

Japanese Economy: Analysis and Forecasts No.148

29 May, 2024

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

Impact of automobile production cutbacks likely temporary, gradual recovery projected -Real GDP growth forecast: +0.5% in FY 2024, +1.3% in FY 2025-

- ◆ According to the first advance GDP estimate released on May 16, real GDP in Q1 declined by an annualized-2.0% QoQ, the first negative growth in two quarters. The figure was lower than the market final forecast (-1.17% QoQ). APIR's CQM final forecast (expenditure side) was -1.4% QoQ. The official estimate was within APIR's forecast standard error margin.
- ◆ Looking at the contribution to Q1 real GDP growth (-0.5% QoQ), domestic demand made a negative contribution for the fourth consecutive quarter at -0.2 percentage points (pp). Therein, private-sector demand made a negative contribution for the fourth consecutive quarter (-0.4 pp). Private final consumption expenditures, private-sector residential and non-residential investment, and private-sector business investment all declined. Net exports also made a negative contribution for the first time in two quarters (-0.3% pp). The impact of the automobile production cutbacks following the revelation of the fraud scandal appears to have been reflected in the declines in private final consumption expenditures, private-sector non-residential investment, and exports, but the impact is likely to be temporary.
- ◆ On an annual basis, real GDP in FY2023 was +1.2% YoY, the third consecutive year of positive growth. However, the quarterly growth rate from a year earlier was -0.4%, the first negative growth in three years. Thus, real GDP in Q1 2024 was -0.5% below its pre-pandemic peak.
- ◆ Looking at deflators, the Q1 domestic demand deflator was +0.7% QoQ, marking the 13th consecutive quarter of inflation. However, the terms of trade deteriorated for the first time in six quarters. As a result, the GDP deflator increased by +0.6% QoQ, for the sixth consecutive quarter. Japan's nominal GDP increased an annualized +0.4% QoQ for the second consecutive quarter. On an annual basis, nominal GDP in FY 2023 increased for the third consecutive year, by +5.3% YoY, which is the highest growth rate since 1991.
- ◆ We have revised our outlook for the Japanese economy in FY 2024-25 has been revised, reflecting the latest revisions in statistics and exogenous variables. Real GDP growth is projected at +0.5% in FY 2024 and +1.3% in FY 2025. Relative to our previous forecast, the figures have been revised down by -0.3 pp in FY 2024 and up by +0.2 pp in FY 2025. The Q2 2024 period is expected to see a recovery from the decrease in automobile production and exports. However, the negative growth in Q1 is likely to lower the annual growth rate for FY 2024. Economic growth in FY 2024 will therefore remain low, and the recovery in FY 2025 is expected to be above the potential growth rate, driven by domestic demand and net exports.
- ◆ Real private final consumption expenditure declined for the fourth consecutive quarter in Q1, and the decline margin widened from the previous quarter, due to the lack of a positive turnaround in real wages and the impact of cutbacks in automobile production, which resulted in a sharp decline in the consumption of durable consumer goods. Real wages are only expected to return to positive growth in or after the second half of 2024. On the other hand, private consumption is expected to pick up moderately in the Q3, as the effects of the flat-amount tax cut are expected to be felt and disposable income is expected to increase.
- ◆ Consumer price inflation will accelerate over the summer of 2024. As a result, we forecast the inflation rate for the Core CPI to be +2.4% in FY24 and +1.7% in FY25. This is an upward revision of +0.4%pt and +0.3%pt respectively from the previous forecast. The GDP deflator will be +1.4% in FY24 and +1.5% in FY25 due to a reaction to the improvement in the terms of trade in FY23.

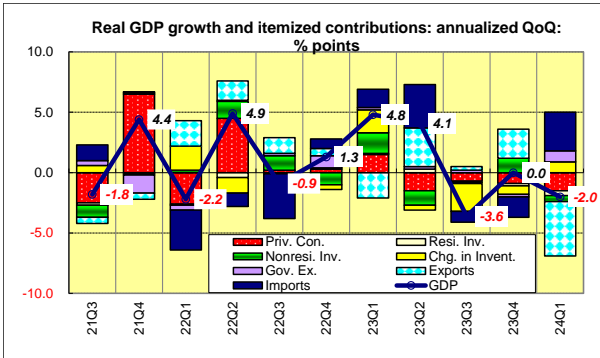
Forecast Summary

	Current forecast (2024/5/21)				Previous forecast (2024/2/19)			
	2022	2023	2024	2025	2022	2023	2024	2025
Real GDP (%)	1.6	1.2	0.5	1.3	1.5	1.3	0.8	1.1
Private demand (contribution)	2.0	▲ 0.5	0.2	0.8	2.0	▲ 0.3	0.6	0.9
Private final consumption expenditure (%)	2.7	▲ 0.6	0.3	1.1	2.7	▲ 0.4	0.7	1.0
Private residential investment (%)	▲ 3.4	0.6	▲ 3.2	0.5	▲ 3.4	1.5	▲ 0.5	0.1
Private non-residential investment (%)	3.4	0.4	2.0	2.5	3.4	▲ 0.6	2.4	2.7
Private inventory changes (contribution)	0.1	▲ 0.3	▲ 0.2	▲ 0.2	0.1	▲ 0.2	▲ 0.1	▲ 0.0
Public demand (contribution)	0.0	0.3	0.3	0.2	0.0	0.3	0.1	0.1
Government final consumption expenditure (%)	1.4	0.5	0.6	0.9	1.4	0.5	0.4	0.4
Public investment expenditure (%)	▲ 6.1	4.1	3.8	0.9	▲ 6.1	3.1	0.9	1.0
Public inventory changes (contribution)	0.0	0.0	▲ 0.0	0.0	0.0	▲ 0.0	0.0	▲ 0.0
External demand (contribution)	▲ 0.5	1.5	0.0	0.3	▲ 0.5	1.3	0.0	▲ 0.0
Exports of goods and services (%)	4.9	3.0	2.1	3.2	4.7	4.3	2.8	2.4
Imports of goods and services (%)	6.9	▲ 3.3	2.2	2.0	6.9	▲ 2.4	2.7	2.6
Nominal GDP (%)	2.4	5.3	1.8	2.8	2.3	5.2	2.3	2.9
GDP deflator (%)	0.8	4.1	1.4	1.5	0.8	3.8	1.5	1.8
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Domestic corporate price index (%)	9.5	2.3	1.3	0.5	9.5	2.2	0.9	0.2
Core consumer price index (%)	3.1	2.8	2.4	1.7	3.1	2.8	2.0	1.4
Industrial production index (%)	▲ 0.3	▲ 1.9	1.2	2.3	▲ 0.3	▲ 0.8	1.1	1.4
New housing starts (%)	▲ 0.6	▲ 7.0	▲ 0.7	0.7	▲ 0.6	▲ 6.4	0.1	0.2
Unemployment rate (%)	2.6	2.6	2.5	2.4	2.6	2.5	2.4	2.2
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Current account balance (JPY trillion)	9.1	25.3	23.2	23.8	8.3	25.5	22.3	23.6
% of nominal GDP	1.6	4.2	3.8	3.8	1.5	4.3	3.7	3.8
Crude oil price (USD/barrel)	92.5	80.7	85.4	77.5	92.5	80.3	80.0	74.5
USD/JPY exchange rate	135.4	144.5	154.0	146.9	135.4	144.3	146.7	139.5
USA real GDP (% , calendar year)	1.9	2.5	2.6	1.6	1.9	2.5	1.5	1.5

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

[The reduction in automobile production pushed down Q1 household final consumption expenditure, private capital investment, and exports.]



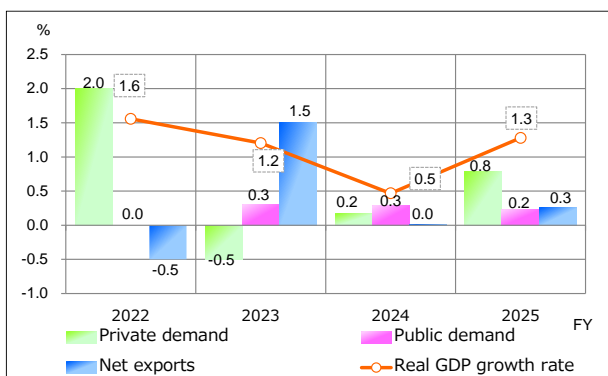
Note: This is the second preliminary report for Q3; the previous report was the first preliminary report for Q3.

[Q1 Real GDP falls below pre-Corona pandemic peak again]

	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	98.4	96.2	96.6	94.5	100.3	97.5	100.1	98.0
20Q1	97.6	94.1	94.8	97.4	95.0	100.3	95.8	88.8	98.7
20Q2	90.1	95.0	89.4	89.4	91.5	101.3	78.2	76.7	91.5
20Q3	95.1	87.2	84.7	94.2	88.4	103.1	88.9	73.3	96.3
20Q4	96.8	93.8	84.5	95.9	89.2	103.9	97.7	74.9	97.9
21Q1	97.1	96.5	85.4	94.6	93.2	103.8	101.3	79.1	98.1
21Q2	97.5	99.7	94.6	94.9	94.2	105.0	104.9	79.8	98.7
21Q3	97.0	98.3	90.6	93.8	93.6	105.4	103.7	80.8	98.1
21Q4	98.1	98.2	90.4	96.7	93.4	103.9	103.0	79.9	99.0
22Q1	97.5	103.2	92.6	95.5	95.8	103.5	107.1	78.4	98.8
22Q2	98.7	105.2	91.9	97.5	95.5	103.7	108.2	84.1	99.8
22Q3	98.5	106.6	108.3	97.5	97.0	103.9	109.1	89.1	99.3
22Q4	98.8	106.8	103.5	97.7	95.4	104.8	108.4	95.4	101.2
23Q1	99.93	103.7	108.0	98.4	99.4	105.0	103.6	101.0	103.4
23Q2	100.95	99.3	107.2	97.7	97.8	105.2	106.9	106.9	106.0
23Q3	100.03	98.8	113.7	97.4	95.1	105.4	106.5	109.7	105.9
23Q4	100.04	101.8	110.8	97.0	95.6	105.3	105.8	126.3	106.6
24Q1	99.54	96.8	112.9	96.4	95.6	106.1	101.4	116.2	106.7

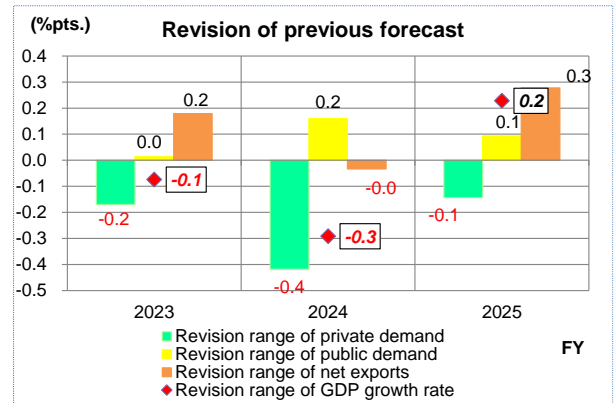
Note: 2019Q3=100

[Real GDP Growth Rate and its Contribution by Category]



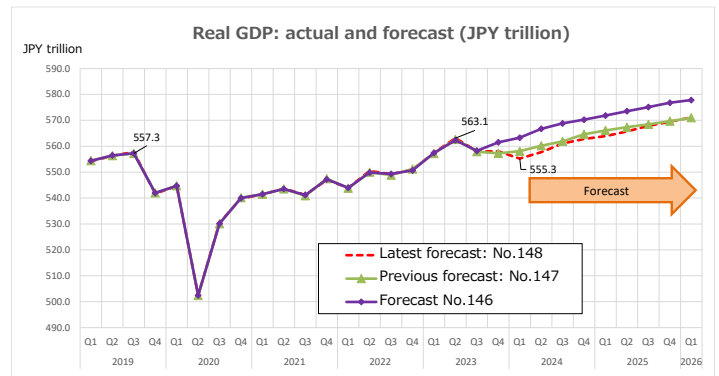
Note: Due to rounding, the total contribution of demand components does not necessarily match the real GDP growth rate.

[FY24 growth rate forecast revised downward by -0.3%pt]

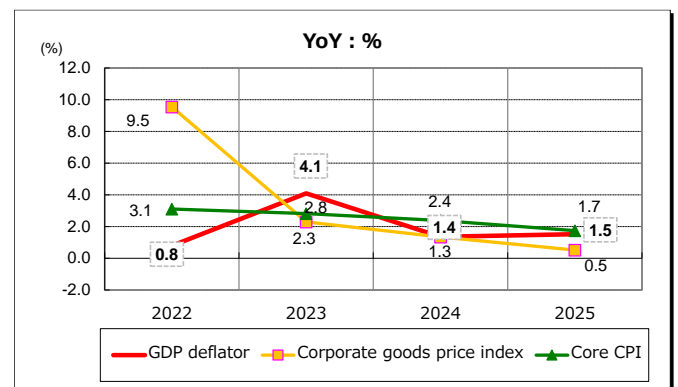


Note: Due to rounding, the total contribution of demand components does not necessarily match the real GDP growth rate.

[The growth rate pattern has not changed significantly]



[Core CPI inflation rate revised upwards by 0.4% pt for FY24 and 0.3% pt for FY25]



Detailed Forecasts

Table 1. Main economic indicators

	Quarter												Fiscal year			
	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	2022	2023	2024	2025
Real GDP (JPY trillion)	563.1	558.0	558.0	555.3	557.7	561.0	562.8	563.9	565.7	567.8	569.5	571.2	552.1	558.8	561.4	568.6
	1.0	-0.9	0.0	-0.5	0.4	0.6	0.3	0.2	0.3	0.4	0.3	0.3	1.6	1.2	0.5	1.3
	2.3	1.6	1.3	-0.4	-1.0	0.5	0.9	1.6	1.4	1.2	1.2	1.3				
Nominal GDP (JPY trillion)	595.4	594.5	598.4	599.0	603.5	605.9	609.8	612.7	618.2	623.3	627.4	631.6	566.8	597.1	608.0	625.1
	2.6	-0.2	0.7	0.1	0.8	0.4	0.6	0.5	0.9	0.8	0.7	0.7	2.4	5.3	1.8	2.8
	6.3	6.7	5.3	3.2	1.4	1.9	1.9	2.3	2.4	2.9	2.9	3.1				
GDP deflator (2015=100)	105.7	106.5	107.2	107.9	108.2	108.0	108.3	108.7	109.3	109.8	110.2	110.6	102.7	106.9	108.3	109.9
	1.5	0.8	0.7	0.6	0.3	-0.2	0.3	0.3	0.6	0.5	0.4	0.4	0.8	4.1	1.4	1.5
	3.9	5.0	4.0	3.6	2.3	1.4	1.0	0.7	1.0	1.6	1.7	1.8				
Index of industrial production (2020=100)	104.8	103.3	104.4	99.0	102.8	103.9	104.6	105.4	105.8	106.2	106.8	107.3	104.9	102.9	104.2	106.5
	1.2	-1.4	1.1	-5.1	3.8	1.1	0.7	0.7	0.5	0.3	0.6	0.5	-0.3	-1.9	1.2	2.3
	0.8	-3.6	-0.9	-4.3	-1.9	0.6	0.2	6.4	3.0	2.2	2.1	1.9				
New housing starts (thousands)	204	200	201	196	191	196	203	206	201	199	200	201	861	800	795	801
	-5.3	-2.2	0.3	-2.2	-2.9	2.7	3.4	1.7	-2.6	-0.9	0.7	0.4	-0.6	-7.0	-0.7	0.7
	-4.4	-7.7	-6.0	-9.0	-6.8	-2.1	0.9	4.9	5.3	1.5	-1.2	-2.4				
Domestic corporate goods price index (2020=)	119.5	119.6	119.8	120.5	121.1	121.4	121.5	121.9	122.0	122.1	121.9	122.3	117.2	119.9	121.5	122.1
	-0.2	0.1	0.2	0.6	0.5	0.2	0.1	0.3	0.1	0.1	-0.1	0.3	9.5	2.3	1.3	0.5
	5.0	3.0	0.6	0.6	1.3	1.5	1.4	1.2	0.8	0.6	0.4	0.3				
Core consumer price index (2020=100)	104.9	105.6	106.4	106.6	107.5	108.3	108.9	109.0	109.8	110.1	110.6	110.7	103.0	105.9	108.4	110.3
	0.8	0.7	0.8	0.2	0.9	0.7	0.6	0.1	0.7	0.3	0.5	0.0	3.1	2.8	2.4	1.7
	3.2	3.0	2.5	2.5	2.5	2.6	2.3	2.2	2.1	1.7	1.6	1.6				
Wage earnings per worker (JPY thousand)	4180	4163	4185	4205	4254	4274	4302	4310	4343	4365	4385	4403	4136	4156	4285	4374
	0.6	-0.4	0.5	0.5	1.2	0.5	0.7	0.2	0.8	0.5	0.5	0.4	1.7	0.5	3.1	2.1
	2.0	0.9	0.6	1.2	1.8	2.7	2.8	2.5	2.1	2.1	1.9	2.1				
Unemployment rate (%)	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.6	2.6	2.5	2.4
	0.002	0.003	0.003	0.006	0.015	0.015	0.200	0.200	0.200	0.450	0.450	0.700	0.002	0.002	0.108	0.450
	0.407	0.670	0.743	0.723	0.863	0.905	1.051	1.131	1.169	1.262	1.275	1.407	0.296	0.636	0.988	1.278
Current account balance (JPY trillion)	5.9	6.1	6.6	7.0	5.9	5.8	5.9	5.7	6.7	5.8	5.7	5.6	9.1	25.3	23.2	23.8
	3.9	4.1	4.4	4.7	3.9	3.8	3.8	3.7	4.3	3.7	3.6	3.6	1.6	4.2	3.8	3.8
	76.54	84.73	81.58	79.85	88.12	89.47	85.62	78.21	75.52	77.92	80.04	76.67	92.46	80.67	85.35	77.54
USD/JPY exchange rate	137.3	144.6	147.8	148.5	154.8	156.2	155.0	150.0	148.8	147.5	146.3	145.0	135.4	144.5	154.0	146.9
	1250.5	1262.0	1273.5	1285.0	1297.9	1311.1	1324.7	1338.2	1352.2	1366.5	1381.2	1396.3	1239.0	1285.0	1338.2	1396.3
	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	2.6	3.7	4.1	4.3
% of GDP	2.9	3.1	3.4	3.7	3.8	3.9	4.0	4.1	4.2	4.2	4.3	4.3				
	210.0	212.3	212.8	214.5	218.8	221.1	223.2	225.2	226.9	228.9	231.2	233.6	218.6	215.2	220.1	223.4
	-55.6	-56.7	-54.9	-59.6	-62.4	-63.7	-65.3	-65.8	-67.0	-68.6	-69.9	-71.8	-65.6	-56.7	-64.3	-69.3

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 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			
	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	2022	2023	2024	2025	
Private final consumption expenditure	297.9	297.0	295.8	293.8	294.8	297.2	298.0	298.6	299.4	300.2	300.6	301.1	298.2	296.2	297.2	300.3	
	-0.7	-0.3	-0.4	-0.7	0.3	0.8	0.3	0.2	0.2	0.3	0.1	0.2	2.7	-0.6	0.3	1.1	
	0.2	-0.1	-0.7	-2.0	-1.0	0.1	0.7	1.6	1.6	1.0	0.9	0.8					
Private residential investment	18.8	18.6	18.4	17.9	17.7	17.8	17.9	17.9	17.9	17.9	17.9	17.9	18.3	18.4	17.8	17.9	
	1.8	-0.9	-1.4	-2.5	-1.1	0.5	0.5	0.1	0.1	-0.2	0.1	0.2	-3.4	0.6	-3.2	0.5	
	3.2	2.1	0.3	-3.0	-5.7	-4.4	-2.6	0.1	1.2	0.5	0.1	0.2					
Private non-residential investment	89.7	89.5	91.2	90.4	91.3	91.8	92.3	92.9	93.4	94.0	94.7	95.3	89.9	90.2	92.1	94.3	
	-1.7	-0.2	1.8	-0.8	0.9	0.6	0.6	0.6	0.5	0.7	0.7	0.7	3.4	0.4	2.0	2.5	
	1.2	-0.9	2.4	-0.9	1.7	2.5	1.3	2.7	2.3	2.4	2.6	2.6					
Change in private inventories	3.8	1.0	0.2	1.3	1.3	0.5	0.3	0.0	-0.4	-0.6	-0.7	-0.7	3.0	1.6	0.5	-0.6	
Government final consumption expenditure	119.7	120.1	119.9	120.1	120.2	120.7	121.2	120.6	121.0	121.5	121.9	122.3	119.3	120.0	120.7	121.7	
	-0.1	0.3	-0.2	0.2	0.0	0.4	0.4	-0.4	0.4	0.3	0.4	0.3	1.4	0.5	0.6	0.9	
	0.8	1.0	0.2	0.2	0.4	0.5	1.1	0.4	0.7	0.7	0.6	1.4					
Government investment expenditure	26.8	26.7	26.6	27.5	27.9	28.0	27.9	27.9	28.0	28.1	28.2	28.4	25.9	26.9	27.9	28.2	
	2.2	-0.3	-0.2	3.1	1.7	0.1	-0.2	0.0	0.4	0.4	0.4	0.4	-6.1	4.1	3.8	0.9	
	5.2	3.4	2.7	5.0	4.4	4.7	4.7	1.6	0.3	0.6	1.2	1.6					
Change in government inventories	-0.04	-0.04	-0.03	0.02	-0.12	-0.09	-0.09	-0.07	-0.10	-0.09	-0.09	-0.09	0.04	-0.02	-0.10	-0.09	
Net exports of goods and services	5.7	5.1	6.3	4.1	4.6	5.2	5.4	6.0	6.4	6.7	6.9	6.9	-1.7	5.2	5.3	6.7	
Exports of goods and services	111.9	112.2	115.3	109.5	113.0	114.1	115.0	116.3	117.1	117.9	118.6	119.3	108.9	112.2	114.6	118.2	
	3.8	0.3	2.8	-5.0	3.2	1.0	0.8	1.1	0.7	0.7	0.5	0.6	4.9	3.0	2.1	3.2	
	3.7	2.3	4.4	1.6	1.0	1.7	-0.3	6.2	3.6	3.4	3.1	2.6					
Imports of goods and services	106.2	107.1	109.1	105.4	108.4	108.9	109.7	110.3	110.7	111.2	111.7	112.3	110.6	107.0	109.3	111.5	
	-3.6	0.9	1.8	-3.4	2.9	0.5	0.7	0.5	0.4	0.5	0.4	0.5	6.9	-3.3	2.2	2.0	
	-1.4	-5.0	-2.4	-4.3	2.1	1.6	0.6	4.6	2.1	2.1	1.9	1.9					
GDP	563.1	558.0	558.0	555.3	557.7	561.0	562.8	563.9	565.7	567.8	569.5	571.2	552.1	558.8	561.4	568.6	
	4.1	-3.6	0.0	-2.0	1.8	2.4	1.3	0.8	1.3	1.5	1.2	1.2	1.6	1.2	0.5	1.3	
	1.0	-0.9	0.0	-0.5	0.4	0.6	0.3	0.2	0.3	0.4	0.3	0.3					
	2.3	1.6	1.3	-0.4	-1.0	0.5	0.9	1.6	1.4	1.2	1.2	1.3					
Contribution of domestic demand	-0.6	-0.8	-0.2	-0.2	0.4	0.5	0.3	0.1	0.2	0.3	0.3	0.3	2.0	-0.2	0.5	1.0	
of which, private demand	-0.7	-0.8	-0.1	-0.4	0.3	0.4	0.2	0.2	0.2	0.2	0.2	0.2	2.0	-0.5	0.2	0.8	
of which, public demand	0.1	0.0	0.0	0.2	0.1	0.1	0.1	-0.1	0.1	0.1	0.1	0.1	0.0	0.3	0.3	0.2	
Contribution of net exports	1.7	-0.1	0.2	-0.3	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.0	-0.5	1.5	0.0	0.3	
GNI	551.8	548.4	548.7	546.1	547.4	549.5	551.9	552.4	555.2	558.1	560.4	563.1	535.3	549.0	550.3	559.2	
	6.5	-2.4	0.2	-1.9	1.0	1.6	1.7	0.4	2.1	2.1	1.7	1.9	-0.4	2.6	0.2	1.6	
	1.6	-0.6	0.1	-0.5	0.2	0.4	0.4	0.1	0.5	0.5	0.4	0.5					
	3.3	3.6	2.8	0.5	-0.8	0.2	0.6	1.2	1.4	1.6	1.6	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 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			
	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	2022	2023	2024	2025
Private final consumption expenditure	321.8	322.7	322.8	323.5	326.0	328.5	330.2	332.5	334.7	336.8	338.0	339.2	315.9	322.8	329.3	337.2
	-0.1	0.3	0.0	0.2	0.8	0.8	0.5	0.7	0.7	0.6	0.4	0.3	5.9	2.2	2.0	2.4
	3.3	3.0	2.0	0.4	1.3	1.8	2.3	2.8	2.7	2.5	2.4	2.0				
Private residential investment	22.3	22.1	21.8	21.5	21.3	21.4	21.6	21.5	21.5	21.4	21.3	21.3	21.8	21.9	21.5	21.4
	1.7	-0.8	-1.0	-1.7	-0.8	0.6	0.7	-0.3	-0.1	-0.4	-0.3	-0.2	1.5	0.5	-2.1	-0.3
	2.8	1.3	-0.1	-1.9	-4.3	-2.9	-1.3	0.2	0.8	-0.1	-1.1	-1.0				
Private non-residential investment	98.5	99.3	101.9	101.9	103.6	104.8	105.8	107.2	108.4	109.9	111.1	112.4	96.9	100.5	105.3	110.5
	-0.7	0.8	2.6	0.0	1.7	1.1	1.0	1.3	1.2	1.3	1.2	1.1	7.9	3.7	4.8	4.8
	4.5	2.3	5.5	2.7	5.2	5.5	3.8	5.2	4.7	4.9	5.0	4.8				
Change in private inventories	5.5	1.0	0.3	1.5	2.1	1.0	0.7	0.4	0.0	-0.2	-0.3	-0.3	3.6	2.1	1.0	-0.2
Government final consumption expenditure	123.3	124.0	124.3	124.8	125.0	125.5	126.0	125.5	126.1	126.7	127.2	127.8	122.1	124.1	125.5	126.9
	-0.6	0.6	0.2	0.4	0.2	0.4	0.4	-0.4	0.4	0.5	0.5	0.4	2.8	1.7	1.1	1.1
	3.3	1.9	0.9	0.6	1.4	1.2	1.4	0.6	0.9	0.9	0.9	1.8				
Government investment expenditure	30.8	31.0	31.1	32.3	33.0	33.0	32.9	32.8	32.9	32.9	32.9	32.9	29.3	31.3	32.9	32.9
	3.3	0.5	0.3	3.9	2.3	0.0	-0.3	-0.3	0.2	0.1	0.0	-0.1	-1.7	7.0	5.1	-0.1
	8.5	6.3	5.3	8.1	7.0	6.5	5.9	1.6	-0.5	-0.3	0.0	0.2				
Change in government inventories	-0.03	-0.07	-0.07	-0.07	-0.14	-0.12	-0.12	-0.11	-0.12	-0.12	-0.12	-0.11	-0.06	-0.06	-0.12	-0.12
Net exports of goods and services	-6.8	-5.5	-3.7	-6.4	-7.4	-8.2	-7.3	-7.1	-5.2	-3.9	-2.8	-1.5	-22.8	-5.6	-7.5	-3.4
Exports of goods and services	126.4	130.4	137.7	132.4	138.4	140.2	141.9	142.2	143.7	145.2	146.5	147.8	123.4	131.8	140.7	145.8
	4.3	3.2	5.6	-3.8	4.5	1.3	1.2	0.2	1.1	1.0	0.9	0.9	18.9	6.8	6.7	3.6
	5.7	3.9	8.1	9.3	9.5	7.5	3.1	7.4	3.8	3.6	3.2	3.9				
Imports of goods and services	133.2	135.9	141.5	138.8	145.8	148.4	149.2	149.3	149.0	149.1	149.3	149.3	146.2	137.4	148.2	149.2
	-5.6	2.1	4.1	-1.9	5.1	1.8	0.5	0.1	-0.2	0.1	0.1	0.0	32.3	-6.0	7.8	0.7
	-4.1	-11.9	-5.9	-1.6	9.5	9.2	5.5	7.6	2.1	0.5	0.1	0.0				
GDP	595.4	594.5	598.4	599.0	603.5	605.9	609.8	612.7	618.2	623.3	627.4	631.6	566.8	597.1	608.0	625.1
	10.7	-0.6	2.7	0.4	3.0	1.6	2.6	1.9	3.6	3.4	2.7	2.7	2.4	5.3	1.8	2.8
	2.6	-0.2	0.7	0.1	0.8	0.4	0.6	0.5	0.9	0.8	0.7	0.7				
	6.3	6.7	5.3	3.2	1.4	1.9	1.9	2.3	2.4	2.9	2.9	3.1				
Contribution of domestic demand	0.3	-0.4	0.4	0.5	0.9	0.5	0.5	0.5	0.6	0.6	0.5	0.5	5.3	2.3	2.1	2.1
of which, private demand	0.3	-0.5	0.3	0.2	0.8	0.5	0.4	0.5	0.5	0.5	0.4	0.4	4.8	1.6	1.7	1.9
of which, public demand	0.0	0.1	0.1	0.3	0.1	0.1	0.1	-0.1	0.1	0.1	0.1	0.1	0.5	0.7	0.5	0.2
Contribution of net exports	2.3	0.2	0.3	-0.4	-0.2	-0.1	0.2	0.0	0.3	0.2	0.2	0.2	-2.9	3.0	-0.3	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 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			
	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	2022	2023	2024	2025
Private final consumption expenditure	108.0	108.6	109.1	110.1	110.6	110.5	110.8	111.3	111.8	112.2	112.4	112.7	106.0	109.0	110.8	112.3
	0.6	0.6	0.4	0.9	0.5	-0.1	0.3	0.5	0.4	0.3	0.2	0.2	3.2	2.8	1.7	1.3
	3.0	3.1	2.7	2.5	2.4	1.7	1.6	1.1	1.1	1.5	1.5	1.2				
Private residential investment	118.6	118.6	119.0	120.1	120.4	120.4	120.6	120.2	119.9	119.6	119.2	118.7	119.2	119.1	120.4	119.4
	-0.2	0.0	0.4	0.9	0.2	0.0	0.1	-0.3	-0.2	-0.2	-0.4	-0.4	5.1	-0.1	1.1	-0.9
	-0.4	-0.8	-0.3	1.1	1.5	1.5	1.3	0.1	-0.4	-0.7	-1.2	-1.2				
Private non-residential investment	109.8	110.9	111.8	112.6	113.5	114.1	114.6	115.4	116.2	116.8	117.4	117.9	107.8	111.4	114.4	117.1
	1.0	1.0	0.8	0.8	0.8	0.5	0.4	0.7	0.6	0.6	0.5	0.4	4.3	3.3	2.8	2.3
	3.3	3.2	3.0	3.6	3.4	2.9	2.5	2.5	2.3	2.4	2.4	2.1				
Government final consumption expenditure	103.0	103.3	103.7	103.9	104.0	104.0	104.0	104.1	104.2	104.3	104.4	104.5	102.3	103.5	104.0	104.3
	-0.4	0.3	0.4	0.2	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	1.4	1.1	0.5	0.3
	2.5	0.9	0.8	0.5	1.0	0.7	0.3	0.2	0.1	0.2	0.3	0.4				
Government investment expenditure	115.2	116.1	116.6	117.5	118.2	118.1	117.9	117.6	117.3	117.0	116.5	116.0	113.3	116.5	117.9	116.7
	1.0	0.8	0.4	0.7	0.6	-0.1	-0.2	-0.3	-0.2	-0.3	-0.4	-0.5	4.7	2.8	1.3	-1.1
	3.1	2.9	2.5	3.0	2.6	1.7	1.1	0.0	-0.8	-0.9	-1.2	-1.4				
Exports of goods and services	113.0	116.2	119.4	120.9	122.5	122.9	123.4	122.3	122.7	123.1	123.6	123.9	113.3	117.5	122.8	123.3
	0.5	2.8	2.8	1.3	1.3	0.3	0.4	-0.9	0.3	0.3	0.4	0.3	13.4	3.7	4.5	0.5
	1.9	1.5	3.6	7.6	8.4	5.8	3.3	1.2	0.2	0.2	0.2	1.3				
Imports of goods and services	125.4	126.8	129.7	131.7	134.5	136.2	136.0	135.4	134.6	134.1	133.6	132.9	132.2	128.4	135.6	133.8
	-2.1	1.1	2.3	1.5	2.1	1.3	-0.2	-0.4	-0.6	-0.4	-0.3	-0.5	23.7	-2.8	5.5	-1.3
	-2.7	-7.3	-3.5	2.8	7.3	7.4	4.9	2.8	0.0	-1.6	-1.7	-1.9				
GDP	105.7	106.5	107.2	107.9	108.2	108.0	108.3	108.7	109.3	109.8	110.2	110.6	102.7	106.9	108.3	109.9
	1.5	0.8	0.7	0.6	0.3	-0.2	0.3	0.3	0.6	0.5	0.4	0.4	0.8	4.1	1.4	1.5
	3.9	5.0	4.0	3.6	2.3	1.4	1.0	0.7	1.0	1.6	1.7	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			
	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	2022	2023	2024	2025
Index of industrial production (2020=100)	104.8	103.3	104.4	99.0	102.8	103.9	104.6	105.4	105.8	106.2	106.8	107.3	104.9	102.9	104.2	106.5
	1.2	-1.4	1.1	-5.1	3.8	1.1	0.7	0.7	0.5	0.3	0.6	0.5	-0.3	-1.9	1.2	2.3
	0.8	-3.6	-0.9	-4.3	-1.9	0.6	0.2	6.4	3.0	2.2	2.1	1.9				
Labor force (ten thousand persons)	6921	6930	6939	6947	6949	6952	6954	6957	6959	6962	6965	6968	6907	6934	6953	6964
	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.3	0.2
	0.2	0.3	0.6	0.5	0.4	0.3	0.2	0.1	0.1	0.2	0.2	0.2				
Engaged labor force (ten thousand persons)	6744	6749	6765	6771	6776	6778	6780	6791	6795	6797	6800	6802	6727	6754	6781	6799
	0.2	0.1	0.2	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.3	0.4	0.4	0.3
	0.2	0.2	0.6	0.6	0.5	0.4	0.2	0.3	0.3	0.3	0.3	0.2				
Employed (ten thousand persons)	6077	6088	6091	6107	6111	6113	6115	6125	6128	6131	6133	6135	6047	6088	6116	6132
	0.4	0.2	0.1	0.3	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.6	0.7	0.5	0.3
	0.5	0.7	0.7	0.9	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.2				
Unemployment rate (%)	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.6	2.6	2.5	2.4
Domestic corporate goods price index (2020=100)	119.5	119.6	119.8	120.5	121.1	121.4	121.5	121.9	122.0	122.1	121.9	122.3	117.2	119.9	121.5	122.1
	-0.2	0.1	0.2	0.6	0.5	0.2	0.1	0.3	0.1	0.1	-0.1	0.3	9.5	2.3	1.3	0.5
	5.0	3.0	0.6	0.6	1.3	1.5	1.4	1.2	0.8	0.6	0.4	0.3				
Core consumer price index (2020=100)	104.9	105.6	106.4	106.6	107.5	108.3	108.9	109.0	109.8	110.1	110.6	110.7	103.0	105.9	108.4	110.3
	0.8	0.7	0.8	0.2	0.9	0.7	0.6	0.1	0.7	0.3	0.5	0.0	3.1	2.8	2.4	1.7
	3.2	3.0	2.5	2.5	2.5	2.6	2.3	2.2	2.1	1.7	1.6	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			
	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	2022	2023	2024	2025
CD rates (%)	0.002	0.003	0.003	0.006	0.015	0.015	0.200	0.200	0.200	0.450	0.450	0.700	0.002	0.002	0.108	0.450
Government bond yields (%)	0.407	0.670	0.743	0.723	0.863	0.905	1.051	1.131	1.169	1.262	1.275	1.407	0.296	0.636	0.988	1.278
Money stock (M2+CD, JPY trillion)	1228.4	1235.4	1241.1	1249.9	1255.6	1262.1	1267.0	1276.2	1283.7	1290.3	1294.9	1299.4	1219.6	1249.9	1276.2	1299.4
	0.7	0.6	0.5	0.7	0.5	0.5	0.4	0.7	0.6	0.5	0.4	0.3	2.6	2.5	2.1	1.8
	2.6	2.4	2.3	2.5	2.2	2.2	2.1	2.1	2.2	2.2	2.2	1.8				
Nikkei stock average (JPY)	30,393	32,529	32,486	37,694	38,444	38,415	38,395	38,000	38,250	38,500	38,750	39,000	27,277	33,275	38,313	38,625
	11.5	7.0	-0.1	16.0	2.0	-0.1	-0.1	-1.0	0.7	0.7	0.6	0.6	-3.9	22.0	15.1	0.8
	13.0	17.9	18.7	38.2	26.5	18.1	18.2	0.8	-0.5	0.2	0.9	2.6				
USD/JPY exchange rate	137.3	144.6	147.8	148.5	154.8	156.2	155.0	150.0	148.8	147.5	146.3	145.0	135.4	144.5	154.0	146.9
	3.8	5.3	2.3	0.5	4.2	0.9	-0.8	-3.2	-0.8	-0.8	-0.8	-0.9	20.5	6.8	6.5	-4.6
	6.0	4.5	4.5	12.3	12.7	8.1	4.9	1.0	-3.9	-5.6	-5.6	-3.3				

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 7. External sector

JPY trillion, %

	Quarter												Fiscal year			
	23Q2	23Q3	23Q4	24Q1	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	2022	2023	2024	2025
Goods exports (real)	88.3	88.0	87.4	83.8	86.2	86.8	87.4	88.3	88.9	89.6	90.2	90.8	88.7	86.9	87.2	89.9
(SNA basis)	3.2	-0.3	-0.7	-4.1	2.8	0.7	0.7	1.0	0.7	0.8	0.6	0.7	2.6	-2.0	0.3	3.1
	-1.3	-2.4	-2.4	-2.0	-2.4	-1.4	0.0	5.3	3.2	3.3	3.2	2.9				
Goods imports (real)	80.6	80.2	82.6	78.6	81.0	82.1	83.2	84.0	84.6	85.3	85.8	86.4	85.7	80.5	82.6	85.5
(SNA basis)	-4.3	-0.5	3.1	-4.9	3.1	1.4	1.3	1.0	0.7	0.8	0.6	0.7	5.8	-6.1	2.6	3.6
	-5.7	-7.3	-4.6	-6.6	0.6	2.4	0.7	6.9	4.5	3.8	3.2	2.8				
Services exports (real)	23.6	24.2	27.9	25.7	26.8	27.3	27.6	28.0	28.2	28.3	28.4	28.5	20.4	25.3	27.4	28.3
(SNA basis)	5.9	2.6	15.0	-8.0	4.5	1.8	1.3	1.2	0.7	0.5	0.3	0.2	15.7	24.3	8.3	3.3
	27.1	23.2	32.3	15.0	13.5	12.6	-0.9	9.0	5.1	3.7	2.7	1.7				
Services imports (real)	26.2	27.7	27.0	27.6	27.4	26.8	26.5	26.2	26.0	26.0	25.9	25.9	25.1	27.1	26.7	26.0
(SNA basis)	-0.7	6.1	-2.6	1.9	-0.6	-2.2	-1.2	-0.9	-0.7	-0.3	-0.2	0.0	11.5	8.1	-1.4	-2.9
	16.7	5.0	7.0	4.5	4.7	-3.4	-2.1	-4.8	-4.9	-3.1	-2.1	-1.2				
Goods exports (nominal)	99.0	102.1	104.7	101.3	105.7	107.0	107.9	108.0	108.8	109.7	110.4	111.3	99.7	101.9	107.2	110.1
(SNA basis)	4.0	3.2	2.6	-3.3	4.4	1.2	0.9	0.1	0.7	0.9	0.6	0.8	16.4	2.1	5.2	2.7
	0.7	-0.3	1.9	6.4	6.8	4.8	3.1	6.7	2.9	2.6	2.3	3.0				
Goods imports (nominal)	103.4	103.3	109.3	105.3	111.5	114.2	115.2	115.4	115.3	115.6	115.7	115.8	117.5	105.4	114.1	115.6
(SNA basis)	-7.0	-0.1	5.9	-3.7	5.9	2.4	0.9	0.2	-0.1	0.2	0.2	0.1	34.8	-10.3	8.2	1.3
	-8.9	-16.6	-9.7	-5.3	7.9	10.5	5.3	9.6	3.4	1.2	0.5	0.3				
Services exports (nominal)	27.4	28.3	33.0	31.1	32.7	33.2	34.0	34.2	34.9	35.4	36.1	36.5	23.7	29.9	33.5	35.8
(SNA basis)	5.6	3.2	16.6	-5.5	5.0	1.6	2.2	0.6	2.3	1.5	1.9	1.2	30.2	26.4	11.9	6.7
	28.5	22.5	34.0	20.0	19.3	17.5	3.0	9.7	6.8	6.7	6.3	6.9				
Services imports (nominal)	29.8	32.6	32.1	33.5	34.3	34.2	34.0	33.9	33.6	33.6	33.6	33.5	28.7	32.0	34.1	33.6
(SNA basis)	-0.3	9.5	-1.5	4.3	2.3	-0.2	-0.6	-0.4	-0.7	-0.1	0.0	-0.2	22.9	11.6	6.6	-1.6
	17.6	6.8	10.2	12.1	15.1	4.9	5.8	1.1	-2.0	-1.9	-1.3	-1.1				
Trade balance (BOP basis)	-1.1	-0.7	-1.1	-1.1	-1.4	-1.8	-1.8	-1.8	-1.6	-1.4	-1.3	-1.1	-17.8	-3.6	-6.9	-5.5
Balance on services (BOP basis)	-0.8	-1.1	0.1	-0.7	-0.6	-0.4	-0.2	-0.1	0.1	0.2	0.3	0.5	-5.4	-2.5	-1.4	1.1
Primary income balance (BOP basis)	8.8	8.9	8.6	8.8	8.9	9.0	8.8	8.6	8.3	7.9	7.5	7.1	35.3	35.5	35.3	30.8
Current account balance	5.9	6.1	6.6	7.0	5.9	5.8	5.9	5.7	6.7	5.8	5.7	5.6	9.1	25.3	23.2	23.8
(BOP basis)	110.5	4.2	8.6	5.4	-16.2	-1.3	1.4	-3.5	18.5	-13.9	-1.1	-1.0	-54.9	179.1	-8.6	2.9
	107.6	1520.4	142.9	150.9	-0.1	-5.3	-11.6	-19.0	14.4	-0.2	-2.7	-0.2				
USD/JPY exchange rate	137.3	144.6	147.8	148.5	154.8	156.2	155.0	150.0	148.8	147.5	146.3	145.0	135.4	144.5	154.0	146.9
	3.8	5.3	2.3	0.5	4.2	0.9	-0.8	-3.2	-0.8	-0.8	-0.8	-0.9	20.5	6.8	6.5	-4.6
	6.0	4.5	4.5	12.3	12.7	8.1	4.9	1.0	-3.9	-5.6	-5.6	-3.3				

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.