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Jul-Sep 2024 2nd Preliminary GDP Estimate

Real GDP result revised to +1.3% q/q annualized. Positive growth expected to continue in Oct-Dec period

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Summary

- The real GDP growth rate for Jul-Sep 2024 (2nd preliminary est) was revised upwards to +1.2% q/q annualized in comparison to the 1st preliminary result (+0.9%). This time, a wide range of demand items were revised, partly because the 2023 Annual National Accounts Estimate was reflected, and exports, capital investment, etc. were revised upwards. On the other hand, private consumption and government consumption were revised downwards. While various factors brought negative influence on economic activity, such as continued price highs, some factory shutdowns due to a typhoon, and fears of a major earthquake, private consumption continued to recover due to the improved household income environment and provided a boost to real GDP.
- The Oct-Dec period real GDP growth rate is expected to continue its recovery for private sector demand components including private consumption. The growth rate is expected to be at around +2.3% q/q annualized (around +0.6% q/q). Various growth factors are seen, including normalization of production for motor vehicles, which is expected to bring an increase in production, continued improvements in the income environment, a strong appetite for capex spending on the part of corporations, and a comeback for inbound consumption.

Jul-Sep 2024 GDP (2nd Preliminary Estimate)

Chart 1

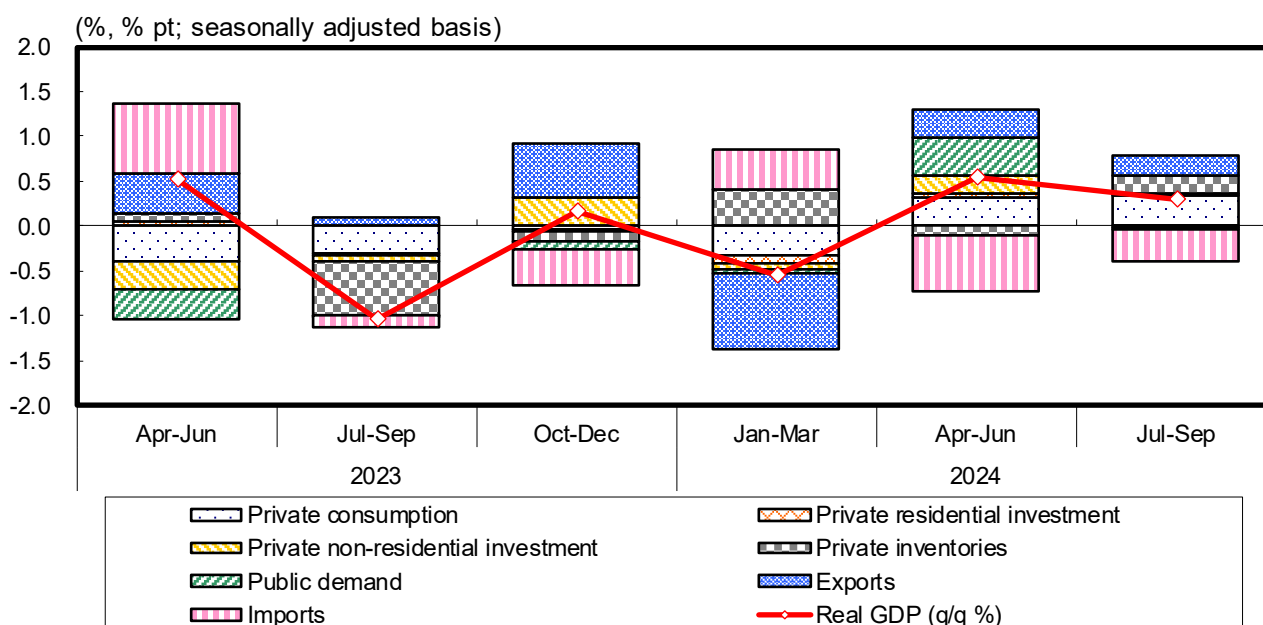
		2023		2024			
		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
						First	Second
Real GDP	Q/q %	-1.0	0.2	-0.6	0.5	0.2	0.3
Annualized	Q/q %	-4.1	0.7	-2.2	2.2	0.9	1.2
Private consumption	Q/q %	-0.6	-0.1	-0.6	0.6	0.9	0.7
Private residential investment	Q/q %	-0.9	-0.9	-2.7	1.2	-0.1	0.4
Private non-residential investment	Q/q %	-0.3	2.0	-0.4	1.1	-0.2	-0.1
Change in private inventories (contribution to real GDP growth)	Q/q % pts	-0.6	-0.1	0.4	-0.1	0.1	0.2
Government consumption	Q/q %	0.5	-0.0	0.2	1.0	0.5	0.1
Public investment	Q/q %	-2.1	-1.7	-2.1	5.2	-0.9	-1.1
Exports of goods and services	Q/q %	0.6	3.0	-4.1	1.5	0.4	1.1
Imports of goods and services	Q/q %	0.7	2.1	-2.4	3.3	2.1	1.8
Domestic demand (contribution to real GDP growth)	Q/q % pts	-1.0	0.0	-0.2	1.0	0.6	0.5
Foreign demand (contribution to real GDP growth)	Q/q % pts	-0.1	0.1	-0.4	-0.4	-0.4	-0.2
Nominal GDP	Q/q %	-0.2	0.6	-0.1	1.9	0.5	0.5
Annualized	Q/q %	-0.7	2.6	-0.6	7.8	2.1	1.8
GDP deflator	Q/q %	0.9	0.5	0.4	1.4	0.3	0.1
	Y/y %	5.6	4.3	3.1	3.2	2.5	2.4

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.