

# Monthly Report of Prospects for Japan's Economy

April 2016

Macro Economic Research Centre  
Economics Department



The Japan Research Institute, Limited

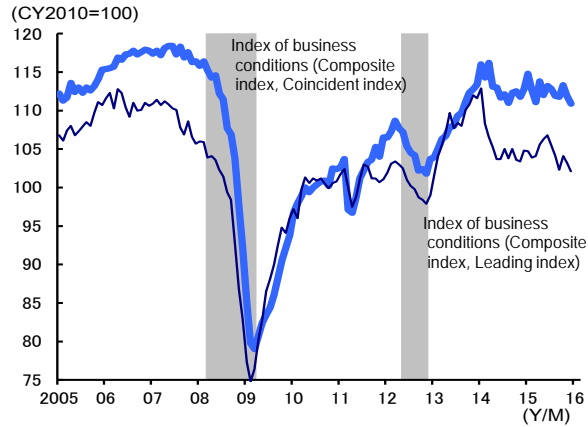
<http://www.jri.co.jp/english/periodical/>

This report is the revised English version of the March 2016 issue of the original Japanese version.

# The general situation of Japan's economy – Continued sense of stagnation, as private consumption weakens

**Figure 1-1 Economic Activity**

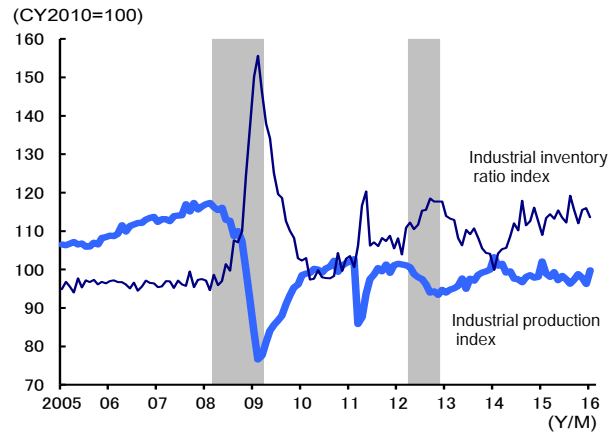
The leading index of business conditions fell for the second successive month, due to the fall in stock prices.



Source: The Cabinet Office.

**Figure 1-2 The Corporate Sector**

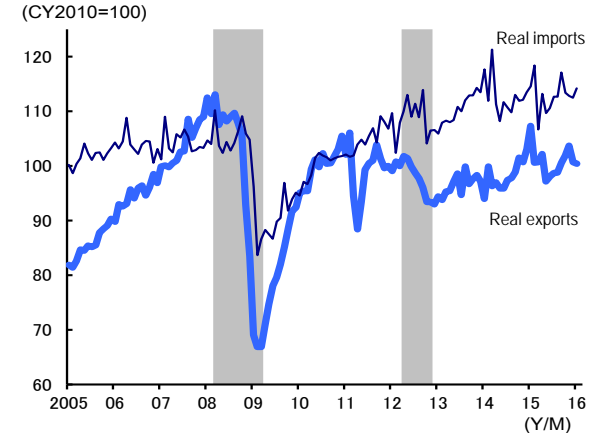
Production activity has seesawed, due to stagnant shipments and partial advance in inventory adjustment.



Source: The Ministry of Economy, Trade and Industry.

**Figure 1-3 Overseas Demand**

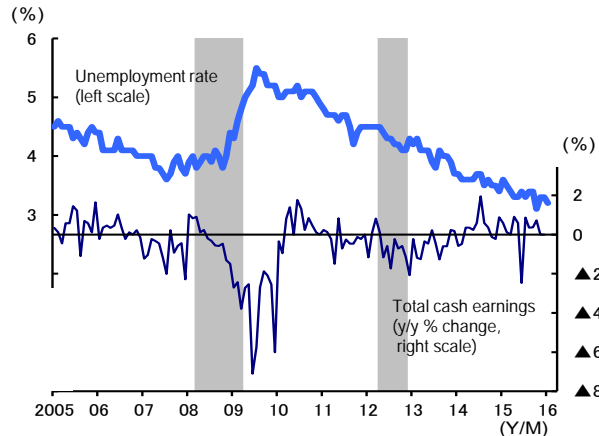
Exports to emerging countries have been very slow to increase. Imports increased for the first time in 4 months.



Source: The Bank of Japan.

**Figure 1-4 Employment and Income**

The unemployment rate remains at a very low level. Regular pay which excludes overtime pay continues to increase year-on-year.

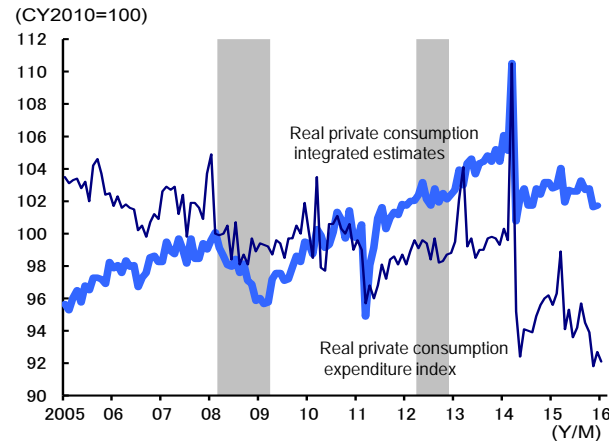


Source: The Ministry of Internal Affairs and Communications, The Ministry of Health, Labour and Welfare.

\* The shaded area indicates the phase of recession.

**Figure 1-5 Private Consumption Expenditure**

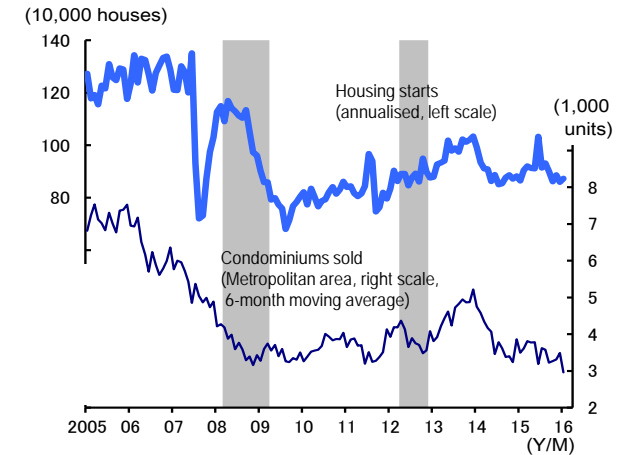
Real private consumption expenditure continues to weaken, as wages are very slow to rise and consumer sentiment worsens reflecting the fall in stock prices.



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

**Figure 1-6 Housing Investment**

Housing starts have been weak. Condominium sales continue to weaken.



Source: The Ministry of Land, Infrastructure and Transport, Real Estate Economic Institute Co., Ltd.

Monthly Report of Prospects for Japan's Economy April 2016  
The Japan Research Institute, Limited

# While the sense of a standstill persists, good corporate profits have been maintained

## ◆ The lack of movement in Japan's economic activity is protracted

The sense of a standstill in Japan's economy has been prolonged, with demand both at home and abroad having weakened.

Real GDP in the October-December period decreased by 1.1 per cent on an annualised quarter-on-quarter change basis (national accounts, the second preliminary estimates), for the first time in 2 quarters. While business fixed investment increased for the second consecutive quarter and bolstered the total to some degree, private consumption, public investment and exports declined.

## ◆ The sense of stagnation has been felt especially in household consumption expenditure

Looking at monthly statistics, real household consumption expenditure was weak in December, amid limited wage increases. This was also partly due to sluggish sales of

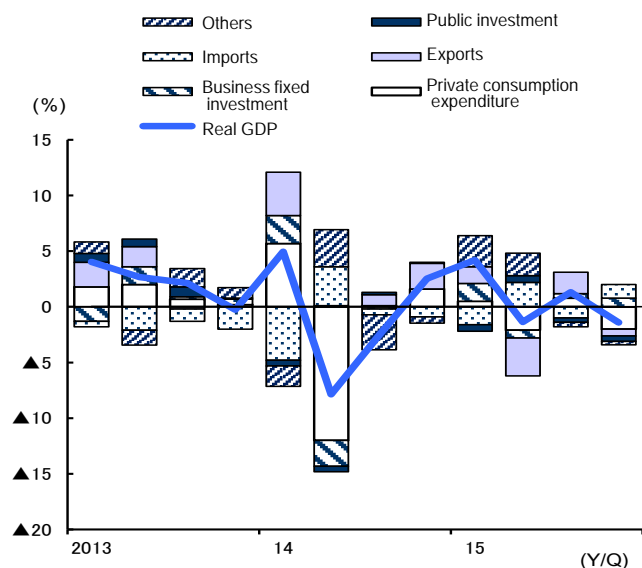
winter goods and energy for heating because of unusually warm weather. Also, after early this year, the worsening in consumer sentiment due to the fall in asset values such as stocks has weighed on household consumption expenditure.

## ◆ Exports and production lack momentum, yet current profits are still firm

As for real exports, while those to advanced economies have been solid, those to Asia, where the economies have decelerated, have stagnated. Also, the pace of the pickup in production has been still slow amid continued stagnant shipments, although inventory adjustment has advanced in certain industry sectors.

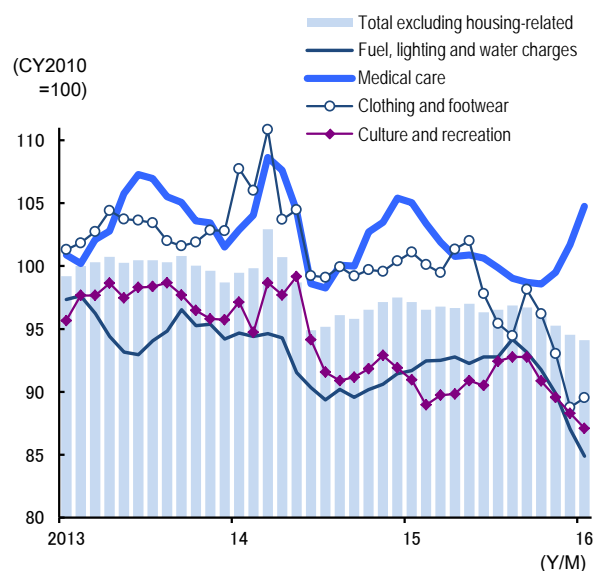
However, on the whole, the moderate economic recovery trend per se has not yet faltered so much. This is seen in the fact that good employment environments are continuing under corporate profits still at a high level, and business fixed investment also has signs of picking up.

Figure 2-1 Real GDP Change Rate by Demand Item  
<the first preliminary estimates, on an annualised q/q change basis, seasonally adjusted>



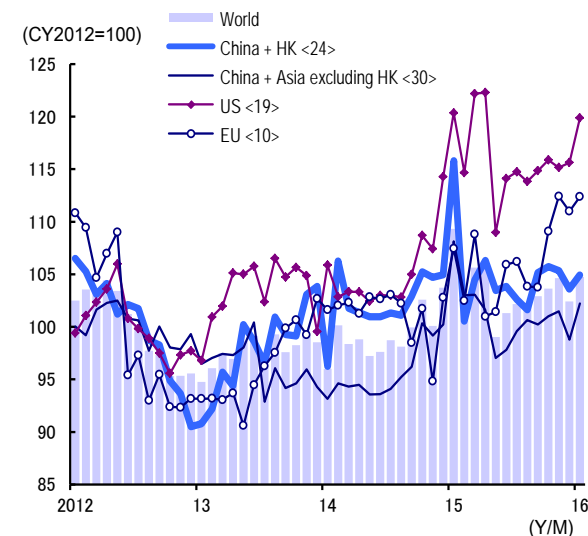
Source: The Japan Research Institute, Ltd. based on the data of The Cabinet Office.

Figure 2-2 Index of Consumption Expenditure Level by Item  
<seasonally adjusted, 3-month moving average>



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

Figure 2-3 Real Exports by Destination  
<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 FY2014.

Monthly Report of Prospects for Japan's Economy April 2016  
The Japan Research Institute, Limited

# As no powerful world economy driver exists, Japan's exports of goods will likely be very slow to rise

◆ Total imports will likely pick up moderately, despite the fall in imports of mineral fuels

Japan's monthly trade balance was a surplus in January on a seasonally adjusted basis, for the third successive monthly surplus. The pace of decline in total imports was more than that of total exports which continued to be stagnant. The value of total imports decreased in January, the sixth consecutive monthly decline. This is mainly because of the sluggish imports of mineral fuels, reflecting the fall in the crude oil price, stagnant domestic production activity and unusually warm weather.

However, real imports other than mineral fuels have been picking up. It is likely that the import penetration rate (the ratio of imports in the total domestic supply) will return to its rising trend again, amid the reversal in the exchange rate to the stronger yen. If the fall in the crude oil price is checked and domestic production recovers, albeit at a moderate pace, real imports as a whole will also likely pick up.

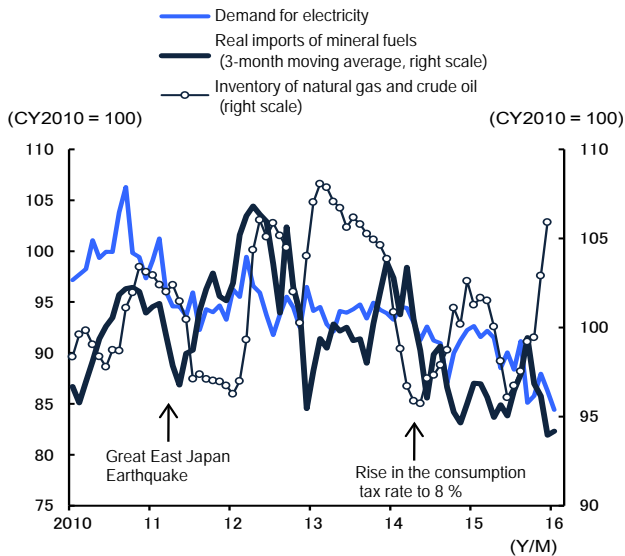
◆ Total exports will likely continue to lack momentum, against the

background of a slowdown in the Chinese economy and other factors

Japan's real exports of goods had shown a mild recovery trend in the second half of last year. However, they have recently seesawed. Exports of items such as producer goods and inbound-related consumer goods (such as medicine, cosmetics and household appliances, which have the strong demand of the foreigners who have visited Japan and now want as their favourite Japanese products in their countries) have bolstered the total to some degree. Yet, exports of capital goods continue to decline, reflecting the global slowdown in business fixed investment.

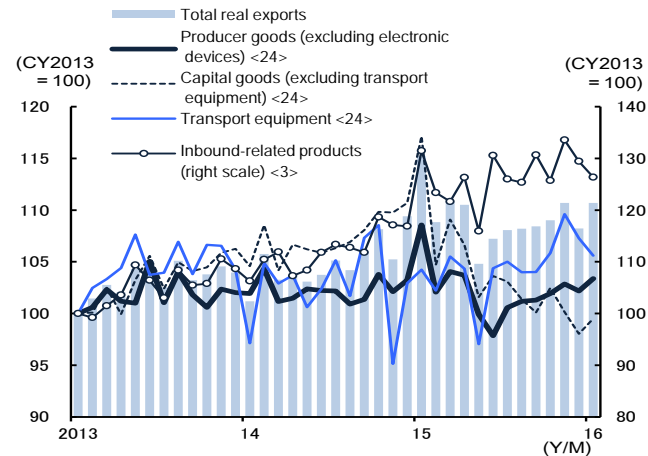
Looking ahead, services exports will continue to be firm, including good inbound demand. However, it is predicted that exports of goods will be very slow to increase due to heightened uncertainties surrounding overseas demand and the reversal of the exchange rate to the appreciation of the yen since early this year. Anxiety over overseas economies includes not only the slowdown in the economies of China and other emerging countries, but also the prospects of the currently firm US economy.

Figure 3-1 Demand for Electricity, Real Imports of Mineral Fuels, and Gas and Oil Inventory <seasonally adjusted>



Source: The Japan Research Institute, Ltd. based on the data of The Federation of Electric Power Companies of Japan, The Ministry of Economy, Trade and Industry, The Ministry of Finance, The Bank of Japan.

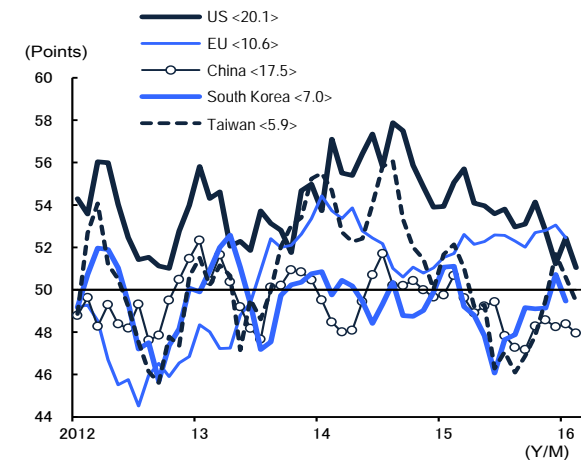
Figure 3-2 Real Exports Index by Goods <seasonally adjusted>



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

- Note: 1. Figures in the angle brackets show the shares in 2015 on a nominal basis.  
 2. Inbound-related products are the items which foreign visitors to Japan tend to like to purchase in their own countries, including medicine, cosmetics, household appliances, and so on.

Figure 3-3 Manufacturing PMI (Purchasing Managers' Index) by Country or Region



Source: The Japan Research Institute, Ltd. based on the data of Nikkei, China Caixin/Markit, Markit.

Note: Figures in the angle brackets show the shares in Japan's total nominal exports in 2015.

# Downside risk is looming even in currently firm corporate profits and business fixed investment

## ◆ The improving trend in corporate profits has taken a breather

Concerning the corporate sector, based on the Financial Statements Statistics of Corporations by Industry, sales value in Japanese enterprises declined in the October-December period last year on a seasonally adjusted quarter-on-quarter basis, the fourth straight quarterly decrease.

As for current profits during the same period, those in manufacturing decreased considerably, partly because the write-downs of the value of inventories due to the fall in the natural resources prices pushed down profits, in addition to the gradual petering out of the boosting effect of the weaker yen. On the other hand, current profits in nonmanufacturing such as retailing, construction and real estate continued to increase, against the background of firm demand of the rising number of foreign visitors to Japan, large redevelopment projects in the metropolitan area, and so on.

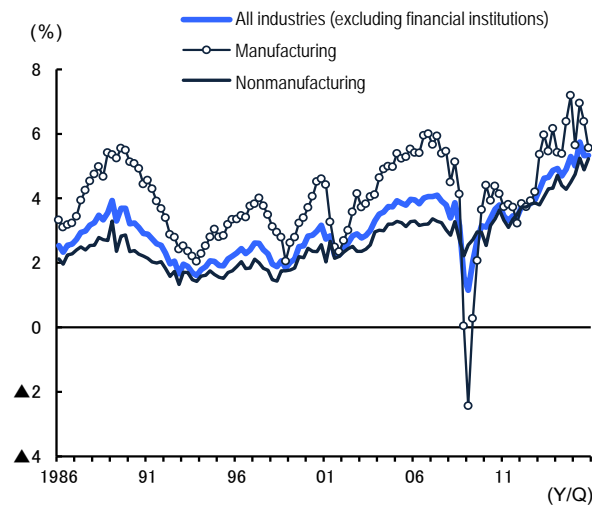
Although the business structure of Japanese enterprises, which has strengthened thus far, continues to be good, the improving trend in the ratio of current profits to sales will likely take a breather, due to factors such as increased personnel costs and heightened uncertainties surrounding overseas demand.

## ◆ Heightened uncertainties over future prospects will likely weigh on business fixed investment

Looking at business fixed investment, compared with good corporate profit environments, the investments in machinery and buildings have weakened. One of the reasons for this trend is that the following structural changes in the economy, related to business fixed investment, have played a role of curbing conventional investment. First, Japanese enterprises have tended to shift their funds to overseas direct investment including M & A. Second, the investment in research and development (R & D) and software has become more and more important. Third, the change in industrial structure has lifted the share of services industries, where the value of investment per enterprise is smaller than that in manufacturing.

It is likely that business fixed investment will pick up, reflecting corporate profits at a still high level and increased demand for investment for rationalisation and saving. Yet, the pace of pickup will likely be more moderate than anticipated. This is because, in addition to the above reasons, the uncertainties in the financial markets, which have heightened rapidly after the start of the year, will be a weighing down factor.

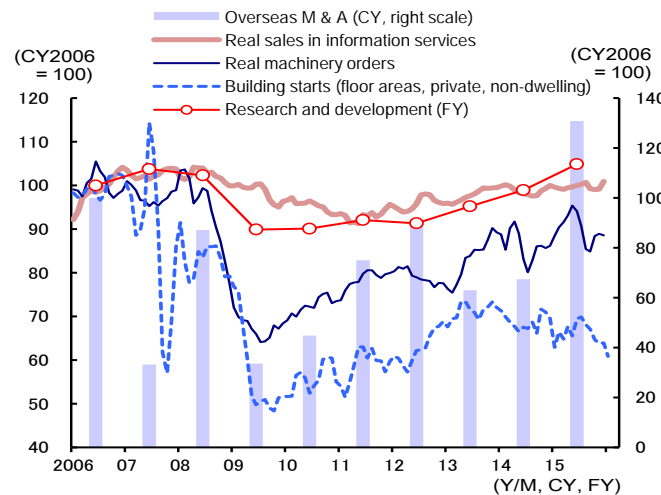
Figure 4-1 Ratio of Current Profits to Sales <seasonally adjusted>



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

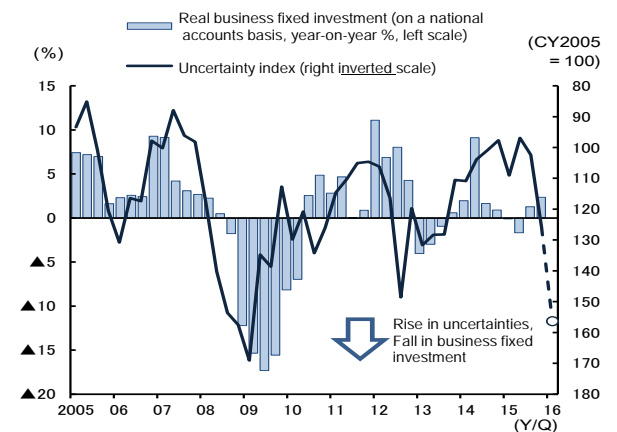
Note: All industries excluding financial institutions.

Figure 4-2 Indicators Related to Business Fixed Investment



Source: The Japan Research Institute, Ltd. based on the data of The Cabinet Office, The Ministry of Economy, Trade and Industry, The Ministry of Land, Infrastructure and Transport and so on.

Figure 4-3 Real Business Fixed investment and Uncertainty Index



Source: The Japan Research Institute, Ltd. based on the data of The Cabinet Office, Bloomberg L.P.

Note: The uncertainty index is based on TOPIX, and the latest figure is for the end of January 2016.

Monthly Report of Prospects for Japan's Economy April 2016  
The Japan Research Institute, Limited

# Private consumption expenditure would be affected positively by wage rises and cheaper oil

◆ A sense of stagnancy has been felt in private consumption expenditure, against the background of continued reactionary fall in the purchase of durable goods and the heightened price of food

In the household sector, private consumption expenditure has stagnated. This seems to have been caused by sluggish sales of winter clothes and reduced energy costs due to unusually warm weather. Also, the decline in sales of durable goods is still continuing, because of the reactionary fall after the rise in the consumption tax rate in April 2014 and various subsequent supporting measures for buying.

Further, the year-on-year change rate in the core CPI which excludes fresh food has stayed at near zero since spring 2015 owing to the fall in the price of petroleum-related products. Yet, the CPI for food (excluding fresh food) continues to rise at a pace much faster than that of nominal wages. Because food is purchased quite often, its price change is felt acutely by consumers as if it were a realisation of the whole price situation, which leads to worsened consumer sentiment.

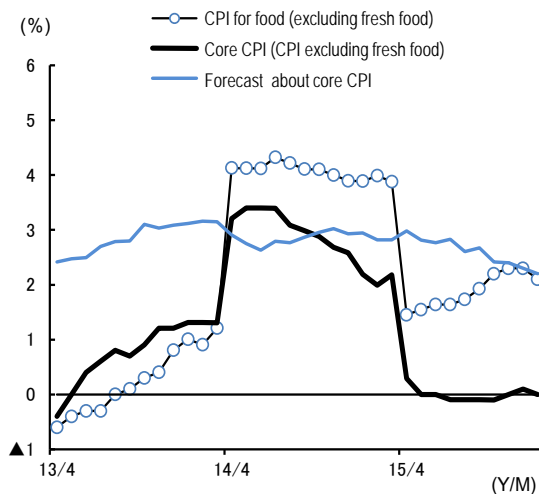
◆ Slow pace of recovery in private consumption expenditure will likely continue

Looking ahead, private consumption expenditure is expected to be firmer gradually over FY2016 to March 2017, although there is anxiety over a possible downswing in economic activity. This is because, as for income environments, a raise in wages will likely materialise in the wage negotiations this spring to some degree, albeit short of the results last spring. Also, consumer sentiment will be bolstered by the decelerated pace in the rise in food prices due to the nearing of the end of the boosting effect of the weaker yen and owing to the reversal to the stronger yen of late.

However, the pace of the pickup in compensation for employees and private consumption expenditure will remain mild. One of the reasons for this is that the increase in employment has tended to be unevenly distributed to the cohorts with lower wage levels. The main types where employment has increased most are female and/or elderly part-time jobs, and, by industry, jobs in nonmanufacturers.

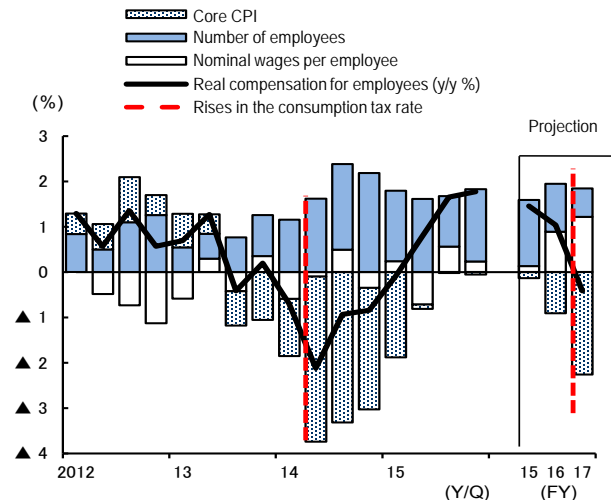
Looking ahead further, it is predicted that private consumption expenditure in real terms in FY2017 will decline considerably due to the decrease in real income caused by the rise in the assumed consumption tax rate from 8 to 10 per cent in April 2017.

Figure 5-1 Core Consumer Price Index and Its Forecast of Consumers <year-on-year % change>



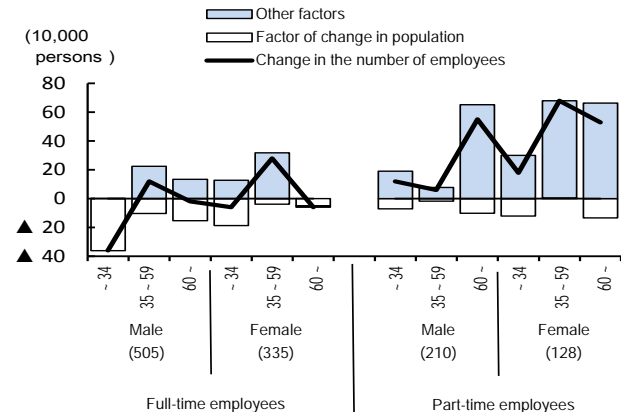
Source: The Japan Research Institute, Ltd. based on the data of The Cabinet Office, The Ministry of Internal Affairs and Communications.

Figure 5-2 Contributions to the Year-on-Year Change Rate in Real Compensation for Employees



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

Figure 5-3 Details in the Change in the Number of Employees <from January 2013 to January 2016>



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Internal Affairs and Communications.  
Note: The figures in parentheses are median estimates of annual income (units of 10,000 yen, in 2015).

Monthly Report of Prospects for Japan's Economy April 2016  
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# Supplementary budget for FY2015 will likely bolster economic activity in FY2016

## ◆ The supplementary budget for FY2015 will support economic activity in FY2016

Amid limited strength for the economic recovery, the supplementary budget for FY2015 was approved in the Diet on January 20, and is expected to bolster economic activity hence. Its scale is 3,321 billion yen, which is estimated to boost the real GDP growth rate by 0.3 - 0.4 percentage points, with public works being its main driving force. The boosting effect will likely materialise over several years to come, yet that in FY2016 will be the main portion.

## ◆ The currently scheduled rise in the consumption tax rate to 10 per cent in April 2017 will also be a fluctuating factor

The changes in demand and prices caused by the currently scheduled rise in the consumption tax rate from 8 to 10 per cent in April 2017 will be a fluctuation factor. First of all, the scale of a last minute surge in demand this time is estimated to be smaller than that in the consumption tax rise in April 2014. Although durable goods such as household appliances and automobiles will be the main items subject to

rushed demand, it is likely that demand for those which were purchased in a rush before the consumption tax rise last time will be limited this time, taking their service life into account.

With the above mentioned element taken into consideration, based on consumption functions, it is estimated that a last minute surge in demand will push up the growth rate of private consumption expenditure in FY2016 by 0.7 percentage points. However, it is also projected that private consumption expenditure in FY2017 will be pushed down in turn, by 1.6 percentage points, by a reactionary fall after the surge and reduced real purchasing power caused by the rise in consumer prices.

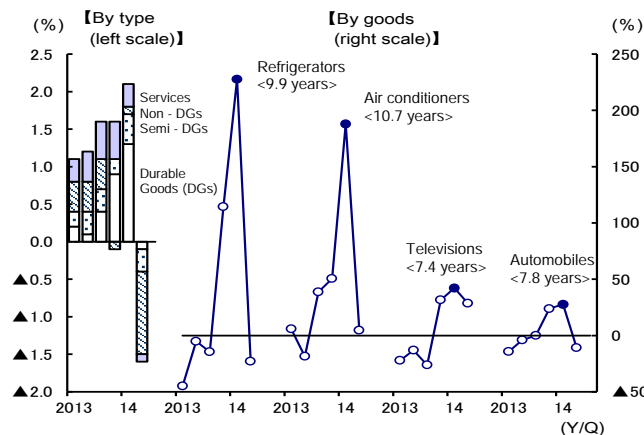
Meanwhile, it was decided that the reduced tax rate of 8% would be applied from April 2017 onwards mainly to food excluding alcoholic beverages and eating out. Thus, it is estimated that the rate of decrease in private consumption expenditure in FY2017 will be eased by 0.2 percentage points, compared with the no reduced tax rate case.

Figure 6-1 Items in Supplementary Budget for FY 2015 and Estimated Effect to Real GDP Growth Rate

	(Billion yen)
Urgent measures to realise a "Society in Which All Citizens are Dynamically Engaged"	1,164
• To realise the "desirable birth rate of 1.8" and "no one forced to leave their jobs for nursing care"	<395>
• Support for pensioners	<362>
• To promote investments and realise revolution in productivity	<240>
• To strengthen added-value creativity in local communities	<167>
Measures to realise TPP-related policies	340
Measures to accelerate the reconstruction in the disaster-hit areas and to promote disaster prevention and reduction	1,338
Other Measures	479
The Total	3,321
Estimated boosting effect on the GDP growth rate	0.4 % points

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.

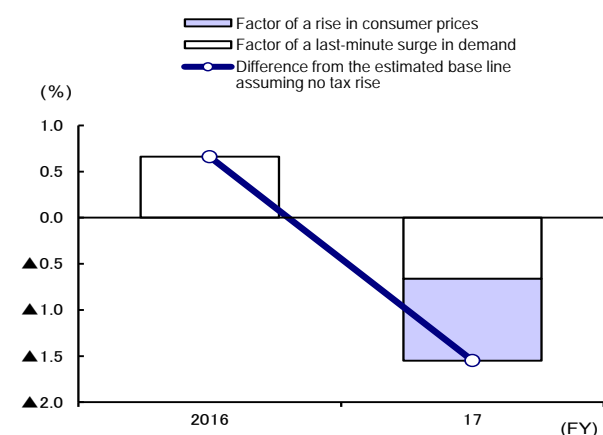
Figure 6-2 Change in Private Consumption Expenditure before and after the Consumption Tax Rise in April 2014 <year-on-year % change>



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

Note: The figures in angle brackets show service life (years) of each type of durable goods.

Figure 6-3 Estimated Effect of the Consumption Tax Rise in April 2017 (8% to 10%) on the Change Rates in Private Consumption Expenditure



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

Monthly Report of Prospects for Japan's Economy April 2016  
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# Achieving the core CPI goal set by the BoJ will likely take time

## ◆ The changes in consumer prices vary considerably with items

The year-on-year change rate of the core consumer price index (CPI), which excludes fresh food, has been at around zero as a whole. Yet, detailed observation shows that the changes in consumer prices vary considerably with items. The energy price continues its significant fall due to the substantial drop in the crude oil price. Also, the cost of rent and utilities, which has fair price rigidity and is hard to change in response to the improvement in the macroeconomic supply-demand situation, has decelerated.

However, the consumer prices of items other than those mentioned above continue their high pace of year-on-year increase. This high pace of increase has been contributed to by factors such as 1) the rise in costs of imports because of the weaker yen, 2) the improvement in the macroeconomic supply-demand environments compared with those before the start of Abenomics, and 3) the increase in inflation expectations which is implied by the upward shift of the intercept in the Phillips curve. Judging from these aspects, it is likely that the prices of these items will continue their

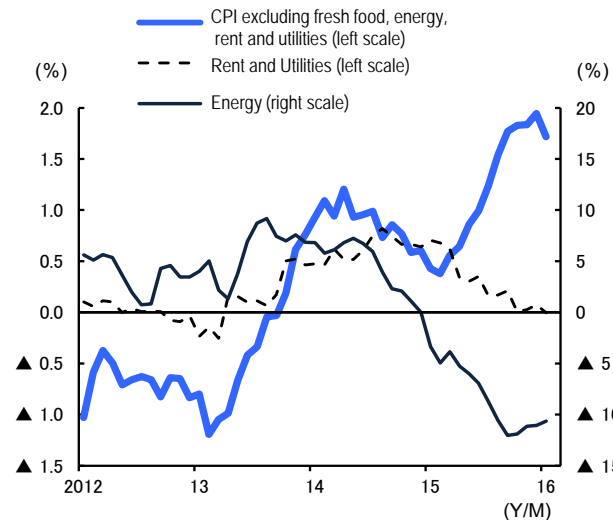
solid increase even after the boosting effect of the weaker yen nears its end.

## ◆ It will take time to achieve the goal set by the BoJ

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 necessary for the pressure for price rises to spread to items such as rent and utilities.

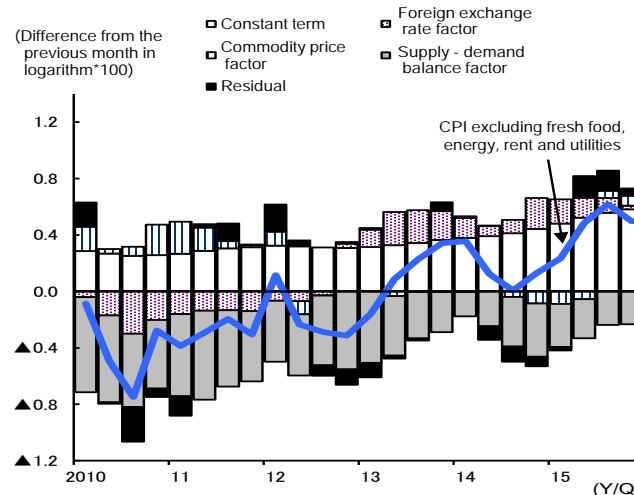
As for rent, which has a relatively heavy weight in the total weight in the core CPI, there is a strong correlation between rent and land prices in residential areas. Therefore, in order for the pressure for rises on rent to strengthen, it is necessary for the increasing trend in land prices to materialise and last, in addition to the improvement in the macroeconomic supply-demand environments and the increase in inflation expectations. The land price index for residential areas in urban districts on a national basis continues its moderate year-on-year decline of late. Taking this situation into consideration, it will likely take quite some time for rent on a CPI basis to show a year-on-year increase and to approach a 2 per cent rise.

Figure 7-1 Consumer Price Index (CPI) by Item <year-on-year % change>



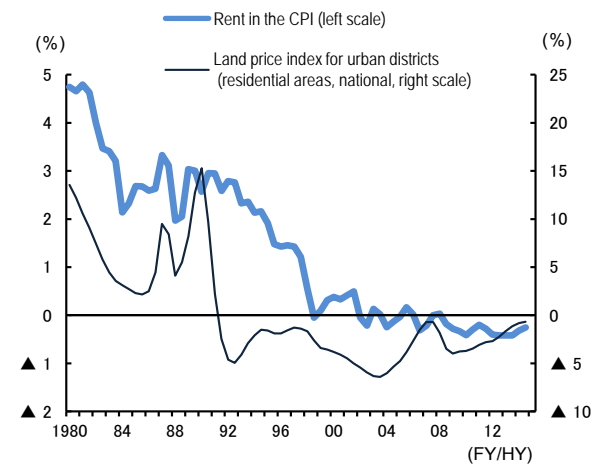
Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Internal Affairs and Communications.  
Note: Rent and utilities exclude electricity and gas charges.

Figure 7-2 Contributions to the Year-on-Year Change Rate in CPI excluding Fresh Food, Energy, and Rent and Utilities



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

Figure 7-3 CPI for Rent and Land Price Index for Urban Districts



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

Monthly Report of Prospects for Japan's Economy April 2016  
The Japan Research Institute, Limited



## Prospects for Japan's economy - Projected real GDP change; 0.9% in FY2016 and -0.6% in FY2017

◆ The appreciation of the yen and the fall in stock prices after early this year will likely weigh on economic activity. Even if the financial markets stabilise, the pace of economic recovery will remain slow

(1) Japan's real GDP in the October-December period last year decreased by 1.1 per cent on an annualised quarter-on-quarter change basis (national accounts, the second preliminary estimates). This figure of minus 1.1 per cent was revised upwards slightly from minus 1.4 percent in the first preliminary estimates, mainly due to the upswing in business fixed investment and the narrowing in the negative contribution of private inventory changes.

However, the reduced minus figure in private inventories contribution seems to suggest a delay in inventory adjustment. Thus, it is likely that persistent pressure for an advance in inventory adjustment will continue to weigh on economic activity. Meanwhile, private consumption expenditure was revised downward for the second successive quarter.

(2) The views of JRI on the prospects for Japan's economy have not been altered by this revision.

The sense of a standstill over Japan's economy has been prolonged, with demand both at home and abroad having weakened. The appreciation of the yen and the fall in stock prices after early this year will likely weigh on business and consumer sentiment. Together with pressure for inventory adjustment, Japan's economic activity will continue to lack momentum for the time being.

However, if the financial markets regain their stability, it is expected that economic activity will become firmer gradually through the "autonomous economic expansion mechanism", in which corporate profits at still high level lead to the expansion of business fixed investment, total cash earnings and employment.

Nevertheless, the pace of economic recovery will likely be very mild. One of the reasons for this is persistent uncertainties about overseas economies such as the slowdown in the Chinese economy and expected rises in the Federal Funds target policy rate in the US.

(3) Under these circumstances, in FY2016 to March 2017, the boosting effects of the favourable factors will bolster the economic activity during the period, such as the implementation of the supplementary budget for FY2015 and a last minute surge in demand before the currently assumed rise in the consumption tax rate from 8 to 10 per cent in April 2017. Accordingly, it is projected that the real GDP growth rate in FY2016 will be slightly up from the previous fiscal year to 0.9 per cent.

However, real GDP growth in the April-June period 2017, the first quarter of FY2017, will see a considerable decline from the previous quarter due to the reactionary fall in demand after the last minute surge before the consumption tax rise. Although economic activity is predicted to return to its recovery trend again under the continued "autonomous expansion mechanism", the pace of recovery will likely remain very mild, affected also by the reduction in real purchasing power due to the rise in consumer prices. Therefore, it is projected that real GDP in FY2017 as a whole will decline by 0.6 per cent from the previous fiscal year.

◆ The rate of increase in the core CPI will likely accelerate gradually, as the downward effect of the cheaper crude oil nears its end

(4) As for the core CPI which excludes fresh food, the pace of increase will likely be very slow for the time being. However, it is predicted that factors such as a stop in the fall and a reversal in the price of crude oil, and the pickup in domestic demand will contribute to boosting prices. Thus, the rate of year-on-year increase in the core CPI is projected to accelerate gradually during the projection period.

Figure 9 Projections for GDP Growth and Main Indicators of Japan ( as of March 8, 2016 )

	(seasonally adjusted, annualised % changes from the previous quarter)											(% changes from the previous fiscal year)			
	CY2015		CY2016				CY2017				CY2018	FY2014	FY2015	FY2016	FY2017
	7~9	10~12	1~3	4~6	7~9	10~12	1~3	4~6	7~9	10~12	1~3				
	(Actual)		(Projection)				(Projection)					(Actual)	(Projection)		
Real GDP	1.4	▲ 1.1	0.4	0.2	1.8	2.1	3.1	▲ 6.1	0.1	0.2	0.7	▲ 1.0	0.7	0.9	▲ 0.6
Private Consumption Expenditure	1.4	▲ 3.4	1.9	▲ 0.3	1.3	2.4	6.5	▲ 13.3	1.2	0.6	0.8	▲ 2.9	▲ 0.4	0.9	▲ 1.7
Housing Investment	6.6	▲ 4.7	0.0	3.6	4.7	6.3	5.8	▲ 20.9	▲ 12.2	▲ 1.0	3.5	▲ 11.7	2.5	2.7	▲ 6.0
Business Fixed Investment	3.0	6.3	0.5	1.9	3.0	3.2	6.3	▲ 5.1	0.8	2.8	2.9	0.1	2.1	2.9	1.0
Private Inventories (percentage points contribution)	(▲ 0.7)	(▲ 0.2)	(▲ 0.6)	( 0.0)	( 0.6)	( 0.4)	(▲ 0.8)	( 1.3)	(▲ 0.6)	(▲ 0.2)	( 0.0)	( 0.6)	( 0.3)	(▲ 0.1)	( 0.1)
Government Consumption Expenditure	0.8	2.4	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.1	1.4	0.8	0.6
Public Investment	▲ 8.1	▲ 12.7	▲ 0.8	2.6	4.9	3.2	1.8	0.9	0.0	▲ 11.2	▲ 8.7	▲ 2.6	▲ 2.1	0.3	▲ 1.2
Net Exports (percentage points contribution)	( 0.8)	( 0.6)	(▲ 0.4)	(▲ 0.3)	(▲ 0.7)	(▲ 0.8)	(▲ 1.4)	( 1.7)	( 0.0)	( 0.0)	(▲ 0.2)	( 0.6)	( 0.1)	(▲ 0.4)	( 0.1)
Exports of Goods and Services	10.9	▲ 3.3	1.3	2.9	3.1	3.4	2.9	2.8	3.1	3.3	3.3	7.8	0.3	2.4	3.0
Imports of Goods and Services	5.2	▲ 5.6	3.7	4.9	6.9	7.6	10.2	▲ 5.8	2.8	3.0	4.1	3.3	▲ 0.1	4.4	2.8

	(% 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				
Nominal GDP	3.5	2.1	1.1	1.2	0.9	1.6	2.0	1.1	0.9	0.8	0.3	1.5	2.2	1.4	0.8
GDP deflator	1.8	1.5	1.2	0.9	0.5	0.6	0.0	1.0	1.2	1.5	1.7	2.5	1.5	0.5	1.3
Consumer Price Index (excluding fresh food)	▲ 0.1	0.0	0.1	0.3	0.6	0.8	1.3	2.4	2.5	2.6	2.6	2.8	0.0	0.7	2.5
(excluding fresh food and consumption tax)	▲ 0.1	0.0	0.1	0.3	0.6	0.8	1.3	1.4	1.5	1.6	1.6	0.8	0.0	0.7	1.5
Unemployment Rate (%)	3.4	3.3	3.2	3.2	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.5	3.3	3.2	3.1
Exchange Rates (JY/US\$)	122	121	114	116	116	114	112	110	109	108	106	110	120	115	108
Import Price of Crude Oil (US\$/barrel)	58	46	33	39	43	49	54	56	58	60	62	91	49	46	59

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 estimated that the supplementary budget for FY2015 (the amount of 3.3 trillion yen) will boost the real GDP growth rate by 0.3 - 0.4 percentage points.

3: It is assumed that the consumption tax rate will be raised from 8% to 10% in April 2017, with the reduced tax rate of 8% applied to food excluding alcoholic beverages and eating out.