

Recent Economic Developments

- Monthly Economic Report, January 25 2023 -

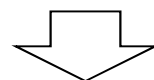
February 8, 2023

Cabinet Office
Government of Japan

<Assessment of the current state of the Japanese economy>

November

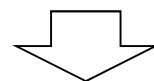
The Japanese economy is picking up moderately.



December

The Japanese economy is picking up moderately.

(Unchanged)



January

The Japanese economy is picking up moderately,
although some weaknesses have been seen recently.

(Changed)

<Assessment of the current state of the Japanese economy>

	November	December	January
Private consumption	Private consumption is picking up moderately.	Unchanged	Unchanged
Business investment	Business investment is picking up.	Unchanged	Unchanged
Exports	Exports are almost flat.	Unchanged	Exports have been in a weak tone recently. (↓)
Industrial production	Industrial production shows movements of picking up.	Industrial production appears to be pausing for picking up. (↓)	Unchanged
Corporate profits	Corporate profits are improving as a whole, although some weaknesses remain.	Unchanged	Unchanged
Firms' judgments on business conditions	Firms' judgments on current business conditions appear to be pausing for picking up.	Firms' judgments on current business conditions show movements of picking up. (↑)	Unchanged
Employment situation	The employment situation is picking up.	Unchanged	Unchanged
Prices	Consumer prices are rising.	Unchanged	Unchanged

Note: ↑ denotes upward revision and ↓ denotes downward revision.

<Short-term prospects>

November

The economy is expected to show movements of picking up, supported by the effects of the policies, under the “new normal”. However, slowing down of overseas economies is downside risk of the Japanese economy, amid ongoing global monetary tightening and other factors. Also, full attention should be given to price increases, supply-side constraints and fluctuations in the financial and capital markets.

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January

The economy is expected to show movements of picking up, supported by the effects of the policies, under the “new normal”. However, slowing down of overseas economies is downside risk of the Japanese economy, amid ongoing global monetary tightening and other factors. Also, full attention should be given to price increases, supply-side constraints, fluctuations in the financial and capital markets and the spread of infectious diseases in China.

<Policy stance>

(Monthly Economic Report, January 25, 2023)

The Government will thoroughly manage progress of the “Comprehensive Economic Measures for Overcoming Price Increases and Revitalizing the Economy” and the FY2022 second supplementary budget and implement them swiftly and steadily to overcome the current high prices and other difficulties, achieve a full-scale recovery of Japanese economy, and put the economy on a new growth path, and will also work for early passage of the FY2022 budget and the related bills.

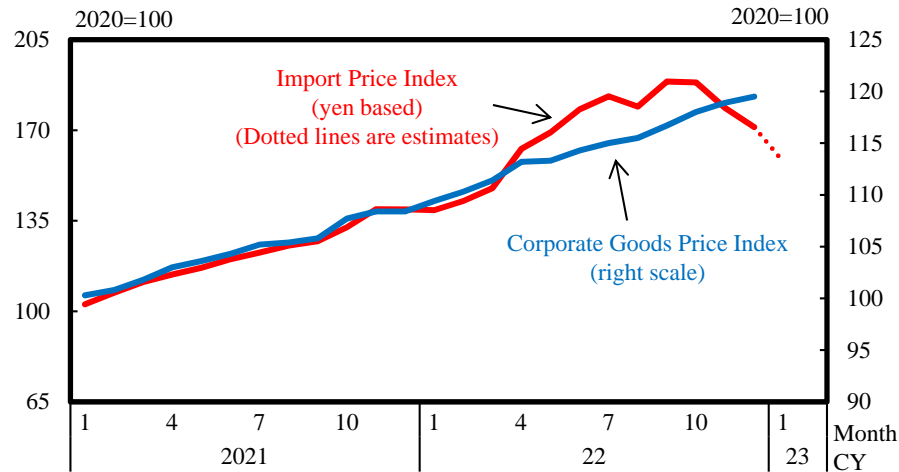
The Government will continue to maintain the framework of economic and fiscal management for joint promotion of bold monetary policies, flexible fiscal policies, and growth strategies that will encourage private investment. The macroeconomy will be managed flexibly without hesitation to achieve autonomous growth led by private demand, and to break away from deflation.

The Government expects the Bank of Japan to achieve the price stability target of two percent in a sustainable and stable manner in light of economic activity, prices and financial conditions.

—Prices—

➤ Consumer prices and Producer prices are rising.

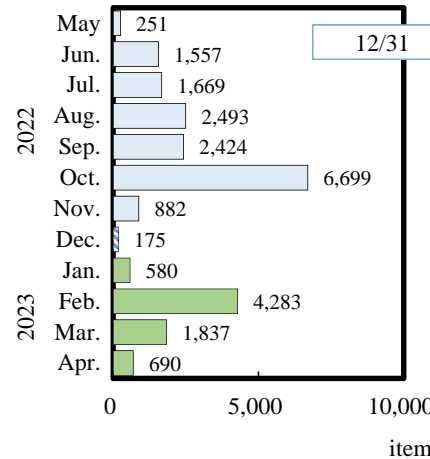
(1-1) Import Price Index, Corporate Price Index



(1-3) Future price increases

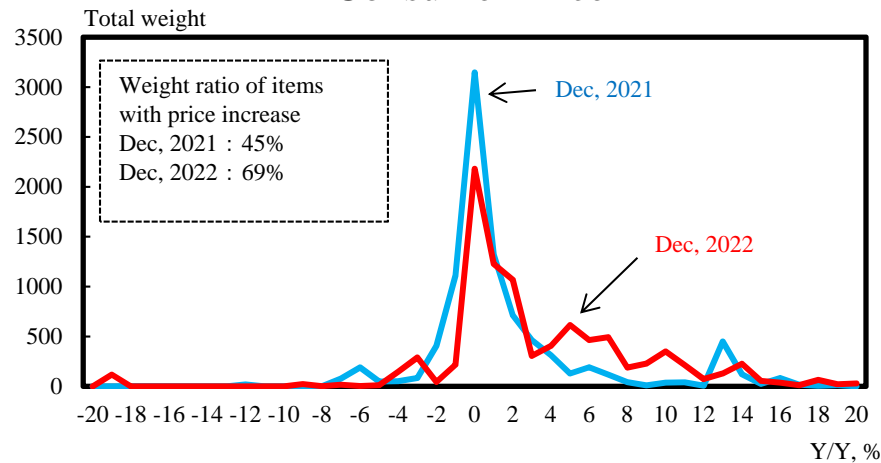
Trends in Food Company price increases

Major price increase items

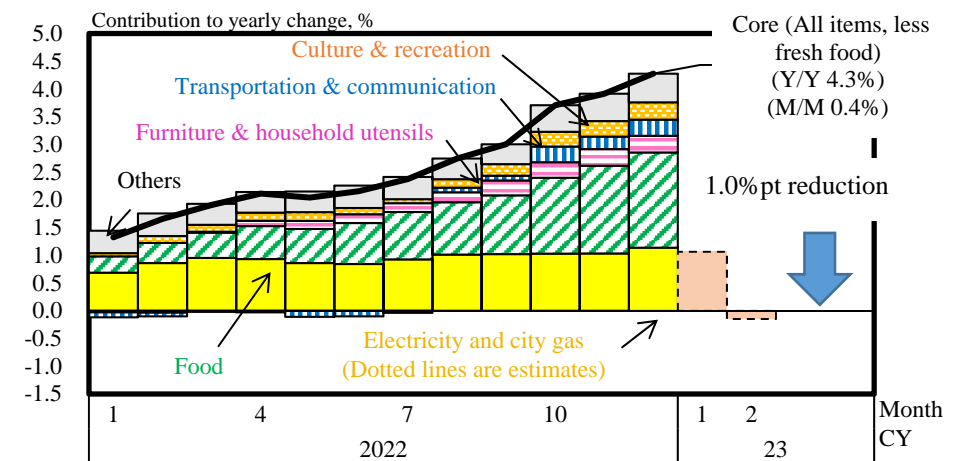


Item	Date	Range of Price Increase	Change in Standard price
Toilet paper	Feb.	99yen/bag	658yen→757yen
Juice	Feb.	30yen/bottle	115yen→145yen
Sauce	Feb.	50yen/bottle	380yen→430yen
Ice cream	Mar.	10yen/piece	150yen→160yen
Soy sauce	Apr.	29yen/bottle	388yen→417yen

(1-2) Distribution of the rate of increase in Consumer Price



(1-4) Consumer Price Index



Source: Bank of Japan; Bloomberg; Ministry of Internal Affairs and Communications; Teikoku Data Bank; Ltd.

Note: CGPI excludes extra charges for summer electricity. IPI(yen based) in Jan. calculated based on the exchange rate and international commodity prices up to 1/24.

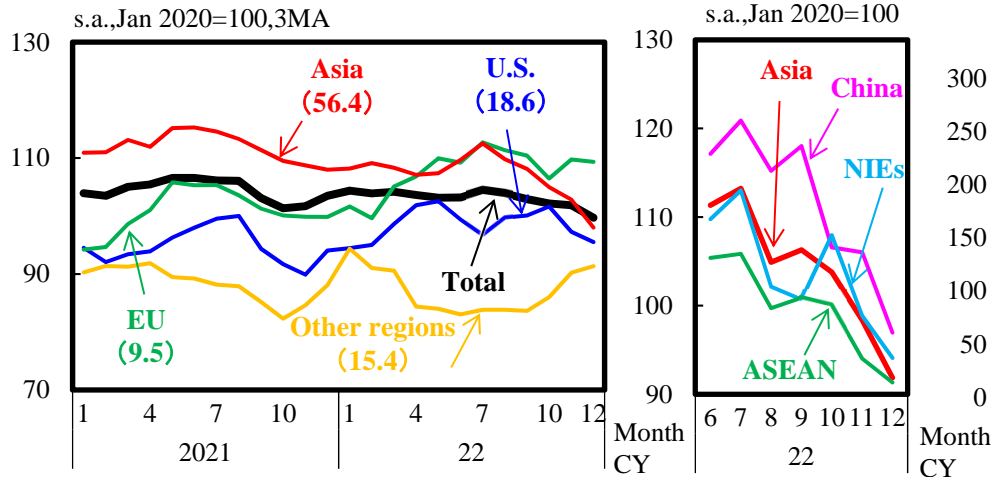
(figure below left) The total of the weights of the 521 items in the CPI excluding imputed rent for owner-occupied housing and fresh food (10,000:1 ratio to the total excluding imputed rent for owner-occupied housing and fresh food) for each year-on-year value.

(figure below right) In CPIs, "one-off factors of policy measures, etc." means the direct effects of the Go to Travel Campaign and a decrease in telephone charges (mobile phone) in April 2021, etc.

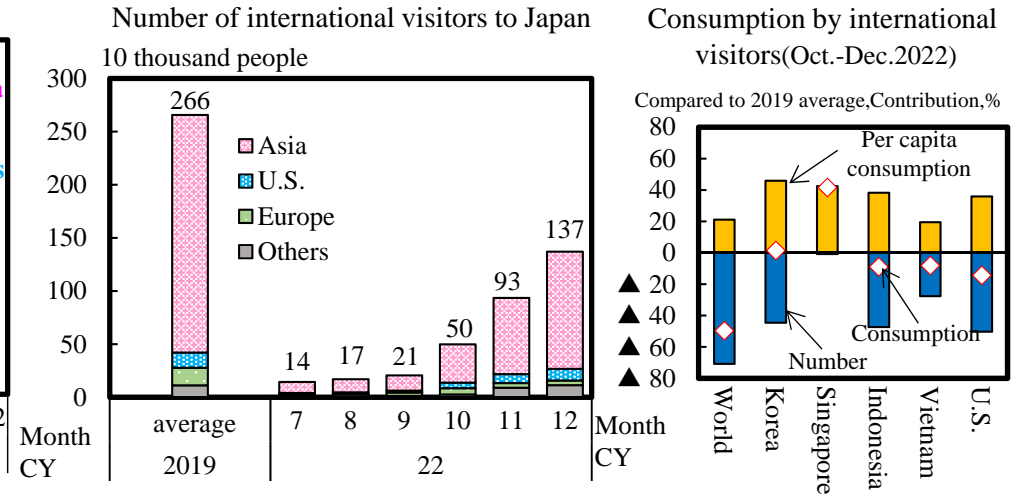
— Exports —

➤ *Exports have been in a weak tone recently.*

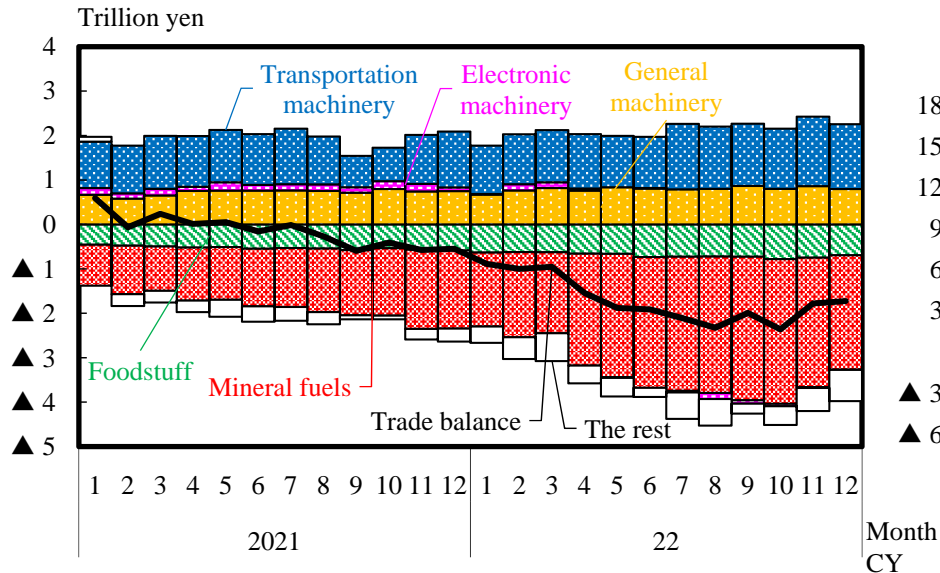
(2-1) Export volume index by region



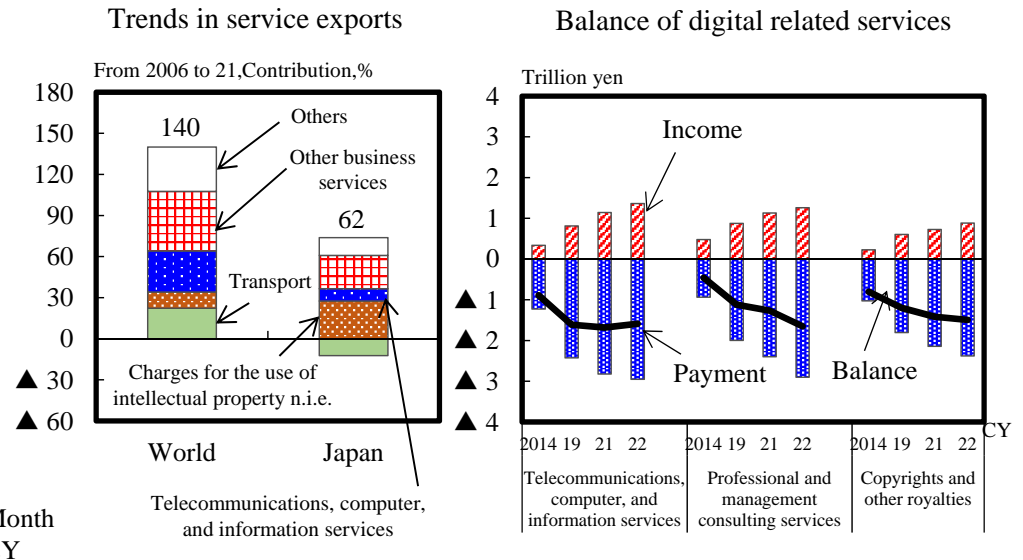
(2-3) Trends in Inbound



(2-2) Trade balance



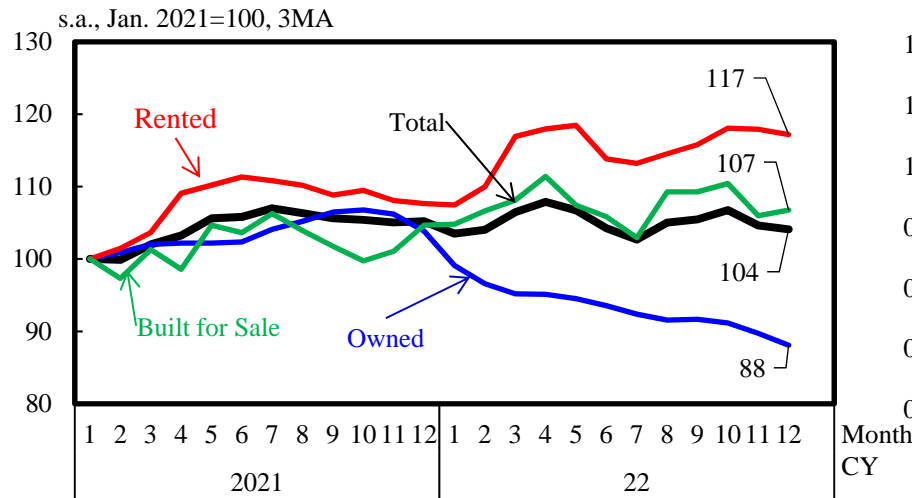
(2-4) Trends in service exports



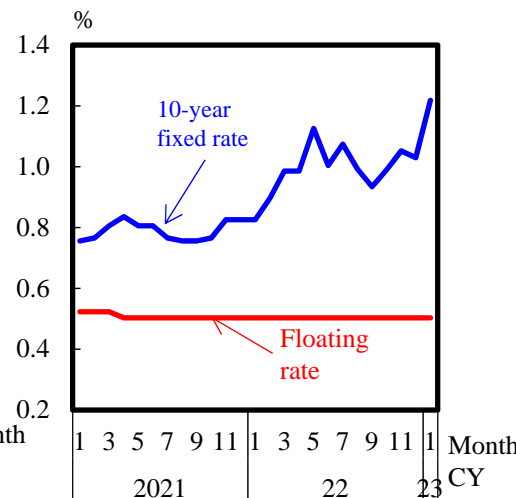
— Housing construction —

➤ *Housing construction has shown a steady undertone.*

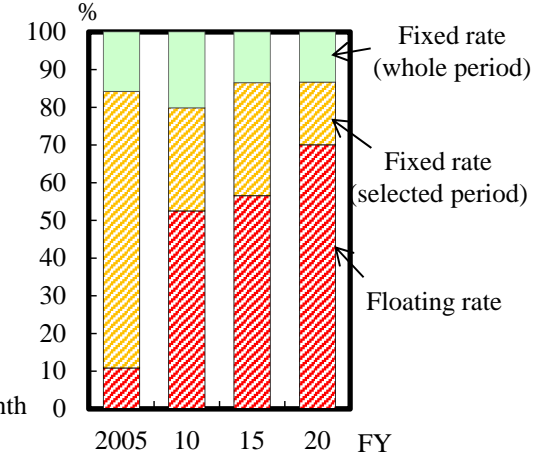
(3-1) New construction starts of dwellings



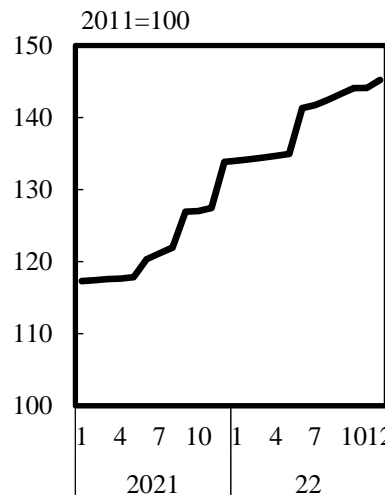
(3-4) Mortgage rate



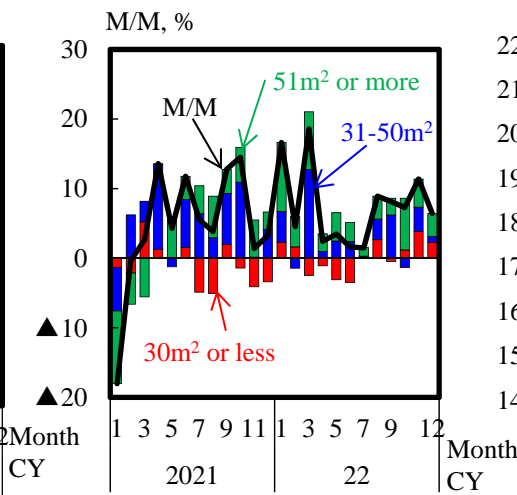
(3-5) New mortgage lending by types of rate



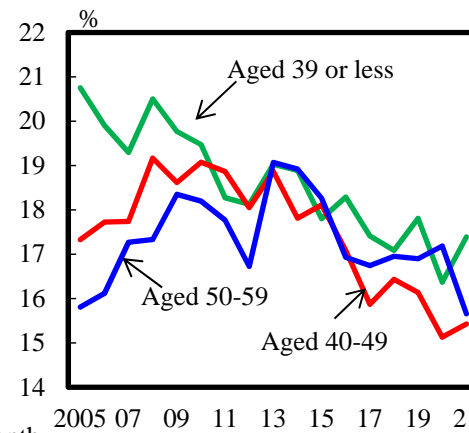
(3-2) Cost of building a house



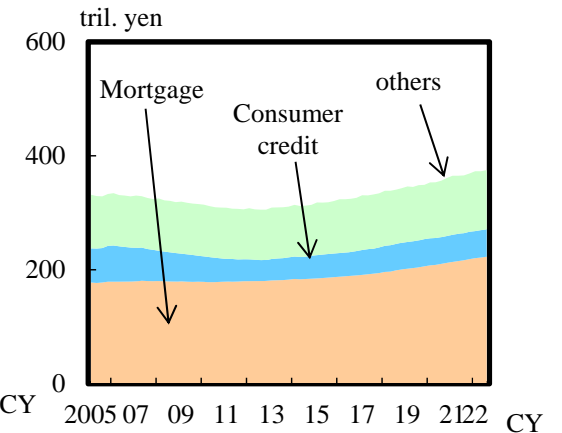
(3-3) Number of construction starts for rent, by size



(3-6) Average ratio of mortgage payments to disposable income



(3-7) Total household debt

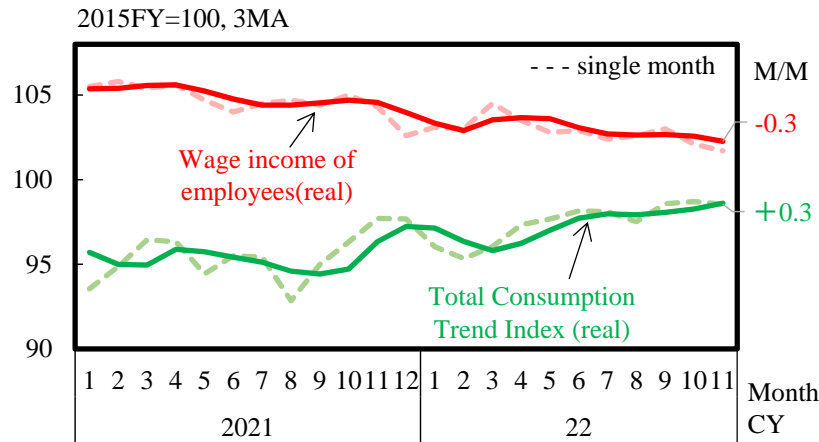


Sources: Ministry of Land, Infrastructure, Transport and Tourism; Construction Research Institute; published documents by city banks; Ministry of Internal Affairs and Communications; Bank of Japan.
 Note: In mortgage types, fixed rate (whole period) includes securitized loans such as Flat 35.

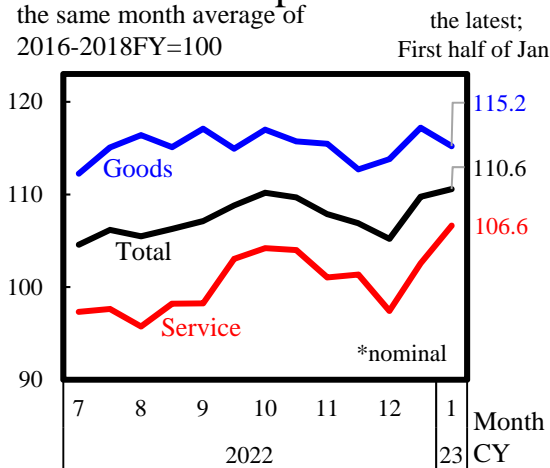
— Private consumption —

➤ *Private consumption is picking up moderately.*

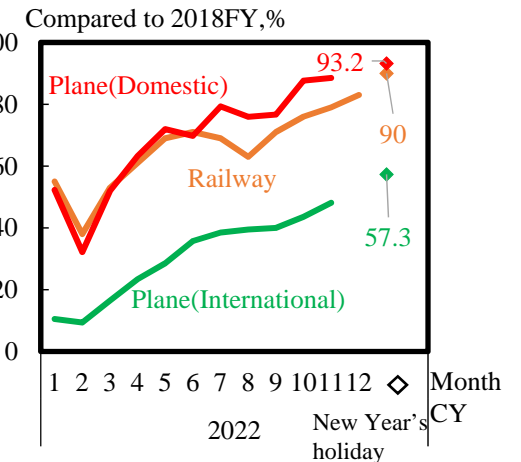
(4-1) Total Consumption Trend Index and Wage income of employees



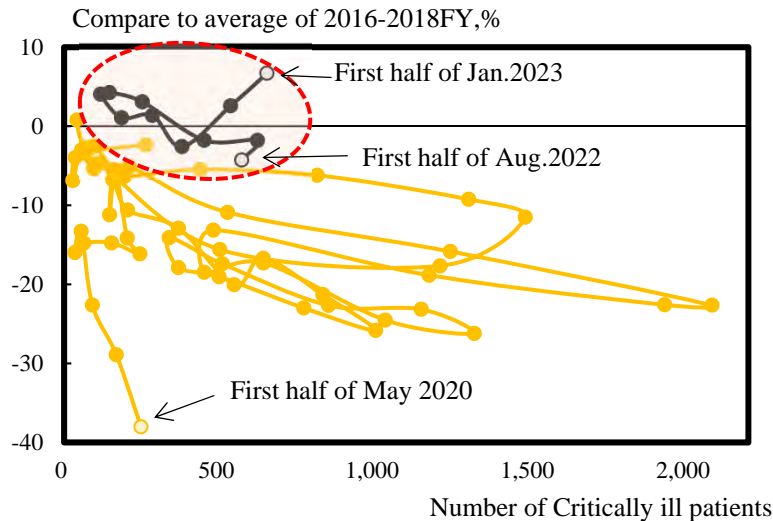
(4-3) Consumption based on credit card expenditures



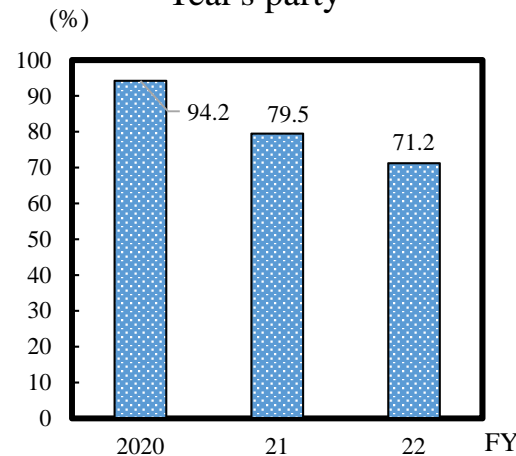
(4-4) Transportation usage figures



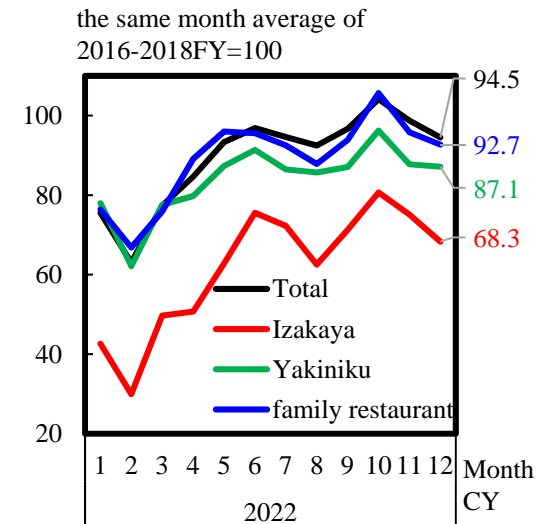
(4-2) Infection status and service consumption



(4-5) Percentage of companies that do not hold Year-end party and New Year's party



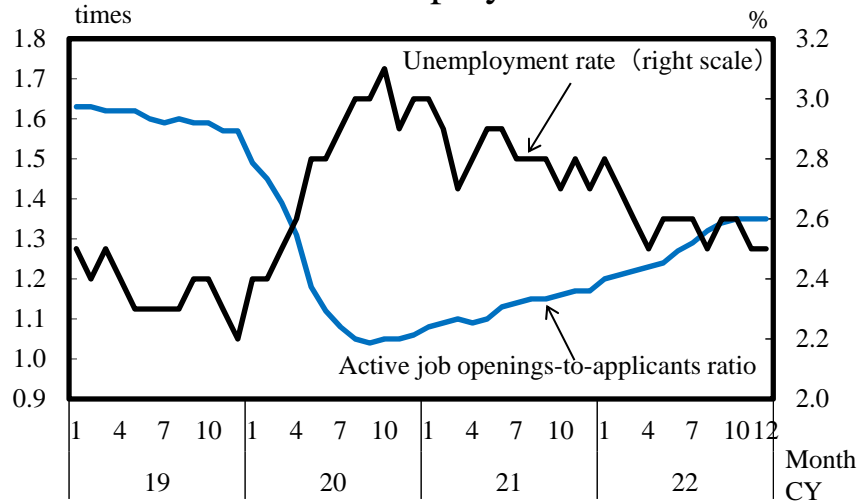
(4-6) Food Service Consumption



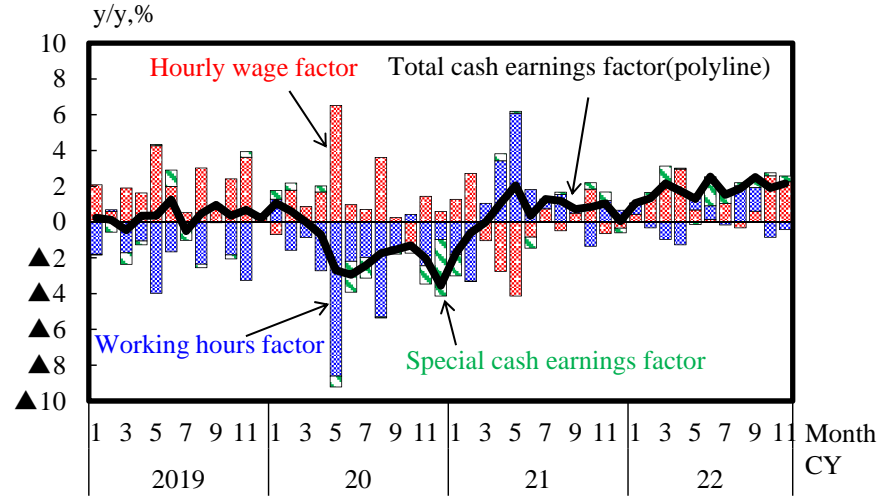
— Employment Situation —

➤ *The employment situation is picking up.*

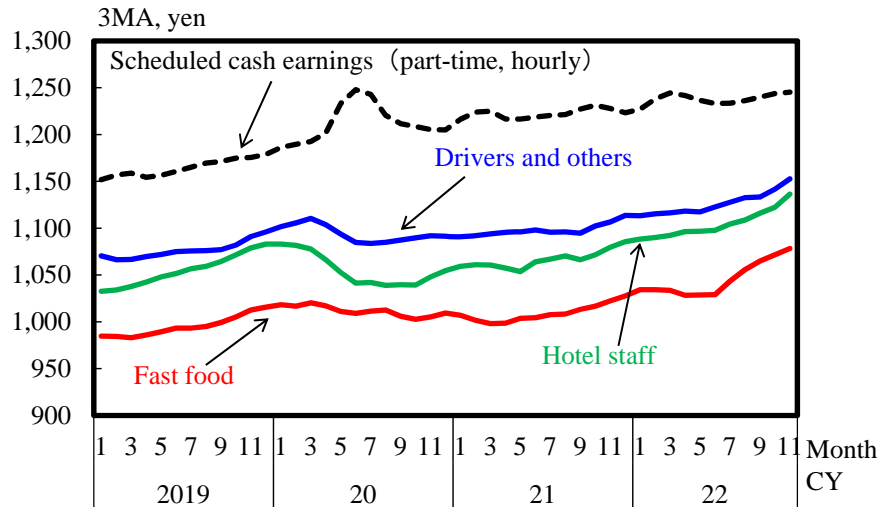
(5-1) Active job openings-to-applicants ratio and Unemployment rate



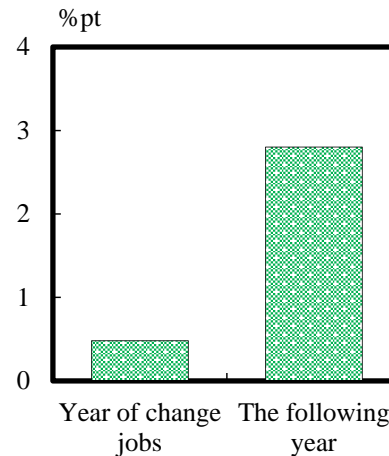
(5-3) Total cash earnings (general)



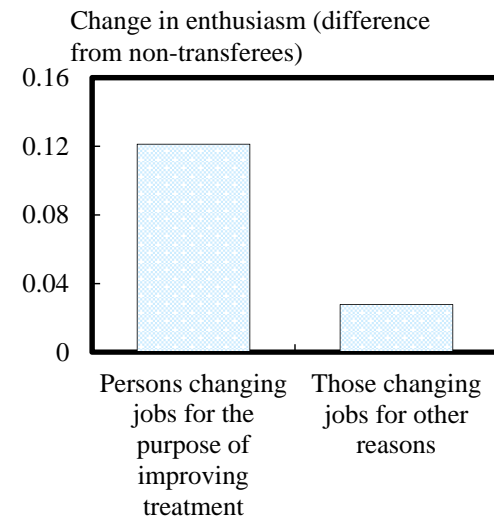
(5-2) Average hourly wages at part-time job openings



(5-4) Wage changes due to job changes for the purpose of improving compensation



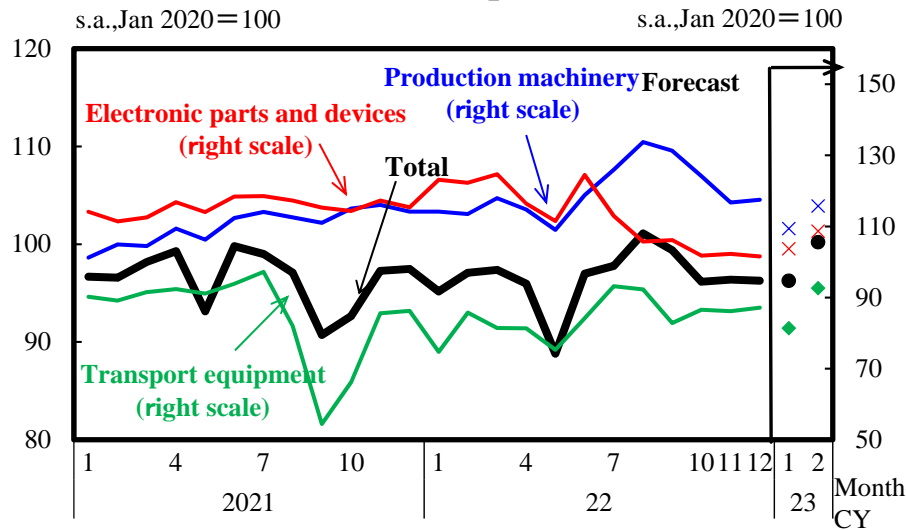
(5-5) Impact of job changes on the motivation toward work



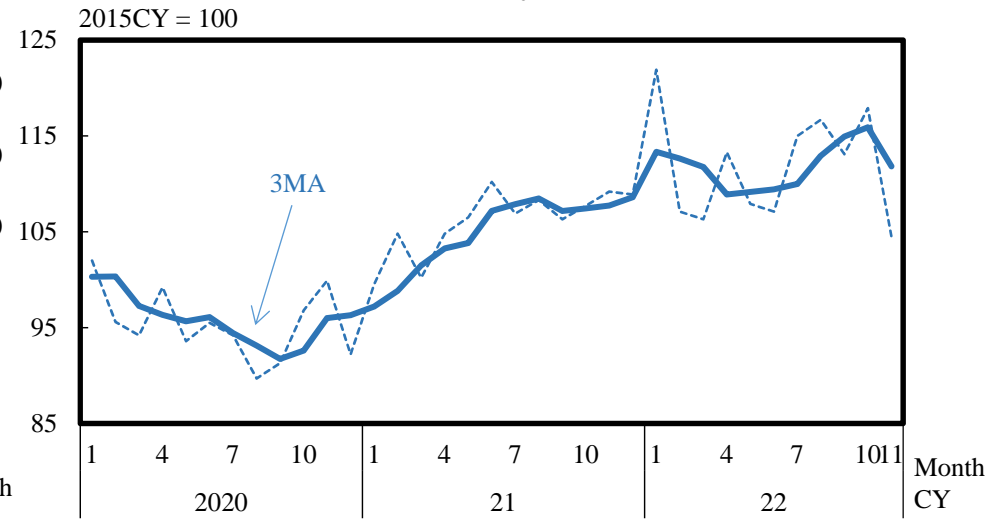
— Industrial Production & Business Investment —

- *Industrial production appears to be pausing for picking up.*
- *Business investment is picking up.*

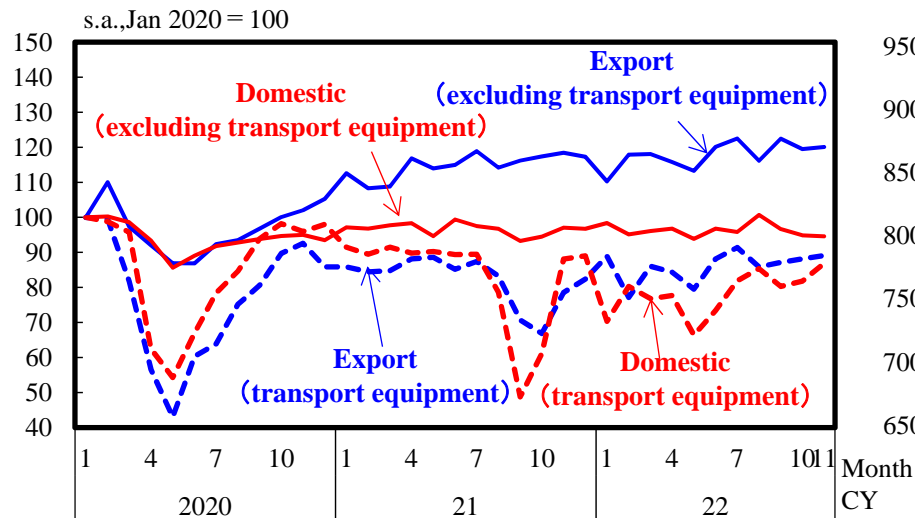
(6-1) Industrial production



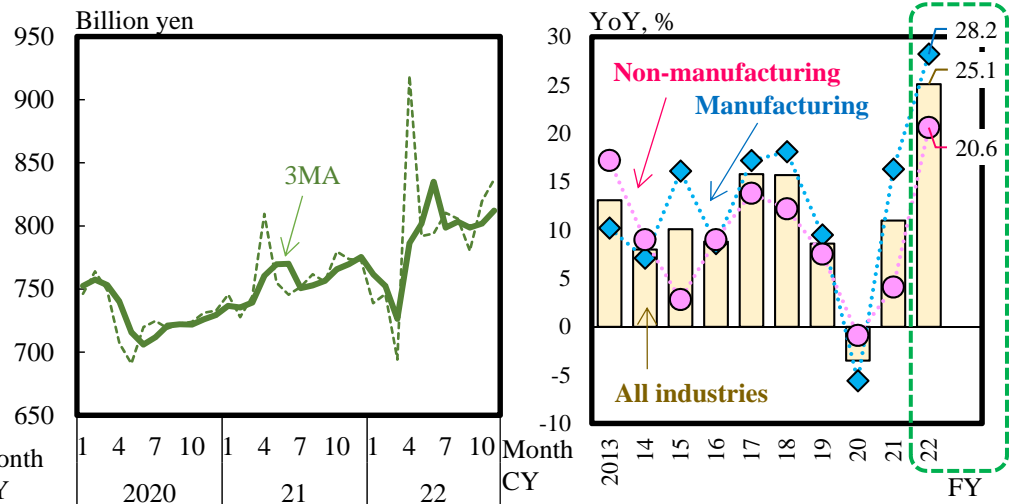
(6-3) Machinery investment



(6-2) Industrial shipment



(6-4) Software investment (6-5) Business investment plan

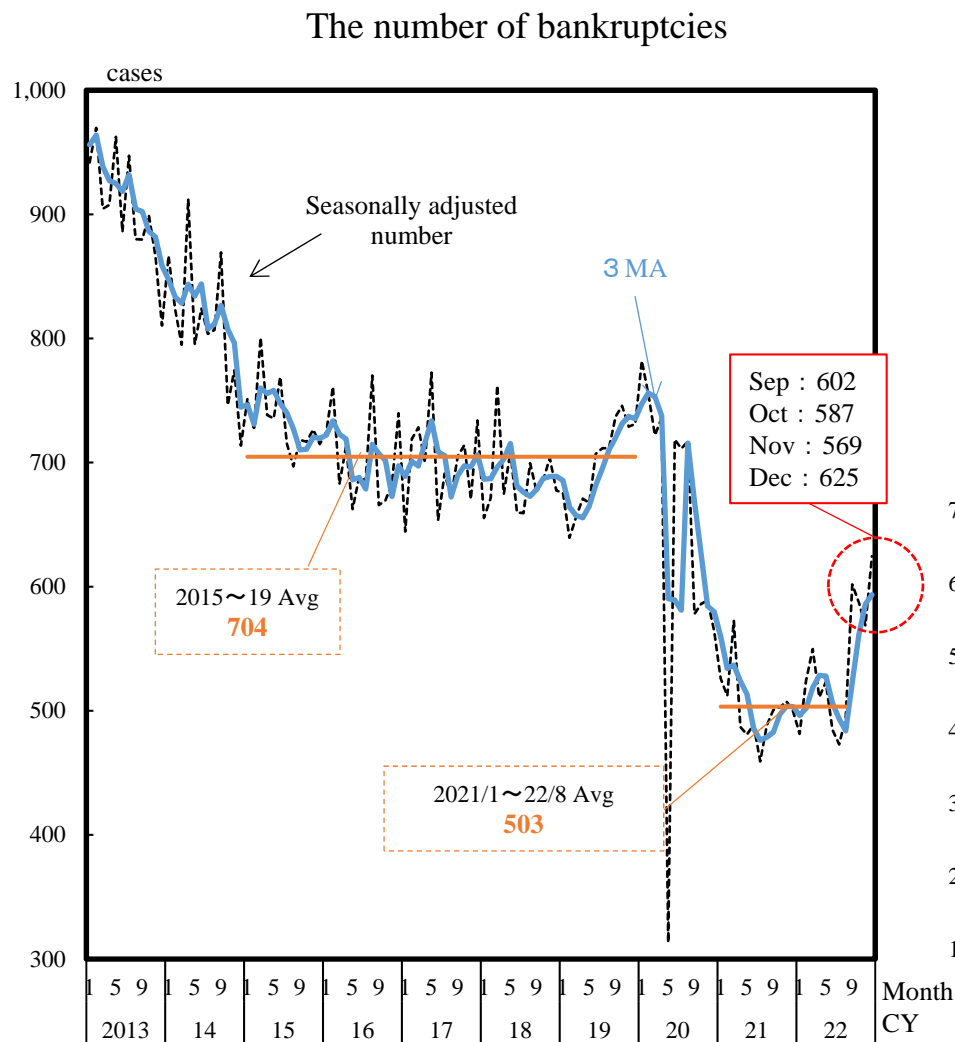


Sources: Ministry of Economy, Trade and Industry; Nikkei Inc.

Reference

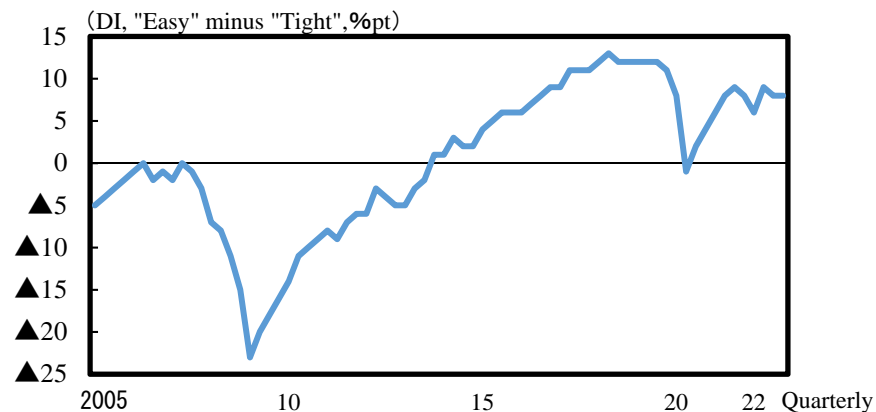
Corporate bankruptcies

(7-1) The number of corporate bankruptcies has been increasing recently, although it remains at a low level

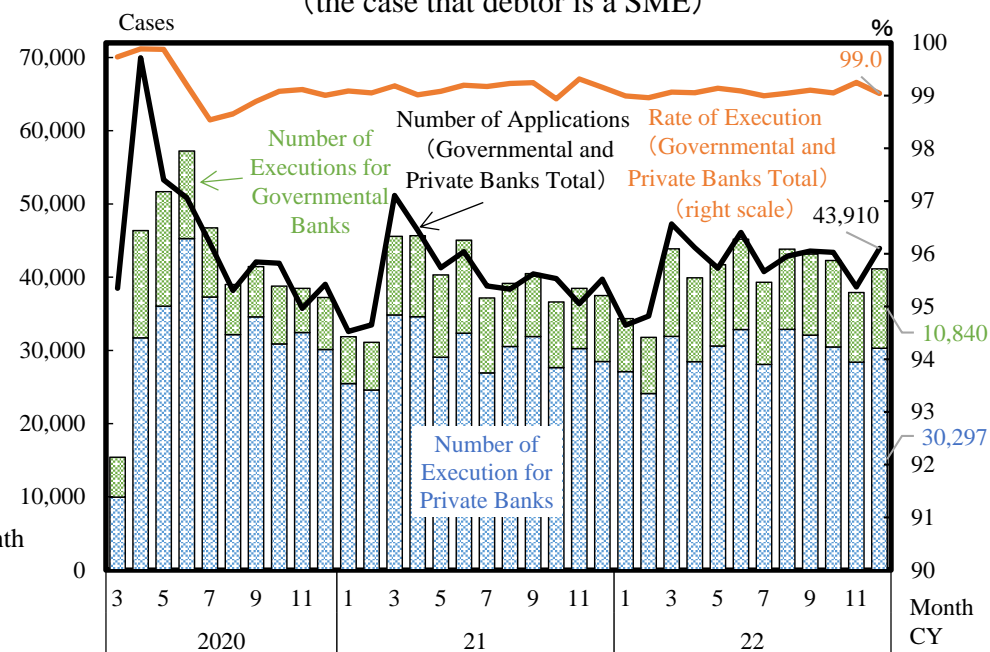


(7-2) Favorable financing environment for SMEs

Financial Position DI of SMEs

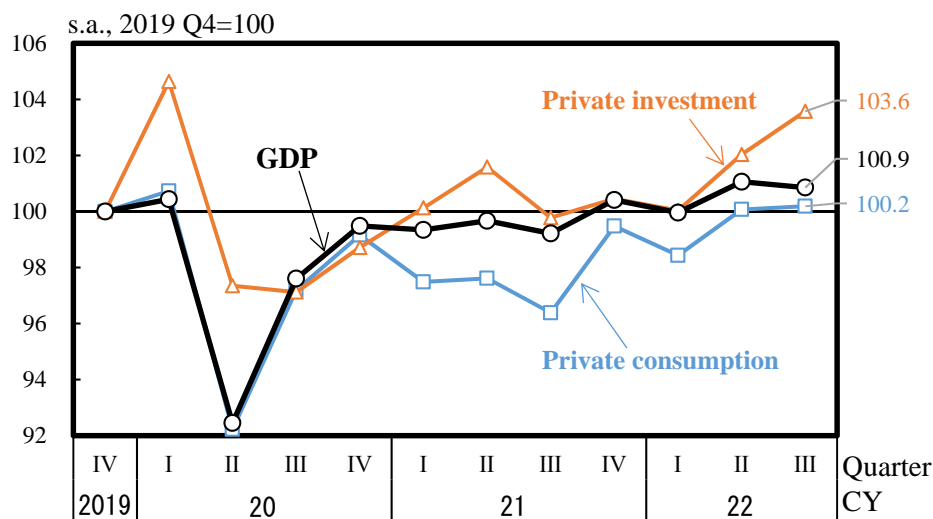


(7-3) Status of Response to Loan Condition Changes by Banks (the case that debtor is a SME)

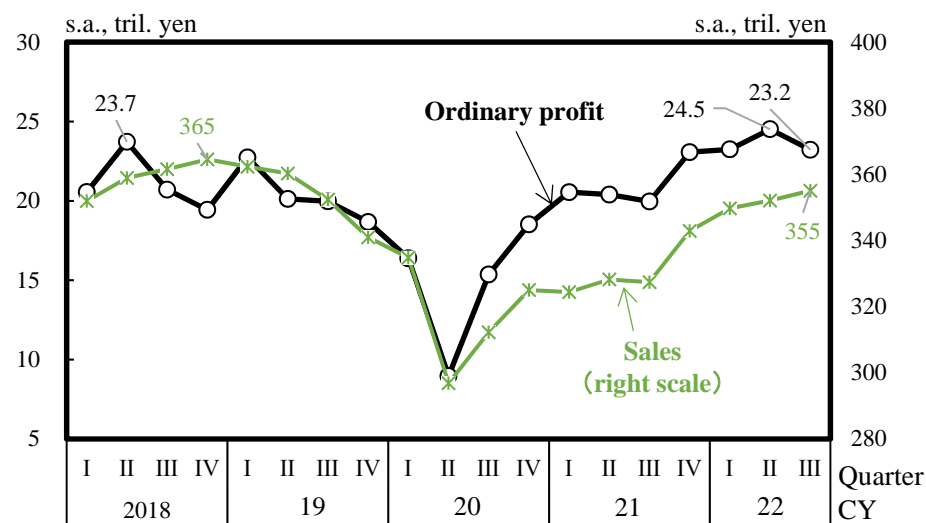


The economic recovery from the COVID-19

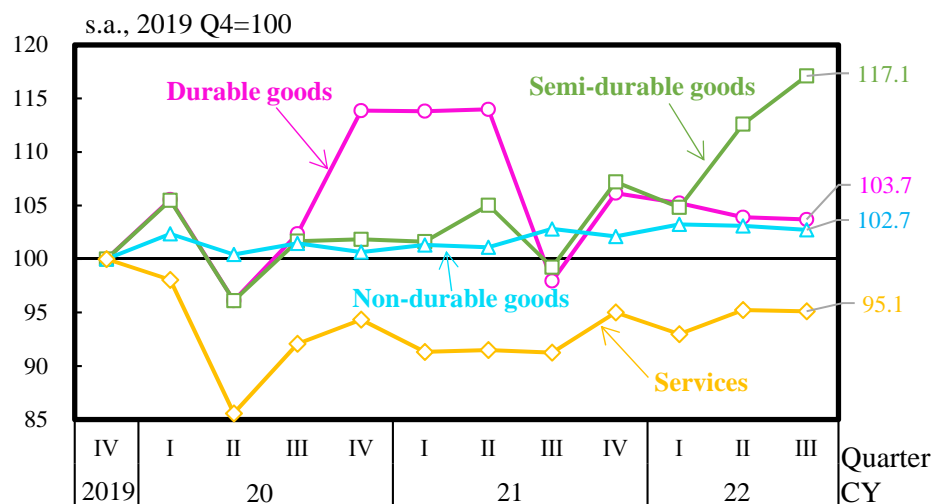
(8-1) GDP, Consumption, Investment (real)



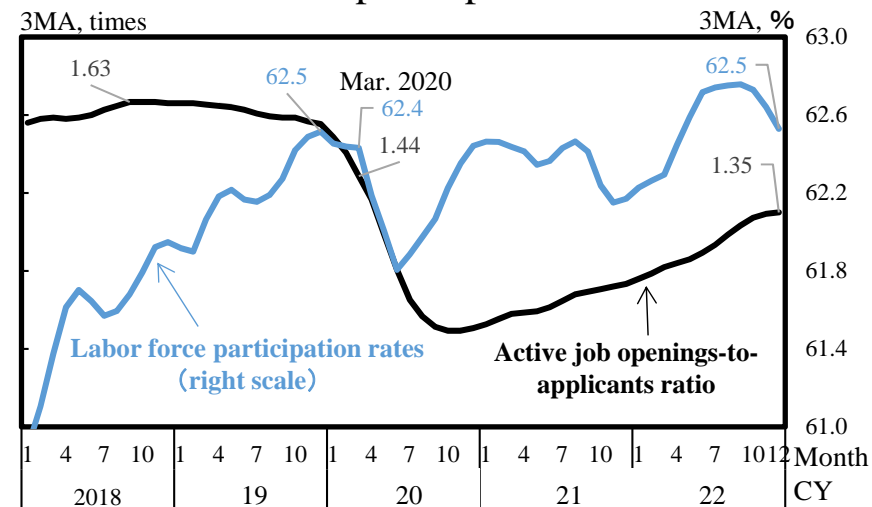
(8-3) Corporate Profit



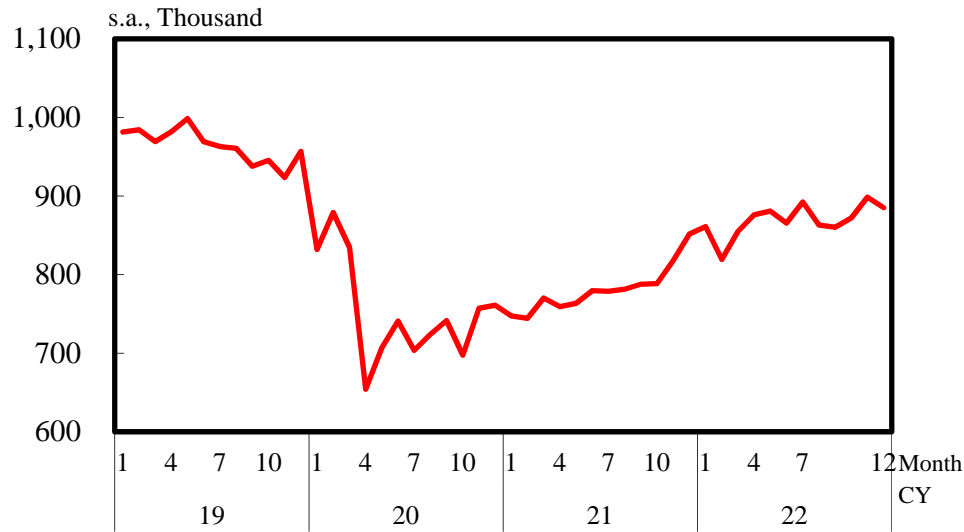
(8-2) Private consumption classified by type (real)



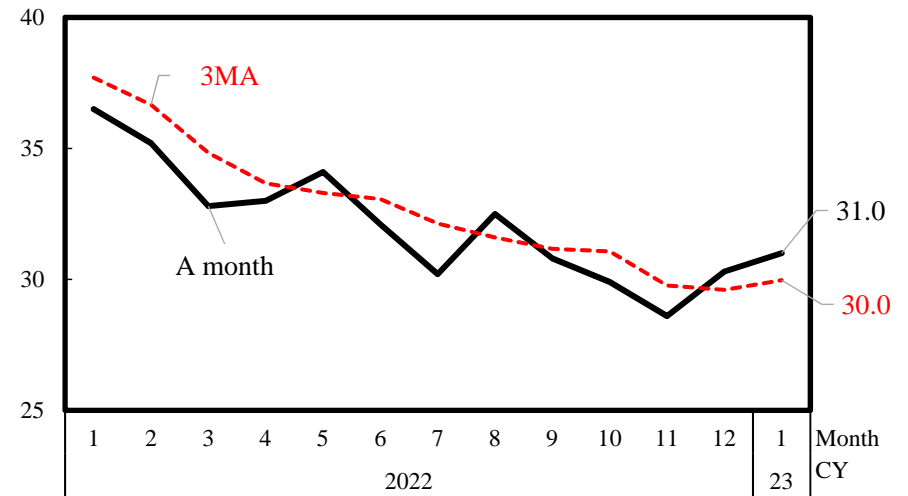
(8-4) Active job openings-to-applicants ratio, Labor force participation rates



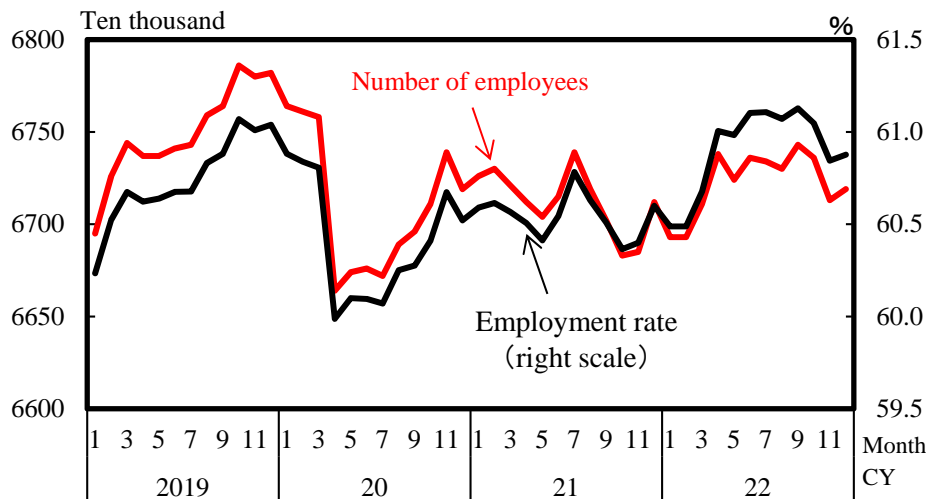
(9-1) New job offers are almost flat



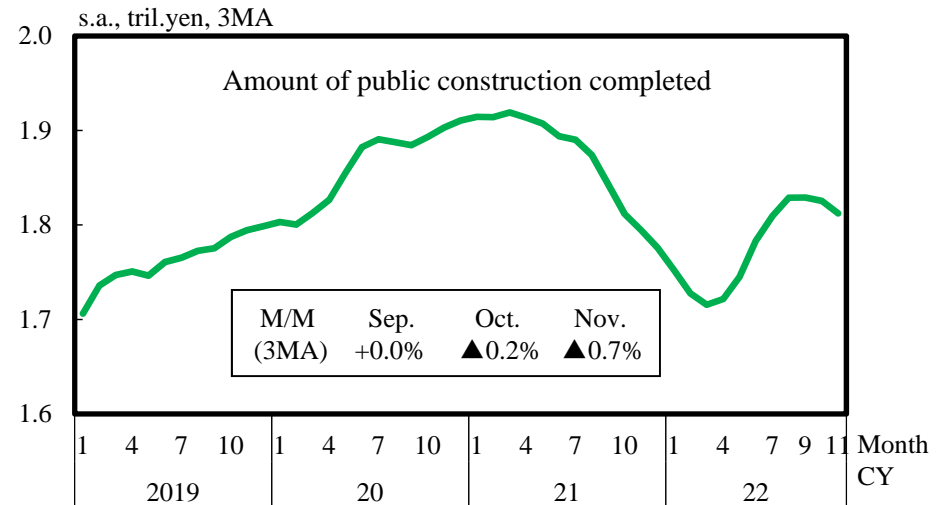
(9-3) Consumer confidence Index is weak



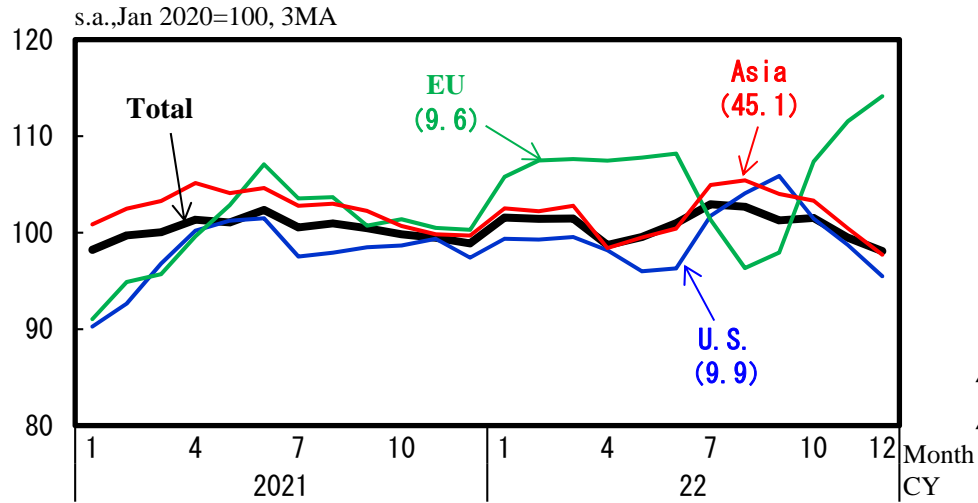
(9-2) Employment rate is almost flat



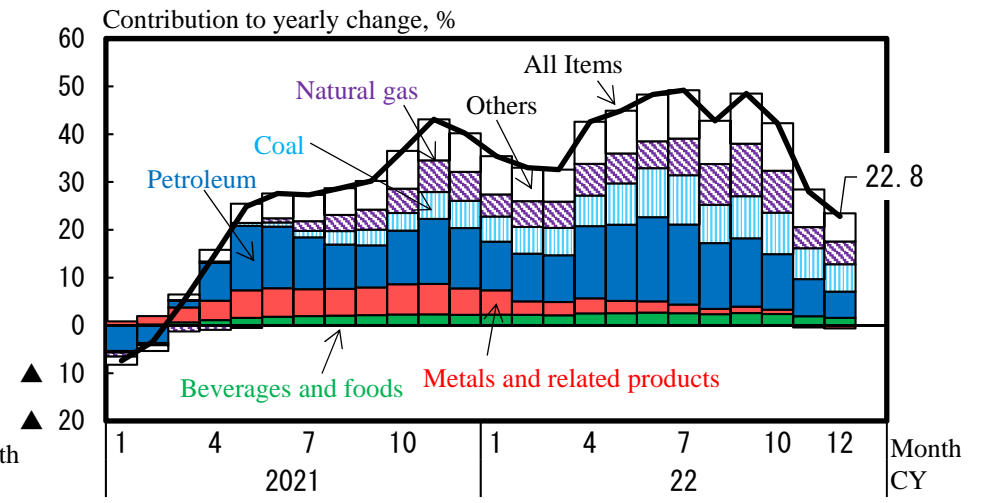
(9-4) Public investment holds firm



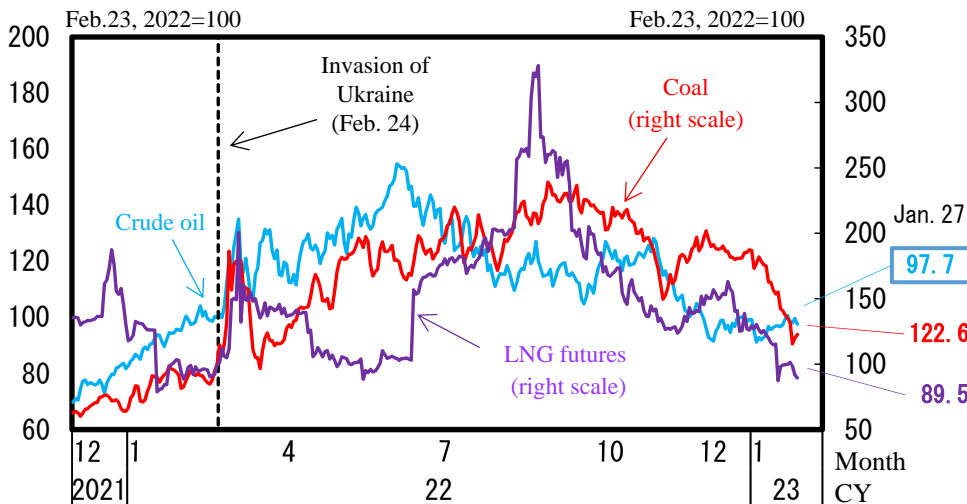
(10-1) Imports have been in a weak tone recently



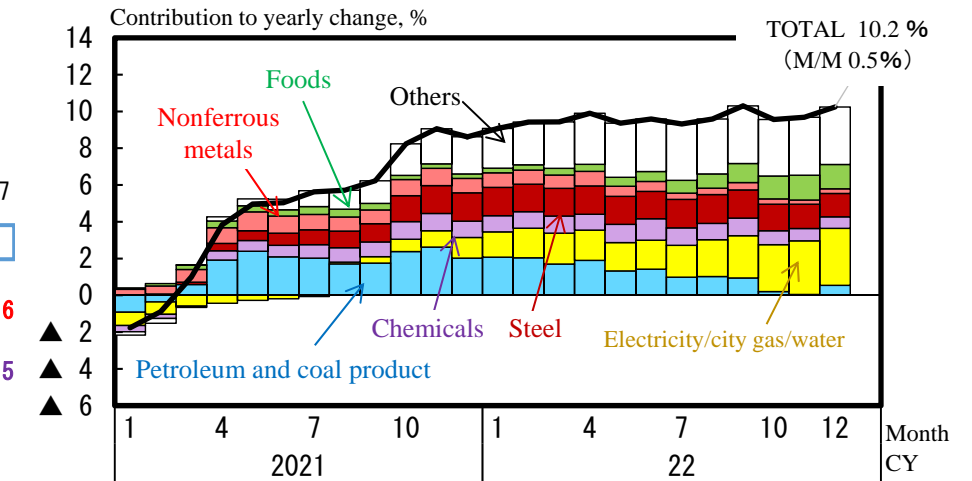
(10-3) The import price index



(10-2) Commodity prices (yen based)

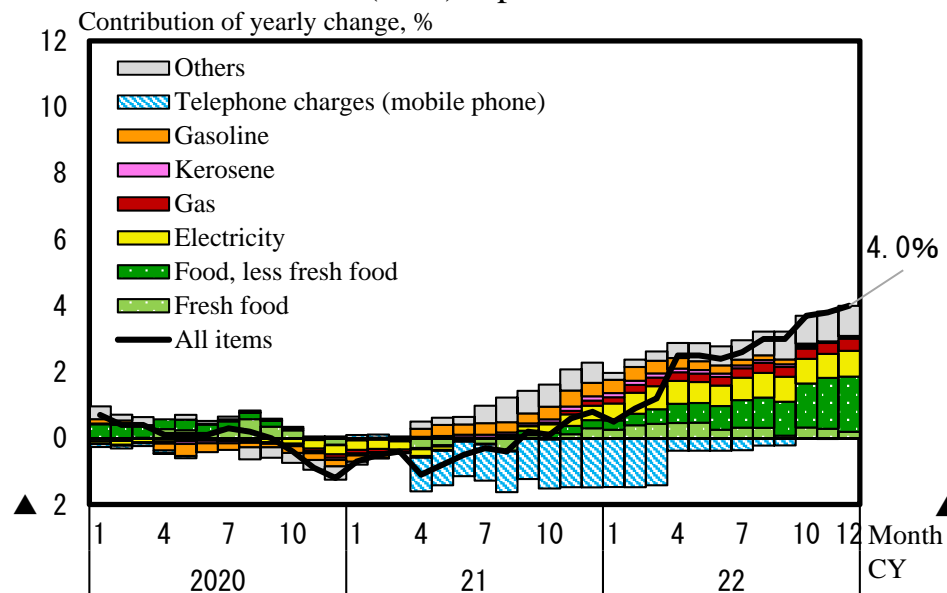


(10-4) Corporate Goods Price Index

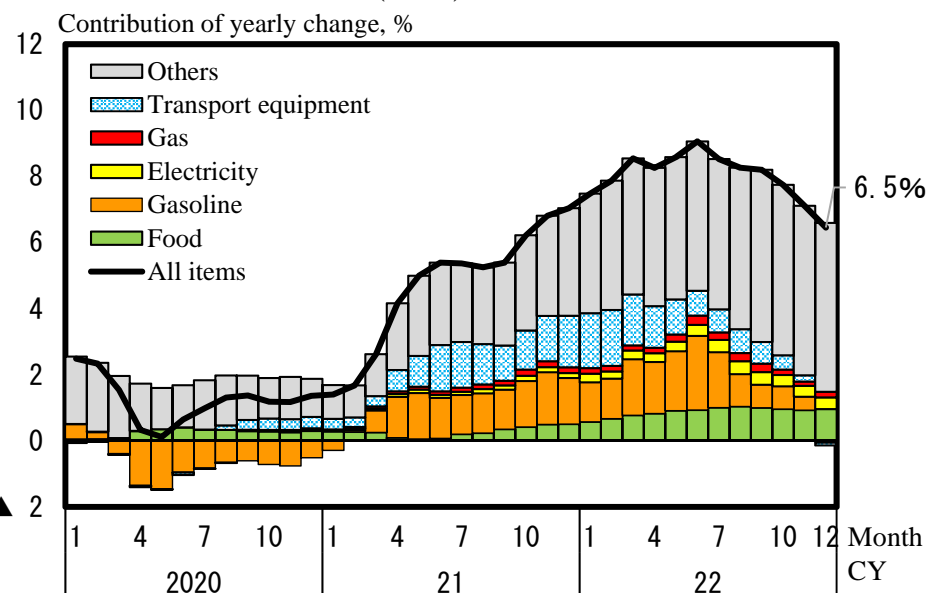


International Comparison of Consumer Price Index

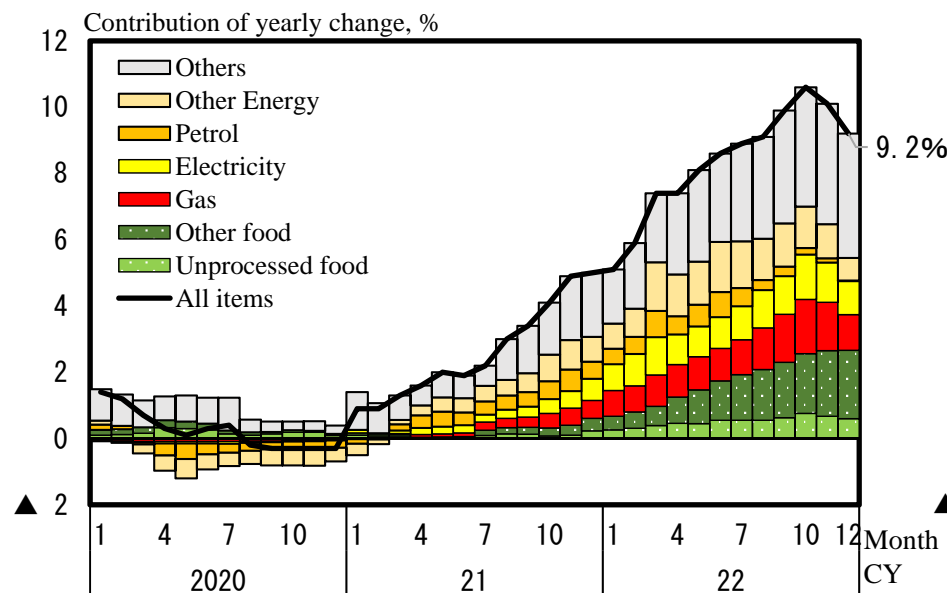
(11-1) Japan



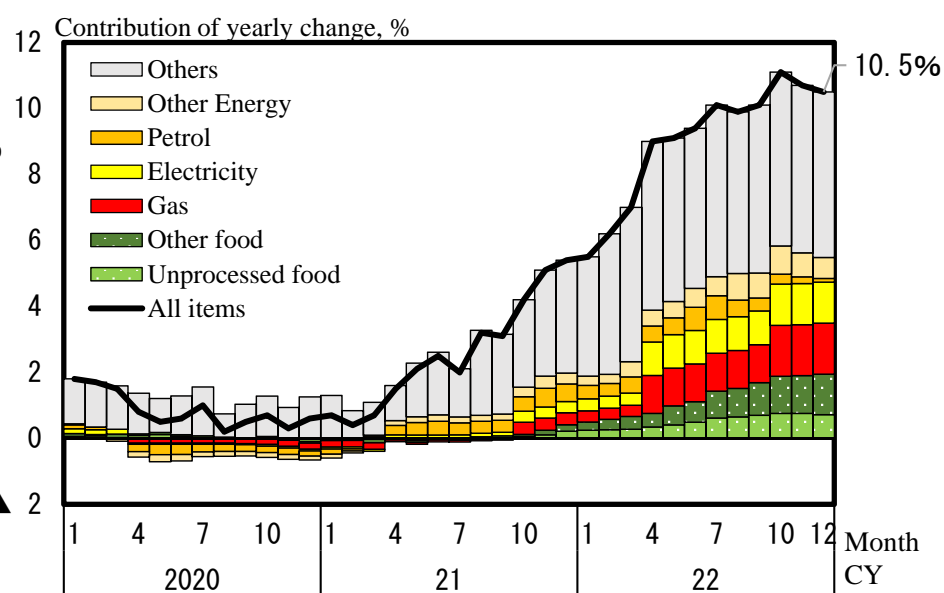
(11-3) U.S.



(11-2) Euro area



(11-4) UK



Source: Ministry of Internal Affairs and Communications; the statistics of each countries.

Note: Fixed CPI and Food includes eating out in Japan.