

Japanese Economy: Analysis and Forecasts No.151

12 December, 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

Revised forecast reflecting second advance GDP estimate for 2024 Q3

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

- ◆ According to the second official advance GDP estimate released on December 9, real GDP in Q3 2024 grew at an annualized rate of +1.2%, representing an upward revision from the first estimate (+0.9%). Although there was a slowdown from the previous quarter (an annualized +2.2%), Q3 was the second consecutive quarter of positive growth. According to the annual estimates released at the same time, the real GDP growth rates for FY 2023 and FY 2022 were both revised downward, from +0.8% to +0.7% and from +1.6% to +1.4%, respectively. As a result, starting 2023 Q3, Japan's real GDP remained below its pre-pandemic peak for five consecutive quarters. It can be said that Japan's economic recovery has been weak.
- ◆ Looking at GDP components in the second official advance estimate, within domestic demand, residential investment, non-residential investment, and changes in private-sector inventories were revised upwards slightly from the first advance estimate. However, private final consumption expenditures and public-sector demand were revised downwards. As a result, domestic demand was revised downward, while net exports were revised upwards. Domestic purchases by non-residents (exports of services) were revised sharply upwards due to seasonal adjustments. Since this component is included in exports but excluded from private final consumption expenditure, the second advance estimate shows a downward revision in private final consumption expenditures and an upward one in net exports, resulting in a small upward revision in the GDP.
- ◆ Real employee compensation in Q3 rose modestly, +0.2% QoQ, growing for the fourth consecutive quarter (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. The downward revision in private final consumption expenditures in the second preliminary report is due to technical factors.
- ◆ We have revised our outlook for the Japanese economy for FY 2024-26, incorporating the second official advance GDP estimate for Q3, as well as our new assumptions about exogenous variables. We now project real GDP growth of +0.3% in FY 2024, +1.2% in FY 2025, +1.3% in FY 2026. The forecasts for FY 2024 and FY 2026 were revised upwards by +0.1 pp from our previous forecast, while the forecast for FY 2025 remained unchanged. 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 a downturn in net exports, the recovery in FY 2025-2026 is likely to be moderate and centered mainly on domestic demand.
- ◆ We project core CPI inflation of +2.6% in FY 2024, +2.0% in FY 2025, and +1.6% in FY 2026. Since CPI inflation is heavily influenced by government policy, we have revised our GDP deflator forecast upwards by +0.1 to +0.2 pp from our previous forecast. Our current GDP deflator forecast is +2.4% in FY 2024, +1.8% in FY 2025, and +1.5% in FY 2026.
- ◆ The policies of U.S. President elect Donald Trump will have the following impact on the global economy: (1) Higher tariffs (universal tariffs) will reduce world exports and force restructuring of global supply chains. (2) Higher tariffs will cause inflation to accelerate in the U.S. and delay the monetary easing cycle. This will (3) lead to the depreciation of each country's currency against the dollar. These would be serious risks to the global economic recovery. Therefore, the outlook for Japanese net exports is not promising in FY 2025-2026.

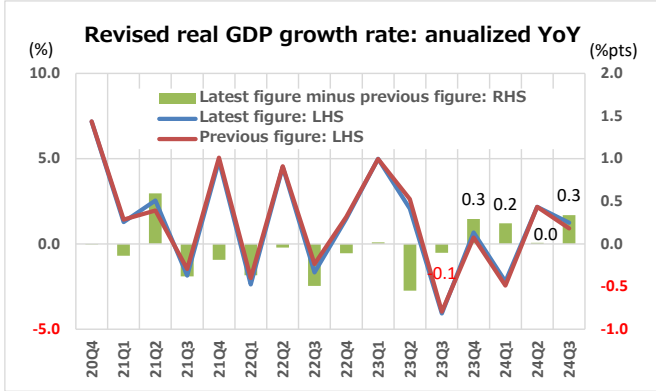
Forecast Summary

	Current forecast (2024/12/10)				Previous forecast (2024/11/19)			
	2023	2024	2025	2026	2022	2023	2024	2025
Real GDP (%)	0.7	0.3	1.2	1.3	0.8	0.2	1.2	1.2
Private demand (contribution)	▲ 0.6	0.5	1.1	1.1	▲ 0.5	0.5	1.0	1.0
Private final consumption expenditure (%)	▲ 0.4	0.6	1.1	1.3	▲ 0.6	0.8	1.2	1.1
Private residential investment (%)	0.8	▲ 2.1	▲ 0.4	▲ 0.1	0.3	▲ 2.3	0.5	0.3
Private non-residential investment (%)	▲ 0.1	2.4	2.5	2.3	0.3	1.9	1.7	2.3
Private inventory changes (contribution)	▲ 0.4	0.0	0.0	0.0	▲ 0.2	▲ 0.1	0.0	0.0
Public demand (contribution)	▲ 0.2	0.4	0.2	0.2	▲ 0.1	0.3	0.2	0.2
Government final consumption expenditure (%)	▲ 0.8	1.6	0.6	0.5	▲ 0.5	1.0	0.9	0.6
Public investment expenditure (%)	▲ 0.3	1.8	0.7	1.6	0.6	2.0	0.9	1.6
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	▲ 0.6	▲ 0.0	0.0	1.4	▲ 0.5	▲ 0.0	0.0
Exports of goods and services (%)	2.8	1.4	2.3	2.3	2.8	1.7	2.3	1.8
Imports of goods and services (%)	▲ 3.3	4.5	2.4	2.1	▲ 3.2	4.4	2.5	1.8
Nominal GDP (%)	4.9	2.8	3.0	2.8	4.9	2.5	2.9	2.8
GDP deflator (%)	4.2	2.4	1.8	1.5	4.1	2.3	1.7	1.6
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Domestic corporate price index (%)	2.4	2.7	0.7	0.4	2.4	2.7	0.6	0.0
Core consumer price index (%)	2.8	2.6	2.0	1.6	2.7	2.5	1.8	1.6
Industrial production index (%)	▲ 1.9	▲ 0.7	1.9	1.4	▲ 1.9	▲ 0.8	3.0	2.1
New housing starts (%)	▲ 7.0	▲ 1.2	▲ 2.4	▲ 0.6	▲ 7.0	▲ 0.1	▲ 1.4	0.7
Unemployment rate (%)	2.6	2.5	2.4	2.3	2.6	2.5	2.4	2.3
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Current account balance (JPY trillion)	26.6	29.9	30.7	31.0	26.6	29.8	30.6	31.0
% of nominal GDP	4.5	4.9	4.9	4.8	4.5	4.9	4.9	4.8
Crude oil price (USD/barrel)	80.7	76.4	67.5	65.2	80.7	76.4	67.5	66.3
USD/JPY exchange rate	144.5	152.4	147.3	140.3	144.5	152.4	145.3	132.0
USA real GDP (% , calendar year)	2.9	2.7	2.0	2.1	2.9	2.7	2.0	2.1

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

Forecasts at a glance

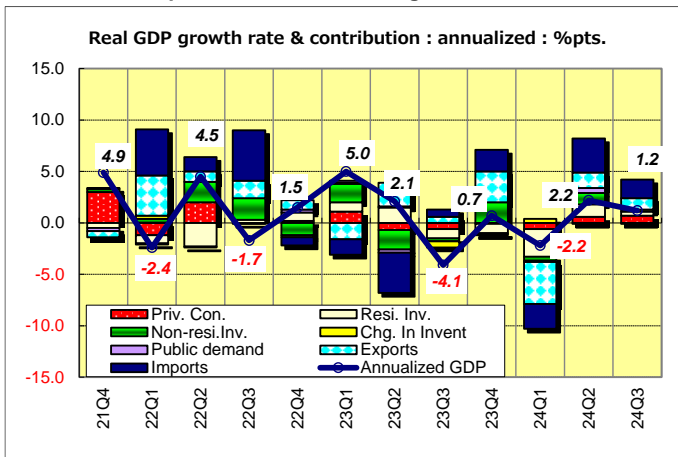
The real GDP growth rate has been revised upwards for 2023 Q4 and beyond, but revised downwards for 2021 Q3 to 2023 Q3.



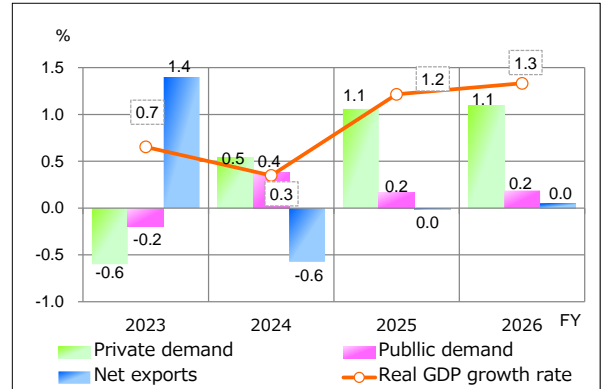
The real GDP has been below its pre-corona pandemic peak for five consecutive quarters since Q3 2023.

	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
22Q1	97.8	103.1	93.8	95.4	96.4	103.8	108.2	78.5	99.2
22Q2	98.9	105.3	92.7	97.3	96.9	104.0	107.9	84.4	99.9
22Q3	98.5	106.4	110.6	97.3	98.5	103.5	108.7	89.4	99.2
22Q4	98.8	106.8	105.9	97.5	97.0	104.5	108.4	95.1	101.1
23Q1	100.0	103.7	110.4	98.6	98.9	105.1	104.9	100.0	103.9
23Q2	100.5	99.3	107.4	97.8	97.9	103.9	106.3	106.1	105.8
23Q3	99.5	98.4	115.0	97.3	95.1	103.8	105.8	110.4	105.7
23Q4	99.7	101.7	112.5	97.2	96.0	103.5	105.8	124.9	106.3
24Q1	99.1	97.5	116.7	96.6	96.8	103.3	103.1	114.3	106.2
24Q2	99.6	99.9	123.7	97.2	97.6	105.1	102.2	124.6	108.2
24Q3	99.9	102.0	124.8	97.9	98.2	105.0	104.4	122.4	108.7

Private non-residential investment, public demand, and net exports were the factors that pushed down GDP growth in Q3.

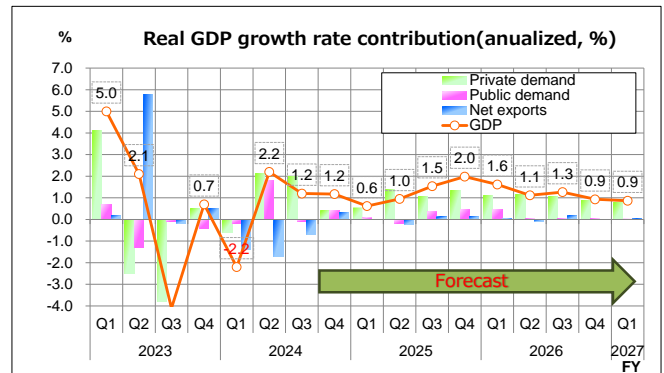


Contributions to real GDP growth



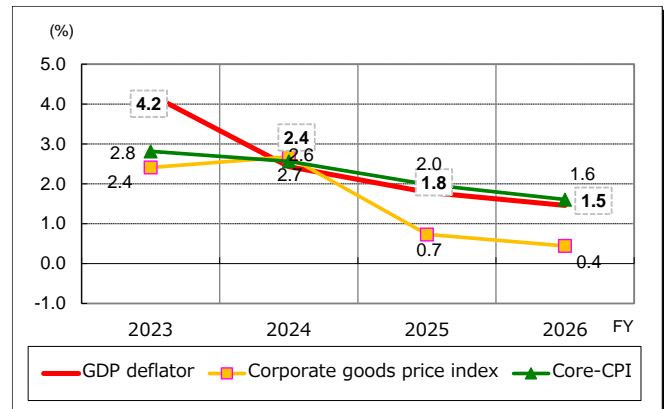
Note: Due to rounding, the total contribution of demand components does not necessarily match the real GDP growth rate.

Quarterly growth rate pattern: No hope for net exports, gradual recovery centered on domestic demand in FY2025-2026



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

Core CPI inflation rate forecasted at 2.6% for FY2024, 2.0% for FY2025, and 1.6% for FY2026



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)	555.4	557.1	558.8	559.6	560.9	563.1	565.9	568.1	569.7	571.5	572.8	574.1	555.8	557.7	564.5	572.0
	0.5	0.3	0.3	0.2	0.2	0.4	0.5	0.4	0.3	0.3	0.2	0.2	0.7	0.3	1.2	1.3
	-0.9	0.5	0.6	1.3	1.0	1.1	1.3	1.5	1.6	1.5	1.2	1.0				
Nominal GDP (JPY trillion)	607.5	610.2	613.4	616.1	622.4	627.1	633.5	638.2	642.3	646.4	650.3	653.3	595.2	611.8	630.3	648.1
	1.9	0.5	0.5	0.4	1.0	0.8	1.0	0.7	0.6	0.6	0.6	0.5	4.9	2.8	3.0	2.8
	2.2	2.9	2.7	3.3	2.5	2.8	3.3	3.6	3.2	3.1	2.7	2.4				
GDP deflator (2015=100)	109.4	109.5	109.8	110.1	111.0	111.4	112.0	112.3	112.7	113.1	113.5	113.8	107.1	109.7	111.7	113.3
	1.4	0.1	0.2	0.3	0.8	0.4	0.5	0.3	0.4	0.3	0.4	0.2	4.2	2.4	1.8	1.5
	3.2	2.4	2.2	2.0	1.4	1.7	2.0	2.0	1.6	1.6	1.4	1.3				
Index of industrial production (2020=100)	101.7	101.4	102.5	103.0	103.5	103.9	104.3	104.7	105.1	105.4	105.8	106.1	102.9	102.2	104.1	105.6
	2.7	-0.4	1.1	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	-1.9	-0.7	1.9	1.4
	-2.9	-1.8	-1.8	4.0	1.7	2.5	1.7	1.7	1.5	1.5	1.4	1.3				
New housing starts (thousands)	205	196	194	196	197	191	191	192	193	193	190	190	800	790	772	767
	4.3	-4.4	-0.9	0.8	0.7	-2.9	-0.2	0.5	0.6	0.1	-1.6	-0.2	-7.0	-1.2	-2.4	-0.6
	0.2	-2.1	-3.3	-0.4	-3.8	-2.2	-1.5	-1.9	-2.0	1.0	-0.4	-1.1				
Domestic corporate goods price index (2020=)	122.2	123.3	123.7	123.8	123.9	124.0	124.3	124.4	124.5	124.7	124.8	124.9	120.0	123.3	124.2	124.7
	1.4	0.9	0.3	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	2.4	2.7	0.7	0.4
	1.9	2.9	3.2	2.7	1.4	0.6	0.5	0.5	0.5	0.5	0.4	0.4				
Core consumer price index (2020=100)	107.5	108.4	109.2	109.4	110.2	110.8	111.0	111.1	111.9	112.4	112.9	113.0	105.9	108.6	110.8	112.6
	0.8	0.9	0.7	0.2	0.7	0.5	0.2	0.0	0.7	0.5	0.4	0.1	2.8	2.6	2.0	1.6
	2.5	2.7	2.6	2.7	2.5	2.2	1.7	1.5	1.5	1.5	1.7	1.7				
Wage earnings per worker (JPY thousand)	4245	4255	4265	4272	4327	4350	4363	4374	4410	4439	4466	4493	4131	4259	4353	4452
	1.6	0.2	0.2	0.2	1.3	0.5	0.3	0.3	0.8	0.7	0.6	0.6	-0.3	3.1	2.2	2.3
	3.5	3.6	3.1	2.3	1.9	2.2	2.3	2.4	1.9	2.0	2.4	2.7				
Unemployment rate (%)	2.6	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.6	2.5	2.4	2.3
CD interest rate (%)	0.033	0.101	0.101	0.351	0.351	0.601	0.601	0.851	0.851	0.851	1.101	1.101	0.004	0.011	0.601	0.976
10-year government bond yields (%)	0.997	0.933	1.012	1.047	1.090	1.192	1.207	1.333	1.403	1.453	1.481	1.567	0.636	0.997	1.205	1.476
Current account balance (JPY trillion)	7.1	7.0	7.4	8.4	7.5	7.6	7.8	7.7	8.7	7.6	7.5	7.2	26.6	29.9	30.7	31.0
% of nominal GDP	4.7	4.6	4.8	5.4	4.8	4.9	4.9	4.8	5.4	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	65.15	65.15	65.15	65.15	80.67	76.40	67.48	65.15
USD/JPY exchange rate	155.8	149.2	152.8	151.6	150.3	148.4	146.5	144.0	142.5	141.0	139.5	138.0	144.5	152.4	147.3	140.3
Government debt (JPY trillion)	1276.0	1289.0	1299.3	1310.4	1323.0	1335.9	1348.8	1362.5	1376.8	1391.3	1406.3	1421.8	1263.0	1310.4	1362.5	1421.8
	1.0	1.0	0.8	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.9	3.8	4.0	4.3
	2.5	3.0	3.4	3.8	3.7	3.6	3.8	4.0	4.1	4.1	4.3	4.3				
% of GDP	210.0	211.2	212.6	214.0	215.2	216.5	217.8	219.4	221.2	223.2	225.5	228.0	212.2	214.2	216.2	219.4
Fiscal balance (JPY trillion)	-53.3	-50.9	-52.8	-54.2	-55.7	-58.2	-60.0	-62.1	-64.2	-65.5	-67.4	-69.0	-46.4	-52.8	-59.0	-66.5

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 (%). 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), %

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	296.5	298.4	299.0	299.5	300.2	301.2	302.4	303.5	304.5	305.4	306.3	307.1	296.6	298.4	301.8	305.8
	0.6	0.7	0.2	0.1	0.2	0.3	0.4	0.4	0.3	0.3	0.3	0.3	-0.4	0.6	1.1	1.3
	-0.6	0.6	0.9	1.6	1.2	0.9	1.1	1.3	1.4	1.4	1.3	1.2				
Private residential investment	18.3	18.4	18.1	18.2	18.1	18.1	18.2	18.3	18.2	18.1	18.2	18.1	18.6	18.2	18.2	18.2
	1.2	0.4	-1.9	0.5	-0.6	0.5	0.4	0.3	-0.4	-0.4	0.1	-0.1	0.8	-2.1	-0.4	-0.1
	-3.4	-2.1	-3.0	0.2	-1.6	-1.5	0.8	0.6	0.8	-0.1	-0.4	-0.8				
Private non-residential investment	92.8	92.7	93.8	94.4	95.0	95.4	96.1	96.6	97.2	97.9	98.2	98.6	91.2	93.4	95.8	98.0
	1.1	-0.1	1.2	0.6	0.6	0.5	0.7	0.5	0.7	0.7	0.4	0.4	-0.1	2.4	2.5	2.3
	2.4	2.6	1.8	2.9	2.4	3.0	2.5	2.3	2.4	2.6	2.2	2.1				
Change in private inventories	0.6	1.4	0.5	0.2	1.0	0.9	0.8	0.8	0.9	0.9	0.9	0.9	0.6	0.7	0.9	0.9
Government final consumption expenditure	119.5	119.7	120.1	120.3	120.4	120.6	120.7	120.8	121.0	121.2	121.4	121.5	118.0	119.9	120.6	121.3
	1.0	0.1	0.3	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2	-0.8	1.6	0.6	0.5
	1.7	1.3	1.7	1.7	0.8	0.7	0.5	0.4	0.5	0.5	0.6	0.6				
Government investment expenditure	26.6	26.3	26.5	26.4	26.0	26.3	26.9	27.4	27.3	27.1	27.0	26.9	26.0	26.4	26.6	27.1
	5.2	-1.1	0.5	-0.4	-1.6	1.5	2.0	2.0	-0.5	-0.5	-0.5	-0.5	-0.3	1.8	0.7	1.6
	-0.8	0.2	2.4	4.2	-2.5	0.0	1.5	3.9	5.1	3.0	0.5	-2.0				
Change in government inventories	-0.01	0.04	0.11	0.08	0.08	0.08	0.09	0.08	0.08	0.08	0.08	0.08	0.03	0.06	0.08	0.08
Net exports of goods and services	1.8	1.0	1.5	1.4	1.1	1.3	1.5	1.5	1.4	1.6	1.7	1.7	4.6	1.4	1.3	1.6
Exports of goods and services	112.1	113.3	114.3	115.0	115.2	115.9	116.6	117.3	117.8	118.7	119.3	120.0	112.0	113.6	116.3	119.0
	1.5	1.1	0.9	0.7	0.2	0.6	0.6	0.5	0.4	0.8	0.6	0.6	2.8	1.4	2.3	2.3
	0.8	1.4	-0.7	4.2	2.8	2.3	2.1	2.0	2.2	2.4	2.3	2.3				
Imports of goods and services	110.3	112.3	112.8	113.6	114.1	114.6	115.2	115.8	116.4	117.1	117.7	118.3	107.4	112.2	114.9	117.4
	3.3	1.8	0.4	0.7	0.5	0.4	0.5	0.5	0.6	0.6	0.5	0.5	-3.3	4.5	2.4	2.1
	3.8	4.9	3.1	6.3	3.5	2.1	2.1	1.9	2.0	2.1	2.2	2.2				
GDP	555.4	557.1	558.8	559.6	560.9	563.1	565.9	568.1	569.7	571.5	572.8	574.1	555.8	557.7	564.5	572.0
	2.2	1.2	1.2	0.6	1.0	1.5	2.0	1.6	1.1	1.3	0.9	0.9	0.7	0.3	1.2	1.3
	0.5	0.3	0.3	0.2	0.2	0.4	0.5	0.4	0.3	0.3	0.2	0.2				
	-0.9	0.5	0.6	1.3	1.0	1.1	1.3	1.5	1.6	1.5	1.2	1.0				
Contribution of domestic demand	0.7	0.6	0.2	0.2	0.3	0.4	0.5	0.4	0.3	0.3	0.2	0.2	-0.8	0.9	1.2	1.3
of which, private demand	0.5	0.5	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	-0.6	0.5	1.1	1.1
of which, public demand	0.5	0.0	0.1	0.0	-0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	-0.2	0.4	0.2	0.2
Contribution of net exports	-0.4	-0.2	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	-0.6	0.0	0.0
GNI	547.9	549.4	550.6	550.9	553.4	555.8	559.2	561.4	563.3	565.3	566.9	567.7	546.7	549.7	557.4	565.8
	3.2	1.1	0.9	0.2	1.8	1.7	2.5	1.6	1.4	1.5	1.1	0.6	2.5	0.5	1.4	1.5
	0.8	0.3	0.2	0.1	0.4	0.4	0.6	0.4	0.3	0.4	0.3	0.1				
	-0.4	0.6	0.8	1.3	1.0	1.2	1.6	1.9	1.8	1.7	1.4	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 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	328.3	331.0	332.1	335.3	337.9	340.5	343.1	345.6	348.0	350.3	352.7	354.9	323.1	331.7	341.8	351.5
	1.4	0.8	0.3	1.0	0.8	0.8	0.8	0.7	0.7	0.6	0.7	0.6	2.4	2.7	3.1	2.8
	1.8	2.7	2.7	3.5	2.9	2.9	3.3	3.1	3.0	2.9	2.8	2.7				
Private residential investment	22.4	22.5	22.1	22.3	22.2	22.4	22.4	22.5	22.4	22.3	22.4	22.4	22.2	22.3	22.4	22.4
	2.8	0.4	-1.8	0.6	0.0	0.5	0.3	0.1	-0.2	-0.3	0.1	-0.1	0.9	0.5	0.2	0.0
	-0.4	0.7	-0.5	1.9	-0.9	-0.7	1.4	0.9	0.8	0.0	-0.2	-0.5				
Private non-residential investment	105.8	106.1	108.0	109.2	110.3	111.2	112.4	113.7	114.8	115.8	116.7	117.5	101.8	107.3	111.9	116.2
	2.0	0.3	1.8	1.1	1.0	0.8	1.1	1.2	0.9	0.9	0.7	0.7	3.5	5.3	4.3	3.8
	6.2	5.7	4.6	5.3	4.2	4.7	4.1	4.1	4.1	4.2	3.8	3.3				
Change in private inventories	1.2	1.6	0.7	0.1	0.8	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.6	0.9	0.7	0.8
Government final consumption expenditure	125.2	125.9	126.7	126.9	127.3	127.9	128.7	129.0	129.3	129.6	130.2	130.8	122.5	126.2	128.2	130.0
	2.0	0.5	0.7	0.2	0.3	0.5	0.6	0.2	0.2	0.3	0.4	0.4	0.3	3.0	1.6	1.3
	3.0	2.6	3.0	3.4	1.6	1.6	1.6	1.7	1.6	1.3	1.1	1.3				
Government investment expenditure	31.8	31.6	31.4	31.3	31.2	31.7	32.2	32.7	32.8	32.7	32.5	32.3	30.4	31.5	32.0	32.6
	6.3	-0.8	-0.4	-0.3	-0.6	1.8	1.5	1.7	0.1	-0.1	-0.7	-0.7	3.1	3.8	1.3	1.9
	2.8	3.1	3.6	4.7	-2.1	0.5	2.4	4.5	5.1	3.2	0.9	-1.4				
Change in government inventories	0.00	0.06	0.74	0.12	0.83	0.44	0.53	0.48	0.57	0.51	0.52	0.52	0.05	0.23	0.57	0.53
Net exports of goods and services	-7.3	-8.5	-8.4	-9.2	-8.2	-7.7	-6.6	-6.6	-6.3	-5.7	-5.4	-5.8	-5.5	-8.4	-7.3	-5.8
Exports of goods and services	139.1	138.9	138.6	140.0	141.1	142.3	143.3	143.6	144.3	145.3	146.0	146.4	132.2	139.1	142.6	145.5
	3.9	-0.1	-0.3	1.0	0.9	0.8	0.7	0.2	0.5	0.8	0.4	0.3	7.1	5.2	2.5	2.0
	10.6	6.1	0.3	4.5	1.5	2.4	3.4	2.6	2.2	2.2	1.9	1.9				
Imports of goods and services	146.4	147.5	147.0	149.1	149.3	150.0	149.9	150.2	150.6	151.0	151.4	152.2	137.7	147.5	149.8	151.3
	4.2	0.7	-0.3	1.4	0.2	0.4	-0.1	0.2	0.3	0.3	0.2	0.6	-5.8	7.1	1.6	1.0
	11.0	8.5	3.3	6.1	2.0	1.7	2.0	0.7	0.8	0.7	1.0	1.4				
GDP	607.5	610.2	613.4	616.1	622.4	627.1	633.5	638.2	642.3	646.4	650.3	653.3	595.2	611.8	630.3	648.1
	7.8	1.8	2.1	1.8	4.2	3.1	4.1	3.0	2.6	2.6	2.5	1.8	4.9	2.8	3.0	2.8
	1.9	0.5	0.5	0.4	1.0	0.8	1.0	0.7	0.6	0.6	0.6	0.5				
	2.2	2.9	2.7	3.3	2.5	2.8	3.3	3.6	3.2	3.1	2.7	2.4				
Contribution of domestic demand	1.7	0.8	0.5	0.6	0.9	0.7	0.8	0.7	0.6	0.5	0.6	0.5	2.0	3.3	2.8	2.6
of which, private demand	1.3	0.6	0.3	0.6	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	1.6	2.4	2.4	2.2
of which, public demand	0.7	0.1	0.2	-0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.1	0.3	0.8	0.5	0.4
Contribution of net exports	-0.1	-0.2	0.0	-0.1	0.2	0.1	0.2	0.0	0.0	0.1	0.0	-0.1	3.0	-0.5	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	110.7	110.9	111.1	112.0	112.6	113.1	113.5	113.9	114.3	114.7	115.1	115.6	108.9	111.2	113.3	114.9
	0.7	0.2	0.1	0.8	0.6	0.4	0.4	0.4	0.4	0.3	0.4	0.4	2.9	2.1	1.9	1.5
	2.5	2.1	1.8	1.8	1.7	1.9	2.2	1.7	1.5	1.5	1.5	1.5				
Private residential investment	122.4	122.3	122.5	122.6	123.2	123.3	123.1	122.9	123.2	123.3	123.3	123.3	119.4	122.4	123.1	123.3
	1.5	0.0	0.1	0.1	0.5	0.0	-0.1	-0.1	0.2	0.1	0.0	0.0	0.0	2.6	0.6	0.1
	3.1	2.8	2.6	1.7	0.7	0.7	0.5	0.3	0.0	0.0	0.1	0.3				
Private non-residential investment	114.1	114.5	115.1	115.7	116.2	116.5	116.9	117.8	118.1	118.3	118.8	119.1	111.6	114.9	116.8	118.6
	0.9	0.4	0.5	0.5	0.4	0.3	0.4	0.7	0.3	0.2	0.3	0.3	3.6	2.9	1.7	1.5
	3.7	3.0	2.8	2.3	1.8	1.7	1.6	1.8	1.6	1.6	1.6	1.2				
Government final consumption expenditure	104.8	105.2	105.5	105.5	105.7	106.1	106.7	106.8	106.9	107.0	107.3	107.6	103.7	105.2	106.3	107.2
	1.0	0.3	0.3	0.0	0.2	0.4	0.5	0.1	0.0	0.1	0.3	0.3	1.1	1.4	1.0	0.8
	1.3	1.3	1.3	1.7	0.9	0.9	1.1	1.3	1.1	0.8	0.6	0.7				
Government investment expenditure	119.5	119.9	118.8	118.8	120.1	120.4	119.8	119.5	120.1	120.6	120.4	120.2	117.0	119.3	119.9	120.3
	1.1	0.3	-0.9	0.0	1.0	0.3	-0.5	-0.3	0.6	0.4	-0.2	-0.2	3.5	1.9	0.6	0.3
	3.7	2.9	1.2	0.5	0.5	0.4	0.9	0.5	0.1	0.2	0.5	0.6				
Exports of goods and services	124.1	122.6	121.3	121.7	122.5	122.8	122.8	122.4	122.5	122.5	122.3	122.0	118.0	122.4	122.6	122.3
	2.3	-1.2	-1.1	0.3	0.6	0.2	0.0	-0.3	0.0	0.0	-0.1	-0.3	4.2	3.7	0.2	-0.3
	9.7	4.6	1.0	0.3	-1.3	0.1	1.3	0.6	0.0	-0.3	-0.4	-0.4				
Imports of goods and services	132.8	131.3	130.3	131.3	130.9	130.9	130.1	129.7	129.4	129.0	128.6	128.7	128.2	131.4	130.4	128.9
	0.9	-1.1	-0.8	0.8	-0.3	0.0	-0.5	-0.3	-0.3	-0.3	-0.3	0.0	-2.6	2.5	-0.8	-1.1
	7.0	3.5	0.1	-0.2	-1.4	-0.4	-0.1	-1.2	-1.1	-1.4	-1.2	-0.8				
GDP	109.4	109.5	109.8	110.1	111.0	111.4	112.0	112.3	112.7	113.1	113.5	113.8	107.1	109.7	111.7	113.3
	1.4	0.1	0.2	0.3	0.8	0.4	0.5	0.3	0.4	0.3	0.4	0.2	4.2	2.4	1.8	1.5
	3.2	2.4	2.2	2.0	1.4	1.7	2.0	2.0	1.6	1.6	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.

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 2.7 -2.9	101.4 -0.4 -1.8	102.5 1.1 -1.8	103.0 0.5 4.0	103.5 0.5 1.7	103.9 0.4 2.5	104.3 0.4 1.7	104.7 0.4 1.7	105.1 0.3 1.5	105.4 0.3 1.5	105.8 0.3 1.4	106.1 0.3 1.3	102.9 -1.9	102.2 -0.7	104.1 1.9	105.6 1.4
Labor force (ten thousand persons)	6947 0.0 0.4	6955 0.1 0.4	6957 0.0 0.3	6960 0.0 0.2	6963 0.0 0.2	6965 0.0 0.2	6973 0.1 0.2	6980 0.1 0.3	6987 0.1 0.3	6994 0.1 0.4	6992 0.0 0.3	6990 0.0 0.1	6934 0.4	6955 0.3	6970 0.2	6991 0.3
Engaged labor force (ten thousand persons)	6769 0.0 0.4	6778 0.1 0.4	6783 0.1 0.3	6786 0.0 0.2	6796 0.1 0.4	6797 0.0 0.3	6802 0.1 0.3	6814 0.2 0.4	6826 0.2 0.5	6831 0.1 0.5	6834 0.0 0.5	6830 -0.1 0.2	6754 0.4	6779 0.4	6802 0.3	6830 0.4
Employed (ten thousand persons)	6109 0.0 0.5	6121 0.2 0.5	6125 0.1 0.6	6128 0.0 0.3	6136 0.1 0.5	6137 0.0 0.3	6142 0.1 0.3	6153 0.2 0.4	6164 0.2 0.5	6169 0.1 0.5	6171 0.0 0.5	6167 -0.1 0.2	6088 0.7	6121 0.5	6142 0.4	6168 0.4
Unemployment rate (%)	2.6 0.0 0.5	2.5 0.1 0.5	2.5 0.1 0.6	2.5 0.0 0.3	2.4 0.1 0.5	2.4 0.0 0.3	2.4 0.1 0.3	2.4 0.2 0.4	2.3 0.2 0.5	2.3 0.1 0.5	2.3 0.0 0.5	2.3 -0.1 0.2	2.6 0.7	2.5 0.5	2.4 0.4	2.3 0.4
Domestic corporate goods price index (2020=100)	122.2 1.4 1.9	123.3 0.9 2.9	123.7 0.3 3.2	123.8 0.1 2.7	123.9 0.1 1.4	124.0 0.1 0.6	124.3 0.2 0.5	124.4 0.1 0.5	124.5 0.1 0.5	124.7 0.1 0.5	124.8 0.1 0.4	124.9 0.1 0.4	120.0 2.4	123.3 2.7	124.2 0.7	124.7 0.4
Core consumer price index (2020=100)	107.5 0.8 2.5	108.4 0.9 2.7	109.2 0.7 2.6	109.4 0.2 2.7	110.2 0.7 2.5	110.8 0.5 2.2	111.0 0.2 1.7	111.1 0.0 1.5	111.9 0.7 1.5	112.4 0.5 1.5	112.9 0.4 1.5	113.0 0.1 1.7	105.9 2.8	108.6 2.6	110.8 2.0	112.6 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			
	24Q2	24Q3	24Q4	25Q1	25Q2	25Q3	25Q4	26Q1	26Q2	26Q3	26Q4	27Q1	2023	2024	2025	2026
CD rates (%)	0.033 0.997	0.101 0.933	0.101 1.012	0.351 1.047	0.351 1.090	0.601 1.192	0.601 1.207	0.851 1.333	0.851 1.403	0.851 1.453	1.101 1.481	1.101 1.567	0.004 0.636	0.011 0.997	0.601 1.205	0.976 1.476
Government bond yields (%)	1251.0 0.1 1.8	1251.8 0.1 1.3	1256.1 0.3 1.2	1260.4 0.3 0.8	1265.2 0.4 1.1	1270.1 0.4 1.5	1275.2 0.4 1.5	1280.2 0.4 1.6	1283.5 0.3 1.4	1286.8 0.3 1.3	1290.6 0.3 1.2	1293.6 0.2 1.0	1250.0 2.5	1260.4 0.8	1280.2 1.6	1293.6 1.0
Money stock (M2+CD, JPY trillion)	38,722 2.7 27.4	38,095 -1.6 17.1	38,609 1.4 18.8	38,228 -1.0 1.4	38,267 0.1 -1.2	38,960 1.8 2.3	39,653 1.8 2.7	41,000 3.4 7.3	41,500 1.2 8.4	42,000 1.2 7.8	42,500 1.2 7.2	43,000 1.2 4.9	33,275 22.0	38,414 15.4	39,470 2.7	42,250 7.0
Nikkei stock average (JPY)	155.8 4.9 13.5	149.2 -4.2 3.2	152.8 2.4 3.4	151.6 -0.8 2.1	150.3 -0.9 -3.5	148.4 -1.3 -0.6	146.5 -1.3 -4.1	144.0 -1.7 -5.0	142.5 -1.0 -5.2	141.0 -1.1 -5.0	139.5 -1.1 -4.8	138.0 -1.1 -4.2	144.5 6.8	152.4 5.4	147.3 -3.3	140.3 -4.8
USD/JPY exchange rate																

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)	84.4	86.2	86.7	87.1	87.1	87.5	88.1	88.6	89.0	89.7	90.3	90.9	86.9	86.1	87.8	90.0
(SNA basis)	-0.8	2.1	0.6	0.5	0.0	0.5	0.6	0.6	0.5	0.8	0.7	0.7	-2.1	-0.9	2.0	2.5
	-3.8	-1.4	-0.8	2.4	3.2	1.6	1.6	1.7	2.1	2.5	2.6	2.7				
Goods imports (real)	81.1	82.8	82.2	82.8	83.2	83.6	83.9	84.4	84.8	85.3	85.7	86.1	80.6	82.2	83.8	85.5
(SNA basis)	2.4	2.1	-0.7	0.7	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	-6.0	2.0	1.9	2.0
	0.6	3.7	-0.4	4.6	2.6	0.9	2.1	1.9	1.9	2.0	2.1	2.0				
Services exports (real)	27.6	27.1	27.6	27.9	28.1	28.4	28.6	28.7	28.8	29.0	29.0	29.1	25.2	27.5	28.4	29.0
(SNA basis)	9.0	-1.8	1.7	1.3	0.7	0.9	0.8	0.5	0.3	0.5	0.2	0.2	23.6	9.2	3.2	1.9
	17.5	10.8	-0.4	10.3	1.8	4.6	3.7	2.9	2.5	2.1	1.6	1.2				
Services imports (real)	30.2	30.5	30.6	30.8	30.9	31.0	31.2	31.4	31.6	31.8	32.0	32.2	27.5	30.5	31.1	31.9
(SNA basis)	6.0	0.9	0.3	0.6	0.5	0.4	0.5	0.6	0.6	0.7	0.7	0.7	7.8	10.7	2.1	2.4
	15.2	8.5	11.3	7.9	2.3	1.9	2.1	2.0	2.1	2.4	2.5	2.7				
Goods exports (nominal)	104.9	105.4	104.4	105.2	105.5	106.1	106.4	106.5	106.5	107.3	107.5	107.8	101.9	105.0	106.1	107.3
(SNA basis)	2.2	0.5	-0.9	0.7	0.3	0.5	0.3	0.1	0.1	0.7	0.2	0.3	2.2	3.0	1.1	1.1
	6.6	3.5	-0.2	2.5	0.6	0.7	1.9	1.2	1.0	1.1	1.0	1.3				
Goods imports (nominal)	110.2	110.6	110.0	111.3	111.3	111.5	111.2	111.2	111.4	111.5	111.5	111.9	105.7	110.5	111.3	111.6
(SNA basis)	3.5	0.4	-0.6	1.2	-0.1	0.2	-0.3	0.0	0.1	0.1	0.0	0.4	-10.1	4.6	0.7	0.2
	7.3	7.1	-0.1	4.6	1.0	0.8	1.1	-0.1	0.1	0.0	0.2	0.6				
Services exports (nominal)	34.2	33.5	34.1	34.8	35.6	36.2	36.9	37.1	37.7	38.1	38.5	38.6	30.3	34.2	36.5	38.2
(SNA basis)	9.3	-1.9	1.8	1.8	2.5	1.6	1.9	0.7	1.6	0.9	1.1	0.3	27.9	12.7	6.7	4.8
	24.9	15.0	2.0	11.1	4.2	7.9	8.0	6.8	5.8	5.2	4.4	3.9				
Services imports (nominal)	36.3	36.9	37.0	37.8	38.1	38.5	38.6	38.9	39.2	39.6	39.9	40.3	32.1	37.0	38.5	39.7
(SNA basis)	6.3	1.7	0.4	2.1	0.8	1.0	0.4	0.7	0.8	0.8	0.7	1.1	11.8	15.4	4.2	3.1
	23.7	12.8	14.6	10.7	5.0	4.3	4.4	3.0	3.0	2.8	3.2	3.5				
Trade balance (BOP basis)	-1.4	-1.0	-1.4	-1.5	-1.4	-1.4	-1.2	-1.2	-1.2	-1.1	-1.0	-1.0	-3.7	-5.3	-5.2	-4.3
Balance on services (BOP basis)	-0.7	-0.8	-0.7	-0.7	-0.6	-0.6	-0.4	-0.4	-0.4	-0.4	-0.3	-0.4	-2.6	-3.0	-2.0	-1.5
Primary income balance (BOP basis)	10.2	10.3	10.7	10.7	10.7	10.7	10.6	10.5	10.3	10.2	10.0	9.8	36.8	41.8	42.5	40.2
Current account balance (BOP basis)	7.1	7.0	7.4	8.4	7.5	7.6	7.8	7.7	8.7	7.6	7.5	7.2	26.6	29.9	30.7	31.0
	15.3	-1.6	5.8	12.8	-9.9	1.0	2.7	-1.6	13.5	-13.3	-1.3	-4.0	192.5	12.3	2.5	1.0
	14.0	7.9	5.7	35.4	5.8	8.6	5.4	-8.0	15.9	-0.5	-4.4	-6.8				
USD/JPY exchange rate	155.8	149.2	152.8	151.6	150.3	148.4	146.5	144.0	142.5	141.0	139.5	138.0	144.5	152.4	147.3	140.3
	4.9	-4.2	2.4	-0.8	-0.9	-1.3	-1.3	-1.7	-1.0	-1.1	-1.1	-1.1	6.8	5.4	-3.3	-4.8
	13.5	3.2	3.4	2.1	-3.5	-0.6	-4.1	-5.0	-5.2	-5.0	-4.8	-4.2				

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.