

**A Forecast of Economic Situation for FY 2003
(Calculated by Cabinet Office)**

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Cabinet Office

Cabinet Office makes a forecast of economic situation for FY 2003 using the latest economic indicators. The results are shown below.

It is expected that the Japanese economy will gradually move towards a moderate recovery concentrating on private demand. As a result, the growth rate of real GDP is projected to be a little over 2% with the nominal GDP growth rate a little over 0%.

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 24, 2003).

(Percentage changes over the previous year(approx.)(*2)) (reference data)

	FY2002 (Actual)	FY2003 (Forecast)	Official Economic Outlook
GDP (real)	1.6	2.1	0.6
Private consumption	1.4	0.8	0.4
Residential investment	-2.9	-0.8	-2.0
Non-Resi. Investment	-0.1	8.5	1.8
Government expenditure	-0.3	-0.2	0.2
Government consumption	1.9	1.5	1.9
Public investment	-6.3	-5.0	-4.4
Net exports (contribution to changes in GDP)	0.8	0.2	0.1
GDP (nominal)	-0.7	0.1	-0.2
Unemployment rate	5.4	5.4	5.6
Industrial production	2.6	1.9	2.0
Domestic corporate goods price index	-1.6	-0.8	-0.9
Consumer price index	-0.6	-0.3	-0.4

- 1) In light of the fact that private economic activities account for the most part of the Japanese economy and the fact that there are numerous unforeseeable factors, particularly in terms of changes in the international economic environment, there should be some allowances for the projections of above economic indicators.
- 2) Excluding the figures in Net Exports and Unemployment rate.
- 3) The main assumptions are as follows. These assumptions are neither projection nor forecasts of the government.
 1. Exchange rate 117.6 yen/dollar
 2. Crude oil prices 28.3 dollar/barrel
 3. Current economic and fiscal policy