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Japan's Economic Outlook No. 199 Update (Summary)

Japan's Economy Headed toward Slowdown: Problem points expected in 2019. In this report we examine the following: (1) The Labor Shortage and Acceptance of Foreign Workers, (2) Labor Productivity of Small & Medium-Sized Corporations, and (3) Global Money Flow

Japan to see real GDP growth of +0.9% in FY18, and +0.8% in FY19, with nominal GDP growth of +0.9% in FY18, and +1.9% 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 2nd preliminary Jul-Sep 2018 GDP release we have revised our economic growth outlook. We now forecast real GDP growth of +0.9% 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, and most likely will continue cruising at low altitude in the future due to the inventory cycle and a lower contribution to the economy from overseas demand. The inventory cycle is moving away from the accumulation phase and into a stock pile-up phase. In either case, there is a strong possibility that an inventory adjustment phase will ensue. Exports had been a positive factor up through the previous fiscal year, but this factor has now disappeared. Meanwhile, looking at the domestic economy, the planned increase in consumption tax in October 2019

will cause further decline. Hence Japan's economy will most likely continue to perform a bit below its potential growth rate for the time being.

- **The Labor Shortage and Acceptance of Foreign Workers:** With no change in the current employment structure, the number of employed persons in Japan is expected to decrease by approximately six million in 2030, and around 23 million by 2060. Preparing the environment to allow for more labor participation is urgent, but looking forward to the year 2060, even if we assume a certain amount of improvement in productivity and a major increase in the employment of the elderly, it would still be difficult if not impossible to maintain the scale of Japan's economy. In order to maintain the scale of Japan's economy in the year 2060, there would have to be net inflow of foreign workers totaling between 70,000 and 310,000 per year. This means raising the percentage of foreign workers from the current 2% to somewhere between 7% and 25% in 2060. Building a policy framework for the acceptance of foreign workers and becoming more proactive in attracting them is another problem. Looking ahead to the future of Japan's labor market, it is extremely important to prepare the environment for the acceptance of foreign workers.
- **Much Room for Improvement in Labor Productivity at Small & Medium-Sized Corporations:** There is much room for improvement in labor productivity amongst Japan's small & medium-sized corporations both from the viewpoint of business expansion and urban concentration. If the scale of Japan's smaller corporations were to reach that of the US, labor productivity would grow by 6.8%, and more urban concentration would bring growth of 20.7% in labor productivity. The benefits of expanding the scale of corporations is especially pronounced for manufacturers (food & beverages, textiles, and fabricated metals), and retail. In order to take advantage of the potential of small and medium-sized corporations which has been cultivated up to this point, it is first necessary to improve Japan's labor productivity through M&A, and strengthening of partnerships through ecosystem development, while promoting smooth business succession. Furthermore, in Japan's ultra-aging society, improving labor productivity through the promotion of urban concentration is a long-term issue, especially for the service industries.
- **Risk in Global Money Flows:** When we examine trends in global money flow, we can see how the US takes in large amounts of government bond investments from other countries while disposing of large volumes of risk assets. It becomes apparent that global money flow performs a pivotal role in this process. Since the beginning of 2018, however, this framework has begun to change. The main factor causing this change is growth in the US long-term interest rate (interest on the US 10-year Treasury). We have performed an estimate of how much growth to expect in the US long-term interest rate in the future based on outlooks from the Fed and the CBO. In addition, we also took into consideration growth in the EU's long-term interest rate as a result of the ECB's exit strategy, and used this as a risk factor in 2019. If US and European long-term interest rates grow higher than expected, this will be a negative factor affecting the real economies of advanced nations, as this also causes the cost of raising capital to increase.
- **Problem Points in 2019: Concerns that Japan's Economy may be Facing Tail Risk:** There is concern that beginning in 2019 and beyond, there will be a variety of downside risks for Japan. Potential risks include the following: (1) the Trump administration loses direction, (2) deterioration 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.

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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 -0.7%, then return to growth in FY19 at +3.0%.
- Average exchange rate of Y111.6/\$ in FY18, and Y113.0/\$ in FY19.
- US real GDP growth of +2.9% 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 %)	2.0	0.9	1.9	1.7	0.9	2.0
Real GDP (chained [2011]; y/y %)	1.9	0.9	0.8	1.9	0.8	1.1
Domestic demand (contribution, % pt)	1.4	0.9	0.7	1.3	0.7	1.1
Foreign demand (contribution, % pt)	0.4	-0.0	0.2	0.6	0.1	-0.0
GDP deflator (y/y %)	0.1	0.0	1.1	-0.2	0.1	0.9
Index of All-industry Activity (y/y %)*	1.8	0.8	1.1	1.6	0.8	1.2
Index of Industrial Production (y/y %)	2.9	0.8	1.8	3.1	0.8	1.9
Index of Tertiary Industry Activity (y/y %)	1.0	0.9	0.9	0.7	0.9	1.1
Corporate Goods Price Index (y/y %)	2.7	2.2	2.5	2.3	2.4	1.8
Consumer Price Index (excl. fresh food; y/y %)	0.7	0.9	1.0	0.5	0.9	0.9
Unemployment rate (%)	2.7	2.4	2.5	2.8	2.4	2.4
Government bond yield (10 year; %)	0.05	0.08	0.10	0.05	0.07	0.10
Balance of payments						
Trade balance (Y tril)	4.6	2.6	4.7	5.0	2.3	3.9
Current balance (\$100 mil)	1,968	1,780	1,953	1,957	1,745	1,871
Current balance (Y tril)	21.8	20.3	22.5	22.0	19.3	21.1
(% of nominal GDP)	3.9	3.7	4.0	4.0	3.5	3.8
Real GDP components (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	1.0 (0.6)	0.6 (0.4)	0.4 (0.2)	1.1 (0.6)	0.4 (0.2)	0.9 (0.5)
Private housing investment	-0.7 (-0.0)	-4.3 (-0.1)	1.5 (0.0)	2.1 (0.1)	-5.8 (-0.2)	2.8 (0.1)
Private fixed investment	4.6 (0.7)	3.5 (0.6)	1.5 (0.2)	3.9 (0.6)	3.7 (0.6)	2.2 (0.4)
Government final consumption	0.4 (0.1)	0.6 (0.1)	0.7 (0.1)	0.3 (0.1)	0.6 (0.1)	0.7 (0.1)
Public fixed investment	0.5 (0.0)	-2.4 (-0.1)	1.5 (0.1)	0.7 (0.0)	-2.2 (-0.1)	0.6 (0.0)
Exports of goods and services	6.4 (1.1)	2.4 (0.4)	2.5 (0.4)	6.8 (1.1)	3.3 (0.6)	2.4 (0.4)
Imports of goods and services	4.1 (-0.6)	2.4 (-0.4)	1.5 (-0.3)	3.4 (-0.5)	2.8 (-0.5)	2.5 (-0.4)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	4.2	3.8	3.6	4.1	4.0	3.6
Crude oil price (WTI futures; \$/bbl)	53.6	63.3	55.0	50.9	65.3	55.0
2. US economy						
US real GDP (chained [2012]; y/y %)	2.4	3.0	2.2	2.2	2.9	2.5
US Consumer Price Index (y/y %)	2.1	2.4	2.3	2.1	2.5	2.2
3. Japanese economy						
Nominal public fixed investment (y/y %)	2.3	-0.7	3.0	2.4	-0.6	2.1
Exchange rate (Y/\$)	110.8	111.6	113.0	112.2	110.4	113.0
(Y/€)	130.3	129.1	128.0	127.2	130.2	128.0

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 199 Update)		Previous outlook (Outlook 199)		Difference between previous and current outlooks	
	FY18	FY19	FY18	FY19	FY18	FY19
Main economic indicators						
Nominal GDP (y/y %)	0.9	1.9	1.0	1.9	-0.1	0.1
Real GDP (chained [2011]; y/y %)	0.9	0.8	1.0	0.8	-0.1	0.0
Domestic demand (contribution, % pt)	0.9	0.7	1.0	0.7	-0.1	0.0
Foreign demand (contribution, % pt)	-0.0	0.2	-0.0	0.2	-0.0	-0.0
GDP deflator (y/y %)	0.0	1.1	0.0	1.0	0.0	0.0
Index of All-industry Activity (y/y %)*	0.8	1.1	0.8	1.1	-0.0	-0.0
Index of Industrial Production (y/y %)	0.8	1.8	0.6	1.7	0.2	0.0
Index of Tertiary Industry Activity (y/y %)	0.9	0.9	0.9	0.9	0.0	-0.0
Corporate Goods Price Index (y/y %)	2.2	2.5	2.3	2.6	-0.1	-0.1
Consumer Price Index (excl. fresh food; y/y %)	0.9	1.0	0.9	1.0	-0.0	-0.0
Unemployment rate (%)	2.4	2.5	2.4	2.5	0.0	0.0
Government bond yield (10 year; %)	0.08	0.10	0.08	0.10	0.00	0.00
Balance of payments						
Trade balance (Y tril)	2.6	4.7	2.5	4.5	0.0	0.1
Current balance (\$100 mil)	1,780	1,953	1,772	1,928	9	25
Current balance (Y tril)	20.3	22.5	20.2	22.3	0.1	0.2
(% of nominal GDP)	3.7	4.0	3.6	4.0	0.0	0.0
Real GDP components (chained [2011]; y/y %)						
Private final consumption	0.6	0.4	0.6	0.3	0.0	0.0
Private housing investment	-4.3	1.5	-4.2	1.6	-0.0	-0.1
Private fixed investment	3.5	1.5	4.6	1.1	-1.1	0.4
Government final consumption	0.6	0.7	0.6	0.7	0.1	-0.0
Public fixed investment	-2.4	1.5	-2.4	1.6	0.0	-0.1
Exports of goods and services	2.4	2.5	2.4	2.6	-0.0	-0.0
Imports of goods and services	2.4	1.5	2.4	1.5	0.0	-0.0
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.8	3.6	4.0	3.6	-0.1	-0.0
Crude oil price (WTI futures; \$/bbl)	63.3	55.0	65.2	60.0	-1.9	-5.0
2. US economy						
US real GDP (chained [2012]; y/y %)	3.0	2.2	3.0	2.2	0.0	0.0
US Consumer Price Index (y/y %)	2.4	2.3	2.4	2.3	0.0	0.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	-0.7	3.0	-0.7	2.9	0.0	0.1
Exchange rate (Y/\$)	111.6	113.0	111.8	113.5	-0.2	-0.5
(Y/€)	129.1	128.0	129.4	129.0	-0.4	-1.0

Source: Compiled by DIR.

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

* Excl. agriculture, forestry, and fisheries.

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Quarterly Forecast Tables

1.1 Selected Economic Indicators

	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)	535.0	535.8	537.2	539.0	542.9	548.3	550.8	547.7	536.8	547.4	536.0	545.1
Q/q %	-0.3	0.1	0.3	0.3	0.7	1.0	0.5	-0.6				
Q/q %, SAAR	-1.0	0.6	1.1	1.3	3.0	4.0	1.8	-2.2				
Y/y %	0.7	0.4	1.1	0.6	1.5	2.3	2.4	1.7	0.7	2.0	0.9	1.7
Real GDP (chained [2011]; SAAR; Y tril)	519.2	520.8	521.7	525.9	528.7	532.2	534.1	532.4	522.0	531.7	520.1	530.1
Q/q %	0.0	0.3	0.2	0.8	0.5	0.7	0.4	-0.3				
Q/q %, SAAR	0.1	1.3	0.7	3.3	2.1	2.7	1.5	-1.3				
Y/y %	0.3	0.5	1.2	1.4	1.8	2.1	2.4	1.2	0.9	1.9	0.6	1.9
Contribution to GDP growth (% pt)												
Domestic demand	-0.0	-0.1	-0.1	0.7	0.8	0.1	0.5	-0.4	0.1	1.4	0.0	1.3
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	0.2	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 (2015=100)	99.0	100.3	101.7	101.3	103.2	103.2	104.4	103.3	100.6	103.5	100.0	103.1
Q/q %; y/y %	-0.7	1.3	1.3	-0.3	1.9	-0.1	1.2	-1.1	0.8	2.9	-0.0	3.1
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	98.5	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	2.4	-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
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	3.9	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	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)	550.5	546.7	554.2	557.7	559.7	562.7	564.5	565.1	552.3	563.0	549.9	561.1
Q/q %	0.5	-0.7	1.4	0.6	0.3	0.5	0.3	0.1				
Q/q %, SAAR	2.1	-2.7	5.6	2.6	1.4	2.2	1.3	0.4				
Y/y %	1.4	-0.3	0.7	1.8	1.6	2.9	1.8	1.3	0.9	1.9	0.9	2.0
Real GDP (chained [2011]; SAAR; Y tril)	536.0	532.6	537.6	539.3	540.8	542.8	540.0	540.3	536.2	540.7	534.4	540.5
Q/q %	0.7	-0.6	0.9	0.3	0.3	0.4	-0.5	0.1				
Q/q %, SAAR	2.8	-2.5	3.8	1.2	1.2	1.4	-2.0	0.2				
Y/y %	1.4	0.0	0.7	1.3	0.9	1.9	0.4	0.2	0.9	0.8	0.8	1.1
Contribution to GDP growth (% pt)												
Domestic demand	0.8	-0.5	0.8	0.3	0.4	0.7	-1.3	-0.1	0.9	0.7	0.7	1.1
Foreign demand	-0.1	-0.1	0.1	-0.0	-0.1	-0.3	0.8	0.2	-0.0	0.2	0.1	-0.0
GDP deflator (y/y %)	0.0	-0.3	0.0	0.5	0.8	1.0	1.4	1.2	0.0	1.1	0.1	0.9
Index of All-Industry Activity (2010=100)	106.0	105.2	106.1	106.5	106.8	107.3	107.1	107.2	105.9	107.0	105.5	106.8
Q/q %; y/y %	0.8	-0.7	0.8	0.4	0.3	0.4	-0.2	0.1	0.8	1.1	0.8	1.2
Index of Industrial Production (2015=100)	104.5	103.1	104.6	105.2	105.8	106.5	106.2	106.4	104.3	106.2	103.9	105.9
Q/q %; y/y %	1.2	-1.4	1.5	0.6	0.5	0.7	-0.3	0.2	0.8	1.8	0.8	1.9
Index of Tertiary Industry Activity (2010=100)	105.9	105.5	106.1	106.4	106.7	107.1	106.9	107.0	105.9	106.9	105.6	106.8
Q/q %; y/y %	0.7	-0.4	0.6	0.3	0.3	0.3	-0.1	0.1	0.9	0.9	0.9	1.1
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	100.9	101.8	101.5	101.7	102.0	102.5	105.5	106.1	101.5	104.0	101.1	102.9
Y/y %	2.5	3.0	1.8	1.4	1.1	0.6	4.0	4.3	2.2	2.5	2.4	1.8
CPI (excl. fresh food; 2015=100)	101.0	101.1	101.6	101.4	101.6	101.7	102.9	102.7	101.3	102.3	101.1	101.9
Y/y %	0.8	0.9	0.9	0.9	0.6	0.6	1.3	1.3	0.9	1.0	0.9	0.9
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.4	2.5	2.4	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
Trade balance (SAAR; Y tril)	3.9	0.1	2.4	4.0	3.7	2.1	6.0	6.9	2.6	4.7	2.3	3.9
Current balance (SAAR; \$100 mil)	2,022	1,524	1,701	1,874	1,833	1,676	2,104	2,200	1,780	1,953	1,745	1,871
Current balance (SAAR; Y tril)	22.1	17.0	19.2	21.2	20.7	18.9	23.8	24.9	20.3	22.5	19.3	21.1
(% of nominal GDP)	4.0	3.1	3.5	3.8	3.7	3.4	4.2	4.4	3.7	4.0	3.5	3.8
Exchange rate (Y/\$)	109.1	111.5	113.0	113.0	113.0	113.0	113.0	113.0	111.6	113.0	110.4	113.0
(Y/Euro)	129.0	130.5	128.8	128.0	128.0	128.0	128.0	128.0	129.1	128.0	130.2	128.0

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	519.2	520.8	521.7	525.9	528.7	532.2	534.1	532.4	522.0	531.7	520.1	530.1	
Q/q %, SAAR	0.1	1.3	0.7	3.3	2.1	2.7	1.5	-1.3					
Y/y %	0.3	0.5	1.2	1.4	1.8	2.1	2.4	1.2	0.9	1.9	0.6	1.9	
Domestic demand	524.7	524.0	523.2	527.2	531.5	532.0	534.6	532.6	524.7	532.6	524.1	531.2	
Q/q %, SAAR	-0.2	-0.5	-0.6	3.0	3.3	0.3	2.0	-1.5					
Y/y %	0.1	-0.3	0.1	0.5	1.3	1.5	2.2	1.1	0.1	1.5	0.0	1.4	
Private demand	392.9	391.8	391.8	395.2	398.6	399.4	402.2	400.1	393.0	400.1	392.2	398.8	
Q/q %, SAAR	0.3	-1.1	0.0	3.5	3.5	0.8	2.8	-2.1					
Y/y %	-0.4	-0.9	0.1	0.7	1.4	1.8	2.7	1.3	-0.1	1.8	-0.3	1.7	
Final consumption	294.3	295.8	295.7	297.4	300.3	297.9	299.2	298.3	295.8	298.9	295.4	298.7	
Q/q %, SAAR	-2.1	2.0	-0.2	2.3	4.1	-3.3	1.8	-1.1					
Y/y %	-0.5	-0.4	0.4	0.6	2.1	0.7	1.3	0.2	0.0	1.0	-0.1	1.1	
Residential investment	15.8	16.2	16.3	16.3	16.6	16.3	15.8	15.5	16.2	16.0	15.9	16.3	
Q/q %, SAAR	11.9	9.9	1.4	1.7	7.6	-7.2	-12.5	-8.1					
Y/y %	5.4	6.6	7.2	6.0	5.1	0.9	-2.9	-5.5	6.3	-0.7	5.9	2.1	
Non-residential investment	80.1	79.8	80.9	82.0	82.8	84.2	85.1	85.5	80.7	84.4	80.4	83.5	
Q/q %, SAAR	-2.7	-1.0	5.6	5.3	3.8	7.2	4.4	1.8					
Y/y %	-1.0	-2.6	-0.4	1.6	3.9	5.1	5.3	4.1	-0.5	4.6	-1.5	3.9	
Change in inventories	2.7	-0.1	-1.1	-0.5	-1.1	1.0	2.1	0.8	0.3	0.8	0.6	0.4	
Public demand	131.8	132.2	131.4	132.0	132.9	132.6	132.4	132.5	131.7	132.5	131.8	132.4	
Q/q %, SAAR	-1.5	1.3	-2.3	1.6	2.9	-1.1	-0.4	0.1					
Y/y %	1.4	1.5	0.1	-0.3	1.0	0.3	0.7	0.3	0.7	0.6	1.1	0.4	
Government final consumption	105.7	106.1	105.9	106.2	106.2	106.4	106.5	106.7	106.0	106.4	106.0	106.3	
Q/q %, SAAR	-3.4	1.5	-0.5	1.2	-0.2	1.0	0.2	0.9					
Y/y %	1.4	1.4	0.4	-0.2	0.4	0.4	0.5	0.5	0.7	0.4	1.4	0.3	
Fixed investment	26.0	26.2	25.6	25.8	26.6	26.0	25.8	25.7	25.8	26.0	25.8	26.0	
Q/q %, SAAR	7.5	1.8	-7.9	2.1	13.7	-8.8	-2.5	-2.1					
Y/y %	1.3	1.8	-0.4	0.2	3.2	-0.4	0.4	-0.5	0.6	0.5	-0.3	0.7	
Change in inventories	0.0	-0.0	-0.1	-0.1	0.1	0.1	0.1	0.1	-0.0	0.1	-0.0	0.1	
Net exports of goods and services	-5.6	-3.6	-2.1	-1.8	-3.5	-0.2	-1.0	-0.8	-3.2	-1.4	-4.3	-1.6	
Exports of goods and services	82.6	84.9	87.2	88.7	88.5	90.9	92.8	93.3	85.9	91.4	84.5	90.2	
Q/q %, SAAR	-2.6	11.4	11.0	7.1	-0.7	11.4	8.8	1.9					
Y/y %	1.2	1.3	5.4	6.6	6.9	7.0	6.6	5.2	3.6	6.4	1.7	6.8	
Imports of goods and services	88.3	88.5	89.2	90.4	92.0	91.1	93.9	94.0	89.1	92.8	88.8	91.8	
Q/q %, SAAR	-3.9	1.0	3.6	5.4	6.9	-3.8	12.9	0.8					
Y/y %	-0.5	-3.1	-1.2	1.4	4.3	2.7	5.3	4.0	-0.9	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	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	532.6	537.6	539.3	540.8	542.8	540.0	540.3	536.2	540.7	534.4	540.5	
Q/q %, SAAR	2.8	-2.5	3.8	1.2	1.2	1.4	-2.0	0.2					
Y/y %	1.4	0.0	0.7	1.3	0.9	1.9	0.4	0.2	0.9	0.8	0.8	1.1	
Domestic demand	536.9	534.0	538.3	540.0	542.1	545.7	538.5	537.8	537.2	540.9	535.3	541.5	
Q/q %, SAAR	3.3	-2.2	3.3	1.3	1.5	2.7	-5.2	-0.5					
Y/y %	1.1	0.3	0.6	1.5	0.9	2.2	0.0	-0.4	0.9	0.7	0.8	1.2	
Private demand	404.5	401.8	405.7	407.2	409.0	412.3	404.6	403.7	404.7	407.3	402.9	408.2	
Q/q %, SAAR	4.4	-2.6	4.0	1.5	1.7	3.3	-7.2	-1.0					
Y/y %	1.4	0.5	0.8	1.9	1.1	2.7	-0.3	-0.9	1.2	0.6	1.0	1.3	
Final consumption	300.5	299.9	301.1	301.8	302.7	306.7	299.4	299.0	300.8	301.9	299.9	302.6	
Q/q %, SAAR	2.9	-0.7	1.6	0.9	1.3	5.3	-9.2	-0.5					
Y/y %	0.1	0.6	0.6	1.2	0.7	2.3	-0.6	-0.9	0.6	0.4	0.4	0.9	
Residential investment	15.2	15.3	15.4	15.6	15.9	16.1	15.4	15.0	15.4	15.6	15.3	15.8	
Q/q %, SAAR	-7.5	2.7	3.4	5.7	8.2	4.5	-16.8	-9.6					
Y/y %	-8.8	-6.4	-2.5	1.0	5.0	5.4	-0.1	-4.0	-4.3	1.5	-5.8	2.8	
Non-residential investment	87.9	85.5	87.8	88.2	88.5	89.0	88.5	88.8	87.4	88.7	86.6	88.5	
Q/q %, SAAR	11.7	-10.6	11.5	1.6	1.6	2.0	-2.2	1.6					
Y/y %	6.7	1.2	3.1	3.2	0.5	4.3	0.8	0.7	3.5	1.5	3.7	2.2	
Change in inventories	0.9	1.1	1.4	1.7	1.8	0.5	1.4	0.8	1.2	1.1	1.1	1.3	
Public demand	132.5	132.2	132.6	132.8	133.2	133.5	133.8	134.1	132.5	133.6	132.4	133.3	
Q/q %, SAAR	-0.0	-0.8	1.1	0.8	1.0	0.9	1.1	0.9					
Y/y %	-0.1	-0.3	0.1	0.3	0.5	0.9	1.0	1.0	0.0	0.9	0.0	0.7	
Government final consumption	106.9	107.1	107.2	107.4	107.6	107.8	108.0	108.2	107.1	107.9	106.9	107.7	
Q/q %, SAAR	0.5	0.9	0.5	0.7	0.7	0.7	0.7	0.7					
Y/y %	0.6	0.6	0.7	0.6	0.7	0.7	0.7	0.7	0.6	0.7	0.6	0.7	
Fixed investment	25.6	25.1	25.3	25.4	25.5	25.6	25.8	25.9	25.4	25.7	25.4	25.6	
Q/q %, SAAR	-1.9	-7.7	3.7	1.1	2.3	1.6	2.8	1.5					
Y/y %	-3.1	-3.7	-1.9	-1.2	-0.6	2.2	1.8	2.0	-2.4	1.5	-2.2	0.6	
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	-1.4	-1.8	-1.1	-1.2	-1.7	-3.4	1.1	2.0	-1.4	-0.5	-1.3	-1.4	
Exports of goods and services	93.6	91.9	94.0	94.5	95.0	95.5	96.1	96.6	93.5	95.9	93.2	95.4	
Q/q %, SAAR	1.4	-6.9	9.2	2.2	2.2	2.2	2.2	2.2					
Y/y %	5.7	1.2	1.2	1.6	1.9	3.9	2.2	2.1	2.4	2.5	3.3	2.4	
Imports of goods and services	95.0	93.7	95.1	95.7	96.7	99.0	95.0	94.5	95.0	96.4	94.5	96.8	
Q/q %, SAAR	4.3	-5.5	5.9	2.8	4.3	9.5	-15.1	-1.9					
Y/y %	3.4	2.9	1.2	2.2	1.9	5.9	-0.0	-1.5	2.4	1.5	2.8	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	535.0	535.8	537.2	539.0	542.9	548.3	550.8	547.7	536.8	547.4	536.0	545.1	
Q/q %, SAAR	-1.0	0.6	1.1	1.3	3.0	4.0	1.8	-2.2					
Y/y %	0.7	0.4	1.1	0.6	1.5	2.3	2.4	1.7	0.7	2.0	0.9	1.7	
Domestic demand	530.4	529.7	530.7	534.6	539.7	540.7	545.4	543.8	531.4	542.5	530.7	540.0	
Q/q %, SAAR	-1.3	-0.5	0.7	3.0	3.9	0.8	3.5	-1.2					
Y/y %	-0.6	-1.1	-0.3	0.6	1.7	2.0	2.7	1.9	-0.4	2.1	-0.5	1.8	
Private demand	397.4	396.2	397.5	400.7	404.4	405.6	410.3	408.3	398.1	407.3	397.3	405.2	
Q/q %, SAAR	-0.6	-1.2	1.4	3.3	3.7	1.1	4.7	-1.9					
Y/y %	-1.2	-1.7	-0.4	0.8	1.7	2.2	3.2	2.0	-0.6	2.3	-0.9	2.0	
Final consumption	297.5	298.5	299.5	300.8	303.7	301.1	304.1	303.8	299.1	303.2	298.6	302.5	
Q/q %, SAAR	-2.3	1.4	1.3	1.8	3.9	-3.3	4.0	-0.5					
Y/y %	-1.2	-1.2	0.1	0.6	2.1	0.8	1.6	1.0	-0.4	1.4	-0.7	1.3	
Residential investment	16.6	17.0	17.2	17.4	17.7	17.5	17.0	16.7	17.0	17.2	16.8	17.4	
Q/q %, SAAR	9.5	11.0	5.0	3.9	7.7	-4.2	-11.0	-7.1					
Y/y %	4.3	5.6	7.1	7.1	6.9	3.2	-1.1	-4.1	6.0	1.1	5.2	3.8	
Non-residential investment	81.0	80.7	81.9	83.2	84.2	86.0	86.9	87.3	81.7	86.2	81.4	85.0	
Q/q %, SAAR	-3.9	-1.7	6.4	6.6	4.8	8.6	4.4	1.9					
Y/y %	-2.0	-3.9	-1.2	1.6	4.4	6.1	6.3	4.8	-1.2	5.4	-2.4	4.5	
Change in inventories	2.3	0.0	-1.1	-0.7	-1.2	0.9	2.2	0.5	0.2	0.7	0.5	0.3	
Public demand	133.0	133.5	133.2	133.8	135.3	135.2	135.2	135.5	133.3	135.2	133.4	134.8	
Q/q %, SAAR	-3.4	1.5	-1.1	2.0	4.4	-0.3	0.0	1.0					
Y/y %	1.0	1.0	-0.2	-0.2	1.7	1.3	1.4	1.3	0.4	1.4	0.7	1.0	
Government final consumption	106.0	106.4	106.4	106.7	107.1	107.5	107.6	108.0	106.4	107.6	106.6	107.2	
Q/q %, SAAR	-5.7	1.6	0.1	1.1	1.5	1.3	0.5	1.6					
Y/y %	1.2	1.2	0.0	-0.7	1.0	1.1	1.0	1.3	0.4	1.1	1.2	0.6	
Fixed investment	27.0	27.1	26.8	27.1	28.0	27.6	27.5	27.4	27.0	27.6	26.9	27.5	
Q/q %, SAAR	6.2	2.4	-5.2	5.0	14.1	-6.0	-1.5	-0.9					
Y/y %	-0.1	0.7	-0.5	1.5	4.9	1.8	2.2	0.9	0.4	2.3	-1.1	2.4	
Change in inventories	0.0	-0.0	-0.1	-0.0	0.1	0.1	0.1	0.1	-0.0	0.1	-0.0	0.1	
Net exports of goods and services	4.6	6.0	6.5	4.4	3.2	7.5	5.3	3.9	5.4	4.9	5.3	5.1	
Exports of goods and services	85.1	85.5	89.9	94.9	94.2	97.8	100.5	100.5	88.9	98.2	87.1	96.9	
Q/q %, SAAR	-11.1	1.8	21.9	24.5	-3.1	16.3	11.6	-0.2					
Y/y %	-8.9	-10.4	-0.7	8.2	10.6	14.5	11.8	5.6	-3.1	10.5	-6.9	11.2	
Imports of goods and services	80.6	79.5	83.4	90.5	91.0	90.3	95.2	96.6	83.5	93.3	81.8	91.8	
Q/q %, SAAR	-13.3	-5.1	21.2	38.8	2.0	-3.0	23.6	6.1					
Y/y %	-16.4	-18.2	-9.0	8.3	12.9	13.4	14.3	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	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	550.5	546.7	554.2	557.7	559.7	562.7	564.5	565.1	552.3	563.0	549.9	561.1
Q/q %, SAAR	2.1	-2.7	5.6	2.6	1.4	2.2	1.3	0.4				
Y/y %	1.4	-0.3	0.7	1.8	1.6	2.9	1.8	1.3	0.9	1.9	0.9	2.0
Domestic demand	547.8	546.2	551.5	553.2	555.6	560.3	557.4	557.0	549.7	557.6	547.3	556.6
Q/q %, SAAR	3.0	-1.2	3.9	1.2	1.7	3.4	-2.0	-0.3				
Y/y %	1.5	0.9	1.1	1.8	1.4	2.6	1.1	0.7	1.3	1.4	1.3	1.7
Private demand	412.3	410.8	415.6	416.9	418.8	423.0	418.4	417.6	413.9	419.4	411.6	419.2
Q/q %, SAAR	3.9	-1.4	4.7	1.2	1.8	4.1	-4.3	-0.8				
Y/y %	1.9	1.2	1.2	2.2	1.5	3.0	0.7	0.2	1.6	1.3	1.6	1.8
Final consumption	304.5	305.1	306.9	307.3	308.3	313.0	308.5	308.2	306.0	309.5	305.1	309.3
Q/q %, SAAR	1.0	0.8	2.4	0.5	1.3	6.2	-5.5	-0.5				
Y/y %	0.3	1.2	0.9	1.2	1.2	2.6	0.5	0.3	0.9	1.1	0.9	1.4
Residential investment	16.5	16.6	16.7	17.0	17.4	17.6	17.0	16.6	16.7	17.2	16.6	17.3
Q/q %, SAAR	-5.6	3.1	3.9	6.4	8.9	4.9	-11.7	-9.3				
Y/y %	-7.0	-5.2	-1.6	1.9	5.6	6.0	1.8	-2.2	-3.0	2.7	-4.4	3.8
Non-residential investment	90.2	88.1	90.7	91.1	91.5	92.0	91.6	92.1	90.0	91.8	89.0	91.5
Q/q %, SAAR	14.0	-9.1	12.0	1.9	1.9	2.3	-1.9	2.1				
Y/y %	7.7	2.1	4.2	4.4	1.2	4.6	1.1	1.0	4.5	1.9	4.6	2.9
Change in inventories	1.1	1.0	1.3	1.5	1.6	0.5	1.3	0.7	1.2	1.0	1.0	1.2
Public demand	135.6	135.4	135.9	136.3	136.8	137.3	139.0	139.4	135.8	138.2	135.6	137.4
Q/q %, SAAR	0.1	-0.6	1.6	1.2	1.5	1.4	5.0	1.2				
Y/y %	0.4	0.1	0.6	0.6	0.9	1.4	2.2	2.3	0.4	1.7	0.6	1.3
Government final consumption	108.1	108.3	108.5	108.8	109.0	109.3	110.6	110.8	108.4	109.9	108.2	109.4
Q/q %, SAAR	0.2	0.9	0.7	1.0	1.0	1.0	4.8	0.7				
Y/y %	0.8	0.8	0.9	0.6	0.9	0.9	1.9	1.9	0.8	1.4	0.9	1.1
Fixed investment	27.5	27.0	27.4	27.5	27.8	28.0	28.4	28.6	27.4	28.2	27.3	27.9
Q/q %, SAAR	0.5	-6.2	5.0	2.4	3.5	2.9	5.8	2.9				
Y/y %	-1.2	-2.2	-0.2	0.4	0.7	3.5	3.5	3.7	-0.7	3.0	-0.6	2.1
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	2.7	0.5	2.7	4.5	4.1	2.4	7.1	8.1	2.7	5.5	2.5	4.6
Exports of goods and services	101.2	100.5	102.3	102.8	103.4	104.1	104.7	105.4	101.8	104.4	101.2	103.8
Q/q %, SAAR	2.8	-2.8	7.4	1.8	2.6	2.6	2.6	2.6				
Y/y %	7.6	3.0	1.8	2.4	2.1	3.4	2.4	2.5	3.6	2.6	4.4	2.6
Imports of goods and services	98.5	99.9	99.6	98.2	99.3	101.6	97.7	97.3	99.1	98.9	98.7	99.2
Q/q %, SAAR	7.8	6.1	-1.3	-5.4	4.4	9.7	-14.7	-1.5				
Y/y %	8.4	10.6	4.6	1.7	0.8	1.7	-1.9	-1.0	6.2	-0.1	7.5	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.

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	103.0	102.9	103.0	102.5	102.7	103.0	103.1	102.9	102.8	103.0	103.1	102.8
Q/q %, SAAR	-0.3	-0.2	0.1	-0.5	0.2	0.3	0.1	-0.2				
Y/y %	0.4	-0.1	-0.1	-0.8	-0.3	0.2	0.1	0.5	-0.2	0.1	0.3	-0.2
Private final consumption	101.1	100.9	101.3	101.2	101.1	101.1	101.7	101.8	101.1	101.5	101.1	101.3
Q/q %, SAAR	-0.0	-0.1	0.4	-0.1	-0.0	-0.0	0.6	0.2				
Y/y %	-0.7	-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	104.6	104.9	105.8	106.4	106.4	107.2	107.7	107.9	105.4	107.3	105.2	106.9
Q/q %, SAAR	-0.5	0.2	0.9	0.5	0.0	0.8	0.4	0.3				
Y/y %	-1.1	-1.0	-0.1	1.1	1.7	2.2	1.8	1.5	-0.3	1.8	-0.7	1.7
Private non-residential investment	101.2	101.0	101.2	101.5	101.7	102.1	102.1	102.1	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	0.0				
Y/y %	-1.0	-1.3	-0.8	0.0	0.5	1.0	0.9	0.7	-0.7	0.8	-0.9	0.6
Government final consumption	100.3	100.3	100.5	100.5	100.9	101.0	101.1	101.2	100.4	101.1	100.5	100.9
Q/q %, SAAR	-0.6	0.0	0.2	-0.0	0.4	0.1	0.1	0.2				
Y/y %	-0.2	-0.3	-0.4	-0.4	0.6	0.7	0.5	0.8	-0.3	0.6	-0.2	0.4
Public fixed investment	103.6	103.8	104.5	105.2	105.3	106.1	106.4	106.7	104.3	106.2	104.0	105.8
Q/q %, SAAR	-0.3	0.1	0.7	0.7	0.1	0.8	0.2	0.3				
Y/y %	-1.4	-1.1	-0.1	1.3	1.7	2.2	1.8	1.5	-0.2	1.8	-0.7	1.7
Exports of goods and services	103.0	100.7	103.1	107.1	106.4	107.6	108.3	107.7	103.5	107.5	103.1	107.4
Q/q %, SAAR	-2.3	-2.2	2.4	3.8	-0.6	1.1	0.6	-0.5				
Y/y %	-10.0	-11.5	-5.8	1.4	3.4	7.0	4.8	0.4	-6.5	3.8	-8.5	4.1
Imports of goods and services	91.3	89.9	93.5	100.1	99.0	99.2	101.4	102.8	93.8	100.6	92.1	100.0
Q/q %, SAAR	-2.5	-1.6	4.0	7.1	-1.2	0.2	2.3	1.3				
Y/y %	-15.9	-15.6	-7.9	6.8	8.3	10.5	8.5	2.6	-8.5	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	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	102.7	102.6	103.1	103.4	103.5	103.7	104.5	104.6	103.0	104.1	102.9	103.8
Q/q %, SAAR	-0.2	-0.1	0.4	0.3	0.1	0.2	0.8	0.1				
Y/y %	0.0	-0.3	0.0	0.5	0.8	1.0	1.4	1.2	0.0	1.1	0.1	0.9
Private final consumption	101.4	101.7	101.9	101.8	101.8	102.0	103.1	103.1	101.7	102.5	101.7	102.2
Q/q %, SAAR	-0.5	0.4	0.2	-0.1	0.0	0.2	1.0	0.0				
Y/y %	0.2	0.6	0.3	-0.0	0.5	0.3	1.1	1.2	0.3	0.8	0.5	0.5
Private residential investment	108.5	108.6	108.7	108.9	109.1	109.2	110.8	110.9	108.7	110.0	108.5	109.5
Q/q %, SAAR	0.5	0.1	0.1	0.2	0.2	0.1	1.5	0.1				
Y/y %	2.0	1.3	1.0	0.9	0.5	0.5	1.9	1.9	1.3	1.2	1.4	1.0
Private non-residential investment	102.6	103.1	103.2	103.3	103.3	103.4	103.5	103.6	103.0	103.5	102.7	103.4
Q/q %, SAAR	0.5	0.4	0.1	0.1	0.1	0.1	0.1	0.1				
Y/y %	0.9	0.9	1.1	1.1	0.7	0.4	0.3	0.3	1.0	0.4	0.9	0.6
Government final consumption	101.1	101.1	101.2	101.2	101.3	101.4	102.4	102.4	101.2	101.9	101.2	101.6
Q/q %, SAAR	-0.1	-0.0	0.1	0.1	0.1	0.1	1.0	0.0				
Y/y %	0.2	0.2	0.2	-0.0	0.2	0.2	1.2	1.1	0.1	0.7	0.3	0.4
Public fixed investment	107.4	107.8	108.1	108.5	108.8	109.1	110.0	110.3	108.0	109.6	107.5	109.1
Q/q %, SAAR	0.6	0.4	0.3	0.3	0.3	0.3	0.7	0.3				
Y/y %	2.0	1.6	1.7	1.6	1.3	1.2	1.7	1.7	1.7	1.5	1.7	1.5
Exports of goods and services	108.1	109.3	108.9	108.7	108.8	108.9	109.0	109.1	108.8	108.9	108.6	108.8
Q/q %, SAAR	0.4	1.1	-0.4	-0.1	0.1	0.1	0.1	0.1				
Y/y %	1.8	1.8	0.6	0.8	0.2	-0.5	0.1	0.5	1.2	0.1	1.1	0.2
Imports of goods and services	103.6	106.6	104.8	102.6	102.7	102.7	102.8	102.9	104.3	102.6	104.5	102.5
Q/q %, SAAR	0.8	2.9	-1.8	-2.1	0.0	0.0	0.1	0.1				
Y/y %	4.8	7.5	3.3	-0.6	-1.1	-4.0	-1.9	0.5	3.7	-1.6	4.5	-1.9

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.

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	0.0	0.3	0.2	0.8	0.5	0.7	0.4	-0.3	0.9	1.9	0.6	1.9	
Domestic demand	-0.0	-0.1	-0.1	0.7	0.8	0.1	0.5	-0.4	0.1	1.4	0.0	1.3	
Private demand	0.1	-0.2	0.0	0.6	0.6	0.1	0.5	-0.4	-0.1	1.3	-0.2	1.2	
Private consumption	-0.3	0.3	-0.0	0.3	0.6	-0.5	0.2	-0.2	0.0	0.6	-0.1	0.6	
Residential investment	0.1	0.1	0.0	0.0	0.1	-0.1	-0.1	-0.1	0.2	-0.0	0.2	0.1	
Private fixed investment	-0.1	-0.0	0.2	0.2	0.1	0.3	0.2	0.1	-0.1	0.7	-0.2	0.6	
Change in private inventories	0.4	-0.5	-0.2	0.1	-0.1	0.4	0.2	-0.2	-0.2	0.1	-0.1	-0.0	
Public demand	-0.1	0.1	-0.1	0.1	0.2	-0.1	-0.0	0.0	0.2	0.1	0.3	0.1	
Government final consumption	-0.2	0.1	-0.0	0.1	-0.0	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	0.2	-0.1	-0.0	-0.0	0.0	0.0	-0.0	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	0.4	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	0.5	0.5	0.3	-0.0	0.5	0.4	0.1	0.6	1.1	0.3	1.1	
Imports of goods and services	0.2	-0.0	-0.2	-0.2	-0.3	0.1	-0.5	-0.0	0.2	-0.6	0.3	-0.5	
2) Y/y %													
GDP growth rate	0.3	0.5	1.2	1.4	1.8	2.1	2.4	1.2	0.9	1.9	0.6	1.9	
Domestic demand	0.0	-0.3	0.1	0.6	1.3	1.4	2.1	0.9	0.1	1.4	0.0	1.3	
Private demand	-0.3	-0.6	0.0	0.6	1.1	1.4	1.9	0.9	-0.1	1.3	-0.2	1.2	
Private consumption	-0.3	-0.2	0.2	0.3	1.1	0.4	0.7	0.1	0.0	0.6	-0.1	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	-0.1	-0.4	-0.1	0.3	0.5	0.7	0.8	0.7	-0.1	0.7	-0.2	0.6	
Change in private inventories	0.0	-0.2	-0.3	-0.2	-0.8	0.2	0.6	0.3	-0.2	0.1	-0.1	-0.0	
Public demand	0.3	0.4	0.0	-0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.3	0.1	
Government final consumption	0.3	0.3	0.1	-0.0	0.1	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	0.1	-0.0	0.0	-0.0	0.0	0.0	-0.0	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	0.3	0.8	1.1	0.9	0.5	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	1.1	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	0.2	-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	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	0.7	-0.6	0.9	0.3	0.3	0.4	-0.5	0.1	0.9	0.8	0.8	1.1	
Domestic demand	0.8	-0.5	0.8	0.3	0.4	0.7	-1.3	-0.1	0.9	0.7	0.7	1.1	
Private demand	0.8	-0.5	0.7	0.3	0.3	0.6	-1.4	-0.2	0.9	0.5	0.7	1.0	
Private consumption	0.4	-0.1	0.2	0.1	0.2	0.7	-1.4	-0.1	0.4	0.2	0.2	0.5	
Residential investment	-0.1	0.0	0.0	0.0	0.1	0.0	-0.1	-0.1	-0.1	0.0	-0.2	0.1	
Private fixed investment	0.4	-0.4	0.4	0.1	0.1	0.1	-0.1	0.1	0.6	0.2	0.6	0.4	
Change in private inventories	0.0	0.0	0.0	0.0	0.0	-0.2	0.2	-0.1	0.1	-0.0	0.1	0.0	
Public demand	-0.0	-0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.2	0.0	0.2	
Government final consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	
Public fixed investment	-0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-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	0.1	-0.0	-0.1	-0.3	0.8	0.2	-0.0	0.2	0.1	-0.0	
Exports of goods and services	0.1	-0.3	0.4	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.6	0.4	
Imports of goods and services	-0.2	0.2	-0.3	-0.1	-0.2	-0.4	0.7	0.1	-0.4	-0.3	-0.5	-0.4	
2) Y/y %													
GDP growth rate	1.4	0.0	0.7	1.3	0.9	1.9	0.4	0.2	0.9	0.8	0.8	1.1	
Domestic demand	1.0	0.3	0.6	1.5	0.9	2.2	0.0	-0.4	0.9	0.7	0.7	1.1	
Private demand	1.0	0.3	0.6	1.4	0.8	2.0	-0.2	-0.6	0.9	0.5	0.7	1.0	
Private consumption	0.0	0.3	0.3	0.7	0.4	1.3	-0.3	-0.5	0.4	0.2	0.2	0.5	
Residential investment	-0.3	-0.2	-0.1	0.0	0.1	0.2	-0.0	-0.1	-0.1	0.0	-0.2	0.1	
Private fixed investment	1.0	0.2	0.5	0.6	0.1	0.7	0.1	0.1	0.6	0.2	0.6	0.4	
Change in private inventories	0.3	0.0	-0.1	0.1	0.2	-0.1	0.0	-0.1	0.1	-0.0	0.1	0.0	
Public demand	-0.0	-0.1	0.0	0.1	0.1	0.2	0.2	0.2	0.0	0.2	0.0	0.2	
Government final consumption	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Public fixed investment	-0.1	-0.2	-0.1	-0.1	-0.0	0.1	0.1	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	0.4	-0.3	-0.0	-0.1	-0.0	-0.4	0.4	0.6	-0.0	0.2	0.1	-0.0	
Exports of goods and services	1.0	0.2	0.2	0.3	0.3	0.7	0.4	0.4	0.4	0.4	0.6	0.4	
Imports of goods and services	-0.6	-0.5	-0.2	-0.4	-0.3	-1.0	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	3.8	3.9	4.0	4.4	4.1	4.3	3.7	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 [2012]; \$ 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	106.0	106.4	106.4	106.7	107.1	107.5	107.6	108.0	106.4	107.6	106.6	107.2	
Q/q %, SAAR	-5.7	1.6	0.1	1.1	1.5	1.3	0.5	1.6					
Y/y %	1.2	1.2	0.0	-0.7	1.0	1.1	1.0	1.3	0.4	1.1	1.2	0.6	
Nominal public fixed investment													
Y tri; SAAR	27.0	27.1	26.8	27.1	28.0	27.6	27.5	27.4	27.0	27.6	26.9	27.5	
Q/q %, SAAR	6.2	2.4	-5.2	5.0	14.1	-6.0	-1.5	-0.9					
Y/y %	-0.1	0.7	-0.5	1.5	4.9	1.8	2.2	0.9	0.4	2.3	-1.1	2.4	
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 (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	3.7	3.8	3.7	3.6	3.6	3.5	3.5	3.8	3.6	4.0	3.6
Crude oil price (WTI futures; \$/bbl)	67.9	69.4	60.8	55.0	55.0	55.0	55.0	55.0	63.3	55.0	65.3	55.0
Y/y %	41.0	44.1	10.0	-12.6	-19.0	-20.8	-9.6	0.0	18.0	-13.1	28.3	-15.7
2) US economy												
Real GDP (chained [2012]; \$ bil; SAAR)	18,512	18,672	18,793	18,897	18,995	19,089	19,182	19,271	18,718	19,135	18,575	19,041
Q/q %, SAAR	4.2	3.5	2.6	2.2	2.1	2.0	2.0	1.9				
Y/y %	2.9	3.0	3.1	3.1	2.6	2.2	2.1	2.0	3.0	2.2	2.9	2.5
Consumer Price Index (1982-84 avg=100)	250.5	251.7	253.1	254.2	255.8	257.6	259.2	260.7	252.4	258.3	251.2	256.7
Q/q %, SAAR	1.7	2.0	2.3	1.7	2.5	2.8	2.5	2.4				
Y/y %	2.7	2.6	2.4	1.9	2.1	2.3	2.4	2.6	2.4	2.3	2.5	2.2
Producer Price Index (Final demand; 2009.Nov=100)	116.0	116.4	117.3	117.8	118.4	119.1	119.8	120.4	116.9	119.4	116.2	118.8
Q/q %, SAAR	3.2	1.4	3.2	1.5	2.2	2.5	2.2	2.1				
Y/y %	3.0	2.9	2.8	2.3	2.1	2.3	2.1	2.2	2.7	2.2	2.9	2.2
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	2.93	3.18	3.26	3.31	3.40	3.44	3.52	3.07	3.42	2.95	3.35
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	108.1	108.3	108.5	108.8	109.0	109.3	110.6	110.8	108.4	109.9	108.2	109.4
Q/q %, SAAR	0.2	0.9	0.7	1.0	1.0	1.0	4.8	0.7				
Y/y %	0.8	0.8	0.9	0.6	0.9	0.9	1.9	1.9	0.8	1.4	0.9	1.1
Nominal public fixed investment												
Y tril; SAAR	27.5	27.0	27.4	27.5	27.8	28.0	28.4	28.6	27.4	28.2	27.3	27.9
Q/q %, SAAR	0.5	-6.2	5.0	2.4	3.5	2.9	5.8	2.9				
Y/y %	-1.2	-2.2	-0.2	0.4	0.7	3.5	3.5	3.7	-0.7	3.0	-0.6	2.1
Exchange rate (Y/\$)	109.1	111.5	113.0	113.0	113.0	113.0	113.0	113.0	111.6	113.0	110.4	113.0
(Y/€)	129.0	130.5	128.8	128.0	128.0	128.0	128.0	128.0	129.1	128.0	130.2	128.0

Source: Compiled by DIR.

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

E: DIR estimate.