

# Forecasting Japanese inflation with a news-based leading indicator of economic activities

Keiichi Goshima\*, Hiroshi Ishijima†,  
Mototsugu Shintani‡, Hiroki Yamamoto§

April 21, 2019

## Abstract

We construct business cycle indexes based on the daily Japanese newspaper articles and estimate the Phillips curve model to forecast inflation at a daily frequency. We find that the news-based leading indicator, constructed from the topic on future economic conditions, is useful in forecasting the inflation rate in Japan.

---

\*Waseda University and Bank of Japan

†Chuo University

‡The University of Tokyo and Bank of Japan

§The University of Tokyo and Bank of Japan