

Japan's Excess Savings/Deposit Problem

Fiscal and Monetary Policy Responses to COVID: Enough or too much?

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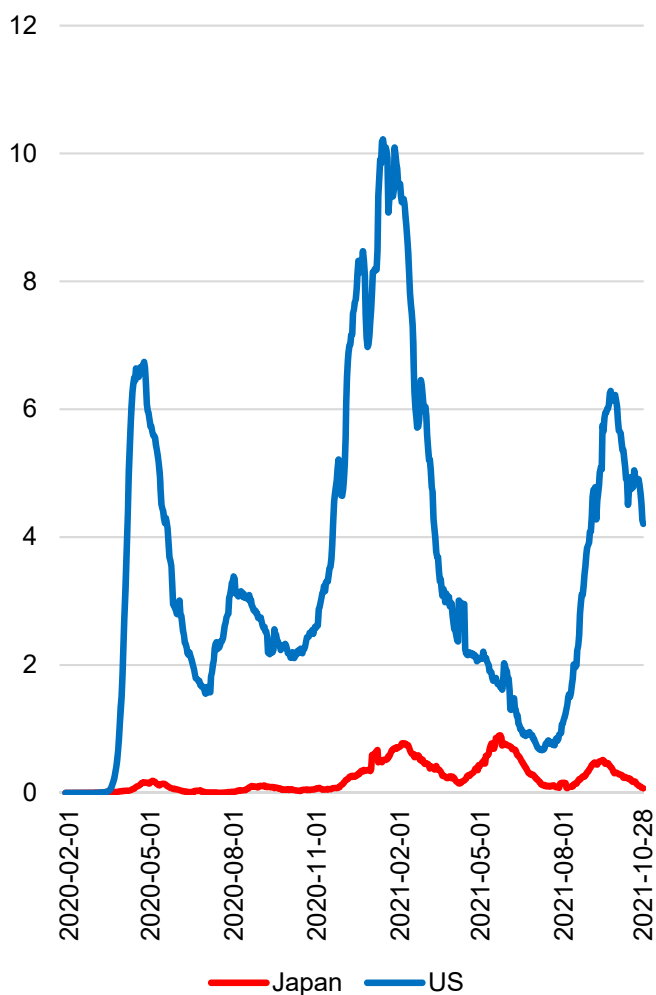
November 8-9, 2021



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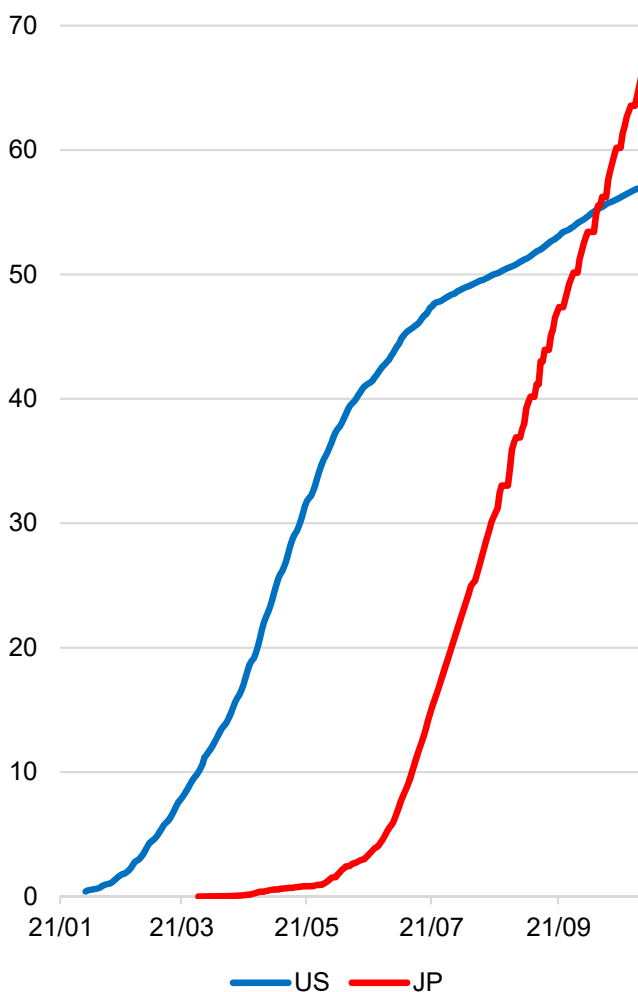
COVID-19 : U.S. vs Japan

COVID-19 New Deaths per Million (7-day Smoothed)



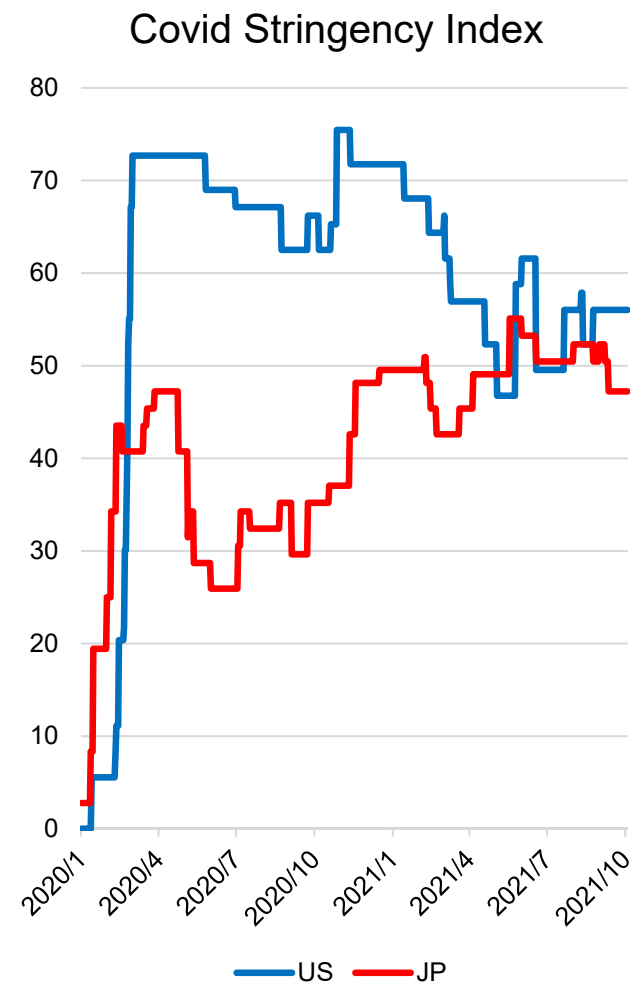
2/1/2021-10/28/2021
Source: NICMR, based on Our World in Data

Fully Vaccinated Population (vs. Total Population, %)



1/2/2021-10/28/2021

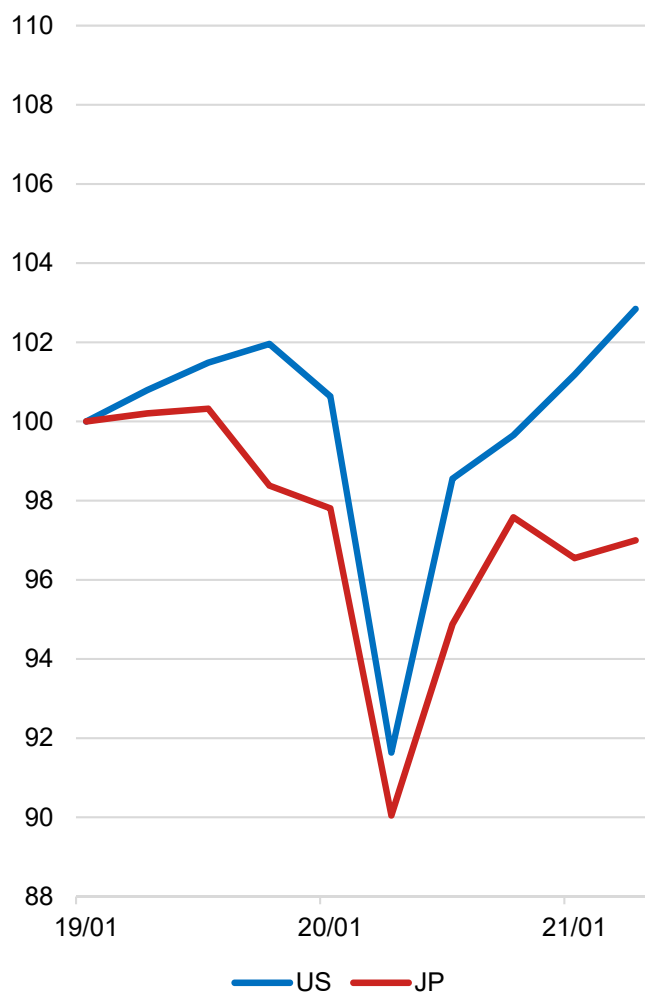
Oxford Univ. COVID-19 Stringency Index



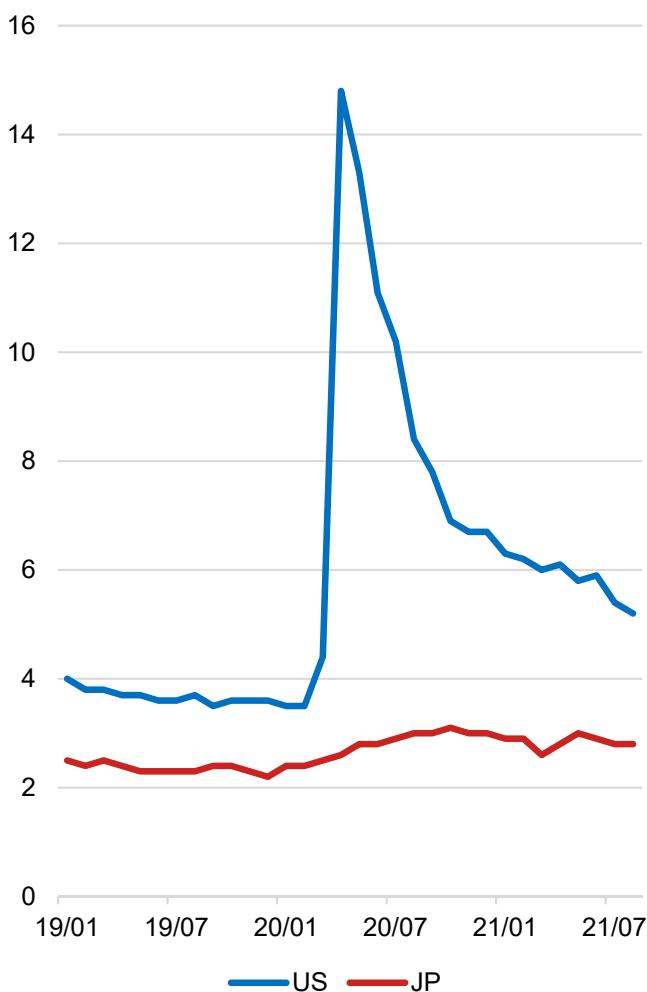
1/21/2021-10/23/2021

Economic Shock and Recovery: U.S. vs Japan

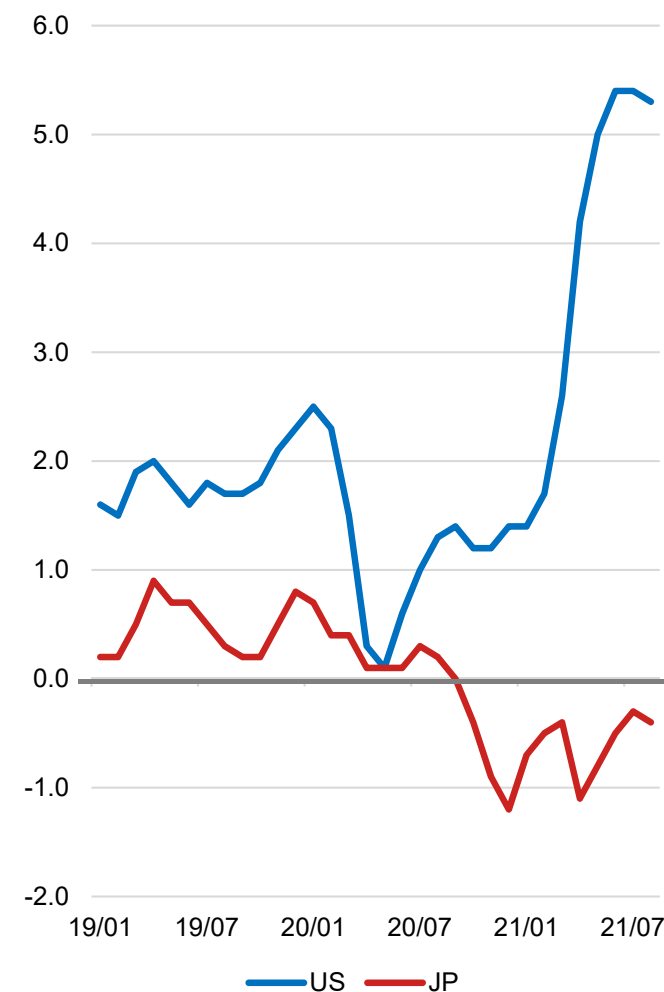
Real GDP (2019Q1=100, Quarterly, Seasonally Adjusted)



Unemployment Rate (% Monthly, Seasonally Adjusted)

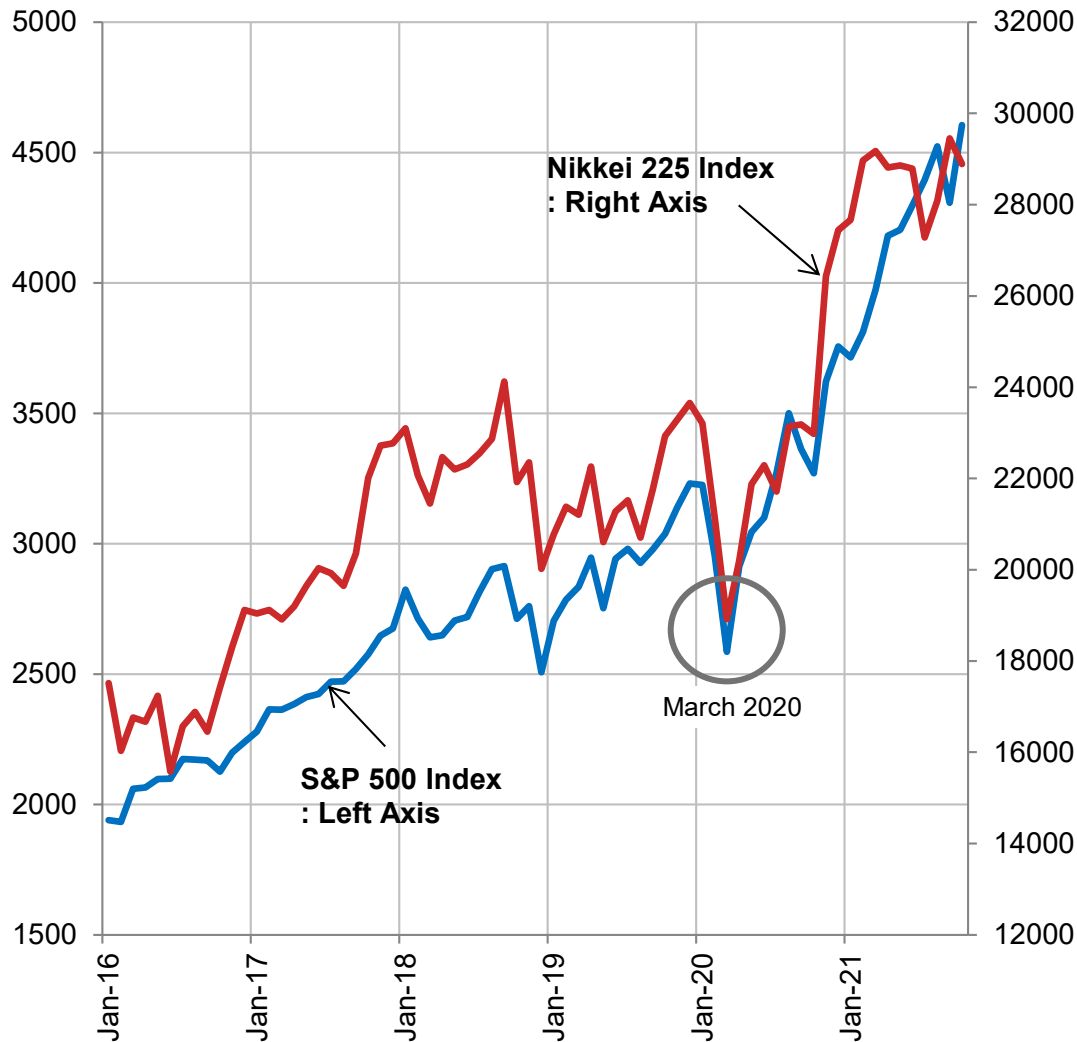


CPI (YoY %, Monthly)

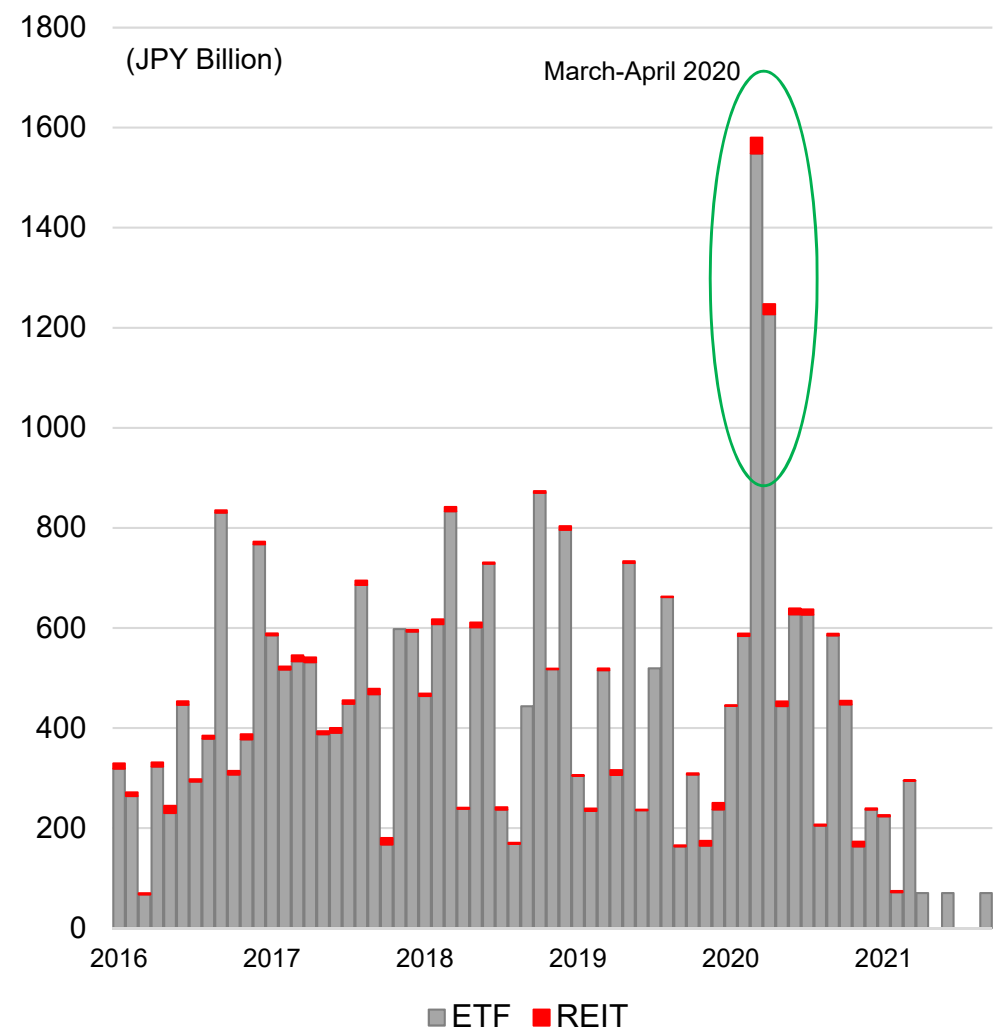


Financial Market Recovery: Japan

Equity Market Recovery: Japan (Nikkei) vs U.S. (S&P500)



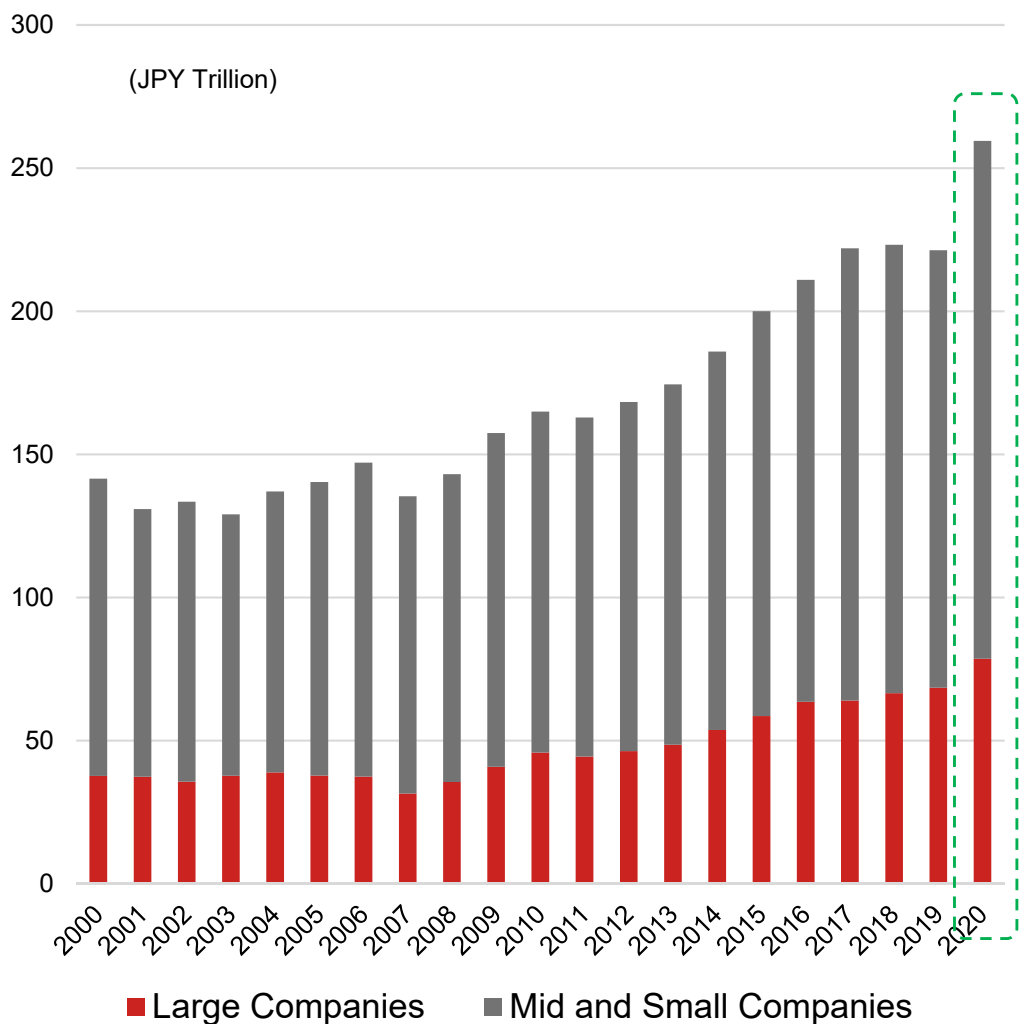
BOJ Purchases of ETFs and REITs (Monthly, Jan 2016 – Sep 2021)



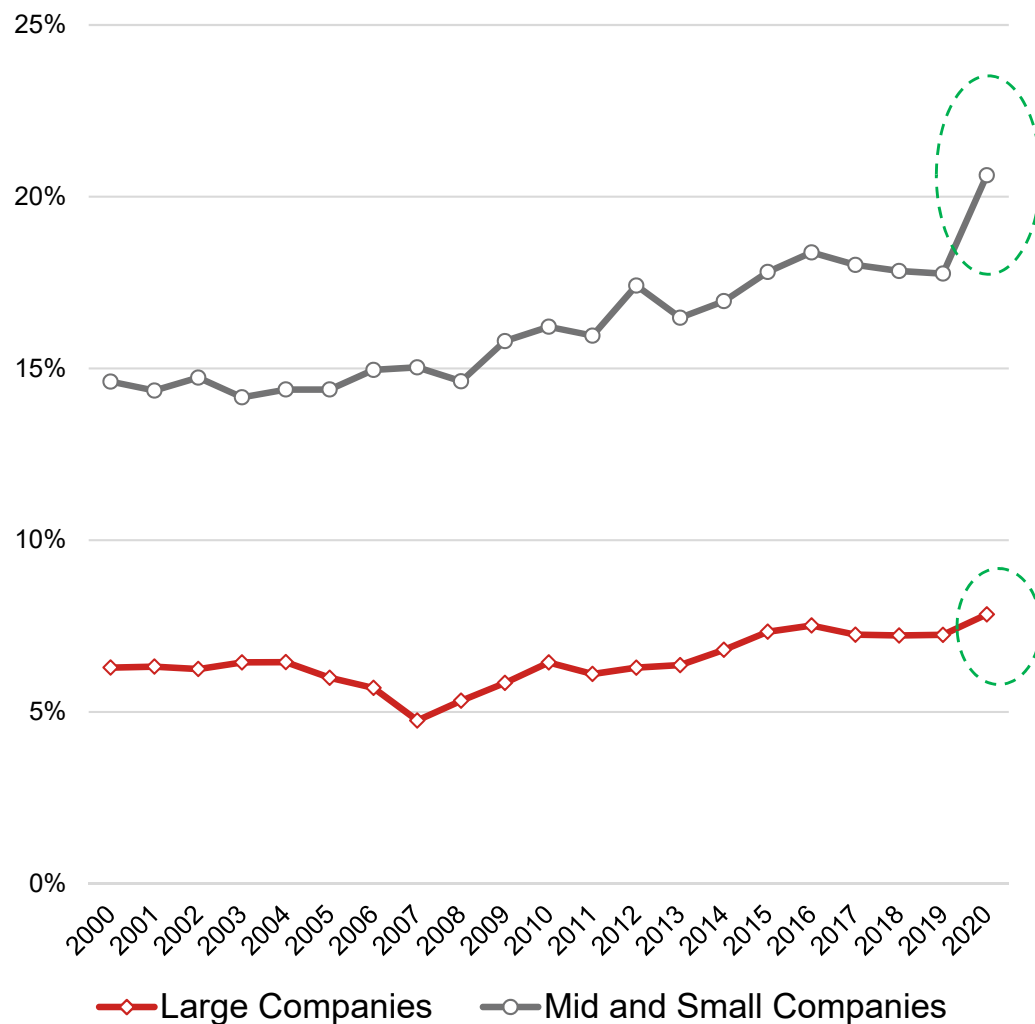
Source: NICMR, Based on Bloomberg and BOJ

Japanese Firms Keep Piling Up Cash At Record Pace

Cash and Deposits Held by Firms (All Industries, Except Financial and Insurance)



Cash Ratio: [Cash and Deposits]/[Total Assets]

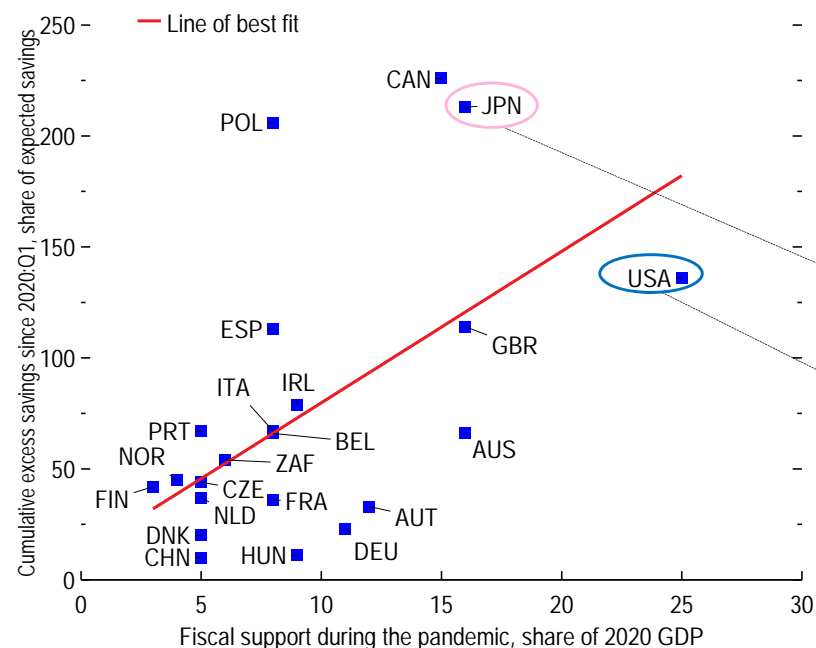


Note: Large companies are the corporations with capital of 1 billion yen or over
Source: NICMR, based on MOF "Financial Statements Statistics of Corporation"

Did Government Supports Go to Savings?

Household Savings and Government Support During the Pandemic

Figure 4. Household Savings and Government Support during the Pandemic (Percent)



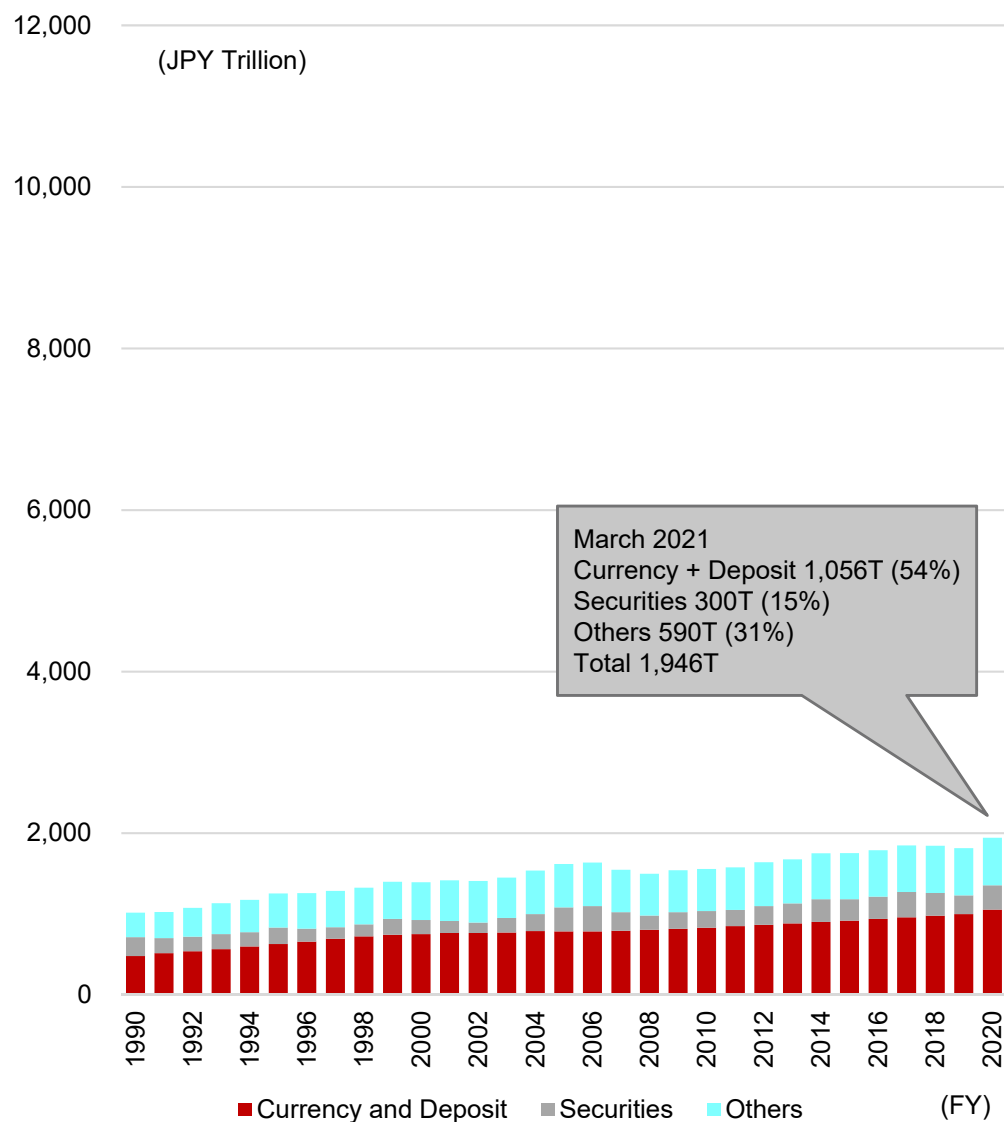
Country Code	Fiscal support during the pandemic, share of 2020 GDP	Cumulative excess savings since 2020:Q1, share of expected savings
CAN	14.6	226.5
JPN	15.9	213.5
USA	25.5	136.2
GBR	16.2	114.5
AUS	16.1	66.1

Sources: Eurostat; Organisation for Economic Co-operation and Development; U.S. Bureau of Economic Analysis; and IMF staff calculations.

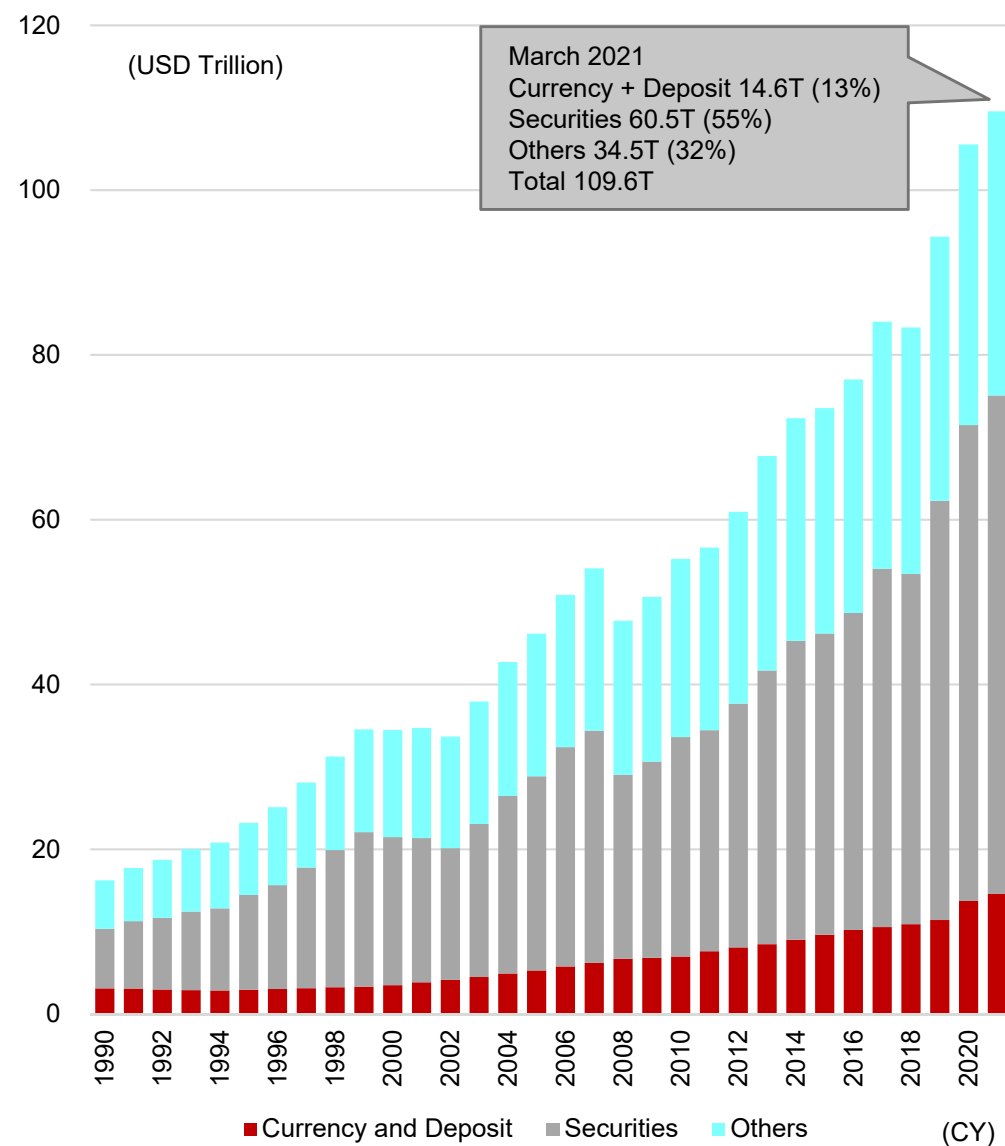
Note: Fiscal support includes above-the-line fiscal measures governments have announced or implemented in response to the COVID-19 pandemic between January 2020 and March 17, 2021. Cumulative excess savings are household gross savings from 2020:Q1 to 2021:Q1 or the latest quarter available, exceeding what is expected based on a linear trend calculated from 2017:Q1 to 2019:Q4 for each country. Data labels use International Organization for Standardization (ISO) country codes.

Household Financial Assets: Misallocation?

HH Financial Assets (Level): Japan



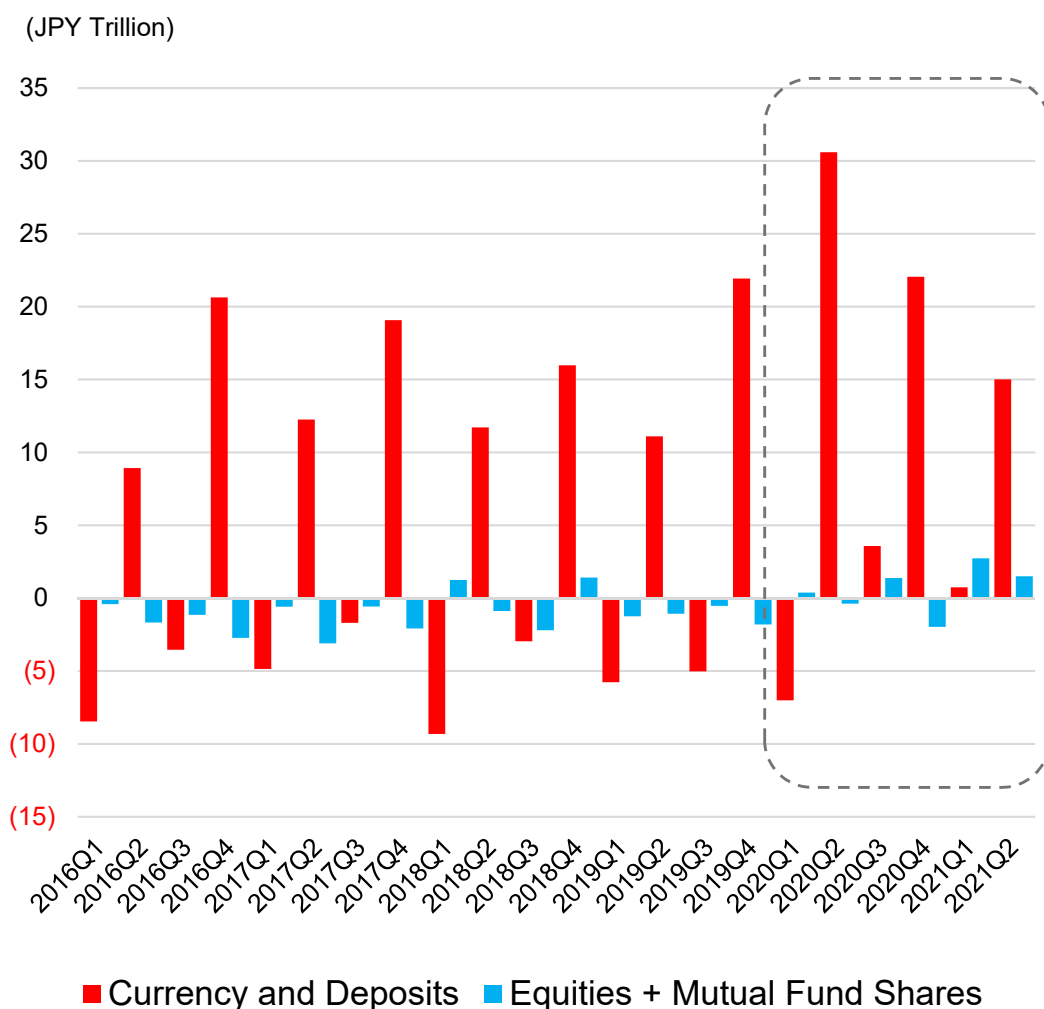
HH Financial Assets (Level): U.S.



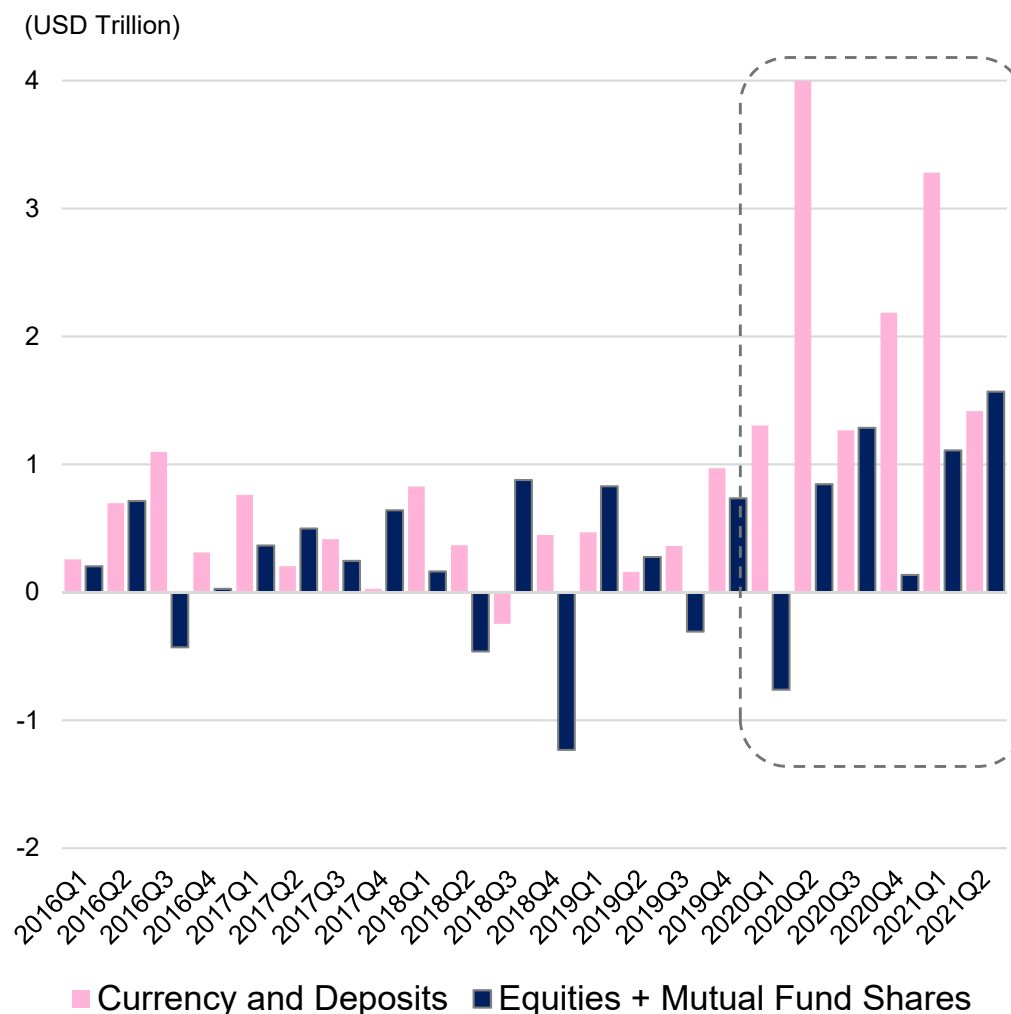
Japan: End of Fiscal Year (March), U.S.: End of Calendar Year
 Source: NICMR, Based on BOJ and FRB

HH Financial Assets (Flow) During Pandemic Period

HH Financial Assets (Flow): Japan (Quarterly, Annualized)



HH Financial Assets (Flow): U.S. (Quarterly, Annualized)



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