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February 2022 Trade Statistics

Trade deficit continues; impact of Ukraine invasion on imports is a concern

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Summary

- According to February 2022 trade statistics, export value grew for the twelfth consecutive month at +19.1% y/y. As for import value, major growth continued at +34.0% y/y due to procurement of COVID-19 vaccines and highs in energy prices. As a result, the trade balance fell into the red for the seventh consecutive month at -668.3 bil yen. In seasonally adjusted terms as well, the extent of the trade deficit was around the level seen when exports fell sharply due to the coronavirus crisis in April 2020 at -1,031.4 bil yen.
- Export volume in February (seasonally adjusted by DIR) grew for the first time in three months at +0.7% m/m. Looking at export volume by source of demand, exports to the US grew by +2.5%, with Asia at +2.4%. On the other hand, exports to the EU fell by -9.4%.
- Exports are expected to mark time in the future. The number of new infections in Europe is experiencing a rebound, causing a decline in human traffic, and Asia (including China and Korea) has also experienced a sharp increase in infections. The spread of infections will likely hamper the global economic recovery and make it difficult for exports from Japan to grow. On the other hand, the direct impact of Russia's invasion of Ukraine on Japanese exports is not expected to be significant. It will likely be necessary to watch the channels through which Japan's domestic imports will be affected. A decrease in imports of items such as those highly dependent on Russia could have a negative impact on the supply chain of key domestic industries.

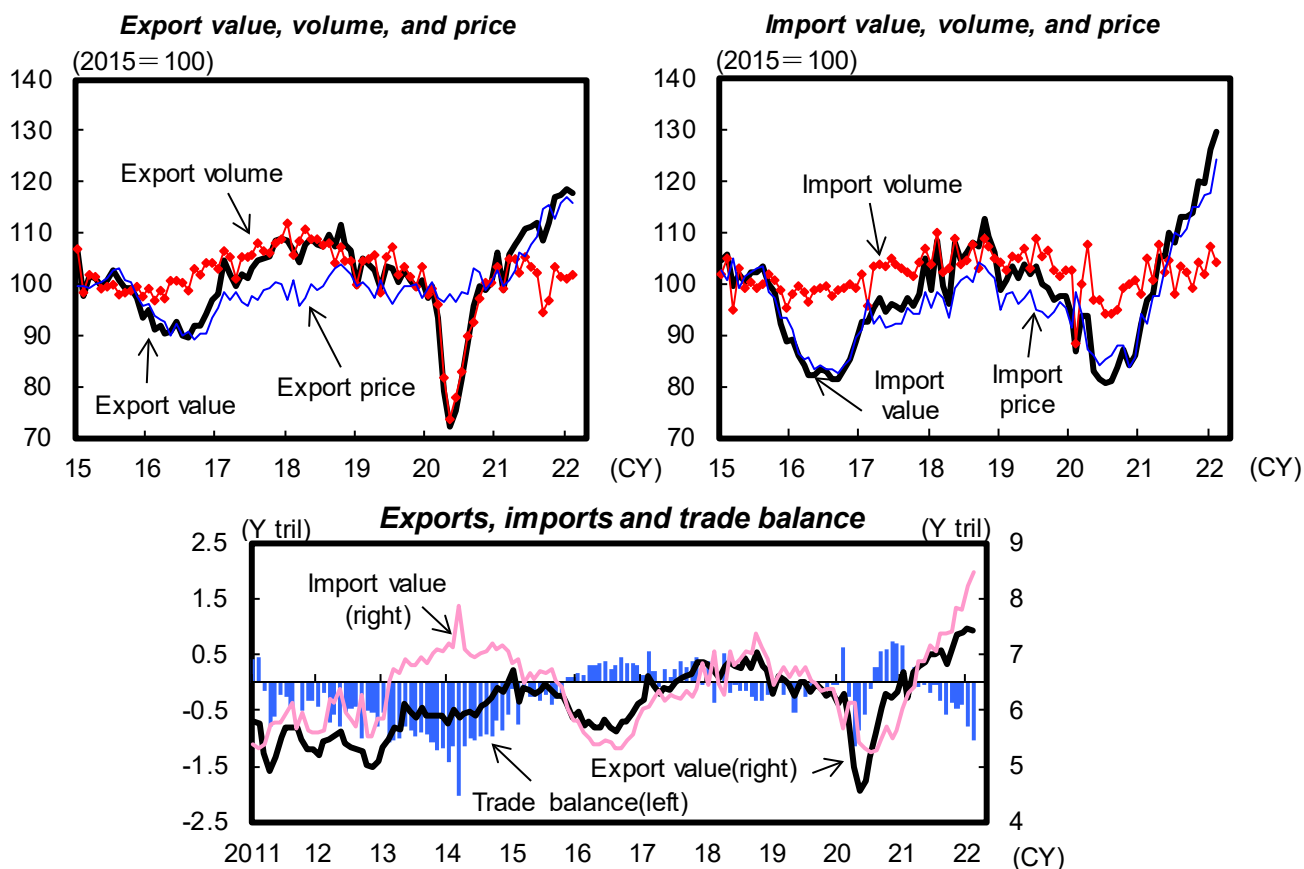
Trade Statistics **Chart 1**

	2021							2022	
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Export value (y/y %)	48.6	37.0	26.2	13.0	9.4	20.5	17.5	9.6	19.1
Market consensus (Bloomberg)									20.6
DIR estimate									22.2
Import value (y/y %)	32.7	28.1	44.7	38.4	26.8	43.8	41.2	38.7	34.0
Export volume (y/y %)	37.2	25.2	13.7	3.2	-2.6	4.7	2.0	-4.0	2.7
Export price (y/y %)	8.3	9.5	11.0	9.5	12.3	15.1	15.2	14.1	16.0
Import volume (y/y %)	8.2	2.0	14.5	7.5	-3.0	6.1	1.0	4.8	-0.9
Import price (y/y %)	-0.0	-0.0	26.4	28.8	-0.0	35.6	39.8	32.3	35.2
Trade balance (Y100 mil)	3,694	4,345	-6,534	-6,369	-750	-9,569	-5,889	-21,935	-6,683
Export value (SA, m/m %)	1.9	0.3	0.7	-3.3	3.2	4.4	0.5	0.9	-0.5
Export volume (SA, m/m %)	2.7	-1.9	-0.8	-7.8	2.5	6.9	-2.1	-0.2	0.7
Export price (SA, m/m %)	-0.8	2.2	1.5	4.9	0.7	-2.3	2.6	1.1	-1.2
Import value (SA, m/m %)	4.3	-1.8	4.6	0.2	0.5	5.4	-0.3	5.5	2.7
Import volume (SA, m/m %)	2.4	-6.3	5.4	-1.1	-3.2	5.2	-2.3	5.4	-3.0
Import price (SA, m/m %)	1.8	4.8	-0.7	1.3	3.8	0.2	2.0	0.1	5.8
Trade balance (SA, Y100 mil)	-1,821	-375	-3,142	-5,631	-3,765	-4,675	-4,123	-7,769	-10,314
The Japan Customs rate (yen/dlr)	109.50	110.55	109.89	109.87	111.42	113.95	113.95	114.82	114.84

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**

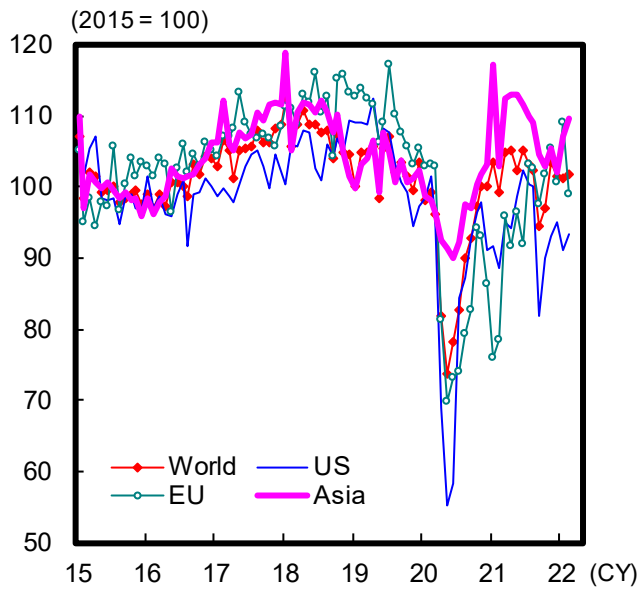


Source: Ministry of Finance; compiled by DIR.

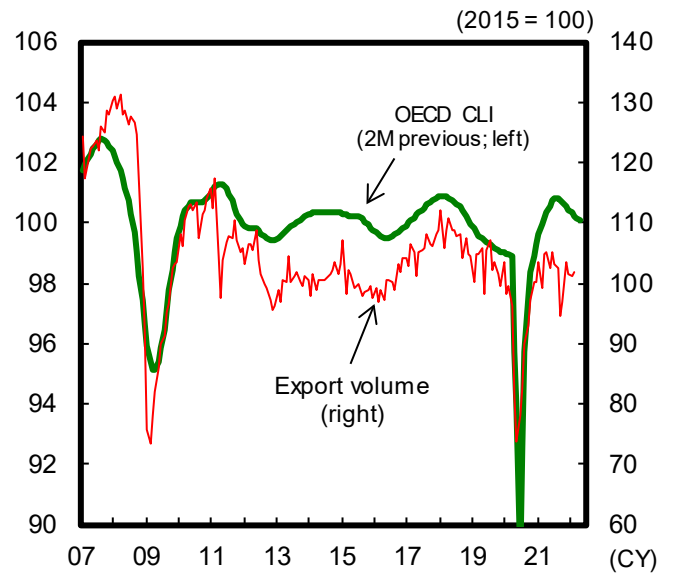
Note: Export volume and export price seasonally adjusted by DIR.

Export Volume by Trade Partner; Global Economy and Japan's Export Volume Chart 3

Export volume by trading partner



Global economy and Japan's export volume



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.