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June 2024 Trade Statistics

Trade deficit (on a seasonally adjusted basis) expands due to delay in recovery for motor vehicle exports along with other factors

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Summary

- According to June 2024 trade statistics, export value grew for the seventh consecutive month by +5.4% y/y, while at the same time falling below market consensus (+7.2% according to Bloomberg survey). The pace of recovery in motor vehicle exports was limited. Export value overall declined on a seasonally adjusted basis for the first time in four months by -0.2% m/m. Import value grew for the third consecutive month by +3.2% y/y, but the growth rate declined significantly. Since domestic demand is down, the slowing trend in energy related components is growing stronger. On a seasonally adjusted basis, growth was achieved for the second consecutive month at +1.6% m/m. As a result, the trade balance was in the black for the first time in three months at +224.0 bil yen. However, on a seasonally adjusted basis it was in the red for the 37th consecutive month at -816.8 bil yen. Hence the trade balance continues to be in the red.
- The contribution of overseas demand to Japan's real GDP growth rate in the Apr-Jun period is expected to be somewhere between zero or slightly below. Export volume of goods is estimated at -0.7% q/q and import volume at +0.1%. Looked at from the viewpoint of the trade balance, this is a difference of -700 bil yen in comparison to the previous period, with services achieving growth of around +450 bil yen (the total of April and May). Depending on the results of the June balance of payments statistics, the weakness in trade in goods is expected to be partially offset by trade in services.
- Export volume in June grew for the first time in two months by +2.1% m/m. Exports to the US and Europe, which had been in a declining trend, were back on track. On the other hand, motor vehicles declined for the second consecutive month, pulling down overall performance. Motor vehicle exports were sluggish during the Jan-Mar period, and more recently, there has been a delay in recovery production. Looking at export volume by source of demand, the US (+1.7%) and the EU (+2.5%) shifted back into growth, while Asia was down at -0.8%.
- Export volume is expected to return to a moderate growth trend. Exports to the US show a firm undertone, while Europe, where demand continues to be soft, is expected to see the growth rate accelerate during the second half of 2024. Meanwhile, recovery production in motor vehicles, which had been delayed, is expected to pick up, and growth in exports of semiconductor related goods is also promised due to the recovery of the silicon cycle as can be seen in global sales of semiconductors.

Trade Statistics

Chart 1

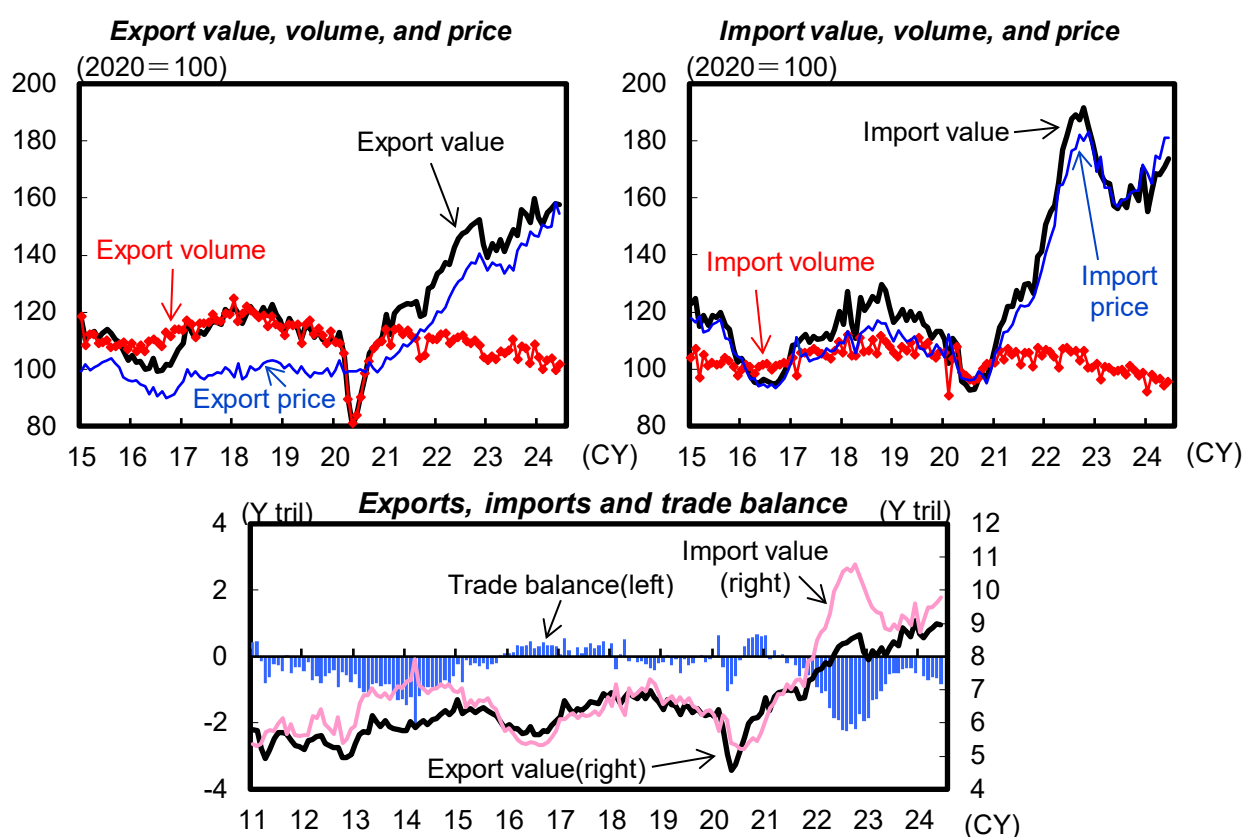
	2023 Oct	Nov	Dec	2024 Jan	Feb	Mar	Apr	May	Jun
Export value (y/y %)	1.6	-0.2	9.7	11.9	7.8	7.3	8.3	13.5	5.4
Market consensus (Bloomberg)									7.2
DIR estimate									8.1
Import value (y/y %)	-12.4	-11.8	-6.8	-9.7	0.6	-5.1	8.4	9.5	3.2
Export volume (y/y %)	-3.4	-5.6	2.9	2.3	-1.5	-2.1	-3.2	-0.9	-6.2
Export price (y/y %)	5.2	5.8	6.6	9.4	9.5	9.6	11.9	14.5	12.3
Import volume (y/y %)	-3.2	-3.4	-3.1	-8.4	1.3	-9.7	0.7	-2.0	-8.9
Import price (y/y %)	-0.0	-0.0	-3.8	-1.4	-0.0	5.1	7.7	11.7	13.3
Trade balance (Y100 mil)	-6,682	-7,883	589	-17,665	-3,830	3,824	-4,713	-12,201	2,240
Export value (SA, m/m %)	-1.2	-1.8	5.7	-4.2	-1.7	2.7	0.9	1.2	-0.2
Export volume (SA, m/m %)	-0.6	-5.0	6.7	-4.1	-4.3	3.3	0.8	-4.1	2.1
Export price (SA, m/m %)	-0.5	3.4	-0.9	-0.2	2.8	-0.6	0.2	5.6	-2.3
Import value (SA, m/m %)	-1.4	-1.8	7.1	-8.8	4.4	4.0	-0.2	1.6	1.6
Import volume (SA, m/m %)	-1.7	-1.9	1.3	-7.0	6.5	-1.8	0.5	-2.6	1.5
Import price (SA, m/m %)	0.3	0.1	5.7	-2.0	-2.0	5.9	-0.7	4.3	0.0
Trade balance (SA, Y100 mil)	-3,625	-3,558	-5,078	-440	-5,746	-7,038	-6,045	-6,443	-8,168
The Japan Customs rate (yen/dlr)	148.88	150.34	146.92	143.95	148.18	149.45	151.66	155.48	156.64

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: Volume and price seasonally adjusted by DIR.

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

Chart 3

