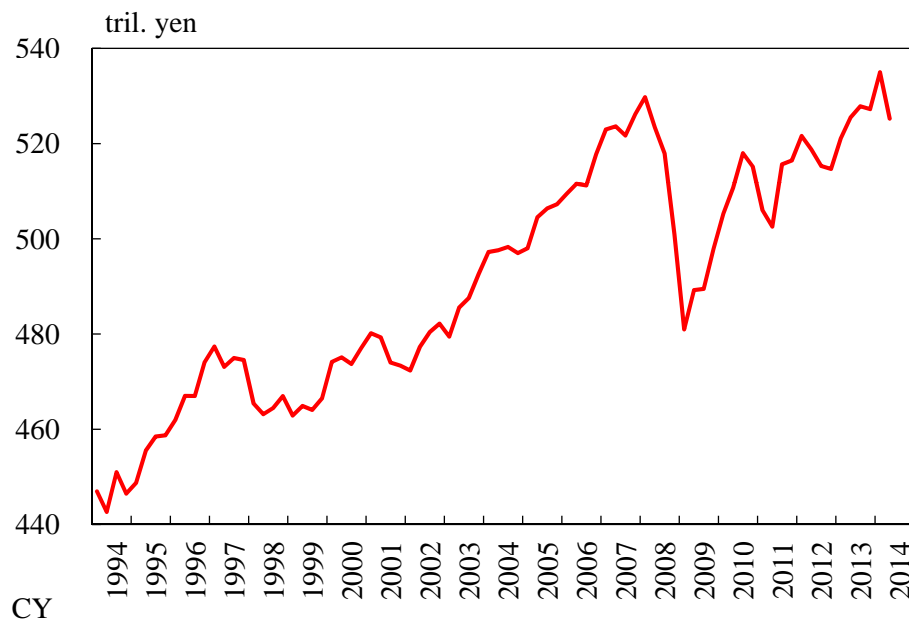


Chart 1

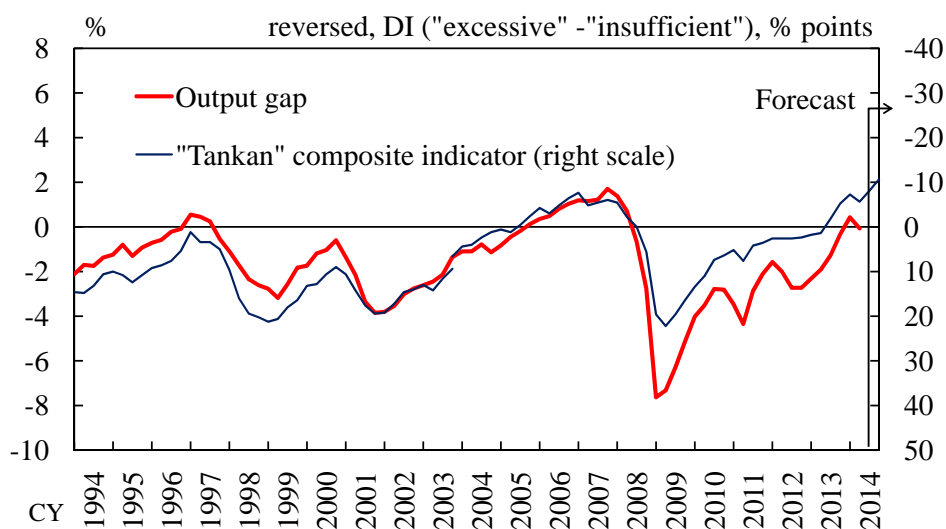
Japan's Real GDP



Source: Cabinet Office, "National Accounts."

Chart 2

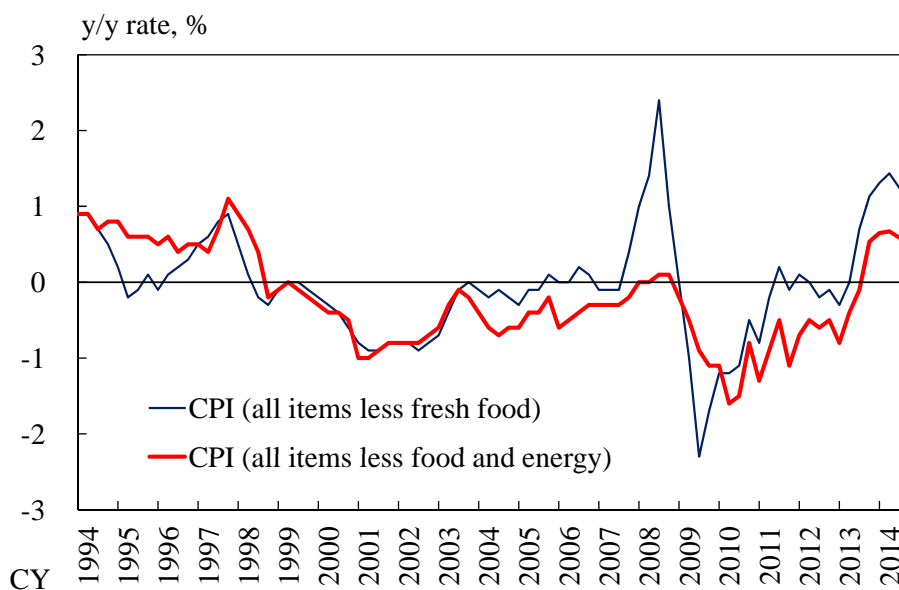
The Output Gap and the *Tankan* Composite Indicator



Note: The output gap is estimated by the Research and Statistics Department of the Bank of Japan. Figures for the *Tankan* composite indicator are weighted averages of the production capacity DI and employment conditions DI. The fiscal 1990-2012 averages of capital and labor shares in "National Accounts" are used as the weight.

Sources: Cabinet Office, "National Accounts"; Bank of Japan, "*Tankan*, Short-Term Economic Survey of Enterprises in Japan," etc.

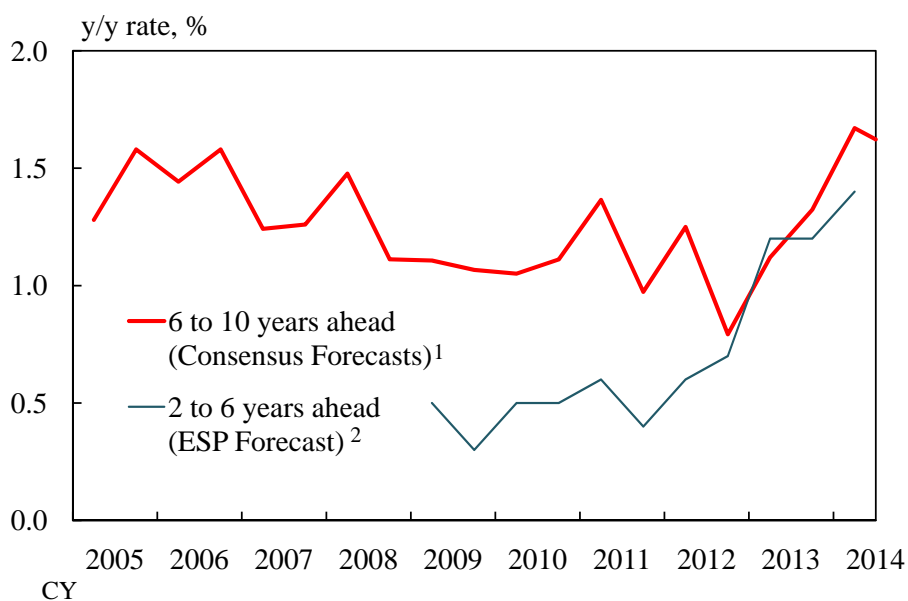
Consumer Price Index



Note: Excluding the effects of the consumption tax hike. Figures for 2014/Q3 are those of July-August averages.

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

Medium- to Long-Term Inflation Expectations



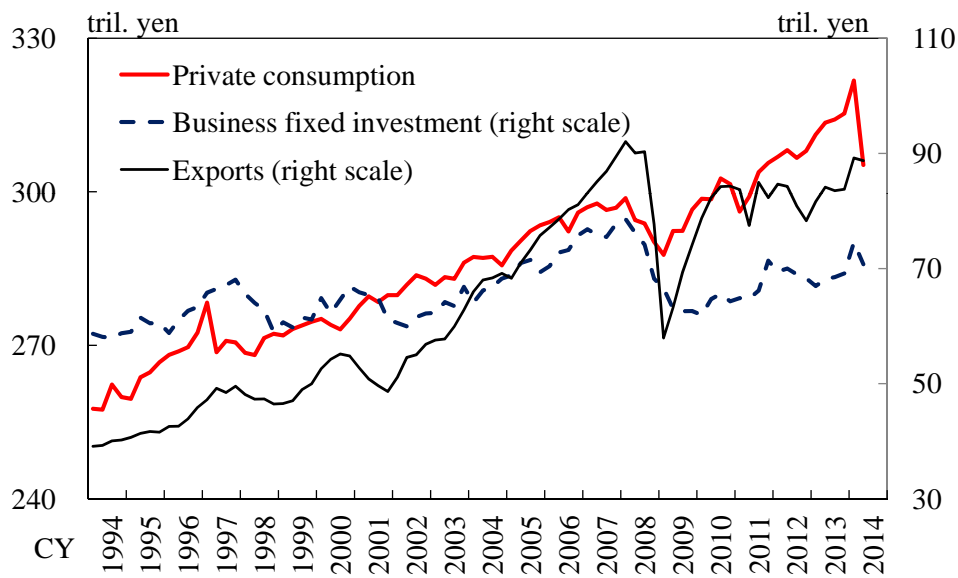
Notes: 1. Figures are forecasts made every January, April, July, and October. Those up through April 2014 are forecasts made every April and October.

2. Figures are forecasts made every June and December. The effects of the consumption tax hikes are excluded.

Sources: Consensus Economics Inc., "Consensus Forecasts"; Japan Center for Economic Research, "ESP Forecast."

Chart 5

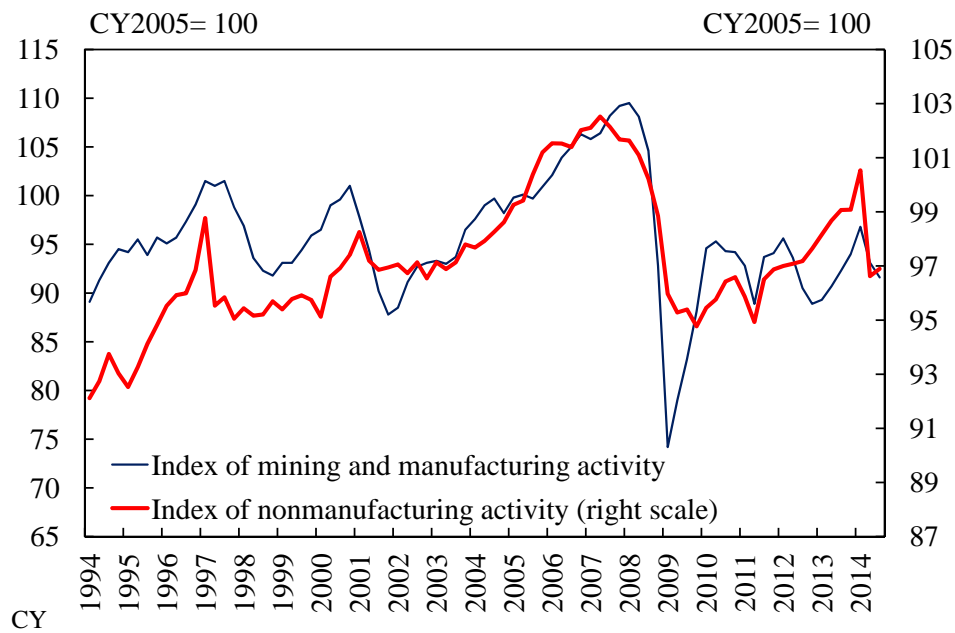
Private Consumption, Exports, and Business Fixed Investment



Source: Cabinet Office, "National Accounts."

Chart 6

Economic Activity of Manufacturing and Nonmanufacturing Firms

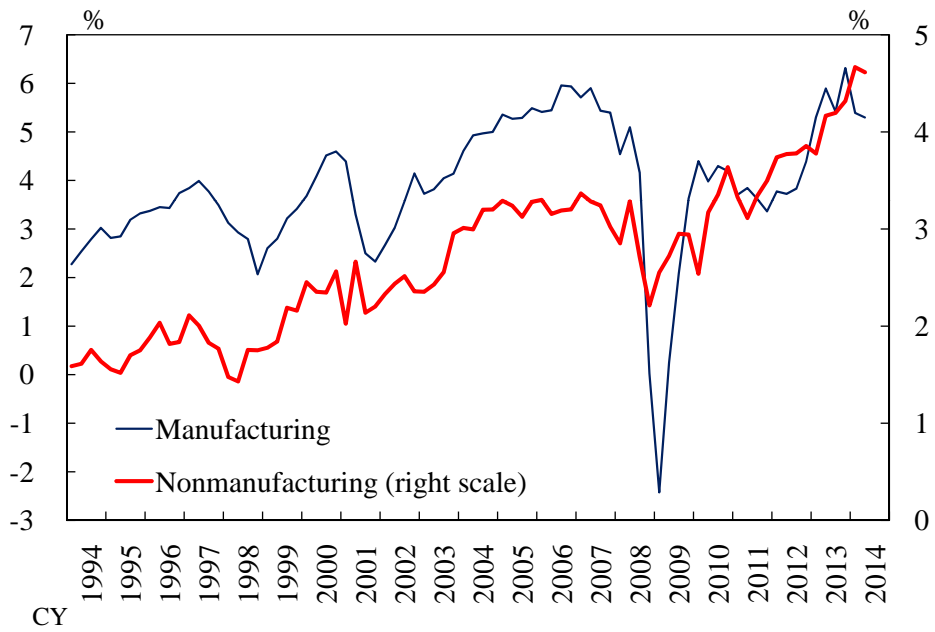


Note: The index of nonmanufacturing activity is calculated as the weighted average of the index of tertiary industry activity and the index of construction industry activity. Figures for 2014/Q3 are those for July.

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

Chart 7

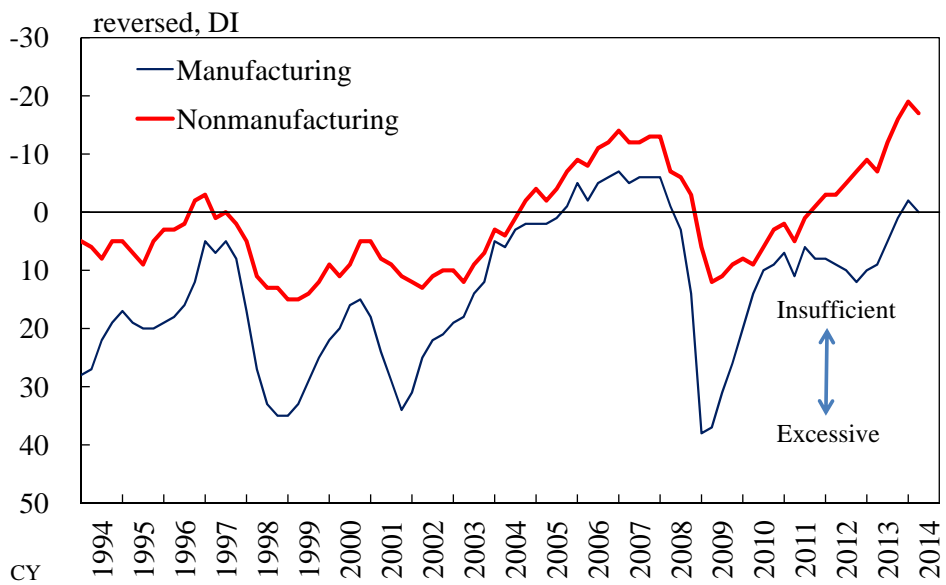
Ratios of Current Profits to Sales of Manufacturing and Nonmanufacturing Firms



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

Chart 8

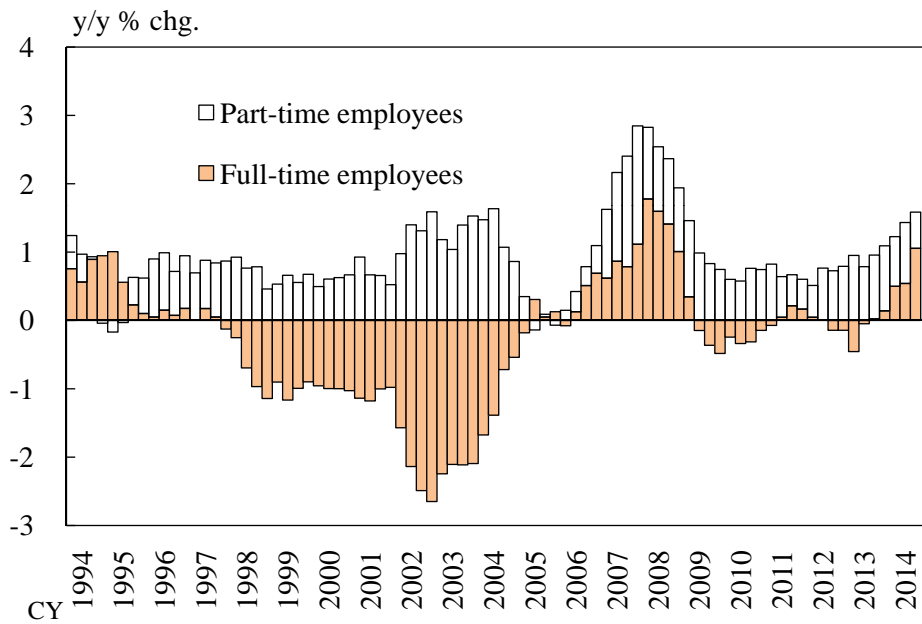
Employment Conditions DI



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

Chart 9

Breakdown of Number of Employees

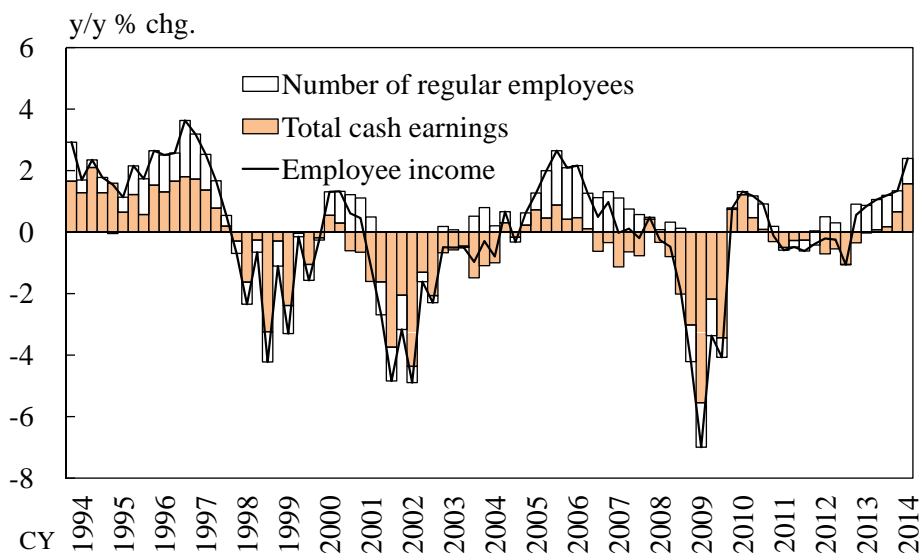


Note: Figures for 2014/Q3 are those of July-August averages.

Source: Ministry of Health, Labour and Welfare, "Monthly Labour Survey."

Chart 10

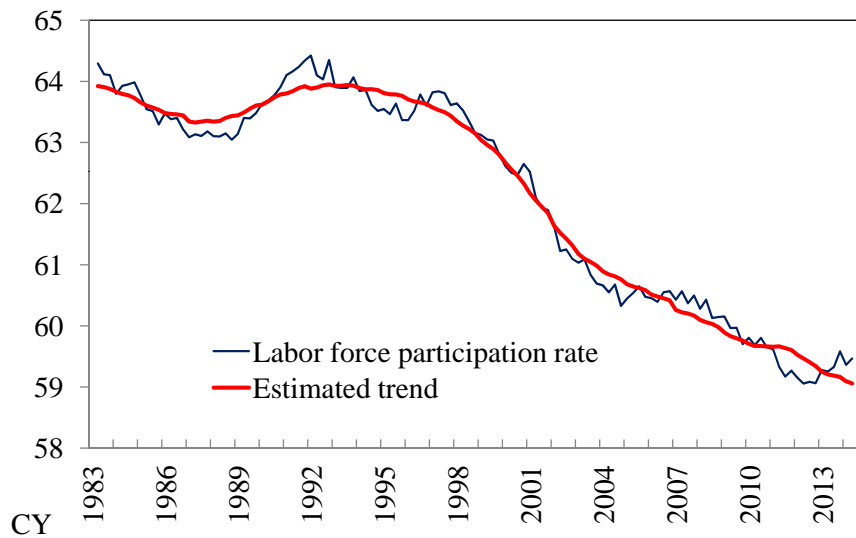
Employee Income



Note: In this chart, Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Employee income is calculated as the "number of employees" (Labour Force Survey) times "total cash earnings" (Monthly Labour Survey).

Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey"; Ministry of Internal Affairs and Communications, "Labour Force Survey."

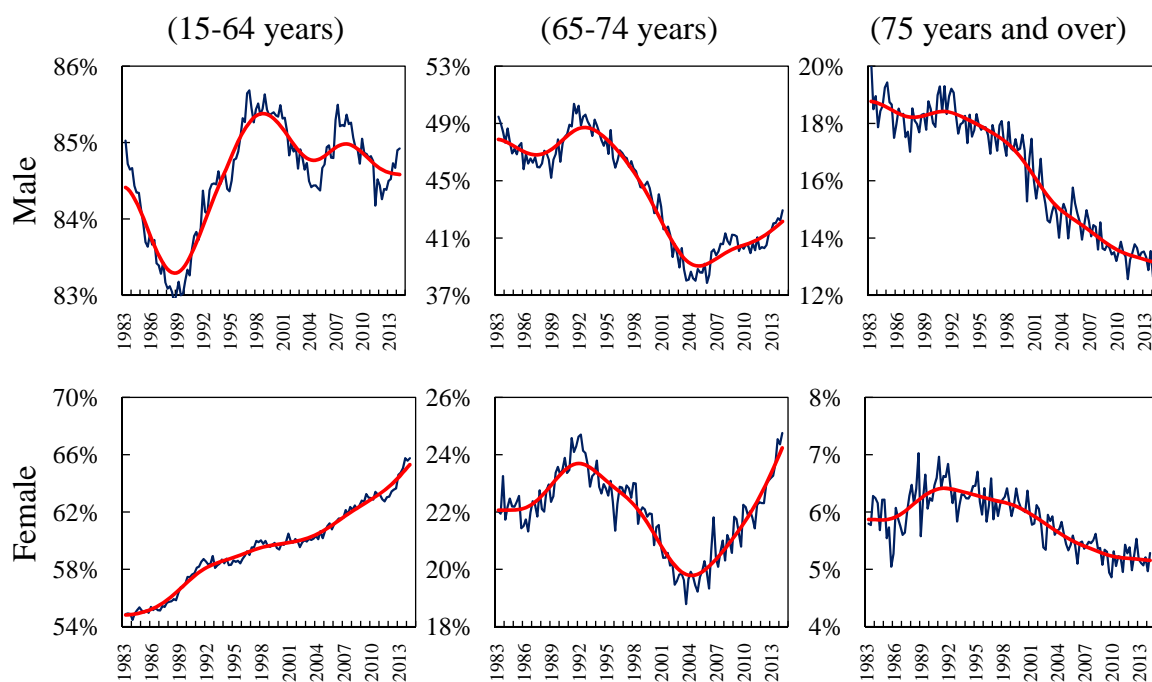
Labor Force Participation Rate



Note: The estimated trend is the weighted average of trends in labor force participation rates by gender and age in Chart 12.

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

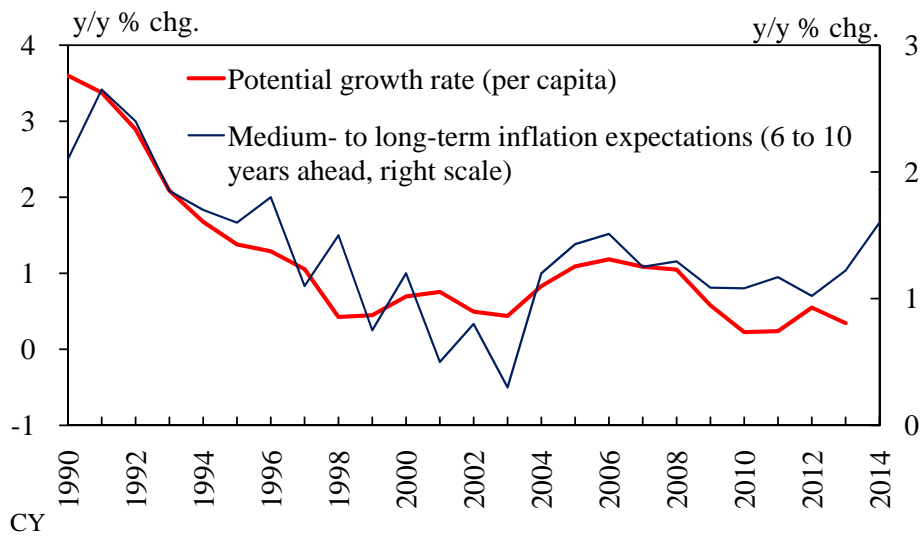
Labor Force Participation Rates by Gender and Age



Note: The blue thin lines are the labor force participation rates. The red bold lines are the trends calculated using the Hodrick-Prescott filter.

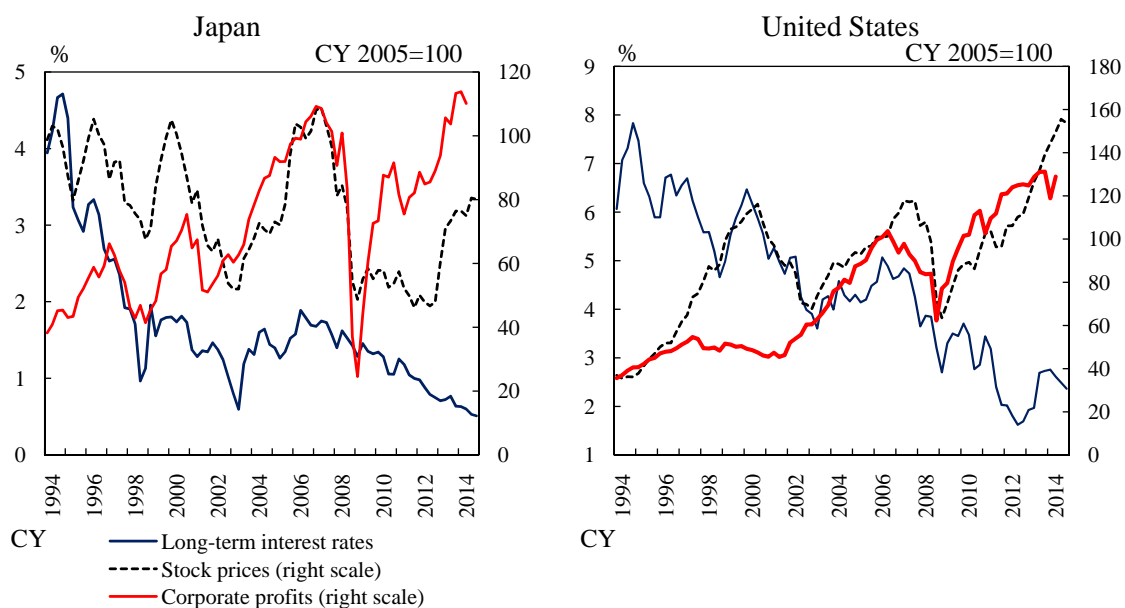
Source: Ministry of Internal Affairs and Communications, "Labour Force Survey."

Potential Growth and Medium- to Long-Term Inflation Expectations



Notes: 1. Figures for inflation expectations are based on the results of the Consensus Forecasts, a survey conducted on private sector forecasters.
 2. The potential growth rate is estimated by the Research and Statistics Department of the Bank of Japan.
 Sources: Consensus Economics Inc., "Consensus Forecasts"; Cabinet Office, "National Accounts," etc.

Long-Term Interest Rates, Stock Prices, and Corporate Profits



Note: Long-term interest rates are 10-year government bond yields. Stock prices of Japan and United States are the TOPIX and S&P500, respectively. Corporate profits of Japan are from "Financial Statements Statistics of Corporations by Industry, Quarterly," and those of United States are from SNA statistics. Market data include those up through October 10, 2014.

Sources: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly"; U.S. Bureau of Economic Analysis, "National Income and Product Accounts"; Bloomberg.