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Oct-Dec 2023 2nd Preliminary GDP Estimate

GDP returns to positive growth due to upswing in capex, but only by a small margin

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Summary

- The real GDP growth rate for Oct-Dec 2023 (2nd preliminary est) was revised upwards to +0.4% q/q annualized. The 1st preliminary report showed a second consecutive decline in growth, but the estimate for capex was revised upwards, bringing a return to positive growth for GDP. At the same time, many demand components, including private sector inventories and personal consumption, were revised downwards, causing the real GDP growth rate to fall below market expectations. Personal consumption declined for the third consecutive quarter, again confirming the stagnation of domestic demand.
- The 2024 Jan-Mar period real GDP growth rate is expected to be modest at around +0.5% q/q annualized. Production activities will be held back by production halts at some motor vehicle factories, while in addition, the export of services will likely see the reactionary decline in usage fees for intellectual property become manifest. On the other hand, personal consumption and capex are expected to grow, and the effects of the Noto Peninsula Earthquake of 2024 on GDP are expected to be limited. Meanwhile, continued attention should be paid to factors such as the downside risk in exports due to deterioration in overseas economies.

Jul-Sep 2023 GDP (2nd Preliminary Estimate) Chart 1

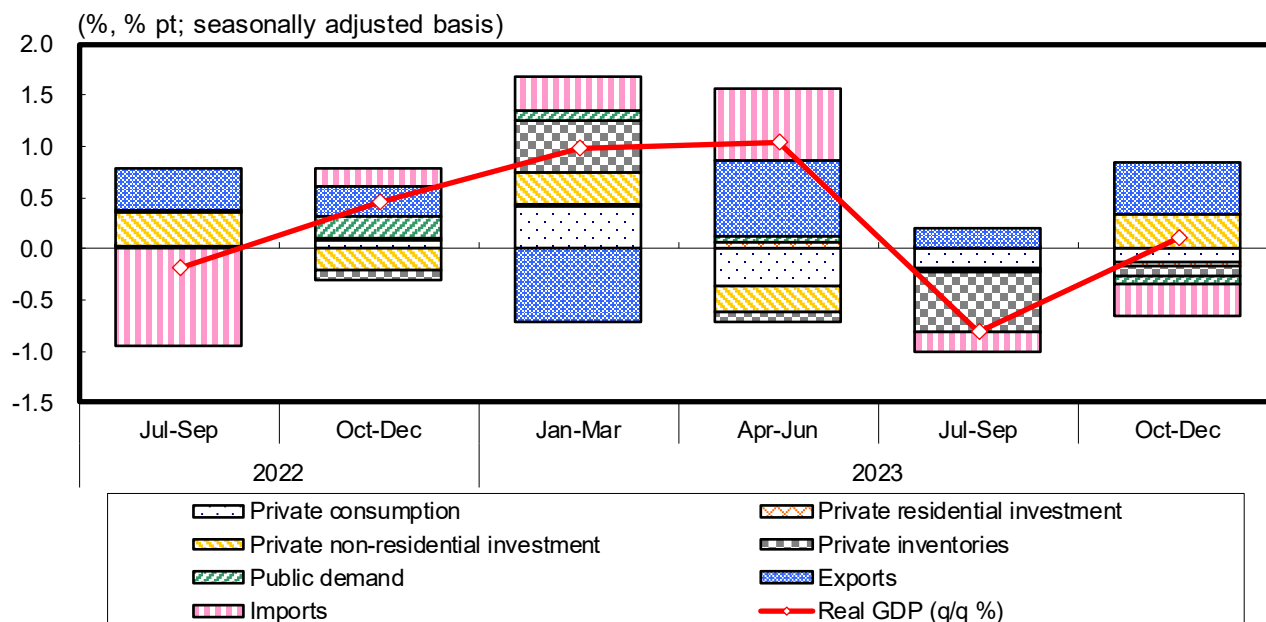
		2022	2023				Oct-Dec	
		Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	First	Second	
		Q/q %	Q/q %	Q/q %	Q/q %	Q/q %	Q/q %	
Real GDP	Q/q %	0.4	1.0	1.0	-0.8	-0.1	0.1	
	Annualized Q/q %	1.8	4.0	4.2	-3.2	-0.4	0.4	
Private consumption	Q/q %	0.2	0.8	-0.7	-0.3	-0.2	-0.3	
Private residential investment	Q/q %	0.7	0.3	1.8	-0.6	-1.0	-1.0	
Private non-residential investment	Q/q %	-1.3	2.0	-1.4	-0.1	-0.1	2.0	
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.1	0.5	-0.1	-0.6	-0.0	-0.1	
Government consumption	Q/q %	0.7	0.1	-0.1	0.3	-0.1	-0.2	
Public investment	Q/q %	0.1	2.0	2.2	-1.0	-0.7	-0.8	
Exports of goods and services	Q/q %	1.4	-3.5	3.8	0.9	2.6	2.6	
Imports of goods and services	Q/q %	-0.8	-1.6	-3.6	1.0	1.7	1.7	
Domestic demand (contribution to real GDP growth)	Q/q % pts	0.0	1.4	-0.7	-0.8	-0.3	-0.1	
Foreign demand (contribution to real GDP growth)	Q/q % pts	0.4	-0.4	1.7	0.0	0.2	0.2	
Nominal GDP	Q/q %	1.8	2.2	2.6	-0.0	0.3	0.5	
	Annualized Q/q %	7.6	9.1	10.7	-0.1	1.2	2.1	
GDP deflator	Q/q %	1.4	1.2	1.5	0.8	0.4	0.4	
	Y/y %	1.4	2.3	3.7	5.2	3.8	3.9	

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.