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April 2023 Trade Statistics

Trade deficit continues to contract due mainly to growth in motor vehicle exports

Economic Research Dept.
Kazuma Kishikawa

Summary

- According to April 2023 trade statistics, export value grew by +2.6% y/y, (+2.5% on a seasonally adjusted basis). Favorable results were due mainly to the recovery in motor vehicle exports. Meanwhile, import value was down by -2.3% y/y (+0.1% on a seasonally adjusted basis), shifting into decline for the first time in 27 months. As a result, the trade deficit was at -432.4 bil yen (-1,017.2 bil yen seasonally adjusted). While import value as seen in the seasonally adjusted figure has ceased to decline, export value was on the high side centering on motor vehicles, hence the trade deficit has continued to contract.
- Export volume in April (seasonally adjusted by DIR) grew for the first time in two months by +2.1% q/q. In addition to the continuation of a strong recovery in motor vehicles, factory operating rates have also recovered in the US, raising exports of intermediate goods, and this became a factor pushing up overall performance. Looking at export volume by source of demand, exports to the US were up by +4.1%, with exports to the EU also shifting to growth at +8.4%. On the other hand, exports to Asia declined for the second consecutive month at -0.9%. Exports to China are recovering though sluggish at +3.3% and other regions recorded weak performance.
- Export volume is expected to shift from marking time to moderate growth in the future. There are signs of recovery in demand for motor vehicles in China, and personal consumption in the US remains stable despite the economic slowdown. In addition, exports are expected to be on the upswing due to recovery production in motor vehicles in summer and beyond and economic recovery in the US and Europe beginning in winter. However, we need to be cautious about the risk of a downturn in exports to China due to export restrictions on semiconductor manufacturing equipment that are set to take effect in July.

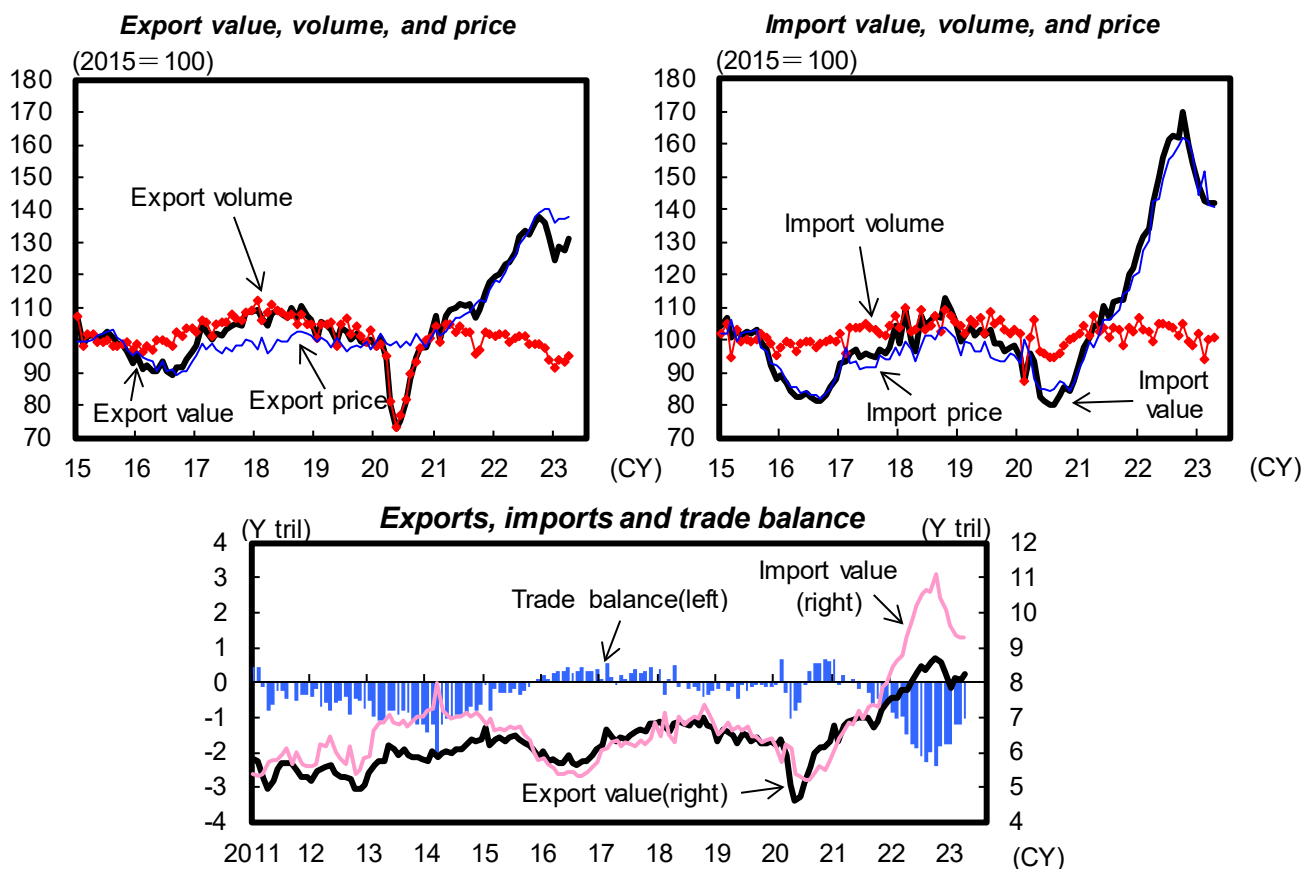
Trade Statistics **Chart 1**

	2022					2023				
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Export value (y/y %)	22.0	28.9	25.3	20.0	11.5	3.5	6.5	4.3	2.6	
Market consensus (Bloomberg)									3.0	
DIR estimate									4.1	
Import value (y/y %)	49.3	45.8	53.6	30.3	20.8	17.6	8.5	7.3	-2.3	
Export volume (y/y %)	-1.1	3.8	-0.3	-3.6	-7.0	-10.9	-7.8	-8.1	-6.2	
Export price (y/y %)	23.4	24.2	25.7	24.4	19.9	16.1	15.5	13.6	9.4	
Import volume (y/y %)	2.8	-1.6	5.7	-4.7	-6.4	-2.3	-7.9	-2.6	-0.4	
Import price (y/y %)	-0.0	-0.0	45.4	36.7	-0.0	20.4	17.8	10.2	-1.9	
Trade balance (Y100 mil)	-27,904	-20,992	-21,715	-20,319	-14,586	-35,064	-9,199	-7,551	-4,324	
Export value (SA, m/m %)	-0.9	2.8	1.3	-1.3	-3.5	-5.6	3.6	-0.7	2.5	
Export volume (SA, m/m %)	-2.2	-0.1	0.1	-1.8	-3.5	-2.7	2.6	-0.7	2.1	
Export price (SA, m/m %)	1.3	2.9	1.2	0.6	0.0	-3.0	1.0	0.0	0.4	
Import value (SA, m/m %)	0.8	-0.4	4.7	-5.9	-3.3	-4.7	-3.0	-0.7	0.1	
Import volume (SA, m/m %)	-0.3	-2.2	3.2	-5.2	-0.8	3.2	-7.4	6.3	0.9	
Import price (SA, m/m %)	1.1	1.9	1.5	-0.8	-2.5	-7.7	4.7	-6.5	-0.8	
Trade balance (SA, Y100 mil)	-22,785	-20,049	-23,879	-18,401	-17,943	-17,870	-12,148	-12,135	-10,172	
The Japan Customs rate (yen/dlr)	135.08	139.81	145.09	146.43	137.90	132.08	130.38	134.97	132.23	

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**

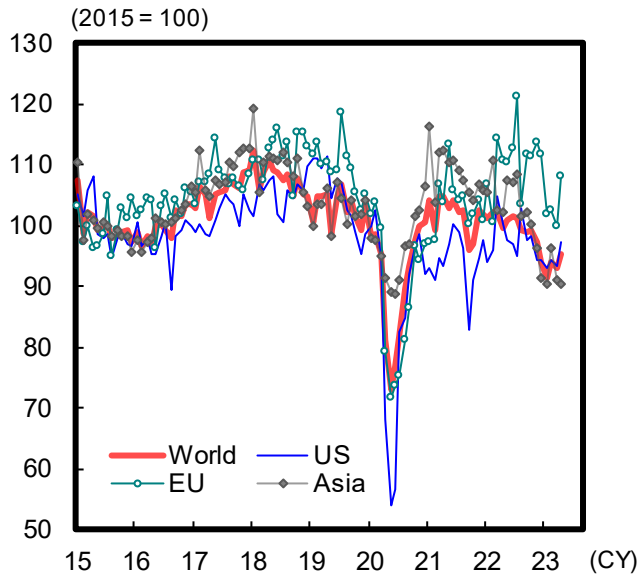


Source: Ministry of Finance; compiled by DIR.

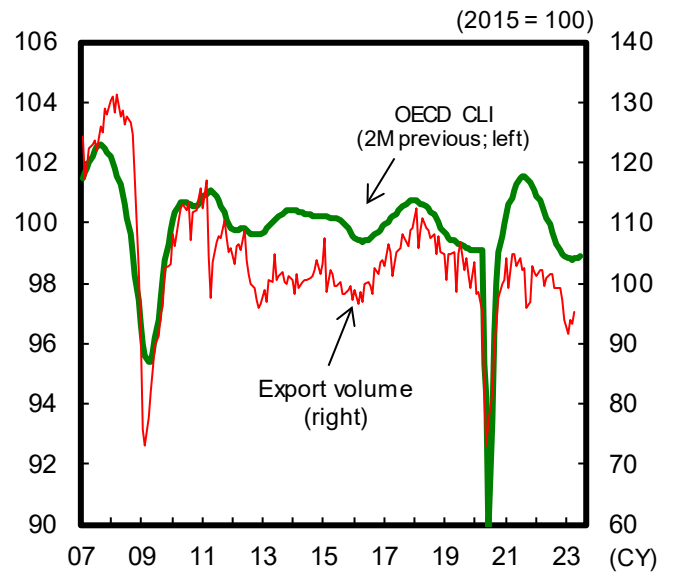
Note: Export volume and export price seasonally adjusted by DIR.

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): G20 countries.
 2) Export volume seasonally adjusted by DIR.