



Japanese Economy Monthly Forecast

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Yoshihisa Inada,
Head of Center for Quantitative Economic
Analysis, APIR
e-mail: inada-y@apir.or.jp

Headlines

●Review of data released in September

▶ We have incorporated basic data released up to September 29th, 2017 and forecasted GDP for 2017Q3. Roughly two-thirds of basic data covering Q3 GDP has now been released.

▶ In August, the **production index** rose for the first time in two months, up 2.1% MoM. The July-August average was 0.5% higher than the Q2 average.

▶ **Real consumption expenditure** for August rose by 0.6% YoY for its first increase in two months. In seasonally-adjusted terms, it rose by 0.2% MoM for the first increase in two months. The July-August average was 0.6% lower than the Q2 average. Private Final Consumption Expenditure (PFCE) is forecast to decelerate in Q3.

▶ Incorporating August data into calculations, we revised last week's forecasts for private housing and change in corporate inventory downwards. However, we revised our forecast for private capital expenditure upwards.

▶ Public works in July grew by 6.1% YoY for a fifth consecutive increase. In seasonally adjusted terms, it fell by 1.9% MoM for a second consecutive decrease. The July result was 1.7% lower than the Q2 average. It is feared that the effects of the supplementary budget are wearing off in Q3.

▶ July-August average **net exports** improved from Q2 average levels both in volume and real value terms.

●2017Q3 growth forecast update

▶ This week's Current Quarter Model **demand-side forecast for real GDP** in 2017Q3 is for -0.1% QoQ and -0.2% annualized growth, a small downward revision from our previous forecast. The **production-side principle component model forecast for real GDP** is for -1.1% annualized growth. The average growth rate across both sides is -0.7%. Both demand and production side models are forecasting marginally negative GDP growth in Q3.

▶ Domestic demand is forecast to be flat, contributing 0.0%pts QoQ to real GDP growth, while net exports is forecast to make a negative contribution of -0.1%pts QoQ.

●2017Q3 inflation forecast update

▶ In August, the **Consumer Price Index** (excluding perishable foods and energy) grew 0.2% YoY for the second consecutive increase. In seasonally adjusted terms, it rose by 0.1% MoM for the first increase in three months. With the exception of energy, consumer prices continue to lack upward momentum.

▶ This week, the Current Quarter Model forecasts the **Private Final Consumption Expenditure deflator** to grow by 0.0% QoQ in 2017Q3. As the terms of trade are expected to improve, the **GDP deflator** is forecast to increase by 0.6% in Q3 (see Figure 2).

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

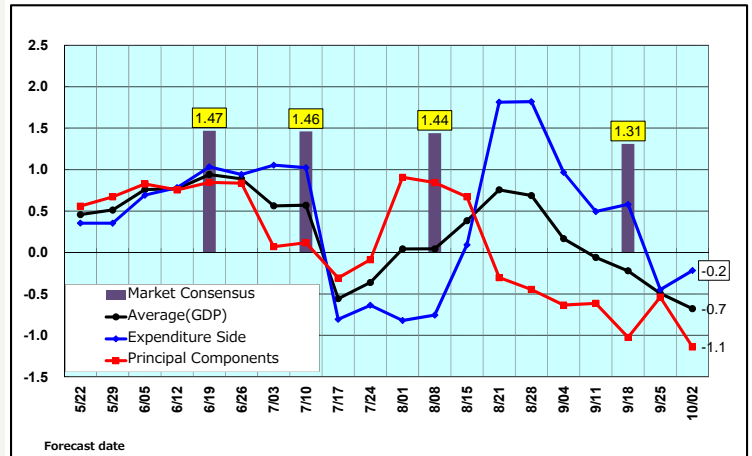
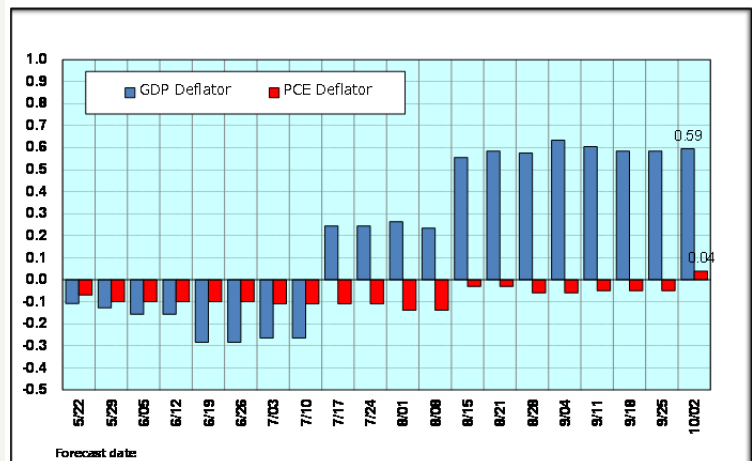


Fig 2 CQM Forecast: Inflation Jul-Sep 2017 (% , QoQ growth)



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	
9/29	8月 August	労働力調査 Labour Force Survey				
		就業者数 (100万人) Total employment (millions)	65.65	+0.20	-	
		失業者数 (100万人) Total unemployment (millions)	1.86	-0.04	-	
		失業率 Unemployment rate (%)	2.8	0.0%pt	-	
	8月 August	一般職業紹介状況 General Job Placement Situation				
		有効求人倍率 Job offer ratio	1.52	0.00pt	-	
	8月 August	鉱工業指数 (2010年=100:速報値) Indices of Industrial Production (official, 2010=100)				
		生産 Production	103.6	+2.1%	-	
		出荷 Shipments	101.8	+1.8%	-	
		在庫 Inventory	107.2	-0.6%	-	
	8月 August	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	280,320	+0.5%	+1.4%	
		実質 Real consumption expenditure	-	+0.2%	+0.6%	
	8月 August	商業動態統計 (速報値) Current Survey of Commerce (interim figures)				
		小売業 Retail trade (billion JPY)	11,485.0	-1.7%	+1.7%	
	8月 August	新設住宅着工 New Housing Starts				
		新設住宅着工戸数 New housing starts (SA, Unit)	80,562	-3.2%	-2.0%	
		工事費予定額 Planned dwelling construction cost (JPY Billion)	1,301.0	-3.1%	-0.9%	
	7月 July	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	106.0		+0.8%	
		公共事業 Public works	107.0		+0.9%	
	8月 August	全国消費者物価指数 (2015年=100) National Consumer Price Index (2015=100)				
		コア Core	100.3	0.1%	+0.7%	
	9月 September	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	100.0	0.0%	+0.5%	
9/28	8月 August	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	94.6	-	+6.3%	
9/26	8月 August	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	-0.2%	+0.8%	
9/25	7月 July	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	105.2	-0.5	-	
		一致 Consensus	115.7	-1.1	-	
		遅行 Lagging indicator	116.0	-0.7	-	
9/22	7月 July	毎月労働統計 (確報値) Monthly Labour Statistics (official)				
		現金給与総額 Total cash salaries (thousand JPY)	370,823	-	-0.6%	
		総実労働時間 Total working hours	145.9	-	-0.4%	
9/21	7月 July	産業活動指数 (2010年=100) Industrial Activity Indices (2010=100)				
		全産業 All industries	105.0	-0.1%	-	
		建設業 Construction industry	119.4	0.0%	-	
9/20	8月 August	貿易統計 (通関ベース) Trade Statistics (customs clearance)				
		貿易収支 (10億円) Trade balance (billion JPY)	113.6	+1.2%	-	

			輸出 Exports (billion JPY)	6,278.0	+1.2%	+18.1%
			輸入 Imports (billion JPY)	6,164.4	+1.2%	+15.2%
9/19	7月 July	消費総合指数 Synthetic Consumption Index		105.6	+0.3%	
	7月 July	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)	841.4	-	+15.7%
			公共工事 (10 億円) Public works (billion JPY)	1,568.4	-	+6.1%
9/15	8月 August	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)	1,149.4	-	-7.9%
			請負件数 Number of contracts	23,380	-	-5.9%
9/14	7月 July	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	94.3	-	+0.1%
			稼働率指数 Operation ratio index	100.1	-1.8%	-
			生産 Production	101.5	-0.8%	-
			出荷 Shipments	100.0	-0.7%	-
			在庫 Inventory	107.9	-1.1%	-
9/13	8月 August	国内企業物価指数 (2015年=100) Domestic Corporate Price Index (2010=100)				
			企業物価 Corporate Price	98.8	0.0%	+2.9%
			輸出物価 Export Price	94.6	-0.5%	+8.6%
			輸入物価 Import Price	89.9	-1.3%	+12.5%
9/11	7月 July	第3次産業活動指数 (2010年=100) Tertiary Industry Activity Index (2010=100)		104.9	+0.1%	-
	7月 July	民間コア機械受注 (10 億円) Private Core Machinery Orders (billion JPY)		853.3	+8.0%	-
9/8	7月 July	情報サービス業売上高 (10 億円) Information Services Industry Sales (billion JPY)		765.1	-	+7.1%
	8月 August	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	49.7	0.0	-
			先行き判断 DI Future Conditions Diffusion Index	51.1	+0.8	-
	7月 July	国際収支 Balance of Payments				
			経常収支 (10 億円) Current account (billion JPY)	2,320.0	+33.5%	+19.6%
			輸出 Exports (billion JPY)	6,401.2	+6.1%	+15.2%
			輸入 Imports (billion JPY)	5,834.5	+0.1%	+17.7%
9/7	7月 July	消費活動指数 (2010年=100) Consumption Activity Index		104.3	+0.3%	-
	7月 July	景気動向指数 (2010年=100: 速報値、前月差) Index of Business Conditions (interim, 2010=100)				
			先行 Leading indicator	105.0	-0.7	-
			一致 Consensus	115.6	-1.2	-
			遅行 Lagging indicator	115.8	-0.8	-
9/6	7月 July	毎月勤労統計 (速報値) Monthly Labour Statistics (interim figures)				
			現金給与総額 Total cash salaries (JPY)	371,808	-	-0.3%
			総実労働時間 Total working hours	145.8	-	-0.5%
9/4	8月 August	食糧安定供給収支尻 (10 億円) Stable Food Supply Payments Balance (billion JPY)		51.0	-	+8.5
9/1	8月 August	新車販売台数 New Car Sales (vehicles)		290,823	-	+4.1%
	8月 August	消費者態度指数 (前月差) Consumer Confidence Index (SA)		43.3	-0.5	-