

Economic Outlook 2026

Mizuho Research & Technologies, Ltd.

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Fiscal expansion supports growth in Japan, the US and Europe, while deflationary pressure grows in China and Asian economies

| Region | Outlook for 2026 | Key points |
|--------|---|---|
| US | <ul style="list-style-type: none"> With fiscal and tax measures serving as an economic driver, expanding demand will help achieve growth with job creation. AI-related investment will continue, although at a slower pace. Foreign investment projects in the US will boost the economy. The Fed is expected to lower rates in the first quarter to address softening of the labor market and will maintain rates thereafter to stay alert for the recurrence of inflation. | ✓ Developments in the AI boom ✓ Market interest rates and prices ✓ Mid-term election results |
| Europe | <ul style="list-style-type: none"> The economy will enter a recovery phase in 2026. Fiscal spending in infrastructure and defense will spur investment. Meanwhile, structural problems causing energy prices to surge will remain. Hollowing out of industry will progress, particularly in Germany. Inflation resulting from the tight labor market will be kept in check by labor hoarding. The ECB will keep interest rates unchanged for the time being. | ✓ Effects of fiscal policy ✓ Prospects of Germany's manufacturing sector ✓ Political turmoil in France, etc. |
| China | <ul style="list-style-type: none"> Because of backlash from subsidies and infrastructure investment declines, a slowdown in domestic demand will be clearer. Meanwhile, solid external demand will support the economy amid the promotion of home production (import substitution) under the government's "self-reliance, self-strengthening" policy. Continued over-competition and weak prices will weigh on corporate profits. | ✓ Progress in "self-reliance, self-strengthening" ✓ Scale and contents of economic stimulus package ✓ Over-competition and prices |
| Asia | <ul style="list-style-type: none"> AI-related exports will remain strong, but external demand will slow due to the impact of US tariffs. Rate cuts and fiscal stimulus will prop up domestic demand, but the inflow of low-cost Chinese goods will strain the corporate earnings environment, affecting employment and wages. Unable to make up for declines in external demand, the pace of economic recovery will slow down. | ✓ Influences of the AI boom ✓ Tightened restrictions on rerouted exports ✓ Food inflation caused by natural disasters |
| Japan | <ul style="list-style-type: none"> While the impact of US tariff hikes will persist, capital investment will maintain an upward trend on the back of continued demand for investment in labor-saving and decarbonization technologies and moves to strengthen domestic manufacturing capacities. Wage growth momentum will continue amid labor shortages. Private consumption is likely to continue its moderate recovery. Japan's economy is expected to grow faster than its potential growth rate in FY2026, partly due to the boost from the government's comprehensive economic stimulus package. The BOJ is expected to raise the policy interest rate to 1% in the latter half of the year. | ✓ Growing fiscal concerns ✓ Progress in the yen's weakening and inflationary pressure (risks accelerating rate hikes) |

Economic distortions and structural challenges exist behind stronger growth

Outlook on the global economy

| | (Y-o-y % change) | | | (%pt) | |
|------------------------|------------------|-----------|-----------|--|--|
| | 2024 | 2025 | 2026 | 2025 | 2026 |
| | (Outlook) | (Outlook) | (Outlook) | (Comparison with September 2025 outlook) | (Comparison with September 2025 outlook) |
| Global real GDP growth | 3.3 | 3.4 | 3.2 | 0.3 | 0.3 |
| Japan, US, Europe | 1.7 | 1.7 | 1.7 | 0.3 | 0.1 |
| US | 2.8 | 2.1 | 2.1 | 0.3 | 0.1 |
| Eurozone | 0.9 | 1.4 | 1.5 | 0.3 | - |
| UK | 1.1 | 1.4 | 1.1 | 0.2 | ▲ 0.1 |
| Japan | ▲ 0.2 | 1.3 | 0.9 | 0.2 | 0.3 |
| Asia | 5.2 | 5.4 | 4.6 | 0.4 | 0.4 |
| China | 5.0 | 4.9 | 4.1 | 0.2 | 0.2 |
| NIEs | 3.3 | 3.5 | 2.3 | 1.4 | 0.6 |
| ASEAN5 | 5.0 | 4.9 | 4.6 | 0.3 | - |
| India | 6.7 | 7.6 | 6.5 | 0.6 | 0.5 |
| Australia | 1.1 | 1.8 | 1.7 | 0.2 | - |
| Japan (FY) | 0.5 | 1.0 | 1.0 | 0.2 | 0.4 |

On the back of stronger-than-expected AI-related demand, the outlook has been revised upward in various regions. Economies enjoy steady growth but become wary of risks.

AI-related demand is driving stronger growth in 2025. As the AI boom moves toward a soft landing in 2026, fiscal expansion and the AI-related demand will support the global economy along with changes in trade and investment flows. A growth rate of over 3% will be maintained.

The negative impact of tariff hikes is expected to materialize only gradually, exerting limited downward pressure on overall activity. While momentum in personal consumption—supported by surging AI-related investment and higher equity prices—is expected to moderate in 2026, tax cuts prior to the mid-term elections will spur the economy.

High energy prices and other structural issues will remain, but fiscal expansion, including increased defense spending and Germany's infrastructure investment, will fuel growth.

Domestic demand will weaken as the subsidy effects fade away. Robust exports and progress in import substitution as part of the “self-reliance, self-strengthening” efforts will support external demand.

The economy will be robust supported by domestic demand in FY2026, partly reflecting the boost from the government's economic measures. With the yen's depreciation adding pressure for rate hikes, the BOJ is expected to raise the policy rate to 1.0% in the second half of the year as it closely monitors wage and price developments.

US: Fiscal and tax policies push up US economy. Expanding demand puts the economy back on track to growth with job creation

- Fiscal and tax policies will boost the economy in 2026. Expanding demand is likely to put the economy back on a growth path accompanied by job creation.
 - “The One Big Beautiful Bill Act (OBBBA,)" containing tax relief plans, is expected to **boost GDP by approximately 0.6% in 2026**. The Act is expected to stimulate consumption and investment through tax deductions on tips and overtime pay for households, and tax breaks for capital spending, etc. by businesses.
 - **Growing household and corporate demand is projected to facilitate a moderate recovery in employment from Q2 2026 onward.**

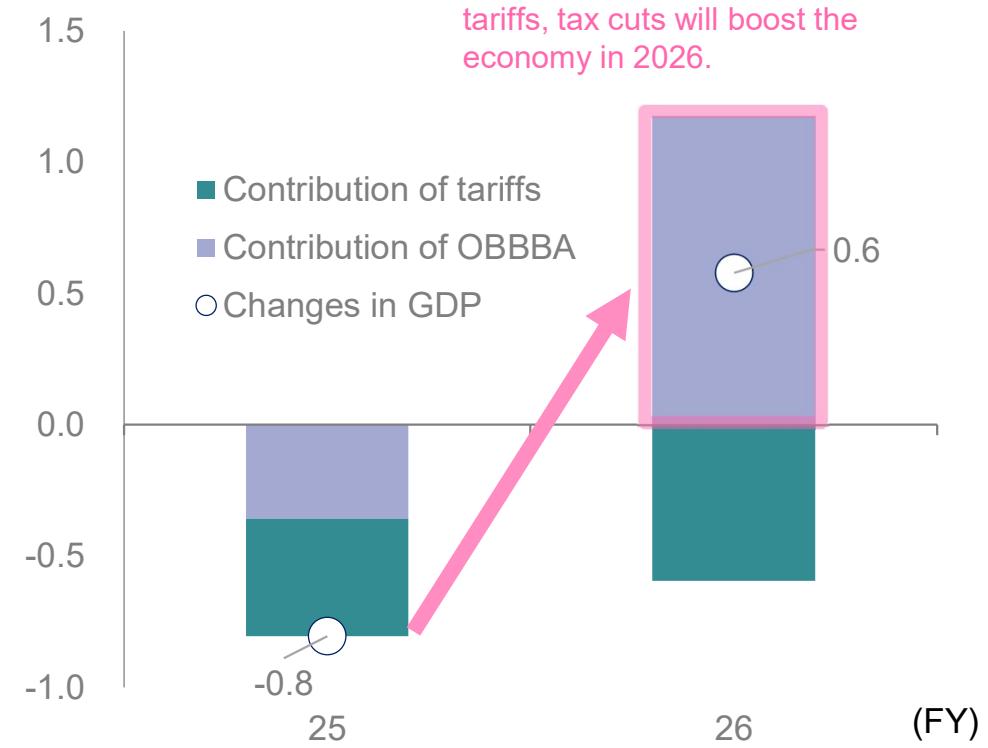
Details of tax relief plans for households and businesses in the OBBBA

| Measures | |
|----------------|---|
| For households | <ul style="list-style-type: none">Deduction of tips up to \$25,000 from taxable incomeDeduction of overtime pay up to \$12,500 from taxable incomeDeduction of loan interest for new cars up to \$10,000 from taxable incomeExpansion of standard and child deductionsExpansion of state and local tax deductionsExpansion of inheritance tax deductions |
| For businesses | <ul style="list-style-type: none">Immediate full expensing of capital and R&D spending as a permanent measureImmediate full expensing of certain property investments (for a limited period)Expansion of interest cost deductions as a permanent measure |

Source: Made by MHRT based on media reports.

OBBBA economic effects (ratios to GDP)

(Ratios to GDP, %)



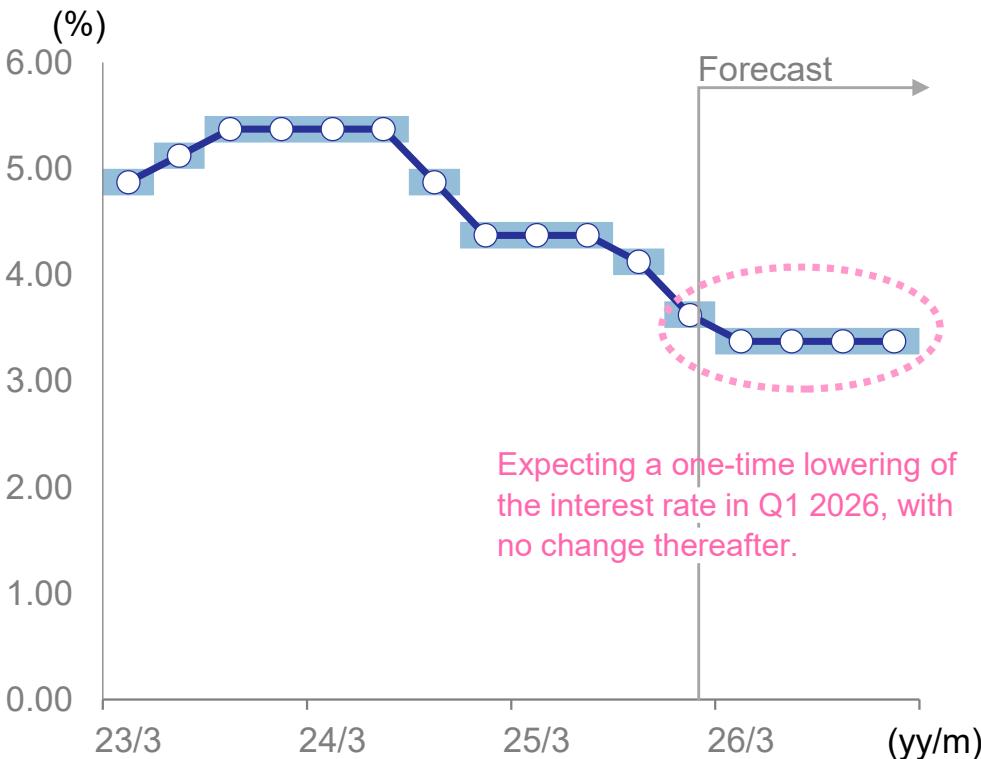
Note: Estimates by the OMB (Sep 5). Increases in budgetary spending and tax reductions are calculated as positive figures. Declines in budgetary spending and tax increases as negative figures.

Source: Made by MHRT based on the OMB.

US: As the economy recovers in the second half of 2026, the focus of the monetary policy is expected to shift from employment to inflation.

- The Fed is expected to lower the benchmark rate one more time in Q1 2026 to prevent further weakening of the labor market.
 - The unemployment rate has risen to 4.6%. Facing the heavy burden of tariff hikes and high interest rates, moves to cut back on hiring are spreading, mainly among small firms.
- From mid-2026 onward, the Fed will heighten its watch on inflation rekindled by demand recovery. Adopting a wait-and-see stance, the Fed is expected to maintain the policy rate during the year.
 - Both upward and downward risks should be monitored. Further rate cuts remain a possibility depending on Fed membership changes (appointment of a dovish chair or board members) or employment indicators. On the other hand, excessive demand stimulated by an expansionary fiscal policy may cause the Fed to lean toward a rate increase to avoid rekindling inflation.

Outlook on the policy interest rate (MHRT forecast)



Source: Made by MHRT based on the FRB and LSEG.

Upward and downward risks of the monetary policy

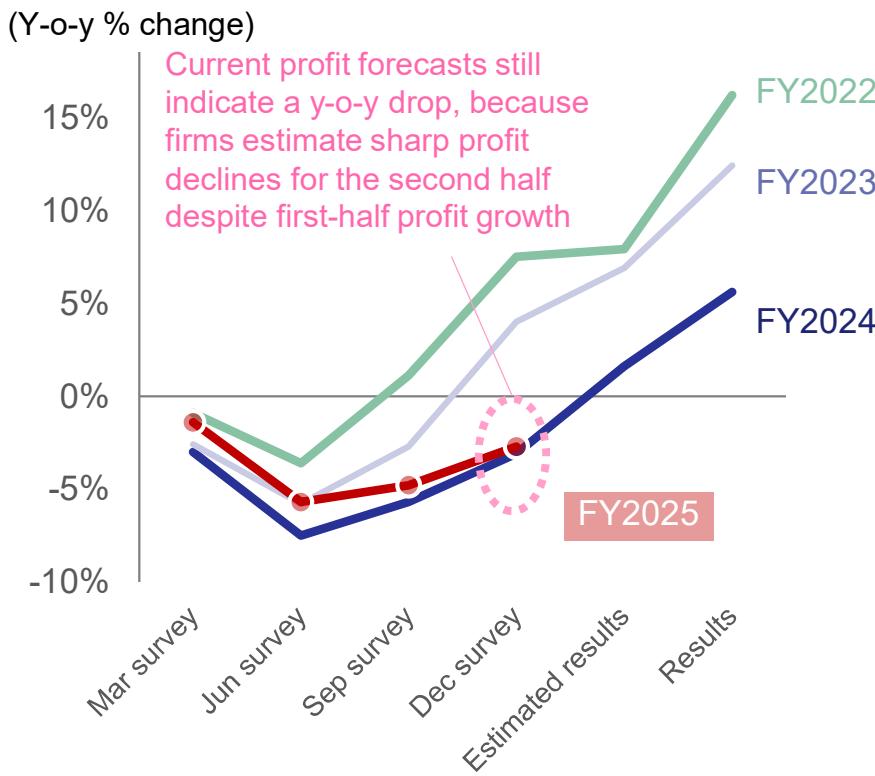
| Downward risks | |
|----------------|--|
| Fed personnel | The appointment of a dovish chair or board members may lead to additional rate cuts over mid-2026. |
| Employment | A greater-than-expected impact of higher tariffs on employment may lead to further rate cuts. |
| AI | A collapse of the AI boom and its impact on the economy may see a sharp rate cut. |
| Upward risks | |
| Fiscal policy | Excessive demand stimulated by tax relief, etc. may rekindle inflation. |
| AI | A surge in investment or stock prices caused by the AI boom may increase the risk of inflation. |

Source: Made by MHRT.

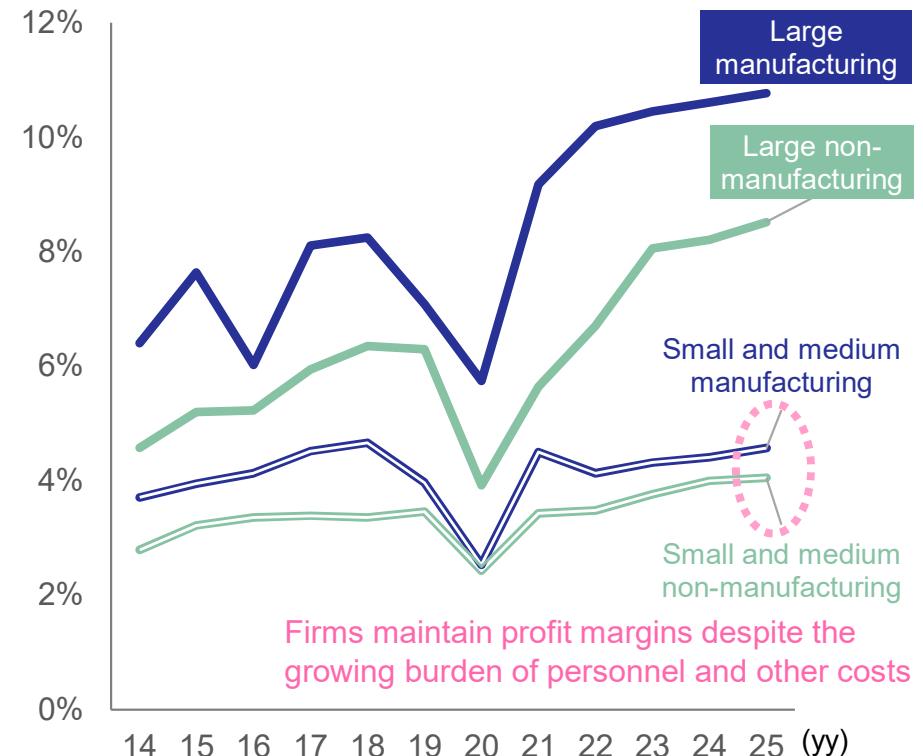
Japan: Profit forecasts have room for upward revision; SMEs steadily absorb increases in personnel and other costs

- The FY2025 current profit forecast stands at -2.7%, revised up by 2.1 percentage points from the previous survey.
 - Manufacturing and non-manufacturing firms of all sizes **posted profit growth in the first half but expect substantial declines in the second half**. With companies taking a slightly cautious stance amid lingering uncertainties, **there is ample room for upward revision**.
- **SMEs have maintained the current profit-to-sales ratio around the levels of the previous year.** Despite the rising costs of general items and personnel, businesses have managed to secure profit margins.
 - The data show companies have wage-increase capacities for the next spring wage negotiations.

Current profit forecasts (all sizes and industries)



Current profit-to-sales ratio



Source: Made by MHRT based on the BOJ, *Tankan* (December 2025 Survey).

Note: December survey figures for the respective years.

Source: Made by MHRT based on the BOJ, *Tankan* (December 2025 Survey).

Japan: Labor unions advocating for aggressive wage increases. The spring wage negotiations for 2026 maintain wage growth rates comparable to the previous year

- For the 2026 spring wage negotiations, labor unions are to demand wage increases comparable to high levels in the previous year. **Wage increase rates are expected to maintain growth at the same level as the previous year.**
 - The Japanese Trade Union Confederation (RENGO)** aims for a wage increase of over 5% for the third consecutive year. Some unions plan to demand increases exceeding levels for 2025.
 - Supported by high-level wage increases, nominal wage growth is expected to remain robust. With the pace of inflation slowing due to factors such as food prices peaking out, **real wage growth is projected to turn positive in FY2026.**

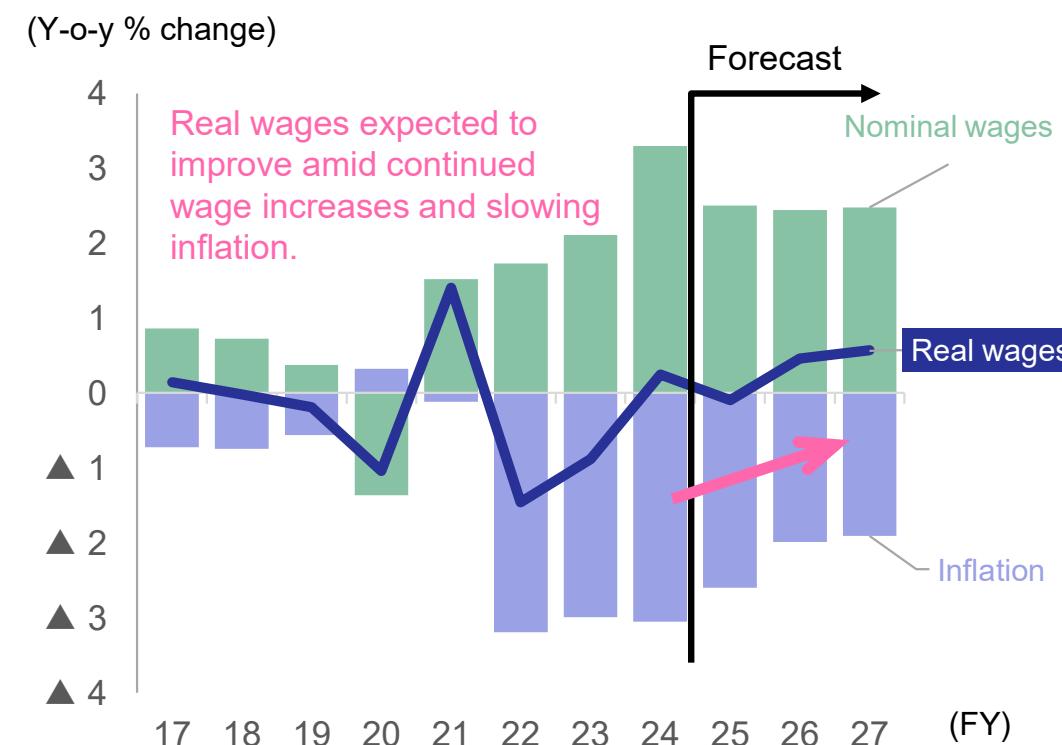
Requests by labor unions

| Labor unions | Wage hike demands for the 2026 | Wage hike demands for the 2025 |
|---|--|--|
| RENGO | 5% or more (Base wage increase of 3% or more) Real wage + 1% | 5% or more (Base wage increase of 3% or more) |
| The Japan Metal Workers' Union | Base wage increase of 12,000 yen or more | Base wage increase of 12,000 yen or more |
| UA Zensen | Full-time workers: 6% Part-time workers: 7% | Full-time workers: 6% Part-time workers: 7% |
| Federation of Core Industrial Unions | Base wage increase of 15,000 yen | Base wage increase of 15,000 yen |
| Automobile Workers' Union | "No less than demand in 2025," stated the chairman | Base wage increase of 12,000 yen around |
| Japanese Association of Metal, Machinery, and Manufacturing Workers | Base wage increase of 17,000 yen (above 5%) | Base wage increase of 15,000 yen (about 5%) |
| Private Railways General Federation | Base wage increase of 15,600 yen | Base wage increase of 13,400 yen |

Note: Red indicates that the level of demands for 2026 is higher than that for 2025.

Source: Made by MHRT based on Materials from each labor union, news reports, etc.

Real Wages



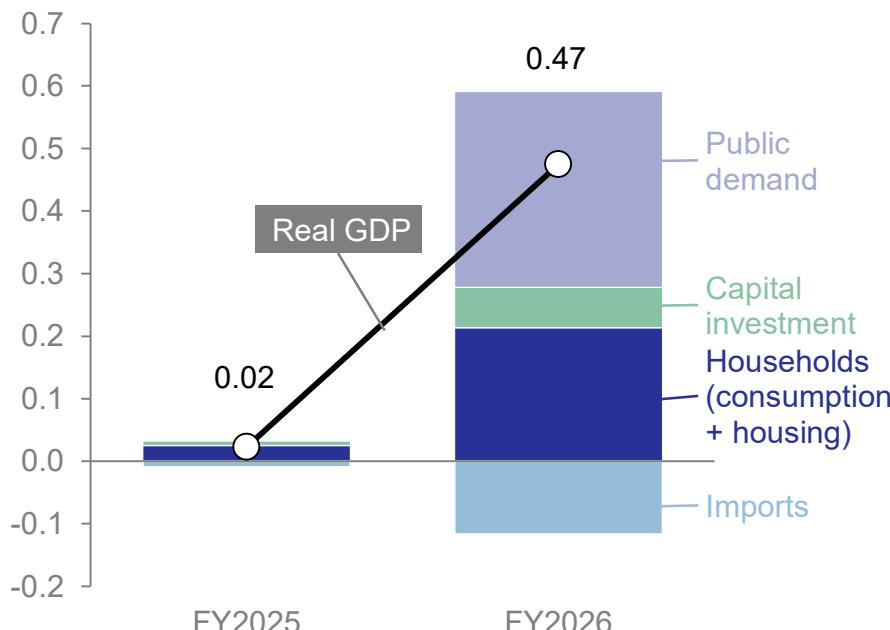
Source: Made by MHRT based on the Ministry of Health, Labour and Welfare, the Ministry of Internal Affairs and Communications.

Japan: Economic stimulus package boosts growth in FY2026 with the aim to realize a “strong economy” through investment in growth areas

- The government drew up a comprehensive economic package in November 2025 with the aim to **raise FY2026 growth by promoting private consumption and public investment.**
 - The package is worth 21.3 trillion yen of national expenditure, etc. Based on some assumptions, the package is estimated to have **an economic impact just shy of 4 trillion yen in FY2026.**
 - Compared with MHRT's September 2025 outlook, the package is expected to **push up FY2026 growth rate by around +0.5%.**
- For investments regarding security management and growth, which is a pillar of the package, **1.7 trillion yen was earmarked in the supplementary budget for capital injections or assistance in 17 strategic sectors.**
 - Additionally, the package includes **a tax cut program worth an annual 400 billion yen for the promotion of capital investment (immediate expensing, 7% tax deduction)** for all industries.

Economic package effects to boost real GDP

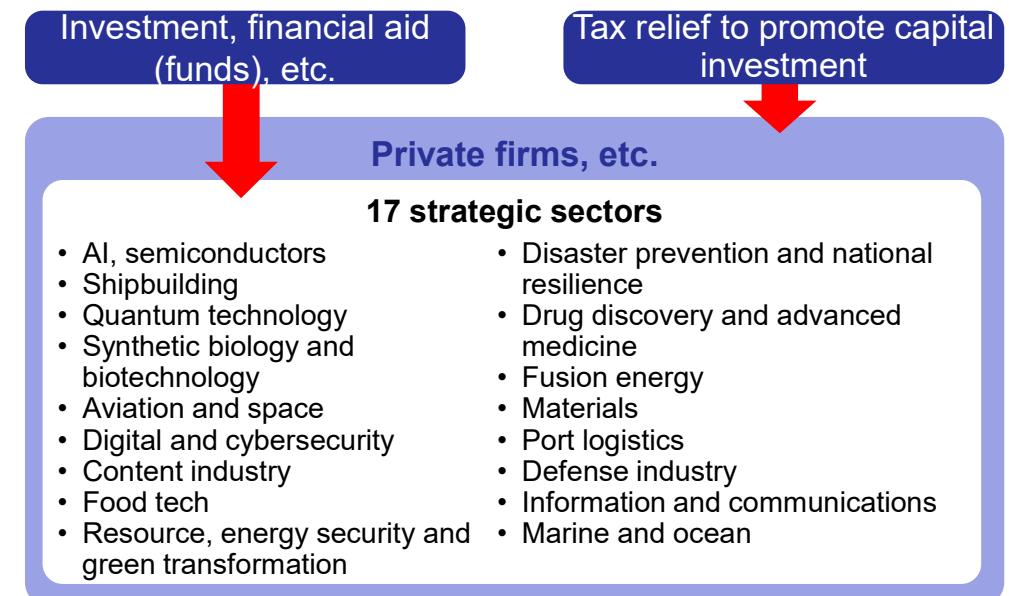
(Ratios to real GDP, %)



Note: Abolition of the provisional gasoline tax rate and review of the income tax and annual income thresholds, which were reflected in MHRT's September 2025 outlook, are excluded.

Source: Made by MHRT based on the Ministry of Finance and the Cabinet Office.

Details of domestic investment support measures



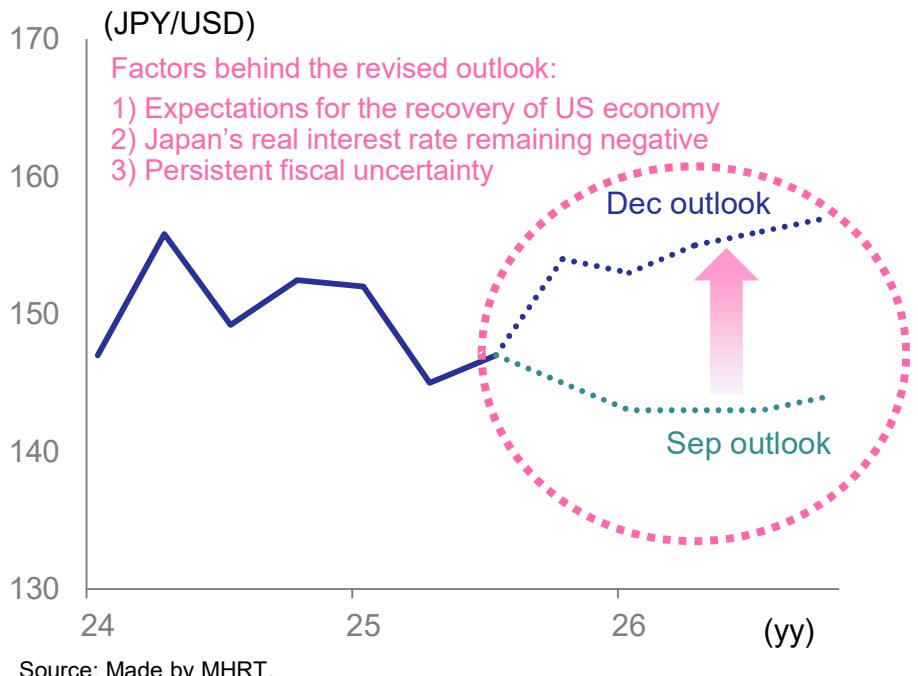
Achieve a “strong economy” through accelerated domestic investment

Source: Made by MHRT.

Japan: The BOJ is expected to pave the way for policy rate above 1% with the government accepting further tightening amid continued yen depreciation.

- As the yen continues to depreciate, the BOJ raised its policy rate to 0.75% last December, leaving room for another hike.
- The BOJ is expected to raise the policy rate again to 1% in Q3 2026 in response to the revival of yen depreciation.
 - The government is expected to allow an additional rate increase, as it is hard to overlook the yen's fall to the upper 150-yen range, considering exchange interventions in the past. Public concern over yen weakness is also expected to reinforce this stance..
 - After that, with the yen's continued depreciation and underlying inflation reaching 2%, the BOJ will raise the policy rate further to 1.25% in Q1 2027, before shifting to a wait-and-see stance.

Outlook on the dollar/yen exchange rate



Outlook on exchange rates and prices in 2026 and political responses

| | |
|----------------|--|
| Exchange rates | <ul style="list-style-type: none"> ✓ The Fed will cut rates in Q1 2026, but pressure for a higher yen will be limited. JPY will remain above 150 against USD. ✓ The yen will fall to the upper 150-yen range in the latter half of the year. |
| Prices | <ul style="list-style-type: none"> ✓ Core CPI will lose pace to +1.7% in Q2 2026 but will pick up to +2.0% in Q3. ✓ Becoming a factor promoting the BOJ's rate hike. |
| Politics | <ul style="list-style-type: none"> ✓ The government will try to avoid the yen's weakening to the upper 150-yen range. ✓ Public concerns over rising prices are likely to increase. The government will allow a rate hike to avoid waning of the positive impact of the economic package. |

Source: Made by MHRT.

US Economic Outlook Summary Table

| | 2024 | 2025 | 2026 | 2024 | | | | 2025 | | | | 2026 | | | | |
|-----------------------------|------------------------------|-------|-------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | | (Outlook) | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| GDP (real) | Q-o-q % ch p.a. | 2.8 | 2.1 | 2.1 | 0.8 | 3.6 | 3.3 | 1.9 | ▲ 0.6 | 3.8 | 4.3 | 0.9 | 1.6 | 2.2 | 2.1 | 2.1 |
| Personal consumptions | Q-o-q % ch p.a. | 2.9 | 2.6 | 2.1 | 1.7 | 3.9 | 4.0 | 3.9 | 0.6 | 2.5 | 3.5 | 1.8 | 1.5 | 2.3 | 2.1 | 2.1 |
| Housing investment | Q-o-q % ch p.a. | 3.2 | ▲ 1.9 | ▲ 0.4 | 8.2 | ▲ 2.0 | ▲ 4.8 | 4.3 | ▲ 1.0 | ▲ 5.1 | ▲ 5.1 | ▲ 1.2 | 1.0 | 1.6 | 1.7 | 1.7 |
| Capital investment | Q-o-q % ch p.a. | 2.9 | 4.0 | 2.4 | 1.5 | 2.5 | 3.5 | ▲ 3.7 | 9.5 | 7.3 | 2.8 | 1.8 | 1.7 | 2.2 | 2.1 | 2.1 |
| Inventory investment | Q-o-q contribution p.a. % pt | 0.0 | ▲ 0.1 | ▲ 0.2 | ▲ 0.8 | 1.2 | ▲ 0.1 | ▲ 0.9 | 2.6 | ▲ 3.4 | ▲ 0.2 | ▲ 0.1 | 0.0 | 0.1 | 0.1 | 0.1 |
| Government consumption | Q-o-q % ch p.a. | 3.8 | 1.4 | 0.8 | 2.3 | 3.3 | 5.4 | 3.3 | ▲ 1.0 | ▲ 0.1 | 2.2 | ▲ 2.0 | 1.6 | 1.3 | 1.3 | 1.4 |
| Net exports | Q-o-q contribution p.a. % pt | ▲ 0.4 | ▲ 0.2 | 0.5 | ▲ 0.4 | ▲ 1.0 | ▲ 0.4 | ▲ 0.1 | ▲ 4.7 | 4.8 | 1.6 | ▲ 0.1 | ▲ 0.0 | ▲ 0.1 | ▲ 0.1 | ▲ 0.1 |
| Exports | Q-o-q % ch p.a. | 3.6 | 1.6 | 1.0 | 4.6 | 0.7 | 8.9 | ▲ 0.9 | 0.2 | ▲ 1.8 | 8.8 | ▲ 2.3 | 0.2 | 1.0 | 1.2 | 1.3 |
| Imports | Q-o-q % ch p.a. | 5.8 | 2.7 | ▲ 2.4 | 6.9 | 8.4 | 10.1 | ▲ 0.2 | 38.0 | ▲ 29.3 | ▲ 4.7 | ▲ 0.8 | 0.1 | 1.1 | 1.5 | 1.5 |
| Unemployment rate | % | 4.0 | 4.3 | 4.4 | 3.8 | 4.0 | 4.2 | 4.1 | 4.1 | 4.2 | 4.3 | 4.5 | 4.5 | 4.4 | 4.4 | 4.3 |
| PCE deflator | Y-o-y % ch | 2.6 | 2.6 | 2.5 | 2.8 | 2.7 | 2.4 | 2.6 | 2.6 | 2.4 | 2.7 | 2.8 | 2.7 | 2.7 | 2.4 | 2.3 |
| Core, excl. food and energy | Y-o-y % ch | 2.9 | 2.9 | 2.6 | 3.1 | 2.8 | 2.8 | 3.0 | 2.8 | 2.7 | 2.9 | 3.0 | 2.9 | 2.8 | 2.5 | 2.3 |

Note: Shaded figures are forecasts.

Source: Made by MHRT based on US Department of Commerce and US Department of Labor.

Eurozone Economic Outlook Summary Table

| | | 2024 2025 2026 | | | 2024 | | | | 2025 | | | | 2026 | | | |
|-------------------------------|------------------------------|----------------|-------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | (Outlook) | | | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec |
| GDP (real) | Q-o-q % ch p.a. | 0.9 | 1.4 | 1.5 | 0.3 | 0.2 | 0.4 | 0.4 | 0.6 | 0.1 | 0.3 | 0.2 | 0.5 | 0.5 | 0.4 | 0.4 |
| Domestic demand | Q-o-q % ch p.a. | 0.6 | 2.1 | 1.7 | ▲ 0.2 | ▲ 0.0 | 1.4 | 0.4 | 0.5 | 0.3 | 0.5 | 0.4 | 0.5 | 0.5 | 0.4 | 0.4 |
| Personal consumption | Q-o-q % ch p.a. | 1.3 | 1.3 | 1.4 | 0.5 | 0.2 | 0.6 | 0.5 | 0.2 | 0.3 | 0.2 | 0.3 | 0.4 | 0.4 | 0.3 | 0.3 |
| Gross fixed capital formation | Q-o-q % ch p.a. | ▲ 2.0 | 2.6 | 1.6 | ▲ 2.0 | ▲ 2.5 | 1.6 | 0.7 | 2.6 | ▲ 1.7 | 0.9 | 0.3 | 0.5 | 0.5 | 0.5 | 0.5 |
| Government consumption | Q-o-q % ch p.a. | 2.2 | 1.7 | 2.2 | 0.1 | 0.9 | 0.6 | 0.6 | 0.0 | 0.4 | 0.7 | 0.4 | 0.6 | 0.6 | 0.6 | 0.5 |
| Inventory investment | Q-o-q contribution p.a. % pt | ▲ 0.1 | 0.4 | 0.1 | ▲ 0.0 | 0.2 | 0.5 | ▲ 0.1 | ▲ 0.2 | 0.5 | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.0 |
| External demand | Q-o-q contribution p.a. % pt | 0.3 | ▲ 0.5 | ▲ 0.2 | 0.4 | 0.3 | ▲ 0.8 | 0.0 | 0.1 | ▲ 0.2 | ▲ 0.2 | ▲ 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exports | Q-o-q % ch p.a. | 0.6 | 1.9 | 0.3 | 0.2 | 1.6 | ▲ 1.4 | 0.1 | 2.3 | ▲ 0.4 | 0.7 | ▲ 0.6 | 0.1 | 0.2 | 0.3 | 0.3 |
| Imports | Q-o-q % ch p.a. | ▲ 0.1 | 3.4 | 0.7 | ▲ 0.8 | 1.2 | 0.4 | 0.1 | 2.2 | ▲ 0.1 | 1.3 | ▲ 0.4 | 0.0 | 0.2 | 0.2 | 0.3 |
| CPI | Y-o-y % ch | 2.4 | 2.1 | 1.9 | 2.6 | 2.5 | 2.2 | 2.2 | 2.3 | 2.0 | 2.1 | 2.1 | 1.9 | 1.7 | 1.9 | 2.0 |
| Core, excl. food and energy | Y-o-y % ch | 2.8 | 2.4 | 2.1 | 3.1 | 2.8 | 2.8 | 2.7 | 2.6 | 2.4 | 2.3 | 2.4 | 2.2 | 2.0 | 2.0 | 2.0 |

Note: Shaded figures are forecasts.

Source: Made by MHRT based on Eurostat.

Emerging Country Economic Outlook Summary Table

| | 2024 | 2025 | 2026 | 2024 | | | | 2025 | | | |
|------------------------|-----------|------|------|---------|---------|---------|---------|---------|---------|---------|--|
| | (Outlook) | | | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | |
| Asia | 5.2 | 5.4 | 4.6 | 5.8 | 5.0 | 4.7 | 5.3 | 5.5 | 5.7 | 5.6 | |
| China | 5.0 | 4.9 | 4.1 | 5.3 | 4.7 | 4.6 | 5.4 | 5.4 | 5.2 | 4.8 | |
| NIEs | 3.3 | 3.5 | 2.3 | 4.4 | 3.3 | 3.0 | 2.6 | 2.4 | 3.5 | 4.2 | |
| South Korea | 2.0 | 1.0 | 1.8 | 3.4 | 2.2 | 1.4 | 1.1 | ▲ 0.0 | 0.6 | 1.8 | |
| Taiwan | 5.3 | 7.3 | 3.4 | 7.2 | 5.3 | 4.7 | 4.1 | 5.5 | 7.7 | 8.2 | |
| Hong Kong | 2.5 | 3.3 | 2.1 | 2.8 | 3.0 | 1.9 | 2.5 | 3.0 | 3.1 | 3.8 | |
| Singapore | 4.4 | 4.3 | 1.9 | 3.2 | 3.4 | 5.7 | 5.0 | 4.1 | 4.7 | 4.2 | |
| ASEAN5 | 5.0 | 4.9 | 4.6 | 4.7 | 5.2 | 5.1 | 5.1 | 4.9 | 5.2 | 4.8 | |
| Indonesia | 5.0 | 5.0 | 4.9 | 5.1 | 5.0 | 4.9 | 5.0 | 4.9 | 5.1 | 5.0 | |
| Thailand | 2.5 | 2.2 | 1.9 | 1.7 | 2.3 | 3.0 | 3.3 | 3.2 | 2.8 | 1.2 | |
| Malaysia | 5.1 | 4.5 | 4.1 | 4.2 | 5.9 | 5.4 | 4.9 | 4.4 | 4.4 | 5.2 | |
| Philippines | 5.7 | 5.1 | 5.3 | 5.9 | 6.5 | 5.2 | 5.3 | 5.4 | 5.5 | 4.0 | |
| Vietnam | 7.1 | 7.6 | 6.4 | 6.0 | 7.2 | 7.4 | 7.6 | 7.0 | 8.2 | 8.2 | |
| India | 6.7 | 7.6 | 6.5 | 8.4 | 6.5 | 5.6 | 6.4 | 7.4 | 7.8 | 8.2 | |
| Australia | 1.1 | 1.8 | 1.7 | 1.3 | 1.0 | 0.9 | 1.1 | 1.5 | 1.9 | 2.0 | |
| Ref. NIEs+ASEAN5 | 4.4 | 4.4 | 3.8 | 4.6 | 4.5 | 4.3 | 4.2 | 4.0 | 4.5 | 4.6 | |
| Ref. Asia, excl. China | 5.6 | 6.1 | 5.2 | 6.5 | 5.5 | 5.0 | 5.3 | 5.7 | 6.2 | 6.5 | |

Note: Real GDP growth (y/y, %); Shaded figures are forecasts.

Source: Made by MHRT based on National Statistics and IMF.

Japan Economic Outlook Summary Table

| | 2024 Q-o-q % ch | 2025 FY(Outlook) | 2026 FY(Outlook) | 2024 | | | | 2025 | | | | 2026 | | | | 2027 Jan-Mar |
|--------------------------|--------------------|---------------------|--------------------------|---------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|
| | | | | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | |
| GDP (real) | | | | 0.5 | 1.0 | 1.0 | ▲0.5 | 0.2 | 0.7 | 0.3 | 0.4 | 0.5 | ▲0.6 | 0.4 | 0.1 | 0.2 |
| | Q-o-q % ch p.a. | | | — | — | — | ▲2.1 | 1.0 | 2.7 | 1.4 | 1.5 | 2.1 | ▲2.3 | 1.8 | 0.6 | 0.7 |
| Domestic demand | | | | 0.9 | 1.1 | 1.2 | ▲0.7 | 0.7 | 0.9 | ▲0.5 | 0.9 | 0.4 | ▲0.4 | 0.4 | 0.2 | 0.2 |
| Private-sector demand | | | | 0.5 | 1.4 | 1.1 | ▲0.9 | 0.2 | 1.1 | ▲0.6 | 1.3 | 0.5 | ▲0.5 | 0.5 | 0.2 | 0.2 |
| Personal consumption | | | | 0.2 | 1.2 | 0.9 | ▲0.3 | 0.0 | 0.5 | ▲0.0 | 0.7 | 0.3 | 0.2 | 0.1 | 0.2 | 0.2 |
| Housing investment | | | | ▲0.7 | ▲3.6 | 1.3 | ▲1.1 | ▲0.0 | 0.8 | 0.4 | ▲0.0 | 0.4 | ▲8.2 | 2.8 | 2.5 | 0.5 |
| Capital investment | | | | 0.9 | 1.7 | 1.7 | ▲2.4 | 1.1 | 0.6 | ▲0.2 | 0.2 | 1.3 | ▲0.2 | 0.3 | 0.5 | 0.5 |
| Inventory investment | | | Q-o-q contribution, % pt | 0.1 | 0.3 (▲0.0) | (0.0) | (▲0.1) | (0.4) | (▲0.4) | (0.6) | (0.0) | (▲0.1) | (0.2) | (▲0.1) | (0.0) | (0.0) |
| Public-sector demand | | | | 2.0 | 0.1 | 1.5 | ▲0.0 | 2.2 | 0.2 | ▲0.2 | ▲0.2 | 0.2 | ▲0.0 | 0.1 | 0.1 | 0.2 |
| Government consumption | | | | 2.3 | 0.4 | 0.9 | 0.3 | 2.2 | ▲0.1 | 0.1 | ▲0.3 | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| Public investment | | | | 0.1 | ▲1.3 | 3.5 | ▲1.1 | 1.1 | 1.0 | ▲0.6 | ▲0.1 | 0.0 | ▲1.1 | ▲0.5 | ▲0.5 | ▲0.2 |
| External demand | | | Q-o-q contribution, % pt | (▲0.4) | (▲0.1) | (▲0.2) | (0.1) | (▲0.5) | (▲0.2) | (0.8) | (▲0.6) | (0.1) | (▲0.2) | (0.0) | (▲0.0) | (▲0.0) |
| Export | | | | 1.7 | 2.1 | 1.1 | ▲3.7 | 0.5 | 2.2 | 1.7 | ▲0.1 | 1.9 | ▲1.2 | ▲0.5 | 0.1 | 0.6 |
| Import | | | | 3.3 | 2.4 | 1.9 | ▲4.0 | 2.6 | 3.0 | ▲1.9 | 2.4 | 1.4 | ▲0.4 | ▲0.6 | 0.3 | 0.7 |
| GDP (nominal) | | | Q-o-q % ch | 3.7 | 4.4 | 3.3 | ▲0.7 | 2.1 | 1.1 | 1.1 | 0.9 | 2.1 | ▲0.1 | 1.3 | 0.5 | 1.4 |
| GDP deflator | | | Y-o-y % ch | 3.2 | 3.3 | 2.3 | 3.5 | 3.6 | 2.7 | 3.0 | 3.6 | 3.3 | 3.4 | 3.4 | 3.2 | 2.7 |
| Domestic demand deflator | | | Y-o-y % ch | 2.8 | 2.4 | 1.8 | 2.3 | 3.1 | 2.4 | 2.5 | 3.1 | 2.6 | 2.8 | 2.3 | 1.8 | 1.9 |

Note: Shaded figures are forecasts.

Source: Made by MHRT based on the Cabinet Office, National Accounts

Japan Economic Outlook Summary Table

| | 2024 | 2025 | 2026 | 2024 | | | | 2025 | | | | 2026 | | | | 2027 | |
|--|---------------------------------|------|------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------|
| | | | | FY(Outlook) | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | |
| Industrial production | Q-o-q % ch | ▲1.4 | 0.7 | 1.3 | ▲5.2 | 2.1 | 0.3 | 0.4 | ▲0.3 | 0.4 | 0.1 | 0.2 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| Ordinary profit | Y-o-y % ch | 7.2 | 2.1 | 5.4 | 15.1 | 13.2 | ▲3.3 | 13.5 | 3.8 | 0.2 | 19.7 | ▲3.7 | ▲3.8 | ▲0.5 | ▲1.1 | 9.3 | 15.7 |
| Nominal compensation of employees | Y-o-y % ch | 4.1 | 3.3 | 3.1 | 1.8 | 3.5 | 4.0 | 5.1 | 3.9 | 4.0 | 3.4 | 3.0 | 2.9 | 3.1 | 3.2 | 3.1 | 3.2 |
| Unemployment rate | % | 2.5 | 2.5 | 2.5 | 2.6 | 2.6 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Number of new housing starts | annual rate, ten thousand units | 81.6 | 72.4 | 78.1 | 79.2 | 80.8 | 78.7 | 77.8 | 88.8 | 60.1 | 71.7 | 79.4 | 78.1 | 77.9 | 77.8 | 77.8 | 77.7 |
| Current account balance | annual rate, trillion yen | 29.5 | 34.7 | 39.1 | 26.1 | 27.9 | 28.1 | 31.9 | 30.0 | 28.7 | 34.2 | 36.8 | 38.1 | 37.9 | 38.7 | 39.1 | 39.5 |
| Corporate goods price index | Y-o-y % ch | 3.3 | 2.5 | 1.9 | 0.8 | 2.2 | 3.1 | 3.9 | 4.2 | 3.3 | 2.6 | 2.5 | 1.8 | 1.7 | 2.1 | 1.7 | 2.0 |
| CPI excl. fresh food | Y-o-y % ch | 2.7 | 2.8 | 1.9 | 2.5 | 2.4 | 2.6 | 2.6 | 3.1 | 3.5 | 2.9 | 2.6 | 2.1 | 1.7 | 2.0 | 2.0 | 2.1 |
| CPI excl. fresh food and policy factors | Y-o-y % ch | 2.2 | 2.8 | 2.1 | 2.2 | 2.0 | 1.9 | 2.2 | 2.8 | 2.9 | 2.9 | 2.6 | 2.7 | 2.2 | 2.2 | 2.2 | 1.8 |
| CPI excl. fresh food and energy | Y-o-y % ch | 2.3 | 3.0 | 2.0 | 3.2 | 2.2 | 2.0 | 2.3 | 2.7 | 3.2 | 3.2 | 2.9 | 2.6 | 2.1 | 2.0 | 1.8 | 2.0 |
| CPI excl. fresh food and energy and policy factors | Y-o-y % ch | 2.3 | 3.1 | 2.1 | 3.1 | 2.2 | 2.0 | 2.3 | 2.7 | 3.4 | 3.4 | 3.1 | 2.8 | 2.3 | 2.1 | 2.0 | 2.2 |

Note: Shaded figures are forecasts.

Source: Made by MHRT based on various statistics of Japan

Financial Markets Outlook Summary Table

| | 2024 FY | 2025 FY | 2026 FY | 2024 | | | 2025 | | | 2026 | | | 2027 Jan-Mar | | | |
|--------------------------------------|------------------------|------------|------------------|------------------|---------|---------|---------|---------|---------|---------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar | Apr-Jun | Oct-Dec | | | |
| Japan | | | | | | | | | | | | | | | | |
| uncollateralized overnight call rate | End of period value, % | 0.50 | 0.75 | 1.25 | 0.10 | 0.25 | 0.25 | 0.50 | 0.50 | 0.50 | 0.75 | 0.75 | 0.75 | 1.25 | | |
| Newly issued JGBs | 10-year, % | 1.05 | 1.10~ 2.16 | 1.91~ 2.51 | 0.93 | 0.93 | 1.01 | 1.35 | 1.40 | 1.56 | 1.62~ 2.12 | 1.85~ 2.16 | 1.91~ 2.21 | 1.93~ 2.23 | 2.05~ 2.35 | 2.21~ 2.51 |
| Nikkei Stock Average | JPY | 38,566 | 37000 ~ 54700 | 44900 ~ 56100 | 38,693 | 38,121 | 38,943 | 38,505 | 36,741 | 42,213 | 44600 ~ 54500 | 44700 ~ 54700 | 44900 ~ 54900 | 45200 ~ 55200 | 45500 ~ 55700 | 45900 ~ 56100 |
| US | | | | | | | | | | | | | | | | |
| Federal Funds Rate (lower end) | End of period value, % | 4.25 | 3.25 | 3.25 | 5.25 | 4.75 | 4.25 | 4.25 | 4.25 | 4.00 | 3.50 | 3.25 | 3.25 | 3.25 | 3.25 | |
| Newly issued government bonds | 10-year, % | 4.28 | 3.60~ 4.60 | 3.65~ 4.50 | 4.45 | 3.96 | 4.28 | 4.46 | 4.36 | 4.26 | 3.95~ 4.20 | 3.60~ 4.50 | 3.65~ 4.50 | 3.75~ 4.50 | 3.75~ 4.50 | 3.75~ 4.50 |
| Dow Jones Average | USD | 41,483 | 41000 ~ 52800 | 42000 ~ 54100 | 38,812 | 40,597 | 43,280 | 43,244 | 41,454 | 45,053 | 41600 ~ 52600 | 41800 ~ 52800 | 42000 ~ 53000 | 42300 ~ 53300 | 42600 ~ 53800 | 42900 ~ 54100 |
| Eurozone | | | | | | | | | | | | | | | | |
| ECB deposit facility rate | End of period value, % | 2.50 | 2.00 | 2.00 | 3.75 | 3.50 | 3.00 | 2.50 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | |
| German government bonds | 10-year, % | 2.40 | 2.35~ 3.10 | 2.40~ 3.15 | 2.50 | 2.28 | 2.26 | 2.58 | 2.60 | 2.71 | 2.35~ 3.05 | 2.40~ 3.10 | 2.40~ 3.10 | 2.45~ 3.15 | 2.45~ 3.15 | 2.45~ 3.15 |
| Exchange rates | | | | | | | | | | | | | | | | |
| USD/JPY | USD/JPY | 152 | 140~165 | 145~165 | 156 | 149 | 152 | 152 | 144 | 147 | 146~ 160 | 145~ 165 | 145~ 165 | 147~ 165 | 148~ 165 | 148~ 165 |
| EUR/USD | EUR/USD | 1.07 | 1.06~ 1.20 | 1.08~ 1.18 | 1.08 | 1.10 | 1.07 | 1.05 | 1.13 | 1.2 | 1.14~ 1.19 | 1.12~ 1.20 | 1.10~ 1.18 | 1.08~ 1.16 | 1.08~ 1.16 | 1.08~ 1.16 |

Note: Shaded figures are forecasts.
Source: Made by MHRT based on LSEG.

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