

September 2022 Trade Statistics

Import value shows signs of peaking out – trade deficit shrinks

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Summary

- According to September 2022 trade statistics, export value grew for the nineteenth consecutive month at +28.9% y/y, while export volume (seasonally adjusted by DIR), which indicates the actual situation of exports, grew only a small amount in comparison to the previous month. Meanwhile, import value experienced a slowdown in growth at +45.9% m/m. As a result, the trade deficit shrank to -2,094.0 bil yen, or -2,009.8 bil yen in seasonally adjusted terms. The contribution of overseas demand to the real GDP growth rate in the Jul-Sep period is therefore expected to be slightly on the positive side.
- Export volume in September (seasonally adjusted by DIR) grew for the first time in two months at +0.2% m/m. Motor vehicle exports achieved major growth backed by the easing of supply constraints, but short-term factors such as a reactionary decline from the previous month's increase in some items brought down overall export volume, resulting in only a small increase. Looking at export volume by source of demand, exports to the EU were up by +7.5%, with Asia up by +1.3%, while export volume to the US suffered a reactionary decline of -7.1% in response to the previous month's major growth.
- Export volume is expected to move toward extremely moderate growth in the future. The mitigation of supply constraints and progress in the normalization of China's economy will likely be positive factors. As the shortage of semiconductors for automobiles is eased, it is expected that automobile production will recover, driven by the accumulated work-in-progress inventory. On the other hand, it is important to note that recession is becoming a reality in the US and Europe.

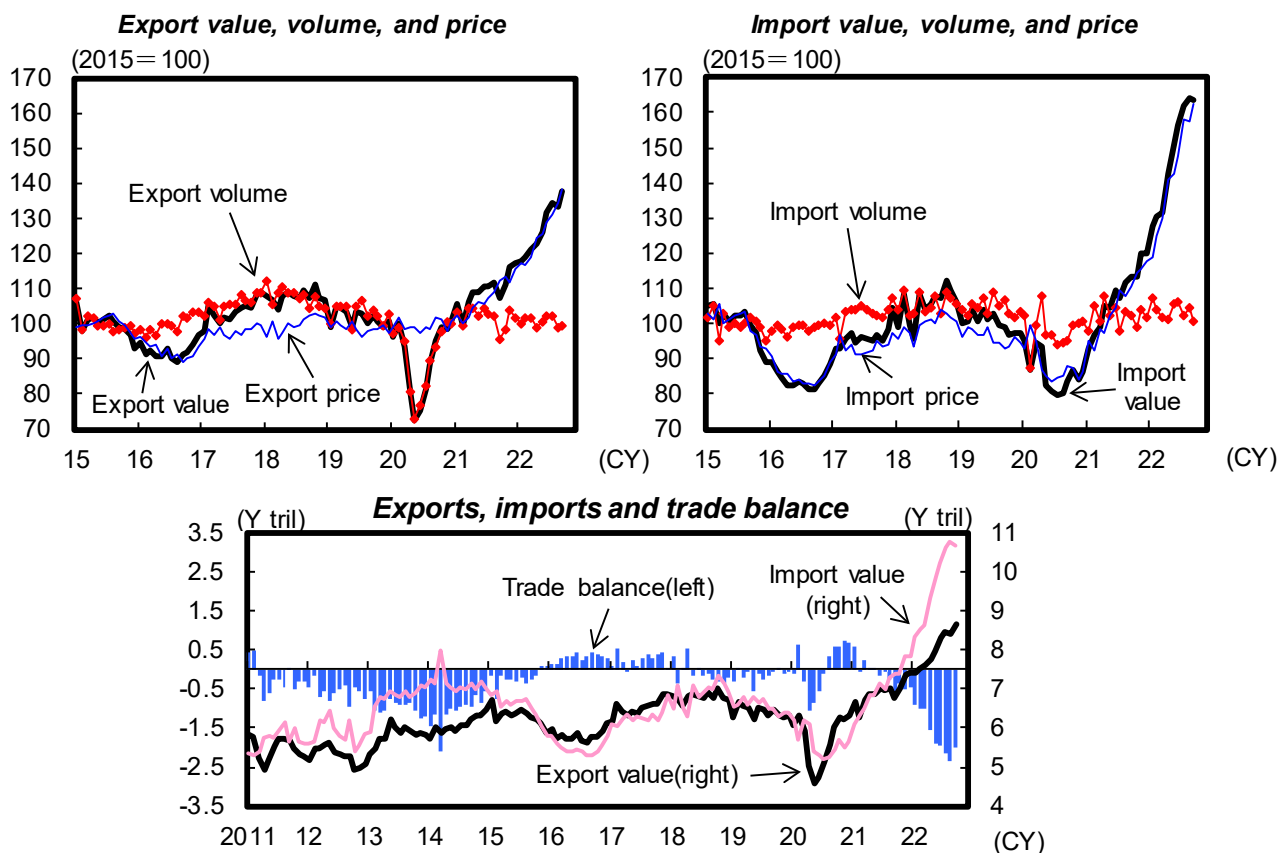
Trade Statistics **Chart 1**

	2022									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Export value (y/y %)	9.6	19.1	14.7	12.5	15.8	19.3	19.0	22.0	28.9	
Market consensus (Bloomberg)										26.6
DIR estimate										24.5
Import value (y/y %)	38.8	34.2	31.4	28.4	49.0	46.2	47.4	49.9	45.9	
Export volume (y/y %)	-4.0	2.7	-1.4	-4.4	-3.5	-1.5	-1.9	-1.1	3.7	
Export price (y/y %)	14.1	15.9	16.3	17.7	20.0	21.1	21.3	23.4	24.3	
Import volume (y/y %)	4.8	-0.9	0.0	-9.0	4.7	1.3	2.2	2.8	-1.8	
Import price (y/y %)	-0.0	-0.0	31.4	41.1	-0.0	44.3	44.2	45.9	48.6	
Trade balance (Y100 mil)	-21,994	-6,772	-4,240	-8,538	-23,906	-14,042	-14,449	-28,200	-20,940	
Export value (SA, m/m %)	0.5	0.9	1.8	1.6	2.6	4.1	2.1	-0.7	3.2	
Export volume (SA, m/m %)	-1.3	1.6	0.0	-3.0	1.7	1.5	0.3	-3.2	0.2	
Export price (SA, m/m %)	1.8	-0.7	1.8	4.8	0.9	2.6	1.8	2.6	2.9	
Import value (SA, m/m %)	6.6	1.9	1.2	8.1	5.8	3.8	3.6	1.4	-0.6	
Import volume (SA, m/m %)	5.4	-3.0	-2.4	-0.5	4.4	0.3	-3.3	1.8	-3.5	
Import price (SA, m/m %)	1.1	5.0	3.7	8.7	1.3	3.5	7.2	-0.4	3.0	
Trade balance (SA, Y100 mil)	-9,243	-10,136	-9,808	-15,560	-18,974	-19,410	-21,307	-23,378	-20,098	
The Japan Customs rate (yen/dlr)	114.82	114.84	115.86	122.84	129.17	130.35	136.05	135.08	139.81	

Source: Ministry of Finance, Bloomberg; compiled by DIR.

Note: Volume and price seasonally adjusted by DIR.

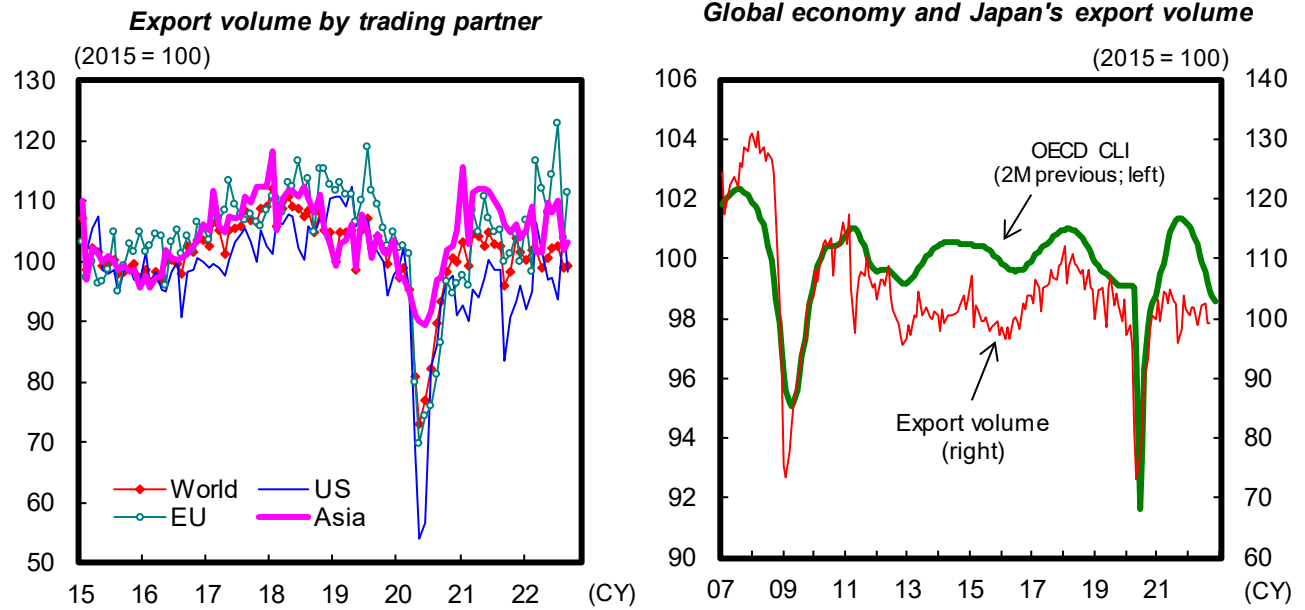
Export (Value, Volume and Price), Import (Value, Volume and Price) and Trade Balance **Chart 2**



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**



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.