

## Key Releases (May 2 - 13)

\* Fri. 5/6: Tokyo CPIs continue to rise.

Date	Time (JST)	Time (EDT)	Economic Indicator	(Consensus Ests. in parentheses, Green = DE Above, Red = DE Below)							
				Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	
<b>Mon</b> 5/2											
<b>Tue</b> 5/3											
<b>Wed</b> 5/4											
<b>Thu</b> 5/5											
<b>Fri</b> 5/6	8:30 AM	7:30 PM (-1)	Apr	Tokyo CPIs (Y/Y)							
				Total	0.1	0.5	0.8	0.6	1.0	1.3	<b>2 (2.3)</b>
				Ex-Fresh Food	0.1	0.3	0.5	0.2	0.5	0.8	<b>1.5 (1.8)</b>
				Ex-Food & Energy	-0.4	-0.4	-0.3	-0.7	-0.6	-0.4	<b>0.4 (0.6)</b>
					<b>Oct-21</b>	<b>Nov-21</b>	<b>Dec-21</b>	<b>Jan-22</b>	<b>Feb-22</b>	<b>Mar-22</b>	<b>Apr-22</b>
<b>Mon</b> 5/9	8:30 AM	7:30 PM (-1)	Mar	Labor Cash Earnings (Y/Y)	0.2	0.8	-0.4	1.1	1.2	<b>1.3 (1)</b>	
<b>Tue</b> 5/10	8:30 AM	7:30 PM (-1)	Mar	Household Spending (Y/Y)	-0.6	-1.3	-0.2	6.9	1.1	<b>-0.5 (-3.3)</b>	
<b>Wed</b> 5/11											
<b>Thu</b> 5/12											
<b>Fri</b> 5/13											

## Indicator/Event Wrap-Up

**Tokyo CPI** accelerated to 1.3% YoY in March from 1% in February, boosted by surges in energy (20.3% YoY from 18.2%) and food (13.7% YoY from 11.6%) prices. The Core CPI (Excluding - Fresh Food) rose 0.8 % after growing 0.5%. Another Core gauge (Excluding - Fresh Food and Energy), however, remained deflated at -0.4%, up from -0.6%.

**Retail Sales** fell 0.8% MoM in February after falling 0.9% in the prior month, recording the third consecutive month of decline. Wholesale dropped 1.5% from a 3.7% rise, while Sales in Department Stores and Supermarkets rose 0.7% after falling 2.3%, with Department Stores' sales rebounding 4.2% from a 14.5% plunge.

**Japan's Q4 rebounded 1.5% QoQ** in the Preliminary Release after contracting 0.7% in Q3. Recovery in Consumption weighed on growth. Pent-up demand, especially private consumption, mainly boosted growth. Private Consumption jumped 2.7 % QoQ after a 0.9% decline. Business Investment edged up 0.4% QoQ from a 2.4% fall. Government Spending inched down 0.3% QoQ from a 1.1% growth. Exports increased 1% QoQ following a 0.3% fall, and Imports declined 0.3% QoQ after falling 0.9%. Net Exports added 0.2% points to GDP growth. Looking ahead, GDP in Q1 2022 is likely to contract on constrained demand amid reimposed restrictions to stem the spread of Omicron.

The **Bank of Japan (BOJ)** decided to maintain a sustainable monetary easing and increased its flexibility in response to changes in economic activity and prices, as well as financial conditions. It added flexibility by doubling the fluctuation range of 10-year Japanese Government Bond (JGB) to +/- 0.25% around zero from the previous +/- 0.1% range. It left the upper limit of its ETF purchases at about 12 trillion yen and the cap for its J-REITs purchases at about 180 billion yen annually, committing to maintain them even after Covid-19 subsidies. It also maintained the policy of purchasing Commercial Paper and Corporate Bonds with a total 20 trillion upper limit on the amount outstanding until the end of September

## DE Assessment, Underlying Themes

**Economy:** Japan's growth is projected to ease at least in the first quarter of 2022 as the more contagious omicron variant pushed up infections and prompted renewed restrictions on business activities. Consumer demand is key to the Recovery. In a stark contrast with peer central banks, the BOJ maintained an ultraloose monetary policy in a bid to support growth. DE expects the economy to pick up gradually as the impacts of the Pandemic wane in the second half of 2022.

**Inflation:** Core inflation is likely to remain muted in the first-half of 2022 which has been pushed down by limited consumption. Japan continues to suffer from the world of perpetually low prices far from central bank target.

**BOJ:** The Bank of Japan is expected to support with additional possible QE if necessary, favoring in corporate financing and stabilizing financial market. Further reduction in the policy rate is unlikely as the negative interest rate imposes significant disruption in the banking system.