

25 November 2024 (No. of pages:3 )

Japanese report: 22 Nov 2024

# October 2024 Consumer Price Index

**New core-core CPI y/y growth rate grows in comparison to previous month due partly to special factors**

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

## Summary

- Japan's October 2024 core CPI (excluding fresh food) recorded +2.3% y/y, a decline in the y/y growth rate in comparison to the previous month. On the other hand, new core-core CPI (excluding fresh food and energy) grew by +2.3% y/y, an increase in the y/y growth rate in comparison to the previous month. Special factors such as the sharp increase in the price of rice and an increase in the growth rate for public services were especially influential.
- Looking at the y/y change in core CPI in terms of goods and services in October 2024, the growth rates for non-durables (excluding fresh food and energy) and services increased in comparison to the previous month. On the other hand, growth rates for durables, semi-durables and energy declined in comparison to the previous month.
- As for the future of Japan's new core-core CPI, growth of around +2.0% y/y is expected in both FY2024 and FY2025. The main cause of rising prices has already shifted from an increase in intermediate input costs to an increase in labor costs. The structural issue of an intensifying labor shortage is expected to continue to drive companies to raise wages. This will also lead to a continuation of the trend of passing on the resulting increase in labor costs to sales prices. We expect the cyclical increase in wages and prices to become the norm in FY2025, with new core-core CPI maintaining stable growth of around +2% y/y.

Consumer Price Index (Y/y, %)

Chart 1

	2024								
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	
Japan's Core CPI	2.6	2.2	2.5	2.6	2.7	2.8	2.4	2.3	
Consensus								2.2	
DIR Outlook								2.2	
Japan's New Core-core CPI	2.9	2.4	2.1	2.2	1.9	2.0	2.1	2.3	
Tokyo 23 Wards Core CPI	2.4	1.6	1.9	2.1	2.2	2.4	2.0	1.8	
New Core-core CPI	2.9	1.8	1.7	1.8	1.5	1.6	1.6	1.8	

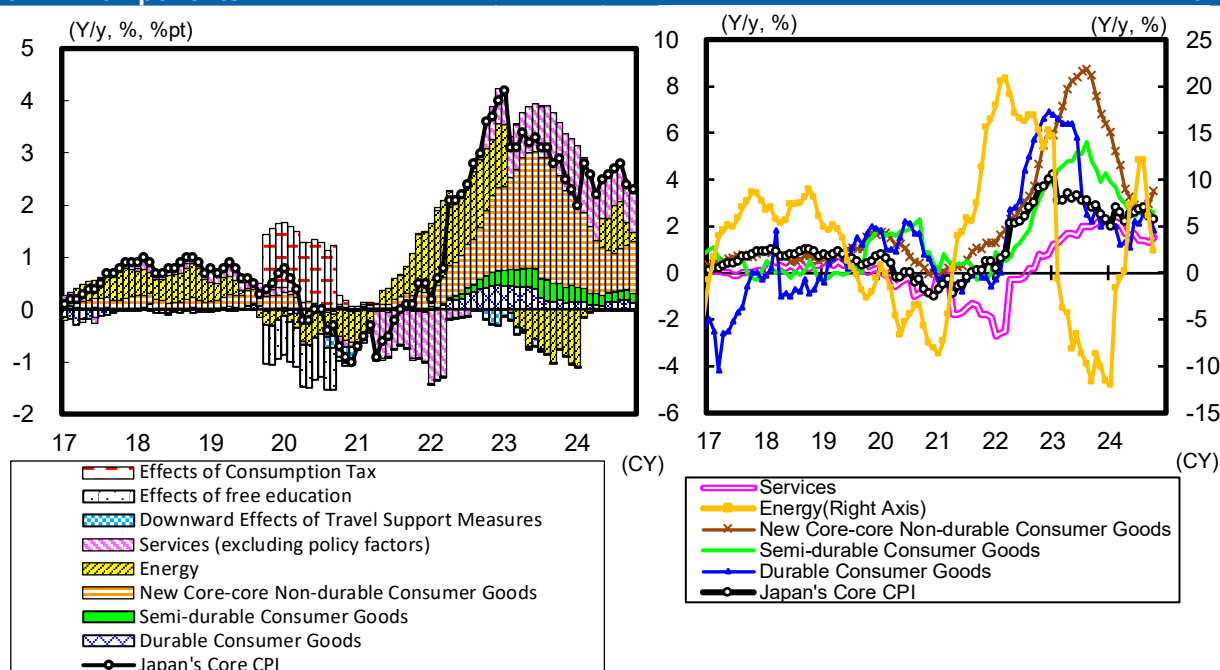
Sources: Ministry of Internal Affairs and Communications, Bloomberg; compiled by DIR.

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



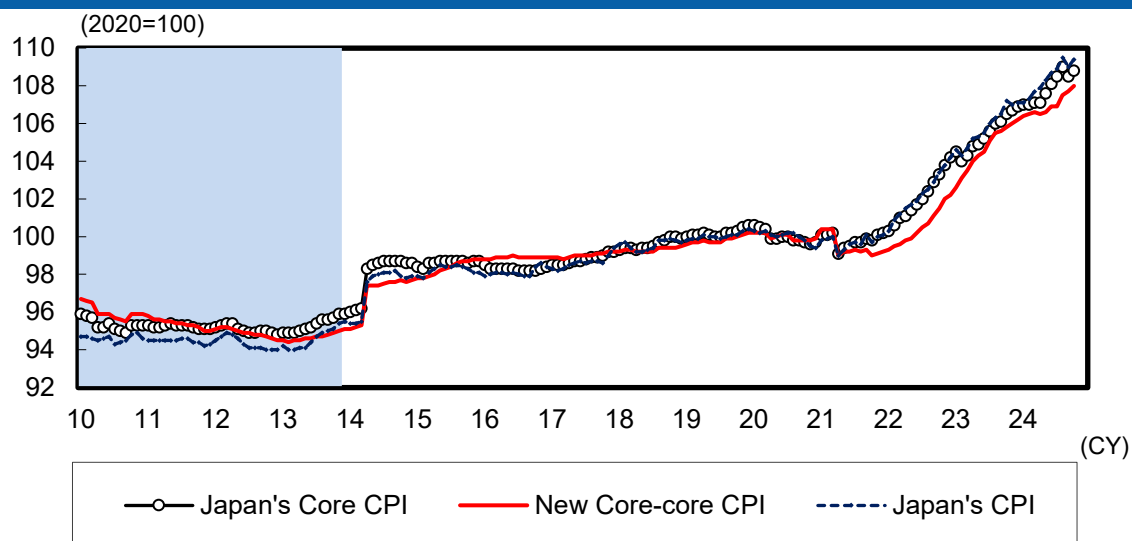
Source: Ministry of Internal Affairs and Communications; compiled by DIR.

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 are estimated by DIR.

## Japan's Consumer Price Index (Seasonally Adjusted, Computed by Laspeyres' Chain Index Method)

Chart 3



Sources: 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.