

Charts

Speech at a Meeting with Business Leaders in Okayama

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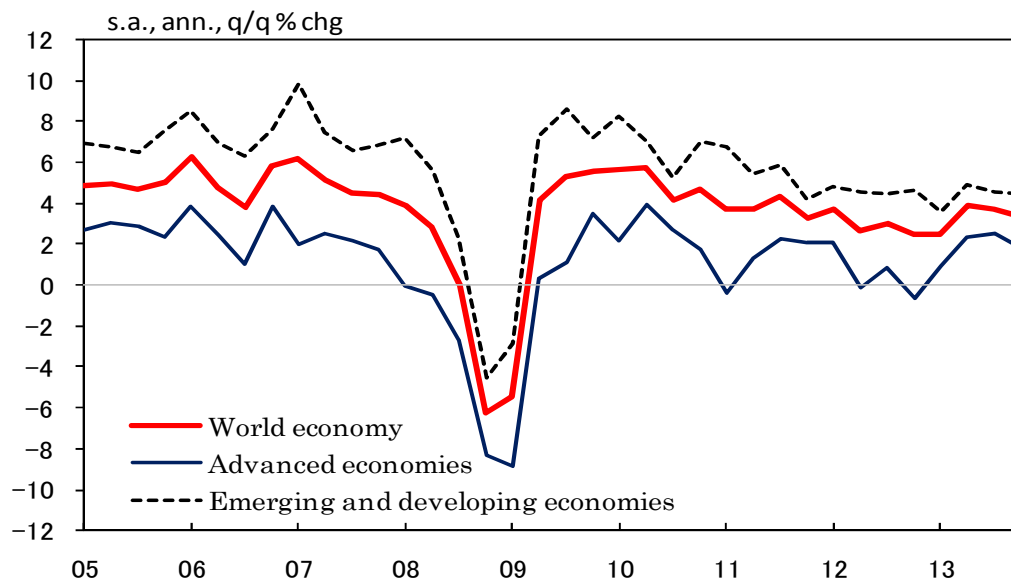
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Note: Charts are based on data released prior to April 4, 2014.

(Chart 1)

World Economic Growth Rate



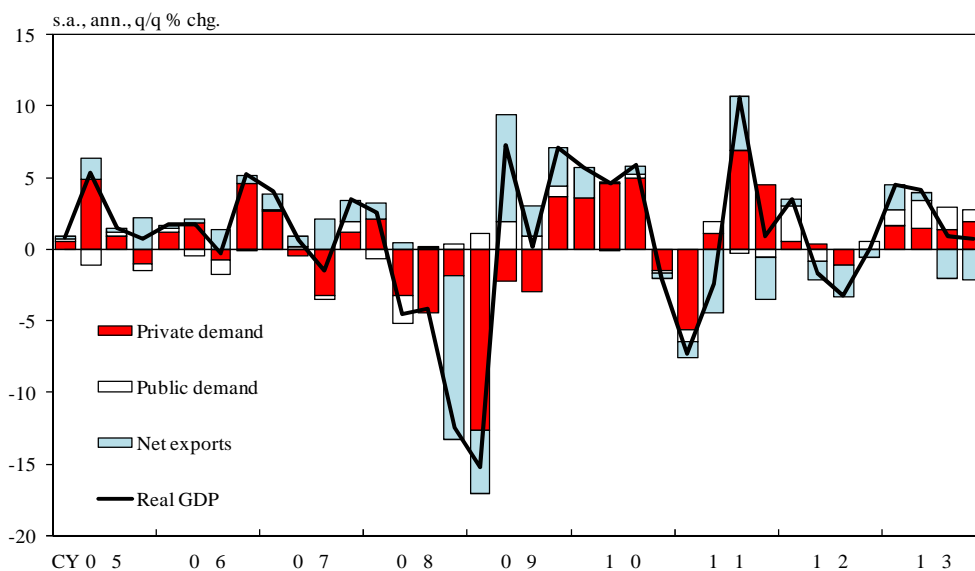
Notes: 1. The world economy covers 189 countries. The advanced economies are the United States, the euro area (17 countries), the United Kingdom, and Japan.

2. The figure for emerging and developing economies includes estimated quarterly growth rates based on historical annual data on real GDP growth rates.

Source: IMF, "World Economic Outlook."

(Chart 2)

Japan's Economic Growth Rate



Source: Cabinet Office, "National Accounts."

(Chart 3)

Outlook for Economic Activity and Prices (as of January 2014)

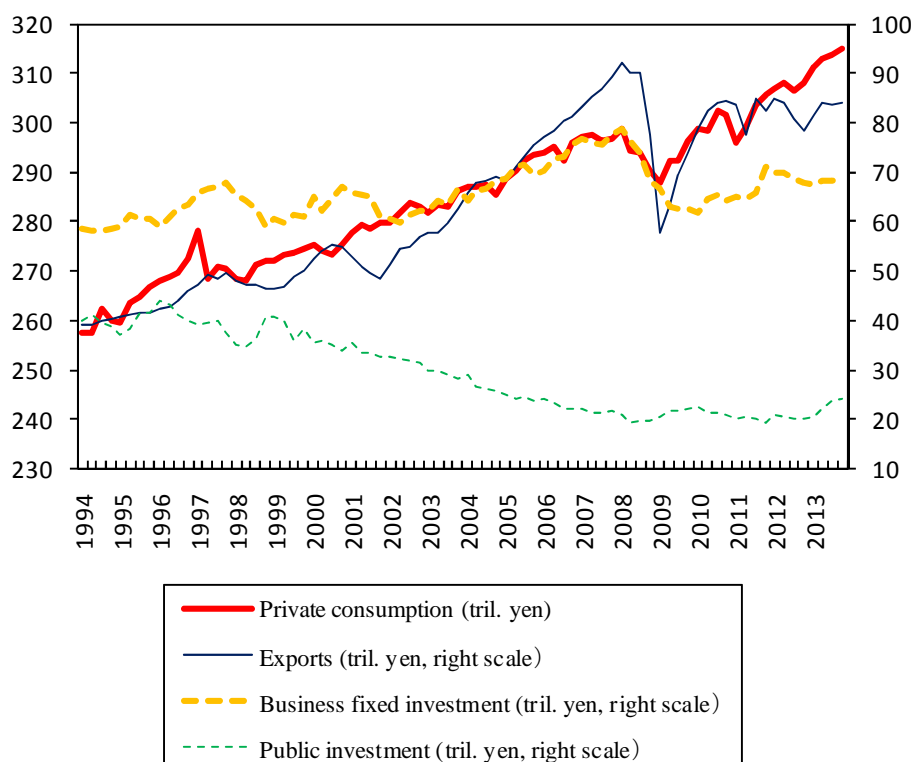
		y/y % chg.		
		Real GDP	CPI (all items less fresh food)	Excluding the effects of the consumption tax hikes
Fiscal 2013		+2.5 to +2.9 [+2.7]	+0.7 to +0.9 [+0.7]	
Forecasts made in October 2013		+2.6 to +3.0 [+2.7]	+0.6 to +1.0 [+0.7]	
Fiscal 2014		+0.9 to +1.5 [+1.4]	+2.9 to +3.6 [+3.3]	+0.9 to +1.6 [+1.3]
Forecasts made in October 2013		+0.9 to +1.5 [+1.5]	+2.8 to +3.6 [+3.3]	+0.8 to +1.6 [+1.3]
Fiscal 2015		+1.2 to +1.8 [+1.5]	+1.7 to +2.9 [+2.6]	+1.0 to +2.2 [+1.9]
Forecasts made in October 2013		+1.3 to +1.8 [+1.5]	+1.6 to +2.9 [+2.6]	+0.9 to +2.2 [+1.9]

Note: Figures in brackets indicate the median of the Policy Board members' forecasts (point estimates).

Source: Bank of Japan.

(Chart 4)

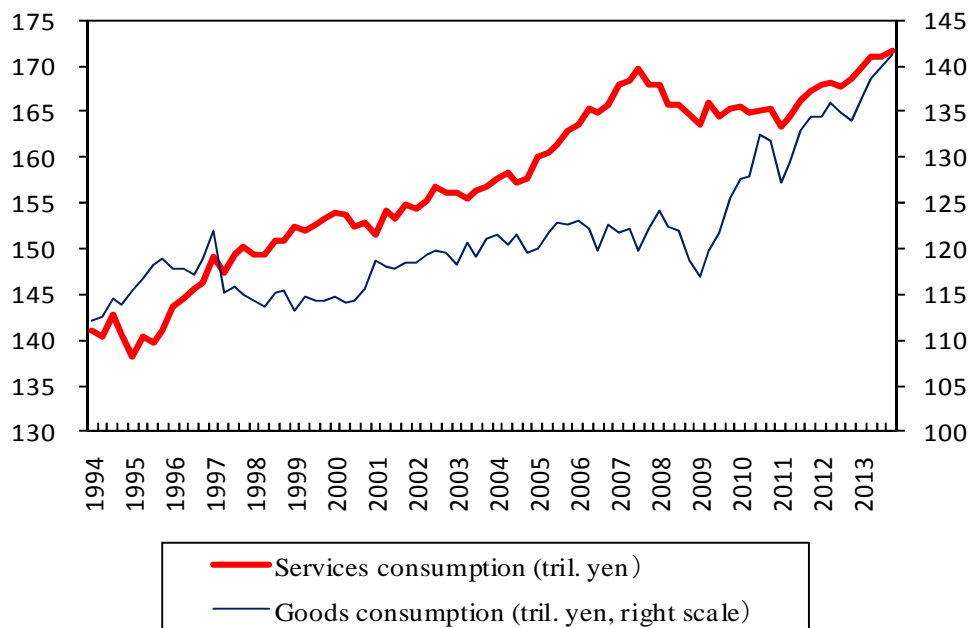
Private Consumption, Exports, and Business Fixed and Public Investment



Source: Cabinet Office, "National Accounts."

(Chart 5)

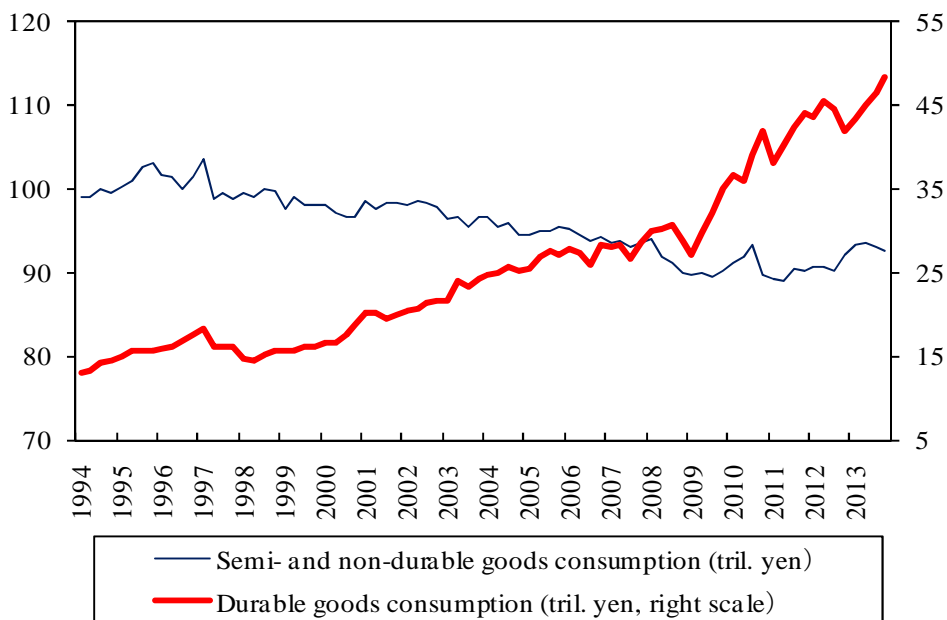
Services and Goods Consumption



Source: Cabinet Office, "National Accounts."

(Chart 6)

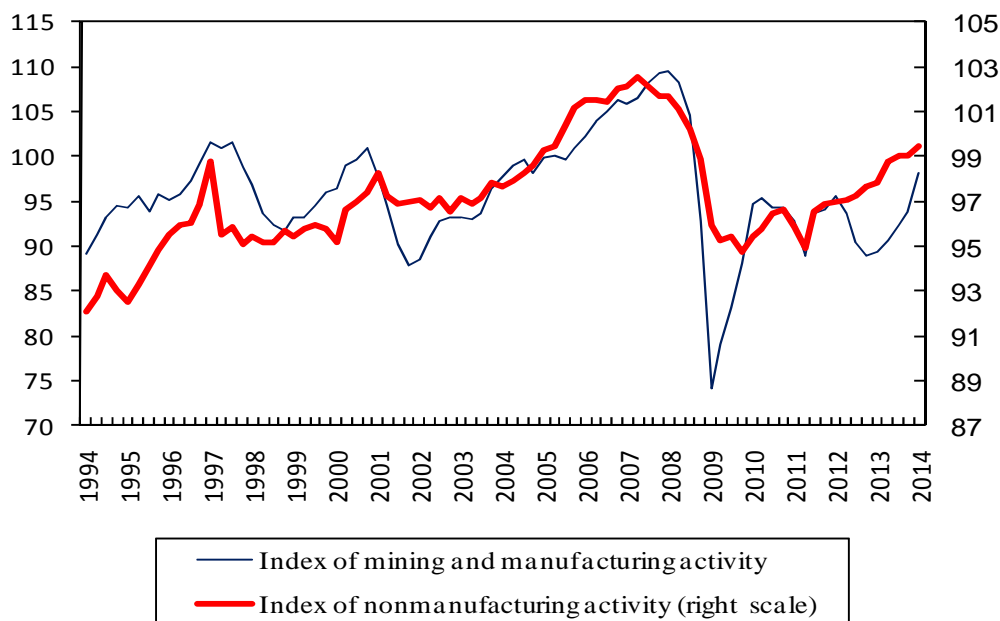
Durable Goods Consumption, and Semi- and Non-Durable Goods Consumption



Source: Cabinet Office, "National Accounts."

(Chart 7)

Economic Activity of Manufacturing and Nonmanufacturing Firms

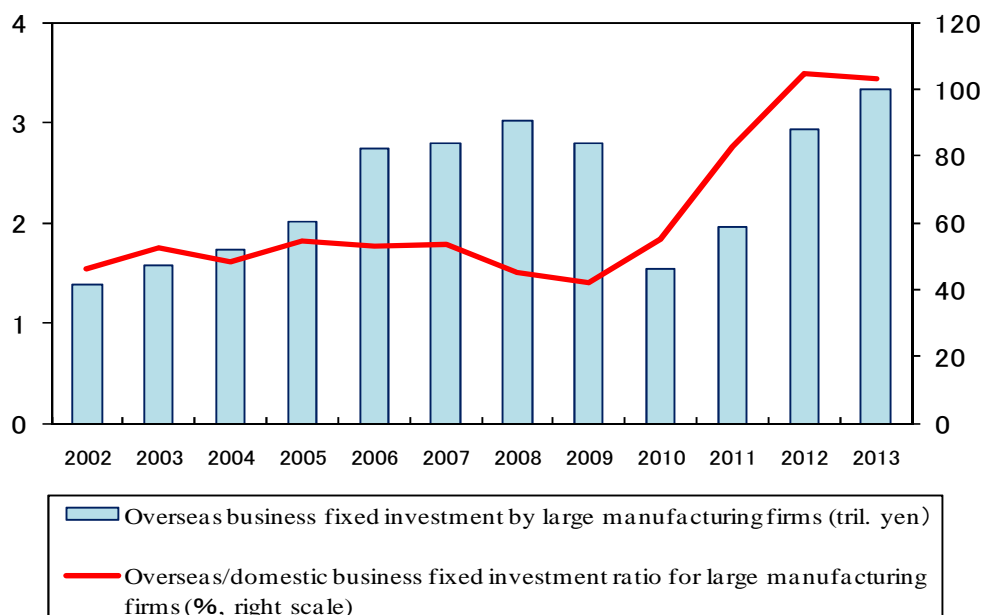


Note: The index of nonmanufacturing activity is calculated as the weighted average of the index of tertiary industry activity and the index of construction industry activity.

Source: Ministry of Economy, Trade and Industry, "Indices of All Industry Activity."

(Chart 8)

Overseas Business Fixed Investment by Large Manufacturing Firms



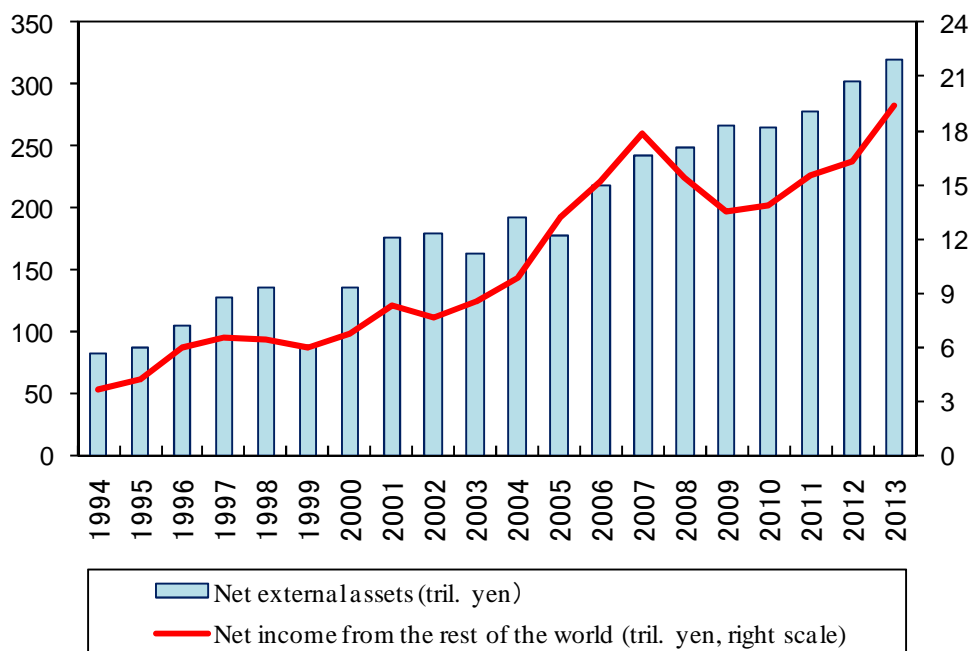
Notes: 1. Survey is conducted on large manufacturing firms with capital of 1 billion yen or more. Figures for fiscal 2013 are planned amounts.

2. Overseas/domestic business fixed investment ratio for large manufacturing firms = Amount of overseas business fixed investment (consolidated basis)/amount of domestic business fixed investment (non-consolidated basis) \times 100.

Source: Development Bank of Japan, "Survey on Planned Capital Spending."

(Chart 9)

Net External Assets and Net Income from the Rest of the World

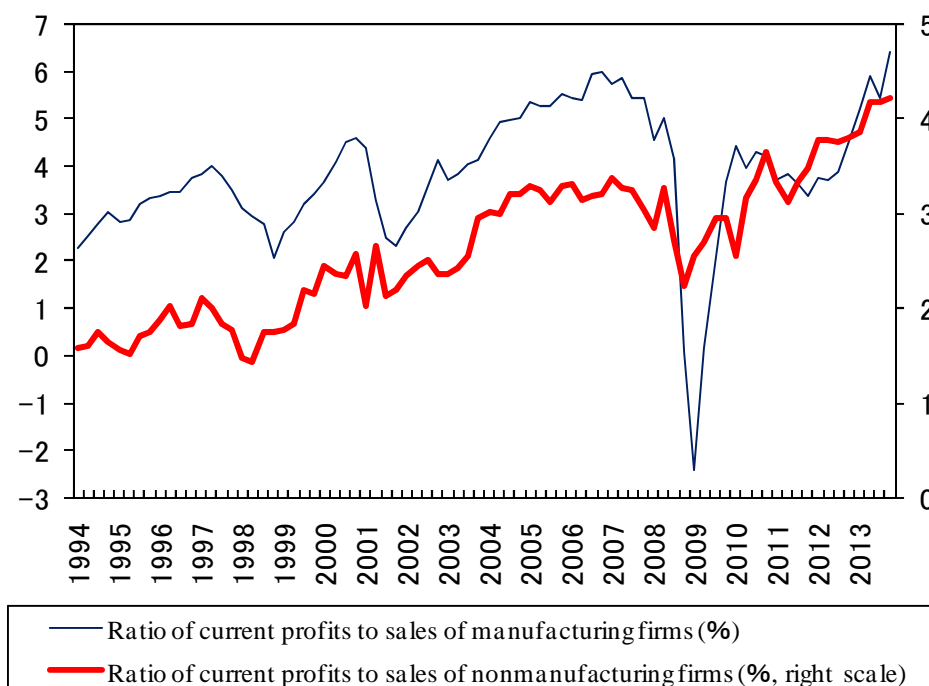


Note: Figures for fiscal 2013 are those up to end-December 2013.

Sources: Cabinet Office, "National Accounts"; Bank of Japan, "Flow of Funds."

(Chart 10)

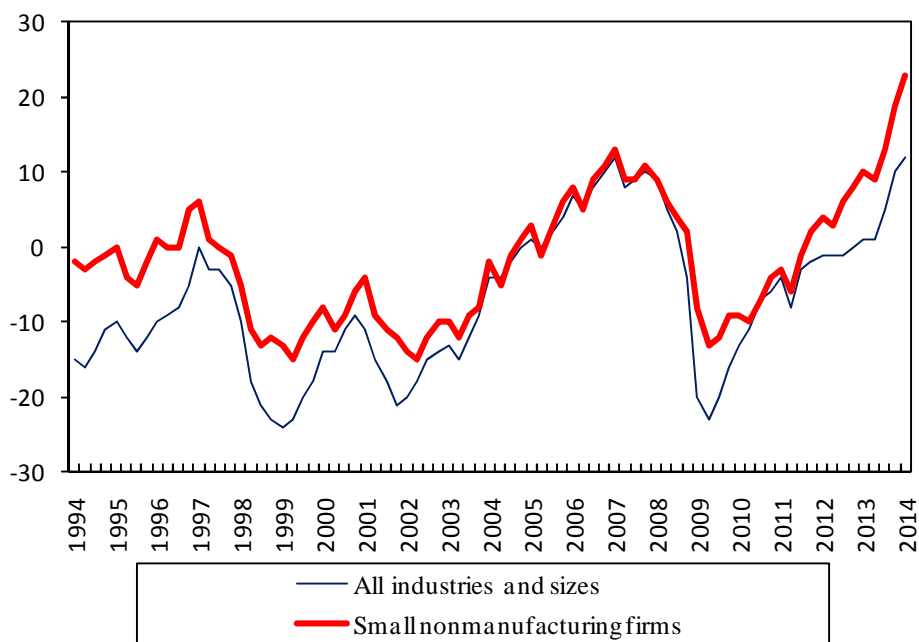
Ratios of Current Profits to Sales of Manufacturing and Nonmanufacturing Firms



Source: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry."

(Chart 11)

Employment Conditions D.I.

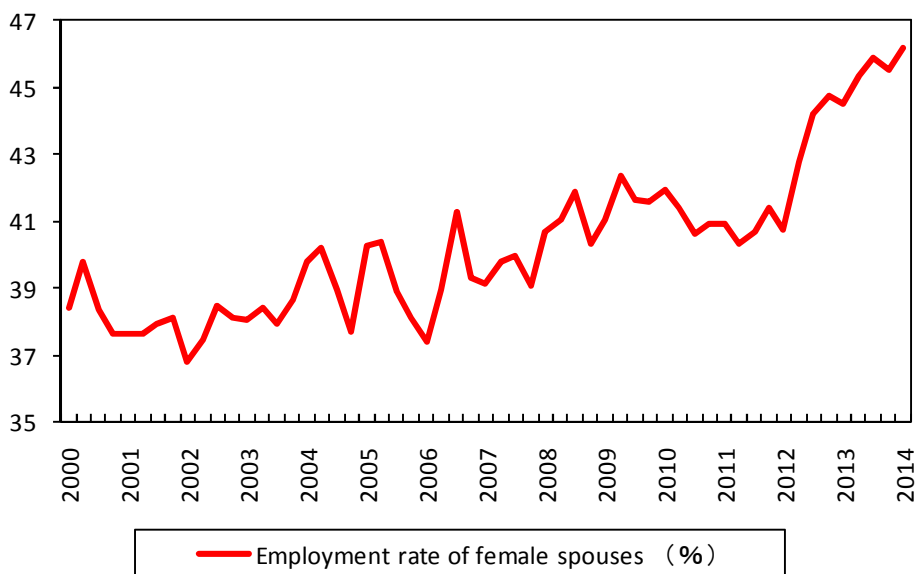


Note: Positive territory indicates shortage of employees.

Source: Bank of Japan, "Tankan, Short-Term Economic Survey of Enterprises in Japan."

(Chart 12)

Employment Rate of Female Spouses

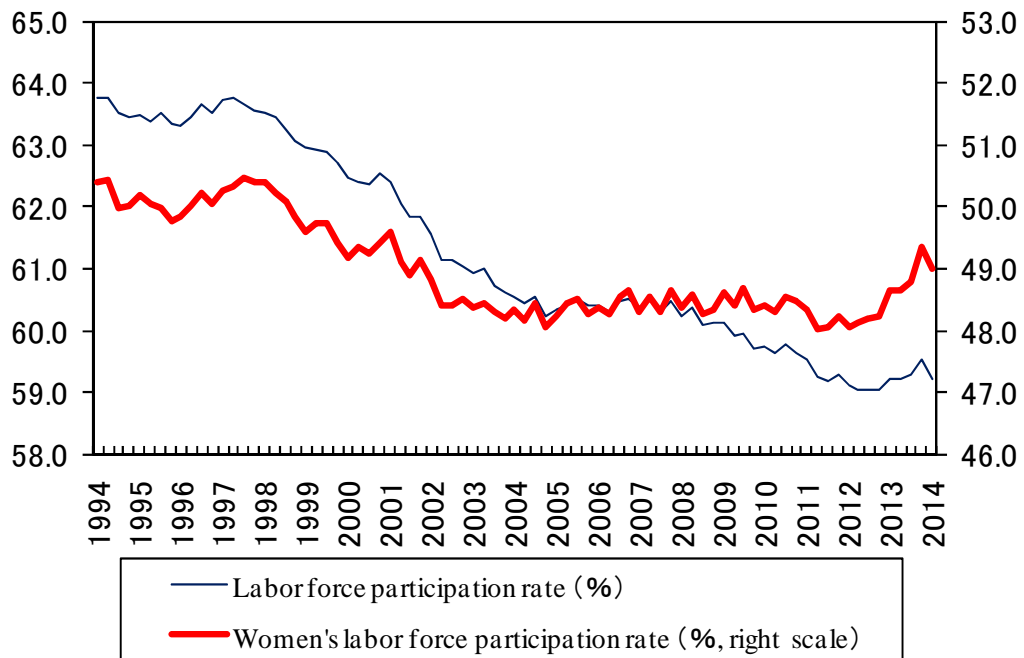


Note: The figure for 2014/Q1 is that of January.

Source: Ministry of Internal Affairs and Communications, "Family Income and Expenditure Survey."

(Chart 13)

Labor Force Participation Rates

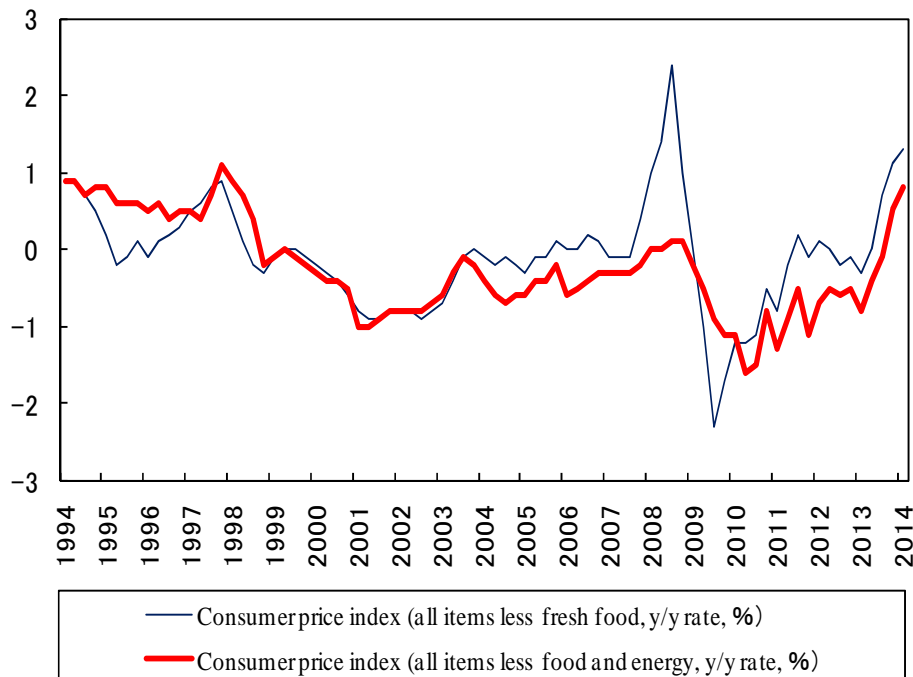


Note: Figures for 2014/Q1 are those of January.

Source: Ministry of Internal Affairs and Communications, "Labour Force Survey."

(Chart 14)

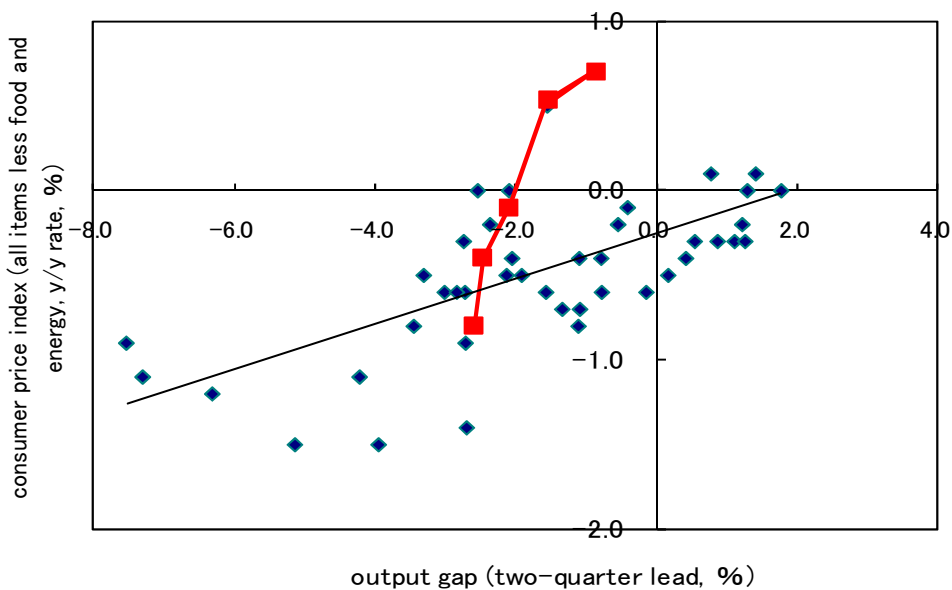
Consumer Price Index



Note: Excluding the effects of the consumption tax hike. Figures for 2014/Q1 are the averages of January and February.

Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

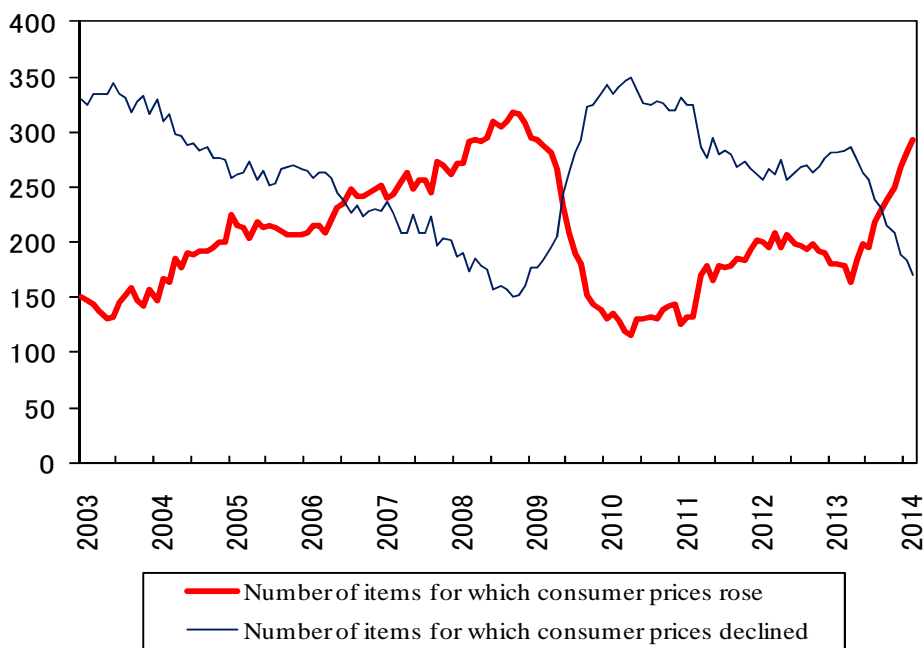
Output Gap and Consumer Price Index (Phillips Curve)



- Notes: 1. The output gap is estimated by the Bank of Japan (two-quarter lead).
- 2. Sample period is from 2003/Q1 through 2014/Q1. ■ is the period from 2013/Q1 through 2014/Q1.
- 3. The regression line is estimated based on the data from 2003/Q1 through 2012/Q4.

Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index"; Bank of Japan.

Number of Items for Which Consumer Prices Rose or Declined



Note: Figures are calculated based on the year-on-year rate of change in consumer prices of 534 items (all items less fresh food).

Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

Quantitative and Qualitative Monetary Easing (QQE)

1. Adoption of the monetary base control

- The monetary base will increase at an annual pace of about 60-70 tril. yen.

2. Increase in JGB purchases and their maturity extension

- With a view to encouraging a further decline in interest rates across the yield curve, the Bank will purchase JGBs so that their amount outstanding will increase at an annual pace of about 50 tril. yen.
- JGBs with all maturities will be made eligible for purchase, and the average remaining maturity of the Bank's JGB purchases will be extended from slightly less than 3 years to about 7 years -- equivalent to the average maturity of the amount outstanding of JGBs issued.

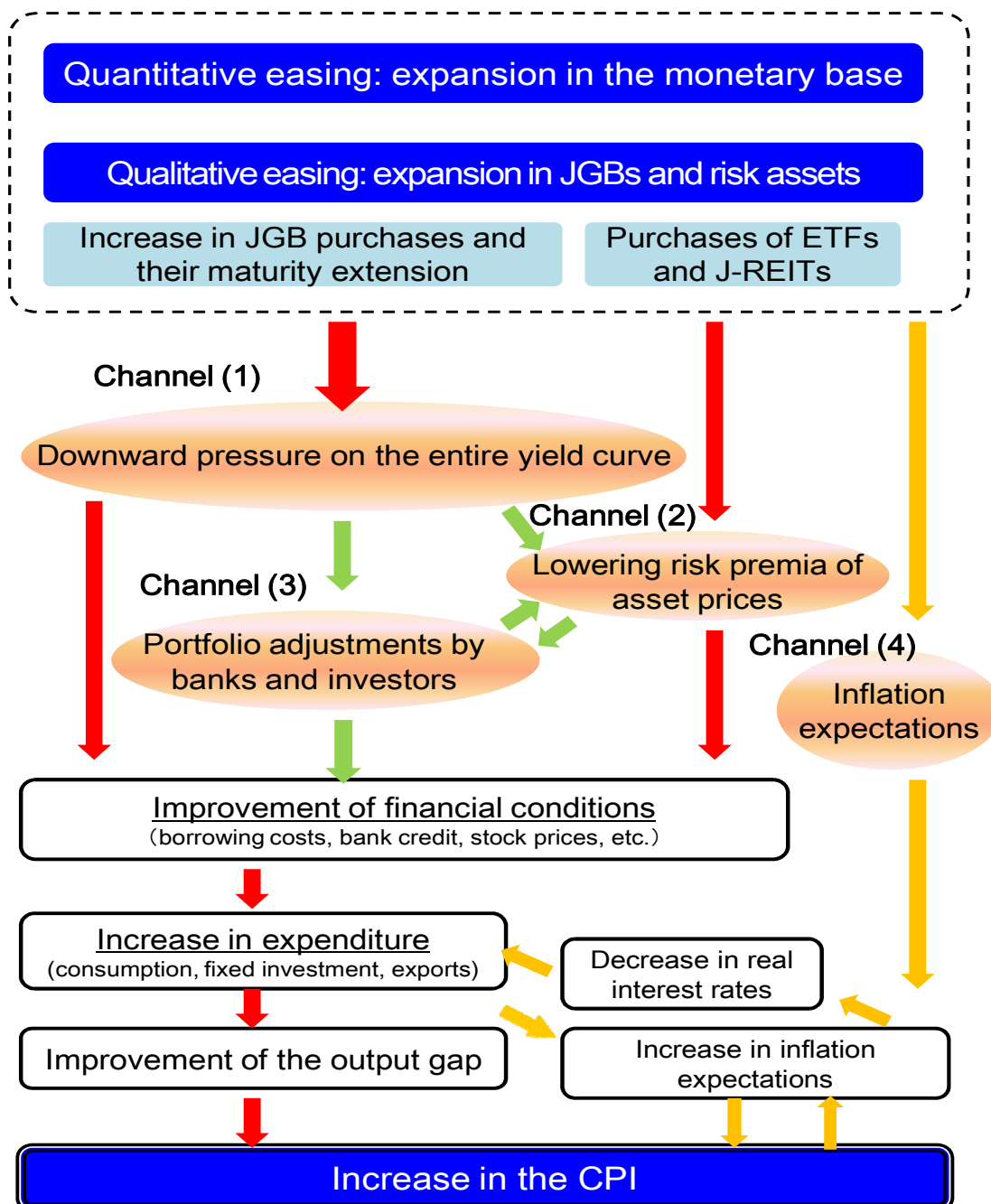
3. Increase in ETF and J-REIT purchases

- With a view to lowering risk premia of asset prices, the Bank will purchase ETFs and J-REITs so that their amounts outstanding will increase at an annual pace of 1 tril. yen and 30 bil. yen, respectively.

4. Continuation of the QQE

- The Bank will continue with the QQE, aiming to achieve the price stability target of 2%, as long as it is necessary for maintaining that target in a stable manner.
- The Bank will examine both upside and downside risks to economic activity and prices, and make adjustments as appropriate.

Transmission Channels of QQE



Enhancement of the Loan Support Program

(1) Stimulating Bank Lending Facility

The BOJ decided to enable financial institutions to borrow long-term funds at a low interest rate from it up to an amount that is twice as much as the net increase in their lending.

● Conditions of the new program (starting from June)

(Limit of amount) No limit

(Ceiling of the total amount) Twice as much as the net increase in lending

(Rates of lending) Fixed rate of 0.1 % per annum¹

	Amount outstanding	Number of institutions
Total	8.5496 trillion yen	102
Large banks	5.7936 trillion yen	7
Regional banks	2.7560 trillion yen	95

(2) Growth-Supporting Funding Facility

The BOJ decided to provide long-term funds at a low interest rate to financial institutions for their lending and investment to areas that are expected to contribute to strengthening Japan's growth potential.

● Conditions of the new program (starting from June)

(Limit of amount) Double the maximum amount of fund-provisioning under the main rules from 3.5 trillion yen to 7 trillion yen

(Ceiling of the total amount) Increase the maximum amount of fund-provisioning to each financial institution from 150 billion yen to 1 trillion yen

(Rates of lending) Fixed rate of 0.1 % per annum¹

	Main rules	Special rules for equity investments and ABL	Special rules for small-lot investments and loans	Special rules for the U.S. dollar lending arrangement
Total amount of loans	7.0 trillion yen	0.5 trillion yen	0.5 trillion yen	12 billion U.S. dollars
Amount outstanding	3.1419 trillion yen	80.7 billion yen	8.0 billion yen	8.77 billion U.S. dollars
Number of institutions	117	28	30	40
Eligible investments and loans	Those with a size of 10 million yen or more	Equity investments and ABL with a size of 1 million yen or more	Those with a size of 1 million yen or more but less than 10 million yen	Those denominated in foreign currencies with a size equivalent to 100 thousand U.S. dollars or more

Note: 1. Financial institutions have an option to make prepayment every year. For the Growth-Supporting Funding Facility, U.S. dollar lending is excluded.

Source: Bank of Japan.