

# Japanese Economy Analysis and Forecasts, No. 116

20 June, 2018

## Macroeconomic Analysis Project

- This report is a summary of economic trend analyses and forecasts put together by APIR's macroeconomic analysis project team.
- The project team consists of young professionals from member companies and APIR researchers, and is headed by Yoshihisa Inada, Director of the APIR Center for Quantitative Economic Analysis and Professor at Konan University.
- This report and the forecasts in it were co-authored by Yoshihisa Inada and Mitsuru Shimoda from the Japan Applied Research Institute.
- This project is a 40-year-old research collaboration between young business professionals and academics, and its forecasts are widely used.
- The project was originally established by Chikashi Moriguchi and Kanemi Ban, Professors Emeritus of Osaka University. Since 2005 it has evolved into an endeavor to incorporate the Current Quarter Model forecast into the existing quarterly macroeconomic model forecast.
- In order to provide a prompt response to changes in the economy, the report has been published quarterly since 2004.

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### Forecast Highlights

#### Recovery from temporary plateau continues driven by the corporate sector. Sluggish household income growth remains a challenge.

1. According to the first preliminary official estimates, 2018Q1 real GDP declined -0.2% QoQ (annualized -0.6%), registering the first decrease in nine quarters. In addition, estimates for three out of four quarters in 2017 were revised downwards after the latest seasonal adjustments and revisions in basic statistics. Although real GDP grew +1.5% in 2017, expanding for the third consecutive year, growth remained below the Current Quarter Model forecast of +1.7%.
2. The contribution of domestic demand fell -0.2%pts QoQ (annualized -0.9%pts), marking the first decline in half-year. In contrast, the contribution of net exports expanded for the first time in two quarters by +0.1%pts QoQ (annualized +0.3% pts), but their contribution remained rather small. As real GDP shrank temporarily, a recovery plateau can be observed. The recovery process was adversely affected by various factors, such as the slight decrease in private consumption due to the heavy snowfall and the rise in fresh-food prices, the stagnating private housing, the decline in business investment, and the deceleration in exports.
3. Taking into account the latest Q1 first preliminary estimates, our real GDP growth forecast was revised to +1.1% in 2018 and +0.7% in 2019. Both figures are 0.1%pts lower than our previous forecast (No. 115), reflecting the fact that the most recent official estimates of past GDP growth were revised downwards. Nevertheless, our forecast of a gradual improvement has largely remained unchanged.
4. Our baseline forecast rests on the assumption that the consumption tax will increase from the current 8% to 10% in October 2019, as planned. The tax increase will inevitably lead to an economic downturn in the second half of 2019. However, this time the increase will be smaller compared to the previous one in April 2014, and there will be a reduced tax rate for foods, beverages and newspapers. Adding the fact that the new tax rate will enter into force mid-year, and that demand is expected to swell due to the 2020 Olympics, overall negative growth in FY2019 seems unlikely.
5. In the absence of large-scale external shocks, such as a trade war or a financial crisis, the economic recovery is expected to continue, driven mainly by the corporate sector. However, sluggish household income growth might impact adversely the durability of the recovery. Although incomes have been improving, the 3% wage increase demanded by trade unions has not been achieved. Additionally, as consumer prices keep rising, the real disposable incomes of all households, including the non-working ones, are growing at a slower pace than those of employed people. As a result, the growth in real private final consumption expenditure will most likely remain subdued.
6. The increase in crude oil prices has exceeded our previous forecast. Factoring in this change, we forecast a core consumer price index inflation rate of +1.1% in FY2018 and +1.6% in FY2019. Our forecast for the domestic corporate goods price index is +2.1% and +2.4%, respectively. Both estimates were revised upwards due to the soaring gasoline prices in FY2018. Our forecast for the GDP deflator is +0.1% and +1.1%, respectively. According to the latest projections in the Bank of Japan's Outlook Report, the core consumer price index is expected to rise +1.3% in FY2018 and +2.3% (1.8% excluding the effects of the scheduled consumption tax increase) in FY2019. However, we think that these projections might be too ambitious.

## Summary of Forecast Results

	Current Forecast (2018/5/31)				Previous Forecast (2018/2/28)			
	2016	2017	2018	2019	2016	2017	2018	2019
Real GDP growth rate (%)	1.2	1.5	1.1	0.7	1.2	1.7	1.2	0.8
Private demand (contribution)	0.3	1.0	0.8	0.3	0.3	1.2	0.9	0.5
Private final consumption expenditure (%)	0.3	0.8	0.6	0.4	0.3	1.1	0.8	0.4
Residential investment (%)	6.2	▲ 0.3	▲ 3.3	2.3	6.2	0.2	1.3	▲ 0.9
Non-residential capital investment (%)	1.2	3.0	2.9	2.4	1.2	3.4	3.5	1.9
Change in private inventories (contribution)	▲ 0.3	0.1	0.1	▲ 0.4	▲ 0.3	0.0	▲ 0.1	0.0
Public demand (contribution)	0.1	0.2	0.0	0.2	0.1	0.2	0.1	0.2
Government final consumption expenditure (%)	0.5	0.4	0.5	0.7	0.5	0.4	0.6	0.6
Government investment	0.9	1.5	▲ 1.1	1.3	0.9	1.4	▲ 1.5	1.4
Change in public inventories (contribution)	▲ 0.0	0.0	▲ 0.0	0.0	▲ 0.0	0.0	▲ 0.0	▲ 0.0
Net exports (contribution)	0.7	0.3	0.3	0.2	0.7	0.4	0.2	0.1
Exports of goods and services (%)	3.6	6.2	4.5	3.0	3.4	6.6	4.4	2.9
Imports of goods and services (%)	▲ 0.8	4.0	2.8	1.7	▲ 1.0	4.2	3.1	2.4
Nominal GDP (%)	1.0	1.6	1.2	1.8	1.0	1.7	2.0	2.7
GDP deflator (%)	▲ 0.2	0.1	0.1	1.1	▲ 0.2	0.0	0.7	1.9
Domestic corporate goods price index (%)	▲ 2.4	2.7	2.1	2.4	▲ 2.3	2.7	1.9	2.7
Core consumer price index (%)	▲ 0.2	0.7	1.1	1.6	▲ 0.2	0.8	0.9	1.6
Index of industrial production (%)	1.0	4.1	2.3	0.9	1.1	5.0	2.8	0.9
New housing starts (%)	5.7	▲ 3.0	▲ 1.9	1.2	5.7	▲ 1.5	0.7	▲ 0.2
Unemployment rate (%)	3.0	2.7	2.5	2.4	3.0	2.8	2.7	2.5
Current account balance (JPY trillion)	21.0	21.7	18.5	19.4	20.4	22.1	20.1	21.8
Current account balance (percentage of GDP)	3.9	4.0	3.3	3.4	3.8	4.0	3.6	3.8
Crude oil price (USD/barrel)	47.9	55.9	68.1	65.5	47.9	55.8	62.1	57.7
USD/JPY exchange rate	108.4	110.8	110.6	113.3	108.4	111.3	111.8	115.0
US real GDP growth rate (% , calendar year)	1.5	2.3	2.8	2.8	1.5	2.3	2.7	2.7

Note: Figures reflect YoY changes. Figures on *Private demand*, *Public demand*, *Changes in private and public sector inventories*, and *External demand* represent contribution ratios. The *crude oil price* is the average of the WTI, Dubai and Brent Blend benchmarks. Highlighted columns represent actual values.

## Details of Current Forecast

Table 1. Main Economic Indicators

	Quarter											Fiscal Year			
	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	2016	2017	2018	2019
Real GDP (trillion JPY)	533.2	533.9	533.1	536.5	537.8	539.3	540.2	541.6	545.6	540.4	542.2	524.4	532.5	538.4	542.5
	0.5	0.1	-0.2	0.6	0.2	0.3	0.2	0.3	0.7	-1.0	0.3	1.2	1.5	1.1	0.7
	1.9	1.8	1.0	1.1	0.9	1.0	1.3	0.9	1.5	0.2	0.4				
Nominal GDP (trillion JPY)	549.4	550.0	547.9	550.8	553.2	555.7	558.6	561.3	565.7	564.4	567.6	539.4	548.1	554.6	564.8
	0.8	0.1	-0.4	0.5	0.4	0.4	0.5	0.5	0.8	-0.2	0.6	1.0	1.6	1.2	1.8
	2.0	1.9	1.4	1.0	0.7	1.0	2.0	1.9	2.3	1.6	1.6				
GDP deflator (2011=100)	103.0	103.0	102.8	102.7	102.9	103.0	103.4	103.6	103.7	104.4	104.7	102.8	102.9	103.0	104.1
	0.2	0.0	-0.2	-0.1	0.2	0.2	0.4	0.2	0.0	0.7	0.2	-0.2	0.1	0.1	1.1
	0.1	0.1	0.4	-0.1	-0.2	0.0	0.6	1.0	0.8	1.4	1.2				
Index of industrial production (2010=100)	102.3	103.9	102.5	104.1	104.8	105.2	105.3	105.6	106.9	105.2	105.5	98.5	102.5	104.8	105.8
	0.4	1.6	-1.3	1.6	0.7	0.4	0.1	0.3	1.2	-1.6	0.3	1.0	4.1	2.3	0.9
	4.4	4.1	2.5	2.2	2.5	1.3	2.7	1.4	2.0	0.0	0.2				
New housing starts (thousands)	239	237	223	231	230	233	234	236	236	234	233	974	945	928	939
	-3.3	-0.7	-5.9	3.6	-0.6	1.3	0.4	1.1	-0.1	-1.0	-0.4	5.7	-3.0	-1.9	1.2
	-2.4	-2.1	-8.2	-6.3	-3.7	-1.7	4.8	2.2	2.7	0.4	-0.4				
Domestic corporate goods price index (2015=100)	98.8	99.7	100.3	100.4	101.3	101.6	102.3	102.6	103.1	104.6	104.8	96.7	99.3	101.4	103.8
	0.4	0.9	0.6	0.1	0.9	0.3	0.7	0.4	0.5	1.5	0.2	-2.4	2.7	2.1	2.4
	2.8	3.4	2.5	2.0	2.5	1.9	1.9	2.2	1.8	3.0	2.5				
Consumer price core index (2015=100)	100.2	100.7	100.5	101.1	101.3	101.9	101.8	102.2	102.4	104.1	103.8	99.7	100.4	101.5	103.1
	0.0	0.4	-0.1	0.6	0.2	0.6	-0.1	0.4	0.2	1.6	-0.3	-0.2	0.7	1.1	1.6
	0.6	0.9	0.9	0.9	1.1	1.2	1.2	1.1	1.1	2.1	2.0				
Wage earnings per worker (thousand JPY)	4003	4018	4010	4035	4058	4079	4098	4115	4129	4142	4152	3974	4009	4068	4134
	0.0	0.4	-0.2	0.6	0.6	0.5	0.5	0.4	0.3	0.3	0.3	0.9	0.9	1.5	1.6
	0.5	0.7	1.1	0.8	1.4	1.5	2.2	2.0	1.7	1.5	1.3				
Unemployment rate (%)	2.8	2.7	2.5	2.5	2.5	2.4	2.5	2.4	2.4	2.4	2.5	3.0	2.7	2.5	2.4
CD interest rate (%)	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
10-year government bond yields (%)	0.050	0.053	0.060	0.048	0.065	0.061	0.166	0.248	0.265	0.277	0.242	-0.048	0.052	0.085	0.258
Current account balance (JPY trillion)	5.8	5.9	4.6	5.2	4.7	4.5	4.1	4.7	4.5	4.9	5.3	21.0	21.7	18.5	19.4
Current account balance (percentage of GDP)	4.2	4.3	3.4	3.7	3.4	3.2	3.0	3.4	3.2	3.4	3.7	3.9	4.0	3.3	3.4
Crude oil price (USD/barrel)	50.29	58.75	64.71	68.13	72.34	67.81	63.94	63.62	64.91	67.16	66.51	47.94	55.85	68.05	65.55
USD/JPY exchange rate	111.0	112.9	108.2	109.1	110.1	111.0	112.0	112.5	113.0	113.5	114.0	108.4	110.8	110.6	113.3
Government debt (trillion JPY)	1083.0	1088.0	1093.0	1099.1	1106.0	1113.3	1120.9	1129.0	1137.4	1145.0	1152.9	1073.0	1093.0	1120.9	1129.0
	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	3.9	1.9	2.6	0.7
	2.8	2.4	1.9	2.0	2.1	2.3	2.6	2.7	2.8	2.8	2.9				
Government debt (percentage of GDP)	197.1	197.8	199.5	203.9	207.6	210.7	213.0	214.8	216.4	216.5	217.3	198.9	199.4	202.1	199.9
Fiscal balance (JPY trillion)	-54.1	-53.8	-55.4	-58.9	-62.2	-63.8	-65.1	-66.8	-68.2	-65.3	-66.1	-45.4	-54.6	-62.5	-66.6

Notes: In the quarterly statistics, the figures in the second and third rows below the main series represent QoQ changes (%) and YoY changes (%) respectively.

In the annual statistics, the figures under the main series represent YoY changes (%).

**Table 2. Gross domestic expenditure (real)**

Units: JPY trillion

	Quarter											Fiscal Year			
	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	2016	2017	2018	2019
Private final consumption expenditure	298.7	299.4	299.4	300.5	301.1	301.7	302.2	302.9	306.5	299.7	300.7	297.1	299.5	301.4	302.4
	-0.7	0.2	0.0	0.4	0.2	0.2	0.2	0.2	1.2	-2.2	0.3	0.3	0.8	0.6	0.4
	0.6	0.8	0.3	-0.1	0.8	0.7	0.9	0.8	1.8	-0.7	-0.5				
Private residential investment	16.3	15.9	15.6	15.4	15.5	15.5	15.9	16.4	16.3	15.6	15.4	16.1	16.1	15.6	15.9
	-1.6	-2.7	-2.1	-1.3	0.7	0.1	2.9	2.7	-0.1	-4.4	-1.7	6.2	-0.3	-3.3	2.3
	1.2	-2.2	-5.4	-7.5	-5.3	-2.6	2.4	6.5	5.6	0.9	-3.6				
Private non-residential capital investment	85.0	85.6	85.5	86.4	87.2	88.0	88.7	89.0	90.0	89.6	90.2	82.6	85.1	87.6	89.7
	1.0	0.6	-0.1	1.0	1.0	0.9	0.8	0.3	1.1	-0.4	0.7	1.2	3.0	2.9	2.4
	4.0	3.1	2.4	2.6	2.6	2.8	3.8	3.0	3.2	1.9	1.7				
Change in private inventories	0.7	1.3	0.5	1.3	0.5	0.7	0.1	-0.6	-1.2	-1.4	-1.8	-0.2	0.3	0.6	-1.3
Government final consumption expenditure	106.2	106.2	106.2	106.4	106.6	106.7	106.9	107.1	107.3	107.5	107.7	105.7	106.1	106.6	107.4
	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.5	0.4	0.5	0.7
	0.3	0.5	0.3	0.2	0.4	0.5	0.6	0.7	0.7	0.7	0.7				
Public investment	26.2	26.1	26.1	26.3	26.4	25.8	25.5	25.8	26.1	26.5	26.9	25.9	26.3	26.0	26.3
	-2.6	-0.4	0.0	0.7	0.2	-2.1	-1.3	1.3	1.3	1.4	1.4	0.9	1.5	-1.1	1.3
	0.0	1.6	1.6	-2.3	0.5	-1.2	-2.5	-1.9	-0.8	2.7	5.5				
Change in public inventories	0.02	0.02	-0.01	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.04	0.02	-0.01	-0.01
Exports of goods and services	90.5	92.5	93.1	94.3	95.1	95.8	96.3	97.0	97.8	98.7	99.4	85.9	91.2	95.3	98.2
	2.0	2.2	0.6	1.2	0.9	0.7	0.5	0.7	0.9	0.9	0.7	3.6	6.2	4.5	3.0
	6.9	6.4	4.9	6.2	5.0	3.5	3.4	2.8	2.9	3.1	3.2				
Imports of goods and services	90.9	93.7	94.0	94.6	95.0	95.5	96.0	96.5	97.9	96.4	96.8	89.1	92.7	95.3	96.9
	-1.3	3.1	0.3	0.7	0.5	0.5	0.5	0.5	1.4	-1.5	0.4	-0.8	4.0	2.8	1.7
	2.8	5.1	3.8	2.7	4.5	1.9	2.2	2.0	3.0	0.9	0.8				
GDP	533.2	533.9	533.1	536.5	537.8	539.3	540.2	541.6	545.6	540.4	542.2	524.4	532.5	538.4	542.5
	2.0	0.6	-0.6	2.6	0.9	1.2	0.6	1.0	3.0	-3.8	1.3	1.2	1.5	1.1	0.7
	0.5	0.1	-0.2	0.6	0.2	0.3	0.2	0.3	0.7	-1.0	0.3				
	1.9	1.8	1.0	1.1	0.9	1.0	1.3	0.9	1.5	0.2	0.4				
Domestic demand contribution	-0.1	0.3	-0.2	0.5	0.2	0.2	0.2	0.2	0.8	-1.4	0.3	0.5	1.2	0.8	0.5
of which: private demand	0.1	0.3	-0.2	0.5	0.1	0.3	0.2	0.1	0.7	-1.5	0.2	0.3	1.0	0.8	0.3
of which: public demand	-0.1	0.0	0.0	0.1	0.0	-0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.0	0.2
Net exports contribution	0.6	-0.1	0.1	0.1	0.1	0.0	0.0	0.0	-0.1	0.4	0.0	0.7	0.3	0.3	0.2

Notes: In the quarterly statistics, the figures in the first and second rows below the main series represent QoQ changes (%) and YoY changes (%) respectively.

In the annual statistics, the figures under the main series represent YoY changes (%).

In the GDP statistics, the first, second and third rows represent annualized, QoQ and YoY growth rates (%) respectively.

Table 3. Gross domestic expenditure (nominal)

Units: JPY trillion

	Quarter											Fiscal Year			
	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	2016	2017	2018	2019
Private final consumption expenditure	302.2	304.4	304.7	306.1	306.9	308.8	310.0	311.0	315.0	312.1	312.9	300.5	303.9	307.9	312.8
	-0.7	0.7	0.1	0.4	0.3	0.6	0.4	0.3	1.3	-0.9	0.3	-0.2	1.2	1.3	1.6
	0.8	1.2	1.0	0.6	1.6	1.4	1.7	1.6	2.6	1.1	0.9				
Private residential investment	17.5	17.1	16.8	16.6	16.7	16.7	17.3	17.8	17.8	17.3	17.1	17.0	17.3	16.8	17.5
	-0.9	-2.3	-1.7	-1.1	0.6	0.0	3.2	2.9	0.1	-2.5	-1.6	5.9	1.5	-2.5	3.9
	3.5	-0.5	-3.8	-5.9	-4.5	-2.2	2.6	6.8	6.4	3.7	-1.1				
Private non-residential capital investment	86.8	87.3	87.3	88.0	89.1	90.0	91.2	91.7	93.0	93.0	94.0	83.7	86.8	89.6	93.0
	1.2	0.6	0.0	0.9	1.2	1.0	1.4	0.5	1.4	0.0	1.1	0.5	3.8	3.2	3.8
	5.0	3.9	3.1	2.7	2.7	3.1	4.5	4.2	4.5	3.4	3.1				
Change in private inventories	0.5	1.2	0.4	0.0	0.0	0.0	-0.7	-1.4	-2.0	-2.2	-2.6	-0.3	0.1	-0.2	-2.0
Government final consumption expenditure	107.2	107.3	107.4	107.7	107.8	108.0	108.4	108.9	109.4	109.8	110.2	106.2	107.2	108.0	109.6
	0.1	0.1	0.1	0.3	0.1	0.1	0.5	0.4	0.4	0.4	0.4	0.2	1.0	0.7	1.5
	0.8	1.0	0.8	0.6	0.6	0.6	1.0	1.2	1.4	1.7	1.6				
Public investment	27.8	27.7	27.8	28.1	28.1	27.6	27.4	27.9	28.4	29.3	29.8	27.0	27.9	27.8	28.8
	-2.0	-0.2	0.4	0.8	0.3	-1.9	-0.8	1.8	1.8	3.2	1.7	0.6	3.2	-0.2	3.7
	2.2	3.3	3.0	-1.0	1.3	-0.4	-1.6	-0.6	0.8	6.0	8.7				
Change in public inventories	0.02	0.03	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03	0.02	0.00	0.00
Exports of goods and services	97.5	100.2	100.3	102.1	103.5	104.8	105.7	106.8	108.1	110.6	112.0	88.9	98.1	104.0	109.4
	3.3	2.8	0.1	1.7	1.4	1.2	0.8	1.1	1.2	2.3	1.3	-3.1	10.3	6.0	5.2
	14.2	11.6	5.6	8.1	6.2	4.6	5.3	4.7	4.4	5.5	6.0				
Imports of goods and services	90.1	95.3	96.8	97.8	99.0	100.1	100.7	101.5	104.0	105.4	105.8	83.5	93.3	99.4	104.2
	-0.8	5.7	1.6	1.0	1.2	1.2	0.6	0.8	2.5	1.3	0.4	-9.3	11.6	6.6	4.8
	13.5	14.2	6.6	7.7	9.9	5.1	4.0	3.8	5.1	5.3	5.1				
GDP	549.4	550.0	547.9	550.8	553.2	555.7	558.6	561.3	565.7	564.4	567.6	539.4	548.1	554.6	564.8
	3.1	0.5	-1.5	2.1	1.8	1.8	2.1	1.9	3.2	-0.9	2.2	1.0	1.6	1.2	1.8
	0.8	0.1	-0.4	0.5	0.4	0.4	0.5	0.5	0.8	-0.2	0.6				
	2.0	1.9	1.4	1.0	0.7	1.0	2.0	1.9	2.3	1.6	1.6				
Domestic demand contribution	0.1	0.6	-0.1	0.4	0.4	0.4	0.5	0.4	1.0	-0.4	0.4	-0.1	1.7	1.2	1.7
of which: private demand	0.1	0.6	-0.2	0.3	0.4	0.5	0.4	0.2	0.8	-0.6	0.2	-0.1	1.4	1.1	1.3
of which: public demand	-0.1	0.0	0.0	0.1	0.0	-0.1	0.0	0.2	0.2	0.2	0.2	0.1	0.4	0.1	0.5
Net exports contribution	0.7	-0.4	-0.3	0.1	0.0	0.0	0.1	0.1	-0.2	0.2	0.2	1.1	-0.1	0.0	0.1

Notes: In the quarterly statistics, the figures in the first and second rows below the main series represent QoQ changes (%) and YoY changes (%) respectively.

In the annual statistics, the figures under the main series represent YoY changes (%).

In the GDP statistics, the first, second and third rows represent annualized, QoQ and YoY growth rates (%) respectively.

**Table 4. Gross domestic expenditure (deflator)**

2011 = 100

	Quarter											Fiscal Year			
	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	2016	2017	2018	2019
Private final consumption expenditure	101.2	101.7	101.8	101.8	101.9	102.4	102.6	102.7	102.8	104.1	104.1	101.1	101.5	102.2	103.4
	-0.1	0.5	0.1	0.1	0.1	0.4	0.2	0.1	0.1	1.3	-0.1	-0.4	0.3	0.7	1.2
	0.2	0.3	0.7	0.6	0.8	0.7	0.8	0.8	0.8	1.7	1.4				
Private residential investment	107.2	107.6	108.1	108.3	108.2	108.1	108.4	108.6	108.9	111.1	111.2	105.4	107.4	108.2	109.9
	0.7	0.4	0.4	0.2	-0.1	-0.1	0.3	0.2	0.3	2.0	0.1	-0.3	1.8	0.8	1.6
	2.2	1.8	1.7	1.7	0.8	0.4	0.2	0.3	0.7	2.8	2.6				
Private non-residential capital investment	102.1	102.0	102.1	102.0	102.2	102.3	102.8	103.1	103.4	103.8	104.2	101.2	102.0	102.3	103.6
	0.2	0.0	0.1	-0.1	0.2	0.1	0.6	0.3	0.3	0.4	0.4	-0.7	0.8	0.3	1.3
	1.0	0.8	0.6	0.1	0.1	0.2	0.7	1.1	1.2	1.5	1.3				
Government final consumption expenditure	100.9	101.0	101.1	101.2	101.2	101.2	101.4	101.7	101.9	102.1	102.3	100.5	101.0	101.2	102.0
	0.1	0.1	0.1	0.1	0.0	0.0	0.3	0.3	0.2	0.2	0.2	-0.3	0.6	0.2	0.8
	0.6	0.6	0.6	0.4	0.2	0.1	0.3	0.5	0.8	1.0	0.9				
Public investment	105.9	106.1	106.5	106.6	106.7	107.0	107.5	108.0	108.5	110.4	110.8	104.2	106.0	107.0	109.5
	0.6	0.2	0.4	0.1	0.1	0.2	0.5	0.5	0.5	1.8	0.3	-0.3	1.7	0.9	2.3
	2.2	1.7	1.4	1.3	0.8	0.8	0.9	1.3	1.7	3.2	3.0				
Exports of goods and services	107.7	108.3	107.7	108.3	108.9	109.4	109.8	110.2	110.5	112.0	112.7	103.5	107.5	109.1	111.4
	1.2	0.6	-0.5	0.5	0.6	0.5	0.3	0.4	0.3	1.3	0.6	-6.5	3.8	1.5	2.1
	6.9	5.0	0.7	1.8	1.1	1.0	1.9	1.8	1.5	2.4	2.7				
Imports of goods and services	99.1	101.7	103.0	103.3	104.1	104.9	104.9	105.1	106.3	109.3	109.3	93.7	100.6	104.3	107.5
	0.6	2.6	1.3	0.3	0.8	0.7	0.0	0.3	1.1	2.9	-0.1	-8.6	7.3	3.7	3.1
	10.4	8.6	2.7	4.9	5.1	3.1	1.8	1.7	2.1	4.3	4.2				
GDP	103.0	103.0	102.8	102.7	102.9	103.0	103.4	103.6	103.7	104.4	104.7	102.8	102.9	103.0	104.1
	0.2	0.0	-0.2	-0.1	0.2	0.2	0.4	0.2	0.0	0.7	0.2	-0.2	0.1	0.1	1.1
	0.1	0.1	0.4	-0.1	-0.2	0.0	0.6	1.0	0.8	1.4	1.2				

Note: The first and second rows below each quarterly series represent the the QoQ and YoY growth rates (%) respectively. The row under the annual series reflects YoY changes (%).

**Table 5. Production, employment, wages and prices**

	Quarter											Fiscal Year			
	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	2016	2017	2018	2019
Index of industrial production (2010=100)	102.3	103.9	102.5	104.1	104.8	105.2	105.3	105.6	106.9	105.2	105.5	98.5	102.5	104.8	105.8
	0.4	1.6	-1.3	1.6	0.7	0.4	0.1	0.3	1.2	-1.6	0.3	1.0	4.1	2.3	0.9
	4.4	4.1	2.5	2.2	2.5	1.3	2.7	1.4	2.0	0.0	0.2				
Labor force (ten thousand persons)	6736	6737	6812	6798	6783	6770	6781	6776	6771	6770	6765	6682	6750	6783	6771
	0.3	0.0	1.1	-0.2	-0.2	-0.2	0.2	-0.1	-0.1	0.0	-0.1	0.7	1.0	0.5	-0.2
	0.8	0.7	1.8	1.2	0.7	0.5	-0.5	-0.3	-0.2	0.0	-0.2				
Engaged labor force (ten thousand persons)	6547	6553	6644	6628	6614	6607	6610	6617	6609	6605	6596	6479	6567	6615	6607
	0.4	0.1	1.4	-0.2	-0.2	-0.1	0.0	0.1	-0.1	-0.1	-0.1	1.0	1.4	0.7	-0.1
	1.0	1.0	2.2	1.6	1.0	0.8	-0.5	-0.2	-0.1	0.0	-0.2				
Employed (ten thousand persons)	5839	5843	5904	5890	5877	5872	5874	5880	5873	5870	5862	5764	5848	5878	5871
	0.5	0.1	1.0	-0.2	-0.2	-0.1	0.0	0.1	-0.1	-0.1	-0.1	1.4	1.5	0.5	-0.1
	1.5	1.2	2.1	1.4	0.7	0.5	-0.5	-0.2	-0.1	0.0	-0.2				
Unemployment rate (%)	2.8	2.7	2.5	2.5	2.5	2.4	2.5	2.4	2.4	2.4	2.5	3.0	2.7	2.5	2.4
Domestic corporate goods price index (2015=100)	98.8	99.7	100.3	100.4	101.3	101.6	102.3	102.6	103.1	104.6	104.8	96.7	99.3	101.4	103.8
	0.4	0.9	0.6	0.1	0.9	0.3	0.7	0.4	0.5	1.5	0.2	-2.4	2.7	2.1	2.4
	2.8	3.4	2.5	2.0	2.5	1.9	1.9	2.2	1.8	3.0	2.5				
Consumer price core index (2015=100)	100.2	100.7	100.5	101.1	101.3	101.9	101.8	102.2	102.4	104.1	103.8	99.7	100.4	101.5	103.1
	0.0	0.4	-0.1	0.6	0.2	0.6	-0.1	0.4	0.2	1.6	-0.3	-0.2	0.7	1.1	1.6
	0.6	0.9	0.9	0.9	1.1	1.2	1.2	1.1	1.1	2.1	2.0				

Notes: The first and second rows below each quarterly series represent the the QoQ and YoY growth rates (%) respectively. The row under the annual series reflects YoY changes (%). The "engaged labor force" category includes both self-employed and employed workers. The "employed" category excludes self-employed workers.

**Table 6. Financial markets**

	Quarter											Fiscal Year			
	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	2016	2017	2018	2019
CD rates (%)	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Government bond yields (%)	0.050	0.053	0.060	0.048	0.065	0.061	0.166	0.248	0.265	0.277	0.242	-0.048	0.052	0.085	0.258
Money stock (JPY trillion)	978.7	987.0	991.7	1002.7	1009.6	1017.6	1021.4	1026.6	1032.6	1044.6	1051.8	960.7	991.7	1021.4	1051.8
	0.9	0.9	0.5	1.1	0.7	0.8	0.4	0.5	0.6	1.2	0.7	4.1	3.2	3.0	3.0
	4.0	3.9	3.2	3.4	3.2	3.1	3.0	2.4	2.3	2.7	3.0				
Nikkei stock average (JPY)	19,880	22,188	22,366	22,525	22,683	22,842	23,000	23,250	23,500	23,750	24,000	17,519	20,984	22,762	23,625
Nikkei stock average (2005=100)	159.9	178.5	179.9	181.2	182.5	183.7	185.0	187.0	189.0	191.0	193.1	140.9	168.8	183.1	190.0
	1.9	11.6	0.8	0.7	0.7	0.7	0.7	1.1	1.1	1.1	1.1	-6.9	19.8	8.5	3.8
	20.5	23.7	16.2	15.5	14.1	2.9	2.8	3.2	3.6	4.0	4.3				
USD/JPY exchange rate	111.0	112.9	108.2	109.1	110.1	111.0	112.0	112.5	113.0	113.5	114.0	108.4	110.8	110.6	113.3
	0.0	1.7	-4.2	0.9	0.9	0.9	0.9	0.4	0.4	0.4	0.4	-9.8	2.2	-0.2	2.4
	8.4	3.3	-4.8	-1.7	-0.8	-1.7	3.5	3.1	2.6	2.2	1.8				

Notes: The first and second rows below each quarterly series represent the the QoQ and YoY growth rates (%) respectively. The row under the annual series reflects YoY changes (%).

Table 7. External sector

Units: JPY trillion

	Quarter											Fiscal Year			
	17Q3	17Q4	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	2016	2017	2018	2019
Goods exports (real)	72.7	74.0	74.9	75.9	76.6	77.3	77.6	78.1	78.8	79.6	80.0	68.7	73.1	76.8	79.1
(SNA basis)	2.7	1.8	1.2	1.3	1.0	0.9	0.5	0.5	1.0	1.0	0.6	3.6	6.4	5.1	3.0
	7.2	6.3	5.2	7.2	5.4	4.5	3.7	2.9	2.9	3.0	3.1				
Goods imports (real)	73.3	75.9	76.1	76.5	76.7	76.9	77.1	77.4	78.5	77.3	77.7	71.5	74.9	76.8	77.8
(SNA basis)	-1.3	3.6	0.3	0.5	0.3	0.2	0.3	0.5	1.4	-1.6	0.6	-1.5	4.8	2.6	1.3
	3.2	6.5	4.9	3.1	4.7	1.3	1.3	1.2	2.4	0.6	0.9				
Services exports (real)	17.8	18.5	18.1	18.4	18.5	18.5	18.6	18.9	19.0	19.1	19.3	17.1	18.1	18.5	19.1
(SNA basis)	-0.6	3.9	-1.7	1.4	0.3	0.1	0.8	1.4	0.6	0.7	1.1	3.9	5.6	2.4	3.2
	5.5	6.6	3.5	2.9	3.9	0.2	2.7	2.7	3.0	3.5	3.8				
Services imports (real)	17.8	18.0	18.0	18.1	18.3	18.6	18.9	19.1	19.3	19.1	19.1	17.7	18.0	18.5	19.1
(SNA basis)	-1.5	1.2	0.4	0.4	1.1	1.6	1.8	0.7	1.3	-1.2	0.0	1.7	1.2	3.0	3.5
	1.6	0.3	0.0	0.4	3.1	3.5	4.9	5.2	5.4	2.5	0.8				
Goods exports (nominal)	78.0	79.9	80.4	82.2	83.9	85.3	86.2	87.2	88.5	90.4	91.8	70.8	78.3	84.4	89.5
(SNA basis)	4.0	2.5	0.6	2.2	2.1	1.7	1.2	1.1	1.5	2.2	1.5	-3.2	10.6	7.8	6.0
	15.0	11.9	5.6	9.6	7.5	6.7	7.3	6.1	5.5	6.1	6.4				
Goods imports (nominal)	70.7	75.6	77.2	78.4	79.7	80.7	80.9	81.5	83.8	85.2	85.4	65.0	73.7	79.9	84.0
(SNA basis)	-1.0	6.9	2.1	1.6	1.6	1.3	0.3	0.8	2.8	1.7	0.2	-10.8	13.4	8.4	5.1
	15.0	16.7	7.8	9.8	12.7	6.8	4.9	4.0	5.2	5.6	5.5				
Services exports (nominal)	19.5	20.3	19.9	19.9	19.7	19.5	19.4	19.7	19.6	20.1	20.2	18.1	19.8	19.6	19.9
(SNA basis)	0.4	4.0	-1.8	-0.2	-1.1	-0.8	-0.6	1.3	-0.1	2.5	0.4	-2.5	9.2	-0.8	1.4
	11.3	10.8	5.2	2.4	0.8	-3.8	-2.6	-1.1	-0.2	3.1	4.1				
Services imports (nominal)	19.4	19.7	19.6	19.3	19.3	19.5	19.8	19.9	20.3	20.2	20.4	18.5	19.5	19.5	20.2
(SNA basis)	0.1	1.5	-0.3	-1.5	-0.1	0.7	1.6	0.7	1.7	-0.1	1.0	-3.8	5.5	-0.4	3.8
	8.4	5.4	2.1	-0.3	-0.5	-1.3	0.6	3.0	4.8	4.0	3.3				
Trade balance	1.6	1.3	0.7	0.9	1.1	1.1	1.3	1.4	1.2	1.3	1.6	5.8	4.6	4.5	5.5
(BOP basis)	92.7	-18.2	-44.5	30.7	12.2	9.0	16.2	5.6	-16.3	11.9	21.9	1829.0	-20.8	-2.5	23.3
	10.2	-23.9	-44.6	14.4	-33.4	-11.2	85.8	50.1	12.1	15.0	20.6				
Balance on services	-0.3	0.1	-0.3	-0.1	-0.1	-0.2	-0.3	-0.2	-0.3	-0.2	-0.2	-1.4	-0.6	-0.6	-1.0
(BOP basis)	64.2	-137.2	-389.4	-75.0	64.7	55.3	52.8	-9.0	32.5	-34.0	11.8	5.1	-56.4	5.3	63.0
	-19.0	-129.3	-30.0	-55.7	-55.6	-285.4	-2.1	255.6	186.2	21.6	-11.1				
Primary income balance	5.1	5.1	4.7	5.2	5.1	5.4	5.5	5.6	5.7	5.8	5.9	18.7	19.9	21.2	22.9
(BOP basis)	5.3	0.6	-8.5	10.2	-0.1	4.4	2.0	1.4	1.8	1.6	2.8	-12.1	6.3	6.3	8.1
	16.6	15.5	-5.0	6.8	1.3	5.1	17.2	7.9	9.9	7.0	7.8				
Current account balance	5.8	5.9	4.6	5.2	4.7	4.5	4.1	4.7	4.5	4.9	5.3	21.0	21.7	18.5	19.4
(BOP basis)	16.3	1.5	-21.8	11.9	-8.5	-5.4	-7.0	13.9	-4.7	7.9	8.6	15.0	3.4	-14.9	4.7
	19.2	11.8	-14.0	3.3	-18.8	-24.3	-10.0	-8.4	-4.5	8.8	27.2				
USD/JPY exchange rate	111.0	112.9	108.2	109.1	110.1	111.0	112.0	112.5	113.0	113.5	114.0	108.4	110.8	110.6	113.3
	0.0	1.7	-4.2	0.9	0.9	0.9	0.9	0.4	0.4	0.4	0.4	-9.8	2.2	-0.2	2.4
	8.4	3.3	-4.8	-1.7	-0.8	-1.7	3.5	3.1	2.6	2.2	1.8				

Notes: SNA = System of National Accounts. BOP = Balance of Payments.

The first and second rows below each quarterly series represent the the QoQ and YoY growth rates (%) respectively. The row under the annual series reflects YoY changes (%).