

15 November 2023 (No. of pages:2)

Japanese report: 15 Nov 2023

Jul-Sep 2023 1st Preliminary GDP Estimate

GDP down by -2.1% q/q annualized as private sector demand remains weak with high prices and motor vehicle supply constraints

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Summary

- The real GDP growth rate for Jul-Sep 2023 (1st preliminary est) was down by -2.1% q/q annualized (-0.5% q/q), falling below market expectations and recording negative growth for the first time in three quarters. While exports grew, private sector demand components such as capex and personal consumption were weak, producing a strong sense of stagnation. In addition to downward pressure on personal consumption brought by continued high prices, the halting of operations at the domestic factories of some motor vehicle manufacturers during July and August was also a factor in bringing down the growth rate.
- The outlook for the real GDP growth rate in the Oct-Dec period of 2023 sees growth of around +3% q/q annualized. Recovery production is expected for motor vehicles as supply constraints are resolved, and this should be a boost to consumption of durable goods. The decline in the inflation rate is expected to contribute to a recovery in personal consumption. Capex is currently sluggish due to the slowdown in the US and European economies and the semiconductor market being in an adjustment phase, but the Oct-Dec period is expected to shift into a growth phase with a rebound from two consecutive quarters of decline and a recovery for the Chinese economy. On the other hand, downside risk to exports due to the deterioration of overseas economies remains a concern.

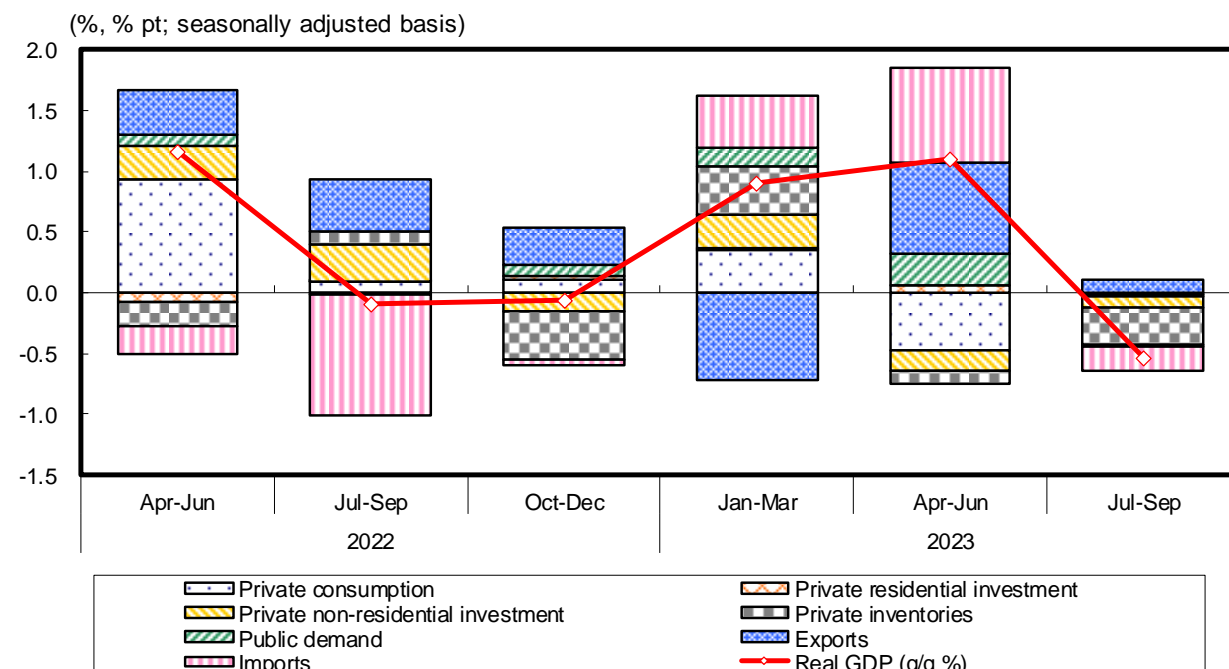
Jul-Sep 2023 GDP (1st Preliminary Estimate) Chart 1

		2022		2023		
		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Real GDP	Q/q %	-0.1	-0.1	0.9	1.1	-0.5
	Annualized Q/q %	-0.4	-0.2	3.7	4.5	-2.1
Private consumption	Q/q %	0.2	0.2	0.7	-0.9	-0.0
Private residential investment	Q/q %	0.1	1.0	0.5	1.8	-0.1
Private non-residential investment	Q/q %	1.9	-0.9	1.7	-1.0	-0.6
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.1	-0.4	0.4	-0.1	-0.3
Government consumption	Q/q %	-0.0	0.1	0.1	0.0	0.3
Public investment	Q/q %	1.1	0.0	1.4	0.3	-0.5
Exports of goods and services	Q/q %	2.2	1.5	-3.5	3.9	0.5
Imports of goods and services	Q/q %	5.1	0.2	-2.1	-3.8	1.0
Domestic demand (contribution to real GDP growth)	Q/q % pts	0.5	-0.3	1.1	-0.7	-0.4
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.6	0.3	-0.2	1.8	-0.1
Nominal GDP	Q/q %	-0.8	1.3	2.3	2.5	-0.0
	Annualized Q/q %	-3.1	5.4	9.4	10.5	-0.2
GDP deflator	Q/q %	-0.7	1.4	1.3	1.4	0.5
	Y/y %	-0.3	1.2	2.0	3.5	5.1

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.