

18 Aug 2021 (No. of pages: 3)

Japanese report: 18 Aug 2021

July 2021 Trade Statistics

Exports to EU achieve major growth, while US & Asia suffer slowdown, resulting in decline in export volume

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Summary

- According to July 2021 trade statistics, export value grew considerably by +37.0% y/y. Motor vehicles contributed to overall growth, along with parts of motor vehicles and iron & steel products. However, this is due mostly to the fact that the same month of the previous year performed poorly. Looking at July performance on a seasonally adjusted basis, export value was flat in comparison to the previous month. Meanwhile, import value was also up by +28.5% y/y, buoyed by the low price of crude oil during the previous year, with positive contributions from petroleum. However, on a seasonally adjusted basis, import value suffered its first decline in eight months at -1.6% m/m. Reflecting the decline in imports, the trade balance was back in the black for the first time in two months at +52.7 bil yen.
- Export volume (seasonally adjusted by DIR) declined for the first time in two months at -1.9% m/m. Looking at export volume by source of demand, the US was down by -2.0%, with Asia also down by -1.5%. Meanwhile, EU activity achieved major growth by +12.3% due to progress in restarting economic activity.
- As for the future of exports, the moderate growth trend is expected to continue. Exports to the US and Europe will likely lead overall performance due to continued economic recovery in those regions. On the other hand, the pace of growth in exports to China is expected to weaken due to signs of the economic slowdown in that country. Consumption in all of these regions is gradually shifting from goods to services, but we must remain aware that there are risk factors as well, such as increased spread of highly infectious mutant strains of COVID-19 (especially the Delta strain), which could inhibit economic activity.

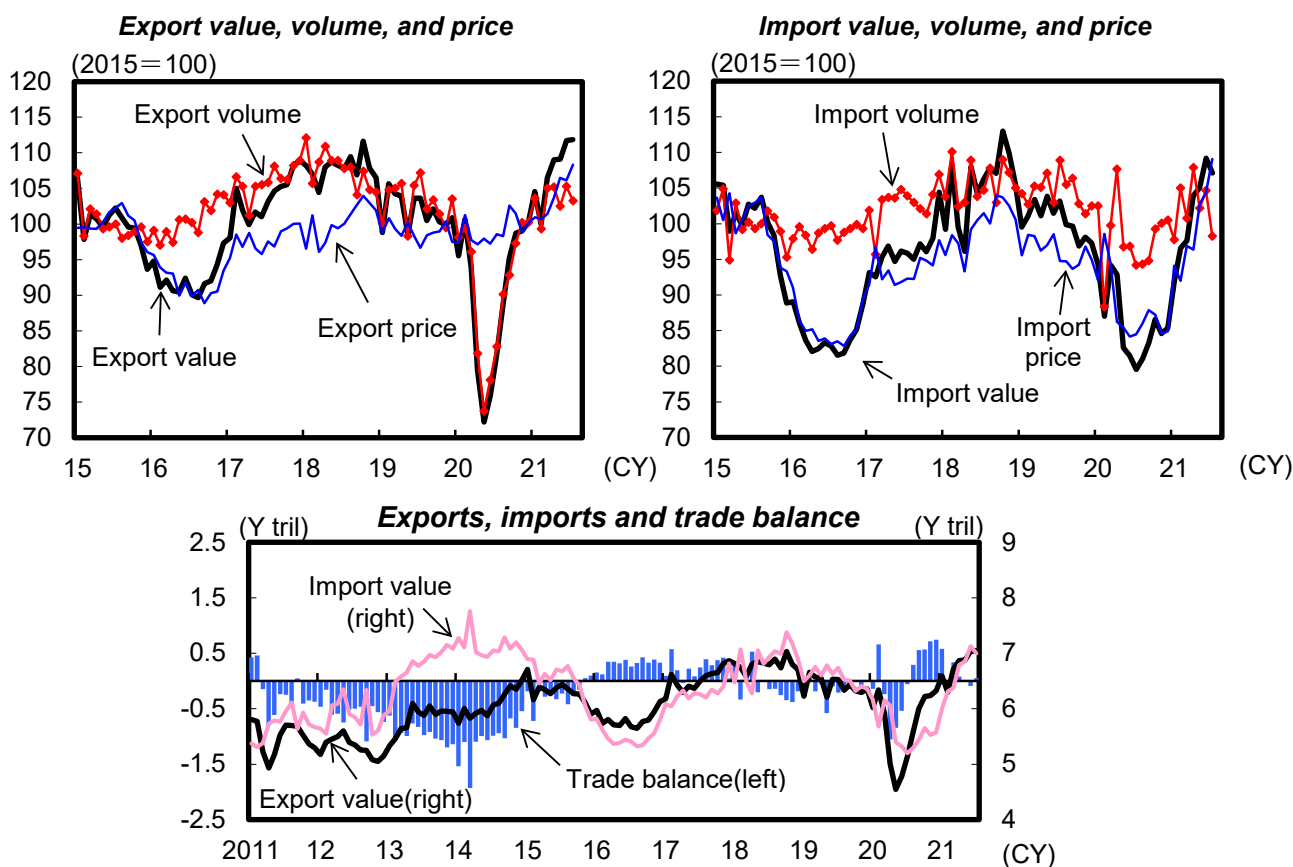
Trade Statistics **Chart 1**

	2020		2021						
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Export value (y/y %)	-4.2	2.0	6.4	-4.5	16.1	38.0	49.6	48.6	37.0
Market consensus (Bloomberg)									39.2
DIR estimate									40.9
Import value (y/y %)	-11.0	-11.5	-9.4	11.9	5.8	12.9	28.0	32.7	28.5
Export volume (y/y %)	-3.9	-0.1	5.3	-4.3	12.6	28.4	38.5	37.2	25.2
Export price (y/y %)	-0.2	2.1	1.0	-0.1	3.1	7.4	8.0	8.3	9.5
Import volume (y/y %)	-2.1	-2.0	-4.1	22.0	3.9	1.2	6.9	8.2	2.1
Import price (y/y %)	-0.0	-0.0	-5.5	-8.3	-0.0	11.5	19.7	22.6	25.9
Trade balance (Y100 mil)	3,558	7,447	-3,272	2,117	6,578	2,488	-1,934	3,840	4,410
Export value (SA, m/m %)	0.3	1.3	4.3	-4.3	6.5	2.4	0.2	2.4	-0.0
Export volume (SA, m/m %)	3.0	0.0	3.4	-4.2	5.7	0.2	-2.6	2.7	-1.9
Export price (SA, m/m %)	-2.6	1.3	0.9	-0.2	0.8	2.2	2.8	-0.3	2.0
Import value (SA, m/m %)	-2.1	1.1	7.6	4.7	0.4	6.9	0.9	4.1	-1.6
Import volume (SA, m/m %)	0.8	0.5	-2.7	7.4	-4.0	7.0	-5.3	2.4	-6.1
Import price (SA, m/m %)	-2.9	0.6	10.6	-2.5	4.6	-0.1	6.5	1.6	4.8
Trade balance (SA, Y100 mil)	6,939	7,150	5,582	-121	3,746	967	486	-627	527
The Japan Customs rate (yen/dlr)	104.68	104.11	103.57	104.50	107.13	109.56	108.80	109.50	110.55

Source: Ministry of Finance, Bloomberg; compiled by DIR.

Note: Volume and price seasonally adjusted by DIR.

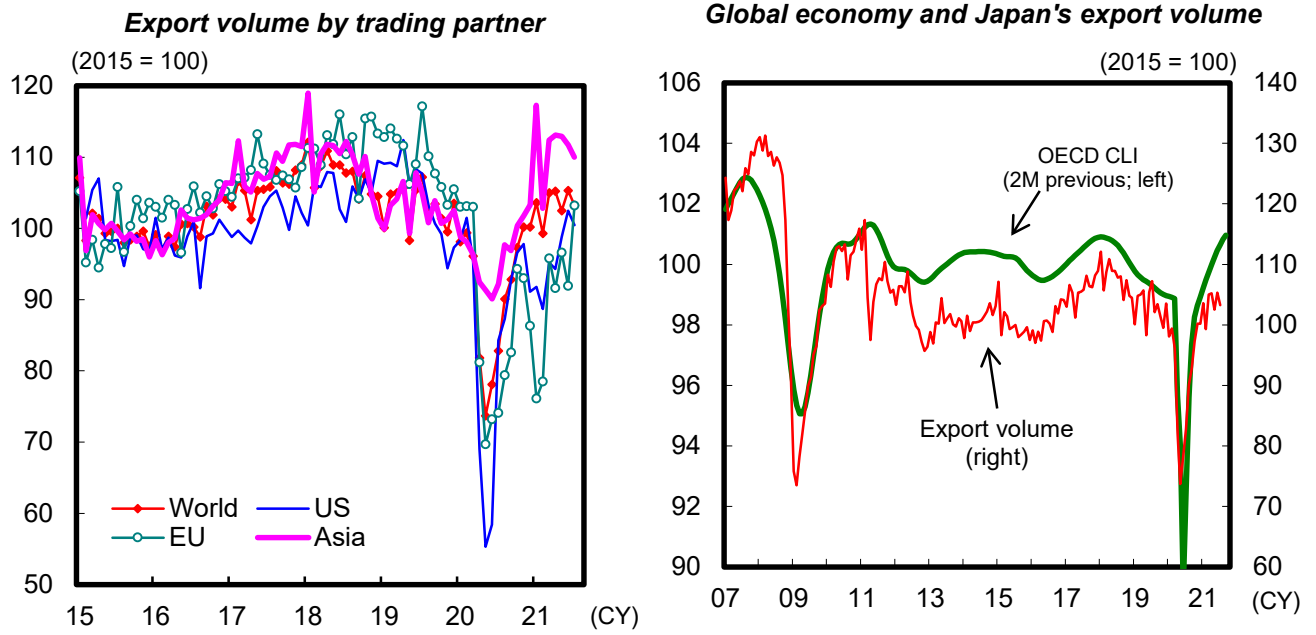
Export (Value, Volume and Price), Import (Value, Volume and Price) and Trade Balance **Chart 2**



Source: Ministry of Finance; compiled by DIR.

Note: Export volume and export price seasonally adjusted by DIR.

Export Volume by Trade Partner; Global Economy and Japan's Export Volume Chart 3



Source: Ministry of Finance; OECD; compiled by DIR.
 Notes: 1) OECD CLI (Composite Leading Indicator): OECD member and six non-member countries.
 2) Export volume seasonally adjusted by DIR.