



Japan's Core Inflation Steady in May Amid Energy Worries

Description

An employee at the Celsior Wadamachi supermarket in Yokohama, Japan, highlighted the pressing issue of rising food prices, which significantly contribute to broader inflationary trends. Recent data indicates that consumer price growth has remained above the Bank of Japan's (BoJ) 2% target for four consecutive years.

Japan's core inflation rate, which excludes prices of fresh food, remained stable at 1.4% in May, aligning with economists' expectations. This figure suggests that underlying price pressures are under control, despite fears that surging energy prices could propel overall inflation higher. Meanwhile, headline inflation saw a slight increase to 1.5%, up from 1.4% the previous month. The core-core inflation rate, which omits both fresh food and energy costs, eased to 1.8%.

Following the release of the inflation data, Japan's Nikkei 225 index rose by 0.81%, while yields on 10-year Japanese government bonds increased to 2.637%. These movements correspond with the BoJ's recent decision to elevate interest rates to their highest level in almost three decades, amid concerns that its key inflation metric might exceed the 2% target due to climbing energy prices.

Energy costs have experienced a year-on-year decline of 2.5%, a smaller drop compared to the 3.9% decrease noted in April. Households have benefited from government support measures that temporarily shield them from price hikes. In contrast, businesses are grappling with heightened cost pressures, as evidenced by the producer price index rising 6.3% in May, marking its fastest gain in over three years, largely due to energy expenses.

The yen continues to face downward pressure, trading at around 161 yen per dollar. A weakened yen exacerbates inflation, particularly as Tokyo relies on dollars to procure energy amidst ongoing geopolitical tensions, notably the fallout from the Iran war.

Vocabulary List:

1. **inflationary** //ɪnˌfleɪʃəˈneəri// (adjective): causing prices to rise in the economy
2. **core** //kɔːr// (adjective): main or basic, not including some items
3. **headline** //ˈhedˌlaɪn// (noun): inflation measure that includes all goods and services
4. **yields** //jiːldz// (noun): payments investors get from bonds or other investments
5. **index** //ˈɪndeks// (noun): number that shows how something changes over time
6. **exacerbates** //ɪgˈzæsəreɪts// (verb): makes a problem or situation worse



Comprehension Questions

Multiple Choice

1. What is the core inflation rate in Japan as of May?
Option: 2.0%
Option: 1.4%
Option: 1.5%
Option: 1.8%
2. How much did Japan's Nikkei 225 index rise following the release of inflation data?
Option: 0.5%
Option: 1.0%
Option: 0.81%
Option: 0.75%
3. What percentage did the producer price index rise in May?
Option: 4.5%
Option: 6.3%
Option: 5.0%
Option: 3.5%
4. How much did energy costs decline year-on-year?
Option: 2.5%
Option: 3.5%
Option: 3.9%
Option: 1.5%
5. What was the interest rate decision of the Bank of Japan recently?
Option: Decreased interest rates
Option: No change
Option: Elevated to the highest level in almost three decades
Option: Lowered to a historic low
6. What is the current exchange rate mentioned for the yen to the dollar?
Option: 150 yen per dollar



- Option: 161 yen per dollar
- Option: 145 yen per dollar
- Option: 175 yen per dollar

True-False

7. Japan's headline inflation decreased from 1.5% to 1.4% in May.
8. The core-core inflation rate in Japan is 1.8%.
9. Households in Japan are currently facing significant price hikes without any government support.
10. Producer prices in Japan marked their fastest gain in over three years.
11. The Bank of Japan's target for consumer price growth is 3%.
12. Energy costs have experienced a year-on-year increase of 2.5%.

Gap-Fill

13. Japan's core inflation rate remained stable at 1.4% in May, aligning with economists' expectations. The headline inflation saw a slight increase to 1.5%, up from 1.4% the previous month. The core-core inflation rate eased to _____.
14. The producer price index rose _____ in May, marking its fastest gain in over three years.
15. Energy costs have experienced a year-on-year decline of _____.
16. Japan's Nikkei 225 index rose by _____ following the release of the inflation data.
17. The yen continues to face downward pressure, trading at around _____ yen per dollar.
18. Amid concerns over climbing energy prices, the Bank of Japan elevated interest rates to their highest



level in almost _____ decades.

Answer

Multiple Choice: 1. 1.4% 2. 0.81% 3. 6.3% 4. 2.5% 5. Elevated to the highest level in almost three decades
6. 161 yen per dollar

True-False: 7. False 8. True 9. False 10. True 11. False 12. False

Gap-Fill: 13. 1.8% 14. 6.3% 15. 2.5% 16. 0.81% 17. 161 18. three

CATEGORY

1. Business - LEVEL6

POST TAG

1. energy prices
2. ESL learning
3. esl news
4. Inflation
5. japan
6. Level 6

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