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Japan's Economic Outlook No. 188 Update (Summary)

Can a Worldwide Recession Be Avoided? The Effects of (1) Negative Interest, (2) Consumption Tax Increase, and (3) The Bursting of China's Economic Bubble

Japan to see real GDP growth of +0.7% in FY15, +0.9% in FY16, and -0.1% in FY17, with nominal GDP growth of +2.1% in FY15, +1.4% in FY16, and +1.2% in FY17.

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Summary

- **Downside risk grows for the Japanese economy due to external factors:** In light of the 2nd preliminary Oct-Dec 2015 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 FY15 (+0.7% in the previous forecast), +0.9% in comparison with the previous year for FY16 (+0.9% in the previous forecast), and -0.1% in comparison with the previous year for FY17 (-0.1% in the previous forecast). Japan's economy has remained in a lull, but we expect it to move toward a gradual recovery due to the following domestic factors: (1) Inventory adjustment is progressing, (2) The price of crude oil remains low, (3) Real wages are on the increase, and (4) The government's supplementary budget has taken shape. However, caution is needed regarding downside risk in the overseas economy, especially that of China.
- **Real GDP growth rate revised upwards slightly from 1st preliminary:** The real GDP growth rate for Oct-Dec 2015 (2nd preliminary est) was revised upwards slightly to -1.1% q/q annualized (-0.3% q/q) in comparison to the 1st preliminary report (-1.4% q/q annualized and -0.4% q/q). Results also exceeded market consensus due to the upward revision of capex, which was expected to be revised downwards on the 1st preliminary report, and the upward revision of inventory investment, which was seen marking time on the 1st preliminary report. All

in all, these results were unsurprising, as the upward revision from the 1st preliminary results was only slight, and results were generally in accordance with market consensus. Moreover, results confirmed our previous opinion that Japan's economy was in a lull during the fourth quarter. As for the future of Japan's economy, the focus is on the G7 summit to be held in Japan on May 26-27. Hopes are that the advanced nations will implement coordinated fiscal policies. There is also the question of whether or not China comes up with a full-fledged policy to bolster its economy.

- **Small upward revision for capex and inventory investment in contrast to previous outlook:** Performance by demand component in light of upward revisions from the 1st preliminary results shows personal consumption and public investment with downward revisions, but inventory investment and capex were revised upwards slightly, helping to increase overall results.

Capex was revised upwards to +1.5% q/q in comparison to +1.4% on the 1st preliminary report due to the results of corporate statistics. Inventory investment's contribution to overall results was revised slightly upwards from -0.1% pt q/q on the 1st preliminary report to -0.0% pt on the 2nd preliminary, while also exceeding market consensus at -0.1%. Looking at inventory investment by category, out of the four categories of investment work-in-process and raw materials were revised upwards, while finished goods inventory and distribution inventory were flat. The contribution of personal consumption was expected to remain flat in comparison to the 1st preliminary report, but then fell slightly in terms of rate of change. Public investment was revised downwards due mainly to the reflection of basic statistics from December. However, this was pretty much within the range of expectations.

As for other components, housing investment and imports were flat in comparison to the 1st preliminary report, while government consumption and exports were revised upwards. However, overall GDP results were not influenced much by this.

- **Trends by demand component: Major components show weak performance across the board with the exception of capex:** Looking at trends in demand components on the Oct-Dec 2015 period results (2nd preliminary report), we see personal consumption suffering a decline for the first time in two quarters at -0.9% q/q (-0.8% on the 1st preliminary). This was due to the improvement in the employment and income environments, with real compensation of employees maintaining a firm undertone, and contributing to overall results. Meanwhile, households continue to tighten their budgets, dragging down overall results, with seasonal goods, including winter clothing, heating equipment, and energy, all performing poorly.

Housing investment declined for the first time in four quarters at -1.2% (also -1.2% on the 1st preliminary). New housing starts, a leading indicator for housing investment as a portion of GDP, have been weak since sometime around the middle of 2015. Housing investment and housing starts are recorded on a progressive basis, hence there is a lag in their performance, but it appears that this area has shifted into a declining trend.

Capex rose by +1.5% q/q (+1.4% on the 1st preliminary), its second consecutive quarter of growth, in a continuation of its comeback. This was made possible by historic highs in corporate earnings, which encouraged replacement investment.

Private sector inventory was down for the second consecutive quarter at -0.0% pt (-0.1% pt on the 1st preliminary) contributing to this period's decline in real GDP. It seems reasonable to deduce that this shows the pace of growth in inventories to be slowing down.

Public investment declined for the first time in two quarters at -3.4% q/q (-2.7% on the 1st preliminary). Without the effects of economic policy as there was in the past, public investment, one of the leading economic indicators, has also fallen into decline.

Meanwhile, exports were also down for the first time in two quarters at -0.8% q/q (-0.9% on the 1st preliminary). The increase in foreigners visiting Japan has led to an increase in exports of services. Meanwhile, with the slowdown in the economies of the emerging nations, especially China, goods, according to foreign trade statistics, continue to be weak, bringing down overall performance. Imports also declined for the first time in two quarters at -1.4% (also -1.4% on the 1st preliminary). Since the decline in imports was larger than that of exports, the contribution of overseas demand (net exports) was up by +0.1% pt (also up +0.1% pt on the 1st preliminary).

- **With no clearly driving force, Japan's economy faces risk of possible downturn:** There is no major change in our main scenario as expressed in the 1st preliminary report. The future of Japan's economy will be assisted by a number of positive factors, including improved employment and income environments, which should encourage a recovery in personal consumption. However, due to the absence of a clearly driving force, Japan's economy faces risk of a possible downturn in the future. Especially notable are the downturn in the Chinese economy, turmoil in the global financial markets in response to the US exit strategy, and a strong yen / weak stock market situation brought on by risk-off behavior of investors. These factors require caution. The focus for the time being is expected to be on the G7 summit to be held in Japan on May 26-27. Hopes are that the advanced nations will implement coordinated fiscal policies. There is also the question of whether or not China comes up with a full-fledged policy to bolster its economy. We also note that GDP statistics do not make adjustments for leap year, hence the Jan-Mar 2016 period figures could be on the strong side due to the extra day in comparison to February of the previous year.

Personal consumption is expected to mark time. As for the question of income, real wages according to the monthly labour survey continue to be weak since summer of 2015 due to a changeover in sampling, but it appears that it has recently been moving toward a comeback. Real employee compensation (real wages x employment) in the macro sense is maintaining a strong undertone due to the growth trend in employment. Meanwhile, the positive employment environment and the raising of the minimum wage are expected to bring a gradual increase in part-timer pay. The effect of a slower growth rate in the consumer price index promises to continue pushing up real wages, and this should be a factor in providing underlying support for personal consumption. Meanwhile, factors to keep in mind are the pension revision rate which was raised in Fiscal 2015 for the first time in sixteen years, and which the government has decided to leave unchanged in Fiscal 2016, as well as the spring labor offensive in 2016, which may very possibly bring a smaller wage revision rate than in 2015 (final tally results +2.20%).

Looking at the trend in new housing starts, a leading indicator for housing investment, it appears that performance continues to be weak. Housing starts are weighted down by an

increase in construction costs and sales prices, as well as the scandal regarding the falsification of condominium construction data which surfaced late in 2015. However, improvements in the employment and income environment, along with the historic lows in interest on housing loans, and then beyond the year 2016, the expected further increase in consumption tax in April 2017, are expected to work together in encouraging a gradual increase in the number of households considering purchase of a new home. Housing starts should soon return to a growth trend. Housing investment is expected to recover to a growth trend in the future, though there is expected to be a time lag between the expected increase in housing starts and the subsequent recovery in housing investment.

As for capex, the gradual recovery is seen continuing due to record-setting corporate earnings, which are encouraging replacement investment. According to surveys measuring capex investment plans such as the BOJ Tankan, there is a forward-looking stance in regard to capex spending, especially in the non-manufacturing industries. Replacement investment, labor saving, and energy saving appear to be promising. However, statistics seem to see current business sentiment in the manufacturing industries as being stronger than it actually is, and caution is urged regarding risk of a downtrend in the future. The slowdown in emerging nation economies centering on China, weakness in the corporate sectors of overseas economies leading to stagnation for exports, and the slow pace of recovery in personal consumption means that corporations delaying capex spending may increase in the future, especially amongst manufacturers.

Public investment is gradually shedding the effects of economic policy which provided support in the past, and is expected to continue its gradual decline. Contracts and orders received, which provide the leading indicators for this area, are showing signs of weakening. The general tone in this area is expected to continue in that vein. However, if the FY2015 supplementary budget and the FY2016 budget are implemented in advance, public investment is expected to gradually end its declining trend starting in the latter part of FY2016 and beyond.

Meanwhile, exports are expected to make a gradual comeback while experiencing both strong and weak points with the US and European economies showing a firm undertone and exports of services recording favorable performance. However, overseas economies show a growing risk of a downturn, with the worldwide industrial sector in the doldrums due to the rapid decline in the price of resources and excess production capacity. Overseas shipments of electronic parts and devices for smartphones are expected to suffer a temporary decline. Considering this fact, the expected shift back into a growth trend for exports of goods will likely have to wait until sometime after spring. A firm undertone continues in US economic expansion centering on the household sector, bringing expectations for a recovery in Japanese exports centering on durables. As for the EU, the economy is expected to move gradually toward a comeback due to the effects of the collapse of crude oil prices and additional monetary easing on the part of the ECB. Exports to the EU are expected to gradually recover to a growth trend. As for the Asian economy, electronic parts and devices for smartphones as mentioned above, as well as iron & steel and materials are expected to be a drag on performance due to China's excess production capacity. Asian exports are expected to continue on the weak side. As for China, whose economic slowdown continues, monetary easing and promotion of automobile sales are helping to lift the real economy, and the effects are beginning to show up in personal consumption and the service sector. There is a good possibility that declines in consumption can be avoided in the area of consumer goods.

- **How to make sense of the BOJ's introduction of a negative interest rate:** The Bank of Japan introduced a negative interest rate in January. In examining the influence of this move we used the EU and Switzerland as references. The EU and Switzerland lead Japan in the introduction of a negative interest rate, but it is still difficult to say whether doing so has had a positive effect on the real economy. To some extent there has been an impact on the financial markets, with stock price highs producing an asset effect and currency depreciation bringing growth in exports, which is considered to have had an indirect effect on pushing up the real economy. However, after the introduction of a negative interest rate in Japan, uncertainty began to grow in regard to the future of the world economy, and did so at just the wrong time. Stock prices have not gone up, nor has yen depreciation taken hold. At this point it would be difficult to hope for an indirect effect on pushing up the real economy arising from the financial markets. On the other hand, DIR calculations suggest that falling interest rates will be beneficial to the private sector, including financial institutions, corporations, and households. Financial institutions are expected to see growth in their gains on sale of government bonds, while both corporations and households will experience the positive effects of lower lending rates and lower interest on housing loans.
- **Can a Worldwide Recession be Avoided?:** In taking a bird's-eye view of the current situation of the world economy in light of the long-term business cycle, the roots of the sense of stagnation in the worldwide economy can be found in fiscal and monetary restraint policies of the advanced nations despite the fact that at the time these policies were initiated, private sector demand was gradually recovering in those countries. The key to stopping the declines in the world economy and financial markets is international policy coordination between Japan, the advanced nations and China, which now brings the upcoming G7 summit in Japan into focus. With the economies of the emerging nations and resource-rich countries in a continuing slowdown, the world must leave behind its dependence on the emerging nations to drive economic growth, and instead, the advanced nations need to step up to the plate and take up the role of leading world economic growth. Meanwhile, though the advanced nations are left with limited room to move in the area of monetary policy, there is still some leeway for aggressive fiscal policy actions, while China should initiate practical means of avoiding further depreciation of the renminbi by adopting capital regulations.

In our investigation into this subject we examined world economic cycles with special focus on the Fed. With the slowdown in the emerging economies and the deteriorating international commodities market, not to mention the maturation of the US ISM Business Confidence Index and the business cycle, we believe that the interest rate hike schedule of around four times per year expected by the FOMC participants is too fast. Our opinion is that the Fed will consider taking the approach of taking a pause in rate hikes. In addition, we examined the debt cycle of US corporations. The question of whether or not the global economy descends into a situation of worldwide stock price lows and production declines depends on the finesse with which the Fed carries out its monetary policy.

- **Sorting out the issues in moving towards an increase in consumption tax in 2017:** In this section we take a look at what the issues are in moving towards another consumption tax hike in 2017. The sluggish recovery of consumption of durable goods after the increase in consumption tax in 2014 was influenced by the phenomenon of spiking demand in advance of the tax hike, which then fizzled out by the time the tax hike took place. This was thought to be due to past economic policies. Moreover, the weak outlook for income is thought to have had a

major influence on consumption of services, especially in the area of non-essential personal services. Considering the situation, we calculated the effect of the 2017 consumption tax hike and compared the result with real GDP assuming no tax hike. This would put degree of influence at +0.3% in FY2016 and -0.6% in FY2017. Meanwhile, the effect of underlying support for personal consumption obtained by introducing a reduced tax rate is calculated to be approximately 1.1 tril yen in FY2017.

- **Risk factors facing Japan's economy – focus on China:** Risk factors for the Japanese economy are: (1) The downward swing of China's economy, (2) Tumult in the economies of emerging nations in response to the US exit strategy, (3) A worldwide decline in stock values due to geopolitical risk, and (4) The worsening of the Eurozone economy. Our outlook for China's economy is optimistic in the short-term and pessimistic in the mid to long-term. Looking at China's economic situation in a somewhat reductive way, the fact is that China's government holds treasury funds totaling between 600 to 800 tril yen with which it is standing up to over 1,000 tril yen in excessive lending and over 400 tril yen in excess capital stock. China is expected to be able to avoid the bottom falling out of its economy for a little while, but in the mid to long-term, there is risk of a massive capital stock adjustment.
- **BOJ's monetary policy:** We expect additional monetary easing measures by the BOJ to be initiated in April 2016 due to fears of an economic downturn.
- **Our assumptions:** Public works spending is expected to decline by -1.8% in FY15, -2.8% in FY16, and -4.5% in FY17. An additional consumption tax hike is planned for April 2017. Average exchange rate of Y119.5/\$ in FY15, Y113.0/\$ in FY16, and Y113.0/\$ in FY17. US real GDP growth of +2.4% in CY15, +2.2% in CY16, and +2.4% in CY17.

Main Economic Indicators and Real GDP Components

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	FY15 (Estimate)	FY16 (Estimate)	FY17 (Estimate)	CY15	CY16 (Estimate)	CY17 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	2.1	1.4	1.2	2.5	1.0	1.6
Real GDP (chained [2005]; y/y %)	0.7	0.9	-0.1	0.5	0.5	0.4
Domestic demand (contribution, % pt)	0.6	0.9	-0.5	0.0	0.4	0.3
Foreign demand (contribution, % pt)	0.1	0.0	0.4	0.4	0.0	0.1
GDP deflator (y/y %)	1.4	0.5	1.3	2.0	0.6	1.1
Index of All-industry Activity (y/y %)*	0.7	1.6	1.4	0.5	0.6	2.2
Index of Industrial Production (y/y %)	-1.2	2.3	1.7	-0.9	-0.5	4.1
Index of Tertiary Industry Activity (y/y %)	1.2	1.5	1.3	0.9	0.9	1.8
Corporate Goods Price Index (y/y %)	-3.0	-0.6	2.8	-2.3	-1.5	2.3
Consumer Price Index (excl. fresh food; y/y %)	-0.0	0.2	2.0	0.5	-0.0	1.7
Unemployment rate (%)	3.3	3.2	3.1	3.4	3.2	3.1
Government bond yield (10 year; %)	0.27	0.00	0.00	0.35	0.00	0.00
Money stock; M2 (end-period; y/y %)	3.7	4.0	4.1	3.7	3.9	4.1
Balance of payments						
Trade balance (Y tril)	-0.1	0.8	1.9	-0.6	1.1	1.5
Current balance (\$100 mil)	1,494	1,754	1,965	1,375	1,764	1,896
Current balance (Y tril)	17.7	19.7	22.1	16.6	19.9	21.4
(% of nominal GDP)	3.5	3.9	4.3	3.3	4.0	4.2
Real GDP components (Chained [2005]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	-0.5 (-0.3)	0.8 (0.4)	-0.9 (-0.5)	-1.3 (-0.8)	-0.1 (-0.0)	0.1 (0.1)
Private housing investment	2.3 (0.1)	2.6 (0.1)	-8.3 (-0.2)	-2.6 (-0.1)	1.7 (0.0)	-4.1 (-0.1)
Private fixed investment	2.3 (0.3)	4.5 (0.6)	1.2 (0.2)	1.3 (0.2)	3.6 (0.5)	2.6 (0.4)
Government final consumption	1.4 (0.3)	0.9 (0.2)	0.8 (0.2)	1.1 (0.2)	1.0 (0.2)	0.8 (0.2)
Public fixed investment	-2.2 (-0.1)	-4.0 (-0.2)	-6.4 (-0.2)	-2.6 (-0.1)	-4.1 (-0.2)	-5.1 (-0.2)
Exports of goods and services	0.3 (0.0)	2.7 (0.5)	3.5 (0.6)	2.7 (0.5)	1.0 (0.2)	3.8 (0.7)
Imports of goods and services	-0.3 (0.0)	2.9 (-0.4)	1.5 (-0.2)	0.2 (0.0)	0.8 (-0.1)	2.9 (-0.5)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	2.8	3.1	3.3	3.0	3.0	3.3
Crude oil price (WTI futures; \$/bbl)	44.5	35.0	35.0	48.8	34.1	35.0
2. US economy						
US real GDP (chained [2009]; y/y %)	2.3	2.2	2.4	2.4	2.2	2.4
US Consumer Price Index (y/y %)	0.4	1.6	2.3	0.1	1.3	2.3
3. Japanese economy						
Nominal public fixed investment (y/y %)	-1.8	-2.8	-4.5	-1.6	-3.1	-3.4
Exchange rate (Y/\$)	119.5	113.0	113.0	121.0	113.0	113.0
(Y/€)	132.4	125.0	125.0	133.7	125.6	125.0

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 188 update)			Previous outlook (Outlook188)			Difference between previous and current outlooks		
	FY15	FY16	FY17	FY15	FY16	FY17	FY15	FY16	FY17
Main economic indicators									
Nominal GDP (y/y %)	2.1	1.4	1.2	2.0	1.5	1.2	0.0	-0.0	0.0
Real GDP (chained [2005]; y/y %)	0.7	0.9	-0.1	0.7	0.9	-0.1	0.0	-0.0	0.0
Domestic demand (contribution, % pt)	0.6	0.9	-0.5	0.5	0.9	-0.5	0.0	-0.0	0.0
Foreign demand (contribution, % pt)	0.1	0.0	0.4	0.1	0.0	0.4	0.0	0.0	0.0
GDP deflator (y/y %)	1.4	0.5	1.3	1.4	0.6	1.3	-0.0	-0.0	0.0
Index of All-industry Activity (y/y %)*	0.7	1.6	1.4	0.8	1.7	1.4	-0.1	-0.1	-0.0
Index of Industrial Production (y/y %)	-1.2	2.3	1.7	-0.9	3.0	1.7	-0.3	-0.8	-0.0
Index of Tertiary Industry Activity (y/y %)	1.2	1.5	1.3	1.2	1.5	1.3	0.0	0.0	0.0
Corporate Goods Price Index (y/y %)	-3.0	-0.6	2.8	-3.0	-0.7	2.8	0.0	0.1	0.0
Consumer Price Index (excl. fresh food; y/y %)	-0.0	0.2	2.0	0.0	0.4	2.2	-0.1	-0.2	-0.2
Unemployment rate (%)	3.3	3.2	3.1	3.3	3.2	3.1	0.0	0.0	0.0
Government bond yield (10 year; %)	0.27	0.00	0.00	0.27	0.00	0.00	0.00	0.00	0.00
Money stock; M2 (end-period; y/y %)	3.7	4.0	4.1	3.7	4.0	4.1	0.0	0.0	0.0
Balance of payments									
Trade balance (Y tril)	-0.1	0.8	1.9	-0.6	0.0	1.5	0.6	0.8	0.4
Current balance (\$100 mil)	1,494	1,754	1,965	1,427	1,650	1,907	67	104	58
Current balance (Y tril)	17.7	19.7	22.1	17.2	18.9	21.8	0.5	0.9	0.3
(% of nominal GDP)	3.5	3.9	4.3	3.4	3.7	4.3	0.1	0.2	0.1
Real GDP components (chained [2005]; y/y %)									
Private final consumption	-0.5	0.8	-0.9	-0.4	0.8	-0.9	-0.0	-0.0	0.0
Private housing investment	2.3	2.6	-8.3	2.3	2.6	-8.3	0.0	0.0	-0.0
Private fixed investment	2.3	4.5	1.2	2.2	4.4	1.2	0.1	0.1	-0.0
Government final consumption	1.4	0.9	0.8	1.3	0.8	0.8	0.1	0.0	0.0
Public fixed investment	-2.2	-4.0	-6.4	-1.6	-3.7	-6.4	-0.6	-0.3	-0.0
Exports of goods and services	0.3	2.7	3.5	0.2	2.7	3.5	0.0	0.0	-0.0
Imports of goods and services	-0.3	2.9	1.5	-0.3	2.9	1.5	0.0	0.0	0.0
Major assumptions:									
1. World economy									
Economic growth of major trading partners	2.8	3.1	3.3	2.9	3.2	3.3	-0.0	-0.1	0.0
Crude oil price (WTI futures; \$/bbl)	44.5	35.0	35.0	44.1	30.0	30.0	0.4	5.0	5.0
2. US economy									
US real GDP (chained [2009]; y/y %)	2.3	2.2	2.4	2.2	2.4	2.3	0.0	-0.2	0.0
US Consumer Price Index (y/y %)	0.4	1.6	2.3	0.4	1.4	2.1	0.0	0.2	0.2
3. Japanese economy									
Nominal public fixed investment (y/y %)	-1.8	-2.8	-4.5	-1.1	-2.4	-4.5	-0.6	-0.4	-0.0
Exchange rate (Y/\$)	119.5	113.0	113.0	119.5	113.0	113.0	0.0	0.0	0.0
(Y/€)	132.4	125.0	125.0	132.6	128.3	128.3	-0.2	-3.3	-3.3

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

	2014			2015			2016		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2014	2015 (E)	2014	2015
Nominal GDP (SAAR; Y tril)	487.5	484.0	488.3	498.1	497.9	501.0	499.8	501.1	489.6	499.8	486.9	499.1
Q/q %	-0.0	-0.7	0.9	2.0	-0.1	0.6	-0.2	0.3				
Q/q %, SAAR	-0.1	-2.8	3.6	8.3	-0.2	2.6	-0.9	1.0				
Y/y %	1.9	0.5	1.3	2.2	2.1	3.5	2.1	0.6	1.5	2.1	1.6	2.5
Real GDP (chained [2005]; SAAR; Y tril)	524.1	520.8	523.6	529.5	527.6	529.4	528.0	528.7	524.7	528.4	526.1	528.6
Q/q %	-2.0	-0.6	0.5	1.1	-0.4	0.3	-0.3	0.1				
Q/q %, SAAR	-7.9	-2.5	2.2	4.6	-1.4	1.4	-1.1	0.5				
Y/y %	-0.3	-1.5	-1.0	-1.0	0.7	1.7	0.7	-0.1	-1.0	0.7	-0.0	0.5
Contribution to GDP growth (% pt)												
Domestic demand	-2.9	-0.8	0.2	1.1	-0.1	0.1	-0.4	0.1	-1.6	0.6	-0.0	0.0
Foreign demand	0.9	0.1	0.3	0.0	-0.3	0.2	0.1	-0.0	0.6	0.1	0.0	0.4
GDP deflator (y/y %)	2.2	2.0	2.3	3.3	1.5	1.8	1.5	0.7	2.5	1.4	1.7	2.0
Index of All-Industry Activity (2010=100)	101.1	101.1	101.7	102.8	102.5	102.5	102.4	102.3	101.7	102.4	102.0	102.5
Q/q %; y/y %	-2.8	0.0	0.6	1.0	-0.3	-0.0	-0.1	-0.1	-1.1	0.7	0.1	0.5
Index of Industrial Production (2010=100)	98.8	97.4	98.2	99.7	98.3	97.1	97.6	96.4	98.5	97.3	99.0	98.1
Q/q %; y/y %	-3.1	-1.3	0.8	1.6	-1.4	-1.2	0.6	-1.3	-0.5	-1.2	2.1	-0.9
Index of Tertiary Industry Activity (2005=100)	101.2	101.7	102.2	103.3	103.1	103.3	103.3	103.5	102.1	103.3	102.3	103.2
Q/q %; y/y %	-2.8	0.5	0.6	1.1	-0.2	0.2	0.0	0.2	-1.1	1.2	-0.4	0.9
Corporate Goods Price Index components (2010=100)												
Domestic Company Goods Price Index	106.0	106.5	105.1	103.4	103.7	102.7	101.3	100.8	105.3	102.1	105.1	102.8
Y/y %	4.4	4.0	2.5	0.5	-2.2	-3.6	-3.6	-2.4	2.8	-3.0	3.2	-2.3
CPI (excl. fresh food; 2010=100)	103.3	103.5	103.4	102.7	103.4	103.4	103.4	102.6	103.2	103.2	102.7	103.2
Y/y %	3.3	3.2	2.7	2.1	0.1	-0.1	0.0	-0.1	2.8	-0.0	2.6	0.5
Unemployment rate (%)	3.6	3.6	3.5	3.5	3.4	3.4	3.3	3.2	3.5	3.3	3.6	3.4
Government bond yield (10 year; %)	0.59	0.52	0.40	0.34	0.40	0.38	0.29	0.00	0.46	0.27	0.53	0.35
Money stock; M2 (y/y %)	3.2	3.0	3.5	3.5	3.9	4.0	3.4	3.6	3.3	3.7	3.4	3.7
Trade balance (SAAR; Y tril)	-9.3	-9.7	-6.2	-0.8	-1.7	-1.6	1.5	1.4	-6.6	-0.1	-10.4	-0.6
Current balance (SAAR; \$100 mil)	195	308	1,033	1,244	1,279	1,328	1,617	1,752	722	1,494	250	1,375
Current balance (SAAR; Y tril)	2.0	3.2	11.8	14.8	15.5	16.2	19.6	19.8	7.9	17.7	2.6	16.6
(% of nominal GDP)	0.4	0.7	2.4	3.0	3.1	3.2	3.9	4.0	1.6	3.5	0.6	3.3
Exchange rate (Y/\$)	102.1	103.9	114.5	119.1	121.4	122.2	121.5	113.0	109.9	119.5	105.8	121.0
(Y/Euro)	139.5	137.8	143.8	132.6	135.0	135.6	131.5	127.4	138.4	132.4	140.3	133.7

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

	2016			2017			2018		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)	2016 (E)	2017 (E)	2016 (E)	2017 (E)
Nominal GDP (SAAR; Y tril)	502.9	505.2	507.9	512.1	512.1	511.6	513.3	515.9	507.0	513.2	504.3	512.2
Q/q %	0.4	0.4	0.5	0.8	-0.0	-0.1	0.3	0.5				
Q/q %, SAAR	1.5	1.8	2.1	3.4	-0.0	-0.4	1.4	2.0				
Y/y %	1.0	0.8	1.7	2.2	1.8	1.3	1.0	0.7	1.4	1.2	1.0	1.6
Real GDP (chained [2005]; SAAR; Y tril)	530.0	531.6	533.6	537.2	531.8	531.5	532.8	534.9	533.2	532.8	531.0	533.3
Q/q %	0.2	0.3	0.4	0.7	-1.0	-0.0	0.3	0.4				
Q/q %, SAAR	1.0	1.2	1.5	2.7	-4.0	-0.2	1.0	1.5				
Y/y %	0.4	0.4	1.1	1.6	0.3	-0.0	-0.2	-0.4	0.9	-0.1	0.5	0.4
Contribution to GDP growth (% pt)												
Domestic demand	0.2	0.3	0.4	0.8	-1.5	-0.1	0.3	0.4	0.9	-0.5	0.4	0.3
Foreign demand	0.0	-0.0	-0.0	-0.2	0.5	0.0	-0.0	-0.0	0.0	0.4	0.0	0.1
GDP deflator (y/y %)	0.6	0.4	0.6	0.6	1.5	1.3	1.2	1.2	0.5	1.3	0.6	1.1
Index of All-Industry Activity (2010=100)	102.6	103.3	104.2	106.0	105.0	105.0	105.5	106.4	104.0	105.4	103.1	105.4
Q/q %; y/y %	0.3	0.6	0.9	1.8	-0.9	-0.1	0.5	0.8	1.6	1.4	0.6	2.2
Index of Industrial Production (2010=100)	96.7	97.8	99.8	103.8	101.8	100.3	101.0	101.8	99.5	101.2	97.6	101.7
Q/q %; y/y %	0.3	1.2	2.0	4.0	-1.9	-1.5	0.7	0.9	2.3	1.7	-0.5	4.1
Index of Tertiary Industry Activity (2005=100)	103.9	104.4	105.0	106.3	105.6	105.9	106.4	107.2	104.9	106.2	104.2	106.0
Q/q %; y/y %	0.3	0.4	0.6	1.2	-0.7	0.3	0.5	0.8	1.5	1.3	0.9	1.8
Corporate Goods Price Index components (2010=100)												
Domestic Company Goods Price Index	101.1	101.4	101.6	101.8	104.0	104.2	104.4	104.7	101.5	104.3	101.2	103.6
Y/y %	-2.5	-1.3	0.3	1.0	2.9	2.8	2.7	2.8	-0.6	2.8	-1.5	2.3
CPI (excl. fresh food; 2010=100)	103.1	103.4	103.7	103.4	105.1	105.5	105.9	105.5	103.4	105.5	103.2	104.9
Y/y %	-0.3	-0.0	0.3	0.8	1.9	2.1	2.1	2.1	0.2	2.0	-0.0	1.7
Unemployment rate (%)	3.2	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.2	3.1	3.2	3.1
Government bond yield (10 year; %)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Money stock; M2 (y/y %)	3.8	3.9	4.2	4.1	4.1	4.1	4.1	4.1	4.0	4.1	3.9	4.1
Trade balance (SAAR; Y tril)	1.2	0.8	1.0	0.2	1.8	1.9	1.9	1.8	0.8	1.9	1.1	1.5
Current balance (SAAR; \$100 mil)	1771	1753	1780	1712	1925	1960	1986	1989	1754	1965	1764	1896
Current balance (SAAR; Y tril)	20.0	19.8	20.1	19.3	21.8	22.2	22.4	22.5	19.7	22.1	19.9	21.4
(% of nominal GDP)	4.0	3.9	4.0	3.8	4.2	4.3	4.4	4.4	3.9	4.3	4.0	4.2
Exchange rate (Y/\$)	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0
(Y/Euro)	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.6	125.0

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)

	2014			2015			2016		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2014	2015 (E)	2014	2015
Gross domestic expenditure	524.1	520.8	523.6	529.5	527.6	529.4	528.0	528.7	524.7	528.4	526.1	528.6
Q/q %, SAAR	-7.9	-2.5	2.2	4.6	-1.4	1.4	-1.1	0.5				
Y/y %	-0.3	-1.5	-1.0	-1.0	0.7	1.7	0.7	-0.1	-1.0	0.7	-0.0	0.5
Domestic demand	515.8	512.3	513.4	518.9	518.4	519.2	517.2	517.9	515.3	518.2	518.4	518.4
Q/q %, SAAR	-11.2	-2.7	0.9	4.4	-0.4	0.6	-1.5	0.6				
Y/y %	-0.3	-1.7	-1.9	-2.3	0.5	1.3	0.6	-0.2	-1.6	0.6	-0.0	-0.0
Private demand	392.3	388.1	388.9	394.8	393.2	394.2	392.3	393.1	391.2	393.2	394.2	393.6
Q/q %, SAAR	-13.7	-4.2	0.8	6.2	-1.6	1.0	-1.9	0.9				
Y/y %	-0.3	-2.1	-2.5	-3.0	0.3	1.5	0.7	-0.4	-2.0	0.5	-0.1	-0.1
Final consumption	305.8	305.8	307.8	308.5	305.9	307.0	304.4	305.2	307.1	305.7	310.4	306.5
Q/q %, SAAR	-18.4	-0.1	2.7	0.9	-3.3	1.4	-3.4	1.0				
Y/y %	-2.5	-2.7	-2.1	-4.2	0.1	0.4	-1.2	-1.1	-2.9	-0.5	-0.9	-1.3
Residential investment	13.9	12.9	12.8	13.1	13.4	13.6	13.4	13.3	13.1	13.4	13.7	13.4
Q/q %, SAAR	-36.1	-25.6	-1.6	8.7	9.7	6.6	-4.7	-3.0				
Y/y %	-2.1	-12.5	-15.6	-15.5	-3.3	5.8	4.7	1.9	-11.7	2.3	-5.3	-2.6
Non-residential investment	70.3	70.1	70.0	72.0	71.2	71.7	72.8	73.6	70.7	72.3	71.0	71.9
Q/q %, SAAR	-15.2	-1.3	-0.3	11.9	-4.5	3.0	6.3	4.3				
Y/y %	1.5	0.6	-0.2	-1.3	1.1	2.2	3.9	2.0	0.1	2.3	3.1	1.3
Change in inventories	2.3	-0.6	-1.8	1.2	2.6	1.8	1.6	1.0	0.2	1.8	-0.9	1.8
Public demand	123.5	124.2	124.6	124.1	125.3	125.0	124.9	124.8	124.1	125.0	124.3	124.8
Q/q %, SAAR	-2.5	2.2	1.3	-1.3	3.6	-0.8	-0.3	-0.5				
Y/y %	-0.2	-0.4	-0.3	-0.4	1.3	0.8	0.2	0.5	-0.3	0.7	0.2	0.5
Government final consumption	101.9	102.1	102.4	102.7	103.2	103.4	104.0	104.0	102.3	103.7	102.2	103.3
Q/q %, SAAR	-0.8	1.1	1.2	0.9	1.9	0.8	2.4	0.2				
Y/y %	-0.3	-0.2	0.3	0.6	1.3	1.2	1.5	1.4	0.1	1.4	0.1	1.1
Fixed investment	21.6	21.9	22.1	21.4	22.1	21.7	20.9	20.7	21.8	21.3	22.0	21.5
Q/q %, SAAR	-10.2	5.0	3.9	-11.6	13.4	-8.1	-12.7	-3.8				
Y/y %	-0.1	-2.6	-2.6	-4.2	2.0	-0.6	-5.2	-3.0	-2.6	-2.2	0.4	-2.6
Change in inventories	0.0	0.1	0.0	0.0	-0.0	-0.0	0.0	0.0	0.1	-0.0	0.0	0.0
Net exports of goods and services	9.6	10.4	12.5	12.9	10.6	12.0	12.3	12.3	11.3	11.8	9.6	11.9
Exports of goods and services	88.8	90.1	92.9	94.9	90.5	92.9	92.1	92.3	91.7	91.9	90.1	92.6
Q/q %, SAAR	0.4	6.0	13.3	8.6	-17.2	10.9	-3.3	1.0				
Y/y %	5.5	7.5	11.2	7.1	1.8	3.0	-0.8	-2.7	7.8	0.3	8.3	2.7
Imports of goods and services	79.1	79.6	80.5	82.0	79.9	80.9	79.7	80.0	80.3	80.1	80.5	80.6
Q/q %, SAAR	-16.0	2.5	4.3	7.7	-9.8	5.2	-5.6	1.4				
Y/y %	5.9	5.0	3.5	-0.7	0.7	1.5	-0.7	-2.5	3.3	-0.3	7.2	0.2

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)

	2016			2017			2018			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)	2016 (E)	2017 (E)	2016 (E)	2017 (E)	
Gross domestic expenditure	530.0	531.6	533.6	537.2	531.8	531.5	532.8	534.9	533.2	532.8	531.0	533.3	
Q/q %, SAAR	1.0	1.2	1.5	2.7	-4.0	-0.2	1.0	1.5					
Y/y %	0.4	0.4	1.1	1.6	0.3	-0.0	-0.2	-0.4	0.9	-0.1	0.5	0.4	
Domestic demand	519.1	520.9	522.9	527.4	519.1	518.8	520.2	522.4	522.8	520.2	520.3	521.5	
Q/q %, SAAR	0.9	1.4	1.6	3.5	-6.1	-0.3	1.1	1.8					
Y/y %	0.1	0.3	1.1	1.9	0.0	-0.4	-0.6	-1.0	0.9	-0.5	0.4	0.2	
Private demand	394.2	395.9	397.9	402.4	394.5	394.2	395.7	397.8	397.7	395.6	395.3	396.7	
Q/q %, SAAR	1.1	1.7	2.0	4.6	-7.6	-0.2	1.5	2.2					
Y/y %	0.2	0.5	1.4	2.5	0.0	-0.4	-0.6	-1.1	1.1	-0.5	0.4	0.4	
Final consumption	305.6	306.3	307.6	312.2	304.4	304.0	305.4	306.5	308.0	305.2	306.2	306.6	
Q/q %, SAAR	0.5	1.0	1.7	6.1	-9.6	-0.5	1.8	1.4					
Y/y %	-0.2	-0.2	1.1	2.3	-0.4	-0.8	-0.7	-1.8	0.8	-0.9	-0.1	0.1	
Residential investment	13.4	13.7	13.9	14.1	13.1	12.6	12.4	12.5	13.8	12.7	13.6	13.0	
Q/q %, SAAR	3.1	7.8	6.6	5.1	-25.7	-12.9	-5.9	1.0					
Y/y %	0.4	0.7	3.6	5.6	-2.7	-7.7	-10.6	-11.4	2.6	-8.3	1.7	-4.1	
Non-residential investment	74.2	74.9	75.8	77.2	76.2	76.0	76.3	77.3	75.6	76.5	74.5	76.4	
Q/q %, SAAR	3.0	3.8	5.1	7.7	-5.1	-0.9	1.4	5.5					
Y/y %	4.2	4.4	4.1	5.0	2.7	1.5	0.6	0.1	4.5	1.2	3.6	2.6	
Change in inventories	1.0	1.0	0.5	-1.2	0.7	1.5	1.5	1.5	0.4	1.3	0.9	0.7	
Public demand	124.9	125.0	125.1	125.0	124.7	124.5	124.5	124.6	125.0	124.6	125.0	124.8	
Q/q %, SAAR	0.4	0.3	0.3	-0.1	-1.2	-0.5	-0.2	0.4					
Y/y %	0.0	0.0	0.0	0.1	0.0	-0.3	-0.7	-0.5	0.1	-0.4	0.2	-0.2	
Government final consumption	104.3	104.5	104.6	104.8	105.0	105.3	105.5	105.8	104.6	105.5	104.4	105.2	
Q/q %, SAAR	1.0	0.6	0.7	0.7	0.8	1.0	0.9	1.0					
Y/y %	1.1	1.1	0.6	0.7	0.7	0.8	0.9	0.9	0.9	0.8	1.0	0.8	
Fixed investment	20.6	20.5	20.4	20.2	19.7	19.2	18.9	18.8	20.4	19.1	20.6	19.5	
Q/q %, SAAR	-2.7	-1.2	-1.9	-3.8	-10.9	-8.0	-6.4	-2.9					
Y/y %	-6.8	-5.4	-2.5	-2.6	-4.6	-6.1	-7.3	-7.0	-4.0	-6.4	-4.1	-5.1	
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	12.4	12.2	12.1	11.3	14.1	14.2	14.2	14.0	12.0	14.1	12.2	13.4	
Exports of goods and services	92.9	93.8	94.8	96.0	96.7	97.4	98.1	98.7	94.4	97.7	93.5	97.1	
Q/q %, SAAR	2.7	3.8	4.5	4.9	3.1	3.0	2.7	2.2					
Y/y %	2.8	1.1	3.0	4.0	4.0	3.9	3.5	2.8	2.7	3.5	1.0	3.8	
Imports of goods and services	80.6	81.6	82.7	84.7	82.6	83.2	83.9	84.7	82.4	83.6	81.2	83.6	
Q/q %, SAAR	2.7	5.3	5.5	10.1	-9.6	3.1	3.4	3.8					
Y/y %	1.0	0.9	3.6	5.9	2.5	2.0	1.5	-0.0	2.9	1.5	0.8	2.9	

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)

	2014			2015			2016		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2014	2015 (E)	2014	2015
Gross domestic expenditure	487.5	484.0	488.3	498.1	497.9	501.0	499.8	501.1	489.6	499.8	486.9	499.1
Q/q %, SAAR	-0.1	-2.8	3.6	8.3	-0.2	2.6	-0.9	1.0				
Y/y %	1.9	0.5	1.3	2.2	2.1	3.5	2.1	0.6	1.5	2.1	1.6	2.5
Domestic demand	501.3	498.1	500.1	503.9	503.8	505.1	503.1	504.4	501.0	504.1	502.1	503.9
Q/q %, SAAR	-5.4	-2.6	1.6	3.1	-0.1	1.0	-1.6	1.1				
Y/y %	2.4	0.6	0.1	-0.9	0.5	1.4	0.4	0.1	0.5	0.6	1.9	0.4
Private demand	377.5	373.3	374.8	379.0	378.2	379.7	377.7	379.1	376.2	378.7	377.8	378.6
Q/q %, SAAR	-7.7	-4.4	1.6	4.5	-0.8	1.6	-2.1	1.5				
Y/y %	2.4	0.2	-0.6	-1.6	0.3	1.7	0.6	0.1	0.1	0.7	1.8	0.2
Final consumption	292.1	292.5	294.5	293.7	291.7	293.1	290.7	291.7	293.2	291.8	295.4	292.3
Q/q %, SAAR	-12.8	0.4	2.8	-1.1	-2.6	1.8	-3.2	1.4				
Y/y %	0.2	-0.3	-0.2	-2.9	-0.0	0.1	-1.3	-0.7	-0.8	-0.5	1.1	-1.1
Residential investment	15.2	14.1	14.1	14.4	14.7	14.9	14.8	14.7	14.4	14.8	15.0	14.7
Q/q %, SAAR	-28.7	-26.3	-1.0	9.9	8.2	6.7	-3.4	-2.0				
Y/y %	2.7	-9.0	-13.1	-13.0	-3.4	5.9	5.0	2.2	-8.5	2.5	-2.0	-1.7
Non-residential investment	67.6	67.6	67.9	70.0	69.3	70.0	70.9	71.8	68.4	70.5	68.4	70.0
Q/q %, SAAR	-13.1	0.0	1.8	12.5	-3.7	3.7	5.3	5.1				
Y/y %	3.0	2.0	1.4	0.2	2.3	3.3	4.2	2.4	1.6	3.0	4.5	2.4
Change in inventories	2.5	-0.9	-1.7	0.9	2.5	1.8	1.4	0.9	0.2	1.6	-1.0	1.6
Public demand	123.8	124.8	125.3	124.9	125.5	125.3	125.3	125.4	124.7	125.3	124.3	125.2
Q/q %, SAAR	2.2	3.2	1.7	-1.2	2.0	-0.6	0.0	0.0				
Y/y %	2.1	2.1	2.1	1.3	1.3	0.5	-0.0	0.3	1.9	0.5	2.2	0.7
Government final consumption	100.4	100.8	101.2	101.5	101.5	101.8	102.5	102.6	101.0	102.1	100.4	101.8
Q/q %, SAAR	4.0	1.7	1.6	1.1	-0.0	1.3	2.6	0.6				
Y/y %	1.9	1.9	2.7	2.1	1.1	1.0	1.3	1.1	2.2	1.1	1.7	1.3
Fixed investment	23.4	23.8	24.1	23.4	24.0	23.6	22.9	22.7	23.7	23.2	23.8	23.4
Q/q %, SAAR	-4.9	7.7	4.8	-11.5	12.4	-7.5	-11.4	-2.7				
Y/y %	3.8	1.2	0.1	-1.9	2.8	-0.5	-5.0	-2.4	0.4	-1.8	3.4	-1.6
Change in inventories	0.1	0.2	0.0	0.1	0.0	-0.0	0.0	0.0	0.1	0.0	0.1	0.0
Net exports of goods and services	-13.8	-14.1	-11.8	-5.8	-5.9	-4.1	-3.3	-3.4	-11.3	-4.2	-15.1	-4.8
Exports of goods and services	83.5	86.3	92.0	91.3	87.9	90.4	87.4	87.7	88.4	88.4	86.4	89.3
Q/q %, SAAR	-0.3	14.0	29.4	-3.1	-14.1	11.7	-12.5	1.5				
Y/y %	6.6	9.6	16.3	9.3	4.9	4.7	-4.8	-3.9	10.5	0.0	11.4	3.3
Imports of goods and services	97.4	100.4	103.8	97.1	93.8	94.5	90.7	91.1	99.7	92.6	101.5	94.1
Q/q %, SAAR	-23.8	12.9	14.5	-23.5	-12.8	2.6	-15.1	1.9				
Y/y %	8.6	8.7	6.9	-7.1	-3.8	-5.8	-12.4	-6.1	3.9	-7.1	11.4	-7.4

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.

3.2 Nominal Gross Domestic Expenditure (¥ tril)

	2016			2017			2018		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)	2016 (E)	2017 (E)	2016 (E)	2017 (E)
Gross domestic expenditure	502.9	505.2	507.9	512.1	512.1	511.6	513.3	515.9	507.0	513.2	504.3	512.2
Q/q %, SAAR	1.5	1.8	2.1	3.4	-0.0	-0.4	1.4	2.0				
Y/y %	1.0	0.8	1.7	2.2	1.8	1.3	1.0	0.7	1.4	1.2	1.0	1.6
Domestic demand	506.3	508.7	511.6	516.9	513.5	513.0	514.8	517.6	511.0	514.7	507.7	514.6
Q/q %, SAAR	1.5	2.0	2.2	4.2	-2.6	-0.4	1.4	2.2				
Y/y %	0.5	0.7	1.7	2.6	1.5	0.8	0.6	0.1	1.4	0.7	0.8	1.3
Private demand	380.6	382.8	385.4	390.6	386.6	386.0	387.8	390.3	385.0	387.7	381.9	387.7
Q/q %, SAAR	1.6	2.3	2.7	5.5	-4.0	-0.6	1.8	2.6				
Y/y %	0.5	0.8	2.0	3.2	1.5	0.8	0.6	-0.0	1.6	0.7	0.9	1.5
Final consumption	292.4	293.4	294.9	299.7	295.7	295.0	296.5	297.7	295.1	296.2	293.2	296.7
Q/q %, SAAR	0.9	1.4	2.1	6.6	-5.2	-0.9	2.0	1.6				
Y/y %	0.2	0.1	1.5	2.7	1.2	0.5	0.5	-0.7	1.1	0.4	0.3	1.2
Residential investment	14.9	15.2	15.5	15.7	14.9	14.4	14.2	14.2	15.3	14.4	15.1	14.8
Q/q %, SAAR	4.2	9.0	7.8	6.2	-19.2	-13.3	-6.0	1.9				
Y/y %	1.3	1.8	4.8	6.8	0.2	-5.4	-8.6	-9.5	3.7	-6.0	2.6	-2.0
Non-residential investment	72.5	73.3	74.5	76.2	75.4	75.3	75.8	77.1	74.2	75.9	72.9	75.7
Q/q %, SAAR	4.0	4.9	6.5	9.3	-4.2	-0.2	2.4	6.9				
Y/y %	4.6	4.9	5.2	6.3	3.9	2.7	1.7	1.1	5.3	2.3	4.2	3.7
Change in inventories	0.9	0.9	0.5	-1.0	0.6	1.3	1.3	1.3	0.3	1.2	0.8	0.6
Public demand	125.6	125.9	126.2	126.3	126.9	126.9	127.0	127.3	126.0	127.0	125.8	126.8
Q/q %, SAAR	0.9	0.9	0.8	0.4	2.1	-0.0	0.2	0.9				
Y/y %	0.4	0.4	0.6	0.7	1.2	0.8	0.6	0.6	0.5	0.8	0.4	0.8
Government final consumption	103.0	103.2	103.5	103.8	104.9	105.2	105.6	105.9	103.4	105.4	103.1	104.9
Q/q %, SAAR	1.4	1.0	1.1	1.1	4.2	1.4	1.3	1.4				
Y/y %	1.5	1.4	1.0	1.2	1.8	1.9	2.0	2.1	1.3	2.0	1.3	1.7
Fixed investment	22.6	22.6	22.6	22.5	22.1	21.7	21.4	21.3	22.6	21.6	22.7	21.9
Q/q %, SAAR	-1.4	0.2	-0.5	-2.5	-7.3	-6.7	-5.1	-1.5				
Y/y %	-5.8	-4.2	-1.1	-1.2	-2.6	-4.2	-5.4	-5.1	-2.8	-4.5	-3.1	-3.4
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	-3.3	-3.6	-3.7	-4.8	-1.4	-1.4	-1.4	-1.7	-3.9	-1.5	-3.5	-2.3
Exports of goods and services	88.6	89.7	91.0	92.5	93.6	94.6	95.6	96.5	90.5	95.1	89.3	94.1
Q/q %, SAAR	3.8	5.2	5.9	6.7	5.0	4.4	4.2	3.7				
Y/y %	0.9	-0.8	4.0	5.4	5.6	5.5	5.1	4.3	2.4	5.1	-0.0	5.4
Imports of goods and services	91.9	93.3	94.7	97.2	95.0	96.0	97.0	98.2	94.3	96.6	92.8	96.4
Q/q %, SAAR	3.5	6.0	6.3	11.1	-8.7	4.0	4.4	4.9				
Y/y %	-2.0	-1.3	4.3	6.7	3.4	3.0	2.5	1.0	1.9	2.4	-1.3	3.9

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)

	2014			2015			2016		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2014	2015 (E)	2014	2015
Gross domestic expenditure	93.0	92.9	93.3	94.1	94.4	94.6	94.7	94.8	93.3	94.6	92.6	94.4
Q/q %, SAAR	2.0	-0.1	0.3	0.9	0.3	0.3	0.0	0.1				
Y/y %	2.2	2.0	2.3	3.3	1.5	1.8	1.5	0.7	2.5	1.4	1.7	2.0
Private final consumption	95.5	95.6	95.7	95.2	95.4	95.4	95.5	95.6	95.5	95.5	95.2	95.4
Q/q %, SAAR	1.7	0.1	0.0	-0.5	0.2	0.1	0.0	0.1				
Y/y %	2.7	2.5	2.0	1.3	-0.1	-0.2	-0.2	0.4	2.1	-0.0	2.0	0.2
Private residential investment	109.9	109.7	109.8	110.1	109.7	109.8	110.2	110.4	109.9	110.0	109.0	110.0
Q/q %, SAAR	2.8	-0.2	0.1	0.3	-0.3	0.0	0.3	0.3				
Y/y %	4.9	3.9	2.9	2.9	-0.1	0.1	0.3	0.3	3.6	0.2	3.5	0.9
Private non-residential investment	96.2	96.5	97.0	97.1	97.4	97.5	97.3	97.5	96.7	97.4	96.3	97.3
Q/q %, SAAR	0.6	0.3	0.5	0.1	0.2	0.2	-0.2	0.2				
Y/y %	1.4	1.4	1.6	1.6	1.2	1.1	0.3	0.4	1.5	0.7	1.3	1.1
Government final consumption	98.6	98.7	98.8	98.8	98.4	98.5	98.5	98.6	98.7	98.4	98.3	98.5
Q/q %, SAAR	1.2	0.1	0.1	0.0	-0.5	0.1	0.0	0.1				
Y/y %	2.1	2.1	2.4	1.5	-0.2	-0.2	-0.3	-0.3	2.0	-0.2	1.6	0.2
Public fixed investment	108.0	108.7	108.9	109.0	108.7	108.9	109.3	109.6	108.7	109.2	107.9	109.0
Q/q %, SAAR	1.4	0.7	0.2	0.0	-0.2	0.2	0.4	0.3				
Y/y %	3.9	3.9	2.7	2.4	0.8	0.2	0.2	0.6	3.1	0.4	3.0	1.0
Exports of goods and services	94.1	95.8	99.1	96.3	97.1	97.3	94.9	95.0	96.4	96.1	95.9	96.4
Q/q %, SAAR	-0.2	1.8	3.4	-2.8	0.9	0.2	-2.5	0.1				
Y/y %	1.0	1.9	4.6	2.1	3.1	1.6	-4.0	-1.2	2.4	-0.2	2.8	0.6
Imports of goods and services	123.1	126.0	129.0	118.5	117.5	116.8	113.7	113.9	124.1	115.6	126.2	116.7
Q/q %, SAAR	-2.4	2.4	2.4	-8.2	-0.8	-0.6	-2.6	0.1				
Y/y %	2.6	3.5	3.3	-6.4	-4.5	-7.2	-11.8	-3.7	0.6	-6.9	3.9	-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.

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

	2016			2017			2018		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)	2016 (E)	2017 (E)	2016 (E)	2017 (E)
Gross domestic expenditure	94.9	95.0	95.2	95.3	96.3	96.3	96.3	96.4	95.1	96.3	95.0	96.0
Q/q %, SAAR	0.1	0.1	0.2	0.2	1.0	-0.0	0.1	0.1				
Y/y %	0.6	0.4	0.6	0.6	1.5	1.3	1.2	1.2	0.5	1.3	0.6	1.1
Private final consumption	95.7	95.8	95.9	96.0	97.1	97.0	97.1	97.1	95.8	97.1	95.7	96.8
Q/q %, SAAR	0.1	0.1	0.1	0.1	1.2	-0.1	0.0	0.1				
Y/y %	0.3	0.4	0.4	0.4	1.5	1.3	1.3	1.2	0.4	1.3	0.4	1.1
Private residential investment	110.8	111.1	111.4	111.7	114.0	113.9	113.9	114.1	111.2	114.0	110.9	113.3
Q/q %, SAAR	0.3	0.3	0.3	0.3	2.1	-0.1	-0.0	0.2				
Y/y %	0.9	1.2	1.1	1.1	3.0	2.6	2.2	2.2	1.1	2.5	0.9	2.2
Private non-residential investment	97.7	98.0	98.3	98.7	98.9	99.1	99.3	99.7	98.2	99.3	97.9	99.0
Q/q %, SAAR	0.2	0.3	0.3	0.4	0.2	0.2	0.2	0.3				
Y/y %	0.4	0.5	1.0	1.2	1.2	1.1	1.0	1.0	0.8	1.1	0.6	1.1
Government final consumption	98.7	98.8	98.9	99.0	99.8	99.9	100.0	100.1	98.8	99.9	98.7	99.7
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.8	0.1	0.1	0.1				
Y/y %	0.4	0.4	0.4	0.4	1.1	1.1	1.1	1.1	0.4	1.1	0.2	1.0
Public fixed investment	110.0	110.3	110.7	111.1	112.2	112.6	113.0	113.5	110.6	112.9	110.1	112.2
Q/q %, SAAR	0.3	0.3	0.4	0.4	1.0	0.4	0.4	0.4				
Y/y %	1.1	1.3	1.4	1.4	2.1	2.1	2.1	2.1	1.3	2.1	1.1	1.9
Exports of goods and services	95.3	95.6	95.9	96.3	96.8	97.1	97.4	97.8	95.8	97.3	95.5	96.9
Q/q %, SAAR	0.3	0.3	0.4	0.4	0.5	0.3	0.3	0.4				
Y/y %	-1.9	-1.8	1.0	1.3	1.5	1.6	1.6	1.5	-0.3	1.5	-1.0	1.5
Imports of goods and services	114.1	114.3	114.5	114.8	115.1	115.3	115.6	115.9	114.4	115.6	114.2	115.3
Q/q %, SAAR	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3				
Y/y %	-2.9	-2.2	0.7	0.7	0.9	1.0	1.0	1.1	-1.0	1.0	-2.1	0.9

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.

5.1 Contribution to Real GDP Growth by Component

	2014			2015			2016	FY		CY		
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2014	2015 (E)	2014	2015
1) Q/q %												
GDP growth rate	-2.0	-0.6	0.5	1.1	-0.4	0.3	-0.3	0.1	-1.0	0.7	-0.0	0.5
Domestic demand	-2.9	-0.8	0.2	1.1	-0.1	0.1	-0.4	0.1	-1.6	0.6	-0.0	0.0
Private demand	-2.7	-0.9	0.1	1.2	-0.3	0.2	-0.4	0.2	-1.5	0.4	-0.1	-0.1
Private consumption	-3.1	-0.0	0.4	0.1	-0.5	0.2	-0.5	0.1	-1.8	-0.3	-0.5	-0.8
Residential investment	-0.4	-0.2	-0.0	0.1	0.1	0.0	-0.0	-0.0	-0.4	0.1	-0.2	-0.1
Private fixed investment	-0.6	-0.0	-0.0	0.4	-0.2	0.1	0.2	0.1	0.0	0.3	0.4	0.2
Change in private inventories	1.2	-0.6	-0.3	0.6	0.3	-0.2	-0.0	-0.1	0.6	0.3	0.2	0.6
Public demand	-0.2	0.2	0.1	-0.1	0.2	-0.1	-0.0	-0.0	-0.1	0.2	0.1	0.1
Government final consumption	-0.0	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.3	0.0	0.2
Public fixed investment	-0.1	0.1	0.0	-0.1	0.2	-0.1	-0.2	-0.0	-0.1	-0.1	0.0	-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	-0.0
Net exports of goods and services	0.9	0.1	0.3	0.0	-0.3	0.2	0.1	-0.0	0.6	0.1	0.0	0.4
Exports of goods and services	0.0	0.3	0.6	0.4	-0.9	0.5	-0.2	0.0	1.3	0.0	1.3	0.5
Imports of goods and services	0.9	-0.1	-0.2	-0.4	0.5	-0.3	0.3	-0.1	-0.7	0.0	-1.4	0.0
2) Y/y %												
GDP growth rate	-0.3	-1.5	-1.0	-1.0	0.7	1.7	0.7	-0.1	-1.0	0.7	-0.0	0.5
Domestic demand	-0.2	-1.7	-2.0	-2.4	0.5	1.4	0.6	-0.2	-1.6	0.6	-0.0	0.0
Private demand	-0.1	-1.7	-1.9	-2.3	0.2	1.2	0.6	-0.3	-1.5	0.4	-0.1	-0.1
Private consumption	-1.5	-1.7	-1.3	-2.5	0.1	0.2	-0.7	-0.6	-1.8	-0.3	-0.5	-0.8
Residential investment	-0.1	-0.4	-0.5	-0.5	-0.1	0.2	0.1	0.0	-0.4	0.1	-0.2	-0.1
Private fixed investment	0.2	0.1	-0.0	-0.2	0.1	0.3	0.5	0.3	0.0	0.3	0.4	0.2
Change in private inventories	1.3	0.4	-0.1	1.0	0.1	0.6	0.7	-0.0	0.6	0.3	0.2	0.6
Public demand	-0.1	-0.1	-0.1	-0.1	0.3	0.2	0.0	0.1	-0.1	0.2	0.1	0.1
Government final consumption	-0.1	-0.0	0.1	0.1	0.3	0.2	0.3	0.3	0.0	0.3	0.0	0.2
Public fixed investment	-0.0	-0.1	-0.1	-0.2	0.1	-0.0	-0.3	-0.1	-0.1	-0.1	0.0	-0.1
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	-0.2	0.3	1.1	1.3	0.2	0.2	-0.0	-0.1	0.6	0.1	0.0	0.4
Exports of goods and services	0.9	1.2	1.8	1.2	0.3	0.6	-0.1	-0.5	1.3	0.0	1.3	0.5
Imports of goods and services	-1.1	-1.0	-0.7	0.1	-0.2	-0.3	0.1	0.4	-0.7	0.0	-1.4	0.0

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

	2016		2017		2018		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)	2016 (E)	2017 (E)	2016 (E)	2017 (E)
1) Q/q %												
GDP growth rate	0.2	0.3	0.4	0.7	-1.0	-0.0	0.3	0.4	0.9	-0.1	0.5	0.4
Domestic demand	0.2	0.3	0.4	0.8	-1.5	-0.1	0.3	0.4	0.9	-0.5	0.4	0.3
Private demand	0.2	0.3	0.4	0.8	-1.5	-0.0	0.3	0.4	0.9	-0.4	0.4	0.4
Private consumption	0.1	0.1	0.2	0.9	-1.5	-0.1	0.3	0.2	0.4	-0.5	-0.0	0.1
Residential investment	0.0	0.0	0.0	0.0	-0.2	-0.1	-0.0	0.0	0.1	-0.2	0.0	-0.1
Private fixed investment	0.1	0.1	0.2	0.3	-0.2	-0.0	0.1	0.2	0.6	0.2	0.5	0.4
Change in private inventories	0.0	0.0	-0.1	-0.3	0.4	0.2	0.0	0.0	-0.3	0.2	-0.2	-0.0
Public demand	0.0	0.0	0.0	-0.0	-0.1	-0.0	-0.0	0.0	0.0	-0.1	0.0	-0.1
Government final consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Public fixed investment	-0.0	-0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.0	-0.2	-0.2	-0.2	-0.2
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	0.0	-0.0	-0.0	-0.2	0.5	0.0	-0.0	-0.0	0.0	0.4	0.0	0.1
Exports of goods and services	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.5	0.6	0.2	0.7
Imports of goods and services	-0.1	-0.2	-0.2	-0.4	0.4	-0.1	-0.1	-0.1	-0.4	-0.2	-0.1	-0.5
2) Y/y %												
GDP growth rate	0.4	0.4	1.1	1.6	0.3	-0.0	-0.2	-0.4	0.9	-0.1	0.5	0.4
Domestic demand	0.1	0.3	1.1	1.9	0.0	-0.4	-0.6	-1.0	0.9	-0.5	0.4	0.3
Private demand	0.1	0.3	1.1	1.8	0.0	-0.3	-0.4	-0.8	0.9	-0.4	0.4	0.4
Private consumption	-0.1	-0.1	0.6	1.3	-0.2	-0.4	-0.4	-1.1	0.4	-0.5	-0.0	0.1
Residential investment	0.0	0.0	0.1	0.1	-0.1	-0.2	-0.3	-0.3	0.1	-0.2	0.0	-0.1
Private fixed investment	0.5	0.6	0.5	0.8	0.4	0.2	0.1	0.0	0.6	0.2	0.5	0.4
Change in private inventories	-0.3	-0.2	-0.2	-0.4	-0.1	0.1	0.2	0.5	-0.3	0.2	-0.2	-0.0
Public demand	0.0	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.1	0.0	-0.1	0.0	-0.1
Government final consumption	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Public fixed investment	-0.2	-0.2	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2
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	0.3	0.0	-0.0	-0.2	0.3	0.4	0.4	0.5	0.0	0.4	0.0	0.1
Exports of goods and services	0.5	0.2	0.5	0.7	0.7	0.7	0.6	0.5	0.5	0.6	0.2	0.7
Imports of goods and services	-0.1	-0.1	-0.5	-0.9	-0.4	-0.3	-0.2	0.0	-0.4	-0.2	-0.1	-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

	2014			2015			2016		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2014	2015 (E)	2014	2015
1) World economy												
Economic growth of major trading partners												
Y/y %	3.4	3.5	3.3	3.4	3.0	2.8	2.7	2.9	3.4	2.8	3.4	3.0
Crude oil price (WTI futures; \$/bbl)												
Y/y %	103.0	97.2	73.2	48.6	57.8	46.5	42.2	31.6	80.5	44.5	92.9	48.8
	9.4	-8.1	-25.0	-50.7	-43.9	-52.2	-42.4	-35.0	-18.7	-44.7	-5.2	-47.5
2) US economy												
Real GDP (chained [2009]; \$ bil; SAAR)												
Y/y %	15,902	16,069	16,151	16,177	16,334	16,414	16,455	16,557	16,075	16,440	15,962	16,345
Q/q %, SAAR	4.6	4.3	2.1	0.6	3.9	2.0	1.0	2.5				
Y/y %	2.6	2.9	2.5	2.9	2.7	2.1	1.9	2.3	2.7	2.3	2.4	2.4
Consumer Price Index (1982-84 avg=100)												
Y/y %	236.8	237.3	237.1	235.4	236.8	237.6	238.1	238.3	236.7	237.7	236.7	237.0
Q/q %, SAAR	1.9	0.9	-0.3	-2.9	2.4	1.4	0.8	0.3				
Y/y %	2.1	1.8	1.2	-0.1	-0.0	0.1	0.5	1.2	1.3	0.4	1.6	0.1
Producer Price Index (Final demand; 2009.Nov=100)												
Y/y %	110.9	111.3	111.1	109.8	110.0	110.2	109.7	109.9	110.8	110.0	110.9	109.9
Q/q %, SAAR	2.2	1.2	-0.7	-4.6	1.0	0.6	-1.8	0.6				
Y/y %	1.9	1.8	1.2	-0.5	-0.8	-0.9	-1.2	0.1	1.1	-0.7	1.6	-0.9
FF rate (%)												
(Target rate for the forecast period, end-period)	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.25	0.50	0.25	0.50
Government bond yield (10 year; %)												
	2.62	2.50	2.28	1.97	2.17	2.22	2.19	1.97	2.34	2.14	2.54	2.14
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	100.4	100.8	101.2	101.5	101.5	101.8	102.5	102.6	101.0	102.1	100.4	101.8
Q/q %, SAAR	4.0	1.7	1.6	1.1	-0.0	1.3	2.6	0.6				
Y/y %	1.9	1.9	2.7	2.1	1.1	1.0	1.3	1.1	2.2	1.1	1.7	1.3
Nominal public fixed investment												
Y tril; SAAR	23.4	23.8	24.1	23.4	24.0	23.6	22.9	22.7	23.7	23.2	23.8	23.4
Q/q %, SAAR	-4.9	7.7	4.8	-11.5	12.4	-7.5	-11.4	-2.7				
Y/y %	3.8	1.2	0.1	-1.9	2.8	-0.5	-5.0	-2.4	0.4	-1.8	3.4	-1.6
Exchange rate (Y/\$)												
(Y/€)	102.1	103.9	114.5	119.1	121.4	122.2	121.5	113.0	109.9	119.5	105.8	121.0
	139.5	137.8	143.8	132.6	135.0	135.6	131.5	127.4	138.4	132.4	140.3	133.7

Source: Compiled by DIR.

Notes: 1) Japanese consumption tax hike expected in April 2017.

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

E: DIR estimate.

6.2 Major Assumptions

	2016			2017			2018		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)	2016 (E)	2017 (E)	2016 (E)	2017 (E)
1) World economy												
Economic growth of major trading partners												
Y/y %	3.0	3.1	3.2	3.2	3.2	3.3	3.3	3.3	3.1	3.3	3.0	3.3
Crude oil price (WTI futures; \$/bbl)	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	34.1	35.0
Y/y %	-39.5	-24.7	-17.0	10.9	0.0	0.0	0.0	0.0	-21.4	0.0	-30.0	2.5
2) US economy												
Real GDP (chained [2009]; \$ bil; SAAR)	16,659	16,759	16,858	16,954	17,050	17,151	17,257	17,360	16,808	17,204	16,708	17,103
Q/q %, SAAR	2.5	2.4	2.4	2.3	2.3	2.4	2.5	2.4				
Y/y %	2.0	2.1	2.5	2.4	2.3	2.3	2.4	2.4	2.2	2.4	2.2	2.4
Consumer Price Index (1982-84 avg=100)	239.4	240.8	242.3	243.6	245.0	246.5	247.9	249.3	241.5	247.2	240.2	245.7
Q/q %, SAAR	1.9	2.4	2.4	2.2	2.3	2.5	2.3	2.3				
Y/y %	1.1	1.3	1.7	2.2	2.3	2.3	2.3	2.3	1.6	2.3	1.3	2.3
Producer Price Index (Final demand; 2009.Nov=100)	110.3	110.9	111.5	112.1	112.6	113.2	113.8	114.4	111.2	113.5	110.7	112.9
Q/q %, SAAR	1.7	2.1	2.1	2.0	2.1	2.2	2.0	2.0				
Y/y %	0.3	0.7	1.7	2.0	2.1	2.1	2.1	2.1	1.1	2.1	0.7	2.1
FF rate (%)	0.75	0.75	1.00	1.25	1.50	1.75	2.00	2.25	1.25	2.25	1.00	2.00
(Target rate for the forecast period, end-period)												
Government bond yield (10 year; %)	2.29	2.52	2.63	2.82	3.01	3.20	3.40	3.60	2.56	3.30	2.35	3.10
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	103.0	103.2	103.5	103.8	104.9	105.2	105.6	105.9	103.4	105.4	103.1	104.9
Q/q %, SAAR	1.4	1.0	1.1	1.1	4.2	1.4	1.3	1.4				
Y/y %	1.5	1.4	1.0	1.2	1.8	1.9	2.0	2.1	1.3	2.0	1.3	1.7
Nominal public fixed investment												
Y tril; SAAR	22.6	22.6	22.6	22.5	22.1	21.7	21.4	21.3	22.6	21.6	22.7	21.9
Q/q %, SAAR	-1.4	0.2	-0.5	-2.5	-7.3	-6.7	-5.1	-1.5				
Y/y %	-5.8	-4.2	-1.1	-1.2	-2.6	-4.2	-5.4	-5.1	-2.8	-4.5	-3.1	-3.4
Exchange rate (Y/\$)	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0
(Y/€)	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.0	125.6	125.0

Source: Compiled by DIR.

Notes: 1) Japanese consumption tax hike expected in April 2017.

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

E: DIR estimate.