

## “April Trade Statistics Drop in Fuel Import Cut Trade Deficit Substantially”

### April Trade Statistics (Provisional)

On May 21, the Ministry of Finance released April Trade Statistics (Provisional). The trade deficit came in as JPY 809.9 billion which was below JPY 1 trillion after two months (March: JPY 1trillion 446 billion deficit). Export increased by 5.1% y-o-y while import by 3.4% y-o-y. After seasonally adjusted, export increased by 0.6% y-o-y however import decreased by outstanding 9.9% y-o-y. The trade balance marked a deficit of JPY 844.6 billion (seasonally adjusted), a decrease of 48.1% m-o-m, which was almost half of that recorded in the previous month.

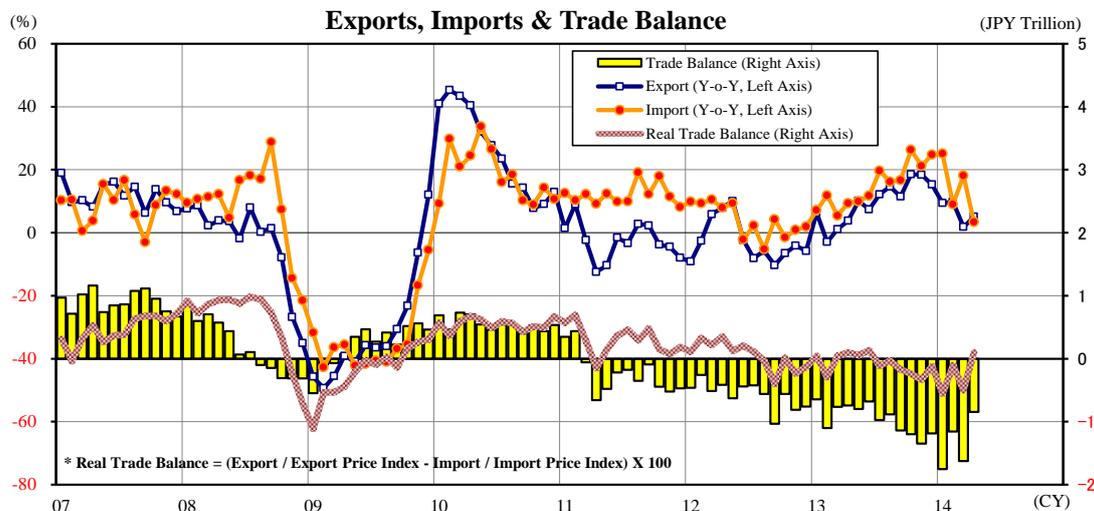
The reason of substantial contraction of trade deficit was mainly due to the decline in the import volume of “Mineral fuels”. In April, the volume of “Crude mineral” declined by 15.4% y-o-y. The trade deficit decreased by JPY 374 billion (“Mineral fuel” as a whole contributed to cut trade deficit by JPY 497.5 billion) compared to March (pre-seasonally adjusted base) only by the decrease in “Crude mineral” value. Other than this, “Electric Equipment” contributed to cut trade deficit by JPY 186.1 billion as its export value increased +5.3% y-o-y from +0.6% y-o-y in March while its import value decelerated to +13.5% y-o-y from + 30.3% y-o-y in March.

On the regional basis, the export to China accelerated to +9.8% y-o-y from +4.8% y-o-y in March which made up for the deceleration of export value to the US (March: +3.6% y-o-y →April: +1.9%) and to NIES & ASEAN regions (March: +0.7% y-o-y →April: +0.5%). As to the import value, most of the region (country) showed the deceleration. Especially, import value of “Mineral fuels” such as from the Middle East (- 7.8% y-o-y) affected the deceleration. The import value of Electric Equipment and Others (Clothing & accessories, Scientific, optical instruments etc.) decelerated substantially probably due to the subsequent pull-back of rush demand before the consumption tax hike.

### Future Outlook & Focus

I have a view that the trade balance has turned into the contraction phase of deficit from the beginning of year 2014. The reason is because, for the import, the inflated import value due to effects of earlier JPY depreciation is gradually running their course and, for the export, slackened increase of volume seemed to have come to an end and started to show some signs of gradual pick up. Although trade deficit may fluctuate on a monthly basis influenced by the import volume of “Mineral fuel”, however, I anticipate that eventually the level of deficit will be stabilized below JPY 1 trillion in a gradual manner.





(Note) 1. Horizon of data is from Jan 2007 to April 2014  
 2. Export & import figures are customs declarations base and year on year base. Trade Balance is seasonally adjusted base  
 (Source) SMAM, based on the Ministry of Finance and the BOJ data

◎ Recent Trend

Month. Year	Nov. `13	Dec. `13	Jan. `14	Feb. `14	Mar. `14	Apr. `14
Export M-o-M	0.0	2.1	-3.4	2.7	-2.7	0.6
Y-o-Y	18.4	15.3	9.5	9.8	1.8	5.1
Import M-o-M	2.1	-0.5	4.9	-5.8	4.3	-9.9
Y-o-Y	21.2	24.8	25.1	9.0	18.1	3.4
Trade Balance	-13,497	-11,875	-17,516	-11,544	-16,268	-8,446
Real Trade Balance	-3,324	-1,244	-5,532	-1,071	-4,976	995

(Note) 1. M-o-M is a seasonally adjusted month on month change, Y-o-Y is year on year change (Unit: %)  
 (Note) 2. Trade balance and real trade balance are seasonally adjusted (Unit: 100 million yen)  
 (Source) SMAM, based on the Ministry of Finance and the BOJ data

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