



The Weekly Observer

July 28-August 1

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

Japan Reacts to Trump EO on Reduced Tariff Rates

On Friday, Prime Minister Ishiba Shigeru told reporters that the GOJ will continue to urge the White House to swiftly implement the executive order issued on July 31 regarding reciprocal tariffs, as well as the discussions over sectoral auto tariffs.

On Thursday, the White House issued a press release on **President Donald Trump's executive order "further modifying the reciprocal tariff rates,"** stating that the new tariff rates agreed with some trading partners, including Japan, would **take effect seven days after the order was signed (August 7).**

Chief Cabinet Secretary Hayashi Yoshimasa said at a press conference that the executive order **"reduces uncertainties surrounding U.S. trade policy and the risk of downturn in the Japanese and global economies."**

Bank of Japan Maintains Policy Interest Rates Again

On Thursday, the Bank of Japan (BOJ) made a **unanimous decision to maintain policy interest rates** at 0.5 percent for the fourth consecutive monetary policy meeting.

BOJ Governor Ueda Kazuo explained that a major factor in determining whether to raise interest rates is the "mechanism whereby wages and prices positively influence each other in a continuous manner."

Ueda pointed out that **interest rates would not be raised as an inflation relief measure,** stating that raising rates when there is demand-side inflation will cool down an overheated economy and lower prices. He added that the BOJ will carefully assess the impact of the Japan-U.S. tariff agreement.

The **Outlook for Economic Activity and Prices** maintained the assessment that the BOJ will **"continue to raise the policy interest rate and adjust the degree of monetary easing"** going forward.

Cabinet Approval



32% (-5 pts.)

61% (+4 pts.)

[Nihon Keizai Shimbun](#) (July 28)

State of the Economy

Monthly Economic Report (July): Economy recovering at a moderate pace, while the effects caused from the U.S. trade policies and so on are seen in some areas

Consumer Confidence Index (July):
33.7 (-0.8 pt.)
1st decline in 3 months
All 4 categories of the index fell

Ordinary Account Tax Revenue (June):
¥2.53 trillion (-7% from June 2024)

Employment Statistics (June):
Jobs-to-applicants ratio: 1.22x (-0.02)
Unemployment: 2.5%