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Jan-Mar 2024 2nd Preliminary GDP Estimate

Extent of decline in growth rate reduced slightly by upward revisions for capex and private sector inventories

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Summary

- The real GDP growth rate for Jan-Mar 2024 (2nd preliminary est) was -1.8% q/q annualized, reducing the extent of decline in the growth rate slightly in comparison to the 1st preliminary result (-2.0%). While capex and private sector inventories were revised upwards, public investment and private consumption were revised downwards. In addition to major production cuts by certain motor vehicle manufacturers due to the authentication fraud issue, special factors such as the reactionary decline of some services exports in response to results during the previous period were found to have brought significant downward pressure on the GDP growth rate.
- The Apr-Jun period real GDP growth rate is expected to be at around +2% q/q annualized (around +0.5% q/q). Along with an expected increase in motor vehicle production, the major increase in wages in the spring labor negotiations and improvement in the household income environment due to the Flat-amount Cut of Personal Income Tax and Personal Residence Tax will also contribute to GDP growth. On the other hand, continued attention should be paid to factors such as the downside risk in exports due to deterioration in overseas economies.

Jan-Mar 2024 GDP (2nd Preliminary Estimate)

Chart 1

		2023				2024	
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	
						First	Second
Real GDP	Q/q %	1.1	1.0	-0.9	0.1	-0.5	-0.5
	Annualized Q/q %	4.3	4.1	-3.7	0.4	-2.0	-1.8
Private consumption	Q/q %	0.7	-0.7	-0.3	-0.4	-0.7	-0.7
Private residential investment	Q/q %	0.7	1.8	-0.9	-1.4	-2.5	-2.5
Private non-residential investment	Q/q %	2.4	-1.6	-0.2	1.9	-0.8	-0.4
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.4	-0.1	-0.6	-0.1	0.2	0.3
Government consumption	Q/q %	0.1	-0.4	0.2	-0.1	0.2	0.2
Public investment	Q/q %	1.0	2.2	-0.3	-0.2	3.1	3.0
Exports of goods and services	Q/q %	-2.4	3.8	0.3	2.8	-5.0	-5.1
Imports of goods and services	Q/q %	-1.5	-3.6	0.9	1.8	-3.4	-3.3
Domestic demand (contribution to real GDP growth)	Q/q % pts	1.2	-0.7	-0.8	-0.1	-0.2	-0.1
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.2	1.7	-0.1	0.2	-0.3	-0.4
Nominal GDP	Q/q %	2.2	2.5	-0.2	0.7	0.1	0.0
	Annualized Q/q %	9.1	10.5	-0.9	2.8	0.4	0.1
GDP deflator	Q/q %	1.1	1.5	0.7	0.6	0.6	0.5
	Y/y %	2.3	3.7	5.2	3.9	3.6	3.4

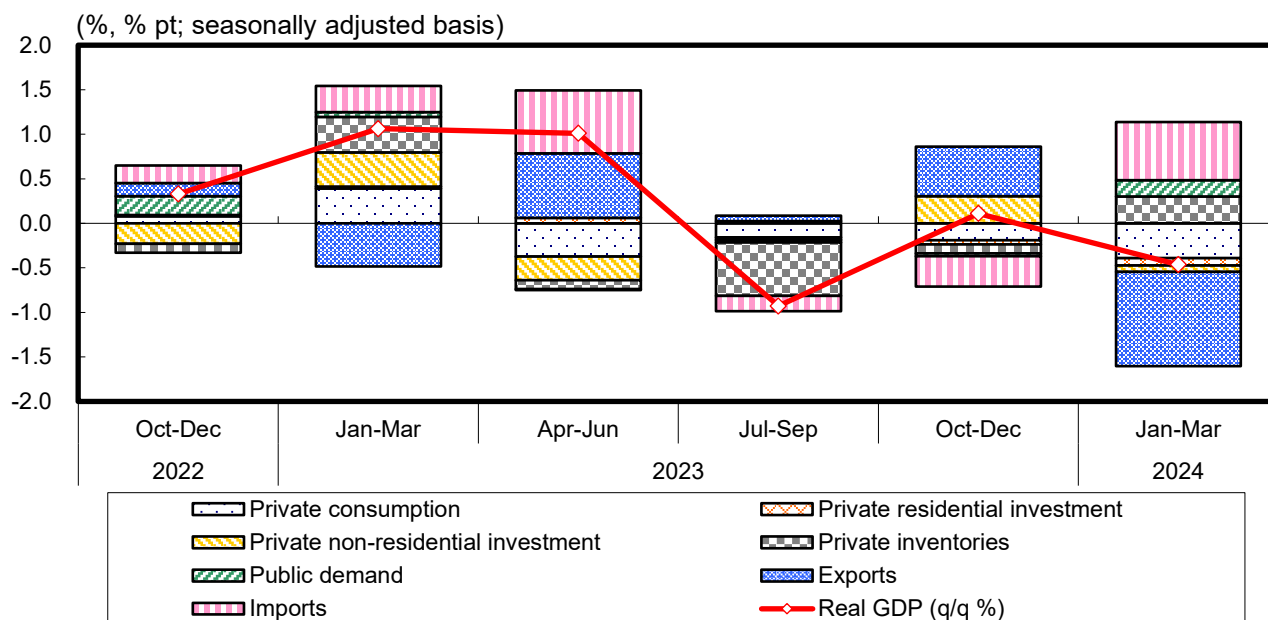
Source: Cabinet Office; compiled by DIR.

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.