

Fiscal 2021 Economic Outlook

December 18, 2020

Approved by the Cabinet

Main Economic Indicators

	FY2019 (Actual)	FY2020 (Estimate)	FY2021 (Forecast)	Percentage changes over the previous fiscal year					
				FY2019		FY2020		FY2021	
				% (Current prices)	% (Constant prices)	% (Approx.) (Current prices)	% (Approx.) (Constant prices)	% (Approx.) (Current prices)	% (Approx.) (Constant prices)
Gross domestic product	559.7	536.1	559.5	0.5	▲ 0.3	▲ 4.2	▲ 5.2	4.4	4.0
Private consumption expenditure	304.2	285.9	297.2	▲ 0.3	▲ 0.9	▲ 6.0	▲ 6.0	4.0	3.9
Private residential investment	21.4	20.0	20.6	4.1	2.5	▲ 6.3	▲ 6.7	2.7	1.8
Private non-residential investment	91.6	83.7	86.4	▲ 0.2	▲ 0.6	▲ 8.6	▲ 8.1	3.2	2.9
Change in Private Inventories *	2.0	1.4	1.1	(▲ 0.1)	(▲ 0.1)	(▲ 0.1)	(▲ 0.0)	(▲ 0.1)	(▲ 0.1)
Exports of goods and services	95.5	80.2	90.2	▲ 5.8	▲ 2.6	▲ 16.0	▲ 13.7	12.5	11.4
Less: Imports of goods and services	96.0	81.5	87.5	▲ 5.6	▲ 1.2	▲ 15.1	▲ 6.4	7.4	6.7
Contribution of domestic demand				0.5	▲ 0.1	▲ 4.1	▲ 4.0	3.6	3.3
Contribution of private demand				▲ 0.1	▲ 0.6	▲ 5.0	▲ 4.9	2.6	2.4
Contribution of public demand				0.6	0.5	1.0	0.9	1.0	0.9
Contribution of external demand				▲ 0.0	▲ 0.2	▲ 0.1	▲ 1.2	0.7	0.7
Gross national income	581.5	556.7	578.0	0.5	▲ 0.1	▲ 4.3	▲ 4.1	3.8	3.6
Labor and employment	Ten thousands	Ten thousands (Approx.)	Ten thousands (Approx.)	%		% (Approx.)		% (Approx.)	
Total labor force	6,895	6,861	6,882	0.7		▲ 0.5		0.3	
Total employment	6,733	6,652	6,693	0.8		▲ 1.2		0.6	
Employees	6,020	5,945	5,984	1.1		▲ 1.2		0.7	
Unemployment rate	%	% (Approx.)	% (Approx.)						
	2.3	3.1	2.7						
Production	%	% (Approx.)	% (Approx.)						
Industrial production	▲ 3.8	▲ 11.0	9.4						
Prices	%	% (Approx.)	% (Approx.)						
Domestic corporate goods price index	0.1	▲ 1.8	0.7						
Consumer price index (all items)	0.5	▲ 0.6	0.4						
GDP deflator	0.9	1.0	0.3						
Balance of payments	Trillion yen (Approx.)	Trillion yen (Approx.)	Trillion yen (Approx.)	%		% (Approx.)		% (Approx.)	
Balance of goods and services	0.2	▲ 1.1	2.6						
Trade balance	0.7	0.9	3.8						
Exports	74.9	65.1	72.1	▲ 6.7		▲ 13.1		10.7	
Imports	74.3	64.3	68.3	▲ 6.7		▲ 13.5		6.2	
Current balance	20.1	15.3	18.3						
Current balance as a percentage of GDP	%	% (Approx.)	% (Approx.)						
	3.6	2.8	3.4						

* Figures in parentheses represent contribution to GDP growth.

(Note 1) The figures for consumer price index include all items.

(Note 2) The effects of the consumption tax hike in October 2019 on consumer price index (all items) and GDP deflator for FY2020 are estimated to be approximately 0.5% point, respectively. The effects of free early childhood education on consumer price index (all items) for FY2020 are estimated to be approximately ▲0.3% point. The effects of free higher education on consumer price index (all items) for FY2020 are estimated to be approximately ▲0.1% point. The effects of "Go To campaign" on consumer price index (all items) for FY2020 and FY 2021 are estimated to be approximately ▲0.3% and 0.2% point.

(Note 3) We have assumed the real growth rate of the world GDP (excluding Japan), the yen's exchange rate, and the crude oil import price as below. These assumptions are neither projections nor outlook of the government but are solely for the sake of this preparation work.

	FY2019(Actual)	FY2020	FY2021
Real growth rate of world GDP (excluding Japan) (%)	1.7	▲ 3.5	5.9
Exchange rate (yen/dollar)	108.7	105.7	104.4
Crude oil import price (dollar/barrel)	67.9	39.9	44.8

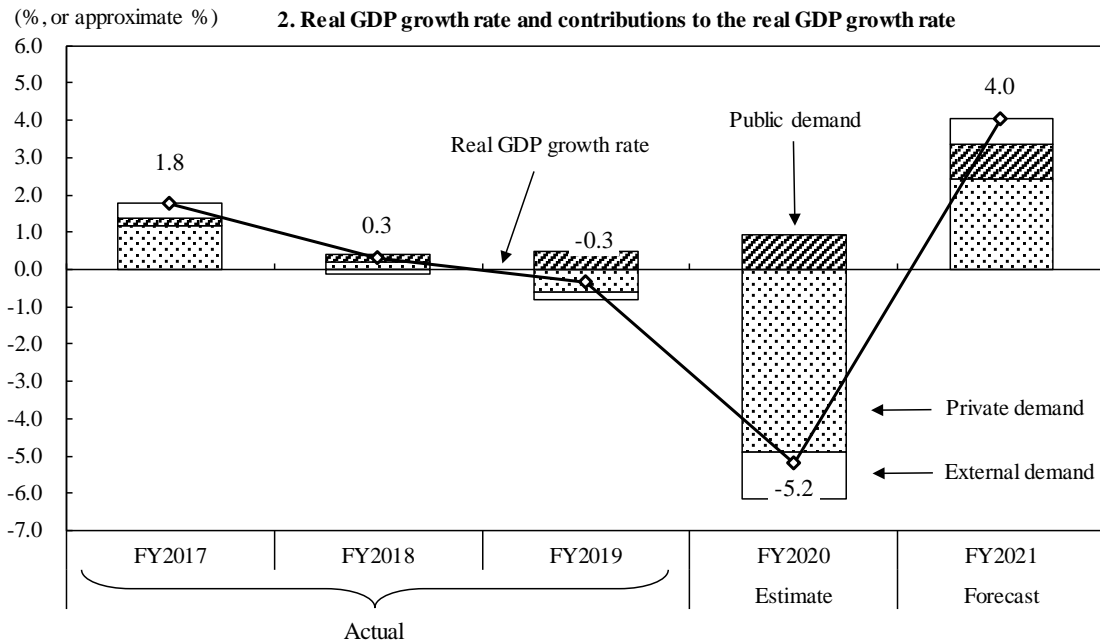
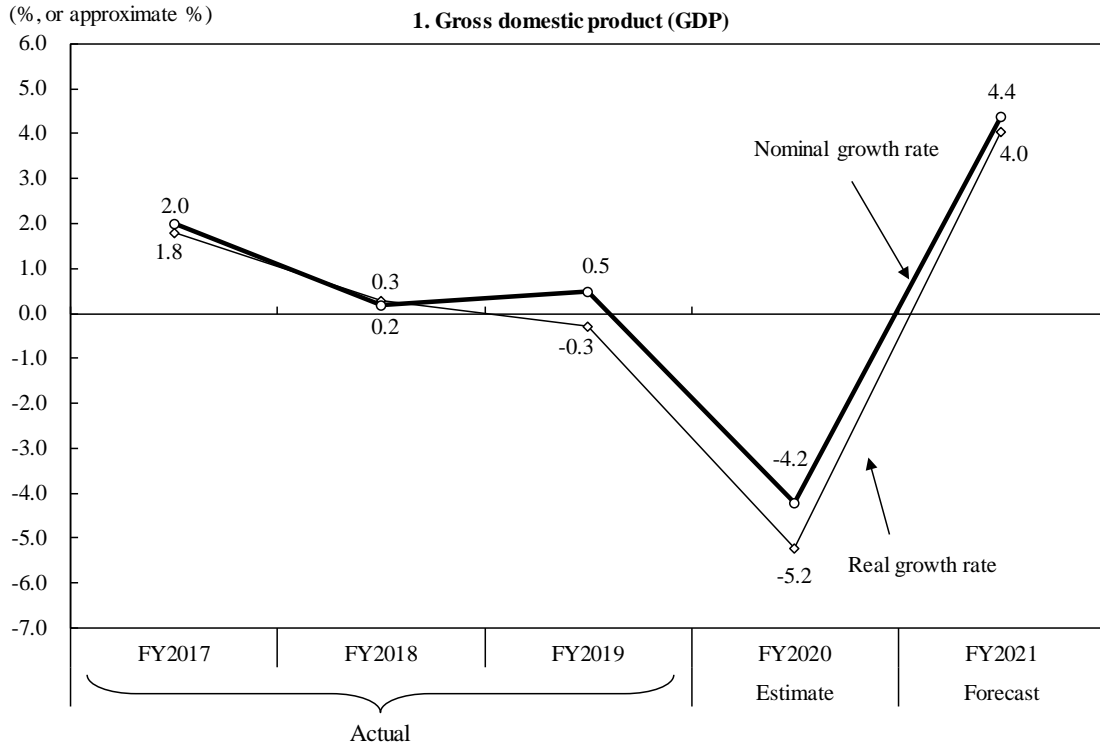
(Remarks) 1. The real growth rate of the world GDP (excluding Japan) has been calculated based on economic forecasts of international organizations and other institutions.

2. The exchange rate is assumed to stay constant at 104.4 yen/dollar (average from November 1 to November 30, 2020) from December 2020 onward.

3. The crude oil import price is assumed to stay constant at 44.8 dollars/barrel (the average spot price of Dubai from November 1 to November 30, 2020, plus freight and insurance) from December 2020 onward.

(Reference)

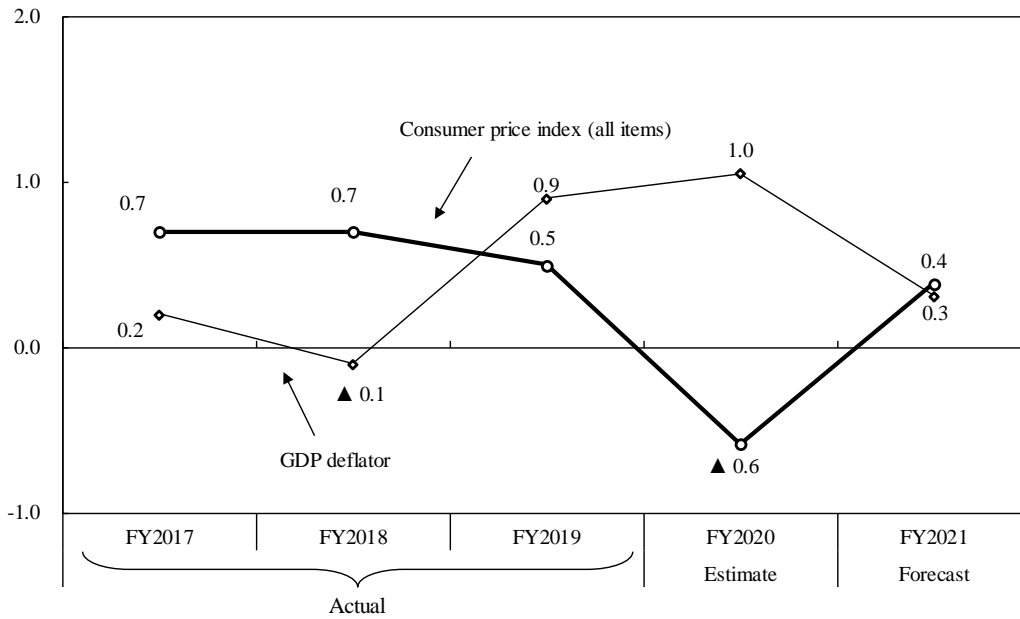
Main Economic Indicators



(Note) Contributions of private demand, public demand and external demand show their contributions to the real growth rate.

(%, or approximate %)

3. Percentage change in price related indices



(Note) The effects of the consumption tax hike in October 2019 on consumer price index (all items) and GDP deflator for FY2020 are estimated to be approximately 0.5% point, respectively. The effects of free early childhood education on consumer price index (all items) for FY2020 are estimated to be approximately ▲0.3% point. The effects of free higher education on consumer price index (all items) for FY2020 are estimated to be approximately ▲0.1% point. The effects of "Go To campaign" on consumer price index (all items) for FY2020 and FY 2021 are estimated to be approximately ▲0.3% and 0.2% point.

(%, or approximate %)

4. Unemployment rate and the number of employees

(Ten thousands, or approximate Ten thousands)

