

29 September 2017

Japan: Another strong growth quarter

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

0.7% Japan inflation , July, YoY
Up from 0.5%

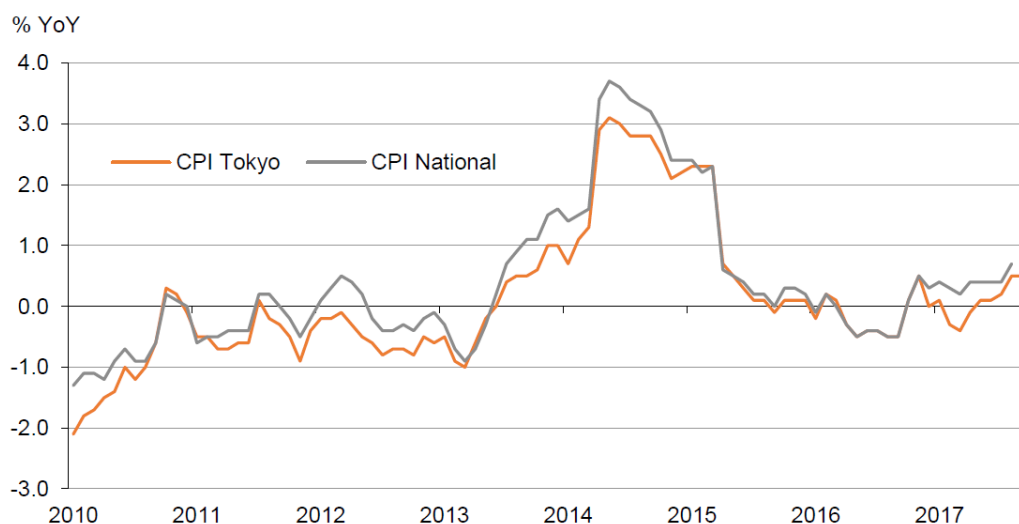
Strong growth trend in tact

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 outside 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

Rob Carnell

Chief Economist Head of Research, Asia-Pacific

65 6232 6020

rob.carnell@asia.ing.com

Disclaimer

This publication has been prepared by ING (being the Wholesale Banking business of ING Bank N.V. and certain subsidiary companies) solely for information purposes. It is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of this date and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this publication. All rights are reserved.

The producing legal entity ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is subject to limited regulation by the Financial Conduct Authority (FCA). ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA.

For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.