

Japan's Economy and Monetary Policy

Speech at a Meeting with Business Leaders in Osaka

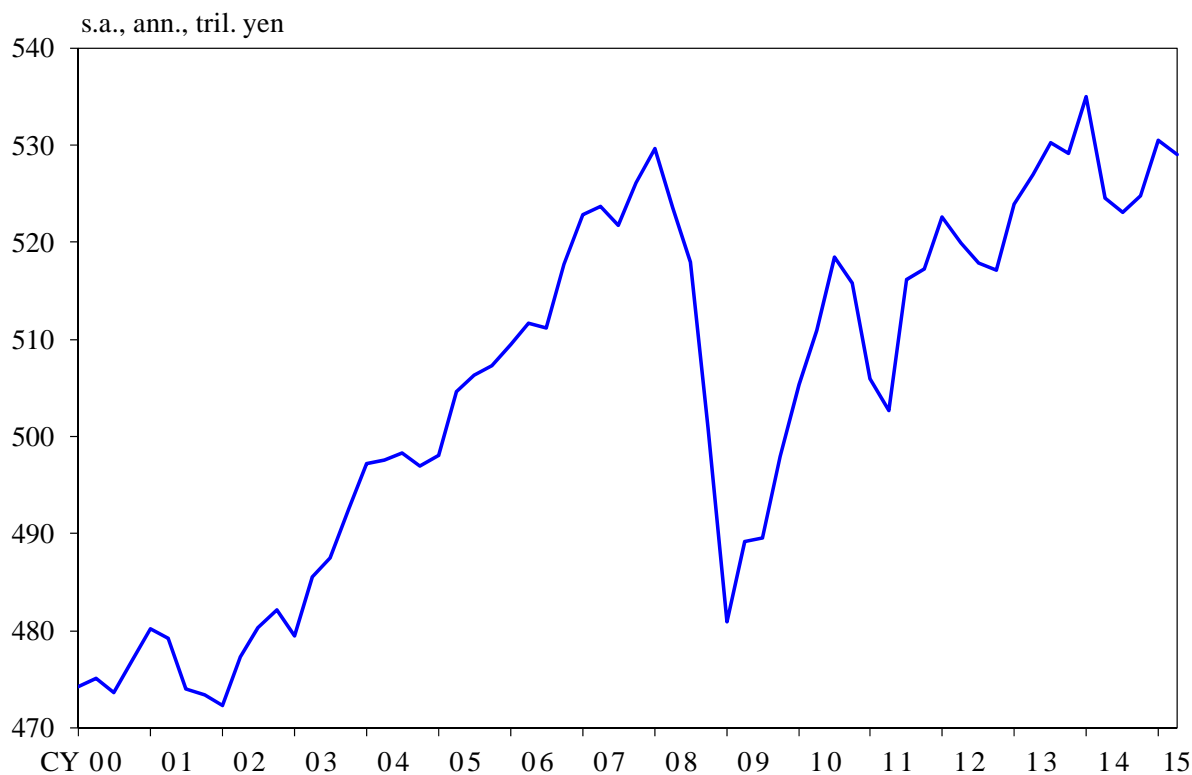
September 28, 2015

Haruhiko Kuroda

Governor of the Bank of Japan

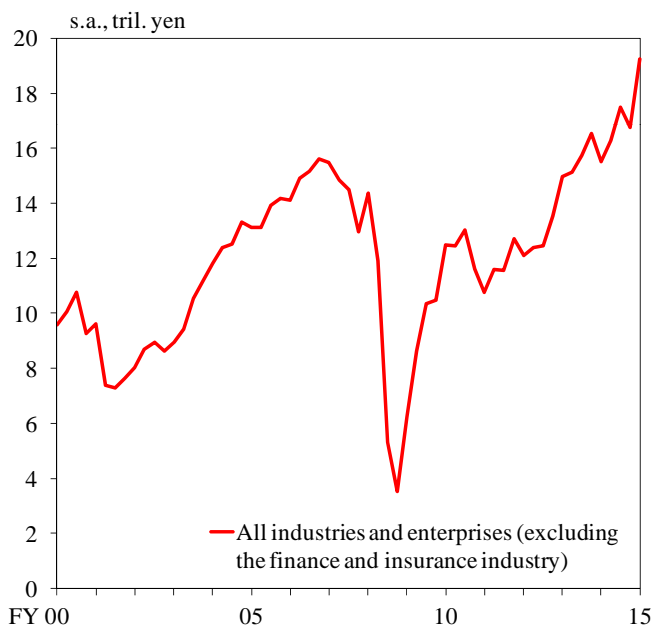
Chart 1

Real GDP



Corporate Profits and Business Fixed Investment

Current Profits

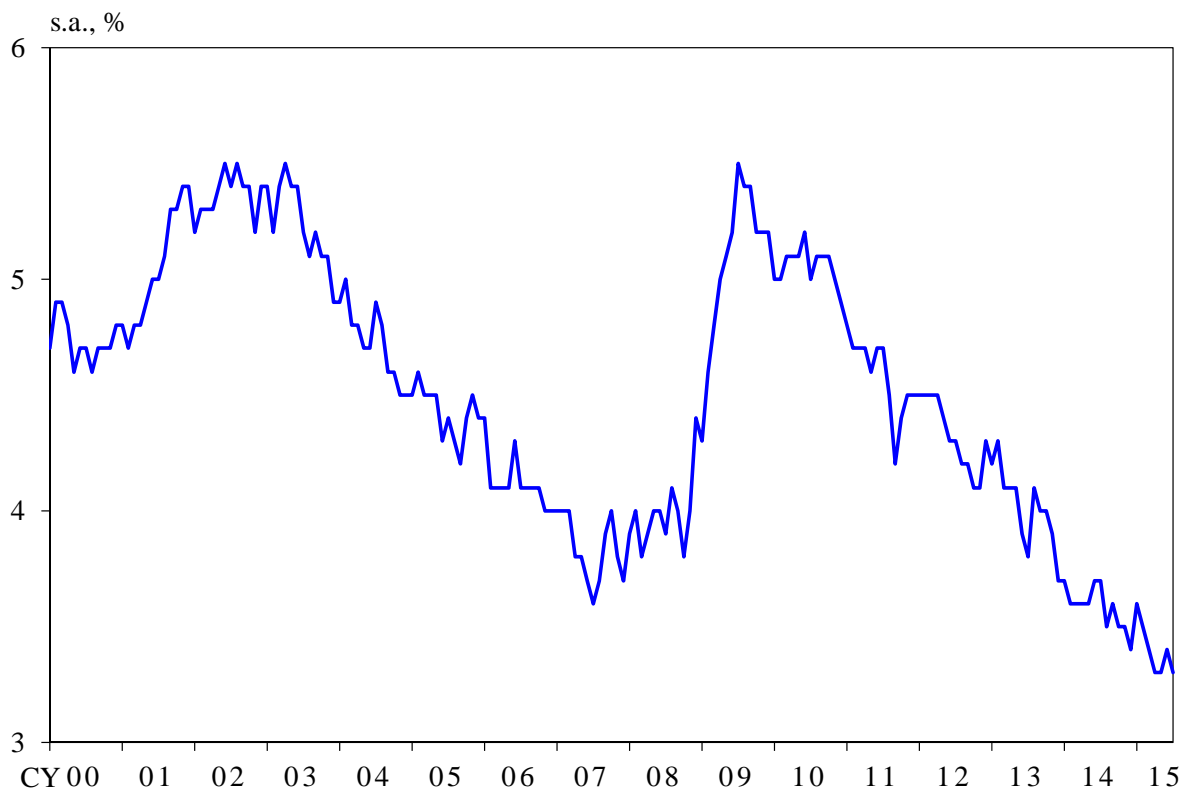


Tankan: Business Fixed Investment Plans

| | | y/y % chg. | |
|-------------------|------------------|------------|-------------------|
| | | FY2014 | FY2015 (Forecast) |
| Large Enterprises | Manufacturing | + 5.6 | + 18.7 |
| | Nonmanufacturing | + 6.0 | + 4.7 |
| | All industries | + 5.9 | + 9.3 |
| Small Enterprises | Manufacturing | + 9.6 | - 9.9 |
| | Nonmanufacturing | - 5.0 | - 18.4 |
| | All industries | - 0.8 | - 15.7 |
| All Enterprises | Manufacturing | + 6.8 | + 12.3 |
| | Nonmanufacturing | + 3.1 | - 1.0 |
| | All industries | + 4.3 | + 3.4 |

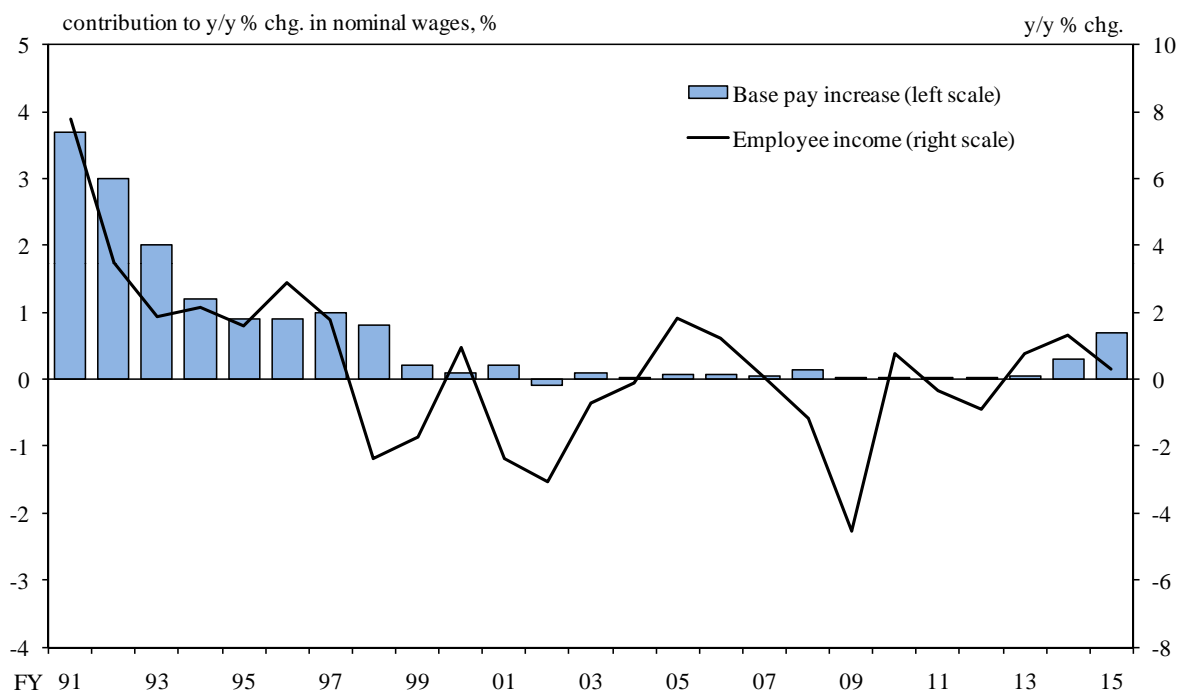
Note: Figures for business fixed investment plans of the *Tankan* include land purchasing expenses but exclude software investment.
Sources: Ministry of Finance; Bank of Japan.

Unemployment Rate



Source: Ministry of Internal Affairs and Communications.

Employee Income and Base Pay Increase



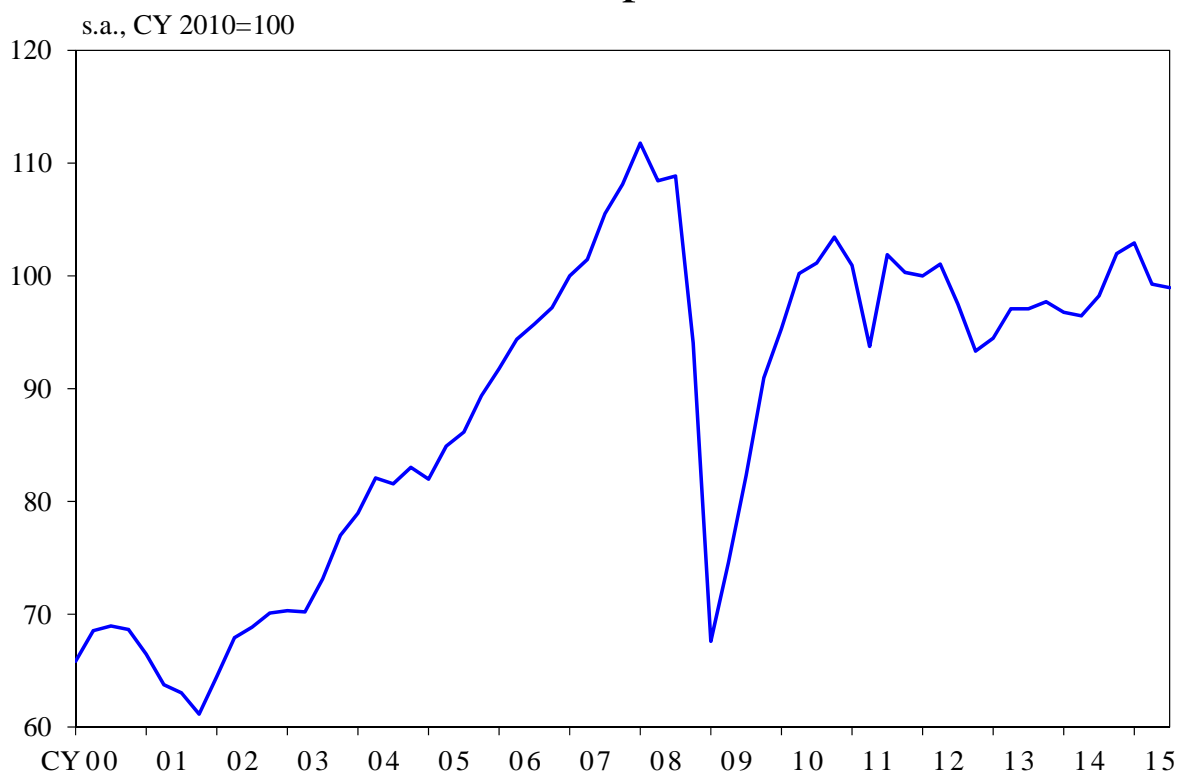
Notes: 1. Figures for "employee income" are calculated as the "number of employees" (Labour Force Survey) times "total cash earnings" (Monthly Labour Survey).

2. The figure for fiscal 2015 for employee income is the April-July average.

3. Figures for the base pay increase up through fiscal 2014 are taken from the Central Labour Relations Commission, and the figure for fiscal 2015 is taken from the Japanese Trade Union Confederation (RENGO).

Sources: Ministry of Health, Labour and Welfare; Ministry of Internal Affairs and Communications; Central Labour Relations Commission; Japanese Trade Union Confederation (RENGO).

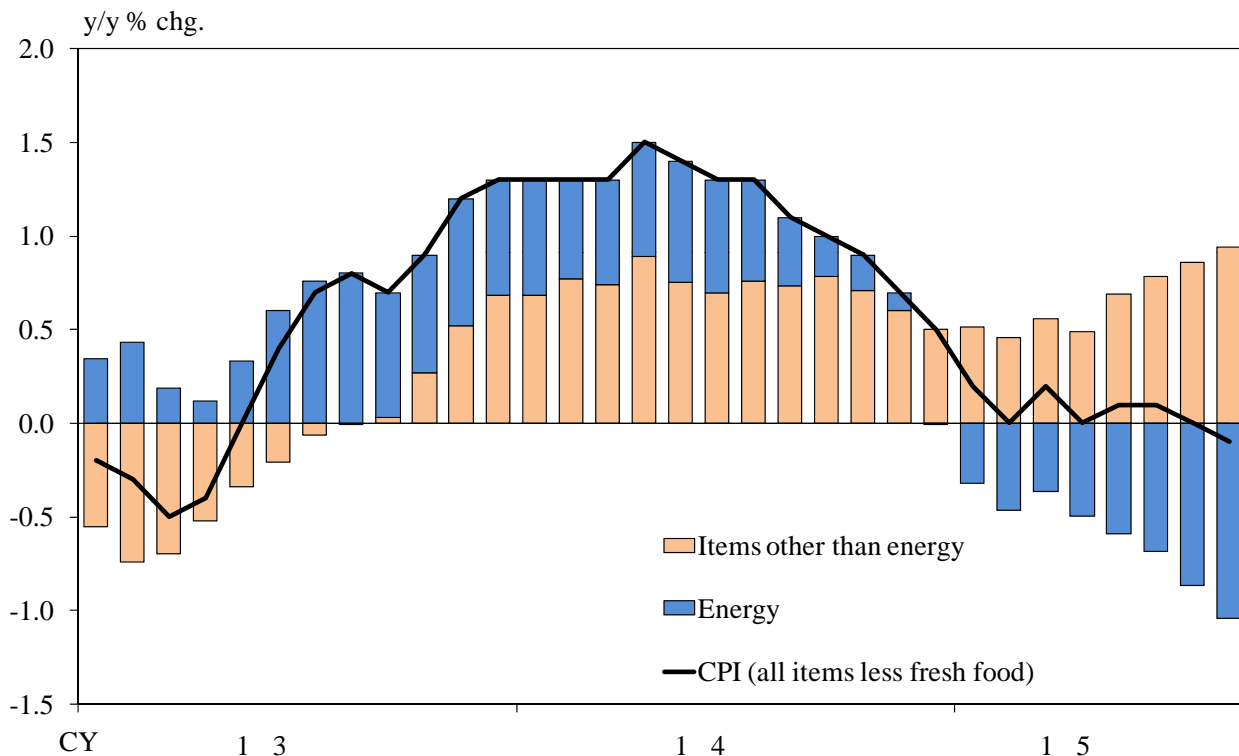
Real Exports



Note: The figure for 2015/Q3 is the July-August average.

Sources: Ministry of Finance; Bank of Japan.

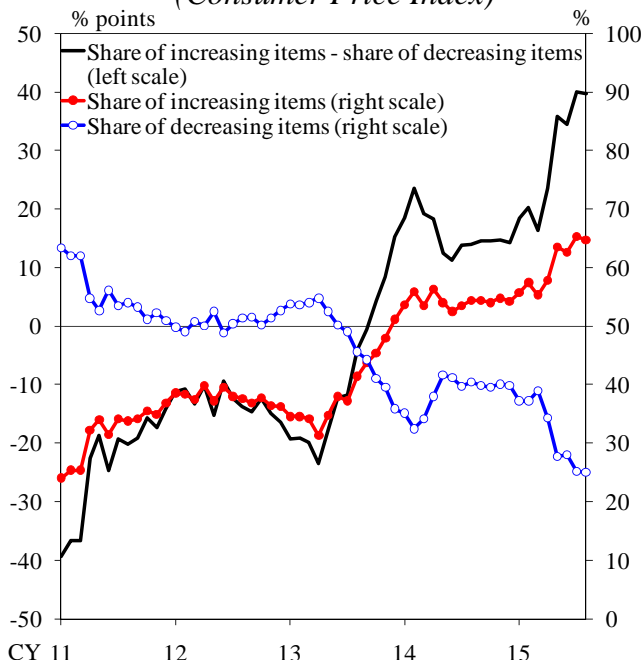
Consumer Prices



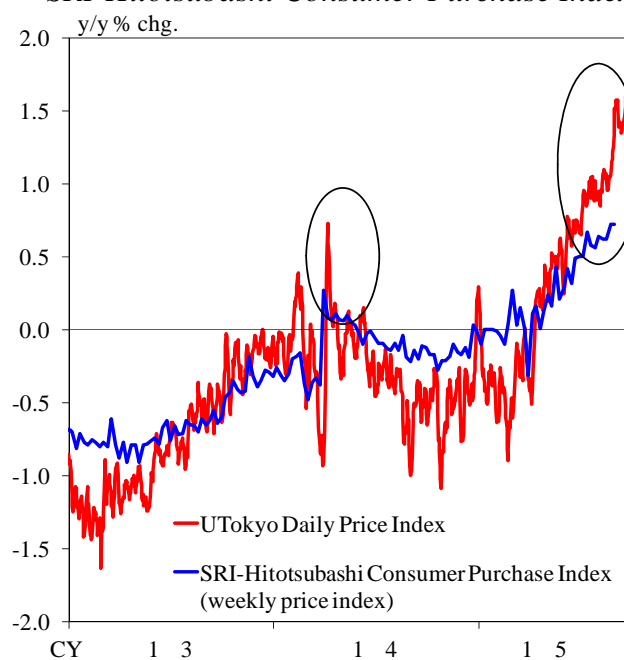
Note: Figures are estimated by adjusting the direct effects of the consumption tax hike in April 2014.
 Source: Ministry of Internal Affairs and Communications.

Price Developments

Share of Increasing and Decreasing Items
 (Consumer Price Index)



UTokyo Daily Price Index and
 SRI-Hitotsubashi Consumer Purchase Index



Notes: 1. The share of increasing/decreasing items is the share of items in the consumer price index (all items less fresh food) whose price indices increased/decreased from a year earlier. The price indices are estimated by adjusting the direct effects of the consumption tax hike in April 2014.

2. The UTokyo Daily Price Index is a 7-day backward moving average.

Sources: Ministry of Internal Affairs and Communications; UTokyo Daily Price Index Project; Research Center for Economic and Social Risks, Institute of Economic Research, Hitotsubashi University.