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Oct-Dec 2024 1st Preliminary GDP Estimate

Real GDP achieves positive growth for third consecutive quarter with increases in a wide range of components including exports and capex

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Summary

- The real GDP growth rate for Oct-Dec 2024 (1st preliminary est) was up by +2.8% q/q annualized (+0.7% q/q), the third consecutive quarter of positive growth. The main reason for the figure being significantly higher than market expectations (QUICK survey +1.0% q/q annualized) was private consumption, which remained resilient despite high prices, particularly of food products. While exports and capex also increased, the decrease in imports significantly boosted the GDP growth rate, and this point needs to be taken into account.
- Our outlook for the real GDP growth rate in the Jan-Mar period of 2025 sees growth at mid-range of the +0% q/q annualized level (around +0.1% q/q). Although the growth rate will be modest due to imports shifting into growth, the fourth consecutive quarter of positive growth is expected due to continued increases in private consumption, capex, and exports. On the other hand, the biggest risk to the Japanese and global economies in the near term is the policies of the new Trump administration in the US, whose trends and impact on economic activity must be closely monitored.

Oct-Dec 2024 GDP (1st Preliminary Estimate)

Chart 1

			2023	2024			
			Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Real GDP	Q/q %		-0.1	-0.5	0.7	0.4	0.7
Annualized	Q/q %		-0.3	-1.9	3.0	1.7	2.8
Private consumption	Q/q %		-0.1	-0.5	0.7	0.7	0.1
Private residential investment	Q/q %		-1.2	-2.8	1.4	0.5	0.1
Private non-residential investment	Q/q %		1.9	-0.4	1.1	-0.1	0.5
Change in private inventories (contribution to real GDP growth)	Q/q % pts		-0.1	0.3	0.0	0.2	-0.2
Government consumption	Q/q %		-0.0	0.2	0.9	0.1	0.3
Public investment	Q/q %		-1.8	-2.0	5.7	-1.1	-0.3
Exports of goods and services	Q/q %		2.8	-4.1	1.7	1.5	1.1
Imports of goods and services	Q/q %		3.1	-2.8	3.0	2.0	-2.1
Domestic demand (contribution to real GDP growth)	Q/q % pts		0.0	-0.2	1.1	0.5	-0.1
Foreign demand (contribution to real GDP growth)	Q/q % pts		-0.1	-0.3	-0.3	-0.1	0.7
Nominal GDP	Q/q %		0.3	-0.1	2.1	0.7	1.3
Annualized	Q/q %		1.1	-0.3	8.9	3.0	5.1
GDP deflator	Q/q %		0.3	0.4	1.4	0.3	0.6
	Y/y %		4.2	3.1	3.1	2.4	2.8

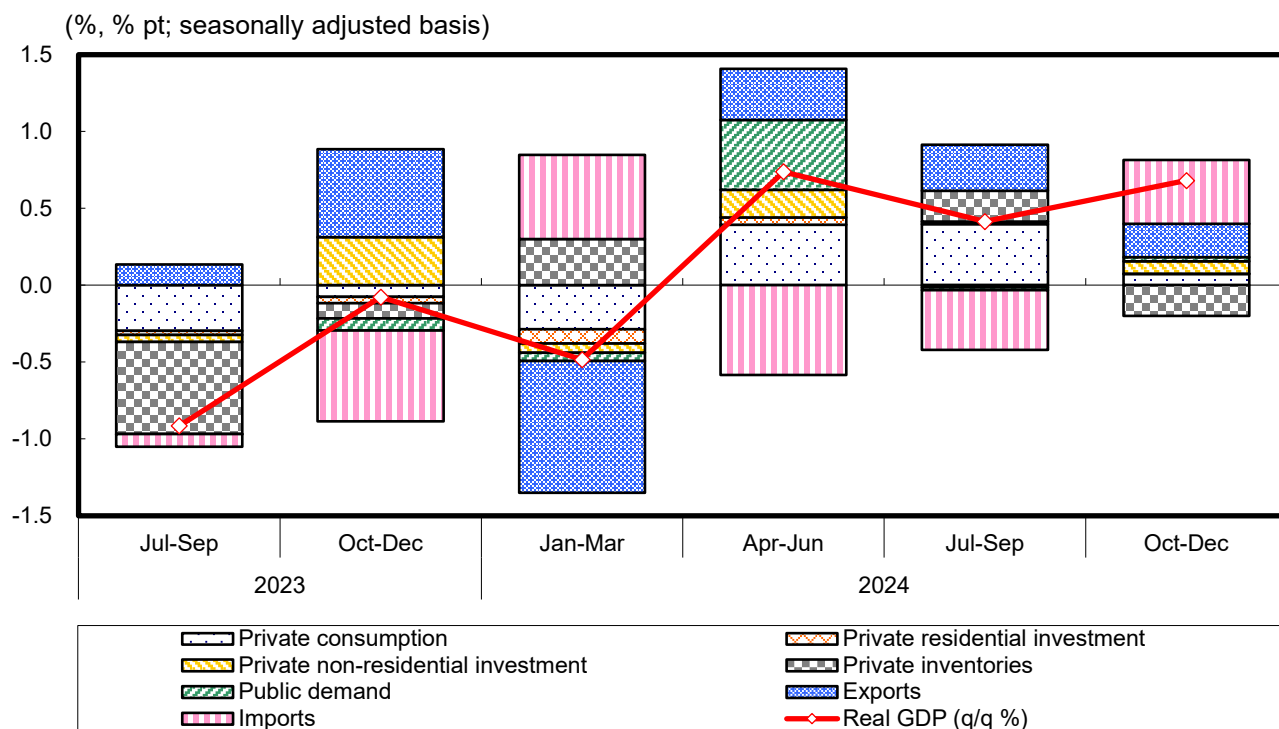
Source: Cabinet Office; compiled by DIR.

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.