

Outlook for Japanese Economy in 2018

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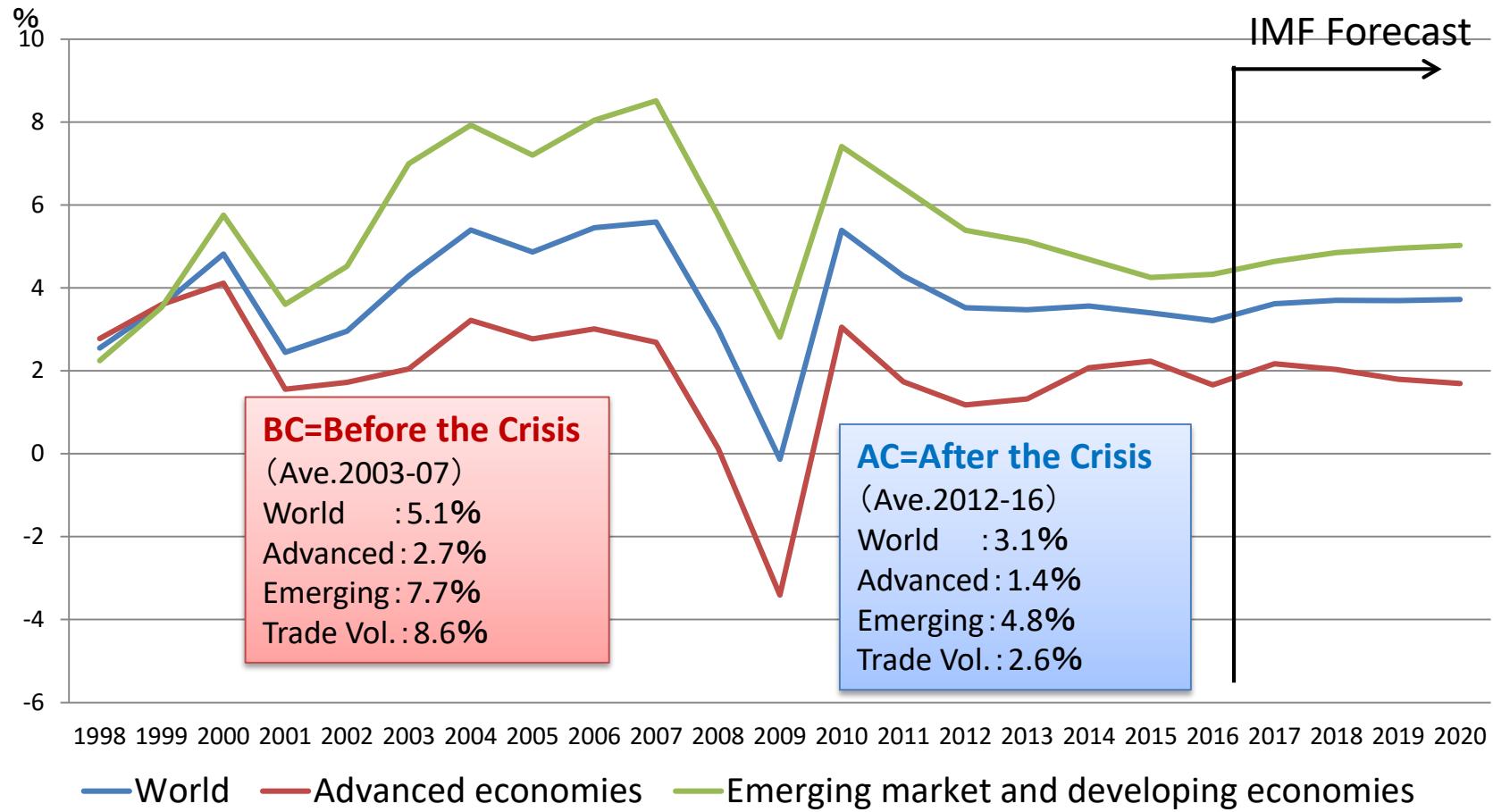


World Economic Outlook (Oct. 2017)

“Seeking Sustainable Growth”

单位 : %	2015	2016	2017	2018
World Output	3.1	3.2	3.6	3.7
Advanced	2.0	1.7	2.2	2.0
—United States	2.6	1.5	2.2	2.3
—Euro Area	1.5	1.8	2.1	1.9
—Japan	0.6	1.0	1.5	0.7
Emerging	4.0	4.3	4.6	4.9
—China	6.8	6.7	6.8	6.5
—India	7.3	7.1	6.7	7.4
—Brazil	-3.0	-3.6	0.7	1.5
—Russia	-3.8	-0.2	1.8	1.6
—ASEAN5	4.6	4.9	5.2	5.2
World Trade Volume	3.2	2.4	4.2	4.0
Oil	-46.4	-15.7	17.4	-0.2
Nonfuel	-16.9	-1.8	7.1	0.5

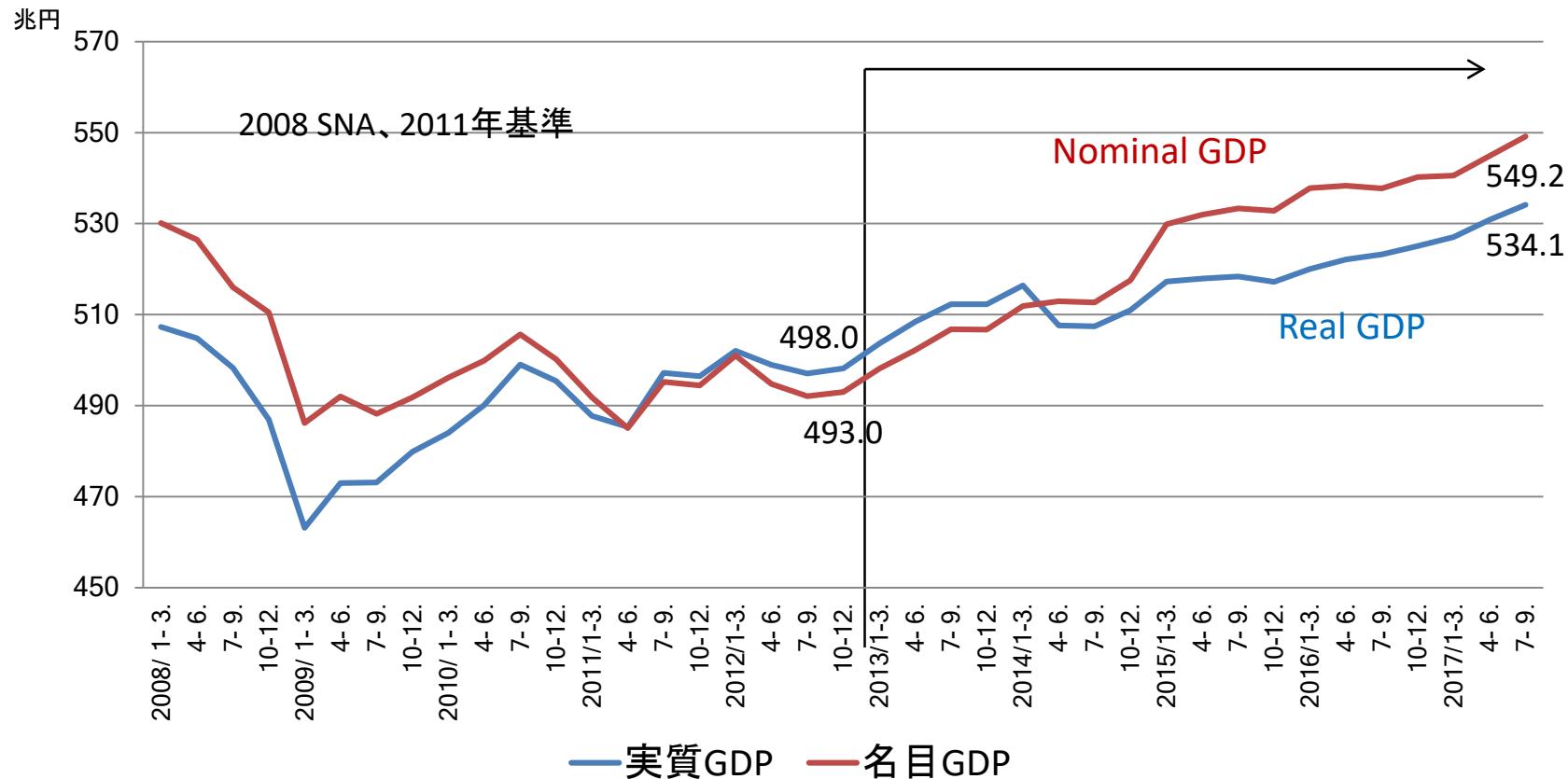
The World Economy From “BC” to “AC”



Japanese Economy in Era of Abenomics

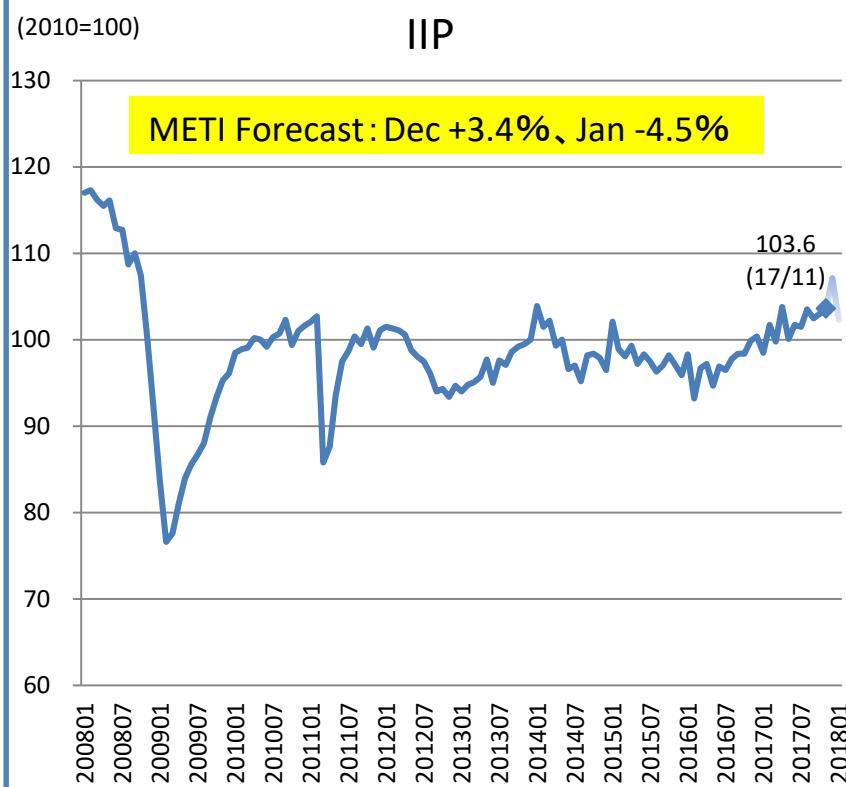
2012 4th Q --- 2017 3rd Q

- Nominal GDP ¥493.0 tril. → ¥549.2 tril. (+11.4%) → Ave. +2.4%
- Real GDP ¥498.0 tril. → ¥534.1 tril. (+7.2%) → Ave. +1.5%

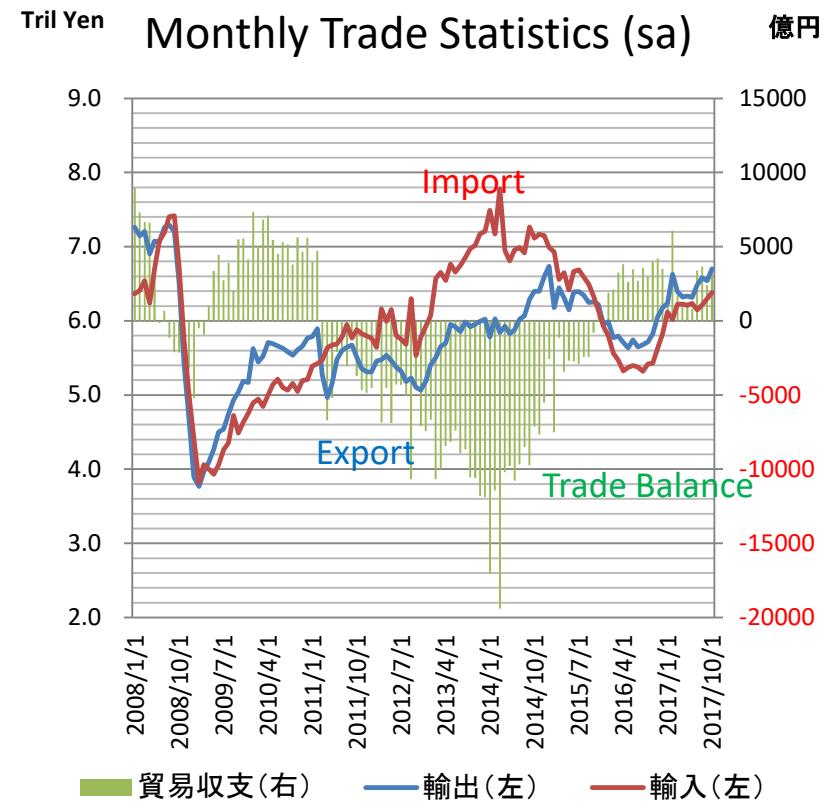


Robust Export Boosts Production

Index of industrial Production



Export / Import / Trade Balance



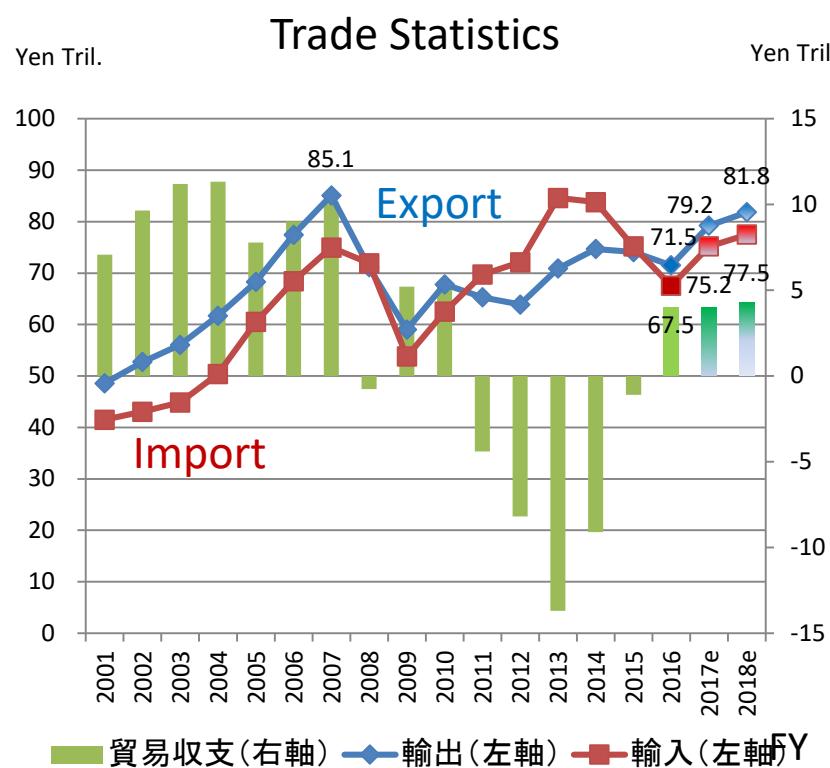
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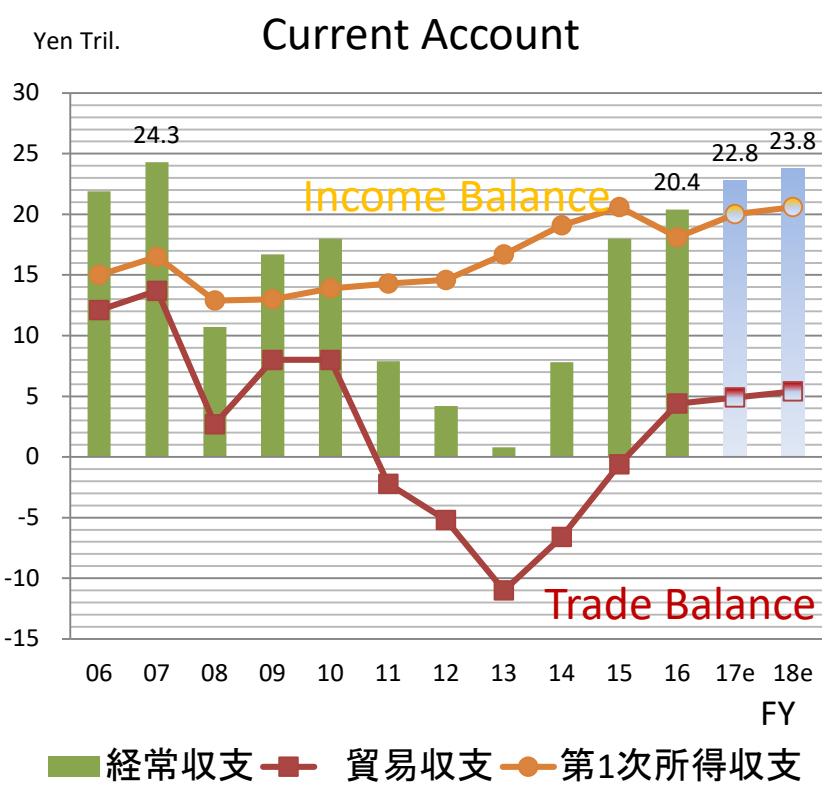
JFTC Trade Forecast 2017

Dec 7th 2017 <http://www.jftc.or.jp/research/index2.html>

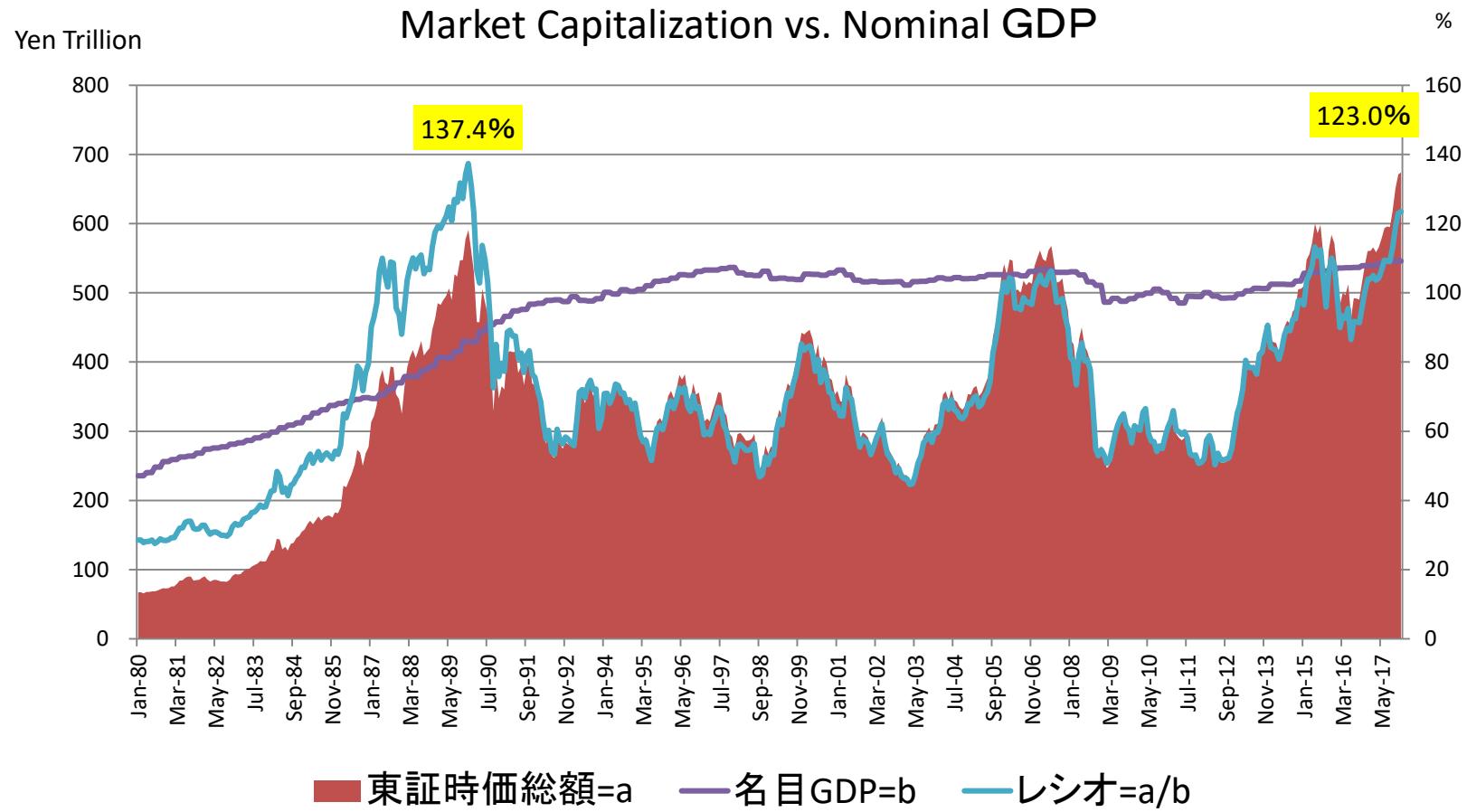
Export in FY 2018 will be Over Yen 80 trillion



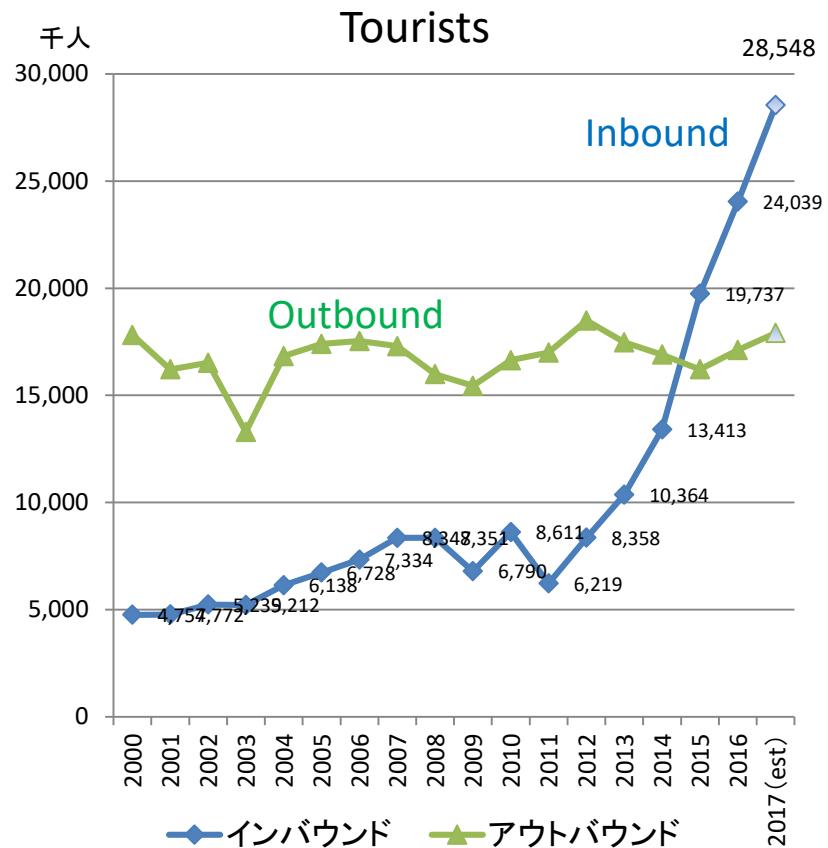
Current Account Surplus in FY2018 will be the 2nd Highest



“Buffet Index” Suggests Tokyo’s Bubble



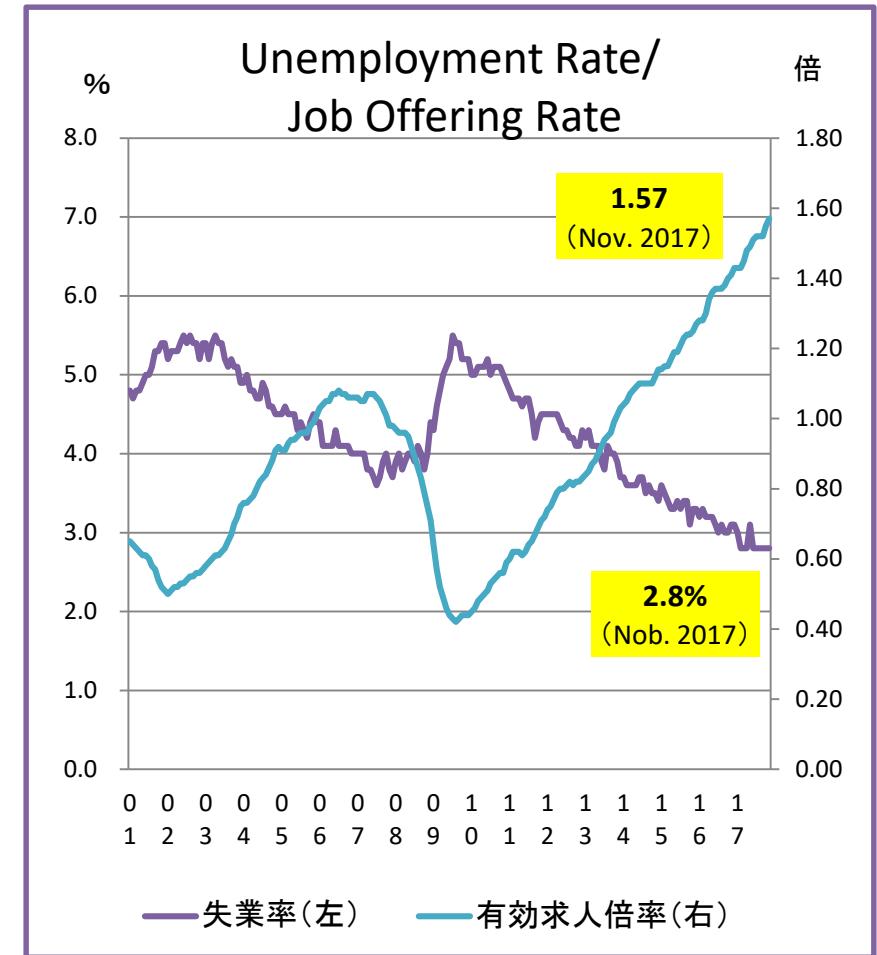
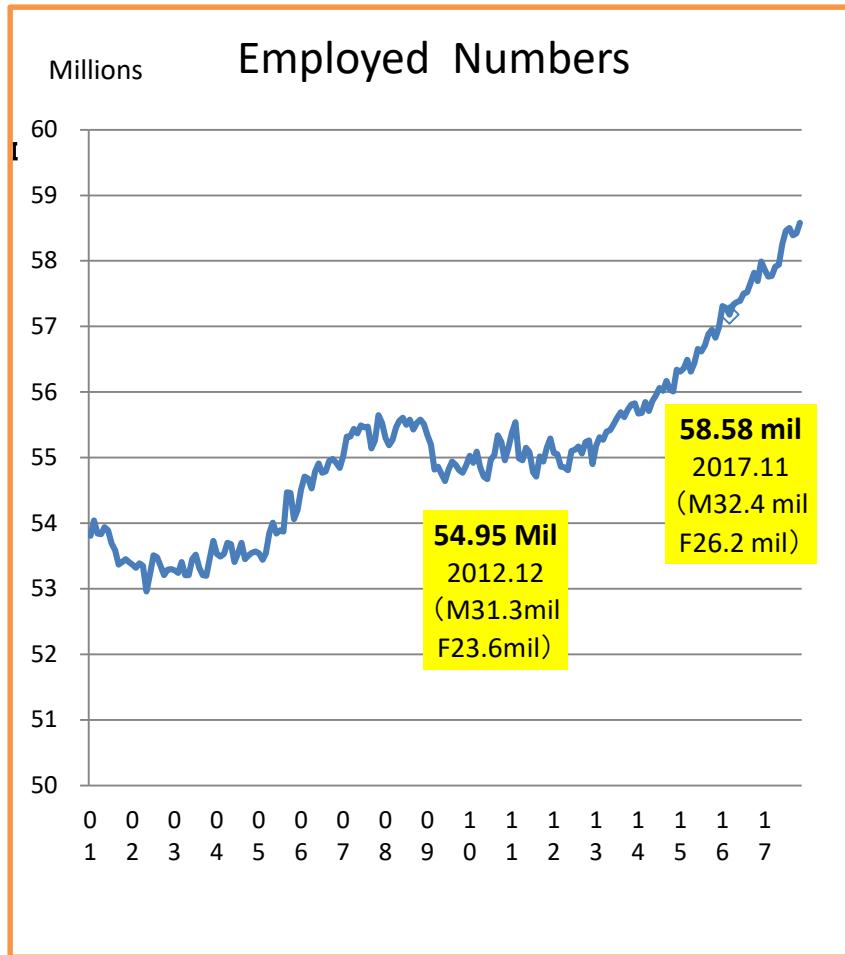
Japanese Economy Supported by Globalism



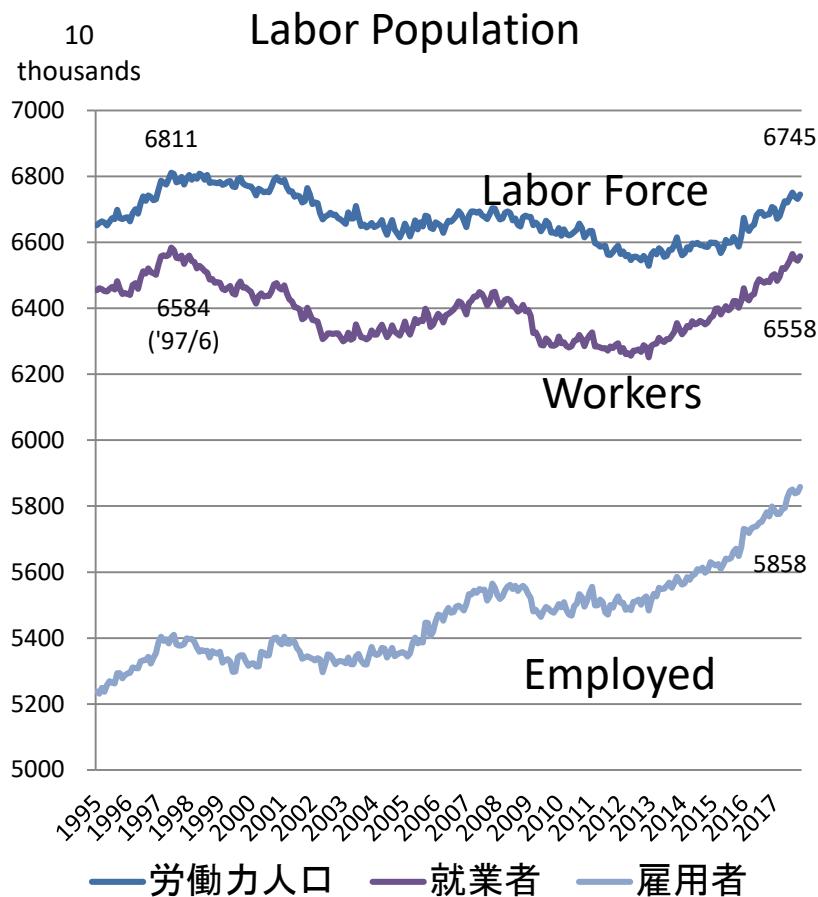
* 2017年分は1-11月期推計値を12/11倍したもの

- “Bakugai” by Foreign Tourists Stimulated Domestic Consumption
- FTA Strategy
 - “TPP11” Approved after Trump’s Exit
 - Japan-EU EPA Concluded
- Tourism Strategy
 - “Tokyo 2020”
 - “Osaka-Kansai EXPO”
 - IR (Integrated Resort) Law

Tightening Labor Market



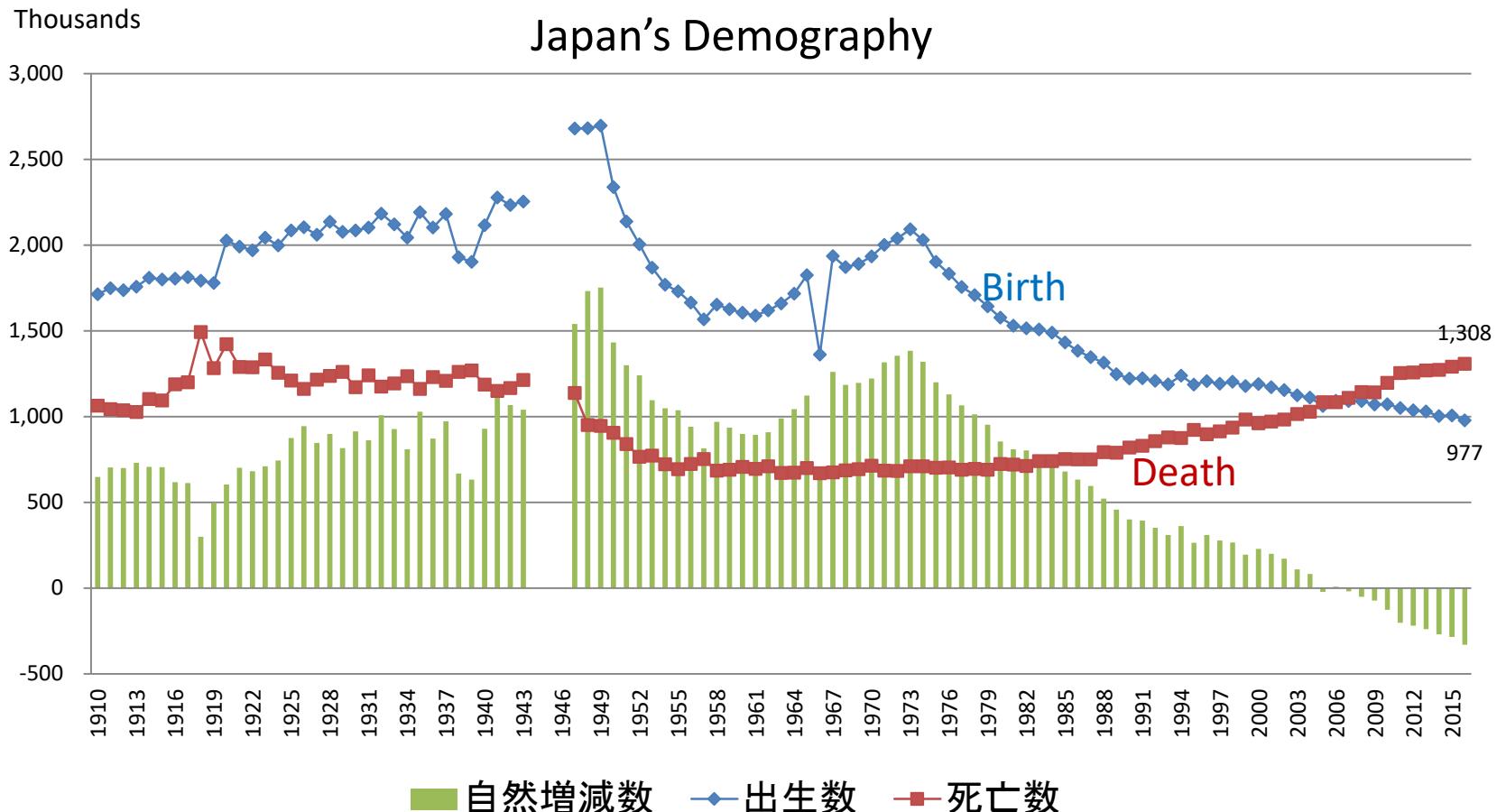
Workers Increasing Despite Population Decline



- Working Age Population Peaked in 1996-97
- Women, Elders, Foreigners Entering Labor Market
 - $\text{Labor Force} = \text{Workers} + \text{Unemployed}$ (Willing to work over 15 years old)
 - $\text{Workers} = \text{Self-Employed} + \text{Family Workers} + \text{Employed}$
 - $\text{Employed} = \text{Regular} + \text{Temporary} + \text{Day Laborer}$

Declining Population

126.7million (Est. as of Dec 1st 2017) *Including 1.94mil. Foreigner



Economic Policy Agenda in 2018 (1)

Financial Assets in the Aging Society

Financial Gerontology in the “Life 100 Years Era”

“Healthcare”& “Wealthcare”

- Japan’s Financial Assets : Yen 1700 tril.
- Over 60 Years Old Possess 60% (Yen 1000 tril.)
- Preferable Saving at Pension Payment age = Ave. Yen 21mil
- Financial Assets of the Household of the 60s
 - Average: Yen 16mil
 - Median: Yen 6mil

Economic Policy Agenda in 2018(2)

Abe Administration's Top Priority

- Work Style Reform
 - Labor Shortage Era
 - “White Collar Exemption” (Law of No-Overwork-Pay?)
 - “Sideline” “Retirement Age” “Dismissal Regulation”
 - Experiment of “Premium Friday” in 2017
- Productivity Revolution
 - “Productivity” = $\text{OUTPUT} \diagup \text{INPUT}$
 - Increase Numerator or Decrease Denominator?
 - Vertical Integration vs. Horizontal Division of Labor?

2018 Economic Calendar

- Ordinary Diet Session Starts (1/22)
- New FRB Chairman J. Powell (2/4)
- **Pyeongchang Olympic Games** (South Korea, 2/9-25)
- Spring Offensive “Shun-to” (3/14)
- **Who is Post Kuroda (BOJ Governor)?** (4/8)
- New Keidanren Starts under Chairman Hiroaki Nakanishi (5/31)
- **G7 Summit** (Canada, 6/8-9)
- **FIFA World Cup** (Russia, 6/14-7/15)
- **Lehman Brothers Bankruptcy 10th Anniversary** (9/15)
- **LDP Leader Election** (Sept.)
- “Tsukiji” Fishery Market Go to “Toyosu” (10/11)
- Meiji Restoration 150th Anniversary (10/23)
- **BIE General Assembly** (Nov.) →World Expo 2025 (Osaka/ Paris/ Ekaterinburg/ Baku)
- **ASEAN+3/ East Asia Summit etc.** (Singapore, 11/11-15)
- **APEC Summit** (Papua New Guinea, 11/12-18)
- **G20 Summit** (Buenos Aires, 11/30-12/1)
- **COP24** (Poland, 12/3-14)