

20 October 2021 (No. of pages: 3)

Japanese report: 20 Oct 2021

September 2021 Trade Statistics

Motor vehicle exports decline sharply due to supply chain disruption

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Summary

- According to September 2021 trade statistics, export value grew by +13.0% y/y, slower than the previous month's +26.2%. Motor vehicle exports fell sharply due to supply constraints, with the seasonally adjusted value for export value at -3.9% m/m. While the export price was up as a result of price pass-through associated with lagging effects of growth in materials prices, the decline in export volume exceeded this amount. Meanwhile, import value continued growth at +38.6% y/y, with the seasonally adjusted figure at +0.2%. With the decline in exports and growth in imports, the trade balance fell deeply into the red with a seasonally adjusted value of -624.8 bil yen. It is highly likely that the rate of contribution of overseas demand to Japan's Jul-Sep GDP will be in the negative numbers.
- Export volume (seasonally adjusted by DIR) declined for the third consecutive month at -7.8% m/m. This is the greatest decline experienced since the coronavirus crisis first hit in May of 2020. Looking at export volume by source of demand, there were declines in all regions, with the US down by -18.1%, with the EU down by -5.1% and Asia down by -3.9%.
- As for the future of exports, the trend is expected to be toward growth, but the pace of growth is likely to be moderate. Exports to the US and Europe will likely lead overall performance due to continued economic recovery in those regions. However, there has been a resurgence in COVID-19 infections in some parts of Europe, hence opportunities for consumption will likely decline, and possibly hinder the recovery in exports from Japan. Meanwhile, exports to China are expected to mark time in the short-term due to the economic slowdown now being experienced in that country.

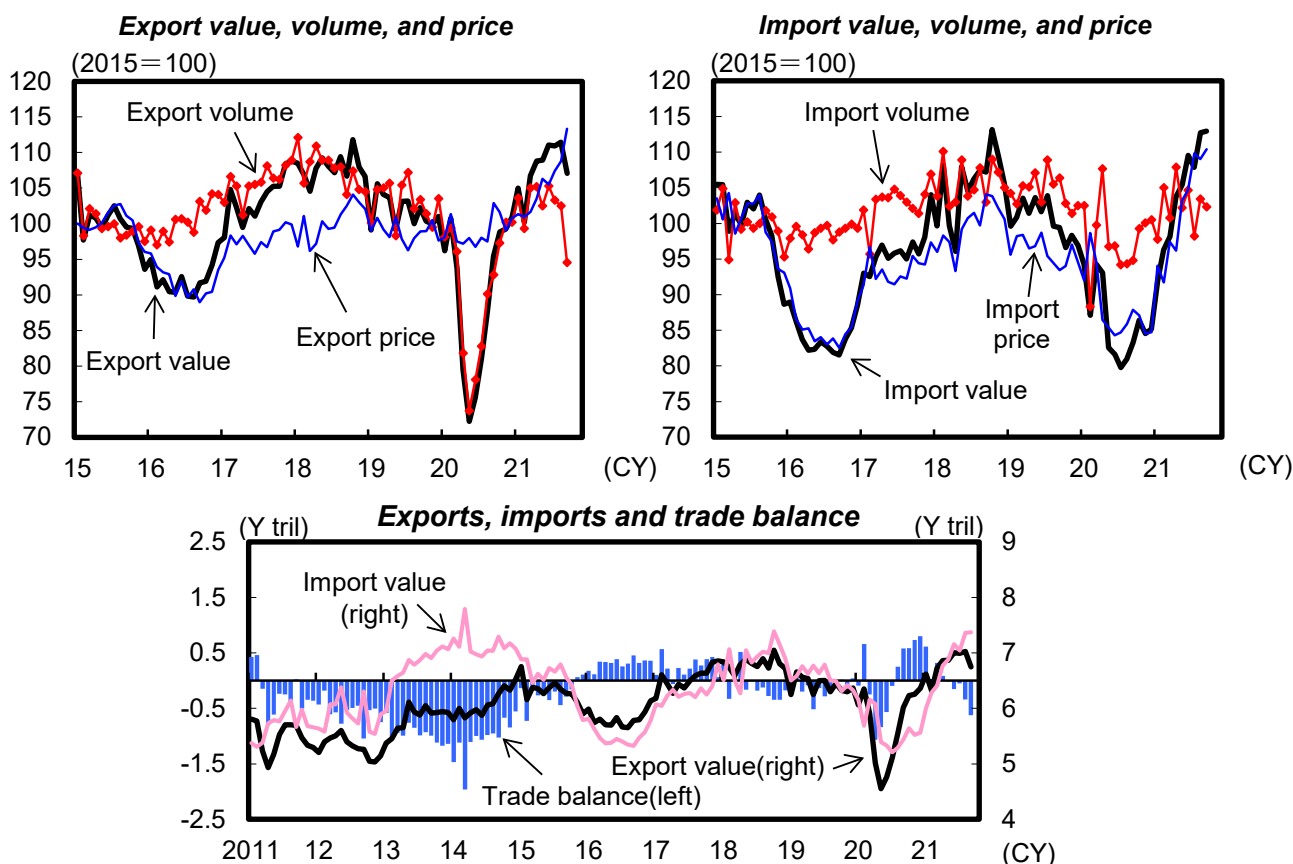
Trade Statistics **Chart 1**

	2021									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Export value (y/y %)	6.4	-4.5	16.1	38.0	49.6	48.6	37.0	26.2	13.0	
Market consensus (Bloomberg)										10.5
DIR estimate										9.8
Import value (y/y %)	-9.4	11.9	5.8	12.9	28.0	32.8	28.6	44.7	38.6	
Export volume (y/y %)	5.3	-4.3	12.6	28.4	38.5	37.2	25.2	13.7	3.3	
Export price (y/y %)	1.0	-0.1	3.1	7.4	8.0	8.3	9.5	11.0	9.4	
Import volume (y/y %)	-4.1	22.0	3.9	1.2	6.9	8.2	2.1	14.5	7.6	
Import price (y/y %)	-0.0	-0.0	1.9	11.5	-0.0	22.7	26.0	26.4	28.8	
Trade balance (Y100 mil)	-3,272	2,117	6,578	2,488	-1,934	3,789	4,358	-6,372	-6,228	
Export value (SA, m/m %)	4.0	-4.5	6.5	2.0	0.1	1.9	-0.1	0.5	-3.9	
Export volume (SA, m/m %)	3.4	-4.2	5.7	0.2	-2.6	2.7	-1.9	-0.8	-7.8	
Export price (SA, m/m %)	0.6	-0.4	0.7	1.8	2.7	-0.8	1.8	1.3	4.2	
Import value (SA, m/m %)	8.0	4.7	1.9	5.7	1.7	3.9	-1.5	4.5	0.2	
Import volume (SA, m/m %)	-2.7	7.4	-4.0	7.0	-5.3	2.4	-6.2	5.3	-1.1	
Import price (SA, m/m %)	11.0	-2.5	6.2	-1.3	7.3	1.4	4.9	-0.7	1.3	
Trade balance (SA, Y100 mil)	6,125	290	3,164	870	-179	-1,537	-508	-3,367	-6,248	
The Japan Customs rate (yen/dlr)	103.57	104.50	107.13	109.56	108.80	109.50	110.55	109.89	109.87	

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

Note: Volume and price seasonally adjusted by DIR.

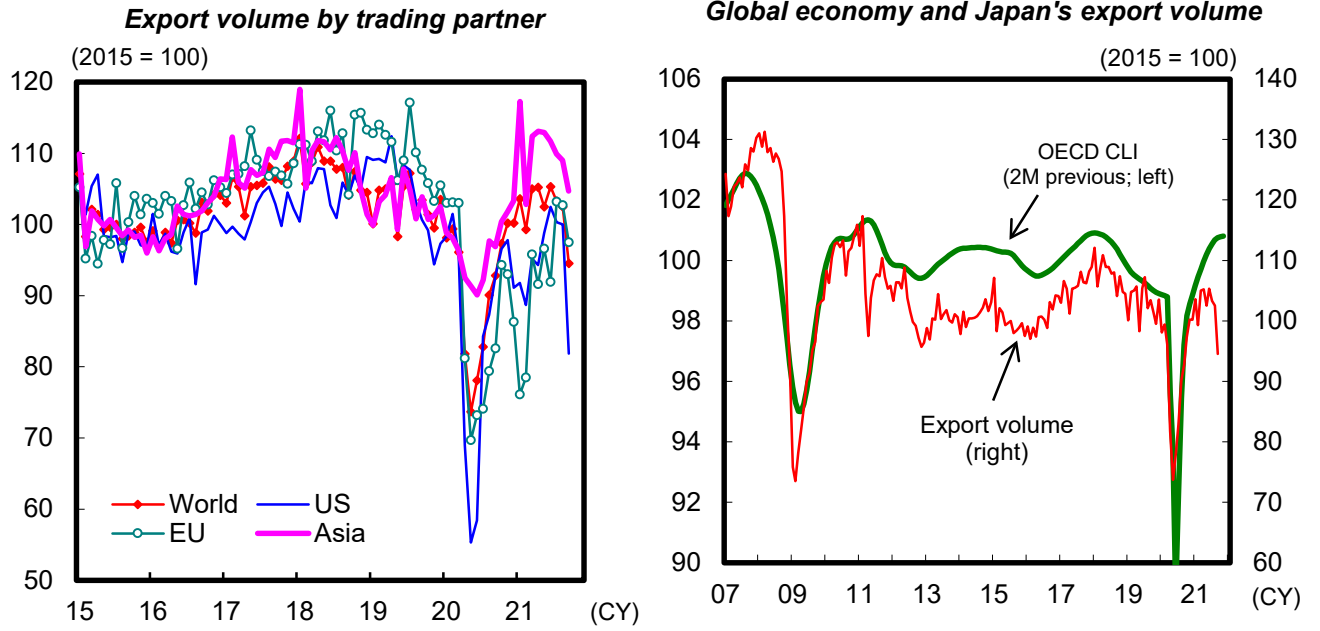
Export (Value, Volume and Price), Import (Value, Volume and Price) and Trade Balance **Chart 2**



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.