

8 June 2023 (No. of pages:2)

Japanese report: 08 Jun 2023

Jan-Mar 2023 2nd Preliminary GDP Estimate

GDP results revised upwards to +2.7% q/q annualized. Apr-Jun period may see third consecutive quarter of positive growth

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Summary

- The real GDP growth rate for Jan-Mar 2023 (2nd preliminary est) was revised upwards to +2.7% q/q annualized from the 1st preliminary results, which were at +1.6% q/q annualized. This was due mainly to the significant increase in contribution of private sector inventories to GDP, reflecting the results of the Jan-Mar period Financial Statements Statistics of Corporations by Industry and other fundamental statistics in March. Results show that the economy has recovered due to growth in domestic demand including personal consumption and capex related investment, despite the major decline in exports of goods due to the slowdown in the overseas economies.
- The 2023 Apr-Jun period real GDP growth rate is expected achieve a third consecutive quarter of growth at +1.5% q/q annualized. While prices remain on the upswing, COVID-19 has been shifted to Category V Infectious Diseases under the Infectious Diseases Control Law, 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 (2nd Preliminary Estimate) Chart 1

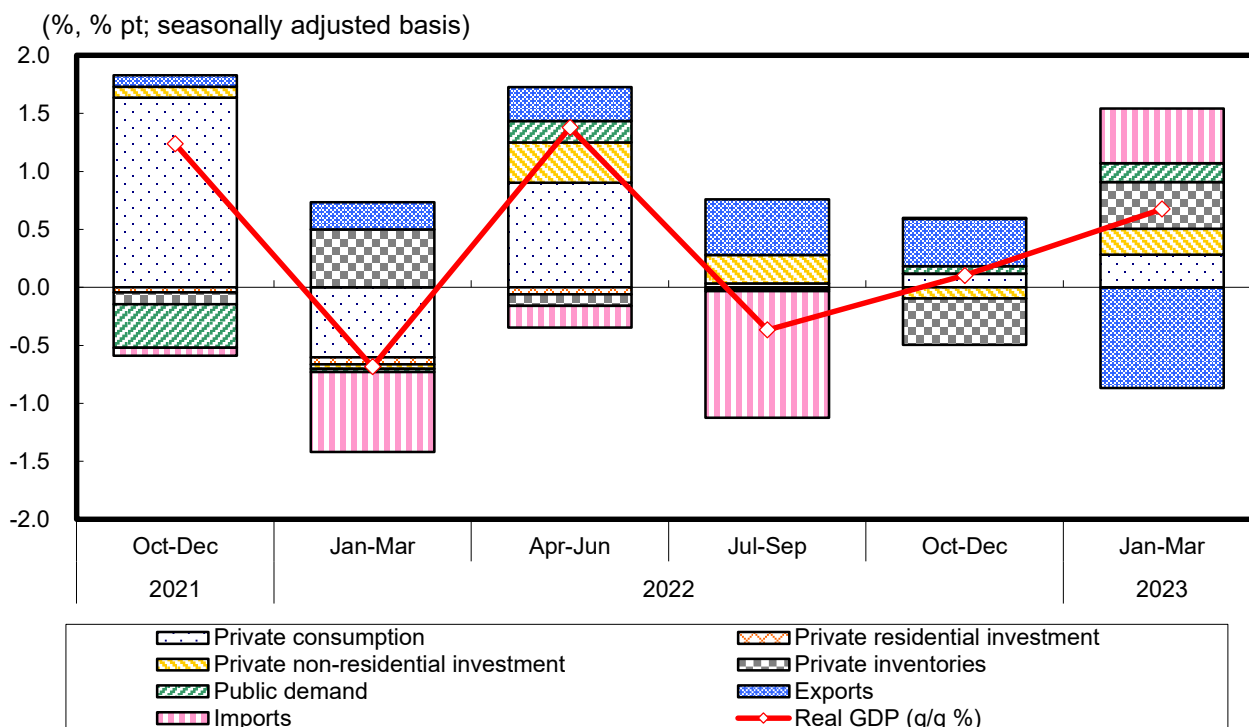
		2022				2023	
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	
						First	Second
Real GDP	Q/q %	-0.7	1.4	-0.4	0.1	0.4	0.7
	Annualized Q/q %	-2.7	5.6	-1.5	0.4	1.6	2.7
Private consumption	Q/q %	-1.1	1.7	0.1	0.2	0.6	0.5
Private residential investment	Q/q %	-1.8	-1.8	-0.5	0.1	0.2	-0.1
Private non-residential investment	Q/q %	-0.3	2.2	1.5	-0.6	0.9	1.4
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.5	-0.1	0.0	-0.4	0.1	0.4
Government consumption	Q/q %	0.7	0.7	0.0	0.2	-0.0	0.1
Public investment	Q/q %	-3.8	0.7	0.9	0.0	2.4	1.5
Exports of goods and services	Q/q %	1.2	1.5	2.5	2.0	-4.2	-4.2
Imports of goods and services	Q/q %	3.7	1.0	5.6	-0.0	-2.3	-2.3
Domestic demand (contribution to real GDP growth)	Q/q % pts	-0.2	1.3	0.3	-0.3	0.7	1.0
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.5	0.1	-0.6	0.4	-0.3	-0.3
Nominal GDP	Q/q %	0.1	1.2	-0.9	1.2	1.7	2.0
	Annualized Q/q %	0.6	5.1	-3.6	4.7	7.1	8.3
GDP deflator	Q/q %	0.8	-0.1	-0.5	1.1	1.3	1.3
	Y/y %	0.4	-0.3	-0.4	1.2	2.0	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 are on a seasonally adjusted basis.

Contribution to Real GDP Chart 2



Source: Cabinet Office; compiled by DIR.