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Japan's Economic Outlook No. 174 (Update)

Factors behind deflation and policy responses required of the government and Bank of Japan

Japan to see real GDP growth of +1.8% in FY12 and +1.2% in FY13, nominal GDP growth of +1.0% and +0.9%

Economic Research Dept
Mitsumaru Kumagai
Masahiko Hashimoto
Tsutomu Saito
Shotaro Kugo

Main Points

- **Economic outlook revised:** In light of the second preliminary Apr-Jun 2012 GDP report (Cabinet Office), we have revised our economic growth forecasts. We now forecast real GDP growth of +1.8% y/y for FY12 (previous forecast: +2.2%) and +1.2% for FY13 (+1.4%). Expansion of Japan's economy has slowed slightly compared to our previous outlook, and risk of a downswing has increased.
- **Factors behind deflation and policy responses required of the government and BOJ:** In this *Outlook*, we examine factors behind persistent deflation in Japan and investigate policy responses required of the government and the Bank of Japan (BOJ). Contrasting with BOJ's optimistic price outlook, we anticipate that deflationary tendencies will persist for the time being. Our analysis of core CPI indicates that narrowing of the GDP gap and stable trend of inflationary expectations are factors augmenting prices and that sluggish employee compensation and slower growth of corporate goods prices are factors placing downward pressure on prices. Policies will be needed to increase employee compensation through higher sales and an improvement in the current low labor productivity of the non-manufacturing sector (stemming from a low capital-labor ratio). Specifically, the policy authorities will need to firmly pursue economic policies to restore the economy centering on four points: (1) there should be consistent policies based on a firm vision (national vision and philosophy) of the top leaders, (2) instead of focusing only on domestic demand and the demand side, economic policies should be implemented that are well balanced and that embrace foreign demand and the supply side, (3) government finances should be rebuilt by raising the consumption tax and reducing expenditures centering on social security costs, and (4) the government and BOJ should work together more closely. Regarding the last, based on an analysis using the Granger causality test, a weaker yen and higher stock prices ensuing from further monetary easing by BOJ would be effective in ending deflation.

- **Examination of Japan's export competitiveness:** Examining Japan's export competitiveness in comparison with Germany and South Korea, we found that the export competitiveness of Japanese companies has declined substantially centering on the electrical machinery industry. Japanese policy authorities should establish, in a balanced manner, three bulwarks against a strong yen: (1) BOJ should ease monetary policy further to brake the appreciation of the yen, (2) the economy's ability to withstand a strong yen should be strengthened, and (3) policies should be actively implemented that take advantage of a strong yen. Also, Japanese companies will need to learn how to build brand equity from Germany and how to strengthen marketing power from South Korea.
- **Main scenario for Japan's economy:** Despite the existence of downside risks, as our main scenario we believe that Japan's economy will continue to expand gradually, supported by three factors: (1) reconstruction demand related to the Great East Japan Earthquake, (2) pickup of the US and Chinese economies, and (3) further monetary easing by BOJ.
- **Risks facing Japan's economy:** Risks that will need to be borne in mind regarding Japan's economy are: (1) any deepening of the European sovereign debt crisis, (2) a surge in crude oil prices stemming from geopolitical risk, (3) further appreciation of the yen, and (4) the current account balance turning negative in the future. With regard to (1), there is a striking difference between the situation surrounding Argentina in 2002, when the economy recovered dramatically after moving to a floating exchange rate system, and the current situation surrounding Greece. Given its high degree of dependence on exports to EU nations, should Greece leave the euro, its economy can be expected to be dealt a devastating blow. We believe the probability of Greece leaving the euro is between 30% and 40% and of the eurozone experiencing a full-fledged financial crisis between 10% and 20%.
- **BOJ's monetary policy:** BOJ is expected to leave its policy interest rate unchanged through at least FY14. Should concern intensify regarding an economic downturn, BOJ may decide on further easing.

Our assumptions

- Public works spending will grow +6.6% in FY12, and -5.2% in FY13; the consumption tax rate will be increased in April 2014
- Average exchange rate of Y79.3/\$ in FY12 and Y79.0/\$ in FY13
- US real GDP growth of +2.2% in CY12 and +2.1% in CY13

Main Economic Indicators and Real GDP Components

| | FY11 (Actual) | FY12 (Estimate) | FY13 (Estimate) | CY11 (Actual) | CY12 (Estimate) | CY13 (Estimate) |
|--|------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| 1. Main economic indicators | | | | | | |
| Nominal GDP (y/y %) | -2.0 | 1.0 | 0.9 | -2.8 | 1.4 | 0.4 |
| Real GDP (chained [2005]; y/y %) | -0.0 | 1.8 | 1.2 | -0.8 | 2.3 | 0.9 |
| Domestic demand (contribution, % pt) | 1.0 | 2.0 | 1.0 | 0.1 | 2.8 | 0.9 |
| Foreign demand (contribution, % pt) | -1.0 | -0.1 | 0.2 | -0.9 | -0.4 | -0.0 |
| GDP deflator (y/y %) | -1.9 | -0.8 | -0.3 | -2.1 | -0.9 | -0.5 |
| Index of All-industry Activity (y/y %)* | 0.2 | 0.4 | 0.9 | -0.5 | 0.9 | 0.3 |
| Index of Industrial Production (y/y %) | -1.0 | 1.2 | 3.3 | -2.4 | 2.0 | 2.2 |
| Index of Tertiary Industry Activity (y/y %) | 0.7 | 0.4 | 0.3 | 0.0 | 0.9 | -0.1 |
| Corporate Goods Price Index (y/y %) | 1.3 | -0.4 | 0.3 | 1.5 | -0.3 | 0.2 |
| Consumer Price Index (excl. fresh food; y/y %) | -0.0 | 0.0 | 0.1 | -0.3 | 0.0 | 0.1 |
| Unemployment rate (%) | 4.5 | 4.3 | 4.1 | 4.6 | 4.4 | 4.2 |
| Government bond yield (10 year; %) | 0.99 | 0.85 | 1.08 | 0.98 | 0.87 | 1.01 |
| Money stock; M2 (end-period; y/y %) | 2.9 | 2.1 | 1.4 | 2.7 | 2.5 | 1.4 |
| Balance of payments | | | | | | |
| Trade balance (Y tril) | -3.5 | -4.4 | -3.4 | -1.6 | -4.5 | -3.6 |
| Current balance (\$100 mil) | 964 | 737 | 879 | 1,197 | 720 | 846 |
| Current balance (Y tril) | 7.6 | 5.8 | 6.9 | 9.6 | 5.7 | 6.7 |
| (% of nominal GDP) | 1.6 | 1.2 | 1.4 | 2.1 | 1.2 | 1.4 |
| 2. Real GDP components (Chained [2005]; y/y %; figures in parentheses: contribution, % pt) | | | | | | |
| Private final consumption | 1.2 (0.7) | 1.2 (0.7) | 0.7 (0.4) | 0.1 (0.1) | 2.3 (1.4) | -0.2 (-0.1) |
| Private housing investment | 3.8 (0.1) | 2.1 (0.1) | 6.4 (0.2) | 5.7 (0.2) | 1.2 (0.0) | 5.4 (0.2) |
| Private fixed investment | 1.1 (0.1) | 3.3 (0.4) | 2.1 (0.3) | 1.3 (0.2) | 3.4 (0.5) | 1.9 (0.3) |
| Government final consumption | 1.9 (0.4) | 1.6 (0.3) | 0.9 (0.2) | 2.0 (0.4) | 1.9 (0.4) | 0.9 (0.2) |
| Public fixed investment | 2.9 (0.1) | 6.5 (0.3) | -6.0 (-0.3) | -3.5 (-0.2) | 7.4 (0.3) | -0.8 (-0.0) |
| Exports of goods and services | -1.4 (-0.2) | 4.3 (0.7) | 3.6 (0.6) | -0.1 (-0.0) | 3.9 (0.6) | 3.1 (0.5) |
| Imports of goods and services | 5.6 (-0.8) | 5.5 (-0.8) | 3.0 (-0.4) | 6.3 (-0.9) | 6.4 (-1.0) | 2.8 (-0.5) |
| Major assumptions: | | | | | | |
| 1. World economy | | | | | | |
| Economic growth of major trading partners | 3.4 | 3.3 | 4.0 | 3.8 | 3.2 | 3.8 |
| Crude oil price (WTI futures; \$/bbl) | 97.2 | 94.6 | 95.0 | 95.1 | 96.6 | 95.0 |
| 2. US economy | | | | | | |
| US real GDP (chained [2005]; y/y %) | 2.0 | 2.2 | 2.3 | 1.8 | 2.2 | 2.1 |
| US Consumer Price Index (y/y %) | 3.3 | 1.7 | 2.1 | 3.2 | 2.0 | 1.9 |
| 3. Japanese economy | | | | | | |
| Nominal public fixed investment (y/y %) | 3.7 | 6.6 | -5.2 | -2.8 | 7.5 | -0.1 |
| Exchange rate (Y/\$) | 79.0 | 79.3 | 79.0 | 79.8 | 79.3 | 79.0 |
| (Y/€) | 109.6 | 98.1 | 97.0 | 111.4 | 100.4 | 97.0 |
| 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 174 Update) | | Previous outlook (Outlook 174) | | Difference between previous and current outlooks | |
|---|--|------|-----------------------------------|------|--|------|
| | FY12 | FY13 | FY12 | FY13 | FY12 | FY13 |
| 1. Main economic indicators | | | | | | |
| Nominal GDP (y/y %) | 1.0 | 0.9 | 1.3 | 1.2 | -0.3 | -0.3 |
| Real GDP (chained [2005]; y/y %) | 1.8 | 1.2 | 2.2 | 1.4 | -0.4 | -0.2 |
| Domestic demand (contribution, % pt) | 2.0 | 1.0 | 2.3 | 1.2 | -0.3 | -0.2 |
| Foreign demand (contribution, % pt) | -0.1 | 0.2 | 0.0 | 0.2 | -0.1 | -0.0 |
| GDP deflator (y/y %) | -0.8 | -0.3 | -0.8 | -0.3 | 0.1 | -0.0 |
| Index of All-industry Activity (y/y %)* | 0.4 | 0.9 | 0.5 | 0.9 | -0.0 | -0.1 |
| Index of Industrial Production (y/y %) | 1.2 | 3.3 | 2.1 | 3.3 | -0.9 | -0.1 |
| Index of Tertiary Industry Activity (y/y %) | 0.4 | 0.3 | 0.4 | 0.4 | -0.0 | -0.1 |
| Corporate Goods Price Index (y/y %) | -0.4 | 0.3 | -0.4 | 0.3 | 0.0 | 0.0 |
| Consumer Price Index (excl. fresh food; y/y %) | 0.0 | 0.1 | 0.0 | 0.2 | -0.0 | -0.1 |
| Unemployment rate (%) | 4.3 | 4.1 | 4.3 | 4.1 | 0.0 | 0.0 |
| Government bond yield (10 year; %) | 0.85 | 1.08 | 0.85 | 1.08 | 0.00 | 0.00 |
| Money stock; M2 (end-period; y/y %) | 2.1 | 1.4 | 2.1 | 1.4 | 0.0 | 0.0 |
| Balance of payments | | | | | | |
| Trade balance (Y tril) | -4.4 | -3.4 | -4.2 | -3.1 | -0.2 | -0.3 |
| Current balance (\$100 mil) | 737 | 879 | 767 | 922 | -30 | -42 |
| Current balance (Y tril) | 5.8 | 6.9 | 6.1 | 7.3 | -0.2 | -0.3 |
| (% of nominal GDP) | 1.2 | 1.4 | 1.3 | 1.5 | -0.0 | -0.1 |
| 2. Real GDP components (chained [2005]; y/y %) | | | | | | |
| Private final consumption | 1.2 | 0.7 | 1.5 | 0.8 | -0.3 | -0.1 |
| Private housing investment | 2.1 | 6.4 | 1.9 | 6.4 | 0.1 | -0.0 |
| Private fixed investment | 3.3 | 2.1 | 4.0 | 2.3 | -0.8 | -0.2 |
| Government final consumption | 1.6 | 0.9 | 1.6 | 0.9 | -0.1 | -0.0 |
| Public fixed investment | 6.5 | -6.0 | 6.6 | -1.8 | -0.1 | -4.3 |
| Exports of goods and services | 4.3 | 3.6 | 5.0 | 3.8 | -0.7 | -0.2 |
| Imports of goods and services | 5.5 | 3.0 | 5.8 | 3.1 | -0.2 | -0.1 |
| Major assumptions: | | | | | | |
| 1. World economy | | | | | | |
| Economic growth of major trading partners | 3.3 | 4.0 | 3.2 | 4.0 | 0.1 | -0.0 |
| Crude oil price (WTI futures; \$/bbl) | 94.6 | 95.0 | 94.6 | 95.0 | 0.0 | 0.0 |
| 2. US economy | | | | | | |
| US real GDP (chained [2005]; y/y %) | 2.2 | 2.3 | 2.1 | 2.3 | 0.1 | -0.0 |
| US Consumer Price Index (y/y %) | 1.7 | 2.1 | 1.7 | 2.1 | 0.0 | 0.0 |
| 3. Japanese economy | | | | | | |
| Nominal public fixed investment (y/y %) | 6.6 | -5.2 | 6.7 | -0.9 | -0.2 | -4.3 |
| Exchange rate (Y/\$) | 79.3 | 79.0 | 79.3 | 79.0 | 0.0 | 0.0 |
| (Y/€) | 98.1 | 97.0 | 98.1 | 97.0 | 0.0 | 0.0 |
| Call rate (end-period; %) | 0.10 | 0.10 | 0.10 | 0.10 | 0.00 | 0.00 |

Source: Compiled by DIR.

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

* Excl. agriculture, forestry, and fisheries.

Quarterly Forecast Tables

1.1 Selected Economic Indicators

| | 2010 | | | 2011 | | | 2012 | | | FY | | CY | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| | 4-6 | 7-9 | 10-12 | 1-3 | 4-6 | 7-9 | 10-12 | 1-3 | 2010 | 2011 | 2010 | 2011 | |
| Nominal GDP (SAAR; Y tril) | 483.3 | 484.0 | 481.1 | 469.5 | 463.5 | 470.8 | 469.5 | 475.8 | 479.3 | 470.0 | 481.8 | 468.2 | |
| Q/q % | 0.9 | 0.1 | -0.6 | -2.4 | -1.3 | 1.6 | -0.3 | 1.3 | | | | | |
| Q/q %, SAAR | 3.5 | 0.6 | -2.3 | -9.3 | -5.1 | 6.4 | -1.1 | 5.5 | | | | | |
| Y/y % | 2.2 | 3.4 | 1.1 | -2.1 | -4.1 | -2.7 | -2.4 | 1.5 | 1.2 | -2.0 | 2.3 | -2.8 | |
| Real GDP (chained [2005]; SAAR; Y tril) | 511.8 | 515.3 | 515.3 | 504.8 | 503.2 | 511.7 | 512.1 | 518.8 | 511.7 | 511.5 | 511.8 | 507.9 | |
| Q/q % | 1.5 | 0.7 | 0.0 | -2.0 | -0.3 | 1.7 | 0.1 | 1.3 | | | | | |
| Q/q %, SAAR | 6.0 | 2.7 | 0.0 | -7.9 | -1.3 | 6.9 | 0.3 | 5.3 | | | | | |
| Y/y % | 4.5 | 5.6 | 3.2 | -0.0 | -1.8 | -0.6 | -0.7 | 2.9 | 3.3 | -0.0 | 4.5 | -0.8 | |
| Contribution to GDP growth (% pt) | | | | | | | | | | | | | |
| Domestic demand | 1.3 | 0.8 | 0.1 | -1.8 | 0.6 | 1.0 | 0.8 | 1.2 | 2.5 | 1.0 | 2.8 | 0.1 | |
| Foreign demand | 0.2 | -0.1 | -0.1 | -0.3 | -0.9 | 0.7 | -0.7 | 0.1 | 0.8 | -1.0 | 1.7 | -0.9 | |
| GDP deflator (y/y %) | -2.2 | -2.1 | -2.0 | -2.0 | -2.4 | -2.1 | -1.8 | -1.3 | -2.1 | -1.9 | -2.2 | -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 (2010=100) | | | | | | | | | | | | | |
| Domestic Company Goods Price Index | 100.2 | 99.9 | 99.9 | 100.9 | 102.0 | 102.1 | 101.0 | 101.2 | 100.2 | 101.6 | 100.0 | 101.5 | |
| Y/y % | 0.3 | -0.0 | 0.6 | 0.9 | 1.8 | 2.1 | 1.1 | 0.3 | 0.4 | 1.3 | -0.1 | 1.5 | |
| CPI (excl. fresh food; 2010=100) | 100.2 | 99.7 | 99.8 | 99.5 | 100.0 | 99.9 | 99.7 | 99.6 | 99.8 | 99.8 | 100.0 | 99.8 | |
| Y/y % | -1.0 | -1.1 | -0.8 | -0.8 | -0.3 | 0.2 | -0.2 | 0.1 | -0.9 | -0.0 | -1.0 | -0.3 | |
| Unemployment rate (%) | 5.1 | 5.0 | 5.0 | 4.8 | 4.7 | 4.4 | 4.5 | 4.5 | 5.0 | 4.5 | 5.1 | 4.6 | |
| Call rate (end-period; %) | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |
| Government bond yield (10 year; %) | 1.09 | 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 | -4.5 | 6.5 | -3.5 | 8.0 | -1.6 | |
| Current balance (SAAR; \$100 mil) | 1,800 | 2,064 | 2,181 | 1,694 | 924 | 1,310 | 870 | 749 | 1,944 | 964 | 2,038 | 1,197 | |
| Current balance (SAAR; Y tril) | 16.6 | 17.7 | 18.0 | 13.9 | 7.5 | 10.2 | 6.7 | 5.9 | 16.7 | 7.6 | 17.9 | 9.6 | |
| (% of nominal GDP) | 3.4 | 3.7 | 3.7 | 3.0 | 1.6 | 2.2 | 1.4 | 1.2 | 3.5 | 1.6 | 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 | 7-9 | 10-12 | 1-3 | 4-6 | 7-9 | 10-12 | 1-3 | 2012 | 2013 | 2012 | 2013 |
| | (E) | (E) | (E) | (E) | (E) | (E) | (E) | (E) | (E) | (E) | (E) | (E) |
| Nominal GDP (SAAR; Y tril) | 474.6 | 474.6 | 474.7 | 475.6 | 476.0 | 475.9 | 478.9 | 484.6 | 474.6 | 478.8 | 474.8 | 476.5 |
| Q/q % | -0.3 | -0.0 | 0.0 | 0.2 | 0.1 | -0.0 | 0.6 | 1.2 | | | | |
| Q/q %, SAAR | -1.0 | -0.0 | 0.1 | 0.8 | 0.4 | -0.1 | 2.5 | 4.8 | | | | |
| Y/y % | 2.2 | 0.8 | 1.1 | -0.1 | 0.4 | 0.3 | 0.9 | 1.9 | 1.0 | 0.9 | 1.4 | 0.4 |
| Real GDP (chained [2005]; SAAR; Y tril) | 519.7 | 520.3 | 520.9 | 522.5 | 523.5 | 524.0 | 527.2 | 533.2 | 520.7 | 527.0 | 519.8 | 524.2 |
| Q/q % | 0.2 | 0.1 | 0.1 | 0.3 | 0.2 | 0.1 | 0.6 | 1.1 | | | | |
| Q/q %, SAAR | 0.7 | 0.5 | 0.5 | 1.2 | 0.8 | 0.3 | 2.5 | 4.6 | | | | |
| Y/y % | 3.2 | 1.6 | 1.7 | 0.7 | 0.8 | 0.7 | 1.2 | 2.1 | 1.8 | 1.2 | 2.3 | 0.9 |
| Contribution to GDP growth (% pt) | | | | | | | | | | | | |
| Domestic demand | 0.2 | 0.2 | 0.1 | 0.3 | 0.1 | 0.0 | 0.6 | 1.1 | 2.0 | 1.0 | 2.8 | 0.9 |
| Foreign demand | -0.1 | -0.1 | 0.0 | -0.0 | 0.1 | 0.0 | -0.0 | -0.0 | -0.1 | 0.2 | -0.4 | -0.0 |
| GDP deflator (y/y %) | -0.9 | -0.8 | -0.6 | -0.8 | -0.4 | -0.4 | -0.3 | -0.1 | -0.8 | -0.3 | -0.9 | -0.5 |
| Index of All-Industry Activity (2005=100) | 96.4 | 96.4 | 96.2 | 96.3 | 96.6 | 96.8 | 97.3 | 98.0 | 96.4 | 97.2 | 96.3 | 96.6 |
| Q/q %; y/y % | -0.2 | -0.1 | -0.1 | 0.1 | 0.2 | 0.3 | 0.5 | 0.7 | 0.4 | 0.9 | 0.9 | 0.3 |
| Index of Industrial Production (2005=100) | 93.4 | 93.9 | 94.3 | 95.0 | 95.8 | 96.6 | 97.7 | 98.9 | 94.3 | 97.4 | 94.0 | 96.0 |
| Q/q %; y/y % | -2.0 | 0.5 | 0.5 | 0.7 | 0.8 | 0.9 | 1.1 | 1.2 | 1.2 | 3.3 | 2.0 | 2.2 |
| Index of Tertiary Industry Activity (2005=100) | 99.0 | 98.8 | 98.5 | 98.5 | 98.6 | 98.7 | 99.1 | 99.7 | 98.8 | 99.1 | 98.7 | 98.6 |
| Q/q %; y/y % | 0.0 | -0.2 | -0.3 | -0.0 | 0.1 | 0.1 | 0.4 | 0.6 | 0.4 | 0.3 | 0.9 | -0.1 |
| Corporate Goods Price Index components (2010=100) | | | | | | | | | | | | |
| Domestic Company Goods Price Index | 101.1 | 101.0 | 101.1 | 101.3 | 101.3 | 101.4 | 101.5 | 101.7 | 101.1 | 101.5 | 101.1 | 101.4 |
| Y/y % | -0.8 | -1.0 | 0.1 | 0.0 | 0.2 | 0.4 | 0.4 | 0.4 | -0.4 | 0.3 | -0.3 | 0.2 |
| CPI (excl. fresh food; 2010=100) | 99.9 | 99.7 | 99.8 | 99.7 | 99.9 | 99.9 | 100.0 | 99.8 | 99.8 | 99.9 | 99.8 | 99.9 |
| Y/y % | -0.0 | -0.1 | 0.1 | 0.1 | 0.0 | 0.1 | 0.2 | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 |
| Unemployment rate (%) | 4.4 | 4.4 | 4.3 | 4.2 | 4.2 | 4.1 | 4.1 | 4.0 | 4.3 | 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; %) | 0.83 | 0.80 | 0.85 | 0.92 | 0.97 | 1.00 | 1.15 | 1.20 | 0.85 | 1.08 | 0.87 | 1.01 |
| Money stock; M2 (y/y %) | 2.3 | 2.4 | 2.1 | 1.7 | 1.3 | 1.2 | 1.5 | 1.7 | 2.1 | 1.4 | 2.5 | 1.4 |
| Trade balance (SAAR; Y tril) | -4.7 | -4.5 | -4.2 | -4.0 | -3.6 | -3.4 | -3.2 | -3.2 | -4.4 | -3.4 | -4.5 | -3.6 |
| Current balance (SAAR; \$100 mil) | 671 | 708 | 769 | 791 | 845 | 870 | 896 | 897 | 737 | 879 | 720 | 846 |
| Current balance (SAAR; Y tril) | 5.4 | 5.6 | 6.1 | 6.2 | 6.7 | 6.9 | 7.1 | 7.1 | 5.8 | 6.9 | 5.7 | 6.7 |
| (% of nominal GDP) | 1.1 | 1.2 | 1.3 | 1.3 | 1.4 | 1.4 | 1.5 | 1.5 | 1.2 | 1.4 | 1.2 | 1.4 |
| Exchange rate (Y/\$) | 80.1 | 79.0 | 79.0 | 79.0 | 79.0 | 79.0 | 79.0 | 79.0 | 79.3 | 79.0 | 79.3 | 79.0 |
| (Y/Euro) | 101.2 | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 | 98.1 | 97.0 | 100.4 | 97.0 |

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 | 511.8 | 515.3 | 515.3 | 504.8 | 503.2 | 511.7 | 512.1 | 518.8 | 511.7 | 511.5 | 511.8 | 507.9 | |
| Q/q %, SAAR | 6.0 | 2.7 | 0.0 | -7.9 | -1.3 | 6.9 | 0.3 | 5.3 | | | | | |
| Y/y % | 4.5 | 5.6 | 3.2 | -0.0 | -1.8 | -0.6 | -0.7 | 2.9 | 3.3 | -0.0 | 4.5 | -0.8 | |
| Domestic demand | 494.1 | 498.1 | 498.5 | 489.8 | 492.6 | 497.6 | 501.8 | 507.5 | 495.1 | 500.0 | 494.7 | 495.4 | |
| Q/q %, SAAR | 5.4 | 3.2 | 0.4 | -6.9 | 2.3 | 4.2 | 3.4 | 4.6 | | | | | |
| Y/y % | 2.8 | 4.3 | 2.8 | 0.4 | -0.4 | 0.1 | 0.6 | 3.7 | 2.6 | 1.0 | 2.8 | 0.2 | |
| Private demand | 375.3 | 378.7 | 379.1 | 371.0 | 371.7 | 376.7 | 380.6 | 384.5 | 376.1 | 378.5 | 375.5 | 375.0 | |
| Q/q %, SAAR | 7.2 | 3.7 | 0.4 | -8.3 | 0.7 | 5.5 | 4.3 | 4.1 | | | | | |
| Y/y % | 2.9 | 5.2 | 3.7 | 0.7 | -1.1 | -0.4 | 0.3 | 3.8 | 3.1 | 0.6 | 3.1 | -0.1 | |
| Final consumption | 299.3 | 300.7 | 301.5 | 296.9 | 298.6 | 301.9 | 304.1 | 307.9 | 299.7 | 303.2 | 300.0 | 300.4 | |
| Q/q %, SAAR | 1.2 | 1.9 | 1.0 | -5.9 | 2.2 | 4.5 | 3.0 | 5.0 | | | | | |
| Y/y % | 2.3 | 2.9 | 1.6 | -0.5 | -0.3 | 0.5 | 0.9 | 3.7 | 1.6 | 1.2 | 2.6 | 0.1 | |
| Residential investment | 12.2 | 12.3 | 12.8 | 13.0 | 12.7 | 13.3 | 13.3 | 13.1 | 12.6 | 13.1 | 12.4 | 13.1 | |
| Q/q %, SAAR | 3.6 | 1.0 | 20.1 | 6.8 | -11.5 | 20.7 | 0.6 | -6.3 | | | | | |
| Y/y % | -6.9 | 1.3 | 9.0 | 7.5 | 3.6 | 8.3 | 3.4 | -0.0 | 2.6 | 3.8 | -4.2 | 5.7 | |
| Non-residential investment | 65.1 | 65.8 | 64.7 | 64.7 | 64.1 | 64.2 | 67.8 | 66.7 | 65.0 | 65.7 | 64.4 | 65.2 | |
| Q/q %, SAAR | 20.0 | 4.4 | -6.2 | -0.3 | -3.5 | 1.0 | 23.8 | -6.3 | | | | | |
| Y/y % | 3.2 | 5.2 | 3.5 | 3.8 | -1.3 | -2.3 | 4.8 | 3.0 | 3.9 | 1.1 | 0.8 | 1.3 | |
| Change in inventories | -1.3 | -0.0 | 0.1 | -3.7 | -3.7 | -2.7 | -4.5 | -3.2 | -1.2 | -3.5 | -1.3 | -3.7 | |
| Public demand | 118.9 | 119.3 | 119.4 | 118.8 | 120.9 | 121.0 | 121.2 | 123.0 | 119.0 | 121.5 | 119.2 | 120.4 | |
| Q/q %, SAAR | 0.0 | 1.5 | 0.3 | -2.1 | 7.5 | 0.2 | 0.6 | 6.1 | | | | | |
| Y/y % | 2.3 | 1.7 | 0.2 | -0.6 | 1.9 | 1.6 | 1.3 | 3.6 | 0.8 | 2.1 | 1.9 | 1.0 | |
| Government final consumption | 97.7 | 98.1 | 98.5 | 98.8 | 99.4 | 99.7 | 100.1 | 101.2 | 98.3 | 100.1 | 97.6 | 99.5 | |
| Q/q %, SAAR | 6.7 | 1.5 | 1.8 | 1.4 | 2.4 | 1.0 | 1.6 | 4.4 | | | | | |
| Y/y % | 3.0 | 2.1 | 2.0 | 2.7 | 1.8 | 1.7 | 1.6 | 2.3 | 2.5 | 1.9 | 2.2 | 2.0 | |
| Fixed investment | 21.2 | 21.4 | 21.0 | 20.0 | 21.5 | 21.3 | 21.1 | 21.8 | 20.8 | 21.4 | 21.6 | 20.9 | |
| Q/q %, SAAR | -23.4 | 4.0 | -8.6 | -16.5 | 32.8 | -4.2 | -3.9 | 15.2 | | | | | |
| Y/y % | -1.9 | 0.1 | -6.7 | -12.1 | 2.1 | -0.1 | -0.2 | 8.8 | -6.0 | 2.9 | 0.9 | -3.5 | |
| 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 | 17.6 | 17.2 | 16.8 | 15.5 | 10.6 | 14.4 | 10.6 | 11.8 | 16.8 | 11.9 | 17.0 | 12.8 | |
| Exports of goods and services | 83.1 | 84.1 | 83.9 | 83.6 | 78.7 | 84.9 | 81.8 | 84.6 | 83.7 | 82.5 | 82.4 | 82.3 | |
| Q/q %, SAAR | 27.3 | 4.6 | -0.8 | -1.4 | -21.3 | 35.2 | -13.8 | 14.3 | | | | | |
| Y/y % | 30.6 | 21.5 | 13.5 | 6.8 | -5.2 | 1.0 | -2.5 | 1.0 | 17.4 | -1.4 | 24.3 | -0.1 | |
| Imports of goods and services | 65.5 | 66.9 | 67.2 | 68.1 | 68.2 | 70.5 | 71.2 | 72.8 | 66.9 | 70.6 | 65.4 | 69.5 | |
| Q/q %, SAAR | 25.0 | 8.4 | 1.7 | 6.1 | 0.1 | 14.4 | 4.0 | 9.1 | | | | | |
| Y/y % | 15.9 | 12.8 | 10.9 | 9.8 | 4.1 | 5.6 | 5.9 | 6.7 | 12.3 | 5.6 | 11.2 | 6.3 | |
| Residual | 0.1 | 0.0 | 0.0 | -0.4 | 0.0 | -0.4 | -0.3 | -0.5 | -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 | 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 | 519.7 | 520.3 | 520.9 | 522.5 | 523.5 | 524.0 | 527.2 | 533.2 | 520.7 | 527.0 | 519.8 | 524.2 | |
| Q/q %, SAAR | 0.7 | 0.5 | 0.5 | 1.2 | 0.8 | 0.3 | 2.5 | 4.6 | | | | | |
| Y/y % | 3.2 | 1.6 | 1.7 | 0.7 | 0.8 | 0.7 | 1.2 | 2.1 | 1.8 | 1.2 | 2.3 | 0.9 | |
| Domestic demand | 508.7 | 509.7 | 510.2 | 511.7 | 512.2 | 512.4 | 515.4 | 521.3 | 510.1 | 515.3 | 509.0 | 513.0 | |
| Q/q %, SAAR | 1.0 | 0.8 | 0.4 | 1.2 | 0.4 | 0.1 | 2.4 | 4.6 | | | | | |
| Y/y % | 3.2 | 2.3 | 1.7 | 0.9 | 0.7 | 0.6 | 1.0 | 1.8 | 2.0 | 1.0 | 2.7 | 0.8 | |
| Private demand | 385.1 | 385.4 | 385.5 | 386.7 | 387.3 | 387.9 | 391.4 | 398.0 | 385.6 | 391.2 | 385.1 | 388.3 | |
| Q/q %, SAAR | 0.7 | 0.3 | 0.0 | 1.3 | 0.7 | 0.6 | 3.6 | 7.0 | | | | | |
| Y/y % | 3.5 | 2.3 | 1.3 | 0.6 | 0.6 | 0.7 | 1.5 | 3.0 | 1.9 | 1.5 | 2.7 | 0.9 | |
| Final consumption | 308.2 | 307.3 | 305.9 | 305.9 | 305.9 | 306.2 | 308.7 | 314.5 | 306.8 | 308.8 | 307.3 | 306.7 | |
| Q/q %, SAAR | 0.5 | -1.2 | -1.8 | 0.0 | 0.0 | 0.4 | 3.2 | 7.8 | | | | | |
| Y/y % | 3.2 | 1.8 | 0.6 | -0.7 | -0.7 | -0.3 | 0.9 | 2.8 | 1.2 | 0.7 | 2.3 | -0.2 | |
| Residential investment | 13.2 | 13.2 | 13.4 | 13.5 | 13.7 | 14.0 | 14.4 | 14.6 | 13.3 | 14.2 | 13.2 | 13.9 | |
| Q/q %, SAAR | 3.8 | 1.6 | 4.1 | 4.9 | 5.3 | 8.7 | 13.4 | 4.1 | | | | | |
| Y/y % | 4.4 | -0.2 | 0.8 | 3.7 | 3.9 | 5.7 | 8.0 | 7.8 | 2.1 | 6.4 | 1.2 | 5.4 | |
| Non-residential investment | 67.6 | 67.6 | 67.9 | 68.2 | 68.4 | 68.8 | 69.5 | 70.2 | 67.9 | 69.3 | 67.4 | 68.7 | |
| Q/q %, SAAR | 5.6 | 0.0 | 1.6 | 2.0 | 1.2 | 2.4 | 3.6 | 4.5 | | | | | |
| Y/y % | 5.6 | 5.2 | 0.1 | 2.4 | 1.1 | 1.8 | 2.3 | 2.9 | 3.3 | 2.1 | 3.4 | 1.9 | |
| Change in inventories | -3.9 | -2.7 | -1.7 | -1.0 | -0.7 | -1.1 | -1.2 | -1.3 | -2.4 | -1.1 | -2.9 | -1.0 | |
| Public demand | 123.6 | 124.3 | 124.7 | 125.0 | 124.9 | 124.5 | 124.1 | 123.3 | 124.5 | 124.1 | 123.9 | 124.6 | |
| Q/q %, SAAR | 1.9 | 2.2 | 1.5 | 0.9 | -0.4 | -1.4 | -1.2 | -2.5 | | | | | |
| Y/y % | 2.3 | 2.6 | 3.1 | 1.8 | 0.9 | 0.3 | -0.7 | -1.7 | 2.4 | -0.4 | 2.9 | 0.6 | |
| Government final consumption | 101.3 | 101.5 | 101.7 | 101.9 | 102.1 | 102.4 | 102.8 | 103.0 | 101.7 | 102.6 | 101.5 | 102.4 | |
| Q/q %, SAAR | 0.6 | 0.8 | 0.8 | 0.8 | 0.8 | 1.2 | 1.2 | 0.8 | | | | | |
| Y/y % | 2.0 | 1.8 | 1.6 | 0.8 | 0.8 | 0.9 | 1.0 | 1.0 | 1.6 | 0.9 | 1.9 | 0.9 | |
| Fixed investment | 22.2 | 22.7 | 23.0 | 23.0 | 22.7 | 22.0 | 21.3 | 20.3 | 22.8 | 21.4 | 22.4 | 22.2 | |
| Q/q %, SAAR | 7.2 | 9.1 | 4.9 | 1.2 | -5.4 | -12.4 | -12.0 | -17.4 | | | | | |
| Y/y % | 3.9 | 6.3 | 9.4 | 5.6 | 2.0 | -3.0 | -7.5 | -11.9 | 6.5 | -6.0 | 7.4 | -0.8 | |
| 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 | 11.7 | 11.3 | 11.5 | 11.5 | 12.0 | 12.3 | 12.5 | 12.6 | 11.5 | 12.4 | 11.6 | 12.1 | |
| Exports of goods and services | 85.6 | 85.6 | 86.2 | 86.7 | 87.6 | 88.5 | 89.6 | 90.9 | 86.1 | 89.1 | 85.5 | 88.1 | |
| Q/q %, SAAR | 5.0 | 0.0 | 2.8 | 2.4 | 4.1 | 4.1 | 5.3 | 5.7 | | | | | |
| Y/y % | 8.9 | 0.8 | 5.4 | 2.6 | 2.3 | 3.3 | 4.0 | 4.7 | 4.3 | 3.6 | 3.9 | 3.1 | |
| Imports of goods and services | 73.9 | 74.3 | 74.8 | 75.2 | 75.6 | 76.2 | 77.1 | 78.3 | 74.6 | 76.8 | 73.9 | 76.0 | |
| Q/q %, SAAR | 6.7 | 2.0 | 2.4 | 2.4 | 2.0 | 3.2 | 4.9 | 6.1 | | | | | |
| Y/y % | 8.6 | 5.3 | 5.1 | 3.4 | 2.2 | 2.6 | 3.1 | 4.0 | 5.5 | 3.0 | 6.4 | 2.8 | |
| Residual | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 | -1.0 | -0.7 | -0.7 | -0.8 | |

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 | 483.3 | 484.0 | 481.1 | 469.5 | 463.5 | 470.8 | 469.5 | 475.8 | 479.3 | 470.0 | 481.8 | 468.2 | |
| Q/q %, SAAR | 3.5 | 0.6 | -2.3 | -9.3 | -5.1 | 6.4 | -1.1 | 5.5 | | | | | |
| Y/y % | 2.2 | 3.4 | 1.1 | -2.1 | -4.1 | -2.7 | -2.4 | 1.5 | 1.2 | -2.0 | 2.3 | -2.8 | |
| Domestic demand | 476.9 | 478.2 | 476.4 | 469.1 | 469.8 | 474.5 | 477.1 | 483.6 | 475.0 | 476.3 | 476.0 | 472.5 | |
| Q/q %, SAAR | 3.5 | 1.1 | -1.5 | -6.0 | 0.6 | 4.1 | 2.2 | 5.6 | | | | | |
| Y/y % | 1.4 | 2.9 | 1.3 | -0.8 | -1.5 | -0.7 | 0.0 | 3.3 | 1.2 | 0.3 | 1.4 | -0.7 | |
| Private demand | 359.5 | 360.5 | 359.4 | 352.2 | 350.7 | 355.3 | 358.2 | 362.9 | 357.9 | 356.9 | 358.5 | 354.1 | |
| Q/q %, SAAR | 5.6 | 1.1 | -1.2 | -7.8 | -1.7 | 5.4 | 3.3 | 5.3 | | | | | |
| Y/y % | 1.3 | 3.3 | 2.1 | -0.7 | -2.5 | -1.4 | -0.4 | 3.2 | 1.5 | -0.3 | 1.4 | -1.2 | |
| Final consumption | 285.9 | 285.3 | 284.8 | 280.7 | 281.1 | 284.1 | 285.1 | 289.3 | 284.2 | 285.0 | 285.4 | 282.8 | |
| Q/q %, SAAR | 0.1 | -0.8 | -0.8 | -5.6 | 0.6 | 4.2 | 1.5 | 6.1 | | | | | |
| Y/y % | 0.7 | 0.9 | 0.0 | -1.8 | -1.7 | -0.4 | 0.1 | 3.2 | -0.0 | 0.3 | 0.9 | -0.9 | |
| 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 | 8.6 | -10.3 | 20.7 | -1.0 | -6.7 | | | | | |
| 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 | 62.6 | 62.8 | 61.6 | 61.4 | 60.6 | 60.8 | 64.0 | 63.0 | 62.0 | 62.1 | 61.7 | 61.7 | |
| Q/q %, SAAR | 16.5 | 1.7 | -7.8 | -1.2 | -4.7 | 0.8 | 23.2 | -6.3 | | | | | |
| Y/y % | 1.4 | 3.5 | 1.7 | 1.7 | -2.9 | -3.3 | 4.0 | 2.5 | 2.1 | 0.1 | -1.0 | -0.1 | |
| Change in inventories | -1.5 | -0.2 | -0.2 | -3.4 | -4.3 | -3.3 | -4.6 | -2.9 | -1.3 | -3.8 | -1.5 | -3.9 | |
| Public demand | 117.4 | 117.7 | 117.0 | 117.0 | 119.2 | 119.2 | 118.9 | 120.7 | 117.2 | 119.5 | 117.5 | 118.4 | |
| Q/q %, SAAR | -2.4 | 1.0 | -2.4 | -0.1 | 7.7 | 0.1 | -1.1 | 6.4 | | | | | |
| Y/y % | 1.7 | 1.5 | -1.1 | -1.3 | 1.5 | 1.6 | 1.2 | 3.7 | 0.1 | 2.0 | 1.3 | 0.7 | |
| Government final consumption | 95.6 | 95.8 | 95.4 | 96.3 | 96.8 | 96.9 | 96.9 | 98.1 | 95.8 | 97.2 | 95.3 | 96.7 | |
| Q/q %, SAAR | 3.9 | 1.0 | -1.5 | 3.8 | 1.9 | 0.5 | 0.0 | 5.0 | | | | | |
| Y/y % | 2.3 | 2.0 | 0.3 | 2.1 | 1.2 | 1.4 | 1.2 | 2.1 | 1.6 | 1.5 | 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 | 3.5 | -8.0 | -15.9 | 35.6 | -2.4 | -4.6 | 13.0 | | | | | |
| 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 | 6.3 | 5.7 | 4.7 | 0.4 | -6.3 | -3.8 | -7.6 | -7.8 | 4.3 | -6.4 | 5.8 | -4.3 | |
| Exports of goods and services | 75.0 | 73.4 | 73.3 | 73.4 | 68.9 | 73.3 | 69.6 | 71.9 | 73.8 | 70.9 | 73.2 | 71.3 | |
| Q/q %, SAAR | 23.9 | -8.0 | -0.7 | 0.6 | -22.4 | 27.7 | -18.7 | 14.2 | | | | | |
| 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 | 68.7 | 67.7 | 68.6 | 73.0 | 75.2 | 77.0 | 77.2 | 79.7 | 69.5 | 77.3 | 67.4 | 75.6 | |
| Q/q %, SAAR | 26.1 | -5.5 | 5.3 | 28.2 | 12.8 | 9.8 | 0.8 | 13.9 | | | | | |
| Y/y % | 24.8 | 13.6 | 11.6 | 13.0 | 9.7 | 13.6 | 12.1 | 9.5 | 15.5 | 11.2 | 16.1 | 12.1 | |

Source: Compiled by DIR.

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

3.2 Nominal Gross Domestic Expenditure (¥ tril)

| | 2012 | | | 2013 | | | 2014 | | | FY | | CY | |
|-----------------------------------|-------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|--|
| | 4-6 | 7-9 (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 | 474.6 | 474.6 | 474.7 | 475.6 | 476.0 | 475.9 | 478.9 | 484.6 | 474.6 | 478.8 | 474.8 | 476.5 | |
| Q/q %, SAAR | -1.0 | -0.0 | 0.1 | 0.8 | 0.4 | -0.1 | 2.5 | 4.8 | | | | | |
| Y/y % | 2.2 | 0.8 | 1.1 | -0.1 | 0.4 | 0.3 | 0.9 | 1.9 | 1.0 | 0.9 | 1.4 | 0.4 | |
| Domestic demand | 482.5 | 482.8 | 482.8 | 483.8 | 483.9 | 483.7 | 486.5 | 492.3 | 482.9 | 486.4 | 482.8 | 484.4 | |
| Q/q %, SAAR | -0.9 | 0.3 | 0.0 | 0.8 | 0.1 | -0.2 | 2.4 | 4.8 | | | | | |
| Y/y % | 2.5 | 1.7 | 1.3 | 0.1 | 0.3 | 0.2 | 0.7 | 1.7 | 1.4 | 0.7 | 2.2 | 0.3 | |
| Private demand | 361.8 | 361.4 | 360.8 | 361.4 | 361.4 | 361.4 | 364.4 | 370.8 | 361.3 | 364.5 | 361.6 | 362.1 | |
| Q/q %, SAAR | -1.2 | -0.5 | -0.6 | 0.6 | 0.0 | 0.1 | 3.4 | 7.1 | | | | | |
| Y/y % | 3.0 | 1.7 | 0.7 | -0.4 | -0.1 | 0.0 | 1.0 | 2.7 | 1.2 | 0.9 | 2.1 | 0.1 | |
| Final consumption | 288.4 | 286.6 | 284.6 | 283.9 | 283.2 | 282.9 | 284.9 | 290.3 | 285.8 | 285.3 | 287.2 | 283.7 | |
| Q/q %, SAAR | -1.3 | -2.4 | -2.8 | -1.0 | -1.0 | -0.4 | 2.8 | 7.8 | | | | | |
| Y/y % | 2.5 | 0.9 | -0.2 | -1.9 | -1.7 | -1.3 | 0.1 | 2.3 | 0.3 | -0.2 | 1.6 | -1.2 | |
| Residential investment | 13.6 | 13.7 | 13.8 | 14.0 | 14.2 | 14.5 | 15.0 | 15.1 | 13.8 | 14.7 | 13.7 | 14.4 | |
| Q/q %, SAAR | 3.2 | 1.6 | 4.3 | 5.1 | 5.5 | 9.1 | 13.9 | 4.7 | | | | | |
| Y/y % | 3.8 | -0.8 | 0.5 | 3.6 | 4.0 | 6.0 | 8.3 | 8.2 | 1.7 | 6.7 | 0.8 | 5.6 | |
| Non-residential investment | 63.9 | 63.9 | 64.1 | 64.5 | 64.7 | 65.2 | 65.8 | 66.7 | 64.1 | 65.6 | 63.7 | 65.0 | |
| Q/q %, SAAR | 5.8 | 0.0 | 1.6 | 2.2 | 1.4 | 2.8 | 4.1 | 5.3 | | | | | |
| Y/y % | 5.5 | 5.1 | 0.1 | 2.4 | 1.2 | 2.0 | 2.6 | 3.4 | 3.2 | 2.4 | 3.2 | 2.1 | |
| Change in inventories | -4.0 | -2.8 | -1.8 | -1.0 | -0.7 | -1.1 | -1.2 | -1.3 | -2.5 | -1.1 | -2.9 | -1.1 | |
| Public demand | 120.6 | 121.4 | 122.0 | 122.4 | 122.5 | 122.2 | 122.0 | 121.5 | 121.7 | 121.9 | 121.2 | 122.3 | |
| Q/q %, SAAR | -0.3 | 2.6 | 2.0 | 1.4 | 0.2 | -0.9 | -0.6 | -1.9 | | | | | |
| Y/y % | 1.1 | 1.7 | 2.9 | 1.5 | 1.5 | 0.8 | -0.1 | -1.2 | 1.8 | 0.2 | 2.4 | 0.9 | |
| Government final consumption | 97.6 | 97.8 | 98.1 | 98.4 | 98.7 | 99.2 | 99.7 | 100.1 | 97.9 | 99.4 | 97.9 | 99.0 | |
| Q/q %, SAAR | -2.2 | 1.0 | 1.2 | 1.2 | 1.4 | 1.8 | 2.0 | 1.6 | | | | | |
| Y/y % | 0.7 | 0.8 | 1.4 | 0.2 | 1.3 | 1.5 | 1.5 | 1.8 | 0.8 | 1.5 | 1.2 | 1.1 | |
| Fixed investment | 23.0 | 23.6 | 23.9 | 24.0 | 23.7 | 23.0 | 22.3 | 21.4 | 23.7 | 22.5 | 23.3 | 23.3 | |
| Q/q %, SAAR | 7.9 | 9.5 | 5.5 | 2.0 | -4.6 | -11.5 | -11.1 | -16.4 | | | | | |
| Y/y % | 3.9 | 6.0 | 9.3 | 6.2 | 2.6 | -2.3 | -6.6 | -11.0 | 6.6 | -5.2 | 7.5 | -0.1 | |
| 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 | -7.9 | -8.2 | -8.1 | -8.2 | -7.8 | -7.7 | -7.6 | -7.7 | -8.1 | -7.7 | -8.1 | -7.8 | |
| Exports of goods and services | 72.6 | 72.7 | 73.4 | 74.0 | 75.0 | 76.0 | 77.4 | 78.8 | 73.2 | 76.8 | 72.7 | 75.6 | |
| Q/q %, SAAR | 4.0 | 0.6 | 3.9 | 3.4 | 5.1 | 5.5 | 7.4 | 7.8 | | | | | |
| Y/y % | 5.4 | -0.6 | 5.6 | 2.9 | 3.2 | 4.4 | 5.4 | 6.5 | 3.2 | 4.9 | 2.0 | 4.0 | |
| Imports of goods and services | 80.5 | 80.9 | 81.6 | 82.2 | 82.8 | 83.7 | 85.0 | 86.5 | 81.3 | 84.5 | 80.7 | 83.4 | |
| Q/q %, SAAR | 4.0 | 2.2 | 3.0 | 3.2 | 2.8 | 4.5 | 6.2 | 7.6 | | | | | |
| Y/y % | 7.0 | 5.2 | 5.8 | 3.0 | 2.8 | 3.4 | 4.1 | 5.3 | 5.2 | 3.9 | 6.8 | 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 | 94.4 | 93.9 | 93.4 | 93.0 | 92.1 | 92.0 | 91.7 | 91.7 | 93.7 | 91.9 | 94.1 | 92.2 | |
| Q/q %, SAAR | -0.6 | -0.5 | -0.6 | -0.4 | -1.0 | -0.1 | -0.4 | 0.0 | | | | | |
| Y/y % | -2.2 | -2.1 | -2.0 | -2.0 | -2.4 | -2.1 | -1.8 | -1.3 | -2.1 | -1.9 | -2.2 | -2.1 | |
| Private final consumption | 95.5 | 94.9 | 94.5 | 94.5 | 94.2 | 94.1 | 93.8 | 94.0 | 94.8 | 94.0 | 95.1 | 94.1 | |
| Q/q %, SAAR | -0.3 | -0.7 | -0.4 | 0.1 | -0.4 | -0.1 | -0.4 | 0.2 | | | | | |
| Y/y % | -1.5 | -1.9 | -1.5 | -1.3 | -1.4 | -0.9 | -0.7 | -0.5 | -1.6 | -0.9 | -1.7 | -1.1 | |
| Private residential investment | 103.0 | 103.1 | 103.2 | 103.6 | 104.0 | 104.0 | 103.6 | 103.4 | 103.3 | 103.8 | 103.1 | 103.8 | |
| Q/q %, SAAR | -0.0 | 0.1 | 0.1 | 0.4 | 0.3 | 0.0 | -0.4 | -0.1 | | | | | |
| Y/y % | -0.6 | 0.3 | 0.5 | 0.6 | 1.0 | 0.8 | 0.3 | -0.1 | 0.2 | 0.5 | -0.5 | 0.7 | |
| Private non-residential investment | 96.1 | 95.5 | 95.1 | 94.9 | 94.6 | 94.6 | 94.4 | 94.4 | 95.4 | 94.5 | 95.9 | 94.6 | |
| Q/q %, SAAR | -0.7 | -0.7 | -0.4 | -0.2 | -0.3 | -0.1 | -0.1 | -0.0 | | | | | |
| Y/y % | -1.7 | -1.6 | -1.8 | -2.0 | -1.6 | -1.0 | -0.7 | -0.5 | -1.8 | -0.9 | -1.8 | -1.3 | |
| Government final consumption | 97.8 | 97.7 | 96.9 | 97.5 | 97.3 | 97.2 | 96.8 | 97.0 | 97.4 | 97.1 | 97.6 | 97.1 | |
| Q/q %, SAAR | -0.7 | -0.1 | -0.8 | 0.6 | -0.1 | -0.1 | -0.4 | 0.1 | | | | | |
| Y/y % | -0.6 | -0.1 | -1.7 | -0.6 | -0.6 | -0.3 | -0.4 | -0.2 | -0.8 | -0.4 | -0.6 | -0.5 | |
| Public fixed investment | 103.0 | 102.9 | 103.1 | 103.3 | 103.8 | 104.3 | 104.1 | 103.6 | 103.1 | 103.9 | 103.0 | 103.8 | |
| Q/q %, SAAR | -0.3 | -0.1 | 0.2 | 0.2 | 0.5 | 0.5 | -0.2 | -0.5 | | | | | |
| Y/y % | -0.5 | -0.2 | -0.0 | 0.2 | 0.8 | 1.1 | 1.0 | 0.5 | -0.1 | 0.8 | -0.6 | 0.7 | |
| Exports of goods and services | 90.2 | 87.3 | 87.4 | 87.8 | 87.5 | 86.3 | 85.0 | 85.0 | 88.2 | 86.0 | 88.8 | 86.6 | |
| Q/q %, SAAR | -0.7 | -3.2 | 0.0 | 0.5 | -0.3 | -1.4 | -1.5 | -0.0 | | | | | |
| Y/y % | -0.1 | -3.5 | -3.4 | -3.0 | -3.0 | -1.4 | -2.7 | -2.9 | -2.5 | -2.5 | -1.6 | -2.5 | |
| Imports of goods and services | 104.8 | 101.3 | 102.2 | 107.1 | 110.4 | 109.3 | 108.4 | 109.6 | 103.9 | 109.4 | 103.1 | 108.7 | |
| Q/q %, SAAR | 0.2 | -3.4 | 0.9 | 4.9 | 3.0 | -1.0 | -0.8 | 1.1 | | | | | |
| Y/y % | 7.7 | 0.7 | 0.6 | 3.0 | 5.4 | 7.6 | 5.9 | 2.7 | 2.9 | 5.3 | 4.4 | 5.5 | |

Source: Compiled by DIR.

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

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

| | 2012 | | 2013 | | | 2014 | | | FY | | CY | |
|------------------------------------|-------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|
| | 4-6 | 7-9 (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 | 91.3 | 91.2 | 91.1 | 91.0 | 90.9 | 90.8 | 90.8 | 90.9 | 91.2 | 90.9 | 91.3 | 90.9 |
| Q/q %, SAAR | -0.4 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.0 | 0.0 | | | | |
| Y/y % | -0.9 | -0.8 | -0.6 | -0.8 | -0.4 | -0.4 | -0.3 | -0.1 | -0.8 | -0.3 | -0.9 | -0.5 |
| Private final consumption | 93.6 | 93.3 | 93.0 | 92.8 | 92.6 | 92.4 | 92.3 | 92.3 | 93.2 | 92.4 | 93.5 | 92.5 |
| Q/q %, SAAR | -0.4 | -0.3 | -0.3 | -0.2 | -0.3 | -0.2 | -0.1 | 0.0 | | | | |
| Y/y % | -0.7 | -0.8 | -0.8 | -1.3 | -1.0 | -1.0 | -0.8 | -0.5 | -0.9 | -0.8 | -0.7 | -1.0 |
| Private residential investment | 103.3 | 103.3 | 103.3 | 103.4 | 103.4 | 103.5 | 103.7 | 103.8 | 103.3 | 103.6 | 103.4 | 103.5 |
| Q/q %, SAAR | -0.2 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | | | | |
| Y/y % | -0.6 | -0.7 | -0.2 | -0.1 | 0.1 | 0.2 | 0.3 | 0.4 | -0.4 | 0.3 | -0.4 | 0.2 |
| Private non-residential investment | 94.5 | 94.5 | 94.5 | 94.5 | 94.6 | 94.7 | 94.7 | 94.9 | 94.5 | 94.7 | 94.5 | 94.6 |
| Q/q %, SAAR | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.2 | | | | |
| Y/y % | -0.2 | -0.1 | 0.0 | 0.1 | 0.1 | 0.2 | 0.3 | 0.5 | -0.0 | 0.3 | -0.2 | 0.2 |
| Government final consumption | 96.3 | 96.3 | 96.4 | 96.5 | 96.7 | 96.8 | 97.0 | 97.2 | 96.3 | 96.9 | 96.5 | 96.7 |
| Q/q %, SAAR | -0.7 | 0.0 | 0.1 | 0.1 | 0.2 | 0.1 | 0.2 | 0.2 | | | | |
| Y/y % | -1.2 | -1.0 | -0.3 | -0.6 | 0.5 | 0.6 | 0.5 | 0.8 | -0.8 | 0.6 | -0.7 | 0.2 |
| Public fixed investment | 103.7 | 103.8 | 104.0 | 104.2 | 104.4 | 104.7 | 104.9 | 105.3 | 104.0 | 104.9 | 103.8 | 104.5 |
| Q/q %, SAAR | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | | | | |
| Y/y % | -0.0 | -0.3 | -0.1 | 0.5 | 0.6 | 0.7 | 0.9 | 1.0 | 0.1 | 0.8 | 0.0 | 0.7 |
| Exports of goods and services | 84.8 | 84.9 | 85.1 | 85.4 | 85.6 | 85.9 | 86.3 | 86.7 | 85.1 | 86.1 | 85.0 | 85.8 |
| Q/q %, SAAR | -0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 | 0.5 | | | | |
| Y/y % | -3.2 | -1.5 | 0.2 | 0.3 | 1.0 | 1.1 | 1.4 | 1.7 | -1.0 | 1.3 | -1.8 | 0.9 |
| Imports of goods and services | 108.9 | 108.9 | 109.1 | 109.3 | 109.5 | 109.8 | 110.2 | 110.6 | 109.1 | 110.1 | 109.2 | 109.7 |
| Q/q %, SAAR | -0.6 | 0.1 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.4 | | | | |
| Y/y % | -1.4 | -0.2 | 0.7 | -0.4 | 0.6 | 0.8 | 1.0 | 1.3 | -0.3 | 0.9 | 0.4 | 0.5 |

Source: Compiled by DIR.

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

E: DIR estimate.

5.1 Contribution to Real GDP Growth by Component

| | 2010 | | | 2011 | | | 2012 | | | FY | | CY | |
|-----------------------------------|------|------|-------|------|------|------|-------|------|------|------|------|------|--|
| | 4-6 | 7-9 | 10-12 | 1-3 | 4-6 | 7-9 | 10-12 | 1-3 | 2010 | 2011 | 2010 | 2011 | |
| 1) Q/q % | | | | | | | | | | | | | |
| GDP growth rate | 1.5 | 0.7 | 0.0 | -2.0 | -0.3 | 1.7 | 0.1 | 1.3 | 3.3 | -0.0 | 4.5 | -0.8 | |
| Domestic demand | 1.3 | 0.8 | 0.1 | -1.8 | 0.6 | 1.0 | 0.8 | 1.2 | 2.5 | 1.0 | 2.8 | 0.1 | |
| Private demand | 1.3 | 0.7 | 0.1 | -1.6 | 0.1 | 1.0 | 0.8 | 0.8 | 2.3 | 0.5 | 2.3 | -0.1 | |
| Private consumption | 0.2 | 0.3 | 0.1 | -0.9 | 0.3 | 0.7 | 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 | 0.2 | |
| Private fixed investment | 0.6 | 0.1 | -0.2 | -0.0 | -0.1 | 0.0 | 0.7 | -0.2 | 0.5 | 0.1 | 0.1 | 0.2 | |
| Change in private inventories | 0.5 | 0.3 | 0.0 | -0.8 | 0.0 | 0.2 | -0.4 | 0.3 | 0.8 | -0.5 | 0.8 | -0.5 | |
| Public demand | -0.0 | 0.1 | 0.0 | -0.1 | 0.5 | 0.0 | 0.0 | 0.4 | 0.2 | 0.5 | 0.5 | 0.2 | |
| Government final consumption | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 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 | -0.1 | -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 | 0.2 | -0.1 | -0.1 | -0.3 | -0.9 | 0.7 | -0.7 | 0.1 | 0.8 | -1.0 | 1.7 | -0.9 | |
| Exports of goods and services | 0.9 | 0.2 | -0.0 | -0.1 | -0.9 | 1.2 | -0.6 | 0.5 | 2.3 | -0.2 | 3.1 | -0.0 | |
| Imports of goods and services | -0.7 | -0.3 | -0.1 | -0.2 | -0.0 | -0.5 | -0.1 | -0.4 | -1.5 | -0.8 | -1.4 | -0.9 | |
| 2) Y/y % | | | | | | | | | | | | | |
| GDP growth rate | 4.5 | 5.6 | 3.2 | -0.0 | -1.8 | -0.6 | -0.7 | 2.9 | 3.3 | -0.0 | 4.5 | -0.8 | |
| Domestic demand | 2.8 | 4.4 | 2.8 | 0.3 | -0.4 | 0.0 | 0.5 | 3.7 | 2.5 | 1.0 | 2.8 | 0.1 | |
| Private demand | 2.2 | 4.0 | 2.8 | 0.5 | -0.8 | -0.3 | 0.2 | 2.8 | 2.3 | 0.5 | 2.3 | -0.1 | |
| Private consumption | 1.4 | 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 | 0.2 | |
| Private fixed investment | 0.4 | 0.7 | 0.4 | 0.5 | -0.2 | -0.3 | 0.6 | 0.4 | 0.5 | 0.1 | 0.1 | 0.2 | |
| Change in private inventories | 0.7 | 1.5 | 1.1 | 0.1 | -0.6 | -0.5 | -1.0 | 0.2 | 0.8 | -0.5 | 0.8 | -0.5 | |
| Public demand | 0.5 | 0.4 | 0.0 | -0.2 | 0.5 | 0.4 | 0.3 | 1.0 | 0.2 | 0.5 | 0.5 | 0.2 | |
| Government final consumption | 0.6 | 0.4 | 0.4 | 0.5 | 0.4 | 0.3 | 0.3 | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 | |
| Public fixed investment | -0.1 | 0.0 | -0.4 | -0.7 | 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 | -1.4 | -0.6 | -1.2 | -0.9 | 0.8 | -1.0 | 1.7 | -0.9 | |
| Exports of goods and services | 3.7 | 2.9 | 1.9 | 1.0 | -0.8 | 0.2 | -0.4 | 0.2 | 2.3 | -0.2 | 3.1 | -0.0 | |
| Imports of goods and services | -1.9 | -1.6 | -1.4 | -1.3 | -0.6 | -0.8 | -0.8 | -1.1 | -1.5 | -0.8 | -1.4 | -0.9 | |

Source: Compiled by DIR.

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

5.2 Contribution to Real GDP Growth by Component

| | 2012 | | 2013 | | 2014 | | FY | | CY | | | |
|-----------------------------------|------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|
| | 4-6 | 7-9 (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) |
| 1) Q/q % | | | | | | | | | | | | |
| GDP growth rate | 0.2 | 0.1 | 0.1 | 0.3 | 0.2 | 0.1 | 0.6 | 1.1 | 1.8 | 1.2 | 2.3 | 0.9 |
| Domestic demand | 0.2 | 0.2 | 0.1 | 0.3 | 0.1 | 0.0 | 0.6 | 1.1 | 2.0 | 1.0 | 2.8 | 0.9 |
| Private demand | 0.1 | 0.1 | 0.0 | 0.2 | 0.1 | 0.1 | 0.7 | 1.3 | 1.4 | 1.1 | 2.0 | -0.3 |
| Private consumption | 0.1 | -0.2 | -0.3 | 0.0 | 0.0 | 0.1 | 0.5 | 1.1 | 0.7 | 0.4 | 1.4 | -0.1 |
| Residential investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.2 | 0.0 | 0.2 |
| Private fixed investment | 0.2 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.1 | 0.2 | 0.4 | 0.3 | 0.5 | 0.3 |
| Change in private inventories | -0.2 | 0.2 | 0.2 | 0.1 | 0.1 | -0.1 | -0.0 | -0.0 | 0.2 | 0.2 | 0.2 | -0.6 |
| Public demand | 0.1 | 0.1 | 0.1 | 0.1 | -0.0 | -0.1 | -0.1 | -0.2 | 0.6 | -0.1 | 0.7 | 1.1 |
| Government final consumption | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.3 | 0.2 | 0.4 | 0.2 |
| Public fixed investment | 0.1 | 0.1 | 0.1 | 0.0 | -0.1 | -0.2 | -0.1 | -0.2 | 0.3 | -0.3 | 0.3 | -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 | -0.1 | 0.0 | -0.0 | 0.1 | 0.0 | -0.0 | -0.0 | -0.1 | 0.2 | -0.4 | -0.0 |
| Exports of goods and services | 0.2 | 0.0 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.7 | 0.6 | 0.6 | 0.5 |
| Imports of goods and services | -0.3 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.2 | -0.3 | -0.8 | -0.4 | -1.0 | -0.5 |
| 2) Y/y % | | | | | | | | | | | | |
| GDP growth rate | 3.2 | 1.6 | 1.7 | 0.7 | 0.8 | 0.7 | 1.2 | 2.1 | 1.8 | 1.2 | 2.3 | 0.9 |
| Domestic demand | 3.2 | 2.4 | 1.8 | 1.0 | 0.7 | 0.6 | 0.9 | 1.8 | 2.0 | 1.0 | 2.8 | 0.9 |
| Private demand | 2.7 | 1.7 | 0.9 | 0.5 | 0.5 | 0.5 | 1.2 | 2.3 | 1.4 | 1.1 | 2.0 | -0.3 |
| Private consumption | 2.0 | 1.1 | 0.4 | -0.4 | -0.4 | -0.2 | 0.5 | 1.7 | 0.7 | 0.4 | 1.4 | -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 | 0.7 | 0.7 | 0.0 | 0.4 | 0.1 | 0.2 | 0.3 | 0.4 | 0.4 | 0.3 | 0.5 | 0.3 |
| Change in private inventories | -0.1 | -0.0 | 0.6 | 0.4 | 0.6 | 0.3 | 0.1 | -0.0 | 0.2 | 0.2 | 0.2 | -0.6 |
| Public demand | 0.6 | 0.6 | 0.8 | 0.5 | 0.2 | 0.1 | -0.2 | -0.5 | 0.6 | -0.1 | 0.7 | 1.1 |
| Government final consumption | 0.4 | 0.4 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.2 | 0.4 | 0.2 |
| Public fixed investment | 0.2 | 0.3 | 0.5 | 0.3 | 0.1 | -0.1 | -0.4 | -0.7 | 0.3 | -0.3 | 0.3 | -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 | -0.7 | -0.0 | -0.2 | -0.0 | 0.1 | 0.1 | 0.0 | -0.1 | 0.2 | -0.4 | -0.0 |
| Exports of goods and services | 1.3 | 0.1 | 0.8 | 0.4 | 0.3 | 0.5 | 0.6 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 |
| Imports of goods and services | -1.4 | -0.9 | -0.8 | -0.6 | -0.4 | -0.4 | -0.5 | -0.7 | -0.8 | -0.4 | -1.0 | -0.5 |

Source: Compiled by DIR.

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

E: DIR estimate.

6.1 Major Assumptions

| | 2010 | | | 2011 | | | 2012 | | | FY | | CY | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| | 4-6 | 7-9 | 10-12 | 1-3 | 4-6 | 7-9 | 10-12 | 1-3 | 2010 | 2011 | 2010 | 2011 | |
| 1) World economy | | | | | | | | | | | | | |
| Economic growth of major trading partners | | | | | | | | | | | | | |
| Y/y % | 6.6 | 5.5 | 5.0 | 4.7 | 3.9 | 3.8 | 2.8 | 2.9 | 5.5 | 3.4 | 6.0 | 3.8 | |
| Crude oil price (WTI futures; \$/bbl) | | | | | | | | | | | | | |
| Y/y % | 30.6 | 11.7 | 12.0 | 19.9 | 31.1 | 17.5 | 10.3 | 8.9 | 18.0 | 16.4 | 28.2 | 19.5 | |
| 2) US economy | | | | | | | | | | | | | |
| Real GDP (chained [2005]; \$ bil; SAAR) | | | | | | | | | | | | | |
| Q/q %, SAAR | 2.2 | 2.6 | 2.4 | 0.1 | 2.5 | 1.3 | 4.1 | 2.0 | | | | | |
| Y/y % | 2.5 | 2.8 | 2.4 | 1.8 | 1.9 | 1.6 | 2.0 | 2.4 | 2.4 | 2.0 | 2.4 | 1.8 | |
| Consumer Price Index (1982-84 avg=100) | | | | | | | | | | | | | |
| Q/q %, SAAR | -0.3 | 1.4 | 3.0 | 4.5 | 4.4 | 3.1 | 1.3 | 2.5 | | | | | |
| Y/y % | 1.8 | 1.2 | 1.3 | 2.1 | 3.4 | 3.8 | 3.3 | 2.8 | 1.6 | 3.3 | 1.6 | 3.2 | |
| Producer Price Index (Finished goods; 1982=100) | | | | | | | | | | | | | |
| Q/q %, SAAR | -0.7 | 2.6 | 7.6 | 10.2 | 6.0 | 4.2 | 1.7 | 1.9 | | | | | |
| Y/y % | 4.4 | 3.8 | 3.8 | 4.9 | 6.9 | 6.9 | 5.4 | 3.4 | 4.2 | 5.6 | 4.2 | 6.0 | |
| FF rate (%) (Target rate for the forecast period, end-period) | | | | | | | | | | | | | |
| Government bond yield (10 year; %) | 3.49 | 2.79 | 2.86 | 3.46 | 3.21 | 2.43 | 2.05 | 2.04 | 3.15 | 2.43 | 3.21 | 2.79 | |
| 3) Japanese economy | | | | | | | | | | | | | |
| Nominal government final consumption | | | | | | | | | | | | | |
| Y tril; SAAR | 95.6 | 95.8 | 95.4 | 96.3 | 96.8 | 96.9 | 96.9 | 98.1 | 95.8 | 97.2 | 95.3 | 96.7 | |
| Q/q %, SAAR | 3.9 | 1.0 | -1.5 | 3.8 | 1.9 | 0.5 | 0.0 | 5.0 | | | | | |
| Y/y % | 2.3 | 2.0 | 0.3 | 2.1 | 1.2 | 1.4 | 1.2 | 2.1 | 1.6 | 1.5 | 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 | 3.5 | -8.0 | -15.9 | 35.6 | -2.4 | -4.6 | 13.0 | | | | | |
| 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 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |

Source: Compiled by DIR.

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

6.2 Major Assumptions

| | 2012 | | | 2013 | | | 2014 | | | FY | | CY | |
|--|--------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|--|
| | 4-6 | 7-9 (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) | |
| 1) World economy | | | | | | | | | | | | | |
| Economic growth of major trading partners | | | | | | | | | | | | | |
| Y/y % | 2.7 | 2.9 | 3.6 | 3.4 | 3.7 | 3.9 | 4.1 | 4.2 | 3.3 | 4.0 | 3.2 | 3.8 | |
| Crude oil price (WTI futures; \$/bbl) | 93.4 | 95.0 | 95.0 | 95.0 | 95.0 | 95.0 | 95.0 | 95.0 | 94.6 | 95.0 | 96.6 | 95.0 | |
| Y/y % | -8.8 | 6.1 | 1.0 | -7.8 | 1.8 | 0.0 | 0.0 | 0.0 | -2.7 | 0.4 | 1.6 | -1.7 | |
| 2) US economy | | | | | | | | | | | | | |
| Real GDP (chained [2005]; \$ bil; SAAR) | 13,565 | 13,635 | 13,706 | 13,767 | 13,846 | 13,935 | 14,032 | 14,129 | 13,668 | 13,985 | 13,603 | 13,895 | |
| Q/q %, SAAR | 1.7 | 2.1 | 2.1 | 1.8 | 2.3 | 2.6 | 2.8 | 2.8 | | | | | |
| Y/y % | 2.3 | 2.5 | 2.0 | 1.9 | 2.1 | 2.2 | 2.4 | 2.6 | 2.2 | 2.3 | 2.2 | 2.1 | |
| Consumer Price Index (1982-84 avg=100) | 228.8 | 229.6 | 230.8 | 232.0 | 233.1 | 234.4 | 235.7 | 237.1 | 230.3 | 235.1 | 229.4 | 233.8 | |
| Q/q %, SAAR | 0.8 | 1.5 | 2.0 | 2.1 | 2.0 | 2.3 | 2.2 | 2.3 | | | | | |
| Y/y % | 1.9 | 1.5 | 1.7 | 1.6 | 1.9 | 2.1 | 2.1 | 2.2 | 1.7 | 2.1 | 2.0 | 1.9 | |
| Producer Price Index (Finished goods; 1982=100) | 192.5 | 193.0 | 193.8 | 194.9 | 195.9 | 197.0 | 198.2 | 199.3 | 193.2 | 197.3 | 193.0 | 196.2 | |
| Q/q %, SAAR | -3.1 | 1.1 | 1.6 | 2.2 | 2.1 | 2.4 | 2.3 | 2.4 | | | | | |
| Y/y % | 1.1 | 0.4 | 0.4 | 0.4 | 1.7 | 2.1 | 2.2 | 2.3 | 0.6 | 2.1 | 1.3 | 1.6 | |
| FF rate (%) | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | |
| (Target rate for the forecast period, end-period) | | | | | | | | | | | | | |
| Government bond yield (10 year; %) | 1.82 | 2.30 | 1.78 | 1.91 | 2.06 | 2.24 | 2.43 | 2.64 | 1.79 | 2.34 | 1.82 | 2.16 | |
| 3) Japanese economy | | | | | | | | | | | | | |
| Nominal government final consumption | | | | | | | | | | | | | |
| Y tril; SAAR | 97.6 | 97.8 | 98.1 | 98.4 | 98.7 | 99.2 | 99.7 | 100.1 | 97.9 | 99.4 | 97.9 | 99.0 | |
| Q/q %, SAAR | -2.2 | 1.0 | 1.2 | 1.2 | 1.4 | 1.8 | 2.0 | 1.6 | | | | | |
| Y/y % | 0.7 | 0.8 | 1.4 | 0.2 | 1.3 | 1.5 | 1.5 | 1.8 | 0.8 | 1.5 | 1.2 | 1.1 | |
| Nominal public fixed investment | | | | | | | | | | | | | |
| Y tril; SAAR | 23.0 | 23.6 | 23.9 | 24.0 | 23.7 | 23.0 | 22.3 | 21.4 | 23.7 | 22.5 | 23.3 | 23.3 | |
| Q/q %, SAAR | 7.9 | 9.5 | 5.5 | 2.0 | -4.6 | -11.5 | -11.1 | -16.4 | | | | | |
| Y/y % | 3.9 | 6.0 | 9.3 | 6.2 | 2.6 | -2.3 | -6.6 | -11.0 | 6.6 | -5.2 | 7.5 | -0.1 | |
| Exchange rate (Y/\$) | 80.1 | 79.0 | 79.0 | 79.0 | 79.0 | 79.0 | 79.0 | 79.0 | 79.3 | 79.0 | 79.3 | 79.0 | |
| (Y/€) | 101.2 | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 | 97.0 | 98.1 | 97.0 | 100.4 | 97.0 | |
| 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.

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- In addition to the purchase price of a financial instrument, our company will collect a trading commission* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction.
In some cases, our company also may charge a maximum of ¥ 2 million (including tax) per year as a standing proxy fee for our deposit of your securities, if you are a non-resident.
- For derivative and margin transactions etc., our company may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by our company.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with our company.

Corporate Name: Daiwa Securities Co. Ltd.

Financial instruments firm: chief of Kanto Local
Finance Bureau (Kin-sho) No.108

Memberships: Japan Securities Dealers Association

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