1 June 2026

Report

The Japanese Economy in Fiscal 2026 and Fiscal 2027

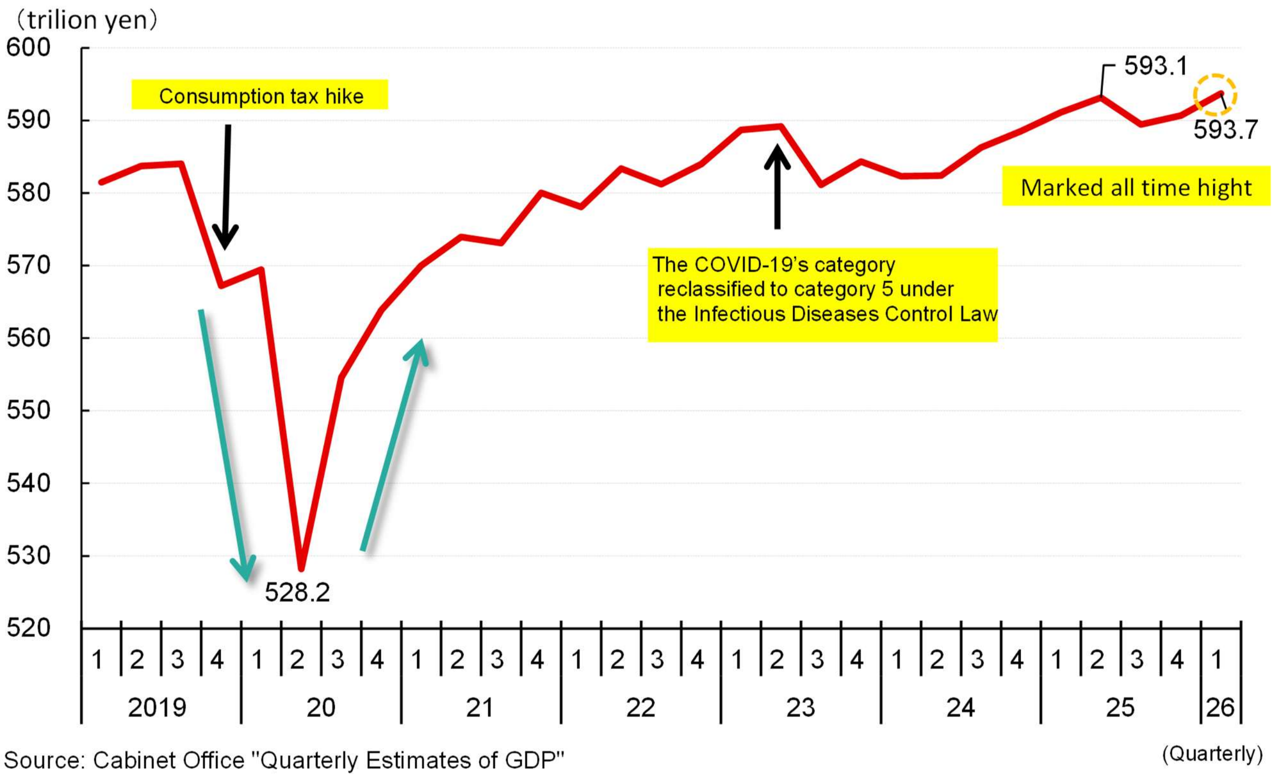
— Moderate Recovery Continues, but Iran Tensions Weigh on Near-Term Momentum —

I. Current Economic Conditions — Moderate Recovery Continues

Moderate Recovery Sustained, Marking Positive Growth for Two Consecutive Quarters

According to the first preliminary estimates of real GDP for the January–March quarter of 2026, released by the Cabinet Office on May 19, 2026, the Japanese economy recorded a quarter-on-quarter (QoQ) increase of +0.5% (annualized +2.1%), marking positive growth for the second consecutive quarter and reaching a record-high level (Figure 1). The main driver was a rebound in exports, particularly to the United States, which had previously declined due to the impact of the Trump tariffs. In addition, private consumption and capital investment both increased, underpinning solid domestic demand. The impact of heightened tensions in Iran since late February has so far been limited, and the data indicate that the domestic economy remains on a moderate recovery trajectory. As a result, real GDP for fiscal 2025 registered a year-on-year (YoY) increase of +0.8%, marking positive growth for the second consecutive year.

Figure 1. Real GDP



Source: Cabinet Office "Quarterly Estimates of GDP"

II. Economic Outlook for FY 2026 and FY 2027
— Moderate Recovery Continues, but Near-Term Downside Pressures Intensify

Positive Growth Expected to Continue in the April–June Quarter of 2026, but Downside Pressures Likely to Intensify

The outlook for the domestic economy is highly dependent on developments in the situation in Iran. Japan relies on the Strait of Hormuz for the majority of its crude oil imports, and the longer disruptions persist, the greater the risk of adverse effects on the Japanese economy through the following three main channels.

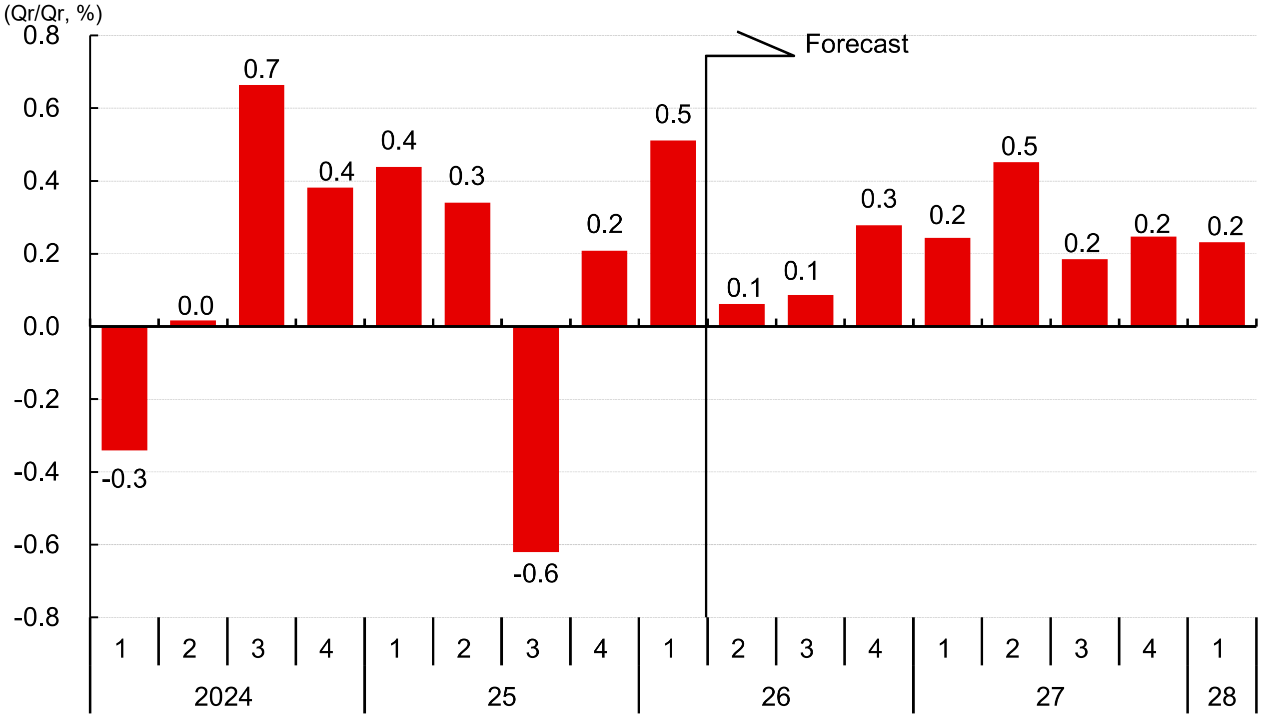
The first channel is the impact of higher fuel prices leading to increased costs. Currently, not only crude oil but also LNG and coal prices have risen across the board, pushing up overall prices, eroding households' real purchasing power, and thereby dampening private consumption. At the same time, a slowdown in the global economy is likely to exert downward pressure on exports and capital investment.

The second channel is supply constraints caused by a halt in imports, which could weigh on domestic production activities. At present, imports of crude oil and naphtha from the Middle East have virtually come to a halt due to disruptions in the Strait of Hormuz. While the government emphasizes that inventories are sufficient for the time being, a prolonged situation could lead to shortages of petroleum products, creating bottlenecks and potentially forcing some domestic production activities to suspend operations.

The third channel is the impact of disruptions in logistics and transportation networks in the Middle East. With port operations and maritime transport stagnating, automobile exports—which account for the majority of shipments to the Middle East—have been delayed, prompting major automakers to cut production. In addition, disruptions in transportation networks are also spilling over into the tourism sector, with adverse effects beginning to emerge in demand from inbound tourists from the Middle East and Europe.

Against this backdrop, the government has introduced measures such as resuming subsidies to oil wholesalers, releasing crude oil reserves, and securing alternative sources of naphtha. As a result, the domestic economy is expected to narrowly maintain positive growth in the April–June quarter of 2026. However, as supply constraints are already becoming apparent in some sectors, policy measures are unlikely to fully offset the adverse impact, and a further slowdown in economic activity appears inevitable (Figure 2). In particular, private consumption is likely to be weighed down by deteriorating consumer sentiment, capital investment by supply constraints, and exports by sluggish shipments to the Middle East and shortages of components.

Figure 2. Forecast of Real GDP Growth Rate (Quarterly)



Source: Cabinet Office "Quarterly Estimates of GDP"

Recovery Expected from the Second Half of Fiscal 2026

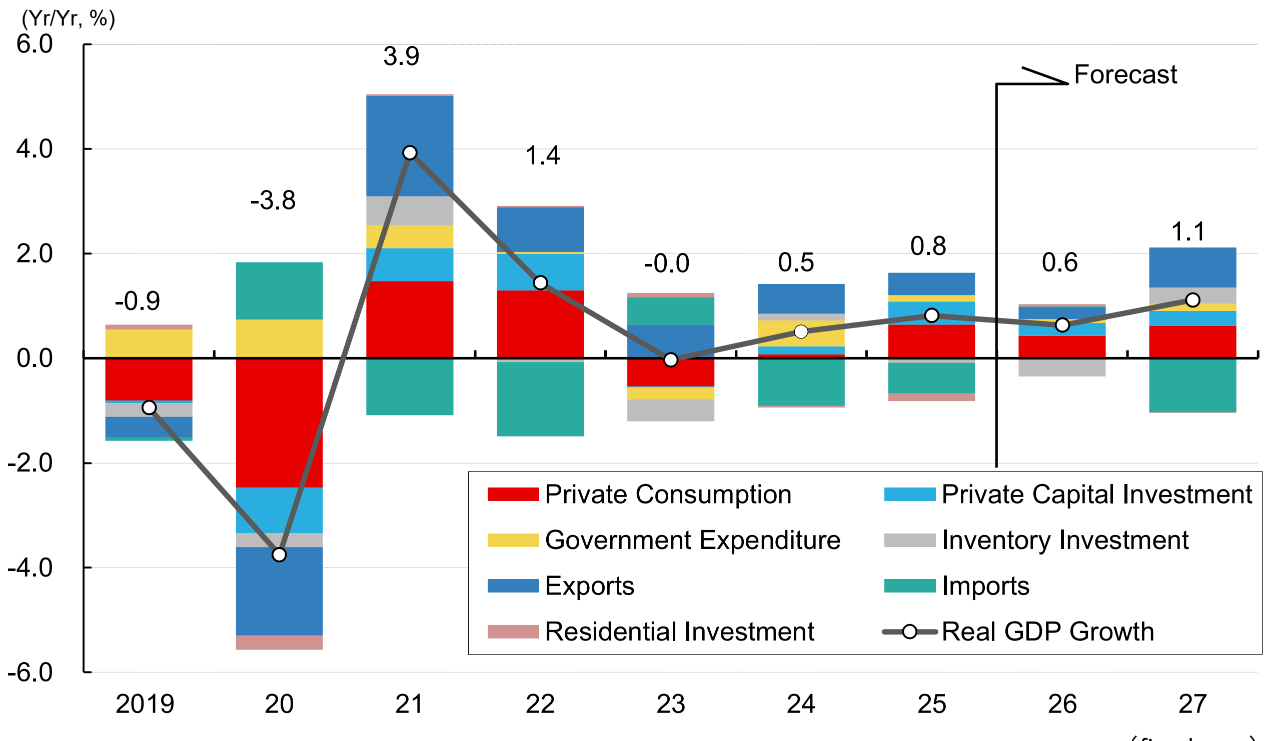
Nevertheless, it is assumed that progress will be made in ceasefire negotiations between the United States and Iran before summer, allowing maritime traffic through the Strait of Hormuz to gradually normalize. This is expected to ease concerns over supply constraints for crude oil and naphtha, with prices stabilizing accordingly.

Against this backdrop, private consumption—while likely to be weighed down by deteriorating consumer sentiment in the first half of the fiscal year—is expected to recover and sustain an upward trend from the second half, as these adverse effects ease, supported by favorable income conditions, including robust wage increases in the spring wage negotiations and higher bonus payments. As for capital investment, appetite for corporate investment remains strong, particularly in labor-saving and digital-related areas, amid intensifying labor shortages. As supply constraints ease, capital investment is expected to continue its steady growth.

Exports are also expected to face downward pressure in the first half, mainly due to sluggish shipments to the Middle East. However, from the second half onward, as the stagnation in exports to the Middle East and supply constraints caused by component shortages are resolved, exports are projected to recover, supported by solid global AI-related demand.

In summary, while economic weakness is likely to persist in the first half of the fiscal year, a recovery is expected in the second half, allowing the economy to avoid a significant downturn. Real GDP for fiscal 2026 is projected to grow by +0.6% YoY, maintaining positive growth (Figure 3).

Figure 3. Forecast of Real GDP Growth Rate (Fiscal Year)



Source: Cabinet Office "Quarterly Estimates of GDP"

Growing Downside Risks to the Economic Outlook Call for Caution

Should the current recovery continue, the economic expansion is expected to become the longest in the postwar period by July 2026. However, downside risks remain considerable. The greatest concern is the potential for a prolonged confrontation between the United States and Iran. The longer disruptions persist in the Strait of Hormuz, the more likely it is that elevated crude oil prices will dampen private consumption and capital investment, while supply constraints could become even more acute. Additional risks include the possibility of China imposing full-scale export restrictions on rare earths, further exacerbating supply constraints, and the potential for heightened trade tensions between the United States and major economies ahead of the U.S.

midterm elections. The situation remains highly unpredictable.

Economic Policy to Provide Temporary Support, but Side Effects Also Warrant Caution

This outlook assumes that the economic policies of the Takaichi administration will include a temporary reduction in the consumption tax on food products for two years, starting in fiscal 2027. Various measures to address rising prices are expected to temporarily boost private demand, and the front-loading of the defense budget will contribute to increased public investment, providing a certain degree of economic support. However, for crisis management and growth investments, labor shortages are likely to act as a bottleneck, potentially limiting the effectiveness of such measures. At the same time, caution is warranted regarding the risk of side effects associated with expansionary fiscal policy, such as unexpected increases in interest rates and sharp depreciation of the yen.

Economic Outlook for Fiscal 2024-2027

【GDP demand】

forecast

Yr/Yr、%

	FY 2024 (actual)	FY 2025 (actual)	FY 2026 (forecast)	FY 2027 (forecast)
Nominal GDP	3.7	4.2	2.4	2.5
Real GDP	0.5	0.8	0.6	1.1
Contribution of domestic demand	0.8	1.0	0.4	1.4
Private consumption	0.1	1.2	0.8	1.2
Housing investment	-0.7	-3.5	1.2	-0.3
Private capital investment	0.8	2.4	1.3	1.5
Contribution of inventory investment	0.1	-0.1	-0.3	0.3
Government expenditure	2.0	0.5	0.3	0.5
Government final consumption expenditure	2.3	0.8	0.5	0.6
Public investment	0.1	-0.6	-0.2	0.5
Contribution of external demand	-0.3	-0.2	0.2	-0.3
Export of goods and services	2.7	1.9	1.0	3.2
Import of goods and services	4.0	2.6	-0.0	4.3
GDP deflator	3.2	3.4	1.8	1.4

【Overseas economy and market data】

forecast

Yr/Yr、%

	FY 2024 (actual)	FY 2025 (actual)	FY 2026 (forecast)	FY 2027 (forecast)
Real GDP (US) (CY)	2.8	2.1	2.1	2.0
Real GDP (Euro zone) (CY)	0.9	1.5	0.6	0.9
Real GDP (Asia)				
Real GDP (China)	5.0	5.0	4.5	4.1
Yen/U.S.Dollar	152.5	150.7	157.9	154.5
Uncollateralized call rates (O/N) (%)*	0.225	0.547	1.019	1.227
TORF (3months)	0.271	0.588	1.120	1.327
Newly issued government bond yields (10years) (%)	1.08	1.74	2.56	2.68
WTI future price (near month contract, US dollar/barrel)	74.3	64.9	76.1	60.0
North Sea Brent Crude (US dollar/barrel)	78.1	69.0	80.8	64.0

*actual=average, forecast=end of period
*FY figures calculated from monthly data by the authors. Same below.

【External demand (export and import)】

forecast

Yr/Yr、%

	FY 2024 (actual)	FY 2025 (actual)	FY 2026 (forecast)	FY 2027 (forecast)
Value of exports (Yen base)	5.9	3.9	9.7	-0.1
Ammount (Yr/Yr,%)	-2.4	0.6	0.8	2.0
Value of imports (Yen base)	4.8	0.5	12.2	-2.8
Ammount (Yr/Yr,%)	-0.3	3.9	0.4	2.4
Balance (trillion yen)	-5.4	-1.7	-4.7	-1.2
Current account balance (trillion yen)	30.0	34.5	29.7	33.2
balance on goods (trillion yen)	-3.0	1.4	-1.3	2.3
balance on service (trillion yen)	-3.1	-3.9	-5.1	-5.6
balance on income (trillion yen)	41.4	42.3	40.5	40.8

【Corporations】

forecast

Yr/Yr、%

	FY 2024 (actual)	FY 2025 (actual)	FY 2026 (forecast)	FY 2027 (forecast)
Industrial production	-1.5	-0.2	0.4	0.8
Inventory index	-0.6	-5.3	-2.6	0.4
Sales*	3.3	0.5	2.7	1.7
Ordinary Profits*	7.2	6.8	-0.6	8.1

*Forecast starts from FY 2025.

【Income and employment】

forecast

Yr/Yr、%

	FY 2024 (actual)	FY 2025 (actual)	FY 2026 (forecast)	FY 2027 (forecast)
Income per capita	3.0	2.4	2.7	2.3
Scheduled	2.1	2.3	2.8	2.2
Non-scheduled	0.6	1.7	1.1	1.1
Real wage indices	-0.5	-0.6	0.3	2.4
Number of employees	0.7	0.8	0.8	0.5
Nominal compensation of employees*	4.1	3.6	3.2	3.0
Unemployment rate (%)	2.5	2.6	2.6	2.5

*GDP base

【Goods prices】

forecast

Yr/Yr、%

	FY 2024 (actual)	FY 2025 (actual)	FY 2026 (forecast)	FY 2027 (forecast)
Domestic corporate goods prices	3.3	2.7	4.4	-1.8
excluding tax effects	3.4	2.7	4.4	-0.8
Consumer prices	3.1	2.6	2.2	-0.0
excluding freshfood	2.7	2.7	2.1	0.3
excluding food (excluding alcoholic beverages) and energy	2.3	3.0	2.4	0.6

【New housing starts】

forecast annualized, ten thousand units

Yr/Yr、%

	FY 2024 (actual)	FY 2025 (actual)	FY 2026 (forecast)	FY 2027 (forecast)
New housing starts	81.6	71.1	74.0	74.4
	2.0	-12.9	4.0	0.6
Owned	22.3	19.5	20.9	21.0
	1.6	-12.6	6.9	0.5
Rented	35.7	30.9	32.1	32.3
	4.9	-13.5	3.8	0.7
Built for Sale	23.0	20.1	20.4	20.5
	-2.3	-12.6	2.0	0.4

Economic Outlook for Calendar 2024-2027

【GDP demand】

forecast

Yr/Yr、%

	CY 2024 (actual)	CY 2025 (actual)	CY 2026 (forecast)	CY 2027 (forecast)
Nominal GDP	3.0	4.5	2.7	2.7
Real GDP	-0.2	1.1	0.6	1.0
Contribution of domestic demand	-0.0	-0.2	1.4	0.3
Private consumption	-0.6	1.3	0.9	1.1
Housing investment	-1.0	-2.5	0.2	0.2
Private capital investment	-0.2	2.1	1.8	1.3
Contribution of inventory investment	-0.1	0.3	-0.5	0.2
Government expenditure	0.9	0.7	0.5	0.5
Government final consumption expenditure	1.6	1.0	0.7	0.5
Public investment	-1.8	-0.4	0.1	0.2
Contribution of external demand	0.1	-0.3	0.3	-0.2
Export of goods and services	2.2	2.5	1.2	2.9
Import of goods and services	1.7	3.8	-0.1	3.8
GDP deflator	3.2	3.4	2.1	1.7

【Overseas economy and market data】

forecast

Yr/Yr、%

	CY 2024 (actual)	CY 2025 (actual)	CY 2026 (forecast)	CY 2027 (forecast)
Real GDP (US) (CY)	2.8	2.1	2.1	2.0
Real GDP (Euro zone) (CY)	0.9	1.5	0.6	0.9
Real GDP (Asia)				
Real GDP (China)	5.0	5.0	4.5	4.1
Yen/U.S.Dollar	151.5	149.6	158.0	155.0
Uncollateralized call rates (O/N) (%)*	0.120	0.469	0.894	1.227
TORF (3months)	0.159	0.512	0.983	1.327
Newly issued government bond yields (10years) (%)	0.89	1.55	2.46	2.65
WTI future price (near month contract, US dollar/barrel)	75.7	64.8	79.1	60.0
North Sea Brent Crude (US dollar/barrel)	79.8	68.2	84.3	64.0

*actual=average, forecast=end of period
*CY figures calculated from monthly data by the authors. Same below.

【External demand (export and import)】

forecast

Yr/Yr、%

	CY 2024 (actual)	CY 2025 (actual)	CY 2026 (forecast)	CY 2027 (forecast)
Value of exports (Yen base)	6.2	3.1	12.3	0.0
Ammount (Yr/Yr,%)	-2.6	-0.2	2.1	1.3
Value of imports (Yen base)	2.1	0.5	12.9	-2.0
Ammount (Yr/Yr,%)	-2.5	3.6	1.2	2.4
Balance (trillion yen)	-5.6	-2.9	-3.9	-1.4
Current account balance (trillion yen)	29.3	32.2	31.7	32.8
balance on goods (trillion yen)	-2.7	-0.6	-0.4	1.9
balance on service (trillion yen)	-3.2	-3.4	-5.0	-5.5
balance on income (trillion yen)	40.3	41.8	41.4	40.7

【Corporations】

forecast

Yr/Yr、%

	CY 2024 (actual)	CY 2025 (actual)	CY 2026 (forecast)	CY 2027 (forecast)
Industrial production	-2.6	-0.3	0.9	0.5
Inventory index	-1.9	-2.8	-5.0	0.4
Sales	2.7	1.6	2.0	2.1
Ordinary Profits	10.0	6.1	0.6	6.7

【Income and employment】

forecast

Yr/Yr、%

	CY 2024 (actual)	CY 2025 (actual)	CY 2026 (forecast)	CY 2027 (forecast)
Income per capita	2.8	2.3	2.8	2.4
Scheduled	2.1	2.0	3.0	2.3
Non-scheduled	0.0	1.3	1.5	1.1
Real wage indices	-0.4	-1.3	0.6	1.9
Number of employees	0.8	1.0	0.4	0.7
Nominal compensation of employees*	3.7	3.7	3.2	3.0
Unemployment rate (%)	2.5	2.5	2.6	2.5

*GDP base

【Goods prices】

forecast

Yr/Yr、%

	CY 2024 (actual)	CY 2025 (actual)	CY 2026 (forecast)	CY 2027 (forecast)
Domestic corporate goods prices (Yr/Yr,%)	2.4	3.2	4.6	-1.2
excluding tax effects	2.5	3.2	4.5	-0.3
Consumer prices	2.7	3.2	1.9	0.6
excluding freshfood	2.6	3.1	1.9	0.8
excluding food (excluding alcoholic beverages) and energy	2.4	3.0	2.3	1.2

【New housing starts】

forecast annualized, ten thousand units

Yr/Yr、%

	CY 2024 (actual)	CY 2025 (actual)	CY 2026 (forecast)	CY 2027 (forecast)
New housing starts	79.2 -3.6	74.0 -6.5	74.0 -0.1	74.5 0.6
Owned	21.8 -3.2	20.2 -7.4	20.9 3.4	21.0 0.5
Rented	34.2 -0.5	32.4 -5.4	32.0 -1.2	32.3 1.0
Built for Sale	22.5 -8.9	20.9 -7.3	20.5 -1.6	20.6 0.1

Economic Outlook (Quarterly)

forecast

Qr/Qr,%
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
Nominal GDP (Qr/Qr,%)	2.0	1.1	1.2	0.8	2.0	0.1	0.9	0.8	0.3	0.0	1.4	0.9	0.3	0.3	0.7	0.7
Nominal GDP Annualized rate	8.2	4.7	4.7	3.1	8.2	0.3	3.8	3.4	1.4	0.2	5.6	3.6	1.3	1.2	2.9	2.7
Nominal GDP (Yr/Yr,%)	2.5	3.6	3.7	5.2	5.3	4.0	3.7	4.0	1.9	2.1	2.8	2.8	2.6	2.9	2.4	2.1
Real GDP (Qr/Qr,%)	0.0	0.7	0.4	0.4	0.3	-0.6	0.2	0.5	0.1	0.1	0.3	0.2	0.5	0.2	0.2	0.2
Real GDP Annualized rate	0.1	2.7	1.5	1.8	1.4	-2.5	0.8	2.1	0.2	0.3	1.1	1.0	1.8	0.7	1.0	0.9
Real GDP (Yr/Yr,%)	-1.1	0.9	0.6	1.5	2.0	0.5	0.2	0.6	0.0	0.9	1.0	0.7	1.0	1.1	1.1	1.1
Contribution of domestic demand (Qr/Qr,%)	0.5	0.9	-0.4	1.1	0.2	-0.3	0.2	0.2	-0.2	0.2	0.4	0.3	0.5	0.3	0.3	0.3
Private consumption	-0.1	0.5	-0.0	0.7	0.2	0.5	0.0	0.3	0.1	0.2	0.2	0.2	0.6	0.1	0.2	0.2
	-1.1	0.3	0.2	1.2	1.2	1.3	1.3	1.0	1.0	0.7	0.8	0.8	1.3	1.2	1.1	1.1
Housing investment	-0.4	1.3	0.7	-0.5	-0.0	-8.1	5.0	0.5	-0.2	-0.3	2.0	-0.5	-0.4	-0.3	-0.3	-0.3
	-3.2	-0.6	0.1	0.9	1.6	-7.9	-4.1	-3.1	-3.4	5.2	2.2	0.8	0.8	0.8	-1.5	-1.3
Private capital investment	0.9	0.8	-0.6	0.7	1.2	-0.1	1.4	0.3	0.2	0.1	0.4	0.3	0.4	0.5	0.5	0.5
	0.9	1.6	-0.8	1.6	2.3	0.9	3.5	2.7	1.5	2.1	0.6	1.0	1.1	1.4	1.7	1.7
Contribution of inventory investment (Qr/Qr,%)	-0.1	0.3	-0.3	0.7	-0.2	-0.2	-0.4	-0.1	-0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Government expenditure	2.0	0.3	-0.2	-0.1	0.5	-0.1	0.2	0.3	-0.2	0.2	0.1	0.2	0.1	0.2	0.1	0.2
	1.7	2.2	2.1	2.0	0.5	0.1	0.4	1.0	0.2	0.5	0.3	0.2	0.5	0.5	0.6	0.6
Government final consumption expenditure	2.0	0.0	0.0	-0.2	0.7	0.1	0.4	0.1	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2
	2.5	2.4	2.4	1.9	0.5	0.6	0.9	1.2	0.6	0.7	0.4	0.5	0.5	0.6	0.6	0.6
Public investment	1.2	1.3	-0.3	-0.8	0.4	-1.1	-0.2	1.4	-1.0	0.2	0.0	0.1	0.2	0.1	0.1	0.2
	-2.5	0.5	0.5	1.2	1.1	-1.7	-1.9	0.6	-0.5	0.1	0.2	-0.7	0.5	0.5	0.5	0.6
Contribution of external demand (Qr/Qr,%)	-0.5	-0.2	0.8	-0.6	0.1	-0.3	0.0	0.3	0.3	-0.1	-0.2	-0.0	-0.1	-0.1	-0.0	-0.0
Export of goods and services	0.8	2.4	1.6	-0.6	1.6	-1.6	0.2	1.7	-1.5	1.0	1.3	0.7	0.7	0.7	0.7	0.7
	2.1	2.8	1.6	4.2	5.3	1.2	-0.6	2.0	-1.5	1.3	2.8	1.5	3.9	3.4	2.8	2.9
Import of goods and services	2.9	3.2	-1.9	2.2	1.1	-0.2	-0.0	0.5	-2.7	1.5	2.0	0.8	0.9	1.0	0.9	0.9
	3.8	5.4	0.6	6.5	4.5	1.3	3.2	1.3	-2.3	-0.7	1.2	1.6	5.3	4.7	3.6	3.7
GDP deflator (Yr/Yr,%)	3.6	2.7	3.0	3.6	3.2	3.5	3.4	3.4	1.9	1.3	1.8	2.1	1.6	1.7	1.3	1.0

【Overseas economy and market data】

forecast

	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	4.4	0.5	2.0	2.1	1.9	2.0	2.0	2.0	2.0	1.9	1.9
Real GDP (Euro zone) (Annualized Qr/Qr rate,%)	0.8	1.8	1.5	2.4	0.6	1.2	0.8	0.6	0.2	0.6	0.8	1.0	1.0	1.3	1.8	0.8
Real GDP (Asia) (Yr/Yr,%)																
Real GDP (China) (Yr/Yr,%)	4.7	4.6	5.4	5.4	5.2	4.8	4.5	5.0	4.4	4.3	4.4	4.3	4.0	4.0	4.0	4.1
Yen/U.S.Dollar	155.9	149.2	152.4	152.5	144.5	147.5	154.1	156.9	158.1	159.0	158.0	156.5	155.5	154.5	153.5	154.5
Uncollateralized call rates (O/N) (%)*	0.077	0.177	0.227	0.417	0.478	0.477	0.504	0.728	0.810	0.977	1.060	1.227	1.227	1.227	1.227	1.227
TORF (3months)	0.104	0.200	0.307	0.472	0.489	0.514	0.571	0.779	0.914	1.077	1.160	1.327	1.327	1.327	1.327	1.327
Newly issued government bond yields (10years) (%)	0.93	0.93	1.01	1.43	1.40	1.56	1.79	2.21	2.47	2.55	2.60	2.60	2.65	2.65	2.70	2.70
WTI future price (near month contract, US dollar/barrel)	80.6	75.1	70.3	71.4	63.7	64.9	59.1	71.9	99.4	80.0	65.0	60.0	60.0	60.0	60.0	60.0
North Sea Brent Crude (US dollar/barrel)	85.0	78.5	74.0	74.9	66.8	68.1	63.1	77.9	104.2	85.0	70.0	64.0	64.0	64.0	64.0	64.0

* actual=average, forecast=end of period
* Quarterly figures calculated from monthly data by the authors. Same below.

【External demand (export and import)】

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
Value of exports (Yen base)	8.8	4.5	3.2	7.4	-0.1	0.3	4.9	10.5	14.6	14.7	9.7	0.9	0.7	-0.5	-0.9	0.5
Ammount (Yr/Yr,%)	-3.5	-5.1	-0.9	0.2	1.2	-1.4	-0.8	3.6	-0.1	2.6	2.1	-1.4	2.5	2.2	1.6	1.7
Ammount (Qr/Qr,%)	-0.1	0.9	0.1	0.0	-0.0	-1.9	1.5	3.9	-3.4	0.7	1.0	0.4	0.4	0.4	0.4	0.4
Value of imports (Yen base)	7.1	7.0	-0.4	6.1	-3.1	-3.1	2.6	5.7	14.2	18.0	13.7	3.5	-1.8	-5.4	-3.7	-0.2
Ammount (Yr/Yr,%)	-3.5	-0.3	-0.4	3.2	5.7	3.2	2.6	4.2	-2.0	0.1	2.7	0.9	4.4	3.1	1.3	1.0
Ammount (Qr/Qr,%)	0.5	2.3	-0.9	1.2	3.1	-0.6	-0.6	2.3	-3.0	1.5	2.0	0.5	0.3	0.3	0.2	0.2
Balance (trillion yen)	-1.5	-1.7	-0.5	-1.7	-0.7	-0.7	0.2	-0.5	-0.7	-1.8	-1.0	-1.3	0.1	-0.1	-0.1	-1.0
Current account balance (trillion yen)*	7.1	7.8	7.6	7.6	7.4	8.9	8.3	9.8	7.5	6.8	7.5	8.0	8.3	8.3	8.3	8.3
Balance on goods (trillion yen)*	-1.0	-0.8	0.1	-1.0	-0.1	0.0	0.4	1.0	-0.2	-1.0	-0.3	0.3	0.6	0.5	0.5	0.5
Balance on service (trillion yen)*	-0.9	-1.0	-0.4	-0.9	-0.5	-1.1	-0.9	-1.3	-1.2	-1.2	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4
Balance on income (trillion yen)*	10.2	10.8	9.5	10.8	9.6	11.4	10.0	11.1	10.0	10.1	10.2	10.1	10.2	10.2	10.2	10.2

*seasonally adjusted

【Corporations】

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
Industrial production	(Qr/Qr, %)	2.1	0.3	0.4	0.0	-0.5	-1.1	0.3	2.5	-1.5	-0.4	0.7	0.3	0.1	0.1	0.2	0.1
	(Yr/Yr, %)	-3.3	-1.8	-1.5	0.7	0.0	-0.7	-1.0	1.2	0.2	0.9	1.3	-0.9	0.7	1.2	0.8	0.5
Inventory index	(Qr/Qr, %)	-0.5	-0.1	-1.2	0.6	-2.0	0.1	-1.2	-2.3	-1.5	-0.9	-0.3	0.1	0.1	0.1	0.1	0.1
	(Yr/Yr, %)	-2.6	-1.2	-1.9	-0.6	-3.0	-2.3	-2.8	-5.3	-4.8	-5.8	-5.0	-2.6	-1.0	0.0	0.4	0.4
Sales*		3.5	2.6	2.5	4.3	0.8	0.5	0.7	-0.1	2.1	3.0	2.9	2.9	2.1	1.7	1.5	1.4
Ordinary profits*		13.2	-3.3	13.5	3.8	0.2	19.7	4.7	6.7	1.9	-3.8	-2.9	1.7	5.9	10.6	9.4	7.3

*Forecast starts from 2026 1-3.

【Income and employment】

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
Income per capita	3.0	2.9	3.7	2.3	2.3	2.4	2.2	2.9	2.8	2.7	2.6	2.6	2.4	2.3	2.3	2.3
Scheduled	2.0	2.4	2.5	1.6	2.0	2.0	2.2	3.2	3.0	3.0	2.8	2.6	2.3	2.3	2.1	2.3
Non-scheduled	0.2	0.2	1.0	1.2	1.1	1.4	1.6	2.7	1.2	1.1	1.0	1.3	1.2	1.1	1.0	1.0
Real wage indices	-0.2	-0.2	0.2	-2.0	-1.6	-1.0	-0.7	1.3	0.6	0.5	0.3	-0.4	2.3	2.5	2.5	2.4
Number of employees	0.5	0.6	1.1	1.2	1.1	0.9	0.8	0.3	0.4	0.4	0.4	0.7	0.8	0.7	0.7	0.7
Nominal compensation of employees*	3.5	4.0	5.1	3.9	4.0	3.4	3.5	3.4	3.2	3.2	3.1	3.1	3.1	3.0	3.0	2.9
Unemployment rate (%)	2.6	2.5	2.5	2.5	2.5	2.5	2.6	2.7	2.6	2.6	2.6	2.5	2.5	2.5	2.5	2.5

※GDP base

【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	2.2	3.1	3.9	4.2	3.3	2.6	2.6	2.5	5.7	5.7	4.3	2.0	-2.5	-2.5	-1.7	-0.5
Consumer prices	2.7	2.8	2.9	3.8	3.4	2.9	2.7	1.4	2.0	2.0	2.1	2.6	0.2	-0.1	-0.2	0.0
excluding freshfood	2.5	2.7	2.6	3.1	3.5	2.9	2.8	1.8	1.9	1.9	2.1	2.5	0.4	0.2	0.1	0.3
excluding food (excluding alcoholic beverages) and energy	2.2	2.0	2.3	2.7	3.2	3.2	3.0	2.6	2.2	2.3	2.3	2.7	0.9	0.6	0.4	0.4

【New housing starts】

forecast

annualized, ten thousand units

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
New housing starts	82.9	79.0	77.1	86.7	62.0	71.9	75.6	74.7	73.7	73.1	74.3	74.7	74.6	74.4	74.2	74.0
	0.5	-2.0	-2.4	13.3	-25.6	-8.9	-2.1	-14.3	18.8	1.7	-1.7	-0.3	1.2	2.0	0.0	-1.0
Owned	21.6	21.8	22.0	23.8	16.5	19.8	20.7	21.1	20.8	20.7	21.0	21.1	21.0	20.9	20.9	20.8
	-6.0	-3.9	8.3	10.5	-23.4	-9.1	-6.7	-11.7	25.8	4.3	0.9	-0.2	1.5	1.7	-0.3	-1.3
Rented	37.2	34.6	31.9	38.6	28.4	31.0	31.5	32.1	31.8	31.7	32.3	32.5	32.4	32.3	32.2	32.1
	2.9	2.5	-3.6	19.2	-24.3	-9.9	-1.4	-17.3	11.4	1.9	2.2	0.7	1.8	2.4	-0.1	-1.4
Built for Sale	23.4	21.9	22.5	23.8	16.1	20.6	22.9	20.9	20.5	20.2	20.5	20.6	20.6	20.6	20.6	20.5
	2.2	-8.1	-10.5	7.6	-31.0	-6.2	2.1	-12.7	27.3	-2.3	-10.1	-1.8	0.1	1.6	0.5	-0.3