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# Oct-Dec 2022 2nd Preliminary GDP Estimate

Extent of growth shrinks to +0.1% q/q annualized. Positive growth likely to continue in Jan-Mar period of 2023

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

## Summary

- The real GDP growth rate for Oct-Dec 2022 (2nd preliminary estimate) was revised downwards to +0.1% q/q annualized (+0.0% q/q), in comparison to the 1st preliminary results, which were at +0.6% q/q annualized. This was due mainly to a downward revision of personal consumption, reflecting the Financial Statements Statistics of Corporations by Industry released on March 2 and the December results of other fundamental statistics. Real GDP attained slightly positive growth, partly due to a decline in private sector inventories, but this could possibly be an "unintended inventory decline" reflecting increased economic activity. Personal consumption increased despite the spread of COVID-19 and high prices, and exports also increased. In reality, the economic recovery trend is stronger than the GDP growth rate indicates.
- The 2023 Jan-Mar period real GDP growth rate is expected to be at +3.3% q/q annualized. The COVID-19 infection situation is improving, and supply constraints in the motor vehicle industry are expected to ease further. Personal consumption will likely continue to recover with the effects of the government's measures to curb high energy prices. Capital expenditure is expected to achieve growth centering on the non-manufacturing industry, and while the export of goods is growing at a sluggish pace, service exports are expected to register further growth with the help of inbound consumption.

**Oct-Dec 2022 GDP (2<sup>nd</sup> Preliminary Estimate) Chart 1**

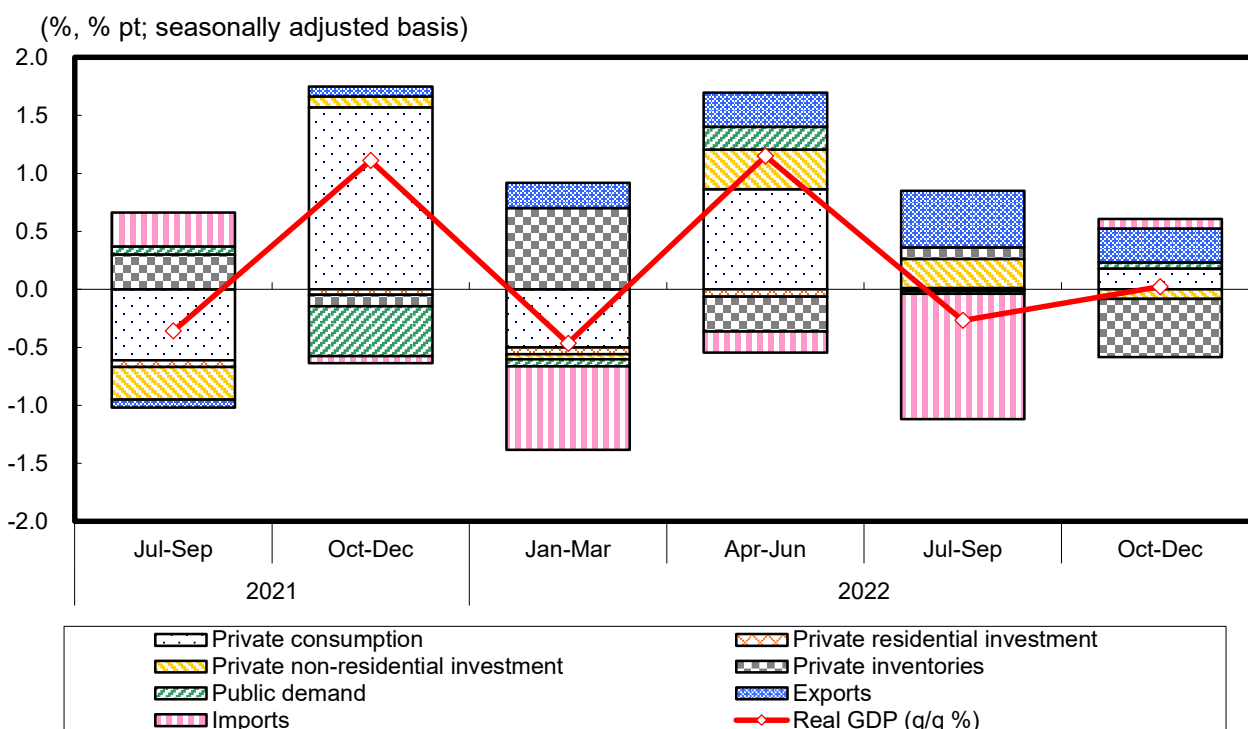
		2021		2022					
		Q/q %	Annualized	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	
								First	Second
Real GDP	Q/q %	1.1	-0.5	1.2	-0.3	0.2	0.0		
	Annualized	4.5	-1.8	4.7	-1.1	0.6	0.1		
Private consumption	Q/q %	3.0	-0.9	1.6	0.0	0.5	0.3		
Private residential investment	Q/q %	-1.3	-1.7	-1.9	-0.4	-0.1	-0.0		
Private non-residential investment	Q/q %	0.6	-0.3	2.1	1.5	-0.5	-0.5		
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.1	0.7	-0.3	0.1	-0.5	-0.5		
Government consumption	Q/q %	-1.0	0.5	0.8	0.1	0.3	0.3		
Public investment	Q/q %	-3.2	-3.2	0.6	0.7	-0.5	-0.3		
Exports of goods and services	Q/q %	0.4	1.1	1.5	2.5	1.4	1.5		
Imports of goods and services	Q/q %	0.3	3.8	0.9	5.5	-0.4	-0.4		
Domestic demand (contribution to real GDP growth)	Q/q % pts	1.1	0.0	1.0	0.3	-0.2	-0.3		
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.0	-0.5	0.1	-0.6	0.3	0.4		
Nominal GDP	Q/q %	0.7	0.2	1.0	-0.8	1.3	1.2		
	Annualized	2.8	1.0	4.3	-3.2	5.2	4.7		
GDP deflator	Q/q %	-0.4	0.7	-0.1	-0.5	1.1	1.1		
	Y/y %	-0.3	0.4	-0.3	-0.4	1.1	1.2		

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.