

16 February 2023 (No. of pages: 3)

Japanese report: 16 Feb 2023

January 2023 Trade Statistics

Trade deficit at historic high – Chinese New Year is the major factor

Economic Research Dept.
Kazuma Kishikawa

Summary

- According to January 2023 trade statistics, export value grew by +3.5% y/y, registering a sharp decline in growth rate in comparison to the previous month. In seasonally adjusted terms, export value declined for the third consecutive month at -6.3% m/m. This was largely due to the dates of the Chinese New Year, and while the actual situation is not as weak as the figures suggest, it is important to note that the effects of the economic slowdown in the US and Europe are gradually becoming apparent. The growth rate of export value declined in comparison to the previous month at +17.8% y/y, and declined for the third consecutive month at -5.1% m/m in seasonally adjusted terms. As a result, the trade deficit hit a historic high at -3,496.6 bil yen. At the same time, the trade deficit marked time in seasonally adjusted terms at -1,821.3 bil yen.
- Export volume in January (seasonally adjusted by DIR) declined for the third consecutive month at -3.0% m/m. In addition to a decline in exports to the US and Europe as the effects of monetary tightening became manifest, the Chinese New Year was another downside factor. Looking at export volume by source of demand, exports to the US were down by -2.0%, while exports to the EU declined by -7.4%, with Asia shifting into growth at +1.8%. However, exports to China suffered a -11.7% decline due to the negative effects of the New Year season. If we ignore this one factor, exports to Asia overall were not bad.
- Export volume is expected to see an approaching decline in the future due mainly to the economic slowdown in the US and Europe, but export volume is expected to shift into growth, due to the recovery in the Chinese economy and the easing of supply constraints. China's recovery is still slow despite the lifting of the zero-COVID policy, hence it is difficult to expect activity there to compensate for the decline in exports to the US and Europe in the short-term.

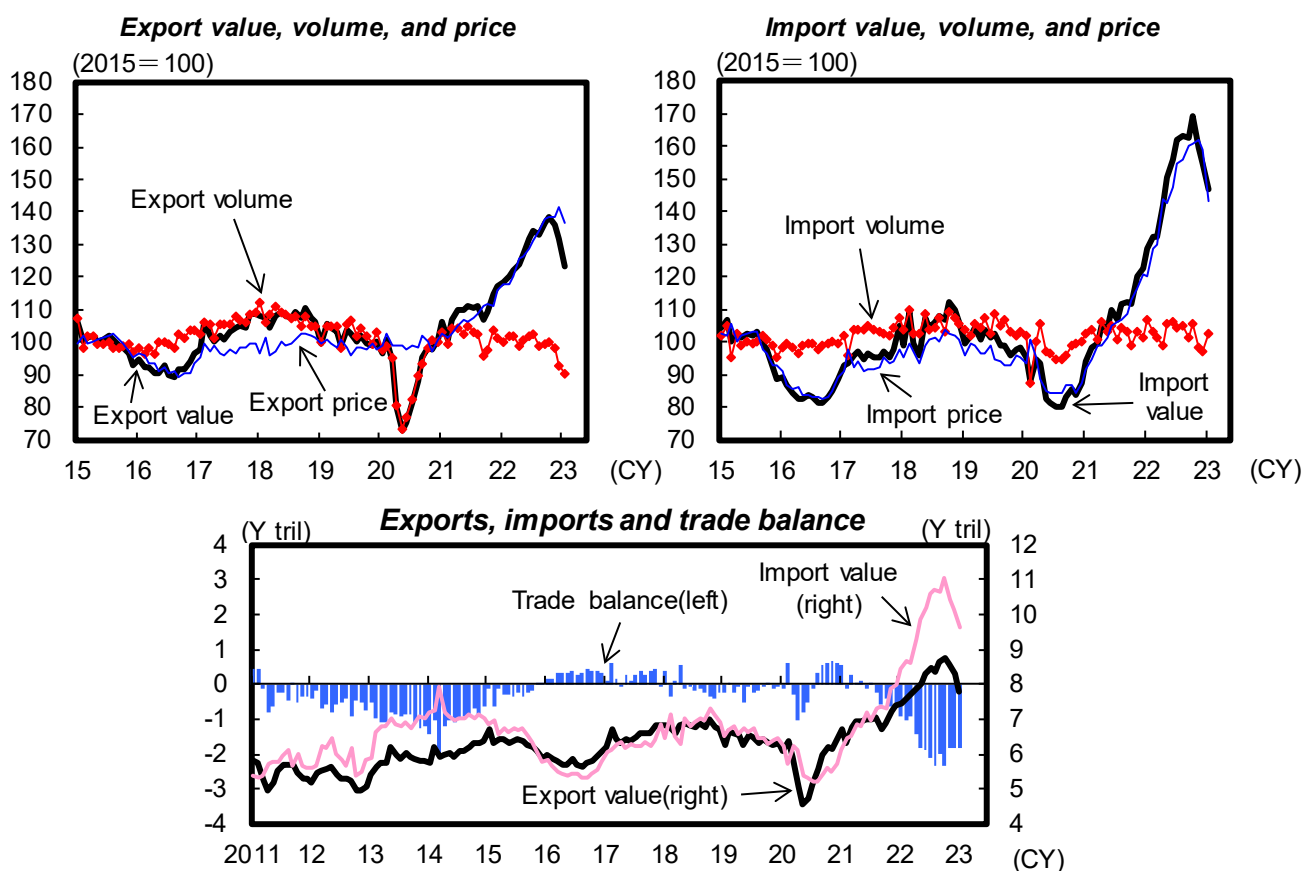
Trade Statistics **Chart 1**

	2022									2023
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Export value (y/y %)	15.8	19.3	19.0	22.0	28.9	25.3	20.0	11.5	3.5	
Market consensus (Bloomberg)									-1.7	
DIR estimate									0.5	
Import value (y/y %)	48.8	46.0	47.3	49.8	45.8	53.7	30.3	20.7	17.8	
Export volume (y/y %)	-3.5	-1.5	-1.9	-1.1	3.8	-0.3	-3.6	-7.1	-11.5	
Export price (y/y %)	20.0	21.1	21.3	23.4	24.2	25.7	24.4	20.0	16.9	
Import volume (y/y %)	4.7	1.3	2.2	2.7	-1.7	5.7	-4.7	-6.4	-2.4	
Import price (y/y %)	-0.0	-0.0	44.0	45.8	-0.0	45.4	36.7	29.0	20.7	
Trade balance (Y100 mil)	-23,906	-14,042	-14,449	-28,248	-20,998	-21,750	-20,326	-14,518	-34,966	
Export value (SA, m/m %)	2.5	3.5	1.9	-1.1	2.9	1.4	-1.6	-3.3	-6.3	
Export volume (SA, m/m %)	1.7	1.5	0.3	-3.2	0.2	0.9	-2.0	-5.3	-3.0	
Export price (SA, m/m %)	0.8	2.0	1.6	2.2	2.7	0.5	0.4	2.1	-3.4	
Import value (SA, m/m %)	6.1	3.7	3.7	1.1	-0.5	4.0	-5.6	-3.0	-5.1	
Import volume (SA, m/m %)	6.9	0.5	-1.2	0.1	-3.1	3.8	-6.6	-1.1	5.3	
Import price (SA, m/m %)	-0.7	3.2	5.0	1.0	2.7	0.1	1.1	-1.9	-9.9	
Trade balance (SA, Y100 mil)	-18,168	-18,923	-21,122	-23,148	-20,199	-23,275	-18,452	-18,202	-18,213	
The Japan Customs rate (yen/dlr)	129.17	130.35	136.05	135.08	139.81	145.09	146.43	137.90	132.08	

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**

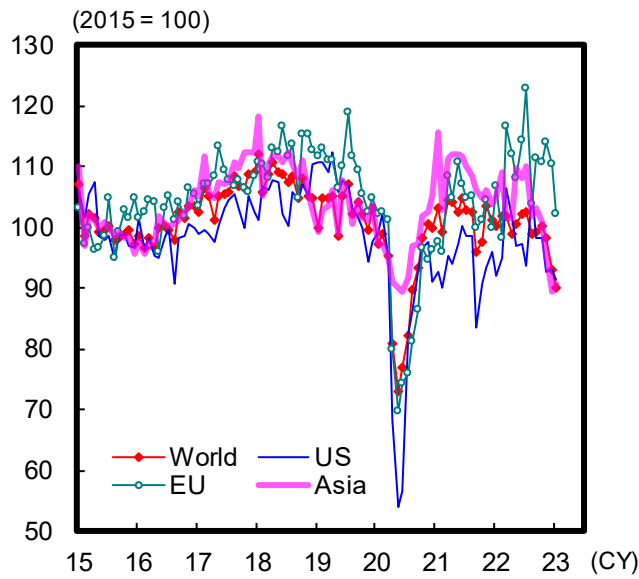


Source: Ministry of Finance; compiled by DIR.

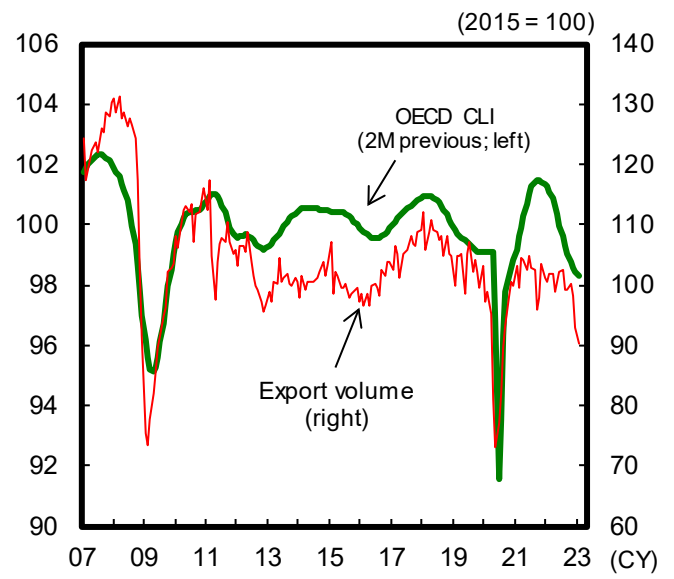
Note: Export volume and export price seasonally adjusted by DIR.

Export Volume by Trade Partner; Global Economy and Japan's Export Volume **Chart 3**

Export volume by trading partner



Global economy and Japan's export volume



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.