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Jan-Mar 2021 2nd Preliminary GDP Estimate

Growth rate hits -3.9% q/q annualized due to upward revision for components such as government consumption and investment demand

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Summary

- The real GDP growth rate for Jan-Mar 2021 (2nd preliminary est) was revised upwards to -3.9% q/q annualized (-1.0% q/q), narrowing the range of decline in comparison to the 1st preliminary results (-5.1% q/q annualized). Looking at results by component, we see that the major factors behind the upward revision were government consumption and investment demand. Meanwhile, personal consumption and exports were slightly revised downwards. This confirms the sense that domestic demand has been in a decline, centering on personal consumption, since the declaration of the second state of emergency at the beginning of the year due to the spread of COVID-19.
- The Apr-Jun period real GDP growth rate is expected to record negative growth for the second consecutive quarter at -1.9% q/q annualized with the extension of the current state of emergency till the end of June. There will likely be a downturn centering on personal consumption due to the effects of the extension of the third state of emergency. Growth is expected to be on the high side once economic activities reopen during the Jul-Sep period. Gradual recovery is expected to continue after that point. Recovery to the level of growth 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 (2nd Preliminary Estimate) Chart 1

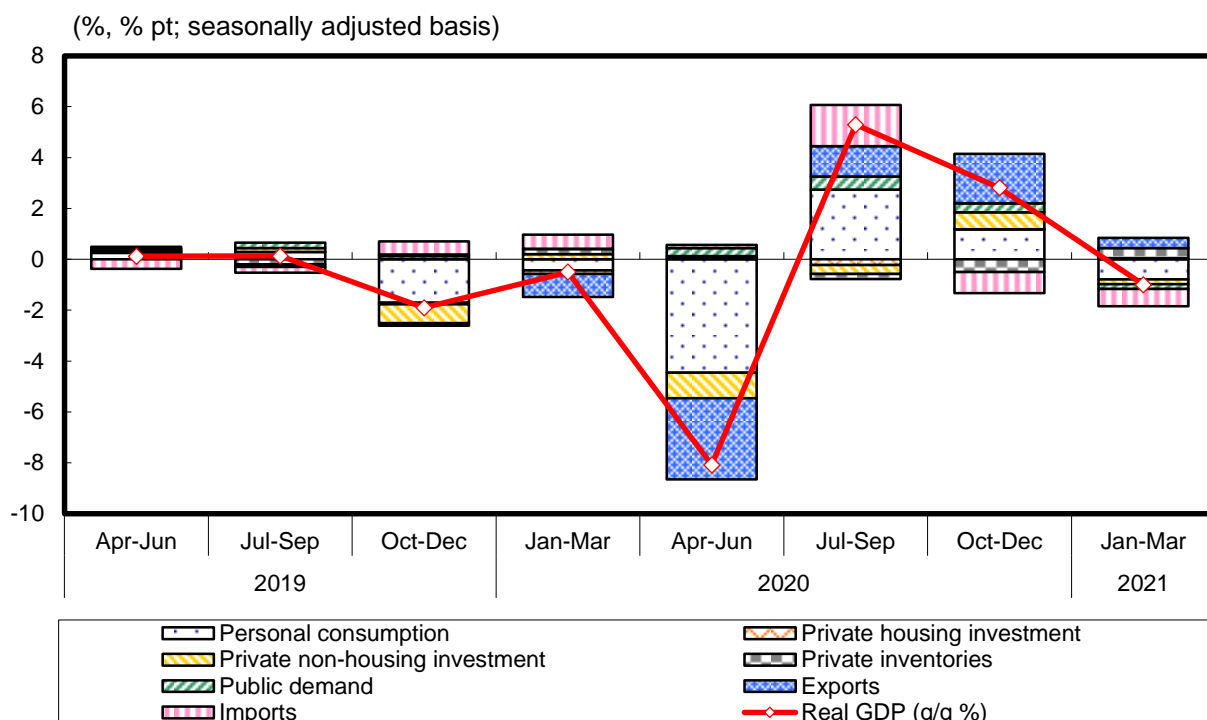
		2020				2021	
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	
						First	Second
Real GDP	Q/q %	-0.5	-8.1	5.3	2.8	-1.3	-1.0
	Annualized Q/q %	-2.0	-28.6	22.9	11.7	-5.1	-3.9
Personal consumption	Q/q %	-0.8	-8.3	5.1	2.2	-1.4	-1.5
Private housing investment	Q/q %	-3.7	0.6	-5.7	0.0	1.1	1.2
Private non-housing investment	Q/q %	1.3	-6.1	-2.1	4.3	-1.4	-1.2
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.2	0.1	-0.2	-0.5	0.3	0.4
Government consumption	Q/q %	-0.2	0.2	2.9	1.8	-1.8	-1.1
Public investment	Q/q %	0.4	2.2	0.8	1.3	-1.1	-0.5
Exports of goods and services	Q/q %	-4.7	-17.5	7.3	11.7	2.3	2.2
Imports of goods and services	Q/q %	-3.0	-0.7	-8.2	4.8	4.0	3.9
Domestic demand (contribution to real GDP growth)	Q/q % pts	-0.2	-5.2	2.6	1.8	-1.1	-0.8
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.3	-2.8	2.6	1.0	-0.2	-0.2
Nominal GDP	Q/q %	-0.6	-7.8	5.6	2.4	-1.6	-1.3
	Annualized Q/q %	-2.2	-27.7	24.1	10.1	-6.3	-5.1
GDP deflator	Q/q %	-0.0	0.3	0.2	-0.4	-0.3	-0.3
	Y/y %	1.0	1.4	1.2	0.2	-0.2	-0.1

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.