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Japan's Economic Outlook No. 203 (Summary)

Economy cruising at low altitude, but avoiding bottom falling out. In this report we examine the following: (1) Future of decoupling of domestic and overseas demand, (2) Advanced nations retain fiscal strength

Japan to see real GDP growth of +0.8% in FY19 and +0.4% in FY20, with nominal GDP growth of +1.4% in FY19 and +1.0% in FY20.

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Summary

- **Revised economic outlook: FY2019 +0.8%, FY2020 +0.4%:** In light of the 1st preliminary Jul-Sep 2019 GDP release we have revised our outlook for the Japanese economy. We now expect FY2019 to record growth of +0.8% in comparison with the same period of the previous year, while FY2020 is seen at +0.4%. There are no major changes in comparison to the last period. As for the future of Japan's economy, it will likely continue at a low level of growth just below the potential growth rate. The major concern regarding recent developments in Japan's economy is stagnant exports. Until now it was assumed that favorable results for domestic demand would offset stagnant overseas demand. However, considering the reaction to last minute demand and the negative income effect which accompanies the increase in consumption tax, it would be difficult to predict strong growth in domestic demand in the future.

On the other hand, exports to some destinations and exports in some industries show signs of an end coming to declines, and the growth rate has been able to avoid the bottom falling out.

- **(1) Will decoupling of domestic and overseas demand continue?:** Domestic demand has remained favorable despite the slowdown in exports because exports of certain items manage to maintain underlying strength while overall exports experience a moderate decline. In addition, the ripple effect of declining exports has spread through mainly smaller industries as of this point. But the possibilities are growing that some larger industries such as transport equipment, which has managed to maintain favorable performance until now, may begin experience a slowdown in exports in the future, and this type of industry can create a larger ripple effect. As for domestic demand, which has maintained favorability up to this point, danger of a slowdown is expected to occur in the future. On the other hand, exports of high tech related products, which had been soft now, are showing signs of bottoming out. There is not much of a chance that the bottom will fall out of exports overall, and as domestic demand slows down, the divergence between domestic and overseas demand will grow smaller, and they will move closer to convergence.
- **(2) International comparison of fiscal strength, and the direction of Japan's fiscal policy:** In a comparison of 32 advanced nations looking at fiscal strength and GDP gap, Germany and the UK show great fiscal strength, while at the same time exhibiting a major need for economic stimulus. Conversely, Japan and the US have less fiscal strength, but nor do they show much need for economic stimulus. Expansion of fiscal expenditure should be carried out with an eye to wise spending, while fiscal strength should be increased when economic conditions are good. It is important to focus government spending on projects that contribute to strengthening the private sector's growth potential, as well as measures oriented toward increase in medium to long-term expenditure. Japan's social capital stock is fairly high from an international perspective, but social capital, such as that going into disaster prevention and reduction, shows room for improvement in preparedness and infrastructure.
- **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 +5.3%, and +2.4% in FY20.
- Average exchange rate of Y108.5/\$ in FY19, and Y108.5/\$ in FY20.
- US real GDP growth of +2.3% in CY19, and +2.0% in CY20.

Main Economic Indicators and Real GDP Components

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	FY18	FY19 (Estimate)	FY20 (Estimate)	CY18	CY19 (Estimate)	CY20 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	0.5	1.4	1.0	0.7	1.5	1.0
Real GDP (chained [2011]; y/y %)	0.7	0.8	0.4	0.8	0.9	0.3
Domestic demand (contribution, % pt)	0.8	1.1	0.5	0.8	1.2	0.5
Foreign demand (contribution, % pt)	-0.1	-0.3	-0.0	-0.0	-0.3	-0.1
GDP deflator (y/y %)	-0.2	0.7	0.5	-0.1	0.5	0.6
Index of All-industry Activity (y/y %)*	0.8	0.6	0.6	1.1	0.6	0.6
Index of Industrial Production (y/y %)	0.2	-1.6	0.2	1.1	-1.7	-0.2
Index of Tertiary Industry Activity (y/y %)	1.1	1.0	0.7	1.2	1.1	0.7
Corporate Goods Price Index (y/y %)	2.2	0.9	1.5	2.6	0.5	2.0
Consumer Price Index (excl. fresh food; y/y %)	0.8	0.5	0.3	0.8	0.6	0.3
Unemployment rate (%)	2.4	2.3	2.4	2.4	2.3	2.4
Government bond yield (10 year; %)	0.04	-0.10	-0.03	0.07	-0.10	-0.03
Balance of payments						
Trade balance (Y tril)	0.7	-0.3	0.1	1.2	-0.2	0.1
Current balance (\$100 mil)	1,735	1,842	1,882	1,741	1,801	1,877
Current balance (Y tril)	19.2	20.1	20.6	19.2	19.6	20.4
(% of nominal GDP)	3.5	3.6	3.6	3.5	3.5	3.6
Real GDP components (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	0.4 (0.2)	0.6 (0.3)	0.3 (0.2)	0.4 (0.2)	0.6 (0.3)	0.2 (0.1)
Private housing investment	-4.3 (-0.1)	1.8 (0.1)	-1.6 (-0.0)	-5.8 (-0.2)	2.3 (0.1)	-1.7 (-0.1)
Private fixed investment	3.5 (0.6)	1.7 (0.3)	0.8 (0.1)	3.9 (0.6)	2.0 (0.3)	1.0 (0.2)
Government final consumption	0.9 (0.2)	2.2 (0.4)	0.9 (0.2)	0.8 (0.2)	1.9 (0.4)	1.2 (0.2)
Public fixed investment	-4.0 (-0.2)	3.8 (0.2)	1.5 (0.1)	-3.3 (-0.2)	1.6 (0.1)	2.9 (0.1)
Exports of goods and services	1.6 (0.3)	-1.7 (-0.3)	0.1 (0.0)	3.4 (0.6)	-2.1 (-0.4)	-0.3 (-0.1)
Imports of goods and services	2.2 (-0.4)	0.2 (-0.0)	0.2 (-0.0)	3.4 (-0.6)	-0.5 (0.1)	0.5 (-0.1)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	3.6	2.9	3.0	3.9	3.0	3.0
Crude oil price (WTI futures; \$/bbl)	62.9	57.3	57.0	64.9	56.8	57.0
2. US economy						
US real GDP (chained [2012]; y/y %)	2.9	2.2	2.0	2.9	2.3	2.0
US Consumer Price Index (y/y %)	2.3	1.9	1.9	2.4	1.8	1.9
3. Japanese economy						
Nominal public fixed investment (y/y %)	-2.3	5.3	2.4	-1.6	3.1	4.1
Exchange rate (¥/\$)	110.9	108.5	108.5	110.4	109.0	108.5
(¥/€)	128.3	120.4	120.0	130.0	121.7	120.0

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 203)		Previous outlook (Outlook 202 Update)		Difference between previous and current outlooks	
	FY19	FY20	FY19	FY20	FY19	FY20
Main economic indicators						
Nominal GDP (y/y %)	1.4	1.0	1.3	0.8	0.1	0.1
Real GDP (chained [2011]; y/y %)	0.8	0.4	0.8	0.4	-0.0	0.1
Domestic demand (contribution, % pt)	1.1	0.5	1.1	0.4	0.1	0.1
Foreign demand (contribution, % pt)	-0.3	-0.0	-0.3	-0.0	-0.1	0.0
GDP deflator (y/y %)	0.7	0.5	0.6	0.5	0.1	0.1
Index of All-industry Activity (y/y %)*	0.6	0.6	0.6	0.5	0.0	0.1
Index of Industrial Production (y/y %)	-1.6	0.2	-1.4	0.8	-0.1	-0.6
Index of Tertiary Industry Activity (y/y %)	1.0	0.7	1.0	0.4	0.0	0.3
Corporate Goods Price Index (y/y %)	0.9	1.5	1.8	2.0	-0.9	-0.5
Consumer Price Index (excl. fresh food; y/y %)	0.5	0.3	0.6	0.3	-0.0	-0.1
Unemployment rate (%)	2.3	2.4	2.4	2.4	-0.1	-0.0
Government bond yield (10 year; %)	-0.10	-0.03	-0.16	-0.20	0.07	0.17
Balance of payments						
Trade balance (Y tril)	-0.3	0.1	-1.1	-1.1	0.8	1.3
Current balance (\$100 mil)	1,842	1,882	1,778	1,780	64	103
Current balance (Y tril)	20.1	20.6	19.3	19.2	0.8	1.4
(% of nominal GDP)	3.6	3.6	3.5	3.4	0.1	0.2
Real GDP components (chained [2011]; y/y %)						
Private final consumption	0.6	0.3	0.7	0.3	-0.2	0.0
Private housing investment	1.8	-1.6	0.6	-0.8	1.2	-0.8
Private fixed investment	1.7	0.8	1.1	0.7	0.6	0.1
Government final consumption	2.2	0.9	1.3	0.6	0.9	0.2
Public fixed investment	3.8	1.5	3.4	0.6	0.5	0.9
Exports of goods and services	-1.7	0.1	-1.9	0.3	0.1	-0.2
Imports of goods and services	0.2	0.2	-0.2	0.4	0.4	-0.2
Major assumptions:						
1. World economy						
Economic growth of major trading partners	2.9	3.0	3.2	3.4	-0.2	-0.4
Crude oil price (WTI futures; \$/bbl)	57.3	57.0	57.0	56.0	0.3	1.0
2. US economy						
US real GDP (chained [2012]; y/y %)	2.2	2.0	2.2	1.9	-0.1	0.1
US Consumer Price Index (y/y %)	1.9	1.9	2.0	2.1	-0.1	-0.3
3. Japanese economy						
Nominal public fixed investment (y/y %)	5.3	2.4	4.9	1.5	0.4	0.9
Exchange rate (Y/\$)	108.5	108.5	107.7	107.0	0.8	1.5
(Y/€)	120.4	120.0	119.5	118.0	0.9	2.0

Source: Compiled by DIR.

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

* Excl. agriculture, forestry, and fisheries.

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	548.8	549.8	548.9	550.0	547.6	549.7	554.7		547.5	550.4	545.1	548.9
Q/q %	0.6	1.2	0.2	-0.2	0.2	-0.4	0.4	0.9					
Q/q %, SAAR	2.5	4.7	0.7	-0.6	0.8	-1.8	1.5	3.7					
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)	528.6	532.4	534.0	533.2	536.1	533.3	535.4	538.1	531.9	535.6		530.2	534.3
Q/q %	0.5	0.7	0.3	-0.1	0.5	-0.5	0.4	0.5					
Q/q %, SAAR	1.9	2.9	1.2	-0.6	2.2	-2.0	1.5	2.0					
Y/y %	1.7	2.2	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	0.7	0.2	0.4	-0.2	0.5	-0.4	0.8	0.1	1.5	0.8		1.3	0.8
Foreign demand	-0.2	0.6	-0.1	0.1	-0.0	-0.1	-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	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)	556.8	558.5	558.3	559.9	562.0	563.5	564.3	565.2		558.3	563.7	557.0	562.4
Q/q %	0.4	0.3	-0.0	0.3	0.4	0.3	0.1	0.2					
Q/q %, SAAR	1.5	1.2	-0.2	1.2	1.5	1.1	0.5	0.6					
Y/y %	1.3	1.9	1.6	0.9	0.9	0.9	1.1	0.9	1.4	1.0	1.5	1.0	
Real GDP (chained [2011]; SAAR; Y tril)	540.5	540.8	538.3	539.4	541.0	542.0	542.5	543.2		539.6	542.0	539.2	541.1
Q/q %	0.4	0.1	-0.5	0.2	0.3	0.2	0.1	0.1					
Q/q %, SAAR	1.8	0.2	-1.8	0.8	1.1	0.7	0.4	0.5					
Y/y %	0.9	1.3	0.5	0.2	0.0	0.3	0.8	0.7	0.8	0.4	0.9	0.3	
Contribution to GDP growth (% pt)													
Domestic demand	0.7	0.2	-0.5	0.3	0.3	0.1	0.1	0.1	1.1	0.5	1.2	0.5	
Foreign demand	-0.3	-0.2	0.1	-0.1	0.0	0.0	-0.0	0.0	-0.3	-0.0	-0.3	-0.1	
GDP deflator (y/y %)	0.4	0.6	1.0	0.7	0.8	0.7	0.3	0.2	0.7	0.5	0.5	0.6	
Index of All-Industry Activity (2010=100)	106.4	106.9	106.4	106.6	106.9	107.2	107.3	107.4	106.5	107.1	106.4	107.0	
Q/q %; y/y %	0.4	0.5	-0.5	0.2	0.3	0.2	0.1	0.1	0.6	0.6	0.6	0.6	
Index of Industrial Production (2015=100)	103.0	102.5	101.6	101.7	102.0	102.3	102.6	102.8	102.1	102.4	102.5	102.2	
Q/q %; y/y %	0.7	-0.5	-0.8	0.1	0.3	0.3	0.3	0.3	-1.6	0.2	-1.7	-0.2	
Index of Tertiary Industry Activity (2010=100)	106.9	107.7	107.3	107.6	107.9	108.1	108.2	108.3	107.3	108.1	107.1	107.9	
Q/q %; y/y %	0.2	0.8	-0.4	0.3	0.3	0.2	0.1	0.1	1.0	0.7	1.1	0.7	
Corporate Goods Price Index components (2015=100)													
Domestic Company Goods Price Index	101.6	101.0	103.4	103.6	103.8	103.9	104.0	104.1	102.4	103.9	101.8	103.8	
Y/y %	0.6	-0.9	1.4	2.4	2.1	2.9	0.5	0.4	0.9	1.5	0.5	2.0	
CPI (excl. fresh food; 2015=100)	101.7	101.6	102.0	101.8	101.9	102.0	102.2	102.1	101.8	102.0	101.7	102.0	
Y/y %	0.8	0.5	0.5	0.5	0.2	0.4	0.2	0.2	0.5	0.3	0.6	0.3	
Unemployment rate (%)	2.4	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.3	2.4	2.3	2.4	
Government bond yield (10 year; %)	-0.10	-0.22	-0.03	-0.03	-0.03	-0.03	-0.03	-0.03	-0.10	-0.03	-0.10	-0.03	
Trade balance (SAAR; Y tril)	-1.6	0.1	0.3	-0.0	-0.1	0.3	0.2	0.2	-0.3	0.1	-0.2	0.1	
Current balance (SAAR; \$100 mil)	1,792	1,809	1,896	1,870	1,869	1,884	1,886	1,890	1,842	1,882	1,801	1,877	
Current balance (SAAR; Y tril)	19.7	19.4	20.6	20.3	20.3	20.4	20.5	20.5	20.1	20.6	19.6	20.4	
(% of nominal GDP)	3.5	3.5	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.5	3.6	
Exchange rate (Y/\$)	109.8	107.3	108.5	108.5	108.5	108.5	108.5	108.5	108.5	108.5	109.0	108.5	
(Y/Euro)	122.9	118.9	119.9	120.0	120.0	120.0	120.0	120.0	120.4	120.0	121.7	120.0	

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	528.6	532.4	534.0	533.2	536.1	533.3	535.4	538.1		531.9	535.6	530.2	534.3
Q/q %, SAAR	1.9	2.9	1.2	-0.6	2.2	-2.0	1.5	2.0					
Y/y %	1.7	2.2	2.4	1.3	1.5	0.1	0.3	0.9		1.9	0.7	1.9	0.8
Domestic demand	531.2	532.2	534.3	533.2	536.0	534.0	538.5	539.1		532.6	536.7	531.2	535.3
Q/q %, SAAR	3.0	0.7	1.6	-0.8	2.2	-1.5	3.4	0.4					
Y/y %	1.3	1.5	2.1	1.1	1.0	0.2	0.8	1.1		1.5	0.8	1.4	0.8
Private demand	398.4	399.8	401.7	400.5	403.7	402.1	406.0	406.1		400.1	404.4	398.8	403.0
Q/q %, SAAR	3.2	1.4	1.9	-1.2	3.2	-1.6	3.9	0.1					
Y/y %	1.4	1.8	2.6	1.4	1.3	0.4	1.1	1.4		1.8	1.1	1.7	1.1
Final consumption	299.9	297.8	299.2	298.9	299.9	299.6	300.6	300.6		298.9	300.1	298.7	299.7
Q/q %, SAAR	3.1	-2.8	1.9	-0.4	1.3	-0.3	1.4	-0.1					
Y/y %	2.1	0.7	1.2	0.2	0.1	0.6	0.5	0.5		1.0	0.4	1.1	0.4
Residential investment	16.7	16.3	15.8	15.4	15.2	15.2	15.4	15.6		16.0	15.4	16.3	15.3
Q/q %, SAAR	9.1	-7.9	-12.7	-9.1	-5.9	1.5	4.7	4.3					
Y/y %	5.2	1.0	-2.9	-5.6	-9.0	-6.6	-2.2	1.0		-0.7	-4.3	2.1	-5.8
Non-residential investment	83.0	84.2	85.0	85.4	88.2	85.4	88.1	87.8		84.4	87.4	83.5	86.7
Q/q %, SAAR	5.1	5.8	3.8	2.0	14.1	-12.3	13.3	-1.5					
Y/y %	3.9	5.1	5.2	4.0	6.6	1.2	3.9	2.7		4.6	3.5	3.9	3.9
Change in inventories	-1.2	1.5	1.8	0.9	0.4	1.8	1.8	2.2		0.8	1.6	0.4	1.2
Public demand	132.8	132.4	132.6	132.6	132.4	131.9	132.5	132.9		132.5	132.3	132.4	132.3
Q/q %, SAAR	2.3	-1.3	0.5	0.2	-0.8	-1.3	1.7	1.3					
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	1.0	0.3	1.3	0.2	0.8	3.0	-0.1					
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	26.6	25.9	26.0	25.8	25.5	24.8	24.6	25.0		26.0	24.9	26.0	25.2
Q/q %, SAAR	12.2	-10.0	1.2	-2.9	-4.3	-9.7	-3.8	7.4					
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	-3.3	-0.2	-0.8	-0.6	-0.6	-1.1	-3.7	-1.6		-1.2	-1.8	-1.5	-1.6
Exports of goods and services	88.7	90.9	92.6	93.4	94.1	92.4	93.4	91.5		91.4	92.9	90.3	93.4
Q/q %, SAAR	0.1	10.0	7.9	3.5	3.0	-7.1	4.6	-7.9					
Y/y %	6.9	7.1	6.7	5.2	5.9	1.6	1.1	-2.1		6.5	1.6	6.8	3.4
Imports of goods and services	92.0	91.1	93.4	94.0	94.7	93.5	97.1	93.1		92.6	94.6	91.8	94.9
Q/q %, SAAR	6.6	-4.1	10.9	2.4	3.1	-4.9	16.2	-15.6					
Y/y %	4.4	2.6	5.1	3.6	3.0	2.8	4.1	-1.2		4.0	2.2	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	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2018 (E)	2019 (E)	2019 (E)	2020 (E)
Gross domestic expenditure	540.5	540.8	538.3	539.4	541.0	542.0	542.5	543.2		539.6	542.0	539.2	541.1
Q/q %, SAAR	1.8	0.2	-1.8	0.8	1.1	0.7	0.4	0.5					
Y/y %	0.9	1.3	0.5	0.2	0.0	0.3	0.8	0.7		0.8	0.4	0.9	0.3
Domestic demand	543.0	544.1	541.2	542.7	544.2	545.0	545.6	546.2		542.7	545.1	541.7	544.3
Q/q %, SAAR	3.0	0.8	-2.1	1.1	1.1	0.6	0.5	0.5					
Y/y %	1.4	1.8	0.5	0.8	0.2	0.2	0.8	0.6		1.1	0.5	1.2	0.5
Private demand	408.3	408.6	405.4	406.3	407.4	408.0	408.4	409.0		407.0	408.1	406.9	407.5
Q/q %, SAAR	2.1	0.4	-3.1	0.9	1.1	0.6	0.4	0.5					
Y/y %	1.2	1.5	-0.2	0.1	-0.2	-0.1	0.8	0.7		0.7	0.3	1.0	0.1
Final consumption	302.3	303.4	300.4	301.2	302.1	302.5	302.8	303.3		301.8	302.7	301.6	302.1
Q/q %, SAAR	2.4	1.4	-3.9	1.0	1.3	0.5	0.4	0.6					
Y/y %	0.8	1.3	-0.1	0.2	-0.1	-0.3	0.8	0.7		0.6	0.3	0.6	0.2
Residential investment	15.7	15.9	15.6	15.5	15.4	15.4	15.4	15.4		15.6	15.4	15.7	15.4
Q/q %, SAAR	2.0	5.7	-7.4	-3.2	-1.6	-0.2	0.0	0.4					
Y/y %	3.0	4.1	1.0	-0.8	-1.7	-3.1	-1.2	-0.4		1.8	-1.6	2.3	-1.7
Non-residential investment	88.4	89.2	88.8	89.1	89.3	89.5	89.6	89.7		88.8	89.5	88.5	89.3
Q/q %, SAAR	2.8	3.5	-1.6	1.3	1.0	0.8	0.6	0.3					
Y/y %	0.4	4.2	0.7	1.6	0.9	0.5	1.0	0.6		1.7	0.8	2.0	1.0
Change in inventories	1.9	0.2	0.6	0.6	0.6	0.6	0.6	0.6		0.8	0.6	1.2	0.6
Public demand	134.7	135.5	135.8	136.4	136.7	137.0	137.1	137.3		135.7	137.0	134.7	136.8
Q/q %, SAAR	5.5	2.4	0.9	1.7	1.0	0.6	0.5	0.4					
Y/y %	1.9	2.8	2.6	2.7	1.4	1.0	1.0	0.6		2.5	1.0	1.8	1.5
Government final consumption	109.1	109.7	110.1	110.2	110.4	110.6	110.9	111.1		109.7	110.7	109.2	110.5
Q/q %, SAAR	4.8	2.2	1.3	0.4	0.8	0.8	0.8	0.8					
Y/y %	2.1	2.5	2.0	2.2	1.2	0.8	0.7	0.8		2.2	0.9	1.9	1.2
Fixed investment	25.6	25.8	25.7	26.2	26.3	26.3	26.3	26.2		25.9	26.3	25.6	26.3
Q/q %, SAAR	8.8	3.4	-0.8	7.5	1.7	-0.0	-0.6	-1.1					
Y/y %	0.9	4.0	4.9	4.8	2.6	2.0	2.0	-0.1		3.8	1.5	1.6	2.9
Change in inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Net exports of goods and services	-3.1	-3.9	-3.5	-3.8	-3.8	-3.6	-3.7	-3.6		-3.6	-3.7	-3.0	-3.7
Exports of goods and services	92.0	91.4	91.0	90.7	91.0	91.3	91.4	91.6		91.2	91.3	91.4	91.1
Q/q %, SAAR	2.0	-2.6	-1.7	-0.9	1.0	1.6	0.4	0.8					
Y/y %	-2.2	-1.2	-2.7	-0.8	-1.1	-0.0	0.6	0.9		-1.7	0.1	-2.1	-0.3
Imports of goods and services	95.1	95.3	94.4	94.6	94.8	94.9	95.1	95.2		94.8	95.0	94.4	94.9
Q/q %, SAAR	8.8	0.9	-3.6	0.7	0.7	0.6	0.6	0.6					
Y/y %	0.3	2.0	-2.9	1.8	-0.3	-0.4	0.7	0.6		0.2	0.2	-0.5	0.5

Source: Compiled by DIR.

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

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

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

E: DIR estimate.

3.1 Nominal Gross Domestic Expenditure (¥ tril)

	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	548.8	549.8	548.9	550.0	547.6	549.7	554.7		547.5	550.4	545.1	548.9
Q/q %, SAAR	2.5	4.7	0.7	-0.6	0.8	-1.8	1.5	3.7					
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	539.3	541.4	544.7	544.8	546.9	546.8	552.0	552.1		542.6	549.4	540.0	547.6
Q/q %, SAAR	3.4	1.6	2.5	0.0	1.6	-0.1	3.8	0.1					
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	404.1	406.4	409.5	408.9	411.5	411.8	416.3	415.5		407.3	413.8	405.2	412.1
Q/q %, SAAR	3.3	2.3	3.1	-0.6	2.6	0.2	4.5	-0.8					
Y/y %	1.7	2.2	3.2	2.1	1.8	1.1	1.7	1.7		2.3	1.6	2.0	1.7
Final consumption	303.4	301.5	303.8	304.3	304.1	305.4	306.7	306.0		303.2	305.6	302.5	305.1
Q/q %, SAAR	3.1	-2.4	3.1	0.6	-0.2	1.7	1.7	-0.9					
Y/y %	2.1	0.8	1.6	1.0	0.3	1.2	1.0	0.6		1.4	0.8	1.3	0.9
Residential investment	17.7	17.5	17.0	16.7	16.5	16.6	16.8	17.0		17.2	16.7	17.4	16.7
Q/q %, SAAR	9.0	-4.7	-11.5	-7.4	-4.0	2.5	6.0	4.6					
Y/y %	6.9	3.2	-1.1	-4.1	-7.0	-5.2	-0.7	2.1		1.1	-2.7	3.8	-4.2
Non-residential investment	84.4	85.9	86.9	87.2	90.5	88.0	90.9	90.3		86.1	89.9	85.0	89.1
Q/q %, SAAR	5.8	7.4	4.7	1.7	15.8	-10.6	13.9	-2.7					
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	-1.3	1.5	1.8	0.7	0.4	1.7	1.9	2.2		0.7	1.6	0.3	1.2
Public demand	135.2	135.0	135.2	135.9	135.4	135.1	135.6	136.6		135.2	135.6	134.8	135.5
Q/q %, SAAR	3.4	-0.6	0.8	1.9	-1.4	-1.0	1.7	2.9					
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	107.4	107.5	108.3	108.0	108.3	109.0	109.4		107.6	108.6	107.2	108.4
Q/q %, SAAR	0.7	1.3	0.4	2.9	-1.1	0.9	2.7	1.6					
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	27.4	27.6	27.5	27.4	26.8	26.6	27.2		27.6	27.0	27.5	27.1
Q/q %, SAAR	12.4	-7.3	2.2	-1.1	-2.0	-8.3	-2.3	8.1					
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	7.5	5.0	4.1	3.1	0.8	-2.3	2.7		4.9	1.0	5.1	1.4
Exports of goods and services	94.3	98.1	100.1	100.7	101.5	101.4	101.4	97.9		98.3	100.5	96.9	101.3
Q/q %, SAAR	-2.5	17.0	8.6	2.3	3.0	-0.1	0.1	-13.3					
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	91.0	90.6	95.1	96.6	98.4	100.7	103.7	95.2		93.3	99.5	91.8	99.9
Q/q %, SAAR	2.4	-1.7	21.3	6.5	7.5	9.7	12.8	-29.0					
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	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2018 (E)	2019 (E)	2019 (E)	2020 (E)
Gross domestic expenditure	556.8	558.5	558.3	559.9	562.0	563.5	564.3	565.2		558.3	563.7	557.0	562.4
Q/q %, SAAR	1.5	1.2	-0.2	1.2	1.5	1.1	0.5	0.6					
Y/y %	1.3	1.9	1.6	0.9	0.9	0.9	1.1	0.9		1.4	1.0	1.5	1.0
Domestic demand	556.4	558.7	557.7	559.8	561.8	563.1	563.9	564.8		558.2	563.4	556.2	562.1
Q/q %, SAAR	3.2	1.7	-0.7	1.5	1.4	0.9	0.6	0.6					
Y/y %	1.8	2.1	1.1	1.5	0.9	0.8	1.1	0.9		1.6	0.9	1.6	1.1
Private demand	418.1	419.2	416.8	418.1	419.7	420.6	421.2	421.8		418.0	420.8	417.2	419.9
Q/q %, SAAR	2.5	1.1	-2.3	1.3	1.5	0.9	0.5	0.6					
Y/y %	1.7	1.7	0.1	0.7	0.3	0.4	1.1	0.9		1.0	0.7	1.3	0.6
Final consumption	308.1	309.6	307.2	308.3	309.6	310.3	310.6	311.1		308.3	310.4	307.7	309.7
Q/q %, SAAR	2.7	2.0	-3.0	1.4	1.7	0.9	0.4	0.6					
Y/y %	1.3	1.4	0.2	0.7	0.5	0.2	1.1	0.9		0.9	0.7	0.8	0.7
Residential investment	17.1	17.4	17.3	17.2	17.2	17.2	17.2	17.2		17.3	17.2	17.2	17.2
Q/q %, SAAR	2.3	6.9	-2.1	-2.8	-1.2	0.2	0.4	0.8					
Y/y %	3.8	4.9	2.8	1.1	0.2	-1.4	-0.8	0.0		3.1	-0.5	3.4	-0.3
Non-residential investment	90.9	92.1	91.8	92.2	92.5	92.8	92.9	93.1		91.8	92.8	91.2	92.6
Q/q %, SAAR	3.0	5.1	-1.0	1.7	1.2	1.0	0.8	0.5					
Y/y %	0.8	4.4	1.0	2.2	1.6	0.9	1.2	0.9		2.1	1.1	2.4	1.5
Change in inventories	1.9	0.1	0.4	0.4	0.4	0.4	0.4	0.4		0.7	0.4	1.1	0.4
Public demand	138.3	139.5	140.9	141.7	142.1	142.4	142.7	143.0		140.2	142.6	138.9	142.3
Q/q %, SAAR	5.2	3.4	4.1	2.1	1.3	0.9	0.8	0.7					
Y/y %	2.3	3.4	4.0	3.8	2.6	2.1	1.3	0.9		3.4	1.7	2.5	2.4
Government final consumption	110.5	111.3	112.6	112.8	113.1	113.4	113.7	114.0		111.8	113.5	111.0	113.2
Q/q %, SAAR	4.0	3.1	4.6	0.6	1.0	1.0	1.0	1.0					
Y/y %	2.3	2.9	3.3	3.1	2.3	1.8	0.9	1.0		2.9	1.5	2.4	2.0
Fixed investment	27.8	28.2	28.3	28.9	29.0	29.1	29.1	29.0		28.4	29.1	27.9	29.0
Q/q %, SAAR	10.2	4.8	2.2	8.1	2.2	0.6	0.0	-0.5					
Y/y %	2.2	5.2	6.6	6.4	4.0	3.2	2.6	0.5		5.3	2.4	3.1	4.1
Change in inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
Net exports of goods and services	0.4	-0.2	0.5	0.1	0.2	0.4	0.4	0.4		0.3	0.4	0.9	0.3
Exports of goods and services	97.5	95.7	95.3	95.1	95.5	95.9	96.1	96.4		96.0	96.0	96.7	95.7
Q/q %, SAAR	-1.5	-7.4	-1.7	-0.5	1.4	2.0	0.8	1.2					
Y/y %	-3.6	-5.4	-6.1	-2.6	-2.3	0.1	0.9	1.3		-4.5	0.0	-4.6	-1.0
Imports of goods and services	97.2	95.9	94.7	95.0	95.3	95.5	95.8	96.0		95.8	95.7	95.8	95.4
Q/q %, SAAR	8.3	-5.0	-4.9	1.1	1.1	1.1	1.1	1.1					
Y/y %	-1.0	-4.7	-8.7	-0.1	-2.0	-0.4	1.1	1.0		-3.8	-0.1	-4.1	-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.

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	102.6	103.1	103.0	102.9	102.6	102.7	102.7	103.1		102.9	102.8	102.8	102.7
Q/q %, SAAR	0.1	0.4	-0.1	-0.0	-0.3	0.1	0.0	0.4					
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	101.3	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	0.2	-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	106.3	107.2	107.6	108.1	108.7	108.9	109.2	109.3		107.3	109.0	106.9	108.7
Q/q %, SAAR	-0.0	0.9	0.3	0.5	0.5	0.2	0.3	0.1					
Y/y %	1.6	2.1	1.8	1.6	2.2	1.5	1.5	1.1		1.8	1.6	1.7	1.7
Private non-residential investment	101.6	102.0	102.2	102.1	102.5	103.0	103.2	102.8		102.0	102.9	101.8	102.7
Q/q %, SAAR	0.2	0.4	0.2	-0.1	0.4	0.5	0.1	-0.3					
Y/y %	0.5	1.0	1.0	0.7	0.9	0.9	0.9	0.7		0.8	0.8	0.6	0.8
Government final consumption	100.9	101.0	101.0	101.4	101.1	101.1	101.0	101.5		101.1	101.2	100.9	101.2
Q/q %, SAAR	0.3	0.1	0.0	0.4	-0.3	0.0	-0.1	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	106.1	106.3	106.8	107.5	107.9	108.3	108.5		106.2	108.1	105.7	107.6
Q/q %, SAAR	0.0	0.8	0.2	0.5	0.6	0.4	0.4	0.2					
Y/y %	1.6	2.2	1.8	1.5	2.1	1.6	1.9	1.6		1.8	1.8	1.7	1.7
Exports of goods and services	106.3	107.9	108.1	107.8	107.8	109.8	108.6	107.0		107.5	108.2	107.4	108.5
Q/q %, SAAR	-0.6	1.6	0.2	-0.3	0.0	1.8	-1.1	-1.5					
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	98.9	99.5	101.8	102.8	103.9	107.6	106.8	102.3		100.8	105.2	100.0	105.3
Q/q %, SAAR	-1.0	0.6	2.2	1.0	1.1	3.6	-0.7	-4.2					
Y/y %	8.3	10.5	8.7	2.9	5.2	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 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)		2018 (E)	2019 (E)	2019 (E)	2020 (E)
Gross domestic expenditure	103.0	103.3	103.7	103.8	103.9	104.0	104.0	104.0		103.5	104.0	103.3	103.9
Q/q %, SAAR	-0.1	0.2	0.4	0.1	0.1	0.1	0.0	0.0					
Y/y %	0.4	0.6	1.0	0.7	0.8	0.7	0.3	0.2		0.7	0.5	0.5	0.6
Private final consumption	101.9	102.0	102.3	102.4	102.5	102.6	102.6	102.6		102.2	102.6	102.0	102.5
Q/q %, SAAR	0.1	0.1	0.2	0.1	0.1	0.1	0.0	-0.0					
Y/y %	0.5	0.1	0.3	0.5	0.6	0.5	0.3	0.2		0.3	0.4	0.2	0.5
Private residential investment	109.4	109.7	111.3	111.4	111.5	111.6	111.7	111.8		110.4	111.6	109.9	111.5
Q/q %, SAAR	0.1	0.3	1.4	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.7	0.7	1.8	1.9	1.9	1.7	0.4	0.4		1.3	1.1	1.1	1.4
Private non-residential investment	102.9	103.3	103.4	103.5	103.6	103.7	103.7	103.8		103.3	103.7	103.1	103.6
Q/q %, SAAR	0.1	0.4	0.2	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.5	0.2	0.3	0.7	0.6	0.4	0.3	0.2		0.4	0.4	0.4	0.5
Government final consumption	101.2	101.5	102.3	102.3	102.4	102.5	102.5	102.6		101.9	102.5	101.7	102.5
Q/q %, SAAR	-0.2	0.2	0.8	0.1	0.1	0.1	0.1	0.1					
Y/y %	0.2	0.4	1.3	0.9	1.1	1.0	0.2	0.2		0.7	0.6	0.5	0.8
Public fixed investment	108.8	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	0.3	0.3	0.8	0.1	0.1	0.1	0.1	0.1					
Y/y %	1.3	1.2	1.6	1.6	1.4	1.2	0.6	0.6		1.4	0.9	1.5	1.1
Exports of goods and services	106.0	104.7	104.7	104.8	104.9	105.0	105.1	105.3		105.2	105.1	105.7	105.0
Q/q %, SAAR	-0.9	-1.2	-0.0	0.1	0.1	0.1	0.1	0.1					
Y/y %	-1.4	-4.3	-3.4	-1.9	-1.2	0.1	0.3	0.3		-2.8	-0.1	-2.6	-0.6
Imports of goods and services	102.2	100.7	100.3	100.4	100.5	100.6	100.7	100.8		101.0	100.7	101.4	100.6
Q/q %, SAAR	-0.1	-1.5	-0.3	0.1	0.1	0.1	0.1	0.1					
Y/y %	-1.3	-6.5	-6.0	-1.8	-1.8	-0.0	0.4	0.4		-4.0	-0.3	-3.6	-0.8

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.

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	0.7	0.3	-0.1	0.5	-0.5	0.4	0.5		1.9	0.7	1.9	0.8
Domestic demand	0.7	0.2	0.4	-0.2	0.5	-0.4	0.8	0.1		1.5	0.8	1.3	0.8
Private demand	0.6	0.2	0.3	-0.2	0.6	-0.3	0.7	0.0		1.3	0.8	1.2	0.8
Private consumption	0.4	-0.4	0.3	-0.1	0.2	-0.0	0.2	-0.0		0.6	0.2	0.6	0.2
Residential investment	0.1	-0.1	-0.1	-0.1	-0.0	0.0	0.0	0.0		-0.0	-0.1	0.1	-0.2
Private fixed investment	0.2	0.2	0.1	0.1	0.5	-0.5	0.5	-0.1		0.7	0.6	0.6	0.6
Change in private inventories	-0.1	0.5	0.1	-0.2	-0.1	0.3	-0.0	0.1		0.1	0.1	-0.0	0.2
Public demand	0.1	-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	0.0	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	-0.0	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	0.6	-0.1	0.1	-0.0	-0.1	-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	-0.3	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	-0.7	0.8		-0.6	-0.4	-0.5	-0.6
2) Y/y %													
GDP growth rate	1.7	2.2	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	0.3		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 4-6	7-9	10-12 (E)	2020 1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	2021 1-3 (E)	FY 2018 (E)	2019 (E)	CY 2019 (E)	2020 (E)
1) Q/q %												
GDP growth rate	0.4	0.1	-0.5	0.2	0.3	0.2	0.1	0.1	0.8	0.4	0.9	0.3
Domestic demand	0.7	0.2	-0.5	0.3	0.3	0.1	0.1	0.1	1.1	0.5	1.2	0.5
Private demand	0.4	0.1	-0.6	0.2	0.2	0.1	0.1	0.1	0.5	0.2	0.8	0.1
Private consumption	0.3	0.2	-0.5	0.1	0.2	0.1	0.1	0.1	0.3	0.2	0.3	0.1
Residential investment	0.0	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	0.1	0.1	-0.1	0.1	0.0	0.0	0.0	0.0	0.3	0.1	0.3	0.2
Change in private inventories	-0.1	-0.3	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.0	-0.0	-0.1
Public demand	0.3	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.6	0.3	0.5	0.4
Government final consumption	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.4	0.2	0.4	0.2
Public fixed investment	0.1	0.0	-0.0	0.1	0.0	-0.0	-0.0	-0.0	0.2	0.1	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	-0.2	0.1	-0.1	0.0	0.0	-0.0	0.0	-0.3	-0.0	-0.3	-0.1
Exports of goods and services	0.1	-0.1	-0.1	-0.0	0.0	0.1	0.0	0.0	-0.3	0.0	-0.4	-0.1
Imports of goods and services	-0.4	-0.0	0.2	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.1	-0.1
2) Y/y %												
GDP growth rate	0.9	1.3	0.5	0.2	0.0	0.3	0.8	0.7	0.8	0.4	0.9	0.3
Domestic demand	1.4	1.8	0.5	0.8	0.2	0.2	0.8	0.6	1.1	0.5	1.2	0.5
Private demand	0.9	1.2	-0.1	0.1	-0.2	-0.1	0.6	0.5	0.5	0.2	0.8	0.1
Private consumption	0.5	0.7	-0.0	0.1	-0.0	-0.2	0.4	0.4	0.3	0.2	0.3	0.1
Residential investment	0.1	0.1	0.0	-0.0	-0.0	-0.1	-0.0	-0.0	0.1	-0.0	0.1	-0.1
Private fixed investment	0.1	0.7	0.1	0.3	0.1	0.1	0.2	0.1	0.3	0.1	0.3	0.2
Change in private inventories	0.3	-0.3	-0.2	-0.3	-0.3	0.1	0.0	0.0	-0.1	-0.0	-0.0	-0.1
Public demand	0.5	0.7	0.6	0.7	0.3	0.3	0.2	0.2	0.6	0.3	0.5	0.4
Government final consumption	0.4	0.5	0.4	0.4	0.2	0.2	0.1	0.2	0.4	0.2	0.4	0.2
Public fixed investment	0.0	0.2	0.2	0.2	0.1	0.1	0.1	-0.0	0.2	0.1	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	-0.5	-0.6	0.0	-0.4	-0.1	0.1	-0.0	0.0	-0.3	-0.0	-0.3	-0.1
Exports of goods and services	-0.4	-0.2	-0.5	-0.1	-0.2	-0.0	0.1	0.2	-0.3	0.0	-0.4	-0.1
Imports of goods and services	-0.1	-0.3	0.5	-0.3	0.0	0.1	-0.1	-0.1	-0.0	-0.0	0.1	-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
1) World economy													
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
2) US economy													
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	117.3		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	-0.3					
Y/y %	2.2	2.4	2.8	2.8	3.0	3.0	2.8	1.9		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
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	107.1	107.4	107.5	108.3	108.0	108.3	109.0	109.4		107.6	108.6	107.2	108.4
Q/q %, SAAR	0.7	1.3	0.4	2.9	-1.1	0.9	2.7	1.6					
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	27.4	27.6	27.5	27.4	26.8	26.6	27.2		27.6	27.0	27.5	27.1
Q/q %, SAAR	12.4	-7.3	2.2	-1.1	-2.0	-8.3	-2.3	8.1					
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	10-12	1-3	4-6	7-9	10-12	1-3		2018	2019	2019	2020
			(E)	(E)	(E)	(E)	(E)	(E)		(E)	(E)	(E)	(E)
1) World economy													
Economic growth of major trading partners													
Y/y %	3.0	2.9	2.9	2.9	2.9	3.0	3.0	3.1		2.9	3.0	3.0	3.0
Crude oil price (WTI futures; \$/bbl)	59.9	56.4	55.9	57.0	57.0	57.0	57.0	57.0		57.3	57.0	56.8	57.0
Y/y %	-11.8	-18.7	-5.7	3.8	-4.9	1.0	1.9	0.0		-8.9	-0.6	-12.5	0.4
2) US economy													
Real GDP (chained [2012]; \$ bil; SAAR)	19,022	19,113	19,215	19,311	19,405	19,496	19,584	19,678		19,165	19,541	19,069	19,449
Q/q %, SAAR	2.0	1.9	2.2	2.0	2.0	1.9	1.8	1.9					
Y/y %	2.3	2.0	2.3	2.0	2.0	2.0	1.9	1.9		2.2	2.0	2.3	2.0
Consumer Price Index													
(1982-84 avg=100)	255.1	256.3	257.3	258.5	259.7	260.9	262.3	263.5		256.8	261.6	255.5	260.3
Q/q %, SAAR	2.9	1.8	1.6	1.9	1.8	1.9	2.1	2.0					
Y/y %	1.8	1.8	1.8	2.1	1.8	1.8	1.9	1.9		1.9	1.9	1.8	1.9
Producer Price Index													
(Final demand; 2009.Nov=100)	118.4	118.4	118.5	119.0	119.5	120.1	120.7	121.2		118.6	120.4	118.1	119.8
Q/q %, SAAR	3.7	0.2	0.2	1.9	1.7	1.8	2.0	1.8					
Y/y %	2.1	1.6	0.9	1.5	1.0	1.4	1.8	1.8		1.5	1.5	1.6	1.4
FF rate (%)	2.50	2.00	1.75	1.75	1.75	1.75	1.75	1.75		1.75	1.75	1.75	1.75
(Target rate for the forecast period, end-period)													
Government bond yield (10 year; %)	2.33	1.80	1.77	1.93	2.00	2.06	2.07	2.06		1.96	2.04	2.14	2.01
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	110.5	111.3	112.6	112.8	113.1	113.4	113.7	114.0		111.8	113.5	111.0	113.2
Q/q %, SAAR	4.0	3.1	4.6	0.6	1.0	1.0	1.0	1.0					
Y/y %	2.3	2.9	3.3	3.1	2.3	1.8	0.9	1.0		2.9	1.5	2.4	2.0
Nominal public fixed investment													
Y tril; SAAR	27.8	28.2	28.3	28.9	29.0	29.1	29.1	29.0		28.4	29.1	27.9	29.0
Q/q %, SAAR	10.2	4.8	2.2	8.1	2.2	0.6	0.0	-0.5					
Y/y %	2.2	5.2	6.6	6.4	4.0	3.2	2.6	0.5		5.3	2.4	3.1	4.1
Exchange rate (Y/\$)	109.8	107.3	108.5	108.5	108.5	108.5	108.5	108.5		108.5	108.5	109.0	108.5
(Y/€)	122.9	118.9	119.9	120.0	120.0	120.0	120.0	120.0		120.4	120.0	121.7	120.0

Source: Compiled by DIR.

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

E: DIR estimate.