



Japanese Economy Monthly Forecast

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Headlines

●Review of data released in January

▶We have forecast 2017Q4 GDP incorporating basic data released up to February 2nd. The majority of basic monthly data covering Q4 GDP has now been released.

▶Official **industrial production indices** rose by 2.7% MoM for the third consecutive month in December. Overall, industrial production indices rose by 1.8% QoQ for the seventh consecutive quarterly gain in Q4. On an annual basis, the indices rose by 4.5% YoY in 2017 for the first gain in three years.

▶Q4 **real household consumption expenditure** fell by a significant 1.2% QoQ, for a second consecutive quarterly decline. This indicates that the trend in household consumption has deviated from the supply-side trend. It is thus difficult to determine whether or not real **private final consumption expenditure** (PFCE) will grow in Q4.

▶Regarding other data updates, we revised forecast levels for **real private housing** and **real private capital expenditure** upwards from last week, but revised our **change in corporate inventory** forecast downwards.

▶**Public works contract amounts** had a small gain of 1.6% QoQ in Q4. Contract amounts are showing some signs of recovery, but **real public fixed capital formation** (government investment) is expected to have been subdued in Q4.

▶The contribution of **net goods exports** to the trade balance was smaller in Q4 than in Q3.

●2017Q4 GDP growth forecast update

▶This week's Current Quarter Model **demand-side forecast for real GDP** in 2017Q4 is for +0.3% QoQ growth and +1.2% QoQ annualized growth.

▶As the forecast trend (Figure 1) shows, our Current Quarter Model forecasts were higher than market consensus, but as PFCE is likely to make a downward correction, there is a risk that our final forecast for Q4 will be revised downwards.

●2017Q4 inflation forecast update

▶In December, the core **Consumer Price Index** grew 0.9% YoY for a twelfth consecutive monthly increase. In seasonally adjusted terms, it was flat MoM. Recent inflation growth has come largely as a result of energy and food price increases.

▶This week, the Current Quarter Model forecasts the **private final consumption expenditure deflator** to grow by 0.4% QoQ in Q4, and the domestic demand deflator to also grow by 0.4% QoQ. As terms of trade are expected to worsen, the **GDP deflator** is forecast to gain just +0.1% QoQ in Q4 (see Figure 2).

Fig 1 CQM Forecast: Real GDP growth rate Oct-Dec (Q4) 2017 (% , QoQ annualized growth)

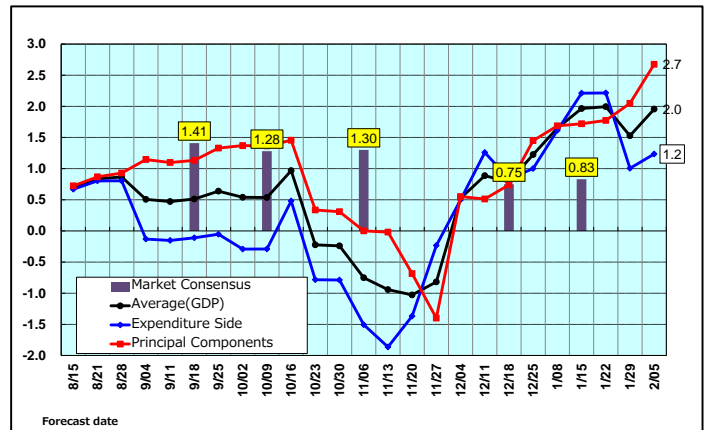
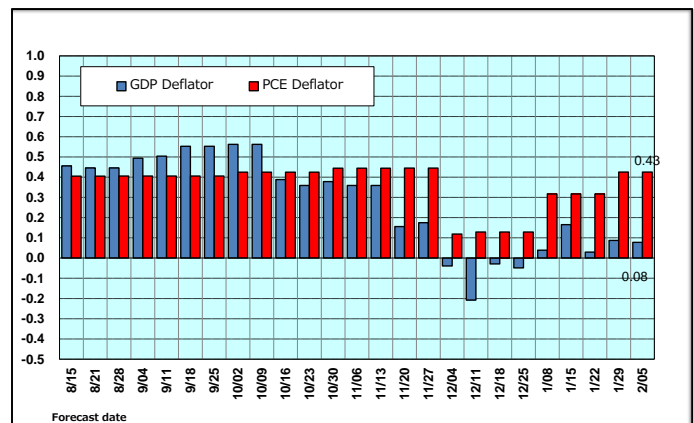


Fig 2 CQM Forecast: Inflation Oct-Dec (Q4) 2017 (% , QoQ growth)



発行日 Release Date	データ 該当月 Data Month	経済指標 Economic Indicator	数値・指標値 Value/ Index Score	動態 Change	
				前月比 MoM	前年比 YoY
2/2	1月 January	食糧安定供給収支戻 (10 億円) Stable Food Supply Payments Balance (billion JPY)	2.2	-	-15
2/1	1月 January	乗用車新車販売台数 New Car Sales (vehicles)	339,581	-	-1.1%
1/31	12月 December	鉱工業指数 (2010年=100: 速報値) Indices of Industrial Production (official, 2010=100)			
		生産 Production	106.3	+2.7%	-
		出荷 Shipments	103.9	+2.7%	-
		在庫 Inventory	109.4	-0.4%	-
	12月 December	新設住宅着工 New Housing Starts			
		新設住宅着工戸数 New housing starts (SA, Unit)	76,751	-2.7%	-2.1%
		工事費予定額 Planned dwelling construction cost (JPY Billion)	1,213.3	-2.8%	-1.7%
	11月 November	建設工事費デフレーター (2011年=100) Construction Costs Deflator (2011=100)			
		住宅建築 Housing construction	107.0		+1.5%
		公共事業 Public works	108.1		+1.6%
	1月 January	消費者態度指数 (前月差) Consumer Confidence Index (SA)	44.7	0.0	-
1/30	12月 December	労働力調査 Labour Force Survey			
		就業者数 (100万人) Total employment (millions)	65.51	-0.07	-
		失業者数 (100万人) Total unemployment (millions)	1.86	+0.01	-
		失業率 Unemployment rate (%)	2.8	+0.1%pt	-
	12月 December	一般職業紹介状況 General Job Placement Situation			
		有効求人倍率 Job offer ratio	1.59	+0.03pt	-
	12月 December	家計調査報告 (2人以上世帯:消費支出) Family Income and Expenditure Survey (households with 2 or more people)			
		名目 Nominal consumption expenditure (JPY)	322,157	-2.5%	+1.2%
		実質 Real consumption expenditure	-	-2.5%	-0.1%
	12月 December	商業動態統計 (速報値) Current Survey of Commerce (interim figures)			
		小売業 (10 億円) Retail trade (billion JPY)	13,946	+0.9%	+3.6%
	12月 December	製造業部門別投入・産出物価指数 (2011年=100) Manufacturing Industry Input-Output Price Index (2011=100)			
		投入物価 Input price	98.1	-	+5.8%
		産出物価 Output price	99.7	-	+2.7%
1/26	12月 December	企業向けサービス価格指数 (2010年=100) Corporate Service Price Index (2010=100)			
		総合指数 Overall index	104.3	+0.2%	+0.8%
	12月 December	全国消費者物価指数 (2015年=100) National Consumer Price Index (2015=100)			
		コア Core	100.7	+0.0%	+0.9%
	1月 January	東京都部消費者物価指数 (2015年=100) Tokyo Region Consumer Price Index (2015=100)			
		コア Core	99.8	+0.1%	+0.7%
1/24	11月 November	景気動向指数 (2010年=100、改訂値、前月差) Index of Business Conditions (revised, 2010=100)			
		先行 Leading indicator	108.3	+1.8	-
		一致 Consensus	117.9	+1.5	-
		遅行 Lagging indicator	118.8	+0.2	-
	12月 December	貿易統計 (通関ベース) Trade Statistics (customs clearance)			
		貿易収支 (10 億円) Trade balance (billion JPY)	359.0	-70.0%	-43.5%
		輸出 Exports (billion JPY)	7,302.1	+1.3%	+9.3%

			輸入 Imports (billion JPY)	6,943.1	+4.4%	+14.9%
1/23	11月 November	毎月勤労統計調査 (確報値) Monthly Labour Statistics (official)				
			現金給与総額 Total cash salaries (JPY)	277,885	-	+0.9%
			総実労働時間 Total working hours	145.6	-	+0.2%
	11月 November	産業活動指数 (2010年=100) Industrial Activity Indices (2010=100)				
			全産業 All industries	105.9	+1.0%	-
			建設業 Construction industry	114.5	+0.6%	-
	11月 November	建設総合統計 Overall Construction Statistics				
			民間建築：非居住 (10億円) Private construction: Non-residential (billion JPY)	917.1	-	+11.5%
			公共工事 (10億円) Public works (billion JPY)	2,085.1	-	+2.5%
1/18	11月 November	鉱工業指数 (2010年=100: 確報値) Indices of Industrial Production (official, 2010=100)				
			生産能力指数 Production capacity index	94.6	-	+0.1%
			稼働率指数 Operation ratio index	102.0	0.0%	-
			生産 Production	103.5	+0.5%	-
			出荷 Shipments	101.2	+2.3%	-
			在庫 Inventory	109.8	-0.8%	-
1/17	11月 November	民間コア機械受注 (10億円) Private Core Machinery Orders (billion JPY)				
				899.2	+5.7%	-
1/16	11月 November	第3次産業活動指数 (2010年=100) Tertiary Industry Activity Index (2010=100)				
				105.9	+1.1%	-
	12月 December	国内企業物価指数 (2015年=100) Domestic Corporate Price Index (2010=100)				
			企業物価 Corporate Price	100.1	+0.2%	+3.1%
			輸出物価 Export Price	97.7	+0.3%	+2.3%
			輸入物価 Import Price	97.0	+1.9%	+7.1%
1/15	12月 December	公共工事前払金保証統計 Public Works Advanced Securities Statistics				
			請負金額 (10億円) Contract amount (billion JPY)	797.3	-	-6.4%
			請負件数 Number of contracts	19,582	-	-5.9%
	11月 November	情報サービス業売上高 (10億円) Information Services Industry Sales (billion JPY)				
				870.5	-	+7.6%
1/12	11月 November	消費総合指数 (2011年=100) Synthetic Consumption Index (2011=100)				
				105.2	+1.1%	
	12月 December	景気ウォッチャー調査 (前月差) Economy Watchers Survey				
			現状判断 DI Current Conditions Diffusion Index	53.9	-0.2	-
			先行き判断 DI Future Conditions Diffusion Index	52.7	-0.7	-
	11月 November	国際収支 Balance of Payments				
			経常収支 (10億円) Current account (billion JPY)	1,347.3	-30.4%	-5.6%
			輸出 Exports (billion JPY)	6,768.3	+2.6%	+13.9%
			輸入 Imports (billion JPY)	6,587.3	+4.1%	+17.6%
1/11	11月 November	景気動向指数 (2010年=100: 速報値、前月差) Index of Business Conditions (interim, 2010=100)				
			先行 Leading indicator	108.6	+2.1	-
			一致 Consensus	118.1	+1.7	-
			遅行 Lagging indicator	118.7	+0.2	-
	11月 November	消費活動指数 (2010年=100) Consumption Activity Index				
				103.9	+0.6%	-
1/9	11月 November	毎月勤労統計 (速報値) Monthly Labour Statistics (interim figures)				
			現金給与総額 Total cash salaries (JPY)	278,173	-	+0.9%
			総実労働時間 Total working hours	146.0	-	+0.4%
	12月 December	消費者態度指数 (前月差) Consumer Confidence Index (SA)				
				44.7	-0.2	-