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# Oct-Dec 2021 1st Preliminary GDP Estimate

**Growth rate reaches +5.4% q/q annualized due to normalization of economic activity and increased production of motor vehicles**

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## Summary

- The real GDP growth rate for Oct-Dec 2021 (1st preliminary est) fell somewhat below market expectations, coming in at +5.4% q/q annualized (+1.3% q/q). The spread of COVID-19 slowed significantly, allowing for the resumption of economic activity and encouraging a recovery in personal consumption centering on eating out, travel, and entertainment. Meanwhile, an increase in motor vehicle production due to mitigation of the effects of parts shortages provided upward momentum for exports and consumption of durable goods, as well as capital expenditure.
- The outlook for the real GDP growth rate in the Jan-Mar period of 2022 sees growth of +0.3% q/q annualized based on the assumption that economic activity will again resume from March. The Omicron variant of COVID-19 has been spreading in domestic Japan, and most regions of the country have put in place a quasi-state of emergency causing a major decrease in consumer turn-out. Production constraints have become more severe due to the effects of the spread of infection, and resource prices are rising. There is a good possibility that personal consumption will decline in comparison to the previous period, but exports, capital expenditure, and government consumption will be on the rise, and real GDP is expected to see a narrow range of growth. Real GDP is expected to recover to the level seen before the pandemic (the Oct-Dec period of 2019) in the Apr-Jun period of 2022.

Oct-Dec 2021 GDP (1<sup>st</sup> Preliminary Estimate)

Chart 1

		2020	2021			
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Real GDP	Q/q %	1.8	-0.5	0.6	-0.7	1.3
	Annualized Q/q %	7.5	-2.1	2.4	-2.7	5.4
Personal consumption	Q/q %	1.6	-0.8	0.7	-0.9	2.7
Private residential investment	Q/q %	-0.1	0.9	1.0	-1.6	-0.9
Private non-residential investment	Q/q %	1.2	0.4	2.0	-2.4	0.4
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.2	0.1	0.0	0.1	-0.1
Government consumption	Q/q %	0.8	-0.6	0.7	1.1	-0.3
Public investment	Q/q %	2.0	-1.6	-3.3	-3.0	-3.3
Exports of goods and services	Q/q %	10.7	2.2	3.1	-0.3	1.0
Imports of goods and services	Q/q %	5.5	3.0	3.8	-0.9	-0.3
Domestic demand (contribution to real GDP growth)	Q/q % pts	1.1	-0.4	0.7	-0.8	1.1
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.8	-0.1	-0.1	0.1	0.2
Nominal GDP	Q/q %	1.3	-0.4	0.2	-1.0	0.5
	Annualized Q/q %	5.2	-1.6	0.9	-4.1	2.0
GDP deflator	Q/q %	-0.6	0.1	-0.4	-0.4	-0.8
	Y/y %	0.2	-0.1	-1.1	-1.2	-1.3

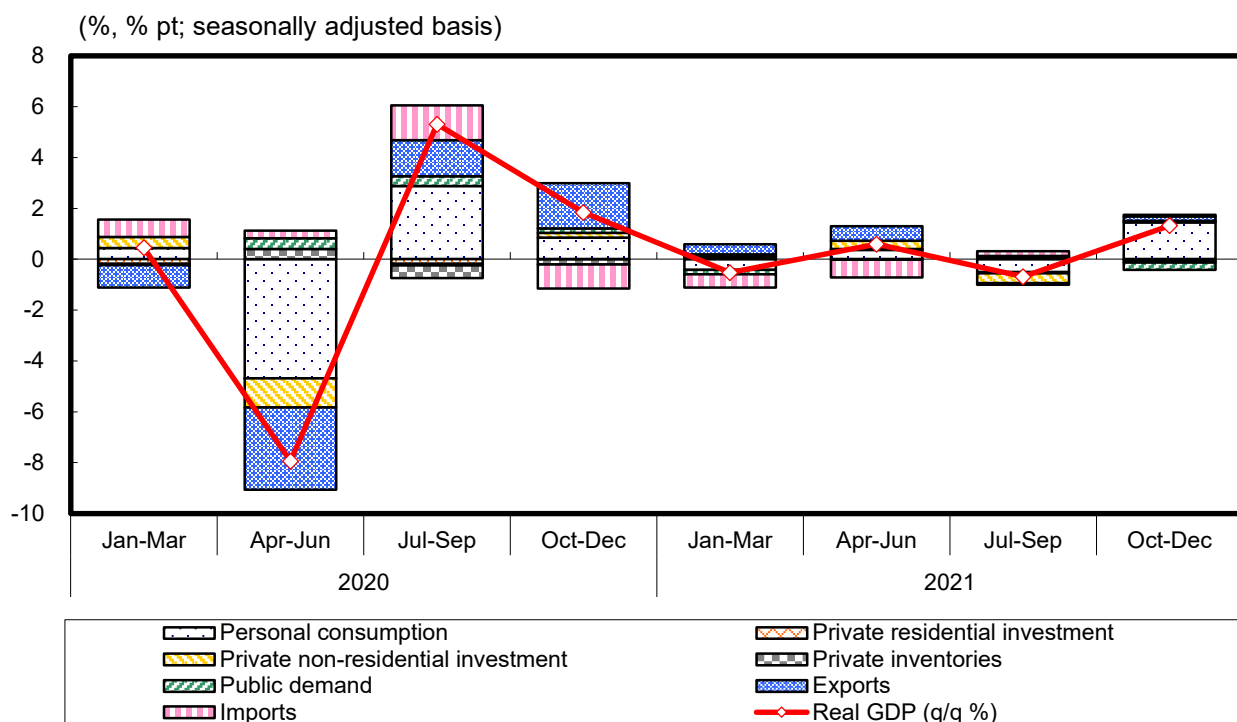
Source: Cabinet Office; compiled by DIR.

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.