

Report

The Japanese Economy in Fiscal 2021 and Fiscal 2022

—Pandemic still influencing business conditions, slow economic recovery pace continues

(1) Current State of the Economy

—Growing concern of an economic downturn as the Delta variant spreads.

Pandemic still influencing business conditions

The Japanese economy is gradually recovering, but the recovery trend is weakening amid on and off implementation of restrictions on economic activity during the repeated state of emergency declarations and cancellations, in response to the increase and decrease of new COVID-19 infection numbers.

The economy picked up after the third wave of infections subsided in early spring and the government lifted the second state of emergency on March 21. However, a fourth wave of infections soon materialized, and on April 25 the government declared a third state of emergency for the four prefectures, Tokyo, Osaka, Hyogo, and Kyoto. The state of emergency period was subsequently extended and the target area expanded. The accommodation/food and beverage service industry, passenger transportation industry, tourism industry, leisure entertainment service industry, and other in-person services struggled under the severe business conditions that suppressed consumer spending during the Golden Week holidays, a peak earnings period during the year. Nevertheless, as the state of emergency was lifted in all prefectures except Okinawa on June 20, when the spread of the virus subsided ahead of summer, economic activity picked up, including demand in the in-person service industry.

Meanwhile, ongoing growth in exports fueled by the steady recovery of overseas economies spurred active movement of goods during the April–June quarter. This activity supported continuing improvement in corporate earnings, particularly in the manufacturing industry, and improving overall corporate sentiment even in non-manufacturing industries. Capital investment plans indicated that corporate appetite for investment was also steadily recovering. Manufacturing activity might have been even stronger, boosting even higher personal consumption, but the global shortage of semiconductors that has been constraining automobile production since the beginning of the year continued to limit both production and sales of automobiles in the April–June quarter.

The rise in service spending may have led to the fifth wave of infections

Amid the wide disparity of activity in the different industries, real GDP representing overall demand across all industries returned to positive growth, expanding +0.3% from the previous quarter (for an annualized rate of +1.3%) in April–June 2021.

Looking at the movements in each real GDP demand category, real personal consumption rose 0.8% overall from the previous quarter, boosted by a 1.5% increase in spending on services. The state of emergency centered on metropolitan areas was a negative factor, but the receding number of COVID-19 infections and the lifting of the state of emergency likely spurred economic activity and demand. The on and off declaration of state of emergencies could also have relaxed anxiety about new announcements, which may have weakened the restraining impact on demand. Due to this, the consumer activity is likely linked to the fifth wave of infections in July, the impact of which will appear in the July–September results.

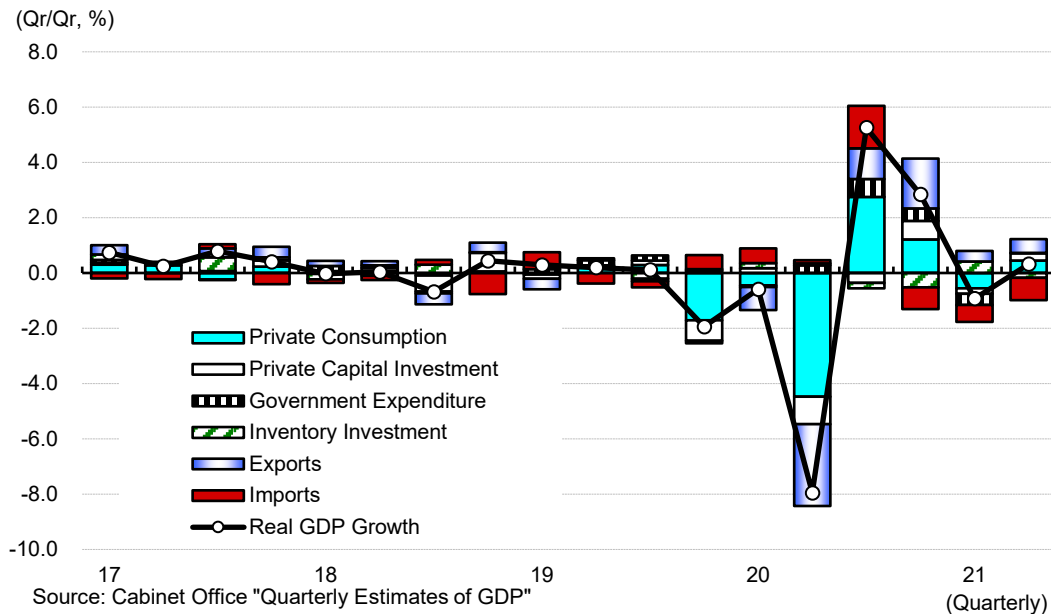
Spending on durable goods was up slightly, at +0.4% from the previous quarter. The growth represents an uptick from the decline in the previous quarter, although automobile sales were sluggish due to the semiconductor shortage.

Real housing investment was up +2.1% from the previous quarter, as housing investment continued to grow with a lag from the bottoming out of housing starts centered on owner-occupied and rental housing.

In the corporate sector, capital investment in real terms turned upward to +1.7% from the previous quarter. Improving earnings are supporting ongoing firm appetite for capital investment, and increased investment for equipment, mainly by the manufacturing industry, and for information technology. Inventory investment in real terms, which rose sharply in the previous quarter with the ramp up in corporate production activity, fell back to a -0.2% contribution to real GDP growth, for the first decline in two quarters.

In the government sector, government final consumption in real terms rose +0.5% compared to the previous quarter. The results included the cost of vaccinations, which likely increased as the vaccination programs continued. Public investment in real terms was -1.5%, marking a second straight quarter of contraction. The construction industry continued to provide a strong contribution, but it appears to be at the limit of supply capacity. As a result, the overall contribution from domestic demand was up +0.6% compared to the previous quarter.

The contribution from external demand was down -0.3% compared to the previous quarter, as it remained negative for a second straight quarter. A breakdown shows that real exports improved with the rising demand overseas and rose +2.9% from the previous quarter, for a fourth consecutive quarter of growth. Real imports, with support from domestic demand, outpaced the growth in real exports for a solid +5.1% compared to the previous quarter.

Chart 1. Real GDP growth rate by demand (Quarterly)


The economy is returning to expansion but lacks vigor

Real GDP returned to expansion in the April–June quarter but did not fully make up for the contraction in January–March. The slow pace of growth suggests that the economy lacks vigor.

The nominal GDP growth rate, which gives a better sense of the situation on the ground, actually remained essentially unchanged at +0.1% compared to the previous quarter (for an annualized rate of +0.2%). The GDP deflator, a measure of comprehensive price trends in the economy as a whole, was down both -0.7% year on year and -0.3% compared to the previous quarter, reflecting the stable domestic prices and the rise in import prices due to higher resource prices and the falling commodity prices have had a boosting effect on real values. Japan's smaller quarterly growth rate, compared to other major economies (United States +6.5%, Euro zone +8.3%, China +5.3% year on year) can be attributed to differences in the infection control and the percentage of the vaccinated population. The contrast is particularly clear when comparing the United States and Japan. In the U.S., the Biden administration's aggressive economic measures are beginning to produce effects, while the pandemic conditions in Japan are forcing the government to take a defensive stance that renders them unable to implement full-force economic stimulus measures.

(2) Outlook for the Economy in Fiscal 2021 and Fiscal 2022

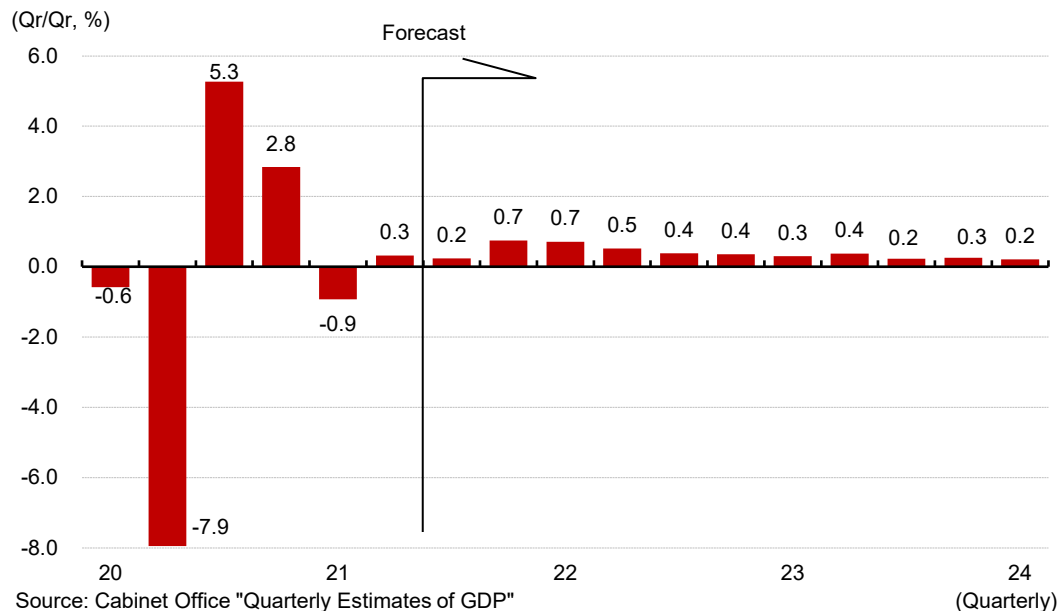
— Pace of economic recovery remains slow influenced by the pandemic

Can the economy continue to grow in the July–September quarter?

In the July–September quarter, we see several positive factors, including ongoing growth in exports as economies overseas recover, strong corporate appetite for capital investment, and a ramping up of automobile production if the semiconductor supply shortage ends. If the current fifth wave of COVID-19 infections in Japan subsides, then we would also expect the deterioration in consumer spending to halt, especially in the in-person service sector. Based on this outlook, we forecast the

economy to continue its gradual pace of recovery and maintain moderate but positive growth of +0.2% compared to the previous quarter (for an annualized rate of +1.0%) (Chart 2). We do not anticipate a further bottoming for business conditions.

Chart 2. Real GDP growth rate (Quarterly)



Growing concern of an economic downturn as the Delta variant spreads

The spread of the Delta variant of the COVID-19 virus beginning in July creates risk of a substantial economic downturn. If the current rise in infections cannot be stopped or the persisting high number of new infections causes a collapse of the medical institutions, corporate and consumer sentiment is likely to deteriorate. The government expanding the state of emergency to a wider area or implementing policies that strongly inhibit demand would also raise the risk that the economy will lose momentum. Economic conditions could also worsen if economies overseas start to slow and cause a drop in exports or if companies in Japan become pessimistic about the business outlook and step up restructuring efforts by curtailing their business activity, cutting employees or salaries, or reducing investments.

Vaccinations were expected to be the endgame for the pandemic, but that scenario is being undermined by the currently highly-contagious spread of Delta variant infections. Continuing the vaccinations is essential to control the spread of infection. But with the possibility of a prolonged co-existence with COVID-19, there is little hope that government measures will stimulate demand, such as reviving the Go To Travel campaign, or even the pent up consumer demand will be able to trigger a rapid rebound in personal consumption anytime in the near future.

After the fourth state of emergency is lifted, a careful balance of virus-prevention and economic stimulus measures will still be needed

If COVID-19 continues to spread even with the vaccinations, then the activities and lifestyles that companies, households, and the government adopt for prolonged co-existence with the virus could very likely

become permanent. In those circumstances, careful economic management and social behavior will continue to be required with due consideration for the balance between virus-prevention and economic stimulus measures, which will mean that any economic recovery will be slow.

The current outlook assumes that the fourth state of emergency will be lifted sequentially when the currently rising rate of infections subsides, which at this point we anticipate will be by the end of September at the latest nationwide. The following assumptions also apply for the period beyond September.

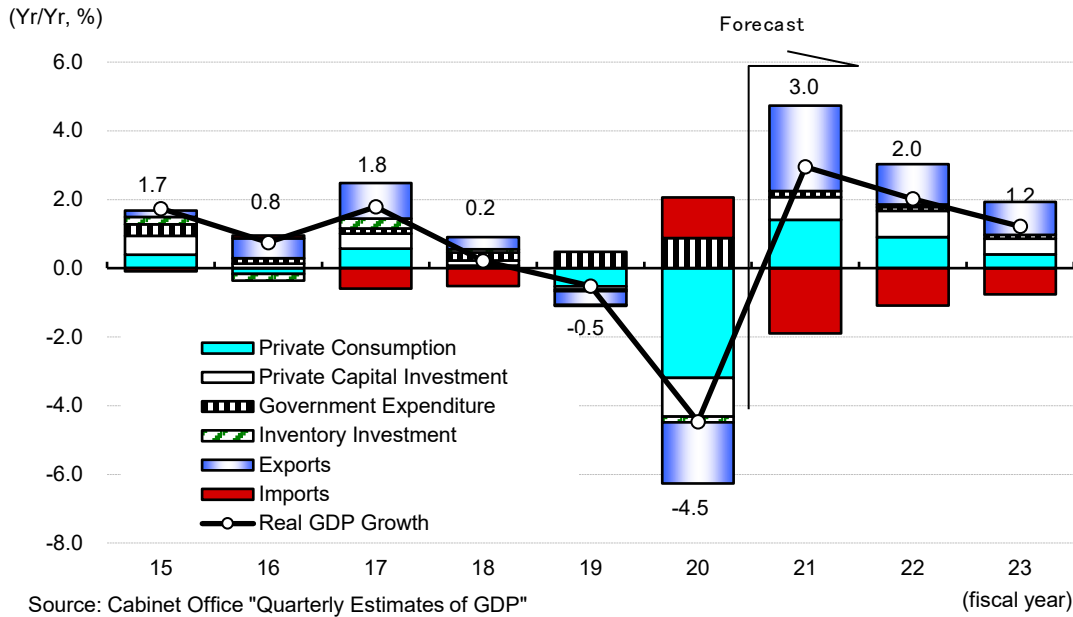
- ① The number of cases of COVID-19 infection in Japan will continue to increase and decrease and the pandemic will remain for at least the rest of 2021.
- ② A state of emergency and priority measures to prevent the virus spread may be issued during 2021, but these will be focused on specific areas or restaurants, such as shortening business hours, and will be enforced for relatively short periods.
- ③ All people in Japan desiring to be vaccinated will be vaccinated by the end of the year.
- ④ Japanese immigration restrictions will remain for some time, and the number of inbound tourists will not return to pre-pandemic levels until 2023 or later.
- ⑤ Reinstating the Go To Travel campaign will likely be difficult because of the risk of infection even if with a growing percentage of the vaccinated population. Any future campaign also would likely be limited to specific regions, provide lower subsidies, and allow fewer days or times it can be used with the idea that the increase in demand should not cause a rapid increase in infections. As such, we would not expect it to generate a quick increase in personal consumption in a short period.

Slow recovery pace during fiscal 2021

As more people get vaccinated, we expect the constraints on economic activity to gradually fade toward the end of fiscal 2021. We also anticipate improving economic conditions as companies continue to increase capital investment and the global economy continues improving. However, until the pandemic is over, the government will have to continue carefully balancing virus-prevention and economic stimulus measures, which will inevitably slow the pace of economic recovery.

For this reason, the forecast for the real GDP growth rate in FY2021 is +3.0% year on year (growth rate excluding the base-level effect:+1.1%), which although it is slightly positive growth, it will not lead to a significant reactionary increase from the deep decline in the previous year (Chart 3). We also expect the slow pace of recovery to require some time to bring the economy back to pre-pandemic levels in October–December 2019 and forecast the economy to reach those levels in January–March 2022.

Chart 3. Real GDP growth rate by demand (Fiscal year)



The lessons learned during the pandemic will start bearing fruit in fiscal 2022 or after

If the pandemic is somehow brought to an end in fiscal 2022 and lifestyles gradually return to how they were before the pandemic, we expect the economy to move into a post-pandemic period. We would then expect the gradual recovery trend to continue beyond fiscal 2022 and generate real GDP growth rates of +2.0% year on year in fiscal 2022 and +1.2% in fiscal 2023, with both rates outpacing the potential growth rate.

The economic recovery will tighten the labor supply and demand balance, but the quick adoption during the pandemic of various types of work conditions, such as remote work, combined with the increase in communications infrastructure, proliferation of new technologies like AI, and advances with workstyle reforms, will lead to a larger labor force, more leisure time, and more people engaging in side jobs and secondary businesses. We expect this rise in labor productivity to raise the potential growth rate.

Economic Outlook for fiscal 2020-2023
【GDP demand】

	FY 2020 (actual)	forecast			Yr/Yr, %
		FY 2021 (forecast)	FY 2022 (forecast)	FY 2023 (forecast)	FY 2023 (forecast)
Nominal GDP	-3.9	2.3	2.3	1.6	
Real GDP	-4.5	3.0	2.0	1.2	
Contribution of domestic demand	-3.9	2.3	1.9	1.0	
Private consumption	-5.9	2.6	1.7	0.8	
Housing investment	-7.2	2.5	2.1	1.5	
Private capital investment	-6.8	4.2	4.7	2.7	
Contribution of inventory investment	-0.2	-0.0	0.1	-0.0	
Government expenditure	3.5	0.7	0.4	0.4	
Government final consumption expenditure	3.3	1.2	0.5	0.6	
Public investment	4.2	-1.5	0.0	0.0	
Contribution of external demand	-0.6	0.6	0.1	0.2	
Export of goods and services	-10.4	15.6	6.3	4.9	
Import of goods and services	-6.8	11.6	5.6	3.8	
GDP deflator	0.6	-0.6	0.3	0.4	

【Overseas economy and market data】

	FY 2020 (actual)	forecast			Yr/Yr, %
		FY 2021 (forecast)	FY 2022 (forecast)	FY 2023 (forecast)	FY 2023 (forecast)
Real GDP (US) (CY)	-3.4	5.5	2.9	1.5	
Real GDP (Euro zone) (CY)	-6.5	4.8	4.8	1.9	
Real GDP (Asia)					
Real GDP (China)	2.3	8.5	5.5	5.4	
Yen/U.S.Dollar	106.0	108.5	106.5	105.5	
Uncollateralized call rates (O/N) (%)*	-0.031	-0.011	-0.010	0.035	
TIBOR (3months)	-0.051	-0.070	-0.023	0.069	
Newly issued government bond yields (10years) (%)	0.03	0.08	0.16	0.21	
WTI future price (near month contract, US dollar/barrel)	42.3	68.8	71.6	73.0	
North Sea Brent Crude (US dollar/barrel)	45.8	71.0	73.6	75.0	

* actual=average, forecast=end of period

【External demand (export and import)】

	FY 2020 (actual)	forecast			Yr/Yr, %
		FY 2021 (forecast)	FY 2022 (forecast)	FY 2023 (forecast)	
Value of exports (Yen base)	-8.4	25.2	4.4	3.1	
Ammount (Yr/Yr,%)	-9.5	16.6	4.0	2.8	
Value of imports (Yen base)	-11.6	31.0	4.8	2.4	
Ammount (Yr/Yr,%)	-3.5	9.8	2.8	1.3	
Balance (trillion yen)	1.3	-2.4	-2.9	-2.3	
Current account balance (trillion yen)	18.3	17.9	20.7	23.3	
balance on goods (trillion yen)	3.9	0.4	0.2	0.8	
balance on service (trillion yen)	-3.7	-3.7	-2.2	-1.1	
balance on income (trillion yen)	20.8	23.3	24.6	25.4	

【Corporations】

	FY 2020 (actual)	forecast			Yr/Yr, %
		FY 2021 (forecast)	FY 2022 (forecast)	FY 2023 (forecast)	
Industrial production	-9.5	10.4	2.7	1.6	
Inventory index	-9.8	2.3	0.9	1.4	
Sales	-9.2	6.8	4.0	2.0	
Ordinary Profits	-15.6	27.3	7.9	6.0	

【Income and employment】

	FY 2020 (actual)	forecast			Yr/Yr, %
		FY 2021 (forecast)	FY 2022 (forecast)	FY 2023 (forecast)	
Income per capita	-1.4	0.4	0.5	0.7	
Scheduled	0.2	0.5	0.2	0.3	
Non-scheduled	-13.3	7.2	1.2	0.4	
Real wage indices	-1.1	1.4	1.3	0.2	
Number of employees	-1.0	0.3	0.7	0.4	
Nominal compensation of employees*	-2.0	0.7	1.5	1.4	
Unemployment rate (%)	2.9	2.9	2.7	2.5	

*GDP base

【Goods prices】

	FY 2020 (actual)	forecast			Yr/Yr, %
		FY 2021 (forecast)	FY 2022 (forecast)	FY 2023 (forecast)	
Domestic corporate goods prices	-1.3	4.9	0.8	0.3	
excluding tax effects	-2.1	4.9	0.8	0.3	
Consumer prices	-0.3	-0.1	0.5	0.4	
excluding tax effects	-0.8	-0.1	0.5	0.4	
excluding freshfood	-0.5	-0.0	0.5	0.4	
excluding tax effects	-1.0	-0.0	0.5	0.4	
excluding food (excluding alcoholic beverages) and energy	0.0	-0.6	0.3	0.3	

【New housing starts】

	FY 2020 (actual)	forecast			Yr/Yr, %
		FY 2021 (forecast)	FY 2022 (forecast)	FY 2023 (forecast)	
New housing starts	81.2	87.4	89.0	90.0	
Owned	-8.1	7.6	1.8	1.2	
Rented	26.3	28.0	28.4	28.4	
Built for Sale	-7.1	6.5	1.2	0.1	
	30.3	33.9	34.5	35.1	
	-9.4	11.8	1.9	1.6	
	23.9	24.9	25.5	25.9	
	-7.9	4.0	2.4	1.8	

Economic Outlook for calendar 2020-2023
【GDP demand】

	CY 2020 (actual)	forecast			Yr/Yr, %
		CY 2021 (forecast)	CY 2022 (forecast)	CY 2023 (forecast)	CY 2023 (forecast)
Nominal GDP	-3.8	1.5	2.3	1.7	
Real GDP	-4.6	2.1	2.1	1.3	
Contribution of domestic demand	0.5	-3.9	1.3	2.2	
Private consumption	-5.9	1.5	1.9	0.8	
Housing investment	-7.1	0.3	2.8	1.5	
Private capital investment	-6.0	1.1	5.2	3.1	
Contribution of inventory investment	-0.1	-0.0	0.1	-0.0	
Government expenditure	3.0	1.4	0.5	0.5	
Government final consumption expenditure	2.8	1.8	0.7	0.6	
Public investment	3.6	-0.1	-0.4	0.0	
Contribution of external demand	-0.8	0.8	-0.1	0.2	
Export of goods and services	-11.7	13.6	7.1	5.1	
Import of goods and services	-7.3	8.5	7.3	3.9	
GDP deflator	0.9	-0.6	0.1	0.3	

【Overseas economy and market data】

	CY 2020 (actual)	forecast			Yr/Yr, %
		CY 2021 (forecast)	CY 2022 (forecast)	CY 2023 (forecast)	CY 2023 (forecast)
Real GDP (US) (CY)	-3.4	5.5	2.9	1.5	
Real GDP (Euro zone) (CY)	-6.5	4.8	4.8	1.9	
Real GDP (Asia)					
Real GDP (China)	2.3	8.5	5.5	5.4	
Yen/U.S.Dollar	106.8	108.2	106.9	105.8	
Uncollateralized call rates (O/N) (%)*	-0.035	-0.013	-0.010	0.020	
TIBOR (3months)	-0.033	-0.066	-0.041	0.050	
Newly issued government bond yields (10years) (%)	0.00	0.07	0.14	0.20	
WTI future price (near month contract, US dollar/barrel)	39.4	65.7	71.1	72.6	
North Sea Brent Crude (US dollar/barrel)	43.2	68.2	73.1	74.6	

* actual=average, forecast=end of period

【External demand (export and import)】

		forecast			Yr/Yr, %
	CY 2020 (actual)	CY 2021 (forecast)	CY 2022 (forecast)	CY 2023 (forecast)	
Value of exports (Yen base)	-11.1	23.5	6.6	3.2	
Ammount (Yr/Yr,%)	-11.8	16.1	4.9	2.9	
Value of imports (Yen base)	-13.7	25.5	9.3	2.5	
Ammount (Yr/Yr,%)	-6.4	9.2	4.6	1.3	
Balance (trillion yen)	0.6	-0.7	-2.9	-2.4	
Current account balance (trillion yen)	17.5	18.6	20.0	22.7	
balance on goods (trillion yen)	3.0	2.2	0.1	0.7	
balance on service (trillion yen)	-3.7	-3.9	-2.5	-1.4	
balance on income (trillion yen)	20.8	22.5	24.2	25.2	

【Corporations】

		forecast			Yr/Yr, %
	CY 2020 (actual)	CY 2021 (forecast)	CY 2022 (forecast)	CY 2023 (forecast)	
Industrial production	-10.4	8.7	3.8	1.5	
Inventory index	-8.4	1.6	2.2	1.5	
Sales*	-10.3	4.3	4.9	2.3	
Ordinary Profits	-27.3	32.6	9.0	6.1	

【Income and employment】

		forecast			Yr/Yr, %
	CY 2020 (actual)	CY 2021 (forecast)	CY 2022 (forecast)	CY 2023 (forecast)	
Income per capita	-1.2	0.1	0.6	0.6	
Scheduled	0.2	0.5	0.3	0.3	
Non-scheduled	-12.1	4.4	1.9	0.5	
Real wage indices	-1.1	0.7	2.0	0.2	
Number of employees	-0.5	0.1	0.5	0.5	
Nominal compensation of employees*	-1.5	0.7	1.2	1.4	
Unemployment rate (%)	2.8	2.9	2.8	2.5	

*GDP base

【Goods prices】

	CY 2020 (actual)	forecast			Yr/Yr, %
		CY 2021 (forecast)	CY 2022 (forecast)	CY 2023 (forecast)	
Domestic corporate goods prices (Yr/Yr,%)	-1.2	3.9	1.6	0.3	
excluding tax effects	-2.4	4.0	1.7	0.2	
Consumer prices	-0.0	-0.2	0.4	0.4	
excluding tax effects	-0.8	-0.2	0.4	0.4	
excluding freshfood	-0.2	-0.1	0.3	0.4	
excluding tax effects	-0.9	-0.1	0.3	0.4	
excluding food (excluding alcoholic beverages) and energy	0.2	-0.4	0.0	0.3	

【New housing starts】

	CY 2020 (actual)	forecast			Yr/Yr, %
		CY 2021 (forecast)	CY 2022 (forecast)	CY 2023 (forecast)	
New housing starts	81.9	86.2	88.5	89.8	
Owned	-10.1	5.2	2.7	1.5	
Rented	26.3	28.0	28.3	28.4	
Built for Sale	-9.7	6.5	1.0	0.4	
	30.9	33.0	34.3	34.9	
	-10.6	6.9	3.9	1.8	
	24.1	24.6	25.3	25.9	
	-10.4	2.4	2.8	2.1	

【Corporations】

		FY 2020				FY 2021				FY 2022				FY 2023				
		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, %)	-16.8	9.0	5.7	2.9	1.1	0.6	2.5	1.0	0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	(Yr/Yr, %)	-20.3	-13.0	-3.5	-1.0	19.9	10.3	7.5	5.5	4.2	3.8	1.8	1.4	1.6	1.5	1.6	1.5	1.5
Inventory index	(Qr/Qr, %)	-4.1	-3.2	-1.6	-1.3	0.9	0.2	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.4
	(Yr/Yr, %)	-3.3	-5.7	-8.4	-9.8	-5.0	-0.1	1.6	2.3	1.7	2.5	2.2	0.9	0.8	1.4	1.5	1.4	1.4
Sales		-17.7	-11.5	-4.5	-3.0	8.9	6.7	5.7	6.3	5.4	4.4	3.5	2.8	2.3	2.1	2.0	1.8	1.8
Ordinary profits		-46.6	-28.4	-0.7	26.0	66.3	35.6	13.6	10.5	9.6	8.9	6.9	6.5	5.9	6.1	6.0	5.9	5.9

*Forecast starts from 2021 4-6.

【Income and employment】

		FY 2020				FY 2021				FY 2022				FY 2023				
		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		-1.7	-1.3	-2.1	-0.4	0.9	0.2	-0.2	0.7	0.7	0.4	0.4	0.3	0.8	0.6	0.8	0.5	0.5
	Scheduled	0.1	0.0	0.1	0.5	0.6	0.4	0.5	0.4	0.3	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4
	Non-scheduled	-21.2	-14.3	-10.5	-6.9	13.9	7.3	5.3	3.3	2.3	1.3	0.8	0.6	0.6	0.4	0.4	0.3	0.3
Real wage indices		-1.8	-1.5	-1.0	0.1	0.9	0.6	1.2	3.1	3.0	2.4	-0.0	-0.1	0.3	0.1	0.4	0.0	0.0
Number of employees		-1.1	-1.3	-0.7	-0.7	0.6	0.4	0.1	-0.0	0.7	0.8	0.7	0.6	0.5	0.5	0.4	0.3	0.3
Nominal compensation of employees*		-2.3	-2.3	-2.6	-0.4	1.9	0.8	0.2	-0.1	1.7	1.5	1.6	1.2	1.5	1.3	1.4	1.3	1.3
Unemployment rate (%)		2.7	3.0	3.0	2.8	2.9	3.0	3.0	2.9	2.8	2.8	2.7	2.6	2.6	2.5	2.5	2.4	2.4

※GDP base

【Goods prices】

		FY 2020				FY 2021				FY 2022				FY 2023				
		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		-2.3	-0.8	-2.1	-0.3	4.6	5.5	5.8	3.7	1.8	0.6	0.5	0.3	0.2	0.2	0.2	0.4	0.4
	excluding tax effects	-3.8	-2.4	-2.1	-0.3	4.6	5.5	5.8	3.8	1.8	0.6	0.5	0.2	0.2	0.2	0.2	0.4	0.4
Consumer prices		0.1	0.0	-0.9	-0.5	-0.7	-0.3	0.7	-0.1	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	excluding tax effects	-0.9	-1.0	-0.9	-0.5	-0.7	-0.3	0.7	-0.1	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	excluding freshfood	-0.1	-0.3	-0.9	-0.5	-0.6	0.0	0.6	-0.1	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	excluding tax effects	-1.1	-1.3	-0.9	-0.5	-0.6	0.0	0.6	-0.1	0.7	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
excluding food (excluding alcoholic beverages) and energy		0.4	0.0	-0.3	0.0	-0.9	-0.5	-0.5	-0.7	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3

【New housing starts】

		FY 2020				FY 2021				FY 2022				FY 2023				
		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		80.9	81.3	80.5	83.0	87.5	87.0	87.4	87.8	88.3	88.8	89.2	89.5	89.8	89.9	90.0	90.1	90.1
		-12.4	-10.1	-7.0	-1.6	8.1	7.0	9.0	6.2	0.9	2.1	2.2	2.1	1.6	1.3	1.0	0.8	0.8
	Owned	25.0	25.8	26.9	28.0	27.9	28.0	28.0	28.1	28.2	28.3	28.4	28.4	28.4	28.4	28.3	28.3	28.3
		-18.2	-9.9	-0.9	3.4	11.7	8.4	4.5	1.2	1.0	1.2	1.4	1.4	0.6	0.2	-0.1	-0.3	-0.3
	Rented	30.9	30.9	29.3	30.6	33.9	33.7	33.9	34.0	34.2	34.4	34.6	34.8	34.9	35.0	35.1	35.1	35.1
		-11.9	-9.7	-10.4	-5.1	10.0	9.1	16.3	11.8	0.9	2.0	2.3	2.5	2.1	1.6	1.5	1.2	1.2
	Built for Sale	24.4	24.0	23.3	24.0	25.0	24.6	24.9	25.1	25.2	25.4	25.6	25.7	25.8	25.9	26.0	26.1	26.1
	-6.0	-11.7	-11.4	-1.9	2.1	2.9	6.9	4.5	0.7	3.3	3.0	2.6	2.2	2.0	1.7	1.4	1.4	

- This document and any content and information contained herein are provided for information purposes only and do not constitute an offer to sell or the solicitation of an offer to buy any securities or financial instruments.
- This document and the content and information contained herein are based on information that we believe is reasonably reliable. However, this document and any and all content and information contained herein are provided “as is” and “as available”. Mitsubishi UFJ Research and Consulting Co., Ltd. (MURC) makes no warranties of any kind regarding the document or any and all content and information contained herein. Under no circumstances shall MURC, its directors, officers, employees, or representatives be liable to you for direct, indirect, incidental, consequential, special, punitive, or exemplary damages arising from this document and the content and information contained herein.
- This document and any and all content and information herein are protected by copyrights, trademarks, service marks, international treaties, and/or proprietary rights under any applicable laws. Unless otherwise permitted by law, you may not copy, reproduce, publish, upload, or transmit any or all of this document or any content or information contained herein without the written consent of MURC.