

Japanese Economy: Analysis and Forecasts No.152

26 February, 2025

A Macroeconomic Analysis Project

▶This report is a summary of the economic analyses and forecasts made 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 Emeritus of 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 part of a 40-year research collaboration between young business professionals and academics, and its forecasts are used widely.

▶The project was originally established by Chikashi Moriguchi and Kanemi Ban, Professors Emeritus of Osaka University. In 2005, we incorporated Current Quarter Model (CQM) forecasts into our quarterly macroeconomic forecast model.

▶Aiming to provide a timely response to changes in the economy, this report has been published quarterly since 2004.

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Forecast Highlights

Achieving a gradual economic recovery centered on domestic demand is contingent upon a virtuous cycle of rising real wages and increased business investment aimed at improving productivity.

- ◆ According to the first advance GDP estimate released on February 17, real GDP in 2024 Q4 grew at an annualized rate of +2.8%, marking the third consecutive quarter of positive growth. The actual figure was well above the market consensus final forecast. On the other hand, APIR's CQM final forecast was in the bull's eye: +2.8%, the average of +2.5% on the expenditure side, and +3.1% on the production side. As a result of data revisions, the growth rates of three consecutive quarters (2023 Q3, 2023 Q4 and 2024 Q1) were revised to negative values. As a result, real GDP growth for calendar year 2024 is barely positive at +0.1% YoY.
- ◆ Looking at the contributions to 2024 Q4 real GDP growth (+0.7% QoQ) by major components, domestic demand made a negative contribution for the first time in three quarters, with -0.1 percentage points (pp), whereas external demand contributed +0.7 pp. The trend in domestic demand was entirely due to the decline in private-sector demand (-0.1 pp, first negative contribution in three quarters). Private final consumption expenditures and business investment made small positive contributions, but these were offset by changes in private-sector inventories. Public demand made a negligibly positive contribution for the third consecutive quarter (+0.0 pp). On the other hand, external demand (net exports) contributed +0.7 pp, the first positive contribution in five quarters. However, this is due to a sharp decline in imports, rather than a rise in exports, which is not good news.
- ◆ Real compensation of employees in 2024 Q4 rose +1.5% QoQ, increasing for the fifth consecutive quarter. However, real disposable income declined as inflation accelerated and the effects of the tax cuts faded. As a result, private final consumption expenditure remained almost unchanged at +0.1% QoQ. Based on the weighted average of the real consumption trend index and the consumption activity index (i.e. the supply and demand sides of the private consumption index), we expected to see a decline in consumption. However, we saw small positive growth for the third consecutive quarter.
- ◆ We have revised our outlook for the Japanese economy, taking into account the first advance GDP estimate for 2024 Q4, as well as our new assumption about exogenous variables. We now project real GDP growth of +0.8% in FY 2024, +1.2% in FY 2025, and +1.3% in FY 2026. Since the previous forecast (151st forecast), FY 2024 has been revised upward by +0.5%pt, while FY 2025-2026 remains unchanged. Wage growth in 2025 is expected to be comparable to that of the previous year, and real wage growth is expected to accelerate moderately in the second half of the year, when consumer price inflation slows down. However, net exports are facing increasing risks, which implies that the recovery in FY 2025-26 is likely to be moderate and centered on domestic demand.
- ◆ We forecast the core CPI inflation rate to be +2.7% in FY2024, +2.3% in FY 2025, and +1.7% in FY 2026. The GDP deflator is projected to be +2.7% in FY 2024, +2.1% in FY 2025, and +2.0% in FY 2026.
- ◆ As we pointed out previously, US President Trump's policies will have side effects on foreign economies, trade and supply chains, but there is a high degree of uncertainty about the extent of these effects. Since these policies are a serious risk to the global economy, Japan's economic recovery must be centered on domestic demand. The key to achieving this will be a virtuous cycle of rising real wages and increased investment aimed at improving productivity against the backdrop of record-high corporate profits.

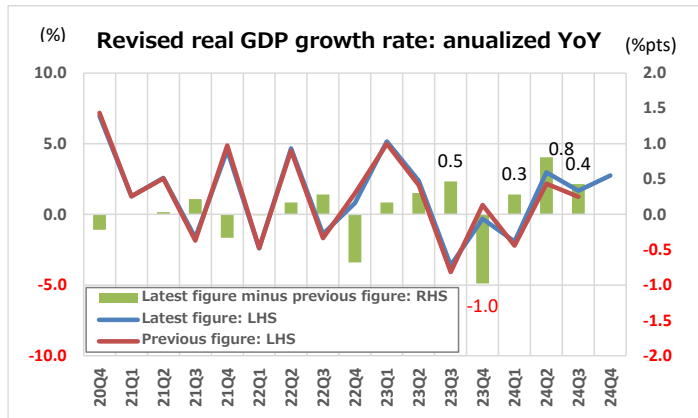
Forecast Summary

	Current forecast (2025/2/19)				Previous forecast (2024/12/10)			
	2023	2024	2025	2026	2023	2024	2025	2026
Real GDP (%)	0.7	0.8	1.2	1.3	0.7	0.3	1.2	1.3
Private demand (contribution)	▲ 0.5	0.6	0.8	1.1	▲ 0.6	0.5	1.1	1.1
Private final consumption expenditure (%)	▲ 0.4	0.7	0.8	1.4	▲ 0.4	0.6	1.1	1.3
Private residential investment (%)	0.8	▲ 1.2	0.2	▲ 0.5	0.8	▲ 2.1	▲ 0.4	▲ 0.1
Private non-residential investment (%)	▲ 0.1	2.0	2.2	2.3	▲ 0.1	2.4	2.5	2.3
Private inventory changes (contribution)	▲ 0.4	▲ 0.0	▲ 0.0	▲ 0.0	▲ 0.4	0.0	0.0	0.0
Public demand (contribution)	▲ 0.2	0.4	0.2	0.3	▲ 0.2	0.4	0.2	0.2
Government final consumption expenditure (%)	▲ 0.8	1.5	0.9	1.1	▲ 0.8	1.6	0.6	0.5
Public investment expenditure (%)	▲ 0.3	1.7	▲ 0.2	1.1	▲ 0.3	1.8	0.7	1.6
Public inventory changes (contribution)	0.0	▲ 0.0	0.0	▲ 0.0	0.0	0.0	0.0	0.0
External demand (contribution)	1.4	▲ 0.2	0.2	▲ 0.0	1.4	▲ 0.6	▲ 0.0	0.0
Exports of goods and services (%)	2.9	1.9	2.1	1.4	2.8	1.4	2.3	2.3
Imports of goods and services (%)	▲ 3.3	3.1	1.4	1.6	▲ 3.3	4.5	2.4	2.1
Nominal GDP (%)	4.9	3.5	3.3	3.4	4.9	2.8	3.0	2.8
GDP deflator (%)	4.2	2.7	2.1	2.0	4.2	2.4	1.8	1.5
Domestic corporate price index (%)	2.4	3.2	2.2	0.8	2.4	2.7	0.7	0.4
Core consumer price index (%)	2.8	2.7	2.3	1.7	2.8	2.6	2.0	1.6
Industrial production index (%)	▲ 1.9	▲ 0.8	1.4	1.0	▲ 1.9	▲ 0.7	1.9	1.4
New housing starts (%)	▲ 7.0	▲ 1.2	▲ 1.2	▲ 0.0	▲ 7.0	▲ 1.2	▲ 2.4	▲ 0.6
Unemployment rate (%)	2.6	2.5	2.4	2.3	2.6	2.5	2.4	2.3
Current account balance (JPY trillion)	26.6	30.5	30.5	34.4	26.6	29.9	30.7	31.0
% of nominal GDP	4.5	5.0	4.8	5.2	4.5	4.9	4.9	4.8
Crude oil price (USD/barrel)	80.7	76.0	66.8	64.5	80.7	76.4	67.5	65.2
USD/JPY exchange rate	144.5	153.2	155.3	150.3	144.5	152.4	147.3	140.3
USA real GDP (% , calendar year)	2.9	2.8	2.2	2.1	2.9	2.7	2.0	2.1

Note: Figures on private consumption, government spending, changes in private and government inventories and external demand represent contribution ratios. The rest of the figures reflect YoY changes. The crude oil price is the average of the WTI, Dubai and Brent Blend benchmarks. Highlighted columns represent actual values.

Forecasts at a glance

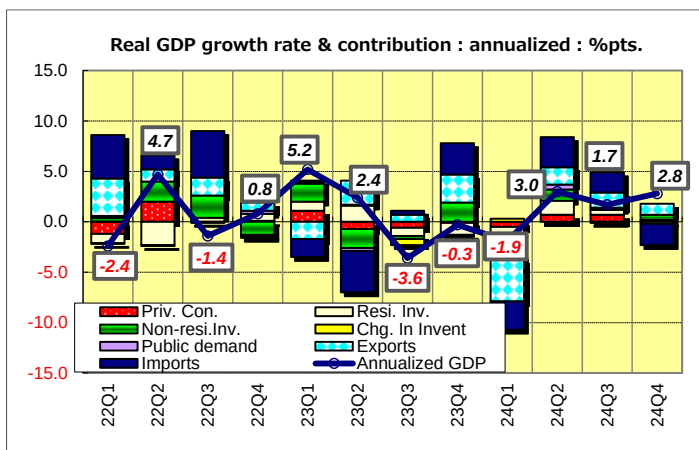
Three consecutive quarters of negative growth from Q3 2023, followed by three consecutive quarters of positive growth from Q2 2024



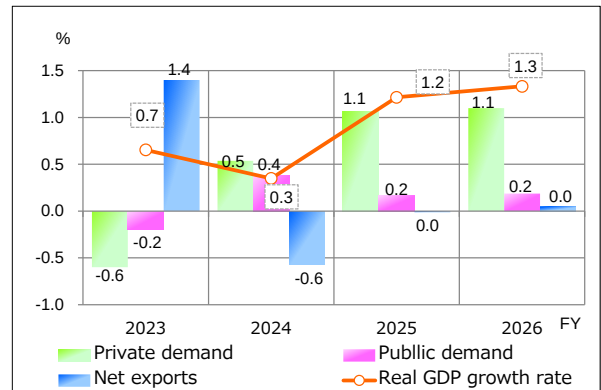
Since July-September 2023, real GDP has exceeded its pre-COVID-19 pandemic peak for two consecutive quarters, but...

	GDP	Goods imports	Services import	Private final consumption expenditure	Private capital investment	Government spending	Goods exports	Services exports	Nominal GDP
19Q3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
19Q4	97.1	98.3	96.2	96.6	94.4	100.2	97.5	100.1	98.0
22Q1	97.7	102.9	93.9	95.4	96.1	103.8	108.1	78.3	99.1
22Q2	98.8	105.2	92.9	97.3	96.6	104.0	107.9	84.3	99.9
22Q3	98.5	106.1	110.0	97.4	98.2	103.5	108.7	89.9	99.3
22Q4	98.7	107.0	106.4	97.5	96.7	104.5	108.5	94.5	101.0
23Q1	99.9	103.6	110.6	98.6	98.6	105.1	104.8	99.7	103.8
23Q2	100.5	99.1	107.4	97.9	97.6	103.8	106.2	106.0	105.9
23Q3	99.6	97.9	114.2	97.3	94.9	103.8	105.8	111.1	105.9
23Q4	99.5	102.0	113.4	97.2	95.9	103.5	106.0	124.2	106.1
24Q1	99.0	97.4	117.0	96.7	96.4	103.3	103.0	114.2	106.1
24Q2	99.8	99.6	123.5	97.4	97.3	105.1	102.2	125.1	108.3
24Q3	100.2	101.9	124.5	98.1	98.0	105.0	104.4	124.6	109.1
24Q4	100.9	99.5	123.1	98.2	97.4	105.2	104.4	129.7	110.5

In Q4, a rise in net exports due to a significant decrease in imports pushed up real GDP growth, which is not good news

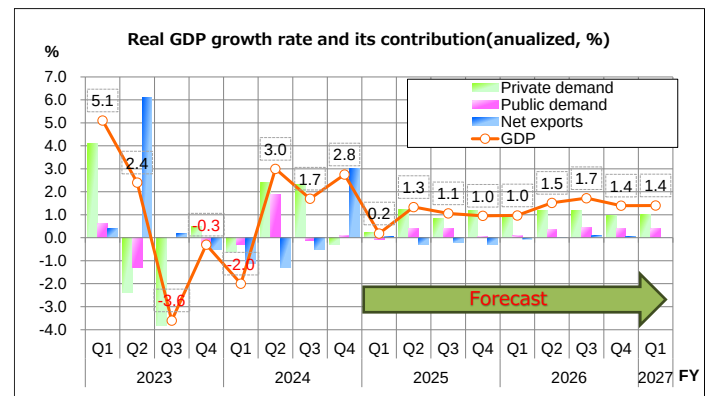


Contributions to real GDP growth



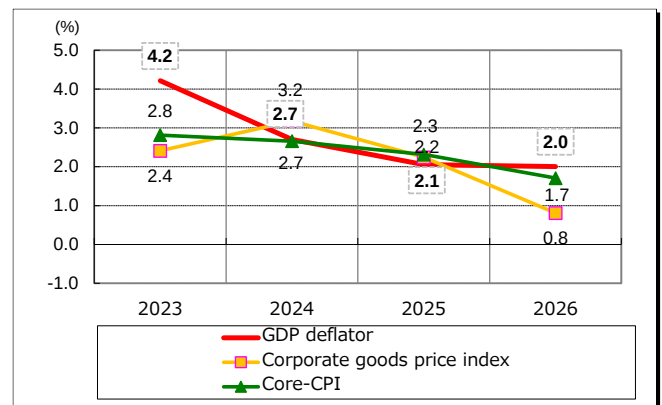
Note: Due to rounding, the total contribution of demand components does not necessarily match the real GDP growth rate.

Quarterly growth pattern: Net exports are not expected to contribute to growth, and a moderate recovery led by domestic demand is expected in FY 2025-26.



Note: Actual figures for Q3 2024, and forecast figures for subsequent periods.

Core CPI inflation rate forecast at +2.7% in FY 2024, +2.3% in FY 2025, and +1.7% in FY 2026



Detailed Forecasts

Table 1. Main economic indicators

	Quarter												Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Real GDP (JPY trillion)	556.4	558.7	562.5	562.7	564.6	566.1	567.4	568.8	571.0	573.4	575.4	577.4	555.9	560.1	566.7	574.3
	0.7	0.4	0.7	0.0	0.3	0.3	0.2	0.2	0.4	0.4	0.3	0.3	0.7	0.8	1.2	1.3
	-0.7	0.6	1.3	1.9	1.5	1.3	0.9	1.1	1.1	1.3	1.4	1.5				
Nominal GDP (JPY trillion)	608.2	612.8	620.5	621.9	627.0	635.7	638.5	642.8	650.4	655.7	659.0	664.5	595.2	615.8	636.0	657.4
	2.1	0.7	1.3	0.2	0.8	1.4	0.4	0.7	1.2	0.8	0.5	0.8	4.9	3.5	3.3	3.4
	2.3	3.1	4.1	4.4	3.1	3.7	2.9	3.4	3.7	3.1	3.2	3.4				
GDP deflator (2015=100)	109.3	109.7	110.3	110.5	111.0	112.3	112.5	113.0	113.9	114.4	114.5	115.1	107.1	110.0	112.2	114.5
	1.4	0.3	0.6	0.2	0.5	1.1	0.2	0.4	0.8	0.4	0.1	0.5	4.2	2.7	2.1	2.0
	3.1	2.5	2.7	2.5	1.6	2.4	2.0	2.3	2.6	1.8	1.8	1.8				
Index of industrial production (2020=100)	101.7	101.4	102.5	102.7	103.1	103.5	103.6	103.8	104.0	104.3	104.7	105.1	102.9	102.1	103.5	104.5
	2.7	-0.4	1.1	0.2	0.4	0.4	0.1	0.2	0.2	0.3	0.4	0.4	-1.9	-0.8	1.4	1.0
	-2.9	-1.8	-1.8	3.7	1.3	2.1	1.1	1.1	0.9	0.8	1.0	1.3				
New housing starts (thousands)	205	196	195	195	195	195	195	196	195	195	195	196	800	791	781	781
	4.3	-4.4	-0.4	-0.1	0.2	-0.4	0.5	0.3	-0.4	-0.4	0.4	0.2	-7.0	-1.2	-1.2	0.0
	0.2	-2.1	-2.8	-0.8	-4.7	-0.6	0.2	0.6	0.0	0.0	-0.1	-0.1				
Domestic corporate goods price index (2020=100)	122.2	123.3	124.4	125.5	126.1	126.5	126.8	127.1	127.5	127.6	127.6	128.0	120.0	123.9	126.6	127.7
	1.4	0.9	0.9	0.9	0.5	0.4	0.2	0.3	0.3	0.1	0.0	0.3	2.4	3.2	2.2	0.8
	1.9	2.9	3.8	4.1	3.2	2.6	1.9	1.3	1.1	0.8	0.7	0.7				
Core consumer price index (2020=100)	107.5	108.4	109.2	109.8	110.5	111.2	111.5	111.8	112.6	112.9	113.4	113.6	105.9	108.7	111.2	113.1
	0.8	0.9	0.7	0.5	0.6	0.6	0.3	0.2	0.8	0.3	0.4	0.2	2.8	2.7	2.3	1.7
	2.5	2.7	2.6	3.0	2.8	2.6	2.1	1.8	1.9	1.6	1.7	1.6				
Wage earnings per worker (JPY thousand)	4249	4268	4313	4333	4352	4376	4398	4418	4439	4462	4482	4501	4134	4291	4386	4471
	1.7	0.4	1.1	0.4	0.4	0.6	0.5	0.4	0.5	0.5	0.4	0.4	-0.2	3.8	2.2	1.9
	3.4	3.7	4.4	3.7	2.4	2.5	2.0	2.0	2.0	2.0	1.9	1.9				
Unemployment rate (%)	2.6	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.6	2.5	2.4	2.3
CD interest rate (%)	0.033	0.101	0.164	0.451	0.481	0.601	0.601	0.851	0.851	1.101	1.101	1.101	0.004	0.011	0.634	1.039
10-year government bond yields (%)	0.997	0.933	1.027	1.270	1.303	1.384	1.382	1.592	1.650	1.697	1.661	1.730	0.636	1.057	1.415	1.684
Current account balance (JPY trillion)	7.1	7.3	8.1	8.1	6.7	8.0	8.0	7.7	9.1	8.3	8.5	8.5	26.6	30.5	30.5	34.4
% of nominal GDP	4.7	4.7	5.2	5.2	4.3	5.0	5.0	4.8	5.6	5.1	5.1	5.1	4.5	5.0	4.8	5.2
Crude oil price (USD/barrel)	83.52	77.35	72.50	70.68	69.44	67.71	65.41	64.46	64.46	64.46	64.46	64.46	80.67	76.01	66.75	64.46
USD/JPY exchange rate	155.8	149.2	152.4	155.5	154.6	156.4	156.0	154.0	152.5	151.0	149.5	148.0	144.5	153.2	155.3	150.3
Government debt (JPY trillion)	1276.0	1289.0	1302.0	1313.1	1325.8	1338.2	1350.4	1362.2	1374.2	1386.3	1398.6	1410.8	1263.0	1313.1	1362.2	1410.8
	1.0	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.9	4.0	3.7	3.6
	2.5	3.0	3.6	4.0	3.9	3.8	3.7	3.7	3.6	3.6	3.6	3.6				
% of GDP	209.8	210.4	209.8	210.9	211.6	212.4	213.5	214.6	215.5	216.4	217.4	218.6	212.2	213.2	214.2	214.6
Fiscal balance (JPY trillion)	-53.2	-49.5	-50.7	-51.1	-51.7	-50.5	-50.5	-49.9	-49.4	-50.0	-51.1	-50.9	-47.7	-51.1	-50.6	-50.3

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 (real, nominal, deflator), the first and second rows represent QoQ and YoY growth rates (%) respectively. The YoY values were calculated using seasonally adjusted data, so they might differ from the official figures, which are not seasonally adjusted. Highlighted columns represent actual values.

Table 2. Gross domestic expenditure (real)

JPY trillion (2015 chain prices), %

	Quarter												Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Private final consumption expenditure	296.9	299.1	299.5	299.7	300.1	300.8	301.8	302.6	303.8	305.0	305.9	306.9	296.7	298.8	301.3	305.4
	0.7	0.7	0.1	0.1	0.1	0.2	0.3	0.3	0.4	0.4	0.3	0.3	-0.4	0.7	0.8	1.4
	-0.5	0.8	1.1	1.7	1.1	0.6	0.8	1.0	1.2	1.4	1.4	1.4				
Private residential investment	18.3	18.4	18.5	18.4	18.4	18.4	18.5	18.4	18.3	18.4	18.4	18.4	18.6	18.4	18.5	18.4
	1.4	0.5	0.1	-0.4	0.3	0.0	0.4	-0.5	-0.6	0.4	0.0	0.0	0.8	-1.2	0.2	-0.5
	-3.4	-2.1	-0.8	1.6	0.5	0.0	0.3	0.1	-0.8	-0.4	-0.7	-0.2				
Private non-residential investment	92.7	92.7	93.1	93.8	94.3	94.8	95.4	96.0	96.6	97.1	97.6	98.0	91.2	93.1	95.1	97.3
	1.1	-0.1	0.5	0.7	0.5	0.6	0.6	0.7	0.6	0.5	0.5	0.4	-0.1	2.0	2.2	2.3
	2.4	2.6	1.1	2.2	1.6	2.3	2.4	2.4	2.5	2.4	2.3	2.0				
Change in private inventories	0.6	1.3	0.2	-0.3	0.5	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.6	0.4	0.4	0.4
Government final consumption expenditure	119.5	119.6	119.9	120.0	120.5	121.0	121.0	121.0	121.5	122.0	122.5	123.0	118.0	119.8	120.9	122.2
	0.9	0.1	0.3	0.1	0.4	0.4	0.0	0.0	0.4	0.4	0.4	0.4	-0.8	1.5	0.9	1.1
	1.6	1.3	1.6	1.4	0.9	1.2	0.9	0.8	0.8	0.8	1.2	1.6				
Government investment expenditure	26.8	26.5	26.4	26.1	26.2	26.3	26.4	26.5	26.5	26.6	26.7	26.8	26.0	26.4	26.4	26.7
	5.7	-1.1	-0.3	-1.0	0.4	0.4	0.4	0.4	0.0	0.5	0.2	0.2	-0.3	1.7	-0.2	1.1
	-0.3	0.6	2.1	3.1	-2.1	-0.6	0.1	1.6	1.2	1.3	1.1	0.9				
Change in government inventories	-0.03	0.02	-0.08	-0.01	-0.02	-0.02	-0.03	-0.02	-0.02	-0.02	-0.02	-0.02	0.03	-0.02	-0.02	-0.02
Net exports of goods and services	2.0	1.5	5.1	5.1	4.7	4.5	4.1	4.0	4.0	4.1	4.2	4.2	4.6	3.4	4.3	4.1
Exports of goods and services	112.1	113.8	115.0	116.0	116.3	116.5	116.8	117.1	117.5	118.0	118.6	119.1	112.1	114.2	116.7	118.3
	1.7	1.5	1.1	0.8	0.3	0.2	0.3	0.2	0.4	0.4	0.5	0.4	2.9	1.9	2.1	1.4
	0.9	1.7	0.0	5.1	3.7	2.4	1.6	1.0	1.0	1.3	1.5	1.7				
Imports of goods and services	110.1	112.3	110.0	110.8	111.6	112.1	112.8	113.1	113.5	113.9	114.4	114.8	107.4	110.8	112.4	114.2
	3.0	2.0	-2.1	0.8	0.7	0.4	0.6	0.3	0.4	0.3	0.4	0.4	-3.3	3.1	1.4	1.6
	3.7	5.3	0.0	3.7	1.3	-0.2	2.5	2.1	1.7	1.6	1.4	1.5				
GDP	556.4	558.7	562.5	562.7	564.6	566.1	567.4	568.8	571.0	573.4	575.4	577.4	555.9	560.1	566.7	574.3
	3.0	1.7	2.8	0.2	1.3	1.1	1.0	1.0	1.5	1.7	1.4	1.4	0.7	0.8	1.2	1.3
	0.7	0.4	0.7	0.0	0.3	0.3	0.2	0.2	0.4	0.4	0.3	0.3				
	-0.7	0.6	1.3	1.9	1.5	1.3	0.9	1.1	1.1	1.3	1.4	1.5				
Contribution of domestic demand	1.1	0.5	-0.1	0.0	0.4	0.3	0.3	0.3	0.4	0.4	0.3	0.3	-0.7	1.0	1.0	1.4
of which, private demand	0.6	0.6	-0.1	0.1	0.3	0.2	0.3	0.2	0.3	0.3	0.2	0.3	-0.5	0.6	0.8	1.1
of which, public demand	0.5	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1	-0.2	0.4	0.2	0.3
Contribution of net exports	-0.3	-0.1	0.7	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	1.4	-0.2	0.2	0.0
GNI	548.8	551.3	555.9	552.2	554.2	559.3	561.1	561.7	564.7	568.1	570.7	573.2	546.8	552.0	559.1	569.2
	4.2	1.9	3.4	-2.6	1.4	3.8	1.3	0.4	2.2	2.4	1.9	1.7	2.5	1.0	1.3	1.8
	1.0	0.5	0.8	-0.7	0.4	0.9	0.3	0.1	0.5	0.6	0.5	0.4				
	-0.3	0.8	1.8	1.7	1.0	1.5	0.9	1.7	1.9	1.6	1.7	2.0				

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 GDP quarterly series, the first row below the main series represents annualized QoQ changes (%), the second and third rows are QoQ and YoY changes (%), respectively. In the annual statistics, the figures under the main series represent YoY changes (%). Highlighted columns represent actual values.

Table 3. Gross domestic expenditure (nominal)

JPY trillion, %

		Quarter												Fiscal year			
		24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Private final consumption expenditure		328.6	332.0	332.8	338.2	339.7	341.1	341.8	345.3	349.4	351.1	351.3	354.3	323.0	332.9	342.0	351.5
		1.5	1.0	0.3	1.6	0.4	0.4	0.2	1.0	1.2	0.5	0.1	0.8	2.4	3.1	2.7	2.8
		1.9	3.0	3.1	4.4	3.4	2.7	2.7	2.1	2.9	2.9	2.8	2.6				
Private residential investment		22.4	22.6	22.6	22.6	22.8	22.9	23.1	23.0	23.0	23.2	23.2	23.2	22.2	22.6	23.0	23.1
		2.8	0.5	0.4	-0.2	1.0	0.5	0.7	-0.2	-0.2	0.7	0.2	0.2	0.9	1.5	1.8	0.8
		-0.4	0.7	1.9	3.5	1.6	1.6	1.9	2.0	0.8	1.0	0.5	0.9				
Private non-residential investment		105.8	106.1	107.3	108.6	109.8	111.0	112.4	113.8	114.9	115.9	116.9	117.8	101.8	107.0	111.7	116.4
		2.1	0.3	1.1	1.3	1.0	1.2	1.2	1.3	0.9	0.9	0.9	0.8	3.5	5.0	4.5	4.2
		6.2	5.6	3.9	4.8	3.7	4.7	4.7	4.8	4.7	4.4	4.1	3.5				
Change in private inventories		1.2	1.5	0.4	0.0	0.8	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.8	0.7	0.6
Government final consumption expenditure		125.4	126.3	127.5	128.1	129.6	130.6	130.9	131.2	132.3	133.1	133.9	134.7	122.5	126.8	130.6	133.5
		2.1	0.7	0.9	0.5	1.2	0.8	0.2	0.2	0.9	0.6	0.6	0.6	0.3	3.6	3.0	2.3
		3.0	2.9	3.9	4.3	3.3	3.4	2.7	2.4	2.1	1.9	2.3	2.7				
Government investment expenditure		32.0	31.8	31.9	31.5	32.0	32.4	32.7	33.0	33.2	33.5	33.7	33.9	30.4	31.8	32.5	33.6
		6.9	-0.7	0.3	-1.0	1.4	1.2	1.0	1.0	0.5	1.0	0.6	0.5	3.1	4.7	2.3	3.3
		3.4	3.6	5.1	5.4	-0.1	1.9	2.6	4.7	3.8	3.6	3.1	2.7				
Change in government inventories		-0.03	0.03	-0.11	-0.02	-0.02	-0.02	-0.04	-0.03	-0.03	-0.03	-0.03	-0.03	0.05	-0.03	-0.03	-0.03
Net exports of goods and services		-7.2	-7.4	-1.9	-7.1	-7.6	-3.0	-3.0	-4.3	-3.0	-1.6	-0.7	0.0	-5.5	-5.9	-4.5	-1.3
Exports of goods and services		139.1	139.4	142.3	146.3	147.9	149.2	150.8	151.9	153.8	155.6	157.2	158.3	132.2	141.8	150.0	156.2
		3.9	0.2	2.1	2.8	1.1	0.9	1.0	0.8	1.2	1.2	1.0	0.7	7.1	7.2	5.8	4.2
		10.6	6.4	3.0	9.3	6.3	7.1	6.0	3.8	4.0	4.3	4.2	4.2				
Imports of goods and services		146.3	146.8	144.2	153.4	155.5	152.3	153.8	156.2	156.8	157.3	157.9	158.3	137.7	147.7	154.4	157.6
		3.7	0.4	-1.8	6.4	1.3	-2.1	1.0	1.5	0.4	0.3	0.4	0.3	-5.8	7.2	4.6	2.0
		10.9	8.8	0.8	8.7	6.3	3.7	6.7	1.8	0.9	3.3	2.6	1.4				
GDP		608.2	612.8	620.5	621.9	627.0	635.7	638.5	642.8	650.4	655.7	659.0	664.5	595.2	615.8	636.0	657.4
		8.9	3.0	5.1	0.9	3.3	5.7	1.8	2.7	4.8	3.3	2.0	3.4	4.9	3.5	3.3	3.4
		2.1	0.7	1.3	0.2	0.8	1.4	0.4	0.7	1.2	0.8	0.5	0.8				
		2.3	3.1	4.1	4.4	3.1	3.7	2.9	3.4	3.7	3.1	3.2	3.4				
Contribution of domestic demand	of which, private demand	1.7	0.8	0.4	1.1	0.9	0.7	0.4	0.9	1.0	0.6	0.3	0.7	2.0	3.5	3.0	2.9
	of which, public demand	1.3	0.6	0.2	1.0	0.6	0.4	0.3	0.8	0.8	0.4	0.2	0.6	1.6	2.6	2.3	2.2
	Contribution of net exports	0.7	0.1	0.2	0.1	0.3	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.3	1.0	0.7	0.6
		-0.1	-0.2	0.9	-0.8	-0.1	0.7	0.0	-0.2	0.2	0.2	0.1	0.1	3.0	-0.1	0.2	0.5

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 GDP quarterly series, the first row below the main series represents annualized QoQ changes (%), the second and third rows are QoQ and YoY changes (%), respectively. In the annual statistics, the figures under the main series represent YoY changes (%). Highlighted columns represent actual values.

Table 4. Gross domestic expenditure (deflator)

2015 = 100, %

	Quarter												Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Private final consumption expenditure	110.7	111.0	111.1	112.9	113.2	113.4	113.3	114.1	115.0	115.1	114.9	115.4	108.9	111.4	113.5	115.1
	0.7	0.3	0.1	1.6	0.3	0.2	-0.1	0.8	0.8	0.1	-0.2	0.5	2.9	2.3	1.9	1.4
	2.4	2.1	2.0	2.7	2.3	2.2	1.9	1.1	1.6	1.5	1.4	1.1				
Private residential investment	122.3	122.3	122.7	122.9	123.7	124.3	124.7	125.2	125.6	126.0	126.3	126.5	119.4	122.5	124.5	126.1
	1.4	0.0	0.3	0.2	0.7	0.5	0.3	0.3	0.3	0.3	0.2	0.2	0.0	2.7	1.6	1.3
	3.1	2.9	2.8	1.9	1.1	1.6	1.7	1.9	1.5	1.4	1.2	1.1				
Private non-residential investment	114.1	114.5	115.2	115.9	116.4	117.1	117.8	118.5	119.0	119.4	119.8	120.3	111.6	114.9	117.5	119.6
	1.0	0.3	0.6	0.6	0.5	0.6	0.6	0.6	0.4	0.4	0.3	0.4	3.6	2.9	2.2	1.8
	3.8	3.0	2.8	2.5	2.0	2.3	2.3	2.3	2.2	1.9	1.7	1.4				
Government final consumption expenditure	105.0	105.6	106.3	106.7	107.5	107.9	108.2	108.4	108.9	109.1	109.3	109.6	103.8	105.9	108.0	109.2
	1.2	0.6	0.7	0.4	0.8	0.4	0.2	0.2	0.5	0.2	0.2	0.2	1.1	2.1	2.0	1.1
	1.4	1.6	2.3	2.8	2.4	2.2	1.8	1.6	1.3	1.1	1.1	1.1				
Government investment expenditure	119.6	120.0	120.8	120.9	122.1	123.0	123.8	124.5	125.2	125.8	126.3	126.7	117.0	120.3	123.3	126.0
	1.1	0.4	0.6	0.0	1.0	0.8	0.6	0.6	0.5	0.5	0.4	0.3	3.5	2.9	2.5	2.1
	3.7	3.0	2.9	2.2	2.1	2.5	2.5	3.0	2.5	2.3	2.0	1.8				
Exports of goods and services	124.0	122.5	123.7	126.2	127.1	128.1	129.1	129.8	130.9	131.9	132.6	133.0	118.0	124.1	128.5	132.1
	2.2	-1.3	1.0	2.0	0.8	0.7	0.8	0.5	0.9	0.8	0.5	0.3	4.2	5.2	3.6	2.8
	9.6	4.6	3.0	4.0	2.5	4.6	4.4	2.9	2.9	3.0	2.7	2.5				
Imports of goods and services	132.8	130.8	131.1	138.4	139.4	135.9	136.4	138.1	138.1	138.1	138.0	137.9	128.2	133.3	137.4	138.0
	0.6	-1.6	0.3	5.6	0.7	-2.5	0.4	1.2	0.0	0.0	-0.1	-0.1	-2.6	4.0	3.1	0.4
	6.9	3.3	0.8	4.9	4.9	3.9	4.0	-0.3	-0.9	1.6	1.2	-0.1				
GDP	109.3	109.7	110.3	110.5	111.0	112.3	112.5	113.0	113.9	114.4	114.5	115.1	107.1	110.0	112.2	114.5
	1.4	0.3	0.6	0.2	0.5	1.1	0.2	0.4	0.8	0.4	0.1	0.5	4.2	2.7	2.1	2.0
	3.1	2.5	2.7	2.5	1.6	2.4	2.0	2.3	2.6	1.8	1.8	1.8				

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 (%). Highlighted columns represent actual values.

Table 5. Production, employment, wages and prices

	Quarter												Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Index of industrial production (2020=100)	101.7	101.4	102.5	102.7	103.1	103.5	103.6	103.8	104.0	104.3	104.7	105.1	102.9	102.1	103.5	104.5
	2.7	-0.4	1.1	0.2	0.4	0.4	0.1	0.2	0.2	0.3	0.4	0.4	-1.9	-0.8	1.4	1.0
	-2.9	-1.8	-1.8	3.7	1.3	2.1	1.1	1.1	0.9	0.8	1.0	1.3				
Labor force (ten thousand persons)	6947	6955	6980	6978	6979	6967	6959	6951	6951	6943	6944	6928	6934	6965	6964	6942
	0.0	0.1	0.4	0.0	0.0	-0.2	-0.1	-0.1	0.0	-0.1	0.0	-0.2	0.4	0.4	0.0	-0.3
	0.4	0.4	0.6	0.4	0.5	0.2	-0.3	-0.4	-0.4	-0.3	-0.2	-0.3				
Engaged labor force (ten thousand persons)	6769	6778	6808	6811	6812	6799	6791	6782	6788	6786	6785	6767	6754	6792	6796	6781
	0.0	0.1	0.4	0.0	0.0	-0.2	-0.1	-0.1	0.1	0.0	0.0	-0.3	0.4	0.6	0.1	-0.2
	0.4	0.4	0.6	0.6	0.6	0.3	-0.3	-0.4	-0.4	-0.2	-0.1	-0.2				
Employed (ten thousand persons)	6109	6121	6160	6162	6163	6152	6144	6136	6142	6139	6139	6122	6088	6138	6149	6136
	0.0	0.2	0.6	0.0	0.0	-0.2	-0.1	-0.1	0.1	0.0	0.0	-0.3	0.7	0.8	0.2	-0.2
	0.5	0.5	1.1	0.9	0.9	0.5	-0.3	-0.4	-0.4	-0.2	-0.1	-0.2				
Unemployment rate (%)	2.6	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.6	2.5	2.4	2.3
Domestic corporate goods price index (2020=100)	122.2	123.3	124.4	125.5	126.1	126.5	126.8	127.1	127.5	127.6	127.6	128.0	120.0	123.9	126.6	127.7
	1.4	0.9	0.9	0.9	0.5	0.4	0.2	0.3	0.3	0.1	0.0	0.3	2.4	3.2	2.2	0.8
	1.9	2.9	3.8	4.1	3.2	2.6	1.9	1.3	1.1	0.8	0.7	0.7				
Core consumer price index (2020=100)	107.5	108.4	109.2	109.8	110.5	111.2	111.5	111.8	112.6	112.9	113.4	113.6	105.9	108.7	111.2	113.1
	0.8	0.9	0.7	0.5	0.6	0.6	0.3	0.2	0.8	0.3	0.4	0.2	2.8	2.7	2.3	1.7
	2.5	2.7	2.6	3.0	2.8	2.6	2.1	1.8	1.9	1.6	1.7	1.6				

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 (%). Highlighted columns represent actual values. 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			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
CD rates (%)	0.033	0.101	0.164	0.451	0.481	0.601	0.601	0.851	0.851	1.101	1.101	1.101	0.004	0.011	0.634	1.039
Government bond yields (%)	0.997	0.933	1.027	1.270	1.303	1.384	1.382	1.592	1.650	1.697	1.661	1.730	0.636	1.057	1.415	1.684
Money stock (M2+CD, JPY trillion)	1251.0	1251.8	1256.7	1267.6	1266.6	1268.2	1275.7	1282.8	1284.3	1288.2	1295.7	1302.8	1250.0	1267.6	1282.8	1302.8
	0.1	0.1	0.4	0.9	-0.1	0.1	0.6	0.6	0.1	0.3	0.6	0.5	2.5	1.4	1.2	1.6
	1.8	1.3	1.3	1.4	1.2	1.3	1.5	1.2	1.4	1.6	1.6	1.6				
Nikkei stock average (JPY)	38,722	38,095	38,929	39,358	39,398	39,407	39,568	40,000	40,500	41,000	41,500	42,000	33,275	38,776	39,593	41,250
	2.7	-1.6	2.2	1.1	0.1	0.0	0.4	1.1	1.2	1.2	1.2	1.2	22.0	16.5	2.1	4.2
	27.4	17.1	19.8	4.4	1.7	3.4	1.6	1.6	2.8	4.0	4.9	5.0				
USD/JPY exchange rate	155.8	149.2	152.4	155.5	154.6	156.4	156.0	154.0	152.5	151.0	149.5	148.0	144.5	153.2	155.3	150.3
	4.9	-4.2	2.1	2.1	-0.6	1.2	-0.2	-1.3	-1.0	-1.0	-1.0	-1.0	6.8	6.0	1.3	-3.2
	13.5	3.2	3.1	4.7	-0.8	4.8	2.4	-1.0	-1.4	-3.5	-4.2	-3.9				

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 (%). Highlighted columns represent actual values.

Table 7. External sector

JPY trillion, %

	Quarter												Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Goods exports (real)	84.4	86.2	86.2	86.8	86.8	86.8	86.9	86.9	87.2	87.5	87.9	88.3	86.9	85.9	86.9	87.7
(SNA basis)	-0.8	2.1	0.1	0.7	0.1	0.0	0.1	0.1	0.3	0.3	0.5	0.4	-2.1	-1.1	1.1	1.0
	-3.8	-1.3	-1.5	2.1	2.9	0.7	0.8	0.2	0.4	0.8	1.2	1.6				
Goods imports (real)	80.9	82.8	80.8	80.8	81.6	82.0	82.6	82.9	83.1	83.3	83.6	83.9	80.6	81.3	82.3	83.5
(SNA basis)	2.2	2.4	-2.4	0.0	0.9	0.6	0.7	0.3	0.3	0.2	0.4	0.3	-6.0	0.9	1.1	1.5
	0.5	4.0	-2.5	2.1	0.8	-0.9	2.2	2.5	1.9	1.6	1.3	1.2				
Services exports (real)	27.7	27.6	28.8	29.2	29.5	29.7	29.9	30.1	30.3	30.5	30.7	30.8	25.2	28.3	29.8	30.6
(SNA basis)	9.6	-0.4	4.1	1.5	1.0	0.8	0.8	0.7	0.6	0.6	0.5	0.3	23.7	12.2	5.3	2.5
	18.0	12.1	4.4	15.3	6.3	7.6	4.2	3.3	2.9	2.7	2.4	2.1				
Services imports (real)	30.1	30.4	30.0	30.0	30.0	30.0	30.2	30.3	30.4	30.5	30.8	30.9	27.5	30.1	30.1	30.7
(SNA basis)	5.6	0.8	-1.1	-0.1	0.0	0.0	0.5	0.3	0.5	0.5	0.7	0.6	7.8	9.4	-0.1	1.8
	15.0	9.0	8.6	5.1	-0.4	-1.1	0.4	0.9	1.3	1.7	1.9	2.2				
Goods exports (nominal)	104.9	105.5	106.6	108.9	109.7	110.5	111.3	111.9	112.8	114.0	114.8	115.6	101.9	106.5	110.9	114.3
(SNA basis)	2.2	0.6	1.1	2.1	0.7	0.7	0.7	0.6	0.8	1.1	0.7	0.7	2.2	4.4	4.1	3.1
	6.6	3.6	1.8	6.2	4.6	4.8	4.3	2.8	2.8	3.1	3.2	3.3				
Goods imports (nominal)	110.0	110.2	108.1	115.0	116.5	114.0	115.0	116.5	116.7	116.7	116.7	116.7	105.7	110.8	115.5	116.7
(SNA basis)	2.9	0.2	-1.9	6.4	1.3	-2.1	0.9	1.3	0.1	0.0	0.0	0.0	-10.1	4.9	4.2	1.0
	7.2	7.4	-2.2	7.6	5.9	3.4	6.4	1.3	0.2	2.3	1.5	0.1				
Services exports (nominal)	34.2	33.9	35.6	37.4	38.2	38.7	39.5	40.0	41.0	41.6	42.3	42.7	30.3	35.3	39.1	41.9
(SNA basis)	9.5	-0.9	4.9	5.0	2.1	1.4	2.1	1.3	2.4	1.6	1.8	0.9	27.9	16.4	10.8	7.2
	25.0	15.9	6.8	19.6	11.4	14.0	11.0	7.0	7.3	7.5	7.2	6.8				
Services imports (nominal)	36.3	36.6	36.1	38.4	39.0	38.3	38.8	39.7	40.1	40.6	41.2	41.7	32.1	36.9	38.9	40.9
(SNA basis)	6.1	0.8	-1.4	6.4	1.6	-1.9	1.4	2.2	1.2	1.2	1.4	1.3	11.8	14.9	5.7	5.0
	23.6	13.2	11.0	12.2	7.4	4.6	7.6	3.3	2.9	6.1	6.0	5.1				
Trade balance (BOP basis)	-1.4	-1.1	0.0	-1.5	-1.7	-0.9	-0.9	-1.2	-1.0	-0.7	-0.5	-0.3	-3.7	-4.0	-4.6	-2.4
Balance on services (BOP basis)	-0.7	-0.9	-0.2	-0.2	-0.2	0.1	0.2	0.1	0.2	0.3	0.3	0.3	-2.6	-2.0	0.2	1.0
Primary income balance (BOP basis)	10.2	10.4	9.7	9.9	9.8	9.9	9.9	10.0	9.9	9.8	9.8	9.7	36.8	40.1	39.6	39.2
Current account balance	7.1	7.3	8.1	8.1	6.7	8.0	8.0	7.7	9.1	8.3	8.5	8.5	26.6	30.5	30.5	34.4
(BOP basis)	15.3	1.9	11.3	0.1	-16.7	18.5	0.7	-3.7	18.2	-9.4	2.0	0.9	192.5	14.7	-0.1	12.8
	14.0	11.7	15.1	30.9	-5.4	10.0	-0.5	-4.3	35.8	3.8	5.1	10.2				
USD/JPY exchange rate	155.8	149.2	152.4	155.5	154.6	156.4	156.0	154.0	152.5	151.0	149.5	148.0	144.5	153.2	155.3	150.3
	4.9	-4.2	2.1	2.1	-0.6	1.2	-0.2	-1.3	-1.0	-1.0	-1.0	-1.0	6.8	6.0	1.3	-3.2
	13.5	3.2	3.1	4.7	-0.8	4.8	2.4	-1.0	-1.4	-3.5	-4.2	-3.9				

Notes: SNA = System of National Accounts. BOP = Balance of Payments. 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 (%). Highlighted columns represent actual values.