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October 2023 Trade Statistics

Trade balance worsens due to yen depreciation and rising oil prices

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Summary

- According to October 2023 trade statistics, export value grew for the second consecutive month by +1.6% y/y. On the other hand, on a seasonally adjusted basis, export value fell by -1.2% m/m. The acceleration of motor vehicle exports due to recovering production has slowed. Meanwhile, import value was down for the seventh consecutive month by -12.5% y/y. However, the decline narrowed, partly due to the surge in crude oil prices caused by heightened geopolitical risks. On a seasonally adjusted basis, imports were down 0.7% from the previous month. As a result, the trade balance posted a deficit of -662.5 bil yen for the first time in two months. The deficit widened to -462.0 bil yen on a seasonally adjusted basis due to worsening terms of trade.
- Export volume in October declined for the first time in two months by -1.1% m/m. In addition to declines in exports of ICs to Asia and semicon machinery etc. to China, the extent to which motor vehicles provided upward pressure to exports was limited. Looking at export volume by source of demand, exports to the US were up by +4.4%, while others declined, with exports to the EU down by -8.5%, and exports to Asia down by -4.3%.
- Export volume is expected to continue in a moderate growth tone. Exports of a wide range of goods are expected to increase with resilient personal consumption in the US and accelerating economic recovery in China. The high level of motor vehicle exports due to the continuation of recovery production will also be a supporting factor. On the other hand, exports of capital goods to the US and Europe are expected to remain sluggish for the time being due to a downturn in corporate capital investment under the tight financial environment in those areas.

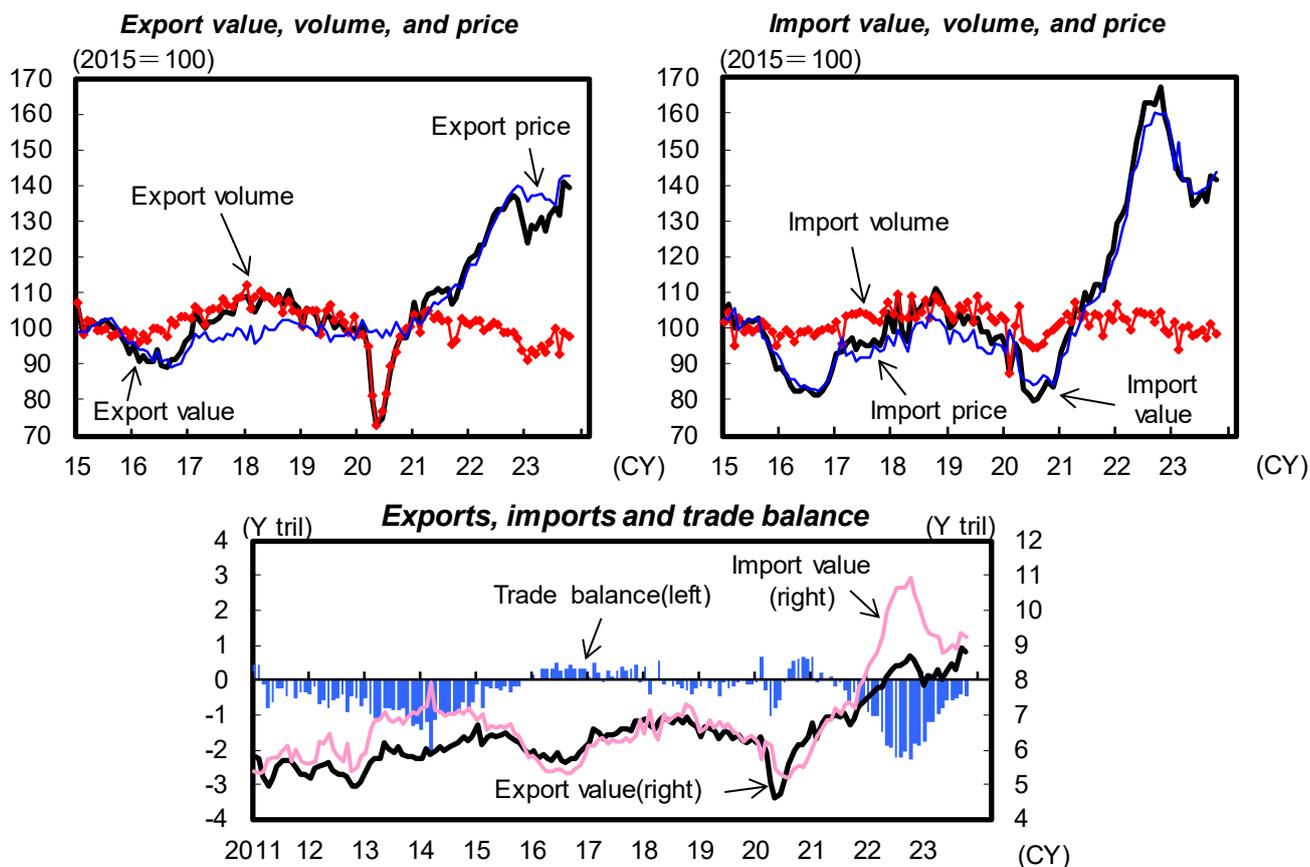
Trade Statistics **Chart 1**

	2023									
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
Export value (y/y %)	6.5	4.3	2.6	0.6	1.5	-0.3	-0.8	4.3	1.6	
Market consensus (Bloomberg)									1.0	
DIR estimate									2.6	
Import value (y/y %)	8.2	7.1	-2.7	-10.2	-13.1	-14.1	-17.6	-16.6	-12.5	
Export volume (y/y %)	-6.3	-7.5	-4.4	-3.6	-4.0	-2.8	-5.3	0.2	-3.3	
Export price (y/y %)	13.7	12.8	7.4	4.4	5.7	2.5	4.8	4.1	5.1	
Import volume (y/y %)	-8.6	-3.5	-1.6	-6.6	-7.6	-6.2	-9.0	-3.9	-3.2	
Import price (y/y %)	-0.0	-0.0	-1.1	-3.8	-0.0	-8.4	-9.4	-13.2	-9.6	
Trade balance (Y100 mil)	-9,199	-7,588	-4,364	-13,821	392	-637	-9,432	721	-6,625	
Export value (SA, m/m %)	3.9	-0.9	2.6	-3.1	3.5	2.0	-1.6	7.1	-1.2	
Export volume (SA, m/m %)	2.6	-0.7	2.3	-2.0	3.3	3.5	-6.7	6.1	-1.1	
Export price (SA, m/m %)	1.3	-0.2	0.4	-1.1	0.1	-1.5	5.5	0.9	-0.2	
Import value (SA, m/m %)	-2.6	-0.9	-0.0	-5.1	0.8	1.9	-1.8	5.2	-0.7	
Import volume (SA, m/m %)	-7.4	6.3	0.6	-2.8	0.6	1.0	-2.3	4.3	-2.6	
Import price (SA, m/m %)	5.2	-6.7	-0.6	-2.4	0.1	0.9	0.6	0.9	2.0	
Trade balance (SA, Y100 mil)	-12,164	-12,085	-9,920	-7,800	-5,698	-5,720	-5,501	-4,203	-4,620	
The Japan Customs rate (yen/dlr)	130.38	134.97	132.23	135.31	139.24	142.32	142.23	146.44	148.88	

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**

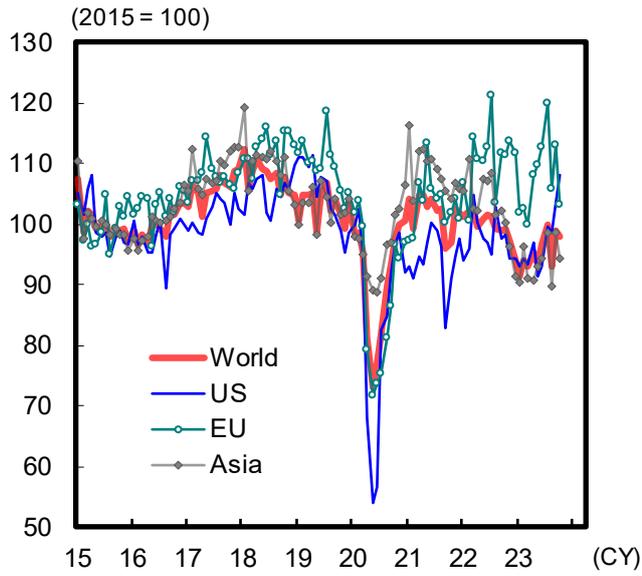


Source: Ministry of Finance; compiled by DIR.

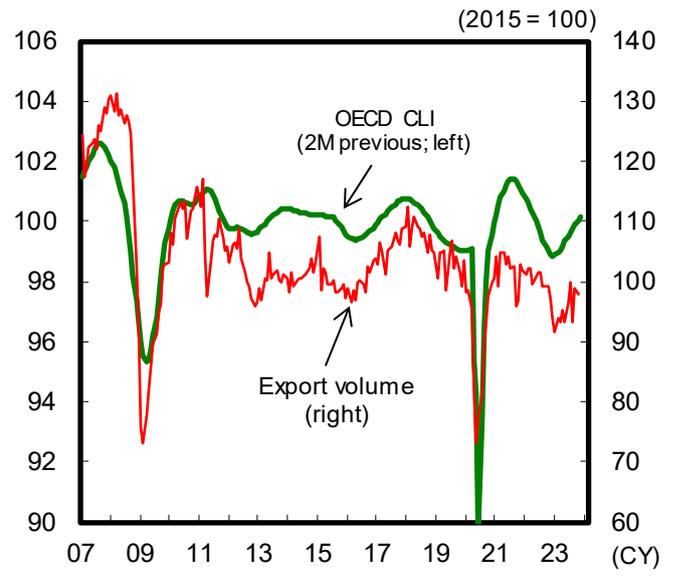
Note: Export volume and export price seasonally adjusted by DIR.

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.