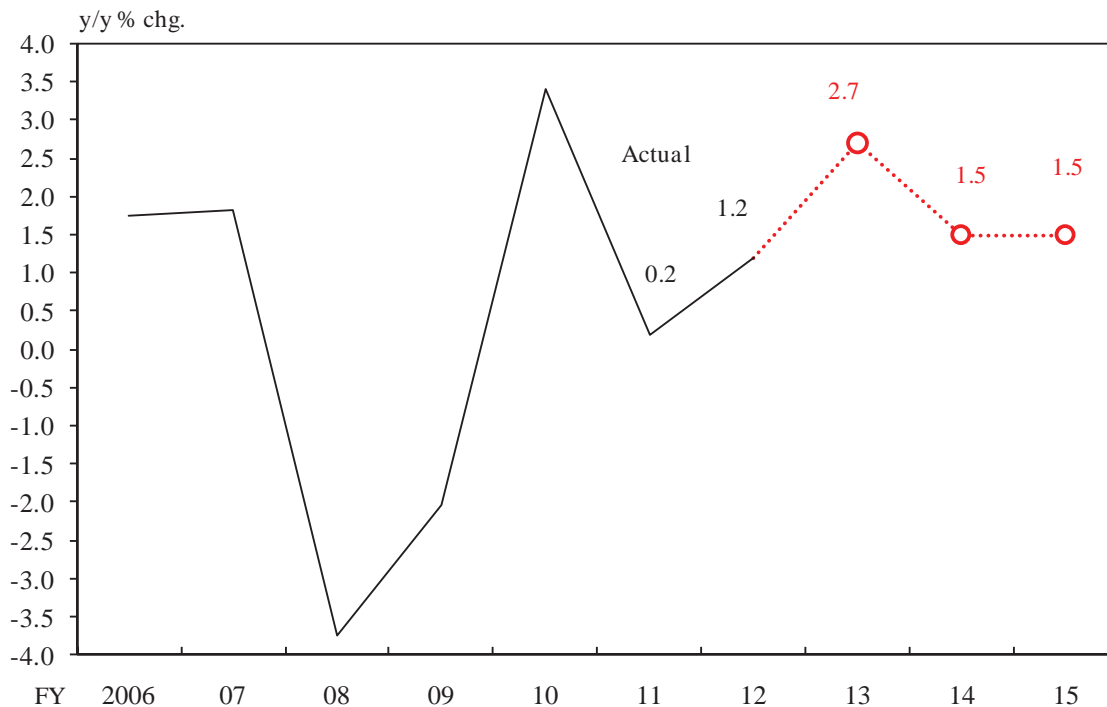
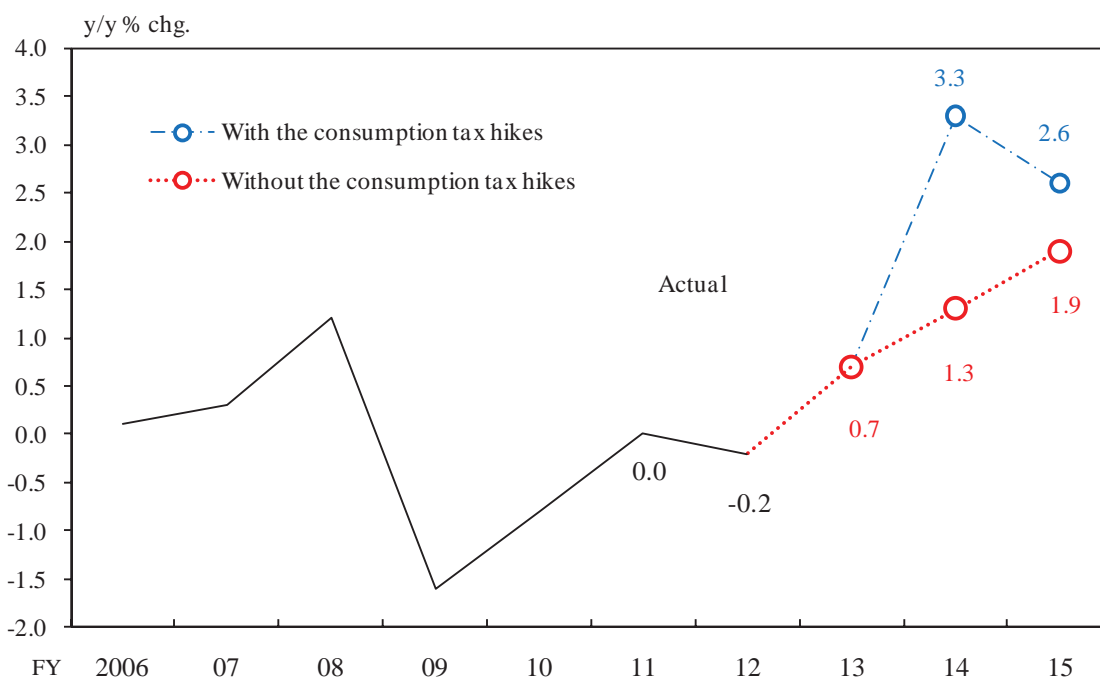


The Bank's Outlook for Economic Activity (Real GDP)



The Bank's Outlook for Prices (Core CPI)



Notes: 1. The circles in the chart indicate the median of the Policy Board members' forecasts (point estimates).

2. Core CPI excludes fresh food from all items.

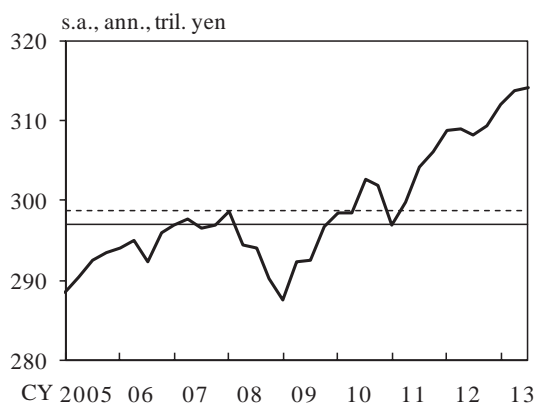
Source: Bank of Japan.

Real GDP and Its Components

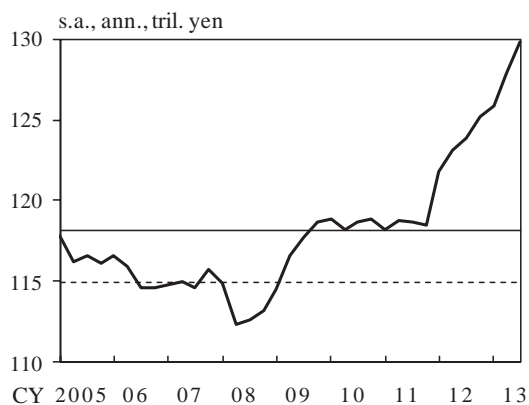
(1) Real GDP



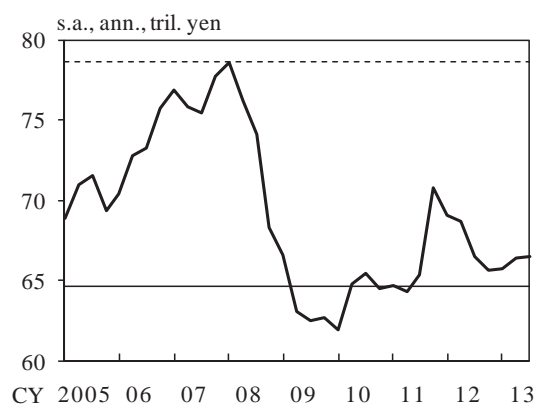
(2) Private Consumption



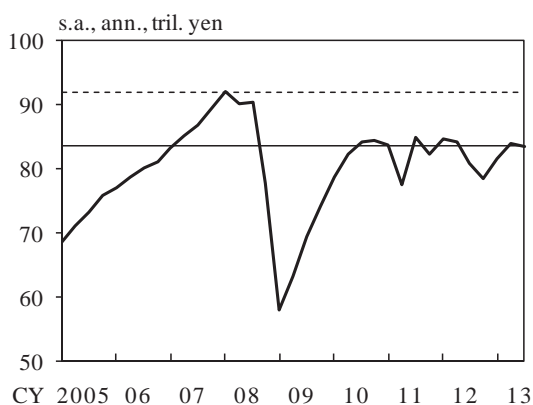
(3) Public Demand



(4) Private Non-Residential Investment



(5) Exports

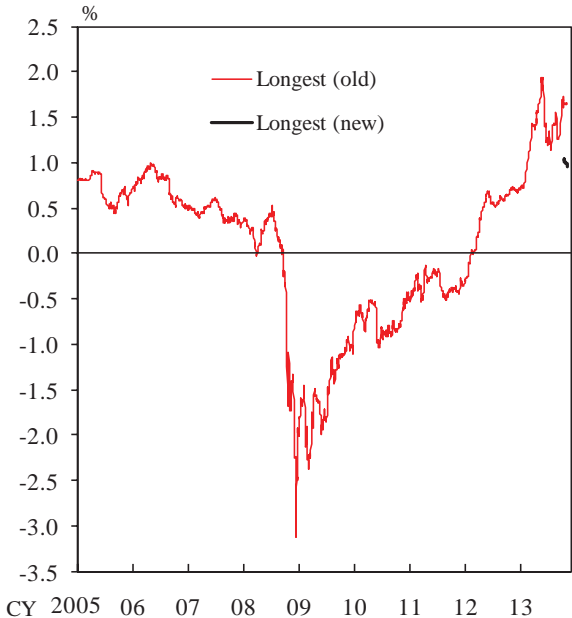


Note: In each chart, the broken line indicates the level for 2008/Q1, when real GDP recorded its peak just before the Lehman shock. The thin solid line indicates that of 2011/Q1, when the Great East Japan Earthquake occurred.

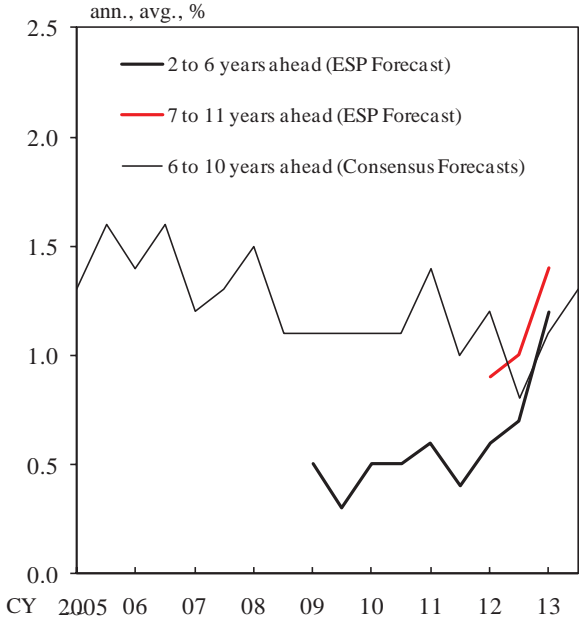
Source: Cabinet Office.

Medium- to Long-Term Inflation Expectations

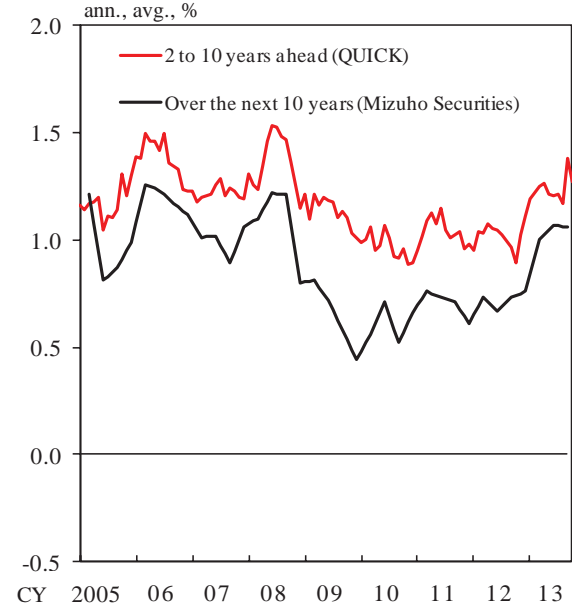
(1) BEI for Inflation-Indexed JGBs



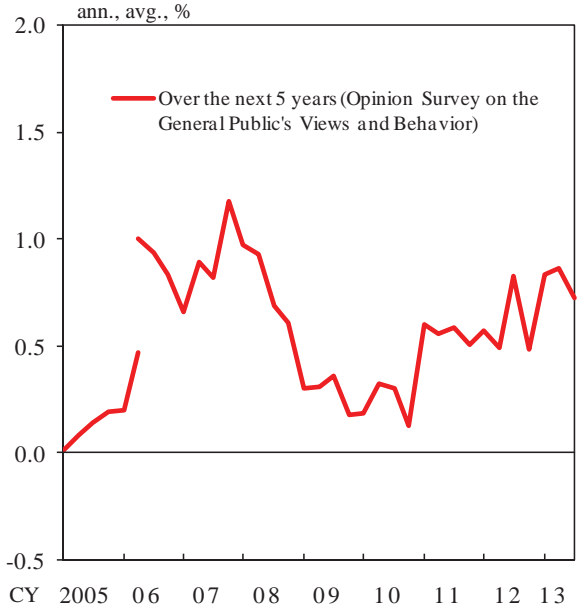
(2) Economists



(3) Market Participants (Survey)



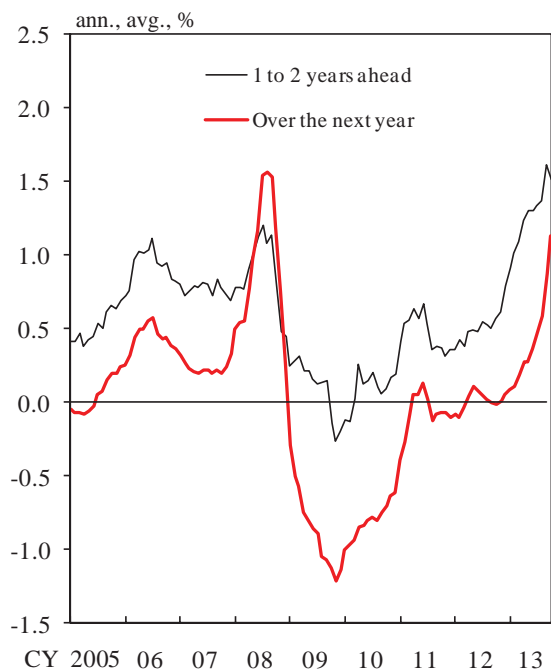
(4) Households



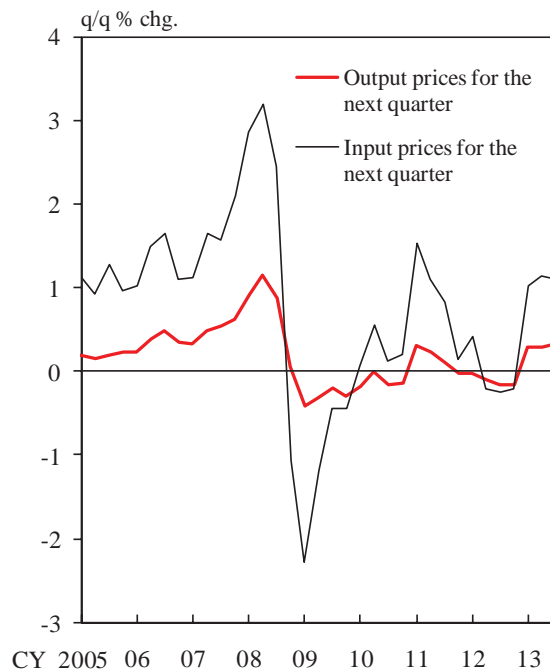
Sources: Bank of Japan; Consensus Economics Inc., "Consensus Forecasts"; Japan Economic Research Center; QUICK; Mizuho Securities; Bloomberg.

Short-Term Inflation Expectations

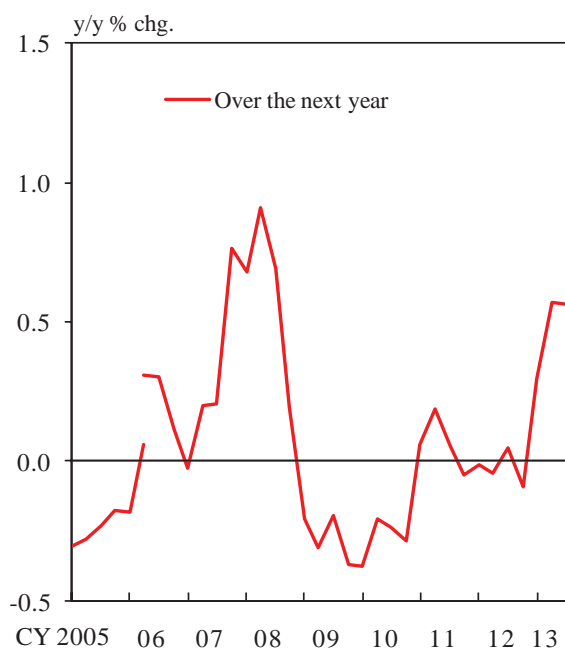
(1) Market Participants (QUICK Bond Survey)



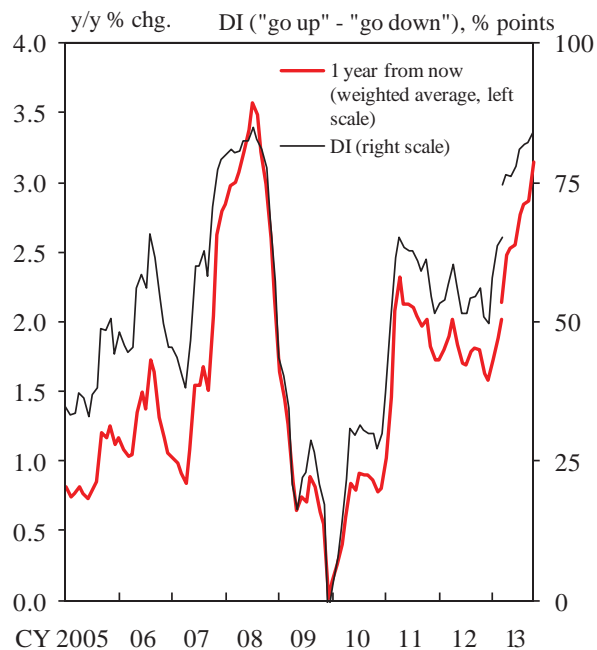
(2) Enterprises (*Tankan*)



(3) Households (Opinion Survey on the General Public's Views and Behavior)

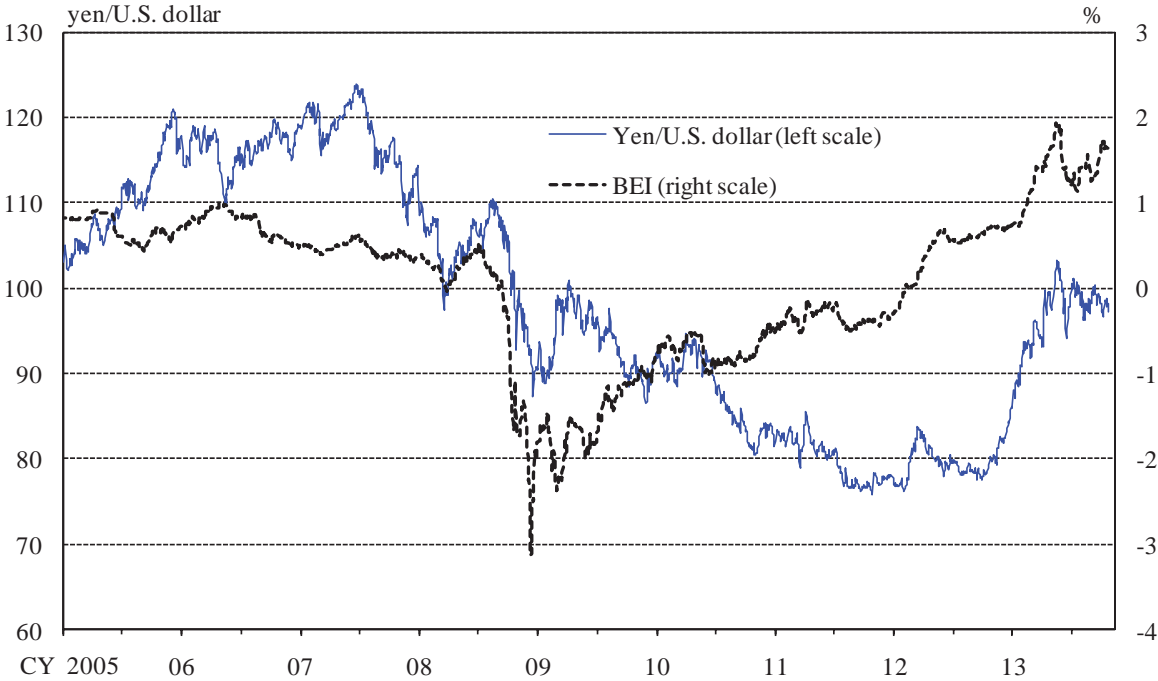


(4) Households (Consumer Confidence Survey)



Sources: Bank of Japan; Cabinet Office; Ministry of Internal Affairs and Communications; QUICK.

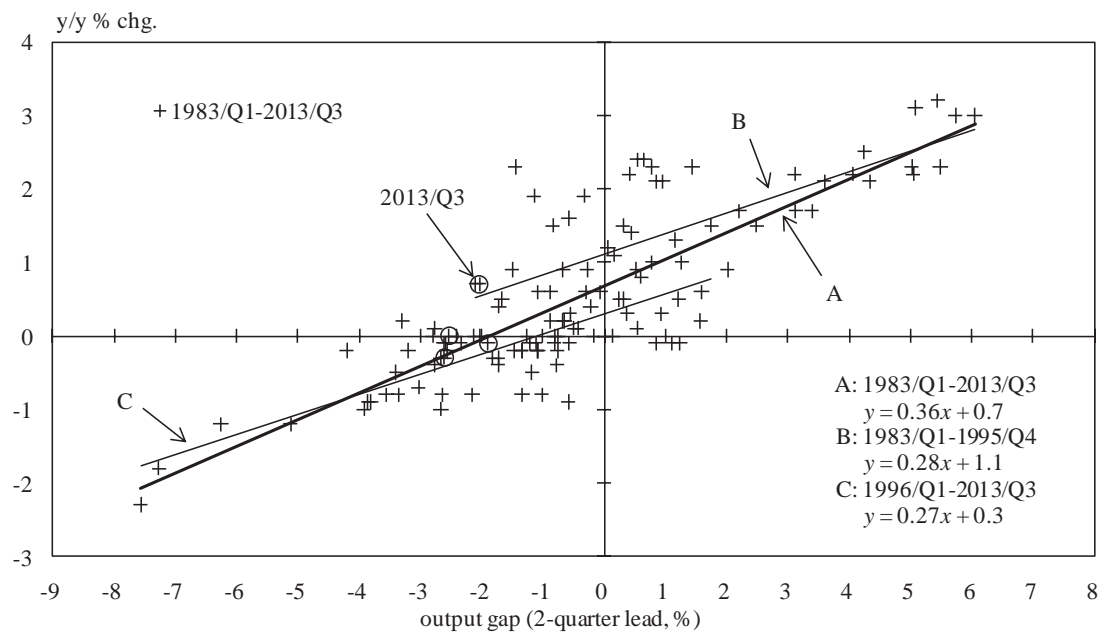
BEI for Inflation-Indexed JGBs and Yen/U.S. Dollar Exchange Rate



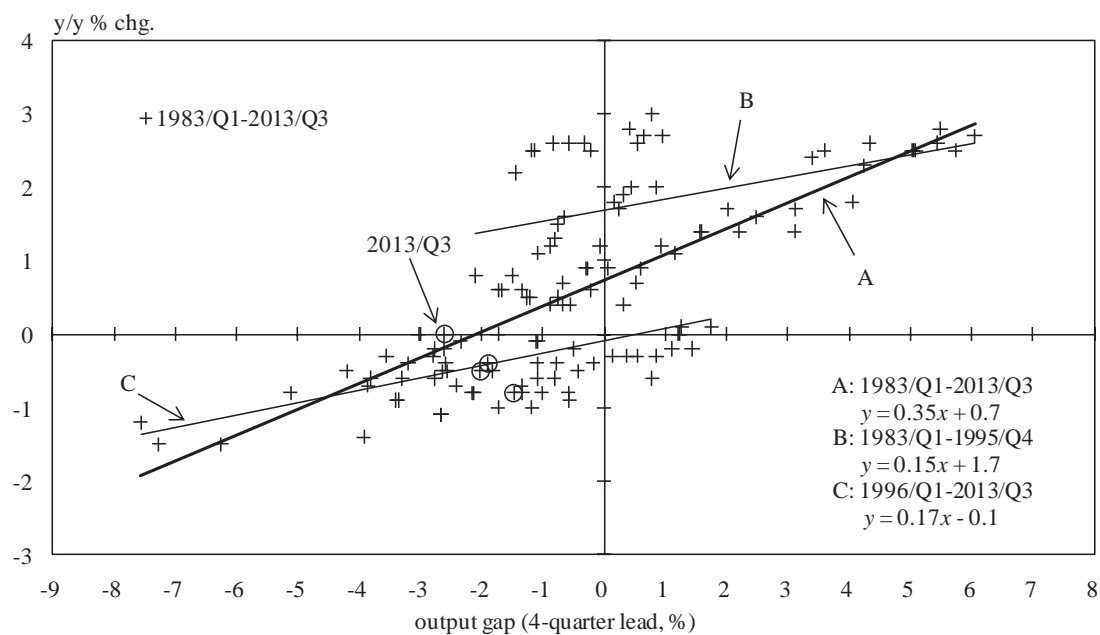
Note: BEI is for the longest-maturity instruments.
Sources: QUICK; Bloomberg.

Estimated Phillips Curves

(1) Phillips Curve (CPI All Items Less Fresh Food)



(2) Phillips Curve (CPI All Items Less Food and Energy)

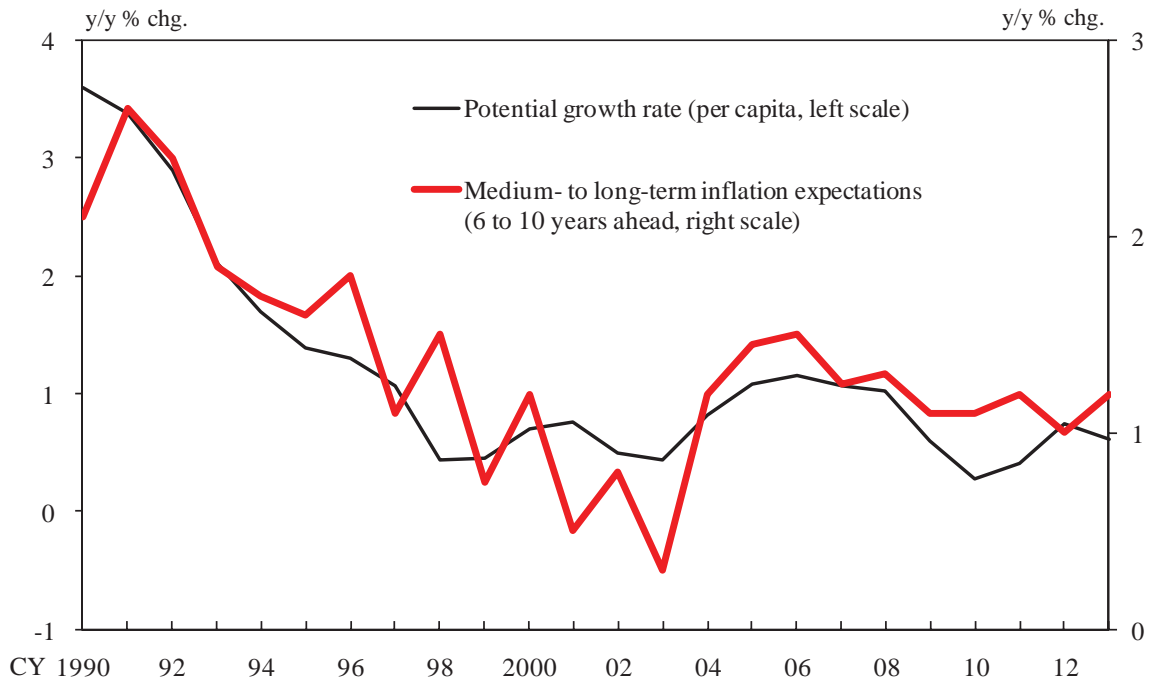


Note: The output gap is estimated by the Bank of Japan.

Sources: Bank of Japan; Ministry of Internal Affairs and Communications; Cabinet Office.

Chart 7

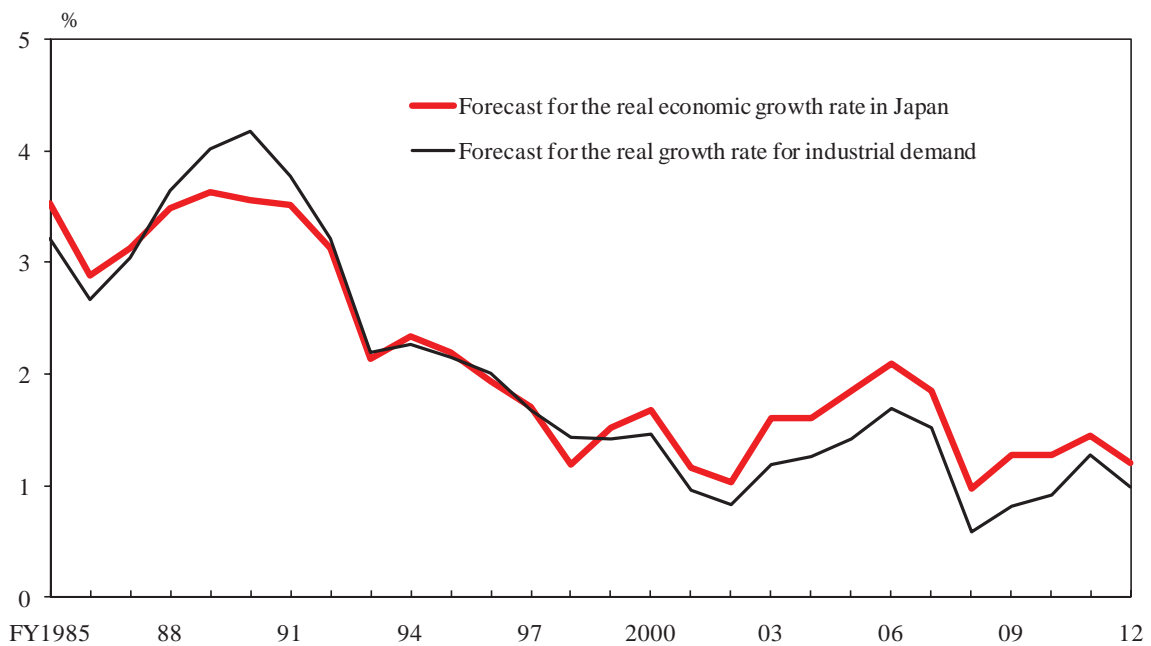
Medium- to Long-Term Inflation Expectations and Potential Growth Rate



Sources: Cabinet Office; Consensus Economics Inc., "Consensus Forecasts."

Chart 8

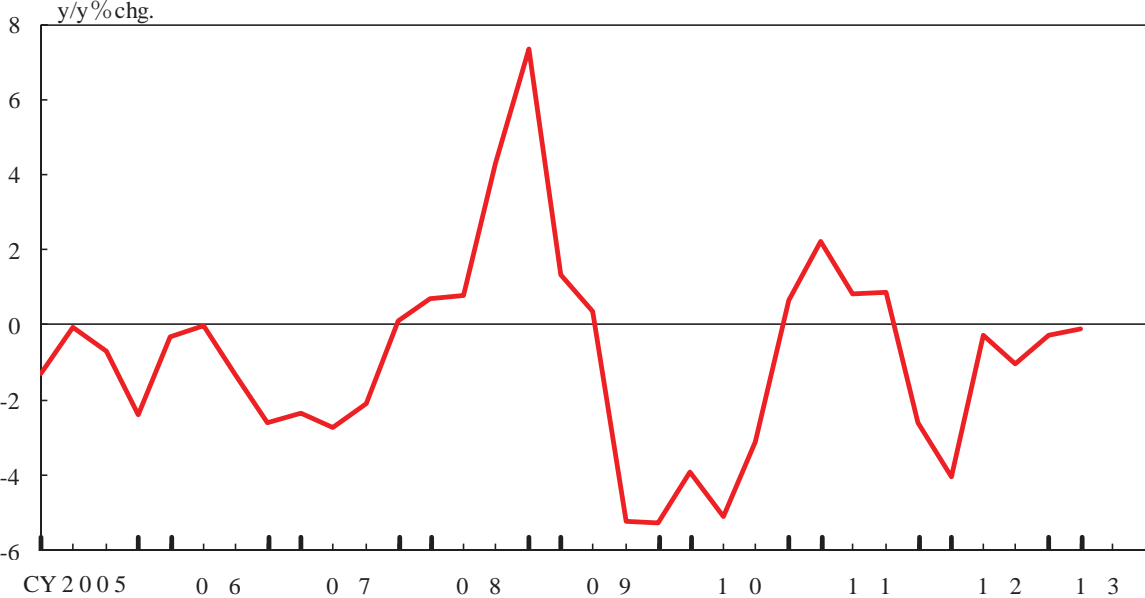
Firms' Expected Growth Rates (For the Next 5 Years)



Source: Cabinet Office.

Chart 9

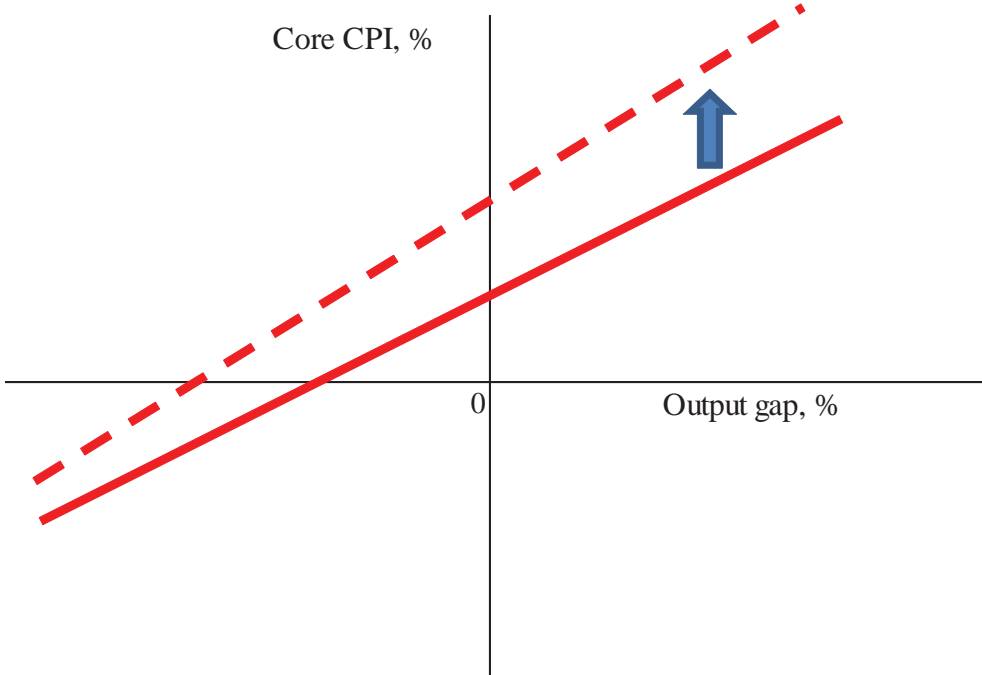
Unit Labor Costs



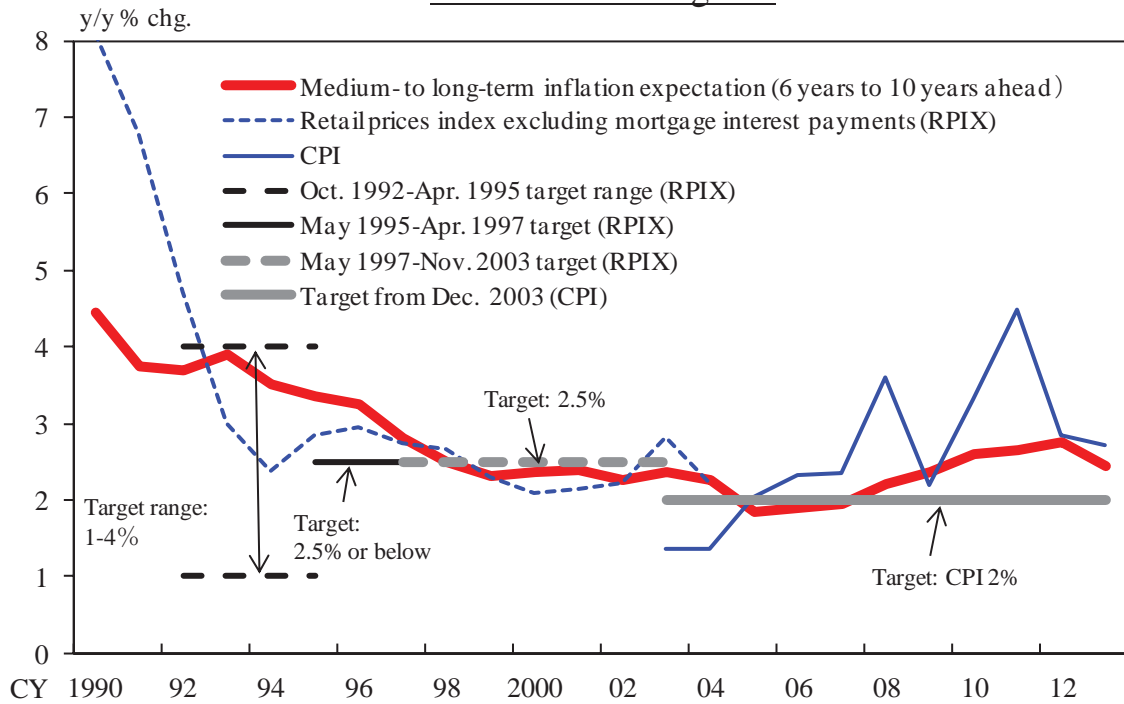
Source: Cabinet Office.

Chart 10

Phillips Curve: Upward Shift with a Steepening Slope

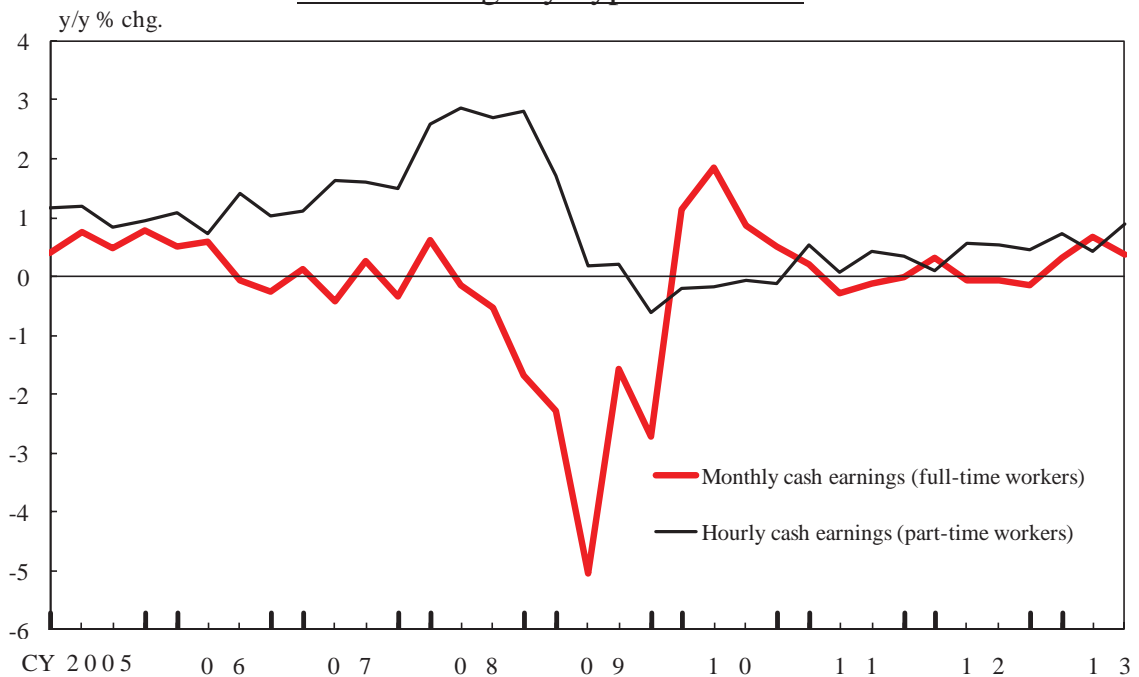


Inflation Rate and Medium- to Long-Term Inflation Expectations in the United Kingdom



Sources: Consensus Economics Inc., "Consensus Forecasts"; Office for National Statistics; Bank of England.

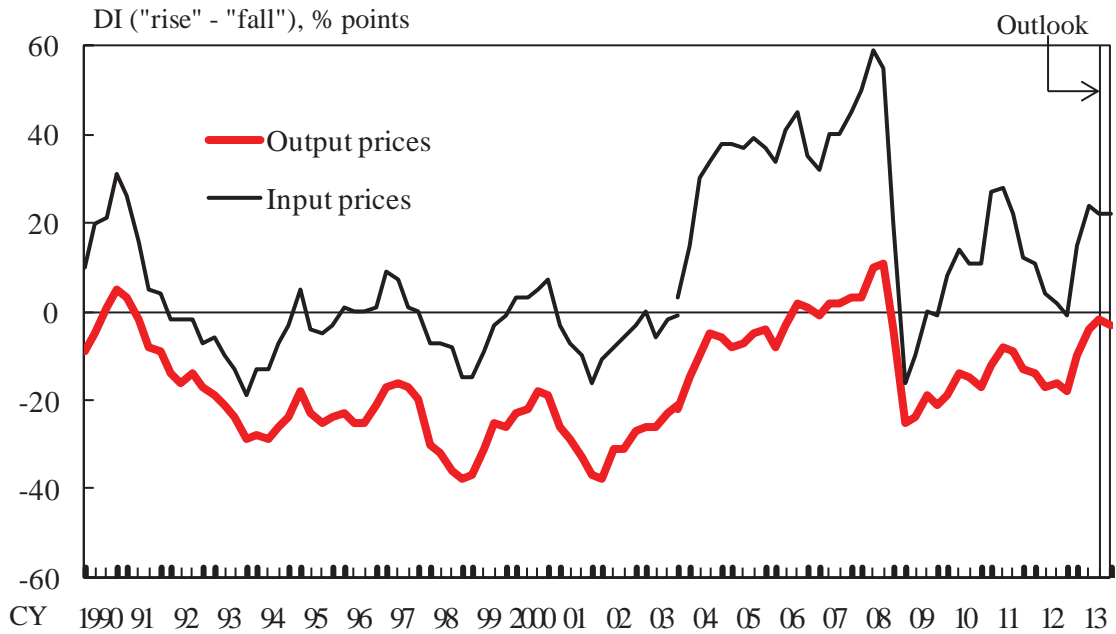
Cash Earnings by Type of Worker



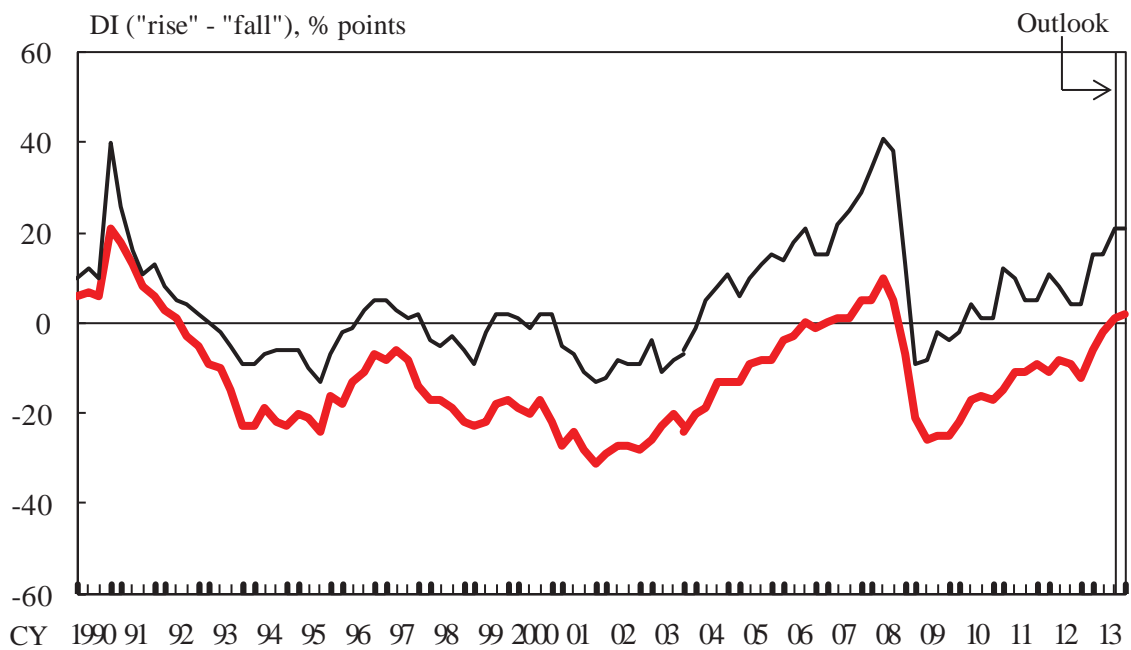
Source: Ministry of Health, Labour and Welfare.

Tankan: Output Price DI and Input Price DI (1)

(1) Large Enterprises: Manufacturing



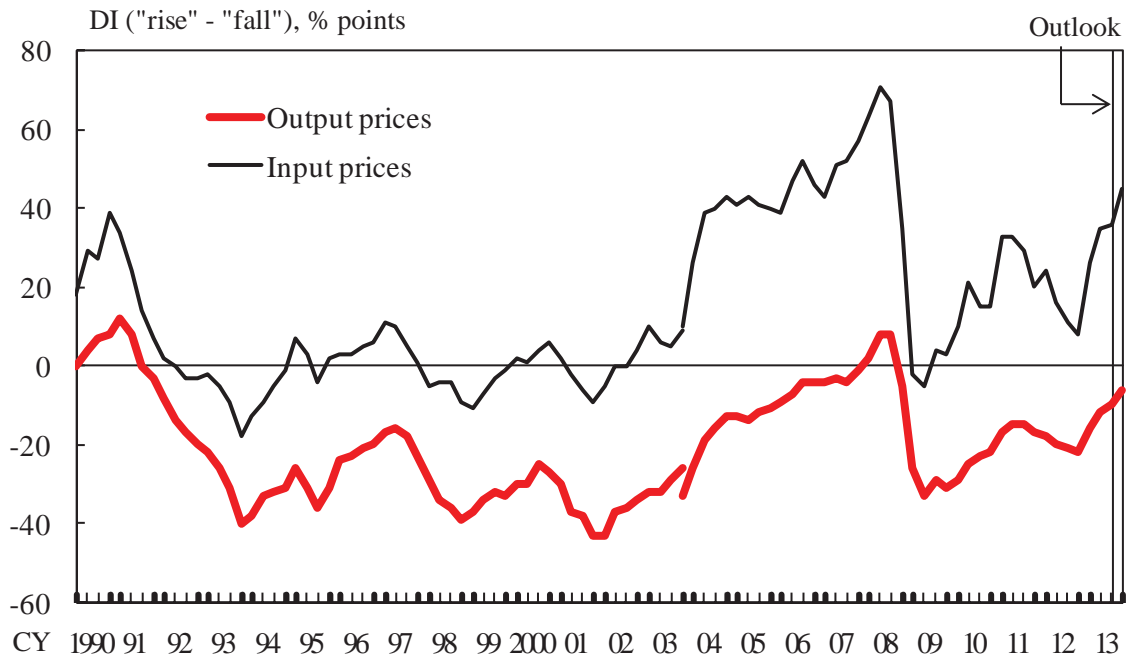
(2) Large Enterprises: Nonmanufacturing



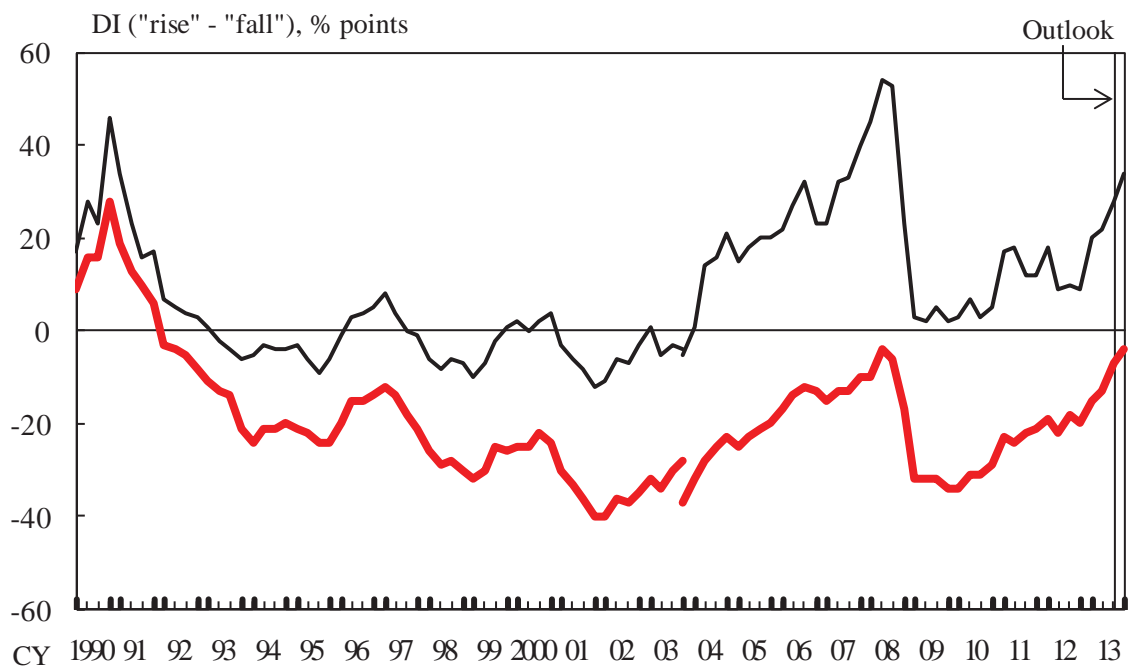
Source: Bank of Japan.

Tankan: Output Price DI and Input Price DI (2)

(3) SMEs: Manufacturing



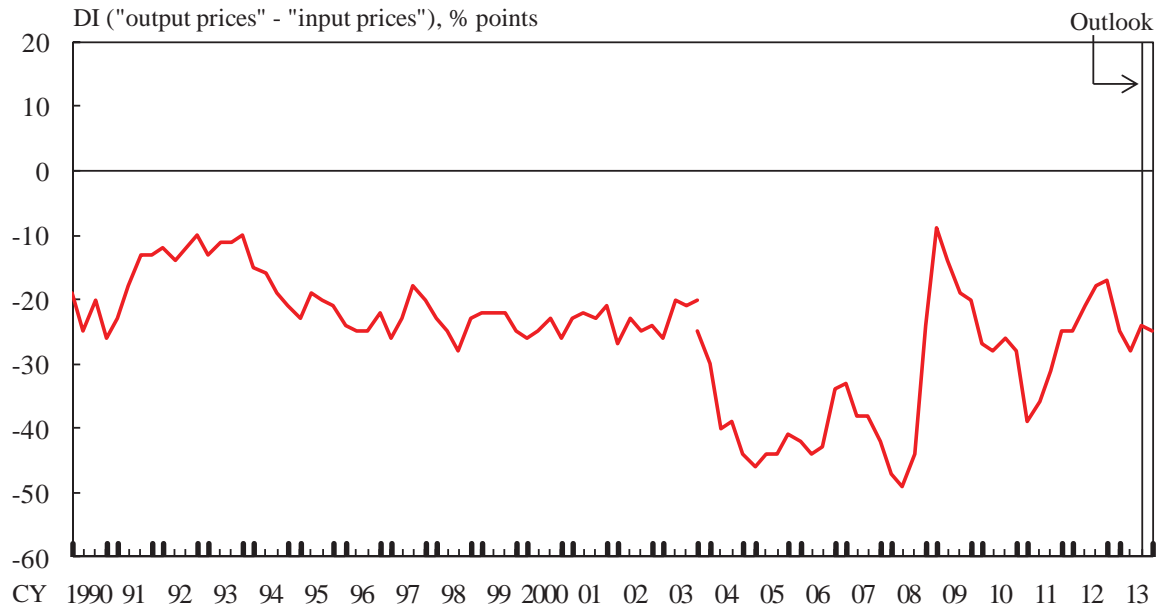
(4) SMEs: Nonmanufacturing



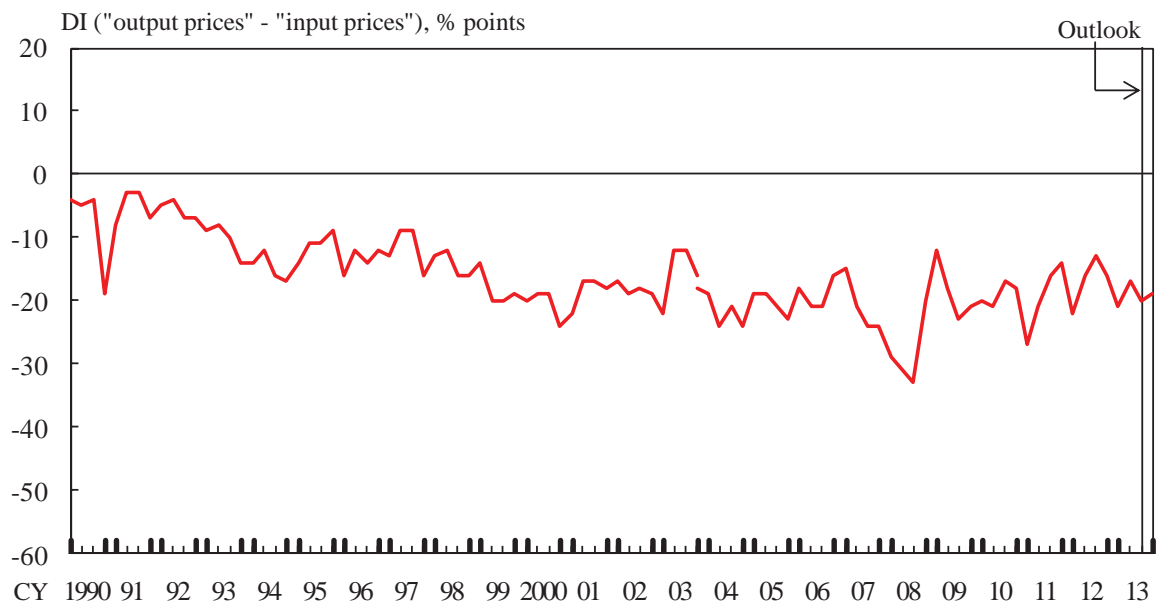
Source: Bank of Japan..

Tankan: Difference between DIs for Output and Input Prices (1)

(1) Large Enterprises: Manufacturing



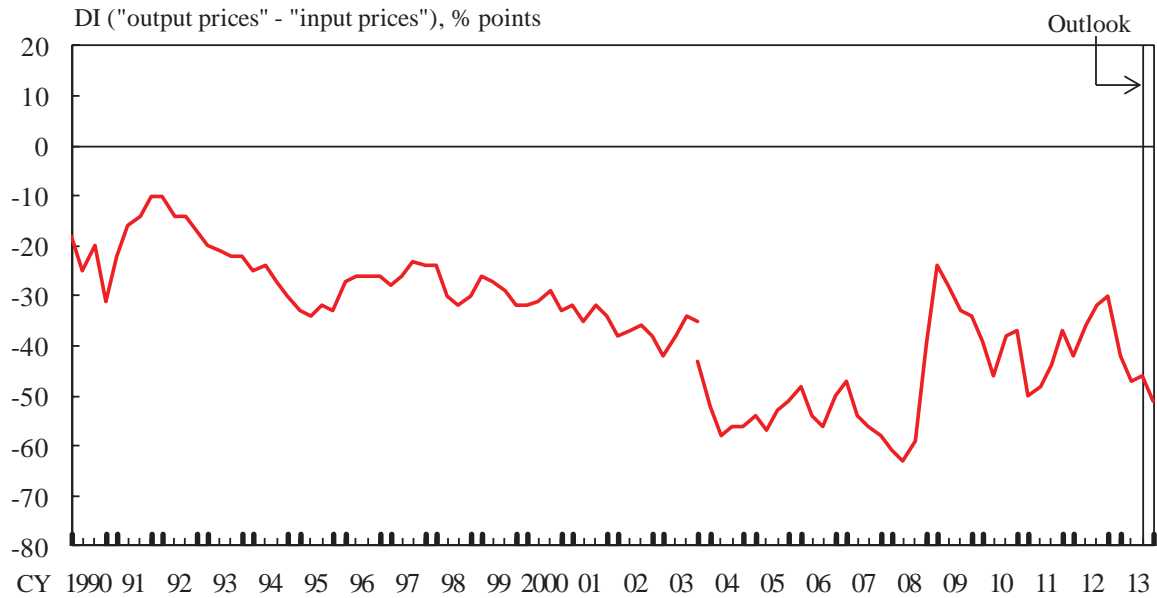
(2) Large Enterprises: Nonmanufacturing



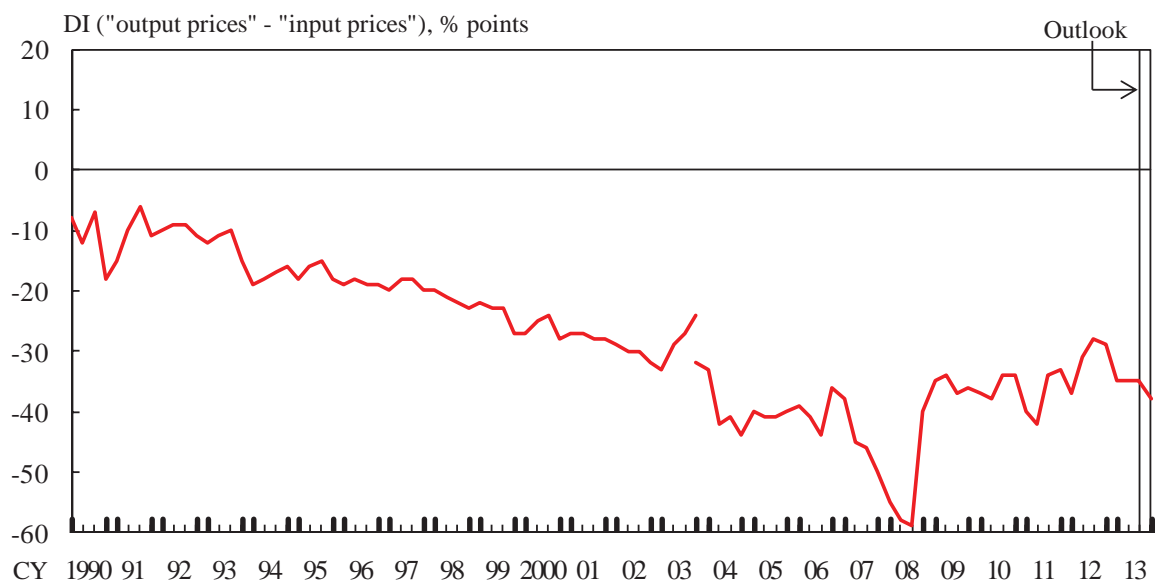
Source: Bank of Japan.

Tankan: Difference between DIs for Output and Input Prices (2)

(3) SMEs: Manufacturing



(4) SMEs: Nonmanufacturing



Source: Bank of Japan.