

20 July 2023 (No. of pages: 3)

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June 2023 Trade Statistics

Trade balance turns to surplus for first time in 23 months, but remains in the red on a seasonally adjusted basis

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Summary

- According to June 2023 trade statistics, export value grew for the 28th consecutive month by +1.5% y/y. Motor vehicles and related goods were the leaders, with export value moving toward a moderate growth trend. On the other hand, import value was down by -12.9%, recording a decline for the third consecutive month. As a result, the trade balance was back in the black at 43 bil yen for the first time in 23 months, while the deficit was maintained on a seasonally adjusted basis at -553.2 bil yen.
- The contribution of overseas demand to the real GDP growth rate during the Apr-Jun period is expected to shift into the positive range. Export volume (seasonally adjusted by DIR) for the same period was up 2.3% y/y, mainly due to a pickup in exports to the EU (+8.6%) and China (+3.7%). On the other hand, import volume increased a relatively small amount at +0.3%.
- Export volume in June grew for the first time in two months at +3.2% m/m. on average, export volume is moving toward a moderate recovery. Looking at export volume by source of demand, exports to the US were up by +1.5%, with exports to the EU up by +2.5%, and exports to Asia up by +1.1%.
- Export volume is expected to move toward moderate growth in the future. The composite leading indicator (CLI)(OECD, G20 basis), which is about two months ahead of the Export Volume Index, is showing signs of bottoming out. Positive factors are seen on the supply side as well. With supply constraints easing, exports of automobiles and related goods, for which pent-up demand is accumulating, are expected to drive exports. However, exports of capital goods are expected to remain soft due to high policy rates in the US and Europe.

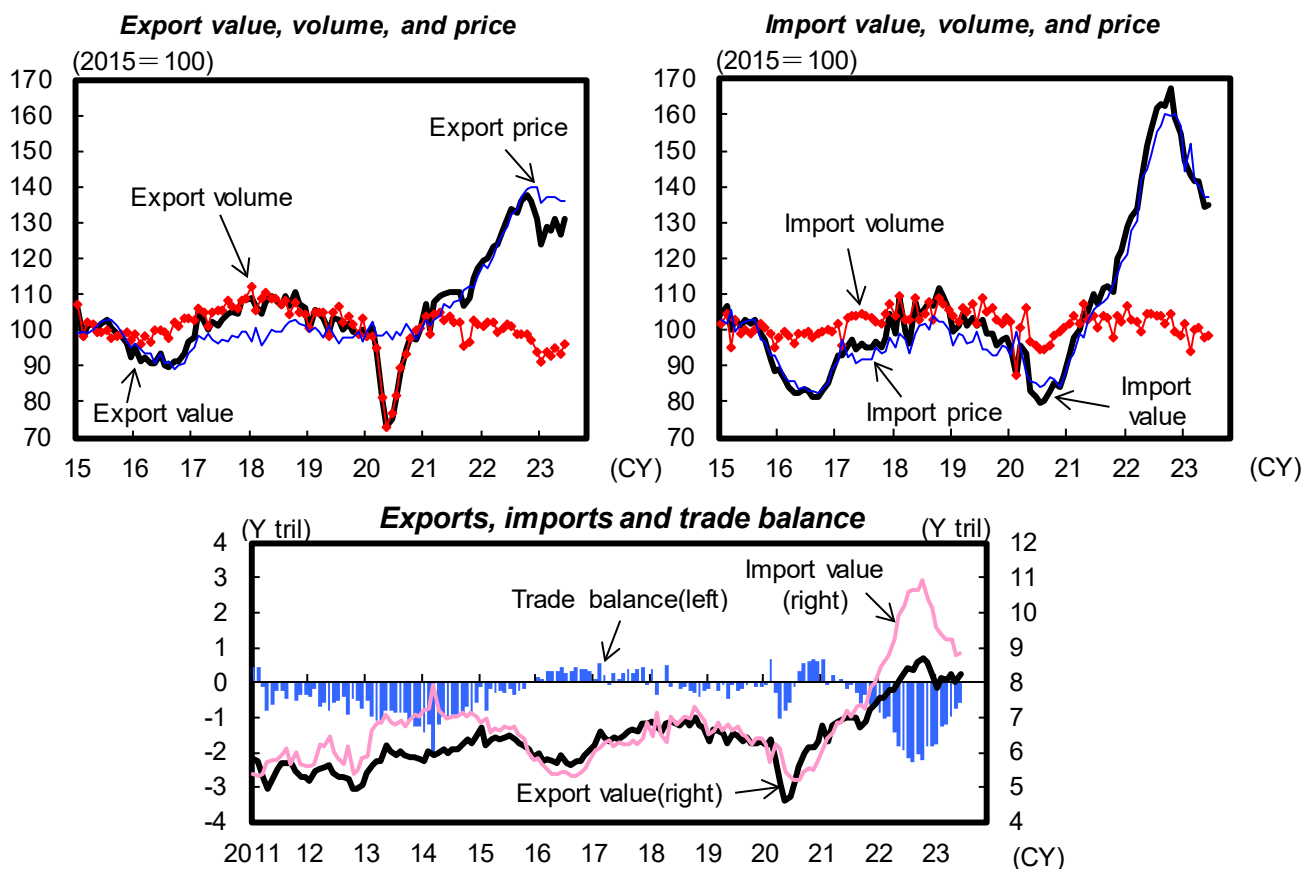
Trade Statistics **Chart 1**

	2022			2023					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Export value (y/y %)	25.3	20.0	11.5	3.5	6.5	4.3	2.6	0.6	1.5
Market consensus (Bloomberg)									2.6
DIR estimate									2.2
Import value (y/y %)	53.6	30.3	20.8	17.6	8.5	7.4	-2.3	-9.8	-12.9
Export volume (y/y %)	-0.3	-3.6	-7.0	-10.9	-7.8	-8.1	-6.0	-6.4	-4.8
Export price (y/y %)	25.7	24.4	19.9	16.1	15.5	13.6	9.2	7.4	6.7
Import volume (y/y %)	5.7	-4.7	-6.4	-2.3	-7.9	-2.6	-0.4	-5.1	-6.1
Import price (y/y %)	-0.0	-0.0	29.0	20.4	-0.0	10.2	-2.0	-4.9	-7.3
Trade balance (Y100 mil)	-21,715	-20,319	-14,586	-35,064	-9,199	-7,588	-4,364	-13,819	430
Export value (SA, m/m %)	1.5	-1.2	-3.7	-5.5	3.7	-0.7	2.5	-3.0	3.3
Export volume (SA, m/m %)	0.1	-1.8	-3.5	-2.7	2.6	-0.7	2.3	-2.0	3.2
Export price (SA, m/m %)	1.4	0.6	-0.2	-2.9	1.0	-0.0	0.3	-1.1	0.1
Import value (SA, m/m %)	2.8	-5.0	-2.6	-5.2	-2.6	-1.1	-0.0	-5.1	0.5
Import volume (SA, m/m %)	3.2	-5.2	-0.8	3.2	-7.4	6.3	0.6	-2.7	0.3
Import price (SA, m/m %)	-0.3	0.2	-1.8	-8.2	5.2	-6.9	-0.6	-2.5	0.2
Trade balance (SA, Y100 mil)	-22,374	-18,036	-18,464	-17,769	-12,394	-11,998	-9,921	-7,710	-5,532
The Japan Customs rate (yen/dlr)	145.09	146.43	137.90	132.08	130.38	134.97	132.23	135.31	139.24

Source: Ministry of Finance, Bloomberg; compiled by DIR.

Note: Volume and price seasonally adjusted by DIR.

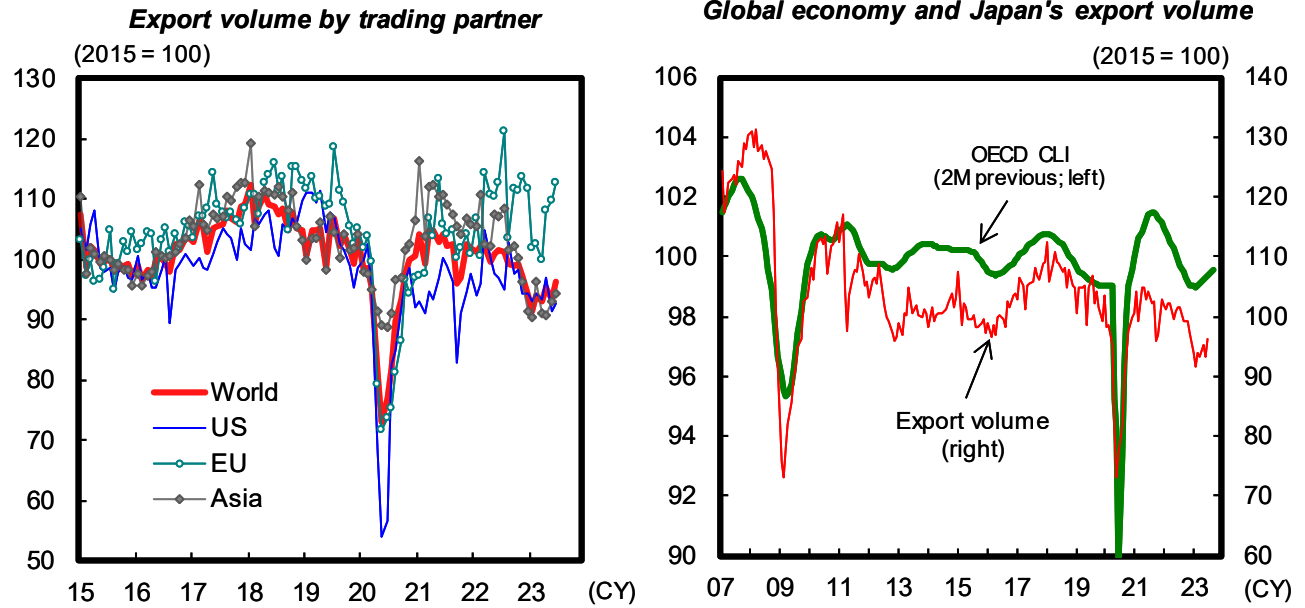
Export (Value, Volume and Price), Import (Value, Volume and Price) and Trade Balance **Chart 2**



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



Source: Ministry of Finance; OECD; compiled by DIR.
 Notes: 1) OECD CLI (Composite Leading Indicator): G20 countries.
 2) Export volume seasonally adjusted by DIR.