



# Economic Activity, Prices, and Monetary Policy in Japan

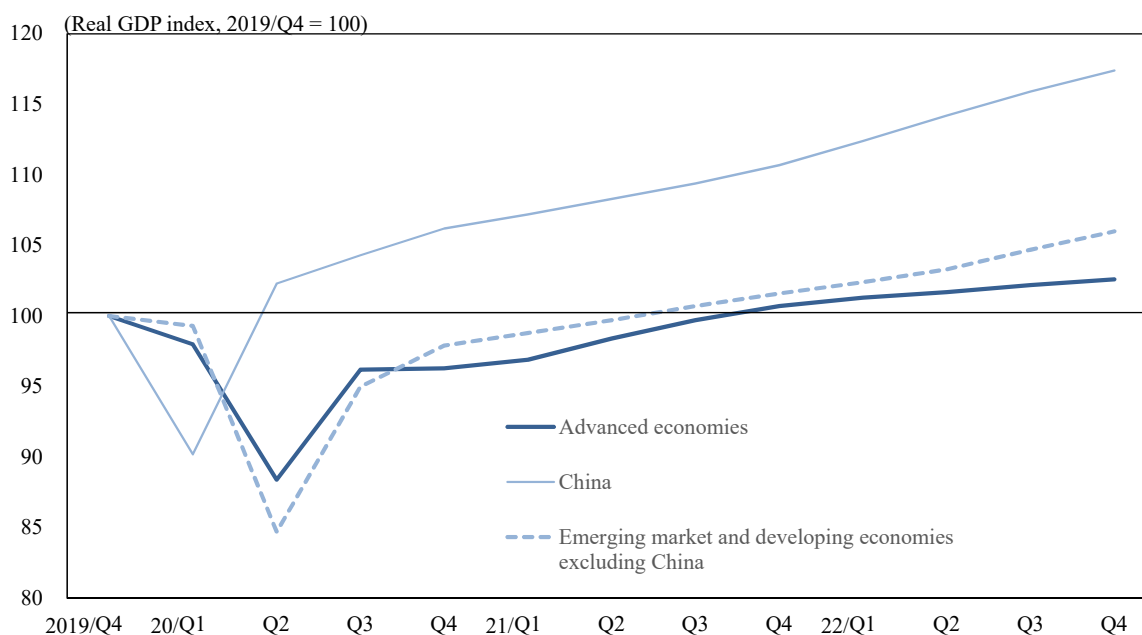
*Speech at a Meeting with Local Leaders in Kochi (via webcast)*

February 10, 2021

NAKAMURA Toyoaki  
Bank of Japan

Chart 1

## IMF *World Economic Outlook* (as of January 2021)



Source: IMF.

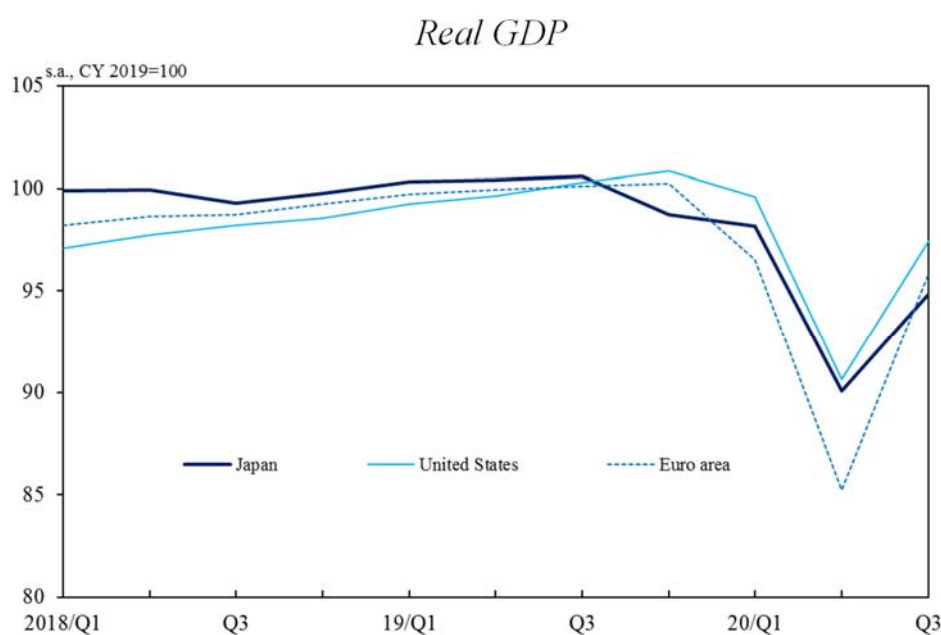
## Japan's Real GDP

s.a., q/q % chg.

	2019		2020		
	Q3	Q4	Q1	Q2	Q3
<b>Real GDP</b>	0.2	-1.9	-0.5	-8.3	5.3
[ann., q/q]	[0.7]	[-7.2]	[-2.1]	[-29.2]	[22.9]
Private consumption	0.5	-3.1	-0.6	-8.3	5.1
Private non-resi. investment	1.0	-4.6	1.4	-5.7	-2.4
Private residential investment	0.0	-1.8	-3.7	0.5	-5.8
Public demand	0.8	0.6	-0.2	0.6	2.3
Exports of goods & services	-0.5	0.2	-5.3	-17.1	7.0

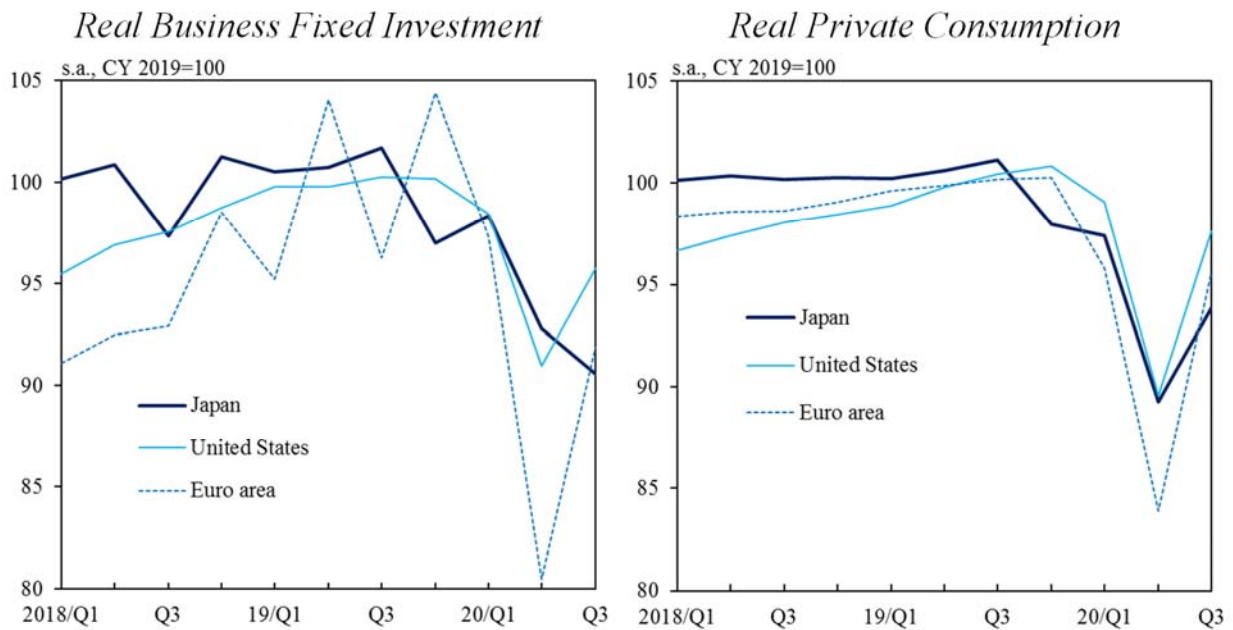
Source: Cabinet Office.

## Pace of the Recent Pick-Up in Economic Activity: Comparison between Japan, the United States, and Europe (1)



Sources: Cabinet Office; Bureau of Economic Analysis (BEA); Eurostat.

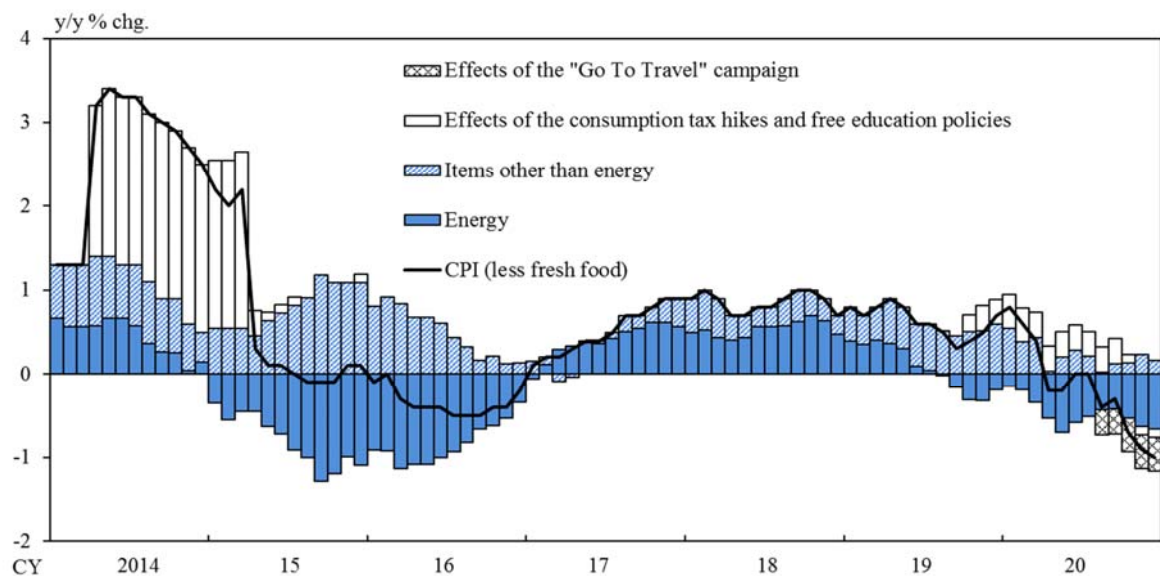
## Pace of the Recent Pick-Up in Economic Activity: Comparison between Japan, the United States, and Europe (2)



Note: In the left panel, figures for the euro area are those for gross fixed capital formation excluding housing investment.

Sources: Cabinet Office; BEA; Eurostat.

## Japan's CPI (Less Fresh Food)

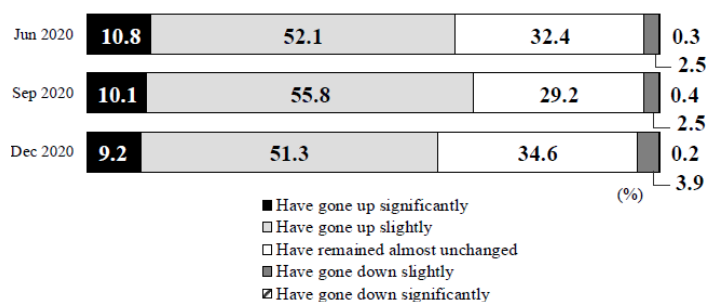


- Notes: 1. Energy consists of petroleum products, electricity, and gas, manufactured & piped.  
2. Figures for the "effects of the consumption tax hikes and free education policies" from April 2020 onward are based on staff estimations and include the effects of measures such as free higher education introduced in April 2020.

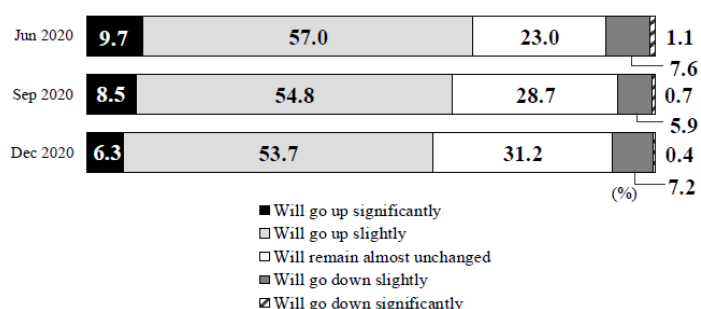
Source: Ministry of Internal Affairs and Communications.

## Opinion Survey on the General Public's Views and Behavior (December 2020 Survey)

### 1. Perception of the Present Price Levels (Compared with One Year Ago)



### 2. Outlook for Price Levels One Year from Now



Source: Bank of Japan.

## Outlook for Economic Activity and Prices as of January 2021 Forecasts of the Majority of Policy Board Members

y/y % chg.

	Real GDP	CPI (all items less fresh food)
Fiscal 2020	-5.7 to -5.4 [-5.6]	-0.7 to -0.5 [-0.5]
Forecasts made in October 2020	-5.6 to -5.3 [-5.5]	-0.7 to -0.5 [-0.6]
Fiscal 2021	+3.3 to +4.0 [+3.9]	+0.3 to +0.5 [+0.5]
Forecasts made in October 2020	+3.0 to +3.8 [+3.6]	+0.2 to +0.6 [+0.4]
Fiscal 2022	+1.5 to +2.0 [+1.8]	+0.7 to +0.8 [+0.7]
Forecasts made in October 2020	+1.5 to +1.8 [+1.6]	+0.4 to +0.7 [+0.7]

Notes: 1. Figures in brackets indicate the medians of the Policy Board members' forecasts (point estimates).

2. The forecasts of the majority of the Policy Board members are constructed as follows: each Policy Board member's forecast takes the form of a point estimate -- namely, the figure to which he/she attaches the highest probability of realization. These forecasts are then shown as a range, with the highest figure and the lowest figure excluded. The range does not indicate the forecast errors.

Source: Bank of Japan.

# The Bank's Measures in Response to COVID-19

Supporting Corporate Financing

**Special Program to Support Financing in Response to COVID-19**  
 Purchases of CP and corporate bonds: amount outstanding of about 20 tril. yen at maximum (previous amount outstanding of about 5 tril. yen)  
 Special Funds-Supplying Operations to Facilitate Financing in Response to COVID-19

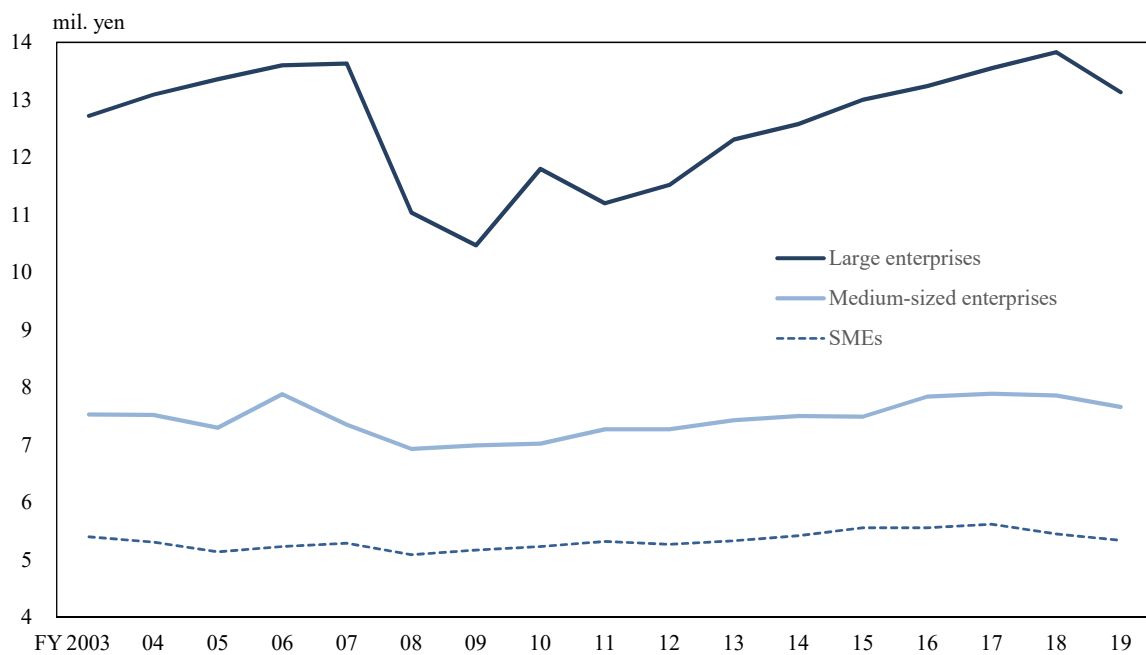
Stabilizing Financial Markets

**Ample and Flexible Provision of Yen and Foreign Currency Funds**  
 Further active purchases of JGBs and T-Bills  
 Enhancement of the U.S. Dollar Funds-Supplying Operations

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)

## Labor Productivity (Value-Added per Employee)



Note: Enterprises with capital of 1 billion yen or more are large enterprises, those with capital of 100 million yen to less than 1 billion yen are medium-sized enterprises, and those with capital of less than 100 million yen are SMEs.

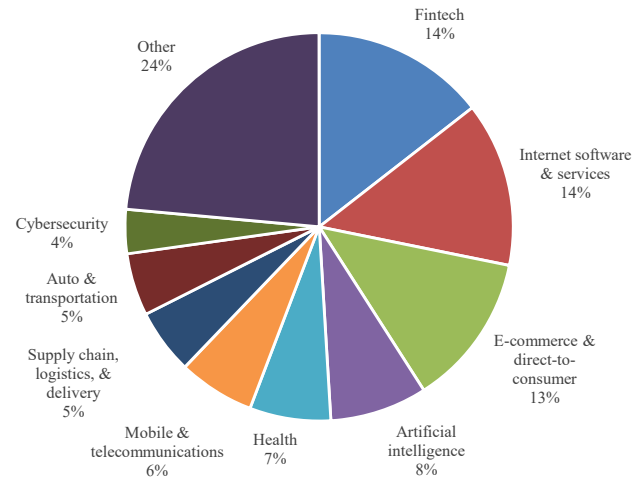
Source: Ministry of Finance.

# Unicorn Companies (as of January 11, 2021)

## Unicorns by Country

	Nominal GDP (CY 2019; bil. USD)	Number of unicorns
United States	21,433	249
China	14,402	122
Japan	5,080	4
Germany	3,862	13
India	2,869	26
United Kingdom	2,831	25
France	2,716	7
Italy	2,001	0
Brazil	1,839	9
Canada	1,736	3
Russia	1,702	0
South Korea	1,647	11
Spain	1,394	2
Australia	1,387	3

## Percentage of Unicorns by Industry



Sources: IMF; CB Insights.