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Oct-Dec 2021 2nd Preliminary GDP Estimate

GDP revised downwards to +4.6% q/q annualized. Possible negative growth seen for Jan-Mar 2022

Economic Research Dept.
Keiji Kanda
Wakaba Kobayashi

Summary

- The real GDP growth rate for Oct-Dec 2021 (2nd preliminary est) was revised downwards to +4.6% q/q annualized (+1.1% q/q), a decline in the growth rate in comparison to the 1st preliminary results which were at +5.4% q/q annualized. Looking at performance by major component, all components with the exception of change in private inventories were revised downwards. That said, results suggest that economic activity rapidly moved towards normalization towards the end of the year in 2021, due to the spread of COVID-19 having settled down and growth in production of motor vehicles due to the mitigation of influence from the shortage in parts.
- The 2022 Jan-Mar period real GDP growth rate is expected to be at -0.2% q/q annualized. Consumer turn-out has declined due to the resurgence of COVID-19 infections, while in addition, the recent tensions associated with the Ukraine situation have led to highs in the price of resources. While exports, capex and government consumption are growing in comparison to the previous period, private consumption is on the decline, and is expected to bring a slight decrease in GDP. The economic outlook for the Apr-Jun period will depend greatly on the COVID-19 infection situation and the Ukraine situation. The sense of uncertainty is great, but real GDP is still expected to recover to levels seen before the pandemic (Oct-Dec period of 2019) in the Apr-Jun period of 2022.

Oct-Dec 2021 GDP (2nd Preliminary Estimate)

Chart 1

		2020		2021			
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	
						First	Second
Real GDP	Q/q %	1.9	-0.5	0.6	-0.7	1.3	1.1
	Annualized Q/q %	7.7	-2.2	2.4	-2.8	5.4	4.6
Private consumption	Q/q %	1.6	-0.8	0.7	-1.0	2.7	2.4
Private residential investment	Q/q %	-0.1	0.9	1.0	-1.6	-0.9	-1.0
Private non-residential investment	Q/q %	1.2	0.4	2.0	-2.4	0.4	0.3
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.2	0.1	0.0	0.1	-0.1	-0.1
Government consumption	Q/q %	0.7	-0.6	0.7	1.1	-0.3	-0.4
Public investment	Q/q %	2.2	-1.7	-3.4	-3.0	-3.3	-3.8
Exports of goods and services	Q/q %	10.7	2.2	3.1	-0.3	1.0	0.9
Imports of goods and services	Q/q %	5.6	3.0	3.8	-1.0	-0.3	-0.4
Domestic demand (contribution to real GDP growth)	Q/q % pts	1.1	-0.4	0.7	-0.8	1.1	0.9
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.7	-0.1	-0.1	0.1	0.2	0.2
Nominal GDP	Q/q %	1.3	-0.5	0.2	-1.1	0.5	0.3
	Annualized Q/q %	5.4	-1.8	0.8	-4.2	2.0	1.4
GDP deflator	Q/q %	-0.5	0.1	-0.4	-0.4	-0.8	-0.8
	Y/y %	0.2	-0.1	-1.1	-1.2	-1.3	-1.3

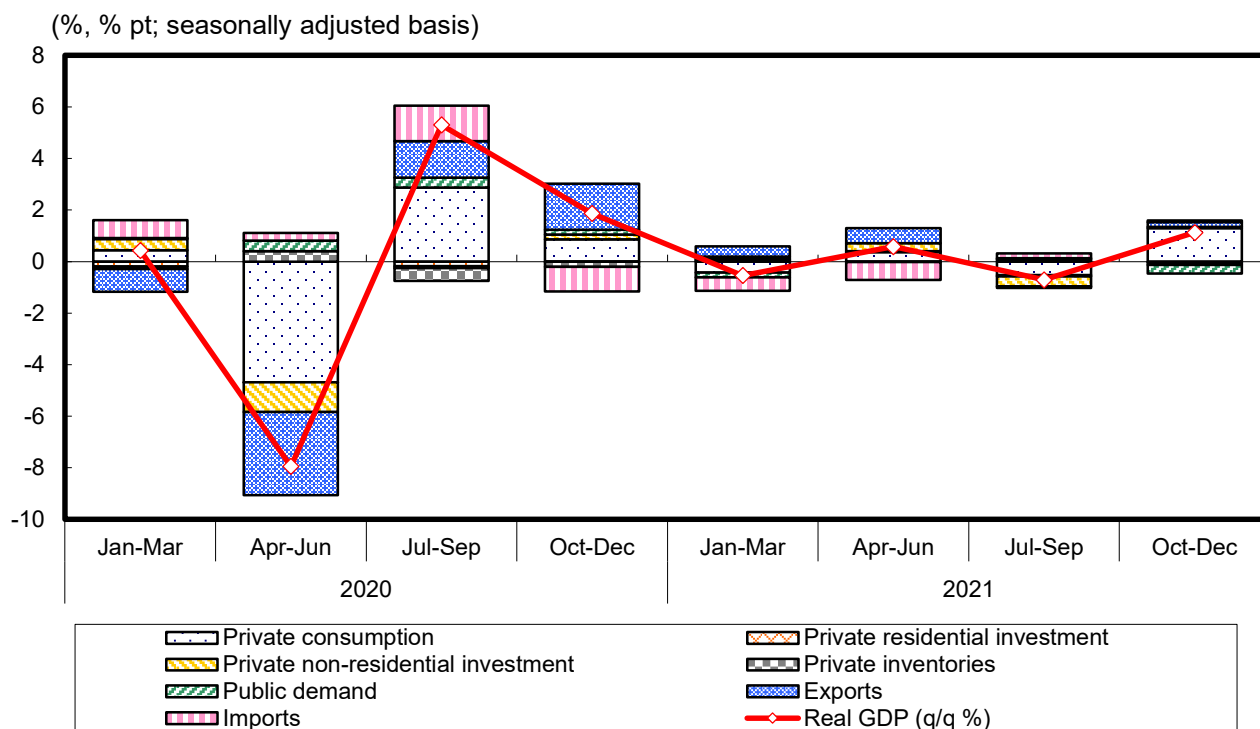
Source: Cabinet Office; compiled by DIR.

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.