



Economic Activity, Prices, and Monetary Policy in Japan

*Speech at a Meeting with Local Leaders in Nagano
(via webcast)*

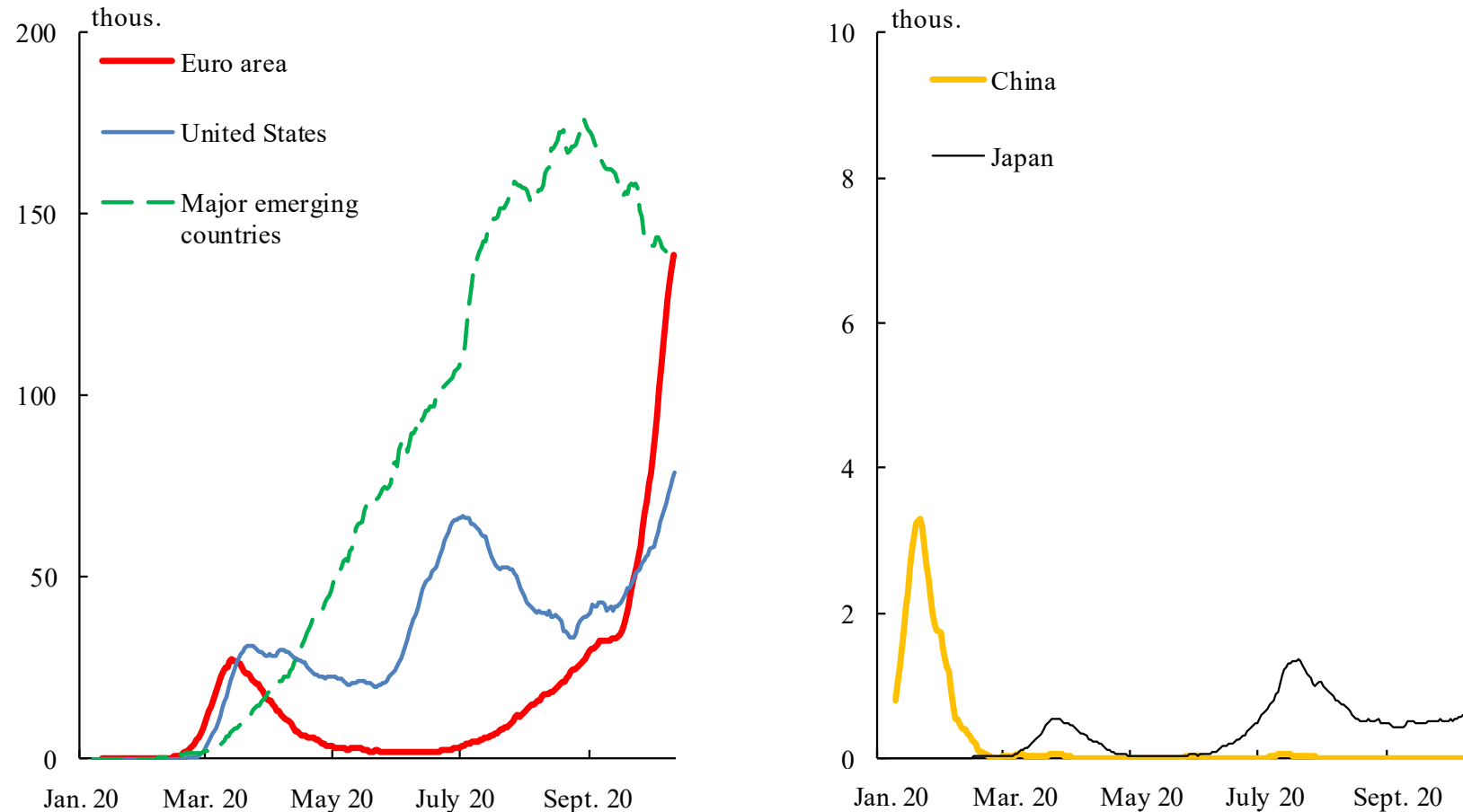
November 12, 2020

ADACHI Seiji

Member of the Policy Board

Bank of Japan

Daily Confirmed New Cases of COVID-19



Notes: 1. Figures for the United States are from the Centers for Disease Control and Prevention (CDC). Those for Taiwan and Hong Kong are from the Taiwan Ministry of Health and Welfare and the Hong Kong Centre for Health Protection, Department of Health, respectively. Figures for Japan are from the Ministry of Health, Labour and Welfare, while those for the euro area, major emerging countries except Taiwan and Hong Kong, as well as China are from the World Health Organization (WHO). Figures are 7-day backward moving averages.

2. Major emerging countries include the NIEs, ASEAN, India, Latin America, the Middle East, Russia, and Turkey.

Sources: CEIC; Ministry of Health, Labour and Welfare.

Overseas Economies: Real GDP

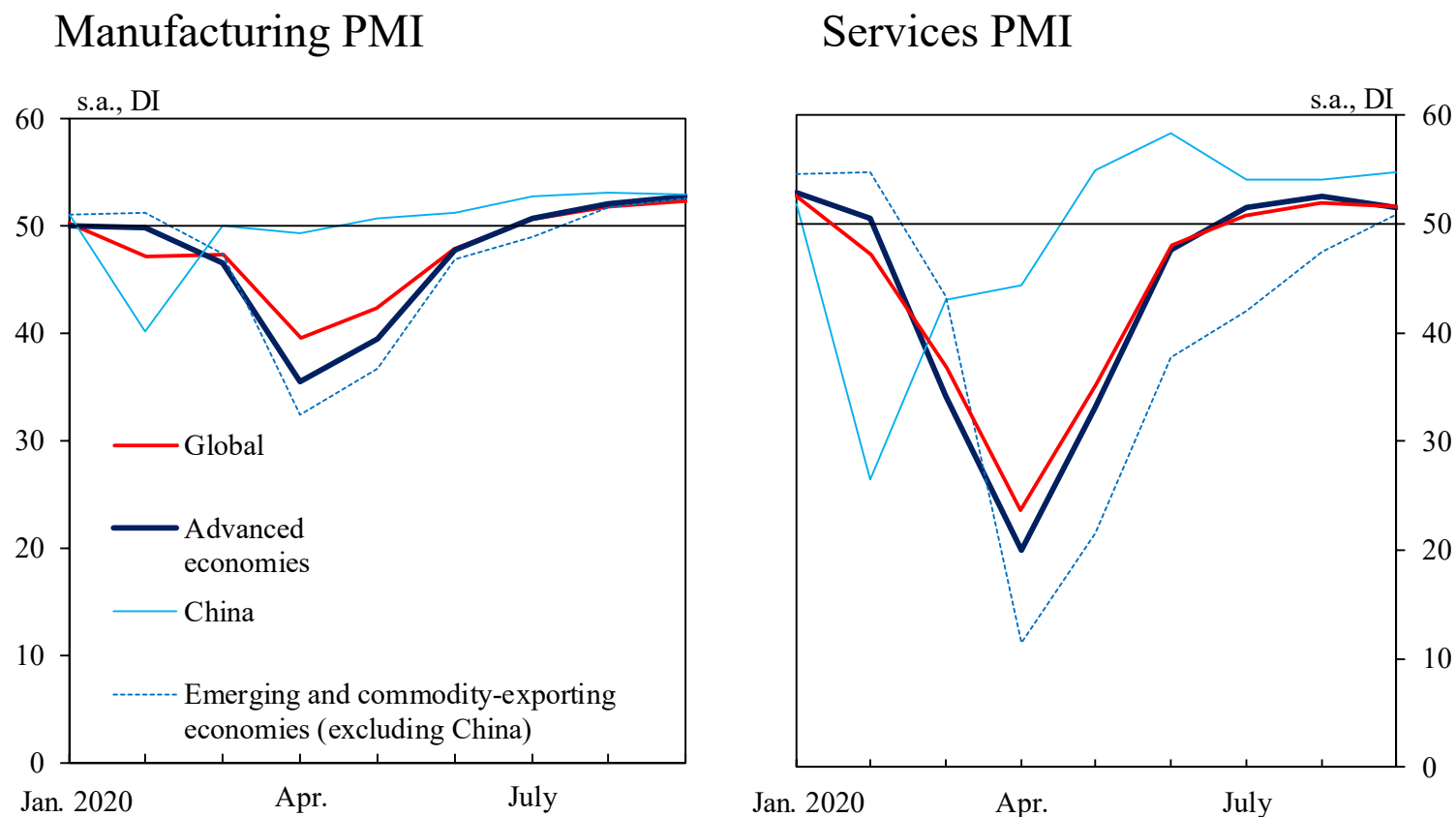
%

		2018	2019	19/Q2	19/Q3	19/Q4	20/Q1	20/Q2
United States		3.0	2.2	1.5	2.6	2.4	-5.0	-31.4
Euro area		1.8	1.3	0.5	1.3	0.2	-14.1	-39.5
Emerging countries	China	6.7	6.1	6.2	6.0	6.0	-6.8	3.2
	India	6.8	4.9	5.2	4.4	4.1	3.1	-23.9
	Brazil	1.3	1.1	1.1	1.2	1.7	-0.3	-11.4
	Russia	2.5	1.3	1.1	1.5	2.1	1.6	-8.0

Note: Figures for the United States and the euro area are seasonally adjusted and annualized quarter-on-quarter changes. Those for emerging countries are year-on-year changes.

Sources: Statistics released by the respective government or central bank; European Commission.

Overseas Economies: PMI



Notes: 1. Figures for the global economy are the "J.P. Morgan Global PMI," and those for China are the "Caixin China PMI." Figures for the services PMI are the "Services Business Activity Index."

2. Figures for advanced economies are the weighted averages of the PMIs for the United States, the euro area, the United Kingdom, and Japan using their global GDP shares from the IMF as weights. As for figures for emerging and commodity-exporting economies excluding China, those for manufacturing are the weighted averages of the PMIs for 19 countries and regions and those for services are the weighted averages of the PMIs for 3 countries, both using their global GDP shares from the IMF as weights.

Sources: IHS Markit (© and database right IHS Markit Ltd 2020. All rights reserved.); IMF; Haver.

IMF World Economic Outlook

y/y % chg., % points

	2019	Projections		
		2020	2021	2022
Advanced economies	1.7	-5.8 (2.3)	3.9 (-0.9)	2.9
United States	2.2	-4.3 (3.7)	3.1 (-1.4)	2.9
Euro area	1.3	-8.3 (1.9)	5.2 (-0.8)	3.1
United Kingdom	1.5	-9.8 (0.4)	5.9 (-0.4)	3.2
Japan	0.7	-5.3 (0.5)	2.3 (-0.1)	1.7
Emerging market and developing economies	3.7	-3.3 (-0.2)	6.0 (0.2)	5.1
Emerging and developing Asia	5.5	-1.7 (-0.9)	8.0 (0.6)	6.3
China	6.1	1.9 (0.9)	8.2 (0.0)	5.8
India	4.2	-10.3 (-5.8)	8.8 (2.8)	8.0
Latin America and the Caribbean	0.0	-8.1 (1.3)	3.6 (-0.1)	2.7
Brazil	1.1	-5.8 (3.3)	2.8 (-0.8)	2.3
Emerging and developing Europe	2.1	-4.6 (1.2)	3.9 (-0.3)	3.4
Russia	1.3	-4.1 (2.5)	2.8 (-1.3)	2.3
World	2.8	-4.4 (0.8)	5.2 (-0.2)	4.2

Notes: 1. Figures are as of October 2020.

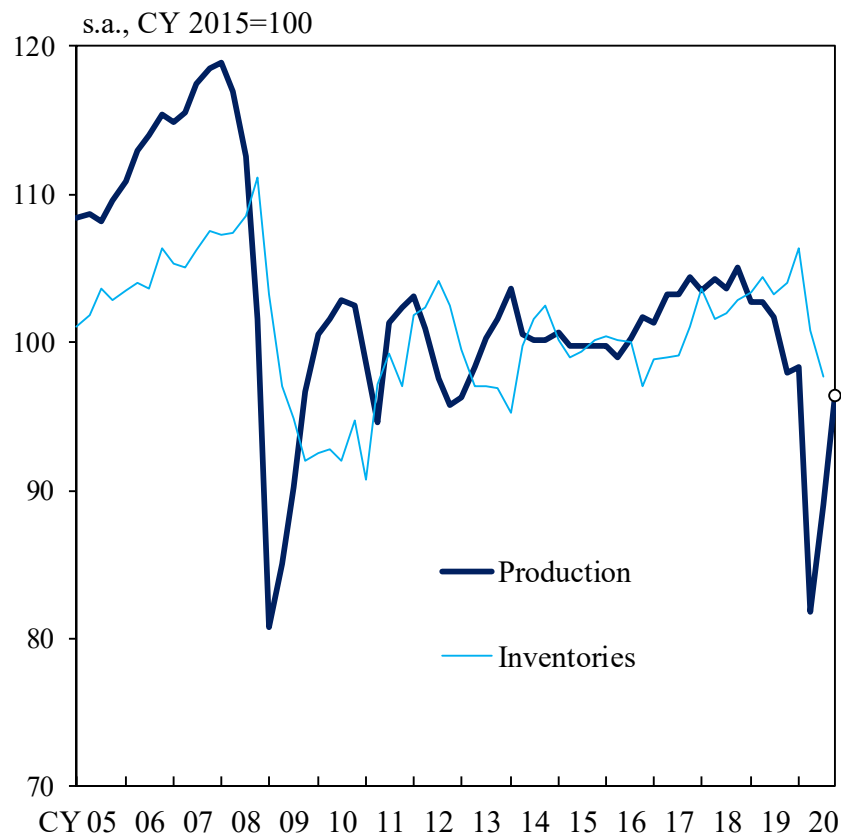
2. Differences from the June 2020 projections are shown in parentheses.

3. For India, figures are presented on a fiscal year basis.

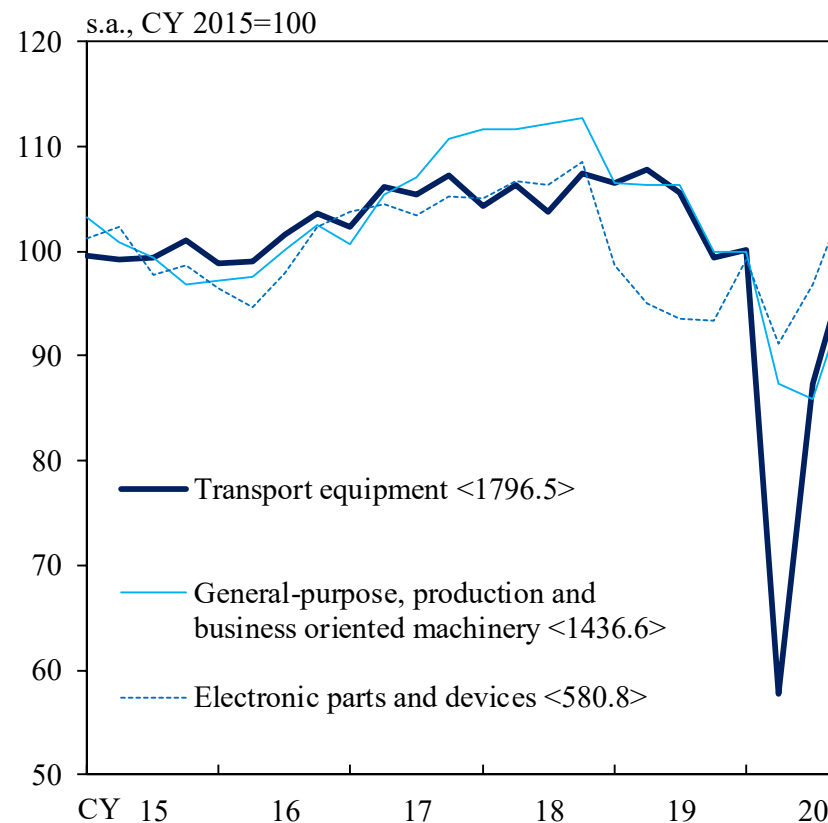
Source: IMF.

Industrial Production

Industrial Production



Production by Industry



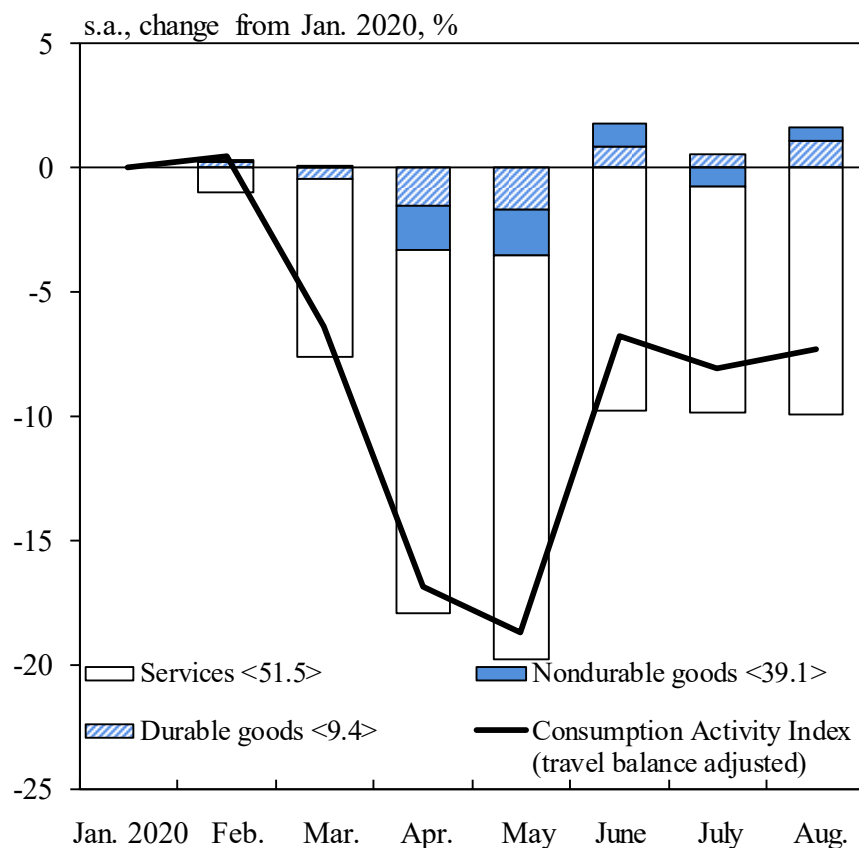
Notes: 1. The production figures for 2020/Q4 are based on projections by the Ministry of Economy, Trade and Industry (METI) for October and November 2020. The inventories figure for 2020/Q3 is that for September.

2. In the right-hand chart, figures in angle brackets show the share of each industry in total production on a value added basis (total production = 10,000).

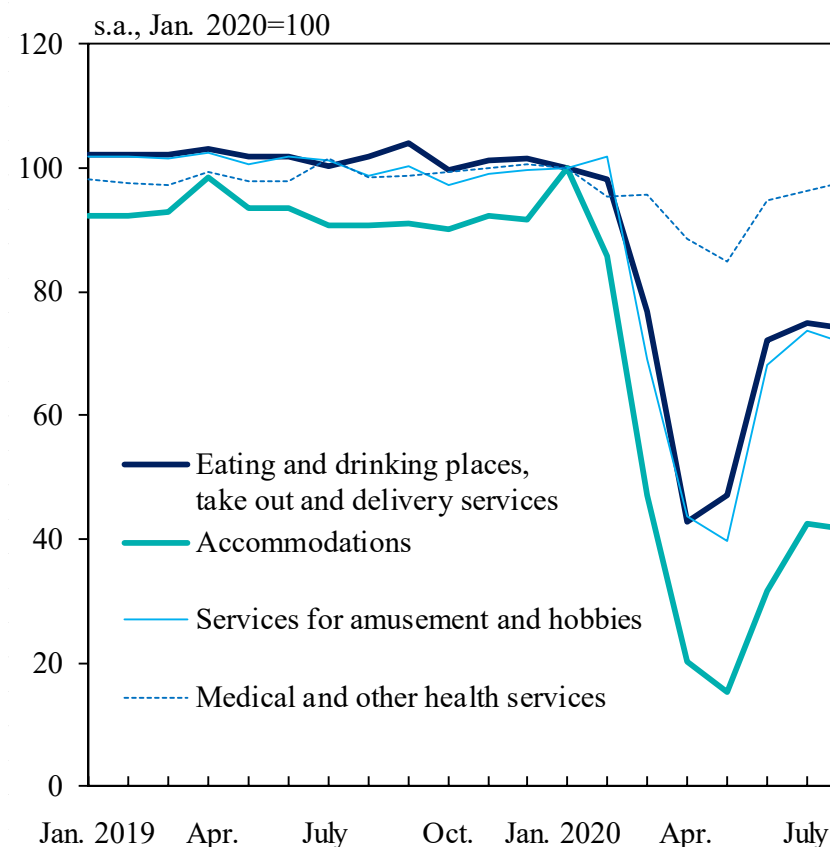
Source: METI.

Private Consumption

Consumption Activity Index (Real)



Developments in Activity in the Face-to-Face Services Industry

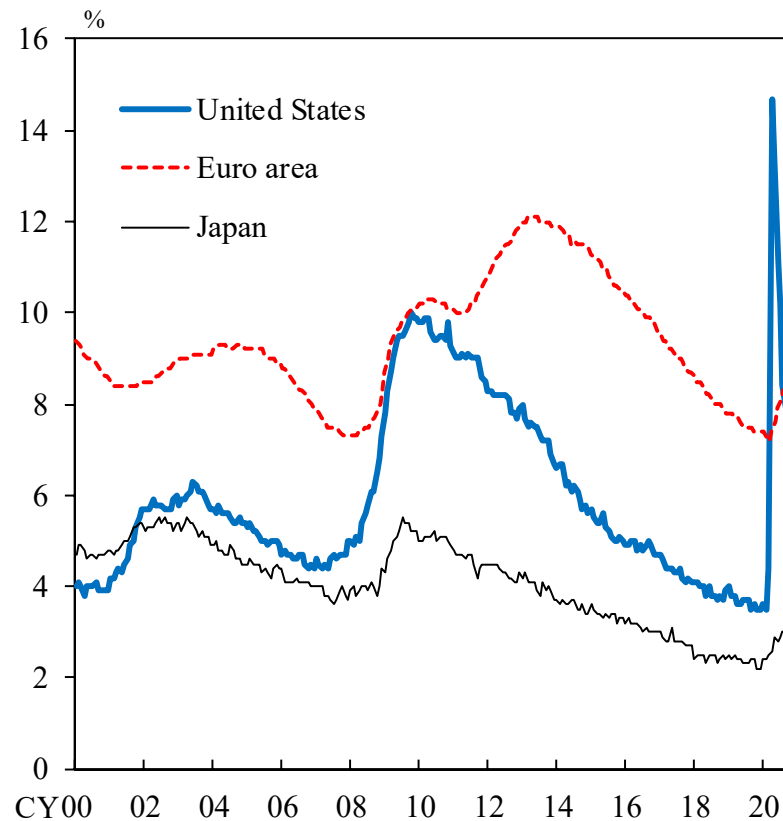


- Notes: 1. Figures in the left-hand chart are based on staff calculations. Those for the Consumption Activity Index (travel balance adjusted) exclude inbound tourism consumption and include outbound tourism consumption. Figures for the components are not adjusted for the travel balance.
 2. In the left-hand chart, nondurable goods include goods classified as "semi-durable goods" in the SNA.
 3. In the left-hand chart, figures in angle brackets show the weights in the Consumption Activity Index.

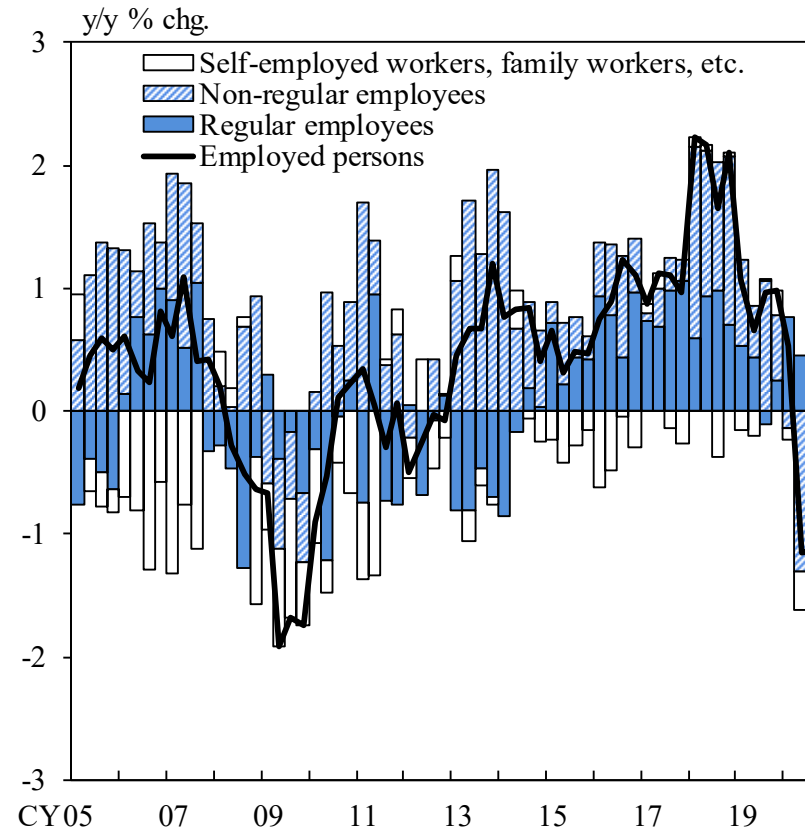
Sources: METI; Bank of Japan, etc.

Employment

Unemployment Rates in Major Countries



Number of Employed Persons in Japan



Note: In the right-hand chart, "self-employed workers, family workers, etc." includes executives of companies or corporations. Figures prior to 2014 are based on the "detailed tabulation" in the "Labour Force Survey."

Sources: U.S. Bureau of Labor Statistics; Eurostat; Ministry of Internal Affairs and Communications.

The Bank's Measures in Response to COVID-19

Support for Corporate Financing

Special Program to Support Financing in Response to COVID-19:

total size of about 140 tril. yen + α

Purchases of CP and corporate bonds: amount outstanding of about 20 tril. yen at maximum (previously, amount outstanding of about 5 tril. yen)

Special Funds-Supplying Operations to Facilitate Financing in Response to COVID-19: about 120 tril. yen

- Provide funds to private financial institutions on favorable terms for the loans that they make in response to COVID-19.
- Eligible loans include effectively interest-free and unsecured loans to small and medium-sized firms through private financial institutions, for which the government takes the credit risk.

Providing Yen and Foreign Currency Funds to Stabilize Financial Markets

Further active purchases of JGBs and T-Bills: unlimited

Strengthening of the U.S. dollar funds-supplying operations: unlimited

- In line with a coordinated action by six central banks, the Bank's operation was enhanced by lowering the loan rate, offering U.S. dollars with longer maturities, and increasing the frequency of the provision.

Active Purchases of ETFs and J-REITs

ETFs: annual pace of about 6 tril. yen

→ annual pace with the upper limit of about 12 tril. yen (for the time being)

J-REITs: annual pace of about 90 bil. yen

→ annual pace with the upper limit of about 180 bil. yen (for the time being)