

Recent Economic Developments

June 28, 2018

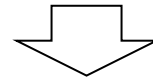
**Cabinet Office
Government of Japan**

Contact for inquiries:
Directorate General for Economic Research
+81-3-6257-1567

<Assessments of the current state of the Japanese economy>

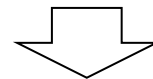
April

The Japanese economy is recovering at a moderate pace.



May

The Japanese economy is recovering at a moderate pace.



(Unchanged)

June

The Japanese economy is recovering at a moderate pace.

(Unchanged)

<Assessments of the current state of the Japanese economy>

	April	May	June
Private consumption	Private consumption is picking up.	Unchanged	Unchanged
Business investment	Business investment is increasing moderately.	Unchanged	Unchanged
Exports	Exports are picking up.	Unchanged	Unchanged
Industrial production	Industrial production is increasing moderately.	Unchanged	Unchanged
Corporate profits	Corporate profits are improving.	Unchanged	Unchanged
Firms' judgments on business conditions	Firms' judgments on current business conditions are improving.	Unchanged	Unchanged
The employment situation	The employment situation is improving steadily.	Unchanged	Unchanged
Prices	Consumer prices are rising moderately in recent months.	Unchanged	Unchanged

<Short-term prospects>

April

The economy is expected to continue recovering, supported by the effects of the policies, while employment and income situation is improving. However, attention should be given to the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets.

May

The economy is expected to continue recovering, supported by the effects of the policies, while employment and income situation is improving. However, attention should be given to the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets.

(Unchanged)

June

The economy is expected to continue recovering, supported by the effects of the policies, while employment and income situation is improving. However, attention should be given to the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets.

(Unchanged)

<Policy stance>

(June)

The Government will make its utmost efforts to ensure the economy overcomes deflation and achieve economic revitalization and fiscal consolidation simultaneously, in addition to make effort toward the reconstruction and revitalization from the Great East Japan Earthquake and the restoration and reconstruction from the 2016 Kumamoto Earthquake. To this end, the Government decided the "Basic Policies for Economic and Fiscal Management and Reform 2018", the "Growth Strategy 2018", the "Regulatory Reform Work Plan", and the "Basic Policies for Overcoming Population Decline and Vitalizing Local Economy in Japan 2018" on June 15th. Hereafter, the Government implements economic and fiscal policies based on these plans. In addition, the Government steadily implements the "Japan's Plan for the Dynamic Engagement of All Citizens". Moreover, in order to tackle the enormous challenge of the declining birthrate and aging population by promoting Supply System Innovation and Human Resources Development Revolution as two wheels of a cart, the Government steadily implements the "New Economic Policy Package" and the "Basic Design for Human Resources Development Revolution" compiled on June 13th. About work style reform, the Government will try to pass the related bills during the current session of the Diet. In addition, the Government implements the FY2017 supplementary budget and the FY2018 budget swiftly and steadily.

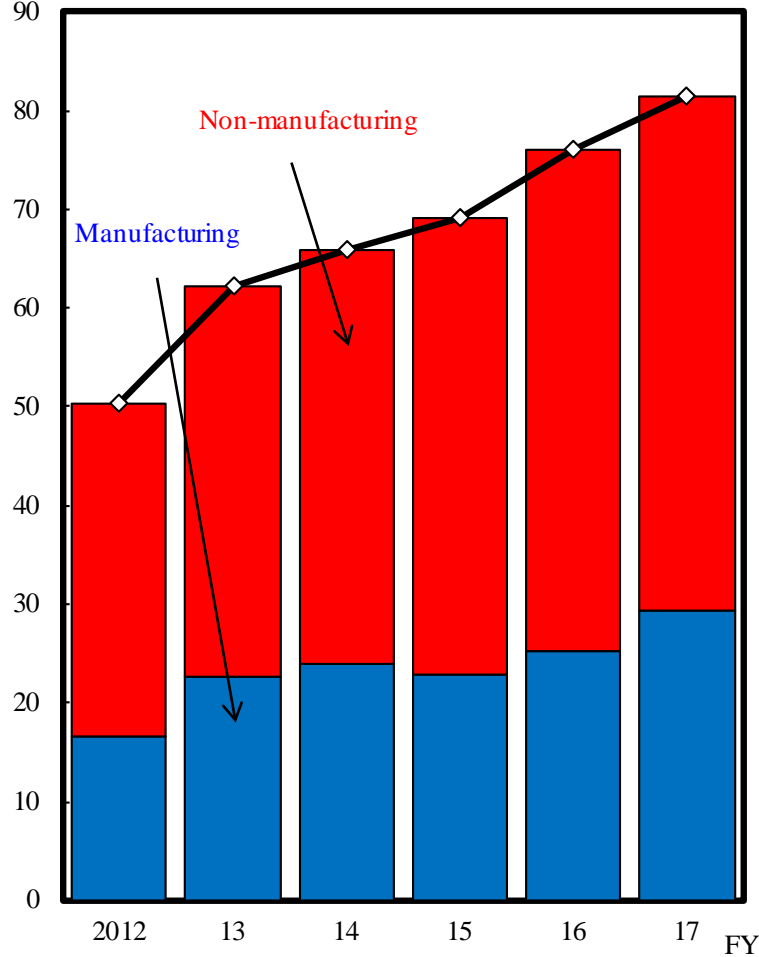
The Government continuously pursues to expand the economic virtuous cycles which cover local areas, SMEs and small-scale businesses, through directing growing corporate profits towards investment, wage increase and further improvement in the employment situation.

The Government expects the Bank of Japan to achieve the price stability target of two percent in light of economic activity and prices.

Corporate Profits

Current profits

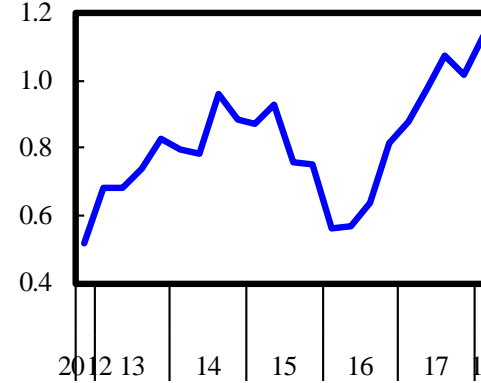
trillion yen



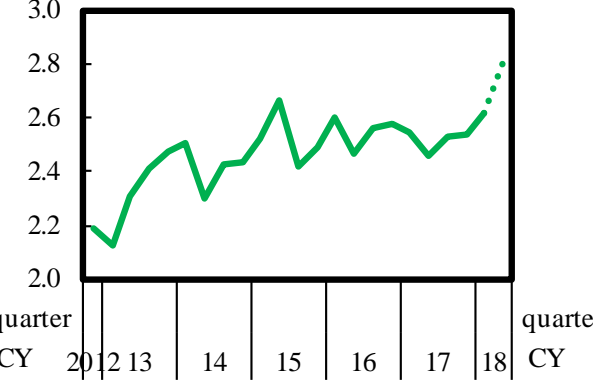
Source: Ministry of Finance; Cabinet Office

General machinery industry

s.a., trillion yen
Current Profits

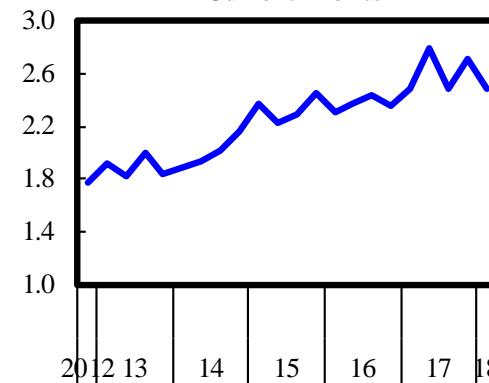


s.a., trillion yen
Machinery Orders

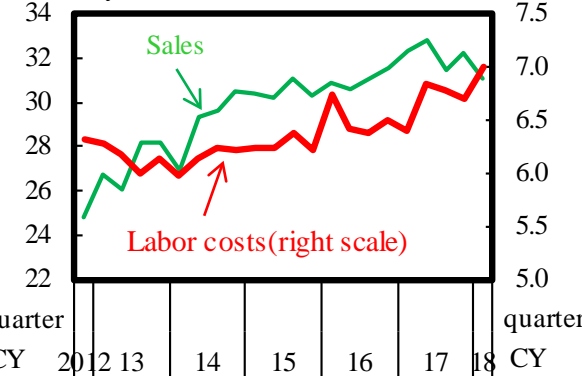


Information, communication and transportation industry

s.a., trillion yen
Current Profits



s.a., trillion yen
Sales and Labor costs



Wages and Business Investment

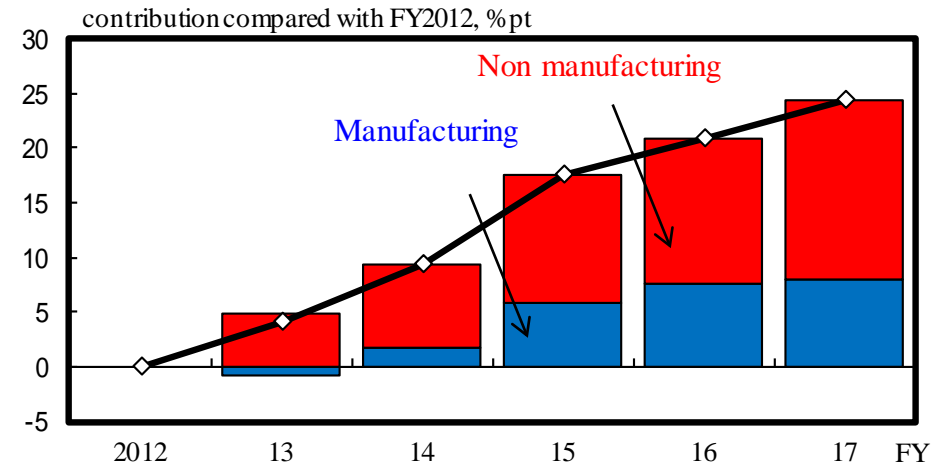
Summer bonuses and wages of major companies

CY	Summer bonuses	
	y/y	Amount
2018	6.71%	967 thousand yen
2017	4.56%	918 thousand yen
2016	3.74%	927 thousand yen

CY	Wages
2018	2.54%
2017	2.18%
2016	2.19%

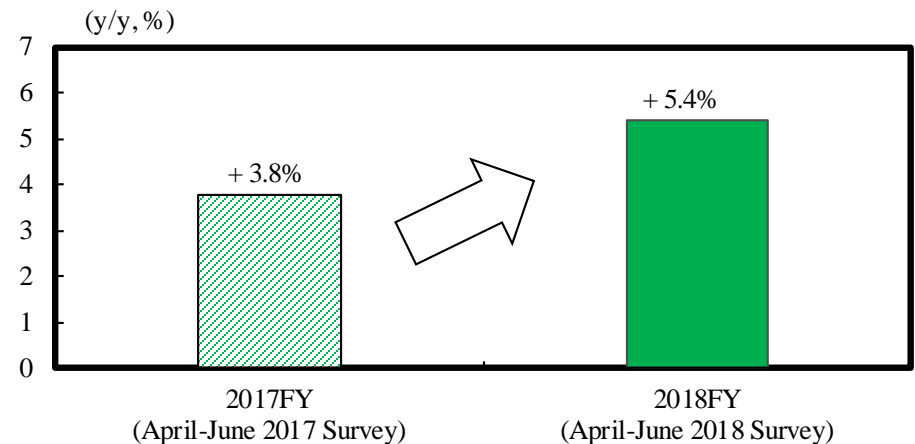
Sources: Japan Federation of Economic Organizations

Business investment



Note: Including software and R&D investment and excluding land purchasing expenses.
Source: Ministry of Finance

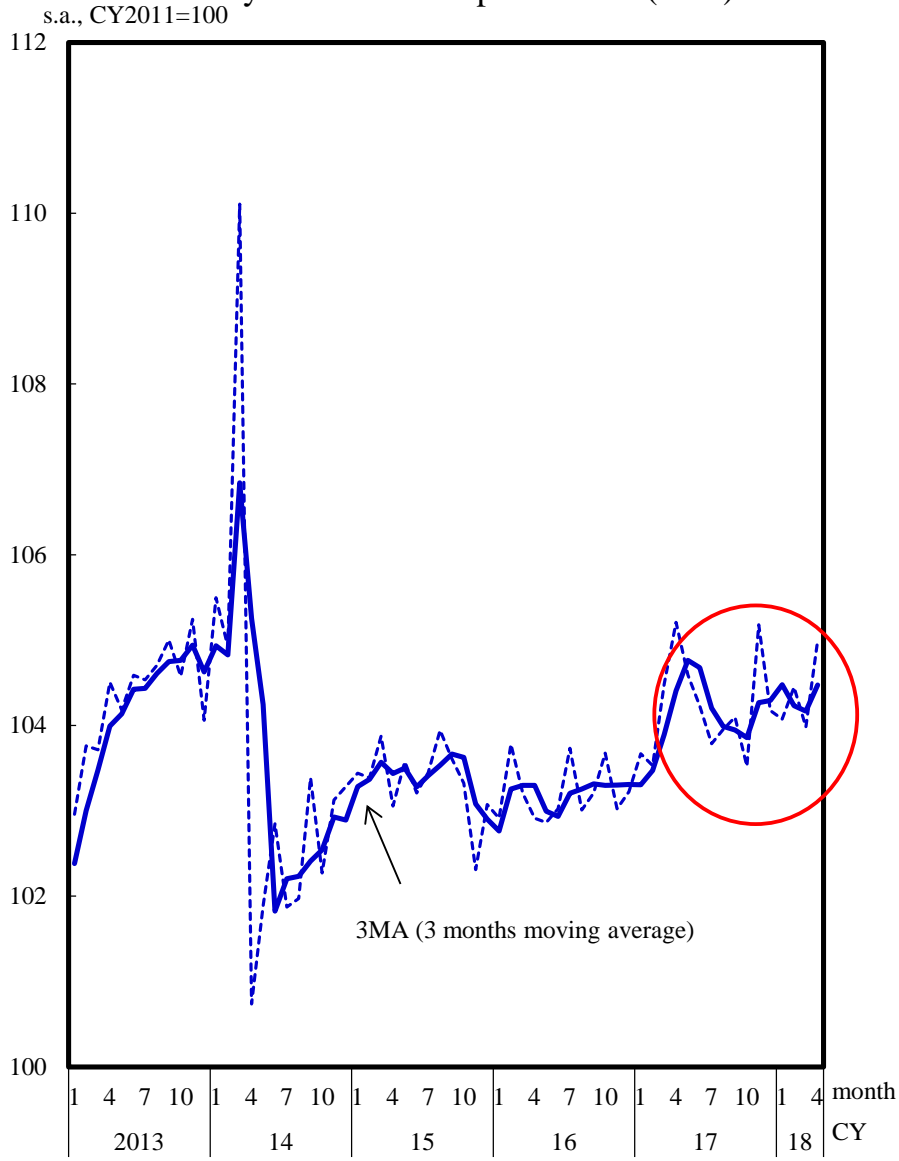
Business investment plans



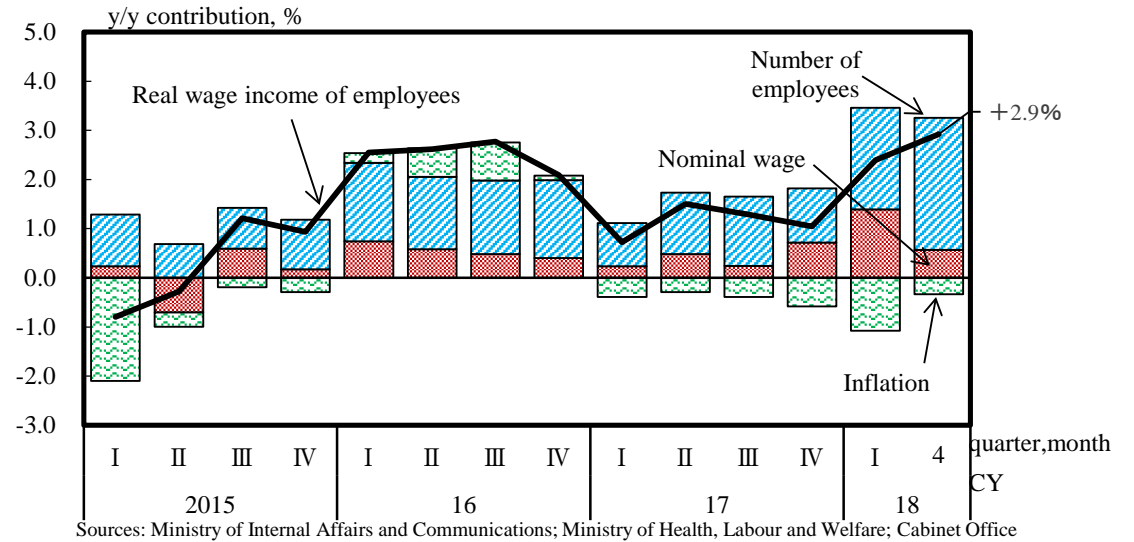
Source: Ministry of Finance; Cabinet Office

Private Consumption

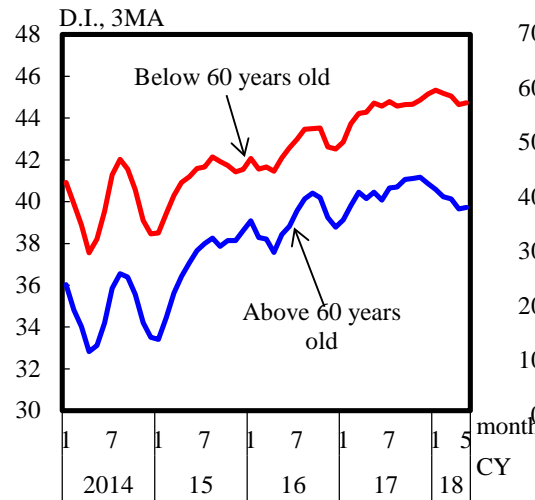
Synthetic consumption index (Real)



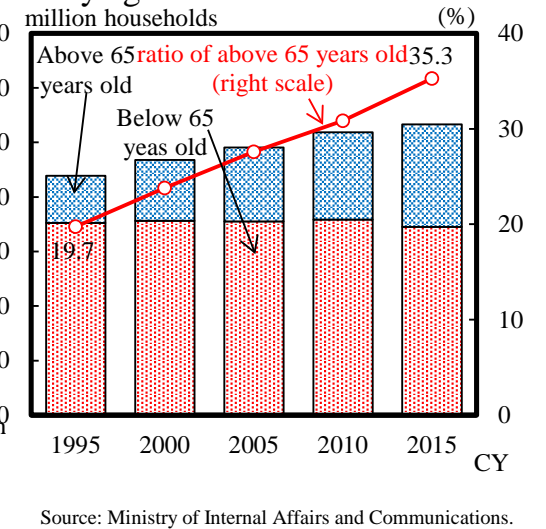
Real wage income of employees



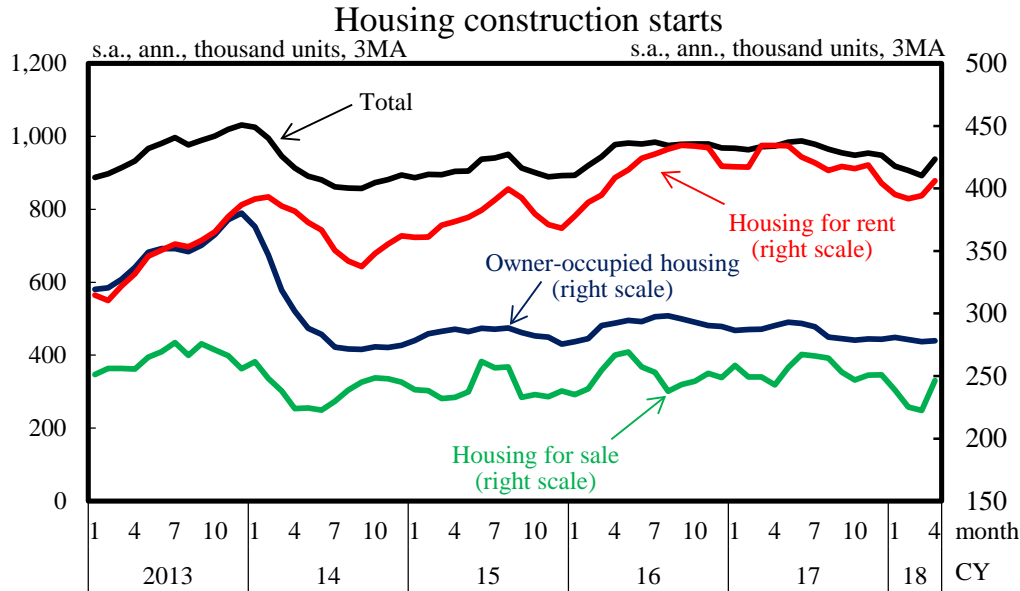
Consumer confidence



The number of households by age of head of household

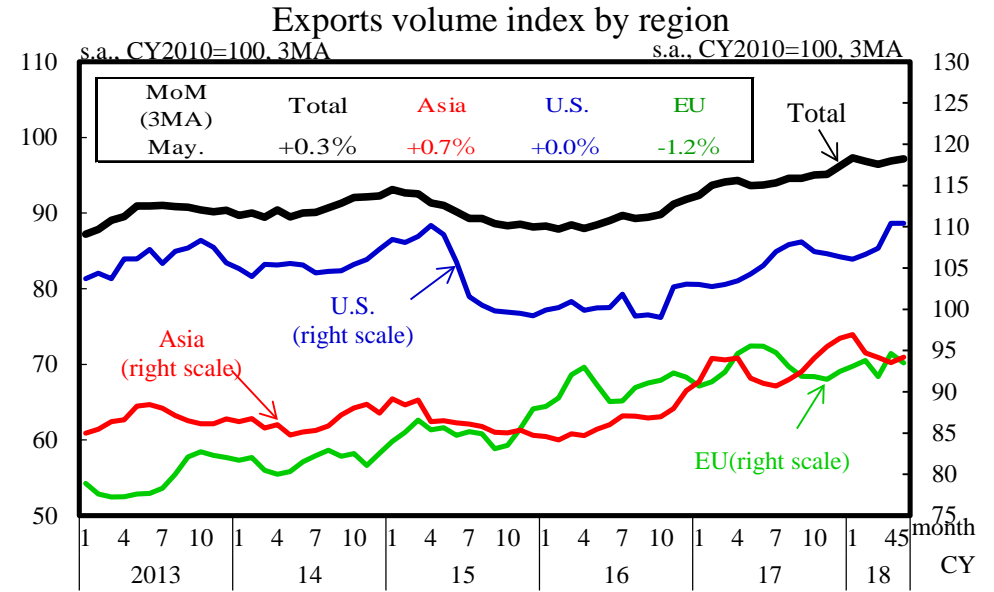


Housing construction



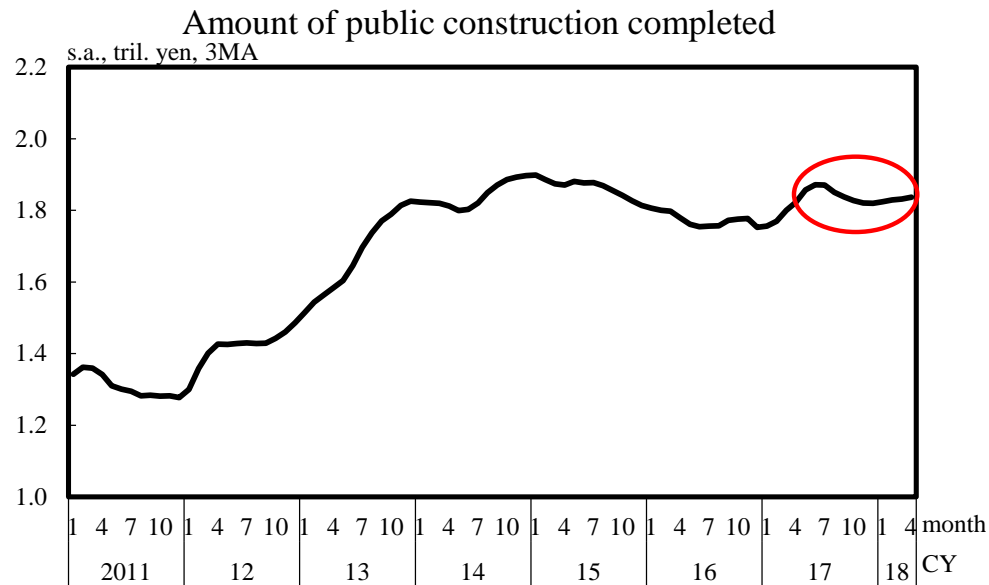
Source: Ministry of Land, Infrastructure, Transport and Tourism

Exports



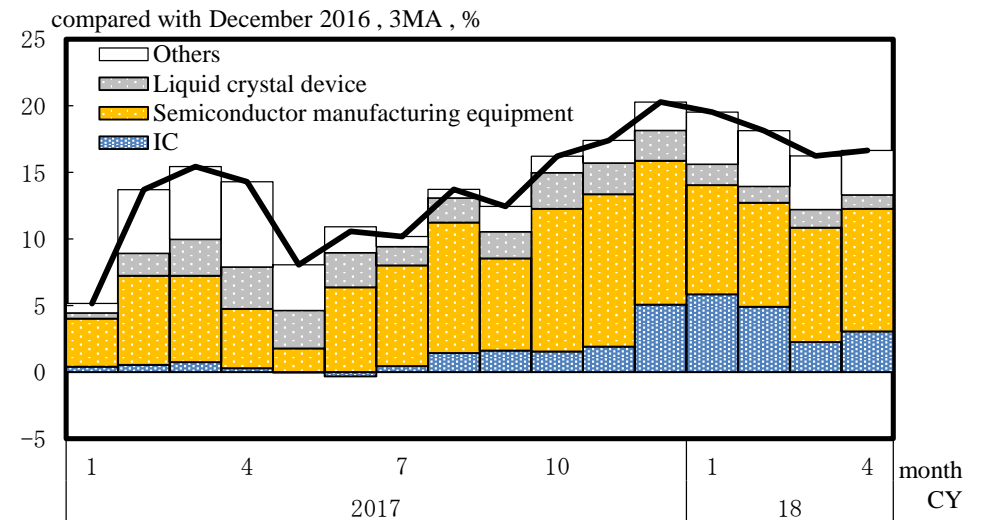
Source: Ministry of Finance

Public investment



Source: Ministry of Land, Infrastructure, Transport and Tourism

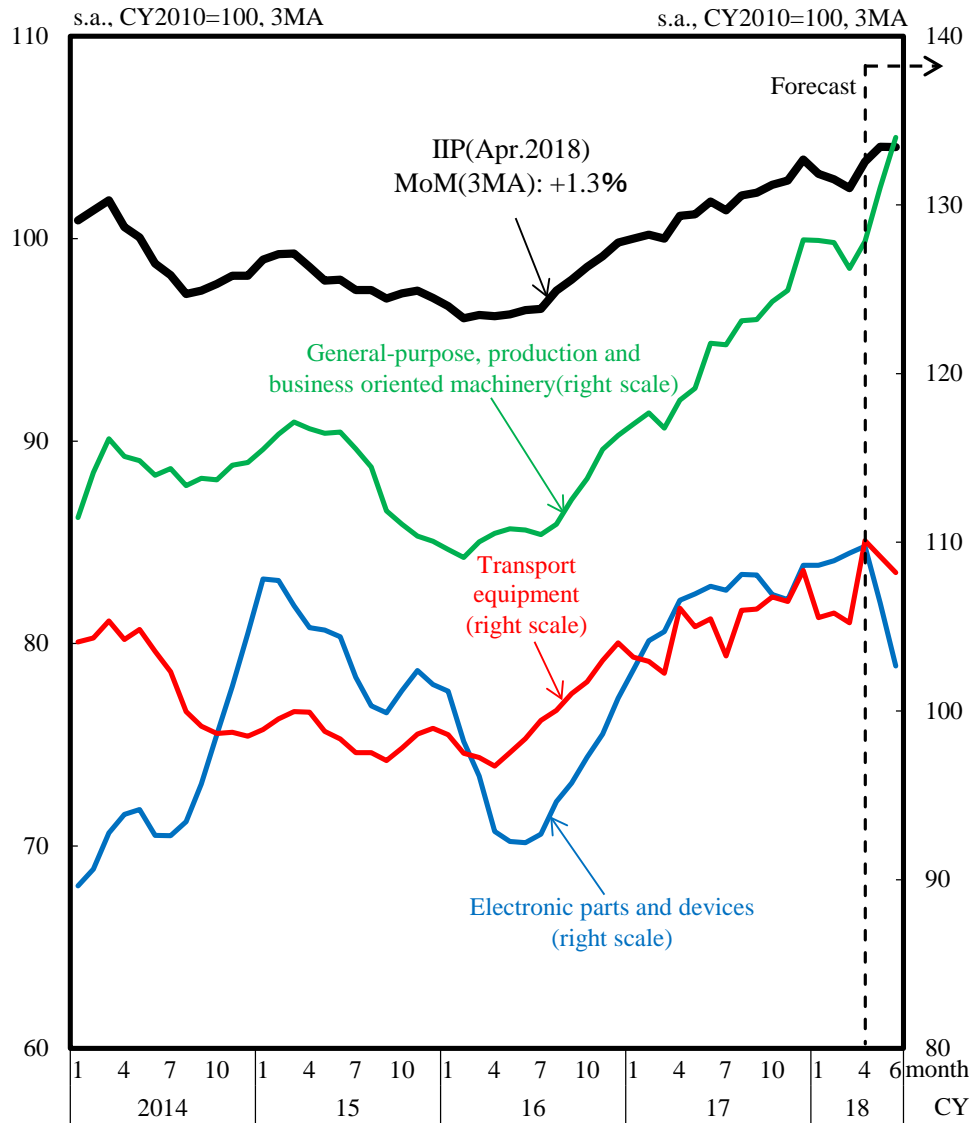
Exports of IT-related goods for Asia



Source: Ministry of Finance

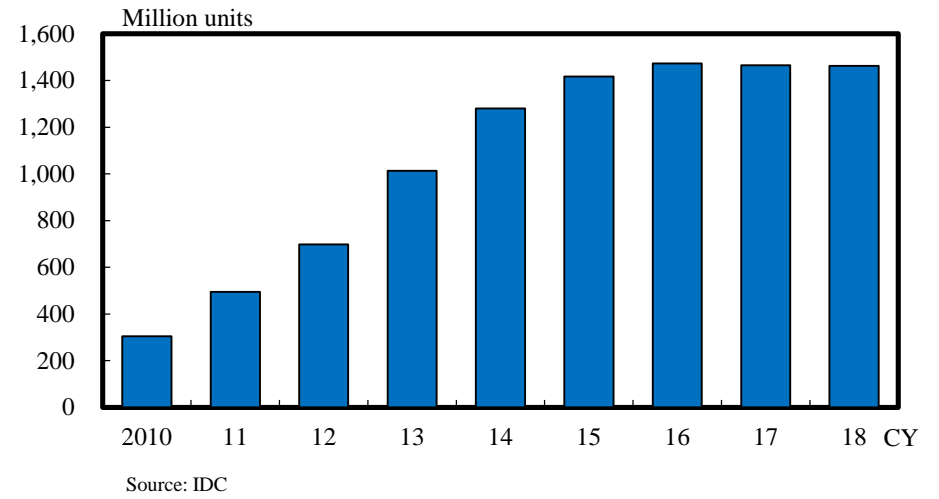
Industrial Production

Production by industry

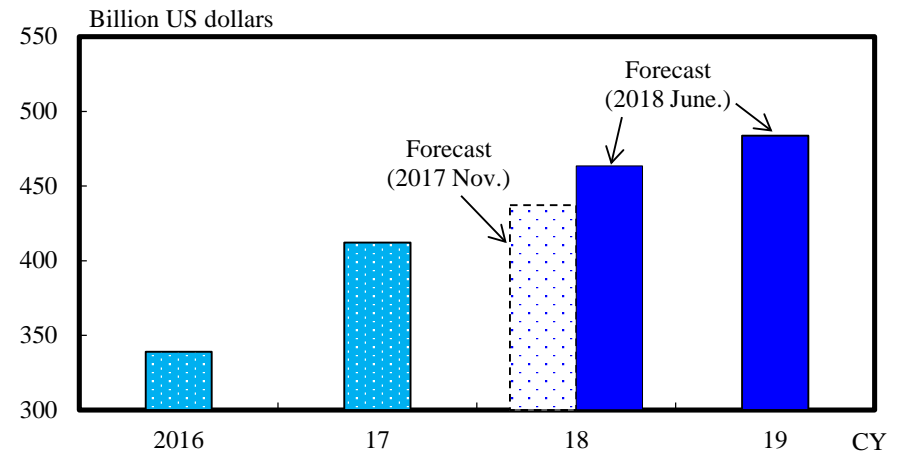


Source: Ministry of Economy, Trade and Industry

Worldwide Smartphone Shipments



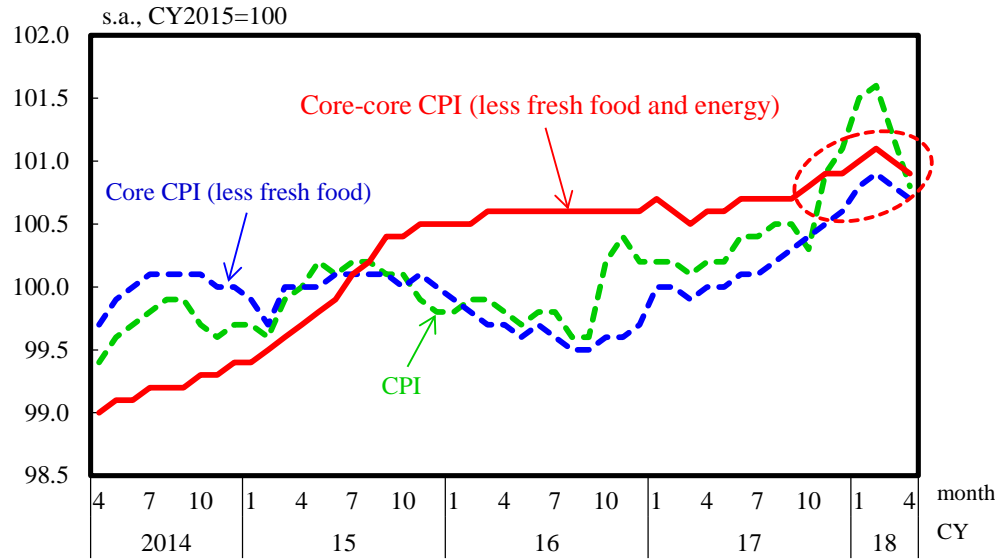
Semiconductor Market Forecast



Source: World Semiconductor Trade Statistics

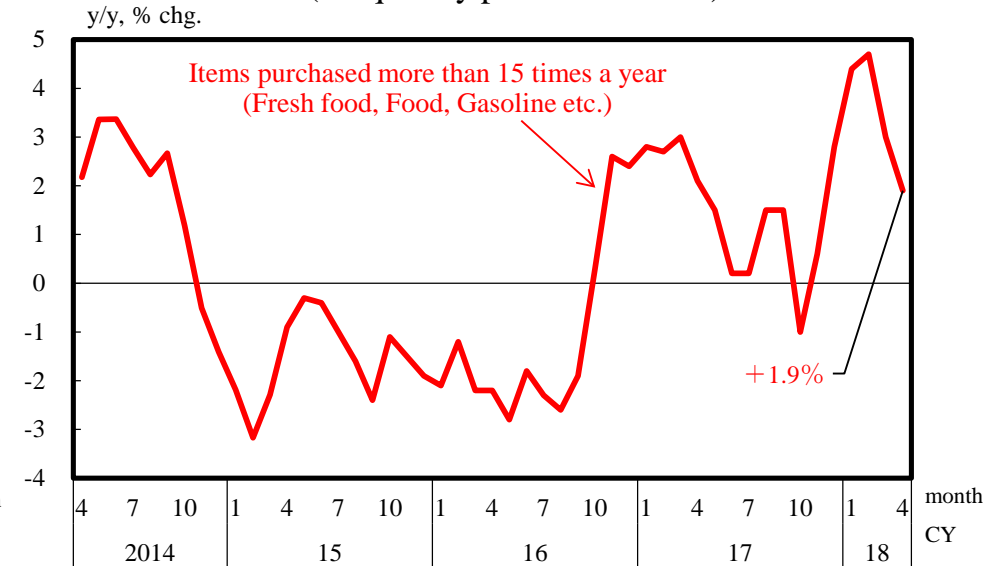
Price / Employment situation

CPI (Consumer Price Index)



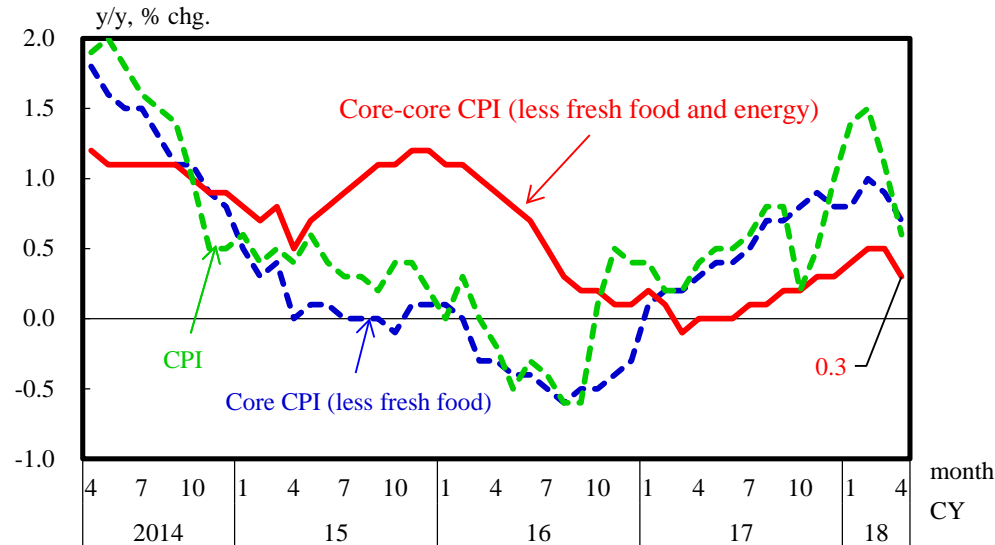
Source: Ministry of Internal Affairs and Communications

CPI (Frequently purchased items)



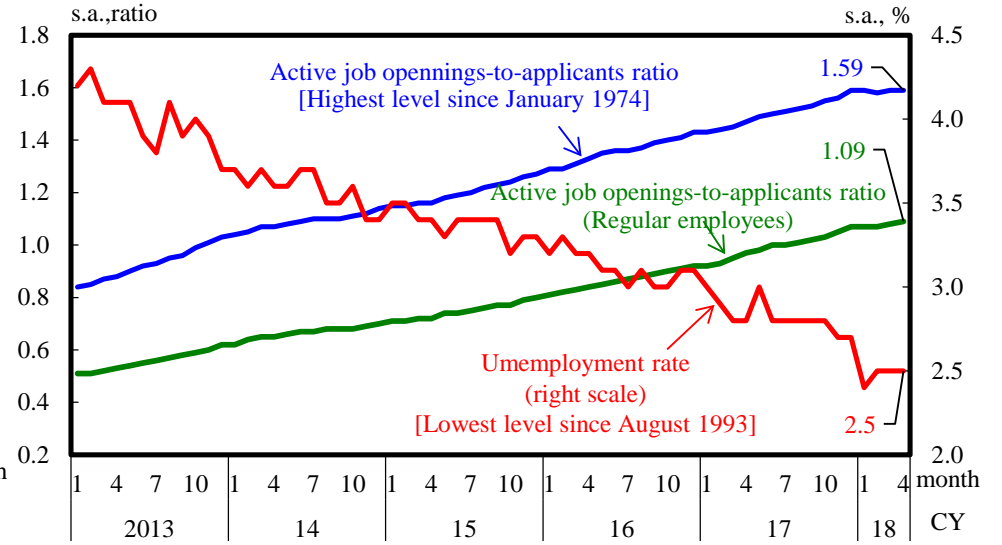
Source: Ministry of Internal Affairs and Communications

CPI (excluding impact of a consumption tax increase)



Source: Ministry of Internal Affairs and Communications

Unemployment rate and active job openings-to-applicants ratio



Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare