

# Japanese Economy: Analysis and Forecasts No.123

29 August, 2019

## A Macroeconomic Analysis Project

▶ This report is a summary of the economic 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 part of a 40-year 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 Current Quarter Model forecasts into the existing quarterly macroeconomic forecast model.

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

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### Forecast Highlights

#### Private domestic demand might taper off amid deteriorating global trade

- ◆ **Global trade is going downhill.** According to CPB World Trade Monitor (23 August 2018), global exports (volume base) in 2019 Q2 shrank -0.9% QoQ, diminishing for the third consecutive quarter. The trend was more pronounced in developing regions (-1.4%) than in developed ones (-0.5%). With the fourth round of US sanctions against China underway, an improvement is not in sight. The persisting and intensifying China-US trade frictions pose significant challenges to making forecasts for the future of world trade.
- ◆ According to the first preliminary GDP estimates released on August 9<sup>th</sup>, Q2 real GDP growth was an annualized +1.8% QoQ. Whereas the market consensus forecast of -0.25% (ESP August survey) was substantially lower than that figure, **APIR's final CQM forecast of +1.8% (the average of the +1.5% expenditure-side and +2.1% production-side forecasts) hit the bull's eye.** Q2 was the third consecutive quarter of economic expansion thanks to the fact that robust domestic demand offset the effects of lackluster net exports. Whereas both private and public domestic demand propped up growth, net exports made a negative contribution.
- ◆ Due to methodological changes in the calculation of official data and seasonal factors, all historical values were revised, resulting in upward revisions in 2019 Q1 and Q2 figures. **Consequently, the first half of 2019 registered an annualized expansion of +2.1% over the previous period, exceeding expectations of growth.**
- ◆ **Reflecting the first preliminary Q3 GDP estimates, we updated our forecast for real GDP growth to +1.0% in FY2019 and +0.5% in FY2020.** The FY2019 forecast was revised up by +0.4%pt from the previous report (No.122) as a result of the favorable conditions in the first half of the FY. On the other hand, the FY2020 forecast was revised down by -0.1%pt, reflecting a downward revision in domestic demand and the extension of the China-US trade conflict.
- ◆ **As the current surge in private final consumption expenditure is due to the temporary impact of the long holidays in April-May, the basic economic trend remains weak.** Our baseline forecast assumes that the tax hike in October 2019 will take place as planned, which will inevitably cause a temporary downturn. However, we deem that an economic recession in FY2019 is unlikely due to several factors: (1) the tax increase this time will be smaller than the previous one in 2014; (2) a reduced tax rate will be applied for certain products; (3) the tax will be raised in the middle of the fiscal year; (4) the government is implementing generous economic policies; (5) the Olympic Games will generate additional demand.
- ◆ In addition to energy and non-energy prices, and the impact of the tax hike in October, **future trends in prices will also be influenced by the planned elimination of child care fees.** Considering this, we forecast a core CPI inflation of +0.6% in FY2019 and +0.5% in FY2020.
- ◆ **Although various measures are being taken worldwide in order to avoid a global economic deceleration, the China-US trade frictions remain the main risk factor.** An escalation of this conflict would spell out risks of a global recession.

## Summary of Forecast Results

	Current forecast (2019/8/29)				Previous forecast (2019/5/30)			
	2017	2018	2019	2020	2017	2018	2019	2020
Real GDP (%)	1.9	0.7	1.0	0.5	1.9	0.6	0.6	0.6
Private demand (contribution)	1.3	0.8	0.8	0.2	1.3	0.8	0.4	0.4
Private final consumption expenditure (%)	1.0	0.5	0.5	0.2	1.1	0.4	0.1	0.3
Private residential investment (%)	▲ 0.7	▲ 4.4	▲ 0.9	▲ 1.3	▲ 0.7	▲ 4.2	3.0	▲ 3.4
Private non-residential investment (%)	4.6	3.5	3.1	1.5	4.5	3.2	1.4	1.5
Change in private inventories (contribution)	0.1	0.1	▲ 0.0	▲ 0.1	0.1	0.2	0.0	0.1
Public demand (contribution)	0.1	0.0	0.5	0.3	0.1	▲ 0.0	0.3	0.3
Government final consumption expenditure (%)	0.4	0.9	1.8	0.9	0.4	0.8	1.1	1.1
Government investment expenditure (%)	0.5	▲ 4.0	3.2	1.9	0.5	▲ 3.8	2.7	2.0
Change in government inventories (contribution)	0.0	▲ 0.0	0.0	0.0	0.0	▲ 0.0	▲ 0.0	0.0
External demand (contribution)	0.4	▲ 0.1	▲ 0.3	0.1	0.4	▲ 0.1	▲ 0.1	▲ 0.2
Exports of goods and services (%)	6.5	1.5	▲ 1.3	1.6	6.4	1.3	▲ 0.6	0.5
Imports of goods and services (%)	4.0	2.1	0.5	1.1	4.1	2.0	0.2	1.6
Nominal GDP (%)	2.0	0.5	1.5	0.9	2.0	0.5	0.9	1.3
GDP deflator (%)	0.1	▲ 0.2	0.5	0.4	0.1	▲ 0.2	0.3	0.8
Domestic corporate goods price index (%)	2.7	2.2	0.8	1.2	2.7	2.2	1.7	1.5
Core consumer price index (%)	0.7	0.8	0.6	0.5	0.7	0.8	0.7	0.8
Industrial production index (%)	2.9	0.3	▲ 0.6	0.6	2.9	0.3	0.2	0.6
New housing starts (%)	▲ 2.8	0.7	▲ 4.2	▲ 0.9	▲ 2.8	0.7	▲ 0.3	▲ 2.1
Unemployment rate (%)	2.7	2.4	2.4	2.5	2.7	2.6	2.5	2.5
Current account balance (JPY trillion)	22.2	19.2	17.7	18.4	22.2	19.4	15.3	17.5
% of nominal GDP	4.1	3.5	3.2	3.3	4.1	3.5	2.8	3.1
Crude oil price (USD/barrel)	55.9	67.6	64.2	59.6	55.9	67.6	70.6	63.6
USD/JPY exchange rate	110.8	110.9	108.0	105.0	110.8	110.9	111.3	110.0
USA real GDP (% , calendar year)	2.4	2.9	2.3	2.2	2.2	2.9	2.7	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.

## Detailed Forecast Results

Table 1. Main economic indicators

	Quarter												Fiscal year			
	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2017	2018	2019	2020
Real GDP (JPY trillion)	535.7	533.2	535.3	539.1	541.5	542.6	539.2	540.6	542.1	543.3	544.4	545.1	531.9	535.7	541.0	543.7
	0.4	-0.5	0.4	0.7	0.4	0.2	-0.6	0.3	0.3	0.2	0.2	0.1	1.9	0.7	1.0	0.5
	1.4	0.2	0.3	1.0	1.1	1.8	0.7	0.3	0.1	0.1	1.0	0.8				
Nominal GDP (JPY trillion)	549.8	547.4	549.7	555.4	557.8	559.7	558.1	558.5	561.6	563.3	564.8	564.6	547.5	550.5	558.5	563.6
	0.2	-0.4	0.4	1.0	0.4	0.4	-0.3	0.1	0.6	0.3	0.3	0.0	2.0	0.5	1.5	0.9
	1.3	-0.2	0.0	1.2	1.4	2.3	1.5	0.6	0.7	0.6	1.2	1.1				
GDP deflator (2011=100)	102.6	102.7	102.7	103.0	103.0	103.2	103.5	103.3	103.6	103.7	103.8	103.6	102.9	102.8	103.2	103.7
	-0.3	0.0	0.0	0.3	0.0	0.1	0.3	-0.2	0.3	0.1	0.1	-0.2	0.1	-0.2	0.5	0.4
	0.0	-0.4	-0.3	0.1	0.4	0.5	0.8	0.3	0.6	0.5	0.2	0.3				
Index of industrial production (2015=100)	104.3	103.6	105.0	102.4	103.0	104.2	102.6	102.8	102.9	103.7	104.1	104.2	103.5	103.8	103.2	103.7
	0.8	-0.7	1.3	-2.5	0.7	1.1	-1.5	0.2	0.1	0.8	0.4	0.1	2.9	0.3	-0.6	0.6
	1.1	0.5	0.5	-1.1	-1.2	0.5	-2.3	0.4	-0.2	-0.5	1.5	1.4				
New housing starts (thousands)	241	238	239	236	229	229	227	227	222	226	229	228	946	953	912	904
	7.7	-1.6	0.5	-1.3	-2.6	-0.2	-0.8	-0.2	-2.1	1.8	1.3	-0.5	-2.8	0.7	-4.2	-0.9
	-2.1	-0.2	0.8	5.1	-5.0	-3.6	-4.8	-3.7	-3.2	-1.3	0.7	0.4				
Domestic corporate goods price index (2015=100)	101.0	101.9	102.0	101.2	101.6	101.2	103.1	103.4	103.5	103.4	103.7	103.7	99.3	101.5	102.3	103.6
	0.7	0.9	0.1	-0.8	0.4	-0.4	1.9	0.3	0.1	-0.1	0.3	0.0	2.7	2.2	0.8	1.2
	2.6	3.1	2.2	0.9	0.6	-0.7	1.1	2.2	1.9	2.2	0.6	0.3				
Core consumer price index (2015=100)	101.0	101.1	101.5	101.3	101.7	101.6	102.2	101.7	102.3	102.2	102.5	102.1	100.4	101.2	101.8	102.3
	0.4	0.2	0.4	-0.2	0.4	-0.1	0.6	-0.5	0.6	-0.1	0.2	-0.3	0.7	0.8	0.6	0.5
	0.8	0.9	0.9	0.8	0.8	0.5	0.7	0.4	0.6	0.6	0.3	0.4				
Wage earnings per worker (JPY thousand)	4029	4027	4033	4028	4056	4047	4055	4051	4076	4070	4079	4076	4012	4029	4052	4075
	0.3	0.0	0.1	-0.1	0.7	-0.2	0.2	-0.1	0.6	-0.1	0.2	-0.1	0.3	0.4	0.6	0.6
	0.6	0.5	0.4	0.2	0.7	0.5	0.5	0.6	0.5	0.6	0.6	0.6				
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.7	2.4	2.4	2.5
CD interest rate (%)	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.002
10-year government bond yields (%)	0.037	0.100	0.070	-0.040	-0.107	-0.166	-0.223	-0.284	-0.205	-0.198	-0.190	-0.191	0.053	0.042	-0.195	-0.196
Current account balance (JPY trillion)	5.4	4.7	4.3	5.5	4.4	4.5	4.5	4.3	4.5	4.7	4.7	4.4	22.2	19.2	17.7	18.4
% of nominal GDP	4.0	3.4	3.1	3.9	3.2	3.2	3.2	3.1	3.2	3.4	3.3	3.1	4.1	3.5	3.2	3.3
Crude oil price (USD/barrel)	71.61	73.21	64.80	60.84	65.16	62.78	65.27	63.69	60.85	60.85	57.70	59.04	55.85	67.62	64.23	59.61
USD/JPY exchange rate	109.0	111.4	112.9	110.2	109.9	108.0	107.3	106.9	105.0	105.0	105.0	105.0	110.8	110.9	108.0	105.0
Government debt (JPY trillion)	1092.0	1097.0	1102.0	1107.0	1112.0	1117.6	1123.3	1129.4	1135.8	1142.4	1149.2	1156.3	1087.0	1107.0	1129.4	1135.8
	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	2.9	1.8	2.0	0.6
	2.7	2.4	2.1	1.8	1.8	1.9	1.9	2.0	2.1	2.2	2.3	2.4				
% of GDP	198.6	200.4	200.5	199.3	199.4	200.3	200.0	201.5	203.5	204.3	205.0	206.2	198.5	201.1	202.2	201.5
Fiscal balance (JPY trillion)	-39.6	-41.8	-39.6	-38.7	-40.3	-42.7	-42.4	-44.0	-45.6	-46.2	-47.0	-47.9	-40.4	-39.9	-42.3	-46.7

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 and 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)

2011年連鎖価格表示、JPY trillion, %

	Quarter													Fiscal year			
	18Q1	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2017	2018	2019	2020
Private final consumption expenditure	298.8	299.9	299.5	300.7	301.0	302.9	304.4	299.8	300.3	301.0	302.1	303.0	303.7	298.8	300.2	301.8	302.4
	-0.1	0.4	-0.1	0.4	0.1	0.6	0.5	-1.5	0.2	0.2	0.4	0.3	0.2	1.0	0.5	0.5	0.2
	0.4	0.0	0.6	0.5	0.7	1.0	1.6	-0.3	-0.2	-0.6	-0.8	1.1	1.1				
Private residential investment	15.4	15.1	15.3	15.5	15.5	15.6	15.3	15.1	14.9	14.9	15.0	15.0	15.1	16.0	15.3	15.2	15.0
	-2.5	-1.9	0.8	1.3	0.6	0.2	-1.5	-1.7	-1.3	0.4	0.4	0.3	0.3	-0.7	-4.4	-0.9	-1.3
	-5.5	-9.0	-6.7	-2.3	0.7	2.9	0.6	-2.5	-4.3	-4.1	-2.2	-0.2	1.4				
Private non-residential investment	85.7	87.9	85.6	87.9	88.3	89.6	90.6	89.8	90.4	91.0	91.2	91.6	91.9	84.4	87.4	90.1	91.4
	1.0	2.5	-2.6	2.7	0.4	1.5	1.1	-0.9	0.6	0.7	0.2	0.4	0.3	4.6	3.5	3.1	1.5
	4.4	6.1	1.6	3.6	3.0	2.0	5.9	2.1	2.4	1.5	0.7	2.0	1.7				
Change in private inventories	1.0	0.4	1.6	1.9	2.2	1.8	1.2	1.8	1.4	1.4	0.7	0.5	0.3	0.8	1.6	1.5	0.7
Government final consumption expenditure	106.8	106.9	107.1	107.9	107.8	108.8	109.2	109.6	109.7	110.0	110.2	110.4	110.6	106.4	107.4	109.3	110.3
	0.3	0.1	0.2	0.7	-0.1	0.9	0.3	0.4	0.1	0.2	0.2	0.2	0.2	0.4	0.9	1.8	0.9
	0.5	0.7	0.6	1.3	1.0	1.8	1.9	1.6	1.8	1.0	0.9	0.7	0.8				
Government investment expenditure	25.7	25.4	24.9	24.6	25.0	25.2	25.6	25.9	26.3	26.5	26.3	26.1	25.9	26.0	24.9	25.7	26.2
	-1.0	-1.2	-1.8	-1.3	1.4	1.0	1.4	1.4	1.4	1.0	-0.8	-0.8	-0.8	0.5	-4.0	3.2	1.9
	-0.3	-4.2	-3.8	-5.2	-2.9	-0.8	2.5	5.3	5.3	5.3	3.0	0.8	-1.4				
Change in government inventories	0.04	0.03	0.01	0.02	0.05	0.02	0.09	0.07	0.07	0.07	0.07	0.07	0.07	0.10	0.03	0.06	0.07
Exports of goods and services	93.5	94.2	92.2	93.4	91.5	91.5	91.6	91.4	92.1	92.3	93.1	93.4	93.5	91.4	92.8	91.7	93.1
	1.0	0.8	-2.1	1.2	-2.0	-0.1	0.1	-0.2	0.8	0.2	0.8	0.4	0.1	6.5	1.5	-1.3	1.6
	5.3	6.0	1.6	0.9	-2.1	-2.9	-0.7	-2.1	0.6	0.9	1.6	2.2	1.6				
Imports of goods and services	93.9	94.7	93.6	97.0	92.9	94.4	95.9	94.8	95.2	95.7	95.9	96.3	96.6	92.6	94.6	95.1	96.1
	0.6	0.8	-1.2	3.6	-4.3	1.6	1.6	-1.2	0.4	0.5	0.3	0.4	0.3	4.0	2.1	0.5	1.1
	3.8	2.9	2.8	3.9	-1.1	-0.3	2.4	-2.3	2.5	1.3	0.0	1.6	1.5				
GDP	533.5	535.7	533.2	535.3	539.1	541.5	542.6	539.2	540.6	542.1	543.3	544.4	545.1	531.9	535.7	541.0	543.7
	-0.3	1.6	-1.9	1.6	2.8	1.8	0.8	-2.5	1.0	1.1	0.9	0.8	0.5	1.9	0.7	1.0	0.5
	-0.1	0.4	-0.5	0.4	0.7	0.4	0.2	-0.6	0.3	0.3	0.2	0.2	0.1				
	1.4	1.4	0.2	0.3	1.0	1.1	1.8	0.7	0.3	0.1	0.1	1.0	0.8				
Contribution of domestic demand	-0.1	0.4	-0.3	0.8	0.3	0.7	0.5	-0.8	0.2	0.3	0.1	0.2	0.2	1.4	0.8	1.3	0.4
of which, private demand	-0.1	0.5	-0.3	0.8	0.2	0.5	0.3	-0.9	0.1	0.2	0.1	0.2	0.2	1.3	0.8	0.8	0.2
of which, public demand	0.0	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.5	0.3
Contribution of net exports	0.1	0.0	-0.2	-0.4	0.4	-0.3	-0.3	0.2	0.1	-0.1	0.1	0.0	0.0	0.4	-0.1	-0.3	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 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			
	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2017	2018	2019	2020
Private final consumption expenditure	304.1	305.3	306.7	306.5	308.6	310.5	307.0	307.5	308.6	309.9	311.0	311.5	303.2	305.7	308.4	310.2
	0.0	0.4	0.5	-0.1	0.7	0.6	-1.1	0.2	0.3	0.4	0.4	0.2	1.4	0.8	0.9	0.6
	0.2	1.3	0.9	0.7	1.5	1.7	0.1	0.4	0.0	-0.2	1.3	1.3				
Private residential investment	16.4	16.6	16.9	17.0	17.1	16.8	16.5	16.3	16.4	16.5	16.6	16.6	17.2	16.7	16.7	16.5
	-1.4	0.9	1.7	0.6	0.4	-1.7	-1.4	-1.2	0.6	0.4	0.3	0.3	1.1	-2.8	-0.4	-0.9
	-7.0	-5.2	-0.8	1.9	3.7	1.0	-2.1	-3.9	-3.6	-1.6	0.1	1.7				
Private non-residential investment	90.0	88.2	90.7	90.7	92.0	92.9	92.2	92.8	93.5	93.7	93.9	94.1	86.1	89.9	92.5	93.8
	2.8	-2.0	2.9	0.0	1.4	1.1	-0.8	0.6	0.8	0.2	0.2	0.2	5.4	4.4	2.9	1.4
	6.9	2.6	4.6	3.6	2.2	5.4	1.6	2.3	1.7	0.8	1.8	1.4				
Change in private inventories	0.6	1.5	1.9	2.1	2.0	0.0	0.0	0.0	0.0	-0.7	-1.0	-1.1	0.7	1.6	0.5	-0.7
Government final consumption expenditure	108.0	108.4	108.9	109.3	110.1	110.6	111.4	111.5	111.9	112.2	112.4	112.6	107.6	108.6	110.9	112.2
	-0.2	0.4	0.5	0.3	0.8	0.4	0.7	0.1	0.3	0.3	0.2	0.2	1.1	1.0	2.1	1.2
	0.8	0.8	1.3	1.0	2.0	2.0	2.2	2.0	1.6	1.4	0.9	0.9				
Government investment expenditure	27.3	26.9	26.7	27.1	27.5	27.9	28.3	28.7	29.0	28.8	28.6	28.4	27.6	27.0	28.1	28.7
	-0.6	-1.6	-0.9	1.6	1.4	1.5	1.7	1.3	1.1	-0.7	-0.7	-0.7	2.3	-2.3	4.2	2.2
	-2.2	-2.2	-3.5	-1.4	0.5	3.6	6.3	6.0	5.7	3.4	1.0	-1.0				
Change in government inventories	0.02	0.01	0.01	0.01	0.02	0.06	0.04	0.04	0.04	0.04	0.04	0.04	0.09	0.01	0.04	0.04
Exports of goods and services	102.1	100.9	101.2	98.0	97.7	96.2	96.0	96.4	97.4	98.3	98.6	98.6	98.3	100.5	96.5	98.2
	1.3	-1.2	0.3	-3.2	-0.3	-1.5	-0.2	0.4	1.1	0.9	0.4	-0.1	10.5	2.3	-3.9	1.7
	7.8	3.3	1.2	-2.8	-4.3	-4.7	-5.2	-1.6	-0.3	2.2	2.8	2.3				
Imports of goods and services	98.8	100.5	103.4	95.3	97.1	95.1	93.4	94.8	95.2	95.4	95.3	96.0	93.3	99.5	95.1	95.5
	2.2	1.7	2.9	-7.9	1.9	-2.0	-1.9	1.5	0.5	0.1	-0.1	0.7	11.7	6.6	-4.4	0.4
	8.2	11.0	9.0	-1.4	-1.7	-5.3	-9.7	-0.5	-1.9	0.3	2.1	1.3				
GDP	549.8	547.4	549.7	555.4	557.8	559.7	558.1	558.5	561.6	563.3	564.8	564.6	547.5	550.5	558.5	563.6
	0.6	-1.7	1.7	4.2	1.7	1.4	-1.2	0.3	2.3	1.2	1.1	-0.1	2.0	0.5	1.5	0.9
	0.2	-0.4	0.4	1.0	0.4	0.4	-0.3	0.1	0.6	0.3	0.3	0.0				
	1.3	-0.2	0.0	1.2	1.4	2.3	1.5	0.6	0.7	0.6	1.2	1.1				
Contribution of domestic demand	0.3	0.1	0.9	0.1	0.8	0.3	-0.6	0.3	0.4	0.2	0.2	0.1	2.1	1.3	1.4	0.7
of which, private demand	0.4	0.1	0.8	0.0	0.6	0.1	-0.8	0.2	0.3	0.1	0.2	0.1	1.7	1.2	0.8	0.3
of which, public demand	-0.1	0.0	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.4	0.1	0.6	0.4
Contribution of net exports	-0.1	-0.5	-0.5	0.9	-0.4	0.1	0.3	-0.2	0.1	0.1	0.1	-0.1	-0.1	-0.7	0.1	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 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)

2011 = 100, %

	Quarter												Fiscal year			
	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2017	2018	2019	2020
Private final consumption expenditure	101.4	101.9	102.0	101.8	101.9	102.0	102.4	102.4	102.5	102.6	102.6	102.6	101.5	101.8	102.2	102.6
	-0.4	0.5	0.1	-0.2	0.1	0.1	0.4	0.0	0.1	0.0	0.0	-0.1	0.3	0.4	0.3	0.4
	0.3	0.7	0.4	0.0	0.5	0.1	0.4	0.6	0.6	0.6	0.2	0.2				
Private residential investment	108.7	108.9	109.3	109.3	109.4	109.3	109.7	109.8	110.0	110.1	110.1	110.0	107.3	109.0	109.6	110.0
	0.5	0.2	0.4	0.0	0.1	-0.1	0.4	0.1	0.2	0.0	0.0	0.0	1.8	1.6	0.5	0.4
	2.2	1.5	1.6	1.1	0.7	0.4	0.4	0.4	0.5	0.7	0.3	0.2				
Private non-residential investment	102.4	103.1	103.2	102.8	102.7	102.6	102.7	102.7	102.8	102.7	102.5	102.4	102.0	102.9	102.7	102.6
	0.2	0.6	0.1	-0.4	-0.1	-0.1	0.1	0.0	0.1	-0.1	-0.2	-0.1	0.8	0.8	-0.2	-0.1
	0.8	1.0	0.9	0.6	0.2	-0.5	-0.5	-0.1	0.1	0.1	-0.2	-0.3				
Government final consumption expenditure	101.0	101.2	101.0	101.4	101.2	101.3	101.6	101.6	101.7	101.8	101.8	101.7	101.1	101.2	101.4	101.8
	-0.3	0.2	-0.2	0.4	-0.2	0.1	0.3	0.0	0.1	0.1	0.0	0.0	0.6	0.1	0.2	0.3
	0.2	0.2	0.0	0.1	0.2	0.1	0.6	0.2	0.5	0.5	0.2	0.1				
Government investment expenditure	107.5	107.8	108.3	108.5	108.9	109.0	109.3	109.2	109.3	109.4	109.5	109.6	106.2	108.0	109.1	109.5
	0.6	0.3	0.4	0.2	0.4	0.1	0.3	-0.1	0.1	0.1	0.1	0.1	1.8	1.7	1.0	0.3
	2.1	1.7	1.8	1.5	1.3	1.1	1.0	0.7	0.3	0.4	0.2	0.4				
Exports of goods and services	108.4	109.4	108.4	107.0	106.8	105.0	105.0	104.6	105.5	105.6	105.6	105.3	107.5	108.2	105.3	105.5
	0.5	0.9	-0.9	-1.3	-0.2	-1.7	0.0	-0.4	0.9	0.1	0.0	-0.2	3.8	0.7	-2.7	0.2
	1.6	1.6	0.3	-0.7	-1.5	-4.0	-3.1	-2.3	-1.2	0.6	0.5	0.7				
Imports of goods and services	104.3	107.3	106.6	102.6	102.9	99.2	98.5	99.6	99.6	99.4	98.9	99.3	100.8	105.2	100.0	99.3
	1.4	2.9	-0.7	-3.7	0.3	-3.6	-0.7	1.1	0.0	-0.1	-0.5	0.4	7.5	4.4	-4.9	-0.7
	5.2	8.0	4.9	-0.3	-1.4	-7.6	-7.6	-2.9	-3.2	0.2	0.4	-0.3				
GDP	102.6	102.7	102.7	103.0	103.0	103.2	103.5	103.3	103.6	103.7	103.8	103.6	102.9	102.8	103.2	103.7
	-0.3	0.0	0.0	0.3	0.0	0.1	0.3	-0.2	0.3	0.1	0.1	-0.2	0.1	-0.2	0.5	0.4
	0.0	-0.4	-0.3	0.1	0.4	0.5	0.8	0.3	0.6	0.5	0.2	0.3				

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 (%). Highlighted columns represent actual values.

Table 5. Production, employment, wages and prices

	Quarter												Fiscal year			
	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2017	2018	2019	2020
Index of industrial production (2015=100)	104.3	103.6	105.0	102.4	103.0	104.2	102.6	102.8	102.9	103.7	104.1	104.2	103.5	103.8	103.2	103.7
	0.8	-0.7	1.3	-2.5	0.7	1.1	-1.5	0.2	0.1	0.8	0.4	0.1	2.9	0.3	-0.6	0.6
	1.1	0.5	0.5	-1.1	-1.2	0.5	-2.3	0.4	-0.2	-0.5	1.5	1.4				
Labor force (ten thousand persons)	6821	6828	6869	6873	6863	6901	6900	6907	6915	6923	6932	6942	6750	6848	6893	6928
	0.3	0.1	0.6	0.1	-0.1	0.6	0.0	0.1	0.1	0.1	0.1	0.1	1.0	1.4	0.7	0.5
	1.6	1.3	1.9	1.0	0.6	1.1	0.5	0.5	0.8	0.3	0.5	0.5				
Engaged labor force (ten thousand persons)	6655	6662	6702	6705	6701	6735	6727	6734	6744	6747	6757	6767	6567	6681	6724	6753
	0.3	0.1	0.6	0.1	-0.1	0.5	-0.1	0.1	0.1	0.0	0.1	0.1	1.4	1.7	0.6	0.4
	2.1	1.6	2.1	1.1	0.7	1.1	0.4	0.4	0.6	0.2	0.4	0.5				
Employed (ten thousand persons)	5929	5947	5963	5981	5993	6025	6017	6023	6032	6035	6044	6052	5849	5955	6015	6041
	0.5	0.3	0.3	0.3	0.2	0.5	-0.1	0.1	0.1	0.0	0.1	0.1	1.5	1.8	1.0	0.4
	2.2	1.8	1.9	1.3	1.1	1.3	0.9	0.7	0.6	0.2	0.4	0.5				
Unemployment rate (%)	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.7	2.4	2.4	2.5
Domestic corporate goods price index (2015=100)	101.0	101.9	102.0	101.2	101.6	101.2	103.1	103.4	103.5	103.4	103.7	103.7	99.3	101.5	102.3	103.6
	0.7	0.9	0.1	-0.8	0.4	-0.4	1.9	0.3	0.1	-0.1	0.3	0.0	2.7	2.2	0.8	1.2
	2.6	3.1	2.2	0.9	0.6	-0.7	1.1	2.2	1.9	2.2	0.6	0.3				
Core consumer price index (2015=100)	101.0	101.1	101.5	101.3	101.7	101.6	102.2	101.7	102.3	102.2	102.5	102.1	100.4	101.2	101.8	102.3
	0.4	0.2	0.4	-0.2	0.4	-0.1	0.6	-0.5	0.6	-0.1	0.2	-0.3	0.7	0.8	0.6	0.5
	0.8	0.9	0.9	0.8	0.8	0.5	0.7	0.4	0.6	0.6	0.3	0.4				

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			
	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2017	2018	2019	2020
CD rates (%)	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.002
Government bond yields (%)	0.037	0.100	0.070	-0.040	-0.107	-0.166	-0.223	-0.284	-0.205	-0.198	-0.190	-0.191	0.053	0.042	-0.195	-0.196
Money stock (M2+CD, JPY trillion)	999.9	1006.3	1011.2	1015.9	1024.7	1029.8	1035.2	1040.4	1045.0	1052.9	1059.3	1063.1	992.3	1015.9	1040.4	1063.1
	0.8	0.6	0.5	0.5	0.9	0.5	0.5	0.5	0.4	0.8	0.6	0.4	3.3	2.4	2.4	2.2
	3.1	2.9	2.5	2.4	2.5	2.3	2.4	2.4	2.0	2.2	2.3	2.2				
Nikkei stock average (JPY)	22,341	22,654	21,897	20,999	21,414	21,276	21,138	21,000	21,250	21,500	21,750	22,000	20,984	21,973	21,207	21,625
2005=100	179.7	182.2	176.1	168.9	172.3	171.1	170.0	168.9	170.9	172.9	175.0	177.0	168.8	176.7	170.6	174.0
	-0.1	1.4	-3.3	-4.1	2.0	-0.6	-0.6	-0.7	1.2	1.2	1.2	1.1	19.8	4.7	-3.5	2.0
	14.5	14.0	-1.3	-6.1	-4.1	-6.1	-3.5	0.0	-0.8	1.1	2.9	4.8				
USD/JPY exchange rate	109.0	111.4	112.9	110.2	109.9	108.0	107.3	106.9	105.0	105.0	105.0	105.0	110.8	110.9	108.0	105.0
	0.8	2.2	1.3	-2.4	-0.3	-1.7	-0.6	-0.4	-1.8	0.0	0.0	0.0	2.2	0.1	-2.6	-2.8
	-1.8	0.4	-0.1	1.8	0.8	-3.1	-4.9	-3.0	-4.4	-2.8	-2.1	-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 7. External sector

JPY trillion, %

	Quarter												Fiscal year			
	18Q2	18Q3	18Q4	19Q1	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	2017	2018	2019	2020
Goods exports (real)	75.9	74.4	75.4	72.8	72.8	73.2	73.1	73.5	72.7	73.6	74.0	74.1	73.1	74.6	73.2	73.6
(SNA basis)	1.2	-2.0	1.4	-3.4	0.0	0.4	-0.1	0.5	-1.1	1.3	0.6	0.1	6.4	2.1	-2.0	0.6
	7.1	2.4	2.3	-2.9	-4.1	-1.6	-3.0	0.9	-0.2	0.6	1.2	0.8				
Goods imports (real)	76.2	76.7	79.7	75.2	76.9	78.0	77.1	77.3	77.5	77.5	77.6	77.7	74.8	76.9	77.3	77.6
(SNA basis)	0.1	0.6	4.0	-5.7	2.3	1.4	-1.2	0.2	0.3	0.0	0.2	0.1	4.7	2.9	0.5	0.3
	2.7	4.5	5.5	-1.2	1.0	1.8	-3.3	2.8	0.7	-0.7	0.7	0.5				
Services exports (real)	18.2	17.8	17.9	18.6	18.5	18.4	18.3	18.7	19.7	19.4	19.4	19.5	18.3	18.1	18.5	19.5
(SNA basis)	-1.0	-2.4	0.5	4.0	-0.3	-0.6	-0.8	2.1	5.4	-1.1	-0.2	0.4	6.8	-0.8	1.9	5.6
	1.8	-1.4	-4.5	1.0	1.7	3.6	2.2	0.3	6.0	5.5	6.2	4.5				
Services imports (real)	18.6	17.2	17.6	17.9	17.7	17.9	17.7	17.9	18.2	18.5	18.7	18.9	18.0	17.8	17.8	18.6
(SNA basis)	3.5	-7.8	2.3	1.9	-1.1	1.0	-1.1	1.2	1.6	1.4	1.4	1.2	1.2	-0.7	-0.3	4.4
	3.8	-3.8	-2.5	-0.6	-5.0	4.1	0.7	0.0	2.7	3.1	5.8	5.8				
Goods exports (nominal)	81.9	81.0	81.2	77.3	77.1	76.8	76.7	77.0	76.9	78.1	78.5	78.5	78.3	80.3	76.9	78.0
(SNA basis)	1.7	-1.1	0.2	-4.8	-0.4	-0.3	-0.1	0.4	-0.1	1.5	0.5	0.0	10.6	2.6	-4.3	1.4
	8.9	3.9	2.3	-4.0	-6.0	-5.2	-5.6	-0.4	-0.2	1.6	2.4	1.9				
Goods imports (nominal)	78.2	81.0	83.7	75.5	77.6	76.4	75.3	76.4	76.6	76.4	76.1	76.6	73.7	79.6	76.4	76.4
(SNA basis)	1.6	3.7	3.4	-9.8	2.7	-1.5	-1.5	1.5	0.2	-0.2	-0.4	0.6	13.4	8.0	-4.0	0.0
	8.7	14.3	11.5	-1.8	-0.7	-5.7	-10.1	1.1	-1.3	0.0	1.2	0.3				
Services exports (nominal)	20.2	19.9	20.0	20.6	20.6	19.4	19.3	19.3	20.5	20.2	20.1	20.1	20.0	20.2	19.7	20.2
(SNA basis)	0.0	-1.5	0.6	3.2	0.0	-6.0	-0.5	0.4	6.1	-1.6	-0.3	-0.3	10.3	0.9	-2.5	2.9
	3.5	0.7	-2.8	2.2	2.2	-2.5	-3.5	-6.2	-0.5	4.2	4.4	3.7				
Services imports (nominal)	20.6	19.4	19.6	19.7	19.5	18.7	18.1	18.4	18.7	18.9	19.2	19.4	19.6	19.9	18.7	19.0
(SNA basis)	4.6	-5.7	1.0	0.5	-1.1	-4.0	-3.4	1.7	1.4	1.4	1.1	1.2	5.7	1.4	-6.0	1.9
	6.7	-0.7	-0.7	0.2	-5.3	-3.7	-7.9	-6.8	-4.3	1.1	5.8	5.3				
Trade balance (BOP basis)	0.9	-0.1	-0.1	0.1	-0.4	0.1	0.4	0.2	0.1	0.4	0.6	0.5	4.5	0.7	0.2	1.5
Balance on services (BOP basis)	-0.4	-0.2	-0.1	-0.1	0.1	-0.1	0.0	0.0	0.2	0.1	0.0	-0.1	-0.5	-0.7	0.1	0.2
Primary income balance (BOP basis)	5.5	5.4	4.9	5.0	5.4	5.1	4.8	4.8	4.8	4.8	4.7	4.6	20.3	21.0	20.1	18.9
Current account balance	5.4	4.7	4.3	5.5	4.4	4.5	4.5	4.3	4.5	4.7	4.7	4.4	22.2	19.2	17.7	18.4
(BOP basis)	9.5	-14.2	-7.9	26.9	-19.2	1.0	1.2	-4.7	5.3	4.5	-0.6	-5.8	2.3	-13.2	-8.2	4.1
	7.7	-26.0	-25.6	9.8	-18.9	-4.6	4.9	-21.3	2.6	6.2	4.3	3.2				
USD/JPY exchange rate	109.0	111.4	112.9	110.2	109.9	108.0	107.3	106.9	105.0	105.0	105.0	105.0	110.8	110.9	108.0	105.0
	0.8	2.2	1.3	-2.4	-0.3	-1.7	-0.6	-0.4	-1.8	0.0	0.0	0.0	2.2	0.1	-2.6	-2.8
	-1.8	0.4	-0.1	1.8	0.8	-3.1	-4.9	-3.0	-4.4	-2.8	-2.1	-1.8				

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.