

Economic Outlook 2026 - 2027

Mizuho Research & Technologies, Ltd.

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Overview of the global economy and Japan's economy

1. Global economic outlook

- ✓ The global economy is expected to maintain a growth rate of above 3%, remaining broadly solid.
- ✓ However, gains are uneven. Intensifying international competition, persistent inflation, and high interest rates are widening the gap between those who can adapt and those who cannot, reinforcing a K-shaped economy.
- ✓ The global economy also faces vulnerabilities, with higher dependence on the US economy and booming AI investments.

2. Japan's economy under the Takaichi administration

- ✓ Backed by public support and a strong political base, the Takaichi cabinet plans to step up growth-oriented investment, which is expected to boost Japan's long-term growth potential.
- ✓ The key challenge is to maintain public and market confidence by delivering tangible results.
- ✓ The BOJ is expected to raise the policy rate to 1.5% by mid-FY2027, while USD/JPY is expected to remain around 150, amid relatively low real interest rates.

Global economy remains steady despite uneven growth

Outlook on the global economy

	(Y-o-y % change)				(%pt)	
	2024	2025 (Expected result)	2026 (Outlook)	2027 (Outlook)	2025 (Comparison with December 2025 outlook)	2026
Global real GDP growth	3.3	3.5	3.3	3.1	0.1	0.1
Japan, US, Europe	1.7	1.8	1.7	1.7	0.1	-
US	2.8	2.2	2.4	2.1	0.1	0.3
Eurozone	0.9	1.5	1.4	1.4	0.1	-0.1
UK	1.1	1.4	1.1	1.1	-	-
Japan	-0.2	1.1	0.5	1.9	-0.2	-0.4
Asia	5.3	5.5	4.7	4.3	0.1	0.1
China	5.0	5.0	4.1	3.6	0.1	-
NIEs	3.4	4.0	3.0	2.2	0.5	0.7
ASEAN5	5.1	5.1	4.6	4.8	0.2	-
India	6.7	7.6	6.7	6.5	-	0.2
Australia	1.1	1.8	1.7	1.8	-	-
Japan (FY)	0.5	0.7	1.0	1.4	-0.3	-

The global economy will moderate in 2026 as the boost from AI-related demand fades. Fiscal measures in major economies are likely to provide support. In 2027, the impact of fiscal policy is expected to wane. However, the global economy is likely to maintain growth around 3%, supported by steady private investment.

Tax cuts for households and businesses will bolster the economy in 2026. In 2027, the fiscal support is expected to wane. AI-related investment is likely to keep growing at a slower pace, allowing the economy to keep a growth rate of around 2%.

Public-sector growth is likely to accelerate in 2026, but spillovers to the private sector are expected to be limited. The economy will slow in the second half of 2027 as fiscal support fades.

Domestic demand is expected to weaken as the effects of subsidies wane, while exports continue to bolster the economy. A prolonged slump in the property market is likely to weigh on consumption through negative wealth effects.

Government support will spur private capital investment. As inflation slows, real income is likely to improve, and private consumption is expected to pick up moderately. The BOJ is expected to raise the policy rate to 1.5% by mid-FY2027.

Note: Figures in the shaded areas are forecasts. The global growth rate is calculated based on the GDP share (PPP) by the IMF.
Source: Made by MHRT based on the IMF and the statistics of the relevant countries or regions.

Japan: LDP wins a landslide victory. Determination will be tested in delivering a “strong economy.”

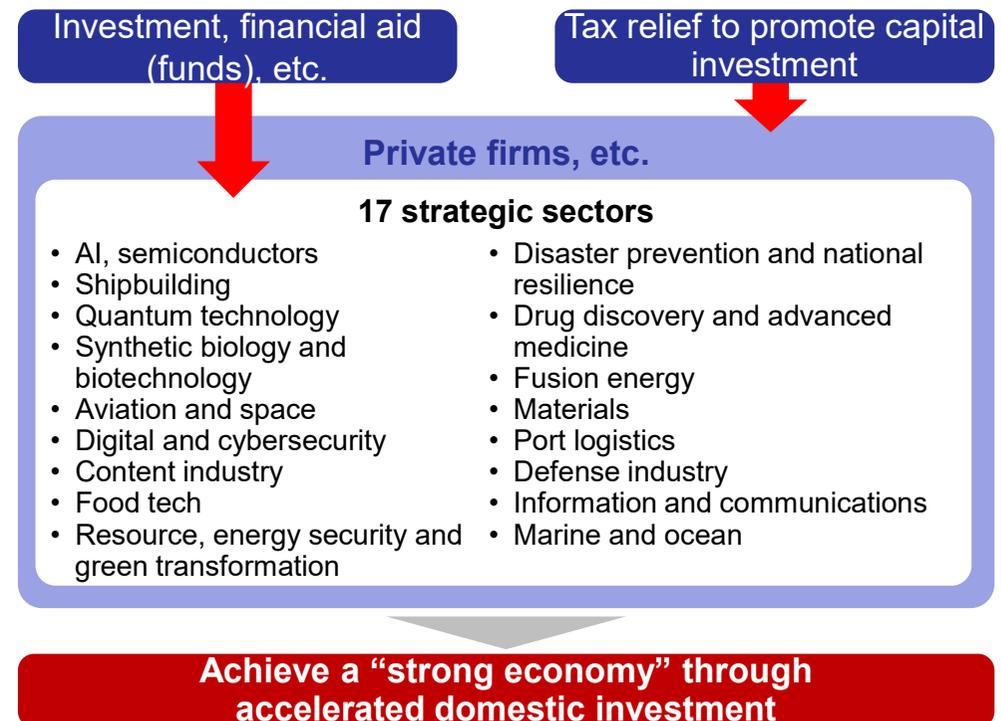
- **The Liberal Democratic Party (LDP) made a major gain, securing more than two-thirds of the House of Representatives’ seats (over 310) on its own.** This provides the government with a stable mandate and room to pursue bold policymaking.
 - Prime Minister Takaichi reiterated her **“responsible and proactive fiscal policy” with the government leading with bold domestic investment.** The PM stressed that discussions on distribution make sense only when the economy is growing steadily.
 - The flagship measures — **crisis management and growth investment** — have already been funded in the supplementary budget, with **JPY 1.7 trillion earmarked for equity injections, subsidies, and other support across 17 strategic sectors.** In addition, the government plans to introduce **an investment-promoting tax incentive worth roughly JPY 400 billion per year, applicable across industries (immediate expensing and a 7% tax credit).**
 - Going forward, the administration intends to avoid relying on supplementary budgets and instead provide necessary funding through the initial budget. Attention will therefore focus on the “Basic Policy” (Honebuto no Hōshin) to be released ahead of the FY2027 budget requests.

Pre- and post-election party seats

	Pre-election seats	Post-election seats	Increase/decrease	[Reference] Upper House
LDP	197	316	+119	101
Japan Innovation Party (JIP)	38	36	-2	19
Sanseito	3	15	+12	15
Democratic Party for the People (DPFP)	28	28	± 0	25
Others	199	70	-129	88
Total	465	465		248
Majority	(233)	(233)		(124)

In a sweeping election victory, the LDP won a total of 352 seats together with the JIP. It will now seek an Upper House majority by joining hands with Sanseito and the DPFP.

Details of domestic investment support measures



Japan: Takaichi administration's support package will bolster business investment, with effects likely to outweigh the headwinds from higher interest rates.

- The administration's planned capital-investment support package is **likely to boost real business fixed investment by around 1%pt.**
 - **Investment and financial support** — including equity injections and subsidies — for 17 strategic sectors is projected to add roughly **0.35%pt**, while investment-promoting tax incentives are expected to contribute by around **0.65%pt**.
 - The government also plans to manage its growth investment budget under a separate multiyear framework, which should improve policy predictability and strengthen expectations of sustained implementation.
- Meanwhile, **the drag from interest rate hikes on real business fixed investment is estimated at around -0.3 to -0.5%pt.**
 - Higher interest rates are likely to weigh on capital spending by increasing interest expenses and raising hurdle rates.
 - However, since **nearly 60% of investment is financed from internal funds** (with bank borrowing accounting for just under 30%), **firms' investment capacity will be maintained even as interest rates rise.**

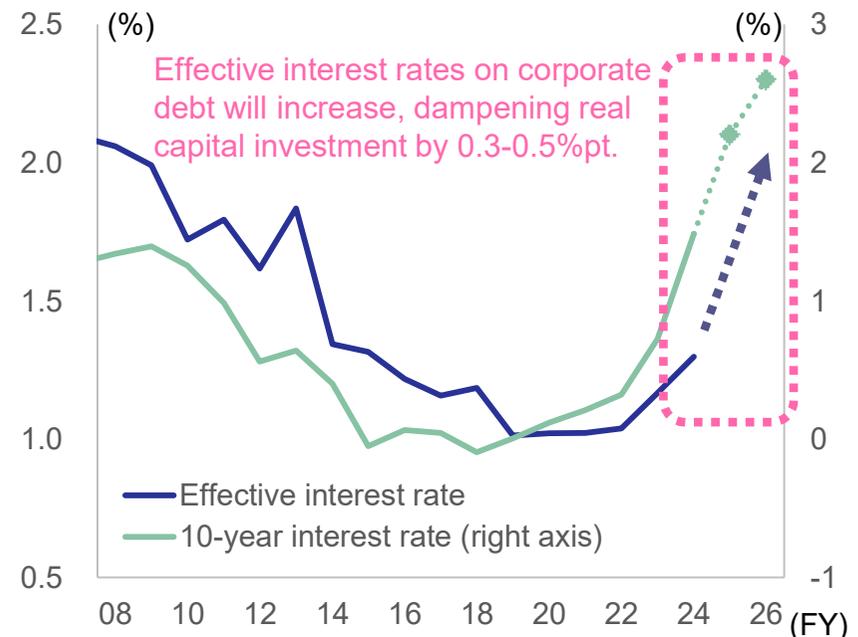
Impacts of the capital investment support package

	Investment and financial support for 17 strategic sectors	Investment-promoting tax incentives
Scale	Approx. 1 trillion yen annually (FY2025 supplementary budget, etc.)	Approx. 0.4 trillion yen annually (FY2026 tax reform outline)
Period	At least 3 years	5 years
Impact	Approx. +0.35% pt	Approx. +0.65% pt
(Impacts on real business fixed investment)		

Note: The impact of investment and financial support is estimated using multipliers of the Cabinet Office's macro model. The impact of investment-promoting tax incentives is calculated with the average tax deduction rate at 6% and under the assumption that new demands account for about 10% of the targeted investment value.

Source: Made by MHRT based on the Cabinet Office's website and various media reports.

Effective interest rate of corporate debt and long-term interest rate



Note: Effective interest rate = interest payments, etc. divided by outstanding interest-bearing debt (short- and long-term borrowings + corporate bonds). Companies in all sizes and industries. 10-year interest rate = 10-year JGB yield. Data for FY2025 and 2026 are forecasts.

Source: Made by MHRT based on the Ministry of Finance, *Financial Statements Statistics of Corporations by Industry*, and LSEG.

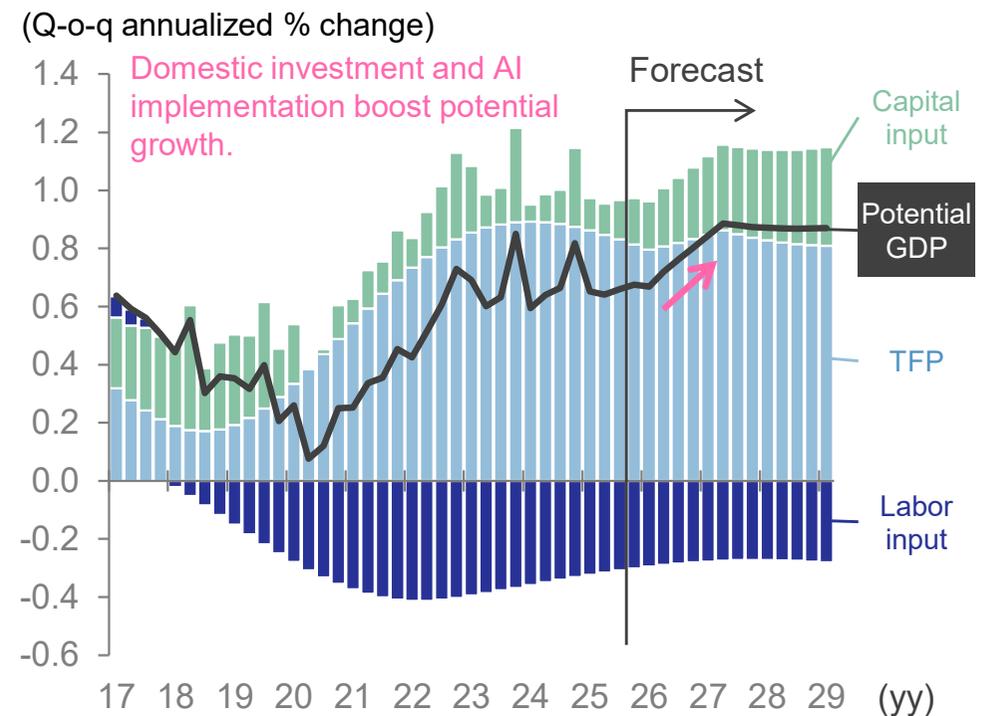
Japan: Spurred domestic investment and productivity gains will lift potential growth

- Policy effects and changes in the external environment are expected to **lift potential growth toward the second half of the 2020s**.
 - Economic security risks are rising and prompting a reassessment of global supply chains. Against this backdrop, the government's **"crisis management and growth investment" program and investment-promoting tax incentives** are expected to crowd in private-sector domestic investment, leading to a larger contribution of capital input to growth.
 - **Corporate efforts to adapt to faster wage growth and higher interest rates, together with broader adoption of AI** that prompts companies to improve efficiency and move toward higher value-added activities, are likely to lift total factor productivity (TFP), further contributing to an acceleration in potential growth.
 - **Japan's potential growth rate is currently estimated at around +0.6%**. Looking ahead, it is projected to pick up gradually toward around **+0.9%** in the second half of the 2020s.

Factors impacting the potential GDP growth rate

Capital input	<ul style="list-style-type: none"> • Domestic investment recovery on the back of economic security risks (+) • Increased business fixed investment spurred by the government's "crisis management and growth investment" program and investment-promoting tax incentives (+)
Total factor productivity (TFP)	<ul style="list-style-type: none"> • Corporate efforts to adapt to faster wage growth and rising interest rates (+) • Economy-wide efficiency gains and a shift toward higher value-added activities as AI adoption broadens (+)
Labor input	<ul style="list-style-type: none"> • Labor force participation particularly among women and seniors continues to increase, but the number of employed persons is expected to decline gradually as the population shrinks (-) • The pace of the decline in working hours is expected to moderate somewhat, but the overall downward trend remains unchanged (-)

Estimate of the potential GDP growth rate

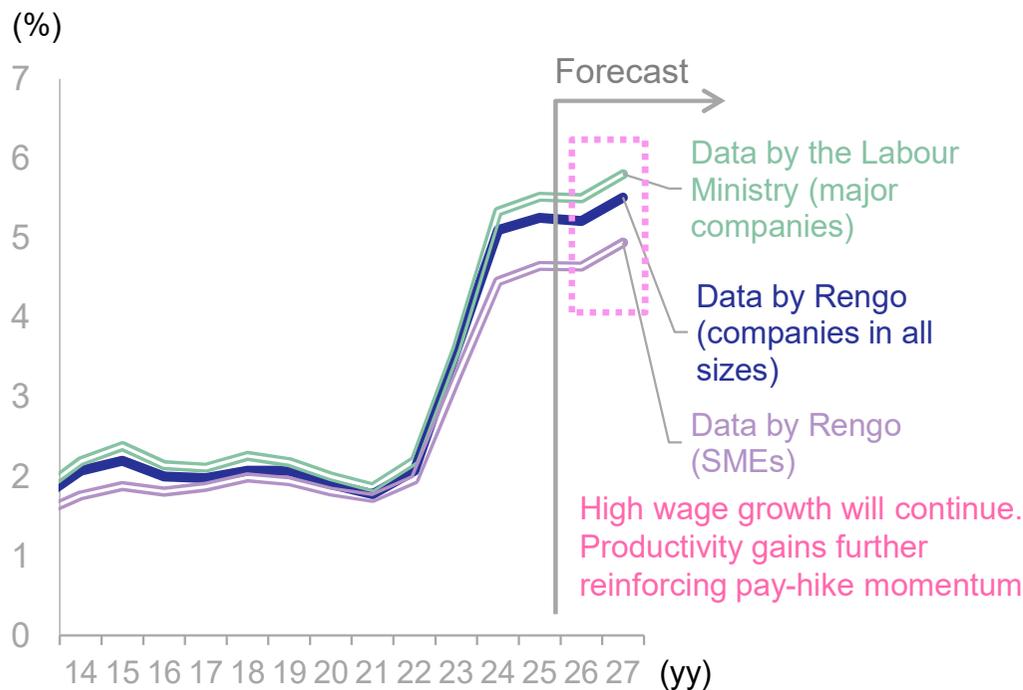


Note: Both actual figures and forecasts are estimates by MHRT.
Source: Made by MHRT based on the Cabinet Office's National Accounts.

Japan: Wage growth is set to stay elevated amid intensifying labor shortages, with rising expectations for productivity gains further reinforcing pay-hike momentum

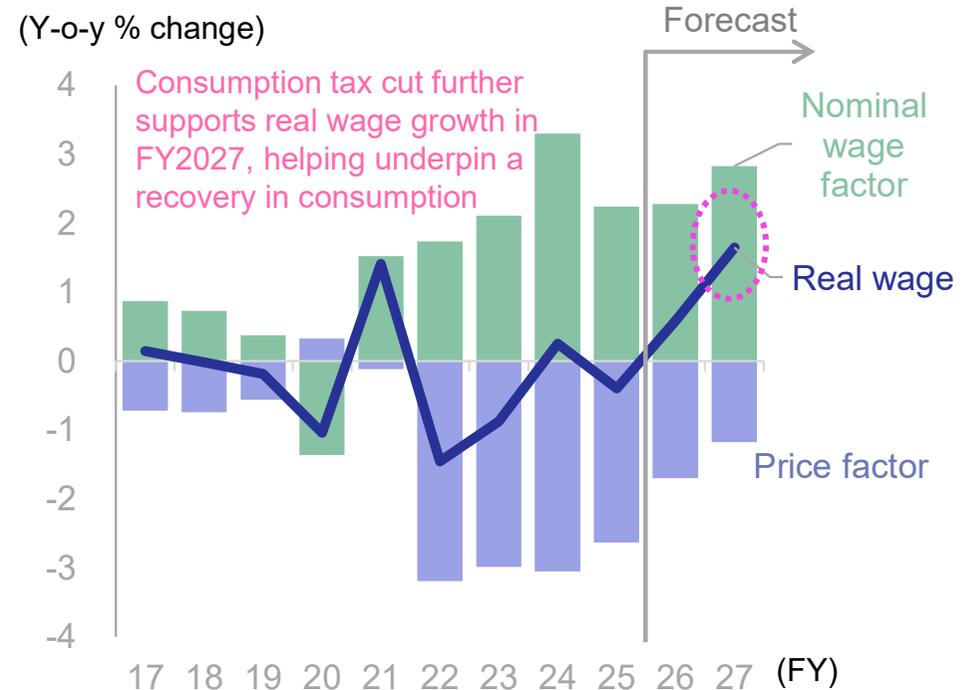
- Against the backdrop of labor shortages, **the 2026 spring wage negotiations are expected to conclude at a high settlement rate broadly in line with 2025.**
 - From 2024 onward, the spring wage settlement rate is projected to remain in the 5% range (including regular pay increases) for three consecutive years. With CPI inflation hovering around 2%, a “high wage-hike norm” is becoming entrenched. Combined with expectations for productivity improvements, wage growth is likely to pick up somewhat in 2027.
- **Real wages are expected to turn positive on a y-o-y basis in FY2026 as inflation decelerates. In FY2027, a consumption tax cut is projected to further support real wage growth.**
 - In FY2027, a reduction in the consumption tax rate on food and beverages is expected to lower inflation, providing an additional tailwind for real wages. Real wage growth is likely to rise temporarily to the mid-1% range, helping underpin a recovery in private consumption.

Outlook on the spring wage increase rate



Source: Made by MHRT based on the Japanese Trade Union Confederation (Rengo), *Spring wage negotiations (Shunto)*, and the Ministry of Health, Labour and Welfare, *Spring wage negotiation results for major private companies*.

Outlook on real wages



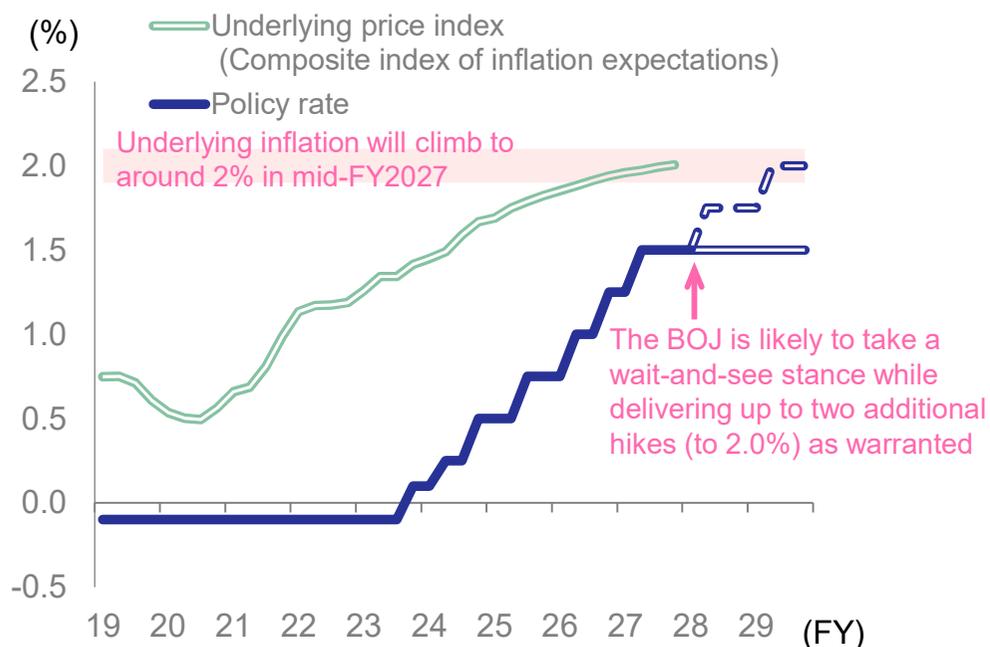
Note: Nominal wage is total cash earnings per worker (common establishments basis); price factor is CPI all items basis.

Source: Made by MHRT based on the Ministry of Health, Labour and Welfare, *Monthly Labour Survey*, and the Ministry of Internal Affairs and Communications, *Consumer Price Index*.

Japan: BOJ will raise the rate to at least 1.5%, while USD/JPY is expected to remain around 150

- **The BOJ is likely to maintain a roughly semiannual pace of rate hikes, raising the policy rate to 1.5% by the middle of FY2027.**
 - The neutral rate is seen in the 1.5-2.0% range; from the second half of FY2027 onward, the BOJ is likely to take a wait-and-see stance while delivering up to two additional hikes (to 2.0%) as warranted.
 - Within FY2026, the BOJ is expected to implement two 25bp hikes—around June 2026 and in Q1 2027.
- **USD/JPY is likely to stay in the 150-yen range.** With real interest rates remaining low, yen-appreciation pressure from narrowing interest-rate differentials is expected to be limited.

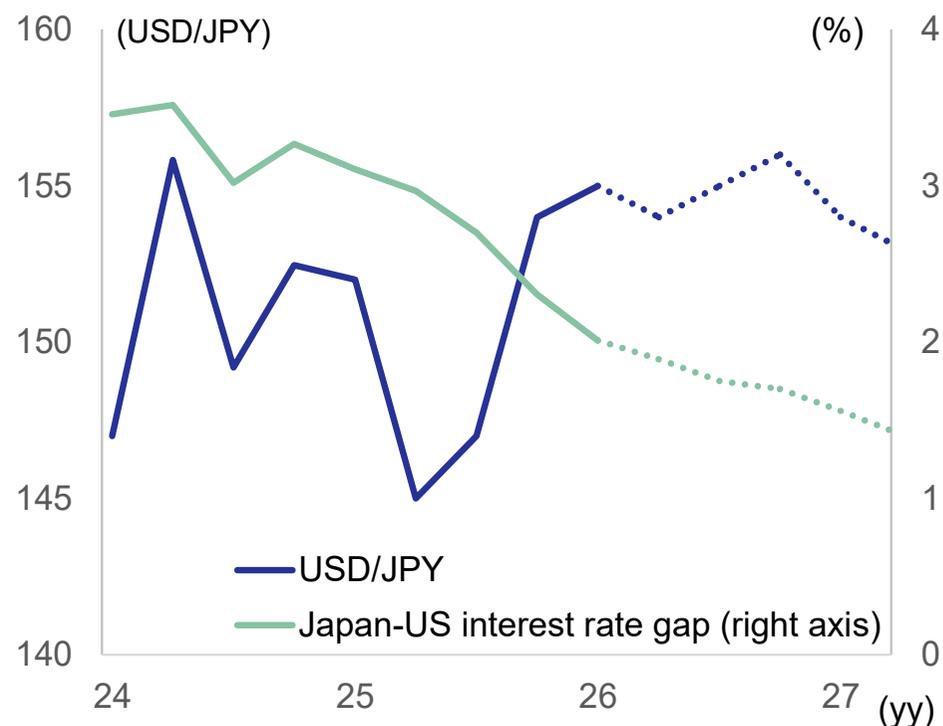
Underlying inflation and the policy rate



Note: The composite index of inflation expectations is for 10 years ahead. Estimates are based on Osada and Nakazawa (2024) up to 2024 Q1. Values for 2024 Q2–2025 Q3 are back-calculated based on materials by BOJ Policy Board's Asahi Noguchi (Nov 2025). Mechanically estimated for 2026 Q1 to 2027 Q4 using the time-varying coefficient VAR model, including CPI increase rate. The output gap is controlled as an exogenous variable.

Source: Made by MHRT based on the BOJ; Osada and Nakazawa (2024); Bloomberg; QUICK Monthly Bond Survey; Consensus Economics (Consensus Forecast); the Cabinet Office; and the Ministry of Internal Affairs and Communications.

USD/JPY exchange rate



Note: The broken lines are forecasts. Japan-US interest rate gap = 10Y US treasury bond yield - 10Y JGB yield.

Source: Made by MHRT based on LSEG.

US Economic Outlook Summary Table

		2024	2025	2026	2027	2025				2026				2027			
				(Outlook)		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
GDP (real)	Q-o-q % ch p.a.	2.8	2.2	2.4	2.1	▲ 0.6	3.8	4.4	1.4	2.3	2.2	2.1	2.1	2.1	2.0	2.0	2.0
Personal consumptions	Q-o-q % ch p.a.	2.9	2.7	2.3	2.1	0.6	2.5	3.5	2.4	2.0	2.3	2.1	2.1	2.1	2.1	2.1	2.1
Housing investment	Q-o-q % ch p.a.	3.2	▲ 2.2	▲ 1.1	1.7	▲ 1.0	▲ 5.1	▲ 7.1	▲ 1.6	▲ 0.4	1.2	1.6	1.7	1.7	1.7	1.7	1.7
Capital investment	Q-o-q % ch p.a.	2.9	4.2	2.8	2.1	9.5	7.3	3.2	3.7	2.0	2.2	2.1	2.1	2.1	2.1	2.1	2.1
Inventory investment	Q-o-q contribution p.a. % pt	0.0	▲ 0.1	▲ 0.2	0.1	2.6	▲ 3.4	▲ 0.1	0.2	▲ 0.1	▲ 0.1	0.1	0.1	0.1	0.0	0.0	0.0
Government consumption	Q-o-q % ch p.a.	3.8	1.2	0.6	1.4	▲ 1.0	▲ 0.1	2.2	▲ 5.1	3.5	1.2	1.2	1.4	1.4	1.4	1.4	1.2
Net exports	Q-o-q contribution p.a. % pt	▲ 0.4	▲ 0.2	0.6	▲ 0.1	▲ 4.7	4.8	1.6	0.1	0.1	0.1	▲ 0.1	▲ 0.1	▲ 0.1	▲ 0.0	▲ 0.0	▲ 0.0
Exports	Q-o-q % ch p.a.	3.6	1.7	1.3	1.5	0.2	▲ 1.8	9.6	▲ 0.9	0.2	1.0	1.2	1.3	1.6	1.7	1.7	1.8
Imports	Q-o-q % ch p.a.	5.8	2.7	▲ 2.9	1.5	38.0	▲ 29.3	▲ 4.4	▲ 1.3	▲ 0.6	0.2	1.5	1.6	1.6	1.6	1.6	1.5
Unemployment rate	%	4.0	4.3	4.4	4.2	4.1	4.2	4.3	4.5	4.4	4.4	4.3	4.3	4.2	4.2	4.2	4.2
PCE deflator	Y-o-y % ch	2.6	2.6	2.4	2.1	2.6	2.4	2.7	2.8	2.6	2.4	2.3	2.3	2.2	2.1	2.0	2.0
Core, excl. food and energy	Y-o-y % ch	2.9	2.8	2.5	2.1	2.8	2.7	2.9	2.9	2.7	2.5	2.4	2.3	2.2	2.1	2.0	2.0

Note: Shaded figures are forecasts.

Source: Made by MHRT based on US Department of Commerce and US Department of Labor.

Eurozone Economic Outlook Summary Table

		2024	2025	2026	2027	2025				2026				2027			
		(Outlook)				Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
GDP (real)	Q-o-q % ch p.a.	0.9	1.5	1.4	1.4	0.6	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Domestic demand	Q-o-q contribution p.a. % pt	0.6	2.2	1.6	1.3	0.5	0.3	0.6	0.5	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Personal consumption	Q-o-q % ch p.a.	1.3	1.3	1.3	1.4	0.3	0.3	0.2	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.3
Gross fixed capital formation	Q-o-q % ch p.a.	▲ 2.0	2.7	1.3	1.5	2.6	▲ 1.6	1.0	0.3	0.3	0.4	0.5	0.5	0.4	0.3	0.3	0.3
Government consumption	Q-o-q % ch p.a.	2.3	1.7	1.6	1.3	0.1	0.4	0.7	0.3	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3
Inventory investment	Q-o-q contribution p.a. % pt	▲ 0.1	0.4	0.2	0.0	▲ 0.2	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External demand	Q-o-q contribution p.a. % pt	0.3	▲ 0.5	▲ 0.2	0.0	0.1	▲ 0.2	▲ 0.2	▲ 0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports	Q-o-q % ch p.a.	0.6	2.0	0.3	0.8	2.2	▲ 0.4	0.8	▲ 0.6	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Imports	Q-o-q % ch p.a.	▲ 0.1	3.5	0.7	0.8	2.3	▲ 0.0	1.4	▲ 0.5	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
CPI	Y-o-y % ch	2.4	2.1	1.8	2.0	2.3	2.0	2.1	2.1	1.8	1.8	1.8	1.9	2.0	2.0	2.0	2.0
Core, excl. food and energy	Y-o-y % ch	2.8	2.4	2.0	2.0	2.6	2.4	2.3	2.4	2.2	2.0	1.9	1.9	2.0	2.0	2.0	2.0

Note: Shaded figures are forecasts.
Source: Made by MHRT based on Eurostat.

Emerging Country Economic Outlook Summary Table

	2024	2025	2026	2027	2024				2025		
			(Outlook)		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Asia	5.3	5.5	4.7	4.3	5.8	5.1	4.8	5.3	5.5	5.7	5.6
China	5.0	5.0	4.1	3.6	5.3	4.7	4.6	5.4	5.4	5.2	4.8
NIEs	3.4	4.0	3.0	2.2	4.5	3.5	3.1	2.6	2.4	3.5	4.3
South Korea	2.0	1.0	1.8	2.0	3.4	2.2	1.4	1.1	▲ 0.0	0.6	1.8
Taiwan	5.3	8.7	5.6	3.0	7.2	5.3	4.7	4.1	5.5	7.7	8.4
Hong Kong	2.5	3.5	2.1	1.5	2.8	3.0	1.9	2.5	3.0	3.1	3.8
Singapore	5.3	5.0	2.2	2.0	4.3	4.8	7.0	5.3	3.9	4.6	4.6
ASEAN5	5.1	5.1	4.6	4.8	4.7	5.3	5.2	5.2	4.9	5.2	4.8
Indonesia	5.0	5.1	4.9	5.0	5.1	5.0	4.9	5.0	4.9	5.1	5.0
Thailand	2.9	2.4	1.9	2.1	2.1	2.7	3.3	3.7	3.1	2.8	1.2
Malaysia	5.1	5.2	4.3	4.2	4.2	5.9	5.4	4.9	4.4	4.4	5.4
Philippines	5.7	4.4	4.5	5.2	5.9	6.5	5.2	5.3	5.4	5.5	3.9
Vietnam	7.0	8.0	6.8	6.5	5.9	7.2	7.4	7.5	7.0	8.2	8.3
India	6.7	7.6	6.7	6.5	8.4	6.5	5.6	6.4	7.4	7.8	8.2
Australia	1.1	1.8	1.7	1.8	1.3	1.0	0.9	1.1	1.5	1.9	2.0
Ref. NIEs+ASEAN5	4.5	4.7	4.0	3.8	4.6	4.6	4.4	4.2	4.0	4.5	4.7
Ref. Asia, excl. China	5.6	6.2	5.5	5.2	6.5	5.6	5.0	5.3	5.7	6.2	6.5

Note: Real GDP growth (y/y, %); Shaded figures are forecasts.
Source: Made by MHRT based on National Statistics and IMF.

Japan Economic Outlook Summary Table

		2024	2025	2026	2027	2025				2026				2027				2028
				FY(Outlook)		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
GDP (real)	Q-o-q % ch	0.5	0.7	1.0	1.4	0.3	0.5	▲0.7	0.1	0.2	0.2	0.5	0.0	1.5	▲0.1	0.2	0.1	0.2
	Q-o-q % ch p.a.	—	—	—	—	1.0	2.1	▲2.6	0.2	0.9	0.8	1.9	0.2	6.1	▲0.5	0.7	0.6	0.7
Domestic demand	Q-o-q % ch	0.8	0.9	1.1	1.4	0.9	0.4	▲0.4	0.0	0.3	0.2	0.5	0.0	1.5	▲0.1	0.2	0.2	0.2
Private-sector demand	Q-o-q % ch	0.5	1.2	1.2	1.5	1.2	0.4	▲0.4	0.1	0.3	0.2	0.5	▲0.1	1.8	▲0.2	0.2	0.2	0.2
Personal consumption	Q-o-q % ch	0.2	1.3	0.9	1.1	0.7	0.2	0.4	0.1	0.2	0.1	0.2	▲0.6	2.4	▲0.5	0.1	0.1	0.1
Housing investment	Q-o-q % ch	▲0.7	▲3.2	2.4	▲0.0	▲0.2	0.0	▲8.4	4.8	2.3	0.5	0.2	0.0	0.0	▲0.0	▲0.0	▲0.0	▲0.1
Capital investment	Q-o-q % ch	0.8	1.6	2.7	2.5	0.2	1.3	▲0.3	0.2	0.6	0.9	0.9	0.8	0.6	0.6	0.6	0.4	0.5
Inventory investment	Q-o-q contribution, % pt	(0.1)	(0.1)	(▲0.1)	(0.1)	(0.5)	(0.0)	(▲0.1)	(▲0.2)	(▲0.1)	(▲0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Public-sector demand	Q-o-q % ch	2.0	0.0	0.9	0.9	▲0.2	0.3	▲0.1	▲0.2	0.1	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.2
Government consumption	Q-o-q % ch	2.3	0.5	0.8	0.8	▲0.3	0.5	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Public investment	Q-o-q % ch	0.1	▲1.8	1.6	1.4	▲0.2	0.0	▲1.5	▲1.3	▲0.1	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0
External demand	Q-o-q contribution, % pt	(▲0.4)	(▲0.2)	(▲0.2)	(0.0)	(▲0.6)	(0.1)	(▲0.3)	(0.0)	(▲0.1)	(▲0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(▲0.0)	(▲0.0)	(▲0.0)
Export	Q-o-q % ch	1.6	2.0	1.5	3.3	▲0.2	1.9	▲1.4	▲0.3	0.2	0.5	0.8	0.9	0.9	0.8	0.7	0.7	0.7
Import	Q-o-q % ch	3.2	2.9	2.1	3.2	2.5	1.4	▲0.1	▲0.3	0.5	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7
GDP (nominal)	Q-o-q % ch	3.7	4.1	3.3	3.1	0.9	2.1	▲0.0	0.6	0.8	1.1	1.0	0.5	1.3	0.6	0.8	0.6	0.8
GDP deflator	Y-o-y % ch	3.2	3.3	2.3	1.7	3.6	3.2	3.5	3.4	3.2	2.7	2.5	2.4	1.6	1.3	1.5	1.5	2.4

Note: Shaded figures are forecasts.

Source: Made by MHRT based on the Cabinet Office, National Accounts

Japan Economic Outlook Summary Table

		2024	2025	2026	2027	2025				2026				2027				2028
					FY(Outlook)	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Industrial production	Q-o-q % ch	▲1.4	0.9	1.6	1.7	▲0.3	0.4	0.1	0.8	0.3	0.2	0.6	0.3	0.5	0.4	0.4	0.4	0.4
Ordinary profit	Y-o-y % ch	7.2	3.9	6.7	7.7	3.8	0.2	19.7	▲2.9	2.5	5.3	3.1	9.7	8.8	7.8	7.4	7.5	8.0
Nominal compensation of empl	Y-o-y % ch	4.1	3.4	3.0	3.5	3.9	4.0	3.4	3.4	2.6	2.8	3.0	2.9	3.1	3.4	3.5	3.5	3.5
Unemployment rate	%	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Number of new housing starts	annual rate, ten thousand units	81.6	71.4	78.1	77.6	88.8	60.1	71.7	76.4	77.5	77.8	77.9	77.9	77.8	77.7	77.5	77.3	77.1
Current account balance	annual rate, trillion yen	29.5	32.7	34.7	34.9	30.0	28.7	33.3	33.2	33.6	33.2	34.2	34.6	34.9	34.7	34.4	34.1	34.4
Corporate goods price index	Y-o-y % ch	3.3	2.7	1.2	0.9	4.2	3.3	2.6	2.6	2.0	1.7	1.8	1.2	▲0.0	0.3	0.6	0.6	2.1
CPI excl. fresh food	Y-o-y % ch	2.7	2.8	1.7	1.2	3.1	3.5	2.9	2.8	2.1	1.8	2.0	2.0	1.0	0.7	0.9	0.9	2.2
CPI excl. fresh food and policy factors	Y-o-y % ch	2.2	2.7	2.1	1.8	2.8	2.9	2.9	2.6	2.6	2.3	2.2	2.2	1.9	1.8	1.8	1.8	1.9
CPI excl. fresh food and energy	Y-o-y % ch	2.3	3.1	1.9	1.3	2.7	3.2	3.2	3.0	2.9	2.4	2.1	2.1	0.8	0.9	1.1	1.1	2.2
CPI excl. fresh food and energy and policy factors	Y-o-y % ch	2.3	3.1	2.4	2.1	2.7	3.4	3.4	3.1	3.2	2.6	2.3	2.3	2.3	2.2	2.2	2.1	1.9

Note: Shaded figures are forecasts.

Source: Made by MHRT based on various statistics of Japan

Financial Markets Outlook Summary Table

		2024	2025	2026	2027	2025			2026				2027				2028	
		FY	FY	FY	FY	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	
Japan																		
uncollateralized overnight call rate	End of period value, %	0.50	0.75	1.25	1.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.50	1.50	1.50	
Newly issued JGBs	10-year, %	1.05	1.10~ 2.37	2.21~ 2.79	2.68~ 3.12	1.40	1.56	1.80	2.14~ 2.37	2.21~ 2.44	2.27~ 2.55	2.37~ 2.65	2.51~ 2.79	2.68~ 2.93	2.80~ 3.05	2.84~ 3.09	2.87~ 3.12	
Nikkei Stock Average	JPY	38,566	37,000~ 61,400	49,700~ 65,000	52,900~ 68,000	36,741	42,213	49,583	48,600~ 61,400	49,700~ 62,500	50,500~ 63,300	51,400~ 64,200	52,200~ 65,000	52,900~ 65,700	53,700~ 66,500	54,500~ 67,300	55,200~ 68,000	
US																		
Federal Funds Rate (lower end)	End of period value, %	4.25	3.50	3.00	3.00	4.25	4.00	3.50	3.50	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Newly issued government bonds	10-year, %	4.28	4.05~ 4.40	3.65~ 4.50	3.75~ 4.50	4.36	4.26	4.09	3.85~ 4.20	3.75~ 4.50	3.65~ 4.50	3.75~ 4.50	3.75~ 4.50	3.75~ 4.50	3.75~ 4.50	3.75~ 4.50	3.75~ 4.50	3.75~ 4.50
Dow Jones Average	USD	41,483	41,000~ 54,200	44,800~ 56,200	46,900~ 58,300	41,454	45,053	47,309	44,400~ 54,200	44,800~ 54,600	45,300~ 55,100	45,800~ 55,600	46,400~ 56,200	46,900~ 56,700	47,400~ 57,200	47,900~ 57,700	48,500~ 58,300	
Eurozone																		
ECB deposit facility rate	End of period value, %	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
German government bonds	10-year, %	2.40	2.45~ 3.15	2.40~ 3.15	2.45~ 3.15	2.60	2.71	2.79	2.45~ 3.15	2.45~ 3.15	2.40~ 3.10	2.45~ 3.15	2.45~ 3.15	2.45~ 3.15	2.45~ 3.15	2.45~ 3.15	2.45~ 3.15	2.45~ 3.15
Exchange rates																		
USD/JPY	USD/JPY	152	139~ 160	148~ 160	142~ 160	144	147	154	150~ 160	148~ 160	148~ 160	150~ 160	148~ 160	145~ 160	144~ 160	143~ 160	142~ 160	
EUR/USD	EUR/USD	1.07	1.05~ 1.22	1.16~ 1.23	1.17~ 1.23	1.13	1.17	1.16	1.15~ 1.21	1.14~ 1.24	1.14~ 1.24	1.15~ 1.25	1.15~ 1.25	1.15~ 1.25	1.15~ 1.25	1.15~ 1.25	1.15~ 1.25	

Note: Shaded figures are forecasts.
Source: Made by MHRT based on LSEG.

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