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Japan's Economic Outlook No. 175 (Update)

Exploring a Recovery Scenario: How should Chinese and world economies be understood?

Japan to see real GDP growth of +1.0% in FY12 and +1.1% in FY13, nominal GDP growth of +0.3% and +0.8%

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Main Points

- **Economic outlook revised upward:** In light of the second preliminary Jul-Sep (3Q) 2012 GDP report (Cabinet Office), we have revised our economic growth outlook upward. We now forecast real GDP growth of +1.0% y/y for FY12 (previous forecast: +0.7%) and +1.1% for FY13 (+0.9%). Factoring in the annual revision of FY11 GDP, released along with the second preliminary 3Q 2012 GDP report, we have revised our outlook for public works spending substantially upward.
- **What will prompt economic recovery in Japan?:** With the worsening of foreign economies, it is highly probable that Japan's economy peaked in March 2012 and has slipped into recession. In our current outlook, we examine past recoveries of the Japanese economy to elucidate conditions for a future recovery. A review of past periods when Japan's economy recovered reveals that since the 1990s the driving force of recoveries has clearly shifted from fiscal and monetary measures to exports. In the current downturn, it is highly probable that the growth of exports, such as through the recovery of foreign economies, will trigger the bottoming out of Japan's economy. Despite the existence of downside risks, as our main scenario we believe that Japan's economy will follow a path of gradual recovery in 2013 and beyond, supported by three factors: (1) pickup of the US and Chinese economies, (2) reconstruction demand related to the Great East Japan Earthquake, and (3) further monetary easing by the Bank of Japan (BOJ).
- **How should the future direction of the world economy be understood?:** The key to anticipating the direction of the world economy is the degree to which sluggish domestic demand in Europe, the US, and other advanced economies will be offset by the policy responses of emerging economies. We therefore undertook a quantitative simulation of the world economy with (1) domestic demand in advanced economies and (2) the policy responses of emerging economies serving as exogenous variables. Our simulation indicates

that emerging economies aggressively implementing fiscal and monetary measures has the potential of offsetting to some degree sluggish domestic demand in advanced economies. However, should multiple risk factors materialize at the same time, such as further deepening of the European sovereign debt crisis and the US fiscal cliff, the policy responses of emerging economies alone would not be sufficient to support the world economy.

- **Will China's economy face a hard landing?:** We also simulated the effect that worsening relations between Japan and China would have on Japan's economy. Worsening relations between Japan and China are estimated to place downward pressure of about 0.1% to 0.4% on Japan's GDP for FY12 and FY13 combined. We anticipate that effects of fiscal and monetary measures in China will enable the Chinese economy to gradually improve for the time being. In the medium to long term, however, there is a risk that China will face the massive adjustment of capital stock. The possibility should be entertained of the potential growth rate of China's economy slowing significantly to the 5% level toward 2030.
- **Risks facing Japan's economy:** Risks that will need to be borne in mind for Japan's economy are: (1) any deepening of the European sovereign debt crisis, (2) worsening of Japan-China relations, (3) the US fiscal cliff, (4) a surge in crude oil prices stemming from geopolitical risk, and (5) further appreciation of the yen.
- **Policy responses required of the government and BOJ:** The policy authorities will need to firmly pursue economic policies to restore the economy centering on four points: (1) there should be consistent policies based on a firm vision (national vision and philosophy) of the top leaders, (2) instead of focusing only on domestic demand and the demand side, economic policies should be implemented that are well balanced and that embrace foreign demand and the supply side, (3) government finances should be rebuilt by raising the consumption tax and reducing expenditures centering on social security costs, and (4) the government and the BOJ should work together more closely. Regarding the last, based on an analysis using the Granger causality test, a weaker yen and higher stock prices ensuing from further monetary easing by the BOJ would be effective in ending deflation.

Our assumptions

- Public works spending will grow +13.5% in FY12, and -1.2% in FY13; the consumption tax rate will be increased in April 2014
- Average exchange rate of Y79.7/\$ in FY12 and Y80.0/\$ in FY13
- US real GDP growth of +2.2% in CY12 and +1.8% in CY13

Main Economic Indicators and Real GDP Components

	FY11 (Actual)	FY12 (Estimate)	FY13 (Estimate)	CY11 (Actual)	CY12 (Estimate)	CY13 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	-1.4	0.3	0.8	-2.4	1.2	-0.1
Real GDP (chained [2005]; y/y %)	0.3	1.0	1.1	-0.6	2.0	0.4
Domestic demand (contribution, % pt)	1.3	1.9	1.2	0.3	2.9	0.9
Foreign demand (contribution, % pt)	-1.0	-0.9	-0.2	-0.9	-0.9	-0.5
GDP deflator (y/y %)	-1.7	-0.7	-0.4	-1.9	-0.8	-0.5
Index of All-industry Activity (y/y %)*	0.2	0.4	0.5	-0.5	0.9	0.0
Index of Industrial Production (y/y %)	-1.0	-2.8	1.1	-2.4	-0.6	-1.2
Index of Tertiary Industry Activity (y/y %)	0.7	0.5	0.1	0.0	1.0	-0.2
Corporate Goods Price Index (y/y %)	1.3	-1.0	0.3	1.5	-0.8	0.0
Consumer Price Index (excl. fresh food; y/y %)	-0.0	-0.1	-0.1	-0.3	-0.0	-0.1
Unemployment rate (%)	4.5	4.3	4.3	4.6	4.4	4.3
Government bond yield (10 year; %)	1.05	0.83	0.99	0.98	0.85	0.94
Money stock; M2 (end-period; y/y %)	2.9	2.3	1.7	2.7	2.5	1.8
Balance of payments						
Trade balance (Y tril)	-3.5	-6.5	-6.5	-1.6	-5.8	-6.7
Current balance (\$100 mil)	964	521	529	1,197	595	494
Current balance (Y tril)	7.6	4.2	4.2	9.6	4.7	4.0
(% of nominal GDP)	1.6	0.9	0.9	2.0	1.0	0.8
Real GDP components (Chained [2005]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	1.6 (0.9)	1.2 (0.7)	0.9 (0.5)	0.5 (0.3)	2.3 (1.4)	0.0 (0.0)
Private housing investment	3.7 (0.1)	3.0 (0.1)	5.4 (0.1)	5.5 (0.1)	1.9 (0.1)	4.7 (0.1)
Private fixed investment	4.1 (0.5)	0.0 (0.0)	1.2 (0.2)	3.3 (0.4)	2.6 (0.3)	-0.2 (-0.0)
Government final consumption	1.5 (0.3)	2.4 (0.5)	1.2 (0.2)	1.5 (0.3)	2.7 (0.5)	1.2 (0.3)
Public fixed investment	-2.3 (-0.1)	13.5 (0.5)	-2.0 (-0.1)	-7.5 (-0.3)	12.0 (0.5)	3.0 (0.1)
Exports of goods and services	-1.7 (-0.3)	-1.3 (-0.2)	0.7 (0.1)	-0.4 (-0.1)	0.3 (0.0)	-1.8 (-0.3)
Imports of goods and services	5.2 (-0.8)	4.8 (-0.7)	1.9 (-0.3)	5.9 (-0.8)	6.0 (-1.0)	1.5 (-0.3)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.4	3.0	3.4	3.8	3.1	3.2
Crude oil price (WTI futures; \$/bbl)	97.2	93.9	95.0	95.1	95.9	95.0
2. US economy						
US real GDP (chained [2005]; y/y %)	2.0	2.0	2.0	1.8	2.2	1.8
US Consumer Price Index (y/y %)	3.3	1.8	2.1	3.2	2.1	2.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	-1.6	13.5	-1.2	-6.9	11.9	3.8
Exchange rate (Y/\$)	79.0	79.7	80.0	79.8	79.5	80.0
(Y/€)	109.6	99.8	100.0	111.4	101.4	100.0
Call rate (end-period; %)	0.10	0.10	0.10	0.10	0.10	0.10

Source: Compiled by DIR.

Note: Due to rounding, actual figures may differ from those released by the government.

* Excl. agriculture, forestry, and fisheries.

Estimate: DIR estimate.

Comparison with Previous Outlook

	Current outlook (Outlook 175 Update)		Previous outlook (Outlook 175)		Difference between previous and current outlooks	
	FY12	FY13	FY12	FY13	FY12	FY13
Main economic indicators						
Nominal GDP (y/y %)	0.3	0.8	-0.0	0.5	0.3	0.3
Real GDP (chained [2005]; y/y %)	1.0	1.1	0.7	0.9	0.3	0.3
Domestic demand (contribution, % pt)	1.9	1.2	1.6	0.9	0.3	0.3
Foreign demand (contribution, % pt)	-0.9	-0.2	-0.8	-0.2	-0.0	0.0
GDP deflator (y/y %)	-0.7	-0.4	-0.7	-0.4	-0.1	0.0
Index of All-industry Activity (y/y %)*	0.4	0.5	-0.0	0.3	0.4	0.3
Index of Industrial Production (y/y %)	-2.8	1.1	-4.3	0.1	1.5	1.1
Index of Tertiary Industry Activity (y/y %)	0.5	0.1	0.5	0.1	0.1	0.1
Corporate Goods Price Index (y/y %)	-1.0	0.3	-1.0	0.3	0.0	0.0
Consumer Price Index (excl. fresh food; y/y %)	-0.1	-0.1	-0.1	-0.1	0.0	0.0
Unemployment rate (%)	4.3	4.3	4.3	4.3	0.0	0.0
Government bond yield (10 year; %)	0.83	0.99	0.82	0.99	0.01	0.00
Money stock; M2 (end-period; y/y %)	2.3	1.7	2.3	1.7	0.0	0.0
Balance of payments						
Trade balance (Y tril)	-6.5	-6.5	-6.4	-6.3	-0.1	-0.3
Current balance (\$100 mil)	521	529	536	560	-15	-32
Current balance (Y tril)	4.2	4.2	4.3	4.5	-0.1	-0.3
(% of nominal GDP)	0.9	0.9	0.9	0.9	-0.0	-0.1
Real GDP components (chained [2005]; y/y %)						
Private final consumption	1.2	0.9	0.9	0.8	0.2	0.1
Private housing investment	3.0	5.4	3.1	5.8	-0.1	-0.4
Private fixed investment	0.0	1.2	-0.0	1.3	0.0	-0.0
Government final consumption	2.4	1.2	2.0	1.0	0.5	0.2
Public fixed investment	13.5	-2.0	9.1	-7.1	4.4	5.0
Exports of goods and services	-1.3	0.7	-1.1	0.5	-0.2	0.2
Imports of goods and services	4.8	1.9	4.7	1.7	0.1	0.2
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.0	3.4	3.0	3.4	-0.0	0.0
Crude oil price (WTI futures; \$/bbl)	93.9	95.0	93.9	95.0	0.0	0.0
2. US economy						
US real GDP (chained [2005]; y/y %)	2.0	2.0	1.9	1.9	0.1	0.0
US Consumer Price Index (y/y %)	1.8	2.1	1.8	2.1	0.0	0.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	13.5	-1.2	8.7	-6.4	4.9	5.3
Exchange rate (Y/\$)	79.7	80.0	79.7	80.0	0.0	0.0
(Y/€)	99.8	100.0	99.8	100.0	0.0	0.0
Call rate (end-period; %)	0.10	0.10	0.10	0.10	0.00	0.00

Source: Compiled by DIR.

Notes: Due to rounding, differences do not necessarily conform to calculations based on figures shown.

* Excl. agriculture, forestry, and fisheries.

Quarterly Forecast Tables

1.1 Selected Economic Indicators

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Nominal GDP (SAAR; Y tril)	482.6	486.4	481.1	470.8	464.1	474.8	473.4	480.4	480.1	473.3	482.4	470.6	
Q/q %	0.6	0.8	-1.1	-2.2	-1.4	2.3	-0.3	1.5					
Q/q %, SAAR	2.5	3.2	-4.3	-8.3	-5.6	9.5	-1.1	6.0					
Y/y %	2.1	3.9	1.3	-1.9	-3.7	-2.4	-1.8	2.3	1.3	-1.4	2.4	-2.4	
Real GDP (chained [2005]; SAAR; Y tril)	510.7	517.6	515.4	505.7	502.2	514.8	515.2	522.3	512.3	513.7	512.4	509.4	
Q/q %	1.1	1.3	-0.4	-1.9	-0.7	2.5	0.1	1.4					
Q/q %, SAAR	4.4	5.5	-1.6	-7.3	-2.8	10.4	0.3	5.7					
Y/y %	4.5	6.0	3.3	-0.0	-1.6	-0.5	-0.2	3.4	3.4	0.3	4.7	-0.6	
Contribution to GDP growth (% pt)													
Domestic demand	1.0	1.3	-0.3	-1.6	0.3	1.7	0.8	1.3	2.6	1.3	2.9	0.3	
Foreign demand	0.1	0.0	-0.1	-0.3	-1.0	0.8	-0.7	0.1	0.8	-1.0	1.7	-0.9	
GDP deflator (y/y %)	-2.2	-2.0	-2.0	-1.9	-2.1	-1.9	-1.6	-1.1	-2.0	-1.7	-2.2	-1.9	
Index of All-Industry Activity (2005=100)	95.9	96.6	96.4	95.1	94.2	96.2	96.7	96.6	95.8	96.0	96.0	95.4	
Q/q %; y/y %	0.8	0.8	-0.2	-1.3	-1.0	2.2	0.6	-0.1	2.1	0.2	3.2	-0.5	
Index of Industrial Production (2005=100)	95.3	94.3	94.2	92.8	88.9	93.7	94.1	95.3	94.1	93.2	94.4	92.2	
Q/q %; y/y %	0.7	-1.0	-0.1	-1.5	-4.2	5.4	0.4	1.2	9.4	-1.0	16.5	-2.4	
Index of Tertiary Industry Activity (2005=100)	97.6	98.2	98.5	97.5	97.0	98.5	99.0	99.0	97.8	98.5	97.8	97.9	
Q/q %; y/y %	0.5	0.6	0.3	-1.0	-0.5	1.5	0.5	0.0	1.1	0.7	1.4	0.0	
Corporate Goods Price Index components (2010=100)													
Domestic Company Goods Price Index	100.2	99.9	99.9	100.9	102.0	102.1	101.0	101.2	100.2	101.6	100.0	101.5	
Y/y %	0.3	-0.0	0.6	0.9	1.8	2.1	1.1	0.3	0.4	1.3	-0.1	1.5	
CPI (excl. fresh food; 2010=100)	100.2	99.7	99.8	99.5	100.0	99.9	99.7	99.6	99.8	99.8	100.0	99.8	
Y/y %	-1.0	-1.1	-0.8	-0.8	-0.3	0.2	-0.2	0.1	-0.9	-0.0	-1.0	-0.3	
Unemployment rate (%)	5.1	5.0	5.0	4.8	4.7	4.4	4.5	4.5	5.0	4.5	5.1	4.6	
Call rate (end-period; %)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
Government bond yield (10 year; %)	1.21	0.99	1.07	1.24	1.16	1.04	1.03	0.97	1.13	1.05	1.11	0.98	
Money stock; M2 (y/y %)	3.0	2.8	2.6	2.4	2.8	2.8	3.0	3.0	2.7	2.9	2.8	2.7	
Trade balance (SAAR; Y tril)	7.8	7.5	6.9	3.6	-4.4	-1.0	-4.7	-4.5	6.5	-3.5	8.0	-1.6	
Current balance (SAAR; \$100 mil)	1,800	2,064	2,181	1,694	924	1,310	870	749	1,944	964	2,038	1,197	
Current balance (SAAR; Y tril)	16.6	17.7	18.0	13.9	7.5	10.2	6.7	5.9	16.7	7.6	17.9	9.6	
(% of nominal GDP)	3.4	3.6	3.7	3.0	1.6	2.1	1.4	1.2	3.4	1.6	3.7	2.0	
Exchange rate (Y/\$)	92.0	85.8	82.5	82.3	81.7	77.8	77.3	79.3	85.7	79.0	87.8	79.8	
(Y/Euro)	114.8	111.5	110.4	113.8	118.3	108.7	104.9	106.3	112.6	109.6	115.1	111.4	

Source: Compiled by DIR.

Notes: 1) Quarterly figures (excl. y/y %) seasonally adjusted, other unadjusted.

2) Index of All-Industry Activity Index: excl. agriculture, forestry, and fisheries.

3) Due to rounding, figures may differ from those released by the government.

1.2 Selected Economic Indicators

	2012			2013			2014			FY		CY	
	4-6	7-9	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)	
Nominal GDP (SAAR; Y tril)	478.2	473.8	472.9	474.1	474.8	475.2	478.3	484.5	474.5	478.1	476.2	475.5	
Q/q %	-0.5	-0.9	-0.2	0.3	0.2	0.1	0.7	1.3					
Q/q %, SAAR	-1.8	-3.6	-0.8	1.1	0.6	0.3	2.7	5.2					
Y/y %	2.9	-0.3	-0.0	-1.4	-0.6	0.3	1.1	2.2	0.3	0.8	1.2	-0.1	
Real GDP (chained [2005]; SAAR; Y tril)	522.2	517.6	517.2	519.4	520.9	521.5	525.1	531.9	518.9	524.8	519.7	521.6	
Q/q %	-0.0	-0.9	-0.1	0.4	0.3	0.1	0.7	1.3					
Q/q %, SAAR	-0.1	-3.5	-0.3	1.7	1.2	0.4	2.8	5.3					
Y/y %	3.9	0.5	0.5	-0.6	-0.2	0.8	1.5	2.4	1.0	1.1	2.0	0.4	
Contribution to GDP growth (% pt)													
Domestic demand	0.1	-0.2	0.2	0.4	0.2	0.1	0.7	1.3	1.9	1.2	2.9	0.9	
Foreign demand	-0.2	-0.7	-0.3	0.0	0.1	0.0	0.0	-0.0	-0.9	-0.2	-0.9	-0.5	
GDP deflator (y/y %)	-1.0	-0.8	-0.5	-0.8	-0.4	-0.4	-0.4	-0.2	-0.7	-0.4	-0.8	-0.5	
Index of All-Industry Activity (2005=100)	96.5	96.4	96.2	96.1	96.2	96.5	96.9	97.5	96.4	96.8	96.3	96.3	
Q/q %; y/y %	-0.2	-0.1	-0.3	-0.0	0.1	0.2	0.5	0.6	0.4	0.5	0.9	0.0	
Index of Industrial Production (2005=100)	93.4	89.5	89.2	89.7	90.3	91.0	91.8	92.7	90.6	91.6	91.6	90.5	
Q/q %; y/y %	-2.0	-4.2	-0.3	0.6	0.6	0.8	0.9	1.0	-2.8	1.1	-0.6	-1.2	
Index of Tertiary Industry Activity (2005=100)	99.0	99.1	98.9	98.7	98.7	98.8	99.1	99.6	99.0	99.1	98.9	98.7	
Q/q %; y/y %	0.0	0.1	-0.2	-0.2	0.0	0.1	0.4	0.5	0.5	0.1	1.0	-0.2	
Corporate Goods Price Index components (2010=100)													
Domestic Company Goods Price Index	101.0	100.2	100.3	100.5	100.6	100.8	100.9	101.1	100.5	100.8	100.7	100.7	
Y/y %	-0.9	-1.8	-0.7	-0.7	-0.4	0.6	0.6	0.6	-1.0	0.3	-0.8	0.0	
CPI (excl. fresh food; 2010=100)	99.9	99.6	99.7	99.6	99.8	99.6	99.6	99.5	99.7	99.6	99.7	99.6	
Y/y %	-0.0	-0.2	-0.0	-0.0	-0.1	-0.0	-0.1	-0.1	-0.1	-0.1	-0.0	-0.1	
Unemployment rate (%)	4.4	4.2	4.3	4.4	4.3	4.3	4.2	4.2	4.3	4.3	4.4	4.3	
Call rate (end-period; %)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
Government bond yield (10 year; %)	0.85	0.78	0.82	0.88	0.92	0.95	1.00	1.10	0.83	0.99	0.85	0.94	
Money stock; M2 (y/y %)	2.4	2.4	2.3	2.1	1.8	1.8	1.6	1.5	2.3	1.7	2.5	1.8	
Trade balance (SAAR; Y tril)	-4.4	-6.8	-7.3	-7.1	-6.7	-6.5	-6.3	-6.2	-6.5	-6.5	-5.8	-6.7	
Current balance (SAAR; \$100 mil)	756	466	421	438	489	517	545	558	521	529	595	494	
Current balance (SAAR; Y tril)	6.1	3.7	3.4	3.5	3.9	4.1	4.4	4.5	4.2	4.2	4.7	4.0	
(% of nominal GDP)	1.3	0.8	0.7	0.7	0.8	0.9	0.9	0.9	0.9	0.9	1.0	0.8	
Exchange rate (Y/\$)	80.1	78.6	80.0	80.0	80.0	80.0	80.0	80.0	79.7	80.0	79.5	80.0	
(Y/Euro)	101.2	98.2	100.0	100.0	100.0	100.0	100.0	100.0	99.8	100.0	101.4	100.0	

Source: Compiled by DIR.

Notes: 1) Quarterly figures (excl. y/y %) seasonally adjusted, other unadjusted.

2) Index of All-Industry Activity Index: excl. agriculture, forestry, and fisheries.

3) Due to rounding, figures may differ from those released by the government.

E: DIR estimate.

2.1 Real Gross Domestic Expenditure (chained [2005]; Y tril)

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Gross domestic expenditure	510.7	517.6	515.4	505.7	502.2	514.8	515.2	522.3	512.3	513.7	512.4	509.4	
Q/q %, SAAR	4.4	5.5	-1.6	-7.3	-2.8	10.4	0.3	5.7					
Y/y %	4.5	6.0	3.3	-0.0	-1.6	-0.5	-0.2	3.4	3.4	0.3	4.7	-0.6	
Domestic demand	493.3	500.0	498.5	490.5	491.9	500.4	504.7	510.8	495.6	502.2	495.1	496.9	
Q/q %, SAAR	4.3	5.6	-1.2	-6.2	1.2	7.1	3.5	5.0					
Y/y %	2.7	4.7	2.9	0.4	-0.2	0.2	1.1	4.3	2.6	1.3	2.9	0.3	
Private demand	375.0	381.3	379.4	372.2	373.0	381.6	385.8	389.0	377.0	382.5	376.3	378.1	
Q/q %, SAAR	6.2	7.0	-2.1	-7.3	0.8	9.6	4.4	3.4					
Y/y %	2.9	5.8	3.8	0.8	-0.5	0.1	1.6	4.8	3.4	1.5	3.3	0.5	
Final consumption	298.5	302.6	301.6	297.3	299.9	304.1	305.6	309.1	300.0	304.7	300.4	301.8	
Q/q %, SAAR	-0.1	5.5	-1.3	-5.5	3.5	5.7	2.0	4.7					
Y/y %	2.1	3.5	1.7	-0.5	0.5	0.5	1.3	4.0	1.7	1.6	2.8	0.5	
Residential investment	12.2	12.2	12.7	13.0	12.6	13.2	13.2	13.0	12.5	13.0	12.3	13.0	
Q/q %, SAAR	2.7	-0.6	19.0	8.6	-10.8	18.0	-0.6	-4.3					
Y/y %	-7.3	0.8	8.6	7.1	3.5	8.2	3.3	-0.1	2.2	3.7	-4.5	5.5	
Non-residential investment	64.7	65.7	64.3	64.4	64.3	65.8	70.6	68.9	64.8	67.4	64.1	66.2	
Q/q %, SAAR	20.2	6.1	-8.2	0.7	-0.8	9.3	32.6	-9.3					
Y/y %	2.6	4.7	3.0	4.1	-0.5	-0.2	9.9	6.8	3.6	4.1	0.3	3.3	
Change in inventories	-0.5	0.9	0.7	-2.6	-3.9	-1.4	-3.6	-2.0	-0.3	-2.7	-0.6	-2.9	
Public demand	118.3	118.7	119.1	118.3	118.9	118.8	118.9	121.8	118.5	119.6	118.8	118.7	
Q/q %, SAAR	-1.6	1.1	1.5	-2.8	2.3	-0.6	0.5	10.1					
Y/y %	1.9	1.1	-0.1	-1.0	0.9	0.4	-0.6	2.9	0.4	0.9	1.6	-0.1	
Government final consumption	97.4	97.6	98.2	98.2	98.6	98.8	99.2	100.6	97.9	99.3	97.3	98.8	
Q/q %, SAAR	6.1	0.9	2.3	0.2	1.6	0.6	1.8	5.7					
Y/y %	2.6	1.5	1.7	2.3	1.3	1.2	1.0	2.4	2.0	1.5	1.9	1.5	
Fixed investment	21.0	21.2	21.0	20.1	20.3	19.9	19.7	21.2	20.7	20.2	21.6	20.0	
Q/q %, SAAR	-28.5	3.8	-3.9	-15.0	2.3	-6.6	-4.9	34.9					
Y/y %	-2.4	-0.3	-6.8	-12.5	-2.2	-4.7	-7.5	4.9	-6.4	-2.3	0.7	-7.5	
Change in inventories	-0.1	-0.1	-0.1	-0.1	0.0	0.1	0.0	-0.0	-0.1	0.0	-0.1	0.0	
Net exports of goods and services	17.2	17.5	16.9	15.6	10.4	14.8	10.9	11.9	16.9	12.0	17.1	12.9	
Exports of goods and services	82.7	84.4	84.0	83.6	78.1	85.0	81.7	84.4	83.7	82.3	82.4	82.1	
Q/q %, SAAR	23.0	8.4	-1.9	-2.0	-23.6	40.0	-14.5	13.9					
Y/y %	30.8	21.6	13.5	6.5	-5.5	0.7	-2.7	0.9	17.3	-1.7	24.4	-0.4	
Imports of goods and services	65.4	66.9	67.0	68.0	67.8	70.1	70.8	72.5	66.8	70.3	65.3	69.2	
Q/q %, SAAR	24.3	8.9	1.1	5.8	-1.3	14.9	4.0	9.7					
Y/y %	15.9	12.7	10.7	9.5	3.6	5.1	5.6	6.6	12.1	5.2	11.1	5.9	
Residual	0.1	0.0	0.0	-0.4	-0.1	-0.4	-0.3	-0.4	-0.1	-0.4	0.2	-0.3	

Source: Compiled by DIR.

Notes: 1) Subtotals by demand (domestic demand, private demand, and public demand) are simple aggregates of respective components, which differ from figures released by the government.

2) Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

2.2 Real Gross Domestic Expenditure (chained [2005]; Y tril)

	2012			2013			2014			FY		CY	
	4-6	7-9	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)	
Gross domestic expenditure	522.2	517.6	517.2	519.4	520.9	521.5	525.1	531.9	518.9	524.8	519.7	521.6	
Q/q %, SAAR	-0.1	-3.5	-0.3	1.7	1.2	0.4	2.8	5.3					
Y/y %	3.9	0.5	0.5	-0.6	-0.2	0.8	1.5	2.4	1.0	1.1	2.0	0.4	
Domestic demand	511.5	510.4	511.6	513.6	514.7	515.0	518.4	525.0	512.0	518.4	511.3	515.5	
Q/q %, SAAR	0.5	-0.8	0.9	1.6	0.8	0.2	2.7	5.2					
Y/y %	3.9	2.0	1.5	0.6	0.6	0.9	1.3	2.2	2.0	1.2	2.9	0.8	
Private demand	388.1	386.0	386.5	388.1	388.9	389.2	392.9	399.9	387.2	392.8	387.5	389.8	
Q/q %, SAAR	-1.0	-2.1	0.5	1.7	0.8	0.2	3.9	7.3					
Y/y %	3.9	1.2	0.3	-0.3	0.3	0.8	1.6	3.1	1.2	1.4	2.5	0.6	
Final consumption	309.4	308.1	307.3	307.8	308.0	308.0	310.8	317.0	308.3	311.0	308.6	308.7	
Q/q %, SAAR	0.3	-1.7	-1.0	0.6	0.2	0.0	3.6	8.2					
Y/y %	3.2	1.4	0.6	-0.5	-0.5	-0.1	1.1	3.0	1.2	0.9	2.3	0.0	
Residential investment	13.2	13.3	13.4	13.5	13.7	13.9	14.3	14.5	13.4	14.1	13.3	13.9	
Q/q %, SAAR	6.3	3.7	2.8	3.2	4.1	7.8	12.6	3.2					
Y/y %	4.6	1.4	2.1	4.1	3.4	4.4	6.9	6.8	3.0	5.4	1.9	4.7	
Non-residential investment	68.9	66.9	67.0	67.3	67.5	67.8	68.5	69.2	67.5	68.3	67.9	67.7	
Q/q %, SAAR	0.5	-11.3	0.4	2.0	1.2	2.0	3.6	4.5					
Y/y %	7.3	1.4	-5.2	-2.3	-2.1	1.6	2.3	2.8	0.0	1.2	2.6	-0.2	
Change in inventories	-3.4	-2.3	-1.2	-0.5	-0.2	-0.6	-0.7	-0.8	-1.9	-0.6	-2.2	-0.5	
Public demand	123.4	124.4	125.0	125.5	125.7	125.8	125.5	125.2	124.8	125.5	123.8	125.7	
Q/q %, SAAR	5.5	3.2	2.1	1.5	0.7	0.2	-0.9	-1.1					
Y/y %	3.7	4.8	5.6	3.3	1.7	1.0	0.2	-0.5	4.3	0.6	4.2	1.6	
Government final consumption	101.1	101.7	102.0	102.2	102.4	102.7	103.1	103.5	101.8	103.0	101.4	102.6	
Q/q %, SAAR	1.9	2.4	1.2	0.8	0.8	1.2	1.6	1.6					
Y/y %	2.5	2.9	2.8	1.6	1.3	1.0	1.1	1.3	2.4	1.2	2.7	1.2	
Fixed investment	22.3	22.7	23.0	23.3	23.3	23.1	22.4	21.6	23.0	22.5	22.4	23.0	
Q/q %, SAAR	23.6	6.1	6.3	4.6	0.5	-4.2	-11.6	-12.7					
Y/y %	11.2	15.0	17.9	10.1	3.9	1.2	-3.2	-7.2	13.5	-2.0	12.0	3.0	
Change in inventories	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.1	
Net exports of goods and services	11.3	7.3	5.7	5.8	6.3	6.6	6.9	7.0	7.5	6.7	9.0	6.4	
Exports of goods and services	85.1	80.8	79.2	79.6	80.4	81.2	82.2	83.3	81.2	81.8	82.3	80.9	
Q/q %, SAAR	3.3	-18.9	-7.4	2.0	4.1	4.1	4.9	5.3					
Y/y %	9.2	-4.9	-3.0	-5.6	-5.6	0.6	3.7	4.5	-1.3	0.7	0.3	-1.8	
Imports of goods and services	73.8	73.5	73.5	73.8	74.1	74.6	75.3	76.2	73.7	75.1	73.3	74.5	
Q/q %, SAAR	7.4	-1.8	0.0	1.6	1.6	2.8	4.1	4.9					
Y/y %	9.0	4.8	3.8	1.8	0.3	1.5	2.5	3.3	4.8	1.9	6.0	1.5	
Residual	-0.6	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.6	-0.2	-0.6	-0.3	

Source: Compiled by DIR.

Notes: 1) Subtotals by demand (domestic demand, private demand, and public demand) are simple aggregates of respective components, which differ from figures released by the government.

2) Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

E: DIR estimate.

3.1 Nominal Gross Domestic Expenditure (¥ tril)

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Gross domestic expenditure	482.6	486.4	481.1	470.8	464.1	474.8	473.4	480.4	480.1	473.3	482.4	470.6	
Q/q %, SAAR	2.5	3.2	-4.3	-8.3	-5.6	9.5	-1.1	6.0					
Y/y %	2.1	3.9	1.3	-1.9	-3.7	-2.4	-1.8	2.3	1.3	-1.4	2.4	-2.4	
Domestic demand	476.1	480.4	476.8	470.3	470.4	478.4	481.2	488.1	475.8	479.6	476.6	474.9	
Q/q %, SAAR	2.5	3.6	-2.9	-5.4	0.1	6.9	2.4	5.8					
Y/y %	1.3	3.3	1.4	-0.7	-1.1	-0.4	0.7	4.1	1.3	0.8	1.5	-0.4	
Private demand	359.2	363.1	360.1	353.6	353.1	361.0	364.3	368.2	359.0	361.8	359.3	358.0	
Q/q %, SAAR	4.6	4.4	-3.3	-7.0	-0.6	9.3	3.7	4.3					
Y/y %	1.3	3.9	2.4	-0.4	-1.6	-0.6	1.1	4.4	1.8	0.8	1.7	-0.4	
Final consumption	285.2	287.0	285.3	281.4	283.1	286.9	287.7	291.4	284.7	287.3	285.9	284.8	
Q/q %, SAAR	-1.1	2.5	-2.3	-5.3	2.4	5.5	1.0	5.3					
Y/y %	0.5	1.6	0.2	-1.6	-0.6	-0.0	0.7	3.6	0.2	0.9	1.0	-0.4	
Residential investment	12.6	12.6	13.1	13.5	13.1	13.7	13.6	13.4	12.9	13.5	12.7	13.5	
Q/q %, SAAR	2.3	-0.1	19.6	10.2	-9.8	18.2	-2.0	-5.0					
Y/y %	-7.9	1.1	9.0	7.7	4.4	9.0	3.6	-0.3	2.3	4.2	-5.0	6.2	
Non-residential investment	62.3	62.8	61.2	61.3	60.9	62.2	66.7	65.1	61.9	63.8	61.5	62.7	
Q/q %, SAAR	16.8	3.5	-9.9	0.4	-2.7	9.1	32.3	-9.0					
Y/y %	1.0	3.0	1.3	2.1	-2.1	-1.3	9.2	6.3	1.9	3.1	-1.4	1.9	
Change in inventories	-0.9	0.7	0.4	-2.6	-4.0	-1.8	-3.7	-1.8	-0.5	-2.8	-0.8	-3.0	
Public demand	117.0	117.3	116.8	116.7	117.3	117.3	116.9	119.9	116.8	117.9	117.3	116.9	
Q/q %, SAAR	-3.7	1.2	-1.8	-0.4	2.3	-0.1	-1.4	10.7					
Y/y %	1.4	1.1	-1.4	-1.6	0.5	0.4	-0.5	3.1	-0.2	0.9	1.1	-0.3	
Government final consumption	95.4	95.6	95.2	96.0	96.2	96.4	96.4	98.0	95.6	96.8	95.1	96.2	
Q/q %, SAAR	3.7	1.1	-1.7	3.1	1.2	0.7	0.1	6.6					
Y/y %	2.1	1.6	0.1	1.9	0.8	1.0	0.9	2.5	1.4	1.3	1.4	1.1	
Fixed investment	21.6	21.8	21.6	20.8	21.0	20.8	20.4	21.9	21.3	21.0	22.2	20.7	
Q/q %, SAAR	-29.0	3.4	-3.9	-14.4	4.6	-4.4	-6.6	32.0					
Y/y %	-2.9	-0.5	-6.9	-12.4	-1.5	-3.8	-6.7	5.3	-6.5	-1.6	-0.0	-6.9	
Change in inventories	-0.0	-0.1	-0.1	-0.1	0.1	0.1	0.0	0.0	-0.1	0.1	-0.1	0.0	
Net exports of goods and services	6.4	6.0	4.3	0.5	-6.3	-3.6	-7.8	-7.6	4.3	-6.4	5.8	-4.3	
Exports of goods and services	74.7	73.9	73.3	73.4	68.4	73.7	69.8	71.9	73.8	70.9	73.2	71.3	
Q/q %, SAAR	22.5	-4.1	-3.2	0.4	-24.5	34.6	-19.5	12.7					
Y/y %	30.6	17.2	9.6	3.5	-8.0	-0.4	-5.1	-2.0	14.4	-3.9	22.3	-2.6	
Imports of goods and services	68.3	67.9	69.0	72.9	74.7	77.3	77.6	79.6	69.5	77.3	67.4	75.6	
Q/q %, SAAR	24.1	-2.4	6.8	24.3	10.6	14.3	1.6	10.6					
Y/y %	24.8	13.6	11.6	13.0	9.7	13.6	12.1	9.5	15.5	11.2	16.1	12.1	

Source: Compiled by DIR.

Note: Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

3.2 Nominal Gross Domestic Expenditure (¥ tril)

	2012			2013			2014			FY		CY	
	4-6	7-9	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)	
Gross domestic expenditure	478.2	473.8	472.9	474.1	474.8	475.2	478.3	484.5	474.5	478.1	476.2	475.5	
Q/q %, SAAR	-1.8	-3.6	-0.8	1.1	0.6	0.3	2.7	5.2					
Y/y %	2.9	-0.3	-0.0	-1.4	-0.6	0.3	1.1	2.2	0.3	0.8	1.2	-0.1	
Domestic demand	486.2	483.9	484.3	485.7	486.0	486.2	489.2	495.4	485.1	489.2	485.7	486.8	
Q/q %, SAAR	-1.5	-1.9	0.3	1.1	0.3	0.2	2.5	5.1					
Y/y %	3.2	1.1	0.8	-0.5	-0.0	0.5	0.9	2.0	1.1	0.9	2.3	0.2	
Private demand	365.7	362.5	362.1	362.8	362.8	362.7	365.8	372.1	363.1	365.9	364.6	363.5	
Q/q %, SAAR	-2.6	-3.5	-0.4	0.8	-0.0	-0.0	3.4	7.0					
Y/y %	3.4	0.3	-0.5	-1.6	-0.8	0.1	1.0	2.7	0.4	0.7	1.8	-0.3	
Final consumption	290.6	288.2	286.6	286.2	285.5	285.2	287.4	292.8	287.9	287.7	289.2	286.1	
Q/q %, SAAR	-1.0	-3.4	-2.1	-0.6	-1.0	-0.4	3.0	7.8					
Y/y %	2.6	0.4	-0.3	-1.8	-1.8	-1.0	0.2	2.3	0.2	-0.1	1.5	-1.1	
Residential investment	13.6	13.7	13.8	13.9	14.0	14.3	14.8	14.9	13.7	14.5	13.6	14.3	
Q/q %, SAAR	5.2	2.1	2.4	3.2	4.3	8.3	13.0	3.9					
Y/y %	3.8	0.2	1.1	3.3	3.0	4.4	7.1	7.2	2.0	5.5	1.2	4.5	
Non-residential investment	65.1	62.9	62.9	63.2	63.4	63.8	64.4	65.2	63.5	64.2	64.0	63.7	
Q/q %, SAAR	0.0	-12.9	-0.0	2.0	1.2	2.2	3.9	4.9					
Y/y %	7.2	0.9	-5.7	-2.9	-2.7	1.5	2.4	3.0	-0.5	1.2	2.1	-0.5	
Change in inventories	-3.7	-2.3	-1.2	-0.5	-0.2	-0.6	-0.7	-0.8	-2.0	-0.6	-2.3	-0.5	
Public demand	120.5	121.4	122.2	122.9	123.3	123.5	123.4	123.3	121.9	123.3	121.1	123.3	
Q/q %, SAAR	2.0	3.2	2.7	2.0	1.4	0.8	-0.3	-0.4					
Y/y %	2.3	3.7	5.0	2.7	2.2	1.6	0.8	0.2	3.4	1.2	3.6	1.8	
Government final consumption	97.3	97.8	98.2	98.5	98.9	99.3	99.9	100.5	98.0	99.7	97.9	99.2	
Q/q %, SAAR	-2.7	2.1	1.6	1.2	1.4	1.8	2.4	2.4					
Y/y %	1.0	1.6	2.1	0.4	1.6	1.5	1.6	2.1	1.3	1.7	1.8	1.3	
Fixed investment	23.1	23.5	23.9	24.3	24.3	24.1	23.5	22.7	23.9	23.6	23.2	24.0	
Q/q %, SAAR	24.9	6.9	6.9	5.5	1.3	-3.2	-10.8	-11.6					
Y/y %	11.0	14.0	17.9	10.8	4.7	2.2	-2.3	-6.3	13.5	-1.2	11.9	3.8	
Change in inventories	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	
Net exports of goods and services	-8.0	-10.1	-11.5	-11.5	-11.2	-11.1	-10.9	-10.9	-10.3	-11.0	-9.3	-11.2	
Exports of goods and services	72.0	68.1	66.8	67.2	68.1	69.0	70.2	71.4	68.6	69.6	69.7	68.6	
Q/q %, SAAR	0.6	-19.9	-7.4	2.4	4.9	5.5	7.0	7.4					
Y/y %	5.6	-7.7	-4.1	-6.5	-5.7	1.3	4.9	6.2	-3.3	1.6	-2.2	-1.6	
Imports of goods and services	80.0	78.2	78.3	78.8	79.3	80.0	81.1	82.3	78.8	80.7	79.1	79.8	
Q/q %, SAAR	2.4	-8.7	0.4	2.4	2.4	4.1	5.3	6.4					
Y/y %	7.2	1.1	1.1	-1.1	-1.0	2.4	3.5	4.6	2.0	2.4	4.6	0.9	

Source: Compiled by DIR.

Note: Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

E: DIR estimate.

4.1 Gross Domestic Expenditure, Implicit Deflators (2005=100)

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Gross domestic expenditure	94.5	94.0	93.3	93.1	92.4	92.2	91.9	92.0	93.7	92.1	94.1	92.4	
Q/q %, SAAR	-0.4	-0.5	-0.7	-0.3	-0.7	-0.2	-0.4	0.1					
Y/y %	-2.2	-2.0	-2.0	-1.9	-2.1	-1.9	-1.6	-1.1	-2.0	-1.7	-2.2	-1.9	
Private final consumption	95.5	94.8	94.6	94.7	94.4	94.4	94.1	94.3	94.9	94.3	95.2	94.4	
Q/q %, SAAR	-0.3	-0.7	-0.2	0.1	-0.3	-0.0	-0.2	0.1					
Y/y %	-1.6	-1.8	-1.4	-1.1	-1.1	-0.6	-0.5	-0.4	-1.5	-0.6	-1.7	-0.8	
Private residential investment	102.9	103.1	103.2	103.6	103.9	103.9	103.5	103.4	103.2	103.7	103.1	103.7	
Q/q %, SAAR	-0.1	0.1	0.1	0.4	0.3	0.0	-0.3	-0.2					
Y/y %	-0.7	0.2	0.4	0.6	0.9	0.8	0.3	-0.2	0.2	0.5	-0.6	0.6	
Private non-residential investment	96.2	95.6	95.1	95.1	94.6	94.6	94.5	94.6	95.5	94.6	96.0	94.7	
Q/q %, SAAR	-0.7	-0.6	-0.5	-0.1	-0.5	-0.0	-0.1	0.1					
Y/y %	-1.6	-1.6	-1.7	-1.8	-1.6	-1.1	-0.7	-0.5	-1.7	-0.9	-1.8	-1.3	
Government final consumption	97.9	98.0	97.0	97.7	97.6	97.6	97.2	97.4	97.6	97.4	97.7	97.4	
Q/q %, SAAR	-0.6	0.1	-1.0	0.7	-0.1	0.0	-0.4	0.2					
Y/y %	-0.5	0.1	-1.6	-0.4	-0.5	-0.1	-0.1	0.1	-0.6	-0.2	-0.5	-0.3	
Public fixed investment	103.1	103.0	103.0	103.1	103.7	104.3	103.9	103.3	103.1	103.8	103.0	103.7	
Q/q %, SAAR	-0.2	-0.1	0.0	0.2	0.5	0.6	-0.4	-0.6					
Y/y %	-0.5	-0.2	-0.1	0.1	0.7	1.0	0.9	0.4	-0.1	0.7	-0.7	0.6	
Exports of goods and services	90.3	87.6	87.3	87.8	87.6	86.7	85.4	85.2	88.2	86.2	88.8	86.8	
Q/q %, SAAR	-0.1	-3.0	-0.3	0.6	-0.3	-1.0	-1.5	-0.3					
Y/y %	-0.2	-3.6	-3.4	-2.8	-2.7	-1.1	-2.5	-2.8	-2.5	-2.3	-1.6	-2.2	
Imports of goods and services	104.3	101.5	103.0	107.2	110.3	110.1	109.5	109.7	104.0	109.9	103.2	109.2	
Q/q %, SAAR	-0.0	-2.7	1.4	4.1	2.9	-0.1	-0.6	0.2					
Y/y %	7.7	0.8	0.8	3.2	5.8	8.1	6.2	2.7	3.0	5.7	4.5	5.8	

Source: Compiled by DIR.

Note: Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

4.2 Gross Domestic Expenditure, Implicit Deflators (2005=100)

	2012		2013			2014			FY		CY	
	4-6	7-9	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)
Gross domestic expenditure	91.6	91.5	91.4	91.3	91.2	91.1	91.1	91.1	91.4	91.1	91.6	91.2
Q/q %, SAAR	-0.4	-0.0	-0.1	-0.2	-0.1	-0.0	-0.0	-0.0				
Y/y %	-1.0	-0.8	-0.5	-0.8	-0.4	-0.4	-0.4	-0.2	-0.7	-0.4	-0.8	-0.5
Private final consumption	93.9	93.5	93.3	93.0	92.7	92.6	92.5	92.4	93.4	92.5	93.7	92.7
Q/q %, SAAR	-0.3	-0.4	-0.3	-0.3	-0.3	-0.1	-0.1	-0.1				
Y/y %	-0.5	-1.0	-0.9	-1.4	-1.3	-0.9	-0.8	-0.6	-0.9	-0.9	-0.7	-1.1
Private residential investment	103.1	102.7	102.6	102.6	102.6	102.7	102.8	103.0	102.7	102.8	102.9	102.7
Q/q %, SAAR	-0.3	-0.4	-0.1	0.0	0.0	0.1	0.1	0.2				
Y/y %	-0.7	-1.2	-0.9	-0.8	-0.4	0.1	0.2	0.4	-0.9	0.1	-0.8	-0.2
Private non-residential investment	94.5	94.1	94.0	94.0	94.0	94.0	94.1	94.2	94.1	94.1	94.3	94.0
Q/q %, SAAR	-0.1	-0.5	-0.1	0.0	0.0	0.0	0.0	0.1				
Y/y %	-0.1	-0.6	-0.6	-0.7	-0.6	-0.0	0.1	0.2	-0.5	-0.1	-0.4	-0.3
Government final consumption	96.3	96.2	96.3	96.4	96.6	96.7	96.9	97.1	96.3	96.8	96.6	96.6
Q/q %, SAAR	-1.1	-0.1	0.1	0.1	0.2	0.2	0.2	0.2				
Y/y %	-1.5	-1.3	-0.7	-1.2	0.4	0.5	0.5	0.8	-1.2	0.5	-0.9	0.1
Public fixed investment	103.6	103.8	103.9	104.1	104.3	104.6	104.9	105.2	103.8	104.7	103.6	104.4
Q/q %, SAAR	0.3	0.2	0.1	0.2	0.2	0.3	0.3	0.3				
Y/y %	-0.1	-0.8	0.0	0.7	0.7	1.0	0.9	1.1	0.0	0.9	-0.1	0.8
Exports of goods and services	84.7	84.4	84.4	84.5	84.6	84.9	85.3	85.8	84.5	85.2	84.7	84.8
Q/q %, SAAR	-0.6	-0.3	0.0	0.1	0.2	0.4	0.5	0.5				
Y/y %	-3.2	-2.9	-1.1	-1.0	-0.1	0.7	1.1	1.6	-2.0	0.8	-2.5	0.2
Imports of goods and services	108.4	106.5	106.6	106.8	107.0	107.3	107.6	108.0	107.0	107.5	107.8	107.1
Q/q %, SAAR	-1.2	-1.8	0.1	0.2	0.2	0.3	0.3	0.4				
Y/y %	-1.7	-3.5	-2.6	-2.9	-1.3	0.9	1.0	1.3	-2.6	0.4	-1.3	-0.6

Source: Compiled by DIR.

Note: Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

E: DIR estimate.

5.1 Contribution to Real GDP Growth by Component

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
1) Q/q %													
GDP growth rate	1.1	1.3	-0.4	-1.9	-0.7	2.5	0.1	1.4	3.4	0.3	4.7	-0.6	
Domestic demand	1.0	1.3	-0.3	-1.6	0.3	1.7	0.8	1.3	2.6	1.3	2.9	0.3	
Private demand	1.1	1.3	-0.4	-1.4	0.1	1.8	0.8	0.7	2.5	1.1	2.5	0.4	
Private consumption	-0.0	0.8	-0.2	-0.8	0.5	0.8	0.3	0.7	1.0	0.9	1.7	0.3	
Residential investment	0.0	-0.0	0.1	0.1	-0.1	0.1	-0.0	-0.0	0.1	0.1	-0.1	0.1	
Private fixed investment	0.6	0.2	-0.3	0.0	-0.0	0.3	1.0	-0.3	0.5	0.5	0.0	0.4	
Change in private inventories	0.5	0.3	-0.0	-0.7	-0.3	0.5	-0.5	0.3	1.0	-0.5	0.9	-0.5	
Public demand	-0.1	0.1	0.1	-0.2	0.1	-0.0	0.0	0.6	0.1	0.2	0.4	-0.0	
Government final consumption	0.3	0.0	0.1	0.0	0.1	0.0	0.1	0.3	0.4	0.3	0.4	0.3	
Public fixed investment	-0.4	0.0	-0.0	-0.2	0.0	-0.1	-0.1	0.3	-0.3	-0.1	0.0	-0.3	
Change in public inventories	-0.0	-0.0	0.0	-0.0	0.0	0.0	-0.0	-0.0	-0.0	0.0	-0.0	0.0	
Net exports of goods and services	0.1	0.0	-0.1	-0.3	-1.0	0.8	-0.7	0.1	0.8	-1.0	1.7	-0.9	
Exports of goods and services	0.8	0.3	-0.1	-0.1	-1.0	1.3	-0.6	0.5	2.3	-0.3	3.1	-0.1	
Imports of goods and services	-0.7	-0.3	-0.0	-0.2	0.0	-0.5	-0.1	-0.4	-1.5	-0.8	-1.4	-0.8	
2) Y/y %													
GDP growth rate	4.5	6.0	3.3	-0.0	-1.6	-0.5	-0.2	3.4	3.4	0.3	4.7	-0.6	
Domestic demand	2.7	4.7	2.8	0.3	-0.2	0.1	1.0	4.3	2.6	1.3	2.9	0.3	
Private demand	2.2	4.4	2.9	0.6	-0.4	0.1	1.2	3.5	2.5	1.1	2.5	0.4	
Private consumption	1.2	2.1	1.0	-0.3	0.3	0.3	0.7	2.4	1.0	0.9	1.7	0.3	
Residential investment	-0.2	0.0	0.2	0.2	0.1	0.2	0.1	-0.0	0.1	0.1	-0.1	0.1	
Private fixed investment	0.3	0.6	0.3	0.6	-0.1	-0.0	1.2	1.0	0.5	0.5	0.0	0.4	
Change in private inventories	0.9	1.6	1.3	0.2	-0.8	-0.5	-0.9	0.2	1.0	-0.5	0.9	-0.5	
Public demand	0.4	0.3	-0.1	-0.3	0.2	0.1	-0.2	0.8	0.1	0.2	0.4	-0.0	
Government final consumption	0.5	0.3	0.3	0.5	0.3	0.2	0.2	0.5	0.4	0.3	0.4	0.3	
Public fixed investment	-0.1	-0.0	-0.4	-0.8	-0.1	-0.2	-0.4	0.3	-0.3	-0.1	0.0	-0.3	
Change in public inventories	-0.0	-0.0	-0.0	-0.0	0.0	0.1	0.0	0.0	-0.0	0.0	-0.0	0.0	
Net exports of goods and services	1.8	1.3	0.5	-0.3	-1.4	-0.6	-1.2	-0.9	0.8	-1.0	1.7	-0.9	
Exports of goods and services	3.7	2.9	1.9	0.9	-0.8	0.1	-0.4	0.1	2.3	-0.3	3.1	-0.1	
Imports of goods and services	-1.9	-1.6	-1.3	-1.3	-0.5	-0.7	-0.8	-1.0	-1.5	-0.8	-1.4	-0.8	

Source: Compiled by DIR.

Note: Q/q growth rates seasonally adjusted; y/y growth rates and FY and CY figures unadjusted.

5.2 Contribution to Real GDP Growth by Component

	2012		2013		2014		FY		CY			
	4-6	7-9	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)
1) Q/q %												
GDP growth rate	-0.0	-0.9	-0.1	0.4	0.3	0.1	0.7	1.3	1.0	1.1	2.0	0.4
Domestic demand	0.1	-0.2	0.2	0.4	0.2	0.1	0.7	1.3	1.9	1.2	2.9	0.9
Private demand	-0.2	-0.4	0.1	0.3	0.2	0.1	0.7	1.4	0.9	1.1	1.9	-0.5
Private consumption	0.0	-0.3	-0.1	0.1	0.0	0.0	0.5	1.2	0.7	0.5	1.4	0.0
Residential investment	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Private fixed investment	0.0	-0.4	0.0	0.1	0.0	0.1	0.1	0.1	0.0	0.2	0.3	-0.0
Change in private inventories	-0.3	0.3	0.2	0.1	0.1	-0.1	-0.0	-0.0	0.2	0.3	0.1	-0.6
Public demand	0.3	0.2	0.1	0.1	0.0	0.0	-0.1	-0.1	1.0	0.1	1.1	1.4
Government final consumption	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.5	0.2	0.5	0.3
Public fixed investment	0.2	0.1	0.1	0.1	0.0	-0.1	-0.2	-0.2	0.5	-0.1	0.5	0.1
Change in public inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Net exports of goods and services	-0.2	-0.7	-0.3	0.0	0.1	0.0	0.0	-0.0	-0.9	-0.2	-0.9	-0.5
Exports of goods and services	0.1	-0.8	-0.3	0.1	0.1	0.1	0.2	0.2	-0.2	0.1	0.0	-0.3
Imports of goods and services	-0.3	0.1	0.0	-0.1	-0.1	-0.1	-0.2	-0.2	-0.7	-0.3	-1.0	-0.3
2) Y/y %												
GDP growth rate	3.9	0.5	0.5	-0.6	-0.2	0.8	1.5	2.4	1.0	1.1	2.0	0.4
Domestic demand	4.0	2.0	1.6	0.7	0.6	0.9	1.3	2.2	1.9	1.2	2.9	0.9
Private demand	3.0	0.9	0.2	-0.2	0.2	0.6	1.2	2.4	0.9	1.1	1.9	-0.5
Private consumption	1.9	0.9	0.4	-0.3	-0.3	-0.0	0.7	1.8	0.7	0.5	1.4	0.0
Residential investment	0.1	0.0	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Private fixed investment	0.9	0.2	-0.7	-0.3	-0.3	0.2	0.3	0.4	0.0	0.2	0.3	-0.0
Change in private inventories	0.1	-0.2	0.4	0.3	0.7	0.3	0.1	-0.1	0.2	0.3	0.1	-0.6
Public demand	0.9	1.2	1.4	0.9	0.4	0.3	0.0	-0.2	1.0	0.1	1.1	1.4
Government final consumption	0.5	0.6	0.6	0.3	0.3	0.2	0.2	0.3	0.5	0.2	0.5	0.3
Public fixed investment	0.4	0.6	0.8	0.5	0.2	0.1	-0.2	-0.4	0.5	-0.1	0.5	0.1
Change in public inventories	-0.0	-0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	1.0
Net exports of goods and services	-0.1	-1.6	-1.1	-1.1	-0.9	-0.2	0.1	0.1	-0.9	-0.2	-0.9	-0.5
Exports of goods and services	1.3	-0.8	-0.4	-0.8	-0.8	0.1	0.5	0.6	-0.2	0.1	0.0	-0.3
Imports of goods and services	-1.4	-0.8	-0.6	-0.3	-0.1	-0.2	-0.4	-0.6	-0.7	-0.3	-1.0	-0.3

Source: Compiled by DIR.

Note: Q/q growth rates seasonally adjusted; y/y growth rates and FY and CY figures unadjusted.

E: DIR estimate.

6.1 Major Assumptions

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
1) World economy													
Economic growth of major trading partners													
Y/y %	6.6	5.5	5.0	4.8	3.9	3.8	2.8	2.9	5.5	3.4	6.0	3.8	
Crude oil price (WTI futures; \$/bbl)													
Y/y %	30.6	11.7	12.0	19.9	31.1	17.5	10.3	8.9	18.0	16.4	28.2	19.5	
2) US economy													
Real GDP (chained [2005]; \$ bil; SAAR)													
Q/q %, SAAR	2.2	2.6	2.4	0.1	2.5	1.3	4.1	2.0	13,122	13,380	13,063	13,299	
Y/y %	2.5	2.8	2.4	1.8	1.9	1.6	2.0	2.4	2.4	2.0	2.4	1.8	
Consumer Price Index (1982-84 avg=100)													
Q/q %, SAAR	-0.3	1.4	3.0	4.5	4.4	3.1	1.3	2.5	219.2	226.5	218.1	224.9	
Y/y %	1.8	1.2	1.3	2.1	3.4	3.8	3.3	2.8	1.6	3.3	1.6	3.2	
Producer Price Index (Finished goods; 1982=100)													
Q/q %, SAAR	-0.7	2.6	7.6	10.2	6.0	4.2	1.7	1.9	181.9	192.1	179.8	190.5	
Y/y %	4.4	3.8	3.8	4.9	6.9	6.9	5.4	3.4	4.2	5.6	4.2	6.0	
FF rate (%) (Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	3.49	2.79	2.86	3.46	3.21	2.43	2.05	2.04	3.15	2.43	3.21	2.79	
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	95.4	95.6	95.2	96.0	96.2	96.4	96.4	98.0	95.6	96.8	95.1	96.2	
Q/q %, SAAR	3.7	1.1	-1.7	3.1	1.2	0.7	0.1	6.6					
Y/y %	2.1	1.6	0.1	1.9	0.8	1.0	0.9	2.5	1.4	1.3	1.4	1.1	
Nominal public fixed investment													
Y tril; SAAR	21.6	21.8	21.6	20.8	21.0	20.8	20.4	21.9	21.3	21.0	22.2	20.7	
Q/q %, SAAR	-29.0	3.4	-3.9	-14.4	4.6	-4.4	-6.6	32.0					
Y/y %	-2.9	-0.5	-6.9	-12.4	-1.5	-3.8	-6.7	5.3	-6.5	-1.6	-0.0	-6.9	
Exchange rate (Y/\$)													
(Y/€)	92.0	85.8	82.5	82.3	81.7	77.8	77.3	79.3	85.7	79.0	87.8	79.8	
	114.8	111.5	110.4	113.8	118.3	108.7	104.9	106.3	112.6	109.6	115.1	111.4	
Call rate (end-period; %)													
	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	

Source: Compiled by DIR.

Note: Consumption tax hike in April 2014 assumed for Japan.

6.2 Major Assumptions

	2012			2013			2014			FY		CY	
	4-6	7-9	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)	
1) World economy													
Economic growth of major trading partners													
Y/y %	2.7	2.6	3.3	2.9	3.2	3.4	3.6	3.7	3.0	3.4	3.1	3.2	
Crude oil price (WTI futures; \$/bbl)	93.4	92.2	95.0	95.0	95.0	95.0	95.0	95.0	93.9	95.0	95.9	95.0	
Y/y %	-8.8	3.0	1.0	-7.8	1.8	3.0	0.0	0.0	-3.4	1.2	0.8	-0.9	
2) US economy													
Real GDP (chained [2005]; \$ bil; SAAR)	13,549	13,638	13,687	13,737	13,805	13,878	13,959	14,043	13,653	13,921	13,595	13,845	
Q/q %, SAAR	1.3	2.7	1.5	1.4	2.0	2.2	2.3	2.4					
Y/y %	2.1	2.5	1.8	1.7	1.9	1.8	2.0	2.2	2.0	2.0	2.2	1.8	
Consumer Price Index (1982-84 avg=100)	228.8	230.1	231.2	232.3	233.5	234.8	236.1	237.4	230.6	235.4	229.6	234.1	
Q/q %, SAAR	0.8	2.3	1.9	2.0	2.0	2.3	2.2	2.3					
Y/y %	1.9	1.7	1.9	1.7	2.1	2.0	2.1	2.2	1.8	2.1	2.1	2.0	
Producer Price Index (Finished goods; 1982=100)	192.4	195.3	196.0	197.0	198.0	199.2	200.5	202.0	194.9	199.6	194.1	198.4	
Q/q %, SAAR	-3.4	6.2	1.6	2.0	2.1	2.4	2.6	3.1					
Y/y %	1.1	1.5	1.5	1.5	3.0	2.0	2.3	2.5	1.4	2.4	1.9	2.2	
FF rate (%)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	
(Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	1.82	2.30	1.72	1.84	1.97	2.10	2.32	2.43	1.76	2.21	1.81	2.06	
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	97.3	97.8	98.2	98.5	98.9	99.3	99.9	100.5	98.0	99.7	97.9	99.2	
Q/q %, SAAR	-2.7	2.1	1.6	1.2	1.4	1.8	2.4	2.4					
Y/y %	1.0	1.6	2.1	0.4	1.6	1.5	1.6	2.1	1.3	1.7	1.8	1.3	
Nominal public fixed investment													
Y tril; SAAR	23.1	23.5	23.9	24.3	24.3	24.1	23.5	22.7	23.9	23.6	23.2	24.0	
Q/q %, SAAR	24.9	6.9	6.9	5.5	1.3	-3.2	-10.8	-11.6					
Y/y %	11.0	14.0	17.9	10.8	4.7	2.2	-2.3	-6.3	13.5	-1.2	11.9	3.8	
Exchange rate (Y/\$)													
	80.1	78.6	80.0	80.0	80.0	80.0	80.0	80.0	79.7	80.0	79.5	80.0	
(Y/€)	101.2	98.2	100.0	100.0	100.0	100.0	100.0	100.0	99.8	100.0	101.4	100.0	
Call rate (end-period; %)													
	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	

Source: Compiled by DIR.

Note: Consumption tax hike in April 2014 assumed for Japan.

E: DIR estimate.