



January 16, 2017

# Regional Economic Report (Summary) January 2017

Bank of Japan

This report summarizes the reports from all regional research divisions, mainly at the Bank's branches in Japan, and is based on data and other information gathered for the meeting of general managers of the Bank's branches held today. The English translation is based on the Japanese original.

According to reports from regions across Japan, the Tokai region reported that its economy had been expanding moderately, and the other eight regions noted that the economy had continued its moderate recovery trend. These reports were based on the assessments that a virtuous cycle from income to spending had been maintained, while overseas economies had continued to grow at a moderate pace.

Compared with the last assessment in October 2016, three regions (Tohoku, Kanto-Koshinetsu, and Tokai) revised their assessments upward. This was based on the judgment that all three regions revised up their assessments regarding private consumption, as the effects of the decline in stock prices after early 2016 and of the irregular weather seen that summer had waned, and the Tohoku and Kanto-Koshinetsu regions upgraded their assessments on production as well, citing that the effects of the slowdown in emerging economies had eased. Meanwhile, the other six regions reported that their assessments regarding the pace of economic improvement had remained unchanged.

Region	Assessment in October 2016	Changes from the previous assessment <sup>1</sup>	Assessment in January 2017
Hokkaido	The economy has been recovering moderately.	⇒	The economy has been recovering moderately.
Tohoku	The economy has continued its moderate recovery trend, although production has been affected mainly by the slowdown in emerging economies.	↗	The economy has continued its moderate recovery trend.
Hokuriku	The economy has continued to recover, although sluggish movements have been observed in some aspects.	⇒	The economy has continued to recover.
Kanto-Koshinetsu	The economy has continued to recover moderately, although exports and production have been affected mainly by the slowdown in emerging economies.	↗	The economy has continued its moderate recovery trend.
Tokai	The economy has been expanding moderately, albeit at a somewhat reduced pace.	↗	The economy has been expanding moderately.
Kinki	The economy has been recovering moderately.	⇒	The economy has been recovering moderately.
Chugoku	The economy has been recovering moderately.	⇒	The economy has been recovering moderately.

<sup>1</sup> With regard to the changes from the previous assessment, arrows pointing to the upper right or lower right indicate changes in the pace of improvement or deterioration compared with the previous assessments, respectively. For example, an acceleration in the pace of improvement or deceleration in the pace of deterioration is indicated with an arrow pointing to the upper right. A horizontal arrow pointing to the right indicates that the pace of improvement or deterioration in economic conditions is unchanged compared with the previous assessments.

Shikoku	The economy has continued to recover moderately.	⇒	The economy has continued to recover moderately.
Kyushu-Okinawa	The economy has been recovering moderately, with the effects of the Kumamoto Earthquake having eased.	⇒	The economy has been recovering moderately.

As for public investment, three regions (Hokkaido, Hokuriku, and Kanto-Koshinetsu) reported that it was increasing, and the Tohoku region noted that it had been at a high level. The Shikoku region reported that it was picking up, and three regions (Tokai, Kinki, and Chugoku) noted that it had bottomed out. On the other hand, the Kyushu-Okinawa region reported that the pick-up had paused.

As for business fixed investment, seven regions (Tohoku, Hokuriku, Kanto-Koshinetsu, Tokai, Kinki, Chugoku, and Shikoku) reported that it was increasing. On the other hand, two regions (Hokkaido and Kyushu-Okinawa) noted that it was declining, although it remained at a relatively high level.

Meanwhile, five regions (Hokuriku, Tokai, Kinki, Chugoku, and Kyushu-Okinawa) reported that business sentiment was improving. Three regions (Hokkaido, Tohoku, and Kanto-Koshinetsu) noted that it was flat. The Shikoku region reported that it had generally stayed at a favorable level, but some cautiousness had been observed, mainly in manufacturing.

As for private consumption, the Kinki region noted that relatively weak developments had been seen in some indicators. Overall, however, two regions (Hokkaido and Kyushu-Okinawa) reported that it was recovering, three regions (Hokuriku, Tokai, and Shikoku) noted that it was picking up, and four regions (Tohoku, Kanto-Koshinetsu, Kinki, and Chugoku) reported that it had been resilient.

As for sales at department stores, there continued to be reports that they had shown some weakness, notably those of high-end products, or that they had been somewhat weak, mainly in apparel. However, with the effects of the decline in stock prices after early 2016 and of the irregular weather seen that summer having waned, there also were reports that the rate of decline in sales had moderated somewhat relative to early fall, although they remained below the previous year's level, or that sales were picking up, or had been solid. As for sales at supermarkets, many regions noted that they had been firm, or were picking up, due in part to the reduced impact of the irregular weather. Furthermore, many regions reported that sales at convenience stores were increasing, or had been firm.

As for automobile sales, many regions noted that they were picking up, assisted in part by the introduction of new models.

As for sales of household electrical appliances, mixed developments were seen across regions with some noting that they had continued to move steadily, or had been solid,

while there also were reports that they had been below the previous year's level.

As for travel-related demand, many regions noted that demand was firm, or had been solid, primarily in domestic travel, while there were reports that it had been relatively weak. Meanwhile, there were reports that the number of foreign visitors to Japan had continued to increase.

As for housing investment, three regions (Hokuriku, Chugoku, and Kyushu-Okinawa) reported that it was increasing, and the Tohoku region noted that it had been at a high level. Five regions (Hokkaido, Kanto-Koshinetsu, Tokai, Kinki, and Shikoku) reported that it was picking up.

As for production (industrial production), four regions (Hokuriku, Tokai, Kinki, and Kyushu-Okinawa) reported that it was increasing, and the Tohoku region noted that it was picking up. Three regions (Hokkaido, Kanto-Koshinetsu, and Chugoku) noted that production was flat. Meanwhile, the Shikoku region reported that the pick-up had paused.

All regions reported that the employment and income situation was improving.

All regions reported that supply and demand conditions in the labor market had continued to improve steadily, or were tightening. As for household income, all regions noted that it had continued to improve, or was increasing moderately.

Region	Public investment	Business fixed investment	Private consumption
Hokkaido	Increasing moderately	Has shown some sluggishness, although it remains at a high level	Recovering on the back of steady improvement in the employment and income situation
Tohoku	Has been at a high level, primarily in construction orders related to the restoration following the earthquake disaster	Increasing moderately	Has been resilient
Hokuriku	Increasing as a trend, albeit with fluctuations	Increasing steadily, due to investment to expand the production capacity of industries facing strong demand as well as investment in the opening of new stores in retailing, and also due in part to infrastructure-related investment in electricity and gas	Picking up, due to steady improvement in the employment and income situation and also due in part to the upturn in consumer sentiment

Kanto-Koshinetsu	Increasing	Increasing	Has been resilient
Tokai	Has bottomed out	Increasing significantly	Has begun to pick up
Kinki	Has bottomed out	Has been on an increasing trend	Has been resilient, amid improvement in the employment and income situation, although relatively weak developments have been seen in some indicators
Chugoku	Has bottomed out	Increasing moderately	Has been resilient
Shikoku	Picking up	Increasing moderately as a trend, although there were moves at some firms to postpone or delay investment	Picking up moderately
Kyushu-Okinawa	The pick-up has paused	Declining as the effects of large-scale investment subsided, although it remains at a relatively high level	Has begun to recover as a whole, primarily due to the ongoing replacement demand, mainly for durable goods, seen in areas affected by the earthquake, although the recovery in tourism has lost some of its momentum

Region	Housing investment	Production	Employment and income
Hokkaido	Picking up moderately	Virtually flat	Supply and demand conditions in the labor market are improving steadily; household income is recovering
Tohoku	Has been at a high level	Picking up moderately	The employment and household income situation is improving
Hokuriku	Increasing at above the previous year's level, chiefly in housing for rent	Increasing moderately	The employment and household income situation is improving steadily

Kanto-Koshinetsu	Picking up steadily	Has been more or less flat	Household income is increasing moderately, as supply and demand conditions in the labor market continue to improve steadily
Tokai	Has continued to pick up, albeit with fluctuations	Increasing moderately	Supply and demand conditions in the labor market are tightening and household income has continued to improve
Kinki	Picking up	Increasing moderately	With supply and demand conditions in the labor market continuing to improve, the number of employees is rising and household income is increasing moderately as well
Chugoku	Increasing moderately	Has been more or less flat	The employment and household income situation has continued to improve steadily
Shikoku	Picking up	The pick-up has paused	Supply and demand conditions in the labor market have continued to improve steadily and household income is picking up moderately
Kyushu-Okinawa	Increasing	Increasing steadily, led by increased overseas demand, as moves -- including those to restore production -- continue to take place in areas affected by the earthquake	Supply and demand conditions in the labor market are improving steadily and household income is picking up, albeit with fluctuations

### Appendix: Prefectures Included in Each Region

Region	Prefectures
Hokkaido	Hokkaido
Tohoku	Aomori, Iwate, Miyagi, Akita, Yamagata, and Fukushima
Hokuriku	Toyama, Ishikawa, and Fukui
Kanto-Koshinetsu	Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Yamanashi, and Nagano
Tokai	Gifu, Shizuoka, Aichi, and Mie
Kinki	Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama
Chugoku	Tottori, Shimane, Okayama, Hiroshima, and Yamaguchi
Shikoku	Tokushima, Kagawa, Ehime, and Kochi
Kyushu-Okinawa	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, and Okinawa

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