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May 2023 Trade Statistics

Trade deficit shrinks for second consecutive month on a seasonally adjusted basis despite pause in export growth

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Summary

- According to May 2023 trade statistics, export value grew for the 27th consecutive month by +0.6% y/y. On the other hand, there was a pause in the recovery in seasonally adjusted terms, which recorded -3.1%. Meanwhile, import value was down by -9.9% y/y (-5.6% on a seasonally adjusted basis), recording a decline for the second consecutive month. While the drop in the price of natural resources exceeded the influence of the weak yen, the energy component brought downward pressure on overall performance. As a result, the trade balance experienced a deficit for the 22nd consecutive month at -1,372.5 bil yen, while the deficit amount shrank to -777.8 bil yen on a seasonally adjusted basis, and fell below 1 tril yen for the first time in sixteen months.
- Export volume in May (seasonally adjusted by DIR) declined for the first time in two months at -2.0% m/m. Motor vehicles continued to achieve favorable growth, but semicon machinery etc. was sluggish, centering on the US. Looking at export volume by source of demand, exports to the US declined by -6.0%, with exports to the EU up by +1.5%, and exports to Asia up by +2.8%.
- Export volume is expected to continue moderate growth in the future. The OECD Business Outlook Index (G20 basis), which is about two months ahead of the Export Volume Index, is showing signs of bottoming out. The easing of the shortage of semiconductors is expected to lead to the emergence of pent-up demand for motor vehicles. On the other hand, we need to pay attention to risks such as the impact of monetary tightening in the US and Europe and the slow recovery of goods consumption in China.

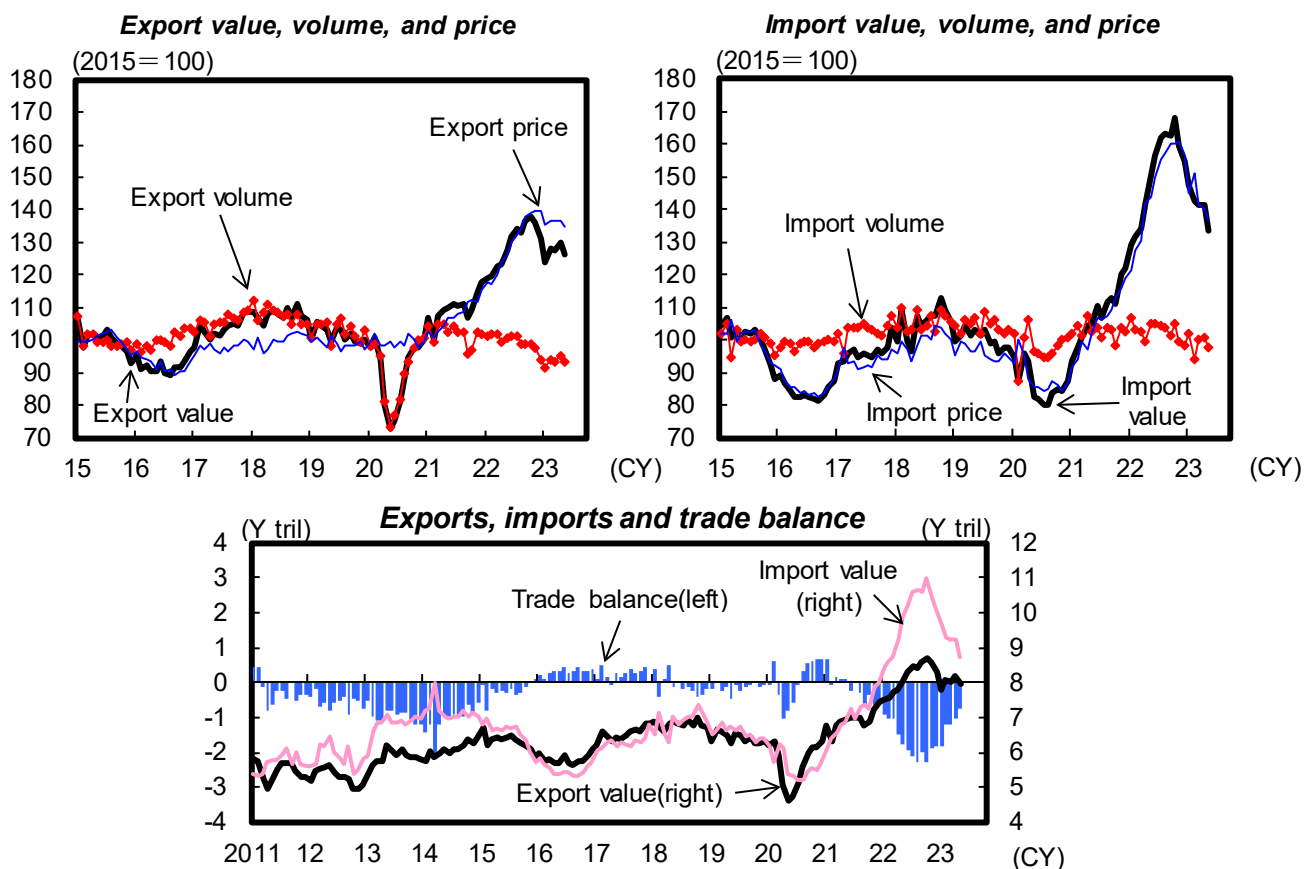
Trade Statistics **Chart 1**

	2022				2023				
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Export value (y/y %)	28.9	25.3	20.0	11.5	3.5	6.5	4.3	2.6	0.6
Market consensus (Bloomberg)									-1.2
DIR estimate									-0.3
Import value (y/y %)	45.8	53.6	30.3	20.8	17.6	8.5	7.4	-2.3	-9.9
Export volume (y/y %)	3.8	-0.3	-3.6	-7.0	-10.9	-7.8	-8.1	-6.0	-6.4
Export price (y/y %)	24.2	25.7	24.4	19.9	16.1	15.5	13.6	9.2	7.5
Import volume (y/y %)	-1.6	5.7	-4.7	-6.4	-2.3	-7.9	-2.6	-0.3	-5.2
Import price (y/y %)	-0.0	-0.0	36.7	29.0	-0.0	17.8	10.2	-2.0	-5.0
Trade balance (Y100 mil)	-20,992	-21,715	-20,319	-14,586	-35,064	-9,199	-7,588	-4,323	-13,725
Export value (SA, m/m %)	2.7	1.1	-1.4	-3.6	-5.7	3.6	-0.8	2.3	-3.1
Export volume (SA, m/m %)	-0.1	0.1	-1.8	-3.5	-2.7	2.6	-0.7	2.3	-2.0
Export price (SA, m/m %)	2.8	1.0	0.5	-0.1	-3.1	1.0	-0.0	0.0	-1.2
Import value (SA, m/m %)	-0.5	3.3	-4.8	-3.4	-4.7	-3.2	-0.6	-0.1	-5.6
Import volume (SA, m/m %)	-2.2	3.2	-5.2	-0.8	3.2	-7.4	6.3	0.6	-2.9
Import price (SA, m/m %)	1.7	0.2	0.4	-2.6	-7.7	4.5	-6.4	-0.7	-2.7
Trade balance (SA, Y100 mil)	-20,062	-22,624	-18,584	-18,170	-18,134	-12,190	-12,295	-10,355	-7,778
The Japan Customs rate (yen/dlr)	139.81	145.09	146.43	137.90	132.08	130.38	134.97	132.23	135.31

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**

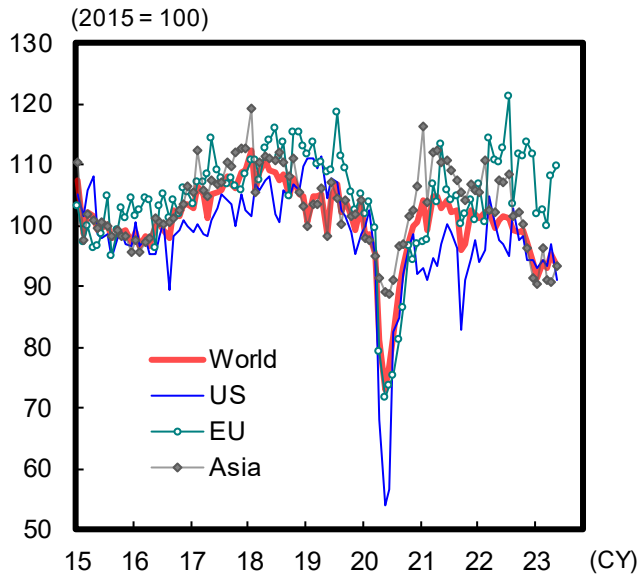


Source: Ministry of Finance; compiled by DIR.

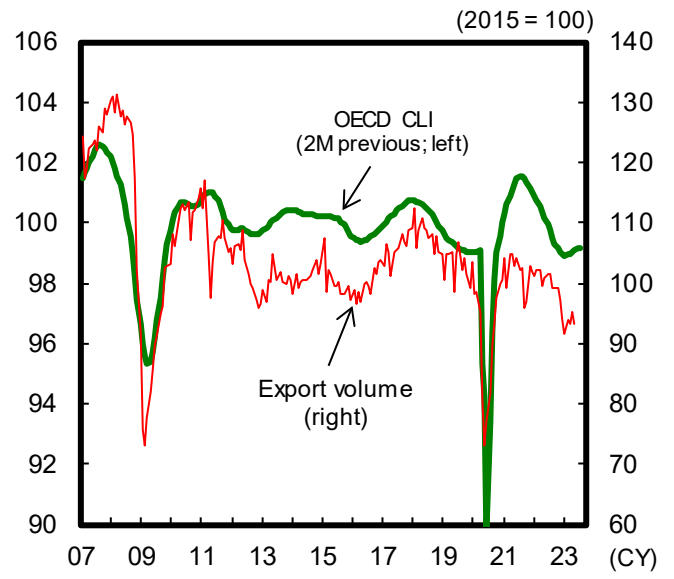
Note: Export volume and export price seasonally adjusted by DIR.

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.