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December 2022 Trade Statistics

Trade balance in 2022 hits largest deficit recorded since the statistic began due to sluggish exports

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Summary

- According to December 2022 trade statistics, while export value grew by +11.5% y/y, it suffered a decline on a seasonally adjusted basis at -3.5% m/m. The decline was due to sluggish export volume. Meanwhile, import value grew by +20.6% y/y. The growth rate has slowed sharply over the past two months due to the easing of the weak yen amongst other factors. As a result, the trade balance was in the red for the 17th consecutive month at -1,448.5 bil yen. The trade balance was in the red for the second consecutive year in 2022 at -19,971.3 bil yen, the largest trade deficit recorded since this statistic began.
- Export volume in December (seasonally adjusted by DIR) declined for the second consecutive month at -5.0% m/m. Motor vehicle exports to the EU experienced a reactionary decline after having achieved a major recovery in the previous month, and exports of semiconductor related goods to Asia, such as semicon machinery etc. and ICs, also suffered a decline. Looking at export volume by source of demand, exports to the US were up by +0.7%, while exports to the EU declined by -3.2%, with Asia also declining by -6.3%.
- Export volume is expected to mark time in the future, and then shift into growth as China's economy gradually normalizes. The mitigation of supply constraints and China's shifting into a "living with Corona" policy will provide positive factors. However, the effects of continued interest rate hikes in the US and Europe need to be watched.

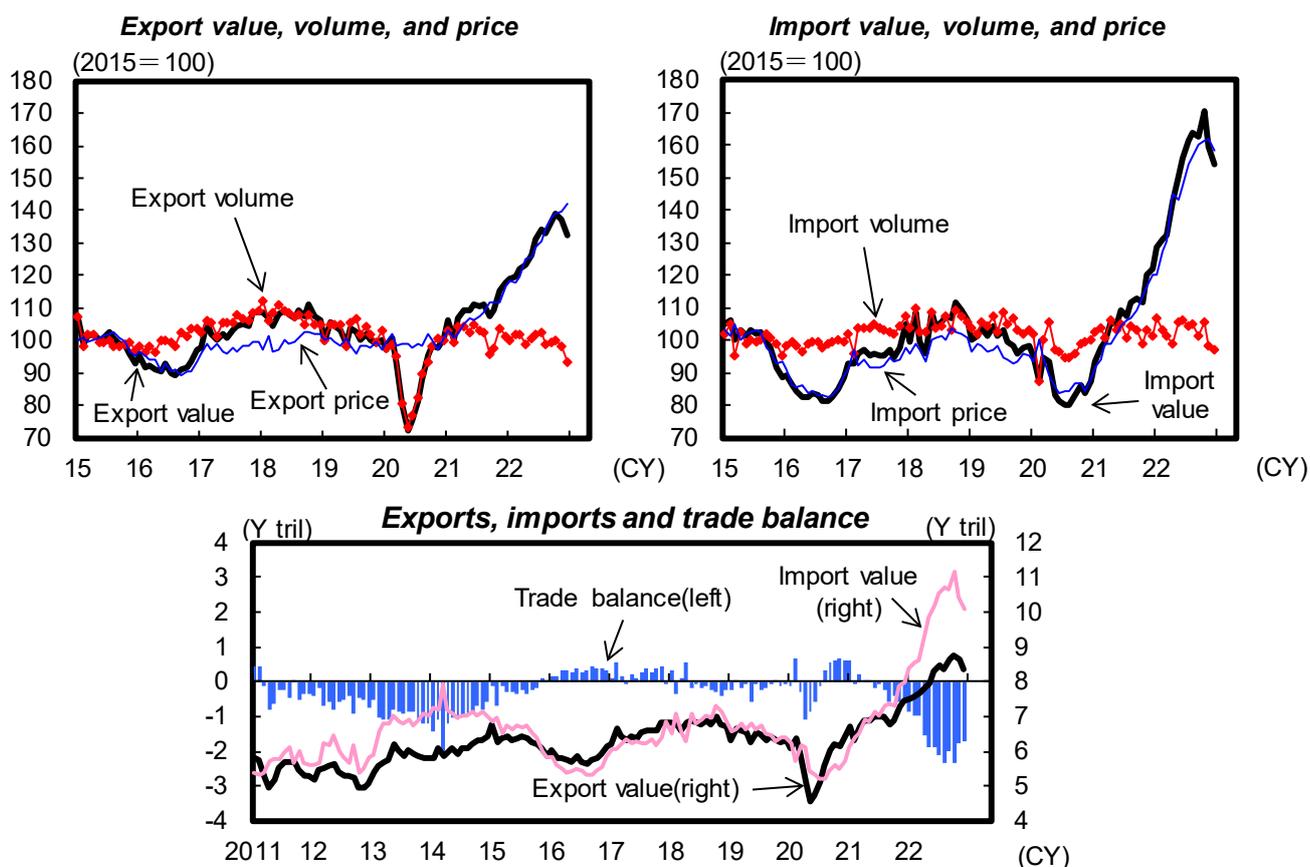
Trade Statistics **Chart 1**

	2022									
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Export value (y/y %)	12.5	15.8	19.3	19.0	22.0	28.9	25.3	20.0	11.5	
Market consensus (Bloomberg)									10.6	
DIR estimate									9.4	
Import value (y/y %)	28.3	48.8	46.0	47.3	49.8	45.8	53.7	30.3	20.6	
Export volume (y/y %)	-4.4	-3.5	-1.5	-1.9	-1.1	3.8	-0.3	-3.6	-7.1	
Export price (y/y %)	17.7	20.0	21.1	21.3	23.4	24.2	25.7	24.4	20.0	
Import volume (y/y %)	-9.0	4.7	1.3	2.2	2.7	-1.7	5.7	-4.6	-6.4	
Import price (y/y %)	-0.0	-0.0	44.1	44.0	-0.0	48.3	45.4	36.6	29.0	
Trade balance (Y100 mil)	-8,538	-23,906	-14,042	-14,449	-28,248	-20,998	-21,750	-20,290	-14,485	
Export value (SA, m/m %)	1.4	2.3	4.0	1.9	-0.8	3.1	1.7	-1.4	-3.5	
Export volume (SA, m/m %)	-3.0	1.7	1.5	0.3	-3.2	0.2	0.9	-2.0	-5.0	
Export price (SA, m/m %)	4.6	0.6	2.5	1.6	2.5	2.9	0.8	0.6	1.6	
Import value (SA, m/m %)	8.1	5.5	3.5	3.5	1.4	-0.7	4.8	-6.3	-3.4	
Import volume (SA, m/m %)	-2.9	6.9	0.5	-1.2	0.1	-3.1	3.8	-6.6	-1.2	
Import price (SA, m/m %)	11.3	-1.3	3.0	4.8	1.3	2.4	0.9	0.3	-2.3	
Trade balance (SA, Y100 mil)	-15,456	-18,814	-19,119	-21,115	-23,279	-19,923	-23,613	-17,794	-17,242	
The Japan Customs rate (yen/dlr)	122.84	129.17	130.35	136.05	135.08	139.81	145.09	146.43	137.90	

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

Note: Volume and price seasonally adjusted by DIR.

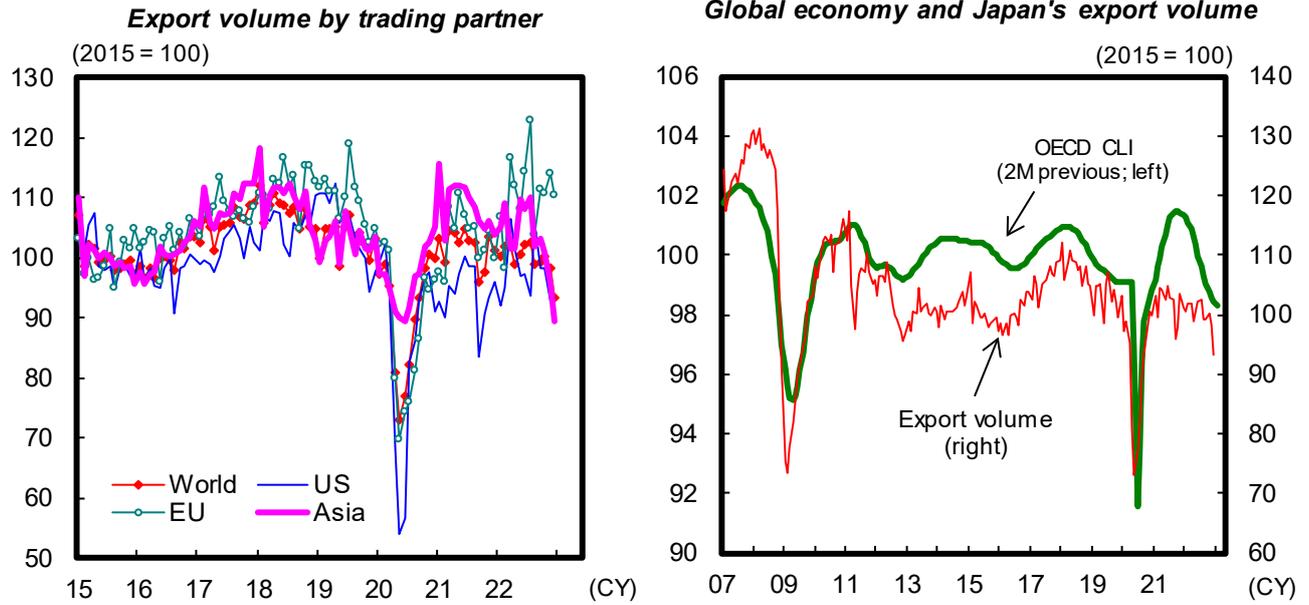
Export (Value, Volume and Price), Import (Value, Volume and Price) and Trade Balance **Chart 2**



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.