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# Japan's Economic Outlook No. 173 (Update)

## *Examination of risk factors: Current account balance turning negative, and Greece leaving the euro*

Japan to see real GDP growth of +2.4% in FY12 and +1.3% in FY13,  
nominal GDP growth of +1.7% and +1.0%

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### Main Points

- **Economic outlook revised:** In light of the second preliminary Jan-Mar 2012 GDP report (Cabinet Office), we have revised our economic growth forecasts. We now forecast real GDP growth of +2.4% y/y for FY12 (previous forecast: +2.3%) and +1.3% for FY13 (+1.3%).
- **Main scenario for Japan's economy:** In our main scenario, we believe that Japan's economy will continue to gradually expand supported by three factors, namely (1) reconstruction demand related to the Great East Japan Earthquake, (2) firming up of overseas economies, centering on the US and China, and (3) likely additional easing measures by the Bank of Japan.
- **Medium- to long-term risk facing Japan's economy is the current account balance turning negative:** For *Japan's Economic Outlook No. 173*, we undertook a multifaceted examination of risks facing Japan's economy. Without question, the most significant medium- to long-term risk is the current account balance turning negative. We thus performed a quantitative simulation of Japan's current account balance over the medium to long term. In our base scenario, Japan will maintain a current account surplus of around Y24 trillion in 2020. In the case of a risk scenario where the appreciation of the yen, higher crude oil prices, and the worsening of the world economy occur simultaneously, Japan's current account balance would not readily turn negative unless these changes were quite dramatic. However, should manufacturers accelerate their shift to offshore production and should this give way to a "bad" hollowing out of the economy, the possibility would increase of Japan's current account balance turning negative in the future. Japan's policy authorities will therefore need to bear in mind the potential for dramatic changes in the economic environment in the future and will need to implement appropriate policies, centering on supply-side economic policies and the restoration of public finances to health.

- **Short-term risk facing Japan's economy is Greece leaving the euro:** Risk factors for Japan's economy in FY12-13 are (1) the deepening of the European sovereign debt crisis such as through Greece leaving the euro, (2) a surge in crude oil prices stemming from geopolitical risk, (3) further appreciation of the yen, and (4) stagnation of production due to the halting of operation of nuclear power plants. First, we established three scenarios for the size of the haircuts given to the sovereign debt of European nations and calculated how Japan's economy would be affected. In the worst case scenario, Japan's real GDP could experience downward pressure of more than 4%. Should the European sovereign debt crisis deepen, such as by Greece leaving the euro, we do not rule out the possibility of Japan sustaining a blow comparable in size to the Lehman Shock. Second, a surge in crude oil prices stemming from increased tension over Iran has the potential of ushering in stagflation (rising prices during an economic downturn) in Japan through the worsening of the terms of trade of Japanese companies. Third, we believe the yen will trade in a relatively narrow range to the dollar for the time being and that sharp appreciation of the yen will be avoided. However, should the deepening of the European sovereign debt crisis accelerate the flight to quality, there is some risk that the yen will appreciate on its own against other currencies. Fourth, the continuation of a situation where the operation of all nuclear power plants remains halted has the potential of placing downward pressure of 0.5% to more than 1% on real GDP.
- **BOJ's monetary policy:** The Bank of Japan is expected to leave its policy interest rate unchanged through at least FY14. Should further appreciation of the yen intensify anxiety regarding a possible economic downturn, the bank may decide on further easing, such as adopting "compulsory" inflation targeting or augmenting funds for its asset purchase program.

#### **Our assumptions**

- Public works spending will grow +7.6% in FY12, and -3.4% in FY13; the consumption tax rate will be increased in April 2014
- Average exchange rate of Y79.0/\$ both in FY12 and FY13
- US real GDP growth of +2.2% in CY12 and +2.6% in CY13

## Main Economic Indicators and Real GDP Components

	FY11 (Actual)	FY12 (Estimate)	FY13 (Estimate)	CY11 (Actual)	CY12 (Estimate)	CY13 (Estimate)
<b>1. Main economic indicators</b>						
Nominal GDP (y/y %)	-2.0	1.7	1.0	-2.8	1.9	0.7
Real GDP (chained [2005]; y/y %)	-0.0	2.4	1.3	-0.7	2.7	1.2
Domestic demand (contribution, % pt)	1.0	2.3	1.1	0.1	3.0	1.1
Foreign demand (contribution, % pt)	-1.0	0.1	0.2	-0.8	-0.3	0.1
GDP deflator (y/y %)	-2.0	-0.7	-0.3	-2.1	-0.8	-0.5
Index of All-industry Activity (y/y %)*	0.2	1.3	0.9	-0.5	1.5	0.8
Index of Industrial Production (y/y %)	-1.0	4.4	3.4	-2.4	4.3	3.3
Index of Tertiary Industry Activity (y/y %)	0.7	0.8	0.4	0.0	1.1	0.3
Corporate Goods Price Index (y/y %)	1.7	0.8	1.6	2.1	0.7	1.4
Consumer Price Index (excl. fresh food; y/y %)	-0.0	0.1	0.2	-0.3	0.1	0.1
Unemployment rate (%)	4.5	4.4	4.1	4.6	4.4	4.2
Government bond yield (10 year; %)	0.99	1.01	1.27	0.98	0.98	1.21
Money stock; M2 (end-period; y/y %)	2.9	2.3	2.1	2.7	2.5	2.1
Balance of payments						
Trade balance (Y tril)	-3.4	-2.2	-1.7	-1.6	-2.9	-1.9
Current balance (\$100 mil)	999	702	787	1,197	743	762
Current balance (Y tril)	7.9	5.5	6.2	9.6	5.9	6.0
(% of nominal GDP)	1.7	1.2	1.3	2.1	1.2	1.3
<b>2. Real GDP components</b> (Chained [2005]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	1.1 (0.7)	1.6 (1.0)	0.7 (0.4)	0.1 (0.1)	2.5 (1.5)	0.2 (0.1)
Private housing investment	3.6 (0.1)	2.2 (0.1)	6.2 (0.2)	5.4 (0.1)	1.2 (0.0)	5.3 (0.2)
Private fixed investment	0.9 (0.1)	2.5 (0.3)	2.5 (0.3)	1.1 (0.1)	2.6 (0.3)	2.3 (0.3)
Government final consumption	1.8 (0.4)	1.5 (0.3)	1.2 (0.2)	1.9 (0.4)	1.8 (0.4)	1.0 (0.2)
Public fixed investment	3.1 (0.1)	7.8 (0.3)	-4.3 (-0.2)	-3.6 (-0.2)	8.8 (0.4)	-0.3 (-0.0)
Exports of goods and services	-1.4 (-0.2)	4.9 (0.8)	3.7 (0.6)	-0.1 (-0.0)	4.1 (0.6)	3.5 (0.5)
Imports of goods and services	5.3 (-0.8)	4.7 (-0.7)	2.9 (-0.4)	5.9 (-0.8)	5.7 (-0.9)	2.6 (-0.4)
<b>Major assumptions:</b>						
<b>1. World economy</b>						
Economic growth of major trading partners	3.3	3.5	4.1	3.8	3.3	3.9
Crude oil price (WTI futures; \$/bbl)	97.2	95.0	95.0	95.1	97.0	95.0
<b>2. US economy</b>						
US real GDP (chained [2005]; y/y %)	1.7	2.3	2.7	1.7	2.2	2.6
US Consumer Price Index (y/y %)	3.3	2.2	2.2	3.2	2.3	2.1
<b>3. Japanese economy</b>						
Nominal public fixed investment (y/y %)	3.7	7.6	-3.4	-2.8	8.4	0.4
Exchange rate (Y/\$)	79.0	79.0	79.0	79.8	79.1	79.0
(Y/€)	109.6	103.0	103.0	111.4	103.8	103.0
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 173 Update)		Previous outlook (Outlook 173)		Difference between previous and current outlooks	
	FY12	FY13	FY12	FY13	FY12	FY13
<b>1. Main economic indicators</b>						
Nominal GDP (y/y %)	1.7	1.0	1.6	0.9	0.1	0.0
Real GDP (chained [2005]; y/y %)	2.4	1.3	2.3	1.3	0.1	0.0
Domestic demand (contribution, % pt)	2.3	1.1	2.2	1.0	0.1	0.0
Foreign demand (contribution, % pt)	0.1	0.2	0.1	0.2	0.0	0.0
GDP deflator (y/y %)	-0.7	-0.3	-0.7	-0.4	0.0	0.0
Index of All-industry Activity (y/y %)*	1.3	0.9	1.3	0.9	0.0	0.0
Index of Industrial Production (y/y %)	4.4	3.4	4.5	3.4	0.0	0.0
Index of Tertiary Industry Activity (y/y %)	0.8	0.4	0.8	0.4	0.0	0.0
Corporate Goods Price Index (y/y %)	0.8	1.6	0.8	1.6	0.0	0.0
Consumer Price Index (excl. fresh food; y/y %)	0.1	0.2	0.1	0.2	0.0	0.0
Unemployment rate (%)	4.4	4.1	4.4	4.1	0.0	0.0
Government bond yield (10 year; %)	1.01	1.27	1.01	1.27	0.00	0.00
Money stock; M2 (end-period; y/y %)	2.3	2.1	2.3	2.1	0.0	0.0
Balance of payments						
Trade balance (Y tril)	-2.2	-1.7	-2.1	-1.5	-0.1	-0.2
Current balance (\$100 mil)	702	787	712	815	-10	-29
Current balance (Y tril)	5.5	6.2	5.6	6.4	-0.1	-0.2
(% of nominal GDP)	1.2	1.3	1.2	1.3	0.0	0.0
<b>2. Real GDP components (chained [2005]; y/y %)</b>						
Private final consumption	1.6	0.7	1.7	0.9	-0.1	-0.2
Private housing investment	2.2	6.2	2.3	6.2	0.0	-0.1
Private fixed investment	2.5	2.5	1.3	2.4	1.2	0.1
Government final consumption	1.5	1.2	1.5	1.2	0.0	0.0
Public fixed investment	7.8	-4.3	7.2	-4.7	0.6	0.5
Exports of goods and services	4.9	3.7	5.0	3.9	-0.1	-0.2
Imports of goods and services	4.7	2.9	4.7	2.9	0.0	0.0
<b>Major assumptions:</b>						
1. World economy						
Economic growth of major trading partners	3.5	4.1	3.0	4.1	0.4	0.0
Crude oil price (WTI futures; \$/bbl)	95.0	95.0	95.0	95.0	0.0	0.0
2. US economy						
US real GDP (chained [2005]; y/y %)	2.3	2.7	2.3	2.7	-0.1	0.0
US Consumer Price Index (y/y %)	2.2	2.2	2.2	2.2	0.0	0.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	7.6	-3.4	7.0	-3.9	0.6	0.5
Exchange rate (Y/\$)	79.0	79.0	79.0	79.0	0.0	0.0
(Y/€)	103.0	103.0	103.0	103.0	0.0	0.0
Call rate (end-period; %)	0.10	0.10	0.10	0.10	0.00	0.00

Source: Compiled by DIR.

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

\* Excl. agriculture, forestry, and fisheries.

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## Quarterly Forecast Tables

## 1.1 Selected Economic Indicators

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Nominal GDP (SAAR; Y tril)	483.2	484.0	481.1	469.5	463.6	471.1	469.5	475.1	479.3	469.9	481.8	468.3	
Q/q %	0.8	0.2	-0.6	-2.4	-1.3	1.6	-0.3	1.2					
Q/q %, SAAR	3.4	0.6	-2.4	-9.3	-5.0	6.7	-1.3	4.9					
Y/y %	2.2	3.4	1.1	-2.1	-4.1	-2.6	-2.4	1.4	1.1	-2.0	2.3	-2.8	
Real GDP (chained [2005]; SAAR; Y tril)	510.9	514.8	514.7	504.4	502.3	511.9	512.0	518.0	511.1	511.1	511.4	507.6	
Q/q %	1.2	0.8	-0.0	-2.0	-0.4	1.9	0.0	1.2					
Q/q %, SAAR	4.8	3.1	-0.1	-7.7	-1.7	7.8	0.1	4.7					
Y/y %	4.4	5.5	3.1	-0.2	-1.8	-0.5	-0.6	2.8	3.2	-0.0	4.4	-0.7	
Contribution to GDP growth (% pt)													
Domestic demand	1.2	0.8	0.0	-1.8	0.6	1.1	0.7	1.0	2.4	1.0	2.7	0.1	
Foreign demand	0.1	-0.0	-0.1	-0.2	-1.0	0.8	-0.7	0.1	0.8	-1.0	1.7	-0.8	
GDP deflator (y/y %)	-2.1	-2.0	-1.9	-1.9	-2.4	-2.2	-1.9	-1.3	-2.0	-2.0	-2.1	-2.1	
Index of All-Industry Activity (2005=100)	95.9	96.6	96.4	95.1	94.2	96.2	96.7	96.6	95.8	96.0	96.0	95.4	
Q/q %; y/y %	0.8	0.8	-0.2	-1.3	-1.0	2.2	0.6	-0.1	2.1	0.2	3.2	-0.5	
Index of Industrial Production (2005=100)	95.3	94.3	94.2	92.8	88.9	93.7	94.1	95.3	94.1	93.2	94.4	92.2	
Q/q %; y/y %	0.7	-1.0	-0.1	-1.5	-4.2	5.4	0.4	1.2	9.4	-1.0	16.5	-2.4	
Index of Tertiary Industry Activity (2005=100)	97.6	98.2	98.5	97.5	97.0	98.5	99.0	99.0	97.8	98.5	97.8	97.9	
Q/q %; y/y %	0.5	0.6	0.3	-1.0	-0.5	1.5	0.5	0.0	1.1	0.7	1.4	0.0	
Corporate Goods Price Index components (2005=100)													
Domestic Company Goods Price Index	103.0	102.8	103.1	104.3	105.6	105.5	104.6	104.8	103.3	105.1	102.9	105.0	
Y/y %	0.2	-0.1	1.0	1.8	2.5	2.6	1.4	0.5	0.7	1.7	-0.1	2.1	
CPI (excl. fresh food; 2010=100)	100.2	99.7	99.8	99.5	100.0	99.9	99.7	99.6	99.8	99.8	100.0	99.8	
Y/y %	-1.0	-1.1	-0.8	-0.8	-0.3	0.2	-0.2	0.1	-0.9	-0.0	-1.0	-0.3	
Unemployment rate (%)	5.1	5.0	5.0	4.8	4.7	4.4	4.5	4.5	5.0	4.5	5.1	4.6	
Call rate (end-period; %)	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.10	0.10	0.10	0.10	0.10	
Government bond yield (10 year; %)	1.09	0.93	1.11	1.26	1.13	1.02	0.98	0.99	1.26	0.99	1.11	0.98	
Money stock; M2 (y/y %)	3.0	2.8	2.6	2.4	2.8	2.8	3.0	3.0	2.7	2.9	2.8	2.7	
Trade balance (SAAR; Y tril)	7.8	7.5	6.9	3.6	-4.4	-1.0	-4.7	-4.4	6.5	-3.4	8.0	-1.6	
Current balance (SAAR; \$100 mil)	1,800	2,064	2,181	1,694	924	1,310	870	899	1,944	999	2,038	1,197	
Current balance (SAAR; Y tril)	16.6	17.7	18.0	13.9	7.5	10.2	6.7	7.1	16.7	7.9	17.9	9.6	
(% of nominal GDP)	3.4	3.7	3.7	3.0	1.6	2.2	1.4	1.5	3.5	1.7	3.7	2.1	
Exchange rate (Y/\$)	92.0	85.8	82.5	82.3	81.7	77.8	77.3	79.3	85.7	79.0	87.8	79.8	
(Y/Euro)	114.8	111.5	110.4	113.8	118.3	108.7	104.9	106.3	112.6	109.6	115.1	111.4	

Source: Compiled by DIR.

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

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

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

## 1.2 Selected Economic Indicators

	2012			2013			2014		FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)
Nominal GDP (SAAR; Y tril)	476.6	478.0	478.3	479.2	479.8	480.3	482.8	487.3	478.0	482.5	477.1	480.5
Q/q %	0.3	0.3	0.1	0.2	0.1	0.1	0.5	0.9				
Q/q %, SAAR	1.2	1.2	0.3	0.7	0.5	0.5	2.0	3.8				
Y/y %	2.8	1.4	1.9	0.7	0.7	0.5	0.9	1.7	1.7	1.0	1.9	0.7
Real GDP (chained [2005]; SAAR; Y tril)	520.6	523.1	524.1	525.6	526.9	528.0	530.6	535.2	523.4	530.2	521.5	527.8
Q/q %	0.5	0.5	0.2	0.3	0.2	0.2	0.5	0.9				
Q/q %, SAAR	2.1	1.9	0.8	1.1	1.0	0.8	2.0	3.5				
Y/y %	3.7	2.1	2.4	1.4	1.2	1.0	1.2	1.9	2.4	1.3	2.7	1.2
Contribution to GDP growth (% pt)												
Domestic demand	0.5	0.4	0.2	0.3	0.2	0.1	0.5	0.9	2.3	1.1	3.0	1.1
Foreign demand	0.0	0.1	0.0	-0.0	0.0	0.1	0.0	-0.0	0.1	0.2	-0.3	0.1
GDP deflator (y/y %)	-0.8	-0.7	-0.5	-0.7	-0.5	-0.5	-0.3	-0.1	-0.7	-0.3	-0.8	-0.5
Index of All-Industry Activity (2005=100)	96.8	97.1	97.3	97.4	97.6	97.8	98.2	98.6	97.2	98.1	96.8	97.6
Q/q %; y/y %	0.2	0.3	0.2	0.1	0.2	0.3	0.4	0.4	1.3	0.9	1.5	0.8
Index of Industrial Production (2005=100)	95.8	96.8	97.7	98.3	99.0	99.9	100.9	102.0	97.3	100.7	96.1	99.3
Q/q %; y/y %	0.5	1.1	0.9	0.6	0.8	0.9	1.0	1.1	4.4	3.4	4.3	3.3
Index of Tertiary Industry Activity (2005=100)	99.1	99.2	99.2	99.2	99.3	99.4	99.6	99.8	99.3	99.6	99.0	99.3
Q/q %; y/y %	0.1	0.1	0.0	0.0	0.1	0.1	0.2	0.2	0.8	0.4	1.1	0.3
Corporate Goods Price Index components (2005=100)												
Domestic Company Goods Price Index	106.1	106.2	105.5	106.0	107.5	107.8	107.4	108.1	105.9	107.7	105.7	107.2
Y/y %	0.5	0.7	0.9	1.1	1.3	1.5	1.8	2.0	0.8	1.6	0.7	1.4
CPI (excl. fresh food; 2010=100)	100.0	99.9	99.8	99.6	99.9	100.0	100.1	99.9	99.8	100.0	99.8	99.9
Y/y %	0.1	0.0	0.2	-0.0	-0.1	0.2	0.3	0.3	0.1	0.2	0.1	0.1
Unemployment rate (%)	4.5	4.4	4.3	4.2	4.2	4.1	4.1	4.0	4.4	4.1	4.4	4.2
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; %)	0.90	0.98	1.05	1.10	1.20	1.24	1.28	1.34	1.01	1.27	0.98	1.21
Money stock; M2 (y/y %)	2.5	2.4	2.3	2.2	2.2	2.1	2.1	2.1	2.3	2.1	2.5	2.1
Trade balance (SAAR; Y tril)	-2.6	-2.4	-2.2	-2.2	-2.0	-1.8	-1.6	-1.6	-2.2	-1.7	-2.9	-1.9
Current balance (SAAR; \$100 mil)	669	699	721	719	748	784	813	802	702	787	743	762
Current balance (SAAR; Y tril)	5.3	5.5	5.7	5.7	5.9	6.2	6.4	6.3	5.5	6.2	5.9	6.0
(% of nominal GDP)	1.1	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.2	1.3	1.2	1.3
Exchange rate (Y/\$)	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.1	79.0
(Y/Euro)	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.8	103.0

Source: Compiled by DIR.

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

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

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

E: DIR estimate.

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

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Gross domestic expenditure	510.9	514.8	514.7	504.4	502.3	511.9	512.0	518.0	511.1	511.1	511.4	507.6	
Q/q %, SAAR	4.8	3.1	-0.1	-7.7	-1.7	7.8	0.1	4.7					
Y/y %	4.4	5.5	3.1	-0.2	-1.8	-0.5	-0.6	2.8	3.2	-0.0	4.4	-0.7	
Domestic demand	493.6	497.6	497.7	489.1	491.9	497.4	501.3	506.3	494.5	499.3	494.2	494.9	
Q/q %, SAAR	4.8	3.3	0.1	-6.8	2.3	4.6	3.1	4.1					
Y/y %	2.7	4.2	2.7	0.2	-0.4	0.1	0.6	3.6	2.4	1.0	2.7	0.1	
Private demand	374.8	378.5	378.7	370.6	371.2	376.7	380.3	383.8	375.7	378.1	375.2	374.7	
Q/q %, SAAR	6.5	4.0	0.2	-8.3	0.7	6.0	3.9	3.7					
Y/y %	2.9	5.1	3.6	0.5	-1.1	-0.4	0.4	3.7	3.0	0.6	3.0	-0.1	
Final consumption	299.3	300.7	301.4	296.8	298.6	301.8	303.9	307.5	299.6	303.0	300.0	300.3	
Q/q %, SAAR	1.3	1.8	0.9	-5.9	2.4	4.3	2.9	4.9					
Y/y %	2.3	2.8	1.6	-0.5	-0.3	0.5	0.8	3.6	1.5	1.1	2.6	0.1	
Residential investment	12.2	12.3	12.8	13.0	12.6	13.2	13.2	13.0	12.6	13.0	12.4	13.0	
Q/q %, SAAR	3.3	1.0	19.3	6.7	-11.9	20.6	0.3	-6.0					
Y/y %	-6.9	1.2	8.8	7.2	3.3	8.0	3.2	-0.2	2.4	3.6	-4.2	5.4	
Non-residential investment	65.0	65.6	64.3	64.1	64.0	64.1	67.4	65.9	64.8	65.4	64.2	64.9	
Q/q %, SAAR	20.7	3.8	-7.6	-1.2	-1.0	0.6	22.3	-8.2					
Y/y %	2.8	4.9	3.0	3.2	-1.6	-2.4	4.9	2.7	3.5	0.9	0.5	1.1	
Change in inventories	-1.7	-0.0	0.2	-3.4	-3.9	-2.4	-4.2	-2.7	-1.2	-3.3	-1.3	-3.5	
Public demand	118.8	119.1	119.0	118.5	120.7	120.7	120.9	122.5	118.7	121.2	119.0	120.2	
Q/q %, SAAR	-0.2	1.0	-0.1	-1.9	7.7	0.2	0.6	5.1					
Y/y %	2.2	1.5	-0.1	-0.9	1.8	1.6	1.4	3.5	0.6	2.1	1.8	1.0	
Government final consumption	97.7	98.0	98.3	98.7	99.3	99.6	100.0	100.7	98.2	99.9	97.6	99.4	
Q/q %, SAAR	6.7	1.2	1.6	1.3	2.7	0.9	1.6	3.0					
Y/y %	2.9	2.0	1.9	2.6	1.8	1.6	1.6	2.0	2.3	1.8	2.1	1.9	
Fixed investment	21.2	21.3	20.8	19.9	21.3	21.1	21.0	21.8	20.6	21.3	21.5	20.7	
Q/q %, SAAR	-24.7	2.5	-9.6	-15.5	32.6	-3.8	-3.2	16.3					
Y/y %	-2.2	-0.5	-7.6	-12.8	1.7	0.1	0.4	9.3	-6.7	3.1	0.4	-3.6	
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	17.2	17.2	17.0	15.8	10.4	14.9	11.0	12.1	16.8	12.1	17.0	13.0	
Exports of goods and services	82.8	84.0	83.9	83.5	78.2	85.0	81.9	84.3	83.6	82.4	82.3	82.2	
Q/q %, SAAR	23.8	6.1	-0.7	-1.8	-22.9	39.6	-14.1	12.4					
Y/y %	30.4	21.4	13.5	6.4	-5.5	1.2	-2.4	0.8	17.2	-1.4	24.2	-0.1	
Imports of goods and services	65.6	66.8	66.9	67.7	67.8	70.2	70.8	72.2	66.7	70.3	65.3	69.2	
Q/q %, SAAR	25.9	7.4	0.7	4.8	0.6	14.8	3.8	7.9					
Y/y %	15.9	12.6	10.6	9.1	3.5	5.3	5.8	6.5	12.0	5.3	11.1	5.9	
Residual	0.1	0.0	0.0	-0.4	0.0	-0.4	-0.3	-0.4	-0.1	-0.3	0.1	-0.3	

Source: Compiled by DIR.

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

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



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

	2012			2013			2014			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)	
Gross domestic expenditure	520.6	523.1	524.1	525.6	526.9	528.0	530.6	535.2	523.4	530.2	521.5	527.8	
Q/q %, SAAR	2.1	1.9	0.8	1.1	1.0	0.8	2.0	3.5					
Y/y %	3.7	2.1	2.4	1.4	1.2	1.0	1.2	1.9	2.4	1.3	2.7	1.2	
Domestic demand	508.8	510.8	511.6	513.0	513.9	514.6	516.9	521.4	511.2	516.7	509.4	514.7	
Q/q %, SAAR	2.0	1.6	0.6	1.1	0.7	0.5	1.8	3.5					
Y/y %	3.4	2.6	2.1	1.4	1.0	0.8	1.0	1.6	2.4	1.1	2.9	1.0	
Private demand	385.0	386.4	386.9	388.1	389.1	389.8	392.2	396.7	386.7	392.1	385.6	389.9	
Q/q %, SAAR	1.3	1.5	0.5	1.3	1.0	0.7	2.5	4.6					
Y/y %	3.8	2.5	1.7	1.2	1.0	0.9	1.3	2.3	2.3	1.4	2.9	1.1	
Final consumption	308.2	308.5	307.4	307.5	307.8	308.5	310.0	313.6	307.9	310.0	307.9	308.5	
Q/q %, SAAR	0.8	0.4	-1.4	0.2	0.4	0.8	2.0	4.7					
Y/y %	3.3	2.2	1.1	-0.0	-0.1	0.0	0.9	2.0	1.6	0.7	2.5	0.2	
Residential investment	13.1	13.2	13.4	13.5	13.7	13.9	14.3	14.5	13.3	14.1	13.2	13.9	
Q/q %, SAAR	3.2	3.6	4.1	4.5	6.1	6.6	12.1	5.3					
Y/y %	4.0	0.1	1.2	4.0	4.6	5.3	7.3	7.4	2.2	6.2	1.2	5.3	
Non-residential investment	66.3	66.8	67.2	67.6	67.8	68.2	68.9	69.7	67.0	68.7	66.5	68.1	
Q/q %, SAAR	2.4	2.8	2.4	2.2	1.6	2.0	4.1	4.9					
Y/y %	3.7	4.3	-0.3	2.5	2.3	2.1	2.5	3.1	2.5	2.5	2.6	2.3	
Change in inventories	-2.6	-2.1	-1.1	-0.5	-0.3	-0.8	-1.0	-1.1	-1.5	-0.8	-2.1	-0.6	
Public demand	123.7	124.4	124.7	124.9	124.8	124.8	124.7	124.7	124.5	124.7	123.8	124.8	
Q/q %, SAAR	4.3	2.1	1.0	0.5	-0.1	-0.2	-0.3	0.1					
Y/y %	2.3	2.8	3.4	2.1	0.9	0.4	-0.2	-0.4	2.7	0.2	3.0	0.8	
Government final consumption	101.1	101.3	101.5	101.7	102.0	102.3	102.7	103.2	101.4	102.6	101.2	102.2	
Q/q %, SAAR	1.6	0.8	0.8	0.8	1.2	1.2	1.6	2.0					
Y/y %	1.8	1.8	1.6	1.0	0.9	1.0	1.2	1.5	1.5	1.2	1.8	1.0	
Fixed investment	22.6	23.0	23.1	23.1	22.8	22.4	21.9	21.4	23.0	22.0	22.6	22.5	
Q/q %, SAAR	15.8	8.0	2.1	-0.8	-6.0	-6.2	-8.8	-8.5					
Y/y %	5.4	8.5	10.8	6.2	0.9	-2.6	-5.7	-7.4	7.8	-4.3	8.8	-0.3	
Change in inventories	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	
Net exports of goods and services	12.3	12.7	13.0	13.0	13.4	13.8	14.1	14.3	12.8	13.9	12.5	13.6	
Exports of goods and services	85.1	86.2	86.8	87.3	88.0	88.9	90.1	91.4	86.4	89.6	85.6	88.6	
Q/q %, SAAR	4.1	4.9	3.2	2.0	3.2	4.5	5.3	5.7					
Y/y %	8.8	1.3	6.1	3.6	3.3	3.2	3.8	4.6	4.9	3.7	4.1	3.5	
Imports of goods and services	72.9	73.4	73.9	74.2	74.6	75.1	76.0	77.1	73.6	75.7	73.1	75.0	
Q/q %, SAAR	3.6	3.2	2.4	2.0	2.0	2.8	4.5	6.1					
Y/y %	7.4	4.5	4.3	2.9	2.4	2.4	2.8	3.8	4.7	2.9	5.7	2.6	
Residual	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.6	-0.4	-0.4	-0.5	

Source: Compiled by DIR.

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

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

E: DIR estimate.

## 3.1 Nominal Gross Domestic Expenditure (¥ tril)

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Gross domestic expenditure	483.2	484.0	481.1	469.5	463.6	471.1	469.5	475.1	479.3	469.9	481.8	468.3	
Q/q %, SAAR	3.4	0.6	-2.4	-9.3	-5.0	6.7	-1.3	4.9					
Y/y %	2.2	3.4	1.1	-2.1	-4.1	-2.6	-2.4	1.4	1.1	-2.0	2.3	-2.8	
Domestic demand	477.0	478.3	476.4	469.0	470.0	474.8	477.1	482.9	475.0	476.2	476.0	472.6	
Q/q %, SAAR	3.6	1.1	-1.6	-6.0	0.8	4.2	1.9	4.9					
Y/y %	1.4	2.8	1.3	-0.9	-1.5	-0.6	0.0	3.2	1.2	0.3	1.4	-0.7	
Private demand	359.6	360.5	359.4	351.9	350.9	355.6	358.3	362.3	357.9	356.9	358.5	354.2	
Q/q %, SAAR	5.7	1.0	-1.2	-8.1	-1.1	5.5	3.1	4.5					
Y/y %	1.3	3.2	2.1	-0.7	-2.5	-1.3	-0.4	3.1	1.5	-0.3	1.4	-1.2	
Final consumption	286.1	285.3	284.8	280.5	281.3	284.0	285.0	288.8	284.2	284.8	285.4	282.7	
Q/q %, SAAR	0.6	-1.1	-0.7	-6.0	1.2	3.8	1.4	5.4					
Y/y %	0.7	0.9	0.1	-1.8	-1.7	-0.4	0.1	3.0	-0.0	0.2	0.9	-1.0	
Residential investment	12.6	12.6	13.2	13.5	13.2	13.8	13.8	13.5	13.0	13.6	12.7	13.6	
Q/q %, SAAR	3.5	1.5	20.5	8.7	-10.3	20.3	-0.9	-6.5					
Y/y %	-7.5	1.5	9.6	8.2	4.6	9.2	3.7	-0.2	2.8	4.3	-4.7	6.4	
Non-residential investment	62.7	62.9	61.5	61.2	60.9	60.8	63.9	62.5	62.0	62.0	61.7	61.7	
Q/q %, SAAR	18.6	1.4	-8.7	-2.1	-2.0	-0.2	21.5	-8.3					
Y/y %	1.4	3.5	1.7	1.7	-2.9	-3.4	4.0	2.2	2.1	0.0	-1.0	-0.1	
Change in inventories	-1.8	-0.3	-0.1	-3.2	-4.4	-3.0	-4.3	-2.5	-1.3	-3.5	-1.5	-3.8	
Public demand	117.4	117.7	116.9	117.1	119.0	119.2	118.8	120.6	117.2	119.4	117.5	118.4	
Q/q %, SAAR	-2.7	1.3	-2.7	0.5	6.7	0.6	-1.4	6.2					
Y/y %	1.7	1.5	-1.2	-1.3	1.5	1.6	1.1	3.4	0.1	1.9	1.3	0.7	
Government final consumption	95.5	95.9	95.4	96.4	96.7	96.9	96.8	97.9	95.8	97.1	95.3	96.7	
Q/q %, SAAR	3.5	1.4	-2.0	4.5	0.9	1.1	-0.4	4.7					
Y/y %	2.3	2.0	0.3	2.1	1.2	1.3	1.1	1.8	1.6	1.3	1.6	1.4	
Fixed investment	21.9	22.1	21.6	20.7	22.3	22.2	21.9	22.6	21.4	22.2	22.3	21.7	
Q/q %, SAAR	-24.2	3.4	-8.0	-15.7	35.2	-2.4	-4.5	13.3					
Y/y %	-2.3	-0.0	-6.7	-12.0	2.8	1.1	0.8	9.3	-6.1	3.7	0.3	-2.8	
Change in inventories	-0.0	-0.2	-0.1	-0.0	0.0	0.1	0.0	0.0	-0.1	0.0	-0.1	0.0	
Net exports of goods and services	6.2	5.7	4.7	0.5	-6.4	-3.7	-7.6	-7.7	4.3	-6.4	5.8	-4.3	
Exports of goods and services	74.8	73.5	73.4	73.5	68.7	73.3	69.7	72.0	73.8	70.9	73.2	71.3	
Q/q %, SAAR	22.4	-7.0	-0.3	0.5	-23.8	29.5	-18.2	14.0					
Y/y %	30.6	17.2	9.6	3.5	-8.1	-0.4	-5.2	-2.0	14.4	-3.9	22.3	-2.6	
Imports of goods and services	68.6	67.7	68.7	73.0	75.1	77.0	77.3	79.7	69.5	77.3	67.4	75.6	
Q/q %, SAAR	25.6	-4.9	5.7	27.8	11.7	10.7	1.3	13.3					
Y/y %	24.8	13.6	11.6	13.0	9.7	13.6	12.1	9.4	15.5	11.2	16.1	12.1	

Source: Compiled by DIR.

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

## 3.2 Nominal Gross Domestic Expenditure (¥ tril)

	2012			2013			2014			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)	
Gross domestic expenditure	476.6	478.0	478.3	479.2	479.8	480.3	482.8	487.3	478.0	482.5	477.1	480.5	
Q/q %, SAAR	1.2	1.2	0.3	0.7	0.5	0.5	2.0	3.8					
Y/y %	2.8	1.4	1.9	0.7	0.7	0.5	0.9	1.7	1.7	1.0	1.9	0.7	
Domestic demand	484.3	485.5	485.7	486.5	486.9	487.2	489.4	494.0	485.5	489.3	484.6	487.5	
Q/q %, SAAR	1.2	1.0	0.2	0.7	0.3	0.2	1.8	3.8					
Y/y %	3.0	2.2	1.9	0.8	0.5	0.4	0.7	1.5	2.0	0.8	2.5	0.6	
Private demand	362.5	363.0	362.7	363.2	363.5	363.6	365.7	370.1	362.9	365.8	362.6	364.0	
Q/q %, SAAR	0.2	0.5	-0.3	0.6	0.3	0.2	2.3	4.8					
Y/y %	3.3	2.0	1.2	0.3	0.2	0.2	0.8	2.0	1.7	0.8	2.4	0.4	
Final consumption	288.5	287.9	286.2	285.6	285.2	285.2	286.3	289.6	287.0	286.6	287.9	285.6	
Q/q %, SAAR	-0.4	-0.8	-2.4	-0.8	-0.6	-0.0	1.6	4.7					
Y/y %	2.6	1.4	0.4	-1.1	-1.2	-0.9	0.0	1.4	0.8	-0.2	1.8	-0.8	
Residential investment	13.6	13.7	13.9	14.0	14.3	14.5	14.9	15.2	13.8	14.7	13.7	14.4	
Q/q %, SAAR	2.8	3.6	4.3	4.7	6.3	7.0	12.6	5.9					
Y/y %	3.4	-0.4	1.0	3.9	4.8	5.6	7.6	7.9	1.9	6.5	0.9	5.5	
Non-residential investment	62.8	63.3	63.6	64.0	64.3	64.7	65.4	66.3	63.5	65.2	63.0	64.6	
Q/q %, SAAR	2.0	2.8	2.4	2.4	1.8	2.4	4.5	5.7					
Y/y %	3.2	4.0	-0.4	2.4	2.4	2.3	2.8	3.6	2.3	2.8	2.2	2.5	
Change in inventories	-2.4	-2.0	-1.0	-0.5	-0.3	-0.7	-0.9	-1.0	-1.5	-0.7	-2.0	-0.6	
Public demand	121.8	122.5	123.0	123.3	123.4	123.6	123.7	123.9	122.7	123.5	121.9	123.5	
Q/q %, SAAR	4.2	2.4	1.5	1.0	0.4	0.4	0.4	0.9					
Y/y %	2.2	2.6	3.8	2.4	1.3	0.9	0.4	0.2	2.8	0.7	3.0	1.2	
Government final consumption	98.3	98.6	98.9	99.2	99.6	100.1	100.7	101.4	98.7	100.4	98.5	99.9	
Q/q %, SAAR	1.6	1.0	1.2	1.2	1.8	1.8	2.4	2.8					
Y/y %	1.7	1.6	2.3	1.2	1.3	1.6	1.7	2.3	1.7	1.7	1.9	1.4	
Fixed investment	23.5	24.0	24.1	24.1	23.8	23.5	23.0	22.6	23.9	23.1	23.5	23.6	
Q/q %, SAAR	16.3	8.4	2.7	0.0	-5.2	-5.3	-7.9	-7.4					
Y/y %	4.9	7.8	10.4	6.7	1.6	-1.9	-4.8	-6.5	7.6	-3.4	8.4	0.4	
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	-7.7	-7.5	-7.3	-7.3	-7.1	-6.9	-6.6	-6.7	-7.5	-6.8	-7.6	-7.0	
Exports of goods and services	72.8	73.7	74.5	75.1	75.9	77.0	78.4	79.9	74.0	77.8	73.3	76.6	
Q/q %, SAAR	4.5	5.3	4.3	3.0	4.3	5.9	7.4	7.8					
Y/y %	5.9	0.7	7.0	4.2	4.3	4.3	5.1	6.4	4.4	5.0	2.8	4.5	
Imports of goods and services	80.5	81.2	81.9	82.4	83.0	83.8	85.0	86.6	81.5	84.6	80.9	83.6	
Q/q %, SAAR	4.1	3.7	3.0	2.8	2.8	4.1	5.7	7.6					
Y/y %	7.1	5.5	6.1	3.3	3.1	3.2	3.8	5.1	5.5	3.8	7.0	3.3	

Source: Compiled by DIR.

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

E: DIR estimate.

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

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
Gross domestic expenditure	94.6	94.0	93.5	93.1	92.3	92.0	91.7	91.7	93.8	91.9	94.2	92.2	
Q/q %, SAAR	-0.3	-0.6	-0.6	-0.4	-0.8	-0.3	-0.4	0.0					
Y/y %	-2.1	-2.0	-1.9	-1.9	-2.4	-2.2	-1.9	-1.3	-2.0	-2.0	-2.1	-2.1	
Private final consumption	95.6	94.9	94.5	94.5	94.2	94.1	93.8	93.9	94.9	94.0	95.1	94.1	
Q/q %, SAAR	-0.2	-0.7	-0.4	-0.0	-0.3	-0.1	-0.4	0.1					
Y/y %	-1.5	-1.8	-1.5	-1.3	-1.4	-0.9	-0.8	-0.6	-1.5	-0.9	-1.7	-1.1	
Private residential investment	103.1	103.2	103.4	103.9	104.4	104.3	104.0	103.9	103.4	104.2	103.2	104.2	
Q/q %, SAAR	0.0	0.1	0.3	0.5	0.5	-0.1	-0.3	-0.1					
Y/y %	-0.6	0.3	0.7	0.9	1.3	1.1	0.6	0.0	0.4	0.7	-0.4	1.0	
Private non-residential investment	96.4	95.9	95.6	95.4	95.1	94.9	94.8	94.8	95.8	94.9	96.2	95.1	
Q/q %, SAAR	-0.4	-0.6	-0.3	-0.2	-0.2	-0.2	-0.2	-0.0					
Y/y %	-1.4	-1.3	-1.3	-1.5	-1.3	-1.0	-0.9	-0.6	-1.4	-0.9	-1.5	-1.2	
Government final consumption	97.8	97.9	97.0	97.8	97.3	97.4	96.9	97.3	97.6	97.1	97.7	97.2	
Q/q %, SAAR	-0.8	0.1	-0.9	0.8	-0.5	0.1	-0.5	0.4					
Y/y %	-0.6	-0.0	-1.5	-0.5	-0.6	-0.3	-0.5	-0.3	-0.7	-0.4	-0.5	-0.5	
Public fixed investment	103.4	103.6	104.1	104.0	104.5	104.9	104.5	103.9	103.8	104.4	103.5	104.4	
Q/q %, SAAR	0.2	0.2	0.4	-0.1	0.5	0.4	-0.3	-0.6					
Y/y %	-0.1	0.5	1.0	1.0	1.1	1.0	0.5	0.0	0.6	0.6	-0.2	0.9	
Exports of goods and services	90.4	87.5	87.5	88.0	87.8	86.2	85.1	85.4	88.3	86.1	88.9	86.7	
Q/q %, SAAR	-0.3	-3.2	0.1	0.6	-0.3	-1.8	-1.2	0.4					
Y/y %	0.1	-3.5	-3.4	-2.7	-2.7	-1.7	-2.9	-2.7	-2.4	-2.5	-1.5	-2.5	
Imports of goods and services	104.6	101.4	102.7	107.9	110.7	109.7	109.1	110.4	104.1	110.0	103.2	109.3	
Q/q %, SAAR	-0.0	-3.0	1.2	5.1	2.6	-0.9	-0.6	1.2					
Y/y %	7.7	0.9	0.9	3.6	6.0	7.9	6.0	2.7	3.1	5.6	4.5	5.9	

Source: Compiled by DIR.

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

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

	2012			2013			2014		FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)
Gross domestic expenditure	91.5	91.4	91.3	91.2	91.1	91.0	91.0	91.0	91.3	91.0	91.5	91.0
Q/q %, SAAR	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	0.1				
Y/y %	-0.8	-0.7	-0.5	-0.7	-0.5	-0.5	-0.3	-0.1	-0.7	-0.3	-0.8	-0.5
Private final consumption	93.6	93.3	93.1	92.9	92.6	92.4	92.4	92.4	93.2	92.4	93.5	92.6
Q/q %, SAAR	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.1	0.0				
Y/y %	-0.7	-0.8	-0.7	-1.1	-1.0	-1.0	-0.8	-0.5	-0.8	-0.8	-0.7	-1.0
Private residential investment	103.8	103.8	103.9	103.9	104.0	104.1	104.2	104.3	103.8	104.1	103.9	104.0
Q/q %, SAAR	-0.1	-0.0	0.0	0.1	0.1	0.1	0.1	0.2				
Y/y %	-0.6	-0.5	-0.2	-0.0	0.2	0.2	0.3	0.4	-0.3	0.3	-0.3	0.2
Private non-residential investment	94.7	94.7	94.7	94.7	94.8	94.9	95.0	95.2	94.7	95.0	94.7	94.8
Q/q %, SAAR	-0.1	0.0	-0.0	0.1	0.0	0.1	0.1	0.2				
Y/y %	-0.5	-0.3	-0.1	-0.1	0.1	0.2	0.3	0.5	-0.2	0.3	-0.4	0.1
Government final consumption	97.3	97.3	97.4	97.5	97.7	97.8	98.0	98.2	97.3	97.9	97.3	97.7
Q/q %, SAAR	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2				
Y/y %	-0.0	-0.2	0.7	0.1	0.4	0.6	0.5	0.8	0.2	0.5	0.1	0.4
Public fixed investment	104.0	104.1	104.2	104.4	104.7	104.9	105.2	105.5	104.2	105.1	104.1	104.8
Q/q %, SAAR	0.1	0.1	0.2	0.2	0.2	0.3	0.2	0.3				
Y/y %	-0.5	-0.7	-0.3	0.5	0.7	0.7	0.9	1.0	-0.2	0.8	-0.3	0.7
Exports of goods and services	85.5	85.6	85.8	86.0	86.2	86.5	87.0	87.4	85.7	86.8	85.6	86.4
Q/q %, SAAR	0.1	0.1	0.2	0.2	0.2	0.3	0.5	0.5				
Y/y %	-2.7	-0.6	0.9	0.6	0.9	1.1	1.3	1.7	-0.4	1.2	-1.3	1.0
Imports of goods and services	110.5	110.6	110.8	111.0	111.2	111.6	111.9	112.3	110.8	111.8	110.7	111.4
Q/q %, SAAR	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.4				
Y/y %	-0.2	0.9	1.7	0.4	0.7	0.8	1.0	1.2	0.7	0.9	1.3	0.7

Source: Compiled by DIR.

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

E: DIR estimate.

## 5.1 Contribution to Real GDP Growth by Component

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
<b>1) Q/q %</b>													
GDP growth rate	1.2	0.8	-0.0	-2.0	-0.4	1.9	0.0	1.2	3.2	-0.0	4.4	-0.7	
Domestic demand	1.2	0.8	0.0	-1.8	0.6	1.1	0.7	1.0	2.4	1.0	2.7	0.1	
Private demand	1.2	0.7	0.0	-1.6	0.1	1.1	0.7	0.7	2.3	0.5	2.3	-0.1	
Private consumption	0.2	0.3	0.1	-0.9	0.4	0.6	0.4	0.7	0.9	0.7	1.6	0.1	
Residential investment	0.0	0.0	0.1	0.0	-0.1	0.1	0.0	-0.0	0.1	0.1	-0.1	0.1	
Private fixed investment	0.6	0.1	-0.3	-0.0	-0.0	0.0	0.7	-0.3	0.4	0.1	0.1	0.1	
Change in private inventories	0.4	0.3	0.0	-0.7	-0.1	0.3	-0.4	0.3	0.8	-0.4	0.8	-0.5	
Public demand	-0.0	0.1	-0.0	-0.1	0.5	0.0	0.0	0.3	0.1	0.5	0.4	0.2	
Government final consumption	0.3	0.1	0.1	0.1	0.1	0.0	0.1	0.2	0.5	0.4	0.4	0.4	
Public fixed investment	-0.3	0.0	-0.1	-0.2	0.3	-0.0	-0.0	0.2	-0.3	0.1	0.0	-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	0.1	-0.0	-0.1	-0.2	-1.0	0.8	-0.7	0.1	0.8	-1.0	1.7	-0.8	
Exports of goods and services	0.8	0.2	-0.0	-0.1	-1.0	1.3	-0.6	0.4	2.3	-0.2	3.1	-0.0	
Imports of goods and services	-0.7	-0.2	-0.0	-0.2	-0.0	-0.5	-0.1	-0.3	-1.5	-0.8	-1.4	-0.8	
<b>2) Y/y %</b>													
GDP growth rate	4.4	5.5	3.1	-0.2	-1.8	-0.5	-0.6	2.8	3.2	-0.0	4.4	-0.7	
Domestic demand	2.7	4.2	2.6	0.1	-0.4	0.1	0.6	3.7	2.4	1.0	2.7	0.1	
Private demand	2.1	3.9	2.7	0.4	-0.8	-0.3	0.3	2.7	2.3	0.5	2.3	-0.1	
Private consumption	1.3	1.7	0.9	-0.3	-0.2	0.3	0.5	2.2	0.9	0.7	1.6	0.1	
Residential investment	-0.2	0.0	0.2	0.2	0.1	0.2	0.1	-0.0	0.1	0.1	-0.1	0.1	
Private fixed investment	0.3	0.6	0.3	0.5	-0.2	-0.3	0.6	0.4	0.4	0.1	0.1	0.1	
Change in private inventories	0.6	1.5	1.1	0.1	-0.5	-0.5	-0.9	0.2	0.8	-0.4	0.8	-0.5	
Public demand	0.5	0.4	-0.1	-0.3	0.4	0.4	0.3	0.9	0.1	0.5	0.4	0.2	
Government final consumption	0.6	0.4	0.3	0.5	0.4	0.3	0.3	0.4	0.5	0.4	0.4	0.4	
Public fixed investment	-0.1	-0.0	-0.4	-0.8	0.1	0.0	0.0	0.5	-0.3	0.1	0.0	-0.2	
Change in public inventories	-0.0	-0.0	-0.0	-0.0	0.0	0.1	0.0	0.0	-0.0	0.0	-0.0	0.0	
Net exports of goods and services	1.8	1.3	0.5	-0.3	-1.3	-0.6	-1.2	-0.9	0.8	-1.0	1.7	-0.8	
Exports of goods and services	3.7	2.9	1.9	0.9	-0.8	0.2	-0.4	0.1	2.3	-0.2	3.1	-0.0	
Imports of goods and services	-1.9	-1.6	-1.3	-1.2	-0.5	-0.7	-0.8	-1.0	-1.5	-0.8	-1.4	-0.8	

Source: Compiled by DIR.

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

## 5.2 Contribution to Real GDP Growth by Component

	2012		2013		2014		FY		CY			
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)
<b>1) Q/q %</b>												
GDP growth rate	0.5	0.5	0.2	0.3	0.2	0.2	0.5	0.9	2.4	1.3	2.7	1.2
Domestic demand	0.5	0.4	0.2	0.3	0.2	0.1	0.5	0.9	2.3	1.1	3.0	1.1
Private demand	0.2	0.3	0.1	0.2	0.2	0.1	0.5	0.9	1.7	1.0	2.2	-0.1
Private consumption	0.1	0.1	-0.2	0.0	0.1	0.1	0.3	0.7	1.0	0.4	1.5	0.1
Residential investment	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.2	0.0	0.2
Private fixed investment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.3
Change in private inventories	0.0	0.1	0.2	0.1	0.0	-0.1	-0.0	-0.0	0.3	0.1	0.3	-0.7
Public demand	0.3	0.1	0.1	0.0	-0.0	-0.0	-0.0	-0.0	0.6	0.0	0.8	1.2
Government final consumption	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.3	0.2	0.4	0.2
Public fixed investment	0.2	0.1	0.0	-0.0	-0.1	-0.1	-0.1	-0.1	0.3	-0.2	0.4	-0.0
Change in public inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Net exports of goods and services	0.0	0.1	0.0	-0.0	0.0	0.1	0.0	-0.0	0.1	0.2	-0.3	0.1
Exports of goods and services	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.8	0.6	0.6	0.5
Imports of goods and services	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.7	-0.4	-0.9	-0.4
<b>2) Y/y %</b>												
GDP growth rate	3.7	2.1	2.4	1.4	1.2	1.0	1.2	1.9	2.4	1.3	2.7	1.2
Domestic demand	3.4	2.6	2.2	1.5	1.0	0.8	1.0	1.6	2.3	1.1	3.0	1.1
Private demand	2.9	1.9	1.3	0.9	0.8	0.7	1.0	1.7	1.7	1.0	2.2	-0.1
Private consumption	2.0	1.3	0.7	-0.0	-0.1	0.0	0.5	1.2	1.0	0.4	1.5	0.1
Residential investment	0.1	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.0	0.2
Private fixed investment	0.5	0.6	-0.0	0.4	0.3	0.3	0.3	0.5	0.3	0.3	0.3	0.3
Change in private inventories	0.3	0.0	0.6	0.4	0.4	0.3	0.0	-0.1	0.3	0.1	0.3	-0.7
Public demand	0.6	0.7	0.9	0.6	0.2	0.1	-0.1	-0.1	0.6	0.0	0.8	1.2
Government final consumption	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.4	0.2
Public fixed investment	0.2	0.4	0.5	0.4	0.0	-0.1	-0.3	-0.4	0.3	-0.2	0.4	-0.0
Change in public inventories	0.0	-0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	1.0
Net exports of goods and services	0.1	-0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	-0.3	0.1
Exports of goods and services	1.3	0.2	0.9	0.5	0.5	0.5	0.6	0.7	0.8	0.6	0.6	0.5
Imports of goods and services	-1.2	-0.7	-0.7	-0.5	-0.4	-0.4	-0.5	-0.7	-0.7	-0.4	-0.9	-0.4

Source: Compiled by DIR.

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

E: DIR estimate.

## 6.1 Major Assumptions

	2010			2011			2012			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2010	2011	2010	2011	
<b>1) World economy</b>													
Economic growth of major trading partners													
Y/y %	6.8	5.7	5.2	4.8	3.8	3.7	2.8	2.7	5.7	3.3	6.2	3.8	
Crude oil price (WTI futures; \$/bbl)													
Y/y %	30.6	11.7	12.0	19.9	31.1	17.5	10.3	8.9	18.0	16.4	28.2	19.5	
<b>2) US economy</b>													
Real GDP (chained [2005]; \$ bil; SAAR)													
Q/q %, SAAR	3.8	2.5	2.3	0.4	1.3	1.8	3.0	1.9	3.0	1.7	3.0	1.7	
Y/y %	3.3	3.5	3.1	2.2	1.6	1.5	1.6	2.0	3.0	1.7	3.0	1.7	
Consumer Price Index (1982-84 avg=100)													
Q/q %, SAAR	-0.3	1.4	3.0	4.5	4.4	3.1	1.3	2.5	1.6	3.3	1.6	3.2	
Y/y %	1.8	1.2	1.3	2.1	3.4	3.8	3.3	2.8	1.6	3.3	1.6	3.2	
Producer Price Index (Finished goods; 1982=100)													
Q/q %, SAAR	-0.7	2.6	7.6	10.2	6.0	4.2	1.7	1.8	4.2	5.6	4.2	6.0	
Y/y %	4.4	3.8	3.8	4.9	6.9	6.9	5.4	3.4	4.2	5.6	4.2	6.0	
FF rate (%) (Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	3.49	2.79	2.86	3.46	3.21	2.43	2.05	2.04	3.15	2.43	3.21	2.79	
<b>3) Japanese economy</b>													
Nominal government final consumption													
Y tril; SAAR	95.5	95.9	95.4	96.4	96.7	96.9	96.8	97.9	95.8	97.1	95.3	96.7	
Q/q %, SAAR	3.5	1.4	-2.0	4.5	0.9	1.1	-0.4	4.7	1.6	1.3	1.6	1.4	
Y/y %	2.3	2.0	0.3	2.1	1.2	1.3	1.1	1.8	1.6	1.3	1.6	1.4	
Nominal public fixed investment													
Y tril; SAAR	21.9	22.1	21.6	20.7	22.3	22.2	21.9	22.6	21.4	22.2	22.3	21.7	
Q/q %, SAAR	-24.2	3.4	-8.0	-15.7	35.2	-2.4	-4.5	13.3	-6.1	3.7	0.3	-2.8	
Y/y %	-2.3	-0.0	-6.7	-12.0	2.8	1.1	0.8	9.3	-6.1	3.7	0.3	-2.8	
Exchange rate (Y/\$)													
(Y/€)	92.0	85.8	82.5	82.3	81.7	77.8	77.3	79.3	85.7	79.0	87.8	79.8	
	114.8	111.5	110.4	113.8	118.3	108.7	104.9	106.3	112.6	109.6	115.1	111.4	
Call rate (end-period; %)													
	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.10	0.10	0.10	0.10	0.10	

Source: Compiled by DIR.

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



## 6.2 Major Assumptions

	2012			2013			2014			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2012 (E)	2013 (E)	2012 (E)	2013 (E)	
<b>1) World economy</b>													
Economic growth of major trading partners													
Y/y %	2.9	3.0	3.8	3.5	3.7	3.9	4.1	4.2	3.5	4.1	3.3	3.9	
Crude oil price (WTI futures; \$/bbl)													
Y/y %	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	95.0	97.0	95.0	
	-7.2	6.1	1.0	-7.8	0.0	0.0	0.0	0.0	-2.3	0.0	2.0	-2.1	
<b>2) US economy</b>													
Real GDP (chained [2005]; \$ bil; SAAR)													
Q/q %, SAAR	13,557	13,643	13,727	13,805	13,900	14,001	14,102	14,206	13,683	14,052	13,604	13,952	
Y/y %	2.0	2.6	2.5	2.3	2.8	2.9	2.9	3.0					
Consumer Price Index (1982-84 avg=100)													
Q/q %, SAAR	229.5	230.8	232.0	233.2	234.4	235.7	237.1	238.4	231.4	236.4	230.2	235.1	
Y/y %	2.1	2.2	2.1	2.1	2.1	2.2	2.2	2.3					
Producer Price Index (Finished goods; 1982=100)													
Q/q %, SAAR	194.5	195.8	196.8	197.9	199.0	200.1	201.2	202.4	196.0	200.4	195.0	199.2	
Y/y %	1.1	2.8	2.2	2.1	2.2	2.2	2.3	2.4					
FF rate (%)													
(Target rate for the forecast period, end-period)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	
Government bond yield (10 year; %)													
	1.95	2.30	2.45	2.59	2.73	2.91	3.17	3.33	2.28	3.03	2.15	2.85	
<b>3) Japanese economy</b>													
Nominal government final consumption													
Y tril; SAAR	98.3	98.6	98.9	99.2	99.6	100.1	100.7	101.4	98.7	100.4	98.5	99.9	
Q/q %, SAAR	1.6	1.0	1.2	1.2	1.8	1.8	2.4	2.8					
Y/y %	1.7	1.6	2.3	1.2	1.3	1.6	1.7	2.3	1.7	1.7	1.9	1.4	
Nominal public fixed investment													
Y tril; SAAR	23.5	24.0	24.1	24.1	23.8	23.5	23.0	22.6	23.9	23.1	23.5	23.6	
Q/q %, SAAR	16.3	8.4	2.7	0.0	-5.2	-5.3	-7.9	-7.4					
Y/y %	4.9	7.8	10.4	6.7	1.6	-1.9	-4.8	-6.5	7.6	-3.4	8.4	0.4	
Exchange rate (Y/\$)													
(Y/€)	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.0	79.1	79.0	
	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.0	103.8	103.0	
Call rate (end-period; %)													
	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	

Source: Compiled by DIR.

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

E: DIR estimate.