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March 2024 Trade Statistics

Trade deficit in FY2023 surpasses 5 tril yen, yet still shrinks significantly below that of previous year

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Summary

- According to March 2024 trade statistics, export value grew for the fourth consecutive month by +7.3% y/y. On a seasonally adjusted basis export value grew for the first time in three months at +2.6%. Export volume, which indicates the actual export situation, also achieved growth due mostly to favorable performance for semicon machinery etc. Meanwhile, import value declined for the first time in two months by -4.9%, while at the same time winning growth of +3.9% m/m on a seasonally adjusted basis. As a result, the trade balance was in the black at +366.5 bil yen, while on a seasonally adjusted basis it was in the red at -701.5 bil yen. Meanwhile, trade balance for the entire year of FY2023 was in the red for the third consecutive year at -5,891.9 bil yen. The trade deficit shrank significantly in comparison to the previous fiscal year due to the decline in the price of resources.
- The contribution of overseas demand to the Jan-Mar period real GDP growth rate is expected to be in the negative numbers. Both export volume and import volume of goods are estimated to be down by -3.7% y/y, with the balance of payments in services at a total of -646.3 bil yen (seasonally adjusted) for January and February. Depending on the results of the March Balance of Payments, balance of payments for services is expected to have a negative influence on the contribution of overseas demand.
- Export volume in March 2024 (seasonally adjusted by DIR) grew for the first time in three months by +3.7% m/m. Exports of semicon machinery etc., which declined during the previous month, have recovered centering on exports to China. On the other hand, there is a sense of a slowdown for motor vehicles, which had progressed in recovery exports during 2023. Looking at export volume by source of demand, exports declined to the US (-2.4%) and the EU (-10.4%). On the other hand, exports to Asia returned to growth at +8.0%.
- Export volume is expected to continue marking time, but should shift into a growth trend in the latter part of the year. With the US and European economies in a slowdown, exports of semiconductor related goods are expected to provide underlying support for the time being thanks to the recovery of the silicon cycle (the business cycle observed in the global semiconductor market). Semicon machinery etc. is notable in that this single category accounted for 3.6% of Japan's total exports in FY2023, a fairly large percentage, hence it is highly possible that it will be a supporting factor in the future.

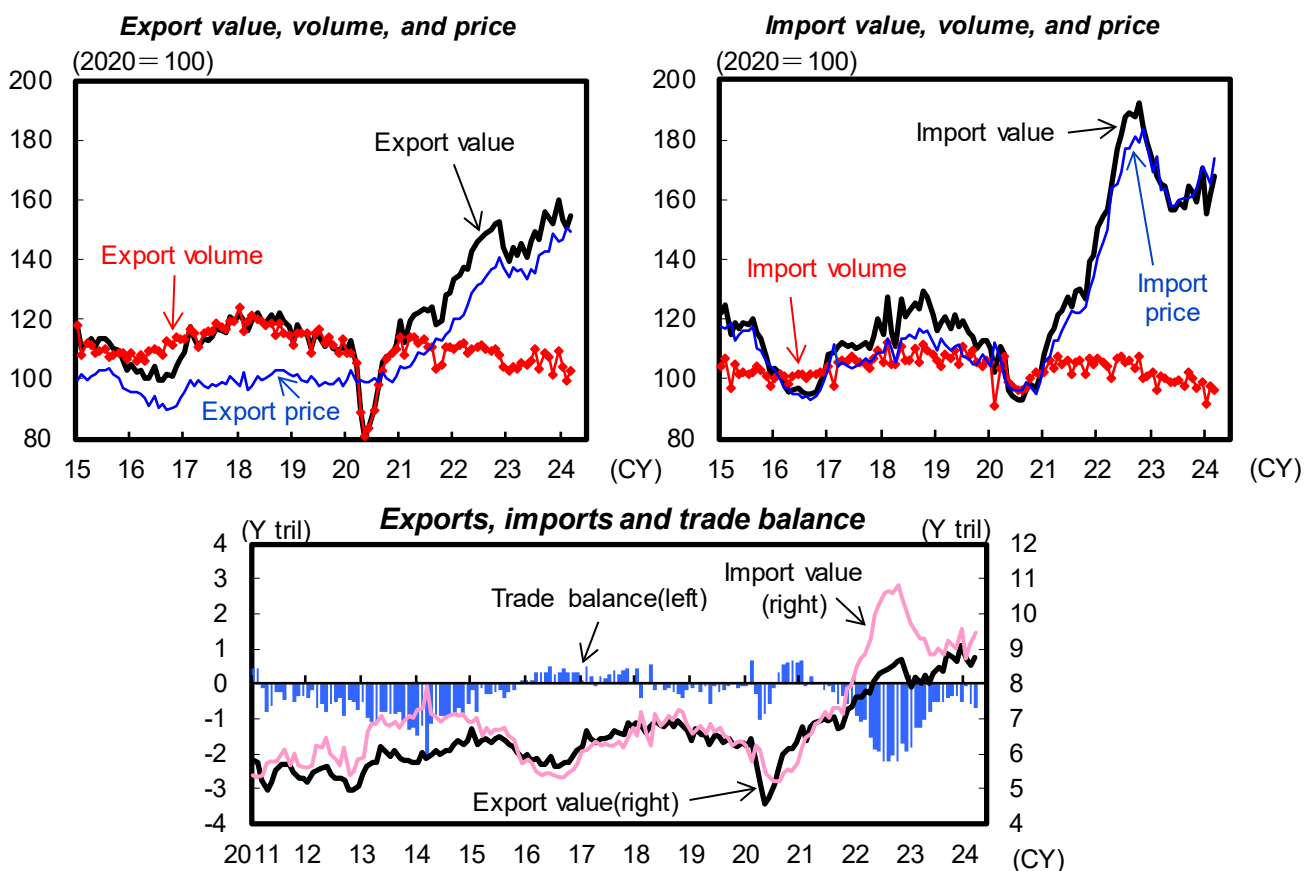
Trade Statistics **Chart 1**

	2023						2024			
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Export value (y/y %)	-0.3	-0.8	4.3	1.6	-0.2	9.7	11.9	7.8	7.3	
Market consensus (Bloomberg)									7.0	
DIR estimate									6.4	
Import value (y/y %)	-14.1	-17.7	-16.5	-12.4	-11.8	-6.8	-9.7	0.5	-4.9	
Export volume (y/y %)	-2.8	-5.3	0.2	-3.4	-5.6	2.9	2.3	-1.5	-2.1	
Export price (y/y %)	2.5	4.8	4.1	5.2	5.8	6.6	9.4	9.5	9.6	
Import volume (y/y %)	-6.1	-9.1	-3.9	-3.2	-3.4	-3.1	-8.4	1.3	-9.4	
Import price (y/y %)	-0.0	-0.0	-13.1	-9.5	-0.0	-3.8	-1.4	-0.8	4.9	
Trade balance (Y100 mil)	-613	-9,401	606	-6,682	-7,883	589	-17,665	-3,778	3,665	
Export value (SA, m/m %)	2.1	-1.5	6.3	-1.1	-1.7	5.6	-4.4	-1.8	2.6	
Export volume (SA, m/m %)	3.5	-5.9	5.1	-1.1	-5.6	7.7	-4.8	-4.5	3.7	
Export price (SA, m/m %)	-1.3	4.7	1.1	-0.0	4.1	-1.9	0.4	2.8	-1.1	
Import value (SA, m/m %)	1.8	-1.6	4.7	-1.3	-1.7	6.9	-9.0	4.3	3.9	
Import volume (SA, m/m %)	0.3	-1.8	4.5	-1.6	-3.4	2.2	-7.5	6.2	-1.1	
Import price (SA, m/m %)	1.5	0.2	0.2	0.3	1.7	4.6	-1.7	-1.8	5.1	
Trade balance (SA, Y100 mil)	-5,164	-5,026	-3,971	-3,774	-3,689	-4,990	-309	-5,662	-7,015	
The Japan Customs rate (yen/dlr)	142.32	142.23	146.44	148.88	150.34	146.92	143.95	148.18	149.45	

Source: Ministry of Finance, Bloomberg; compiled by DIR.

Note: Volume and price seasonally adjusted by DIR.

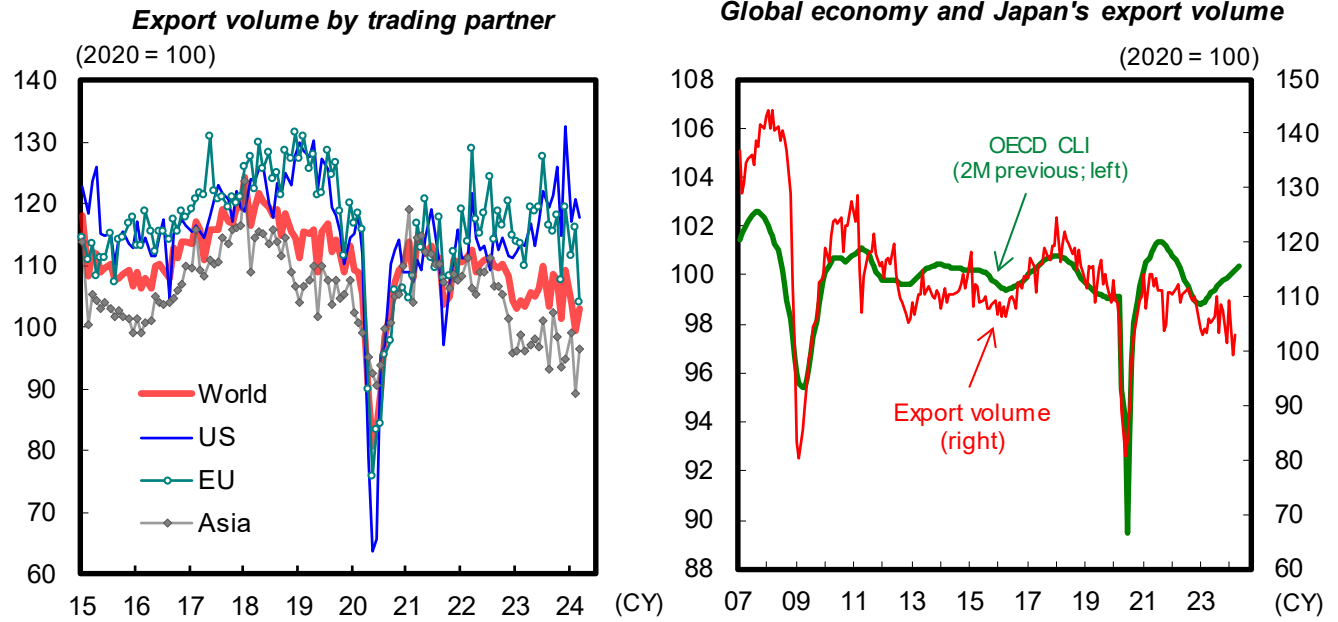
Export (Value, Volume and Price), Import (Value, Volume and Price) and Trade Balance **Chart 2**



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



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