

Monthly Report of Prospects for Japan's Economy

March 2015

Macro Economic Research Centre
Economics Department



The Japan Research Institute, Limited

<http://www.jri.co.jp/english/periodical/>

This report is the revised English version of the February 2015 issue of the original Japanese version.

The general situation of Japan's economy – Economic activity is continuing a moderate recovery

Figure 1-1 Economic Activity

The leading index of business conditions fell for 2 months running, due to the decline in consumer sentiment, etc.

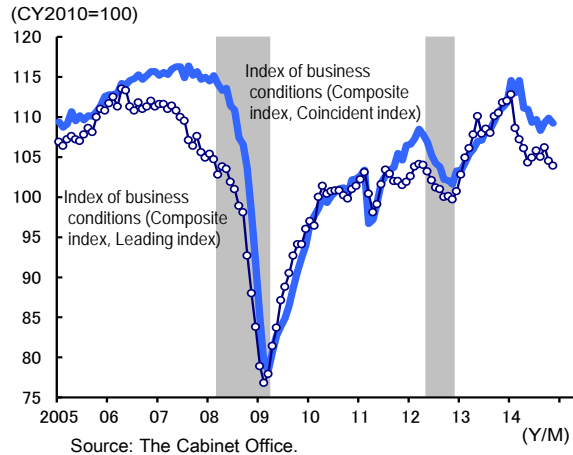


Figure 1-2 The Corporate Sector

Production has continued to pick up moderately in a wide range of industries, after it bottomed out last August.

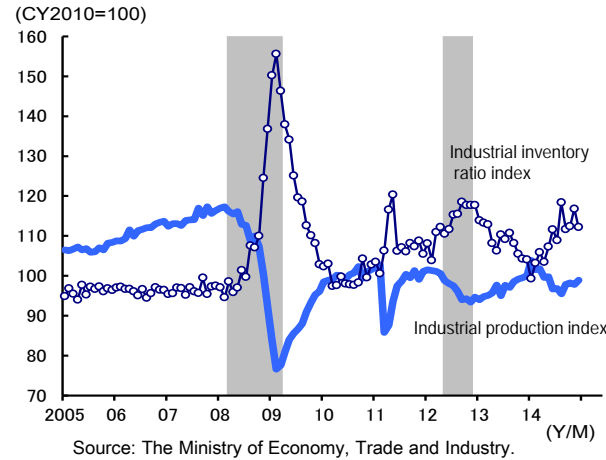


Figure 1-3 Overseas Demand

Exports have picked up gradually, while imports have seasawed.

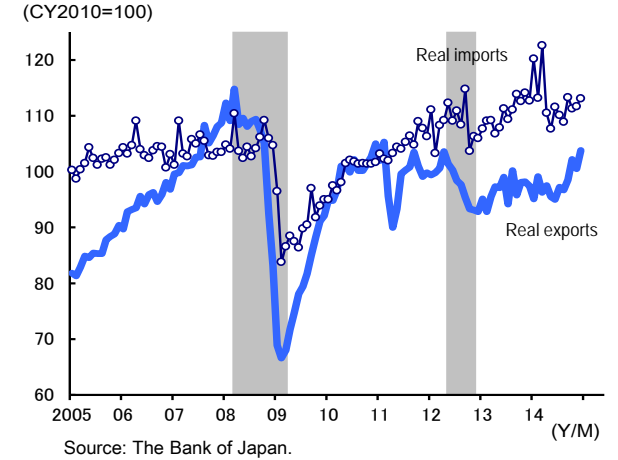
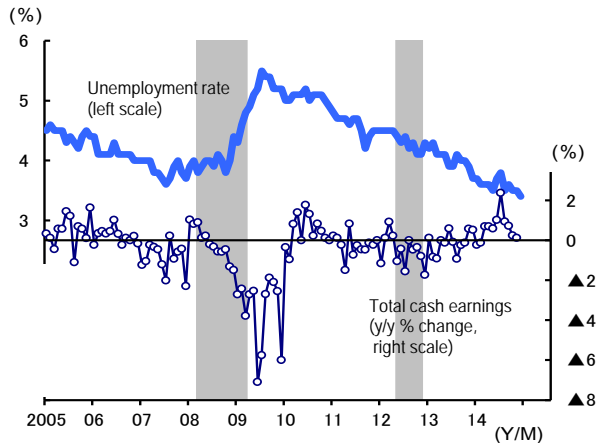


Figure 1-4 Employment and Income

The labour market has continued to improve, with the unemployment rate having fallen to its lowest level since August 1997.



* The shaded area indicates the phase of recession.

Figure 1-5 Private Consumption Expenditure

Private consumption expenditure has continued to pick up moderately, as shown in the fourth successive monthly rise.

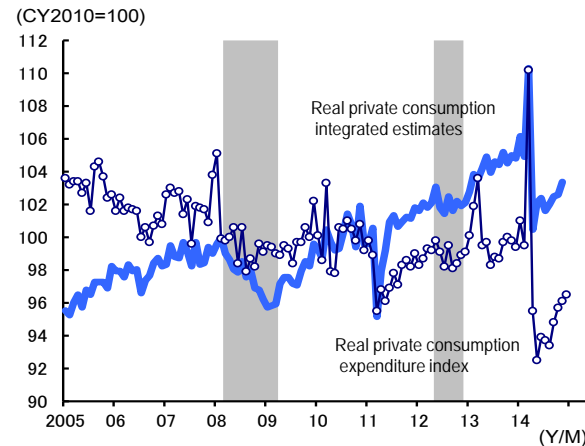
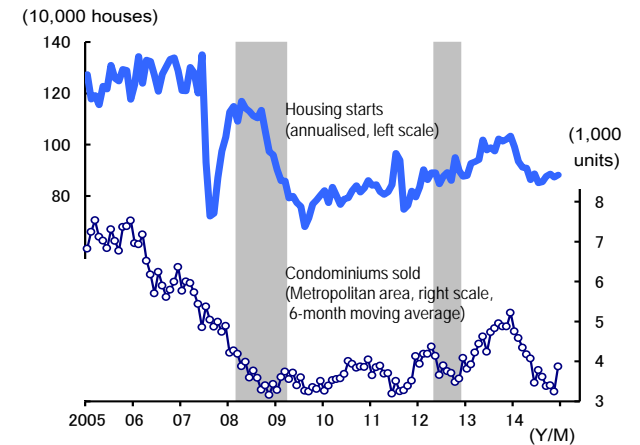


Figure 1-6 Housing Investment

Housing starts lag behind in the recovery. Condominium sales may have bottomed out.



Economic activity continues its moderate recovery trend, with reactionary fall gradually nearing its end

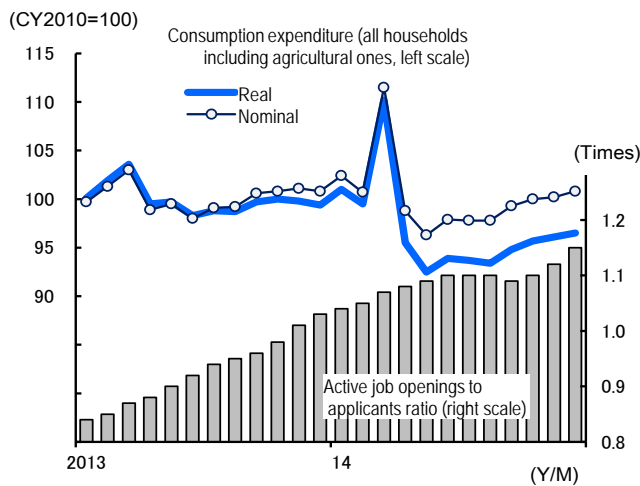
Japan's real GDP in the October-December period last year increased by 2.2 per cent on an annualised quarter-on-quarter change basis (national accounts, the first preliminary estimates), a positive figure for the first time in 3 quarters. Private consumption expenditure continued to pick up moderately. Business fixed investment also increased for the first time in 3 quarters. Although private demand still lacked strength and was patchy, the recovery from the reactionary fall after the consumption tax rise last April became gradually more visible as a whole.

On a monthly statistics basis, in the household sector, real consumption expenditure increased by 0.4 per cent month-on-month in December, the fourth successive monthly rise. Employment environments such as the active job openings to applicants ratio continued to improve. As the reactionary fall after the tax rise nears its end gradually, it is expected that private consumption expenditure will continue to pick up moderately.

In the corporate sector, industrial production increased by 0.8 per cent in December from the previous month, a rise for the first time in 2 months. Inventory adjustment pressure as shown in the shipments - inventory balance has tended to ease. As the production forecast shows a considerable rise in January, industrial production will likely continue its recovery trend, reflecting the pick up in domestic demand.

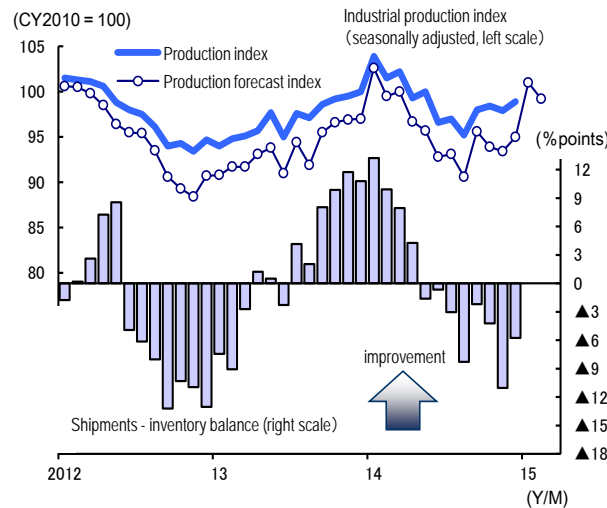
Meanwhile, real exports increased in December. The exports of electronic parts and devices to Asia excluding China rose. Also, the pace of increase in the exports of capital goods to the US accelerated.

Figure 2-1 Household Consumption Expenditure and Active Job Openings to Applicants Ratio <seasonally adjusted>



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Internal Affairs and Communications, The Ministry of Health, Labour and Welfare, and so on.

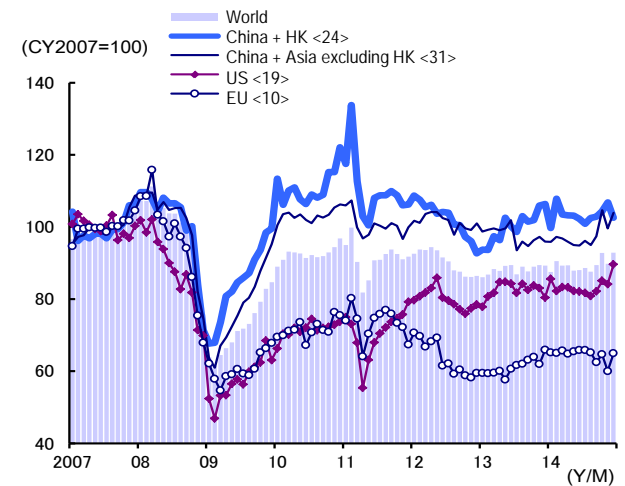
Figure 2-2 Indices of Industrial Production and Shipments - Inventory Balance



Source: The Ministry of Economy, Trade and Industry.

Note: Shipments - inventory balance = $\frac{\text{y/y change in shipments} - \text{y/y change in inventory}}{\text{y/y change in shipments} + \text{y/y change in inventory}}$

Figure 2-3 Real Exports <seasonally adjusted>



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance, The Bank of Japan.

Note: Figures in the angle brackets show the shares in FY2013.

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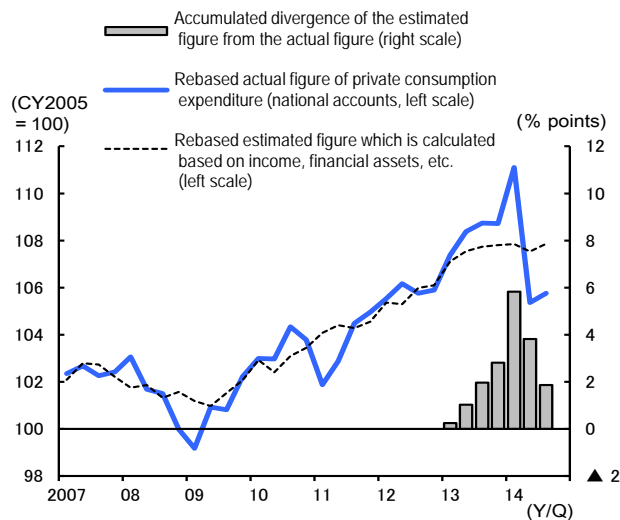
The stagnation in private consumption can be viewed as a reaction to the pre-tax rise upswing

It seems to be necessary to note that the considerable decline in private consumption expenditure after the consumption tax rise can be viewed as a reaction to the upswing before the tax rise. This upswing had been formed against the background of the improvement in consumer sentiment after the start of "Abenomics", and had risen to a level higher than had been estimated based on the environments during that period. Namely, private consumption expenditure had diverged from the estimated figure which was calculated using factors such as income, financial assets, and so on, since more than a year before the consumption tax rise in April 2014. Accordingly, it is likely that the reactionary downswing from the upswing after the tax rise will weigh down private consumption expenditure for the time being.

Meanwhile, looking at income environments in households, elements such as the number of employees and nominal wages per employee continue their moderate increasing trend, although price rises stemming from the consumption tax rise have pushed down compensation for employees considerably in real terms. Also, labour's relative share has fallen to the level before the Lehman shock, mainly in nonmanufacturing, which suggests the desirable situation where the improvement in corporate profits will lead to the increase in household income. Thus, it is likely that income environments in households will continue to improve moderately.

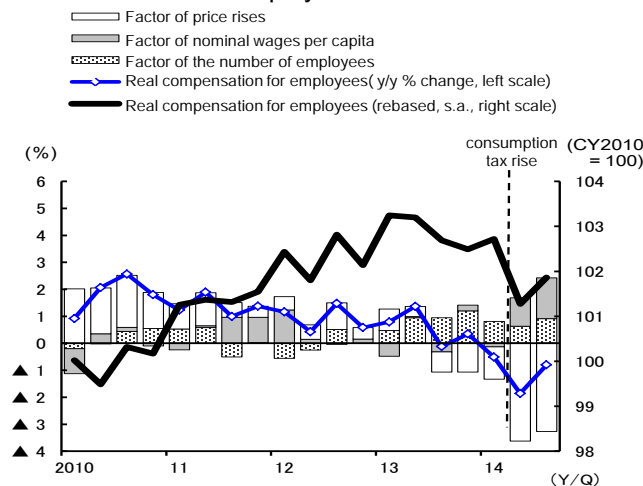
Judging from the factors and trends above, it is predicted that private consumption expenditure will return to the level corresponding to income environments, and then stay firm at that level, as the reactionary fall from the upswing nears its end.

Figure 3-1 Upward Divergence in Private Consumption Expenditure after the Start of the Abe Administration



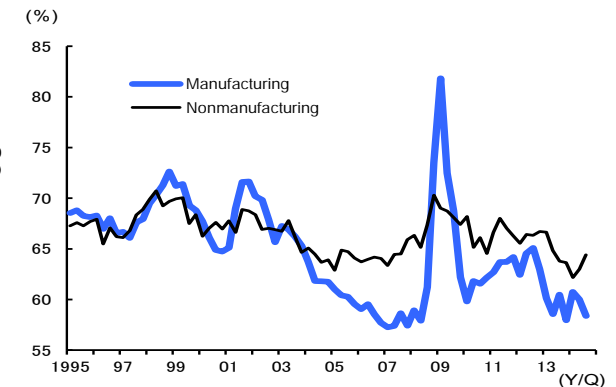
Source: JRI based on The Cabinet Office, The Ministry of Internal Affairs and Communications, The Bank of Japan, and so on.

Figure 3-2 Contributions to Year-on-year Change in Real Compensation for Employees



Source: The Japan Research Institute, Ltd. based on the data of The Cabinet Office, The Ministry of Internal Affairs and Communications, and so on.

Figure 3-3 Labour's Relative Share by Type of Industry <seasonally adjusted>



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance.

Note: Labour's relative share = personnel expenses / value added
Value added = personnel expenses + current profits + depreciation expenses + interests paid, etc.

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The weaker yen and cheaper crude oil are beneficial to net corporate profits

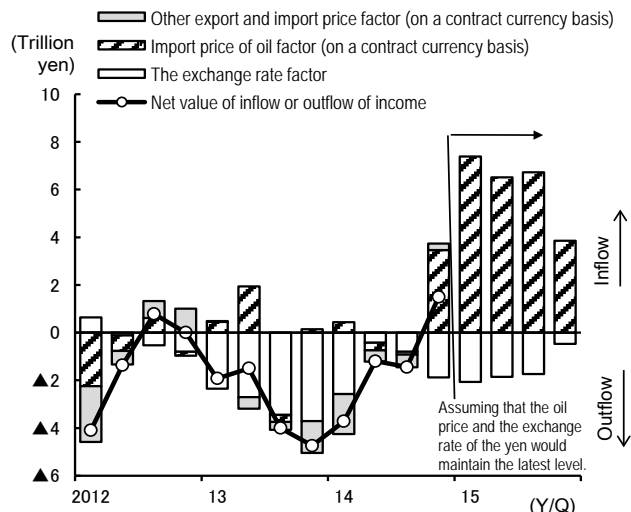
The fall in the exchange rate of the yen has accelerated further since the Bank of Japan announced the expansion of the quantitative and qualitative monetary easing on October 31, 2014. Because the boosting effect of the weaker yen on export quantity has diminished, reflecting the changes in Japan's production and export structures, it is likely that the depreciation of the yen will widen, not narrow, trade deficits.

On the other hand, the considerable fall in the oil price has eased the negative effect of increased costs for imports brought by the weaker yen. The JRI estimate of the contribution to the change in the value of an aggregate income outflow or inflow by factor shows that the latest significant fall in the oil price will bring about an income inflow, the value of which is more than that of an income outflow caused by the depreciation of the yen. Accordingly, it is predicted that trade deficits will narrow hereafter.

From the aspect of corporate profits, the depreciation of the yen will likely continue to have a positive effect on corporate profits on an aggregate net basis. The major cause of the increase is the expanding primary income surpluses in the balance of payment. Thus far, external assets of Japanese enterprises have increased rapidly, as the result of active M&A and purchase of foreign securities. Together with the effect of the weaker yen on the value, the latest yen-denominated surpluses in primary income balance amounted to the highest value thus far.

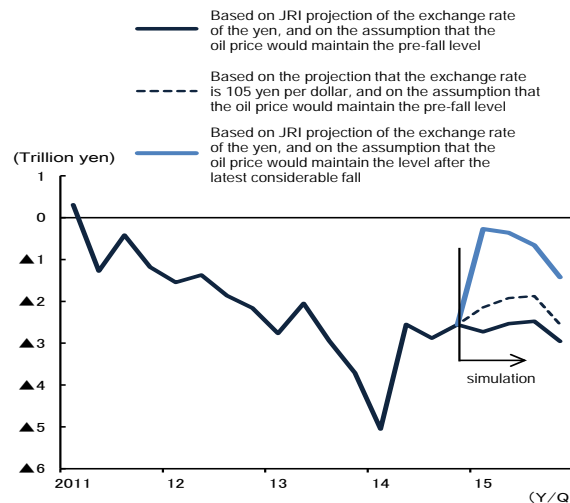
Further, the weaker yen has contributed to the improvement in services balance, through the increase in foreign tourists to Japan, and so on.

Figure 4-1 Contribution to Value of Income Outflow or Inflow by Factor <annualised difference value from a year earlier>



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance, The Bank of Japan.

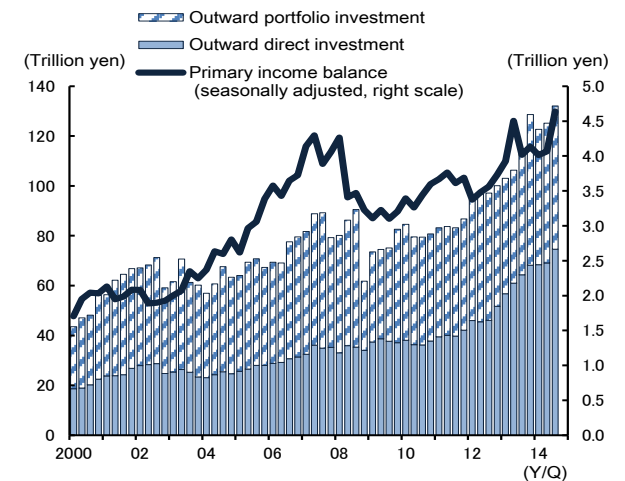
Figure 4-2 Simulation on Trade Balance on a Customs Basis



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance, JRI macro model simulation.

Note: Based on the assumption that the exchange rate of the yen has no correlation with export quantity reflecting the structural changes in recent years.

Figure 4-3 External Asset Balance by Type and Primary Income Balance in Current Accounts



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance, The Bank of Japan.

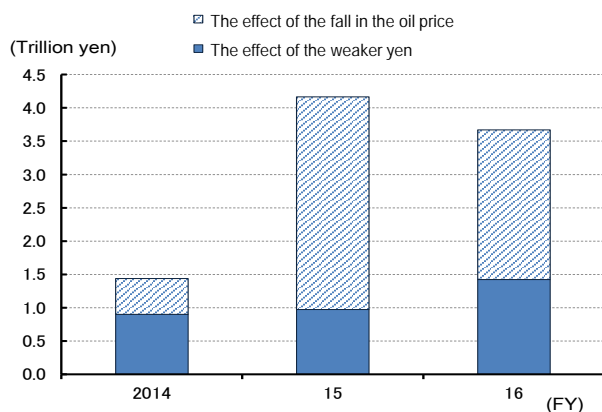
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Benefits in corporate profits vary widely among different type and scale of industries

Besides the weaker yen, the fall in the oil price has contributed to the increase in corporate profits through reduced energy costs. The JRI estimate shows that the corporate profits in FY2015 will be boosted by about 4 trillion yen, if the latest levels of the yen exchange rate and the oil price continue during that period. However, benefits in corporate profits vary widely among different type and scale of industries. Viewed by the sales cost ratio, the ratio is high in industries such as materials including petroleum products in manufacturing, and electric power in nonmanufacturing. This is because, in these industries, the profit boosting effect brought by the cheaper oil has been reduced by the increased costs caused by the depreciation of the yen. Viewed by scale, small and medium-sized enterprises (SMEs) seem to have got only smaller benefits in profits from the weaker yen. This is against the background that a shift of facilities to overseas sites could be riskier for SMEs, and that even those which already have overseas subsidiaries or stores can achieve only lower profitability from overseas businesses than large enterprises can.

After the Lehman shock, Japanese global enterprises such as large manufacturers have improved profitability by reorganising their businesses through restructuring and the shift or expansion of their facilities to overseas sites. On the other hand, the enterprises with domestic demand businesses have lagged behind in improving their profitability. In order for increased profits in the global enterprises to extend to the domestic economy as a whole, it is vital to promote rising wages and increasing capital investment, and to provide favourable environments to reduce the burden of the enterprises in domestic demand businesses.

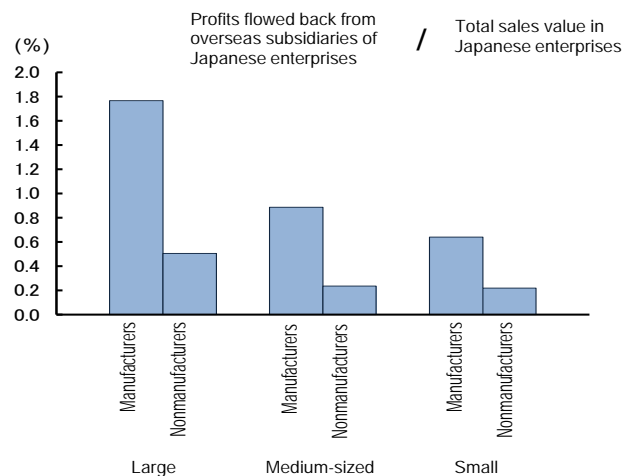
Figure 5-1 Increased Value in Current Profits in Japanese Enterprises Brought About by the Weaker Yen and Cheaper Crude Oil <estimate>



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance, JRI macro simulation.

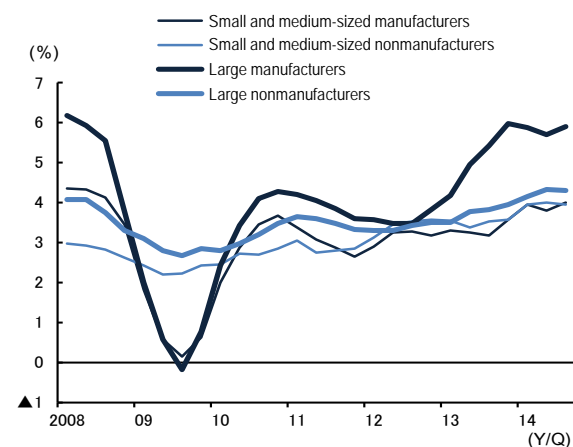
Note: The effect on aggregate corporate profits on a net basis of about 15 per cent depreciation of the yen and about 50 per cent fall in the oil price.

Figure 5-2 Ratio of Profits from Overseas Subsidiaries to Total Asset Value in Japanese Enterprises by Type and Scale of Industries



Source: The Ministry of Economy, Trade and Industry.

Figure 5-3 Return on Assets (ROA) by Type and Scale of Industries



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance.

Note: 4-quarter moving averages.

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Benefits in households also vary widely among areas of residence

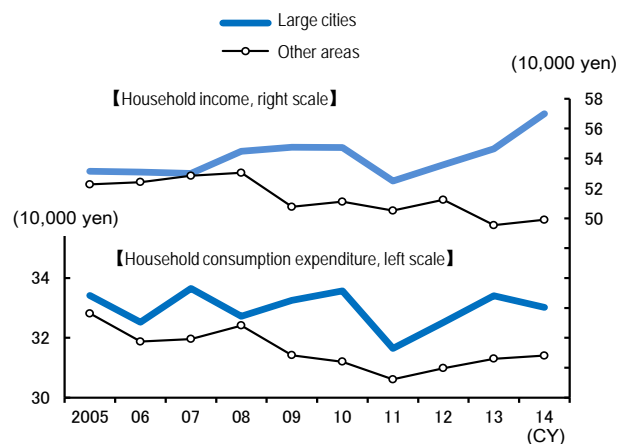
In the household sector, benefits in households brought by the depreciation of the yen after the start of "Abenomics" vary markedly among areas of residence. Household consumption expenditure in local areas has stagnated, reflecting sluggish household income there, compared with that in large city areas. With regard to this trend, the following seems to have contributed to widening the gap among areas.

First, large enterprises, many of which are located in large city areas, have improved their corporate profits thanks to the depreciation of the yen more than small and medium-sized enterprises have. On the other hand, in local areas, the increase in production due to the weaker yen has become unable to be counted on much, because Japan's manufacturers have tended to put more emphasis on high value-added products.

Second, the pace of increase in two-income households in large cities accelerated since 2012, which has pushed up household income there. Third, the wealth effect brought by stock price rises has been felt mainly in households in large cities, which hold more stocks than those in local areas. Fourth, demographic movements have also contributed to widening the gap. While the population of those 15 years old or more has increased by 780 thousand persons in large cities since 2011, that segment has decreased by 690 thousand persons in other areas. Especially, the population of those 64 years old or less, which tends to spend more, has fallen in other areas, which has contributed to stagnant spending.

Taking the above trends into consideration, it is a more urgent need in local areas than in large cities to create and establish a sustainable growth model, which makes the most use of the characteristics and resources in each area.

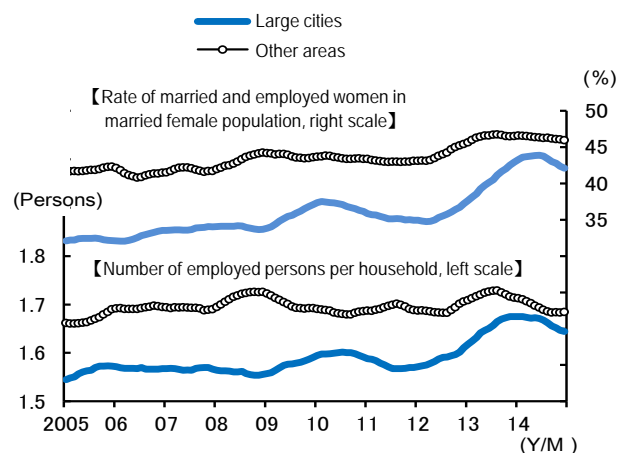
Figure 6-1 Household Income and Consumption Expenditure by Area



Source: The Ministry of Internal Affairs and Communications.

- Note: 1. Large cities mean Tokyo ward area and cities designated by cabinet order.
2. Households are workers' households with 2 or more members.

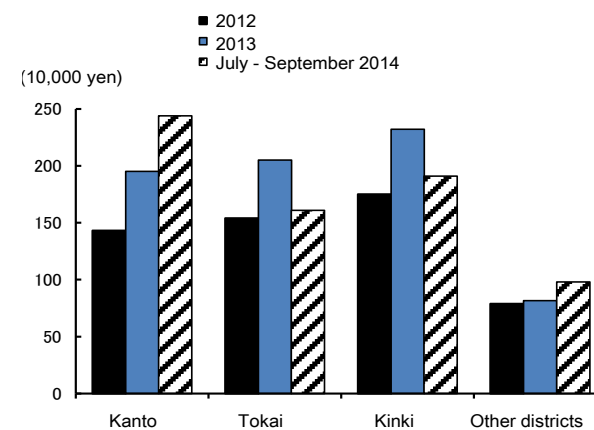
Figure 6-2 Number of Employed Persons per Household and Rate of Employed Women in Married Female Population by Area



Source: The Ministry of Internal Affairs and Communications.

Note: The same as Figure 6-1.

Figure 6-3 Amounts of Stocks, Unit and Open-end Trusts Held per Household by District



Source: The Ministry of Internal Affairs and Communications.

Note: Households with 2 or more members.

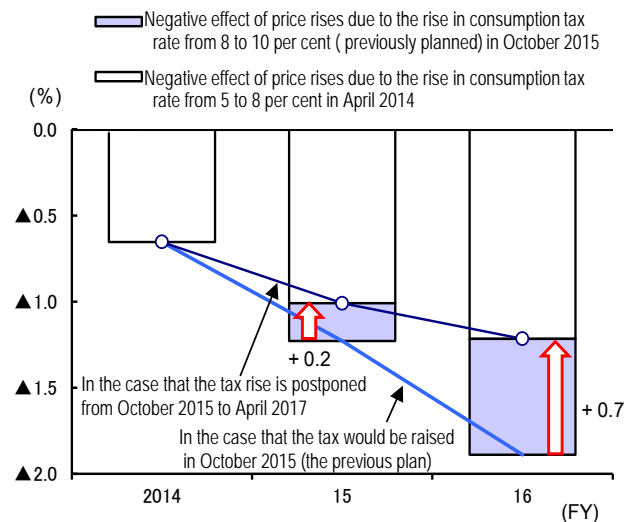
Postponement of the tax rise will benefit the economy for a while, yet will delay fiscal consolidation

The government postponed the planned rise in the consumption tax rate from 8 to 10 per cent from October 2015 to April 2017, appearing to have given a top priority to recovering economic activity and to overcoming deflation fully. This postponement is predicted to have a positive effect on economic activity for the time being, as downward pressure on private consumption expenditure, through a decline in purchasing power of households due to price rises stemming from the tax rise, ceases to exist. The JRI estimate shows that this postponement will push up the real GDP growth rate in FY2015 and FY2016 by 0.2 and 0.7 percentage points, respectively.

In addition, the implementation of economic measures of 3.5 trillion yen in the supplementary budget for FY2014, which was approved in a cabinet meeting in December, will likely bolster the economic activity further. The JRI estimate, based on the data of the Ministry of Finance, shows that the implementation will push up the real GDP growth rate in FY2015 by 0.4 percentage points. Yet, the boosting effect could be delayed due to a continued shortage of workers and heightened construction costs.

On the other hand, the postponement of the consumption tax rise will bring about dark clouds over the already planned fiscal reconstruction path. An expected considerable downswing in the consumption tax revenue will worsen the primary balance in central and local governments. Also, a scheduled enrichment and stabilisation in social security such as medical services, family care, and the pension system will face a retreat, as an increase in the consumption tax revenue set aside for these expenditure items no longer exists.

Figure 7-1 The Effect of Price Rises Stemming from Tax Rises to Real GDP Growth Rate <estimate>



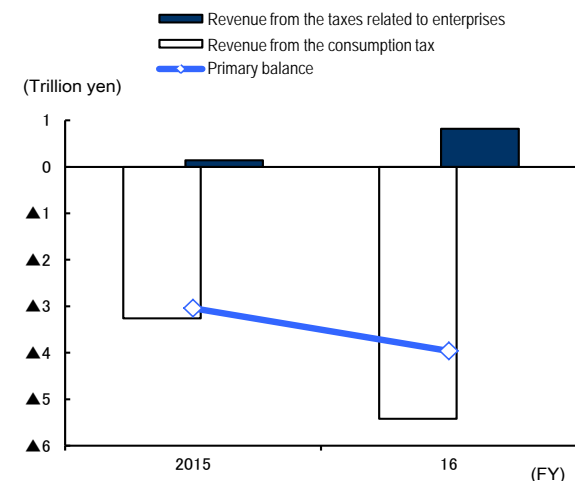
Source: Simulation by JRI based on the data of The Cabinet Office, The Ministry of Internal Affairs and Communications, and so on.

Figure 7-2 The Effect of Economic Measures Taken in the Supplementary Budget for FY2014 <estimate>

	(Billion yen)	
	The amount of measures in the supplementary budget	The estimated amount of boosting effect
Consumer-related	460	184
Business fixed investment-related	930	772
Public expenditure, public works	2,130	1,541
Total	3,520	2,497
The boosting effect on the real GDP growth rate in FY2015 (%)	0.4	

Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance, Prime Minister of Japan and his Cabinet, and so on.

Figure 7-3 The Effect of Postponement of Rise in the Consumption Tax Rate on Tax Revenue



Source: Simulation by JRI based on the data of The Ministry of Finance, The Cabinet Office, and so on.

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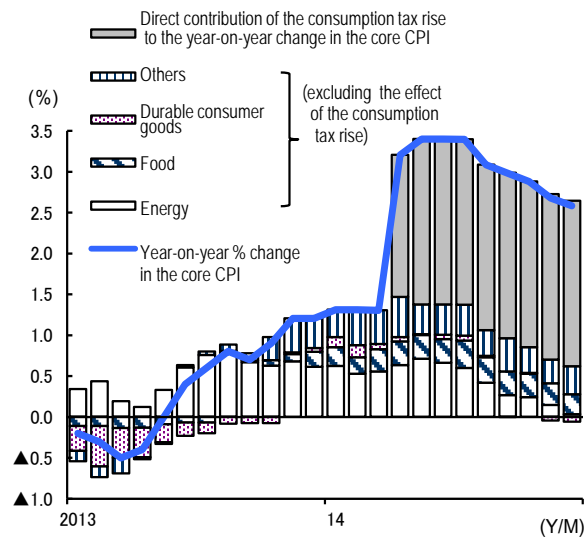
The pace of rise in core CPI will accelerate again as the effect of the latest weaker yen materialises

Except for the direct effect of the consumption tax rise, the core CPI, which excludes fresh food, increased by 0.5 per cent year-on-year in December last year, having decelerated since the peak in April. In addition to the delay in the improvement in the supply-demand condition, due to unfavourable effects of the consumption tax rise, the considerable fall in the oil price has been a weighing down factor on consumer prices.

Meanwhile, reflecting the additional monetary easing measures taken by the Bank of Japan on October 31, the yen has depreciated further. The weaker yen is expected to push up consumer prices through a rise in costs for imports, and an improvement in the supply-demand condition if an advance in corporate profits through the weaker yen leads to an increase in business fixed investment and in household income. It is estimated that it takes more than 6 months for the effect of the depreciation of the yen to be felt in consumer prices. Therefore, although the slow pace of rise in the core CPI will remain for the time being, the pace will likely accelerate again as the effect of the weaker yen materialises.

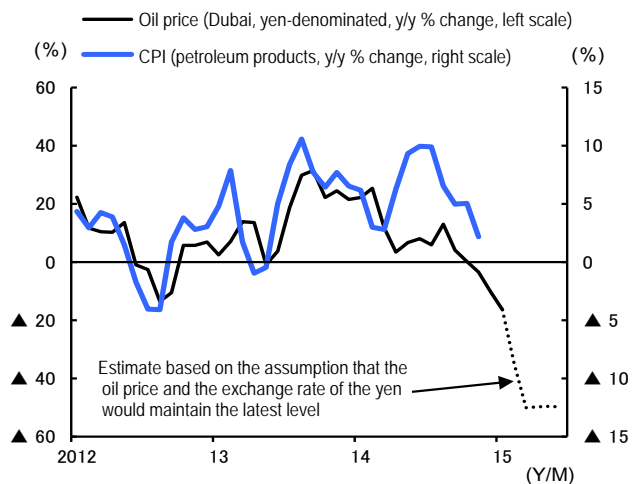
In order to achieve the goal set by the BoJ of the "continuously stable core CPI inflation rate at a pace of 2 per cent year-on-year", it is vital for the rate of increase in the core CPI inflation to accelerate stably hereafter through a rise in inflation expectations. In order for inflation expectations to rise, it is imperative that the acceleration in the core CPI inflation be realised by households and enterprises firmly, as actual figures have considerable influences on inflation expectations. In any case, it will take time to achieve the goal.

Figure 8-1 Contributions to the Year-on-year Change Rate of the Core CPI
<year-on-year % change>



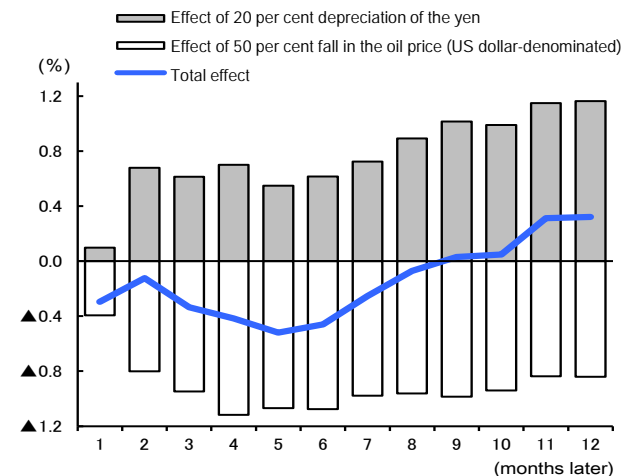
Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Internal Affairs and Communications.

Figure 8-2 Oil price and CPI of Petroleum Products
<year-on-year % change>



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Internal Affairs and Communications, The Bank of Japan, and so on.

Figure 8-3 Effect of the Weaker Yen and Cheaper Oil on the Core CPI in Process of Time



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Internal Affairs and Communications, The Bank of Japan.

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Prospects for Japan's economy - Projected real GDP change; - 0.8% in FY2014 and 1.7% in FY2015

(1) In the first preliminary estimates of GDP, Japan's real GDP in the October-December period last year increased by 2.2 per cent on an annualised quarter-on-quarter change basis, a positive figure for the first time in 3 quarters. Viewed by demand items, private consumption expenditure continued to pick up moderately, with the reactionary fall after the surge caused by the consumption tax rise last April easing gradually. Business fixed investment increased for the first time in 3 quarters, reflecting the pick up in production and shipments. Net exports contributed positively to the quarterly growth rate. Although private demand still lacked strength, the recovery in economic activity from the reactionary fall became gradually more visible as a whole. With respect to the whole of FY2014, real GDP will likely decline 0.8 per cent, the first fiscal yearly fall since FY2009, hugely affected by the reactionary fall in the economic activity after the consumption tax rise.

(2) It is predicted that the "autonomous economic expansion mechanism", where the positive effects felt in the corporate sector such as the increase in corporate profits lead to increased business fixed investment, employment and wages, is expected to work increasingly more strongly, as the reactionary fall and subsequent inventory adjustment near an end. The economic activity will likely become more firm, against the backgrounds of a continued positive attitude of enterprises to investment in plant and equipment, a continued improvement in income and employment environments for households, reduced costs in enterprises and an advanced purchasing power in households thanks to the considerable fall in the oil price, and so on. However, the pace of recovery is predicted to remain moderate, because the weaker yen will weigh on households and a certain part of domestic demand-related enterprises through increased costs, and overseas demand will not be able to be counted on so much as it has been thus far.

(3) The government postponed the planned rise in the consumption tax rate from 8 to 10 per cent from October 2015 to April 2017, appearing to have given a top priority to recovering economic activity and to overcoming deflation fully. This postponement is predicted to have a positive effect on economic activity in FY2015, as downward pressure on private consumption expenditure, through a decline in purchasing power due to price rises from the tax rise, ceases to exist. Also, an implementation of economic measures taken in the supplementary budget for FY2014, will likely bolster the economic activity in FY2015 further. As these favourable factors bring about firm economic activity, the economic growth rate will likely be 1.7 per cent in FY2015.

(4) Looking ahead further, although the "autonomous economic expansion mechanism" will continue to work, the pace of economic growth will likely slow down through the middle of FY2016. This is because of weighing down factors such as stagnant real income through price rises due to the depreciation of the yen, a slowdown in overseas economies such as in the US and China, and so on. However, towards the fourth quarter of FY2016 to March 2017, it is projected that rushed demand in private consumption expenditure and others will boost economic activity before the rescheduled rise in the consumption tax rate in April 2017. As a result, real GDP is predicted to grow by 1.4 per cent in FY2016 as a whole.

(5) The pace of increase in consumer prices is predicted to be slow for the time being, because the considerable fall in the oil price, as well as the delay in the improvement in the supply-demand condition due to unfavourable effects of the consumption tax rise, will continue to be a weighing down factor. However, from the second half of FY2015 onwards, the pace of increase in the core CPI will likely accelerate, as upward pressure on consumer prices from the depreciation of the yen materialises, albeit with a lag.

Figure 10 Projections for GDP Growth and Main Indicators of Japan (as of February 16, 2015)

	(seasonally adjusted, annualised % changes from the previous quarter)											(% changes from the previous fiscal year)			
	CY2014		CY2015				CY2016				CY2017	FY2013	FY2014	FY2015	FY2016
	7~9	10~12	1~3	4~6	7~9	10~12	1~3	4~6	7~9	10~12	1~3	(Actual)	(Projection)	(Actual)	(Projection)
	(Actual)	(Actual)	(Projection)				(Projection)				(Projection)	(Actual)	(Projection)	(Actual)	(Projection)
Real GDP	▲ 2.3	2.2	2.4	1.8	1.8	1.7	1.7	1.3	1.2	1.2	1.8	2.1	▲ 0.8	1.7	1.4
Private Consumption Expenditure	1.0	1.1	1.4	1.3	1.3	1.2	1.2	0.8	0.8	1.3	3.4	2.5	▲ 3.1	1.2	1.2
Housing Investment	▲ 25.1	▲ 4.8	3.8	3.7	4.2	4.0	3.9	2.0	2.3	4.2	4.6	9.3	▲ 12.1	0.8	3.2
Business Fixed Investment	▲ 0.6	0.4	3.9	4.1	4.4	4.5	4.6	2.3	2.7	3.0	3.3	4.0	▲ 0.1	3.4	3.3
Private Inventories (percentage points contribution)	(▲ 2.4)	(0.7)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.1)	(▲ 0.3)	(▲ 0.7)	(▲ 0.5)	(0.5)	(▲ 0.1)	(▲ 0.0)
Government Consumption Expenditure	0.8	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.6	0.6	0.6	1.6	0.3	0.4	0.5
Public Investment	8.5	2.3	0.0	1.5	1.3	▲ 0.8	0.0	0.0	▲ 0.5	▲ 1.0	▲ 1.2	10.3	2.7	1.1	▲ 0.3
Net Exports (percentage points contribution)	(0.2)	(0.9)	(▲ 0.2)	(▲ 0.1)	(▲ 0.1)	(0.0)	(▲ 0.1)	(▲ 0.1)	(▲ 0.1)	(▲ 0.1)	(▲ 0.4)	(▲ 0.5)	(0.5)	(▲ 0.0)	(▲ 0.1)
Exports of Goods and Services	6.2	11.4	4.0	4.4	4.6	4.7	4.7	4.5	4.2	4.2	4.2	4.7	7.2	5.3	4.4
Imports of Goods and Services	4.2	5.3	4.0	4.4	4.4	4.0	4.4	4.3	4.0	4.1	5.1	6.7	3.0	4.4	4.3

	(% changes from the same quarter of the previous year)											(% changes from the previous fiscal year)			
	7~9	10~12	1~3	4~6	7~9	10~12	1~3	4~6	7~9	10~12	1~3	FY2013	FY2014	FY2015	FY2016
Real GDP	▲ 1.4	▲ 0.5	▲ 1.1	1.0	2.2	1.8	1.9	1.7	1.5	1.3	1.4	2.1	▲ 0.8	1.7	1.4
Nominal GDP	0.6	1.8	1.2	1.3	2.9	2.2	2.2	2.0	2.0	1.7	1.9	1.8	1.3	2.1	1.9
GDP deflator	2.0	2.3	2.3	0.2	0.7	0.4	0.3	0.4	0.5	0.4	0.5	▲ 0.3	2.2	0.4	0.5
Consumer Price Index (excluding fresh food)	3.2	2.7	2.4	0.5	0.8	1.1	1.3	1.4	1.3	1.4	1.5	0.8	2.9	0.9	1.4
(excluding fresh food and consumption tax)	1.1	0.7	0.4	0.5	0.8	1.1	1.3	1.4	1.3	1.4	1.5	0.8	0.9	0.9	1.4
Industrial Production Index	▲ 1.0	▲ 1.6	▲ 2.5	2.1	4.5	2.9	1.8	1.4	1.2	1.1	1.2	3.2	▲ 0.7	2.8	1.2
Unemployment Rate (%)	3.6	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.9	3.5	3.4	3.4
Current Account Balances (trillion JY)	1.63	1.36	3.69	1.74	2.84	0.72	3.65	1.61	3.08	0.95	4.16	0.83	7.04	8.94	9.82
Share of Nominal GDP (%)	1.4	1.1	3.0	1.4	2.3	0.6	2.9	1.3	2.5	0.7	3.3	0.2	1.4	1.8	1.9
Exchange Rates (JY/US\$)	104	114	119	120	121	122	123	123	123	123	123	100	110	122	123
Import Price of Crude Oil (US\$/barrel)	108	89	55	60	65	67	69	69	70	70	71	110	91	65	70

Source: The Cabinet Office; The Ministry of Internal Affairs and Communications; The Ministry of Economy, Trade and Industry; The Ministry of Finance.

The projection figures are based on those of The Japan Research Institute, Ltd.

Note 1: "▲" indicates minus.

2: It is assumed that the consumption tax rate will be raised from 8% to 10% in April 2017.

3: It is also assumed that economic measures through the supplementary budget will be implemented (amount: 3,529 billion yen).

4: The assumptions on the real GDP growth rate in 2014 (actual result in the US and China), 2015 and 2016 in major overseas economies: the US, 2.4%, 3.1%, 2.8%; the euro area, 0.8%, 0.9%, 1.3%; China, 7.4%, 7.2%, 7.0%.