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# Apr-Jun 2021 2nd Preliminary GDP Estimate

**Results revised upwards to +1.9% q/q annualized, centering on government consumption and capital investment**

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## Summary

- The real GDP growth rate for Apr-Jun 2021 (2nd preliminary est) was revised upwards to +1.9% q/q annualized (+0.5% q/q), increasing the growth rate in comparison to the 1st preliminary results which were at +1.3% q/q annualized. Government consumption, private non-residential investment, and personal consumption were revised upwards, while private sector inventories and public investment were revised downwards. This confirms the sense that the economy is gradually making a comeback despite the declaration of a third state of emergency during the period due to the spread of COVID-19. All private sector demand related components with the exception of inventory grew in comparison with the previous period despite the difficult situation of increasing COVID-19 infections.
- The Jul-Sep period real GDP growth rate is expected to grow by +1.1% q/q annualized under the assumption that the current state of emergency will be extended beyond the planned end date of Sept.12 till the end of the month. While personal consumption is expected to decline by a small amount, exports and private non-residential investment, as well as public demand and other components are expected to achieve growth, helping to push GDP up. If vaccination progresses smoothly, real GDP is seen recovering to the level of that experienced during the Oct-Dec period of 2019, before the pandemic began. However, this outlook is highly uncertain. Mutant strains of COVID-19 are still a major downside risk; hence we must remain vigilant.

**Apr-Jun 2021 GDP (2<sup>nd</sup> Preliminary Estimate) Chart 1**

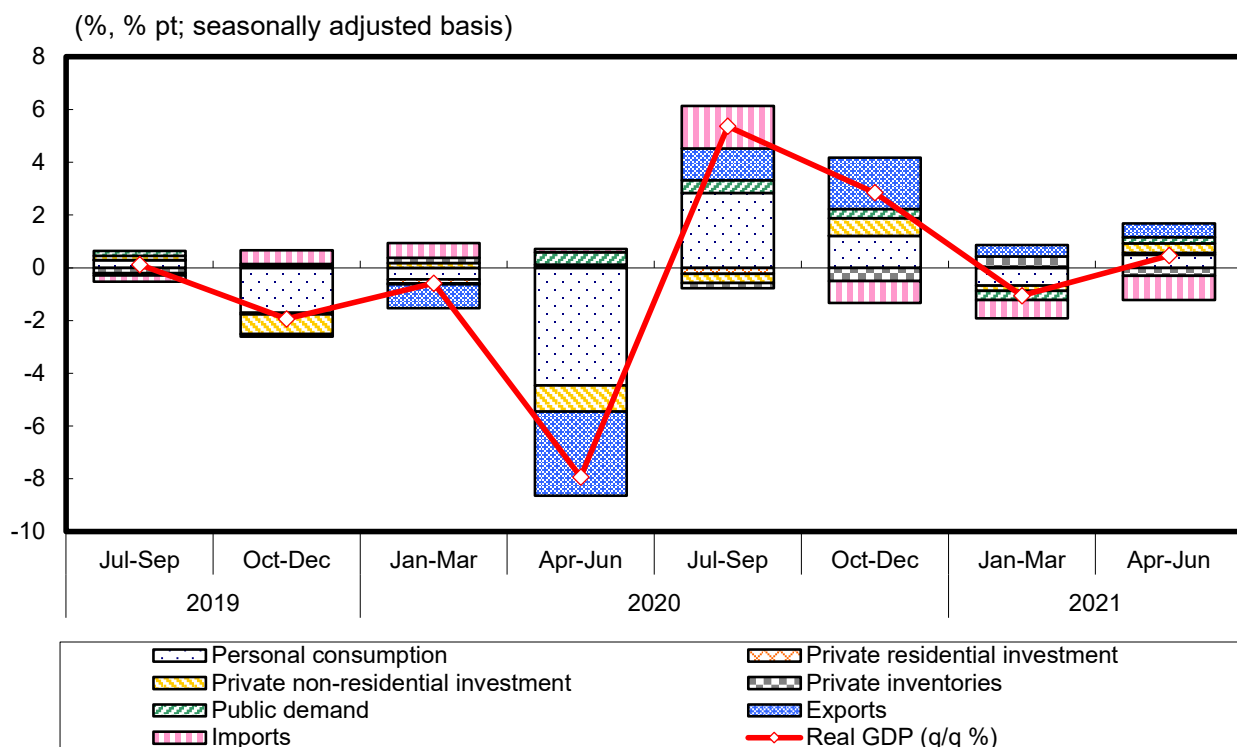
		2020			2021		
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
						First	Second
Real GDP	Q/q %	-7.9	5.4	2.8	-1.1	0.3	0.5
	Annualized Q/q %	-28.1	23.2	11.9	-4.2	1.3	1.9
Personal consumption	Q/q %	-8.3	5.3	2.3	-1.3	0.8	0.9
Private residential investment	Q/q %	0.6	-5.7	0.0	1.0	2.1	2.1
Private non-residential investment	Q/q %	-6.0	-2.1	4.3	-1.3	1.7	2.3
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.1	-0.2	-0.5	0.4	-0.2	-0.3
Government consumption	Q/q %	0.7	2.8	1.9	-1.7	0.5	1.3
Public investment	Q/q %	3.0	0.6	0.9	-1.1	-1.5	-1.7
Exports of goods and services	Q/q %	-17.5	7.3	11.7	2.4	2.9	2.8
Imports of goods and services	Q/q %	-0.7	-8.2	4.8	4.0	5.1	5.0
Domestic demand (contribution to real GDP growth)	Q/q % pts	-5.1	2.7	1.8	-0.8	0.6	0.8
Foreign demand (contribution to real GDP growth)	Q/q % pts	-2.9	2.6	1.0	-0.2	-0.3	-0.3
Nominal GDP	Q/q %	-7.6	5.4	2.3	-1.1	0.1	-0.1
	Annualized Q/q %	-27.1	23.6	9.7	-4.3	0.2	-0.5
GDP deflator	Q/q %	0.4	0.1	-0.5	-0.0	-0.3	-0.6
	Y/y %	1.4	1.1	0.1	-0.2	-0.7	-1.1

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.