

Report

The Japanese Economy in Fiscal 2024 and Fiscal 2025

—Economy at a temporary standstill but back on the road to recovery—

(1) Current State of the Economy—At a standstill

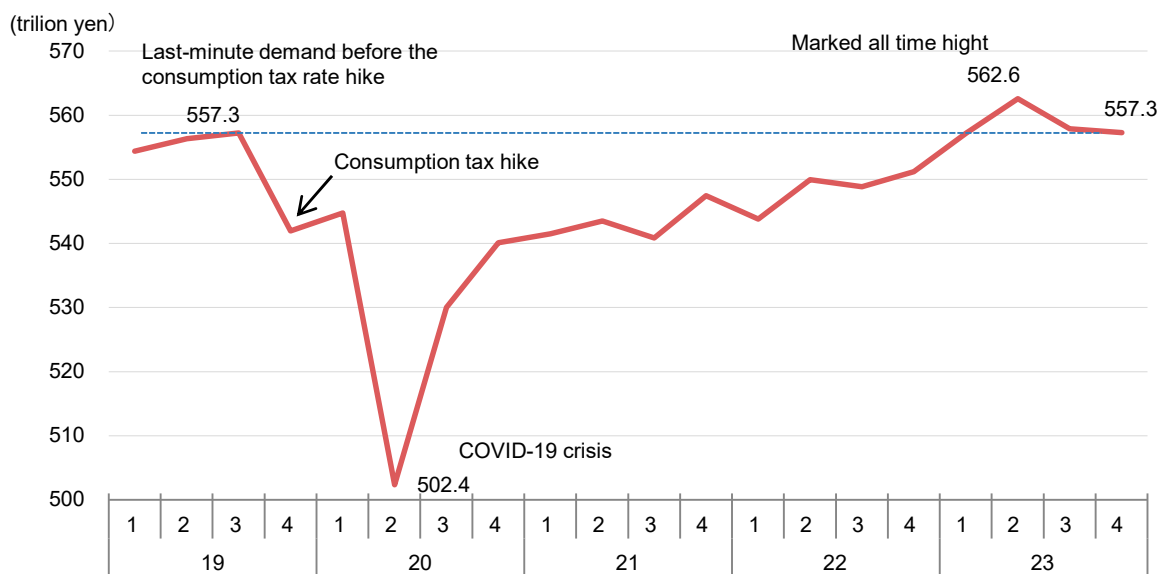
Negative growth for the second straight quarter

The real GDP growth rate in the October-December quarter of 2023, announced on February 15, remained negative for the second straight quarter at -0.1% from the previous quarter (annualized growth rate of -0.4%), albeit slightly. While speed adjustments can result in negative growth even during phases of economic recovery, this is the first time growth is negative in two straight quarters since July-September and October-December 2018, when the last recession hit (the economy peaked in October 2018). Prior to that, the last occurrence was recorded in the three consecutive quarters from April-June 2012 to October-December 2012, also a period of recession (the economy peaked in March 2012).

The building blocks of the overall growth rate also faced challenges, as evidenced by private consumption and corporate capital investment, the pillars of domestic demand, decreasing for the third straight quarter. The economy was at a standstill, and it may have already entered its recession phase.

Real GDP reached a record high in the January-March quarter of 2023, exceeding the pre-pandemic high reached in the July-September quarter of 2019, and further increased in the April-June quarter. However, it once again retreated to the level of the July-September quarter of 2019, and the post-pandemic recovery process was brought back to the starting point (Chart 1).

Chart 1. Real GDP growth rate



Source: Cabinet Office "Quarterly Estimates of GDP"

Domestic demand declines for a third straight quarter

The domestic demand movements indicate that real private consumption continued its decline for the third straight quarter at -0.2% from the previous quarter. Broken down by category, while spending rose by +6.4% for durable goods notably due to higher sales of automobiles, it was down -0.3% for non-durable goods (food, energy, daily necessities, etc.), down -1.7% for semi-durable goods (clothing, personal effects, etc.), and declined by -0.6% for services, a first in seven quarters, as consumers increasingly looked to restrain spending in an inflationary context. In terms of spending on services, it also decreased in nominal terms for the first time in seven quarters by -1.0%, indicating that the post-pandemic recovery in in-person services such as accommodation, food services, passenger transportation and leisure may have run its course.

Real housing investment went down as well by -1.0% compared to the previous quarter, reflecting weak housing starts amidst soaring material prices.

In the corporate sector, capital investment in real terms fell by -0.1% compared to the previous quarter. The continuously strong investment appetite driven by healthy performances led to a +0.7% increase in nominal terms, but the sustained rise in construction costs, particularly for buildings and structures such as office buildings, stores, and factories, resulted in a decrease of investment in real terms for the third consecutive quarter. Moreover, the constrained supply due to labor shortages is causing construction work delays. The contribution of inventory investment in real terms to the real GDP growth rate experienced no major change and was flat at -0.0%.

In the government sector, general medical and nursing expenses had been growing as the trend of refraining from seeking medical attention during the pandemic faded, but the end of this upward movement led to a slight decrease of -0.1% in real government final consumption. The fall in public investment in real terms continued with a -0.7% decrease, against a backdrop of rising construction costs.

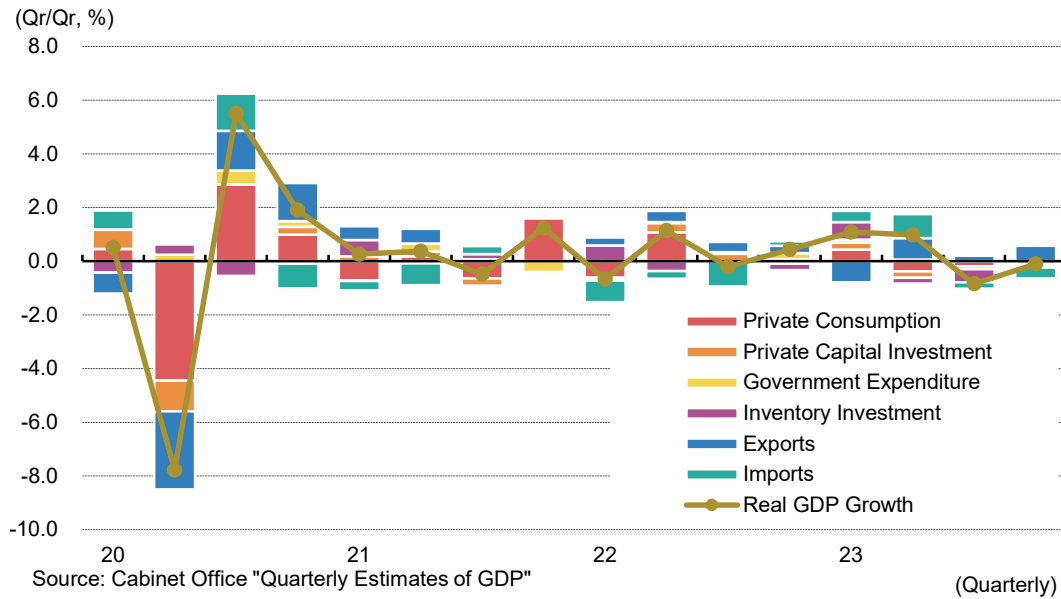
As a result, the overall contribution from internal demand was down by -0.3% compared to the previous quarter, a third straight quarter of decline. With respect to exports, the growth trend in export goods, centered on IT-related items and general machinery, demand from inbound tourists reached a record high, and intellectual property royalties received surged, leading to a steep increase of service exports (their contribution was up by 0.6% compared to the previous quarter). As such, real exports kept growing with a +2.6% increase quarter on quarter. The increase of real imports fell below that of exports at +1.7% compared to the previous quarter. This is explained by the fact that, while imports of goods experienced an increase, services imports declined due to the weakened impact of the temporary rise in payments of copyright fees in the July-September quarter. As a result, the overall contribution from external demand increased by +0.2%.

The GDP deflator continues to rise at a high rate

The nominal GDP growth rate turned positive at +0.3% compared to the previous quarter (annualized growth rate of +1.2%). The GDP deflator, a measure of comprehensive price trends in the economy as a whole, was up by +3.8% year on year, continuing on its high-rising track despite a slowdown from the +5.3% year-on-year increase recorded in the preceding July-to-September quarter. (The seasonally adjusted GDP

deflator increased by +0.4% from the previous quarter.) This result reflects the effect of rising import prices, which are due to higher resource prices and other factors, permeating into domestic prices.

Chart 2. Real GDP growth rate by demand (Quarterly)



(2) Economic Outlook for Fiscal 2024 and Fiscal 2025

— Economy headed for recovery after a temporary standstill

GDP growth to remain negative in the January-March quarter

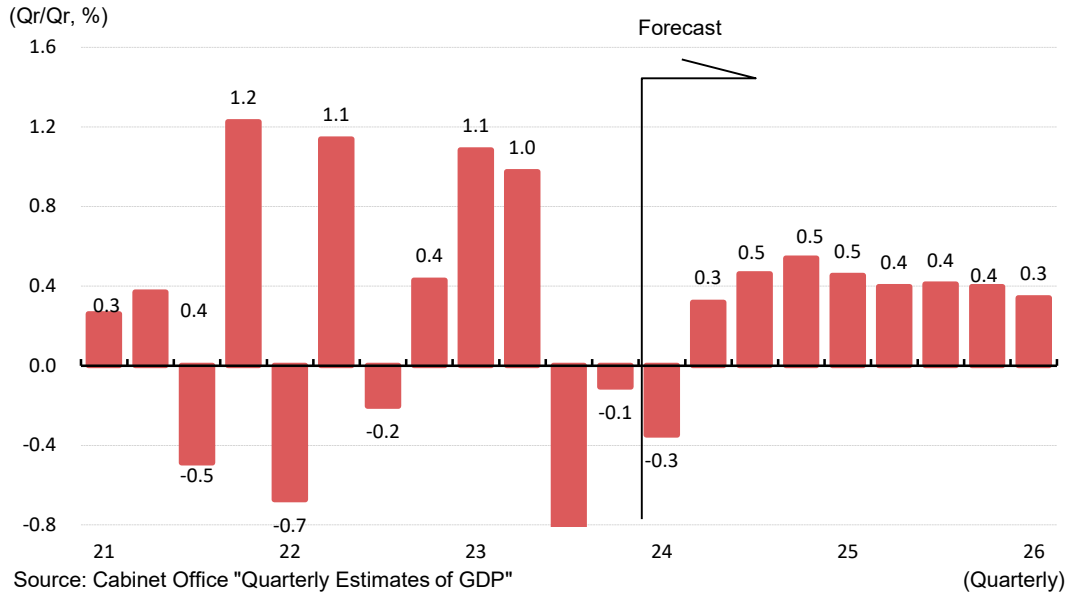
Growth is expected to remain negative in the January-March quarter of 2024. While the impact of the 2024 Noto Peninsula Earthquake is minor, the main factors behind this forecast are ① the negative impact of production halts by some automobile manufacturers on personal consumption, capital investment, and exports, ② the weakening of the boost provided by the jump in services exports on the overall economy in the October-December quarter, ③ the growing sense among consumers of a need to restrain spending, in line with the pause already observed in the post-pandemic increase of demand for in-person services.

At the present time, we forecast a quarter-on-quarter GDP growth of -0.3% in the January-March quarter (annualized growth rate of -1.4%), and consequently a real GDP growth rate for fiscal 2023 of +1.2% year on year. However, this large growth is driven by the high growth recorded in the first half of the fiscal year, resulting in a modest +0.2% growth when excluding the base-level effect.

We anticipate that the nominal GDP growth rate, which more accurately reflects people's perception of the economic climate rather than the actual economic conditions, will continue its rise in the January-March quarter with a +0.5% increase (annualized growth rate of +1.8%). As such, we do not expect the pessimism about the economic outlook to become widespread, even with the economy at a standstill, due to a background of sustained hikes in stock prices and growing expectations of high wage rate increases coming out of the spring wage negotiations. Nominal GDP growth rate should rise from +2.3% year-on-year in fiscal

2022 to +5.3% year-on-year in fiscal 2023, marking the highest increase since the +8.3% year-on-year growth in fiscal 1990.

Chart 3. Real GDP growth rate (Quarterly)



Return to a recovery track in fiscal 2024

We anticipate the economy to gradually return to a recovery track after the start of fiscal 2024. Even if a recession were to begin, it is expected to be minor and short-lived.

Firstly, as nominal wages are expected to increase steadily in a context of improving employment conditions and growing labor shortages, rising real wages coupled with a waning upward pressure on prices could help avoid a downturn in personal consumption. Secondly, a continuously strong corporate appetite for investment, supported by improving earnings results, could result in a solid level of capital investment.

In addition to the recovery of internal demand, the receding downside risk from economic conditions overseas, particularly in the United States, increasing exports following the restoration of automobile production, the sustained upturn in demand from inbound tourists, and the recovery in the global demand for IT-related items will provide tailwinds for the economy. The completion of the domestic semiconductor production structure leading to a full momentum behind production toward the end of the fiscal year is another positive factor.

We forecast a real GDP growth rate of +0.6% year on year in 2024, marking a fourth consecutive fiscal year of expansion. While the growth rate is expected to slow down, it is forecast at a solid +1.1% excluding the base-level effect (Chart 4).

The 2024 spring wage negotiations, a key of economic revitalization

The many downside factors create worries that the recovery might be delayed, with the impact from high prices currently the biggest cause for concern. Assuming that the government will terminate its anti-inflation measures in April 2024, as the measures' effects fade, we expect the strong upward pressure on prices to continue, fueled by the rise in labor and distribution costs. In that scenario, a growing sense among households of a need to restrain spending risks drawing out the stagnation of personal consumption. There is also a risk of prolonged economic downturn if other negative factors come into play, specifically a slowdown in overseas economies and a labor shortage that constrains supply.

In the face of these many potential downside factors in the economy, the key to whether the economy can continue to recover in fiscal 2024 resides largely on the inflation conditions and the percentage increase in wages that emerges from the spring wage negotiations. While the government and the Japanese Trade Union Confederation (Rengo) have strongly urged companies to increase wages significantly, a growing number of companies are showing a positive attitude toward wage increase and are taking steps to reach a high increase percentage. Without a doubt, the conditions are right for higher wages, including growing corporate profits, tight labor market conditions, and rising prices.

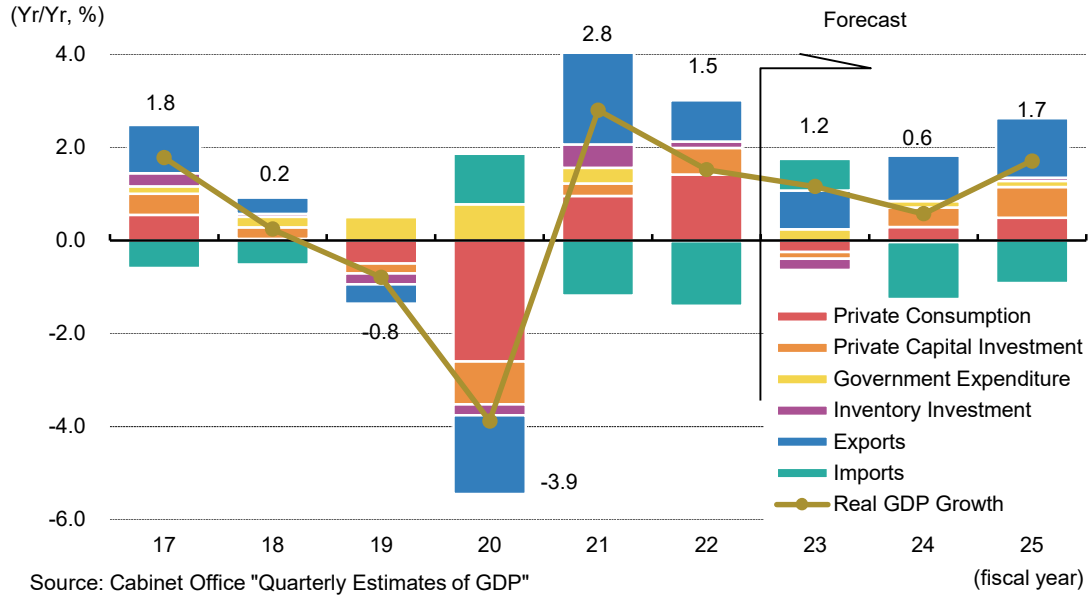
However, spring wage negotiations affect the wage increase rate of employees of mostly large companies, and it is unclear whether small and medium-sized businesses and micro-enterprises will be able to follow suit. In addition, there is a time lag before the results of the negotiations are reflected in the corporate sector as a whole, and wages may remain sluggish until around summer, as was the case in fiscal 2023. Hence, households may remain strongly preoccupied by inflation for some time and there are concerns that personal consumption could remain sluggish.

Continuing expansion in fiscal 2025

We forecast the economy to continue growing at a +1.7% year-on-year pace in fiscal 2025. Whether wages will continue to rise will be a key point, but as inflation slows down with the diminishing upward pressure from cost-push inflation, we expect the increased momentum in the growth of personal consumption to continue, along with higher corporate capital investment on the back of improved corporate performance. In addition, the ongoing recovery of overseas economies against a backdrop of stable prices will also be a factor in stimulating economic recovery through increased exports.

We expect the growth in nominal GDP to decline from the high growth rate of fiscal 2023 but remain at a relatively high pace at +2.6% in fiscal 2024 and +2.6% in fiscal 2025. As such, we do not expect there to be a perception that the economic conditions are so harsh.

Chart 4. Real GDP growth rate by demand (Fiscal year)



Economic Outlook for fiscal 2022-2025
【GDP demand】

	FY 2022 (actual)	forecast			Yr/Yr、 %
		FY 2023 (forecast)	FY 2024 (forecast)	FY 2025 (forecast)	
Nominal GDP	2.3	5.3	2.6	2.6	
Real GDP	1.5	1.2	0.6	1.7	
Contribution of domestic demand	2.0	-0.4	0.8	1.3	
Private consumption	2.7	-0.4	0.5	0.9	
Housing investment	-3.4	1.6	0.2	-0.1	
Private capital investment	3.4	-0.8	2.5	3.9	
Contribution of inventory investment	0.1	-0.2	-0.0	0.1	
Government expenditure	-0.1	0.9	0.5	0.5	
Government final consumption expenditure	1.4	0.6	0.6	0.5	
Public investment	-6.1	2.7	0.2	0.4	
Contribution of external demand	-0.5	1.5	-0.2	0.4	
Export of goods and services	4.7	3.9	4.5	5.6	
Import of goods and services	6.9	-2.7	5.3	3.9	
GDP deflator	0.8	4.1	2.0	0.8	

【Overseas economy and market data】

	FY 2022 (actual)	forecast			Yr/Yr、 %
		FY 2023 (forecast)	FY 2024 (forecast)	FY 2025 (forecast)	
Real GDP (US) (CY)	1.9	2.5	2.0	1.5	
Real GDP (Euro zone) (CY)	3.4	0.5	0.2	1.2	
Real GDP (Asia)					
Real GDP (China)	3.0	5.2	4.3	4.4	
Yen/U.S.Dollar	135.4	144.2	140.5	131.3	
Uncollateralized call rates (O/N) (%)*	-0.027	-0.034	-0.010	0.050	
TIBOR (3months)	-0.017	0.008	0.053	0.150	
Newly issued government bond yields (10years) (%)	0.29	0.61	1.00	1.15	
WTI future price (near month contract, US dollar/barrel)	89.7	76.9	74.1	76.5	
North Sea Brent Crude (US dollar/barrel)	95.1	81.3	79.1	81.5	

* actual=average, forecast=end of period

【External demand (export and import)】

forecast

Yr/Yr, %

	FY 2022 (actual)	FY 2023 (forecast)	FY 2024 (forecast)	FY 2025 (forecast)
Value of exports (Yen base)	15.5	4.0	5.5	2.1
Ammount (Yr/Yr,%)	-2.3	-1.9	2.1	3.3
Value of imports (Yen base)	32.5	-9.9	1.5	-0.5
Ammount (Yr/Yr,%)	-1.9	-4.5	2.1	1.6
Balance (trillion yen)	-22.0	-6.1	-2.1	0.7
Current account balance (trillion yen)	8.3	24.1	23.9	25.3
balance on goods (trillion yen)	-18.0	-3.4	-1.3	1.4
balance on service (trillion yen)	-5.4	-3.0	-4.4	-4.8
balance on income (trillion yen)	34.7	34.5	33.6	32.7

【Corporations】

forecast

Yr/Yr, %

	FY 2022 (actual)	FY 2023 (forecast)	FY 2024 (forecast)	FY 2025 (forecast)
Industrial production	-0.3	-1.3	2.8	2.3
Inventory index	2.3	-1.6	-0.7	0.4
Sales	6.6	4.2	2.5	1.6
Ordinary Profits	8.8	15.9	7.1	6.4

【Income and employment】

forecast

Yr/Yr, %

	FY 2022 (actual)	FY 2023 (forecast)	FY 2024 (forecast)	FY 2025 (forecast)
Income per capita	1.9	1.3	1.5	1.3
Scheduled	1.1	1.3	1.4	1.3
Non-scheduled	4.1	0.3	0.7	0.7
Real wage indices	-1.9	-2.2	-0.7	0.2
Number of employees	0.6	0.7	0.4	0.3
Nominal compensation of employees*	2.4	1.8	2.0	1.7
Unemployment rate (%)	2.6	2.5	2.4	2.2

*GDP base

【Goods prices】

	forecast				Yr/Yr, %
	FY 2022 (actual)	FY 2023 (forecast)	FY 2024 (forecast)	FY 2025 (forecast)	
Domestic corporate goods prices	9.5	2.1	2.6	0.2	
excluding tax effects	9.5	2.1	2.6	0.2	
Consumer prices	3.2	3.0	1.8	1.0	
excluding freshfood	3.0	2.8	1.9	1.0	
excluding food (excluding alcoholic beverages) and energy	2.2	3.9	1.5	1.1	

【New housing starts】

	forecast				annualized, ten thousand units Yr/Yr, %
	FY 2022 (actual)	FY 2023 (forecast)	FY 2024 (forecast)	FY 2025 (forecast)	
New housing starts	86.1	80.5	79.9	79.3	
	-0.6	-6.5	-0.8	-0.8	
Owned	24.8	21.8	21.1	21.0	
	-11.8	-12.1	-3.1	-0.7	
Rented	34.7	34.0	33.6	33.0	
	5.0	-2.0	-1.4	-1.6	
Built for Sale	26.0	24.1	24.7	24.7	
	4.5	-7.0	2.1	0.2	

Economic Outlook for calendar 2022-2025
【GDP demand】

	CY 2022 (actual)	CY 2023 (actual)	forecast	
			CY 2024 (forecast)	CY 2025 (forecast)
	Yr/Yr, %			
Nominal GDP	1.3	5.7	2.6	2.8
Real GDP	1.0	1.9	0.0	1.8
Contribution of domestic demand	1.5	1.5	0.9	-0.2
Private consumption	2.2	0.7	-0.1	1.0
Housing investment	-3.5	1.1	0.2	0.1
Private capital investment	1.9	1.3	0.4	4.4
Contribution of inventory investment	0.3	-0.1	-0.3	0.1
Government expenditure	-0.6	1.2	0.4	0.5
Government final consumption expenditure	1.7	0.9	0.5	0.5
Public investment	-9.6	2.8	0.0	0.5
Contribution of external demand	-0.5	1.0	0.2	0.3
Export of goods and services	5.3	3.0	4.2	5.8
Import of goods and services	7.9	-1.3	3.1	4.6
GDP deflator	0.3	3.7	2.6	1.0

【Overseas economy and market data】

	CY 2022 (actual)	CY 2023 (actual)	forecast	
			CY 2024 (forecast)	CY 2025 (forecast)
	Yr/Yr, %			
Real GDP (US) (CY)	1.9	2.5	2.0	1.5
Real GDP (Euro zone) (CY)	3.4	0.5	0.2	1.2
Real GDP (Asia)				
Real GDP (China)	3.0	5.2	4.3	4.4
Yen/U.S.Dollar	131.4	140.5	143.3	133.0
Uncollateralized call rates (O/N) (%)*	-0.026	-0.033	-0.013	0.035
TIBOR (3months)	-0.028	-0.000	0.035	0.138
Newly issued government bond yields (10years) (%)	0.23	0.55	0.90	1.11
WTI future price (near month contract, US dollar/barrel)	94.2	77.6	73.7	75.9
North Sea Brent Crude (US dollar/barrel)	98.9	82.2	78.7	80.9

* actual=average, forecast=end of period

【External demand (export and import)】

	CY 2022 (actual)	CY 2023 (actual)	forecast	
			CY 2024 (forecast)	CY 2025 (forecast)
	Yr/Yr, %			
Value of exports (Yen base)	18.2	2.8	6.9	2.2
Ammount (Yr/Yr,%)	-0.6	-4.0	1.3	3.5
Value of imports (Yen base)	39.6	-7.0	-0.1	0.2
Ammount (Yr/Yr,%)	-0.3	-4.9	0.1	2.4
Balance (trillion yen)	-20.3	-9.3	-2.2	0.0
Current account balance (trillion yen)	10.7	20.6	24.2	24.8
balance on goods (trillion yen)	-15.7	-6.6	-1.5	0.7
balance on service (trillion yen)	-5.5	-3.2	-4.3	-4.7
balance on income (trillion yen)	34.5	34.6	34.0	32.9

【Corporations】

	CY 2022 (actual)	CY 2023 (actual)	forecast	
			CY 2024 (forecast)	CY 2025 (forecast)
	Yr/Yr, %			
Industrial production	-0.1	-1.1	0.6	3.4
Inventory index	2.7	-0.2	-1.5	0.4
Sales*	7.4	4.8	2.3	2.1
Ordinary Profits	11.2	13.9	7.7	7.2

*Forecast starts from CY 2023.

【Income and employment】

	CY 2022 (actual)	CY 2023 (actual)	forecast	
			CY 2024 (forecast)	CY 2025 (forecast)
	Yr/Yr, %			
Income per capita	2.0	1.2	1.4	1.4
Scheduled	1.1	1.1	1.4	1.4
Non-scheduled	5.0	0.3	0.8	0.7
Real wage indices	-1.1	-2.5	-1.0	0.1
Number of employees	0.4	0.6	0.5	0.3
Nominal compensation of employees*	2.3	1.8	2.0	1.8
Unemployment rate (%)	2.6	2.6	2.4	2.3

*GDP base

【Goods prices】

forecast

Yr/Yr, %

	CY 2022 (actual)	CY 2023 (actual)	CY 2024 (forecast)	CY 2025 (forecast)
Domestic corporate goods prices (Yr/Yr,%)	9.8	4.2	2.0	0.7
excluding tax effects	9.8	4.1	2.0	0.8
Consumer prices	2.5	3.3	2.1	1.1
excluding freshfood	2.3	3.1	2.0	1.1
excluding food (excluding alcoholic beverages) and energy	1.1	3.9	1.9	1.1

【New housing starts】

forecast

annualized, ten thousand units

Yr/Yr, %

	CY 2022 (actual)	CY 2023 (actual)	CY 2024 (forecast)	CY 2025 (forecast)
New housing starts	85.9	82.1	79.9	79.6
Owned	0.4	-4.5	-2.6	-0.5
Rented	25.3	22.5	21.1	21.1
Built for Sale	-11.2	-11.2	-6.2	-0.2
	34.5	34.4	33.6	33.2
	7.5	-0.2	-2.3	-1.4
	25.6	24.7	24.6	24.8
	4.6	-3.4	-0.2	0.5

Economic Outlook (Quarterly)

		FY 2022				FY 2023				FY 2024				FY 2025			
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Nominal GDP	(Qr/Qr,%)	0.8	-0.5	1.9	2.3	2.5	-0.1	0.3	0.5	0.9	0.9	0.7	0.9	0.4	0.5	0.6	0.8
	Annualized rate	3.4	-1.8	7.6	9.4	10.4	-0.2	1.2	1.8	3.5	3.6	3.0	3.5	1.8	2.1	2.4	3.1
	(Yr/Yr,%)	1.1	1.2	2.0	4.9	6.1	6.9	4.9	3.3	1.7	2.6	2.7	3.4	2.8	2.6	2.4	2.4
Real GDP	(Qr/Qr,%)	1.1	-0.2	0.4	1.1	1.0	-0.8	-0.1	-0.3	0.3	0.5	0.5	0.5	0.4	0.4	0.4	0.3
	Annualized rate	4.6	-0.8	1.7	4.4	4.0	-3.3	-0.4	-1.4	1.3	1.9	2.2	1.8	1.6	1.6	1.6	1.4
	(Yr/Yr,%)	1.5	1.5	0.5	2.6	2.3	1.7	1.0	-0.3	-0.9	0.4	0.9	1.9	1.8	1.8	1.6	1.6
Contribution of domestic demand (Qr/Qr,%)		1.0	0.3	-0.0	1.5	-0.7	-0.8	-0.3	-0.2	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3
Private consumption		2.0	0.0	0.2	0.8	-0.7	-0.3	-0.2	-0.2	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Housing investment		2.8	3.9	1.0	3.1	0.2	-0.2	-0.5	-1.4	-0.3	0.3	0.8	1.3	1.0	0.9	0.9	0.9
Private capital investment		-2.6	0.4	0.7	0.3	1.8	-0.6	-1.0	0.5	0.2	0.3	0.1	0.0	-0.1	-0.1	-0.1	-0.1
Contribution of inventory investment (Qr/Qr,%)		-5.5	-4.2	-2.8	-1.3	3.2	2.1	0.4	0.6	-0.9	-0.0	1.1	0.6	0.3	-0.1	-0.3	-0.4
Government expenditure		2.1	1.7	-0.5	1.6	-1.4	-0.6	-0.1	-0.5	1.0	1.2	1.6	1.0	0.9	0.8	0.7	0.7
Government final consumption expenditure		1.1	4.2	2.9	5.1	1.4	-1.0	-0.7	-2.5	-0.2	1.6	3.2	4.9	4.8	4.4	3.4	3.2
Public investment		-0.4	0.0	-0.2	0.6	-0.2	-0.5	-0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of external demand (Qr/Qr,%)		0.2	0.1	0.8	0.4	0.2	0.0	-0.2	0.2	0.3	0.2	0.1	0.2	0.1	0.1	0.1	0.1
Export of goods and services		-0.9	-1.5	0.6	1.5	1.4	1.5	0.5	0.3	0.3	0.4	0.7	0.7	0.5	0.5	0.5	0.5
Import of goods and services		0.6	0.1	0.7	0.1	-0.1	0.3	-0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1	0.2
GDP deflator (Yr/Yr,%)		1.6	0.4	2.1	1.6	0.8	1.0	0.2	0.3	0.6	0.5	0.7	0.6	0.5	0.5	0.6	0.6
GDP deflator (Yr/Yr,%)		-2.1	1.1	0.0	2.0	2.2	-1.0	-0.7	-0.1	0.5	0.2	0.0	0.1	0.1	0.0	0.1	0.0
GDP deflator (Yr/Yr,%)		-12.3	-8.2	-5.7	0.6	5.6	3.4	2.3	0.2	-1.1	0.1	0.6	0.9	0.6	0.3	0.4	0.3
GDP deflator (Yr/Yr,%)		0.1	-0.5	0.4	-0.4	1.7	-0.0	0.2	-0.2	-0.3	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Export of goods and services		2.2	2.1	1.4	-3.5	3.8	0.9	2.6	-1.9	2.2	1.3	1.4	1.4	1.3	1.5	1.4	1.3
Import of goods and services		3.1	6.1	7.5	2.0	3.7	2.9	3.6	5.5	3.9	4.5	3.0	6.5	5.5	5.7	5.7	5.6
GDP deflator (Yr/Yr,%)		1.4	4.8	-0.8	-1.6	-3.6	1.0	1.7	-1.1	3.3	1.2	0.9	1.0	0.9	0.9	0.9	1.0
GDP deflator (Yr/Yr,%)		3.2	10.7	10.2	3.8	-1.6	-5.0	-2.3	-2.0	4.8	5.2	4.5	6.6	4.1	3.8	3.8	3.8
GDP deflator (Yr/Yr,%)		-0.3	-0.3	1.4	2.3	3.7	5.2	3.8	3.6	2.6	2.3	1.8	1.4	1.0	0.8	0.7	0.8

【Overseas economy and market data】

		FY 2022				FY 2023				FY 2024				FY 2025			
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Real GDP (US)	(Annualized Qr/Qr rate,%)	-0.6	2.7	2.6	2.2	2.1	4.9	3.3	0.8	1.2	1.1	1.2	1.4	1.7	2.0	2.3	-100.0
Real GDP (Euro zone)	(Annualized Qr/Qr rate,%)	3.3	1.9	-0.4	0.4	0.5	-0.5	0.1	-0.6	0.8	1.1	1.1	1.2	1.2	1.2	1.2	1.1
Real GDP (Asia)	(Yr/Yr,%)	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Real GDP (China)	(Yr/Yr,%)	0.4	3.9	2.9	4.5	6.3	4.9	5.2	4.3	4.2	4.4	4.5	4.5	4.2	4.5	4.5	4.5
Yen/U.S. Dollar		129.6	138.4	141.4	132.3	137.4	144.5	147.9	147.2	145.0	142.0	139.0	136.0	134.0	132.0	130.0	129.0
Uncollateralized call rates (O/N) (%)		-0.017	-0.020	-0.051	-0.019	-0.044	-0.055	-0.016	-0.020	-0.010	-0.010	-0.010	-0.010	0.050	0.050	0.050	0.050
TIBOR (3months)		-0.037	-0.012	-0.014	-0.004	-0.008	-0.003	0.014	0.030	0.030	0.030	0.050	0.100	0.150	0.150	0.150	0.150
Newly issued government bond yields (10years) (%)		0.23	0.22	0.28	0.44	0.42	0.60	0.76	0.68	0.88	1.00	1.05	1.05	1.10	1.10	1.20	1.20
WTI future price (near month contract, US dollar/barrel)		108.4	91.6	82.6	76.1	73.8	82.3	78.3	73.3	73.2	73.8	74.4	75.0	75.6	76.2	76.8	77.4
North Sea Brent Crude (US dollar/barrel)		111.8	97.8	88.6	82.2	78.0	86.0	82.7	78.4	78.2	78.8	79.4	80.0	80.6	81.2	81.8	82.4

* actual=average, forecast=end of period

【External demand (export and import)】

		FY 2022				FY 2023				FY 2024				FY 2025			
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Value of exports (Yen base)		15.9	23.2	18.7	4.8	1.6	1.1	3.7	10.1	10.3	6.0	2.3	3.8	1.7	1.7	2.0	3.0
	Amount (Yr/Yr,%)	-2.6	2.1	-1.2	-7.3	-4.0	-2.6	-2.0	1.1	1.1	0.7	2.3	4.5	3.2	3.3	3.2	3.3
	Amount (Qr/Qr,%)	-1.4	0.3	-2.5	-3.7	2.0	1.5	-1.1	-1.1	2.0	0.9	0.9	0.7	0.8	0.9	0.9	0.7
Value of imports (Yen base)		41.0	47.7	34.4	10.8	-8.8	-16.1	-10.5	-3.1	3.0	0.6	-0.6	2.9	-0.7	-1.3	-0.3	0.4
	Amount (Yr/Yr,%)	-0.8	1.2	-3.0	-4.8	-5.3	-6.4	-3.2	-3.0	0.6	0.9	2.0	5.0	1.8	1.4	1.4	1.5
	Amount (Qr/Qr,%)	-0.7	0.3	-2.4	-3.1	-0.2	0.4	-0.8	-2.5	3.5	0.7	0.4	0.4	0.4	0.4	0.4	0.4
Balance (trillion yen)		-4.7	-6.4	-5.8	-5.2	-1.8	-0.9	-1.4	-2.0	-0.1	0.4	-0.6	-1.9	0.6	1.2	0.0	-1.2
Current account balance (trillion yen)*		2.9	0.8	2.2	2.4	5.9	6.4	6.3	6.5	6.3	6.3	6.3	6.4	6.5	6.7	6.8	7.0
	Balance on goods (trillion yen)*	-3.7	-5.6	-5.2	-3.7	-1.0	-0.6	-1.3	-0.3	-0.4	-0.3	-0.2	-0.0	0.2	0.4	0.6	0.7
	Balance on service (trillion yen)*	-1.1	-2.0	-1.1	-1.3	-0.7	-1.2	0.1	-1.0	-1.0	-1.0	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1
	Balance on income (trillion yen)*	8.3	8.8	9.1	8.6	8.6	9.3	8.4	8.7	8.7	8.6	8.5	8.4	8.4	8.4	8.3	8.4

*seasonally adjusted

【Corporations】

		FY 2022				FY 2023				FY 2024				FY 2025			
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Industrial production	(Qr/Qr, %)	-1.4	3.1	-1.7	-1.8	1.4	-1.2	1.3	-3.8	4.2	1.0	0.7	0.6	0.6	0.6	0.6	0.5
	(Yr/Yr, %)	-3.4	4.0	-0.2	-1.3	1.0	-3.6	-0.5	-2.2	0.3	2.3	1.9	6.7	2.8	2.3	2.3	2.3
Inventory index	(Qr/Qr, %)	-1.5	3.5	-0.3	0.7	1.9	-2.1	-0.7	-0.7	-0.7	-0.2	0.1	0.1	0.1	0.1	0.1	0.1
	(Yr/Yr, %)	4.7	6.2	2.7	2.3	5.9	0.2	-0.2	-1.6	-4.0	-2.2	-1.5	-0.7	0.0	0.4	0.4	0.4
Sales		7.2	8.3	6.1	5.0	5.8	5.0	3.7	2.5	2.5	2.1	2.2	3.3	2.1	1.6	1.4	1.3
Ordinary profits		17.6	18.3	-2.8	4.3	11.6	20.1	21.2	12.5	4.7	7.0	7.4	9.5	6.8	6.6	6.0	5.9

*Forecast starts from 2023 10-12.

【Income and employment】

		FY 2022				FY 2023				FY 2024				FY 2025			
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Income per capita		1.6	1.7	2.9	1.0	2.0	0.9	1.0	1.3	1.0	1.6	1.7	1.5	1.4	1.6	1.3	1.2
	Scheduled	1.1	1.3	1.3	0.7	1.2	1.2	1.3	1.3	1.2	1.6	1.5	1.5	1.4	1.6	1.2	1.2
	Non-scheduled	5.1	5.2	5.3	1.0	0.6	-0.1	-0.4	1.0	0.2	1.2	0.8	0.8	0.7	0.7	0.6	0.7
Real wage indices		-1.3	-1.6	-1.7	-3.1	-1.9	-2.8	-2.4	-1.7	-1.6	-0.8	-0.0	-0.3	0.0	0.5	0.2	0.1
Number of employees		0.7	0.5	0.7	0.4	0.5	0.7	0.6	0.9	0.4	0.3	0.5	0.4	0.4	0.3	0.3	0.3
Nominal compensation of employees*		2.2	2.1	3.3	1.6	2.6	1.5	1.4	2.0	1.7	2.1	2.2	2.0	1.8	1.7	1.7	1.4
Unemployment rate (%)		2.6	2.6	2.5	2.6	2.6	2.7	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.2

※GDP base

【Goods prices】

		FY 2022				FY 2023				FY 2024				FY 2025			
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Domestic corporate goods prices		9.8	9.8	10.1	8.3	5.0	3.0	0.6	0.2	2.2	3.0	2.8	2.4	0.7	-0.2	-0.1	0.1
Consumer prices		2.4	2.9	3.9	3.6	3.4	3.1	2.9	2.5	2.2	2.1	1.5	1.5	1.2	0.9	1.0	0.9
excluding freshfood		2.1	2.7	3.8	3.5	3.2	3.0	2.5	2.3	2.2	2.1	1.6	1.6	1.2	0.9	0.9	0.9
excluding food (excluding alcoholic beverages) and energy		0.8	1.5	2.8	3.5	4.2	4.3	3.9	3.1	2.0	1.5	1.1	1.2	1.1	1.1	1.1	1.0

【New housing starts】

		FY 2022				FY 2023				FY 2024				FY 2025			
		4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
New housing starts		85.6	86.7	85.4	86.4	81.8	80.0	80.3	79.9	80.0	80.0	79.9	79.8	79.6	79.5	79.3	79.2
		-1.3	0.0	-1.6	0.6	-4.7	-7.7	-6.3	-7.2	-2.1	-0.2	-0.4	-0.3	-0.7	-0.8	-0.9	-0.7
Owned		25.8	25.0	24.4	23.9	22.8	22.7	20.6	21.0	21.1	21.1	21.1	21.1	21.1	21.0	21.0	21.0
		-8.9	-12.8	-15.7	-8.9	-11.9	-8.6	-16.2	-12.1	-7.0	-6.6	2.4	0.2	-0.4	-0.6	-1.1	-0.9
Rented		34.0	34.5	34.9	35.4	34.7	33.8	33.8	33.7	33.7	33.6	33.5	33.4	33.2	33.1	33.0	32.8
		2.5	6.3	8.4	3.0	2.0	-2.6	-3.3	-4.4	-3.0	-0.7	-0.9	-1.1	-1.5	-1.6	-1.7	-1.7
Built for Sale		25.3	26.5	25.4	26.6	23.8	23.0	25.3	24.6	24.6	24.7	24.7	24.7	24.7	24.8	24.8	24.8
		2.7	7.1	1.8	6.5	-6.6	-13.5	-0.3	-7.2	3.7	7.2	-2.2	0.3	0.0	0.1	0.2	0.5

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