



The Weekly Observer

June 22-26

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

Ruling Parties Submit National Security Recommendations

On Wednesday, the ruling Liberal Democratic Party (LDP) and Japan Innovation Party (*Nippon Ishin no Kai*) submitted separate policy recommendations to Prime Minister Takaichi Sanae on the three strategic national security documents.

The recommendations have a common premise that Japan must reinforce its defense capabilities, with the LDP advocating for fundamental reform within five years and Ishin arguing that the nation faces “thirty years of crisis.”

The two parties have so far irreconcilable differences on defense spending targets and nuclear policy. It remains to be seen whether Takaichi can reconcile the two policy recommendations. The two parties do not have a formalized deliberation structure like the LDP-Komeito coalition, which established an institutionalized process over two decades.

GOJ Compiles Public-Private Growth Investment Plan

On Wednesday, the GOJ presented the public-private investment plan for the seventeen strategic growth sectors. The GOJ set the target at over ¥370 trillion by FY 2040, exceeding the domestic private capital investment target for FY 2040 set at over ¥230 trillion.

The GOJ also crafted an investment roadmap, outlining the “winning strategies” for the sixty-two priority products and technologies across the seventeen sectors, along with the details and amounts of investment and the economic ripple effects. The GOJ did not disclose the breakdown of the ¥370 trillion investment target.

In the best-case scenario, the GOJ projected that through FY 2040, real GDP growth would remain in the high 1 percent range, while nominal GDP growth would remain in the mid-3 percent range. Domestic private capital investment is expected to exceed ¥230 trillion, while nominal GDP would approach ¥1,100 trillion.

Cabinet Approval



56% (-5 pts.)

28% (+1 pt.)

[Kyodo News](#) (June 22)

State of the Economy

Stock Market:

Nikkei 225 (Monday): ¥72,353.96 (+1.55%)

Forex: ¥162 to the dollar (2-year low)

Household Financial Assets (Jan.-March):

¥2,386 trillion (+7.1%)

Growth rate increased 6.6% from Oct.-Dec. 2025 quarter

BOJ share of total government bond market was at 47.88% (-1.14 pts.)

Services Producer Price Index (May):

114.7 (+3.3%)

Growth rate remained the same from April at 3.3%