



Japanese Economy Monthly Forecast

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Headlines

●Review of data released in April

▶The basic data released up to April 28 covers most of the Q1 GDP.

▶Average **real consumption expenditure** (demand-side) for Q1 rose by 0.9% QoQ. On the supply-side, the **synthetic consumption index** average for January-February rose by 1.0% from the 2016 Q4 average. Both indices suggest that Private Final Consumption Expenditure (PFCE) will have made a strong recovery in Q1.

▶Average **planned construction costs (residential)** for Q1 rose 9.8% QoQ for the first time in three quarters. The **capital goods shipment index** fell by 0.4% QoQ in Q1, the first subtraction in four quarters. **Private housing** investment is strong thanks to the impact of irregular factors related to the Olympic Games, but **private capital investment** remains sluggish.

▶Public works contract amounts, a leading indicator of public works, rose QoQ in Q1 for the first time in three quarters. However, on an expenditure basis, the January-February average for public works fell by 0.6% from the 2016 Q4 average. It is unclear whether public works will grow in Q1 after two quarters of negative growth.

▶The Q1 **export volume index** rose by 1.6% from the 2016 Q4 level, and the Q1 **real export index** also rose 3.0% higher than the Q4 level. The **import volume index** rose 1.2% higher than the Q4 average, while the **real import index** was 0.6% higher. **Net exports** increased from Q4 levels both in volume and real value terms.

●2017Q1 growth forecast update

▶Reflecting updated data, this week's Current Quarter Model **expenditure side forecast for real GDP** in 2017Q1 is for +3.5% QoQ annualized growth. The **production side principle component model forecast** is for real GDP to have +1.5% QoQ annualized growth in Q1. The average growth rate across both sides is thus +2.5%.

As Figure 1 shows, the Current Quarter Model (CQM) forecasts are making downward corrections, but remain above the market consensus (ESP April) level. The discrepancy between the expenditure side CQM forecast and the market consensus forecast is shown in the difference between these two methods' forecasts of PFCE. Both demand- and supply-side monthly consumption indices are making strong gains, and this movement is influencing the CQM forecasts.

●2017Q1 inflation forecast update

▶In March, the **Consumer Price Index** (excluding perishable foods and energy) decreased YoY for the first time in 44 months. It is concerning that, with the exception of energy, consumer prices are sluggish.

▶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 deteriorate in this quarter. As a result, the **GDP deflator** in this period is forecast to decrease by 0.9% QoQ, as shown in Figure 2.

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

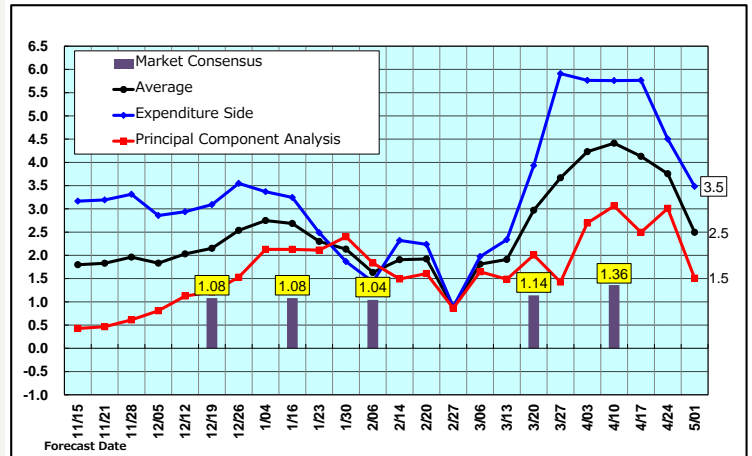
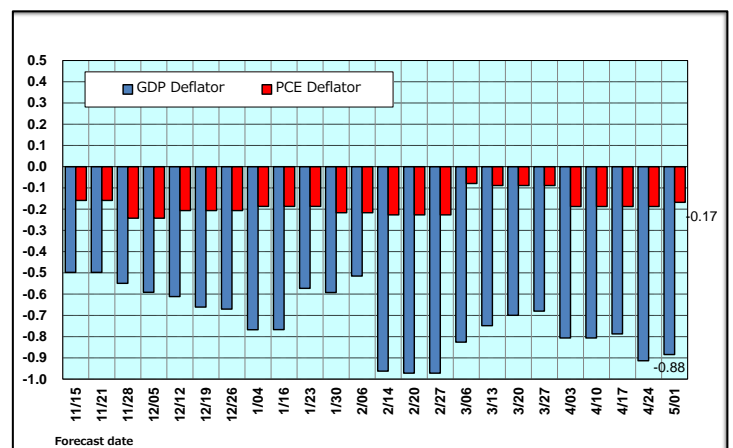


Fig 2 CQM Forecast: Inflation Jan-Mar 2017 (% , QoQ growth)



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			
4/28	3月 March	労働力調査 Labour Force Survey						
		就業者数 (100万人) Total employment (millions)	64.96	+0.13	-			
		失業者数 (100万人) Total unemployment (millions)	1.84	-0.06	-			
		失業率 Unemployment rate (%)	2.8	0.0%pt	-			
4/28	3月 March	一般職業紹介状況 General Job Placement Situation						
		有効求人倍率 Job offer ratio	1.45	+0.02pt	-			
4/28	3月 March	鉱工業指数 (2010年=100:速報値) Indices of Industrial Production (2010=100, preliminary figures)						
		生産 Production	99.6	-2.1%	-			
		出荷 Shipments	98.1	-1.1%	-			
		在庫 Inventory	109.8	+1.6%	-			
4/28	3月 March	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	297,942	-2.6%	-1.0%			
		実質 Real consumption expenditure	-	-2.0%	-1.3%			
4/28	3月 March	商業動態統計 (速報値) Current Survey of Commerce (preliminary figures)						
		小売業 Retail trade (billion JPY)	12,543.0	+0.2%	+2.1%			
4/28	3月 March	新設住宅着工 New Housing Starts						
		新設住宅着工戸数 New housing starts (SA, Unit)	75,887	-6.1%	-2.6%			
		工事費予定額 Planned dwelling construction cost (JPY Billion)	1195.4	-2.3%	-2.4%			
4/28	3月 March	全国消費者物価指数 (2015年=100) National Consumer Price Index (2015=100)						
		コア Core	99.8	0.0%	+0.2%			
4/28	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	99.8	+0.1%	-0.1%			
4/28	2月 February	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	108.4		+1.2%			
		公共事業 Public works	111.0		+1.7%			
4/27	3月 March	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	95.3	-	+6.0%			
		産出物価 Output price	98.0	-	+2.2%			
4/26	2月 February	産業活動指数 (2010年=100) Industrial Activity Indices (2010=100)						
		全産業 All industries	104.0	+0.7%	-			
		建設業 Construction industry	111.6	-0.5%	-			
4/25	3月 March	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	103.9	+0.6%	+0.8%			
4/24	2月 February	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	104.8	+0.1	-			
		一致 Consensus	115.3	+2.0	-			
		遅行 Lagging indicator	116.0	+0.7	-			
4/21	2月 February	第3次産業活動指数 (2010年=100) Tertiary Industry Activity Index (2010=100)				104.1	+0.2%	-
4/20	2月 February	毎月勤労統計 (確報値) Monthly Labour Statistics (official)						
		現金給与総額 Total cash salaries (thousand JPY)	262,845	-	+0.4%			
		総実労働時間 Total working hours	142.2	-	-0.5%			

4/20	3月 March	貿易統計 (通関ベース) Trade Statistics (customs clearance)			
		貿易収支 (10 億円) Trade balance (billion JPY)	614.7	-71.7%	+245.5%
		輸出 Exports (billion JPY)	7,229.1	-3.5%	+12.0%
		輸入 Imports (billion JPY)	6,614.4	+3.4%	+15.8%
4/17	2月 February	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)	828.8	-	+14.2%
		公共工事 (10 億円) Public works (billion JPY)	1,948.2	-	-4.2%
4/14	3月 March	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)	1,485.9	-	+10.9%
		請負件数 Number of contracts	19,029	-	+25.6%
4/14	2月 February	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	-	-0.5%
		稼働率指数 Operation ratio index	101.4	+3.2%	-
		生産 Production	101.7	+3.2%	-
		出荷 Shipments	99.2	+1.4%	-
		在庫 Inventory	108.1	+0.7%	-
4/14	2月 February	消費総合指数 Synthetic Consumption Index	105.7	+0.2%	
4/14	2月 February	情報サービス業売上高 (10 億円) Information Services Industry Sales (billion JPY)	839.9	-	+2.3%
4/12	3月 March	国内企業物価指数 (2010年=100) Domestic Corporate Price Index (2010=100)			
		企業物価 Corporate Price	98.2	+0.2%	+1.4%
		輸出物価 Export Price	95.4	+0.3%	+3.7%
		輸入物価 Import Price	93.6	+1.0%	+12.5%
4/12	2月 February	民間コア機械受注 (10 億円) Private Core Machinery Orders (billion JPY)	850.5	+1.5%	-
4/10	3月 March	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	47.4	-1.2	-
		先行き判断 DI Future Conditions Diffusion Index	48.1	-2.5	-
4/10	2月 February	国際収支 Balance of Payments			
		経常収支 (10 億円) Current account (billion JPY)	2,813.6	+75.5%	+18.2%
		輸出 Exports (billion JPY)	6,333.9	+4.4%	+12.2%
		輸入 Imports (billion JPY)	5,257.0	-5.6%	+0.3%
4/7	2月 February	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	-	+0.4%
		総実労働時間 Total working hours	142.5	-	-0.3%
4/7	3月 February	消費活動指数 Consumption Activity Index	103.0	-0.1%	-
4/7	2月 February	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	-
4/6	3月 March	消費者態度指数 (前月差) Consumer Confidence Index (SA)	43.9	+0.7	-
4/4	3月 March	食糧安定供給収支戻 (10 億円) Stable Food Supply Payments Balance (billion JPY)	38.7	-	-14.3
4/3	3月 March	新車販売台数 New Car Sales (vehicles)	583,772	-	+9.6%