



Economic Activity, Prices, and Monetary Policy in Japan

Speech at a Meeting with Local Leaders in Hakodate

August 31, 2022

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Member of the Policy Board
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Chart 1

Outlook for Economic Activity and Prices (as of July 2022)

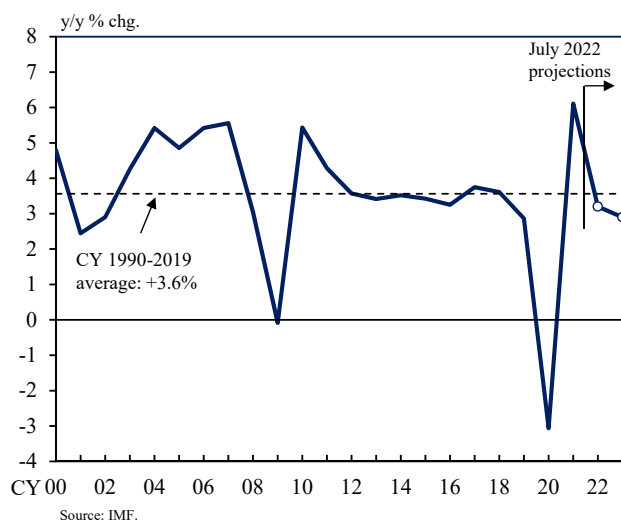
y/y % chg.

	Real GDP	CPI (all items less fresh food)
FY2022	+2.2 to +2.5 [+2.4]	+2.2 to +2.4 [+2.3]
Forecasts made in Apr. 2022	+2.6 to +3.0 [+2.9]	+1.8 to +2.0 [+1.9]
FY2023	+1.7 to +2.1 [+2.0]	+1.2 to +1.5 [+1.4]
Forecasts made in Apr. 2022	+1.5 to +2.1 [+1.9]	+0.9 to +1.3 [+1.1]
FY2024	+1.1 to +1.5 [+1.3]	+1.1 to +1.5 [+1.3]
Forecasts made in Apr. 2022	+1.1 to +1.3 [+1.1]	+1.0 to +1.3 [+1.1]

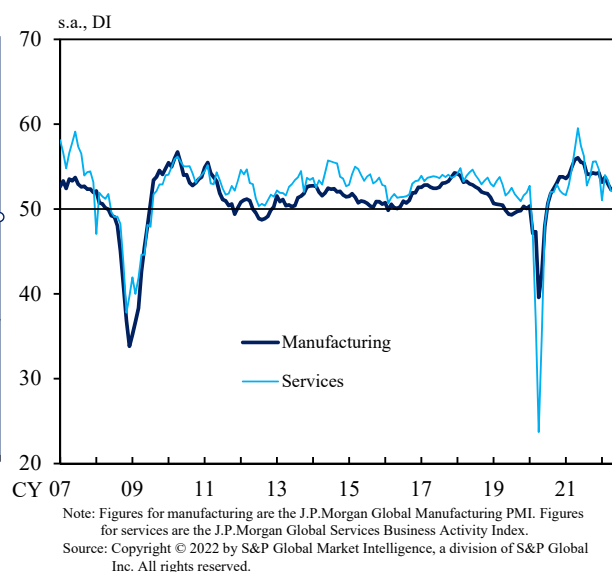
Note: Figures in brackets indicate the medians of the Policy Board members' forecasts (point estimates).
Source: Bank of Japan.

Overseas Economies

IMF World Economic Outlook

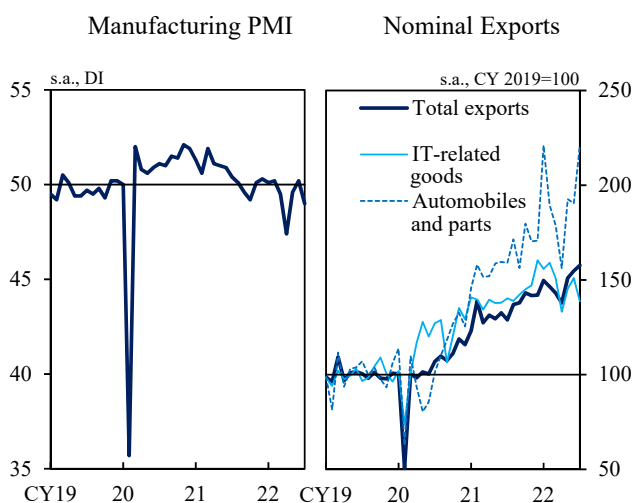


Global PMI

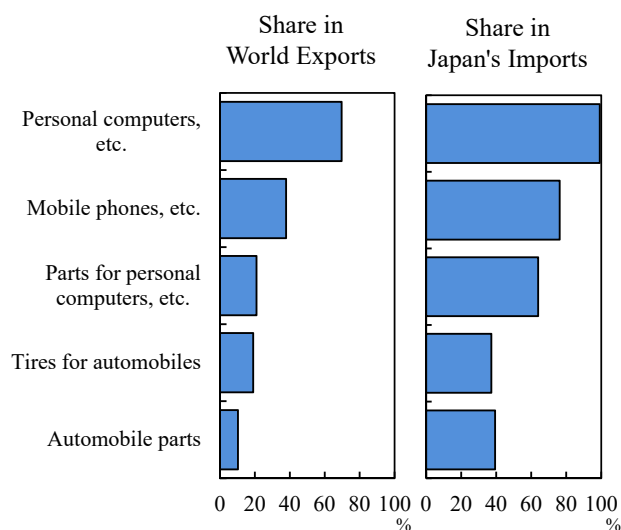


Overseas Economies

China's Manufacturing PMI and Exports



China's Export Shares

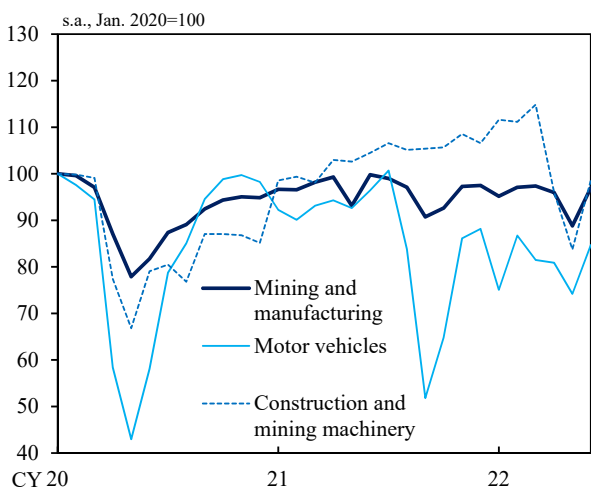


Notes: 1. Figures for the Manufacturing PMI are from the National Bureau of Statistics of China.
2. Figures for nominal exports are in U.S. dollar terms.

Note: Figures are based on trade values as of 2021.
Source: Trade Map, International Trade Centre, <https://marketanalysis.intracem.org>.

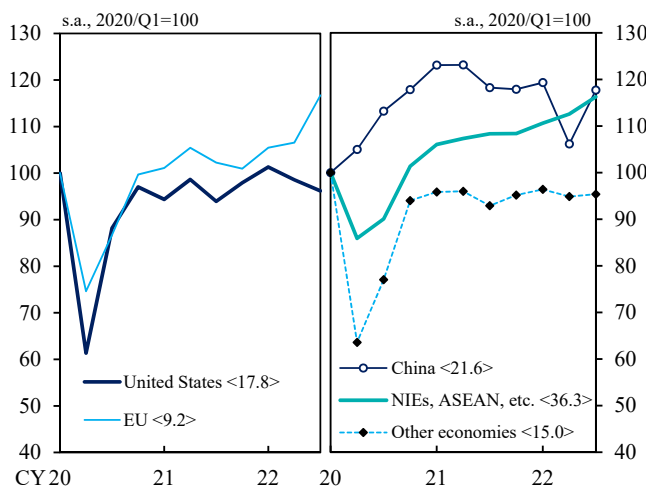
Corporate Sector in Japan

Industrial Production



Source: Ministry of Economy, Trade and Industry.

Real Exports by Region

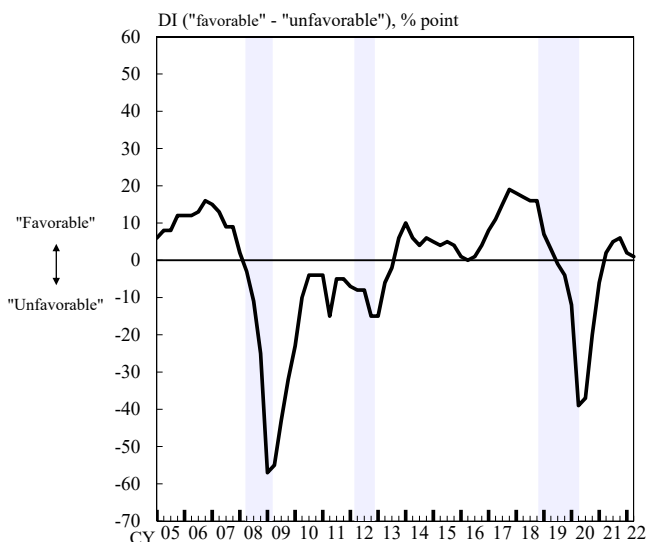


Notes: 1. Based on staff calculations. Figures in angular brackets show the share of each country or region in Japan's total exports in 2021. Figures for 2022/Q3 are those for July.
 2. Figures for the EU exclude those for the United Kingdom for the entire period.
 Sources: Ministry of Finance; Bank of Japan.

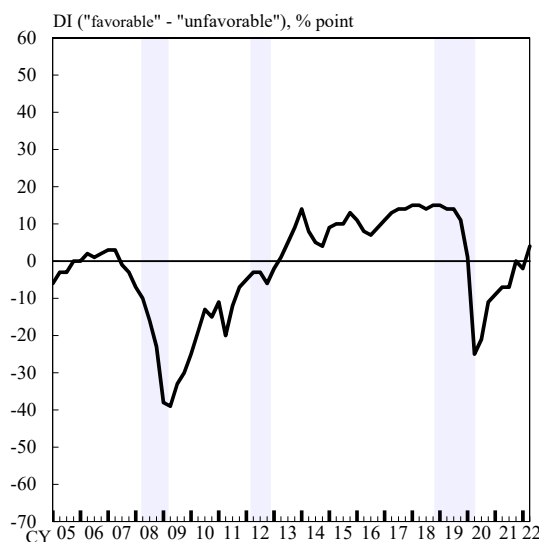
Corporate Sector in Japan

Business Conditions

Manufacturing



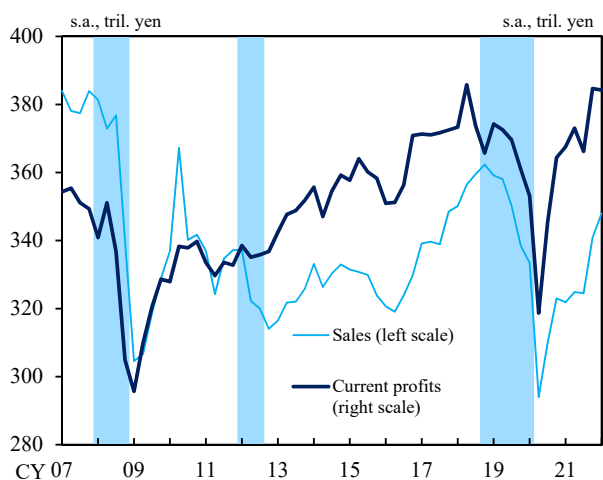
Nonmanufacturing



Notes: 1. Based on the *Tankan*. All enterprises.
 2. Shaded areas denote recession periods.
 Source: Bank of Japan.

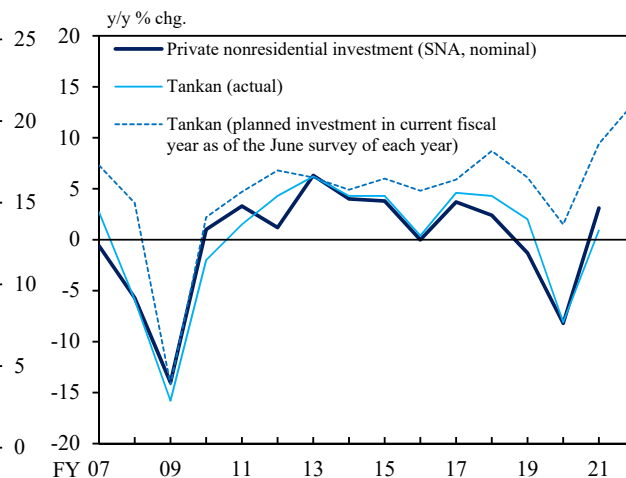
Corporate Sector in Japan

Corporate 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.

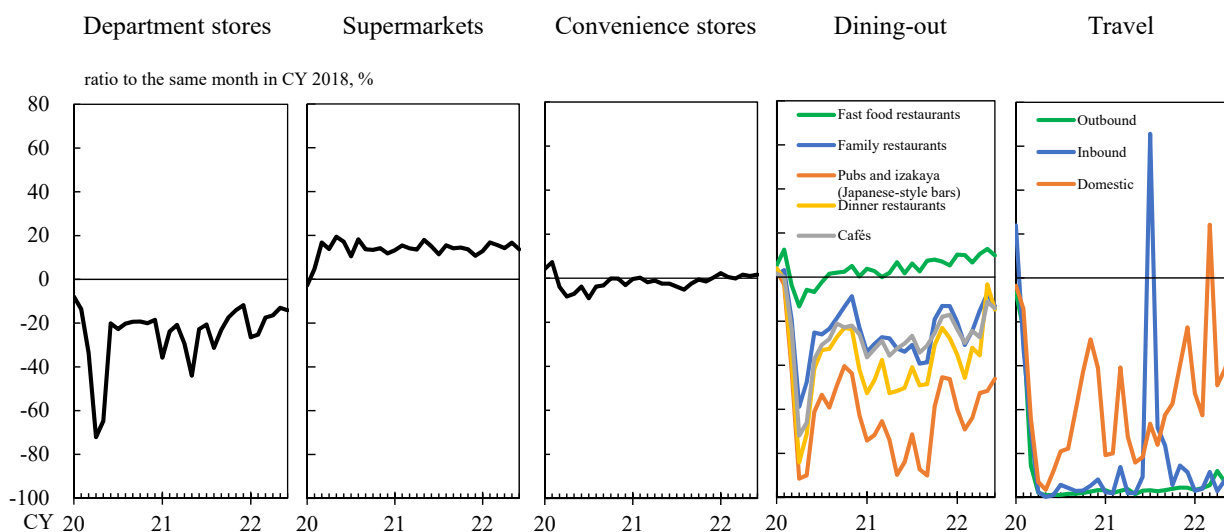
Business Fixed Investment



Note: The *Tankan* figures include software and R&D investments and exclude land purchasing expenses. R&D investment is not included before the March 2017 survey. The figures are for all industries including financial institutions.
 Sources: Cabinet Office; Bank of Japan.

Household Sector in Japan

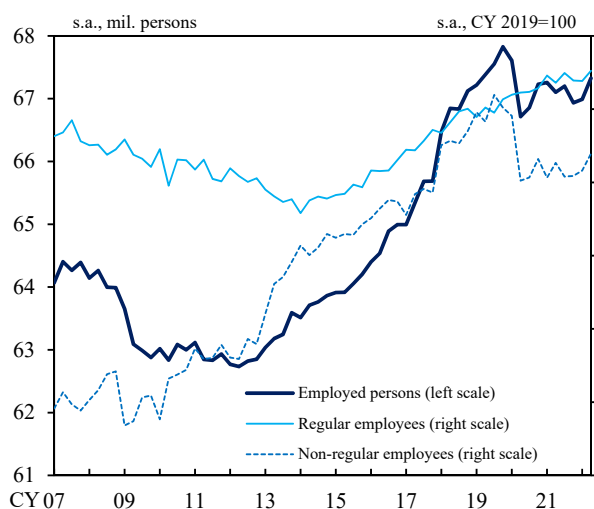
Sales Trends by Business Type



Sources: Japan Foodservice Association; Japan Tourism Agency; Ministry of Economy, Trade and Industry.

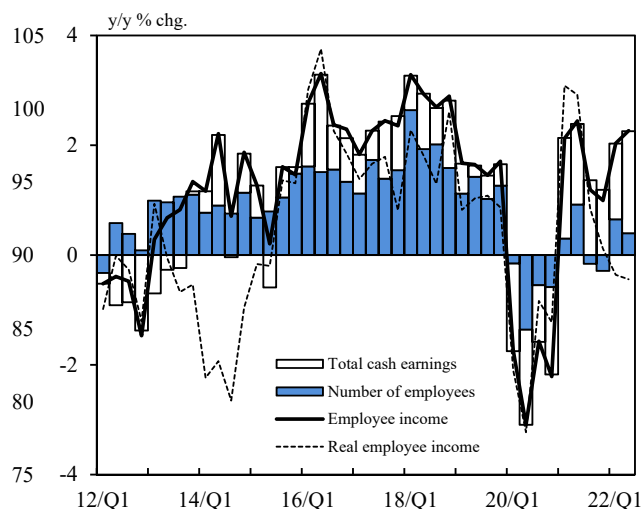
Employment and Income Situation in Japan

Number of Employed Persons



Note: Figures for regular employees and non-regular employees prior to 2013 are based on the "detailed tabulation" in the *Labour Force Survey*.
Source: Ministry of Internal Affairs and Communications.

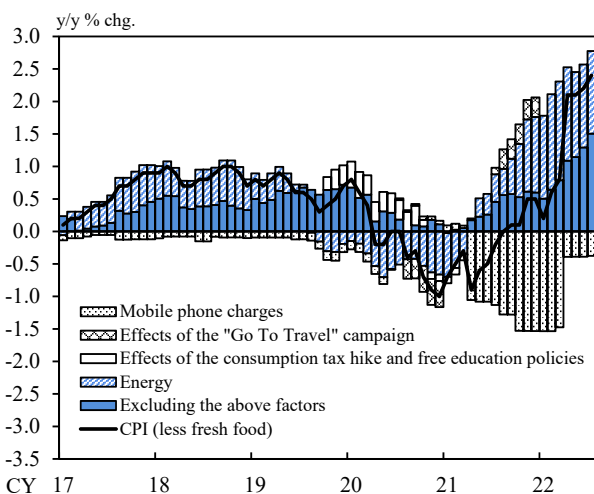
Employee Income



Notes: 1. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2022/Q2 are those for June.
2. Employee income = Total cash earnings (*Monthly Labour Survey*) × Number of employees (*Labour Force Survey*)
3. Figures from 2016/Q1 onward are based on continuing observations following the sample revisions of the *Monthly Labour Survey*.
4. Figures for real employee income are based on Bank staff calculations using the CPI (less imputed rent).
Sources: Ministry of Health, Labour and Welfare; Ministry of Internal Affairs and Communications.

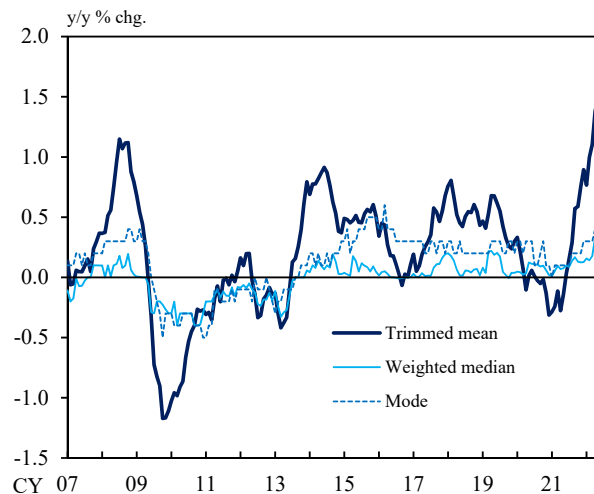
Consumer Prices

CPI (Less Fresh Food)



Notes: 1. Figures for "energy" consist of those for "petroleum products," "electricity," and "gas, manufactured & piped."
2. Figures for the "effects of the consumption tax hike and free education policies" from April 2020 onward are Bank staff estimates and include the effects of measures such as free higher education introduced in April 2020.
Source: Ministry of Internal Affairs and Communications.

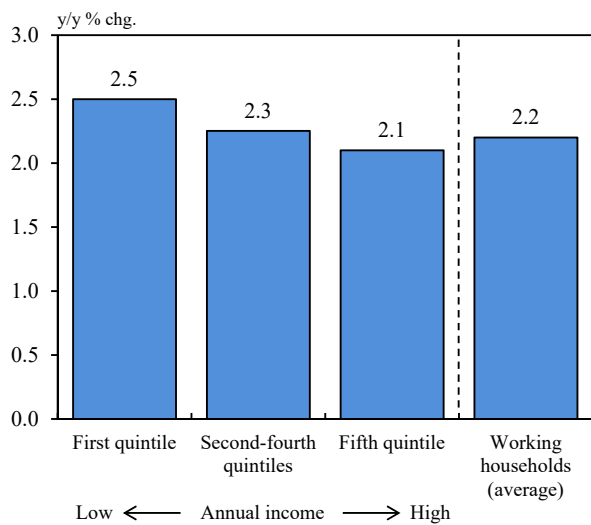
Various Measures of Core Inflation



Note: All figures are based on Bank staff calculations using the CPI excluding the effects of the consumption tax hikes, free education policies, and the "Go To Travel" campaign, which covers a portion of domestic travel expenses. The CPI figures from April 2020 onward are Bank staff estimates and exclude the effects of measures such as free higher education introduced in April 2020.
Sources: Ministry of Internal Affairs and Communications; Bank of Japan.

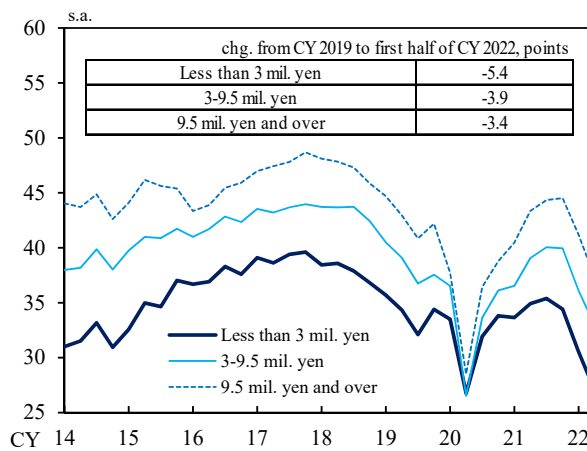
Price Rises and Private Consumption

CPI by Income Group



Note: Figures are for working households by annual income quintile and are for May 2022.
Source: Ministry of Internal Affairs and Communications.

Perception of Overall Livelihood by Income Group



Note: The chart shows developments in the index for consumer perception of overall livelihood. Figures are for all households in a particular income group and are the weighted averages of perception of overall livelihood in each income group using the number of households as weights.
Source: Cabinet Office.