

Recent Economic Developments

November 29, 2018

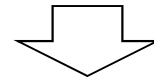
**Cabinet Office
Government of Japan**

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<Assessments of the current state of the Japanese economy>

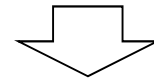
September

The Japanese economy is recovering at a moderate pace.



October

The Japanese economy is recovering at a moderate pace.



(Unchanged)

November

The Japanese economy is recovering at a moderate pace.

(Unchanged)

<Assessments of the current state of the Japanese economy>

	September	October	November
Private consumption	Private consumption is picking up.	Unchanged	Unchanged
Business investment	Business investment is increasing.	Unchanged	Unchanged
Exports	Exports are pausing recently.	Exports are almost flat. (↓)	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 almost flat.	Unchanged	Unchanged
The employment situation	The employment situation is improving steadily.	Unchanged	Unchanged
Prices	Consumer prices are rising at a slower tempo recently.	Unchanged	Unchanged

Note: ↓ denotes downward revision.

<Short-term prospects>

September

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 effects of situations over trade issues on the world economy, the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets. Furthermore, sufficient attention should be given to the economic impacts by the successive natural disasters.

October

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(Unchanged)

November

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(Changed)

<Policy stance>

(November)

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 steadily implements the "Basic Policies for Economic and Fiscal Management and Reform 2018", the "Growth Strategy 2018" and so on.

Moreover, in order to establish the social security system oriented to all generations under which people of all generations can live at ease and work, the Government will promote comprehensive reform of the system including the labor system.

Furthermore, looking ahead to the consumption tax rate hike planned for October 1, 2019, the Government will take all possible measures towards economic and fiscal management.

Implementing the FY2018 first supplementary budget swiftly and steadily, the Government will exert every effort for the restoration and reconstruction of the areas affected by the successive natural disasters.

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.

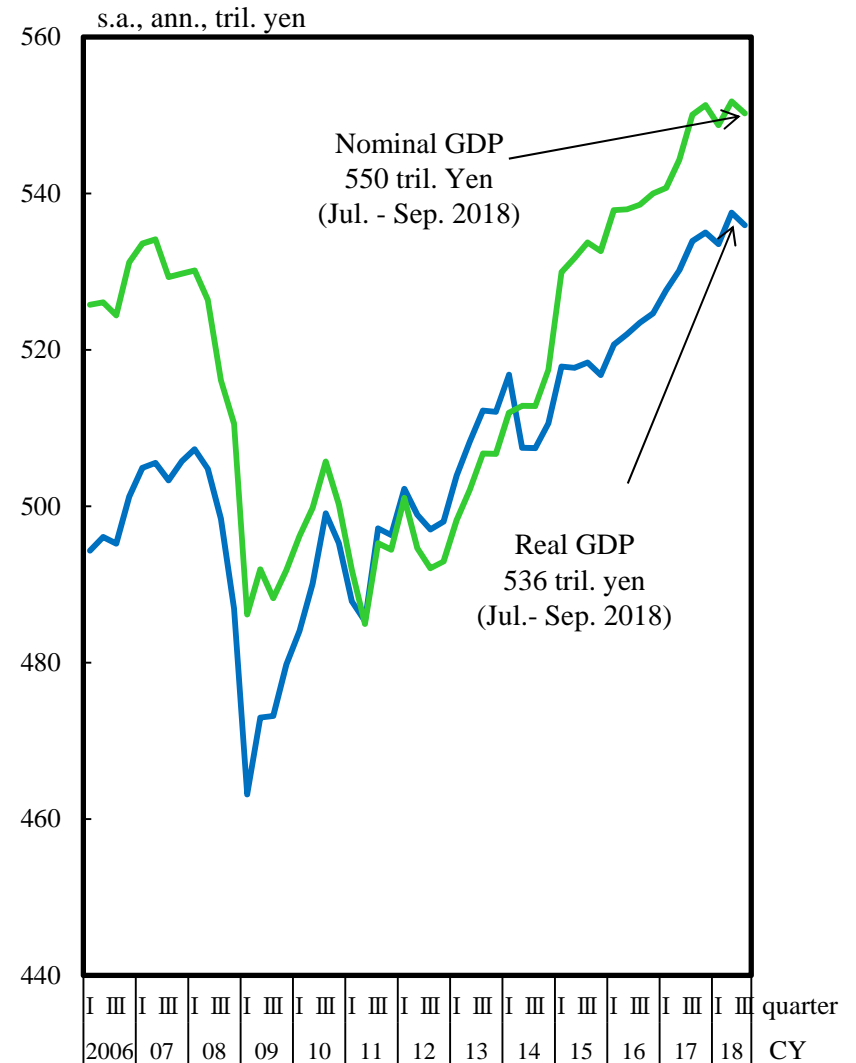
GDP: Jul – Sep. 2018 (First Preliminary)

Changes and contributions to changes in real GDP
(seasonally adjusted)

	FY2016	FY2017	2017		2018			%
			III	IV	I	II	III	
			Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	
Real GDP growth rate [at annual rate]	1.2	1.6	0.7 [2.9]	0.2 [0.8]	-0.3 [-1.1]	0.8 [3.0]	-0.3 [-1.2]	
Domestic Demand (Contributions)	(0.4)	(1.2)	(0.1)	(0.3)	(-0.3)	(0.9)	(-0.2)	
Private Demand (Contributions)	(0.3)	(1.0)	(0.2)	(0.3)	(-0.3)	(0.8)	(-0.2)	
Private Consumption	0.3	0.8	-0.6	0.3	-0.2	0.7	-0.1	
Private Non-Resi. Investment	1.2	3.1	1.5	0.7	0.7	3.1	-0.2	
Private Residential Investment	6.2	-0.3	-1.8	-3.2	-2.1	-1.9	0.6	
Changes in Private Inventories (Contributions)	(-0.3)	(0.1)	(0.4)	(0.2)	(-0.2)	(0.0)	(-0.1)	
Public Demand (Contributions)	(0.1)	(0.2)	(-0.1)	(-0.0)	(-0.0)	(0.0)	(-0.1)	
Public Investment	0.9	1.5	-2.2	-0.8	-0.5	-0.3	-1.9	
Net Exports (Contributions)	(0.8)	(0.4)	(0.6)	(-0.1)	(0.1)	(-0.1)	(-0.1)	
Exports	3.6	6.3	2.7	2.1	0.5	0.3	-1.8	
Imports	-0.8	4.1	-1.0	3.1	0.1	1.0	-1.4	
Nominal GDP growth rate	1.0	1.7	1.1	0.2	-0.5	0.6	-0.3	

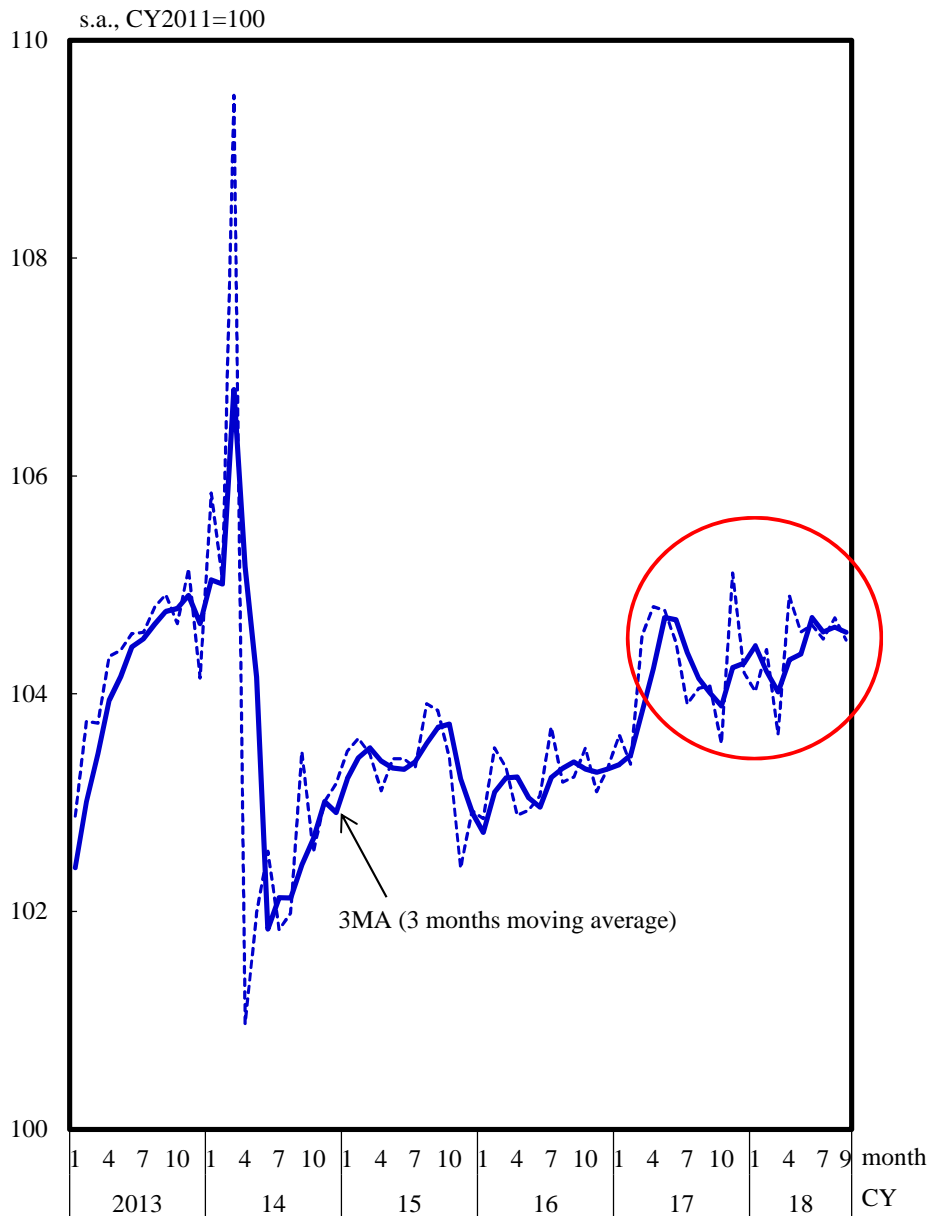
Source: Cabinet Office.

Nominal and real GDP



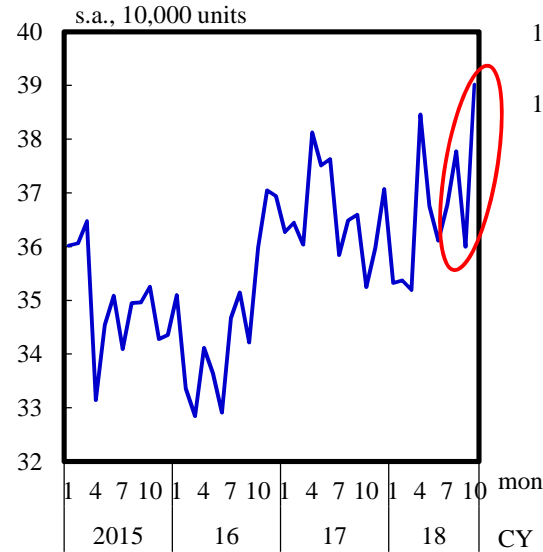
Private Consumption

Synthetic consumption index (Real)



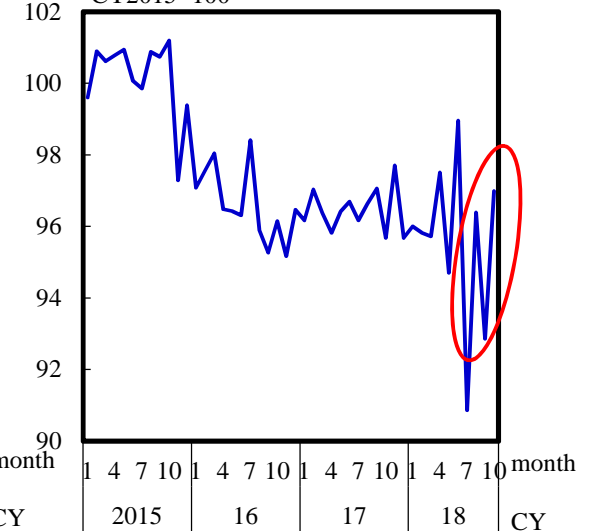
Source: Cabinet Office.

New automobile sales volume



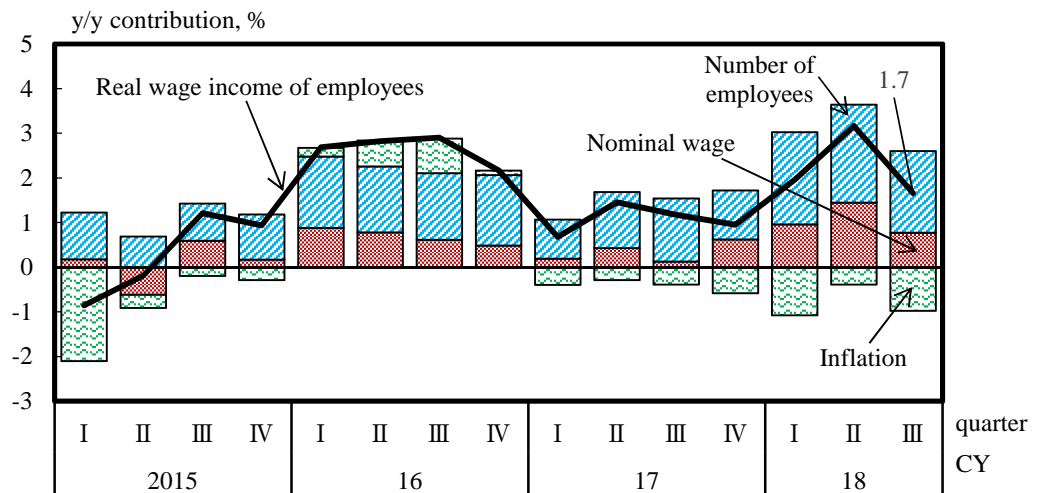
Sources: Japan Auto Dealers Association; Japan Light Motor Vehicle and Motorcycle Association.

Sales at department store



Source: Japan Department Stores Association.

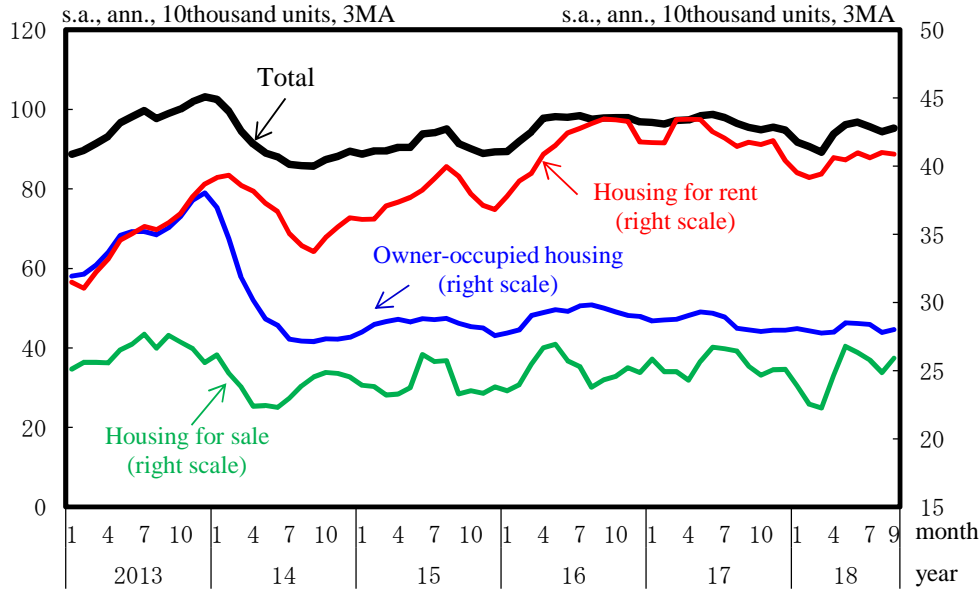
Real wage income of employees



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

Housing Construction

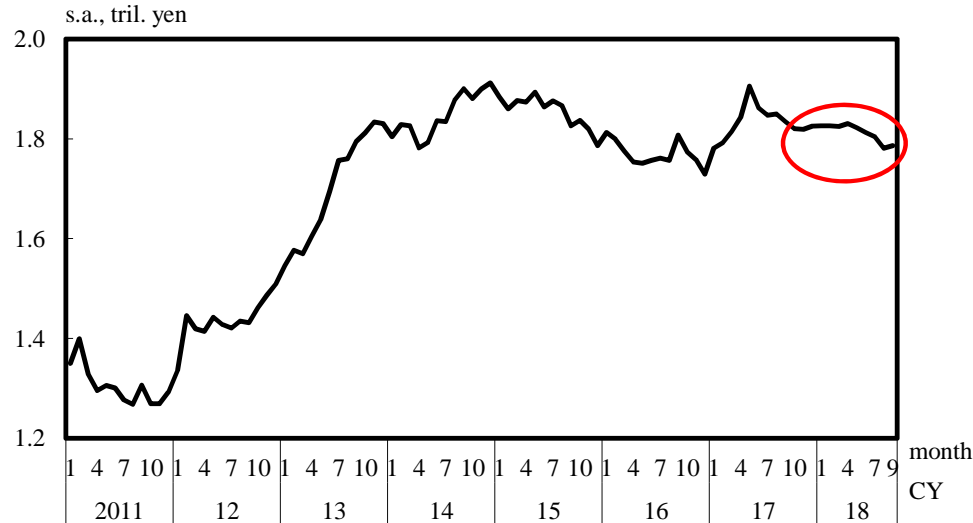
Housing construction starts



Source: Ministry of Land, Infrastructure, Transport and Tourism.

Public investment

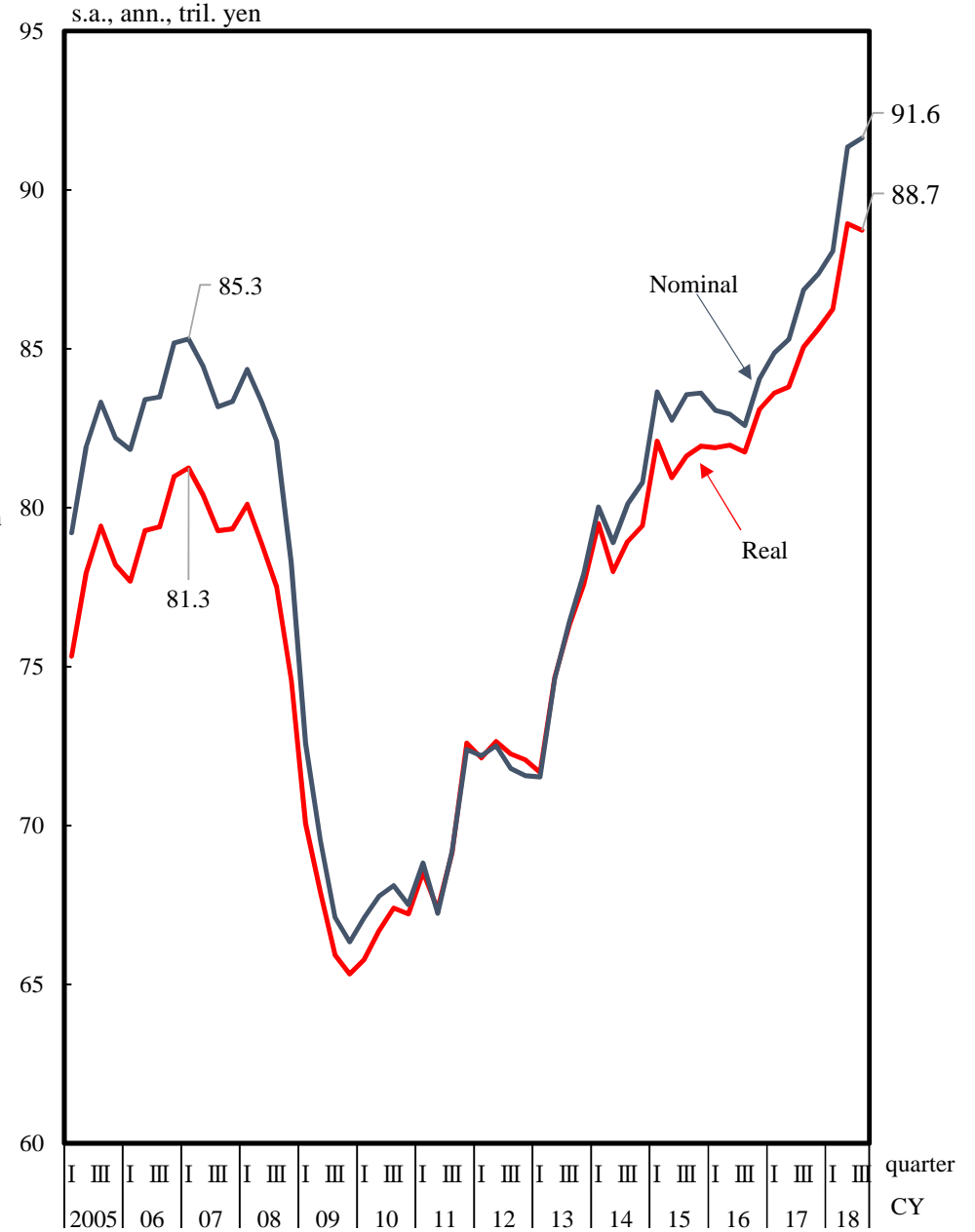
Amount of public construction completed



Source: Ministry of Land, Infrastructure, Transport and Tourism.

Business Investment

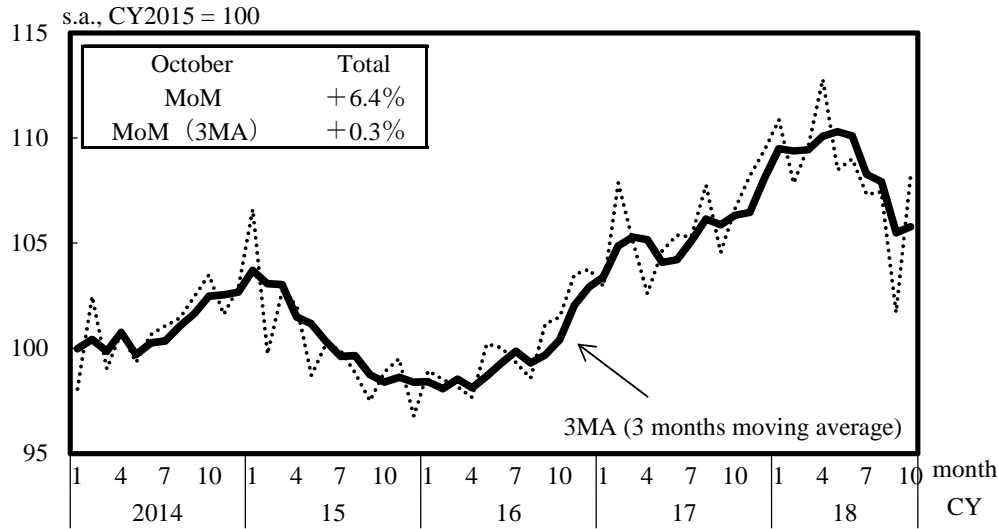
Business investment (GDP)



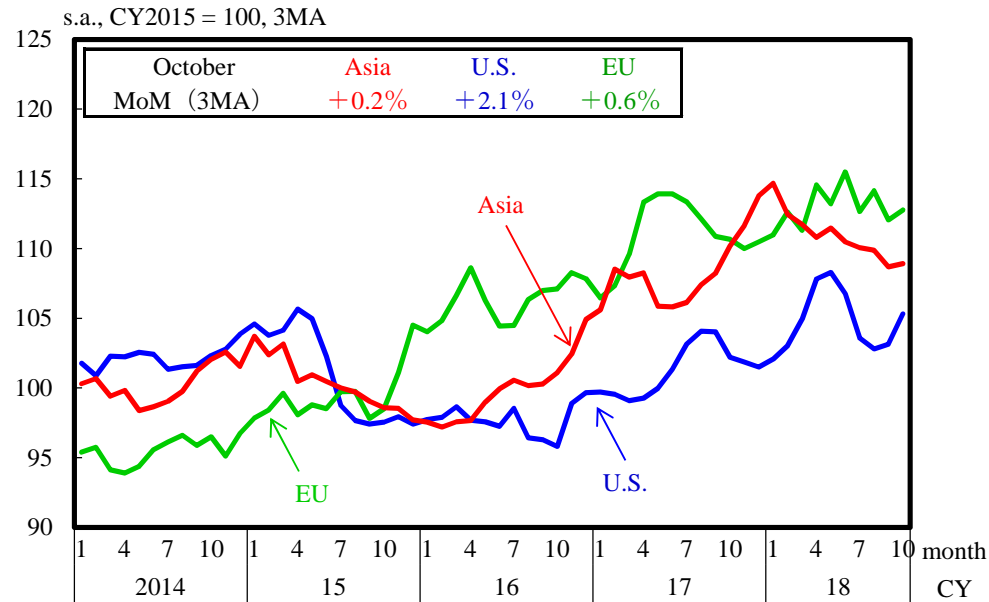
Source: Cabinet Office.

Exports

Exports volume index



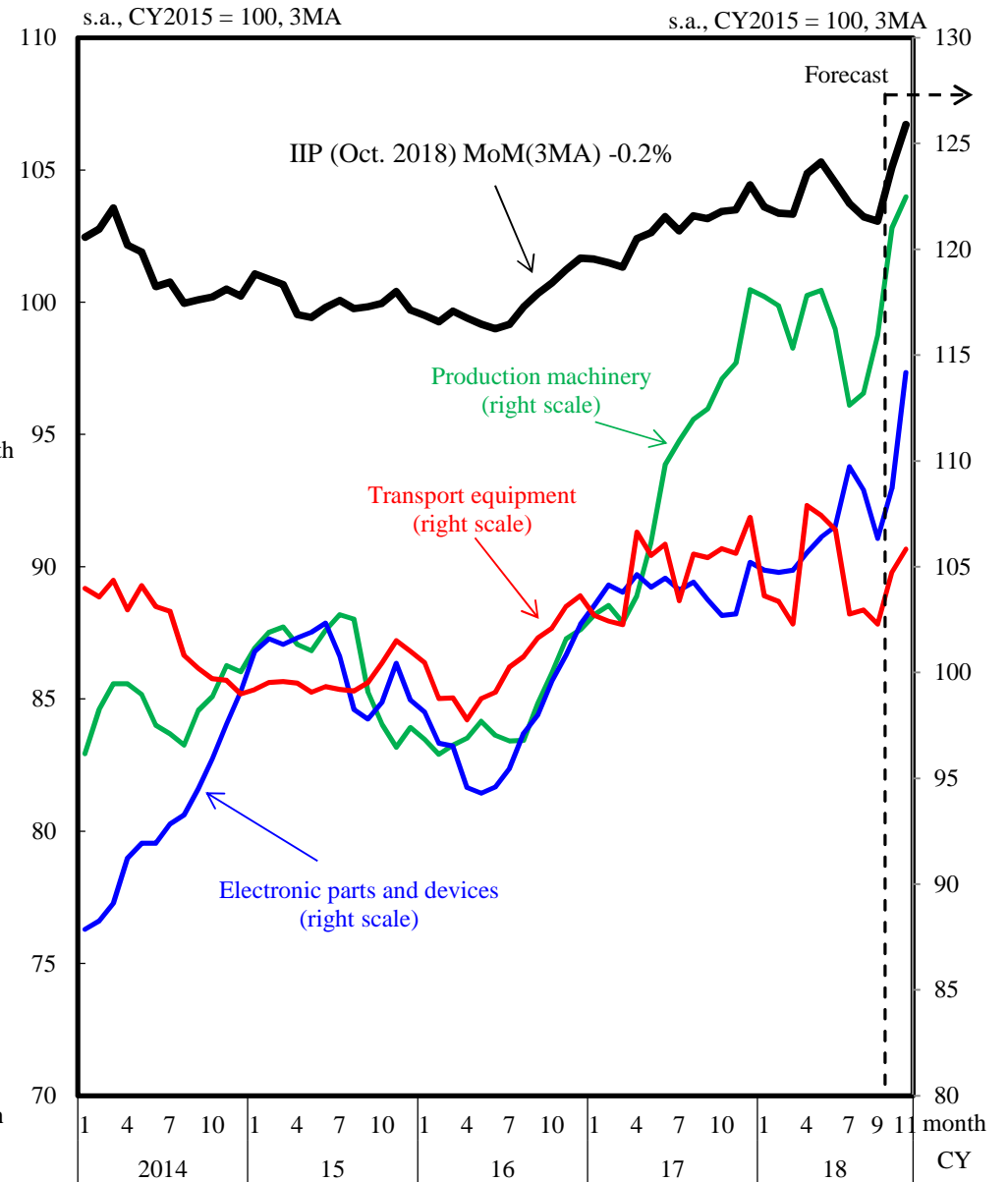
Exports volume index by region



Source: Ministry of Finance.

Industrial Production

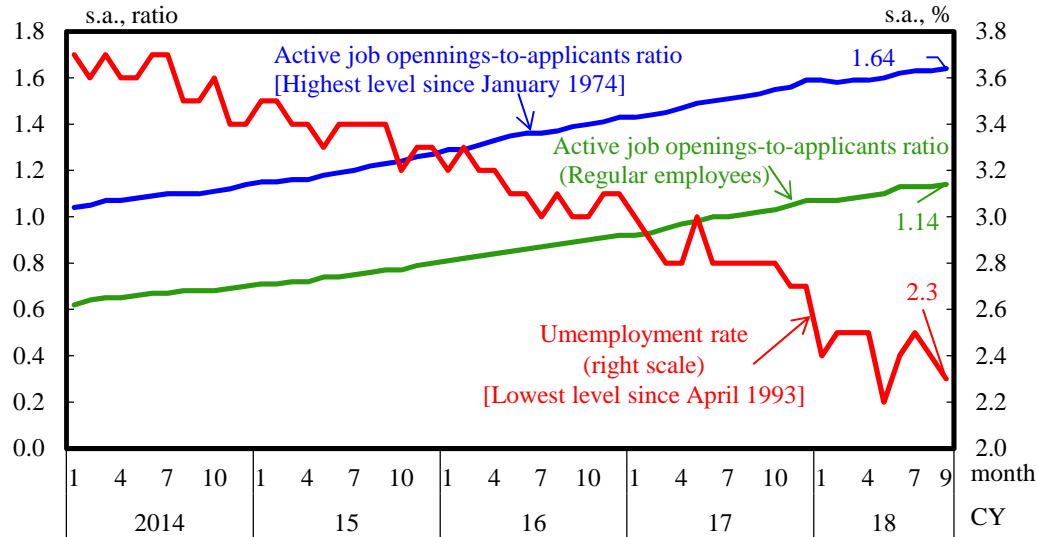
Production by industry



Source: Ministry of Economy, Trade and Industry.

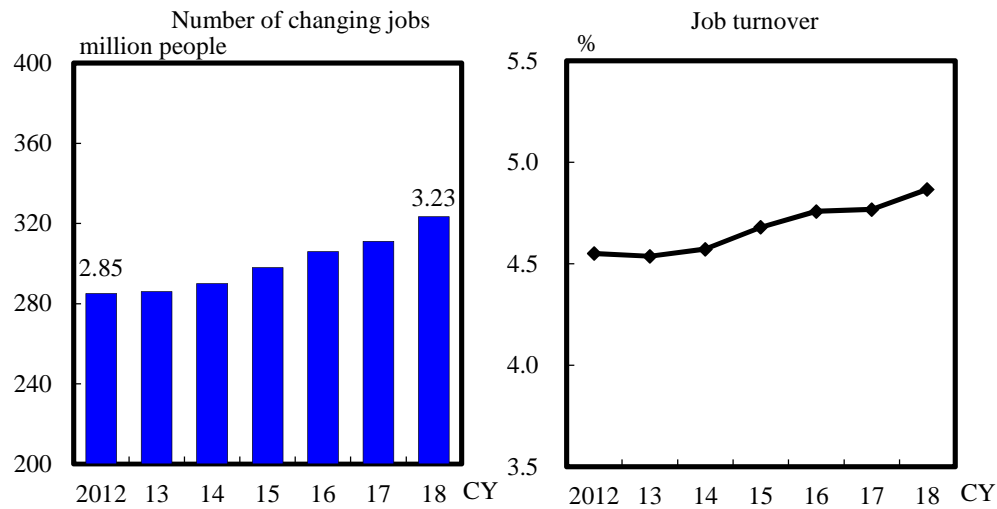
Employment situation

Unemployment rate and active job openings-to-applicants



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

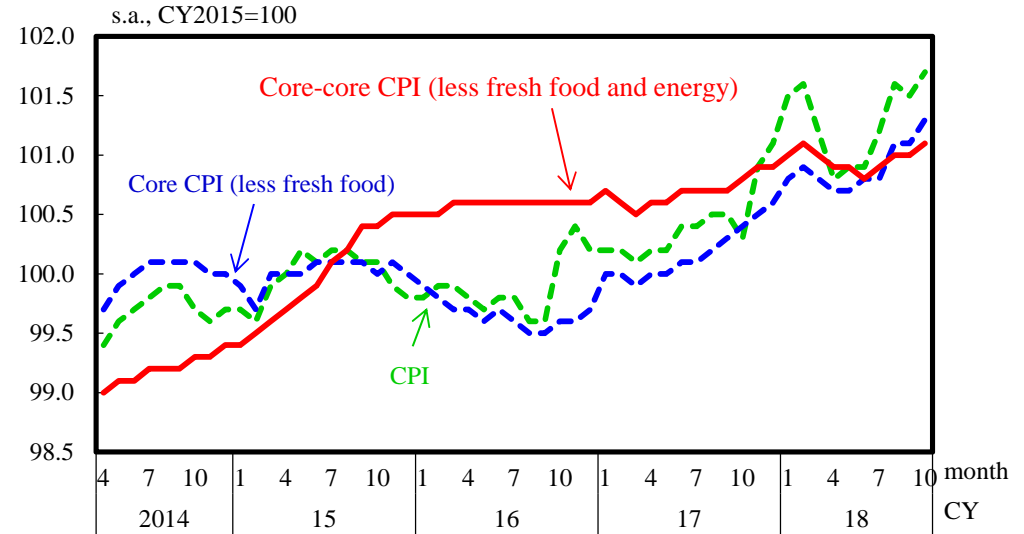
Trend of changing jobs



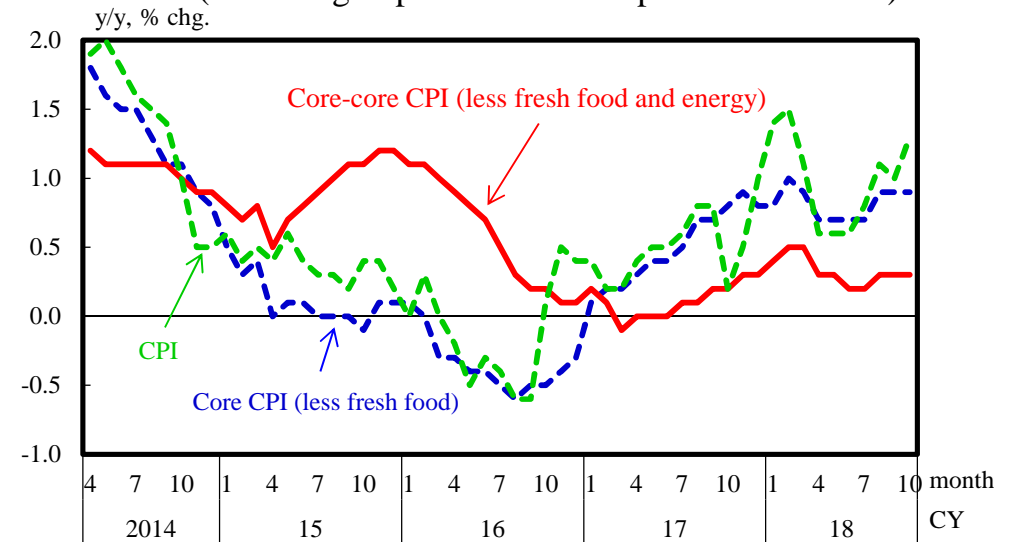
Source: Ministry of Internal Affairs and Communications.

Prices

CPI (Consumer Price Index)



CPI (excluding impact of a consumption tax increase)



Source: Ministry of Internal Affairs and Communications.