

A view from Japan

Japanese employment levels have deteriorated sharply amid social distancing and temporary business closures in the COVID-19 pandemic...



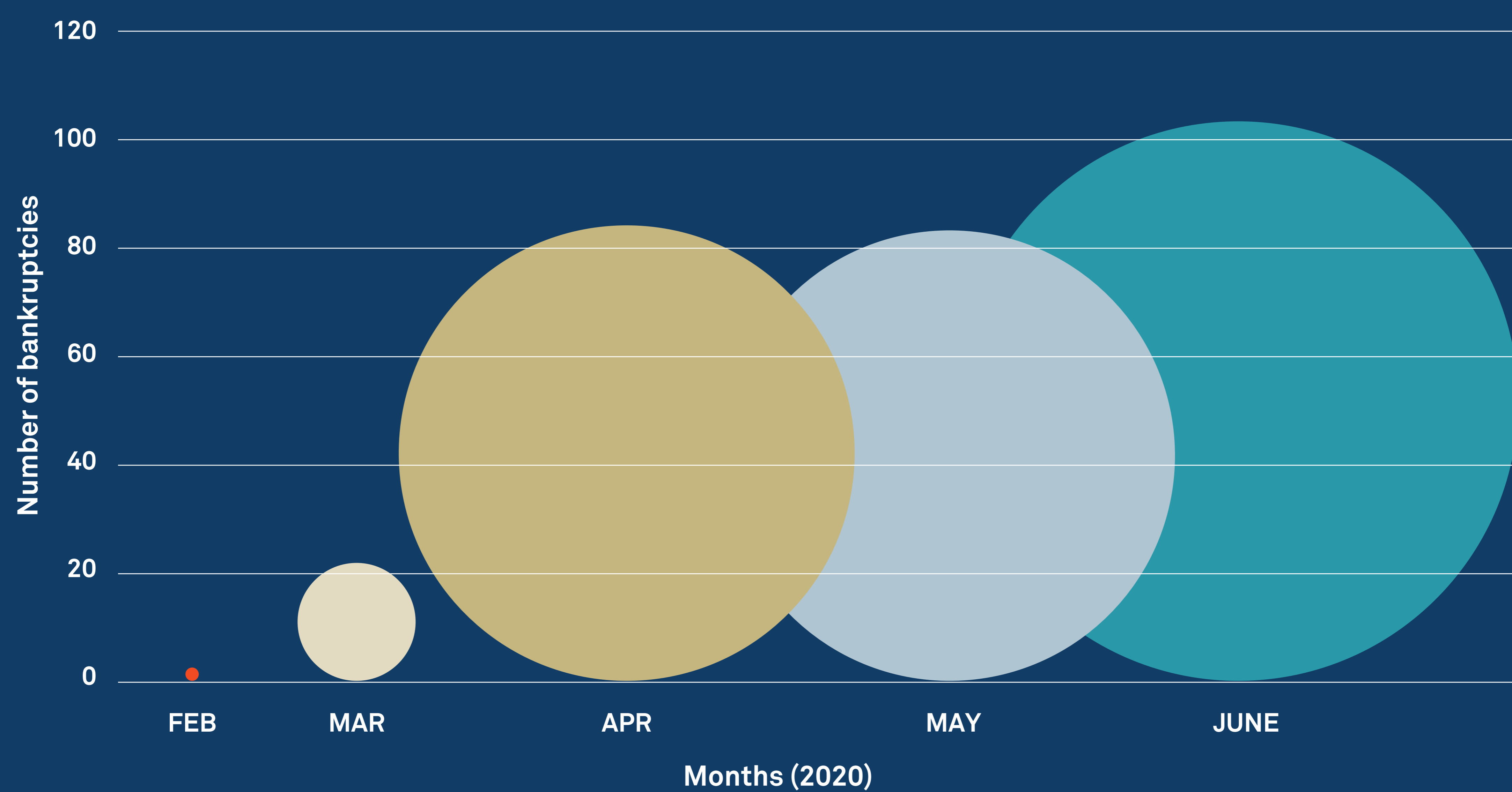
Ratio of job openings to applicants



Created by Nippon.com based on data from the Ministry of Internal Affairs and Communications. Source: As at 13 July 2020.

...and although Japan has not experienced the levels of virus-related hardship seen elsewhere in the world, bankruptcies are rising...

Covid-related bankruptcies in Japan



Created by Nippon.com based on data from Tokyo Shōkō Research. Months indicated when bankruptcy became known. Source: As at 10 July 2020

...while the economy looks set to shrink...

5.3%

Expected contraction in the Japanese economy this fiscal year, the most it has shrunk since comparable data became available in 1994

3.3%

Expected rebound in 2021

Source: Reuters, based on a 3-9 July poll of over 30 economists.

...despite this, could economic stimulus save the day?

Monetary stimulus:



Bank of Japan to increase its existing holdings of commercial paper and corporate bonds.

JPY5tn to JPY20tn

JPY 80tn cap on annual Japan Government Bond purchases lifted.

Source: FT. Bank of Japan to tighten grip on corporate bond market. 27 April 2020.

Fiscal stimulus package:

US\$1.1tn



including a one-off JPY 100,000 per person payment.

Interest-free loans and subsidies to companies to maintain their workforce and avoid lay-offs.

Source: The Irish Times. Japan's Abe pressed to pay out more cash as coronavirus hits economy. 15 April 2020.

