

Recent Economic Developments
- Monthly Economic Report, April 25 2023 -

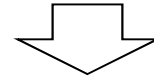
May 9, 2023

Cabinet Office
Government of Japan

<Assessment of the current state of the Japanese economy>

February

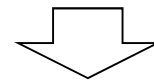
The Japanese economy is picking up moderately, although some weaknesses have been seen recently.



March

The Japanese economy is picking up moderately, although some weaknesses are seen.

(Unchanged)



April

The Japanese economy is picking up moderately, although some weaknesses are seen.

(Unchanged)

<Assessment of the current state of the Japanese economy>

	February	March	April
Private consumption	Private consumption is picking up moderately.	Unchanged	Unchanged
Business investment	Business investment is picking up.	Unchanged	Unchanged
Exports	Exports have been in a weak tone recently.	Exports are in a weak tone.	Unchanged
Industrial production	Industrial production appears to be pausing for picking up.	Industrial production has been in a weak tone recently. (↓)	Unchanged
Corporate profits	Corporate profits are improving as a whole, although some weaknesses remain.	Corporate profits are improving as a whole, although the pace has become moderate. (↓)	Unchanged
Firms' judgments on business conditions	Firms' judgments on current business conditions show movements of picking up.	Unchanged	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>

February

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.

March

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.

April

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.

<Policy stance>

(Monthly Economic Report, April 25, 2023)

The Government will swiftly and steadily implement the “Comprehensive Economic Measures for Overcoming Price Increases and Revitalizing the Economy” and the FY2022 second supplementary budget, additional measures compiled at the Headquarters for Comprehensive Measures on Prices, Wages, and Livelihoods, and the FY2023 budget 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.

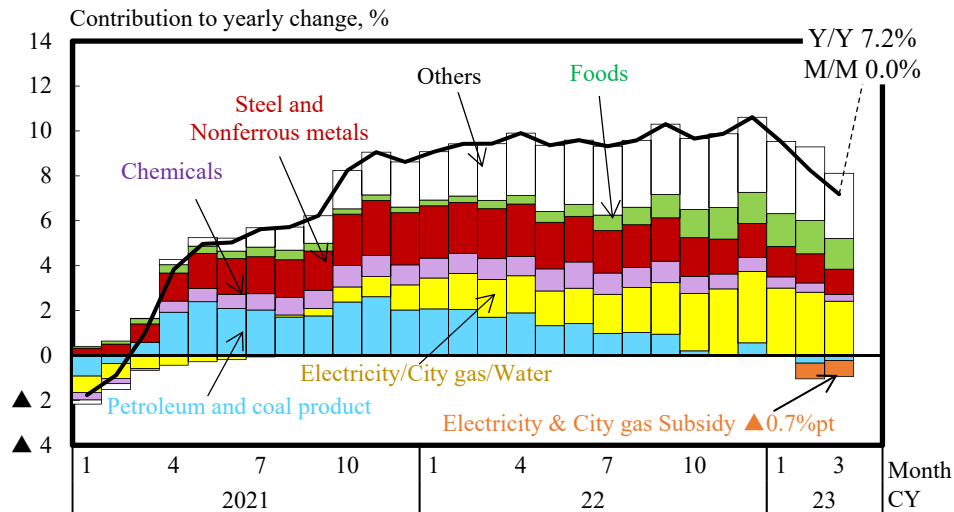
The Government will continue to maintain the framework of economic and fiscal management for joint promotion of bold monetary policies, flexible fiscal policies, and growth strategies that will encourage private investment. The macroeconomy will be managed flexibly without hesitation to achieve autonomous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

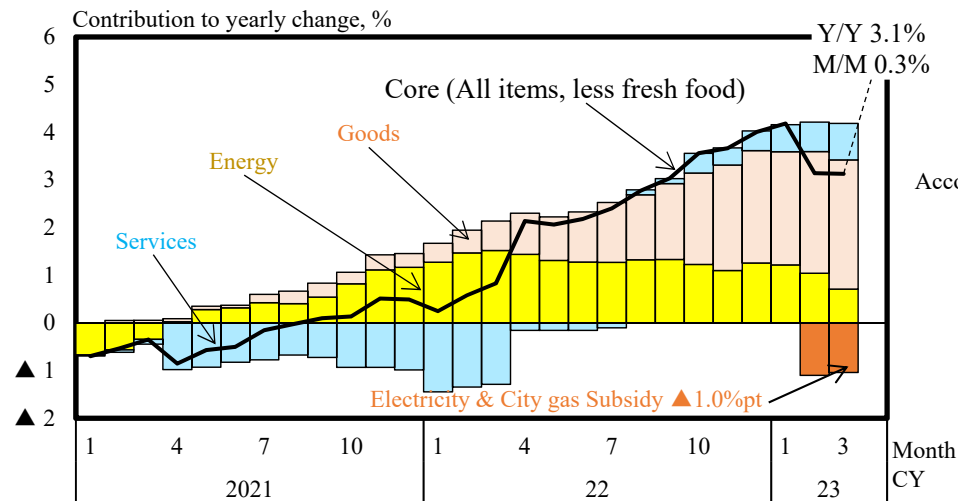
— Prices —

➤ *Producer Prices have been flat recently. Consumer prices are rising.*

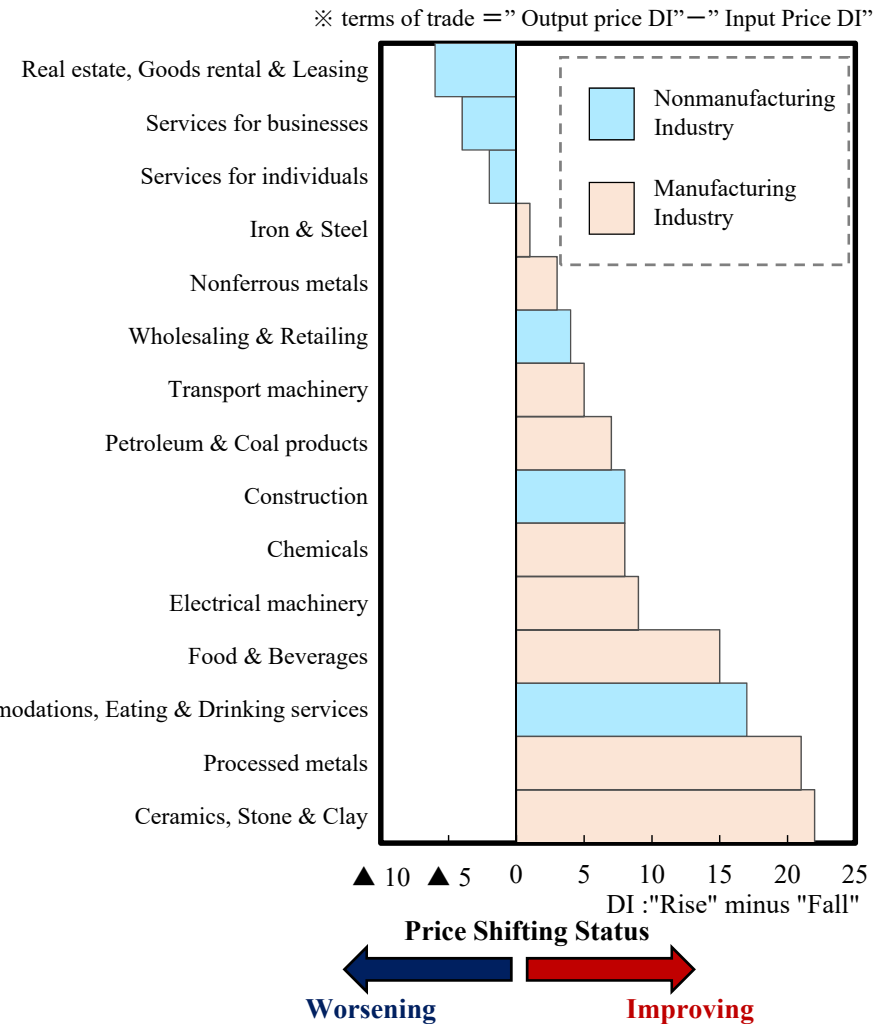
(1-1) Corporate Good Price Index



(1-2) Consumer Price Index



(1-3) Price Shifting compared to 1 year ago
(Changes of terms of trade from Mar.2022 to Mar.2023)

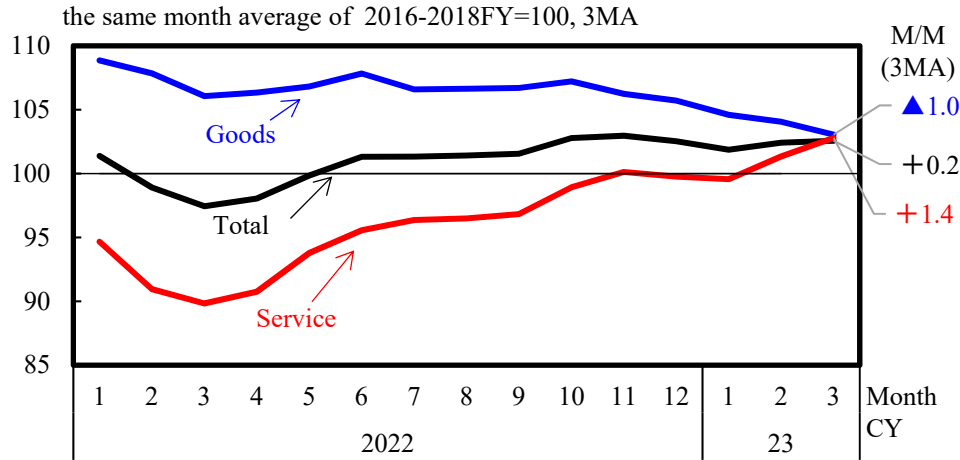


Source : Bank of Japan; Ministry of Internal Affairs and Communications.

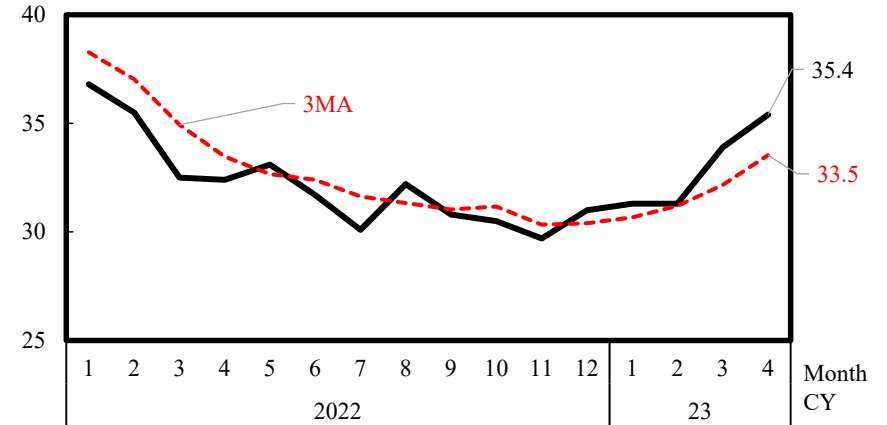
— Private consumption —

➤ *Private consumption is picking up moderately.*

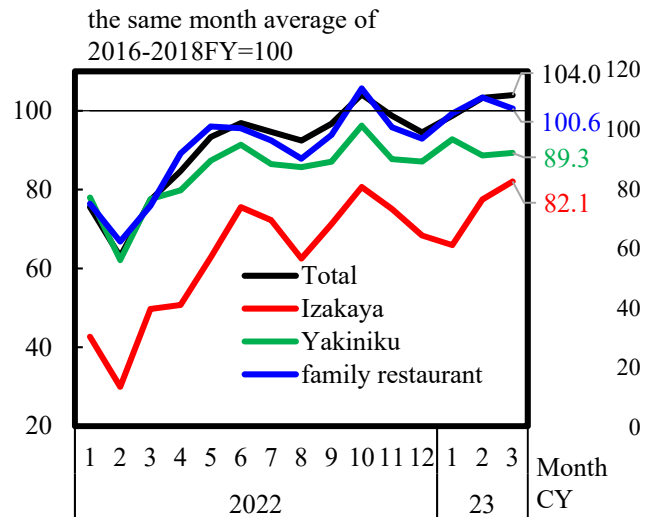
(2-1) Consumption based on credit card expenditures (real)



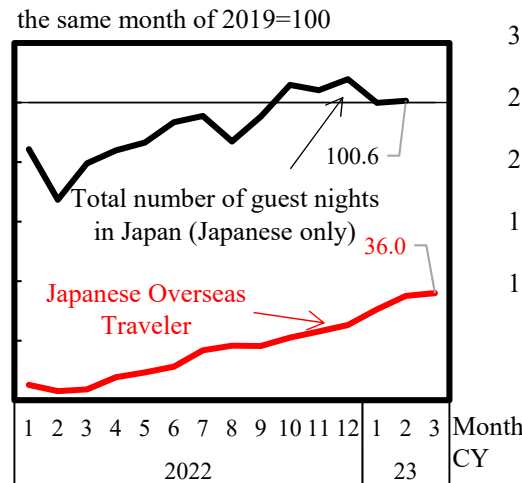
(2-4) Consumer confidence index



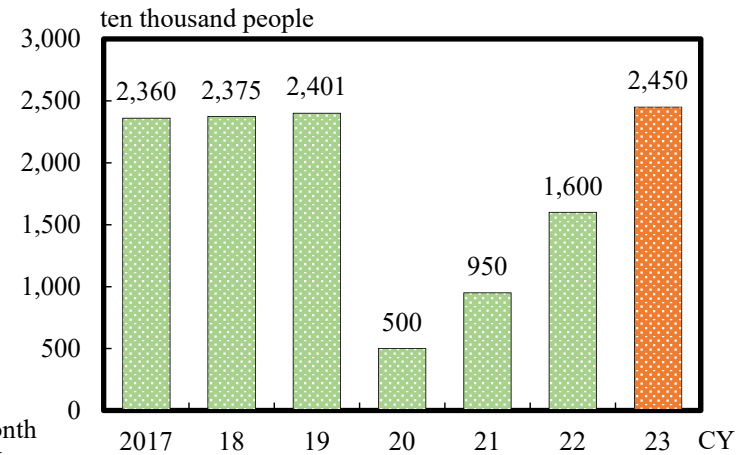
(2-2) Food Service Consumption



(2-3) Japanese travelers (domestic and overseas)



(2-5) Number of domestic travelers during Golden Week Holidays (estimated by JTB)

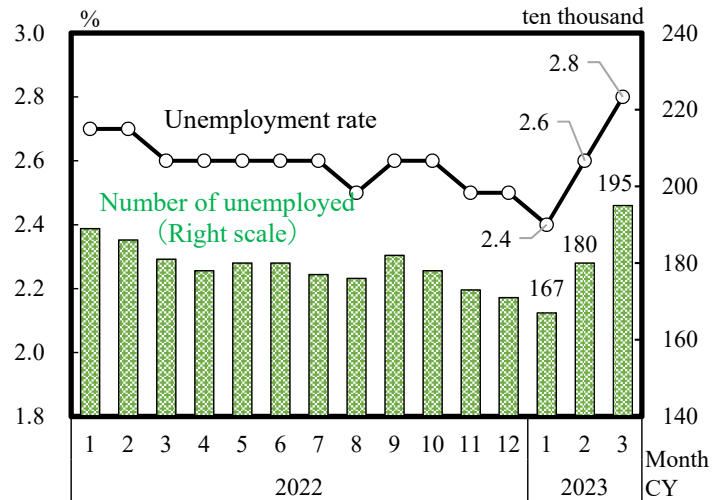


Sources: NOWCAST, INC.; JCB Co. Ltd; Ministry of Internal Affairs and Communications; Ministry of Land, Infrastructure, Transport and Tourism; Japan National Tourism Organization.; Cabinet Office; JTB Tourism Research & Consulting Co.

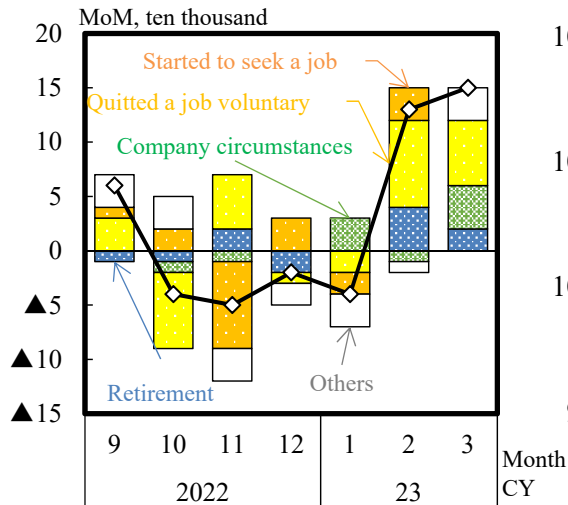
— Employment Situation —

➤ *The employment situation is picking up.*

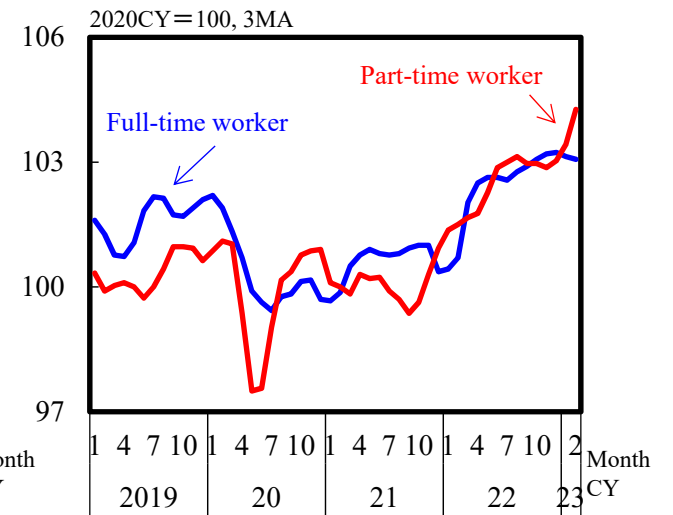
(3-1) Unemployment Rate and Number of Unemployed



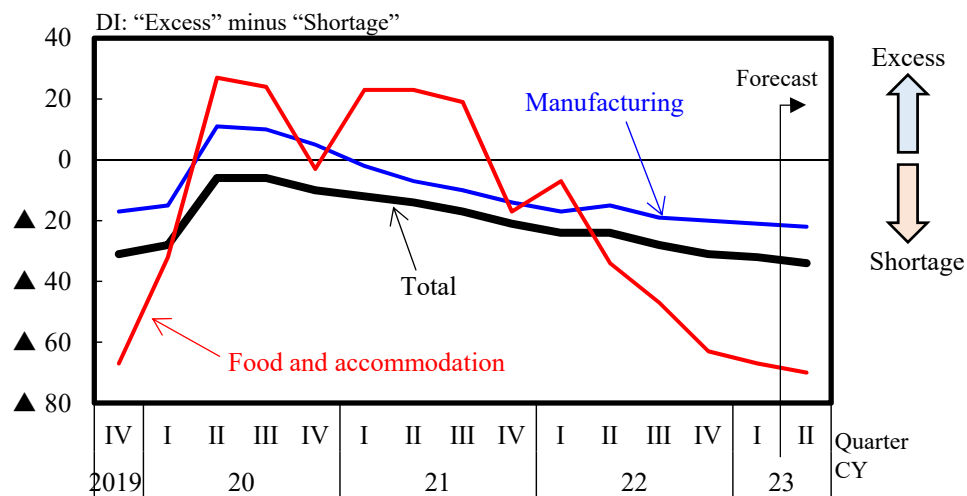
(3-2) Change in Reasons for Unemployment



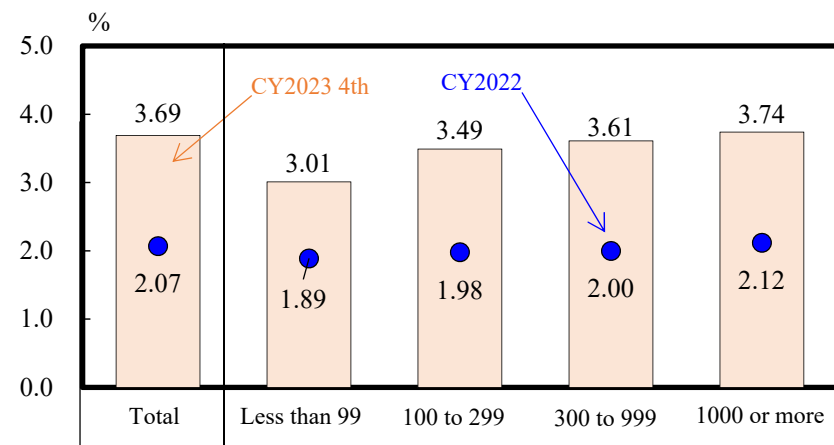
(3-4) Wages by employment status



(3-3) DI for employment



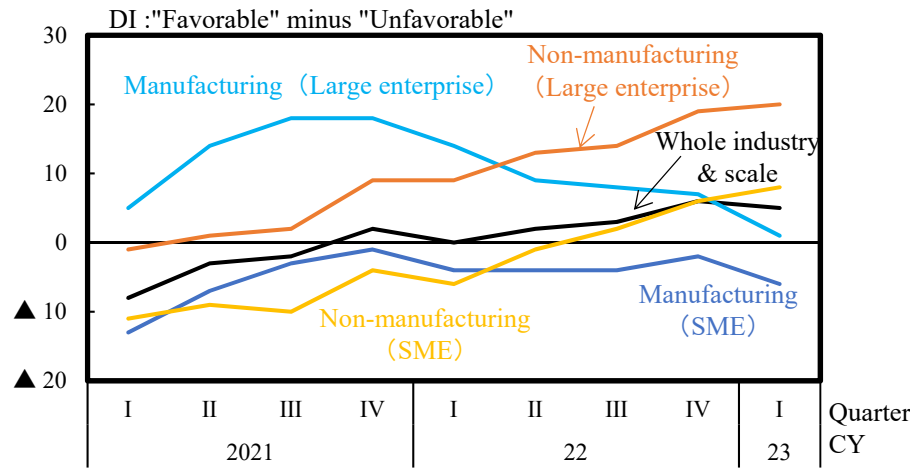
(3-5) Wage increase rate in "Shunto"
(Result of the 4th round of responses by company size)



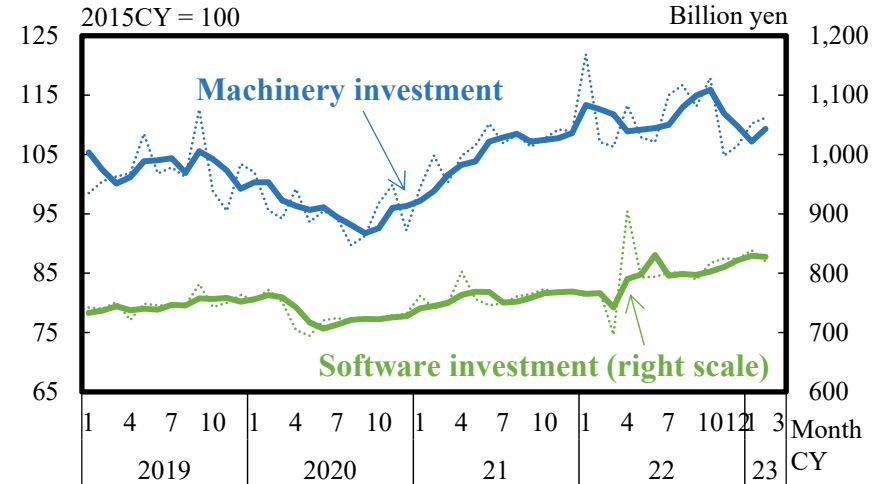
— Trends in Business Activities —

- *Firms' judgments on current business conditions show movements of picking up.*
- *Business investment is picking up.*

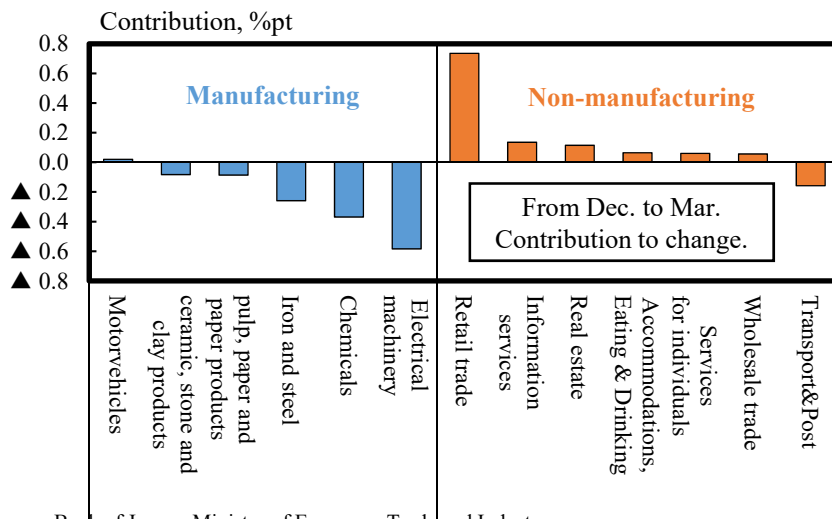
(4-1) Business Conditions



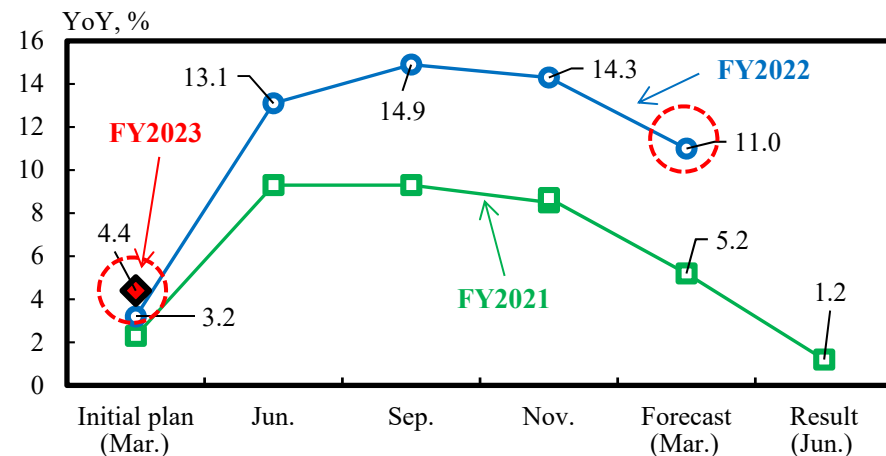
(4-3) Machinery and software investment



(4-2) Contribution to changes in Business Conditions



(4-4) Business investment plan

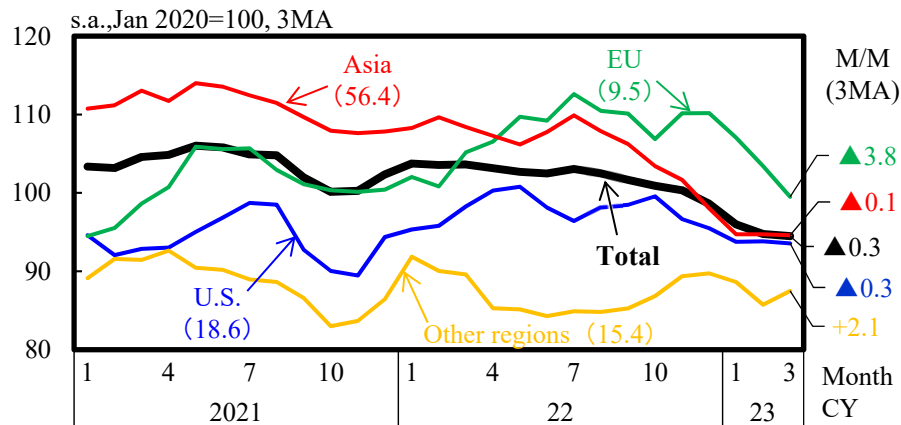


Source: Bank of Japan; Ministry of Economy, Trade and Industry.
 Note: (4-2) The data is on all enterprises of all industries.

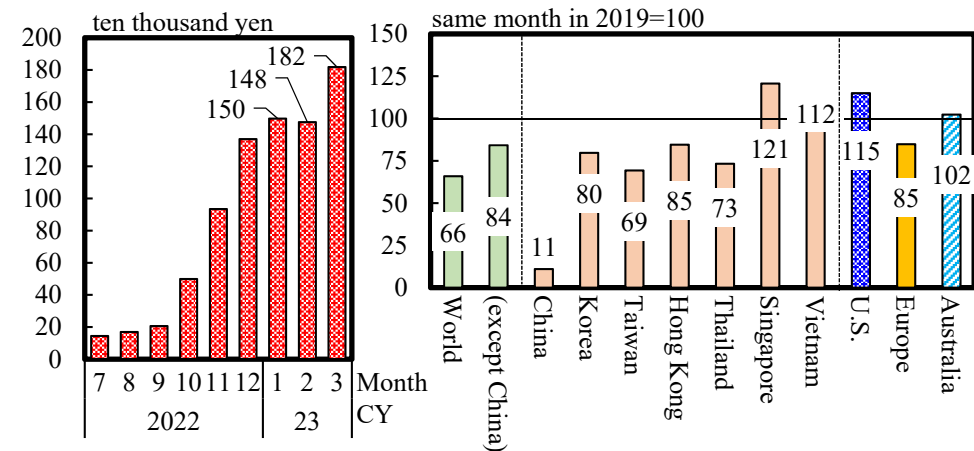
— Exports & Industrial Production —

- *Exports are in a weak tone.*
- *Industrial production has been in a weak tone recently.*

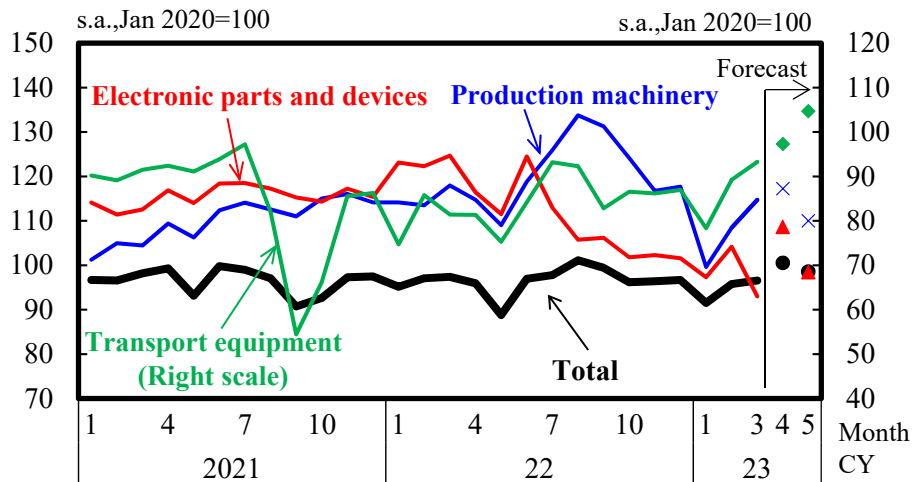
(5-1) Export volume index by region



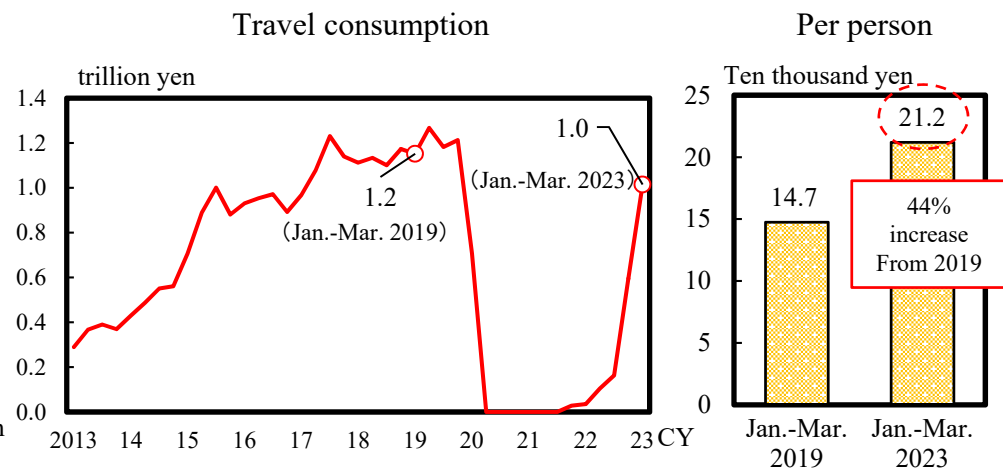
(5-3) Recovery of foreign visitors to Japan (Mar. 2023)



(5-2) Industrial production



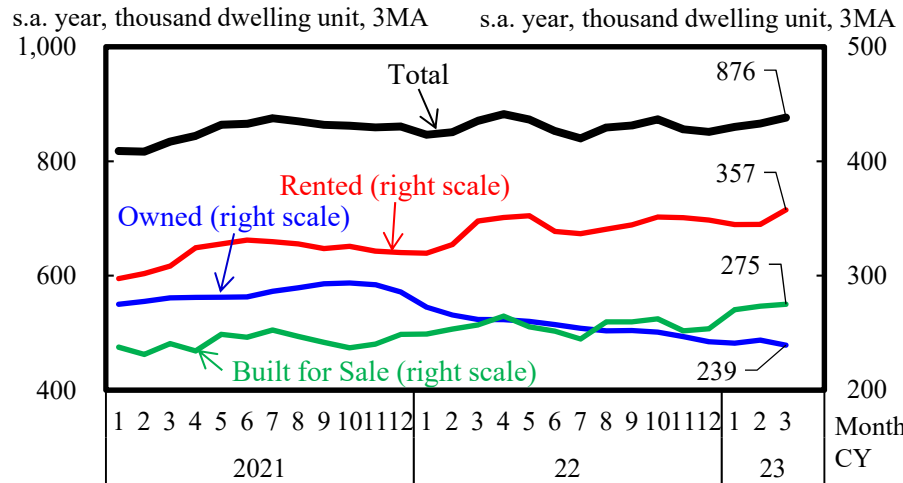
(5-4) Travel consumption by foreign visitors to Japan



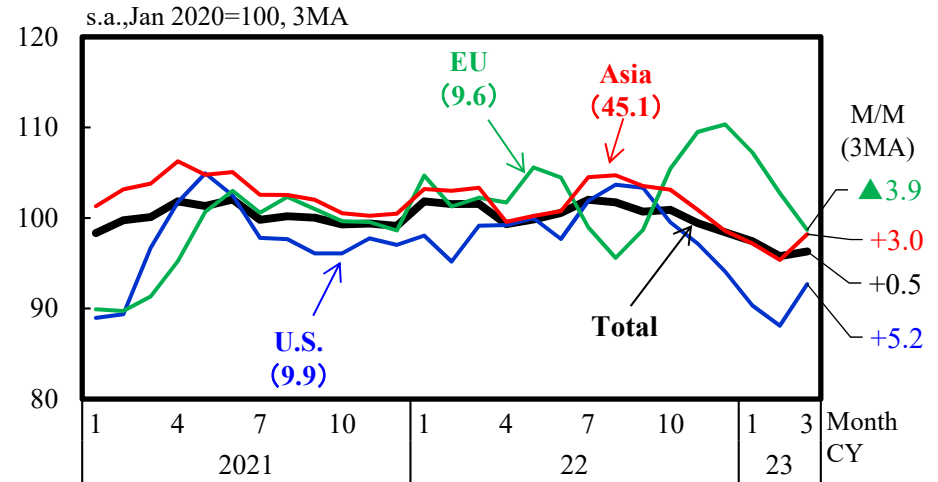
Reference

(6-1) Housing construction has shown a steady undertone.

New construction starts of dwellings

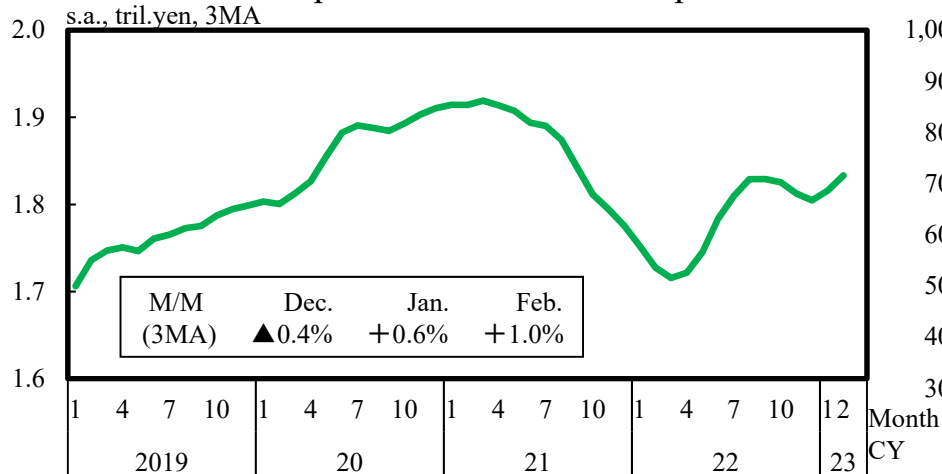


(6-3) Imports are almost flat.

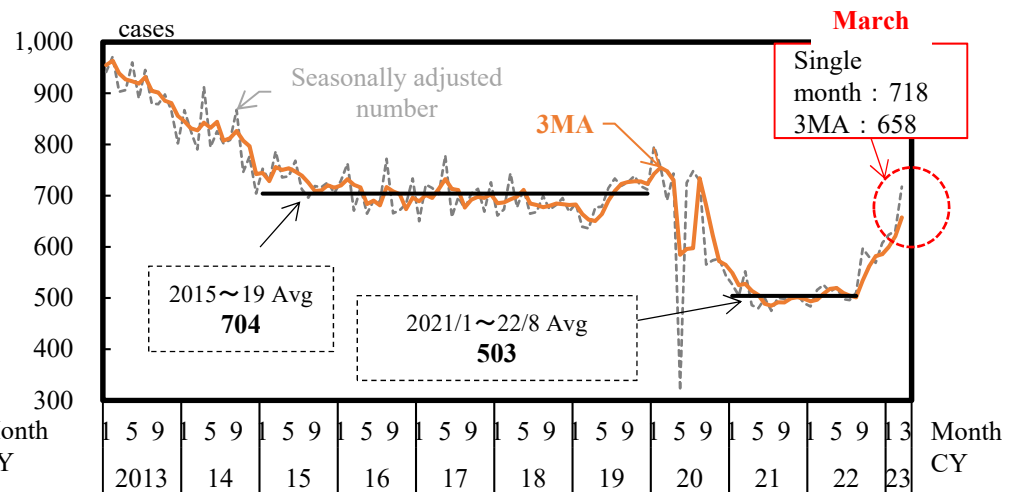


(6-2) Public investment holds firm.

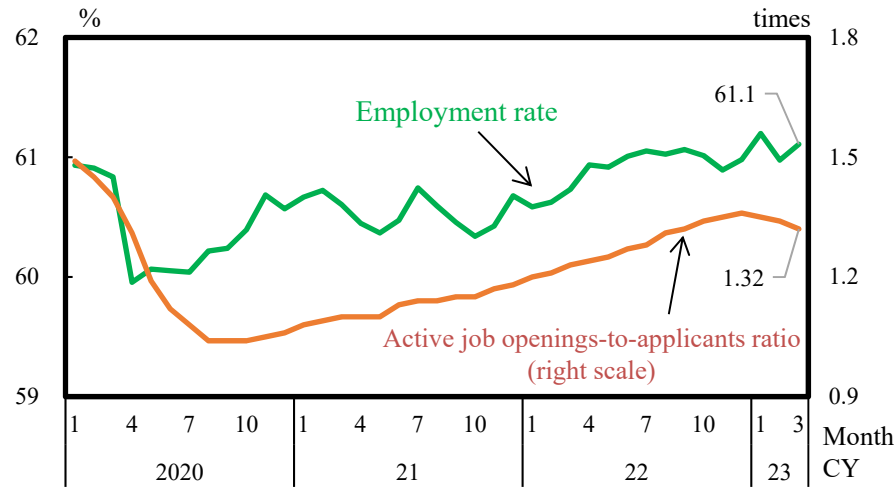
Amount of public construction completed



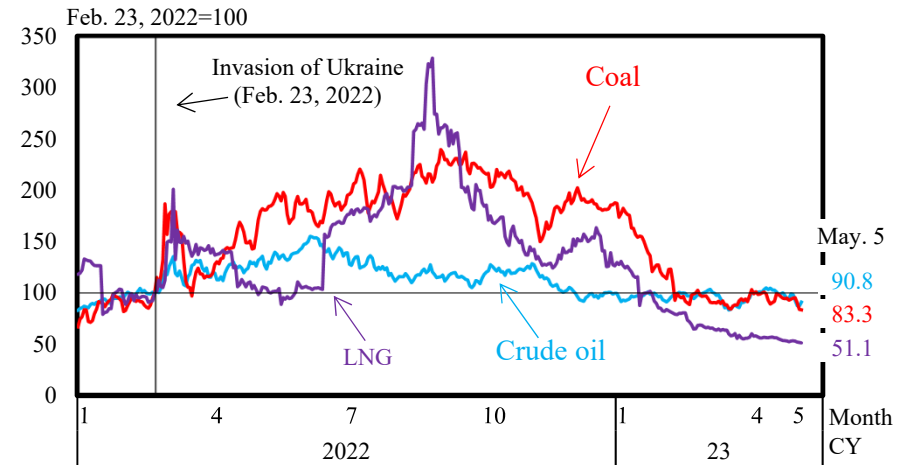
(6-4) The number of corporate bankruptcies appears to be increasing.



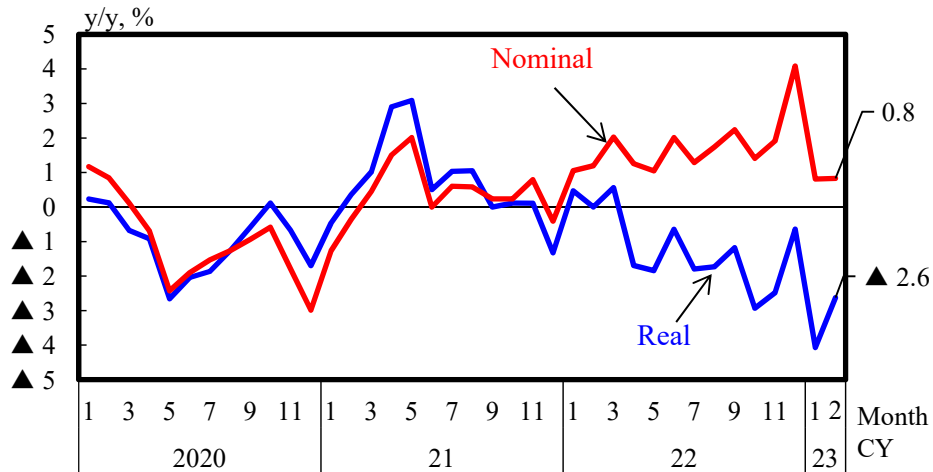
(7-1) The employment situation



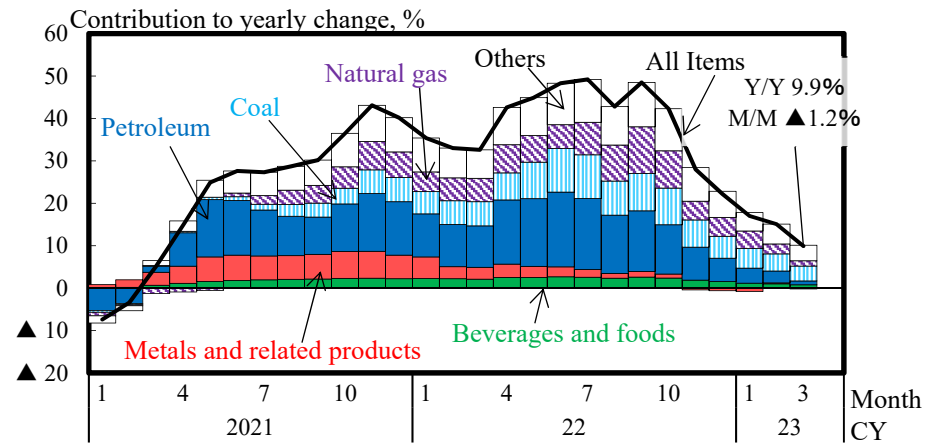
(7-3) Commodity Prices (yen based)



(7-2) Per capita wage growth rate

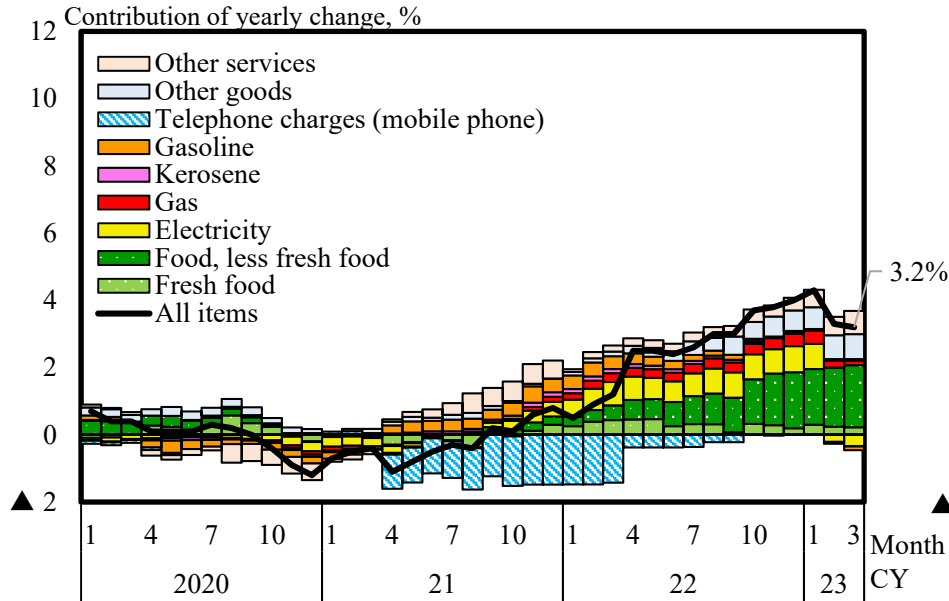


(7-4) The import price index

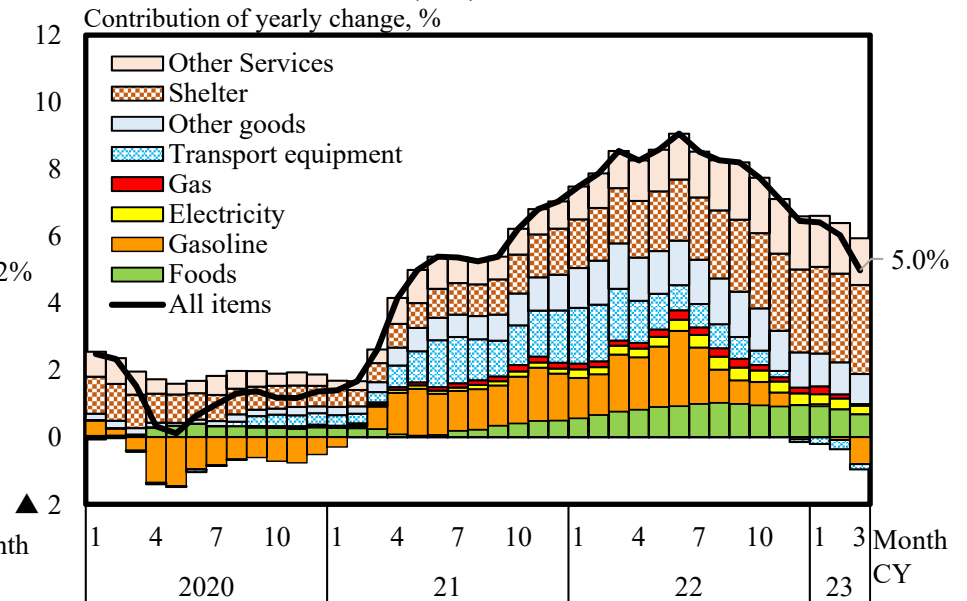


International Comparison of Consumer Price Index

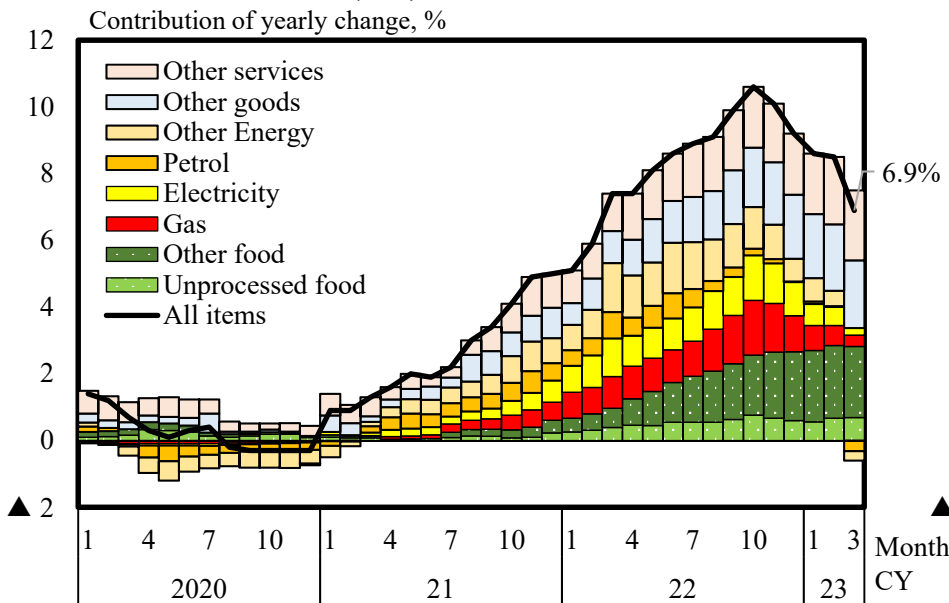
(8-1) Japan



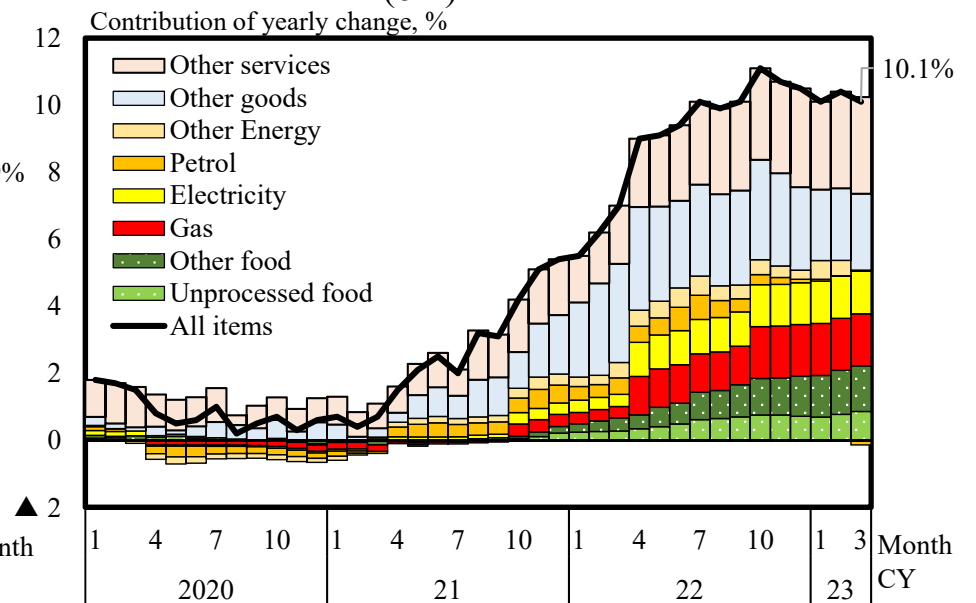
(8-3) U.S.



(8-2) Euro area



(8-4) UK



Source: Ministry of Internal Affairs and Communications; the statistics of each countries.
 Note: Fixed CPI and Food includes eating out in Japan.