

Economic Projection for FY 2006 (by Cabinet Office)

July 7, 2006
Cabinet Office

The Cabinet Office has made an economic projection for FY2006 based on the latest economic indicators.

While the world economy is making steady recovery, there will be continuous improvement in the corporate and household sectors. On the other hand, attention should be given to an effect which developments of oil prices in particular have on both domestic and overseas economies.

This projection is estimated independently by the Cabinet Office and should not be regarded as a revision of the official "Economic Outlook."

(%, approximate figures, percentage changes over the previous fiscal year^{Note2})

| | FY2005 (Actual) | FY2006 (Economic Outlook) | FY2006 (Projection) |
|--|--------------------|------------------------------|------------------------|
| Real GDP | 3.2 | 1.9 | 2.1 |
| Private consumption expenditure | 2.4 | 1.6 | 1.8 |
| Private residential investment | ▲0.2 | 0.4 | 1.5 |
| Private non-residential investment | 7.5 | 5.0 | 5.4 |
| Government expenditure (Total) | 0.8 | ▲0.9 | ▲1.3 |
| Government final consumption expenditure | 1.5 | 0.6 | 0.9 |
| Public-sector fixed asset formation | ▲1.4 | ▲6.2 | ▲8.6 |
| External demand (Contribution) | 0.4 | 0.4 | 0.4 |
| Nominal GDP | 1.9 | 2.0 | 2.2 |
| Unemployment rate | 4.3 | 4.1 | 4.0 |
| Industrial production | 1.6 | 2.9 | 3.5 |
| Domestic corporate goods price index | 2.1 | 0.9 | 1.8 |
| Consumer price index | ▲0.1 | 0.5 | 0.6 |
| GDP deflator | ▲1.3 | 0.1 | 0.1 |

(Note 1) The Japanese economy mainly consists of private activity and is influenced by unforeseeable market fluctuations and other changes, especially those in the international environment. Accordingly, main economic indicators above should be recognized as being subject to upside and downside risks to some extent.

(Note 2) The (contribution of) external demand and the unemployment rate are excluded.

(Note 3) The projection is based on the predetermined economic and fiscal policies and the assumptions shown below. These assumptions are neither projections nor forecasts of the Cabinet Office.

1. Exchange rate (yen/dollar): 114.6 yen/dollar
2. Crude oil price (dollar/barrel): 68.3 dollar/barrel