



October 10, 2017

Regional Economic Report (Summary) October 2017

Bank of Japan

This report summarizes the reports from all regional research divisions, mainly at the Bank's branches in Japan, and is based on data and other information gathered for the meeting of general managers of the Bank's branches held today. The English translation is based on the Japanese original.

I. Regional Economic Assessments (Overview)

According to assessments from regions across Japan, six regions (Hokuriku, Kanto-Koshinetsu, Tokai, Kinki, Chugoku, and Kyushu-Okinawa) reported that their economy had been expanding or expanding moderately, and three regions (Hokkaido, Tohoku, and Shikoku) noted that the economy had continued to recover moderately. These reports were based on the assessments that the virtuous cycle from income to spending had become firmer, as labor market conditions had continued to tighten steadily and private consumption had increased its resilience, while exports had been on an increasing trend with overseas economies growing at a moderate pace.

Compared with the previous assessment in July 2017, four regions (Kanto-Koshinetsu, Tokai, Kinki, and Chugoku) revised their assessments upward. These assessments were based primarily on reports that (i) momentum in exports and production had strengthened, mainly in electronic parts and devices (Tokai, Kinki, and Chugoku), (ii) private consumption had been on the rise, assisted mainly by steady sales of durable consumer goods and high-end products (Tokai and Chugoku), and (iii) public investment had increased in line with the implementation of the second supplementary budget for fiscal 2016 and orders for Olympic Games-related construction works (Kanto-Koshinetsu). Meanwhile, the other five regions reported that their assessments had remained unchanged.

Comparison of Previous and Current Assessments by Region

Region	Assessment in July 2017	Changes from the previous assessment ¹	Assessment in October 2017
Hokkaido	The economy has been recovering.	⇒	The economy has been recovering.
Tohoku	The economy has continued its moderate recovery trend.	⇒	The economy has continued its moderate recovery trend.
Hokuriku	The economy has been expanding moderately.	⇒	The economy has been expanding moderately.
Kanto-Koshinetsu	The economy has been turning toward a moderate expansion.	↗	The economy has been expanding moderately.

¹ With regard to the changes from the previous assessment, arrows pointing to the upper right or lower right indicate changes in the pace of improvement or deterioration compared with the previous assessments, respectively. For example, an acceleration in the pace of improvement or deceleration in the pace of deterioration is indicated with an arrow pointing to the upper right. A horizontal arrow pointing to the right indicates that the pace of improvement or deterioration in economic conditions is unchanged compared with the previous assessments.

Tokai	The economy has been expanding moderately.		The economy has been expanding.
Kinki	The economy has been on a moderate expanding trend.		The economy has been expanding moderately.
Chugoku	The economy has begun to expand moderately.		The economy has been expanding moderately.
Shikoku	The economy has continued to recover moderately.		The economy has continued to recover moderately.
Kyushu-Okinawa	The economy has been expanding moderately, although variations had been seen among local areas and industries.		The economy has been expanding moderately.

II. Assessments of Components by Region

Region	Public investment	Business fixed investment	Private consumption
Hokkaido	Increasing	Increasing	Recovering on the back of steady improvement in the employment and income situation
Tohoku	Has been at a high level, primarily in construction orders related to the restoration and reconstruction following the earthquake disaster, although the value of public works contracted -- a figure that reflects the situation of orders for public construction works -- has been below the previous year's level	Has been on a moderate increasing trend	Has been resilient
Hokuriku	Increasing, mainly reflecting the progress in construction related to the extension of the route for the Hokuriku Shinkansen Line to Tsuruga	Has been at a high level	Picking up steadily, as the employment and income situation continues to improve steadily
Kanto-Koshinetsu	Increasing	Increasing	Has increased its resilience

Tokai	Has been on an increasing trend	Has continued to increase steadily	Picking up
Kinki	Declining	Has been on an increasing trend	Increasing moderately on the whole, amid improvement in the employment and income situation
Chugoku	Has been more or less flat	Increasing moderately	Picking up
Shikoku	Picking up and running at a high level	Increasing moderately	Picking up moderately
Kyushu-Okinawa	Increasing, mainly as reconstruction works following the Kumamoto Earthquake have become prevalent	Increasing moderately	Has been recovering on the whole, largely due to (i) a boost in replacement demand for durable goods and (ii) moves to purchase food and beverages as well as apparel; the effects caused by the torrential rain in Northern Kyushu have begun to fade, although they are being observed in some sectors, including a decline in lodging demand

Region	Housing investment	Production	Employment and income
Hokkaido	Has been more or less flat	Has been more or less flat	Supply and demand conditions in the labor market are improving steadily; household income is recovering
Tohoku	Has begun to decline, with reconstruction demand following the earthquake disaster having peaked out, although it is still at a high level	Has been on a moderate increasing trend	Supply and demand conditions in the labor market have continued to improve; household income has been on a moderate increasing trend

Hokuriku	Increasing as a trend, albeit with fluctuations	Has maintained momentum	The employment and household income situation is improving steadily
Kanto-Koshinetsu	Has been more or less flat	Has been on an increasing trend	Household income is increasing moderately as supply and demand conditions in the labor market continue to tighten steadily
Tokai	Has been more or less flat	Increasing	Supply and demand conditions in the labor market are tightening and household income has continued to improve
Kinki	Has been more or less flat	Has been on an increasing trend	With the further tightening of supply and demand conditions in the labor market, the number of employees is rising and household income is increasing moderately as well
Chugoku	Increasing moderately	Increasing	The employment and household income situation has continued to improve steadily
Shikoku	Increasing moderately, chiefly in housing for rent	Has recently shown signs of a pick-up, albeit with fluctuations	Supply and demand conditions in the labor market have continued to improve steadily and household income is picking up moderately
Kyushu-Okinawa	Has been at a high level, mainly on the back of reconstruction demand following the Kumamoto Earthquake and of the low-interest rate environment	Has been at a high level on the back of strong overseas demand	Supply and demand conditions in the labor market are tightening, mainly on the back of an increase in new job offers; household income is picking up, albeit with fluctuations

Appendix: Prefectures Included in Each Region

Region	Prefectures
Hokkaido	Hokkaido
Tohoku	Aomori, Iwate, Miyagi, Akita, Yamagata, and Fukushima
Hokuriku	Toyama, Ishikawa, and Fukui
Kanto-Koshinetsu	Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Niigata, Yamanashi, and Nagano
Tokai	Gifu, Shizuoka, Aichi, and Mie
Kinki	Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama
Chugoku	Tottori, Shimane, Okayama, Hiroshima, and Yamaguchi
Shikoku	Tokushima, Kagawa, Ehime, and Kochi
Kyushu-Okinawa	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, and Okinawa

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