



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.)