

Masayoshi Amamiya: Japan's economy and monetary policy

Speech by Mr Masayoshi Amamiya, Deputy Governor of the Bank of Japan, at a meeting with local leaders, Akita (via webcast), 2 December 2020.

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Introduction

It is my pleasure to have the opportunity today to exchange views with leaders in administrative, financial, and economic areas in Akita Prefecture, which is taking place online due to the continuing impact of the novel coronavirus (COVID-19). I would like to take this chance to express my sincere gratitude for your cooperation with the activities of the Bank of Japan's Akita Branch.

At the outset of this meeting, I would like to talk about the Bank's view on economic and financial developments at home and abroad, as well as its thinking behind the conduct of monetary policy since March in response to the impact of COVID-19. In addition, I will explain the purpose of the new facility that the Bank recently decided to introduce in order to enhance the resilience of the regional financial system.

I. Developments in Economic Activity and Prices

Economic Developments

I will start by talking about economic developments.

Japan's economy has picked up with economic activity resuming, although it has remained in a severe situation due to the impact of COVID-19 at home and abroad (Chart 1). The GDP growth rate for the April-June quarter marked a significant negative figure of minus 8.2 percent on a quarter-on-quarter basis but turned positive for the July-September quarter to 5.0 percent. That said, with the impact of COVID-19 remaining, the recovery has been only moderate and economic activity has been at a low level. What is unique about the current shock is that the pace of economic improvement varies significantly, mainly depending on the industry or size of firms, as well as household attributes. On this basis, I will briefly explain developments in overseas economies and then talk about Japan's exports as well as household and corporate sectors in some detail.