



# Economic Activity, Prices, and Monetary Policy in Japan

*Speech at a Meeting with Local Leaders in Shimane*

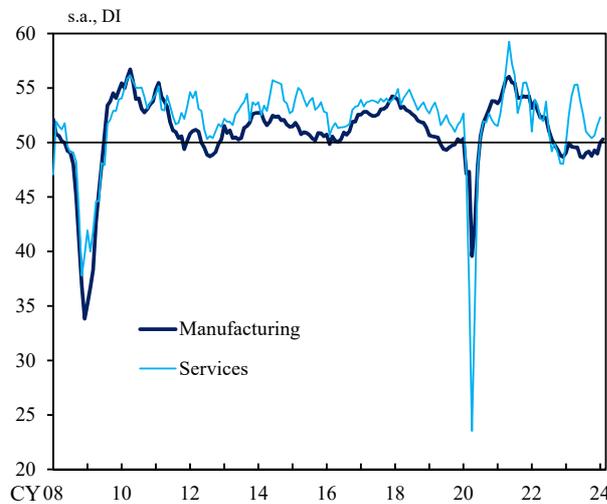
March 7, 2024

NAKAGAWA Junko  
Member of the Policy Board  
Bank of Japan

Chart 1

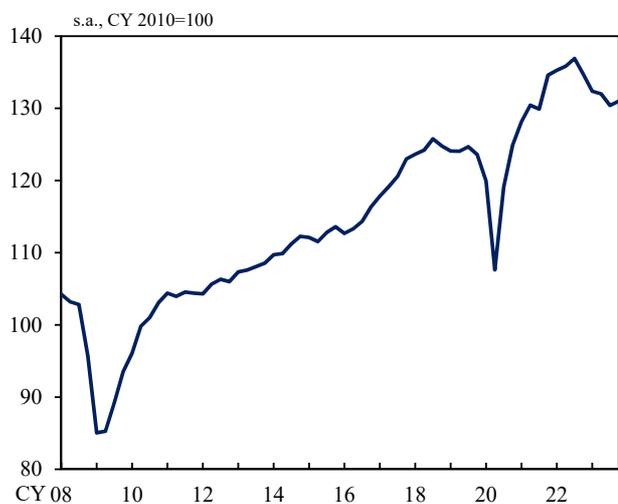
## Overseas Economies

Global PMI



Note: Figures for manufacturing are the J.P.Morgan Global Manufacturing PMI.  
Figures for services are the J.P.Morgan Global Services Business Activity Index.  
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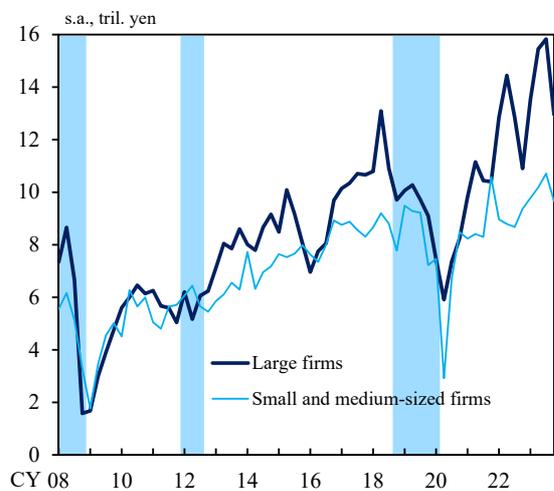
World Trade Volume



Note: Figures for the world trade volume are those for world real imports.  
Source: CPB Netherlands Bureau for Economic Policy Analysis.

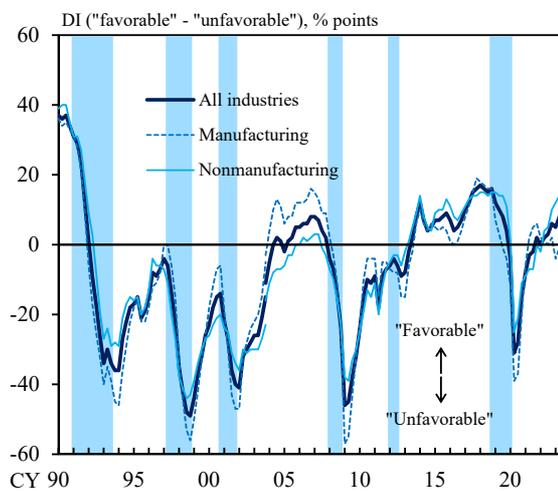
# Corporate Sector in Japan

## Current Profits



Notes: 1. Based on the *Financial Statements Statistics of Corporations by Industry, Quarterly*. Excluding "finance and insurance."  
 2. Figures from 2009/Q2 onward exclude pure holding companies.  
 3. Shaded areas denote recession periods.  
 Source: Ministry of Finance.

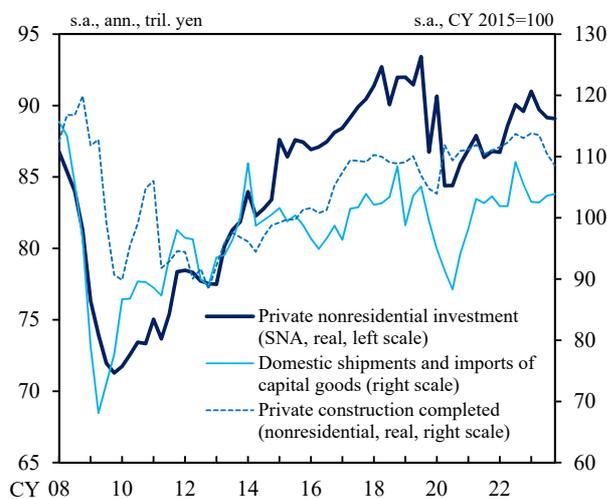
## Business Conditions



Notes: 1. Based on the *Tanken*. All enterprises. There is a discontinuity in the data for December 2003 due to a change in the survey framework.  
 2. Shaded areas denote recession periods.  
 Source: Bank of Japan.

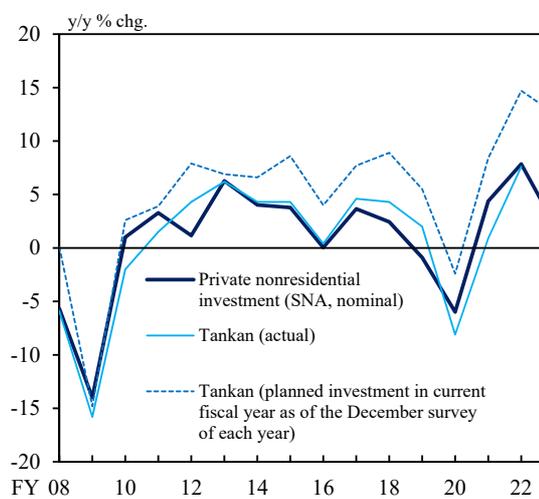
# Corporate Sector in Japan

## Coincident Indicators of Business Fixed Investment



Note: Figures for real private construction completed are based on Bank staff calculations using the construction cost deflators.  
 Sources: Cabinet Office; Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure, Transport and Tourism.

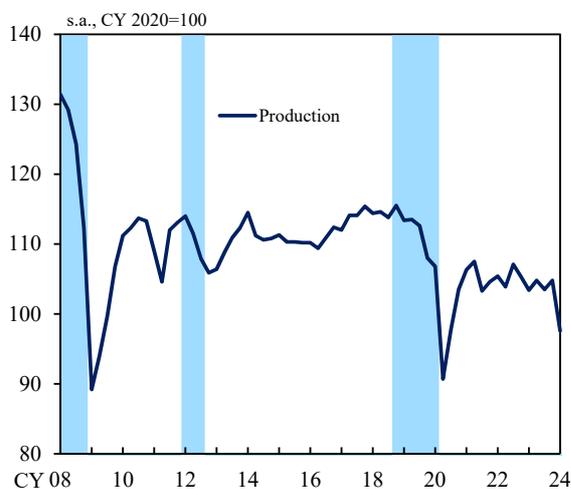
## Planned and Actual Business Fixed Investment



Notes: 1. The *Tanken* figures include investments in software and research and development (R&D) but exclude land purchasing expenses. R&D investment is not included before the March 2017 survey. The figures are for all industries including financial institutions.  
 2. The figure for private nonresidential investment for fiscal 2023 is the 2023/Q2-Q4 average.  
 Sources: Cabinet Office; Bank of Japan.

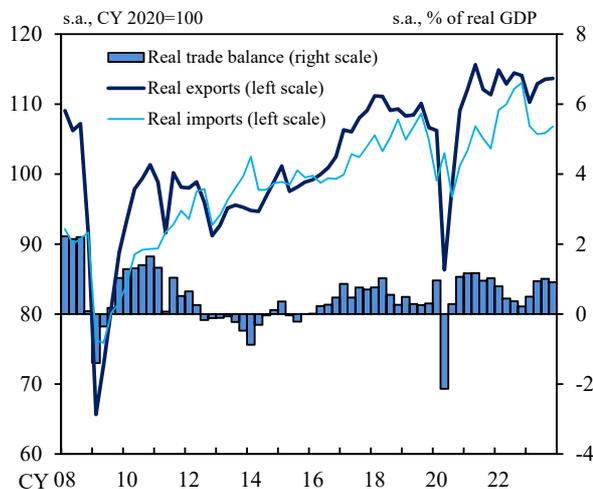
# Corporate Sector in Japan

## Industrial Production



Notes: 1. Shaded areas denote recession periods.  
2. The figure for 2024/Q1 is that for January.  
Source: Ministry of Economy, Trade and Industry.

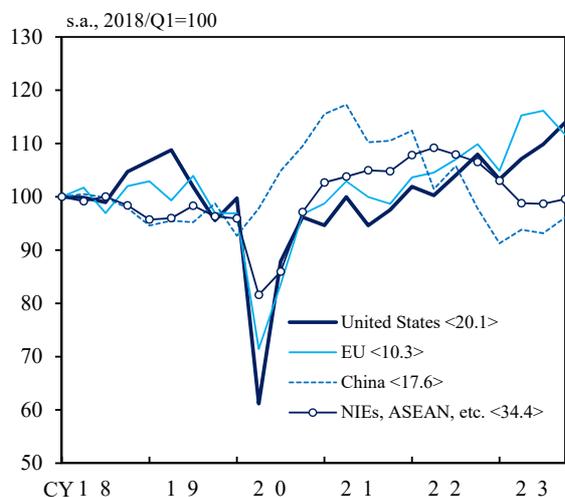
## Real Exports and Imports



Note: Based on Bank staff calculations.  
Sources: Cabinet Office; Ministry of Finance; Bank of Japan.

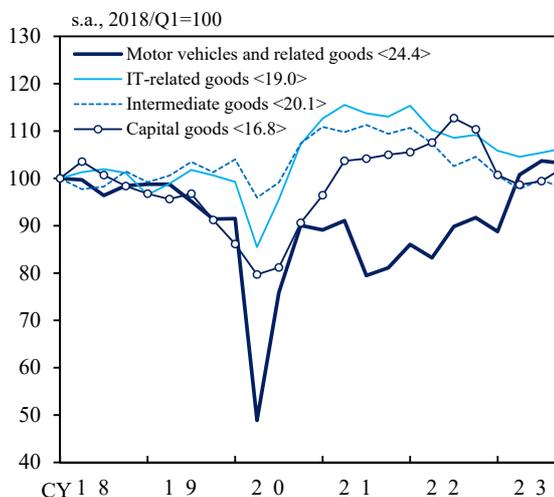
# Corporate Sector in Japan

## Real Exports by Region



Notes: 1. Based on Bank staff calculations. Figures in angle brackets show the share of each country or region in Japan's total exports in 2023.  
2. Figures for the EU exclude those for the United Kingdom for the entire period.  
Sources: Ministry of Finance; Bank of Japan.

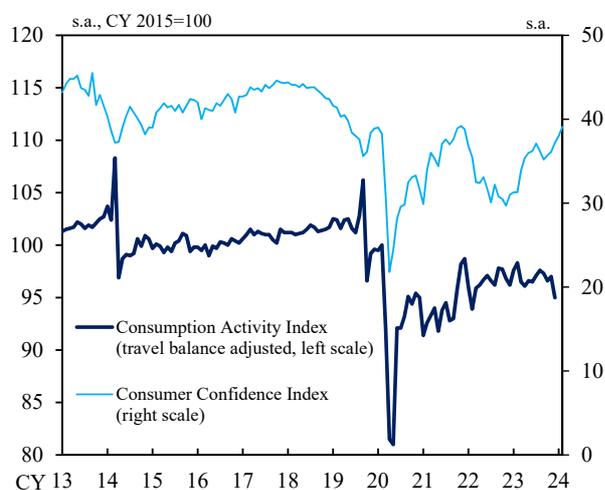
## Real Exports by Type of Goods



Note: Based on Bank staff calculations. Figures in angle brackets show the share of each type of goods in Japan's total exports in 2023.  
Sources: Ministry of Finance; Bank of Japan.

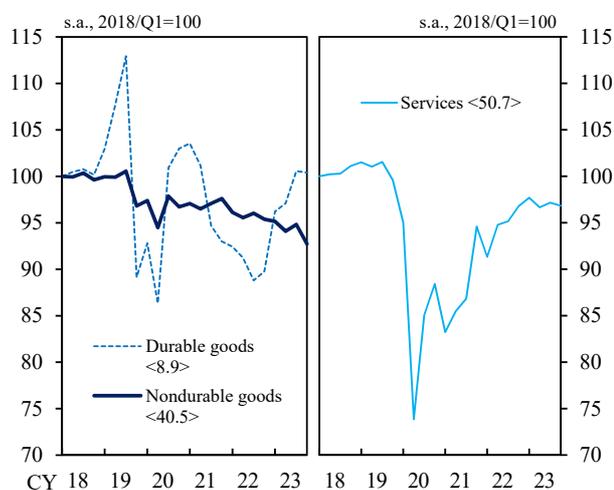
# Private Consumption in Japan

## Real Private Consumption and Confidence Indicator



Note: Figures for the Consumption Activity Index (CAI) are based on Bank staff calculations. The CAI figures (travel balance adjusted) exclude inbound tourism consumption and include outbound tourism consumption.  
Sources: Cabinet Office; Bank of Japan, etc.

## Consumption Activity Index (CAI, Real)



Notes: 1. Based on Bank staff calculations. Figures in angle brackets show the weights in the CAI.  
2. Nondurable goods include goods classified as semi-durable goods in the SNA.  
Sources: Bank of Japan, etc.

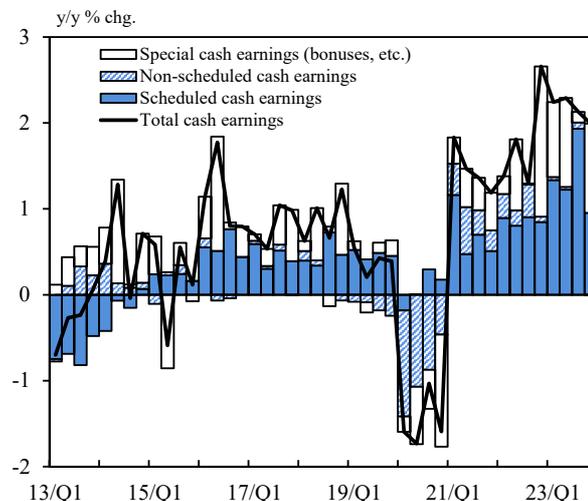
# Employment and Income Situation in Japan

## Number of Employed Persons



Source: Ministry of Internal Affairs and Communications.

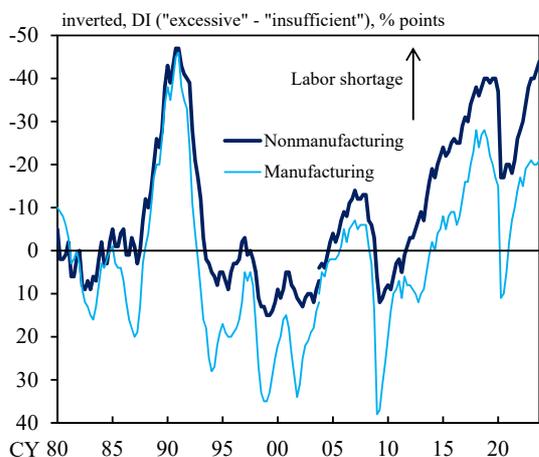
## Nominal Wages per Employee



Notes: 1. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2023/Q4 are those for December.  
2. Figures from 2016/Q1 onward are based on continuing observations following the sample revisions.  
Source: Ministry of Health, Labour and Welfare.

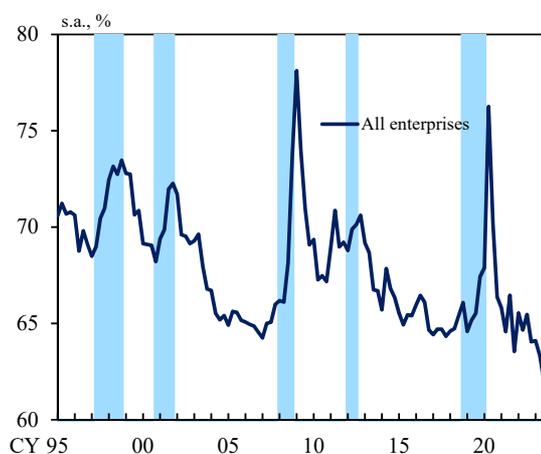
# Employment and Income Situation in Japan

## Employment Conditions DI



Note: Based on the *Tankan*. All enterprises. There is a discontinuity in the data for December 2003 due to a change in the survey framework.  
Source: Bank of Japan.

## Labor Share



Notes: 1. Based on the *Financial Statements Statistics of Corporations by Industry, Quarterly*. Excluding "finance and insurance."  
2. Figures from 2009/Q2 onward exclude pure holding companies.  
3. Shaded areas denote recession periods.  
Source: Ministry of Finance.

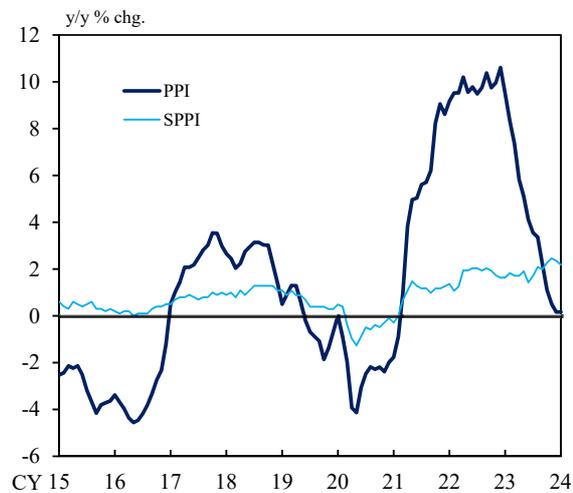
# Producer Prices

## Import Prices



Source: Bank of Japan.

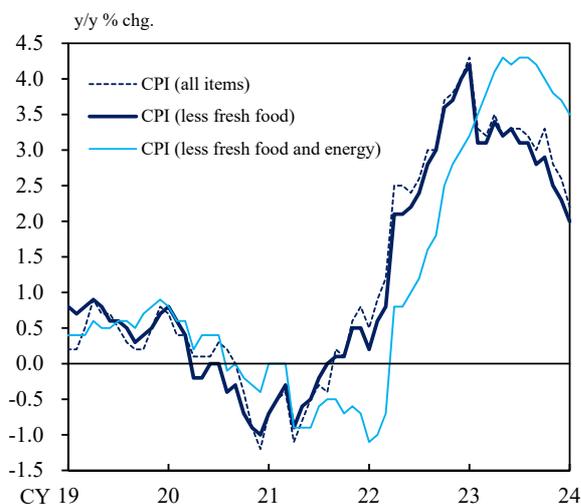
## Goods and Services Prices



Note: Figures exclude the effects of the consumption tax hike.  
Source: Bank of Japan.

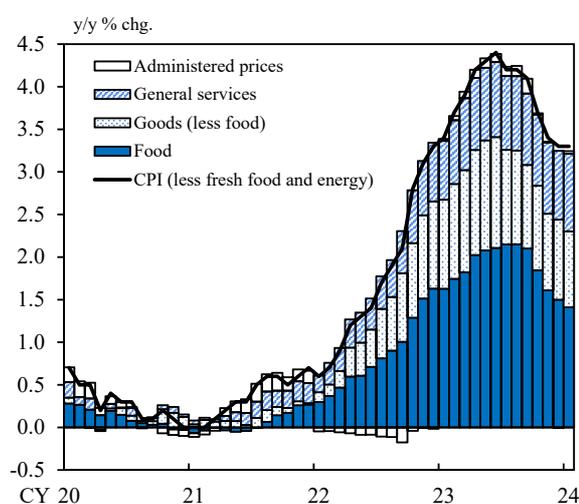
## Consumer Prices

CPI for All Items and Core CPI



Source: Ministry of Internal Affairs and Communications.

CPI (Excluding Temporary Factors)



Notes: 1. "Food" excludes fresh food and consists of "agricultural, aquatic, and livestock products" and "food products."  
 2. "Administered prices" excludes energy prices and consists of public services and water charges.  
 3. The CPI figures are Bank staff estimates and exclude the effects of the consumption tax hike, free education policies, travel subsidy programs, and mobile phone charges.

Source: Ministry of Internal Affairs and Communications.

## Outlook for Economic Activity and Prices (as of January 2024)

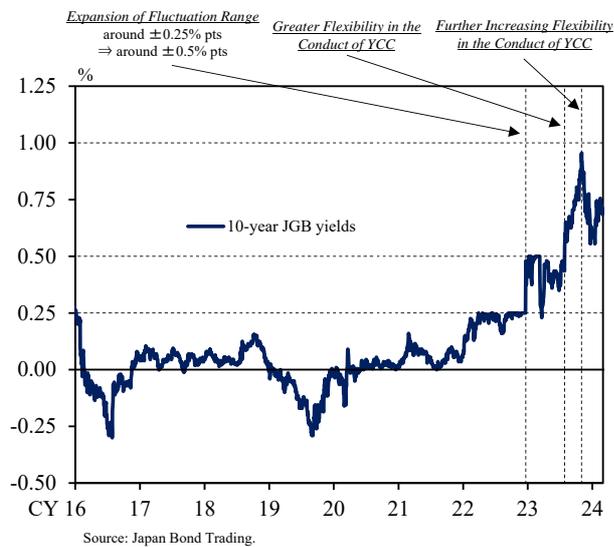
y/y % chg.

	Real GDP	CPI (all items less fresh food)	(Reference) CPI (all items less fresh food and energy)
<b>Fiscal 2023</b>	<b>+1.6 to +1.9</b> [+1.8]	<b>+2.8 to +2.9</b> [+2.8]	<b>+3.7 to +3.9</b> [+3.8]
Forecasts made in October 2023	+1.8 to +2.0 [+2.0]	+2.7 to +3.0 [+2.8]	+3.5 to +3.9 [+3.8]
<b>Fiscal 2024</b>	<b>+1.0 to +1.2</b> [+1.2]	<b>+2.2 to +2.5</b> [+2.4]	<b>+1.6 to +2.1</b> [+1.9]
Forecasts made in October 2023	+0.9 to +1.4 [+1.0]	+2.7 to +3.1 [+2.8]	+1.6 to +2.1 [+1.9]
<b>Fiscal 2025</b>	<b>+1.0 to +1.2</b> [+1.0]	<b>+1.6 to +1.9</b> [+1.8]	<b>+1.8 to +2.0</b> [+1.9]
Forecasts made in October 2023	+0.8 to +1.2 [+1.0]	+1.6 to +2.0 [+1.7]	+1.8 to +2.2 [+1.9]

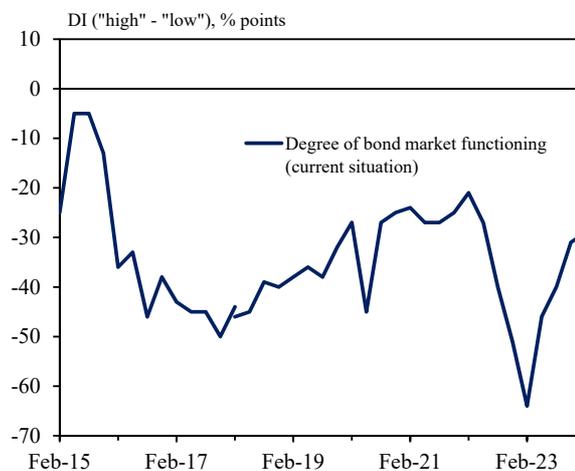
Note: Figures in brackets indicate the medians of the Policy Board members' forecasts (point estimates).  
 Source: Bank of Japan.

# Developments in the Bond Market

## JGB Yields



## Bond Market Survey



Notes: 1. The survey from February 2018 onward includes responses from major insurance companies, asset management companies, etc., in addition to those from institutions eligible for the Bank's outright purchases and sales of JGBs. Regarding the figures for February 2018, the reference data, which are based on responses only from institutions eligible for the Bank's outright purchases and sales of JGBs, are also indicated.

2. The survey is conducted in February, May, August, and November each year.

Source: Bank of Japan.