

# “Current Situation and Challenges of Abenomics”

LEAD THE VALUE

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# 1. Abe Cabinet's Economic and Fiscal Policy (Abenomics)

## "Three arrows"

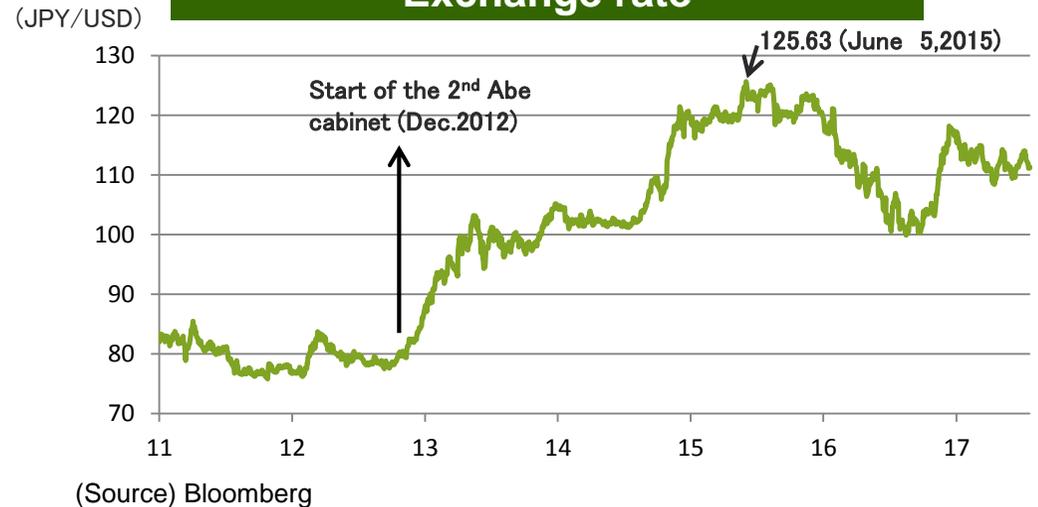


(Source) Cabinet Office, Government of Japan

## Stock prices (Nikkei 225)



## Exchange rate



## 2. Major Achievements of Abenomics

### 1. Nominal GDP:

494.7tn JPY (FY2012) → 537.5tn JPY (FY2016) [Record high]  
+43tn JPY

### 2. Corporate earnings:

13.8tn JPY (FY2012) → 20.8tn JPY (FY2016) [Record high]  
+8tn JPY

### 3. No. of workers:

62.8mil (FY2012) → 64.65mil (FY2016) [Increase in regular employees]  
+1.85mil workers

### 4. No. of unemployed:

4.3% (Dec. 2012) → 2.8% (Apr. 2017) [22-year-low]  
△ 1.5pt

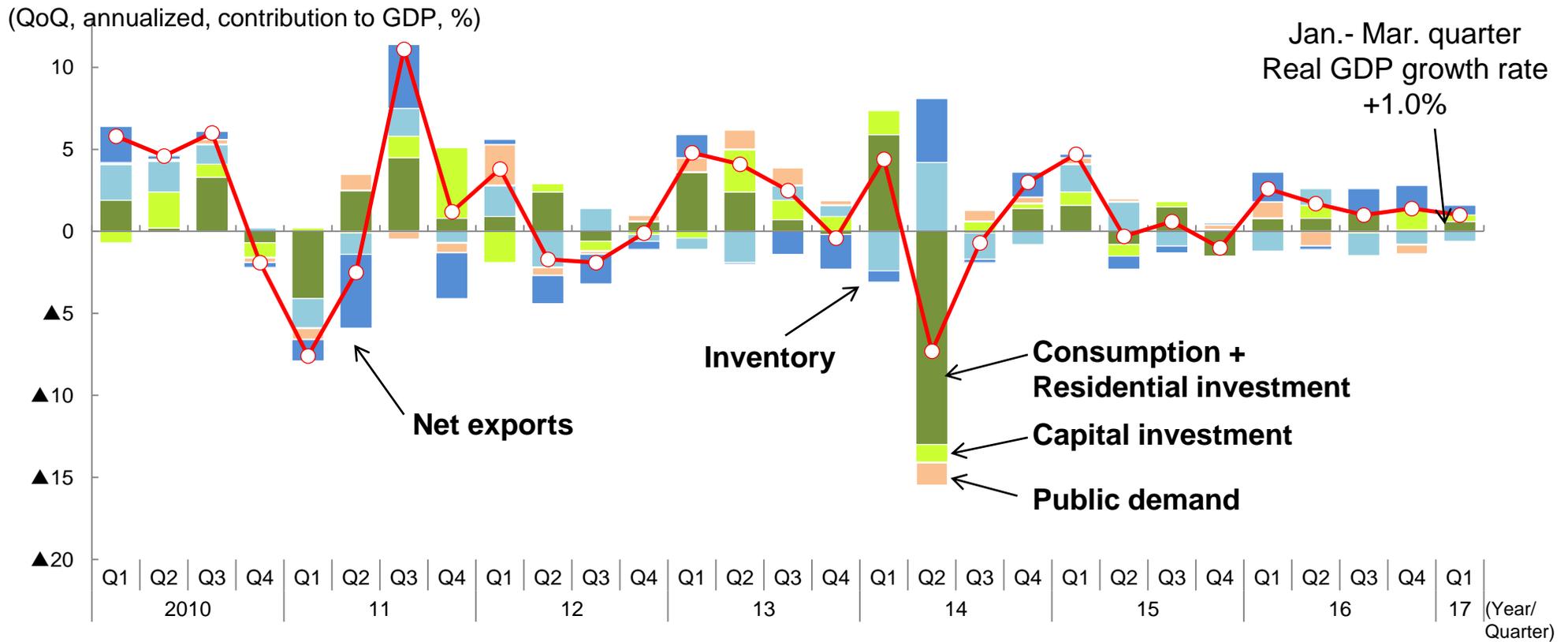
### 5. Jobs to Applicants Ratio (prefectures with a rate of 1 or over):

8 prefectures (Dec. 2012) → 47 prefectures (Apr. 2017)  
[exceeded the rate for the first time]  
+40 prefectures

### 3. Current Japanese Economy- 1. Economic Activities

- Growth remains on a positive track, although the pace is slow.
- The lack of momentum remains unchanged.
- Japanese manufacturers have moved their manufacturing bases abroad and are not so vulnerable to currency movements.

#### Real GDP

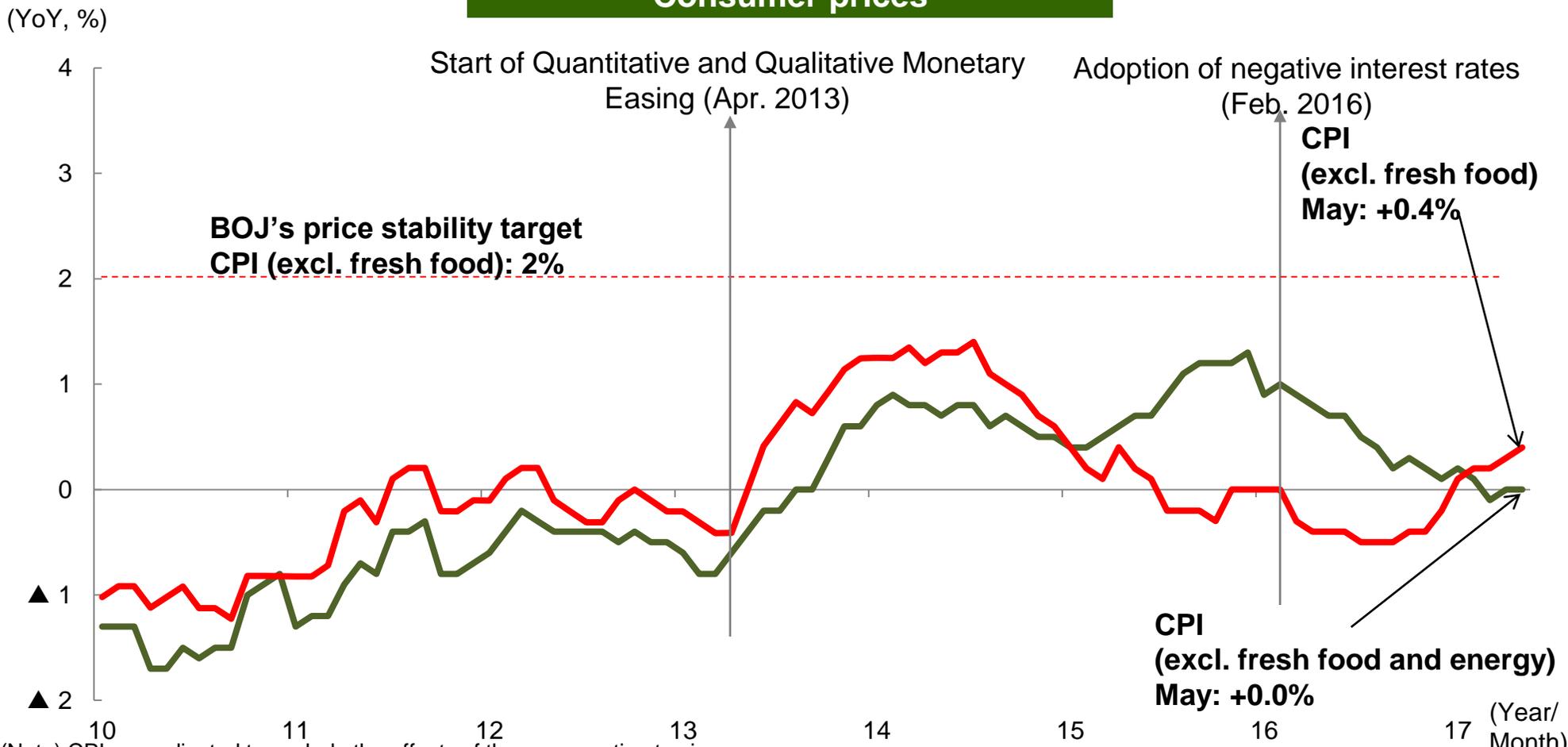


(Source) Cabinet Office, Government of Japan

### 3. Current Japanese Economy- Consumer prices

- The underlying trend in inflation is weakening.
- The CPI (excl. fresh food ) is far from the 2 percent target, and prices have not risen stably yet.

#### Consumer prices



(Note) CPI was adjusted to exclude the effects of the consumption tax increase.

(Source) Ministry of Internal Affairs and Communications (MIC)

## 5. Strategic Areas toward Society 5.0

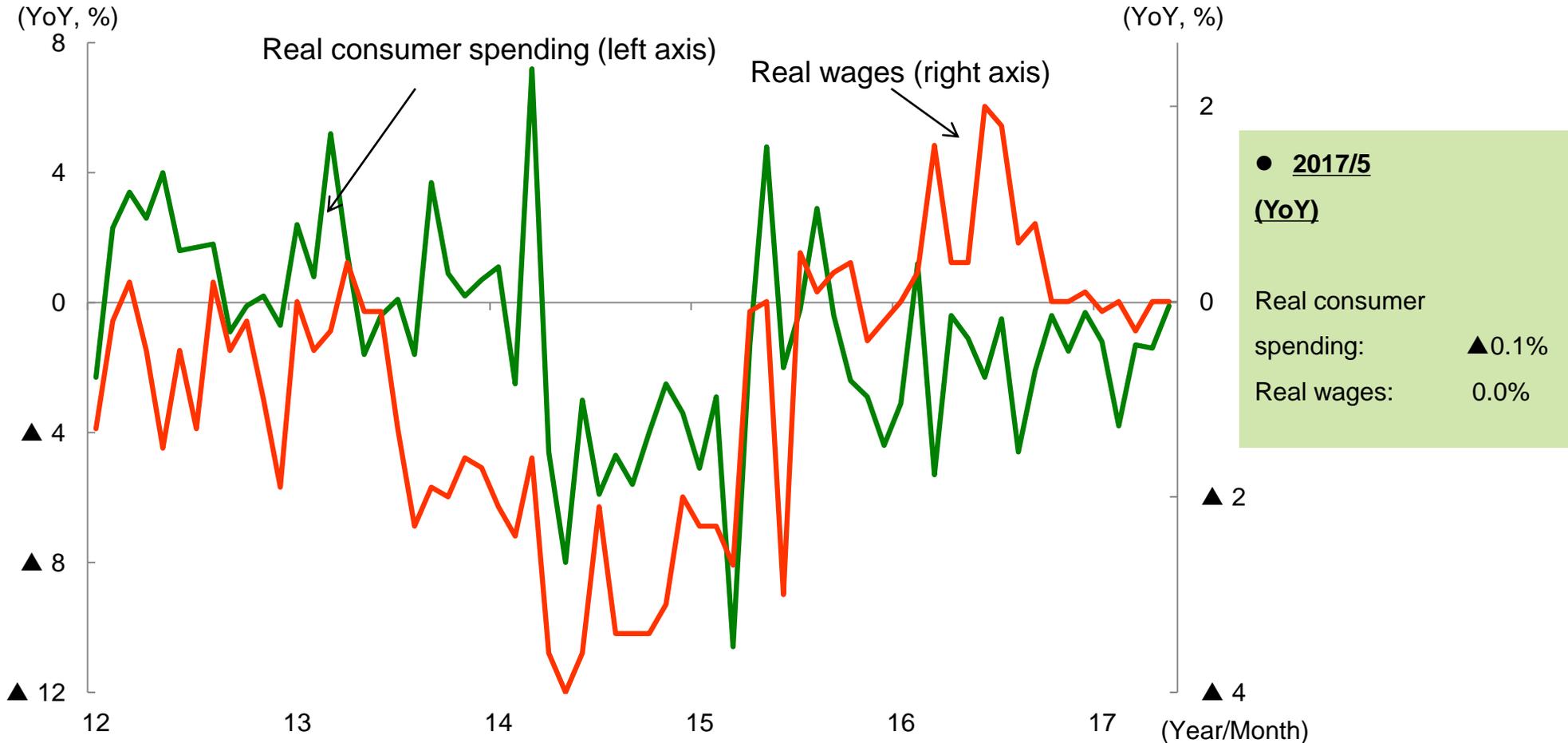
【5 strategic areas in which the government will invest its resources】

1. Health and medical and nursing care
2. Enhancing mobility services/reducing the number of “people with mobility problems”/ realizing a physical distribution revolution
3. Realizing smart supply chains in advance of the rest of the world
4. Increasing the productivity of infrastructures and competitiveness of cities
5. Promoting FinTech



## 7. Trends of Wages and Consumer Spending

- Disposable income and real consumer spending did not increase YoY.
- Although wages have risen, the social security burden has also increased.
- Business investment for energy-saving initiatives has actually reduced wages.



(Source) "Monthly Labour Survey" by MHLW and "Family Income and Expenditure Survey" by MIC

## 8. Trends of Investment in Plant and Equipment/Sales/Ordinary Profits

- Investment in plant and equipment has moderately recovered.
- However, sustained robust growth in investment in plant and equipment has not yet been seen.
- Investments for streamlining and energy-saving have been increasing.

