



Japanese Economy Monthly Forecast

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Headlines

●Review of data released in March

▶Basic data released up to March 31 covers approximately two-thirds of data needed to calculate Q1 GDP.

▶The production index average for January and February was 1.6% higher than the 2016 Q4 average. There is a strong possibility that production will increase in Q1 for the 4th consecutive quarter.

▶Average **real consumption expenditure** for January and February was 1.2% higher than the 2016Q4 average. On the supply-side, the **consumer durables index** fell by 3.3% from the Q4 average, while the **consumer non-durables index** rose by 1.9%. Consumption indices are strong on both the demand- and supply-sides.

▶There were extraordinary factors (such as the construction of the athletes' village for the Tokyo Olympics) that pushed average **planned construction costs (residential)** for January and February up 15.0% from the Q4 average. The **capital goods index** fell by 1.5% from the Q4 average. **Private housing investment** is strong, but **private capital investment** remains sluggish.

▶February public works contract amounts rose month-on-month for the 4th consecutive month. It is likely that public fixed capital formation will return to a growth trend in Q1.

▶The average for the **export volume index** over January and February was 0.7% higher than the Q4 average, and the **real export index** average was also 2.2% higher. The **import volume index** was 1.6% lower than the Q4 average, while the **real import index** was 0.8% higher. **Net exports** increased from Q4 levels both in volume and real value terms.

●2017Q1 growth forecast update

▶This week's Current Quarter Model **expenditure side forecast for real GDP** in 2017Q1 is for +1.4% QoQ growth and +5.8% annual growth. We forecast strong growth through well balanced contributions of +0.8%pts (QoQ) from domestic demand and +0.6%pts (QoQ) from net exports.

▶The **production side principle component model forecast** is for real GDP to have +2.7% QoQ annualized growth in Q1. As Figure 1 shows, the average of our Current Quarter Model expenditure and production side GDP forecasts gives +4.2% growth. This was again a higher forecast than that of market consensus (the ESP March forecast).

●2017Q1 inflation forecast update

▶In February, the **National Core Consumer Price Index** increased by 0.2% YoY, its second consecutive monthly increase. Energy prices also increased by 1.6% in February, the first increase in 26 months.

▶This week, the Current Quarter Model forecasts the **Private Final Consumption Expenditure deflator** to fall by 0.2% QoQ in 2017Q1. **Terms of trade** are also expected to decline in this quarter. As a result, the **GDP deflator** in this period is forecast to decrease by 0.8% QoQ, as shown in Figure 2.

Fig 1 CQM Forecast: Real GDP growth rate Jan-Mar 2017 (% , QoQ annualized growth)

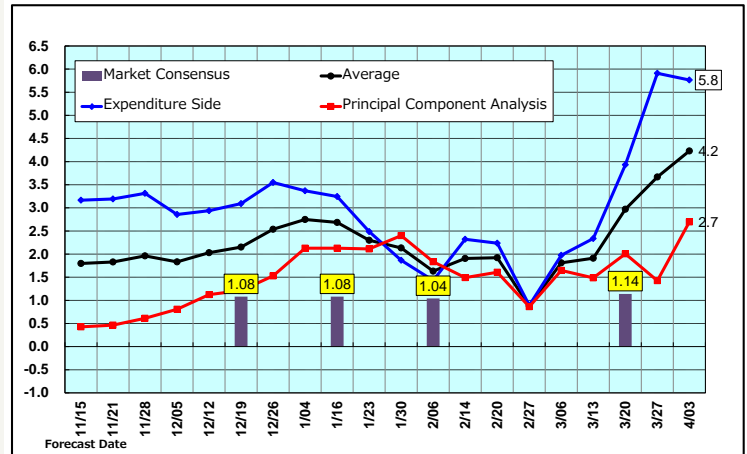
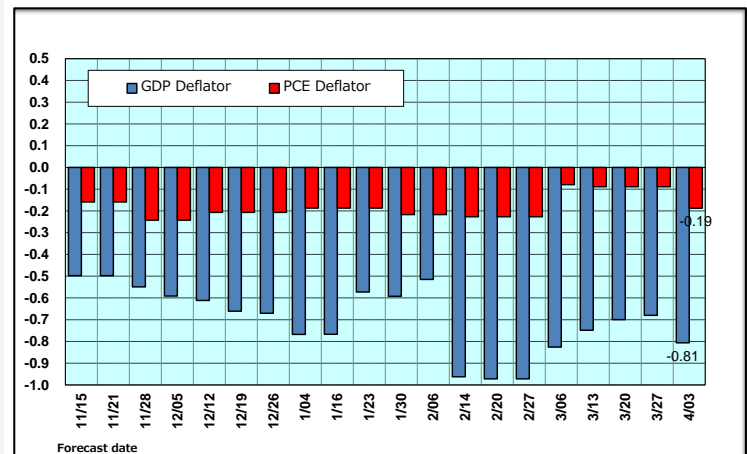


Fig 2 CQM Forecast: Inflation Jan-Mar 2017 (% , QoQ growth)



発行日 Release Date	データ 該当月 Data Month	経済指標 Economic Indicator	数値・指標値 Result/ Index Score	動態 Change			
				前月比 MoM	前年比 YoY		
3/31	2月 February	労働力調査 Labour Force Survey					
		就業者数 (100万人) Total employment (millions)	64.83	-0.21	-		
		失業者数 (100万人) Total unemployment (millions)	1.90	-0.08	-		
		失業率 Unemployment rate (%)	2.8	-0.2%pt	-		
3/31	2月 February	一般職業紹介状況 General Job Placement Situation					
		有効求人倍率 Job offer ratio	1.43	0.00%pt	-		
3/31	2月 February	鉱工業指数 (2010年=100:速報値) Indices of Industrial Production (2010=100, preliminary figures)					
		生産 Production	102.2	+2.0%	-		
		出荷 Shipments	99.1	-0.1%	-		
		在庫 Inventory	108.4	+0.9%	-		
3/31	2月 February	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	260,644	+1.7%	-3.4%		
		実質 Real consumption expenditure	-	+2.5%	-3.8%		
3/31	2月 February	商業動態統計 (速報値) Current Survey of Commerce (preliminary figures)					
		小売業 Retail trade (billion JPY)	10,780.0	+0.2%	+0.1%		
3/31	2月 February	新設住宅着工 New Housing Starts					
		新設住宅着工戸数 New housing starts (SA, Unit)	78,305	-6.1%	-2.6%		
		工事費予定額 Planned dwelling construction cost (JPY Billion)	1174.9	-20.3%	-1.2%		
3/31	2月 February	全国消費者物価指数 (2015年=100) National Consumer Price Index (2015=100)					
		コア Core	99.6	+0.0%	+0.2%		
3/31	3月 March	東京都区部消費者物価指数 (2015年=100) Tokyo Region Consumer Price Index (2015=100)					
		コア Core	99.4	-0.1%	-0.4%		
3/31	1月 January	建設工事費デフレーター (2005年=100) Construction Costs Deflator (2005=100)					
		住宅建築 Housing construction	107.4		+0.2%		
		公共事業 Public works	109.8		+0.7%		
3/29	2月 February	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	94.7	-	+5.3%		
		産出物価 Output price	97.8	-	+1.8%		
3/27	2月 February	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	103.3		+0.8%		
3/24	1月 January	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	104.9	+0.1	-		
		一致 Consensus	115.1	-0.4	-		
		遅行 Lagging indicator	115.4	+0.5	-		
3/23	1月 January	毎月勤労統計 (確報値) Monthly Labour Statistics (official)					
		現金給与総額 Total cash salaries (thousand JPY)	269.79	-	+0.3%		
		総実労働時間 Total working hours	133.8	-	-1.1%		
3/22	1月 January	産業活動指数 (2010年=100) Industrial Activity Indices (2010=100)					
		全産業 All industries	103.6	+0.1%	-		
		建設業 Construction industry	112.5	+4.1%	-		
3/22	2月 February	貿易統計 (通関ベース) Trade Statistics (customs clearance)					

		貿易収支 (10 億円) Trade balance (billion JPY)	813.4	+233.4%	+245.5%
		輸出 Exports (billion JPY)	6,347.5	+6.1%	+11.3%
		輸入 Imports (billion JPY)	5,533.9	-1.6%	+1.2%
3/17	1 月 January	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)	837.4	-	+12.0%
		公共工事 (10 億円) Public works (billion JPY)	1,985.7	-	-5.2%
3/15	2 月 February	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)	769.3	-	+10.4%
		請負件数 Number of contracts	13,959	-	+28.8%
3/15	1 月 January	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	94.4	-	-0.4%
		稼働率指数 Operation ratio index	101.7	+0.1%	-
		生産 Production	100.2	-0.4%	-
		出荷 Shipments	99.2	+0.3%	-
		在庫 Inventory	107.4	-0.1%	-
3/13	1 月 January	第 3 次産業活動指数 (2010 年=100) Tertiary Industry Activity Index (2010=100)	103.9	0.0%	-
3/13	1 月 January	消費総合指数 Synthetic Consumption Index	105.4	+0.9%	
3/13	2 月 February	国内企業物価指数 (2010 年=100) Domestic Corporate Price Index (2010=100)			
		企業物価 Corporate Price	97.9	+0.2%	+1.0%
		輸出物価 Export Price	95.0	-0.5%	+2.5%
		輸入物価 Import Price	92.9	+0.7%	+10.1%
3/13	1 月 January	民間コア機械受注 (10 億円) Private Core Machinery Orders (billion JPY)	837.9	-3.2%	-
3/10	12 月 December	情報サービス業売上高 (10 億円) Information Services Industry Sales (billion JPY)	782.4	-	+3.0%
3/9	1 月 January	毎月勤労統計 (速報値) Monthly Labour Statistics (preliminary figures)			
		現金給与総額 Total cash salaries (JPY)	262,869	-	+0.5%
		総実労働時間 Total working hours	133.8	-	-1.1%
3/9	1 月 January	消費活動指数 Consumption Activity Index	102.6	+0.8	-
3/8	1 月 January	景気動向指数 (2010 年=100: 速報値、前月差) Index of Business Conditions (preliminary, 2010=100)			
		先行 Leading indicator	105.5	+0.6	-
		一致 Consensus	114.9	-0.7	-
		遅行 Lagging indicator	115.7	+0.6	-
3/8	2 月 February	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	48.6	-1.2	-
		先行き判断 DI Future Conditions Diffusion Index	50.6	+1.2	-
3/8	1 月 January	国際収支 Balance of Payments			
		経常収支 (10 億円) Current account (billion JPY)	65.5	-24.1%	-88.9%
		輸出 Exports (billion JPY)	5,517.3	-1.1%	+2.9%
		輸入 Imports (billion JPY)	6,370.7	+6.6%	+10.0%
3/3	2 月 February	消費者態度指数 (前月差) Consumer Confidence Index (SA)	43.1	-0.1	-
3/2	2 月 February	食糧安定供給収支戻 (10 億円) Stable Food Supply Payments Balance (billion JPY)	24.7	-	-1.9
3/1	2 月 February	新車販売台数 New Car Sales (vehicles)	413,315	-	+8.2%