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Jan-Mar 2021 1st Preliminary GDP Estimate

Personal consumption and other components decline due to declaration of emergency at beginning of the year. Apr-Jun period also expected to suffer negative growth

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Summary

- The real GDP growth rate for Jan-Mar 2021 (1st preliminary est) declined by -5.1% q/q annualized (-1.3% q/q), falling below market consensus. A declaration of emergency was declared for the second time at the beginning of the year due to the spread of COVID-19 leading to the decline, centering on personal consumption. Looking at results by component, in addition to personal consumption, private sector capital expenditure and government consumption, as well as public investment, all contributed to the decline. On the other hand, exports grew for the third consecutive quarter, while housing investment and private sector inventory also contributed to growth.
- The outlook for the real GDP growth rate in the Apr-Jun period sees negative growth for the second consecutive quarter at around -3% q/q annualized, based on the assumption that the state of emergency will be extended till the end of June. A downturn centering on personal consumption is expected due to the declaration and extension of the state of emergency. In contrast, the Jul-Sep period is expected to experience growth on the high side with the reopening of economic activity. A gradual recovery is expected to ensue after that point. Recovery to the level experienced when real GDP was at its peak before the spread of COVID-19 during the Jul-Sep period of 2019 will likely take until around the Jul-Sep period of 2022.

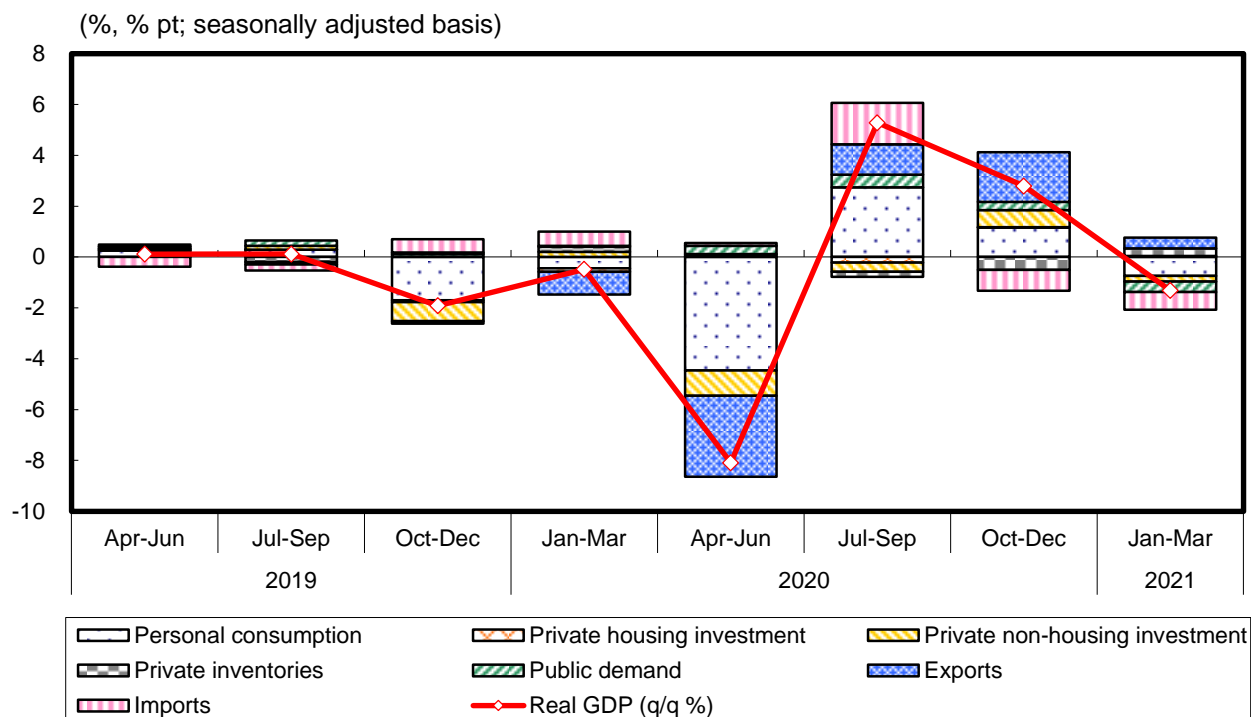
Jan-Mar 2021 GDP (1st Preliminary Estimate) Chart 1

		2020				2021
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Real GDP	Q/q %	-0.5	-8.1	5.3	2.8	-1.3
	Annualized Q/q %	-1.9	-28.6	22.9	11.6	-5.1
Personal consumption	Q/q %	-0.8	-8.3	5.1	2.2	-1.4
Private housing investment	Q/q %	-3.7	0.6	-5.7	0.1	1.1
Private non-housing investment	Q/q %	1.3	-6.1	-2.1	4.3	-1.4
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.2	0.1	-0.2	-0.5	0.3
Government consumption	Q/q %	-0.1	0.2	2.9	1.8	-1.8
Public investment	Q/q %	0.6	2.1	0.7	1.1	-1.1
Exports of goods and services	Q/q %	-4.7	-17.5	7.3	11.7	2.3
Imports of goods and services	Q/q %	-3.0	-0.7	-8.2	4.8	4.0
Domestic demand (contribution to real GDP growth)	Q/q % pts	-0.2	-5.2	2.6	1.8	-1.1
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.3	-2.8	2.6	1.0	-0.2
Nominal GDP	Q/q %	-0.5	-7.8	5.5	2.4	-1.6
	Annualized Q/q %	-2.1	-27.7	24.1	10.0	-6.3
GDP deflator	Q/q %	-0.0	0.3	0.2	-0.4	-0.3
	Y/y %	1.0	1.4	1.2	0.2	-0.2

Source: Cabinet Office; compiled by DIR.

Notes: 1) Due to rounding, contributions do not necessarily conform to calculations based on figures shown.
 2) Q/q figures seasonally adjusted basis.

Contribution to Real GDP Chart 2



Source: Cabinet Office; compiled by DIR.