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Japanese report: 23 Dec 2022

November 2022 Consumer Price Index

Core CPI registers highest growth since December of 1981 as growth picks up centering on goods

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Summary

- Japan's November 2022 core CPI (excluding fresh foods) was at +3.7% y/y, recording its highest growth rate since December 1981. As for goods, growth rates grew for non-durable goods due to the influence of price hikes on food items, while at the same time price hikes spread to a wide range of other components as well.
- Japan's core CPI is expected to continue in a similar vein, while at the same time reflecting strong influence from the government's comprehensive stimulus package, including the Fuel Oil Price Fluctuation Mitigation Program. On a quarterly basis, the growth rate will peak in the Oct-Dec period of 2022 and then decline sharply in the Jan-Mar through Jul-Sep periods of 2023 due to the effects of the program. The growth rate will accelerate again from the Oct-Dec period onward when the effects of the measures have worn off. The underlying tone of prices is expected to continue to rise moderately against the backdrop of an improvement in the supply-demand gap.

Consumer Price Index (Y/y, %) Chart 1

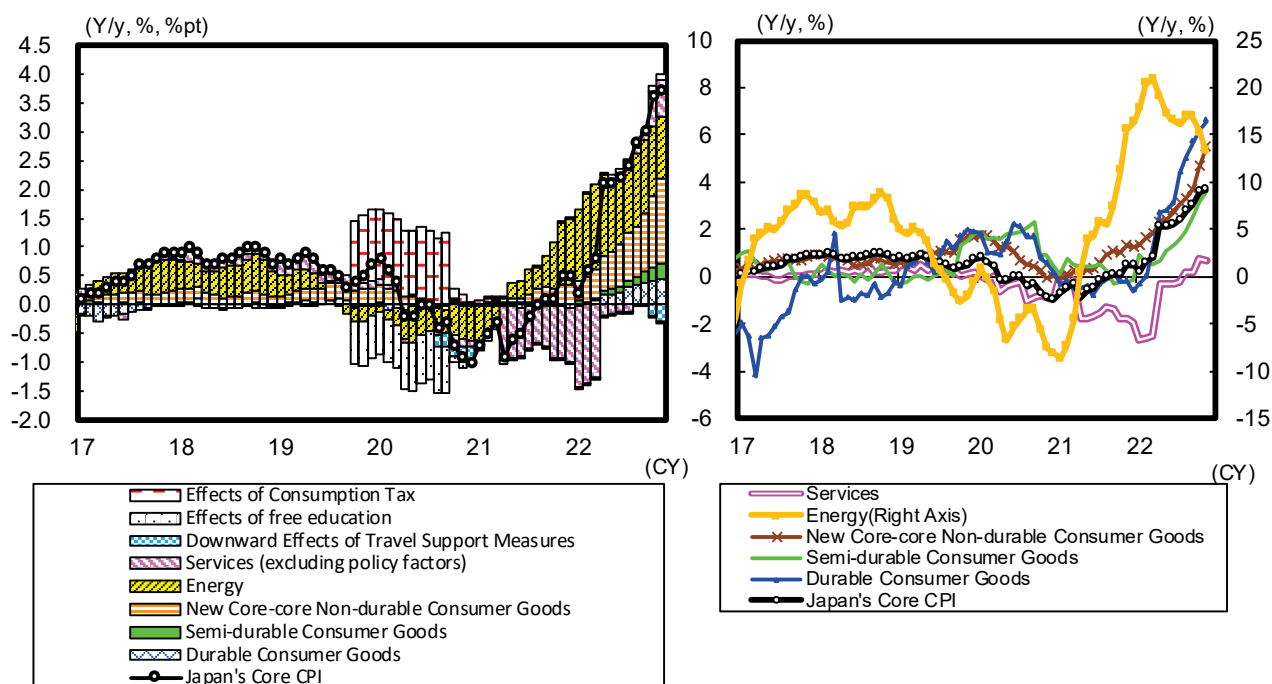
	2022							
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Japan's Core CPI	2.1	2.1	2.2	2.4	2.8	3.0	3.6	3.7
Consensus								3.7
DIR Outlook								3.7
Japan's New Core-core CPI	0.8	0.8	1.0	1.2	1.6	1.8	2.5	2.8
Tokyo 23 Wards Core CPI	1.9	1.9	2.1	2.3	2.6	2.8	3.4	3.6
New Core-core CPI	0.8	0.9	1.0	1.2	1.4	1.7	2.2	2.5

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

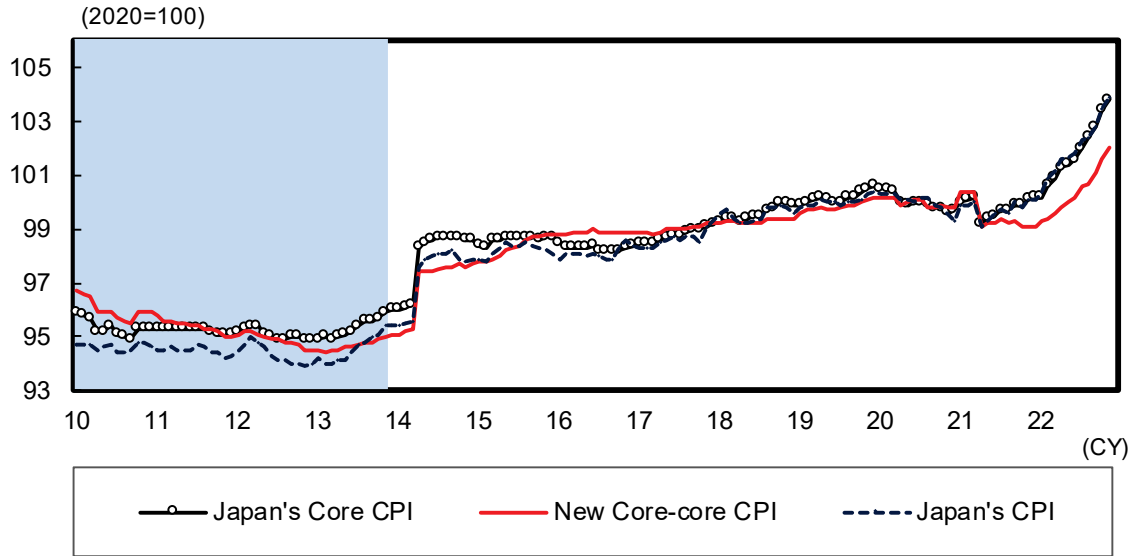


Source: Ministry of Internal Affairs and Communications; compiled by DIR.

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, free preschool and higher education and Travel Support Measures (Go To Travel Campaign and Nationwide Travel Support) are estimated by DIR.

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 freshfoods and energy.

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