



Economic Activity, Prices, and Monetary Policy in Japan

Speech at a Meeting with Local Leaders in Toyama

October 19, 2022

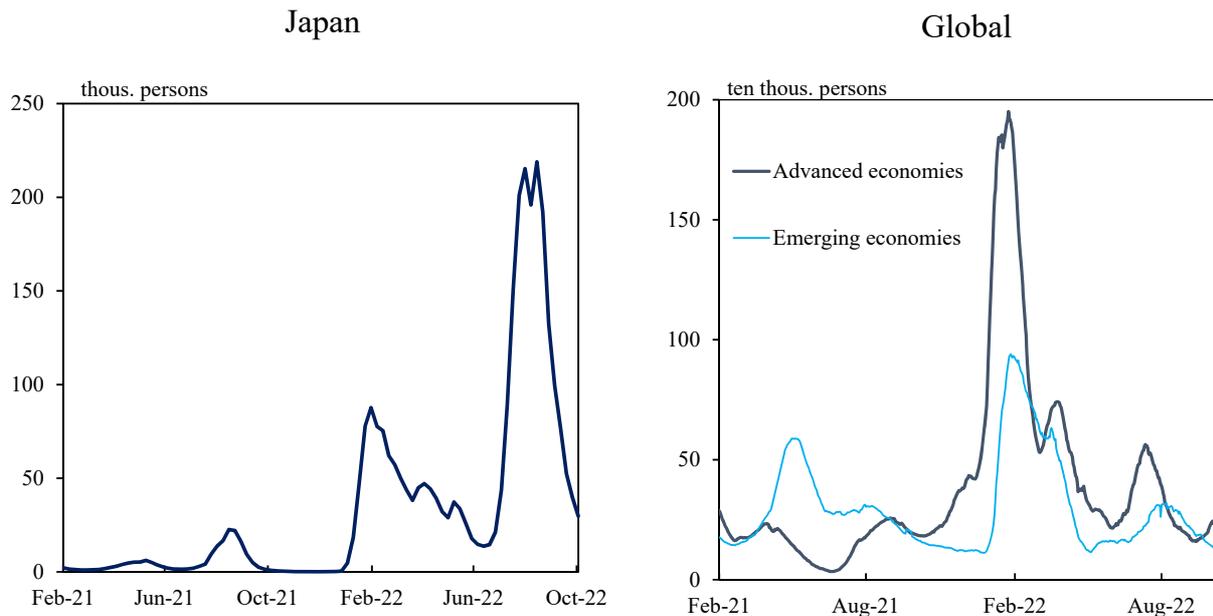
ADACHI Seiji

Member of the Policy Board

Bank of Japan

Chart 1

Confirmed New Cases of COVID-19



Notes: 1. In the left panel, figures are weekly averages.

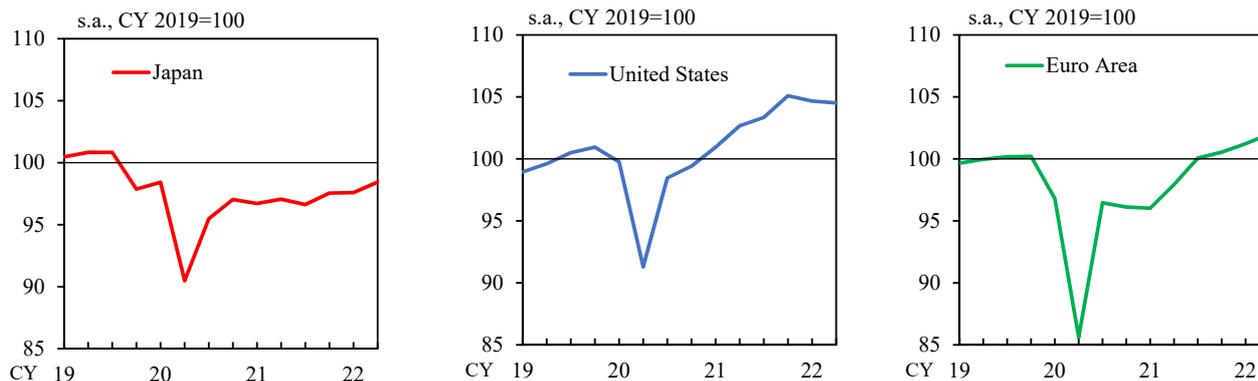
2. In the right panel, figures for the United States, Taiwan, and Hong Kong are from the Centers for Disease Control and Prevention (CDC), the Taiwan Ministry of Health and Welfare, and the Hong Kong Centre for Health Protection, Department of Health, respectively. All other figures are from the World Health Organization (WHO). Figures for advanced economies are the sum of figures for the United States, the European Union, and the United Kingdom. Figures for emerging economies are the sum of figures for the major economies in the NIEs, ASEAN, the Middle East, and Latin America, and for India, South Africa, Russia, and Turkey. Figures show 7-day backward moving averages.

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

Global Growth Rates

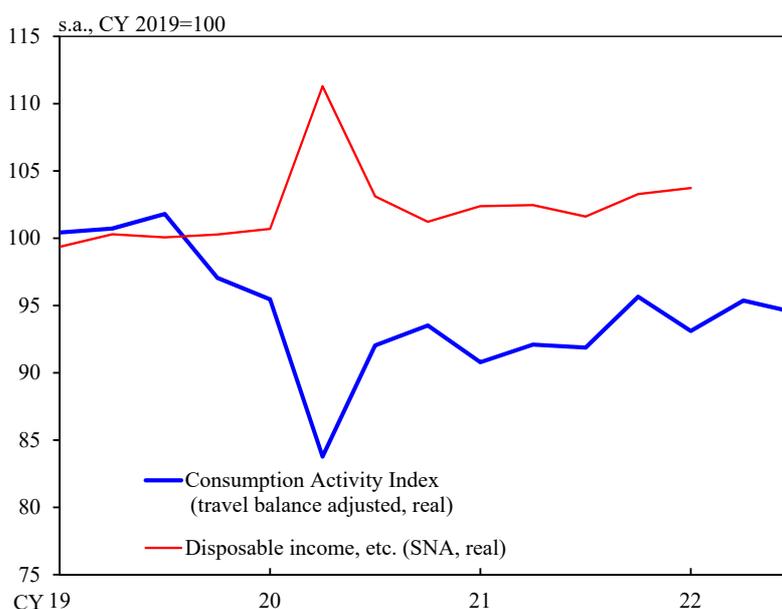
	real GDP growth rate, y/y % chg.				
	CY 2019	CY 2020	CY 2021	CY 2022 [Forecast]	CY 2023 [Forecast]
World	2.8	-3.0	6.0	3.2	2.7
Advanced economies	1.7	-4.4	5.2	2.4	1.1
Emerging market and developing economies	3.6	-1.9	6.6	3.7	3.7

Real GDP



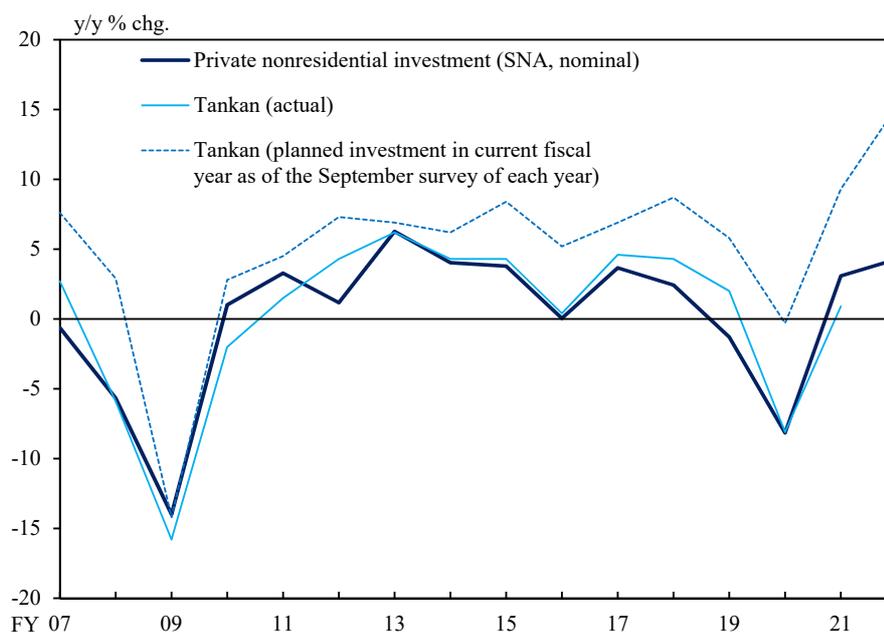
Note: In the upper panel, real GDP growth rates are as of October 2022.
Sources: Cabinet Office; Eurostat; IMF; U.S. Bureau of Economic Analysis.

Japan's Private Consumption and Disposable Income



Note: Figures for the Consumption Activity Index (CAI) are based on Bank staff calculations. The CAI figures (travel balance adjusted) exclude inbound tourism consumption and include outbound tourism consumption. The figure for 2022/Q3 is that for July. "Disposable income, etc." consists of disposable income and adjustment for the change in pension entitlements. Real values are obtained using the deflator of consumption of households.
Sources: Cabinet Office; Bank of Japan.

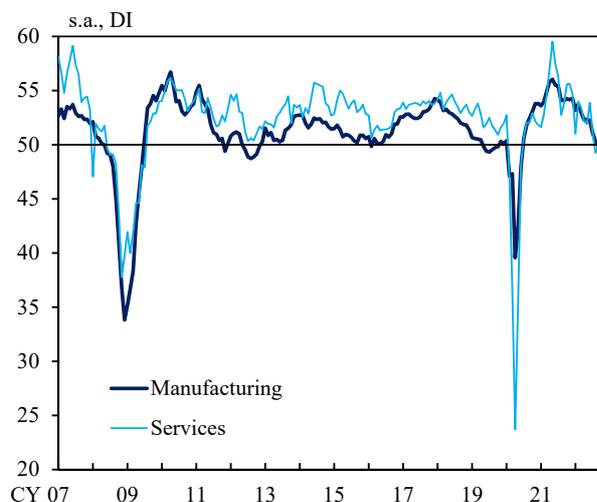
Japan's Business Fixed Investment



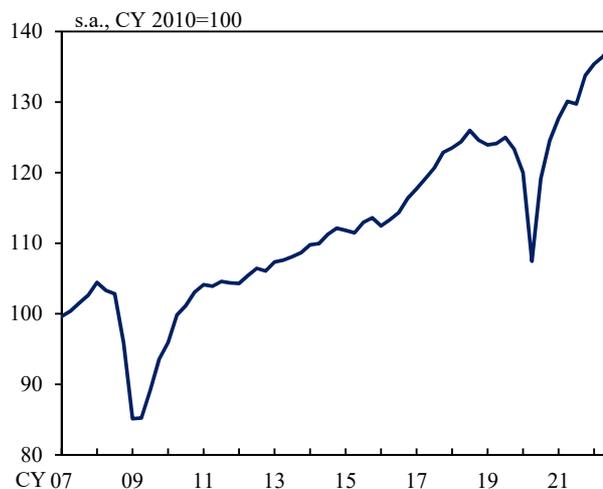
Notes: 1. Figures based on the *Tankan* include software and R&D investments but exclude land purchasing expenses. R&D investment is not covered as a survey item before the March 2017 survey. The figures are for all industries including financial institutions.
 2. The figure for private nonresidential investment for fiscal 2022 is that for 2022/Q2.
 Sources: Cabinet Office; Bank of Japan.

Global Business Sentiment and World Trade

Global PMI



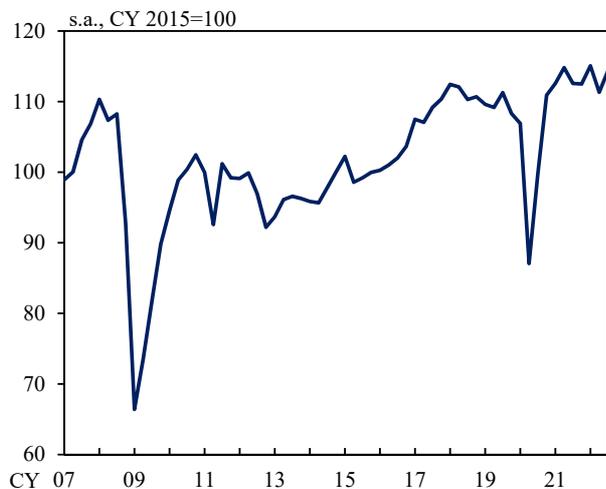
World Trade Volume



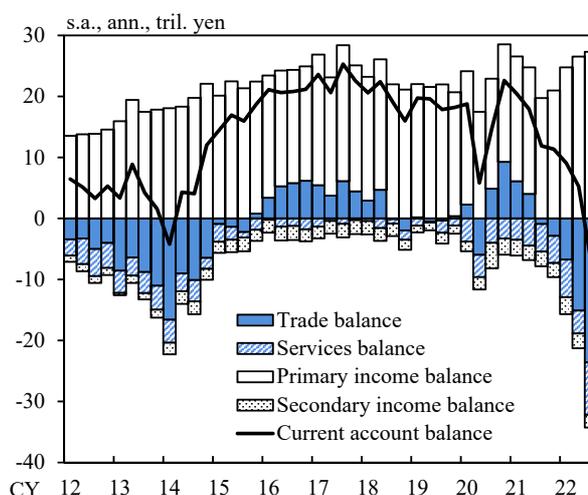
Notes: 1. In the left panel, figures for manufacturing are the J.P.Morgan Global Manufacturing PMI. Those for services are the J.P.Morgan Global Services Business Activity Index.
 2. In the right panel, figures are for world real imports. The figure for 2022/Q3 is that for July.
 Sources: Copyright © 2022 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.; CPB Netherlands Bureau for Economic Policy Analysis.

Japan's Exports and Current Account

Real Exports

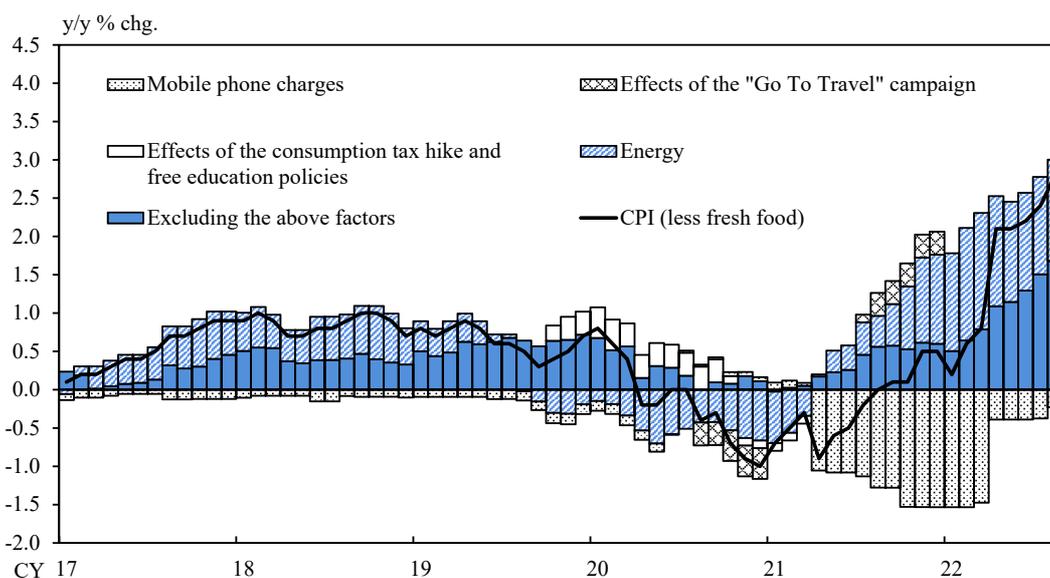


Current Account Balance



Notes: 1. In the left panel, figures are based on Bank staff calculations. The figure for 2022/Q3 is the July-August average.
 2. In the right panel, figures for 2022/Q3 are July-August averages.
 Sources: Cabinet Office; Ministry of Finance; Bank of Japan.

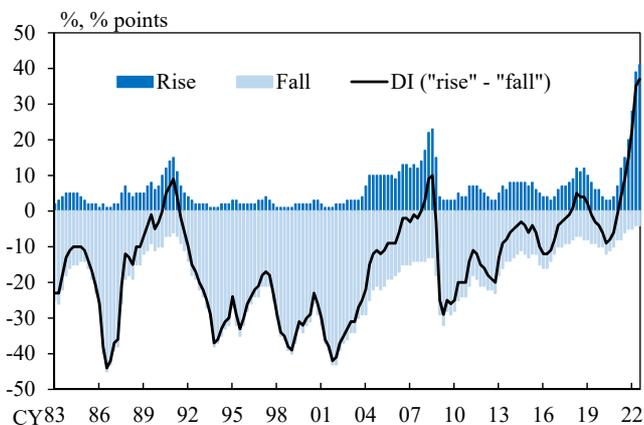
CPI for All Items Less Fresh Food



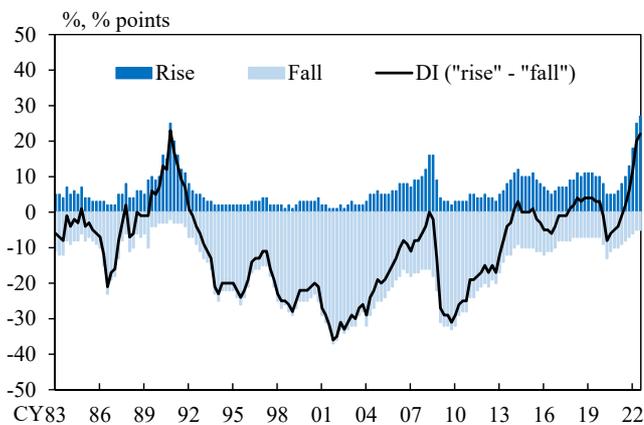
Notes: 1. Figures for "energy" consist of those for petroleum products, electricity, as well as manufactured and piped gas charges.
 2. Figures for the "effects of the consumption tax hike and free education policies" from April 2020 onward are Bank staff estimates and include the effects of measures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

Output Prices (*Tankan*)

Manufacturing



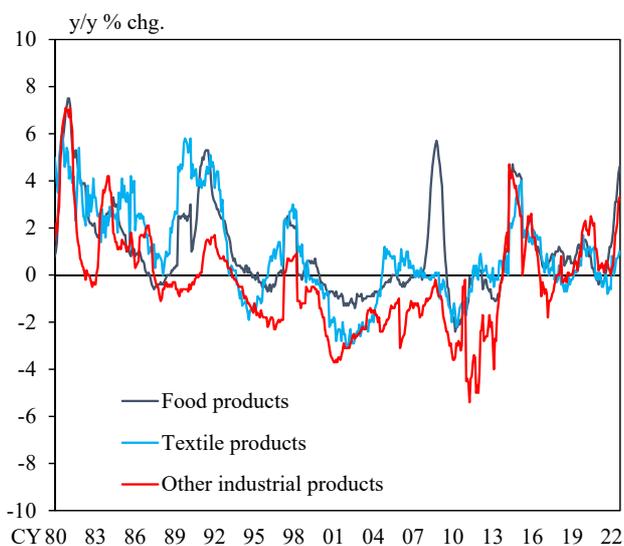
Nonmanufacturing



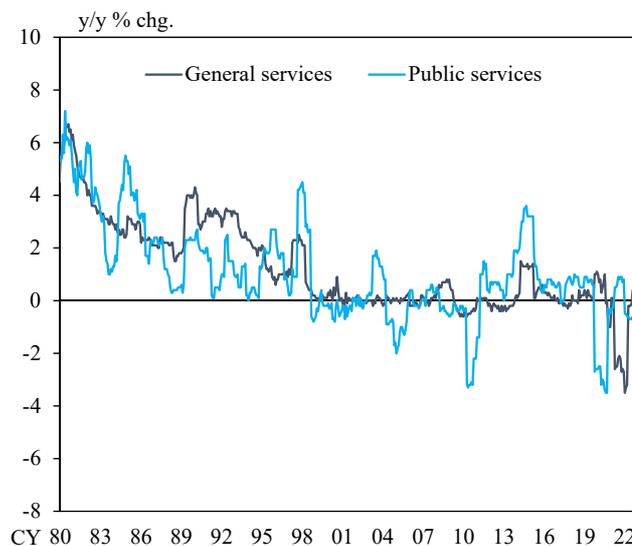
Note: Figures for "rise" and "fall" are based on the percentage shares of the number of enterprises choosing respective responses. Figures are for all enterprises. There is a discontinuity in the data for December 2003 due to a change in the survey framework.
Source: Bank of Japan.

CPI for Goods and Services

Goods

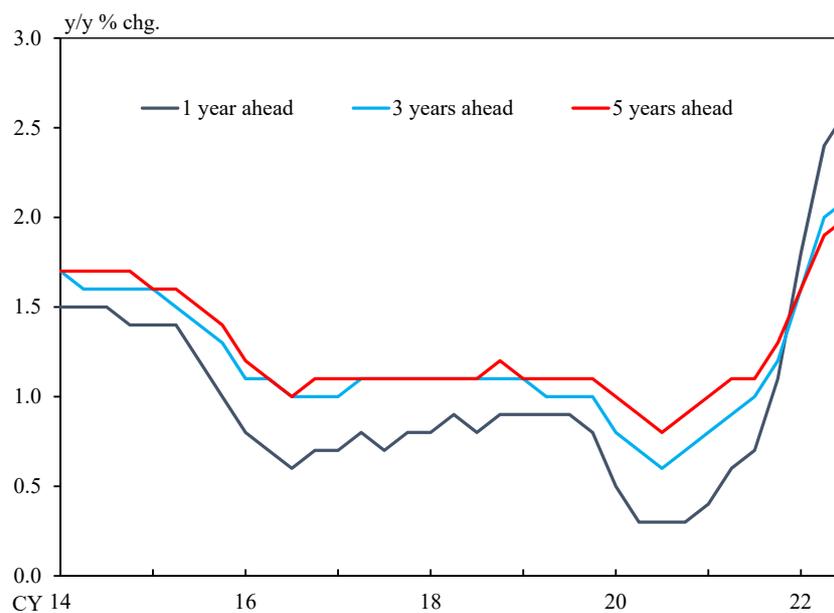


Services



Source: Ministry of Internal Affairs and Communications.

Firms' Inflation Expectations (*Tankan*)



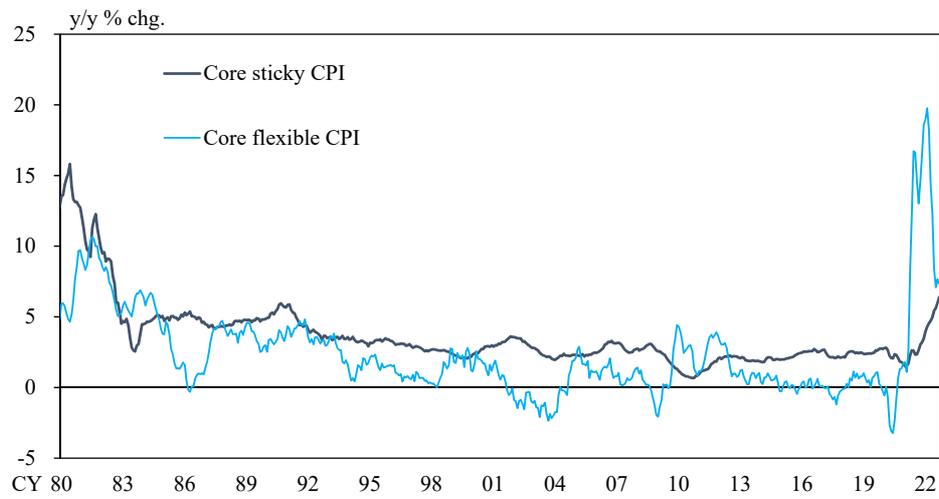
Note: Figures show the inflation outlook of enterprises for general prices (all industries and enterprises, average).
Source: Bank of Japan.

Expected Growth Rates



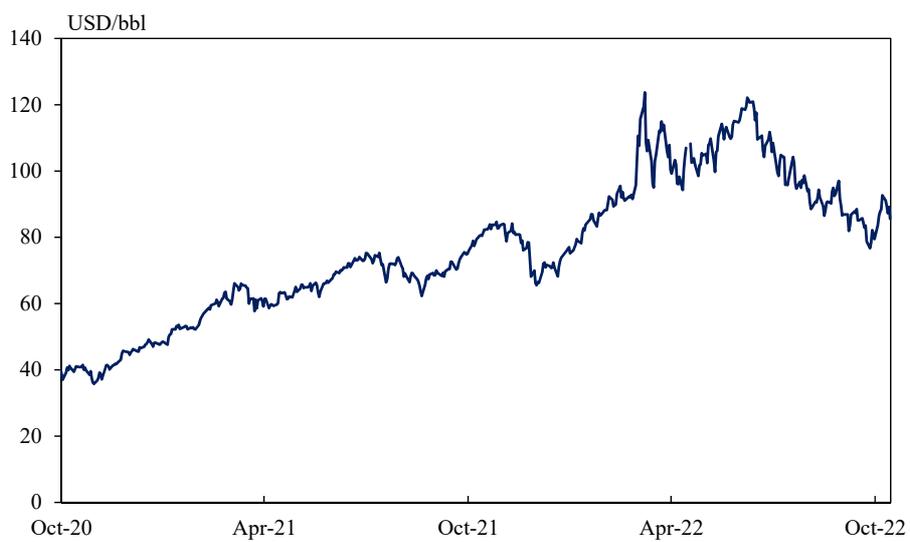
Note: Based on the *Annual Survey of Corporate Behavior*. Figures show the results for listed firms in a particular survey year for the next five years.
Source: Cabinet Office.

U.S. CPI



Source: Federal Reserve Bank of Atlanta.

WTI Crude Oil Prices



Source: Bloomberg.