

# Japan likely to slip to 4th position on GDP leaderboard

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13 February

Japan's latest growth figures are set to confirm it slipped to fourth-largest economy in the world last year, a development that reflects the impact of its feeble currency and aging demographics.

While the economy is seen returning to annualised growth of 1.2 per cent in the fourth quarter after a bruising contraction in the summer, figures for the calendar year due Thursday are almost certain to show the value of output falling behind Germany's in dollar terms. India's economy, meanwhile, is poised to overtake both in the next few years.

For a country once tipped to eventually boast the world's largest economy, the latest slide down the list of economic rankings will raise fresh questions for a domestic audience about the nation's trajectory.

For now the hand-wringing among Japanese policymakers and the public has been less acute than when China's economy raced past Japan's in 2010 en route to becoming more than four times bigger now.

One reason for the relative calm is a recognition that comparisons have been distorted by acute currency moves. Other factors are the uninspiring state of Germany's economy and signs of a fresh dawn in Japan, with its stock market soaring and the central bank poised to raise interest rates for the first time since 2007. A solid showing in the data due February 15 would be another green light for the Bank of Japan to move.

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