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# Jul-Sep 2022 1st Preliminary GDP Estimate

**GDP shifts into negative growth due to sharp upturn in imports, but consumption, capital expenditure and exports all register gains**

Economic Research Dept.  
**Keiji Kanda**  
**Wakaba Kobayashi**

## Summary

- The real GDP growth rate for Jul-Sep 2022 (1st preliminary est) shifted into negative growth against market expectations at -1.2% q/q annualized (-0.3% q/q). A significant increase in service imports was the main reason for the much lower than market expectations. However, performance was not actually as bad as the growth rate makes it appear, as personal consumption maintained its growth trend despite the arrival of a seventh wave of COVID-19 infections in Japan, while capital expenditure and exports achieved growth as well. At the same time, real GDI, which indicates the influence of income outflow as a result of deteriorating terms of trade, was at -3.9%, a sign that household and corporate burden has grown further. This is a point requiring continued vigilance.
- The outlook for the real GDP growth rate in the Oct-Dec period of 2022 sees growth of +5.2% q/q annualized as personal consumption and capital expenditure continue to boost growth. In addition to a reactionary decline in service imports, personal consumption and capital expenditure will likely boost the economy. An increase in inbound tourist consumption is also expected due to the significant relaxation of border measures. However, the current COVID-19 infection situation is worsening and the normalization of economic activity may stall. Meanwhile, downside risks are increasing in goods exports to Europe and the US, where significant interest rate hikes are being implemented.

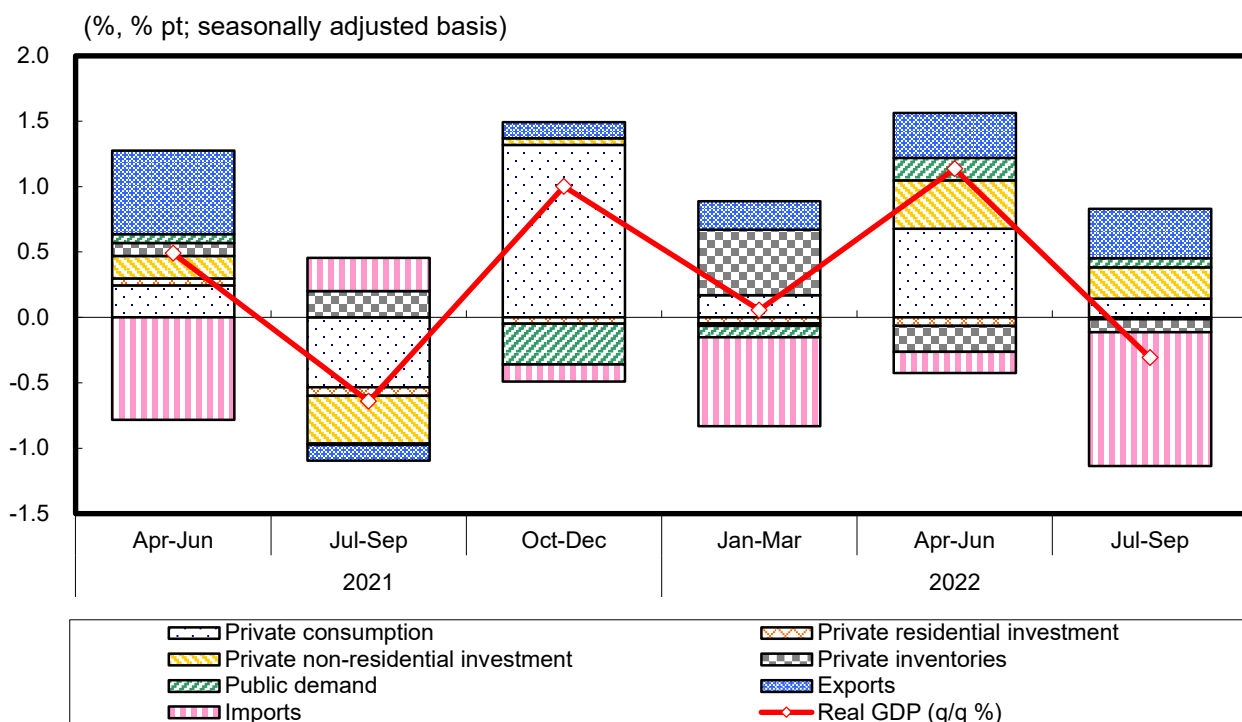
**Jul-Sep 2022 GDP (1<sup>st</sup> Preliminary Estimate) Chart 1**

		2021		2022		
		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Real GDP	Q/q %	-0.6	1.0	0.1	1.1	-0.3
	Annualized Q/q %	-2.5	4.1	0.2	4.6	-1.2
Private consumption	Q/q %	-1.0	2.5	0.3	1.2	0.3
Private residential investment	Q/q %	-1.8	-1.4	-1.3	-1.9	-0.4
Private non-residential investment	Q/q %	-2.3	0.3	-0.1	2.4	1.5
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.2	0.0	0.5	-0.2	-0.1
Government consumption	Q/q %	1.2	-0.3	0.4	0.8	0.0
Public investment	Q/q %	-3.6	-3.7	-3.0	1.0	1.2
Exports of goods and services	Q/q %	-0.6	0.6	1.1	1.8	1.9
Imports of goods and services	Q/q %	-1.3	0.7	3.6	0.8	5.2
Domestic demand (contribution to real GDP growth)	Q/q % pts	-0.7	1.0	0.5	1.0	0.4
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.1	0.0	-0.5	0.2	-0.7
Nominal GDP	Q/q %	-0.7	0.6	0.4	0.8	-0.5
	Annualized Q/q %	-2.6	2.6	1.5	3.4	-2.0
GDP deflator	Q/q %	-0.0	-0.4	0.3	-0.3	-0.2
	Y/y %	-1.1	-1.2	-0.5	-0.4	-0.5

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.