



Japanese Economy Monthly Forecast

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Headlines

●Review of data released in August

▶The official GDP first preliminary estimate reported that the 2017Q2 GDP growth rate was annualized 4.0% QoQ, a sixth consecutive quarterly increase. Actual growth continues to exceed the potential growth rate. Official figures were significantly higher than market consensus, and also exceeded the final forecast of the APIR Current Quarter Model.

▶In July, the **production index** fell for the first time in two months, down 0.6% from the Q2 average. The Ministry of Economy, Trade and Industry (METI) maintained its assessment from last month that “production is showing signs of rallying”.

▶**Real consumption expenditure** for July fell by 0.2% YoY for its first decrease in two months. In seasonally-adjusted terms, it dropped by 1.9% for the first decline in four months. The July result was 0.7% lower than the Q2 average. Private Final Consumption Expenditure (PFCE) is forecast to decelerate in Q3.

▶Incorporating July data into calculations, we revised last week’s forecasts for private housing, private capital expenditure and change in corporate inventory downwards.

▶Public works contract amounts in July fell by 13.8% MoM for a third consecutive decrease, and by a significant 21.3% from the Q2 average. The effects of the supplementary budget are expected to wear off in Q3.

▶July **net exports** improved somewhat 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 +0.2% QoQ and +1.0% annualized growth. The **production-side principle component model forecast for real GDP** is for -0.6% annualized growth in Q1. The average growth rate across both sides is +0.2%.

▶Domestic demand contributed 0.4%pts (QoQ) to real GDP growth, while net exports had a negative contribution of -0.2%pts. It appears that the Q3 real growth rate is declining as a reaction to the strong growth in Q2.

●2017Q3 inflation forecast update

▶In June, the **Consumer Price Index** (excluding perishable foods and energy) grew 0.1% YoY for the first increase in five months. In seasonally adjusted terms, it remained in line with the previous quarter for the second consecutive time. 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 fall by 0.1% QoQ in 2017Q3. As the terms of trade are expected to improve to a certain degree, the **GDP deflator** is forecast to increase by 0.6% in Q2 (see Figure 2).

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

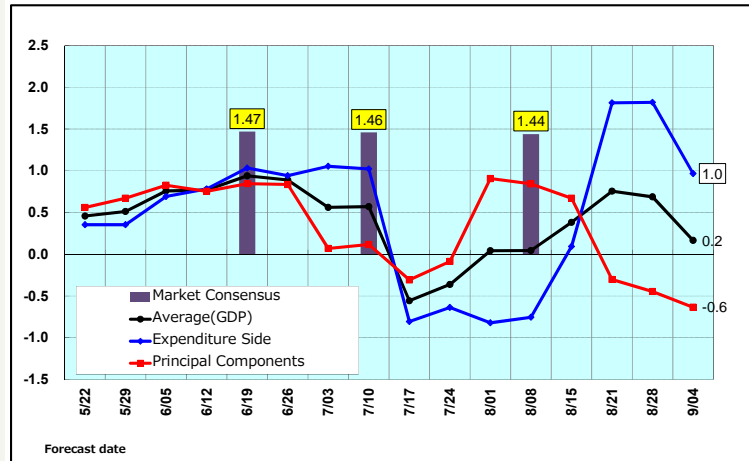
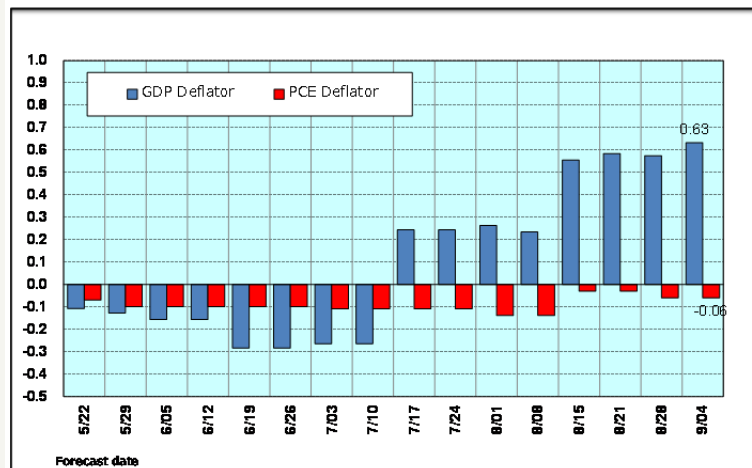


Fig 2 CQM Forecast: Inflation Jul-Sep 2017 (% , QoQ growth)



発行日 Release Date	データ 該当月 Data Month	経済指標 Economic Indicator	数値 Result	動態 Change	
				前月比 MoM	前年比 YoY
9/1	8月 August	消費者態度指数 (前月差) Consumer Confidence Index (SA)	43.3	-0.5	-
	8月 August	新車販売台数 New Car Sales (vehicles)	290,823	-	+4.1%
	7月 July	鉱工業指数 (2010年=100: 速報値) Indices of Industrial Production (official, 2010=100)			
		生産 Production	101.5	-0.8%	-
		出荷 Shipments	100.0	-0.7%	-
		在庫 Inventory	107.8	-1.2%	-
	7月 July	新設住宅着工 New Housing Starts			
		新設住宅着工戸数 New housing starts (SA, Unit)	83,234	-3.0%	-2.3%
		工事費予定額 Planned dwelling construction cost (JPY Billion)	1,321.8	-12.4%	-1.2%
	6月 June	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	107.7		+1.9%
		公共事業 Public works	108.3		+2.1%
8/30	7月 July	商業動態統計 (速報値) Current Survey of Commerce (interim figures)			
		小売業 Retail trade (billion JPY)	12,231.0	+1.1%	+1.9%
8/29	7月 July	労働力調査 Labour Force Survey			
		就業者数 (100万人) Employment (millions)	65.45	+0.14	-
		失業者数 (100万人) Unemployment (millions)	1.90	+0.01	-
		失業率 Unemployment rate (%)	2.8	0.0%pt	-
	7月 July	一般職業紹介状況 General Job Placement Situation			
		有効求人倍率 Job offer ratio	1.52	+0.01pt	-
	7月 July	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	279,197	-2.2%	+0.4%
		実質 Real consumption expenditure	-	-1.9%	-0.2%
	7月 July	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	98.0	-	+3.4%
8/25	7月 July	全国消費者物価指数 (2015年=100) National Consumer Price Index (2015=100)			
		コア Core	100.1	0.0%	+0.5%
	8月 August	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	100.1	+0.2%	+0.2%
	7月 July	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	+0.3%	+0.6%
8/24	6月 June	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	105.9	+1.2	-
		一致 Consensus	117.1	+1.3	-
		遅行 Lagging indicator	117.4	+0.9	-
8/23	6月 June	毎月勤労統計 (確報値) Monthly Labour Statistics (official)			
		現金給与総額 Total cash salaries (thousand JPY)	433,043	-	+0.4%
		総実労働時間 Total working hours	149.1	-	+0.1%
8/21	6月 June	産業活動指数 (2010年=100) Industrial Activity Indices (2010=100)			
		全産業 All industries	105.2	+0.4%	-
		建設業 Construction industry	119.1	-1.7%	-
8/17	7月 July	貿易統計 (通関ベース) Trade Statistics (customs clearance)			
		貿易収支 (10億円)	418.8	+286.5%	-17.0%

			Trade balance (billion JPY)				
			輸出 Exports (billion JPY)	6,494.9	+2.8%	+9.7%	
			輸入 Imports (billion JPY)	6,076.1	-1.2%	+16.3%	
	6月 June	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)	808.6	-	+16.8%	
			公共工事（10億円） Public works (billion JPY)	1,505.1	-	+7.7%	
8/15	7月 July	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)	1,288.8	-	-5.4%	
			請負件数 Number of contracts	25,044	-	-4.9%	
	6月 June	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	94.2	-	-0.4%	
			稼働率指数 Operation ratio index	101.9	+2.1%	-	
			生産 Production	102.3	+2.2%	-	
			出荷 Shipments	100.7	+2.5%	-	
			在庫 Inventory	109.1	-2.0%	-	
8/10	6月 June	第3次産業活動指数（2010年=100） Tertiary Industry Activity Index (2010=100)					104.9
	6月 June	民間コア機械受注（10億円） Private Core Machinery Orders (billion JPY)					790.0
	7月 July	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	+0.3%	+2.6%	
			輸出物価 Export Price	95.0	+1.3%	+7.7%	
			輸入物価 Import Price	94.1	+0.0%	+11.9%	
8/8	6月 June	消費総合指数 Synthetic Consumption Index					105.6
	6月 June	情報サービス業売上高（10億円） Information Services Industry Sales (billion JPY)					1,029.6
	7月 July	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	-0.3	-	
			先行き判断 DI Future Conditions Diffusion Index	50.3	-0.2	-	
	6月 June	国際収支 Balance of Payments					
			経常収支（10億円） Current account (billion JPY)	934.6	+8.7%	-4.3%	
			輸出 Exports (billion JPY)	6,370.9	-1.0%	+9.0%	
			輸入 Imports (billion JPY)	5,852.4	+0.8%	+15.1%	
8/7	6月 June	消費活動指数（2010年=100） Consumption Activity Index					104.0
	6月 June	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	106.3	+1.6	-	
			一致 Consensus	117.2	+1.4	-	
			遅行 Lagging indicator	118.1	+1.7	-	
8/4	6月 June	毎月勤労統計（速報値） Monthly Labour Statistics (interim figures)					
			現金給与総額 Total cash salaries (JPY)	429,686	-	-0.4%	
			総実労働時間 Total working hours	149.1	-	+0.1%	
8/2	7月 July	食糧安定供給収支尻（10億円） Stable Food Supply Payments Balance (billion JPY)					-8.8
	7月 July	消費者態度指数（前月差） Consumer Confidence Index (SA)					43.8