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Japan's Economic Outlook No. 198 (Summary)

Whither Japan's Economy?: In this report we examine the following: (1) US-China Trade War, (2) The Heat Wave Effect, (3) The Impact of Unpaid Overtime, (4) What Happened to Fiscal Reconstruction?, and (5) US-Japan Risk from the Viewpoint of Money Flow

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

- **Japan's economy is in a temporary lull, with a gradual slowdown seen throughout FY2019:** In light of the 1st preliminary Apr-Jun 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, and +0.8% in comparison with the previous year for FY19. Our assessment of Japan's economy remains unchanged. The economy is now in a temporary lull, with the positive factors which came together in FY17 now in the process of falling away. We expect Japan's economy to continue slowing down for some time, and then move toward an extremely moderate growth pattern.

- **Reassessment of US-China Trade War and its Effects on the Global Economy:** Using the DIR macro model, the estimated effects on the US and Chinese real economies due to additional US-China tariff measures is not expected to be devastating. On the other hand, neither can it be ignored. Downward pressure on GDP in the two countries is expected to be -0.25% for China, and -0.29% for the US. Meanwhile, impact on the global economy according to IMF estimates is seen at -0.10%. For Japan, the moment of truth will arrive at the trade negotiations on automobiles. If a tariff of 20% is imposed on imports of Japanese automobiles to the US, the tariff cost to Japanese motor vehicles and parts could grow to 1.7 trillion yen or more.
- **The Heat Wave Effect – A Bottom-Up Approach:** In predicting the short-term momentum of personal consumption, we must take into considerations the effects of Japan's recent heat wave in addition to other factors. According to the DIR estimate, for each 1°C increase in average temperature in comparison with the previous year, nominal household consumption expenditure is raised by 100 billion yen, as is expected to be the case for the Jul-Sep period.
- **The Impact of Unpaid Overtime on Japan's Economy:** We estimated the impact of the unique Japanese phenomenon of "service overtime" (unpaid or voluntary overtime) on Japan's economy using the DIR macro model. Then we estimated what the impact would be on corporate income if service overtime were reduced. While a negative effect was detected in the short-term, in the mid to long-term it actually would have a positive effect. As for the breakdown by industry, "service overtime" is on the high side in those industries which have low productivity. These industries also tend to have a high rate of employee retention. Assuming that there is more employment mobility, we estimated what the impact of increased turnover in labor would be on industries with a lot of unpaid overtime, and we found that productivity would improve by around 2.0%. It would be a plus to the macro economy in the mid to long-term if the extent to which corporations with low productivity can depend on unpaid overtime is gradually limited.
- **Fiscal Reconstruction – An Impossible Dream?:** In June 2018 the government pushed back its target to reach fiscal sustainability (primary balance in the black at both national and local levels) from the original target of FY2020 to FY2025. Even the new target date will not be easy to achieve considering the current structure of revenue and expenditure on both the national and local levels, as well as the fact that a high economic growth rate would be required to get back in the black by then. We also performed an international comparison to see where Japan stands in its deficit situation, while at the same time analyzing national and local public budgets to find what the mid to long-term prospects might be. According to the baseline cases used by DIR and the Cabinet Office, the amount by which Japan's primary balance will be in the red by FY2025 comes to -9.7 trillion yen (DIR) and -8.1 trillion yen (Cabinet Office). Getting the public budget back in the black will require improving the balance of payments by increasing the consumption tax by 4%pt or more. The road to fiscal health is a difficult one.
- **Looking for Risk in US-Japan Money Flows:** In the US just before the global financial crisis of 2008, and in Japan during its bubble period (1985-1990), there was a rapid increase in debt held by financial institutions, households, and corporations. In both cases a financial crisis was triggered when the economic bubble burst, and both countries fell into recession. During the IT bubble in the US, assets grew, while expansion of debt was not very prominent. Because of this fact a financial crisis was avoided after the IT bubble burst, and the recession which followed was limited to the short-term. The current situation has more in common with the IT bubble than with the global financial crisis of 2008, or Japan's economic bubble. There is a good possibility that the value of risk assets will fall, but we are of the opinion that risk of a financial crisis occurring is limited.

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- **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 -0.4%, then return to growth in FY19 at +1.6%.
- Average exchange rate of Y110.7/\$ in FY18, and Y111.3/\$ in FY19.
- US real GDP growth of +2.8% in CY18, and +2.5% 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 %)	1.7	1.2	1.8	1.5	1.1	1.8
Real GDP (chained [2011]; y/y %)	1.6	1.0	0.8	1.7	0.9	1.1
Domestic demand (contribution, % pt)	1.2	0.9	0.6	1.2	0.7	1.0
Foreign demand (contribution, % pt)	0.4	0.1	0.2	0.6	0.1	0.1
GDP deflator (y/y %)	0.1	0.2	1.0	-0.2	0.2	0.7
Index of All-industry Activity (y/y %)*	1.8	1.3	1.1	1.6	1.2	1.5
Index of Industrial Production (y/y %)	4.1	2.1	1.9	4.4	1.9	2.5
Index of Tertiary Industry Activity (y/y %)	1.0	1.2	0.9	0.7	1.1	1.2
Corporate Goods Price Index (y/y %)	2.7	2.6	3.3	2.3	2.6	2.8
Consumer Price Index (excl. fresh food; y/y %)	0.7	0.9	1.3	0.5	0.9	1.0
Unemployment rate (%)	2.7	2.4	2.5	2.8	2.5	2.4
Government bond yield (10 year; %)	0.05	0.08	0.10	0.05	0.07	0.10
Money stock; M2 (end-period; y/y %)	3.7	2.9	1.8	4.0	3.0	2.1
Balance of payments						
Trade balance (Y tril)	4.6	3.8	4.6	5.0	3.5	3.9
Current balance (\$100 mil)	1,968	1,905	1,956	1,957	1,867	1,874
Current balance (Y tril)	21.8	21.5	22.2	22.0	20.5	20.9
(% of nominal GDP)	3.9	3.9	3.9	4.0	3.7	3.7
Real GDP components (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	0.8 (0.5)	0.8 (0.5)	0.1 (0.1)	1.0 (0.6)	0.5 (0.3)	0.8 (0.5)
Private housing investment	-0.3 (-0.0)	-4.9 (-0.1)	2.0 (0.1)	2.7 (0.1)	-6.3 (-0.2)	3.0 (0.1)
Private fixed investment	3.1 (0.5)	2.8 (0.5)	1.2 (0.2)	2.9 (0.4)	3.0 (0.5)	1.6 (0.3)
Government final consumption	0.7 (0.1)	0.6 (0.1)	0.8 (0.2)	0.4 (0.1)	0.5 (0.1)	0.8 (0.2)
Public fixed investment	1.4 (0.1)	-1.9 (-0.1)	0.9 (0.0)	1.2 (0.1)	-1.3 (-0.1)	-0.5 (-0.0)
Exports of goods and services	6.3 (1.0)	3.3 (0.6)	2.8 (0.5)	6.7 (1.1)	3.9 (0.7)	2.9 (0.5)
Imports of goods and services	4.1 (-0.6)	2.9 (-0.5)	1.4 (-0.2)	3.4 (-0.5)	3.3 (-0.5)	2.4 (-0.4)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	4.2	3.9	3.7	4.1	4.0	3.8
Crude oil price (WTI futures; \$/bbl)	53.6	68.4	68.4	50.9	67.1	68.4
2. US economy						
US real GDP (chained [2009]; y/y %)	2.4	2.9	2.3	2.2	2.8	2.5
US Consumer Price Index (y/y %)	2.1	2.4	2.2	2.1	2.5	2.1
3. Japanese economy						
Nominal public fixed investment (y/y %)	3.2	-0.4	1.6	2.8	0.4	0.3
Exchange rate (Y/\$)	110.8	110.7	111.3	112.2	110.0	111.3
(Y/€)	130.3	128.8	128.5	127.2	129.7	128.5

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 198)		Previous outlook (Outlook 197 Update)		Difference between previous and current outlooks	
	FY18	FY19	FY18	FY19	FY18	FY19
Main economic indicators						
Nominal GDP (y/y %)	1.2	1.8	1.3	1.8	-0.1	-0.0
Real GDP (chained [2011]; y/y %)	1.0	0.8	1.0	0.8	-0.0	0.0
Domestic demand (contribution, % pt)	0.9	0.6	0.7	0.6	0.2	-0.0
Foreign demand (contribution, % pt)	0.1	0.2	0.3	0.2	-0.2	0.0
GDP deflator (y/y %)	0.2	1.0	0.2	1.0	-0.1	-0.0
Index of All-industry Activity (y/y %)*	1.3	1.1	1.1	1.0	0.2	0.1
Index of Industrial Production (y/y %)	2.1	1.9	1.9	1.9	0.2	0.0
Index of Tertiary Industry Activity (y/y %)	1.2	0.9	1.0	0.8	0.2	0.1
Corporate Goods Price Index (y/y %)	2.6	3.3	2.7	3.3	-0.1	0.0
Consumer Price Index (excl. fresh food; y/y %)	0.9	1.3	1.0	1.4	-0.2	-0.2
Unemployment rate (%)	2.4	2.5	2.5	2.5	-0.0	-0.0
Government bond yield (10 year; %)	0.08	0.10	0.06	0.06	0.03	0.04
Balance of payments						
Trade balance (Y tril)	3.8	4.6	3.4	4.1	0.4	0.5
Current balance (\$100 mil)	1,905	1,956	1,746	1,847	159	109
Current balance (Y tril)	21.5	22.2	19.4	20.5	2.1	1.7
(% of nominal GDP)	3.9	3.9	3.5	3.6	0.4	0.3
Real GDP components (chained [2011]; y/y %)						
Private final consumption	0.8	0.1	0.6	0.2	0.3	-0.0
Private housing investment	-4.9	2.0	-2.6	1.8	-2.4	0.3
Private fixed investment	2.8	1.2	2.0	1.2	0.9	-0.1
Government final consumption	0.6	0.8	0.6	0.8	-0.0	0.0
Public fixed investment	-1.9	0.9	-2.5	1.4	0.6	-0.6
Exports of goods and services	3.3	2.8	4.1	2.7	-0.8	0.1
Imports of goods and services	2.9	1.4	2.5	1.5	0.4	-0.2
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.9	3.7	3.9	3.7	0.1	-0.0
Crude oil price (WTI futures; \$/bbl)	68.4	68.4	67.2	67.0	1.2	1.4
2. US economy						
US real GDP (chained [2009]; y/y %)	2.9	2.3	2.7	2.3	0.2	-0.0
US Consumer Price Index (y/y %)	2.4	2.2	2.5	2.2	-0.1	0.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	-0.4	1.6	-1.7	2.2	1.3	-0.6
Exchange rate (Y/\$)	110.7	111.3	109.0	109.0	1.8	2.3
(Y/€)	128.8	128.5	129.2	129.0	-0.4	-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)	538.3	538.3	539.8	540.9	545.2	549.5	551.0	548.9	539.4	548.7	538.5	546.6	
Q/q %	0.1	-0.0	0.3	0.2	0.8	0.8	0.3	-0.4					
Q/q %, SAAR	0.3	-0.0	1.1	0.8	3.2	3.2	1.1	-1.5					
Y/y %	1.2	0.8	1.4	0.6	1.2	2.1	2.0	1.5	1.0	1.7	1.2	1.5	
Real GDP (chained [2011]; SAAR; Y tril)	522.1	523.4	524.4	527.9	530.7	533.7	534.8	533.5	524.5	533.0	522.6	531.6	
Q/q %	0.2	0.3	0.2	0.7	0.5	0.6	0.2	-0.2					
Q/q %, SAAR	0.9	1.1	0.8	2.7	2.1	2.3	0.8	-0.9					
Y/y %	0.8	1.0	1.6	1.5	1.6	2.0	2.0	1.0	1.2	1.6	1.0	1.7	
Contribution to GDP growth (% pt)													
Domestic demand	0.2	-0.2	-0.1	0.6	0.8	0.0	0.3	-0.3	0.4	1.2	0.4	1.2	
Foreign demand	0.1	0.4	0.3	0.1	-0.3	0.6	-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	105.1	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	105.1	103.9	105.0	103.9	104.7	
Q/q %; y/y %	0.0	0.3	0.1	-0.1	0.8	0.0	0.5	-0.2	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	4.6	5.5	5.0	
Current balance (SAAR; \$100 mil)	1,929	1,902	1,928	1,887	1,798	2,092	2,088	1,731	1,939	1,968	1,935	1,957	
Current balance (SAAR; Y tril)	20.9	19.5	21.1	21.4	20.0	23.2	23.6	18.7	21.0	21.8	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	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)	551.3	553.7	556.5	559.1	561.2	564.5	566.6	567.8	555.1	565.0	552.6	562.8
Q/q %	0.4	0.4	0.5	0.5	0.4	0.6	0.4	0.2				
Q/q %, SAAR	1.7	1.8	2.0	1.8	1.5	2.4	1.5	0.9				
Y/y %	1.1	0.8	1.0	1.8	1.8	1.9	1.8	1.6	1.2	1.8	1.1	1.8
Real GDP (chained [2011]; SAAR; Y tril)	536.0	537.6	539.3	541.0	542.6	545.1	541.9	542.0	538.3	542.7	536.4	542.5
Q/q %	0.5	0.3	0.3	0.3	0.3	0.5	-0.6	0.0				
Q/q %, SAAR	1.9	1.2	1.3	1.3	1.2	1.8	-2.3	0.1				
Y/y %	1.0	0.7	0.9	1.4	1.2	1.4	0.5	0.2	1.0	0.8	0.9	1.1
Contribution to GDP growth (% pt)												
Domestic demand	0.6	0.2	0.3	0.3	0.4	0.8	-1.4	-0.2	0.9	0.6	0.7	1.0
Foreign demand	-0.1	0.1	0.1	0.0	-0.1	-0.3	0.8	0.2	0.1	0.2	0.1	0.1
GDP deflator (y/y %)	0.1	0.0	0.2	0.4	0.6	0.6	1.3	1.4	0.2	1.0	0.2	0.7
Index of All-Industry Activity (2010=100)	106.0	106.2	106.8	107.2	107.5	107.9	107.7	107.7	106.5	107.7	106.0	107.5
Q/q %; y/y %	0.8	0.2	0.6	0.3	0.3	0.4	-0.2	0.0	1.3	1.1	1.2	1.5
Index of Industrial Production (2010=100)	103.8	104.2	105.3	105.9	106.5	107.2	106.8	106.9	104.7	106.7	103.9	106.5
Q/q %; y/y %	1.3	0.4	1.0	0.6	0.5	0.7	-0.3	0.1	2.1	1.9	1.9	2.5
Index of Tertiary Industry Activity (2010=100)	105.9	106.0	106.5	106.8	107.1	107.5	107.3	107.3	106.2	107.2	105.8	107.1
Q/q %; y/y %	0.7	0.1	0.5	0.3	0.3	0.3	-0.2	0.0	1.2	0.9	1.1	1.2
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	101.0	101.6	102.3	102.8	103.3	103.7	106.8	107.4	101.9	105.3	101.3	104.2
Y/y %	2.6	2.8	2.6	2.5	2.3	2.1	4.4	4.4	2.6	3.3	2.6	2.8
CPI (excl. fresh food; 2015=100)	101.0	101.2	101.5	101.4	101.8	102.0	103.3	103.2	101.3	102.6	101.1	102.1
Y/y %	0.8	1.0	0.9	0.9	0.8	0.8	1.7	1.7	0.9	1.3	0.9	1.0
Unemployment rate (%)	2.4	2.5	2.5	2.4	2.4	2.4	2.5	2.5	2.4	2.5	2.5	2.4
Government bond yield (10 year; %)	0.04	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.08	0.10	0.07	0.10
Money stock; M2 (y/y %)	3.1	3.1	2.7	2.9	1.8	1.9	1.8	1.6	2.9	1.8	3.0	2.1
Trade balance (SAAR; Y tril)	4.0	3.6	3.7	3.9	3.6	2.1	5.9	6.8	3.8	4.6	3.5	3.9
Current balance (SAAR; \$100 mil)	2,016	1,847	1,874	1,882	1,834	1,672	2,108	2,210	1,905	1,956	1,867	1,874
Current balance (SAAR; Y tril)	22.0	20.6	20.9	20.9	20.4	18.6	23.5	24.6	21.5	22.2	20.5	20.9
(% of nominal GDP)	4.0	3.7	3.7	3.7	3.6	3.3	4.1	4.3	3.9	3.9	3.7	3.7
Exchange rate (Y/\$)	109.1	111.3	111.3	111.3	111.3	111.3	111.3	111.3	110.7	111.3	110.0	111.3
(Y/Euro)	129.0	129.1	128.5	128.5	128.5	128.5	128.5	128.5	128.8	128.5	129.7	128.5

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	522.1	523.4	524.4	527.9	530.7	533.7	534.8	533.5	524.5	533.0	522.6	531.6	
Q/q %, SAAR	0.9	1.1	0.8	2.7	2.1	2.3	0.8	-0.9					
Y/y %	0.8	1.0	1.6	1.5	1.6	2.0	2.0	1.0	1.2	1.6	1.0	1.7	
Domestic demand	527.5	526.6	526.1	529.1	533.4	533.6	535.5	533.8	527.3	534.0	526.6	532.8	
Q/q %, SAAR	0.6	-0.7	-0.4	2.3	3.3	0.1	1.4	-1.3					
Y/y %	0.5	0.1	0.4	0.5	1.1	1.3	1.8	0.9	0.4	1.3	0.4	1.2	
Private demand	395.8	394.5	394.8	397.5	399.9	400.8	402.8	401.3	395.7	401.2	394.8	400.2	
Q/q %, SAAR	1.5	-1.3	0.3	2.8	2.5	0.9	2.0	-1.5					
Y/y %	0.3	-0.3	0.5	0.9	1.0	1.5	2.0	1.0	0.3	1.4	0.1	1.4	
Final consumption	295.8	297.0	297.0	298.6	300.9	298.8	299.8	299.2	297.1	299.6	296.5	299.5	
Q/q %, SAAR	-0.9	1.6	0.0	2.1	3.1	-2.8	1.4	-0.8					
Y/y %	-0.2	-0.1	0.6	0.8	1.8	0.6	1.0	0.1	0.3	0.8	0.1	1.0	
Residential investment	15.7	16.2	16.3	16.4	16.6	16.4	15.9	15.5	16.1	16.1	15.9	16.3	
Q/q %, SAAR	9.9	11.7	2.1	3.3	5.4	-5.2	-11.6	-8.7					
Y/y %	5.1	6.3	6.8	6.5	5.7	1.4	-2.4	-5.4	6.2	-0.3	5.7	2.7	
Non-residential investment	82.0	81.7	83.1	83.6	84.0	85.0	85.7	86.1	82.6	85.2	82.2	84.5	
Q/q %, SAAR	0.9	-1.4	6.7	2.3	2.2	4.8	3.1	2.0					
Y/y %	1.5	-0.2	1.6	1.9	2.7	3.8	3.2	2.9	1.2	3.1	0.6	2.9	
Change in inventories	2.2	-0.4	-1.6	-1.1	-1.6	0.6	1.5	0.4	-0.2	0.3	0.2	-0.1	
Public demand	131.7	132.1	131.3	131.7	133.5	132.8	132.7	132.5	131.6	132.8	131.8	132.6	
Q/q %, SAAR	-2.0	1.3	-2.5	1.1	5.6	-2.1	-0.3	-0.4					
Y/y %	1.3	1.5	0.1	-0.6	1.4	0.6	1.0	0.6	0.5	0.9	1.0	0.6	
Government final consumption	105.4	105.9	105.7	106.1	106.4	106.5	106.6	106.6	105.7	106.5	105.9	106.4	
Q/q %, SAAR	-4.9	1.9	-0.8	1.3	1.4	0.3	0.2	0.0					
Y/y %	1.2	1.3	0.2	-0.6	0.9	0.6	0.8	0.5	0.5	0.7	1.3	0.4	
Fixed investment	26.2	26.2	25.7	25.6	27.0	26.2	26.1	26.0	25.9	26.3	25.9	26.2	
Q/q %, SAAR	11.6	-0.0	-8.1	-0.7	23.3	-11.0	-2.5	-1.7					
Y/y %	1.8	2.2	0.0	-0.0	3.7	0.4	1.2	1.0	0.9	1.4	-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	-5.6	-3.6	-2.2	-1.8	-3.4	-0.2	-1.3	-0.9	-3.2	-1.4	-4.3	-1.7	
Exports of goods and services	82.9	84.8	87.0	88.6	88.8	90.6	92.5	93.1	85.9	91.3	84.5	90.2	
Q/q %, SAAR	-1.6	9.6	11.0	7.6	0.7	8.6	8.8	2.6					
Y/y %	1.2	1.3	5.4	6.6	6.8	6.9	6.5	5.1	3.6	6.3	1.7	6.7	
Imports of goods and services	88.4	88.3	89.3	90.5	92.2	90.8	93.9	94.0	89.1	92.7	88.8	91.9	
Q/q %, SAAR	-3.1	-0.3	4.2	5.5	7.8	-5.7	14.0	0.7					
Y/y %	-0.5	-3.1	-1.2	1.5	4.3	2.7	5.3	3.9	-0.8	4.1	-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]; Y tril)

	2018			2019			2020			FY		CY	
	4-6	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2018 (E)	2019 (E)	2018 (E)	2019 (E)	
Gross domestic expenditure	536.0	537.6	539.3	541.0	542.6	545.1	541.9	542.0	538.3	542.7	536.4	542.5	
Q/q %, SAAR	1.9	1.2	1.3	1.3	1.2	1.8	-2.3	0.1					
Y/y %	1.0	0.7	0.9	1.4	1.2	1.4	0.5	0.2	1.0	0.8	0.9	1.1	
Domestic demand	537.0	538.1	539.4	541.1	543.1	547.2	539.6	538.6	538.9	542.1	536.9	542.7	
Q/q %, SAAR	2.4	0.8	1.0	1.2	1.5	3.1	-5.5	-0.7					
Y/y %	0.7	0.9	0.7	1.4	1.1	1.7	0.0	-0.4	0.9	0.6	0.8	1.1	
Private demand	404.2	405.1	406.6	408.1	410.0	413.6	405.3	403.8	406.0	408.2	404.2	409.2	
Q/q %, SAAR	3.0	0.9	1.4	1.5	1.9	3.6	-7.9	-1.4					
Y/y %	1.0	1.1	0.9	1.8	1.4	2.1	-0.3	-1.0	1.2	0.5	1.0	1.2	
Final consumption	301.3	301.6	302.3	303.1	303.9	307.7	299.8	298.8	302.1	302.5	301.1	303.6	
Q/q %, SAAR	2.8	0.4	1.0	1.0	1.1	5.1	-9.9	-1.4					
Y/y %	0.2	1.0	0.8	1.3	0.9	2.0	-0.8	-1.5	0.8	0.1	0.5	0.8	
Residential investment	15.1	15.2	15.3	15.6	15.9	16.1	15.4	15.0	15.3	15.6	15.3	15.8	
Q/q %, SAAR	-10.3	2.0	3.6	6.6	9.5	4.9	-16.8	-9.6					
Y/y %	-8.9	-7.4	-3.5	0.3	5.3	6.2	0.4	-3.6	-4.9	2.0	-6.3	3.0	
Non-residential investment	87.2	87.3	87.7	88.0	88.4	89.1	88.2	88.8	87.6	88.6	87.1	88.4	
Q/q %, SAAR	5.2	0.8	1.6	1.6	1.6	3.2	-3.9	2.6					
Y/y %	4.0	2.8	2.3	2.3	1.3	2.0	0.6	0.8	2.8	1.2	3.0	1.6	
Change in inventories	0.6	1.0	1.2	1.4	1.8	0.7	1.9	1.3	1.0	1.4	0.8	1.4	
Public demand	132.8	132.9	132.9	133.0	133.1	133.6	134.3	134.8	132.9	134.0	132.7	133.5	
Q/q %, SAAR	0.7	0.5	-0.2	0.4	0.2	1.6	2.1	1.6					
Y/y %	-0.3	0.1	0.1	0.4	0.3	0.5	1.1	1.4	0.1	0.8	0.1	0.6	
Government final consumption	106.8	107.0	107.2	107.4	107.7	107.9	108.1	108.4	107.1	108.0	106.9	107.7	
Q/q %, SAAR	0.9	0.8	0.8	0.8	0.8	0.8	0.9	0.9					
Y/y %	0.4	0.5	0.6	0.8	0.8	0.8	0.8	0.9	0.6	0.8	0.5	0.8	
Fixed investment	25.9	25.9	25.6	25.6	25.4	25.7	26.2	26.4	25.8	26.0	25.9	25.7	
Q/q %, SAAR	-0.5	-0.4	-4.4	-1.0	-2.2	4.6	7.2	4.5					
Y/y %	-3.6	-1.4	-1.6	-1.4	-2.2	-0.7	2.0	3.4	-1.9	0.9	-1.3	-0.5	
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	-1.6	-1.1	-0.8	-0.7	-1.1	-2.8	1.7	2.7	-1.1	0.2	-1.1	-0.7	
Exports of goods and services	93.3	93.9	94.7	95.3	95.9	96.5	97.0	97.6	94.3	97.0	93.7	96.4	
Q/q %, SAAR	0.8	2.6	3.2	2.8	2.5	2.3	2.2	2.3					
Y/y %	4.9	3.7	2.2	2.6	3.8	2.7	2.5	2.2	3.3	2.8	3.9	2.9	
Imports of goods and services	94.9	95.0	95.4	96.0	97.0	99.3	95.3	94.8	95.5	96.8	94.8	97.1	
Q/q %, SAAR	3.9	0.5	1.7	2.3	4.5	9.5	-15.1	-2.0					
Y/y %	3.0	4.7	1.6	2.6	2.7	4.5	-0.1	-1.4	2.9	1.4	3.3	2.4	

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.

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	538.3	538.3	539.8	540.9	545.2	549.5	551.0	548.9	539.4	548.7	538.5	546.6	
Q/q %, SAAR	0.3	-0.0	1.1	0.8	3.2	3.2	1.1	-1.5					
Y/y %	1.2	0.8	1.4	0.6	1.2	2.1	2.0	1.5	1.0	1.7	1.2	1.5	
Domestic demand	533.5	532.4	533.5	536.5	541.6	542.4	546.1	545.0	534.0	543.8	533.2	541.6	
Q/q %, SAAR	-0.2	-0.8	0.8	2.2	3.9	0.6	2.8	-0.8					
Y/y %	-0.2	-0.7	0.0	0.6	1.5	1.8	2.3	1.7	-0.1	1.8	-0.2	1.6	
Private demand	400.5	399.0	400.5	402.9	405.8	407.0	410.7	409.6	400.8	408.4	399.9	406.6	
Q/q %, SAAR	1.0	-1.5	1.5	2.4	3.0	1.2	3.6	-1.1					
Y/y %	-0.5	-1.2	0.1	1.0	1.3	1.9	2.5	1.8	-0.2	1.9	-0.5	1.7	
Final consumption	299.2	299.8	300.8	301.9	304.4	302.2	304.8	304.6	300.5	304.0	299.9	303.3	
Q/q %, SAAR	-0.8	0.8	1.4	1.5	3.2	-2.8	3.5	-0.2					
Y/y %	-0.8	-0.9	0.3	0.8	1.8	0.8	1.3	0.9	-0.2	1.2	-0.5	1.2	
Residential investment	16.5	17.0	17.2	17.4	17.7	17.6	17.1	16.8	17.0	17.3	16.7	17.4	
Q/q %, SAAR	8.0	12.2	5.8	5.5	6.1	-2.8	-10.1	-6.9					
Y/y %	4.0	5.2	6.7	7.7	7.5	3.7	-0.6	-3.7	5.9	1.6	4.9	4.4	
Non-residential investment	83.0	82.6	84.0	84.8	85.5	86.7	87.4	88.0	83.7	87.0	83.2	86.1	
Q/q %, SAAR	-0.2	-2.2	7.4	3.7	3.2	5.9	3.1	2.8					
Y/y %	0.5	-1.6	0.8	2.0	3.2	4.8	4.1	3.7	0.5	4.0	-0.3	3.5	
Change in inventories	1.8	-0.3	-1.6	-1.3	-1.7	0.5	1.4	0.1	-0.3	0.1	0.1	-0.3	
Public demand	133.0	133.5	133.0	133.6	135.8	135.3	135.4	135.5	133.2	135.4	133.4	135.0	
Q/q %, SAAR	-3.7	1.4	-1.5	1.8	6.7	-1.2	0.1	0.2					
Y/y %	0.9	1.0	-0.2	-0.5	2.1	1.5	1.7	1.4	0.3	1.7	0.7	1.2	
Government final consumption	105.8	106.3	106.2	106.6	107.3	107.5	107.7	107.7	106.2	107.6	106.5	107.3	
Q/q %, SAAR	-6.9	1.9	-0.3	1.5	2.7	0.7	0.5	0.3					
Y/y %	1.1	1.1	-0.1	-1.0	1.4	1.2	1.3	1.1	0.2	1.3	1.1	0.8	
Fixed investment	27.2	27.2	26.8	27.0	28.4	27.8	27.7	27.7	27.0	27.8	26.9	27.7	
Q/q %, SAAR	9.9	0.4	-5.1	2.2	22.8	-8.3	-1.3	0.4					
Y/y %	0.3	1.0	-0.2	1.2	5.3	2.5	2.9	2.5	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	5.8	6.3	4.4	3.6	7.1	5.0	3.9	5.4	4.9	5.3	5.1	
Exports of goods and services	85.3	85.4	89.8	94.9	94.5	97.5	100.3	100.5	88.9	98.2	87.1	96.8	
Q/q %, SAAR	-10.2	0.1	22.4	25.1	-2.0	13.4	11.9	0.8					
Y/y %	-8.9	-10.4	-0.7	8.2	10.5	14.4	11.7	5.5	-3.1	10.4	-6.9	11.2	
Imports of goods and services	80.5	79.5	83.4	90.5	90.9	90.3	95.3	96.6	83.5	93.3	81.8	91.8	
Q/q %, SAAR	-13.7	-4.6	21.2	38.5	1.6	-2.4	23.7	5.5					
Y/y %	-16.4	-18.2	-9.0	8.3	12.9	13.4	14.2	6.7	-9.3	11.7	-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	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	551.3	553.7	556.5	559.1	561.2	564.5	566.6	567.8	555.1	565.0	552.6	562.8	
Q/q %, SAAR	1.7	1.8	2.0	1.8	1.5	2.4	1.5	0.9					
Y/y %	1.1	0.8	1.0	1.8	1.8	1.9	1.8	1.6	1.2	1.8	1.1	1.8	
Domestic demand	548.2	550.3	552.8	555.3	557.9	563.0	560.4	560.5	551.7	560.5	549.1	559.2	
Q/q %, SAAR	2.4	1.5	1.9	1.8	1.9	3.7	-1.8	0.1					
Y/y %	1.2	1.5	1.2	2.0	1.8	2.3	1.4	1.0	1.5	1.6	1.4	1.8	
Private demand	412.4	414.2	416.7	419.0	421.4	425.8	421.2	420.8	415.6	422.4	413.2	421.9	
Q/q %, SAAR	2.8	1.8	2.5	2.2	2.4	4.2	-4.2	-0.5					
Y/y %	1.5	1.8	1.4	2.4	2.2	2.8	1.1	0.5	1.8	1.6	1.6	2.1	
Final consumption	305.5	306.5	308.2	309.6	310.7	315.2	310.8	310.7	307.5	311.9	306.3	311.6	
Q/q %, SAAR	1.2	1.3	2.2	1.8	1.5	5.9	-5.5	-0.2					
Y/y %	0.4	1.5	1.1	1.6	1.7	2.8	0.9	0.4	1.1	1.4	1.0	1.7	
Residential investment	16.5	16.6	16.8	17.1	17.5	17.7	17.2	16.7	16.7	17.3	16.7	17.3	
Q/q %, SAAR	-7.9	2.8	4.4	7.3	10.2	5.3	-11.7	-9.3					
Y/y %	-6.8	-5.7	-2.0	1.5	6.1	6.8	2.4	-1.8	-3.3	3.3	-4.6	4.2	
Non-residential investment	89.7	90.0	90.5	90.9	91.4	92.2	91.3	92.0	90.4	91.7	89.5	91.4	
Q/q %, SAAR	8.1	1.4	2.1	1.9	1.9	3.5	-3.6	3.1					
Y/y %	5.1	3.9	3.5	3.4	1.7	2.3	0.9	1.2	3.9	1.5	4.0	2.1	
Change in inventories	0.7	1.1	1.3	1.4	1.9	0.7	2.0	1.3	1.1	1.5	0.8	1.5	
Public demand	135.8	136.1	136.1	136.3	136.5	137.1	139.1	139.7	136.1	138.2	135.9	137.3	
Q/q %, SAAR	1.0	0.8	0.0	0.7	0.5	1.9	5.9	1.7					
Y/y %	0.2	0.5	0.5	0.6	0.6	0.8	2.2	2.5	0.5	1.5	0.7	1.1	
Government final consumption	107.9	108.2	108.5	108.8	109.0	109.3	110.7	110.9	108.3	110.0	108.1	109.5	
Q/q %, SAAR	0.7	1.0	1.1	1.0	1.0	1.1	5.0	0.9					
Y/y %	0.5	0.6	0.8	0.9	1.0	1.1	2.0	2.0	0.7	1.5	0.7	1.3	
Fixed investment	27.9	27.9	27.6	27.6	27.4	27.8	28.4	28.8	27.7	28.2	27.8	27.8	
Q/q %, SAAR	2.1	0.1	-4.0	-0.6	-1.7	5.4	9.5	5.2					
Y/y %	-1.4	0.2	-0.2	-0.5	-1.8	-0.2	3.0	4.4	-0.4	1.6	0.4	0.3	
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	3.1	3.5	3.7	3.8	3.3	1.6	6.3	7.4	3.5	4.6	3.5	3.7	
Exports of goods and services	101.0	101.9	102.8	103.5	104.3	105.0	105.7	106.4	102.3	105.3	101.5	104.6	
Q/q %, SAAR	2.1	3.4	3.7	3.0	3.0	2.8	2.6	2.7					
Y/y %	7.0	4.4	2.5	3.2	3.2	3.1	2.8	2.7	4.2	3.0	4.8	3.1	
Imports of goods and services	97.9	98.4	99.0	99.8	101.0	103.4	99.4	99.0	98.8	100.7	98.0	100.9	
Q/q %, SAAR	5.8	1.9	2.7	3.0	5.1	10.0	-14.7	-1.6					
Y/y %	7.9	9.0	3.9	3.3	3.1	5.1	0.4	-0.8	5.9	1.9	6.8	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	102.8	102.9	102.5	102.7	103.0	103.0	102.9	102.8	102.9	103.1	102.8
Q/q %, SAAR	-0.2	-0.3	0.1	-0.5	0.3	0.2	0.1	-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	101.1	100.9	101.3	101.1	101.2	101.1	101.7	101.8	101.1	101.5	101.1	101.3
Q/q %, SAAR	0.0	-0.2	0.3	-0.2	0.0	-0.0	0.5	0.1				
Y/y %	-0.6	-0.9	-0.3	0.0	0.0	0.2	0.3	0.8	-0.4	0.3	-0.5	0.1
Private residential investment	104.7	104.8	105.8	106.3	106.5	107.2	107.7	108.2	105.4	107.4	105.1	106.9
Q/q %, SAAR	-0.4	0.1	0.9	0.5	0.2	0.7	0.4	0.5				
Y/y %	-1.1	-1.0	-0.1	1.1	1.7	2.2	1.8	1.7	-0.3	1.9	-0.7	1.7
Private non-residential investment	101.2	101.0	101.2	101.5	101.8	102.0	102.0	102.2	101.2	102.0	101.2	101.8
Q/q %, SAAR	-0.3	-0.2	0.2	0.3	0.2	0.3	-0.0	0.2				
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	100.4	100.4	100.5	100.5	100.8	101.0	101.0	101.1	100.5	101.0	100.5	100.9
Q/q %, SAAR	-0.5	0.0	0.1	0.0	0.3	0.1	0.1	0.1				
Y/y %	-0.1	-0.2	-0.4	-0.4	0.5	0.6	0.5	0.6	-0.3	0.6	-0.2	0.3
Public fixed investment	103.5	103.6	104.4	105.2	105.1	105.9	106.2	106.8	104.2	106.0	103.9	105.6
Q/q %, SAAR	-0.4	0.1	0.8	0.7	-0.1	0.7	0.3	0.5				
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	100.7	103.2	107.1	106.4	107.6	108.3	107.9	103.5	107.5	103.1	107.4
Q/q %, SAAR	-2.3	-2.2	2.5	3.8	-0.7	1.1	0.7	-0.4				
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	90.0	93.5	100.1	98.6	99.4	101.5	102.7	93.7	100.6	92.1	99.9
Q/q %, SAAR	-2.8	-1.1	3.8	7.0	-1.5	0.9	2.1	1.2				
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	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	102.8	103.0	103.2	103.3	103.4	103.6	104.6	104.8	103.1	104.1	103.0	103.8
Q/q %, SAAR	-0.0	0.2	0.2	0.1	0.1	0.1	1.0	0.2				
Y/y %	0.1	0.0	0.2	0.4	0.6	0.6	1.3	1.4	0.2	1.0	0.2	0.7
Private final consumption	101.4	101.6	101.9	102.1	102.2	102.4	103.7	104.0	101.8	103.1	101.7	102.6
Q/q %, SAAR	-0.4	0.2	0.3	0.2	0.1	0.2	1.2	0.3				
Y/y %	0.2	0.5	0.3	0.3	0.8	0.8	1.7	1.8	0.3	1.3	0.4	0.9
Private residential investment	108.9	109.1	109.3	109.5	109.7	109.8	111.4	111.5	109.2	110.6	108.9	110.1
Q/q %, SAAR	0.7	0.2	0.2	0.2	0.2	0.1	1.5	0.1				
Y/y %	2.3	1.8	1.5	1.2	0.7	0.6	1.9	1.9	1.7	1.3	1.8	1.1
Private non-residential investment	102.9	103.1	103.2	103.3	103.3	103.4	103.5	103.6	103.1	103.5	102.9	103.4
Q/q %, SAAR	0.7	0.1	0.1	0.1	0.1	0.1	0.1	0.1				
Y/y %	1.1	1.1	1.2	1.0	0.4	0.3	0.3	0.3	1.1	0.3	1.0	0.5
Government final consumption	101.0	101.1	101.2	101.2	101.3	101.3	102.4	102.4	101.2	101.9	101.1	101.6
Q/q %, SAAR	-0.0	0.0	0.1	0.1	0.1	0.1	1.0	0.0				
Y/y %	0.2	0.1	0.1	0.1	0.2	0.2	1.2	1.1	0.1	0.7	0.3	0.5
Public fixed investment	107.4	107.6	107.7	107.8	107.9	108.1	108.7	108.9	107.6	108.5	107.4	108.1
Q/q %, SAAR	0.6	0.1	0.1	0.1	0.1	0.2	0.6	0.1				
Y/y %	2.3	1.6	1.4	0.9	0.4	0.5	0.9	1.0	1.5	0.8	1.7	0.7
Exports of goods and services	108.2	108.4	108.5	108.6	108.7	108.8	108.9	109.0	108.4	108.6	108.3	108.5
Q/q %, SAAR	0.3	0.2	0.1	0.0	0.1	0.1	0.1	0.1				
Y/y %	2.0	0.7	0.3	0.6	-0.5	0.4	0.3	0.4	0.9	0.2	0.8	0.2
Imports of goods and services	103.2	103.5	103.8	103.9	104.1	104.2	104.3	104.4	103.5	104.1	103.3	103.9
Q/q %, SAAR	0.5	0.3	0.2	0.2	0.1	0.1	0.1	0.1				
Y/y %	4.8	4.1	2.3	0.7	0.4	0.6	0.5	0.7	2.9	0.5	3.4	0.5

Source: Compiled by DIR.

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

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

E: DIR estimate.

5.1 Contribution to Real GDP Growth by Component

	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) Q/q %													
GDP growth rate	0.2	0.3	0.2	0.7	0.5	0.6	0.2	-0.2	1.2	1.6	1.0	1.7	
Domestic demand	0.2	-0.2	-0.1	0.6	0.8	0.0	0.3	-0.3	0.4	1.2	0.4	1.2	
Private demand	0.3	-0.2	0.1	0.5	0.5	0.1	0.4	-0.3	0.3	1.0	0.1	1.0	
Private consumption	-0.1	0.2	0.0	0.3	0.4	-0.4	0.2	-0.1	0.2	0.5	0.0	0.6	
Residential investment	0.1	0.1	0.0	0.0	0.0	-0.0	-0.1	-0.1	0.2	-0.0	0.2	0.1	
Private fixed investment	0.0	-0.1	0.3	0.1	0.1	0.2	0.1	0.1	0.2	0.5	0.1	0.4	
Change in private inventories	0.3	-0.5	-0.2	0.1	-0.1	0.4	0.1	-0.2	-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	0.3	0.1	
Government final consumption	-0.3	0.1	-0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.3	0.1	
Public fixed investment	0.1	-0.0	-0.1	-0.0	0.3	-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	0.6	-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	0.1	0.0	-0.2	-0.2	-0.3	0.2	-0.5	-0.0	0.1	-0.6	0.3	-0.5	
2) Y/y %													
GDP growth rate	0.8	1.0	1.6	1.5	1.6	2.0	2.0	1.0	1.2	1.6	1.0	1.7	
Domestic demand	0.5	0.2	0.4	0.6	1.1	1.3	1.7	0.8	0.4	1.2	0.4	1.2	
Private demand	0.2	-0.2	0.4	0.7	0.8	1.1	1.5	0.6	0.3	1.0	0.1	1.0	
Private consumption	-0.1	-0.1	0.3	0.4	1.0	0.3	0.5	0.1	0.2	0.5	0.0	0.6	
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	0.5	0.2	0.5	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	0.4	0.1	0.2	0.1	0.1	0.2	0.3	0.1	
Government final consumption	0.2	0.3	0.0	-0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.3	0.1	
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	0.9	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	-0.7	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		2019		2020			FY		CY		
	4-6	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2018 (E)	2019 (E)	2018 (E)	2019 (E)
1) Q/q %												
GDP growth rate	0.5	0.3	0.3	0.3	0.3	0.5	-0.6	0.0	1.0	0.8	0.9	1.1
Domestic demand	0.6	0.2	0.3	0.3	0.4	0.8	-1.4	-0.2	0.9	0.6	0.7	1.0
Private demand	0.5	0.2	0.3	0.3	0.4	0.7	-1.5	-0.3	0.9	0.4	0.7	0.9
Private consumption	0.4	0.1	0.1	0.1	0.2	0.7	-1.4	-0.2	0.5	0.1	0.3	0.5
Residential investment	-0.1	0.0	0.0	0.0	0.1	0.0	-0.1	-0.1	-0.1	0.1	-0.2	0.1
Private fixed investment	0.2	0.0	0.1	0.1	0.1	0.1	-0.2	0.1	0.5	0.2	0.5	0.3
Change in private inventories	0.0	0.1	0.0	0.0	0.1	-0.2	0.2	-0.1	0.1	0.1	0.2	0.1
Public demand	0.0	0.0	-0.0	0.0	0.0	0.1	0.1	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	-0.0	-0.0	-0.1	-0.0	-0.0	0.1	0.1	0.1	-0.1	0.0	-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	0.1	0.0	-0.1	-0.3	0.8	0.2	0.1	0.2	0.1	0.1
Exports of goods and services	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.5	0.7	0.5
Imports of goods and services	-0.2	-0.0	-0.1	-0.1	-0.2	-0.4	0.7	0.1	-0.5	-0.2	-0.5	-0.4
2) Y/y %												
GDP growth rate	1.0	0.7	0.9	1.4	1.2	1.4	0.5	0.2	1.0	0.8	0.9	1.1
Domestic demand	0.6	0.9	0.7	1.4	1.1	1.7	0.0	-0.4	0.9	0.6	0.7	1.0
Private demand	0.7	0.8	0.7	1.3	1.1	1.6	-0.2	-0.8	0.9	0.4	0.7	0.9
Private consumption	0.1	0.5	0.5	0.7	0.5	1.1	-0.5	-0.8	0.5	0.1	0.3	0.5
Residential investment	-0.3	-0.2	-0.1	0.0	0.1	0.2	0.0	-0.1	-0.1	0.1	-0.2	0.1
Private fixed investment	0.6	0.4	0.4	0.4	0.2	0.3	0.1	0.1	0.5	0.2	0.5	0.3
Change in private inventories	0.3	0.1	-0.1	0.2	0.2	-0.1	0.1	-0.0	0.1	0.1	0.2	0.1
Public demand	-0.1	0.0	0.0	0.1	0.1	0.1	0.3	0.3	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	-0.0	0.1	0.2	-0.1	0.0	-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	0.4	-0.2	0.1	0.0	0.2	-0.3	0.5	0.6	0.1	0.2	0.1	0.1
Exports of goods and services	0.9	0.6	0.4	0.5	0.7	0.5	0.4	0.4	0.6	0.5	0.7	0.5
Imports of goods and services	-0.5	-0.8	-0.3	-0.5	-0.5	-0.8	0.0	0.3	-0.5	-0.2	-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 %	3.4	3.4	3.8	3.9	4.0	4.3	4.1	4.3	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)	17,623	17,707	17,784	17,863	17,995	18,121	18,224	18,324	17,744	18,166	17,659	18,051
Q/q %, SAAR	2.3	1.9	1.8	1.8	3.0	2.8	2.3	2.2				
Y/y %	1.3	1.5	1.9	1.9	2.1	2.3	2.5	2.6	1.7	2.4	1.6	2.2
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	113.7	110.4	113.0
Q/q %, SAAR	1.5	1.2	2.2	3.2	2.3	1.8	3.8	3.3				
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 tri; SAAR	105.8	106.3	106.2	106.6	107.3	107.5	107.7	107.7	106.2	107.6	106.5	107.3
Q/q %, SAAR	-6.9	1.9	-0.3	1.5	2.7	0.7	0.5	0.3				
Y/y %	1.1	1.1	-0.1	-1.0	1.4	1.2	1.3	1.1	0.2	1.3	1.1	0.8
Nominal public fixed investment												
Y tri; SAAR	27.2	27.2	26.8	27.0	28.4	27.8	27.7	27.7	27.0	27.8	26.9	27.7
Q/q %, SAAR	9.9	0.4	-5.1	2.2	22.8	-8.3	-1.3	0.4				
Y/y %	0.3	1.0	-0.2	1.2	5.3	2.5	2.9	2.5	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		2019		FY		CY	
	4-6	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2018 (E)	2019 (E)	2018 (E)	2019 (E)
1) World economy												
Economic growth of major trading partners												
Y/y %	4.1	3.8	3.9	3.9	3.8	3.7	3.7	3.6	3.9	3.7	4.0	3.8
Crude oil price (WTI futures; \$/bbl)	67.9	69.1	68.4	68.4	68.4	68.4	68.4	68.4	68.4	68.4	67.1	68.4
Y/y %	41.0	43.5	23.6	8.7	0.7	-1.1	0.0	0.0	27.6	-0.1	31.9	1.9
2) US economy												
Real GDP (chained [2009]; \$ bil; SAAR)	18,507	18,632	18,745	18,855	18,961	19,064	19,162	19,255	18,685	19,110	18,552	19,010
Q/q %, SAAR	4.1	2.7	2.4	2.4	2.3	2.2	2.1	2.0				
Y/y %	2.8	2.8	2.9	2.9	2.5	2.3	2.2	2.1	2.9	2.3	2.8	2.5
Consumer Price Index (1982-84 avg=100)	250.5	251.8	252.9	254.2	255.6	257.1	258.8	260.3	252.3	258.0	251.1	256.4
Q/q %, SAAR	1.7	2.1	1.8	2.0	2.3	2.4	2.6	2.4				
Y/y %	2.7	2.6	2.3	1.9	2.1	2.1	2.3	2.4	2.4	2.2	2.5	2.1
Producer Price Index (Final demand; 2009.Nov=100)	116.0	116.8	117.2	117.7	118.3	118.9	119.6	120.2	116.9	119.2	116.3	118.6
Q/q %, SAAR	3.2	2.6	1.6	1.8	2.0	2.1	2.2	2.1				
Y/y %	3.0	3.2	2.7	2.3	2.0	1.9	2.0	2.1	2.8	2.0	2.9	2.0
FF rate (%) (Target rate for the forecast period, end-period)	2.00	2.25	2.50	2.50	2.75	2.75	3.00	3.00	2.50	3.00	2.50	3.00
Government bond yield (10 year; %)	2.92	2.98	3.14	3.24	3.30	3.38	3.42	3.52	3.07	3.40	2.95	3.33
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	107.9	108.2	108.5	108.8	109.0	109.3	110.7	110.9	108.3	110.0	108.1	109.5
Q/q %, SAAR	0.7	1.0	1.1	1.0	1.0	1.1	5.0	0.9				
Y/y %	0.5	0.6	0.8	0.9	1.0	1.1	2.0	2.0	0.7	1.5	0.7	1.3
Nominal public fixed investment												
Y tril; SAAR	27.9	27.9	27.6	27.6	27.4	27.8	28.4	28.8	27.7	28.2	27.8	27.8
Q/q %, SAAR	2.1	0.1	-4.0	-0.6	-1.7	5.4	9.5	5.2				
Y/y %	-1.4	0.2	-0.2	-0.5	-1.8	-0.2	3.0	4.4	-0.4	1.6	0.4	0.3
Exchange rate (Y/\$)	109.1	111.3	111.3	111.3	111.3	111.3	111.3	111.3	110.7	111.3	110.0	111.3
(Y/€)	129.0	129.1	128.5	128.5	128.5	128.5	128.5	128.5	128.8	128.5	129.7	128.5

Source: Compiled by DIR.

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

E: DIR estimate.