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Japan's Economic Outlook No. 201 Update (Summary)

US-China Trade Friction: What Direction will it take?

Japan to see real GDP growth of +0.6% in FY19 and +0.5% in FY20, with nominal GDP growth of +1.6% in FY19 and +1.2% in FY20.

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Summary

- **Japan's Economy Continues Zero Growth:** In light of the 2nd preliminary Jan-Mar 2019 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 FY19, and +0.5% in comparison with the previous year for FY20. Japan's economy will most likely continue cruising at low altitude in the future, with a growth rate below that of the potential growth rate. With overseas demand lacking much movement, domestic demand has increased in importance, but this area has also been in the doldrums of late. With corporate business results peaking out, growth has slowed for both nominal wages and employment. In this report we examine the following three issues.
- **(1) US-China Trade Friction – What Direction will it take?:** Who has the advantage in the intensifying US-China trade friction? Judging from economic structure, the negative effects are larger for China. However, when we look at the boomerang effect that comes along with the raising of tariffs, it appears that the US, which has implemented much more extensive economic sanctions, may see the more serious economic effects. China has taken a fairly measured approach to the US sanctions, adopting the strategy of a war of attrition, and it is this contest of endurance that could be a disadvantage for the US. That said, the US still has a variety of cards to play, both in the area of policy and negotiation strategy. And it still has room to implement fiscal and monetary policy, such as infrastructure investment and monetary easing. All in all, the US has a fundamental advantage in trade friction with China. Meanwhile, the underlying struggle for supremacy between the two systems (Capitalism vs. Communism) may continue on for another ten or twenty years.

- **(2) Will Japan's Exports Recover?:** Japan's exports are expected to continue marking time. As for the global economy, the main factors to watch for are China's economy, and the effects of additional US and Chinese tariffs. The Chinese economy will take a bit more time to recover, but it may have already passed the negative phase. Demand is expected to increase in the future due to economic measures being implemented by the Chinese government, but the benefits for Japan in terms of exports to China will likely be limited, with the focus being public investment related. Taking into consideration the secondary effects on Japan of the US and Chinese additional tariffs, if there is no resulting government expenditure in the US or China, Japan's real GDP could be forced downwards by -0.13% to -0.22%. On the other hand, if the two governments carry out fiscal expenditure, the negative effect on Japan's economy will be much more limited. The question of whether or not the US and Chinese governments make use of increased tax revenues from the tariffs to carry out government spending is an important one for Japan's economy.
- **(3) Current State of Investment in Labor-Saving, and its Challenges:** Major corporations, mostly in the manufacturing industry, have been carrying out investment in labor-saving. However, at this point in time, the situation is not one likely to encourage a strengthening of that activity. Looking at the current situation of profit distribution, major corporations are not increasing distribution to employment related categories (increasing number of new employees + rewarding current employees). On the other hand, small and medium-sized businesses have a strong sense of shortage of employees, and gradually a tendency is appearing to use profits in the employment related area. We can therefore deduce that there is a strong motive for potential labor-saving investment. However, labor's share is high for small and medium-sized companies, and capex tends to be highly influenced by cash flow, meaning that there is not much margin available for the carrying out of labor-saving investment. In order to encourage small and medium-sized businesses to carry out more labor-saving investment, there needs to be a policy that promotes mergers between smaller companies so that their businesses can expand. It is important to find a way to resolve the problems of limits on capex and restricted cash flow.
- **BOJ's monetary policy:** During the period covered by this outlook, the CPI is expected to hover midway between zero and 1% y/y. Hence we expect the BOJ to maintain its current monetary easing 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 grow in FY19 at +4.8%, and +1.3% in FY20.
- Average exchange rate of Y108.2/\$ in FY19, and Y108.2/\$ in FY20.
- US real GDP growth of +2.6% in CY19, and +1.9% in CY20.

Main Economic Indicators and Real GDP Components

Japan's Economic Outlook No.201 Update

	FY18	FY19 (Estimate)	FY20 (Estimate)	CY18	CY19 (Estimate)	CY20 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	0.5	1.6	1.2	0.7	1.5	1.4
Real GDP (chained [2011]; y/y %)	0.7	0.6	0.5	0.8	0.8	0.5
Domestic demand (contribution, % pt)	0.8	0.5	0.6	0.8	0.7	0.5
Foreign demand (contribution, % pt)	-0.1	0.1	-0.0	-0.0	0.1	0.0
GDP deflator (y/y %)	-0.2	0.9	0.7	-0.1	0.7	0.9
Index of All-industry Activity (y/y %)*	0.7	0.5	0.6	1.0	0.5	0.7
Index of Industrial Production (y/y %)	0.2	-0.2	1.1	1.1	-0.8	1.3
Index of Tertiary Industry Activity (y/y %)	1.1	0.8	0.5	1.2	0.9	0.5
Corporate Goods Price Index (y/y %)	2.2	1.7	2.0	2.6	1.0	2.8
Consumer Price Index (excl. fresh food; y/y %)	0.8	0.5	0.2	0.8	0.6	0.3
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4
Government bond yield (10 year; %)	0.04	-0.04	-0.04	0.07	-0.04	-0.04
Balance of payments						
Trade balance (Y tril)	1.8	5.1	5.2	1.2	4.8	5.3
Current balance (\$100 mil)	1,792	2,135	2,143	1,741	2,087	2,154
Current balance (Y tril)	19.9	23.2	23.3	19.2	22.7	23.3
(% of nominal GDP)	3.6	4.1	4.1	3.5	4.1	4.1
Real GDP components (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	0.4 (0.2)	0.3 (0.1)	0.5 (0.3)	0.4 (0.2)	0.3 (0.2)	0.5 (0.3)
Private housing investment	-4.3 (-0.1)	2.1 (0.1)	-1.7 (-0.0)	-5.8 (-0.2)	2.5 (0.1)	-1.9 (-0.1)
Private fixed investment	3.5 (0.6)	1.2 (0.2)	0.8 (0.1)	3.9 (0.6)	1.7 (0.3)	0.8 (0.1)
Government final consumption	0.9 (0.2)	0.8 (0.2)	0.9 (0.2)	0.8 (0.2)	0.9 (0.2)	0.9 (0.2)
Public fixed investment	-3.9 (-0.2)	3.6 (0.2)	0.7 (0.0)	-3.3 (-0.2)	1.4 (0.1)	2.1 (0.1)
Exports of goods and services	1.3 (0.2)	-0.5 (-0.1)	1.0 (0.2)	3.3 (0.6)	-1.6 (-0.3)	1.3 (0.2)
Imports of goods and services	2.0 (-0.3)	-1.4 (0.2)	1.2 (-0.2)	3.4 (-0.6)	-2.1 (0.4)	1.1 (-0.2)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.7	3.3	3.4	3.9	3.3	3.5
Crude oil price (WTI futures; \$/bbl)	62.9	54.0	54.0	64.9	54.2	54.0
2. US economy						
US real GDP (chained [2012]; y/y %)	3.0	2.3	1.8	2.9	2.6	1.9
US Consumer Price Index (y/y %)	2.3	2.3	2.3	2.4	2.1	2.4
3. Japanese economy						
Nominal public fixed investment (y/y %)	-2.3	4.8	1.3	-1.6	2.7	3.0
Exchange rate (Y/\$)	110.9	108.2	108.2	110.4	108.7	108.2
(Y/€)	128.3	122.6	122.6	130.0	123.3	122.6

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 201 Update)		Previous outlook (Outlook 201)		Difference between previous and current outlooks	
	FY19	FY20	FY19	FY20	FY19	FY20
Main economic indicators						
Nominal GDP (y/y %)	1.6	1.2	1.4	1.2	0.2	-0.0
Real GDP (chained [2011]; y/y %)	0.6	0.5	0.5	0.5	0.1	0.0
Domestic demand (contribution, % pt)	0.5	0.6	0.4	0.5	0.1	0.0
Foreign demand (contribution, % pt)	0.1	-0.0	0.2	-0.0	-0.0	-0.0
GDP deflator (y/y %)	0.9	0.7	0.8	0.7	0.1	-0.0
Index of All-industry Activity (y/y %)*	0.5	0.6	0.4	0.7	0.1	-0.1
Index of Industrial Production (y/y %)	-0.2	1.1	-0.1	1.2	-0.1	-0.1
Index of Tertiary Industry Activity (y/y %)	0.8	0.5	0.7	0.5	0.1	-0.1
Corporate Goods Price Index (y/y %)	1.7	2.0	1.7	3.0	-0.0	-1.0
Consumer Price Index (excl. fresh food; y/y %)	0.5	0.2	0.6	0.4	-0.1	-0.1
Unemployment rate (%)	2.4	2.4	2.4	2.4	0.0	0.0
Government bond yield (10 year; %)	-0.04	-0.04	-0.04	-0.04	0.00	0.00
Balance of payments						
Trade balance (Y tril)	5.1	5.2	4.8	5.0	0.3	0.1
Current balance (\$100 mil)	2,135	2,143	2,135	2,157	1	-14
Current balance (Y tril)	23.2	23.3	23.4	23.7	-0.3	-0.4
(% of nominal GDP)	4.1	4.1	4.2	4.2	-0.1	-0.1
Real GDP components (chained [2011]; y/y %)						
Private final consumption	0.3	0.5	0.2	0.5	0.1	0.0
Private housing investment	2.1	-1.7	2.4	-1.8	-0.3	0.1
Private fixed investment	1.2	0.8	1.0	0.8	0.1	0.0
Government final consumption	0.8	0.9	0.8	0.8	0.1	0.0
Public fixed investment	3.6	0.7	3.3	0.7	0.3	0.0
Exports of goods and services	-0.5	1.0	-0.5	1.0	-0.0	-0.0
Imports of goods and services	-1.4	1.2	-1.4	1.0	0.0	0.1
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.3	3.4	3.4	3.4	-0.1	-0.0
Crude oil price (WTI futures; \$/bbl)	54.0	54.0	62.8	62.8	-8.8	-8.8
2. US economy						
US real GDP (chained [2012]; y/y %)	2.3	1.8	2.3	1.9	-0.1	-0.0
US Consumer Price Index (y/y %)	2.3	2.3	2.3	2.3	-0.0	-0.0
3. Japanese economy						
Nominal public fixed investment (y/y %)	4.8	1.3	4.6	1.3	0.2	0.0
Exchange rate (Y/\$)	108.2	108.2	109.6	109.6	-1.4	-1.4
(Y/€)	122.6	122.6	123.2	123.2	-0.5	-0.5

Source: Compiled by DIR.

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

* Excl. agriculture, forestry, and fisheries.

Quarterly Forecast Tables

1.1 Selected Economic Indicators

	2017			2018			2019			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2017	2018	2017	2018	
Nominal GDP (SAAR; Y tril)	543.0	548.5	549.8	548.7	550.6	547.0	549.7	554.3	547.5	550.3	545.1	548.9	
Q/q %	0.7	1.0	0.3	-0.2	0.3	-0.6	0.5	0.8					
Q/q %, SAAR	3.0	4.1	1.0	-0.8	1.4	-2.6	2.0	3.4					
Y/y %	1.4	2.3	2.4	1.8	1.4	-0.3	-0.0	1.0	2.0	0.5	1.7	0.7	
Real GDP (chained [2011]; SAAR; Y tril)	528.8	532.0	533.8	533.2	536.3	532.8	535.2	538.2	531.8	535.5	530.1	534.2	
Q/q %	0.5	0.6	0.3	-0.1	0.6	-0.6	0.5	0.6					
Q/q %, SAAR	2.2	2.4	1.3	-0.4	2.3	-2.6	1.8	2.2					
Y/y %	1.7	2.1	2.4	1.3	1.5	0.1	0.3	0.9	1.9	0.7	1.9	0.8	
Contribution to GDP growth (% pt)													
Domestic demand	0.8	0.1	0.3	-0.2	0.6	-0.5	0.8	0.1	1.5	0.8	1.3	0.8	
Foreign demand	-0.3	0.5	-0.0	0.0	-0.1	-0.2	-0.3	0.4	0.4	-0.1	0.6	-0.0	
GDP deflator (y/y %)	-0.3	0.2	0.1	0.5	-0.1	-0.4	-0.3	0.1	0.1	-0.2	-0.2	-0.1	
Index of All-Industry Activity (2010=100)	104.9	104.9	105.5	105.3	105.9	105.5	106.4	105.9	105.0	105.8	104.6	105.7	
Q/q %; y/y %	1.3	-0.0	0.6	-0.2	0.5	-0.3	0.8	-0.4	1.8	0.7	1.6	1.0	
Index of Industrial Production (2015=100)	103.2	103.2	104.4	103.5	104.3	103.6	105.0	102.4	103.5	103.7	103.1	104.2	
Q/q %; y/y %	1.9	-0.1	1.2	-0.9	0.8	-0.7	1.3	-2.5	2.9	0.2	3.1	1.1	
Index of Tertiary Industry Activity (2010=100)	104.8	104.8	105.3	105.4	105.9	105.8	106.7	106.7	105.0	106.2	104.7	105.9	
Q/q %; y/y %	0.8	0.0	0.5	0.1	0.5	-0.1	0.9	-0.0	1.1	1.1	0.7	1.2	
Corporate Goods Price Index components (2015=100)													
Domestic Company Goods Price Index	98.4	98.8	99.7	100.3	101.0	101.9	102.0	101.2	99.3	101.5	98.7	101.3	
Y/y %	2.1	2.8	3.4	2.4	2.6	3.1	2.3	0.9	2.7	2.2	2.3	2.6	
CPI (excl. fresh food; 2015=100)	100.2	100.2	100.7	100.5	101.0	101.1	101.5	101.3	100.4	101.2	100.2	101.0	
Y/y %	0.4	0.6	0.9	0.9	0.8	0.9	0.9	0.8	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	-0.04	0.05	0.04	0.05	0.07	
Trade balance (SAAR; Y tril)	2.9	6.1	5.4	3.3	3.4	-0.3	-0.4	4.3	4.5	1.8	4.9	1.2	
Current balance (SAAR; \$100 mil)	1,819	2,271	2,047	1,836	1,995	1,675	1,524	1,975	2,001	1,792	2,016	1,741	
Current balance (SAAR; Y tril)	20.2	25.2	23.1	19.9	21.8	18.7	17.2	21.8	22.2	19.9	22.6	19.2	
(% of nominal GDP)	3.7	4.6	4.2	3.6	4.0	3.4	3.1	3.9	4.0	3.6	4.2	3.5	
Exchange rate (Y/\$)	111.1	111.0	112.9	108.2	109.1	111.5	112.9	110.2	110.8	110.9	112.2	110.4	
(Y/Euro)	124.3	131.3	133.2	132.3	129.0	130.5	128.2	125.3	130.3	128.3	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)	554.9	557.5	560.9	562.7	563.9	565.3	566.8	567.7	559.0	565.8	556.9	564.6
Q/q %	0.1	0.5	0.6	0.3	0.2	0.3	0.3	0.2				
Q/q %, SAAR	0.4	1.9	2.5	1.3	0.8	1.1	1.0	0.6				
Y/y %	0.8	2.0	2.0	1.5	1.6	1.4	1.0	0.9	1.6	1.2	1.5	1.4
Real GDP (chained [2011]; SAAR; Y tril)	537.5	539.4	539.1	540.2	541.0	541.7	542.3	542.9	538.9	541.8	538.4	541.2
Q/q %	-0.1	0.4	-0.1	0.2	0.1	0.1	0.1	0.1				
Q/q %, SAAR	-0.5	1.4	-0.2	0.9	0.6	0.5	0.5	0.4				
Y/y %	0.2	1.3	0.7	0.4	0.7	0.4	0.6	0.5	0.6	0.5	0.8	0.5
Contribution to GDP growth (% pt)												
Domestic demand	-0.1	0.3	-0.2	0.2	0.2	0.1	0.2	0.1	0.5	0.6	0.7	0.5
Foreign demand	-0.0	0.0	0.1	-0.0	-0.0	-0.0	-0.0	-0.0	0.1	-0.0	0.1	0.0
GDP deflator (y/y %)	0.6	0.7	1.3	1.1	0.9	1.0	0.4	0.4	0.9	0.7	0.7	0.9
Index of All-Industry Activity (2010=100)	106.1	106.6	106.5	106.8	106.9	107.1	107.2	107.3	106.4	107.0	106.2	106.9
Q/q %; y/y %	0.2	0.4	-0.1	0.2	0.2	0.1	0.1	0.1	0.5	0.6	0.5	0.7
Index of Industrial Production (2015=100)	103.1	103.7	103.7	104.1	104.4	104.8	104.9	105.2	103.6	104.7	103.3	104.6
Q/q %; y/y %	0.7	0.6	-0.0	0.4	0.3	0.4	0.1	0.3	-0.2	1.1	-0.8	1.3
Index of Tertiary Industry Activity (2010=100)	106.7	107.2	107.1	107.3	107.4	107.5	107.6	107.7	107.0	107.5	106.9	107.5
Q/q %; y/y %	0.1	0.4	-0.1	0.2	0.1	0.1	0.1	0.1	0.8	0.5	0.9	0.5
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	101.5	101.9	104.5	105.0	105.1	105.2	105.3	105.4	103.2	105.2	102.3	105.1
Y/y %	0.5	0.1	2.4	3.7	3.5	3.2	0.8	0.4	1.7	2.0	1.0	2.8
CPI (excl. fresh food; 2015=100)	101.7	101.6	101.9	101.8	101.9	101.9	102.1	102.0	101.7	102.0	101.6	101.9
Y/y %	0.7	0.4	0.4	0.4	0.2	0.4	0.2	0.2	0.5	0.2	0.6	0.3
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; %)	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04	-0.04
Trade balance (SAAR; Y tril)	4.9	4.7	5.4	5.5	5.3	5.2	5.1	5.0	5.1	5.2	4.8	5.3
Current balance (SAAR; \$100 mil)	2,087	2,100	2,184	2,171	2,154	2,151	2,140	2,126	2,135	2,143	2,087	2,154
Current balance (SAAR; Y tril)	22.6	22.7	23.6	23.5	23.3	23.3	23.2	23.0	23.2	23.3	22.7	23.3
(% of nominal GDP)	4.1	4.1	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Exchange rate (Y/\$)	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.7	108.2
(Y/Euro)	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	123.3	122.6

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	2017	2018	2017	2018	
Gross domestic expenditure	528.8	532.0	533.8	533.2	536.3	532.8	535.2	538.2	531.8	535.5	530.1	534.2	
Q/q %, SAAR	2.2	2.4	1.3	-0.4	2.3	-2.6	1.8	2.2					
Y/y %	1.7	2.1	2.4	1.3	1.5	0.1	0.3	0.9	1.9	0.7	1.9	0.8	
Domestic demand	531.6	532.2	534.0	533.2	536.5	534.1	538.2	538.9	532.7	536.8	531.2	535.4	
Q/q %, SAAR	3.3	0.5	1.4	-0.6	2.5	-1.8	3.1	0.6					
Y/y %	1.3	1.5	2.2	1.1	1.0	0.3	0.8	1.1	1.5	0.8	1.4	0.8	
Private demand	398.7	399.7	401.5	400.7	404.1	401.9	405.7	406.2	400.2	404.5	398.8	403.1	
Q/q %, SAAR	3.6	0.9	1.8	-0.8	3.5	-2.2	3.8	0.5					
Y/y %	1.4	1.8	2.7	1.4	1.4	0.4	1.1	1.4	1.8	1.1	1.7	1.1	
Final consumption	300.3	297.8	299.1	298.7	300.5	299.6	300.5	300.4	298.9	300.2	298.7	299.8	
Q/q %, SAAR	3.9	-3.4	1.7	-0.5	2.4	-1.1	1.2	-0.2					
Y/y %	2.1	0.7	1.3	0.2	0.1	0.6	0.5	0.5	1.1	0.4	1.1	0.4	
Residential investment	16.6	16.3	15.8	15.4	15.1	15.2	15.5	15.6	16.0	15.3	16.3	15.3	
Q/q %, SAAR	7.2	-7.3	-11.7	-9.0	-7.9	3.1	5.6	2.5					
Y/y %	5.1	0.9	-3.0	-5.6	-8.9	-6.5	-2.2	0.6	-0.7	-4.3	2.1	-5.8	
Non-residential investment	82.8	84.2	84.8	85.7	87.9	85.6	87.9	88.2	84.4	87.4	83.5	86.7	
Q/q %, SAAR	3.6	7.0	2.8	4.1	10.7	-10.1	11.3	1.4					
Y/y %	3.9	5.1	5.2	4.0	6.7	1.1	4.0	2.7	4.5	3.5	3.9	3.9	
Change in inventories	-1.0	1.4	1.8	0.9	0.6	1.5	1.8	2.1	0.8	1.5	0.4	1.2	
Public demand	132.8	132.5	132.5	132.5	132.4	132.1	132.5	132.7	132.5	132.3	132.4	132.3	
Q/q %, SAAR	2.6	-0.9	0.1	-0.3	-0.2	-0.7	1.1	0.6					
Y/y %	1.0	0.3	0.7	0.3	-0.0	-0.3	-0.2	0.1	0.6	-0.1	0.4	-0.1	
Government final consumption	106.2	106.5	106.5	106.8	106.9	107.1	107.8	107.7	106.4	107.4	106.3	107.1	
Q/q %, SAAR	-0.4	1.1	0.0	1.1	0.5	0.9	2.7	-0.4					
Y/y %	0.4	0.4	0.5	0.5	0.7	0.6	1.3	0.9	0.4	0.9	0.3	0.8	
Fixed investment	26.6	25.9	26.0	25.7	25.5	25.0	24.6	24.9	26.0	24.9	26.0	25.2	
Q/q %, SAAR	12.9	-8.8	0.0	-4.4	-2.7	-7.6	-5.8	4.7					
Y/y %	3.2	-0.4	0.3	-0.6	-3.2	-3.7	-5.7	-2.9	0.5	-3.9	0.7	-3.3	
Change in inventories	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1	0.0	
Net exports of goods and services	-3.4	-0.5	-0.7	-0.5	-0.9	-1.8	-3.5	-1.3	-1.3	-1.9	-1.6	-1.7	
Exports of goods and services	88.8	90.8	92.5	93.4	94.1	92.2	93.3	91.0	91.4	92.6	90.3	93.3	
Q/q %, SAAR	0.2	9.1	8.1	3.9	2.8	-7.9	4.9	-9.3					
Y/y %	6.9	7.1	6.7	5.2	5.8	1.6	1.0	-2.7	6.4	1.3	6.8	3.3	
Imports of goods and services	92.2	91.3	93.3	94.0	95.0	94.0	96.8	92.4	92.7	94.6	91.9	95.0	
Q/q %, SAAR	7.4	-3.7	9.0	3.0	4.2	-4.1	12.7	-17.2					
Y/y %	4.5	2.7	5.3	3.7	3.0	2.9	4.1	-1.9	4.1	2.0	3.5	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)

	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	537.5	539.4	539.1	540.2	541.0	541.7	542.3	542.9	538.9	541.8	538.4	541.2
Q/q %, SAAR	-0.5	1.4	-0.2	0.9	0.6	0.5	0.5	0.4				
Y/y %	0.2	1.3	0.7	0.4	0.7	0.4	0.6	0.5	0.6	0.5	0.8	0.5
Domestic demand	538.4	540.2	539.1	540.5	541.5	542.3	543.1	543.8	539.5	542.6	539.0	541.8
Q/q %, SAAR	-0.4	1.4	-0.8	1.0	0.8	0.6	0.6	0.5				
Y/y %	0.3	1.2	0.2	0.4	0.6	0.4	0.7	0.6	0.5	0.6	0.7	0.5
Private demand	404.7	406.0	404.9	405.7	406.5	407.0	407.6	408.2	405.3	407.3	405.4	406.7
Q/q %, SAAR	-1.5	1.3	-1.1	0.8	0.8	0.5	0.6	0.5				
Y/y %	0.1	1.1	-0.2	-0.1	0.4	0.2	0.7	0.6	0.2	0.5	0.6	0.3
Final consumption	300.7	301.2	300.9	301.4	302.0	302.3	302.8	303.2	301.0	302.5	300.7	302.1
Q/q %, SAAR	0.4	0.7	-0.4	0.6	0.8	0.4	0.6	0.6				
Y/y %	0.0	0.5	0.1	0.4	0.5	0.4	0.6	0.6	0.3	0.5	0.3	0.5
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	7.4	4.9	-13.9	-0.7	0.3	-0.1	-0.1	-0.1				
Y/y %	4.6	5.1	-0.2	-0.9	-2.6	-3.8	-0.2	-0.1	2.1	-1.7	2.5	-1.9
Non-residential investment	88.0	88.6	88.3	88.7	88.9	89.1	89.3	89.3	88.4	89.1	88.2	88.9
Q/q %, SAAR	-0.8	2.8	-1.3	1.4	1.0	1.0	0.7	0.3				
Y/y %	-0.1	3.8	0.4	0.7	1.1	0.4	1.1	0.7	1.2	0.8	1.7	0.8
Change in inventories	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7	0.2
Public demand	133.6	134.2	134.3	134.8	135.0	135.3	135.5	135.7	134.2	135.3	133.6	135.1
Q/q %, SAAR	2.9	1.7	0.2	1.7	0.6	0.6	0.6	0.6				
Y/y %	0.9	1.5	1.5	1.7	1.1	0.8	0.9	0.6	1.4	0.8	1.0	1.1
Government final consumption	108.0	108.2	108.4	108.7	108.9	109.1	109.4	109.6	108.3	109.2	108.0	109.0
Q/q %, SAAR	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9				
Y/y %	1.0	1.0	0.5	0.9	0.9	0.9	0.9	0.9	0.8	0.9	0.9	0.9
Fixed investment	25.6	25.9	25.8	26.1	26.1	26.0	26.0	26.0	25.8	26.0	25.5	26.0
Q/q %, SAAR	12.0	5.0	-2.4	5.4	-0.4	-0.4	-0.4	-0.4				
Y/y %	0.0	3.7	5.0	4.8	2.1	0.5	0.9	-0.4	3.6	0.7	1.4	2.1
Change in inventories	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net exports of goods and services	-1.5	-1.5	-0.7	-0.8	-1.1	-1.2	-1.4	-1.6	-1.1	-1.3	-1.3	-1.1
Exports of goods and services	91.2	91.8	92.3	92.6	92.7	92.9	93.0	93.1	92.1	93.0	91.7	92.9
Q/q %, SAAR	0.6	2.9	2.0	1.2	0.7	0.8	0.5	0.4				
Y/y %	-2.3	-0.4	-1.2	1.7	1.3	1.2	0.9	0.6	-0.5	1.0	-1.6	1.3
Imports of goods and services	92.6	93.3	92.9	93.4	93.8	94.1	94.4	94.7	93.3	94.4	93.0	94.0
Q/q %, SAAR	1.1	2.8	-1.3	1.9	1.8	1.2	1.2	1.2				
Y/y %	-2.1	-0.2	-4.1	1.2	1.1	0.6	1.6	1.3	-1.4	1.2	-2.1	1.1

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	2017	2018	2017	2018	
Gross domestic expenditure	543.0	548.5	549.8	548.7	550.6	547.0	549.7	554.3	547.5	550.3	545.1	548.9	
Q/q %, SAAR	3.0	4.1	1.0	-0.8	1.4	-2.6	2.0	3.4					
Y/y %	1.4	2.3	2.4	1.8	1.4	-0.3	-0.0	1.0	2.0	0.5	1.7	0.7	
Domestic demand	539.8	541.3	544.4	544.5	547.6	546.7	551.5	551.4	542.6	549.3	540.0	547.5	
Q/q %, SAAR	3.8	1.2	2.3	0.1	2.3	-0.6	3.5	-0.0					
Y/y %	1.7	2.0	2.7	1.9	1.5	0.9	1.3	1.3	2.1	1.2	1.8	1.4	
Private demand	404.6	406.2	409.2	408.9	412.1	411.4	415.9	415.3	407.3	413.7	405.2	412.0	
Q/q %, SAAR	3.8	1.6	3.0	-0.3	3.2	-0.7	4.5	-0.6					
Y/y %	1.7	2.2	3.2	2.1	1.8	1.1	1.7	1.6	2.3	1.6	2.0	1.7	
Final consumption	303.6	301.4	303.7	304.2	304.5	305.2	306.5	305.8	303.2	305.6	302.5	305.1	
Q/q %, SAAR	3.5	-2.9	3.1	0.6	0.5	0.9	1.6	-0.8					
Y/y %	2.1	0.8	1.6	1.0	0.3	1.2	0.9	0.6	1.4	0.8	1.3	0.9	
Residential investment	17.7	17.5	17.0	16.7	16.4	16.6	16.9	17.0	17.2	16.7	17.4	16.7	
Q/q %, SAAR	7.5	-4.0	-10.7	-7.4	-5.9	3.6	7.5	2.9					
Y/y %	6.9	3.2	-1.1	-4.1	-7.0	-5.2	-0.7	1.8	1.1	-2.8	3.8	-4.2	
Non-residential investment	84.3	86.0	86.7	87.4	90.3	88.1	90.7	90.4	86.1	89.9	85.0	89.1	
Q/q %, SAAR	4.8	8.2	3.6	3.3	13.7	-9.1	12.1	-1.3					
Y/y %	4.5	6.1	6.2	4.7	7.6	2.1	4.8	3.3	5.4	4.3	4.5	4.7	
Change in inventories	-1.0	1.3	1.8	0.6	0.9	1.4	1.8	2.0	0.7	1.5	0.3	1.2	
Public demand	135.2	135.1	135.2	135.6	135.5	135.4	135.6	136.2	135.2	135.6	134.8	135.5	
Q/q %, SAAR	4.1	-0.2	0.2	1.2	-0.2	-0.5	0.6	1.8					
Y/y %	1.7	1.3	1.4	1.3	0.5	0.1	0.1	0.4	1.4	0.3	1.0	0.5	
Government final consumption	107.1	107.5	107.5	108.1	108.1	108.4	108.9	109.1	107.6	108.6	107.2	108.4	
Q/q %, SAAR	1.4	1.5	-0.1	2.3	-0.0	1.2	1.8	0.8					
Y/y %	1.0	1.1	1.0	1.3	0.9	0.8	1.3	1.0	1.1	1.0	0.6	1.1	
Fixed investment	28.0	27.5	27.6	27.4	27.4	26.9	26.6	27.0	27.6	27.0	27.5	27.1	
Q/q %, SAAR	13.2	-6.3	1.1	-2.5	-0.5	-6.8	-4.1	5.7					
Y/y %	4.9	1.8	2.2	1.0	-1.2	-2.2	-4.0	-1.5	2.3	-2.3	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	3.3	7.1	5.4	4.2	2.9	0.3	-1.7	2.9	4.9	1.0	5.1	1.4	
Exports of goods and services	94.8	97.6	100.0	100.9	102.1	100.8	101.2	97.6	98.3	100.4	96.9	101.3	
Q/q %, SAAR	-0.8	12.5	10.1	3.6	5.1	-5.2	1.8	-13.3					
Y/y %	10.5	14.6	11.8	5.7	7.8	3.6	1.3	-3.6	10.5	2.1	11.2	4.5	
Imports of goods and services	91.5	90.5	94.5	96.7	99.2	100.5	102.9	94.7	93.3	99.4	91.8	99.9	
Q/q %, SAAR	4.0	-4.4	19.3	9.3	10.8	5.4	10.1	-28.3					
Y/y %	13.0	13.5	14.3	6.6	8.4	11.1	9.1	-2.2	11.7	6.5	12.3	8.8	

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	554.9	557.5	560.9	562.7	563.9	565.3	566.8	567.7	559.0	565.8	556.9	564.6	
Q/q %, SAAR	0.4	1.9	2.5	1.3	0.8	1.1	1.0	0.6					
Y/y %	0.8	2.0	2.0	1.5	1.6	1.4	1.0	0.9	1.6	1.2	1.5	1.4	
Domestic demand	551.3	553.7	556.4	558.3	559.7	561.2	562.9	563.9	555.0	561.9	553.2	560.5	
Q/q %, SAAR	-0.1	1.8	1.9	1.4	1.0	1.1	1.2	0.8					
Y/y %	0.6	1.3	0.9	1.3	1.5	1.3	1.2	1.0	1.0	1.3	1.0	1.3	
Private demand	414.0	415.7	417.0	418.2	419.3	420.6	421.9	422.7	416.3	421.2	415.5	420.0	
Q/q %, SAAR	-1.2	1.7	1.3	1.2	1.0	1.2	1.3	0.7					
Y/y %	0.4	1.1	0.2	0.7	1.3	1.1	1.2	1.1	0.6	1.2	0.8	1.1	
Final consumption	306.2	307.0	308.9	309.7	310.4	311.4	312.5	313.1	307.9	311.9	307.0	311.0	
Q/q %, SAAR	0.4	1.1	2.5	1.0	1.0	1.2	1.4	0.8					
Y/y %	0.5	0.6	0.8	1.2	1.4	1.4	1.2	1.1	0.8	1.3	0.6	1.3	
Residential investment	17.3	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	8.1	5.3	-8.6	-0.3	0.7	0.3	0.3	0.3					
Y/y %	5.5	5.9	1.7	1.0	-0.8	-2.0	0.3	0.3	3.5	-0.6	3.7	-0.4	
Non-residential investment	90.3	91.0	90.8	91.2	91.5	91.8	92.0	92.1	90.8	91.8	90.6	91.6	
Q/q %, SAAR	-0.6	3.1	-0.7	1.8	1.2	1.2	1.0	0.5					
Y/y %	-0.2	3.5	0.0	1.0	1.5	0.8	1.4	1.0	1.0	1.1	1.7	1.1	
Change in inventories	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.7	0.2	
Public demand	137.3	138.0	139.3	140.0	140.3	140.7	141.0	141.3	138.7	140.8	137.7	140.5	
Q/q %, SAAR	3.3	2.1	3.9	2.0	0.9	0.9	0.9	0.9					
Y/y %	1.2	2.0	2.9	2.9	2.2	1.9	1.2	0.9	2.3	1.5	1.6	2.0	
Government final consumption	109.4	109.7	111.1	111.4	111.7	112.0	112.3	112.6	110.4	112.1	109.9	111.8	
Q/q %, SAAR	1.1	1.1	5.0	1.1	1.1	1.1	1.1	1.1					
Y/y %	1.2	1.2	2.0	2.0	2.1	2.1	1.1	1.1	1.6	1.6	1.4	1.8	
Fixed investment	27.8	28.2	28.2	28.6	28.6	28.6	28.6	28.6	28.2	28.6	27.8	28.6	
Q/q %, SAAR	12.9	5.9	0.0	5.8	0.0	0.0	0.0	0.0					
Y/y %	1.2	4.9	6.3	6.0	3.1	1.4	1.3	0.0	4.8	1.3	2.7	3.0	
Change in inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net exports of goods and services	3.7	3.8	4.6	4.4	4.2	4.1	3.9	3.7	4.0	3.9	3.6	4.1	
Exports of goods and services	97.9	98.7	99.3	99.7	100.0	100.3	100.5	100.7	98.8	100.3	98.3	100.1	
Q/q %, SAAR	1.0	3.2	2.5	1.6	1.1	1.2	0.9	0.8					
Y/y %	-4.2	-2.2	-2.0	2.3	2.1	1.7	1.2	0.9	-1.5	1.5	-3.0	1.8	
Imports of goods and services	94.2	94.9	94.7	95.2	95.8	96.1	96.5	96.9	94.8	96.4	94.6	95.9	
Q/q %, SAAR	-2.1	2.9	-0.9	2.4	2.2	1.6	1.6	1.6					
Y/y %	-5.0	-5.6	-8.1	0.6	1.6	1.3	2.0	1.7	-4.6	1.7	-5.3	1.4	

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.

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	2017	2018	2017	2018	
Gross domestic expenditure	102.7	103.1	103.0	102.9	102.7	102.7	102.7	103.0	102.9	102.8	102.8	102.7	
Q/q %, SAAR	0.2	0.4	-0.1	-0.1	-0.2	0.0	0.0	0.3					
Y/y %	-0.3	0.2	0.1	0.5	-0.1	-0.4	-0.3	0.1	0.1	-0.2	-0.2	-0.1	
Private final consumption	101.1	101.2	101.6	101.8	101.3	101.9	102.0	101.8	101.4	101.8	101.3	101.8	
Q/q %, SAAR	-0.1	0.1	0.3	0.3	-0.5	0.5	0.1	-0.1					
Y/y %	0.0	0.2	0.3	0.7	0.2	0.6	0.4	0.1	0.3	0.3	0.2	0.5	
Private residential investment	106.4	107.3	107.6	108.1	108.7	108.8	109.3	109.4	107.4	109.1	106.9	108.7	
Q/q %, SAAR	0.1	0.9	0.3	0.4	0.5	0.1	0.4	0.1					
Y/y %	1.7	2.3	1.9	1.6	2.1	1.4	1.6	1.2	1.8	1.6	1.7	1.7	
Private non-residential investment	101.8	102.0	102.2	102.0	102.7	103.0	103.2	102.5	102.0	102.9	101.8	102.7	
Q/q %, SAAR	0.3	0.3	0.2	-0.2	0.7	0.3	0.2	-0.7					
Y/y %	0.5	1.0	1.0	0.7	0.9	0.9	0.8	0.6	0.8	0.8	0.6	0.8	
Government final consumption	100.9	101.0	101.0	101.3	101.1	101.2	101.0	101.3	101.1	101.2	100.9	101.2	
Q/q %, SAAR	0.4	0.1	-0.0	0.3	-0.1	0.1	-0.2	0.3					
Y/y %	0.6	0.7	0.5	0.8	0.2	0.2	0.0	0.0	0.6	0.1	0.4	0.3	
Public fixed investment	105.4	106.1	106.4	106.9	107.5	107.8	108.3	108.5	106.2	108.0	105.8	107.6	
Q/q %, SAAR	0.1	0.7	0.3	0.5	0.6	0.2	0.5	0.2					
Y/y %	1.7	2.2	1.8	1.5	2.0	1.6	1.8	1.5	1.8	1.7	1.7	1.7	
Exports of goods and services	106.7	107.5	108.0	107.9	108.5	109.3	108.5	107.3	107.5	108.4	107.4	108.6	
Q/q %, SAAR	-0.3	0.8	0.5	-0.1	0.6	0.7	-0.7	-1.1					
Y/y %	3.4	7.0	4.8	0.5	2.0	1.9	0.3	-0.9	3.8	0.8	4.1	1.1	
Imports of goods and services	99.2	99.1	101.3	102.9	104.5	106.9	106.3	102.6	100.7	105.1	100.0	105.2	
Q/q %, SAAR	-0.8	-0.2	2.3	1.5	1.6	2.4	-0.6	-3.5					
Y/y %	8.2	10.4	8.6	2.8	5.2	8.0	4.8	-0.3	7.4	4.4	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	103.4	104.1	104.2	104.2	104.4	104.5	104.6	103.7	104.4	103.4	104.3	
Q/q %, SAAR	0.2	0.1	0.7	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.6	0.7	1.3	1.1	0.9	1.0	0.4	0.4	0.9	0.7	0.7	0.9	
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	103.0	
Q/q %, SAAR	0.0	0.1	0.7	0.1	0.0	0.2	0.2	0.1					
Y/y %	0.5	0.1	0.6	0.9	0.9	1.0	0.6	0.5	0.5	0.8	0.3	0.8	
Private residential investment	109.6	109.7	111.3	111.4	111.5	111.7	111.8	111.9	110.5	111.7	110.0	111.6	
Q/q %, SAAR	0.2	0.1	1.5	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.8	0.8	1.8	1.9	1.8	1.8	0.4	0.4	1.3	1.1	1.2	1.5	
Private non-residential investment	102.6	102.6	102.8	102.9	103.0	103.0	103.1	103.1	102.8	103.1	102.7	103.0	
Q/q %, SAAR	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1					
Y/y %	-0.1	-0.3	-0.3	0.3	0.4	0.4	0.3	0.3	-0.1	0.3	-0.0	0.3	
Government final consumption	101.4	101.4	102.4	102.5	102.6	102.6	102.7	102.7	102.0	102.7	101.7	102.6	
Q/q %, SAAR	0.1	0.1	1.0	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.2	0.2	1.4	1.2	1.2	1.2	0.2	0.2	0.8	0.7	0.5	0.9	
Public fixed investment	108.7	108.9	109.6	109.7	109.8	109.9	110.0	110.2	109.3	110.0	109.0	109.9	
Q/q %, SAAR	0.2	0.2	0.6	0.1	0.1	0.1	0.1	0.1					
Y/y %	1.1	1.1	1.2	1.1	1.0	0.9	0.4	0.4	1.2	0.6	1.3	0.8	
Exports of goods and services	107.4	107.5	107.6	107.7	107.8	107.9	108.0	108.1	107.3	107.8	107.1	107.7	
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	-2.0	-1.8	-0.8	0.6	0.9	0.5	0.4	0.3	-1.0	0.5	-1.4	0.6	
Imports of goods and services	101.7	101.8	101.9	102.0	102.1	102.2	102.3	102.4	101.6	102.1	101.8	102.0	
Q/q %, SAAR	-0.8	0.0	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	-2.9	-5.4	-4.1	-0.6	0.5	0.7	0.4	0.4	-3.3	0.5	-3.2	0.3	

Source: Compiled by DIR.

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

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

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	2017	2018	2017	2018	
1) Q/q %													
GDP growth rate	0.5	0.6	0.3	-0.1	0.6	-0.6	0.5	0.6	1.9	0.7	1.9	0.8	
Domestic demand	0.8	0.1	0.3	-0.2	0.6	-0.5	0.8	0.1	1.5	0.8	1.3	0.8	
Private demand	0.7	0.2	0.3	-0.1	0.6	-0.4	0.7	0.1	1.3	0.8	1.2	0.8	
Private consumption	0.5	-0.5	0.2	-0.1	0.3	-0.2	0.2	-0.0	0.6	0.2	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	-0.2	-0.0	0.2	0.1	0.1	0.1	0.1	-0.0	0.2	
Public demand	0.2	-0.1	0.0	-0.0	-0.0	-0.1	0.1	0.0	0.1	-0.0	0.1	-0.0	
Government final consumption	-0.0	0.1	0.0	0.1	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	-0.1	-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	0.0	-0.1	-0.2	-0.3	0.4	0.4	-0.1	0.6	-0.0	
Exports of goods and services	0.0	0.4	0.3	0.2	0.1	-0.4	0.2	-0.4	1.1	0.2	1.1	0.6	
Imports of goods and services	-0.3	0.1	-0.3	-0.1	-0.2	0.2	-0.5	0.9	-0.6	-0.3	-0.5	-0.6	
2) Y/y %													
GDP growth rate	1.7	2.1	2.4	1.3	1.5	0.1	0.3	0.9	1.9	0.7	1.9	0.8	
Domestic demand	1.3	1.4	2.1	1.0	1.0	0.2	0.8	1.1	1.5	0.8	1.3	0.8	
Private demand	1.1	1.4	1.9	0.9	1.0	0.3	0.9	1.0	1.3	0.8	1.2	0.8	
Private consumption	1.1	0.4	0.7	0.1	0.1	0.3	0.3	0.3	0.6	0.2	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	0.5	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	0.1	-0.0	0.2	
Public demand	0.2	0.1	0.2	0.1	-0.0	-0.1	-0.1	0.0	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	-0.2	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	-0.2	0.4	-0.1	0.6	-0.0	
Exports of goods and services	1.1	1.1	1.1	0.9	1.0	0.3	0.2	-0.5	1.1	0.2	1.1	0.6	
Imports of goods and services	-0.7	-0.4	-0.8	-0.6	-0.5	-0.5	-0.7	0.3	-0.6	-0.3	-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	-0.1	0.4	-0.1	0.2	0.1	0.1	0.1	0.1	0.6	0.5	0.8	0.5
Domestic demand	-0.1	0.3	-0.2	0.2	0.2	0.1	0.2	0.1	0.5	0.6	0.7	0.5
Private demand	-0.3	0.2	-0.2	0.1	0.2	0.1	0.1	0.1	0.2	0.4	0.5	0.2
Private consumption	0.1	0.1	-0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.2	0.3
Residential investment	0.1	0.0	-0.1	-0.0	0.0	-0.0	-0.0	-0.0	0.1	-0.0	0.1	-0.1
Private fixed investment	-0.0	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.1	0.3	0.1
Change in private inventories	-0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.0	-0.1	-0.1
Public demand	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.3	0.2	0.2	0.3
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	0.2	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	-0.0
Net exports of goods and services	-0.0	0.0	0.1	-0.0	-0.0	-0.0	-0.0	-0.0	0.1	-0.0	0.1	0.0
Exports of goods and services	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-0.1	0.2	-0.3	0.2
Imports of goods and services	-0.0	-0.1	0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.2	-0.2	0.4	-0.2
2) Y/y %												
GDP growth rate	0.2	1.3	0.7	0.4	0.7	0.4	0.6	0.5	0.6	0.5	0.8	0.5
Domestic demand	0.3	1.2	0.2	0.4	0.6	0.4	0.7	0.6	0.5	0.6	0.7	0.5
Private demand	0.1	0.8	-0.2	-0.1	0.3	0.2	0.5	0.5	0.2	0.4	0.5	0.2
Private consumption	0.0	0.3	0.1	0.2	0.3	0.2	0.4	0.3	0.1	0.3	0.2	0.3
Residential investment	0.1	0.2	-0.0	-0.0	-0.1	-0.1	-0.0	-0.0	0.1	-0.0	0.1	-0.1
Private fixed investment	-0.0	0.6	0.1	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.3	0.1
Change in private inventories	-0.1	-0.2	-0.3	-0.4	-0.0	-0.0	0.0	0.0	-0.2	-0.0	-0.1	-0.1
Public demand	0.2	0.4	0.4	0.4	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.3
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	0.2	0.2	0.1	0.0	0.0	-0.0	0.2	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	-0.0
Net exports of goods and services	-0.0	-0.0	0.6	0.1	0.0	0.1	-0.1	-0.1	0.1	-0.0	0.1	0.0
Exports of goods and services	-0.4	-0.1	-0.2	0.3	0.2	0.2	0.1	0.1	-0.1	0.2	-0.3	0.2
Imports of goods and services	0.4	0.0	0.8	-0.2	-0.2	-0.1	-0.3	-0.2	0.2	-0.2	0.4	-0.2

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	2017	2018	2017	2018	
1) World economy													
Economic growth of major trading partners													
Y/y %	3.9	4.2	4.1	4.2	4.1	3.7	3.5	3.3	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	54.9	53.6	62.9	50.9	64.9	
Y/y %	5.5	7.2	12.2	21.5	41.0	44.1	7.3	-12.7	11.9	17.3	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	18,765	18,908	18,166	18,712	18,051	18,567	
Q/q %, SAAR	3.0	2.8	2.3	2.2	4.2	3.4	2.2	3.1					
Y/y %	2.1	2.3	2.5	2.6	2.9	3.0	3.0	3.2	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	253.3	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	117.4	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	3.0	0.0					
Y/y %	2.2	2.4	2.8	2.8	3.0	3.0	2.8	2.0	2.5	2.7	2.3	2.9	
FF rate (%) (Target rate for the forecast period, end-period)	1.25	1.25	1.50	1.75	2.00	2.25	2.50	2.50	1.75	2.50	1.50	2.50	
Government bond yield (10 year; %)	2.26	2.24	2.37	2.76	2.92	2.93	3.03	2.65	2.41	2.88	2.33	2.91	
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	107.1	107.5	107.5	108.1	108.1	108.4	108.9	109.1	107.6	108.6	107.2	108.4	
Q/q %, SAAR	1.4	1.5	-0.1	2.3	-0.0	1.2	1.8	0.8					
Y/y %	1.0	1.1	1.0	1.3	0.9	0.8	1.3	1.0	1.1	1.0	0.6	1.1	
Nominal public fixed investment													
Y tril; SAAR	28.0	27.5	27.6	27.4	27.4	26.9	26.6	27.0	27.6	27.0	27.5	27.1	
Q/q %, SAAR	13.2	-6.3	1.1	-2.5	-0.5	-6.8	-4.1	5.7					
Y/y %	4.9	1.8	2.2	1.0	-1.2	-2.2	-4.0	-1.5	2.3	-2.3	2.4	-1.6	
Exchange rate (Y/\$)	111.1	111.0	112.9	108.2	109.1	111.5	112.9	110.2	110.8	110.9	112.2	110.4	
(Y/€)	124.3	131.3	133.2	132.3	129.0	130.5	128.2	125.3	130.3	128.3	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 %	3.2	3.2	3.3	3.5	3.5	3.5	3.4	3.4	3.3	3.4	3.3	3.5
Crude oil price (WTI futures; \$/bbl)	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.2	54.0
Y/y %	-20.5	-22.2	-9.0	-1.7	0.0	0.0	0.0	0.0	-14.2	0.0	-16.5	-0.4
2) US economy												
Real GDP (chained [2012]; \$ bil; SAAR)	18,993	19,091	19,188	19,280	19,368	19,453	19,531	19,608	19,138	19,490	19,045	19,408
Q/q %, SAAR	1.8	2.1	2.1	1.9	1.8	1.8	1.6	1.6				
Y/y %	2.6	2.3	2.3	2.0	2.0	1.9	1.8	1.7	2.3	1.8	2.6	1.9
Consumer Price Index (1982-84 avg=100)	255.6	257.3	258.9	260.2	261.7	263.2	264.8	266.3	258.0	264.0	256.3	262.5
Q/q %, SAAR	3.7	2.6	2.5	2.1	2.3	2.4	2.4	2.3				
Y/y %	2.0	2.2	2.4	2.7	2.4	2.3	2.3	2.3	2.3	2.3	2.1	2.4
Producer Price Index (Final demand; 2009.Nov=100)	118.4	119.1	119.7	120.3	120.9	121.6	122.2	122.9	119.4	121.9	118.6	121.2
Q/q %, SAAR	3.3	2.4	2.3	1.9	2.1	2.2	2.2	2.1				
Y/y %	2.1	2.2	2.0	2.5	2.2	2.1	2.1	2.1	2.2	2.1	2.1	2.2
FF rate (%) (Target rate for the forecast period, end-period)	2.50	2.50	2.50	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.75
Government bond yield (10 year; %)	2.36	2.16	2.18	2.33	2.46	2.43	2.40	2.37	2.26	2.41	2.34	2.40
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	109.4	109.7	111.1	111.4	111.7	112.0	112.3	112.6	110.4	112.1	109.9	111.8
Q/q %, SAAR	1.1	1.1	5.0	1.1	1.1	1.1	1.1	1.1				
Y/y %	1.2	1.2	2.0	2.0	2.1	2.1	1.1	1.1	1.6	1.6	1.4	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	27.8	28.6
Q/q %, SAAR	12.9	5.9	0.0	5.8	0.0	0.0	0.0	0.0				
Y/y %	1.2	4.9	6.3	6.0	3.1	1.4	1.3	0.0	4.8	1.3	2.7	3.0
Exchange rate (Y/\$)	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.2	108.7	108.2
(Y/€)	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	122.6	123.3	122.6

Source: Compiled by DIR.

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

E: DIR estimate.