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Apr-Jun 2023 2nd Preliminary GDP Estimate

GDP results revised downwards to +4.8% q/q annualized, with expectations of negative growth for the first time in four quarters in the Jul-Sep Period

Economic Research Dept.
Keiji Kanda
Kazuma Kishikawa

Summary

- The real GDP growth rate for Apr-Jun 2023 (2nd preliminary est) was revised downwards to +4.8% q/q annualized from the 1st preliminary results, which were at +6.0% q/q annualized. This was due mainly to the Apr-Jun period Survey of Corporate Statistics issued on September 1, and other fundamental statistics which reflected June results. While net exports brought a major boost to the GDP growth rate, private sector demand components such as personal consumption and capital expenditure were sluggish, hence performance was not as good as the GDP growth rate suggests.
- The 2023 Jul-Sep period real GDP growth rate is expected to be at around -0.5% q/q annualized. The major factor here is an expected reactionary decline in comparison to the Apr-Jun period, while at the same time domestic demand is expected to move into a recovery phase. Widespread wage hikes and lower inflation rate will boost real wages and contribute to a recovery in personal consumption. Recovery production in motor vehicles as was seen in the Apr-Jun period is expected to continue in the Jul-Sep period. On the other hand, downside risk to exports due to the deterioration of overseas economies remains a concern.

Apr-Jun 2023 GDP (2nd Preliminary Estimate)

Chart 1

		2022			2023		
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
						First	Second
Real GDP	Q/q %	1.3	-0.3	0.1	0.8	1.5	1.2
	Annualized Q/q %	5.3	-1.2	0.2	3.2	6.0	4.8
Private consumption	Q/q %	1.8	-0.0	0.3	0.6	-0.5	-0.6
Private residential investment	Q/q %	-1.8	-0.1	1.0	0.7	1.9	2.0
Private non-residential investment	Q/q %	2.0	1.5	-0.7	1.6	0.0	-1.0
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.2	0.1	-0.4	0.3	-0.2	-0.2
Government consumption	Q/q %	0.5	-0.1	0.2	0.1	0.1	0.0
Public investment	Q/q %	0.6	1.0	0.1	1.4	1.2	0.2
Exports of goods and services	Q/q %	1.9	2.4	1.5	-3.8	3.2	3.1
Imports of goods and services	Q/q %	1.1	5.5	-0.1	-2.3	-4.3	-4.4
Domestic demand (contribution to real GDP growth)	Q/q % pts	1.2	0.3	-0.3	1.1	-0.3	-0.6
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.1	-0.6	0.3	-0.3	1.8	1.8
Nominal GDP	Q/q %	1.1	-0.9	1.2	2.2	2.9	2.7
	Annualized Q/q %	4.7	-3.6	5.0	9.0	12.0	11.4
GDP deflator	Q/q %	-0.1	-0.6	1.2	1.4	1.4	1.6
	Y/y %	-0.3	-0.4	1.2	2.0	3.4	3.5

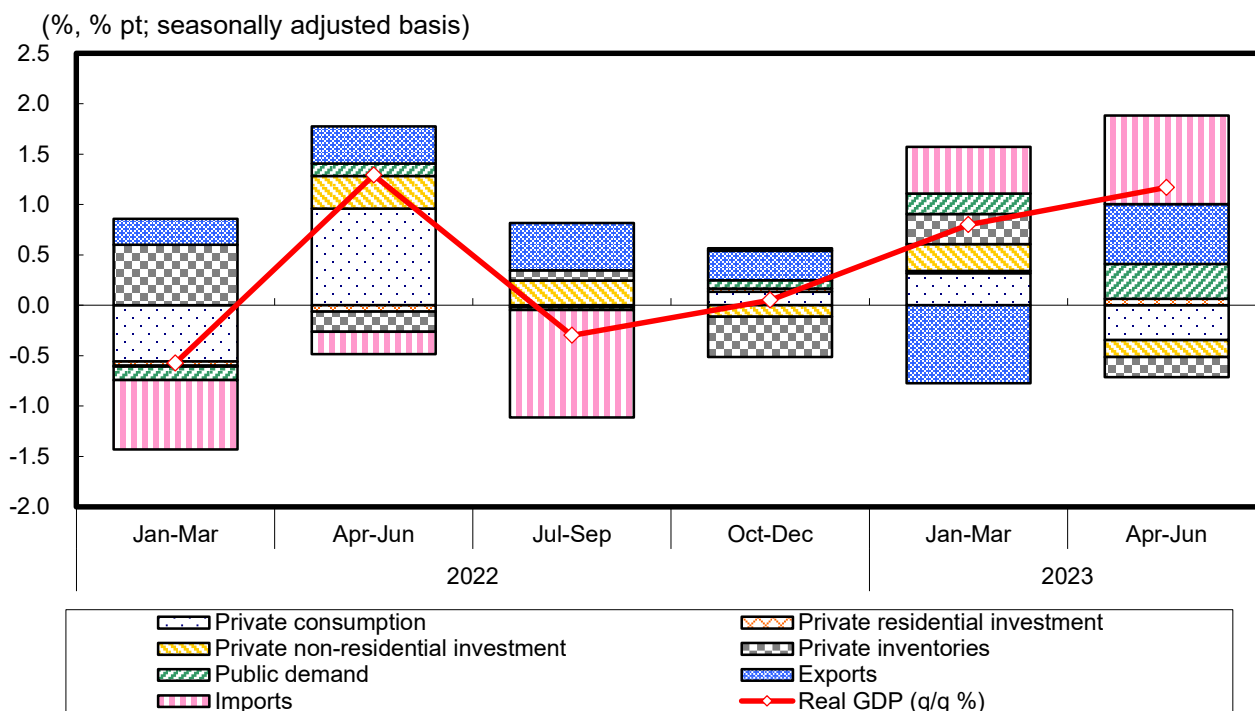
Source: Cabinet Office; compiled by DIR.

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.