Japan's Economy and Monetary Policy

Speech at the Kisaragi-kai Meeting in Tokyo

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Global Economy

Global Real GDP Growth

Projections of Real GDP Growth by Major Economies (as of October 2017)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>World</td>
<td>3.4</td>
<td>3.2</td>
<td>3.6 (+0.1)</td>
<td>3.7 (+0.1)</td>
</tr>
<tr>
<td>Advanced economies</td>
<td>2.2</td>
<td>1.7</td>
<td>2.2 (+0.2)</td>
<td>2.0 (+0.1)</td>
</tr>
<tr>
<td>United States</td>
<td>2.9</td>
<td>1.5</td>
<td>2.2 (+0.2)</td>
<td>2.3 (+0.2)</td>
</tr>
<tr>
<td>Euro area</td>
<td>2.0</td>
<td>1.8</td>
<td>2.1 (+0.2)</td>
<td>1.9 (+0.2)</td>
</tr>
<tr>
<td>Japan</td>
<td>1.1</td>
<td>1.0</td>
<td>1.5 (+0.2)</td>
<td>0.7 (+0.1)</td>
</tr>
<tr>
<td>Emerging market and developing economies</td>
<td>4.3</td>
<td>4.3</td>
<td>4.6 (0.0)</td>
<td>4.9 (+0.1)</td>
</tr>
<tr>
<td>China</td>
<td>6.9</td>
<td>6.7</td>
<td>6.8 (+0.1)</td>
<td>6.5 (+0.1)</td>
</tr>
<tr>
<td>ASEAN 5</td>
<td>4.9</td>
<td>4.9</td>
<td>5.2 (+0.1)</td>
<td>5.2 (0.0)</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses in the right figure show differences from the projections as of July 2017 (% points).
Source: IMF.
Economic Recovery in Japan

**Real GDP**

**Output Gap**

Note: Figures for output gap are based on BOJ staff estimations.
Sources: Cabinet Office; Bank of Japan.

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Domestic Demand

**Corporate Profits and Business Fixed Investment**

**Private Consumption**

Notes: 1. Figures for corporate profits are based on the Financial Statements Statistics of Corporations by Industry. Quarterly. Excluding "finance and insurance."
2. Figures for private consumption are based on BOJ staff calculations. Figures exclude inbound tourism consumption and include outbound tourism consumption.
Sources: Ministry of Finance; Cabinet Office; Bank of Japan.
Business Conditions DI (Tankan)

**By Firm Size**

- DI ("favorable" - "unfavorable"), % points
- Range of responses by region
- Japan (all industries and enterprises)

**By Region**

- DI ("favorable" - "unfavorable"), % points
- Range of responses by region
- Japan (all industries and enterprises)

Sources: Bank of Japan.

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Employment Situation

**Active Job Openings-to-Applicants Ratio by Region**

- s.a., ratio
- Range of the active job openings-to-applicants ratios by region
- Japan

Sources: Ministry of Health, Labour and Welfare; Bank of Japan.
Consumer Prices

Chart 6

Note: Figures are adjusted for changes in the consumption tax rate. Source: Ministry of Internal Affairs and Communications.

Income Situation

Chart 7

Wages of Full-Time and Part-Time Employees

Note: Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. The figure for 2017/Q3 is that for September. Source: Ministry of Health, Labour and Welfare.
Firms' Efforts to Address Labor Shortage

**Employment Conditions DI (Tankan)**

**Software Investment (Tankan)**

Note: Figures for the software investment plans for fiscal 2017 are forecasts from the September 2017 Tankan survey.

Source: Bank of Japan.

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**QQE with Yield Curve Control**

**Inflation-Overshooting Commitment**

**Yield Curve Control**

Source: Bloomberg.
Notes: 1. Figures for inflation expectations (y/y, ann. avg., %) are from the "Consensus Forecasts." Those for the potential growth rate (y/y % chg.) are based on BOJ staff estimations.
2. Figures for fiscal 2017 are those for 2017/Q2.
Sources: Consensus Economics Inc., "Consensus Forecasts"; Bloomberg; Bank of Japan.

Notes: 1. Figures for the bank lending rate are the average contract interest rate on new loans and discounts (total). The CPI figures (y/y % chg.) are adjusted for changes in the consumption tax rate. Figures for the potential growth rate (y/y % chg.) are based on BOJ staff estimations.
2. Figures for fiscal 2017 are those for 2017/Q2.
Sources: Ministry of Internal Affairs and Communications; Bank of Japan.
Note: There is a discontinuity in the data in December 2003 due to a change in the survey framework.
Source: Bank of Japan.