CUSHMAN & WAKEFIELD

DATA INTO ACTION

JAPANESE ECONOMIC UPDATE

KEY ECONOMIC INDICATORS

Q4 2019

ECONOMIC SNAPSHOT

The following table provides details of key economic indicators for Japan as at 21 February 2020. The table includes an indicator of recent trends in the data.

INDICATOR		FREQ	RELEASE MONTH		PREVIOUS PERIOD	12MONTH CHANGE 2019	12MONTH CHANGE 2018	COMMENT
ECONOMIC TRENDS								
Real GDP (tril. JPY)*1		Q	Oct-Dec	531.2	539.9	-6.3% ↓	+2.1% ↑	Real GDP decreased by 6.3% q-o-q annualized, marking the first negative growth in five quarters.
Nominal GDP (tril. JPY)*1		Q	Oct-Dec	551.5	558.5	-4.9% ↓	+0.6% ↑	
Core CPI*2		M	Dec-19	102.2	102.2	+0.7% ↑	+0.7% ↑	Core CPI increased by 0.7% y-o-y for the 36th consecutive months.
Core Core CPI*2		M	Dec-19	102.1	102.1	+0.9% ↑	+0.3% ↑	
Trade Statistics of Japan (bil. JPY)								Trade balance stood at JPY 1.3 trillion deficit, logging three consecutive months of deficits. Exports to China exhibited negative growth in automotive parts, semiconductors, and organic compounds.
Export		M	Jan-20	0	0	-100% ↓	-8.4% ↓	
Import		M	Jan-20	0	0	-100% ↓	-0.8% ↓	
Trade Balance		M	Jan-20	0	0	-100% ↓	+47.1% ↑	
BoJ TANKAN/Business Conditions (Diffusion Index)								Large manufacturers' DI slipped 5pt from the previous survey, worsened by uncertainty over global economy due to US-China trade friction, and domestic consumption tax hike and typhoon-caused natural disasters.
Large Enterprises Manufacturing	Actual Result	Q	Dec-19	0	5	-19pt ↓	-6pt ↓	
	Forecast	Q	Mar-20	0	2	-15pt ↓	-4pt ↓	
Large Enterprises Non-manufacturing	Actual Result	Q	Dec-19	20	21	-4pt ↓	+1pt ↑	
	Forecast	Q	Mar-20	18	15	-2pt ↓	0pt -	
Business Conditions Composite Indexes								CI reached low level similar to Mar 2013, and government's assessment continued to be "worsening" since Aug.
Leading Index		M	Dec-19	91.6	90.8	-5.3pt ↓	-5.2pt ↓	
Coincident Index		M	Dec-19	94.7	94.7	-6.3pt ↓	-4.2pt ↓	
Nikkei 225		M	Jan-20	23,205.2	23,656.6	+11.7% ↑	-10.1% ↓	Stock prices softened due to geopolitical risks but rebounded as concerns eased. In the latter half of Jan it remained weak with COVID-19 concerns.
TOPIX		M	Jan-20	1,684.4	1,721.4	+7.5% ↑	-14.7% ↓	
USD/JPY (TTM)		M	Jan-20	109.1	109.6	+0.1% ↑	+0.2% ↑	JPY rose slightly due to US-Iran tensions and COVID-19.
WTI Crude Oil (USD/bbl)		M	Jan-20	57.7	59.9	+12.4% ↑	-19.2% ↓	Price fell 3.6% from the last month due to ample supply and COVID-19 concerns.
LABOR MARKET								
Population Estimates (mil.)		M	Jan-20	126	126	-0.2% ↓	-0.2% ↓	On a gradual downward trend over the long term.
Unemployment Rate (%)		M	Dec-19	2.2	2.2	-0.2pt ↓	-0.3pt ↓	Remains 2.2% since Nov 2019, the lowest since Oct 1992.
Job-to-Applicant Ratio (times)		M	Dec-19	1.57	1.57	-0.06pt ↓	+0.05pt ↑	Fell below 1.6 since Jul 2019, but it remains high.
Construction Skill Labors Shortage Ratio (%)		M	Dec-19	1.5	1.9	-0.1pt ↓	0pt -	Improved by 0.1pt y-o-y, but the labor shortage continues.

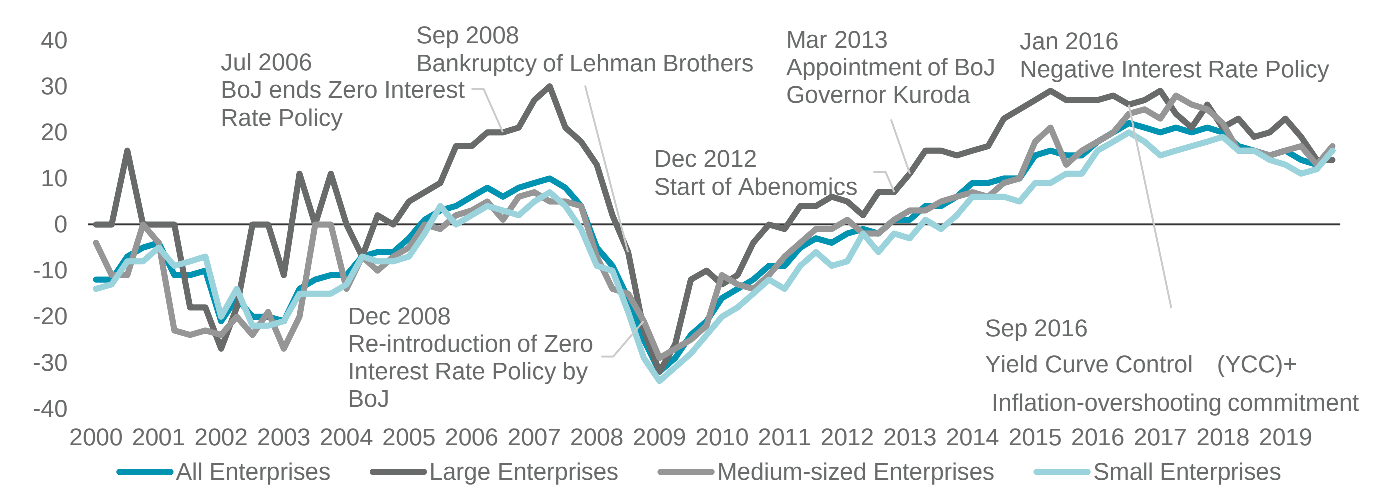
*1 Annualized GDP growth based on quarter figures

*2 Core CPI : excl. fresh food / Core Core CPI : excl. fresh food and energy

INDICATOR	FREQ	RELEASE MONTH		PREVIOUS PERIOD	12MONTH CHANGE 2019	12MONTH CHANGE 2018	COMMENT
PUBLIC FINANCE							
10-year Government Bonds (%)	M	Jan-20	-0.061	-0.015	-6.7bp ↓	-7.9bp ↓	Fell 4.6bp from Dec due to US-Iran tensions and COVID-19.
Unsecured Overnight Call Rate (%)	M	Jan-20	-0.039	-0.068	+0.021pt ↑	-0.01pt ↓	Increased 2.9bp from Dec due to willingness to fundraise mainly by regional banks.
Banks' Lendings Outstanding (tril. JPY)	M	Jan-20	475.3	474.0	+2% ↑	+2.4% ↑	Increased 2% y-o-y, continuing positive growth since Oct 2011.
REAL ESTATE INDUSTRY							
Building Cost Deflator	M	Nov-19	112.6	113.7	+3.4 %↑	+1.3 %↑	Continued to grow since Oct 2016 except in Jul 2019.
Construction Orders Received by Leading Contractors (bil. JPY)	M	Dec-19	1,611	1,003	+21.4% ↑	-3.7% ↓	Both private and public work orders increased by 14.7% and 22.8% y-o-y respectively.
BoJ TANKAN Survey: Lending Attitude to Real Estate Firms	Q	Dec-19	14	14	-6pt ↓	-6pt ↓	6pt y-o-y decrease two years in a row.
Retail Sales (bil. JPY)	M	Dec-19	13,763	11,865	-2.6% ↓	+1.3% ↑	Continued to drop since October's consumption tax hike.
Number of Inbound visitors (thou.)	M	Dec-19	2,526	2,441	-4% ↓	+4.4% ↑	Dropped due to 63.6% y-o-y decrease of Korean tourists.
J-REIT Index	M	Jan-20	4,608.9	4,450.3	+24.3% ↑	+10.5% ↑	Investment funds flowed in for risk hedging.
Iron ore (China CIF) (USD/MT)	M	Jan-20	95.2	91.0	+26.6% ↑	-0.8% ↓	Iron ore prices grew 4.7% since Dec, supported by the Chinese government's promotion of construction and Vale's reduced production plan. Coking coal fell below US$ 150 for the first time since Q3 2016.
Coking Coal(FOB/Benchmark) (USD/MT)	Q	Oct-Dec	143.0	177.8	-32.5% ↓	+10.3% ↑	

Source : IMF, Government Statistics, Japan Exchange Group, Bank of Japan

BoJ's Tankan Survey: Lending Attitude of Financial Institutes for Real Estate Companies



Source : Bank of Japan

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