

Japanese Economy: Analysis and Forecasts No.144

29 August, 2023

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

Real GDP to exceed its pre-pandemic peak driven by decline in imports and increased spending on services

- Real GDP growth forecast: +1.9% in FY 2023, +1.1% in FY 2024 -

- ◆ According to the first official advance estimate released on August 15, Japan's Q2 real GDP expanded from the previous quarter at an annualized rate of +6.0%, marking the third consecutive quarter of positive growth. Due to the substantial upward revision in the Q1 GDP figure and the high growth in Q2 driven by net exports, Q2 real GDP (560.7 trillion yen) exceeded the pre-pandemic peak (557.4 trillion yen in 2019 Q3) for the first time in 15 quarters.
- ◆ GDP growth in Q2 was much higher than the final market consensus forecast (annualized +2.41% QoQ). APIR's expenditure-side CQM forecast was +4.4% QoQ, the production-side forecast was +2.5% QoQ, the average of the two being +3.5% QoQ. Looking back at forecast dynamics, APIR's CQM forecast, which in mid-June was in the upper 4% range, was more accurate than the market consensus, which remained in the low 1% range. Additionally, APIR's CQM correctly forecast a growth boost from higher net exports accompanied by lower imports.
- ◆ Looking at the contributions to real GDP growth in Q2 (+1.5% QoQ), domestic demand contributed -0.3 percentage points (pp), making the first negative contribution in two quarters. Therein, private-sector demand made the first negative contribution in two quarters (-0.4 pp). This was largely due to declines in private final consumption expenditures and private inventories. On the other hand, public demand made a positive contribution for the fifth consecutive quarter (+0.1 pp). Net exports made a significant positive contribution for the first time in two quarters (+1.8 pp), due to a sharp decline in imports of goods and a recovery in services exports (inbound tourism). Despite the high annualized GDP growth rate of 6%, the decline in imports implies weak domestic demand, and it is this underlying downward trend that is of concern.
- ◆ We have revised our outlook for the Japanese economy in FY 2023-24, reflecting the first official advance GDP estimate and some updated regarding our assumptions about exogenous variables. We now expect real GDP growth to be +1.9% in FY 2023 and +1.1% in FY 2024. Compared to our previous forecast, the FY 2023 figure was raised sharply by +1.0 pp due to the large upward revision in Q2 net exports. On the other hand, the FY 2024 figure was revised downward by -0.3 pp due to the slight downward revision in both private-sector demand and net exports.
- ◆ In the second half of FY 2023, services exports are likely to keep increasing driven by inbound tourism. However, goods exports are likely to decline due to the slowdown of major overseas economies, especially in Europe and the U.S. As a result, net exports will inevitably exert downward pressure on GDP growth. Additionally, the contribution of private demand is also expected to decline. This trend, however, is expected to reverse in FY 2024, when real wages are likely to start growing. Households are also expected to start using the "forced" savings accumulated during the pandemic. As a result, private final consumption expenditures (especially on services) are expected to lead economic recovery in FY 2024.
- ◆ Currently, falling import prices are exerting downward pressure on the prices of goods. However, as the prices of services are rising. As a result, consumer price inflation is expected to remain in the 3% range in the first half of FY 2023, but then to decelerate in the second half. We forecast that the CPI inflation rate will be +2.7% in FY 2023 and +1.5% in FY 2024. Compared to our previous forecast, both figures have been revised upwards by 0.2 percentage points. Due to the substantial improvement in terms of trade, the GDP deflator is expected to be +3.3% in FY 2023, pushing up the nominal GDP growth rate to +5.3% YoY.

Forecast Summary

	Current forecast (2023/8/29)				Previous forecast (2023/5/30)			
	2021	2022	2023	2024	2021	2022	2023	2024
Real GDP (%)	2.7	1.4	1.9	1.1	2.6	1.2	0.9	1.4
Private demand (contribution)	1.5	1.9	0.8	1.1	1.4	1.7	1.0	1.2
Private final consumption expenditure (%)	1.5	2.5	0.5	1.2	1.5	2.4	1.6	1.5
Private residential investment (%)	▲ 0.6	▲ 3.0	2.8	0.6	▲ 1.1	▲ 4.4	0.5	1.0
Private non-residential investment (%)	2.3	3.1	2.0	2.6	2.1	3.0	2.3	2.4
Private inventory changes (contribution)	0.4	0.2	▲ 0.2	0.0	0.1	0.1	▲ 0.3	0.0
Public demand (contribution)	0.4	0.0	0.4	0.1	0.4	0.1	0.3	0.1
Government final consumption expenditure (%)	3.4	0.7	0.4	0.3	3.4	1.1	0.5	0.5
Public investment expenditure (%)	▲ 6.5	▲ 3.1	3.5	1.0	▲ 6.4	▲ 2.6	3.0	0.7
Public inventory changes (contribution)	0.0	0.0	0.0	▲ 0.0	0.0	▲ 0.0	▲ 0.0	0.0
External demand (contribution)	0.8	▲ 0.6	0.8	▲ 0.1	0.8	▲ 0.6	▲ 0.4	▲ 0.0
Exports of goods and services (%)	12.4	4.5	1.8	1.5	12.4	4.4	▲ 1.2	2.1
Imports of goods and services (%)	7.1	7.2	▲ 2.4	1.9	7.1	7.1	0.8	2.1
Nominal GDP (%)	2.5	2.0	5.3	1.4	2.4	1.9	3.7	2.6
GDP deflator (%)	▲ 0.1	0.7	3.3	0.3	▲ 0.2	0.7	2.8	1.2
Domestic corporate price index (%)	7.1	9.4	2.3	0.2	7.1	9.4	2.0	0.3
Core consumer price index (%)	0.0	3.1	2.7	1.5	0.0	3.1	2.5	1.3
Industrial production index (%)	5.5	▲ 0.3	0.5	1.7	5.8	▲ 0.2	▲ 0.1	2.2
New housing starts (%)	6.6	▲ 0.6	▲ 3.1	0.7	6.6	▲ 0.6	0.1	0.8
Unemployment rate (%)	2.8	2.6	2.5	2.4	2.8	2.6	2.6	2.4
Current account balance (JPY trillion)	20.2	9.4	22.1	18.0	20.2	9.2	9.4	11.7
% of nominal GDP	3.7	1.7	3.7	3.0	3.7	1.6	1.6	2.0
Crude oil price (USD/barrel)	78.3	92.5	78.0	76.0	78.3	92.5	85.5	83.5
USD/JPY exchange rate	112.4	135.4	140.1	134.9	112.4	135.4	132.6	125.2
USA real GDP (% , calendar year)	5.9	2.1	2.2	1.5	5.9	2.1	1.1	1.0

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.

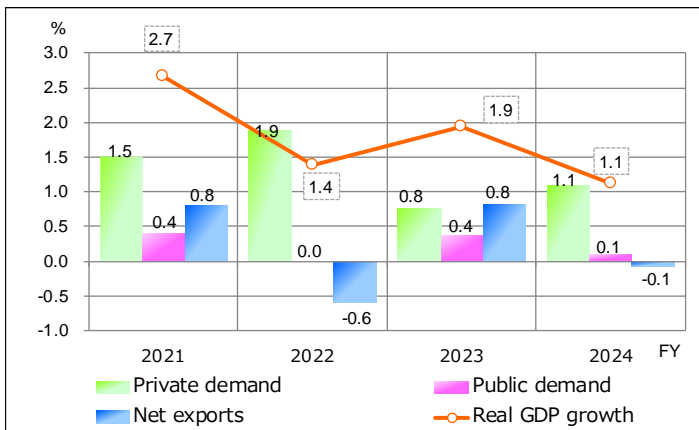
Forecasts at a glance

【April-June GDP exceeds pre-Corona pandemic peak】

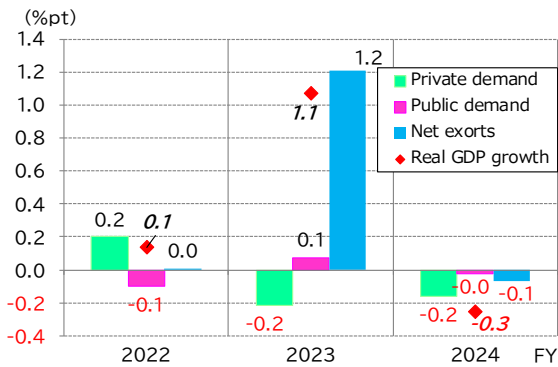
	GDP	Goods imports	Services import	Private final consumption expenditure	Private capital investment	Government spending	Goods exports	Services exports
19Q3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
19Q4	97.3	98.7	96.0	96.7	94.7	100.3	98.1	100.2
20Q1	97.6	93.9	94.7	97.3	95.1	100.4	95.5	88.7
20Q2	90.0	94.8	89.2	89.1	91.8	101.2	78.1	76.7
20Q3	95.0	87.1	84.9	94.0	88.7	103.1	88.9	73.3
20Q4	96.9	94.3	84.3	95.8	89.5	103.9	98.5	75.1
21Q1	96.6	96.2	85.3	94.1	92.4	103.9	100.8	79.0
21Q2	97.1	99.3	94.3	94.4	93.7	105.1	104.7	79.9
21Q3	96.7	98.2	91.1	93.3	93.4	105.5	103.9	80.6
21Q4	97.8	99.0	90.0	96.1	93.2	103.9	104.2	80.2
22Q1	97.3	103.0	92.1	95.1	95.7	103.7	106.4	78.3
22Q2	98.5	104.7	91.1	96.8	96.0	104.1	107.8	82.1
22Q3	98.2	106.8	108.0	96.8	97.5	104.1	109.6	86.9
22Q4	98.2	108.5	102.0	97.0	95.2	104.5	109.5	94.3
23Q1	99.1	104.3	106.4	97.6	98.3	104.9	102.8	99.9
23Q2	100.6	98.7	106.2	97.1	97.9	105.2	106.2	102.8

Note: 2019Q3=100

【Contributions to real GDP growth (% pt)】

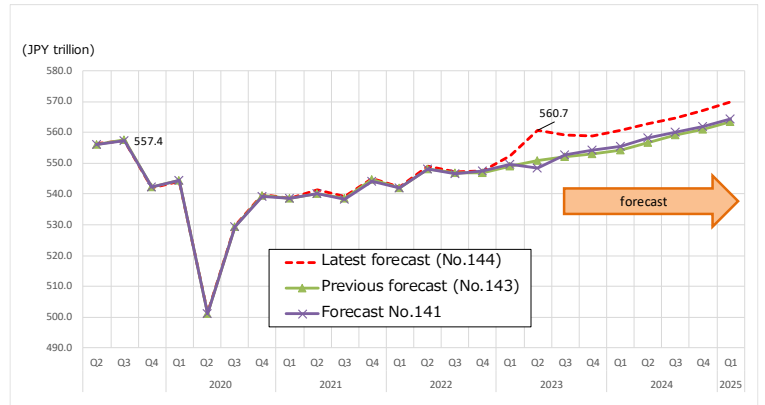


【Sharp upper correction in FY23, lower correction in FY24】

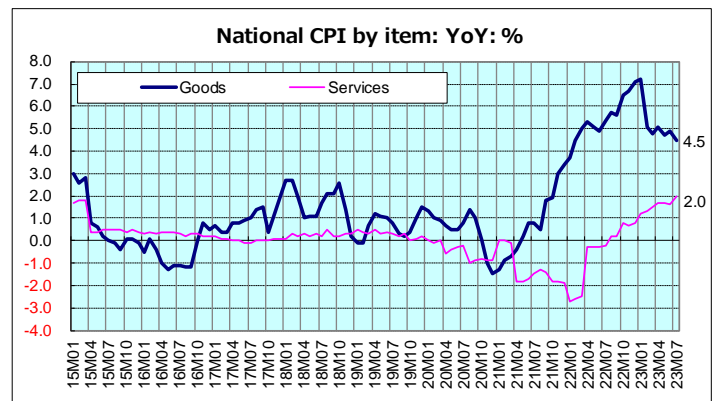


Note: Due to rounding, the total contribution of demand components does not necessarily match the real GDP growth rate.

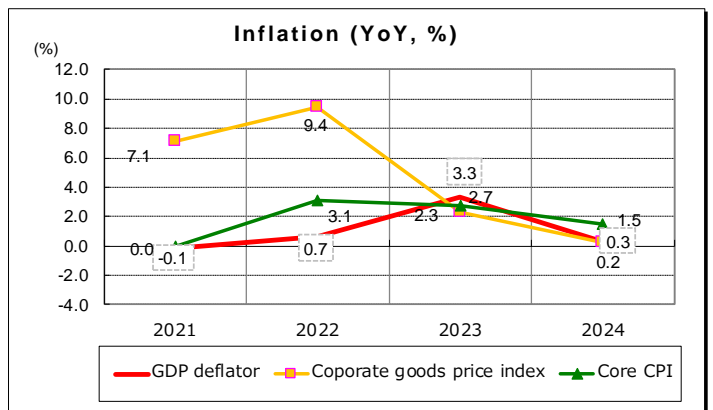
【GDP forecast path revised upward due to upward revision in Jan-Mar and high growth in Apr-Jun】



【Goods prices are falling, while services prices are trending upward】



【Inflation rates for FY23 and FY24 revised upward from the previous forecast】



Detailed Forecasts

Table 1. Main economic indicators

	Quarter												Fiscal year			
	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	2021	2022	2023	2024	
Real GDP (JPY trillion)	547.3	547.6	552.6	560.7	559.1	558.8	560.8	562.8	564.8	567.1	569.8	541.7	549.2	559.9	566.1	
	-0.3	0.0	0.9	1.5	-0.3	-0.1	0.4	0.4	0.4	0.4	0.5	2.7	1.4	1.9	1.1	
	1.5	0.4	1.9	2.1	2.2	2.1	1.5	0.4	1.0	1.5	1.6					
Nominal GDP (JPY trillion)	554.7	561.3	574.2	590.7	592.4	593.5	593.7	597.1	598.3	601.1	607.6	551.4	562.7	592.6	601.0	
	-0.8	1.2	2.3	2.9	0.3	0.2	0.0	0.6	0.2	0.5	1.1	2.5	2.0	5.3	1.4	
	1.1	1.7	3.7	5.6	6.8	5.7	3.4	1.1	1.0	1.3	2.3					
GDP deflator (2015=100)	101.4	102.5	103.9	105.3	105.9	106.2	105.9	106.1	105.9	106.0	106.6	101.8	102.5	105.8	106.2	
	-0.5	1.1	1.4	1.4	0.6	0.3	-0.3	0.2	-0.1	0.0	0.6	-0.1	0.7	3.3	0.3	
	-0.4	1.2	1.8	3.4	4.5	3.6	1.9	0.7	0.0	-0.2	0.7					
Index of industrial production (2020=100)	107.1	105.3	103.4	104.8	105.4	105.7	105.9	106.4	106.9	107.5	108.3	105.2	104.9	105.5	107.3	
	3.1	-1.7	-1.8	1.4	0.6	0.3	0.2	0.5	0.5	0.5	0.8	5.5	-0.3	0.5	1.7	
	3.7	0.7	-2.0	0.9	-1.6	0.4	2.5	1.6	1.4	1.7	2.2					
New housing starts (thousands)	216	213	219	204	209	210	211	211	211	210	208	866	861	834	839	
	1.2	-1.3	2.9	-7.0	2.9	0.0	0.7	-0.1	0.1	-0.7	-0.6	6.6	-0.6	-3.1	0.7	
	-0.1	-1.1	0.6	-4.5	-2.9	-1.5	-3.6	3.5	0.7	0.0	-1.4					
Domestic corporate goods price index (2020=100)	115.9	119.0	119.7	119.5	119.6	119.8	120.0	119.9	120.2	120.0	119.7	107.0	117.1	119.7	120.0	
	2.1	2.7	0.5	-0.1	0.1	0.2	0.2	-0.1	0.2	-0.2	-0.2	7.1	9.4	2.3	0.2	
	9.7	10.0	8.4	5.2	3.2	0.6	0.3	0.3	0.5	0.2	-0.2					
Core consumer price index (2020=100)	102.5	103.8	104.0	104.9	105.7	106.3	106.3	106.9	107.2	107.7	107.7	99.9	103.0	105.8	107.4	
	1.0	1.2	0.2	0.8	0.8	0.6	0.0	0.5	0.3	0.5	0.0	0.0	3.1	2.7	1.5	
	2.7	3.8	3.5	3.2	3.1	2.4	2.2	1.9	1.4	1.4	1.3					
Wage earnings per worker (JPY thousand)	4110	4130	4151	4171	4193	4216	4229	4251	4274	4296	4316	4063	4076	4202	4284	
	0.4	0.5	0.5	0.5	0.5	0.5	0.3	0.5	0.5	0.5	0.5	1.5	0.3	3.1	2.0	
	1.5	1.8	1.1	1.9	2.0	2.1	1.9	1.9	1.9	1.9	2.1					
Unemployment rate (%)	2.6	2.5	2.6	2.6	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.8	2.6	2.5	2.4	
CD interest rate (%)	0.002	0.002	0.002	0.002	0.003	0.003	0.005	0.005	0.005	0.005	0.005	0.002	0.002	0.003	0.005	
10-year government bond yields (%)	0.213	0.303	0.437	0.407	0.604	0.610	0.636	0.728	0.780	0.769	0.759	0.092	0.296	0.564	0.759	
Current account balance (JPY trillion)	1.0	2.5	3.0	7.1	5.6	5.1	4.2	4.6	4.5	4.5	4.4	20.2	9.4	22.1	18.0	
% of nominal GDP	0.7	1.8	2.1	4.8	3.8	3.4	2.8	3.1	3.0	3.0	2.9	3.7	1.7	3.7	3.0	
Crude oil price (USD/barrel)	95.43	85.43	79.59	76.54	78.40	80.76	76.18	73.53	75.74	76.92	77.71	78.31	92.46	77.97	75.97	
USD/JPY exchange rate	138.3	141.5	132.2	137.3	142.4	140.9	139.7	137.8	135.9	133.9	132.0	112.4	135.4	140.1	134.9	
Government debt (JPY trillion)	1223.5	1223.8	1224.0	1224.3	1224.0	1224.6	1225.6	1226.8	1228.0	1229.4	1230.5	1223.0	1223.3	1225.6	1226.8	
	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	5.0	0.0	0.2	0.1	
	2.5	1.3	0.1	0.1	0.0	0.1	0.1	0.2	0.3	0.4	0.4					
% of GDP	220.6	218.0	213.2	207.3	204.0	202.1	200.7	199.4	198.6	198.0	197.7	221.8	217.4	206.8	204.1	
Fiscal balance (JPY trillion)	-69.0	-66.3	-63.6	-60.0	-62.6	-65.0	-66.2	-66.5	-67.4	-67.8	-66.7	-75.0	-66.0	-63.5	-67.1	

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 (2015 chain prices), %

	Quarter												Fiscal year			
	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	2021	2022	2023	2024
Private final consumption expenditure	295.0	295.0	295.7	297.5	296.0	296.9	297.6	298.6	299.4	299.9	301.2	302.4	288.7	295.9	297.3	300.7
	1.8	0.0	0.2	0.6	-0.5	0.3	0.2	0.3	0.3	0.2	0.4	0.4	1.5	2.5	0.5	1.2
	2.5	3.7	0.9	2.6	0.3	0.7	0.6	0.4	1.2	1.0	1.2	1.3				
Private residential investment	18.1	18.1	18.3	18.4	18.8	18.8	18.8	18.7	18.7	18.8	18.9	19.1	18.8	18.2	18.8	18.9
	-1.8	-0.1	0.9	0.7	1.9	0.2	-0.2	-0.6	0.3	0.5	0.6	0.7	-0.6	-3.0	2.8	0.6
	-5.4	-4.1	-2.2	-0.3	3.4	3.8	2.6	1.2	-0.3	-0.1	0.8	2.1				
Private non-residential investment	89.2	90.6	90.0	91.6	91.7	92.0	92.4	92.8	93.4	94.2	94.8	96.0	87.7	90.4	92.2	94.6
	1.7	1.7	-0.7	1.8	0.0	0.4	0.4	0.5	0.6	0.9	0.6	1.2	2.3	3.1	2.0	2.6
	0.7	4.0	2.8	4.6	2.8	1.5	2.7	1.3	1.9	2.4	2.7	3.4				
Change in private inventories	2.7	2.9	0.7	2.5	1.7	1.7	0.2	1.1	1.2	1.2	1.3	1.3	1.2	2.3	1.2	1.2
Government final consumption expenditure	118.6	118.5	118.7	118.8	118.9	119.0	119.2	119.3	119.3	119.4	119.5	119.5	117.8	118.7	119.1	119.4
	0.4	0.0	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.1	3.4	0.7	0.4	0.3
	1.1	-0.1	1.2	0.6	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.2				
Government investment expenditure	26.3	26.6	26.7	27.2	27.5	27.6	27.7	27.8	27.8	27.9	28.0	28.0	27.6	26.7	27.7	27.9
	0.1	1.1	0.3	1.7	1.2	0.5	0.3	0.3	0.2	0.2	0.2	0.2	-6.5	-3.1	3.5	1.0
	-9.5	-5.4	-2.2	3.3	4.4	3.8	3.8	2.3	1.3	1.0	0.9	0.8				
Change in government inventories	-0.09	-0.26	-0.02	-0.06	-0.05	-0.11	-0.10	-0.10	-0.09	-0.10	-0.10	-0.10	-0.07	-0.10	-0.09	-0.10
Net exports of goods and services	-0.3	-3.5	-1.8	-3.5	4.8	1.6	1.6	1.2	1.5	1.9	2.0	2.1	0.5	-2.3	2.3	1.9
Exports of goods and services	106.9	109.5	111.1	106.8	110.3	110.5	110.6	110.4	111.0	111.9	112.5	113.1	103.9	108.5	110.5	112.1
	1.9	2.4	1.5	-3.8	3.2	0.2	0.1	-0.2	0.5	0.8	0.6	0.5	12.4	4.5	1.8	1.5
	2.9	5.9	7.3	1.9	3.2	1.0	-0.4	3.3	0.6	1.2	1.7	2.4				
Imports of goods and services	107.1	113.0	112.8	110.3	105.5	108.9	109.0	109.2	109.4	110.0	110.6	110.9	103.4	110.8	108.2	110.2
	1.1	5.5	-0.1	-2.3	-4.3	3.2	0.1	0.1	0.2	0.5	0.5	0.3	7.1	7.2	-2.4	1.9
	3.5	10.9	10.4	4.1	-1.5	-3.6	-3.4	-1.0	3.7	1.0	1.4	1.6				
GDP	549.0	547.3	547.6	552.6	560.7	559.1	558.8	560.8	562.8	564.8	567.1	569.8	541.7	549.2	559.9	566.1
	5.1	-1.2	0.2	3.7	6.0	-1.1	-0.2	1.4	1.4	1.4	1.6	2.0	2.7	1.4	1.9	1.1
	1.3	-0.3	0.0	0.9	1.5	-0.3	-0.1	0.4	0.4	0.4	0.4	0.5				
	1.4	1.5	0.4	1.9	2.1	2.2	2.1	1.5	0.4	1.0	1.5	1.6				
Contribution of domestic demand	1.1	0.3	-0.3	1.2	0.0	0.3	0.0	0.4	0.3	0.3	0.4	0.5	1.9	1.9	1.1	1.2
of which, private demand	1.0	0.3	-0.4	1.1	-0.2	0.2	-0.1	0.4	0.3	0.3	0.4	0.4	1.5	1.9	0.8	1.1
of which, public demand	0.1	0.0	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.4	0.1
Contribution of net exports	0.1	-0.6	0.3	-0.3	1.5	-0.6	0.0	-0.1	0.1	0.1	0.0	0.0	0.8	-0.6	0.8	-0.1
GNI	533.9	528.1	529.6	538.3	550.8	551.9	551.9	551.3	552.9	554.4	556.4	559.1	534.8	532.5	551.5	555.7
	2.1	-4.3	1.2	6.7	9.7	0.8	0.0	-0.4	1.2	1.1	1.5	1.9	1.4	-0.4	3.6	0.8
	0.1	-0.1	0.0	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
	-1.2	-1.1	-1.1	1.3	3.2	4.5	4.2	2.4	0.4	0.5	0.8	1.4				

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 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			
	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	2021	2022	2023	2024
Private final consumption expenditure	308.7	310.2	313.5	319.0	318.4	320.7	321.7	324.4	326.1	326.0	327.4	331.9	296.4	312.9	321.3	327.8
	2.3	0.5	1.1	1.8	-0.2	0.7	0.3	0.8	0.5	0.0	0.4	1.4	2.7	5.6	2.7	2.0
	5.2	6.7	4.5	5.7	3.2	3.4	2.6	1.7	2.4	1.7	1.8	2.3				
Private residential investment	21.6	21.6	21.8	21.8	22.2	22.2	22.1	21.9	22.0	22.1	22.1	22.2	21.3	21.7	22.1	22.1
	-0.2	0.2	0.7	0.3	1.6	0.1	-0.6	-0.7	0.4	0.2	0.3	0.4	6.9	1.7	1.9	0.0
	3.2	1.5	1.1	1.1	2.9	2.8	1.4	0.4	-0.8	-0.6	0.2	1.3				
Private non-residential investment	94.6	97.2	97.4	99.5	100.3	101.2	102.2	102.3	103.5	104.9	106.0	107.8	90.6	97.3	101.5	105.6
	3.0	2.8	0.2	2.1	0.8	1.0	0.9	0.2	1.2	1.4	1.0	1.6	5.0	7.4	4.3	4.0
	4.7	8.7	7.3	8.4	6.0	4.1	4.9	2.9	3.2	3.7	3.8	5.3				
Change in private inventories	3.6	3.7	1.0	2.1	2.1	1.0	-0.5	0.3	0.5	0.5	0.6	0.6	1.1	2.6	0.7	0.6
Government final consumption expenditure	120.1	121.4	122.0	122.2	122.2	122.8	123.1	123.4	123.7	123.8	124.0	124.2	119.0	121.5	122.9	123.9
	0.3	1.1	0.5	0.2	0.0	0.4	0.3	0.3	0.2	0.1	0.2	0.2	4.5	2.1	1.2	0.9
	1.9	1.3	3.0	2.1	1.8	1.1	0.9	1.0	1.2	0.9	0.7	0.6				
Government investment expenditure	29.3	30.0	30.3	30.9	31.5	31.3	31.5	31.3	31.4	31.3	31.3	31.3	29.8	30.2	31.4	31.3
	1.5	2.2	1.0	2.1	2.0	-0.8	0.7	-0.5	0.3	-0.5	0.3	-0.1	-3.3	1.2	4.1	-0.2
	-4.8	-0.8	2.1	6.9	7.4	4.3	3.9	1.3	-0.3	0.0	-0.5	-0.1				
Change in government inventories	-0.10	-0.87	0.00	0.00	0.01	-0.22	-0.22	-0.22	-0.16	-0.20	-0.20	-0.20	-0.09	-0.24	-0.16	-0.19
Net exports of goods and services	-18.4	-28.5	-24.6	-21.3	-6.1	-6.6	-6.3	-9.8	-9.9	-10.1	-10.2	-10.2	-6.7	-23.2	-7.2	-10.1
Exports of goods and services	118.8	125.2	127.5	119.6	124.4	125.4	125.4	125.1	125.5	126.1	126.6	127.0	103.8	122.8	125.1	126.3
	8.7	5.4	1.9	-6.2	4.0	0.8	0.0	-0.2	0.3	0.5	0.4	0.3	23.0	18.3	1.8	1.0
	18.8	23.3	22.0	9.4	4.7	0.1	-1.7	4.6	0.9	0.6	1.0	1.5				
Imports of goods and services	137.2	153.8	152.1	141.0	130.5	131.9	131.6	134.9	135.4	136.2	136.8	137.2	110.5	146.0	132.3	136.4
	11.9	12.1	-1.0	-7.4	-7.4	1.1	-0.2	2.5	0.3	0.6	0.5	0.2	30.3	32.1	-9.4	3.1
	35.9	45.8	34.4	15.0	-4.9	-14.2	-13.5	-4.3	3.7	3.2	4.0	1.7				
GDP	559.4	554.7	561.3	574.2	590.7	592.4	593.5	593.7	597.1	598.3	601.1	607.6	551.4	562.7	592.6	601.0
	4.1	-3.3	4.9	9.5	12.0	1.1	0.8	0.1	2.3	0.8	1.8	4.4	2.5	2.0	5.3	1.4
	1.0	-0.8	1.2	2.3	2.9	0.3	0.2	0.0	0.6	0.2	0.5	1.1				
	1.4	1.1	1.7	3.7	5.6	6.8	5.7	3.4	1.1	1.0	1.3	2.3				
Contribution of domestic demand	1.9	1.0	0.5	1.7	0.2	0.4	0.1	0.6	0.6	0.2	0.5	1.1	3.7	5.0	2.5	1.9
of which, private demand	1.8	0.8	0.2	1.6	0.1	0.4	0.1	0.6	0.5	0.2	0.4	1.1	2.9	4.5	2.0	1.8
of which, public demand	0.1	0.2	0.3	0.2	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.8	0.5	0.5	0.2
Contribution of net exports	-0.9	-1.8	0.7	0.6	2.7	-0.1	0.1	-0.6	0.0	0.0	0.0	0.0	-1.2	-3.0	2.8	-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			
	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	2021	2022	2023	2024
Private final consumption expenditure	104.6	105.2	106.0	107.2	107.6	108.0	108.1	108.6	108.9	108.7	108.7	109.7	102.6	105.7	108.1	109.0
	0.5	0.5	0.8	1.1	0.4	0.4	0.1	0.5	0.3	-0.2	0.0	1.0	1.2	3.0	2.2	0.9
	2.6	2.9	3.5	3.0	2.8	2.7	2.0	1.3	1.2	0.6	0.5	1.0				
Private residential investment	118.8	119.1	118.9	118.5	118.2	118.0	117.6	117.5	117.6	117.3	116.9	116.6	113.3	118.8	117.8	117.1
	1.7	0.3	-0.2	-0.3	-0.3	-0.2	-0.4	-0.1	0.1	-0.3	-0.4	-0.3	7.6	4.8	-0.9	-0.6
	9.1	5.8	3.4	1.4	-0.5	-1.0	-1.1	-0.8	-0.5	-0.6	-0.5	-0.8				
Private non-residential investment	106.1	107.3	108.2	108.6	109.4	110.0	110.6	110.2	110.8	111.3	111.8	112.2	103.3	107.6	110.1	111.5
	1.3	1.1	0.9	0.3	0.8	0.6	0.6	-0.4	0.5	0.5	0.4	0.4	2.6	4.1	2.3	1.3
	4.0	4.5	4.4	3.6	3.1	2.5	2.2	1.5	1.3	1.2	1.1	1.8				
Government final consumption expenditure	101.3	102.5	102.8	102.9	102.8	103.1	103.3	103.5	103.6	103.7	103.8	103.9	101.0	102.4	103.2	103.8
	-0.1	1.1	0.3	0.1	-0.1	0.4	0.2	0.2	0.1	0.1	0.1	0.1	1.1	1.4	0.8	0.6
	0.8	1.4	1.8	1.5	1.4	0.6	0.5	0.6	0.8	0.6	0.5	0.4				
Government investment expenditure	111.5	112.6	113.5	113.8	114.7	113.2	113.6	112.7	112.8	112.0	112.1	111.7	108.1	113.0	113.5	112.2
	1.3	1.1	0.7	0.3	0.8	-1.3	0.4	-0.8	0.1	-0.7	0.1	-0.3	3.3	4.5	0.5	-1.2
	5.1	4.9	4.4	3.5	2.9	0.5	0.1	-1.0	-1.6	-1.0	-1.3	-0.9				
Exports of goods and services	111.1	114.4	114.8	112.0	112.8	113.4	113.3	113.3	113.1	112.8	112.5	112.3	99.9	113.1	113.2	112.7
	6.7	2.9	0.4	-2.5	0.7	0.5	-0.1	0.0	-0.2	-0.3	-0.2	-0.2	9.4	13.2	0.1	-0.5
	15.4	16.5	13.7	7.4	1.5	-0.9	-1.3	1.2	0.3	-0.6	-0.7	-0.9				
Imports of goods and services	128.0	136.1	134.8	127.8	123.7	121.1	120.7	123.6	123.7	123.8	123.8	123.7	106.9	131.8	122.3	123.7
	10.6	6.3	-0.9	-5.2	-3.2	-2.0	-0.3	2.4	0.1	0.1	0.0	-0.1	21.6	23.3	-7.2	1.2
	31.4	31.4	21.7	10.4	-3.4	-11.0	-10.4	-3.3	0.0	2.2	2.5	0.0				
GDP	101.9	101.4	102.5	103.9	105.3	105.9	106.2	105.9	106.1	105.9	106.0	106.6	101.8	102.5	105.8	106.2
	-0.2	-0.5	1.1	1.4	1.4	0.6	0.3	-0.3	0.2	-0.1	0.0	0.6	-0.1	0.7	3.3	0.3
	0.0	-0.4	1.2	1.8	3.4	4.5	3.6	1.9	0.7	0.0	-0.2	0.7				

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 (%). Highlighted columns represent actual values.

Table 5. Production, employment, wages and prices

	Quarter												Fiscal year			
	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	2021	2022	2023	2024
Index of industrial production (2020=100)	103.9	107.1	105.3	103.4	104.8	105.4	105.7	105.9	106.4	106.9	107.5	108.3	105.2	104.9	105.5	107.3
	-1.5	3.1	-1.7	-1.8	1.4	0.6	0.3	0.2	0.5	0.5	0.5	0.8	5.5	-0.3	0.5	1.7
	-3.4	3.7	0.7	-2.0	0.9	-1.6	0.4	2.5	1.6	1.4	1.7	2.2				
Labor force (ten thousand persons)	6907	6909	6900	6910	6922	6924	6924	6925	6926	6927	6928	6930	6898	6907	6924	6928
	0.2	0.0	-0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	0.2	0.1
	0.0	0.0	0.3	0.3	0.2	0.2	0.4	0.2	0.1	0.0	0.1	0.1				
Engaged labor force (ten thousand persons)	6728	6732	6725	6730	6744	6751	6751	6752	6754	6762	6763	6763	6704	6727	6750	6761
	0.3	0.1	-0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.3	0.3	0.2
	0.3	0.2	0.5	0.3	0.2	0.3	0.4	0.3	0.1	0.2	0.2	0.2				
Employed (ten thousand persons)	6050	6050	6048	6046	6080	6085	6086	6087	6088	6096	6097	6097	6011	6047	6084	6094
	0.5	0.0	0.0	0.0	0.6	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.6	0.6	0.2
	0.7	0.5	0.7	0.4	0.5	0.6	0.6	0.7	0.1	0.2	0.2	0.2				
Unemployment rate (%)	2.6	2.6	2.5	2.6	2.6	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.8	2.6	2.5	2.4
	2.9	2.1	2.7	0.5	-0.1	0.1	0.2	0.2	-0.1	0.2	-0.2	-0.2	7.1	9.4	2.3	0.2
	9.6	9.7	10.0	8.4	5.2	3.2	0.6	0.3	0.3	0.5	0.2	-0.2				
Domestic corporate goods price index (2020 = 100)	113.6	115.9	119.0	119.7	119.5	119.6	119.8	120.0	119.9	120.2	120.0	119.7	107.0	117.1	119.7	120.0
	2.9	2.1	2.7	0.5	-0.1	0.1	0.2	0.2	-0.1	0.2	-0.2	-0.2	7.1	9.4	2.3	0.2
	9.6	9.7	10.0	8.4	5.2	3.2	0.6	0.3	0.3	0.5	0.2	-0.2				
Core consumer price index (2020 = 100)	101.6	102.5	103.8	104.0	104.9	105.7	106.3	106.3	106.9	107.2	107.7	107.7	99.9	103.0	105.8	107.4
	1.1	1.0	1.2	0.2	0.8	0.8	0.6	0.0	0.5	0.3	0.5	0.0	0.0	3.1	2.7	1.5
	2.1	2.7	3.8	3.5	3.2	3.1	2.4	2.2	1.9	1.4	1.4	1.3				

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. 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			
	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	2021	2022	2023	2024	
CD rates (%)	0.002	0.002	0.002	0.002	0.002	0.003	0.003	0.005	0.005	0.005	0.005	0.005	0.002	0.002	0.003	0.005	
Government bond yields (%)	0.230	0.213	0.303	0.437	0.407	0.604	0.610	0.636	0.728	0.780	0.769	0.759	0.092	0.296	0.564	0.759	
Money stock (M2+CD, JPY trillion)	1197.9	1206.3	1212.7	1218.8	1229.0	1234.1	1239.9	1245.7	1256.5	1261.0	1266.0	1270.8	1187.9	1218.8	1245.7	1270.8	
	0.8	0.7	0.5	0.5	0.8	0.4	0.5	0.5	0.9	0.4	0.4	0.4	3.6	2.6	2.2	2.0	
	3.3	3.4	3.1	2.6	2.6	2.3	2.2	2.2	2.2	2.2	2.1	2.0					
Nikkei stock average (JPY)	26,885	27,586	27,367	27,270	30,393	32,000	31,000	30,000	30,500	31,000	31,500	32,000	28,385	27,277	30,848	31,250	
	-1.1	2.6	-0.8	-0.4	11.5	5.3	-3.1	-3.2	1.7	1.6	1.6	1.6	16.0	-3.9	13.1	1.3	
	-7.2	-3.4	-5.1	0.3	13.0	16.0	13.3	10.0	0.4	-3.1	1.6	6.7					
USD/JPY exchange rate	129.6	138.3	141.5	132.2	137.3	142.4	140.9	139.7	137.8	135.9	133.9	132.0	112.4	135.4	140.1	134.9	
	11.5	6.8	2.3	-6.5	3.8	3.7	-1.1	-0.9	-1.4	-1.4	-1.4	-1.4	6.0	20.5	3.5	-3.7	
	18.3	25.6	24.4	13.8	6.0	2.9	-0.4	5.6	0.3	-4.6	-5.0	-5.5					

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.

Table 7. External sector

JPY trillion, %

JPY trillion

	Quarter													Fiscal year			
	22Q2	22Q3	22Q4	23Q1	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	2021	2022	2023	2024	
Goods exports (real)	89.0	90.5	90.4	84.9	87.7	88.0	88.0	87.6	87.9	88.3	88.6	88.8	86.5	88.7	87.8	88.4	
(SNA basis)	1.3	1.7	-0.1	-6.1	3.3	0.4	0.0	-0.4	0.3	0.5	0.4	0.2	14.2	2.5	-1.0	0.7	
	3.0	5.5	5.1	-3.4	-1.5	-2.7	-2.6	3.3	0.2	0.3	0.7	1.4					
Goods imports (real)	85.0	86.7	88.1	84.7	80.1	82.8	83.5	84.2	84.8	85.5	86.1	86.5	81.0	86.1	82.7	85.7	
(SNA basis)	1.7	2.0	1.5	-3.8	-5.4	3.3	0.9	0.8	0.7	0.8	0.7	0.5	7.2	6.3	-4.0	3.7	
	5.5	8.8	9.6	1.3	-5.8	-4.5	-5.1	-0.6	5.8	3.3	3.1	2.7					
Services exports (real)	18.1	19.2	20.8	22.1	22.7	22.5	22.6	22.7	23.1	23.5	23.9	24.2	17.6	20.0	22.6	23.7	
(SNA basis)	4.9	5.9	8.5	6.0	2.9	-0.9	0.4	0.6	1.6	1.9	1.6	1.3	4.8	13.7	13.1	4.6	
	2.8	7.8	17.5	27.7	25.3	17.3	8.5	3.0	1.7	4.5	5.8	6.5					
Services imports (real)	22.3	26.4	24.9	26.0	25.9	26.1	25.5	25.0	24.6	24.5	24.4	24.4	22.5	24.8	25.6	24.5	
(SNA basis)	-1.0	18.5	-5.6	4.4	-0.3	0.7	-2.5	-2.0	-1.4	-0.6	-0.2	-0.1	6.9	10.6	3.2	-4.4	
	-3.3	18.5	13.4	15.6	16.5	-0.9	2.3	-3.9	-5.0	-6.2	-4.0	-2.2					
Goods exports (nominal)	98.0	102.6	103.3	94.6	98.3	99.9	99.5	98.9	98.5	98.5	98.4	98.3	85.6	99.7	99.2	98.4	
(SNA basis)	7.7	4.7	0.7	-8.4	4.0	1.6	-0.4	-0.6	-0.4	0.0	-0.2	-0.1	25.3	16.4	-0.5	-0.8	
	19.2	23.1	20.0	4.0	0.3	-2.6	-3.6	4.6	0.2	-1.4	-1.2	-0.6					
Goods imports (nominal)	112.1	123.4	123.6	111.6	101.2	102.8	102.9	105.8	106.3	106.9	107.3	107.3	87.2	117.7	103.2	107.0	
(SNA basis)	13.8	10.2	0.1	-9.7	-9.3	1.6	0.1	2.8	0.5	0.6	0.4	0.0	35.0	35.0	-12.3	3.7	
	44.0	49.6	37.2	13.3	-9.7	-16.7	-16.7	-5.2	5.1	4.0	4.3	1.5					
Services exports (nominal)	20.8	22.6	24.2	25.0	26.1	25.4	25.8	26.2	27.0	27.6	28.3	28.7	18.2	23.1	25.9	27.9	
(SNA basis)	13.3	8.9	7.1	3.3	4.1	-2.4	1.6	1.4	3.0	2.3	2.5	1.5	13.4	27.2	11.9	7.7	
	17.1	24.3	31.5	36.5	25.4	12.4	6.5	4.6	3.5	8.5	9.4	9.5					
Services imports (nominal)	25.1	30.3	28.6	29.4	29.3	29.1	28.7	29.1	29.1	29.3	29.5	29.8	23.3	28.3	29.1	29.4	
(SNA basis)	4.3	20.6	-5.7	2.8	-0.2	-0.7	-1.5	1.5	-0.2	0.6	1.0	1.0	15.2	21.3	2.8	1.2	
	8.9	32.2	23.6	21.9	16.7	-3.9	0.4	-0.9	-0.9	0.4	2.9	2.4					
Trade balance (BOP basis)	-3.7	-5.6	-5.2	-3.7	-0.9	-0.7	-0.8	-1.7	-2.0	-2.1	-2.2	-2.3	-1.5	-18.0	-4.2	-8.5	
Balance on services (BOP basis)	-1.1	-1.9	-1.0	-1.2	-0.9	-1.0	-0.8	-0.9	-0.7	-0.6	-0.5	-0.5	-4.9	-5.2	-3.6	-2.2	
Primary income balance (BOP basis)	8.6	9.1	9.4	8.8	9.2	9.0	8.4	8.4	8.4	8.3	8.3	8.2	29.0	35.6	35.1	33.1	
Current account balance (BOP basis)	3.2	1.0	2.5	3.0	7.1	5.6	5.1	4.2	4.6	4.5	4.5	4.4	20.2	9.4	22.1	18.0	
	-22.4	-67.8	139.0	21.4	138.4	-21.7	-8.6	-17.6	10.0	-2.0	-1.7	-1.4	18.9	-53.2	134.0	-18.3	
	-50.4	-79.2	-45.3	-27.4	122.8	441.6	107.2	40.6	-35.1	-18.9	-12.8	4.4					
USD/JPY exchange rate	129.6	138.3	141.5	132.2	137.3	142.4	140.9	139.7	137.8	135.9	133.9	132.0	112.4	135.4	140.1	134.9	
	11.5	6.8	2.3	-6.5	3.8	3.7	-1.1	-0.9	-1.4	-1.4	-1.4	-1.4	6.0	20.5	3.5	-3.7	
	18.3	25.6	24.4	13.8	6.0	2.9	-0.4	5.6	0.3	-4.6	-5.0	-5.5					

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.