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## Japan's Economic Outlook No. 202 (Summary)

*Overseas Demand Worsens, but Domestic Demand Provides Support. In this report we examine the following: (1) Transferring Production due to US-China Trade Friction, (2) Personal Consumption, (3) Minimum Wage*

Japan to see real GDP growth of +0.9% in FY19 and +0.4% in FY20, with nominal GDP growth of +1.5% in FY19 and +0.8% in FY20.

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### Summary

- **Revised economic outlook: FY2019 +0.9%, FY2020 +0.4%:** In light of the 1<sup>st</sup> preliminary Apr-Jun 2019 GDP release we have revised our outlook for the Japanese economy. We now expect FY2019 to record growth of +0.9% in comparison with the same period of the previous year, while FY2020 is seen at +0.4%. As for the future of Japan's economy, we see positive growth continuing through the Jul-Sep period of 2019 while there is still a possibility of last-minute demand occurring, after which it will likely slow down to a low level of growth just below the potential growth rate due to the following factors: (1) exports will be stagnant due to the slowdown in the global economy, (2) inventory adjustment is still taking place, (3) growth in capex spending is slowing down due to the decline in factory operating rates, (4) consumption will mark time in association with the slowing pace of growth in employment, and (5) the effects of the consumption tax hike.

- **(1) Transferring of Production due to US-China Trade Friction – How will it Affect Japan?:** In addition to the FRB's lowering of the interest rate as a precautionary measure, the expansionary fiscal policy, implemented ahead of the 2020 presidential election, will provide support for the US economy. This will likely encourage the US to continue its hardline policy in regard to China. With the US-China confrontation expected to continue for the long-term, a new development has been observed amongst corporations in which production facilities are transferred out of China to a third country or region. This tendency is expected to accelerate even more in the future. However, since the ratio of exports to the US from Japan's Chinese subsidiaries is low, the transference of facilities will most likely have a limited effect. And although progress in relocating factories worldwide could stimulate Japan's exports of capital goods, the question of stagnating investment in China could become a negative factor. Hence the benefits of transferring production cannot be expected to be especially large.
- **(2) Whither Personal Consumption? The Key to Japan's Domestic Demand:** While disposable income is achieving major growth due to the growing number of double-income households amongst worker households consisting of two or more persons, consumption appears to be restrained, centering on people in their 50s and 60s. People in their 50s and 60s tend to make do with what they have and keep their consumption expenditure down to necessities. Meanwhile they are building up their savings by reducing their selective spending. Factors leading to the strengthening of the tendency to economize include (1) Increasing educational expenses, (2) Growth in communications expenses, and (3) Accumulation of savings for the purpose of building up an inheritance for children. However, in the future, (1) Free education will be available, (2) Mobile phone communication charges will be reduced, and (3) the gift tax exemption will be expanded. In other words, all of these factors will become easier to deal with. In addition, when the consumption tax is raised, a variety of economic measures will be implemented at the same time. Hence there will be fewer factors which could hinder consumption.
- **(3) Can Raising the Minimum Wage Stimulate Japan's Economy?:** Japan's minimum wage is said to be low compared to other countries. However, if we look at a comparison of household consumption per person, a component which is not easily influenced by differences in the economic structures, work styles or types of employment in different countries, we see that Japan is at about the same level as OECD member average, and in fact exceeds that of the US and Canada. Similarly, when a comparison is made between different regions and localities in Japan no difference is observed between regions. Working at minimum wage in one of Japan's major urban areas does not necessarily mean that one has more money to spare than those living in Japan's regional areas. Prior research suggests that raising the minimum wage could have a negative effect on employment. Nor can one say that labor productivity is necessarily affected in a positive way. The question of whether the minimum wage should be raised will continue to be an important one in the future from the viewpoint of expanding and strengthening social support, as well as reducing income disparity. Gradually raising wages in line with economic conditions is the more desirable route.
- **BOJ's monetary policy:** During the period covered by this outlook, the CPI is expected to hover midway between zero and 1% y/y in FY2019 and on the lower end of that same range in FY2020. Hence we expect the BOJ to maintain its current monetary easing policy for the time being. With central banks in the US and Europe strengthening their monetary easing policies, Japan too is expected to begin moving in the direction of a limited addition to its range of monetary easing.

#### **Our assumptions**

- Public works spending is expected to grow in FY19 at +4.7%, and +1.7% in FY20.
- Average exchange rate of Y107.5/\$ in FY19, and Y106.5/\$ in FY20.
- US real GDP growth of +2.4% in CY19, and +2.0% in CY20.

## Main Economic Indicators and Real GDP Components

	FY18	FY19 (Estimate)	FY20 (Estimate)	CY18	CY19 (Estimate)	CY20 (Estimate)
<b>Main economic indicators</b>						
Nominal GDP (y/y %)	0.5	1.5	0.8	0.7	1.6	0.8
Real GDP (chained [2011]; y/y %)	0.7	0.9	0.4	0.8	1.1	0.3
Domestic demand (contribution, % pt)	0.8	1.2	0.4	0.7	1.4	0.4
Foreign demand (contribution, % pt)	-0.1	-0.3	-0.0	-0.0	-0.2	-0.1
GDP deflator (y/y %)	-0.2	0.6	0.5	-0.1	0.5	0.5
Index of All-industry Activity (y/y %)*	0.8	0.6	0.5	1.1	0.6	0.5
Index of Industrial Production (y/y %)	0.2	-0.8	1.0	1.1	-1.3	1.0
Index of Tertiary Industry Activity (y/y %)	1.1	0.9	0.4	1.2	1.1	0.4
Corporate Goods Price Index (y/y %)	2.2	1.8	2.0	2.6	1.0	2.8
Consumer Price Index (excl. fresh food; y/y %)	0.8	0.7	0.3	0.8	0.7	0.4
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4
Government bond yield (10 year; %)	0.04	-0.16	-0.20	0.07	-0.12	-0.20
Balance of payments						
Trade balance (Y tril)	0.7	-1.1	-1.2	1.2	-0.7	-1.2
Current balance (\$100 mil)	1,735	1,782	1,784	1,741	1,762	1,784
Current balance (Y tril)	19.2	19.3	19.1	19.2	19.1	19.0
(% of nominal GDP)	3.5	3.4	3.4	3.5	3.4	3.4
<b>Real GDP components</b> (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	0.5 (0.3)	0.8 (0.5)	0.3 (0.2)	0.3 (0.2)	0.9 (0.5)	0.3 (0.2)
Private housing investment	-4.4 (-0.1)	0.6 (0.0)	-0.8 (-0.0)	-5.8 (-0.2)	1.2 (0.0)	-1.1 (-0.0)
Private fixed investment	3.5 (0.6)	2.4 (0.4)	0.5 (0.1)	3.9 (0.6)	2.7 (0.4)	0.7 (0.1)
Government final consumption	0.9 (0.2)	1.1 (0.2)	0.6 (0.1)	0.8 (0.2)	1.1 (0.2)	0.7 (0.1)
Public fixed investment	-4.0 (-0.2)	3.2 (0.1)	0.8 (0.0)	-3.3 (-0.2)	1.1 (0.1)	2.2 (0.1)
Exports of goods and services	1.5 (0.3)	-1.9 (-0.3)	0.3 (0.0)	3.4 (0.6)	-2.3 (-0.4)	-0.2 (-0.0)
Imports of goods and services	2.1 (-0.4)	-0.2 (0.0)	0.4 (-0.1)	3.4 (-0.6)	-0.9 (0.2)	0.6 (-0.1)
<b>Major assumptions:</b>						
<b>1. World economy</b>						
Economic growth of major trading partners	3.6	3.1	3.4	3.9	3.1	3.4
Crude oil price (WTI futures; \$/bbl)	62.9	56.4	55.0	64.9	56.4	55.0
<b>2. US economy</b>						
US real GDP (chained [2012]; y/y %)	2.9	2.2	1.9	2.9	2.4	2.0
US Consumer Price Index (y/y %)	2.3	2.0	2.1	2.4	1.8	2.2
<b>3. Japanese economy</b>						
Nominal public fixed investment (y/y %)	-2.3	4.7	1.7	-1.6	2.6	3.4
Exchange rate (Y/\$)	110.9	107.5	106.5	110.4	108.4	106.5
(Y/€)	128.3	120.2	119.0	130.0	121.7	119.0

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 202)		Previous outlook (Outlook 201 Update)		Difference between previous and current outlooks	
	FY19	FY20	FY19	FY20	FY19	FY20
<b>Main economic indicators</b>						
Nominal GDP (y/y %)	1.5	0.8	1.6	1.2	-0.0	-0.4
Real GDP (chained [2011]; y/y %)	0.9	0.4	0.6	0.5	0.3	-0.2
Domestic demand (contribution, % pt)	1.2	0.4	0.5	0.6	0.7	-0.2
Foreign demand (contribution, % pt)	-0.3	-0.0	0.1	-0.0	-0.4	0.0
GDP deflator (y/y %)	0.6	0.5	0.9	0.7	-0.3	-0.2
Index of All-industry Activity (y/y %)*	0.6	0.5	0.5	0.6	0.1	-0.1
Index of Industrial Production (y/y %)	-0.8	1.0	-0.2	1.1	-0.7	-0.1
Index of Tertiary Industry Activity (y/y %)	0.9	0.4	0.8	0.5	0.1	-0.1
Corporate Goods Price Index (y/y %)	1.8	2.0	1.7	2.0	0.1	0.0
Consumer Price Index (excl. fresh food; y/y %)	0.7	0.3	0.5	0.2	0.2	0.0
Unemployment rate (%)	2.4	2.4	2.4	2.4	-0.0	0.0
Government bond yield (10 year; %)	-0.16	-0.20	-0.04	-0.04	-0.13	-0.16
Balance of payments						
Trade balance (Y tril)	-1.1	-1.2	5.1	5.2	-6.2	-6.3
Current balance (\$100 mil)	1,782	1,784	2,135	2,143	-354	-359
Current balance (Y tril)	19.3	19.1	23.2	23.3	-3.9	-4.1
(% of nominal GDP)	3.4	3.4	4.1	4.1	-0.7	-0.7
<b>Real GDP components (chained [2011]; y/y %)</b>						
Private final consumption	0.8	0.3	0.3	0.5	0.6	-0.2
Private housing investment	0.6	-0.8	2.1	-1.7	-1.5	0.9
Private fixed investment	2.4	0.5	1.2	0.8	1.2	-0.3
Government final consumption	1.1	0.6	0.8	0.9	0.3	-0.2
Public fixed investment	3.2	0.8	3.6	0.7	-0.5	0.1
Exports of goods and services	-1.9	0.3	-0.5	1.0	-1.4	-0.7
Imports of goods and services	-0.2	0.4	-1.4	1.2	1.1	-0.8
<b>Major assumptions:</b>						
1. World economy						
Economic growth of major trading partners	3.1	3.4	3.3	3.4	-0.2	-0.0
Crude oil price (WTI futures; \$/bbl)	56.4	55.0	54.0	54.0	2.5	1.0
2. US economy						
US real GDP (chained [2012]; y/y %)	2.2	1.9	2.3	1.8	-0.0	0.1
US Consumer Price Index (y/y %)	2.0	2.1	2.3	2.3	-0.3	-0.2
3. Japanese economy						
Nominal public fixed investment (y/y %)	4.7	1.7	4.8	1.3	-0.1	0.4
Exchange rate (Y/\$)	107.5	106.5	108.2	108.2	-0.7	-1.7
(Y/€)	120.2	119.0	122.6	122.6	-2.5	-3.6

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	2017	2018	2017	2018	
Nominal GDP (SAAR; Y tril)	542.6	548.7	549.8	549.0	549.8	547.4	549.7	555.4	547.5	550.5	545.1	548.9	
Q/q %	0.6	1.1	0.2	-0.1	0.2	-0.4	0.4	1.0					
Q/q %, SAAR	2.5	4.6	0.8	-0.6	0.6	-1.7	1.7	4.2					
Y/y %	1.4	2.3	2.4	1.8	1.4	-0.3	-0.0	1.1	2.0	0.5	1.7	0.7	
Real GDP (chained [2011]; SAAR; Y tril)	528.5	532.3	533.9	533.5	535.7	533.2	535.3	539.1	531.9	535.7	530.2	534.3	
Q/q %	0.4	0.7	0.3	-0.1	0.4	-0.5	0.4	0.7					
Q/q %, SAAR	1.7	2.9	1.2	-0.3	1.6	-1.9	1.6	2.8					
Y/y %	1.7	2.2	2.4	1.3	1.5	0.1	0.3	1.0	1.9	0.7	1.9	0.8	
Contribution to GDP growth (% pt)													
Domestic demand	0.7	0.2	0.4	-0.2	0.4	-0.3	0.8	0.3	1.5	0.8	1.3	0.7	
Foreign demand	-0.2	0.5	-0.1	0.1	-0.0	-0.2	-0.4	0.4	0.4	-0.1	0.6	-0.0	
GDP deflator (y/y %)	-0.3	0.2	0.0	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	105.8	
Q/q %; y/y %	1.3	-0.0	0.6	-0.2	0.5	-0.3	0.8	-0.4	1.8	0.8	1.6	1.1	
Index of Industrial Production (2015=100)	103.2	103.2	104.4	103.5	104.3	103.6	105.0	102.4	103.5	103.8	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	2.2	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	0.6	4.5	0.7	4.9	1.2	
Current balance (SAAR; \$100 mil)	1,819	2,271	2,047	1,836	1,995	1,675	1,524	1,708	2,001	1,735	2,016	1,741	
Current balance (SAAR; Y tril)	20.2	25.2	23.1	19.9	21.8	18.7	17.2	18.8	22.2	19.2	22.6	19.2	
(% of nominal GDP)	3.7	4.6	4.2	3.6	4.0	3.4	3.1	3.4	4.0	3.5	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	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)	557.8	558.8	558.3	560.3	561.9	563.1	564.1	565.0	558.9	563.5	557.7	562.4
Q/q %	0.4	0.2	-0.1	0.4	0.3	0.2	0.2	0.2				
Q/q %, SAAR	1.7	0.7	-0.3	1.4	1.2	0.8	0.7	0.6				
Y/y %	1.6	2.1	1.6	0.9	0.7	0.7	1.0	0.8	1.5	0.8	1.6	0.8
Real GDP (chained [2011]; SAAR; Y tril)	541.5	541.6	539.2	540.6	541.7	542.4	543.2	543.9	540.8	542.8	540.4	541.9
Q/q %	0.4	0.0	-0.4	0.3	0.2	0.1	0.1	0.1				
Q/q %, SAAR	1.8	0.1	-1.7	1.0	0.8	0.5	0.6	0.5				
Y/y %	1.2	1.6	0.7	0.3	-0.0	0.1	0.7	0.6	0.9	0.4	1.1	0.3
Contribution to GDP growth (% pt)												
Domestic demand	0.7	0.1	-0.4	0.3	0.2	0.1	0.1	0.1	1.2	0.4	1.4	0.4
Foreign demand	-0.3	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	-0.3	-0.0	-0.2	-0.1
GDP deflator (y/y %)	0.4	0.5	0.8	0.6	0.7	0.6	0.3	0.2	0.6	0.5	0.5	0.5
Index of All-Industry Activity (2010=100)	106.4	106.8	106.4	106.6	106.9	107.0	107.2	107.3	106.5	107.0	106.4	106.9
Q/q %; y/y %	0.4	0.4	-0.4	0.2	0.2	0.1	0.2	0.1	0.6	0.5	0.6	0.5
Index of Industrial Production (2015=100)	103.0	102.8	102.7	103.3	103.6	103.9	104.1	104.4	102.9	104.0	102.8	103.8
Q/q %; y/y %	0.7	-0.2	-0.1	0.6	0.3	0.3	0.2	0.3	-0.8	1.0	-1.3	1.0
Index of Tertiary Industry Activity (2010=100)	107.0	107.6	107.1	107.2	107.4	107.6	107.7	107.8	107.1	107.6	107.0	107.5
Q/q %; y/y %	0.3	0.6	-0.5	0.1	0.2	0.1	0.1	0.1	0.9	0.4	1.1	0.4
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	101.6	102.0	104.5	105.1	105.2	105.3	105.4	105.5	103.3	105.4	102.3	105.2
Y/y %	0.6	0.1	2.5	3.8	3.6	3.2	0.8	0.4	1.8	2.0	1.0	2.8
CPI (excl. fresh food; 2015=100)	101.7	101.9	102.2	102.0	102.1	102.2	102.4	102.2	101.9	102.2	101.8	102.2
Y/y %	0.8	0.7	0.6	0.7	0.3	0.3	0.2	0.2	0.7	0.3	0.7	0.4
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; %)	-0.10	-0.15	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.16	-0.20	-0.12	-0.20
Trade balance (SAAR; Y tril)	-1.6	-0.8	-1.0	-1.1	-1.2	-1.1	-1.1	-1.1	-1.1	-1.2	-0.7	-1.2
Current balance (SAAR; \$100 mil)	1,766	1,780	1,792	1,788	1,784	1,781	1,785	1,786	1,782	1,784	1,762	1,784
Current balance (SAAR; Y tril)	19.4	19.1	19.1	19.0	19.0	19.0	19.0	19.0	19.3	19.1	19.1	19.0
(% of nominal GDP)	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Exchange rate (Y/\$)	109.8	107.1	106.5	106.5	106.5	106.5	106.5	106.5	107.5	106.5	108.4	106.5
(Y/Euro)	122.9	119.8	119.0	119.0	119.0	119.0	119.0	119.0	120.2	119.0	121.7	119.0

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)

	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	528.5	532.3	533.9	533.5	535.7	533.2	535.3	539.1	531.9	535.7	530.2	534.3	
Q/q %, SAAR	1.7	2.9	1.2	-0.3	1.6	-1.9	1.6	2.8					
Y/y %	1.7	2.2	2.4	1.3	1.5	0.1	0.3	1.0	1.9	0.7	1.9	0.8	
Domestic demand	531.0	532.2	534.3	533.4	535.6	534.0	538.4	539.9	532.6	536.9	531.2	535.3	
Q/q %, SAAR	2.8	0.9	1.5	-0.6	1.6	-1.2	3.3	1.1					
Y/y %	1.3	1.5	2.1	1.1	1.0	0.2	0.8	1.2	1.5	0.8	1.4	0.8	
Private demand	398.3	399.8	401.7	400.9	403.3	402.0	405.9	407.0	400.1	404.5	398.8	403.0	
Q/q %, SAAR	2.9	1.5	1.9	-0.8	2.5	-1.3	4.0	1.1					
Y/y %	1.4	1.8	2.6	1.4	1.3	0.4	1.1	1.5	1.8	1.1	1.7	1.0	
Final consumption	300.0	297.8	299.2	298.8	299.9	299.5	300.7	301.0	298.8	300.2	298.7	299.7	
Q/q %, SAAR	3.2	-2.9	1.9	-0.5	1.5	-0.5	1.5	0.4					
Y/y %	2.1	0.7	1.2	0.2	0.1	0.6	0.5	0.7	1.0	0.5	1.1	0.3	
Residential investment	16.6	16.3	15.8	15.4	15.1	15.3	15.5	15.5	16.0	15.3	16.3	15.3	
Q/q %, SAAR	7.9	-6.9	-12.1	-9.6	-7.3	3.1	5.5	2.3					
Y/y %	5.2	1.0	-2.9	-5.6	-9.0	-6.6	-2.3	0.7	-0.7	-4.4	2.1	-5.8	
Non-residential investment	82.8	84.3	84.8	85.7	87.9	85.6	87.9	88.3	84.4	87.4	83.5	86.7	
Q/q %, SAAR	3.6	7.0	2.8	4.0	10.6	-10.0	11.4	1.7					
Y/y %	3.9	5.1	5.2	4.0	6.6	1.1	3.9	2.8	4.6	3.5	3.9	3.9	
Change in inventories	-1.2	1.4	1.9	1.0	0.4	1.6	1.9	2.2	0.8	1.6	0.4	1.2	
Public demand	132.8	132.5	132.6	132.5	132.3	132.1	132.5	132.8	132.5	132.3	132.4	132.3	
Q/q %, SAAR	2.3	-0.9	0.3	-0.1	-0.8	-0.6	1.4	0.9					
Y/y %	1.0	0.3	0.7	0.3	-0.1	-0.3	-0.3	0.1	0.6	-0.1	0.4	-0.1	
Government final consumption	106.1	106.4	106.5	106.8	106.9	107.1	107.9	107.8	106.4	107.4	106.3	107.1	
Q/q %, SAAR	-0.6	1.1	0.2	1.2	0.2	1.0	2.9	-0.3					
Y/y %	0.4	0.4	0.5	0.5	0.7	0.7	1.3	0.9	0.4	0.9	0.3	0.8	
Fixed investment	26.5	25.9	26.0	25.7	25.4	24.9	24.6	25.0	26.0	24.9	26.0	25.2	
Q/q %, SAAR	11.8	-8.4	0.5	-3.9	-4.6	-7.1	-5.1	5.6					
Y/y %	3.2	-0.4	0.4	-0.6	-3.2	-3.7	-5.7	-3.0	0.5	-4.0	0.7	-3.3	
Change in inventories	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	
Net exports of goods and services	-3.2	-0.3	-0.9	-0.5	-0.5	-1.4	-3.7	-1.4	-1.2	-1.8	-1.5	-1.5	
Exports of goods and services	88.9	90.8	92.5	93.5	94.2	92.2	93.4	91.5	91.4	92.8	90.3	93.4	
Q/q %, SAAR	0.4	8.9	8.0	4.1	3.2	-8.2	4.9	-7.6					
Y/y %	6.9	7.1	6.7	5.2	5.9	1.7	1.1	-2.2	6.5	1.5	6.8	3.4	
Imports of goods and services	92.0	91.1	93.4	93.9	94.7	93.6	97.0	92.9	92.6	94.6	91.8	94.9	
Q/q %, SAAR	6.8	-4.0	10.6	2.3	3.4	-4.6	15.4	-16.0					
Y/y %	4.4	2.6	5.1	3.6	2.9	2.8	4.1	-1.3	4.0	2.1	3.4	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	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	541.5	541.6	539.2	540.6	541.7	542.4	543.2	543.9	540.8	542.8	540.4	541.9	
Q/q %, SAAR	1.8	0.1	-1.7	1.0	0.8	0.5	0.6	0.5					
Y/y %	1.2	1.6	0.7	0.3	-0.0	0.1	0.7	0.6	0.9	0.4	1.1	0.3	
Domestic demand	543.9	544.2	542.0	543.5	544.6	545.3	546.0	546.7	543.5	545.6	542.5	544.8	
Q/q %, SAAR	3.0	0.2	-1.6	1.1	0.8	0.5	0.6	0.5					
Y/y %	1.6	1.9	0.6	0.8	0.1	0.2	0.7	0.6	1.2	0.4	1.3	0.4	
Private demand	409.8	410.1	407.7	408.7	409.5	410.1	410.7	411.2	409.2	410.4	408.7	409.8	
Q/q %, SAAR	2.7	0.3	-2.4	1.0	0.8	0.6	0.6	0.5					
Y/y %	1.7	2.1	0.4	0.5	-0.1	-0.1	0.8	0.6	1.1	0.3	1.4	0.3	
Final consumption	302.9	303.8	301.8	302.5	303.0	303.4	303.8	304.2	302.7	303.6	302.3	303.2	
Q/q %, SAAR	2.5	1.2	-2.5	1.0	0.6	0.6	0.6	0.6					
Y/y %	1.0	1.4	0.4	0.6	0.0	-0.1	0.7	0.5	0.8	0.3	0.9	0.3	
Residential investment	15.6	15.6	15.3	15.3	15.3	15.3	15.3	15.3	15.4	15.3	15.5	15.3	
Q/q %, SAAR	1.0	-0.4	-5.9	-0.7	0.6	0.0	0.0	0.0					
Y/y %	2.9	2.0	-0.8	-1.5	-1.6	-1.5	-0.0	0.1	0.6	-0.8	1.2	-1.1	
Non-residential investment	89.6	89.4	89.1	89.4	89.6	89.8	90.0	90.1	89.5	89.9	89.1	89.7	
Q/q %, SAAR	6.1	-1.0	-1.4	1.4	1.0	1.0	0.7	0.3					
Y/y %	2.4	4.7	1.2	1.4	-0.2	0.4	1.1	0.7	2.4	0.5	2.7	0.7	
Change in inventories	1.8	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.7	1.5	
Public demand	134.1	134.0	134.3	134.8	135.1	135.1	135.3	135.5	134.3	135.2	133.8	135.1	
Q/q %, SAAR	3.8	-0.0	0.8	1.5	1.0	0.0	0.5	0.5					
Y/y %	1.5	1.5	1.5	1.6	0.7	0.8	0.7	0.5	1.5	0.7	1.1	1.0	
Government final consumption	108.8	108.3	108.6	108.8	109.0	109.2	109.4	109.6	108.6	109.3	108.3	109.1	
Q/q %, SAAR	3.8	-1.8	0.8	0.8	0.8	0.8	0.8	0.8					
Y/y %	1.9	1.1	0.6	0.9	0.1	0.8	0.8	0.8	1.1	0.6	1.1	0.7	
Fixed investment	25.2	25.7	25.7	26.0	26.1	25.9	25.9	25.8	25.7	25.9	25.4	26.0	
Q/q %, SAAR	4.0	7.8	0.8	4.6	1.7	-3.3	-0.6	-0.6					
Y/y %	-0.2	2.9	4.8	4.3	3.4	0.9	0.4	-0.7	3.2	0.8	1.1	2.2	
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	-2.9	-3.2	-3.3	-3.4	-3.4	-3.4	-3.4	-3.4	-3.3	-3.4	-2.8	-3.5	
Exports of goods and services	91.5	91.2	90.8	90.8	91.0	91.2	91.4	91.6	91.1	91.3	91.2	91.1	
Q/q %, SAAR	-0.2	-1.1	-1.7	-0.2	1.0	0.9	0.9	0.9					
Y/y %	-2.9	-1.1	-2.8	-0.8	-0.6	-0.0	0.7	0.9	-1.9	0.3	-2.3	-0.2	
Imports of goods and services	94.4	94.4	94.1	94.2	94.4	94.6	94.8	95.0	94.4	94.7	94.0	94.6	
Q/q %, SAAR	6.7	0.0	-1.2	0.4	0.8	0.8	0.8	0.8					
Y/y %	-0.4	1.3	-3.1	1.5	0.1	0.0	0.8	0.8	-0.2	0.4	-0.9	0.6	

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	542.6	548.7	549.8	549.0	549.8	547.4	549.7	555.4	547.5	550.5	545.1	548.9	
Q/q %, SAAR	2.5	4.6	0.8	-0.6	0.6	-1.7	1.7	4.2					
Y/y %	1.4	2.3	2.4	1.8	1.4	-0.3	-0.0	1.1	2.0	0.5	1.7	0.7	
Domestic demand	539.1	541.5	544.7	544.9	546.5	547.0	551.9	552.7	542.6	549.5	540.0	547.5	
Q/q %, SAAR	3.2	1.8	2.4	0.1	1.2	0.4	3.6	0.6					
Y/y %	1.7	2.0	2.7	1.9	1.5	0.9	1.3	1.4	2.1	1.3	1.8	1.4	
Private demand	404.0	406.4	409.5	409.1	411.2	411.7	416.3	416.3	407.3	413.9	405.2	412.0	
Q/q %, SAAR	3.1	2.4	3.1	-0.3	2.0	0.5	4.5	0.0					
Y/y %	1.7	2.2	3.2	2.1	1.8	1.1	1.7	1.8	2.3	1.6	2.0	1.7	
Final consumption	303.4	301.5	303.9	304.3	304.1	305.3	306.7	306.5	303.2	305.7	302.5	305.1	
Q/q %, SAAR	3.2	-2.5	3.2	0.5	-0.2	1.6	1.8	-0.3					
Y/y %	2.1	0.8	1.6	1.0	0.3	1.2	0.9	0.7	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	8.0	-3.9	-10.9	-7.8	-5.4	3.8	7.1	2.4					
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	84.1	86.0	86.7	87.6	90.0	88.2	90.7	90.7	86.1	89.9	85.0	89.1	
Q/q %, SAAR	3.8	9.0	3.6	3.9	11.6	-7.7	11.9	0.0					
Y/y %	4.5	6.1	6.2	4.7	7.6	2.1	4.8	3.4	5.4	4.4	4.5	4.7	
Change in inventories	-1.2	1.4	1.9	0.6	0.6	1.5	1.9	2.1	0.7	1.6	0.3	1.2	
Public demand	135.1	135.1	135.2	135.8	135.3	135.3	135.6	136.4	135.2	135.6	134.8	135.5	
Q/q %, SAAR	3.5	-0.0	0.4	1.5	-1.3	0.0	0.9	2.3					
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	108.2	108.0	108.4	108.9	109.3	107.6	108.6	107.2	108.4	
Q/q %, SAAR	0.9	1.7	0.0	2.6	-0.9	1.7	1.9	1.4					
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	27.9	27.5	27.6	27.5	27.3	26.9	26.7	27.1	27.6	27.0	27.5	27.1	
Q/q %, SAAR	12.0	-5.9	1.6	-2.0	-2.2	-6.1	-3.4	6.4					
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	3.5	7.2	5.1	4.1	3.3	0.4	-2.2	2.7	4.9	1.0	5.1	1.4	
Exports of goods and services	94.7	97.7	100.0	100.8	102.1	100.9	101.2	98.0	98.3	100.5	96.9	101.3	
Q/q %, SAAR	-0.8	13.1	9.7	3.2	5.4	-4.7	1.2	-12.2					
Y/y %	10.5	14.6	11.8	5.7	7.8	3.6	1.3	-3.1	10.5	2.3	11.2	4.5	
Imports of goods and services	91.3	90.5	94.9	96.6	98.8	100.5	103.4	95.3	93.3	99.5	91.8	99.9	
Q/q %, SAAR	3.4	-3.4	20.8	7.7	9.2	7.0	12.1	-27.9					
Y/y %	13.0	13.5	14.3	6.6	8.4	11.1	9.1	-1.7	11.7	6.6	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	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	557.8	558.8	558.3	560.3	561.9	563.1	564.1	565.0	558.9	563.5	557.7	562.4	
Q/q %, SAAR	1.7	0.7	-0.3	1.4	1.2	0.8	0.7	0.6					
Y/y %	1.6	2.1	1.6	0.9	0.7	0.7	1.0	0.8	1.5	0.8	1.6	0.8	
Domestic demand	557.2	558.2	557.9	560.0	561.6	562.7	563.7	564.6	558.6	563.2	556.7	562.1	
Q/q %, SAAR	3.3	0.7	-0.3	1.5	1.2	0.8	0.7	0.6					
Y/y %	2.1	2.1	1.1	1.4	0.7	0.8	1.0	0.8	1.7	0.8	1.7	1.0	
Private demand	419.6	420.3	418.4	419.9	421.1	422.1	422.8	423.4	419.7	422.4	418.7	421.5	
Q/q %, SAAR	3.2	0.7	-1.7	1.4	1.1	1.0	0.6	0.5					
Y/y %	2.1	2.2	0.5	0.9	0.3	0.4	1.0	0.8	1.4	0.6	1.6	0.7	
Final consumption	308.6	309.8	308.2	309.2	309.9	310.7	311.1	311.6	309.0	310.9	308.3	310.3	
Q/q %, SAAR	2.8	1.6	-2.1	1.4	1.0	1.0	0.6	0.6					
Y/y %	1.5	1.5	0.5	0.9	0.4	0.3	1.0	0.8	1.1	0.6	1.0	0.6	
Residential investment	17.1	17.1	17.0	17.0	17.1	17.1	17.1	17.1	17.0	17.1	17.0	17.1	
Q/q %, SAAR	1.4	-0.0	-0.1	-0.3	1.0	0.4	0.4	0.4					
Y/y %	3.7	2.7	0.9	0.3	0.2	0.3	0.4	0.5	1.8	0.3	2.2	0.3	
Non-residential investment	92.0	91.8	91.6	92.1	92.3	92.6	92.8	93.0	92.0	92.8	91.6	92.5	
Q/q %, SAAR	5.6	-0.7	-0.8	1.8	1.2	1.2	1.0	0.5					
Y/y %	2.8	4.4	0.9	1.6	0.1	0.7	1.4	0.9	2.3	0.8	2.9	1.0	
Change in inventories	2.0	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.7	
Public demand	137.6	137.9	139.4	140.1	140.5	140.6	140.9	141.2	138.9	140.8	137.9	140.5	
Q/q %, SAAR	3.6	0.9	4.4	1.9	1.3	0.3	0.8	0.8					
Y/y %	1.9	1.9	2.9	2.8	1.9	1.9	1.0	0.8	2.4	1.4	1.8	1.9	
Government final consumption	110.1	109.9	111.1	111.4	111.7	111.9	112.2	112.5	110.6	112.1	110.1	111.8	
Q/q %, SAAR	3.1	-1.0	4.5	1.0	1.0	1.0	1.0	1.0					
Y/y %	2.1	1.3	2.0	1.9	1.3	1.9	1.0	1.0	1.8	1.3	1.6	1.5	
Fixed investment	27.5	28.0	28.3	28.7	28.8	28.6	28.6	28.6	28.2	28.7	27.8	28.7	
Q/q %, SAAR	5.8	8.6	4.1	5.2	2.3	-2.7	0.0	0.0					
Y/y %	1.1	4.2	6.5	5.9	4.7	2.2	1.0	-0.1	4.7	1.7	2.6	3.4	
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	0.6	0.6	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.3	1.0	0.3	
Exports of goods and services	97.7	97.4	97.1	97.1	97.4	97.8	98.1	98.4	97.3	97.9	97.5	97.6	
Q/q %, SAAR	-1.2	-1.1	-1.4	0.2	1.4	1.3	1.3	1.3					
Y/y %	-4.2	-3.6	-4.1	-0.7	-0.3	0.4	1.1	1.2	-3.2	0.6	-3.8	0.1	
Imports of goods and services	97.1	96.8	96.6	96.8	97.1	97.4	97.7	98.0	96.9	97.6	96.4	97.3	
Q/q %, SAAR	7.9	-1.2	-0.8	0.8	1.2	1.2	1.2	1.2					
Y/y %	-1.6	-3.7	-6.6	1.7	-0.0	0.6	1.1	1.1	-2.7	0.7	-3.5	0.9	

Source: Compiled by DIR.

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

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

E: DIR estimate.

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

	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	102.6	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	-0.3	0.0	0.0	0.3					
Y/y %	-0.3	0.2	0.0	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	101.4	101.9	102.0	101.8	101.5	101.8	101.3	101.8	
Q/q %, SAAR	-0.0	0.1	0.3	0.3	-0.4	0.5	0.1	-0.2					
Y/y %	0.0	0.2	0.3	0.8	0.2	0.6	0.4	0.1	0.3	0.4	0.2	0.5	
Private residential investment	106.4	107.2	107.6	108.1	108.7	108.9	109.3	109.3	107.3	109.0	106.9	108.7	
Q/q %, SAAR	0.0	0.8	0.3	0.5	0.5	0.2	0.4	0.0					
Y/y %	1.6	2.1	1.8	1.6	2.2	1.5	1.6	1.1	1.8	1.6	1.7	1.7	
Private non-residential investment	101.6	102.0	102.2	102.2	102.4	103.1	103.2	102.8	102.0	102.9	101.8	102.7	
Q/q %, SAAR	0.0	0.5	0.2	-0.0	0.2	0.6	0.1	-0.4					
Y/y %	0.5	1.0	1.0	0.7	1.0	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	101.0	101.2	101.0	101.4	101.1	101.2	100.9	101.2	
Q/q %, SAAR	0.4	0.1	-0.0	0.4	-0.3	0.2	-0.2	0.4					
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	105.3	106.0	106.3	106.9	107.5	107.8	108.3	108.5	106.2	108.0	105.7	107.6	
Q/q %, SAAR	0.1	0.7	0.3	0.5	0.6	0.3	0.4	0.2					
Y/y %	1.6	2.2	1.8	1.5	2.1	1.6	1.8	1.5	1.8	1.7	1.7	1.7	
Exports of goods and services	106.6	107.6	108.0	107.8	108.4	109.4	108.4	107.0	107.5	108.2	107.4	108.5	
Q/q %, SAAR	-0.3	0.9	0.4	-0.2	0.5	0.9	-0.9	-1.3					
Y/y %	3.4	7.0	4.8	0.4	1.8	1.9	0.2	-1.0	3.8	0.7	4.1	1.1	
Imports of goods and services	99.2	99.3	101.5	102.9	104.3	107.3	106.6	102.6	100.8	105.2	100.0	105.3	
Q/q %, SAAR	-0.8	0.2	2.2	1.3	1.4	2.9	-0.7	-3.7					
Y/y %	8.3	10.5	8.7	2.9	5.3	8.1	4.8	-0.4	7.5	4.4	8.6	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	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2019	2020	2019	2020	
	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	
Gross domestic expenditure	103.0	103.2	103.5	103.6	103.7	103.8	103.8	103.9	103.4	103.8	103.2	103.8	
Q/q %, SAAR	-0.0	0.2	0.3	0.1	0.1	0.1	0.0	0.0					
Y/y %	0.4	0.5	0.8	0.6	0.7	0.6	0.3	0.2	0.6	0.5	0.5	0.5	
Private final consumption	101.9	102.0	102.1	102.2	102.3	102.4	102.4	102.4	102.1	102.4	102.0	102.3	
Q/q %, SAAR	0.1	0.1	0.1	0.1	0.1	0.1	-0.0	0.0					
Y/y %	0.5	0.1	0.1	0.3	0.4	0.4	0.3	0.2	0.2	0.3	0.2	0.4	
Private residential investment	109.4	109.6	111.2	111.3	111.4	111.5	111.6	111.8	110.4	111.6	109.9	111.5	
Q/q %, SAAR	0.1	0.1	1.5	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.7	0.6	1.7	1.8	1.8	1.8	0.4	0.4	1.2	1.1	1.0	1.4	
Private non-residential investment	102.7	102.7	102.9	103.0	103.0	103.1	103.2	103.2	102.9	103.2	102.8	103.1	
Q/q %, SAAR	-0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.3	-0.3	-0.3	0.2	0.3	0.4	0.3	0.3	-0.0	0.3	0.1	0.3	
Government final consumption	101.2	101.4	102.3	102.4	102.4	102.5	102.6	102.6	101.9	102.6	101.7	102.5	
Q/q %, SAAR	-0.2	0.2	0.9	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.2	0.2	1.3	1.0	1.2	1.1	0.2	0.2	0.7	0.7	0.5	0.9	
Public fixed investment	108.9	109.2	110.0	110.2	110.3	110.5	110.6	110.8	109.6	110.6	109.2	110.4	
Q/q %, SAAR	0.4	0.2	0.8	0.1	0.1	0.1	0.1	0.1					
Y/y %	1.3	1.3	1.6	1.6	1.3	1.2	0.6	0.6	1.5	0.9	1.5	1.1	
Exports of goods and services	106.8	106.8	106.9	107.0	107.1	107.2	107.3	107.4	106.8	107.2	106.8	107.1	
Q/q %, SAAR	-0.2	-0.0	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	-1.4	-2.5	-1.4	0.1	0.3	0.5	0.4	0.3	-1.3	0.4	-1.6	0.3	
Imports of goods and services	102.9	102.5	102.7	102.8	102.9	103.0	103.1	103.2	102.6	103.0	102.6	102.9	
Q/q %, SAAR	0.3	-0.3	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	-1.2	-4.9	-3.6	0.2	-0.1	0.6	0.4	0.4	-2.4	0.3	-2.6	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	
<b>1) Q/q %</b>													
GDP growth rate	0.4	0.7	0.3	-0.1	0.4	-0.5	0.4	0.7	1.9	0.7	1.9	0.8	
Domestic demand	0.7	0.2	0.4	-0.2	0.4	-0.3	0.8	0.3	1.5	0.8	1.3	0.7	
Private demand	0.5	0.3	0.4	-0.2	0.5	-0.3	0.7	0.2	1.3	0.8	1.2	0.8	
Private consumption	0.4	-0.4	0.3	-0.1	0.2	-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	0.5	0.1	-0.2	-0.1	0.2	0.1	0.1	0.1	0.1	-0.0	0.2	
Public demand	0.1	-0.1	0.0	-0.0	-0.0	-0.0	0.1	0.1	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	0.1	-0.1	0.0	-0.0	-0.1	-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	-0.2	0.5	-0.1	0.1	-0.0	-0.2	-0.4	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	0.3	1.1	0.6	
Imports of goods and services	-0.3	0.2	-0.4	-0.1	-0.1	0.2	-0.6	0.8	-0.6	-0.4	-0.5	-0.6	
<b>2) Y/y %</b>													
GDP growth rate	1.7	2.2	2.4	1.3	1.5	0.1	0.3	1.0	1.9	0.7	1.9	0.8	
Domestic demand	1.3	1.4	2.1	1.0	1.0	0.2	0.8	1.2	1.5	0.8	1.3	0.7	
Private demand	1.1	1.4	1.9	0.9	1.0	0.3	0.9	1.1	1.3	0.8	1.2	0.8	
Private consumption	1.1	0.4	0.7	0.1	0.1	0.3	0.3	0.4	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	0.5	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	0.3	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	-0.4	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	-0.7	0.2	-0.6	-0.4	-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	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)	
<b>1) Q/q %</b>													
GDP growth rate	0.4	0.0	-0.4	0.3	0.2	0.1	0.1	0.1	0.9	0.4	1.1	0.3	
Domestic demand	0.7	0.1	-0.4	0.3	0.2	0.1	0.1	0.1	1.2	0.4	1.4	0.4	
Private demand	0.5	0.1	-0.5	0.2	0.1	0.1	0.1	0.1	0.9	0.2	1.1	0.2	
Private consumption	0.3	0.2	-0.4	0.1	0.1	0.1	0.1	0.1	0.5	0.2	0.5	0.2	
Residential investment	0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	-0.0	
Private fixed investment	0.2	-0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.4	0.1	0.4	0.1	
Change in private inventories	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	0.1	-0.0	
Public demand	0.2	-0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.4	0.2	0.3	0.2	
Government final consumption	0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.1	
Public fixed investment	0.0	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	-0.0	
Net exports of goods and services	-0.3	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	-0.3	-0.0	-0.2	-0.1	
Exports of goods and services	-0.0	-0.0	-0.1	-0.0	0.0	0.0	0.0	0.0	-0.3	0.0	-0.4	-0.0	
Imports of goods and services	-0.3	0.0	0.1	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.1	0.2	-0.1	
<b>2) Y/y %</b>													
GDP growth rate	1.2	1.6	0.7	0.3	-0.0	0.1	0.7	0.6	0.9	0.4	1.1	0.3	
Domestic demand	1.6	1.9	0.6	0.8	0.1	0.2	0.8	0.6	1.2	0.4	1.4	0.4	
Private demand	1.3	1.6	0.3	0.4	-0.1	-0.0	0.6	0.5	0.9	0.2	1.1	0.2	
Private consumption	0.6	0.8	0.2	0.3	0.0	-0.1	0.4	0.3	0.5	0.2	0.5	0.2	
Residential investment	0.1	0.1	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0	-0.0	
Private fixed investment	0.4	0.7	0.2	0.3	-0.0	0.1	0.2	0.1	0.4	0.1	0.4	0.1	
Change in private inventories	0.2	-0.0	-0.1	-0.2	-0.0	0.0	0.0	0.0	-0.0	0.0	0.1	-0.0	
Public demand	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.1	0.4	0.2	0.3	0.2	
Government final consumption	0.4	0.2	0.1	0.2	0.0	0.2	0.2	0.2	0.2	0.1	0.2	0.1	
Public fixed investment	-0.0	0.1	0.2	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	-0.0	
Net exports of goods and services	-0.4	-0.4	0.1	-0.4	-0.1	-0.0	-0.0	0.0	-0.3	-0.0	-0.2	-0.1	
Exports of goods and services	-0.5	-0.2	-0.5	-0.1	-0.1	-0.0	0.1	0.1	-0.3	0.0	-0.4	-0.0	
Imports of goods and services	0.1	-0.2	0.6	-0.3	-0.0	-0.0	-0.1	-0.1	0.0	-0.1	0.2	-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	2017	2018	2017	2018	
<b>1) World economy</b>													
Economic growth of major trading partners													
Y/y %	4.0	4.3	4.1	4.3	4.2	3.7	3.4	3.2	4.2	3.6	4.1	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	
<b>2) US economy</b>													
Real GDP (chained [2012]; \$ bil; SAAR)	18,021	18,164	18,323	18,438	18,598	18,733	18,784	18,927	18,236	18,760	18,108	18,638	
Q/q %, SAAR	2.2	3.2	3.5	2.6	3.5	2.9	1.1	3.1					
Y/y %	2.2	2.4	2.8	2.9	3.2	3.1	2.5	2.7	2.6	2.9	2.4	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	-0.1					
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 (%)	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	2.65	2.41	2.88	2.33	2.91	
<b>3) Japanese economy</b>													
Nominal government final consumption													
Y tri; SAAR	107.1	107.5	107.5	108.2	108.0	108.4	108.9	109.3	107.6	108.6	107.2	108.4	
Q/q %, SAAR	0.9	1.7	0.0	2.6	-0.9	1.7	1.9	1.4					
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 tri; SAAR	27.9	27.5	27.6	27.5	27.3	26.9	26.7	27.1	27.6	27.0	27.5	27.1	
Q/q %, SAAR	12.0	-5.9	1.6	-2.0	-2.2	-6.1	-3.4	6.4					
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	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)
<b>1) World economy</b>												
Economic growth of major trading partners												
Y/y %	3.0	3.0	3.1	3.3	3.4	3.4	3.4	3.4	3.1	3.4	3.1	3.4
Crude oil price (WTI futures; \$/bbl)	59.9	55.8	55.0	55.0	55.0	55.0	55.0	55.0	56.4	55.0	56.4	55.0
Y/y %	-11.8	-19.6	-7.3	0.2	-8.2	-1.5	0.0	0.0	-10.3	-2.6	-13.1	-2.5
<b>2) US economy</b>												
Real GDP (chained [2012]; \$ bil; SAAR)	19,024	19,137	19,236	19,329	19,416	19,504	19,589	19,671	19,181	19,545	19,081	19,459
Q/q %, SAAR	2.1	2.4	2.1	1.9	1.8	1.8	1.8	1.7				
Y/y %	2.3	2.2	2.4	2.1	2.1	1.9	1.8	1.8	2.2	1.9	2.4	2.0
Consumer Price Index (1982-84 avg=100)	255.1	256.3	257.9	259.2	260.6	261.9	263.3	264.7	257.1	262.6	255.7	261.3
Q/q %, SAAR	2.9	1.8	2.5	2.1	2.1	2.1	2.1	2.0				
Y/y %	1.8	1.8	2.0	2.3	2.1	2.2	2.1	2.1	2.0	2.1	1.8	2.2
Producer Price Index (Final demand; 2009.Nov=100)	118.2	118.7	119.4	120.0	120.6	121.2	121.8	122.3	119.1	121.4	118.4	120.8
Q/q %, SAAR	2.9	1.8	2.3	1.9	2.0	2.0	2.0	1.9				
Y/y %	1.9	1.9	1.7	2.2	2.0	2.0	2.0	2.0	1.9	2.0	1.9	2.1
FF rate (%)	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
(Target rate for the forecast period, end-period)												
Government bond yield (10 year; %)	2.33	1.90	1.87	1.94	1.94	1.97	1.98	1.97	2.01	1.96	2.19	1.96
<b>3) Japanese economy</b>												
Nominal government final consumption												
Y tri; SAAR	110.1	109.9	111.1	111.4	111.7	111.9	112.2	112.5	110.6	112.1	110.1	111.8
Q/q %, SAAR	3.1	-1.0	4.5	1.0	1.0	1.0	1.0	1.0				
Y/y %	2.1	1.3	2.0	1.9	1.3	1.9	1.0	1.0	1.8	1.3	1.6	1.5
Nominal public fixed investment												
Y tri; SAAR	27.5	28.0	28.3	28.7	28.8	28.6	28.6	28.6	28.2	28.7	27.8	28.7
Q/q %, SAAR	5.8	8.6	4.1	5.2	2.3	-2.7	0.0	0.0				
Y/y %	1.1	4.2	6.5	5.9	4.7	2.2	1.0	-0.1	4.7	1.7	2.6	3.4
Exchange rate (Y/\$)	109.8	107.1	106.5	106.5	106.5	106.5	106.5	106.5	107.5	106.5	108.4	106.5
(Y/€)	122.9	119.8	119.0	119.0	119.0	119.0	119.0	119.0	120.2	119.0	121.7	119.0

Source: Compiled by DIR.

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

E: DIR estimate.