

## 【Fundamentals Navigator】

**Japan trade data (October2020): Exports remain firm, imports stabilize**

(original Japanese report issued on November 18, 2020)

**EU-bound shipments may slip in November, but overall export recovery to continue**

Exports dipped 0.2% YoY in monetary terms in October in an increasingly lessening decline (September: -4.9%). Exports to the US improved on September with a 2.5% gain, led by automobiles. EU-bound shipments were down only 2.6%, centered on general and electrical machinery. Exports to China maintained their double-digit rise, albeit at a slower 10.2% pace, on booming growth in cosmetics. Real exports (our estimate) remained buoyant in October. Exports to the EU look to underperform in November with the renewed coronavirus outbreak, but we believe exports overall will remain on the mend. Real imports posted another MoM gain in October and appear to have stabilized with the comeback in domestic demand.

**(1) Overview:** October exports declined 0.2% YoY in monetary terms, improving to virtually flat growth (September: -4.9%). Imports were also down at a milder pace for a third straight month, falling 13.3% (-17.4%). The trade surplus came to JPY872.9bn or a seasonally adjusted JPY314.3bn, down from the preceding month.

**(2) US-bound exports:** Exports rose 2.5% YoY in monetary terms. This outpaced September (+0.6%), which had recorded the first upturn in 14 months. Transportation equipment grew 15.3% in an ongoing recovery (41% of exports to US, September: +12.2%), with autos up 22.5% (32%, +19.1%) and auto parts up 18.6% (6%, -1.1%). Consumer goods saw an 16.7% upturn in audio/visual products (1%, -0.1%). General machinery remained in decline, but the 8.6% drop (21%, -19.4%) was the first single-digit falloff in eight months thanks to continued high growth in pumps and centrifuges.

**(3) China-bound exports:** Export value expanded 10.2% for a fourth successive gain, albeit down from the preceding month (+14.0%). General machinery slowed to a rise of 15.4% (22% of exports to China, September: +20.7%) and transportation equipment to 16.1% (11%, +23.5%), while semiconductors were down for the second consecutive month with a 16.1% drop (5%, -14.5%). In contrast, chemical products (excluding organic compounds, drugs and plastics) bounded 25.6% (7%, +17.8%), which we attribute to strong demand for cosmetics.

**(4) EU-bound exports:** The downturn in exports narrowed sharply to 2.6% (September: -10.6%), reflecting smaller drops in general machinery, down only 7.5% (21% of exports to EU, September: -15.5%), and electrical machinery, down 0.6% (18%, -4.8%). Transportation equipment worsened to a 12.9% decrease (26%, -8.1%).

Preliminary results  
(Bloomberg market forecasts)

Exports: -0.2% YoY  
(Market forecast: -4.5% YoY)  
Export volume index: -1.6% YoY  
Export price index: +1.5% YoY

Imports: -13.3% YoY  
(Market forecast: -8.8% YoY)  
Import volume index: -5.7% YoY  
Import price index: -8.0% YoY

Trade balance:  
JPY872.9bn surplus  
(Market forecast: JPY300.0bn surplus);  
vs. JPY11.2bn (surplus) a year earlier

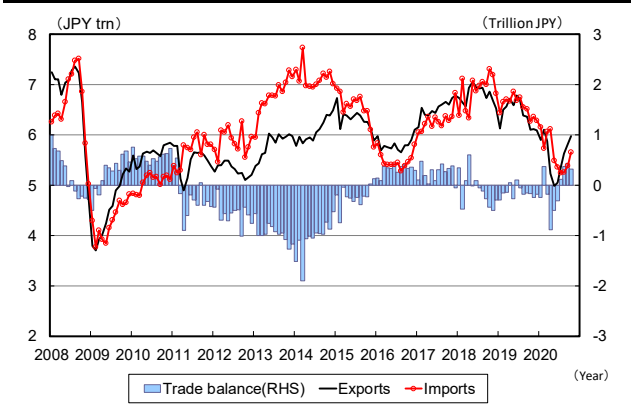
Trade balance (seasonally adjusted):  
JPY 314.3bn surplus  
(Market forecast: JPY117.4bn surplus)  
vs. JPY440.0bn surplus last month

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**(5) Imports:** Communications equipment slipped a modest 5.4% (5% of imports, September: -38.9%), helped by the launch of new smartphone models. Computers maintained healthy growth at 11.7% (4%, +15.1%) and textiles & textile products at 17.8% (2%, +21.4%). At the same time, mineral fuels remained in a tailspin with a 38.5% drop (14%, -38.7%), hurt by sluggish prices.

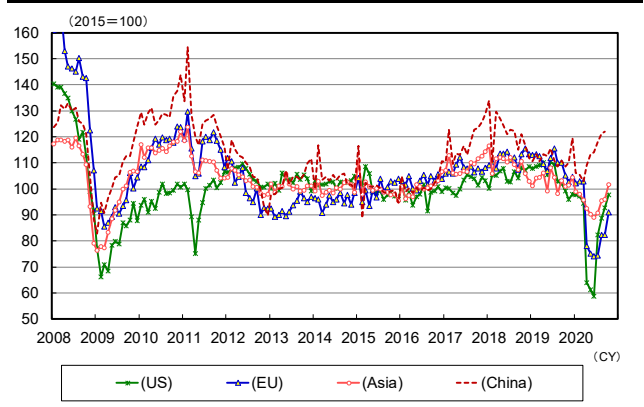
**(6) Real exports:** Real exports (our estimate) remained steady in October with a 4.9% MoM gain. Exports to the EU look to turn downward in November on the tough response to the renewed coronavirus outbreak in the region, but we believe exports overall will remain in recovery for the foreseeable future. Meanwhile, real imports (our estimate) were up 6.0% in a second monthly rise. Imports had trended downward through summer but now appear to have stabilized with the turnaround in domestic demand.

**Figure 1. Exports, imports, and trade balance (JPY trn)**



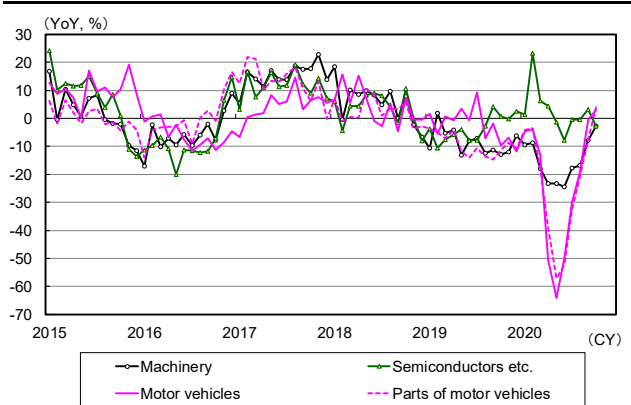
Note: SA  
Source: MUMSS, from MoF Trade Statistics

**Figure 2. Export volume index by destination (2015=100)**



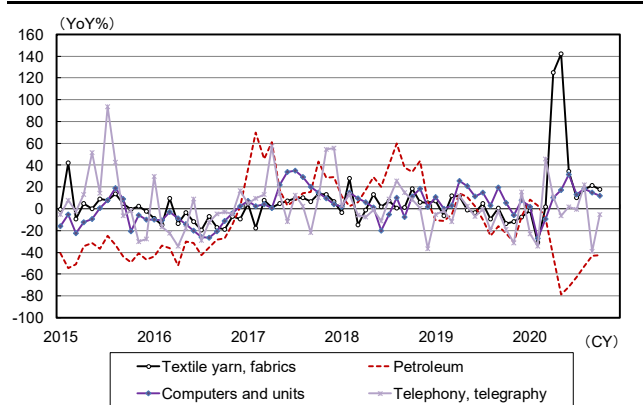
Note: SA by MUMSS.  
Source: MUMSS, from MoF Trade Statistics

**Figure 3. Exports (key product categories)**



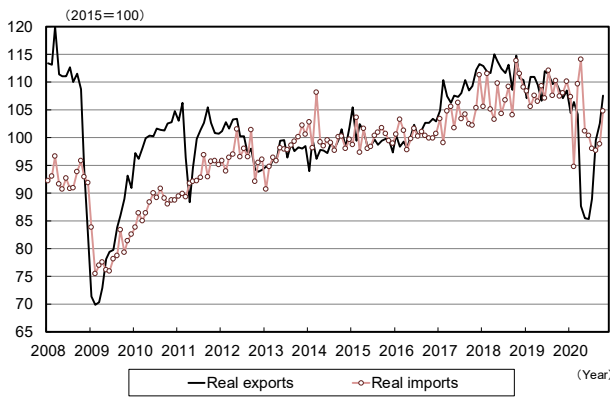
Source: MUMSS, from MoF Trade Statistics

**Figure 4. Imports (key product categories)**



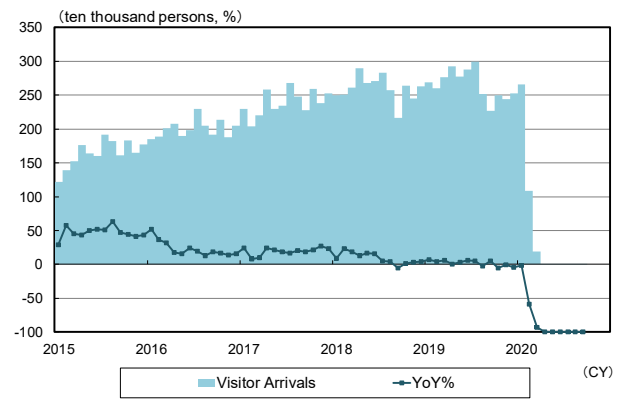
Source: MUMSS, from MoF Trade Statistics

**Figure 5. Real exports and imports**



Note: SA  
Source: MUMSS, from MoF Trade Statistics

**Figure 6. Visitor arrivals**



Note: The recent figure is as of September 2020  
Source: MUMSS, from JNTO visitor arrivals data

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## Appendix A

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