

Economic Outlook 2026 - 2027

Is a Turning Point Near?

Investment-Led Growth and the New Global Regime

Research Department

Mizuho Research Institute

Mizuho Research Institute is the name of an internal organization of Mizuho Bank, Ltd.

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MIZUHO

Key Takeaways

- Global growth remains resilient at around 3% despite the prolonged closure of the Strait of Hormuz. Alternative sourcing, and strong AI- and resilience-related investment help cushion the drag. At the same time, a new normal is emerging, characterized by persistently high inflation and interest rates, together with widening gaps in economic resilience.
- United States: Business investment, led by AI and economic security-related spending, remains the main growth driver, while consumption is supported by tax cuts and wealth effects. We expect the Fed to raise rates once more in 2026, then remain on hold, with rate cuts beginning around end-2027 as inflation moderates.
- Europe: Higher energy costs and heat-related logistics disruptions weigh on activity, but fiscal expansion in defense, infrastructure, and climate-related investment, together with AI spending, prevents a sharper slowdown. We expect one more ECB rate hike in 2026, followed by rate cuts in the second half of 2027 as inflation eases.
- China and Asia: China continues to rely on exports supported by its strong manufacturing capacity as domestic demand remains weak and deflationary pressure persists. Asia benefits from the AI boom, although the gains are concentrated in selected economies, particularly the NIEs.
- Japan: Persistent oil-price pressures continue to weigh on inflation, but strong AI-related exports support growth. Corporate earnings remain on an improving trend despite the Middle East crisis. In FY2027, a consumption tax cut and government support for domestic investment are expected to boost both consumption and capital spending.
- Monetary policy and markets in Japan: We expect the BOJ to raise rates roughly once per quarter through mid-2027, with the policy rate reaching 2%. Long-term yields are likely to remain above 3%, while structural yen-weakening pressures persist, keeping USD/JPY centered around ¥150 per dollar.

The Global Economy Is Becoming More Investment-Driven

A Resilient Global Economy Despite the Middle East Crisis

Resilience to Supply
Shocks

AI Investment Boom

Resilience Investment

Three Unexpected Recent Shifts

Prolonged Closure of the
Strait of Hormuz

Accelerating AI
Investment on Growing
Adoption Expectations

Resilience Investment
Driven by Geopolitics,
Notably in Japan

Economic Consequences of the Three Shifts

More Persistent
Inflationary Pressures

Higher Interest Rates
Becoming the New
Normal

Further Concentration of
Growth and Economic
Burdens

Widening resilience gaps beneath resilient global growth

Global Outlook: Growth Holds Up Despite Persistent Shocks

Global Economic Forecast Summary

	(YoY, %)			(%Pt)	
	2025	2026 (Outlook)	2027 (Outlook)	2026 (Comparison with June 2026 outlook)	2027
Global real GDP growth	3.4	3.1	3.2	0.2	0.1
Japan, US, Europe	1.7	1.6	1.7	0.2	-
US	2.3	2.2	2.2	-	0.1
Eurozone	1.2	1.0	1.4	0.2	-
UK	1.3	1.1	1.2	0.2	0.2
Japan	1.2	0.8	1.0	0.3	▲ 0.1
Asia	5.5	5.2	4.5	0.3	0.1
China	5.0	4.3	3.8	-	-
NIEs	4.1	5.5	2.6	0.9	0.1
ASEAN5	5.1	4.7	4.7	0.2	-
India	7.3	7.2	6.5	0.5	-
Australia	2.0	2.0	1.8	0.3	-
Japan (FY)	0.9	0.8	1.3	0.3	▲ 0.2

Global growth remains around 3% despite the prolonged closure of the Strait of Hormuz. Alternative sourcing and strong AI investment help cushion the drag. Looking ahead, robust AI- and resilience-related investment should keep global growth in the low-3% range.

Business investment, led by the AI boom, remains the main growth driver, while consumption is supported by tax cuts and wealth effects. We expect the Fed to raise rates once more in 2026, then begin cutting around end-2027 as inflationary pressures ease.

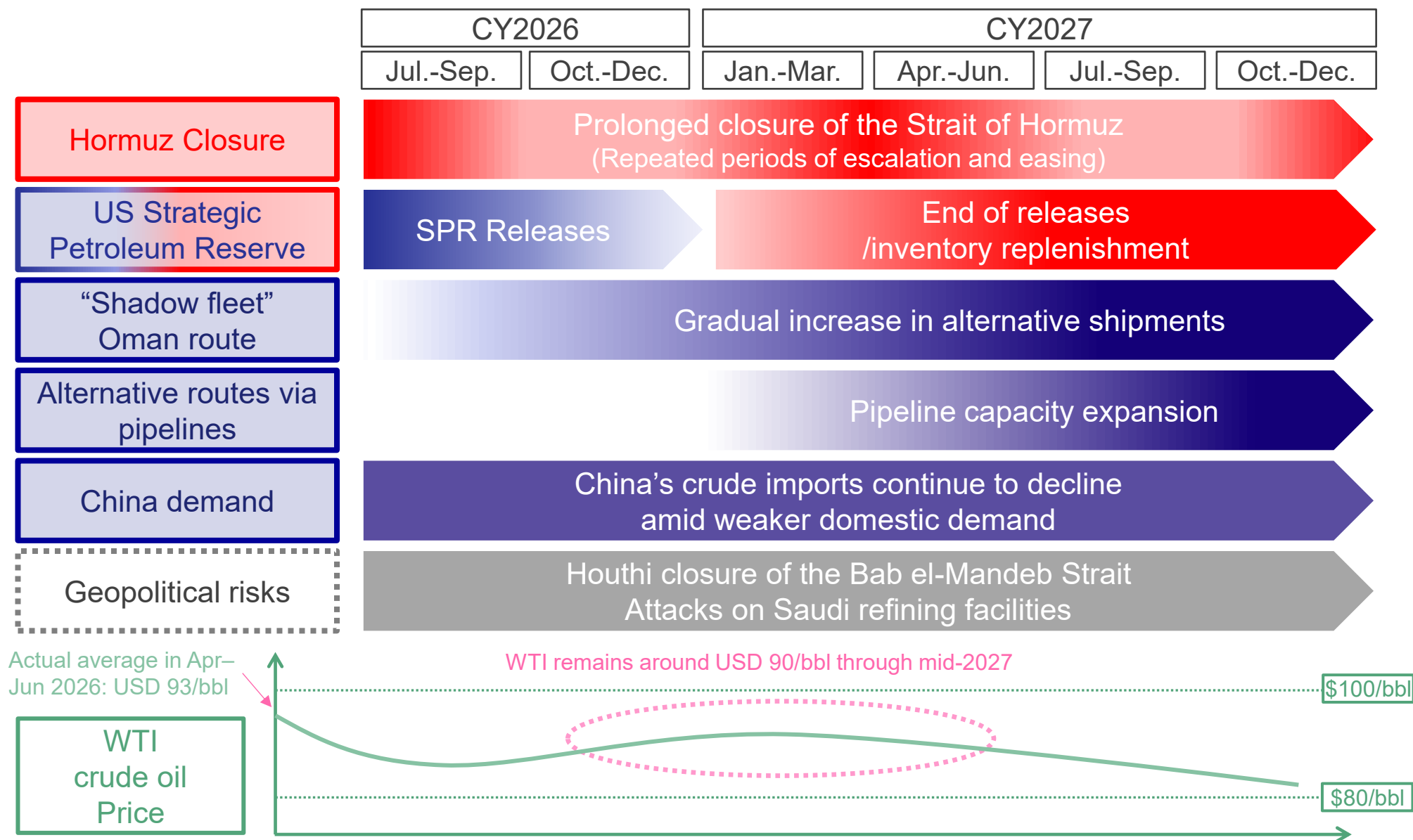
High energy costs and heat-related logistics disruptions weigh on growth, but fiscal expansion and AI investment prevent a sharper slowdown. We expect one more ECB rate hike in 2026, followed by rate cuts in the second half of 2027 as inflation eases.

With domestic demand remaining weak, growth continues to rely on exports backed by strong manufacturing capacity. Deflationary pressures persist amid insufficient demand.

Persistently high oil prices keep inflationary pressures elevated, but strong AI-related exports support growth. In FY2027, policy measures are expected to boost both consumption and capital spending, while the BOJ moves forward with rate hikes in response to upside inflation risks.

Growth accelerates on the back of the AI boom, although the benefits remain concentrated in selected economies, particularly the NIEs.

Hormuz Closure Keeps Energy Prices Elevated

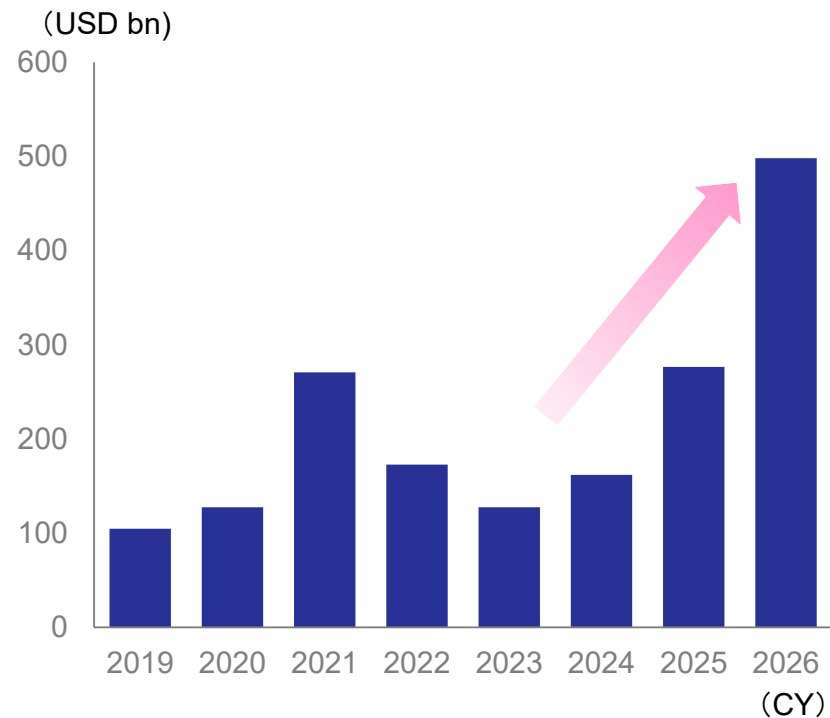


Note: The WTI price path is illustrative. Data through Apr–Jun 2026 are actual; subsequent values indicate the assumed direction rather than precise quarterly price levels.
Source: Made by Research Department, Mizuho Research Institute

AI and Resilience Investment Are Driving Global Growth

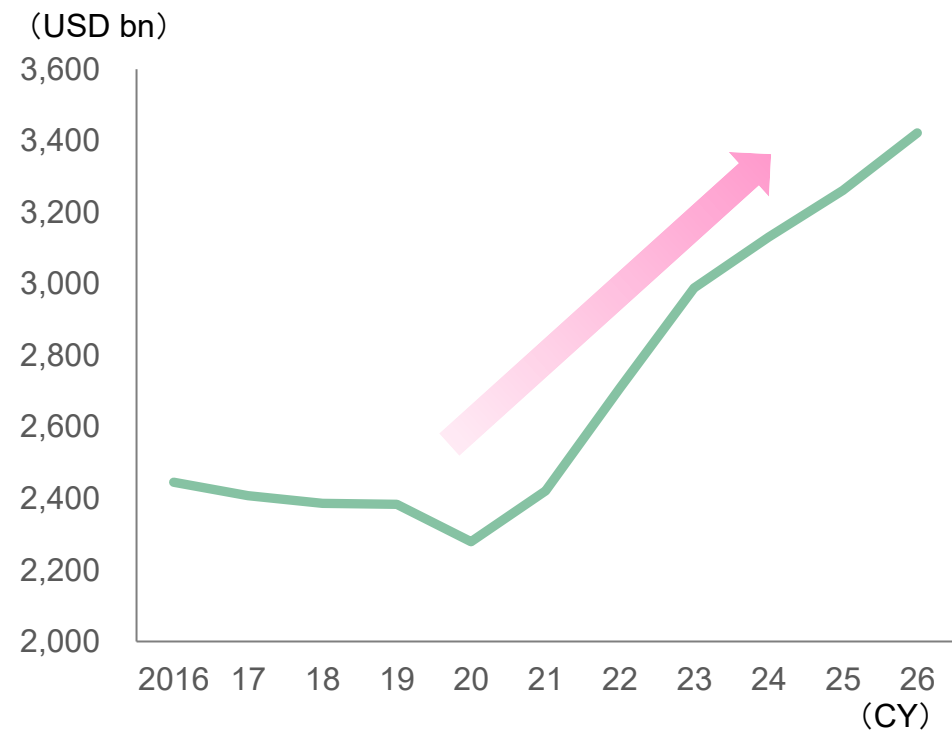
- Investment remains strong across major economies despite continued geopolitical tensions. AI and resilience-related spending are becoming key drivers of global growth.
- Global venture capital investment in AI has surged since 2025, reaching a record high by the first half of 2026.
- Military and energy investment are also rising, reflecting growing focus on security and supply resilience.
- The center of gravity in investment is shifting from efficiency alone toward strengthening both growth potential and resilience.

Global Venture Capital Investment in AI



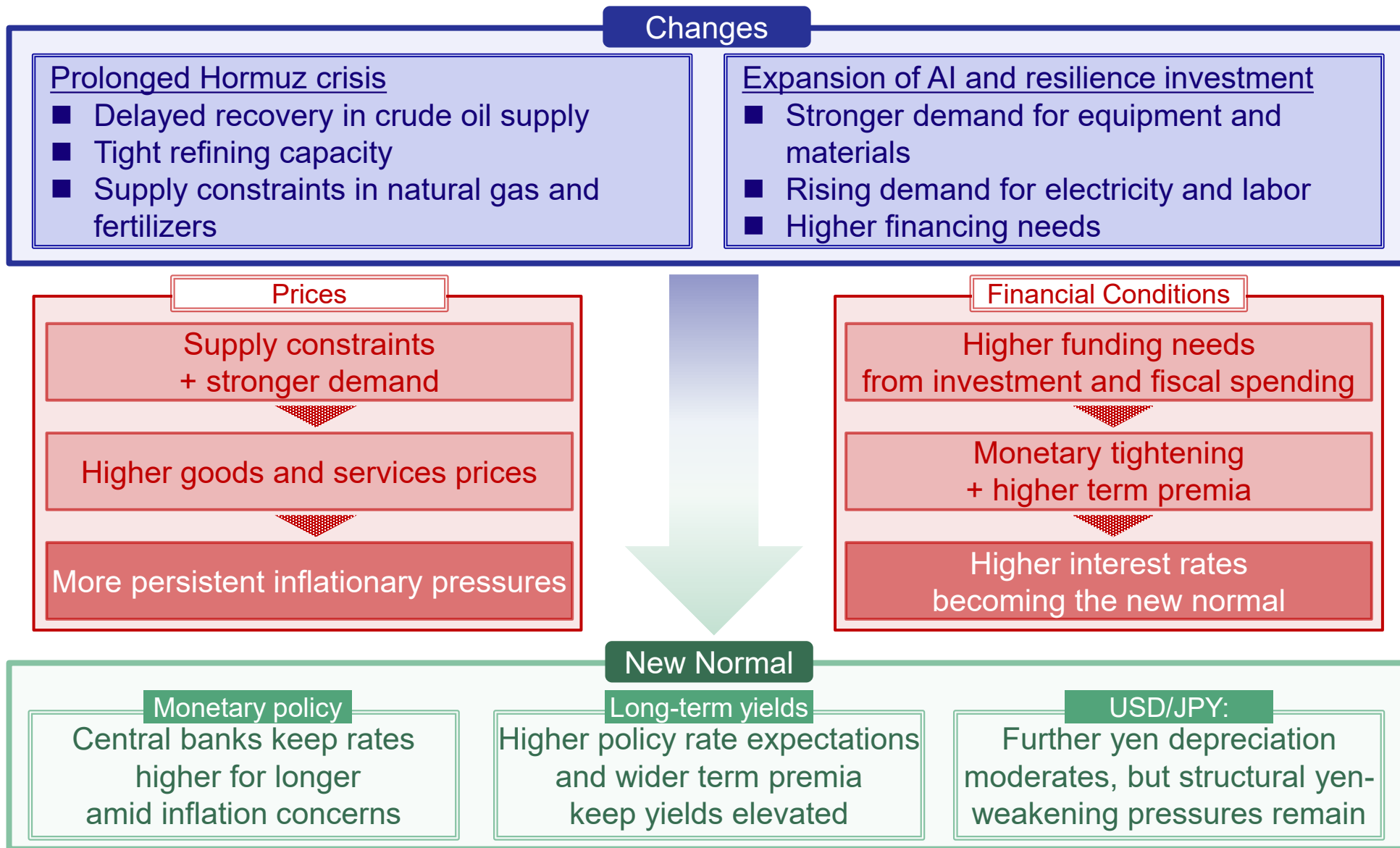
Note: Data for 2026 is cumulative through Q2
Source: Made by Research Department, Mizuho Research Institute based upon "Worldwide VC investment in AI", OECD

Global Energy Investment



Note: In real terms, constant 2025 prices
Source: Made by Research Department, Mizuho Research Institute based upon IEA

Investment-Led Growth Is Creating a New Inflation and Rate Regime

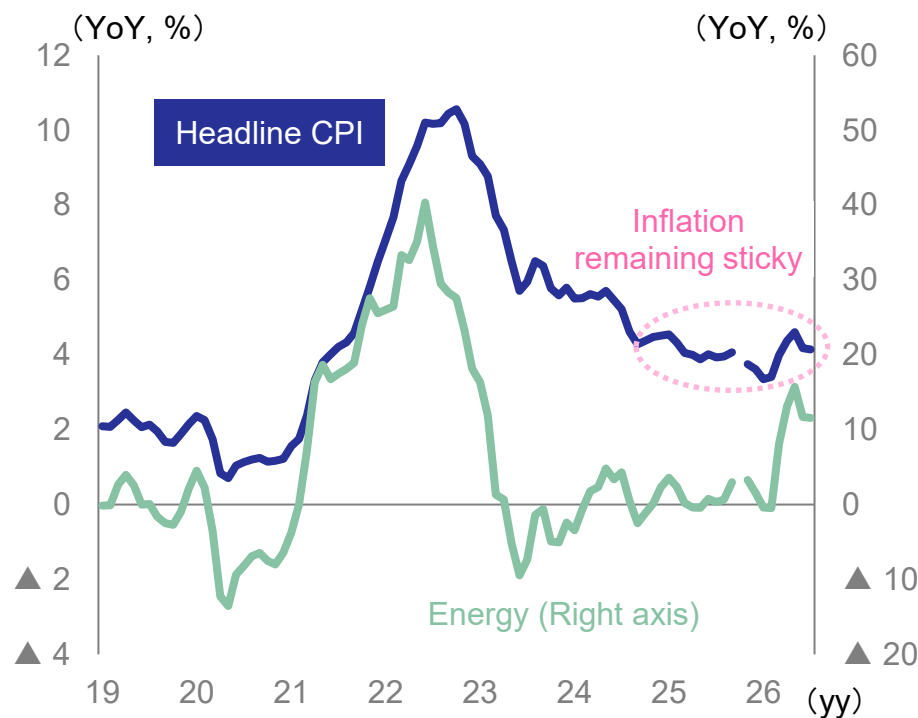


A new normal of inflation and higher rates reshapes policy and markets

Energy and AI Demand Are Reinforcing Inflationary Pressures

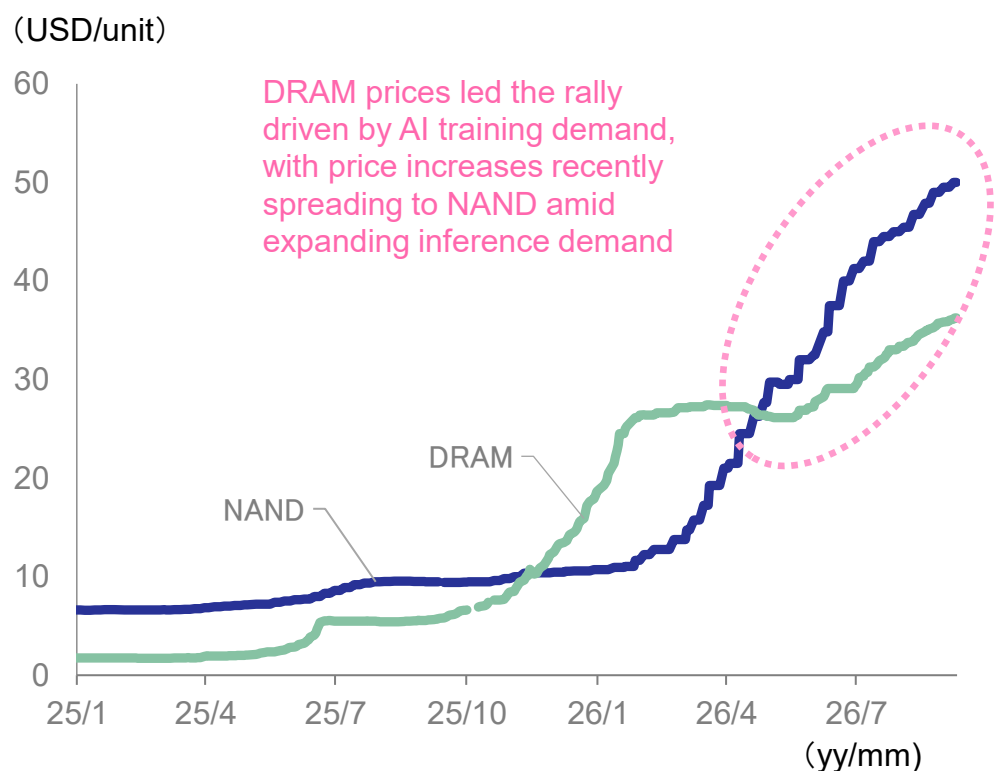
- Energy prices remain elevated as the closure of the Strait of Hormuz persists. Since the outbreak of the conflict, global energy inflation has risen to around 15% YoY, with higher oil and petrochemical prices feeding through to services and a broad range of goods via transport costs.
- Strong AI-related demand is adding to inflationary pressures. Data-center investment has pushed up memory-chip prices, with increases spreading to PCs and smartphones. Rising electricity prices are adding further pressure.
- Supply shocks and investment demand are reinforcing inflationary pressures.

Global CPI (OECD Average)



Note: The data point for October 2025 is missing due to the unavailability of US CPI data during the US federal government shutdown
Source: Made by Research Department, Mizuho Research Institute based upon OECD

AI-related Inflation Indicators (Memory Unit Prices)

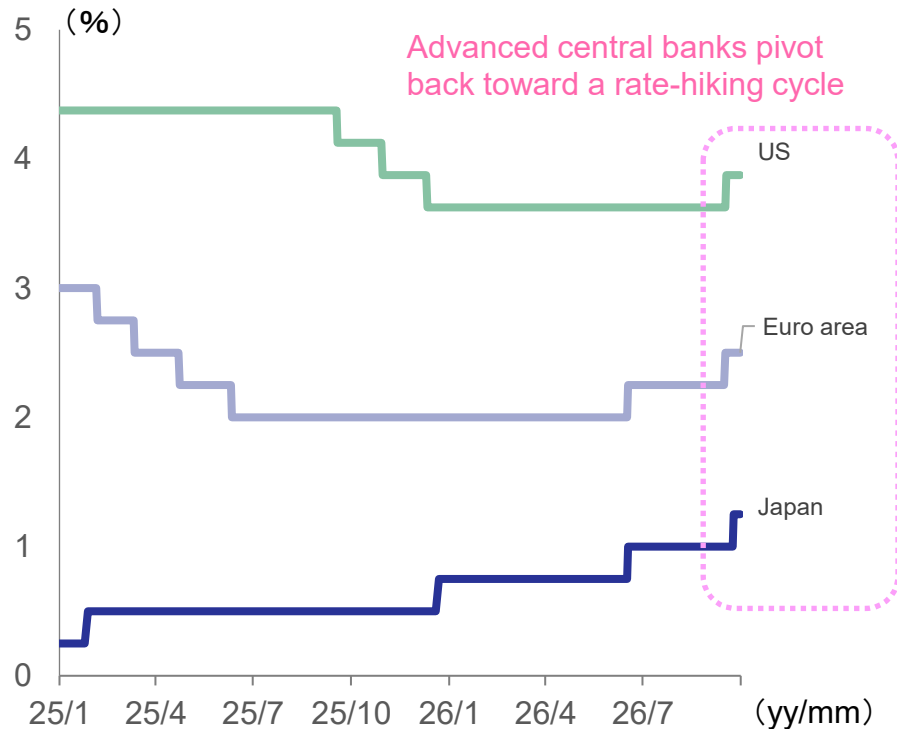


Note: NAND refers to 128GB; DRAM refers to DDR4 8GB
Source: Made by Research Department, Mizuho Research Institute based upon the Ministry of Trade, Industry and Energy (the Republic of Korea) and CEIC

Higher-for-Longer Interest Rates Are Becoming the New Normal

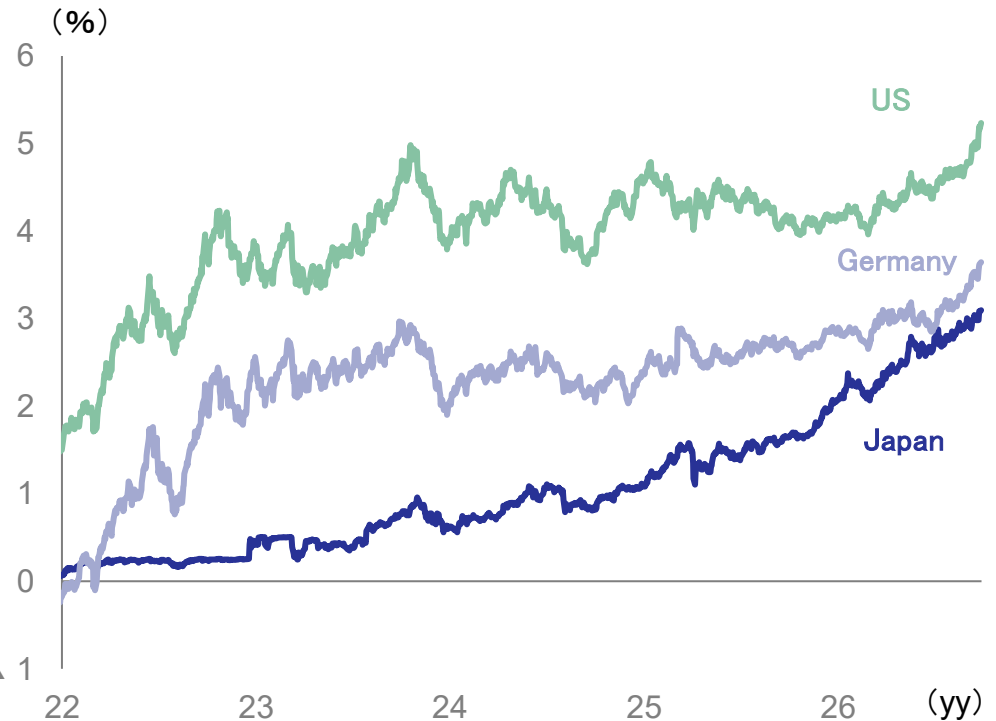
- Major central banks have shifted back toward tightening as inflation concerns intensify.
- The Fed, ECB, and BOJ all raised rates in September amid persistent inflationary pressures from the prolonged Hormuz crisis and strong investment demand.
- Long-term yields have also risen across major economies, reflecting higher policy rate expectations and growing fiscal concerns. In the United States, both fiscal concerns and renewed expectations of higher policy rates are pushing long-term yields upward.

Policy Rates in Major Economies



Source: Made by Research Department, Mizuho Research Institute based upon LSEG

Long-Term Interest Rates in Major Economies



Note: 10-year government bond yield

Source: Made by Research Department, Mizuho Research Institute based upon LSEG

Growth Is Resilient, but Resilience Is Uneven

Investment-led growth + inflation +
higher interest rates

Uneven distribution of
growth and burdens

Widening resilience gaps

Across countries

Countries with
technology, capital,
and resources



Countries without
sufficient technology,
capital, or resources

→Protectionism and industrial policy
competition intensify

Between firms and households

Higher productivity
Stronger corporate
profits



Slower pass-through
to wages and
household income

→Households feel less benefit from
growth, weakening social acceptance

Across firms

Large firms / AI and
strategic sectors



SMEs / non-AI and
non-strategic
sectors

→Differences in investment capacity
shape future growth opportunities

Across households

Asset owners / high-
income households



Non-asset owners /
middle- and lower-
income households

→Gaps in consumption and wealth
accumulation widen over time

Investment-led growth, inflation, and higher interest rates are widening resilience gaps

Japan's Position in the New Global Regime

- National competitiveness increasingly depends on multiple foundations, including resources, manufacturing capacity, technology, capital mobilization, and market size.
- Japan has strengths in manufacturing and technology, but remains vulnerable to resource-price shocks, which tend to worsen its terms of trade. Japan also has abundant financial assets, but faces challenges in channeling capital toward domestic growth sectors.

Five Foundations of National Competitiveness

Description	Countries / Regions
①Resources The ability to secure a stable supply of energy and critical minerals	US, China, Middle East, Australia
②Manufacturing capacity The ability to produce strategic goods on a large scale and reliably	China, Japan , Korea, Taiwan, Germany
③Technology The ability to develop new technologies and services	US, China, Japan , Korea, Taiwan
④Ability to mobilize funding The ability to direct domestic and foreign funding to growth sectors on a large scale	US, UK, China
⑤Market size The ability to diffuse and mass-produce new technologies	US, China, EU

Source: Made by Research Department, Mizuho Research Institute

Changes in Terms of Trade amid Surging Oil Prices



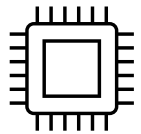
Notes: Averages of YoY percentage changes from March 2026 through the latest available month for each economy

Source: Made by Research Department, Mizuho Research Institute based upon CEIC

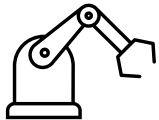
Opportunities and Vulnerabilities in the New Global Regime

- Japan is well positioned to benefit from the global investment boom through AI-related demand, its manufacturing base and policy support.
- At the same time, labor shortages, power constraints and energy dependence remain structural bottlenecks.
- The key question is whether stronger investment can overcome these constraints and lift Japan's potential growth.

Opportunities



AI-related external demand



Strong manufacturing and technology base



Government-led investment push



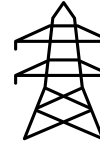
Improving corporate pricing power

Japan

Vulnerabilities



Labor shortages



Power supply constraints



Heavy dependence on imported energy



Fiscal vulnerability in a higher-rate world

Key question: Can Japan convert the global investment boom into sustainably higher growth?

Japan Outlook: Growth Remains Resilient Despite External Headwinds

- We forecast real GDP growth of 0.8% in FY2026. Higher oil prices and uncertainty surrounding the Middle East weigh on consumption and investment, but strong AI- and semiconductor-related exports provide support.
- Growth is expected to accelerate to 1.3% in FY2027. A consumption tax cut should support real household income, while government measures to promote domestic investment boost capital spending.
- The key growth driver gradually shifts from external AI demand to stronger domestic demand and investment.

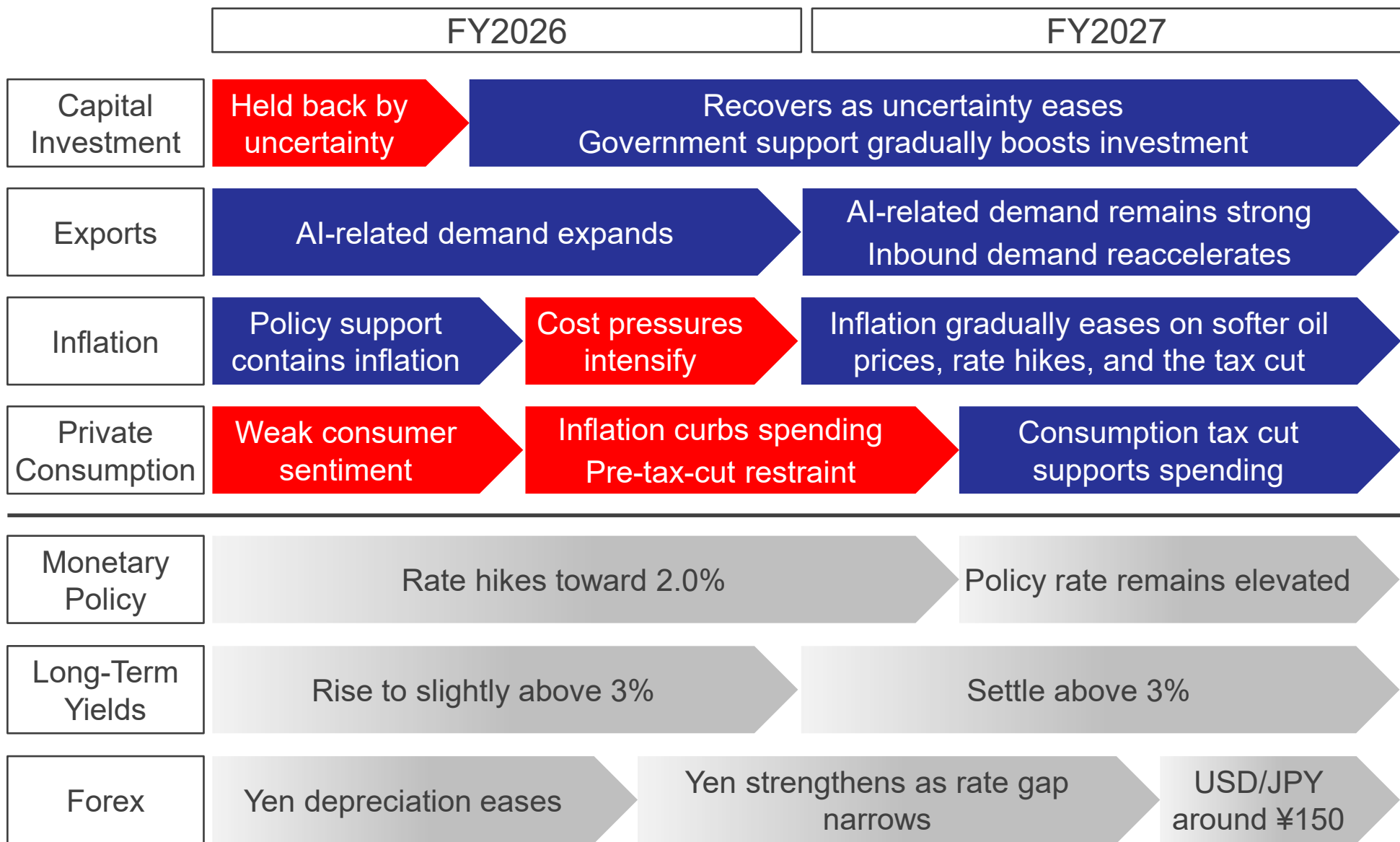
Economic Outlook Summary Table (GDP)

		2024	2025	2026	2027	2025				2026				2027				2028
		FY	FY	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	Jan-Mar
GDP (real)	Q-o-q % ch	0.7	0.9	0.8	1.3	0.5	0.1	▲0.4	0.3	0.5	0.4	▲0.1	0.2	▲0.1	1.1	▲0.0	0.3	0.2
	Q-o-q % ch p.a.	—	—	—	—	2.0	0.5	▲1.5	1.1	1.9	1.4	▲0.5	0.8	▲0.3	4.6	▲0.0	1.0	0.9
Domestic demand	Q-o-q % ch	1.0	1.0	0.5	1.7	1.1	0.2	▲0.2	0.2	0.2	▲0.1	0.3	0.2	0.1	1.2	0.1	0.3	0.3
Private-sector demand	Q-o-q % ch	0.7	1.2	0.2	1.6	1.6	0.1	▲0.3	0.2	0.0	0.1	▲0.1	0.0	▲0.1	1.4	0.0	0.3	0.3
Personal consumption	Q-o-q % ch	0.1	1.3	0.6	1.2	0.6	0.1	0.6	0.2	0.4	0.0	0.1	0.1	▲0.4	1.7	▲0.4	0.1	0.1
Housing investment	Q-o-q % ch	▲0.4	▲2.6	▲0.0	▲0.5	▲0.5	0.6	▲7.9	5.0	0.9	▲0.6	▲0.6	0.1	▲0.5	▲0.2	0.1	0.1	0.0
Capital investment	Q-o-q % ch	1.8	2.2	0.3	2.8	1.2	1.3	▲0.2	1.3	▲1.0	▲0.9	1.0	0.9	0.8	0.5	0.8	0.6	0.5
Inventory investment	Q-o-q contribution, % pt	(0.2)	(▲0.1)	(▲0.2)	(0.0)	(0.7)	(▲0.3)	(▲0.1)	(▲0.4)	(▲0.1)	(0.3)	(▲0.3)	(▲0.2)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Public-sector demand	Q-o-q % ch	2.0	0.6	1.3	1.9	▲0.2	0.5	▲0.1	0.2	0.5	▲0.8	1.3	0.8	0.8	0.4	0.2	0.2	0.2
Government consumption	Q-o-q % ch	2.3	0.8	2.5	0.8	▲0.2	0.5	0.2	0.4	0.4	1.7	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Public investment	Q-o-q % ch	0.1	▲0.3	0.9	0.7	▲0.8	0.9	▲1.1	▲0.5	1.4	▲0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0
Public inventory	Q-o-q contribution, % pt	(0.0)	(▲0.0)	(▲0.2)	(0.3)	(0.0)	(▲0.0)	(0.0)	(▲0.0)	(▲0.0)	(▲0.5)	(0.3)	(0.1)	(0.1)	(0.1)	(▲0.0)	(▲0.0)	(▲0.0)
External demand	Q-o-q contribution, % pt	(▲0.3)	(▲0.1)	(0.3)	(▲0.4)	(▲0.6)	(▲0.0)	(▲0.2)	(0.1)	(0.3)	(0.5)	(▲0.4)	(▲0.0)	(▲0.2)	(▲0.0)	(▲0.1)	(▲0.0)	(▲0.0)
Export	Q-o-q % ch	2.7	2.0	2.9	4.2	▲0.7	1.7	▲1.4	0.1	1.7	0.4	0.4	1.8	0.8	1.1	1.0	0.9	0.8
Import	Q-o-q % ch	4.0	2.5	1.3	5.6	2.0	1.8	▲0.6	▲0.2	0.3	▲1.7	2.3	1.8	1.5	1.2	1.2	1.0	0.9
GDP (nominal)	Q-o-q % ch	4.0	4.3	2.5	2.8	0.9	1.8	0.3	0.9	0.8	1.3	▲0.5	0.7	0.1	2.1	▲0.3	1.1	0.2
GDP deflator	Y-o-y % ch	3.2	3.3	1.8	1.5	3.6	3.3	3.5	3.4	3.2	2.6	1.5	1.4	1.4	1.3	1.5	1.7	1.5

Note: Shaded values are forecasts by Research Department, Mizuho Research Institute

Source: Made by Research Department, Mizuho Research Institute based upon "Quarterly GDP Bulletin", the Cabinet Office

Japan's Economic Path Through 2027



Source: Made by Research Department, Mizuho Research Institute

Japan's ¥250tn Investment Target Looks Achievable

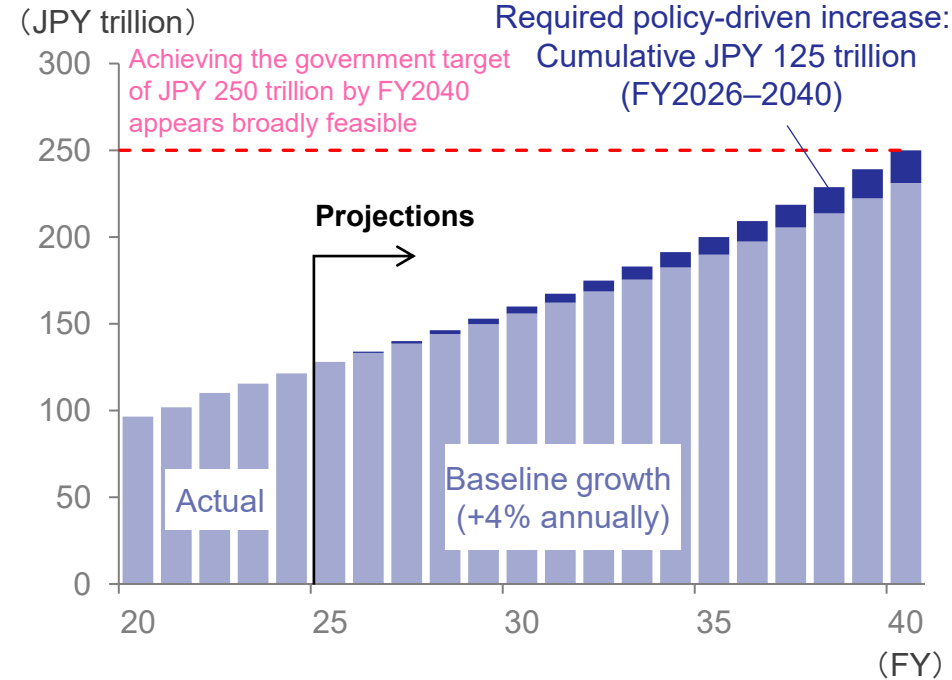
- Japan is combining investment tax incentives with a large-scale government investment program focused on 17 strategic sectors.
- Even without additional policy support, nominal business investment could reach around ¥230tn by FY2040. Assuming a baseline growth rate of 4%, the additional investment needed to reach the ¥250tn target is about ¥125tn cumulatively, or just over ¥8tn per year.
- Given the scale of announced support measures, the government's target appears broadly achievable.

Key Measures to Promote Capital Investment

Period	Main features	Scale
Bold Investment Promotion Tax Incentive		
FY2026 – FY2028	- Supports investments of ¥3.5 billion or more* with high returns (ROI of at least 15%) Immediate expensing or a tax credit worth up to 7%	FY2026: Approx. ¥0.3 trillion; FY2027–28: Approx. ¥0.4 trillion
“Strong and Prosperous Japan” Investment Framework		
FY2027 – FY2040	Supports crisis management and growth investment, mainly in 17 strategic sectors Securing multi-year funding enhances predictability and encourages companies to undertake large-scale, long-term investment	FY2027: Approx. ¥14.2 trillion (budget request)

Notes: SMEs are eligible for investments of JPY 500 million or more
 Source: Made by Research Department, Mizuho Research Institute based upon various sources

Nominal Capex and the Government's Target Level



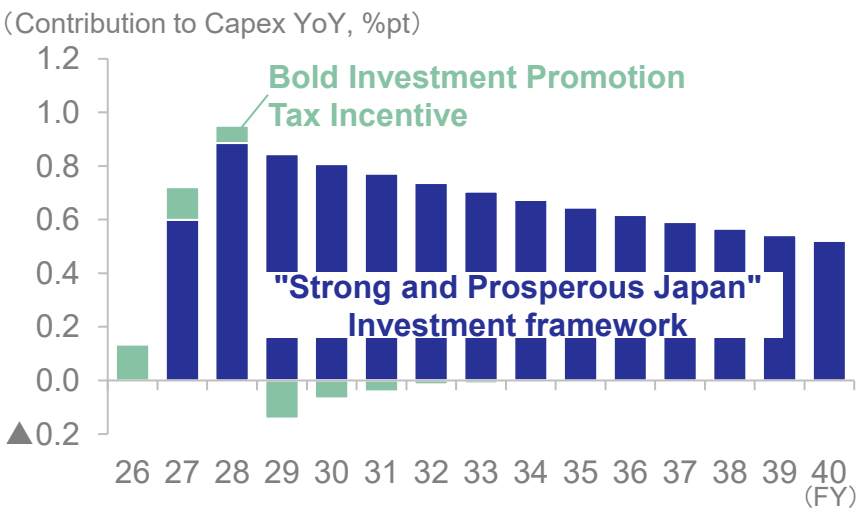
Notes: Key assumptions are as follows: Both baseline growth and the government target assume that nominal capital expenditure increases at a constant annual rate through FY2040. While official government documents define "JPY 250 trillion in FY2040" as a combined public-private target, it is treated entirely as private business fixed investment in this projection. The government's projected cumulative investment of JPY 370 trillion across 17 strategic sectors partially overlaps with baseline growth

Source: Made by Research Department, Mizuho Research Institute based upon "Quarterly Estimates of GDP.", the Cabinet Office

Investment Could Lift Japan's Potential Growth Toward 1%

- Government support is expected to lift business investment growth by around 0.1–0.9ppt over FY2026–FY2040.
- The investment tax incentive provides an initial boost, while the “Strong and Prosperous Japan” investment program delivers a larger and more persistent impact from FY2027 onward.
- Japan's potential growth rate is expected to rise gradually, approaching 1% in the second half of the 2020s.
- Further gains require stronger capital investment, R&D, AI adoption, and structural reform.

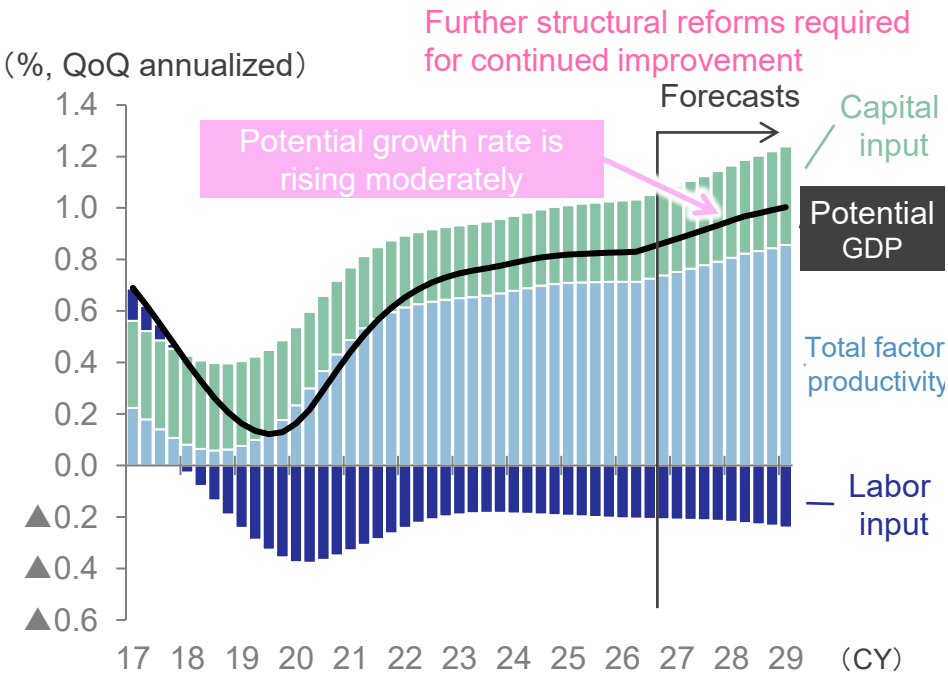
Boost to Capex Growth from Government Support Measures



Notes: For the “Bold Investment Promotion Tax Incentive,” the capex boost is estimated based on the government's projected size of tax cuts, assuming that the impact will be partially distributed over the institutional investment execution period (within 5 years). For the “Strong and Prosperous Japan” Investment Framework, projections take into account the government's domestic investment targets, realistic public support scales, and investment-inducing effects of prior research. The capex boost is assumed to expand linearly in level terms through FY2040 (with its percentage contribution to YoY growth gradually diminishing)

Source: Made by Research Department, Mizuho Research Institute based upon various sources

Outlook for Potential Growth Rate



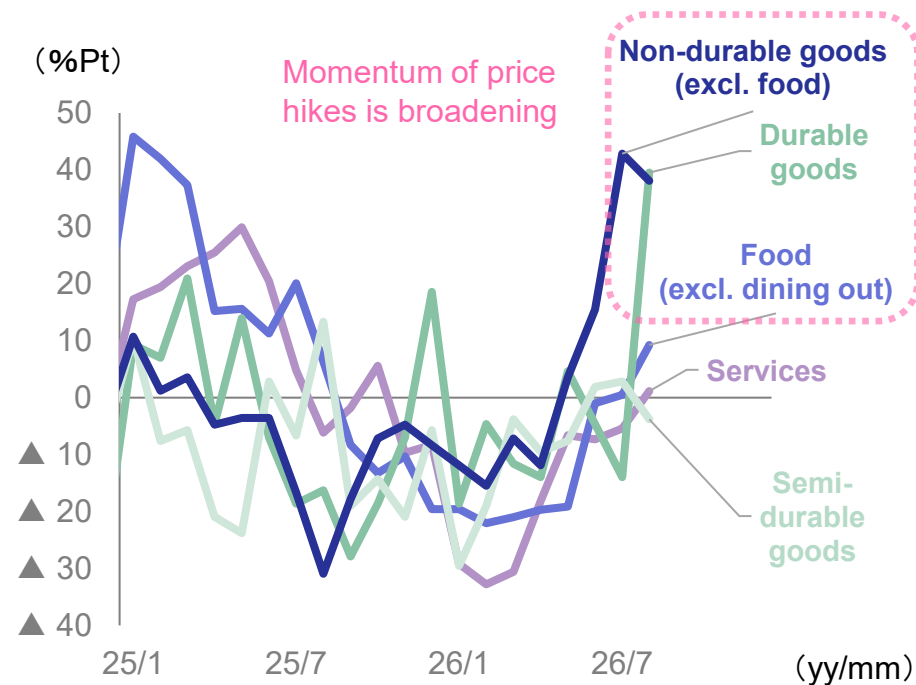
Notes: Both historical data and projections are estimated by Research Department, Mizuho Research Institute

Source: Made by Research Department, Mizuho Research Institute based upon “National Accounts,” the Cabinet Office and other sources

BOJ: Policy Rate to Reach 2% by Mid-2027

- Japanese firms are becoming more proactive in passing higher costs on to prices. Broader and faster price adjustments could support profits while keeping inflationary pressures elevated.
- The BOJ remains focused on upside inflation risks and is expected to continue raising rates at relatively short intervals.
- We expect the policy rate to reach 2.0% by mid-2027, supported by solid credit demand and investment plans.

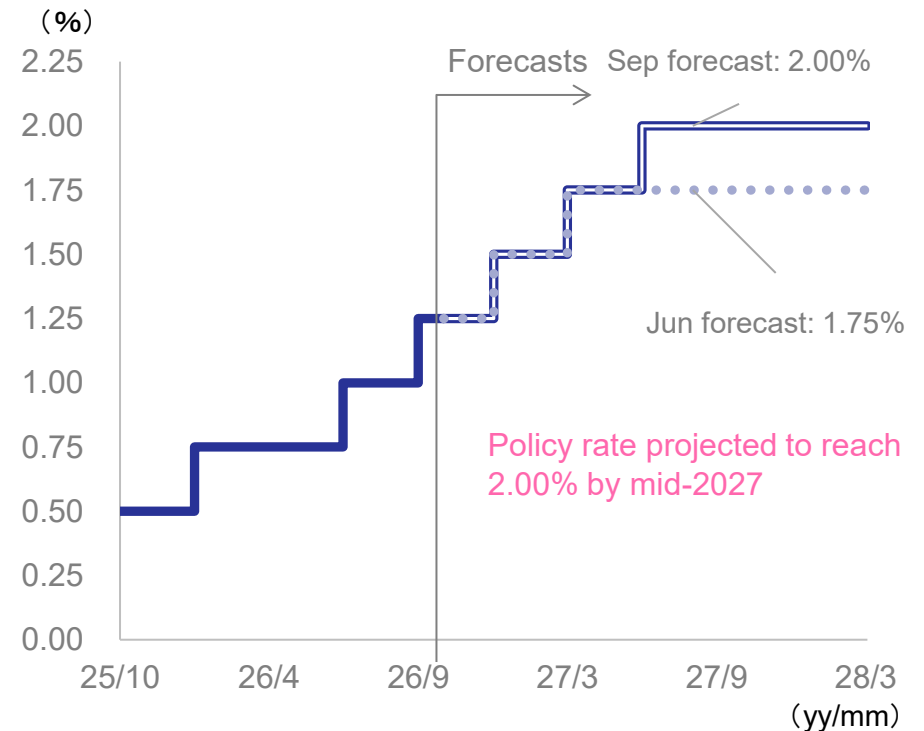
CPI Price Momentum



Notes: Calculated by taking the YoY growth rate for each CPI component and subtracting the share of items with decelerating inflation from the share of items with accelerating inflation compared to three months earlier

Source: Made by Research Department, Mizuho Research Institute based upon "Consumer Price Index.", Ministry of Internal Affairs and Communications

Policy Rate Outlook

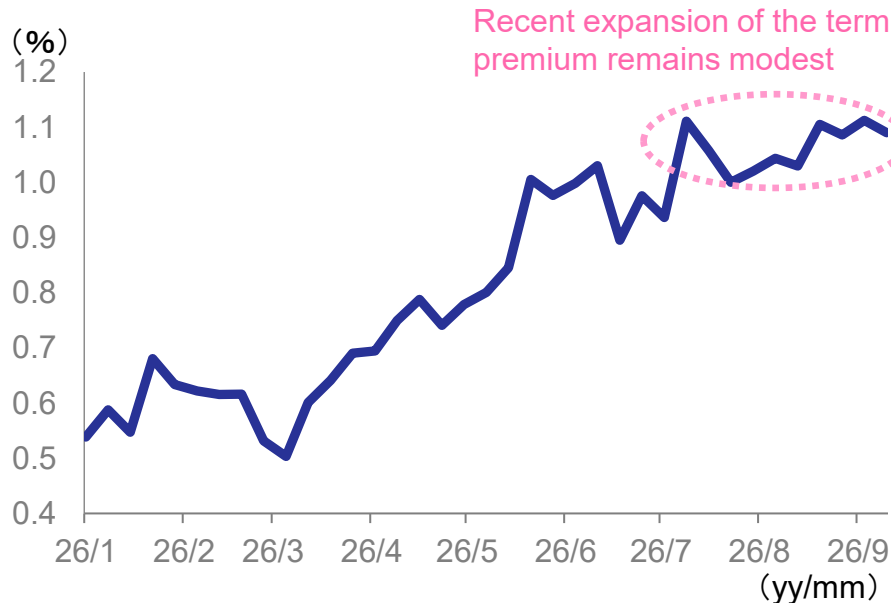


Source: Made by Research Department, Mizuho Research Institute based upon LSEG

JGB Yields: 3%+ Becomes the New Normal

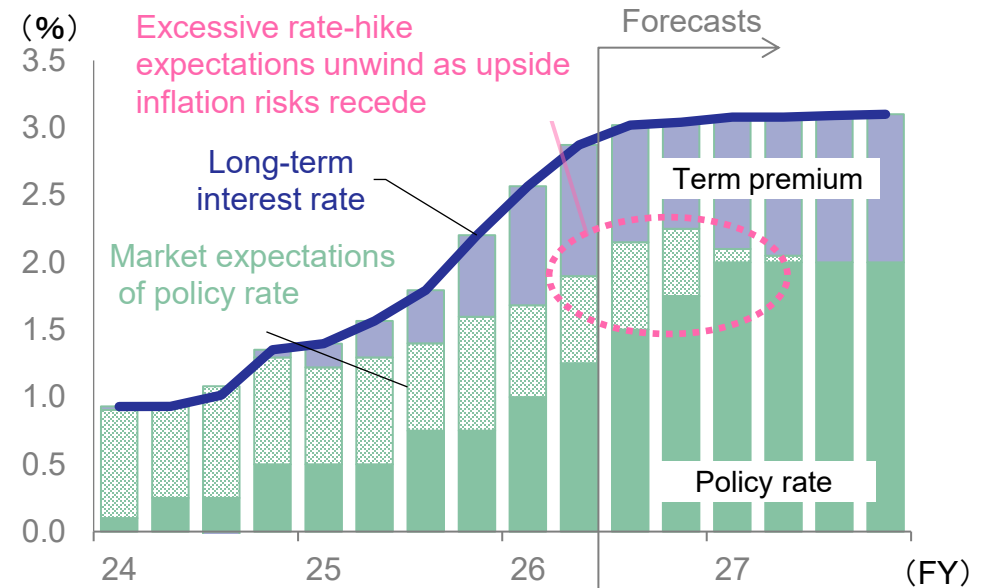
- Long-term JGB yields rise in FY2026 as markets price in further BOJ tightening and upside inflation risks.
- The term premium widened sharply through the summer, but its pace of increase has since moderated.
- From FY2027 onward, long-term yields are expected to remain broadly stable above 3%. Fading expectations of excessive rate hikes are offset by a gradual rise in the term premium as the BOJ shrinks its balance sheet.

Term Premium



Notes: Estimates through 2026 Q2 are based on Nakajima (2025); estimates from 2026 Q3 onward are by Mizuho Research Institute
 Source: Made by Research Department, Mizuho Research Institute based upon Nakajima, J. (2025), "Impact of US monetary policy spillovers and yield curve control policy"; Ichikami, T. and Ueno, Y. (2013), "Estimating Term Premia under Zero Interest Rates: An Analysis of Long-Term Interest Rates in Japan, the US, and the UK." and LSEG

Decomposition of Long-Term Interest Rates

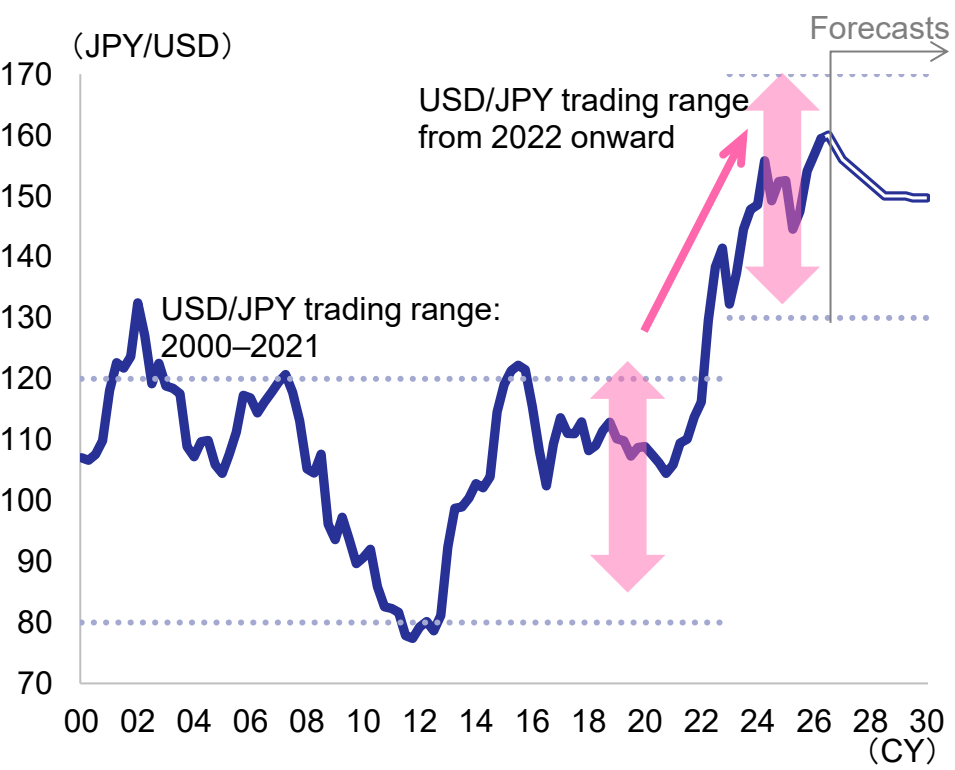


Notes: Market expectations of policy rate represents the market-implied average policy rate over the next 10 years. The shaded area indicates the difference between this 10-year expected average and the end-of-period policy rate. Estimates through 2026 Q2 are based on Nakajima (2025); estimates from 2026 Q3 onward are by Mizuho Research Institute
 Source: Made by Research Department, Mizuho Research Institute based upon Nakajima, J. (2025), "Impact of US monetary policy spillovers and yield curve control policy"; Ichikami, T. and Ueno, Y. (2013), "Estimating Term Premia under Zero Interest Rates: An Analysis of Long-Term Interest Rates in Japan, the US, and the UK." and LSEG

USD/JPY: Cyclical Appreciation, Structural Yen Weakness

- USD/JPY has shifted to a weaker-yen range since around 2022, from roughly ¥80–120 previously to ¥130–170.
- The shift reflects high US interest rates, weaker yen supply-demand fundamentals, and a more entrenched inflation norm in Japan.
- In FY2027, a narrower US–Japan rate gap should support some cyclical yen appreciation. However, persistent trade deficits, elevated inflation expectations, and other structural factors are likely to limit the extent of yen strength.

USD/JPY Exchange Rate: Historical Trends and Outlook



Source: Made by Research Department, Mizuho Research Institute based upon LSEG

Key Drivers of the USD/JPY Exchange Rate

Factor	Key considerations	Impact on the yen
Interest rates	Narrower rate differentials may support near-term yen appreciation, while US rates could remain relatively high over the longer term, partly reflecting growth differentials	Short term: Appreciation Long term: Depreciation
Supply and Demand	Weak export growth, elevated import costs, a widening digital-services deficit and rising outbound direct investment weigh on the yen	Depreciation
Inflation expectations	Inflation expectations are expected to stabilize at around 2%, putting downward pressure on the yen through PPP effects	Depreciation
Speculation	Weak fundamentals leave the yen vulnerable to selling	Depreciation

Source: Made by Research Department, Mizuho Research Institute

Appendix

US Economic Outlook Summary Table

		2025	2026	2027	2025				2026				2027			
		(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.	2.3	2.2	2.2	0.1	4.0	3.9	0.2	2.5	2.2	2.4	2.2	2.2	2.2	2.2	2.2
Personal consumption	Q-o-q % ch p.a.	2.6	2.3	2.2	0.6	2.1	3.7	1.9	0.7	3.8	2.7	2.1	2.1	2.1	2.1	2.1
Housing investment	Q-o-q % ch p.a.	▲ 2.7	▲ 3.3	0.6	▲ 2.7	▲ 4.3	▲ 6.3	▲ 1.8	▲ 7.6	2.8	▲ 3.7	0.5	0.9	1.3	1.6	1.6
Capital investment	Q-o-q % ch p.a.	5.4	6.8	5.6	10.7	7.6	3.8	2.1	9.9	9.0	7.5	5.6	4.9	4.9	4.9	4.9
Inventory investment	Q-o-q contribution p.a. % pt	▲ 0.1	▲ 0.2	0.1	2.5	▲ 3.2	▲ 0.1	▲ 0.0	0.2	▲ 0.5	0.8	0.0	0.0	0.0	0.0	0.0
Government consumption	Q-o-q % ch p.a.	1.6	0.6	1.2	▲ 0.6	2.3	1.6	▲ 5.7	4.7	▲ 0.1	1.4	1.4	1.2	1.2	1.1	1.0
Net exports	Q-o-q contribution p.a. % pt	▲ 0.3	▲ 0.1	▲ 0.5	▲ 4.0	4.5	1.0	▲ 0.3	▲ 0.0	▲ 1.1	▲ 1.6	▲ 0.4	▲ 0.2	▲ 0.2	▲ 0.2	▲ 0.2
Exports	Q-o-q % ch p.a.	2.1	4.9	2.6	2.5	▲ 2.0	9.4	▲ 4.2	13.9	5.0	2.3	2.3	2.6	2.6	2.6	2.6
Imports	Q-o-q % ch p.a.	3.6	4.3	4.9	34.7	▲ 27.8	0.1	▲ 1.5	11.5	12.6	11.5	4.0	3.2	3.2	3.2	3.2
Unemployment rate	%	4.3	4.2	4.2	4.1	4.2	4.3	4.5	4.3	4.3	4.1	4.1	4.1	4.2	4.2	4.2
PCE deflator	Y-o-y % ch	2.6	3.3	2.4	2.5	2.5	2.7	2.7	3.0	3.6	3.2	3.2	2.6	2.4	2.3	2.2
Core, excl. food and energy	Y-o-y % ch	2.8	3.0	2.4	2.7	2.8	2.8	2.8	3.0	3.1	3.0	2.9	2.6	2.5	2.4	2.3

Note: Shaded values are forecasts by Research Department, Mizuho Research Institute

Source: Made by Research Department, Mizuho Research Institute based upon U.S. Department of Commerce and U.S. Department of Labor

Eurozone Economic Outlook Summary Table

		2025	2026	2027	2025				2026				2027			
		(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	1.2	1.0	1.4	0.5	0.0	0.3	0.2	▲ 0.0	0.6	0.1	0.2	0.4	0.4	0.4	0.4
Domestic demand	Q-o-q contribution, % pt	2.0	1.0	1.2	0.7	0.3	0.5	0.2	0.6	▲ 0.3	0.2	0.2	0.4	0.5	0.5	0.5
Personal consumption	Q-o-q % ch	1.4	1.1	1.1	0.3	0.2	0.2	0.5	0.1	0.4	0.2	0.2	0.2	0.3	0.4	0.4
Gross fixed capital formation	Q-o-q % ch	2.8	0.8	1.1	2.4	▲ 1.2	1.0	0.7	▲ 0.2	▲ 0.1	0.2	0.2	0.3	0.4	0.4	0.4
Government consumption	Q-o-q % ch	1.5	1.8	1.2	▲ 0.2	0.6	0.7	0.5	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Inventory investment	Q-o-q contribution, % pt	0.2	▲ 0.2	0.1	0.0	0.3	0.0	▲ 0.4	0.4	▲ 0.5	0.0	0.0	0.1	0.1	0.0	0.0
External demand	Q-o-q contribution, % pt	▲ 0.6	▲ 0.0	0.2	▲ 0.2	▲ 0.2	▲ 0.2	0.1	▲ 0.5	0.9	▲ 0.2	0.0	0.0	0.0	0.0	0.0
Exports	Q-o-q % ch	1.9	2.4	1.3	1.8	▲ 0.6	0.6	0.4	▲ 0.6	3.4	▲ 0.4	0.1	0.2	0.2	0.2	0.2
Imports	Q-o-q % ch	3.5	2.6	1.0	2.3	▲ 0.2	1.1	0.4	0.6	1.5	▲ 0.1	0.1	0.2	0.2	0.2	0.2
CPI	Y-o-y % ch	2.1	3.0	2.5	2.3	2.0	2.1	2.1	2.0	3.0	3.3	3.6	3.4	2.7	2.1	1.8
Core, excl. food and energy	Y-o-y % ch	2.4	2.3	2.3	2.6	2.4	2.3	2.4	2.3	2.4	2.3	2.4	2.7	2.2	2.2	2.1

Note: Shaded values are forecasts by Research Department, Mizuho Research Institute
Source: Made by Research Department, Mizuho Research Institute based upon Eurostat

Emerging Country Economic Outlook Summary Table

	2025	2026	2027	2024		2025				2026	
		(outlook)		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Asia	5.5	5.2	4.5	5.2	5.6	5.4	5.4	5.6	5.4	6.1	5.5
China	5.0	4.3	3.8	4.6	5.4	5.4	5.2	4.8	4.5	5.0	4.3
NIEs	4.1	5.5	2.6	3.3	2.6	2.6	3.7	4.4	5.7	7.9	6.9
South Korea	1.1	3.1	2.1	1.6	1.1	0.2	0.7	2.1	1.6	3.8	3.7
Taiwan	8.8	10.1	4.0	4.7	4.1	5.5	7.7	8.4	13.0	15.4	12.9
Hong Kong	3.6	3.3	1.5	2.1	2.5	3.2	3.3	3.8	4.0	5.9	4.3
Singapore	5.0	4.5	2.1	7.0	5.3	4.5	5.4	4.5	5.7	6.3	5.9
ASEAN5	5.1	4.7	4.7	5.2	5.2	4.9	5.2	4.8	5.2	5.2	5.0
Indonesia	5.1	5.0	5.0	4.9	5.0	4.9	5.1	5.0	5.4	5.6	5.3
Thailand	2.4	2.0	2.1	3.3	3.7	3.1	2.8	1.2	2.5	2.8	1.9
Malaysia	5.2	4.9	4.2	5.5	5.0	4.4	4.6	5.3	6.2	5.4	6.0
Philippines	4.4	3.3	5.2	5.3	5.3	5.4	5.4	4.0	3.0	2.8	2.3
Vietnam	8.0	7.5	6.5	7.4	7.5	7.0	8.2	8.3	8.5	7.9	8.4
India	7.3	7.2	6.5	7.3	7.4	6.6	6.9	8.1	7.7	8.6	7.8
Australia	2.0	2.0	1.8	0.9	1.1	1.4	1.9	2.0	2.6	2.5	2.3
Ref. NIEs+ASEAN5	4.7	5.0	3.9	4.5	4.2	4.1	4.6	4.7	5.4	6.2	5.7
Ref. Asia, excl. China	6.1	6.2	5.3	5.9	5.8	5.4	5.8	6.5	6.6	7.5	6.9

Note: Shaded values are forecasts by Research Department, Mizuho Research Institute. All values in the table represent real GDP growth rates (YoY, %).
Source: Made by Research Department, Mizuho Research Institute based upon CEIC, IMF, and national/regional statistics

Japan Economic Outlook Summary Table

		2024	2025	2026	2027	2025				2026				2027				2028
		FY	FY	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	Jan-Mar
Industrial production	Q-o-q % ch	▲1.5	▲0.2	2.9	2.2	0.0	▲0.5	▲1.1	0.3	2.5	0.2	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Ordinary profit	Y-o-y % ch	7.2	8.7	17.2	5.4	3.8	0.2	19.7	4.7	14.6	24.6	17.2	14.8	11.4	2.2	7.6	6.9	5.7
Nominal compensation of employees	Q-o-q % ch	4.1	3.6	3.9	2.8	0.6	0.8	0.9	1.0	1.0	2.1	▲0.5	0.8	0.8	0.8	0.8	0.8	0.8
Unemployment rate	%	2.5	2.6	2.4	2.4	2.5	2.5	2.5	2.6	2.7	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Number of new housing starts	annual rate, ten thousand units	81.6	71.1	75.5	75.4	86.7	62.0	71.9	75.6	74.7	75.6	76.7	75.3	75.1	75.4	75.6	75.7	75.7
Current account balance	annual rate, trillion yen	30.0	34.6	31.2	26.2	30.3	29.4	35.6	33.1	39.5	34.7	32.7	30.0	28.4	27.5	26.4	25.9	26.1
Corporate goods price index	Y-o-y % ch	3.3	2.8	6.6	1.5	4.2	3.3	2.7	2.7	2.6	6.6	7.0	6.6	6.3	1.6	1.8	1.5	1.2
CPI excl. fresh food	Y-o-y % ch	2.7	2.7	2.4	1.6	3.1	3.5	2.9	2.8	1.8	1.5	2.2	2.6	3.1	2.0	1.7	1.5	1.4
CPI excl. fresh food and policy factors	Y-o-y % ch	2.2	2.5	3.0	2.2	2.8	2.9	2.9	2.6	1.8	2.3	3.1	3.5	2.9	2.5	2.1	1.9	2.4
CPI excl. fresh food and energy	Y-o-y % ch	2.3	3.0	2.1	1.1	2.7	3.2	3.2	3.0	2.5	1.8	2.0	2.2	2.4	1.2	1.2	1.1	1.0
CPI excl. fresh food and energy and policy factors	Y-o-y % ch	2.3	3.0	2.2	2.3	2.7	3.4	3.4	3.1	2.8	1.9	2.2	2.4	2.6	2.4	2.4	2.3	2.2

Note 1. The rate of change is calculated by Research Department, Mizuho Research Institute from level data and may not match the published value. Shaded values are forecasts.

2. Ordinary profit is based on the Corporate Statistics Survey for all scales and industries (excluding finance and insurance)

3. The "exclusion of institutional factors" for consumer prices is calculated excluding the effects of government support for electricity and gas rates, gasoline subsidies and abolition of provisional tax rates, free high school tuition, and consumption tax reductions

Source: Made by Research Department, Mizuho Research Institute based upon various sources

Financial Markets Outlook Summary Table

		2024 FY	2025 FY	2026 FY(outlook)	2027 FY(outlook)	2025			2026				2027				2028
						Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Japan																	
uncollateralized overnight call rate	End of period value, %	0.50	0.75	1.75	2.00	0.50	0.50	0.75	0.75	1.00	1.25	1.50	1.75	2.00	2.00	2.00	2.00
Newly issued JGBs	10-year, %	1.05	1.74	2.3~3.3	2.8~3.4	1.40	1.56	1.80	2.20	2.57	2.6~3.1	2.8~3.3	2.8~3.3	2.8~3.3	2.8~3.3	2.8~3.3	2.8~3.4
Nikkei Stock Average	JPY	38,566	45,724	52,400~ 76,600	59,400~ 79,900	36,741	42,213	49,583	54,357	62,677	58,000~ 74,000	57,800~ 75,800	58,600~ 76,600	59,400~ 77,400	60,200~ 78,200	61,100~ 79,100	61,900~ 79,900
US																	
Federal Funds Rate (lower end)	End of period value, %	4.25	3.50	4.00	3.50	4.25	4.00	3.50	3.50	3.50	3.75	4.00	4.00	4.00	4.00	3.75	3.50
Newly issued government bonds	10-year, %	4.28	4.22	4.25~ 5.35	3.85~ 4.85	4.36	4.26	4.09	4.19	4.42	4.25~ 5.20	4.45~ 5.35	4.35~ 5.15	4.10~ 4.85	3.90~ 4.65	3.85~ 4.60	3.85~ 4.60
Dow Jones Average	USD	41,483	45,569	46,500~ 58,000	50,600~ 61,500	41,454	45,053	47,309	48,458	49,898	48,900~ 56,900	49,400~ 57,400	50,000~ 58,000	50,600~ 58,600	51,200~ 59,200	51,900~ 59,900	51,500~ 61,500
Eurozone																	
ECB deposit facility rate	End of period value, %	2.50	2.00	2.75	2.00	2.00	2.00	2.00	2.00	2.25	2.50	2.75	2.75	2.75	2.50	2.25	2.00
German government bonds	10-year, %	2.40	2.74	3.00~ 3.55	2.60~ 3.20	2.60	2.71	2.79	2.85	3.01	3.0~3.5	3.3~3.8	3.1~3.6	2.8~3.3	2.7~3.2	2.6~3.1	2.6~3.1
Exchange rates																	
USD/JPY	USD/JPY	152	151	148~ 165	145~ 162	144	147	154	157	159	152~ 164	150~ 165	148~ 162	148~ 162	145~ 160	145~ 160	145~ 160
EUR/USD	EUR/USD	1.07	1.16	1.10~ 1.20	1.10~ 1.24	1.13	1.17	1.16	1.17	1.16	1.13~ 1.18	1.10~ 1.15	1.10~ 1.20	1.10~ 1.20	1.12~ 1.22	1.13~ 1.23	1.14~ 1.24

Note: Shaded values are forecasts by Research Department, Mizuho Research Institute
Source: Made by Research Department, Mizuho Research Institute based upon LSEG

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