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Jul-Sep 2021 1st Preliminary GDP Estimate

Negative growth exceeds expectations due to effects of production cuts in motor vehicles and other industries

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Summary

- The real GDP growth rate for Jul-Sep 2021 (1st preliminary est) fell below market expectations, coming in at -3.0% q/q annualized (-0.8% q/q). Motor vehicles suffered major production cuts due to the shortage of semiconductors and the spread of COVID-19 in Southeast Asia, important suppliers of parts, causing a deterioration of the economy. In addition, the declaration of emergency and special stricter measures, which were applied until September 30, had the effect of holding down domestic economic activity.
- The outlook for the real GDP growth rate in the Oct-Dec period sees growth of around +8% q/q annualized based on the assumption that economic activity will return to normal, while motor vehicle sales are expected to recover with the problem of supply constraints moderated, and personal consumption will likely expand centering on services and durable consumer goods. Growth in demand components such as exports and capital investment are expected to boost the recovery to nearly the level seen in the Oct-Dec period of 2019 before the COVID-19 pandemic hit. The major downside risk will continue to be the trend in the spread of mutant variants of COVID-19, especially ones that could weaken the preventive capabilities of the vaccine. This is a factor which will require continued vigilance.

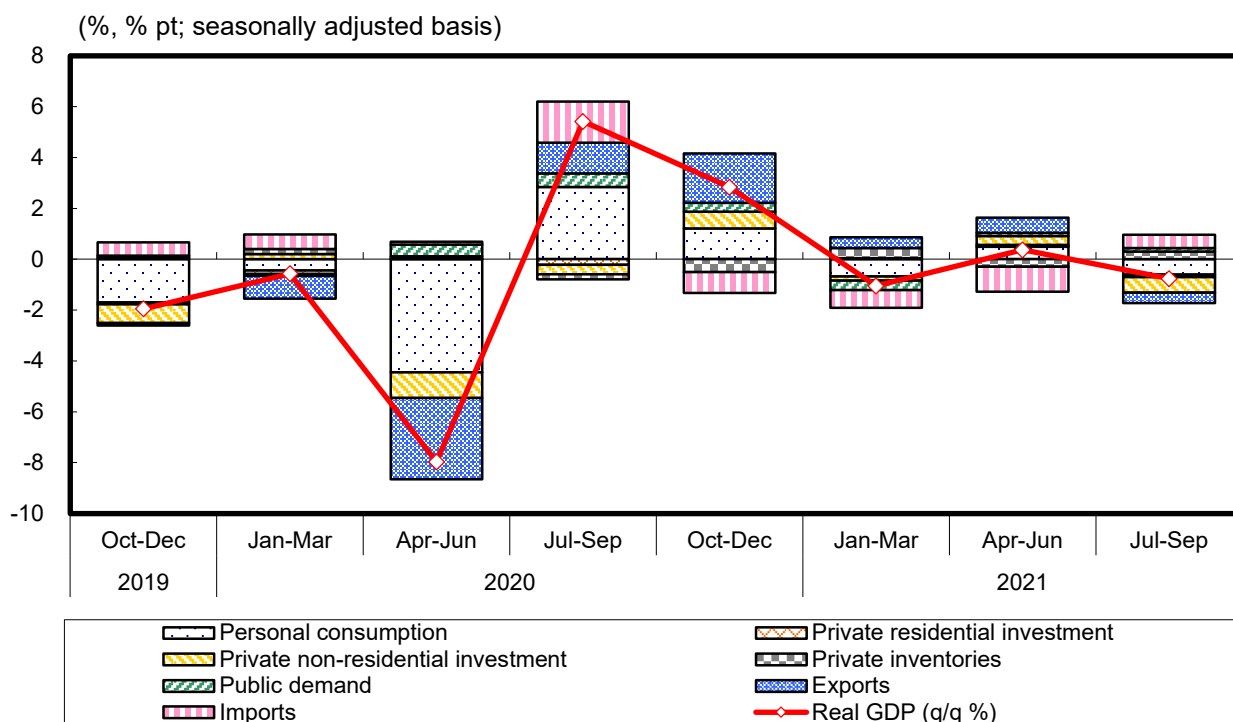
Jul-Sep 2021 GDP (1st Preliminary Estimate) Chart 1

		2020			2021	
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Real GDP	Q/q %	5.4	2.8	-1.1	0.4	-0.8
	Annualized Q/q %	23.5	11.8	-4.1	1.5	-3.0
Personal consumption	Q/q %	5.3	2.2	-1.3	0.9	-1.1
Private residential investment	Q/q %	-5.7	-0.0	1.1	2.0	-2.6
Private non-residential investment	Q/q %	-2.2	4.3	-1.0	2.2	-3.8
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.2	-0.5	0.4	-0.3	0.3
Government consumption	Q/q %	2.8	1.9	-1.7	1.1	1.1
Public investment	Q/q %	1.3	0.7	-1.4	-2.1	-1.5
Exports of goods and services	Q/q %	7.4	11.7	2.4	3.2	-2.1
Imports of goods and services	Q/q %	-8.2	4.8	4.0	5.3	-2.7
Domestic demand (contribution to real GDP growth)	Q/q % pts	2.8	1.8	-0.8	0.7	-0.9
Foreign demand (contribution to real GDP growth)	Q/q % pts	2.7	1.0	-0.2	-0.3	0.1
Nominal GDP	Q/q %	5.5	2.3	-1.1	-0.2	-0.6
	Annualized Q/q %	23.9	9.7	-4.4	-1.0	-2.5
GDP deflator	Q/q %	0.1	-0.5	-0.1	-0.6	0.1
	Y/y %	1.1	0.1	-0.2	-1.1	-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.