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Japan's Economic Outlook No. 206 (Summary)

Japan's Economy in the Era of Living with Corona: In this Report we Examine the Following Issues.

(1) Balancing Social & Economic Activity with Prevention of Spread of Infection, (2) Effects on Potential Growth Rate

Japan to see real GDP growth of -6.0% in FY20, and +3.4% in FY21. Meanwhile, nominal GDP growth is seen at -6.2% in FY20, and +2.7% in FY21.

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Summary

- **Real GDP Outlook: FY2020 -6.0%, and FY2021 +3.4%:** The real GDP growth rate for the Apr-Jun period recorded the steepest decline of the entire postwar period at -27.8% q/q annualized. Meanwhile, the Jul-Sep period is expected to achieve growth of +13.0% q/q annualized. However, this merely manages to make up for around 40% of the decline in GDP during the Apr-Jun period. The pace of recovery is expected to be moderate. The main scenario of this outlook assumes that measures to prevent the spread of COVID-19 will be continued to be implemented to a degree, with the outlook for FY2020 real GDP growth rate at -6.0%. However, if an explosion of infections occurs in Japan, the US and Europe there would be a reissuance of a nationwide state of emergency in Japan and an unavoidable repeat of tough restrictions on economic activity in all of these countries as well as voluntary restraint and lockdown orders, which could lead to a double-dip recession. In this case, the FY2020 real GDP growth rate could

be expected to deteriorate, falling as low as -9.3%. There is a danger that this could cause a sharp increase in the number of corporate bankruptcies, ultimately developing into a financial crisis. If a financial crisis along the lines of the Great Depression were to occur, the real GDP growth rate could deteriorate to as low as around -16%.

- **(1) Issues Associated with Increasing Social & Economic Activity in the Era of Living with Corona:** Japan, as with most countries, faces the issue of balancing social and economic activity with the prevention of the spread of the COVID-19 infection. The economic rationale is that the state of emergency caused an excessive suppression of personal consumption. The current situation differs from the month of April when the state of emergency was declared in that there is now more room for the coexistence of social and economic activity and prevention of the spread of infection. Japan is no longer at the stage where an immediate reissue of an emergency declaration to all prefectures is required. Rather, it is necessary to take appropriate measures according to the infection situation to prevent the spread of local infections that are explicitly a problem. It is necessary for the government to sort out the form that its demand stimulating measures take, and to clearly indicate its framework for infection prevention measures so that an explosion of infections can be prevented.
- **(2) Effects of Spread of Infection on Potential Growth Rate:** With the sharp decline in demand due to the Coronavirus Crisis, the pressure to carry out stock adjustment for capex is growing for services depending on face-to-face contact. However, capital expenditure in these industries accounts for only a small portion of overall industry. Moreover, for some industries the *Corona Disaster* is expected to actually be a positive factor in relation to capital expenditure. Finally, in the macro view, pressure to carry out stock adjustment for capex will be limited. In regard to labor input, while both the labor force participation rate and working time have recently fallen, it is likely that they will return to the original trend with the normalization of economic activities. However, there is a risk that stock adjustment for capex could become more serious and labor input could suffer a downturn if voluntary restraint of activities as a result of the spread of infection moves into the long-term. According to our standard scenario, although Japan's potential growth rate is near zero, it is expected to maintain its position just into the positive side. However, if the spread of infection is not brought under control, a major negative will be inevitable.
- **Yet Another Potential Problem – Fears of a Real Estate Bubble Collapse:** Abnormal conditions have also been seen in the real estate market due to the Coronavirus Crisis. The cap rate, which indicates the profitability of real estate, is at its lowest level in recent years, hence caution is required. However, unlike the financial crisis of 2008, government bond yield spreads have widened sufficiently, and there is little concern that land prices will fall sharply for the time being. In addition, there is increasing momentum to think seriously about the problem of the concentration of population in large cities in the context of the *Corona Disaster*. Due to changes in social structure, land prices in large cities may be subject to softening pressure over the medium to long-term.
- **BOJ's monetary policy:** During the period covered by this outlook, the CPI is expected to register year-to-year declines in FY2020 and FY2021. With economic recovery dragging its feet, a strong need for support of corporate financing is expected to continue. Hence we expect the BOJ to maintain its current monetary easing policy, with additional easing measures taken as necessary.

■ Our assumptions

Public works spending is expected to grow by +1.6% in FY20, and +1.3% in FY21.

We see an average exchange rate of Y106.8/\$ in FY20, and Y106.5/\$ in FY21.

US real GDP growth is seen at -5.6% in CY20 and +3.5% in CY21.

Main Economic Indicators and Real GDP Components

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	FY19	FY20 (Estimate)	FY21 (Estimate)	CY19	CY20 (Estimate)	CY21 (Estimate)
Main economic indicators						
Nominal GDP (y/y %)	0.8	-6.2	2.7	1.3	-5.4	1.2
Real GDP (chained [2011]; y/y %)	0.0	-6.0	3.4	0.7	-5.8	2.2
Domestic demand (contribution, % pt)	0.2	-3.9	2.3	0.8	-3.9	1.6
Foreign demand (contribution, % pt)	-0.2	-2.1	1.1	-0.2	-1.9	0.6
GDP deflator (y/y %)	0.8	-0.2	-0.6	0.6	0.4	-1.0
Index of Industrial Production (y/y %)	-3.7	-13.4	7.3	-3.0	-12.4	4.0
Index of Tertiary Industry Activity (y/y %)	-0.6	-9.1	3.4	0.5	-11.5	1.5
Corporate Goods Price Index (y/y %)	0.1	-2.3	-0.1	0.2	-1.5	-0.9
Consumer Price Index (excl. fresh food; y/y %)	0.6	-0.8	-0.4	0.7	-0.3	-0.8
Unemployment rate (%)	2.4	3.3	3.3	2.4	3.1	3.4
Government bond yield (10 year; %)	-0.12	-0.01	-0.01	-0.11	-0.02	-0.01
Balance of payments						
Trade balance (Y tril)	0.7	-4.7	-0.6	0.4	-3.6	-1.0
Current balance (\$100 mil)	1,813	1,070	1,554	1,845	1,167	1,495
Current balance (Y tril)	19.7	11.4	16.5	20.1	12.6	15.9
(% of nominal GDP)	3.6	2.2	3.1	3.6	2.4	3.0
Real GDP components (Chained [2011]; y/y %; figures in parentheses: contribution, % pt)						
Private final consumption	-0.6 (-0.3)	-5.9 (-3.3)	3.4 (1.9)	0.1 (0.1)	-6.0 (-3.3)	2.5 (1.4)
Private housing investment	0.5 (0.0)	-7.8 (-0.2)	-1.6 (-0.0)	2.1 (0.1)	-7.7 (-0.2)	-3.1 (-0.1)
Private fixed investment	-0.3 (-0.0)	-3.3 (-0.5)	0.7 (0.1)	0.7 (0.1)	-3.2 (-0.5)	-0.2 (-0.0)
Government final consumption	2.3 (0.5)	0.6 (0.1)	0.7 (0.2)	1.9 (0.4)	1.0 (0.2)	0.8 (0.2)
Public fixed investment	3.3 (0.2)	2.0 (0.1)	1.4 (0.1)	2.9 (0.2)	2.0 (0.1)	1.7 (0.1)
Exports of goods and services	-2.6 (-0.5)	-15.6 (-2.7)	11.0 (1.7)	-1.6 (-0.3)	-15.4 (-2.7)	7.7 (1.2)
Imports of goods and services	-1.5 (0.3)	-3.1 (0.5)	3.3 (-0.6)	-0.7 (0.1)	-4.8 (0.8)	3.4 (-0.5)
Major assumptions:						
1. World economy						
Economic growth of major trading partners	1.8	-2.6	5.8	3.0	-3.6	5.3
Crude oil price (WTI futures; \$/bbl)	54.7	38.4	42.0	57.0	39.3	42.0
2. US economy						
US real GDP (chained [2012]; y/y %)	1.7	-6.5	5.3	2.2	-5.6	3.5
US Consumer Price Index (y/y %)	1.9	0.6	1.9	1.8	1.0	1.7
3. Japanese economy						
Nominal public fixed investment (y/y %)	4.9	1.6	1.3	4.5	2.3	1.4
Exchange rate (Y/\$)	108.7	106.8	106.5	109.0	107.4	106.5
(Y/€)	120.9	123.9	126.0	122.2	122.4	126.0

Source: Compiled by DIR.

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

Estimate: DIR estimate.

Comparison with Previous Outlook

	Current outlook (Outlook 206)		Previous outlook (Outlook 205 Update)		Difference between previous and current outlooks	
	FY20	FY21	FY20	FY21	FY20	FY21
Main economic indicators						
Nominal GDP (y/y %)	-6.2	2.7	-4.5	2.5	-1.8	0.2
Real GDP (chained [2011]; y/y %)	-6.0	3.4	-5.1	2.9	-0.9	0.5
Domestic demand (contribution, % pt)	-3.9	2.3	-4.2	2.2	0.3	0.1
Foreign demand (contribution, % pt)	-2.1	1.1	-0.9	0.7	-1.2	0.4
GDP deflator (y/y %)	-0.2	-0.6	0.7	-0.4	-0.9	-0.3
Index of Industrial Production (y/y %)	-13.4	7.3	-5.3	3.8	-8.1	3.5
Index of Tertiary Industry Activity (y/y %)	-9.1	3.4	-7.8	3.1	-1.3	0.3
Corporate Goods Price Index (y/y %)	-2.3	-0.1	-3.8	0.4	1.5	-0.5
Consumer Price Index (excl. fresh food; y/y %)	-0.8	-0.4	-0.9	-0.8	0.1	0.4
Unemployment rate (%)	3.3	3.3	3.8	3.5	-0.4	-0.3
Government bond yield (10 year; %)	-0.01	-0.01	0.00	0.00	-0.0	-0.0
Balance of payments						
Trade balance (Y tril)	-4.7	-0.6	1.1	4.0	-5.7	-4.6
Current balance (\$100 mil)	1,070	1,554	1,870	2,194	-800	-640
Current balance (Y tril)	11.4	16.5	20.4	24.0	-9.0	-7.5
(% of nominal GDP)	2.2	3.1	3.9	4.4	-1.7	-1.3
Real GDP components (chained [2011]; y/y %)						
Private final consumption	-5.9	3.4	-5.2	3.1	-0.6	0.4
Private housing investment	-7.8	-1.6	-8.2	-0.8	0.4	-0.8
Private fixed investment	-3.3	0.7	-7.2	1.1	3.9	-0.4
Government final consumption	0.6	0.7	1.3	0.8	-0.7	-0.0
Public fixed investment	2.0	1.4	-0.7	3.2	2.8	-1.8
Exports of goods and services	-15.6	11.0	-17.2	12.0	1.5	-1.0
Imports of goods and services	-3.1	3.3	-11.5	6.6	8.4	-3.4
Major assumptions:						
1. World economy						
Economic growth of major trading partners	-2.6	5.8	-2.6	5.3	0.0	0.5
Crude oil price (WTI futures; \$/bbl)	38.4	42.0	36.3	39.0	2.1	3.0
2. US economy						
US real GDP (chained [2012]; y/y %)	-6.5	5.3	-5.5	4.6	-1.0	0.7
US Consumer Price Index (y/y %)	0.6	1.9	0.5	2.0	0.1	-0.1
3. Japanese economy						
Nominal public fixed investment (y/y %)	1.6	1.3	-0.4	3.1	2.0	-1.8
Exchange rate (Y/\$)	106.8	106.5	109.2	109.5	-2.4	-3.0
(Y/€)	123.9	126.0	122.4	123.5	1.4	2.5

Source: Compiled by DIR.

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

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	2018	2019	2018	2019
Nominal GDP (SAAR; Y tril)	548.8	545.2	546.3	553.0	555.5	557.8	549.7	547.0	548.1	552.4	546.9	553.8
Q/q %	0.2	-0.7	0.2	1.2	0.5	0.4	-1.5	-0.5				
Q/q %, SAAR	0.7	-2.6	0.9	5.0	1.9	1.7	-5.7	-2.0				
Y/y %	1.1	-0.6	-1.0	0.9	1.3	2.3	0.5	-1.0	0.1	0.8	0.2	1.3
Real GDP (chained [2011]; SAAR; Y tril)	534.4	530.1	533.1	536.9	539.1	539.3	529.6	526.3	533.4	533.5	532.4	535.9
Q/q %	0.4	-0.8	0.6	0.7	0.4	0.0	-1.8	-0.6				
Q/q %, SAAR	1.5	-3.2	2.3	2.8	1.7	0.2	-7.0	-2.5				
Y/y %	1.0	-0.3	-0.4	0.8	0.9	1.7	-0.7	-1.8	0.3	0.0	0.3	0.7
Contribution to GDP growth (% pt)												
Domestic demand	0.4	-0.6	1.1	0.2	0.7	0.3	-2.3	-0.4	0.4	0.2	0.3	0.8
Foreign demand	-0.0	-0.2	-0.5	0.5	-0.3	-0.2	0.5	-0.2	-0.1	-0.2	-0.0	-0.2
GDP deflator (y/y %)	0.1	-0.3	-0.6	0.2	0.4	0.6	1.2	0.9	-0.2	0.8	-0.1	0.6
Index of Industrial Production (2015=100)	104.3	103.6	105.0	102.8	102.8	101.7	98.0	98.4	103.8	99.9	104.2	101.1
Q/q %; y/y %	0.8	-0.7	1.3	-2.1	0.0	-1.1	-3.7	0.4	0.2	-3.7	1.1	-3.0
Index of Tertiary Industry Activity (2015=100)	102.9	102.5	103.4	103.5	103.6	104.4	101.2	100.1	103.0	102.3	105.9	106.5
Q/q %; y/y %	0.7	-0.4	0.9	0.1	0.0	0.8	-3.1	-1.1	1.1	-0.6	1.2	0.5
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	101.0	101.9	101.9	101.2	101.6	101.0	102.1	101.8	101.5	101.6	101.3	101.5
Y/y %	2.6	3.1	2.2	0.9	0.6	-0.9	0.2	0.6	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	101.9	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	2.5	2.4	2.3	2.3	2.4	2.4	2.4	2.4	2.4
Government bond yield (10 year; %)	0.04	0.10	0.07	-0.04	-0.10	-0.22	-0.09	-0.07	0.04	-0.12	0.07	-0.11
Trade balance (SAAR; Y tril)	3.8	0.1	-1.2	0.3	-1.2	0.3	1.6	2.5	0.6	0.7	1.1	0.4
Current balance (SAAR; \$100 mil)	1,977	1,688	1,525	1,801	1,767	1,755	1,954	1,783	1,757	1,813	1,755	1,845
Current balance (SAAR; Y tril)	21.6	18.8	17.2	19.8	19.4	18.8	21.2	19.4	19.5	19.7	19.4	20.1
(% of nominal GDP)	3.9	3.5	3.1	3.6	3.5	3.4	3.9	3.6	3.5	3.6	3.6	3.6
Exchange rate (Y/\$)	109.1	111.5	112.9	110.2	109.8	107.3	108.7	108.9	110.9	108.7	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) Due to rounding, figures may differ from those released by the government.

1.2 Selected Economic Indicators

	2020			2021			2022		FY		CY	
	4-6	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2020 (E)	2021 (E)	2020 (E)	2021 (E)
Nominal GDP (SAAR; Y tril)	506.6	517.8	521.2	525.1	528.8	531.3	533.2	535.1	518.1	532.3	523.6	529.8
Q/q %	-7.4	2.2	0.7	0.8	0.7	0.5	0.3	0.4				
Q/q %, SAAR	-26.4	9.1	2.6	3.0	2.9	1.9	1.4	1.5				
Y/y %	-8.5	-7.2	-5.1	-4.1	4.2	2.6	2.3	2.0	-6.2	2.7	-5.4	1.2
Real GDP (chained [2011]; SAAR; Y tril)	485.2	500.2	506.7	512.3	515.6	517.5	519.1	520.9	501.3	518.3	504.9	516.1
Q/q %	-7.8	3.1	1.3	1.1	0.6	0.4	0.3	0.3				
Q/q %, SAAR	-27.8	13.0	5.2	4.5	2.6	1.5	1.3	1.4				
Y/y %	-9.9	-7.2	-4.3	-2.7	6.2	3.5	2.5	1.7	-6.0	3.4	-5.8	2.2
Contribution to GDP growth (% pt)												
Domestic demand	-4.8	2.5	0.7	0.7	0.5	0.3	0.2	0.2	-3.9	2.3	-3.9	1.6
Foreign demand	-3.0	0.6	0.5	0.5	0.2	0.1	0.1	0.1	-2.1	1.1	-1.9	0.6
GDP deflator (y/y %)	1.5	0.1	-0.9	-1.4	-1.9	-0.8	-0.2	0.2	-0.2	-0.6	0.4	-1.0
Index of Industrial Production (2015=100)	82.0	85.8	88.7	90.8	92.1	92.9	93.5	94.1	86.6	92.9	88.5	92.1
Q/q %; y/y %	-16.7	4.7	3.4	2.3	1.4	1.0	0.6	0.6	-13.4	7.3	-12.4	4.0
Index of Tertiary Industry Activity (2015=100)	90.2	93.0	94.0	95.0	95.6	95.9	96.3	96.8	93.0	96.2	94.2	95.6
Q/q %; y/y %	-10.0	3.2	1.0	1.1	0.6	0.4	0.4	0.4	-9.1	3.4	-11.5	1.5
Corporate Goods Price Index components (2015=100)												
Domestic Company Goods Price Index	99.4	99.5	99.2	99.0	99.0	99.1	99.2	99.3	99.2	99.1	99.9	99.0
Y/y %	-2.2	-1.5	-2.9	-2.7	-0.4	-0.4	-0.0	0.3	-2.3	-0.1	-1.5	-0.9
CPI (excl. fresh food; 2015=100)	101.6	101.5	100.7	100.2	100.7	101.0	100.5	100.1	101.0	100.6	101.4	100.6
Y/y %	-0.1	-0.1	-1.4	-1.7	-0.9	-0.5	-0.2	-0.1	-0.8	-0.4	-0.3	-0.8
Unemployment rate (%)	2.8	3.5	3.6	3.5	3.4	3.3	3.2	3.1	3.3	3.3	3.1	3.4
Government bond yield (10 year; %)	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.02	-0.01
Trade balance (SAAR; Y tril)	-7.2	-6.1	-3.8	-1.6	-1.3	-0.8	-0.3	0.2	-4.7	-0.6	-3.6	-1.0
Current balance (SAAR; \$100 mil)	789	917	1,180	1,396	1,473	1,530	1,580	1,632	1,070	1,554	1,167	1,495
Current balance (SAAR; Y tril)	8.5	9.8	12.6	14.9	15.7	16.3	16.8	17.4	11.4	16.5	12.6	15.9
(% of nominal GDP)	1.7	1.9	2.4	2.8	3.0	3.1	3.2	3.2	2.2	3.1	2.4	3.0
Exchange rate (Y/\$)	107.6	106.5	106.5	106.5	106.5	106.5	106.5	106.5	106.8	106.5	107.4	106.5
(Y/Euro)	118.7	124.7	126.0	126.0	126.0	126.0	126.0	126.0	123.9	126.0	122.4	126.0

Source: Compiled by DIR.

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

2) 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	2018	2019	2018	2019	
Gross domestic expenditure	534.4	530.1	533.1	536.9	539.1	539.3	529.6	526.3	533.4	533.5	532.4	535.9	
Q/q %, SAAR	1.5	-3.2	2.3	2.8	1.7	0.2	-7.0	-2.5					
Y/y %	1.0	-0.3	-0.4	0.8	0.9	1.7	-0.7	-1.8	0.3	0.0	0.3	0.7	
Domestic demand	534.4	531.0	536.8	537.8	541.6	543.2	530.7	528.6	534.8	535.9	533.6	538.0	
Q/q %, SAAR	1.5	-2.5	4.5	0.7	2.9	1.2	-8.9	-1.5					
Y/y %	0.5	-0.2	0.2	0.9	1.4	2.3	-1.2	-1.6	0.4	0.2	0.3	0.8	
Private demand	401.0	397.9	403.4	403.7	406.0	406.4	393.3	391.3	401.4	399.2	400.4	402.1	
Q/q %, SAAR	1.6	-3.0	5.6	0.3	2.3	0.4	-12.3	-2.0					
Y/y %	0.4	-0.5	0.1	1.1	1.2	2.1	-2.6	-2.9	0.2	-0.6	0.1	0.4	
Final consumption	299.0	298.3	299.6	299.8	301.4	302.7	294.0	291.7	299.1	297.4	298.8	299.2	
Q/q %, SAAR	0.8	-0.9	1.7	0.3	2.1	1.8	-11.0	-3.1					
Y/y %	-0.3	0.2	-0.0	0.4	0.7	1.4	-1.9	-2.4	0.1	-0.6	-0.0	0.1	
Residential investment	15.0	15.0	15.2	15.4	15.4	15.6	15.2	14.6	15.1	15.2	15.1	15.4	
Q/q %, SAAR	-8.9	0.4	6.9	5.8	-0.6	4.9	-8.7	-15.8					
Y/y %	-9.8	-7.4	-2.9	0.7	3.0	4.3	0.3	-5.5	-4.9	0.5	-6.7	2.1	
Non-residential investment	86.8	83.1	86.8	86.4	87.1	87.3	83.2	84.6	85.7	85.5	85.4	86.0	
Q/q %, SAAR	8.4	-16.0	19.3	-1.9	3.3	0.9	-17.6	7.0					
Y/y %	4.4	-0.6	2.0	1.4	0.5	5.5	-4.6	-2.0	1.8	-0.3	2.2	0.7	
Change in inventories	0.2	1.6	1.8	2.1	2.1	0.8	0.9	0.4	1.5	1.0	1.1	1.4	
Public demand	133.4	133.1	133.5	134.1	135.6	136.8	137.4	137.3	133.4	136.7	133.2	136.0	
Q/q %, SAAR	1.1	-1.1	1.2	1.9	4.7	3.6	1.6	-0.1					
Y/y %	1.0	0.9	0.8	0.6	1.9	2.9	3.0	2.2	0.8	2.5	0.8	2.1	
Government final consumption	106.8	107.0	107.7	107.8	108.9	109.9	110.2	110.2	107.2	109.7	107.1	109.2	
Q/q %, SAAR	-1.1	0.8	2.8	0.4	4.3	3.4	1.3	0.1					
Y/y %	0.8	0.9	1.3	0.5	2.1	2.8	2.3	2.1	0.9	2.3	0.9	1.9	
Fixed investment	26.6	26.0	25.7	26.3	26.7	27.0	27.2	27.0	26.1	27.0	26.0	26.8	
Q/q %, SAAR	10.0	-8.9	-4.4	10.3	5.6	4.4	2.5	-1.8					
Y/y %	1.6	1.0	-1.0	1.0	1.0	4.0	5.5	2.3	0.6	3.3	0.3	2.9	
Change in inventories	0.1	0.1	0.0	-0.1	0.0	-0.0	0.0	0.1	0.0	0.0	0.1	-0.0	
Net exports of goods and services	-0.7	-1.4	-4.3	-1.5	-3.1	-4.3	-1.6	-2.7	-2.0	-2.9	-1.8	-2.6	
Exports of goods and services	94.3	92.1	93.6	92.0	92.1	91.5	91.9	87.0	93.0	90.6	93.4	91.9	
Q/q %, SAAR	3.2	-8.8	6.6	-6.8	0.6	-2.5	1.6	-19.9					
Y/y %	5.9	1.7	1.3	-1.8	-2.2	-0.6	-1.8	-5.7	1.7	-2.6	3.5	-1.6	
Imports of goods and services	94.9	93.6	97.9	93.5	95.2	95.9	93.5	89.7	95.0	93.5	95.2	94.5	
Q/q %, SAAR	3.4	-5.6	19.9	-16.8	7.3	3.0	-9.4	-15.6					
Y/y %	3.2	3.0	5.0	-0.9	0.2	2.6	-4.4	-4.3	2.6	-1.5	3.7	-0.7	

Source: Compiled by DIR.

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

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

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

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

	2020			2021			2022			FY		CY	
	4-6	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2020 (E)	2021 (E)	2020 (E)	2021 (E)	
Gross domestic expenditure	485.2	500.2	506.7	512.3	515.6	517.5	519.1	520.9	501.3	518.3	504.9	516.1	
Q/q %, SAAR	-27.8	13.0	5.2	4.5	2.6	1.5	1.3	1.4					
Y/y %	-9.9	-7.2	-4.3	-2.7	6.2	3.5	2.5	1.7	-6.0	3.4	-5.8	2.2	
Domestic demand	503.2	515.3	519.0	522.3	524.8	526.2	527.3	528.5	515.2	526.8	516.9	525.2	
Q/q %, SAAR	-17.9	10.0	2.9	2.6	1.9	1.1	0.8	0.9					
Y/y %	-6.9	-5.2	-2.1	-1.3	4.2	2.1	1.6	1.2	-3.9	2.3	-3.9	1.6	
Private demand	365.9	377.6	380.9	383.9	386.1	387.1	388.0	389.0	377.3	387.7	379.3	386.3	
Q/q %, SAAR	-23.5	13.4	3.6	3.2	2.3	1.1	0.9	1.0					
Y/y %	-9.6	-7.1	-3.1	-2.1	5.4	2.5	1.8	1.4	-5.5	2.8	-5.7	1.8	
Final consumption	267.8	281.0	283.8	286.3	288.3	289.2	289.9	290.6	280.0	289.6	281.4	288.5	
Q/q %, SAAR	-28.9	21.1	4.1	3.6	2.8	1.2	1.0	1.0					
Y/y %	-10.9	-7.1	-3.4	-2.0	7.5	2.9	2.1	1.6	-5.9	3.4	-6.0	2.5	
Residential investment	14.6	14.0	13.8	13.8	13.8	13.8	13.8	13.9	14.0	13.8	14.2	13.8	
Q/q %, SAAR	-0.8	-14.4	-5.9	-0.8	0.0	0.4	0.8	1.2					
Y/y %	-5.5	-10.1	-9.5	-5.6	-5.4	-1.6	0.1	0.6	-7.8	-1.6	-7.7	-3.1	
Non-residential investment	83.4	82.2	82.5	82.7	83.0	83.1	83.3	83.6	82.7	83.2	83.2	83.0	
Q/q %, SAAR	-5.8	-5.5	1.5	1.2	1.0	0.9	0.8	1.2					
Y/y %	-4.3	-6.1	-0.6	-2.2	-0.5	1.2	0.9	1.0	-3.3	0.7	-3.2	-0.2	
Change in inventories	0.1	0.4	0.8	1.0	1.0	1.0	1.0	1.0	0.6	1.0	0.5	1.0	
Public demand	137.3	137.7	138.1	138.4	138.7	139.1	139.3	139.5	137.9	139.1	137.6	138.8	
Q/q %, SAAR	-0.2	1.3	1.1	1.0	0.8	1.0	0.5	0.6					
Y/y %	1.3	0.6	0.6	0.9	1.0	1.0	0.8	0.7	0.9	0.9	1.2	0.9	
Government final consumption	109.9	110.3	110.6	110.8	111.0	111.2	111.3	111.5	110.4	111.2	110.2	111.0	
Q/q %, SAAR	-1.0	1.4	1.0	0.8	0.7	0.6	0.6	0.5					
Y/y %	1.0	0.4	0.3	0.6	0.9	0.8	0.7	0.6	0.6	0.7	1.0	0.8	
Fixed investment	27.3	27.4	27.5	27.6	27.7	27.9	27.9	28.0	27.5	27.9	27.3	27.8	
Q/q %, SAAR	4.7	1.1	1.4	1.9	1.1	2.5	0.5	1.0					
Y/y %	2.9	1.5	1.4	2.5	1.2	1.8	1.5	1.2	2.0	1.4	2.0	1.7	
Change in inventories	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	
Net exports of goods and services	-18.3	-15.4	-12.7	-10.4	-9.6	-9.0	-8.5	-7.9	-14.2	-8.8	-12.3	-9.4	
Exports of goods and services	70.8	74.7	78.5	81.7	83.3	84.4	85.4	86.3	76.4	84.8	77.7	83.7	
Q/q %, SAAR	-56.0	23.9	21.6	17.4	8.2	5.3	4.9	4.5					
Y/y %	-23.3	-18.4	-14.6	-6.0	17.7	13.0	8.9	5.7	-15.6	11.0	-15.4	7.7	
Imports of goods and services	89.2	90.2	91.1	92.1	92.9	93.4	93.9	94.3	90.7	93.6	90.0	93.1	
Q/q %, SAAR	-2.1	4.5	4.5	4.1	3.6	2.4	2.0	1.6					
Y/y %	-6.2	-6.0	-2.6	2.8	4.1	3.7	3.1	2.4	-3.1	3.3	-4.8	3.4	

Source: Compiled by DIR.

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

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

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

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	2018	2019	2018	2019	
Gross domestic expenditure	548.8	545.2	546.3	553.0	555.5	557.8	549.7	547.0	548.1	552.4	546.9	553.8	
Q/q %, SAAR	0.7	-2.6	0.9	5.0	1.9	1.7	-5.7	-2.0					
Y/y %	1.1	-0.6	-1.0	0.9	1.3	2.3	0.5	-1.0	0.1	0.8	0.2	1.3	
Domestic demand	546.0	544.3	549.6	550.9	555.5	558.1	547.0	545.5	547.5	551.5	545.8	552.6	
Q/q %, SAAR	1.5	-1.2	4.0	0.9	3.5	1.8	-7.7	-1.1					
Y/y %	1.2	0.6	0.5	1.3	1.8	2.5	-0.5	-0.8	0.9	0.7	0.9	1.2	
Private demand	408.8	407.7	413.7	413.1	415.6	416.9	405.6	403.2	410.8	410.3	409.4	412.5	
Q/q %, SAAR	0.9	-1.0	6.0	-0.6	2.5	1.2	-10.4	-2.3					
Y/y %	0.9	0.2	0.7	1.3	1.7	2.2	-2.0	-2.2	0.8	-0.1	0.8	0.8	
Final consumption	303.6	304.3	305.7	305.6	307.4	309.0	301.9	299.4	304.8	304.5	304.4	305.8	
Q/q %, SAAR	-0.6	1.0	1.8	-0.2	2.4	2.1	-8.9	-3.2					
Y/y %	0.1	0.9	0.5	0.5	1.2	1.4	-1.2	-1.7	0.5	-0.1	0.6	0.4	
Residential investment	16.3	16.3	16.6	16.8	16.9	17.1	17.0	16.3	16.5	16.8	16.4	17.0	
Q/q %, SAAR	-6.5	1.6	7.8	5.4	0.4	6.7	-2.4	-16.0					
Y/y %	-7.8	-5.9	-1.4	1.8	3.7	5.1	2.6	-3.2	-3.4	2.0	-5.0	3.3	
Non-residential investment	88.5	85.5	89.4	88.7	89.1	90.2	85.9	87.0	88.0	88.0	87.5	88.4	
Q/q %, SAAR	8.3	-12.9	19.6	-3.0	1.8	4.7	-17.5	5.2					
Y/y %	5.2	0.1	2.7	2.2	0.9	5.7	-4.4	-1.8	2.5	-0.1	2.8	1.1	
Change in inventories	0.4	1.5	1.9	1.9	2.2	0.5	0.7	0.5	1.4	1.0	1.1	1.3	
Public demand	137.3	136.6	135.9	137.8	139.9	141.2	141.4	142.3	136.8	141.2	136.4	140.1	
Q/q %, SAAR	3.2	-1.9	-1.9	5.5	6.4	3.7	0.6	2.4					
Y/y %	2.3	1.9	-0.1	1.1	2.3	3.5	3.8	3.2	1.3	3.2	1.4	2.7	
Government final consumption	108.5	108.5	108.1	109.3	110.8	111.7	111.5	112.4	108.5	111.5	108.3	110.8	
Q/q %, SAAR	0.4	-0.3	-1.4	4.5	5.7	3.3	-0.7	3.4					
Y/y %	2.1	1.7	-0.3	0.7	2.3	3.2	2.9	2.8	1.0	2.8	1.1	2.3	
Fixed investment	28.6	28.1	27.8	28.5	29.1	29.5	29.9	29.8	28.2	29.6	28.0	29.3	
Q/q %, SAAR	14.1	-7.9	-3.3	10.3	8.9	5.4	5.3	-1.4					
Y/y %	3.7	2.7	0.9	2.6	2.3	5.2	7.5	4.2	2.4	4.9	2.1	4.5	
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	2.8	0.9	-3.3	2.1	0.0	-0.3	2.7	1.4	0.6	1.0	1.0	1.2	
Exports of goods and services	101.7	101.5	101.7	98.2	97.6	96.1	96.0	90.7	100.7	95.0	101.4	97.0	
Q/q %, SAAR	4.0	-0.7	0.9	-13.1	-2.4	-5.9	-0.5	-20.3					
Y/y %	7.9	3.7	1.6	-2.8	-3.7	-5.0	-6.0	-7.8	2.5	-5.6	4.6	-4.4	
Imports of goods and services	98.9	100.6	105.0	96.0	97.6	96.4	93.3	89.3	100.1	94.0	100.4	95.8	
Q/q %, SAAR	8.7	7.1	18.5	-29.9	6.6	-4.9	-12.2	-16.2					
Y/y %	8.9	11.6	10.2	-1.2	-1.0	-4.1	-11.3	-7.3	7.2	-6.1	9.3	-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	7-9 (E)	10-12 (E)	1-3 (E)	4-6 (E)	7-9 (E)	10-12 (E)	1-3 (E)	2020 (E)	2021 (E)	2020 (E)	2021 (E)	
Gross domestic expenditure	506.6	517.8	521.2	525.1	528.8	531.3	533.2	535.1	518.1	532.3	523.6	529.8	
Q/q %, SAAR	-26.4	9.1	2.6	3.0	2.9	1.9	1.4	1.5					
Y/y %	-8.5	-7.2	-5.1	-4.1	4.2	2.6	2.3	2.0	-6.2	2.7	-5.4	1.2	
Domestic demand	515.5	525.6	526.0	527.5	530.3	532.2	533.5	534.9	524.0	532.9	528.7	531.0	
Q/q %, SAAR	-20.3	8.1	0.3	1.1	2.1	1.4	0.9	1.0					
Y/y %	-6.9	-5.9	-3.7	-3.5	2.7	1.3	1.4	1.5	-5.0	1.7	-4.3	0.4	
Private demand	374.5	384.3	384.5	385.7	388.2	389.7	390.7	391.8	382.5	390.3	387.1	388.7	
Q/q %, SAAR	-25.6	10.9	0.2	1.3	2.7	1.5	1.0	1.1					
Y/y %	-9.6	-7.8	-5.1	-4.6	3.6	1.4	1.6	1.7	-6.8	2.0	-6.2	0.4	
Final consumption	274.3	286.9	288.3	290.0	292.3	293.5	294.2	294.9	285.1	293.9	287.5	292.6	
Q/q %, SAAR	-29.6	19.6	2.0	2.4	3.2	1.6	1.0	1.0					
Y/y %	-10.5	-7.1	-4.5	-3.3	6.4	2.3	2.1	1.8	-6.4	3.1	-6.0	1.8	
Residential investment	16.1	15.5	15.2	15.2	15.2	15.2	15.2	15.3	15.5	15.2	15.8	15.2	
Q/q %, SAAR	-5.3	-14.7	-6.2	-1.2	0.0	0.4	0.8	1.3					
Y/y %	-4.6	-9.8	-10.7	-7.0	-5.7	-1.8	0.0	0.6	-8.2	-1.7	-7.2	-3.6	
Non-residential investment	84.4	83.2	83.4	83.6	83.8	84.1	84.3	84.6	83.7	84.2	84.7	83.9	
Q/q %, SAAR	-11.3	-5.9	1.1	0.8	1.0	1.3	1.2	1.6					
Y/y %	-5.0	-7.9	-2.7	-4.0	-0.9	1.1	0.9	1.3	-4.9	0.7	-4.3	-0.9	
Change in inventories	-0.4	-1.2	-2.4	-3.0	-3.0	-3.0	-3.0	-3.0	-1.7	-3.0	-0.8	-3.0	
Public demand	141.0	141.3	141.6	141.8	142.1	142.5	142.8	143.1	141.5	142.6	141.6	142.3	
Q/q %, SAAR	-3.5	0.9	0.7	0.7	0.8	1.3	0.7	0.8					
Y/y %	1.0	0.0	0.2	-0.2	0.6	0.9	0.8	0.9	0.3	0.8	1.1	0.5	
Government final consumption	111.1	111.3	111.5	111.6	111.8	112.0	112.3	112.5	111.4	112.2	111.6	112.0	
Q/q %, SAAR	-4.8	1.0	0.6	0.4	0.7	0.9	0.8	0.7					
Y/y %	0.5	-0.4	0.1	-0.7	0.5	0.7	0.6	0.8	-0.1	0.6	0.7	0.3	
Fixed investment	29.9	30.0	30.1	30.2	30.3	30.5	30.5	30.6	30.1	30.5	30.0	30.4	
Q/q %, SAAR	2.1	0.7	1.1	1.6	1.1	2.7	0.5	1.1					
Y/y %	3.1	1.6	0.6	1.5	0.9	1.6	1.5	1.3	1.6	1.3	2.3	1.4	
Change in inventories	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	
Net exports of goods and services	-8.8	-7.8	-4.9	-2.4	-1.5	-0.9	-0.3	0.3	-6.1	-0.6	-5.1	-1.3	
Exports of goods and services	71.3	75.3	79.1	82.4	84.2	85.3	86.5	87.5	77.0	85.8	79.1	84.6	
Q/q %, SAAR	-61.9	24.4	22.0	17.9	8.7	5.7	5.3	4.9					
Y/y %	-27.0	-21.8	-17.4	-9.0	18.1	13.5	9.2	6.1	-18.9	11.4	-18.4	6.9	
Imports of goods and services	80.1	83.1	84.0	84.9	85.7	86.3	86.8	87.2	83.1	86.5	84.2	85.9	
Q/q %, SAAR	-35.2	15.8	4.5	4.2	3.8	2.8	2.4	2.0					
Y/y %	-17.6	-13.9	-9.9	-4.8	6.7	3.9	3.3	2.7	-11.6	4.1	-12.2	2.1	

Source: Compiled by DIR.

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

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

E: DIR estimate.

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

	2018			2019			2020			FY		CY	
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2018	2019	2018	2019	
Gross domestic expenditure	102.7	102.8	102.5	103.0	103.1	103.4	103.8	103.9	102.8	103.6	102.7	103.3	
Q/q %, SAAR	-0.2	0.2	-0.4	0.5	0.0	0.4	0.3	0.1					
Y/y %	0.1	-0.3	-0.6	0.2	0.4	0.6	1.2	0.9	-0.2	0.8	-0.1	0.6	
Private final consumption	101.5	102.0	102.1	101.9	102.0	102.1	102.7	102.7	101.9	102.4	101.9	102.2	
Q/q %, SAAR	-0.4	0.5	0.0	-0.1	0.1	0.1	0.6	-0.0					
Y/y %	0.3	0.8	0.6	0.1	0.4	0.0	0.7	0.7	0.4	0.5	0.6	0.3	
Private residential investment	108.7	109.0	109.3	109.1	109.4	109.9	111.7	111.7	109.0	110.7	108.8	110.1	
Q/q %, SAAR	0.7	0.3	0.2	-0.1	0.3	0.4	1.7	-0.1					
Y/y %	2.2	1.6	1.6	1.1	0.7	0.7	2.3	2.3	1.6	1.5	1.8	1.2	
Private non-residential investment	102.0	103.0	103.0	102.7	102.3	103.3	103.3	102.9	102.7	102.9	102.5	102.9	
Q/q %, SAAR	-0.0	0.9	0.0	-0.3	-0.4	0.9	0.0	-0.4					
Y/y %	0.7	0.7	0.7	0.7	0.4	0.2	0.1	0.2	0.7	0.2	0.6	0.4	
Government final consumption	101.7	101.4	100.3	101.3	101.7	101.7	101.2	102.0	101.2	101.6	101.2	101.5	
Q/q %, SAAR	0.4	-0.3	-1.0	1.0	0.3	-0.0	-0.5	0.8					
Y/y %	1.2	0.8	-1.6	0.1	0.2	0.4	0.5	0.7	0.1	0.4	0.3	0.3	
Public fixed investment	107.7	108.0	108.3	108.3	109.1	109.4	110.1	110.2	108.1	109.8	107.6	109.3	
Q/q %, SAAR	0.9	0.3	0.3	0.0	0.8	0.2	0.7	0.1					
Y/y %	2.1	1.7	1.9	1.6	1.3	1.2	1.8	1.9	1.8	1.6	1.8	1.5	
Exports of goods and services	107.8	110.2	108.7	106.8	106.0	105.0	104.5	104.3	108.3	104.9	108.6	105.5	
Q/q %, SAAR	0.2	2.1	-1.4	-1.7	-0.8	-0.9	-0.5	-0.1					
Y/y %	1.9	2.0	0.3	-1.0	-1.5	-4.4	-4.3	-2.3	0.8	-3.1	1.1	-2.8	
Imports of goods and services	104.2	107.5	107.2	102.7	102.5	100.5	99.7	99.6	105.4	100.5	105.5	101.3	
Q/q %, SAAR	1.3	3.2	-0.3	-4.2	-0.2	-2.0	-0.8	-0.2					
Y/y %	5.5	8.3	5.0	-0.2	-1.2	-6.5	-7.2	-3.2	4.6	-4.6	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	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2020	2021	2020	2021	
	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	
Gross domestic expenditure	104.4	103.5	102.9	102.5	102.6	102.7	102.7	102.7	103.3	102.7	103.7	102.6	
Q/q %, SAAR	0.5	-0.9	-0.6	-0.4	0.1	0.1	0.0	0.0					
Y/y %	1.5	0.1	-0.9	-1.4	-1.9	-0.8	-0.2	0.2	-0.2	-0.6	0.4	-1.0	
Private final consumption	102.4	102.1	101.6	101.3	101.4	101.5	101.5	101.5	101.8	101.5	102.2	101.4	
Q/q %, SAAR	-0.2	-0.3	-0.5	-0.3	0.1	0.1	-0.0	0.0					
Y/y %	0.4	0.0	-1.1	-1.3	-1.0	-0.6	-0.1	0.2	-0.5	-0.4	-0.0	-0.7	
Private residential investment	110.4	110.2	110.1	110.0	110.0	110.0	110.0	110.1	110.2	110.0	110.6	110.0	
Q/q %, SAAR	-1.2	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0					
Y/y %	0.9	0.4	-1.4	-1.5	-0.3	-0.2	-0.1	0.0	-0.4	-0.1	0.5	-0.5	
Private non-residential investment	101.3	101.2	101.1	101.0	101.0	101.1	101.2	101.3	101.2	101.2	101.8	101.1	
Q/q %, SAAR	-1.5	-0.1	-0.1	-0.1	0.0	0.1	0.1	0.1					
Y/y %	-0.8	-1.9	-2.0	-1.8	-0.4	-0.1	0.1	0.3	-1.7	-0.0	-1.1	-0.6	
Government final consumption	101.0	100.9	100.8	100.7	100.7	100.8	100.8	100.9	100.9	100.9	101.3	100.8	
Q/q %, SAAR	-1.0	-0.1	-0.1	-0.1	0.0	0.1	0.1	0.1					
Y/y %	-0.5	-0.8	-0.2	-1.3	-0.4	-0.1	-0.1	0.2	-0.7	-0.1	-0.2	-0.4	
Public fixed investment	109.5	109.4	109.3	109.2	109.2	109.3	109.3	109.3	109.4	109.3	109.6	109.3	
Q/q %, SAAR	-0.6	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0					
Y/y %	0.3	0.1	-0.8	-0.9	-0.2	-0.2	-0.0	0.1	-0.4	-0.1	0.3	-0.3	
Exports of goods and services	100.6	100.7	100.8	100.9	101.0	101.1	101.2	101.3	100.8	101.2	101.8	101.1	
Q/q %, SAAR	-3.6	0.1	0.1	0.1	0.1	0.1	0.1	0.1					
Y/y %	-4.9	-4.2	-3.3	-3.3	0.3	0.5	0.3	0.4	-3.9	0.4	-3.6	-0.7	
Imports of goods and services	89.8	92.1	92.1	92.2	92.2	92.3	92.4	92.5	91.7	92.4	93.5	92.3	
Q/q %, SAAR	-9.8	2.6	0.0	0.0	0.0	0.1	0.1	0.1					
Y/y %	-12.1	-8.3	-7.5	-7.4	2.5	0.2	0.2	0.3	-8.8	0.8	-7.8	-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.

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	2018	2019	2018	2019	
1) Q/q %													
GDP growth rate	0.4	-0.8	0.6	0.7	0.4	0.0	-1.8	-0.6	0.3	0.0	0.3	0.7	
Domestic demand	0.4	-0.6	1.1	0.2	0.7	0.3	-2.3	-0.4	0.4	0.2	0.3	0.8	
Private demand	0.3	-0.6	1.0	0.1	0.4	0.1	-2.4	-0.4	0.2	-0.4	0.1	0.3	
Private consumption	0.1	-0.1	0.2	0.0	0.3	0.2	-1.6	-0.4	0.0	-0.3	-0.0	0.1	
Residential investment	-0.1	0.0	0.0	0.0	-0.0	0.0	-0.1	-0.1	-0.1	0.0	-0.2	0.1	
Private fixed investment	0.3	-0.7	0.7	-0.1	0.1	0.0	-0.8	0.3	0.3	-0.0	0.3	0.1	
Change in private inventories	-0.1	0.2	0.0	0.1	0.0	-0.3	0.0	-0.1	0.0	-0.1	-0.0	0.1	
Public demand	0.1	-0.1	0.1	0.1	0.3	0.2	0.1	-0.0	0.2	0.6	0.2	0.5	
Government final consumption	-0.1	0.0	0.1	0.0	0.2	0.2	0.1	0.0	0.2	0.5	0.2	0.4	
Public fixed investment	0.1	-0.1	-0.1	0.1	0.1	0.1	0.0	-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	-0.5	0.5	-0.3	-0.2	0.5	-0.2	-0.1	-0.2	-0.0	-0.2	
Exports of goods and services	0.1	-0.4	0.3	-0.3	0.0	-0.1	0.1	-1.0	0.3	-0.5	0.6	-0.3	
Imports of goods and services	-0.1	0.2	-0.8	0.8	-0.3	-0.1	0.4	0.7	-0.4	0.3	-0.6	0.1	
2) Y/y %													
GDP growth rate	1.0	-0.3	-0.4	0.8	0.9	1.7	-0.7	-1.8	0.3	0.0	0.3	0.7	
Domestic demand	0.5	-0.2	0.3	0.9	1.4	2.3	-1.2	-1.5	0.4	0.2	0.3	0.8	
Private demand	0.3	-0.4	0.1	0.8	0.9	1.6	-1.9	-2.1	0.2	-0.4	0.1	0.3	
Private consumption	-0.2	0.1	-0.0	0.2	0.4	0.8	-1.1	-1.3	0.0	-0.3	-0.0	0.1	
Residential investment	-0.3	-0.2	-0.1	0.0	0.1	0.1	0.0	-0.2	-0.1	0.0	-0.2	0.1	
Private fixed investment	0.6	-0.1	0.3	0.3	0.1	0.9	-0.7	-0.4	0.3	-0.0	0.3	0.1	
Change in private inventories	0.1	-0.1	-0.2	0.3	0.3	-0.2	-0.2	-0.3	0.0	-0.1	-0.0	0.1	
Public demand	0.2	0.2	0.2	0.2	0.5	0.7	0.8	0.6	0.2	0.6	0.2	0.5	
Government final consumption	0.2	0.2	0.3	0.1	0.4	0.6	0.4	0.4	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	0.1	0.0	0.2	0.0	0.2	
Change in public inventories	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	-0.0	0.0	-0.0	
Net exports of goods and services	0.5	-0.2	-0.6	-0.2	-0.5	-0.6	0.5	-0.3	-0.1	-0.2	-0.0	-0.2	
Exports of goods and services	1.0	0.3	0.2	-0.3	-0.4	-0.1	-0.3	-1.0	0.3	-0.5	0.6	-0.3	
Imports of goods and services	-0.5	-0.5	-0.8	0.2	-0.0	-0.5	0.8	0.7	-0.4	0.3	-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	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2020	2021	2020	2021	
	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	
GDP growth rate	-7.8	3.1	1.3	1.1	0.6	0.4	0.3	0.3	-6.0	3.4	-5.8	2.2	
Domestic demand	-4.8	2.5	0.7	0.7	0.5	0.3	0.2	0.2	-3.9	2.3	-3.9	1.6	
Private demand	-4.8	2.4	0.7	0.6	0.4	0.2	0.2	0.2	-4.1	2.1	-4.2	1.3	
Private consumption	-4.5	2.7	0.6	0.5	0.4	0.2	0.1	0.1	-3.3	1.9	-3.3	1.4	
Residential investment	-0.0	-0.1	-0.0	-0.0	0.0	0.0	0.0	0.0	-0.2	-0.0	-0.2	-0.1	
Private fixed investment	-0.2	-0.2	0.1	0.0	0.0	0.0	0.0	0.0	-0.5	0.1	-0.5	-0.0	
Change in private inventories	-0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	-0.2	0.1	
Public demand	-0.0	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.2	0.2	0.3	0.3	
Government final consumption	-0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.2	
Public fixed investment	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	
Change in public inventories	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.0	-0.0	-0.0	
Net exports of goods and services	-3.0	0.6	0.5	0.5	0.2	0.1	0.1	0.1	-2.1	1.1	-1.9	0.6	
Exports of goods and services	-3.1	0.8	0.7	0.6	0.3	0.2	0.2	0.2	-2.7	1.7	-2.7	1.2	
Imports of goods and services	0.1	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	0.5	-0.6	0.8	-0.5	
2) Y/y %													
GDP growth rate	-9.9	-7.2	-4.3	-2.7	6.2	3.5	2.5	1.7	-6.0	3.4	-5.8	2.2	
Domestic demand	-6.9	-5.2	-2.1	-1.3	4.4	2.2	1.6	1.3	-3.9	2.3	-3.9	1.6	
Private demand	-7.2	-5.4	-2.3	-1.5	4.1	1.9	1.4	1.1	-4.1	2.1	-4.2	1.3	
Private consumption	-6.1	-4.0	-1.9	-1.1	4.2	1.6	1.2	0.9	-3.3	1.9	-3.3	1.4	
Residential investment	-0.2	-0.3	-0.3	-0.2	-0.2	-0.0	0.0	0.0	-0.2	-0.0	-0.2	-0.1	
Private fixed investment	-0.6	-1.0	-0.1	-0.4	-0.1	0.2	0.1	0.2	-0.5	0.1	-0.5	-0.0	
Change in private inventories	-0.4	-0.1	-0.0	0.1	0.2	0.1	0.0	0.0	-0.1	0.1	-0.2	0.1	
Public demand	0.3	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.3	
Government final consumption	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	
Public fixed investment	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in public inventories	-0.0	0.0	-0.0	-0.0	0.0	-0.0	-0.0	0.0	-0.0	0.0	-0.0	-0.0	
Net exports of goods and services	-3.0	-2.0	-2.1	-1.4	1.8	1.3	0.8	0.5	-2.1	1.1	-1.9	0.6	
Exports of goods and services	-4.1	-3.1	-2.5	-1.0	2.6	1.9	1.4	0.9	-2.7	1.7	-2.7	1.2	
Imports of goods and services	1.1	1.1	0.5	-0.5	-0.8	-0.7	-0.6	-0.4	0.5	-0.6	0.8	-0.5	

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	2018	2019	2018	2019	
1) World economy													
Economic growth of major trading partners													
Y/y %	4.3	3.8	3.5	3.2	3.0	2.9	2.9	-1.6	3.7	1.8	4.0	3.0	
Crude oil price (WTI futures; \$/bbl)	67.9	69.4	59.3	54.9	59.9	56.4	56.9	45.8	62.9	54.7	64.9	57.0	
Y/y %	41.0	44.1	7.3	-12.7	-11.8	-18.7	-4.2	-16.6	17.3	-13.0	27.6	-12.1	
2) US economy													
Real GDP (chained [2012]; \$ bil; SAAR)	18,654	18,752	18,814	18,950	19,021	19,142	19,254	19,011	18,793	19,107	18,688	19,092	
Q/q %, SAAR	2.7	2.1	1.3	2.9	1.5	2.6	2.4	-5.0					
Y/y %	3.3	3.1	2.5	2.3	2.0	2.1	2.3	0.3	2.8	1.7	3.0	2.2	
Consumer Price Index (1982-84 avg=100)	250.6	251.9	252.7	253.3	255.2	256.3	257.8	258.6	252.1	257.0	251.1	255.7	
Q/q %, SAAR	2.2	2.1	1.3	0.9	3.0	1.8	2.4	1.2					
Y/y %	2.7	2.6	2.2	1.6	1.8	1.8	2.0	2.1	2.3	1.9	2.4	1.8	
Producer Price Index (Final demand; 2009.Nov=100)	115.9	116.6	117.4	117.3	118.3	118.5	118.7	118.6	116.8	118.5	116.2	118.2	
Q/q %, SAAR	2.9	2.2	2.9	-0.3	3.3	0.7	0.9	-0.3					
Y/y %	3.0	3.0	2.8	1.9	2.0	1.7	1.1	1.1	2.7	1.5	2.9	1.7	
FF rate (%) (Target rate for the forecast period, end-period)	2.00	2.25	2.50	2.50	2.50	2.00	1.75	0.25	2.50	0.25	2.50	1.75	
Government bond yield (10 year; %)	2.92	2.93	3.03	2.65	2.33	1.80	1.79	1.38	2.88	1.83	2.91	2.14	
3) Japanese economy													
Nominal government final consumption													
Y tril; SAAR	108.5	108.5	108.1	109.3	110.8	111.7	111.5	112.4	108.5	111.5	108.3	110.8	
Q/q %, SAAR	0.4	-0.3	-1.4	4.5	5.7	3.3	-0.7	3.4					
Y/y %	2.1	1.7	-0.3	0.7	2.3	3.2	2.9	2.8	1.0	2.8	1.1	2.3	
Nominal public fixed investment													
Y tril; SAAR	28.6	28.1	27.8	28.5	29.1	29.5	29.9	29.8	28.2	29.6	28.0	29.3	
Q/q %, SAAR	14.1	-7.9	-3.3	10.3	8.9	5.4	5.3	-1.4					
Y/y %	3.7	2.7	0.9	2.6	2.3	5.2	7.5	4.2	2.4	4.9	2.1	4.5	
Exchange rate (Y/\$)	109.1	111.5	112.9	110.2	109.8	107.3	108.7	108.9	110.9	108.7	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	7-9	10-12	1-3	4-6	7-9	10-12	1-3	2020	2021	2020	2021
	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)	(E)
1) World economy												
Economic growth of major trading partners												
Y/y %	-6.2	-3.9	-2.6	2.5	8.1	6.0	4.9	4.4	-2.6	5.8	-3.6	5.3
Crude oil price (WTI futures; \$/bbl)	28.0	41.6	42.0	42.0	42.0	42.0	42.0	42.0	38.4	42.0	39.3	42.0
Y/y %	-53.3	-26.4	-26.1	-8.3	50.0	1.0	0.0	0.0	-29.9	9.4	-31.0	6.8
2) US economy												
Real GDP (chained [2012]; \$ bil; SAAR)	17,206	17,780	18,108	18,381	18,586	18,754	18,898	19,025	17,868	18,816	18,026	18,654
Q/q %, SAAR	-32.9	14.0	7.6	6.2	4.5	3.7	3.1	2.7				
Y/y %	-9.5	-7.1	-6.0	-3.3	8.0	5.5	4.4	3.5	-6.5	5.3	-5.6	3.5
Consumer Price Index												
(1982-84 avg=100)	256.3	258.2	259.4	260.7	261.9	263.1	264.1	265.3	258.6	263.6	258.1	262.4
Q/q %, SAAR	-3.5	3.0	1.8	2.0	2.0	1.7	1.6	1.8				
Y/y %	0.4	0.7	0.6	0.8	2.2	1.9	1.8	1.8	0.6	1.9	1.0	1.7
Producer Price Index												
(Final demand; 2009.Nov=100)	117.3	117.7	118.2	118.7	119.3	119.7	120.2	120.7	118.0	119.9	117.9	119.5
Q/q %, SAAR	-4.5	1.5	1.7	1.8	1.8	1.6	1.5	1.7				
Y/y %	-1.0	-0.6	-0.4	0.1	1.7	1.7	1.7	1.6	-0.5	1.7	-0.2	1.3
FF rate (%)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
(Target rate for the forecast period, end-period)												
Government bond yield (10 year; %)	0.69	0.66	0.79	0.90	0.93	0.97	1.02	1.04	0.76	0.99	0.88	0.95
3) Japanese economy												
Nominal government final consumption												
Y tril; SAAR	111.1	111.3	111.5	111.6	111.8	112.0	112.3	112.5	111.4	112.2	111.6	112.0
Q/q %, SAAR	-4.8	1.0	0.6	0.4	0.7	0.9	0.8	0.7				
Y/y %	0.5	-0.4	0.1	-0.7	0.5	0.7	0.6	0.8	-0.1	0.6	0.7	0.3
Nominal public fixed investment												
Y tril; SAAR	29.9	30.0	30.1	30.2	30.3	30.5	30.5	30.6	30.1	30.5	30.0	30.4
Q/q %, SAAR	2.1	0.7	1.1	1.6	1.1	2.7	0.5	1.1				
Y/y %	3.1	1.6	0.6	1.5	0.9	1.6	1.5	1.3	1.6	1.3	2.3	1.4
Exchange rate (Y/\$)	107.6	106.5	106.5	106.5	106.5	106.5	106.5	106.5	106.8	106.5	107.4	106.5
(Y/€)	118.7	124.7	126.0	126.0	126.0	126.0	126.0	126.0	123.9	126.0	122.4	126.0

Source: Compiled by DIR.

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

E: DIR estimate.