



Japanese Economy Monthly Forecast

July 2017

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Headlines

●Review of data released in July

▶ The basic monthly data released up to July 31 covers almost all of 2017Q2 GDP.

▶ In June, **production indices** rose for the first time in two months, up 1.6% MoM. The Q2 average rose by 1.9% from the 2017Q1 average, marking a second consecutive quarterly rise in production.

▶ **Real household consumption expenditure** (demand-side, seasonally adjusted) for June rose by 1.5% MoM for its third consecutive monthly increase. The Q2 average was 1.0% higher than the Q1 average. On the supply-side, the **consumption activity index** for May (adjusted for the travel balance) fell by 0.5% for the first time in two months, but the April-May average rose by 1.0% from the Q1 average. Both demand- and supply-side indices suggest that the recovery in Private Final Consumption Expenditure (PFCE) will continue in Q2.

▶ Incorporating June data into calculations, we forecast that private housing, capital expenditure and corporate inventory increases contributed to real GDP growth in Q2.

▶ Public works (seasonally adjusted) rose MoM in May for the first time in three months, and the April-May average rose by 11.3% from the Q1 average. There are thus high expectations for an increase in Government Fixed Capital Formation (GFCF) in Q2.

▶ Average **net exports** in Q2 fell from Q1 levels both in volume and real value terms.

●2017Q2 growth forecast update

▶ Reflecting updated data, this week's Current Quarter Model **demand-side forecast for real GDP** in 2017Q2 is for +0.6% QoQ and +2.5% annualized growth. The **production-side principle component model forecast for real GDP** is for +3.0% annualized growth in Q2. The average growth rate across both sides is thus +2.8%.

▶ Domestic demand contributed 0.9%pts (QoQ) to real GDP growth, while net exports had a negative contribution of -0.2%pts. Strong domestic demand supported the economic recovery in Q2.

●2017Q2 inflation forecast update

▶ In June, the **Consumer Price Index** (excluding perishable foods and energy) was flat YoY for a third straight month. In seasonally adjusted terms also, it remained in line with the previous month. With the exception of energy, consumer prices lack upward momentum.

▶ This week, the Current Quarter Model forecasts the **Private Final Consumption Expenditure deflator** to fall by 0.3% QoQ in 2017Q2. As the terms of trade are expected to improve to a certain degree, the **GDP deflator** is forecast to be flat (+0.0%) in Q2 (see Figure 2).

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

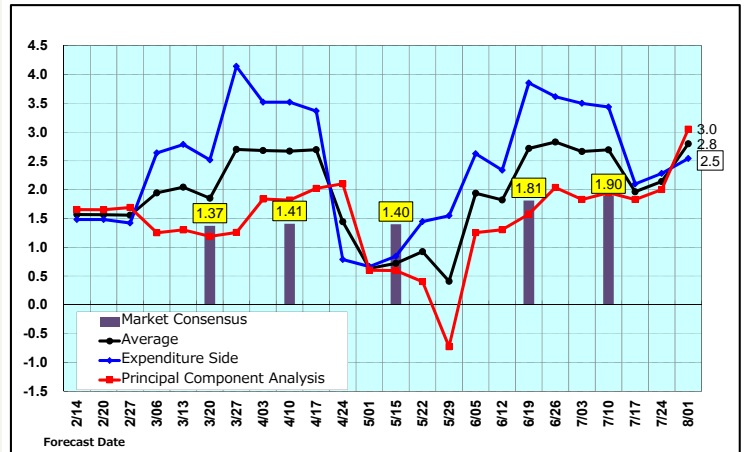
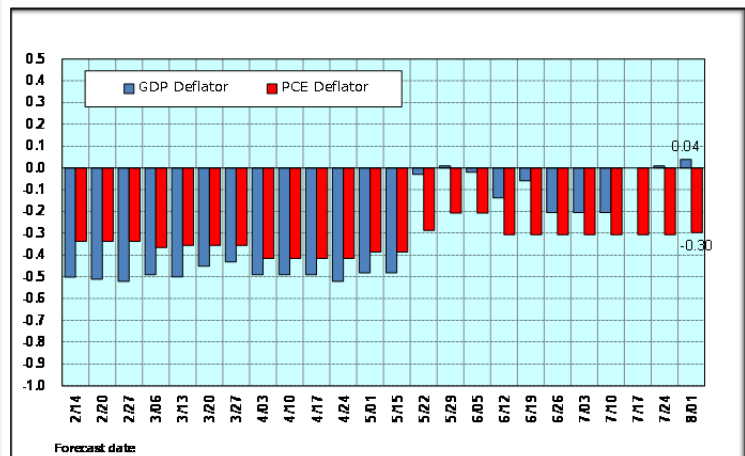


Fig 2 CQM Forecast: Inflation Apr-Jun 2017 (% , QoQ growth)



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	
7/31	6月 Jun	鉱工業指数 (2010年=100:速報値) Indices of Industrial Production (official, 2010=100)				
		生産 Production	101.7	+1.6%	-	
		出荷 Shipments	100.5	+2.3%	-	
		在庫 Inventory	108.9	-2.2%	-	
	6月 Jun	新設住宅着工 New Housing Starts				
		新設住宅着工戸数 New housing starts (SA, Unit)	87,456	+0.6%	+1.7%	
		工事費予定額 Planned dwelling construction cost (JPY Billion)	1,561.2	+9.5%	+12.1%	
	5月 May	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	105.5		+1.9%	
		公共事業 Public works	106.1		+2.2%	
7/28	6月 Jun	労働力調査 Labour Force Survey				
		就業者数 (100万人) Total employment (millions)	65.31	+0.12	-	
		失業者数 (100万人) Total unemployment (millions)	1.89	-0.16	-	
		失業率 Unemployment rate (%)	2.8	-0.3%pt	-	
	6月 Jun	一般職業紹介状況 General Job Placement Situation				
		有効求人倍率 Job offer ratio	1.51	+0.02pt	-	
	6月 Jun	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	268,802	+1.6%	+2.8%	
		実質 Real consumption expenditure	-	+1.5%	+2.3%	
	6月 Jun	全国消費者物価指数 (2015年=100) National Consumer Price Index (2015=100)				
		コア Core	100.2	0.0%	+0.4%	
	7月 Jul	東京都都区部消費者物価指数 (2015年=100) Tokyo Region Consumer Price Index (2015=100)				
		コア Core	99.7	+0.1%	+0.2%	
	6月 Jun	商業動態統計 (速報値) Current Survey of Commerce (preliminary figures)				
		小売業 Retail trade (billion JPY)	11,566.0	+0.2%	+2.1%	
	6月 Jun	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	94.9	-	+5.8%	
		産出物価 Output price	97.7	-	+2.7%	
7/26	6月 Jun	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	103.7	-0.1%	+0.8%	
7/24	5月 May	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	104.7	+0.4	-	
		一致 Consensus	115.8	-1.3	-	
		遅行 Lagging indicator	116.4	-0.7	-	
7/21	5月 May	毎月勤労統計 (確報値) Monthly Labour Statistics (official)				
		現金給与総額 Total cash salaries (thousand JPY)	269,968	-	+0.6%	
		総実労働時間 Total working hours	139.6	-	+1.0%	
7/20	5月 May	産業活動指数 (2010年=100) Industrial Activity Indices (2010=100)				
		全産業 All industries	104.7	-0.9%	-	
		建設業 Construction industry	118.0	-1.0%	-	
	6月 Jun	貿易統計 (通関ベース) Trade Statistics (customs clearance)				
		貿易収支 (10億円) Trade balance (billion JPY)	439.9	-33.6%	-35.9%	

			輸出 Exports (billion JPY)	6,607.6	-0.3%	+9.7%
			輸入 Imports (billion JPY)	6,167.6	+0.4%	+15.5%
7/18	5月 May	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)	775.5	-	+16.8%
			公共工事 (10 億円) Public works (billion JPY)	1,428.6	-	+10.3%
7/14	6月 Jun	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)	1,518.5	-	-0.6%
			請負件数 Number of contracts	24,991	-	-2.2%
	5月 May	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	94.1	-	-0.5%
			稼働率指数 Operation ratio index	99.8	-4.1%	-
			生産 Production	100.1	-3.6%	-
			出荷 Shipments	98.2	-2.9%	-
			在庫 Inventory	111.3	0.0%	-
	5月 May	消費総合指数 Synthetic Consumption Index				
				105.2	-0.3%	
7/12	5月 May	第3次産業活動指数 (2010年=100) Tertiary Industry Activity Index (2010=100)				
				104.9	-0.1%	-
	6月 Jun	国内企業物価指数 (2015年=100) Domestic Corporate Price Index (2010=100)				
			企業物価 Corporate Price	98.4	0.0%	+2.1%
			輸出物価 Export Price	93.8	-0.8%	+5.6%
			輸入物価 Import Price	91.2	-1.6%	+11.9%
7/11	5月 May	情報サービス業売上高 (10 億円) Information Services Industry Sales (billion JPY)				
				726.4	-	+3.6%
7/10	5月 May	民間コア機械受注 (10 億円) Private Core Machinery Orders (billion JPY)				
				805.5	-3.6%	-
	6月 Jun	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	50.0	+1.4	-
			先行き判断 DI Future Conditions Diffusion Index	50.5	+0.9	-
	5月 May	国際収支 Balance of Payments				
			経常収支 (10 億円) Current account (billion JPY)	1,653.9	-22.5%	-5.9%
			輸出 Exports (billion JPY)	5,714.5	-0.8%	+12.9%
			輸入 Imports (billion JPY)	5,829.7	-1.0%	+15.8%
7/7	5月 May	消費活動指数 (2010年=100) Consumption Activity Index				
				103.9	-0.5%	-
	5月 May	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	104.7	+0.5	-
			一致 Consensus	115.5	-1.6	-
			遅行 Lagging indicator	116.7	-0.4	-
	5月 May	毎月勤労統計 (速報値) Monthly Labour Statistics (preliminary figures)				
			現金給与総額 Total cash salaries (JPY)	270,241	-	+0.7%
			総実労働時間 Total working hours	139.7	-	+1.2%
7/4	6月 Jun	食糧安定供給収支尻 (10 億円) Stable Food Supply Payments Balance (billion JPY)				
				17.1	-	-2.0
7/3	6月 Jun	消費者態度指数 (前月差) Consumer Confidence Index (SA)				
				43.3	-0.3	-
	6月 Jun	新車販売台数 New Car Sales (vehicles)				
				396,450	-	+15.1%