



October 18, 2018

Regional Economic Report (Summary) October 2018

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.

I. Regional Economic Assessments (Overview)

According to assessments from regions across Japan, all nine regions reported that their economy had been either expanding or recovering. Compared with the previous assessment in July 2018, however, the Hokkaido and Chugoku regions revised down their assessments, taking into account the effects of the natural disasters -- namely, the 2018 Hokkaido Eastern Iburi Earthquake and the heavy rain in July 2018 -- that had affected each region, respectively. Meanwhile, the Kinki region maintained its assessment that its economy had been expanding moderately, although effects of Typhoon Jebi (Typhoon No. 21), which hit in September, were being observed. The other six regions (Tohoku, Hokuriku, Kanto-Koshinetsu, Tokai, Shikoku, and Kyushu-Okinawa) reported that their assessments were unchanged.

The background behind these assessments was that the virtuous cycle from income to spending had been maintained, as labor market conditions had continued to tighten steadily and private consumption had been increasing moderately, while exports had been on an increasing trend with overseas economies growing firmly.

Comparison of Previous and Current Assessments by Region

Region	Assessment in July 2018	Changes from the previous assessment ¹	Assessment in October 2018
Hokkaido	The economy has been recovering moderately.		The economy has been recovering moderately as a trend, although downward pressure due to the effects of the 2018 Hokkaido Eastern Iburi Earthquake is being observed.
Tohoku	The economy has continued to recover moderately.		The economy has continued to recover moderately.
Hokuriku	The economy has been expanding.		The economy has been expanding.
Kanto-Koshinetsu	The economy has been expanding moderately.		The economy has been expanding moderately.

¹ 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 assessment.

Tokai	The economy has been expanding.	➡	The economy has been expanding.
Kinki	The economy has been expanding moderately, although effects of the earthquake have been observed in some industries.	➡	The economy has been expanding moderately, although effects of Typhoon No. 21 are being observed in economic activity.
Chugoku	The economy has been expanding moderately.	↘	Although the economy was damaged by the heavy rain in July 2018, it has been expanding moderately as a trend, amid the effects of the heavy rain waning, mainly reflecting the restoration of social infrastructure.
Shikoku	The economy has been recovering.	➡	The economy has been recovering.
Kyushu-Okinawa	The economy has been expanding moderately, with its growth gaining a more solid footing.	➡	The economy has been expanding moderately, with its growth gaining a more solid footing.

II. Assessments of Components by Region

Region	Public investment	Business fixed investment	Private consumption
Hokkaido	Declining	Increasing moderately	Recovering as a trend, although some weakness has been observed in some indicators; tourism demand has declined
Tohoku	Declining, although it remains at a high level, primarily in construction orders related to the restoration and reconstruction following the earthquake disaster	Increasing	Has been resilient
Hokuriku	Increasing	Increasing	Picking up steadily, as the employment and income situation continues to improve steadily
Kanto-Koshinetsu	Has been more or less flat at a high level	Increasing	Increasing moderately, albeit with fluctuations

Tokai	Has been at a relatively high level	Has continued to increase within a wide range of industries	Increasing moderately
Kinki	Bottoming out	Increasing	Increasing moderately on the whole, with the spending behavior of households improving, mainly on the back of the favorable employment and income situation
Chugoku	Has been more or less flat	Increasing	Picking up
Shikoku	Has been at a high level	Increasing	Picking up steadily
Kyushu-Okinawa	Has been at a high level	Increasing	Increasing moderately on the back of improvement in the employment and income situation

Region	Housing investment	Production	Employment and income
Hokkaido	Declining moderately	Picking up moderately as a trend	Supply and demand conditions in the labor market are tightening; household income is recovering
Tohoku	Declining, with reconstruction demand following the earthquake disaster having peaked out, although it is still at a high level	Increasing moderately	The employment and household income situation is improving
Hokuriku	Has been more or less flat	Increasing moderately	The employment and household income situation is improving steadily

Kanto-Koshinetsu	Has been more or less flat	Has been more or less flat at a high level	Household income is increasing moderately as supply and demand conditions in the labor market continue to tighten significantly
Tokai	Has been on a pick-up trend	Has been on an increasing trend	Supply and demand conditions in the labor market are tightening and household income has continued to improve
Kinki	Has begun to pick up	Has been on an increasing trend	With the steady tightening of supply and demand conditions in the labor market, the number of employees is rising and household income is increasing moderately as well
Chugoku	Weakening	Increasing as a trend, although the effects of the heavy rain remain in some industries	The employment and household income situation has continued to improve steadily
Shikoku	Declining, chiefly in housing for rent	Has continued to show signs of a pick-up, albeit with fluctuations	Supply and demand conditions in the labor market have been tightening and household income is picking up moderately
Kyushu-Okinawa	Has been at a high level, mainly on the back of the low interest rate environment	Has been at a high level on the back of strong overseas demand	Supply and demand conditions in the labor market have continued to tighten steadily, and household income is on a moderate increasing trend

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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