

# Outlook for Economic Activity and Prices and Monetary Policy

*Speech at a Meeting Held by the Naigai Josei Chosa Kai  
(Research Institute of Japan)  
(via webcast)*

May 13, 2022

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*Governor of the Bank of Japan*

Introduction

I. Economic Developments

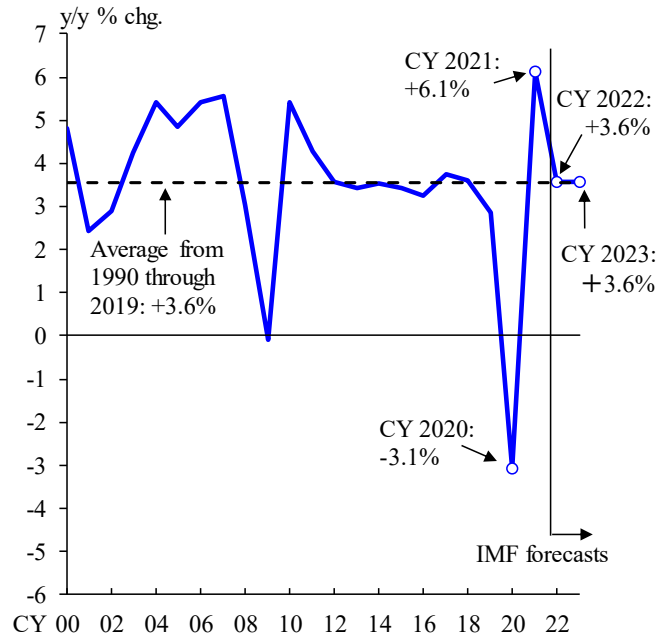
II. Price Developments

III. The Bank's Conduct of Monetary Policy

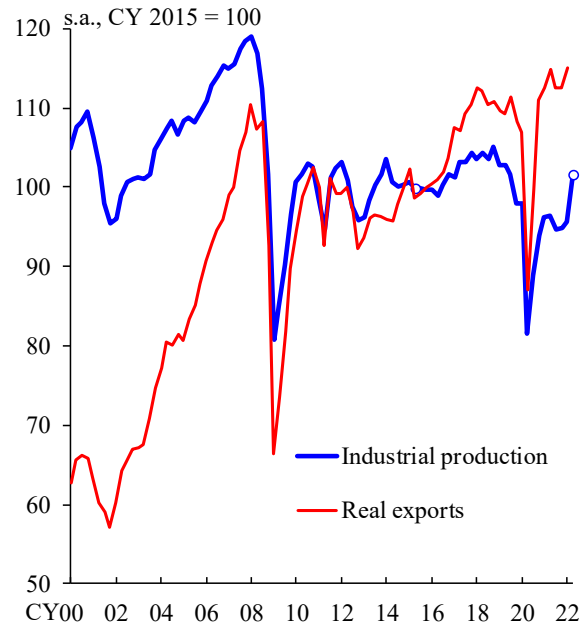
Conclusion

# Overseas Economies and Exports & Production

*Global Growth Rate  
(IMF's April 2022 WEO)*

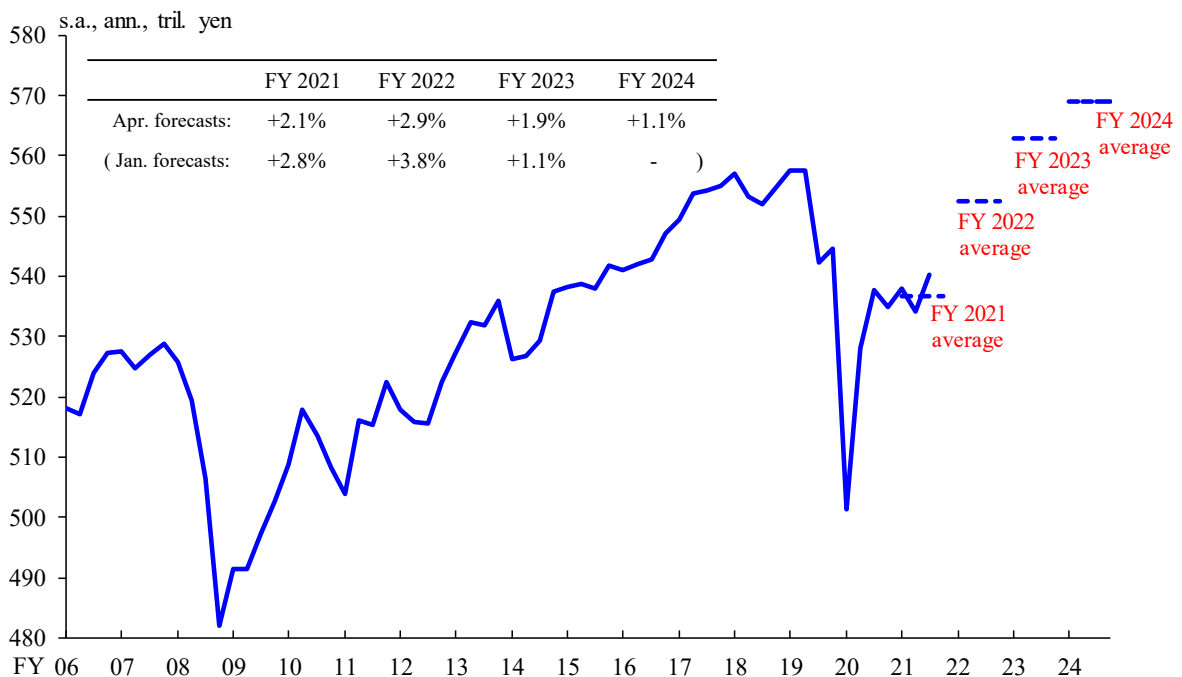


*Japan's Exports and Production*



Note: In the right-hand chart, the figure denoted by the round marker is calculated based on METI projections for April and May 2022.  
Sources: IMF; Ministry of Finance; Ministry of Economy, Trade and Industry (METI); Bank of Japan.

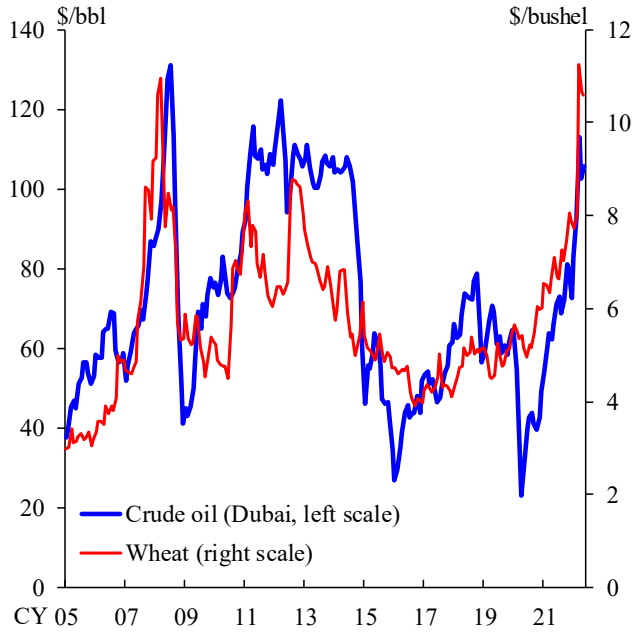
# The Bank's Forecasts for Real GDP



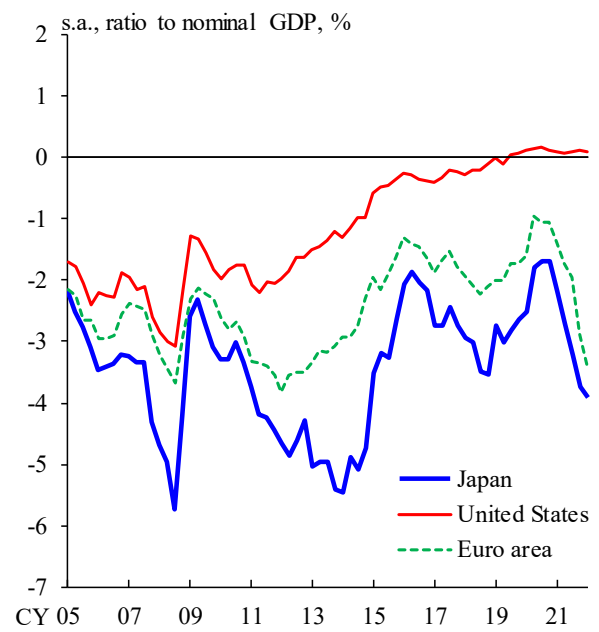
Note: Figures for fiscal 2021-2024 are the medians of the Policy Board members' forecasts (point estimates).  
Sources: Cabinet Office; Bank of Japan.

## Commodity Prices and Trade Balance in Energy

Commodity Prices



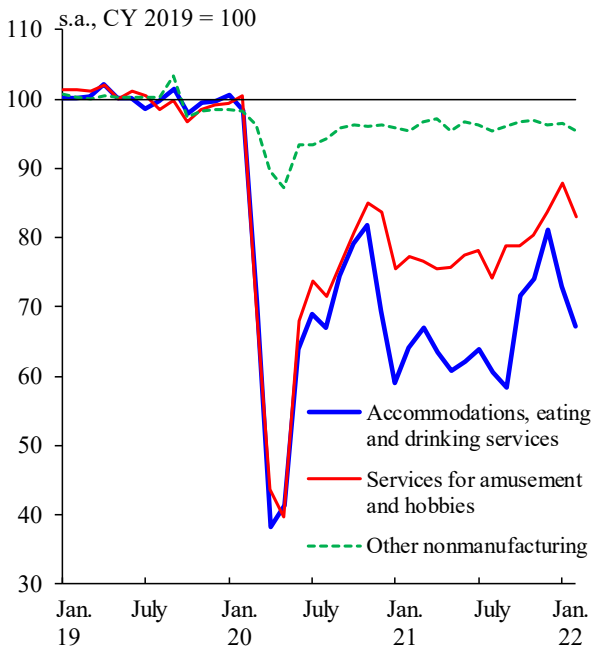
Trade Balance in Mineral Fuels



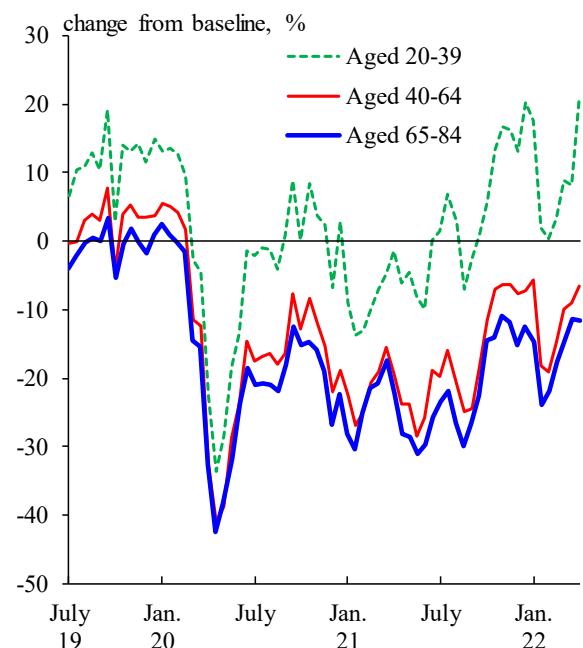
Note: In the right-hand chart, the figure for 2022/Q1 for Japan is calculated using its nominal GDP for 2021/Q4 and that for the euro area is calculated using its trade balance for January-February 2022 and its nominal GDP for 2021/Q4.  
Sources: Bloomberg; Ministry of Finance; Cabinet Office; Haver.

## Services Consumption

Level of Economic Activity in Services Sector

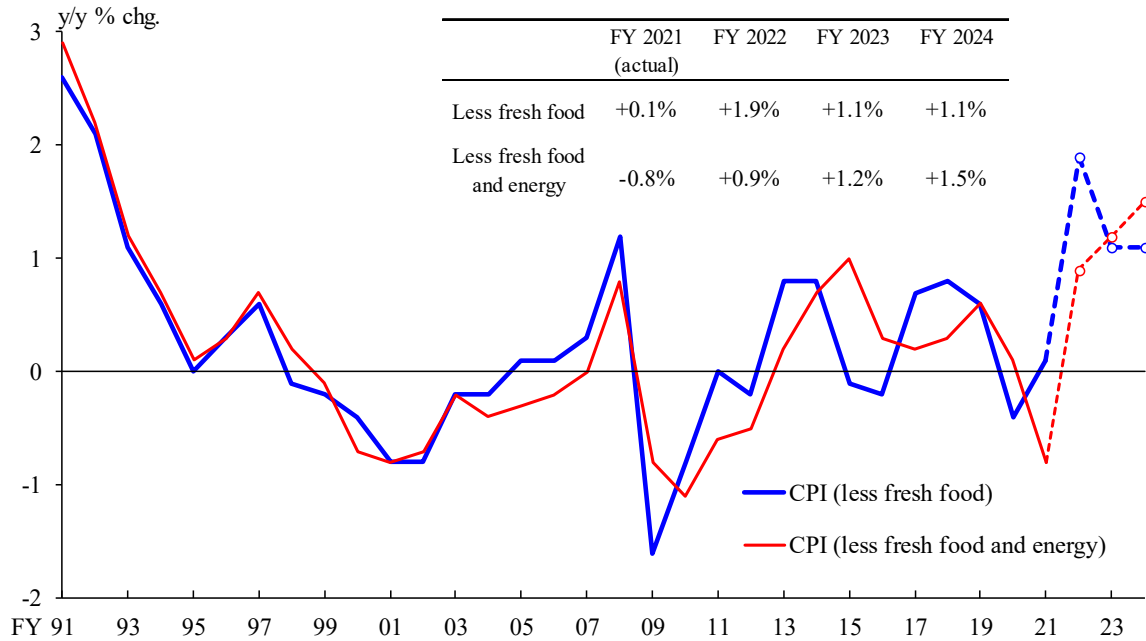


Developments in Services Consumption by Age



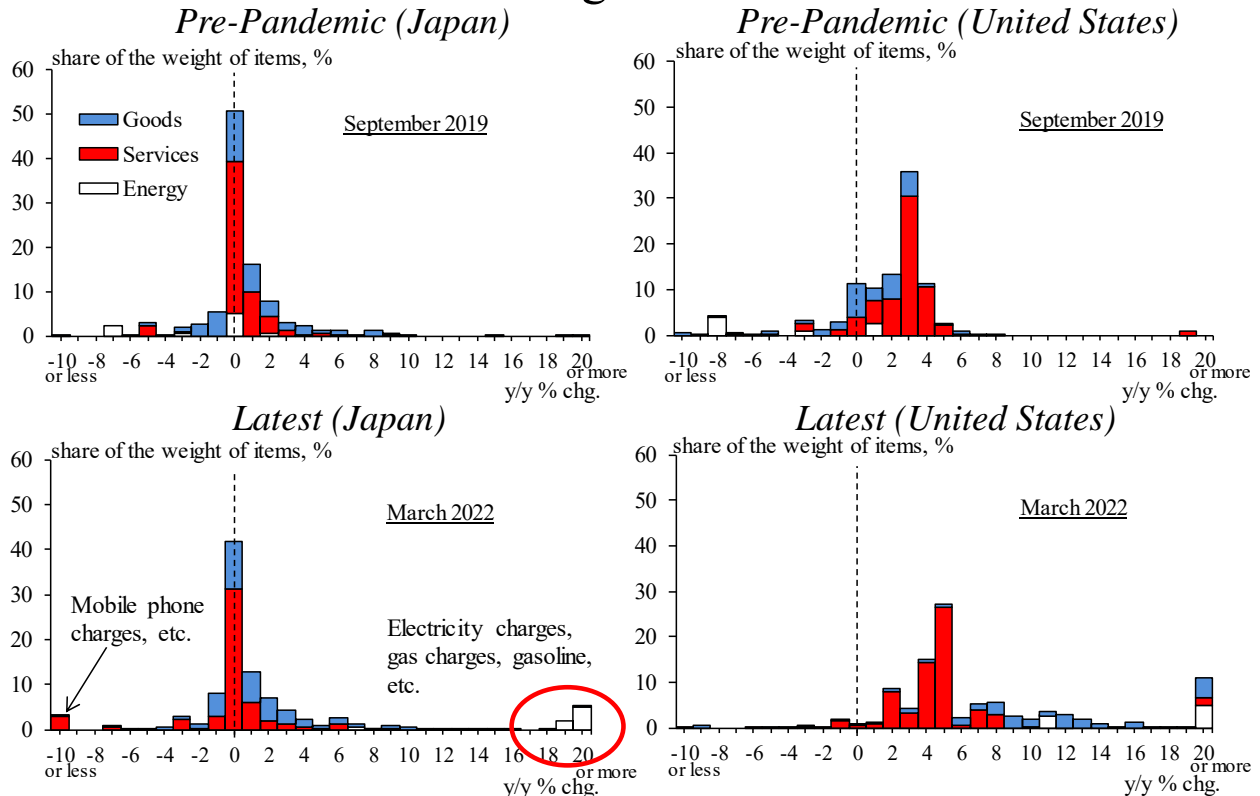
Note: In the right-hand chart, figures are from the reference series in *JCB Consumption NOW*, which take changes in the number of consumers into account. Figures are the arithmetic averages of the corresponding age groups in five-year increments. The baseline is the average for the corresponding half of the month for 2016 through 2018.  
Sources: Ministry of Economy, Trade and Industry; Nowcast Inc./ JCB, Co., Ltd., "JCB Consumption NOW."

### The Bank's Forecasts for CPI



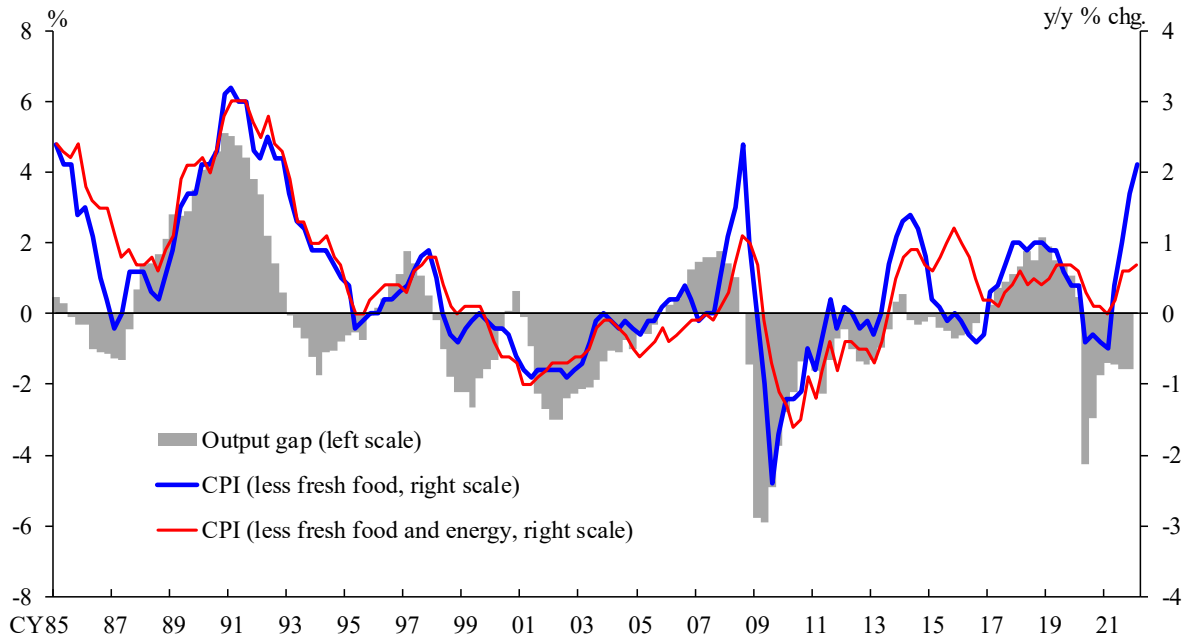
Note: Figures exclude the direct effects of the consumption tax hikes in April 1997 and in April 2014. The percentage figures are the medians of the Policy Board members' forecasts (point estimates).  
Sources: Ministry of Internal Affairs and Communications; Bank of Japan.

### Price Change Distributions



Note: Figures for the United States are for the CPI for all items. Those for Japan are for the CPI for all items excluding fresh food.  
Sources: Ministry of Internal Affairs and Communications; BLS.

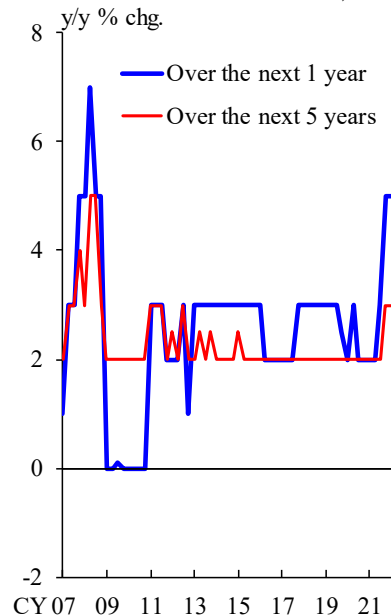
## Output Gap and Inflation Rate



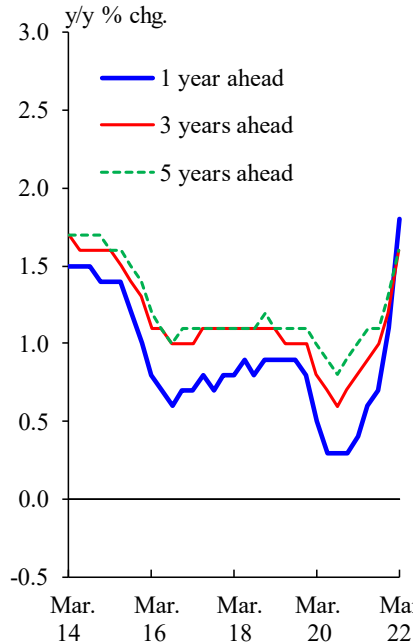
Note: The CPI figures are staff estimates and exclude mobile phone charges and the effects of the consumption tax hikes, policies concerning the provision of free education, and the "Go To Travel" campaign, which covers a portion of domestic travel expenses. Figures for the output gap are staff estimates.  
Sources: Ministry of Internal Affairs and Communications; Bank of Japan.

## Inflation Expectations

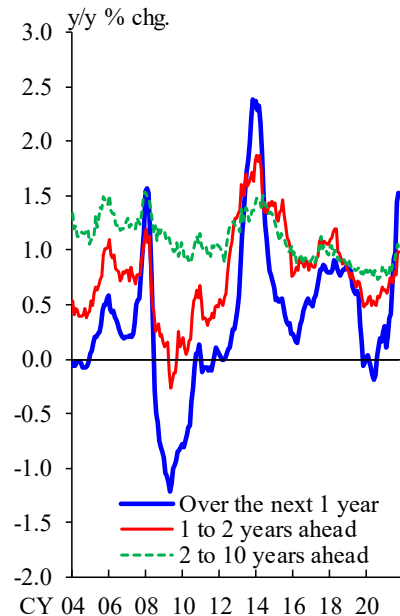
*Households*  
(Opinion Survey on the General Public's Views and Behavior)



*Firms*  
(Tankan)

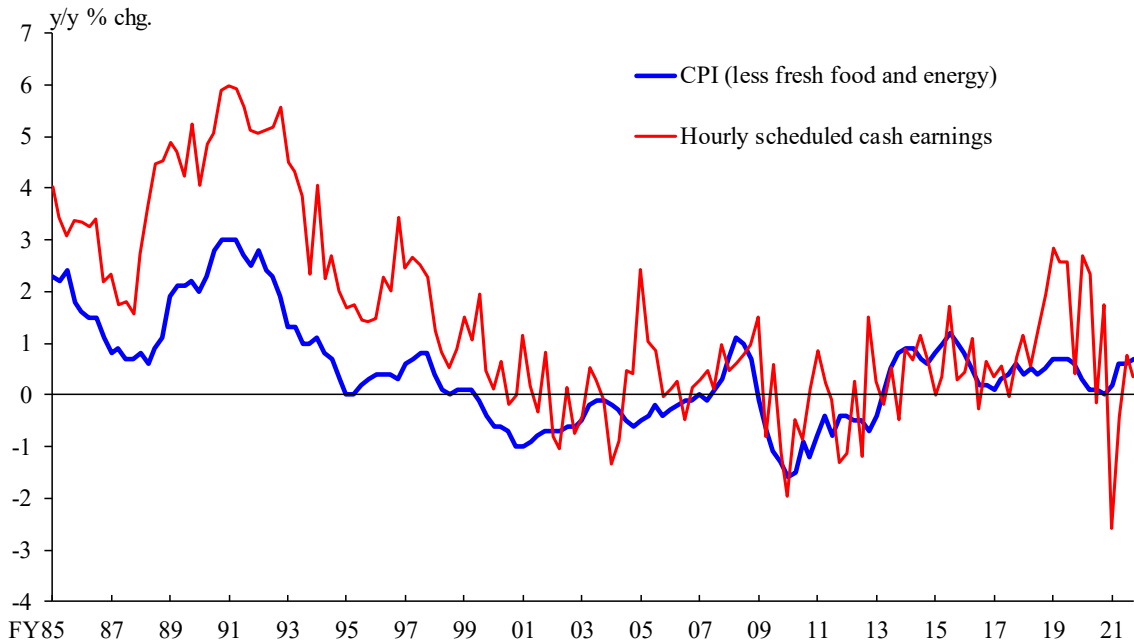


*Market Participants*  
(QUICK)



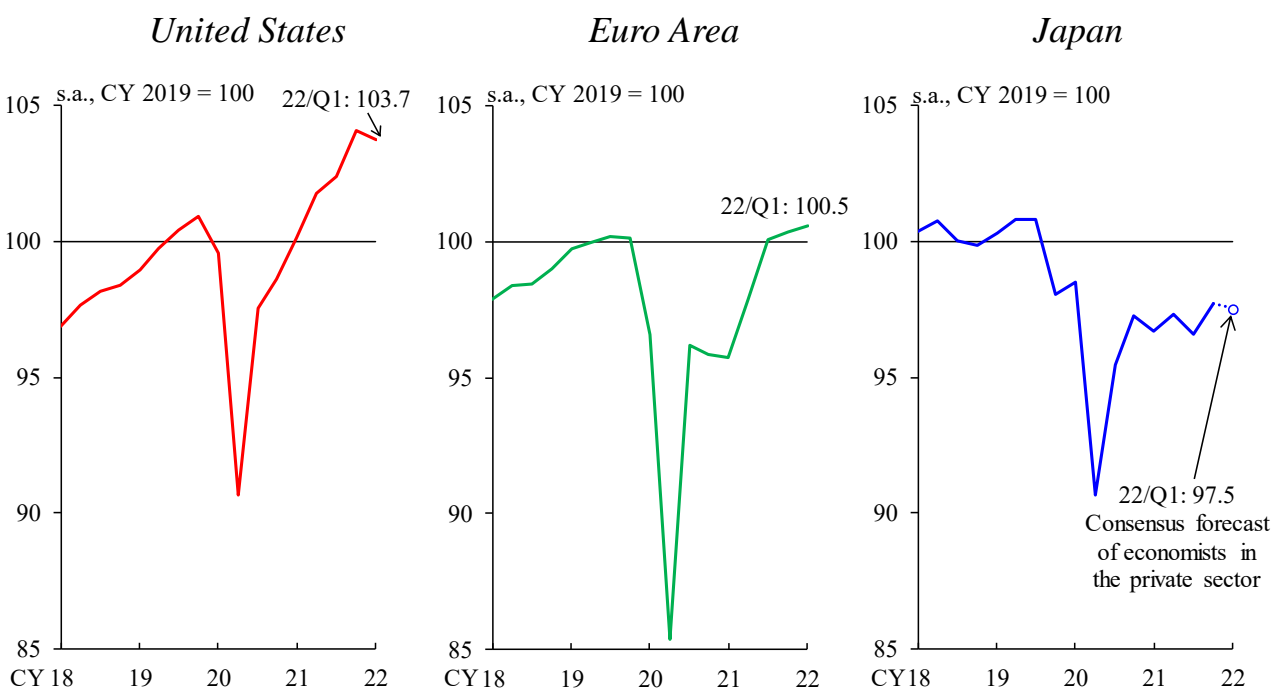
Notes: 1. In the left-hand chart, figures are the medians of the answers to quantitative questions.  
2. In the middle chart, figures show the inflation outlook of enterprises for general prices (all industries and enterprises, average).  
Sources: Bank of Japan; QUICK, "QUICK Monthly Market Survey <Bonds>."

## Prices and Wages



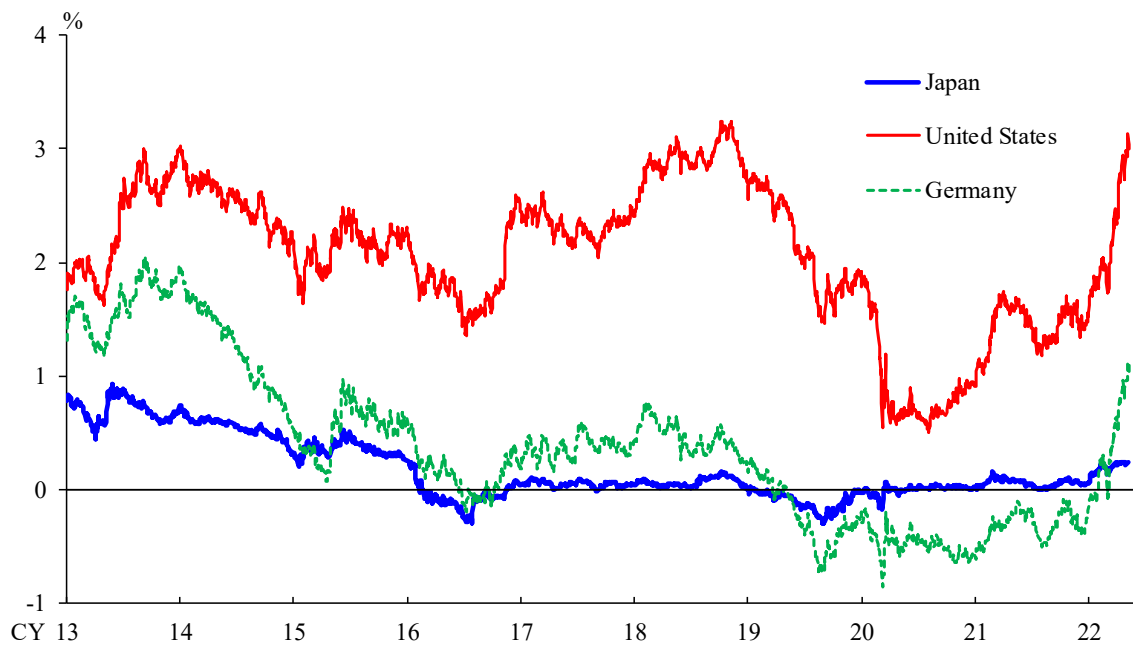
Notes: 1. For hourly scheduled cash earnings, Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. The figures are for full-time and part-time employees before fiscal 1994 and are for full-time employees thereafter.  
 2. The CPI figures are staff estimates and exclude mobile phone charges and the effects of the consumption tax hikes, policies concerning the provision of free education, and the "Go To Travel" campaign, which covers a portion of domestic travel expenses.  
 Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare.

## Real GDP in the United States, the Euro Area, and Japan



Note: In the right-hand chart, the consensus forecast is from the *ESP Forecast* (survey period: March 31-April 7).  
 Sources: Haver; JCER, "ESP Forecast"; Cabinet Office.

## Long-Term Government Bond Yields in Japan, the United States, and Germany



Source: Bloomberg.