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# March 2022 Consumer Price Index

Cost push inflation progresses, bringing Core CPI to +0.8% y/y

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## Summary

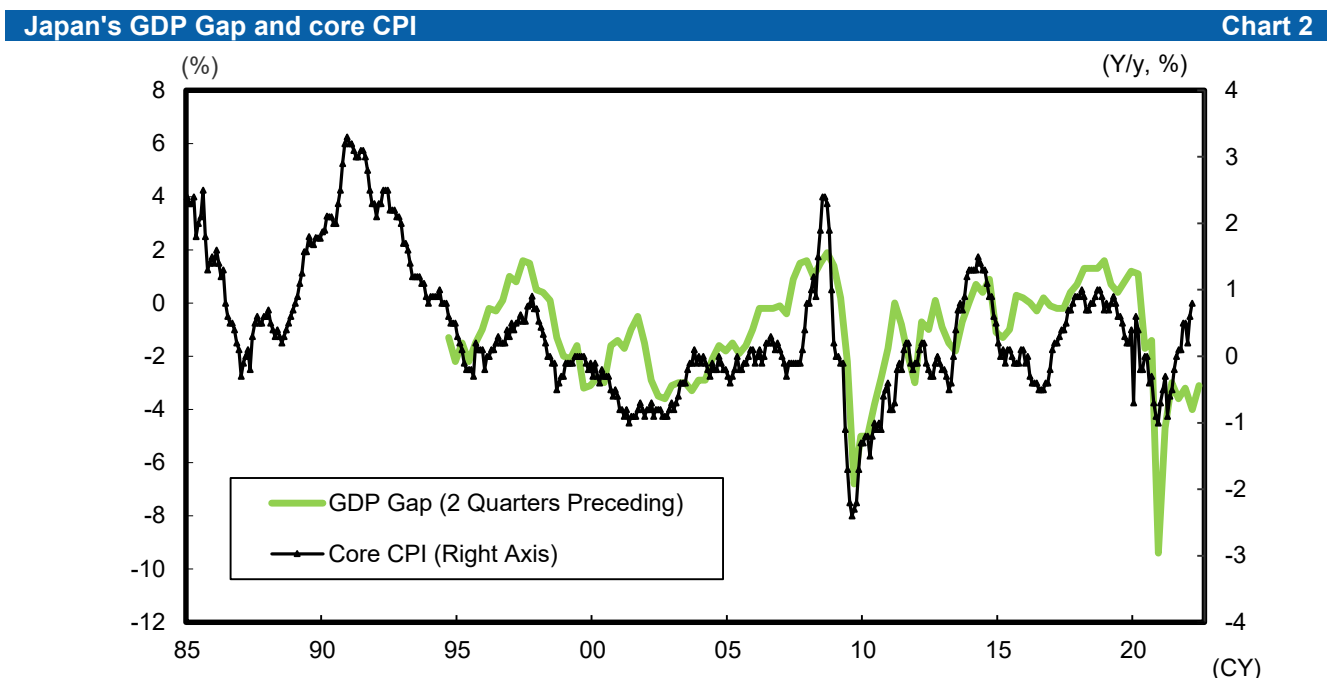
- Japan's March 2022 core CPI (excluding fresh foods) was at +0.8% y/y, a growth rate of +0.2%pt in comparison to the previous month. Continued highs in import prices brought further growth in prices of foods (excluding fresh foods) in addition to energy. Though it has been more gradual than in other countries, cost push inflation is progressing in Japan.
- Looking at year-to-year performance by component in March 2022, non-durable goods contributed to pushing up the index. Energy related components such as "Electricity" and "Gas, manufactured & piped", as well as "Instant coffee", "Edible oil" and other foods especially helped push the index up.
- The growth rate in Japan's core CPI is expected to grow sharply in April 2022 by nearly +2% y/y, due to the disappearance of influence from cuts in mobile phone rates, and then is expected to continue at the same rate of growth after that point. Highs in the commodities market and the influence of the weak yen are expected to continue bringing upward pressure. However, it should be noted that there are also factors which could hold down growth in prices, including the government's program to mitigate extreme fluctuations in the price of fuel oil, and the Go To Travel Campaign etc.

Consumer Price Index (Y/y, %)								Chart 1
	2021					2022		
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Japan's Core CPI	0.0	0.1	0.1	0.5	0.5	0.2	0.6	0.8
Consensus								0.8
DIR Outlook								0.8
Japan's New Core-core CPI	-0.5	-0.5	-0.7	-0.6	-0.7	-1.1	-1.0	-0.7
Tokyo 23 Wards Core CPI	0.0	0.1	0.1	0.3	0.5	0.2	0.5	0.8
New Core-core CPI	-0.1	-0.1	-0.4	-0.4	-0.3	-0.7	-0.6	-0.4

Source: Ministry of Internal Affairs and Communications; compiled by DIR.

Notes: 1) Consensus figures from Bloomberg

2) Core CPI is total excluding fresh foods, and new core-core CPI excludes fresh foods and energy.

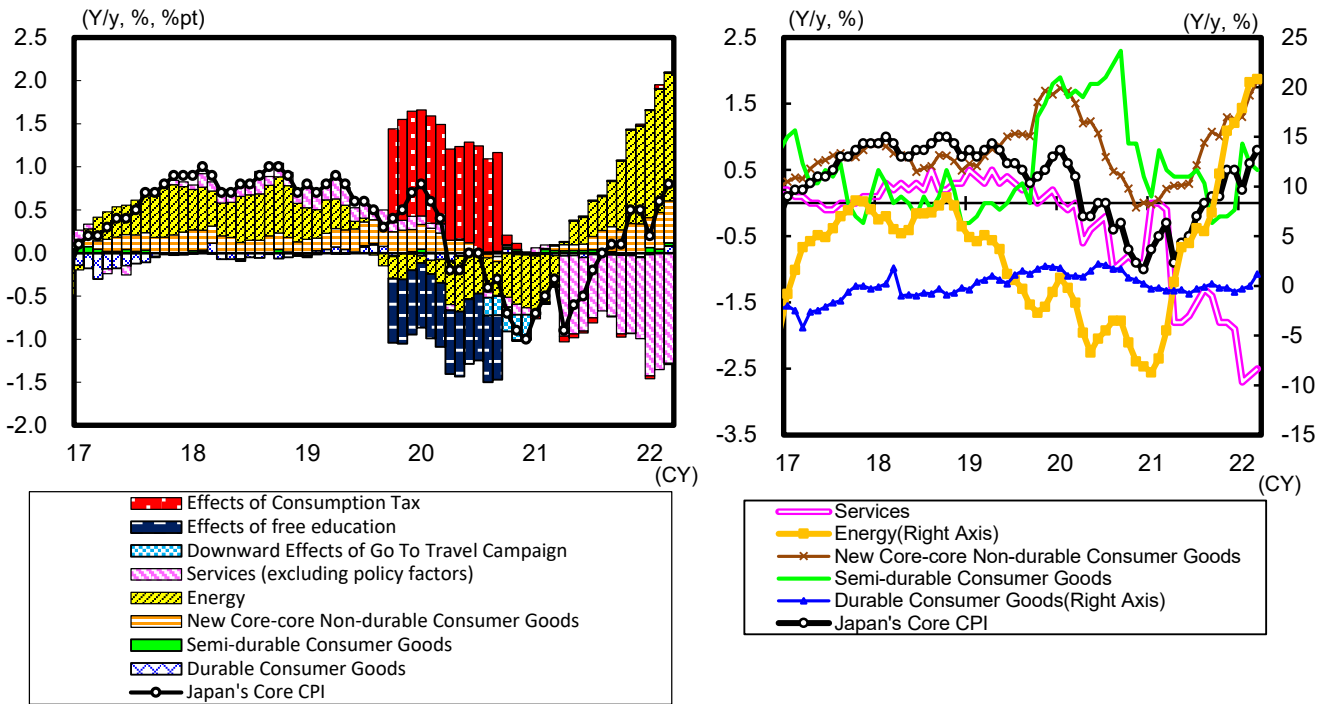


Source: Ministry of Internal Affairs and Communications, Cabinet Office; compiled by DIR.

Note: Core CPI is total excluding fresh foods, consumption tax and effects of free preschool and higher education.

**Core CPI Y/y Comparison and Contribution Rate;  
Core CPI Components**

**Chart 3**



Source: Ministry of Internal Affairs and Communications; compiled by DIR.

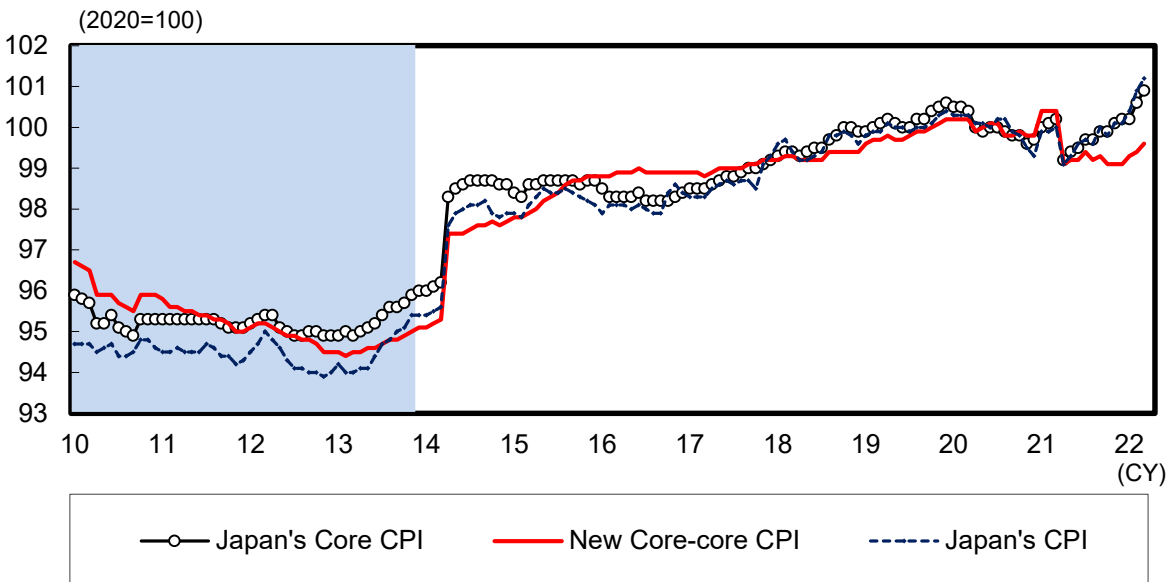
Note: 1) Core CPI is total excluding fresh foods, new core-core non-durable consumer goods is excluding fresh foods and energy.

2) Effects of consumption tax and free preschool and higher education are estimated by DIR.

3) The effects of cuts in mobile phone communication fees are not included in the Policy Factors category.

**Japan's Consumer Price Index (Seasonally Adjusted, Computed by Laspeyres' Chain Index Method)**

**Chart 4**



Source: Ministry of Internal Affairs and Communications, Cabinet Office; compiled by DIR.

Notes: 1) Core CPI is total excluding fresh foods, and new core-core CPI excludes fresh foods and energy.

2) Shaded areas represent deflationary periods according to the government's monthly economic report.