

A Forecast of Economic Situation for FY 2004
(Calculated by Cabinet Office)

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Cabinet Office

Cabinet Office makes a forecast of economic situation for FY 2004 using the latest economic indicators. The results are shown below.

Since the world economy continues to recover, industrial production and private non-residential investment are expected to sustain growth. These improvements in corporate sectors, through the pickup of the employment and income situations, are expected to further spread to household sectors. Accordingly, the Japanese economy will continue to follow a growth path of recovery mainly led by private demand.

This calculation is performed by Cabinet Office on its own responsibility and should not be regarded as the revision of the official Economic Outlook (January 19, 2004).

(Annual percent change unless otherwise noted(approx.))

	FY2003 (Actual)	FY2004 (Official Economic Outlook)	FY2004 (Forecast)
Real GDP	3.2	1.8	3.5
Private consumption	1.4	1.1	2.6
Residential investment	0.3	-0.1	0.9
Non-Residential investment	12.0	7.2	9.9
Government expenditure	-2.5	-1.2	-1.4
Government consumption	0.9	2.2	2.1
Public investment	-12.1	-11.4	-12.5
Net exports (*2)	0.8	0.2	0.5
Nominal GDP	0.7	0.5	1.8
Unemployment rate (*3)	5.1	5.1	4.5
Industrial production	3.5	4.1	5.7
Domestic corporate goods price index	-0.5	-0.4	0.6
Consumer price index	-0.2	-0.2	-0.1

1) In light of the fact that private economic activities account for the most part of the Japanese economy and that there are numerous unforeseeable factors, particularly in terms of changes in the international economic environment, projections of the above economic indicators should be recognized as figures subject to upside and downside uncertainties.

2) Contribution to changes in GDP.

3) Ratio of unemployed in labor force.

4) The main assumptions are as follows. These assumptions are neither projections nor forecasts of the government.

1. Exchange rate ; 109.2 yen/dollar. Crude oil price ; 35.7 dollar/barrel.

2. Current economic and fiscal policy are maintained.