

Japan's Economy and Monetary Policy

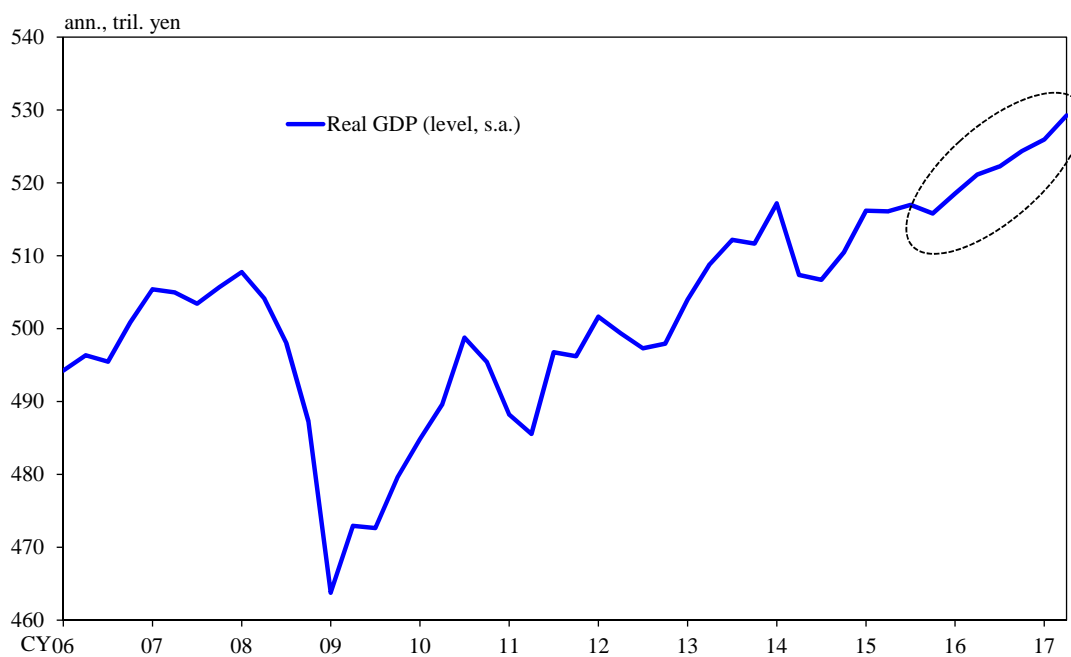
Speech at a Meeting with Business Leaders in Osaka

September 25, 2017

Haruhiko Kuroda
Governor of the Bank of Japan

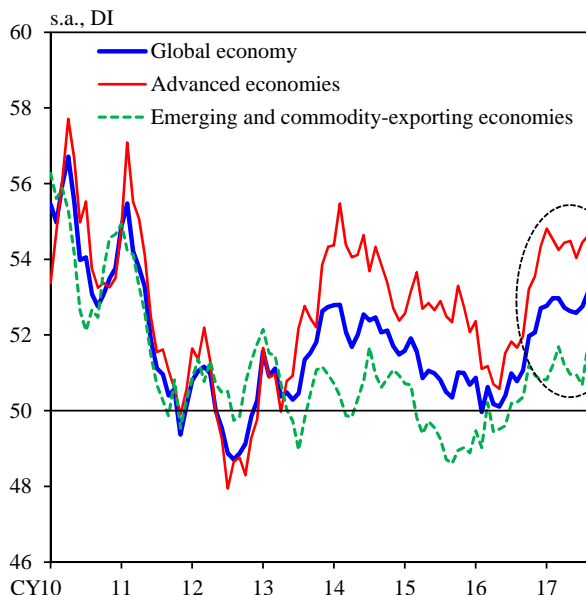
Chart 1

Real GDP

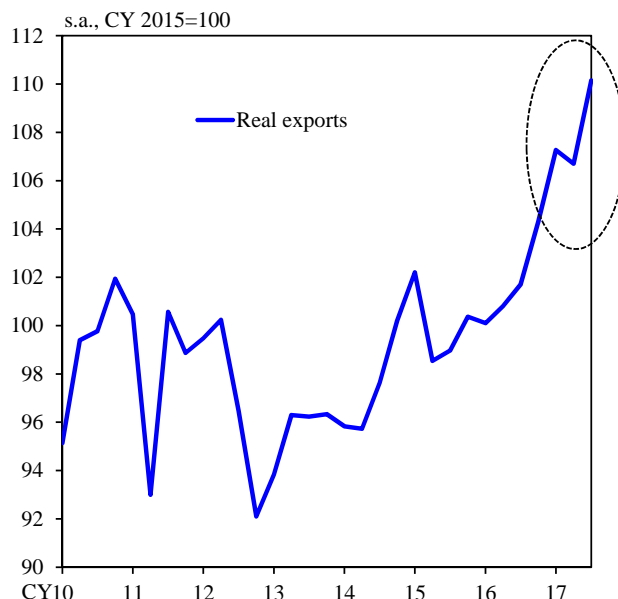


External Demand

Global Manufacturing PMI



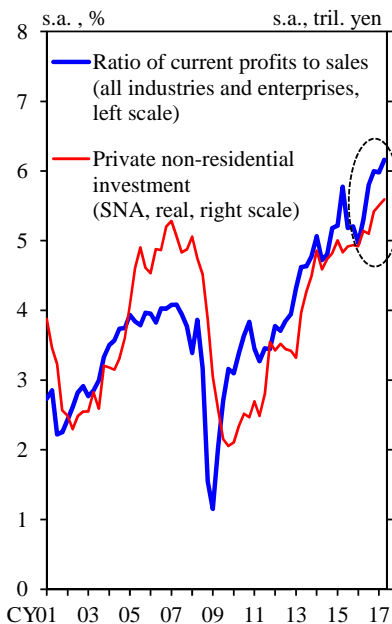
Exports



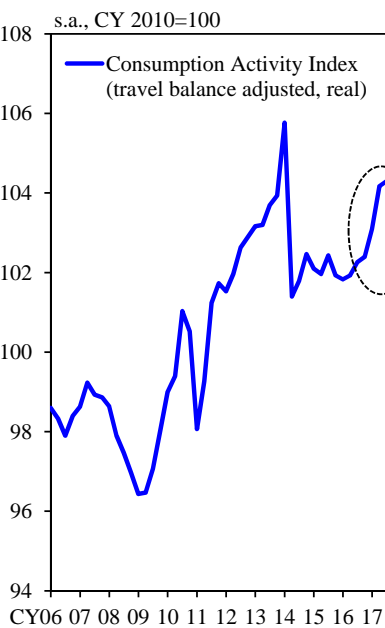
Notes: 1. Figures in the left chart for the global economy are the "J.P. Morgan Global Manufacturing PMI." Figures for advanced economies as well as emerging and commodity-exporting economies are calculated as the weighted averages of the Manufacturing PMI using PPP-adjusted GDP shares of world total GDP from the IMF as weights. Advanced economies consist of the United States, the euro area, the United Kingdom, and Japan. Emerging and commodity-exporting economies consist of 16 countries and regions, such as China, South Korea, Taiwan, Russia, and Brazil.
 2. Figures for real exports are based on BOJ staff calculations. The figure for 2017/Q3 is the July-August average.
 Sources: IHS Markit (© and database right IHS Markit Ltd 2017. All rights reserved.); Bank of Japan; Ministry of Finance, etc.

Domestic Demand

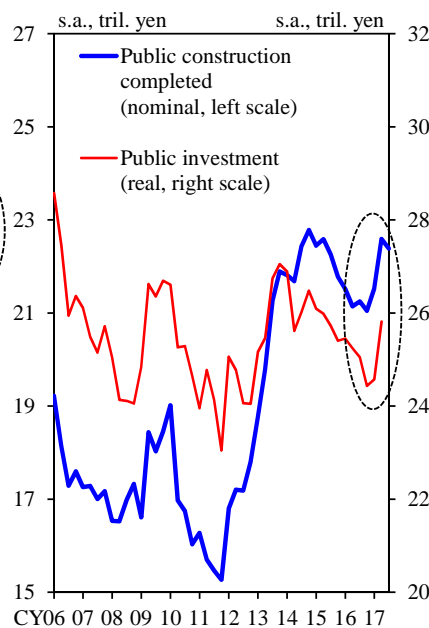
Corporate Profits and Business Fixed Investment



Private Consumption



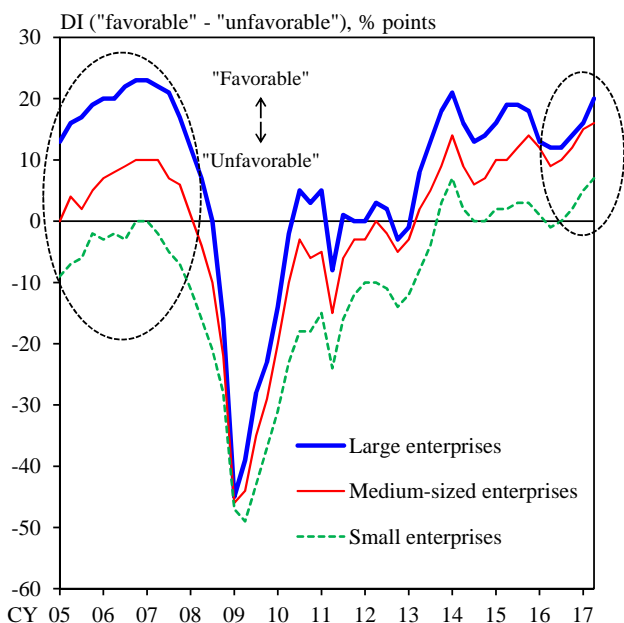
Public Investment



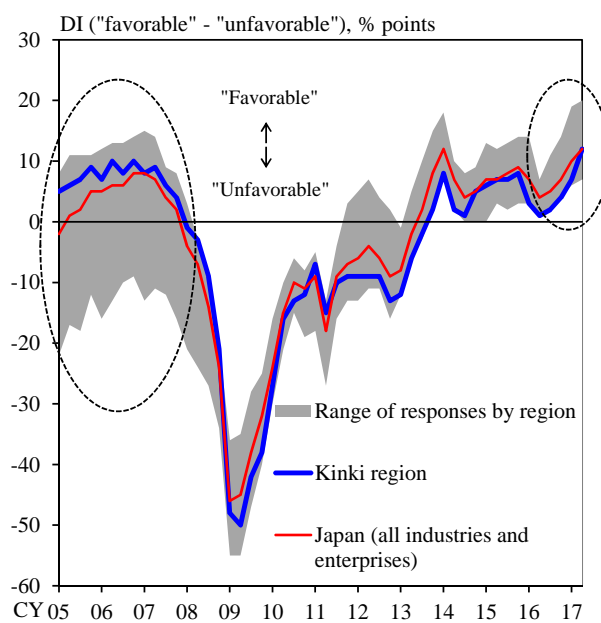
Notes: 1. Figures for corporate profits are based on the "Financial Statements Statistics of Corporations by Industry, Quarterly." Excluding "finance and insurance."
 2. Figures for private consumption are based on BOJ staff calculations (as of September 7). Figures exclude inbound tourism consumption and include outbound tourism consumption. The figure for 2017/Q3 is that for July.
 3. The figure for public construction completed for 2017/Q3 is that for July.
 4. Figures for private non-residential investment, public construction completed and public investment are annualized.
 Sources: Ministry of Finance; Cabinet Office; Bank of Japan; Ministry of Land, Infrastructure, Transport and Tourism.

Business Conditions DI (*Tankan*)

By Firm Size



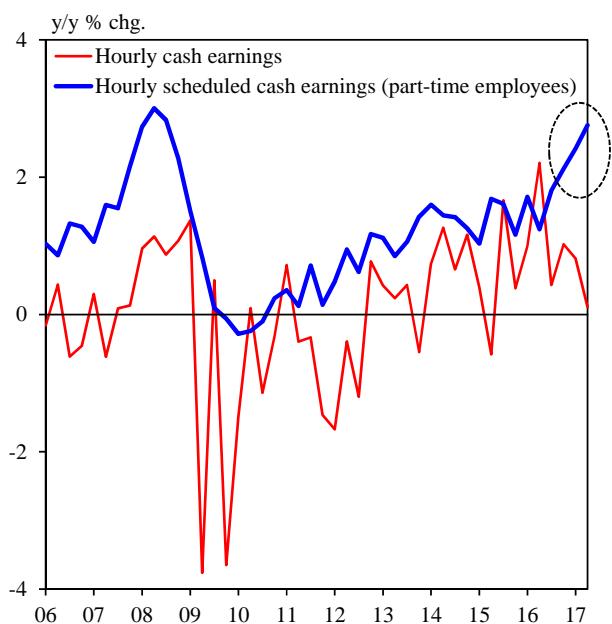
By Region



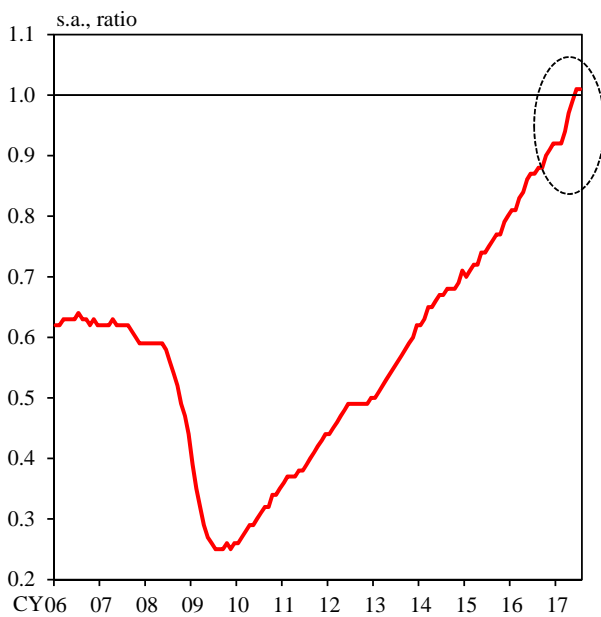
Source: Bank of Japan.

Employment and Income Situation (1)

Hourly Cash Earnings



Active Job Openings-to-Applicants Ratio of Full-time Employees

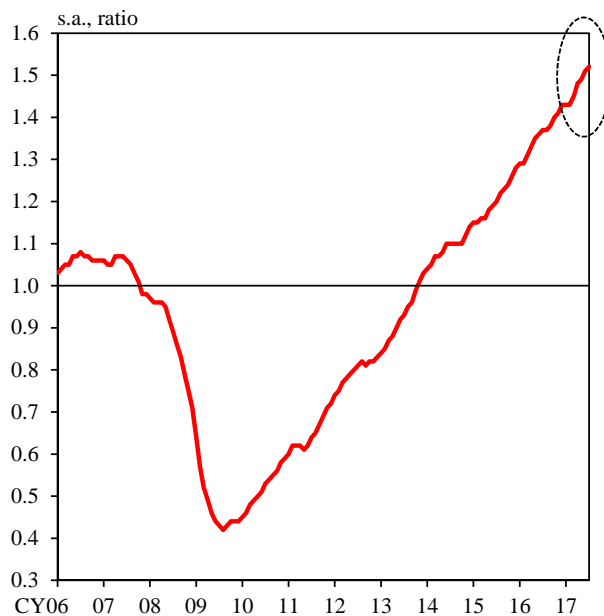
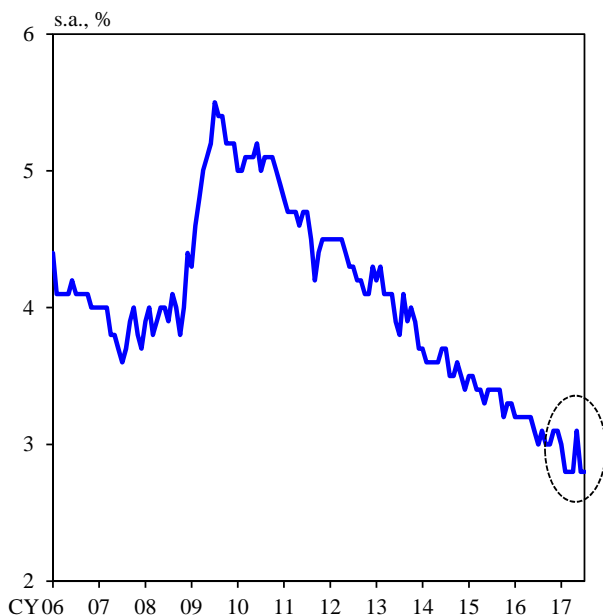


Note: For hourly cash earnings, Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2017/Q3 are those for June-July averages.
Source: Ministry of Health, Labour and Welfare.

Employment and Income Situation (2)

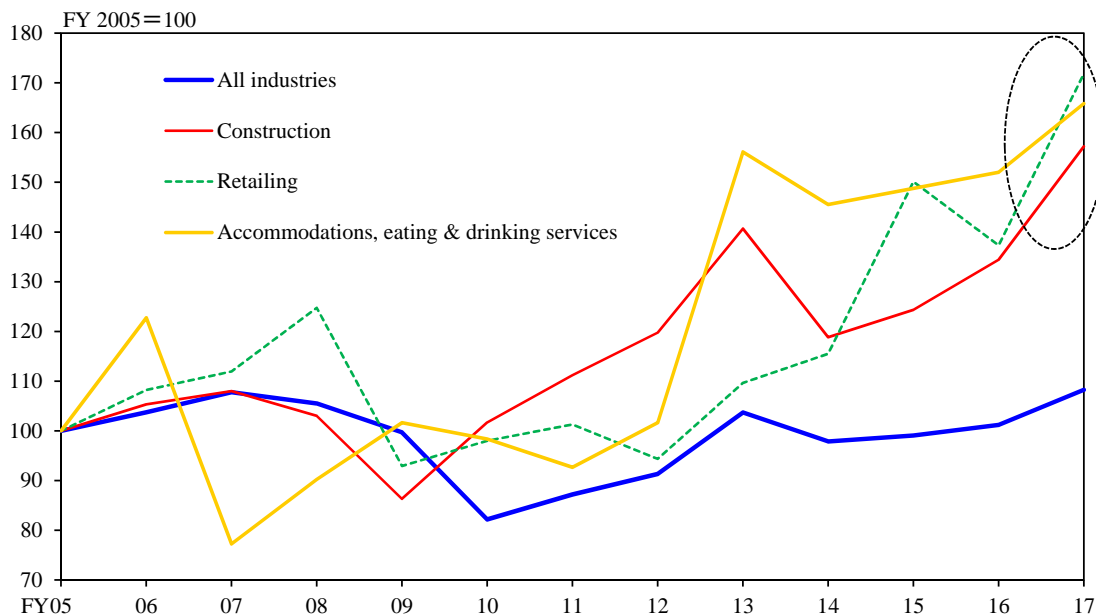
Unemployment Rate

Active Job Openings-to-Applicants Ratio



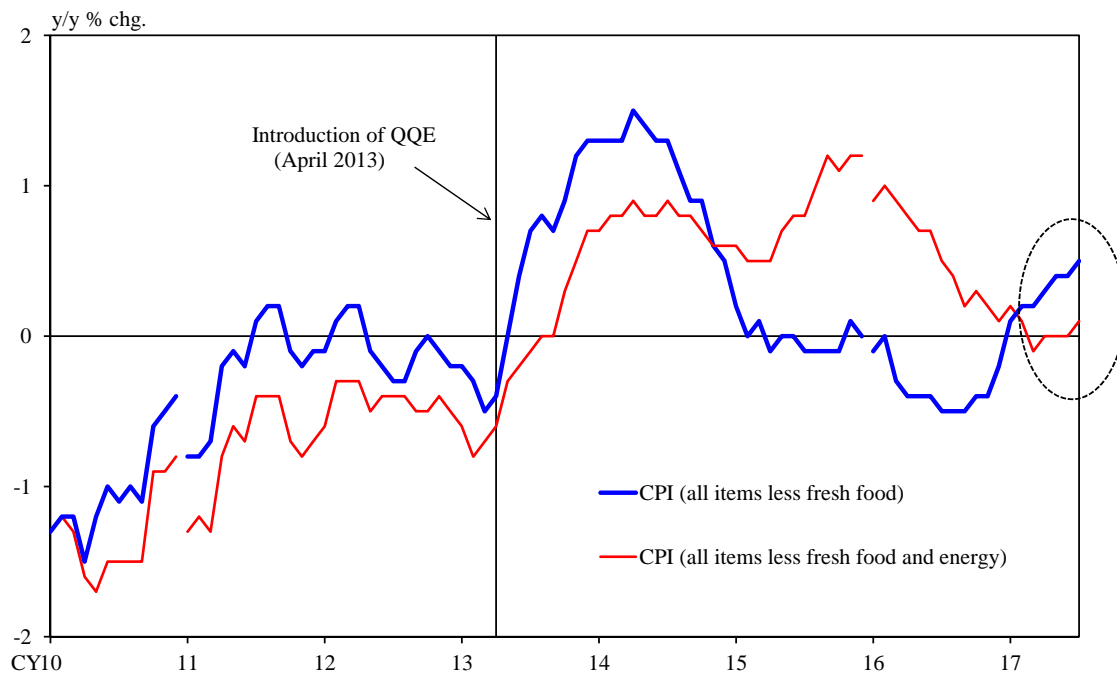
Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare.

Software Investment



Note: Figures up through fiscal 2016 are actual results, and figures for fiscal 2017 are forecasts from the June 2017 survey (*Tankan*).
Source: Bank of Japan.

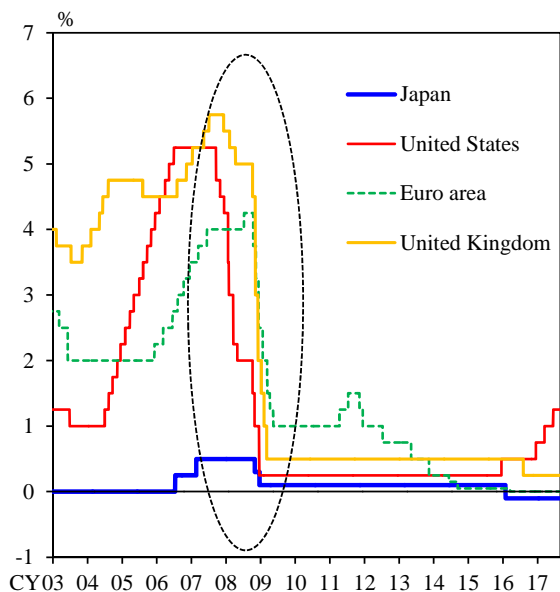
Consumer Prices



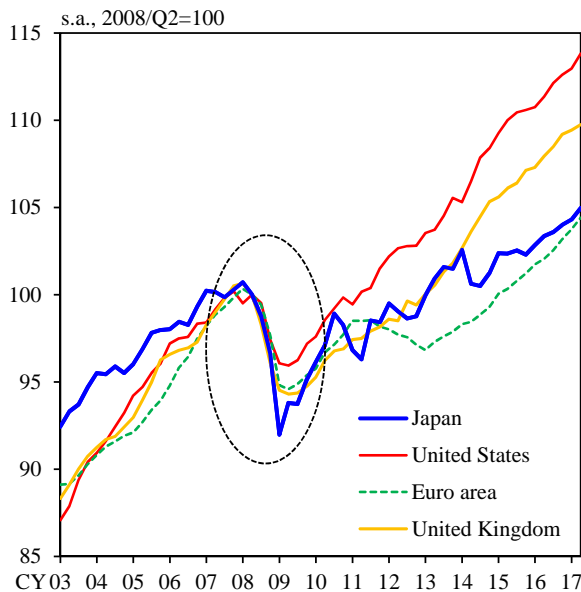
Note: The CPI figures are adjusted for changes in the consumption tax rate.
Source: Ministry of Internal Affairs and Communications.

Monetary Policy Responses and Developments in Real GDP after the Global Financial Crisis

Policy Interest Rates



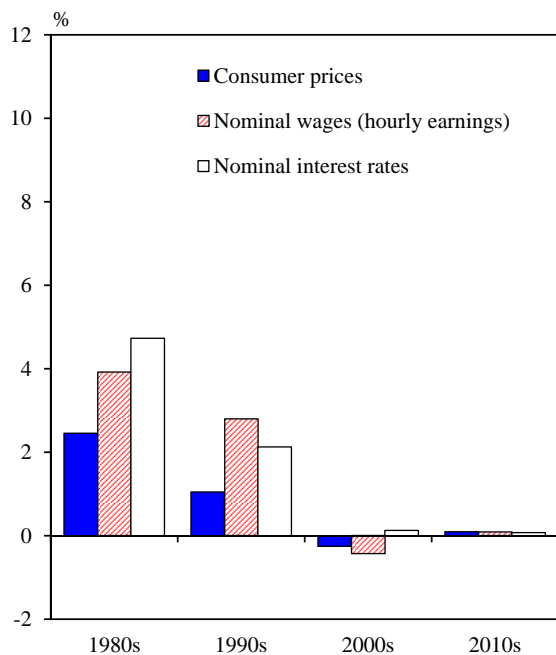
Real GDP



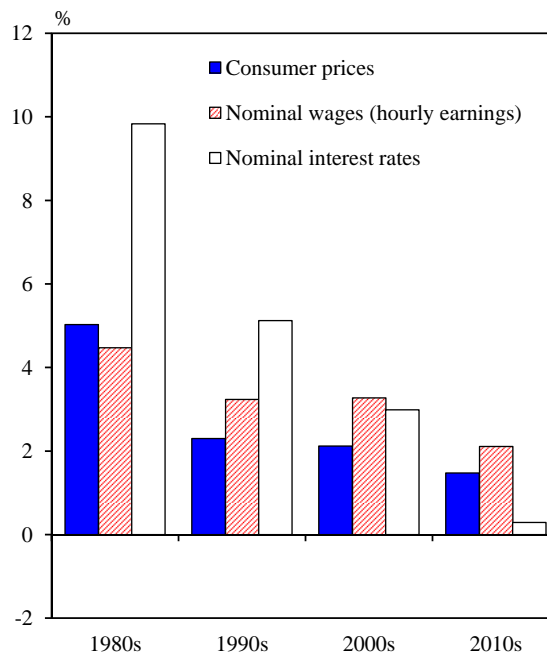
Note: For Japan, for the period when no target interest rate was adopted, figures for the policy rate are the interest rate applied on excess reserves.
Sources: Bank of Japan; Federal Reserve; European Central Bank; Bank of England; Cabinet Office; Haver.

Prices, Nominal Wages, and Nominal Interest Rates

Japan



United States



Notes: 1. Figures for the 2010s are 2010-2016 averages. Figures for consumer prices and nominal wages are the averages of the year-on-year rates of change.
 2. Figures for consumer prices are the CPI (all items, adjusted for changes in the consumption tax rate) for Japan and the PCE deflator (all items) for the United States.
 3. Figures for nominal wages for the United States are "average hourly earnings of production and nonsupervisory employees: total private."
 4. Figures for nominal interest rates include those for policy interest rates.
 Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare; Bank of Japan; BEA; BLS; Bloomberg.