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## Will Scorcher of 2025 Bring Greater Than Normal Extreme Heat Effect?

A 1°C rise in comparison to the normal year pushes summer consumption expenditure up by 0.1-0.3% each month.

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## **Summary**

- The increase in consumption due to rising temperatures in summer is called the extreme heat effect. Estimating the extreme heat effect based on household expenditure by item from Family Income and Expenditure Survey, when the average monthly temperature rises by 1°C in comparison to the normal year, nominal household consumption expenditure increases by 0.3% in July, 0.2% in August, and 0.1% in September.
- July 2025 saw record high temperatures, with a difference of 2.7°C above the normal year. Based on the average temperature in Tokyo in early August, if August and September are assumed to be 1.7°C above the normal year, the nominal GDP for the Jul-Sep period is estimated to be boosted by 239.7 bil yen (0.16%) due to the extreme heat effect.