

“Household Savings” – Historical High after 8 Years

1. How to Capture “Savings & Liabilities” of Household?

It can be captured by “Family Income & Expenditure Survey” released by the Ministry of Internal Affairs & Communications. This survey covers nationwide household with minimum of two family members (approx. 8,000 households). The “Income & Expenditure Edition”, published monthly, announces consumer expenditure and income. The “Savings & Liabilities Edition”, published quarterly, also releases the yearly average at the time of Oct.-Dec. quarter announcement.

2. Latest Trend

According to the “2013 Yearly Average of Family Income & Expenditure Survey (Savings & Liabilities Edition)” released on May 16, average savings amount (total of deposit, insurance, securities etc.) par household rose 4.9% y-o-y to JPY17.39 million. This surpassed JPY17.28 million marked in 2005 after eight years and recorded the historical high since 2002 from when the data became comparative. However, 10% of the household’s savings amount was less than JPY1 million and 68% of households were below average which made the median less than the average to JPY10.23 million. Within “Worker’s Households”, the amount rose +0.9% y-o-y to JPY12.44 million and that of “No-Occupations` Households (Headed by 60 years old & over)” rose 10.1% y-o-y to JPY23.63 million which was a substantial increase that pushed up the overall savings` amount.

On the other hand, amount of average liabilities par household rose 6.4% y-o-y to JPY4.99 million. We assume it was due to the increase of housing loans because of rush demand ahead of consumption tax hike and people bought houses supported by good business environments.

3. Future Outlook

Analyzing the component of savings, it can be observed that deposit (ordinary deposit, term deposit etc.) lost its share to 62.1% from previous year (64.0%) but still maintained high percentage. On the other hand, securities which had been losing its share since 2009 increased to 13.8% from previous year (11.6%). Before the change of government in 2012, the direction of Japanese yen was towards appreciation and that of stock market was weakening which lowered the share of securities, however, in 2013 both currency and stock market moved in the opposite direction which increased the amount of savings. Within the household group with over JPY30 million savings amount, securities comprises 18.9% (previous year: 15.8%) which was higher than the average of whole household implies that they have benefitted from yen depreciation and stock market hike.

2013 was the first year of Abe government during which first arrow of “unprecedented monetary easing” by BOJ Governor Kuroda and second arrow of “flexible financial policy” represented by fifteen consecutive months budget were implemented. These measures together with positive future outlook of the Japanese economy turned Japanese stock market to rise. However, this positive trends have stalled because of third arrow of “growth strategy to encourage private investment” not being well received by the market participants, geopolitical risk in Ukraine and an opaque outlook of the emerging economies. The Japanese government is scheduled to announce new growth strategy in June. The focus will be on the contents of the announcement such as corporate tax deduction etc. as well as whether Abenomics will be able to once again push the market expectation high or not.

Trend of Savings Amount (3 years)

Items	2010		2011			2012			2013		
	Value <small>(JPY10thousand)</small>	Component Ratio <small>(%)</small>	Value <small>(JPY10thousand)</small>	Component Ratio <small>(%)</small>	Y-o-Y Change <small>(%)</small>	Value <small>(JPY10thousand)</small>	Component Ratio <small>(%)</small>	Y-o-Y Change <small>(%)</small>	Value <small>(JPY10thousand)</small>	Component Ratio <small>(%)</small>	Y-o-Y Change <small>(%)</small>
Savings Amount	1,657	100.0%	1,664	100.0%	0.4%	1,658	100.0%	-0.4%	1,739	100.0%	4.9%
Financial Institutions	1,610	97.2%	1,627	97.8%	1.1%	1,618	97.6%	-0.5%	1,699	97.7%	5.0%
Deposits	1,018	61.4%	1,033	62.1%	1.5%	1,060	64.0%	2.6%	1,080	62.1%	1.9%
Insurance etc.	380	22.9%	386	23.2%	1.6%	365	22.0%	-5.4%	379	21.8%	3.8%
Securities	213	12.9%	209	12.6%	-1.9%	193	11.6%	-7.7%	240	13.8%	24.4%
Non-Financial Institution	48	2.9%	37	2.2%	-22.9%	40	2.4%	8.1%	40	2.3%	0.0%

(Notes) 1. This data covers “Two-or-more-person households”

(Source) SMAM, based on the Ministry of Internal Affairs & Communications data

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