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Japan's Economic Outlook No. 197 (Summary)

Whither the Global Economy?: In this report we examine the following: (1) Direction of the Global Economy Based on the Business Cycle, (2) US-China Trade Friction, and (3) Effects of Fiscal Reform

Japan to see real GDP growth of +1.0% in FY18, and +0.8% in FY19, with nominal GDP growth of +1.2% in FY18, and +1.8% in FY19.

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Summary

- **Economy to enter a temporary lull, and gradually slow down throughout FY2019:** In light of the 1st preliminary Jan-Mar 2018 GDP release we have revised our economic growth outlook. We now forecast real GDP growth of +1.0% in comparison with the previous year for FY18 (+1.2% in the previous forecast), and +0.8% in comparison with the previous year for FY19 (+0.8% in the previous forecast). Japan's economy is expected to enter a temporary lull, with the positive factors which came together in FY17 now appearing to be in the process of falling away. Considered in the midterm as well, the capital stock cycle is maturing centering on the US, while in addition, there are the expected affects from the increase in consumption tax planned for October 2019. Hence we expect Japan's economy to continue to slow down through FY2019.
- **Direction of the Global Economy Based on the Short & Midterm Business Cycles:** After the beginning of 2018, fears of inflation and rising interest rates in the US triggered major turmoil in the global financial markets. Meanwhile, concerns regarding the sustainability of the Goldilocks economy are increasing. In this report we examine the question of where the global economy, which has begun to drift toward increasing uncertainty, is headed by making a

careful inspection of short and mid to long-term business cycles in major countries and regions. When we look at global inventory cycles (Japan, US, Europe, and China), we are led to the conclusion that the global economy will maintain a steady undertone for the time being. Then, we take a look at global capital stock cycles (Japan, US, Europe, and China), where we find that the capital stock cycle entered the maturation phase in 2017 and then was rejuvenated (the cycle went into reverse rotation), and global economic growth accelerated. In the future, the growth rate of global capital investment is expected to gradually slow down, while the residual effects of the 2017 rejuvenation remains to a degree. We expect global capex to maintain a firm undertone for the time being.

- **US-China Trade Friction and its Affects:** The Trump administration is again strengthening its hardline stance on trade policy. The US is moving toward placing additional tariffs totaling \$150 billion on imports of Chinese products, and in response, China has indicated its stance that it too will place additional tariffs totaling \$50 billion on imports from the US. While both countries are also expressing willingness to compromise, this is seen as merely a strategy to arrive at the best terms, leaving an element of uncertainty as to what may happen in the future. If the US and China actually do as they have warned, the estimated effects on the US, Japanese and Chinese economies according to our calculations is expected to be as follows. Downward pressure on GDP in the three countries is expected to be -0.30% for China, -0.19% for the US, and -0.02% for Japan. Based on these estimates, tariff measures whose actual implementation is coming into view as of this point are expected to have a limited effect on Japan's economy.
- **Effects of Fiscal Reform:** In order to dispel the uncertainty of the future for both households and corporations, fiscal reform is a necessity. Using OECD 30-countries long-term panel data, we estimated the effects of government debt-to-GDP ratio on the per capita real GDP growth rate. The results showed that when government debt-to-GDP ratio exceeds 104% it has a negative effect on growth rate. In the case of Japan, this gives us a clear sense of the degree to which reducing the balance of government debt would have a positive effect in the mid to long-term. In addition to revenue reforms such as the increase in consumption tax, fiscal reconstruction also requires cutting back on social security expenditure and the establishment of an independent body to monitor the fiscal situation. The success or failure of fiscal reform will likely be measured against the question of whether or not integrated economic and social programs can also be built to work along with it, such as programs to promote employment of the elderly, or that motivate people to maintain their health.
- **Concerns that Japan's Economy may be Facing Tail Risk:** There is concern that beginning in 2019 and beyond, Japan's maturing economy will face a plethora of external and internal downside risks. Potential risks include the following: (1) the Trump administration loses direction, (2) influence of China's economy, (3) the deterioration of Europe's economy, (4) the rising price of crude oil, (5) the strengthening of overtime regulations, and (6) the effects of an increase in consumption tax. If these risks become a reality, Japan's real GDP would likely be pushed down by around -4%. This could have negative effects along the same lines as the 2008 global financial crisis.
- **BOJ's monetary policy:** We expect the BOJ to maintain current monetary policy for the time being. Considering the policy introduced in September 2016 to permanently battle deflation, the issue is expected to be creating a more flexible inflation target.

Our assumptions

- Public works spending is expected to decrease in FY18 to -1.8%, then return to growth in FY19 at +2.2%.
- Average exchange rate of Y109.0/\$ in FY18, and Y109.0/\$ in FY19.
- US real GDP growth of +2.7% in CY18, and +2.4% in CY19.

Main Economic Indicators and Real GDP Components

	FY17	FY18 (Estimate)	FY19 (Estimate)	CY17	CY18 (Estimate)	CY19 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	1.6	1.2	1.8	1.4	1.1	1.9
Real GDP (chained [2011]; y/y %)	1.5	1.0	0.8	1.7	0.9	1.1
Domestic demand (contribution, % pt)	1.1	0.6	0.6	1.1	0.5	1.0
Foreign demand (contribution, % pt)	0.4	0.3	0.2	0.6	0.3	0.1
GDP deflator (y/y %)	0.1	0.3	1.0	-0.2	0.3	0.8
Index of All-industry Activity (y/y %)*	1.8	1.3	0.9	1.6	1.3	1.2
Index of Industrial Production (y/y %)	4.1	2.6	1.4	4.4	2.4	2.0
Index of Tertiary Industry Activity (y/y %)	1.0	1.1	0.7	0.7	1.1	0.9
Corporate Goods Price Index (y/y %)	2.7	2.7	3.3	2.3	2.7	2.8
Consumer Price Index (excl. fresh food; y/y %)	0.7	1.0	1.4	0.5	1.0	1.2
Unemployment rate (%)	2.7	2.5	2.5	2.8	2.5	2.4
Government bond yield (10 year; %)	0.05	0.06	0.06	0.05	0.06	0.06
Money stock; M2 (end-period; y/y %)	3.7	2.0	1.8	4.0	2.4	1.9
Balance of payments						
Trade balance (Y tril)	4.4	3.2	4.0	5.0	3.1	3.3
Current balance (\$100 mil)	1,921	1,731	1,835	1,957	1,719	1,750
Current balance (Y tril)	21.6	19.1	20.3	22.0	18.7	19.1
(% of nominal GDP)	3.9	3.5	3.6	4.0	3.4	3.4
Real GDP components (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	0.8 (0.5)	0.6 (0.3)	0.2 (0.1)	1.0 (0.5)	0.4 (0.2)	0.8 (0.4)
Private housing investment	-0.3 (-0.0)	-2.8 (-0.1)	1.8 (0.1)	2.7 (0.1)	-4.7 (-0.1)	3.2 (0.1)
Private fixed investment	3.0 (0.4)	1.6 (0.3)	1.2 (0.2)	2.9 (0.4)	1.8 (0.3)	1.5 (0.2)
Government final consumption	0.4 (0.1)	0.5 (0.1)	0.8 (0.2)	0.2 (0.0)	0.4 (0.1)	0.8 (0.2)
Public fixed investment	1.5 (0.1)	-2.5 (-0.1)	1.4 (0.1)	1.2 (0.1)	-1.5 (-0.1)	-0.7 (-0.0)
Exports of goods and services	6.2 (1.0)	4.1 (0.7)	2.7 (0.5)	6.7 (1.1)	4.5 (0.8)	3.0 (0.6)
Imports of goods and services	4.0 (-0.6)	2.5 (-0.4)	1.5 (-0.3)	3.4 (-0.5)	2.9 (-0.5)	2.5 (-0.4)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	4.2	3.8	3.7	4.1	3.9	3.8
Crude oil price (WTI futures; \$/bbl)	53.6	69.0	69.0	50.9	67.5	69.0
2. US economy						
US real GDP (chained [2009]; y/y %)	2.5	2.7	2.3	2.3	2.7	2.4
US Consumer Price Index (y/y %)	2.1	2.5	2.2	2.1	2.5	2.2
3. Japanese economy						
Nominal public fixed investment (y/y %)	3.2	-1.8	2.2	2.8	-0.4	-0.1
Exchange rate (¥/\$)	110.8	109.0	109.0	112.2	108.8	109.0
(¥/€)	130.3	132.0	132.0	127.2	132.1	132.0

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 197)		Previous outlook (Outlook 196 Update)		Difference between previous and current outlooks	
	FY18	FY19	FY18	FY19	FY18	FY19
Main economic indicators						
Nominal GDP (y/y %)	1.2	1.8	1.6	1.7	-0.3	0.1
Real GDP (chained [2011]; y/y %)	1.0	0.8	1.2	0.8	-0.2	0.0
Domestic demand (contribution, % pt)	0.6	0.6	1.0	0.6	-0.3	-0.0
Foreign demand (contribution, % pt)	0.3	0.2	0.2	0.1	0.1	0.1
GDP deflator (y/y %)	0.3	1.0	0.3	1.0	-0.1	0.1
Index of All-industry Activity (y/y %)*	1.3	0.9	1.6	1.0	-0.3	-0.1
Index of Industrial Production (y/y %)	2.6	1.4	3.0	1.5	-0.4	-0.1
Index of Tertiary Industry Activity (y/y %)	1.1	0.7	1.5	0.8	-0.3	-0.1
Corporate Goods Price Index (y/y %)	2.7	3.3	2.7	3.2	0.0	0.1
Consumer Price Index (excl. fresh food; y/y %)	1.0	1.4	0.9	1.3	0.2	0.1
Unemployment rate (%)	2.5	2.5	2.5	2.5	0.0	0.0
Government bond yield (10 year; %)	0.06	0.06	0.05	0.05	0.01	0.01
Balance of payments						
Trade balance (Y tril)	3.2	4.0	6.0	6.8	-2.7	-2.8
Current balance (\$100 mil)	1,731	1,835	2,241	2,347	-509	-512
Current balance (Y tril)	19.1	20.3	24.1	25.2	-4.9	-4.9
(% of nominal GDP)	3.5	3.6	4.3	4.4	-0.9	-0.8
Real GDP components (chained [2011]; y/y %)						
Private final consumption	0.6	0.2	0.7	0.1	-0.2	0.0
Private housing investment	-2.8	1.8	-1.2	0.3	-1.6	1.4
Private fixed investment	1.6	1.2	2.4	1.9	-0.8	-0.6
Government final consumption	0.5	0.8	0.7	0.8	-0.1	0.0
Public fixed investment	-2.5	1.4	-2.0	1.3	-0.6	0.2
Exports of goods and services	4.1	2.7	3.9	2.5	0.2	0.2
Imports of goods and services	2.5	1.5	2.6	1.7	-0.1	-0.1
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.8	3.7	3.7	3.6	0.1	0.1
Crude oil price (WTI futures; \$/bbl)	69.0	69.0	62.5	62.5	6.5	6.5
2. US economy						
US real GDP (chained [2009]; y/y %)	2.7	2.3	2.5	2.3	0.2	0.0
US Consumer Price Index (y/y %)	2.5	2.2	2.6	2.4	-0.1	-0.2
3. Japanese economy						
Nominal public fixed investment (y/y %)	-1.8	2.2	-1.7	1.7	-0.1	0.5
Exchange rate (Y/\$)	109.0	109.0	106.0	106.0	3.0	3.0
(Y/€)	132.0	132.0	131.5	131.5	0.5	0.5

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

	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	
Nominal GDP (SAAR; Y tril)	538.6	538.4	539.7	540.5	545.2	549.4	550.0	547.9	539.4	548.1	538.5	546.2	
Q/q %	0.2	-0.0	0.2	0.1	0.9	0.8	0.1	-0.4					
Q/q %, SAAR	0.7	-0.1	1.0	0.6	3.6	3.1	0.5	-1.5					
Y/y %	1.2	0.8	1.4	0.6	1.2	2.0	1.9	1.4	1.0	1.6	1.2	1.4	
Real GDP (chained [2011]; SAAR; Y tril)	522.2	523.2	524.4	527.8	530.5	533.2	533.9	533.1	524.4	532.5	522.5	531.2	
Q/q %	0.3	0.2	0.2	0.7	0.5	0.5	0.1	-0.2					
Q/q %, SAAR	1.1	0.7	0.9	2.6	2.0	2.0	0.6	-0.6					
Y/y %	0.8	0.9	1.5	1.4	1.5	1.9	1.8	0.9	1.2	1.5	1.0	1.7	
Contribution to GDP growth (% pt)													
Domestic demand	0.2	-0.2	-0.1	0.6	0.8	-0.0	0.2	-0.2	0.4	1.1	0.4	1.1	
Foreign demand	0.1	0.4	0.3	0.1	-0.3	0.5	-0.1	0.1	0.8	0.4	0.6	0.6	
GDP deflator (y/y %)	0.4	-0.1	-0.1	-0.8	-0.3	0.1	0.1	0.5	-0.2	0.1	0.3	-0.2	
Index of All-Industry Activity (2010=100)	102.6	103.2	103.6	103.7	105.0	104.9	105.6	105.2	103.2	105.1	103.0	104.7	
Q/q %; y/y %	0.2	0.6	0.4	0.1	1.2	-0.0	0.6	-0.4	0.6	1.8	0.6	1.6	
Index of Industrial Production (2010=100)	96.5	98.0	99.8	100.0	101.8	102.3	103.9	102.5	98.5	102.5	97.7	102.0	
Q/q %; y/y %	0.2	1.6	1.9	0.2	1.8	0.4	1.6	-1.3	1.1	4.1	-0.2	4.4	
Index of Tertiary Industry Activity (2010=100)	103.7	104.0	104.1	104.0	104.8	104.8	105.3	105.2	103.9	104.9	103.9	104.7	
Q/q %; y/y %	0.0	0.3	0.1	-0.1	0.8	0.0	0.5	-0.1	0.4	1.0	0.7	0.7	
Corporate Goods Price Index components (2015=100)													
Domestic Company Goods Price Index	96.4	96.1	96.5	97.9	98.4	98.8	99.7	100.3	96.7	99.3	96.5	98.7	
Y/y %	-4.5	-3.8	-2.1	1.0	2.1	2.8	3.4	2.5	-2.4	2.7	-3.5	2.3	
CPI (excl. fresh food; 2015=100)	99.8	99.6	99.8	99.7	100.2	100.2	100.7	100.5	99.7	100.4	99.7	100.2	
Y/y %	-0.4	-0.5	-0.3	0.2	0.4	0.6	0.9	0.9	-0.2	0.7	-0.3	0.5	
Unemployment rate (%)	3.1	3.0	3.1	2.9	2.9	2.8	2.7	2.5	3.0	2.7	3.1	2.8	
Government bond yield (10 year; %)	-0.15	-0.12	0.00	0.07	0.04	0.05	0.05	0.06	-0.05	0.05	-0.07	0.05	
Money stock; M2 (y/y %)	3.3	3.3	3.7	4.1	3.9	4.0	3.9	3.2	3.6	3.7	3.4	4.0	
Trade balance (SAAR; Y tril)	5.0	5.7	6.8	5.2	3.3	6.3	5.2	2.9	5.8	4.4	5.5	5.0	
Current balance (SAAR; \$100 mil)	1,929	1,902	1,928	1,887	1,798	2,092	2,088	1,704	1,939	1,921	1,935	1,957	
Current balance (SAAR; Y tril)	20.9	19.5	21.1	21.4	20.0	23.2	23.6	18.4	21.0	21.6	21.1	22.0	
(% of nominal GDP)	3.9	3.6	3.9	4.0	3.7	4.2	4.3	3.4	3.8	3.9	3.8	4.0	
Exchange rate (Y/\$)	108.1	102.4	109.4	113.6	111.1	111.0	112.9	108.2	108.4	110.8	108.8	112.2	
(Y/Euro)	120.7	114.7	119.2	120.2	124.3	131.3	133.2	132.3	118.7	130.3	120.6	127.2	

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

	2018			2019			2020			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)		2018 (E)	2019 (E)	2018 (E)	2019 (E)
Nominal GDP (SAAR; Y tril)	550.9	553.8	556.2	558.6	560.8	564.4	566.6	568.3		554.9	565.0	552.3	562.6
Q/q %	0.5	0.5	0.4	0.4	0.4	0.7	0.4	0.3					
Q/q %, SAAR	2.2	2.1	1.8	1.7	1.6	2.6	1.5	1.2					
Y/y %	1.1	0.8	1.1	1.9	1.8	1.9	1.9	1.7	1.2	1.8		1.1	1.9
Real GDP (chained [2011]; SAAR; Y tril)	535.0	537.1	538.5	540.0	541.5	544.0	541.2	541.3		537.6	541.8	535.8	541.5
Q/q %	0.4	0.4	0.3	0.3	0.3	0.5	-0.5	0.0					
Q/q %, SAAR	1.4	1.6	1.1	1.1	1.1	1.8	-2.1	0.1					
Y/y %	0.9	0.7	0.9	1.3	1.2	1.3	0.5	0.2	1.0	0.8		0.9	1.1
Contribution to GDP growth (% pt)													
Domestic demand	0.3	0.3	0.2	0.3	0.4	0.8	-1.3	-0.2	0.6	0.6		0.5	1.0
Foreign demand	0.1	0.1	0.0	0.0	-0.1	-0.3	0.8	0.2	0.3	0.2		0.3	0.1
GDP deflator (y/y %)	0.2	0.1	0.3	0.6	0.6	0.6	1.3	1.5	0.3	1.0		0.3	0.8
Index of All-Industry Activity (2010=100)	106.4	106.3	106.6	107.0	107.3	107.7	107.5	107.5	106.5	107.4		106.1	107.3
Q/q %; y/y %	1.1	-0.0	0.3	0.3	0.3	0.4	-0.2	0.1	1.3	0.9		1.3	1.2
Index of Industrial Production (2010=100)	105.1	104.9	105.3	105.9	106.5	107.1	106.7	106.8	105.2	106.7		104.4	106.5
Q/q %; y/y %	2.5	-0.2	0.4	0.5	0.5	0.6	-0.4	0.1	2.6	1.4		2.4	2.0
Index of Tertiary Industry Activity (2010=100)	106.0	106.0	106.2	106.5	106.8	107.1	106.9	107.0	106.1	106.9		105.8	106.8
Q/q %; y/y %	0.8	0.0	0.2	0.3	0.3	0.3	-0.2	0.0	1.1	0.7		1.1	0.9
Corporate Goods Price Index components (2015=100)													
Domestic Company Goods Price Index	101.1	101.7	102.4	102.9	103.4	103.8	106.9	107.5	102.0	105.4		101.4	104.3
Y/y %	2.7	2.9	2.7	2.6	2.3	2.1	4.4	4.4	2.7	3.3		2.7	2.8
CPI (excl. fresh food; 2015=100)	101.1	101.4	101.7	101.5	102.0	102.3	103.6	103.6	101.4	102.9		101.2	102.4
Y/y %	0.9	1.2	1.0	1.0	0.9	0.9	1.9	2.0	1.0	1.4		1.0	1.2
Unemployment rate (%)	2.5	2.5	2.5	2.4	2.4	2.4	2.5	2.6	2.5	2.5		2.5	2.4
Government bond yield (10 year; %)	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06		0.06	0.06
Money stock; M2 (y/y %)	2.2	2.2	1.8	2.0	1.8	1.9	1.9	1.7	2.0	1.8		2.4	1.9
Trade balance (SAAR; Y tril)	3.1	3.3	3.2	3.4	3.0	1.6	5.3	6.2	3.2	4.0		3.1	3.3
Current balance (SAAR; \$100 mil)	1,707	1,725	1,738	1,755	1,707	1,548	1,991	2,096	1,731	1,835		1,719	1,750
Current balance (SAAR; Y tril)	18.6	18.8	18.9	19.1	18.6	16.9	21.7	22.8	19.1	20.3		18.7	19.1
(% of nominal GDP)	3.4	3.4	3.4	3.4	3.3	3.0	3.8	4.0	3.5	3.6		3.4	3.4
Exchange rate (Y/\$)	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0		108.8	109.0
(Y/Euro)	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0		132.1	132.0

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 [2011]; Y tril)

	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
Gross domestic expenditure	522.2	523.2	524.4	527.8	530.5	533.2	533.9	533.1		524.4	532.5	522.5	531.2
Q/q %, SAAR	1.1	0.7	0.9	2.6	2.0	2.0	0.6	-0.6					
Y/y %	0.8	0.9	1.5	1.4	1.5	1.9	1.8	0.9		1.2	1.5	1.0	1.7
Domestic demand	527.6	526.5	526.0	529.0	533.2	533.2	534.5	533.3		527.2	533.4	526.5	532.4
Q/q %, SAAR	0.8	-0.8	-0.4	2.3	3.2	-0.0	1.0	-0.9					
Y/y %	0.5	0.1	0.4	0.5	1.1	1.2	1.6	0.8		0.4	1.2	0.4	1.1
Private demand	395.9	394.4	394.7	397.4	400.1	400.7	402.2	401.0		395.6	401.0	394.8	400.1
Q/q %, SAAR	1.7	-1.5	0.3	2.8	2.8	0.7	1.4	-1.2					
Y/y %	0.3	-0.3	0.5	0.9	1.0	1.5	1.9	0.9		0.3	1.4	0.1	1.3
Final consumption	295.7	296.9	297.0	298.6	300.7	298.7	299.4	299.4		297.1	299.5	296.5	299.4
Q/q %, SAAR	-1.2	1.7	0.1	2.1	2.9	-2.6	0.9	-0.0					
Y/y %	-0.2	-0.1	0.5	0.7	1.8	0.6	0.8	0.2		0.3	0.8	0.1	1.0
Residential investment	15.7	16.1	16.3	16.5	16.6	16.3	15.9	15.6		16.1	16.1	15.9	16.3
Q/q %, SAAR	8.9	10.5	3.2	4.8	3.8	-6.4	-10.3	-8.2					
Y/y %	5.1	6.3	6.8	6.5	5.7	1.4	-2.4	-5.7		6.2	-0.3	5.7	2.7
Non-residential investment	82.1	81.8	83.0	83.5	84.2	85.0	85.6	85.5		82.6	85.1	82.2	84.5
Q/q %, SAAR	1.5	-1.7	6.2	2.3	3.4	4.0	2.6	-0.3					
Y/y %	1.5	-0.2	1.6	1.9	2.7	3.8	3.2	2.4		1.2	3.0	0.6	2.9
Change in inventories	2.3	-0.4	-1.6	-1.1	-1.4	0.7	1.3	0.5		-0.2	0.3	0.2	-0.1
Public demand	131.7	132.1	131.3	131.6	133.1	132.4	132.3	132.3		131.6	132.4	131.8	132.3
Q/q %, SAAR	-1.9	1.3	-2.4	0.9	4.6	-2.0	-0.3	0.0					
Y/y %	1.3	1.4	0.1	-0.6	1.1	0.3	0.7	0.5		0.5	0.7	1.0	0.4
Government final consumption	105.5	105.9	105.7	105.9	106.1	106.2	106.2	106.2		105.7	106.1	105.9	106.1
Q/q %, SAAR	-4.6	1.7	-0.8	0.9	0.8	0.2	-0.0	0.1					
Y/y %	1.2	1.3	0.2	-0.6	0.6	0.3	0.5	0.3		0.5	0.4	1.3	0.2
Fixed investment	26.2	26.2	25.7	25.7	26.9	26.2	26.1	26.1		25.9	26.3	25.9	26.2
Q/q %, SAAR	10.0	0.6	-7.5	-0.2	20.3	-10.0	-1.5	0.1					
Y/y %	1.8	2.2	0.0	-0.0	3.7	0.4	1.2	1.3		0.9	1.5	-0.1	1.2
Change in inventories	0.0	-0.0	-0.1	-0.0	0.0	0.0	0.0	-0.0		-0.0	0.0	-0.0	0.0
Net exports of goods and services	-5.5	-3.7	-2.1	-1.8	-3.4	-0.4	-1.2	-0.9		-3.2	-1.5	-4.3	-1.7
Exports of goods and services	82.8	84.7	87.0	88.8	88.7	90.5	92.5	93.1		85.9	91.2	84.5	90.2
Q/q %, SAAR	-2.2	9.3	11.3	8.6	-0.3	8.2	9.2	2.6					
Y/y %	1.2	1.3	5.4	6.6	6.8	6.9	6.5	4.8		3.6	6.2	1.7	6.7
Imports of goods and services	88.4	88.4	89.1	90.6	92.1	90.9	93.7	94.0		89.1	92.7	88.8	91.9
Q/q %, SAAR	-3.7	0.3	3.3	6.5	7.2	-5.2	12.9	1.2					
Y/y %	-0.5	-3.1	-1.2	1.5	4.3	2.7	5.3	3.7		-0.8	4.0	-1.6	3.4

Source: Compiled by DIR.

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

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

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

2.2 Real Gross Domestic Expenditure (chained [2011]; ¥ tril)

	2018			2019			2020			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)		2018 (E)	2019 (E)	2018 (E)	2019 (E)
Gross domestic expenditure	535.0	537.1	538.5	540.0	541.5	544.0	541.2	541.3		537.6	541.8	535.8	541.5
Q/q %, SAAR	1.4	1.6	1.1	1.1	1.1	1.8	-2.1	0.1					
Y/y %	0.9	0.7	0.9	1.3	1.2	1.3	0.5	0.2		1.0	0.8	0.9	1.1
Domestic demand	534.7	536.5	537.6	539.1	541.1	545.2	537.9	537.0		536.9	540.3	535.4	540.8
Q/q %, SAAR	1.1	1.3	0.9	1.1	1.5	3.1	-5.2	-0.7					
Y/y %	0.3	0.6	0.5	1.1	1.2	1.6	0.1	-0.3		0.6	0.6	0.6	1.0
Private demand	402.6	403.9	405.2	406.7	408.6	412.2	403.9	402.4		404.6	406.8	403.1	407.8
Q/q %, SAAR	1.6	1.3	1.2	1.5	2.0	3.6	-7.9	-1.4					
Y/y %	0.6	0.8	0.7	1.5	1.5	2.0	-0.3	-1.0		0.9	0.5	0.8	1.2
Final consumption	300.2	301.0	301.7	302.4	303.3	307.1	299.2	298.1		301.3	301.9	300.5	302.9
Q/q %, SAAR	1.0	1.0	1.0	1.0	1.1	5.1	-9.9	-1.4					
Y/y %	-0.2	0.8	0.7	1.0	1.0	2.0	-0.8	-1.4		0.6	0.2	0.4	0.8
Residential investment	15.5	15.6	15.6	15.9	16.2	16.4	15.7	15.3		15.6	15.9	15.6	16.1
Q/q %, SAAR	-0.8	0.8	1.8	6.6	9.5	4.9	-16.8	-9.6					
Y/y %	-6.6	-4.8	-1.6	2.2	4.7	5.7	0.4	-3.7		-2.8	1.8	-4.7	3.2
Non-residential investment	85.9	86.3	86.6	87.0	87.3	88.0	87.1	87.7		86.5	87.6	86.1	87.4
Q/q %, SAAR	2.0	1.7	1.6	1.6	1.6	3.2	-3.9	2.6					
Y/y %	2.0	1.6	1.2	1.8	1.7	2.0	0.6	0.8		1.6	1.2	1.8	1.5
Change in inventories	0.9	1.1	1.2	1.4	1.8	0.7	1.9	1.3		1.2	1.4	1.0	1.4
Public demand	132.1	132.5	132.5	132.4	132.5	133.0	134.1	134.6		132.3	133.6	132.3	133.0
Q/q %, SAAR	-0.6	1.2	-0.2	-0.1	0.2	1.6	3.2	1.6					
Y/y %	-0.6	0.1	0.1	0.1	0.4	0.4	1.2	1.7		-0.1	0.9	0.0	0.5
Government final consumption	106.4	106.6	106.9	107.1	107.3	107.5	107.7	108.0		106.7	107.6	106.5	107.4
Q/q %, SAAR	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9					
Y/y %	0.3	0.4	0.6	0.8	0.8	0.8	0.8	0.9		0.5	0.8	0.4	0.8
Fixed investment	25.7	25.9	25.6	25.4	25.2	25.5	26.4	26.6		25.6	26.0	25.8	25.6
Q/q %, SAAR	-6.0	3.1	-4.4	-3.8	-2.2	4.7	13.6	4.5					
Y/y %	-4.8	-1.3	-1.7	-2.7	-1.7	-1.4	2.7	4.9		-2.5	1.4	-1.5	-0.7
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	-0.4	-0.0	0.2	0.2	-0.3	-1.9	2.6	3.6		-0.0	1.1	-0.3	0.2
Exports of goods and services	93.8	94.6	95.3	95.9	96.5	97.1	97.6	98.1		95.0	97.5	94.2	97.0
Q/q %, SAAR	3.2	3.2	3.0	2.7	2.5	2.3	2.2	2.3					
Y/y %	5.9	4.5	2.9	3.5	3.4	2.6	2.5	2.1		4.1	2.7	4.5	3.0
Imports of goods and services	94.3	94.6	95.1	95.7	96.8	99.0	95.0	94.6		95.0	96.5	94.5	96.8
Q/q %, SAAR	1.1	1.5	1.9	2.5	4.7	9.5	-15.1	-2.0					
Y/y %	2.3	4.1	1.4	2.3	3.1	4.7	0.0	-1.4		2.5	1.5	2.9	2.5

Source: Compiled by DIR.

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

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

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

E: DIR estimate.

3.1 Nominal Gross Domestic Expenditure (¥ tril)

	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
Gross domestic expenditure	538.6	538.4	539.7	540.5	545.2	549.4	550.0	547.9		539.4	548.1	538.5	546.2
Q/q %, SAAR	0.7	-0.1	1.0	0.6	3.6	3.1	0.5	-1.5					
Y/y %	1.2	0.8	1.4	0.6	1.2	2.0	1.9	1.4		1.0	1.6	1.2	1.4
Domestic demand	533.7	532.4	533.4	536.2	541.6	542.0	545.1	544.4		534.0	543.3	533.2	541.2
Q/q %, SAAR	0.1	-0.9	0.7	2.2	4.1	0.3	2.3	-0.5					
Y/y %	-0.2	-0.7	0.0	0.6	1.4	1.8	2.2	1.6		-0.1	1.7	-0.2	1.5
Private demand	400.7	399.0	400.4	402.7	406.2	407.0	410.0	409.2		400.8	408.2	399.9	406.5
Q/q %, SAAR	1.3	-1.7	1.4	2.3	3.5	0.8	3.0	-0.9					
Y/y %	-0.5	-1.2	0.1	0.9	1.3	1.9	2.4	1.7		-0.2	1.8	-0.5	1.7
Final consumption	299.2	299.8	300.9	301.8	304.4	302.2	304.4	304.7		300.5	303.9	299.9	303.2
Q/q %, SAAR	-0.7	0.8	1.5	1.2	3.4	-2.8	2.9	0.4					
Y/y %	-0.8	-0.9	0.3	0.8	1.8	0.8	1.2	1.0		-0.2	1.2	-0.4	1.1
Residential investment	16.5	16.9	17.2	17.5	17.7	17.5	17.1	16.8		17.0	17.3	16.7	17.4
Q/q %, SAAR	6.9	11.5	6.5	7.2	4.2	-3.6	-9.0	-6.6					
Y/y %	4.0	5.2	6.7	7.7	7.5	3.7	-0.6	-4.1		5.9	1.5	4.9	4.4
Non-residential investment	83.1	82.6	84.0	84.7	85.8	86.8	87.3	87.3		83.7	86.8	83.2	86.1
Q/q %, SAAR	1.1	-2.6	6.8	3.3	5.3	4.8	2.4	-0.0					
Y/y %	0.5	-1.6	0.8	2.0	3.2	4.8	4.1	3.1		0.5	3.8	-0.3	3.5
Change in inventories	1.9	-0.3	-1.7	-1.3	-1.6	0.5	1.2	0.4		-0.3	0.1	0.1	-0.3
Public demand	133.0	133.4	133.0	133.5	135.4	135.0	135.0	135.2		133.2	135.1	133.3	134.7
Q/q %, SAAR	-3.7	1.4	-1.4	1.7	5.8	-1.3	0.3	0.5					
Y/y %	0.9	1.0	-0.2	-0.6	1.8	1.2	1.5	1.3		0.3	1.5	0.6	1.0
Government final consumption	105.8	106.3	106.2	106.5	107.0	107.2	107.3	107.4		106.2	107.2	106.5	107.0
Q/q %, SAAR	-6.7	1.8	-0.4	1.2	2.0	0.5	0.5	0.3					
Y/y %	1.1	1.1	-0.2	-1.0	1.1	0.8	1.0	0.8		0.2	1.0	1.1	0.5
Fixed investment	27.1	27.2	26.8	27.0	28.3	27.8	27.7	27.8		27.0	27.9	26.9	27.7
Q/q %, SAAR	8.9	0.8	-4.7	2.5	21.0	-7.7	-0.7	1.6					
Y/y %	0.3	1.0	-0.2	1.2	5.3	2.5	2.9	2.7		0.6	3.2	-0.9	2.8
Change in inventories	0.0	-0.0	-0.1	-0.0	0.0	0.0	0.0	0.0		-0.0	0.0	-0.0	0.0
Net exports of goods and services	4.9	6.0	6.3	4.2	3.6	7.4	4.9	3.5		5.4	4.8	5.3	5.1
Exports of goods and services	85.3	85.4	89.8	95.0	94.4	97.5	100.2	100.3		88.9	98.1	87.1	96.8
Q/q %, SAAR	-10.6	0.3	22.2	25.7	-2.6	13.7	11.6	0.4					
Y/y %	-8.9	-10.4	-0.7	8.2	10.5	14.4	11.7	5.3		-3.1	10.3	-6.9	11.2
Imports of goods and services	80.4	79.4	83.4	90.8	90.8	90.1	95.3	96.8		83.5	93.3	81.8	91.8
Q/q %, SAAR	-14.8	-4.9	22.0	40.3	-0.1	-3.0	25.0	6.6					
Y/y %	-16.4	-18.2	-9.0	8.3	12.9	13.4	14.2	6.5		-9.3	11.6	-14.6	12.2

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.

3.2 Nominal Gross Domestic Expenditure (¥ tril)

	2018			2019			2020			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)		2018 (E)	2019 (E)	2018 (E)	2019 (E)
Gross domestic expenditure	550.9	553.8	556.2	558.6	560.8	564.4	566.6	568.3		554.9	565.0	552.3	562.6
Q/q %, SAAR	2.2	2.1	1.8	1.7	1.6	2.6	1.5	1.2					
Y/y %	1.1	0.8	1.1	1.9	1.8	1.9	1.9	1.7		1.2	1.8	1.1	1.9
Domestic demand	547.0	549.7	552.0	554.3	556.9	562.3	559.7	560.3		550.8	559.9	548.3	558.4
Q/q %, SAAR	2.0	2.0	1.7	1.6	1.9	3.9	-1.8	0.4					
Y/y %	1.0	1.5	1.2	1.8	1.8	2.3	1.4	1.1		1.4	1.7	1.3	1.8
Private demand	411.9	414.1	416.4	418.6	421.1	425.8	420.9	420.9		415.4	422.2	412.9	421.6
Q/q %, SAAR	2.7	2.1	2.3	2.1	2.4	4.6	-4.6	-0.0					
Y/y %	1.4	1.8	1.5	2.4	2.2	2.8	1.1	0.6		1.8	1.7	1.6	2.1
Final consumption	306.5	308.0	309.7	311.1	312.4	316.9	312.5	312.6		308.9	313.6	307.3	313.2
Q/q %, SAAR	2.4	1.9	2.2	1.8	1.7	5.9	-5.5	0.2					
Y/y %	0.7	1.9	1.7	2.1	1.9	2.9	0.9	0.5		1.6	1.5	1.3	1.9
Residential investment	16.8	16.9	17.0	17.3	17.7	18.0	17.4	17.0		17.0	17.5	16.9	17.6
Q/q %, SAAR	0.4	1.5	2.5	7.3	10.2	5.3	-11.7	-9.3					
Y/y %	-4.8	-3.6	-0.6	3.0	5.4	6.3	2.4	-1.9		-1.5	3.0	-3.3	4.3
Non-residential investment	87.9	88.4	88.8	89.2	89.7	90.4	89.6	90.3		88.6	90.0	88.1	89.7
Q/q %, SAAR	2.8	2.3	2.1	1.9	1.9	3.5	-3.6	3.1					
Y/y %	2.4	1.9	1.7	2.3	2.0	2.3	0.9	1.2		2.1	1.6	2.3	1.9
Change in inventories	0.7	0.8	0.9	1.0	1.3	0.5	1.4	0.9		0.9	1.1	0.7	1.1
Public demand	135.1	135.6	135.6	135.6	135.8	136.4	138.8	139.4		135.4	137.7	135.4	136.7
Q/q %, SAAR	-0.4	1.5	0.0	0.1	0.5	1.9	7.1	1.7					
Y/y %	-0.1	0.4	0.4	0.2	0.7	0.6	2.4	2.9		0.2	1.7	0.5	1.0
Government final consumption	107.7	107.9	108.2	108.5	108.8	109.1	110.4	110.6		108.1	109.7	107.8	109.2
Q/q %, SAAR	1.0	1.0	1.1	1.0	1.0	1.1	5.0	0.9					
Y/y %	0.6	0.7	0.9	1.0	1.0	1.1	2.0	2.0		0.8	1.5	0.7	1.3
Fixed investment	27.4	27.7	27.4	27.2	27.0	27.4	28.4	28.8		27.4	28.0	27.6	27.5
Q/q %, SAAR	-5.6	3.5	-4.0	-3.5	-1.8	5.4	16.1	5.2					
Y/y %	-3.5	-0.5	-1.0	-2.3	-1.3	-0.9	3.7	6.0		-1.8	2.2	-0.4	-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	3.9	4.1	4.2	4.3	3.9	2.1	6.9	8.0		4.1	5.2	3.9	4.3
Exports of goods and services	101.4	102.4	103.2	104.0	104.8	105.5	106.1	106.8		102.8	105.8	101.8	105.1
Q/q %, SAAR	4.4	4.0	3.4	2.9	3.0	2.8	2.6	2.7					
Y/y %	7.5	4.9	3.0	3.8	3.3	3.0	2.8	2.7		4.7	2.9	5.1	3.2
Imports of goods and services	97.5	98.3	99.0	99.6	100.9	103.3	99.3	98.9		98.6	100.6	97.9	100.8
Q/q %, SAAR	3.1	3.1	3.1	2.5	5.1	10.0	-14.7	-1.6					
Y/y %	7.4	9.1	3.9	3.0	3.4	5.1	0.3	-0.8		5.7	2.0	6.7	2.9

Source: Compiled by DIR.

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

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

E: DIR estimate.

4.1 Gross Domestic Expenditure, Implicit Deflators (2011=100)

	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
Gross domestic expenditure	103.1	102.9	102.9	102.4	102.8	103.0	103.0	102.8		102.8	102.9	103.1	102.8
Q/q %, SAAR	-0.1	-0.2	0.0	-0.5	0.4	0.2	-0.0	-0.2					
Y/y %	0.4	-0.1	-0.1	-0.8	-0.3	0.1	0.1	0.5		-0.2	0.1	0.3	-0.2
Private final consumption	101.2	101.0	101.3	101.1	101.2	101.2	101.7	101.8		101.1	101.5	101.1	101.3
Q/q %, SAAR	0.1	-0.2	0.3	-0.2	0.1	-0.1	0.5	0.1					
Y/y %	-0.6	-0.8	-0.3	0.1	0.0	0.2	0.3	0.7		-0.4	0.3	-0.5	0.2
Private residential investment	104.7	104.9	105.7	106.3	106.5	107.2	107.6	108.1		105.4	107.4	105.1	106.9
Q/q %, SAAR	-0.5	0.2	0.8	0.6	0.1	0.7	0.4	0.4					
Y/y %	-1.1	-1.0	-0.1	1.1	1.7	2.2	1.8	1.6		-0.3	1.8	-0.7	1.7
Private non-residential investment	101.3	101.0	101.2	101.4	101.9	102.1	102.0	102.1		101.2	102.0	101.2	101.8
Q/q %, SAAR	-0.1	-0.2	0.1	0.2	0.4	0.2	-0.0	0.1					
Y/y %	-1.0	-1.4	-0.8	0.1	0.5	1.0	0.9	0.7		-0.7	0.8	-0.9	0.6
Government final consumption	100.3	100.4	100.5	100.5	100.8	100.9	101.0	101.1		100.5	101.0	100.5	100.9
Q/q %, SAAR	-0.6	0.0	0.1	0.1	0.3	0.1	0.1	0.1					
Y/y %	-0.1	-0.2	-0.4	-0.4	0.5	0.6	0.6	0.6		-0.3	0.6	-0.2	0.3
Public fixed investment	103.6	103.6	104.4	105.1	105.2	105.9	106.1	106.5		104.2	106.0	103.9	105.6
Q/q %, SAAR	-0.2	0.0	0.7	0.7	0.2	0.6	0.2	0.4					
Y/y %	-1.5	-1.2	-0.2	1.3	1.6	2.1	1.7	1.5		-0.3	1.7	-0.8	1.6
Exports of goods and services	103.0	100.8	103.2	107.0	106.4	107.7	108.3	107.7		103.5	107.5	103.1	107.4
Q/q %, SAAR	-2.2	-2.1	2.4	3.7	-0.6	1.2	0.6	-0.5					
Y/y %	-10.0	-11.5	-5.8	1.4	3.4	7.1	4.9	0.4		-6.5	3.8	-8.5	4.2
Imports of goods and services	91.0	89.8	93.6	100.3	98.5	99.1	101.7	103.0		93.7	100.6	92.1	99.9
Q/q %, SAAR	-3.0	-1.3	4.2	7.1	-1.7	0.6	2.6	1.3					
Y/y %	-15.9	-15.6	-7.9	6.7	8.2	10.5	8.5	2.7		-8.6	7.3	-13.2	8.5

Source: Compiled by DIR.

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

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

4.2 Gross Domestic Expenditure, Implicit Deflators (2011=100)

	2018			2019			2020			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)		2018 (E)	2019 (E)	2018 (E)	2019 (E)
Gross domestic expenditure	103.0	103.1	103.3	103.5	103.6	103.8	104.7	105.0		103.2	104.3	103.1	103.9
Q/q %, SAAR	0.2	0.1	0.2	0.1	0.1	0.2	0.9	0.3					
Y/y %	0.2	0.1	0.3	0.6	0.6	0.6	1.3	1.5		0.3	1.0	0.3	0.8
Private final consumption	102.1	102.3	102.6	102.8	103.0	103.2	104.4	104.9		102.5	103.9	102.2	103.4
Q/q %, SAAR	0.3	0.2	0.3	0.2	0.2	0.2	1.2	0.4					
Y/y %	0.9	1.2	1.0	1.0	0.9	0.8	1.8	2.0		1.0	1.4	0.9	1.1
Private residential investment	108.4	108.6	108.8	109.0	109.2	109.3	110.9	111.0		108.7	110.1	108.5	109.6
Q/q %, SAAR	0.3	0.2	0.2	0.2	0.2	0.1	1.5	0.1					
Y/y %	1.9	1.3	1.1	0.8	0.7	0.6	1.9	1.9		1.3	1.3	1.5	1.0
Private non-residential investment	102.3	102.4	102.5	102.6	102.7	102.7	102.8	102.9		102.5	102.8	102.3	102.7
Q/q %, SAAR	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.4	0.3	0.5	0.5	0.4	0.3	0.3	0.4		0.4	0.3	0.5	0.4
Government final consumption	101.2	101.2	101.3	101.3	101.4	101.4	102.5	102.5		101.3	102.0	101.2	101.7
Q/q %, SAAR	0.0	0.0	0.1	0.1	0.1	0.1	1.0	0.0					
Y/y %	0.3	0.3	0.2	0.2	0.2	0.2	1.2	1.1		0.2	0.7	0.3	0.5
Public fixed investment	106.6	106.8	106.9	107.0	107.1	107.3	107.9	108.1		106.9	107.7	106.7	107.4
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.1	0.2	0.6	0.2					
Y/y %	1.4	0.9	0.7	0.4	0.4	0.5	0.9	1.0		0.8	0.8	1.1	0.6
Exports of goods and services	108.1	108.3	108.4	108.4	108.5	108.6	108.8	108.9		108.1	108.4	108.0	108.3
Q/q %, SAAR	0.3	0.2	0.1	0.0	0.1	0.1	0.1	0.1					
Y/y %	1.5	0.4	0.1	0.3	-0.2	0.4	0.3	0.6		0.6	0.3	0.6	0.2
Imports of goods and services	103.5	103.9	104.2	104.2	104.3	104.4	104.5	104.6		103.8	104.2	103.6	104.0
Q/q %, SAAR	0.5	0.4	0.3	-0.0	0.1	0.1	0.1	0.1					
Y/y %	5.0	4.8	2.5	0.6	0.4	0.4	0.3	0.7		3.2	0.4	3.7	0.4

Source: Compiled by DIR.

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

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

E: DIR estimate.

5.1 Contribution to Real GDP Growth by Component

	2016 4-6	7-9	10-12	2017 1-3	4-6	7-9	10-12	2018 1-3	FY		CY	
									2016	2017	2016	2017
1) Q/q %												
GDP growth rate	0.3	0.2	0.2	0.7	0.5	0.5	0.1	-0.2	1.2	1.5	1.0	1.7
Domestic demand	0.2	-0.2	-0.1	0.6	0.8	-0.0	0.2	-0.2	0.4	1.1	0.4	1.1
Private demand	0.3	-0.3	0.1	0.5	0.5	0.1	0.3	-0.2	0.3	1.0	0.1	1.0
Private consumption	-0.2	0.2	0.0	0.3	0.4	-0.4	0.1	-0.0	0.1	0.5	0.0	0.5
Residential investment	0.1	0.1	0.0	0.0	0.0	-0.1	-0.1	-0.1	0.2	-0.0	0.2	0.1
Private fixed investment	0.1	-0.1	0.2	0.1	0.1	0.2	0.1	-0.0	0.2	0.4	0.1	0.4
Change in private inventories	0.4	-0.5	-0.2	0.1	-0.1	0.4	0.1	-0.1	-0.3	0.1	-0.2	-0.1
Public demand	-0.1	0.1	-0.2	0.1	0.3	-0.1	-0.0	0.0	0.1	0.2	0.2	0.1
Government final consumption	-0.2	0.1	-0.0	0.0	0.0	0.0	-0.0	0.0	0.1	0.1	0.3	0.0
Public fixed investment	0.1	0.0	-0.1	-0.0	0.2	-0.1	-0.0	0.0	0.0	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	0.1	0.4	0.3	0.1	-0.3	0.5	-0.1	0.1	0.8	0.4	0.6	0.6
Exports of goods and services	-0.1	0.4	0.5	0.3	-0.0	0.3	0.4	0.1	0.6	1.0	0.3	1.1
Imports of goods and services	0.2	-0.0	-0.1	-0.2	-0.3	0.2	-0.5	-0.1	0.1	-0.6	0.3	-0.5
2) Y/y %												
GDP growth rate	0.8	0.9	1.5	1.4	1.5	1.9	1.8	0.9	1.2	1.5	1.0	1.7
Domestic demand	0.5	0.2	0.4	0.6	1.0	1.2	1.6	0.7	0.4	1.1	0.4	1.1
Private demand	0.2	-0.2	0.4	0.7	0.8	1.1	1.4	0.6	0.3	1.0	0.1	1.0
Private consumption	-0.1	-0.1	0.3	0.4	1.0	0.3	0.4	0.1	0.1	0.5	0.0	0.5
Residential investment	0.1	0.2	0.2	0.2	0.2	0.0	-0.1	-0.2	0.2	-0.0	0.2	0.1
Private fixed investment	0.2	-0.0	0.2	0.3	0.4	0.6	0.5	0.4	0.2	0.4	0.1	0.4
Change in private inventories	-0.1	-0.3	-0.4	-0.3	-0.7	0.2	0.5	0.3	-0.3	0.1	-0.2	-0.1
Public demand	0.3	0.4	0.0	-0.1	0.3	0.1	0.2	0.1	0.1	0.2	0.2	0.1
Government final consumption	0.2	0.3	0.0	-0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.3	0.0
Public fixed investment	0.1	0.1	0.0	-0.0	0.2	0.0	0.1	0.1	0.0	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	0.3	0.8	1.1	0.9	0.4	0.7	0.3	0.2	0.8	0.4	0.6	0.6
Exports of goods and services	0.2	0.2	0.9	1.1	1.1	1.1	1.1	0.8	0.6	1.0	0.3	1.1
Imports of goods and services	0.1	0.6	0.2	-0.2	-0.7	-0.4	-0.8	-0.6	0.1	-0.6	0.3	-0.5

Source: Compiled by DIR.

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

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

5.2 Contribution to Real GDP Growth by Component

	2018 4-6 (E)	7-9 (E)	10-12 (E)	2019 1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2020 1-3 (E)	FY		CY	
	2018 (E)	2019 (E)	2018 (E)	2019 (E)	2018 (E)	2019 (E)	2018 (E)	2019 (E)	2018 (E)	2019 (E)	2018 (E)	2019 (E)
1) Q/q %												
GDP growth rate	0.4	0.4	0.3	0.3	0.3	0.5	-0.5	0.0	1.0	0.8	0.9	1.1
Domestic demand	0.3	0.3	0.2	0.3	0.4	0.8	-1.3	-0.2	0.6	0.6	0.5	1.0
Private demand	0.3	0.3	0.2	0.3	0.4	0.7	-1.5	-0.3	0.7	0.4	0.5	0.8
Private consumption	0.1	0.1	0.1	0.1	0.2	0.7	-1.4	-0.2	0.3	0.1	0.2	0.4
Residential investment	-0.0	0.0	0.0	0.0	0.1	0.0	-0.1	-0.1	-0.1	0.1	-0.1	0.1
Private fixed investment	0.1	0.1	0.1	0.1	0.1	0.1	-0.2	0.1	0.3	0.2	0.3	0.2
Change in private inventories	0.1	0.0	0.0	0.0	0.1	-0.2	0.2	-0.1	0.2	0.0	0.2	0.1
Public demand	-0.0	0.1	-0.0	-0.0	0.0	0.1	0.2	0.1	-0.0	0.2	0.0	0.1
Government final consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.1	0.2
Public fixed investment	-0.1	0.0	-0.1	-0.0	-0.0	0.1	0.2	0.1	-0.1	0.1	-0.1	-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	0.0
Net exports of goods and services	0.1	0.1	0.0	0.0	-0.1	-0.3	0.8	0.2	0.3	0.2	0.3	0.1
Exports of goods and services	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.7	0.5	0.8	0.6
Imports of goods and services	-0.0	-0.1	-0.1	-0.1	-0.2	-0.4	0.7	0.1	-0.4	-0.3	-0.5	-0.4
2) Y/y %												
GDP growth rate	0.9	0.7	0.9	1.3	1.2	1.3	0.5	0.2	1.0	0.8	0.9	1.1
Domestic demand	0.3	0.6	0.5	1.1	1.2	1.6	0.1	-0.3	0.6	0.6	0.5	1.0
Private demand	0.4	0.6	0.5	1.1	1.1	1.5	-0.2	-0.8	0.7	0.4	0.5	0.8
Private consumption	-0.1	0.4	0.4	0.6	0.6	1.1	-0.5	-0.8	0.3	0.1	0.2	0.4
Residential investment	-0.2	-0.2	-0.0	0.1	0.1	0.2	0.0	-0.1	-0.1	0.1	-0.1	0.1
Private fixed investment	0.3	0.2	0.2	0.3	0.2	0.3	0.1	0.2	0.3	0.2	0.3	0.2
Change in private inventories	0.5	0.1	-0.0	0.2	0.2	-0.1	0.1	-0.0	0.2	0.0	0.2	0.1
Public demand	-0.2	0.0	0.0	0.0	0.1	0.1	0.3	0.4	-0.0	0.2	0.0	0.1
Government final consumption	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.2
Public fixed investment	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	0.1	0.3	-0.1	0.1	-0.1	-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	0.0
Net exports of goods and services	0.6	0.1	0.3	0.2	0.1	-0.4	0.4	0.6	0.3	0.2	0.3	0.1
Exports of goods and services	1.0	0.8	0.5	0.6	0.6	0.5	0.4	0.4	0.7	0.5	0.8	0.6
Imports of goods and services	-0.4	-0.7	-0.2	-0.4	-0.5	-0.8	-0.0	0.3	-0.4	-0.3	-0.5	-0.4

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

	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
1) World economy													
Economic growth of major trading partners													
Y/y %	3.5	3.4	3.7	3.9	4.0	4.3	4.1	4.2		3.6	4.2	3.5	4.1
Crude oil price (WTI futures; \$/bbl)	45.6	44.9	49.3	51.8	48.1	48.2	55.3	62.9		47.9	53.6	43.5	50.9
Y/y %	-21.1	-3.4	16.9	54.0	5.5	7.2	12.2	21.5		6.4	11.9	-10.9	17.0
2) US economy													
Real GDP (chained [2009]; \$ bil; SAAR)	16,664	16,778	16,851	16,903	17,031	17,164	17,287	17,386		16,799	17,217	16,716	17,096
Q/q %, SAAR	2.2	2.8	1.8	1.2	3.1	3.2	2.9	2.3					
Y/y %	1.2	1.5	1.8	2.0	2.2	2.3	2.6	2.9		1.6	2.5	1.5	2.3
Consumer Price Index													
(1982-84 avg=100)	239.5	240.5	242.2	243.9	244.0	245.3	247.3	249.4		241.5	246.5	240.0	245.1
Q/q %, SAAR	2.7	1.8	2.7	3.0	0.1	2.1	3.3	3.5					
Y/y %	1.0	1.1	1.8	2.5	1.9	2.0	2.1	2.2		1.6	2.1	1.3	2.1
Producer Price Index													
(Final demand; 2009.Nov=100)	110.2	110.5	111.1	112.0	112.6	113.1	114.2	115.1		110.9	113.8	110.4	113.0
Q/q %, SAAR	1.5	1.2	2.2	3.2	2.3	1.8	3.8	3.4					
Y/y %	0.1	0.2	1.4	2.0	2.2	2.4	2.8	2.8		0.9	2.5	0.4	2.3
FF rate (%)	0.50	0.50	0.75	1.00	1.25	1.25	1.50	1.75		1.00	1.75	0.75	1.50
(Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	1.75	1.56	2.13	2.44	2.26	2.24	2.37	2.76		1.97	2.41	1.84	2.33
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	105.8	106.3	106.2	106.5	107.0	107.2	107.3	107.4		106.2	107.2	106.5	107.0
Q/q %, SAAR	-6.7	1.8	-0.4	1.2	2.0	0.5	0.5	0.3					
Y/y %	1.1	1.1	-0.2	-1.0	1.1	0.8	1.0	0.8		0.2	1.0	1.1	0.5
Nominal public fixed investment													
Y tril; SAAR	27.1	27.2	26.8	27.0	28.3	27.8	27.7	27.8		27.0	27.9	26.9	27.7
Q/q %, SAAR	8.9	0.8	-4.7	2.5	21.0	-7.7	-0.7	1.6					
Y/y %	0.3	1.0	-0.2	1.2	5.3	2.5	2.9	2.7		0.6	3.2	-0.9	2.8
Exchange rate (Y/\$)	108.1	102.4	109.4	113.6	111.1	111.0	112.9	108.2		108.4	110.8	108.8	112.2
(Y/€)	120.7	114.7	119.2	120.2	124.3	131.3	133.2	132.3		118.7	130.3	120.6	127.2

Source: Compiled by DIR.

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

6.2 Major Assumptions

	2018			2019			2019			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3		2018	2019	2018	2019
	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)		(E)	(E)	(E)	(E)
1) World economy													
Economic growth of major trading partners													
Y/y %	4.1	3.7	3.7	3.8	3.8	3.7	3.7	3.6		3.8	3.7	3.9	3.8
Crude oil price (WTI futures; \$/bbl)	69.0	69.0	69.0	69.0	69.0	69.0	69.0	69.0		69.0	69.0	67.5	69.0
Y/y %	43.3	43.2	24.8	9.7	0.0	0.0	0.0	0.0		28.6	0.0	32.7	2.3
2) US economy													
Real GDP (chained [2009]; \$ bil; SAAR)	17,507	17,621	17,732	17,837	17,940	18,036	18,127	18,214		17,674	18,079	17,561	17,985
Q/q %, SAAR	2.8	2.6	2.5	2.4	2.3	2.2	2.0	1.9					
Y/y %	2.8	2.7	2.6	2.6	2.5	2.4	2.2	2.1		2.7	2.3	2.7	2.4
Consumer Price Index													
(1982-84 avg=100)	250.7	252.1	253.4	254.7	256.1	257.5	259.0	260.6		252.7	258.3	251.4	256.8
Q/q %, SAAR	2.0	2.4	2.0	2.0	2.2	2.3	2.4	2.4					
Y/y %	2.7	2.8	2.5	2.1	2.2	2.1	2.2	2.3		2.5	2.2	2.5	2.2
Producer Price Index													
(Final demand; 2009.Nov=100)	115.8	116.3	116.8	117.4	117.9	118.5	119.1	119.7		116.6	118.8	116.0	118.2
Q/q %, SAAR	2.2	2.0	1.7	1.8	1.9	2.0	2.1	2.1					
Y/y %	2.8	2.9	2.3	1.9	1.9	1.8	1.9	2.0		2.5	1.9	2.7	1.9
FF rate (%)	2.00	2.25	2.50	2.50	2.75	2.75	3.00	3.00		2.50	3.00	2.50	3.00
(Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	3.01	3.17	3.35	3.45	3.50	3.59	3.62	3.73		3.24	3.61	3.07	3.54
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	107.7	107.9	108.2	108.5	108.8	109.1	110.4	110.6		108.1	109.7	107.8	109.2
Q/q %, SAAR	1.0	1.0	1.1	1.0	1.0	1.1	5.0	0.9					
Y/y %	0.6	0.7	0.9	1.0	1.0	1.1	2.0	2.0		0.8	1.5	0.7	1.3
Nominal public fixed investment													
Y tril; SAAR	27.4	27.7	27.4	27.2	27.0	27.4	28.4	28.8		27.4	28.0	27.6	27.5
Q/q %, SAAR	-5.6	3.5	-4.0	-3.5	-1.8	5.4	16.1	5.2					
Y/y %	-3.5	-0.5	-1.0	-2.3	-1.3	-0.9	3.7	6.0		-1.8	2.2	-0.4	-0.1
Exchange rate (Y/\$)	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0		109.0	109.0	108.8	109.0
(Y/€)	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0		132.0	132.0	132.1	132.0

Source: Compiled by DIR.

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

E: DIR estimate.