Japan's Economic Outlook No. 182 Update (Summary)

In this report we examine the effect of the manpower shortage on Japan's economy:
(1) The consumption tax hike, (2) The manpower shortage, (3) The export trend, and (4) The effect of the hot weather on business

Japan to see real GDP growth of +0.7% in FY14 and +1.5% in FY15, with nominal GDP growth of +2.8% in FY14 and +2.8% in FY15.

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Main Points

- **Main economic scenario for Japan:** In light of the second preliminary Apr-Jun GDP release (Cabinet Office), we have revised our economic growth outlook. We now forecast real GDP growth of +0.7% in comparison with the previous year for FY14 (+0.7% in the previous forecast) and +1.5% in comparison with the previous year for FY15 (+1.5% in the previous forecast). Japan's economy declined temporarily in the Apr-Jun 2014 period due to the effects of the increase in consumption tax, but is expected to get back on track and gradually move toward recovery during the Jul-Sep period. Japan's economy is gaining support from the following positive factors: (1) The negative factors associated with the increase in consumption tax have pretty much played themselves out, and (2) Firming up of exports due mostly to the US economic recovery.

- **Four major issues facing Japan's economy:** In this report we examine four major issues facing Japan's economy: (1) The consumption tax hike, (2) The manpower shortage, (3) The export trend, and (4) The effect of the hot weather on business.

- **Issue (1) The effects of the consumption tax hike:** The effects of the increase in consumption tax in April of this year admittedly exceeded our original expectations. However, consumption in some areas is showing the beginnings of recovery, though performance is spotty. The economy hit bottom in April after the tax hike and has since been gradually recovering. Our current view is that the tax hike initially pushed the FY14 real GDP growth rate down by -1.33%pt, but we expect the FY15 real GDP growth rate to be up by +0.51% pt.

- **Issue (2) The effects of the manpower shortage on Japan's economy:** The supply and demand situation for labor is expected to continue to be extremely tight. This tight labor supply

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situation is expected to lead to an increase in wages and generally better working conditions, and this in turn will likely find more individuals searching for work under those improved conditions. The assumption is that this type of situation leads to an increase in labor force participation. Therefore the shortage in manpower in Japan is not expected to become a bottleneck to the degree that effects on the economy would become fatal, but if the above-mentioned mechanism does not work, the number of persons employed seen in FY2015 and FY2016 would each fall short by around 343,000 and 663,000 persons respectively. This would cause downward pressure on real GDP the equivalent of around 3.4 trillion yen in FY2015 and 7.2 trillion yen in FY2016. In order for growth in labor force participation alone to relieve the shortage, the labor force participation rate would have to grow by 0.4%pt in FY2015 and 0.8%pt in FY2016. Similarly, in order to patch up the holes with growth in productivity based on man hours worked, productivity would have to be raised by 0.6% in FY2015 and 1.3% in FY2016.

- **Issue (3) Will exports get back on track?:** Japan's exports are expected to gradually regain ground supported by the cyclical recovery in the US economy. However, of the 11.5 trillion yen trade deficit Japan carried as of 2013, approximately 7 trillion yen is due to the hollowing out effect, while another 4 trillion yen is attributed to the increase in imported oil and LNG after most of the country's nuclear power plants were shut down. Considering factors like these, Japan's trade balance will likely be bleeding red ink for some time to come.

- **Issue (4) The effect of extremely hot summers on business:** According to our calculations, each time the average summer temperature rises by 1°C, nominal household final consumption expenditures on a GDP statistical basis also go up a notch. Household expenditures are expected to grow 67.6 billion yen in July, then 87 billion yen in August, and 66.4 billion yen in September. On average, the hot weather promises to push consumption up by around 70 billion yen each month.

- **Four risk factors facing Japan's economy:** Risks that will need to be kept in mind regarding the Japanese economy are: (1) stagnant personal consumption due to the decline in real income, (2) China's shadow banking problem, (3) a surge in crude oil prices stemming from geopolitical risk, and (4) tumult in the economies of emerging nations in response to the US exit strategy.

- **BOJ's monetary policy:** We expect additional monetary easing measures by the BOJ to carry over beyond the 2015 Jan-Mar period. While there is still a chance that the BOJ might reach its price target, our outlook as of this point in time is that the growth rate in consumer prices will not reach 2%.

Our assumptions
- Public works spending will grow by +3.1% in FY14, then decline by -9.2% in FY15. Another consumption tax hike is planned in October 2015.

- Average exchange rate of Y103.8/$ in FY14 and Y105.0/$ in FY15.

- US real GDP growth of +2.0% in CY14 and +2.9% in CY15.

Main Economic Indicators and Real GDP Components

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	FY13 (Actual)	FY14 (Estimate)	FY15 (Estimate)	CY13 (Actual)	CY14 (Estimate)	CY15 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	1.9	2.8	2.8	0.9	2.9	2.8
Real GDP (chained [2005]; y/y %)	2.3	0.7	1.5	1.5	1.3	1.5
Domestic demand (contribution, % pt)	2.7	-0.0	1.0	1.8	1.4	1.0
Foreign demand (contribution, % pt)	-0.5	0.6	0.5	-0.3	-0.1	0.4
GDP deflator (y/y %)	-0.4	2.1	1.2	-0.6	1.6	1.3
Index of All-industry Activity (y/y %)*	1.9	-0.6	2.0	0.8	0.4	1.6
Index of Industrial Production (y/y %)	3.2	1.2	6.0	-0.8	3.3	4.7
Index of Tertiary Industry Activity (y/y %)	1.3	-1.3	1.1	0.7	-0.4	0.7
Corporate Goods Price Index (y/y %)	1.8	4.0	1.9	1.3	3.5	2.1
Consumer Price Index (excl. fresh food; y/y %)	0.8	3.3	1.9	0.4	2.8	2.1
Unemployment rate (%)	3.9	3.6	3.4	4.0	3.6	3.4
Government bond yield (10 year; %)	0.69	0.61	0.77	0.70	0.59	0.73
Money stock; M2 (end-period; y/y %)	3.9	3.5	4.0	3.6	3.6	3.9
Balance of payments						
Trade balance (Y tril)	-11.0	-9.3	-7.9	-8.8	-10.9	-9.0
Current balance ($100 mil)	83	295	595	331	69	447
Current balance (Y tril)	0.8	3.1	6.3	3.2	0.7	4.7
(% of nominal GDP)	0.2	0.6	1.2	0.7	0.1	0.9
Real GDP components						
(Chained [2005]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	2.5 (1.5)	-1.8 (-1.1)	1.3 (0.7)	2.0 (1.2)	-0.3 (-0.2)	0.7 (0.4)
Private housing investment	9.5 (0.3)	-7.3 (-0.2)	-0.9 (-0.0)	8.8 (0.3)	-2.4 (-0.1)	-0.4 (-0.0)
Private fixed investment	2.7 (0.4)	2.9 (0.4)	5.0 (0.7)	-1.5 (-0.2)	6.6 (0.9)	3.5 (0.5)
Government final consumption	1.8 (0.4)	0.5 (0.1)	1.3 (0.2)	2.0 (0.4)	0.5 (0.1)	1.2 (0.2)
Public fixed investment	15.1 (0.7)	-0.0 (-0.0)	-10.9 (-0.5)	11.3 (0.5)	4.3 (0.2)	-9.0 (-0.5)
Exports of goods and services	4.8 (0.7)	5.7 (0.9)	6.7 (1.1)	1.6 (0.2)	7.4 (1.2)	5.4 (0.9)
Imports of goods and services	7.0 (-1.2)	2.1 (-0.3)	4.0 (-0.6)	3.4 (-0.6)	6.7 (-1.3)	2.4 (-0.5)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.2	3.3	3.9	3.1	3.2	3.8
Crude oil price (WTI futures; $/bbl)	99.1	100.7	100.0	98.0	100.4	100.0
2. US economy						
US real GDP (chained [2009]; y/y %)	2.3	2.4	2.8	2.2	2.0	2.9
US Consumer Price Index (y/y %)	1.4	2.1	2.1	1.5	1.9	2.1
3. Japanese economy						
Nominal public fixed investment (y/y %)	17.1	3.1	-9.2	12.8	7.2	-7.0
Exchange rate (Y/$)	100.2	103.8	105.0	97.6	103.2	105.0
(Y/€)	135.1	136.7	135.0	130.6	138.0	135.0
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 182 Update)		Previous outlook (Outlook 182)		Difference between previous and current outlooks	
	FY14	FY15	FY14	FY15	FY14	FY15
Main economic indicators						
Nominal GDP (y/y %)	2.8	2.8	2.7	2.6	0.0	0.1
Real GDP (chained [2005]; y/y %)	0.7	1.5	0.7	1.5	-0.0	0.0
Domestic demand (contribution, % pt)	-0.0	1.0	0.0	1.0	-0.1	0.0
Foreign demand (contribution, % pt)	0.6	0.5	0.6	0.5	0.0	0.0
GDP deflator (y/y %)	2.1	1.2	2.1	1.1	0.0	0.1
Index of All-industry Activity (y/y %)*	-0.6	2.0	-1.0	2.0	0.5	0.0
Index of Industrial Production (y/y %)	1.2	6.0	1.2	6.0	0.0	0.0
Index of Tertiary Industry Activity (y/y %)	-1.3	1.1	-1.3	1.1	0.0	0.0
Corporate Goods Price Index (y/y %)	4.0	1.9	4.0	1.9	0.0	0.0
Consumer Price Index (excl. fresh food; y/y %)	3.3	1.9	3.3	1.9	0.0	0.0
Unemployment rate (%)	3.6	3.4	3.5	3.4	0.0	0.0
Government bond yield (10 year; %)	0.61	0.77	0.61	0.77	0.00	0.00
Money stock; M2 (end-period; y/y %)	3.5	4.0	3.5	4.0	0.0	0.0
Balance of payments						
Trade balance (Y tril)	-9.3	-7.9	-9.4	-8.1	0.1	0.2
Current balance ($100 mil)	295	595	295	592	1	3
Current balance (Y tril)	3.1	6.3	3.0	6.0	0.1	0.2
(% of nominal GDP)	0.6	1.2	0.6	1.2	0.0	0.0
Real GDP components (chained [2005]; y/y %)						
Private final consumption	-1.8	1.3	-1.8	1.2	0.0	0.0
Private housing investment	-7.3	-0.9	-7.3	-0.9	0.0	0.0
Private fixed investment	2.9	5.0	5.3	4.9	-2.4	0.2
Government final consumption	0.5	1.3	0.9	1.3	-0.3	0.0
Public fixed investment	-0.0	-10.9	0.0	-10.9	-0.0	-0.0
Exports of goods and services	5.7	6.7	5.7	6.5	0.0	0.1
Imports of goods and services	2.1	4.0	2.1	4.0	-0.0	0.0
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.3	3.9	3.4	3.8	-0.1	0.0
Crude oil price (WTI futures; $/bbl)	100.7	100.0	100.7	100.0	0.0	0.0
2. US economy						
US real GDP (chained [2009]; y/y %)	2.4	2.8	1.3	2.8	1.1	0.0
US Consumer Price Index (y/y %)	2.1	2.1	2.1	2.1	0.0	0.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	3.1	-9.2	3.1	-9.1	0.0	-0.0
Exchange rate (Y/$)	103.8	105.0	102.0	102.0	1.8	3.0
(Y/€)	136.7	135.0	138.4	138.0	-1.7	-3.0
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

	2012 4-6	7-9	10-12	2013 1-3	4-6	7-9	10-12	2014 1-3	FY 2012	2013	CY 2012	2013
Nominal GDP (SAAR; Y tril)	474.2	470.1	470.8	475.9	477.3	479.1	480.1	487.6	472.6	481.4	473.8	478.1
Q/q %	-1.3	-0.9	0.2	1.1	0.3	0.4	0.2	1.6				
Q/q %, SAAR	-5.2	-3.5	0.6	4.4	1.2	1.5	0.9	6.4				
Y/y %	2.1	-0.9	-1.0	-1.0	0.7	1.9	2.0	2.9	-0.2	1.9	0.5	0.9
Real GDP (chained [2005]; SAAR; Y tril)	518.8	515.3	514.7	521.1	525.5	527.8	527.2	535.0	517.6	529.3	517.5	525.4
Q/q %	-0.5	-0.7	-0.1	1.2	0.8	0.4	-0.1	1.5				
Q/q %, SAAR	-2.2	-2.7	-0.5	5.1	3.4	1.8	-0.5	6.0				
Y/y %	3.2	-0.2	-0.3	0.1	1.2	2.3	2.5	3.0	0.7	2.3	1.5	1.5
Contribution to GDP growth (% pt)												
Domestic demand	-0.2	-0.2	0.0	0.8	0.8	0.8	0.5	1.7	1.4	2.7	2.3	1.8
Foreign demand	-0.4	-0.5	-0.1	0.4	0.1	-0.4	-0.6	-0.2	-0.8	-0.5	-0.9	-0.3
GDP deflator (y/y %)	-1.1	-0.8	-0.7	-1.0	-0.6	-0.4	-0.4	-0.1	-0.9	-0.4	-0.9	-0.6
Index of All-Industry Activity (2005=100)	96.6	96.2	96.1	96.5	97.1	97.6	97.9	99.5	96.2	98.0	96.5	97.3
Q/q %; y/y %	-0.2	-0.4	-0.0	0.4	0.6	0.5	0.3	1.6	0.2	1.9	1.2	0.8
Index of Industrial Production (2010=100)	99.1	95.9	94.1	94.6	96.1	97.8	99.6	102.5	95.8	98.9	97.8	97.0
Q/q %; y/y %	-2.1	-3.3	-1.8	0.5	1.6	1.7	1.8	3.0	-3.0	3.2	0.6	-0.8
Index of Tertiary Industry Activity (2005=100)	99.0	99.0	99.3	99.8	100.1	100.2	100.0	101.8	99.2	100.5	99.3	100.0
Q/q %; y/y %	0.0	0.0	0.3	0.5	0.4	0.0	-0.2	1.8	0.8	1.3	1.4	0.7
Corporate Goods Price Index components (2010=100)												
Domestic Company Goods Price Index	100.9	100.2	100.1	100.9	101.6	102.4	102.6	102.8	100.5	102.4	100.6	101.9
Y/y %	-1.0	-1.9	-1.0	-0.3	0.6	2.2	2.5	1.9	-1.0	1.8	-0.9	1.3
CPI (excl. fresh food; 2010=100)	99.9	99.6	99.6	99.3	99.9	100.3	100.7	100.6	99.6	100.4	99.7	100.1
Y/y %	-0.0	-0.2	-0.1	-0.3	0.0	0.7	1.1	1.3	-0.2	0.8	-0.1	0.4
Unemployment rate (%)	4.4	4.3	4.2	4.2	4.0	4.0	3.9	3.6	4.3	3.9	4.3	4.0
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
Government bond yield (10 year; %)	0.85	0.78	0.76	0.66	0.77	0.73	0.64	0.61	0.76	0.69	0.84	0.70
Money stock; M2 (y/y %)	2.4	2.4	2.3	2.9	3.5	3.8	4.2	4.0	2.5	3.9	2.5	3.6
Trade balance (SAAR; Y tril)	-3.8	-5.3	-4.1	-7.8	-6.7	-9.3	-11.2	-15.6	-5.2	-11.0	-4.3	-8.8
Current balance (SAAR; $100 mil)	574	397	685	400	747	229	0	-536	508	83	587	331
Current balance (SAAR; Y tril)	4.6	3.1	5.6	3.7	7.4	2.3	0.0	-5.5	4.2	0.8	4.7	3.2
(% of nominal GDP)	1.0	0.7	1.2	0.8	1.5	0.5	0.0	-1.1	0.9	0.2	1.1	0.7
Exchange rate (Y/$)	80.1	78.6	81.2	92.3	98.8	98.9	100.4	102.8	83.1	100.2	79.8	97.6
(Y/Euro)	101.2	98.2	108.2	122.0	129.6	130.7	139.9	140.3	107.4	135.1	103.5	130.6

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

	2014 4-6	7-9 (E)	2015 10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2016 1-3 (E)	FY 2014 (E)	FY 2015 (E)	CY 2014 (E)	CY 2015 (E)
Nominal GDP (SAAR; Y tril)	486.8	493.5	497.7	501.0	503.4	507.9	508.8	513.4	494.8	508.6	491.8	505.4
Q/q %	-0.2	1.4	0.8	0.7	0.5	0.9	0.2	0.9				
Q/q %, SAAR	-0.7	5.6	3.4	2.7	2.0	3.6	0.7	3.7				
Y/y %	1.9	3.0	3.6	2.5	3.5	2.9	2.2	2.6	2.8	2.8	2.9	2.8
Real GDP (chained [2005]; SAAR; Y tril)	525.3	531.5	535.4	538.2	540.0	543.0	538.0	541.7	532.7	540.9	532.1	539.9
Q/q %	-1.8	1.2	0.7	0.5	0.3	0.6	-0.9	0.7				
Q/q %, SAAR	-7.1	4.8	3.0	2.1	1.3	2.3	-3.7	2.8				
Y/y %	-0.1	0.8	1.5	0.4	2.8	2.1	0.5	0.7	0.7	1.5	1.3	1.5
Contribution to GDP growth (% pt)												
Domestic demand	-2.9	1.2	0.6	0.4	0.3	0.7	-1.7	0.4	-0.0	1.0	1.4	1.0
Foreign demand	1.1	0.0	0.1	0.1	0.0	-0.1	0.7	0.3	0.6	0.5	-0.1	0.4
GDP deflator (y/y %)	2.0	2.2	2.1	2.1	0.6	0.8	1.7	1.8	2.1	1.2	1.6	1.3
Index of All-Industry Activity (2005=100)	96.2	97.2	98.0	98.5	99.3	100.7	98.5	99.4	97.5	99.5	97.7	99.2
Q/q %; y/y %	-3.4	1.0	0.9	0.5	0.7	1.4	-2.2	0.9	-0.6	2.0	0.4	1.6
Index of Industrial Production (2010=100)	98.6	99.0	100.6	102.3	104.4	107.0	105.8	107.4	100.1	106.1	100.2	104.8
Q/q %; y/y %	-3.8	0.4	1.6	1.7	2.0	2.4	-1.1	1.6	1.2	6.0	3.3	4.7
Index of Tertiary Industry Activity (2005=100)	97.9	99.0	99.7	100.0	100.4	101.6	99.2	99.8	99.1	100.2	99.6	100.2
Q/q %; y/y %	-3.8	1.2	0.7	0.2	0.4	1.2	-2.4	0.7	-1.3	1.1	-0.4	0.7
Corporate Goods Price Index components (2010=100)												
Domestic Company Goods Price Index	106.1	106.3	106.5	106.8	107.1	107.4	109.4	109.8	106.4	108.4	105.4	107.7
Y/y %	4.4	3.8	3.8	3.8	1.0	1.1	2.7	2.8	4.0	1.9	3.5	2.1
CPI (excl. fresh food; 2010=100)	103.3	103.6	103.9	103.9	104.6	104.8	106.7	106.7	103.7	105.7	102.9	105.0
Y/y %	3.3	3.3	3.2	3.3	1.3	1.2	2.6	2.7	3.3	1.9	2.8	2.1
Unemployment rate (%)	3.6	3.7	3.5	3.5	3.4	3.4	3.4	3.5	3.6	3.4	3.6	3.4
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; %)	0.59	0.55	0.63	0.67	0.71	0.75	0.79	0.83	0.61	0.77	0.59	0.73
Money stock; M2 (y/y %)	3.3	3.4	3.6	3.8	3.8	4.0	4.1	4.2	3.5	4.0	3.6	3.9
Trade balance (SAAR; Y tril)	-8.7	-9.7	-9.6	-9.4	-9.5	-10.4	-6.7	-5.1	-9.3	-7.9	-10.9	-9.0
Current balance (SAAR; $100 mil)	251	248	314	368	372	291	755	963	295	595	69	447
Current balance (SAAR; Y tril)	2.6	2.6	3.3	3.9	3.9	3.1	7.9	10.1	3.1	6.3	0.7	4.7
(% of nominal GDP)	0.5	0.5	0.7	0.8	0.8	0.6	1.6	2.0	0.6	1.2	0.1	0.9
Exchange rate (Y/$)	102.1	103.0	105.0	105.0	105.0	105.0	105.0	105.0	103.8	105.0	103.2	105.0
(Y/Euro)	139.5	137.1	135.0	135.0	135.0	135.0	135.0	135.0	136.7	135.0	138.0	135.0

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)

	2012 4-6	7-9	10-12	2013 1-3	4-6	7-9	10-12	2014 1-3	FY 2012	2013	CY 2012	2013
Gross domestic expenditure	518.8	515.3	514.7	521.1	525.5	527.8	527.2	535.0	517.6	529.3	517.5	525.4
Q/q %, SAAR	-2.2	-2.7	-0.5	5.1	3.4	1.8	-0.5	6.0				
Y/y %	3.2	-0.2	-0.3	0.1	1.2	2.3	2.5	3.0	0.7	2.3	1.5	1.5
Domestic demand	509.2	508.2	508.4	512.5	516.3	520.4	522.8	531.6	509.6	523.3	508.9	517.9
Q/q %, SAAR	-0.5	-0.8	0.1	3.3	3.1	3.2	1.8	6.9				
Y/y %	3.3	1.4	0.5	0.6	1.4	2.3	2.9	4.1	1.4	2.7	2.3	1.8
Private demand	389.1	388.1	387.7	390.1	392.0	394.5	396.2	405.9	388.7	397.5	388.3	393.1
Q/q %, SAAR	0.4	-1.0	-0.4	2.5	2.0	2.5	1.8	10.1				
Y/y %	4.0	1.4	-0.0	0.5	0.8	1.5	2.2	4.5	1.4	2.3	2.4	1.2
Final consumption	308.1	306.6	308.0	311.2	313.5	314.1	315.3	321.7	308.5	316.2	307.3	313.5
Q/q %, SAAR	1.7	-1.9	1.8	4.2	3.0	0.8	1.5	8.4				
Y/y %	3.0	0.9	0.7	1.5	1.8	2.4	2.3	3.5	1.5	2.5	2.0	2.0
Residential investment	13.2	13.6	13.8	13.9	14.2	14.8	15.2	15.5	13.6	14.9	13.3	14.5
Q/q %, SAAR	17.5	11.8	4.1	3.1	8.8	20.3	10.1	8.2				
Y/y %	4.8	1.7	5.9	9.4	6.8	8.5	10.4	12.1	5.4	9.5	2.9	8.8
Non-residential investment	70.0	69.0	68.3	67.0	68.1	68.5	69.2	74.5	68.5	70.3	69.2	68.1
Q/q %, SAAR	3.2	-5.7	-4.0	-7.6	7.2	2.2	3.9	34.8				
Y/y %	8.3	3.9	-4.2	-3.4	-2.7	-0.9	1.2	11.6	0.7	2.7	3.7	-1.5
Change in inventories	-2.3	-1.1	-2.4	-1.9	-3.7	-3.0	-3.4	-5.9	-1.9	-4.0	-1.5	-3.0
Public demand	120.1	120.1	120.7	122.4	124.3	125.9	126.5	125.7	120.9	125.8	120.6	124.8
Q/q %, SAAR	-3.5	-0.0	1.9	5.7	6.4	5.5	1.9	-2.5				
Y/y %	1.1	1.3	2.4	0.9	3.3	4.8	5.3	2.9	1.4	4.0	1.9	3.5
Government final consumption	99.7	100.1	100.7	101.6	102.2	102.3	102.5	102.3	100.6	102.4	100.2	102.2
Q/q %, SAAR	-2.3	1.5	2.7	3.5	2.3	0.4	0.8	-0.7				
Y/y %	1.3	1.5	2.0	1.4	2.5	2.2	1.8	0.7	1.5	1.8	1.7	2.0
Fixed investment	20.4	20.0	19.9	20.9	22.1	23.7	24.0	23.4	20.3	23.4	20.4	22.7
Q/q %, SAAR	-9.1	-8.6	-0.8	20.1	25.2	31.6	5.8	-9.8				
Y/y %	0.3	0.9	4.8	-0.8	8.1	18.9	20.8	11.6	1.3	15.1	2.9	11.3
Change in inventories	-0.0	0.0	-0.0	-0.1	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0	-0.0
Net exports of goods and services	10.4	7.6	6.5	9.0	9.8	7.9	5.3	5.7	8.4	7.2	9.1	8.0
Exports of goods and services	84.3	80.9	78.3	81.6	84.1	83.5	83.8	89.2	81.3	85.2	82.0	83.3
Q/q %, SAAR	-1.9	-15.2	-12.0	18.1	12.8	-2.8	1.1	28.6				
Y/y %	9.2	-4.9	-5.1	-3.4	-0.1	3.2	6.9	9.4	-1.3	4.8	-0.2	1.6
Imports of goods and services	73.8	73.3	71.8	72.7	74.4	75.7	78.5	83.5	72.9	78.0	72.8	75.3
Q/q %, SAAR	7.2	-3.0	-7.6	4.8	9.6	7.3	15.7	28.0				
Y/y %	9.0	4.9	0.9	0.2	0.8	3.2	9.2	15.0	3.6	7.0	5.3	3.4

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)

	2014 4-6	2015 7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2016 1-3 (E)	FY 2014 (E)	FY 2015 (E)	CY 2014 (E)	CY 2015 (E)
Gross domestic expenditure	525.3	531.5	535.4	538.2	540.0	543.0	538.0	541.7	532.7	540.9	532.1	539.9
Q/q %, SAAR	-7.1	4.8	3.0	2.1	1.3	2.3	-3.7	2.8				
Y/y %	-0.1	0.8	1.5	0.4	2.8	2.1	0.5	0.7	0.7	1.5	1.3	1.5
Domestic demand	516.1	522.3	525.7	527.9	529.5	533.2	524.3	526.2	523.2	528.4	524.3	528.8
Q/q %, SAAR	-11.2	4.9	2.6	1.7	1.3	2.8	-6.6	1.5				
Y/y %	-0.1	0.4	0.5	-0.8	2.6	2.2	-0.4	-0.3	-0.0	1.0	1.2	0.9
Private demand	390.4	395.3	399.0	402.0	404.2	408.0	399.3	401.3	396.9	403.3	398.0	403.4
Q/q %, SAAR	-14.4	5.1	3.8	3.1	2.2	3.9	-8.3	2.1				
Y/y %	-0.4	0.2	0.6	-1.1	3.4	3.2	-0.0	-0.0	-0.1	1.6	1.2	1.4
Final consumption	305.2	309.8	312.5	314.0	315.0	319.4	310.4	312.6	310.5	314.4	312.5	314.7
Q/q %, SAAR	-19.0	6.1	3.4	2.0	1.2	5.7	-10.7	2.8				
Y/y %	-2.6	-1.3	-0.9	-2.5	3.2	3.1	-0.7	-0.4	-1.8	1.3	-0.3	0.7
Residential investment	13.9	13.6	13.7	14.2	14.4	14.6	13.2	12.6	13.8	13.7	14.2	14.1
Q/q %, SAAR	-35.6	-8.9	4.9	15.2	7.0	4.5	-33.2	-16.8				
Y/y %	-2.0	-8.4	-9.7	-8.4	4.2	7.7	-3.7	-11.2	-7.3	-0.9	-2.4	-0.4
Non-residential investment	70.7	71.8	72.8	73.8	74.8	76.1	76.2	76.7	72.4	76.0	72.6	75.2
Q/q %, SAAR	-18.8	6.3	5.3	5.6	5.9	7.0	0.4	2.4				
Y/y %	3.8	5.0	5.3	-1.1	5.8	5.9	4.7	4.0	2.9	5.0	6.6	3.5
Change in inventories	0.5	0.0	0.0	0.0	-0.1	-2.1	-0.6	-0.6	0.2	-0.8	-1.3	-0.7
Public demand	125.7	127.0	126.7	125.8	125.3	125.2	125.0	124.9	126.3	125.1	126.3	125.4
Q/q %, SAAR	-0.2	4.4	-1.1	-2.7	-1.6	-0.4	-0.7	-0.4				
Y/y %	0.9	0.8	0.0	-0.0	0.0	-1.3	-1.6	-1.0	0.4	-1.0	1.2	-0.7
Government final consumption	102.4	102.7	103.0	103.3	103.7	104.0	104.3	104.7	102.9	104.2	102.7	103.9
Q/q %, SAAR	0.3	1.2	1.2	1.2	1.3	1.3	1.3	1.3				
Y/y %	0.2	0.4	0.5	1.0	1.2	1.2	1.3	1.3	0.5	1.3	0.5	1.2
Fixed investment	23.3	24.3	23.7	22.5	21.6	21.2	20.7	20.2	23.4	20.8	23.6	21.5
Q/q %, SAAR	-2.0	19.3	-10.3	-18.8	-13.9	-8.2	-9.8	-8.6				
Y/y %	5.2	2.6	-1.6	-3.7	-6.9	-12.8	-12.7	-10.2	-0.0	-10.9	4.3	-9.0
Change in 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	9.9	9.9	10.5	11.1	11.2	10.6	14.5	16.3	10.4	13.2	9.0	11.9
Exports of goods and services	88.7	89.2	90.4	91.7	93.2	94.9	96.9	99.1	90.0	96.0	89.4	94.2
Q/q %, SAAR	-2.0	2.2	5.3	6.1	6.6	7.4	8.7	9.5				
Y/y %	5.4	6.9	7.9	2.8	5.1	6.3	7.2	8.1	5.7	6.7	7.4	5.4
Imports of goods and services	78.8	79.3	79.9	80.6	82.0	84.3	82.4	82.8	79.7	82.9	80.4	82.3
Q/q %, SAAR	-20.6	2.4	3.2	3.6	7.0	11.7	-8.9	2.0				
Y/y %	5.9	4.8	1.8	-3.5	4.1	6.3	3.1	2.7	2.1	4.0	6.7	2.4

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 (Y tril)

	2012 4-6	7-9	10-12	2013 1-3	4-6	7-9	10-12	2014 1-3	FY 2012	2013	CY 2012	2013
Gross domestic expenditure	474.2	470.1	470.8	475.9	477.3	479.1	480.1	487.6	472.6	481.4	473.8	478.1
Q/q %, SAAR	-5.2	-3.5	0.6	4.4	1.2	1.5	0.9	6.4				
Y/y %	2.1	-0.9	-1.0	-1.0	0.7	1.9	2.0	2.9	-0.2	1.9	0.5	0.9
Domestic demand	483.1	480.6	481.6	486.8	488.1	494.0	498.1	507.4	483.0	497.3	483.2	491.7
Q/q %, SAAR	-3.8	-2.1	0.9	4.4	1.1	4.9	3.3	7.7				
Y/y %	2.4	0.4	-0.1	-0.2	1.0	2.7	3.4	4.7	0.6	3.0	1.6	1.8
Private demand	366.2	363.2	363.7	366.6	367.1	370.7	374.2	383.6	364.8	374.2	365.1	369.6
Q/q %, SAAR	-2.0	-3.2	0.5	3.2	0.6	4.0	3.7	10.5				
Y/y %	3.3	0.4	-0.6	-0.3	0.3	2.0	2.8	5.2	0.6	2.6	1.7	1.2
Final consumption	288.9	285.6	287.6	290.3	291.9	293.2	295.6	301.6	288.1	295.7	287.7	292.7
Q/q %, SAAR	-0.4	-4.5	2.8	3.8	2.2	1.9	3.2	8.4				
Y/y %	2.2	-0.3	-0.0	0.5	1.1	2.6	2.8	4.1	0.6	2.6	1.2	1.8
Residential investment	13.6	13.9	14.2	14.4	14.9	15.6	16.2	16.6	14.0	15.8	13.7	15.3
Q/q %, SAAR	14.6	9.3	7.3	7.2	12.6	22.1	15.1	10.6				
Y/y %	3.8	0.2	5.4	9.9	9.1	11.8	14.2	15.3	4.7	12.7	2.2	11.4
Non-residential investment	66.2	64.9	64.4	63.4	64.7	65.2	66.0	71.1	64.7	66.9	65.3	64.7
Q/q %, SAAR	3.0	-7.6	-2.9	-6.1	8.2	3.2	5.2	34.4				
Y/y %	8.2	3.2	-4.5	-3.3	-2.3	0.2	2.4	12.4	0.5	3.5	3.4	-0.9
Change in inventories	-2.5	-1.2	-2.5	-1.5	-4.3	-3.3	-3.6	-5.7	-1.9	-4.2	-1.6	-3.2
Public demand	117.0	117.4	118.0	120.2	121.0	123.3	123.9	123.8	118.1	123.1	118.0	122.1
Q/q %, SAAR	-9.1	1.5	2.0	7.9	2.5	7.7	2.1	-0.3				
Y/y %	-0.2	0.5	1.3	0.4	3.2	5.1	5.2	3.3	0.5	4.2	1.1	3.5
Government final consumption	95.9	96.8	97.4	98.7	98.0	98.5	98.5	98.9	97.1	98.5	96.9	98.4
Q/q %, SAAR	-8.3	3.6	2.5	5.5	-2.5	2.0	-0.1	1.8				
Y/y %	-0.2	0.7	0.7	0.8	2.3	1.9	1.0	0.3	0.5	1.4	0.9	1.5
Fixed investment	21.0	20.6	20.7	21.8	22.9	24.8	25.4	24.8	21.0	24.6	21.1	23.7
Q/q %, SAAR	-12.0	-8.6	1.4	23.1	23.8	36.0	9.9	-8.6				
Y/y %	0.1	-0.1	4.6	-0.5	9.0	20.9	23.4	13.6	1.1	17.1	2.6	12.8
Change in inventories	0.0	0.1	-0.0	-0.2	0.0	-0.0	0.0	0.1	-0.0	0.0	0.0	-0.0
Net exports of goods and services	-8.9	-10.5	-10.9	-10.9	-10.8	-14.9	-17.9	-19.8	-10.3	-15.9	-9.4	-13.6
Exports of goods and services	71.3	68.4	67.8	74.1	78.0	78.4	79.6	83.9	70.4	80.0	69.8	77.6
Q/q %, SAAR	-2.2	-15.7	-3.4	43.1	22.3	2.5	6.2	23.0				
Y/y %	5.7	-7.6	-4.2	3.8	9.0	14.6	17.8	13.3	-0.7	13.6	-2.1	11.2
Imports of goods and services	80.2	78.9	78.6	85.0	88.7	93.3	97.5	103.6	80.8	95.9	79.2	91.2
Q/q %, SAAR	7.0	-6.6	-1.2	36.8	18.6	22.4	19.3	27.3				
Y/y %	7.2	1.2	1.5	8.2	10.3	17.9	24.5	22.1	4.5	18.7	4.7	15.2

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 (Y tril)

	2014 4-6	2015 7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2016 1-3 (E)	FY 2014 (E)	FY 2015 (E)	CY 2014 (E)	CY 2015 (E)
Gross domestic expenditure	486.8	493.5	497.7	501.0	503.4	507.9	508.8	513.4	494.8	508.6	491.8	505.4
Q/q %, SAAR	-0.7	5.6	3.4	2.7	2.0	3.6	0.7	3.7				
Y/y %	1.9	3.0	3.6	2.5	3.5	2.9	2.2	2.6	2.8	2.8	2.9	2.8
Domestic demand	500.1	507.1	511.1	514.1	516.9	522.5	519.0	521.8	508.3	520.1	506.7	518.2
Q/q %, SAAR	-5.7	5.7	3.2	2.4	2.2	4.5	-2.7	2.2				
Y/y %	2.4	2.7	2.5	1.3	3.3	3.1	1.4	1.6	2.2	2.3	3.1	2.3
Private demand	375.2	380.6	384.8	388.6	391.8	397.4	393.4	396.2	382.5	394.8	381.3	392.8
Q/q %, SAAR	-8.5	5.8	4.5	4.0	3.3	5.9	-4.0	2.9				
Y/y %	2.2	2.7	2.7	1.2	4.3	4.4	2.1	2.2	2.2	3.2	3.2	3.0
Final consumption	291.7	296.4	299.3	301.3	303.0	308.0	304.3	307.1	297.3	305.7	297.4	304.2
Q/q %, SAAR	-12.6	6.6	4.0	2.7	2.2	6.8	-4.7	3.7				
Y/y %	-0.0	1.1	1.3	-0.2	3.9	3.9	1.7	1.9	0.5	2.8	1.6	2.3
Residential investment	15.3	15.0	15.2	15.8	16.1	16.4	14.9	14.3	15.3	15.4	15.5	15.8
Q/q %, SAAR	-28.0	-7.4	6.2	16.7	8.4	5.7	-31.3	-15.8				
Y/y %	2.8	-3.9	-6.0	-4.8	5.6	9.1	-2.1	-9.7	-3.2	0.6	1.5	1.7
Non-residential investment	68.0	69.2	70.2	71.4	72.7	74.1	74.5	75.2	69.8	74.2	69.7	73.1
Q/q %, SAAR	-16.2	7.2	6.3	6.8	7.2	8.4	1.8	3.9				
Y/y %	5.1	6.3	6.5	0.4	6.9	7.1	6.0	5.3	4.3	6.3	7.7	4.8
Change in inventories	0.3	0.0	0.0	0.0	-0.0	-1.1	-0.3	-0.3	0.1	-0.4	-1.3	-0.4
Public demand	124.8	126.5	126.3	125.5	125.1	125.1	125.6	125.6	125.8	125.3	125.4	125.4
Q/q %, SAAR	3.4	5.4	-0.6	-2.5	-1.2	0.1	1.4	0.1				
Y/y %	3.0	2.6	1.9	1.3	0.5	-1.0	-0.7	-0.3	2.2	-0.4	2.7	0.0
Government final consumption	99.7	100.1	100.5	100.9	101.4	101.8	102.6	103.1	100.4	102.2	99.9	101.7
Q/q %, SAAR	3.2	1.6	1.6	1.7	1.7	1.7	3.3	1.7				
Y/y %	1.9	1.6	2.2	2.0	1.6	1.7	2.0	2.1	1.9	1.8	1.5	1.8
Fixed investment	25.1	26.3	25.7	24.5	23.7	23.3	22.9	22.5	25.4	23.1	25.5	23.7
Q/q %, SAAR	4.7	21.3	-8.8	-17.4	-12.4	-6.6	-6.7	-6.8				
Y/y %	9.3	6.1	1.2	-0.9	-5.4	-11.3	-10.8	-8.2	3.1	-9.2	7.2	-7.0
Change in 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	-13.3	-13.6	-13.4	-13.1	-13.4	-14.6	-10.2	-8.4	-13.4	-11.7	-15.1	-12.8
Exports of goods and services	83.3	83.9	85.1	86.5	88.1	89.9	92.0	94.4	84.6	91.1	84.0	89.1
Q/q %, SAAR	-2.5	2.8	5.9	6.8	7.4	8.5	9.8	10.6				
Y/y %	6.4	7.0	6.7	3.1	6.0	7.1	8.2	9.1	5.8	7.6	8.3	6.1
Imports of goods and services	96.6	97.5	98.5	99.6	101.5	104.5	102.2	102.8	98.0	102.8	99.0	101.9
Q/q %, SAAR	-24.5	3.7	4.5	4.5	7.8	12.4	-8.5	2.2				
Y/y %	8.5	4.6	0.8	-4.0	5.3	7.1	3.8	3.2	2.2	4.8	8.6	2.9

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)

	2012 4-6	7-9	10-12	2013 1-3	4-6	7-9	10-12	2014 1-3	FY 2012	FY 2013	CY 2012	CY 2013
Gross domestic expenditure	91.4	91.2	91.5	91.3	90.8	90.8	91.1	91.2	91.3	91.0	91.6	91.0
Q/q %, SAAR	-0.8	-0.2	0.3	-0.2	-0.5	-0.1	0.3	0.1				
Y/y %	-1.1	-0.8	-0.7	-1.0	-0.6	-0.4	-0.4	-0.1	-0.9	-0.4	-0.9	-0.6
Private final consumption	93.8	93.1	93.4	93.3	93.1	93.4	93.8	93.7	93.4	93.5	93.6	93.4
Q/q %, SAAR	-0.5	-0.7	0.2	-0.1	-0.2	0.3	0.4	-0.0				
Y/y %	-0.8	-1.1	-0.7	-1.0	-0.7	0.2	0.4	0.6	-0.9	0.1	-0.8	-0.3
Private residential investment	102.9	102.3	103.1	104.1	105.0	105.4	106.6	107.2	103.1	106.1	103.0	105.4
Q/q %, SAAR	-0.6	-0.6	0.8	1.0	0.9	0.4	1.1	0.6				
Y/y %	-0.9	-1.4	-0.5	0.5	2.1	3.1	3.4	2.9	-0.6	2.9	-0.8	2.3
Private non-residential investment	94.5	94.1	94.3	94.7	94.9	95.1	95.4	95.3	94.4	95.2	94.4	95.0
Q/q %, SAAR	-0.1	-0.5	0.3	0.4	0.2	0.2	0.3	-0.1				
Y/y %	-0.0	-0.6	-0.2	0.1	0.4	1.1	1.2	0.7	-0.2	0.9	-0.3	0.7
Government final consumption	96.2	96.7	96.6	97.1	95.9	96.3	96.1	96.7	96.6	96.2	96.7	96.3
Q/q %, SAAR	-1.6	0.5	-0.0	0.5	-1.2	0.4	-0.2	0.6				
Y/y %	-1.4	-0.7	-1.3	-0.6	-0.2	-0.3	-0.8	-0.4	-1.0	-0.4	-0.8	-0.5
Public fixed investment	103.0	103.0	103.5	104.1	103.9	104.7	105.7	106.1	103.5	105.2	103.4	104.7
Q/q %, SAAR	-0.8	-0.0	0.5	0.6	-0.3	0.8	1.0	0.3				
Y/y %	-0.3	-1.0	-0.3	0.3	0.9	1.7	2.1	1.8	-0.3	1.7	-0.3	1.3
Exports of goods and services	84.7	84.5	86.5	90.8	92.7	93.9	95.0	94.0	86.7	94.0	85.1	93.2
Q/q %, SAAR	-0.1	-0.1	2.4	4.9	2.0	1.3	1.2	-1.1				
Y/y %	-3.2	-2.9	1.0	7.4	9.1	11.1	10.2	3.5	0.6	8.4	-2.0	9.4
Imports of goods and services	108.7	107.7	109.5	117.0	119.4	123.4	124.3	124.1	110.8	122.9	108.7	121.1
Q/q %, SAAR	-0.1	-0.9	1.7	6.9	2.0	3.3	0.8	-0.1				
Y/y %	-1.7	-3.5	0.6	7.9	9.5	14.2	14.0	6.2	0.8	10.9	-0.5	11.4

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.

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

	2014 4-6	7-9 (E)	10-12 (E)	2015 1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2016 1-3 (E)	FY 2014 (E)	FY 2015 (E)	CY 2014 (E)	CY 2015 (E)
Gross domestic expenditure	92.7	92.9	93.0	93.1	93.2	93.5	94.6	94.8	92.9	94.0	92.4	93.6
Q/q %, SAAR	1.7	0.2	0.1	0.1	0.2	0.3	1.1	0.2				
Y/y %	2.0	2.2	2.1	2.1	0.6	0.8	1.7	1.8	2.1	1.2	1.6	1.3
Private final consumption	95.5	95.7	95.8	96.0	96.2	96.4	98.0	98.2	95.7	97.2	95.2	96.7
Q/q %, SAAR	1.9	0.1	0.1	0.2	0.2	0.3	1.6	0.2				
Y/y %	2.6	2.5	2.2	2.3	0.7	0.8	2.3	2.4	2.4	1.5	1.9	1.6
Private residential investment	110.2	110.6	111.0	111.3	111.7	112.0	112.8	113.1	110.8	112.4	109.6	111.9
Q/q %, SAAR	2.8	0.4	0.3	0.3	0.3	0.3	0.7	0.3				
Y/y %	4.9	4.9	4.1	3.9	1.4	1.3	1.7	1.6	4.4	1.5	4.1	2.1
Private non-residential investment	96.1	96.3	96.5	96.8	97.1	97.4	97.7	98.1	96.4	97.6	96.0	97.2
Q/q %, SAAR	0.8	0.2	0.2	0.3	0.3	0.3	0.4	0.4				
Y/y %	1.3	1.2	1.1	1.5	1.0	1.1	1.3	1.3	1.3	1.2	1.1	1.3
Government final consumption	97.4	97.5	97.6	97.7	97.8	97.9	98.4	98.5	97.5	98.1	97.3	97.9
Q/q %, SAAR	0.7	0.1	0.1	0.1	0.1	0.1	0.5	0.1				
Y/y %	1.7	1.2	1.7	1.0	0.3	0.4	0.8	0.8	1.4	0.6	1.1	0.6
Public fixed investment	107.8	108.3	108.7	109.2	109.6	110.1	111.0	111.6	108.6	110.7	107.7	110.0
Q/q %, SAAR	1.7	0.4	0.4	0.4	0.4	0.4	0.8	0.5				
Y/y %	3.8	3.4	2.8	2.9	1.6	1.7	2.1	2.2	3.2	2.0	2.8	2.1
Exports of goods and services	93.9	94.0	94.2	94.3	94.5	94.7	95.0	95.2	94.0	94.8	93.9	94.6
Q/q %, SAAR	-0.1	0.1	0.2	0.2	0.2	0.3	0.2	0.2				
Y/y %	0.9	0.1	-1.1	0.3	0.9	0.8	0.9	1.0	0.0	0.9	0.8	0.7
Imports of goods and services	122.6	122.9	123.3	123.5	123.8	124.0	124.1	124.2	123.0	124.0	123.2	123.8
Q/q %, SAAR	-1.2	0.3	0.3	0.2	0.2	0.1	0.1	0.0				
Y/y %	2.4	-0.2	-1.0	-0.5	1.1	0.8	0.8	0.5	0.1	0.8	1.8	0.5

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.

5.1 Contribution to Real GDP Growth by Component

	2012 4-6	7-9	10-12	2013 1-3	4-6	7-9	10-12	2014 1-3	FY 2012	2013	CY 2012	2013
1) Q/q %												
GDP growth rate	-0.5	-0.7	-0.1	1.2	0.8	0.4	-0.1	1.5	0.7	2.3	1.5	1.5
Domestic demand	-0.2	-0.2	0.0	0.8	0.8	0.8	0.5	1.7	1.4	2.7	2.3	1.8
Private demand	0.1	-0.2	-0.1	0.5	0.4	0.5	0.3	1.8	1.1	1.7	1.9	1.0
Private consumption	0.3	-0.3	0.3	0.6	0.5	0.1	0.2	1.3	0.9	1.5	1.2	1.2
Residential investment	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.2	0.3	0.1	0.3
Private fixed investment	0.1	-0.2	-0.1	-0.3	0.2	0.1	0.1	1.1	0.1	0.4	0.5	-0.2
Change in private inventories	-0.4	0.2	-0.3	0.1	-0.4	0.2	-0.1	-0.5	-0.1	-0.5	0.1	-0.3
Public demand	-0.2	-0.0	0.1	0.4	0.4	0.4	0.1	-0.2	0.4	1.0	0.5	0.9
Government final consumption	-0.1	0.1	0.1	0.2	0.1	0.0	0.0	-0.0	0.3	0.4	0.4	0.4
Public fixed investment	-0.1	-0.1	-0.0	0.2	0.3	0.3	0.1	-0.1	0.1	0.7	0.1	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	-0.4	-0.5	-0.1	0.4	0.1	-0.4	-0.6	-0.2	-0.8	-0.5	-0.9	-0.3
Exports of goods and services	-0.1	-0.6	-0.5	0.6	0.4	-0.1	0.0	1.1	-0.2	0.7	-0.0	0.2
Imports of goods and services	-0.3	0.1	0.3	-0.2	-0.4	-0.3	-0.6	-1.3	-0.6	-1.2	-0.8	-0.6
2) Y/y %												
GDP growth rate	3.2	-0.2	-0.3	0.1	1.2	2.3	2.5	3.0	0.7	2.3	1.5	1.5
Domestic demand	3.3	1.4	0.6	0.6	1.4	2.4	3.0	4.1	1.4	2.7	2.3	1.8
Private demand	3.1	1.1	0.0	0.4	0.6	1.2	1.6	3.3	1.1	1.7	1.9	1.0
Private consumption	1.9	0.5	0.4	0.9	1.1	1.5	1.4	2.1	0.9	1.5	1.2	1.2
Residential investment	0.1	0.0	0.2	0.3	0.2	0.3	0.3	0.4	0.2	0.3	0.1	0.3
Private fixed investment	1.0	0.5	-0.5	-0.5	-0.4	-0.1	0.2	1.8	0.1	0.4	0.5	-0.2
Change in private inventories	0.0	-0.0	-0.0	-0.3	-0.4	-0.4	-0.2	-0.8	-0.1	-0.5	0.1	-0.3
Public demand	0.3	0.3	0.6	0.2	0.8	1.2	1.4	0.8	0.4	1.0	0.5	0.9
Government final consumption	0.3	0.3	0.4	0.3	0.5	0.4	0.4	0.1	0.3	0.4	0.4	0.4
Public fixed investment	0.0	0.0	0.2	-0.0	0.3	0.8	1.0	0.6	0.1	0.7	0.1	0.5
Change in public inventories	-0.0	-0.0	-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	-0.1	-1.6	-0.9	-0.5	-0.1	-0.1	-0.5	-1.3	-0.8	-0.5	-0.9	-0.3
Exports of goods and services	1.3	-0.8	-0.7	-0.5	-0.0	0.5	1.0	1.5	-0.2	0.7	-0.0	0.2
Imports of goods and services	-1.4	-0.8	-0.1	-0.0	-0.1	-0.6	-1.5	-2.8	-0.6	-1.2	-0.8	-0.6

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

	2014 4-6	7-9 (E)	10-12 (E)	2015 1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2016 1-3 (E)	FY 2014 (E)	FY 2015 (E)	CY 2014 (E)	CY 2015 (E)
1) Q/q %												
GDP growth rate	-1.8	1.2	0.4	0.5	0.3	0.6	-0.9	0.7	0.7	1.5	1.3	1.5
Domestic demand	-2.9	1.2	0.6	0.4	0.3	0.7	-1.7	0.4	-0.0	1.0	1.4	1.0
Private demand	-2.9	0.9	0.7	0.6	0.4	0.7	-1.6	0.4	-0.1	1.2	1.1	1.3
Private consumption	-3.2	0.9	0.5	0.3	0.2	0.8	-1.6	0.4	-1.1	0.7	-0.2	0.4
Residential investment	-0.3	-0.1	0.0	0.1	0.0	0.0	-0.3	-0.1	-0.2	-0.0	-0.1	-0.0
Private fixed investment	-0.7	0.2	0.2	0.2	0.2	0.2	0.0	0.1	0.4	0.7	0.9	0.5
Change in private inventories	1.4	-0.1	0.0	0.0	-0.0	-0.4	0.3	0.0	0.8	-0.2	0.3	0.1
Public demand	-0.0	0.3	-0.1	-0.2	-0.1	-0.0	-0.0	-0.0	0.1	-0.2	0.3	-0.2
Government final consumption	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2
Public fixed investment	-0.0	0.2	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1	-0.0	-0.5	0.2	-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	1.1	0.0	0.1	0.1	0.0	-0.1	0.7	0.3	0.6	0.5	-0.1	0.4
Exports of goods and services	-0.1	0.1	0.2	0.3	0.3	0.3	0.4	0.4	0.9	1.1	1.2	0.9
Imports of goods and services	1.2	-0.1	-0.1	-0.1	-0.3	-0.4	0.4	-0.1	-0.3	-0.6	-1.3	-0.5
2) Y/y %												
GDP growth rate	-0.1	0.8	1.5	0.4	2.8	2.1	0.5	0.7	0.7	1.5	1.3	1.5
Domestic demand	-0.0	0.4	0.5	-0.8	2.6	2.1	-0.4	-0.3	-0.0	1.0	1.4	1.0
Private demand	-0.2	0.2	0.5	-0.8	2.6	2.4	-0.0	-0.0	-0.1	1.2	1.1	1.3
Private consumption	-1.6	-0.8	-0.5	-1.5	1.8	1.8	-0.4	-0.2	-1.1	0.7	-0.2	0.4
Residential investment	-0.1	-0.2	-0.3	-0.2	0.1	0.2	-0.1	-0.3	-0.2	-0.0	-0.1	-0.0
Private fixed investment	0.5	0.7	0.6	-0.2	0.7	0.8	0.6	0.6	0.4	0.7	0.9	0.5
Change in private inventories	1.0	0.6	0.6	1.1	-0.1	-0.4	-0.1	-0.1	0.8	-0.2	0.3	0.1
Public demand	0.2	0.2	0.0	-0.0	0.0	-0.3	-0.4	-0.3	0.1	-0.2	0.3	-0.2
Government final consumption	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.1	0.2	0.1	0.2
Public fixed investment	0.2	0.1	-0.1	-0.2	-0.2	-0.5	-0.6	-0.5	-0.0	-0.5	0.2	-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	0.4	1.0	1.0	0.3	0.1	0.7	1.0	0.6	0.5	-0.1	0.4
Exports of goods and services	0.9	1.1	1.2	0.5	0.9	1.1	1.2	1.4	0.9	1.1	1.2	0.9
Imports of goods and services	-1.1	-0.7	-0.3	0.5	-0.6	-1.0	-0.5	-0.4	-0.3	-0.6	-1.3	-0.5

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

	2012 4-6	7-9	10-12	2013 1-3	4-6	7-9	10-12	2014 1-3	FY 2012	FY 2013	CY 2012	CY 2013
1) World economy												
Economic growth of major trading partners												
Y/y %	2.8	2.8	3.6	2.6	3.0	3.2	3.5	3.3	3.1	3.2	3.2	3.1
Crude oil price (WTI futures; $/bbl)	93.4	92.2	88.2	94.4	94.2	105.8	97.6	98.6	92.0	99.1	94.1	98.0
Y/y %	-8.8	3.0	-6.2	-8.4	0.9	14.8	10.6	4.5	-5.4	7.6	-1.0	4.1
2) US economy												
Real GDP (chained [2009]; $ bil; SAAR)	15,337	15,431	15,434	15,538	15,607	15,780	15,916	15,832	15,435	15,784	15,369	15,710
Q/q %, SAAR	1.6	2.5	0.1	2.7	1.8	4.5	3.5	-2.1				
Y/y %	2.3	2.7	1.6	1.7	1.8	2.3	3.1	1.9	2.1	2.3	2.3	2.2
Consumer Price Index												
(1982-84 avg=100)	229.0	229.9	231.3	232.0	232.2	233.5	234.1	235.2	230.6	233.8	229.6	233.0
Q/q %, SAAR	1.4	1.7	2.4	1.2	0.4	2.2	1.1	1.9				
Y/y %	1.9	1.7	1.9	1.7	1.4	1.6	1.2	1.4	1.8	1.4	2.1	1.5
Producer Price Index												
(Finished goods; 1982=100)	192.8	194.7	195.9	196.3	195.8	196.9	197.5	199.4	194.9	197.4	194.2	196.6
Q/q %, SAAR	-1.4	3.9	2.5	0.9	-1.0	2.3	1.1	4.0				
Y/y %	1.1	1.5	1.7	1.5	1.5	1.2	0.8	1.6	1.4	1.3	1.9	1.2
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	1.64	1.71	1.95	2.00	2.71	2.75	2.76	1.78	2.55	1.80	2.35
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	95.9	96.8	97.4	98.7	98.0	98.5	98.5	98.9	97.1	98.5	96.9	98.4
Q/q %, SAAR	-8.3	3.6	2.5	5.5	-2.5	2.0	-0.1	1.8				
Y/y %	-0.2	0.7	0.7	0.8	2.3	1.9	1.0	0.3	0.5	1.4	0.9	1.5
Nominal public fixed investment												
Y tril; SAAR	21.0	20.6	20.7	21.8	22.9	24.8	25.4	24.8	21.0	24.6	21.1	23.7
Q/q %, SAAR	-12.0	-8.6	1.4	23.1	23.8	36.0	9.9	-8.6				
Y/y %	0.1	-0.1	4.6	-0.5	9.0	20.9	23.4	13.6	1.1	17.1	2.6	12.8
Exchange rate (Y/$)	80.1	78.6	81.2	92.3	98.8	98.9	100.4	102.8	83.1	100.2	79.8	97.6
(Y/€)	101.2	98.2	108.2	122.0	129.6	130.7	139.9	140.3	107.4	135.1	103.5	130.6
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

Source: Compiled by DIR.
Notes: 1) Japanese consumption tax hike expected in October 2015.
　　　2) Due to rounding, figures may differ from those released by the government.
E: DIR estimate.

6.2 Major Assumptions

	2014 4-6	2015 7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2016 1-3 (E)	FY 2014 (E)	FY 2015 (E)	CY 2014 (E)	CY 2015 (E)
1) World economy												
Economic growth of major trading partners												
Y/y %	3.3	3.2	3.1	3.8	3.8	3.9	3.9	3.9	3.3	3.9	3.2	3.8
Crude oil price (WTI futures; $/bbl)	103.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.7	100.0	100.4	100.0
Y/y %	9.4	-5.5	2.4	1.4	-2.9	0.0	0.0	0.0	1.7	-0.7	2.4	-0.4
2) US economy												
Real GDP (chained [2009]; $ bil; SAAR)	15,994	16,092	16,210	16,335	16,447	16,564	16,672	16,772	16,158	16,614	16,032	16,504
Q/q %, SAAR	4.2	2.5	3.0	3.1	2.8	2.9	2.6	2.4				
Y/y %	2.5	2.0	1.8	3.2	2.8	2.9	2.8	2.7	2.4	2.8	2.0	2.9
Consumer Price Index												
(1982-84 avg=100)	237.0	238.1	239.2	240.3	241.6	242.9	244.3	245.5	238.7	243.5	237.4	242.3
Q/q %, SAAR	3.0	1.9	1.8	1.9	2.1	2.2	2.3	2.0				
Y/y %	2.1	2.0	2.2	2.2	1.9	2.0	2.1	2.1	2.1	2.1	1.9	2.1
Producer Price Index												
(Finished goods; 1982=100)	201.2	202.6	203.1	204.4	205.5	206.8	208.2	209.3	202.8	207.5	201.6	206.2
Q/q %, SAAR	3.7	2.8	1.0	2.5	2.3	2.6	2.7	2.0				
Y/y %	2.8	2.9	2.9	2.5	2.1	2.1	2.5	2.4	2.7	2.3	2.5	2.3
FF rate (%)	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	0.25	0.75	0.25	0.50
(Target rate for the forecast period, end-period)												
Government bond yield (10 year; %)	2.62	2.55	2.73	2.79	3.01	3.16	3.33	3.89	2.67	3.35	2.67	3.07
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	99.7	100.1	100.5	100.9	101.4	101.8	102.6	103.1	100.4	102.2	99.9	101.7
Q/q %, SAAR	3.2	1.6	1.6	1.7	1.7	1.7	3.3	1.7				
Y/y %	1.9	1.6	2.2	2.0	1.6	1.7	2.0	2.1	1.9	1.8	1.5	1.8
Nominal public fixed investment												
Y tril; SAAR	25.1	26.3	25.7	24.5	23.7	23.3	22.9	22.5	25.4	23.1	25.5	23.7
Q/q %, SAAR	4.7	21.3	-8.8	-17.4	-12.4	-6.6	-6.7	-6.8				
Y/y %	9.3	6.1	1.2	-0.9	-5.4	-11.3	-10.8	-8.2	3.1	-9.2	7.2	-7.0
Exchange rate (Y/$)	102.1	103.0	105.0	105.0	105.0	105.0	105.0	105.0	103.8	105.0	103.2	105.0
(Y/€)	139.5	137.1	135.0	135.0	135.0	135.0	135.0	135.0	136.7	135.0	138.0	135.0
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) Japanese consumption tax hike expected in October 2015.
2) Due to rounding, figures may differ from those released by the government.
E: DIR estimate.