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Japanese report: 20 Sep 2022

August 2022 Consumer Price Index

Cost-push inflation associated with high import prices continues

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Summary

- Japan's August 2022 core CPI (excluding fresh foods) was at +2.8% y/y, with the growth rate up by 0.4%pt in comparison to the previous month. All growth rates rose for durable goods, semi-durable goods, non-durable goods, and services. Overall results were boosted significantly by the shift into positive growth on a y/y basis for services backed by the further falling away of the influence of cuts in telephone charges (mobile phone), and the rising growth rate of non-durable goods associated with the high import prices.
- Japan's core CPI is expected to continue experiencing upward pressure influenced by high import prices. While government policies, such as the program to mitigate extreme fluctuations in the price of fuel oil, are expected to hinder growth in prices somewhat, the high import prices will continue to spread with a time lag throughout the country in a ripple effect, and core CPI is expected to move in the range of the upper 2% level through the Oct-Dec period of 2022.

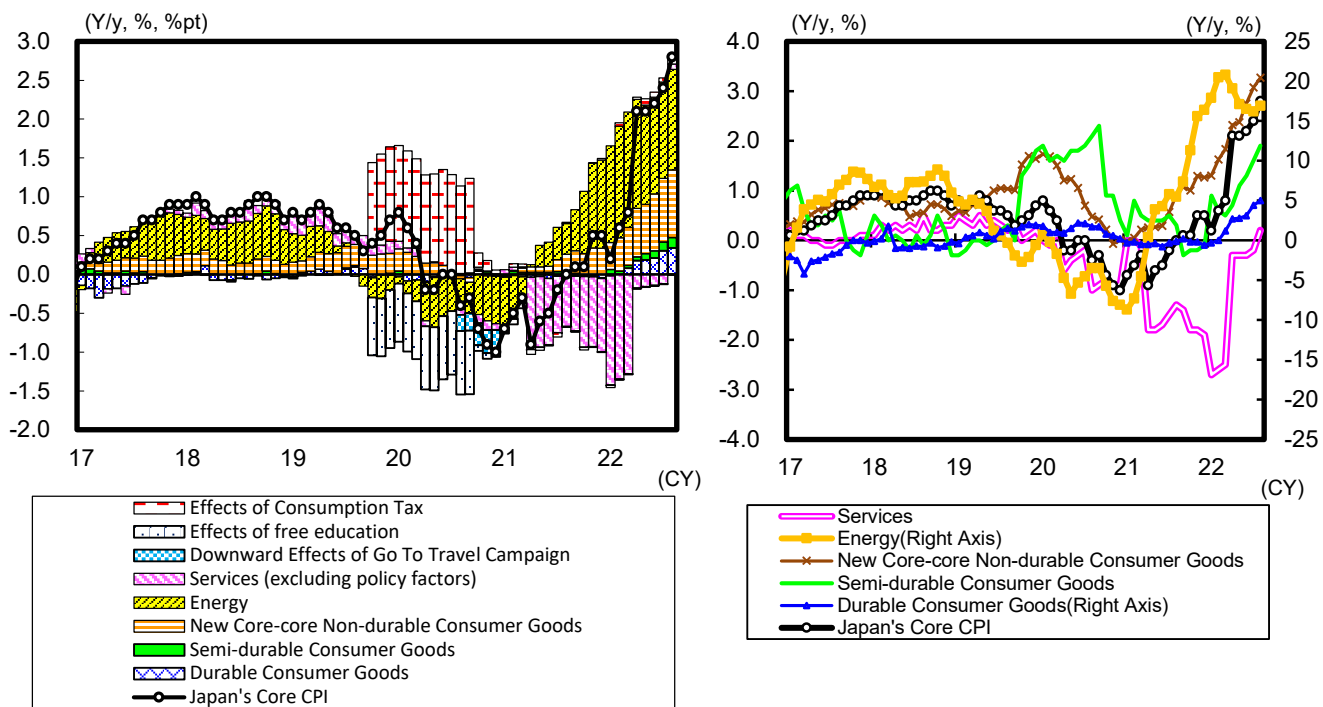
Consumer Price Index (Y/y, %)								Chart 1
	2022							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Japan's Core CPI	0.2	0.6	0.8	2.1	2.1	2.2	2.4	2.8
Consensus								2.7
DIR Outlook								2.6
Japan's New Core-core CPI	-1.1	-1.0	-0.7	0.8	0.8	1.0	1.2	1.6
Tokyo 23 Wards Core CPI	0.2	0.5	0.8	1.9	1.9	2.1	2.3	2.6
New Core-core CPI	-0.7	-0.6	-0.4	0.8	0.9	1.0	1.2	1.4

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.

Core CPI Y/y Comparison and Contribution Rate; Core CPI Components Chart 2



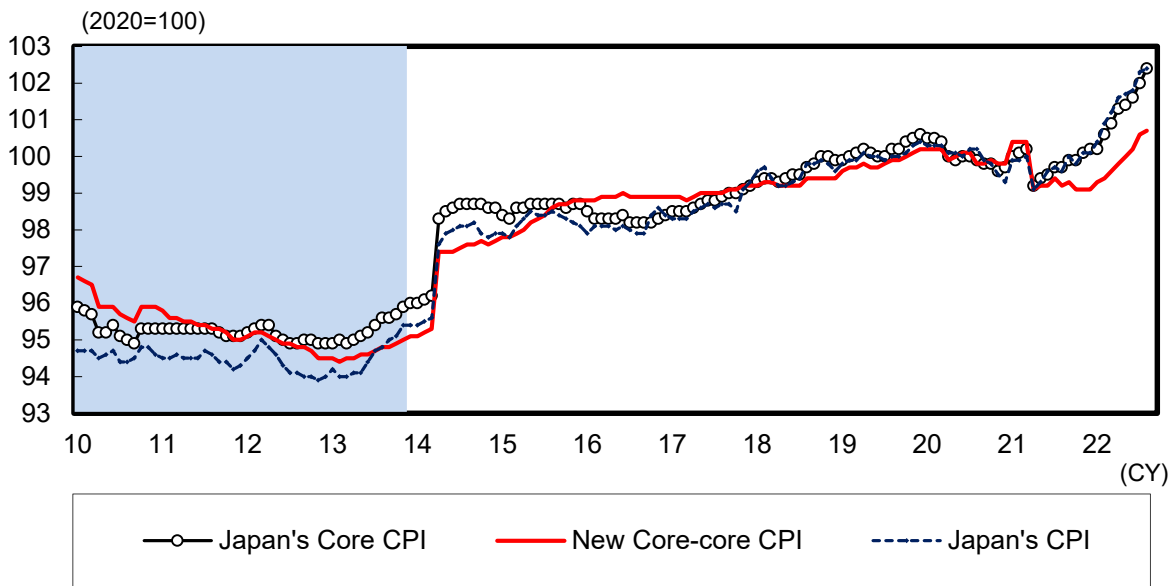
Source: Ministry of Internal Affairs and Communications; compiled by DIR.

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 3



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.