

Outlook for Economic Activity and Prices and Monetary Policy

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

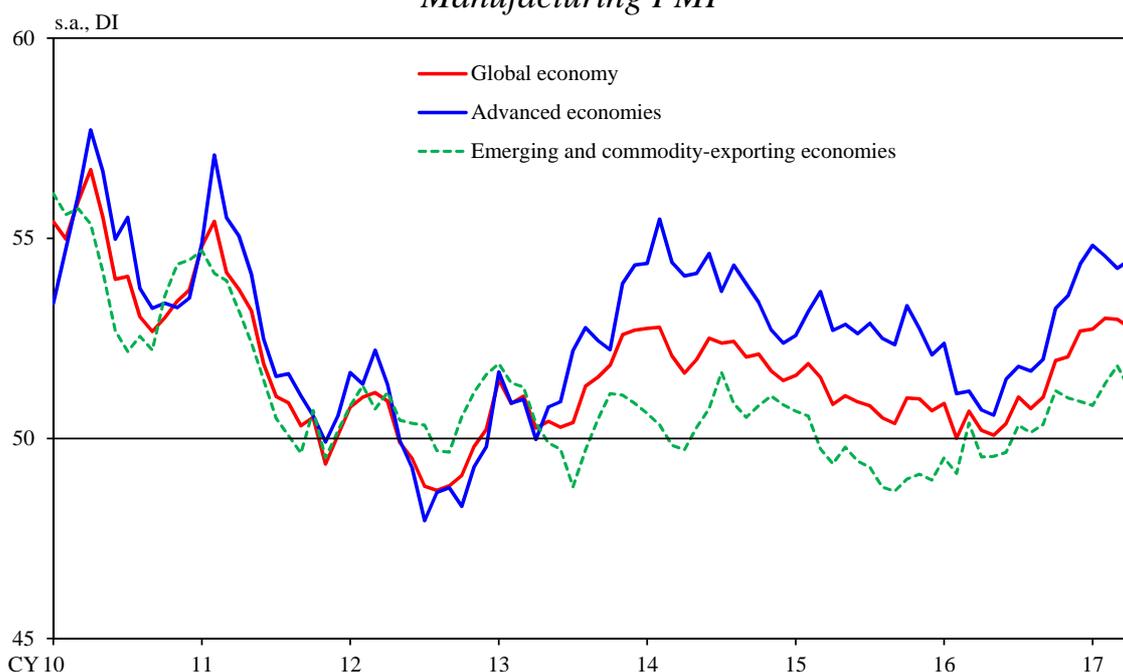
May 10, 2017

Haruhiko Kuroda
Governor of the Bank of Japan

Chart 1

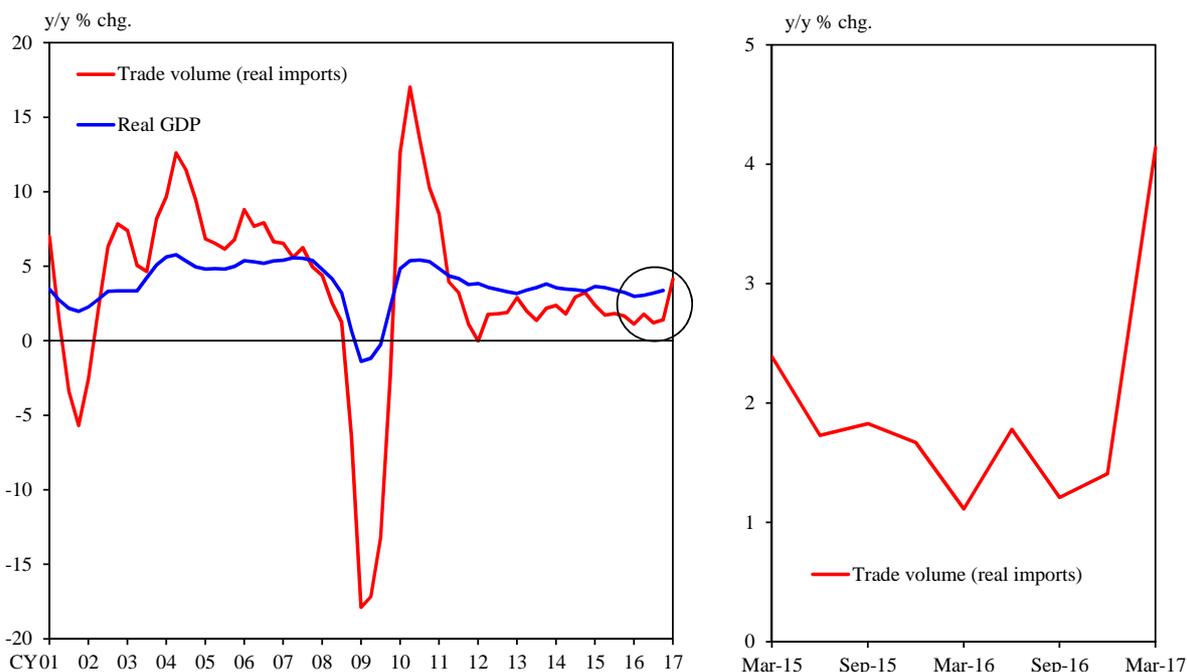
Manufacturing Conditions

Manufacturing PMI



Note: Figures 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 17 countries and regions, including China, South Korea, Taiwan, Russia, and Brazil. Sources: IMF; IHS Markit (© and database right IHS Markit Ltd 2017. All rights reserved.); Haver.

World Trade Volume

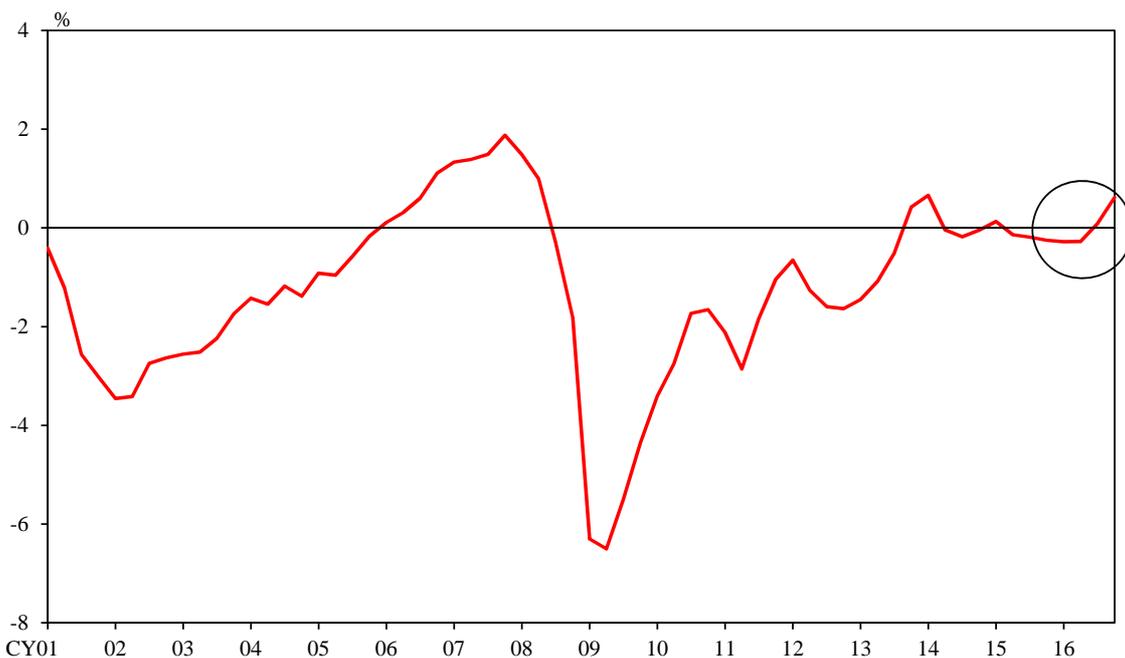


Notes: 1. Figures for 2017/Q1 are January-February averages.

2. Real GDP for the world economy is calculated by the International Department of the Bank of Japan based on IMF data and national and regional GDP growth rates.

Sources: CPB Netherlands Bureau for Economic Policy Analysis; IMF, etc.

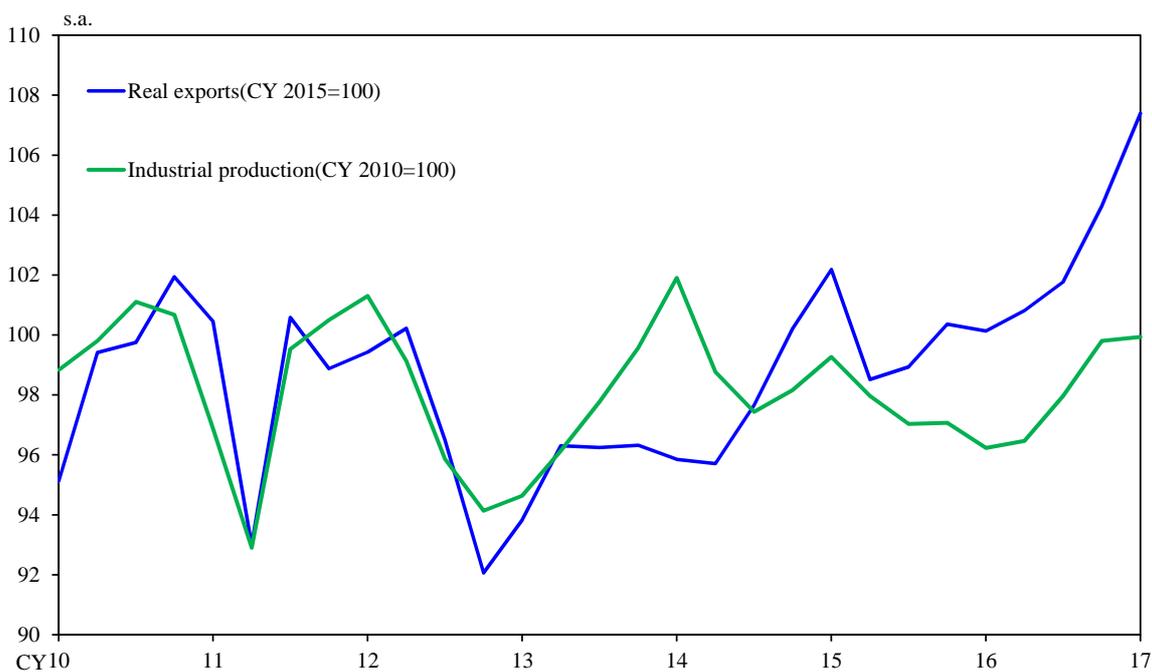
Output Gap



Note: The output gap is estimated by the Research and Statistics Department, Bank of Japan. For the details on the estimation methods, please refer to the forthcoming Bank's research paper "Methodology for Estimating Output Gap and Potential Growth Rate: An Update."

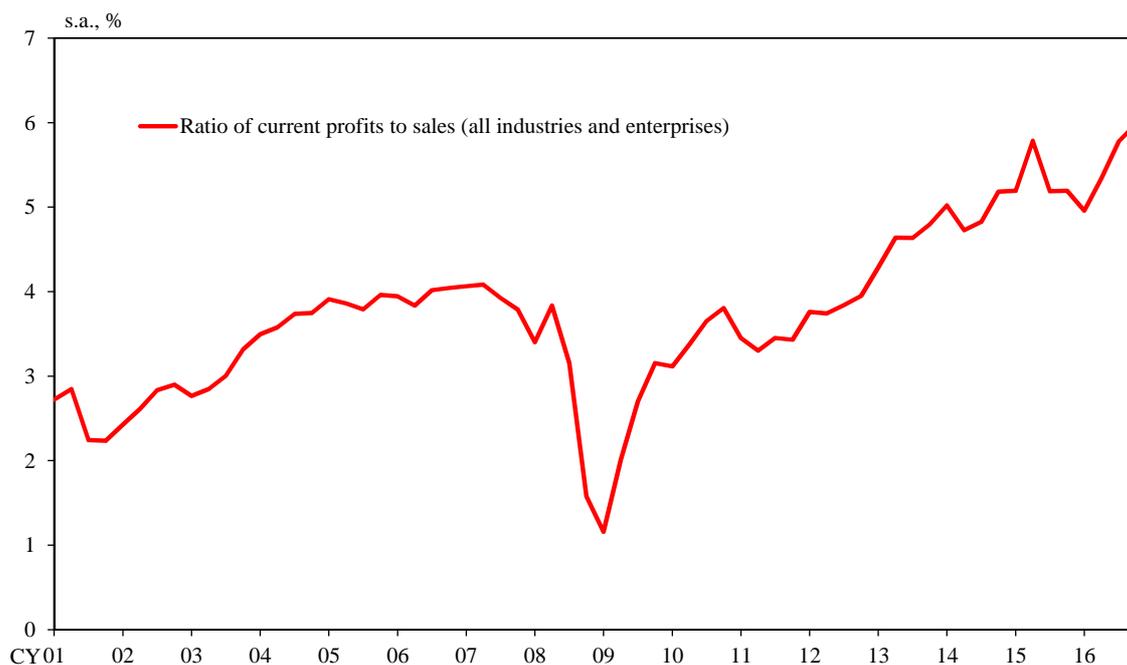
Sources: Cabinet Office; Bank of Japan; Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare; Ministry of Economy, Trade and Industry; Research Institute of Economy, Trade and Industry.

Exports and Industrial Production



Sources: Bank of Japan; Ministry of Finance; Ministry of Economy, Trade and Industry.

Corporate Profits



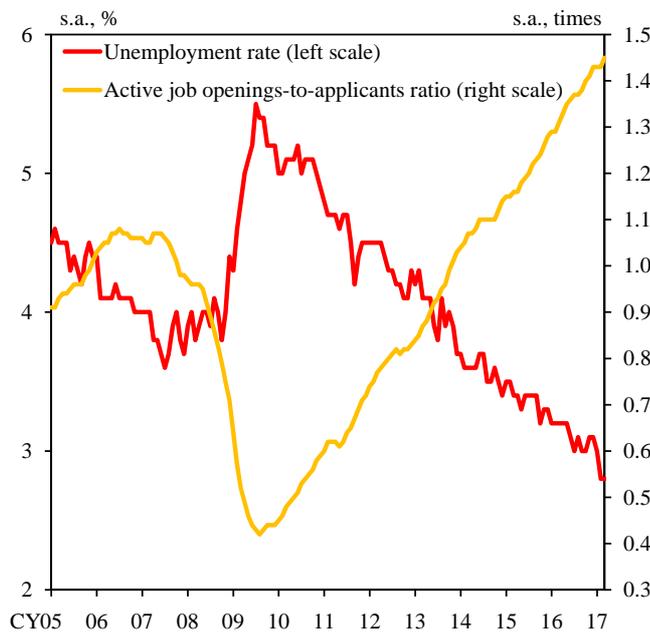
Note: Based on the "Financial Statements Statistics of Corporations by Industry, Quarterly."

Excluding "Finance and Insurance."

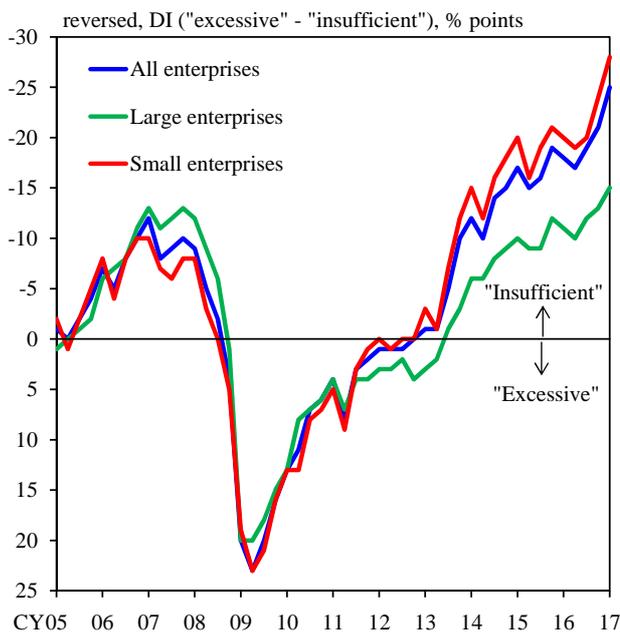
Source: Ministry of Finance.

Labor Market Conditions

Unemployment Rate and Active Job Openings-to-Applicants Ratio



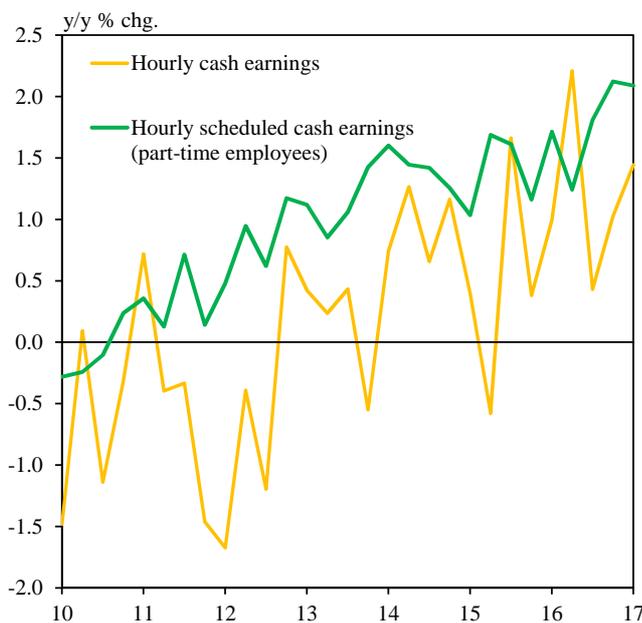
Tankan: Employment Conditions DI



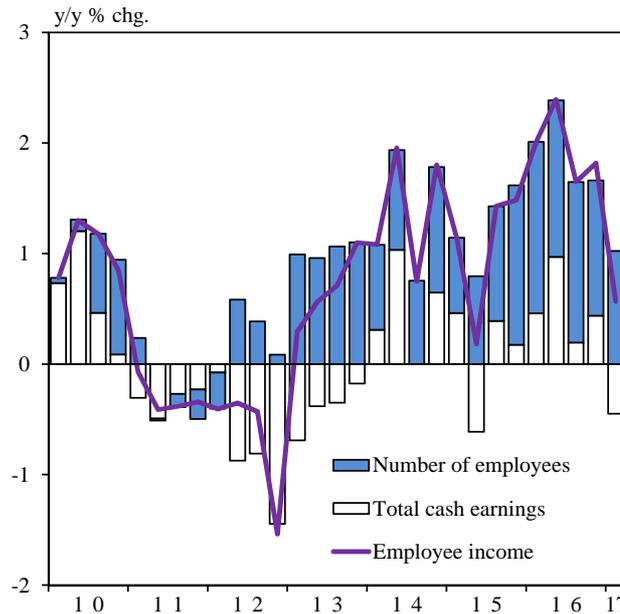
Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare; Bank of Japan.

Wages

Hourly Cash Earnings

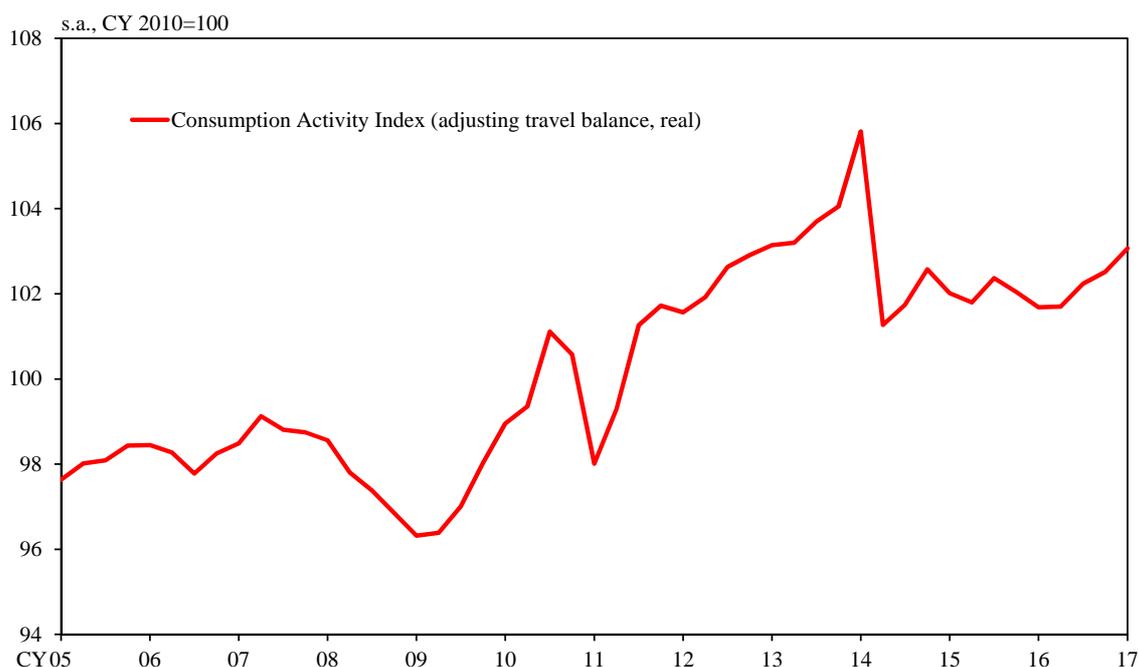


Employee Income



Note: Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2017/Q1 are those of March. Sources: Ministry of Health, Labour and Welfare; Ministry of Internal Affairs and Communications.

Consumption Activity Index



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.

Outlook for Economic Activity and Prices (as of April 2017)

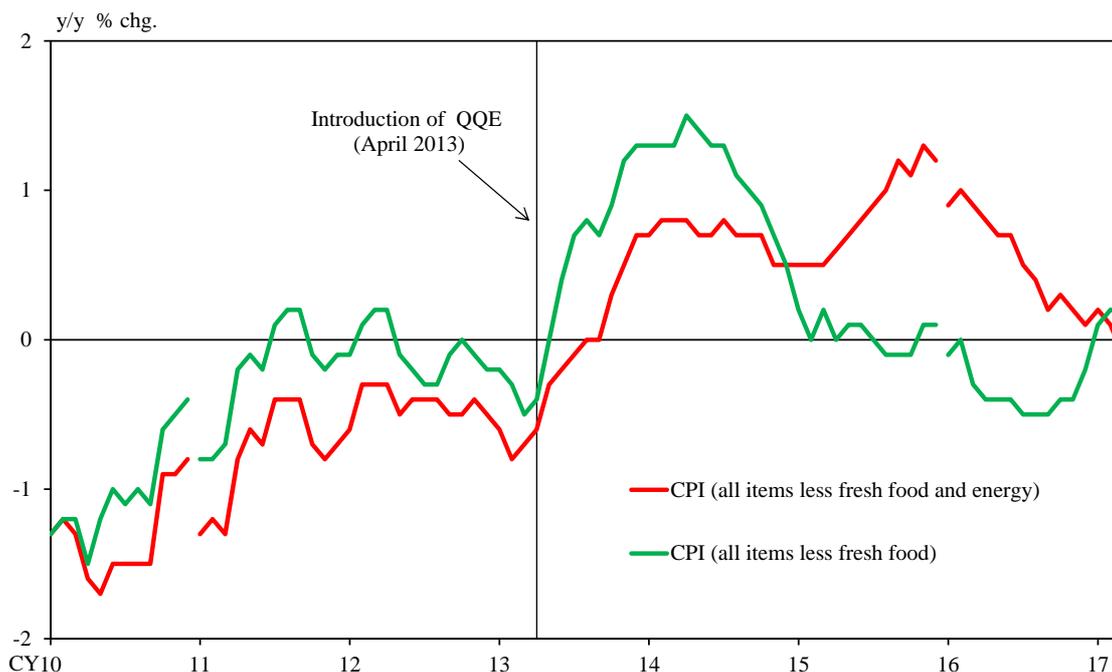
y/y % chg.

	Real GDP	CPI (all items less fresh food)
Fiscal 2017	+1.6	+1.4
Forecasts made in January 2017	+1.5	+1.5
Fiscal 2018	+1.3	+1.7
Forecasts made in January 2017	+1.1	+1.7
Fiscal 2019	+0.7	+1.9

Note: Figures indicate the median of the Policy Board members' forecasts (point estimates). Figures for the CPI (all items less fresh food) exclude the effects of the consumption tax hikes.

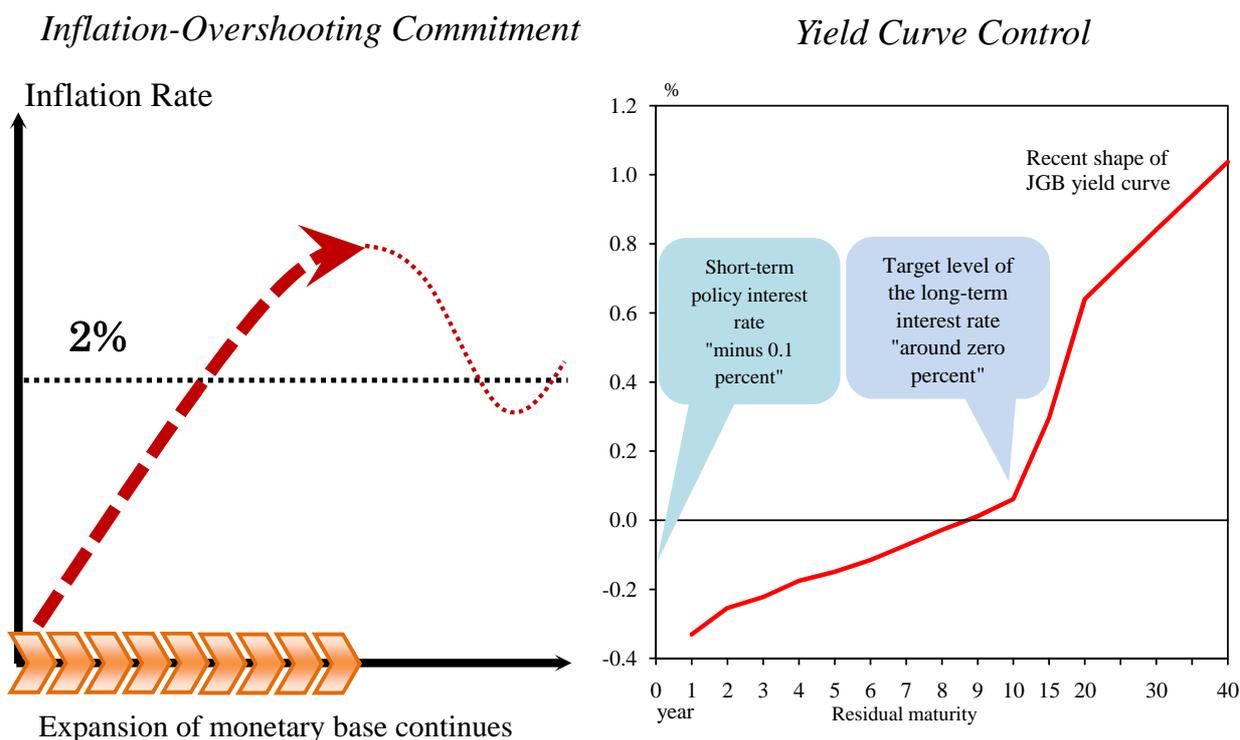
Source: Bank of Japan.

Consumer Prices



Note: 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.

QQE with Yield Curve Control



Source: Bloomberg.