

## Japan's "Economic Recovery" alongside Record-high Economic Indicators

Japan has been experiencing a long lasting moderate economic recovery since so called Abenomics (Economic reform policies under the Abe Cabinet) was introduced in December 2012. Recently, renewal of record-highs of various economic indicators such as stock price and other data are observed. On the other hand, few consumption trend related data such as tourism is showing weakness. We will try to forecast future trend of Japan's "Economic Recovery" by analyzing these data in this report.

### Point 1

#### Various economic indicators are renewing their record-highs Inbound tourism consumption is strong

- Nikkei 225 rose for 16 consecutive days from 2<sup>nd</sup> October 2017 to 24<sup>th</sup> October 2017, renewing longest historical record of continuous rise. Previous longest historical record was 14 consecutive days (21<sup>st</sup> Dec., 1960 to 11<sup>th</sup> Jan., 1961) which was recorded when the Ikeda Cabinet announced "Income Doubling Plan".
- Also, number of foreign visitors to Japan (Jan.-Sep. 2017) was 21.19 million surpassed 20 million with much faster pace compared to the previous year when it first surpassed 20 million in single year. It is expected to be around 28 million this year which is more than 5 times of 50.21 million when "Visit Japan" campaign started in 2003. As a result, inbound tourism consumption is continuing to be strong. Inbound tourism consumption (Jan.-Sep. 2017) was JPY 3.3 trillion which had surpassed JPY 3 trillion much faster compared to the pace of previous year.

### Point 2

#### Temporal drop of consumption Double digit fall of visitors to tourist spots due to bad weather

- On the other hand, many of tourist spots had experienced drop in their visitor numbers due to bad weather caused by typhoons during weekend in October. Visitor numbers of major tourist spots such as Yoshinogari Historical Park (Saga prefecture), Kenroku-en Garden (Ishikawa prefecture) and Goryokaku Tower (Hokkaido) saw double digit fall (YoY) of -21.6%, -12.3% and -15.9%, respectively. This was reflected in -0.5 point fall of Household related Current DI of Economy Watchers Survey of October confirming temporal drop of consumption.

### Future Outlook

#### Trend of "Economic Recovery" is expected to be maintained

- We believe that drop of private consumption due to bad weather is temporal as employment number growth and trend of consumption are strong. We expect prolonged moderate "Economic Recovery" due to weather improvement in future and consumption recovery by asset effect supported by higher stock price. We need to keep our eyes on possible renewal of record-highs of economic indicators to be announced in future.

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