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Apr-Jun 2022 1st Preliminary GDP Estimate

GDP records +2.2% q/q annualized due to growth in personal consumption and other components, but GDI suffers negative growth

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Summary

- The real GDP growth rate for Apr-Jun 2022 (1st preliminary est) achieved growth for the third consecutive quarter at +2.2% q/q annualized (+0.5% q/q). Results were nearly the same as market expectations, exceeding the level recorded before the pandemic of COVID-19 in the Oct-Dec period of 2019. While there was growth in personal consumption as the spread of COVID-19 began to play itself out, production and supplies were tight centering on motor vehicles and household electronics due to the lockdown in Shanghai, China. Real GDI, which is showing the influence of income outflow as a result of deteriorating terms of trade, was at -1.2%, a sign that household and corporate income continue to worsen. This is a point requiring vigilance.
- Our outlook for the real GDP growth rate in the Jul-Sep period of 2022 sees growth of +5.9% q/q annualized as personal consumption continues to boost growth, and the effects of the lockdowns in China fall away. Expectations are that real GDP will recover to the historic high seen in the Apr-Jun period of 2018 in the Jan-Mar period of 2023. There have been no restrictions on personal behaviors announced by the government despite Japan now being in its seventh wave of COVID-19 infections, and negative influence on summertime personal consumption has thus far been avoided. If the COVID-19 situation is handled along the lines of the US and Europe, economic activity should progress further.

Apr-Jun 2022 GDP (1st Preliminary Estimate) Chart 1

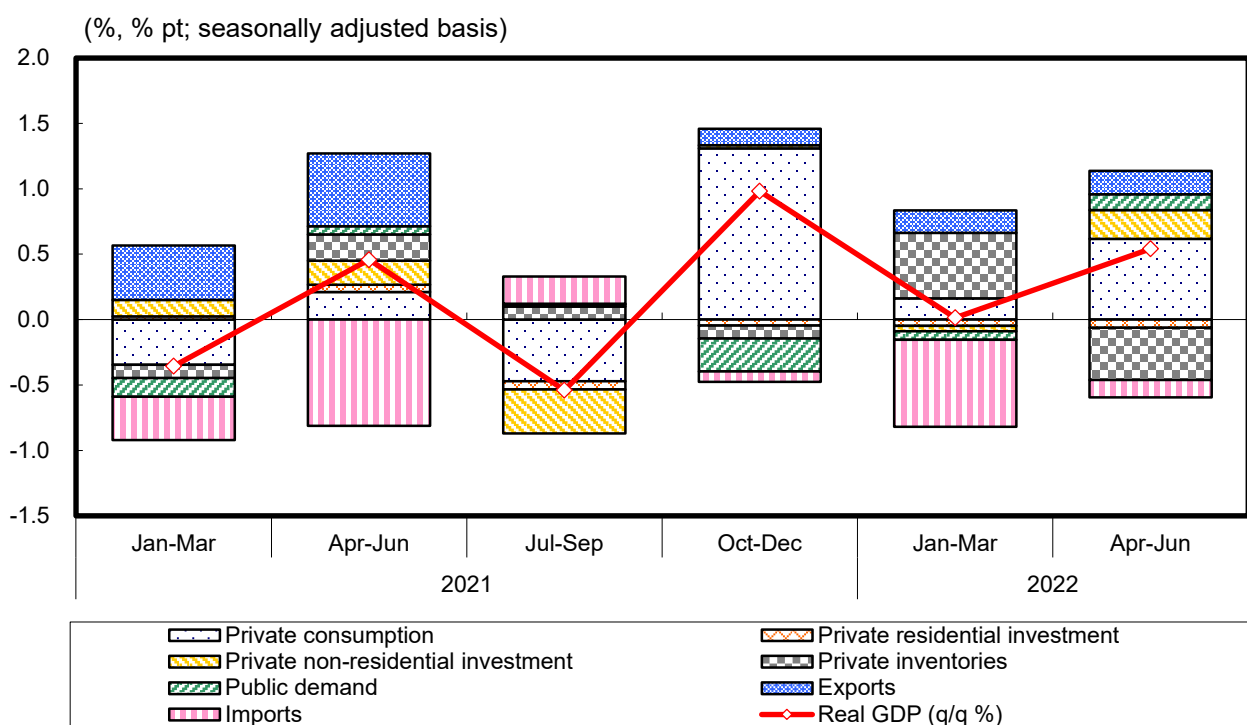
		2021			2022	
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Real GDP	Q/q %	0.5	-0.5	1.0	0.0	0.5
	Annualized Q/q %	1.8	-2.1	4.0	0.1	2.2
Private consumption	Q/q %	0.4	-0.9	2.4	0.3	1.1
Private residential investment	Q/q %	1.6	-1.8	-1.3	-1.4	-1.9
Private non-residential investment	Q/q %	1.2	-2.1	0.2	-0.3	1.4
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.2	0.1	-0.1	0.5	-0.4
Government consumption	Q/q %	0.9	1.1	-0.3	0.4	0.5
Public investment	Q/q %	-2.5	-3.3	-3.7	-3.2	0.9
Exports of goods and services	Q/q %	3.0	0.0	0.6	0.9	0.9
Imports of goods and services	Q/q %	4.4	-1.1	0.4	3.5	0.7
Domestic demand (contribution to real GDP growth)	Q/q % pts	0.7	-0.7	0.9	0.5	0.5
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.2	0.2	0.0	-0.5	0.0
Nominal GDP	Q/q %	-0.2	-0.5	0.5	0.4	0.3
	Annualized Q/q %	-0.7	-1.9	1.9	1.5	1.1
GDP deflator	Q/q %	-0.6	0.1	-0.5	0.4	-0.3
	Y/y %	-1.1	-1.1	-1.3	-0.5	-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.