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# Japan's Economic Outlook No. 204 (Summary)

## *In this report we examine the impact of the Novel Coronavirus epidemic on Japan's economy*

Japan to see real GDP growth of +0.4% in FY19, +0.4% in FY20, and +0.7% in FY21. Meanwhile, nominal GDP growth is seen at +1.2% in FY19, +1.1% in FY20, and +1.2% in FY21.

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### Summary

- **Revised economic outlook: FY2019 +0.4%, FY2020 +0.4%, and FY2021 +0.7%:** The GDP growth rate suffered a major decline during the Oct-Dec period of 2019. Downward pressure caused by the Novel Coronavirus (COVID-19) outbreak is expected during the Jan-Mar period of 2020, and hence, the outlook for real GDP growth rate in FY2019 has been revised downwards by 0.5%pts. The biggest risk for the economy will be COVID-19 for the time being. Hypothetically speaking, if the virus expands further and moves into the long-term, Japan's 2020 economy may shift into negative growth. The main scenario of this outlook assumes that the COVID-19 epidemic will last for around three months, and then economic activity will be back to normal by sometime in the Apr-Jun period of 2020. In addition to the recovery of the Chinese economy and the comeback for the silicon cycle, Japan's domestic economy is expected to maintain underlying strength with the help of the expansive fiscal policy and tight labor market. Though moderate, economic recovery is expected to continue.
- **(1) The future of the economy according to the cyclical view:** The economic recovery pattern which has been observed in the past is that first China recovers, then the US, and after that Japan. Based on this pattern it is Japan's turn to enter a recovery phase, which is expected to

occur sometime in CY2020. The recovery of exports will be an important point for some time to come. Looking at the situation by industry, production growth is expected in electronic parts and devices in association with the recovery in demand for semiconductors. On the other hand, transport equipment, which is highly sensitive to the influence of household income, is expected to continue marking time. The pattern of divergence between these two industries is expected to continue. However, according to our estimate, which takes into consideration the structure of interdependence between industries, overall industrial production should continue in a moderate growth trend with increasing demand for capital goods due to rising factory operating rates. At the same time we recommend paying close attention to the risk that our major assumption, the silicon cycle, may be negatively affected by the COVID-19 epidemic.

- **(2) The future of personal consumption after the consumption tax hike:** The last time the consumption tax was raised, consumption fell into a downturn due to the decline in purchase power, especially amongst low-income households. This time around, however, purchase power actually increased due to social security enhancement measures, such as a reduced tax rate, and free early childhood education. This brought stability to the consumption behaviors of low income households. In contrast, this time around different characteristics have been seen, such as the fact that buying restraints in high-income households have pushed down consumption instead. Personal consumption is expected to continue moderate growth, but sluggish income growth and the rising tendency to economize, in addition to the gradual coming to an end of government programs countering the effects of the consumption tax hike, may cause growth in consumption to decline again somewhat. In the non-manufacturing industries, real wages are rising faster than labor productivity, and this brings an increase in corporate burden. We recommend keeping an eye on the risk of employment adjustment in the future.
- **(3) Risks in 2020:** In the run-up to the US presidential election, President Trump has made his support of the American manufacturing industry an issue. There is a limit to the kinds of policies that could be put into place the short time left before the elections, so it is quite possible that he may strengthen his tendency to lean toward a weak dollar policy. Here too we must remain vigilant. On the other hand, if election results bring in a new administration, we will see yet other risks to the economy. This would entail the rolling back of the Trump tax cuts and the strengthening of the regulatory framework. Meanwhile, rising tensions in the Middle East bring the risk of rising oil prices. The concern here is that Japan's real GDP could be pushed down by a maximum of around -0.8% coupled with yen appreciation which would occur due to risk-off behaviors. As for concerns that construction demand will disappear after the Tokyo Olympic and Paralympic Games, this will likely not break the back of the economy since there is still a huge backlog of construction orders which have not yet been filled due to insufficient supply.
- **BOJ's monetary policy:** During the period covered by this outlook, the CPI is expected to on the lower end of that same range in FY2020 and hover midway between zero and 1% y/y in FY2021. 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 by +5.7% in FY19, +1.4% in FY20, and +0.0% in FY21.

Average exchange rate of Y108.9/\$ in FY19, Y109.7/\$ in FY20, and Y109.7/\$ in FY21.

US real GDP growth of +2.0% in CY20 and +2.0% in CY21.

## Main Economic Indicators and Real GDP Components

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|   | FY19<br>(Estimate) | FY20<br>(Estimate) | FY21<br>(Estimate) | CY19        | CY20<br>(Estimate) | CY21<br>(Estimate) |
|---|--------------------|--------------------|--------------------|-------------|--------------------|--------------------|
| <b>Main economic indicators</b>   |                    |                    |                    |             |                    |                    |
| Nominal GDP (y/y %)   | 1.2                | 1.1                | 1.2                | 1.3         | 0.8                | 1.2                |
| Real GDP (chained [2011]; y/y %)  | 0.4                | 0.4                | 0.7                | 0.7         | -0.1               | 0.8                |
| Domestic demand (contribution, % pt)  | 0.6                | 0.3                | 0.7                | 0.9         | 0.0                | 0.7                |
| Foreign demand (contribution, % pt)   | -0.2               | 0.1                | 0.1                | -0.2        | -0.1               | 0.1                |
| GDP deflator (y/y %)  | 0.8                | 0.7                | 0.4                | 0.6         | 0.9                | 0.4                |
| Index of All-industry Activity (y/y %)*   | -0.6               | -0.1               | 0.8                | -0.0        | -0.8               | 0.9                |
| Index of Industrial Production (y/y %)  | -3.0               | -0.6               | 1.7                | -2.8        | -1.9               | 1.7                |
| Index of Tertiary Industry Activity (y/y %)   | 0.0                | 0.1                | 0.6                | 0.5         | -0.5               | 0.7                |
| Corporate Goods Price Index (y/y %)   | 0.1                | 0.1                | 0.7                | 0.2         | 0.1                | 0.6                |
| Consumer Price Index (excl. fresh food; y/y %)  | 0.6                | 0.2                | 0.4                | 0.7         | 0.3                | 0.3                |
| Unemployment rate (%)   | 2.3                | 2.5                | 2.5                | 2.3         | 2.5                | 2.5                |
| Government bond yield (10 year; %)  | -0.11              | -0.05              | -0.05              | -0.11       | -0.05              | -0.05              |
| Balance of payments   |                    |                    |                    |             |                    |                    |
| Trade balance (Y tril)  | 0.8                | 3.2                | 3.7                | 0.6         | 3.0                | 3.6                |
| Current balance (\$100 mil)   | 1,853              | 1,980              | 2,040              | 1,840       | 1,952              | 2,023              |
| Current balance (Y tril)  | 20.3               | 21.9               | 22.5               | 20.1        | 21.4               | 22.2               |
| (% of nominal GDP)  | 3.7                | 3.9                | 4.0                | 3.6         | 3.8                | 3.9                |
| <b>Real GDP components</b><br>(Chained [2011]; y/y %; figures in parentheses: contribution, % pt) |                    |                    |                    |             |                    |                    |
| Private final consumption   | -0.2 (-0.1)        | 0.1 ( 0.1)         | 0.6 ( 0.3)         | 0.1 ( 0.1)  | -0.4 (-0.2)        | 0.7 ( 0.4)         |
| Private housing investment  | 1.3 (0.0)          | -1.5 (-0.0)        | 0.1 (0.0)          | 1.9 (0.1)   | -1.8 (-0.1)        | -0.0 (-0.0)        |
| Private fixed investment  | 0.0 (0.0)          | 0.2 (0.0)          | 1.4 (0.2)          | 0.9 (0.2)   | -0.9 (-0.1)        | 1.6 (0.2)          |
| Government final consumption  | 2.5 (0.5)          | 1.1 (0.2)          | 1.0 (0.2)          | 1.9 (0.4)   | 1.6 (0.3)          | 1.0 (0.2)          |
| Public fixed investment   | 4.1 (0.2)          | 0.3 (0.0)          | -0.8 (-0.0)        | 3.1 (0.2)   | 1.7 (0.1)          | -0.8 (-0.0)        |
| Exports of goods and services   | -1.8 (-0.3)        | 0.1 (0.0)          | 1.5 (0.3)          | -1.8 (-0.3) | -1.1 (-0.2)        | 1.7 (0.3)          |
| Imports of goods and services   | -0.4 (0.1)         | -0.3 (0.1)         | 1.0 (-0.2)         | -0.8 (0.1)  | -0.5 (0.1)         | 1.0 (-0.2)         |
| <b>Major assumptions:</b>   |                    |                    |                    |             |                    |                    |
| <b>1. World economy</b>   |                    |                    |                    |             |                    |                    |
| Economic growth of major trading partners   | 2.9                | 3.0                | 3.3                | 3.0         | 3.0                | 3.2                |
| Crude oil price (WTI futures; \$/bbl)   | 56.6               | 52.0               | 52.0               | 57.0        | 52.3               | 52.0               |
| <b>2. US economy</b>  |                    |                    |                    |             |                    |                    |
| US real GDP (chained [2012]; y/y %)   | 2.2                | 2.0                | 2.0                | 2.3         | 2.0                | 2.0                |
| US Consumer Price Index (y/y %)   | 2.0                | 2.0                | 2.0                | 1.8         | 2.1                | 1.9                |
| <b>3. Japanese economy</b>  |                    |                    |                    |             |                    |                    |
| Nominal public fixed investment (y/y %)   | 5.7                | 1.4                | 0.0                | 4.7         | 3.1                | 0.0                |
| Exchange rate (Y/\$)  | 108.9              | 109.7              | 109.7              | 109.0       | 109.7              | 109.7              |
| (Y/€)   | 120.9              | 119.0              | 119.0              | 122.2       | 119.3              | 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<br>(Outlook 204) |       |       | Previous outlook<br>(Outlook 203 Update) |       | Difference between<br>previous<br>and current outlooks |       |
|--|----------------------------------|-------|-------|--|-------|--|-------|
|  | FY19                             | FY20  | FY21  | FY19                                     | FY20  | FY19   | FY20  |
| <b>Main economic indicators</b>                    |                                  |       |       |  |       |  |       |
| Nominal GDP (y/y %)                                | 1.2                              | 1.1   | 1.2   | 1.6                                      | 1.0   | -0.4   | 0.1   |
| Real GDP (chained [2011]; y/y %)                   | 0.4                              | 0.4   | 0.7   | 0.9                                      | 0.5   | -0.5   | -0.1  |
| Domestic demand (contribution, % pt)               | 0.6                              | 0.3   | 0.7   | 1.2                                      | 0.5   | -0.6   | -0.2  |
| Foreign demand (contribution, % pt)                | -0.2                             | 0.1   | 0.1   | -0.4                                     | -0.0  | 0.1  | 0.1   |
| GDP deflator (y/y %)                               | 0.8                              | 0.7   | 0.4   | 0.8                                      | 0.5   | 0.1  | 0.2   |
| Index of All-industry Activity (y/y %)*            | -0.6                             | -0.1  | 0.8   | 0.4                                      | 0.5   | -0.9   | -0.6  |
| Index of Industrial Production (y/y %)             | -3.0                             | -0.6  | 1.7   | -2.6                                     | 0.2   | -0.4   | -0.8  |
| Index of Tertiary Industry Activity (y/y %)        | 0.0                              | 0.1   | 0.6   | 1.2                                      | 0.7   | -1.1   | -0.6  |
| Corporate Goods Price Index (y/y %)                | 0.1                              | 0.1   | 0.7   | 0.9                                      | 1.5   | -0.8   | -1.4  |
| Consumer Price Index (excl. fresh food; y/y %)     | 0.6                              | 0.2   | 0.4   | 0.6                                      | 0.3   | -0.0   | -0.1  |
| Unemployment rate (%)                              | 2.3                              | 2.5   | 2.5   | 2.4                                      | 2.5   | -0.0   | 0.0   |
| Government bond yield (10 year; %)                 | -0.11                            | -0.05 | -0.05 | -0.11                                    | -0.03 | 0.00   | -0.02 |
| <b>Balance of payments</b>                         |                                  |       |       |  |       |  |       |
| Trade balance (Y tril)                             | 0.8                              | 3.2   | 3.7   | -0.3                                     | 0.1   | 1.1  | 3.1   |
| Current balance (\$100 mil)                        | 1,853                            | 1,980 | 2,040 | 1,841                                    | 1,883 | 12   | 97    |
| Current balance (Y tril)                           | 20.3                             | 21.9  | 22.5  | 20.1                                     | 20.6  | 0.2  | 1.3   |
| (% of nominal GDP)                                 | 3.7                              | 3.9   | 4.0   | 3.6                                      | 3.7   | 0.0  | 0.2   |
| <b>Real GDP components (chained [2011]; y/y %)</b> |                                  |       |       |  |       |  |       |
| Private final consumption                          | -0.2                             | 0.1   | 0.6   | 0.5                                      | 0.3   | -0.7   | -0.2  |
| Private housing investment                         | 1.3                              | -1.5  | 0.1   | 1.9                                      | -1.6  | -0.6   | 0.1   |
| Private fixed investment                           | 0.0                              | 0.2   | 1.4   | 1.9                                      | 0.9   | -1.8   | -0.7  |
| Government final consumption                       | 2.5                              | 1.1   | 1.0   | 2.5                                      | 1.2   | -0.0   | -0.1  |
| Public fixed investment                            | 4.1                              | 0.3   | -0.8  | 3.1                                      | 0.4   | 0.9  | -0.1  |
| Exports of goods and services                      | -1.8                             | 0.1   | 1.5   | -1.7                                     | 0.1   | -0.1   | -0.0  |
| Imports of goods and services                      | -0.4                             | -0.3  | 1.0   | 0.4                                      | 0.2   | -0.7   | -0.5  |
| <b>Major assumptions:</b>                          |                                  |       |       |  |       |  |       |
| 1. World economy                                   |                                  |       |       |  |       |  |       |
| Economic growth of major trading partners          | 2.9                              | 3.0   | 3.3   | 2.9                                      | 3.0   | 0.0  | 0.0   |
| Crude oil price (WTI futures; \$/bbl)              | 56.6                             | 52.0  | 52.0  | 57.5                                     | 57.5  | -0.9   | -5.5  |
| 2. US economy                                      |                                  |       |       |  |       |  |       |
| US real GDP (chained [2012]; y/y %)                | 2.2                              | 2.0   | 2.0   | 2.2                                      | 2.0   | -0.0   | 0.1   |
| US Consumer Price Index (y/y %)                    | 2.0                              | 2.0   | 2.0   | 1.9                                      | 1.9   | 0.1  | 0.0   |
| 3. Japanese economy                                |                                  |       |       |  |       |  |       |
| Nominal public fixed investment (y/y %)            | 5.7                              | 1.4   | 0.0   | 4.5                                      | 1.2   | 1.2  | 0.1   |
| Exchange rate (Y/\$)                               | 108.9                            | 109.7 | 109.7 | 108.6                                    | 108.5 | 0.3  | 1.2   |
| (Y/€)  | 120.9                            | 119.0 | 119.0 | 120.6                                    | 120.5 | 0.2  | -1.5  |

Source: Compiled by DIR.

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

\* Excl. agriculture, forestry, and fisheries.

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## Quarterly Forecast Tables

## 1.1 Selected Economic Indicators

|   | 2018  |       |       | 2019  |       |       | 2020  |            | FY    |             | CY    |       |
|---|-------|-------|-------|-------|-------|-------|-------|------------|-------|-------------|-------|-------|
|   | 4-6   | 7-9   | 10-12 | 1-3   | 4-6   | 7-9   | 10-12 | 1-3<br>(E) | 2018  | 2019<br>(E) | 2018  | 2019  |
| Nominal GDP (SAAR; Y tril)                        | 549.1 | 545.7 | 546.4 | 552.9 | 555.8 | 558.5 | 551.5 | 555.0      | 548.4 | 555.0       | 547.1 | 554.5 |
| Q/q %   | 0.2   | -0.6  | 0.1   | 1.2   | 0.5   | 0.5   | -1.2  | 0.6        |       |             |       |       |
| Q/q %, SAAR                                       | 0.9   | -2.5  | 0.6   | 4.8   | 2.1   | 1.9   | -4.9  | 2.5        |       |             |       |       |
| Y/y %   | 1.2   | -0.6  | -0.9  | 0.9   | 1.3   | 2.3   | 0.9   | 0.4        | 0.1   | 1.2         | 0.2   | 1.3   |
| Real GDP (chained [2011]; SAAR; Y tril)           | 534.9 | 530.6 | 533.3 | 536.7 | 539.3 | 539.9 | 531.2 | 532.9      | 533.6 | 535.6       | 532.6 | 536.5 |
| Q/q %   | 0.5   | -0.8  | 0.5   | 0.6   | 0.5   | 0.1   | -1.6  | 0.3        |       |             |       |       |
| Q/q %, SAAR                                       | 1.8   | -3.2  | 2.1   | 2.6   | 1.9   | 0.5   | -6.3  | 1.3        |       |             |       |       |
| Y/y %   | 1.0   | -0.3  | -0.3  | 0.8   | 0.9   | 1.7   | -0.4  | -0.7       | 0.3   | 0.4         | 0.3   | 0.7   |
| Contribution to GDP growth (% pt)                 |       |       |       |       |       |       |       |            |       |             |       |       |
| Domestic demand                                   | 0.4   | -0.6  | 1.0   | 0.2   | 0.8   | 0.4   | -2.1  | 0.7        | 0.4   | 0.6         | 0.3   | 0.9   |
| Foreign demand                                    | 0.0   | -0.2  | -0.4  | 0.5   | -0.3  | -0.3  | 0.5   | -0.4       | -0.1  | -0.2        | -0.0  | -0.2  |
| GDP deflator (y/y %)                              | 0.1   | -0.3  | -0.6  | 0.1   | 0.4   | 0.6   | 1.3   | 1.1        | -0.2  | 0.8         | -0.1  | 0.6   |
| Index of All-Industry Activity (2010=100)         | 105.9 | 105.5 | 106.4 | 105.9 | 106.4 | 106.9 | 103.8 | 104.2      | 105.8 | 105.2       | 105.8 | 105.7 |
| Q/q %; y/y %                                      | 0.5   | -0.3  | 0.8   | -0.4  | 0.4   | 0.4   | -2.9  | 0.4        | 0.8   | -0.6        | 1.1   | -0.0  |
| Index of Industrial Production (2015=100)         | 104.3 | 103.6 | 105.0 | 102.4 | 103.0 | 102.5 | 98.3  | 98.9       | 103.8 | 100.6       | 104.2 | 101.2 |
| Q/q %; y/y %                                      | 0.8   | -0.7  | 1.3   | -2.5  | 0.7   | -0.5  | -4.0  | 0.6        | 0.2   | -3.0        | 1.1   | -2.8  |
| Index of Tertiary Industry Activity (2010=100)    | 105.9 | 105.8 | 106.7 | 106.7 | 106.9 | 107.9 | 104.9 | 105.4      | 106.2 | 106.2       | 105.9 | 106.5 |
| Q/q %; y/y %                                      | 0.5   | -0.1  | 0.9   | -0.0  | 0.2   | 1.0   | -2.8  | 0.4        | 1.1   | 0.0         | 1.2   | 0.5   |
| Corporate Goods Price Index components (2015=100) |       |       |       |       |       |       |       |            |       |             |       |       |
| Domestic Company Goods Price Index                | 101.0 | 101.9 | 102.0 | 101.2 | 101.6 | 101.0 | 102.2 | 101.6      | 101.5 | 101.6       | 101.3 | 101.5 |
| Y/y %   | 2.6   | 3.1   | 2.2   | 0.9   | 0.6   | -0.9  | 0.2   | 0.4        | 2.2   | 0.1         | 2.6   | 0.2   |
| CPI (excl. fresh food; 2015=100)                  | 101.0 | 101.1 | 101.5 | 101.3 | 101.7 | 101.6 | 102.1 | 102.0      | 101.2 | 101.9       | 101.0 | 101.7 |
| Y/y %   | 0.8   | 0.9   | 0.9   | 0.8   | 0.8   | 0.5   | 0.6   | 0.6        | 0.8   | 0.6         | 0.8   | 0.7   |
| Unemployment rate (%)                             | 2.4   | 2.4   | 2.4   | 2.4   | 2.4   | 2.3   | 2.3   | 2.4        | 2.4   | 2.3         | 2.4   | 2.3   |
| Government bond yield (10 year; %)                | 0.04  | 0.10  | 0.07  | -0.04 | -0.10 | -0.22 | -0.09 | -0.05      | 0.04  | -0.11       | 0.07  | -0.11 |
| Trade balance (SAAR; Y tril)                      | 3.4   | -0.3  | -0.4  | 0.6   | -1.6  | 0.0   | 2.4   | 2.4        | 0.7   | 0.8         | 1.2   | 0.6   |
| Current balance (SAAR; \$100 mil)                 | 1,995 | 1,675 | 1,524 | 1,708 | 1,792 | 1,802 | 1,928 | 1,891      | 1,735 | 1,853       | 1,741 | 1,840 |
| Current balance (SAAR; Y tril)                    | 21.8  | 18.7  | 17.2  | 18.8  | 19.7  | 19.3  | 21.0  | 20.7       | 19.2  | 20.3        | 19.2  | 20.1  |
| (% of nominal GDP)                                | 4.0   | 3.4   | 3.1   | 3.4   | 3.5   | 3.5   | 3.8   | 3.7        | 3.5   | 3.7         | 3.5   | 3.6   |
| Exchange rate (Y/\$)                              | 109.1 | 111.5 | 112.9 | 110.2 | 109.8 | 107.3 | 108.7 | 109.6      | 110.9 | 108.9       | 110.4 | 109.0 |
| (Y/Euro)  | 129.0 | 130.5 | 128.2 | 125.3 | 122.9 | 118.9 | 121.5 | 120.1      | 128.3 | 120.9       | 130.0 | 122.2 |

Source: Compiled by DIR.

Notes: 1) Quarterly figures (excl. y/y %) seasonally adjusted, other unadjusted.

2) Index of All-Industry Activity Index: excl. agriculture, forestry, and fisheries.

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

## 1.2 Selected Economic Indicators

|   | 2020       |            |              | 2021       |            |            | 2022         |            | FY          |             | CY          |             |
|---|------------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|
|   | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 2020<br>(E) | 2021<br>(E) | 2020<br>(E) | 2021<br>(E) |
| Nominal GDP (SAAR; Y tril)                        | 558.6      | 560.6      | 562.0        | 563.3      | 565.1      | 566.8      | 568.8        | 570.7      | 561.0       | 567.7       | 558.9       | 565.9       |
| Q/q %   | 0.6        | 0.4        | 0.3          | 0.2        | 0.3        | 0.3        | 0.3          | 0.3        |             |             |             |             |
| Q/q %, SAAR                                       | 2.6        | 1.4        | 1.0          | 0.9        | 1.3        | 1.2        | 1.4          | 1.3        |             |             |             |             |
| Y/y %   | 0.5        | 0.4        | 1.9          | 1.5        | 1.2        | 1.1        | 1.2          | 1.3        | 1.1         | 1.2         | 0.8         | 1.2         |
| Real GDP (chained [2011]; SAAR; Y tril)           | 536.0      | 537.4      | 538.5        | 539.2      | 540.0      | 541.1      | 542.4        | 543.6      | 537.6       | 541.6       | 536.0       | 540.5       |
| Q/q %   | 0.6        | 0.3        | 0.2          | 0.1        | 0.2        | 0.2        | 0.2          | 0.2        |             |             |             |             |
| Q/q %, SAAR                                       | 2.3        | 1.0        | 0.9          | 0.5        | 0.6        | 0.8        | 1.0          | 0.9        |             |             |             |             |
| Y/y %   | -0.6       | -0.5       | 1.4          | 1.2        | 0.8        | 0.7        | 0.7          | 0.8        | 0.4         | 0.7         | -0.1        | 0.8         |
| Contribution to GDP growth (% pt)                 |            |            |              |            |            |            |              |            |             |             |             |             |
| Domestic demand                                   | 0.4        | 0.2        | 0.2          | 0.1        | 0.1        | 0.2        | 0.2          | 0.2        | 0.3         | 0.7         | 0.0         | 0.7         |
| Foreign demand                                    | 0.1        | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0          | 0.0        | 0.1         | 0.1         | -0.1        | 0.1         |
| GDP deflator (y/y %)                              | 1.1        | 0.9        | 0.6          | 0.3        | 0.4        | 0.4        | 0.5          | 0.5        | 0.7         | 0.4         | 0.9         | 0.4         |
| Index of All-Industry Activity (2010=100)         | 104.9      | 105.1      | 105.4        | 105.5      | 105.7      | 105.9      | 106.2        | 106.4      | 105.1       | 105.9       | 104.9       | 105.8       |
| Q/q %; y/y %                                      | 0.6        | 0.3        | 0.2          | 0.1        | 0.2        | 0.2        | 0.2          | 0.2        | -0.1        | 0.8         | -0.8        | 0.9         |
| Index of Industrial Production (2015=100)         | 99.5       | 99.9       | 100.3        | 100.7      | 101.0      | 101.5      | 102.1        | 102.6      | 100.0       | 101.7       | 99.3        | 101.0       |
| Q/q %; y/y %                                      | 0.5        | 0.4        | 0.4          | 0.4        | 0.4        | 0.5        | 0.5          | 0.5        | -0.6        | 1.7         | -1.9        | 1.7         |
| Index of Tertiary Industry Activity (2010=100)    | 106.1      | 106.3      | 106.5        | 106.6      | 106.7      | 106.9      | 107.1        | 107.3      | 106.3       | 106.9       | 106.0       | 106.7       |
| Q/q %; y/y %                                      | 0.7        | 0.2        | 0.2          | 0.1        | 0.1        | 0.1        | 0.2          | 0.2        | 0.1         | 0.6         | -0.5        | 0.7         |
| Corporate Goods Price Index components (2015=100) |            |            |              |            |            |            |              |            |             |             |             |             |
| Domestic Company Goods Price Index                | 101.5      | 101.6      | 101.8        | 101.9      | 102.1      | 102.3      | 102.5        | 102.8      | 101.7       | 102.4       | 101.6       | 102.2       |
| Y/y %   | -0.2       | 0.6        | -0.4         | 0.4        | 0.6        | 0.7        | 0.8          | 0.8        | 0.1         | 0.7         | 0.1         | 0.6         |
| CPI (excl. fresh food; 2015=100)                  | 102.0      | 102.0      | 102.1        | 102.0      | 102.3      | 102.3      | 102.5        | 102.5      | 102.0       | 102.4       | 102.0       | 102.3       |
| Y/y %   | 0.3        | 0.4        | -0.0         | 0.0        | 0.3        | 0.3        | 0.4          | 0.4        | 0.2         | 0.4         | 0.3         | 0.3         |
| Unemployment rate (%)                             | 2.4        | 2.5        | 2.5          | 2.5        | 2.5        | 2.5        | 2.5          | 2.5        | 2.5         | 2.5         | 2.5         | 2.5         |
| Government bond yield (10 year; %)                | -0.05      | -0.05      | -0.05        | -0.05      | -0.05      | -0.05      | -0.05        | -0.05      | -0.05       | -0.05       | -0.05       | -0.05       |
| Trade balance (SAAR; Y tril)                      | 3.0        | 3.2        | 3.2          | 3.4        | 3.5        | 3.6        | 3.8          | 4.0        | 3.2         | 3.7         | 3.0         | 3.6         |
| Current balance (SAAR; \$100 mil)                 | 1,960      | 1,966      | 1,991        | 2,004      | 2,011      | 2,028      | 2,050        | 2,071      | 1,980       | 2,040       | 1,952       | 2,023       |
| Current balance (SAAR; Y tril)                    | 21.5       | 21.6       | 21.8         | 22.0       | 22.1       | 22.2       | 22.5         | 22.7       | 21.9        | 22.5        | 21.4        | 22.2        |
| (% of nominal GDP)                                | 3.8        | 3.8        | 3.9          | 3.9        | 3.9        | 3.9        | 4.0          | 4.0        | 3.9         | 4.0         | 3.8         | 3.9         |
| Exchange rate (Y/\$)                              | 109.7      | 109.7      | 109.7        | 109.7      | 109.7      | 109.7      | 109.7        | 109.7      | 109.7       | 109.7       | 109.7       | 109.7       |
| (Y/Euro)  | 119.0      | 119.0      | 119.0        | 119.0      | 119.0      | 119.0      | 119.0        | 119.0      | 119.0       | 119.0       | 119.3       | 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)

|                                   | 2018  |       |       | 2019  |       |       | 2020  |            |       | FY          |       | CY    |  |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|------------|-------|-------------|-------|-------|--|
|                                   | 4-6   | 7-9   | 10-12 | 1-3   | 4-6   | 7-9   | 10-12 | 1-3<br>(E) | 2018  | 2019<br>(E) | 2018  | 2019  |  |
| Gross domestic expenditure        | 534.9 | 530.6 | 533.3 | 536.7 | 539.3 | 539.9 | 531.2 | 532.9      | 533.6 | 535.6       | 532.6 | 536.5 |  |
| Q/q %, SAAR                       | 1.8   | -3.2  | 2.1   | 2.6   | 1.9   | 0.5   | -6.3  | 1.3        |       |             |       |       |  |
| Y/y %                             | 1.0   | -0.3  | -0.3  | 0.8   | 0.9   | 1.7   | -0.4  | -0.7       | 0.3   | 0.4         | 0.3   | 0.7   |  |
| Domestic demand                   | 534.6 | 531.3 | 536.5 | 537.5 | 541.6 | 543.6 | 532.4 | 536.0      | 534.8 | 538.1       | 533.6 | 538.5 |  |
| Q/q %, SAAR                       | 1.8   | -2.4  | 3.9   | 0.7   | 3.1   | 1.5   | -8.0  | 2.8        |       |             |       |       |  |
| Y/y %                             | 0.5   | -0.2  | 0.2   | 0.9   | 1.3   | 2.3   | -0.8  | -0.2       | 0.4   | 0.6         | 0.3   | 0.9   |  |
| Private demand                    | 401.0 | 398.2 | 402.9 | 403.8 | 405.7 | 406.6 | 394.8 | 398.1      | 401.4 | 401.1       | 400.4 | 402.5 |  |
| Q/q %, SAAR                       | 1.6   | -2.8  | 4.9   | 0.9   | 1.9   | 0.9   | -11.1 | 3.4        |       |             |       |       |  |
| Y/y %                             | 0.4   | -0.5  | 0.0   | 1.0   | 1.1   | 2.1   | -2.0  | -1.4       | 0.2   | -0.1        | 0.1   | 0.5   |  |
| Final consumption                 | 299.0 | 298.3 | 299.5 | 299.6 | 301.3 | 302.7 | 294.0 | 296.6      | 299.0 | 298.5       | 298.8 | 299.2 |  |
| Q/q %, SAAR                       | 0.9   | -0.9  | 1.5   | 0.2   | 2.3   | 1.8   | -11.0 | 3.6        |       |             |       |       |  |
| Y/y %                             | -0.3  | 0.2   | -0.0  | 0.3   | 0.7   | 1.4   | -1.9  | -1.0       | 0.1   | -0.2        | -0.0  | 0.1   |  |
| Residential investment            | 14.9  | 15.0  | 15.2  | 15.4  | 15.4  | 15.6  | 15.2  | 15.1       | 15.1  | 15.3        | 15.1  | 15.4  |  |
| Q/q %, SAAR                       | -9.2  | 0.7   | 6.9   | 6.0   | -0.9  | 5.0   | -10.4 | -0.7       |       |             |       |       |  |
| Y/y %                             | -9.8  | -7.4  | -2.9  | 0.7   | 3.0   | 4.3   | -0.2  | -1.8       | -4.9  | 1.3         | -6.7  | 1.9   |  |
| Non-residential investment        | 86.8  | 83.2  | 86.7  | 86.3  | 87.0  | 87.4  | 84.2  | 84.7       | 85.7  | 85.8        | 85.4  | 86.2  |  |
| Q/q %, SAAR                       | 8.8   | -15.7 | 18.3  | -1.9  | 3.2   | 1.9   | -14.1 | 2.8        |       |             |       |       |  |
| Y/y %                             | 4.5   | -0.6  | 2.0   | 1.4   | 0.4   | 5.4   | -3.3  | -1.8       | 1.7   | 0.0         | 2.1   | 0.9   |  |
| Change in inventories             | 0.2   | 1.7   | 1.5   | 2.4   | 2.0   | 0.9   | 1.5   | 1.6        | 1.5   | 1.5         | 1.1   | 1.7   |  |
| Public demand                     | 133.6 | 133.2 | 133.5 | 133.6 | 135.9 | 137.0 | 137.5 | 137.9      | 133.4 | 137.1       | 133.2 | 136.0 |  |
| Q/q %, SAAR                       | 2.5   | -1.2  | 1.1   | 0.3   | 6.8   | 3.3   | 1.7   | 1.0        |       |             |       |       |  |
| Y/y %                             | 0.9   | 0.9   | 0.8   | 0.6   | 1.9   | 2.9   | 3.0   | 3.2        | 0.8   | 2.8         | 0.8   | 2.1   |  |
| Government final consumption      | 106.9 | 107.1 | 107.8 | 107.4 | 109.1 | 110.0 | 110.2 | 110.5      | 107.2 | 109.9       | 107.1 | 109.1 |  |
| Q/q %, SAAR                       | 0.4   | 0.6   | 2.7   | -1.4  | 6.6   | 3.0   | 0.9   | 1.2        |       |             |       |       |  |
| Y/y %                             | 0.8   | 0.9   | 1.3   | 0.5   | 2.1   | 2.7   | 2.2   | 2.9        | 0.9   | 2.5         | 0.9   | 1.9   |  |
| Fixed investment                  | 26.6  | 26.0  | 25.7  | 26.2  | 26.7  | 27.1  | 27.4  | 27.4       | 26.1  | 27.2        | 26.0  | 26.8  |  |
| Q/q %, SAAR                       | 11.1  | -8.6  | -5.0  | 8.8   | 7.4   | 5.1   | 4.6   | 0.3        |       |             |       |       |  |
| Y/y %                             | 1.6   | 1.0   | -1.0  | 1.0   | 1.0   | 3.9   | 6.3   | 4.4        | 0.6   | 4.1         | 0.3   | 3.1   |  |
| Change in 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  |  |
| Net exports of goods and services | -0.4  | -1.3  | -3.8  | -1.3  | -2.8  | -4.1  | -1.7  | -3.6       | -1.7  | -3.1        | -1.5  | -2.5  |  |
| Exports of goods and services     | 94.2  | 92.0  | 93.5  | 91.8  | 92.1  | 91.5  | 91.4  | 89.6       | 92.9  | 91.2        | 93.4  | 91.7  |  |
| Q/q %, SAAR                       | 2.8   | -9.0  | 6.7   | -7.3  | 1.6   | -2.8  | -0.4  | -7.8       |       |             |       |       |  |
| Y/y %                             | 5.9   | 1.7   | 1.1   | -2.1  | -2.2  | -0.5  | -2.2  | -2.3       | 1.6   | -1.8        | 3.4   | -1.8  |  |
| Imports of goods and services     | 94.6  | 93.3  | 97.3  | 93.1  | 94.9  | 95.6  | 93.1  | 93.2       | 94.6  | 94.2        | 94.9  | 94.2  |  |
| Q/q %, SAAR                       | 2.7   | -5.5  | 18.3  | -16.3 | 8.2   | 2.8   | -10.1 | 0.4        |       |             |       |       |  |
| Y/y %                             | 2.9   | 2.9   | 4.2   | -1.2  | 0.2   | 2.6   | -4.3  | 0.2        | 2.2   | -0.4        | 3.4   | -0.8  |  |

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)

|                                   | 2020       |            |              | 2021       |            |            | 2022         |            |             | FY          |             | CY          |  |
|-----------------------------------|------------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|--|
|                                   | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 2020<br>(E) | 2021<br>(E) | 2020<br>(E) | 2021<br>(E) |  |
| Gross domestic expenditure        | 536.0      | 537.4      | 538.5        | 539.2      | 540.0      | 541.1      | 542.4        | 543.6      | 537.6       | 541.6       | 536.0       | 540.5       |  |
| Q/q %, SAAR                       | 2.3        | 1.0        | 0.9          | 0.5        | 0.6        | 0.8        | 1.0          | 0.9        |             |             |             |             |  |
| Y/y %                             | -0.6       | -0.5       | 1.4          | 1.2        | 0.8        | 0.7        | 0.7          | 0.8        | 0.4         | 0.7         | -0.1        | 0.8         |  |
| Domestic demand                   | 538.3      | 539.6      | 540.5        | 541.2      | 542.0      | 542.9      | 544.0        | 545.0      | 539.8       | 543.3       | 538.4       | 542.3       |  |
| Q/q %, SAAR                       | 1.7        | 0.9        | 0.7          | 0.5        | 0.6        | 0.7        | 0.8          | 0.8        |             |             |             |             |  |
| Y/y %                             | -0.6       | -0.7       | 1.5          | 1.0        | 0.7        | 0.6        | 0.6          | 0.7        | 0.3         | 0.7         | -0.0        | 0.7         |  |
| Private demand                    | 400.2      | 401.3      | 402.0        | 402.4      | 403.0      | 403.7      | 404.6        | 405.4      | 401.4       | 404.1       | 400.3       | 403.3       |  |
| Q/q %, SAAR                       | 2.1        | 1.1        | 0.7          | 0.4        | 0.6        | 0.7        | 0.9          | 0.8        |             |             |             |             |  |
| Y/y %                             | -1.3       | -1.3       | 1.8          | 1.1        | 0.7        | 0.6        | 0.6          | 0.8        | 0.1         | 0.7         | -0.6        | 0.7         |  |
| Final consumption                 | 298.2      | 298.8      | 299.2        | 299.6      | 300.0      | 300.4      | 301.0        | 301.5      | 298.8       | 300.6       | 298.1       | 300.1       |  |
| Q/q %, SAAR                       | 2.1        | 0.9        | 0.4          | 0.6        | 0.6        | 0.6        | 0.7          | 0.7        |             |             |             |             |  |
| Y/y %                             | -1.0       | -1.2       | 1.8          | 1.0        | 0.6        | 0.5        | 0.6          | 0.6        | 0.1         | 0.6         | -0.4        | 0.7         |  |
| Residential investment            | 15.1       | 15.1       | 15.1         | 15.1       | 15.1       | 15.1       | 15.1         | 15.1       | 15.1        | 15.1        | 15.1        | 15.1        |  |
| Q/q %, SAAR                       | -0.7       | -0.4       | 0.0          | -0.0       | 0.2        | 0.2        | 0.3          | 0.2        |             |             |             |             |  |
| Y/y %                             | -1.8       | -3.2       | -0.5         | -0.3       | -0.1       | 0.1        | 0.2          | 0.3        | -1.5        | 0.1         | -1.8        | -0.0        |  |
| Non-residential investment        | 85.3       | 85.7       | 86.1         | 86.4       | 86.7       | 86.9       | 87.2         | 87.5       | 85.9        | 87.1        | 85.5        | 86.8        |  |
| Q/q %, SAAR                       | 2.7        | 2.0        | 1.9          | 1.4        | 1.2        | 1.2        | 1.4          | 1.4        |             |             |             |             |  |
| Y/y %                             | -2.0       | -2.1       | 2.5          | 1.9        | 1.6        | 1.5        | 1.2          | 1.3        | 0.2         | 1.4         | -0.9        | 1.6         |  |
| Change in inventories             | 1.6        | 1.6        | 1.6          | 1.3        | 1.2        | 1.2        | 1.2          | 1.2        | 1.5         | 1.2         | 1.6         | 1.2         |  |
| Public demand                     | 138.1      | 138.3      | 138.5        | 138.7      | 138.9      | 139.2      | 139.4        | 139.6      | 138.4       | 139.2       | 138.2       | 139.0       |  |
| Q/q %, SAAR                       | 0.6        | 0.6        | 0.7          | 0.5        | 0.6        | 0.6        | 0.7          | 0.5        |             |             |             |             |  |
| Y/y %                             | 1.6        | 1.0        | 0.7          | 0.6        | 0.7        | 0.6        | 0.6          | 0.6        | 0.9         | 0.6         | 1.6         | 0.6         |  |
| Government final consumption      | 110.8      | 111.1      | 111.3        | 111.6      | 111.9      | 112.1      | 112.4        | 112.7      | 111.2       | 112.2       | 110.9       | 112.0       |  |
| Q/q %, SAAR                       | 1.0        | 1.0        | 1.0          | 1.0        | 1.0        | 1.0        | 1.0          | 1.0        |             |             |             |             |  |
| Y/y %                             | 1.5        | 1.0        | 1.0          | 1.0        | 1.0        | 1.0        | 1.0          | 1.0        | 1.1         | 1.0         | 1.6         | 1.0         |  |
| Fixed investment                  | 27.3       | 27.3       | 27.3         | 27.2       | 27.1       | 27.1       | 27.0         | 26.9       | 27.2        | 27.0        | 27.3        | 27.1        |  |
| Q/q %, SAAR                       | -0.8       | -0.8       | -0.3         | -1.3       | -0.8       | -0.8       | -0.3         | -1.3       |             |             |             |             |  |
| Y/y %                             | 1.9        | 0.8        | -0.3         | -0.8       | -0.6       | -0.8       | -0.8         | -0.8       | 0.3         | -0.8        | 1.7         | -0.8        |  |
| 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       | -2.8       | -2.6         | -2.5       | -2.5       | -2.3       | -2.2         | -2.0       | -2.7        | -2.2        | -3.0        | -2.4        |  |
| Exports of goods and services     | 90.7       | 91.0       | 91.4         | 91.7       | 91.9       | 92.3       | 92.8         | 93.2       | 91.2        | 92.6        | 90.7        | 92.2        |  |
| Q/q %, SAAR                       | 5.3        | 1.4        | 1.6          | 1.2        | 1.2        | 1.6        | 2.0          | 2.0        |             |             |             |             |  |
| Y/y %                             | -1.6       | -0.5       | -0.0         | 2.3        | 1.4        | 1.4        | 1.5          | 1.7        | 0.1         | 1.5         | -1.1        | 1.7         |  |
| Imports of goods and services     | 93.6       | 93.8       | 94.0         | 94.2       | 94.4       | 94.6       | 94.9         | 95.2       | 93.9        | 94.8        | 93.7        | 94.6        |  |
| Q/q %, SAAR                       | 1.9        | 0.8        | 0.8          | 0.9        | 0.9        | 1.0        | 1.2          | 1.2        |             |             |             |             |  |
| Y/y %                             | -1.3       | -1.9       | 1.0          | 1.0        | 0.8        | 0.9        | 1.0          | 1.1        | -0.3        | 1.0         | -0.5        | 1.0         |  |

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)

|                                   | 2018  |       |       | 2019  |       |       | 2020  |            |       | FY          |       | CY    |  |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|------------|-------|-------------|-------|-------|--|
|                                   | 4-6   | 7-9   | 10-12 | 1-3   | 4-6   | 7-9   | 10-12 | 1-3<br>(E) | 2018  | 2019<br>(E) | 2018  | 2019  |  |
| Gross domestic expenditure        | 549.1 | 545.7 | 546.4 | 552.9 | 555.8 | 558.5 | 551.5 | 555.0      | 548.4 | 555.0       | 547.1 | 554.5 |  |
| Q/q %, SAAR                       | 0.9   | -2.5  | 0.6   | 4.8   | 2.1   | 1.9   | -4.9  | 2.5        |       |             |       |       |  |
| Y/y %                             | 1.2   | -0.6  | -0.9  | 0.9   | 1.3   | 2.3   | 0.9   | 0.4        | 0.1   | 1.2         | 0.2   | 1.3   |  |
| Domestic demand                   | 546.1 | 544.7 | 549.1 | 550.7 | 555.4 | 558.5 | 548.7 | 552.8      | 547.5 | 553.6       | 545.8 | 553.1 |  |
| Q/q %, SAAR                       | 1.5   | -1.0  | 3.3   | 1.2   | 3.5   | 2.2   | -6.8  | 3.0        |       |             |       |       |  |
| Y/y %                             | 1.2   | 0.6   | 0.5   | 1.2   | 1.8   | 2.5   | -0.1  | 0.4        | 0.9   | 1.1         | 0.9   | 1.3   |  |
| Private demand                    | 408.8 | 408.0 | 413.3 | 413.0 | 415.4 | 417.2 | 407.3 | 411.0      | 410.7 | 412.5       | 409.4 | 413.0 |  |
| Q/q %, SAAR                       | 0.9   | -0.7  | 5.3   | -0.3  | 2.3   | 1.8   | -9.2  | 3.6        |       |             |       |       |  |
| Y/y %                             | 0.9   | 0.2   | 0.7   | 1.3   | 1.6   | 2.2   | -1.5  | -0.5       | 0.8   | 0.4         | 0.8   | 0.9   |  |
| Final consumption                 | 303.6 | 304.5 | 305.7 | 305.2 | 307.3 | 309.2 | 302.0 | 304.9      | 304.7 | 305.7       | 304.4 | 305.7 |  |
| Q/q %, SAAR                       | -0.5  | 1.2   | 1.6   | -0.7  | 2.9   | 2.5   | -9.0  | 3.9        |       |             |       |       |  |
| Y/y %                             | 0.1   | 0.9   | 0.5   | 0.4   | 1.1   | 1.4   | -1.2  | -0.1       | 0.5   | 0.3         | 0.6   | 0.4   |  |
| Residential investment            | 16.3  | 16.3  | 16.6  | 16.9  | 16.9  | 17.1  | 17.0  | 17.0       | 16.5  | 17.0        | 16.4  | 17.0  |  |
| Q/q %, SAAR                       | -6.5  | 1.4   | 7.9   | 5.7   | 0.3   | 6.3   | -3.6  | -0.3       |       |             |       |       |  |
| Y/y %                             | -7.8  | -5.9  | -1.4  | 1.8   | 3.7   | 5.0   | 2.2   | 0.7        | -3.4  | 2.9         | -5.0  | 3.2   |  |
| Non-residential investment        | 88.6  | 85.6  | 89.4  | 88.7  | 89.1  | 90.1  | 86.9  | 87.6       | 88.0  | 88.4        | 87.5  | 88.7  |  |
| Q/q %, SAAR                       | 8.9   | -13.1 | 19.1  | -2.9  | 2.0   | 4.5   | -13.7 | 3.2        |       |             |       |       |  |
| Y/y %                             | 5.2   | 0.1   | 2.7   | 2.2   | 0.8   | 5.6   | -3.2  | -1.2       | 2.5   | 0.4         | 2.8   | 1.3   |  |
| Change in inventories             | 0.3   | 1.6   | 1.6   | 2.3   | 2.0   | 0.8   | 1.5   | 1.5        | 1.5   | 1.5         | 1.1   | 1.6   |  |
| Public demand                     | 137.3 | 136.7 | 135.8 | 137.7 | 140.1 | 141.2 | 141.4 | 141.9      | 136.8 | 141.2       | 136.4 | 140.1 |  |
| Q/q %, SAAR                       | 3.4   | -1.9  | -2.5  | 5.7   | 6.9   | 3.4   | 0.5   | 1.3        |       |             |       |       |  |
| Y/y %                             | 2.3   | 1.9   | -0.1  | 1.1   | 2.3   | 3.5   | 3.9   | 3.2        | 1.3   | 3.2         | 1.4   | 2.7   |  |
| Government final consumption      | 108.6 | 108.5 | 107.9 | 109.2 | 111.0 | 111.7 | 111.2 | 111.6      | 108.5 | 111.3       | 108.3 | 110.8 |  |
| Q/q %, SAAR                       | 0.7   | -0.5  | -2.0  | 5.0   | 6.4   | 2.6   | -1.5  | 1.4        |       |             |       |       |  |
| Y/y %                             | 2.1   | 1.7   | -0.3  | 0.7   | 2.3   | 3.2   | 2.8   | 2.2        | 1.0   | 2.6         | 1.1   | 2.2   |  |
| Fixed investment                  | 28.6  | 28.1  | 27.8  | 28.5  | 29.1  | 29.6  | 30.2  | 30.2       | 28.2  | 29.8        | 28.0  | 29.3  |  |
| Q/q %, SAAR                       | 14.1  | -7.1  | -3.6  | 9.3   | 9.1   | 6.8   | 8.2   | 0.9        |       |             |       |       |  |
| Y/y %                             | 3.7   | 2.7   | 0.9   | 2.6   | 2.2   | 5.2   | 8.3   | 6.3        | 2.4   | 5.7         | 2.1   | 4.7   |  |
| Change in 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  |  |
| Net exports of goods and services | 3.1   | 1.0   | -2.7  | 2.2   | 0.4   | 0.0   | 2.8   | 2.2        | 0.8   | 1.4         | 1.3   | 1.4   |  |
| Exports of goods and services     | 101.6 | 101.3 | 101.6 | 98.0  | 97.7  | 96.1  | 95.6  | 93.2       | 100.6 | 95.7        | 101.4 | 96.8  |  |
| Q/q %, SAAR                       | 3.6   | -1.1  | 1.3   | -13.6 | -1.3  | -6.1  | -2.3  | -9.6       |       |             |       |       |  |
| Y/y %                             | 7.9   | 3.7   | 1.4   | -3.1  | -3.6  | -4.8  | -6.4  | -4.7       | 2.3   | -4.9        | 4.6   | -4.5  |  |
| Imports of goods and services     | 98.6  | 100.3 | 104.3 | 95.8  | 97.3  | 96.1  | 92.8  | 91.0       | 99.7  | 94.3        | 100.1 | 95.4  |  |
| Q/q %, SAAR                       | 7.3   | 7.5   | 16.8  | -29.0 | 6.5   | -4.7  | -13.2 | -7.4       |       |             |       |       |  |
| Y/y %                             | 8.6   | 11.4  | 9.3   | -1.4  | -1.0  | -4.1  | -11.3 | -4.8       | 6.8   | -5.5        | 9.0   | -4.6  |  |

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)

|                                   | 2020       |            |              | 2021       |            |            | 2022         |            |             | FY          |             | CY          |  |
|-----------------------------------|------------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|--|
|                                   | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 2020<br>(E) | 2021<br>(E) | 2020<br>(E) | 2021<br>(E) |  |
| Gross domestic expenditure        | 558.6      | 560.6      | 562.0        | 563.3      | 565.1      | 566.8      | 568.8        | 570.7      | 561.0       | 567.7       | 558.9       | 565.9       |  |
| Q/q %, SAAR                       | 2.6        | 1.4        | 1.0          | 0.9        | 1.3        | 1.2        | 1.4          | 1.3        |             |             |             |             |  |
| Y/y %                             | 0.5        | 0.4        | 1.9          | 1.5        | 1.2        | 1.1        | 1.2          | 1.3        | 1.1         | 1.2         | 0.8         | 1.2         |  |
| Domestic demand                   | 555.5      | 557.4      | 558.6        | 559.8      | 561.5      | 563.1      | 564.8        | 566.5      | 557.7       | 563.8       | 556.0       | 562.1       |  |
| Q/q %, SAAR                       | 2.0        | 1.3        | 0.9          | 0.9        | 1.2        | 1.1        | 1.2          | 1.2        |             |             |             |             |  |
| Y/y %                             | -0.0       | -0.2       | 1.8          | 1.3        | 1.1        | 1.0        | 1.1          | 1.2        | 0.7         | 1.1         | 0.5         | 1.1         |  |
| Private demand                    | 413.3      | 414.9      | 415.7        | 416.6      | 418.0      | 419.2      | 420.6        | 421.9      | 415.1       | 419.8       | 413.6       | 418.4       |  |
| Q/q %, SAAR                       | 2.4        | 1.5        | 0.8          | 0.9        | 1.3        | 1.2        | 1.3          | 1.3        |             |             |             |             |  |
| Y/y %                             | -0.5       | -0.5       | 2.1          | 1.4        | 1.1        | 1.0        | 1.1          | 1.3        | 0.6         | 1.1         | 0.1         | 1.2         |  |
| Final consumption                 | 306.6      | 307.6      | 307.9        | 308.7      | 309.7      | 310.6      | 311.5        | 312.5      | 307.6       | 311.0       | 306.7       | 310.0       |  |
| Q/q %, SAAR                       | 2.3        | 1.3        | 0.4          | 1.0        | 1.4        | 1.1        | 1.2          | 1.2        |             |             |             |             |  |
| Y/y %                             | -0.2       | -0.5       | 2.0          | 1.2        | 1.0        | 1.0        | 1.2          | 1.2        | 0.6         | 1.1         | 0.3         | 1.1         |  |
| Residential investment            | 17.0       | 17.0       | 17.0         | 17.0       | 17.0       | 17.1       | 17.1         | 17.1       | 17.0        | 17.1        | 17.0        | 17.1        |  |
| Q/q %, SAAR                       | 0.1        | 0.4        | 0.6          | 0.4        | 0.6        | 0.6        | 0.7          | 0.6        |             |             |             |             |  |
| Y/y %                             | 0.6        | -0.9       | 0.1          | 0.3        | 0.5        | 0.6        | 0.6          | 0.7        | 0.0         | 0.6         | 0.1         | 0.5         |  |
| Non-residential investment        | 88.3       | 88.8       | 89.3         | 89.7       | 90.0       | 90.4       | 90.8         | 91.2       | 89.0        | 90.6        | 88.4        | 90.2        |  |
| Q/q %, SAAR                       | 3.2        | 2.4        | 2.3          | 1.8        | 1.6        | 1.6        | 1.8          | 1.8        |             |             |             |             |  |
| Y/y %                             | -1.1       | -1.6       | 3.0          | 2.4        | 2.1        | 1.9        | 1.6          | 1.7        | 0.7         | 1.8         | -0.3        | 2.0         |  |
| Change in inventories             | 1.5        | 1.5        | 1.5          | 1.2        | 1.1        | 1.1        | 1.1          | 1.1        | 1.5         | 1.2         | 1.5         | 1.2         |  |
| Public demand                     | 142.2      | 142.5      | 142.9        | 143.2      | 143.5      | 143.9      | 144.3        | 144.6      | 142.7       | 144.0       | 142.4       | 143.7       |  |
| Q/q %, SAAR                       | 0.9        | 0.9        | 1.1          | 0.8        | 1.0        | 1.0        | 1.1          | 0.8        |             |             |             |             |  |
| Y/y %                             | 1.3        | 0.9        | 1.2          | 0.9        | 1.1        | 1.0        | 0.9          | 0.9        | 1.1         | 1.0         | 1.6         | 1.0         |  |
| Government final consumption      | 112.0      | 112.3      | 112.6        | 113.0      | 113.3      | 113.7      | 114.0        | 114.3      | 112.4       | 113.8       | 112.1       | 113.5       |  |
| Q/q %, SAAR                       | 1.2        | 1.2        | 1.2          | 1.2        | 1.2        | 1.2        | 1.2          | 1.2        |             |             |             |             |  |
| Y/y %                             | 0.8        | 0.5        | 1.4          | 1.2        | 1.2        | 1.3        | 1.1          | 1.2        | 1.0         | 1.2         | 1.2         | 1.2         |  |
| Fixed investment                  | 30.2       | 30.2       | 30.3         | 30.2       | 30.2       | 30.2       | 30.3         | 30.2       | 30.2        | 30.3        | 30.2        | 30.3        |  |
| Q/q %, SAAR                       | 0.0        | 0.0        | 0.5          | -0.5       | 0.0        | 0.0        | 0.5          | -0.5       |             |             |             |             |  |
| Y/y %                             | 3.6        | 2.3        | 0.4          | -0.0       | 0.1        | -0.0       | -0.0         | 0.0        | 1.4         | 0.0         | 3.1         | 0.0         |  |
| 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 | 3.1        | 3.2        | 3.4          | 3.5        | 3.6        | 3.7        | 3.9          | 4.2        | 3.3         | 3.8         | 3.0         | 3.7         |  |
| Exports of goods and services     | 94.4       | 94.8       | 95.3         | 95.7       | 96.1       | 96.5       | 97.1         | 97.7       | 95.0        | 96.9        | 94.4        | 96.4        |  |
| Q/q %, SAAR                       | 5.3        | 1.8        | 2.0          | 1.6        | 1.6        | 2.0        | 2.4          | 2.4        |             |             |             |             |  |
| Y/y %                             | -3.5       | -1.5       | -0.1         | 2.6        | 1.8        | 1.9        | 1.8          | 2.2        | -0.6        | 1.9         | -2.5        | 2.0         |  |
| Imports of goods and services     | 91.3       | 91.6       | 91.9         | 92.2       | 92.5       | 92.8       | 93.2         | 93.5       | 91.8        | 93.0        | 91.5        | 92.7        |  |
| Q/q %, SAAR                       | 1.5        | 1.2        | 1.2          | 1.3        | 1.3        | 1.4        | 1.6          | 1.6        |             |             |             |             |  |
| Y/y %                             | -6.2       | -4.8       | -0.8         | 1.2        | 1.3        | 1.3        | 1.3          | 1.5        | -2.7        | 1.4         | -4.2        | 1.3         |  |

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.

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

|                                    | 2018  |       |       | 2019  |       |       | 2020  |            |       | FY          |       | CY    |  |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|------------|-------|-------------|-------|-------|--|
|                                    | 4-6   | 7-9   | 10-12 | 1-3   | 4-6   | 7-9   | 10-12 | 1-3<br>(E) | 2018  | 2019<br>(E) | 2018  | 2019  |  |
| Gross domestic expenditure         | 102.7 | 102.8 | 102.5 | 103.0 | 103.1 | 103.4 | 103.8 | 104.1      | 102.8 | 103.6       | 102.7 | 103.3 |  |
| Q/q %, SAAR                        | -0.2  | 0.2   | -0.4  | 0.5   | 0.0   | 0.4   | 0.4   | 0.3        |       |             |       |       |  |
| Y/y %                              | 0.1   | -0.3  | -0.6  | 0.1   | 0.4   | 0.6   | 1.3   | 1.1        | -0.2  | 0.8         | -0.1  | 0.6   |  |
| Private final consumption          | 101.5 | 102.1 | 102.1 | 101.9 | 102.0 | 102.2 | 102.7 | 102.8      | 101.9 | 102.4       | 101.9 | 102.2 |  |
| Q/q %, SAAR                        | -0.3  | 0.5   | 0.0   | -0.2  | 0.1   | 0.2   | 0.6   | 0.1        |       |             |       |       |  |
| Y/y %                              | 0.3   | 0.8   | 0.6   | 0.1   | 0.4   | 0.0   | 0.7   | 0.9        | 0.4   | 0.5         | 0.6   | 0.3   |  |
| Private residential investment     | 108.8 | 109.0 | 109.2 | 109.2 | 109.5 | 109.8 | 111.8 | 112.0      | 109.1 | 110.8       | 108.8 | 110.1 |  |
| Q/q %, SAAR                        | 0.7   | 0.2   | 0.2   | -0.1  | 0.3   | 0.3   | 1.8   | 0.1        |       |             |       |       |  |
| Y/y %                              | 2.2   | 1.6   | 1.6   | 1.1   | 0.6   | 0.7   | 2.4   | 2.6        | 1.6   | 1.6         | 1.8   | 1.2   |  |
| Private non-residential investment | 102.1 | 102.8 | 103.0 | 102.7 | 102.4 | 103.1 | 103.2 | 103.3      | 102.7 | 103.0       | 102.5 | 102.8 |  |
| Q/q %, SAAR                        | 0.0   | 0.7   | 0.2   | -0.3  | -0.3  | 0.6   | 0.1   | 0.1        |       |             |       |       |  |
| Y/y %                              | 0.7   | 0.7   | 0.7   | 0.7   | 0.5   | 0.2   | 0.1   | 0.5        | 0.7   | 0.3         | 0.6   | 0.4   |  |
| Government final consumption       | 101.6 | 101.3 | 100.1 | 101.7 | 101.7 | 101.6 | 100.9 | 101.0      | 101.2 | 101.3       | 101.2 | 101.5 |  |
| Q/q %, SAAR                        | 0.1   | -0.3  | -1.2  | 1.6   | -0.1  | -0.1  | -0.6  | 0.1        |       |             |       |       |  |
| Y/y %                              | 1.2   | 0.8   | -1.6  | 0.1   | 0.2   | 0.4   | 0.6   | -0.7       | 0.1   | 0.1         | 0.3   | 0.3   |  |
| Public fixed investment            | 107.5 | 108.0 | 108.3 | 108.5 | 108.9 | 109.3 | 110.3 | 110.4      | 108.1 | 109.8       | 107.6 | 109.3 |  |
| Q/q %, SAAR                        | 0.7   | 0.4   | 0.3   | 0.1   | 0.4   | 0.4   | 0.9   | 0.1        |       |             |       |       |  |
| Y/y %                              | 2.1   | 1.7   | 1.9   | 1.6   | 1.3   | 1.2   | 1.9   | 1.8        | 1.8   | 1.6         | 1.8   | 1.5   |  |
| Exports of goods and services      | 107.8 | 110.1 | 108.7 | 106.8 | 106.0 | 105.1 | 104.6 | 104.1      | 108.3 | 104.9       | 108.6 | 105.6 |  |
| Q/q %, SAAR                        | 0.2   | 2.1   | -1.3  | -1.7  | -0.7  | -0.9  | -0.5  | -0.5       |       |             |       |       |  |
| Y/y %                              | 1.9   | 2.0   | 0.3   | -1.0  | -1.5  | -4.3  | -4.2  | -2.5       | 0.8   | -3.1        | 1.1   | -2.8  |  |
| Imports of goods and services      | 104.1 | 107.5 | 107.2 | 102.9 | 102.5 | 100.5 | 99.7  | 97.7       | 105.4 | 100.1       | 105.5 | 101.3 |  |
| Q/q %, SAAR                        | 1.1   | 3.3   | -0.3  | -4.0  | -0.4  | -1.9  | -0.9  | -2.0       |       |             |       |       |  |
| Y/y %                              | 5.5   | 8.3   | 5.0   | -0.2  | -1.2  | -6.5  | -7.3  | -5.0       | 4.6   | -5.1        | 5.4   | -3.9  |  |

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.

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

|                                    | 2020       |            |              | 2021       |            |            | 2022         |            |             | FY          |             | CY          |  |
|------------------------------------|------------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|--|
|                                    | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 2020<br>(E) | 2021<br>(E) | 2020<br>(E) | 2021<br>(E) |  |
| Gross domestic expenditure         | 104.2      | 104.3      | 104.4        | 104.5      | 104.6      | 104.8      | 104.9        | 105.0      | 104.4       | 104.8       | 104.3       | 104.7       |  |
| Q/q %, SAAR                        | 0.1        | 0.1        | 0.0          | 0.1        | 0.2        | 0.1        | 0.1          | 0.1        |             |             |             |             |  |
| Y/y %                              | 1.1        | 0.9        | 0.6          | 0.3        | 0.4        | 0.4        | 0.5          | 0.5        | 0.7         | 0.4         | 0.9         | 0.4         |  |
| Private final consumption          | 102.8      | 102.9      | 102.9        | 103.0      | 103.2      | 103.4      | 103.5        | 103.6      | 102.9       | 103.4       | 102.9       | 103.3       |  |
| Q/q %, SAAR                        | 0.0        | 0.1        | -0.0         | 0.1        | 0.2        | 0.1        | 0.1          | 0.1        |             |             |             |             |  |
| Y/y %                              | 0.8        | 0.8        | 0.2          | 0.3        | 0.4        | 0.4        | 0.6          | 0.6        | 0.5         | 0.5         | 0.7         | 0.4         |  |
| Private residential investment     | 112.2      | 112.4      | 112.6        | 112.7      | 112.8      | 112.9      | 113.0        | 113.1      | 112.5       | 113.0       | 112.3       | 112.8       |  |
| Q/q %, SAAR                        | 0.2        | 0.2        | 0.1          | 0.1        | 0.1        | 0.1        | 0.1          | 0.1        |             |             |             |             |  |
| Y/y %                              | 2.5        | 2.4        | 0.6          | 0.6        | 0.5        | 0.4        | 0.4          | 0.4        | 1.5         | 0.4         | 2.0         | 0.5         |  |
| Private non-residential investment | 103.4      | 103.5      | 103.6        | 103.7      | 103.8      | 104.0      | 104.1        | 104.2      | 103.6       | 104.0       | 103.5       | 103.9       |  |
| Q/q %, SAAR                        | 0.1        | 0.1        | 0.1          | 0.1        | 0.1        | 0.1        | 0.1          | 0.1        |             |             |             |             |  |
| Y/y %                              | 0.9        | 0.5        | 0.5          | 0.4        | 0.4        | 0.4        | 0.4          | 0.4        | 0.6         | 0.4         | 0.6         | 0.4         |  |
| Government final consumption       | 101.1      | 101.1      | 101.2        | 101.2      | 101.3      | 101.4      | 101.4        | 101.5      | 101.2       | 101.4       | 101.1       | 101.4       |  |
| Q/q %, SAAR                        | 0.1        | 0.1        | 0.1          | 0.1        | 0.1        | 0.1        | 0.1          | 0.1        |             |             |             |             |  |
| Y/y %                              | -0.7       | -0.5       | 0.4          | 0.2        | 0.3        | 0.3        | 0.2          | 0.2        | -0.1        | 0.2         | -0.4        | 0.2         |  |
| Public fixed investment            | 110.7      | 110.9      | 111.1        | 111.3      | 111.6      | 111.8      | 112.0        | 112.2      | 111.0       | 111.9       | 110.8       | 111.7       |  |
| Q/q %, SAAR                        | 0.2        | 0.2        | 0.2          | 0.2        | 0.2        | 0.2        | 0.2          | 0.2        |             |             |             |             |  |
| Y/y %                              | 1.6        | 1.5        | 0.7          | 0.8        | 0.8        | 0.8        | 0.8          | 0.8        | 1.1         | 0.8         | 1.4         | 0.8         |  |
| Exports of goods and services      | 104.1      | 104.2      | 104.3        | 104.4      | 104.5      | 104.6      | 104.7        | 104.8      | 104.2       | 104.6       | 104.1       | 104.5       |  |
| Q/q %, SAAR                        | 0.0        | 0.1        | 0.1          | 0.1        | 0.1        | 0.1        | 0.1          | 0.1        |             |             |             |             |  |
| Y/y %                              | -2.0       | -1.0       | -0.1         | 0.2        | 0.5        | 0.5        | 0.3          | 0.4        | -0.7        | 0.4         | -1.4        | 0.4         |  |
| Imports of goods and services      | 97.6       | 97.7       | 97.8         | 97.9       | 98.0       | 98.1       | 98.2         | 98.3       | 97.7        | 98.1        | 97.6        | 98.0        |  |
| Q/q %, SAAR                        | -0.1       | 0.1        | 0.1          | 0.1        | 0.1        | 0.1        | 0.1          | 0.1        |             |             |             |             |  |
| Y/y %                              | -5.0       | -2.9       | -1.8         | 0.2        | 0.5        | 0.4        | 0.3          | 0.4        | -2.4        | 0.4         | -3.7        | 0.4         |  |

Source: Compiled by DIR.

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

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

E: DIR estimate.

## 5.1 Contribution to Real GDP Growth by Component

|                                   | 2018 |      |       | 2019 |      |      | 2020  |            |      | FY          |      | CY   |  |
|-----------------------------------|------|------|-------|------|------|------|-------|------------|------|-------------|------|------|--|
|                                   | 4-6  | 7-9  | 10-12 | 1-3  | 4-6  | 7-9  | 10-12 | 1-3<br>(E) | 2018 | 2019<br>(E) | 2018 | 2019 |  |
| <b>1) Q/q %</b>                   |      |      |       |      |      |      |       |            |      |             |      |      |  |
| GDP growth rate                   | 0.5  | -0.8 | 0.5   | 0.6  | 0.5  | 0.1  | -1.6  | 0.3        | 0.3  | 0.4         | 0.3  | 0.7  |  |
| Domestic demand                   | 0.4  | -0.6 | 1.0   | 0.2  | 0.8  | 0.4  | -2.1  | 0.7        | 0.4  | 0.6         | 0.3  | 0.9  |  |
| Private demand                    | 0.3  | -0.5 | 0.9   | 0.2  | 0.4  | 0.2  | -2.2  | 0.6        | 0.2  | -0.1        | 0.1  | 0.4  |  |
| Private consumption               | 0.1  | -0.1 | 0.2   | 0.0  | 0.3  | 0.3  | -1.6  | 0.5        | 0.0  | -0.1        | -0.0 | 0.1  |  |
| Residential investment            | -0.1 | 0.0  | 0.0   | 0.0  | -0.0 | 0.0  | -0.1  | -0.0       | -0.1 | 0.0         | -0.2 | 0.1  |  |
| Private fixed investment          | 0.3  | -0.7 | 0.7   | -0.1 | 0.1  | 0.1  | -0.6  | 0.1        | 0.3  | 0.0         | 0.3  | 0.2  |  |
| Change in private inventories     | -0.1 | 0.3  | -0.0  | 0.2  | -0.1 | -0.2 | 0.1   | 0.0        | 0.0  | 0.0         | -0.0 | 0.1  |  |
| Public demand                     | 0.2  | -0.1 | 0.1   | 0.0  | 0.4  | 0.2  | 0.1   | 0.1        | 0.2  | 0.7         | 0.2  | 0.5  |  |
| Government final consumption      | 0.0  | 0.0  | 0.1   | -0.1 | 0.3  | 0.1  | 0.0   | 0.1        | 0.2  | 0.5         | 0.2  | 0.4  |  |
| Public fixed investment           | 0.1  | -0.1 | -0.1  | 0.1  | 0.1  | 0.1  | 0.1   | 0.0        | 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 | 0.0  | -0.2 | -0.4  | 0.5  | -0.3 | -0.3 | 0.5   | -0.4       | -0.1 | -0.2        | -0.0 | -0.2 |  |
| Exports of goods and services     | 0.1  | -0.4 | 0.3   | -0.4 | 0.1  | -0.1 | -0.0  | -0.3       | 0.3  | -0.3        | 0.6  | -0.3 |  |
| Imports of goods and services     | -0.1 | 0.2  | -0.7  | 0.8  | -0.4 | -0.1 | 0.5   | -0.0       | -0.4 | 0.1         | -0.6 | 0.1  |  |
| <b>2) Y/y %</b>                   |      |      |       |      |      |      |       |            |      |             |      |      |  |
| GDP growth rate                   | 1.0  | -0.3 | -0.3  | 0.8  | 0.9  | 1.7  | -0.4  | -0.7       | 0.3  | 0.4         | 0.3  | 0.7  |  |
| Domestic demand                   | 0.5  | -0.2 | 0.3   | 0.9  | 1.3  | 2.3  | -0.8  | -0.2       | 0.4  | 0.6         | 0.3  | 0.9  |  |
| Private demand                    | 0.3  | -0.4 | 0.1   | 0.8  | 0.9  | 1.6  | -1.5  | -1.1       | 0.2  | -0.1        | 0.1  | 0.4  |  |
| Private consumption               | -0.2 | 0.1  | -0.0  | 0.2  | 0.4  | 0.8  | -1.0  | -0.5       | 0.0  | -0.1        | -0.0 | 0.1  |  |
| Residential investment            | -0.3 | -0.2 | -0.1  | 0.0  | 0.1  | 0.1  | -0.0  | -0.1       | -0.1 | 0.0         | -0.2 | 0.1  |  |
| Private fixed investment          | 0.6  | -0.1 | 0.3   | 0.3  | 0.1  | 0.8  | -0.5  | -0.3       | 0.3  | 0.0         | 0.3  | 0.2  |  |
| Change in private inventories     | 0.1  | -0.1 | -0.2  | 0.3  | 0.3  | -0.2 | 0.0   | -0.2       | 0.0  | 0.0         | -0.0 | 0.1  |  |
| Public demand                     | 0.2  | 0.2  | 0.2   | 0.2  | 0.4  | 0.7  | 0.8   | 0.8        | 0.2  | 0.7         | 0.2  | 0.5  |  |
| Government final consumption      | 0.2  | 0.2  | 0.3   | 0.1  | 0.4  | 0.5  | 0.4   | 0.6        | 0.2  | 0.5         | 0.2  | 0.4  |  |
| Public fixed investment           | 0.1  | 0.1  | -0.1  | 0.1  | 0.0  | 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 | 0.5  | -0.2 | -0.5  | -0.2 | -0.4 | -0.6 | 0.4   | -0.4       | -0.1 | -0.2        | -0.0 | -0.2 |  |
| Exports of goods and services     | 1.0  | 0.3  | 0.2   | -0.4 | -0.4 | -0.1 | -0.4  | -0.4       | 0.3  | -0.3        | 0.6  | -0.3 |  |
| Imports of goods and services     | -0.5 | -0.5 | -0.7  | 0.2  | -0.0 | -0.5 | 0.8   | -0.0       | -0.4 | 0.1         | -0.6 | 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.

## 5.2 Contribution to Real GDP Growth by Component

|                                   | 2020       |            |              | 2021       |            |            | 2022         |            |             | FY          |             | CY          |  |
|-----------------------------------|------------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|--|
|                                   | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 2020<br>(E) | 2021<br>(E) | 2020<br>(E) | 2021<br>(E) |  |
| GDP growth rate                   | 0.6        | 0.3        | 0.2          | 0.1        | 0.2        | 0.2        | 0.2          | 0.2        | 0.4         | 0.7         | -0.1        | 0.8         |  |
| Domestic demand                   | 0.4        | 0.2        | 0.2          | 0.1        | 0.1        | 0.2        | 0.2          | 0.2        | 0.3         | 0.7         | 0.0         | 0.7         |  |
| Private demand                    | 0.4        | 0.2        | 0.1          | 0.1        | 0.1        | 0.1        | 0.2          | 0.2        | 0.1         | 0.5         | -0.4        | 0.6         |  |
| Private consumption               | 0.3        | 0.1        | 0.1          | 0.1        | 0.1        | 0.1        | 0.1          | 0.1        | 0.1         | 0.3         | -0.2        | 0.4         |  |
| Residential investment            | -0.0       | -0.0       | 0.0          | -0.0       | 0.0        | 0.0        | 0.0          | 0.0        | -0.0        | 0.0         | -0.1        | -0.0        |  |
| Private fixed investment          | 0.1        | 0.1        | 0.1          | 0.1        | 0.0        | 0.0        | 0.1          | 0.1        | 0.0         | 0.2         | -0.1        | 0.2         |  |
| Change in private inventories     | 0.0        | 0.0        | 0.0          | -0.1       | -0.0       | 0.0        | 0.0          | 0.0        | 0.0         | -0.1        | -0.0        | -0.1        |  |
| Public demand                     | 0.0        | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0          | 0.0        | 0.2         | 0.2         | 0.4         | 0.1         |  |
| Government final consumption      | 0.0        | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0          | 0.0        | 0.2         | 0.2         | 0.3         | 0.2         |  |
| Public fixed investment           | -0.0       | -0.0       | -0.0         | -0.0       | -0.0       | -0.0       | -0.0         | -0.0       | 0.0         | -0.0        | 0.1         | -0.0        |  |
| Change in public inventories      | 0.0        | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0          | 0.0        | -0.0        | 0.0         | -0.0        | -0.0        |  |
| Net exports of goods and services | 0.1        | 0.0        | 0.0          | 0.0        | 0.0        | 0.0        | 0.0          | 0.0        | 0.1         | 0.1         | -0.1        | 0.1         |  |
| Exports of goods and services     | 0.2        | 0.1        | 0.1          | 0.1        | 0.1        | 0.1        | 0.1          | 0.1        | 0.0         | 0.3         | -0.2        | 0.3         |  |
| Imports of goods and services     | -0.1       | -0.0       | -0.0         | -0.0       | -0.0       | -0.0       | -0.1         | -0.1       | 0.1         | -0.2        | 0.1         | -0.2        |  |
| <b>2) Y/y %</b>                   |            |            |              |            |            |            |              |            |             |             |             |             |  |
| GDP growth rate                   | -0.6       | -0.5       | 1.4          | 1.2        | 0.8        | 0.7        | 0.7          | 0.8        | 0.4         | 0.7         | -0.1        | 0.8         |  |
| Domestic demand                   | -0.6       | -0.7       | 1.5          | 1.0        | 0.7        | 0.6        | 0.6          | 0.7        | 0.3         | 0.7         | 0.0         | 0.7         |  |
| Private demand                    | -1.0       | -1.0       | 1.4          | 0.8        | 0.5        | 0.4        | 0.5          | 0.6        | 0.1         | 0.5         | -0.4        | 0.6         |  |
| Private consumption               | -0.6       | -0.7       | 1.0          | 0.5        | 0.3        | 0.3        | 0.3          | 0.4        | 0.1         | 0.3         | -0.2        | 0.4         |  |
| Residential investment            | -0.1       | -0.1       | -0.0         | -0.0       | -0.0       | 0.0        | 0.0          | 0.0        | -0.0        | 0.0         | -0.1        | -0.0        |  |
| Private fixed investment          | -0.3       | -0.3       | 0.4          | 0.3        | 0.2        | 0.2        | 0.2          | 0.2        | 0.0         | 0.2         | -0.1        | 0.2         |  |
| Change in private inventories     | -0.1       | 0.1        | 0.0          | -0.1       | -0.1       | -0.1       | -0.1         | -0.0       | 0.0         | -0.1        | -0.0        | -0.1        |  |
| Public demand                     | 0.4        | 0.2        | 0.2          | 0.1        | 0.2        | 0.2        | 0.1          | 0.2        | 0.2         | 0.2         | 0.4         | 0.1         |  |
| Government final consumption      | 0.3        | 0.2        | 0.2          | 0.2        | 0.2        | 0.2        | 0.2          | 0.2        | 0.2         | 0.2         | 0.3         | 0.2         |  |
| Public fixed investment           | 0.1        | 0.0        | -0.0         | -0.0       | -0.0       | -0.0       | -0.0         | -0.0       | 0.0         | -0.0        | 0.1         | -0.0        |  |
| Change in public inventories      | -0.0       | 0.0        | -0.0         | -0.0       | 0.0        | -0.0       | 0.0          | 0.0        | -0.0        | 0.0         | -0.0        | -0.0        |  |
| Net exports of goods and services | -0.0       | 0.3        | -0.2         | 0.2        | 0.1        | 0.1        | 0.1          | 0.1        | 0.1         | 0.1         | -0.1        | 0.1         |  |
| Exports of goods and services     | -0.3       | -0.1       | -0.0         | 0.4        | 0.2        | 0.2        | 0.3          | 0.3        | 0.0         | 0.3         | -0.2        | 0.3         |  |
| Imports of goods and services     | 0.2        | 0.3        | -0.2         | -0.2       | -0.1       | -0.2       | -0.2         | -0.2       | 0.1         | -0.2        | 0.1         | -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

|  | 2018   |        |        | 2019   |        |        | 2020   |            |        | FY          |        | CY     |  |
|--|--------|--------|--------|--------|--------|--------|--------|------------|--------|-------------|--------|--------|--|
|  | 4-6    | 7-9    | 10-12  | 1-3    | 4-6    | 7-9    | 10-12  | 1-3<br>(E) | 2018   | 2019<br>(E) | 2018   | 2019   |  |
| <b>1) World economy</b>                              |        |        |        |        |        |        |        |            |        |             |        |        |  |
| Economic growth of major trading partners            |        |        |        |        |        |        |        |            |        |             |        |        |  |
| Y/y %  | 4.2    | 3.8    | 3.5    | 3.2    | 3.1    | 2.9    | 2.9    | 2.9        | 3.7    | 2.9         | 4.0    | 3.0    |  |
| Crude oil price (WTI futures; \$/bbl)                | 67.9   | 69.4   | 59.3   | 54.9   | 59.9   | 56.4   | 56.9   | 53.4       | 62.9   | 56.6        | 64.9   | 57.0   |  |
| Y/y %  | 41.0   | 44.1   | 7.3    | -12.7  | -11.8  | -18.7  | -4.2   | -2.8       | 17.3   | -9.9        | 27.6   | -12.1  |  |
| <b>2) US economy</b>                                 |        |        |        |        |        |        |        |            |        |             |        |        |  |
| Real GDP (chained [2012]; \$ bil; SAAR)              | 18,598 | 18,733 | 18,784 | 18,927 | 19,022 | 19,121 | 19,220 | 19,308     | 18,760 | 19,168      | 18,638 | 19,073 |  |
| Q/q %, SAAR  | 3.5    | 2.9    | 1.1    | 3.1    | 2.0    | 2.1    | 2.1    | 1.9        |        |             |        |        |  |
| Y/y %  | 3.2    | 3.1    | 2.5    | 2.7    | 2.3    | 2.1    | 2.3    | 2.0        | 2.9    | 2.2         | 2.9    | 2.3    |  |
| Consumer Price Index<br>(1982-84 avg=100)            | 250.6  | 251.9  | 252.7  | 253.3  | 255.2  | 256.3  | 257.8  | 259.3      | 252.1  | 257.1       | 251.1  | 255.7  |  |
| Q/q %, SAAR  | 2.2    | 2.1    | 1.3    | 0.9    | 3.0    | 1.8    | 2.4    | 2.2        |        |             |        |        |  |
| Y/y %  | 2.7    | 2.6    | 2.2    | 1.6    | 1.8    | 1.8    | 2.0    | 2.4        | 2.3    | 2.0         | 2.4    | 1.8    |  |
| Producer Price Index<br>(Final demand; 2009.Nov=100) | 115.9  | 116.6  | 117.4  | 117.3  | 118.3  | 118.5  | 118.7  | 119.1      | 116.8  | 118.7       | 116.2  | 118.2  |  |
| Q/q %, SAAR  | 2.9    | 2.2    | 2.9    | -0.3   | 3.3    | 0.7    | 0.8    | 1.5        |        |             |        |        |  |
| Y/y %  | 3.0    | 3.0    | 2.8    | 1.9    | 2.0    | 1.7    | 1.2    | 1.6        | 2.7    | 1.6         | 2.9    | 1.7    |  |
| FF rate (%)  | 2.00   | 2.25   | 2.50   | 2.50   | 2.50   | 2.00   | 1.75   | 1.75       | 2.50   | 1.75        | 2.50   | 1.75   |  |
| (Target rate for the forecast period, end-period)    |        |        |        |        |        |        |        |            |        |             |        |        |  |
| Government bond yield (10 year; %)                   | 2.92   | 2.93   | 3.03   | 2.65   | 2.33   | 1.80   | 1.79   | 1.69       | 2.88   | 1.90        | 2.91   | 2.14   |  |
| <b>3) Japanese economy</b>                           |        |        |        |        |        |        |        |            |        |             |        |        |  |
| Nominal government final consumption                 |        |        |        |        |        |        |        |            |        |             |        |        |  |
| Y tril; SAAR   | 108.6  | 108.5  | 107.9  | 109.2  | 111.0  | 111.7  | 111.2  | 111.6      | 108.5  | 111.3       | 108.3  | 110.8  |  |
| Q/q %, SAAR  | 0.7    | -0.5   | -2.0   | 5.0    | 6.4    | 2.6    | -1.5   | 1.4        |        |             |        |        |  |
| Y/y %  | 2.1    | 1.7    | -0.3   | 0.7    | 2.3    | 3.2    | 2.8    | 2.2        | 1.0    | 2.6         | 1.1    | 2.2    |  |
| Nominal public fixed investment                      |        |        |        |        |        |        |        |            |        |             |        |        |  |
| Y tril; SAAR   | 28.6   | 28.1   | 27.8   | 28.5   | 29.1   | 29.6   | 30.2   | 30.2       | 28.2   | 29.8        | 28.0   | 29.3   |  |
| Q/q %, SAAR  | 14.1   | -7.1   | -3.6   | 9.3    | 9.1    | 6.8    | 8.2    | 0.9        |        |             |        |        |  |
| Y/y %  | 3.7    | 2.7    | 0.9    | 2.6    | 2.2    | 5.2    | 8.3    | 6.3        | 2.4    | 5.7         | 2.1    | 4.7    |  |
| Exchange rate (Y/\$)                                 | 109.1  | 111.5  | 112.9  | 110.2  | 109.8  | 107.3  | 108.7  | 109.6      | 110.9  | 108.9       | 110.4  | 109.0  |  |
| (Y/€)  | 129.0  | 130.5  | 128.2  | 125.3  | 122.9  | 118.9  | 121.5  | 120.1      | 128.3  | 120.9       | 130.0  | 122.2  |  |

Source: Compiled by DIR.

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



## 6.2 Major Assumptions

|  | 2020       |            | 2021         |            |            | 2022       |              |            | FY          |             | CY          |             |
|--|------------|------------|--------------|------------|------------|------------|--------------|------------|-------------|-------------|-------------|-------------|
|  | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 4-6<br>(E) | 7-9<br>(E) | 10-12<br>(E) | 1-3<br>(E) | 2020<br>(E) | 2021<br>(E) | 2020<br>(E) | 2021<br>(E) |
| <b>1) World economy</b>                              |            |            |              |            |            |            |              |            |             |             |             |             |
| Economic growth of major trading partners            |            |            |              |            |            |            |              |            |             |             |             |             |
| Y/y %  | 2.9        | 3.0        | 3.0          | 3.2        | 3.2        | 3.2        | 3.3          | 3.3        | 3.0         | 3.3         | 3.0         | 3.2         |
| Crude oil price (WTI futures; \$/bbl)                | 52.0       | 52.0       | 52.0         | 52.0       | 52.0       | 52.0       | 52.0         | 52.0       | 52.0        | 52.0        | 52.3        | 52.0        |
| Y/y %  | -13.2      | -7.9       | -8.6         | -2.6       | 0.0        | 0.0        | 0.0          | 0.0        | -8.2        | 0.0         | -8.2        | -0.7        |
| <b>2) US economy</b>                                 |            |            |              |            |            |            |              |            |             |             |             |             |
| Real GDP (chained [2012]; \$ bil; SAAR)              | 19,413     | 19,511     | 19,609       | 19,709     | 19,809     | 19,905     | 20,004       | 20,104     | 19,560      | 19,955      | 19,460      | 19,857      |
| Q/q %, SAAR  | 2.2        | 2.0        | 2.0          | 2.1        | 2.0        | 2.0        | 2.0          | 2.0        |             |             |             |             |
| Y/y %  | 2.1        | 2.0        | 2.0          | 2.1        | 2.0        | 2.0        | 2.0          | 2.0        | 2.0         | 2.0         | 2.0         | 2.0         |
| Consumer Price Index<br>(1982-84 avg=100)            | 260.4      | 261.6      | 262.8        | 264.1      | 265.4      | 266.7      | 268.0        | 269.3      | 262.2       | 267.3       | 261.0       | 266.0       |
| Q/q %, SAAR  | 1.7        | 1.9        | 1.9          | 1.9        | 2.0        | 2.0        | 2.0          | 1.8        |             |             |             |             |
| Y/y %  | 2.0        | 2.1        | 1.9          | 1.9        | 1.9        | 1.9        | 2.0          | 2.0        | 2.0         | 2.0         | 2.1         | 1.9         |
| Producer Price Index<br>(Final demand; 2009.Nov=100) | 119.6      | 120.2      | 120.7        | 121.2      | 121.8      | 122.4      | 122.9        | 123.5      | 120.5       | 122.7       | 119.9       | 122.1       |
| Q/q %, SAAR  | 1.6        | 1.8        | 1.8          | 1.8        | 1.9        | 1.9        | 1.9          | 1.7        |             |             |             |             |
| Y/y %  | 1.1        | 1.4        | 1.7          | 1.8        | 1.8        | 1.8        | 1.9          | 1.8        | 1.5         | 1.8         | 1.5         | 1.8         |
| FF rate (%)  | 1.75       | 1.75       | 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; %)                   | 1.76       | 1.82       | 1.83         | 1.82       | 1.80       | 1.80       | 1.80         | 1.80       | 1.80        | 1.80        | 1.77        | 1.81        |
| <b>3) Japanese economy</b>                           |            |            |              |            |            |            |              |            |             |             |             |             |
| Nominal government final consumption                 |            |            |              |            |            |            |              |            |             |             |             |             |
| Y tril; SAAR   | 112.0      | 112.3      | 112.6        | 113.0      | 113.3      | 113.7      | 114.0        | 114.3      | 112.4       | 113.8       | 112.1       | 113.5       |
| Q/q %, SAAR  | 1.2        | 1.2        | 1.2          | 1.2        | 1.2        | 1.2        | 1.2          | 1.2        |             |             |             |             |
| Y/y %  | 0.8        | 0.5        | 1.4          | 1.2        | 1.2        | 1.3        | 1.1          | 1.2        | 1.0         | 1.2         | 1.2         | 1.2         |
| Nominal public fixed investment                      |            |            |              |            |            |            |              |            |             |             |             |             |
| Y tril; SAAR   | 30.2       | 30.2       | 30.3         | 30.2       | 30.2       | 30.2       | 30.3         | 30.2       | 30.2        | 30.3        | 30.2        | 30.3        |
| Q/q %, SAAR  | 0.0        | 0.0        | 0.5          | -0.5       | 0.0        | 0.0        | 0.5          | -0.5       |             |             |             |             |
| Y/y %  | 3.6        | 2.3        | 0.4          | -0.0       | 0.1        | -0.0       | -0.0         | 0.0        | 1.4         | 0.0         | 3.1         | 0.0         |
| Exchange rate (Y/\$)                                 | 109.7      | 109.7      | 109.7        | 109.7      | 109.7      | 109.7      | 109.7        | 109.7      | 109.7       | 109.7       | 109.7       | 109.7       |
| (Y/€)  | 119.0      | 119.0      | 119.0        | 119.0      | 119.0      | 119.0      | 119.0        | 119.0      | 119.0       | 119.0       | 119.3       | 119.0       |

Source: Compiled by DIR.

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

E: DIR estimate.