

Japan's Economy and Monetary Policy

Speech at a Meeting with Business Leaders in Kochi

February 9, 2017

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Deputy Governor of the Bank of Japan

Chart 1

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

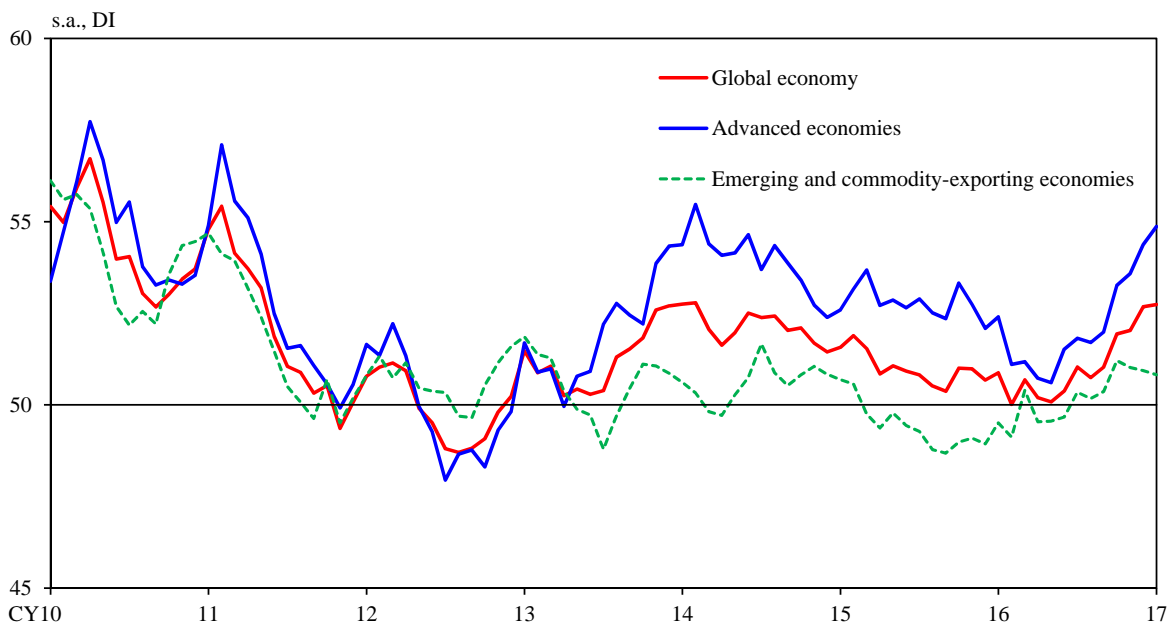
y/y % chg.

	Real GDP	CPI (all items less fresh food)
Fiscal 2016	+1.4	-0.2
Forecasts made in October 2016	+1.0	-0.1
Fiscal 2017	+1.5	+1.5
Forecasts made in October 2016	+1.3	+1.5
Fiscal 2018	+1.1	+1.7
Forecasts made in October 2016	+0.9	+1.7

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

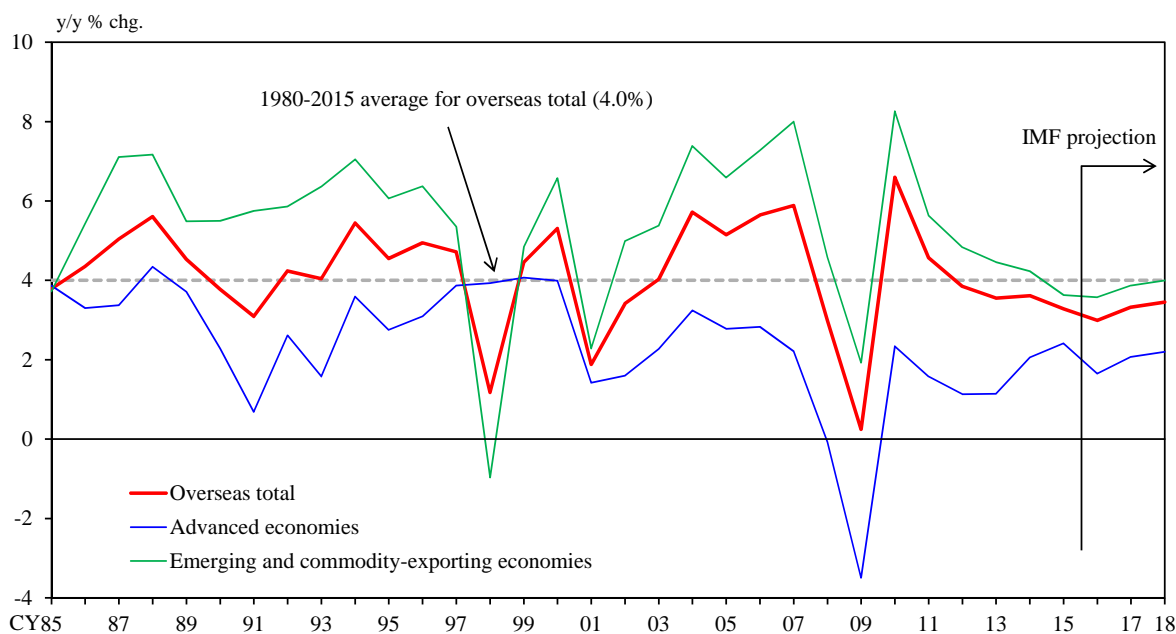
Global Manufacturing Conditions

Manufacturing PMI



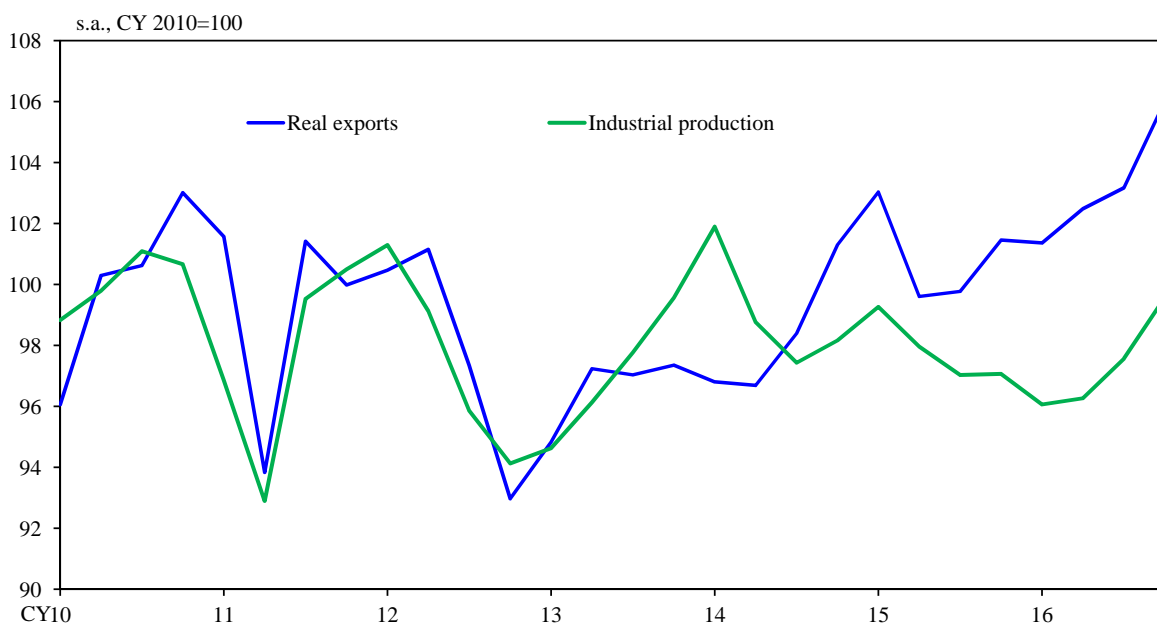
Note: Figures for the global economy are the J.P.Morgan Global Manufacturing PMI. Figures for advanced economies as well as emerging and commodity-exporting economies are calculated as the weighted averages of the Manufacturing PMI using PPP-adjusted GDP shares of world total GDP from the IMF as weights. 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.

Real GDP Growth Rates of Overseas Economies



Note: Figures are the weighted averages of real GDP growth rates using countries' share in Japan's exports as weights. Annual GDP growth rates are from the "World Economic Outlook (WEO)" as of January 2017. Since for some countries and regions the IMF does not provide projections in the January WEO, some figures are imputed using information provided in the October WEO. Advanced economies consist of the United States, the euro area, and the United Kingdom. Emerging and commodity-exporting economies consist of the rest of the world economy. Sources: IMF; Ministry of Finance.

Exports and Industrial Production

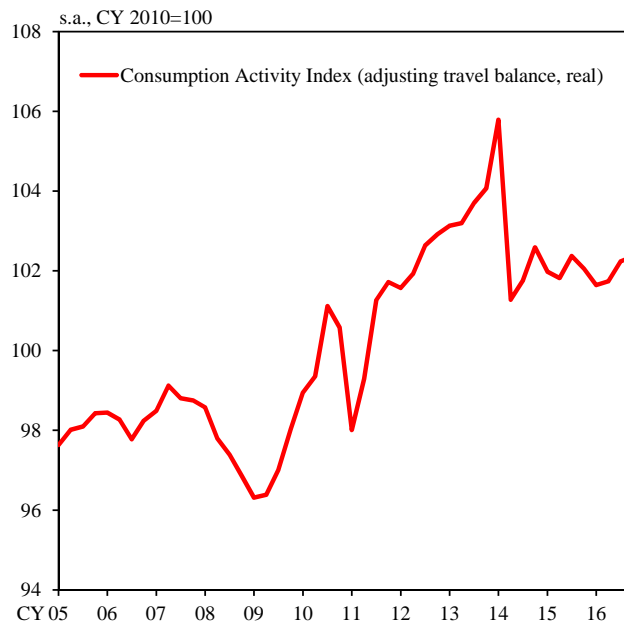
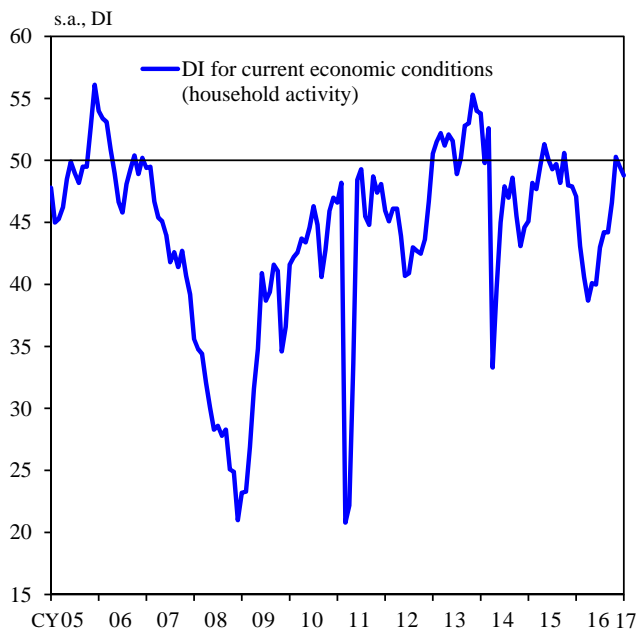


Sources: Bank of Japan; Ministry of Finance; Ministry of Economy, Trade and Industry.

Private Consumption

*DI for Current Economic Conditions
(Economy Watchers Survey)*

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.

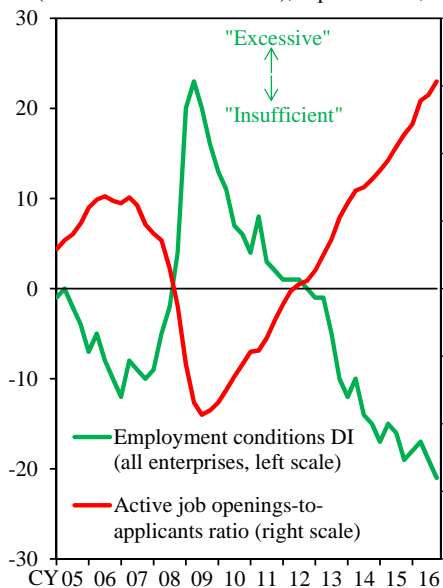
Employment and Income Situation

Job Openings-to-Applicants Ratio and Employment Conditions DI (Tankan)

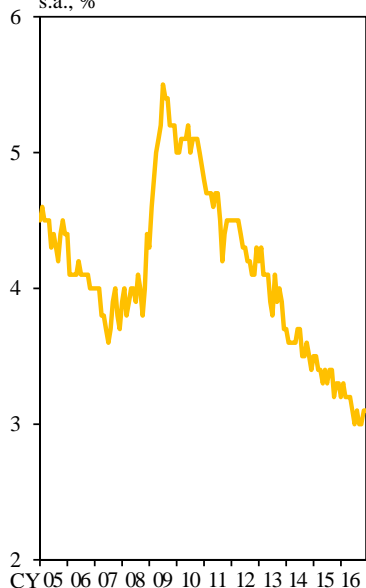
Unemployment Rate

Employee Income

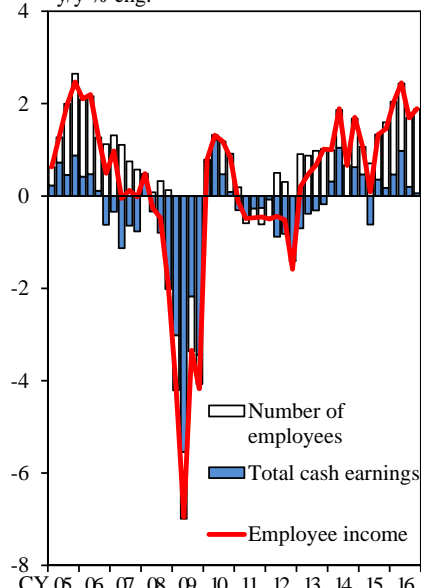
DI ("excessive" - "insufficient"),% points s.a., times



s.a., %



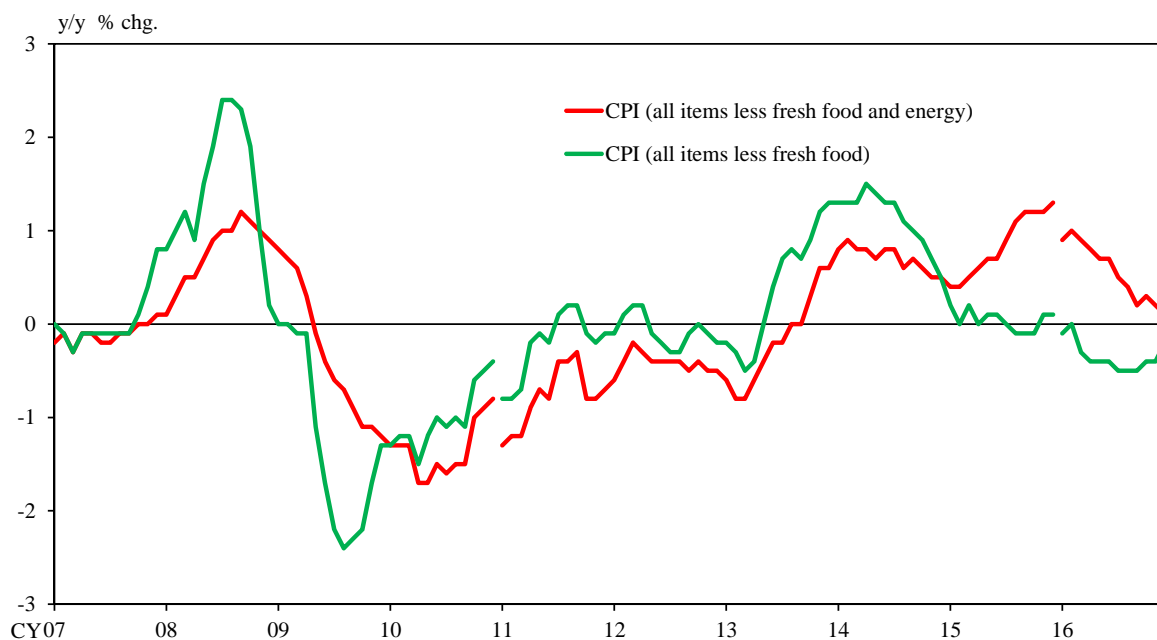
y/y % chg.



Note: Figures for "employee income" are calculated as the "number of employees" (Labour Force Survey) times "total cash earnings" (Monthly Labour Survey). Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2016/Q4 are those of December.

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

Consumer Prices

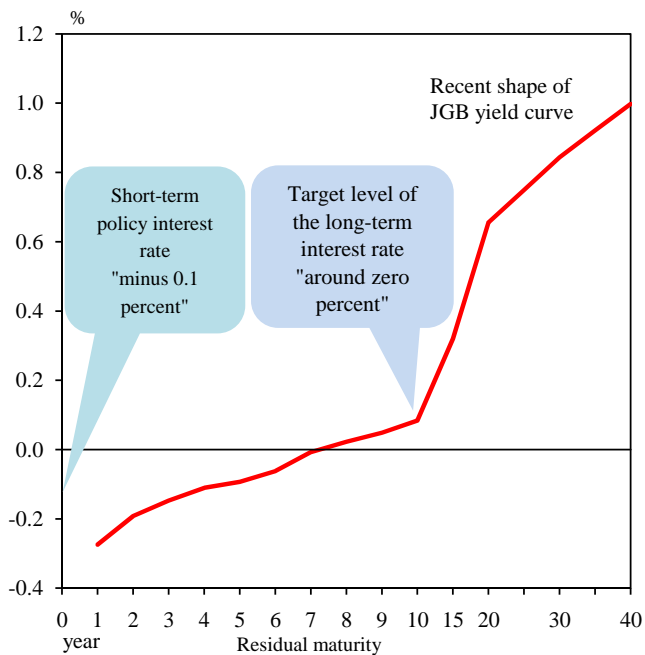


Note: Figures for the CPI (all items less fresh food and energy) are calculated by the Research and Statistics Department, Bank of Japan. Figures for the CPI are adjusted to exclude the estimated effects of changes in the consumption tax rate.

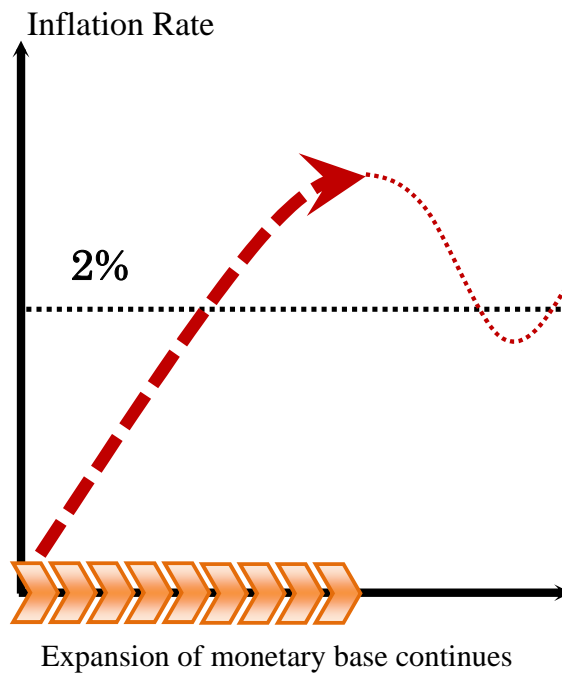
Source: Ministry of Internal Affairs and Communications.

"Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control"

Yield Curve Control



Inflation-Overshooting Commitment



Source: Bloomberg.