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Japan's Economic Outlook No. 177 Update (Summary)

Assessment of Abenomics: Examination of current situation and future issues

Japan to see real GDP growth of +3.1% in FY13 and +0.7% in FY14,
nominal GDP growth of +3.0% and +2.0%

Economic Research Dept
Mitsumaru Kumagai
Masahiko Hashimoto
Tsutomu Saito
Shotaro Kugo

Main Points

- **Economic outlook reviewed:** In light of the second preliminary Jan-Mar GDP release (Cabinet Office), we have reviewed our economic growth outlook. We now forecast real GDP growth of +3.1% y/y for FY13 (previous forecast: +3.1%) and +0.7% for FY14 (+0.7%).
- **Assessment of Abenomics:** In this report, we provide an assessment of the economic policies of the Abe administration (so-called Abenomics). Abenomics consists of three thrusts (priority areas): (1) bold monetary policies, (2) flexible fiscal policies, and (3) growth strategies to stimulate private sector investment. We believe that Abenomics represents an appropriate set of economic policies with the potential of sparking the revival of Japan's economy. In particular, monetary policies are steadily yielding results. In this report, we examine the prospects for achieving the BOJ's inflation target of 2%. This target will be hard to achieve merely by reducing the GDP gap, and a significant increase in the expected inflation rate will be essential. A quantitative analysis of the economic impact of Abenomics based on Daiwa's short-term macroeconomic model indicates that the positive effects coming from a weaker yen and higher stock prices will not be impaired as long as the long-term interest rate does not rise substantially. Hence, current favorable economic conditions will be sustained for the time being. On the other hand, the Japanese government will need to address the medium- to long-term fiscal deficit problem with more resolve than before.
- **Three issues regarding Abenomics:** First, there is the risk that the government failing to maintain fiscal discipline will invite the triple blow of falling JGB prices, falling stock prices, and a falling yen. Second, criticism is being widely voiced that medium- to long-term improvements in the nation's economic foundation and structural reforms are currently insufficient. Third, there is concern that employee income will not grow as inflation progresses. Thus, going forward, the Abe administration will need to actively engage in: (1) the maintenance of fiscal discipline, such as by making fundamental reforms to the social insurance system, (2) the

strengthening of comprehensive growth strategies, such as deregulation, participation in the Trans-Pacific Strategic Economic Partnership Agreement (TPP), and the reduction of the effective tax rate borne by corporations, and (3) the achievement of higher employee income where the pain is shared among the government, business, and labor.

- **Main scenario for Japan's economy:** Japan's economy slipped into recession after peaking in March 2012. It now appears to have hit bottom in November 2012 and to have bottomed out. It is expected to continue expanding, supported by (1) the recovery of the US and Chinese economies, (2) the continuation of reconstruction demand and a large-scale supplementary budget, and (3) the ongoing depreciation of the yen and the ascent of stock prices accompanying the BOJ's bold monetary easing. With regard to the last, we anticipate that the yen will gradually weaken against the US dollar. Also, in comparison to the real economy, it still cannot be said that stock prices are overvalued at their current levels.
- **Risks facing Japan's economy:** Risks that will need to be borne in mind regarding Japan's economy are: (1) a reigniting of the European sovereign debt crisis, (2) the worsening of Japan-China relations, (3) the US fiscal issue, and (4) a surge in crude oil prices stemming from geopolitical risk.
- **BOJ monetary policy:** The BOJ has made a smooth start with the relaunch of monetary policies under the leadership of Haruhiko Kuroda, the new governor. Concerns are likely to surface, however, with the release of *Outlook for Economic Activity and Prices* in October 2013 regarding prospects for achieving the inflation target, and the BOJ will likely be compelled to ease monetary policy further, such as by actively purchasing risk assets (ETFs and other such assets).

Our assumptions

- Public works spending will grow +12.4% in FY13 and -15.8% in FY14; the consumption tax rate will be increased in April 2014
- Average exchange rate of Y100.0/\$ in both FY13 and FY14
- US real GDP growth of +1.9% in CY13 and +2.3% in CY14

Main Economic Indicators and Real GDP Components

	FY12 (Actual)	FY13 (Estimate)	FY14 (Estimate)	CY12 (Actual)	CY13 (Estimate)	CY14 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	0.3	3.0	2.0	1.1	1.7	2.8
Real GDP (chained [2005]; y/y %)	1.2	3.1	0.7	1.9	2.2	1.8
Domestic demand (contribution, % pt)	1.9	2.7	-0.3	2.8	2.1	1.2
Foreign demand (contribution, % pt)	-0.7	0.4	0.9	-0.9	0.1	0.6
GDP deflator (y/y %)	-0.9	-0.1	1.3	-0.9	-0.5	0.9
Index of All-industry Activity (y/y %)*	0.3	2.6	2.4	0.8	1.4	3.2
Index of Industrial Production (y/y %)	-3.1	4.3	5.8	-0.3	0.6	6.6
Index of Tertiary Industry Activity (y/y %)	0.9	1.9	1.6	1.2	1.1	2.3
Corporate Goods Price Index (y/y %)	-1.1	1.7	3.3	-0.9	1.2	2.9
Consumer Price Index (excl. fresh food; y/y %)	-0.2	0.3	2.9	-0.1	0.1	2.3
Unemployment rate (%)	4.3	4.1	3.9	4.4	4.1	3.9
Government bond yield (10 year; %)	0.76	0.88	1.05	0.84	0.81	1.01
Money stock; M2 (end-period; y/y %)	2.5	3.2	3.6	2.5	3.1	3.5
Balance of payments						
Trade balance (Y tril)	-7.2	-7.2	-3.4	-5.1	-7.6	-4.6
Current balance (\$100 mil)	528	574	1,245	661	486	1,021
Current balance (Y tril)	4.3	5.7	12.5	5.3	4.8	10.2
(% of nominal GDP)	0.9	1.2	2.5	1.1	1.0	2.0
Real GDP components (Chained [2005]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	1.6 (1.0)	2.3 (1.4)	-0.6 (-0.4)	2.3 (1.4)	1.8 (1.1)	0.7 (0.4)
Private housing investment	5.3 (0.1)	7.5 (0.2)	-4.5 (-0.1)	3.0 (0.1)	8.3 (0.2)	-1.5 (-0.0)
Private fixed investment	-1.4 (-0.2)	2.1 (0.3)	6.5 (0.8)	2.1 (0.3)	-1.4 (-0.2)	6.8 (0.9)
Government final consumption	2.2 (0.4)	1.6 (0.3)	1.1 (0.2)	2.4 (0.5)	1.7 (0.3)	1.3 (0.3)
Public fixed investment	15.0 (0.6)	11.2 (0.5)	-16.9 (-0.8)	12.5 (0.6)	12.8 (0.6)	-8.4 (-0.5)
Exports of goods and services	-1.3 (-0.2)	5.4 (0.8)	9.8 (1.6)	-0.1 (-0.0)	2.3 (0.3)	9.3 (1.5)
Imports of goods and services	3.8 (-0.5)	3.1 (-0.4)	4.5 (-0.6)	5.4 (-0.9)	1.7 (-0.3)	5.0 (-0.9)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.1	3.1	3.8	3.1	2.9	3.7
Crude oil price (WTI futures; \$/bbl)	92.0	95.0	95.0	94.1	94.8	95.0
2. US economy						
US real GDP (chained [2005]; y/y %)	2.0	1.9	2.5	2.2	1.9	2.3
US Consumer Price Index (y/y %)	1.8	1.8	2.1	2.1	1.7	2.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	14.6	12.4	-15.8	12.2	13.7	-7.2
Exchange rate (Y/\$)	83.1	100.0	100.0	79.8	98.1	100.0
(Y/€)	107.4	130.0	130.0	103.5	128.0	130.0
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 177 Update)		Previous outlook (Outlook 177)		Difference between previous and current outlooks	
	FY13	FY14	FY13	FY14	FY13	FY14
Main economic indicators						
Nominal GDP (y/y %)	3.0	2.0	3.0	2.0	-0.0	-0.0
Real GDP (chained [2005]; y/y %)	3.1	0.7	3.1	0.7	-0.0	-0.0
Domestic demand (contribution, % pt)	2.7	-0.3	2.7	-0.3	-0.0	-0.0
Foreign demand (contribution, % pt)	0.4	0.9	0.4	0.9	-0.0	0.0
GDP deflator (y/y %)	-0.1	1.3	-0.2	1.3	0.0	-0.0
Index of All-industry Activity (y/y %)*	2.6	2.4	2.5	2.4	0.1	0.0
Index of Industrial Production (y/y %)	4.3	5.8	4.3	5.8	0.0	0.0
Index of Tertiary Industry Activity (y/y %)	1.9	1.6	1.8	1.6	0.1	-0.0
Corporate Goods Price Index (y/y %)	1.7	3.3	1.7	3.3	0.0	0.0
Consumer Price Index (excl. fresh food; y/y %)	0.3	2.9	0.3	2.9	0.0	0.0
Unemployment rate (%)	4.1	3.9	4.1	3.9	-0.0	-0.0
Government bond yield (10 year; %)	0.88	1.05	0.88	1.05	0.00	0.00
Money stock; M2 (end-period; y/y %)	3.2	3.6	3.2	3.6	0.0	0.0
Balance of payments						
Trade balance (Y tril)	-7.2	-3.4	-7.2	-3.4	0.0	-0.0
Current balance (\$100 mil)	574	1,245	552	1,223	22	22
Current balance (Y tril)	5.7	12.5	5.5	12.2	0.2	0.2
(% of nominal GDP)	1.2	2.5	1.1	2.5	0.0	0.0
Real GDP components (chained [2005]; y/y %)						
Private final consumption	2.3	-0.6	2.4	-0.6	-0.1	-0.0
Private housing investment	7.5	-4.5	7.6	-4.5	-0.1	-0.0
Private fixed investment	2.1	6.5	1.7	6.5	0.4	-0.0
Government final consumption	1.6	1.1	1.8	1.1	-0.1	-0.0
Public fixed investment	11.2	-16.9	11.0	-16.9	0.2	-0.0
Exports of goods and services	5.4	9.8	5.4	9.8	-0.0	0.0
Imports of goods and services	3.1	4.5	3.1	4.5	-0.0	-0.0
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.1	3.8	3.1	3.8	0.0	-0.0
Crude oil price (WTI futures; \$/bbl)	95.0	95.0	95.0	95.0	0.0	0.0
2. US economy						
US real GDP (chained [2005]; y/y %)	1.9	2.5	1.9	2.5	-0.0	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 %)	12.4	-15.8	12.2	-15.8	0.3	-0.0
Exchange rate (Y/\$)	100.0	100.0	100.0	100.0	0.0	0.0
(Y/€)	130.0	130.0	130.0	130.0	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

	2011			2012			2013			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2011	2012	2011	2012	
Nominal GDP (SAAR; Y tril)	463.4	474.5	474.7	479.9	477.4	472.4	473.1	475.7	473.2	474.8	470.6	475.5	
Q/q %	-1.5	2.4	0.0	1.1	-0.5	-1.1	0.2	0.6					
Q/q %, SAAR	-6.0	9.9	0.1	4.4	-2.0	-4.2	0.6	2.2					
Y/y %	-3.7	-2.4	-1.8	2.3	2.9	-0.6	-0.3	-0.6	-1.4	0.3	-2.5	1.1	
Real GDP (chained [2005]; SAAR; Y tril)	501.4	514.9	515.9	522.0	521.2	516.4	517.9	523.2	513.6	519.8	509.4	519.3	
Q/q %	-0.8	2.7	0.2	1.2	-0.2	-0.9	0.3	1.0					
Q/q %, SAAR	-3.3	11.2	0.8	4.8	-0.6	-3.6	1.2	4.1					
Y/y %	-1.6	-0.5	-0.3	3.4	3.9	0.2	0.4	0.4	0.2	1.2	-0.6	1.9	
Contribution to GDP growth (% pt)													
Domestic demand	0.2	1.8	0.9	1.1	0.1	-0.3	0.4	0.6	1.3	1.9	0.3	2.8	
Foreign demand	-1.1	0.9	-0.7	0.1	-0.3	-0.6	-0.1	0.4	-1.0	-0.7	-0.9	-0.9	
GDP deflator (y/y %)	-2.1	-1.9	-1.5	-1.0	-1.0	-0.8	-0.7	-1.1	-1.7	-0.9	-1.9	-0.9	
Index of All-Industry Activity (2005=100)	94.2	96.2	96.7	96.6	96.5	96.0	96.3	96.4	96.0	96.3	95.4	96.2	
Q/q %; y/y %	-1.0	2.2	0.6	-0.1	-0.2	-0.5	0.3	0.1	0.2	0.3	-0.5	0.8	
Index of Industrial Production (2005=100)	88.9	93.7	94.1	95.3	93.4	89.5	87.8	89.7	93.2	90.3	92.2	91.9	
Q/q %; y/y %	-4.2	5.4	0.4	1.2	-2.0	-4.2	-1.9	2.2	-1.0	-3.1	-2.4	-0.3	
Index of Tertiary Industry Activity (2005=100)	97.0	98.5	99.0	99.0	99.0	99.1	99.6	99.2	98.5	99.3	97.9	99.1	
Q/q %; y/y %	-0.5	1.5	0.5	0.0	0.0	0.0	0.5	-0.4	0.7	0.9	0.0	1.2	
Corporate Goods Price Index components (2010=100)													
Domestic Company Goods Price Index	102.0	102.1	101.0	101.2	100.9	100.1	100.1	100.9	101.6	100.5	101.5	100.6	
Y/y %	1.8	2.1	1.1	0.3	-1.0	-1.9	-1.0	-0.3	1.3	-1.1	1.5	-0.9	
CPI (excl. fresh food; 2010=100)	100.0	99.9	99.7	99.6	99.9	99.6	99.6	99.3	99.8	99.6	99.8	99.7	
Y/y %	-0.3	0.2	-0.2	0.1	-0.0	-0.2	-0.1	-0.3	-0.0	-0.2	-0.3	-0.1	
Unemployment rate (%)	4.7	4.5	4.5	4.5	4.4	4.3	4.2	4.2	4.5	4.3	4.6	4.4	
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	
Government bond yield (10 year; %)	1.16	1.04	1.03	0.97	0.85	0.78	0.76	0.66	1.05	0.76	0.98	0.84	
Money stock; M2 (y/y %)	2.8	2.8	3.0	3.0	2.4	2.4	2.3	2.9	2.9	2.5	2.7	2.5	
Trade balance (SAAR; Y tril)	-5.0	-1.3	-3.9	-4.3	-4.4	-6.6	-6.4	-10.1	-3.5	-7.2	-1.6	-5.1	
Current balance (SAAR; \$100 mil)	864	1,240	938	825	767	497	532	317	964	528	1,197	661	
Current balance (SAAR; Y tril)	7.1	9.6	7.3	6.5	6.1	3.9	4.3	2.9	7.6	4.3	9.6	5.3	
(% of nominal GDP)	1.5	2.0	1.5	1.4	1.3	0.8	0.9	0.6	1.6	0.9	2.0	1.1	
Exchange rate (Y/\$)	81.7	77.8	77.3	79.3	80.1	78.6	81.2	92.3	79.0	83.1	79.8	79.8	
(Y/Euro)	118.3	108.7	104.9	106.3	101.2	98.2	108.2	122.0	109.6	107.4	111.4	103.5	

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.

1.2 Selected Economic Indicators

	2013			2014			2015			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2013 (E)	2014 (E)	2013 (E)	2014 (E)	
Nominal GDP (SAAR; Y tril)	480.6	485.3	490.9	498.3	492.5	496.1	499.9	504.9	488.9	498.5	483.4	496.8	
Q/q %	1.0	1.0	1.2	1.5	-1.2	0.7	0.8	1.0					
Q/q %, SAAR	4.1	4.0	4.7	6.2	-4.5	3.0	3.0	4.1					
Y/y %	0.7	2.8	3.7	4.6	2.4	2.2	1.8	1.4	3.0	2.0	1.7	2.8	
Real GDP (chained [2005]; SAAR; Y tril)	527.0	532.4	538.2	545.9	535.1	538.0	540.8	544.3	536.0	539.8	530.5	540.1	
Q/q %	0.7	1.0	1.1	1.4	-2.0	0.5	0.5	0.6					
Q/q %, SAAR	3.0	4.1	4.4	5.9	-7.7	2.2	2.1	2.6					
Y/y %	1.2	3.1	3.9	4.2	1.5	1.0	0.5	-0.2	3.1	0.7	2.2	1.8	
Contribution to GDP growth (% pt)													
Domestic demand	0.6	0.9	1.0	1.3	-2.4	0.2	0.2	0.3	2.7	-0.3	2.1	1.2	
Foreign demand	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.4	0.9	0.1	0.6	
GDP deflator (y/y %)	-0.4	-0.3	-0.1	0.4	0.9	1.2	1.3	1.6	-0.1	1.3	-0.5	0.9	
Index of All-Industry Activity (2005=100)	97.1	98.0	99.2	100.7	100.1	100.7	101.5	102.4	98.8	101.2	97.5	100.6	
Q/q %; y/y %	0.8	0.9	1.2	1.5	-0.6	0.6	0.7	0.9	2.6	2.4	1.4	3.2	
Index of Industrial Production (2005=100)	91.0	92.7	94.8	97.5	96.9	98.1	100.1	102.6	94.2	99.6	92.4	98.5	
Q/q %; y/y %	1.4	1.9	2.2	2.8	-0.6	1.3	2.0	2.5	4.3	5.8	0.6	6.6	
Index of Tertiary Industry Activity (2005=100)	99.8	100.5	101.5	102.7	102.1	102.5	103.0	103.5	101.2	102.9	100.1	102.5	
Q/q %; y/y %	0.6	0.7	1.0	1.2	-0.6	0.4	0.4	0.5	1.9	1.6	1.1	2.3	
Corporate Goods Price Index components (2010=100)													
Domestic Company Goods Price Index	101.7	102.3	102.4	102.5	105.4	105.5	105.6	105.7	102.2	105.6	101.8	104.8	
Y/y %	0.7	2.1	2.4	1.7	3.7	3.2	3.1	3.1	1.7	3.3	1.2	2.9	
CPI (excl. fresh food; 2010=100)	99.8	100.0	100.0	99.9	102.5	102.7	103.0	103.0	99.9	102.8	99.8	102.0	
Y/y %	-0.1	0.3	0.5	0.6	2.7	2.8	2.9	3.1	0.3	2.9	0.1	2.3	
Unemployment rate (%)	4.1	4.1	4.0	4.0	3.9	3.9	3.9	3.8	4.1	3.9	4.1	3.9	
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; %)	0.80	0.86	0.91	0.95	1.00	1.03	1.06	1.12	0.88	1.05	0.81	1.01	
Money stock; M2 (y/y %)	3.0	3.2	3.3	3.4	3.5	3.6	3.7	3.7	3.2	3.6	3.1	3.5	
Trade balance (SAAR; Y tril)	-7.3	-7.2	-7.3	-7.1	-5.6	-4.2	-2.6	-0.8	-7.2	-3.4	-7.6	-4.6	
Current balance (SAAR; \$100 mil)	464	541	605	687	892	1,112	1,358	1,623	574	1,245	486	1,021	
Current balance (SAAR; Y tril)	4.6	5.4	6.0	6.9	8.9	11.1	13.6	16.2	5.7	12.5	4.8	10.2	
(% of nominal GDP)	1.0	1.1	1.2	1.4	1.8	2.2	2.7	3.2	1.2	2.5	1.0	2.0	
Exchange rate (Y/\$)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	98.1	100.0	
(Y/Euro)	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	128.0	130.0	

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)

	2011			2012			2013			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2011	2012	2011	2012	
Gross domestic expenditure	501.4	514.9	515.9	522.0	521.2	516.4	517.9	523.2	513.6	519.8	509.4	519.3	
Q/q %, SAAR	-3.3	11.2	0.8	4.8	-0.6	-3.6	1.2	4.1					
Y/y %	-1.6	-0.5	-0.3	3.4	3.9	0.2	0.4	0.4	0.2	1.2	-0.6	1.9	
Domestic demand	491.5	500.4	505.2	510.4	511.2	509.5	511.3	514.5	502.0	511.7	496.8	510.6	
Q/q %, SAAR	0.9	7.4	3.9	4.2	0.6	-1.3	1.4	2.5					
Y/y %	-0.2	0.1	1.0	4.3	3.9	1.8	1.2	0.9	1.3	1.9	0.3	2.8	
Private demand	372.6	381.4	386.5	388.8	388.1	385.3	385.9	388.6	382.5	387.0	378.1	387.0	
Q/q %, SAAR	0.5	9.7	5.5	2.5	-0.8	-2.8	0.6	2.8					
Y/y %	-0.5	0.1	1.5	4.7	4.0	1.1	-0.1	-0.1	1.4	1.2	0.5	2.4	
Final consumption	299.8	304.1	306.1	308.6	309.2	307.9	309.3	312.0	304.7	309.6	301.8	308.7	
Q/q %, SAAR	3.8	5.8	2.7	3.4	0.8	-1.6	1.8	3.6					
Y/y %	0.5	0.5	1.2	3.9	3.1	1.3	1.0	1.2	1.5	1.6	0.4	2.3	
Residential investment	12.6	13.3	13.1	12.9	13.2	13.4	13.9	14.2	13.0	13.7	13.0	13.4	
Q/q %, SAAR	-9.1	21.1	-3.6	-5.9	9.4	6.3	14.9	7.6					
Y/y %	3.5	8.2	3.3	-0.1	4.7	1.5	5.8	9.4	3.7	5.3	5.5	3.0	
Non-residential investment	64.3	65.5	70.8	69.0	68.8	66.6	65.6	65.4	67.5	66.5	66.2	67.6	
Q/q %, SAAR	-1.2	7.2	36.5	-9.6	-0.9	-12.4	-5.7	-1.2					
Y/y %	-0.5	-0.2	10.0	6.9	7.1	1.5	-7.1	-5.2	4.1	-1.4	3.3	2.1	
Change in inventories	-4.2	-1.4	-3.5	-1.7	-3.2	-2.6	-2.9	-3.0	-2.7	-2.9	-2.9	-2.6	
Public demand	118.8	119.0	118.7	121.6	123.1	124.2	125.4	125.9	119.6	124.7	118.7	123.5	
Q/q %, SAAR	2.2	0.4	-0.8	10.0	5.0	3.6	3.9	1.6					
Y/y %	0.9	0.4	-0.6	2.9	3.4	4.3	5.7	3.8	0.9	4.3	-0.1	4.1	
Government final consumption	98.6	98.8	99.1	100.5	100.7	101.1	101.7	102.2	99.3	101.5	98.7	101.0	
Q/q %, SAAR	1.4	0.9	1.2	5.9	0.8	1.4	2.6	1.7					
Y/y %	1.3	1.1	0.9	2.3	2.2	2.3	2.7	1.6	1.4	2.2	1.4	2.4	
Fixed investment	20.2	20.1	19.7	21.0	22.3	23.1	23.7	23.8	20.3	23.3	20.0	22.5	
Q/q %, SAAR	3.8	-1.9	-9.2	30.9	27.6	13.6	11.1	1.6					
Y/y %	-2.2	-4.7	-7.4	5.0	11.3	15.1	19.6	13.1	-2.2	15.0	-7.5	12.5	
Change in inventories	0.0	0.1	-0.0	0.0	0.0	0.0	-0.0	-0.1	0.0	-0.0	0.0	0.0	
Net exports of goods and services	9.9	14.9	11.2	12.0	10.7	7.2	6.4	8.7	12.0	8.2	12.9	9.0	
Exports of goods and services	77.7	84.8	82.3	84.5	84.5	80.8	78.4	81.4	82.3	81.3	82.1	82.0	
Q/q %, SAAR	-25.6	42.2	-11.5	11.4	-0.2	-16.5	-11.3	16.1					
Y/y %	-5.5	0.8	-2.6	0.9	9.2	-4.8	-5.0	-3.5	-1.6	-1.3	-0.4	-0.1	
Imports of goods and services	67.7	69.9	71.1	72.5	73.8	73.6	72.0	72.7	70.3	73.0	69.2	73.0	
Q/q %, SAAR	-1.6	13.7	6.8	8.4	7.2	-1.2	-8.5	4.0					
Y/y %	3.6	5.1	5.7	6.7	9.1	5.2	1.1	0.3	5.3	3.8	5.9	5.4	
Residual	-0.1	-0.3	-0.4	-0.4	-0.7	-0.3	0.2	-0.0	-0.4	-0.1	-0.3	-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.

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

E: DIR estimate.

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

	2013			2014			2015			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2013 (E)	2014 (E)	2013 (E)	2014 (E)	
Gross domestic expenditure	527.0	532.4	538.2	545.9	535.1	538.0	540.8	544.3	536.0	539.8	530.5	540.1	
Q/q %, SAAR	3.0	4.1	4.4	5.9	-7.7	2.2	2.1	2.6					
Y/y %	1.2	3.1	3.9	4.2	1.5	1.0	0.5	-0.2	3.1	0.7	2.2	1.8	
Domestic demand	517.7	522.3	527.4	534.5	522.1	523.4	524.7	526.5	525.7	524.1	520.5	526.2	
Q/q %, SAAR	2.5	3.6	4.0	5.4	-8.9	1.0	0.9	1.4					
Y/y %	1.2	2.4	3.2	4.0	0.8	0.3	-0.7	-1.5	2.7	-0.3	2.0	1.1	
Private demand	390.5	393.1	397.5	405.3	394.2	397.1	399.5	402.0	396.8	398.4	392.5	399.0	
Q/q %, SAAR	2.0	2.7	4.6	8.0	-10.5	3.0	2.5	2.5					
Y/y %	0.7	2.0	3.0	4.4	0.9	1.0	0.4	-0.6	2.5	0.4	1.4	1.6	
Final consumption	313.4	314.2	316.9	322.7	312.4	314.3	315.5	316.8	316.8	314.8	314.2	316.2	
Q/q %, SAAR	1.8	1.0	3.4	7.6	-12.2	2.4	1.6	1.6					
Y/y %	1.4	2.0	2.5	3.4	-0.3	0.0	-0.4	-1.8	2.3	-0.6	1.8	0.7	
Residential investment	14.3	14.5	14.9	15.0	14.1	14.0	14.0	14.1	14.7	14.0	14.5	14.3	
Q/q %, SAAR	4.1	6.8	11.5	2.8	-22.6	-4.3	1.6	3.2					
Y/y %	8.2	8.2	7.5	6.3	-1.4	-4.0	-6.2	-6.1	7.5	-4.5	8.3	-1.5	
Non-residential investment	65.8	67.1	68.4	70.0	70.4	71.7	72.9	74.1	67.9	72.4	66.6	71.2	
Q/q %, SAAR	2.4	7.8	8.2	9.5	2.4	7.4	7.0	7.0					
Y/y %	-4.5	0.8	4.2	7.0	7.0	6.8	6.6	5.9	2.1	6.5	-1.4	6.8	
Change in inventories	-3.0	-2.7	-2.7	-2.5	-2.7	-2.8	-2.9	-3.0	-2.7	-2.8	-2.8	-2.7	
Public demand	127.2	129.2	129.9	129.2	127.9	126.3	125.1	124.5	129.0	125.8	128.0	127.2	
Q/q %, SAAR	4.1	6.6	2.2	-2.2	-3.9	-4.9	-3.7	-2.0					
Y/y %	2.9	3.9	3.9	2.8	0.8	-2.0	-4.1	-4.2	3.4	-2.5	3.6	-0.6	
Government final consumption	102.5	102.9	103.3	103.6	103.9	104.1	104.3	104.5	103.1	104.3	102.7	104.0	
Q/q %, SAAR	1.2	1.6	1.6	1.2	1.2	0.8	0.8	0.8					
Y/y %	1.7	1.8	1.5	1.4	1.4	1.2	1.0	0.9	1.6	1.1	1.7	1.3	
Fixed investment	24.7	26.4	26.7	25.7	24.1	22.3	20.9	20.0	25.9	21.5	25.3	23.2	
Q/q %, SAAR	17.2	29.5	4.7	-14.6	-22.8	-26.6	-23.0	-15.2					
Y/y %	10.3	14.2	13.1	7.9	-2.6	-15.5	-22.0	-22.0	11.2	-16.9	12.8	-8.4	
Change in inventories	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Net exports of goods and services	9.4	10.0	10.7	11.4	13.0	14.5	16.2	17.8	10.4	15.4	9.7	13.8	
Exports of goods and services	82.9	84.7	86.5	88.5	90.5	92.7	95.1	97.8	85.6	94.0	83.9	91.7	
Q/q %, SAAR	7.8	8.7	8.9	9.5	9.5	10.0	10.8	11.7					
Y/y %	-2.1	4.8	10.5	8.6	9.3	9.5	9.9	10.5	5.4	9.8	2.3	9.3	
Imports of goods and services	73.6	74.6	75.8	77.1	77.5	78.1	78.9	79.9	75.3	78.6	74.2	77.9	
Q/q %, SAAR	4.9	5.9	6.3	7.0	2.4	3.2	4.1	5.3					
Y/y %	-0.4	1.4	5.3	6.0	5.4	4.7	4.1	3.8	3.1	4.5	1.7	5.0	
Residual	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.3	0.2	0.1	

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.

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

E: DIR estimate.

3.1 Nominal Gross Domestic Expenditure (¥ tril)

	2011			2012			2013			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2011	2012	2011	2012	
Gross domestic expenditure	463.4	474.5	474.7	479.9	477.4	472.4	473.1	475.7	473.2	474.8	470.6	475.5	
Q/q %, SAAR	-6.0	9.9	0.1	4.4	-2.0	-4.2	0.6	2.2					
Y/y %	-3.7	-2.4	-1.8	2.3	2.9	-0.6	-0.3	-0.6	-1.4	0.3	-2.5	1.1	
Domestic demand	470.0	478.3	481.8	487.6	485.8	482.7	484.3	487.6	479.6	485.2	474.8	485.0	
Q/q %, SAAR	-0.2	7.3	2.9	5.0	-1.5	-2.5	1.3	2.8					
Y/y %	-1.1	-0.4	0.6	4.1	3.2	0.8	0.6	0.2	0.8	1.2	-0.4	2.1	
Private demand	352.7	360.9	365.1	367.9	365.7	361.7	362.4	365.0	361.8	363.7	357.9	364.4	
Q/q %, SAAR	-1.0	9.6	4.8	3.1	-2.4	-4.3	0.7	2.9					
Y/y %	-1.6	-0.6	1.1	4.4	3.6	0.2	-0.7	-0.8	0.8	0.5	-0.4	1.8	
Final consumption	283.1	286.9	288.1	290.8	290.6	288.0	289.4	291.3	287.3	289.8	284.8	289.6	
Q/q %, SAAR	2.8	5.4	1.8	3.8	-0.4	-3.5	2.0	2.7					
Y/y %	-0.6	-0.1	0.7	3.6	2.6	0.4	0.4	0.3	0.9	0.9	-0.4	1.7	
Residential investment	13.1	13.8	13.6	13.3	13.6	13.8	14.3	14.7	13.5	14.1	13.5	13.8	
Q/q %, SAAR	-7.7	22.5	-5.9	-7.1	8.5	5.8	16.1	10.0					
Y/y %	4.4	9.0	3.6	-0.3	3.8	0.2	5.4	9.9	4.2	4.7	6.2	2.3	
Non-residential investment	60.8	62.1	66.9	65.2	65.0	62.7	61.8	61.7	63.8	62.7	62.7	63.7	
Q/q %, SAAR	-2.7	8.3	34.9	-9.9	-1.2	-13.4	-5.8	-0.6					
Y/y %	-2.1	-1.3	9.2	6.4	7.0	0.8	-7.6	-5.4	3.1	-1.7	1.9	1.6	
Change in inventories	-4.4	-1.9	-3.5	-1.4	-3.5	-2.8	-3.1	-2.7	-2.8	-3.0	-3.0	-2.7	
Public demand	117.3	117.5	116.7	119.7	120.1	121.0	121.9	122.6	117.8	121.5	116.9	120.6	
Q/q %, SAAR	2.6	0.6	-2.8	10.9	1.3	3.1	2.9	2.3					
Y/y %	0.5	0.3	-0.6	3.1	2.0	3.1	4.3	3.1	0.8	3.1	-0.3	3.1	
Government final consumption	96.2	96.4	96.3	97.9	96.9	97.2	97.5	98.0	96.7	97.4	96.2	97.3	
Q/q %, SAAR	1.3	1.0	-0.7	6.7	-3.8	1.1	1.4	2.3					
Y/y %	0.7	1.0	0.8	2.4	0.6	0.8	1.1	0.5	1.2	0.7	1.1	1.2	
Fixed investment	21.0	21.0	20.4	21.8	23.2	23.8	24.4	24.6	21.0	24.1	20.7	23.2	
Q/q %, SAAR	6.7	-1.7	-10.9	30.8	28.8	11.5	10.3	3.6					
Y/y %	-1.5	-3.8	-6.7	5.3	11.0	14.0	19.3	13.3	-1.5	14.6	-6.9	12.2	
Change in inventories	0.1	0.1	0.0	0.1	0.0	0.0	-0.0	-0.1	0.1	-0.0	0.0	0.0	
Net exports of goods and services	-6.6	-3.8	-7.1	-7.8	-8.4	-10.4	-11.2	-11.9	-6.4	-10.4	-4.3	-9.4	
Exports of goods and services	68.0	73.5	70.9	71.6	71.4	68.0	68.1	73.7	70.9	70.4	71.3	69.7	
Q/q %, SAAR	-25.5	36.4	-13.1	3.7	-0.9	-17.6	0.6	37.3					
Y/y %	-8.0	-0.4	-5.1	-2.0	5.6	-7.6	-4.2	3.5	-3.9	-0.8	-2.6	-2.2	
Imports of goods and services	74.5	77.3	78.0	79.3	79.7	78.4	79.3	85.6	77.3	80.8	75.6	79.2	
Q/q %, SAAR	10.6	15.6	3.7	7.0	2.2	-6.7	4.7	35.9					
Y/y %	9.7	13.6	12.1	9.5	7.2	1.2	1.5	8.1	11.2	4.5	12.1	4.7	

Source: Compiled by DIR.

Notes: 1) Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

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

E: DIR estimate.

3.2 Nominal Gross Domestic Expenditure (¥ tril)

	2013			2014			2015		FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2013 (E)	2014 (E)	2013 (E)	2014 (E)
Gross domestic expenditure	480.6	485.3	490.9	498.3	492.5	496.1	499.9	504.9	488.9	498.5	483.4	496.8
Q/q %, SAAR	4.1	4.0	4.7	6.2	-4.5	3.0	3.0	4.1				
Y/y %	0.7	2.8	3.7	4.6	2.4	2.2	1.8	1.4	3.0	2.0	1.7	2.8
Domestic demand	491.1	495.6	501.2	508.3	501.2	503.2	505.1	508.2	499.3	504.4	494.0	504.4
Q/q %, SAAR	2.9	3.7	4.6	5.8	-5.5	1.6	1.5	2.5				
Y/y %	1.0	2.6	3.5	4.4	2.0	1.6	0.6	-0.1	2.9	1.0	1.9	2.1
Private demand	367.0	369.6	374.2	382.0	375.8	379.3	382.4	386.0	373.4	381.0	369.1	379.8
Q/q %, SAAR	2.2	2.9	5.1	8.5	-6.3	3.8	3.2	3.8				
Y/y %	0.4	2.2	3.2	4.8	2.3	2.6	2.0	1.3	2.7	2.0	1.3	2.9
Final consumption	292.6	293.4	296.2	302.0	296.3	298.6	300.3	302.4	296.1	299.4	293.5	299.3
Q/q %, SAAR	1.8	1.1	3.9	8.0	-7.4	3.2	2.2	2.8				
Y/y %	0.7	1.9	2.4	3.6	1.2	1.8	1.4	0.2	2.2	1.1	1.3	2.0
Residential investment	14.9	15.1	15.6	15.7	14.9	14.8	14.8	15.0	15.3	14.9	15.1	15.0
Q/q %, SAAR	4.9	7.4	12.0	3.4	-19.4	-3.2	2.6	4.5				
Y/y %	9.1	9.5	8.6	7.0	0.1	-2.5	-4.6	-4.4	8.5	-2.9	9.2	-0.2
Non-residential investment	62.2	63.5	64.9	66.5	67.1	68.4	69.8	71.3	64.4	69.3	63.0	67.9
Q/q %, SAAR	3.7	8.5	9.0	10.4	3.4	8.5	8.3	8.5				
Y/y %	-4.3	1.4	5.0	7.8	7.8	7.7	7.6	7.1	2.7	7.5	-1.1	7.8
Change in inventories	-2.7	-2.4	-2.4	-2.2	-2.4	-2.5	-2.6	-2.7	-2.4	-2.5	-2.5	-2.4
Public demand	124.1	126.0	126.9	126.4	125.4	123.9	122.8	122.3	125.9	123.3	124.9	124.6
Q/q %, SAAR	5.0	6.3	3.0	-1.7	-3.1	-4.7	-3.5	-1.6				
Y/y %	2.9	4.0	4.4	3.3	1.2	-1.7	-3.5	-4.0	3.6	-2.1	3.6	-0.2
Government final consumption	98.4	98.5	99.1	99.5	100.1	100.4	100.7	101.0	98.9	100.6	98.6	100.2
Q/q %, SAAR	1.6	0.4	2.2	1.8	2.4	1.2	1.2	1.2				
Y/y %	1.6	1.4	1.7	1.4	1.7	1.9	1.6	1.6	1.5	1.7	1.3	1.6
Fixed investment	25.7	27.5	27.9	26.9	25.3	23.5	22.1	21.3	27.1	22.8	26.4	24.5
Q/q %, SAAR	19.0	31.1	5.9	-13.6	-21.7	-25.5	-21.8	-13.7				
Y/y %	10.6	15.4	14.7	9.3	-1.4	-14.5	-20.9	-20.8	12.4	-15.8	13.7	-7.2
Change in inventories	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net exports of goods and services	-10.5	-10.4	-10.3	-10.1	-8.6	-7.1	-5.3	-3.3	-10.3	-6.1	-10.8	-7.8
Exports of goods and services	78.0	80.1	82.2	84.4	86.8	89.4	92.4	95.7	81.2	91.1	78.5	88.2
Q/q %, SAAR	25.2	11.3	10.6	11.5	11.7	12.6	13.9	15.3				
Y/y %	8.9	17.9	20.8	14.3	11.4	11.5	12.4	13.5	15.4	12.2	12.6	12.4
Imports of goods and services	88.5	90.5	92.5	94.5	95.4	96.5	97.7	99.0	91.5	97.2	89.3	96.0
Q/q %, SAAR	14.4	9.0	9.1	9.1	4.1	4.5	4.9	5.7				
Y/y %	10.9	15.5	16.7	10.3	7.8	6.6	5.6	4.8	13.3	6.2	12.8	7.5

Source: Compiled by DIR.

Notes: 1) Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

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

E: DIR estimate.

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

	2011			2012			2013			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2011	2012	2011	2012	
Gross domestic expenditure	92.4	92.2	92.0	91.9	91.6	91.5	91.4	90.9	92.1	91.3	92.4	91.6	
Q/q %, SAAR	-0.7	-0.3	-0.2	-0.1	-0.3	-0.1	-0.1	-0.5					
Y/y %	-2.1	-1.9	-1.5	-1.0	-1.0	-0.8	-0.7	-1.1	-1.7	-0.9	-1.9	-0.9	
Private final consumption	94.4	94.3	94.1	94.2	94.0	93.5	93.6	93.4	94.3	93.6	94.4	93.8	
Q/q %, SAAR	-0.2	-0.1	-0.2	0.1	-0.3	-0.5	0.1	-0.2					
Y/y %	-1.1	-0.5	-0.5	-0.3	-0.5	-1.0	-0.6	-0.9	-0.6	-0.7	-0.8	-0.6	
Private residential investment	103.8	104.1	103.5	103.2	102.9	102.8	103.1	103.7	103.7	103.1	103.7	103.0	
Q/q %, SAAR	0.4	0.3	-0.6	-0.3	-0.2	-0.1	0.3	0.5					
Y/y %	0.9	0.7	0.3	-0.2	-0.8	-1.3	-0.4	0.5	0.4	-0.5	0.6	-0.7	
Private non-residential investment	94.6	94.8	94.5	94.5	94.4	94.1	94.1	94.3	94.6	94.2	94.7	94.3	
Q/q %, SAAR	-0.4	0.2	-0.3	-0.1	-0.1	-0.3	-0.0	0.2					
Y/y %	-1.6	-1.1	-0.7	-0.4	-0.2	-0.8	-0.5	-0.2	-0.9	-0.4	-1.3	-0.4	
Government final consumption	97.6	97.6	97.2	97.4	96.2	96.1	95.8	96.0	97.4	96.0	97.4	96.3	
Q/q %, SAAR	-0.0	0.0	-0.5	0.2	-1.2	-0.1	-0.3	0.1					
Y/y %	-0.5	-0.1	-0.1	0.1	-1.6	-1.5	-1.6	-1.1	-0.2	-1.4	-0.3	-1.1	
Public fixed investment	104.0	104.1	103.5	103.5	103.8	103.3	103.1	103.6	103.7	103.4	103.7	103.4	
Q/q %, SAAR	0.7	0.0	-0.5	-0.0	0.2	-0.5	-0.2	0.5					
Y/y %	0.7	1.0	0.8	0.3	-0.3	-1.0	-0.3	0.1	0.7	-0.3	0.6	-0.3	
Exports of goods and services	87.5	86.6	86.2	84.6	84.5	84.2	86.9	90.6	86.2	86.6	86.8	85.1	
Q/q %, SAAR	0.0	-1.0	-0.5	-1.8	-0.2	-0.3	3.2	4.3					
Y/y %	-2.7	-1.2	-2.5	-2.9	-3.3	-3.0	0.8	7.3	-2.3	0.4	-2.2	-2.1	
Imports of goods and services	110.0	110.5	109.7	109.3	108.0	106.5	110.1	117.8	109.9	110.6	109.2	108.5	
Q/q %, SAAR	3.0	0.4	-0.7	-0.3	-1.2	-1.4	3.4	6.9					
Y/y %	5.9	8.0	6.1	2.6	-1.8	-3.8	0.4	7.8	5.6	0.6	5.8	-0.7	

Source: Compiled by DIR.

Notes: 1) Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

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

E: DIR estimate.

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

	2013			2014			2015		FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2013 (E)	2014 (E)	2013 (E)	2014 (E)
Gross domestic expenditure	91.2	91.2	91.2	91.3	92.0	92.2	92.4	92.8	91.2	92.4	91.1	92.0
Q/q %, SAAR	0.3	-0.0	0.1	0.1	0.8	0.2	0.2	0.4				
Y/y %	-0.4	-0.3	-0.1	0.4	0.9	1.2	1.3	1.6	-0.1	1.3	-0.5	0.9
Private final consumption	93.4	93.4	93.5	93.6	94.8	95.0	95.2	95.5	93.5	95.1	93.4	94.6
Q/q %, SAAR	0.0	0.0	0.1	0.1	1.4	0.2	0.2	0.3				
Y/y %	-0.6	-0.1	-0.1	0.2	1.6	1.7	1.8	2.0	-0.2	1.8	-0.4	1.3
Private residential investment	103.9	104.0	104.2	104.3	105.4	105.7	105.9	106.3	104.1	105.8	103.9	105.3
Q/q %, SAAR	0.2	0.1	0.1	0.1	1.0	0.3	0.3	0.3				
Y/y %	0.9	1.2	1.0	0.6	1.4	1.6	1.7	1.9	0.9	1.6	0.9	1.3
Private non-residential investment	94.5	94.7	94.9	95.0	95.3	95.5	95.8	96.1	94.8	95.7	94.6	95.4
Q/q %, SAAR	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.4				
Y/y %	0.1	0.6	0.8	0.8	0.8	0.9	1.0	1.2	0.6	0.9	0.3	0.9
Government final consumption	96.1	95.8	95.9	96.1	96.3	96.4	96.5	96.6	95.9	96.5	96.0	96.3
Q/q %, SAAR	0.1	-0.3	0.1	0.2	0.3	0.1	0.1	0.1				
Y/y %	-0.1	-0.4	0.2	-0.0	0.3	0.7	0.6	0.7	-0.1	0.6	-0.3	0.4
Public fixed investment	104.0	104.3	104.6	104.9	105.3	105.7	106.1	106.6	104.5	105.9	104.2	105.4
Q/q %, SAAR	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4				
Y/y %	0.2	1.1	1.4	1.3	1.2	1.2	1.4	1.6	1.1	1.3	0.8	1.2
Exports of goods and services	94.1	94.6	95.0	95.4	95.9	96.5	97.2	97.9	94.8	96.9	93.6	96.2
Q/q %, SAAR	3.8	0.6	0.4	0.5	0.5	0.6	0.7	0.8				
Y/y %	11.2	12.5	9.3	5.2	2.0	1.9	2.3	2.7	9.5	2.2	10.1	2.8
Imports of goods and services	120.4	121.2	122.0	122.6	123.1	123.5	123.7	123.9	121.6	123.6	120.4	123.2
Q/q %, SAAR	2.2	0.7	0.6	0.5	0.4	0.3	0.2	0.1				
Y/y %	11.4	14.0	10.8	4.1	2.3	1.8	1.4	1.0	9.9	1.6	11.0	2.4

Source: Compiled by DIR.

Notes: 1) Y/y growth rates and FY and CY figures unadjusted; other seasonally adjusted.

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

E: DIR estimate.

5.1 Contribution to Real GDP Growth by Component

	2011			2012			2013			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2011	2012	2011	2012	
1) Q/q %													
GDP growth rate	-0.8	2.7	0.2	1.2	-0.2	-0.9	0.3	1.0	0.2	1.2	-0.6	1.9	
Domestic demand	0.2	1.8	0.9	1.1	0.1	-0.3	0.4	0.6	1.3	1.9	0.3	2.8	
Private demand	0.1	1.8	1.0	0.5	-0.2	-0.5	0.1	0.5	1.0	0.9	0.3	1.8	
Private consumption	0.6	0.9	0.4	0.5	0.1	-0.2	0.3	0.5	0.9	1.0	0.3	1.4	
Residential investment	-0.1	0.1	-0.0	-0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	
Private fixed investment	-0.0	0.2	1.0	-0.4	-0.0	-0.4	-0.2	-0.0	0.5	-0.2	0.4	0.3	
Change in private inventories	-0.4	0.6	-0.4	0.4	-0.3	0.1	-0.1	-0.0	-0.5	-0.0	-0.5	0.0	
Public demand	0.1	0.0	-0.1	0.6	0.3	0.2	0.2	0.1	0.2	1.0	-0.1	1.0	
Government final consumption	0.1	0.0	0.1	0.3	0.0	0.1	0.1	0.1	0.3	0.4	0.3	0.5	
Public fixed investment	0.0	-0.0	-0.1	0.3	0.3	0.2	0.1	0.0	-0.1	0.6	-0.3	0.6	
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	-1.1	0.9	-0.7	0.1	-0.3	-0.6	-0.1	0.4	-1.0	-0.7	-0.9	-0.9	
Exports of goods and services	-1.1	1.3	-0.5	0.4	-0.0	-0.7	-0.4	0.5	-0.2	-0.2	-0.1	-0.0	
Imports of goods and services	0.1	-0.5	-0.2	-0.3	-0.3	0.1	0.4	-0.2	-0.8	-0.5	-0.8	-0.9	
2) Y/y %													
GDP growth rate	-1.6	-0.5	-0.3	3.4	3.9	0.2	0.4	0.4	0.2	1.2	-0.6	1.9	
Domestic demand	-0.2	0.1	0.9	4.3	4.0	1.8	1.4	1.0	1.3	1.9	0.3	2.8	
Private demand	-0.4	0.0	1.1	3.5	3.1	0.8	-0.1	0.0	1.0	0.9	0.3	1.8	
Private consumption	0.3	0.3	0.7	2.3	1.9	0.8	0.6	0.7	0.9	1.0	0.3	1.4	
Residential investment	0.1	0.2	0.1	-0.0	0.1	0.0	0.2	0.3	0.1	0.1	0.1	0.1	
Private fixed investment	-0.1	-0.0	1.2	1.0	0.9	0.2	-0.9	-0.8	0.5	-0.2	0.4	0.3	
Change in private inventories	-0.8	-0.5	-0.9	0.2	0.2	-0.3	0.1	-0.2	-0.5	-0.0	-0.5	0.0	
Public demand	0.2	0.1	-0.2	0.8	0.9	1.1	1.4	1.0	0.2	1.0	-0.1	1.0	
Government final consumption	0.3	0.2	0.2	0.5	0.5	0.5	0.5	0.3	0.3	0.4	0.3	0.5	
Public fixed investment	-0.1	-0.2	-0.4	0.3	0.4	0.6	0.9	0.7	-0.1	0.6	-0.3	0.6	
Change in public inventories	0.0	0.1	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	-1.4	-0.6	-1.2	-0.9	-0.1	-1.6	-0.9	-0.6	-1.0	-0.7	-0.9	-0.9	
Exports of goods and services	-0.8	0.1	-0.4	0.1	1.4	-0.8	-0.7	-0.5	-0.2	-0.2	-0.1	-0.0	
Imports of goods and services	-0.5	-0.7	-0.8	-1.1	-1.5	-0.8	-0.2	-0.0	-0.8	-0.5	-0.8	-0.9	

Source: Compiled by DIR.

Notes: 1) Q/q growth rates seasonally adjusted; y/y growth rates and FY and CY figures unadjusted.

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

E: DIR estimate.

5.2 Contribution to Real GDP Growth by Component

	2013			2014			2015			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2013 (E)	2014 (E)	2013 (E)	2014 (E)	
1) Q/q %													
GDP growth rate	0.7	1.0	1.1	1.4	-2.0	0.5	0.5	0.6	3.1	0.7	2.2	1.8	
Domestic demand	0.6	0.9	1.0	1.3	-2.4	0.2	0.2	0.3	2.7	-0.3	2.1	1.2	
Private demand	0.4	0.5	0.9	1.5	-2.1	0.6	0.5	0.5	1.9	0.3	1.1	1.4	
Private consumption	0.3	0.2	0.5	1.1	-1.9	0.4	0.2	0.2	1.4	-0.4	1.1	0.4	
Residential investment	0.0	0.1	0.1	0.0	-0.2	-0.0	0.0	0.0	0.2	-0.1	0.2	-0.0	
Private fixed investment	0.1	0.2	0.3	0.3	0.1	0.2	0.2	0.2	0.3	0.8	-0.2	0.9	
Change in private inventories	0.0	0.1	0.0	0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	-0.0	0.0	
Public demand	0.3	0.4	0.1	-0.2	-0.3	-0.3	-0.3	-0.1	0.8	-0.6	1.0	-0.2	
Government final consumption	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.3	0.2	0.3	0.3	
Public fixed investment	0.2	0.4	0.1	-0.2	-0.3	-0.4	-0.3	-0.2	0.5	-0.8	0.6	-0.5	
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	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.4	0.9	0.1	0.6	
Exports of goods and services	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.8	1.6	0.3	1.5	
Imports of goods and services	-0.2	-0.2	-0.3	-0.3	-0.1	-0.2	-0.2	-0.3	-0.4	-0.6	-0.3	-0.9	
2) Y/y %													
GDP growth rate	1.2	3.1	3.9	4.2	1.5	1.0	0.5	-0.2	3.1	0.7	2.2	1.8	
Domestic demand	1.3	2.6	3.3	4.1	0.8	0.2	-0.9	-1.7	2.7	-0.3	2.1	1.2	
Private demand	0.5	1.6	2.3	3.3	0.7	0.8	0.3	-0.5	1.9	0.3	1.1	1.4	
Private consumption	0.8	1.2	1.5	2.1	-0.2	0.0	-0.3	-1.1	1.4	-0.4	1.1	0.4	
Residential investment	0.2	0.2	0.2	0.2	-0.0	-0.1	-0.2	-0.2	0.2	-0.1	0.2	-0.0	
Private fixed investment	-0.6	0.1	0.5	1.0	0.8	0.9	0.8	0.9	0.3	0.8	-0.2	0.9	
Change in private inventories	0.0	-0.0	0.1	0.1	0.1	-0.0	-0.0	-0.1	0.0	-0.0	-0.0	0.0	
Public demand	0.7	1.0	1.0	0.8	0.2	-0.6	-1.2	-1.2	0.8	-0.6	1.0	-0.2	
Government final consumption	0.4	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.3	
Public fixed investment	0.4	0.6	0.7	0.5	-0.1	-0.8	-1.4	-1.4	0.5	-0.8	0.6	-0.5	
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	-0.2	0.5	0.6	0.3	0.5	0.7	0.9	1.1	0.4	0.9	0.1	0.6	
Exports of goods and services	-0.3	0.7	1.5	1.4	1.5	1.6	1.6	1.8	0.8	1.6	0.3	1.5	
Imports of goods and services	0.1	-0.2	-0.9	-1.1	-1.0	-0.9	-0.8	-0.7	-0.4	-0.6	-0.3	-0.9	

Source: Compiled by DIR.

Notes: 1) Q/q growth rates seasonally adjusted; y/y growth rates and FY and CY figures unadjusted.

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

E: DIR estimate.

6.1 Major Assumptions

	2011			2012			2013			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2011	2012	2011	2012	
1) World economy													
Economic growth of major trading partners													
Y/y %	3.9	3.8	2.8	2.9	2.7	2.6	3.5	2.8	3.4	3.1	3.9	3.1	
Crude oil price (WTI futures; \$/bbl)	102.3	89.5	94.1	103.0	93.4	92.2	88.2	94.4	97.2	92.0	95.1	94.1	
Y/y %	31.1	17.5	10.3	8.9	-8.8	3.0	-6.2	-8.4	16.4	-5.4	19.5	-1.0	
2) US economy													
Real GDP (chained [2005]; \$ bil; SAAR)	13,265	13,307	13,441	13,506	13,549	13,653	13,665	13,746	13,380	13,653	13,299	13,593	
Q/q %, SAAR	2.5	1.3	4.1	2.0	1.3	3.1	0.4	2.4					
Y/y %	1.9	1.6	2.0	2.4	2.1	2.6	1.7	1.8	2.0	2.0	1.8	2.2	
Consumer Price Index (1982-84 avg=100)	224.6	226.2	227.0	228.3	228.8	230.0	231.3	232.1	226.5	230.6	224.9	229.6	
Q/q %, SAAR	4.7	2.9	1.4	2.3	1.0	2.1	2.2	1.4					
Y/y %	3.4	3.8	3.3	2.8	1.9	1.7	1.9	1.7	3.3	1.8	3.2	2.1	
Producer Price Index (Finished goods; 1982=100)	190.7	192.2	193.0	193.7	192.8	195.2	196.2	196.5	192.1	194.9	190.5	194.2	
Q/q %, SAAR	7.3	3.1	1.7	1.6	-1.8	5.0	2.1	0.5					
Y/y %	6.9	6.9	5.4	3.4	1.1	1.5	1.7	1.4	5.6	1.4	6.0	1.9	
FF rate (%) (Target rate for the forecast period, end-period)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	
Government bond yield (10 year; %)	3.21	2.43	2.05	2.04	1.82	1.64	1.71	1.95	2.43	1.78	2.79	1.80	
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	96.2	96.4	96.3	97.9	96.9	97.2	97.5	98.0	96.7	97.4	96.2	97.3	
Q/q %, SAAR	1.3	1.0	-0.7	6.7	-3.8	1.1	1.4	2.3					
Y/y %	0.7	1.0	0.8	2.4	0.6	0.8	1.1	0.5	1.2	0.7	1.1	1.2	
Nominal public fixed investment													
Y tril; SAAR	21.0	21.0	20.4	21.8	23.2	23.8	24.4	24.6	21.0	24.1	20.7	23.2	
Q/q %, SAAR	6.7	-1.7	-10.9	30.8	28.8	11.5	10.3	3.6					
Y/y %	-1.5	-3.8	-6.7	5.3	11.0	14.0	19.3	13.3	-1.5	14.6	-6.9	12.2	
Exchange rate (Y/\$)	81.7	77.8	77.3	79.3	80.1	78.6	81.2	92.3	79.0	83.1	79.8	79.8	
(Y/€)	118.3	108.7	104.9	106.3	101.2	98.2	108.2	122.0	109.6	107.4	111.4	103.5	
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.

Notes: 1) Consumption tax hike in April 2014 assumed for Japan.

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

E: DIR estimate.

6.2 Major Assumptions

	2013			2014			2015			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2013 (E)	2014 (E)	2013 (E)	2014 (E)	
1) World economy													
Economic growth of major trading partners													
Y/y %	3.0	3.0	3.0	3.4	3.6	3.8	4.0	4.1	3.1	3.8	2.9	3.7	
Crude oil price (WTI futures; \$/bbl)													
Y/y %	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	94.8	95.0	
	1.8	3.0	7.7	0.7	0.0	0.0	0.0	0.0	3.2	0.0	0.7	0.2	
2) US economy													
Real GDP (chained [2005]; \$ bil; SAAR)	13,806	13,872	13,947	14,025	14,111	14,201	14,299	14,402	13,912	14,254	13,843	14,159	
Q/q %, SAAR	1.7	1.9	2.2	2.2	2.5	2.6	2.8	2.9					
Y/y %	1.9	1.6	2.1	2.0	2.2	2.4	2.5	2.7	1.9	2.5	1.9	2.3	
Consumer Price Index													
(1982-84 avg=100)	233.0	234.0	235.2	236.4	237.7	238.9	240.3	241.6	234.6	239.6	233.5	238.3	
Q/q %, SAAR	1.5	1.7	2.1	2.1	2.2	2.1	2.3	2.2					
Y/y %	1.8	1.7	1.7	1.8	2.0	2.1	2.2	2.2	1.8	2.1	1.7	2.0	
Producer Price Index													
(Finished goods; 1982=100)	197.1	198.0	199.0	200.2	201.6	202.9	204.4	205.8	198.3	203.4	197.4	202.0	
Q/q %, SAAR	1.2	1.8	2.2	2.4	2.8	2.6	3.0	2.8					
Y/y %	2.2	1.4	1.4	1.9	2.3	2.5	2.7	2.8	1.7	2.6	1.6	2.4	
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; %)	2.06	2.21	2.38	2.56	2.72	2.89	2.92	3.00	2.30	2.88	2.15	2.77	
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	98.4	98.5	99.1	99.5	100.1	100.4	100.7	101.0	98.9	100.6	98.6	100.2	
Q/q %, SAAR	1.6	0.4	2.2	1.8	2.4	1.2	1.2	1.2					
Y/y %	1.6	1.4	1.7	1.4	1.7	1.9	1.6	1.6	1.5	1.7	1.3	1.6	
Nominal public fixed investment													
Y tril; SAAR	25.7	27.5	27.9	26.9	25.3	23.5	22.1	21.3	27.1	22.8	26.4	24.5	
Q/q %, SAAR	19.0	31.1	5.9	-13.6	-21.7	-25.5	-21.8	-13.7					
Y/y %	10.6	15.4	14.7	9.3	-1.4	-14.5	-20.9	-20.8	12.4	-15.8	13.7	-7.2	
Exchange rate (Y/\$)													
(Y/€)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	98.1	100.0	
	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	130.0	128.0	130.0	
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.

Notes: 1) Consumption tax hike in April 2014 assumed for Japan.

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

E: DIR estimate.