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# Jan-Mar 2023 1st Preliminary GDP Estimate

## Exports experience major decline, but growth hits +1.6% q/q annualized driven by private sector demand

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### Summary

- The real GDP growth rate for Jan-Mar 2023 (1st preliminary est) exceeded market expectations with growth of +1.6% q/q annualized (+0.4% q/q). Exports suffered a major decline with the slowdown in overseas economies, but private sector demand grew overall in areas such as personal consumption and capital expenditure, ultimately bringing positive growth in real GDP for the first time in three quarters. In addition, inbound consumption by foreign tourists visiting Japan, included in the export of services, registered major growth at +67% q/q.
- The outlook for the real GDP growth rate in the Apr-Jun period of 2023 sees growth of around +2% q/q annualized. While prices remain on the upswing, COVID-19 has been shifted to Category V Infectious Diseases, and substantial wage increases in the spring labor negotiations of 2023 should support a further recovery in personal consumption. In addition, inbound consumption still has significant room for recovery, especially among Chinese visitors to Japan. On the other hand, the outlook for the US economy is becoming increasingly uncertain, and the situation in Ukraine remains unpredictable. We need to pay attention to the impact of a slowdown in overseas economies on the Japanese economy.

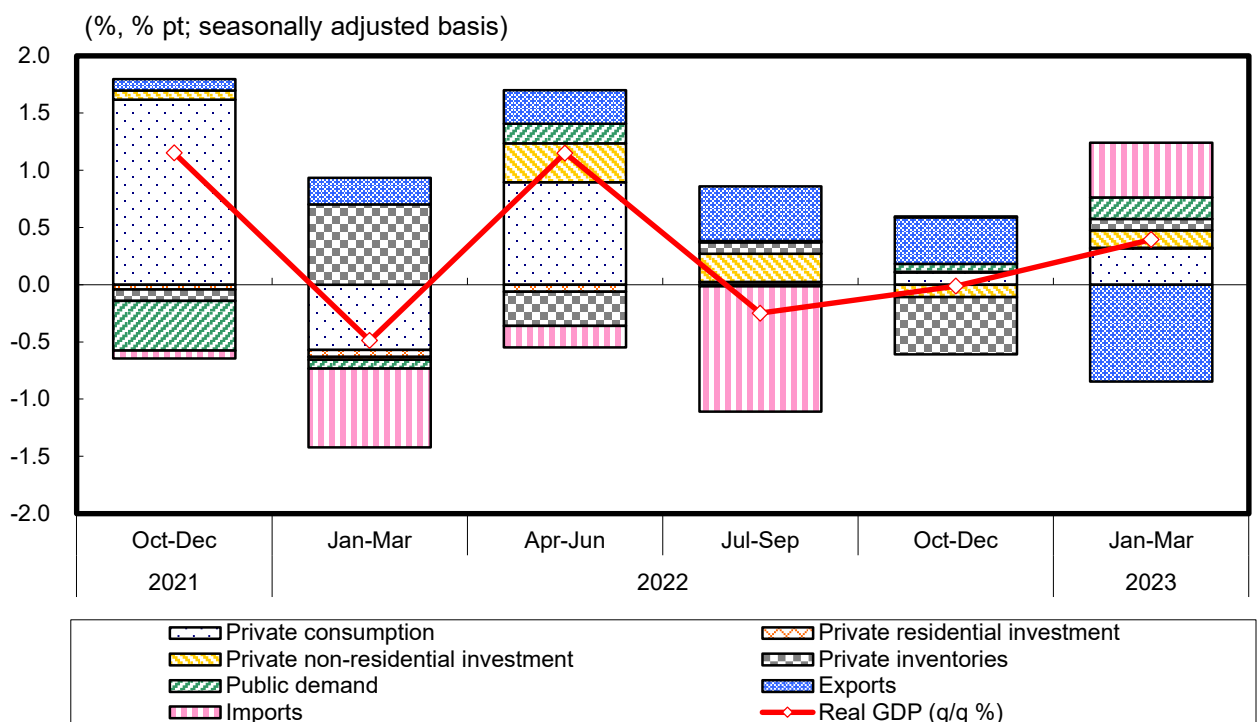
**Jan-Mar 2023 GDP (1<sup>st</sup> Preliminary Estimate) Chart 1**

		2022				2023
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Real GDP	Q/q %	-0.5	1.1	-0.2	-0.0	0.4
	Annualized Q/q %	-1.9	4.7	-1.0	-0.1	1.6
Private consumption	Q/q %	-1.1	1.7	0.0	0.2	0.6
Private residential investment	Q/q %	-1.8	-1.8	-0.5	0.2	0.2
Private non-residential investment	Q/q %	-0.2	2.1	1.5	-0.7	0.9
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.7	-0.3	0.1	-0.5	0.1
Government consumption	Q/q %	0.7	0.7	0.0	0.2	-0.0
Public investment	Q/q %	-4.0	0.6	1.1	0.2	2.4
Exports of goods and services	Q/q %	1.2	1.5	2.5	2.0	-4.2
Imports of goods and services	Q/q %	3.7	1.0	5.6	-0.0	-2.3
Domestic demand (contribution to real GDP growth)	Q/q % pts	0.0	1.1	0.4	-0.4	0.7
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.5	0.1	-0.6	0.4	-0.3
Nominal GDP	Q/q %	0.3	1.1	-0.8	1.1	1.7
	Annualized Q/q %	1.1	4.3	-3.1	4.3	7.1
GDP deflator	Q/q %	0.8	-0.1	-0.5	1.1	1.3
	Y/y %	0.4	-0.3	-0.4	1.2	2.0

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.