



The Weekly Observer

June 15-19

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

Takaichi Joins Her First G7 Summit

Prime Minister Takaichi Sanae attended the **G7 Summit** in Evian, France, from June 16-17. The leaders held six working sessions and **issued nine separate documents** on issues ranging from geopolitics to securing critical supply chains.

The G7 leaders met **amid ongoing discussions between the United States and Iran** toward a ceasefire agreement. Despite disagreements resulting in the second consecutive year without a joint communiqué, the **G7 nations were able to show a sense of “unity” by issuing the topic-specific documents.**

During Monday’s working session, Takaichi **welcomed the agreement of a Memorandum of Understanding** between the United States and Iran as a major step toward de-escalation of the situation. She also **proposed a “joint stockpiling cooperation initiative” for critical minerals** including support for the establishment of stockpiling systems in G7 countries.

BOJ Raises Interest Rate to One Percent

On Tuesday, the **Bank of Japan (BOJ) decided to raise the target range for the unsecured overnight call rate — the policy interest rate — from 0.75 percent to 1 percent.** This is the first rate hike since December 2025 and the **highest level in thirty-one years since 1995.**

The rate hike aims to mitigate the risk of accelerating inflation caused by rising crude oil prices stemming from tensions in the Middle East. Placing a high priority on the stability of the bond market, the **BOJ also decided that measures to reduce JGB purchases would be discontinued starting in April 2027.**

The Bank made the decision to hike rates in the belief that the **risk of accelerating inflation has increased.** The BOJ was also supported in its decision by **U.S. Secretary of the Treasury Scott Bessent**, who believes that the **yen’s historic depreciation was caused by the delay in the BOJ’s rate hike.**

Cabinet Approval



65% (-3 pts.)

28% (+2 pts.)

[FNN/Sankei Shimbun](#) (June 15)

State of the Economy

Trade Statistics (May):

¥378.6 billion trade deficit
1st deficit in 4 months as crude oil procurement costs pile up

Crude oil import volume fell 57.3% to 4.72 million kiloliters (+5.5%)
Import price increased 67.2% to ¥114,076 per kiloliter
Imports from U.S. increased 24% and 66.2% from Asia as Middle East imports fell 61.9%

Machinery Orders (April):

¥1.10 trillion (+8.7%)
1st increase in 2 months
Maintained assessment of trend as “showing signs of recovery”