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# January 2024 Consumer Price Index

CPI y/y growth rate narrows due mainly to the impact of accommodation fees

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## Summary

- Japan's January 2024 core CPI (excluding fresh food) recorded +2.0% y/y. New core-core CPI (excluding fresh food and energy) was at +3.5%. Growth in prices on a y/y basis is gradually slowing down.
- Looking at the y/y change in core CPI in terms of goods and services in January 2024, the growth rate declined in comparison with the previous month in categories, including durable consumer goods, semi-durables, non-durables (excluding fresh food and energy), energy, and services.
- As for the future of Japan's core CPI, growth of +3.8% y/y is expected in FY2023, with +1.9% seen in FY2024, and +2.0% expected in FY2025. We estimate that the rate of wage increase, including regular salary increases, in the 2024 spring labor negotiations will be +3.8%, exceeding the previous year's level, which was the highest level in 30 years. We expect the inflation rate, which has been on a downward trend since the fall of 2023, to stabilize at around +2% y/y as companies move to implement price pass-through in response to the increased labor costs resulting from higher wages.

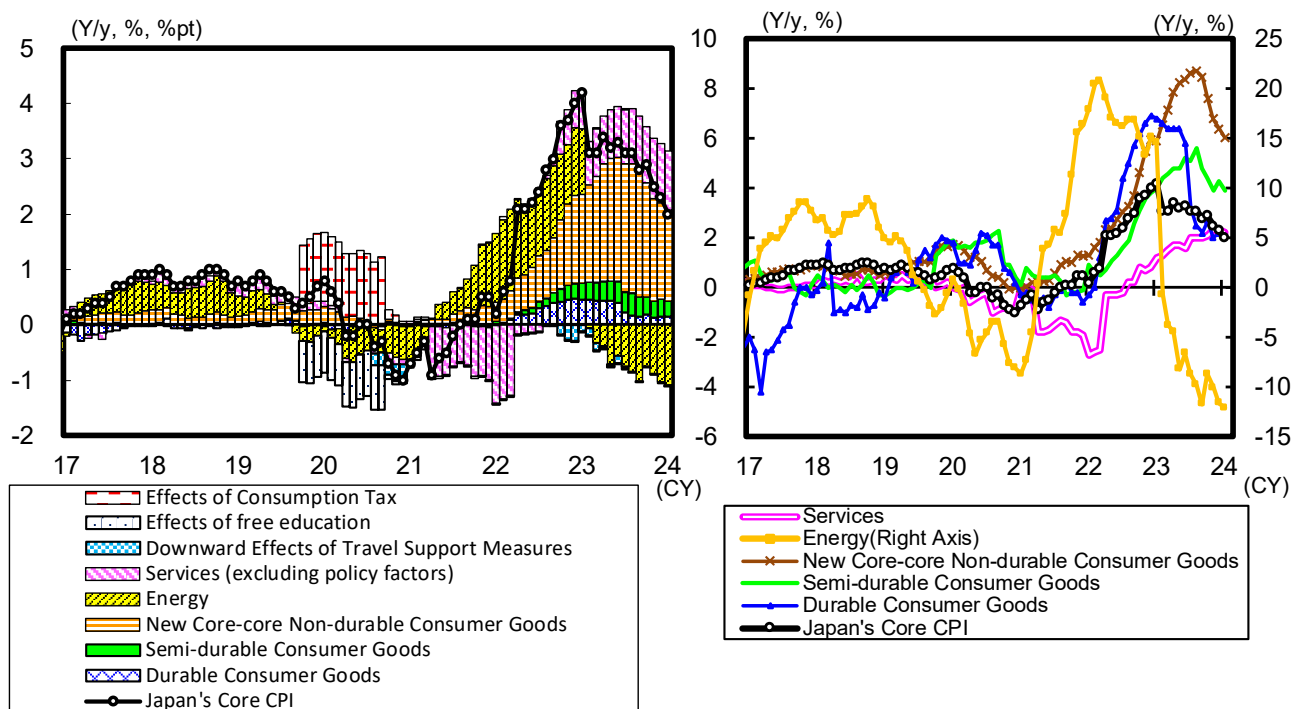
Consumer Price Index (Y/y, %)								Chart 1
	2023							2024
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Japan's Core CPI	3.3	3.1	3.1	2.8	2.9	2.5	2.3	2.0
Consensus								1.9
DIR Outlook								1.8
Japan's New Core-core CPI	4.2	4.3	4.3	4.2	4.0	3.8	3.7	3.5
Tokyo 23 Wards Core CPI	3.2	3.0	2.8	2.5	2.7	2.3	2.1	1.8
New Core-core CPI	3.8	4.0	4.0	3.9	3.8	3.6	3.5	3.3

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

Notes: 1) Consensus figures from Bloomberg aggregated data.

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

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

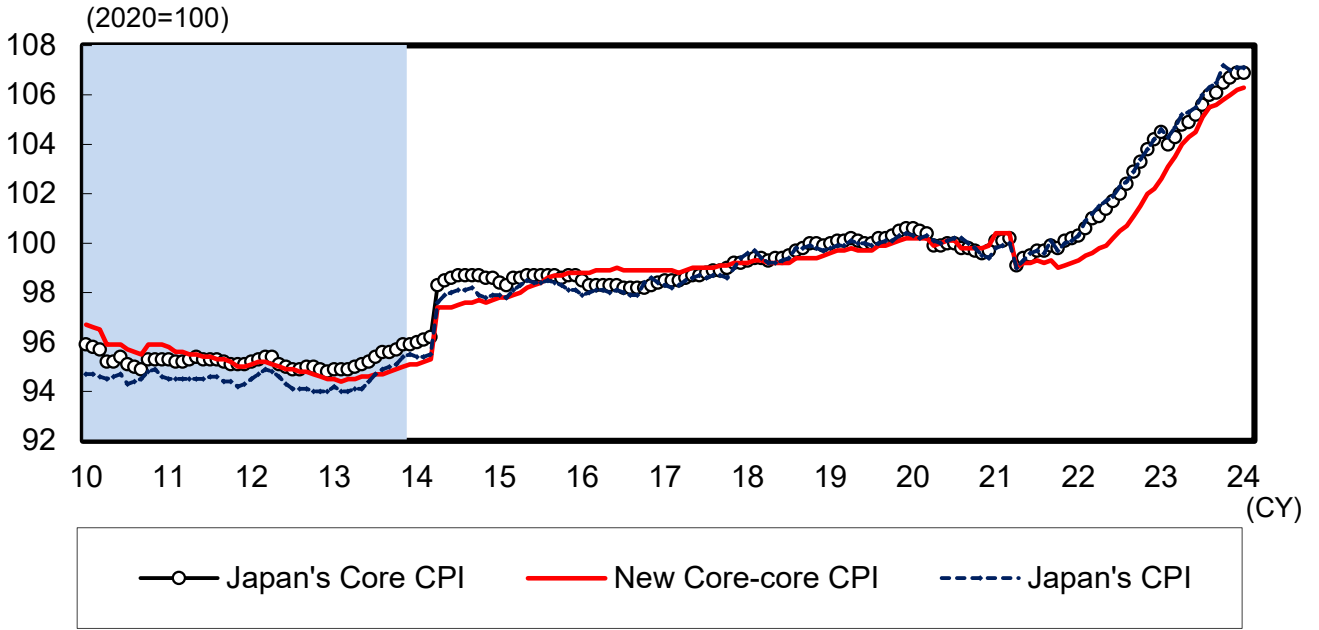


Source: Ministry of Internal Affairs and Communications; compiled by DIR.

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

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