

## “Extremely hot summer” in Japan this year

Japan Meteorological Agency (“JMA”) announces “Seasonal Forecasts”, weather forecasts for the coming one-month and three-months. This summer was extremely hot mainly in Western Japan, in line with “Seasonal Forecasts” released by JMA. Although, consumer spending is recently slowing down, we expect increase in consumer’s motivation to buy seasonal products such as air conditioners, beverages and clothes due to extremely hot weather boosting up overall consumer expenditure.

### Point 1

#### This summer was hot nationwide in Japan

In line with “Seasonal Forecasts” released by JMA

- JMA has 929 observation stations nationwide. It aggregates and officially announces climate data such as temperature every day. According to climate data released by JMA, temperature of this July and August in Japan nationwide were higher than a normal year, in line with “Seasonal Forecast”.

### Point 2

#### It was especially hot in western part of Japan

This August was extremely hot, in contrast with cool summer last year

- In Kanto region, the end of rainy season was about one week later than a normal year. Compared to a normal year, average temperature of Eastern Japan was +0.5°C in July and +0.8°C in August this year. Whereas, it was +0.7°C in July and +0.1°C in August last year. You can see this August was hotter than last year.
- In Western Japan, July was +0.8°C and August was 1.3°C higher than an average year. Since last July was 0.6°C lower and last August was 0.4°C lower than a normal year, it is a large increase. According to classification of JMA, 1.3 °C higher temperature than a normal year is categorized as “substantially higher than a normal year” and this is a level which is called “extremely hot summer”.

“Average temperature of major cities in Japan”  
Average of July and August

	Average Temperature (°C)	Compared to a normal year (°C)
Sapporo	22.1	+0.8
Sendai	24.2	+1.2
Tokyo	26.2	+0.6
Nagano	25.3	+0.9
Niigata	25.8	+0.3
Nagoya	27.8	+0.8
Osaka	28.9	+0.9
Hiroshima	28.6	+1.0
Kōchi	28.2	+1.2
Fukuoka	29.0	+1.4

(Note) Average temperature: average of 60 days before 29<sup>th</sup> August.  
(Source) SMAM, based on JMA data.

### Future Outlook

#### Retail sales in July showed recovery due to summer heat wave

- Consumer expenditure is currently lacking in strength. Since rise in wages are limited, consumers are refraining from spending much money. Current Survey of Commerce released by Ministry of Economy, Trade and Industry showed that retail sales of Apr.-Jun.2016 decreased 1.4% YoY deteriorating from 0.3% YoY decline in Jan.-March. 2016.
- Meanwhile, retail sales in July announced on 30<sup>th</sup> August was -0.2% YoY showing improvement by narrowing negative margin. The background is upward recovery in sales of clothes and personal items which increased +1.3% and +2.0% in sales of food and beverage, both YoY. Further rise in retail sales in August is expected, since temperature was extremely high in Western Japan.

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