

## Economic Projection for FY 2009 (by Cabinet Office)

July 1, 2009  
Cabinet Office

The Cabinet Office has made an economic projection for FY2009 based on the latest economic indicators, after releasing the tentative estimation in April.

With exports and production showing signs of recovery, the Japanese economy will avoid a negative spiral thanks to effective implementation of the consecutive economic policy measures, including “Policy Package to Address Economic Crisis,” and the economy is expected to improve slowly. On the other hand, the employment situation is still severe, and private consumption is weak.

Due to current economic situation mentioned above, the contribution of external demand for this fiscal year will exceed the estimate of the previous tentative estimation, and that of private demand will be lower than previously expected. As a result, the real GDP growth rate for this fiscal year will be on the same level as the previous tentative estimation.

Attention should be given to the risks that the economy is depressed by significant employment adjustment, concern over deflation resulting from downward pressure on prices, and a possibly prolonged global recession.

(% , approximate figures)

	FY2008 (Actual)	FY2009 (Tentative estimation) (April 27)	FY2009 (Projection)
Real GDP	▲3.3	▲3.3	▲3.3
Private consumption expenditure	▲0.5	0.3	▲0.1
Private residential investment	▲3.1	▲0.5	▲5.1
Private non-residential investment	▲9.8	▲14.1	▲13.9
Government expenditure	▲0.5	6.4	5.8
Government final consumption expenditure	0.3	3.7	3.2
Public-sector fixed asset formation	▲4.4	18.6	19.1
Contribution of domestic demand	▲2.0	▲0.5	▲1.1
Contribution of private demand	▲1.9	▲2.0	▲2.4
Contribution of public demand	▲0.1	1.5	1.3
Contribution of external demand	▲1.2	▲2.8	▲2.2
Nominal GDP	▲3.6	▲3.0	▲3.1
Unemployment rate	4.1	5.2	5.4
Industrial production	▲12.7	▲23.4	▲13.0
Domestic corporate goods price index	3.2	▲5.5	▲5.3
Consumer price index (total)	1.1	▲1.3	▲1.3
GDP deflator	▲0.3	0.3	0.2

(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) Figures other than the unemployment rate are changes from the previous fiscal year.

(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.

	FY2009	
	At the time of making the tentative estimation	This time
Real growth rate of world GDP (excluding Japan) (%)	-1.4	-1.4
Exchange rate (yen/dollar)	97.8	96.4
Crude oil import price (dollar/barrel)	47.6	60.0

(Remarks)

1. The real growth rate of world GDP (excluding Japan) has been calculated based on economic forecasts of international organizations and other institutions.
2. The exchange rate is assumed to stay constant at 96.1 yen/dollar (monthly average from May 11 through June 10, 2009) on and after June 11, 2009.
3. The crude oil import price is assumed to stay constant at 62.4 dollar/barrel (value including the monthly average spot price of Dubai for the period from May 11 through June 10, 2009 and freight and insurance) in August 2009 onward.