

# Japanese Economy: Analysis and Forecasts No.129

7 September, 2020

## 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

#### Finding the balance between ensuring economic recovery and containing the second wave of Covid-19: toward a trial-and-error solution

- ◆ According to the first advance estimates released on August 17th, Japan's Q2 real GDP contracted an annualized -27.8% QoQ. Q2 was the third consecutive quarter of negative growth. The decline rate was similar to the latest market consensus forecast (-26.59%). Our latest CQM forecast was an annualized -22.6%, the average of the expenditure-side (-25.0%) and the production-side (-20.2%) forecasts.
- ◆ Japan's Q2 real GDP declined by JPY -41.1 trillion, reflecting the decline in demand-side factors, especially private final consumption expenditure and goods exports. The impact of the state of emergency on domestic private final consumption expenditure is clearly visible. So is the impact of the global economic disruption, brought about by worldwide lockdowns, which put downward pressure on exports. The determinants of GDP decline in Q2 were different from Q1, when the GDP contraction (JPY -3.3 trillion) was caused by a mix of supply-side factors, such as declining imports from China, and demand-side factors, including stagnant private final consumption expenditure and services exports.
- ◆ The economic downturn, which followed the peak of the current economic cycle in October 2018, seems to have reached a trough in May, when the state of emergency was lifted. However, as the current economic recovery coincides with a second wave of Covid-19, a fine balance between ensuring social distancing and stimulating economic activities is essential. For that reason, Japan's economic recovery is likely to be slow.
- ◆ Reflecting the first advance Q1 GDP estimates, we updated our real GDP growth forecast to -5.9% in FY 2020. This will be the first year of negative growth in six years. In FY 2021, we forecast a positive growth of +3.3% due to the expected post-pandemic rebound. However, the GDP will not reach its pre-pandemic level until after FY 2022. Compared with our previous report (No. 128), we have revised the FY 2020 forecast down by -0.3%pt, and the FY 2021 forecast up by +0.8%pt.
- ◆ Based on the trends in monthly indicators, most of which show substantial improvements in June, the trough of the current economic cycle seems to have been reached in May. On a quarterly basis, we expect to see a rebound of over +10% QoQ in Q3. The growth rate will temporarily remain higher than the potential growth rate, due to the post-pandemic rebound. However, in terms of YoY changes, GDP growth will remain in negative territory 2019 Q4 throughout 2021 Q1.
- ◆ The output gap, which turned negative in 2019 Q2, is likely to deteriorate for some time. Stagnant domestic and external demand might exert substantial deflationary pressure. Although the decline in energy prices has decelerated, the government's free childcare program and the partial to complete elimination of tertiary education fees will both put downward pressure on CPI inflation. Considering these trends, as well as the supply-demand gap, we forecast core CPI inflation of -0.3% in FY 2020, and +0.4% in FY 2021.

## Summary of Forecast Results

	Current forecast (2020/8/27)				Previous forecast (2020/5/28)			
	2017	2018	2019	2020	2018	2019	2020	2021
Real GDP (%)	0.3	0.0	▲ 5.9	3.3	0.3	▲ 0.1	▲ 5.6	2.5
Private demand (contribution)	0.2	▲ 0.4	▲ 4.5	2.0	1.3	▲ 0.5	▲ 4.3	2.0
Private final consumption expenditure (%)	0.1	▲ 0.6	▲ 6.1	3.4	0.1	▲ 0.6	▲ 4.9	3.5
Private residential investment (%)	▲ 4.9	0.5	▲ 6.3	▲ 0.9	▲ 4.9	0.3	▲ 8.3	2.4
Private non-residential investment (%)	1.8	▲ 0.3	▲ 4.0	1.3	1.7	▲ 0.9	▲ 7.8	0.7
Change in private inventories (contribution)	0.1	▲ 0.1	▲ 0.2	▲ 0.1	0.1	▲ 0.1	▲ 0.1	▲ 0.1
Public demand (contribution)	0.2	0.6	0.3	0.5	0.1	0.6	0.4	0.5
Government final consumption expenditure (%)	0.9	2.3	0.7	1.1	0.9	2.4	1.3	0.9
Government investment expenditure (%)	0.6	3.3	3.4	4.0	0.6	3.3	2.3	4.8
Change in government inventories (contribution)	0.0	▲ 0.0	▲ 0.0	▲ 0.0	0.0	▲ 0.0	0.0	0.0
External demand (contribution)	▲ 0.1	▲ 0.2	▲ 1.7	0.8	0.4	▲ 0.2	▲ 1.6	0.1
Exports of goods and services (%)	1.7	▲ 2.6	▲ 13.3	9.2	1.7	▲ 2.7	▲ 20.3	7.8
Imports of goods and services (%)	2.6	▲ 1.5	▲ 3.0	3.8	2.5	▲ 1.7	▲ 10.3	6.4
Nominal GDP (%)	0.1	0.8	▲ 5.3	3.9	0.1	0.7	▲ 5.1	2.4
GDP deflator (%)	▲ 0.2	0.8	0.7	0.6	▲ 0.2	0.8	0.4	▲ 0.1
Domestic corporate goods price index (%)	2.2	0.1	▲ 1.5	0.8	2.2	0.1	▲ 2.1	0.4
Core consumer price index (%)	0.8	0.6	▲ 0.3	0.4	0.8	0.6	▲ 0.4	0.4
Industrial production index (%)	0.3	▲ 3.8	▲ 10.9	6.6	0.3	▲ 3.8	▲ 9.0	5.7
New housing starts (%)	0.7	▲ 7.3	▲ 10.5	1.3	0.7	▲ 7.3	▲ 14.1	6.4
Unemployment rate (%)	2.4	2.4	3.5	3.7	2.4	2.4	3.6	3.5
Current account balance (JPY trillion)	19.5	19.7	16.7	19.2	19.5	19.8	13.9	11.7
% of nominal GDP	3.6	3.6	3.2	3.5	3.6	3.6	2.7	2.2
Crude oil price (USD/barrel)	67.6	58.7	41.4	54.0	67.6	58.7	30.7	45.6
USD/JPY exchange rate	110.9	108.7	106.9	108.3	110.9	108.7	108.2	110.0
USA real GDP (% , calendar year)	2.9	2.3	▲ 5.1	3.1	2.9	2.3	▲ 7.0	5.1

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			
	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	2018	2019	2020	2021
Real GDP (JPY trillion)	539.1	539.3	529.6	526.3	485.2	500.2	509.2	513.6	515.1	516.9	519.7	522.1	533.4	533.5	502.0	518.4
	0.4	0.0	-1.8	-0.6	-7.8	3.1	1.8	0.9	0.3	0.4	0.5	0.5	0.3	0.0	-5.9	3.3
	0.9	1.7	-0.7	-2.0	-10.0	-7.2	-3.9	-2.4	6.2	3.3	2.1	1.7				
Nominal GDP (JPY trillion)	555.5	557.8	549.7	547.0	506.6	520.4	531.1	535.6	537.7	540.7	546.4	550.9	548.1	552.4	523.4	543.9
	0.5	0.4	-1.5	-0.5	-7.4	2.7	2.1	0.8	0.4	0.6	1.0	0.8	0.1	0.8	-5.3	3.9
	1.2	2.3	0.6	-1.1	-8.8	-6.7	-3.4	-2.1	6.1	3.9	2.9	2.9				
GDP deflator (2011=100)	103.1	103.4	103.8	103.9	104.4	104.0	104.3	104.3	104.4	104.6	105.1	105.5	102.8	103.6	104.3	104.9
	0.0	0.4	0.3	0.1	0.5	-0.4	0.3	0.0	0.1	0.2	0.5	0.3	-0.2	0.8	0.7	0.6
	0.4	0.6	1.3	0.9	1.3	0.6	0.5	0.4	0.0	0.5	0.8	1.2				
Index of industrial production (2015=100)	102.8	101.7	98.0	98.4	81.8	89.7	91.2	93.2	94.1	94.6	95.1	95.7	103.8	99.9	89.0	94.8
	0.0	-1.1	-3.7	0.4	-16.9	9.7	1.7	2.2	0.9	0.5	0.5	0.7	0.3	-3.8	-10.9	6.6
	-1.5	-1.9	-6.7	-4.3	-20.5	-11.8	-6.9	-5.3	15.0	5.4	4.2	2.7				
New housing starts (thousands)	231	227	216	216	199	197	196	198	199	200	200	202	953	884	791	801
	-3.2	-2.0	-4.6	-0.2	-7.6	-1.0	-0.9	1.3	0.4	0.3	0.3	0.9	0.7	-7.3	-10.5	1.3
	-3.2	-4.6	-9.0	-9.7	-13.7	-12.8	-9.5	-8.1	-0.2	1.1	2.3	1.9				
Domestic corporate goods price index (2015=100)	101.6	101.0	102.1	101.8	99.4	99.8	100.9	100.5	99.8	100.2	101.6	102.1	101.5	101.6	100.1	100.9
	0.4	-0.7	1.2	-0.4	-2.4	0.4	1.1	-0.4	-0.7	0.3	1.5	0.4	2.2	0.1	-1.5	0.8
	0.6	-0.9	0.2	0.6	-2.2	-1.2	-1.2	-1.2	0.5	0.4	0.7	1.6				
Core consumer price index (2015=100)	101.7	101.6	102.1	101.9	101.6	101.5	101.7	101.3	101.8	102.0	102.2	101.8	101.2	101.8	101.5	102.0
	0.4	-0.1	0.5	-0.2	-0.3	-0.1	0.2	-0.4	0.5	0.3	0.2	-0.4	0.8	0.6	-0.3	0.4
	0.8	0.5	0.6	0.6	-0.1	-0.1	-0.4	-0.6	0.2	0.5	0.5	0.5				
Wage earnings per worker (JPY thousand)	4073	4060	4074	4083	4002	3978	3952	3913	3902	3899	3896	3893	4064	4072	3961	3897
	0.6	-0.3	0.3	0.2	-2.0	-0.6	-0.7	-1.0	-0.3	-0.1	-0.1	-0.1	1.2	0.2	-2.7	-1.6
	-0.1	0.2	-0.1	0.8	-1.8	-2.0	-3.0	-4.1	-2.5	-2.0	-1.4	-0.5				
Unemployment rate (%)	2.4	2.3	2.3	2.4	2.8	3.3	3.9	4.0	3.8	3.8	3.6	3.5	2.4	2.4	3.5	3.7
CD interest rate (%)	0.001	0.002	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	0.001
10-year government bond yields (%)	-0.107	-0.220	-0.087	-0.073	-0.003	0.024	0.028	0.030	0.053	0.086	0.120	0.158	0.042	-0.122	0.020	0.104
Current account balance (JPY trillion)	-4.9	4.7	5.3	4.9	2.9	4.1	4.8	4.9	4.9	4.7	4.8	4.8	19.5	19.7	16.7	19.2
% of nominal GDP	3.5	3.4	3.9	3.6	2.3	3.2	3.6	3.7	3.6	3.5	3.5	3.5	3.6	3.6	3.2	3.5
Crude oil price (USD/barrel)	65.16	59.82	60.47	49.31	30.88	43.86	44.11	46.77	49.40	52.90	56.41	57.50	67.62	58.69	41.40	54.05
USD/JPY exchange rate	109.9	107.3	108.7	108.9	107.6	106.6	106.3	107.0	107.5	108.0	108.5	109.0	110.9	108.7	106.9	108.3
Government debt (JPY trillion)	1100.5	1106.0	1111.5	1117.0	1119.0	1125.2	1130.6	1135.6	1140.7	1147.1	1153.7	1160.6	1095.0	1117.0	1135.6	1140.7
	0.5	0.5	0.5	0.5	0.2	0.6	0.5	0.4	0.4	0.6	0.6	0.6	1.7	2.0	1.7	0.4
	1.8	1.8	1.9	2.0	1.7	1.7	1.7	1.7	1.9	1.9	2.0	2.2				
% of GDP	198.1	198.3	202.2	204.2	220.9	230.2	238.2	245.2	251.6	258.4	265.4	272.6	199.8	202.2	217.0	209.7
Fiscal balance (JPY trillion)	-37.5	-38.9	-39.2	-41.0	-53.1	-49.5	-47.8	-49.0	-51.5	-53.6	-55.0	-56.4	-37.1	-39.2	-49.9	-54.1

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 (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)

JPY trillion (2011 chain prices), %

	Quarter												Fiscal year			
	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	2018	2019	2020	2021
Private final consumption expenditure	301.4	302.7	294.0	291.7	267.8	279.9	284.2	285.6	287.3	288.5	289.6	290.6	299.1	297.4	279.4	289.0
	0.5	0.4	-2.9	-0.8	-8.2	4.5	1.5	0.5	0.6	0.4	0.4	0.3	0.1	-0.6	-6.1	3.4
	0.8	1.5	-1.9	-2.7	-11.1	-7.5	-3.3	-2.1	7.3	3.1	1.9	1.8				
Private residential investment	15.4	15.6	15.2	14.6	14.6	14.3	14.0	14.1	14.1	14.1	14.1	14.1	15.1	15.2	14.3	14.1
	-0.2	1.2	-2.2	-4.2	-0.2	-2.1	-1.6	0.5	0.0	0.0	0.0	0.0	-4.9	0.5	-6.3	-0.9
	3.1	4.2	0.2	-5.4	-5.4	-8.5	-7.9	-3.3	-3.1	-1.0	0.6	0.1				
Private non-residential investment	87.1	87.3	83.2	84.6	83.4	81.2	81.7	82.1	82.5	82.7	83.3	84.1	85.7	85.5	82.1	83.2
	0.8	0.2	-4.7	1.7	-1.5	-2.5	0.6	0.5	0.5	0.2	0.7	0.9	1.8	-0.3	-4.0	1.3
	0.4	5.1	-4.2	-2.1	-4.3	-7.0	-1.8	-3.0	-1.0	1.8	1.9	2.4				
Change in private inventories	2.1	0.8	0.9	0.4	0.1	-1.5	-0.2	0.6	-0.4	-0.7	-0.6	-0.4	1.5	1.0	-0.2	-0.5
Government final consumption expenditure	108.9	109.9	110.2	110.2	109.9	110.2	110.7	111.1	111.3	111.6	111.8	112.0	107.2	109.7	110.5	111.7
	1.0	0.8	0.3	0.0	-0.3	0.2	0.4	0.4	0.2	0.2	0.2	0.2	0.9	2.3	0.7	1.1
	2.0	2.7	2.3	2.2	0.9	0.3	0.4	0.8	1.3	1.3	1.0	0.8				
Government investment expenditure	26.7	27.0	27.2	27.0	27.3	27.7	28.1	28.4	28.7	28.9	29.1	29.3	26.1	27.0	27.9	29.0
	1.4	1.1	0.6	-0.5	1.2	1.3	1.3	1.3	0.8	0.8	0.8	0.8	0.6	3.3	3.4	4.0
	0.3	3.8	5.7	2.7	2.4	2.7	3.3	5.1	4.8	4.3	3.8	3.2				
Change in government inventories	0.00	-0.01	0.02	0.08	-0.01	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.04	0.03	0.01	0.00
Exports of goods and services	92.1	91.5	91.9	87.0	70.8	77.8	81.9	83.7	84.7	85.4	86.4	86.8	93.0	90.6	78.6	85.8
	0.2	-0.6	0.4	-5.4	-18.5	9.9	5.2	2.3	1.1	0.8	1.2	0.5	1.7	-2.6	-13.3	9.2
	-2.3	-0.6	-1.8	-5.4	-23.1	-15.0	-10.9	-3.7	19.6	9.7	5.5	3.7				
Imports of goods and services	95.2	95.9	93.5	89.7	89.2	89.8	91.5	92.5	93.5	94.0	94.4	94.9	95.0	93.5	90.8	94.2
	1.8	0.7	-2.4	-4.2	-0.5	0.7	1.9	1.1	1.1	0.5	0.4	0.5	2.6	-1.5	-3.0	3.8
	0.3	2.5	-4.5	-4.1	-6.3	-6.3	-2.1	3.2	4.9	4.7	3.1	2.5				
GDP	539.1	539.3	529.6	526.3	485.2	500.2	509.2	513.6	515.1	516.9	519.7	522.1	533.4	533.5	502.0	518.4
	1.7	0.2	-7.0	-2.5	-27.8	13.0	7.3	3.5	1.2	1.4	2.2	1.9	0.3	0.0	-5.9	3.3
	0.4	0.0	-1.8	-0.6	-7.8	3.1	1.8	0.9	0.3	0.4	0.5	0.5				
	0.9	1.7	-0.7	-2.0	-10.0	-7.2	-3.9	-2.4	6.2	3.3	2.1	1.7				
Contribution of domestic demand	0.7	0.3	-2.3	-0.4	-4.8	1.8	1.3	0.7	0.3	0.3	0.4	0.5	0.4	0.2	-4.2	2.5
of which, private demand	0.4	0.1	-2.4	-0.4	-4.8	1.6	1.2	0.5	0.2	0.2	0.3	0.4	0.2	-0.4	-4.5	2.0
of which, public demand	0.3	0.2	0.1	0.0	0.0	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.6	0.3	0.5
Contribution of net exports	-0.3	-0.2	0.5	-0.2	-3.0	1.3	0.5	0.2	0.0	0.0	0.1	0.0	-0.1	-0.2	-1.7	0.8

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 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			
	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	2018	2019	2020	2021
Private final consumption expenditure	307.4	309.0	301.9	299.4	274.3	286.1	291.6	292.7	294.2	295.1	297.4	299.4	304.8	304.5	286.2	296.5
	0.6	0.5	-2.3	-0.8	-8.4	4.3	1.9	0.4	0.5	0.3	0.8	0.7	0.5	-0.1	-6.0	3.6
	1.3	1.5	-1.3	-2.0	-10.8	-7.4	-3.4	-2.2	7.3	3.1	2.0	2.3				
Private residential investment	16.9	17.1	17.0	16.3	16.1	15.7	15.6	15.8	15.8	15.7	15.7	15.6	16.5	16.8	15.8	15.7
	0.1	1.6	-0.6	-4.3	-1.4	-2.7	-0.2	1.0	-0.1	-0.2	-0.3	-0.2	-3.4	2.0	-6.3	-0.6
	3.8	5.0	2.5	-3.2	-4.6	-8.7	-8.3	-3.3	-2.1	0.4	0.3	-0.9				
Private non-residential investment	89.1	90.2	85.9	87.0	84.4	82.6	83.5	83.4	83.2	84.2	85.1	85.7	88.0	88.0	83.5	84.5
	0.4	1.2	-4.7	1.3	-3.0	-2.2	1.1	-0.1	-0.3	1.3	1.1	0.7	2.5	-0.1	-5.1	1.2
	0.7	5.4	-3.9	-1.9	-5.3	-8.4	-2.8	-4.1	-1.5	1.9	1.9	2.7				
Change in private inventories	2.2	0.5	0.7	0.5	-0.4	-2.1	-0.1	0.6	-0.2	-0.2	0.0	0.4	1.4	1.0	-0.5	0.0
Government final consumption expenditure	110.8	111.7	111.5	112.4	111.1	111.2	111.5	112.0	112.5	112.8	113.1	113.4	108.5	111.5	111.4	113.0
	1.4	0.8	-0.2	0.8	-1.2	0.1	0.3	0.4	0.4	0.3	0.3	0.3	1.0	2.8	-0.1	1.4
	2.1	3.0	3.2	2.9	0.2	-0.5	0.0	-0.4	1.3	1.5	1.4	1.3				
Government investment expenditure	29.1	29.5	29.9	29.8	29.9	30.4	31.0	31.4	31.6	31.7	32.2	32.5	28.2	29.6	30.7	32.0
	2.1	1.3	1.3	-0.4	0.5	1.5	1.9	1.1	0.7	0.5	1.5	1.0	2.4	4.9	3.6	4.3
	1.7	5.2	7.5	4.5	2.8	3.0	3.7	5.2	5.4	4.3	3.8	3.7				
Change in government inventories	0.01	-0.02	0.02	0.05	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.02	0.01	0.00
Exports of goods and services	97.6	96.1	96.0	90.7	71.3	78.0	79.6	82.1	84.0	84.9	86.4	87.6	100.7	95.0	77.7	85.7
	-0.6	-1.5	-0.1	-5.5	-21.4	9.4	2.1	3.0	2.3	1.1	1.8	1.4	2.5	-5.6	-18.2	10.3
	-4.0	-5.3	-5.6	-7.6	-27.0	-18.9	-17.1	-9.6	17.8	8.9	8.5	6.8				
Imports of goods and services	97.6	96.4	93.3	89.3	80.1	81.4	81.7	82.4	83.3	83.4	83.5	83.8	100.1	94.0	81.4	83.5
	1.6	-1.3	-3.2	-4.3	-10.3	1.7	0.4	0.8	1.1	0.2	0.1	0.3	7.2	-6.1	-13.4	2.6
	-1.3	-4.2	-11.1	-7.1	-17.9	-15.5	-12.4	-7.7	4.0	2.5	2.2	1.7				
GDP	555.5	557.8	549.7	547.0	506.6	520.4	531.1	535.6	537.7	540.7	546.4	550.9	548.1	552.4	523.4	543.9
	1.9	1.7	-5.7	-2.0	-26.4	11.3	8.5	3.4	1.6	2.3	4.3	3.3	0.1	0.8	-5.3	3.9
	0.5	0.4	-1.5	-0.5	-7.4	2.7	2.1	0.8	0.4	0.6	1.0	0.8				
	1.2	2.3	0.6	-1.1	-8.8	-6.7	-3.4	-2.1	6.1	3.9	2.9	2.9				
Contribution of domestic demand	0.8	0.5	-2.0	-0.3	-5.5	1.7	1.8	0.5	0.2	0.4	0.8	0.7	0.9	0.7	-4.4	2.8
of which, private demand	0.5	0.2	-2.0	-0.4	-5.3	1.5	1.6	0.3	0.1	0.3	0.6	0.5	0.6	-0.1	-4.6	2.2
of which, public demand	0.4	0.2	0.0	0.2	-0.2	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.3	0.8	0.2	0.5
Contribution of net exports	-0.4	0.0	0.5	-0.2	-1.9	1.1	0.3	0.3	0.2	0.1	0.3	0.2	-0.8	0.1	-0.8	1.1

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 4. Gross domestic expenditure (deflator)

2011 = 100, %

	Quarter												Fiscal year			
	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	2018	2019	2020	2021
Private final consumption expenditure	102.0	102.1	102.7	102.7	102.4	102.2	102.6	102.5	102.4	102.3	102.7	103.0	101.9	102.4	102.4	102.6
	0.1	0.1	0.6	0.0	-0.2	-0.2	0.4	-0.1	-0.1	-0.1	0.4	0.3	0.4	0.5	0.0	0.2
	0.5	0.1	0.6	0.7	0.4	0.1	-0.1	-0.2	0.0	0.1	0.1	0.5				
Private residential investment	109.4	109.9	111.7	111.7	110.4	109.7	111.2	111.7	111.5	111.3	110.9	110.6	109.0	110.7	110.7	111.1
	0.3	0.4	1.7	-0.1	-1.2	-0.6	1.4	0.4	-0.1	-0.2	-0.3	-0.3	1.6	1.5	0.1	0.3
	0.7	0.8	2.3	2.3	0.9	-0.2	-0.5	0.0	1.1	1.4	-0.3	-1.0				
Private non-residential investment	102.3	103.3	103.3	102.9	101.3	101.7	102.2	101.6	100.8	101.8	102.2	101.9	102.7	102.9	101.7	101.7
	-0.4	0.9	0.0	-0.4	-1.5	0.4	0.5	-0.6	-0.8	1.0	0.4	-0.2	0.7	0.2	-1.2	0.0
	0.3	0.3	0.3	0.2	-1.0	-1.5	-1.0	-1.2	-0.5	0.1	0.0	0.3				
Government final consumption expenditure	101.7	101.7	101.2	102.0	101.0	100.9	100.8	100.8	101.0	101.1	101.2	101.3	101.2	101.6	100.9	101.2
	0.3	0.0	-0.5	0.8	-1.0	-0.1	-0.1	0.0	0.2	0.1	0.1	0.1	0.1	0.4	-0.7	0.3
	0.0	0.3	0.8	0.6	-0.7	-0.8	-0.4	-1.2	0.0	0.2	0.4	0.5				
Government investment expenditure	109.1	109.4	110.1	110.2	109.5	109.8	110.5	110.3	110.2	109.8	110.6	110.8	108.1	109.8	110.0	110.4
	0.8	0.2	0.7	0.1	-0.6	0.2	0.6	-0.2	-0.1	-0.3	0.7	0.2	1.8	1.6	0.2	0.3
	1.3	1.3	1.7	1.8	0.4	0.4	0.3	0.1	0.6	0.0	0.1	0.5				
Exports of goods and services	106.0	105.0	104.5	104.3	100.6	100.2	97.3	98.0	99.1	99.4	100.0	100.9	108.3	104.9	98.9	99.9
	-0.8	-0.9	-0.5	-0.1	-3.6	-0.5	-2.9	0.7	1.2	0.3	0.7	0.9	0.8	-3.1	-5.7	1.0
	-1.7	-4.7	-3.8	-2.3	-5.0	-4.6	-6.9	-6.1	-1.5	-0.8	2.8	3.0				
Imports of goods and services	102.5	100.5	99.7	99.6	89.8	90.7	89.3	89.0	89.0	88.7	88.5	88.4	105.4	100.5	89.7	88.7
	-0.2	-2.0	-0.8	-0.2	-9.8	1.0	-1.5	-0.3	0.0	-0.3	-0.3	-0.1	4.6	-4.6	-10.8	-1.2
	-1.6	-6.5	-7.0	-3.1	-12.4	-9.8	-10.5	-10.6	-0.9	-2.1	-0.9	-0.8				
GDP	103.1	103.4	103.8	103.9	104.4	104.0	104.3	104.3	104.4	104.6	105.1	105.5	102.8	103.6	104.3	104.9
	0.0	0.4	0.3	0.1	0.5	-0.4	0.3	0.0	0.1	0.2	0.5	0.3	-0.2	0.8	0.7	0.6
	0.4	0.6	1.3	0.9	1.3	0.6	0.5	0.4	0.0	0.5	0.8	1.2				

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 (%). Highlighted columns represent actual values.

Table 5. Production, employment, wages and prices

	Quarter												Fiscal year			
	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	2018	2019	2020	2021
Index of industrial production (2015=100)	102.8	101.7	98.0	98.4	81.8	89.7	91.2	93.2	94.1	94.6	95.1	95.7	103.8	99.9	89.0	94.8
	0.0	-1.1	-3.7	0.4	-16.9	9.7	1.7	2.2	0.9	0.5	0.5	0.7	0.3	-3.8	-10.9	6.6
	-1.5	-1.9	-6.7	-4.3	-20.5	-11.8	-6.9	-5.3	15.0	5.4	4.2	2.7				
Labor force (ten thousand persons)	6870	6889	6918	6904	6819	6814	6812	6811	6811	6818	6822	6827	6847	6895	6814	6819
	0.0	0.3	0.4	-0.2	-1.2	-0.1	0.0	0.0	0.0	0.1	0.1	0.1	1.4	0.7	-1.2	0.1
	0.6	0.9	0.8	0.5	-0.7	-1.1	-1.5	-1.3	-0.1	0.1	0.1	0.2				
Engaged labor force (ten thousand persons)	6707	6728	6761	6736	6630	6589	6546	6538	6552	6562	6578	6585	6680	6733	6576	6569
	0.1	0.3	0.5	-0.4	-1.6	-0.6	-0.7	-0.1	0.2	0.1	0.2	0.1	1.7	0.8	-2.3	-0.1
	0.7	1.0	1.0	0.5	-1.1	-2.1	-3.2	-2.9	-1.2	-0.4	0.5	0.7				
Employed (ten thousand persons)	5995	6013	6030	6042	5927	5890	5851	5844	5857	5865	5880	5886	5955	6020	5878	5872
	0.3	0.3	0.3	0.2	-1.9	-0.6	-0.7	-0.1	0.2	0.1	0.2	0.1	1.8	1.1	-2.4	-0.1
	1.1	1.1	1.1	1.1	-1.1	-2.0	-3.0	-3.3	-1.2	-0.4	0.5	0.7				
Unemployment rate (%)	2.4	2.3	2.3	2.4	2.8	3.3	3.9	4.0	3.8	3.8	3.6	3.5	2.4	2.4	3.5	3.7
Domestic corporate goods price index (2015=100)	101.6	101.0	102.1	101.8	99.4	99.8	100.9	100.5	99.8	100.2	101.6	102.1	101.5	101.6	100.1	100.9
	0.4	-0.7	1.2	-0.4	-2.4	0.4	1.1	-0.4	-0.7	0.3	1.5	0.4	2.2	0.1	-1.5	0.8
	0.6	-0.9	0.2	0.6	-2.2	-1.2	-1.2	-1.2	0.5	0.4	0.7	1.6				
Core consumer price index (2015=100)	101.7	101.6	102.1	101.9	101.6	101.5	101.7	101.3	101.8	102.0	102.2	101.8	101.2	101.8	101.5	102.0
	0.4	-0.1	0.5	-0.2	-0.3	-0.1	0.2	-0.4	0.5	0.3	0.2	-0.4	0.8	0.6	-0.3	0.4
	0.8	0.5	0.6	0.6	-0.1	-0.1	-0.4	-0.6	0.2	0.5	0.5	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 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			
	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	2018	2019	2020	2021
CD rates (%)	0.001	0.002	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	0.001
Government bond yields (%)	-0.107	-0.220	-0.087	-0.073	-0.003	0.024	0.028	0.030	0.053	0.086	0.120	0.158	0.042	-0.122	0.020	0.104
Money stock (M2+CD, JPY trillion)	1024.1	1030.0	1037.6	1046.7	1078.8	1088.1	1096.8	1104.6	1108.1	1114.6	1121.3	1128.0	1016.1	1046.7	1104.6	1128.0
	0.8	0.6	0.7	0.9	3.1	0.9	0.8	0.7	0.3	0.6	0.6	0.6	2.4	3.0	5.5	2.1
	2.5	2.4	2.6	3.0	5.3	5.6	5.7	5.5	2.7	2.4	2.2	2.1				
Nikkei stock average (JPY 2005=100)	21,414	21,270	23,045	21,932	20,746	22,317	22,164	22,040	22,100	22,300	22,400	22,500	21,973	21,915	21,817	22,325
	172.3	171.1	185.4	176.4	166.9	179.5	178.3	177.3	177.8	179.4	180.2	181.0	176.7	176.3	175.5	179.6
	2.0	-0.7	8.3	-4.8	-5.4	7.6	-0.7	-0.6	0.3	0.9	0.4	0.4	4.7	-0.3	-0.5	2.3
	-4.1	-6.1	5.2	4.4	-3.1	4.9	-3.8	0.5	6.5	-0.1	1.1	2.1				
USD/JPY exchange rate	109.9	107.3	108.7	108.9	107.6	106.6	106.3	107.0	107.5	108.0	108.5	109.0	110.9	108.7	106.9	108.3
	-0.3	-2.3	1.3	0.1	-1.2	-0.9	-0.3	0.7	0.5	0.5	0.5	0.5	0.1	-2.0	-1.7	1.3
	0.8	-3.7	-3.7	-1.2	-2.0	-0.7	-2.2	-1.7	-0.1	1.3	2.1	1.9				

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			
	19Q2	19Q3	19Q4	20Q1	20Q2	20Q3	20Q4	21Q1	21Q2	21Q3	21Q4	22Q1	2018	2019	2020	2021
Goods exports (real)	73.0	72.9	72.7	71.2	57.5	63.5	67.1	68.1	68.5	69.7	71.3	72.7	74.6	72.4	64.0	70.5
(SNA basis)	-0.2	-0.2	-0.2	-2.1	-19.2	10.4	5.6	1.5	0.6	1.7	2.3	2.0	2.1	-3.0	-11.5	10.1
	-4.0	-1.4	-3.6	-2.7	-21.2	-12.8	-7.7	-4.3	19.1	9.7	6.2	6.7				
Goods imports (real)	77.1	77.8	76.3	72.7	74.2	73.7	74.4	74.8	75.4	75.7	76.1	76.6	77.0	75.9	74.3	75.9
(SNA basis)	2.4	0.9	-1.9	-4.7	2.1	-0.7	1.0	0.5	0.8	0.5	0.5	0.6	3.0	-1.4	-2.1	2.2
	1.2	1.8	-4.6	-3.5	-3.7	-5.3	-2.4	2.9	1.6	2.8	2.2	2.4				
Services exports (real)	19.0	18.6	19.1	15.8	13.3	14.3	14.8	15.6	16.2	15.7	15.2	14.1	18.3	18.1	14.5	15.3
(SNA basis)	1.4	-2.3	2.8	-17.1	-15.8	7.5	3.3	5.7	3.5	-3.0	-3.6	-6.7	0.0	-0.9	-19.8	5.3
	4.7	2.6	5.6	-15.6	-29.9	-22.9	-22.5	-1.1	21.5	9.7	2.3	-9.7				
Services imports (real)	18.3	18.3	17.5	17.1	15.3	16.1	17.1	17.7	18.2	18.3	18.3	18.3	18.2	17.8	16.6	18.3
(SNA basis)	-0.4	0.1	-4.4	-2.0	-10.6	5.5	6.0	3.7	2.3	0.8	0.1	-0.2	1.1	-2.2	-6.8	10.2
	-3.0	5.2	-3.7	-6.6	-16.1	-11.6	-2.0	3.6	18.6	13.3	7.0	3.0				
Goods exports (nominal)	76.4	75.5	74.9	73.1	56.6	63.3	64.8	65.8	66.2	66.9	68.1	69.5	80.3	74.9	62.6	67.7
(SNA basis)	-1.2	-1.1	-0.8	-2.4	-22.7	11.9	2.3	1.7	0.6	1.0	1.8	2.1	2.6	-6.7	-16.4	8.1
	-6.3	-6.9	-8.1	-5.4	-26.0	-16.2	-13.5	-10.0	17.1	5.6	5.2	5.6				
Goods imports (nominal)	77.2	76.0	73.9	70.4	63.6	64.5	64.5	65.2	66.2	66.7	67.4	68.3	79.7	74.3	64.4	67.2
(SNA basis)	2.2	-1.7	-2.7	-4.8	-9.6	1.4	0.1	1.0	1.6	0.9	1.0	1.4	8.1	-6.8	-13.2	4.2
	-0.8	-6.1	-12.5	-6.9	-17.7	-15.1	-12.7	-7.4	4.1	3.6	4.4	4.9				
Services exports (nominal)	21.2	20.6	21.1	17.6	14.7	14.6	14.9	16.2	17.7	18.0	18.3	18.1	20.4	20.1	15.1	18.0
(SNA basis)	1.6	-3.0	2.5	-16.7	-16.4	-0.4	1.5	9.1	9.3	1.5	2.0	-1.4	1.9	-1.4	-24.8	19.3
	5.3	1.3	4.5	-15.7	-30.7	-28.8	-29.6	-7.8	20.5	22.8	23.3	11.5				
Services imports (nominal)	20.4	20.4	19.4	18.9	16.5	17.0	17.2	17.2	17.1	16.7	16.1	15.5	20.4	19.8	17.0	16.4
(SNA basis)	-0.6	0.2	-4.9	-2.6	-12.8	3.0	1.3	0.1	-0.8	-2.4	-3.3	-4.1	4.1	-3.3	-14.1	-3.7
	-3.1	3.4	-5.2	-7.7	-19.0	-16.8	-11.4	-8.9	3.6	-1.7	-6.2	-10.1				
Trade balance (BOP basis)	-0.3	0.1	0.4	0.6	-1.8	-0.3	0.1	0.2	0.0	0.0	0.2	0.3	0.6	0.7	-1.8	0.5
Balance on services (BOP basis)	0.1	-0.1	0.3	-0.7	-0.6	-0.7	-0.7	-0.4	-0.1	0.1	0.3	0.4	-0.9	-0.5	-2.5	0.6
Primary income balance (BOP basis)	5.4	5.1	5.0	5.3	5.0	4.4	4.7	4.4	4.1	3.8	3.5	3.3	21.5	21.0	18.7	14.8
Current account balance (BOP basis)	4.9	4.7	5.3	4.9	2.9	4.1	4.8	4.9	4.9	4.7	4.8	4.8	19.5	19.7	16.7	19.2
	-2.2	-3.0	12.8	-8.6	-40.8	43.2	15.7	3.1	-0.8	-2.8	2.2	-0.7	-13.0	1.2	-15.5	15.5
	-10.0	0.1	23.5	-2.2	-40.8	-12.6	-10.4	1.1	69.3	15.0	1.6	-2.1				
USD/JPY exchange rate	109.9	107.3	108.7	108.9	107.6	106.6	106.3	107.0	107.5	108.0	108.5	109.0	110.9	108.7	106.9	108.3
	-0.3	-2.3	1.3	0.1	-1.2	-0.9	-0.3	0.7	0.5	0.5	0.5	0.5	0.1	-2.0	-1.7	1.3
	0.8	-3.7	-3.7	-1.2	-2.0	-0.7	-2.2	-1.7	-0.1	1.3	2.1	1.9				

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.