

Report

The Japanese Economy in Fiscal 2025 and Fiscal 2026

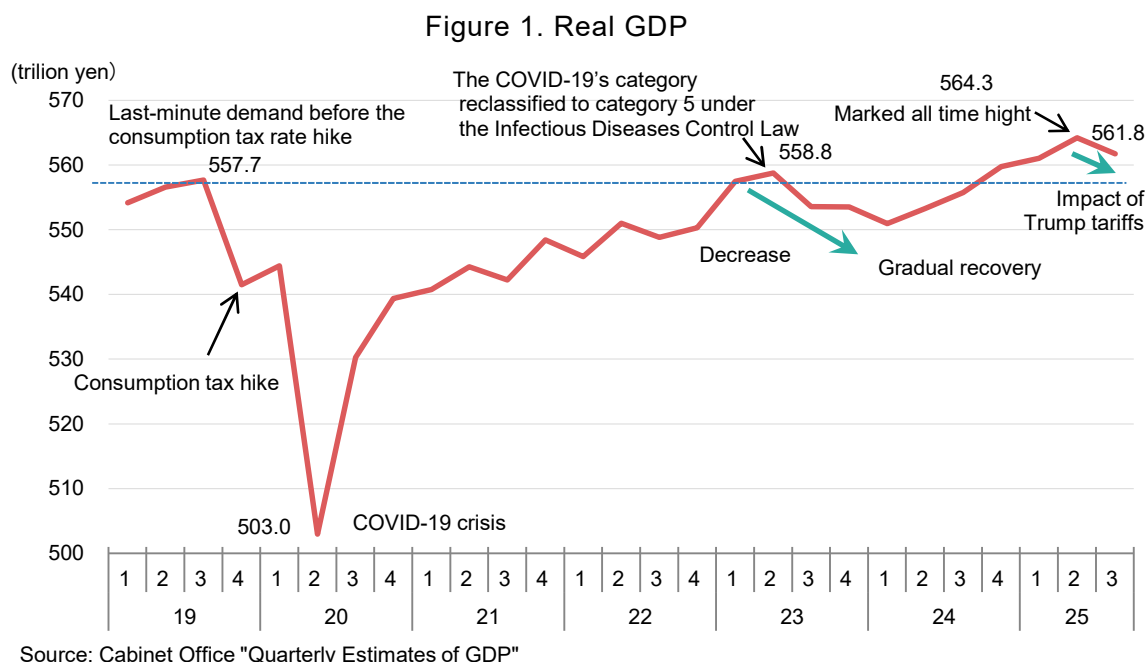
—Recovery to Continue Despite Residual Downside Risks—

1. Current State of the Economy – Recovery Maintained Despite Heightened Downside Risks

Impact of Trump Tariffs Materializes, Leading to First Negative Growth in Six Quarters

According to the first preliminary estimates released on November 17, real GDP growth for the July–September quarter of 2025 declined by 0.4% quarter-on-quarter (annualized growth rate of –1.8%), marking the first period of negative growth in six quarters. The contraction was primarily driven by the full-scale impact of the Trump tariffs and a sharp drop in private residential investment due to regulatory changes.

Meanwhile, private consumption and capital investment—the core pillars of domestic demand—remained on an upward trend. Despite growing concerns over downside risks triggered by falling exports, signs of economic recovery have been maintained.



Private Consumption Continues to Struggle Amid Elevated Prices

Looking at the breakdown of major demand categories, real private consumption increased slightly by 0.1% from the previous quarter, marking six consecutive quarters of positive growth and maintaining a moderate upward trend. However, compared to the steady rise in household

income—real compensation of employees grew by 0.6% quarter-on-quarter—the pace of consumption growth remained weak. Consumer frugality, reinforced by persistent price increases, continued to weigh on spending.

By category, durable goods such as automobiles and home appliances fell by 1.3% quarter-on-quarter, while semi-durable goods, including clothing and personal items, edged down by 0.1% quarter-on-quarter. In contrast, non-durable goods such as food, energy, and daily necessities rose marginally by 0.2% quarter-on-quarter, supported by strong demand for beverages, including alcoholic drinks, amid the summer heat. Services also increased slightly by 0.1% quarter-on-quarter, buoyed by robust dining-out demand.

Real private residential investment plunged by 9.4% quarter-on-quarter. Housing starts surged toward the previous fiscal year-end ahead of mandatory compliance with new energy-saving standards, but demand dropped sharply after April, and the lagged effect of this reversal became evident in the July–September quarter.

In the corporate sector, real capital investment rose by 1.0% from the previous quarter, marking the fourth consecutive quarterly increase. Despite rising construction costs, appetite for corporate investment remained firm, supported by labor shortages and ample cash flow, with the increase driven mainly by software and related investments. Real private inventory investment contributed –0.2 percentage points to growth, reflecting the ongoing reversal of the large positive contribution seen in the January–March quarter.

Real government consumption increased by 0.5% quarter-on-quarter, driven by higher medical expenses amid population aging. Real public investment edged up by 0.1%, constrained by rising construction costs.

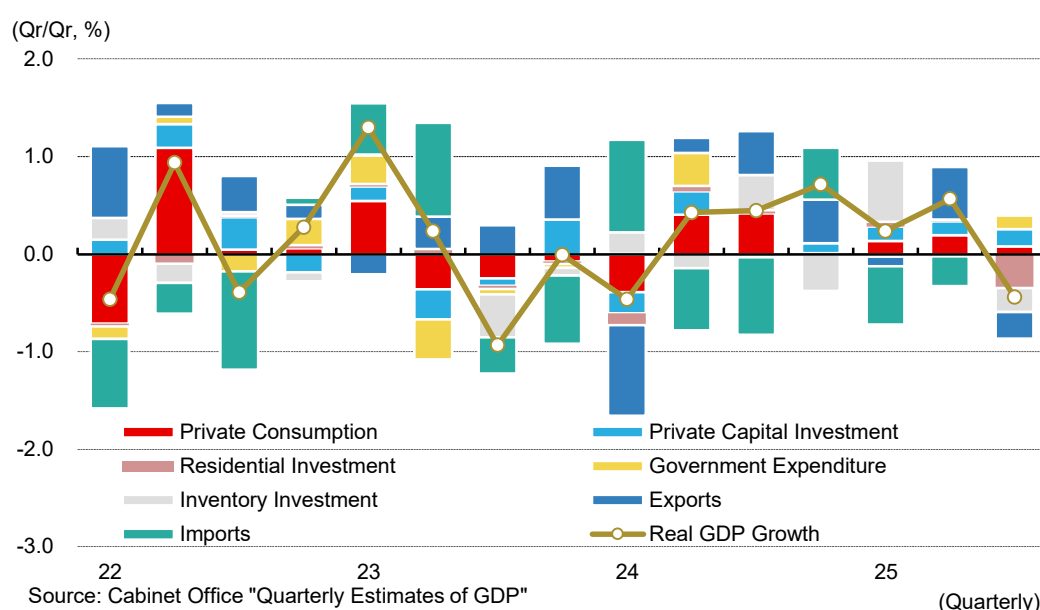
As a result, domestic demand contributed –0.2 percentage points to growth, turning negative for the first time in three quarters, while external demand contributed –0.2 percentage points, marking its first negative contribution in two quarters.

Real exports, closely watched as the full-scale impact of the Trump tariffs materialized, fell by 1.2% quarter-on-quarter, resulting in a relatively small decline. Among goods exports, shipments of passenger cars to the United States fell sharply, while strong demand for IT-related goods such as electronic components and devices, supported by rising AI-related demand, helped keep the decline relatively small at –0.8%. Service exports fell by 2.1% from the previous quarter, outpacing the decline in goods. Demand from inbound tourists dropped by 1.6% quarter-on-quarter, as rumors of natural disasters led to a sharp decrease in visitors from Hong Kong and other regions. In addition, receipts from royalties on intellectual property, such as patents, also declined. Real imports decreased by 0.1% quarter-on-quarter, mainly due to lower imports of crude oil and natural gas, providing a slight positive contribution to growth (because restrained import growth

acts as a factor boosting net exports, thereby contributing positively to GDP growth).

Nominal GDP grew by a modest 0.1% quarter-on-quarter (annualized growth rate of +0.5%), maintaining positive growth. The GDP deflator, a measure of comprehensive price trends in the economy as a whole, rose by 2.8% year-on-year, down from the peak of 3.3% in the January–March quarter but still at a high level (seasonally adjusted quarter-on-quarter: +0.6%). Continued price increases for goods such as food, as well as rising costs in construction, logistics, and other sectors, have contributed to this upward trend.

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



2. Economic Outlook for Fiscal 2025 and Fiscal 2026 – Moderate Recovery to Continue Despite Residual Downside Risks

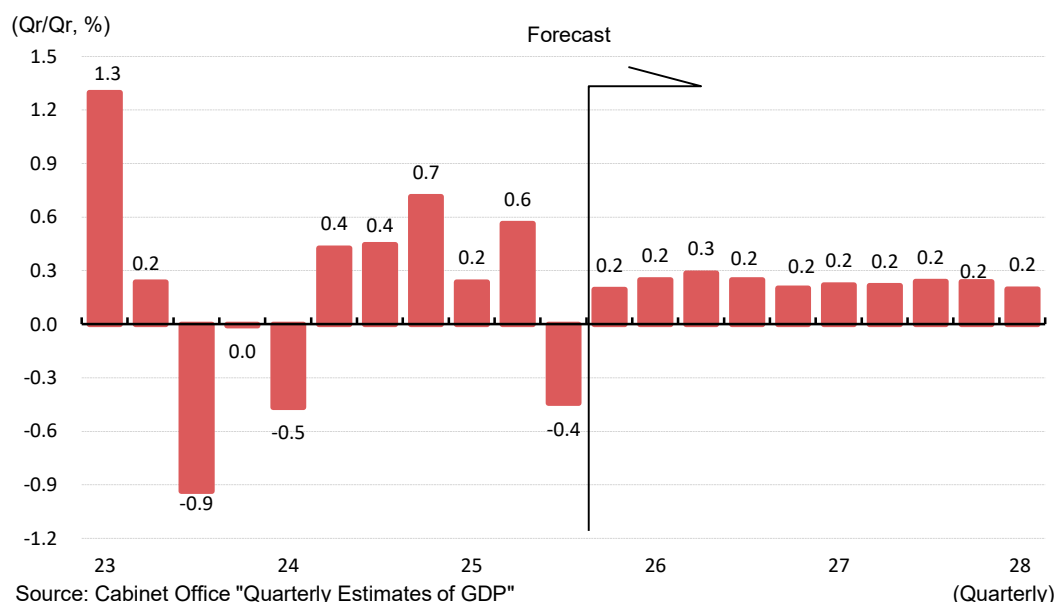
Positive Growth Expected to Resume in the October–December Quarter of 2025

Real GDP is projected to return to positive growth in the October–December quarter, rising by 0.2% quarter-on-quarter (Figure 3). Although the negative impact of the Trump tariffs is by no means negligible and exports are likely to stay subdued for some time, the reduction in reciprocal tariffs—from the initially announced 25% to 15%, including automobiles—should gradually stem the decline, mitigating the risk of a sharp downturn triggered by weak export performance.

The decline in private residential investment is likely to be temporary, while private consumption and capital investment should remain resilient. Private consumption will be supported by favorable income conditions, including robust winter bonuses, easing inflationary pressures, and wealth effects from rising stock prices. Capital investment will continue to benefit from ample cash flow and severe labor shortages, sustaining strong corporate investment appetite.

Nevertheless, even if exports bottom out, they will lack sufficient momentum to drive the economy, leaving domestic demand as the primary determinant of economic trends going forward.

Figure 3. Real GDP growth rate (Quarterly)



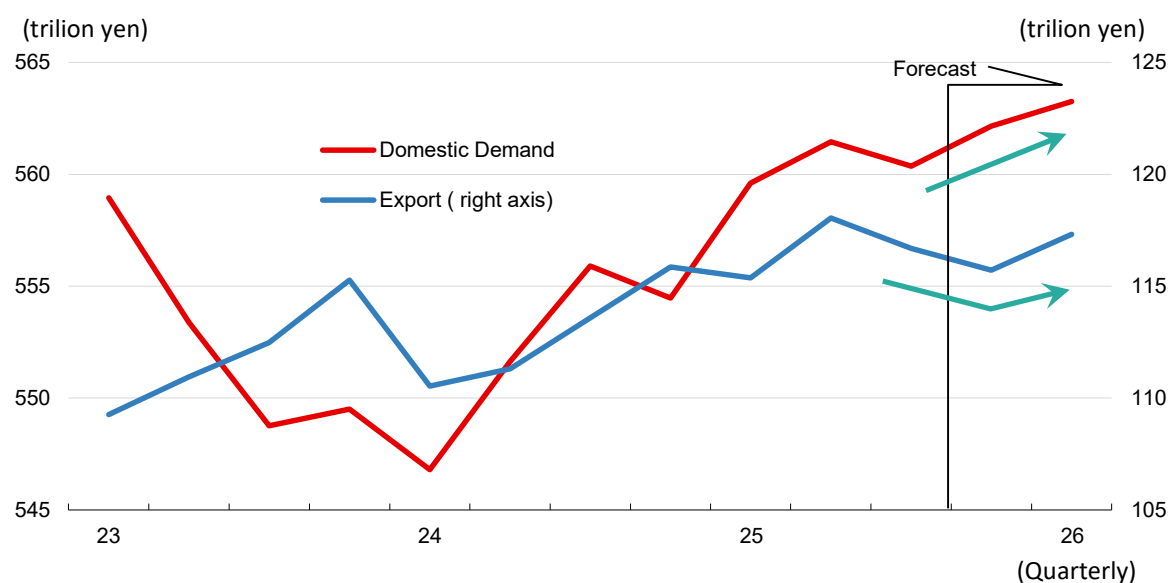
Ongoing Domestic Demand Recovery to Avert Economic Downturn

Regarding domestic demand, in addition to maintaining the favorable income environment for households—underpinned by high wage increases in the spring labor negotiations and higher bonus payments—the moderation of the pace of price increases is expected to sustain consumer sentiment, thereby supporting a continued upward trend in private consumption. Government measures such as the abolition of the provisional gasoline tax, subsidies for electricity and gas bills, and distribution of rice coupons will provide temporary support to private consumption. Strong demand for IT-related investment to address labor shortages, along with research and development and environmental investments that are less sensitive to economic cycles, is expected to continue underpinning capital spending.

On the external front, exports to the United States—especially automobiles—are expected to remain subdued even after bottoming out. However, the risk that deteriorating performance in export industries, particularly the automotive sector, will lead to severe restructuring such as cuts in domestic capital investment, employment, or wages is considered low, and spillover effects on domestic demand should be limited. Figure 4 illustrates trends in domestic demand and exports within real GDP. Exports, which turned downward in the July–September quarter, may bottom out by year-end but are expected to remain sluggish, reflecting the lingering impact of the Trump tariffs and the delayed recovery of exports to Asia, including China. In contrast, domestic demand is projected to have bottomed out in the July–September quarter and to recover gradually toward

the fiscal year-end

Figure 4. Trends in Domestic Demand and Exports



Source: Cabinet Office "Quarterly Estimates of GDP"

Fiscal 2025 to Mark Fifth Consecutive Year of Positive Growth

Real GDP growth for fiscal 2025 is projected at +1.0% year-on-year, marking the fifth consecutive year of positive growth. However, excluding the carry-over effect (+0.6%) from the weaker recovery momentum in the first half of the fiscal year, the underlying growth rate is limited to +0.4%. The contribution of domestic demand is expected to be +1.2 percentage points, while that of net exports of goods and services is -0.1 percentage points, indicating that the recovery will continue to be driven by domestic demand.

On a quarterly basis, positive quarter-on-quarter growth is expected to continue in the January–March quarter after posting positive growth in the October–December quarter. Exports are projected to shift from bottoming out to a flat trend, ceasing to be a drag on the economy but also lacking the strength to drive the recovery. Consequently, economic trends will be determined by domestic demand. The continued upward trajectory of private consumption and capital investment should help avert a sharp downturn. Although both long- and short-term interest rates are rising amid monetary policy normalization, the increase remains moderate. In addition, stronger corporate balance sheets are helping to limit any dampening effect on capital investment.

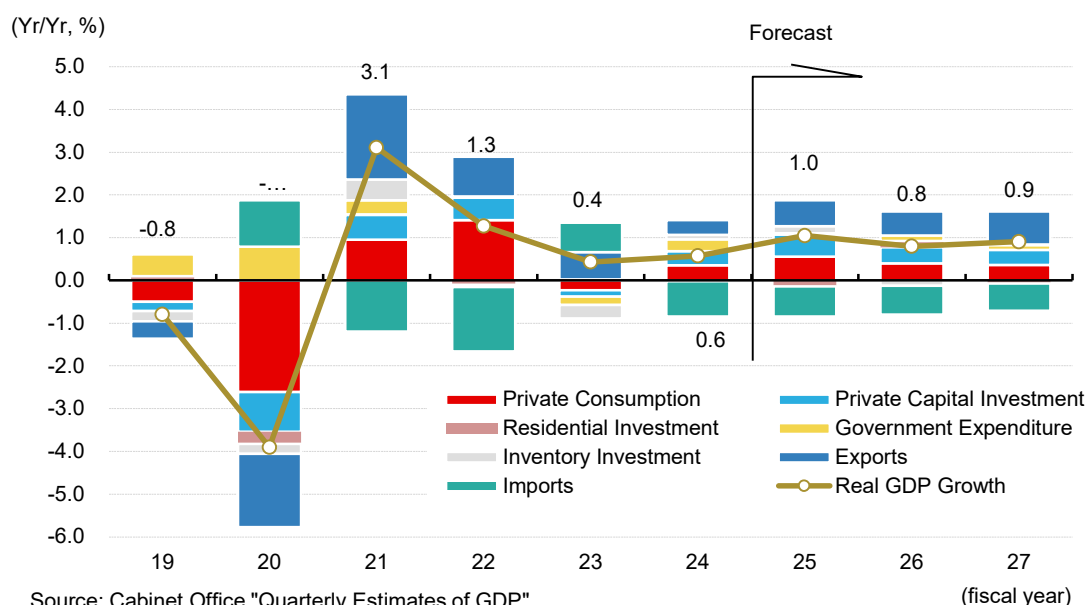
Fiscal 2026 May See Record-Long Postwar Expansion

The positive trend is expected to continue into fiscal 2026, supported by price stability and a recovering global economy. Real GDP growth is projected at +0.8% year-on-year in fiscal 2026 and +0.9% in fiscal 2027. Although moderate, the virtuous cycle of income growth and private consumption in households, alongside profit growth, capital investment and increased

employment in corporations, is expected to persist.

Assuming the economic trough occurred in May 2020 and no subsequent peak has been reached, the ongoing recovery would allow the expansion phase to match the 71-month Abenomics expansion (December 2012–October 2018) by April 2026 and surpass the 73-month Koizumi-era expansion (February 2002–February 2008) by July. However, given the slow pace of recovery, public perception of a record-breaking expansion is unlikely to be strong.

Figure 5. Real GDP growth rate by demand (Fiscal year)



Remaining Downside Risks to the Economic Outlook

Nevertheless, achieving a record-long postwar expansion will not be an easy path.

First, the impact of President Trump's policies on the global and U.S. economies remains a significant source of uncertainty. While a tentative agreement in U.S.–China tariff negotiations has averted the worst-case scenario of escalating trade friction and a global downturn, risks of renewed confrontation remain. Signs of deterioration in the U.S. labor market have heightened uncertainty over the U.S. economic outlook. Continued vigilance is required regarding the risk of a U.S. economic downturn due to higher prices resulting from tariff hikes.

Sluggish private consumption due to elevated prices is also a concern. While the pace of price increases for energy has slowed as international commodity markets stabilize, prices for consumer goods—especially food—continue to rise, negatively affecting consumer sentiment. The recent depreciation of the yen could push up import prices, and rising labor and logistics costs may accelerate price increases in the services sector, with upward pressure also emerging on previously stable rents. Although government measures to counter rising prices may temporarily lower energy costs, these are only stopgap solutions, and inflation would reaccelerate once their effects

fade. If households become even more focused on saving, private consumption could decline again, posing a risk to the virtuous cycle of growth and distribution that has been sustained, albeit moderately.

Other downside risks include the possibility that rising interest rates could dampen demand for new capital investment and home purchases, as well as supply constraints stemming from labor shortages. Recently, following Prime Minister Takaichi's statement in the Diet that a Taiwan contingency could constitute a "survival-threatening situation" for Japan, the Chinese government has called for its citizens to refrain from traveling to Japan, leading to a decline in inbound tourism. Should this impact persist, there are concerns about negative effects on the economy—particularly on regional economies—through reduced demand from inbound tourists.

If these negative factors intensify, not only could the recovery momentum weaken, but it could also raise concerns of a slowdown even amid a global upturn.

Potential Side Effects of Economic Stimulus Measures

Expectations are rising, particularly in the stock market, that the Takaichi administration's economic stimulus measures will boost the economy through fiscal expansion. Among the measures under consideration, those aimed at countering rising prices are expected to temporarily support private demand, and the front-loading of defense spending will contribute to increased public investment, generating a certain degree of economic impact. However, the short-term effects of crisis management and growth investments are likely to be limited, and there are risks of side effects from fiscal deterioration, so these have not been explicitly factored into our current outlook.

In fact, speculation about increased issuance of deficit-financing bonds and concerns that large-scale stimulus amid supply constraints could heighten inflationary pressures have pushed up long-term interest rates, with the yield on newly issued 10-year government bonds rising to the mid-1.7% range—a 17-year high. While concerns over yen depreciation are mounting, unfavorable interest rate hikes could weaken the currency, pushing up import prices and fueling inflation.

As rising interest rates and prices could ultimately suppress demand, it is essential that economic stimulus measures and the formulation of the fiscal 2026 budget take full account of developments in financial markets.

Economic Outlook for calendar 2024-2027

【GDP demand】

	FY 2024 (actual)	forecast			Yr/Yr、 %
		FY 2025 (forecast)	FY 2026 (forecast)	FY 2027 (forecast)	
Nominal GDP	3.7	3.8	2.2	2.3	
Real GDP	0.6	1.0	0.8	0.9	
Contribution of domestic demand	1.1	1.2	0.9	0.8	
Private consumption	0.7	1.0	0.7	0.7	
Housing investment	-0.6	-3.9	4.3	-2.0	
Private capital investment	1.9	3.0	2.1	2.0	
Contribution of inventory investment	0.1	0.2	-0.1	0.0	
Government expenditure	1.1	0.1	0.5	0.5	
Government final consumption expenditure	1.2	0.2	0.5	0.5	
Public investment	0.6	0.1	0.3	0.3	
Contribution of external demand	-0.5	-0.1	-0.1	0.1	
Export of goods and services	1.5	2.7	2.5	3.4	
Import of goods and services	3.5	2.9	2.9	2.8	
GDP deflator	3.1	2.7	1.4	1.4	

【Overseas economy and market data】

	FY 2024 (actual)	forecast			Yr/Yr、 %
		FY 2025 (forecast)	FY 2026 (forecast)	FY 2027 (forecast)	
Real GDP (US) (CY)	2.8	2.0	1.5	0.7	
Real GDP (Euro zone) (CY)	0.8	1.4	1.0	0.6	
Real GDP (Asia)					
Real GDP (China)	5.0	4.9	4.0	4.2	
Yen/U.S.Dollar	152.5	148.5	149.6	147.8	
Uncollateralized call rates (O/N) (%)*	0.225	0.520	0.895	0.980	
TORF (3months)	0.271	0.567	0.950	1.050	
Newly issued government bond yields (10years) (%)	1.08	1.60	1.85	1.95	
WTI future price (near month contract, US dollar/barrel)	74.3	61.4	57.0	57.0	
North Sea Brent Crude (US dollar/barrel)	78.1	65.0	61.0	61.0	

* actual=average, forecast=end of period

【External demand (export and import)】

	FY 2024 (actual)	forecast			Yr/Yr、%
		FY 2025 (forecast)	FY 2026 (forecast)	FY 2027 (forecast)	
Value of exports (Yen base)	5.9	0.1	1.9	1.5	
Ammount (Yr/Yr,%)	-2.4	-1.6	0.8	1.8	
Value of imports (Yen base)	4.7	-1.0	1.4	0.6	
Ammount (Yr/Yr,%)	-0.3	3.8	0.8	1.0	
Balance (trillion yen)	-5.2	-4.1	-3.5	-2.5	
Current account balance (trillion yen)	29.5	30.5	30.6	32.3	
balance on goods (trillion yen)	-4.0	-0.5	0.4	1.4	
balance on service (trillion yen)	-2.6	-3.7	-4.0	-4.4	
balance on income (trillion yen)	40.8	40.3	39.2	40.2	

【Corporations】

	FY 2024 (actual)	forecast			Yr/Yr、%
		FY 2025 (forecast)	FY 2026 (forecast)	FY 2027 (forecast)	
Industrial production	-1.4	0.4	0.5	0.6	
Inventory index	-0.7	-0.9	0.2	0.4	
Sales	3.3	0.6	1.4	1.7	
Ordinary Profits	7.2	-0.8	4.0	5.4	

【Income and employment】

	FY 2024 (actual)	forecast			Yr/Yr、%
		FY 2025 (forecast)	FY 2026 (forecast)	FY 2027 (forecast)	
Income per capita	3.0	2.5	2.2	2.2	
Scheduled	2.1	2.1	2.1	2.1	
Non-scheduled	0.6	1.1	0.6	0.4	
Real wage indices	-0.5	-0.9	0.3	0.0	
Number of employees	0.9	0.7	0.3	0.3	
Nominal compensation of employees*	4.6	3.4	2.6	2.5	
Unemployment rate (%)	2.5	2.5	2.4	2.3	

*GDP base

【Goods prices】

	FY 2024 (actual)	forecast		Yr/Yr、%
		FY 2025 (forecast)	FY 2026 (forecast)	
Domestic corporate goods prices	3.3	2.0	-0.4	0.8
excluding tax effects	3.4	1.9	-0.3	0.8
Consumer prices	3.0	2.9	1.7	1.9
excluding freshfood	2.7	2.9	1.6	1.9
excluding food (excluding alcoholic beverages) and energy	2.3	3.2	2.1	2.0

【New housing starts】

	FY 2024 (actual)	forecast		annualized, ten thousand units Yr/Yr、%
		FY 2025 (forecast)	FY 2026 (forecast)	
New housing starts	81.6	70.5	75.9	75.7
	2.0	-13.6	7.6	-0.3
Owned	22.3	19.5	21.1	21.1
	1.6	-12.7	8.4	-0.1
Rented	35.7	30.7	33.4	33.3
	4.9	-13.9	8.7	-0.4
Built for Sale	23.0	19.7	20.9	20.8
	-2.3	-14.2	6.0	-0.3

Economic Outlook for calendar 2024-2027

【GDP demand】

	CY 2024 (actual)	forecast			Yr/Yr, %
		CY 2025 (forecast)	CY 2026 (forecast)	CY 2027 (forecast)	
Nominal GDP	2.9	4.3	2.4	2.3	
Real GDP	-0.2	1.4	0.7	0.9	
Contribution of domestic demand	0.3	-0.1	1.6	0.8	
Private consumption	-0.2	1.2	0.8	0.7	
Housing investment	-2.3	-2.0	2.7	-1.2	
Private capital investment	0.7	3.0	2.4	2.0	
Contribution of inventory investment	-0.1	0.4	-0.2	0.0	
Government expenditure	0.3	0.3	0.5	0.5	
Government final consumption expenditure	0.8	0.3	0.5	0.5	
Public investment	-1.6	0.6	0.2	0.4	
Contribution of external demand	-0.1	-0.2	-0.1	0.1	
Export of goods and services	0.7	3.3	2.1	3.4	
Import of goods and services	1.0	4.1	2.6	2.9	
GDP deflator	3.1	2.9	1.7	1.4	

【Overseas economy and market data】

	CY 2024 (actual)	forecast			Yr/Yr, %
		CY 2025 (forecast)	CY 2026 (forecast)	CY 2027 (forecast)	
Real GDP (US) (CY)	2.8	2.0	1.5	0.7	
Real GDP (Euro zone) (CY)	0.8	1.4	1.0	0.6	
Real GDP (Asia)					
Real GDP (China)	5.0	4.9	4.0	4.2	
Yen/U.S.Dollar	151.5	149.2	149.9	148.3	
Uncollateralized call rates (O/N) (%)*	0.120	0.463	0.812	0.980	
TORF (3months)	0.159	0.512	0.861	1.050	
Newly issued government bond yields (10years) (%)	0.89	1.52	1.81	1.93	
WTI future price (near month contract, US dollar/barrel)	75.7	65.0	57.0	57.0	
North Sea Brent Crude (US dollar/barrel)	79.8	68.4	61.0	61.0	

* actual=average, forecast=end of period

【External demand (export and import)】

	CY 2024 (actual)	forecast			Yr/Yr, %
		CY 2025 (forecast)	CY 2026 (forecast)	CY 2027 (forecast)	
Value of exports (Yen base)	6.2	2.3	1.1	1.6	
Ammount (Yr/Yr,%)	-2.6	-0.9	-0.4	1.9	
Value of imports (Yen base)	2.1	0.5	1.2	0.5	
Ammount (Yr/Yr,%)	-2.6	4.0	1.1	1.0	
Balance (trillion yen)	-5.6	-3.8	-3.9	-2.7	
Current account balance (trillion yen)	28.7	31.2	30.0	31.8	
balance on goods (trillion yen)	-3.7	-1.7	0.0	1.2	
balance on service (trillion yen)	-2.8	-3.4	-3.9	-4.3	
balance on income (trillion yen)	39.7	41.8	39.0	39.8	

【Corporations】

	CY 2024 (actual)	forecast			Yr/Yr, %
		CY 2025 (forecast)	CY 2026 (forecast)	CY 2027 (forecast)	
Industrial production	-2.6	0.5	0.4	0.7	
Inventory index	-1.9	4.8	0.7	0.4	
Sales*	2.7	1.8	0.9	1.7	
Ordinary Profits	10.0	0.5	2.1	5.5	

*Forecast starts from CY 2023.

【Income and employment】

	CY 2024 (actual)	forecast			Yr/Yr, %
		CY 2025 (forecast)	CY 2026 (forecast)	CY 2027 (forecast)	
Income per capita	2.8	2.4	2.3	2.2	
Scheduled	2.1	1.9	2.2	2.1	
Non-scheduled	0.0	1.1	0.7	0.4	
Real wage indices	-0.3	-1.2	0.2	0.1	
Number of employees	0.8	0.9	0.3	0.4	
Nominal compensation of employees*	4.1	3.8	2.6	2.5	
Unemployment rate (%)	2.5	2.5	2.4	2.4	

*GDP base

【Goods prices】

	CY 2024 (actual)	forecast			Yr/Yr, %
		CY 2025 (forecast)	CY 2026 (forecast)	CY 2027 (forecast)	
Domestic corporate goods prices (Yr/Yr,%)	2.4	3.1	-0.6	0.8	
excluding tax effects	2.5	3.1	-0.6	0.8	
Consumer prices	2.7	3.2	1.8	1.9	
excluding freshfood	2.6	3.1	1.7	1.8	
excluding food (excluding alcoholic beverages) and energy	2.4	3.1	2.4	2.0	

【New housing starts】

	CY 2024 (actual)	forecast			Yr/Yr, %
		CY 2025 (forecast)	CY 2026 (forecast)	CY 2027 (forecast)	
New housing starts	79.2	73.7	75.8	75.2	
	-3.3	-6.9	2.9	-0.8	
Owned	21.8	20.2	21.1	20.9	
	-2.8	-7.5	4.5	-0.6	
Rented	34.2	32.5	33.3	33.0	
	-0.5	-5.0	2.5	-1.0	
Built for Sale	22.5	20.5	21.0	20.8	
	-8.5	-9.0	2.5	-0.7	

Economic Outlook (Quarterly)

		FY 2024				FY 2025				FY 2026				FY 2027			
		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,%)	1.9	1.0	1.2	0.9	1.6	0.1	0.6	0.5	0.6	0.6	0.4	0.6	0.5	0.7	0.6	0.5
	Annualized rate	7.9	4.1	5.1	3.8	6.5	0.5	2.4	2.1	2.5	2.4	1.8	2.4	2.0	2.8	2.3	2.1
	(Yr/Yr,%)	2.2	3.1	4.1	5.2	4.9	3.9	3.2	3.2	1.8	2.3	2.2	2.5	2.2	2.3	2.3	2.4
Real GDP	(Qr/Qr,%)	0.4	0.4	0.7	0.2	0.6	-0.4	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
	Annualized rate	1.7	1.8	2.9	0.9	2.3	-1.8	0.8	1.0	1.2	1.0	0.8	0.9	0.9	1.0	1.0	0.8
	(Yr/Yr,%)	-1.0	0.5	1.0	1.8	2.0	1.1	0.6	0.6	0.2	1.0	1.0	1.0	0.9	0.9	0.9	0.9
Contribution of domestic demand (Qr/Qr,%)		0.9	0.8	-0.3	0.9	0.3	-0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Private consumption		0.7	0.8	0.0	0.3	0.4	0.1	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Housing investment		-0.7	0.7	0.8	1.8	1.3	0.8	1.0	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6
Private capital investment		1.5	0.8	-0.1	1.3	0.3	-9.4	2.5	3.0	3.6	1.0	-2.0	-0.5	-0.4	-0.3	-0.3	-0.3
Contribution of inventory investment (Qr/Qr,%)		-3.1	-1.6	-1.0	3.6	2.5	-7.9	-5.6	-4.0	-0.8	10.5	5.6	2.0	-1.9	-3.2	-1.5	-1.3
Government expenditure		1.4	-0.0	0.6	0.9	0.8	1.0	0.7	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Government final consumption expenditure		1.8	2.2	0.8	2.9	2.3	3.3	3.4	2.9	2.6	2.1	1.8	2.0	2.0	2.0	2.0	2.0
Public investment		-0.1	0.4	-0.4	0.6	0.0	-0.2	-0.0	-0.1	-0.0	-0.0	0.0	0.0	0.0	0.0	-0.0	-0.0
Contribution of external demand (Qr/Qr,%)		1.3	-0.1	-0.0	-0.1	-0.1	0.5	-0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Export of goods and services		1.0	1.1	1.1	1.1	-0.3	0.4	0.1	0.4	0.6	0.3	0.6	0.6	0.5	0.4	0.5	0.4
Import of goods and services		1.0	-0.1	0.3	-0.4	0.1	0.5	-0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1
GDP deflator (Yr/Yr,%)		1.5	1.2	1.6	0.8	-0.0	0.5	-0.0	0.5	0.6	0.2	0.6	0.6	0.5	0.4	0.5	0.5
Contribution of external demand (Qr/Qr,%)		2.6	-0.4	-0.7	0.5	-0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Export of goods and services		-0.9	0.8	0.1	2.0	-0.3	0.0	0.5	0.0	0.4	0.3	0.3	0.3	0.5	0.4	0.3	0.2
Import of goods and services		-0.5	-0.3	1.0	-0.7	0.2	-0.2	-0.1	0.1	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP deflator (Yr/Yr,%)		0.7	2.0	2.0	-0.4	2.3	-1.2	-0.8	1.4	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
GDP deflator (Yr/Yr,%)		0.7	1.1	0.3	4.3	6.2	2.8	0.1	1.8	0.1	2.3	4.0	3.5	3.5	3.4	3.3	3.3
GDP deflator (Yr/Yr,%)		2.7	3.3	-2.2	2.5	1.3	-0.1	-0.3	1.1	1.1	0.8	0.7	0.7	0.7	0.7	0.7	0.7
GDP deflator (Yr/Yr,%)		3.3	4.8	-0.3	6.5	5.0	1.4	3.5	1.9	1.8	2.8	3.7	3.3	2.9	2.7	2.7	2.8
GDP deflator (Yr/Yr,%)		3.3	2.6	3.1	3.3	2.9	2.8	2.6	2.6	1.5	1.3	1.2	1.5	1.3	1.4	1.4	1.4

【Overseas economy and market data】

		FY 2024				FY 2025				FY 2026				FY 2027			
		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,%)	3.6	3.3	1.9	-0.6	3.8	3.3	0.7	1.0	1.4	1.4	1.4	1.4	1.3	1.3	1.2	1.2
Real GDP (Euro zone)	(Annualized Qr/Qr rate,%)	0.9	1.6	1.7	2.3	0.5	0.9	0.8	1.1	1.1	1.2	1.2	1.5	1.5	1.5	1.5	1.2
Real GDP (Asia)	(Yr/Yr,%)																
Real GDP (China)	(Yr/Yr,%)	4.7	4.6	5.4	5.4	5.2	4.8	4.4	4.0	3.8	3.9	4.3	4.3	4.2	4.1	4.0	4.0
Yen/US Dollar		155.9	149.2	152.4	152.5	144.5	147.5	152.1	150.0	150.0	150.0	149.5	149.0	148.5	148.0	147.5	147.0
Uncollateralized call rates (O/N) (%)		0.077	0.177	0.227	0.417	0.478	0.477	0.479	0.647	0.720	0.900	0.980	0.980	0.980	0.980	0.980	0.980
TORF (3months)		0.104	0.200	0.307	0.472	0.489	0.514	0.571	0.693	0.750	0.950	1.050	1.050	1.050	1.050	1.050	1.050
Newly issued government bond yields (10years) (%)		0.93	0.93	1.01	1.43	1.40	1.56	1.67	1.75	1.80	1.85	1.85	1.90	1.90	1.95	1.95	2.00
WTI future price (near month contract, US dollar/barrel)		80.6	75.1	70.3	71.4	63.7	64.9	60.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0
North Sea Brent Crude (US dollar/barrel)		85.0	78.5	74.0	74.9	66.8	68.1	64.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0

* actual=average, forecast=end of period

【External demand (export and import)】

		FY 2024				FY 2025				FY 2026				FY 2027			
		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)		8.8	4.5	3.2	7.4	-0.0	0.4	1.7	-1.7	2.3	2.4	1.3	1.7	1.7	1.5	1.5	1.5
Ammount (Yr/Yr,%)		-3.5	-5.1	-0.9	0.2	1.6	-1.2	-3.8	-2.9	-2.1	0.8	2.5	2.2	1.9	1.8	1.8	1.8
Ammount (Qr/Qr,%)		-0.5	0.9	0.8	-0.2	-0.1	-2.4	-1.3	0.8	0.7	0.5	0.4	0.4	0.4	0.4	0.4	0.4
Value of imports (Yen base)		7.0	6.8	-0.5	5.8	-3.3	-3.4	3.2	-0.6	2.4	2.7	0.3	0.2	0.8	0.5	0.5	0.6
Ammount (Yr/Yr,%)		-3.5	-0.3	-0.4	3.3	5.7	3.3	3.9	2.4	-0.1	0.7	1.4	1.1	1.0	1.0	1.0	1.0
Ammount (Qr/Qr,%)		0.5	2.2	-1.4	2.0	2.9	-0.6	-0.4	0.5	0.4	0.2	0.3	0.2	0.3	0.2	0.3	0.2
Balance (trillion yen)		-1.5	-1.6	-0.5	-1.6	-0.6	-0.6	-0.9	-1.9	-0.7	-0.7	-0.7	-1.5	-0.4	-0.4	-0.4	-1.2
Current account balance (trillion yen)*		7.0	7.0	8.0	7.5	7.2	8.5	7.9	7.2	7.5	7.7	7.7	7.9	7.9	8.0	8.1	8.2
Balance on goods (trillion yen)*		-1.3	-0.9	-0.0	-1.5	-0.2	0.1	-0.1	-0.2	0.0	0.1	0.1	0.2	0.2	0.3	0.4	0.5
Balance on service (trillion yen)*		-0.8	-0.9	-0.1	-0.8	-0.4	-1.0	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.1	-1.1
Balance on income (trillion yen)*		10.1	10.1	9.4	11.0	9.5	10.8	10.2	9.6	9.7	9.8	9.8	9.9	9.9	10.0	10.0	10.1

*seasonally adjusted

【Corporations】

		FY 2024				FY 2025				FY 2026				FY 2027				Yr/Yr, %
		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	(Qtr/Qtr, %)	2.1	0.3	0.4	-0.3	0.4	0.1	-0.6	0.4	0.3	0.1	0.2	0.1	0.2	0.1	0.2	0.1	
	(Ytr/Ytr, %)	-3.3	-1.8	-1.5	1.0	0.9	0.7	-0.5	0.3	0.2	0.2	1.0	0.7	0.6	0.6	0.6	0.6	
Inventory index	(Qtr/Qtr, %)	-0.5	-0.1	-1.2	1.0	-2.8	0.7	0.8	0.5	0.1	-0.1	0.1	0.1	0.1	0.1	0.1	0.1	
	(Ytr/Ytr, %)	-2.6	-1.2	-1.9	-0.7	-3.1	-2.4	4.8	-0.9	2.1	1.3	0.7	0.2	0.2	0.4	0.4	0.4	
Sales		3.5	2.6	2.5	4.3	0.8	1.4	0.5	-0.2	1.2	1.1	1.6	1.7	1.7	1.7	1.7	1.7	
Ordinary profits		13.2	-3.3	13.5	3.8	0.2	5.3	-6.2	-1.5	-0.5	5.8	6.0	6.1	5.2	5.5	5.4	5.4	

*Forecast starts from 2023 10-12.

【Income and employment】

		FY 2024				FY 2025				FY 2026				FY 2027				Yr/Yr, %
		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		3.0	2.9	3.7	2.3	2.3	2.3	2.7	2.4	2.2	2.2	2.3	2.1	2.3	2.2	2.2	2.3	
	Scheduled	2.0	2.4	2.5	1.6	2.0	1.9	2.2	2.4	2.2	2.2	2.1	2.0	2.1	2.2	2.0	2.2	
	Non-scheduled	0.2	0.2	1.0	1.2	1.1	1.3	1.0	1.0	0.7	0.6	0.4	0.7	0.5	0.4	0.2	0.6	
Real wage indices		-0.2	-0.2	0.2	-2.0	-1.6	-1.0	-0.5	-0.3	0.3	0.2	0.5	0.1	0.1	0.0	0.0	0.1	
Number of employees		0.5	0.6	1.1	1.2	1.1	0.9	0.5	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	
Nominal compensation of employees*		4.3	4.0	5.6	4.4	3.9	3.8	3.1	2.9	2.6	2.7	2.4	2.7	2.6	2.6	2.4	2.6	
Unemployment rate (%)		2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3	

※GDP base

【Goods prices】

【Goods prices】										forecast		Yr/Yr, %					
	FY 2024				FY 2025				FY 2026				FY 2027				
	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																	
Consumer prices																	
excluding freshfood																	
excluding food (excluding alcoholic beverages) and energy																	

【New housing starts】

		FY 2024				FY 2025				FY 2026				FY 2027				annualized, ten thousand units Yr/Yr, %
		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		80.8	78.7	77.8	88.8	60.1	71.7	74.3	75.9	76.1	75.8	75.6	75.5	75.3	75.1	75.0	74.8	
		0.5	-2.0	-2.4	13.3	-25.6	-8.9	-4.8	-14.5	26.0	5.1	1.7	0.3	-0.3	-0.2	-0.1	-0.7	
	Owned	21.5	21.9	22.1	23.8	16.4	19.8	20.6	21.0	21.1	21.1	21.1	21.0	21.0	20.9	20.9	20.8	
		-6.0	-3.9	8.3	10.5	-23.4	-9.1	-6.7	-12.1	28.3	5.7	2.1	0.9	0.1	0.0	0.1	-0.7	
	Rented	35.0	34.5	32.8	40.4	26.4	31.0	32.2	33.2	33.5	33.3	33.2	33.1	33.0	32.9	32.8	32.7	
		2.9	2.5	-3.6	19.2	-24.3	-9.9	-2.4	-18.0	26.0	6.8	2.9	1.3	-0.3	-0.1	-0.2	-1.0	
	Built for Sale	23.6	21.7	22.2	24.1	16.3	20.5	21.0	21.2	21.0	20.9	20.9	20.8	20.8	20.8	20.8	20.8	
		2.2	-8.1	-10.5	7.6	-31.0	-6.2	-5.3	-11.7	28.3	1.8	-0.7	-1.5	-0.6	-0.4	-0.1	-0.2	

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