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July 2023 Trade Statistics

Import prices cease falling, and trade balance marks time on a seasonally adjusted basis

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Summary

- According to July 2023 trade statistics, export value declined for the first time in 29 months by -0.3% y/y. On a seasonally adjusted basis, it was up by +2.0% m/m, primarily due to acceleration of the recovery in export volume. Meanwhile, import value was down for the fourth consecutive month by -13.5%. On a seasonally adjusted basis, it was up by +2.0% m/m, the second consecutive month of growth with import prices appearing to have ceased falling. As a result, the trade balance was in the red for the first time in two months. On a seasonally adjusted basis it was at -557.2 bil yen, around the same level as in June.
- Export volume in July grew for the second consecutive month at +3.5% m/m. On average, export volume is moving toward recovery. Exports to Asia are being led by ICs, with exports of semicon machinery etc. to China experiencing sharp growth. Looking at export volume by source of demand, exports to the US were up by +7.1%, with exports to the EU up by +6.7%, and exports to Asia up by +4.5%.
- Export volume is expected to continue in a growth phase. Exports will likely be driven by motor vehicles and other products as recovery production accelerates due to the easing of the semiconductor shortage. However, capital investment in the US and Europe could easily slow due to the tight financial environment, and exports of capital goods from Japan may be sluggish. In particular, exports of semicon machinery etc. are likely to be sluggish due to the depressed semiconductor market and the impact of export restrictions on this equipment.

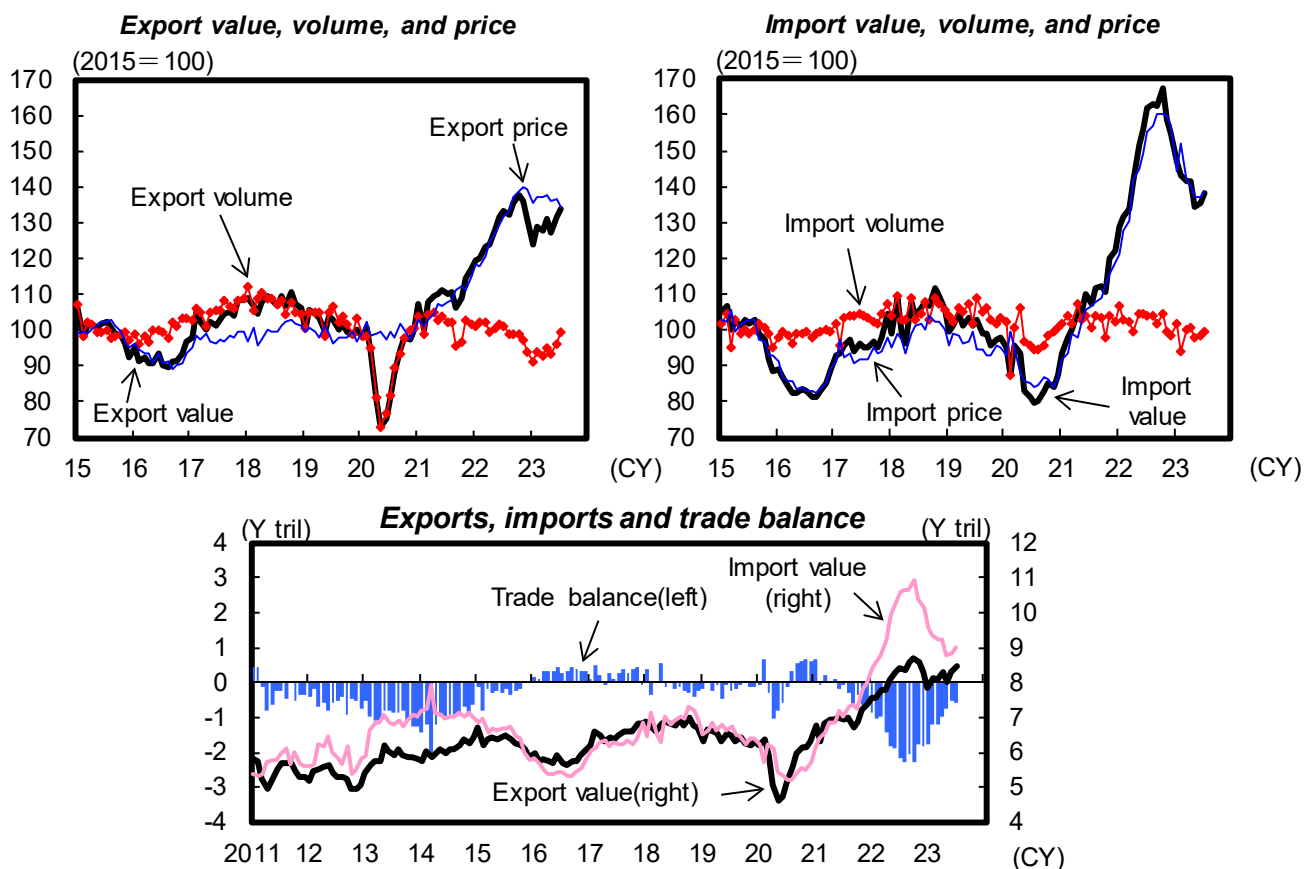
Trade Statistics **Chart 1**

	2022		2023						
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Export value (y/y %)	20.0	11.5	3.5	6.5	4.3	2.6	0.6	1.5	-0.3
Market consensus (Bloomberg)									-0.2
DIR estimate									-0.8
Import value (y/y %)	30.3	20.8	17.6	8.5	7.4	-2.3	-9.8	-12.9	-13.5
Export volume (y/y %)	-3.6	-7.0	-10.9	-7.8	-8.1	-6.0	-6.4	-4.8	-3.2
Export price (y/y %)	24.4	19.9	16.1	15.5	13.6	9.2	7.4	6.6	3.0
Import volume (y/y %)	-4.7	-6.4	-2.3	-7.9	-2.6	-0.4	-5.2	-6.0	-4.3
Import price (y/y %)	-0.0	-0.0	20.4	17.8	-0.0	-2.0	-4.9	-7.4	-9.6
Trade balance (Y100 mil)	-20,319	-14,586	-35,064	-9,199	-7,588	-4,364	-13,821	431	-787
Export value (SA, m/m %)	-1.2	-3.6	-5.4	3.8	-0.7	2.5	-3.1	3.6	2.0
Export volume (SA, m/m %)	-1.8	-3.5	-2.7	2.6	-0.7	2.3	-2.0	3.3	3.5
Export price (SA, m/m %)	0.6	-0.1	-2.8	1.1	0.1	0.3	-1.2	0.2	-1.5
Import value (SA, m/m %)	-5.2	-2.5	-5.2	-2.6	-1.0	-0.1	-5.1	0.6	2.0
Import volume (SA, m/m %)	-5.2	-0.8	3.2	-7.4	6.3	0.6	-2.8	0.6	1.0
Import price (SA, m/m %)	-0.1	-1.7	-8.2	5.2	-6.8	-0.6	-2.4	0.0	1.1
Trade balance (SA, Y100 mil)	-17,986	-18,462	-17,704	-12,293	-11,920	-9,826	-7,703	-5,402	-5,572
The Japan Customs rate (yen/dlr)	146.43	137.90	132.08	130.38	134.97	132.23	135.31	139.24	142.32

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

Note: Volume and price seasonally adjusted by DIR.

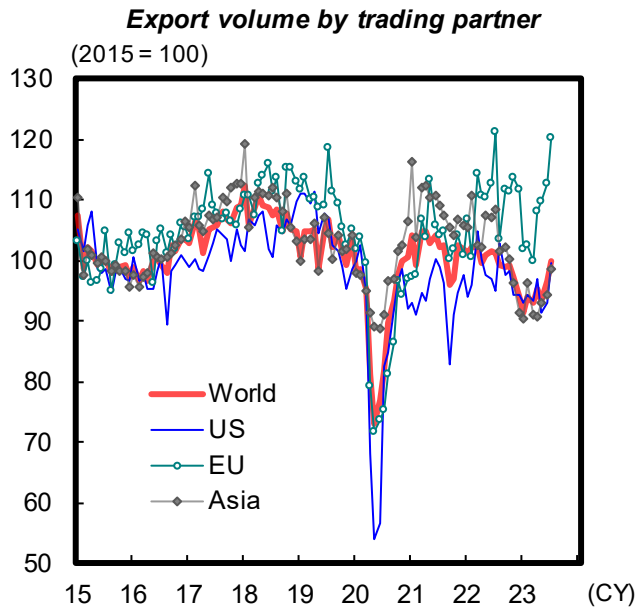
Export (Value, Volume and Price), Import (Value, Volume and Price) and Trade Balance **Chart 2**



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.