

Japan: Another strong growth quarter

The third quarter's looking good, with little inflation pressure



Source: iStockphoto

0.7%

Japan inflation , July, YoY

Up from 0.5%

Strong growth trend in tact

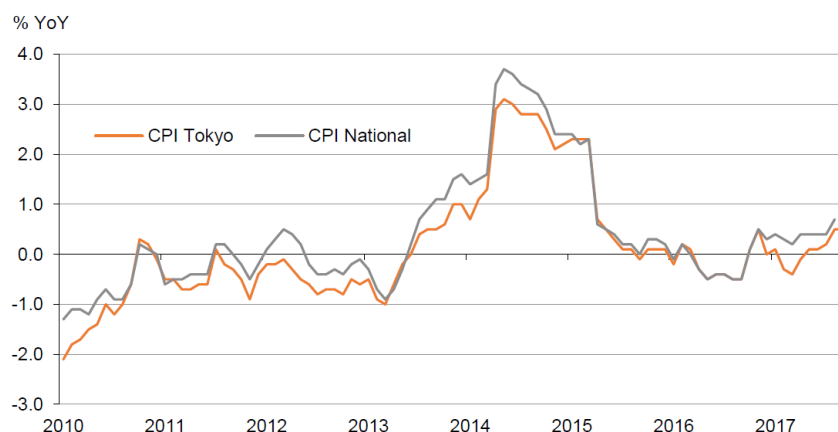
Japanese inflation continued its slow grind higher this month. The national inflation rate now stands at 0.7% YoY, up from 0.5% YoY in July. Core inflation also rose in line with the headline index. Tokyo's inflation rate was 0.5% (unchanged from August). The Tokyo figures suggest that recent gains in national inflation will take a breather in September, with inflation staying at 0.7% YoY. The inflation gains look reasonable, with more subcomponents rising on the month than falling, though outsize monthly gains in medical care and entertainment (1.7% MoM respectively) look unlikely to be repeated next month.

In a separate release, industrial production was very strong in August, rising 2.1%MoM leaving growth over the same month a year ago at a very respectable 5.4%. This is a good start to third-quarter output and means that any pullback from the stellar 2Q GDP figure might not be too

drastic, keeping Japan's strong growth trend intact. With inventory ratios also falling, the coming months could also see production holding up firmly.

Japanese inflation

National inflation will 'take a breather' in September



Source: CEIC

National inflation will 'take a breather' in September

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