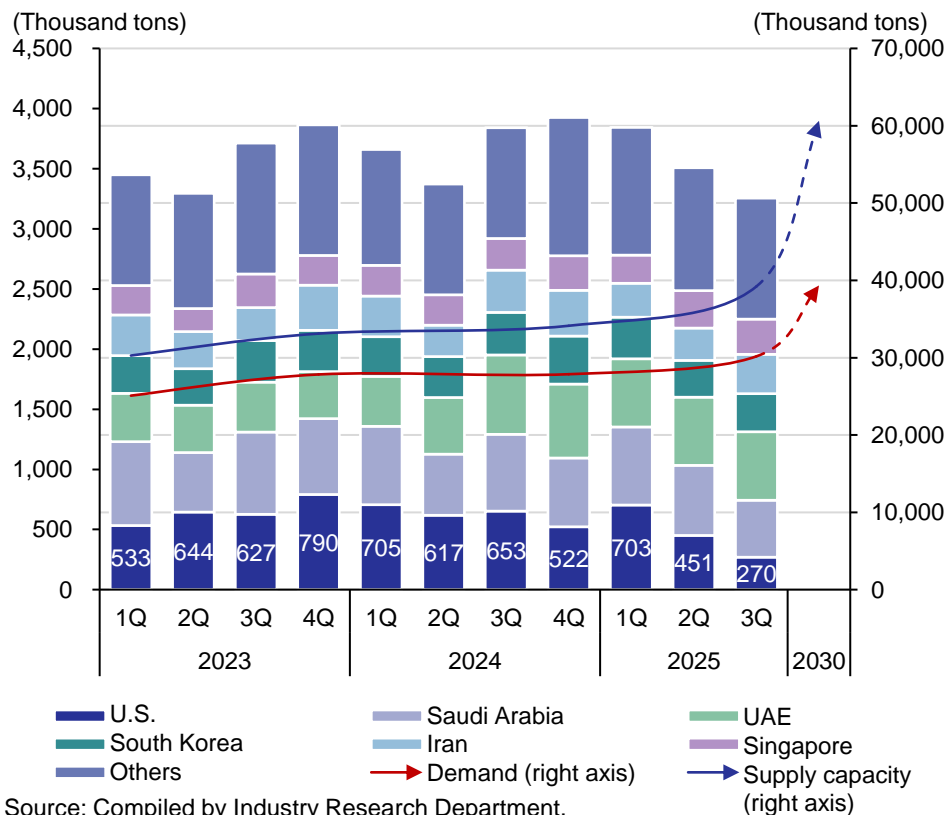
- The U.S. is the world's second-largest polyethylene exporter, but exports to China, which accounted for 20% of exports and was the largest export destination, have declined since Q2 2025 due to tariff impacts
 - Export volumes to other regions such as Asia are increasing as alternative destinations, raising concerns about the impact on Japan's exports to these regions
- For China as well, the U.S. was the largest source of polyethylene imports, but these have declined since Q2 2025 due to tariff impacts. However, while demand growth in China is slowing, production capacity increases are outpacing it, resulting in an overall declining trend in import volumes. Therefore, the probability of China increasing imports from Japan as an alternative to the U.S. is low
 - China is planning further capacity expansion toward 2030, and Japan anticipates a challenging environment where commodity product exports to China will become difficult

Trends in U.S. Polyethylene Exports by Country



Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Global Trade Atlas

Trends in China's Polyethylene Imports by Country



Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Global Trade Atlas, etc.

Structural reform to establish a system for stable supply of derivatives aligned with demand side needs requires further right-sizing of production capacity

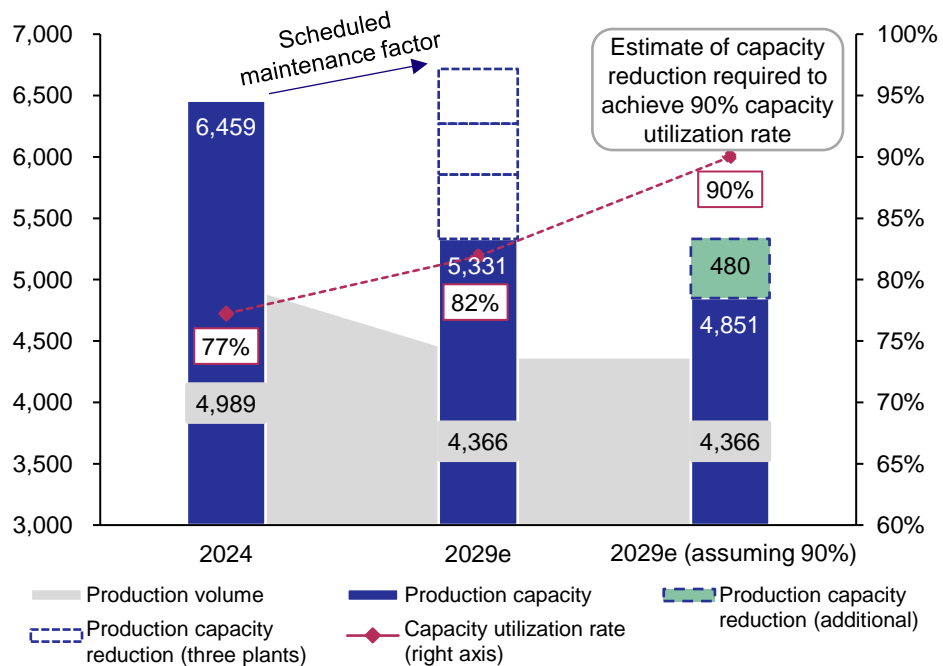
- Production volume is expected to decline mainly due to increasing difficulties in exporting commodity products. The shutdown of three ethylene plants scheduled from 2026 onwards is expected to improve capacity utilization rates. However, this will still fall short of the 90% capacity utilization rate considered the benchmark for profitability, and further capacity right-sizing is anticipated.
- Companies are expected to use the reduction of ethylene production capacity as an opportunity to minimize the proportion of low-profitability commodity products in downstream derivatives as well, and increase the weight of high-value-added products that are difficult to substitute. As this involves challenging operations such as balancing feedstock and derivative capacity, companies will need to pursue capacity right-sizing while leveraging collaboration across multiple industrial complexes.

Projected production capacity and capacity utilization rates of domestic ethylene plants following restructuring

[Assumptions for projected 2029 capacity utilization rate]

- Production capacity: Considers scheduled maintenance. Capacity reduction for three plants (Chiba, Kawasaki) whose shutdowns have been announced
- Production volume: Forecast by Industry Research Department, Mizuho Bank, Ltd.

(Thousand tons)



Estimate of production capacity reduction required to achieve the 90% capacity utilization rate benchmark for profitability

Further right-sizing of production capacity

- Capacity utilization rates are expected to improve due to ethylene plant shutdowns from 2026 onwards
- However, this will not reach the 90% capacity utilization rate benchmark for profitability, and based on 2029 projections, an additional 480 thousand tons of production capacity reduction will be required
- Further right-sizing will require collaboration across multiple sites

Risk factors that could further reduce capacity utilization rates

Risks of further export decline

- As new plants are built and expanded in China and elsewhere, there is a risk that self-sufficiency will increase, particularly in China, reducing exports from Japan. Japan's exports will decline as lower-priced products from other countries gain market share in overseas markets.

Risks of increased imports

- New plant construction and expansion in China and elsewhere is planned through 2030, potentially increasing low-priced imports in the Japanese market as well

Response required from Japanese companies

Upgrading of production portfolio

- Transition to a portfolio less susceptible to market conditions. In other words, it is essential to increase the production weight of high-value-added products that are difficult to substitute, such as products developed through alignment/coordination with demand-side industries.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on data from The Heavy & Chemical Industries News Agency and Global Trade Atlas

Source: All figures compiled by Industry Research Department, Mizuho Bank, Ltd.

Copper demand is expected to expand both globally and domestically. Deteriorating ore purchasing conditions significantly impact copper smelting business

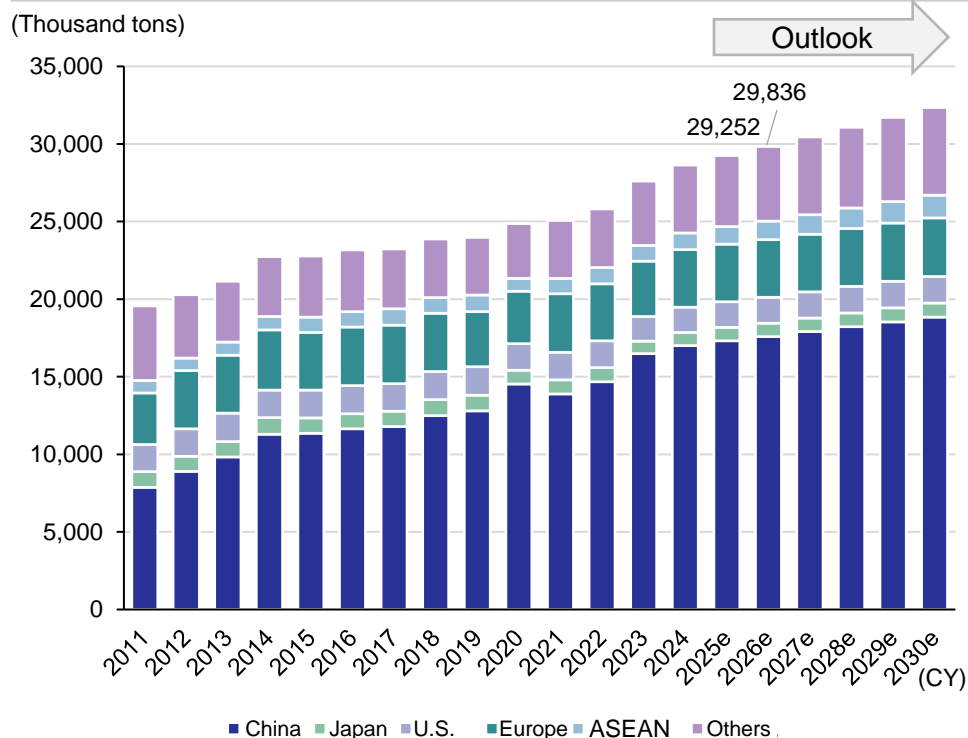
I	Supply and Demand Trends	<p>(Global Demand)</p> <ul style="list-style-type: none"> Global electrolytic copper demand for 2026 is forecast to grow to 29,836 thousand tons (up 2.0% YoY), with demand increases expected in emerging Asian countries despite slowing growth pace in China (2025 is expected to finish at +2.1% YoY) Over the medium term, copper demand is expected to expand against the backdrop of infrastructure demand growth in emerging countries, EV adoption, and growth in wrought copper products for data centers, with annual growth of 2.0% forecast from 2025 to 2030 <p>(Domestic Demand)</p> <ul style="list-style-type: none"> Domestic electrolytic copper demand for 2026 is forecast at 864 thousand tons (up 0.8% YoY), with demand increases in wrought copper products mainly for electrical machinery offsetting weak demand for construction-related electric wire (2025 is expected to finish at +1.8% YoY) Over the medium term, demand is expected to remain solid due to EV adoption progress and increases for AI and data centers, with annual growth of 1.0% forecast from 2025 to 2030. However, expansion of copper smelting capacity in China and Asia will promote local production for local consumption, and exports are expected to decline. Domestic demand expansion is not expected to offset the decline in exports, and domestic production is forecast to decrease
II	Competitive Environment	<ul style="list-style-type: none"> Currently, the tight copper ore supply-demand balance has caused smelting margins to drop sharply to near zero, creating a challenging environment for copper smelting companies In addition to China, copper resource countries such as Indonesia and Congo are advancing domestic production of electrolytic copper and expanding copper smelting capacity. Going forward, it will be difficult to increase electrolytic copper exports to China and Asia, Japan's largest export destinations
III	Risks and Opportunities	<p>(Risks)</p> <ul style="list-style-type: none"> Domestic production of electrolytic copper in China and Asian countries is expected to reduce electrolytic copper exports from Japan, leading to declining domestic electrolytic copper production Continued weakness in copper TC/RC may lead to higher copper ore procurement costs for copper smelting business, potentially reducing profitability High copper prices may accelerate substitution from copper to other materials such as aluminum, potentially stagnating copper demand <p>(Opportunities)</p> <ul style="list-style-type: none"> Demand for high-performance wrought copper products such as rolled copper foil and titanium copper is expanding due to EV adoption progress and AI/data center applications Electric wire demand is increasing in data center construction and large-scale investment development projects
IV	Strategic Direction	<p>(Strategic Direction for Japan's Copper Smelting Industry in Response to Deteriorating Ore Purchasing Conditions)</p> <ul style="list-style-type: none"> Copper TC/RC remains at low levels due to both demand and supply factors. This represents a challenging phase for copper smelting business Main factors include increased ore demand due to expansion of copper smelting capacity centered on China, ore export restrictions in resource-holding countries, and tight ore supply due to production suspensions at large mines caused by earthquakes and accidents While Japanese companies are shifting toward copper smelting less dependent on ore by reducing copper ore usage and utilizing recycled materials, it is also necessary to consider mechanisms for private-public cooperation in preparation for the continuation of current ore purchasing conditions

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

[Global and Domestic Demand] Stable growth is expected over the medium term due to EV adoption and expansion of demand for AI and data centers

- Global electrolytic copper demand is projected at 29,252 thousand tons in 2025 (up 2.1% YoY) and 29,836 thousand tons in 2026 (up 2.0% YoY). Stable expansion is expected in China, the largest demand country, and demand increases are anticipated in ASEAN. Over the medium term, annual growth of 2.0% is forecast through 2030, driven mainly by EV adoption, expansion of demand for AI and data centers, and increasing infrastructure demand in emerging countries
- Domestic electrolytic copper demand is projected at 857 thousand tons in 2025 (up 1.8% YoY) and 864 thousand tons in 2026 (up 0.8% YoY). Although the decline in construction demand is significant, expansion in electronic components is expected to offset this. Over the medium term, annual growth of 1.0% is expected through 2030 due to EV adoption progress and increased demand for electronic components, but domestic production is expected to decline as exports decrease due to progress in local production for local consumption

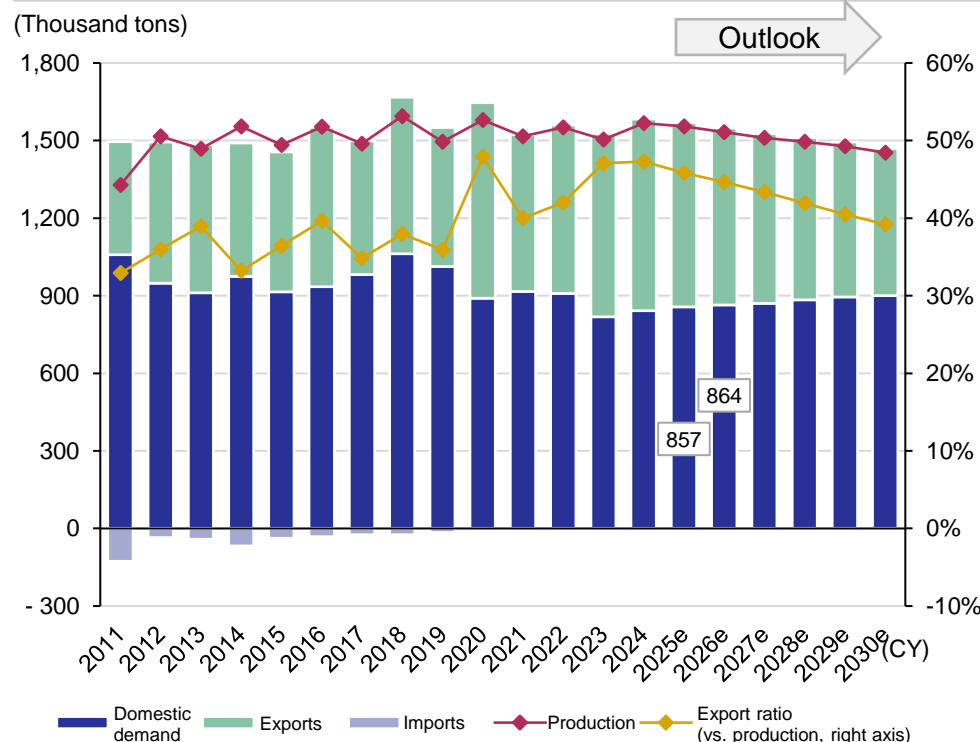
Medium-term Outlook for Global Electrolytic Copper Demand



Note 1: Figures from 2025 onward are forecasts by Mizuho Bank, Ltd. Industry Research Department

Note 2: ASEAN includes Indonesia, Malaysia, the Philippines, Thailand, and Vietnam
 Source: Compiled by Mizuho Bank, Ltd. Industry Research Department based on LSEG WBMS, World Metal Statistics

Medium-term Outlook for Domestic Electrolytic Copper Production, Domestic Demand, and Exports/Imports



Note: Figures from 2025 onward are forecasts by Mizuho Bank, Ltd. Industry Research Department

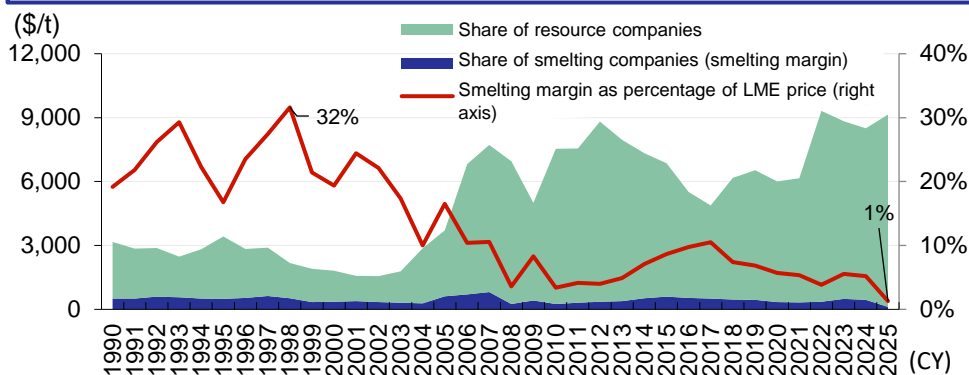
Source: Compiled by Mizuho Bank, Ltd. Industry Research Department based on Ministry of Economy, Trade and Industry "Survey of Production Statistics," Japan Mining Industry Association "Supply and Demand Performance Tables"

Copper ore purchasing conditions remain weak due to both demand and supply factors

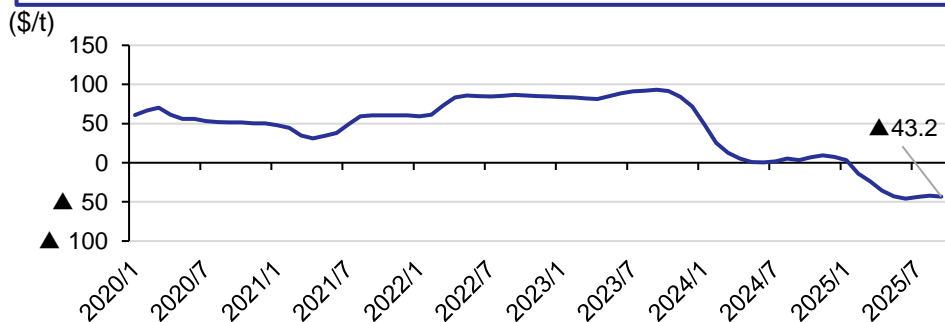
- Copper TC/RC remains at low levels due to both demand and supply factors. This represents a challenging phase for Japanese copper smelting companies engaged in purchased-ore smelting
 - Demand side: Expansion of copper smelting capacity centered on China has increased ore demand, and with new large copper smelters planned, further expansion of copper smelting capacity is expected to increase ore demand
 - Supply side: The ore market has tightened due to ore export restrictions in resource-holding countries and production suspensions at large mines caused by earthquakes and accidents, making ore procurement unstable

Trends in Copper TC/RC

Long-term Trends in Copper TC/RC



Trends in Copper TC (Monthly Average Spot Basis)



Note 1: TC: Treatment Charge, RC: Refining Charge

Note 2: The sum of TC and RC equals the smelting margin

Source: Compiled by Mizuho Bank, Ltd. Industry Research Department based on JOGMEC materials, (c) EIU 2025 All rights reserved., IRuniverse Inc./MIRU

Main Factors Behind Weak Copper TC/RC

Demand Increased ore demand due to global expansion of copper smelting capacity centered on China

Electrolytic copper production volume (thousand tons)	2019	2024	CAGR (19-24)	Electrolytic copper production plans	Company	Production	Timing (Target)
China	9,447	13,451	7.3%	India	JSW	500 thousand tons	2029
DRC Congo	1,064	2,282	16.5%	India	Adani	500 thousand tons	2028
Indonesia	258	351	6.4%	India	Hindalco	300 thousand tons	TBD

Supply Ore market tightening due to ore export restrictions in resource countries

Indonesia's high value-added policy

- ✓ Policy to leverage abundant domestic resources (ore) by conducting smelting and processing domestically to strengthen downstream industries

Toward copper ore export restrictions

Supply Ore procurement instability due to production suspensions at large mines

Cobre Panama Mine

- Panama
- Operations suspended November 2023
- Expected production: 320 thousand tons/year
- Suspended due to public opposition to mine development

Kamoa-Kakula Mine

- DRC Congo
- Operations suspended May 2025
- Expected production: 520 thousand tons/year
- Suspended due to earthquake and groundwater impacts, partially resumed

Grasberg Mine

- Indonesia
- Operations suspended September 2025
- Expected production: 800 thousand tons/year
- Suspended due to accident involving massive earth and debris flow

Source: Compiled by Mizuho Bank, Ltd. Industry Research Department based on LSEG WBMS, JOGMEC, JETRO

Not only initiatives by individual copper smelting companies, but comprehensive policy support may be necessary

- Domestic copper smelters are seeking to improve profitability by shifting to feedstock compositions that reduce ore usage ratios and increase recycled material usage ratios in response to deteriorating ore purchasing conditions. The Japanese government has also jointly called attention to the issue about the current weak ore purchasing conditions together with South Korea and Spain
- If current ore purchasing conditions continue, it is anticipated that private-public collaboration will be needed to address this issue, not just private sector initiatives alone. With challenges including declining large-scale mines and heavy investment burdens for copper mining interests and overseas smelting investments, it may also be necessary to introduce policy support for right-sizing TC/RC and sales premiums, and to negotiate as "Japan Inc." to advance toward appropriate ore purchasing conditions

Examples of Private Sector Initiatives and Government Actions

Examples of Private Sector Initiatives

Company Name	Initiatives
Mitsubishi Materials	<ul style="list-style-type: none"> Revised the plan to expand copper concentrate processing capacity at Naoshima Smelter and Refinery, changing to a plan to increase E-scrap processing capacity (December 12, 2024) Announced shift to feedstock composition with higher recycled material ratio by reducing copper concentrate processing at Onahama Smelter and Refinery (August 4, 2025)
JX Metals	<ul style="list-style-type: none"> Announced reduction in blister copper production by decreasing copper ore procurement. Aims to improve copper smelting profitability by increasing recycled material ratio (June 17, 2025) Announced approximately 7 billion yen capital investment in preprocessing to increase recycled material processing at Saganoseki Smelter & Refinery (September 26, 2025)



Government Actions

Japan, South Korea, and Spain governments jointly express concerns about deteriorating copper concentrate purchasing conditions

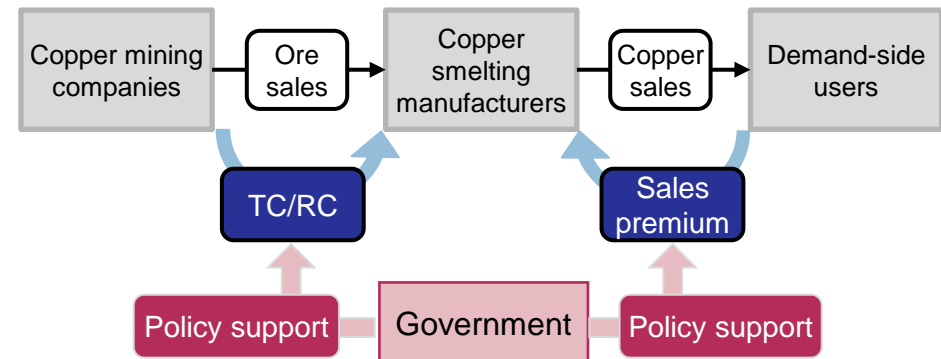
- Expressed deep concerns about the market environment and its effects that prevent sustainable development of copper smelting business, which bears responsibility for stable long-term supply of copper essential to industry, together with mining operations in resource countries
- Expects smelting fees to return to sustainable price levels for the copper concentrate business

Source: Compiled by Mizuho Bank, Ltd. Industry Research Department based on company disclosure materials and Ministry of Economy, Trade and Industry published materials

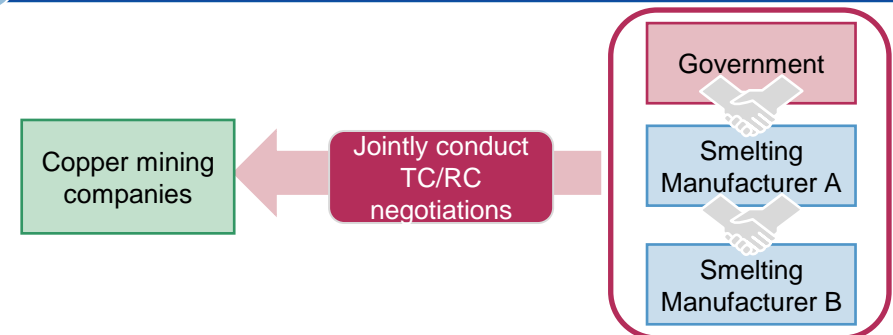
Strategic Direction for Right-sizing Ore Purchasing Conditions

1 Introduction of policy support for TC/RC or sales premiums

- Since permanent funding contributions are difficult, one option is to design a system that promotes shifting to recycled materials



2 Government and Japanese companies collaborate to negotiate ore purchasing conditions as "Japan Inc."



Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Providing high-value-added solutions leveraging data from diverse business areas and digital technologies is the key to success

I	Supply and Demand Trends	<p>(Global Sales)</p> <ul style="list-style-type: none"> For 2025, unit sales are forecast at 872 thousand units (down 1.8% YoY). In Europe, where demand contracted in 2024 due to high interest rates and soaring construction costs, the market is expected to bottom out following interest rate declines. Meanwhile, demand in North America is expected to contract due to heightened policy uncertainty in the U.S. and tariff impacts For 2026, driven by domestic demand expansion in China and India, unit sales are projected to reach 901 thousand units (up 3.3% YoY), turning to positive growth for the first time in five years, though a full recovery is not expected due to uncertainties in the international environment Through 2030, North America, Europe, and India remain resilient while China stagnates, resulting in sluggish global demand growth of 1.6% annually <p>(Global Production)</p> <ul style="list-style-type: none"> Production is forecast at 1,261 thousand units in 2025 (down 0.3% YoY) and 1,297 thousand units in 2026 (up 2.8% YoY). China and India remain resilient while developed countries are flat Through 2030, sluggish growth of 1.5% annually is expected. In Japan, domestic demand stagnates due to population decline and plateauing housing investment, but export expansion provides support
II	Competitive Environment	<ul style="list-style-type: none"> Given domestic demand contraction accompanying demographic changes, labor shortages, and global market trends, Japanese construction equipment manufacturers face a challenging business environment Due to U.S. tariff impacts, export-heavy Japanese manufacturers face reduced price competitiveness compared to U.S. manufacturers Chinese construction equipment manufacturers have rapidly expanded market share in recent years in China and Southeast Asia, where Japanese companies previously held high market shares
III	Risks and Opportunities	<p>(Risks)</p> <ul style="list-style-type: none"> Concerns about declining profitability due to factors such as domestic demand contraction, labor supply constraints at construction sites, permanent U.S. tariffs, and Chinese manufacturers' market share expansion <p>(Opportunities)</p> <ul style="list-style-type: none"> Changes in the external environment may facilitate resource shifts from a one-time sales business model to higher value-added areas Labor shortages directly translate into demand for solutions that improve productivity through digital technology utilization, potentially enhancing the value of the value chain business
IV	Strategic Direction	<p>(Enhancing Value Chain Business)</p> <ul style="list-style-type: none"> It is necessary to view the challenging external environment as business opportunities and implement measures that lead to differentiation Establishing value chain businesses by using solutions to domestic challenges as footholds and expanding horizontally to other regions may lead to gaining international competitiveness By aggregating data obtained through parts supply, parts remanufacturing business, rental and used equipment business, and integrating and analyzing it on a digital platform, new solutions can be provided to address user needs such as cost reduction and improvement in productivity and safety on construction sites In expanding value chain business, construction equipment manufacturers may accelerate collaboration with domestic and overseas companies more than ever before

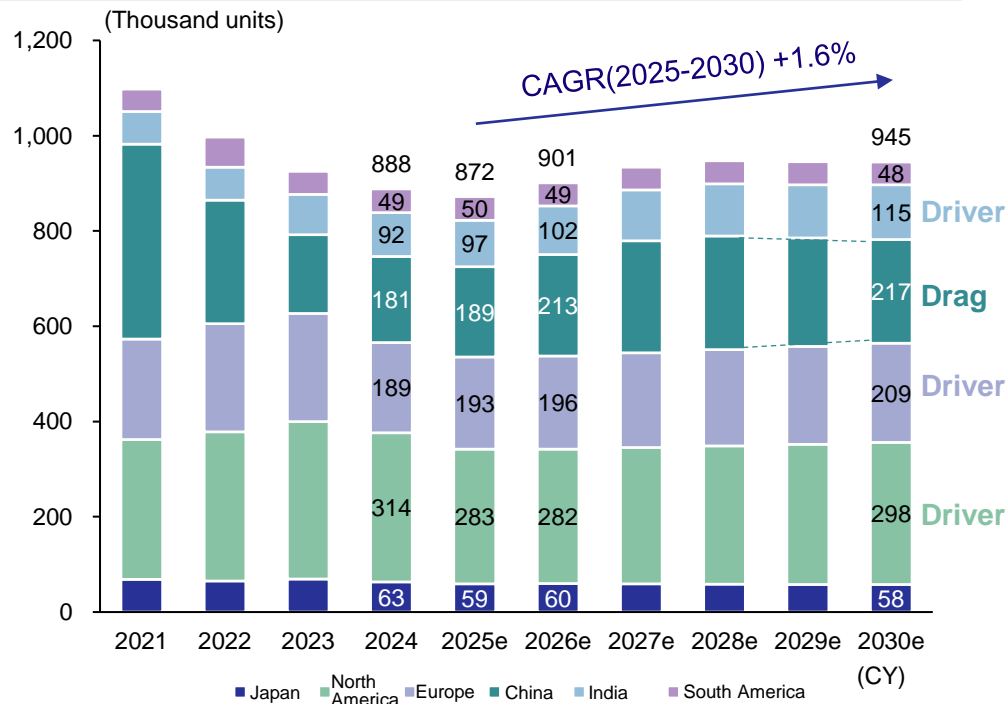
Note: "Value chain business" refers to related businesses in the lifecycle after new construction equipment sales (parts supply, parts remanufacturing, rental and used equipment sales, sales finance, etc.)

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

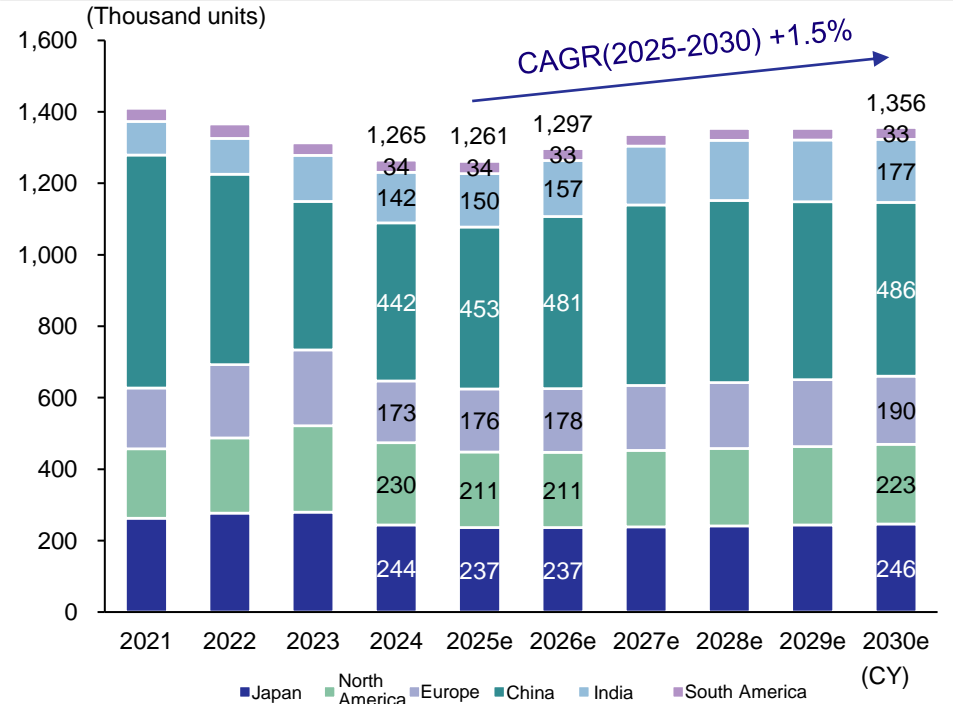
North America, Europe, and India remain resilient while China stagnates, resulting in sluggish global demand growth over the medium term

- Unit sales for 2025 are forecast at 872 thousand units (down 1.8% YoY). Demand contracts significantly in North America due to U.S. tariff impacts. Europe is expected to bottom out following interest rate declines. For 2026, driven by China and India, unit sales are projected to turn to positive growth at 901 thousand units (up 3.3% YoY), though a full recovery is not expected due to uncertainties in the international environment. In China, the easing of home purchase restrictions supports demand, while in India, progress in infrastructure investment underpins demand
 - Through 2030, the U.S., Europe, and India with solid investment drive growth while an economically decelerating China weighs on demand. Unit sales are not expected to recover to 2021 levels
- Production is forecast at 1,261 thousand units in 2025 (down 0.3% YoY) and 1,297 thousand units in 2026 (up 2.8% YoY). China and India remain solid while developed countries are flat
 - Through 2030, growth of 1.5% annually is forecast. In Japan, domestic demand stagnates due to population decline and plateauing housing investment, but export increases contribute

Unit Sales (Global, Annual)



Production Volume (Global, Annual)



Note 1: For both charts, figures from 2025 onward are forecasts by Mizuho Bank, Ltd. Industry Research Department

Note 2: Due to data constraints, actual and forecast figures cover 28 countries. Differences between unit sales and production volume occur because the data focuses on countries/regions that serve as production bases

Source: Both charts compiled by Mizuho Bank, Ltd. Industry Research Department based on Off-Highway Research

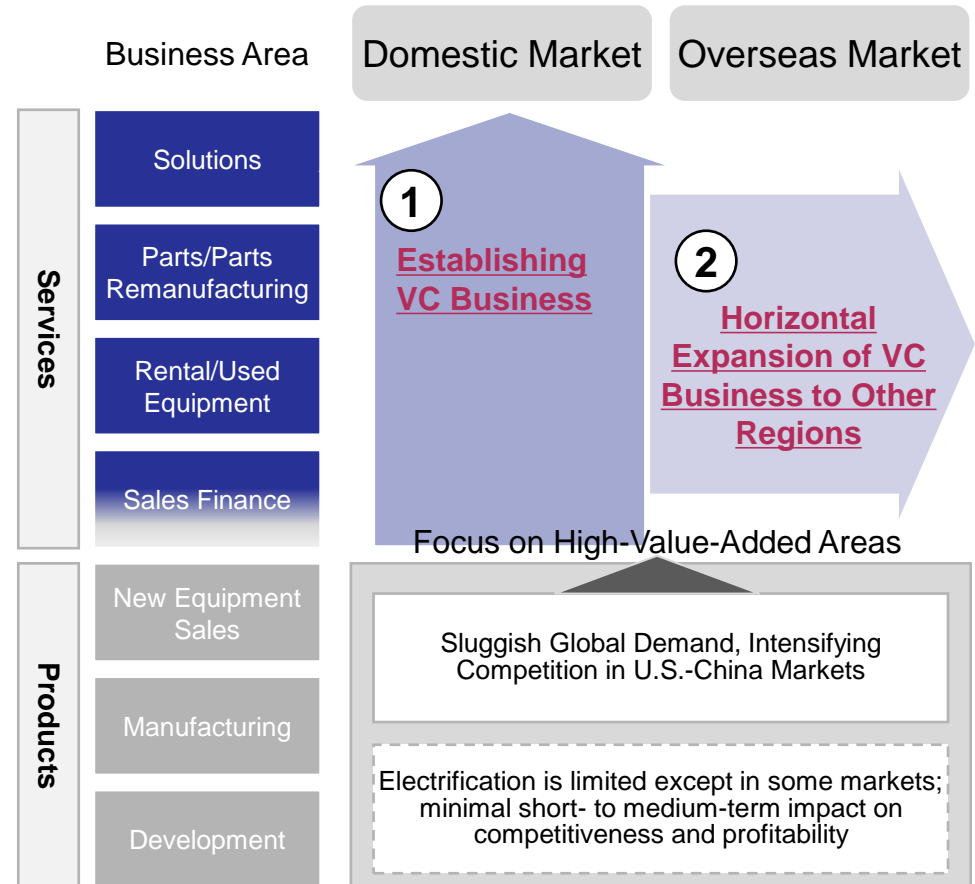
As the challenging external environment continues, transitioning from a one-time sales business model to value chain (VC) business becomes more important

- There are concerns that changes in the external environment will result in low growth in sales and profits from a one-time vehicle/equipment sales business model for domestic construction equipment manufacturers
- It is effective to improve added value and diversify revenue sources by providing various services including the utilization of digital technologies

Domestic and International Environment Surrounding Japanese Construction Equipment Manufacturers, Risks and Opportunities

	Risks	Opportunities
Domestic Demand Contraction Macro	<ul style="list-style-type: none"> Concerns that demographic changes and declining housing investment will cause structural domestic demand contraction 	<ul style="list-style-type: none"> May facilitate resource shifts to high-value-added areas
Labor Shortage Macro	<ul style="list-style-type: none"> Concerns that labor supply constraints at construction sites will accelerate downward pressure on the market 	<ul style="list-style-type: none"> Demand for solutions that improve productivity through digital technology utilization may increase
U.S. Tariff Impacts Macro Competitive Environment	<ul style="list-style-type: none"> Concerns about declining profitability due to inferior price competitiveness compared to U.S. manufacturers and permanent tariff burdens 	<ul style="list-style-type: none"> May serve as an opportunity to consider bold reviews of existing production systems and parts procurement networks
Rise of Chinese Manufacturers Competitive Environment	<ul style="list-style-type: none"> Chinese manufacturers have penetrated China and Southeast Asian markets. Concerns about declining market share for Japanese companies 	<ul style="list-style-type: none"> May facilitate resource shifts to high-value-added areas

Medium-term Strategic Direction Required for Construction Equipment Manufacturers



Note: Electric models accounted for approximately 8% of new equipment sales in China in 2024. Less than 1% in all other regions

Source: Compiled by Mizuho Bank, Ltd. Industry Research Department based on Off-Highway Research

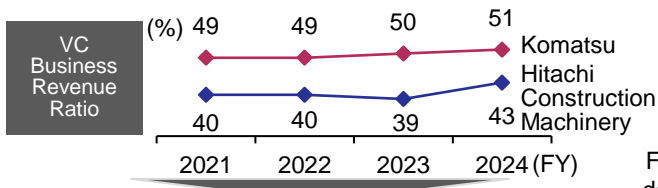
The key to success in VC business is providing high-value-added solutions through integration and analysis of data obtained from each business area

- Differentiating factors are (1) vast information from diverse business areas, (2) digital platform construction and AI utilization. Collaboration with other companies may further accelerate

Major VC Business-Related Initiatives by Leading Companies

Komatsu	
Policy	Medium-term plan with growth strategy including VC business expansion
Examples of Solutions Provided	Stores data from various devices at construction sites on the open platform LANDLOG. Utilized for visualization of construction processes
Recent M&A	In 2024, acquired Octodots Analytics, a developer of mine site optimization software

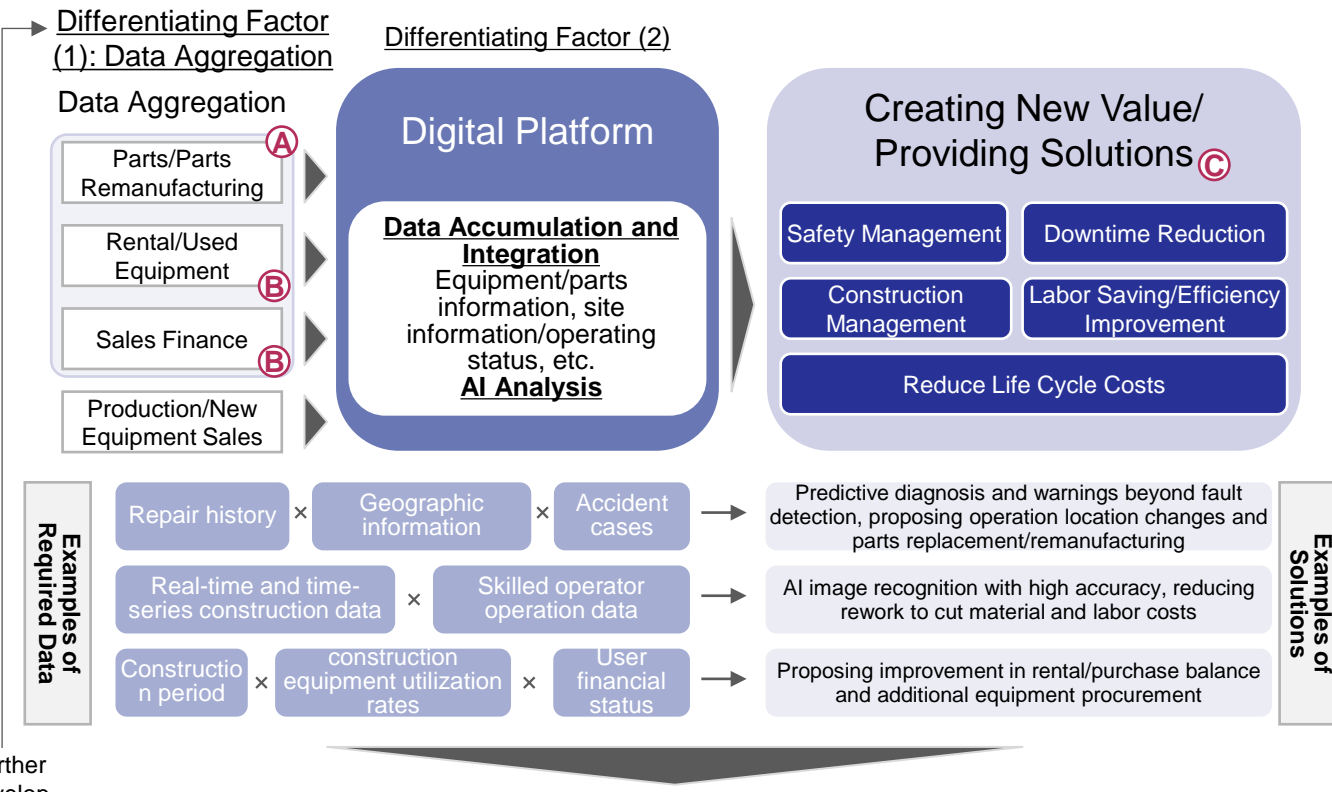
Hitachi Construction Machinery	
Policy	Medium-term plan target of 50% VC business ratio by FY2025
Examples of Solutions Provided	Remotely monitors operating status through service solution ConSite and proposes parts replacement
Recent M&A	In 2024, made rental business ACME a wholly-owned subsidiary. In 2024, acquired Brake Supply, a mining equipment parts remanufacturing business



- Acquiring data in some business areas and practicing its utilization for solution provision
- Executing M&A aimed at business area expansion

Note: Komatsu's VC ratio is the aftermarket ratio from financial results presentation materials
 Source: Compiled by Mizuho Bank, Ltd. Industry Research Department based on company websites

Keys to Success in VC Business



Further develop these strategies

- A** **The volume of captured data** directly impacts the variety and quality of solutions
- B** **Deploying all businesses in-house involves a heavy asset burden**
- C** When expanding to overseas markets, **it is necessary to precisely understand local information**

There are limits to going it alone, and it is necessary to further expand collaboration with domestic and overseas companies including construction equipment manufacturers

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Amid expected expansion of electric power demand and declining supply capacity, appropriate power source investment through collaboration with other companies will become increasingly important

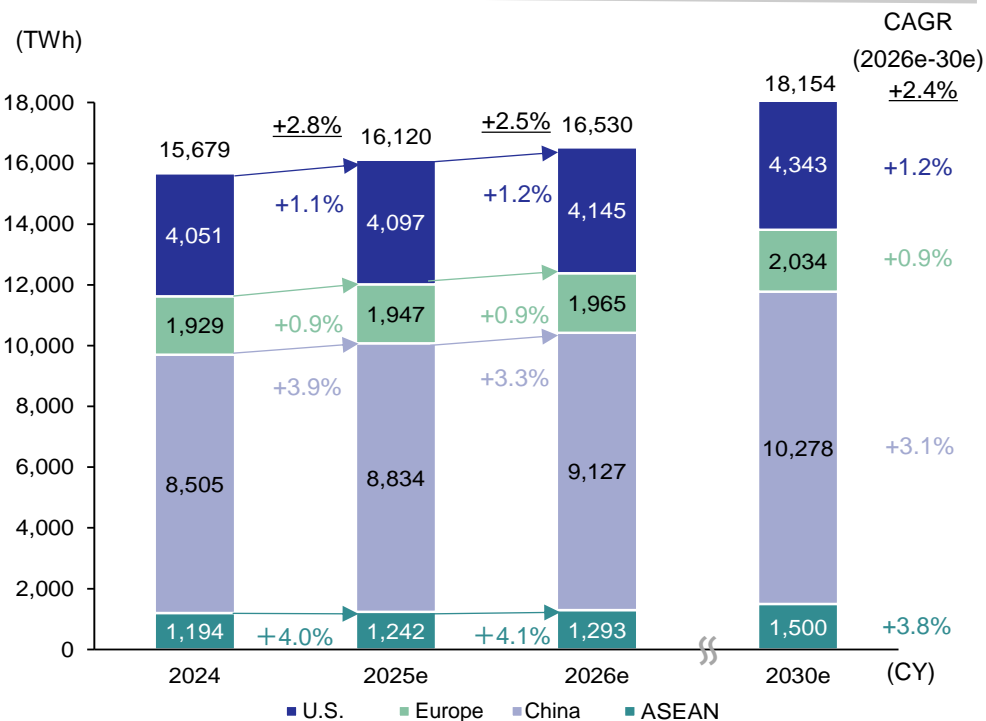
I	Supply and Demand Trends	<p>(Short-term)</p> <ul style="list-style-type: none"> Global electric power demand in 2025 is forecast at 16,120 TWh (up 2.8% YoY), driven by economic growth in China and ASEAN and expanding demand for data centers (hereinafter, DCs). Domestic electric power demand in 2025 is forecast at 932 TWh (up 1.0% YoY), primarily due to expanding DC demand and increased need for air conditioning during hotter summers. On the domestic electric power supply side, the non-fossil fuel power source ratio is expected to rise due to steady expansion of renewable energy (hereinafter, renewables) deployment and the restart of multiple nuclear power plants in 2024. <p>(Medium-term)</p> <ul style="list-style-type: none"> Global electric power demand will continue to increase due to electrification in each country/region, expansion of DC demand, and economic growth in China and ASEAN, with a forecast of 18,154 TWh in 2030. On the supply side, although there are regional differences, the renewable energy ratio is generally expected to rise. For domestic electric power demand, while residential demand is expected to remain flat, total demand in 2030 is forecast at 976 TWh due to increased industrial demand from advancing electrification and expanding DC demand. On the supply side, the non-fossil fuel power source ratio is expected to trend upward with expanded renewable energy deployment and the restart of nuclear power plants.
II	Competitive Environment	<p>(Power Generation)</p> <ul style="list-style-type: none"> The need for power source investment to maintain and secure supply capacity has been recognized, and the development of the business environment through institutional measures is progressing. To obtain government support, price competition among operators for winning public tenders has occurred to some extent. On the other hand, there is a possibility that supply will become insufficient in the future and competition may ease. <p>(Retail)</p> <ul style="list-style-type: none"> Currently, spot market prices remain low, creating an environment where electric power can be procured cheaply, which may intensify price competition.
III	Risks and Opportunities	<p>(Risks)</p> <ul style="list-style-type: none"> Although development of the business environment has progressed to some extent, if appropriate power source investment is not made, there is concern that the shutdown and decommissioning of aging facilities will progress, leading to insufficient supply capacity. <p>(Opportunities)</p> <ul style="list-style-type: none"> With electric power demand expected to increase, there is growing need for new construction and replacement of LNG thermal power plants capable of low-carbon electric power supply.
IV	Strategic Direction	<p>(Joint Development of Thermal Power Plants by Power Generators and Other Companies)</p> <ul style="list-style-type: none"> For power generators, power source investment involves large-scale, long-term projects, making securing investment funds and appropriate profitability a challenge. With expanding electric power demand and the progressive aging of existing thermal power plants, it is necessary to advance appropriate power source investment through collaboration with other companies.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

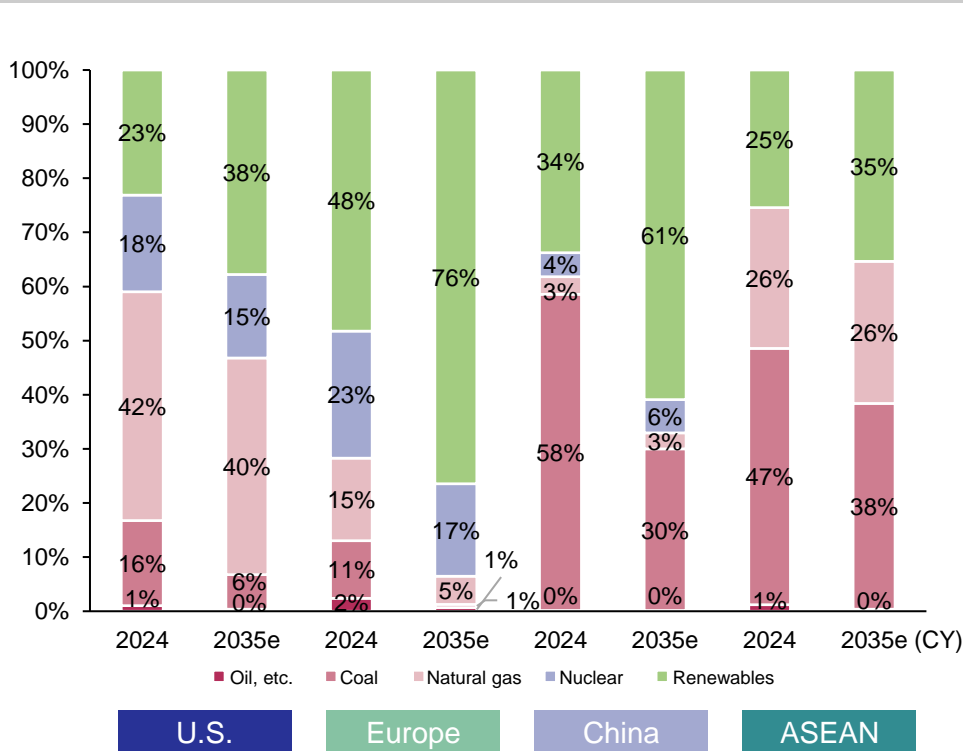
[Global Supply and Demand] Electric power demand is on an upward trend due to economic growth in China and ASEAN and expanding DC demand

- Global electric power demand in 2025 is expected to be up 2.8% YoY, driven by economic growth in China and ASEAN and expanding DC demand. In 2026, electric power demand is also forecast to increase, primarily due to economic growth in China and ASEAN and expansion of DC demand. Through 2030, an annual increase of 2.4% is expected due to sustained economic growth in China and ASEAN, as well as continued electrification in each country/region and expanding DC demand.
- According to the IEA, the power source mix through 2035 is expected to see an increasing share of renewables, although with variations by country/region.
 - Nuclear power and thermal power are expected to continue playing necessary roles in ensuring stable supply.

Medium-term outlook for electric power demand by country/region



Medium-term outlook for power source mix by country/region (IEA Stated Policies Scenario)



Note 1: Actual values for 2024 are preliminary figures from various sources; 2025 onwards are forecasts by Industry Research Department, Mizuho Bank, Ltd.

Note 2: European values represent the sum of demand from 20 eurozone countries. ASEAN values represent the sum of demand from Indonesia, Malaysia, Thailand, the Philippines, and Vietnam.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on IEA, World Energy Balances 2025, etc.

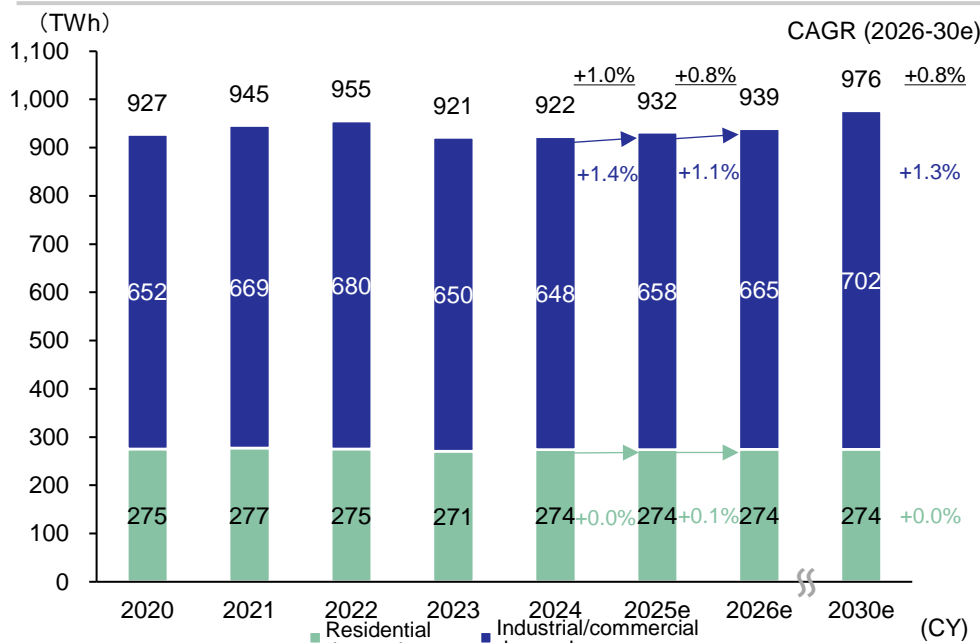
Note: Europe is calculated for 27 EU member countries. ASEAN is calculated for 10 member countries.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on IEA, World Energy Outlook 2025

[Domestic Supply and Demand] Electric power demand is expected to increase due to advancing electrification and expanding DC demand

- Electric power demand in 2025 is forecast at up 1.0% YoY due to expanding DC demand and increased summer demand for air conditioning.
 - Through 2030, the impact of continued electrification and expanding DC demand is expected, with electric power demand forecast to grow at an annual rate of 0.8%.
- The power source mix in 2025 is forecast to have a non-fossil fuel power source ratio of around 35% due to steady renewable energy deployment and stable nuclear power plant operations. Through 2030, the non-fossil fuel power source ratio is expected to trend upward as renewable energy deployment continues to expand and nuclear power plants with installation change permits are expected to restart sequentially.

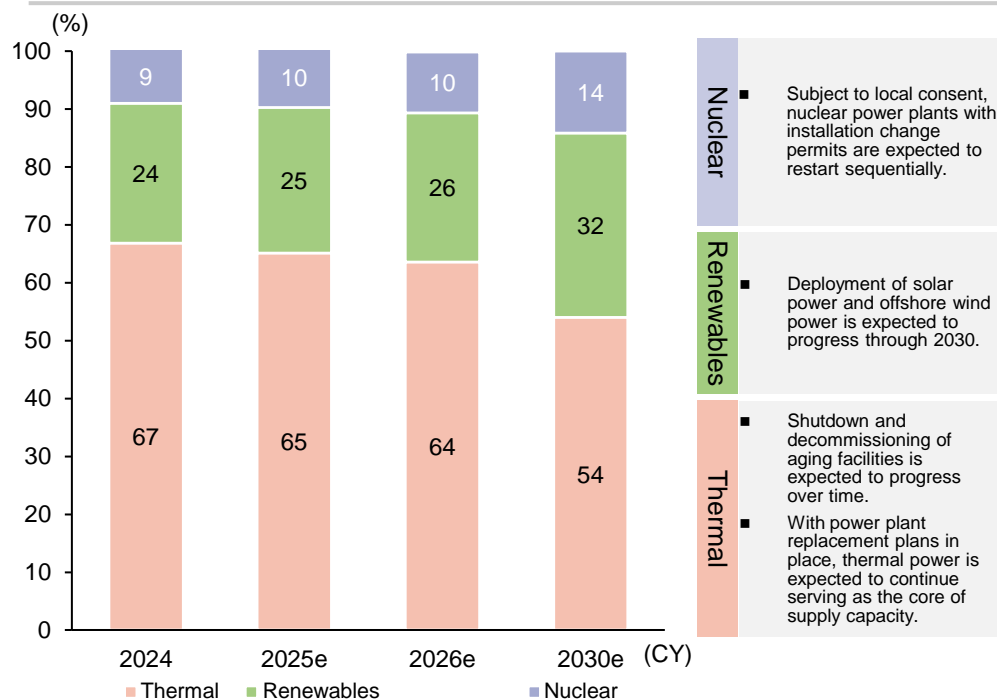
Medium-term outlook for domestic electric power demand



Note: Actual values (2020–2024) are estimated actual values calculated by Industry Research Department, Mizuho Bank, Ltd., including electric power sales volume by electric utilities in the Survey of Electric Power Statistics, specified supply and self-consumption electric power volume by electric utilities, self-consumption electric power volume of private power plants with a total generating capacity of 1,000 kW or more, and estimated self-generation/self-consumption electric power volume from residential solar power generation, etc. 2025 onwards are forecasts by Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Agency for Natural Resources and Energy, "Survey of Electric Power Statistics," etc.

Medium-term outlook for domestic power source mix (based on generated electric power volume)



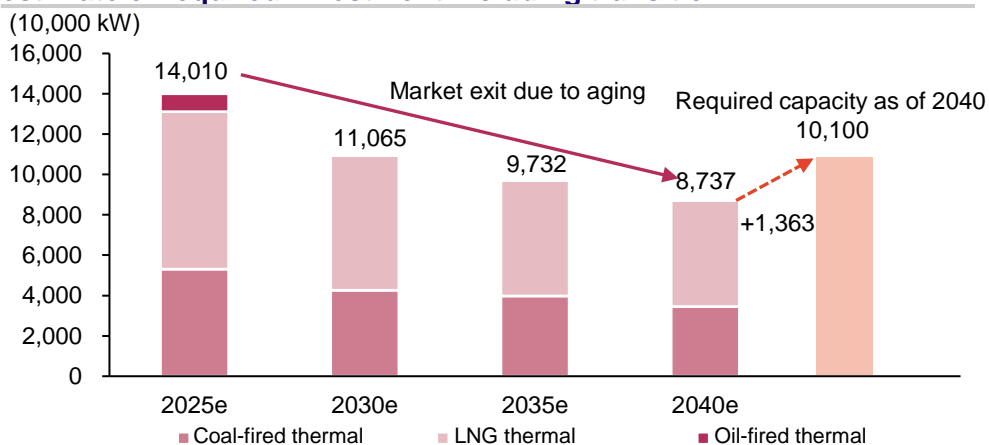
Note: 2025 onwards are forecasts by Industry Research Department, Mizuho Bank, Ltd.
 Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Agency for Natural Resources and Energy, "Survey of Electric Power Statistics," etc.

- **Nuclear**: Subject to local consent, nuclear power plants with installation change permits are expected to restart sequentially.
- **Renewables**: Deployment of solar power and offshore wind power is expected to progress through 2030.
- **Thermal**: Shutdown and decommissioning of aging facilities is expected to progress over time. With power plant replacement plans in place, thermal power is expected to continue serving as the core of supply capacity.

To secure supply capacity, it is important to advance appropriate power source development through joint investment with other companies.

- With electric power demand expected to increase, thermal power plants that currently support electric power supply are aging, making it necessary to secure appropriate installed capacity through new construction and replacement. The required investment including transition through 2040 is estimated at approximately 33 trillion yen.
- On the other hand, to advance power source investment, which involves large-scale, long-term projects, the key issues are whether funds can be procured and appropriate profitability secured.
- In addition to power source investment by power generators alone, it is important to advance power source investment while reducing investment burden by investing with diverse partners including not only large-scale consumers but also financial investors, while considering the use of government programs.

Outlook for installed capacity of domestic thermal power plants and estimate of required investment including transition



- ✓ Assuming electric power demand increases through 2040, the required capacity is estimated at 101 million kW.
- ✓ The required investment for replacement and transition (hydrogen/ammonia, CCS) is estimated at **approximately 33 trillion yen**.

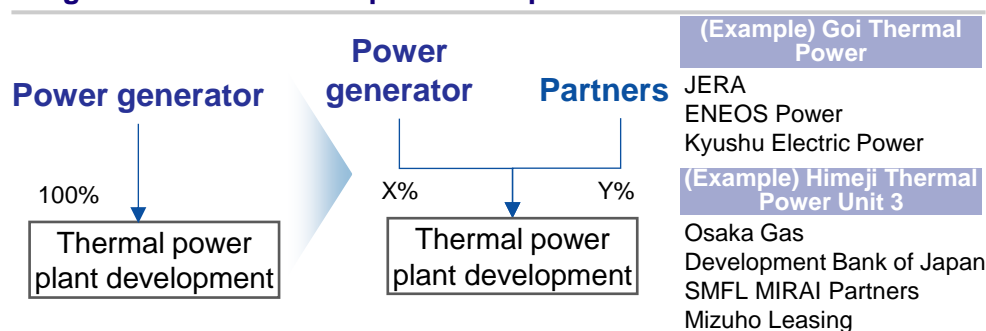
With supply capacity declining, the following issues exist regarding investment in stable supply and decarbonization:

Investment funds	✓ Large investment amounts for replacement and transition
Profitability	✓ Capital market demands for capital returns

Note: Thermal power plants are estimated based on existing facilities (including planned shutdowns) that can be identified from publicly available information, with an assumed operating life of 45 years. 2025 onwards are forecasts by Industry Research Department, Mizuho Bank, Ltd.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Agency for Natural Resources and Energy, "Survey of Electric Power Statistics," etc.

Image of investment with partners in power source investment



For power generators, anticipating that investments may overlap in the same period, they aim to reduce investment burden by investing with partners while considering the use of government programs.

Partners	Effects of joint investment from the perspective of power generators
Energy-related operators	✓ In addition to power generation business, collaboration is possible for upstream development, fuel procurement, and future transition (introduction of hydrogen/ammonia, CCS).
Large-scale consumers	✓ Power source revenue is stabilized through long-term electric power offtake by consumers (steel, DCs, etc.).
Financial investors	✓ Investment burden is reduced while leading business operations (unlike large-scale consumers who were traditional joint thermal power investors, financial investors do not take electric power offtake but gain profits from the power generation business).

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on publicly available information

As changes in consumer and advertiser behavior accelerate, it is important to build services tailored to consumer preferences and strengthen competitiveness

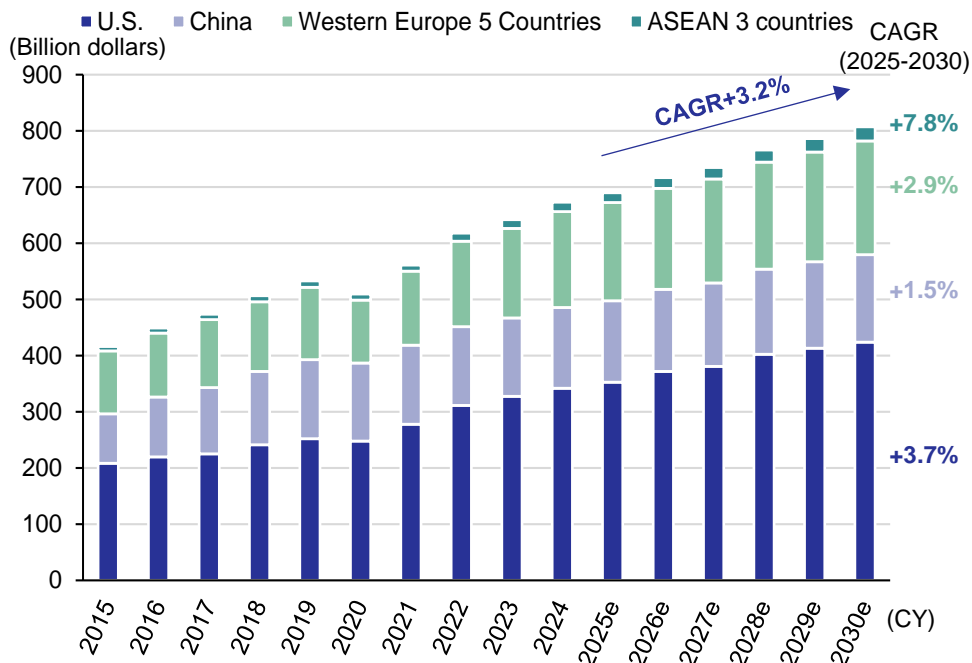
I	Supply and Demand Trends	<p>(Global)</p> <ul style="list-style-type: none"> ■ In 2025, although the economy is expanding, no major events such as the Olympics are scheduled, so growth is expected to remain at 2.5% YoY. In 2026, growth of 3.9% YoY is expected against the backdrop of economic expansion and multiple major events. ■ In the medium to long term, annual growth of 3.2% through 2030 is expected as the economy expands in the US, the world's largest advertising market, and generative AI improves the operational efficiency of internet advertising, reduces creative production costs, and expands demand. <p>(Domestic)</p> <ul style="list-style-type: none"> ■ The domestic advertising market is expected to see internet advertising grow due to increasing smartphone and social media use by consumers, amid economic and advertising demand expansion, reaching 8.1 trillion yen in 2025 (up 5.2% YoY) and 8.3 trillion yen in 2026 (up 3.2% YoY). ■ In the medium to long term, with continued economic expansion and generative AI making internet advertising placement easier (as in the global market) and expanding demand, the advertising market is expected to grow at an annual rate of 2.8% through 2030.
II	Competitive Environment	<ul style="list-style-type: none"> ■ Consumers are increasing their engagement with smartphones, and particularly the expanded use of conversational generative AI and use of search result summaries are having a significant impact on corporate advertising and marketing strategies. ■ Additionally, consumers are increasing their time spent engaging with a wide variety of content through YouTube and social media, particularly content created by creators. As methods by media companies to raise interest in content are shifting from TV to YouTube and social media, building new winning strategies that capture significant consumer interest is becoming important. ■ Consumers are also accessing internet media on TV devices. The need for companies to provide services such as advertising and content delivery, premised on consumers engaging with content through multiple devices and media, is expanding further.
III	Risks and Opportunities	<p>(Risks)</p> <ul style="list-style-type: none"> ■ For video media companies such as TV and film, it will become increasingly difficult to raise consumer interest in content through TV. As a result, there is growing concern that content investment budgets will become more limited and creation of attractive content will become more difficult. ■ Content can now be produced more easily using generative AI. As a result, on social media and other platforms, consumers are posting large amounts of content that satisfies other consumers' preferences. Consequently, consumer demand for content through TV and video streaming services is declining. <p>(Opportunities)</p> <ul style="list-style-type: none"> ■ Consumer content preferences are becoming more diverse. Media companies can expand revenue opportunities originating from content beyond their own media revenue by expanding fan services such as merchandise sales for diverse content.
IV	Strategic Direction	<p>(Strengthening Competitiveness on Function and Content Axes)</p> <ul style="list-style-type: none"> ■ For Japanese media companies to differentiate from foreign digital platformers, they need to build services that leverage mass media reach to conduct marketing from awareness to purchase seamlessly across offline and online channels, and build business models centered on content that consumers engage with.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

Generative AI improves the operational efficiency of internet advertising and contributes to growth in the advertising market

- Global advertising expenditure in 2025 is expected to come in at 2.5% YoY growth, partly due to the absence of major events such as the 2024 Paris Olympics or the U.S. presidential election. In the medium term as well, annual growth of 3.2% from 2025 to 2030 is expected against a backdrop of moderate economic growth.
- Domestic advertising expenditure will continue to see expansion of internet advertising spend against the backdrop of increased consumer engagement time with smartphones. While TV advertising expenditure is expected to remain firm, its share of domestic advertising expenditure is expected to decline. As a result, domestic advertising expenditure is expected to reach 8.0689 trillion yen in 2025 (up 5.2% YoY) and 8.3259 trillion yen in 2026 (up 3.2% YoY). In the medium term, with the assumption that more companies will use internet advertising as generative AI makes ad placement easier, annual growth of 2.8% from 2025 to 2030 is expected.

Medium-term outlook for global advertising expenditure

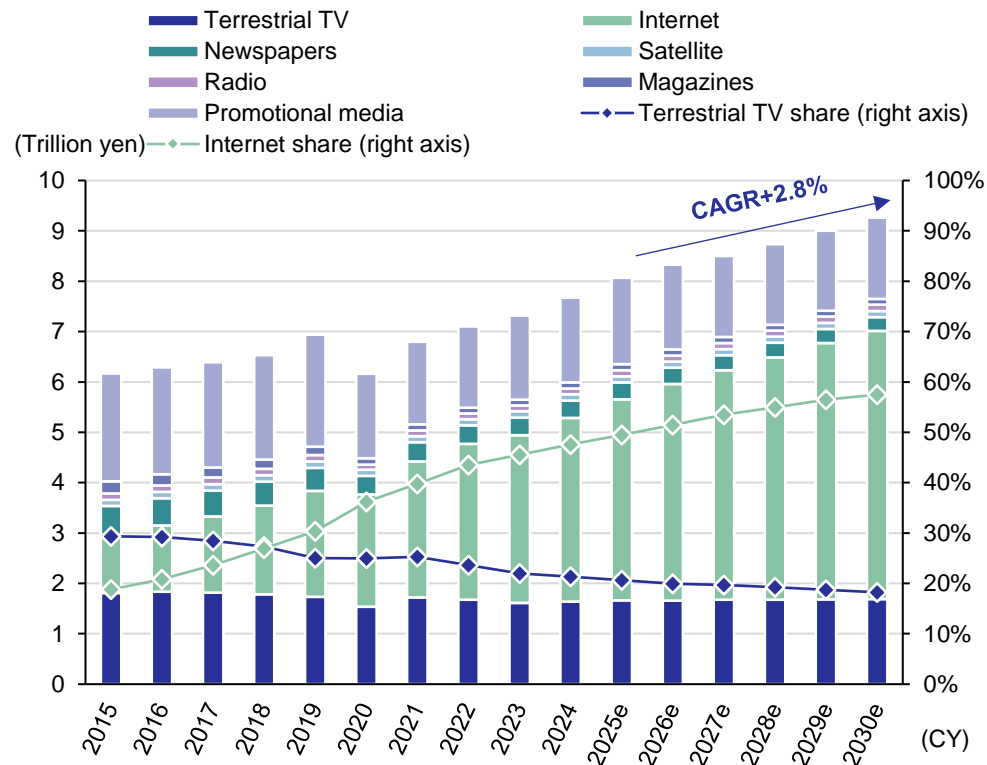


Note 1: 2025 onwards are forecasts by Industry Research Department, Mizuho Bank, Ltd. The USD conversion rate uniformly uses the average exchange rate for 2024.

Note 2: Western Europe 5 Countries is the total of five countries: Germany, UK, France, Italy, and Spain. ASEAN 3 Countries is the total of three countries: Indonesia, the Philippines, and Malaysia.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Euromonitor

Medium-term outlook for domestic advertising expenditure

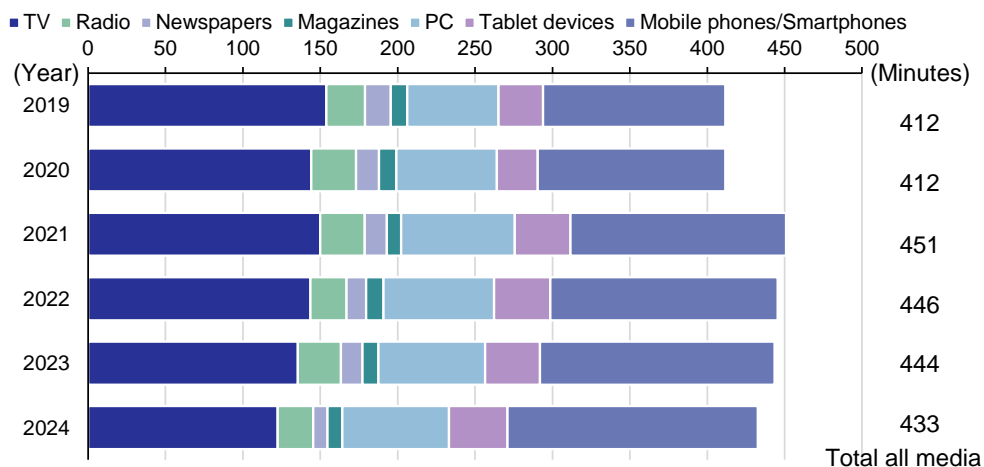


Note: 2025 onwards are forecasts by Industry Research Department, Mizuho Bank, Ltd. Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Dentsu, "Advertising Expenditures in Japan 2024"

The competitive axis of media services companies is shifting toward capturing consumer preferences and desires to provide services

- Consumers are increasing their time spent on smartphones. They are also increasing their time using video posting/sharing services, shifting to engaging not only with company-produced content but also user-produced content, and their content preferences are diversifying.
- As the media and content that consumers engage with changes and diversifies, the competitive axis of media services companies is shifting to (1) building services that respond to consumers' diverse content preferences and desires, and (2) building "mass + targeting" media services that support advertisers' marketing to diverse consumers.

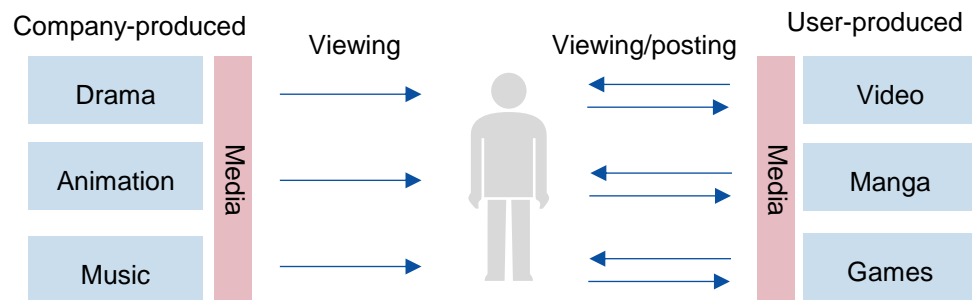
Top: Time spent with media;
Bottom: Average usage time of video posting/sharing services



(Minutes)	All ages	Teens	20s	30s	40s	50s	60s
2024	50.8	116.0	90.2	71.5	41.9	38.2	29.8
2019	25.9	74.2	46.6	30.6	16.2	12.2	7.0
Change in time	+24.9	+41.8	+43.6	+40.9	+25.7	+26.0	+22.8

Note: Top: Per day, weekly average. Bottom: Per day, weekday contact time. Video posting/sharing services include services such as YouTube and TikTok.
Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on Top: Hakuhodo Institute of Media Environment, "Media Fixed Point Survey 2025"; Bottom: Ministry of Internal Affairs and Communications, Institute for Information and Communications Policy, "Survey on Time Spent on Information and Communications Media and Information Behavior"

Changes in the competitive environment for Japanese media services companies



- While TV still functions as mass media capable of reaching many consumers, the function of raising consumer interest has been replaced by social media, etc.
- Content can be delivered to many consumers, but it is difficult to identify who has what preferences.

- In social media and video sharing services, foreign digital platforms continue to hold high market share. These function as places to raise interest in content.
- Content types range widely to those preferred by specific segments, and preferences can be understood from consumers' own posts and reactions.

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd.

It is important to differentiate by expanding and understanding fans of proprietary content and strengthening ad delivery technology

- For Japanese media companies, it is necessary to improve service quality on (1) the content axis and (2) the mass + targeting function axis, and build media services demanded by both consumers and companies.
 - On the content axis, to maximize revenue through content, build a system that understands fandom by utilizing fan clubs, etc., conducts marketing in public-private partnership, and provides merchandise and experiences to consumers worldwide.
 - On the function axis, to enhance media appeal to advertisers, build media services that enable advertisers to conduct marketing from awareness to purchase seamlessly across both offline and online.

Medium to long-term trends and competitive axis in Japan's media services industry

Changes in consumer and advertiser behavior

(1) Changes in consumer media contact behavior

- Consumers are expanding opportunities to engage with various content through YouTube and social media.
- Building interest in content has shifted from TV to social media.

(2) Changes in advertiser marketing behavior

- Advertisers are shifting to emphasize return on investment (ROI) while expanding internet ad placements.
- Even for awareness-focused advertising, demand for measurement such as impressions is increasing.

Changes in the competitive environment among media services companies

- Content distribution and customer acquisition using short-form videos easily viewed on social media is progressing.
- Companies can now verify effectiveness and adjust delivery even on TV.

Competitive axis of media services companies

- Maximize revenue from content by providing services while understanding consumer preferences through fan clubs, etc.
- Build "mass + targeting" media services based on online and offline consumer behavior data.

Strategic direction of Japanese media companies

Media company strategies

Building media services on the content axis

- Identify fandom for content and creators by utilizing surveys and fan clubs, etc. Also aim to maximize revenue from content by diversifying content deployment such as merchandise sales and anime adaptations according to fan content demand.
- Market content through social media to consumers worldwide in partnership with the government to expand the content fan base.

Building mass + targeting media services

- Capture advertising demand from upstream by covering marketing functions from advertiser awareness to purchase.
- Expand the base of advertisers by incorporating ad technology to visualize "who" advertising reaches even in mass media, and introducing conversational generative AI to make ad placement and operation easier.

Differentiate from foreign digital platformers by providing unique content and marketing services attractive to consumers and advertisers

(Reference) Trends in Global Indicators 1/2

Industry	Indicator (Unit)	Item	Value				YoY Change				Index (2019=100)				
			2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	CAGR 2025-2030	2023 (Actual)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)
Chemicals	Ethylene equivalent demand (Thousand tons) [Real]	U.S.	22,501	22,697	22,917	23,811	+7.2%	+0.9%	+1.0%	+1.0%	95	102	103	104	108
		Europe	20,812	20,813	20,915	20,915	+1.6%	+0.0%	+0.5%	+0.1%	90	91	91	92	92
		China	64,058	66,578	68,690	76,564	+3.7%	+3.9%	+3.2%	+2.8%	123	127	132	136	152
		ASEAN	13,722	14,249	14,794	17,224	+2.2%	+3.8%	+3.8%	+3.9%	114	117	121	126	146
		World total	185,183	190,039	194,746	215,329	+3.3%	+2.6%	+2.5%	+2.5%	110	114	117	119	132
Steel	Apparent crude steel consumption (Million tons) [Real]	U.S.	99	101	101	106	-1.5%	+1.8%	+0.5%	+0.9%	93	91	93	93	97
		Europe	142	155	157	166	-0.7%	+9.1%	+1.7%	+1.4%	89	88	96	98	103
		China	892	874	872	835	-4.4%	-2.0%	-0.3%	-0.9%	98	94	92	92	88
		ASEAN	86	89	93	109	+0.8%	+3.4%	+4.5%	+4.1%	95	95	99	103	120
		World total	1,854	1,872	1,900	2,000	-1.3%	+0.9%	+1.5%	+1.3%	99	98	99	100	106
Non-ferrous metals	Electrolytic copper demand (Thousand tons) [Real]	U.S.	1,638	1,651	1,667	1,728	+4.0%	+0.8%	+0.9%	+0.9%	86	90	90	91	94
		Europe	3,704	3,711	3,721	3,759	+3.9%	+0.2%	+0.3%	+0.3%	101	104	105	105	106
		China	17,005	17,326	17,591	18,844	+3.1%	+1.9%	+1.5%	+1.7%	129	133	135	137	147
		ASEAN	1,069	1,127	1,187	1,464	+5.3%	+5.4%	+5.4%	+5.4%	95	100	105	111	137
		World total	28,647	29,252	29,836	32,358	+3.8%	+2.1%	+2.0%	+2.0%	115	119	122	124	135
Construction equipment	Global construction equipment unit sales (Major Countries/regions) (Thousand units) [Real]	North America	313.6	282.9	282.0	298.4	-5.0%	-9.8%	-0.3%	+1.1%	125	118	107	106	113
		Europe	189.3	193.5	195.6	208.7	-16.8%	+2.2%	+1.1%	+1.5%	119	99	101	102	109
		China	180.6	189.5	213.2	217.2	+9.3%	+4.9%	+12.5%	+2.8%	50	55	58	65	66
		India	92.0	97.1	101.6	114.6	+9.3%	+5.5%	+4.7%	+3.4%	123	134	141	148	167
		World total	887.9	872.2	901.0	944.7	-4.0%	-1.8%	+3.3%	+1.6%	101	97	95	98	103
Semi-conductors	Global semiconductor demand (Billion dollars) [Nominal]	World total	679	812	860	1,068	+19.7%	+19.6%	+5.9%	+5.6%	134	161	192	204	253
Electronic components	Global electronic components demand (Billion dollars) [Nominal]	World total	214	219	225	239	+0.5%	+2.5%	+2.7%	+1.7%	97	97	99	102	108
Electronics (finished products)	Global demand for major electronics products (Billion dollars) [Nominal]	U.S.	265	278	288	328	+4.2%	+4.8%	+3.6%	+3.4%	114	119	125	129	147
		Europe	203	220	237	269	+4.2%	+8.2%	+7.7%	+4.1%	100	104	112	121	137
		China	245	257	268	294	+2.4%	+4.9%	+4.5%	+2.7%	113	115	121	127	138
		Asia	226	246	262	298	+2.4%	+8.6%	+6.3%	+3.9%	108	110	120	127	145
		World total	1,070	1,117	1,148	1,244	+4.2%	+4.4%	+2.7%	+2.2%	108	113	118	121	131
Automobiles	Automobile unit sales (Major countries/regions) (Thousand units) [Real]	Japan	4,421	4,541	4,500	4,452	-7.5%	+2.7%	-0.9%	-0.4%	92	85	87	87	86
		Western Europe 5 Countries	10,727	10,889	11,011	11,270	+0.8%	+1.5%	+1.1%	+0.7%	81	82	83	84	86
		U.S.	16,336	16,662	16,462	16,798	+2.1%	+2.0%	-1.2%	+0.2%	91	93	95	94	96
		China	24,756	24,880	25,004	25,580	-0.4%	+0.5%	+0.5%	+0.6%	99	99	99	100	102
		ASEAN	3,018	2,968	3,018	3,269	-8.2%	-1.7%	+1.7%	+2.0%	98	90	88	90	97
		World total	87,943	89,064	89,389	93,409	+1.0%	+1.3%	+0.4%	+1.0%	95	96	98	98	102
Electric power	Global electric power demand (TWh) [Real]	U.S.	4,051	4,097	4,145	4,343	+4.0%	+1.1%	+1.2%	+1.2%	102	106	107	108	113
		Europe	1,929	1,947	1,965	2,034	+2.7%	+0.9%	+0.9%	+0.9%	94	96	97	98	101
		China	8,505	8,834	9,127	10,278	+6.1%	+3.9%	+3.3%	+3.1%	123	130	135	140	158
		ASEAN	1,194	1,242	1,293	1,500	+4.7%	+4.0%	+4.1%	+3.8%	124	130	135	141	163
		World total	15,679	16,120	16,530	18,154	+5.0%	+2.8%	+2.5%	+2.4%	112	118	121	124	137

Note: Calendar year basis. Index for Electronics (Finished Products) is calculated with 2020=100

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

(Reference) Trends in Global Indicators 2/2

Industry	Indicator (Unit)	Item	Value				YoY Change				Index (2019=100)				
			2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	CAGR 2025-2030	2023 (Actual)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)
Media services	Global advertising expenditure (Million dollars) [Nominal]	U.S.	341,906	352,821	371,578	424,109	+8.6%	+3.2%	+5.3%	+3.7%	134	146	151	159	181
		Western Europe 5 Countries	171,174	174,887	179,667	202,104	+9.8%	+2.2%	+2.7%	+2.9%	122	134	137	141	158
		China	143,521	144,817	146,508	155,828	-5.1%	+0.9%	+1.2%	+1.5%	105	100	101	102	109
		ASEAN	16,461	17,636	19,008	25,623	-13.1%	+7.1%	+7.8%	+7.8%	147	128	137	148	199
		World total	673,061	690,162	716,761	807,664	+5.0%	+2.5%	+3.9%	+3.2%	124	130	133	138	156
Information services	Global information services market (Billion dollars) [Nominal]	U.S.	1,134	1,210	1,329	1,899	+7.6%	+6.8%	+9.8%	+9.4%	163	176	188	206	295
		Europe	645	680	729	997	+5.8%	+5.5%	+7.2%	+7.9%	154	163	172	184	252
		Asia	379	415	465	732	+9.9%	+9.6%	+12.0%	+12.0%	189	207	227	254	400
		World total	2,304	2,464	2,694	3,868	+7.5%	+7.0%	+9.4%	+9.4%	158	170	182	199	286
Logistics	Global maritime container cargo volume (Thousand TEU) [Real]	Trans-Pacific eastbound	21,445	21,483	21,405	22,404	+17.0%	+0.2%	-0.4%	+0.8%	104	122	122	121	127
		Trans-Pacific westbound	5,759	5,543	5,399	5,840	-3.7%	-3.8%	-2.6%	+1.1%	87	84	81	79	85
		Asia-Europe westbound	18,190	19,348	19,401	21,027	+9.7%	+6.4%	+0.3%	+1.7%	99	109	116	116	126
		Asia-Europe eastbound	6,329	5,979	5,961	6,618	-2.1%	-5.5%	-0.3%	+2.1%	79	77	73	73	81
		Intra-Asia	47,431	49,658	51,048	55,902	+5.0%	+4.7%	+2.8%	+2.4%	104	109	114	118	129
		Total for target routes	99,155	102,011	103,215	111,792	+7.2%	+2.9%	+1.2%	+1.8%	100	107	110	111	120
Processed foods	Processed foods retail sales (Billion dollars) [Nominal]	U.S.	1,010	1,025	1,042	1,118	+4.9%	+1.5%	+1.6%	+1.7%	106	111	113	115	123
		Europe	1,563	1,530	1,552	1,644	+8.3%	-2.1%	+1.4%	+1.4%	108	117	115	116	123
		China	595	597	602	621	+0.9%	+0.3%	+0.8%	+0.8%	101	102	103	103	107
		ASEAN	187	193	201	234	+6.4%	+3.2%	+3.9%	+3.9%	117	124	128	133	155
		World total	5,042	5,075	5,185	5,678	+7.1%	+0.7%	+2.2%	+2.3%	109	117	118	121	132
	Processed foods food service sales (Billion dollars) [Nominal]	U.S.	839	852	866	933	+5.1%	+1.6%	+1.7%	+1.8%	126	132	134	137	147
		Europe	682	666	675	709	+7.2%	-2.3%	+1.2%	+1.2%	141	151	148	150	157
		China	808	798	791	765	+5.4%	-1.3%	-0.8%	-0.8%	125	132	130	129	125
		ASEAN	123	128	134	161	+5.9%	+4.0%	+4.7%	+4.7%	120	127	132	138	166
		World total	3,197	3,253	3,345	3,759	+6.3%	+1.7%	+2.8%	+2.9%	129	137	139	143	161
Retail	Global retail sales (Billion dollars) [Nominal]	U.S.	4,372	4,381	4,478	4,977	+1.3%	+0.2%	+2.2%	+2.6%	133	134	135	137	153
		Europe	4,515	4,550	4,607	4,981	+5.8%	+0.8%	+1.3%	+1.8%	122	130	131	132	143
		China	3,696	3,764	3,812	4,439	+0.8%	+1.9%	+1.3%	+3.4%	119	120	122	123	144
		ASEAN	635	655	673	781	+1.0%	+3.2%	+2.8%	+3.6%	118	119	123	127	147
		World total	18,582	19,007	19,417	21,733	+2.4%	+2.3%	+2.2%	+2.7%	126	129	132	135	151
Healthcare (pharmaceuticals)	Pharmaceuticals sales value (Billion dollars) [Nominal]	U.S.	812	855	909	1,136	+9.6%	+5.3%	+6.3%	+5.8%	142	156	164	175	218
		Europe	245	249	267	340	+8.4%	+1.8%	+7.2%	+6.4%	129	140	142	153	194
		China	166	171	176	193	+0.1%	+3.3%	+2.6%	+2.4%	110	110	114	117	128
		ASEAN	31	35	37	50	+4.3%	+9.8%	+8.3%	+7.8%	121	127	139	151	202
		World total	1,720	1,792	1,900	2,341	+7.2%	+4.2%	+6.0%	+5.5%	127	136	142	150	185
Healthcare (medical devices)	Global market size (Billion dollars) [Nominal]	U.S.	217	232	245	304	+7.7%	+6.9%	+5.6%	+5.6%	122	132	141	149	185
		Europe	104	109	114	134	+4.9%	+4.8%	+4.6%	+4.2%	114	120	126	131	154
		China	46	48	52	69	+6.8%	+4.3%	+8.3%	+7.5%	145	155	162	175	233
		Asia	34	36	39	42	+5.0%	+5.8%	+7.2%	+2.8%	121	127	135	144	155
		World total	599	633	666	826	+5.8%	+5.7%	+5.2%	+5.5%	121	129	136	143	177

Note: Calendar Year Basis

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

(Reference) Trends in Domestic Indicators 1/3

Industry	Item	Indicator name	Unit	Value				YoY Change				Index (2019=100)				
				2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	CAGR 2025-2030	2023 (Actual)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)
Chemicals	Domestic demand	Ethylene equivalent demand	(Thousand tons) [Real]	3,922	3,862	3,860	3,886	+1.4%	-1.5%	-0.0%	+0.1%	82	83	82	82	83
	Exports	Ethylene equivalent exports		1,907	1,789	1,859	1,348	-10.3%	-6.2%	+3.9%	-5.5%	85	76	71	74	54
	Imports	Ethylene equivalent imports		840	832	832	837	+25.6%	-1.0%	-0.0%	+0.1%	84	105	104	104	105
	Domestic production	Ethylene equivalent production		4,989	4,819	4,888	4,397	-6.3%	-3.4%	+1.4%	-1.8%	83	78	75	76	69
Petroleum	Domestic demand	Fuel oil sales volume	(Thousand kL) [Real]	139,789	137,852	134,399	123,882	-4.8%	-1.4%	-2.5%	-2.1%	89	85	83	81	75
	Exports	Petroleum products export volume		25,166	23,896	22,987	19,573	-7.9%	-5.0%	-3.8%	-3.9%	80	74	70	67	57
	Imports	Petroleum products import volume		33,129	30,159	29,093	25,201	+1.8%	-9.0%	-3.5%	-3.5%	103	104	95	92	79
	Domestic production	Petroleum products production volume		133,439	131,589	128,293	118,254	-6.2%	-1.4%	-2.5%	-2.1%	84	78	77	75	69
Steel	Domestic demand	Apparent crude steel consumption	(Million tons) [Real]	57	55	55	53	-2.6%	-3.9%	+0.4%	-0.7%	83	81	78	78	75
	Exports	Crude steel equivalent steel products export volume		34	33	32	29	-3.0%	-4.5%	-2.6%	-2.8%	97	94	90	87	78
	Imports	Crude steel equivalent steel products import volume		7	7	7	8	+6.3%	-0.7%	+1.5%	+1.4%	89	95	94	96	101
	Domestic production	Crude steel production volume		84	80	80	74	-3.4%	-4.4%	-0.9%	-1.7%	88	85	81	80	74
Non-ferrous metals	Domestic demand	Electrolytic copper demand	(Thousand tons) [Real]	842	857	864	900	+2.8%	+1.8%	+0.8%	+1.0%	81	83	85	85	89
	Exports	Copper cathode export volume		741	713	684	570	+4.6%	-3.8%	-4.0%	-4.4%	132	138	133	127	106
	Imports	Copper cathode import volume		5	5	5	5	-47.2%	+1.8%	+0.8%	+1.0%	64	34	34	35	36
	Domestic production	Copper cathode production volume		1,567	1,554	1,533	1,454	+4.2%	-0.8%	-1.4%	-1.3%	101	105	104	102	97
Construction equipment	Domestic demand	Construction equipment domestic unit sales	(Thousand units) (Billion yen)	63.0	59.2	59.9	57.6	-9.5%	-6.1%	+1.2%	-0.5%	106	96	90	91	88
	Exports	Construction equipment export value		1,708	1,731	1,770	1,880	-10.0%	+1.3%	+2.2%	+1.7%	175	158	160	163	173
	Imports	Construction equipment import Value		50	47	50	49	-4.5%	-4.7%	+4.5%	+0.7%	151	145	138	144	142
	Domestic production	Construction equipment domestic production volume		244	237	237	246	-12.6%	-3.1%	-0.0%	+0.8%	124	108	105	105	109
Semi-conductors	Domestic demand	Semiconductors demand value	(Billion yen) [Nominal]	2,170	2,298	2,312	2,672	-21.9%	+5.9%	+0.6%	+3.1%	193	151	160	161	186
Electronic components	Domestic demand	Electronic components demand value	(Billion yen) [Nominal]	764	855	900	985	-6.1%	+12.0%	+5.2%	+2.9%	52	49	54	57	63
	Exports	Electronic components export value		3,685	4,084	4,210	5,011	-3.2%	+10.8%	+3.1%	+4.2%	95	92	102	105	125
	Imports	Electronic components import value		1,759	2,093	2,175	2,504	-4.8%	+19.0%	+3.9%	+3.6%	95	90	107	112	129
	Domestic production	Electronic components production value		2,568	2,847	2,934	3,493	-7.3%	+10.8%	+3.1%	+4.2%	76	71	78	81	96
Electronics (finished products)	Domestic Demand	Major electronics products demand value	(Billion yen) [Nominal]	5,207	6,039	6,326	7,028	+9.1%	+16.0%	+4.7%	+3.1%	90	98	113	119	132
	Exports	Major electronics products export value		120	131	137	149	-14.6%	+9.1%	+5.1%	+2.7%	98	83	91	96	104
	Imports	Major electronics products import value		4,049	4,738	4,958	5,528	+14.0%	+17.0%	+4.6%	+3.1%	94	108	126	132	147
	Domestic production	Major electronics products production value		1,278	1,431	1,505	1,649	-6.1%	+12.0%	+5.2%	+2.9%	80	75	84	88	96

Note: Calendar year basis. Units differ by indicator for Construction Equipment due to differences in data sources. Electronics (Finished Products) is calculated with 2020=100

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

(Reference) Trends in Domestic Indicators 2/3

Industry	Item	Indicator Name	Unit	Value				YoY Change				Index (2019=100)				
				2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	CAGR 2025-2030	2023 (Actual)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)
Automobiles	Domestic demand	Automobiles unit sales	(Thousand units) [Real]	4,421	4,541	4,500	4,452	-7.5%	+2.7%	-0.9%	-0.4%	92	85	87	87	86
	Exports	Automobiles exports volume		4,217	4,214	4,130	4,087	-4.6%	-0.1%	-2.0%	-0.6%	92	88	87	86	85
	Imports	Automobiles imports volume		321	335	334	330	+3.0%	+4.3%	-0.3%	-0.3%	89	92	96	96	95
	Domestic production	Automobiles domestic production volume		8,235	8,420	8,297	8,209	-8.5%	+2.3%	-1.5%	-0.5%	93	85	87	86	85
Construction	Construction investment		(Trillion yen) [Nominal]	73.2	73.9	74.5	77.9	+2.4%	+1.0%	+0.7%	+1.0%	115	117	119	119	125
	Government			22.4	22.5	22.6	23.0	+2.2%	+0.3%	+0.3%	+0.4%	104	106	107	107	109
	Private residential			16.2	16.1	16.2	16.4	+1.6%	-0.5%	+0.4%	+0.3%	98	99	99	99	100
	Private non-residential			19.3	19.6	19.7	20.5	+2.3%	+1.7%	+0.3%	+0.9%	110	113	115	115	120
	Building repairs			15.4	15.8	16.1	18.0	+3.9%	+2.6%	+2.2%	+2.7%	187	195	200	204	228
Electric power	Electric power total demand		(TWh) [Real]	922	932	939	976	+0.1%	+1.0%	+0.8%	+0.9%	96	96	97	98	102
	Industrial/commercial sector			648	658	665	702	-0.3%	+1.4%	+1.1%	+1.3%	95	95	96	97	103
	Residential sector			274	274	274	274	+1.1%	+0.0%	+0.1%	+0.0%	99	100	100	101	101
City gas	City gas demand		(100 million m3) [Real]	379	383	382	393	-1.2%	+0.9%	-0.1%	+0.5%	94	93	93	93	96
	Residential			89	92	89	89	-0.5%	+3.0%	-2.8%	-0.6%	95	94	97	94	94
	Commercial			72	72	71	68	+2.3%	+0.1%	-0.6%	-1.1%	96	98	98	98	93
	Industrial			218	219	222	236	-2.5%	+0.3%	+1.3%	+1.5%	93	90	91	92	98
Media services	Total domestic advertising expenditure		(100 million yen) [Nominal]	76,730	80,689	83,259	92,642	+4.9%	+5.2%	+3.2%	+2.8%	105	111	116	120	134
	Terrestrial TV			16,351	16,630	16,577	16,870	+1.6%	+1.7%	-0.3%	+0.3%	93	94	96	96	97
	Internet			36,517	39,913	43,029	53,265	+9.6%	+9.3%	+7.8%	+5.9%	158	173	190	204	253
	Promotion			16,850	17,180	16,839	16,130	+1.0%	+2.0%	-2.0%	-1.3%	75	76	77	76	73
Information services	Information services market		(Trillion yen) [Nominal]	20.5	22.1	24.1	33.7	+8.7%	+7.9%	+8.6%	+8.8%	134	145	157	170	239
Logistics	Truck transport volume (B2B)		(Million tons) [Real]	3,725	3,691	3,645	3,468	-1.5%	-0.9%	-1.2%	-1.2%	87	86	85	84	80
	Consumption-related			917	913	908	893	+5.2%	-0.4%	-0.6%	-0.4%	65	69	68	68	67
	Production-related			1,203	1,195	1,192	1,193	+0.2%	-0.7%	-0.2%	-0.0%	79	80	79	79	79
	Construction-related			1,605	1,583	1,545	1,383	-6.0%	-1.4%	-2.4%	-2.7%	115	108	107	104	93
	Parcel delivery volume (B2C)		(Million units) [Real]	5,031	5,110	5,193	5,404	+0.5%	+1.6%	+1.6%	+1.1%	116	116	118	120	125

Note: Fiscal year basis for Logistics only

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

(Reference) Trends in Domestic Indicators 3/3

Industry	Item	Indicator Name	Unit	Value				YoY Change				Index (2019=100)				
				2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	CAGR 2025-2030	2023 (Actual)	2024 (Actual)	2025 (Forecast)	2026 (Projection)	2030 (Projection)
Processed foods	Food expenditure		(Trillion yen)	81.0	82.2	83.1	85.7	+3.6%	+1.5%	+1.0%	+0.8%	101	105	106	107	111
	Home-cooked meals	45.7		46.9	47.8	50.3	+6.0%	+2.7%	+1.8%	+1.4%	106	112	115	117	124	
	Ready-made meals	[Nominal]	11.3	11.4	11.5	11.9	+2.8%	+1.0%	+0.9%	+0.9%	106	109	111	112	116	
	Dining Out	24.0	23.9	23.8	23.4	-0.4%	-0.4%	-0.4%	-0.4%	92	92	91	91	89		
Retail	Retail sales (excluding automobiles and fuel retail)		(Billion yen)	133,733	138,321	141,739	151,645	+3.4%	+3.4%	+2.5%	+1.9%	107	110	114	117	125
	Excluding inbound tourist purchases	[Nominal]	131,239	135,655	139,022	148,416	+2.7%	+3.4%	+2.5%	+1.8%	107	110	114	116	124	
	Inbound tourist purchases	2,494	2,666	2,717	3,229	+74.2%	+6.9%	+1.9%	+3.9%	80	139	148	151	180		
	Real retail sales	(Billion yen) [Real]	115,903	115,319	114,519	113,204	-0.3%	-0.5%	-0.7%	-0.4%	95	95	94	94	93	
Real estate	Office floor space demand		(Thousand m ²) [Real]	35,888	37,155	37,814	38,652	+2.4%	+3.5%	+1.8%	+0.8%	100	103	106	108	110
	New housing starts			792	742	721	670	-3.3%	-6.3%	-2.8%	-2.0%	91	88	82	80	74
	Owner-occupied housing	(Thousand units)	218	198	185	166	-2.8%	-9.4%	-6.4%	-3.4%	78	76	68	64	58	
	Rental housing	[Real]	349	334	330	310	-0.1%	-4.2%	-1.2%	-1.5%	100	100	96	95	89	
	Built-for-sale condominiums	[Real]	102	94	94	90	-5.1%	-8.3%	-0.5%	-0.8%	92	87	80	79	77	
	Built-for-sale detached houses	123	116	113	105	-11.2%	-5.3%	-3.2%	-2.1%	92	82	78	75	70		
Accommodation	Accommodation demand		(Million person-nights) [Real]	659	654	655	666	+11.2%	-0.8%	+0.1%	+0.4%	99	111	110	110	112
	Japanese nationals	495	478	474	461	+3.4%	-3.4%	-0.7%	-0.7%	100	103	99	99	96		
	Inbound foreign visitors	164	176	180	205	+43.8%	+7.1%	+2.3%	+3.1%	99	142	152	156	177		
	Number of inbound foreign visitors		(10,000 persons) [Real]	3,687	4,212	4,308	4,966	+47.1%	+14.2%	+2.3%	+3.3%	79	116	132	135	156
Healthcare (pharmaceuticals)	Domestic shipments	Domestic pharmaceuticals shipment value		11,759	11,696	12,311	14,067	+2.0%	-0.5%	+5.3%	+3.8%	110	112	112	118	134
	Exports	Pharmaceuticals exports value	(Billion yen)	1,334	1,337	1,576	2,165	+8.4%	+0.2%	+17.9%	+10.1%	168	182	182	215	295
	Imports	Pharmaceuticals imports value	[Nominal]	4,929	5,106	5,696	7,901	+6.0%	+3.6%	+11.6%	+9.1%	150	159	165	184	256
	Domestic production	Domestic pharmaceuticals production value		9,221	9,133	9,637	10,794	+0.7%	-1.0%	+5.5%	+3.4%	108	109	108	114	128
Healthcare (medical devices)	Domestic demand	Medical devices domestic shipment value		4,654	4,952	5,123	6,220	+2.3%	+6.4%	+3.5%	+4.7%	117	120	127	132	160
	Exports	Medical devices exports value	(Billion yen)	1,349	1,395	1,526	2,024	+8.7%	+3.4%	+9.4%	+7.7%	136	148	153	167	222
	Imports	Medical devices imports value	[Nominal]	2,199	2,297	2,493	3,269	+1.7%	+4.4%	+8.6%	+7.3%	130	132	138	150	197
	Domestic production	Domestic medical devices production value		2,675	2,647	2,749	2,934	-0.0%	-1.0%	+3.8%	+2.1%	107	107	106	110	118
Healthcare (healthcare)	National medical expenditure		(Trillion yen) [Nominal]	48.8	50.3	51.8	58.8	+1.6%	+3.0%	+3.1%	+3.2%	108	110	113	117	133
Healthcare (nursing care)	Nursing care costs		(Trillion yen) [Nominal]	12.3	12.8	13.3	15.6	+5.0%	+4.2%	+3.6%	+4.0%	109	114	119	123	145
	Elderly population		(10,000 persons)	3,624	3,630	3,634	3,672	+0.1%	+0.2%	+0.1%	+0.2%	101	101	102	102	103
	Of which, late-stage elderly	2,078	2,135	2,177	2,239	+3.5%	+2.7%	+2.0%	+1.0%	109	113	116	118	122		
	Number of certified persons requiring nursing care	[Real]	721	732	743	805	+1.8%	+1.5%	+1.6%	+1.9%	106	108	109	111	120	

Note: Fiscal year basis for Healthcare and Nursing Care only

Source: Compiled by Industry Research Department, Mizuho Bank, Ltd. based on various materials

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