

Recent Economic Developments

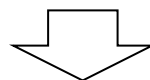
- Monthly Economic Report, July 22 2024 -

**Cabinet Office
Government of Japan**

<Assessment of the current state of the Japanese economy>

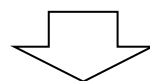
May

The Japanese economy is recovering at a moderate pace, although it recently appears to be pausing.



June

The Japanese economy is recovering at a moderate pace, although it recently appears to be pausing.



July

The Japanese economy is recovering at a moderate pace, although it recently appears to be pausing.

(Unchanged since this February)

<Assessment of the current state of the Japanese economy>

| | May | June | July |
|---|--|---|---|
| Private consumption | Private consumption appears to be pausing for picking up. | Unchanged | Unchanged |
| Business investment | Business investment shows movements of picking up. | Unchanged | Unchanged |
| Exports | Export appears to be pausing for picking up. | Unchanged | Exports are almost flat.(↓) |
| Industrial production | Industrial production shows movements of picking up recently, although manufacturing activities declined due to the effects of suspension of production and shipment by some automotive manufacturers. | Industrial production shows movements of picking up.(→) | Unchanged |
| Corporate profits | Corporate profits are improving as a whole. | Unchanged | Unchanged |
| Firms' judgments on business conditions | Firms' judgments on current business conditions are improving. Some manufacturers are affected by the suspension of production and shipment by some automotive manufacturers. | Unchanged | Firms' judgments on current business conditions are improving.(→) |
| Employment situation | The employment situation shows movements of improvement. | Unchanged | Unchanged |
| Prices | Consumer prices have been rising moderately. | Unchanged | Unchanged |

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

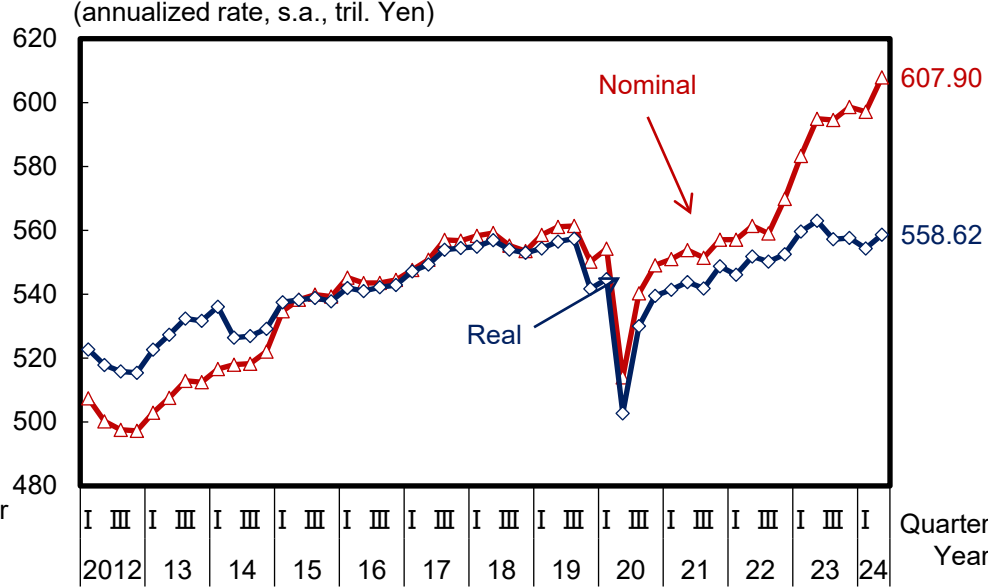
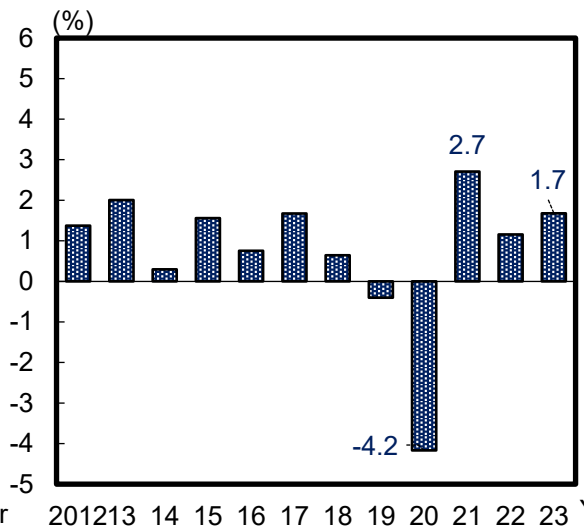
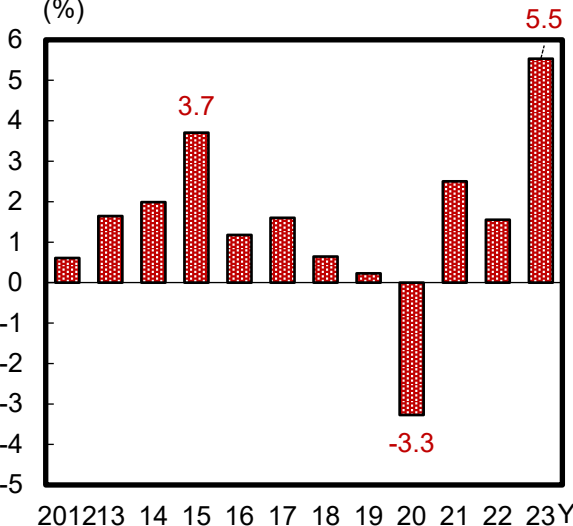
GDP (1st preliminary estimates for 2024 Q2)

(1-1) GDP growth rate (CY)

(1-2) GDP level (Quarterly)

① Nominal

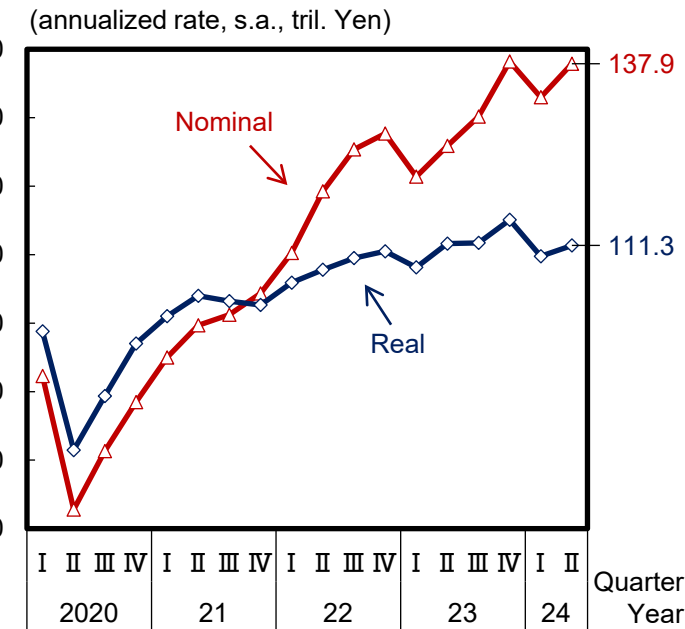
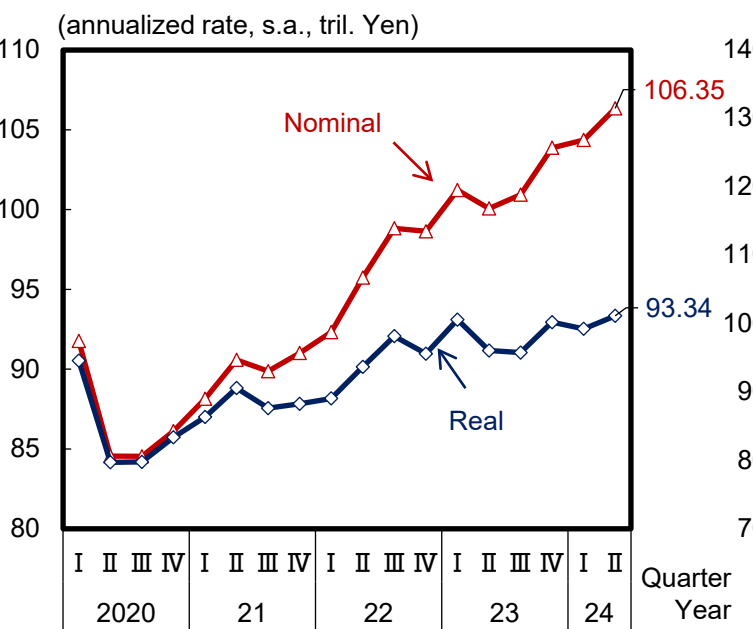
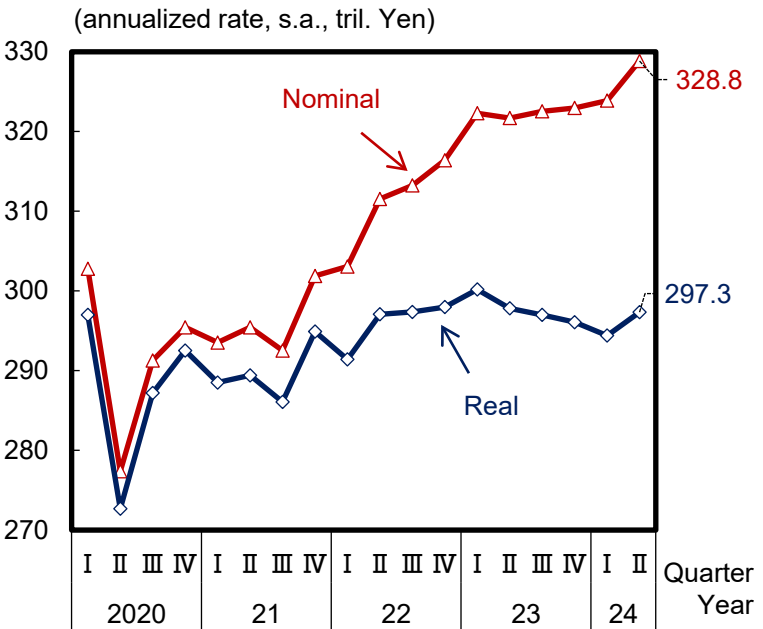
② Real



(1-3) Private Consumption

(1-4) Business Investment

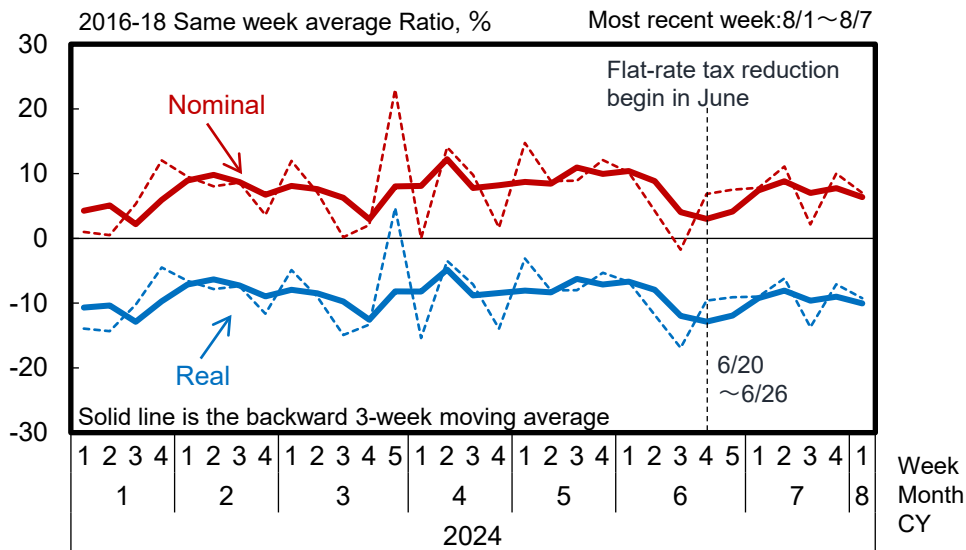
(1-5) Exports



Source: Cabinet Office.

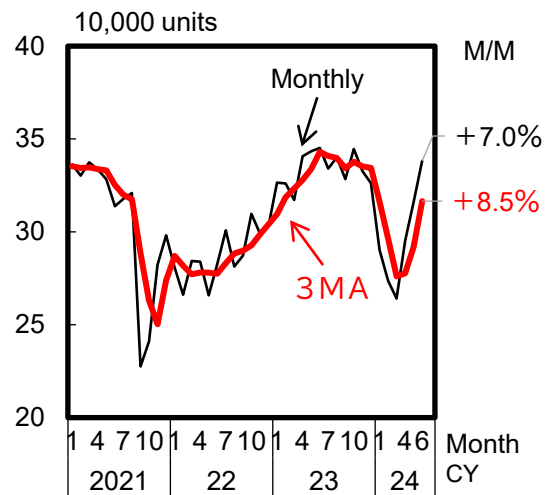
Private Consumption

(2-1) Weekly private consumption(alternative data)

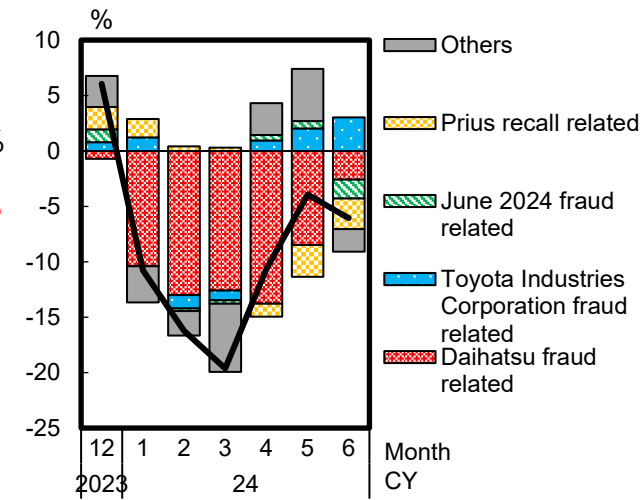


(2-3) New automobile sales

① New automobile sales (seasonally adjusted)

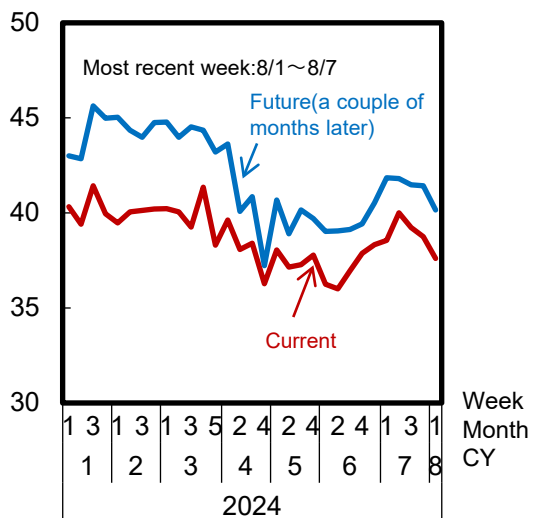


② Contribution by vehicle type

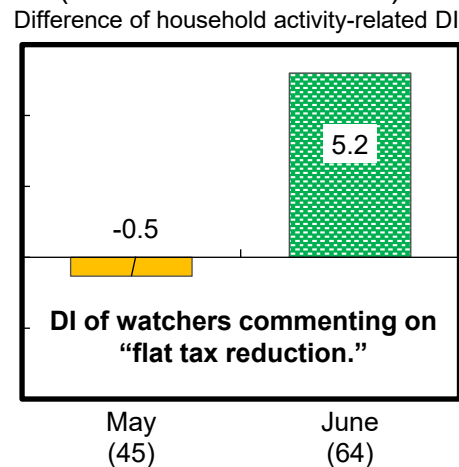


(2-2) Business confidence and reaction to the flat-rate tax reduction

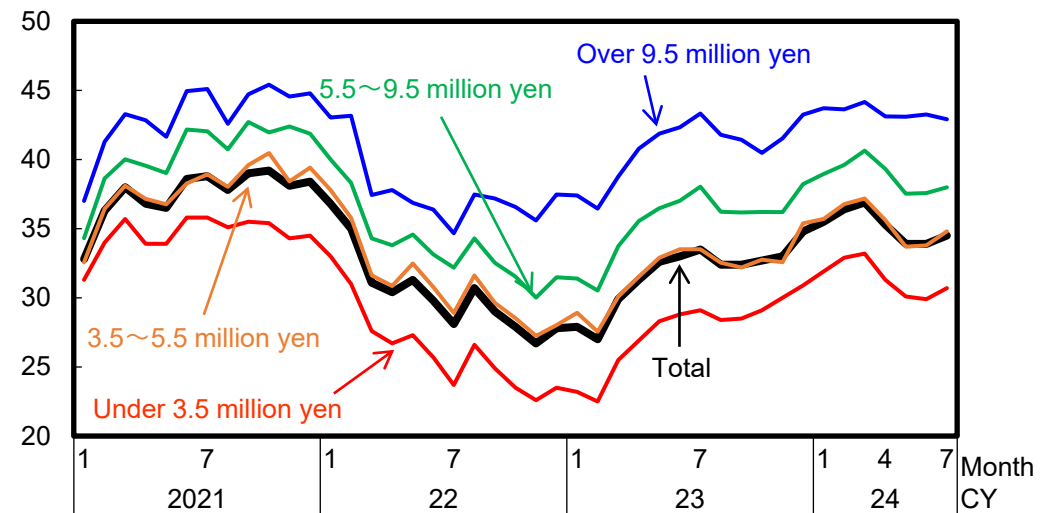
① Weekly business confidence



② Economy watchers survey (DI for future conditions)

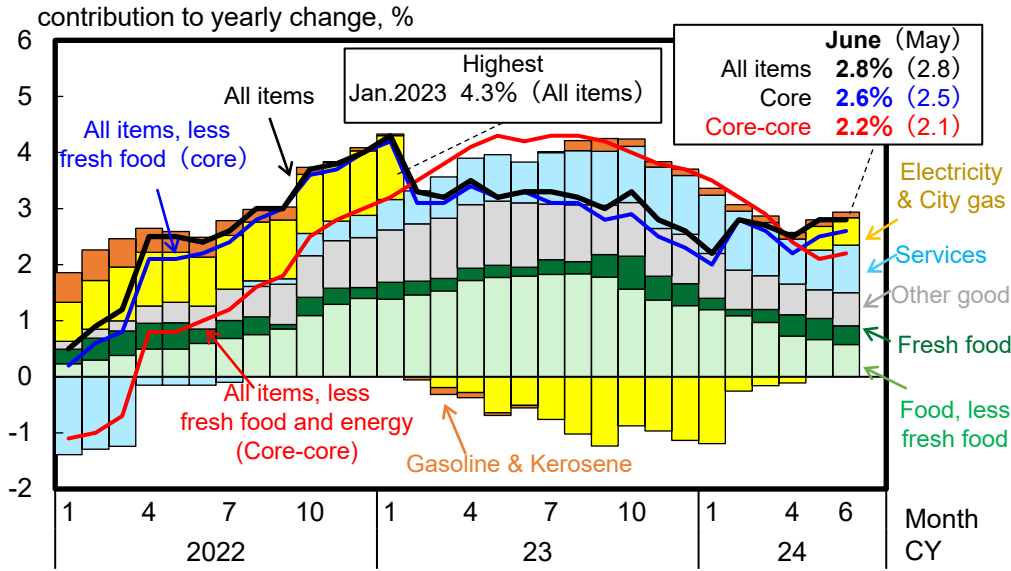


(2-4) Consumer confidence by annual Income (Overall livelihood)

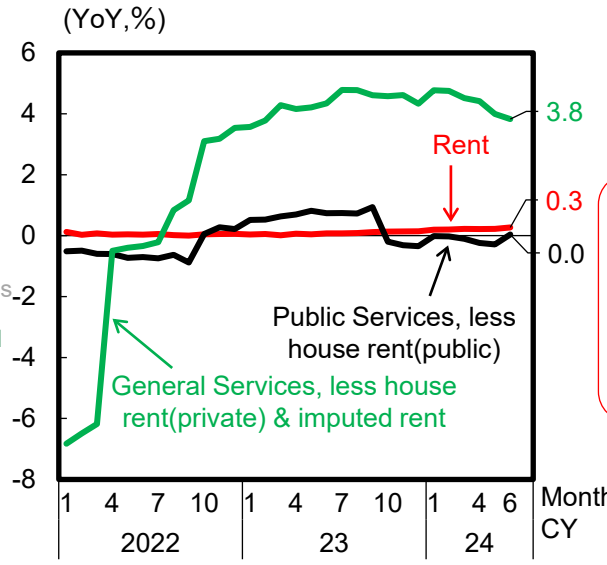


Prices

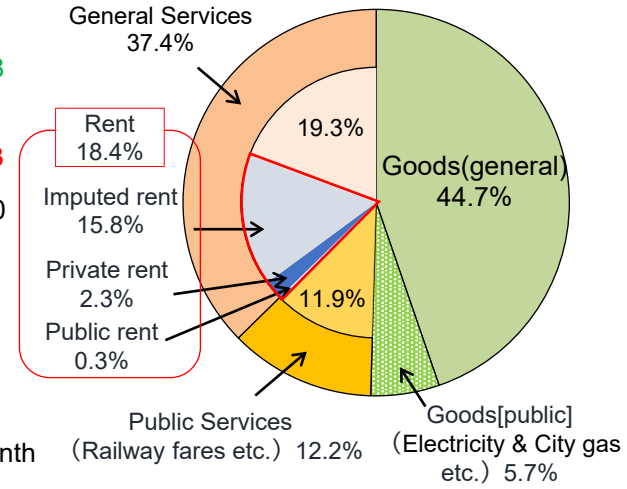
(3-1) Consumer Price Index



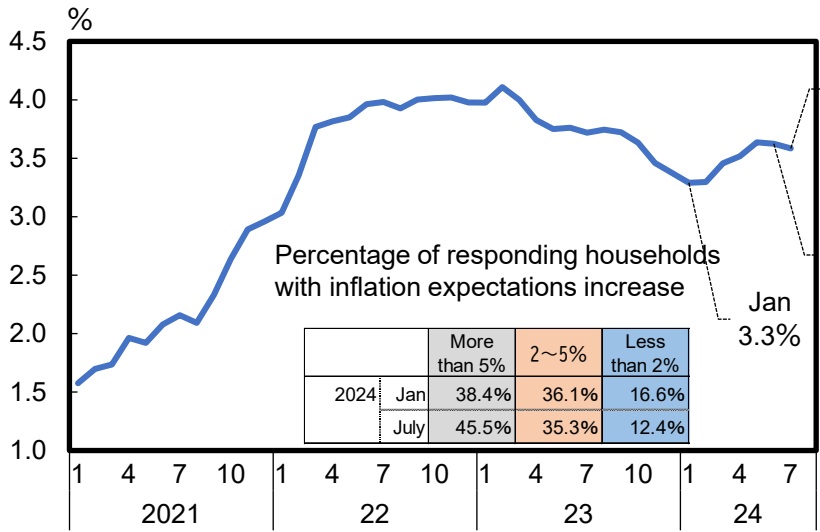
(3-3) CPI for services



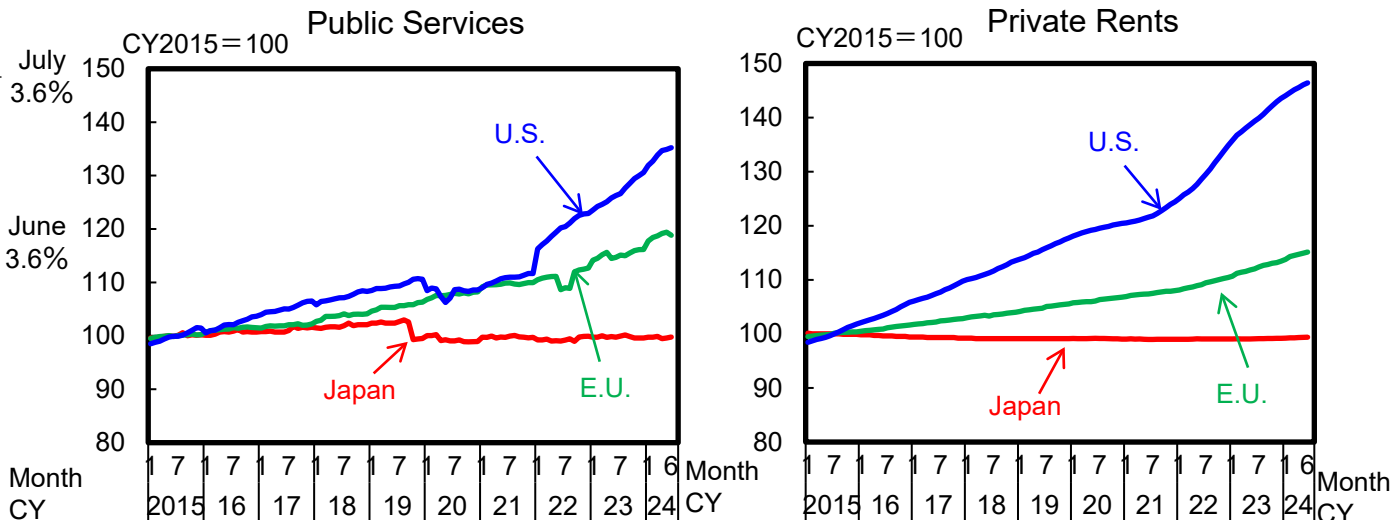
(3-4) CPI Weights



(3-2) Household inflation expectations



(3-5) International Comparison of Changes in Public Services and Private Rents

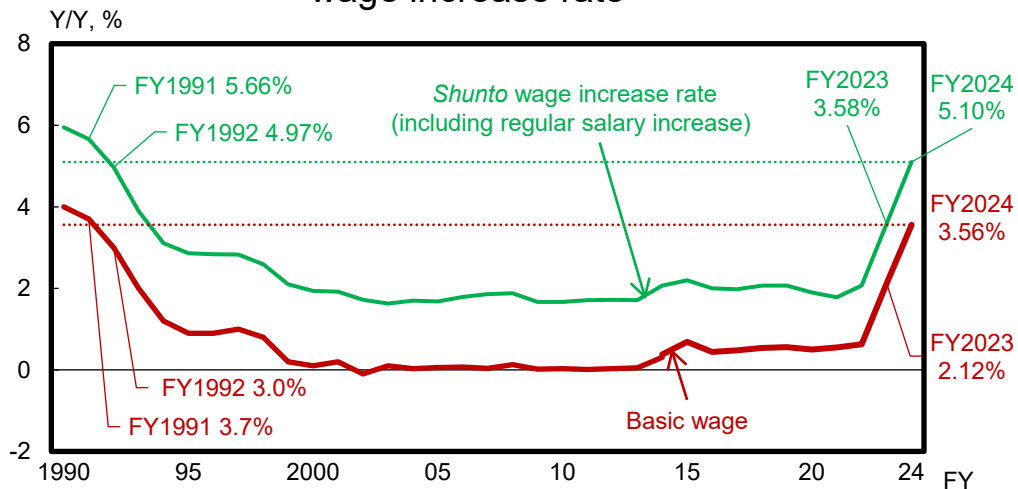


Source: : Ministry of Internal Affairs and Communications; Cabinet Office; U.S. Bureau of Labor Statistics; Eurostat

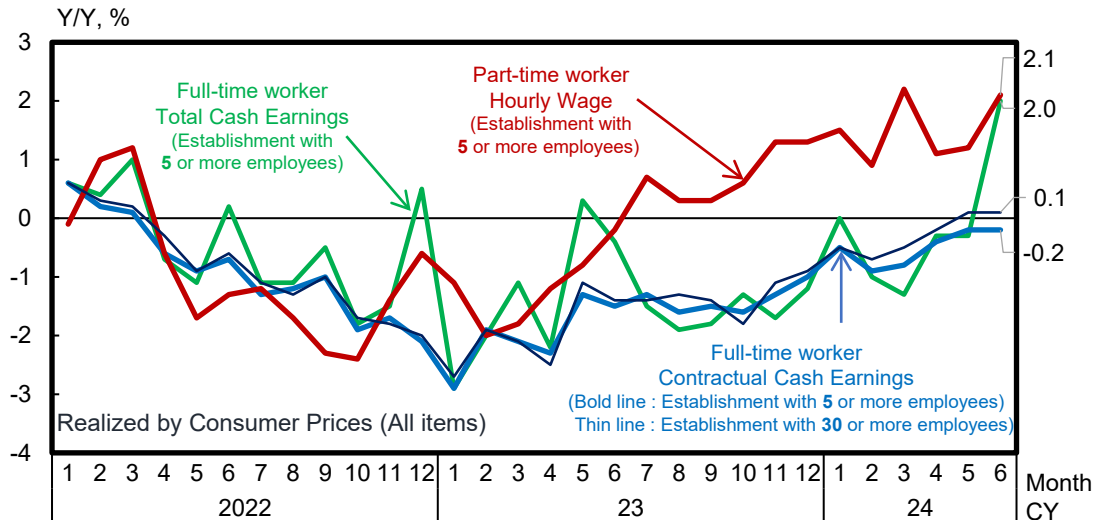
Note : : (5-4)The expected price increase rate for the broken line is based on the price expectations a year ahead for "goods frequently purchased" in the same survey and is calculated as a weighted average of the percentages of households that responded, "less than 2%," "2% to less than 5%," and "5% or more," respectively, for both "go up" and "go down". The values are calculated as a weighted average of the percentage of households that responded to each question.

Wage

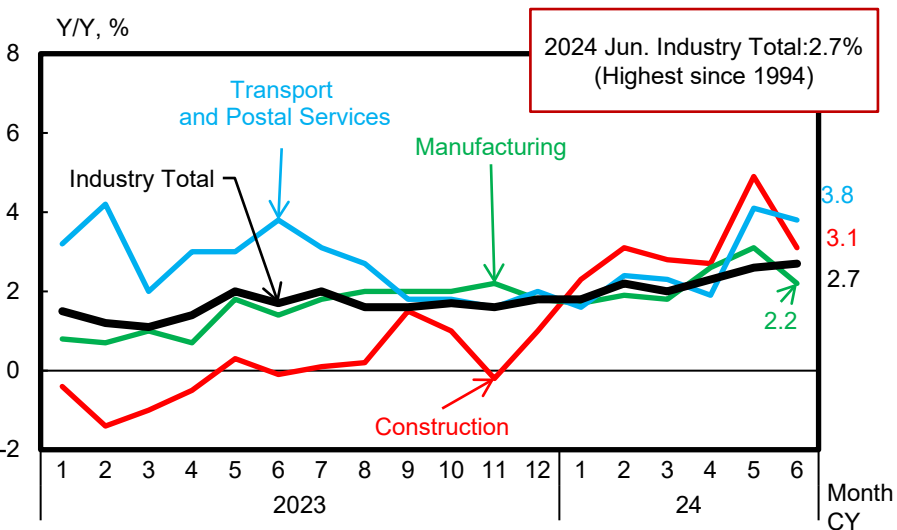
(4-1) Shunto (annual wage negotiation) wage increase rate



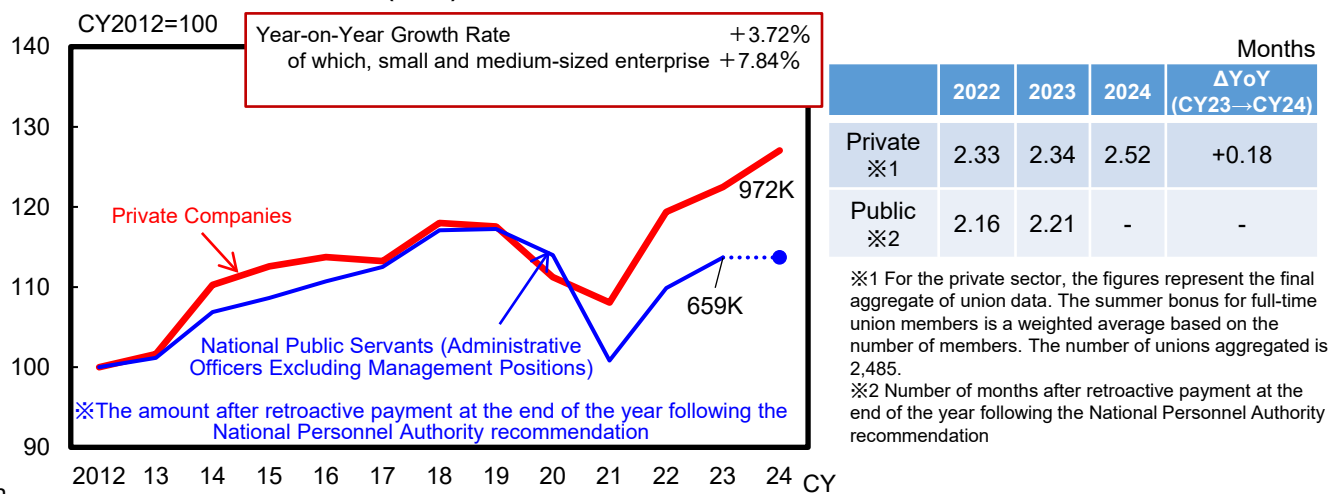
(4-3) Real Wages by Employment Type



(4-2) Full-time workers' prescribed salary by industry



(4-4) Trends in Summer Bonuses

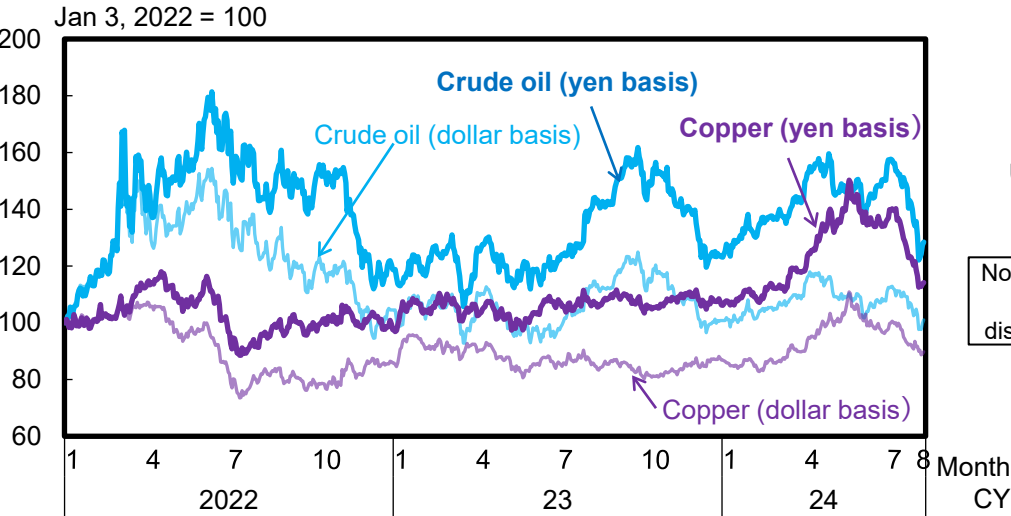


Source: Japanese Trade Union Confederation (RENGO); Central Labor Relations Commission, Japan; Ministry of Health, Labour and Welfare; Nikkei Inc.; Ministry of Internal Affairs and Communications(MIC)(2013); Cabinet Bureau of Personnel Affairs (2014~2024)

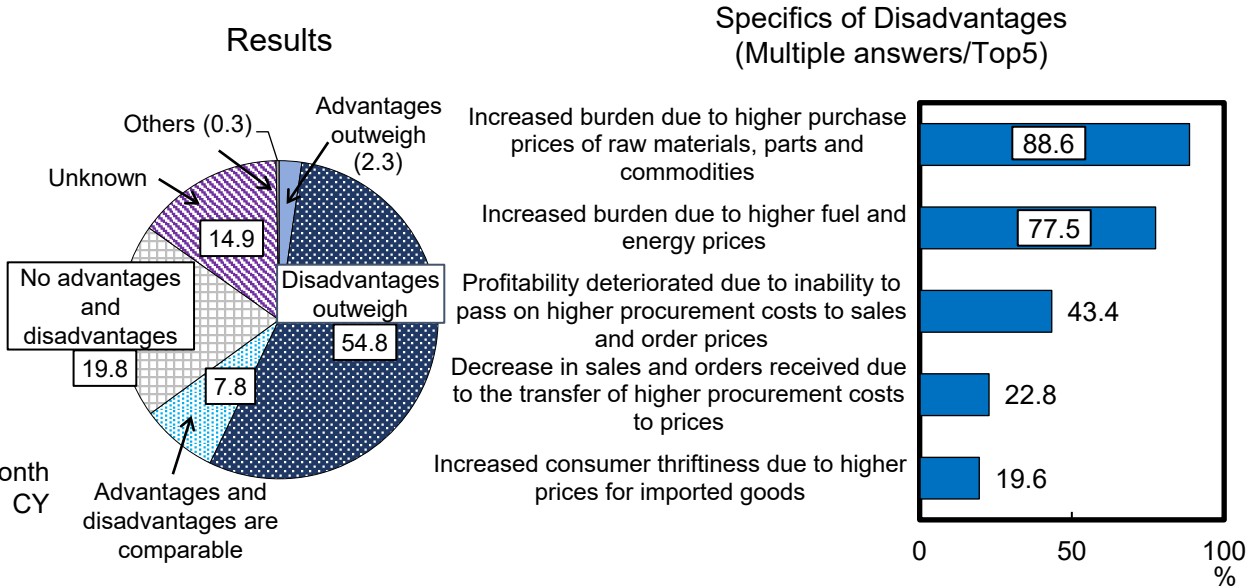
Note : (figure upper left) Basic wage is based on the results of the Comprehensive Survey of Wage Situation until FY2013 and the results of the responses to the Spring Seasonal Living Struggle from FY2014 onward.
 (figure below right) Number of Responding Companies: 694. Regarding the summer bonuses for national public servants in general positions (excluding administrative officers in managerial positions), the data used for 2013 is from before the special reduction measure. Additionally, for the items marked with ※, the age composition, etc., is as of June of the following year due to limitations in the original data.

Trend in Corporate prices

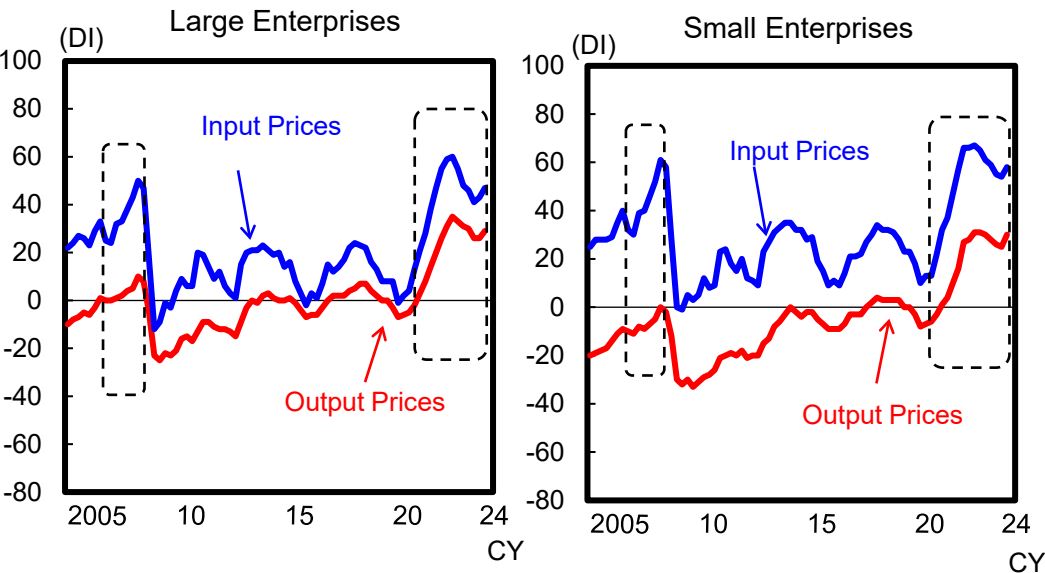
(5-1) Markets (Copper, crude oil)



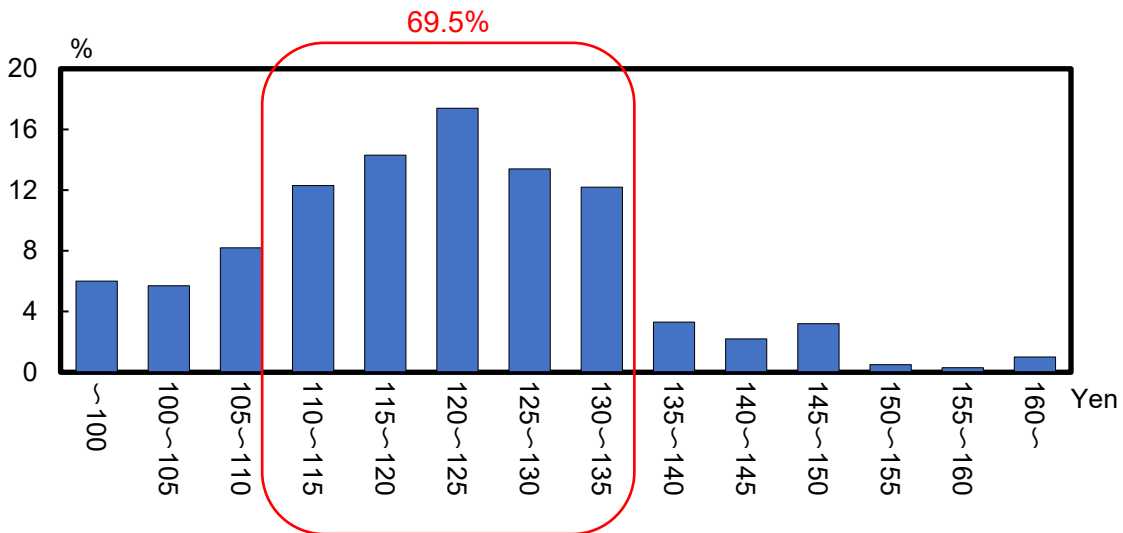
(5-3) Impact of the Yen Weakness on the Performance of Smaller companies



(5-2) Change in Output and Input Prices: Diffusion index of "Rise" minus "Fall"



(5-4) Desirable exchange rate (Smaller companies)



Source: Bloomberg; Nikkei NEEDS; Bank of Japan; The Japan Chamber of Commerce and Industry