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Jul-Sep 2022 2nd Preliminary GDP Estimate

Extent of decline shrinks to -0.8% q/q annualized. Positive growth seen in Oct-Dec period

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Summary

- The real GDP growth rate for Jul-Sep 2022 (2nd preliminary est) was revised upwards to -0.8% q/q annualized (-0.2% q/q), in comparison to the 1st preliminary results, which were at -1.2% q/q annualized, representing a reduction in the extent of decline. A wide range of demand components were revised to reflect the FY2021 Annual Estimates of GDP, and due to a review of the seasonal adjustment method. In particular, the extent of contribution from private sector inventories grew by 0.2%pt q/q in comparison to the 1st preliminary estimate. While the Jul-Sep period suffered negative growth, the main reason is seen as a temporary spike in the import of services. Personal consumption, capex and exports all registered growth, hence the situation is not as bad as it looks when considering the GDP growth rate as such.
- The 2022 Oct-Dec period real GDP growth rate is expected to be at +4.3% q/q annualized. In addition to a reactionary decline in imported services, personal consumption and capex are expected to provide a boost. Inbound consumption, included in export of services, is also seen achieving growth. However, the COVID-19 infection situation has been worsening recently, and the recovery in personal consumption may experience a slowdown. We recommend remaining cautious regarding the possibility of heightened downside risk in the export of goods to the US and Europe.

Jul-Sep 2022 GDP (2nd Preliminary Estimate) Chart 1

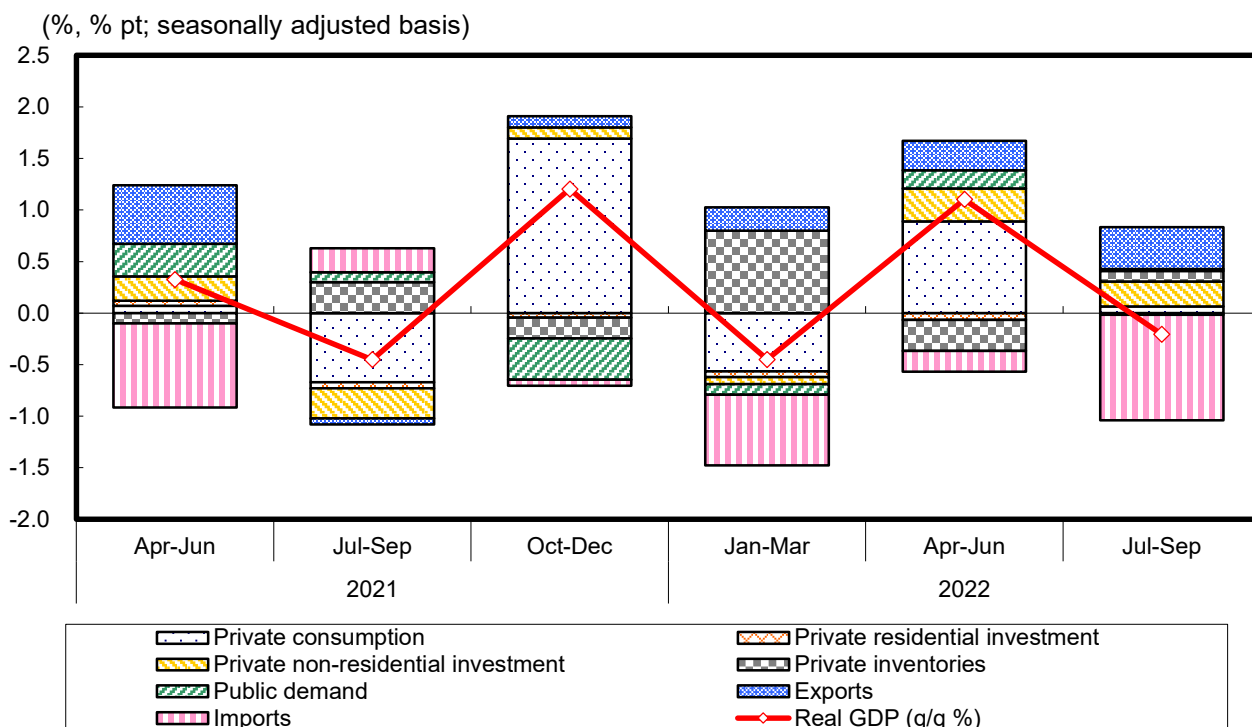
		2021		2022			
		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
						First	Second
Real GDP	Q/q %	-0.5	1.2	-0.5	1.1	-0.3	-0.2
	Annualized Q/q %	-1.8	4.9	-1.8	4.5	-1.2	-0.8
Private consumption	Q/q %	-1.3	3.2	-1.0	1.7	0.3	0.1
Private residential investment	Q/q %	-1.6	-1.3	-1.7	-1.9	-0.4	-0.5
Private non-residential investment	Q/q %	-1.8	0.7	-0.4	2.0	1.5	1.5
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.3	-0.2	0.8	-0.3	-0.1	0.1
Government consumption	Q/q %	1.3	-1.1	0.5	0.7	0.0	0.1
Public investment	Q/q %	-3.3	-3.6	-3.1	0.7	1.2	0.9
Exports of goods and services	Q/q %	-0.3	0.6	1.2	1.5	1.9	2.1
Imports of goods and services	Q/q %	-1.2	0.3	3.7	1.0	5.2	5.2
Domestic demand (contribution to real GDP growth)	Q/q % pts	-0.6	1.2	0.0	1.0	0.4	0.4
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.1	0.0	-0.5	0.1	-0.7	-0.6
Nominal GDP	Q/q %	-0.6	0.9	0.2	1.0	-0.5	-0.7
	Annualized Q/q %	-2.4	3.4	0.7	3.9	-2.0	-2.9
GDP deflator	Q/q %	-0.2	-0.3	0.6	-0.1	-0.2	-0.5
	Y/y %	-0.2	-0.3	0.4	-0.2	-0.5	-0.3

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.