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# Apr-Jun 2021 1st Preliminary GDP Estimate

**GDP makes soft landing at +1.3% q/q annualized thanks in part to growth in personal consumption exceeding expectations**

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## Summary

- The real GDP growth rate for Apr-Jun 2021 (1st preliminary est) exceeded market consensus, coming in at +1.3% q/q annualized (+0.3% q/q). A declaration of emergency was declared for the third time during the period due to the spread of COVID-19, but the economy managed to avoid a second consecutive quarter of negative growth. Looking at results by component, all private sector demand related factors achieved growth with the exception of inventories. As for the public sector, government consumption grew, while public investment suffered a decline. As for overseas demand related components, both imports and exports achieved growth, with growth in imports exceeding that of exports. This means that net exports declined in comparison.
- The outlook for the real GDP growth rate in the Jul-Sep period sees growth of around +1.5% q/q annualized, based on the assumption that the state of emergency, which expires at the end of August, will be extended. Personal consumption is expected to suffer a slight downturn, but GDP is expected to be buoyed by exports, capex and public demand. If vaccination progresses smoothly, real GDP is expected to recover to the level seen during the Oct-Dec period of 2019 by around the Oct-Dec period of the current year when demand for services is expected to pick up. However, there are many uncertain factors affecting this outlook. The major downside risk will be the trend in the spread of mutant strains of COVID-19, a factor which will require continued vigilance.

Apr-Jun 2021 GDP (1<sup>st</sup> Preliminary Estimate)

Chart 1

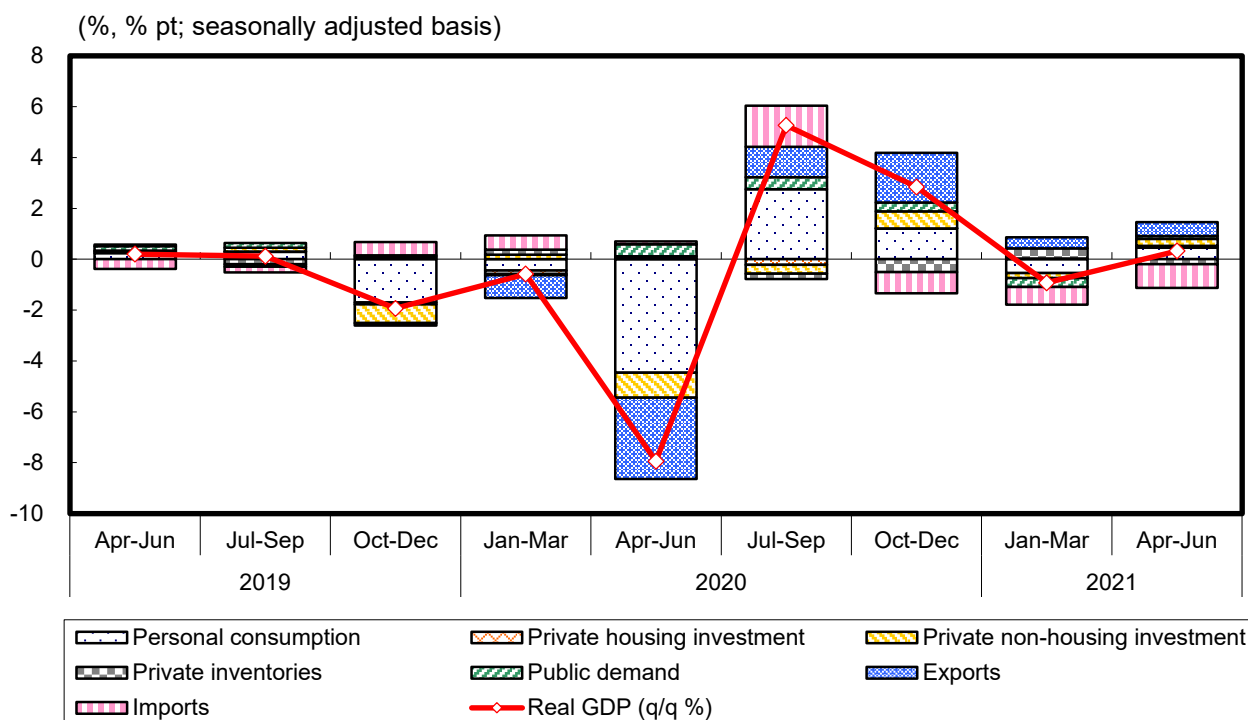
		2020			2021	
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Real GDP	Q/q %	-7.9	5.3	2.8	-0.9	0.3
	Annualized Q/q %	-28.2	22.8	11.9	-3.7	1.3
Personal consumption	Q/q %	-8.3	5.1	2.3	-1.0	0.8
Private housing investment	Q/q %	0.6	-5.7	0.0	0.9	2.1
Private non-housing investment	Q/q %	-6.0	-2.1	4.3	-1.3	1.7
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.1	-0.2	-0.5	0.4	-0.2
Government consumption	Q/q %	0.7	2.8	1.8	-1.7	0.5
Public investment	Q/q %	2.9	0.7	1.0	-1.0	-1.5
Exports of goods and services	Q/q %	-17.5	7.3	11.7	2.4	2.9
Imports of goods and services	Q/q %	-0.7	-8.2	4.8	4.0	5.1
Domestic demand (contribution to real GDP growth)	Q/q % pts	-5.1	2.6	1.8	-0.7	0.6
Foreign demand (contribution to real GDP growth)	Q/q % pts	-2.9	2.6	1.0	-0.2	-0.3
Nominal GDP	Q/q %	-7.6	5.4	2.3	-1.0	0.1
	Annualized Q/q %	-27.1	23.6	9.7	-4.0	0.2
GDP deflator	Q/q %	0.4	0.2	-0.5	-0.1	-0.3
	Y/y %	1.4	1.2	0.2	-0.1	-0.7

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.