

Global Risk Watch Newsletter

The UTokyo Daily Price Index: Rising price of Household and Miscellaneous Goods

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Highlight of Indicator for this Month

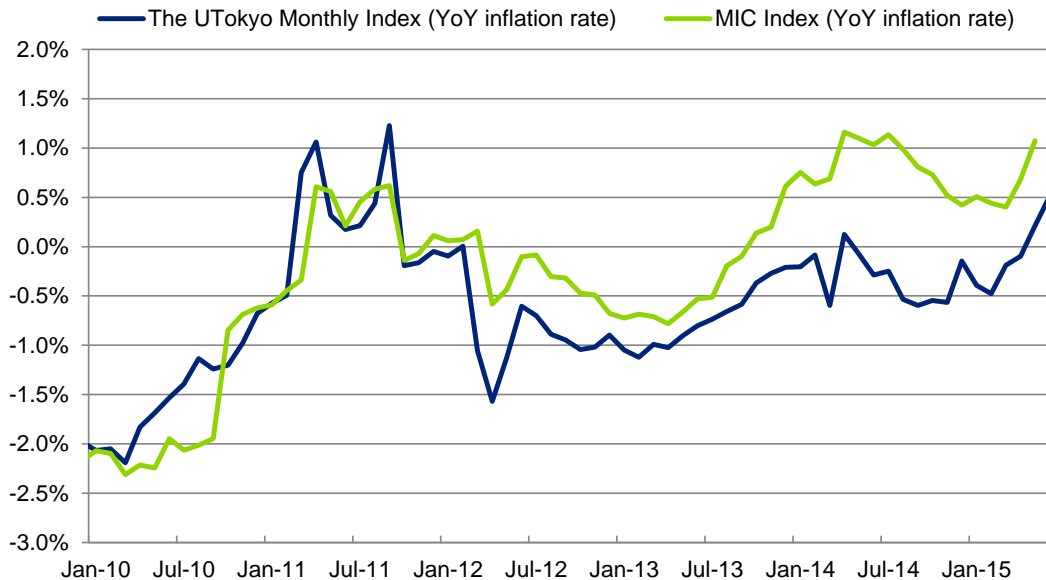
◆**The UTokyo Daily Price Index: Rising price of Household and Miscellaneous Goods (Yasuhiro Sobue, Senior Staff, Center for Risk Management Strategy at Deloitte Touche Tohmatsu LLC)**

The UTokyo Daily Price Index

UTokyo Daily Price Index is produced by Tsutomu Watanabe (University of Tokyo) and Kota Watanabe (Meiji University & University of Tokyo) based on the information gain by the POS (point-of-sale) system at approximately 300 supermarkets that record sales results of products (food, beverage, household goods, etc.), which provides the daily inflation rate with only a three day lag. The index covers 17% of the official CPI in terms of consumption weight published by the Ministry of Internal Affairs and Communications.

This indicator has gained significant attention in recent years as a mean to determine recent inflation trends.

Inflation rate of the UTokyo Monthly Index and the MIC CPI



* MIC Index is the CPI inflation rate for the grocery component, which is calculated using the item level inflation rates released by the Ministry of Internal Affairs and Communications (MIC).

* Consumption tax is not included in both indexes.

Source: "UTokyo Dairy Price Project", the MIC

As per the graph, the Inflation rate of the UTokyo Monthly Index in May increased for the first time since February 2012, and saw further increases in June. Moreover, the MIC CPI in June also indicates rising prices for the targeted items. Whether these trends will continue or simply be a temporary trend should be carefully observed as it is highly intertwined with Bank of Japan's monetary policy trends.

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