

# CUMMINGS ECONOMICS

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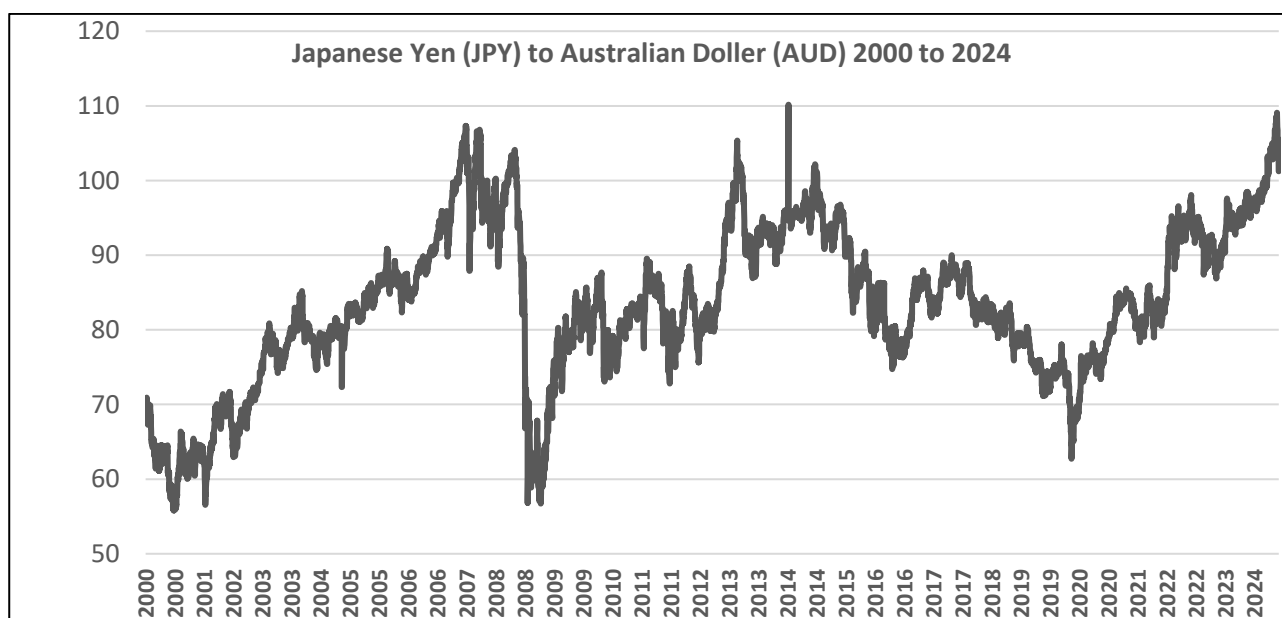
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## Statistical Note

### JAPANESE YEN FLUCTUATIONS

It was disappointing to learn of the withdrawal of Virgin Airlines services from Japan. Japan is an important market for international visitors to Cairns and for export of commodities from QLD Regions.

The table below indicates however, that there have been substantial fluctuations in the exchange rate between Australia and Japan. The latest figures indicate that the number of Japanese Yen required to purchase an Australian dollar has risen to near record levels, which is making Australia a more expensive destination for Japanese visitors and as a source of exports.



Source: Cummings Economics, <https://www.ofx.com/>

When the region first became involved in the Japanese tourism market in the early 1980s, we were advised that the Japanese market was quite competitive and could turn on and off quickly for countries. As it turned out, the market is quite sensitive to travel costs but Japanese visitors have proved excellent visitors who have spent freely after arrival.

Two observations can be made in relation to the above chart. First is that the strong uplift in Yen to purchase an Australian dollar about 2006 and about 2014 was due to a very strong Australian dollar at the time and the short-lived downturn in 2008 was due to the strong effect of the Global Financial Crisis on the Australian dollar. By contrast, the recent rise on the number of Yen to purchase an Australian dollar has come about due to a weakness in the Japanese Yen.

The second observation is that the sharp rise in the number of Yen required to purchase an Australian dollar about 2006 preceded the major scaling back of Qantas international services to Japan in 2007 that saw Japanese visitor numbers fall from over 200,000 a year to about 80,000. The short lived spikes about 2013 & 2014 kept numbers subdued in the post-GFC period. The withdrawal of Virgin services taking place at present follows a similar pattern to what happened in 2007.

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