



April 8, 2019

# Regional Economic Report (Summary) April 2019

Bank of Japan

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| <p>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.</p> |
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## I. Regional Economic Assessments (Overview)

According to reports from regions across Japan, the economy has continued to either expand or recover in all nine regions. Compared with the previous assessment in January 2019, with the effects of the slowdown in overseas economies on exports and production being pointed out, five regions (Kanto-Koshinetsu, Tokai, Kinki, Chugoku, and Shikoku) left their assessments unchanged, while three regions (Tohoku, Hokuriku, and Kyushu-Okinawa) revised down their assessments. Meanwhile, the Hokkaido region revised up its assessment, due to the dissipation of downward pressure stemming from the 2018 Hokkaido Eastern Iburi Earthquake.

The background behind these assessments was that domestic demand had continued to show firm developments, with a virtuous cycle from income to spending operating in both the corporate and household sectors. Specifically, although exports and production have been affected by the slowdown in overseas economies recently, business fixed investment has continued on an increasing trend, with corporate profits staying at a favorable level on the whole. Private consumption has been increasing moderately, albeit with fluctuations, against the background of steady improvement in the employment and income situation.

### Comparison of Previous and Current Assessments by Region

| Region           | Assessment in January 2019                                                                                                                                           | Changes from the previous assessment <sup>1</sup>                                   | Assessment in April 2019                                                                                                             |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Hokkaido         | The economy has been recovering moderately as a trend, and downward pressure due to the effects of the 2018 Hokkaido Eastern Iburi Earthquake has continued to ease. |  | The economy has been recovering moderately.                                                                                          |
| Tohoku           | The economy has continued to recover moderately.                                                                                                                     |  | The economy has continued to recover moderately, although some weakness has been observed in part.                                   |
| Hokuriku         | The economy has been expanding.                                                                                                                                      |  | The economy has been expanding moderately.                                                                                           |
| Kanto-Koshinetsu | The economy has been expanding moderately.                                                                                                                           |  | The economy has been expanding moderately, although exports and production have been affected by the slowdown in overseas economies. |

<sup>1</sup> 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 assessment.

|                |                                                                                          |                                                                                   |                                                 |
|----------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------|
| Tokai          | The economy has been expanding.                                                          |  | The economy has been expanding.                 |
| Kinki          | The economy has continued to expand moderately.                                          |  | The economy has continued to expand moderately. |
| Chugoku        | The economy has been expanding moderately.                                               |  | The economy has been expanding moderately.      |
| Shikoku        | The economy has been recovering.                                                         |  | The economy has been recovering.                |
| Kyushu-Okinawa | The economy has been expanding moderately, with its growth gaining a more solid footing. |  | The economy has been expanding moderately.      |

## II. Assessments of Components by Region

| Region           | Public investment                                                                                                                                                | Business fixed investment                  | Private consumption                                                                                                   |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Hokkaido         | Bottoming out                                                                                                                                                    | Increasing moderately                      | Recovering as a trend, although some weakness has been observed in some indicators; tourism demand has been favorable |
| Tohoku           | Declining, although it remains at a high level, primarily in construction orders related to the restoration and reconstruction following the earthquake disaster | Has been more or less flat                 | Has been resilient                                                                                                    |
| Hokuriku         | Increasing                                                                                                                                                       | Has been more or less flat at a high level | Picking up steadily, as the employment and income situation continues to improve steadily                             |
| Kanto-Koshinetsu | Has been more or less flat at a high level                                                                                                                       | Increasing                                 | Increasing moderately, albeit with fluctuations                                                                       |

|                |                                                                                                           |                                                                 |                                                                                                                                                             |
|----------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tokai          | Has been at a relatively high level                                                                       | Has continued to increase, mainly in nonmanufacturing           | Increasing moderately                                                                                                                                       |
| Kinki          | Bottoming out                                                                                             | Increasing                                                      | Increasing moderately on the whole, with the spending behavior of households improving, mainly on the back of the favorable employment and income situation |
| Chugoku        | Picking up, amid the restoration- and reconstruction-related demand following the heavy rain in July 2018 | Has been at a high level, although momentum has come to a pause | Picking up                                                                                                                                                  |
| Shikoku        | Increasing moderately                                                                                     | Has been at a high level                                        | Picking up steadily                                                                                                                                         |
| Kyushu-Okinawa | Has been at a high level                                                                                  | Increasing as a trend                                           | Increasing moderately on the back of improvement in the employment and income situation                                                                     |

| Region   | Housing investment                                                                                                              | Production                                                    | Employment and income                                                                           |
|----------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Hokkaido | Has been more or less flat                                                                                                      | Weakening somewhat                                            | Supply and demand conditions in the labor market are tightening; household income is recovering |
| Tohoku   | Declining, with reconstruction demand following the earthquake disaster having peaked out, although it is still at a high level | Has been more or less flat                                    | The employment and household income situation is improving                                      |
| Hokuriku | Increasing moderately                                                                                                           | Has been relatively weak, although it remains at a high level | The employment and household income situation is improving steadily                             |

|                  |                                                                                   |                                                                                                |                                                                                                                                                                         |
|------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kanto-Koshinetsu | Has been more or less flat                                                        | Has been relatively weak recently                                                              | Household income is increasing moderately as supply and demand conditions in the labor market have continued to tighten significantly                                   |
| Tokai            | Has been on a pick-up trend                                                       | Has been on an increasing trend on the whole, although some weakness has been observed in part | Supply and demand conditions in the labor market are tightening and household income has continued to improve                                                           |
| Kinki            | Picking up                                                                        | Has been on a moderate increasing trend                                                        | With the steady 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          | Picking up                                                                        | Increasing                                                                                     | The employment and household income situation has continued to improve steadily                                                                                         |
| Shikoku          | Bottoming out recently, although it had declined, chiefly in housing for rent     | Has been relatively weak recently in part                                                      | Supply and demand conditions in the labor market have been tightening and household income is picking up moderately                                                     |
| Kyushu-Okinawa   | Has been at a high level, mainly on the back of the low interest rate environment | Has been relatively weak on the whole                                                          | Supply and demand conditions in the labor market have continued to tighten steadily, and household income is on a moderate increasing trend                             |

### 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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Regional Research Division, Research and Statistics Department

Tel: +81-3-3277-1357

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