

Japanese Economy: Analysis and Forecasts No.150

27 Nov, 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

Gradual domestic demand-driven recovery expected, but trends in net exports pose risks

- Real GDP growth forecast: +0.2% in FY 2024, +1.2% in FY 2025, +1.2% in FY 2026 -

- ◆ According to the first official advance estimate GDP released on November 15, real GDP in Q3 2024 grew at an annualized rate of +0.9% (+0.2% QoQ). This was the second consecutive quarter of positive growth, but there was a slowdown from the previous quarter (an annualized +2.2%). The official figure is similar to the latest market consensus forecast (+1.0%) and APIR's final expenditure-side CQM forecast (+0.7%). On a semiannual basis, growth in the first half of FY 2024 (April-September) was +0.3% relative to the preceding six-month period, marking the first positive growth in two semiannual periods. On a YoY basis, however, the trend was weak, with April-September 2024 GDP shrinking -0.4% from its level in April-September 2023.
- ◆ Looking at the contributions to real GDP growth (+0.2% QoQ) in Q3 2024 by major components, domestic demand added +0.6 percentage points (pp), making a positive contribution for the second consecutive quarter. Private-sector demand made a positive contribution for the second consecutive quarter (+0.6% pp). Therein, private final consumption expenditures made a substantial contribution (+0.5 pp). Public-sector demand made a positive contribution for the third consecutive quarter (+0.1 pp). On the other hand, external demand (net exports) made a negative contribution for the third consecutive quarter (-0.4 pp).
- ◆ Real employee compensation in Q3 rose modestly, +0.0% QoQ, growing for the fourth consecutive quarterly increase (Q2: +0.7% QoQ). In addition to this, households' disposable income increased significantly due to the temporary flat tax cut in effect since June, contributing to a boost in private final consumption expenditures.
- ◆ We revised our outlook for the Japanese economy for FY 2024-25, incorporating the first official advance GDP estimate for Q3, as well as our new assumptions about exogenous variables. We also added our first forecast for FY 2026. We project real GDP growth of +0.2% in FY 2024, +1.2% in FY 2025, +1.2% in FY 2026. The forecast for FY 2024 was revised downward by -0.2 pp from our previous forecast, while the forecast for FY 2025 remained unchanged. The growth rate in the second half of FY 2024 will remain low because the temporary boost to private final consumption expenditure due to the flat tax cut will wear off. On the other hand, nominal wage increases in FY 2025 will be comparable to those in the previous year, and real wage growth will expand moderately in the second half of the year as consumer price inflation slows. However, since there is a high risk of economic downturn in net exports, the recovery in FY 2025-2026 is likely to be moderate, centered on domestic demand.
- ◆ Consumer price inflation is projected to be +2.5% in FY 2024, +1.8% in FY 2025, and +1.6% in FY 2026. Since consumer price inflation is heavily influenced by government policy, we have revised our GDP deflator forecast upward by +0.2 percentage points from our previous forecast, to +2.3% in FY 2024, +1.7% in FY 2025, and +1.6% in FY 2026.
- ◆ The outlook for net exports poses significant risks for the Japanese economy in FY 2025-2026. The policies of U.S. President elect Donald Trump will have a major impact on bilateral economic relations. Higher tariffs (universal tariffs) will reduce world exports and will necessitate the reorganization of global supply chains. Higher tariffs will also accelerate inflation in the U.S. and delay the monetary easing cycle, leading to a weakening of national currencies against the dollar. These are serious risks to the global economic recovery.

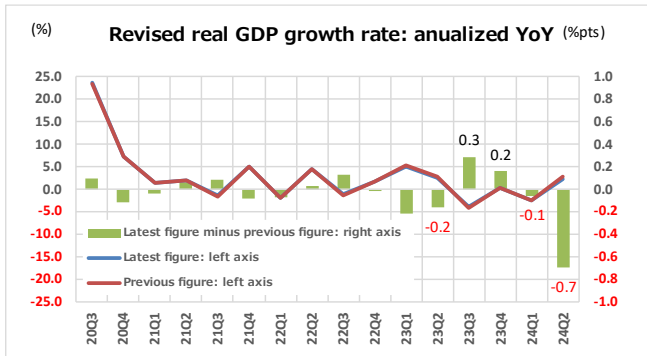
Forecast Summary

	Current forecast (2024/11/19)				Previous forecast (2024/8/19)			
	2023	2024	2025	2026	2022	2023	2024	2025
Real GDP (%)	0.8	0.2	1.2	1.2	1.6	0.8	0.4	1.2
Private demand (contribution)	▲ 0.5	0.5	1.0	1.0	2.1	▲ 0.5	0.6	0.9
Private final consumption expenditure (%)	▲ 0.6	0.8	1.2	1.1	2.7	▲ 0.6	0.9	0.9
Private residential investment (%)	0.3	▲ 2.3	0.5	0.3	▲ 3.3	0.3	▲ 0.8	0.8
Private non-residential investment (%)	0.3	1.9	1.7	2.3	4.1	0.3	2.5	2.6
Private inventory changes (contribution)	▲ 0.2	▲ 0.1	0.0	0.0	0.1	▲ 0.3	▲ 0.2	▲ 0.1
Public demand (contribution)	▲ 0.1	0.3	0.2	0.2	0.0	▲ 0.1	0.2	0.2
Government final consumption expenditure (%)	▲ 0.5	1.0	0.9	0.6	1.4	▲ 0.5	0.6	0.9
Public investment expenditure (%)	0.6	2.0	0.9	1.6	▲ 6.1	0.7	2.3	0.6
Public inventory changes (contribution)	0.0	0.0	0.0	0.0	0.0	0.0	▲ 0.0	▲ 0.0
External demand (contribution)	1.4	▲ 0.5	▲ 0.0	0.0	▲ 0.5	1.4	▲ 0.4	0.1
Exports of goods and services (%)	2.8	1.7	2.3	1.8	4.9	2.8	0.4	2.7
Imports of goods and services (%)	▲ 3.2	4.4	2.5	1.8	7.3	▲ 3.2	2.3	2.4
Nominal GDP (%)	4.9	2.5	2.9	2.8	2.5	4.9	2.8	2.8
GDP deflator (%)	4.1	2.3	1.7	1.6	0.9	4.0	2.3	1.6
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Domestic corporate price index (%)	2.4	2.7	0.6	0.0	9.5	2.3	2.3	0.6
Core consumer price index (%)	2.7	2.5	1.8	1.6	3.1	2.8	2.3	1.6
Industrial production index (%)	▲ 1.9	▲ 0.8	3.0	2.1	▲ 0.3	▲ 1.9	0.5	2.0
New housing starts (%)	▲ 7.0	▲ 0.1	▲ 1.4	0.7	▲ 0.6	▲ 7.0	0.4	▲ 0.3
Unemployment rate (%)	2.6	2.5	2.4	2.3	2.6	2.6	2.5	2.3
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Current account balance (JPY trillion)	26.6	29.8	30.6	31.0	9.1	25.1	26.5	25.6
% of nominal GDP	4.5	4.9	4.9	4.8	1.6	4.2	4.3	4.1
Crude oil price (USD/barrel)	80.7	76.4	67.5	66.3	92.5	80.7	81.9	78.1
USD/JPY exchange rate	144.5	152.4	145.3	132.0	135.4	144.5	149.2	138.8
USA real GDP (% , calendar year)	2.9	2.7	2.0	2.1	1.9	2.5	2.6	1.6

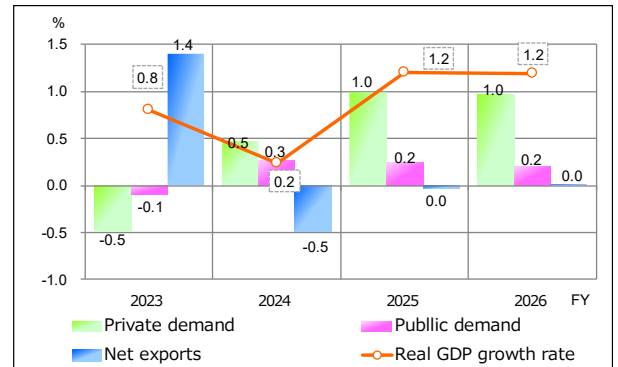
Note: Figures on private consumption, government spending, changes in private and government inventories and external demand represent contribution ratios. The rest of the figures reflect YoY changes. The crude oil price is the average of the WTI, Dubai and Brent Blend benchmarks. Highlighted columns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

Forecasts at a glance

There was a significant downward revision for Q2. As a result, the recovery trend was weak, with a YoY decline of -0.4% in the first half of FY24.

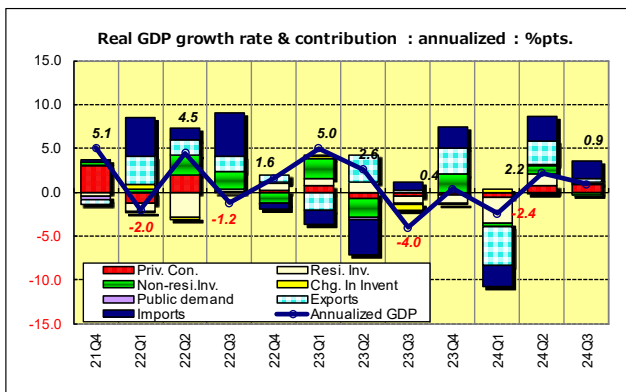


Contributions to real GDP growth

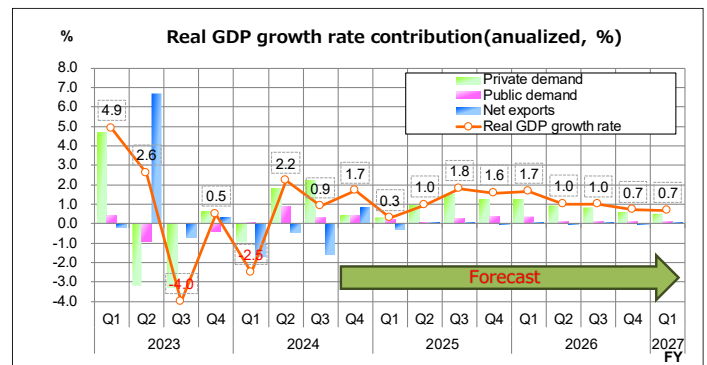


Note: Due to rounding, the total contribution of demand components does not necessarily match the real GDP growth rate.

Real GDP growth in Q3, driven by private final household consumption expenditure, positive for two consecutive quarters

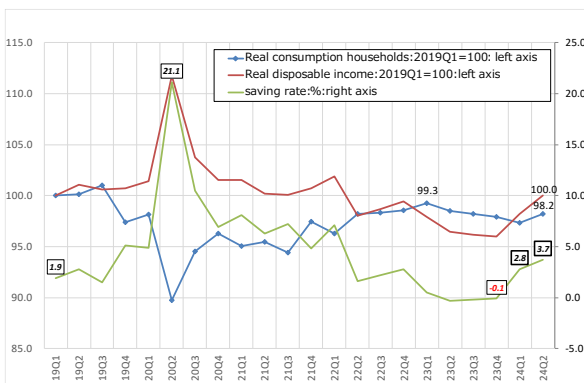


Quarterly growth rate pattern: No hope for net exports, gradual recovery centered on domestic demand in FY25-26



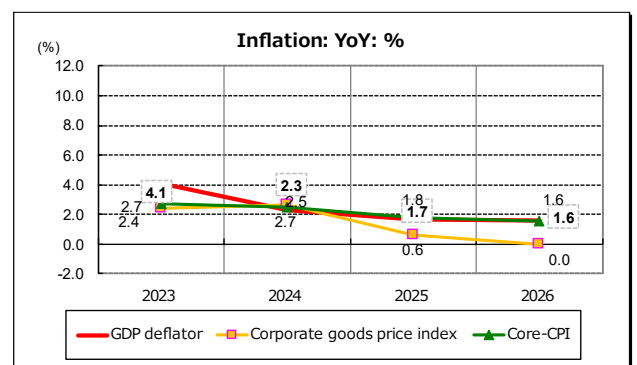
Note: Actual figures for Q3 2024, and forecast figures for subsequent periods.

Flat-amount tax cuts will further boost household final consumption expenditure in the July-September period.



Note: Actual results are up to Q2 2024.

Core CPI inflation projected at +2.3% in FY 2024, and +1.6% in FY 2025, reflecting a downward revision of -0.1 pp from our previous forecast



Detailed Forecasts

Table 1. Main economic indicators

	Quarter												Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Real GDP (JPY trillion)	557.3	558.5	560.8	561.2	562.6	565.1	567.3	569.7	571.1	572.5	573.5	574.5	558.1	559.5	566.2	572.9
	0.5	0.2	0.4	0.1	0.2	0.5	0.4	0.4	0.3	0.2	0.2	0.2	0.8	0.2	1.2	1.2
	-1.0	0.2	0.6	1.3	1.0	1.2	1.2	1.5	1.5	1.3	1.1	0.8				
Nominal GDP (JPY trillion)	607.7	610.9	612.5	615.8	620.5	627.0	632.0	638.0	641.8	645.9	648.8	652.0	596.6	611.7	629.4	647.1
	1.7	0.5	0.3	0.5	0.8	1.1	0.8	0.9	0.6	0.6	0.4	0.5	4.9	2.5	2.9	2.8
	2.1	2.8	2.3	3.1	2.1	2.6	3.2	3.6	3.4	3.0	2.7	2.2				
GDP deflator (2015=100)	109.0	109.4	109.2	109.7	110.3	111.0	111.4	112.0	112.4	112.8	113.1	113.5	106.9	109.3	111.2	113.0
	1.2	0.3	-0.2	0.5	0.5	0.6	0.4	0.5	0.3	0.4	0.3	0.3	4.1	2.3	1.7	1.6
	3.1	2.6	1.7	1.8	1.1	1.4	2.0	2.1	1.9	1.7	1.6	1.3				
Index of industrial production (2020=100)	101.7	101.4	102.0	103.1	103.9	104.9	105.5	106.1	106.6	107.2	107.6	108.0	102.9	102.1	105.1	107.3
	2.7	-0.4	0.6	1.1	0.8	1.0	0.6	0.5	0.5	0.5	0.4	0.4	-1.9	-0.8	3.0	2.1
	-2.9	-1.8	-2.3	4.1	2.1	3.5	3.4	2.9	2.6	2.2	2.0	1.8				
New housing starts (thousands)	205	196	200	199	199	195	196	198	198	199	199	198	800	799	788	794
	4.3	-4.4	2.1	-0.5	0.1	-2.1	0.5	1.2	-0.2	0.8	-0.3	-0.5	-7.0	-0.1	-1.4	0.7
	0.2	-2.1	-0.4	1.2	-2.8	-0.4	-2.0	-0.3	-0.6	2.2	1.4	-0.2				
Domestic corporate goods price index (2020=100)	122.2	123.3	123.7	123.8	123.9	124.1	124.1	124.1	124.0	124.0	124.0	124.2	120.0	123.3	124.0	124.0
	1.4	0.9	0.3	0.1	0.1	0.2	0.0	0.0	-0.1	0.1	0.0	0.2	2.4	2.7	0.6	0.0
	1.9	2.9	3.2	2.7	1.4	0.6	0.3	0.2	0.0	-0.1	-0.1	0.1				
Core consumer price index (2020=100)	107.5	108.4	108.4	108.8	109.5	110.3	110.6	110.6	111.3	111.8	112.4	112.5	105.6	108.3	110.2	112.0
	0.8	0.9	0.0	0.4	0.6	0.7	0.2	0.0	0.6	0.5	0.5	0.1	2.7	2.5	1.8	1.6
	2.5	2.7	1.9	2.1	1.9	1.8	2.0	1.7	1.6	1.4	1.6	1.7				
Wage earnings per worker (JPY thousand)	4246	4253	4277	4303	4330	4359	4388	4418	4437	4466	4495	4523	4146	4270	4374	4480
	1.3	0.2	0.6	0.6	0.6	0.7	0.7	0.7	0.4	0.7	0.6	0.6	0.1	3.0	2.4	2.4
	3.0	3.1	3.1	2.7	2.0	2.5	2.6	2.7	2.5	2.5	2.4	2.4				
Unemployment rate (%)	2.6	2.5	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.6	2.5	2.4	2.3
CD interest rate (%)	0.033	0.101	0.580	0.580	0.580	0.830	0.830	1.030	1.030	1.030	1.030	1.030	0.004	0.011	0.818	1.030
10-year government bond yields (%)	0.997	0.933	0.941	0.918	0.867	0.969	0.972	1.087	1.151	1.196	1.171	1.220	0.636	0.947	0.974	1.184
Current account balance (JPY trillion)	7.1	6.9	7.5	8.4	7.6	7.7	7.7	8.8	8.8	7.6	7.4	7.1	26.6	29.8	30.6	31.0
% of nominal GDP	4.7	4.5	4.9	5.4	4.9	4.9	4.8	4.8	5.5	4.7	4.6	4.4	4.5	4.9	4.9	4.8
Crude oil price (USD/barrel)	83.52	77.35	73.28	71.44	70.19	68.44	66.12	65.15	63.70	65.83	68.73	66.99	80.67	76.40	67.48	66.31
USD/JPY exchange rate	155.8	149.2	151.1	153.4	152.1	148.0	143.9	137.0	135.0	133.0	131.0	129.0	144.5	152.4	145.3	132.0
Government debt (JPY trillion)	1276.0	1289.0	1299.7	1311.4	1324.9	1338.7	1352.5	1367.0	1382.0	1397.3	1412.9	1428.9	1263.0	1311.4	1367.0	1428.9
	1.0	1.0	0.8	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.9	3.8	4.2	4.5
	2.5	3.0	3.4	3.8	3.8	3.9	4.1	4.2	4.3	4.4	4.5	4.5				
% of GDP	210.0	211.0	212.1	212.8	213.7	214.4	215.3	216.3	217.6	219.1	220.8	222.7	211.7	214.4	217.2	220.8
Fiscal balance (JPY trillion)	-51.8	-49.5	-53.6	-55.9	-58.2	-60.7	-62.6	-64.4	-65.9	-67.4	-69.1	-70.3	-46.1	-52.7	-61.5	-68.2

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 (%). 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			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Private final consumption expenditure	296.4	299.0	299.7	300.2	300.9	302.1	303.0	303.9	304.7	305.4	306.0	306.5	296.5	298.8	302.5	305.7
	0.7	0.9	0.2	0.1	0.2	0.4	0.3	0.3	0.3	0.2	0.2	0.2	-0.6	0.8	1.2	1.1
	-0.6	0.7	1.2	1.9	1.5	1.0	1.1	1.3	1.3	1.1	1.0	0.9				
Private residential investment	18.1	18.1	17.8	17.9	17.8	18.0	18.2	18.3	18.2	18.1	18.1	18.1	18.4	18.0	18.1	18.1
	1.4	-0.1	-1.8	0.6	-0.7	1.2	1.0	0.9	-0.6	-0.6	-0.1	-0.2	0.3	-2.3	0.5	0.3
	-3.4	-2.6	-3.4	0.1	-1.9	-0.6	2.2	2.5	2.5	0.6	-0.5	-1.5				
Private non-residential investment	93.3	93.2	93.9	94.0	94.2	94.9	95.5	96.2	96.7	97.3	97.6	97.9	91.9	93.6	95.2	97.4
	0.9	-0.2	0.8	0.1	0.2	0.8	0.7	0.7	0.6	0.6	0.3	0.3	0.3	1.9	1.7	2.3
	2.5	2.5	1.1	1.7	0.9	1.8	1.7	2.3	2.7	2.6	2.2	1.8				
Change in private inventories	1.5	2.0	1.5	1.2	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.5	1.8	1.8
Government final consumption expenditure	119.2	119.9	120.1	120.6	121.1	121.1	121.1	121.1	121.4	121.7	122.0	122.3	118.8	119.9	121.1	121.8
	0.1	0.5	0.2	0.4	0.4	0.0	0.0	0.0	0.2	0.3	0.3	0.2	-0.5	1.0	0.9	0.6
	0.8	0.8	1.1	1.2	1.5	1.0	0.8	0.4	0.3	0.5	0.8	1.0				
Government investment expenditure	26.6	26.4	26.7	26.6	26.1	26.5	27.0	27.6	27.4	27.3	27.2	27.0	26.0	26.6	26.8	27.2
	4.1	-0.9	1.2	-0.4	-1.7	1.5	2.0	2.0	-0.5	-0.5	-0.5	-0.5	0.6	2.0	0.9	1.6
	-0.8	0.3	3.3	4.0	-1.9	0.5	1.3	3.8	5.1	3.0	0.5	-2.0				
Change in government inventories	0.00	0.03	0.08	0.05	0.05	0.05	0.06	0.05	0.05	0.05	0.05	0.05	-0.02	0.04	0.05	0.05
Net exports of goods and services	2.6	0.8	2.0	1.5	1.6	1.6	1.5	1.5	1.5	1.6	1.6	1.6	4.5	1.7	1.6	1.6
Exports of goods and services	112.7	113.1	114.9	115.0	115.9	116.4	116.8	117.4	117.9	118.5	119.0	119.5	112.0	113.9	116.6	118.7
	2.6	0.4	1.6	0.1	0.7	0.4	0.4	0.5	0.5	0.5	0.4	0.4	2.8	1.7	2.3	1.8
	1.0	1.2	-0.1	4.7	2.8	2.9	1.6	2.0	1.8	1.9	1.9	1.8				
Imports of goods and services	110.1	112.3	113.0	113.5	114.3	114.8	115.3	115.8	116.4	116.9	117.4	117.8	107.5	112.2	115.1	117.1
	2.9	2.1	0.6	0.5	0.7	0.4	0.5	0.5	0.5	0.4	0.4	0.4	-3.2	4.4	2.5	1.8
	3.7	4.9	3.0	6.1	3.9	2.2	2.1	2.1	1.8	1.9	1.8	1.7				
GDP	557.3	558.5	560.8	561.2	562.6	565.1	567.3	569.7	571.1	572.5	573.5	574.5	558.1	559.5	566.2	572.9
	2.2	0.9	1.7	0.3	1.0	1.8	1.6	1.7	1.0	1.0	0.7	0.7	0.8	0.2	1.2	1.2
	0.5	0.2	0.4	0.1	0.2	0.5	0.4	0.4	0.3	0.2	0.2	0.2				
	-1.0	0.2	0.6	1.3	1.0	1.2	1.2	1.5	1.5	1.3	1.1	0.8				
Contribution of domestic demand	0.7	0.6	0.2	0.1	0.2	0.4	0.4	0.4	0.3	0.2	0.2	0.2	-0.6	0.7	1.2	1.2
of which, private demand	0.4	0.6	0.1	0.1	0.2	0.4	0.3	0.3	0.2	0.2	0.2	0.1	-0.5	0.5	1.0	1.0
of which, public demand	0.2	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-0.1	0.3	0.2	0.2
Contribution of net exports	-0.1	-0.4	0.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	-0.5	0.0	0.0
GNI	548.8	550.4	552.3	552.2	554.8	557.7	560.3	563.1	565.0	566.7	567.5	568.2	548.8	550.9	559.0	566.8
	2.6	1.2	1.4	0.0	1.9	2.1	1.9	1.9	1.4	1.2	0.6	0.5	2.6	0.4	1.5	1.4
	0.6	0.3	0.3	0.0	0.5	0.5	0.5	0.5	0.3	0.3	0.2	0.1				
	-0.6	0.4	0.6	1.3	1.1	1.3	1.5	2.0	1.8	1.6	1.3	0.9				

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			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Private final consumption expenditure	327.8	331.8	333.1	336.2	338.3	341.7	343.8	346.6	348.9	351.0	352.8	355.1	323.0	332.2	342.6	351.9
	1.1	1.2	0.4	0.9	0.6	1.0	0.6	0.8	0.7	0.6	0.5	0.6	2.2	2.8	3.1	2.7
	1.8	2.8	3.1	3.8	3.2	3.0	3.2	3.1	3.1	2.7	2.6	2.5				
Private residential investment	22.1	22.1	21.7	21.8	21.8	22.1	22.3	22.5	22.4	22.3	22.2	22.2	21.9	21.9	22.2	22.3
	2.9	-0.2	-1.8	0.7	-0.1	1.3	1.0	0.8	-0.6	-0.5	-0.1	-0.2	0.2	0.2	1.1	0.3
	-0.3	0.2	-0.9	1.6	-1.3	0.1	2.9	3.0	2.5	0.6	-0.4	-1.3				
Private non-residential investment	106.4	106.6	108.0	108.7	109.4	110.5	111.7	113.3	114.2	115.2	116.0	116.8	102.4	107.4	111.2	115.6
	1.9	0.2	1.3	0.7	0.6	1.0	1.0	1.4	0.9	0.9	0.7	0.7	3.7	4.9	3.5	3.9
	6.4	5.5	4.0	4.2	2.8	3.6	3.4	4.2	4.4	4.3	3.9	3.1				
Change in private inventories	2.7	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	1.9	1.3	0.0	0.0
Government final consumption expenditure	124.6	125.6	126.3	126.8	127.6	128.2	128.8	129.1	129.2	129.9	130.6	131.3	123.0	125.8	128.4	130.3
	0.6	0.8	0.6	0.4	0.6	0.5	0.5	0.2	0.1	0.6	0.5	0.5	0.7	2.3	2.1	1.4
	2.2	2.3	2.4	2.4	2.4	2.1	2.0	1.8	1.3	1.3	1.4	1.7				
Government investment expenditure	31.7	31.5	31.6	31.5	31.3	31.8	32.3	32.9	32.8	32.8	32.6	32.4	30.4	31.6	32.1	32.7
	5.1	-0.4	0.1	-0.3	-0.7	1.8	1.5	1.7	-0.1	-0.1	-0.6	-0.6	3.7	4.0	1.6	1.9
	2.8	3.2	4.4	4.5	-1.3	0.9	2.3	4.4	5.1	3.1	0.9	-1.4				
Change in government inventories	-0.02	0.03	0.03	0.01	0.01	0.02	0.02	0.01	0.02	0.02	0.02	0.02	-0.06	0.01	0.02	0.02
Net exports of goods and services	-7.5	-9.3	-8.2	-9.4	-7.8	-7.4	-6.9	-6.4	-5.8	-5.3	-5.5	-5.8	-5.9	-8.6	-7.1	-5.6
Exports of goods and services	139.0	138.3	138.9	139.5	141.5	142.6	143.0	143.4	144.2	145.0	145.3	145.4	131.9	138.9	142.6	145.0
	4.6	-0.5	0.4	0.4	1.5	0.7	0.3	0.3	0.5	0.6	0.2	0.1	6.8	5.4	2.7	1.6
	10.8	5.9	0.4	5.0	1.9	3.1	3.0	2.8	1.9	1.7	1.6	1.4				
Imports of goods and services	146.5	147.6	147.1	148.9	149.4	150.0	150.0	149.8	150.0	150.3	150.8	151.2	137.8	147.5	149.8	150.6
	4.2	0.8	-0.3	1.2	0.3	0.4	0.0	-0.1	0.1	0.3	0.3	0.3	-5.8	7.1	1.5	0.5
	11.0	8.5	3.3	5.9	2.0	1.6	1.9	0.6	0.4	0.3	0.6	1.0				
GDP	607.7	610.9	612.5	615.8	620.5	627.0	632.0	638.0	641.8	645.9	648.8	652.0	596.6	611.7	629.4	647.1
	7.0	2.1	1.1	2.1	3.1	4.3	3.2	3.8	2.4	2.6	1.8	2.0	4.9	2.5	2.9	2.8
	1.7	0.5	0.3	0.5	0.8	1.1	0.8	0.9	0.6	0.6	0.4	0.5				
	2.1	2.8	2.3	3.1	2.1	2.6	3.2	3.6	3.4	3.0	2.7	2.2				
Contribution of domestic demand	1.7	0.8	0.1	0.7	0.5	1.0	0.7	0.9	0.5	0.6	0.5	0.5	2.0	3.0	2.6	2.6
of which, private demand	1.3	0.7	0.0	0.7	0.4	0.8	0.5	0.7	0.5	0.5	0.4	0.5	1.6	2.3	2.1	2.2
of which, public demand	0.4	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.0	0.1	0.1	0.1	0.3	0.7	0.5	0.4
Contribution of net exports	0.0	-0.3	0.2	-0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	-0.1	3.0	-0.4	0.2	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)

2015 = 100, %

	Quarter												Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Private final consumption expenditure	110.6	111.0	111.1	112.0	112.4	113.1	113.5	114.0	114.5	114.9	115.3	115.8	108.9	111.2	113.3	115.1
	0.5	0.3	0.1	0.8	0.4	0.6	0.3	0.5	0.4	0.4	0.3	0.5	2.8	2.1	1.9	1.6
	2.4	2.2	1.9	1.8	1.7	1.9	2.1	1.8	1.8	1.6	1.6	1.6				
Private residential investment	122.2	122.1	122.1	122.2	122.9	122.9	122.8	122.7	122.8	123.0	122.9	122.9	119.1	122.1	122.8	122.9
	1.5	-0.1	0.0	0.1	0.6	0.1	-0.1	-0.1	0.1	0.1	0.0	0.0	-0.1	2.5	0.6	0.1
	3.1	2.9	2.5	1.5	0.6	0.7	0.6	0.5	0.0	0.0	0.1	0.2				
Private non-residential investment	114.0	114.4	115.1	115.7	116.2	116.5	116.9	117.8	118.1	118.4	118.8	119.2	111.5	114.8	116.8	118.6
	0.9	0.4	0.5	0.5	0.4	0.3	0.4	0.7	0.3	0.3	0.4	0.3	3.5	2.9	1.8	1.5
	3.7	3.0	2.8	2.4	1.9	1.8	1.6	1.8	1.7	1.6	1.6	1.2				
Government final consumption expenditure	104.5	104.8	105.2	105.2	105.4	105.9	106.4	106.6	106.4	106.8	107.1	107.4	103.5	104.9	106.1	106.9
	0.5	0.3	0.4	0.0	0.2	0.5	0.5	0.2	-0.2	0.3	0.3	0.3	1.2	1.3	1.1	0.8
	1.4	1.5	1.3	1.2	0.9	1.0	1.2	1.4	1.0	0.8	0.6	0.7				
Government investment expenditure	119.0	119.6	118.3	118.5	119.7	120.1	119.5	119.2	119.7	120.2	120.1	119.9	116.6	118.9	119.6	120.0
	0.9	0.5	-1.1	0.2	1.0	0.3	-0.5	-0.3	0.4	0.4	-0.1	-0.1	3.1	1.9	0.6	0.3
	3.6	2.9	1.1	0.5	0.6	0.4	1.0	0.6	0.0	0.1	0.5	0.6				
Exports of goods and services	123.3	122.3	120.9	121.3	122.2	122.5	122.5	122.2	122.3	122.4	122.1	121.7	117.7	121.9	122.3	122.1
	2.0	-0.9	-1.1	0.3	0.7	0.3	-0.1	-0.2	0.1	0.1	-0.2	-0.3	3.9	3.6	0.3	-0.2
	9.6	4.6	0.5	0.3	-0.9	0.2	1.3	0.7	0.1	-0.1	-0.3	-0.4				
Imports of goods and services	133.1	131.4	130.3	131.2	130.7	130.6	130.1	129.3	128.8	128.6	128.4	128.3	128.2	131.5	130.2	128.6
	1.3	-1.3	-0.9	0.7	-0.4	0.0	-0.5	-0.6	-0.3	-0.2	-0.1	-0.1	-2.6	2.6	-1.0	-1.2
	7.0	3.4	0.3	-0.2	-1.8	-0.6	-0.2	-1.4	-1.4	-1.6	-1.2	-0.7				
GDP	109.0	109.4	109.2	109.7	110.3	111.0	111.4	112.0	112.4	112.8	113.1	113.5	106.9	109.3	111.2	113.0
	1.2	0.3	-0.2	0.5	0.5	0.6	0.4	0.5	0.3	0.4	0.3	0.3	4.1	2.3	1.7	1.6
	3.1	2.6	1.7	1.8	1.1	1.4	2.0	2.1	1.9	1.7	1.6	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.

Table 5. Production, employment, wages and prices

	Quarter													Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026	
Index of industrial production (2020=100)	101.7	101.4	102.0	103.1	103.9	104.9	105.5	106.1	106.6	107.2	107.6	108.0	102.9	102.1	105.1	107.3	
	2.7	-0.4	0.6	1.1	0.8	1.0	0.6	0.5	0.5	0.5	0.4	0.4	-1.9	-0.8	3.0	2.1	
	-2.9	-1.8	-2.3	4.1	2.1	3.5	3.4	2.9	2.6	2.2	2.0	1.8					
Labor force (ten thousand persons)	6947	6955	6957	6960	6963	6965	6972	6979	6987	6994	6992	6990	6934	6955	6970	6990	
	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.4	0.3	0.2	0.3	
	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.1					
Engaged labor force (ten thousand persons)	6769	6778	6790	6793	6796	6807	6819	6829	6832	6832	6832	6832	6754	6783	6804	6831	
	0.0	0.1	0.2	0.0	0.0	0.0	0.2	0.2	0.2	0.0	0.0	0.0	0.4	0.4	0.3	0.4	
	0.4	0.4	0.4	0.3	0.4	0.3	0.3	0.4	0.5	0.5	0.4	0.2					
Employed (ten thousand persons)	6109	6121	6132	6134	6136	6137	6147	6157	6167	6169	6170	6169	6088	6124	6144	6169	
	0.0	0.2	0.2	0.0	0.0	0.0	0.2	0.2	0.2	0.0	0.0	0.0	0.7	0.6	0.3	0.4	
	0.5	0.5	0.7	0.4	0.5	0.3	0.3	0.4	0.5	0.5	0.4	0.2					
Unemployment rate (%)	2.6	2.6	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.6	2.5	2.4	2.3	
Domestic corporate goods price index (2020=100)	122.2	123.3	123.7	123.8	123.9	124.1	124.1	124.1	124.0	124.0	124.0	124.2	120.0	123.3	124.0	124.0	
	1.4	0.9	0.3	0.1	0.1	0.2	0.0	0.0	-0.1	0.1	0.0	0.2	2.4	2.7	0.6	0.0	
	1.9	2.9	3.2	2.7	1.4	0.6	0.3	0.2	0.0	-0.1	-0.1	0.1					
Core consumer price index (2020=100)	107.5	108.4	108.4	108.8	109.5	110.3	110.6	110.6	111.3	111.8	112.4	112.5	105.6	108.3	110.2	112.0	
	0.8	0.9	0.0	0.4	0.6	0.7	0.2	0.0	0.6	0.5	0.5	0.1	2.7	2.5	1.8	1.6	
	2.5	2.7	1.9	2.1	1.9	1.8	2.0	1.7	1.6	1.4	1.6	1.7					

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. The "engaged labor force" category includes both self-employed and employed workers. The "employed" category excludes self-employed workers.

Table 6. Financial markets

	Quarter													Fiscal year			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026	
CD rates (%)	0.033	0.101	0.580	0.580	0.580	0.830	0.830	1.030	1.030	1.030	1.030	1.030	0.004	0.011	0.818	1.030	
Government bond yields (%)	0.997	0.933	0.941	0.918	0.867	0.969	0.972	1.087	1.151	1.196	1.171	1.220	0.636	0.947	0.974	1.184	
Money stock (M2+CD, JPY trillion)	1251.0	1251.8	1256.1	1260.4	1265.2	1270.0	1273.8	1280.9	1284.2	1287.7	1291.6	1294.9	1250.0	1260.4	1280.9	1294.9	
	0.1	0.1	0.3	0.3	0.4	0.4	0.3	0.6	0.3	0.3	0.3	0.2	2.5	0.8	1.6	1.1	
	1.8	1.3	1.2	0.8	1.1	1.5	1.4	1.6	1.5	1.4	1.4	1.1					
Nikkei stock average (JPY)	38,722	38,095	39,307	39,352	39,420	39,832	40,244	41,000	41,500	42,000	42,500	43,000	33,275	38,869	40,124	42,250	
	2.7	-1.6	3.2	0.1	0.2	1.0	1.0	1.9	1.2	1.2	1.2	1.2	22.0	16.8	3.2	5.3	
	27.4	17.1	21.0	4.4	1.8	4.6	2.4	4.2	5.3	5.4	5.6	4.9					
USD/JPY exchange rate	155.8	149.2	151.1	153.4	152.1	148.0	143.9	137.0	135.0	133.0	131.0	129.0	144.5	152.4	145.3	132.0	
	4.9	-4.2	1.3	1.5	-0.8	-2.7	-2.8	-4.8	-1.5	-1.5	-1.5	-1.5	6.8	5.4	-4.7	-9.1	
	13.5	3.2	2.2	3.3	-2.4	-0.8	-4.8	-10.7	-11.2	-10.1	-9.0	-5.8					

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			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
Goods exports (real)	84.8	86.5	87.6	87.5	88.0	88.3	88.5	89.0	89.5	90.1	90.6	91.2	86.9	86.6	88.4	90.3
(SNA basis)	0.5	-1.9	1.3	-0.1	0.5	0.3	0.3	0.5	0.6	0.7	0.6	0.6	-2.1	-0.3	2.1	2.2
	-3.6	-1.4	0.2	3.6	3.7	2.1	1.0	1.7	1.7	2.1	2.4	2.5				
Goods imports (real)	80.9	82.8	82.4	82.8	83.4	83.7	84.1	84.5	84.8	85.2	85.5	85.8	80.7	82.2	83.9	85.3
(SNA basis)	2.0	2.4	-0.5	0.5	0.7	0.4	0.4	0.5	0.4	0.4	0.4	0.3	-5.9	1.9	2.1	1.7
	0.5	3.7	-0.5	4.4	3.1	1.1	2.1	2.0	1.8	1.7	1.7	1.5				
Services exports (real)	27.8	26.7	27.3	27.5	27.9	28.1	28.3	28.4	28.5	28.5	28.4	28.3	25.2	27.3	28.2	28.4
(SNA basis)	9.4	-4.2	2.4	0.9	1.2	0.9	0.6	0.5	0.1	0.0	-0.2	-0.3	23.3	8.6	3.1	0.8
	18.1	10.5	-1.0	8.3	0.2	5.5	3.6	3.2	2.1	1.2	0.4	-0.4				
Services imports (real)	30.1	30.4	30.6	30.7	30.9	31.1	31.2	31.4	31.6	31.7	31.9	32.1	27.5	30.5	31.1	31.8
(SNA basis)	5.9	1.1	0.5	0.4	0.7	0.4	0.5	0.5	0.6	0.6	0.6	0.5	7.7	10.8	2.2	2.2
	15.2	8.5	11.4	7.9	2.7	2.0	2.1	2.2	2.0	2.2	2.2	2.2				
Goods exports (nominal)	104.9	105.6	105.4	105.6	106.5	107.0	106.9	107.1	107.4	108.0	108.1	108.4	101.9	105.4	106.9	108.0
(SNA basis)	3.0	0.7	-0.2	0.1	0.9	0.4	-0.1	0.1	0.3	0.6	0.1	0.2	2.2	3.4	1.4	1.0
	6.6	3.5	0.1	3.7	1.6	1.3	1.4	1.4	0.8	0.9	1.1	1.2				
Goods imports (nominal)	110.2	110.6	109.9	111.0	111.1	111.2	110.8	110.2	109.8	109.6	109.5	109.4	105.7	110.4	110.8	109.6
(SNA basis)	3.5	0.4	-0.6	1.0	0.1	0.1	-0.4	-0.6	-0.3	-0.2	-0.1	-0.1	-10.1	4.5	0.4	-1.1
	7.3	7.1	-0.1	4.3	0.9	0.6	0.8	-0.8	-1.2	-1.4	-1.2	-0.7				
Services exports (nominal)	34.1	32.6	33.5	33.9	35.0	35.6	36.1	36.3	36.8	37.0	37.2	37.0	29.9	33.5	35.8	37.0
(SNA basis)	9.7	-4.3	2.6	1.4	3.1	1.6	1.5	0.6	1.4	0.5	0.4	-0.3	26.3	12.1	6.6	3.5
	25.7	14.7	1.2	9.1	2.7	8.9	7.8	7.0	5.2	4.1	3.0	2.0				
Services imports (nominal)	36.3	37.0	37.2	37.9	38.3	38.8	39.1	39.6	40.1	40.7	41.3	41.8	32.1	37.1	38.9	41.0
(SNA basis)	6.4	1.9	0.6	1.8	1.0	1.3	1.0	1.2	1.3	1.4	1.4	1.3	11.9	15.5	5.0	5.2
	23.7	12.8	15.0	10.9	5.4	4.8	5.2	4.6	4.9	5.0	5.4	5.6				
Trade balance (BOP basis)	-1.4	-1.0	-1.1	-1.4	-1.2	-1.0	-1.0	-0.8	-0.6	-0.4	-0.4	-0.3	-3.7	-4.8	-3.9	-1.6
Balance on services (BOP basis)	-0.7	-0.8	-0.9	-1.0	-0.8	-0.8	-0.7	-0.8	-0.8	-0.9	-1.0	-1.2	-2.6	-3.4	-3.1	-3.9
Primary income balance (BOP basis)	10.2	10.3	10.8	10.7	10.8	10.7	10.6	10.5	10.3	10.1	10.0	9.8	36.8	42.0	42.5	40.2
Current account balance	7.1	6.9	7.5	8.4	7.6	7.6	7.7	7.7	8.8	7.6	7.4	7.1	26.6	29.8	30.6	31.0
(BOP basis)	15.3	-3.6	8.9	11.9	-9.3	0.6	0.3	0.1	15.4	-14.1	-2.7	-3.4	192.5	12.0	2.4	1.3
	14.0	5.7	6.6	35.5	6.6	11.2	2.4	-8.4	16.5	-0.6	-3.6	-6.9				
USD/JPY exchange rate	155.8	149.2	151.1	153.4	152.1	148.0	143.9	137.0	135.0	133.0	131.0	129.0	144.5	152.4	145.3	132.0
	4.9	-4.2	1.3	1.5	-0.8	-2.7	-2.8	-4.8	-1.5	-1.5	-1.5	-1.5	6.8	5.4	-4.7	-9.1
	13.5	3.2	2.2	3.3	-2.4	-0.8	-4.8	-10.7	-11.2	-10.1	-9.0	-5.8				

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.