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Household Consumption Behavior Transformed by Rising Prices

Households are not all about savings. The tendency to conserve is limited to some essential items.

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Summary

- 2022 was a year of broad-range price increase. According to the Opinion Survey on the General Public's Views and Behavior by BOJ, due to the rapid price pass-through, especially for food, energy, and other necessities, the rate of price increases as perceived by households rose to more than 12% (mean value), significantly higher than the rate of increase in CPI, in December.
- Real consumption expenditure in 2022 increased slightly from the previous year even in the face of rising prices. However, consumption expenditures declined for some essential items, such as food excluding eating out and fuel, light, and water charges. Broken down by product category, households decreased their purchase volume and became increasingly inclined to lower prices for items that were used frequently and for items for which retail prices rose significantly. On the other hand, it was also confirmed that there were items for which households increased their purchase volume, as well as items for which they became more high-price orientation.
- The rise in prices caused by imported inflation is expected to settle down in the spring of 2023, partly due to a pause in the appreciation of resources and the depreciation of the yen, which were the main causes of the rise in prices. In considering future household consumption behavior, the rate of wage increases during the spring wage negotiations of 2023 will be of interest for the time being.

Attention

This report is a summary translation. The official document is only in Japanese.