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Jan-Mar 2022 1st Preliminary GDP Estimate

GDP declines by -1.0% q/q annualized due to worsening COVID-19 infection situation and production cuts in motor vehicles

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Summary

- The real GDP growth rate for Jan-Mar 2022 (1st preliminary est) suffered negative growth for the first time in two quarters at -1.0% q/q annualized (-0.2% q/q), while at the same time exceeding market expectations. The sharp upturn in the spread of COVID-19 brought sluggish personal consumption. Meanwhile, production cuts in motor vehicles due to the spread of COVID-19 and the effects of parts shortages brought further downward pressure on the economy. Real GDI which was also influenced by income outflow as a result of deteriorating terms of trade was at -2.7% q/q annualized, an even larger drop than real GDP, revealing both household and corporate income to have worsened to a larger degree than is evident in the GDP numbers alone.
- The outlook for the real GDP growth rate in the Apr-Jun period of 2022 sees growth of +5.3% q/q annualized led by personal consumption. If expectations are met, real GDP will recover to the level seen before the spread of COVID-19 began (the Oct-Dec period of 2019). While prices are on the rise for a broad range of products due to resource highs and a weak yen, the large accumulation of household savings is expected to mitigate negative influences on personal consumption. However, downside risk looms large centering on exports, which depend on trends in overseas demand. Although the outlook for exports calls for growth, the situation of overseas economies could be suddenly reversed, shifting into decline.

Jan-Mar 2022 GDP (1st Preliminary Estimate)

Chart 1

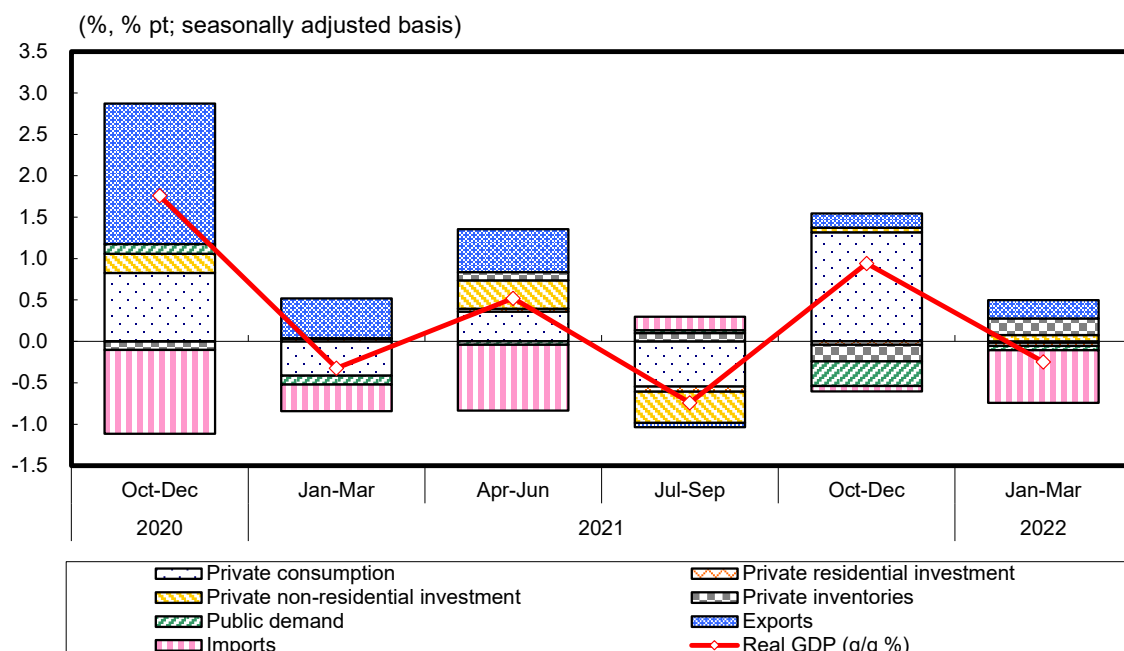
		2021				2022
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Real GDP	Q/q %	-0.3	0.5	-0.7	0.9	-0.2
	Annualized Q/q %	-1.3	2.1	-2.9	3.8	-1.0
Private consumption	Q/q %	-0.8	0.7	-1.0	2.5	-0.0
Private residential investment	Q/q %	1.0	1.0	-1.7	-1.2	-1.1
Private non-residential investment	Q/q %	0.0	2.2	-2.4	0.4	0.5
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.0	0.1	0.1	-0.2	0.2
Government consumption	Q/q %	-0.7	0.8	1.1	-0.3	0.6
Public investment	Q/q %	-0.1	-3.7	-3.8	-4.7	-3.6
Exports of goods and services	Q/q %	2.6	2.8	-0.3	0.9	1.1
Imports of goods and services	Q/q %	1.8	4.3	-0.8	0.3	3.4
Domestic demand (contribution to real GDP growth)	Q/q % pts	-0.5	0.8	-0.8	0.8	0.2
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.1	-0.2	0.1	0.1	-0.4
Nominal GDP	Q/q %	-0.6	0.3	-1.0	0.3	0.1
	Annualized Q/q %	-2.4	1.3	-3.9	1.2	0.4
GDP deflator	Q/q %	-0.3	-0.2	-0.3	-0.6	0.4
	Y/y %	-0.1	-1.1	-1.2	-1.3	-0.4

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.