

# **Recent Economic Developments**

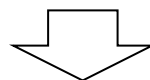
**- Monthly Economic Report, December 11 2024 -**

**Cabinet Office  
Government of Japan**

## <Assessment of the current state of the Japanese economy>

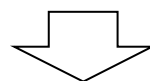
September

The Japanese economy is recovering at a moderate pace, although it remains pausing in part.



October

The Japanese economy is recovering at a moderate pace, although it remains pausing in part.



November

The Japanese economy is recovering at a moderate pace, although it remains pausing in part.

**(Unchanged since this August)**

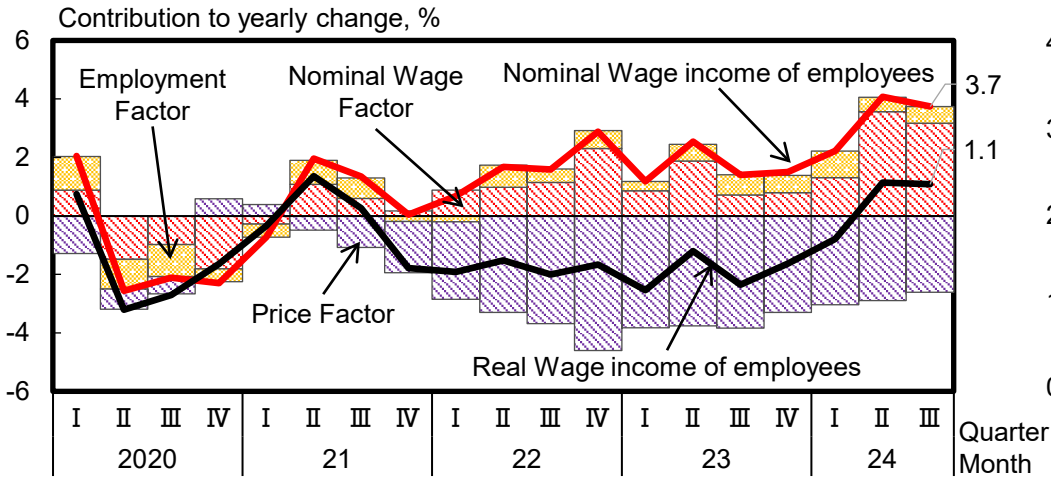
# <Assessment of the current state of the Japanese economy>

	September	October	November
Private consumption	Private consumption shows movements of picking up recently, although it remains pausing in part.	Unchanged	Private consumption shows movements of picking up, although it remains pausing in part.(→)
Business investment	Business investment shows movements of picking up.	Unchanged	Unchanged
Exports	Exports are almost flat.	Unchanged	Unchanged
Industrial production	Industrial production shows movements of picking up.	Industrial production is flat recently.(↓)	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.	Unchanged	Unchanged
Employment situation	The employment situation shows movements of improvement.	Unchanged	Unchanged
Prices	Consumer prices have been rising moderately.	Unchanged	Consumer prices have been rising recently.(→)

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

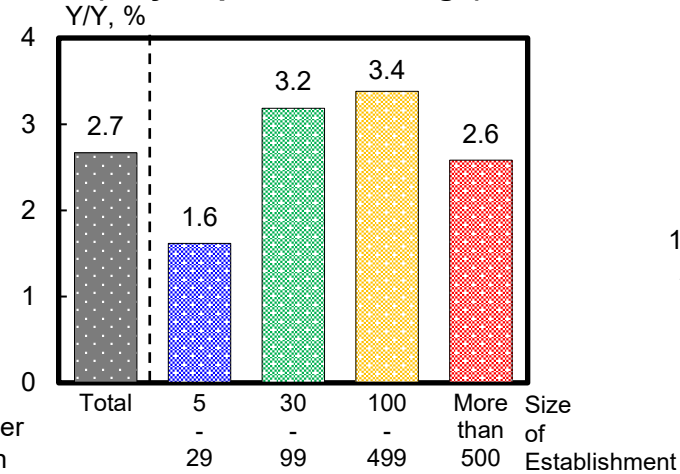
# 1. Wage

### (1-1) Wage Income of Employees

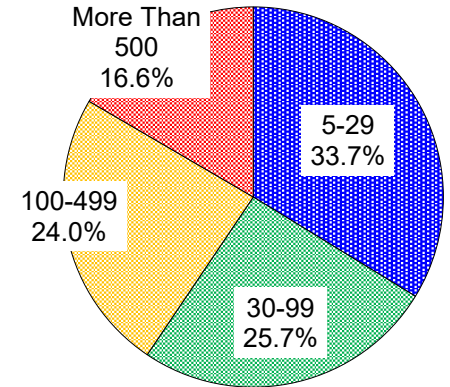


### (1-3) Wage by Size of Establishment

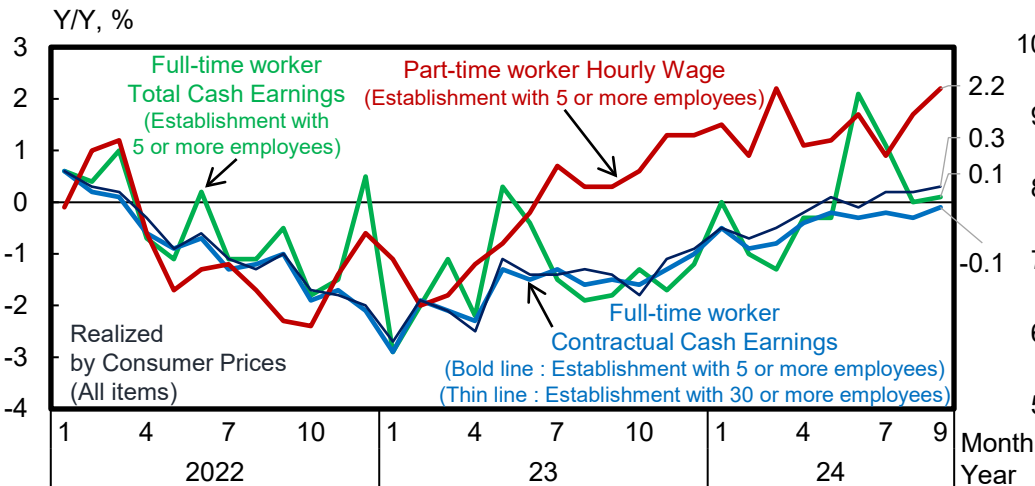
#### ① Year-on-Year Change of Nominal Scheduled Earnings (July-September average)



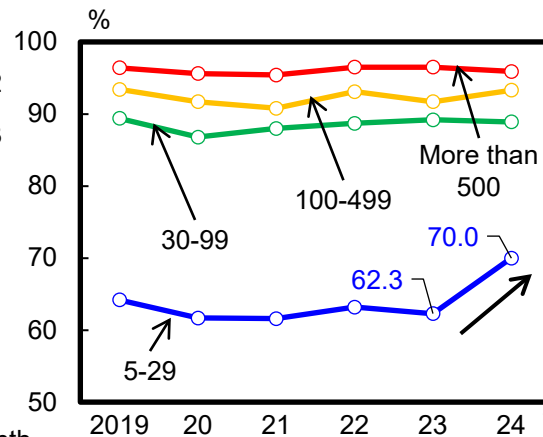
#### ② Percentage of Workers by Size of Establishment



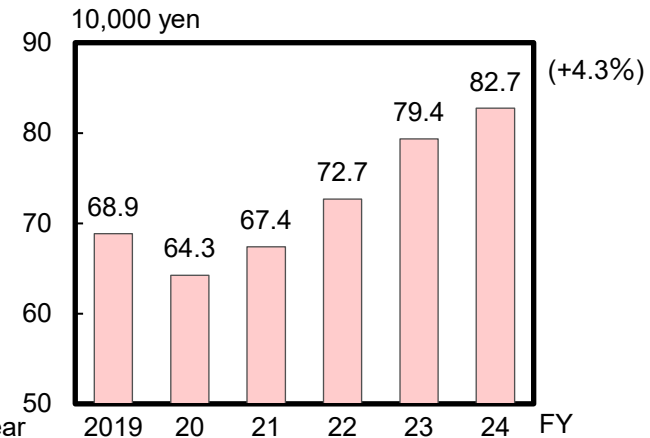
### (1-2) Real Wages by Employment Type



### (1-4) Percentage of Establishments Paying Summer Bonuses by Establishment Size

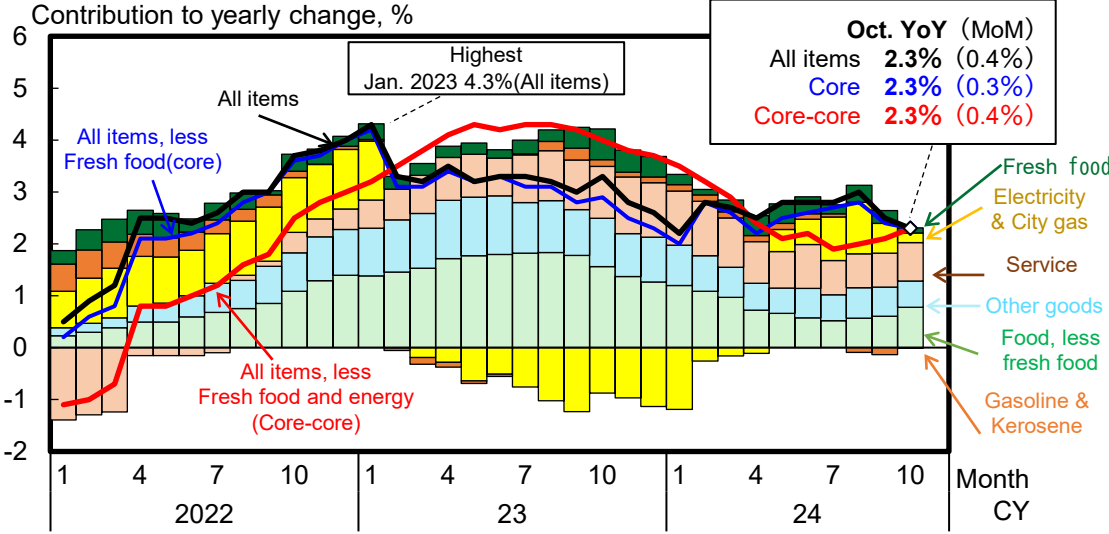


### (1-5) Winter Bonuses (RENGO, First tally)

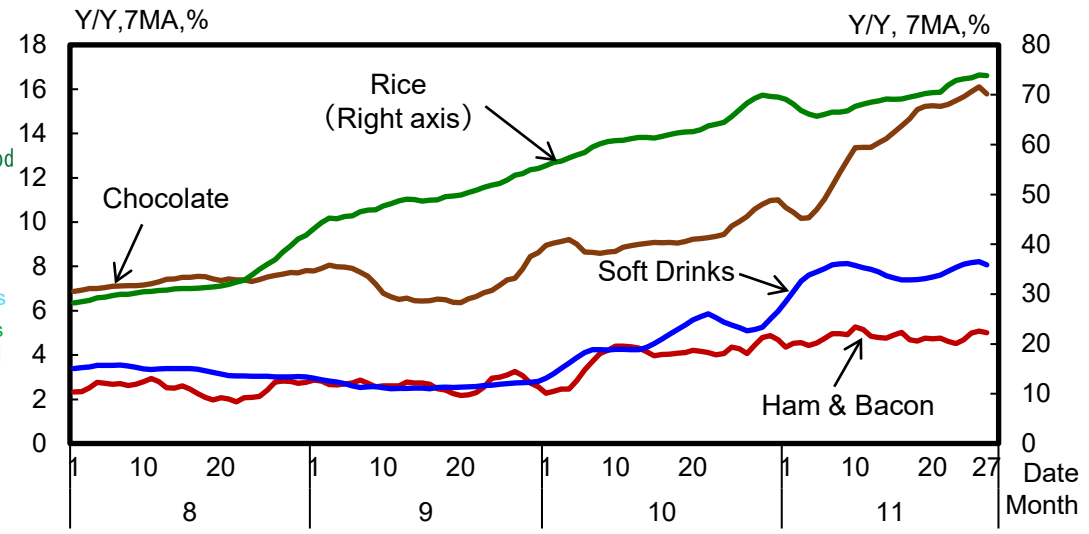


# 2. Price

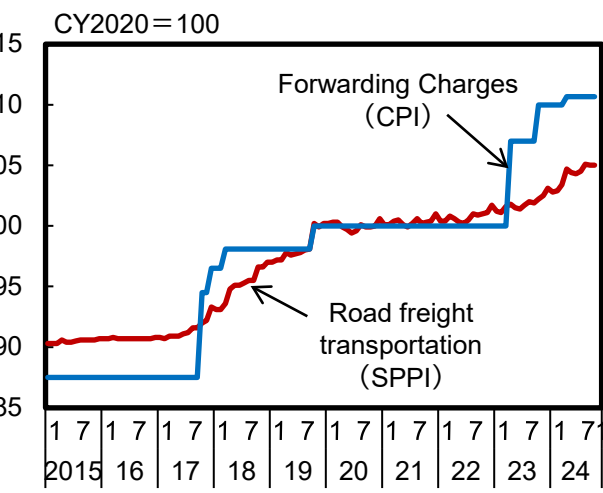
### (2-1) Consumer Price Index



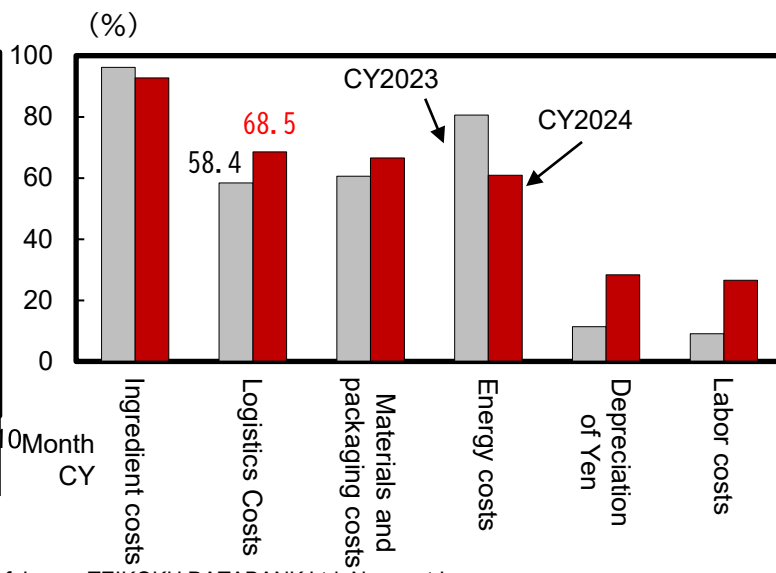
### (2-2) Prices increase in foods (POS data)



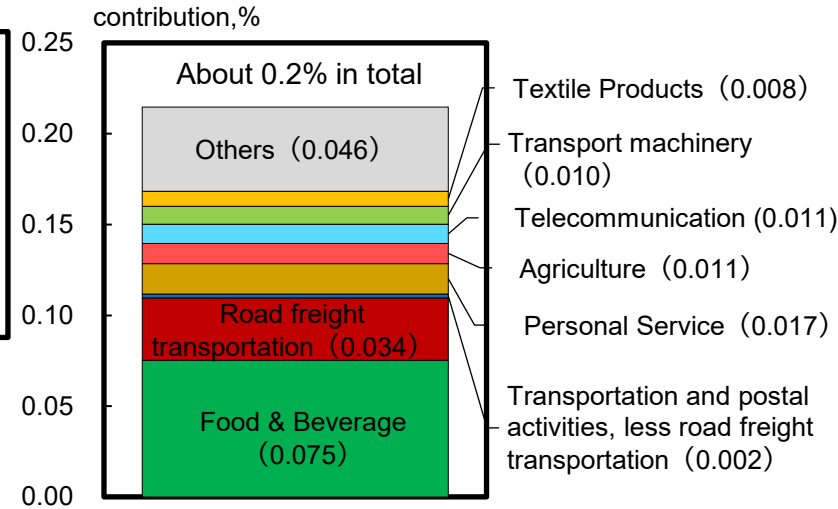
### (2-3) Logistics Costs



### (2-4) Factors behind food price hike



### (2-5) Spillover effect on prices of a 10% increase in logistics costs



Source: Ministry of Internal Affairs and Communications; Bank of Japan; TEIKOKU DATABANK Ltd; Nowcast Inc.

Note: (2-4) Price increase factors are the percentage of items for which the factor is the reason out of the total number of price increase items (including some duplicates).

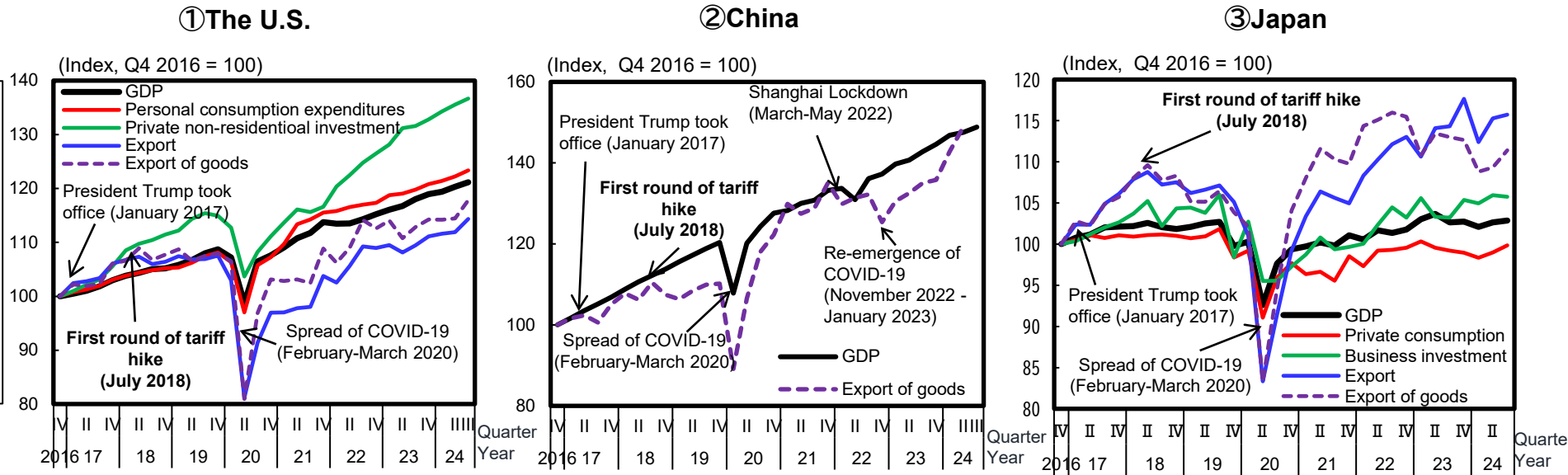
(2-5) Estimate based on a 10% increase in road freight transportation prices.

# 3. U.S. Trade Policy (1)

## (3-1) Tariffs referred by President-elect Trump

- A uniform additional tariff of 10-20% on imports from all over the world
- A uniform additional tariff of 60% on imports from China
- Additional tariffs on auto mobiles made in Mexico etc.

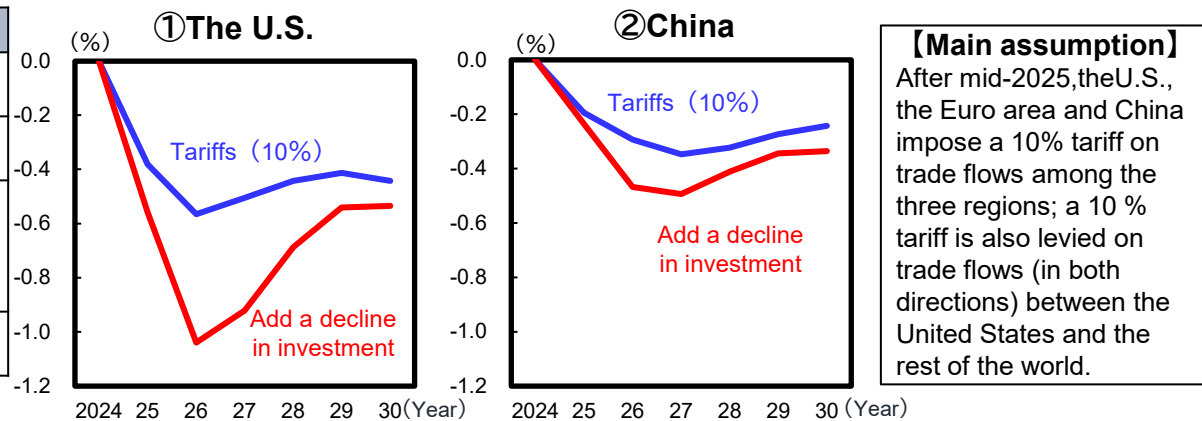
## (3-3) Economic trends in the U.S., China and Japan from 2017 onwards



## (3-2) Rounds of tariff hikes between the US and China during the first Trump administration

Rounds	Date	United States	China
First round	July 6, 2018	34 billion dollars worth, 818 items, 25% additional tariff	34 billion dollars worth, 545 items, 25% additional tariff
Second round	August 23, 2018	16 billion dollars worth, 279 items, 25% additional tariff	16 billion dollars worth, 333 items, 25% additional tariff
Third round	September 24, 2018	200 billion dollars worth, 5,745 items, 10% additional tariff (September 24, 2018) →Hiked from 10% to 25% (May 10, 2019)	60 billion dollars worth, 5,207 items, 5-10% additional tariff (September 24, 2018) →Hiked from 5-10% to 5-25% (June 1, 2019)
Fourth round	September 1, 2019	120 billion dollars worth, 15% additional tariff	75 billion dollars worth, 5-10% additional tariff

## (3-4) The impact of tariff hikes on the U.S. and Chinese economies (IMF staff calculations, Impact on GDP)

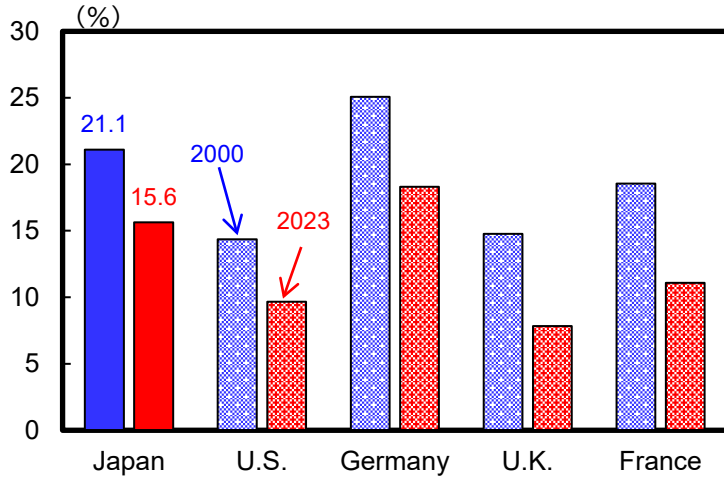


Source: (3-1) Various news reports. (3-2) Materials released by various governments. For more details, please refer to figure 2-1-28 of "World Economic Trends I <The 2024 Spring/Summer Report>".  
 (3-3) Cabinet Office, U.S. Department of Commerce, National Bureau of Statistics of China, CPB Netherlands Bureau for Economic Policy Analysis. The number of China's exports is the simple average of the monthly index. (3-4) IMF "World Economic Outlook" (2024 Oct).  
 Note: (3-4) Results are shown as deviations from baseline projections. From mid-2025 onward, it is assumed that the U.S. and the Euro area investment declines by about 4% relative to the baseline, other regions, including China, experience a hit that is about 2%. The impact on investment fades starting in 2027.

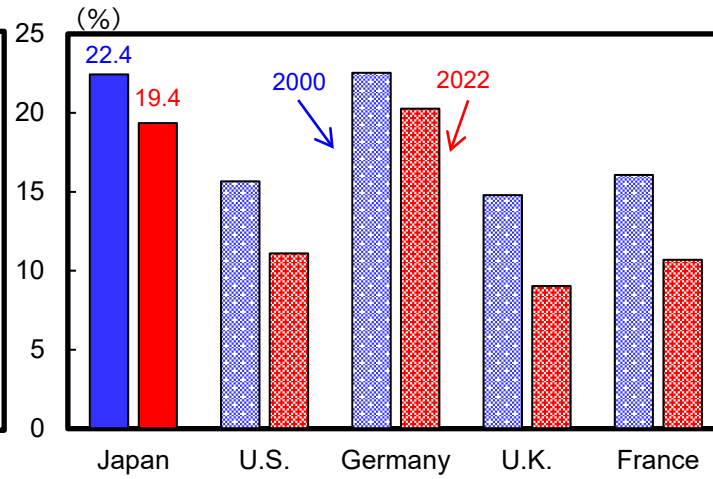
# 4. U.S. Trade Policy (2)

(4-1) The share of manufacturing

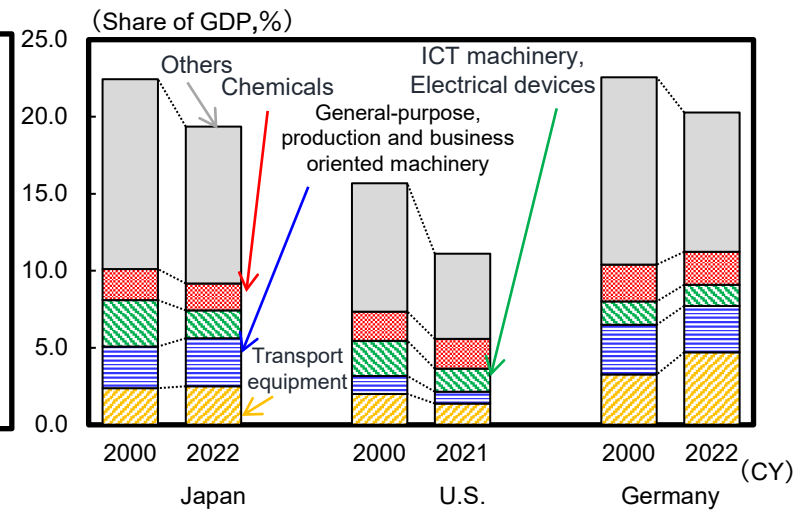
① Employment



② GDP

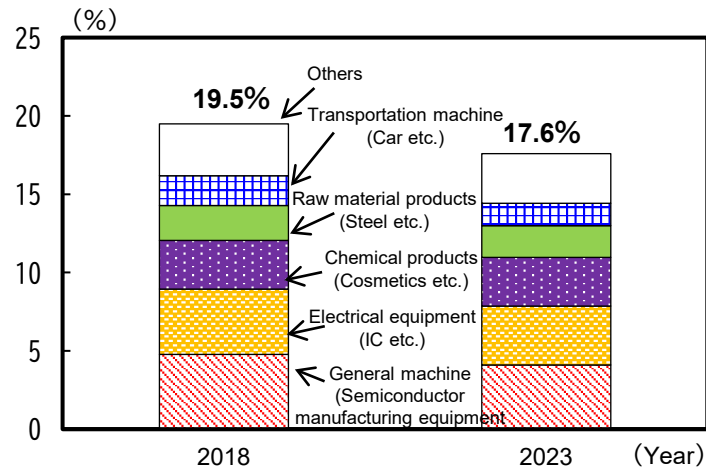


(4-2) The components of GDP in manufacturing

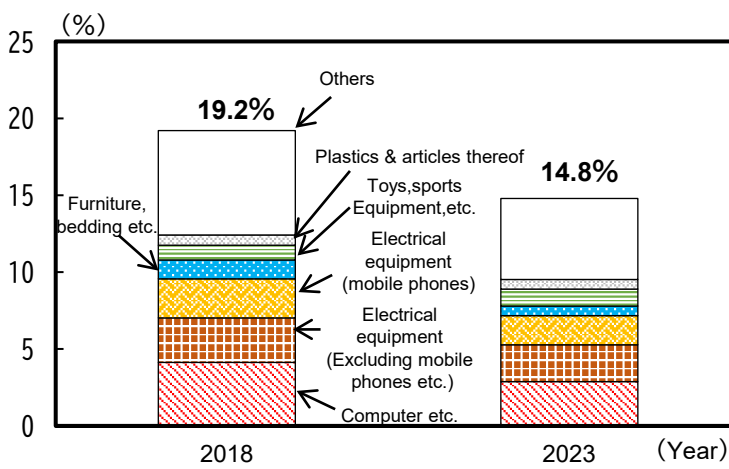


(4-3) Changes in trade structure after 2018

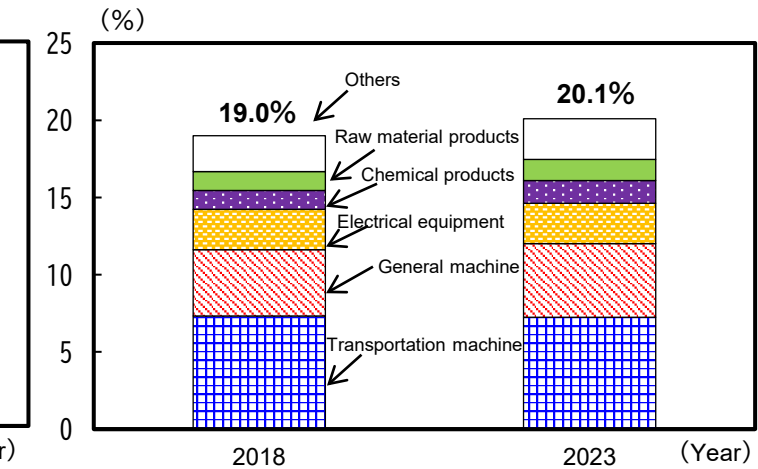
① Exports from Japan to China (Share of Japan's goods exports)



② Exports from China to U.S. (Share of China's goods exports)



③ Exports from Japan to U.S. (Share of Japan's goods exports)



Source: (4-1, 2) OECD Data Explorer (4-3) Ministry of Finance, U.S. Department of Commerce and General Administration of Customs of the People's Republic of China.  
 Note: (4-1) The numbers of Japan, Germany and France in 2000 are "Industry (except construction)". The latest number of the U.S. is from 2021.