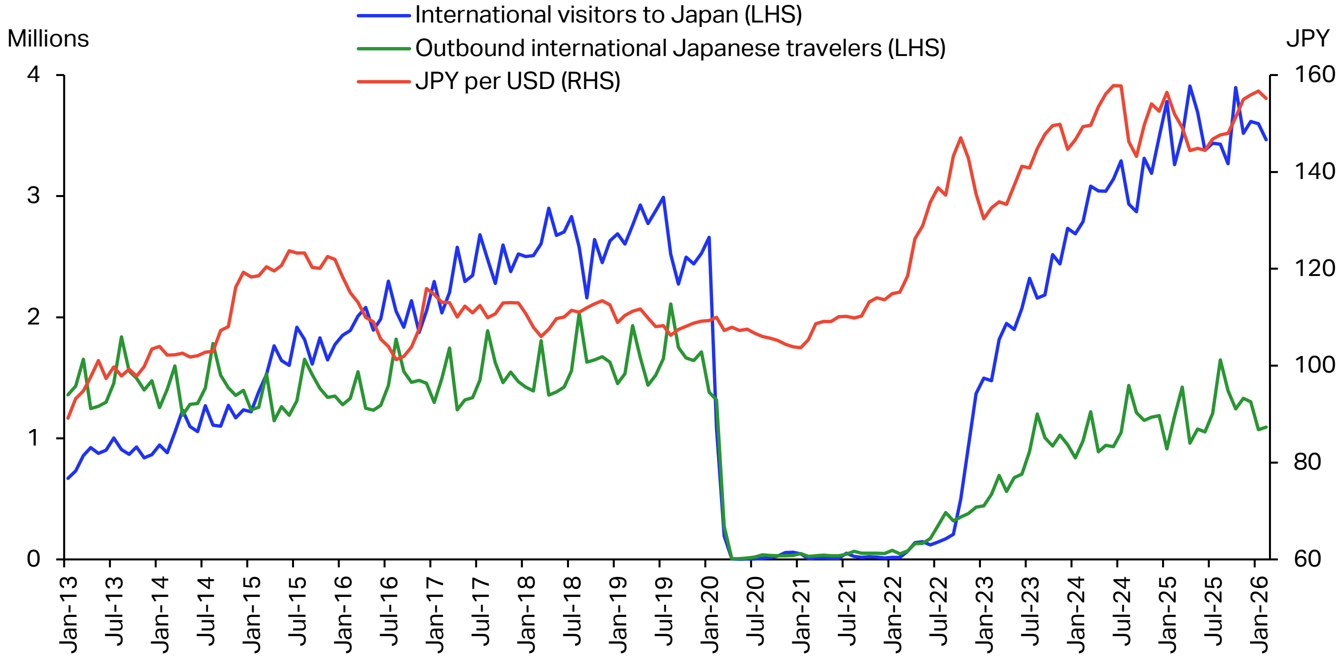
Chart of the Week

1 May 2026

Weaker Yen Boosts International Travel to Japan

International visitors to Japan, outbound travel from Japan, and Japanese yen per US dollar



Source: IATA Sustainability and Economics, based on Japan National Tourism Organization (JNTO) and IMF data

- The Japanese yen (JPY) has followed a prolonged weakening trend against the US dollar (USD) since 2013, largely triggered by "Abenomics", the economic policy under then Prime Minister Abe, and notably the first "arrow" of aggressive monetary easing. Depreciation accelerated in 2022, when the US Federal Reserve raised interest rates to combat inflation, while Japan maintained a negative policy rate until March 2024. Since the outbreak of the war in Iran, there has also been a degree of flight to safety, which has benefited the USD. The JPY has depreciated by over 30% against the USD since 2022, and by 40–50% since 2013.
- The JPY has also weakened against most other trading partners' currencies, to its lowest level since the 1970s, measured by the real effective exchange rate from the BIS.
- As the weaker JPY makes it cheaper to be a foreign tourist in Japan, international inbound passenger traffic has risen sharply, exceeding the growth in traffic seen in Asia Pacific as a whole. International travel to Japan expanded by 47.1% year-on-year in 2024 and by 15.8% in 2025, with demand from short- and medium-haul markets within the region, such as South Korea, Southeast Asia, and India, proving especially robust.
- The weaker JPY has conversely made overseas travel more expensive for Japanese residents, particularly to the US, which remains the second most popular outbound destination after South Korea. The number of overseas trips by Japanese travelers in 2025 has yet to return to pre-pandemic levels and is now comparable to levels seen in the mid-1990s.
- Hence, the weak JPY has been a double-edged sword for Japan's airline industry: boosting inbound travel and passenger volumes, while suppressing outbound demand and raising USD-denominated costs to JPY-based airlines.

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