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Bank of Japan

**Monthly Report of  
Recent Economic and Financial Developments**  
September 2002

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# Monthly Report of Recent Economic and Financial Developments<sup>1</sup>

September 2002

## The Bank's View<sup>2</sup>

Japan's economy, despite persistent weakness in domestic demand and large uncertainty regarding the global economy, has almost stabilized as a whole with exports and production continuing to increase.

With regard to final demand, while the decline in business fixed investment has become moderate, private consumption remains weak. Moreover, housing investment remains sluggish and public investment is declining. Meanwhile, net exports (real exports minus real imports) continue to increase due to the recovery in overseas economies.

Industrial production remains on an upward trend in response to the rise in exports and adequate reduction of excess inventory stocks. Against this background, corporate profits have started to recover. In addition, the rebound in production has been effecting labor markets, albeit marginally, with an increase in overtime hours worked and in new job offers mainly for part-time workers. However, as firms are still maintaining their stance on reducing personnel expenses, household income continues to decrease noticeably with a plunge in summer bonuses. Thus, the employment and income situation of households overall remains severe.

Turning to the economic outlook, the growth in exports is expected to slow temporarily with the impetus from overseas restocking coming to a halt, but the uptrend in exports will be maintained against the background of the moderate recovery in overseas economies. Thus, industrial production is also expected to follow a moderate uptrend despite a temporary slowdown.

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<sup>1</sup> This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on September 17 and 18, 2002.

<sup>2</sup> The Bank's view of recent economic and financial developments, determined by the Policy Board at the Monetary Policy Meeting held on September 17 and 18 as the basis for monetary policy decisions.

With respect to domestic demand, public investment is projected to follow a declining trend and private consumption is likely to remain weak for some time due to the severe employment and income situation. Leading indicators suggest that business fixed investment will stop declining, but a distinct recovery in the immediate future is unlikely partly due to large uncertainty regarding overseas economies. Nevertheless, if the uptrend in exports and production continues, corporate profits will stay on a track to recovery, and this will gradually have a positive impact on domestic private demand.

Overall, it can be envisaged that the stabilization of Japan's economy will gradually become definite as overseas economies continue the moderate recovery. However, it will take a while for the economy to show clear signs of recovery, as the pace of increase in exports and production is expected to slow temporarily while restraining forces such as excessive labor input and debt persist. Furthermore, there is large uncertainty regarding exports such as the developments in stock prices in the United States and worldwide, the outlook for IT-related goods, and geopolitical factors and oil prices. In these circumstances, the recent weakness in domestic stock prices and its potential adverse effects on the financial system and the economy should be monitored carefully.

On the price front, import prices are declining mainly due to the U.S. dollar's depreciation against the yen from spring toward summer, but international commodity prices including crude oil have recently risen. Domestic wholesale prices have weakened, reflecting the decrease in import prices to date. Moreover, consumer prices remain on a gradual downtrend and corporate services prices continue to decline.

As for the conditions surrounding price developments, the balance between supply and demand is expected to keep exerting downward pressure on prices for a while amid persistently weak domestic demand, although the completion of inventory adjustment and the rise in capacity utilization rates will support prices to some degree. Moreover, factors such as the ongoing technological innovations in machinery, deregulation, and the streamlining of distribution channels will continue to restrain prices. Under these circumstances, domestic wholesale prices are projected to continue to be weak for a while. Consumer prices are expected to stay on a declining trend for the time being at the current gradual pace. While the slower growth in imports of

consumer goods is expected to alleviate the downward pressure on prices to some extent, the faster pace of decline in wages may possibly reinforce the ongoing decline in prices, especially for services prices.

As for the financial market, the outstanding balance of the current accounts at the Bank of Japan is moving around 15 trillion yen as the Bank continues to provide ample liquidity. Under these circumstances, in the short-term money markets, more market participants have come to feel that there is an excess of liquidity in the market and the overnight call rate continues to move at very close to zero percent. Also, longer-term interest rates are declining.

Yields on long-term government bonds followed a downtrend in line with a decline in yields on overseas long-term government bonds and in domestic and overseas stock prices, in addition to widespread perceptions among market participants that there is an excess of liquidity. Yield spreads between private bonds (bank bonds and corporate bonds) and government bonds are virtually level.

Meanwhile, stock prices have been declining since the start of September in line with a decline in U.S. and European stock prices, as more investors preferred to hold off buying stocks. Stock prices are mainly moving around 9,000-9,500 yen recently.

In the foreign exchange market, the yen, after being fluctuating without trend until early September, dropped in mid-September. It is currently being traded in the range of 122-123 yen to the U.S. dollar.

With regard to corporate finance, private banks remain cautious in extending loans to firms with high credit risks while they continue to be more active in extending loans to blue-chip companies. The lending attitudes of financial institutions as perceived by firms continue to be severe. In the corporate bonds and CP markets, the issuing environment for firms with low credit ratings is still severe, but the environment for firms with high credit ratings is accommodative.

Credit demand in the private sector continues to follow a downtrend mainly because firms are decreasing their business fixed investment while continuously reducing their debts.

Amid these developments, private banks' lending continues to decline by about 2-3 percent on a year-on-year basis. The amount outstanding of corporate bonds and CP issued is recently moving near the previous year's level.

The monetary base increased substantially—by around 20-30 percent—from the previous year's level. The year-on-year growth rate of the money stock remained around 3.5 percent.

Funding costs for firms continue to be at extremely low levels on the whole.

Overall, the recent financial environment remains extremely easy on the whole in terms of money market conditions. The deterioration in the financing situation of firms has come to a halt. However, the stance of investors toward firms with high credit risks remains severe and the lending attitudes of private banks remain cautious. Hence, the developments in the behavior of financial institutions and corporate financing continue to require close monitoring.

## **The Background**

### **1. Japan's Economy**

Public investment has been declining (Chart 3). The value of public works contracted—a metric that reflects public orders—remains sluggish owing to the decrease in the FY 2002 budget. Moreover, the turnover in public construction, reflecting the actual progress of public works, continued to be at low levels in June and July following a plunge in May. Public investment is projected to continue declining due to the large cutbacks in public investment expenditures in the budgets of both the central and local governments for FY2002.

Real exports have been increasing, reflecting the recovery in overseas economies (Chart 4[1]). Nevertheless, the pace of increase currently shows signs of slowing compared to the second quarter, when the impact from global restocking, mainly in IT-related goods, was significant. By goods (Charts 5[2], 6[1], and 7), the rapid increase in IT-related exports decelerated as the effects of restocking dissipated. In addition, the growth in exports of capital goods and parts has recently slowed somewhat. Meanwhile, intermediate goods (iron and steel, and chemicals) continued to increase steadily, mainly in exports to East Asia where demand for construction has been strong. Exports of automobile-related goods also continued a steady increase due to strong demand in the United States and to the effect of the yen's depreciation until early this spring.

Real imports rose sharply in July, following the increase in the second quarter for the first time since the fourth quarter of 2000 on a quarter-to-quarter basis (Chart 4[1]). This upsurge in July is likely to be temporary, but real imports seem to have shifted toward a gradual uptrend, reflecting the increase in domestic production. By goods (Chart 8[2]), IT-related imports have weakened from sluggish demand for personal computers (Chart 6[3]), while imports of capital goods and parts continued their high growth, mainly in parts related to semiconductor fabrication machines and equipment. Imports of materials, which had been declining until the second quarter, increased significantly in July, mainly in crude oil and naphtha. Intermediate goods, whose growth had been more or less flat, rose sharply in July, mainly in chemical and metal products.

Net exports (real exports minus real imports), in terms of the real trade balance (Chart 4[2]),<sup>3</sup> had been soaring since around the start of the year, but the increase has come to a halt because of the slower growth in exports and the rise in imports. The expansion in the surplus of the nominal balance on goods and services currently seems to have come to a halt, reflecting the developments in real exports and imports.

Regarding the future environment for foreign trade, overseas economies are basically expected to stay on a gradual recovery path, with the U.S. economic condition more or less unchanged and final demand conditions in East Asia stable (Chart 9-1[2], 9-2[1], [2], and [3]). However, stock prices in the United States and worldwide, after rebounding in the first half of August, resumed their downtrend thereafter (9-2[4]). Although housing and automobiles—demand sensitive to interest rates—remain favorable, some weakness has become notable among U.S. economic indicators. Under these circumstances, some East Asian economies have exhibited a slowdown in their exports and productions in the IT-related sector, and anecdotal information obtained from Japanese firms also indicates that their outlook for future exports has become cautious. In addition, geopolitical tensions surrounding Iraq and their effects on oil prices have also become uncertain factors regarding the outlook for the global economy. Based on these developments, the large uncertainty regarding exports requires close attention.

These exporting conditions imply that the increase in exports is projected to be moderate for the time being, as the impetus from overseas restocking, mainly in the IT-related sector, has come to a halt.<sup>4</sup> Nevertheless, assuming a gradual recovery in overseas economies, exports are predicted to continue their upward trend. However, this prediction is subject to the large uncertainty surrounding overseas economies. On the other hand, reflecting the increase in production, imports will likely follow a

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<sup>3</sup> Strictly speaking, the real trade balance presented in Chart 4(2) differs from net exports on a GDP basis, but the changes in the real trade balance are broadly in line with those of net exports. (The real trade balance is on a customs-clearance basis and does not include trade in services, while net exports in GDP statistics are on an ownership-transfer basis and include trade in services.)

<sup>4</sup> According to the *WSTS*' (World Semiconductor Trade Statistics) *Semiconductor Forecasts*, the increase in global shipments of semiconductors in July slowed mainly in Asia. Shipments in the third quarter are estimated to be lower than in July. In addition, the pace of increase is projected to decelerate further in the fourth quarter (Chart 6[2]).

gradual uptrend with some periods of flat growth due to the temporary deceleration in production. These developments in exports and imports suggest that net exports will follow a rising trend, although the pace will probably be very mild compared to the rapid increase during the first half of this year.

The decline in business fixed investment has become moderate. Based on national accounts, nonresidential investment in the second quarter showed a sharp contraction in its decrease (Chart 2[2]). Business fixed investment in the *Financial Statements Statistics of Corporations by Industry, Quarterly* also leveled off in the second quarter after significant declines for three consecutive quarters (Chart 10[1]). By industry and size, business fixed investment of large manufacturing firms seemed to be bottoming, while it was unclear whether investment of nonmanufacturing firms has stopped declining because of large fluctuations in data (Chart 11). Shipments and aggregate supply of capital goods (excluding transport equipment), a coincident indicator of machinery investment, also showed that the decline in investment has become more moderate than around mid-last year (Chart 12-1[1]).<sup>5</sup>

The decline in business fixed investment has become moderate basically because corporate profits have started to recover reflecting the increase in exports and production. In this regard, the ratio of current profits to sales in the *Financial Statements Statistics of Corporations by Industry, Quarterly* has recently begun to recover distinctly from its low last year (Chart 10[2]).

As for leading indicators, machinery orders (private demand, excluding shipbuilding and electric power equipment; Chart 12-2[1]), continued to rise in July, mainly in manufacturing, after they turned up in the second quarter. Although a forecast survey in the statistics showed a slight drop in the third quarter, machinery orders appeared to have stopped declining. On the other hand, construction starts (private, nondwelling use; Chart 12-2[2]) decreased in July, although they seemed to have stopped declining at the time of the second quarter led mainly by mining and manufacturing.

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<sup>5</sup> Aggregate supply of capital goods indicates the domestic supply of capital goods by adding shipments of capital goods based on the *Indices of Industrial Production* and the import volume of the goods based on *Foreign Trade Statistics*.



In sum, business fixed investment is likely to gradually stop declining, judging from the improvement in corporate profits and the developments in leading indicators. However, with the persistently excess capacities among firms (Chart 12-1[2]) and the large uncertainty regarding the global economy, firms still lack confidence regarding future growth in demand. Hence, even if business fixed investment bottoms out, it is unlikely to head for a definite recovery immediately.

Private consumption remains weak amid the severe employment and income situation of households. Most sales records in July dropped substantially, as summer bonuses plunged as hard as winter bonuses last year (Chart 19-2) and unfavorable weather conditions, including typhoons, restrained consumer purchases (Charts 13-1 and 13-2). Department store sales and supermarket sales dropped sharply. Sales of household electrical appliances were also in the doldrums due to slack PC sales and sluggish sales of audiovisual equipment after the recent boost prompted by the FIFA World Cup games. The number of passenger cars sold rose in August after the slump in July, but on July-August average, it declined slightly compared to the second quarter. Outlays for travel in July still remained at a low level, although it rose after the large fall in June, mainly due to the FIFA World Cup games. The indices of aggregated sales<sup>6</sup>—which are comprised of many sales indicators including those mentioned above—showed a large negative in July on a year-on-year basis (Chart 13-3). The level of aggregate supply of consumer goods was also persistently lower than in the previous year (Chart 13-4). Consumer sentiment remained cautious, although the marginal improvement in the employment situation contributed toward partially dispelling the cautiousness (Chart 14). Reflecting the harsh employment and income situation, private consumption is likely to be lackluster for some time.

Housing investment remains sluggish (Chart 15). Overall construction starts inched down in July compared to the second quarter. Construction starts of both housing for rent and built-for-sale decreased, while those of owner occupied houses were unchanged. Housing investment is projected to remain stagnant since no

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<sup>6</sup> The indices of aggregated sales are compiled by the weighted average of various sales indicators (including a few indicators for services consumption). Since each sales indicator shows different movements, the indices of aggregated sales are used to evaluate the whole trend of these sales indicators. For the detailed calculation method, see notes in Chart 13-3.

supporting factors in particular can be seen under the severe employment and income situation of households.

Domestic demand remains weak on the whole, but industrial production remains on an upward trend in response to the rise in exports and adequate reduction of excess inventory stocks (Charts 16). However, the pace of increase decelerated in July after a considerably high growth in the second quarter. By industry, the increase in electrical machinery slowed since the impetus from overseas restocking of IT-related goods has come to a halt and the demand for PC has been sluggish. On the other hand, production of chemicals increased, reflecting the recovery in exports to East Asia and domestic shipments to the automobiles and IT-related sectors. Productions of iron and steel, general machinery, and transportation equipment (automobiles) have increased firmly mainly led by exports.

As for inventories, the appropriate balance between inventories and shipments seems to have been reached, and the inventory cycle is about to enter a phase of accumulation (Chart 18). By goods, the inventory cycle has advanced the most for goods maintaining steady growth in exports, i.e., producer goods for electrical machinery (electronic parts such as semiconductors) and of other producer goods (mainly materials).

The completion of inventory adjustment suggests that industrial production is expected to follow a rising trend in the future, assuming that the outlook for overseas economies will stay on the track of gradual recovery. However, the increase in production is likely to decelerate for the time being, since the growth in exports is predicted to slow.<sup>7</sup>

The employment and income situation continues to improve marginally with an increase in overtime hours worked and in new job offers, mainly for part-time workers, assisted by the pick-up in production. However, the employment and income

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<sup>7</sup> The survey of production forecast index shows steady increases in production in August (4.5 percent on a month-to-month basis and 5.0 percent on a year-on-year basis) and September (-2.5 percent and 5.2 percent). In contrast, according to anecdotal information from Japanese firms, they have been cautious about future production, mainly in IT-related goods, especially from fall onward.

situation of households remains severe, with the faster pace of decline in the number of regular employees as well as the plunge in summer bonuses (Charts 19 and 20-2).

With respect to various labor-market-related indicators, the unemployment rate remained high (Chart 20-1). Among the unemployed, the number of those involuntarily unemployed in particular remained at a high level after the substantial increase in the latter half of last year. Meanwhile, the ratio of job offers to applicants has recently been improving, although it was still low. In the manufacturing sector, new job offers and overtime hours worked increased notably through the recovery in production. Nevertheless, the increase in job offers was mainly for non-regular employees such as part-time and temporary/seasonal workers,<sup>8</sup> and the number of regular employees has continued its declining trend. The number of employees in the *Labour Force Survey* showed the same developments that temporary workers increased but regular employees declined even further. These movements reflect firms' stances on reducing personnel expenses. The strong intentions of firms to reduce personnel expenses from a longer-term perspective are unlikely to ease noticeably in the near future.

This stance on personnel expenses affects wage developments. In fact, the rate of decline in nominal wages per employee has been accelerating (Chart 19[2]). In particular, special payments (bonuses), affected by corporate profits with some lags, dropped sharply this summer following last winter and exerted downward pressure on overall income. While overtime payments were recovering as a result of the pick-up in production, regular payments continued to decline both due to a rise in the ratio of part-time workers and to a restraint on the base-pay hike. These developments in employment and wages suggest that household income is expected to continue decreasing markedly for the time being.

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<sup>8</sup> The ratio of job offers to applicants of part-time workers rose at a faster pace compared to that of all workers. (On a seasonally adjusted basis, it was 1.23 in December, 1.28 in March, and 1.36 in July.)

## 2. Prices

Import prices on a yen basis have been declining since July compared to levels three months ago due to the U.S. dollar's depreciation against the yen from spring toward summer (Chart 22[2]). However, international commodity prices, including crude oil, have recently risen (Charts 22[1] and 22[3]).

Domestic wholesale prices (adjusted to exclude the effects of seasonal changes in electricity rates)<sup>9</sup> dropped slightly compared to levels three months ago in both July and August (Chart 23). In detail, prices of some materials such as iron and steel rose due to the improvement in the supply and demand balance. On the other hand, the upward pressure on petroleum products both from the yen's appreciation and the rise in crude oil prices until early spring have already dissipated. In addition, machinery prices continued to decline. On a year-on-year basis, the decrease in domestic wholesale prices has dropped to slightly less than 1 percent.

Corporate services prices (domestic supply-demand factors; same hereafter) continue to decline (Chart 24). Compared to those three months ago, prices for building maintenance (building cleaning services and facility management such as elevator maintenance) dropped because of firms' intentions to reduce business costs; prices for advertising, real estate services. Prices for leasing and rentals also continued a downtrend. On a year-on-year basis, the decrease in corporate services prices has more or less been slightly more than 1 percent.

Consumer prices (excluding fresh food; same hereafter) continue to decline mildly (Chart 25). The overall year-on-year rate of change basically continued to stay at slightly less than 1 percent (the year-on-year change was -0.8 for three consecutive months since May).<sup>10</sup> In detail, the rate of decline in goods had been contracting

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<sup>9</sup> The figures are adjusted to exclude a large seasonal fluctuation in electric power charges in order to observe the underlying changes in domestic wholesale prices. Industrial and commercial electric power consumption charges are set relatively high during July-September, when consumption increases substantially.

<sup>10</sup> The rate of decline in consumer prices including fresh food, which had been contracting since March (-1.2 percent), stopped declining in July. Thus, the rate is the same as those excluding fresh food. (The year-on-year change was -0.9 percent in May, -0.7 percent in June, -0.8 percent in July.)

slowly, reflecting the rise in prices of petroleum products (gasoline) and personal computers. But in July, this development has come to a halt. Public utility charges declined somewhat faster on a year-on-year basis. This was because an electricity company reduced its electricity charges in July, after electricity charges of another company and medical treatment fees and government-set prices of prescription drugs were lowered in April. Prices of general services continued to be basically around the previous year's level.

Imported products and their substitutes still decreased substantially on a year-on-year basis, although the rate of decline tended to contract from around the second half of last year (Chart 26[1]). This may be attributable to the yen's depreciation throughout 2000-2001 in conjunction with the decline in the prevalence of business strategies for lower pricing, compared to one or two years ago. In fact, the increase in imports of consumer goods, which had been the result of these strategies, has slowed (Chart 26[2]).

As for the conditions surrounding price developments, the balance between supply and demand is expected to keep exerting downward pressure on prices for a while amid persistently weak domestic demand, although the completion of inventory adjustment and the rise in capacity utilization rates will support prices to some degree. Moreover, factors such as the ongoing technological innovations in machinery, deregulation, and the streamlining of distribution channels will continue to restrain prices. Under these circumstances, domestic wholesale prices are projected to continue to be weak for a while. Consumer prices are expected to stay on a declining trend for the time being at the current gradual pace. While the slower growth in imports of consumer goods is expected to alleviate the downward pressure on prices to some extent, the faster pace of decline in wages may possibly reinforce the ongoing decline in prices, especially for services prices.

### **3. Financial Developments**

#### **(1) Financial Markets**

The outstanding balance of the current accounts at the Bank of Japan is moving around 15 trillion yen, as the Bank continues to provide ample liquidity to the money

market (Chart 29). Under these circumstances, in the short-term money markets, more market participants have come to feel that there is an excess of liquidity in the market. As for interest rate developments in the short-term money markets, the overnight call rate (uncollateralized; Chart 27[1]) continues to hover at very close to zero percent. As for the developments in longer-term interest rates (Chart 28), three-month Euro-yen rates (TIBOR) are declining further.

Yields on ten-year government bonds (newly issued 10-year JGB; Chart 27[2]) have been declining in response to a decline in yields on overseas long-term government bonds and to emerging uncertainty regarding the domestic economic outlook due to a drop in domestic and overseas stock prices, in addition to widespread perceptions of an excess of liquidity among market participants. They are recently moving in the range of 1.0-1.1 percent. Yield spreads between private bonds (bank bonds and corporate bonds) and government bonds (Charts 33 and 34) are virtually level.

Stock prices (Chart 35) have been declining since the beginning of September in line with a decline in U.S. and European stock prices, as more investors preferred to hold off buying stocks due to concern over stock selling from unwinding of cross-share-holdings by financial institutions. The Nikkei 225 Stock Average is mainly moving in the range of 9,000-9,500 yen recently.

In the foreign exchange market (Chart 36), the yen, after fluctuating without trend until early September, dropped in mid-September as foreign institutional investors sold yen. It is currently being traded in the range of 122-123 yen to the U.S. dollar.

## **(2) Monetary Aggregates and Corporate Finance**

The monetary base (currency in circulation + current account balances at the Bank of Japan) increased substantially—by around 20-30 percent—from the previous year's level. (The year-on-year change was 27.6 percent in June, 25.1 percent in July, and 26.1 percent in August; Chart 37.)

The year-on-year growth rate of the money stock ( $M_2 + \text{CDs}$ ) remained around 3.5 percent. (The year-on-year change was 3.4 percent in June, 3.3 percent in July, and 3.5 percent in August; Chart 38.)  $M_1$  continued to increase substantially, by around 30 percent from the previous year's level, reflecting the strong preference for liquid assets. (The year-on-year change was 31.9 percent in June, 30.7 percent in July, and 31.5 percent in August.)

Meanwhile, with regard to corporate finance, private banks remain cautious in extending loans to firms with high credit risks and are charging a higher interest margin, while they continue to be more active in extending loans to blue-chip companies. The lending attitudes of financial institutions as perceived by firms continue to be severe. In the corporate bonds and CP markets, the issuing environment for firms with low credit ratings is still severe, but the environment for firms with high credit ratings is accommodative.

Credit demand in the private sector continues to follow a downtrend mainly because firms are decreasing their business fixed investment while continuously reducing their debts.

Amid these developments, lending by private banks (monthly average outstanding balance basis; after adjustment for extraordinary factors<sup>11</sup>), consisting of city banks, long-term credit banks, trust banks, regional banks, and regional banks II, continues to decline by about 2-3 percent on a year-on-year basis. (The year-on-year change was -2.5 percent in June, -2.5 percent in July, and -2.4 percent in August; Chart 39.) The amount outstanding of corporate bonds and CP issued is recently moving near the previous year's level (Chart 41).

Funding costs for firms continue to be at extremely low levels on the whole. The average contracted interest rates on new loans and discounts continue to be more or less unchanged (Chart 43). The long-term prime lending rate was lowered by 0.20 percent to 1.70 percent on September 10. In the capital market, both corporate bond

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<sup>11</sup> The figures are adjusted for (1) fluctuations from the liquidation of loans, (2) fluctuations in the yen value of foreign-currency-denominated loans due to changes in exchange rates, and (3) fluctuations from loan write-offs.

and CP issuance rates are at low levels for firms with high credit ratings. The spread between high and low credit ratings continues to be at high levels.

The number of corporate bankruptcies increased by 2.2 percent from the previous year's level in August (Chart 44).

Overall, the recent financial environment remains extremely easy on the whole in terms of money market conditions. The deterioration in the financing situation of firms has come to a halt. However, the stance of investors toward firms with high credit risks remains severe and the lending attitudes of private banks remain cautious. Hence, the developments in the behavior of financial institutions and corporate financing continue to require close monitoring.



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## Main Economic Indicators (1)

s.a., q/q (m/m) % chg.<sup>1</sup>

	2001/Q4	2002/Q1	Q2	2002/May	Jun.	Jul.	Aug.
Index of living expenditure level (all households)	0.6	1.7	-0.9	-2.9	2.9	-0.1	n.a.
Sales at department stores	0.2	-0.3	-0.8	-1.0	0.6	-3.9	n.a.
Sales at supermarkets	-1.6	-0.6	2.1	-1.2	-0.6	-3.1	n.a.
New passenger-car registrations <sup>3</sup> <s.a., ann. 10,000 units>	< 295>	< 304>	< 314>	< 320>	< 308>	< 291>	< 334>
Sales of household electrical appliances (real, NEBA)	1.9	2.8	2.9	5.8	-7.0	-4.3	n.a.
Outlays for travel (50 major travel agencies)	-16.0	13.5	0.7	2.5	-7.2	5.1	n.a.
Housing starts <s.a., ann. 10,000 units>	< 117>	< 118>	< 117>	< 127>	< 110>	< 114>	<n.a.>
Machinery orders (from private sector <sup>4</sup> )	-7.5	-7.4	7.1	0.2	2.9	1.9	n.a.
Manufacturing	-14.7	2.6	4.6	-2.1	1.2	8.3	n.a.
Nonmanufacturing <sup>4</sup>	-5.7	-11.0	7.1	2.0	4.8	-1.9	n.a.
Construction Starts (private, nonresidential use)	-0.1	-10.6	6.6	13.6	-11.4	-7.6	n.a.
Mining & manufacturing	-13.1	-12.2	10.5	18.2	-25.5	-19.0	n.a.
Nonmanufacturing <sup>5</sup>	4.0	-10.2	5.6	11.8	-6.0	-5.7	n.a.
Value of public works contracted	-2.8	-0.4	-0.6	6.1	0.3	-3.0	-9.0
Real exports	-3.2	4.7	7.8	5.9	0.5	0.6	n.a.
Real imports	-0.9	-1.9	2.6	5.4	-0.5	5.0	n.a.
Industrial production	-3.4	0.7	3.8	4.1	-0.2	0.1	n.a.
Shipments	-3.5	1.2	4.3	4.8	-2.1	-0.3	n.a.
Inventories	-3.3	-4.3	-3.0	0.1	-1.5	0.7	n.a.
Inventories/shipments <s.a., CY 1995=100>	<115.0>	<108.9>	<101.4>	<98.2>	<101.4>	<97.6>	<n.a.>
Real GDP	-0.7	-0.0	0.6	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	-0.9	0.6	0.2	1.0	-0.1	n.a.	n.a.

## Main Economic Indicators (2)

	y/y % chg. <sup>1</sup>						
	2001/Q4	2002/Q1	Q2	2002/May	Jun.	Jul.	Aug.
Ratio of job offers to applicants <s.a., times>	<0.53>	<0.51>	<0.53>	<0.53>	<0.53>	<0.54>	<n.a.>
Unemployment rate <s.a., %>	<5.4>	<5.3>	<5.3>	<5.4>	<5.4>	<5.4>	<n.a.>
Overtime working hours <sup>6</sup>	-8.4	-5.7	-2.2	-2.5	-1.6	p 0.5	n.a.
Number of employees	-1.0	-1.1	-1.2	-1.7	-1.2	-0.2	n.a.
Number of regular employees <sup>6</sup>	-0.2	-0.4	-0.5	-0.5	-0.6	p -0.8	n.a.
Nominal wages per person <sup>6</sup>	-2.5	-1.9	-2.6	-2.2	-3.3	p -5.2	n.a.
Domestic wholesale price index <sup>7</sup> <q/q % chg.> (3-month growth rate)	-1.4 <-0.5>	-1.4 <-0.2>	-1.2 <0.0>	-1.2 <0.0>	-1.0 <0.0>	-1.2 <-0.2>	-0.9 <-0.2>
Consumer price index <sup>8</sup> <s.a., q/q % chg.> (3-month growth rate)	-0.8 <-0.2>	-0.8 <-0.1>	-0.9 <-0.3>	-0.8 <-0.3>	-0.8 <-0.3>	-0.8 <-0.1>	n.a. <n.a.>
Corporate service price index <sup>9</sup> <s.a., q/q % chg.> (3-month growth rate)	-1.4 <-0.3>	-1.4 <-0.2>	-1.2 <-0.3>	-1.1 <-0.4>	-1.2 <-0.4>	-1.2 <-0.3>	n.a. <n.a.>
Monetary aggregates (M2+CDs) <average outstanding, y/y % chg.>	3.2	3.6	3.5	3.5	3.4	3.3	3.5
Number of suspension of transactions with banks	5.9	3.5	-9.4	-7.4	-14.1	2.0	-8.9

Notes: 1. All figures in chart 1-1 except figures in angle brackets are quarter on quarter (month on month) change of seasonal adjusted data.

All figures in chart 1-2 except figures in angle brackets are year on year change. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of respective charts.

2. Figure with "p" indicates preliminary one.

3. Excludes small cars with engine sizes of 660cc or less.

4. Excludes orders of shipbuilding and orders from electric power companies.

5. Nonmanufacturing is mainly composed of commerce, services, agriculture & fisheries and public utilities industries.

6. Data for establishments with at least 5 regular employees.

7. Adjusts to exclude a hike of electric power charges in summer season.

8. Excludes fresh food.

9. Domestic supply-demand factors.

Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Labour Force Survey,"

"Monthly Report on the Family Income and Expenditure Survey," "Consumer Price Index";

Ministry of Economy, Trade and Industry, "Current Survey of Commerce," "Indices of Industrial Production,"

"Indices of Tertiary Industry Activity";

Japan Automobile Dealers Association, "Domestic Sales of Automobiles";

Nippon Electric Big-Stores Association (NEBA), "Sales of Electrical Appliances";

Ministry of Land, Infrastructure and Transport, "Major Travel Agents' Revenue," "Monthly of Construction Statistics";

Ministry of Finance, "The Summary Report on Trade of Japan";

Cabinet Office, "Machinery Orders Statistics," "National Accounts";

Surety Association for Construction Companies, "Public Works Prepayment Surety Statistics";

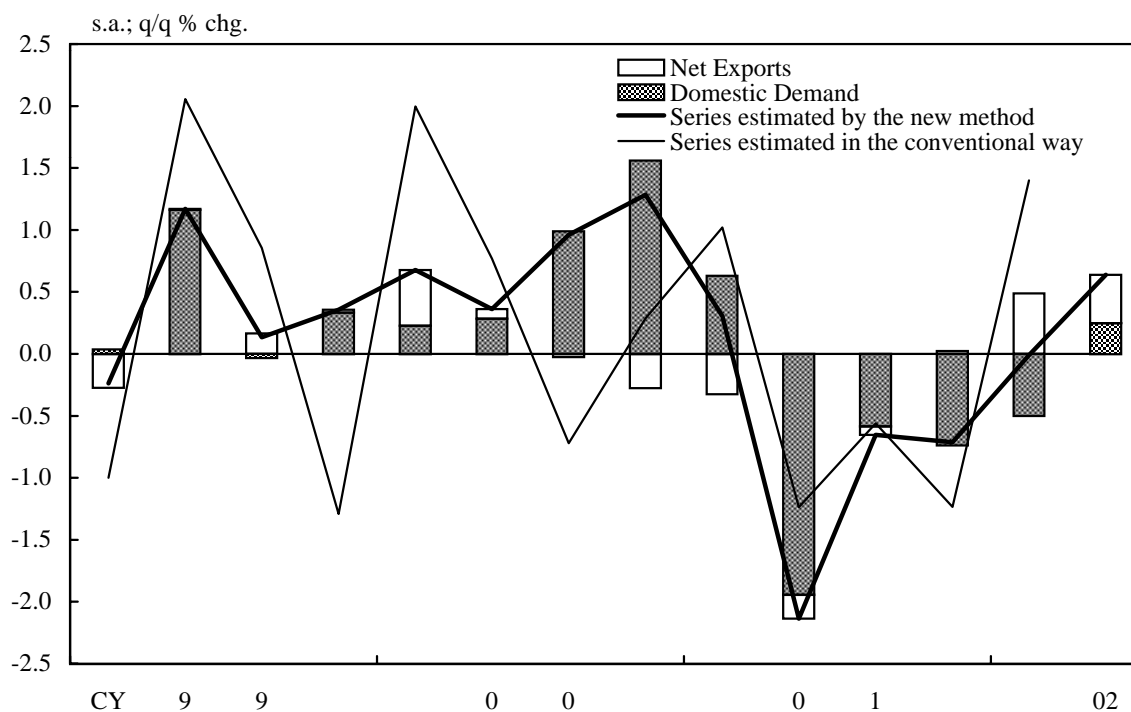
Ministry of Health, Labour and Welfare, "Report on Employment Service," "Monthly Labour Survey";

Bank of Japan, "Wholesale Price Indexes," "Corporate Service Price Index," "Financial and Economic Statistics Monthly";

Japanese Bankers Associations, "Suspension of Transaction with Banks."

## Real GDP

## (1) Changes from the previous quarter (seasonally adjusted series)



Note: The figures are composed of preliminary figures for 2001/Q2 onward, "reference series" for 1994/Q1-2001/Q1.

## (2) Components

s.a.; q/q % chg.

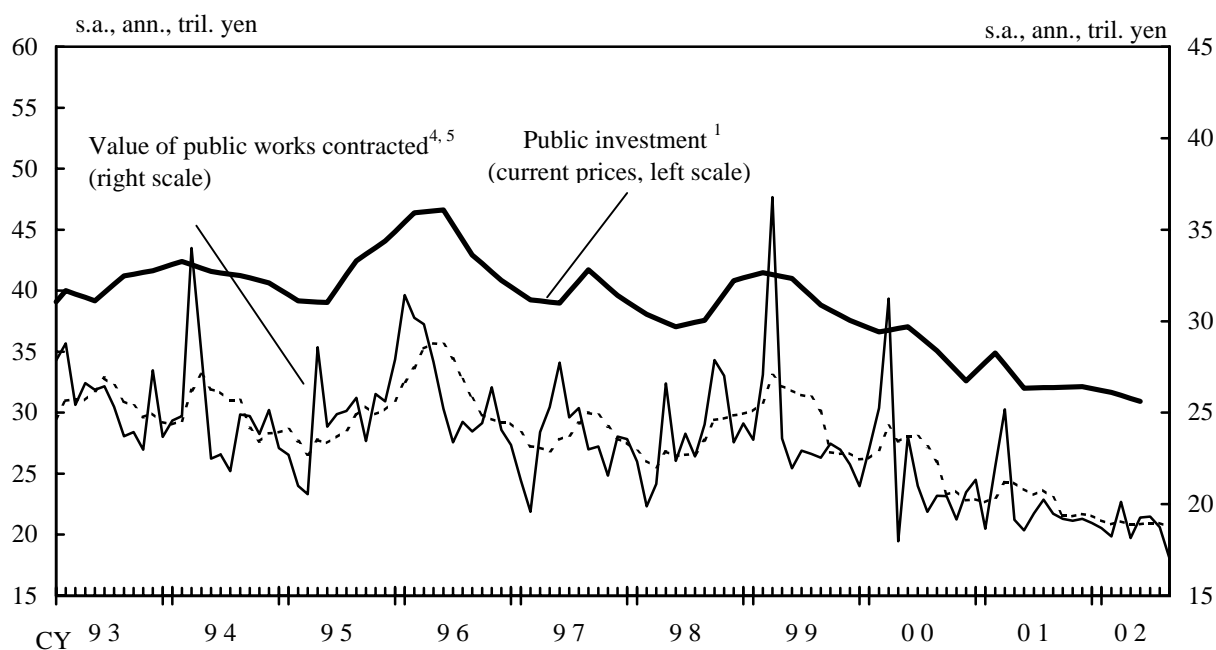
	2001			2002	
	Q2	Q3	Q4	Q1	Q2
Real GDP	-2.1	-0.7	-0.7	-0.0	0.6
Domestic Demand	-2.0	-0.6	-0.8	-0.5	0.3
Private Consumption	-0.2	-0.1	0.1	0.5	0.3
Non-Resi. Investment	-1.9	-2.6	-4.0	-1.9	-0.4
Residential Investment	-7.4	-0.2	0.7	-2.0	-0.8
Private Inventory	(-0.8)	(-0.2)	(-0.3)	(-0.4)	( 0.2)
Public Demand	-1.9	0.6	0.6	-0.0	-0.1
Public Investment	-8.5	0.8	0.2	-0.7	-1.9
Net Exports of goods and services	-9.9	-4.0	1.3	27.2	17.2
Exports	-4.1	-3.2	-1.7	4.8	5.7
Imports	-2.9	-3.0	-2.3	-0.0	2.6

Note: Figures shown in parentheses indicate the contributions to changes in GDP.

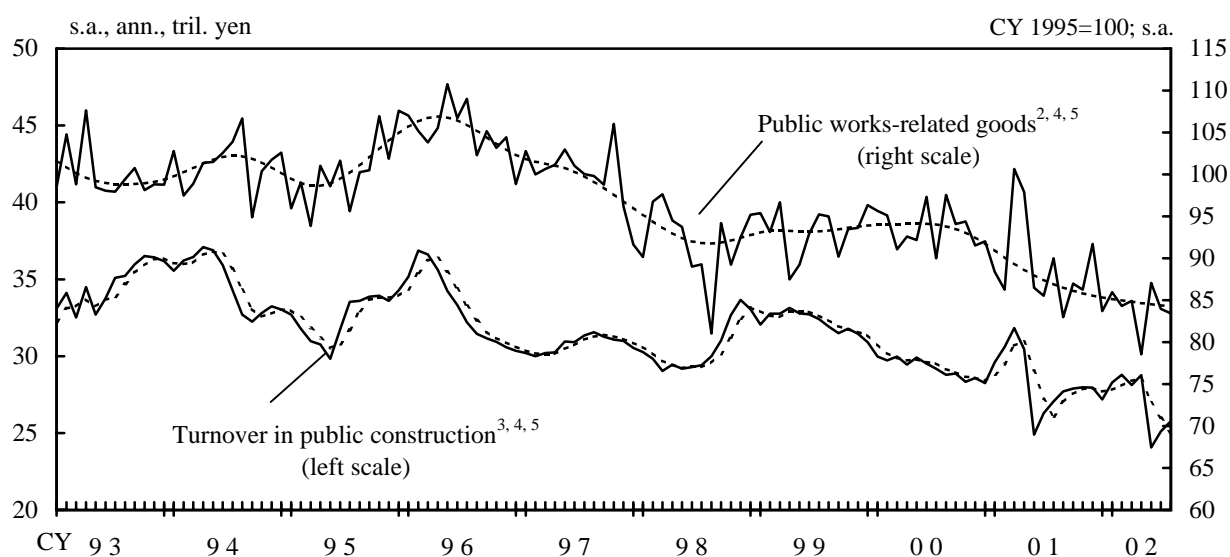
Source: Cabinet Office, "National Accounts."

## Public Investment

## (1) Value of Public Works Contracted and Public Investment



## (2) Shipments of Public Works-related Goods and Turnover of Public Construction



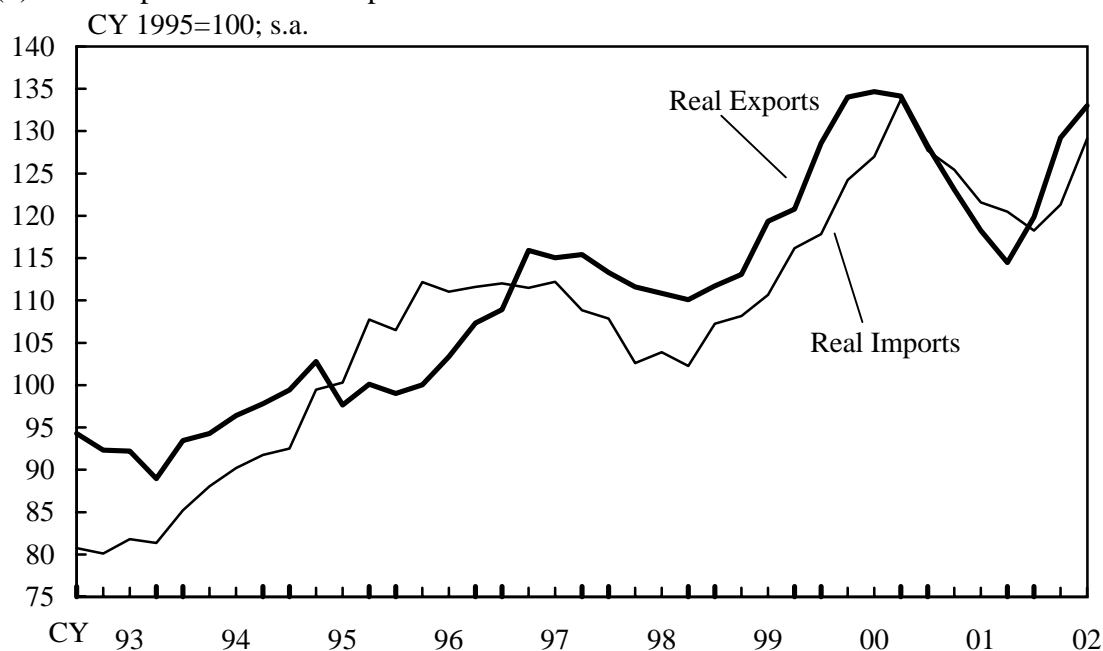
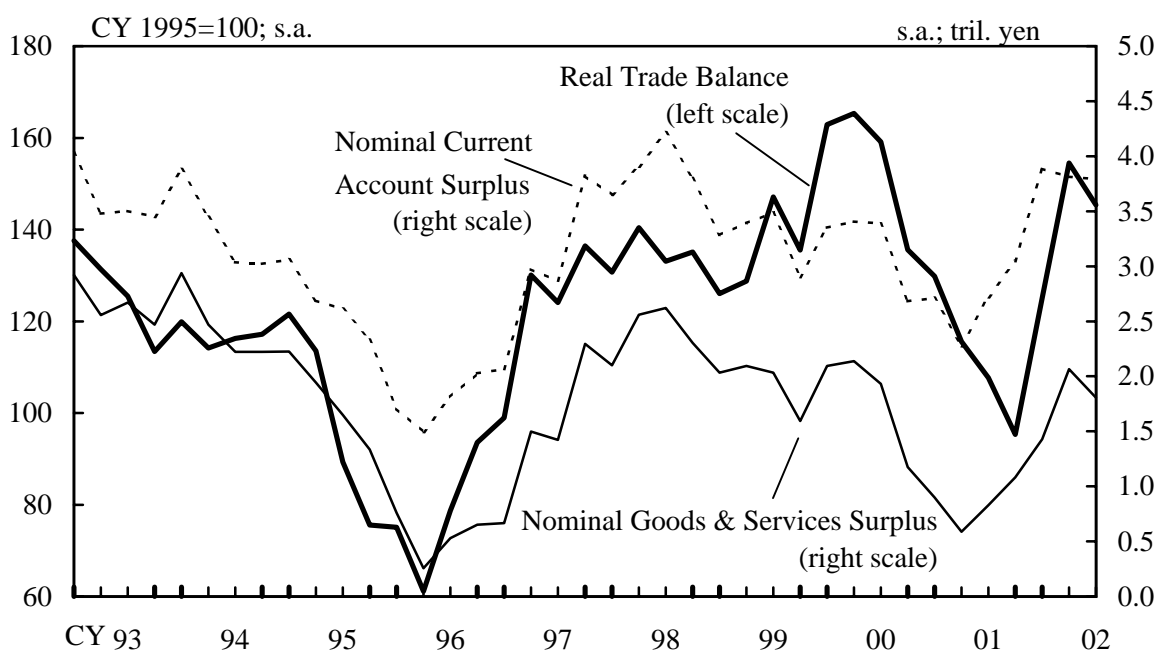
- Notes: 1. Quarterly basis public investment is plotted at the middle month of each quarter. Public investment is based on the new estimation of Quarterly Estimates of GDP. The figures are composed of preliminary figures for 2001/Q2 onward, "reference series" for 1994/Q1-2001/Q1, and revised figures prior to 1993/Q4.
2. Public works-related goods are weighted average of asphalt, concrete products for roads, bridges, and cement, where weights are based on 1995-basis IIP (shipment). Shipments of these goods also include those to the private sector.
3. Turnover in public construction is based on the public sector table in the "Integrated Statistics on Construction Works."
4. Value of public works contracted, public works-related goods and turnover in public construction are seasonally adjusted by X-12-ARIMA. As the figures of public works-related goods are seasonally adjusted on a monthly basis, the data are retroactively revised each month.
5. Among the dotted lines, the line for value of public works contracted is the 6 months moving average, the line for public works-related goods is the trend cycle factor, and the line for turnover in public construction is the 3 months moving average.

Sources: Cabinet Office, "National Accounts";  
 Surety Association for Construction Companies, "Public Works Prepayment Surety Statistics";  
 Ministry of Land, Infrastructure and Transport, "Integrated Statistics on Construction Works";  
 Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

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**External Balance**


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**(1) Real Exports and Real Imports****(2) Real Trade Balance and Nominal Current Account Surplus**

- Notes: 1. Real trade balance is defined as real exports minus real imports which are indexed with base year of 1995. Real exports/imports are "The Value of Exports and Imports in Trade Statistics" deflated by "Export and Import Price Index."  
 2. Real exports/imports and the real trade balance are seasonally adjusted by X-12-ARIMA. 2002/Q3 figures are July figures converted into quarterly amount.  
 3. Balance of payments data up to 1995/Q4 are old basis. 2002/Q3 figures are July figures converted into quarterly amount.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan";  
 Bank of Japan, "Balance of Payments Monthly," "Wholesale Price Indexes."

Real Exports <sup>1</sup>

## (1) Breakdown by region

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2000	2001	2001 Q3	2002 Q4	2002 Q1	Q2	Q3	2002 May	Jun.	Jul.
United States	<30.0>	11.7	-8.5	-3.8	-3.7	4.3	1.5	2.3	7.1	-2.2	1.5
EU	<15.9>	6.4	-10.9	-6.4	-0.8	-6.3	9.7	7.8	2.2	7.2	2.2
East Asia	<38.7>	25.7	-9.7	-3.7	-1.1	7.5	12.1	3.9	8.0	0.8	0.8
China	<7.7>	27.8	11.6	-3.5	-0.5	17.8	13.3	10.5	16.5	-2.3	6.9
NIEs	<21.7>	25.8	-15.8	-3.4	-1.8	5.8	12.1	3.4	5.6	1.5	0.5
Korea	<6.3>	30.4	-9.1	4.9	-1.5	2.7	13.8	3.6	8.2	7.5	-3.6
Taiwan	<6.0>	22.5	-25.7	-11.1	4.3	6.7	12.4	8.9	4.7	6.3	3.0
ASEAN4 <sup>3</sup>	<9.3>	24.0	-8.1	-4.6	-0.1	3.3	10.8	-0.6	6.1	2.3	-3.9
Thailand	<2.9>	19.0	-4.0	-0.8	-0.3	-1.6	16.2	4.2	6.0	4.8	-0.9
Real exports		14.1	-9.1	-3.9	-3.2	4.7	7.8	2.9	5.9	0.5	0.6

## (2) Breakdown by goods

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2000	2001	2001 Q3	2002 Q4	2002 Q1	Q2	Q3	2002 May	Jun.	Jul.
Intermediate goods	<14.7>	5.3	-3.5	0.1	2.1	5.6	4.0	3.7	3.8	0.7	2.0
Motor vehicles and their related goods	<22.1>	9.2	0.0	2.0	1.1	5.8	4.2	3.5	4.8	-5.1	5.6
Consumer goods <sup>4</sup>	<7.3>	13.0	-6.3	-1.6	-5.8	4.5	8.6	8.2	5.3	4.2	3.6
IT-related goods <sup>5</sup>	<17.3>	25.2	-12.0	-7.5	-7.3	-5.9	16.8	6.2	9.0	3.0	1.3
Capital goods and parts <sup>6</sup>	<27.5>	21.1	-14.9	-6.3	-5.0	6.2	9.1	2.7	7.2	3.6	-1.9
Real exports		14.1	-9.1	-3.9	-3.2	4.7	7.8	2.9	5.9	0.5	0.6

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2002/Q3 figures are July figures converted into quarterly amount.

2. Shares of each region and goods are shown in angle brackets.

3. Data for four members: Thailand, Malaysia, the Philippines, and Indonesia.

4. Excludes motor vehicles.

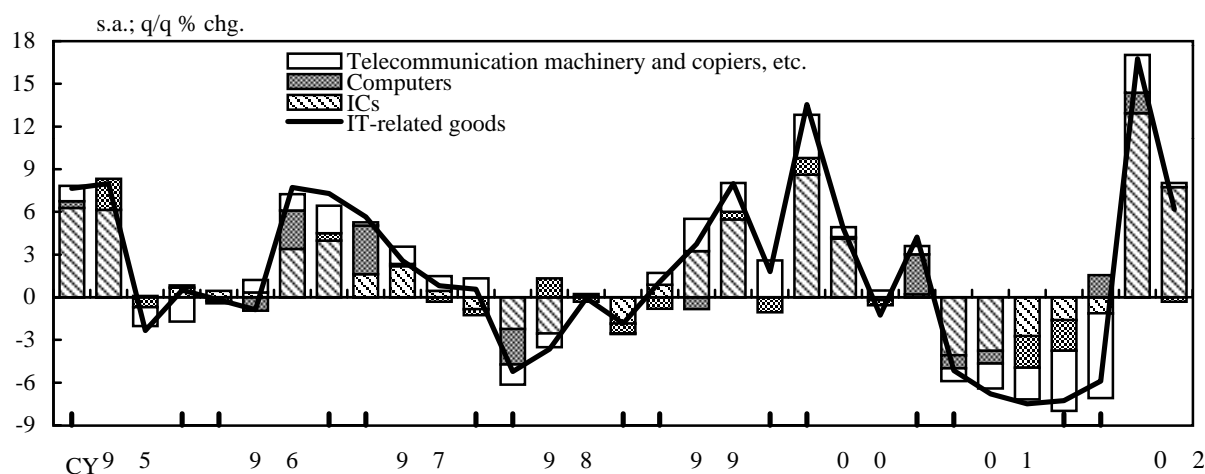
5. IT-related goods are composed of automatic data processing machinery, telecommunication machinery, ICs and medical and optical instruments.

6. Excludes IT-related goods, power generating machinery and parts of motor vehicles.

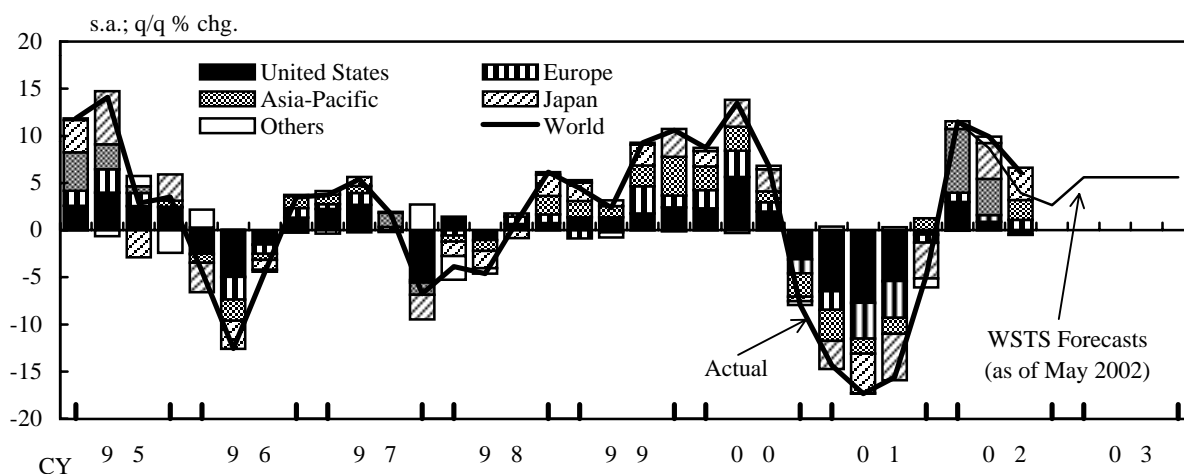
Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Wholesale Price Indexes."

## Exports and Imports of IT-related goods

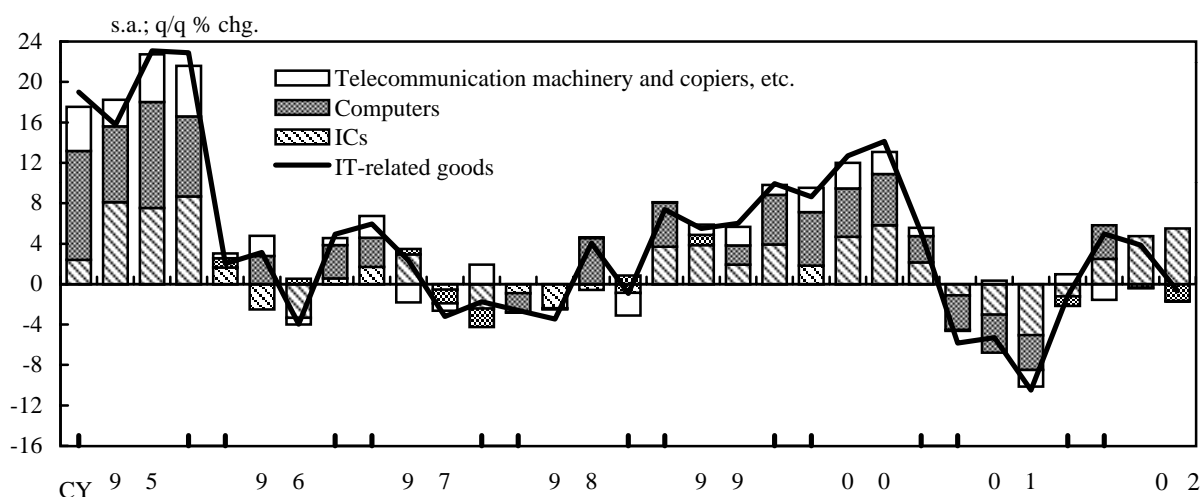
(1) Exports of IT-related goods (real, breakdown by goods)



(2) World Semiconductor Shipments (nominal, breakdown by region)



(3) Imports of IT-related goods (real, breakdown by goods)



Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. 2002/Q3 figures are July figures converted into quarterly amount.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan";

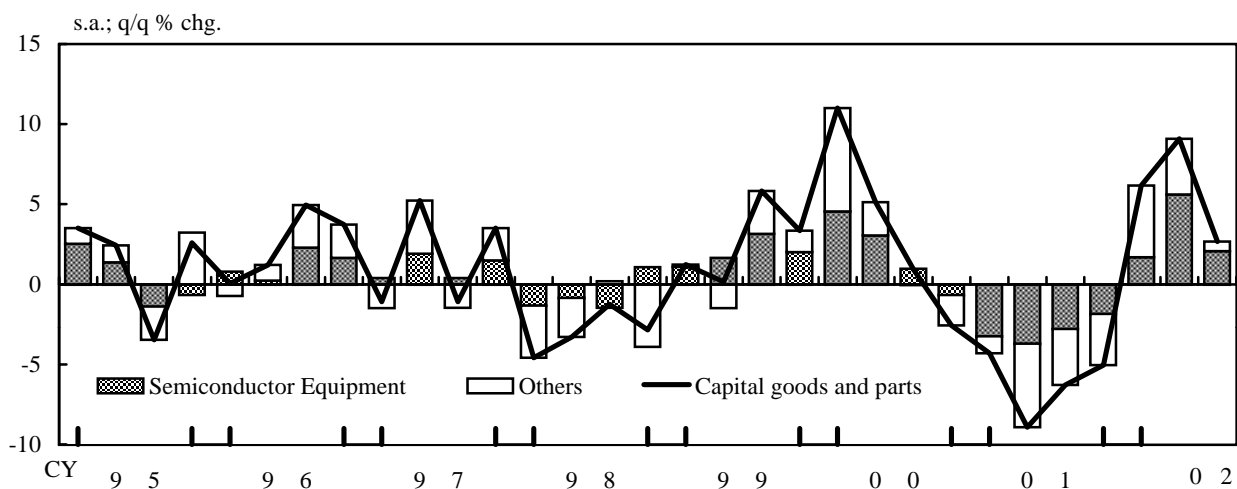
Bank of Japan, "Wholesale Price Indexes";

WSTS (World Semiconductor Trade Statistics), "Semiconductor Forecasts."

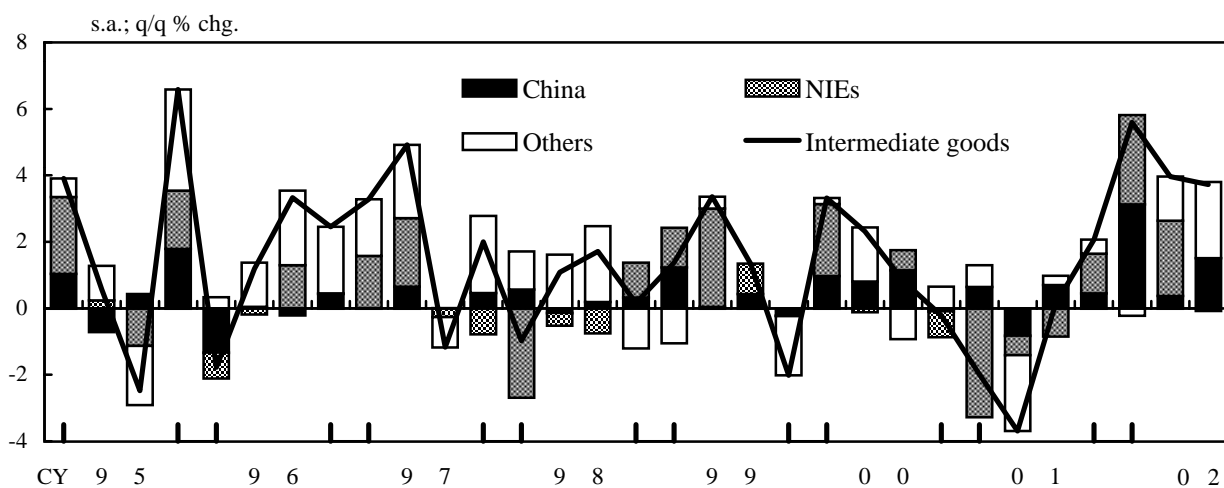


## Real Exports breakdown by goods

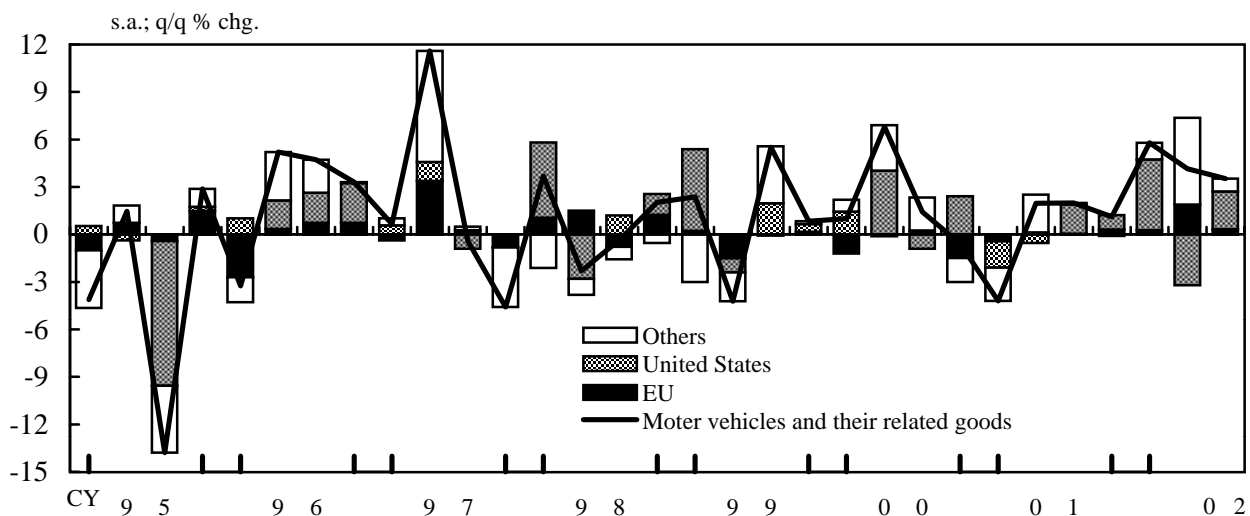
## (1) Capital goods and parts



## (2) Intermediate goods



## (3) Motor vehicles and their related goods



Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. 2002/Q3 figures are July figures converted into quarterly amount.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Wholesale Price Indexes."

Real Imports <sup>1</sup>

## (1) Breakdown by region

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2000	2001	2001 Q3	2002 Q4	2002 Q1	Q2	Q3	2002 May	Jun.	Jul.
United States	<18.1>	7.9	-4.4	-6.5	-3.0	-1.5	3.4	3.9	8.4	0.7	0.7
EU	<12.8>	8.5	3.5	-0.6	2.6	-6.4	2.8	11.5	0.1	-0.3	11.7
East Asia	<40.3>	25.5	1.6	-3.9	-1.0	1.5	3.7	3.7	4.9	2.3	0.6
China	<16.6>	28.1	13.2	-0.7	4.2	1.7	3.4	5.4	5.4	2.1	2.2
NIEs	<10.9>	28.4	-9.7	-7.6	-7.1	3.5	8.1	3.6	2.7	4.2	0.0
Korea	<4.9>	22.5	-7.8	-7.7	-7.0	-1.6	10.8	6.8	2.9	5.7	2.0
Taiwan	<4.1>	43.6	-13.0	-10.6	-3.9	6.0	9.3	0.9	8.2	1.5	-2.7
ASEAN4 <sup>3</sup>	<12.7>	20.2	0.0	-4.3	-2.1	-0.3	0.1	1.4	6.1	0.8	-1.1
Thailand	<3.0>	19.3	6.0	-2.9	-0.5	-0.3	4.6	3.8	10.4	-1.8	1.8
Real imports		13.3	-1.1	-3.1	-0.9	-1.9	2.6	6.4	5.4	-0.5	5.0

## (2) Breakdown by goods

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2000	2001	2001 Q3	2002 Q4	2002 Q1	Q2	Q3	2002 May	Jun.	Jul.
Raw materials <sup>4</sup>	<26.2>	1.7	-5.1	-2.1	-2.6	-3.1	-2.2	11.4	3.9	-3.8	12.9
Intermediate goods	<12.9>	8.2	-0.2	-3.0	-0.5	-0.5	0.9	7.9	10.5	-0.9	5.1
Foodstuffs	<12.4>	5.3	-1.6	-1.8	5.1	-4.5	0.2	4.1	1.3	-2.0	5.0
Consumer goods	<11.2>	21.4	5.8	-1.4	-0.2	-7.3	4.7	4.3	1.1	1.5	2.9
IT-related goods <sup>5</sup>	<14.8>	43.9	-2.4	-10.5	-1.1	5.0	3.8	-0.7	4.6	1.6	-3.1
Capital goods and parts <sup>6</sup>	<11.9>	12.4	3.2	-3.6	-3.4	0.5	13.1	9.8	10.8	1.8	5.0
excluding aircraft	<11.4>	21.5	6.0	-6.1	-1.1	-2.5	10.5	5.8	3.7	1.6	3.4
Real imports		13.3	-1.1	-3.1	-0.9	-1.9	2.6	6.4	5.4	-0.5	5.0

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2002/Q3 figures are July figures converted into quarterly amount.

2. Shares of each region and goods are shown in angle brackets.

3. Data for four members: Thailand, Malaysia, the Philippines, and Indonesia.

4. Raw materials are mainly composed of woods, ores and mineral fuel.

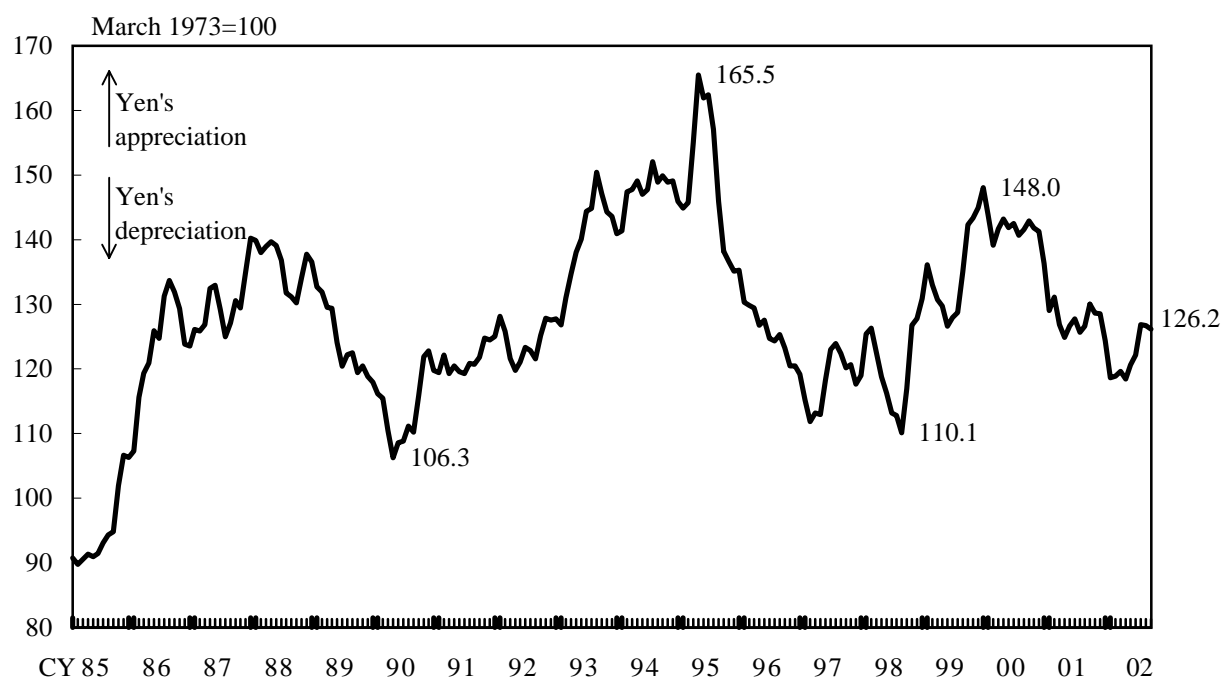
5. IT-related goods are composed of office machinery, telecommunication machinery, ICs, and medical and optical instruments.

6. Excludes IT-related goods.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Wholesale Price Indexes."

## Exporting Conditions (1)

## (1) Real Effective Exchange Rate



Note: Calculated by the Bank of Japan. Monthly average. Figure for September 2002 is the average up to September 17.  
Figures are the index of weighted average of the yen's real exchange rates versus 15 major currencies (26 countries) which are calculated from nominal exchange rates and price indexes of the respective countries.

## (2) Real GDP Growth Rates in Overseas Economies

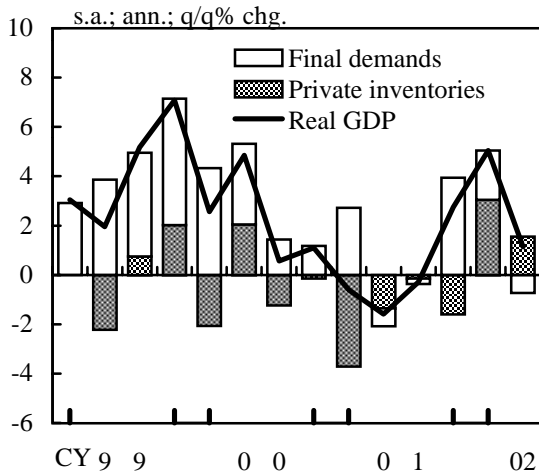
		CY99	2000	2001	2001 Q3	Q4	2002 Q1	Q2	
United States <sup>1</sup>		4.1	3.8	0.3	-0.3	2.7	5.0	1.1	
European Union <sup>1</sup>		2.8	3.4	1.5	0.8	-0.8	1.3	1.6	
	Germany	2.0	2.9	0.6	-0.8	-1.2	1.1	1.1	
	France	3.2	4.2	1.8	1.9	-2.0	2.2	2.0	
	United Kingdom	2.4	3.1	1.9	1.4	0.4	0.6	2.3	
East Asia <sup>2</sup>	China	7.1	8.0	7.3	7.0	6.6	7.6	8.0	
	NIEs	Korea	10.9	9.3	3.0	1.9	3.7	5.8	6.3
		Taiwan	5.4	5.9	-2.2	-4.4	-1.6	1.2	4.0
		Hong Kong	3.4	10.2	0.6	-0.3	-0.9	-0.5	0.5
		Singapore	6.9	10.3	-2.0	-5.4	-6.6	-1.5	3.9
	ASEAN4	Thailand	4.4	4.6	1.8	1.6	2.1	3.9	5.1
		Indonesia	0.8	4.9	3.3	3.1	1.6	2.2	3.5
Malaysia		6.1	8.3	0.4	-0.9	-0.5	1.1	3.8	
Philippines		3.4	4.4	3.2	3.0	3.9	3.7	4.5	

Notes: 1. Quarterly data of U.S. and EU are quarter-to-quarter percent changes at annual rate.

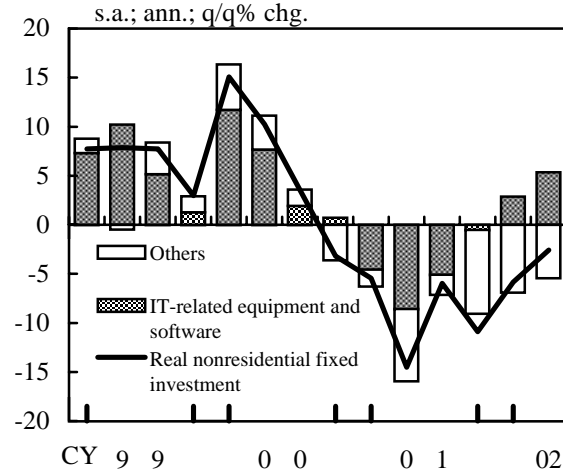
2. Quarterly data of East Asia are percent changes from a year earlier.

Exporting Conditions (2)

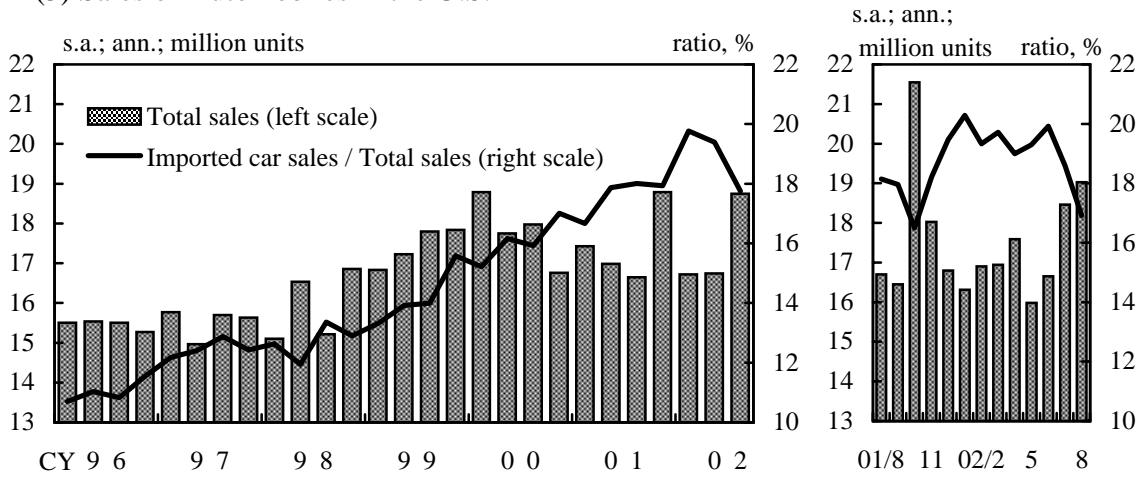
(1) U.S. Real GDP (breakdown by final demands and inventories)



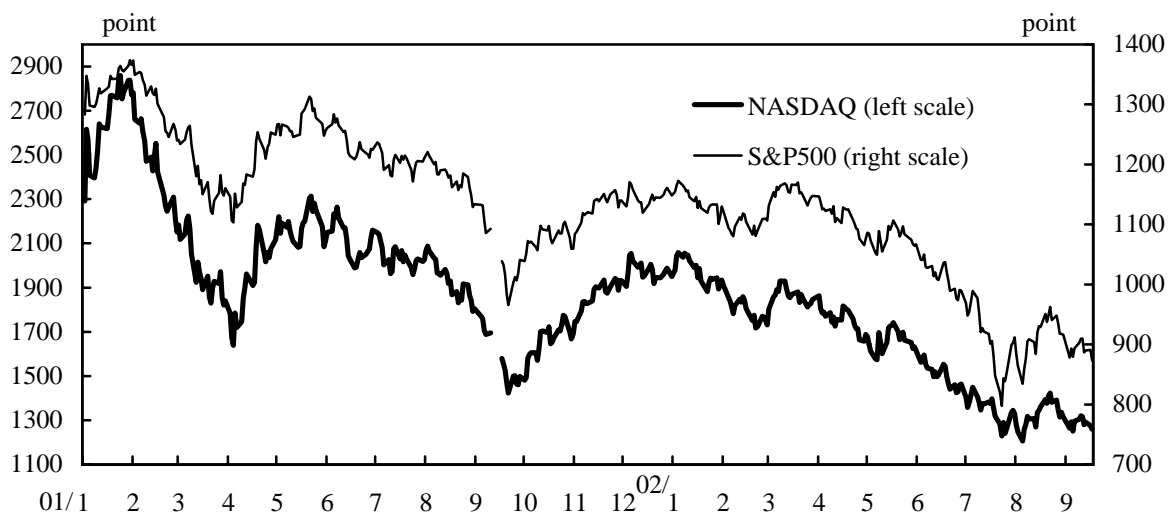
(2) U.S. Real Nonresidential Fixed Investment



(3) Sales of Automobiles in the U.S.



(4) U.S. Stock Prices (NASDAQ, S&P500)

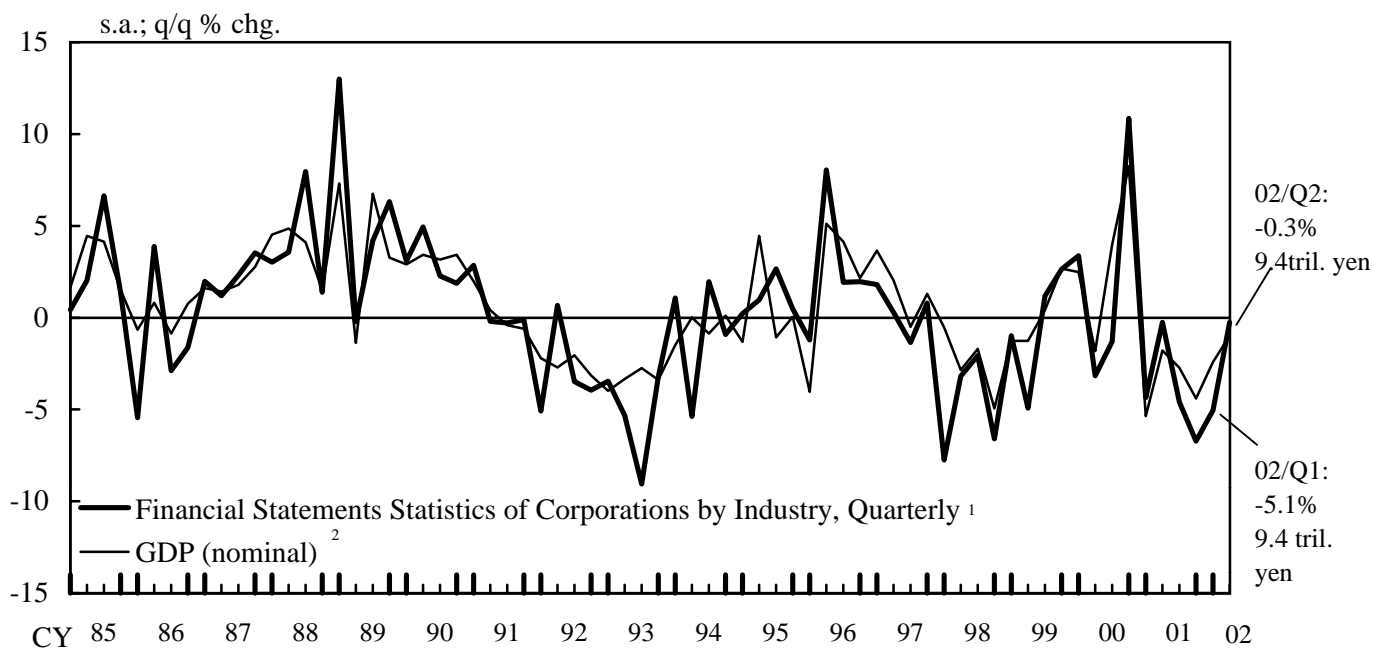
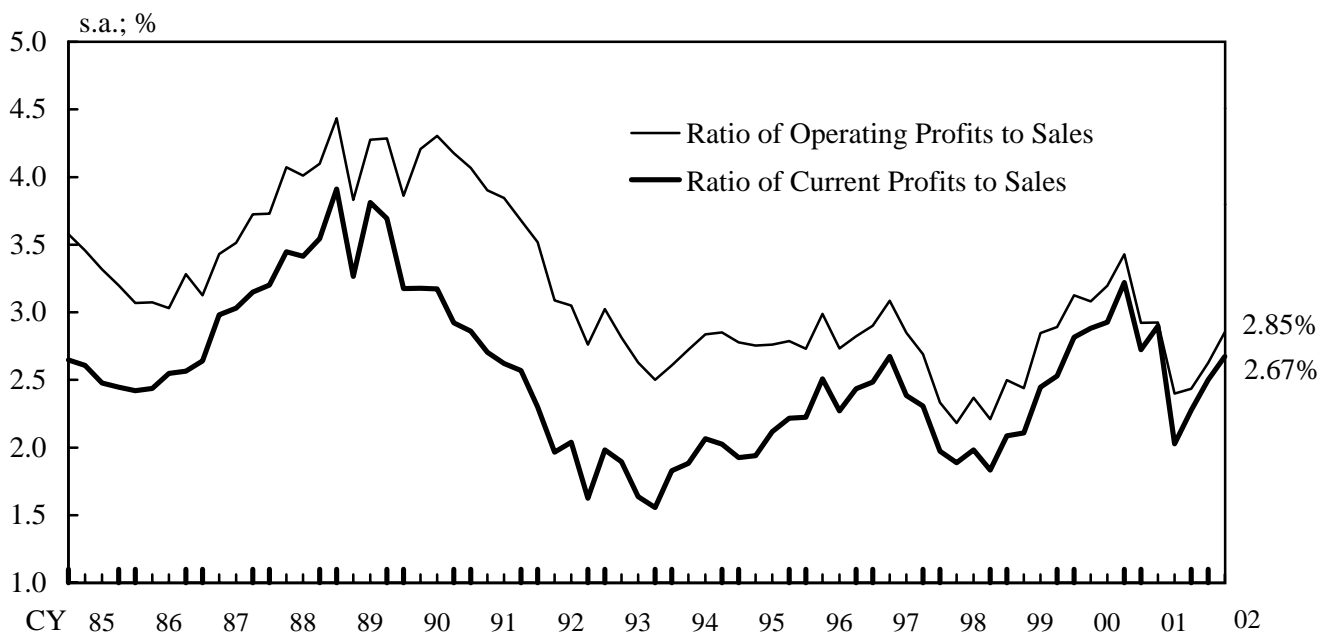


Notes: 1. Total sales of automobile in 2002/Q3 is based on Jul.-Aug. averages.  
2. Figures of U.S. stock prices in (4) are up to September 17.

Sources: U.S. Department of Commerce, "National Income and Product Accounts", "Sales, production, imports, exports, and inventories, in units"; Bloomberg.

## Business Fixed Investment and Corporate Profits

## (1) Fixed Investment

(2) Corporate Profits (Ratio of Profits to Sales)<sup>1,3</sup>

Notes: 1. All enterprises excluding large enterprises of other services industry. Figures are adjusted for sample change, and seasonally adjusted by X-11. Adjustment for sample change aims to correct a bias in figures caused by sample change. The method is to adjust the figures proportionally to the shift in the aggregated capital stock and other references. The sample change comes due to (i) a change in sampling firm in each the second quarter survey, and (ii) changes in the respondent firms in every quarter.

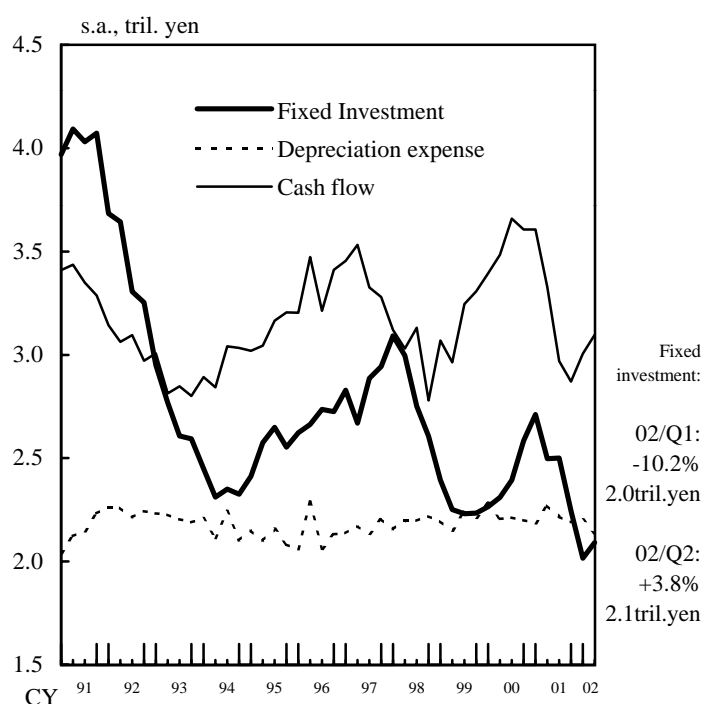
2. GDP(nominal) are based on the new estimation of Quarterly Estimates of GDP. The figures are composed of preliminary figures for 2001/Q2 onward, "reference series" for 1994/Q2-2001/Q1, and revised figures prior to 1994/Q1.

3. Financial Statements Statistics of Corporations by Industry, Quarterly basis.

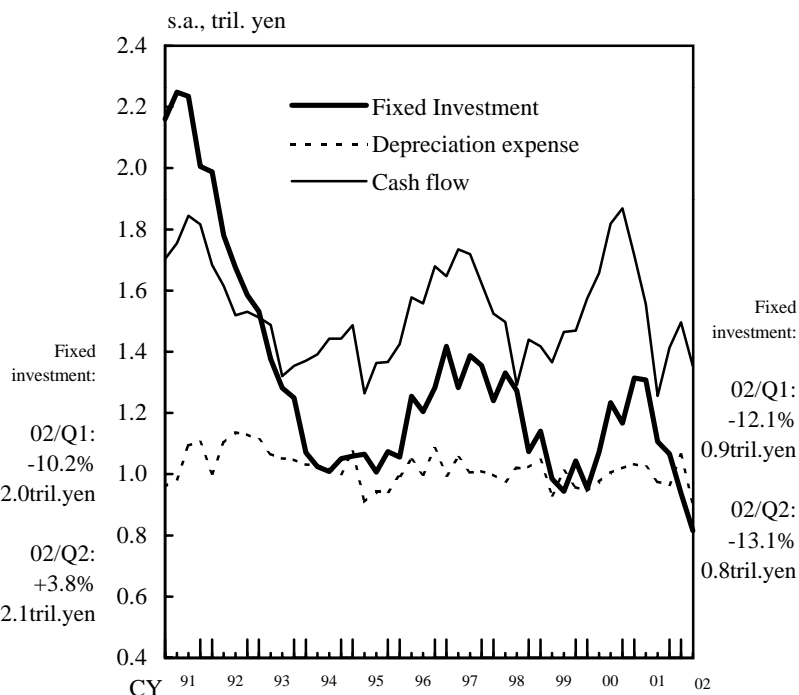
Sources: Cabinet Office, "National Accounts"; Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

## Business Fixed Investment

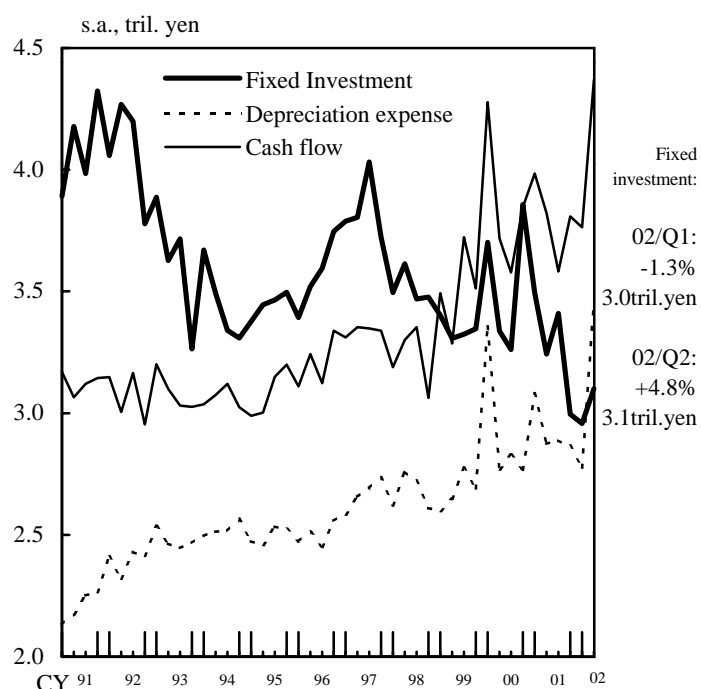
(1) Manufacturing large firms



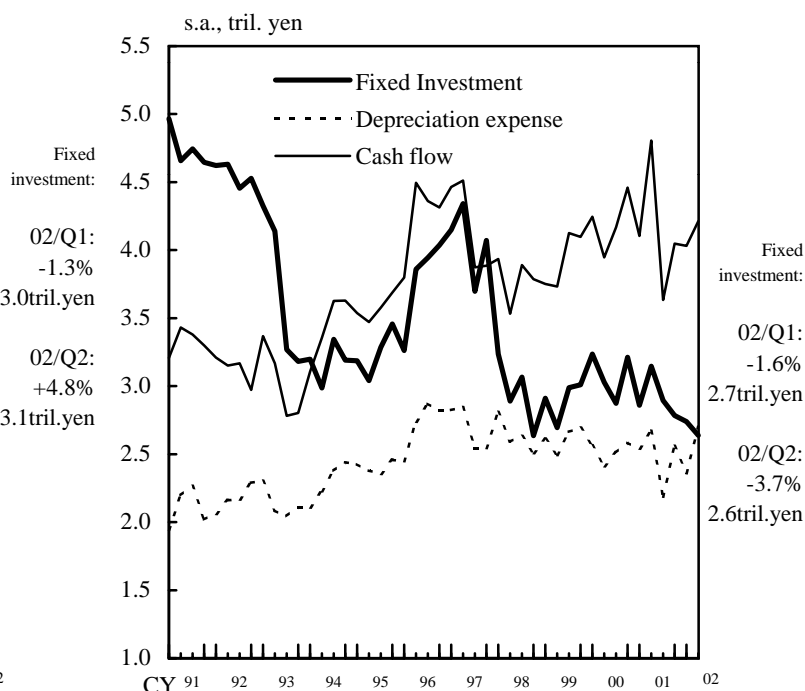
(2) Manufacturing medium and small firms



(3) Nonmanufacturing large firms



(4) Nonmanufacturing medium and small firms



Notes: 1. Financial Statements Statistics of Corporations by Industry, Quarterly basis.

2. Sample change adjusted (see note in chart 10).

3. Electric, gas and other service industries are excluded from nonmanufacturing large firms.

4. "Large firms" refers to firms with capital stock of 1 billion yen or more, and "medium and small firms" refers to firms with capital stock of 10 million or more but less than 1 billion yen.

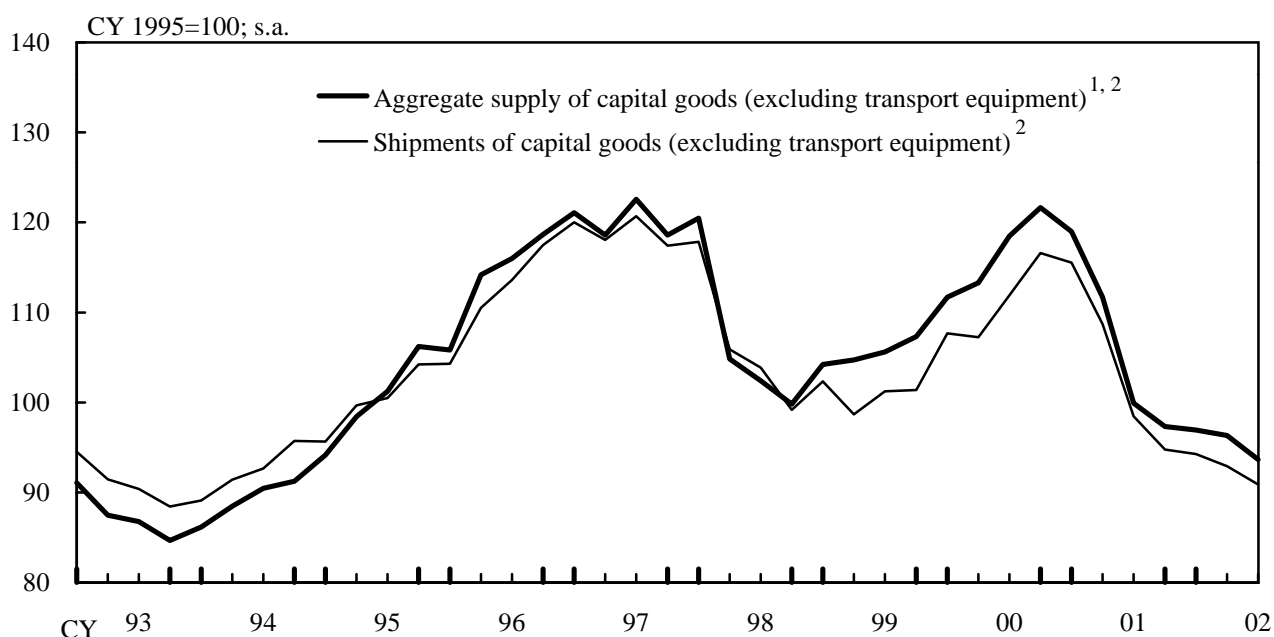
5. Cash Flow = Current profits ÷ 2 + Depreciation expense

6. Seasonally adjusted by X-11.

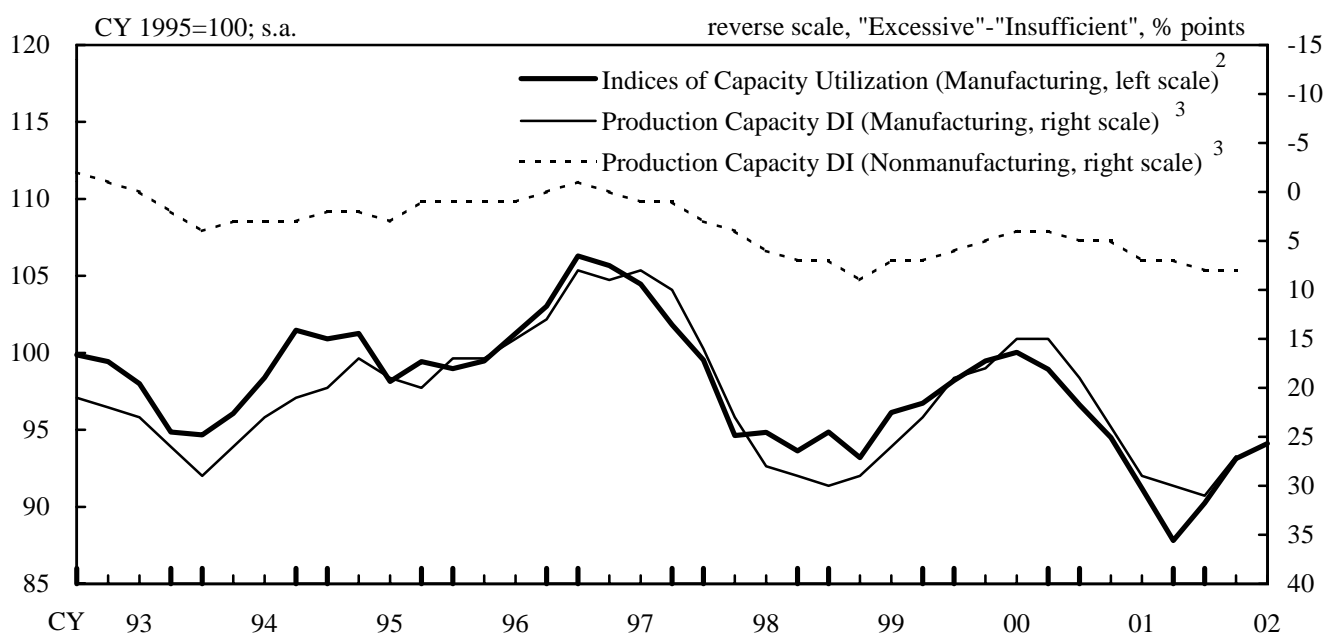
Source: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

## Indicators for Business Fixed Investment (1)

## (1) Aggregate supply of capital goods (excluding transport equipment)



## (2) Indices of Capacity Utilization and Production Capacity DI



Notes: 1. Aggregate supply of capital goods (excluding transport equipment) is obtained from *Indices of Industrial Domestic Shipments and Imports* released on a quarterly basis. The figure for 2002/Q3 is calculated by the Bank of Japan using shipments of capital goods in *Indices of Industrial Production* and real exports and imports of capital goods and parts (shipments of capital goods - real exports + real imports).

The weights used for calculation are those of *Indices of Industrial Domestic Shipments and Imports*.

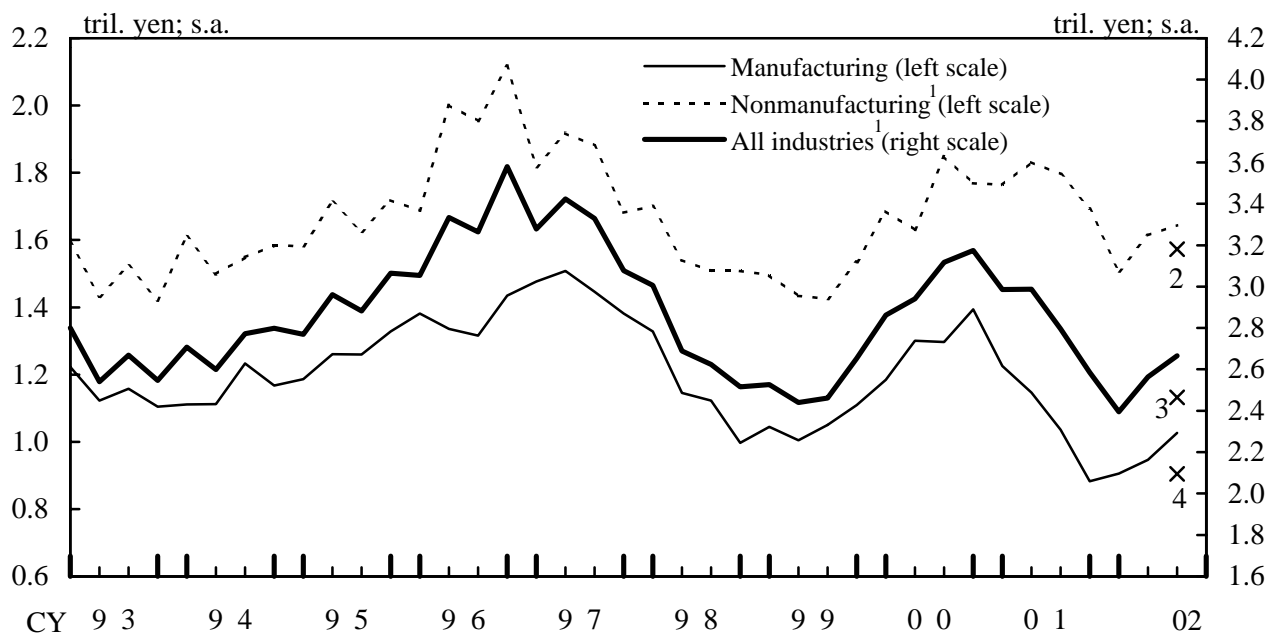
2. Figures for 2002/Q3 are those of July.

3. All enterprises.

Sources: Ministry of Economy, Trade and Industry, "Indices of Industrial Production," "Indices of Industrial Domestic Shipments and Imports"; Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Wholesale Price Indexes," "Tankan Short-term Economic Survey of Enterprises in Japan."

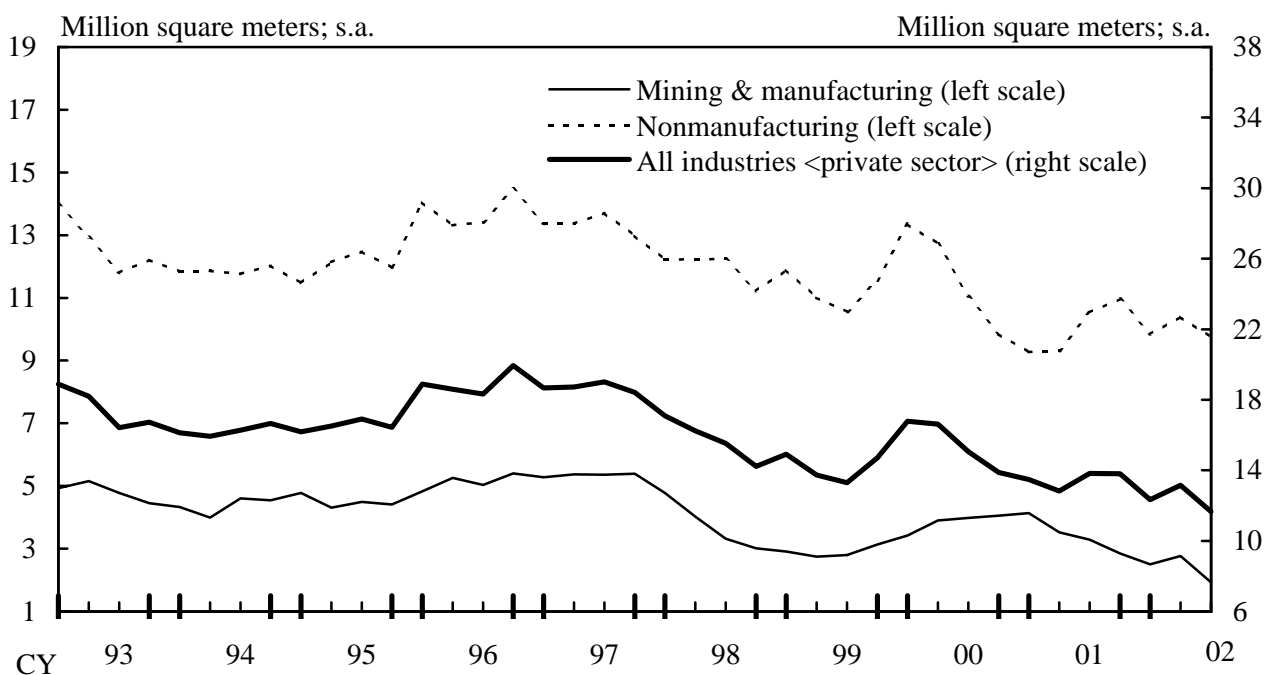
## Indicators for Business Fixed Investment (2)

## (1) Machinery Orders



- Notes: 1. Excludes orders of shipbuilding and orders from electric power companies.  
 2. Forecast of nonmanufacturing industries for 2002/Q3.  
 3. Forecast of all industries for 2002/Q3.  
 4. Forecast of manufacturing industries for 2002/Q3.  
 5. Figures for 2002/Q3 are those of July in terms of quarterly amount.

## (2) Construction Starts (Nonresidential)



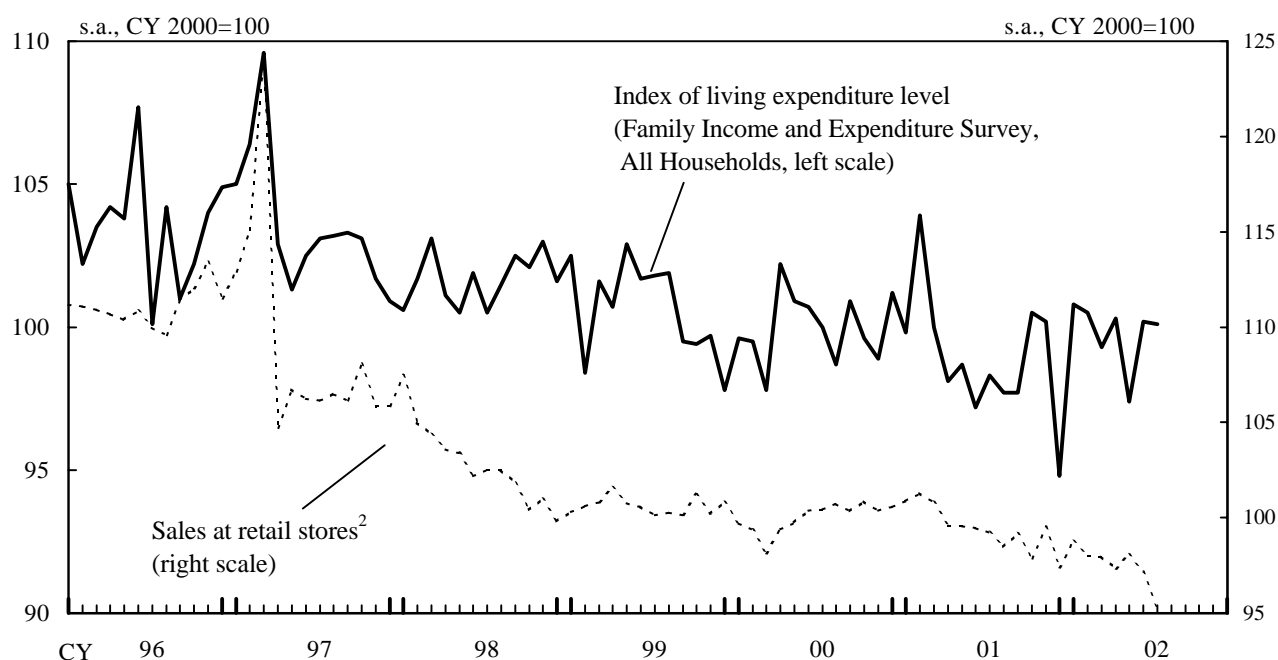
- Notes: 1. Seasonally adjusted by X-12-ARIMA.  
 2. Figures for 2002/Q3 are those of July in terms of quarterly amount.

Sources: Cabinet Office, "Machinery Orders Statistics";  
 Ministry of Land, Infrastructure and Transport, "Statistics Building Construction Starts."

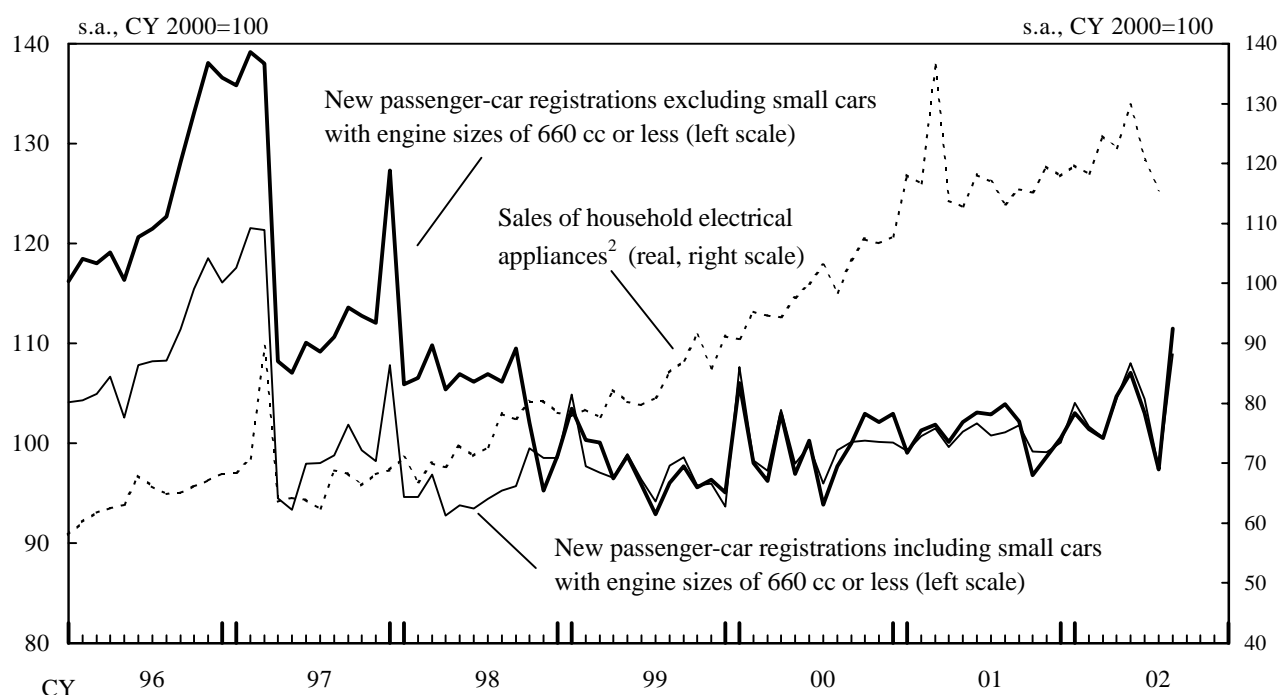


# Indicators for Private Consumption<sup>1</sup> (1)

## (1) Household Spending (real)

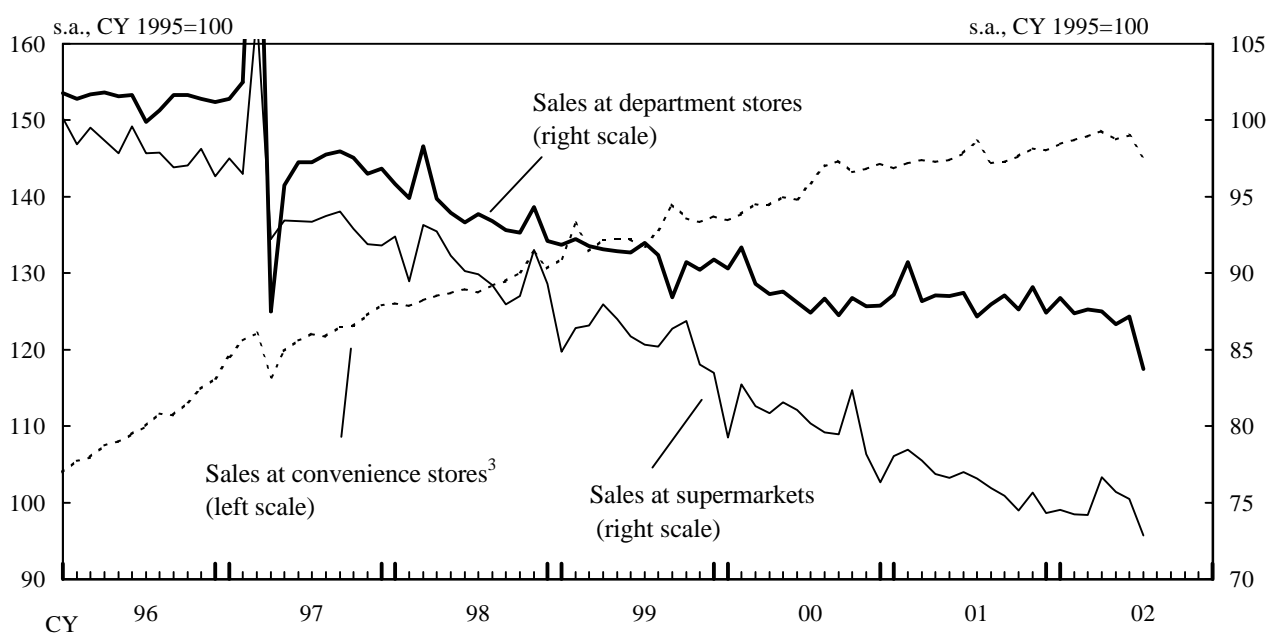
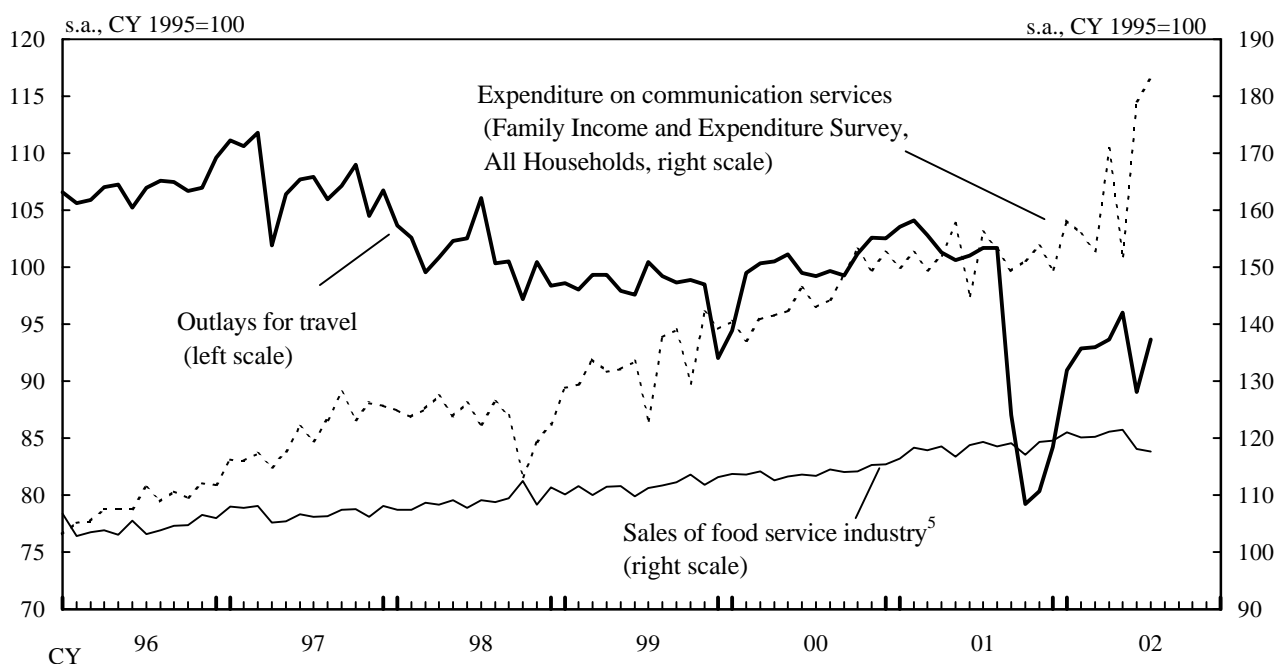


## (2) Sales of Durable Goods



- Notes: 1. Seasonally adjusted by X-12-ARIMA. Index of living expenditure level is seasonally adjusted by the Ministry of Public Management, Home Affairs, Posts and Telecommunications.
2. Sales at retail stores are deflated by the consumer price index for goods. Sales of household electrical appliances are the sum of their components deflated by the consumer price index (or the wholesale price index for personal computer before 1999).

Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Monthly Report on the Family Income and Expenditure Survey," "Consumer Price Index"; Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Japan Automobile Dealers Association, "Domestic Sales of Automobiles"; Japan Mini Vehicles Association, "Sales of Mini Vehicles"; Nippon Electric Big-Stores Association (NEBA), "Sales of Electrical Appliances"; Bank of Japan, "Wholesale Price Indexes."

Indicators for Private Consumption<sup>1</sup> (2)(3) Sales of Retail Stores<sup>2</sup>(4) Consumption of Services<sup>4</sup>

Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. Adjusted to exclude the effect of the increase in the number of stores (except convenience stores). Sales at department stores, supermarkets and convenience stores are adjusted to exclude the effect of the rise in the consumption tax rate.

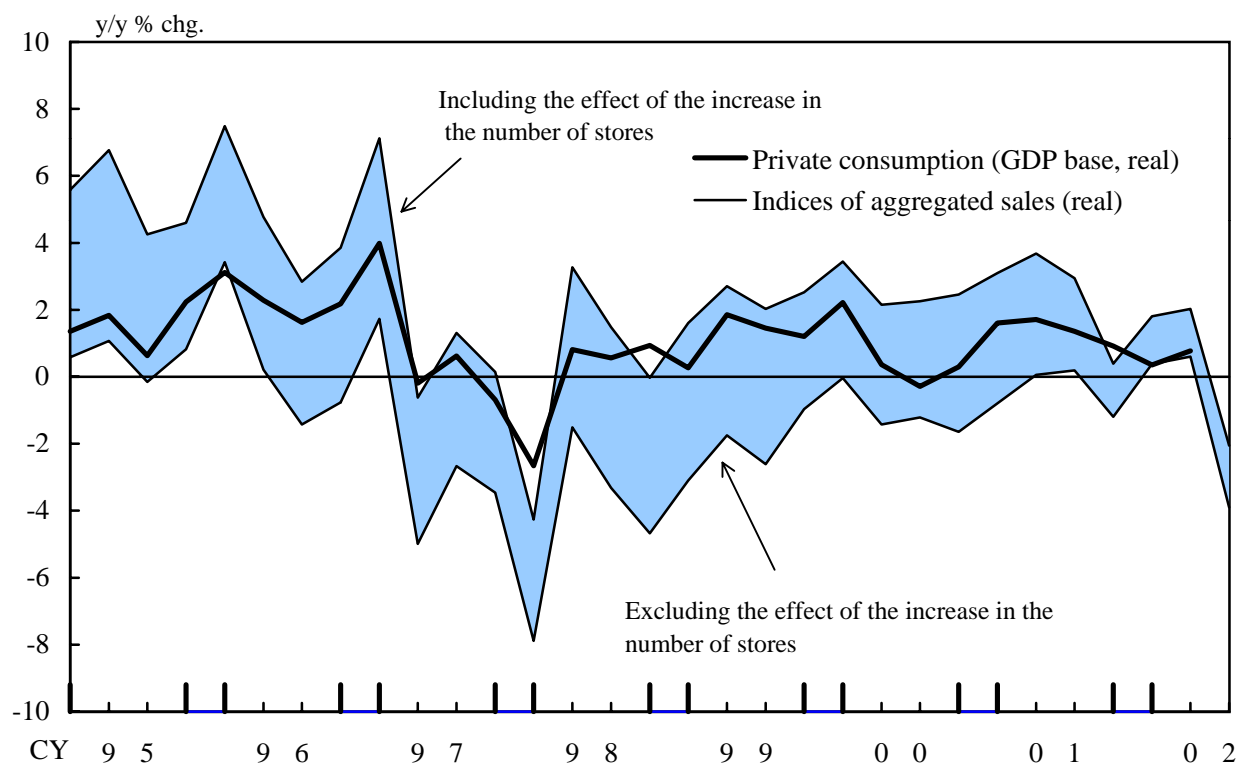
3. Sales at convenience stores until March 1997 are based on the survey conducted by the Bank of Japan. From April 1997 they are based on the data published by the Ministry of Economy, Trade and Industry.

4. Outlays for travel and Sales of food service industry are adjusted to exclude the effect of the rise in the consumption tax rate.

5. Sales of food service industry are calculated using the year to year change rates of every month released by the Food service Industry Survey & Research Center based on monthly sales amounts in 1993 released by the Japan Food service Association.

Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Monthly Report on the Family Income and Expenditure Survey"; Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Ministry of Land, Infrastructure and Transport, "Major Travel Agents' Revenue"; Food Service Industry Survey & Research Center, "Getsuji Uriage Doukou Chousa (Monthly Survey of Food Service Sales)"; Japan Food Service Association, "Gaishoku Sangyou Shijou Doukou Chousa (The Research of Food Service Industry)."

## Indicators for Private Consumption (3) - Indices of aggregated sales



- Notes: 1. Indices of aggregated sales are the weighted sum of *Sales at department stores and supermarkets*; *New passenger-car registrations*; *Sales of household electrical appliances*; *Outlays for travel*; and *Sales of food service industry*, where the weights come from household expenditure in the *Family Income and Expenditure Survey*. These indices of aggregated sales consist of the series including and excluding the effects of the increase in the number of stores. Indices "including the effects of the increase in the number of stores" reflect the fluctuations in sales due to changes in the number of stores caused by the opening and closing down of businesses. (Indices "including the effects of the increase in the number of stores" include sales at convenience stores.) On the other hand, those "excluding the effects of the increase in the number of stores" aim to capture consumption trends only from stores of which sales data can be obtained continuously.
2. Sales indicators in nominal terms are deflated by the corresponding items of the consumer price index or the wholesale price index.
3. Private consumption are based on the new estimation of Quarterly Estimates of GDP. The figures are composed of preliminary figures for 2001/Q2 onward, "reference series" for 1994/Q1-2001/Q1.
4. 2002/Q3 figures are those of July converted to a quarterly basis.

Sources: Cabinet Office, "National Accounts";

Ministry of Economy, Trade and Industry, "Current Survey of Commerce";

Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Consumer Price Index," "Monthly Report on the Family Income and Expenditure Survey";

Bank of Japan, "Wholesale Price Indexes";

Japan Automobile Dealers Association, "Domestic Sales of Automobiles";

Japan Mini Vehicles Association, "Sales of Mini Vehicles";

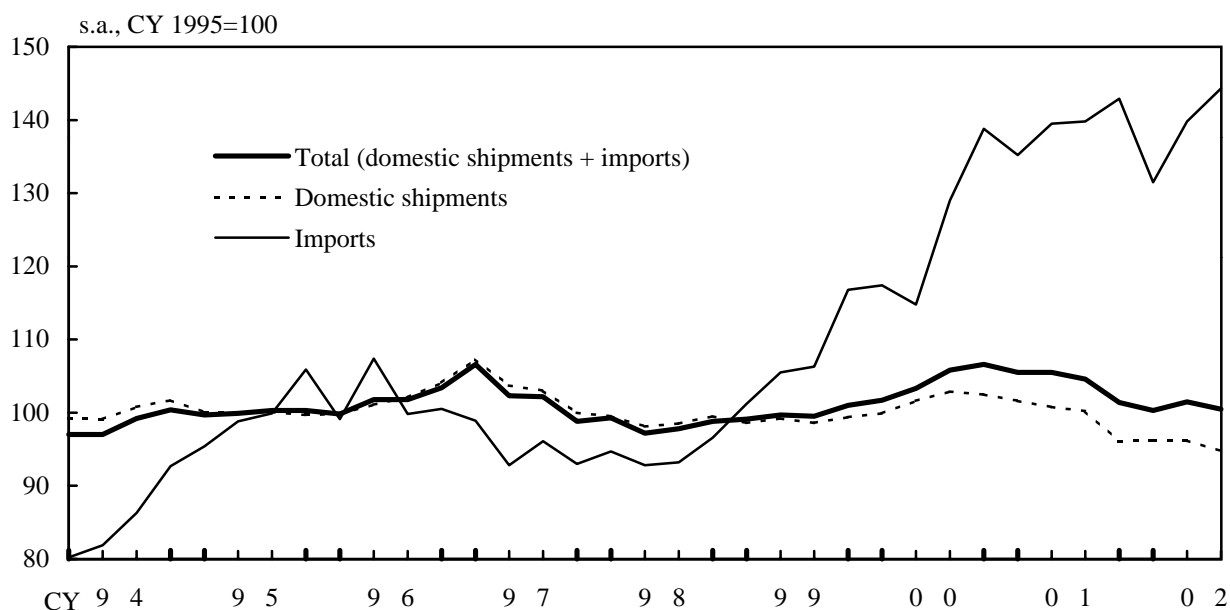
Nippon Electric Big-Stores Association (NEBA), "Sales of Electrical Appliances";

Food Service Industry Survey & Research Center, "*Getsuji Uriage Doukou Chousa* (Monthly Survey of Food Service Sales)"; Japan Food Service Association, "*Gaishoku Sangyou Shijou Doukou Chousa* (The Research of Food Service Industry)";

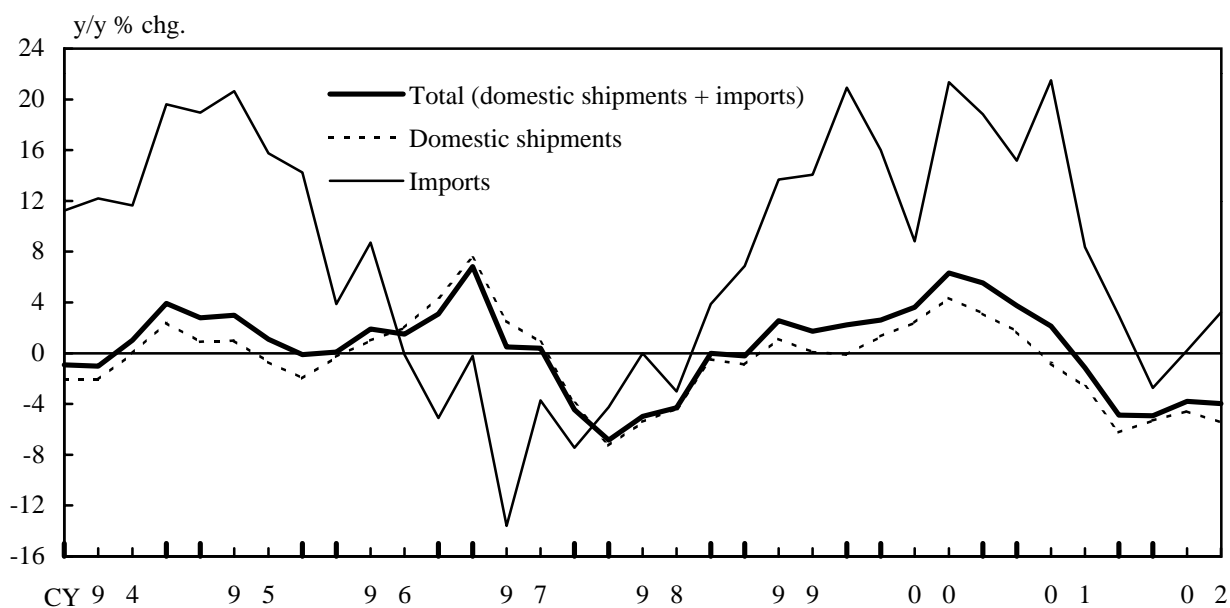
Ministry of Land, Infrastructure and Transport, "Major Travel Agents' Revenue."

## Indicators for Private Consumption (4) - Aggregate supply of consumer goods

## (1) Level



## (2) Changes from a year earlier

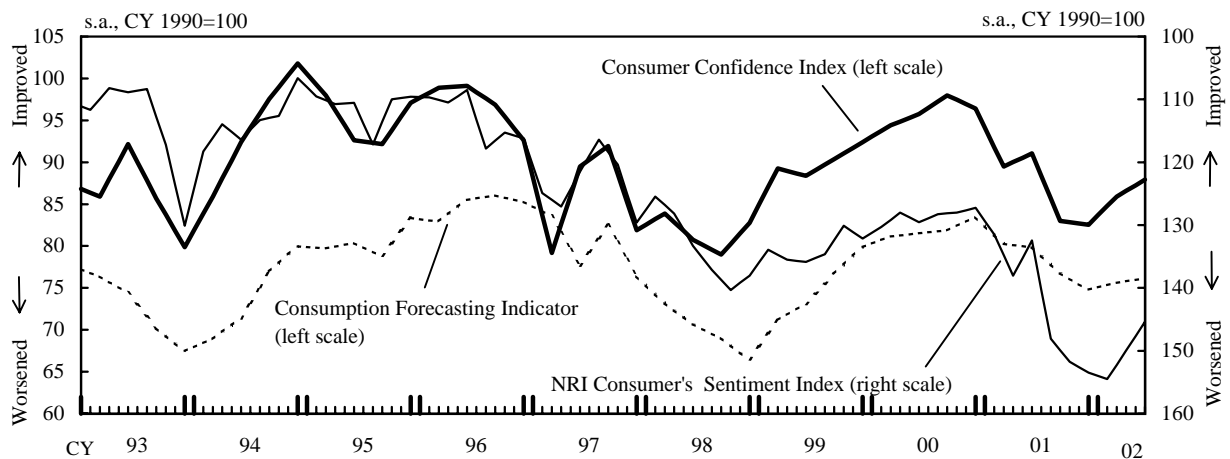


- Notes: 1. "Domestic shipments" and "Imports" are components of "consumer goods" in the *Indices of Industrial Domestic Shipments and Imports* (the definition for "consumer goods" is the same as that in the *Indices of Industrial Production*).
2. Figures for 2002/Q3 of "Domestic shipments" are calculated from quarterly changes of *Indices of Industrial Production* (excluding the effects of exports).
3. Figures for 2002/Q3 of "Imports" are calculated from quarterly changes of real imports for consumption. Real imports (consumer goods) are composed of motor vehicles, audio and visual apparatus, office machinery, foodstuffs and textiles.
4. Figures for 2002/Q3 of "Total (domestic shipments + imports)" are calculated from weighted average of the quarterly changes in "Domestic shipments" and "Imports."
5. Year-on-year changes are calculated from seasonal adjusted series.
6. 2002/Q3 figures are those of July in terms of quarterly amount.

Sources: Ministry of Economy, Trade and Industry, "Indices of Industrial Production," "Indices of Industrial Domestic Shipments and Imports"; Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Wholesale Price Indexes."

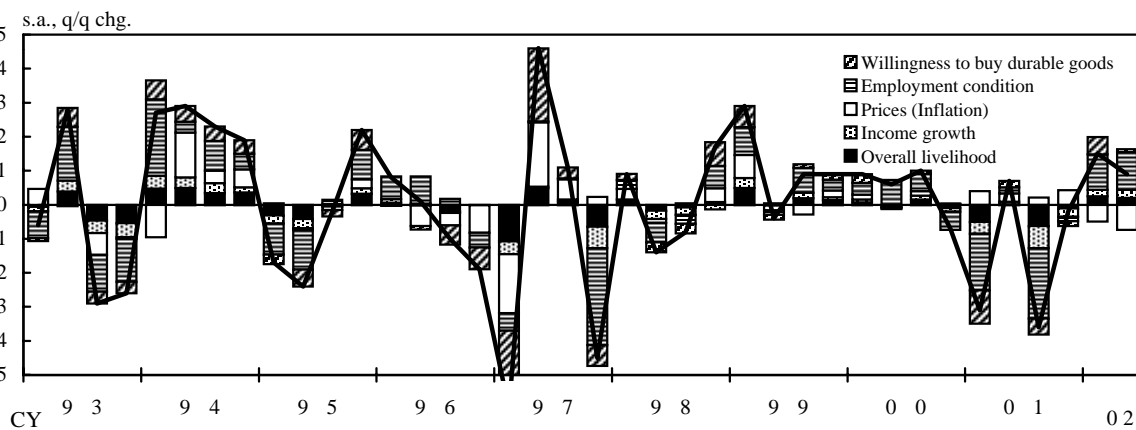
Consumer Confidence

(1) Surveys on Consumer Confidence

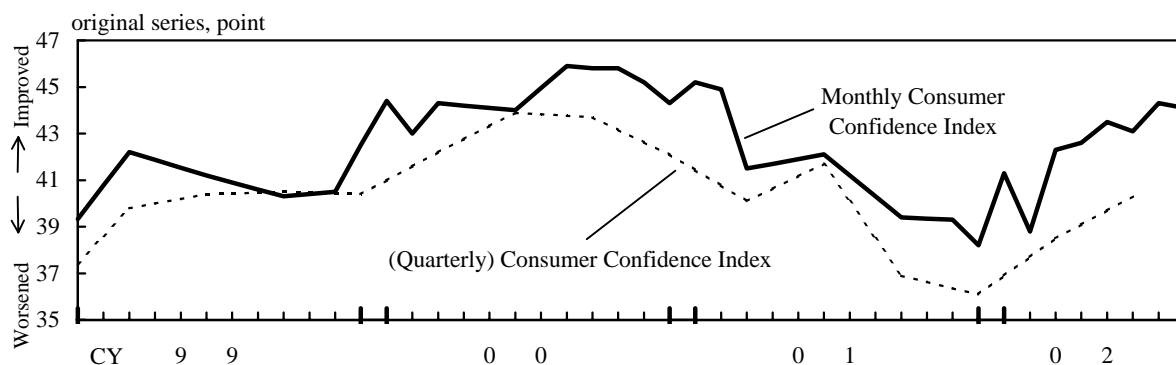


- Notes: 1. Seasonally adjusted by X-11. "Consumer Confidence Index" is seasonally adjusted by the Cabinet Office.  
 2. Consumer Confidence Index (with 5,040 samples in a nationwide basis), Consumption Forecasting Indicator (with 1,500 samples in metropolitan area), and NRI Consumer's Sentiment Index (with 2,200 samples in a nationwide basis) are based on surveys on consumer confidence.  
 3. Data are plotted at the months of each survey.  
 4. "Consumer Confidence Index" is surveyed by the Cabinet Office, "Consumption Forecasting Indicator" by NIKKEI RIM, and "NRI Consumer's Sentiment Index" by NRI.

(2) Contribution of Each Item in the Consumer Confidence Index



(Reference) Monthly Consumer Confidence Survey (Tokyo)

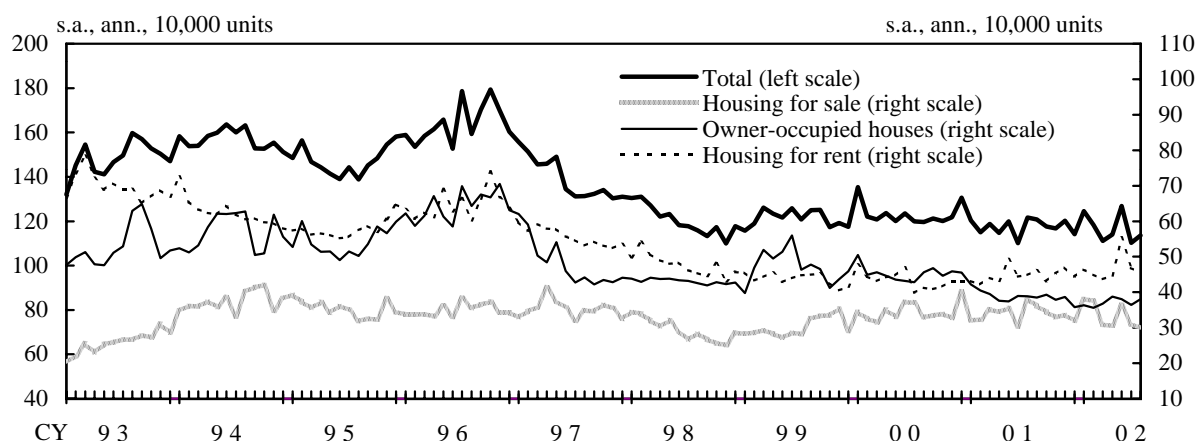


Note: *Monthly Consumer Confidence Survey* is conducted on a monthly basis for limited samples of the Tokyo district (435 households surveyed) in the quarterly *Consumer Confidence Survey*. The items in the monthly survey are parts of the quarterly survey. Prior to 2001, figures for the months when the survey was not conducted have been supplemented with linear interpolation.

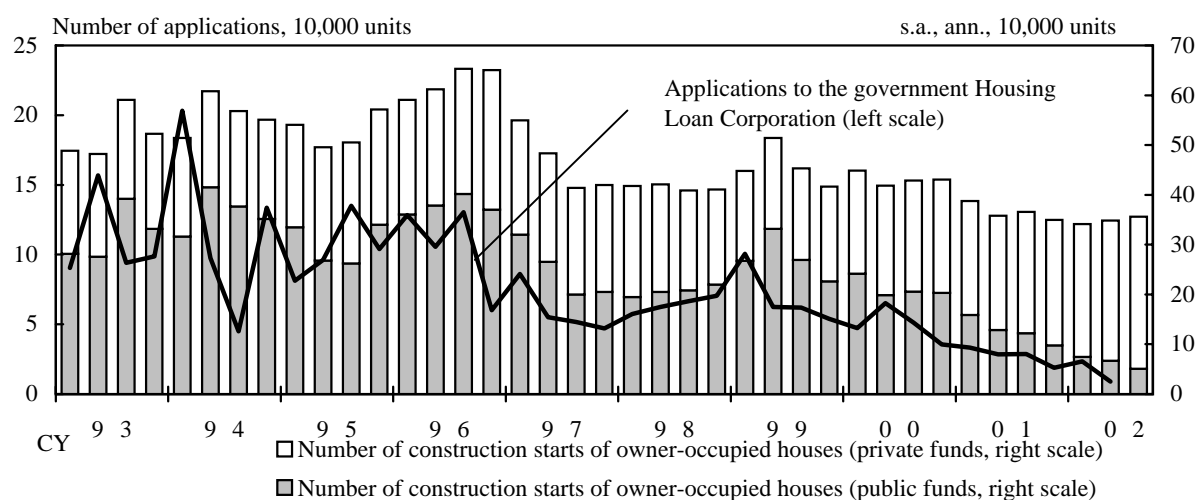
Sources: Cabinet Office, "Consumer Confidence Survey," "Monthly Consumer Confidence Survey";  
 Nikkei Research Institute of Industry and Markets (NIKKEI RIM), "Consumption Forecasting Indicator";  
 Ministry of Public Management, Home Affairs, Posts and Telecommunications,  
 "Monthly Report on the Family Income and Expenditure Survey";  
 Nippon Research Institute (NRI), "Consumer's Sentiment Survey."

## Indicators for Housing Investment

## (1) Housing Starts

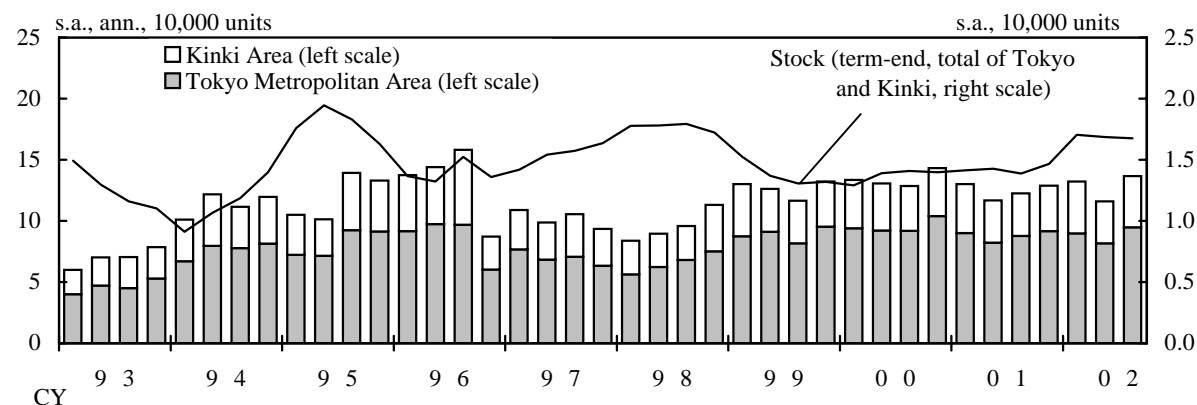


## (2) Applications to the Government Housing Loan Corporation for new owner-occupied houses and Construction Starts of owner-occupied houses



- Notes: 1. The number of loan applications for the construction of private houses is allotted according to the number of days in the offering period of each quarter.
2. The number of loan applications for 2002/Q3 is not calculated until the end of the 3rd offering period in 2002 and this is not shown on this graph.
3. Figures for the number of construction starts of owner-occupied houses (private funds and public funds) for 2002/Q3 are those of July.

## (3) Sales of Condominiums

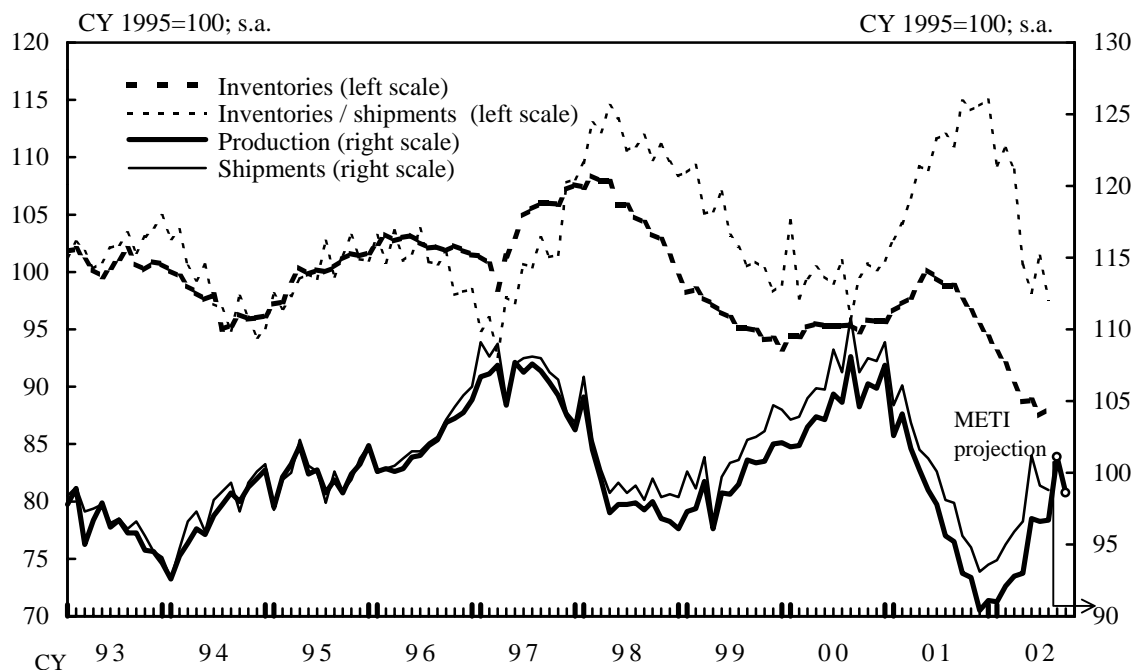


- Notes: 1. Seasonally adjusted by X-12-ARIMA.
2. Figures of total condominiums sales for 2002/Q3 are those of July-August averages.  
Term-end stocks are those of August.

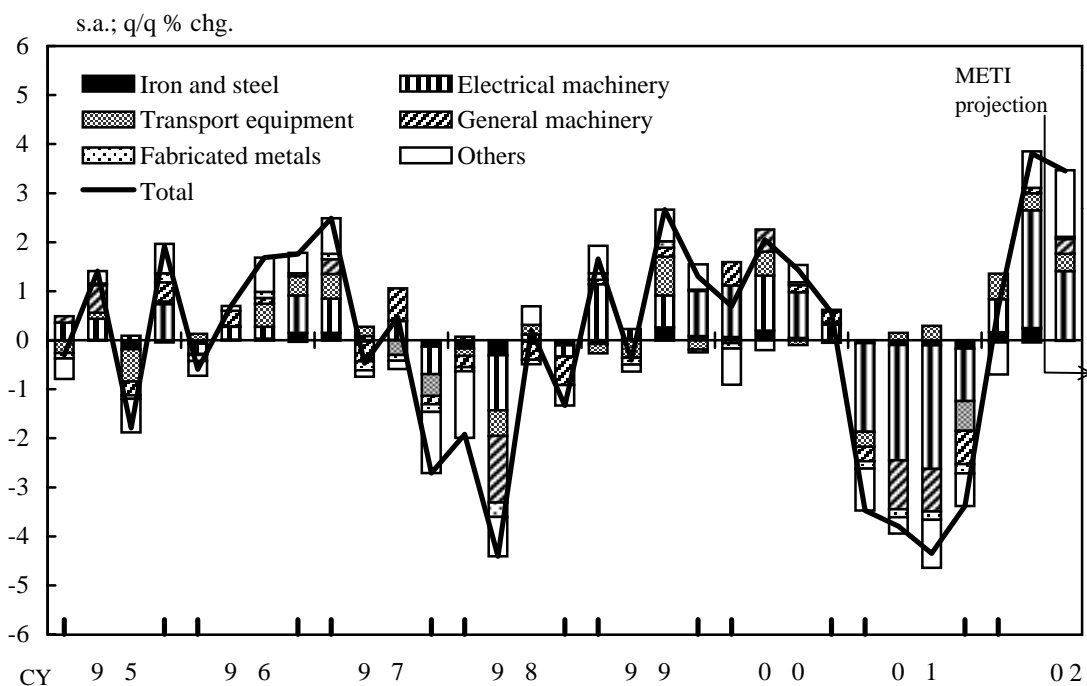
Sources: Ministry of Land, Infrastructure and Transport, "Monthly of Construction Statistics," etc.

Production, Shipments, and Inventories

(1) Production, Shipments, and Inventories



(2) Production by Industries

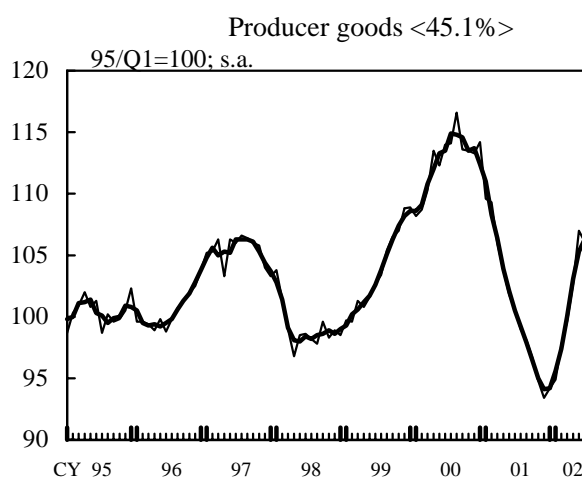
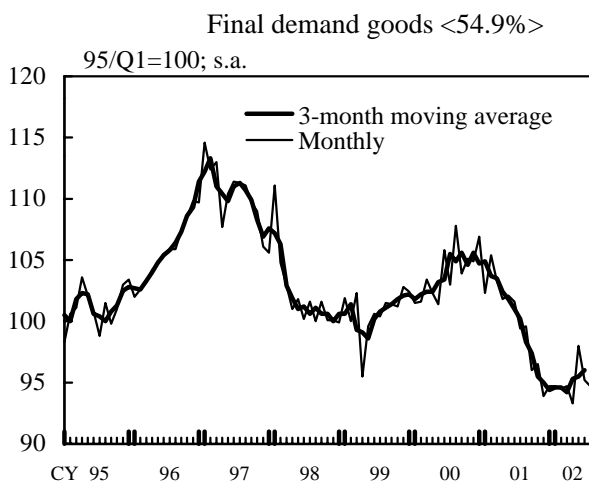


Note: Transport equipment excludes ships and rolling stock.

Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

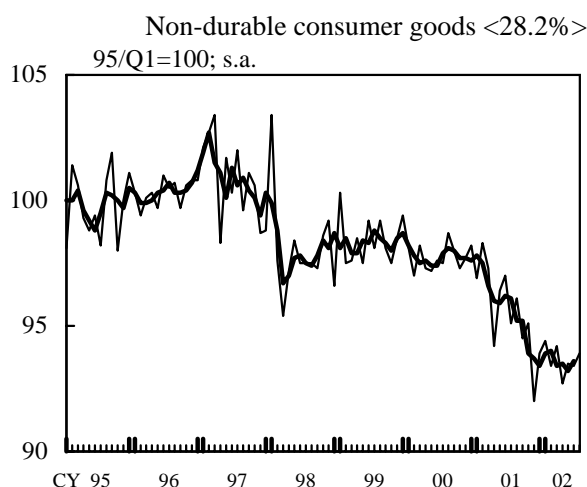
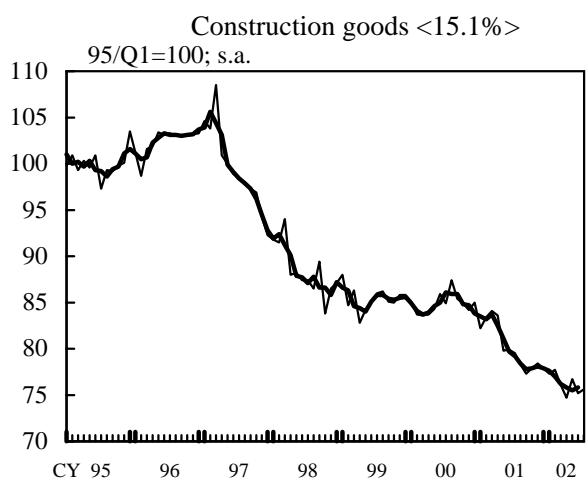
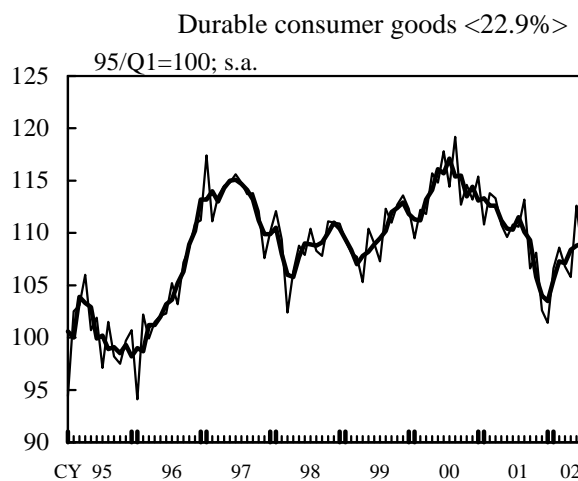
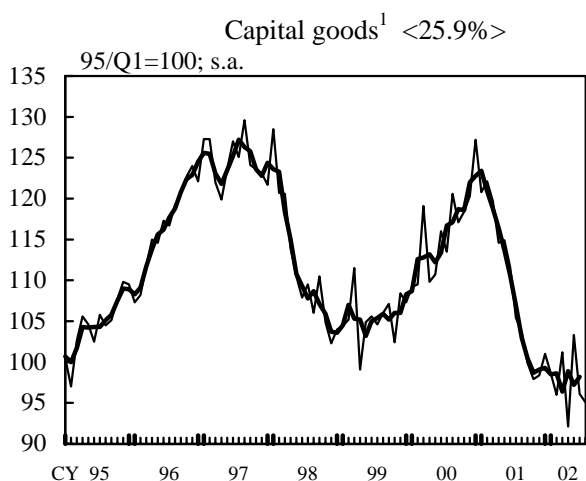
Shipments breakdown by type of goods

(1) Final demand goods and Producer goods



Note: Shares of shipments of mining and manufacturing are shown in angle brackets.

(2) Breakdown of final demand goods



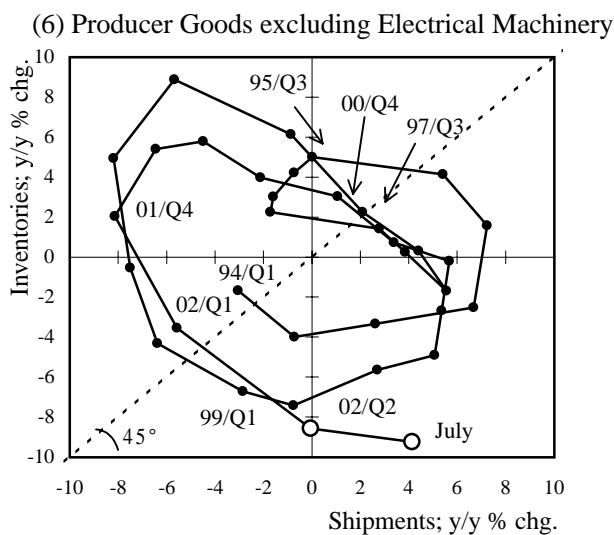
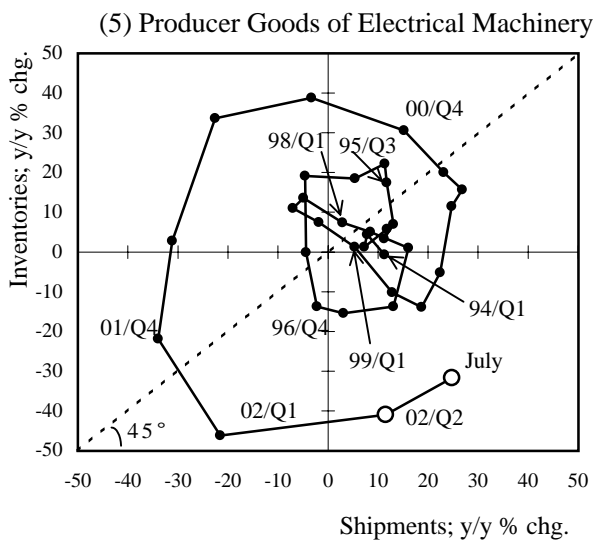
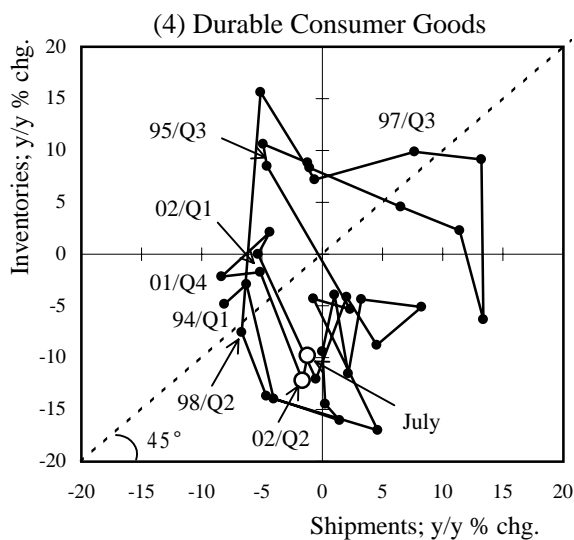
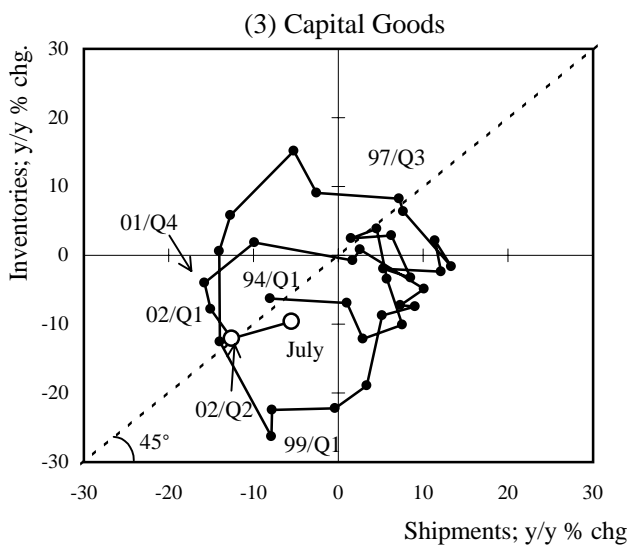
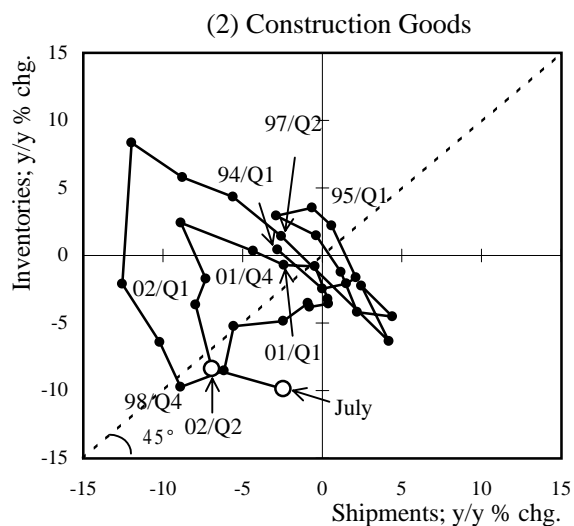
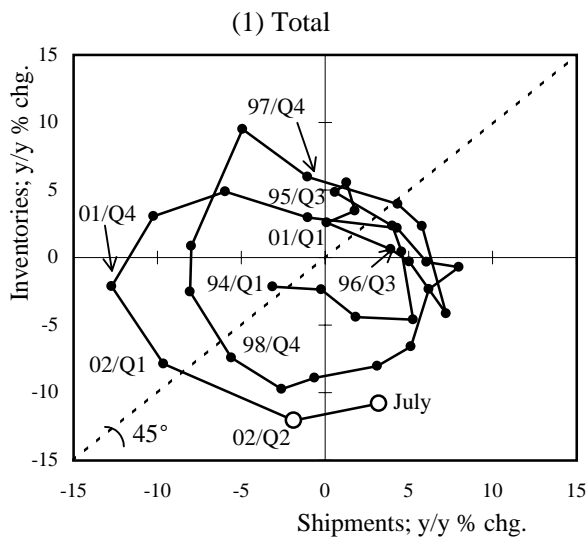
Notes: 1.Excluding transportation equipment.

2.Shares of shipments of final demand goods are shown in angle brackets.

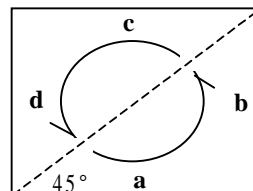
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."



# Inventory Cycle

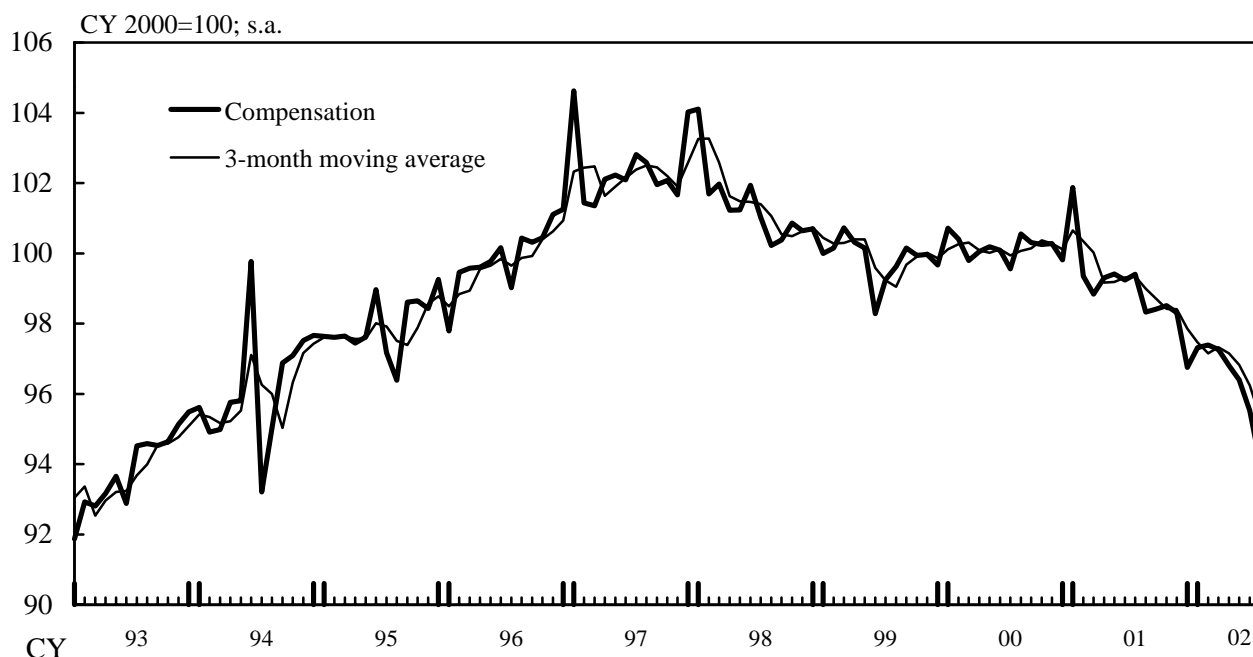


- a Shipment recovery phase
- b Intended inventory accumulation phase
- c Unintended inventory accumulation phase
- d Inventory adjustment phase



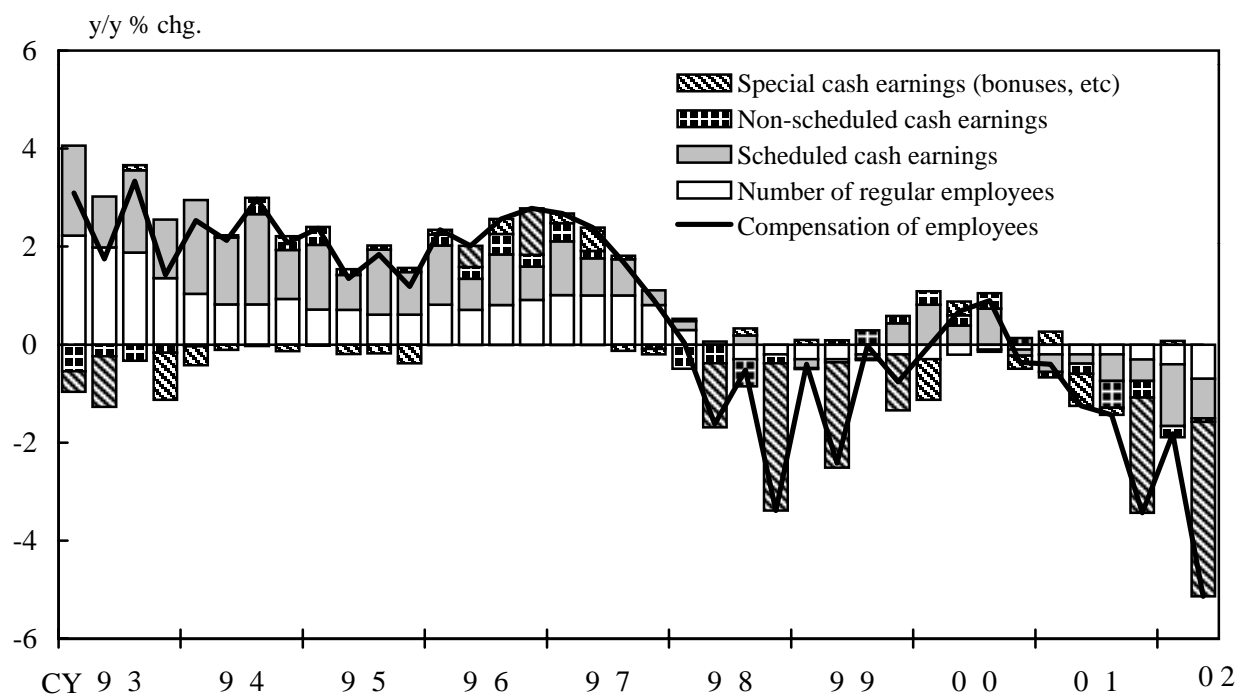
## Compensation of Employees

### (1) Compensation



- Notes: 1. Compensation figure is calculated by the Bank of Japan as the index of total cash earnings times the index of regular employees divided by 100.
2. Figures are seasonally adjusted by X-12-ARIMA on a monthly basis, and so those are retroactively revised each month.
3. Data are for establishments with at least 5 employees. Those for July 2002 are preliminary figures.

### (2) Breakdown of Compensation

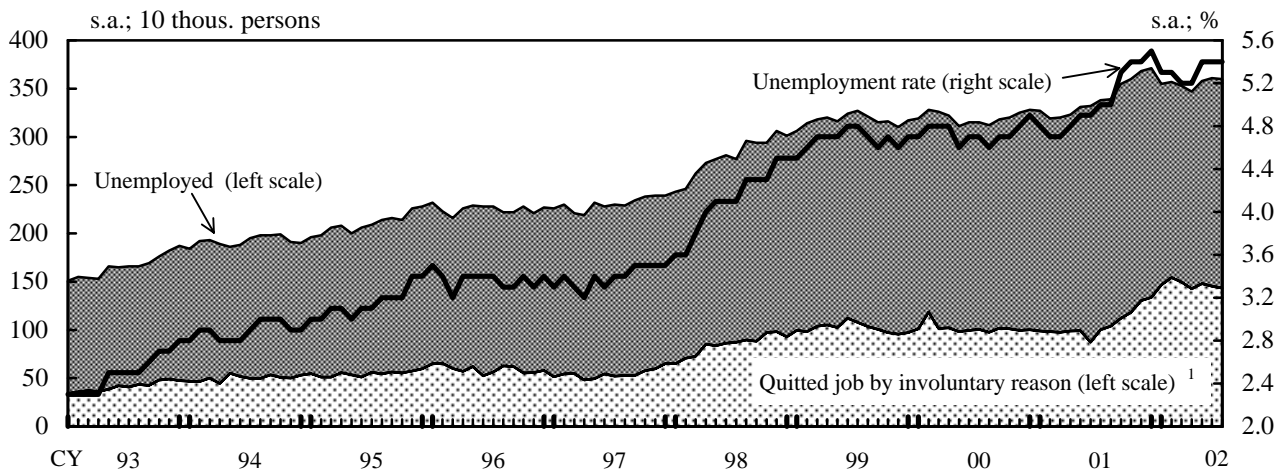


- Notes: 1. Data are for establishments with at least 5 employees. Those for July 2002 are preliminary figures.
2. Q1= Mar.-May, Q2= Jun.-Aug., Q3=Sep.-Nov., Q4= Dec.-Feb.
3. Figures for 2002/Q2 are those of June-July 2002.

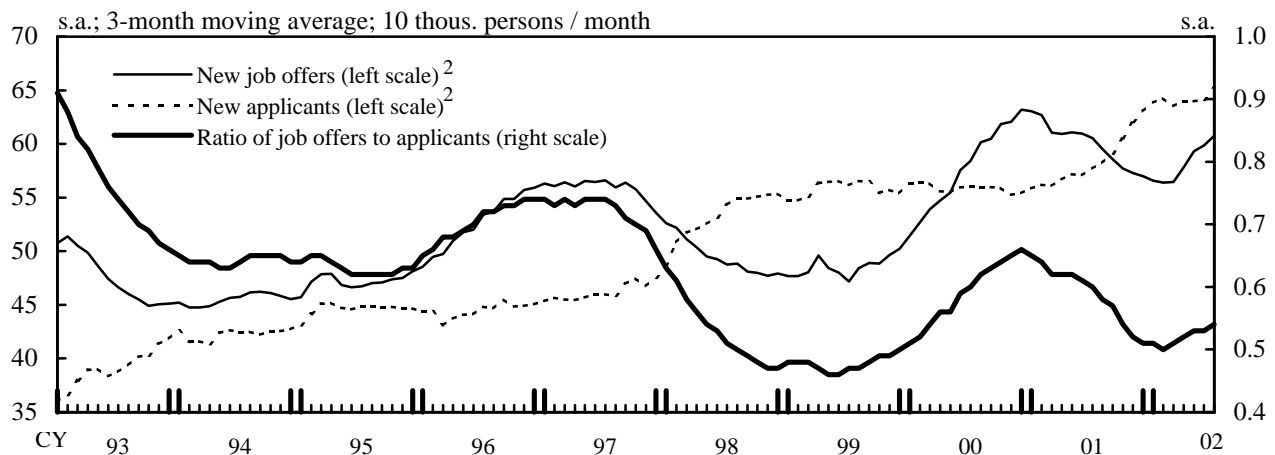
Source: Ministry of Health, Labour and Welfare, "Monthly Labour Survey."

Labor Market (1)

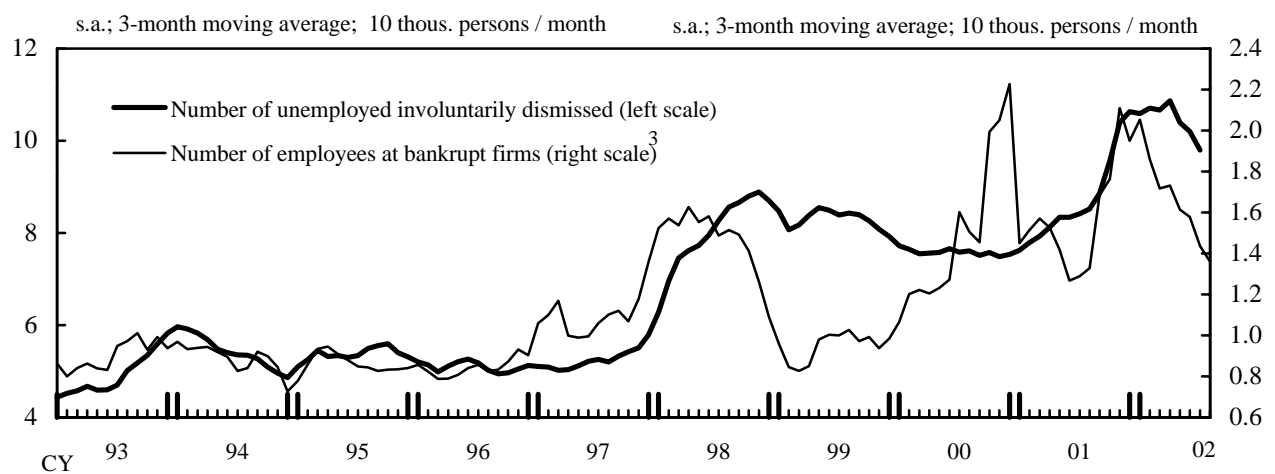
(1) The Unemployed and Unemployment Rate



(2) Ratio of Job Offers to Applicants



(3) Number of Unemployed Involuntarily Dismissed and Employees at Bankrupt Firms<sup>1</sup>



Notes: 1. Seasonally adjusted by X-11.

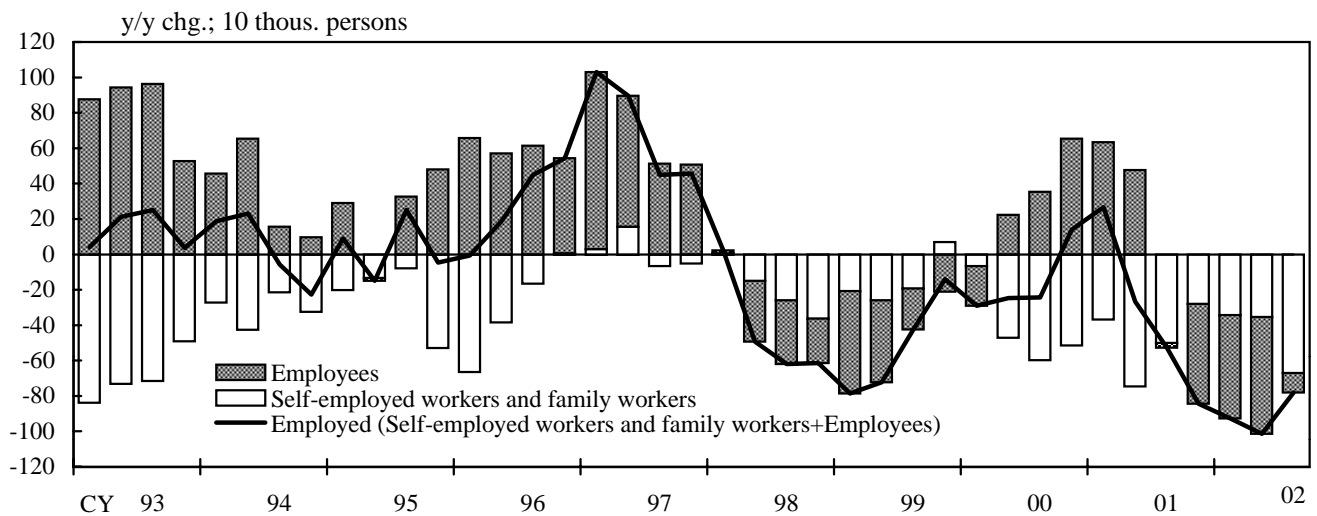
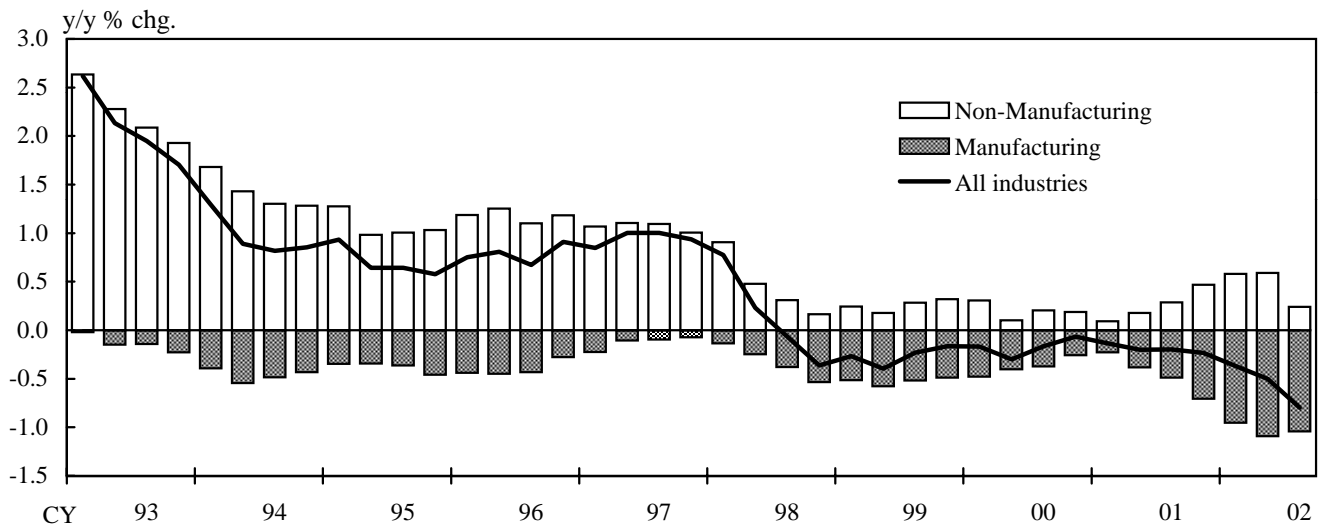
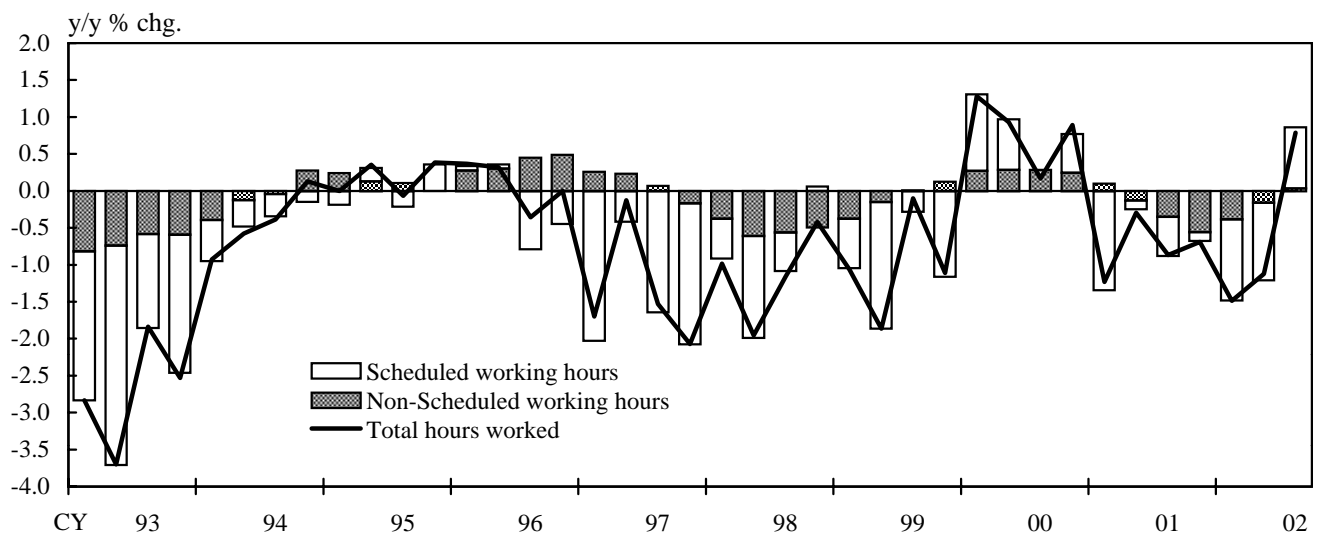
2. Not include jobs offered to new graduates, but to part-time workers.

3. The data are based on a survey conducted by Teikoku Databank Ltd. The data covers bankruptcies with liabilities of ten million yen or more.

Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service," "Report on Employment Insurance Service"; Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Labour Force Survey"; Teikoku Databank Ltd., "Japan's Business Failure."

## Labor Market (2)

## (1) The Employed (Labour Force Survey)

(2) Number of Regular Employees<sup>1</sup> (Monthly Labour Survey)(3) Actual Hours Worked<sup>1</sup> (Monthly Labour Survey)

Notes: 1. Data are for establishments with at least 5 employees. Those for July 2002 are preliminary figures.

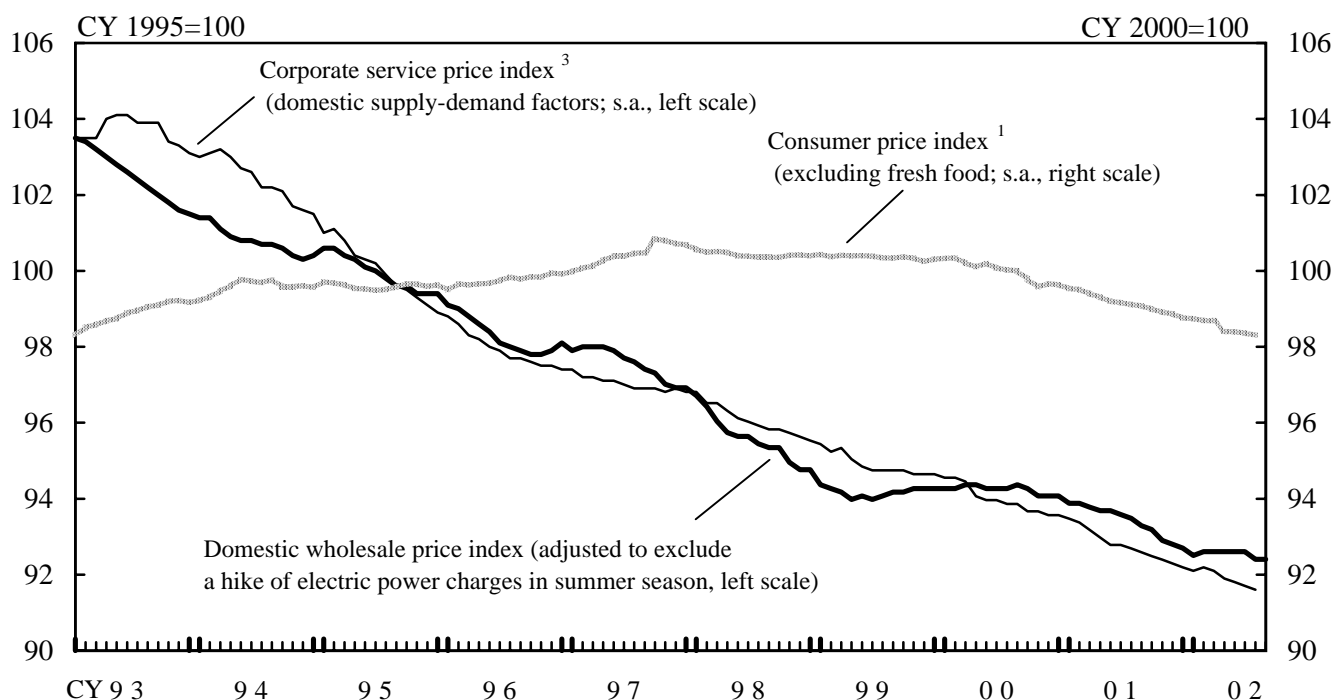
2. Figures for 2002/Q3 are those of July.

Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey" ;

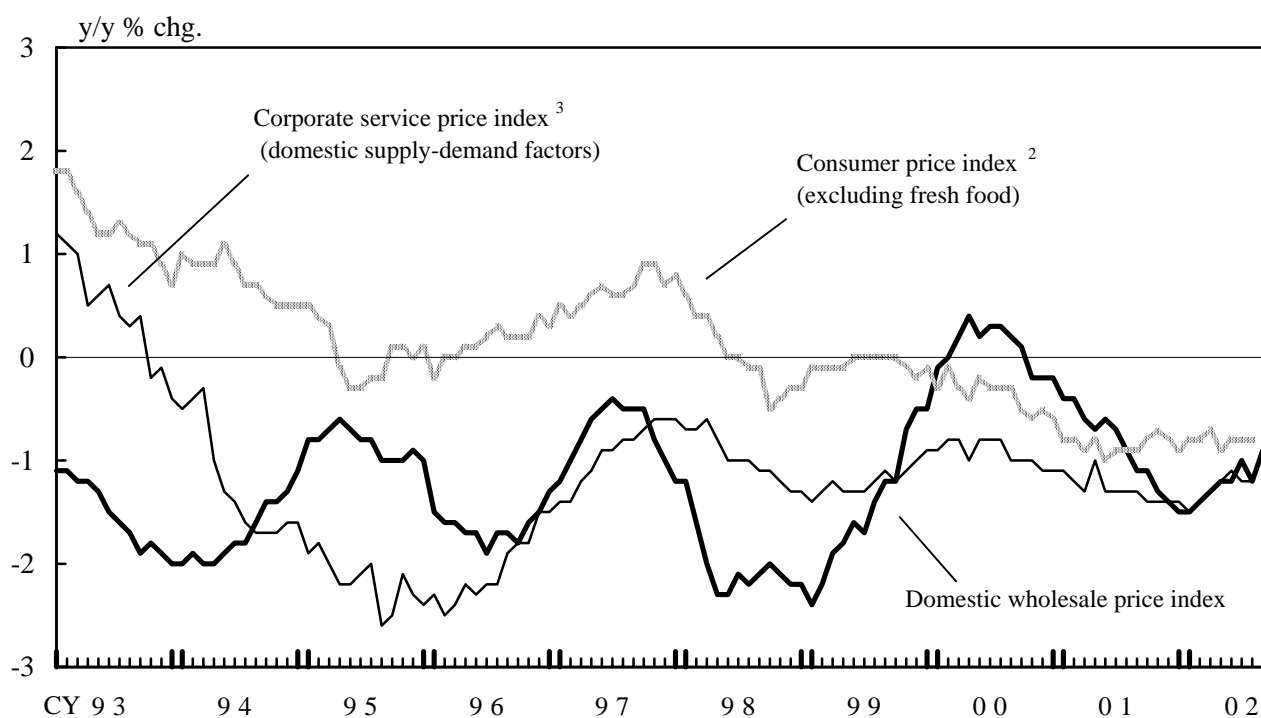
Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Labour Force Survey."

Prices<sup>4</sup>

## (1) Level



## (2) Changes from a year earlier

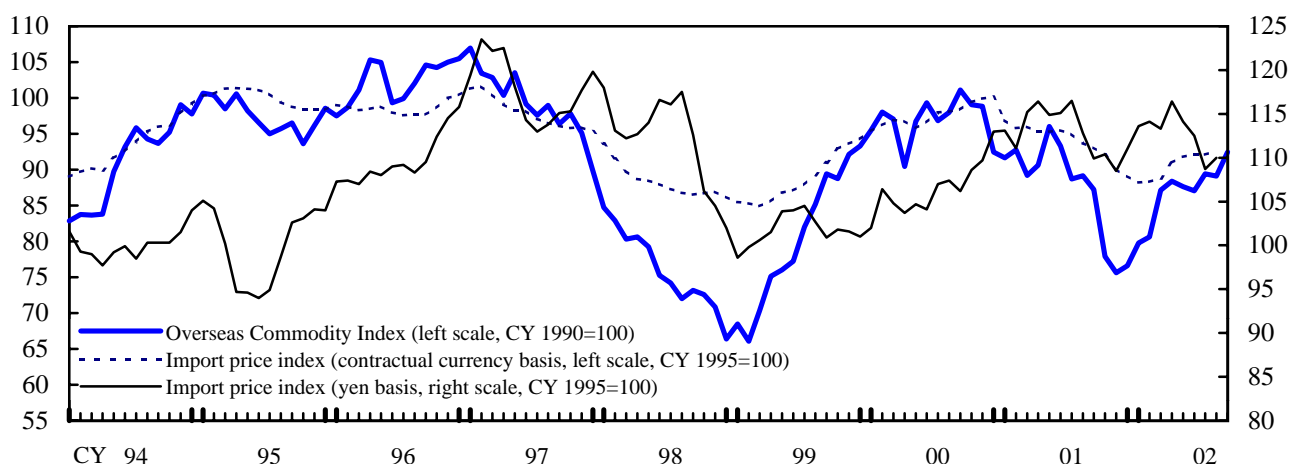


- Notes: 1. Seasonally adjusted by X-12-ARIMA, based on the original series excluding "package tours to overseas" newly adopted from the 2000 base. This is because sample size of this item is insufficient for seasonal adjustment, though it has large seasonal fluctuations.
2. Data before Dec. 2000 are on the 1995 base CPI.
3. See footnote 1 in Chart 24, for definition of the Corporate Service Price Index (domestic supply-demand factors).
4. Adjusted to exclude the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Consumer Price Index"; Bank of Japan, "Wholesale Price Indexes," "Corporate Service Price Index."

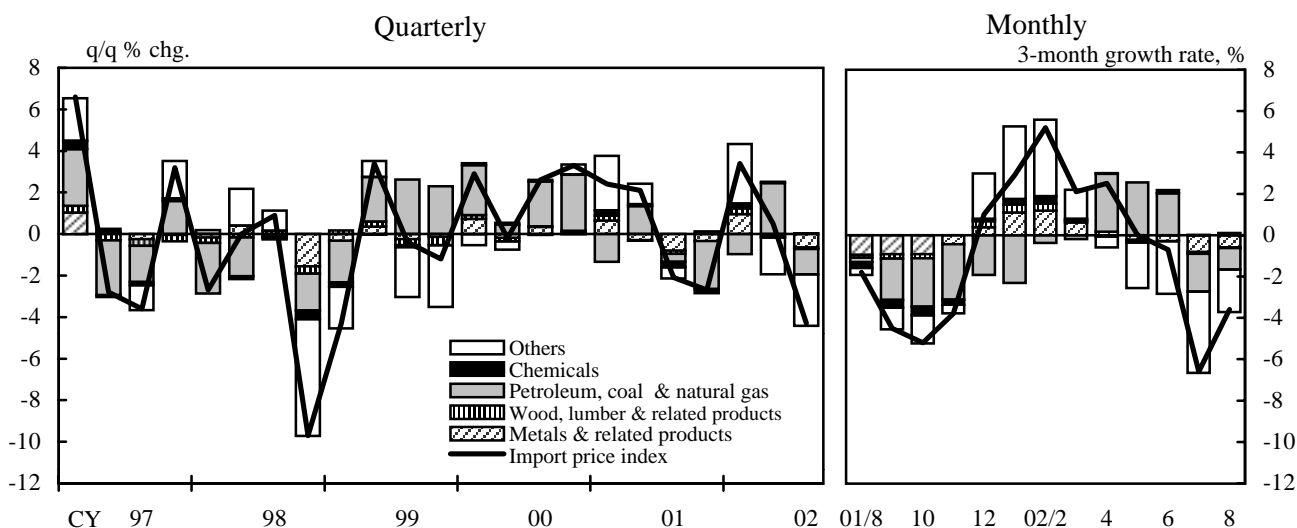
Import Prices and International Commodity Prices

(1) Import Price Index and Overseas Commodity Index



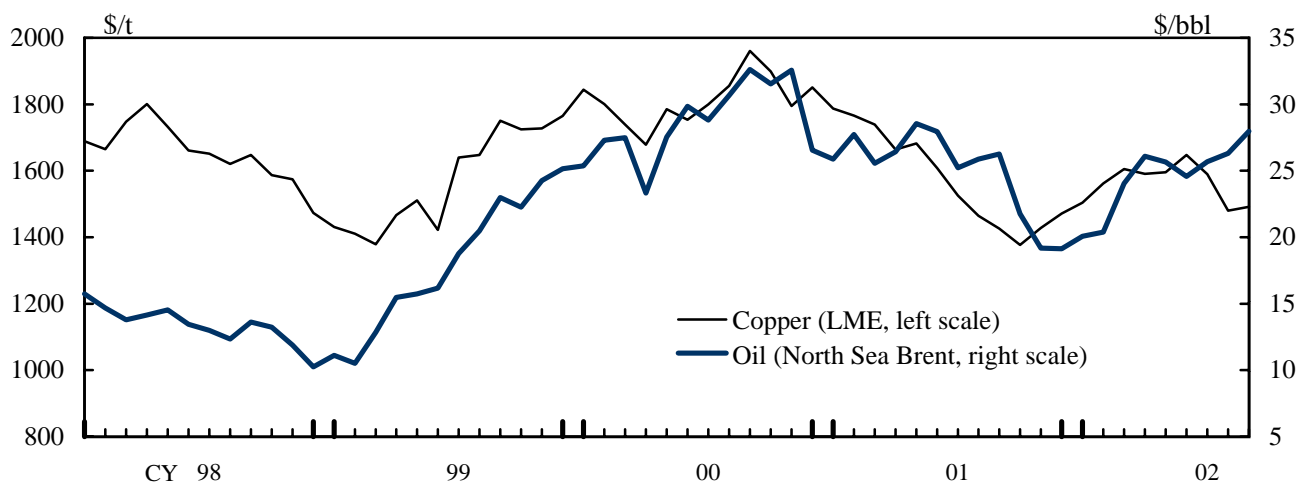
Note: Overseas Commodity Index, which is calculated by Bank of Japan, is a monthly average.  
Figure for September 2002 is the average up to September 16.

(2) Import Price Index (yen basis, changes from a quarter earlier and 3 months earlier)



Note: Figures for 2002/Q3 are those of July-August averages.

(3) Oil price (spot) and Copper price (futures)

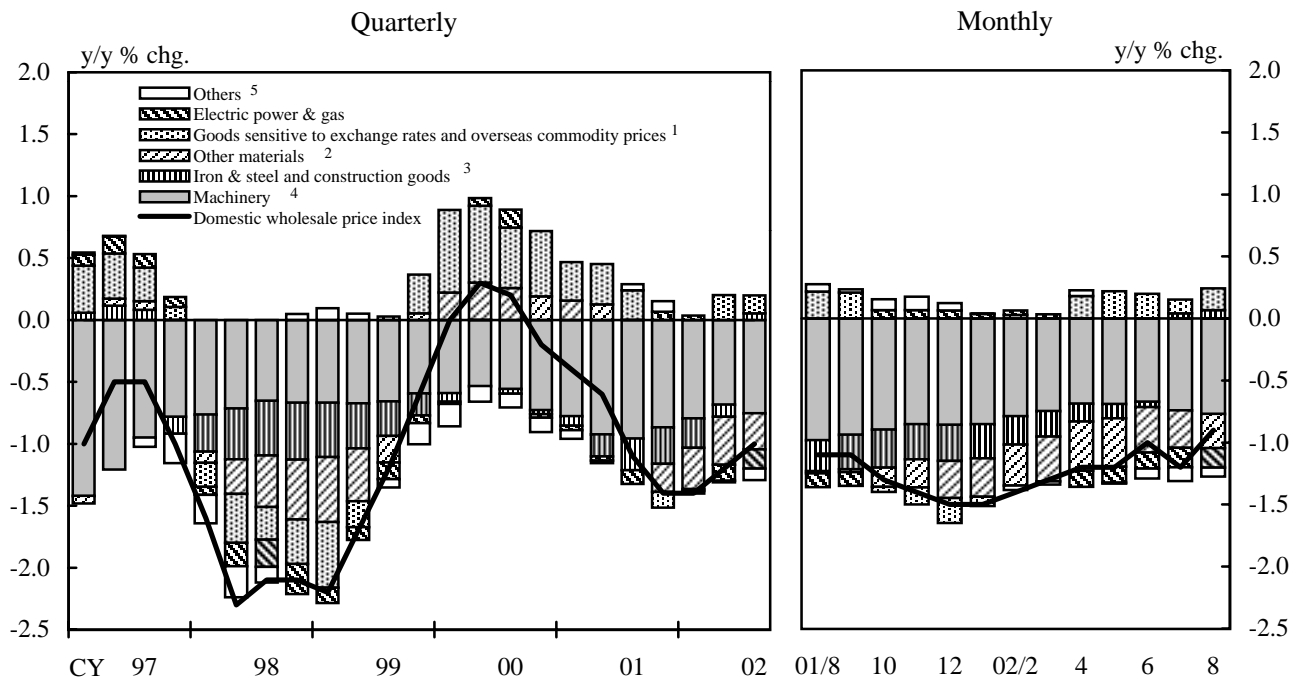
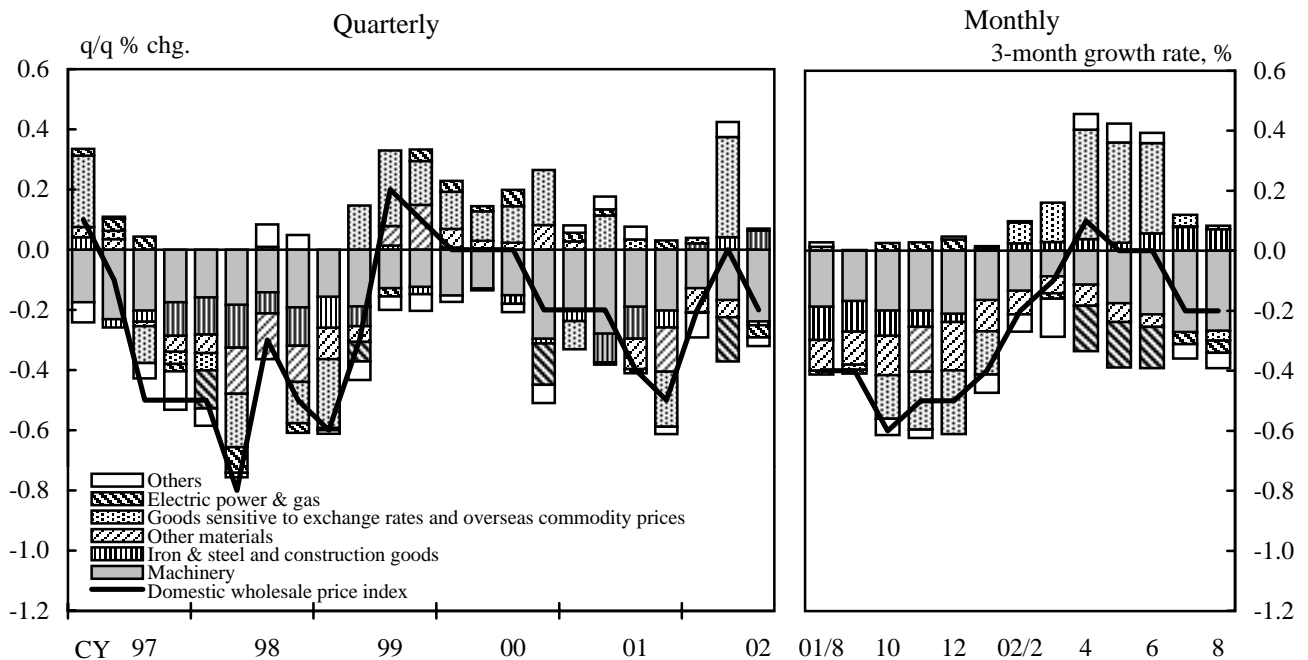


Note: Monthly averages. Figures for September 2002 are the averages up to September 16.

Sources: Bank of Japan, "Wholesale Price Indexes," "Financial and Economic Statistics Monthly," etc.

Domestic Wholesale Price Index<sup>7</sup>

## (1) Changes from a year earlier

(2) Changes from a quarter earlier and 3 months earlier<sup>6</sup>

Notes: 1. Goods sensitive to exchange rates and overseas commodity prices; petroleum & coal products, nonferrous metals.

2. Other materials; chemicals, plastic products, textile products, pulp, paper & related products.

3. Iron & steel and construction goods; iron & steel, metal products, ceramics, stone & clay products, lumber & wood products, scrap & waste.

4. Machinery; electrical machinery, general machinery, transportation equipment, precision instruments.

5. Others; processed foodstuffs, other manufacturing industry products, edible agricultural, livestock & aquatic products, inedible agricultural & forestry products, mining products, water.

6. Adjusted to exclude a hike of electric power charges in summer season from July to September.

This effect makes the Domestic Wholesale Price Index rise by about 0.2%.

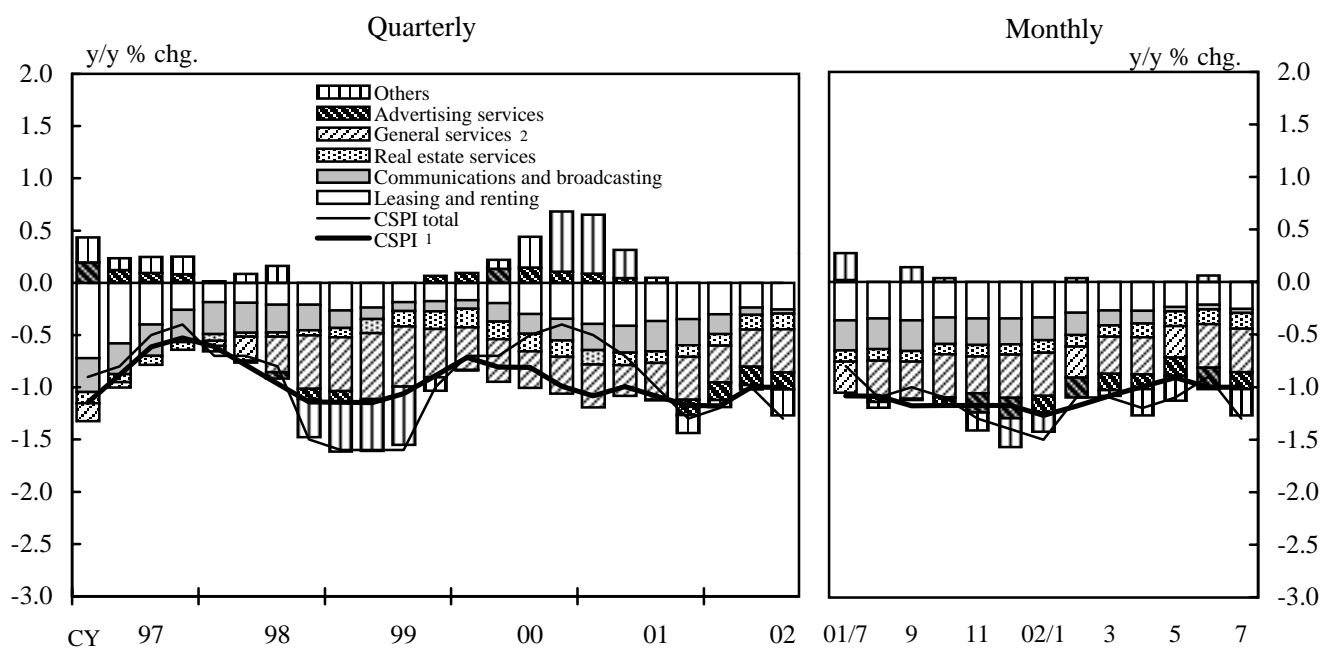
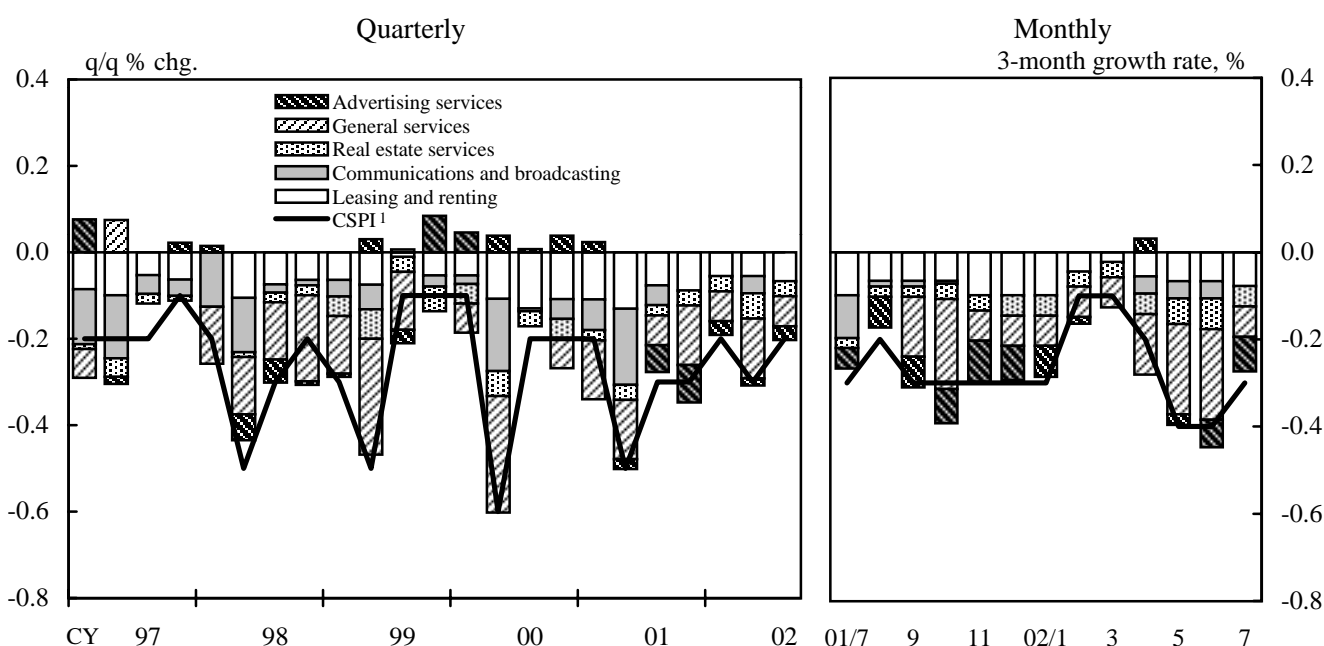
7. Adjusted to exclude the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

8. Figures for 2002/Q3 are those of July-August averages.

Source: Bank of Japan, "Wholesale Price Indexes."

Corporate Service Price Index<sup>4</sup>

## (1) Changes from a year earlier

(2) Changes from a quarter earlier and 3 months earlier<sup>3</sup>

Notes: 1. CSPI (domestic supply-demand factors) includes all items except the following: (1) Regulated prices (Compulsory motor vehicle insurance, Railroad passenger transportation, Buses, Taxis, Domestic air passenger transportation, Toll roads, Postal services, Sewage disposal), (2) Overseas supply-demand factors (Ocean freight transportation, International air freight, International air passenger transportation), and (3) Securities issuance and related services (banks' procurement service for issuing debentures <excluding underwriting services>).

(3) is excluded due to its large monthly fluctuation. Thus, CSPI (domestic supply-demand factors) mainly reflects the supply and demand conditions in the domestic private sector.

2. General services include all services in Domestic supply-demand factors except Leasing and rental, Communications and broadcasting, Real estate services, and Advertising services.

3. Television commercials in Advertising services, Sales space rental in Real estate services, and General warehousing and storage in General services are seasonally adjusted by X-12-ARIMA. As the seasonally adjusted figures are recalculated each month, the series are revised retroactively every month.

4. Adjusted to exclude the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

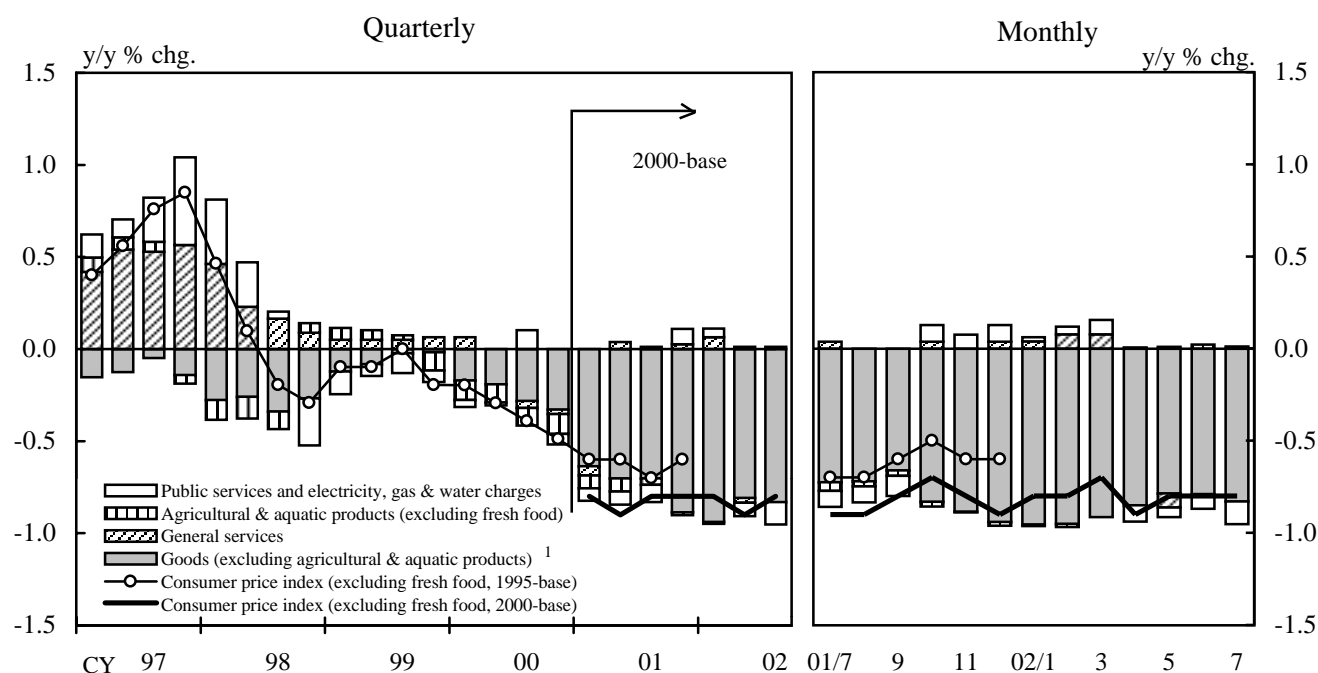
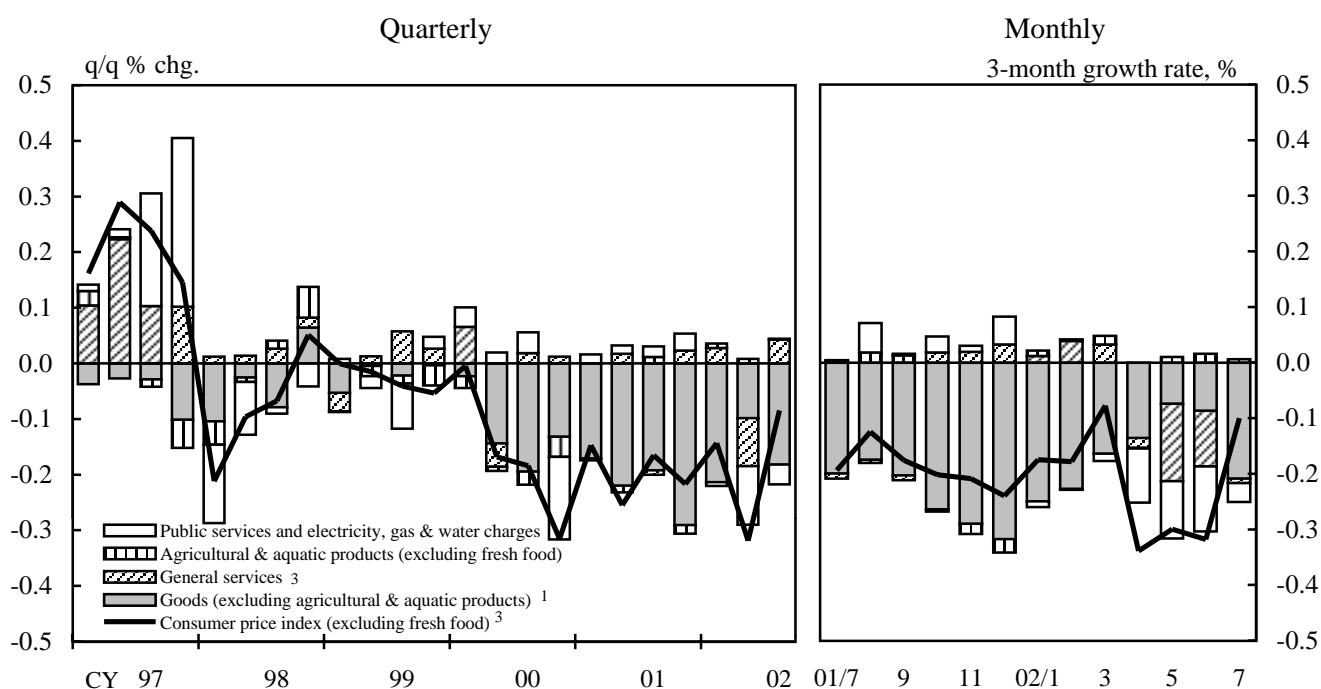
5. Figures for 2002/Q3 are those of July.

Source: Bank of Japan, "Corporate Service Price Index."



Consumer Price Index (excluding fresh food)<sup>4</sup>

## (1) Changes from a year earlier

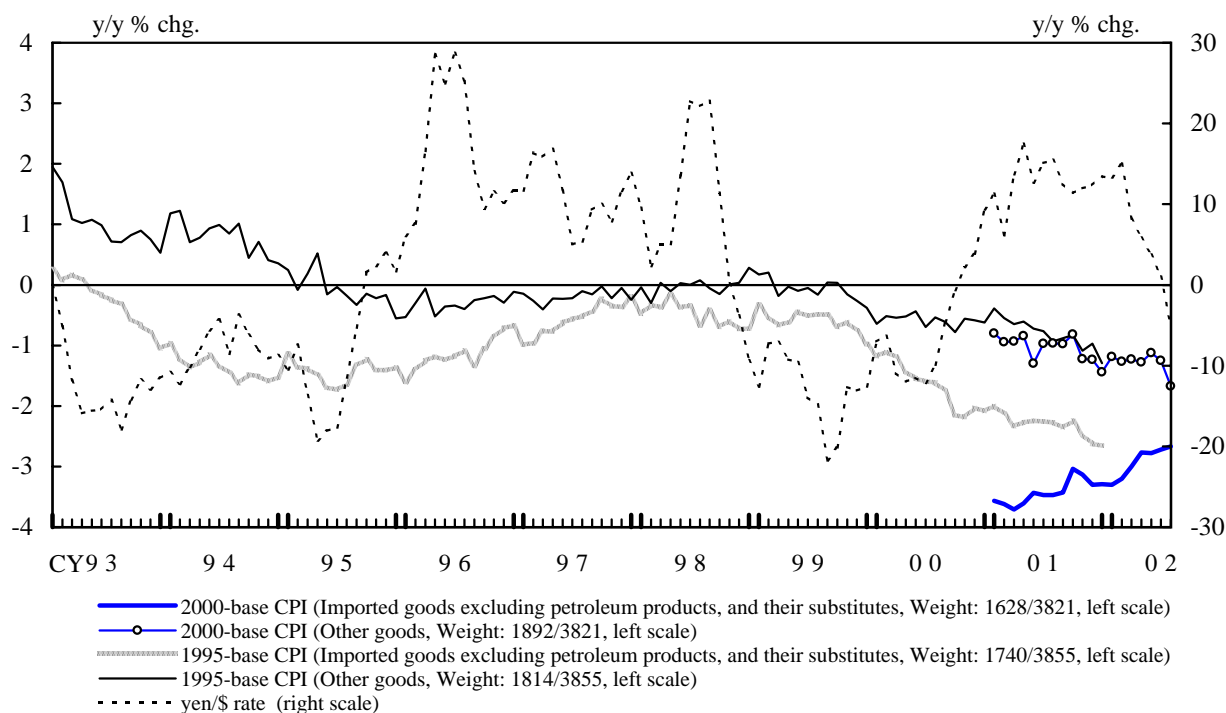
(2) Changes from a quarter earlier and 3 months earlier (2000-base CPI)<sup>2</sup>

- Notes: 1. The Items are basically the same as the definition published by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, however electricity, gas & water charges is excluded from goods.  
 2. Seasonally adjusted by X-12-ARIMA. Because of the seasonal adjustment error, there are discrepancies between the CPI and the sum of its components.  
 3. Excluding "package tours to overseas" newly adopted from the 2000 base. This is because sample size of this item is insufficient for seasonal adjustment, though it has large seasonal fluctuations.  
 4. Adjusted to exclude the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.  
 5. Figures for 2002/Q3 are those of July.

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Consumer Price Index."

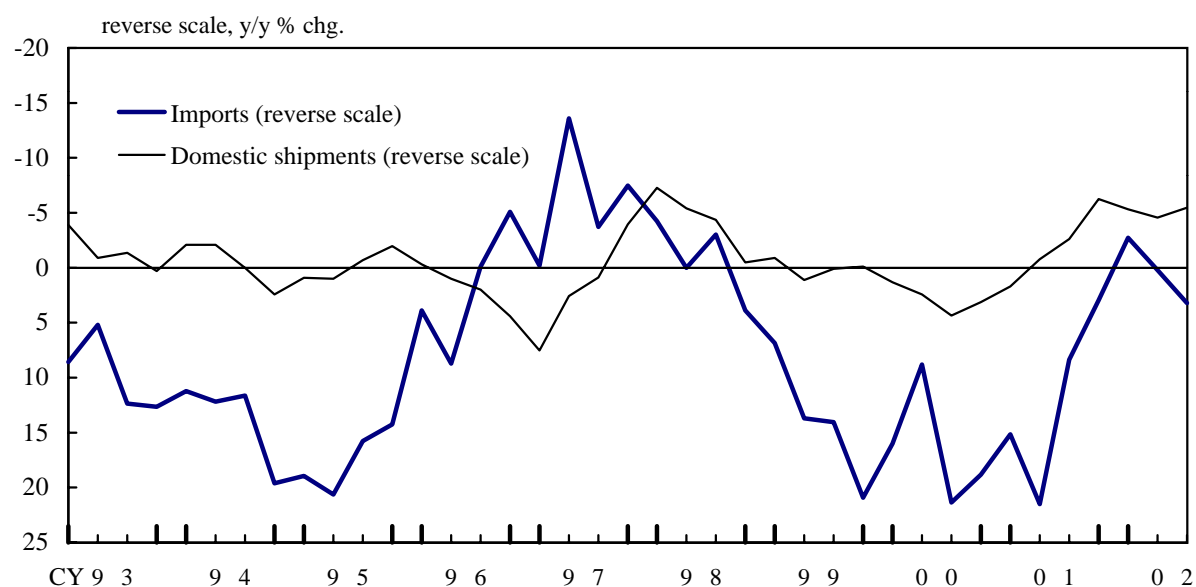
## Consumer Price Index of imported goods and their substitutes

## (1) Comparison of imported goods and other goods in terms of CPI



- Notes: 1. Imported goods (excluding petroleum products) consist of items common to both the Import Price Index and the Consumer Price Index, and their substitutes consist of items considered to be substitutable for import products but not covered by the Import Price Index.
2. Adjusted to exclude the effects of the special tobacco tax introduced in December 1998, and biscuits, prices of which were heavily affected by changes in monitored brands. Weight is shares in Goods (excluding agricultural & aquatic products).
3. Adjusted to exclude the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

## (2) Consumer goods supply (Imports and Domestic shipments)

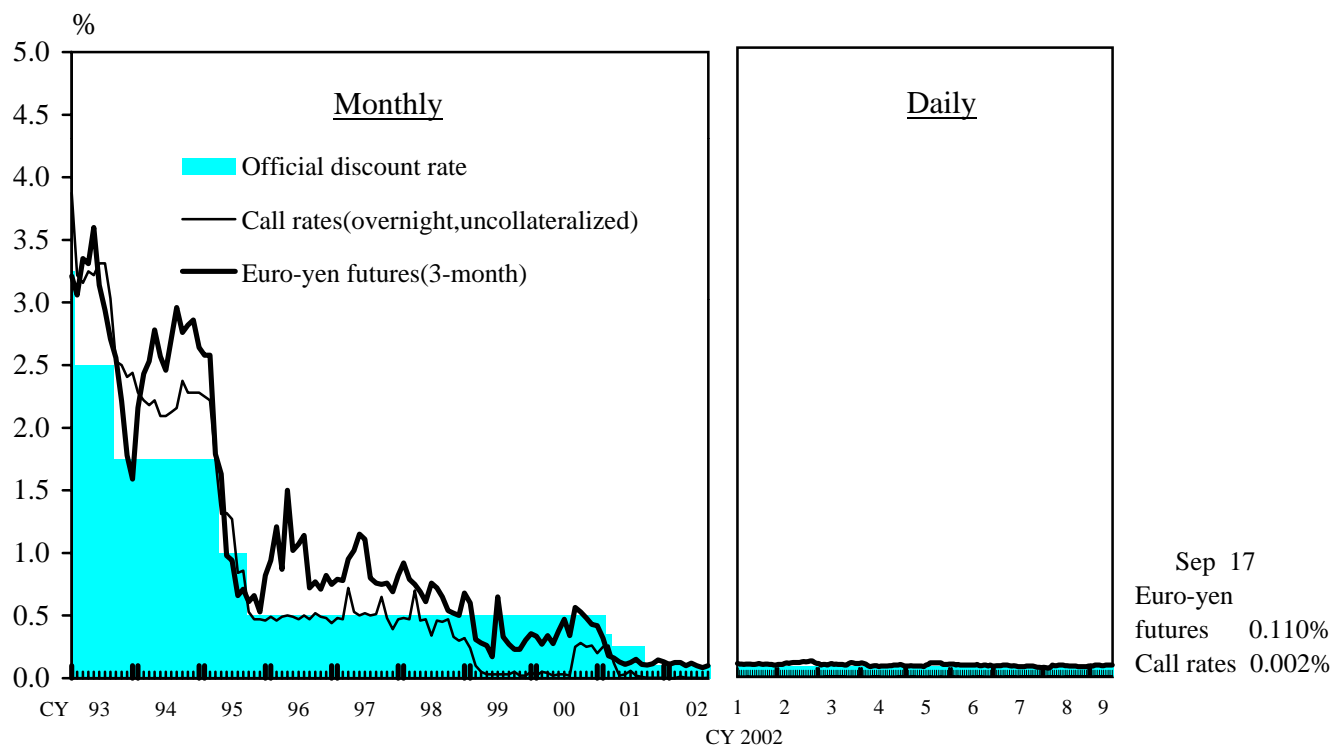


Note: See footnote Chart 13-4, for definition of the consumer goods supply.

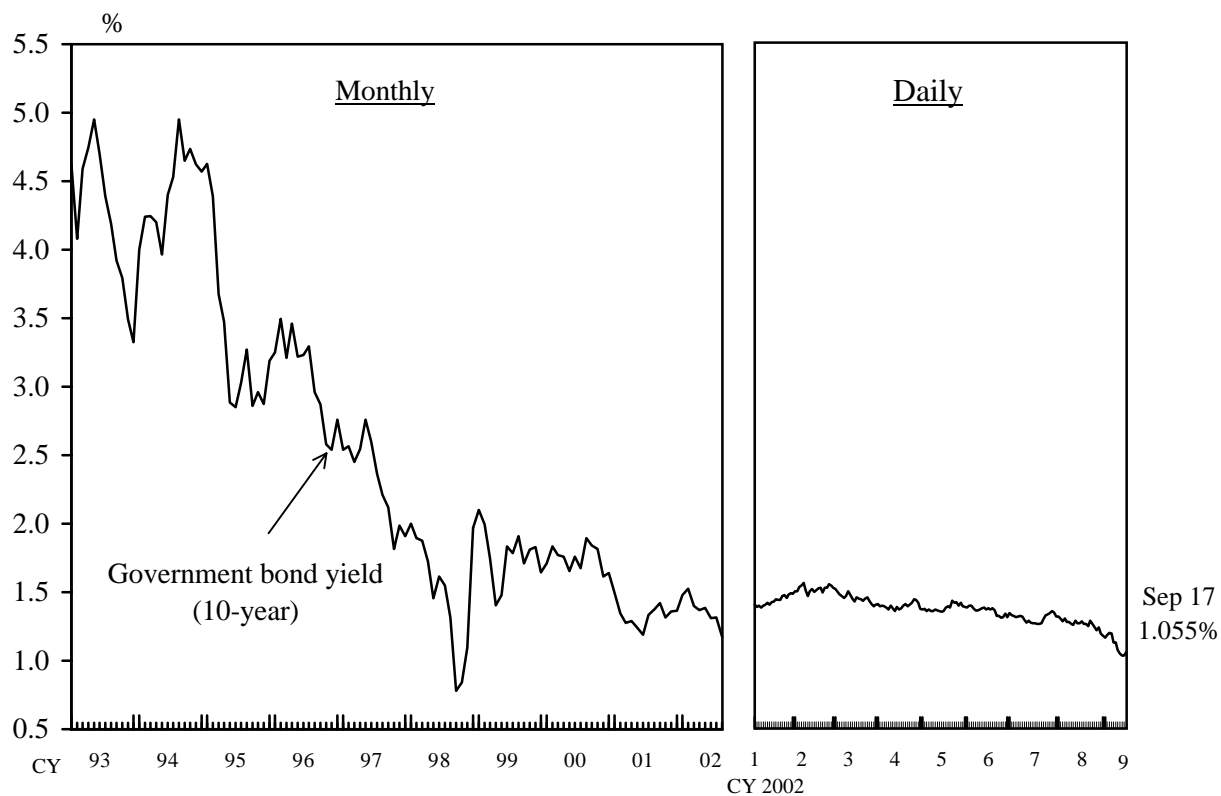
Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Consumer Price Index"; Ministry of Finance, "The Summary Report on Trade of Japan"; Ministry of Economy, Trade and Industry, "Indices of Industrial Production," "Indices of Industrial Domestic Shipments and Imports"; Bank of Japan, "Wholesale Price Indexes."

Interest Rates

(1) Short-Term



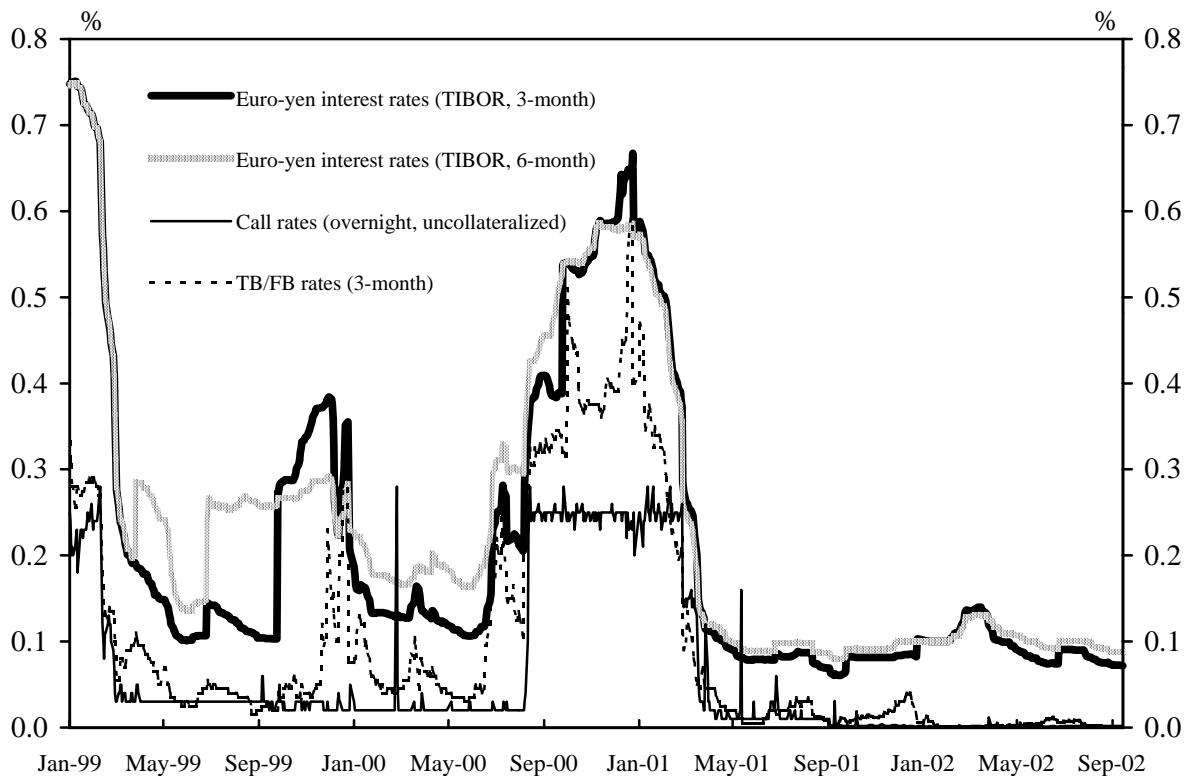
(2) Long-Term



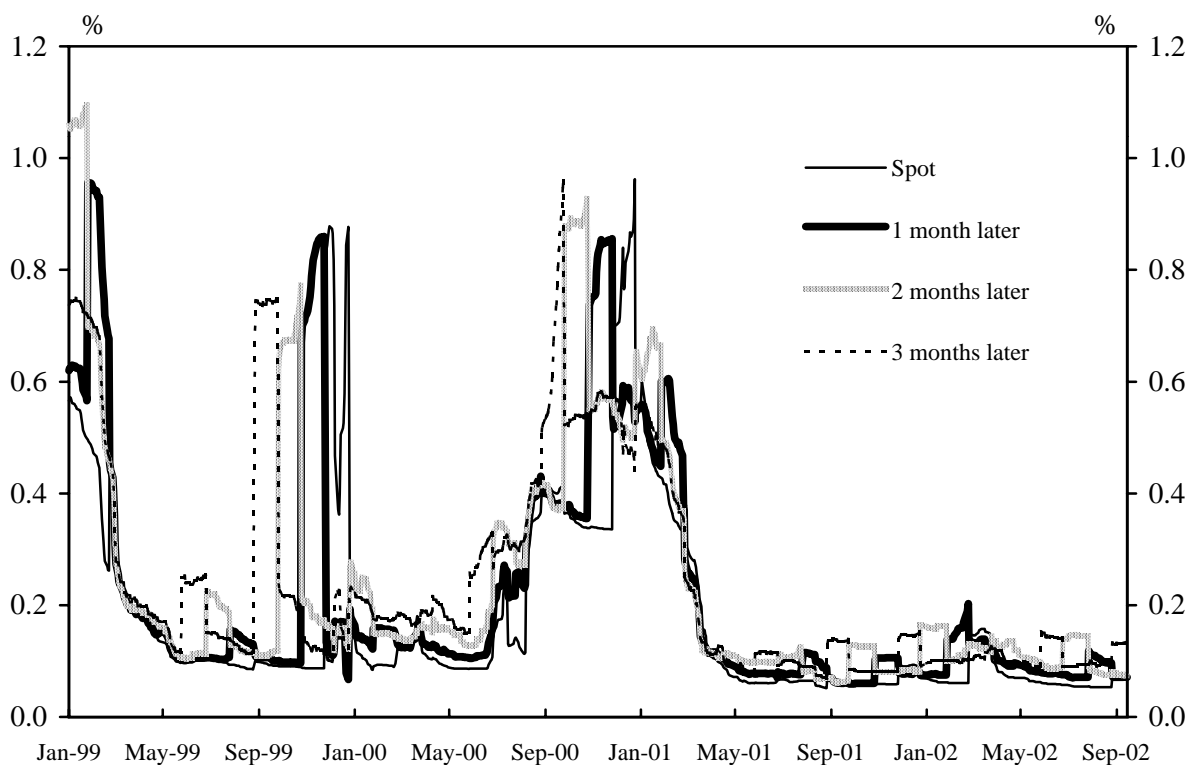
Sources: Bank of Japan; Tokyo International Financial Futures Exchange; Japan Bond Trading Co., Ltd.

Short-Term Money Market Rates

(1) Interest Rates on Term Instruments

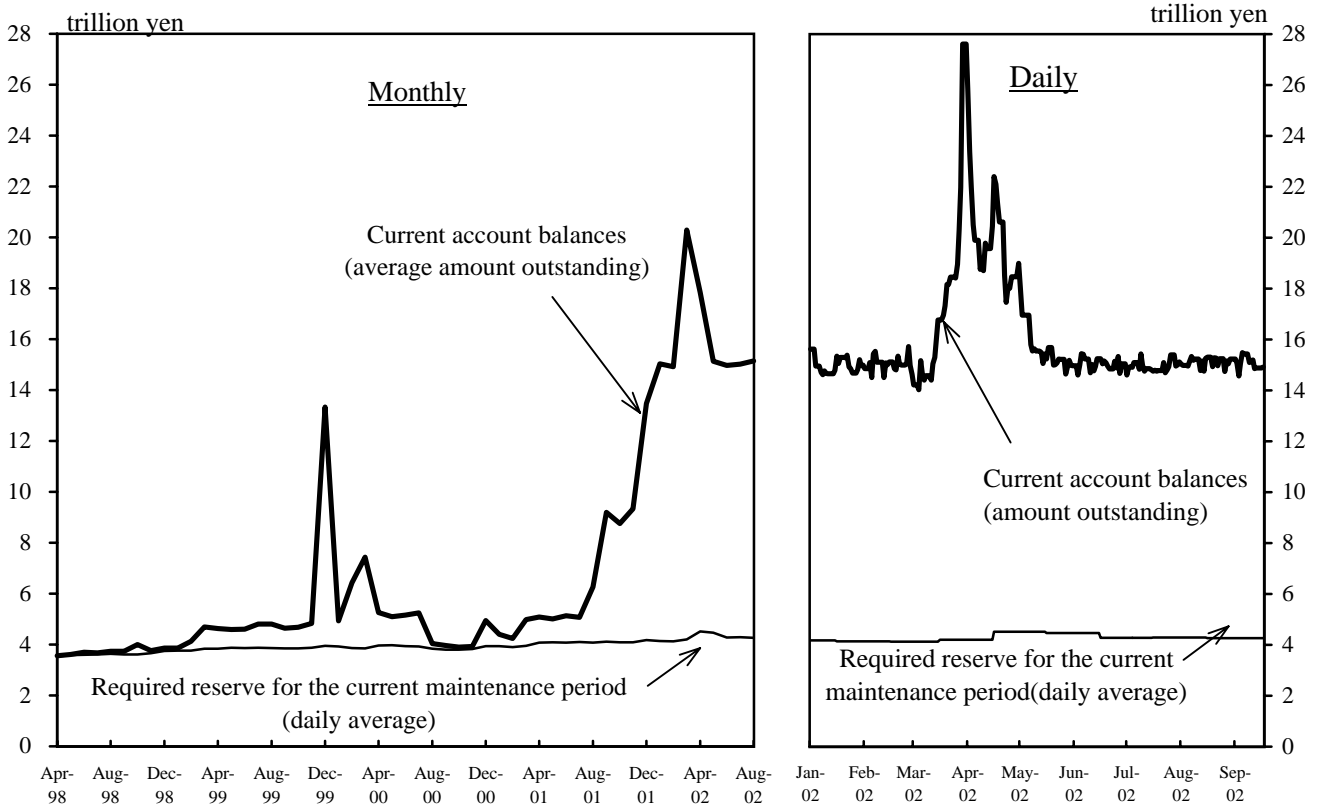


(2) Implied Forward Rate (1-Month Forward Rates Calculated from Euro-Yen Interest Rates)

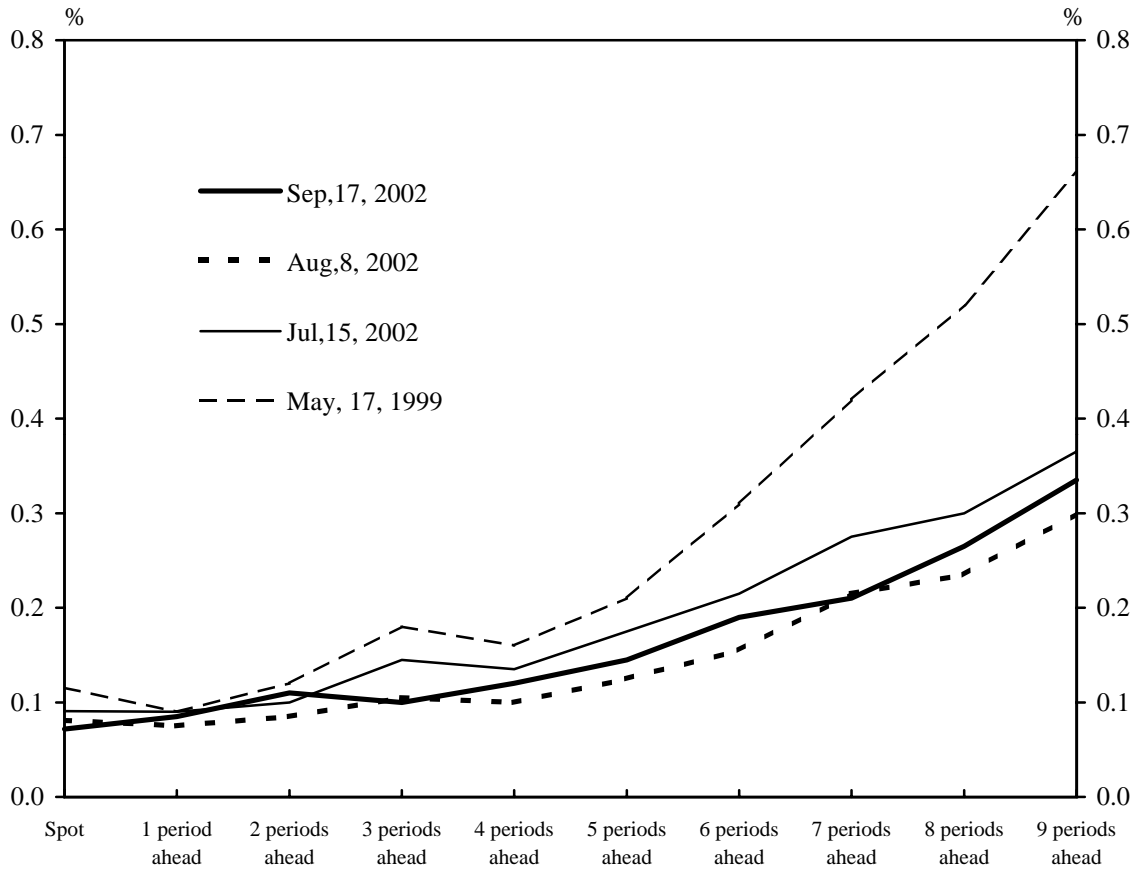


Sources: Bank of Japan; Japanese Bankers Association; Japan Bond Trading Co., Ltd.

Current Account Balances at the Bank of Japan

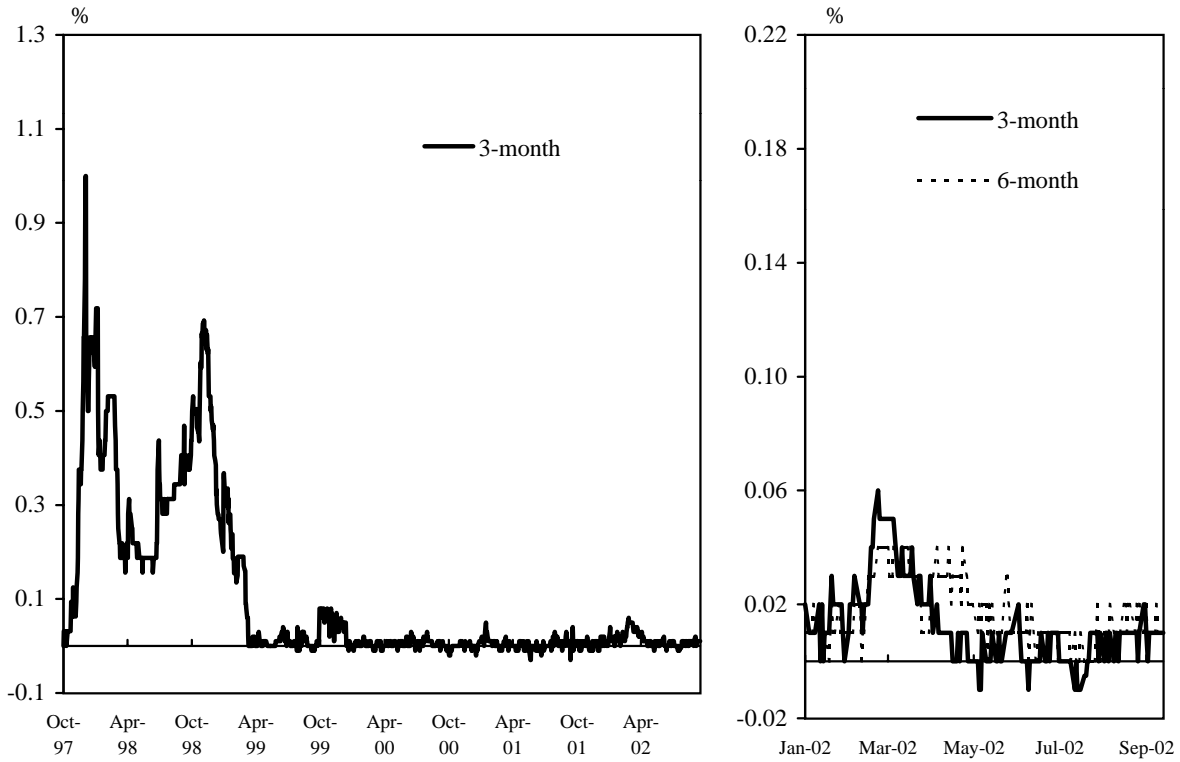


Euro-Yen Interest Rates Futures (3-Month)



Source: Tokyo International Financial Futures Exchange.

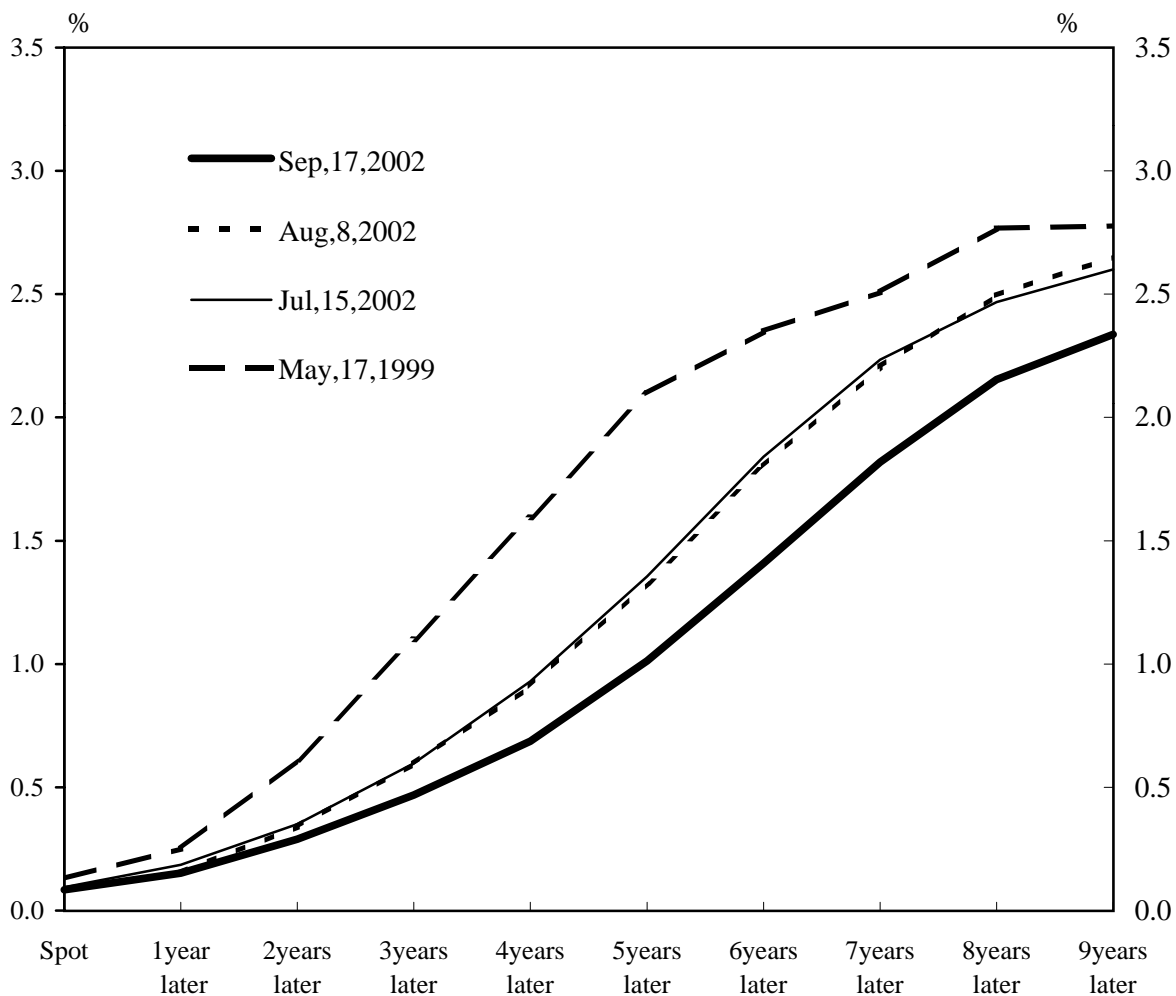
Japan Premium in the Eurodollar Market <sup>1</sup>



Note: 1. Japan premium is an extra expense Japanese banks must pay for raising funds in overseas financial markets. Japan premium in this chart is calculated as follows:  
 Japan premium = interest rate quoted by Bank of Tokyo-Mitsubishi - interest rate quoted by Barclays Bank in the Eurodollar market (London).

Source: British Bankers' Association (BBA).

Implied Forward Rates (1-year)<sup>1</sup>



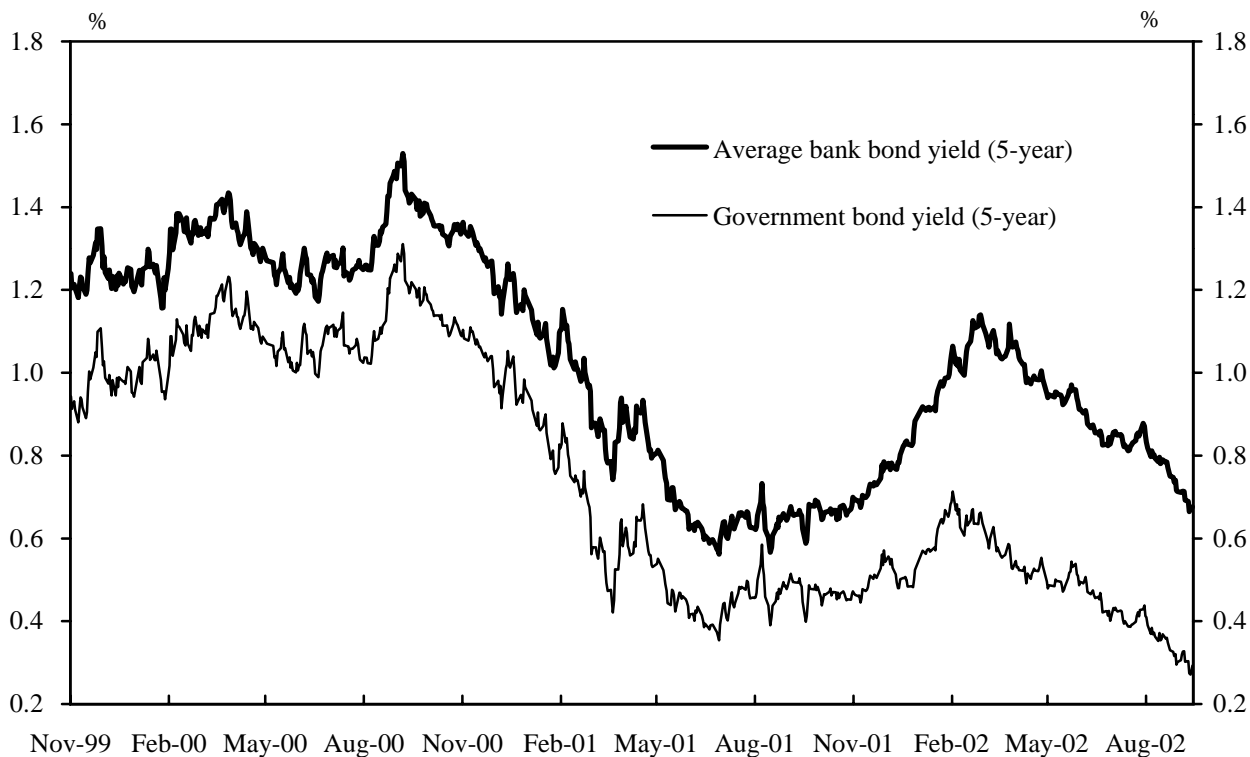
Note :Calculated from yen-yen swap rates.

Source: Kyodo News.

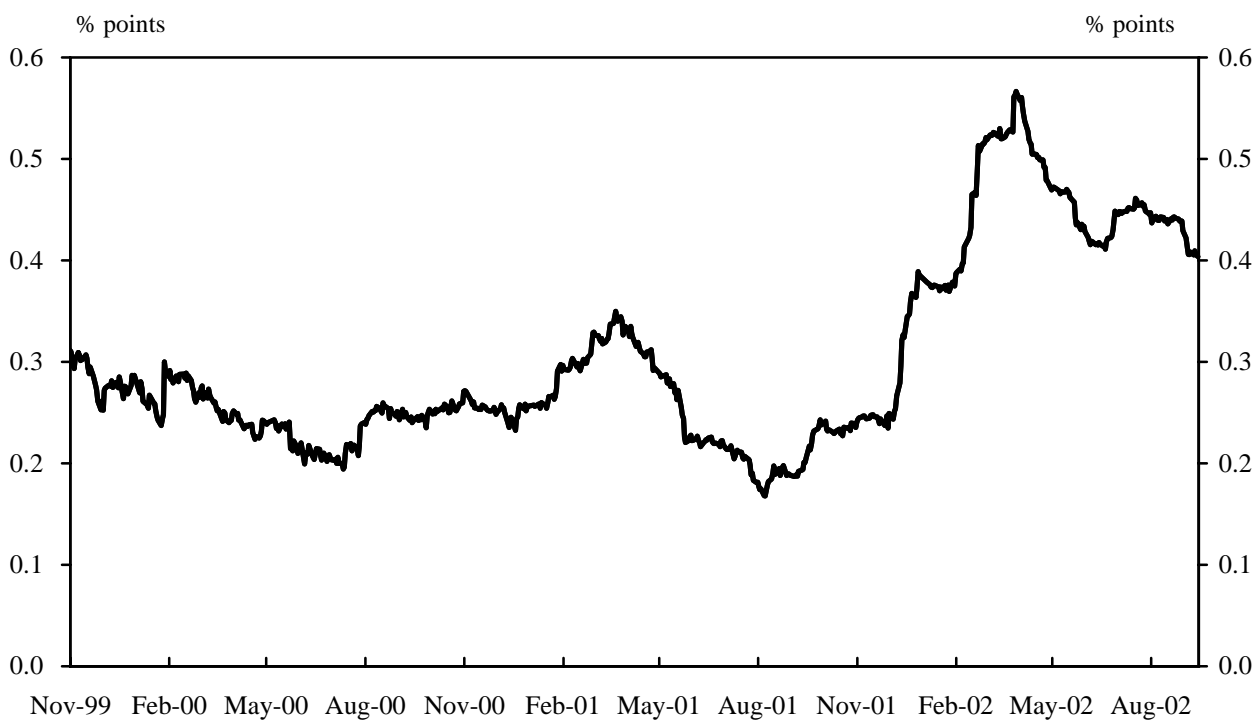


Yields of Bank Bonds

(1) Bond Yields



(2) Spread of Average Bank Bond Yield and Government Bond Yield



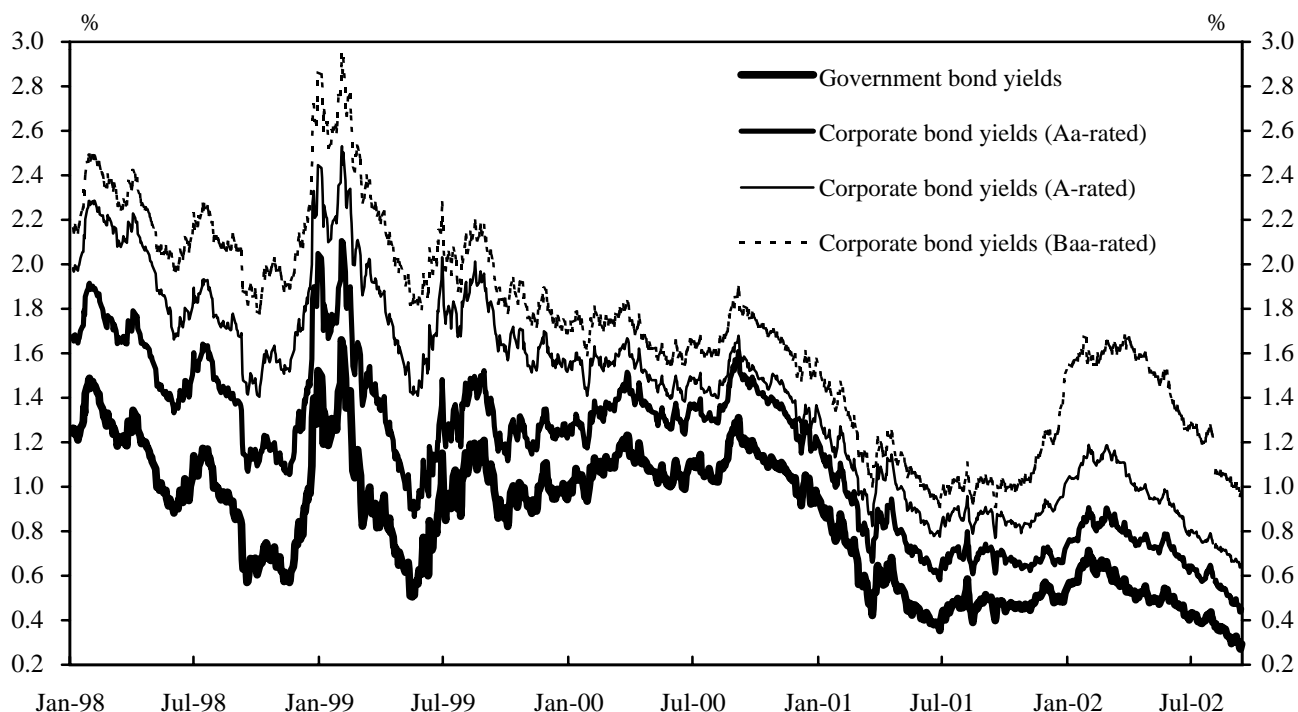
Note: 1. Yields on bonds with 5-year maturity.

2. Average bank bond yield is the average of four bank bonds.

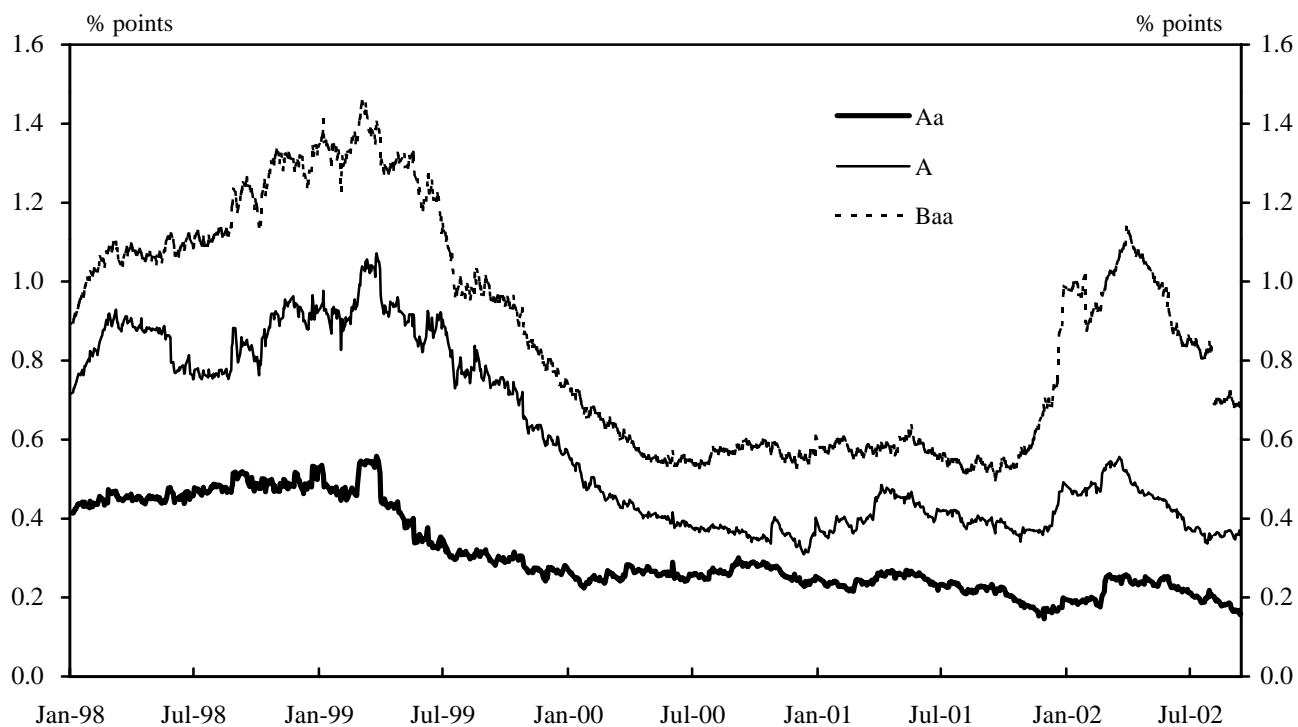
Source: Japan Securities Dealers Association, "Over-the-Counter Standard Bond Quotations."  
 "Reference Price(Yields) Table for OTC Bond Transactions."

Corporate Bond Yields <sup>1</sup>

(1) Yields of Government and Corporate Bonds by Rating



(2) Yield Spreads of Public and Corporate Bonds



Note: 1. Yields on bonds with 5-year maturity.

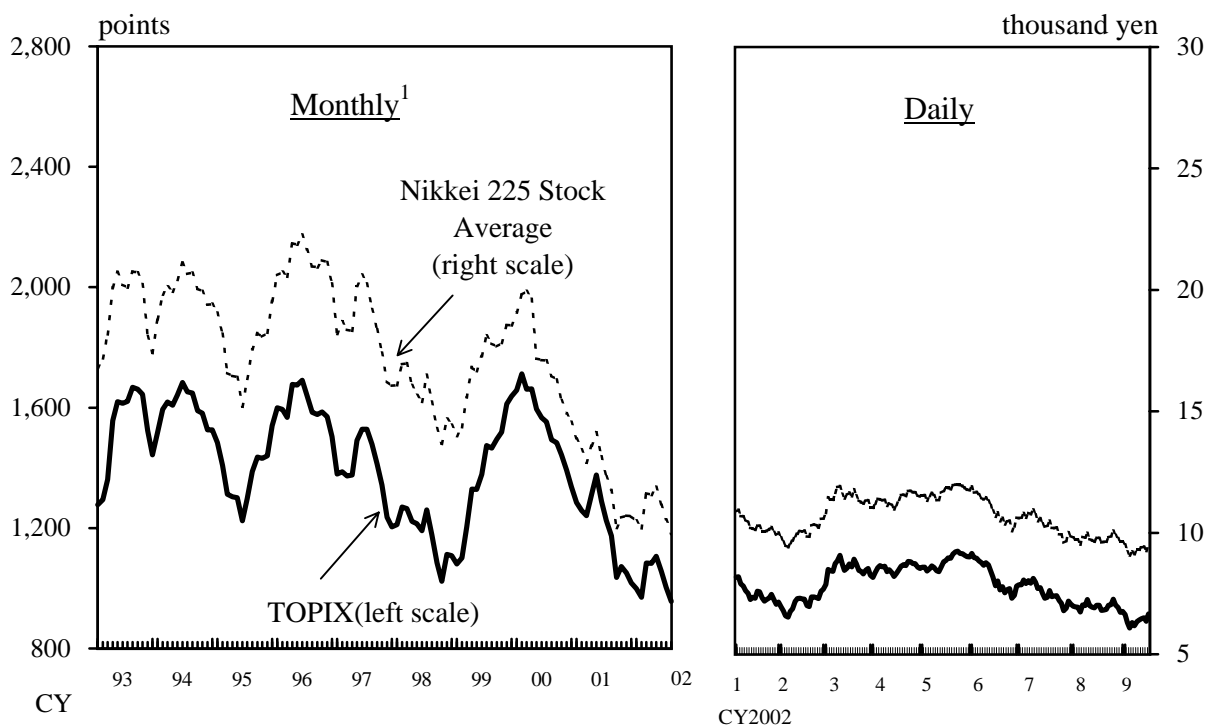
The indicated ratings are of Moody's.

Source: Japan Securities Dealers Association, "Over-the-Counter Standard Bond Quotations."

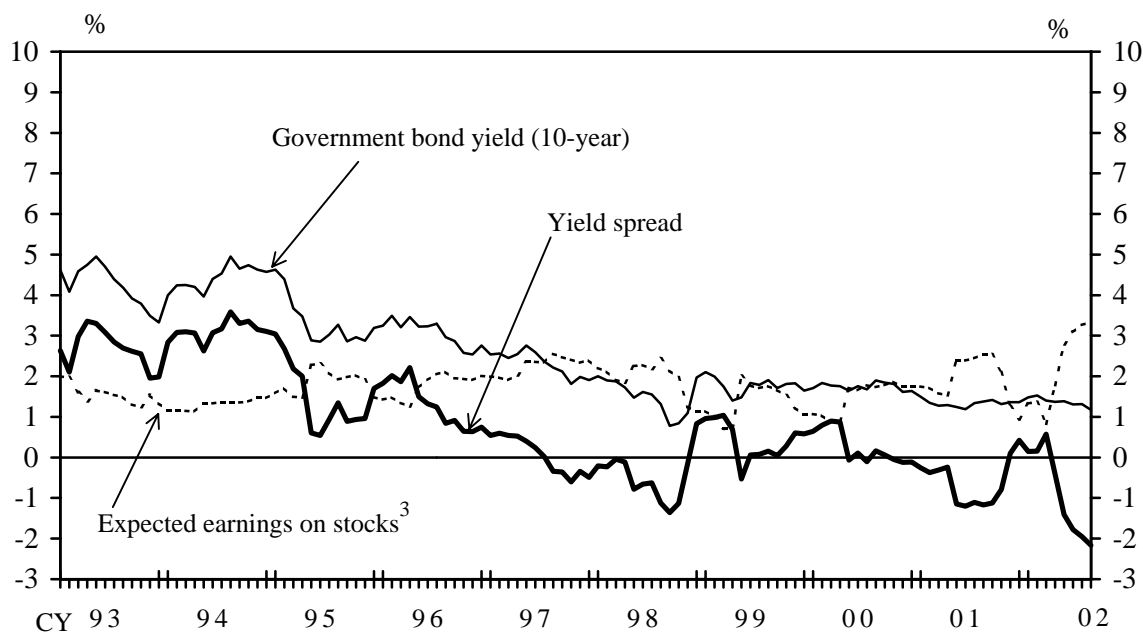
"Reference Price(Yields) Table for OTC Bond Transactions."

Stock Prices

(1) Stock Prices



(2) Yield Spread<sup>2</sup>



Notes: 1. Data are monthly averages.

2. Data are at end of period.

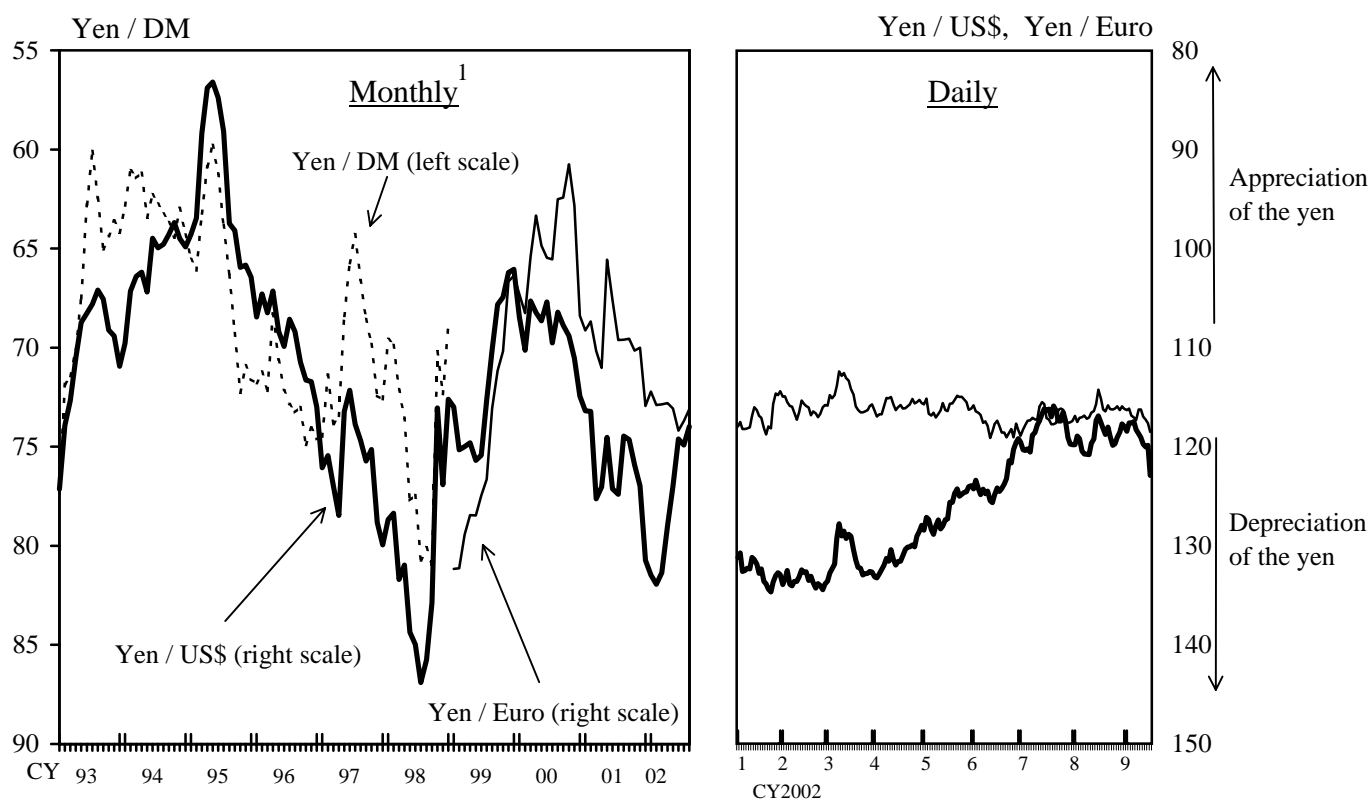
Yield spread = government bond yields - expected earnings on stocks, where expected earnings on stocks = 1/expected price earnings ratio.

3. Based on stocks listed on the TSE First Section. Excludes bank stocks.

Data (unconsolidated) are calculated by the Daiwa Research Institute.

Sources: *The Nihon Keizai Shimbun* ; Daiwa Research Institute, "*Daiwa Toushi Shiryou* (Daiwa Investment Information)."

Exchange Rates



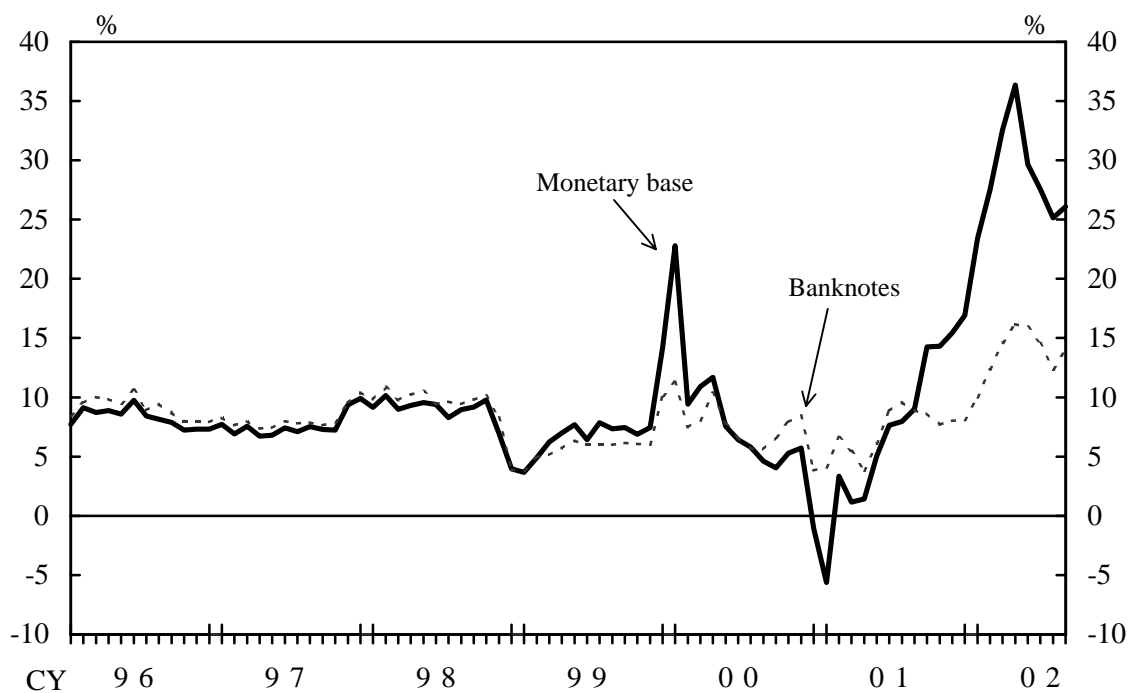
Note: 1. End of month.  
 Source: Bank of Japan.

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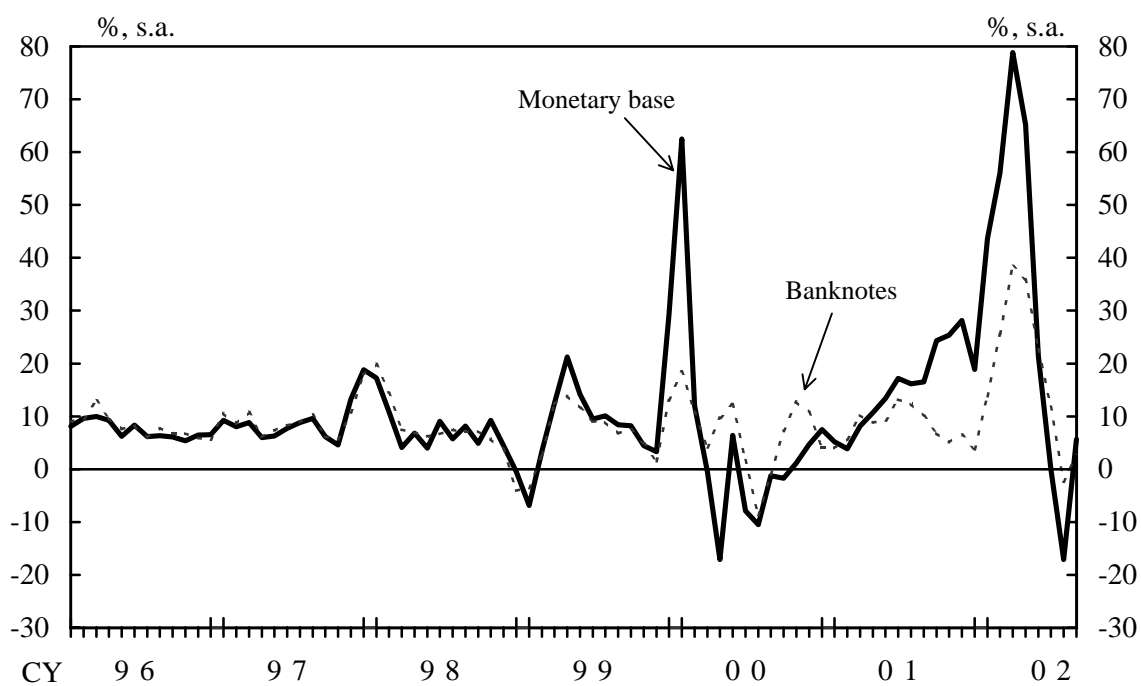
 Monetary Base
 

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## (1) Changes from a Year Earlier



## (2) Changes from Three Months Earlier (Annualized)



Note: Monetary base = currency in circulation (banknotes + coins) + current deposits at the Bank of Japan.

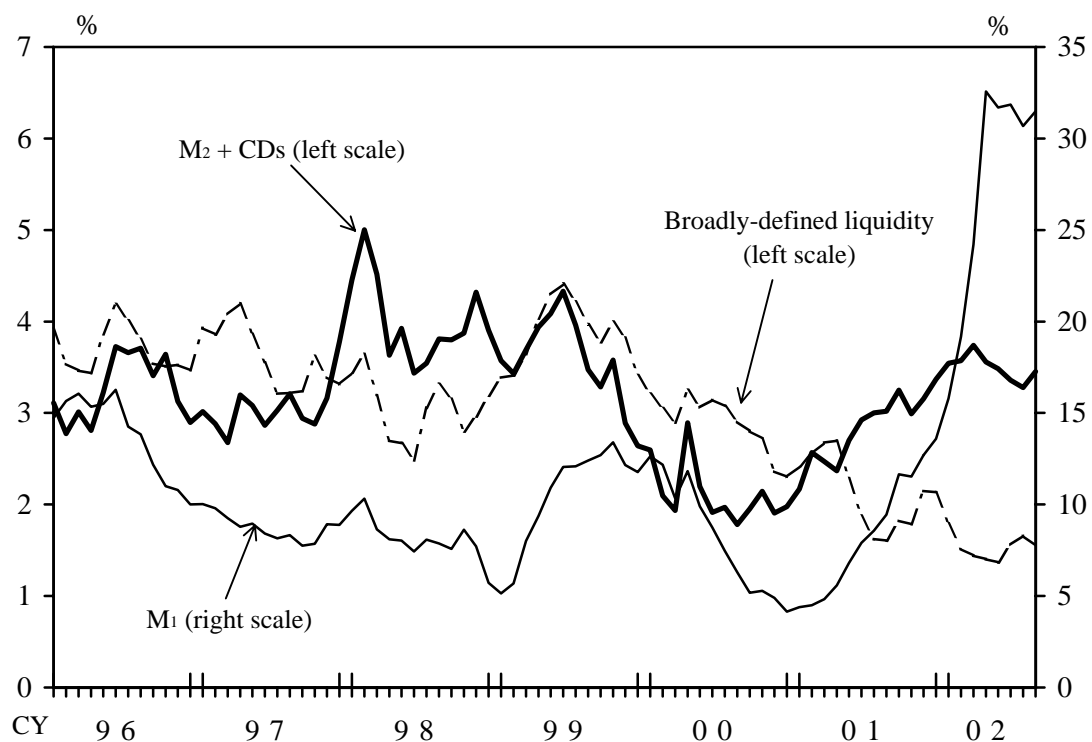
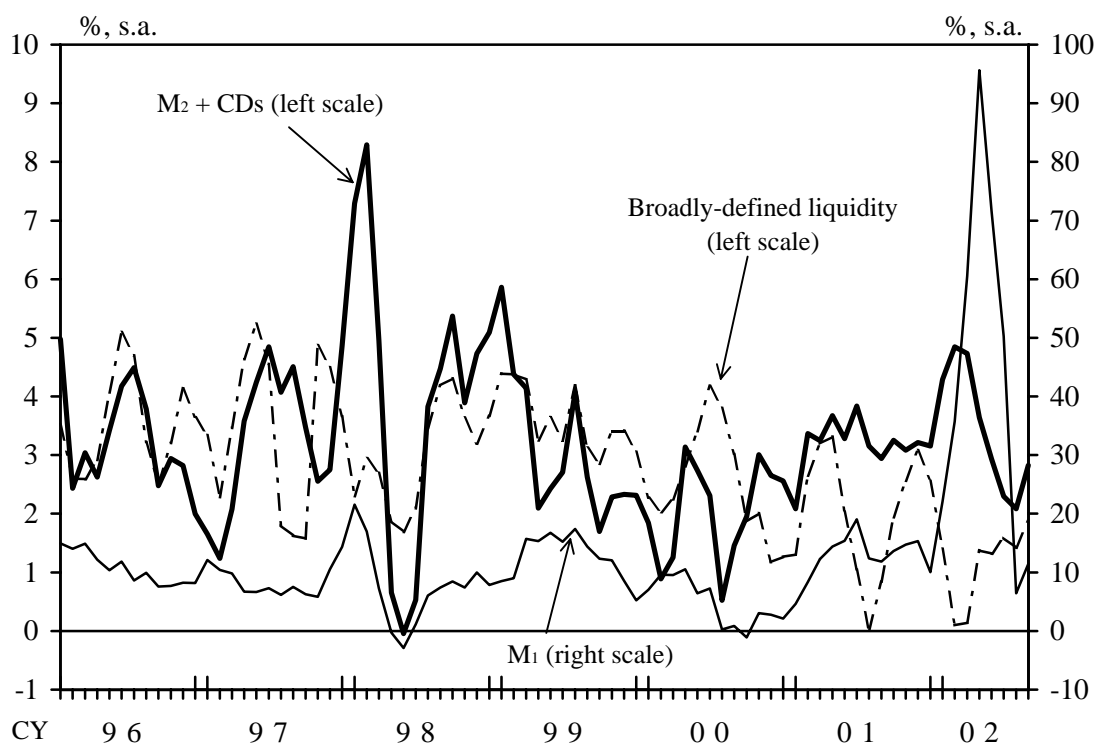
Data for currency in circulation include holdings of financial institutions.

Source: Bank of Japan.

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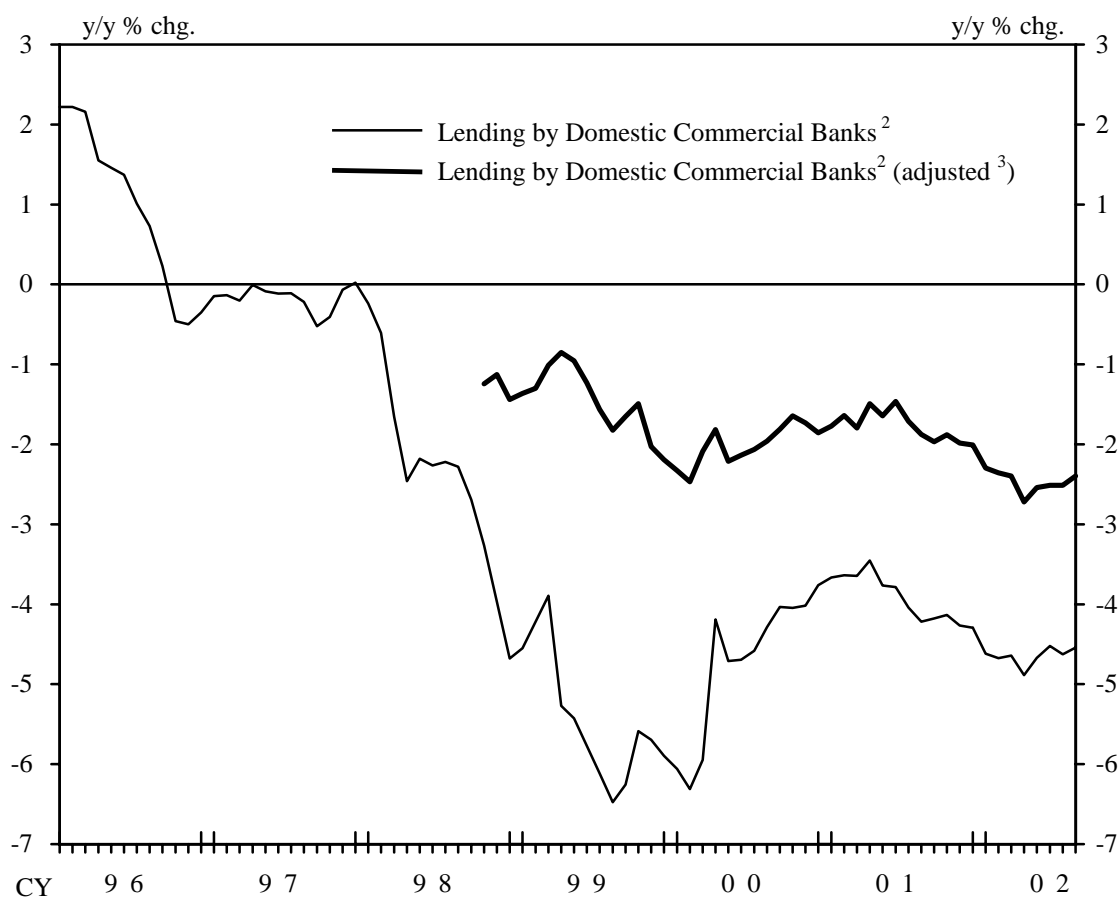
**Money Stock (M<sub>1</sub>, M<sub>2</sub>+CDs, Broadly-Defined Liquidity)**


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**(1) Changes from a Year Earlier****(2) Changes from Three Months Earlier (Annualized)**

Note: Percent changes in average amounts outstanding.

Source: Bank of Japan.

Lending by Domestic Commercial Banks <sup>1</sup>

Notes: 1. Percent changes in average amounts outstanding from a year earlier.

2. "Domestic commercial banks" refers to member banks of the Japanese Bankers Association, which consists of city banks, long-term credit banks, trust banks (excluding foreign-owned trust banks and trust banks that started business after October 1993), the member banks of the Regional Banks Association of Japan (regional banks) and the member banks of the Second Association of Regional Banks (regional banks II).

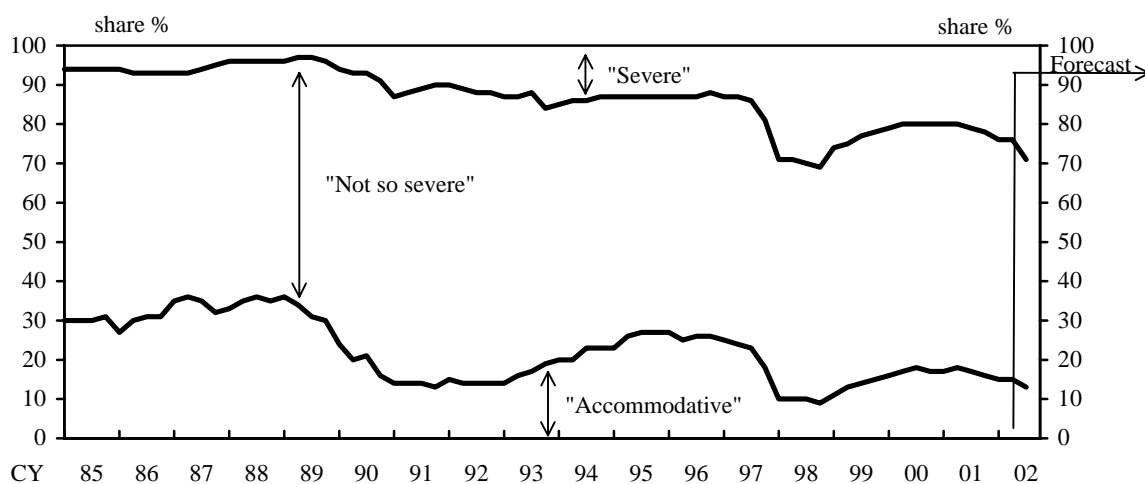
3. Adjusted to exclude

- (1) fluctuations from the liquidation of loans,
- (2) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates,
- (3) fluctuations from loan write-offs,
- (4) the transfer of loans to the former Japan National Railways Settlement Corporation to the General Account, and
- (5) the transfer of loans to the former Housing Loan Administration Corporation to the Resolution and Collection Corporation.

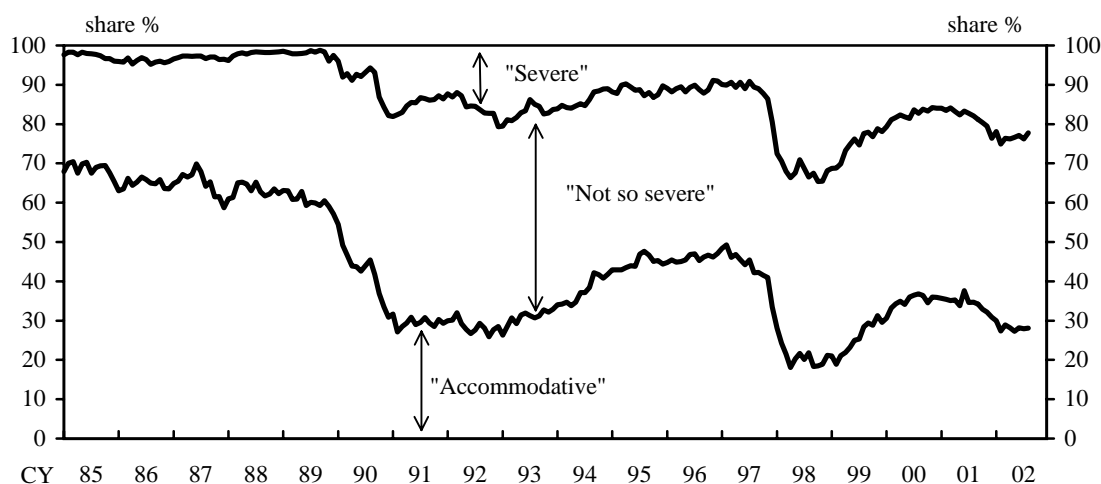
Source: Bank of Japan, "Principal Figures of Financial Institutions."

Lending Attitude of Financial Institutions as Perceived by Small Enterprises

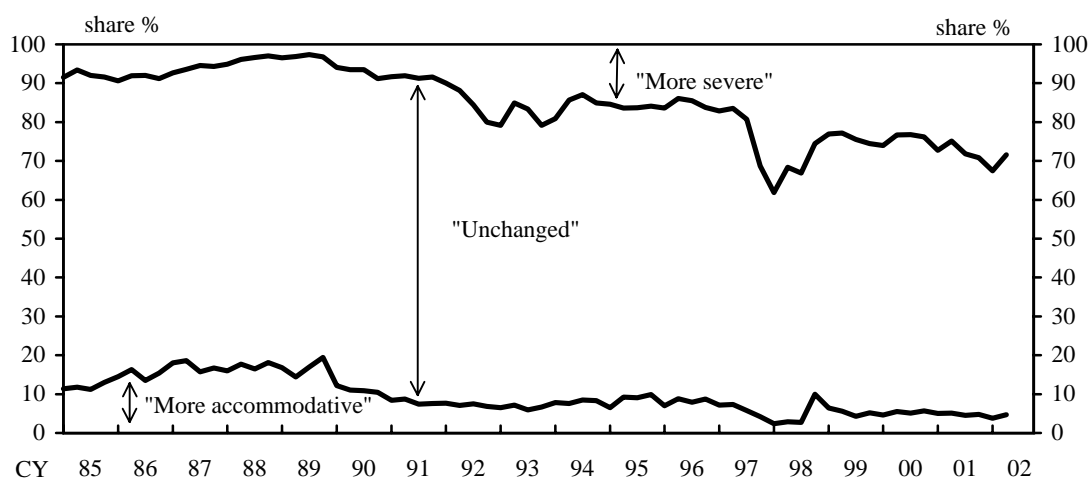
(1) "Tankan - Short-Term Economic Survey of Enterprises in Japan" (June, 2002)



(2) "Monthly Survey on Trends of Small Businesses" (Mid-August, 2002)



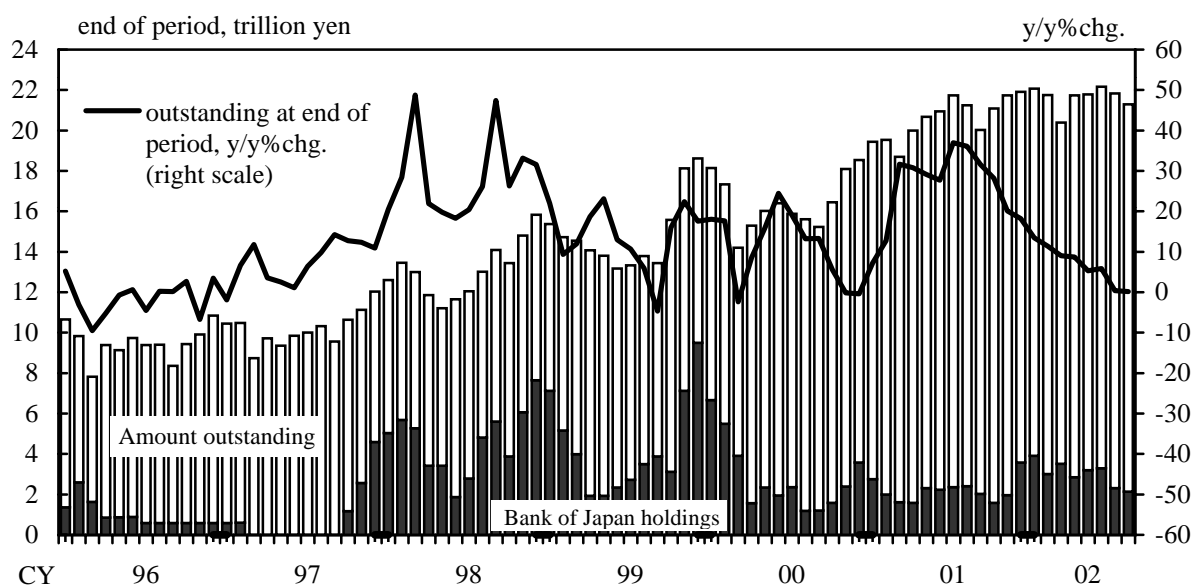
(3) "Quarterly Survey of Small Businesses in Japan" (Mid-June, 2002)



Sources: Bank of Japan, "Tankan - Short-Term Economic Survey of Enterprises in Japan" ;  
 Japan Finance Corporation for Small Business, "Monthly Survey on Trends of Small Businesses";  
 National Life Finance Corporation, "Quarterly Survey of Small Businesses in Japan."

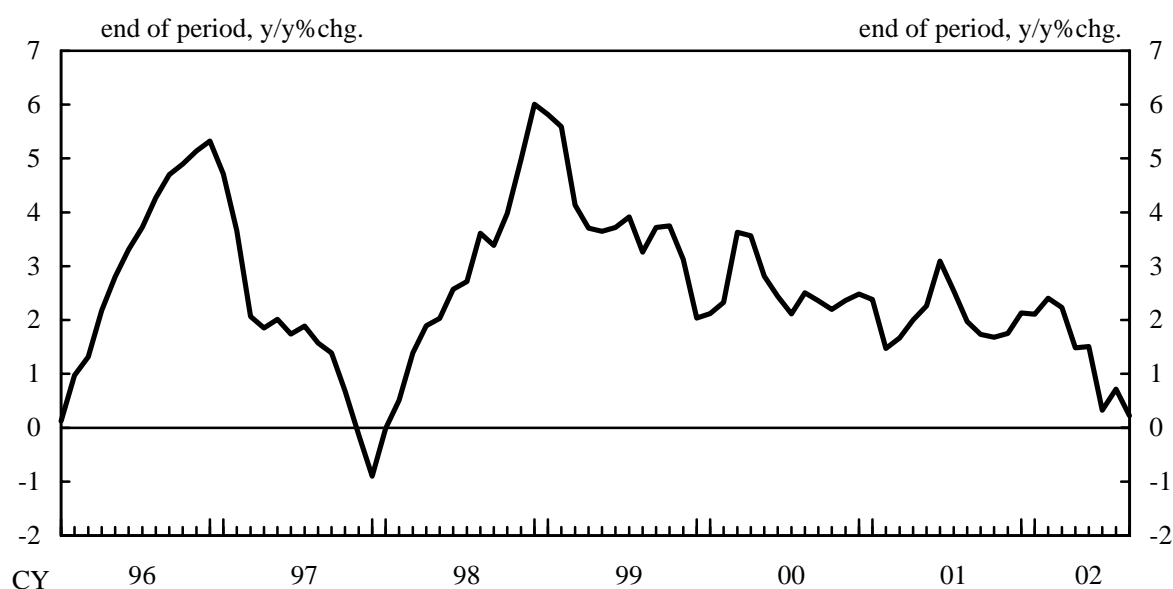


## Private-Sector Fund-Raising in the Capital Markets

(1) Amount Outstanding of Commercial Paper <sup>1</sup>(2) Issue Volume of Corporate Bonds <sup>2</sup>

(100 million yen)

	2001/Q4	2002/Q1	Q2	2002/Jun.	Jul.	Aug.
Volume	31,808	27,157	27,602	12,191	7,355	4,543
(previous year)	(20,416)	(21,715)	(35,223)	(15,254)	(4,176)	(7,066)

(3) Amount Outstanding of Corporate Bonds (Changes from a Year Earlier) <sup>2,3</sup>

Notes: 1. Figures are those of the client financial institutions of the Bank of Japan.

Excludes those issued by banks.

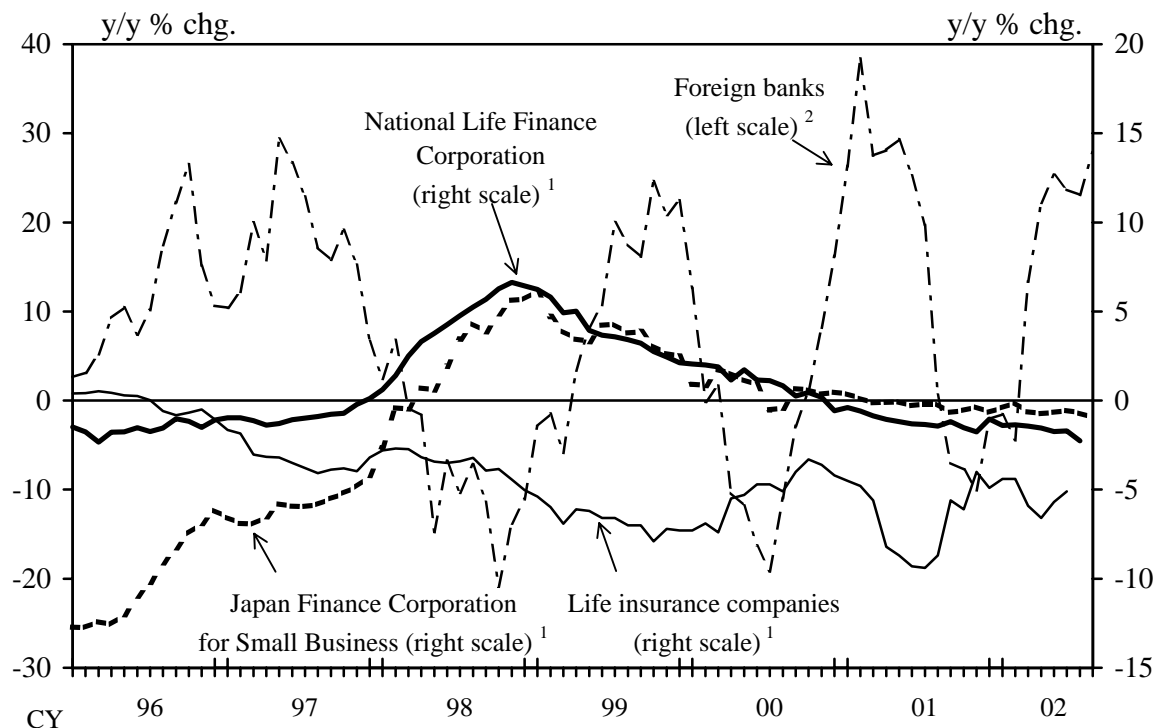
2. Includes straight bonds, convertible bonds, and bonds with warrants.

3. Estimated by the Bank of Japan.

Sources: Bank of Japan, "Principal Figures of Financial Institutions"; Japan Securities Dealers Association, "Bond Review"; IN Information Center, "Funding Eye."

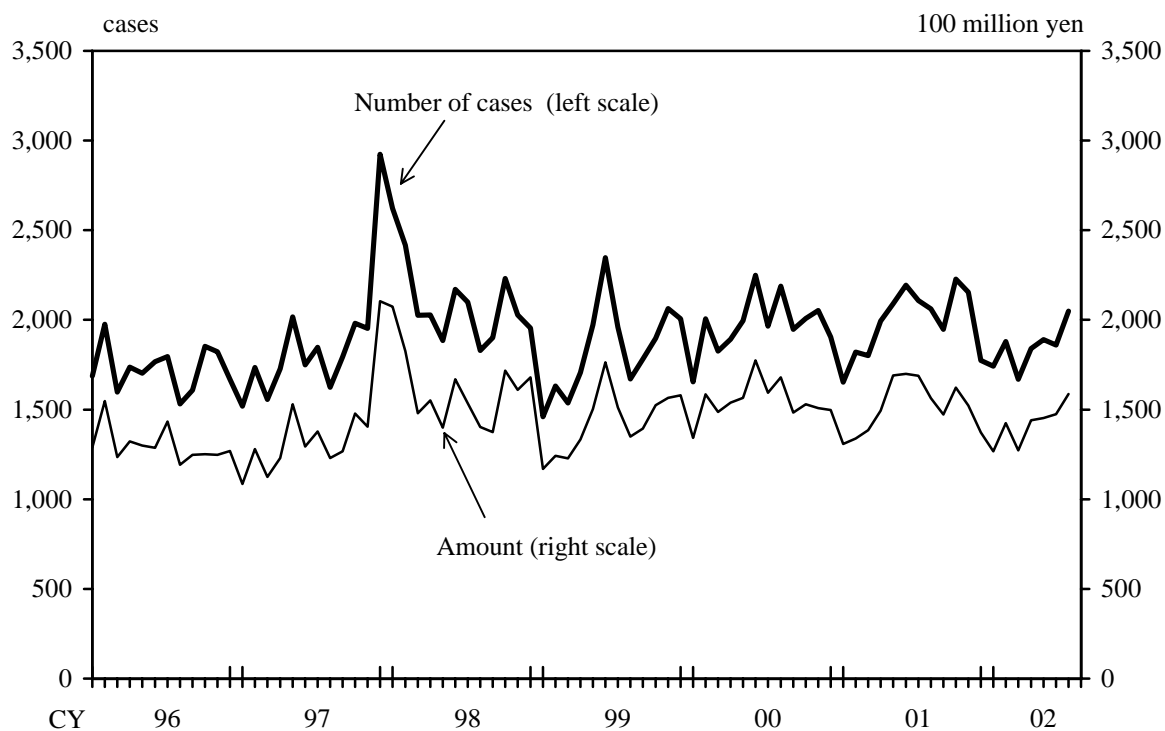
Lending by Other Financial Institutions

(1) Lending Outstanding



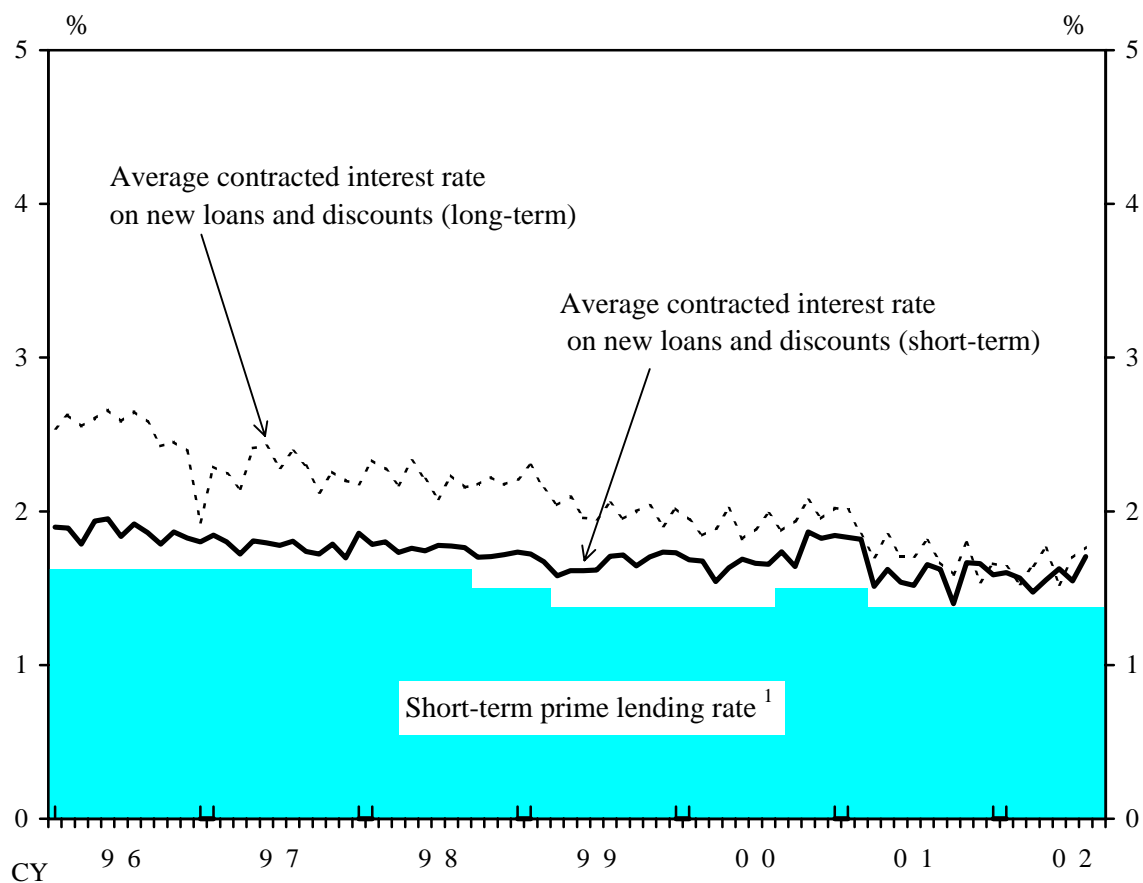
Notes: 1. Data are based on amounts outstanding at end of period.  
 2. Data are based on average amounts outstanding.

(2) Application for a Loan from Japan Finance Corporation for Small Business



Sources: Bank of Japan, "Financial and Economic Statistics Monthly"; Japan Finance Corporation for Small Business, "Gyoumu Gaikyo (Business Outline)."

## Lending Rates

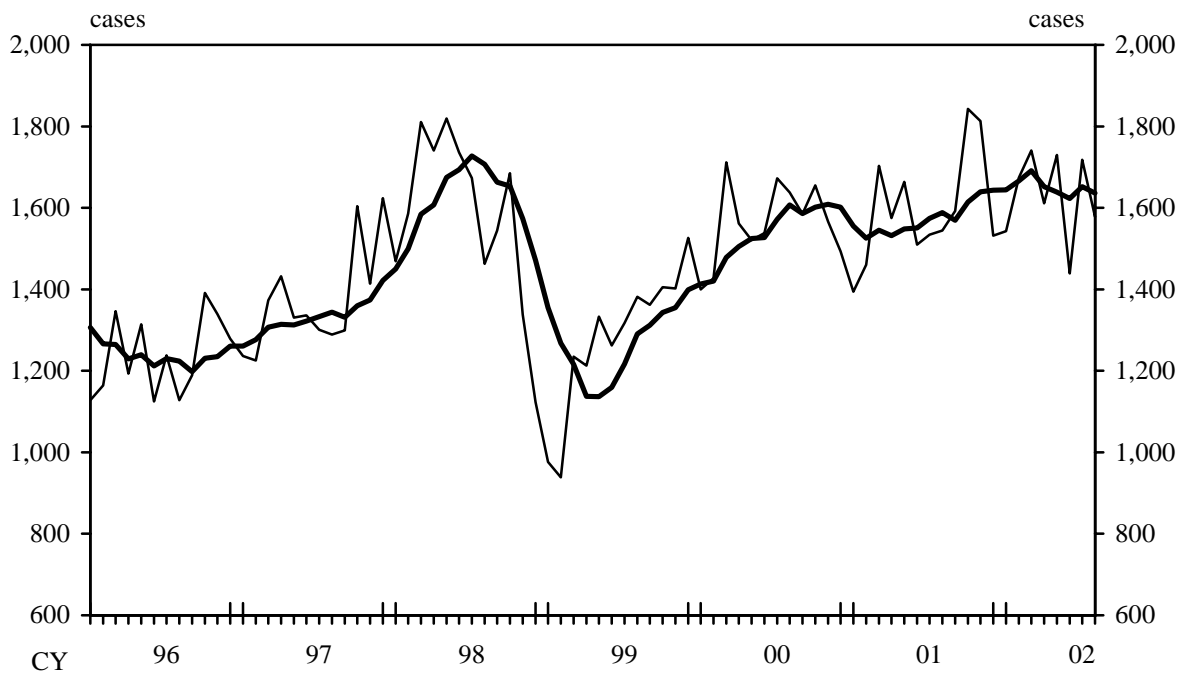


Note: 1. Data are at end of period.

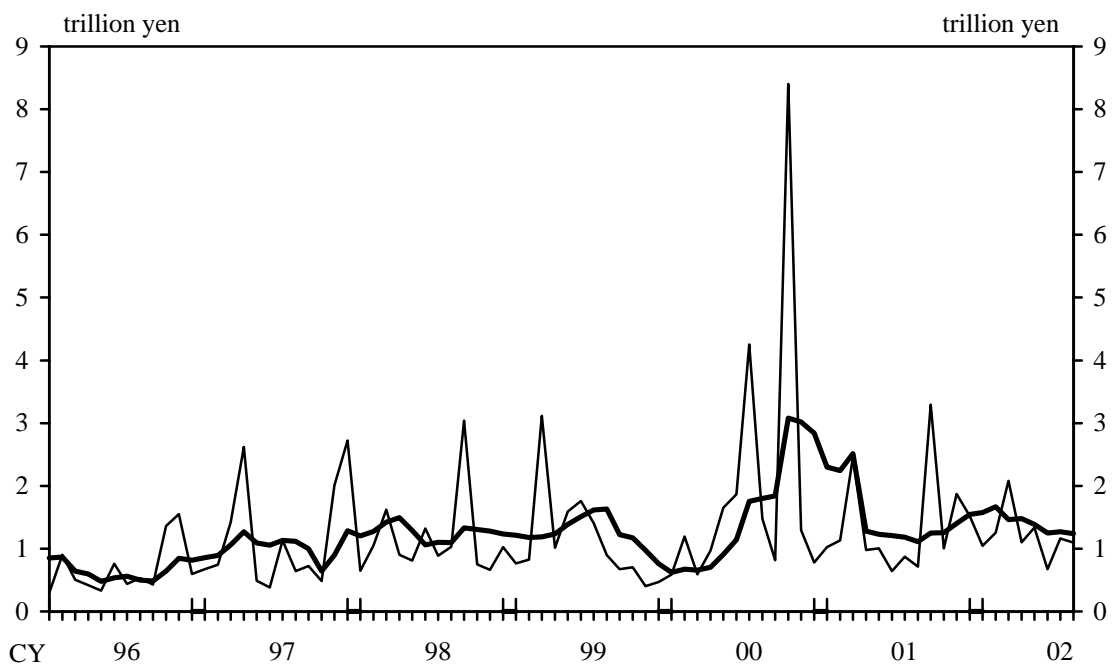
Source: Bank of Japan.

Corporate Bankruptcies

(1) Number of Cases



(2) Amount of Liabilities



Note: The bold line is the six-month moving average.

Source: Tokyo Shoko Research Ltd., "Tosan Geppo (Monthly Review of Corporate Bankruptcies)."