

# Kansai Economic Insight Monthly

2022/8/24

Vol.112 July/August

▼APIR's monthly report "Kansai Economic Insight Monthly" is an analysis of economic trends in the Kansai region and the Kansai-related sectors of China's economy.

▼Authors: Yoshihisa Inada (Konan University Professor Emeritus & Director of the APIR Center for Quantitative Economic Analysis), Norihiko Toyohara (Kwansei Gakuin University Professor), Chiu-Wei Kuo, Yani Karavasilev (APIR Research Fellows), Shigekazu Yoshida, Ryosuke Nomura (APIR Research Promotion Officers), Kou, Imai (Chief Program Officer and Researcher), Nobuhiro Yamamori (Program Officer and Researcher).

▼The term "Kansai" in this report is identical to the term "Kinki" used by ministries and agencies publishing statistical data. It includes six prefectures: Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama.

## Highlights

### **Kansai's economy expected to remain on an upward trajectory, but the high number of new infections and inflation remain risk factors**

- ✓ Kansai's economy is expected to improve both currently and in the future. The employment environment and consumption are picking up. On the other hand, the sentiment has deteriorated significantly due to the increasing number of infections. Looking ahead, caution is needed as the worsening infection situation and inflation might put downward pressure on consumption.
- ✓ The number of new COVID-19 infections has peaked out in some of Kansai's prefectures. However, nationwide, it is still at its highest since the start of the pandemic, and the number of deaths has exceeded the peak of the sixth wave. This might exert downward pressure on consumption.
- ✓ In June, industrial production rose MoM for the first time in two months. The increase was largely due to a rebound in the production of transportation machinery and electrical and information-communication equipment, which had declined sharply in the previous month. On a quarterly basis, however, Q2 production declined for the first time in two quarters due to the impact of lockdowns in China.
- ✓ In June, the unemployment rate rose slightly, but the number of workers and labor force participation started rising. On a quarterly basis, the number of workers, the labor force, and the ratio of job offers to applicants all increased for the second consecutive quarter in Q2. The ratio of employees who are absent declined too. Overall, the employment situation is improving.
- ✓ In May, salaries in the six Kansai prefectures increased YoY in nominal terms for the 15th consecutive month. In real terms, however, they declined for the third consecutive month due to a rise in the consumer price index. Since prices are expected to keep rising in the foreseeable future, real wages are likely to keep declining.
- ✓ In June, the sales of large retailers increased YoY for the ninth consecutive month. Therein, department store sales increased for the fourth consecutive month, partly as a rebound from the state of emergency a year ago. On the other hand, supermarket sales declined for the third consecutive month, due in part to rising food prices, which suppressed consumption.
- ✓ New housing starts in June increased for the first time in three months. An increase was seen across all housing categories: owner-occupied, rental, and condominium. On a quarterly basis, new housing starts in Q2 increased for the first time in three quarters.
- ✓ In June, the amount of completed construction increased YoY for the sixth consecutive month. Therein, the amount of completed public works construction increased for the 12th consecutive month. In July, on the other hand, the value of public works contracts fell for the first time in five months.
- ✓ In July, the Economy Watcher's Diffusion Index (DI) for current conditions worsened MoM for the second consecutive month. The DI for food and beverage-related as well as service-related industries declined due to a sharp increase in the number of new infections. The DI for future conditions deteriorated for the second consecutive month too. Business confidence worsened due to concerns about the increasing number of infections and rising commodity prices.
- ✓ In July, Kansai's trade balance logged a deficit for the first time in two months. While both imports and exports maintained double-digit YoY growth, the increase in exports decelerated slightly from the previous month, while imports accelerated, driven by high oil prices and the weak yen.
- ✓ The number of foreign arrivals at Kansai International Airport (KIX) in July exceeded 20,000 for the fourth month in a row. Nevertheless, inbound demand has yet to fully recover as restrictions on the number of daily arrivals and individual travel for tourism purposes remain in place.
- ✓ In China, production and private consumption recovered only moderately in July. The zero-COVID policy, coupled with deteriorating employment, had a negative impact on domestic demand. This trend continued in August. Downward pressure by the turmoil in China's real estate sector and stagnant demand in the U.S. suggests that China's economy is unlikely to improve significantly in Q3.

\* Judgment based on APIR's CI and CLI indices for Kansai.

### Trends in the Kansai Economy

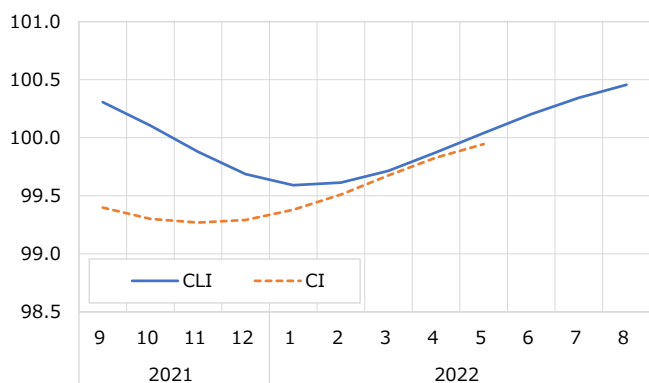
|              | 2021 |     |     |     |     | 2022 |     |     |     |     |     |     |
|--------------|------|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|
|              | Aug  | Sep | Oct | Nov | Dec | Jan  | Feb | Mar | Apr | May | Jun | Jul |
| Production   | ↓    | ↓   | ↓   | ↑   | →   | ↑    | ↑   | ↓   | ↑   | ↓   | ↑   |     |
| Employment   | ↓    | →   | →   | →   | →   | ↑    | ↑   | →   | ↑   | ↑   | ↑   |     |
| Consumption  | ↓    | ↓   | →   | ↑   | ↑   | ↑    | →   | ↑   | ↑   | ↑   | ↑   |     |
| Housing      | ↑    | ↑   | ↑   | ↓   | →   | →    | ↓   | ↑   | →   | ↓   | →   |     |
| Public Works | ↑    | ↓   | ↓   | ↓   | ↓   | ↓    | ↓   | →   | ↑   | ↑   | ↑   | ↓   |
| Sentiment    | ↓    | ↑   | ↑   | ↑   | →   | ↓    | ↓   | ↑   | ↑   | ↑   | ↓   | ↓   |
| Trade        | →    | →   | ↑   | ↓   | ↓   | ↓    | ↓   | ↓   | ↓   | ↓   | ↓   | ↓   |
| China        | ↓    | ↓   | ↓   | →   | →   | →    | →   | →   | ↓   | →   | ↓   | →   |

#### Criteria for determining the trends

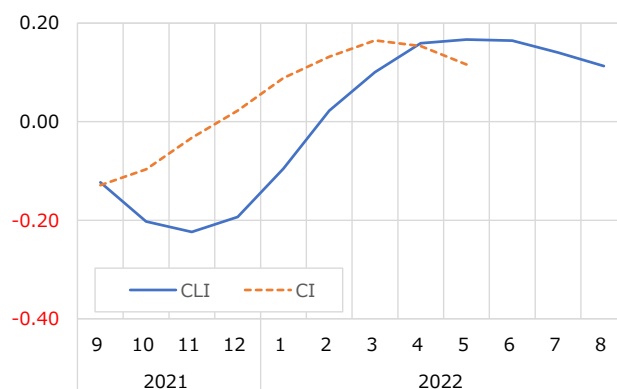
- **Production:** The trend is positive if there is at least a 0.5% MoM increase in the seasonally adjusted production index released by the Kansai Bureau of Economy, Trade and Industry. If there is a decrease of 0.5% or more, the trend is negative. Otherwise, the trend is stable.
- **Trade:** The trend is positive if there is an improvement in the trade balance of at least JPY 50 billion YoY based on the Osaka Customs trade statistics. If there is a deterioration of more than JPY 50 billion, the trend is negative. Otherwise, the trend is stable.
- **Sentiment:** The trend is positive if the Diffusion Index (DI) for the Kansai region published in the Cabinet Office "Economy Watchers Survey" improves by at least 1 point MoM. If it deteriorates by 1 point or more, the trend is negative. Otherwise, the trend is stable.
- **Consumption:** The trend is positive if the monthly large retail store sales index (all stores) compiled by the Kansai Bureau of Economy, Trade and Industry increases by at least 1% YoY. If it decreases by more than 1%, the trend is downward. Otherwise, the trend is stable.
- **Housing:** The trend is positive if new housing starts increase by 5% or more YoY based on the housing construction statistics published by the Ministry of Land, Infrastructure and Transport. If there is a decrease of 5% or more, the trend is negative. Otherwise, the trend is stable.
- **Employment:** The trend is positive if the seasonally adjusted effective job offerings-to-applicants ratio published by the Ministry of Health, Labor and Welfare improves by at least 0.01. If the ratio deteriorates by 0.01 or more, the trend is negative. Otherwise, the trend is stable.
- **Public Works :** The trend is positive if the monetary value of public works contracts increases by at least 5% YoY based on the advance payment guarantees statistics released by West Japan Construction Assurance Ltd. If it decreases by 5% or more, the trend is negative. Otherwise, the trend is stable.

#### Kansai Economic Trend Indices: Composite Index (CI) and Composite Leading Indicator (CLI)

Kansai's CI and CLI (2021/9~2022/8)



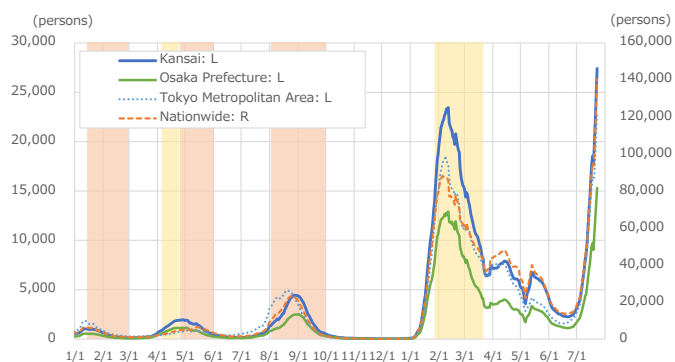
Kansai's CLI and CI: MoM changes (2021/9~2022/8)



※Economic forecasts are based on the Kansai economic trend indices (CI, CLI) developed by APIR.

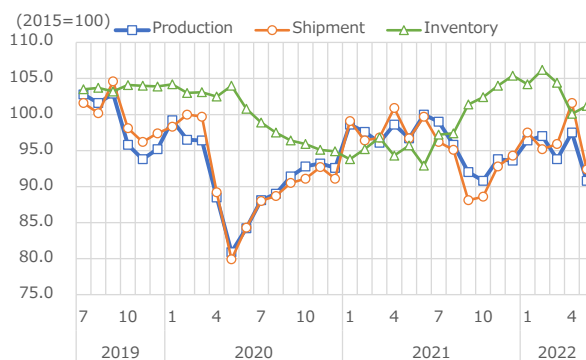
Data in Kansai at a glance

【Number of New Daily COVID-19 Infections】



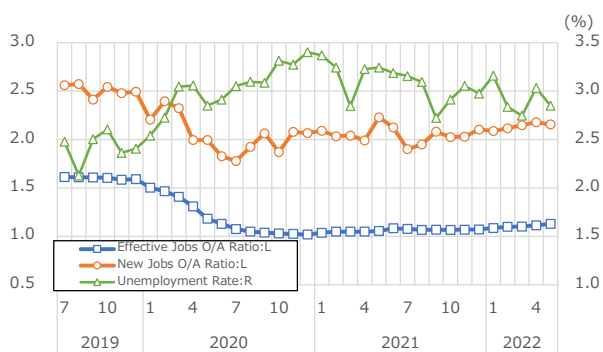
Source: MHLW

【Production, Shipment & Inventory】



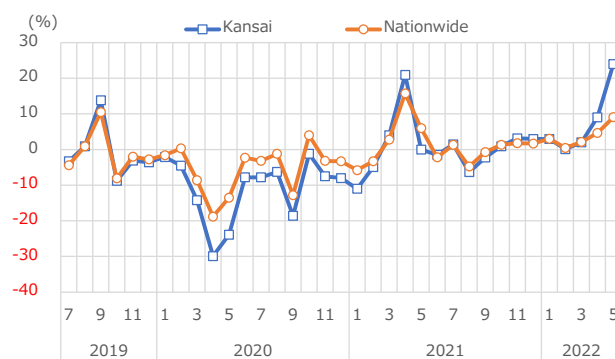
Source: METI

【Unemployment Rate, Jobs Offers-to-Applicants Ratio】



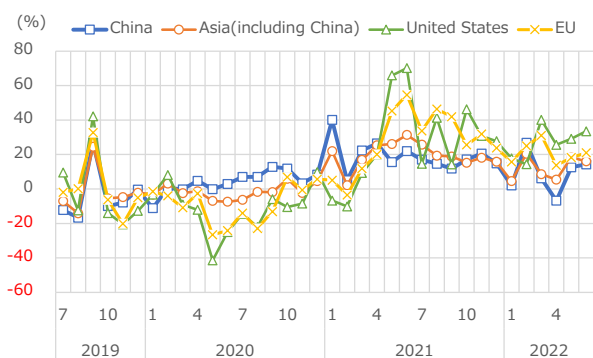
Source: MHLW, MIAC

【Revenues of Large Retailers】



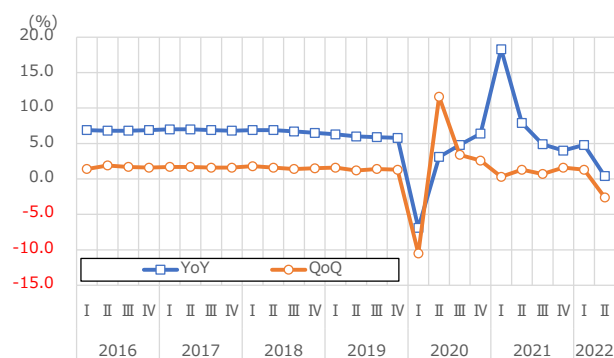
Source: METI

【Exports by Region】



Source: MOF

【China's GDP】



Source: CEIC

### Major Monthly Statistics

| Monthly statistics   | Aug-21   | Sep-21   | Oct-21   | Nov-21   | Dec-21   | Jan-22   | Feb-22   | Mar-22   | Apr-22   | May-22   | Jun-22   | Jul-22  |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| <b>Industrial Production</b>   |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] Index of Industrial Production (seasonally adjusted, 2015=100)    | 95.8     | 92.0     | 90.8     | 93.8     | 93.6     | 96.4     | 97.0     | 93.8     | 97.5     | 90.8     | 95.2     | UN      |
| [Kansai] Index of Industrial Production (seasonally adjusted, MoM change)  | -3.2     | -4.0     | -1.3     | 3.3      | -0.2     | 3.0      | 0.6      | -3.3     | 3.9      | -6.9     | 5.0      | UN      |
| ...shipments index (unadjusted figure, YoY % change)                       | 9.6      | -2.7     | -4.8     | 2.2      | 3.5      | -0.9     | -1.3     | -1.6     | -1.5     | -2.4     | -4.9     | UN      |
| ...inventories index (unadjusted figure, YoY % change)                     | -0.1     | 5.2      | 6.7      | 9.3      | 11.0     | 11.0     | 11.5     | 7.9      | 6.2      | 5.8      | 8.2      | UN      |
| ...shipments index (seasonally adjusted, 2015=100)                         | 95.1     | 88.1     | 88.6     | 92.8     | 94.3     | 97.5     | 95.2     | 95.9     | 101.6    | 92.4     | 94.8     | UN      |
| ...shipments index (seasonally adjusted, MoM change)                       | -1.1     | -7.4     | 0.6      | 4.7      | 1.6      | 3.4      | -2.4     | 0.7      | 5.9      | -9.1     | 2.5      | UN      |
| ...inventories index (seasonally adjusted, 2015=100)                       | 97.4     | 101.4    | 102.4    | 104.0    | 105.4    | 104.2    | 106.2    | 104.4    | 100.1    | 101.2    | 100.5    | UN      |
| ...inventories index (seasonally adjusted, MoM change)                     | 0.2      | 4.1      | 1.0      | 1.6      | 1.3      | -1.1     | 1.9      | -1.7     | -4.1     | 1.1      | -0.7     | UN      |
| [Japan] Index of Industrial Production (seasonally adjusted, 2015=100)     | 96.2     | 89.9     | 91.8     | 96.4     | 96.6     | 94.3     | 96.2     | 96.5     | 95.1     | 88.0     | 96.1     | UN      |
| [Japan] Index of Industrial Production (seasonally adjusted, MoM change)   | -1.9     | -6.5     | 2.1      | 5.0      | 0.2      | -2.4     | 2.0      | 0.3      | -1.5     | -7.5     | 9.2      | UN      |
| ...shipments index (unadjusted figure, YoY % change)                       | 6.7      | -4.6     | -5.9     | 3.3      | 2.5      | -1.3     | -1.5     | -2.4     | -4.6     | -3.1     | -2.9     | UN      |
| ...inventories index (unadjusted figure, YoY % change)                     | -3.8     | 0.4      | 2.1      | 5.5      | 4.9      | 4.7      | 7.1      | 6.8      | 4.1      | 3.8      | 4.2      | UN      |
| ...shipments index (seasonally adjusted, 2015=100)                         | 93.6     | 86.9     | 89.1     | 93.9     | 94.1     | 92.7     | 92.7     | 93.3     | 93.0     | 89.2     | 93.7     | UN      |
| ...shipments index (seasonally adjusted, MoM change)                       | -2.6     | -7.2     | 2.5      | 5.4      | 0.2      | -1.5     | 0.0      | 0.6      | -0.3     | -4.1     | 5.0      | UN      |
| ...inventories index (seasonally adjusted, 2015=100)                       | 95.3     | 97.9     | 98.4     | 99.8     | 99.9     | 99.2     | 101.3    | 100.9    | 98.6     | 97.7     | 99.6     | UN      |
| ...inventories index (seasonally adjusted, MoM change)                     | -0.1     | 2.7      | 0.5      | 1.4      | 0.1      | -0.7     | 2.1      | -0.4     | -2.3     | -0.9     | 1.9      | UN      |
| <b>Labor Statistics</b>  |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] Unemployment rate (seasonally adjusted)                           | 3.1      | 2.7      | 2.9      | 3.1      | 3.0      | 3.2      | 2.8      | 2.7      | 3.0      | 2.9      | 3.0      | UN      |
| [Kansai] Unemployment rate (unadjusted figure)                             | 3.2      | 2.9      | 2.9      | 2.7      | 2.7      | 3.0      | 2.8      | 2.8      | 3.1      | 2.9      | 3.2      | UN      |
| [Japan] Unemployment rate (seasonally adjusted)                            | 2.8      | 2.8      | 2.7      | 2.8      | 2.7      | 2.8      | 2.7      | 2.6      | 2.5      | 2.6      | 2.6      | UN      |
| [Kansai] Effective job openings-to-applicants ratio (seasonally adjusted)  | 1.1      | 1.1      | 1.1      | 1.1      | 1.1      | 1.1      | 1.1      | 1.1      | 1.1      | 1.1      | 1.2      | UN      |
| [Japan] Effective job openings-to-applicants ratio (seasonally adjusted)   | 1.2      | 1.2      | 1.2      | 1.2      | 1.2      | 1.2      | 1.2      | 1.2      | 1.2      | 1.2      | 1.3      | UN      |
| [Kansai] New job openings-to-applicants ratio (seasonally adjusted)        | 2.0      | 2.1      | 2.0      | 2.0      | 2.1      | 2.1      | 2.1      | 2.1      | 2.2      | 2.2      | 2.2      | UN      |
| [Japan] New job openings-to-applicants ratio (seasonally adjusted)         | 2.0      | 2.1      | 2.0      | 2.1      | 2.2      | 2.2      | 2.2      | 2.2      | 2.2      | 2.3      | 2.2      | UN      |
| [Kansai] Total cash earnings (all six prefectures, YoY % change)           | 1.1      | 0.3      | 0.1      | 0.1      | 0.1      | 2.8      | 1.3      | 0.8      | 1.2      | 1.0      | UN       | UN      |
| [Kansai] Total cash earnings (Osaka, Kyoto and Hyogo, YoY % change)        | 1.6      | 0.1      | 0.1      | -0.5     | -0.8     | 2.3      | 0.1      | -0.6     | -1.6     | -1.7     | UN       | UN      |
| [Japan] Total cash earnings (YoY % change)                                 | 0.6      | 0.2      | 0.2      | 0.8      | -0.4     | 1.1      | 1.2      | 2.0      | 1.7      | 1.0      | 2.2      | UN      |
| <b>Retail sales</b>  |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] 乗用車新規登録届出台数(YoY % change)   |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] 家電販売額(YoY % change)   |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] Large retail store sales (JPY billion)                            | 278.5    | 269.0    | 291.3    | 306.5    | 384.0    | 298.0    | 265.5    | 298.9    | 289.1    | 296.3    | 298.0    | UN      |
| [Kansai] Large retail store sales (YoY % change, all stores)               | -6.4     | -2.3     | 0.9      | 3.1      | 3.0      | 2.9      | 0.1      | 2.0      | 9.0      | 24.0     | 3.0      | UN      |
| [Japan] Large retail store sales (JPY billion)                             | 1,607.8  | 1,556.4  | 1,651.8  | 1,707.8  | 2,139.2  | 1,676.7  | 1,503.6  | 1,705.3  | 1,624.2  | 1,680.7  | 1,673.1  | UN      |
| [Japan] Large retail store sales (YoY % change, all stores)                | -4.8     | -0.7     | 1.3      | 1.8      | 1.7      | 3.0      | 0.5      | 2.1      | 4.6      | 9.1      | 1.9      | UN      |
| <b>Housing &amp; Construction</b>  |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] New housing starts (number of units)                              | 11,194.0 | 12,436.0 | 11,753.0 | 11,450.0 | 10,201.0 | 8,729.0  | 8,873.0  | 13,175.0 | 13,094.0 | 9,691.0  | 11,688.0 | UN      |
| [Kansai] New housing starts (YoY % change)                                 | 15.2     | 9.9      | 6.3      | -5.4     | -2.4     | 0.1      | -14.1    | 14.6     | -0.7     | -5.6     | 1.0      | UN      |
| [Japan] New housing starts (number of units)                               | 74,303.0 | 73,178.0 | 78,004.0 | 73,414.0 | 68,393.0 | 59,690.0 | 64,614.0 | 76,120.0 | 76,294.0 | 67,193.0 | 74,596.0 | UN      |
| [Japan] New housing starts (YoY % change)                                  | 7.5      | 4.3      | 10.4     | 3.7      | 4.2      | 2.1      | 6.3      | 6.0      | 2.4      | -4.3     | -2.2     | UN      |
| [Kansai] New housing starts (number of units, seasonally adjusted)         | 11,824.6 | 11,735.2 | 11,589.0 | 11,161.7 | 10,720.3 | 9,817.8  | 9,133.9  | 12,796.6 | 12,089.1 | 10,552.7 | 11,645.7 | UN      |
| [Kansai] New housing starts (YoY % change, seasonally adjusted)            | -0.5     | -0.8     | -1.2     | -3.7     | -4.0     | -8.4     | -7.0     | 40.1     | -5.5     | -12.7    | 10.4     | UN      |
| [Japan] New housing starts (number of units, seasonally adjusted)          | 72,176.0 | 70,432.0 | 73,067.0 | 70,888.0 | 69,811.0 | 68,318.0 | 72,671.0 | 77,278.0 | 73,734.0 | 68,977.0 | 70,398.0 | UN      |
| [Japan] New housing starts (YoY % change, seasonally adjusted)             | -2.5     | -2.4     | 3.7      | -3.0     | -1.5     | -2.1     | 6.4      | 6.3      | -4.6     | -6.5     | 2.1      | UN      |
| [Kansai] Residential lots contract ratio (seasonally adjusted)             | 60.7     | 61.4     | 60.0     | 65.6     | 70.2     | 82.5     | 74.8     | 72.3     | 61.9     | 76.9     | 68.6     | 63.7    |
| [Kansai] Residential lots contract ratio (unadjusted figure)               | 65.0     | 59.4     | 57.3     | 65.6     | 73.5     | 77.5     | 79.2     | 72.9     | 59.8     | 72.0     | 70.3     | 65.8    |
| [Tokyo area] Residential lots contract ratio (seasonally adjusted)         | 72.7     | 68.7     | 75.2     | 88.7     | 76.3     | 59.2     | 72.4     | 69.6     | 77.4     | 69.4     | 64.9     | 59.1    |
| [Tokyo area] Residential lots contract ratio (unadjusted figure)           | 73.0     | 67.7     | 71.4     | 79.9     | 73.5     | 58.4     | 73.3     | 75.2     | 79.6     | 70.2     | 67.7     | 60.7    |
| [Kansai] Advance Payment Guarantees (APGs) for public works (JPY billion)  | 553.2    | 583.0    | 598.7    | 623.5    | 636.0    | 631.3    | 617.8    | 617.2    | 544.3    | 534.7    | 567.0    | UN      |
| [Kansai] Advance Payment Guarantees (APGs) for public works (YoY % change) | 3.5      | 2.1      | 2.4      | 1.2      | -1.8     | 0.2      | 1.2      | 3.6      | 3.2      | 3.0      | 7.1      | UN      |
| [Japan] Advance Payment Guarantees (APGs) for public works (JPY billion)   | 4,246.2  | 4,497.6  | 4,670.3  | 4,702.4  | 4,730.2  | 4,563.9  | 4,428.0  | 4,490.8  | 3,840.4  | 3,726.4  | 3,997.5  | UN      |
| [Japan] Advance Payment Guarantees (APGs) for public works (YoY % change)  | 2.3      | 1.4      | 1.0      | 0.2      | -1.1     | -2.5     | -2.6     | -3.6     | -0.6     | 0.7      | 1.2      | UN      |
| [Kansai] Construction works (total, JPY billion)                           | 1,696.6  | 1,854.4  | 1,989.3  | 2,043.2  | 2,045.9  | 1,974.3  | 1,888.7  | 1,967.1  | 1,405.2  | 1,316.1  | 1,484.4  | UN      |
| [Kansai] Construction works (total, YoY % change)                          | -1.9     | -5.1     | -5.8     | -6.4     | -9.6     | -10.7    | -10.7    | -11.9    | -8.0     | -5.6     | -4.1     | UN      |
| [Japan] Construction works (total, JPY billion)                            | 122.0    | 150.5    | 136.7    | 80.5     | 89.6     | 61.6     | 65.7     | 168.7    | 335.0    | 155.2    | 178.4    | 118.5   |
| [Japan] Construction works (total, YoY % change)                           | 11.0     | -16.7    | -12.5    | -16.6    | -19.5    | -8.4     | -22.5    | 2.2      | 20.6     | 8.1      | 5.3      | -15.8   |
| [Japan] Construction works (public works, JPY billion)                     | 1,157.5  | 1,268.2  | 1,076.7  | 753.4    | 685.9    | 520.9    | 589.7    | 1,449.9  | 2,010.5  | 1,267.2  | 1,651.9  | 1,292.4 |
| [Japan] Construction works (public works, YoY % change)                    | -11.0    | -15.1    | -19.8    | -14.5    | -6.6     | -17.7    | -9.1     | -4.3     | -4.0     | -10.3    | 0.1      | -7.0    |
| <b>Consumer Sentiment</b>  |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] Consumer Confidence Index (unadjusted figure)                     | 36.2     | 37.1     | 37.7     | 38.5     | 38.1     | 36.1     | 34.2     | 32.5     | 32.4     | 32.5     | 32.1     | 30.4    |
| ...overall livelihood  | 37.8     | 38.5     | 37.8     | 37.9     | 38.1     | 36.7     | 34.7     | 31.2     | 31.2     | 31.2     | 29.5     | 29.0    |
| ...income growth   | 37.5     | 37.8     | 37.9     | 38.8     | 38.8     | 37.6     | 37.0     | 36.3     | 36.4     | 36.4     | 35.4     | 34.7    |
| ...employment conditions   | 33.1     | 35.0     | 39.1     | 41.3     | 40.3     | 36.4     | 34.5     | 34.4     | 34.6     | 36.1     | 38.2     | 34.4    |
| ...willingness to buy durable goods  | 36.5     | 37.2     | 36.0     | 36.0     | 35.3     | 33.8     | 30.4     | 28.2     | 27.3     | 26.1     | 25.2     | 23.3    |
| [Kansai] Consumer Confidence Index (seasonally adjusted)                   | 37.2     | 36.8     | 36.8     | 36.5     | 36.6     | 35.0     | 33.9     | 33.0     | 33.6     | 34.5     | 32.5     | 30.9    |
| ...overall livelihood  | 38.4     | 38.6     | 37.2     | 35.9     | 36.4     | 34.8     | 35.0     | 32.1     | 32.7     | 32.7     | 30.0     | 29.2    |
| ...income growth   | 37.5     | 37.5     | 37.6     | 37.6     | 38.2     | 36.8     | 37.2     | 36.4     | 37.4     | 37.3     | 36.0     | 34.9    |
| ...employment conditions   | 35.0     | 33.4     | 35.6     | 37.1     | 39.6     | 35.5     | 33.7     | 34.7     | 37.1     | 42.0     | 38.7     | 35.7    |
| ...willingness to buy durable goods  | 38.4     | 37.1     | 35.9     | 34.6     | 33.6     | 32.6     | 29.7     | 28.4     | 28.2     | 27.2     | 25.4     | 23.6    |
| [Japan] Consumer Confidence Index (seasonally adjusted)                    | 37.2     | 37.7     | 38.4     | 38.3     | 38.3     | 36.5     | 35.2     | 32.8     | 33.0     | 34.1     | 32.1     | 30.2    |
| <b>Business Confidence</b>   |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] Economy Watcher Diffusion Index (current, seasonally adjusted)    | 35.3     | 42.7     | 54.1     | 57.3     | 58.7     | 40.3     | 39.3     | 48.4     | 50.6     | 52.1     | 51.0     | 39.2    |
| [Kansai] Economy Watcher Diffusion Index (current, households)             | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0     |
| [Kansai] Economy Watcher Diffusion Index (projected, seasonally adjusted)  | 44.3     | 55.4     | 55.1     | 51.3     | 49.4     | 41.9     | 44.2     | 47.5     | 49.2     | 53.4     | 45.0     | 42.4    |
| [Japan] Economy Watcher Diffusion Index (current, seasonally adjusted)     | 34.9     | 42.3     | 55.1     | 56.8     | 57.5     | 37.9     | 37.7     | 47.8     | 50.4     | 54.0     | 52.9     | 43.8    |
| [Japan] Economy Watcher Diffusion Index (current, households)              | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0      | 0.0     |
| [Japan] Economy Watcher Diffusion Index (projected, seasonally adjusted)   | 43.5     | 56.6     | 56.6     | 53.2     | 50.3     | 42.5     | 44.4     | 50.1     | 50.3     | 52.5     | 47.6     | 42.8    |
| <b>International Trade</b>   |          |          |          |          |          |          |          |          |          |          |          |         |
| [Kansai] Trade balance (JPY billion)                                       | 212.3    | 223.3    | 429.9    | 83.4     | 287.9    | -162.6   | 176.4    | 276.9    | 189.3    | -49.5    | 134.4    | -38.1   |
| [Kansai] Exports (JPY billion)   | 1,519.9  | 1,616.0  | 1,731.8  | 1,595.8  | 1,762.6  | 1,413.6  | 1,578.4  | 1,875.8  | 1,760.6  | 1,673.7  | 1,945.8  | 1,856.6 |
| [Kansai] Exports (YoY % change)  | 26.1     | 21.2     | 21.0     | 22.9     | 18.5     | 9.7      | 20.3     | 15.1     | 10.2     | 21.0     | 21.0     | 19.4    |
| [Kansai] Imports (JPY billion)   | 1,307.6  | 1,392.7  | 1,301.9  | 1,512.4  | 1,474.7  | 1,576.3  | 1,401.9  | 1,598.9  | 1,571.2  | 1,723.2  | 1,811.5  | 1,894.7 |
| [Kansai] Imports (YoY % change)  | 30.9     | 30.3     | 18.3     | 39.3     | 32.3     | 35.8     | 30.8     | 27.5     | 22.2     | 48.8     | 41.2     | 47.2    |

Notes : In statistics on industrial production, the transport machinery industry excludes steel ships and railcars.