

# Japan's Economy and Monetary Policy

*Speech at a Meeting with Business Leaders in Nagasaki*

December 7, 2016

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# Outlook for Economic Activity and Prices (as of October 2016)

y/y % chg.

	Real GDP	CPI (all items less fresh food)
Fiscal 2016	+1.0	-0.1
Forecasts made in July 2016	+1.0	+0.1
Fiscal 2017	+1.3	+1.5
Forecasts made in July 2016	+1.3	+1.7
Fiscal 2018	+0.9	+1.7
Forecasts made in July 2016	+0.9	+1.9

Note: Figures indicate the median of the Policy Board members' forecasts (point estimates).

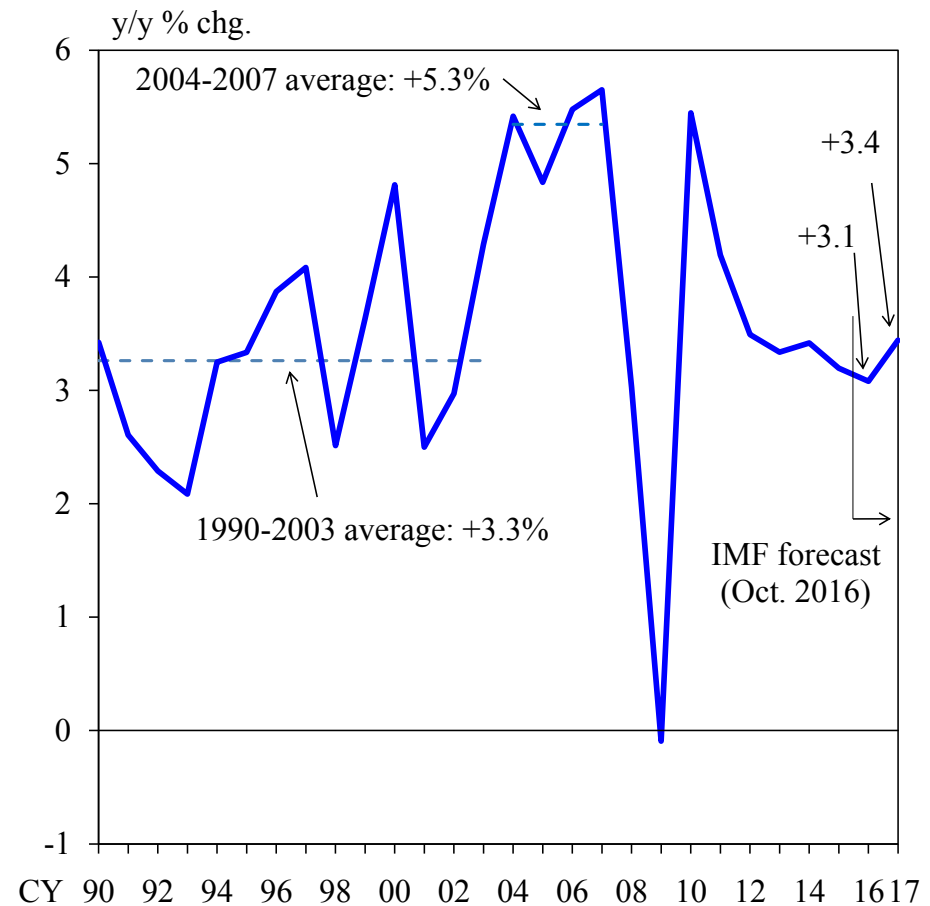
Source: Bank of Japan.

# World Economic Outlook Released by the IMF

## Projections for Major Economies (as of October 2016)

	y/y % chg.			
	2014	2015	Projections	
			2016	2017
World	3.4	3.2	3.1 (0.0)	3.4 (0.0)
Advanced Economies	1.9	2.1	1.6 (-0.2)	1.8 (0.0)
United States	2.4	2.6	1.6 (-0.6)	2.2 (-0.3)
Euro Area	1.1	2.0	1.7 (0.1)	1.5 (0.1)
Japan	0.0	0.5	0.5 (0.2)	0.6 (0.5)
Emerging Market and Developing Economies	4.6	4.0	4.2 (0.1)	4.6 (0.0)
China	7.3	6.9	6.6 (0.0)	6.2 (0.0)
ASEAN5	4.6	4.8	4.8 (0.0)	5.1 (0.0)

## Real GDP Growth Rate

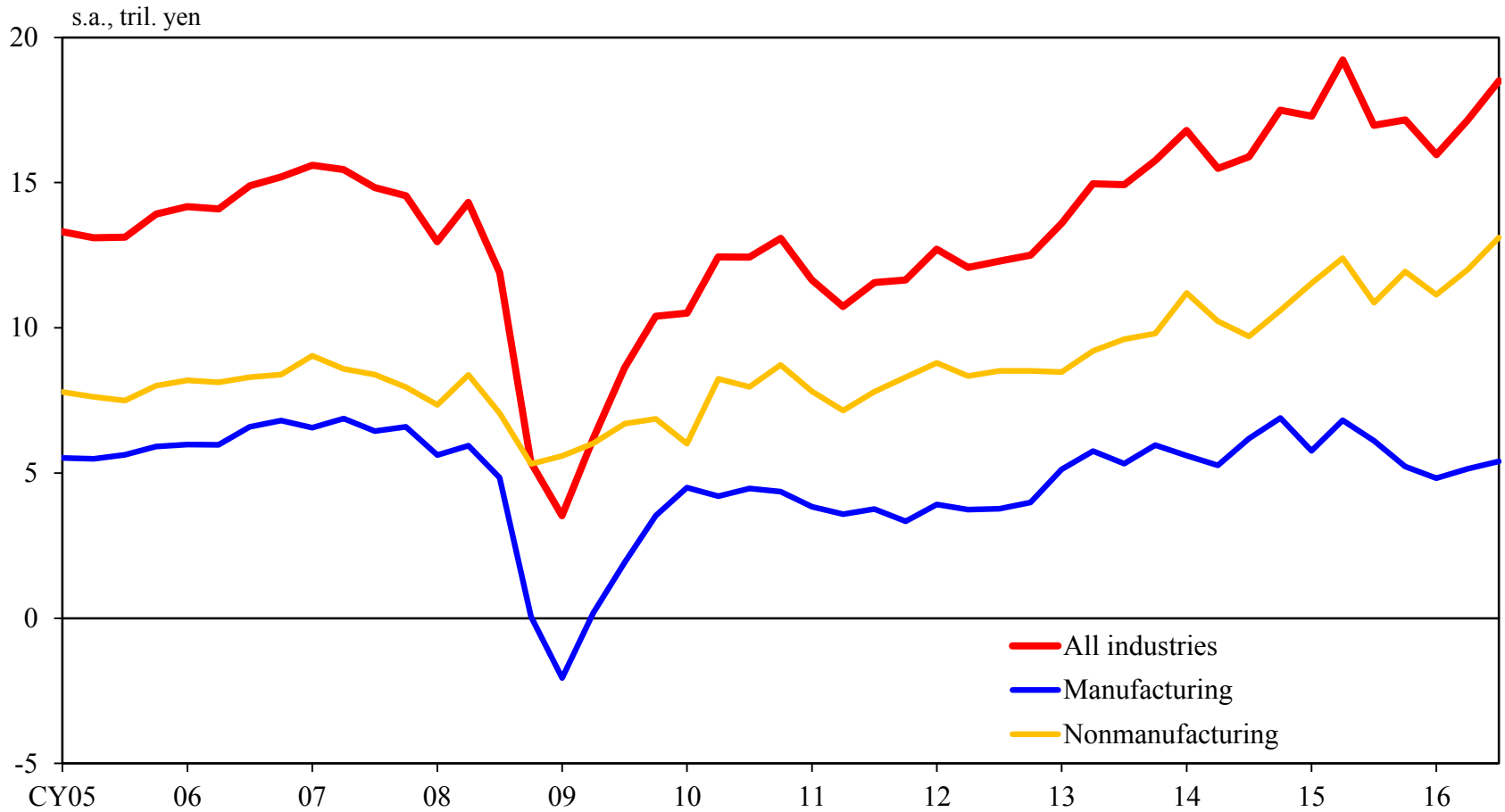


Notes: 1. ASEAN5 are Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam.

2. Figures in parentheses are the differences from the July 2016 WEO projections.

Source: IMF.

# Current Profits

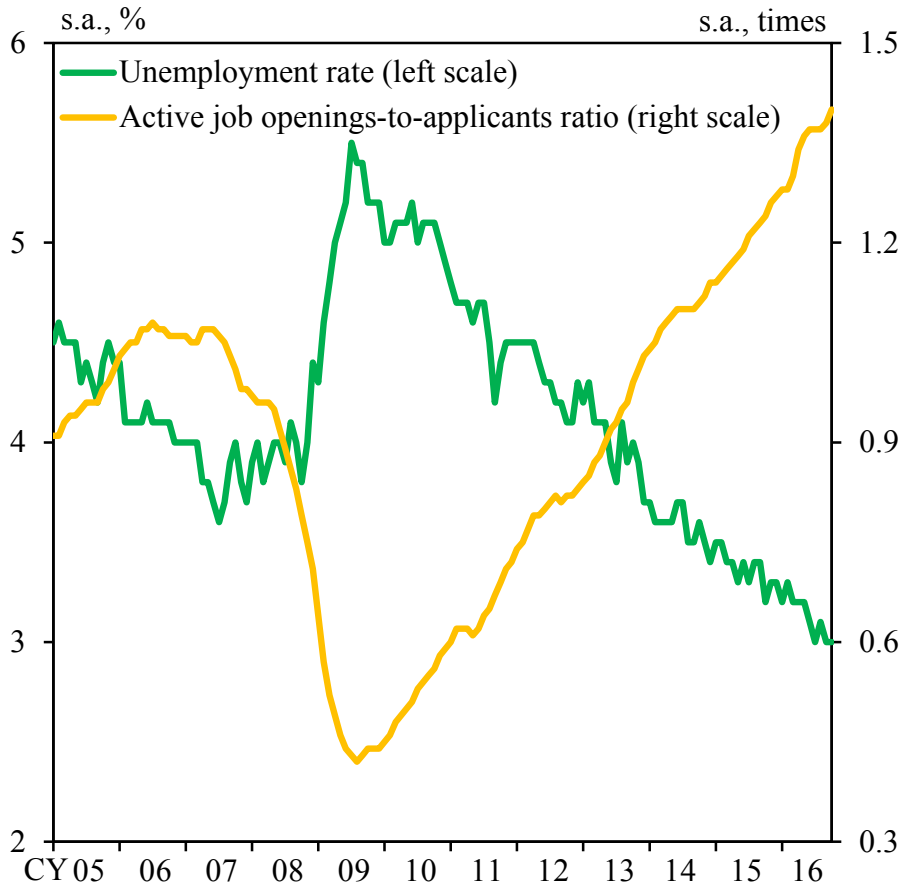


Note: Figures for current profits exclude "Finance and Insurance."

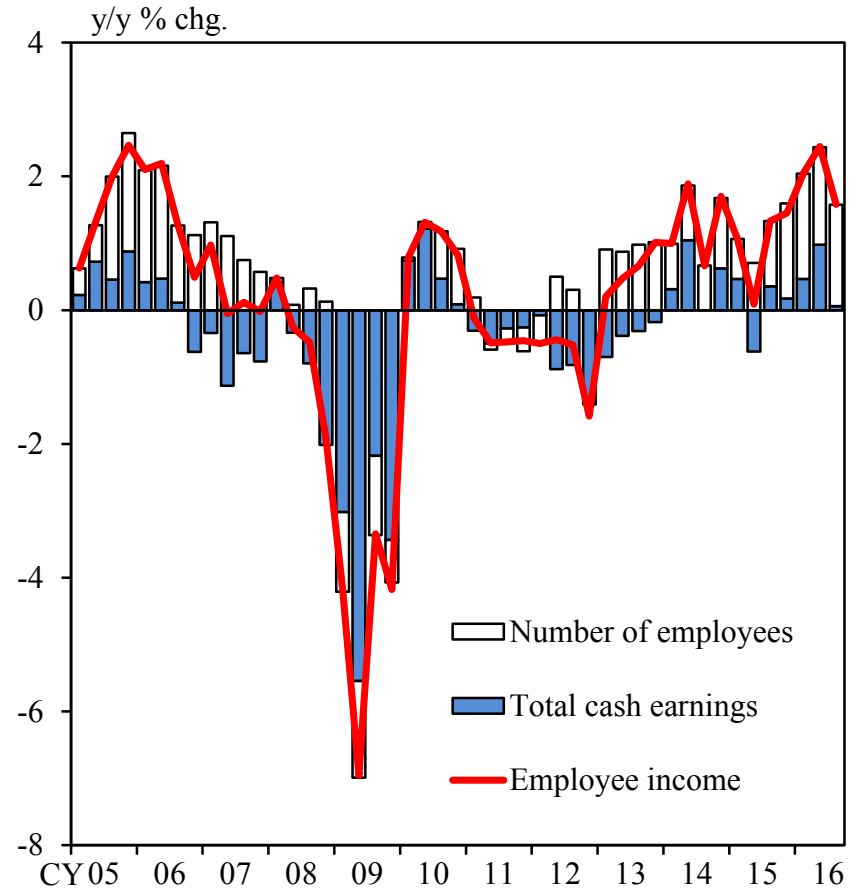
Source: Ministry of Finance.

# Employment and Income Situation

## *Unemployment Rate and Job Openings-to-Applicants Ratio*



## *Employee Income*



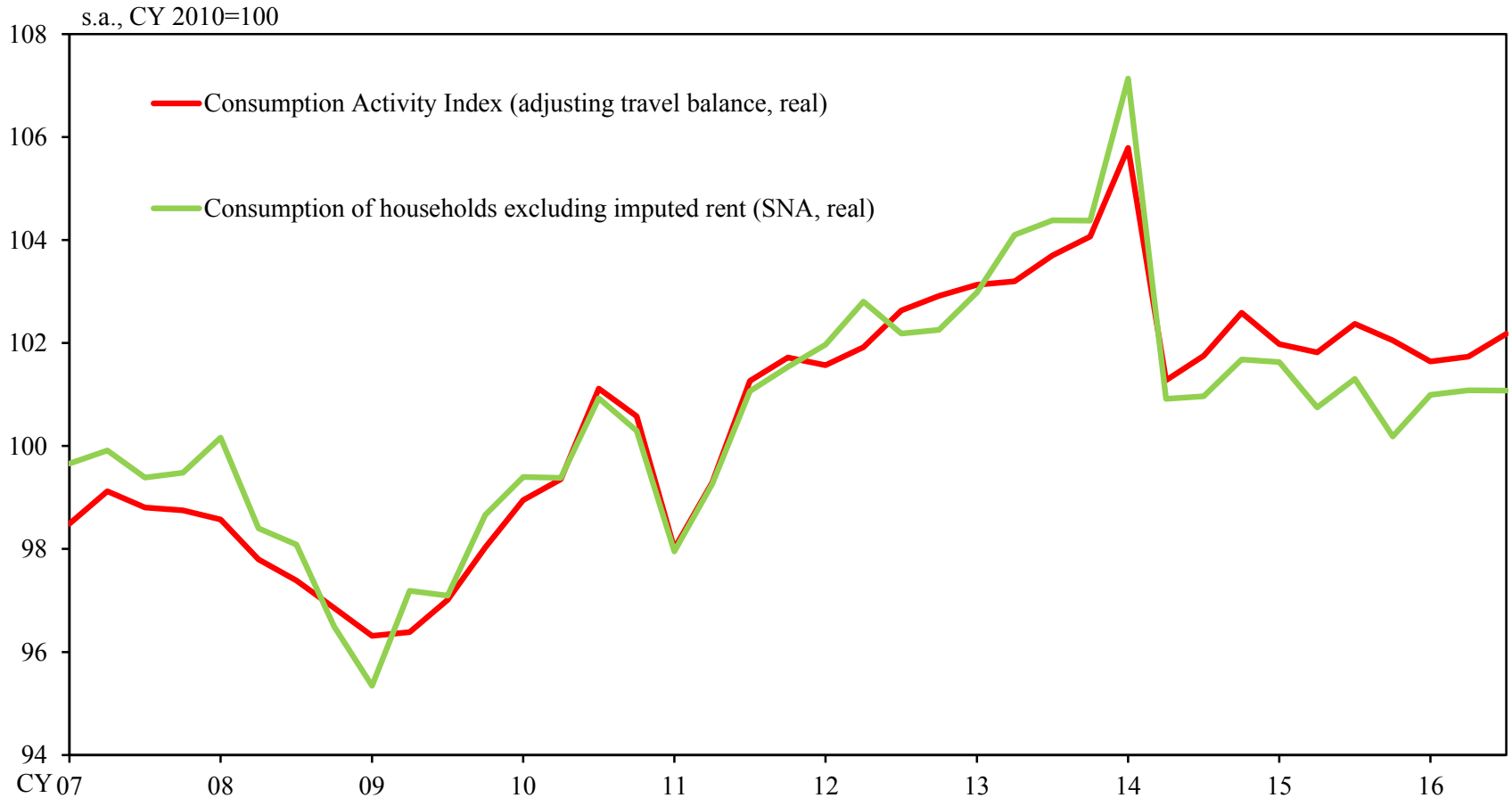
Notes: 1. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.

Figures for 2016/Q3 are September-October averages.

2. Figures for "employee income" are calculated as the "number of employees" (Labour Force Survey) times "total cash earnings" (Monthly Labour Survey).

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

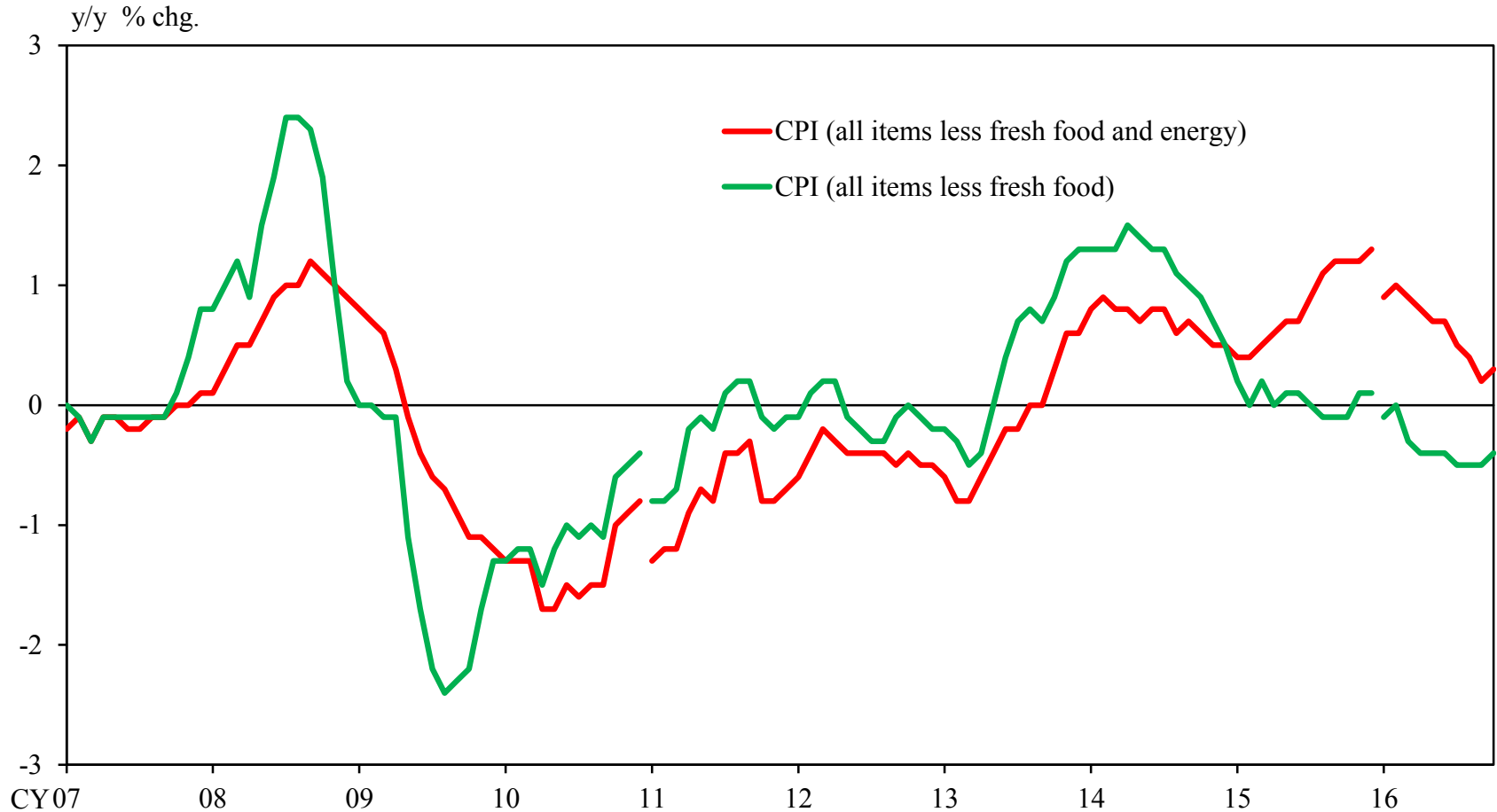
# Private Consumption



Note: Figures for the Consumption Activity Index exclude inbound tourism consumption and include outbound tourism consumption.

Sources: Cabinet Office; Bank of Japan; Ministry of Economy, Trade and Industry; Ministry of Internal Affairs and Communications, etc.

# Consumer Prices



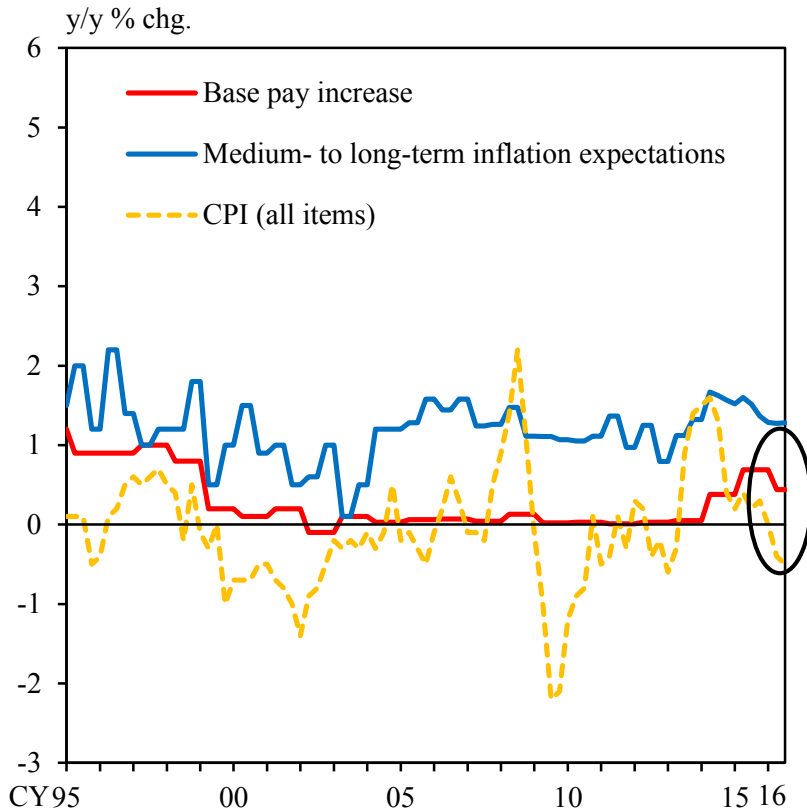
Note: Figures for the CPI (all items less fresh food and energy) are calculated by the Research and Statistics Department, Bank of Japan.

Figures for the CPI are adjusted to exclude the estimated effects of changes in the consumption tax rate.

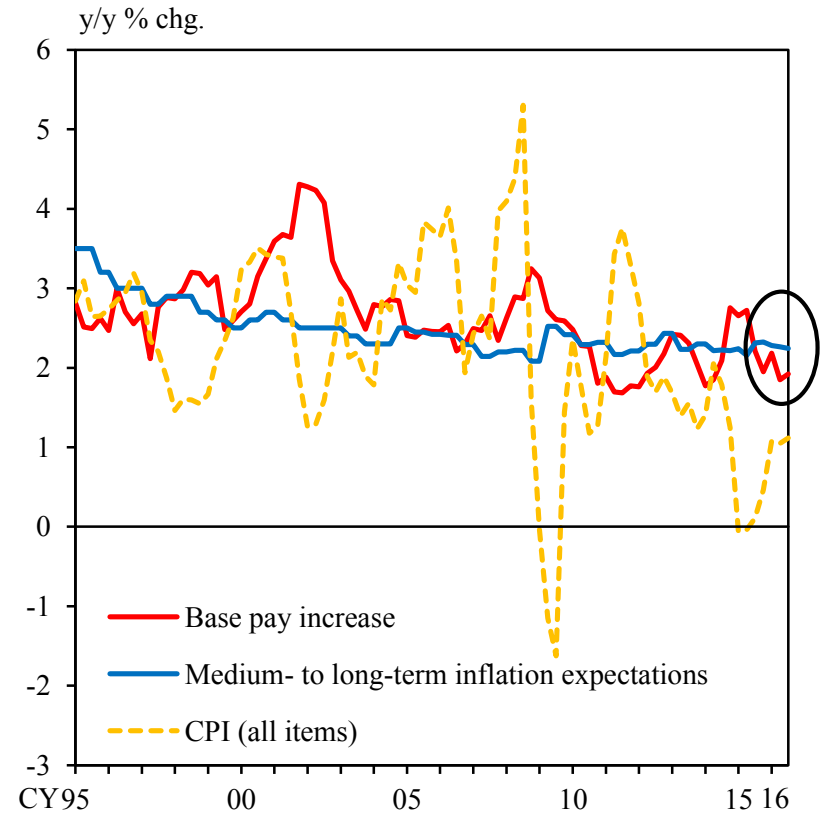
Source: Ministry of Internal Affairs and Communications.

# Inflation Expectations and Wages

*Japan*



*United States*

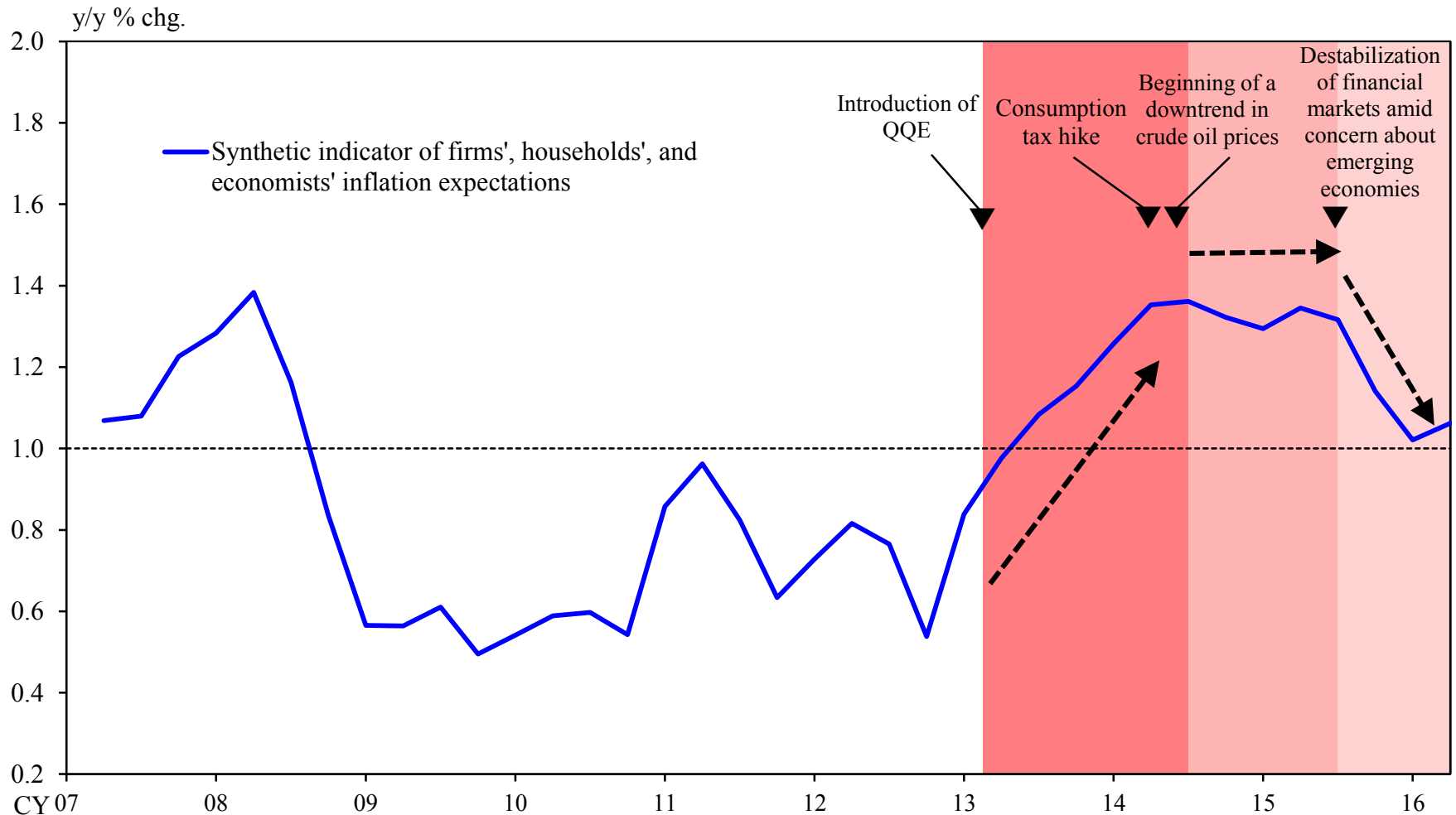


Notes: 1. Figures for the CPI in Japan are adjusted to exclude the estimated effects of changes in the consumption tax rate.  
 2. Figures for the medium- to long-term inflation expectations are the expectations for the CPI 6 to 10 years ahead and are based on the "Consensus Forecasts."

Sources: Central Labour Relations Commission; Japanese Trade Union Confederation (*Rengo*); Ministry of Internal Affairs and Communications; BLS; Consensus Economics Inc., "Consensus Forecasts."



# Inflation Expectations after the Introduction of QQE



Notes: 1. Inflation expectations of firms, households, and economists are represented by the *Tankan*, the "Opinion Survey," and the "Consensus Forecasts," respectively.

2. Semiannual data from the "Consensus Forecasts" up through 2014/Q2 are linearly interpolated. "Opinion Survey" figures exclude inflation expectations by respondents whose annual inflation expectations were +5% percent or greater and -5% percent or smaller. The output prices DI in the *Tankan* represents the difference between the share of firms that raised prices in the preceding three months and the share of firms that lowered prices.

Sources: Consensus Economics Inc., "Consensus Forecasts"; Bank of Japan.