

Monthly Report of Prospects for Japan's Economy

November 2017

Macro Economic Research Centre
Economics Department



The Japan Research Institute, Limited

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

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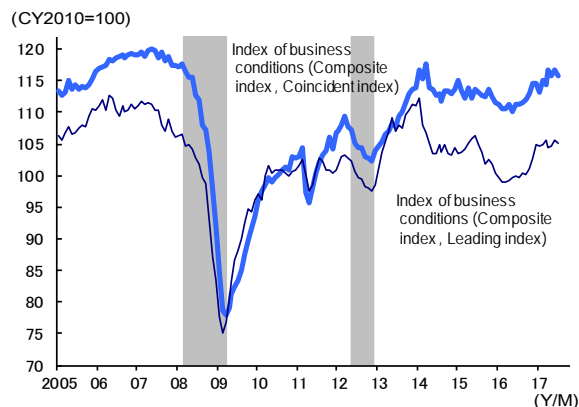
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The general situation of Japan's economy – Economic activity continues its mild recovery trend

Figure 1-1 Economic Activity

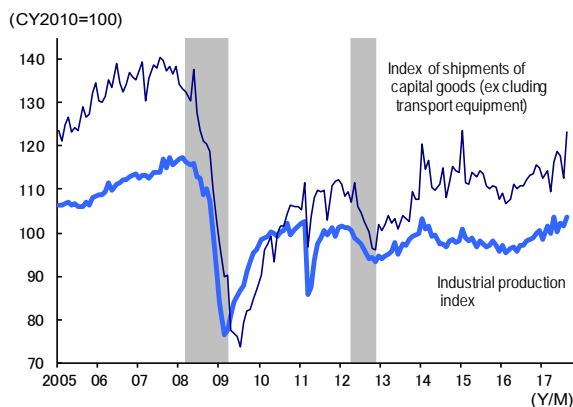
The leading index fell for the first time in 3 months, due to a rise in the inventory ratio for producer goods and a decrease in housing starts.



Source: The Cabinet Office.

Figure 1-2 The Corporate Sector

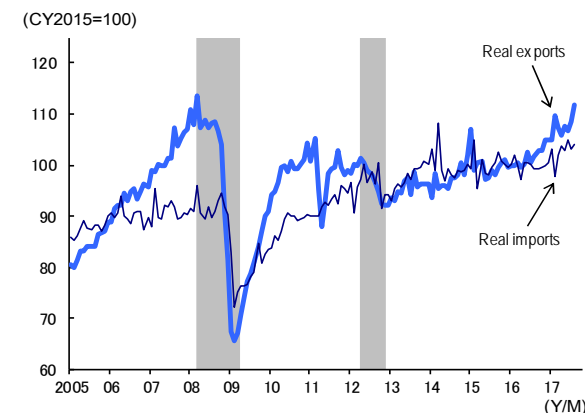
The production index has maintained its increasing trend on the whole, albeit while moving up and down. Shipments of capital goods climbed for the first time in 3 months.



Source: The Ministry of Economy, Trade and Industry.

Figure 1-3 Overseas Demand

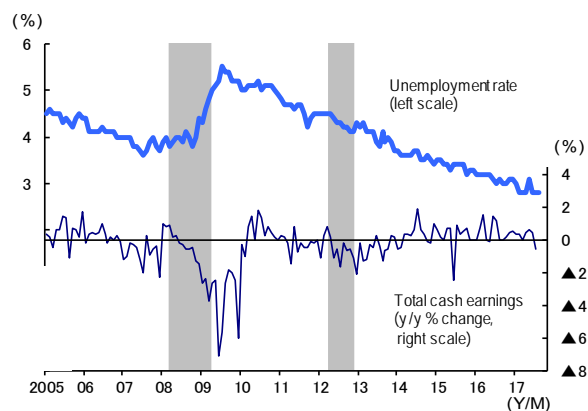
Exports to destinations such as the US and Asia increased. Imports increased for the first time in 2 months.



Source: The Bank of Japan.

Figure 1-4 Employment and Income

The unemployment rate stays at a low level. Total cash earnings declined year-on-year for the first time in 14 months.

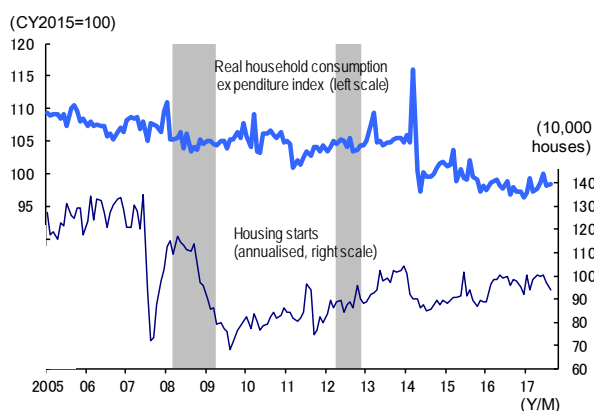


Source: The Ministry of Internal Affairs and Communications, The Ministry of Health, Labour and Welfare.

* The shaded area indicates the phase of recession.

Figure 1-5 The Household Sector

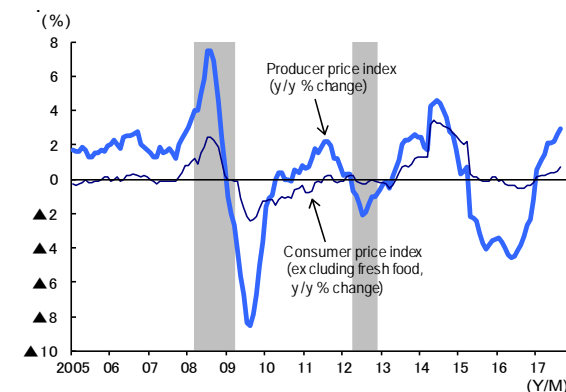
Household consumption expenditure is on a mild trend of recovery. Housing starts declined, especially houses for rent and in which the owners will reside.



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

Figure 1-6 Prices

The pace of year-on-year increase both in producer prices and in core consumer prices accelerated (slightly in the latter), reflecting the pickup in the crude oil price.



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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Corporate activities continue to pick up, as the household sector is on a mild recovery trend

◆ Economic activity has picked up mildly

Japan's economic activity continues to be on a mild recovery trend.

The industrial production index in August increased by 2.0 per cent month-on-month, for the first time in two months. The rise was seen in a wide range of industries. Nevertheless, the increase was led mainly by industries such as 1) general, production, and industrial machinery including expanded semiconductor manufacturing equipment, and 2) transport equipment, where demand for automobiles was solid. Based on the production forecast index, it is expected that the basically rising trend in production will go on, with a reactionary decline in September and then a rise again in October.

Meanwhile, real exports climbed to the highest level since March 2008. Exports of automobiles and parts to the US increased. Also, exports of electronic parts such as

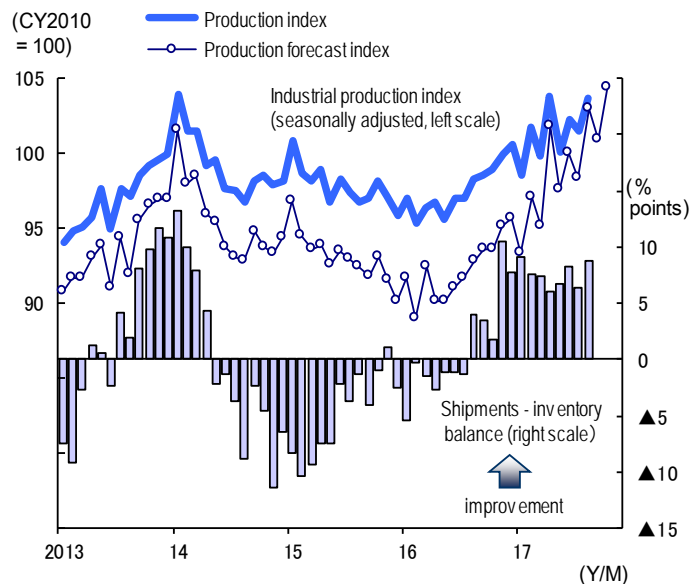
semiconductors to Asia rose, reflecting expanding demand for smartphones.

◆ The household sector is expected to recover modestly

The recovery was felt also in the household sector. With economic activity continuing its mild recovery trend, the number of employees continues to increase against the background of a shortage of workers. Further, the unemployment rate stays at the low level of 2.76 per cent, and the active job openings-to-applicants rose to 1.52 times, the highest since February 1974. However, wages have been slow to increase, and the pace of recovery in household income stays modest.

Under these circumstances, private consumption expenditure continues its mild recovery trend, as shown in the fact that real household consumption expenditure in August rose by 0.6 per cent year-on-year for the first time in two months.

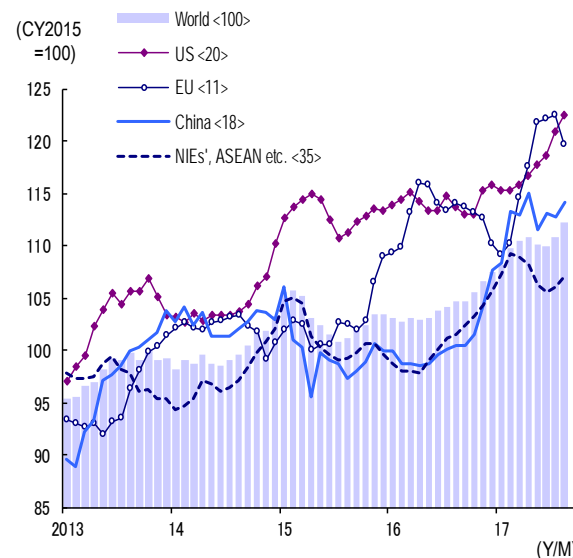
Figure 2-1 Industrial Production Index and Shipments - Inventory Balance



Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Economy, Trade and Industry.

Note: Shipments - inventory balance = y/y % change in shipments - y/y % change in inventory

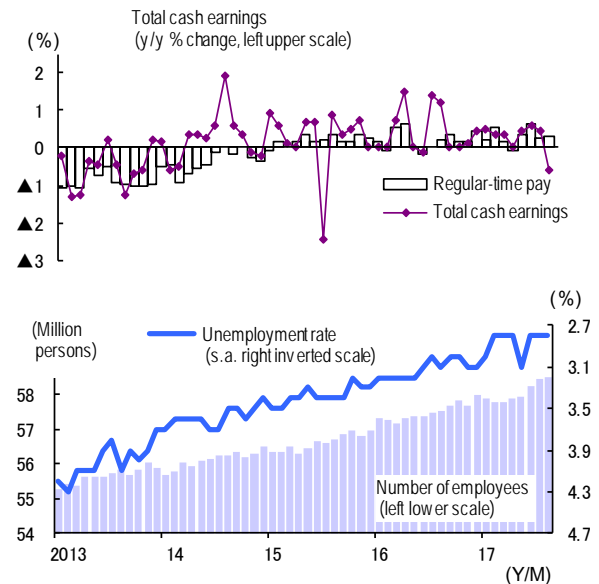
Figure 2-2 Real Exports by Destination <seasonally adjusted, 3-month moving averages>



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 FY2016.

Figure 2-3 Income and Employment-related Indicators



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

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BoJ's Tankan Survey - Business sentiment improved, reflecting firm demand at home and abroad

◆ Business sentiment shown in the DIs for business conditions improved

In the Tankan September 2017 Survey, the diffusion index (DI) for business conditions on the whole of large manufacturing rose by 5 to +22 percentage points, an advance in 4 quarters running. The DIs in industries related to machinery and basic materials increased, due to the recovery in business fixed investment.

The DI for the whole of large nonmanufacturing was unchanged at +23 percentage points, maintaining a high level. In nonmanufacturers, the DIs in construction-related industries were firm, thanks to an increase in re-development projects in metropolitan areas, etc. The DI for wholesaling also improved, while a sort of cautiousness was seen in the DIs for private consumption-related DIs, some of which were affected by bad weather this summer.

As for the forecast DIs in 3 months' time, the survey results seem to suggest that solid corporate profits will likely support business sentiment. Yet, cautious views over the future are growing among enterprises, having resulted in the decline in the forecast DIs. This unfavourable outlook is brought about domestically by, for instance,

anxiety mainly among small and medium-sized enterprises over continued labour shortages. Globally, it is caused by uncertainties surrounding the political situation overseas, such as the policy stance taken by the Trump administration and heightened tensions with DPRK.

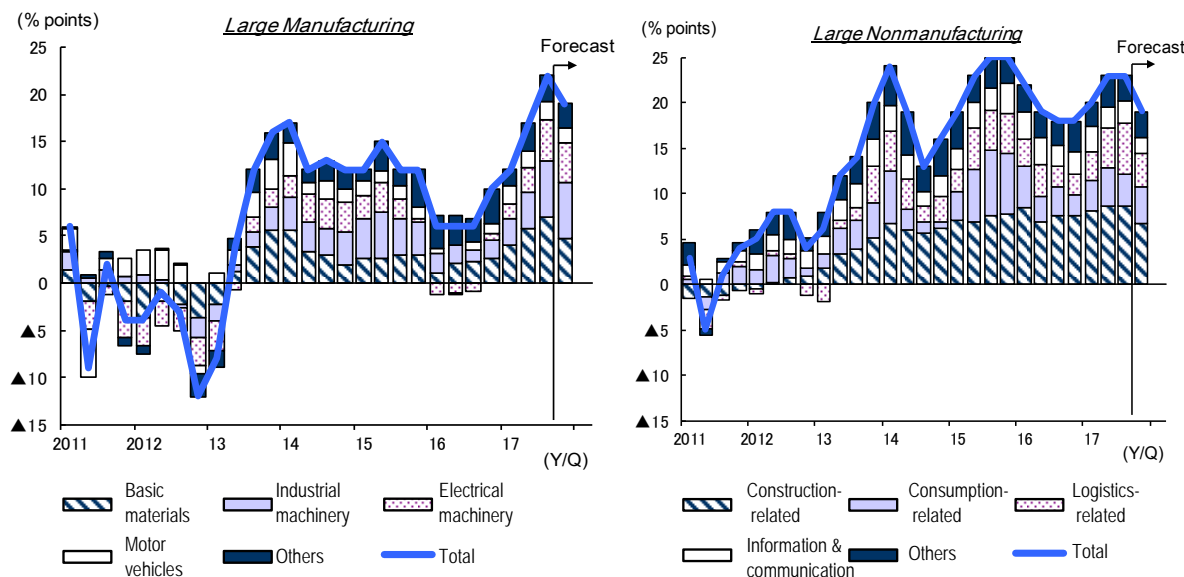
◆ Planned business fixed investment for FY2017 showed slight cautiousness

In the same Survey, the planned annual change rate in business fixed investment for FY2017 was +4.6 per cent in all types and sizes of enterprises, up by 1.7 percentage points from the previous survey result. However, the planned change rate in large manufacturers was revised downward. The appreciation of the yen in the first of September, which was brought about by strengthened uncertainties as to the overseas situation, seems to have affected their business sentiment negatively.

Broadly speaking, it is predicted that the planned annual change rate for FY2017 will follow the similar trajectory as those in the previous fiscal years, albeit with unstable aspects which are caused by future uncertainties and events.

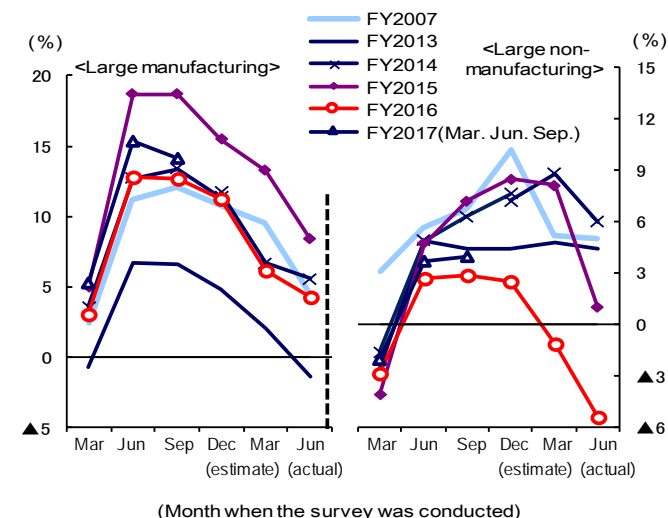
Figure 3-1 Contributions to Business Conditions Diffusion Index by Industry

<diffusion index of "favourable" minus "unfavourable", and percentage point contribution to the total DI points>



Source: The Japan Research Institute, Ltd. based on the data of The Bank of Japan, "The Tankan September 2017 Survey".

Figure 3-2 Change over Time in Planned Business Fixed Investment for Each Fiscal Year <year-on-year, %>



Source: The Japan Research Institute, Ltd. based on the data of The Bank of Japan, "The Tankan Surveys".

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Exports are likely to pick up moderately

◆ Inbound demand from foreign tourists to Japan has picked up

Looking at overseas demand, it is notable that inbound demand has picked up. The number of foreign tourists to Japan climbed to 2.48 million in August, up 20.9 per cent on a year earlier. Owing to the weaker yen after last November, the year-on-year decline in the value spent per tourist has narrowed to a level slightly below zero. Looking ahead, inbound demand will likely stay firm, taking into account factors such as 1) income among people in Asian emerging countries goes on increasing, and 2) necessary environments for foreign tourists such as accommodations are likely to improve further in Japan.

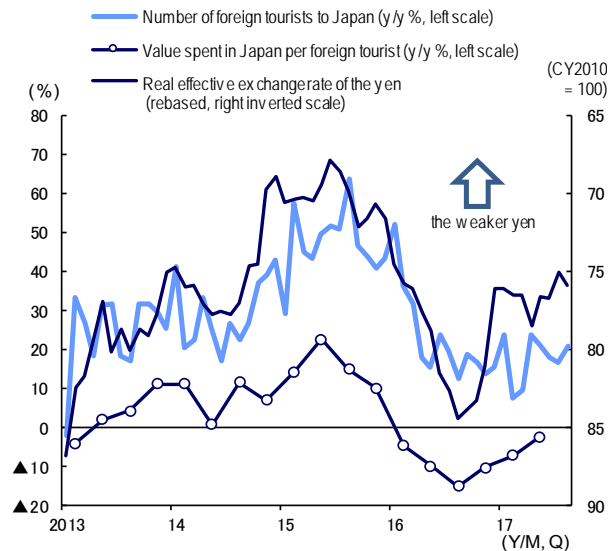
◆ Japan's exports of goods will likely continue to rise, albeit moderately

Then, observing overseas demand more widely by goods, Japan's exports of electronic parts and devices turned to a rising trend again. This appears to be against the background of ICT demand worldwide continuing to be strong, as shown in the fact that the forecasts of World Semiconductor Trade Statistics (WSTS) were revised

upwards. Also in the medium and long term, it is predicted that exports of electronic parts and devices will be on a rising trend, driven by an expanding demand due to a further spread of such uses as cloud computing services, IoT(Internet of Things), and an incorporation into automobiles. In addition, it is expected that Japan's exports of capital goods will continue to be solid for the time being, as a worldwide recovery in business fixed investment is predicted.

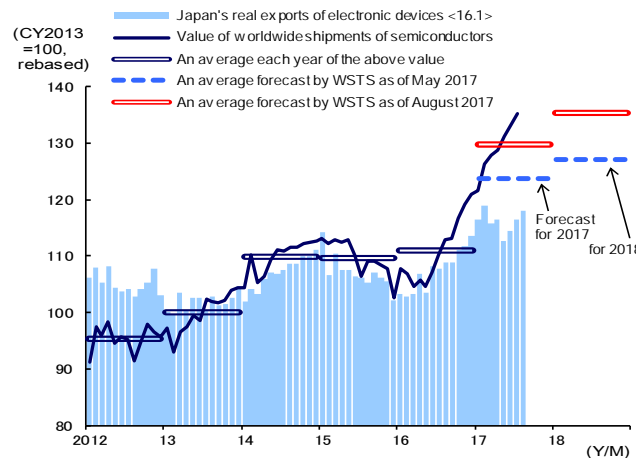
Yet, the pace of the pickup in exports will likely remain moderate. This tendency is due to the fact that more Japanese enterprises have come to meet the increased overseas demand for their products by expanding production in their overseas facilities, as the shift of production facilities to overseas sites has advanced. Also, there is possible risk that exports could have a downswing, if the yen strengthens significantly due to uncertainties such as the policy management exercised by the Trump administration and growing tensions with DPRK.

Figure 4-1 Value Spent in Japan per Foreign Tourist
<year-on-year % change>



Source: The Japan Research Institute, Ltd. based on the data of The Japan Tourism Agency, The Bank of Japan.

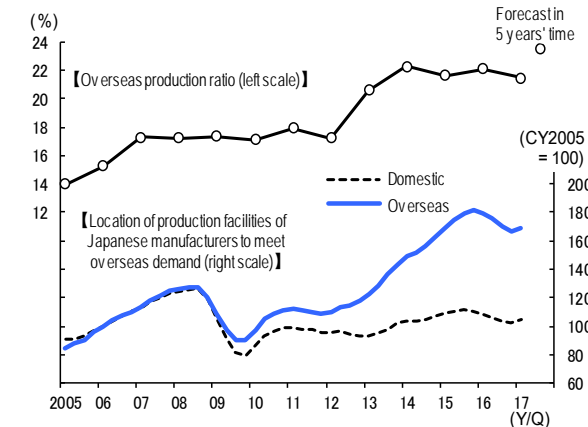
Figure 4-2 Value of Worldwide Shipments of Semiconductors and Japan's Real Exports of Electronic Devices



Source: The Japan Research Institute, Ltd. based on the data of World Semiconductor Trade Statistics (WSTS), Semiconductor Industry Association (SIA), The Ministry of Finance of Japan, The Bank of Japan.

Note: The figure in the angle brackets shows the share in the total nominal exports in FY2016.

Figure 4-3 Location of Production Facilities of Japanese Manufacturers to Meet Overseas Demand



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

Note: The rebased index of domestic production is for nominal exports of goods, and that of overseas production is for sales value (Japan excluded) of overseas facilities. Both are 4-quarter moving averages.

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With corporate profits continuing to be buoyant, business fixed investment will likely pick up

◆ Corporate profits continue to improve

Corporate profits in Japanese enterprises continue to go well.

Planned current profits shown in the Tankan September 2017 Survey also suggest a trend of upward revision on an aggregate basis, as the actual exchange rate of the yen against the US dollar has been weaker than had been assumed by the enterprises.

In addition, the fact that the power of Japanese enterprises making profits from overseas activity has strengthened has also contributed to buoyant profits, as they have expanded their overseas facilities further. The heightened capability of gaining profits overseas is shown in the example that the amount of receipt of royalties arising from intellectual property rights, which is sent by overseas subsidiaries, has increased.

This favourable trend in corporate profits will likely continue, if there are no such events as the exchange rate of the yen surging suddenly due to rapidly heightened tensions with DPRK.

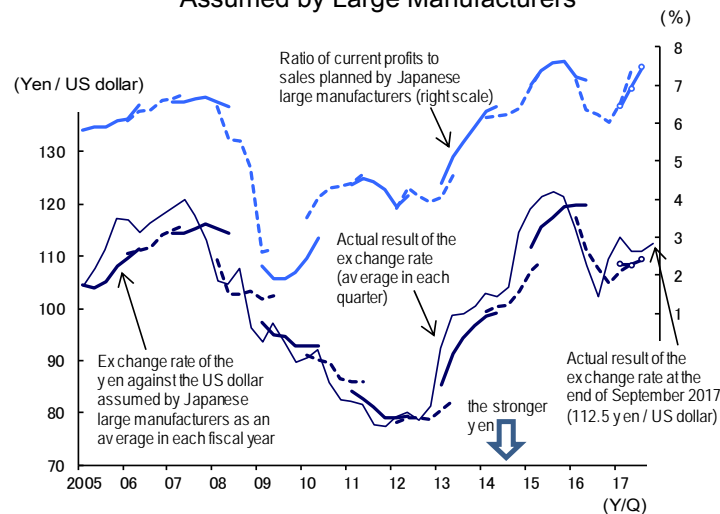
◆ Business fixed investment will likely pick up

As for business fixed investment, attitudes of enterprises still remain cautious, under the circumstances in which a lot of uncertainties surrounding the overseas situation continue persistently. Yet, if uncertainties do not heighten further, as cash held by enterprises per se is abundant, investment in plants and equipment is predicted to increase, mainly in certain types of investment.

These are strategic investment in fields where rapid growth of some products and services is expected, investment for maintenance and replacement, and investment for rationalisation and saving.

Meanwhile, as Japanese enterprises maintain their cautious attitudes to an increase in personnel expenses, labour's relative share in total value added has fallen to the lowest level since 1991. However, taking into account facts such as 1) a sense of labour shortages comes to be felt more and more strongly, and 2) corporate profits will likely continue to improve, the pace of rise in average wages is predicted to accelerate gradually.

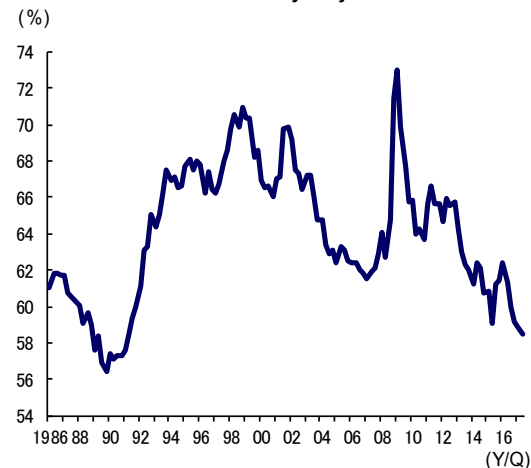
Figure 5-1 Ratio of Current Profits to Sales Planned by and Exchange Rate Assumed by Large Manufacturers



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

Note: Survey results in March, June, September, December, and subsequent estimates and actual results are shown in each fiscal year.

Figure 5-2 Labour's Relative Share in Total Value Added <seasonally adjusted>



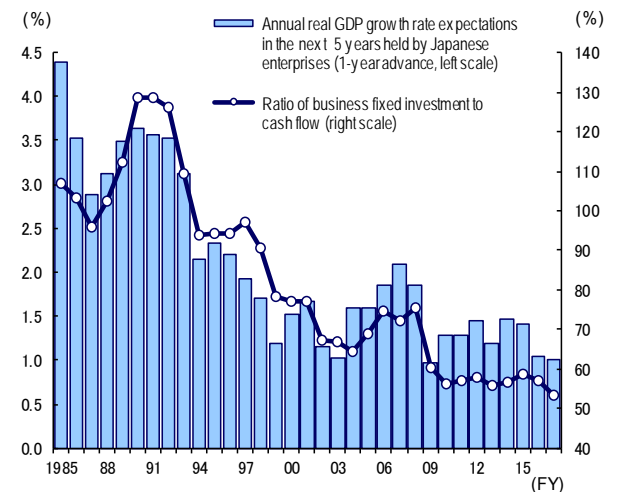
Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Finance.

Note: 1. All industries excluding financial institutions.

2. Labour's relative share =

personnel expenses / total value added

Figure 5-3 Economic Growth Expectations and Ratio of Business Fixed Investment to Cash Flow



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

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The pace of recovery in income is likely to continue to be slow

◆ Average wages have been slow to rise

Employment environments are on a mild improvement trend, as shown in the fact that the active job openings-to-applicants ratio in regular staff has topped 1.0 since June. However, average wages have been slow to increase, even though the wages in industries where a shortage of workers has been especially serious such as transport and construction are on the rise.

Analysed by size, first, it is mainly small enterprises that have raised wages. Yet, in this size of enterprises, the level of average wages has been relatively low. Second, in larger enterprises, the average rate of wage rises in negotiations this spring was almost the same as last year, with large enterprises being conscious of future uncertainties over, for example, overseas economies. In addition, bonuses this summer decreased year-on-year.

Analysed by industry, it is mainly industries with relatively lower wages such as 1) eating and drinking places, and accommodations, 2) medical, health care and

welfare, and 3) wholesale and retail trade, that have seen wage increases. Actually, the pace of rise in average wages has slowed further after the start of FY2017.

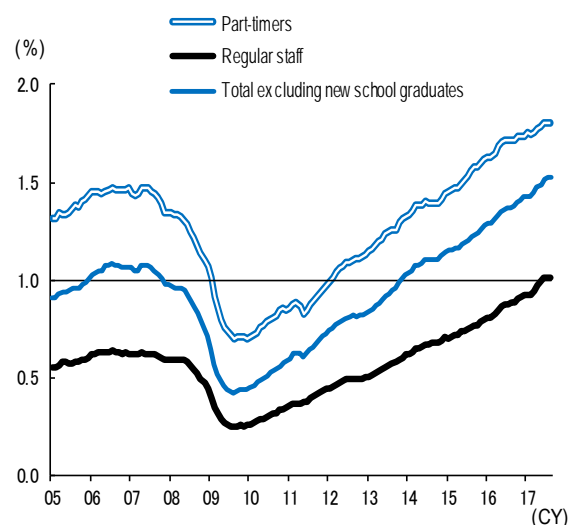
◆ Slow pace of recovery in real income will likely continue

Looking ahead, the improvement in employment environments will likely continue, against the background of mild recovery in economic activity.

However, as for wage rises, it is predicted that the pace of rise in average wages will stay slow. Reflecting the fact that the wage increase rate in negotiations this spring stayed as low as last year, an improvement in regular-time pay this year will likely remain modest to the end of FY2017. In addition, the year-on-year change rate in consumer prices has turned positive, albeit slightly, due to energy price rises and the effect of the weaker yen. Unfavourably, this will likely add downward pressure on the real purchasing power of households.

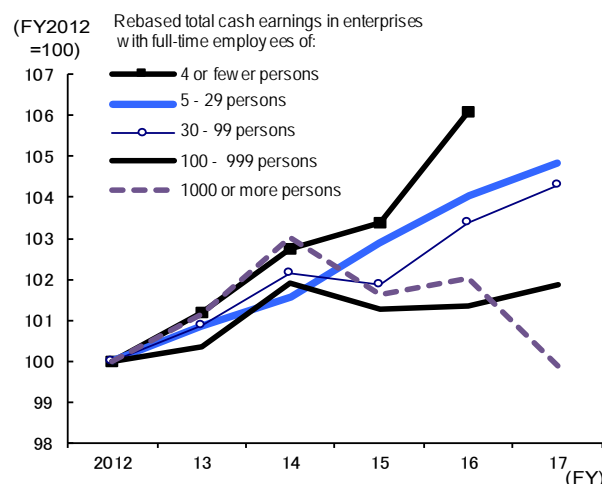
Yet, encouragingly, the boosting effect on corporate profits stemming from the weaker yen after last November is likely to become felt in year-end bonuses.

Figure 6-1 Active Job Openings-to-Applicants Ratio by Type
<seasonally adjusted>



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

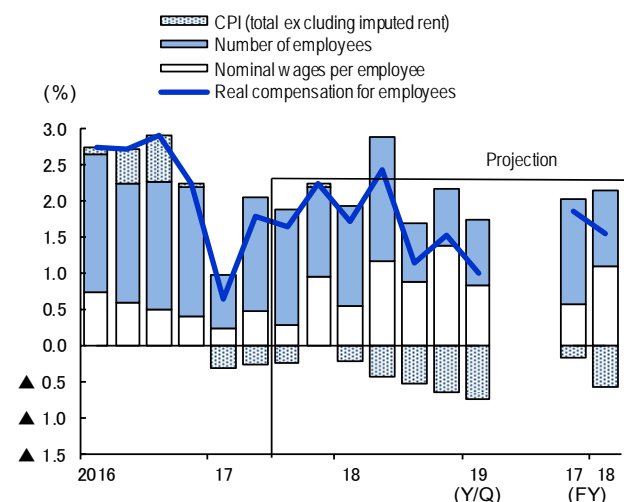
Figure 6-2 Total Cash Earnings in Full-Time Workers by Size of Enterprises
<rebased>



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

Note: The figures in FY2017 are estimates which are calculated based on the year-on-year change in April-July 2017.

Figure 6-3 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.

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Private consumption expenditure is on a mild recovery trend

◆ Private consumption expenditure shows signs of recovery

Private consumption expenditure is on a mild recovery trend.

Bad weather this summer seems to have had both favourable and unfavourable effects by type. For instance, while autumn clothing sold well in department stores, a certain part of leisure facilities had negative results. In total, the recovery trend in private consumption expenditure was maintained.

Viewed by item, a reactionary fall in expenditure on durable goods has come to an end and demand for buying new ones has started to materialise. By the way, this reactionary fall had been caused by promoting measures for consumption after 2009, and a last minute surge before the rise in consumption tax in 2014. As for expenditure on services, a recovery has been seen, for example, in eating out.

These trends of recovery reflect a continued improvement in employment and income environments and an advance in consumer sentiment. Firm stock prices have also contributed to supporting the recovery in consumption as a whole.

◆ Slow pace of recovery in private consumption will likely continue

Looking ahead, the continued improvement in employment environments will likely

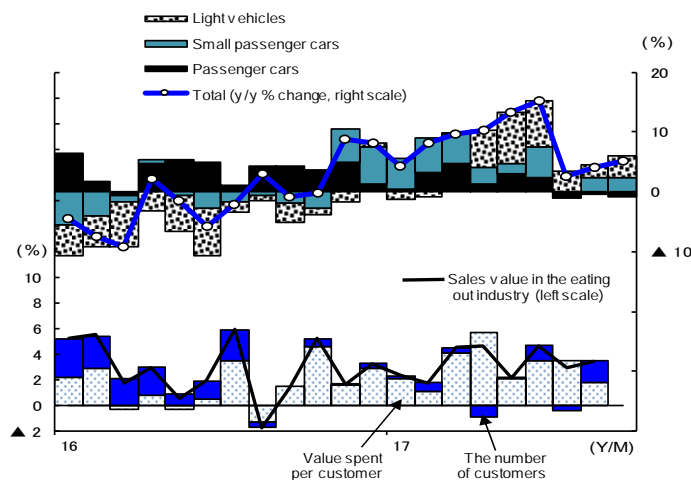
go on bolstering the recovery in private consumption expenditure. However, the pace of the pickup in consumption is highly likely to remain slow.

One of the main reasons is that both a slow pace of wage rises and an increase in payments of social insurance premiums continue to weigh on disposable income.

Further, by age cohort, it is notable that the propensity to consume in the cohort less than the mid-30's has declined remarkably. The grounds for this are estimated to be that 1) no new attractive products or services have been produced which can boost the consumption of the younger generation powerfully, and 2) this cohort of consumers tends to be economical against the background of anxiety about their future. It is also added that 3) the ratio of households which bought a house has risen under continued low interest rate environments, and, as a result, the increased burden of mortgage (housing loan) repayments has come to have suppressed the total private consumption expenditure.

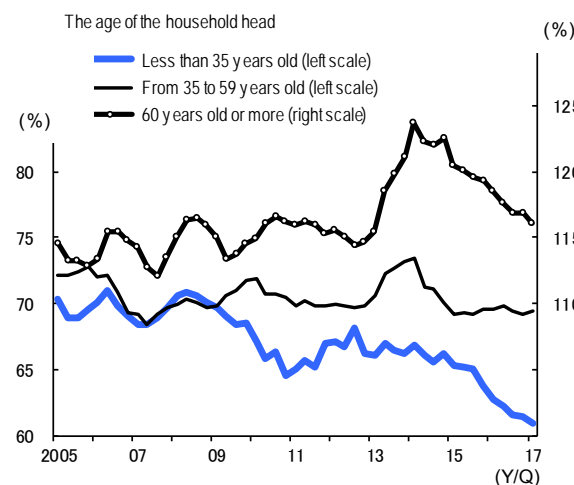
With respect to the cohort where the head of household is 60 years old or more, it is predicted that, especially, the year-on-year rise in consumer prices, albeit to only a slight extent, will weigh on their consumption expenditure.

Figure 7-1 Number of Automobiles Sold and Sales Value in the Eating Out Industry <year-on-year % change>



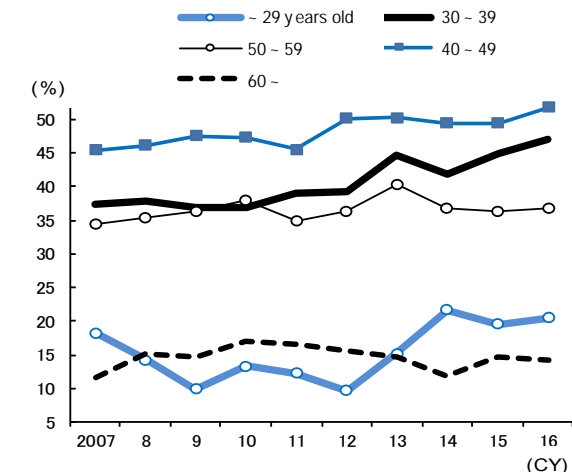
Source: The Japan Research Institute, Ltd. based on the data of Japan Automobile Dealers Association, Japan Light Vehicle and Motorcycle Association, Japan Food Service Association.

Figure 7-2 Average Propensity to Consume by the Age of the Household Head <4-quarter moving average>



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

Figure 7-3 Ratio of Households with Mortgage Repayments in Each Cohort by Age of Head of Households



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

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Topics : It is expected that demand for new TVs will expand, albeit with less effect

◆ Demand for replacement of TVs is predicted to increase gradually

It is predicted that demand for new TVs will increase gradually in the coming several years. The main reason for this forecast is that the TVs which were rushed to purchase during the period from 2009 to 2011 will likely be drawing to a replacement age. During that period, the obligatory shift to TVs which can receive digital broadcasting from conventional analogue TVs was under way. Also, in order to promote the purchase of environment-friendly household appliances, the eco-points system was introduced.

Meanwhile, the scale of replacement demand this time is projected to be less than that during the period of 2009 to 2011. This appears to be due to a fall in potential demand caused by a decrease in total population, and this period of time when the replacement takes place will be widespread. Based on JRI projection, it is forecast that demand for new TVs will start to increase from around 2018, then will peak in around 2021. The number of annual shipments of TVs in the peak will likely reach about 13 million units, which is three times the recent annual figure, yet only about

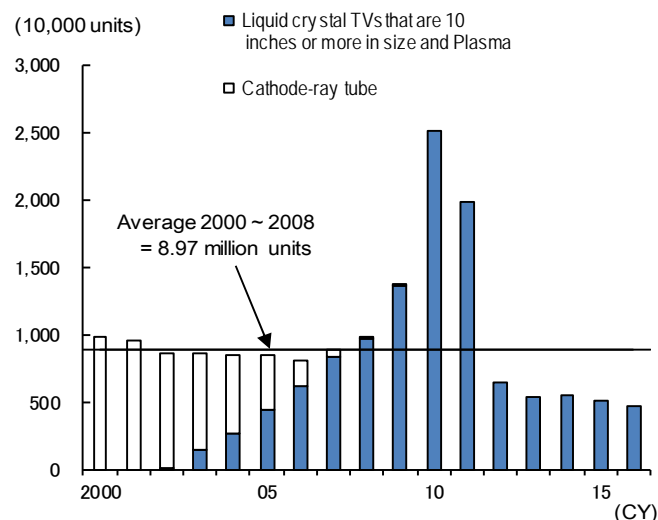
half the number as in the previous peak in 2010.

◆ Its boosting effect on economic activity will likely be limited

In addition to the scale, the extent of the boosting effect of an increase in the sales of TVs will also likely be limited this time, against the background of the rise in the ratio of overseas production. It is notable that a kind of division in role has advanced among production facilities of Japanese manufacturers. Namely, broadly speaking, the popularised type of products are manufactured in overseas facilities and the value-added type of products are made in the facilities in Japan.

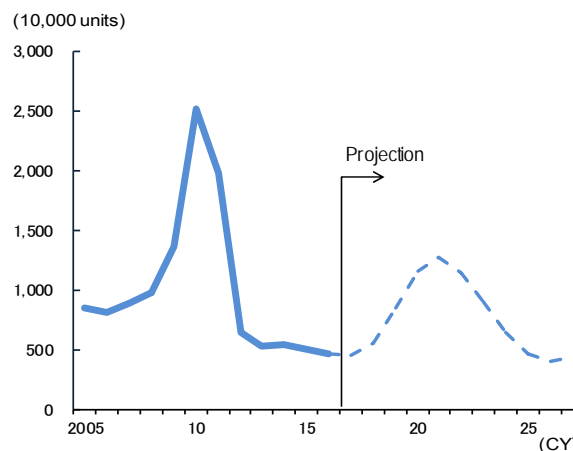
The "import penetration rate" defined as imports / total domestic supply has risen a level above 90 per cent in flat-panel TVs. Further, as overseas production of even major parts of TVs such as liquid crystal panels has increased, Japanese TV manufacturers have tended to depend on overseas manufacturers for various parts for TVs. Taking these trends into consideration, it is very probable that future demand for new TVs will be met by imported products. As a result, an increase in private consumption expenditure will likely be offset by a rise in imports, and a ripple effect on domestic production is highly likely to be limited.

Figure 8-1 Domestic Shipments of TVs by Type



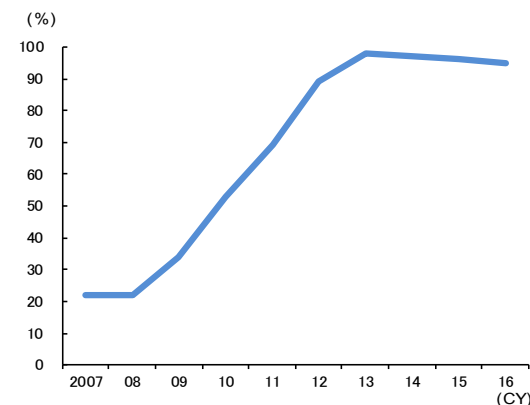
Source: The Japan Research Institute, Ltd. based on the data of Japan Electronics and Information Technology Industries Association.

Figure 8-2 Projection of Future Demand for Buying New TVs



Source: The Japan Research Institute, Ltd. based on the data of Japan Electronics and Information Technology Industries Association, The Cabinet Office, The Ministry of Health, Labour and Welfare, National Institute of Population and Social Security Research (IPSS).

Figure 8-3 "Import Penetration Rate" in Flat-panel TVs in Japan



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

Note: The "import penetration rate" =
imports / total domestic supply

Prospects for Japan's economy - Projected real GDP change; 1.5% in FY2017 and 1.1% in FY2018

◆ Japan's economic activity will likely continue its recovery trend, against the background of firm demand at home and abroad

(1) Looking ahead at future prospects, it is predicted that the pace of economic growth will slow down on a quarterly basis toward the end of FY2017, reflecting factors such as the quarterly boosting effect of economic measures of the government on public investment will have petered out.

However, it is highly likely that the following will continue to bolster domestic demand. These are that 1) factors such as the building up of a necessary level of inventory again, 2) buoyant domestic construction investment in nonmanufacturing driven by redevelopment projects in metropolitan areas as well as necessary accommodations for the rising number of foreign tourists to Japan, and 3) firm investment for R&D, chiefly in manufacturing. Also, 4) Japan's exports will likely be back to a rising trend again, reflecting reinvigorated sentiment worldwide towards business fixed investment.

Accordingly, it is unlikely that the economic recovery trend will falter. All in all, it is projected that real GDP in FY2017 will grow by 1.5 per cent, a relatively firm figure.

(2) With respect to economic activity in FY2018, it is predicted that Japan's exports will continue the increasing trend, with overseas economies mainly led by the US and China being expected to be solid. At the same time, it is projected that domestic demand will also continue to be firm against the background of continued improvement in employment and income environments under the situation of continued labour shortages, increased demand for construction related to the 2020 Tokyo Olympic and Paralympic Games, and so on.

However, it is likely that the power of recovery in private consumption expenditure will not be strong enough for the economy, because the heavier burden of social insurance premiums and the lowering of purchasing power in households will likely weigh on consumption expenditure.

As it is difficult for the economic activity to gain strong enough momentum, it is predicted that the real GDP growth rate in FY2018 will decelerate to 1.1 per cent.

◆ The year-on-year change rate in the core CPI will likely be on a gradual rising trend

(3) The core CPI, which excludes fresh food, has enlarged the extent of its year-on-year increase, albeit slightly, since having turned into positive territory in January. Although the price of durable goods and communication charges continue to fall, a rise in energy prices has pushed up the total rate of increase on a year earlier.

Looking ahead, it is predicted that the pace of a year-on-year increase in the core CPI will accelerate gradually against the background such as an improvement in supply-demand conditions on an aggregate basis. Nonetheless, the rate of increase in the core CPI will likely be below the year-on-year 2 per cent target set by the BoJ, taking into account the prediction that wage rises will likely continue to lack strong enough momentum.

Figure 10 Projections for GDP Growth and Main Indicators of Japan (as of October 3, 2017)

	(seasonally adjusted, annualised % changes from the previous quarter)										(% changes from the previous fiscal year)		
	CY2016	CY2017				CY2018				CY2019	FY2016	FY2017	FY2018
	10 ~ 12	1 ~ 3	4 ~ 6	7 ~ 9	10 ~ 12	1 ~ 3	4 ~ 6	7 ~ 9	10 ~ 12	1 ~ 3	(Actual)	(Projection)	
	(Actual)	(Actual)	(Actual)	(Projection)	(Projection)	(Projection)	(Projection)	(Projection)	(Projection)	(Projection)	(Actual)	(Projection)	(Projection)
Real G D P	1.6	1.2	2.5	1.2	0.9	0.8	1.0	1.3	1.3	1.2	1.3	1.5	1.1
Private Consumption Expenditure	0.5	1.5	3.4	0.2	0.6	0.8	0.7	0.7	0.8	0.8	0.7	1.4	0.7
Housing Investment	0.9	4.0	5.1	▲ 0.3	▲ 3.2	▲ 0.4	0.5	0.6	0.8	0.8	6.6	2.3	▲ 0.1
Business Fixed Investment	8.1	2.1	2.1	1.8	2.4	2.8	3.0	3.0	2.9	2.9	2.5	2.6	2.8
Private Inventories (percentage points contribution)	(▲ 0.7)	(▲ 0.6)	(▲ 0.1)	(0.8)	(0.6)	(▲ 0.2)	(0.0)	(0.0)	(0.0)	(0.0)	(▲ 0.4)	(▲ 0.1)	(0.1)
Government Consumption Expenditure	0.1	▲ 0.2	1.6	0.9	1.1	1.1	1.1	1.2	1.2	1.2	0.4	0.8	1.1
Public Investment	▲ 9.2	1.5	26.1	4.3	▲ 5.1	▲ 3.5	▲ 2.8	2.0	1.2	▲ 1.2	▲ 3.2	4.9	▲ 1.2
Net Exports (percentage points contribution)	(1.3)	(0.5)	(▲ 1.2)	(▲ 0.2)	(▲ 0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.8)	(▲ 0.0)	(0.1)
Exports of Goods and Services	13.1	8.0	▲ 1.9	2.0	2.2	2.5	2.7	2.8	2.8	2.8	3.2	3.8	2.6
Imports of Goods and Services	5.5	5.4	5.7	3.2	2.9	2.0	2.2	2.2	2.2	2.1	▲ 1.4	4.1	2.3
(Ref.) Domestic Private Demand (percentage points contribution)	(0.8)	(0.7)	(2.3)	(1.2)	(1.2)	(0.7)	(0.9)	(0.9)	(0.9)	(0.9)	(0.6)	(1.2)	(0.9)
(Ref.) Public Demand (percentage points contribution)	(▲ 0.4)	(0.0)	(1.4)	(0.4)	(▲ 0.0)	(0.0)	(0.1)	(0.3)	(0.3)	(0.2)	(▲ 0.1)	(0.4)	(0.2)

	(% changes from the same quarter of the previous year)										(% changes from the previous fiscal year)		
Nominal G D P	1.6	0.7	1.0	1.6	1.5	1.9	1.4	1.5	1.6	1.9	1.1	1.5	1.6
GDP deflator	▲ 0.1	▲ 0.8	▲ 0.4	▲ 0.0	▲ 0.0	0.6	0.4	0.5	0.5	0.6	▲ 0.2	0.0	0.5
Consumer Price Index (excluding fresh food)	▲ 0.3	0.2	0.4	0.7	0.8	0.8	0.8	1.0	1.0	1.1	▲ 0.2	0.7	1.0
Unemployment Rate (%)	3.0	2.9	2.9	2.8	2.8	2.7	2.7	2.7	2.6	2.6	3.0	2.8	2.7
Exchange Rates (JY/US\$)	109	114	111	111	113	113	114	114	115	115	108	112	115
Import Price of Crude Oil (US\$/barrel)	46	55	53	50	57	60	61	61	62	62	47	55	61

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 : "▲" indicates minus.