December 2023 Trade Statistics

Trade balance made significant improvement in 2023 due to recovery exports of motor vehicles and a lull in the high price of natural resources

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Summary

- According to December 2023 trade statistics, export value grew for the first time in two months by +9.8% y/y. On a seasonally adjusted basis, export value grew for the first time in three months by +5.8% m/m. The main factor was the recovery trend in exports of motor vehicles. Meanwhile, import value was down for the ninth consecutive month by -6.8%. However, the extent of decline was reduced partly due to the rise in the price of resources caused by tensions in the Middle East. On a seasonally adjusted basis, imports were up by +6.2% m/m. As a result, the trade balance was back in the black for the first time in three months at +62.1 bil yen, while on a seasonally adjusted basis it was in the red by -412.7 bil yen.

- Export value in 2023 grew by +2.8% in comparison to the previous year. Recovery exports of motor vehicles went into full swing, pushing export value up by +4.3%pt. On the other hand, import value declined by -7.0%. The influence of the lull in the high price of natural resources was the major factor. The trade balance was -9,291.4 bil yen in 2023, a significant reduction in the deficit from 2022 (-20,329.5 bil yen). The contribution of overseas demand to real GDP growth in the Oct-Dec period of 2023 is expected to be slightly positive. Net exports of goods appear to have deteriorated since the Jul-Sep period, but an increase in net exports of services is expected to compensate for this.

- Export volume in December of 2023 grew for the first time in three months by +7.8% m/m. Exports of motor vehicles grew significantly centering on the US. Looking at export volume by source of demand, performance was up overall, with exports to the US up by +15.5%, the EU up by +10.3%, and exports to Asia up by +1.6%.

- Export volume is expected to continue marking time for a while longer and then return to an increasing trend in the latter part of the fiscal year. Recovery production of motor vehicles is losing some of its vitality, while in addition, exports overall will likely be sluggish in the short-term due to the downturn in the US and European economies.

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Trade Statistics — Chart 1

	2023 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Export value (y/y %)	2.6	0.6	1.5	-0.3	-0.8	4.3	1.6	-0.2	9.8
Market consensus (Bloomberg)									9.2
DIR estimate									12.2
Import value (y/y %)	-2.7	-10.2	-13.1	-14.1	-17.6	-16.5	-12.4	-11.9	-6.8
Export volume (y/y %)	-4.4	-3.6	-4.0	-2.8	-5.3	0.2	-3.4	-5.6	3.1
Export price (y/y %)	7.4	4.4	5.7	2.5	4.8	4.1	5.2	5.8	6.5
Import volume (y/y %)	-1.6	-6.6	-7.6	-6.2	-9.0	-3.9	-3.2	-3.4	-3.0
Import price (y/y %)	-0.0	-0.0	-5.9	-8.4	-0.0	-13.2	-9.5	-8.8	-3.9
Trade balance (Y100 mil)	-4,364	-13,821	392	-637	-9,432	654	-6,671	-7,804	621
Export value (SA, m/m %)	2.7	-3.1	3.5	2.1	-1.5	6.9	-1.2	-1.4	5.8
Export volume (SA, m/m %)	2.3	-0.7	1.0	3.5	-5.9	5.1	-1.1	-5.6	7.8
Export price (SA, m/m %)	0.4	-2.4	2.4	-1.3	4.7	1.7	-0.1	4.4	-1.9
Import value (SA, m/m %)	0.7	-5.0	0.6	2.1	-1.5	5.4	-0.1	-3.7	6.2
Import volume (SA, m/m %)	-0.8	-1.4	0.2	0.4	-1.7	4.5	-1.6	-3.4	2.2
Import price (SA, m/m %)	1.5	-3.7	0.4	1.7	0.2	0.8	1.5	-0.3	3.9
Trade balance (SA, Y100 mil)	-10,146	-8,018	-5,737	-5,886	-5,751	-4,760	-5,721	-3,506	-4,127
The Japan Customs rate (yen/dlr)	132.23	135.31	139.24	142.32	142.23	146.44	148.88	150.34	146.92

Source: Ministry of Finance, Bloomberg; compiled by DIR.
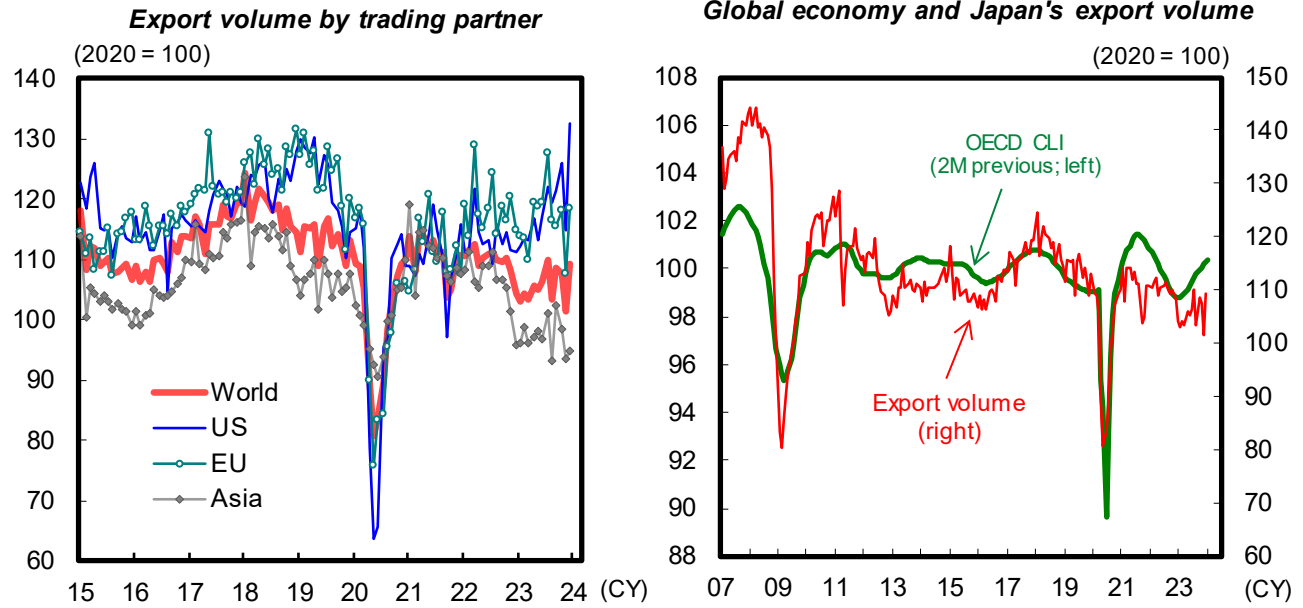
Note: Volume and price seasonally adjusted by DIR.

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

Export value, volume, and price (2020＝100)

Import value, volume, and price (2020＝100)

Exports, imports and trade balance
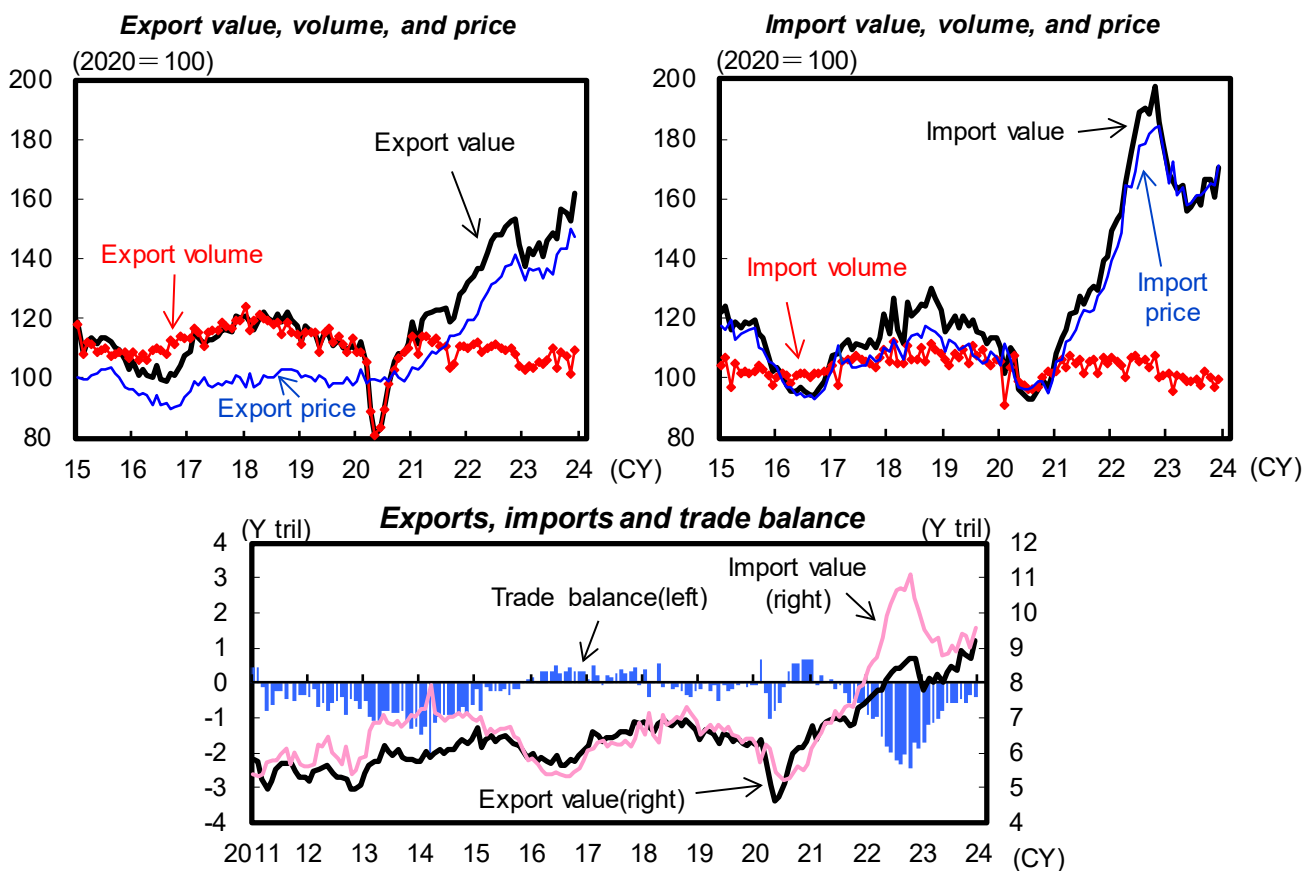
Source: Ministry of Finance; compiled by DIR.
Note: Export volume and export price seasonally adjusted by DIR.

Export Volume by Trade Partner; Global Economy and Japan's Export Volume — Chart 3

Export volume by trading partner

(2020 = 100)

World
US
EU
Asia

15 16 17 18 19 20 21 22 23 24 (CY)

Global economy and Japan's export volume

(2020 = 100)

OECD CLI
(2M previous; left)

Export volume
(right)

07 09 11 13 15 17 19 21 23 (CY)

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