

21 April 2023 (No. of pages:3 )

Japanese report: 21 Apr 2023

# March 2023 Consumer Price Index

Results show strengthening of growth trend in prices.

Economic Research Dept.  
**Shotaro Kugo**  
**Kanako Nakamura**

## Summary

- Japan's March 2023 core CPI (excluding fresh foods) was at +3.1% y/y. New core-core CPI (excluding fresh food and energy) was at +3.8%. The chain index (seasonally adjusted), which removes distortions (upward bias) in CPI figures, shows that new core-core CPI was at +0.5% m/m, repeating the previous month's trend in registering a high growth rate. We can therefore conclude that recently there has been a strengthening of the growth trend in prices.
- The rate of wage increases is expected to rise significantly in the 2023 spring wage negotiations. If prices are raised on a wide range of items, including services due to increased personnel expenses, the current supply-driven inflation could change to a more sustainable demand-pull inflation as seen in the US and Europe.

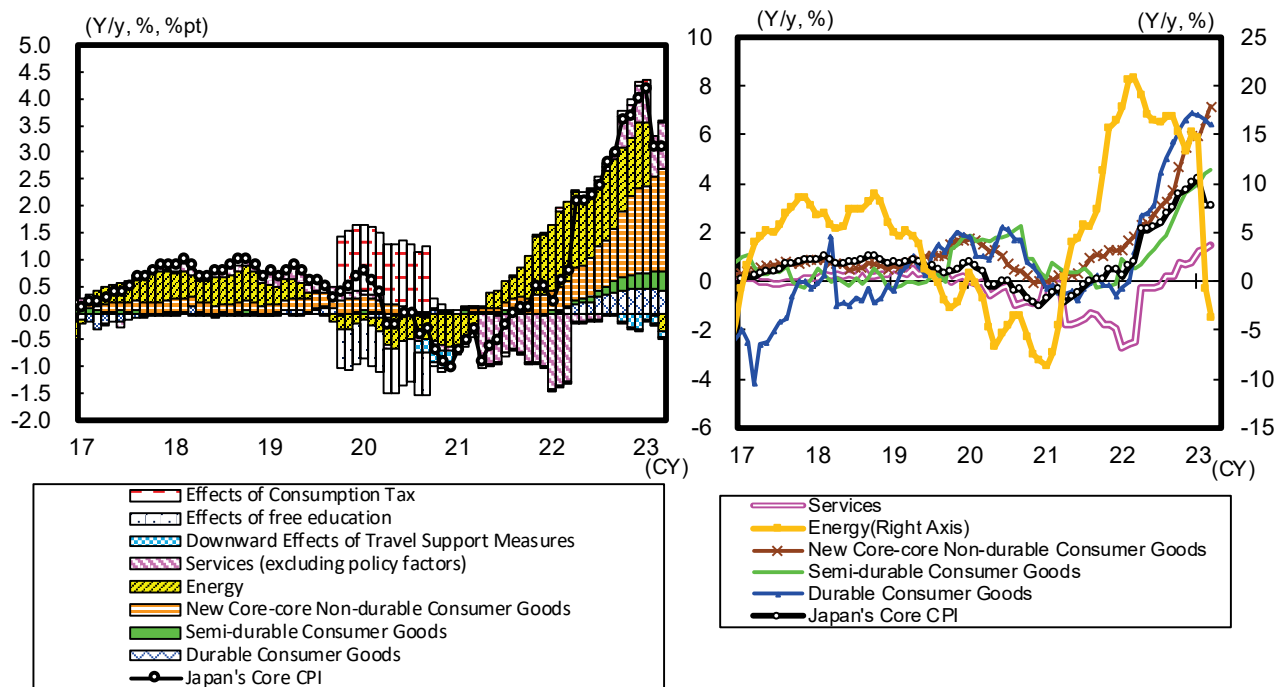
Consumer Price Index (Y/y, %)								Chart 1
	2022					2023		
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Japan's Core CPI	2.8	3.0	3.6	3.7	4.0	4.2	3.1	3.1
Consensus								3.1
DIR Outlook								3.0
Japan's New Core-core CPI	1.6	1.8	2.5	2.8	3.0	3.2	3.5	3.8
Tokyo 23 Wards Core CPI	2.6	2.8	3.4	3.6	3.9	4.3	3.3	3.2
New Core-core CPI	1.4	1.7	2.2	2.4	2.7	3.0	3.1	3.4

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

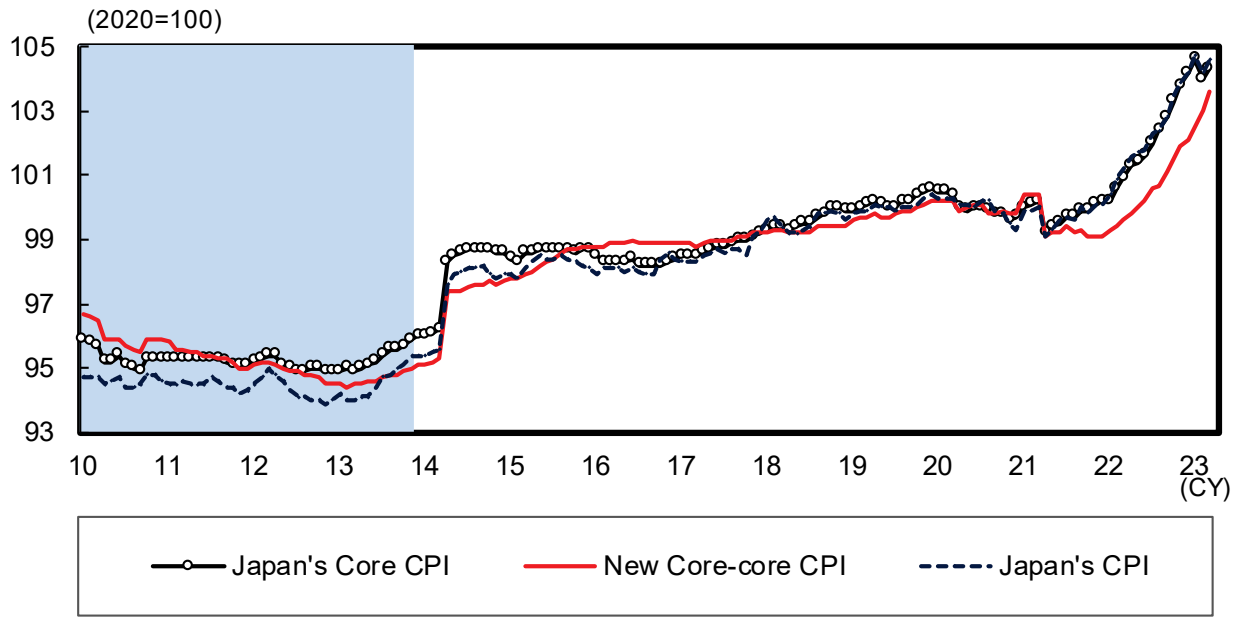


Source: Ministry of Internal Affairs and Communications; compiled by DIR.

Note: 1) Core CPI is total excluding fresh food, 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 fresh foods and energy.  
 2) Shaded areas represent deflationary periods according to the government's monthly economic report.