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## Japan's Economic Outlook No. 189 Update (Summary)

### *Downside Risk Remains for Japanese Economy Due to Global Economic Factors*

*In this report we examine the following: (1) stagnant consumption, (2) effects of further postponement of consumption tax increase, and (3) negative interest rates*

Japan to see real GDP growth of +0.7% in FY16, and +0.7% in FY17, with nominal GDP growth of +1.4% in FY16, and +1.1% in FY17.

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#### Summary

- **Downside risk remains for the Japanese economy due to global economic factors:** In light of the 2<sup>nd</sup> preliminary Jan-Mar 2016 GDP release (Cabinet Office) we have revised our economic growth outlook. We now forecast real GDP growth of +0.7% in comparison with the previous year for FY16 (+0.8% in the previous forecast), and +0.7% in comparison with the previous year for FY17 (-0.1% in the previous forecast). Japan's economy remains in a lull, but we expect it to recover gradually due to the following domestic factors: (1) growth in real wages, (2) low price of crude oil and improvement in terms of trade, and (3) the supplementary budget. However, caution is needed regarding downside risk in the global economy, especially that of China. Furthermore, it should be noted that in our previous outlook we assumed that the increase in consumption tax planned for April 2017 would ultimately take place. However, Prime Minister Abe announced on June 1<sup>st</sup> that the increase in consumption tax would be postponed, hence our current outlook assumes that the tax hike will be postponed.
- **Real GDP growth rate revised upwards slightly from 1<sup>st</sup> preliminary:** The real GDP growth rate for Jan-Mar 2016 (2<sup>nd</sup> preliminary est) was revised upwards slightly to +1.9% q/q

annualized (+0.5% q/q) in comparison to the 1<sup>st</sup> preliminary report (+1.7% q/q annualized and +0.4% q/q). Results were in accordance with market consensus (+1.9% q/q annualized and +0.5% q/q). Results brought only a small upward revision, but were in accordance with market consensus and hence no surprise. All in all, results went according to the DIR outlook, with Japan's economy remaining in a lull.

- **Upward revision of personal consumption and capex bring overall results up:** Performance by demand component in light of upward revisions from the 1<sup>st</sup> preliminary results shows personal consumption and capex gaining upward revisions, while inventory investment and public investment were revised downwards.

Results of corporate statistics brought an upward revision for capex, putting it at -0.7% q/q (-1.4% on the 1<sup>st</sup> preliminary). Personal consumption was also revised upwards reflecting fundamental statistics for the month of March. However, if we ignore the effects of the leap year, personal consumption is still lacking in strength. Inventory investment's contribution was revised downwards slightly to -0.1%pt q/q in comparison to the 1<sup>st</sup> preliminary report (-0.0%pt) in accordance with market consensus (-0.1%pt). Looking at contribution by inventory classification, work in progress inventory was revised downwards, while material & supplies inventories, finished goods inventory, and distribution inventory marked time. Public investment received an especially large downward revision, but this was merely a reflection of fundamental statistics for the month of March. In the final assessment, results were in accordance with market consensus.

As for other components, government consumption and exports were flat in comparison to the 1<sup>st</sup> preliminary report, while housing investment and imports were revised upwards. Ultimately these revisions had almost no effect on GDP results.

- **Trends by demand component :Personal consumption and exports continue sluggish performance:** Looking at trends in demand components on the Jan-Mar 2016 period results (2<sup>nd</sup> preliminary report), we see personal consumption achieving growth for the first time in two quarters at +0.6% q/q (+0.5% on the 1<sup>st</sup> preliminary). However, if we ignore the effects of the leap year, personal consumption is still stagnant, merely marking time. This was due to the improvement in the employment and income environments, with real compensation of employees maintaining a firm undertone, but households continue to tighten their budgets, dragging down overall results, with seasonal goods, including winter clothing, heating equipment, and energy, all performing poorly.

Housing investment declined for the second consecutive quarter at -0.7% (-0.8% on the 1<sup>st</sup> preliminary). New housing starts, a leading indicator for housing investment as a portion of GDP, have been weak since sometime around the middle of 2015. Housing investment and housing starts are recorded on a progressive basis, hence there is a lag in their performance, so it appears that housing investment is continuing its decline in tandem with the trend in housing starts. However, the extent of the decline has narrowed somewhat, and considering the fact that just recently housing starts have shifted into a growth trend, housing investment is likely moving closer to bottoming out.

Capex fell by -0.7% q/q (-1.4% on the 1<sup>st</sup> preliminary), its first decline in three quarters. Capex appears to be taking a breather from its general growth trend. This suggests that the high level

of corporate earnings is providing underlying support for replacement and renovation investment. On the other hand, a sense of uncertainty regarding the future of corporate earnings is growing due to the strong yen and the sluggish domestic economy, a development which may lead corporations, especially those in manufacturing, to delay carrying out capital investment.

Private sector inventory was down for the third consecutive quarter at -0.1%pt (-0.0%pt on the 1<sup>st</sup> preliminary) bringing a negative contribution to this period's GDP. This is likely a reflection of the slowdown in the pace of growth in inventories, as well as possibly the beginnings of an inventory adjustment in some sectors.

Public investment declined for the third consecutive quarter at -0.7% q/q (+0.3% on the 1<sup>st</sup> preliminary). The progressive front-loading of public works contracts and orders helped to push up GDP preliminary figures on the 1<sup>st</sup> preliminary report, and public investment achieved unexpected growth. However, progress of actual public works projects according to fundamental statistics in March was not as fast paced as contracts and orders, and this is thought to be what was behind the downward revision on the 2<sup>nd</sup> preliminary.

Meanwhile, exports grew for the first time in two quarters at +0.6% q/q (+0.6% on the 1<sup>st</sup> preliminary). As for exports of goods, exports to the EU and the US appear to have contributed to growth. Imports declined for the second consecutive quarter at -0.4% (-0.5% on the 1<sup>st</sup> preliminary) reflecting the stagnant domestic economy. As a result, the contribution of overseas demand (net exports) was up by +0.2%pt (+0.2%pt on the 1<sup>st</sup> preliminary), making a positive contribution to GDP.

- **Japan's economy continues to face risk of possible downturn:** There are no major changes to our main economic scenario for Japan since our last GDP report. Although personal consumption is expected to continue its underlying strength due to improvements in the employment and income environment, the absence of a clearly driving force in the economy colors our basic economic scenario, which sees Japan's economy continuing to face risk of a possible downturn in the future. We urge caution regarding lingering risk factors which could have a negative impact on Japan's economy, especially the downturn in the Chinese economy, turmoil in the global financial markets in response the US exit strategy, and a strong yen / weak stock market situation brought on by risk-off behavior of investors. In addition, one should keep in mind the possible fluctuations in the economy which could occur due to the effects of the recent earthquake in Kumamoto. Prime Minister Abe announced at a press conference held on June 1<sup>st</sup> that the increase in consumption tax originally planned for April 2017 would be postponed. The main influence this decision has on the outlook for the real GDP growth rate (based on the fiscal year) is as follows: (1) FY2016 GDP will be revised downwards due to the absence of last minute demand which occurs prior to an increase in consumption tax, (2) Reactionary decline which usually occurs after the last minute demand phenomenon will be avoided, along with the effects of decline in real income which would have occurred if a tax hike had taken place, which also means that FY2017 GDP will be revised upwards, and (3) Overall GDP for FY2016-FY2017 will be revised upwards.

Personal consumption is likely to continue its downturn due to the reactionary decline following the initially positive effects of the leap year, and the effects of the Kumamoto earthquake. However, with the exception of these special factors, there is an overall positive note due to

improvements in the employment and income environment. Hence we see personal consumption remaining flat. As for the question of income, real wages according to the monthly labour survey are beginning to make a comeback, and with the number of employees increasing, real employee compensation (real wages x employment) in the macro sense is exhibiting major growth. Meanwhile, the positive employment environment and the shortage of manpower in certain areas of the non-manufacturing industry will likely lead to the gradual increase in part-timer pay. In addition, the effect of a slower growth rate in the consumer price index promises to continue pushing up real wages, and this should be a factor in providing underlying support for personal consumption. Factors to keep in mind are worsening consumer confidence due to falling stock prices and increasing uncertainty in regard to how personal income will be effected in the future as a result of fears of worsening corporate earnings associated with the strong yen. This could likely be a drag on personal consumption. Other developments to keep in mind are the pension revision rate which was raised in Fiscal 2015 for the first time in sixteen years, and which the government has decided to leave unchanged in Fiscal 2016, and the spring labor offensive in 2016, which may very possibly bring a smaller wage revision rate than in 2015 (final tally results +2.20%). In addition, regarding durable goods, it is quite possible that sales volume of smartphones may suffer a major decline as a result of changes in carrier rates and sales prices.

As for housing investment, signs of an increase are seen in new housing starts, a leading indicator for housing investment, and a gradual comeback is expected. Housing starts were recently held back by an increase in construction costs and sales prices. However, improvements in the employment and income environment, along with the historic lows in interest on housing loans are expected to work together in encouraging a gradual increase in the number of households considering purchase of a new home. Housing starts should also gradually increase. Housing investment is expected to recover to a growth trend in the future, though there is expected to be a time lag between the expected increase in housing starts and the subsequent recovery in housing investment.

As for capex, the gradual recovery is seen continuing, despite some ups and downs, due to the high level of corporate earnings, which provide underlying support for replacement and renovation investment. Favorable corporate earnings and the manpower shortage are expected to encourage replacement investment, labor saving, and energy saving, especially in the non-manufacturing industries. Meanwhile, restoration and reconstruction of production facilities lost or damaged in the recent Kumamoto earthquake are expected to contribute to growth in capital expenditure. However, as was stated earlier in our outlook, the manufacturing industries are still at risk of a downturn in the future, and caution is urged. Factors include the slowdown in the world economy, weakness in the corporate sectors of overseas economies leading to stagnation for exports, and the slow pace of recovery in personal consumption. Additional downward pressure on earnings is brought on by the strong yen, meaning that corporations delaying capex spending may increase in the future, especially amongst manufacturers.

Public investment is expected to continue to be weighed down by the shedding the effects of economic policy which provided support in the past, but progress is being made on the FY2015 supplementary budget and the FY2016 budget, so gradually the situation should bottom out. After that, the new focus on reconstruction associated with the Kumamoto earthquake should bring a gradual return to a growth trend. It should be noted that contracts

and orders received, which provide the leading indicators for this area, are showing signs of a comeback.

Meanwhile, exports are expected to remain flat for a while longer, and then make a gradual comeback as overseas economies improve. The US and the EU economies are showing a firm undertone and should provide underlying support for exports. However, industrial sectors the world over are suffering from stagnant raw materials prices and excess production capacity. Overseas shipments of electronic parts and devices for smartphones are expected to continue to be sluggish. Considering this fact, the expected shift back into a growth trend for exports of goods will likely not come until after summer. In addition, the export of services, which had been favorable up to now, will be effected by the following factors: (1) The Chinese government has increased customs duty on goods purchased in foreign countries, causing fears that the “explosive buying” trend by Chinese tourists will likely take a rest, and (2) The number of tourists visiting Japan may decrease due to the recent Kumamoto earthquake. Looking at the current situation by region, we see that a firm undertone continues in US economic expansion centering on the household sector, bringing expectations for a recovery in Japanese exports centering on durables. As for the EU, the economy is expected to move gradually toward a comeback due to the effects of the collapse of crude oil prices and additional monetary easing on the part of the ECB. Exports to the EU are expected to gradually recover to a growth trend. As for the Asian economy, electronic parts and devices for smartphones as mentioned above, as well as iron & steel and materials are expected to be a drag on performance due to China’s excess production capacity. Asian exports are expected to continue on the weak side. As for China, whose economic slowdown continues, monetary easing and promotion of automobile sales are helping to lift the real economy, and the effects are beginning to show up in personal consumption and the service sector. There is a good possibility that further declines in consumption can be avoided in the area of consumer goods.

- **Challenges in jumpstarting stagnant personal consumption:** It would not be an exaggeration to claim that the most important challenge currently facing Japan’s economy is to get personal consumption back on the road to recovery from its recently stagnant condition. In this report we consider possible prescriptions for the revitalization of personal consumption, looking at consumers by age group and income after first examining trends in personal consumption since the introduction of Abenomics. Quantitative results provide fundamental support for the implementation of income support policies directed toward the young and persons with low-income, who did not contribute to the upsurge in personal consumption after the introduction of Abenomics. However, in order to encourage consumer spending amongst younger people in the mid to long-term, it is essential that improvements be made in the employment and income environment through various means, including a reform of the labor market.
- **What will happen if the planned consumption tax increase is further delayed?:** Prime Minister Abe announced on June 1<sup>st</sup> that the increase in consumption tax would be postponed. In order to evaluate this important policy change, we used the DIR macro model to perform a quantitative assessment of the short-term effects increasing the consumption tax would have on the economy and the mid to long-term effects it may have on Japan’s fiscal situation. Based on this assessment, the argument that the tax hike should be delayed as a means of promoting economic growth and carrying out fiscal reform is not very convincing. Although a certain amount of attention must be given to short-term economic trends, we believe that it



would have been best to go ahead with the consumption tax hike as planned, in concert with the formulation of economic measures, as a means of providing a foundation for sustainable economic growth through fiscal reform.

- **Three barriers to the effectiveness of the BOJ's negative interest-rate policy:** The BOJ made the decision to introduce a negative interest rate in January, but this has yet to produce the desired effect on Japan's economy – that of triggering a virtuous circle scenario. The reason is that there are three barriers to the effectiveness of the BOJ's policy. These are (1) turmoil in the global financial markets, (2) weak corporate capex, and (3) worsening of household consumer confidence. As for barrier (1), it would be difficult for the BOJ or the Japanese government to single-handedly cause global market volatility to subside. On the other hand, it can do something about (2) and (3) by responding with appropriate policies. By implementing a sound growth strategy and thereby increasing Japan's anticipated growth rate, improvement of corporate business sentiment can be expected, along with a subsequent increase in capex spending. Meanwhile, by building a sustainable social security system, the government can remove the sense of uncertainty on the part of households regarding the future, and by doing so can also revitalize personal consumption.
- **Risk factors facing Japan's economy:** Risk factors for the Japanese economy are: (1) The downward swing of China's economy, (2) Tumult in the economies of emerging nations in response to the US exit strategy, (3) A strong yen / weak stock market situation brought on by risk-off behavior of investors due to geopolitical risk, and (4) The threat of UK exiting the EU (*Brexit*), and uncertainty regarding Greece. Our outlook for China's economy is optimistic in the short-term and pessimistic in the mid to long-term. Looking at China's economic situation in a somewhat reductive way, the fact is that China's government holds treasury funds totaling between 600 to 800 tril yen with which it is standing up to over 1,000 tril yen in excessive lending and over 400 tril yen in excess capital stock. China is expected to be able to avoid the bottom falling out of its economy for a little while, but in the mid to long-term, there is risk of a massive capital stock adjustment.
- **BOJ's monetary policy:** We expect additional monetary easing measures by the BOJ to be initiated in July 2016 due to fears of an economic downturn.

### Our assumptions

Public works spending is expected to increase by +1.0% in FY16, and then decrease by -5.4% in FY17. The additional consumption tax hike originally planned for April 2017 has been postponed.

Average exchange rate of Y107.0/\$ in FY16, and Y107.0/\$ in FY17.

US real GDP growth of +1.9% in CY16, and +2.3% in CY17.

## Main Economic Indicators and Real GDP Components

	FY15	FY16 (Estimate)	FY17 (Estimate)	CY15	CY16 (Estimate)	CY17 (Estimate)
<b>Main economic indicators</b>						
Nominal GDP (y/y %)	2.2	1.4	1.1	2.5	1.3	1.2
Real GDP (chained [2005]; y/y %)	0.8	0.7	0.7	0.5	0.6	0.7
Domestic demand (contribution, % pt)	0.7	0.5	0.5	0.1	0.3	0.7
Foreign demand (contribution, % pt)	0.1	0.2	0.2	0.4	0.2	0.1
GDP deflator (y/y %)	1.4	0.6	0.5	2.0	0.7	0.5
Index of All-industry Activity (y/y %)*	0.7	0.3	1.2	0.4	0.1	1.0
Index of Industrial Production (y/y %)	-1.4	0.0	2.0	-1.2	-1.2	1.8
Index of Tertiary Industry Activity (y/y %)	1.3	0.4	1.0	0.9	0.4	0.8
Corporate Goods Price Index (y/y %)	-3.2	-1.1	1.1	-2.3	-2.3	1.1
Consumer Price Index (excl. fresh food; y/y %)	-0.0	0.1	0.9	0.5	-0.1	0.9
Unemployment rate (%)	3.3	3.2	3.1	3.4	3.2	3.1
Government bond yield (10 year; %)	0.26	-0.10	-0.10	0.35	-0.08	-0.10
Money stock; M2 (end-period; y/y %)	3.6	4.0	4.1	3.7	3.8	4.1
Balance of payments						
Trade balance (Y tril)	0.6	3.8	4.8	-0.6	3.7	4.4
Current balance (\$100 mil)	1,478	1,937	2,150	1,356	1,865	2,085
Current balance (Y tril)	17.7	20.7	23.0	16.4	20.3	22.3
(% of nominal GDP)	3.5	4.1	4.5	3.3	4.0	4.4
<b>Real GDP components</b> (Chained [2005]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	-0.2 (-0.1)	0.2 (0.1)	0.4 (0.3)	-1.2 (-0.7)	0.0 (0.0)	0.4 (0.2)
Private housing investment	2.4 (0.1)	-0.2 (-0.0)	0.4 (0.0)	-2.5 (-0.1)	0.1 (0.0)	0.5 (0.0)
Private fixed investment	2.0 (0.3)	0.9 (0.1)	1.1 (0.2)	1.5 (0.2)	0.8 (0.1)	1.0 (0.1)
Government final consumption	1.5 (0.3)	1.6 (0.3)	1.5 (0.3)	1.2 (0.2)	1.8 (0.4)	1.4 (0.3)
Public fixed investment	-2.7 (-0.1)	0.8 (0.0)	-5.8 (-0.2)	-2.5 (-0.1)	-1.7 (-0.1)	-2.6 (-0.1)
Exports of goods and services	0.4 (0.1)	2.0 (0.4)	3.8 (0.7)	2.8 (0.5)	0.7 (0.1)	3.3 (0.6)
Imports of goods and services	-0.1 (-0.0)	0.7 (-0.1)	3.2 (-0.5)	0.3 (-0.1)	-0.5 (0.1)	3.0 (-0.5)
<b>Major assumptions:</b>						
<b>1. World economy</b>						
Economic growth of major trading partners	2.9	2.8	3.1	3.1	2.8	3.0
Crude oil price (WTI futures; \$/bbl)	45.0	50.0	50.0	48.8	45.9	50.0
<b>2. US economy</b>						
US real GDP (chained [2009]; y/y %)	2.2	2.0	2.3	2.4	1.9	2.3
US Consumer Price Index (y/y %)	0.4	1.5	2.1	0.1	1.2	2.1
<b>3. Japanese economy</b>						
Nominal public fixed investment (y/y %)	-2.6	1.0	-5.4	-1.6	-1.9	-2.0
Exchange rate (Y/\$)	120.1	107.0	107.0	121.0	109.1	107.0
(Y/€)	132.5	122.0	122.0	133.7	123.5	122.0

Source: Compiled by DIR.

Note: Due to rounding, actual figures may differ from those released by the government.

\* Excl. agriculture, forestry, and fisheries.

Estimate: DIR estimate.

## Comparison with Previous Outlook

	Current outlook (Outlook 189 update)		Previous outlook (Outlook189)		Difference between previous and current outlooks	
	FY16	FY17	FY16	FY17	FY16	FY17
<b>Main economic indicators</b>						
Nominal GDP (y/y %)	1.4	1.1	1.4	1.1	-0.0	0.0
Real GDP (chained [2005]; y/y %)	0.7	0.7	0.8	-0.1	-0.1	0.7
Domestic demand (contribution, % pt)	0.5	0.5	0.7	-0.6	-0.2	1.1
Foreign demand (contribution, % pt)	0.2	0.2	0.2	0.5	0.1	-0.3
GDP deflator (y/y %)	0.6	0.5	0.6	1.2	0.1	-0.7
Index of All-industry Activity (y/y %)*	0.3	1.2	0.6	-0.2	-0.3	1.4
Index of Industrial Production (y/y %)	0.0	2.0	0.2	-0.4	-0.2	2.4
Index of Tertiary Industry Activity (y/y %)	0.4	1.0	0.8	-0.1	-0.4	1.1
Corporate Goods Price Index (y/y %)	-1.1	1.1	-1.1	2.8	0.0	-1.7
Consumer Price Index (excl. fresh food; y/y %)	0.1	0.9	0.2	1.9	-0.0	-1.0
Unemployment rate (%)	3.2	3.1	3.2	3.1	0.0	0.0
Government bond yield (10 year; %)	-0.10	-0.10	-0.10	-0.10	0.00	0.00
Money stock; M2 (end-period; y/y %)	4.0	4.1	4.0	4.1	0.0	0.0
Balance of payments						
Trade balance (Y tril)	3.8	4.8	3.4	5.9	0.4	-1.1
Current balance (\$100 mil)	1,937	2,150	1,854	2,241	83	-91
Current balance (Y tril)	20.7	23.0	20.2	24.4	0.5	-1.4
(% of nominal GDP)	4.1	4.5	4.0	4.8	0.1	-0.3
<b>Real GDP components (chained [2005]; y/y %)</b>						
Private final consumption	0.2	0.4	0.6	-1.4	-0.4	1.9
Private housing investment	-0.2	0.4	2.2	-4.8	-2.4	5.2
Private fixed investment	0.9	1.1	1.4	0.4	-0.5	0.7
Government final consumption	1.6	1.5	1.5	1.5	0.0	-0.0
Public fixed investment	0.8	-5.8	0.3	-6.0	0.6	0.2
Exports of goods and services	2.0	3.8	2.0	3.8	-0.0	0.0
Imports of goods and services	0.7	3.2	1.3	1.0	-0.6	2.2
<b>Major assumptions:</b>						
1. World economy						
Economic growth of major trading partners	2.8	3.1	2.8	3.1	-0.0	0.0
Crude oil price (WTI futures; \$/bbl)	50.0	50.0	45.0	45.0	5.0	5.0
2. US economy						
US real GDP (chained [2009]; y/y %)	2.0	2.3	1.9	2.3	0.0	0.0
US Consumer Price Index (y/y %)	1.5	2.1	1.5	2.1	0.0	0.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	1.0	-5.4	0.5	-5.4	0.5	-0.0
Exchange rate (Y/\$)	107.0	107.0	109.0	109.0	-2.0	-2.0
(Y/€)	122.0	122.0	124.5	125.0	-2.5	-3.0

Source: Compiled by DIR.

Notes:1) Due to rounding, differences do not necessarily conform to calculations based on figures shown.

2) Current outlook assumes that the additional consumption tax hike originally planned for April 2017 has been postponed.

\* Excl. agriculture, forestry, and fisheries.



## Quarterly Forecast Tables

## 1.1 Selected Economic Indicators

	2014			2015			2016			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2014	2015	2014	2015	
Nominal GDP (SAAR; Y tril)	487.1	483.8	488.7	498.3	497.4	501.1	500.2	503.2	489.6	500.4	486.9	499.2	
Q/q %	-0.1	-0.7	1.0	2.0	-0.2	0.8	-0.2	0.6					
Q/q %, SAAR	-0.4	-2.6	4.1	8.1	-0.7	3.0	-0.7	2.4					
Y/y %	1.9	0.5	1.3	2.2	2.2	3.6	2.2	0.9	1.5	2.2	1.6	2.5	
Real GDP (chained [2005]; SAAR; Y tril)	524.2	520.7	523.4	530.1	527.9	530.1	527.8	530.2	524.8	529.0	526.1	529.0	
Q/q %	-2.0	-0.7	0.5	1.3	-0.4	0.4	-0.4	0.5					
Q/q %, SAAR	-7.9	-2.7	2.1	5.2	-1.7	1.7	-1.8	1.9					
Y/y %	-0.3	-1.5	-1.0	-1.0	0.7	1.8	0.7	0.1	-0.9	0.8	-0.0	0.5	
Contribution to GDP growth (% pt)													
Domestic demand	-2.9	-0.7	0.2	1.2	-0.1	0.3	-0.5	0.3	-1.6	0.7	0.0	0.1	
Foreign demand	0.9	0.1	0.4	0.1	-0.4	0.1	0.1	0.2	0.6	0.1	0.0	0.4	
GDP deflator (y/y %)	2.2	2.0	2.3	3.2	1.4	1.8	1.5	0.9	2.4	1.4	1.7	2.0	
Index of All-Industry Activity (2010=100)	101.1	101.1	101.7	102.6	102.5	102.5	102.3	102.2	101.7	102.4	102.0	102.5	
Q/q %; y/y %	-2.8	0.0	0.6	0.9	-0.1	0.0	-0.2	-0.0	-1.1	0.7	0.1	0.4	
Index of Industrial Production (2010=100)	98.8	97.4	98.2	99.3	98.0	97.0	97.1	96.1	98.4	97.0	99.0	97.8	
Q/q %; y/y %	-3.1	-1.3	0.8	1.1	-1.3	-1.0	0.0	-1.0	-0.5	-1.4	2.1	-1.2	
Index of Tertiary Industry Activity (2005=100)	101.2	101.7	102.2	103.1	103.3	103.4	103.3	103.4	102.1	103.4	102.3	103.2	
Q/q %; y/y %	-2.8	0.5	0.6	0.8	0.2	0.1	-0.1	0.1	-1.1	1.3	-0.4	0.9	
Corporate Goods Price Index components (2010=100)													
Domestic Company Goods Price Index	106.0	106.5	105.1	103.3	103.7	102.6	101.2	99.8	105.2	101.8	105.1	102.7	
Y/y %	4.4	4.0	2.4	0.5	-2.2	-3.6	-3.7	-3.5	2.8	-3.2	3.2	-2.3	
CPI (excl. fresh food; 2010=100)	103.3	103.5	103.4	102.7	103.4	103.4	103.4	102.6	103.2	103.2	102.7	103.2	
Y/y %	3.3	3.2	2.7	2.1	0.1	-0.1	0.0	-0.1	2.8	-0.0	2.6	0.5	
Unemployment rate (%)	3.6	3.6	3.5	3.5	3.4	3.4	3.3	3.2	3.5	3.3	3.6	3.4	
Government bond yield (10 year; %)	0.59	0.52	0.40	0.34	0.40	0.38	0.29	-0.01	0.46	0.26	0.53	0.35	
Money stock; M2 (y/y %)	3.2	3.0	3.5	3.5	3.9	4.0	3.4	3.2	3.3	3.6	3.4	3.7	
Trade balance (SAAR; Y tril)	-9.4	-9.8	-6.2	-0.7	-1.6	-1.5	1.4	3.9	-6.6	0.6	-10.5	-0.6	
Current balance (SAAR; \$100 mil)	430	437	1,025	1,193	1,316	1,304	1,581	1,711	794	1,478	367	1,356	
Current balance (SAAR; Y tril)	4.4	4.5	11.7	14.2	16.0	15.9	19.2	19.8	8.7	17.7	3.9	16.4	
(% of nominal GDP)	0.9	0.9	2.4	2.8	3.2	3.2	3.8	3.9	1.8	3.5	0.8	3.3	
Exchange rate (Y/\$)	102.1	103.9	114.5	119.1	121.4	122.2	121.5	115.4	109.9	120.1	105.8	121.0	
(Y/Euro)	139.5	137.8	143.8	132.6	135.0	135.6	131.5	128.0	138.4	132.5	140.3	133.7	

Source: Compiled by DIR.

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

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

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

## 1.2 Selected Economic Indicators

	2016			2017			2018			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2016 (E)	2017 (E)	2016 (E)	2017 (E)
Nominal GDP (SAAR; Y tril)	504.3	506.2	508.6	510.2	511.4	512.3	513.6	515.4		507.3	513.1	505.6	511.8
Q/q %	0.2	0.4	0.5	0.3	0.2	0.2	0.3	0.4					
Q/q %, SAAR	0.8	1.5	1.9	1.2	0.9	0.7	1.0	1.4					
Y/y %	1.4	1.0	1.8	1.4	1.4	1.2	0.9	1.0		1.4	1.1	1.3	1.2
Real GDP (chained [2005]; SAAR; Y tril)	530.7	532.2	533.9	534.7	535.2	535.9	536.8	538.2		533.0	536.6	531.9	535.7
Q/q %	0.1	0.3	0.3	0.1	0.1	0.1	0.2	0.3					
Q/q %, SAAR	0.4	1.1	1.3	0.6	0.4	0.5	0.7	1.0					
Y/y %	0.5	0.4	1.2	0.8	0.8	0.7	0.5	0.7		0.7	0.7	0.6	0.7
Contribution to GDP growth (% pt)													
Domestic demand	0.1	0.2	0.3	0.1	0.1	0.1	0.1	0.2		0.5	0.5	0.3	0.7
Foreign demand	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1		0.2	0.2	0.2	0.1
GDP deflator (y/y %)	0.8	0.6	0.5	0.6	0.6	0.5	0.4	0.3		0.6	0.5	0.7	0.5
Index of All-Industry Activity (2010=100)	102.6	102.6	102.8	102.9	103.3	103.8	104.2	104.6		102.7	104.0	102.5	103.5
Q/q %; y/y %	0.3	0.0	0.1	0.2	0.3	0.5	0.4	0.4		0.3	1.2	0.1	1.0
Index of Industrial Production (2010=100)	96.8	96.7	97.2	97.6	98.0	98.7	99.3	100.1		97.1	99.0	96.7	98.4
Q/q %; y/y %	0.8	-0.2	0.5	0.4	0.4	0.7	0.6	0.8		0.0	2.0	-1.2	1.8
Index of Tertiary Industry Activity (2005=100)	103.6	103.7	103.8	103.9	104.2	104.7	105.0	105.4		103.8	104.9	103.6	104.4
Q/q %; y/y %	0.2	0.1	0.0	0.1	0.3	0.4	0.4	0.3		0.4	1.0	0.4	0.8
Corporate Goods Price Index components (2010=100)													
Domestic Company Goods Price Index	100.2	100.6	100.8	101.0	101.5	101.6	101.8	102.2		100.7	101.8	100.3	101.5
Y/y %	-3.4	-2.0	-0.4	1.3	1.3	1.0	1.0	1.1		-1.1	1.1	-2.3	1.1
CPI (excl. fresh food; 2010=100)	103.0	103.3	103.7	103.3	103.9	104.3	104.6	104.2		103.3	104.3	103.1	104.0
Y/y %	-0.3	-0.1	0.2	0.7	0.9	0.9	0.9	0.9		0.1	0.9	-0.1	0.9
Unemployment rate (%)	3.2	3.2	3.2	3.1	3.1	3.1	3.1	3.1		3.2	3.1	3.2	3.1
Government bond yield (10 year; %)	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10		-0.10	-0.10	-0.08	-0.10
Money stock; M2 (y/y %)	3.8	3.9	4.2	4.1	4.1	4.1	4.1	4.1		4.0	4.1	3.8	4.1
Trade balance (SAAR; Y tril)	3.6	3.5	3.9	4.0	4.2	4.5	5.0	5.3		3.8	4.8	3.7	4.4
Current balance (SAAR; \$100 mil)	1,888	1,904	1,959	1,997	2,053	2,104	2,188	2,254		1,937	2,150	1,865	2,085
Current balance (SAAR; Y tril)	20.2	20.4	21.0	21.4	22.0	22.5	23.4	24.1		20.7	23.0	20.3	22.3
(% of nominal GDP)	4.0	4.0	4.1	4.2	4.3	4.4	4.6	4.7		4.1	4.5	4.0	4.4
Exchange rate (Y/\$)	107.0	107.0	107.0	107.0	107.0	107.0	107.0	107.0		107.0	107.0	109.1	107.0
(Y/Euro)	122.0	122.0	122.0	122.0	122.0	122.0	122.0	122.0		122.0	122.0	123.5	122.0

Source: Compiled by DIR.

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

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

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

E: DIR estimate.

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

	2014			2015			2016			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		2014	2015	2014	2015
Gross domestic expenditure	524.2	520.7	523.4	530.1	527.9	530.1	527.8	530.2		524.8	529.0	526.1	529.0
Q/q %, SAAR	-7.9	-2.7	2.1	5.2	-1.7	1.7	-1.8	1.9					
Y/y %	-0.3	-1.5	-1.0	-1.0	0.7	1.8	0.7	0.1		-0.9	0.8	-0.0	0.5
Domestic demand	515.9	512.5	513.5	519.2	518.6	520.2	517.6	519.2		515.4	518.9	518.5	518.9
Q/q %, SAAR	-11.1	-2.6	0.8	4.5	-0.5	1.3	-1.9	1.2					
Y/y %	-0.3	-1.7	-1.9	-2.3	0.5	1.5	0.7	-0.0		-1.6	0.7	-0.0	0.1
Private demand	392.3	388.4	389.0	394.9	393.3	395.3	392.8	393.7		391.3	393.8	394.3	394.1
Q/q %, SAAR	-13.5	-4.0	0.7	6.2	-1.6	2.0	-2.5	0.9					
Y/y %	-0.3	-2.1	-2.4	-3.0	0.3	1.7	0.8	-0.3		-2.0	0.6	-0.1	-0.1
Final consumption	306.0	306.1	307.9	308.4	306.0	307.5	305.0	306.9		307.2	306.4	310.5	306.7
Q/q %, SAAR	-18.2	0.1	2.4	0.8	-3.1	1.9	-3.2	2.6					
Y/y %	-2.5	-2.7	-2.1	-4.1	0.1	0.4	-1.0	-0.4		-2.9	-0.2	-0.9	-1.2
Residential investment	13.8	12.9	12.8	13.1	13.4	13.6	13.5	13.4		13.1	13.5	13.7	13.4
Q/q %, SAAR	-36.4	-25.5	-1.0	8.7	9.0	6.8	-4.1	-2.9					
Y/y %	-2.1	-12.5	-15.5	-15.4	-3.2	5.9	4.8	2.1		-11.7	2.4	-5.3	-2.5
Non-residential investment	70.3	70.0	70.0	72.2	71.4	71.9	72.8	72.4		70.7	72.2	71.0	72.1
Q/q %, SAAR	-15.8	-1.8	-0.2	13.5	-4.6	3.2	5.2	-2.6					
Y/y %	1.5	0.6	-0.1	-1.3	1.3	2.6	4.1	0.4		0.1	2.0	3.1	1.5
Change in inventories	2.2	-0.6	-1.6	1.1	2.5	2.3	1.5	1.0		0.3	1.8	-0.9	1.9
Public demand	123.5	124.1	124.5	124.3	125.3	124.9	124.9	125.5		124.2	125.1	124.3	124.8
Q/q %, SAAR	-2.8	1.9	1.1	-0.5	3.2	-1.1	-0.2	2.1					
Y/y %	-0.2	-0.4	-0.3	-0.3	1.3	0.7	0.2	0.7		-0.3	0.7	0.2	0.5
Government final consumption	101.9	102.1	102.4	102.7	103.2	103.3	104.1	104.8		102.3	103.9	102.2	103.3
Q/q %, SAAR	-0.9	1.0	1.1	1.1	1.8	0.7	2.9	3.0					
Y/y %	-0.3	-0.2	0.3	0.6	1.3	1.2	1.6	2.0		0.1	1.5	0.1	1.2
Fixed investment	21.6	21.9	22.0	21.5	22.2	21.6	20.8	20.7		21.8	21.2	22.1	21.5
Q/q %, SAAR	-11.0	3.9	3.5	-8.7	11.7	-9.4	-13.8	-2.9					
Y/y %	-0.1	-2.6	-2.5	-4.1	2.1	-0.7	-5.2	-4.7		-2.6	-2.7	0.4	-2.5
Change in inventories	0.0	0.1	0.0	0.1	-0.0	-0.0	-0.0	0.0		0.1	-0.0	0.0	0.0
Net exports of goods and services	9.6	10.2	12.3	13.2	10.7	11.7	11.9	12.7		11.3	11.7	9.6	11.9
Exports of goods and services	88.7	90.0	93.0	95.1	90.5	92.9	92.1	92.7		91.7	92.0	90.1	92.6
Q/q %, SAAR	0.0	6.1	14.2	8.9	-17.8	10.8	-3.1	2.4					
Y/y %	5.5	7.5	11.2	7.3	1.9	3.1	-0.9	-2.5		7.9	0.4	8.3	2.8
Imports of goods and services	79.0	79.8	80.7	81.9	79.8	81.1	80.3	79.9		80.4	80.3	80.5	80.8
Q/q %, SAAR	-16.0	4.0	4.6	5.9	-9.8	6.9	-4.3	-1.6					
Y/y %	5.9	5.1	3.6	-0.6	0.8	1.5	-0.5	-2.3		3.4	-0.1	7.2	0.3

Source: Compiled by DIR.

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

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

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

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

	2016			2017			2018			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2016 (E)	2017 (E)	2016 (E)	2017 (E)
Gross domestic expenditure	530.7	532.2	533.9	534.7	535.2	535.9	536.8	538.2		533.0	536.6	531.9	535.7
Q/q %, SAAR	0.4	1.1	1.3	0.6	0.4	0.5	0.7	1.0					
Y/y %	0.5	0.4	1.2	0.8	0.8	0.7	0.5	0.7		0.7	0.7	0.6	0.7
Domestic demand	519.6	520.9	522.4	523.1	523.6	524.0	524.3	525.2		521.7	524.3	520.6	523.8
Q/q %, SAAR	0.3	1.0	1.2	0.5	0.3	0.3	0.3	0.7					
Y/y %	0.2	0.1	1.0	0.8	0.8	0.6	0.3	0.4		0.5	0.5	0.3	0.6
Private demand	393.8	394.4	395.0	395.7	396.3	396.8	397.2	397.6		394.8	397.0	394.3	396.5
Q/q %, SAAR	0.2	0.6	0.7	0.7	0.7	0.4	0.5	0.4					
Y/y %	0.1	-0.2	0.6	0.5	0.6	0.6	0.5	0.5		0.3	0.6	0.1	0.6
Final consumption	306.3	306.6	307.0	307.5	307.9	308.1	308.4	308.5		306.9	308.3	306.8	308.0
Q/q %, SAAR	-0.8	0.4	0.5	0.6	0.5	0.3	0.4	0.2					
Y/y %	0.1	-0.2	0.7	0.1	0.5	0.5	0.4	0.4		0.2	0.4	0.0	0.4
Residential investment	13.4	13.4	13.4	13.5	13.5	13.5	13.5	13.5		13.4	13.5	13.4	13.5
Q/q %, SAAR	0.8	1.0	0.5	0.7	0.2	0.2	0.6	0.5					
Y/y %	0.0	-1.4	-0.1	0.7	0.6	0.4	0.4	0.4		-0.2	0.4	0.1	0.5
Non-residential investment	72.4	72.6	72.9	73.1	73.3	73.5	73.7	73.9		72.8	73.6	72.6	73.4
Q/q %, SAAR	0.4	1.1	1.4	1.0	1.3	1.0	1.0	1.0					
Y/y %	1.6	1.0	0.1	0.9	1.2	1.2	1.1	1.2		0.9	1.1	0.8	1.0
Change in inventories	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7		1.6	1.6	1.4	1.6
Public demand	125.8	126.5	127.4	127.5	127.2	127.2	127.1	127.6		126.9	127.3	126.3	127.3
Q/q %, SAAR	0.9	2.4	2.7	0.2	-0.7	-0.1	-0.4	1.8					
Y/y %	0.7	1.3	2.1	1.7	1.2	0.6	-0.5	-0.1		1.5	0.3	1.2	0.7
Government final consumption	104.9	105.2	105.6	106.0	106.4	107.0	107.1	107.7		105.5	107.1	105.2	106.7
Q/q %, SAAR	0.4	1.2	1.5	1.4	1.6	2.1	0.4	2.4					
Y/y %	1.7	1.9	1.5	1.1	1.4	1.7	1.4	1.6		1.6	1.5	1.8	1.4
Fixed investment	20.9	21.3	21.7	21.4	20.8	20.2	19.9	19.9		21.4	20.1	21.1	20.6
Q/q %, SAAR	3.5	8.6	8.9	-5.7	-11.5	-10.8	-5.0	-1.5					
Y/y %	-5.7	-1.7	4.3	4.0	-0.4	-5.0	-8.2	-7.5		0.8	-5.8	-1.7	-2.6
Change in inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Net exports of goods and services	12.8	13.0	13.1	13.2	13.3	13.6	14.2	14.6		13.0	13.9	12.9	13.6
Exports of goods and services	92.6	93.4	94.4	95.1	95.9	96.6	97.9	99.3		93.9	97.4	93.3	96.4
Q/q %, SAAR	-0.4	3.8	4.1	3.2	3.0	3.2	5.3	6.1					
Y/y %	2.4	0.7	2.4	2.7	3.5	3.4	3.7	4.4		2.0	3.8	0.7	3.3
Imports of goods and services	79.8	80.5	81.3	81.9	82.5	83.1	83.7	84.7		80.9	83.5	80.4	82.8
Q/q %, SAAR	-0.8	3.6	3.9	3.4	2.8	2.6	3.2	4.9					
Y/y %	0.0	-0.7	1.2	2.4	3.4	3.1	3.1	3.4		0.7	3.2	-0.5	3.0

Source: Compiled by DIR.

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

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

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

E: DIR estimate.

### 3.1 Nominal Gross Domestic Expenditure (¥ tril)

	2014			2015			2016			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		2014	2015	2014	2015
Gross domestic expenditure	487.1	483.8	488.7	498.3	497.4	501.1	500.2	503.2		489.6	500.4	486.9	499.2
Q/q %, SAAR	-0.4	-2.6	4.1	8.1	-0.7	3.0	-0.7	2.4					
Y/y %	1.9	0.5	1.3	2.2	2.2	3.6	2.2	0.9		1.5	2.2	1.6	2.5
Domestic demand	501.4	498.2	499.7	504.2	503.9	505.5	503.0	502.2		501.0	503.5	502.1	504.1
Q/q %, SAAR	-5.4	-2.6	1.2	3.7	-0.3	1.3	-1.9	-0.6					
Y/y %	2.4	0.6	0.1	-0.9	0.5	1.5	0.5	-0.5		0.5	0.5	1.9	0.4
Private demand	377.6	373.4	374.5	379.1	378.3	380.2	377.8	376.7		376.2	378.2	377.8	378.8
Q/q %, SAAR	-7.7	-4.3	1.2	5.0	-0.9	2.0	-2.5	-1.1					
Y/y %	2.4	0.2	-0.6	-1.6	0.3	1.8	0.7	-0.6		0.1	0.5	1.8	0.3
Final consumption	292.2	292.6	294.2	293.6	291.7	293.4	291.0	291.1		293.2	291.8	295.4	292.4
Q/q %, SAAR	-12.7	0.6	2.2	-0.8	-2.6	2.3	-3.2	0.2					
Y/y %	0.2	-0.3	-0.2	-2.9	-0.1	0.2	-1.1	-0.8		-0.8	-0.5	1.1	-1.0
Residential investment	15.2	14.1	14.1	14.4	14.7	14.9	14.8	14.6		14.4	14.8	15.0	14.7
Q/q %, SAAR	-28.7	-26.4	-1.0	10.3	7.9	6.5	-3.4	-5.2					
Y/y %	2.7	-9.0	-13.1	-13.0	-3.4	5.9	5.0	1.3		-8.5	2.2	-2.0	-1.7
Non-residential investment	67.6	67.5	67.8	70.1	69.5	70.0	70.8	69.9		68.4	70.1	68.4	70.1
Q/q %, SAAR	-14.0	-0.6	1.4	14.8	-3.9	3.4	4.4	-4.7					
Y/y %	3.0	2.0	1.5	0.1	2.5	3.6	4.4	-0.1		1.5	2.5	4.5	2.5
Change in inventories	2.5	-0.9	-1.6	0.9	2.4	1.9	1.2	1.0		0.2	1.6	-1.0	1.6
Public demand	123.8	124.8	125.1	125.1	125.6	125.3	125.2	125.5		124.7	125.3	124.3	125.3
Q/q %, SAAR	2.0	3.0	1.3	-0.2	1.6	-1.0	-0.2	0.9					
Y/y %	2.1	2.1	2.1	1.3	1.3	0.5	0.0	0.0		1.9	0.4	2.2	0.7
Government final consumption	100.4	100.8	101.2	101.4	101.5	101.8	102.5	103.1		101.0	102.2	100.5	101.8
Q/q %, SAAR	4.2	1.7	1.5	1.0	0.1	1.3	3.0	2.1					
Y/y %	1.9	1.9	2.7	2.1	1.1	0.9	1.4	1.7		2.2	1.2	1.8	1.4
Fixed investment	23.4	23.7	23.9	23.5	24.1	23.5	22.7	22.4		23.7	23.0	23.8	23.4
Q/q %, SAAR	-6.3	6.3	3.2	-6.5	9.9	-9.5	-13.6	-4.1					
Y/y %	3.8	1.2	0.1	-1.9	2.8	-0.5	-5.0	-5.5		0.4	-2.6	3.4	-1.6
Change in inventories	0.1	0.2	0.0	0.1	0.0	-0.0	0.0	0.0		0.1	0.0	0.1	0.0
Net exports of goods and services	-14.3	-14.3	-11.0	-5.9	-6.5	-4.3	-2.8	1.0		-11.4	-3.1	-15.2	-4.9
Exports of goods and services	83.6	86.1	91.7	92.0	88.1	90.1	87.0	84.3		88.4	87.4	86.4	89.3
Q/q %, SAAR	-1.1	12.1	28.7	1.5	-15.8	9.0	-12.9	-12.0					
Y/y %	6.6	9.6	16.3	9.5	5.1	4.8	-4.9	-8.6		10.5	-1.2	11.4	3.4
Imports of goods and services	98.0	100.4	102.7	97.9	94.6	94.4	89.8	83.3		99.8	90.5	101.6	94.2
Q/q %, SAAR	-23.6	10.3	9.3	-17.4	-12.7	-0.9	-18.2	-25.9					
Y/y %	8.7	8.8	7.0	-7.0	-3.8	-5.8	-12.2	-15.2		4.0	-9.3	11.4	-7.3

Source: Compiled by DIR.

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

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



## 3.2 Nominal Gross Domestic Expenditure (¥ tril)

	2016			2017			2018			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2016 (E)	2017 (E)	2016 (E)	2017 (E)
Gross domestic expenditure	504.3	506.2	508.6	510.2	511.4	512.3	513.6	515.4		507.3	513.1	505.6	511.8
Q/q %, SAAR	0.8	1.5	1.9	1.2	0.9	0.7	1.0	1.4					
Y/y %	1.4	1.0	1.8	1.4	1.4	1.2	0.9	1.0		1.4	1.1	1.3	1.2
Domestic demand	503.4	505.4	507.6	509.0	510.0	510.7	511.4	512.9		506.4	511.2	504.7	510.3
Q/q %, SAAR	0.9	1.6	1.8	1.1	0.8	0.6	0.6	1.1					
Y/y %	-0.0	-0.0	1.0	1.4	1.3	1.0	0.7	0.7		0.6	0.9	0.1	1.1
Private demand	377.5	378.5	379.7	380.9	382.0	382.8	383.5	384.3		379.2	383.2	378.1	382.3
Q/q %, SAAR	0.8	1.1	1.3	1.3	1.2	0.7	0.8	0.8					
Y/y %	-0.3	-0.4	0.5	1.2	1.2	1.1	1.0	1.0		0.3	1.1	-0.2	1.1
Final consumption	290.9	291.4	292.1	292.8	293.5	293.9	294.3	294.6		291.8	294.1	291.4	293.6
Q/q %, SAAR	-0.4	0.8	0.9	1.0	0.9	0.5	0.6	0.4					
Y/y %	-0.3	-0.6	0.4	0.6	0.9	0.8	0.7	0.6		-0.0	0.8	-0.3	0.8
Residential investment	14.7	14.8	14.8	14.9	14.9	14.9	15.0	15.0		14.8	14.9	14.7	14.9
Q/q %, SAAR	1.9	2.1	1.7	1.8	1.2	0.2	0.5	1.3					
Y/y %	-0.2	-1.2	0.2	1.9	1.7	1.2	0.9	0.8		0.1	1.2	-0.0	1.4
Non-residential investment	70.2	70.6	71.0	71.5	71.9	72.2	72.5	73.0		70.9	72.5	70.5	72.0
Q/q %, SAAR	1.4	2.2	2.8	2.5	2.2	1.8	2.0	2.4					
Y/y %	1.1	0.8	0.4	2.1	2.4	2.3	2.1	2.1		1.1	2.2	0.5	2.2
Change in inventories	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8		1.7	1.7	1.5	1.7
Public demand	125.9	126.8	127.9	128.1	127.9	127.9	127.9	128.5		127.2	128.0	126.6	128.0
Q/q %, SAAR	1.3	3.0	3.4	0.5	-0.5	0.0	-0.2	2.1					
Y/y %	0.7	1.2	2.2	2.2	1.7	0.9	-0.1	0.1		1.6	0.6	1.0	1.1
Government final consumption	103.3	103.7	104.2	104.7	105.2	105.8	106.1	106.8		104.0	106.0	103.6	105.4
Q/q %, SAAR	0.8	1.6	1.9	1.8	2.0	2.5	0.8	2.8					
Y/y %	1.8	1.9	1.6	1.5	1.8	2.1	1.8	2.1		1.7	1.9	1.7	1.8
Fixed investment	22.6	23.1	23.7	23.4	22.7	22.1	21.8	21.7		23.3	22.0	23.0	22.5
Q/q %, SAAR	3.5	9.5	10.2	-5.0	-11.1	-10.8	-5.0	-1.5					
Y/y %	-6.0	-1.8	4.5	4.8	0.4	-4.4	-7.9	-7.4		1.0	-5.4	-1.9	-2.0
Change in inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Net exports of goods and services	0.9	0.9	1.0	1.2	1.4	1.6	2.2	2.6		1.0	2.0	1.0	1.6
Exports of goods and services	84.3	85.4	86.5	87.6	88.6	89.6	91.1	92.8		86.0	90.6	85.1	89.3
Q/q %, SAAR	0.4	4.9	5.5	5.0	4.9	4.6	6.8	7.7					
Y/y %	-4.2	-5.3	-0.7	4.1	5.0	5.0	5.4	5.9		-1.6	5.3	-4.7	4.9
Imports of goods and services	83.4	84.5	85.5	86.4	87.2	88.0	88.9	90.2		85.0	88.6	84.2	87.7
Q/q %, SAAR	0.8	5.3	4.7	4.4	3.9	3.6	4.3	6.0					
Y/y %	-11.7	-10.6	-4.9	4.0	4.5	4.2	4.1	4.3		-6.1	4.3	-10.7	4.2

Source: Compiled by DIR.

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

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

E: DIR estimate.

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

	2014			2015			2016			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		2014	2015	2014	2015
Gross domestic expenditure	92.9	92.9	93.4	94.0	94.2	94.5	94.8	94.9		93.3	94.6	92.5	94.4
Q/q %, SAAR	2.0	0.0	0.5	0.7	0.2	0.3	0.3	0.1					
Y/y %	2.2	2.0	2.3	3.2	1.4	1.8	1.5	0.9		2.4	1.4	1.7	2.0
Private final consumption	95.5	95.6	95.6	95.2	95.3	95.4	95.4	94.9		95.5	95.2	95.1	95.3
Q/q %, SAAR	1.6	0.1	-0.0	-0.4	0.1	0.1	0.0	-0.6					
Y/y %	2.7	2.4	1.9	1.3	-0.2	-0.2	-0.2	-0.4		2.1	-0.2	1.9	0.2
Private residential investment	110.0	109.7	109.7	110.1	109.8	109.7	109.9	109.3		109.9	109.7	109.0	109.9
Q/q %, SAAR	2.9	-0.3	0.0	0.4	-0.3	-0.1	0.2	-0.6					
Y/y %	4.9	3.9	2.9	2.9	-0.2	0.1	0.2	-0.8		3.6	-0.2	3.5	0.8
Private non-residential investment	96.2	96.5	96.9	97.2	97.3	97.4	97.2	96.7		96.7	97.1	96.3	97.3
Q/q %, SAAR	0.5	0.3	0.4	0.3	0.2	0.0	-0.2	-0.5					
Y/y %	1.4	1.4	1.6	1.5	1.2	0.9	0.3	-0.5		1.5	0.4	1.3	1.0
Government final consumption	98.6	98.7	98.8	98.8	98.4	98.5	98.6	98.3		98.7	98.4	98.3	98.5
Q/q %, SAAR	1.2	0.2	0.1	-0.0	-0.4	0.2	0.0	-0.2					
Y/y %	2.1	2.1	2.4	1.5	-0.2	-0.3	-0.3	-0.4		2.0	-0.3	1.6	0.2
Public fixed investment	108.0	108.6	108.6	109.2	108.8	108.8	108.8	108.5		108.7	108.7	107.9	108.9
Q/q %, SAAR	1.3	0.6	-0.1	0.6	-0.4	-0.0	0.0	-0.3					
Y/y %	3.9	3.9	2.6	2.3	0.8	0.2	0.3	-0.8		3.1	0.0	3.0	0.9
Exports of goods and services	94.3	95.6	98.5	96.8	97.4	97.0	94.4	90.9		96.4	94.9	95.9	96.4
Q/q %, SAAR	-0.3	1.4	3.0	-1.8	0.6	-0.4	-2.6	-3.7					
Y/y %	1.0	1.9	4.6	2.1	3.1	1.6	-4.0	-6.3		2.4	-1.5	2.8	0.6
Imports of goods and services	124.0	125.8	127.2	119.5	118.5	116.3	111.8	104.2		124.1	112.7	126.2	116.6
Q/q %, SAAR	-2.3	1.5	1.1	-6.0	-0.8	-1.9	-3.9	-6.9					
Y/y %	2.6	3.5	3.3	-6.4	-4.6	-7.2	-11.8	-13.3		0.6	-9.2	3.9	-7.6

Source: Compiled by DIR.

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

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

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

	2016			2017			2018			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2016 (E)	2017 (E)	2016 (E)	2017 (E)
Gross domestic expenditure	95.0	95.1	95.3	95.4	95.5	95.6	95.7	95.8		95.2	95.6	95.1	95.5
Q/q %, SAAR	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1					
Y/y %	0.8	0.6	0.5	0.6	0.6	0.5	0.4	0.3		0.6	0.5	0.7	0.5
Private final consumption	94.9	95.0	95.1	95.2	95.3	95.4	95.4	95.5		95.1	95.4	95.0	95.3
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1					
Y/y %	-0.4	-0.4	-0.3	0.4	0.4	0.4	0.3	0.2		-0.2	0.3	-0.4	0.4
Private residential investment	109.6	109.9	110.2	110.5	110.8	110.8	110.7	111.0		110.0	110.8	109.7	110.7
Q/q %, SAAR	0.3	0.3	0.3	0.3	0.2	0.0	-0.0	0.2					
Y/y %	-0.2	0.1	0.2	1.1	1.1	0.8	0.5	0.4		0.3	0.7	-0.1	0.9
Private non-residential investment	96.9	97.1	97.5	97.8	98.1	98.2	98.5	98.8		97.4	98.4	97.0	98.1
Q/q %, SAAR	0.2	0.3	0.3	0.4	0.2	0.2	0.2	0.3					
Y/y %	-0.5	-0.3	0.3	1.2	1.2	1.1	1.0	1.0		0.3	1.1	-0.3	1.2
Government final consumption	98.4	98.5	98.6	98.7	98.8	98.9	99.0	99.1		98.5	98.9	98.5	98.9
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.1	0.0	0.1	0.4	0.4	0.4	0.4	0.4		0.1	0.4	-0.1	0.4
Public fixed investment	108.5	108.7	109.0	109.2	109.3	109.4	109.4	109.4		108.9	109.4	108.7	109.3
Q/q %, SAAR	0.0	0.2	0.3	0.2	0.1	0.0	0.0	0.0					
Y/y %	-0.3	-0.1	0.2	0.8	0.8	0.6	0.3	0.1		0.2	0.4	-0.2	0.6
Exports of goods and services	91.1	91.4	91.7	92.1	92.5	92.8	93.1	93.4		91.5	92.9	91.2	92.6
Q/q %, SAAR	0.2	0.3	0.4	0.4	0.4	0.3	0.3	0.4					
Y/y %	-6.4	-5.9	-3.0	1.4	1.5	1.6	1.6	1.4		-3.5	1.5	-5.4	1.5
Imports of goods and services	104.6	105.0	105.2	105.4	105.7	106.0	106.2	106.5		105.0	106.1	104.7	105.9
Q/q %, SAAR	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.3					
Y/y %	-11.7	-9.9	-6.1	1.5	1.0	1.0	1.0	0.9		-6.8	1.0	-10.3	1.1

Source: Compiled by DIR.

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

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

E: DIR estimate.

## 5.1 Contribution to Real GDP Growth by Component

	2014 4-6	7-9	10-12	2015 1-3	4-6	7-9	10-12	2016 1-3	FY		CY	
									2014	2015	2014	2015
<b>1) Q/q %</b>												
GDP growth rate	-2.0	-0.7	0.5	1.3	-0.4	0.4	-0.4	0.5	-0.9	0.8	-0.0	0.5
Domestic demand	-2.9	-0.7	0.2	1.2	-0.1	0.3	-0.5	0.3	-1.6	0.7	0.0	0.1
Private demand	-2.7	-0.9	0.1	1.2	-0.3	0.4	-0.5	0.2	-1.5	0.6	-0.1	0.0
Private consumption	-3.0	0.0	0.4	0.1	-0.5	0.3	-0.5	0.4	-1.7	-0.1	-0.5	-0.7
Residential investment	-0.4	-0.2	-0.0	0.1	0.1	0.0	-0.0	-0.0	-0.4	0.1	-0.2	-0.1
Private fixed investment	-0.6	-0.1	-0.0	0.4	-0.2	0.1	0.2	-0.1	0.0	0.3	0.4	0.2
Change in private inventories	1.3	-0.6	-0.2	0.6	0.3	-0.1	-0.2	-0.1	0.6	0.3	0.2	0.6
Public demand	-0.2	0.1	0.1	-0.0	0.2	-0.1	-0.0	0.1	-0.1	0.2	0.1	0.1
Government final consumption	-0.0	0.1	0.1	0.1	0.1	0.0	0.1	0.2	0.0	0.3	0.0	0.2
Public fixed investment	-0.1	0.0	0.0	-0.1	0.1	-0.1	-0.2	-0.0	-0.1	-0.1	0.0	-0.1
Change in public inventories	-0.0	0.0	-0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	-0.0	0.0	-0.0
Net exports of goods and services	0.9	0.1	0.4	0.1	-0.4	0.1	0.1	0.2	0.6	0.1	0.0	0.4
Exports of goods and services	0.0	0.3	0.6	0.4	-0.9	0.5	-0.1	0.1	1.3	0.1	1.3	0.5
Imports of goods and services	0.9	-0.2	-0.2	-0.3	0.5	-0.3	0.2	0.1	-0.7	-0.0	-1.4	-0.1
<b>2) Y/y %</b>												
GDP growth rate	-0.3	-1.5	-1.0	-1.0	0.7	1.8	0.7	0.1	-0.9	0.8	-0.0	0.5
Domestic demand	-0.2	-1.7	-2.0	-2.3	0.5	1.6	0.7	0.0	-1.6	0.7	0.0	0.1
Private demand	-0.1	-1.6	-1.9	-2.2	0.2	1.4	0.7	-0.1	-1.5	0.6	-0.1	0.0
Private consumption	-1.5	-1.7	-1.3	-2.5	0.0	0.2	-0.6	-0.2	-1.7	-0.1	-0.5	-0.7
Residential investment	-0.1	-0.4	-0.5	-0.5	-0.1	0.2	0.1	0.1	-0.4	0.1	-0.2	-0.1
Private fixed investment	0.2	0.1	-0.0	-0.2	0.2	0.4	0.5	0.1	0.0	0.3	0.4	0.2
Change in private inventories	1.3	0.4	-0.1	1.0	0.1	0.6	0.6	-0.1	0.6	0.3	0.2	0.6
Public demand	-0.1	-0.1	-0.1	-0.1	0.3	0.2	0.0	0.1	-0.1	0.2	0.1	0.1
Government final consumption	-0.1	-0.0	0.1	0.1	0.3	0.2	0.3	0.5	0.0	0.3	0.0	0.2
Public fixed investment	-0.0	-0.1	-0.1	-0.2	0.1	-0.0	-0.3	-0.2	-0.1	-0.1	0.0	-0.1
Change in public inventories	0.0	0.1	-0.0	0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	0.0	-0.0
Net exports of goods and services	-0.2	0.2	1.1	1.4	0.2	0.2	-0.1	-0.0	0.6	0.1	0.0	0.4
Exports of goods and services	0.9	1.2	1.8	1.2	0.3	0.6	-0.2	-0.5	1.3	0.1	1.3	0.5
Imports of goods and services	-1.1	-1.0	-0.7	0.1	-0.2	-0.3	0.1	0.4	-0.7	-0.0	-1.4	-0.1

Source: Compiled by DIR.

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

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

## 5.2 Contribution to Real GDP Growth by Component

	2016			2017			2018			FY		CY	
	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2016 (E)	2017 (E)	2016 (E)	2017 (E)
<b>1) Q/q %</b>													
GDP growth rate	0.1	0.3	0.3	0.1	0.1	0.1	0.2	0.3		0.7	0.7	0.6	0.7
Domestic demand	0.1	0.2	0.3	0.1	0.1	0.1	0.1	0.2		0.5	0.5	0.3	0.7
Private demand	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1		0.2	0.4	0.1	0.5
Private consumption	-0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0		0.1	0.3	0.0	0.2
Residential investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		-0.0	0.0	0.0	0.0
Private fixed investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.1	0.2	0.1	0.1
Change in private inventories	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0		-0.0	-0.0	-0.1	0.0
Public demand	0.1	0.1	0.2	0.0	-0.0	-0.0	-0.0	0.1		0.3	0.1	0.3	0.2
Government final consumption	0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.1		0.3	0.3	0.4	0.3
Public fixed investment	0.0	0.1	0.1	-0.1	-0.1	-0.1	-0.0	-0.0		0.0	-0.2	-0.1	-0.1
Change in public inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	-0.0	0.0	0.0
Net exports of goods and services	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1		0.2	0.2	0.2	0.1
Exports of goods and services	-0.0	0.2	0.2	0.1	0.1	0.1	0.2	0.3		0.4	0.7	0.1	0.6
Imports of goods and services	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2		-0.1	-0.5	0.1	-0.5
<b>2) Y/y %</b>													
GDP growth rate	0.5	0.4	1.2	0.8	0.8	0.7	0.5	0.7		0.7	0.7	0.6	0.7
Domestic demand	0.2	0.1	0.9	0.8	0.7	0.6	0.3	0.4		0.5	0.5	0.3	0.7
Private demand	0.1	-0.2	0.5	0.4	0.5	0.4	0.4	0.4		0.2	0.4	0.1	0.5
Private consumption	0.0	-0.1	0.4	0.1	0.3	0.3	0.3	0.2		0.1	0.3	0.0	0.2
Residential investment	0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	0.0		-0.0	0.0	0.0	0.0
Private fixed investment	0.2	0.1	0.0	0.1	0.1	0.2	0.1	0.2		0.1	0.2	0.1	0.1
Change in private inventories	-0.2	-0.1	0.0	0.1	0.0	0.0	-0.0	-0.0		-0.0	-0.0	-0.1	0.0
Public demand	0.2	0.3	0.5	0.4	0.3	0.1	-0.1	-0.0		0.3	0.1	0.3	0.2
Government final consumption	0.3	0.4	0.3	0.2	0.3	0.3	0.3	0.3		0.3	0.3	0.4	0.3
Public fixed investment	-0.2	-0.1	0.2	0.2	-0.0	-0.2	-0.4	-0.3		0.0	-0.2	-0.1	-0.1
Change in public inventories	0.0	0.0	0.0	-0.0	-0.0	-0.0	-0.0	0.0		0.0	-0.0	0.0	0.0
Net exports of goods and services	0.4	0.2	0.2	0.1	0.1	0.1	0.2	0.3		0.2	0.2	0.2	0.1
Exports of goods and services	0.4	0.1	0.4	0.5	0.6	0.6	0.7	0.8		0.4	0.7	0.1	0.6
Imports of goods and services	-0.0	0.1	-0.2	-0.4	-0.5	-0.5	-0.5	-0.5		-0.1	-0.5	0.1	-0.5

Source: Compiled by DIR.

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

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

E: DIR estimate.

## 6.1 Major Assumptions

	2014			2015				2016		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		2014	2015	2014	2015
1) World economy													
Economic growth of major trading partners													
Y/y %	3.4	3.5	3.3	3.5	3.1	2.9	2.8	2.8		3.5	2.9	3.4	3.1
Crude oil price (WTI futures; \$/bbl)	103.0	97.2	73.2	48.6	57.8	46.5	42.2	33.6		80.5	45.0	92.9	48.8
Y/y %	9.4	-8.1	-25.0	-50.7	-43.9	-52.2	-42.4	-30.8		-18.7	-44.1	-5.2	-47.5
2) US economy													
Real GDP (chained [2009]; \$ bil; SAAR)	15,902	16,069	16,151	16,177	16,334	16,414	16,471	16,505		16,075	16,431	15,962	16,349
Q/q %, SAAR	4.6	4.3	2.1	0.6	3.9	2.0	1.4	0.8					
Y/y %	2.6	2.9	2.5	2.9	2.7	2.1	2.0	2.0		2.7	2.2	2.4	2.4
Consumer Price Index													
(1982-84 avg=100)	236.8	237.3	237.1	235.4	236.8	237.6	238.1	237.9		236.7	237.7	236.7	237.0
Q/q %, SAAR	1.9	0.9	-0.3	-2.9	2.4	1.4	0.8	-0.3					
Y/y %	2.1	1.8	1.2	-0.1	-0.0	0.1	0.5	1.1		1.3	0.4	1.6	0.1
Producer Price Index													
(Final demand; 2009.Nov=100)	110.9	111.3	111.1	109.8	110.0	110.2	109.6	109.6		110.8	109.9	110.9	109.9
Q/q %, SAAR	2.2	1.2	-0.7	-4.6	1.0	0.6	-2.0	0.0					
Y/y %	1.9	1.8	1.2	-0.5	-0.8	-0.9	-1.3	-0.1		1.1	-0.8	1.6	-0.9
FF rate (%)	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50		0.25	0.50	0.25	0.50
(Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	2.62	2.50	2.28	1.97	2.17	2.22	2.19	1.92		2.34	2.12	2.54	2.14
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	100.4	100.8	101.2	101.4	101.5	101.8	102.5	103.1		101.0	102.2	100.5	101.8
Q/q %, SAAR	4.2	1.7	1.5	1.0	0.1	1.3	3.0	2.1					
Y/y %	1.9	1.9	2.7	2.1	1.1	0.9	1.4	1.7		2.2	1.2	1.8	1.4
Nominal public fixed investment													
Y tril; SAAR	23.4	23.7	23.9	23.5	24.1	23.5	22.7	22.4		23.7	23.0	23.8	23.4
Q/q %, SAAR	-6.3	6.3	3.2	-6.5	9.9	-9.5	-13.6	-4.1					
Y/y %	3.8	1.2	0.1	-1.9	2.8	-0.5	-5.0	-5.5		0.4	-2.6	3.4	-1.6
Exchange rate (Y/\$)	102.1	103.9	114.5	119.1	121.4	122.2	121.5	115.4		109.9	120.1	105.8	121.0
(Y/€)	139.5	137.8	143.8	132.6	135.0	135.6	131.5	128.0		138.4	132.5	140.3	133.7

Source: Compiled by DIR.

Notes: Due to rounding, figures may differ from those released by the government.



## 6.2 Major Assumptions

	2016			2017				2018		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		2016	2017	2016	2017
	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)		(E)	(E)	(E)	(E)
1) World economy													
Economic growth of major trading partners													
Y/y %	2.8	2.7	2.7	3.0	3.0	3.1	3.1	3.1	2.8	3.1	2.8	3.0	
Crude oil price (WTI futures; \$/bbl)	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	45.9	50.0	
Y/y %	-13.5	7.5	18.6	48.7	0.0	0.0	0.0	0.0	11.1	0.0	-5.9	8.9	
2) US economy													
Real GDP (chained [2009]; \$ bil; SAAR)	16,612	16,706	16,799	16,896	16,994	17,093	17,196	17,296	16,753	17,145	16,655	17,045	
Q/q %, SAAR	2.6	2.3	2.2	2.3	2.3	2.4	2.4	2.4					
Y/y %	1.7	1.8	2.0	2.4	2.3	2.3	2.4	2.4	2.0	2.3	1.9	2.3	
Consumer Price Index													
(1982-84 avg=100)	239.4	240.6	241.8	243.1	244.3	245.6	247.1	248.5	241.2	246.4	240.0	245.0	
Q/q %, SAAR	2.4	2.1	2.1	2.1	2.0	2.2	2.4	2.4					
Y/y %	1.1	1.2	1.6	2.2	2.1	2.1	2.2	2.3	1.5	2.1	1.2	2.1	
Producer Price Index													
(Final demand; 2009.Nov=100)	109.9	110.4	110.9	111.4	111.9	112.4	113.0	113.6	110.7	112.7	110.2	112.2	
Q/q %, SAAR	0.9	1.8	1.8	1.8	1.8	1.9	2.1	2.1					
Y/y %	-0.1	0.2	1.1	1.6	1.8	1.8	1.9	2.0	0.7	1.9	0.3	1.8	
FF rate (%)	0.50	0.75	1.00	1.00	1.25	1.50	1.75	2.00	1.00	2.00	1.00	1.75	
(Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	1.83	1.99	2.17	2.20	2.40	2.61	2.83	3.06	2.04	2.72	1.97	2.51	
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	103.3	103.7	104.2	104.7	105.2	105.8	106.1	106.8	104.0	106.0	103.6	105.4	
Q/q %, SAAR	0.8	1.6	1.9	1.8	2.0	2.5	0.8	2.8					
Y/y %	1.8	1.9	1.6	1.5	1.8	2.1	1.8	2.1	1.7	1.9	1.7	1.8	
Nominal public fixed investment													
Y tril; SAAR	22.6	23.1	23.7	23.4	22.7	22.1	21.8	21.7	23.3	22.0	23.0	22.5	
Q/q %, SAAR	3.5	9.5	10.2	-5.0	-11.1	-10.8	-5.0	-1.5					
Y/y %	-6.0	-1.8	4.5	4.8	0.4	-4.4	-7.9	-7.4	1.0	-5.4	-1.9	-2.0	
Exchange rate (Y/\$)	107.0	107.0	107.0	107.0	107.0	107.0	107.0	107.0	107.0	107.0	109.1	107.0	
(Y/€)	122.0	122.0	122.0	122.0	122.0	122.0	122.0	122.0	122.0	122.0	123.5	122.0	

Source: Compiled by DIR.

Notes: Due to rounding, figures may differ from those released by the government.

E: DIR estimate.