



# The Weekly Observer

Oct. 30-Nov. 3

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

## Japan Applies "OSA" for First Time to the Philippines

On Friday, **Prime Minister Kishida Fumio** met with **President Ferdinand Marcos Jr.** of the Philippines in Manila.

The two welcomed the start of negotiations on the **reciprocal access agreement (RAA)** — designed to streamline military-to-military engagement — and exchanged notes for **¥600 million in "official security assistance" (OSA)** to provide **coastal radar systems** to the Armed Forces of the Philippines, in light of **significant maritime threats** it faces in the **South China Sea**.

## GOJ Announces ¥17 Trillion Economic Stimulus Package

On Thursday, the GOJ released the contents of its **economic stimulus package**, which amounted to **¥17 trillion** and will be partially financed by a **¥13.1 trillion supplementary budget**.

The centerpiece of the package is the **flat-rate ¥30,000 income and ¥10,000 resident tax cut** in June 2024 and a **¥70,000 cash handout** for low-income households as early as by the end of the year.

Kishida explained that the package aims to **first deal with inflation** and then **raise disposable income** toward an exit from deflation.

## BOJ Tweaks YCC Framework

On Tuesday, the **Bank of Japan (BOJ)** made another adjustment to the **yield curve control (YCC) framework**, introducing more flexibility and **using 1 percent as a new reference point for ten-year JGB yields**. It maintained the **overall framework** of targeting short-term rates at minus 0.1 percent and ten-year yields around zero.

The BOJ **did not touch negative interest rate policy**, but could revise it as early as **January 2024**.

## Cabinet Approval



**33%** (-9 pts.)

**59%** (+8 pts.)

[\*Nihon Keizai Shimbun\*](#) (Oct. 30)

## State of the Economy

### Monthly Economic Report (October):

"Recovering at a moderate pace" for sixth consecutive month

### BOJ Outlook Report (Core CPI):

2023: 2.8% (+0.3 from July)  
2024: 2.8% (+0.9)  
2025: 1.7% (+0.1)

### Consumer Confidence Survey (October)

35.7 (+0.5 pts.)

### Employment Stats (September)

Jobs-to-applicants: 1.29x (-)  
Unemployment: 2.6% (-0.1 pt.)