

8 December 2021 (No. of pages:2 )

Japanese report: 08 Dec 2021

# Jul-Sep 2021 2nd Preliminary GDP Estimate

## Sluggish economic activity due to automobile production cuts and state of emergency reconfirmed

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### Summary

- The real GDP growth rate for Jul-Sep 2021 (2nd preliminary est) was revised downwards to -3.6% q/q annualized (-0.9% q/q), a decline in the growth rate in comparison to the 1st preliminary results which were at -3.0% q/q annualized. Looking at performance by major component, capital investment and housing investment were revised upwards, as well as exports and imports. On the other hand, personal consumption, private sector inventory, and public demand were all revised downwards. This confirms the sense that economic activity declined during the Jul-Sep period due to automobile production cuts caused by factors such as the difficulty of procuring parts, and the declaration of a state of emergency.
- The Oct-Dec period real GDP growth rate is expected to be at +7.6% q/q annualized. Although we need to remain vigilant regarding the Omicron variant of COVID-19, consumer spending is expected to expand, centering on services and durable goods, due to the ongoing normalization of economic activity and the recovery in automobile sales. Meanwhile, demand components such as exports and capital investment are expected to achieve growth. Oct-Dec period real GDP is expected to recover almost to the level recorded before the pandemic (the Oct-Dec period of 2019). Real GDP is expected to clearly exceed that level in the Jan-Mar period of 2022.

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

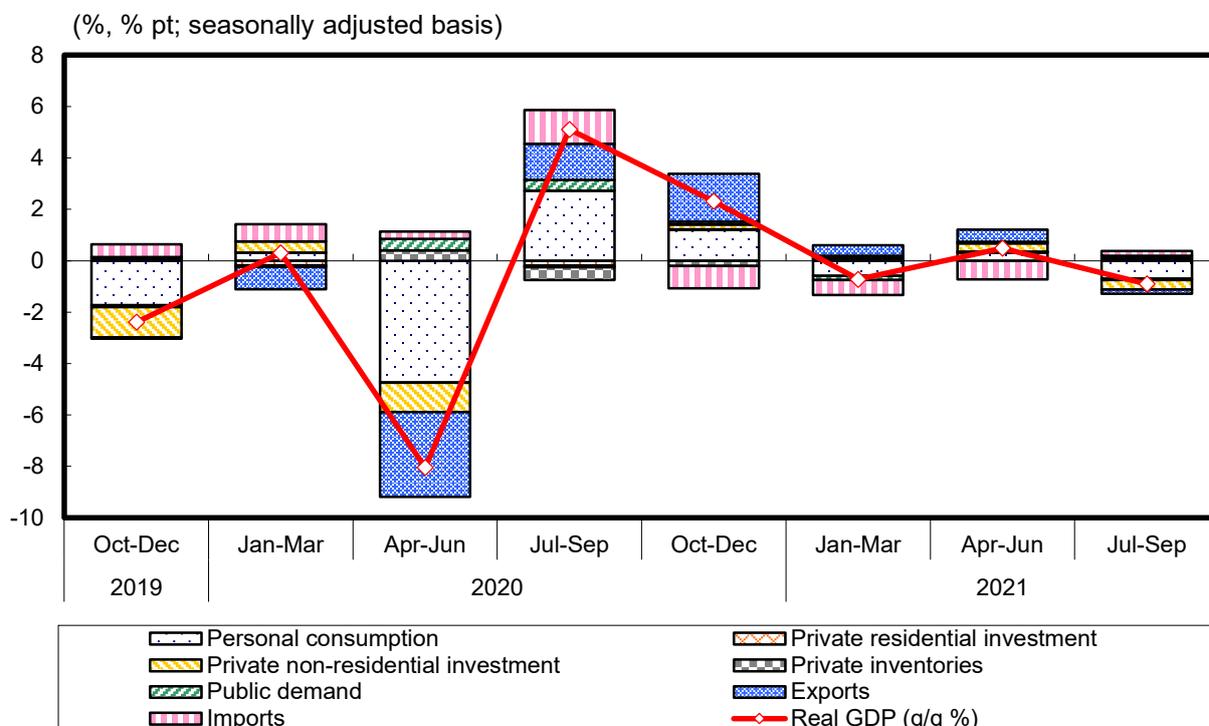
		2020			2021		
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
						First	Second
Real GDP	Q/q %	5.1	2.3	-0.7	0.5	-0.8	-0.9
	Annualized Q/q %	22.1	9.6	-2.9	2.0	-3.0	-3.6
Personal consumption	Q/q %	5.0	2.3	-1.1	0.6	-1.1	-1.3
Private residential investment	Q/q %	-4.8	0.0	0.9	1.0	-2.6	-1.6
Private non-residential investment	Q/q %	-0.4	1.2	0.4	2.0	-3.8	-2.3
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.5	-0.2	0.1	0.0	0.3	0.1
Government consumption	Q/q %	2.1	0.8	-0.6	0.7	1.1	1.0
Public investment	Q/q %	1.6	0.6	-1.5	-2.6	-1.5	-2.0
Exports of goods and services	Q/q %	8.7	11.1	2.3	2.5	-2.1	-0.9
Imports of goods and services	Q/q %	-6.7	5.0	3.2	3.9	-2.7	-1.0
Domestic demand (contribution to real GDP growth)	Q/q % pts	2.6	1.4	-0.6	0.7	-0.9	-0.9
Foreign demand (contribution to real GDP growth)	Q/q % pts	2.5	0.9	-0.1	-0.2	0.1	0.0
Nominal GDP	Q/q %	5.1	1.8	-0.7	0.1	-0.6	-1.0
	Annualized Q/q %	22.2	7.2	-3.0	0.2	-2.5	-4.1
GDP deflator	Q/q %	0.0	-0.5	-0.0	-0.4	0.1	-0.1
	Y/y %	1.1	0.2	-0.1	-1.1	-1.1	-1.2

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.