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Apr-Jun 2024 2nd Preliminary GDP Estimate

Extent of increase in growth rate reduced by downward revisions for capex and private consumption

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Summary

- The real GDP growth rate for Apr-Jun 2024 (2nd preliminary est) was revised to +2.9% q/q annualized, reducing the extent of increase in the growth rate in comparison to the 1st preliminary result (+3.1%). While capex and private consumption were revised downwards, housing investment was revised upwards. Normalization of motor vehicle production has progressed, boosting private consumption, capex, and exports. The income environment has also improved, and this has led to growth in private consumption for the first time in five quarters, while in addition, growth was observed in a wide range of demand components. This confirms that the Japanese economy is emerging from its stagnant phase during the Apr-Jun period.
- The Jul-Sep period real GDP growth rate is expected to continue its recovery for components including private consumption and capex, though caution is required regarding the effects of the typhoon which hit in the month of August and other factors. The growth rate is expected to be at around +2% q/q annualized (around +0.5% q/q). On the other hand, continued attention should be paid to factors such as the downside risk in exports due to deterioration in overseas economies such as the US economy, and the effects of yen appreciation.

Apr-Jun 2024 GDP (2nd Preliminary Estimate)

Chart 1

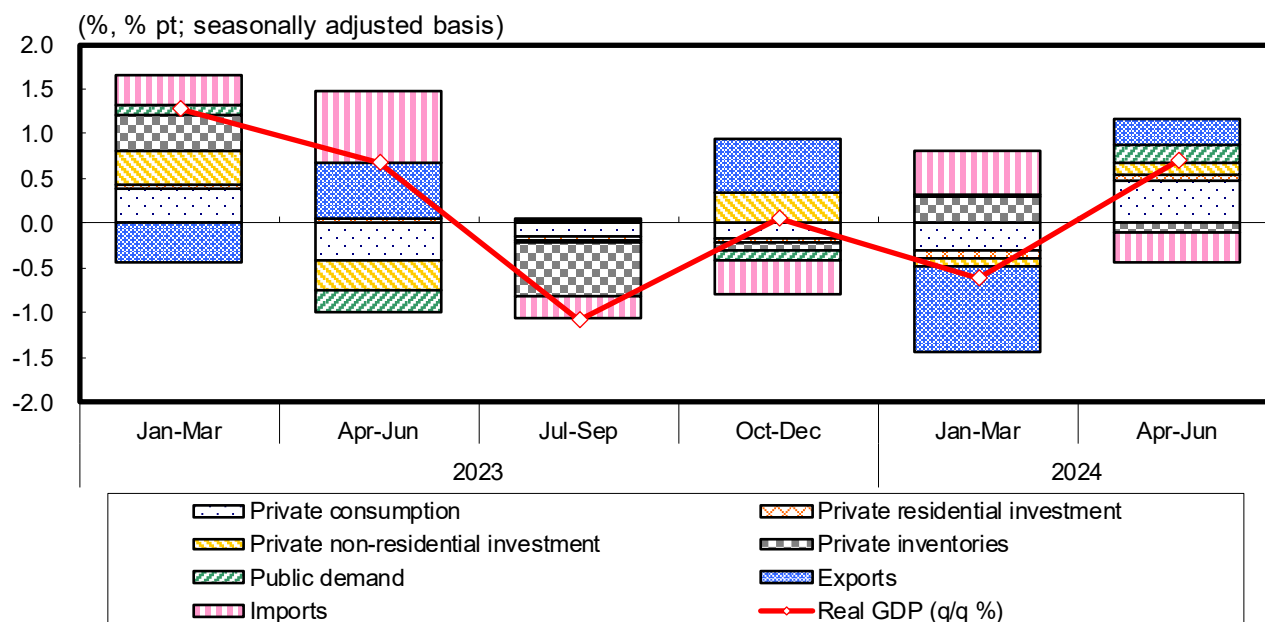
		2023			2024		
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
						First	Second
Real GDP	Q/q %	0.7	-1.1	0.1	-0.6	0.8	0.7
	Annualized Q/q %	2.8	-4.3	0.2	-2.4	3.1	2.9
Private consumption	Q/q %	-0.8	-0.3	-0.3	-0.6	1.0	0.9
Private residential investment	Q/q %	1.4	-1.2	-1.1	-2.6	1.6	1.7
Private non-residential investment	Q/q %	-2.0	-0.2	2.1	-0.5	0.9	0.8
Change in private inventories (contribution to real GDP growth)	Q/q % pts	0.0	-0.6	-0.1	0.3	-0.1	-0.1
Government consumption	Q/q %	-1.2	0.6	-0.1	0.3	0.1	0.1
Public investment	Q/q %	1.0	-1.9	-1.7	-1.1	4.5	4.1
Exports of goods and services	Q/q %	3.2	0.1	3.0	-4.6	1.4	1.5
Imports of goods and services	Q/q %	-4.1	1.3	2.0	-2.5	1.7	1.7
Domestic demand (contribution to real GDP growth)	Q/q % pts	-1.0	-0.8	-0.1	-0.1	0.9	0.8
Foreign demand (contribution to real GDP growth)	Q/q % pts	1.7	-0.3	0.2	-0.5	-0.1	-0.1
Nominal GDP	Q/q %	2.0	-0.0	0.7	-0.3	1.8	1.8
	Annualized Q/q %	8.1	-0.0	2.8	-1.1	7.4	7.2
GDP deflator	Q/q %	1.3	1.1	0.6	0.3	1.0	1.0
	Y/y %	3.7	5.2	3.9	3.4	3.0	3.2

Source: Cabinet Office; compiled by DIR.

Note: Due to rounding, contributions do not necessarily conform to calculations based on figures shown.

Contribution to Real GDP

Chart 2



Source: Cabinet Office; compiled by DIR.