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Japan's Economic Outlook No. 200 Update (Summary)

Japan's Economy Continues Dependence on Domestic Demand. Growth Seen falling below potential growth. In this report we examine the following: (1) How will Acceptance of Foreign Workers Influence Wages and Productivity, (2) Main Scenario for the Global Economy (3) Risk Factors for the Global Economy

Japan to see real GDP growth of +0.6% in FY18, and +0.7% in FY19, and +0.6% in FY20, with nominal GDP growth of +0.4% in FY18, and +1.5% in FY19, and +1.3% in FY20.

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Summary

- Japan's economy is expected to continue its dependence on domestic demand, while growth will likely fall below the country's potential growth: In light of the 1st preliminary Oct-Dec 2018 GDP release we have revised our economic growth outlook. We now forecast real GDP growth of +0.6% in comparison with the previous year for FY18, and +0.7% in comparison with the previous year for FY19, and +0.6% in comparison with the previous year for FY20. 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, falling below potential growth, due to the inventory cycle and a lower contribution to the economy from overseas demand.

With overseas demand no longer bringing the positive influence it once did, domestic demand will increase in importance relatively. However, domestic demand has both positive and negative factors looming up ahead. One of the positive factors is the collapse in the price of crude oil. On the other hand, there is the negative factor of the planned increase in consumption tax in October 2019. But plans are to increase government expenditures to a level exceeding that of the tax increase. Hence domestic demand will likely be able to continue steady growth throughout FY2019. Japan's economy in 2019 will likely become even more dependent on domestic demand than it was in 2018. In this report we examine the following three issues.

- **(1) How will Acceptance of Foreign Workers Influence Wages and Productivity?:** The Revised Immigration Control and Refugee Recognition Act which is to go into effect in April 2019 includes new status of residence for the purpose of employment (Specified Skills Visa No. 1 & No. 2). Over the next five years a maximum of around 350,000 workers are expected to be accepted under the new status. However, the current situation is that there is a strong tendency for foreign workers to gravitate toward urban areas and regions where manufacturing is concentrated. A quantitative analysis of the effects of bringing in foreign workers suggests that when the ratio of foreign workers grows by 1%pt, the wages of male workers increases by around 0.6%. On the other hand, no influence was seen in the case of women. Moreover, it was also found that when the number of foreign workers grows by 100,000, productivity in the manufacturing industries grows by an estimated 0.25%. In the mid to long-term, there is a good chance that bringing in foreign workers will bring about an improvement terms of employment for Japanese workers. However, Japanese workers also need further training in order to learn how to deal with a changing economy and society, while further policy measures are also needed to encourage the social integration of foreign workers.
- **(2) Main Scenario for the Global Economy:** The Great Rotation began in late 2016. This is the tendency of stock prices to be high and bonds to be low, which continued until the middle of 2018. More recently the trend does not seem to have been fully manifest. The Great Rotation ends when the economy moves into a downturn and the stock market enters an adjustment phase. Hence the direction of the global economy in the near future is a major focal point. It is the top two players in the global economy who hold the key to what will happen in the future. That means the US and China. The leading economic indices for China, which leads the world in production, have recently been moving toward a comeback. Orders for Japanese machine tools from China also show signs of ending their decline. This tendency will likely gain an added push from Chinese government policy, and the central bank's economic and monetary easing policies. Meanwhile, the ISM index, which indicates business confidence of US corporations, worsened considerably at the end of 2018. However, it improved during the following month and is still maintaining a high level. The policy decisions of President Trump are a major destabilizing factor which makes it more difficult to predict the future of both the domestic and overseas economies. Hence we recommend keeping a close watch on further developments.
- **(3) Risk Factors for the Global Economy:** Interest rates were maintained at a low level for a long period of time after the global financial crisis of 2008. Low interest rates made it possible to maintain a high level of debt (high leverage). As a result, the balance of debt held by US corporations is at a proportion of GDP which is the same level it was around the time the last economic bubble burst. The danger of the situation cannot be denied – something could easily happen that could trigger a credit crunch, causing the credit cycle could experience a reversal. If any of the downside risks were to become manifest in 2019 and beyond, including (1) the Trump administration strays off course, (2) the Chinese economy worsens, (3) the European economy deteriorates, (4) Japan's new overtime restrictions are become tighter, or (5) the deterioration of personal consumption due to the collapse of the stock market, Japan's real

GDP could decline by up to around -3.6%. Therefore great caution is required regarding downside risks affecting the global economy on into the future.

- **BOJ's monetary policy:** We expect the BOJ to maintain current monetary policy for the time being. Considering the current policy to fight deflation for the long-term, a more flexible inflation target will likely become an issue.

Our assumptions

- Public works spending is expected to decrease in FY18 to -3.6%, then return to growth in FY19 at +3.0%, and +0.7% in FY20.
- Average exchange rate of Y111.3/\$ in FY18, and Y111.9/\$ in FY19, and Y111.9/\$ in CY20.
- US real GDP growth of +2.9% in CY18, +2.6% in CY19, and +1.9% in CY20.

Main Economic Indicators and Real GDP Components

	FY18 (Estimate)	FY19 (Estimate)	FY20 (Estimate)	CY18	CY19 (Estimate)	CY20 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	0.4	1.5	1.3	0.7	1.2	1.5
Real GDP (chained [2011]; y/y %)	0.6	0.7	0.6	0.8	0.5	0.7
Domestic demand (contribution, % pt)	0.8	0.7	0.5	0.8	0.9	0.5
Foreign demand (contribution, % pt)	-0.3	-0.1	0.0	-0.0	-0.3	0.1
GDP deflator (y/y %)	-0.1	0.9	0.7	-0.1	0.7	0.8
Index of All-industry Activity (y/y %)*	0.7	0.7	0.6	0.8	0.8	0.6
Index of Industrial Production (y/y %)	0.3	0.3	1.0	1.0	-0.3	1.2
Index of Tertiary Industry Activity (y/y %)	1.2	0.9	0.5	1.0	1.4	0.4
Corporate Goods Price Index (y/y %)	2.4	2.4	3.0	2.5	1.9	3.4
Consumer Price Index (excl. fresh food; y/y %)	0.8	0.4	0.5	0.8	0.4	0.6
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4
Government bond yield (10 year; %)	0.07	0.07	0.07	0.07	0.07	0.07
Balance of payments						
Trade balance (Y tril)	1.1	2.8	3.0	1.2	2.4	3.2
Current balance (\$100 mil)	1,703	1,832	1,861	1,729	1,786	1,876
Current balance (Y tril)	19.0	20.5	20.9	19.1	20.0	21.0
(% of nominal GDP)	3.5	3.7	3.7	3.5	3.6	3.7
Real GDP components (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	0.6 (0.3)	0.4 (0.2)	0.5 (0.3)	0.4 (0.2)	0.6 (0.4)	0.4 (0.2)
Private housing investment	-4.2 (-0.1)	2.0 (0.1)	-1.8 (-0.1)	-5.7 (-0.2)	2.5 (0.1)	-2.0 (-0.1)
Private fixed investment	3.6 (0.6)	1.7 (0.3)	0.8 (0.1)	3.9 (0.6)	2.3 (0.4)	0.9 (0.1)
Government final consumption	0.9 (0.2)	0.8 (0.2)	0.8 (0.2)	0.8 (0.2)	0.8 (0.2)	0.8 (0.2)
Public fixed investment	-3.6 (-0.2)	3.0 (0.1)	0.7 (0.0)	-3.2 (-0.2)	1.6 (0.1)	1.7 (0.1)
Exports of goods and services	1.8 (0.3)	1.3 (0.2)	1.2 (0.2)	3.1 (0.6)	0.8 (0.1)	1.4 (0.3)
Imports of goods and services	3.3 (-0.6)	1.9 (-0.3)	1.0 (-0.2)	3.3 (-0.6)	2.7 (-0.5)	0.7 (-0.1)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.7	3.5	3.4	3.9	3.5	3.5
Crude oil price (WTI futures; \$/bbl)	63.2	55.0	55.0	64.9	55.3	55.0
2. US economy						
US real GDP (chained [2012]; y/y %)	3.0	2.4	1.8	2.9	2.6	1.9
US Consumer Price Index (y/y %)	2.3	2.1	2.4	2.4	1.9	2.5
3. Japanese economy						
Nominal public fixed investment (y/y %)	-1.9	4.4	1.3	-1.6	3.2	2.5
Exchange rate (Y/\$)	111.3	111.9	111.9	110.4	111.9	111.9
(Y/€)	128.8	127.3	127.3	130.0	127.3	127.3

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 200 Update)			Previous outlook (Outlook 200)			Difference between previous and current outlooks		
	FY18	FY19	FY20	FY18	FY19	FY20	FY18	FY19	FY20
Main economic indicators									
Nominal GDP (y/y %)	0.4	1.5	1.3	0.4	1.6	1.2	0.0	-0.1	0.0
Real GDP (chained [2011]; y/y %)	0.6	0.7	0.6	0.5	0.8	0.6	0.1	-0.1	0.0
Domestic demand (contribution, % pt)	0.8	0.7	0.5	0.7	0.8	0.5	0.1	-0.1	0.0
Foreign demand (contribution, % pt)	-0.3	-0.1	0.0	-0.3	-0.1	0.0	0.0	-0.0	-0.0
GDP deflator (y/y %)	-0.1	0.9	0.7	-0.1	0.9	0.7	-0.0	0.0	-0.0
Index of All-industry Activity (y/y %)*	0.7	0.7	0.6	0.7	0.7	0.6	0.1	-0.0	0.0
Index of Industrial Production (y/y %)	0.3	0.3	1.0	0.6	1.1	1.0	-0.3	-0.7	0.0
Index of Tertiary Industry Activity (y/y %)	1.2	0.9	0.5	0.9	0.6	0.5	0.3	0.3	0.0
Corporate Goods Price Index (y/y %)	2.4	2.4	3.0	2.4	2.4	3.0	0.0	0.0	0.0
Consumer Price Index (excl. fresh food; y/y %)	0.8	0.4	0.5	0.8	0.5	0.5	0.0	-0.0	-0.0
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4	0.0	0.0	0.0
Government bond yield (10 year; %)	0.07	0.07	0.07	0.07	0.07	0.07	0.00	0.00	0.00
Balance of payments									
Trade balance (Y tril)	1.1	2.8	3.0	1.2	2.6	2.8	-0.0	0.2	0.2
Current balance (\$100 mil)	1,703	1,832	1,861	1,687	1,825	1,856	16	7	6
Current balance (Y tril)	19.0	20.5	20.9	19.0	20.3	20.6	-0.0	0.2	0.2
(% of nominal GDP)	3.5	3.7	3.7	3.5	3.6	3.7	-0.0	0.0	0.0
Real GDP components (chained [2011]; y/y %)									
Private final consumption	0.6	0.4	0.5	0.7	0.5	0.5	-0.1	-0.1	0.0
Private housing investment	-4.2	2.0	-1.8	-4.3	2.0	-1.8	0.0	0.0	0.0
Private fixed investment	3.6	1.7	0.8	3.4	1.6	0.8	0.3	0.2	0.0
Government final consumption	0.9	0.8	0.8	0.9	0.8	0.8	-0.0	-0.0	-0.0
Public fixed investment	-3.6	3.0	0.7	-3.3	2.7	0.7	-0.3	0.3	0.0
Exports of goods and services	1.8	1.3	1.2	1.8	1.3	1.2	0.0	-0.0	-0.0
Imports of goods and services	3.3	1.9	1.0	3.3	1.9	1.0	0.0	0.0	-0.0
Major assumptions:									
1. World economy									
Economic growth of major trading partners	3.7	3.5	3.4	3.8	3.5	3.4	-0.1	-0.1	-0.0
Crude oil price (WTI futures; \$/bbl)	63.2	55.0	55.0	62.6	55.0	55.0	0.6	0.0	0.0
2. US economy									
US real GDP (chained [2012]; y/y %)	3.0	2.4	1.8	2.9	2.4	1.8	0.1	0.0	-0.0
US Consumer Price Index (y/y %)	2.3	2.1	2.4	2.3	2.1	2.4	0.0	0.0	0.0
3. Japanese economy									
Nominal public fixed investment (y/y %)	-1.9	4.4	1.3	-1.6	4.1	1.3	-0.3	0.3	0.0
Exchange rate (Y/\$)	111.3	111.9	111.9	110.6	109.0	109.0	0.7	2.9	2.9
(Y/€)	128.8	127.3	127.3	128.1	125.0	125.0	0.6	2.3	2.3

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

	2017			2018			2019		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2017	2018 (E)	2017	2018
Nominal GDP (SAAR; Y tril)	542.8	548.7	550.0	548.3	550.5	547.5	549.7	551.5	547.4	549.7	545.1	548.9
Q/q %	0.6	1.1	0.2	-0.3	0.4	-0.5	0.4	0.3				
Q/q %, SAAR	2.6	4.4	0.9	-1.2	1.6	-2.1	1.6	1.3				
Y/y %	1.5	2.3	2.4	1.7	1.4	-0.3	-0.1	0.6	2.0	0.4	1.7	0.7
Real GDP (chained [2011]; SAAR; Y tril)	528.6	531.8	534.0	533.5	536.0	532.8	535.3	535.0	531.8	534.7	530.1	534.3
Q/q %	0.4	0.6	0.4	-0.1	0.5	-0.6	0.5	-0.1				
Q/q %, SAAR	1.8	2.5	1.6	-0.4	1.9	-2.4	1.9	-0.2				
Y/y %	1.8	2.1	2.4	1.3	1.5	0.1	0.3	0.3	1.9	0.6	1.9	0.8
Contribution to GDP growth (% pt)												
Domestic demand	0.8	0.1	0.4	-0.2	0.6	-0.5	0.8	0.0	1.5	0.8	1.3	0.8
Foreign demand	-0.3	0.5	-0.0	0.1	-0.1	-0.1	-0.3	-0.1	0.4	-0.3	0.6	-0.0
GDP deflator (y/y %)	-0.3	0.2	0.1	0.5	-0.1	-0.4	-0.3	0.2	0.1	-0.1	-0.2	-0.1
Index of All-Industry Activity (2010=100)	104.9	104.9	105.5	105.0	105.9	105.1	106.2	106.2	105.0	105.8	104.6	105.5
Q/q %; y/y %	1.3	-0.0	0.6	-0.4	0.8	-0.8	1.1	-0.1	1.7	0.7	1.6	0.8
Index of Industrial Production (2015=100)	103.2	103.2	104.4	103.3	104.5	103.1	105.1	102.6	103.5	103.8	103.1	104.1
Q/q %; y/y %	1.9	-0.1	1.2	-1.1	1.2	-1.4	2.0	-2.4	2.9	0.3	3.1	1.0
Index of Tertiary Industry Activity (2010=100)	104.8	104.8	105.3	105.1	105.9	105.4	106.5	107.2	105.0	106.2	104.7	105.7
Q/q %; y/y %	0.8	0.0	0.5	-0.2	0.7	-0.5	1.1	0.6	1.1	1.2	0.7	1.0
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	98.5	98.8	99.7	100.3	100.9	101.8	102.0	102.1	99.3	101.7	98.7	101.3
Y/y %	2.1	2.8	3.4	2.4	2.5	3.0	2.3	1.8	2.7	2.4	2.3	2.5
CPI (excl. fresh food; 2015=100)	100.2	100.2	100.7	100.5	101.0	101.1	101.5	101.2	100.4	101.2	100.2	101.0
Y/y %	0.4	0.6	0.9	0.9	0.8	0.9	0.9	0.7	0.7	0.8	0.5	0.8
Unemployment rate (%)	2.9	2.8	2.7	2.5	2.4	2.4	2.4	2.4	2.7	2.4	2.8	2.4
Government bond yield (10 year; %)	0.04	0.05	0.05	0.06	0.04	0.10	0.07	0.07	0.05	0.07	0.05	0.07
Trade balance (SAAR; Y tril)	3.0	6.1	5.4	3.3	3.4	-0.2	-0.4	1.9	4.6	1.1	5.0	1.2
Current balance (SAAR; \$100 mil)	1,723	2,153	2,111	1,865	1,930	1,629	1,552	1,701	1,968	1,703	1,957	1,729
Current balance (SAAR; Y tril)	19.1	23.9	23.8	20.2	21.1	18.2	17.5	19.0	21.8	19.0	22.0	19.1
(% of nominal GDP)	3.5	4.4	4.3	3.7	3.8	3.3	3.2	3.4	4.0	3.5	4.1	3.5
Exchange rate (Y/\$)	111.1	111.0	112.9	108.2	109.1	111.5	112.9	111.9	110.8	111.3	112.2	110.4
(Y/Euro)	124.3	131.3	133.2	132.3	129.0	130.5	128.2	127.3	130.3	128.8	127.2	130.0

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.

1.2 Selected Economic Indicators

	2019			2020			2021		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)	2019 (E)	2020 (E)	2019 (E)	2020 (E)
Nominal GDP (SAAR; Y tril)	554.1	556.6	559.9	561.9	563.3	564.8	565.8	566.6	558.1	565.0	555.5	563.9
Q/q %	0.5	0.4	0.6	0.4	0.3	0.3	0.2	0.1				
Q/q %, SAAR	1.9	1.8	2.4	1.4	1.0	1.1	0.7	0.6				
Y/y %	0.6	1.7	1.9	1.9	1.7	1.5	1.0	0.8	1.5	1.3	1.2	1.5
Real GDP (chained [2011]; SAAR; Y tril)	536.9	538.7	538.3	539.7	540.7	541.3	541.4	541.9	538.3	541.2	537.1	540.7
Q/q %	0.3	0.3	-0.1	0.3	0.2	0.1	0.0	0.1				
Q/q %, SAAR	1.4	1.3	-0.3	1.0	0.8	0.5	0.1	0.3				
Y/y %	0.1	1.1	0.6	0.8	0.7	0.5	0.6	0.4	0.7	0.6	0.5	0.7
Contribution to GDP growth (% pt)												
Domestic demand	0.3	0.3	-0.2	0.2	0.2	0.1	0.1	0.1	0.7	0.5	0.9	0.5
Foreign demand	0.1	0.0	0.2	0.0	-0.0	-0.0	-0.1	-0.0	-0.1	0.0	-0.3	0.1
GDP deflator (y/y %)	0.5	0.6	1.3	1.0	0.9	1.0	0.5	0.4	0.9	0.7	0.7	0.8
Index of All-Industry Activity (2010=100)	106.4	106.6	106.5	106.7	107.1	107.3	107.3	107.4	106.5	107.2	106.4	107.0
Q/q %; y/y %	0.2	0.2	-0.1	0.2	0.3	0.2	0.0	0.1	0.7	0.6	0.8	0.6
Index of Industrial Production (2015=100)	103.7	104.3	104.2	104.5	104.9	105.2	105.4	105.7	104.2	105.3	103.8	105.1
Q/q %; y/y %	1.0	0.6	-0.2	0.4	0.3	0.4	0.1	0.3	0.3	1.0	-0.3	1.2
Index of Tertiary Industry Activity (2010=100)	107.2	107.3	107.2	107.3	107.7	107.8	107.8	107.9	107.2	107.8	107.2	107.6
Q/q %; y/y %	-0.0	0.1	-0.1	0.2	0.3	0.1	0.0	0.1	0.9	0.5	1.4	0.4
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	102.4	102.9	105.4	106.0	106.5	107.0	107.6	108.1	104.2	107.3	103.2	106.8
Y/y %	1.5	1.0	3.4	3.8	4.0	4.0	2.0	2.0	2.4	3.0	1.9	3.4
CPI (excl. fresh food; 2015=100)	101.3	101.4	102.0	101.9	101.9	102.1	102.4	102.2	101.6	102.2	101.5	102.1
Y/y %	0.3	0.3	0.5	0.7	0.6	0.7	0.4	0.4	0.4	0.5	0.4	0.6
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Government bond yield (10 year; %)	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Trade balance (SAAR; Y tril)	2.4	2.3	3.1	3.3	3.2	3.2	2.8	2.7	2.8	3.0	2.4	3.2
Current balance (SAAR; \$100 mil)	1,772	1,792	1,878	1,885	1,886	1,891	1,841	1,827	1,832	1,861	1,786	1,876
Current balance (SAAR; Y tril)	19.8	20.1	21.0	21.1	21.1	21.2	20.6	20.4	20.5	20.9	20.0	21.0
(% of nominal GDP)	3.6	3.6	3.8	3.8	3.7	3.7	3.6	3.6	3.7	3.7	3.6	3.7
Exchange rate (Y/\$)	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9
(Y/Euro)	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3

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)

	2017			2018			2019		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2017	2018 (E)	2017	2018
Gross domestic expenditure	528.6	531.8	534.0	533.5	536.0	532.8	535.3	535.0	531.8	534.7	530.1	534.3
Q/q %, SAAR	1.8	2.5	1.6	-0.4	1.9	-2.4	1.9	-0.2				
Y/y %	1.8	2.1	2.4	1.3	1.5	0.1	0.3	0.3	1.9	0.6	1.9	0.8
Domestic demand	531.4	532.1	534.2	533.3	536.7	534.2	538.3	538.4	532.7	537.0	531.2	535.5
Q/q %, SAAR	3.1	0.5	1.6	-0.7	2.5	-1.8	3.1	0.0				
Y/y %	1.3	1.5	2.2	1.1	1.1	0.3	0.8	1.1	1.5	0.8	1.4	0.8
Private demand	398.5	399.6	401.7	400.8	404.2	402.1	405.9	405.5	400.2	404.6	398.8	403.2
Q/q %, SAAR	3.2	1.1	2.1	-0.9	3.5	-2.1	3.8	-0.4				
Y/y %	1.4	1.8	2.7	1.3	1.5	0.5	1.1	1.3	1.8	1.1	1.7	1.1
Final consumption	300.3	297.8	299.2	298.5	300.4	299.8	301.0	301.4	298.9	300.7	298.7	299.9
Q/q %, SAAR	4.0	-3.2	1.9	-1.0	2.6	-0.9	1.6	0.6				
Y/y %	2.1	0.7	1.3	0.3	0.1	0.6	0.6	1.0	1.1	0.6	1.1	0.4
Residential investment	16.6	16.3	15.8	15.5	15.2	15.3	15.4	15.6	16.0	15.4	16.3	15.3
Q/q %, SAAR	7.4	-7.5	-12.1	-7.8	-7.8	2.3	4.6	4.1				
Y/y %	5.1	0.9	-2.9	-5.5	-8.8	-6.4	-2.2	0.8	-0.7	-4.2	2.1	-5.7
Non-residential investment	82.8	84.2	84.9	85.7	87.9	85.6	87.9	88.3	84.4	87.5	83.5	86.8
Q/q %, SAAR	3.5	7.1	2.9	4.3	10.4	-10.0	11.3	1.6				
Y/y %	3.9	5.1	5.3	4.1	6.7	1.2	3.9	3.1	4.6	3.6	3.9	3.9
Change in inventories	-1.2	1.2	1.8	1.1	0.7	1.5	1.6	0.2	0.8	1.0	0.4	1.2
Public demand	132.9	132.5	132.5	132.5	132.4	132.1	132.4	132.9	132.5	132.4	132.4	132.3
Q/q %, SAAR	2.7	-1.1	0.1	-0.0	-0.2	-1.1	1.1	1.6				
Y/y %	1.0	0.3	0.7	0.3	-0.1	-0.3	-0.3	0.3	0.6	-0.1	0.4	-0.1
Government final consumption	106.2	106.5	106.5	106.7	106.9	107.1	107.9	107.7	106.4	107.4	106.3	107.1
Q/q %, SAAR	-0.3	1.1	0.1	0.9	0.6	0.9	3.0	-0.7				
Y/y %	0.4	0.4	0.5	0.5	0.6	0.6	1.3	0.9	0.4	0.9	0.3	0.8
Fixed investment	26.6	25.9	25.9	25.7	25.5	25.0	24.5	25.2	26.0	25.0	26.0	25.2
Q/q %, SAAR	13.0	-9.5	-0.3	-2.9	-2.9	-8.8	-6.8	12.1				
Y/y %	3.2	-0.4	0.4	-0.5	-3.1	-3.7	-5.7	-1.8	0.5	-3.6	0.7	-3.2
Change in inventories	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0
Net exports of goods and services	-3.4	-0.6	-0.7	-0.4	-1.2	-1.9	-3.6	-4.0	-1.3	-2.7	-1.6	-1.8
Exports of goods and services	88.6	90.8	92.8	93.2	93.6	92.2	93.1	92.9	91.4	93.0	90.2	93.0
Q/q %, SAAR	-0.2	10.5	9.1	1.4	1.8	-5.6	4.0	-1.2				
Y/y %	6.9	7.0	6.6	5.1	5.6	1.6	0.4	-0.1	6.4	1.8	6.8	3.1
Imports of goods and services	92.0	91.5	93.5	93.6	94.8	94.2	96.7	96.8	92.7	95.7	91.8	94.9
Q/q %, SAAR	8.0	-2.4	9.4	0.2	5.3	-2.6	11.3	0.4				
Y/y %	4.4	2.7	5.3	3.7	3.0	2.8	3.6	3.7	4.0	3.3	3.4	3.3

Source: Compiled by DIR.

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

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

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

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

	2019		2020			2021			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)	2019 (E)	2020 (E)	2019 (E)	2020 (E)
Gross domestic expenditure	536.9	538.7	538.3	539.7	540.7	541.3	541.4	541.9	538.3	541.2	537.1	540.7
Q/q %, SAAR	1.4	1.3	-0.3	1.0	0.8	0.5	0.1	0.3				
Y/y %	0.1	1.1	0.6	0.8	0.7	0.5	0.6	0.4	0.7	0.6	0.5	0.7
Domestic demand	540.0	541.6	540.5	541.8	542.9	543.5	544.2	544.8	541.0	543.9	540.1	543.1
Q/q %, SAAR	1.2	1.3	-0.9	1.0	0.8	0.5	0.5	0.5				
Y/y %	0.6	1.4	0.4	0.6	0.5	0.3	0.7	0.6	0.7	0.5	0.9	0.5
Private demand	406.5	407.6	406.4	407.1	408.0	408.4	408.9	409.4	406.9	408.7	406.5	408.1
Q/q %, SAAR	1.0	1.1	-1.2	0.7	0.9	0.4	0.5	0.4				
Y/y %	0.5	1.4	0.1	0.4	0.4	0.2	0.6	0.6	0.6	0.4	0.8	0.4
Final consumption	301.7	302.2	301.8	302.2	302.9	303.1	303.6	304.0	302.0	303.4	301.8	302.9
Q/q %, SAAR	0.4	0.6	-0.5	0.6	0.8	0.3	0.6	0.6				
Y/y %	0.4	0.8	0.3	0.2	0.4	0.3	0.6	0.6	0.4	0.5	0.6	0.4
Residential investment	15.8	16.0	15.4	15.4	15.4	15.4	15.4	15.4	15.7	15.4	15.7	15.4
Q/q %, SAAR	7.0	4.1	-13.3	-0.8	0.0	-0.3	-0.3	-0.3				
Y/y %	4.5	4.9	0.1	-1.1	-2.7	-3.7	-0.3	-0.2	2.0	-1.8	2.5	-2.0
Non-residential investment	88.7	89.2	88.9	89.2	89.5	89.7	89.8	89.8	89.0	89.7	88.8	89.6
Q/q %, SAAR	2.0	2.4	-1.6	1.6	1.2	0.8	0.4	0.0				
Y/y %	0.7	4.5	0.9	1.0	1.0	0.4	1.1	0.6	1.7	0.8	2.3	0.9
Change in inventories	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Public demand	133.5	134.0	134.1	134.7	134.9	135.1	135.3	135.5	134.0	135.1	133.6	134.9
Q/q %, SAAR	1.6	1.6	0.2	1.7	0.6	0.6	0.6	0.6				
Y/y %	0.8	1.5	1.4	1.3	1.0	0.8	0.9	0.6	1.2	0.8	1.0	1.0
Government final consumption	107.9	108.2	108.4	108.6	108.8	109.1	109.3	109.5	108.2	109.1	108.0	108.9
Q/q %, SAAR	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8				
Y/y %	1.0	1.0	0.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Fixed investment	25.5	25.9	25.7	26.0	26.0	26.0	26.0	25.9	25.8	26.0	25.6	26.0
Q/q %, SAAR	5.1	5.0	-2.4	5.4	-0.4	-0.4	-0.4	-0.4				
Y/y %	-0.4	3.6	5.1	3.2	2.1	0.5	0.9	-0.4	3.0	0.7	1.6	1.7
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	-3.7	-3.6	-2.7	-2.7	-2.7	-2.8	-3.3	-3.5	-3.3	-3.2	-3.6	-3.0
Exports of goods and services	93.4	93.9	94.3	94.7	95.0	95.4	95.2	95.4	94.2	95.3	93.8	95.1
Q/q %, SAAR	2.5	2.0	1.8	1.4	1.4	1.6	-0.8	0.8				
Y/y %	0.4	1.8	1.2	1.8	1.4	1.6	0.9	0.8	1.3	1.2	0.8	1.4
Imports of goods and services	97.1	97.5	97.1	97.3	97.7	98.1	98.5	98.9	97.5	98.5	97.4	98.1
Q/q %, SAAR	1.1	1.5	-1.7	1.2	1.6	1.6	1.6	1.6				
Y/y %	2.7	4.4	0.2	0.4	0.5	0.3	1.6	1.7	1.9	1.0	2.7	0.7

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)

	2017			2018			2019			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2017	2018 (E)	2017	2018	
Gross domestic expenditure	542.8	548.7	550.0	548.3	550.5	547.5	549.7	551.5	547.4	549.7	545.1	548.9	
Q/q %, SAAR	2.6	4.4	0.9	-1.2	1.6	-2.1	1.6	1.3					
Y/y %	1.5	2.3	2.4	1.7	1.4	-0.3	-0.1	0.6	2.0	0.4	1.7	0.7	
Domestic demand	539.6	541.4	544.6	544.3	547.8	547.1	551.8	551.8	542.5	549.6	540.0	547.6	
Q/q %, SAAR	3.8	1.3	2.4	-0.2	2.6	-0.5	3.5	0.0					
Y/y %	1.7	2.0	2.7	1.9	1.5	0.9	1.3	1.5	2.1	1.3	1.8	1.4	
Private demand	404.4	406.2	409.4	408.7	412.3	411.8	416.2	415.5	407.3	414.0	405.2	412.2	
Q/q %, SAAR	3.6	1.8	3.2	-0.7	3.5	-0.5	4.4	-0.7					
Y/y %	1.7	2.2	3.2	2.1	1.9	1.2	1.7	1.8	2.3	1.6	2.0	1.7	
Final consumption	303.7	301.5	303.8	303.9	304.6	305.5	306.8	306.9	303.2	306.0	302.5	305.2	
Q/q %, SAAR	3.9	-2.8	3.0	0.1	0.9	1.2	1.7	0.2					
Y/y %	2.1	0.8	1.6	1.0	0.3	1.2	1.0	1.0	1.4	0.9	1.3	0.9	
Residential investment	17.7	17.5	17.0	16.7	16.5	16.6	16.9	17.1	17.2	16.8	17.4	16.7	
Q/q %, SAAR	7.6	-4.4	-10.8	-6.9	-5.8	3.0	7.2	4.8					
Y/y %	6.9	3.2	-1.1	-4.1	-7.0	-5.2	-0.7	2.3	1.1	-2.7	3.8	-4.2	
Non-residential investment	84.3	86.0	86.9	87.3	90.3	88.2	90.9	91.3	86.2	90.2	85.0	89.1	
Q/q %, SAAR	5.4	8.4	4.1	1.9	14.7	-9.0	12.7	1.9					
Y/y %	4.4	6.1	6.3	4.8	7.7	2.1	4.8	4.7	5.4	4.7	4.5	4.8	
Change in inventories	-1.3	1.2	1.8	0.8	0.9	1.5	1.6	0.2	0.7	1.0	0.3	1.2	
Public demand	135.2	135.1	135.2	135.6	135.5	135.3	135.6	136.3	135.2	135.6	134.8	135.5	
Q/q %, SAAR	4.2	-0.3	0.1	1.2	-0.2	-0.6	0.8	2.1					
Y/y %	1.7	1.3	1.4	1.3	0.4	0.1	0.2	0.5	1.4	0.3	1.0	0.5	
Government final consumption	107.1	107.5	107.5	108.1	108.1	108.4	109.0	108.8	107.6	108.6	107.2	108.4	
Q/q %, SAAR	1.4	1.5	-0.1	2.1	0.0	1.2	2.1	-0.5					
Y/y %	1.0	1.1	1.0	1.3	0.8	0.8	1.3	0.7	1.1	0.9	0.6	1.1	
Fixed investment	28.0	27.5	27.6	27.5	27.4	26.9	26.6	27.4	27.6	27.1	27.5	27.1	
Q/q %, SAAR	13.3	-6.8	0.8	-1.6	-0.6	-7.4	-4.5	13.5					
Y/y %	4.9	1.8	2.2	0.9	-1.2	-2.2	-4.0	0.0	2.3	-1.9	2.4	-1.6	
Change in inventories	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	
Net exports of goods and services	3.1	7.3	5.3	4.1	2.7	0.5	-2.0	-0.3	4.9	0.2	5.1	1.3	
Exports of goods and services	94.1	97.9	100.5	100.5	101.2	101.1	101.4	101.0	98.2	101.2	96.9	101.1	
Q/q %, SAAR	-3.4	16.8	11.1	-0.1	3.0	-0.4	1.2	-1.6					
Y/y %	10.6	14.5	11.8	5.6	7.6	3.6	0.8	0.6	10.5	3.0	11.2	4.3	
Imports of goods and services	91.0	90.5	95.1	96.4	98.5	100.6	103.4	101.3	93.3	101.0	91.8	99.8	
Q/q %, SAAR	2.8	-2.1	21.9	5.4	9.1	8.9	11.6	-8.1					
Y/y %	12.9	13.4	14.3	6.7	8.4	11.1	8.7	5.0	11.7	8.2	12.2	8.7	

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)

	2019			2020			2021			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)	2019 (E)	2020 (E)	2019 (E)	2020 (E)	
Gross domestic expenditure	554.1	556.6	559.9	561.9	563.3	564.8	565.8	566.6	558.1	565.0	555.5	563.9	
Q/q %, SAAR	1.9	1.8	2.4	1.4	1.0	1.1	0.7	0.6					
Y/y %	0.6	1.7	1.9	1.9	1.7	1.5	1.0	0.8	1.5	1.3	1.2	1.5	
Domestic demand	553.6	555.9	558.4	560.3	561.8	563.3	564.8	565.9	557.1	564.0	554.9	562.5	
Q/q %, SAAR	1.3	1.7	1.8	1.4	1.1	1.1	1.1	0.7					
Y/y %	1.0	1.7	1.2	1.6	1.5	1.3	1.2	1.0	1.4	1.2	1.3	1.4	
Private demand	416.6	418.2	419.4	420.6	421.8	423.0	424.2	425.0	418.8	423.5	417.5	422.4	
Q/q %, SAAR	1.1	1.5	1.1	1.1	1.1	1.1	1.2	0.7					
Y/y %	1.0	1.6	0.7	1.3	1.2	1.1	1.2	1.1	1.1	1.1	1.3	1.2	
Final consumption	307.2	308.0	309.8	310.6	311.3	312.2	313.3	313.9	308.9	312.7	308.0	311.9	
Q/q %, SAAR	0.4	1.0	2.4	1.0	1.0	1.1	1.4	0.8					
Y/y %	0.8	0.9	1.0	1.2	1.3	1.3	1.1	1.1	1.0	1.2	0.9	1.2	
Residential investment	17.4	17.6	17.2	17.2	17.2	17.2	17.2	17.2	17.3	17.2	17.3	17.2	
Q/q %, SAAR	7.7	4.5	-8.0	-0.4	0.4	0.1	0.1	0.1					
Y/y %	5.6	6.0	2.0	0.7	-1.0	-2.0	0.1	0.2	3.5	-0.7	3.9	-0.6	
Non-residential investment	91.8	92.4	92.1	92.6	93.0	93.3	93.5	93.6	92.3	93.4	91.9	93.1	
Q/q %, SAAR	2.3	2.7	-1.2	2.1	1.7	1.3	0.9	0.5					
Y/y %	1.4	5.0	1.3	1.4	1.4	0.8	1.5	1.1	2.2	1.2	3.2	1.3	
Change in inventories	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Public demand	137.0	137.7	139.0	139.7	140.0	140.3	140.6	140.9	138.3	140.4	137.5	140.1	
Q/q %, SAAR	2.1	2.0	3.9	2.0	0.9	0.9	0.9	0.9					
Y/y %	1.0	1.8	2.6	2.6	2.2	1.9	1.1	0.8	2.0	1.5	1.5	1.9	
Government final consumption	109.1	109.4	110.7	111.0	111.3	111.6	112.0	112.3	110.1	111.8	109.6	111.5	
Q/q %, SAAR	1.1	1.1	4.9	1.1	1.1	1.1	1.1	1.1					
Y/y %	1.0	1.0	1.6	2.1	2.0	2.0	1.1	1.1	1.4	1.5	1.1	1.8	
Fixed investment	27.8	28.2	28.2	28.6	28.6	28.6	28.6	28.6	28.2	28.6	27.9	28.6	
Q/q %, SAAR	6.0	5.9	0.0	5.8	0.0	0.0	0.0	0.0					
Y/y %	1.1	5.0	6.4	4.3	3.1	1.4	1.3	0.0	4.4	1.3	3.2	2.5	
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	0.5	0.7	1.5	1.6	1.6	1.6	1.0	0.7	1.1	1.2	0.6	1.4	
Exports of goods and services	101.7	102.3	102.9	103.4	103.8	104.3	104.2	104.5	102.6	104.3	102.0	103.9	
Q/q %, SAAR	2.9	2.4	2.2	1.9	1.8	2.0	-0.4	1.2					
Y/y %	0.5	1.1	1.5	2.3	2.1	2.0	1.3	1.2	1.3	1.6	0.9	1.9	
Imports of goods and services	101.2	101.7	101.3	101.7	102.3	102.8	103.3	103.8	101.5	103.0	101.4	102.5	
Q/q %, SAAR	-0.1	1.7	-1.3	1.6	2.0	2.0	2.0	2.0					
Y/y %	2.7	1.1	-2.0	0.5	1.0	1.1	1.9	2.0	0.5	1.5	1.6	1.1	

Source: Compiled by DIR.

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

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

E: DIR estimate.

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

	2017			2018			2019		FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2017	2018 (E)	2017	2018
Gross domestic expenditure	102.7	103.2	103.0	102.8	102.7	102.8	102.7	103.1	102.9	102.8	102.8	102.7
Q/q %, SAAR	0.2	0.5	-0.2	-0.2	-0.1	0.1	-0.1	0.4				
Y/y %	-0.3	0.2	0.1	0.5	-0.1	-0.4	-0.3	0.2	0.1	-0.1	-0.2	-0.1
Private final consumption	101.1	101.2	101.5	101.8	101.4	101.9	101.9	101.8	101.4	101.8	101.3	101.8
Q/q %, SAAR	-0.0	0.1	0.3	0.3	-0.4	0.5	0.0	-0.1				
Y/y %	0.0	0.2	0.3	0.7	0.2	0.6	0.4	-0.0	0.3	0.3	0.2	0.5
Private residential investment	106.4	107.3	107.7	107.9	108.5	108.7	109.3	109.5	107.3	109.0	106.9	108.6
Q/q %, SAAR	0.0	0.8	0.4	0.2	0.6	0.2	0.6	0.2				
Y/y %	1.7	2.2	1.8	1.5	2.0	1.3	1.6	1.5	1.8	1.6	1.7	1.6
Private non-residential investment	101.8	102.1	102.4	101.8	102.8	103.1	103.4	103.4	102.0	103.1	101.8	102.7
Q/q %, SAAR	0.4	0.3	0.3	-0.6	1.0	0.3	0.3	0.1				
Y/y %	0.5	1.0	0.9	0.7	0.9	0.9	0.8	1.5	0.8	1.1	0.6	0.8
Government final consumption	100.9	101.0	101.0	101.3	101.1	101.2	101.0	101.1	101.1	101.1	100.9	101.2
Q/q %, SAAR	0.4	0.1	-0.1	0.3	-0.1	0.1	-0.2	0.1				
Y/y %	0.6	0.7	0.5	0.8	0.2	0.2	0.0	-0.2	0.6	0.0	0.4	0.3
Public fixed investment	105.3	106.1	106.4	106.7	107.4	107.8	108.4	108.7	106.2	108.1	105.8	107.5
Q/q %, SAAR	0.1	0.7	0.3	0.3	0.6	0.4	0.6	0.3				
Y/y %	1.7	2.2	1.8	1.5	2.0	1.6	1.9	1.8	1.8	1.8	1.7	1.7
Exports of goods and services	106.3	107.7	108.2	107.8	108.2	109.6	108.9	108.8	107.5	108.8	107.4	108.6
Q/q %, SAAR	-0.8	1.4	0.4	-0.4	0.3	1.4	-0.7	-0.1				
Y/y %	3.4	7.0	4.8	0.5	2.0	2.0	0.4	0.7	3.8	1.2	4.1	1.2
Imports of goods and services	98.9	99.0	101.7	103.0	103.9	106.9	106.9	104.6	100.7	105.5	100.0	105.2
Q/q %, SAAR	-1.2	0.1	2.7	1.3	0.9	2.8	0.1	-2.2				
Y/y %	8.2	10.4	8.6	2.9	5.3	8.0	4.9	1.3	7.4	4.8	8.5	5.2

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.

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

	2019			2020			2021			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)	2019 (E)	2020 (E)	2019 (E)	2020 (E)	
Gross domestic expenditure	103.2	103.3	104.0	104.1	104.2	104.3	104.5	104.6	103.7	104.4	103.4	104.3	
Q/q %, SAAR	0.1	0.1	0.7	0.1	0.1	0.2	0.1	0.1					
Y/y %	0.5	0.6	1.3	1.0	0.9	1.0	0.5	0.4	0.9	0.7	0.7	0.8	
Private final consumption	101.8	101.9	102.6	102.7	102.8	103.0	103.2	103.3	102.3	103.1	102.1	102.9	
Q/q %, SAAR	0.0	0.1	0.7	0.1	0.1	0.2	0.2	0.1					
Y/y %	0.4	0.0	0.7	0.9	0.9	1.0	0.6	0.5	0.5	0.8	0.3	0.9	
Private residential investment	109.7	109.8	111.5	111.6	111.7	111.8	111.9	112.0	110.6	111.9	110.1	111.7	
Q/q %, SAAR	0.2	0.1	1.5	0.1	0.1	0.1	0.1	0.1					
Y/y %	1.1	1.0	1.9	1.9	1.8	1.8	0.4	0.4	1.5	1.1	1.4	1.5	
Private non-residential investment	103.5	103.6	103.7	103.8	103.9	104.0	104.2	104.3	103.6	104.1	103.5	103.9	
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.8	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.8	0.4	
Government final consumption	101.1	101.2	102.2	102.2	102.3	102.4	102.4	102.5	101.7	102.4	101.4	102.4	
Q/q %, SAAR	0.1	0.1	1.0	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.0	-0.0	1.2	1.2	1.2	1.2	0.2	0.2	0.6	0.7	0.3	0.9	
Public fixed investment	109.0	109.2	109.8	109.9	110.0	110.2	110.3	110.4	109.5	110.2	109.2	110.1	
Q/q %, SAAR	0.2	0.2	0.6	0.1	0.1	0.1	0.1	0.1					
Y/y %	1.5	1.3	1.3	1.1	1.0	0.9	0.4	0.4	1.3	0.6	1.5	0.8	
Exports of goods and services	108.9	109.0	109.1	109.2	109.3	109.4	109.5	109.6	108.9	109.4	108.7	109.3	
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.1	-0.7	0.3	0.4	0.7	0.5	0.3	0.4	0.0	0.5	0.1	0.5	
Imports of goods and services	104.3	104.3	104.4	104.5	104.6	104.7	104.8	104.9	104.1	104.6	104.1	104.5	
Q/q %, SAAR	-0.3	0.0	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.0	-3.2	-2.3	0.0	0.5	0.8	0.3	0.4	-1.4	0.5	-1.1	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

	2017			2018			2019			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2017	2018 (E)	2017	2018	
1) Q/q %													
GDP growth rate	0.4	0.6	0.4	-0.1	0.5	-0.6	0.5	-0.1	1.9	0.6	1.9	0.8	
Domestic demand	0.8	0.1	0.4	-0.2	0.6	-0.5	0.8	0.0	1.5	0.8	1.3	0.8	
Private demand	0.6	0.2	0.4	-0.2	0.6	-0.4	0.7	-0.1	1.3	0.8	1.2	0.8	
Private consumption	0.5	-0.5	0.3	-0.1	0.4	-0.1	0.2	0.1	0.6	0.3	0.6	0.2	
Residential investment	0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	-0.0	-0.1	0.1	-0.2	
Private fixed investment	0.1	0.3	0.1	0.2	0.4	-0.4	0.4	0.1	0.7	0.6	0.6	0.6	
Change in private inventories	-0.1	0.4	0.1	-0.1	-0.1	0.1	0.0	-0.3	0.1	0.0	-0.0	0.2	
Public demand	0.2	-0.1	0.0	-0.0	-0.0	-0.1	0.1	0.1	0.1	-0.0	0.1	-0.0	
Government final consumption	-0.0	0.1	0.0	0.0	0.0	0.0	0.1	-0.0	0.1	0.2	0.1	0.2	
Public fixed investment	0.2	-0.1	-0.0	-0.0	-0.0	-0.1	-0.1	0.1	0.0	-0.2	0.0	-0.2	
Change in public inventories	0.0	-0.0	0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	-0.0	0.0	-0.0	
Net exports of goods and services	-0.3	0.5	-0.0	0.1	-0.1	-0.1	-0.3	-0.1	0.4	-0.3	0.6	-0.0	
Exports of goods and services	-0.0	0.4	0.4	0.1	0.1	-0.3	0.2	-0.1	1.1	0.3	1.1	0.6	
Imports of goods and services	-0.3	0.1	-0.3	-0.0	-0.2	0.1	-0.5	-0.0	-0.6	-0.6	-0.5	-0.6	
2) Y/y %													
GDP growth rate	1.8	2.1	2.4	1.3	1.5	0.1	0.3	0.3	1.9	0.6	1.9	0.8	
Domestic demand	1.3	1.4	2.1	1.0	1.1	0.3	0.8	1.1	1.5	0.8	1.3	0.8	
Private demand	1.1	1.4	1.9	0.9	1.1	0.4	0.9	1.0	1.3	0.8	1.2	0.8	
Private consumption	1.1	0.4	0.7	0.1	0.1	0.4	0.3	0.6	0.6	0.3	0.6	0.2	
Residential investment	0.2	0.0	-0.1	-0.2	-0.3	-0.2	-0.1	0.0	-0.0	-0.1	0.1	-0.2	
Private fixed investment	0.5	0.7	0.8	0.7	1.0	0.2	0.6	0.6	0.7	0.6	0.6	0.6	
Change in private inventories	-0.8	0.2	0.6	0.3	0.3	0.0	-0.0	-0.2	0.1	0.0	-0.0	0.2	
Public demand	0.2	0.1	0.2	0.1	-0.0	-0.1	-0.1	0.1	0.1	-0.0	0.1	-0.0	
Government final consumption	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.1	0.2	0.1	0.2	
Public fixed investment	0.1	-0.0	0.0	-0.0	-0.1	-0.2	-0.3	-0.1	0.0	-0.2	0.0	-0.2	
Change in public inventories	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	0.0	-0.0	
Net exports of goods and services	0.4	0.7	0.3	0.3	0.5	-0.2	-0.5	-0.7	0.4	-0.3	0.6	-0.0	
Exports of goods and services	1.1	1.1	1.1	0.9	1.0	0.3	0.1	-0.0	1.1	0.3	1.1	0.6	
Imports of goods and services	-0.7	-0.4	-0.8	-0.6	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.5	-0.6	

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

	2019			2020			2021			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)	2019 (E)	2020 (E)	2019 (E)	2020 (E)	
1) Q/q %													
GDP growth rate	0.3	0.3	-0.1	0.3	0.2	0.1	0.0	0.1	0.7	0.6	0.5	0.7	
Domestic demand	0.3	0.3	-0.2	0.2	0.2	0.1	0.1	0.1	0.7	0.5	0.9	0.5	
Private demand	0.2	0.2	-0.2	0.1	0.2	0.1	0.1	0.1	0.4	0.3	0.6	-0.7	
Private consumption	0.1	0.1	-0.1	0.1	0.1	0.0	0.1	0.1	0.2	0.3	0.4	0.2	
Residential investment	0.0	0.0	-0.1	-0.0	0.0	-0.0	-0.0	-0.0	0.1	-0.1	0.1	-0.1	
Private fixed investment	0.1	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.3	0.1	0.4	0.1	
Change in private inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.0	-0.2	0.0	
Public demand	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.3	0.2	0.2	1.3	
Government final consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2	
Public fixed investment	0.1	0.1	-0.0	0.1	-0.0	-0.0	-0.0	-0.0	0.1	0.0	0.1	0.1	
Change in public inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	
Net exports of goods and services	0.1	0.0	0.2	0.0	-0.0	-0.0	-0.1	-0.0	-0.1	0.0	-0.3	0.1	
Exports of goods and services	0.1	0.1	0.1	0.1	0.1	0.1	-0.0	0.0	0.2	0.2	0.1	0.3	
Imports of goods and services	-0.1	-0.1	0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.2	-0.5	-0.1	
2) Y/y %													
GDP growth rate	0.1	1.1	0.6	0.8	0.7	0.5	0.6	0.4	0.7	0.6	0.5	0.7	
Domestic demand	0.6	1.4	0.4	0.6	0.5	0.3	0.7	0.6	0.7	0.5	0.9	0.5	
Private demand	0.4	1.1	0.0	0.3	0.3	0.1	0.5	0.4	0.4	0.3	0.6	-0.7	
Private consumption	0.2	0.5	0.2	0.1	0.2	0.2	0.3	0.3	0.2	0.3	0.4	0.2	
Residential investment	0.1	0.1	0.0	-0.0	-0.1	-0.1	-0.0	-0.0	0.1	-0.1	0.1	-0.1	
Private fixed investment	0.1	0.7	0.2	0.2	0.2	0.1	0.2	0.1	0.3	0.1	0.4	0.1	
Change in private inventories	-0.1	-0.2	-0.3	0.0	-0.0	-0.0	0.0	-0.0	-0.1	-0.0	-0.2	0.0	
Public demand	0.2	0.4	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.2	0.2	1.3	
Government final consumption	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Public fixed investment	-0.0	0.2	0.3	0.2	0.1	0.0	0.0	-0.0	0.1	0.0	0.1	0.1	
Change in public inventories	-0.0	0.0	0.0	-0.0	0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	1.0	
Net exports of goods and services	-0.4	-0.5	0.2	0.2	0.2	0.2	-0.1	-0.2	-0.1	0.0	-0.3	0.1	
Exports of goods and services	0.1	0.3	0.2	0.3	0.2	0.3	0.2	0.1	0.2	0.2	0.1	0.3	
Imports of goods and services	-0.5	-0.8	-0.0	-0.1	-0.1	-0.0	-0.3	-0.3	-0.3	-0.2	-0.5	-0.1	

Source: Compiled by DIR.

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

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

E: DIR estimate.

6.1 Major Assumptions

	2017			2018			2019			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3 (E)	2017	2018 (E)	2017	2018	
1) World economy													
Economic growth of major trading partners													
Y/y %	3.9	4.2	4.0	4.2	4.1	3.7	3.6	3.5	4.1	3.7	4.0	3.9	
Crude oil price (WTI futures; \$/bbl)	48.1	48.2	55.3	62.9	67.9	69.4	59.3	56.3	53.6	63.2	50.9	64.9	
Y/y %	5.5	7.2	12.2	21.5	41.0	44.1	7.3	-10.5	11.9	17.9	17.0	27.6	
2) US economy													
Real GDP (chained [2012]; \$ bil; SAAR)	17,995	18,121	18,224	18,324	18,512	18,665	18,785	18,886	18,166	18,712	18,051	18,571	
Q/q %, SAAR	3.0	2.8	2.3	2.2	4.2	3.4	2.6	2.2					
Y/y %	2.1	2.3	2.5	2.6	2.9	3.0	3.1	3.1	2.4	3.0	2.2	2.9	
Consumer Price Index (1982-84 avg=100)	244.1	245.4	247.3	249.3	250.6	251.8	252.8	253.4	246.5	252.1	245.1	251.1	
Q/q %, SAAR	0.4	2.2	3.1	3.2	2.1	2.0	1.5	0.9					
Y/y %	1.9	2.0	2.1	2.2	2.7	2.6	2.2	1.6	2.1	2.3	2.1	2.4	
Producer Price Index (Final demand; 2009.Nov=100)	112.6	113.1	114.2	115.1	116.0	116.5	117.2	117.4	113.7	116.8	113.0	116.2	
Q/q %, SAAR	2.3	1.7	3.9	3.3	3.0	2.0	2.4	0.5					
Y/y %	2.2	2.4	2.8	2.8	3.0	3.0	2.7	2.0	2.5	2.7	2.3	2.9	
FF rate (%)	1.25	1.25	1.50	1.75	2.00	2.25	2.50	2.50	1.75	2.50	1.50	2.50	
(Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	2.26	2.24	2.37	2.76	2.92	2.93	3.03	2.70	2.41	2.90	2.33	2.91	
3) Japanese economy													
Nominal government final consumption													
Y tri; SAAR	107.1	107.5	107.5	108.1	108.1	108.4	109.0	108.8	107.6	108.6	107.2	108.4	
Q/q %, SAAR	1.4	1.5	-0.1	2.1	0.0	1.2	2.1	-0.5					
Y/y %	1.0	1.1	1.0	1.3	0.8	0.8	1.3	0.7	1.1	0.9	0.6	1.1	
Nominal public fixed investment													
Y tri; SAAR	28.0	27.5	27.6	27.5	27.4	26.9	26.6	27.4	27.6	27.1	27.5	27.1	
Q/q %, SAAR	13.3	-6.8	0.8	-1.6	-0.6	-7.4	-4.5	13.5					
Y/y %	4.9	1.8	2.2	0.9	-1.2	-2.2	-4.0	0.0	2.3	-1.9	2.4	-1.6	
Exchange rate (Y/\$)	111.1	111.0	112.9	108.2	109.1	111.5	112.9	111.9	110.8	111.3	112.2	110.4	
(Y/€)	124.3	131.3	133.2	132.3	129.0	130.5	128.2	127.3	130.3	128.8	127.2	130.0	

Source: Compiled by DIR.

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

6.2 Major Assumptions

	2019			2020			2021		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)	2019 (E)	2020 (E)	2019 (E)	2020 (E)
1) World economy												
Economic growth of major trading partners												
Y/y %	3.4	3.4	3.5	3.5	3.5	3.4	3.4	3.4	3.5	3.4	3.5	3.5
Crude oil price (WTI futures; \$/bbl)	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.3	55.0
Y/y %	-19.0	-20.8	-7.3	-2.3	0.0	0.0	0.0	0.0	-13.0	0.0	-14.8	-0.6
2) US economy												
Real GDP (chained [2012]; \$ bil; SAAR)	19,013	19,121	19,214	19,305	19,391	19,472	19,547	19,622	19,163	19,508	19,058	19,429
Q/q %, SAAR	2.7	2.3	2.0	1.9	1.8	1.7	1.6	1.5				
Y/y %	2.7	2.4	2.3	2.2	2.0	1.8	1.7	1.6	2.4	1.8	2.6	1.9
Consumer Price Index (1982-84 avg=100)	255.0	256.6	258.3	259.8	261.3	262.8	264.4	265.9	257.4	263.6	255.8	262.1
Q/q %, SAAR	2.6	2.5	2.7	2.4	2.3	2.4	2.4	2.3				
Y/y %	1.8	1.9	2.2	2.6	2.5	2.5	2.4	2.3	2.1	2.4	1.9	2.5
Producer Price Index (Final demand; 2009.Nov=100)	118.1	118.7	119.4	120.0	120.7	121.3	121.9	122.5	119.0	121.6	118.4	121.0
Q/q %, SAAR	2.3	2.2	2.4	2.1	2.1	2.1	2.1	2.0				
Y/y %	1.8	1.9	1.8	2.3	2.2	2.2	2.1	2.1	1.9	2.1	1.9	2.2
FF rate (%)	2.75	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
(Target rate for the forecast period, end-period)												
Government bond yield (10 year; %)	2.77	2.95	2.98	3.15	3.12	3.09	3.06	3.03	2.96	3.07	2.85	3.10
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	109.1	109.4	110.7	111.0	111.3	111.6	112.0	112.3	110.1	111.8	109.6	111.5
Q/q %, SAAR	1.1	1.1	4.9	1.1	1.1	1.1	1.1	1.1				
Y/y %	1.0	1.0	1.6	2.1	2.0	2.0	1.1	1.1	1.4	1.5	1.1	1.8
Nominal public fixed investment												
Y tril; SAAR	27.8	28.2	28.2	28.6	28.6	28.6	28.6	28.6	28.2	28.6	27.9	28.6
Q/q %, SAAR	6.0	5.9	0.0	5.8	0.0	0.0	0.0	0.0				
Y/y %	1.1	5.0	6.4	4.3	3.1	1.4	1.3	0.0	4.4	1.3	3.2	2.5
Exchange rate (Y/\$)	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9	111.9
(Y/€)	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3	127.3

Source: Compiled by DIR.

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

E: DIR estimate.