

A light blue map of the Asia-Pacific region, including East Asia, Southeast Asia, and Oceania, serves as the background for the text.

APIR

**Kansai and the Asia Pacific
Economic Outlook 2022-23**

Official Release

April 28, 2023

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Part I by Kenta Goto

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The J-Curve Effect

*US Economy

- 1) Production has roughly leveled off with Unemployment Rate at 3.5% in Mar 2023 due to contractionary monetary policy(MP) by the Fed.
- 2) CPI Inflation Rate gradually slowed down from the peak at 9.1% in June 2022, but still high at 5.0% in Mar 2023.
- 3) US economy seems to be on the right track.
- 4) It is appropriate for FRB to assign the general monetary policy to cope with high inflation and at the same time to create the Bank Term Funding Program specifically to deal with the bank insolvency problems.
- 5) Monetary base still remains 1.54 times high compared to the pre-pandemic level, suggesting it might take some time to clam down high inflation.

*Japanese Economy

- 1) Production has flattened for more than 2 years since 2021. It is still below its pre-pandemic level.
- 2) Economic recovery is weaker and slower than US.
- 3) Prices are rising due to global resource price surge and yen depreciation.
- 4) Yen depreciation has negative effects thus far, but will boost the Japanese economy through the J-curve effect in 2023 or 2024.