

April 13, 2004
Bank of Japan

**Monthly Report of
Recent Economic and Financial Developments**
April 2004

(English translation prepared by the Bank's staff based on the Japanese original released on April 12, 2004)

Monthly Report of Recent Economic and Financial Developments¹

April 2004

The Bank's View²

Japan's economy continues to recover gradually, and domestic demand is becoming firmer.

Exports have recently increased substantially, and business fixed investment continues its path of recovery. Reflecting these developments, industrial production has also been increasing. Corporate profits continue to increase, and improvements in business sentiment have been spreading across industries. The decline in household income is gradually coming to a halt, and private consumption is showing some positive movements. Meanwhile, housing investment remains sluggish and public investment has been declining.

As for the outlook, Japan's economy is expected to gain further momentum gradually, as it continues to recover moderately for the time being.

Overseas economies are projected to continue growing relatively fast. Based on this projection, it is likely that final demand, particularly exports and business fixed investment, will continue recovering, and that production will also continue increasing. Excessive debt in the corporate sector and other structural factors still persist, but their impact has been waning. Although firms are determined to continue restraining their labor costs, the increases in production and corporate profits are expected to exert positive effects gradually on employment and income situations. Public investment, meanwhile, is projected to be on a downtrend.

On the price front, domestic corporate goods prices have been rising, due mainly to the strengthening of overseas and domestic commodity prices. The year-on-year rate of change in consumer prices (excluding fresh food) has been close

¹ This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on April 8 and 9, 2004.

² The Bank's view was determined by the Policy Board at the Monetary Policy Meeting held on April 8 and 9, 2004.

to zero, while temporary factors such as the rise in rice prices have exerted upward pressure on prices.

As for the outlook, domestic corporate goods prices are expected to continue increasing for some time. On the other hand, the imbalance between supply and demand still remains despite a gradual improvement in it. Under these circumstances, consumer prices are projected to continue falling slightly on a year-on-year basis, as the upward pressure from the temporary factors such as medical treatment costs dissipates.

As for the financial environment, the environment for corporate finance is becoming more accommodative on the whole, although it remains severe for firms with high credit risks. The issuing environment for CP and corporate bonds is favorable on the whole, especially for firms with high credit ratings. Also, the lending attitude of private banks continues to be slightly more accommodative. The lending attitude of financial institutions as perceived by firms continues to improve. The pace of decline in credit demand in the private sector is becoming somewhat moderate. Under these circumstances, the amount outstanding of CP and corporate bonds issued continues to be above the previous year's level, and the rate of decline in lending by private banks is diminishing slightly. As growth of banknotes in circulation is on a downtrend due mainly to decreasing anxieties about the financial system, the year-on-year growth rate of the monetary base is around 10 percent. The year-on-year growth rate of the money stock remains at the 1.0-2.0 percent level. As for developments in financial markets, money market conditions continue to be extremely easy, as the Bank of Japan continues to provide ample liquidity. In the foreign exchange and capital markets, the yen's exchange rate against the U.S. dollar, long-term interest rates, and stock prices are rising from the previous month.

The Background

1. Japan's Economy

Public investment has been declining (Chart 3). The value of public works contracted—a measure that reflects public orders—is on a downtrend. The amount of public construction completed, which reflects the actual progress of public works, is also trending downward. Public investment is projected to continue declining, since the initial budget for fiscal 2004 is expected to be reduced considerably.

Real exports have recently increased substantially, reflecting the recovery in overseas economies, particularly in the United States and East Asia (Charts 4[1] and 5). By region (Chart 5[1]), exports to the United States in January-February fell in reaction to the rise in the fourth quarter, but those to East Asia continued to increase sharply. Exports to the EU also exhibited high growth. Among exports to East Asia, those to China recorded very high growth, reflecting the lowering of tariffs there.³ Exports to NIEs continued to advance briskly. Furthermore, exports to ASEAN marked high growth in January-February, due to spot exports of ships (included in “capital goods and parts”) in January. By goods (Chart 5[2]), exports of capital goods and parts, including semiconductor fabrication machines and equipment, and those of IT-related goods, increased substantially, mainly to East Asia (Charts 6[1] and 7[1]). Also, exports of intermediate goods (chemicals and iron and steel) registered high growth (Chart 6[2]). On the other hand, consumer goods (digital home appliances) were flat in January-February, in reaction to the upsurge in the fourth quarter spurred by seasonal demand for those goods during the Christmas shopping period in the United States and Europe.⁴ Exports of automobile-related goods dropped in January-February, in reaction to the considerable increase in the fourth quarter, and also due to inventory adjustment in the United States by some car makers (Chart 6[3]).

³ Exports to China tend to exhibit high growth at the start of the year. This is because China is in the process of step-by-step tariff reductions in the wake of its accession to the WTO at the end of 2001; each stage of reduction occurs at the beginning of the year.

⁴ An apparent spike in demand was perceived for digital home appliances, including high-priced goods such as flat-panel TVs, during the Christmas shopping period. This seasonality is more obvious for these appliances compared to that for traditional home appliances.

Real imports continued to increase with the recovery in the domestic economy (Charts 4[1] and 8). By goods (Chart 8[2]), imports of IT-related goods and those of capital goods and parts (excluding aircraft) increased steadily, reflecting the increase in production and further progress in the international division of labor within the East Asian region. Moreover, imports of materials such as crude oil, which had been decreasing until last fall, have been increasing thereafter. On the other hand, imports of consumer goods decreased, due mainly to the decline in the reverse imports of automobiles. Imports of foodstuffs also dropped in connection with the decline in beef and chicken imports because of the outbreaks of BSE and avian influenza.

Given these developments in exports and imports, net exports have been increasing substantially in terms of the real trade balance (Chart 4[2]). The surplus of the nominal balance on goods and services also continued to rise. Its pace of increase, however, has been moderate compared to that of the real trade balance, since deficits in travel and transportation have been expanding, reflecting the recovery in overseas travel.

Exports are expected to continue increasing, since overseas economies are projected to continue growing relatively fast, particularly in the United States and East Asia (Chart 9-1[2]). The U.S. economy is likely to continue growing relatively fast, as private consumption remains solid, and a recovery in business fixed investment is becoming more visible (Chart 9-2[2]). The East Asian economies are also expected to continue growing, led by China's economy.

With the projection that the domestic economy will continue recovering, imports are expected to trend upward, mainly in IT-related goods, capital goods and parts, and consumer goods. The international division of labor between Japan and East Asia is likely to progress further in all of these fields.

Business fixed investment continued its path of recovery. Shipments of capital goods (excluding transport equipment) have been increasing substantially, particularly in semiconductor fabrication machines and equipment and in computer-related goods (Chart 10-1[1]). Machinery orders (private demand,

excluding shipbuilding and orders from electric power companies)—a leading indicator of business fixed investment—continued to increase on average, although they have shown large short-term fluctuations by rising substantially in the fourth quarter and then falling sharply in January (Chart 10-2[1]). Construction starts (floor area, private, nondwelling use)—another leading indicator—have been on a gradual recovery trend (Chart 10-2[2]). In January-February, they increased substantially due to the start of a large-scale project in January.

Looking at the environment surrounding business fixed investment, corporate profits continued to increase. According to the March *Tankan* (Chart 11),⁵ current profits are projected to increase for fiscal 2004, following the sharp rise in fiscal 2003.⁶ By industry and size of firms, current profits for manufacturing and large nonmanufacturing firms are on a steady uptrend. Small nonmanufacturing firms expected a slight decrease for fiscal 2003 but an improvement for fiscal 2004. Under these circumstances, business sentiment of firms has improved relatively clearly, regardless of industry or size (Chart 12). Although the level of business sentiment among small nonmanufacturing firms was still low compared to the peak recorded in 1996-97, the economic recovery is starting to spread out steadily across industries. With regard to corporate finance (Chart 13), the financial position of firms and the lending attitude of financial institutions (both perceived by firm) continued a gradual recovery in all sectors, although their levels remained severe mainly in small firms.

The recovery in business fixed investment is expected to continue, particularly for manufacturing firms, since domestic as well as external demand and corporate profits are projected to increase. According to business fixed investment plans for fiscal 2004 in the March *Tankan* (Chart 14), investment by large manufacturing firms was projected to continue increasing, and that by small manufacturing firms was also projected to be somewhat stronger than their initial plans in the past. On the other hand, nonmanufacturing firms were cautious in their investment stances compared to manufacturing firms, with large nonmanufacturing

⁵ *Short-term Economic Survey of Enterprises* of March 2004.

⁶ From the March survey, the *Tankan* has been revised substantially with the expanded coverage of sample enterprises. Hence, there is a discontinuity between pre-revision and post-revision figures.

firms expecting a decrease and small nonmanufacturing firms maintaining their initial plans about the same as past averages. Meanwhile, excessive debt in the corporate sector and other structural factors still persist, but their impact has been waning.

Private consumption is showing some positive movements. With regard to individual indicators (Charts 15-1 and 15-2), the number of new passenger-car registrations rose in the first quarter from the previous quarter, although monthly figures fluctuated. This was mainly because sales of new models have recently been strong on the whole. Sales of household electrical appliances (NEBA statistics; in real terms) continued to be solid, particularly in digital home appliances (flat panel TVs, DVD recorders, and digital cameras). Sales at department stores and supermarkets were steady as a whole in January-February, after they inched up in the fourth quarter. At department stores in particular, sales of spring apparel were brisk in February due to the warm winter. Sales at convenience stores have also been on a very gradual uptrend. Sales in the food services industry jumped in December, but dropped in January-February influenced by the BSE and avian influenza problems. Outlays for travel inched down in January, after they had almost recovered to levels prior to the war in Iraq by the end of last year.

Indices of aggregated sales (in real terms), which are comprised of major sales indicators of these goods and services (Chart 15-3),⁷ continued to be steady in January-February, after the increase in the fourth quarter. On the other hand, aggregate supply of consumer goods (Chart 15-4), which comprehensively captures producers' supply of goods, decreased in January-February in reaction to the rise in the fourth quarter.

Indicators for consumer sentiment have been on a recovery trend as a whole (Chart 16).

⁷ The indices of aggregated sales are the weighted average of major sales indicators, with the weights based on the consumption spending of households. Each sales indicator is deflated by consumer prices. The indices are convenient in the sense that the trend of these sales indicators can be observed in a single series. However, the coverage of services consumption is narrow, and the indices do not necessarily incorporate all sales channels of goods.

It will take more time to confirm that private consumption is on a clear recovery trend backed by an increase in household income, although the improvement in consumer sentiment may become a supporting factor.

Housing investment continued to be sluggish as a whole, with housing starts recording 1.1 million units at annual rates in February, despite some recent improvements in housing for rent and for sale in the Tokyo metropolitan area (Chart 17[1]). The sluggish trend in housing investment is unlikely to change for the immediate future, since no significant supporting factors can be found.

The pace of increase in industrial production slowed in January-February, after the upsurge in the fourth quarter (Chart 18[1]).⁸ As for shipments by goods (Chart 19), producer goods (such as electronic parts) and the above-mentioned capital goods (including semiconductor fabrication machines and equipment) continued to increase at a rapid pace. This was attributable to a considerable extent to the rise in exports to East Asia, in addition to the developments in domestic production and business fixed investment. On the other hand, the increase in shipments of durable consumer goods has come to a halt at present, due mainly to the reactionary fall in exports of automobiles to the United States, although large fluctuations have been observed.

Production is expected to continue increasing, reflecting the recovery in domestic and external demand. Based on anecdotal information, many firms also expect that production will continue to increase in the second quarter.

Meanwhile, inventories have been still flat or slightly down, despite the ongoing increase in production and shipments (Chart 18[1]). A chart of the inventory cycle indicates that production is likely to grow continuously, as inventories are still in the declining phase, with the rate of increase in shipments accelerating (Chart 20).

⁸ By simply using the released forecast index for March (0.5 percent increase from the previous month), production for the first quarter is projected to increase marginally (by 0.7 percent) from the previous quarter.

As for the employment and income situations, job offers have been on an uptrend, reflecting the labor market conditions. Under this situation, the decline in household income is gradually coming to a halt (Chart 21[1]).

In the labor market, the number of new job offers continued to increase, particularly in the services industry, including temporary employment services and similar businesses (Chart 22-1[2]). The ratio of job offers to applicants has been on an uptrend on average, although it was flat in January and February. Also, overtime hours worked continued to increase (Chart 22-2[3]). Under these circumstances, the March *Tankan* showed that excessive employment perceived by firms continued to decrease gradually (Chart 23). Meanwhile, the unemployment rate is on a gradual downtrend on average, although it still remains relatively high (Chart 22-1[1]).

The number of employees in the *Labour Force Survey* has been slightly above the previous year's level (Chart 22-2[1]). The rate of year-on-year decline in the number of regular employees in the *Monthly Labour Survey* has been diminishing gradually (Chart 22-2[2]).

Regarding wages on a year-on-year basis (Chart 21[2]), overtime payments continued to increase, while regular payments continued to decrease. In these circumstances, special cash earnings in December-February marked a somewhat large drop, due mainly to the decline in winter bonuses paid by nonmanufacturing firms.

Firms are expected to continue restraining their labor costs through the extensive use of part-time workers and outsourcing. However, further increases in production and corporate profits, whose levels have already risen considerably, are expected to exert positive effects gradually on employment and income.

2. Prices

Import prices (on a yen basis; same hereafter) have been increasing compared to levels three months before, reflecting the sharp rise in international commodity prices, such as those of nonferrous metals (Chart 25).

Domestic corporate goods prices (adjusted to exclude the effects of seasonal changes in electricity rates; same hereafter)⁹ have been rising compared to levels three months before (Chart 26). In detail, the rate of decline in machinery prices has recently been narrowing slightly. Also, the rises in prices of iron and steel and of nonferrous metals have become noticeable, reflecting the strengthening of overseas and domestic commodity prices. However, the impact of the rise in these materials prices on final goods prices in domestic corporate goods prices seems to have been limited to date. Meanwhile, the rate of increase in rice prices has been diminishing, and the influences on meat prices from the BSE and the avian influenza problems have only been minor.¹⁰

Corporate services prices (domestic supply-demand factors; same hereafter) continued their year-on-year decline of slightly more than 1 percent, mainly in leasing and renting, real estate services, and general services such as car maintenance and building maintenance (Chart 27).

The year-on-year rate of change in consumer prices (excluding fresh food; same hereafter) has been close to zero, while temporary factors such as the rise in rice prices have exerted upward pressure on prices (Chart 28). The year-on-year rate of change was 0.0 percent in February, after falling 0.1 percent in January.

With respect to developments in land prices (in terms of published land prices) as of January (Chart 31), the rate of decline has been diminishing in both commercial and residential land prices in the three metropolitan areas. Some land prices in the central part of Tokyo have stopped declining or inched up. On the other hand, the rate of decline in land prices in local areas has not diminished as a whole; the rate of decline in residential land has been expanding.

According to the March *Tankan* (Chart 30), the supply and demand conditions for products and services perceived by firms continued to improve,

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

¹⁰ Rice and meat are categorized as "Others" in Chart 26.

particularly in manufacturing firms. The operating level in the domestic economy—measured by the weighted average of the excessiveness in both production capacity and employment perceived by firms—continued to improve mildly and was slightly above the level of the previous peak in 2000. The change in output prices perceived by firms continued to improve.

Based on these developments, overall domestic corporate goods prices are likely to continue increasing for the time being, since influences from the rise in overseas and domestic commodity prices will remain, even though rice prices are expected to start decreasing.

With respect to the outlook for consumer prices, the imbalance between supply and demand in the macroeconomy is expected to improve, although the pace will be gradual. Moreover, firms have been restraining their labor costs, and influences from the rise in international commodity prices on consumer prices for goods and services are likely to be relatively limited. Under these circumstances, consumer prices are projected to continue falling slightly on a year-on-year basis, as the upward pressure from the temporary factors such as medical treatment costs dissipates.

3. Financial Developments

(1) Financial Markets

The outstanding balance of current accounts at the Bank of Japan has been moving in the range of 31-35 trillion yen, as the Bank continues to provide ample liquidity. On March 31, however, it rose to 36.4 trillion yen as a result of further ample liquidity provision by the Bank (Chart 34).

As for interest rate developments in the money markets, the overnight call rate (uncollateralized; Chart 32[1]) has been moving at around zero percent. Interest rates on term instruments (Chart 33[1]) have been steady at low levels on the whole. Under these circumstances, interest rates on Euroyen futures (Chart 33[2]) have been rising slightly, reflecting the weakening of the bond market.

In the government bond market, yields on 10-year government bonds (newly issued 10-year JGB; Chart 32[2]) fluctuated somewhat largely in view of domestic and foreign stock prices and of economic indicators, with the fiscal-year-end approaching. They have recently been rising, reflecting the rise in stock prices, and are moving in the range of 1.45-1.5 percent.

Yield spreads between private bonds (bank bonds and corporate bonds) and government bonds (Charts 36 and 37) remain essentially unchanged on the whole.

Stock prices (Chart 38) have been rising, as expectations for the economic recovery increased, reflecting improvements in various economic indicators. The Nikkei 225 Stock Average is moving at around 12,000 yen.

In the foreign exchange market (Chart 39), the yen rose sharply as foreign investors further increased their investments in Japanese stocks and market participants became less sensitive to a possible market intervention. The yen is being traded in the range of 104-107 yen to the U.S. dollar.

(2) Corporate Finance and Monetary Aggregates

As for credit demand in the private sector, the pace of decline is becoming somewhat moderate, since corporate activity has started to recover, as seen in the increase in business fixed investment, while firms continue to reduce their debts.

Regarding credit supply, the lending attitude of private banks continues to be slightly more accommodative on the whole, although they remain cautious about extending loans to firms with high credit risks. The lending attitude of financial institutions as perceived by firms continues to improve (Chart 40).

Lending rates continue to be at extremely low levels on the whole. The average contracted interest rates on new loans and discounts, with the monthly fluctuations averaged, are more or less unchanged (Chart 41). The long-term prime lending rate was raised by 0.05 percent to 1.70 percent on April 9.

The rate of decline in lending by private banks (monthly average outstanding balance basis; after adjustment for extraordinary factors¹¹), consisting of city banks, long-term credit banks, trust banks, regional banks, and regional banks II, is diminishing slightly. (The year-on-year change was –1.9 percent in December, –1.9 percent in January, and –1.7 percent in February; Chart 42.)

In the corporate bond and CP markets, the issuing environment continues to be favorable on the whole, especially for firms with high credit ratings. Corporate bond issuance rates have been virtually flat, and the issuance spreads remain steady. CP issuance rates continue to be at low levels. The amount outstanding of CP and corporate bonds issued is moving around 1-2 percent on a year-on-year basis. (The year-on-year change was 1.8 percent in December, 1.0 percent in January, and 1.5 percent in February; Chart 44.)

According to business surveys, the financial positions of firms continue to improve.

The growth of banknotes in circulation is on a downtrend, due mainly to decreasing anxieties about the financial system. The year-on-year growth rate of the monetary base (currency in circulation + current account balances at the Bank of Japan) is around 10 percent. (The year-on-year change was 13.6 percent in January, 16.2 percent in February, and 11.9 percent in March; Chart 45.) The ratio of the monetary base to nominal GDP continues to increase, and is currently at an extremely high level.

The year-on-year growth rate of the money stock (M_2 + CDs) continues to move around 1.5 percent. (The year-on-year change was 1.5 percent in December, 1.6 percent in January, and 1.7 percent in February; Chart 46.) The year-on-year growth rate for the second quarter is projected to be around 1-2 percent.

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

The number of corporate bankruptcies continues its downtrend; it declined by 20.3 percent year-on-year in February, to 1,159 cases (Chart 47).

Charts

Chart 1	Main Economic Indicators
Chart 2	Real GDP
Chart 3	Public Investment
Chart 4	External Balance
Chart 5	Real Exports
Chart 6	Real Exports breakdown by goods
Chart 7	Exports and Imports of IT-related goods
Chart 8	Real Imports
Chart 9	Environment for Exports
Chart 10	Indicators for Business Fixed Investment
Chart 11	Current Profits
Chart 12	Business Conditions
Chart 13	Corporate Finance-Related Indicators
Chart 14	Business Fixed Investment Plans as Surveyed
Chart 15	Indicators for Private Consumption
Chart 16	Consumer Confidence
Chart 17	Indicators for Housing Investment
Chart 18	Production, Shipments, and Inventories
Chart 19	Shipments breakdown by type of goods
Chart 20	Inventory Cycle
Chart 21	Compensation of Employees
Chart 22	Labor Market
Chart 23	Employment Conditions
Chart 24	Prices
Chart 25	Import Prices and International Commodity Prices
Chart 26	Domestic Corporate Goods Price Index
Chart 27	Corporate Service Price Index
Chart 28	Consumer Price Index (excluding fresh food)
Chart 29	Consumer Prices of imported goods and their substitutes
Chart 30	Domestic Supply and Demand Conditions
Chart 31	Land Prices
Chart 32	Interest Rates
Chart 33	Short-Term Money Market Rates
Chart 34	Current Account Balances at the Bank of Japan
Chart 35	Implied Forward Rates (1-year)
Chart 36	Yields of Bank Bonds
Chart 37	Yields of Corporate Bonds
Chart 38	Stock Prices
Chart 39	Exchange Rates
Chart 40	Lending Attitude of Financial Institutions as Perceived by Small Enterprises
Chart 41	Lending Rates
Chart 42	Lending by Domestic Commercial Banks
Chart 43	Lending by Other Financial Institutions
Chart 44	Private-Sector Fund-Raising in the Capital Markets
Chart 45	Monetary Base
Chart 46	Money Stock (M1, M2+CDs, Broadly-Defined Liquidity)
Chart 47	Corporate Bankruptcies
Chart 48	Monetary Indicators, Economic Activity and Price Development

Main Economic Indicators (1)

s.a., q/q (m/m) % chg.¹

	2003/Q3	Q4	2004/Q1	2003/Dec.	2004/Jan.	Feb.	Mar.
Index of living expenditure level (all households)	-0.1	-0.1	n.a.	-0.8	2.0	-0.8	n.a.
Sales at department stores	-0.6	0.5	n.a.	2.2	1.5	-0.1	n.a.
Sales at supermarkets	-2.5	0.8	n.a.	2.4	0.8	-0.6	n.a.
New passenger-car registrations ³ <s.a., ann. 10,000 units>	<338>	<332>	<347>	<327>	<365>	<346>	<331>
Sales of household electrical appliances (real, NEBA)	5.4	2.7	n.a.	2.0	6.2	-1.8	n.a.
Outlays for travel (50 major travel agencies)	14.2	10.4	n.a.	6.0	-5.3	n.a.	n.a.
Housing starts <s.a., ann. 10,000 units>	<112>	<117>	<n.a.>	<122>	<125>	<117>	<n.a.>
Machinery orders (from private sector ⁴)	-2.9	11.3	n.a.	8.1	-12.2	n.a.	n.a.
Manufacturing	-3.4	12.8	n.a.	4.5	-5.5	n.a.	n.a.
Nonmanufacturing ⁴	-2.4	9.5	n.a.	11.2	-17.4	n.a.	n.a.
Construction Starts (private, nondwelling use)	1.7	-1.6	n.a.	20.3	1.7	3.5	n.a.
Mining & manufacturing	2.8	14.9	n.a.	20.3	-13.4	10.2	n.a.
Nonmanufacturing ⁵	2.0	-5.6	n.a.	17.6	10.8	-0.4	n.a.
Value of public works contracted	2.0	-11.2	n.a.	5.4	-0.8	2.6	n.a.
Real exports	3.8	7.9	n.a.	4.3	1.7	-1.4	n.a.
Real imports	1.3	1.7	n.a.	-1.0	3.6	-6.5	n.a.
Industrial production	1.3	3.7	n.a.	-0.8	3.3	p -3.7	n.a.
Shipments	0.8	3.9	n.a.	1.9	2.6	p -4.1	n.a.
Inventories	0.9	-0.9	n.a.	-1.5	-1.2	p 0.4	n.a.
Inventory Ratio <s.a., CY 2000=100>	<97.1>	<94.7>	<n.a.>	<94.7>	<92.8>	<p 94.8>	<n.a.>
Real GDP	0.6	1.6	n.a.	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	0.0	1.3	n.a.	-0.3	2.6	n.a.	n.a.

Main Economic Indicators (2)

	y/y % chg. ¹						
	2003/Q2	Q3	Q4	2003/Nov.	Dec.	2004/Jan.	Feb.
Ratio of job offers to applicants <s.a., times>	<0.61>	<0.64>	<0.73>	<0.73>	<0.77>	<0.77>	<0.77>
Unemployment rate <s.a., %>	<5.4>	<5.2>	<5.1>	<5.1>	<4.9>	<5.0>	<5.0>
Overtime working hours ⁶	4.7	3.6	4.7	4.0	5.0	4.2	p 4.0
Number of employees	0.3	-0.2	0.3	0.2	0.7	0.4	0.5
Number of regular employees ⁶	-0.6	-0.5	-0.3	-0.3	-0.4	-0.1	p -0.2
Nominal wages per person ⁶	0.6	-1.7	-1.3	-0.5	-1.9	-1.7	p -0.1
Domestic corporate goods price index ⁷ <q/q % chg.> (3-month growth rate)	-1.0 <-0.3>	-0.7 <-0.2>	-0.4 <0.1>	-0.5 <0.1>	-0.1 <0.2>	0.0 <0.4>	p 0.0 <p 0.5>
Consumer price index ⁸ <s.a., q/q % chg.> (3-month growth rate)	-0.4 <0.1>	-0.1 <0.1>	0.0 <-0.0>	-0.1 <-0.1>	0.0 <-0.0>	-0.1 <-0.3>	0.0 <-0.0>
Corporate service price index ⁹ <s.a., q/q % chg.> (3-month growth rate)	-1.2 <-0.5>	-1.2 <-0.2>	-1.2 <-0.2>	-1.1 <-0.2>	-1.3 <-0.3>	-1.2 <-0.2>	-1.3 <-0.2>
Money Stock (M ₂ +CDs) <average outstanding, y/y % chg.>	1.6	1.8	1.5	1.6	1.5	1.6	1.7
Number of suspension of transactions with banks	-15.4	-28.9	-52.4	-29.6	-28.5	-15.5	-30.1

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.

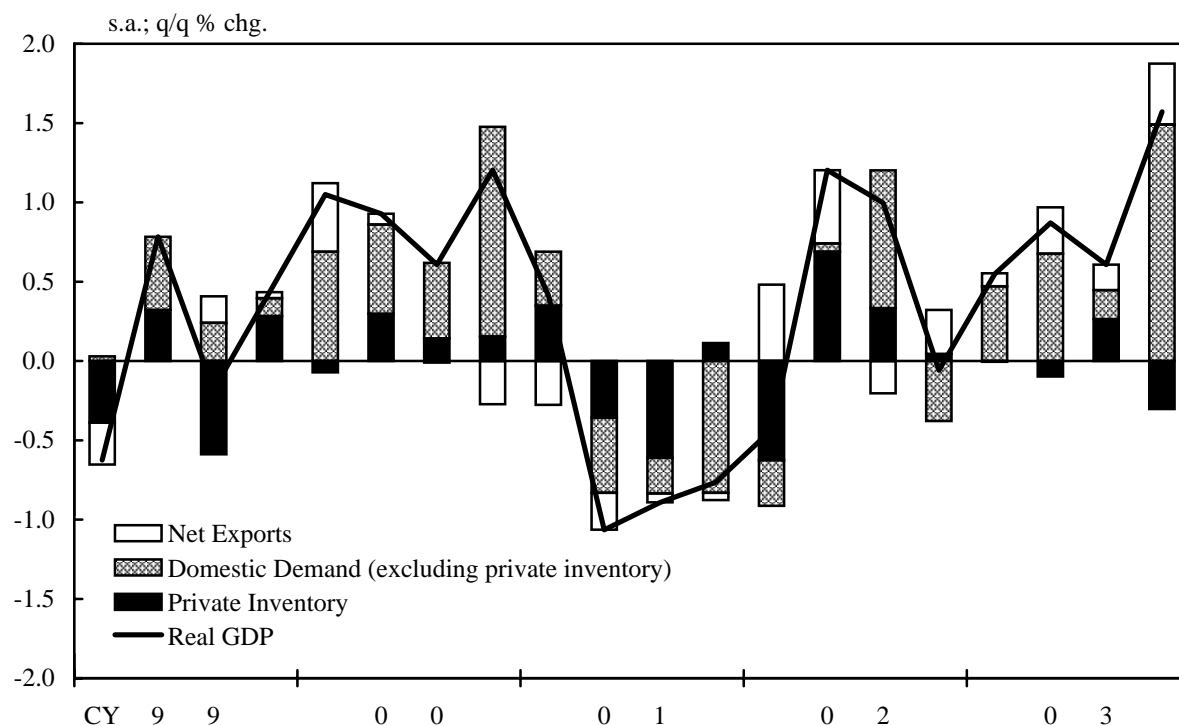
All figures in chart 1-2 except figures in angle brackets are year on year change. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of respective charts.

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," "Statistics on Building Construction Starts"; Ministry of Finance, "The Summary Report on Trade of Japan"; Cabinet Office, "Machinery Orders Statistics," "National Accounts"; East Japan Construction Surety etc., "Public Works Prepayment Surety Statistics"; Ministry of Health, Labour and Welfare, "Report on Employment Service," "Monthly Labour Survey"; Bank of Japan, "Corporate Goods Price Index," "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)



(2) Components

s.a.; q/q % chg.

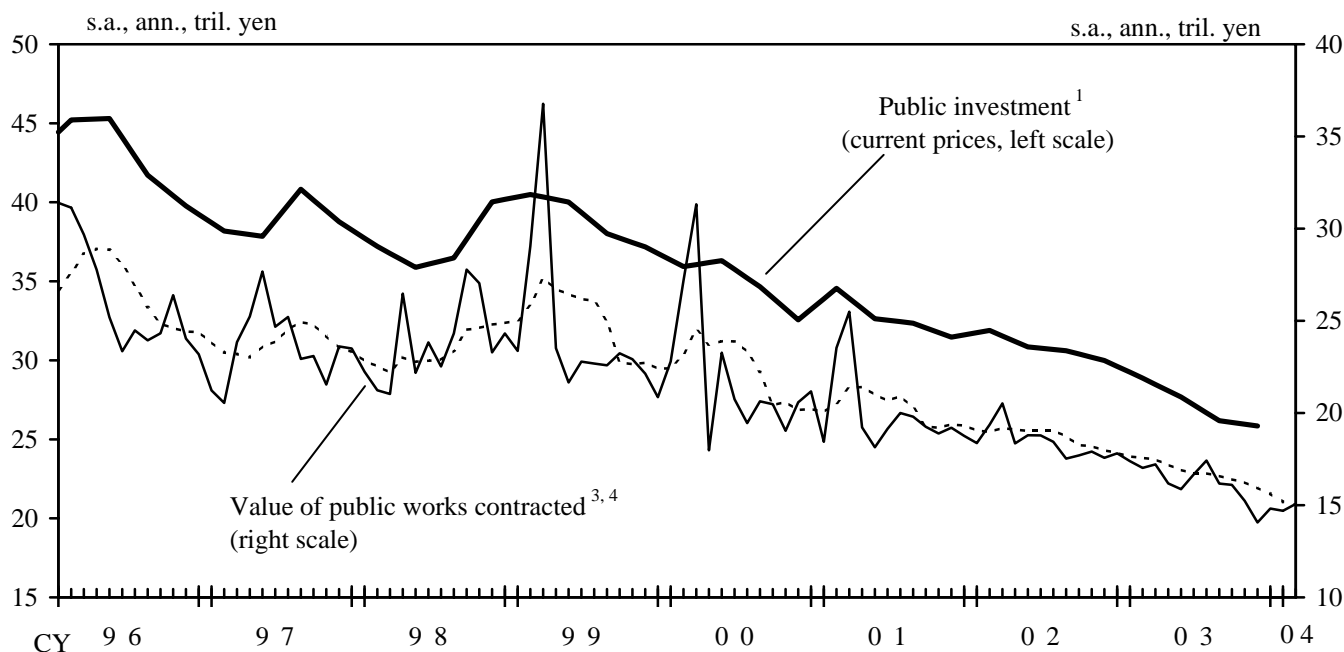
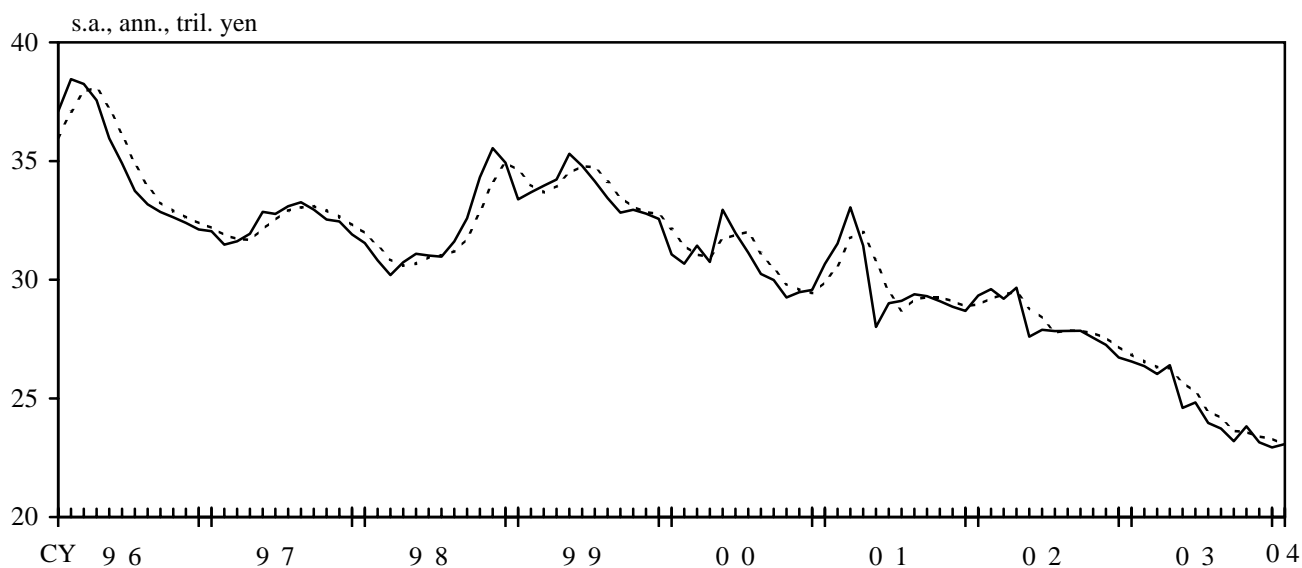
	2002	2003			
	Q4	Q1	Q2	Q3	Q4
Real GDP	-0.1	0.5	0.9	0.6	1.6
Domestic Demand	-0.3	0.5	0.6	0.5	1.2
Private Consumption	-1.1	0.4	0.3	0.5	0.9
Non-Resi. Investment	2.2	2.4	4.6	0.0	6.3
Residential Investment	-0.7	-0.9	-0.1	2.9	-1.0
Private Inventory	(0.0)	(-0.0)	(-0.1)	(0.3)	(-0.3)
Public Demand	-0.5	-0.5	-1.0	-0.9	0.0
Public Investment	-1.7	-3.1	-3.7	-5.2	-0.7
Net Exports of goods and services	(0.3)	(0.1)	(0.3)	(0.2)	(0.4)
Exports	3.4	1.3	1.6	3.3	4.6
Imports	1.3	0.8	-1.1	2.6	1.9
Nominal GDP	-0.6	-0.4	0.6	0.2	0.4

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) Amount of Public Construction Completed^{2,3,4}

Notes: 1. Quarterly figures of public investment are plotted at the middle month of each quarter.

2. Amount of public construction completed is based on the general tables in the "Integrated Statistics on Construction Works." The figures until March 2002 are retroactively calculated with year-to-year growth rates on the former basis.

3. The figures of value of public works contracted and amount of public construction completed are seasonally adjusted by X-12-ARIMA.

4. The dotted line for value of public works contracted is the 6-month moving average, and the dotted line for amount of public construction completed is the 3-month moving average.

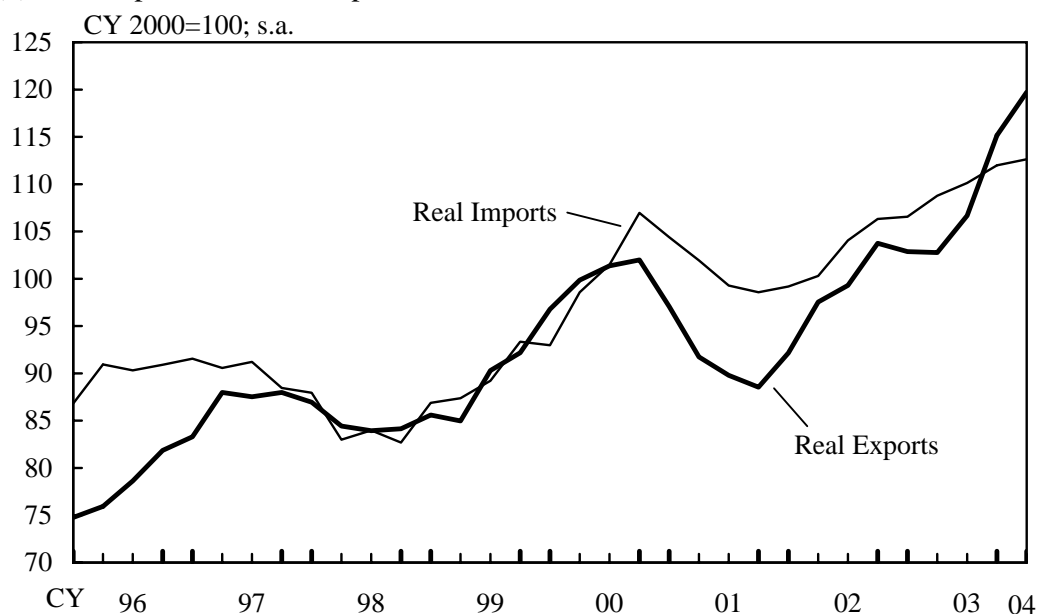
Sources: Cabinet Office, "National Accounts";

East Japan Construction Surety etc., "Public Works Prepayment Surety Statistics";

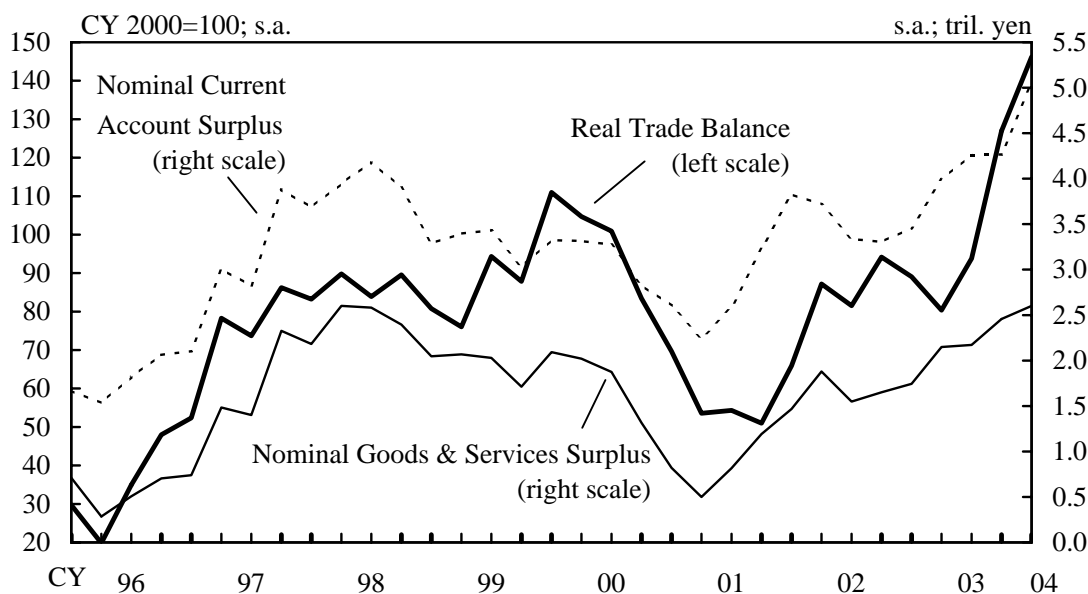
Ministry of Land, Infrastructure and Transport, "Integrated Statistics on Construction Works."

 External Balance

(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, indexed with base year of 2000. Real exports/imports are "The Value of Exports and Imports in Trade Statistics" deflated by the "Export and Import Price Index." 2004/Q1 figures are Jan.-Feb. averages converted into quarterly amount.

2. Real exports/imports and the real trade balance are seasonally adjusted by X-12-ARIMA.

3. 2004/Q1 figures for Nominal Current Account Surplus and Nominal Goods & Services Surplus are January figures converted into quarterly amount.

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

Real Exports ¹

(1) Breakdown by region

		y/y % chg.		2003				s.a. q/q % chg.		s.a. m/m % chg.		
		CY 2002	2003	Q1	Q2	Q3	Q4	2004 Q1	2003 Dec.	2004 Jan.	Feb.	
United States	<24.6>	1.4	-6.2	-9.9	0.9	-1.5	5.3	-2.6	6.8	-4.8	-1.3	
EU	<15.3>	-0.0	13.9	6.4	0.1	1.2	4.1	9.9	5.0	8.4	-3.9	
East Asia	<44.9>	17.5	19.9	7.8	-2.4	7.1	9.2	11.5	0.4	12.8	-2.6	
China	<12.2>	35.5	41.1	21.7	0.7	8.3	3.4	20.8	0.2	25.0	-4.0	
NIEs	<23.5>	14.4	15.7	4.4	-5.1	7.8	14.5	8.1	1.3	5.6	2.0	
Korea	<7.4>	19.1	19.2	7.7	-8.1	9.3	10.6	13.6	7.5	7.5	1.4	
Taiwan	<6.6>	14.6	16.1	4.7	-6.0	9.1	21.7	4.9	-4.2	3.6	5.2	
ASEAN4 ³	<9.2>	10.2	9.1	2.1	0.3	4.1	4.1	9.1	-1.7	16.6	-11.6	
Thailand	<3.4>	16.5	18.3	0.2	2.6	7.4	6.1	7.5	-9.3	15.5	-7.4	
Real exports		7.2	8.9	-0.9	-0.1	3.8	7.9	4.0	4.3	1.7	-1.4	

(2) Breakdown by goods

		y/y % chg.		2003				s.a. q/q % chg.		s.a. m/m % chg.		
		CY 2002	2003	Q1	Q2	Q3	Q4	2004 Q1	2003 Dec.	2004 Jan.	Feb.	
Intermediate goods	<15.6>	8.8	5.6	4.2	0.5	0.4	4.8	8.5	2.8	14.7	-12.6	
Motor vehicles and their related goods	<23.7>	12.7	1.3	-1.3	-5.3	0.1	8.7	-3.3	11.0	-7.8	-4.6	
Consumer goods ⁴	<7.0>	7.9	14.9	0.4	0.8	-2.7	20.7	-0.2	-5.8	2.0	0.4	
IT-related goods ⁵	<14.1>	0.3	12.9	-4.0	3.0	8.9	5.4	3.8	5.0	0.5	-1.5	
Capital goods and parts ⁶	<28.6>	7.8	17.1	1.9	1.7	6.9	6.8	8.2	3.3	3.6	3.5	
Real exports		7.2	8.9	-0.9	-0.1	3.8	7.9	4.0	4.3	1.7	-1.4	

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2004/Q1 figures are Jan.-Feb. averages converted into quarterly amount.

2. Shares of each region and goods in 2003 are shown in angle brackets.

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

4. Excludes motor vehicles.

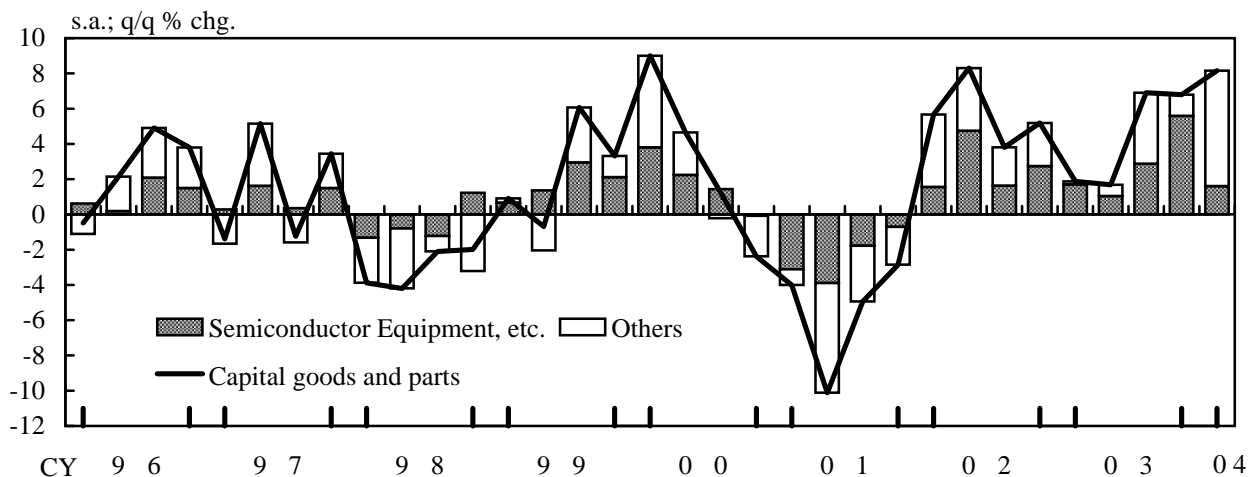
5. IT-related goods are composed of automatic data processing machinery, telecommunication machinery, ICs and medical and optical instruments.

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

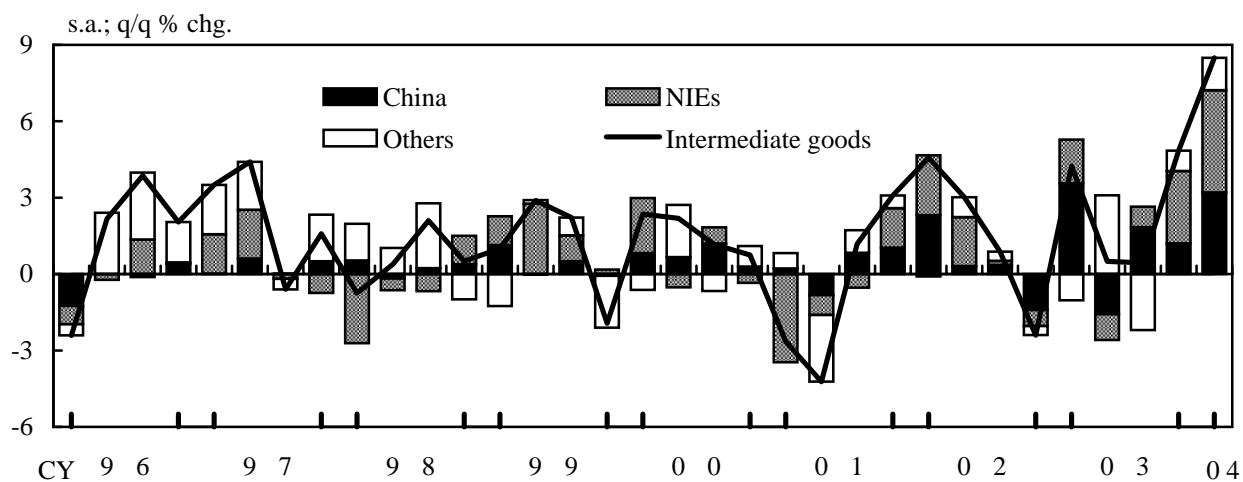
Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

Real Exports breakdown by goods

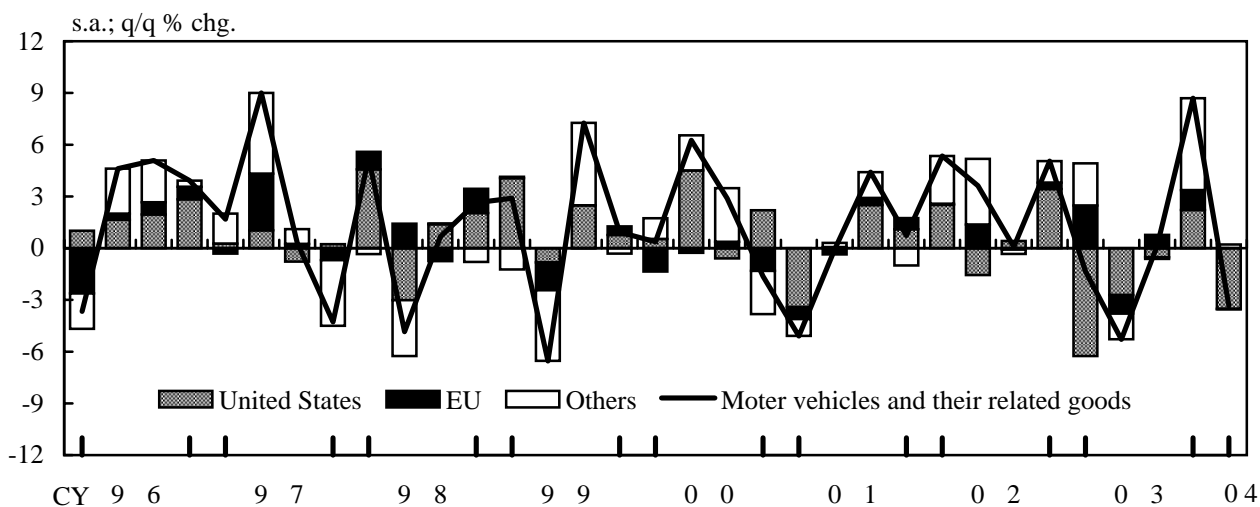
(1) Capital goods and parts (real, breakdown by goods)



(2) Intermediate goods (real, breakdown by region)



(3) Motor vehicles and their related goods (real, breakdown by region)



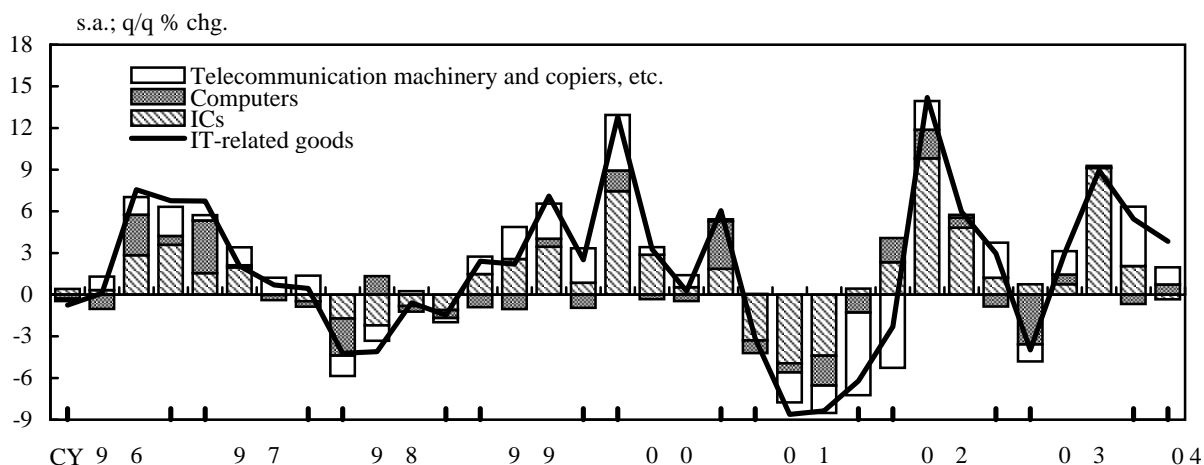
Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. 2004/Q1 figures are Jan.-Feb. averages converted into quarterly amount.

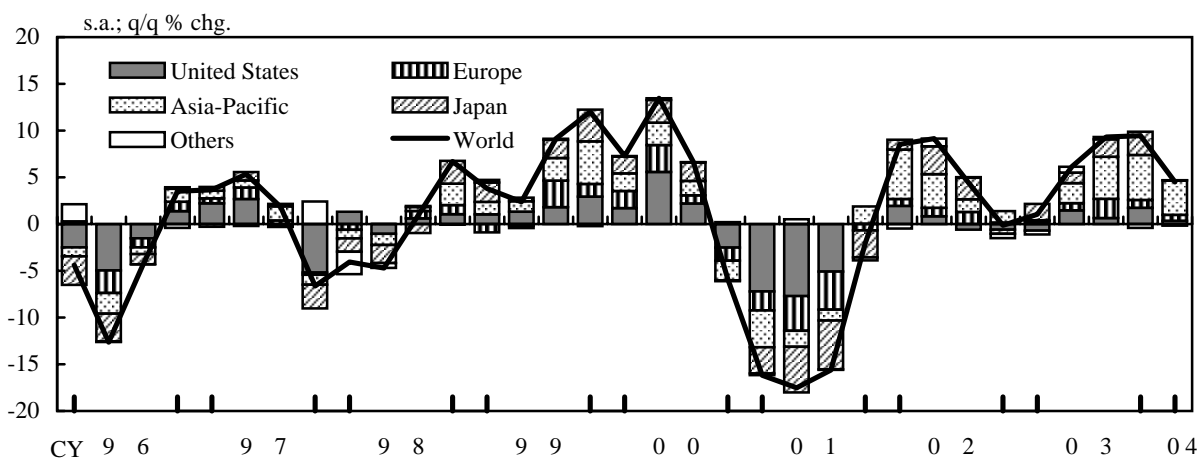
Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

Exports and Imports of IT-related goods

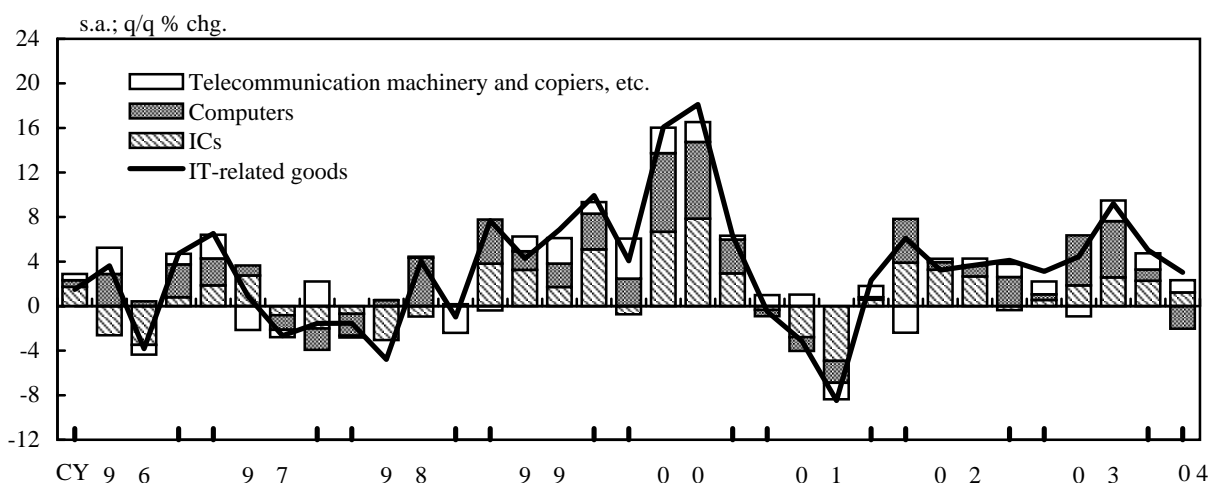
(1) Exports of IT-related goods (real, breakdown by goods)



(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. 2004/Q1 figures are Jan.-Feb. averages converted into quarterly amount.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan";
Bank of Japan, "Corporate Goods Price Index"; WSTS (World Semiconductor Trade Statistics.)

Real Imports ¹

(1) Breakdown by region

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2002	2003	2003 Q1	Q2	Q3	Q4	2004 Q1	2003 Dec.	2004 Jan.	Feb.
United States	<15.4>	-3.9	-1.6	-2.8	5.1	-0.9	1.4	-8.3	-3.3	-4.1	-4.7
EU	<12.8>	2.3	6.4	-1.5	2.6	1.5	3.5	3.7	-3.8	3.5	0.9
East Asia	<42.4>	6.4	14.7	0.7	4.5	4.3	3.8	-0.7	-1.3	0.8	-2.5
China	<19.7>	13.9	22.1	3.9	5.3	4.8	3.7	-1.0	2.4	-0.2	-5.8
NIEs	<10.2>	1.8	9.9	-2.0	2.8	7.1	6.5	0.1	0.7	-2.6	5.3
Korea	<4.7>	-1.5	13.2	-0.1	3.9	2.7	9.7	3.9	-0.8	-0.6	12.5
Taiwan	<3.7>	5.5	7.2	-2.5	1.9	10.9	2.4	1.0	0.2	3.2	-0.3
ASEAN4 ³	<12.5>	1.5	9.1	-1.4	4.8	1.2	1.7	-0.7	-8.1	5.6	-4.1
Thailand	<3.1>	7.6	11.6	-1.6	2.5	5.5	3.9	-2.0	-7.5	3.6	-1.4
Real imports		1.2	6.9	0.2	2.1	1.3	1.7	0.6	-1.0	3.6	-6.5

(2) Breakdown by goods

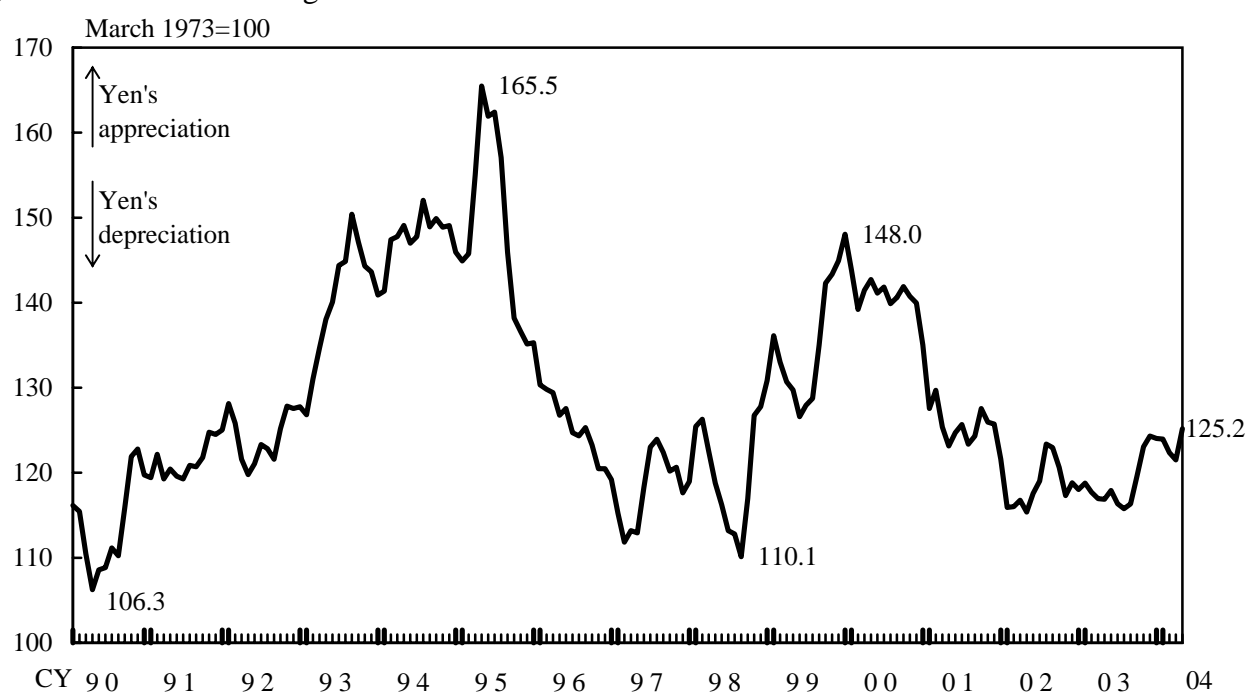
		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2002	2003	2003 Q1	Q2	Q3	Q4	2004 Q1	2003 Dec.	2004 Jan.	Feb.
Raw materials ⁴	<27.1>	-2.7	6.0	3.9	-0.2	-3.8	-3.9	4.7	3.6	4.5	-5.0
Intermediate goods	<13.4>	1.4	4.5	1.0	-0.4	2.2	1.4	1.4	1.7	2.8	-3.3
Foodstuffs	<11.5>	-2.5	-4.2	-0.9	-1.3	-0.1	-0.0	-1.2	1.4	0.5	-1.9
Consumer goods	<10.8>	-0.9	8.0	-3.7	3.4	3.5	7.1	-4.0	-4.1	2.0	-10.6
IT-related goods ⁵	<14.0>	7.8	19.3	3.1	4.4	9.2	5.0	3.0	-1.7	7.0	-4.0
Capital goods and parts ⁶	<13.0>	11.5	14.3	-2.1	12.3	-2.5	6.8	-3.6	-8.5	6.0	-12.1
excluding aircraft	<11.9>	8.3	14.3	0.4	5.1	-0.5	7.7	2.9	-7.0	12.2	-9.6
Real imports		1.2	6.9	0.2	2.1	1.3	1.7	0.6	-1.0	3.6	-6.5

- Notes: 1. Seasonally adjusted by X-12-ARIMA. 2004/Q1 figures are Jan.-Feb. averages converted into quarterly amount.
2. Shares of each region and goods in 2003 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, "Corporate Goods Price Index."

Environment for Exports (1)

(1) Real Effective Exchange Rate



Note: Calculated by the Bank of Japan. Monthly average. Figure for April 2004 is the average up to April 8.
 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.

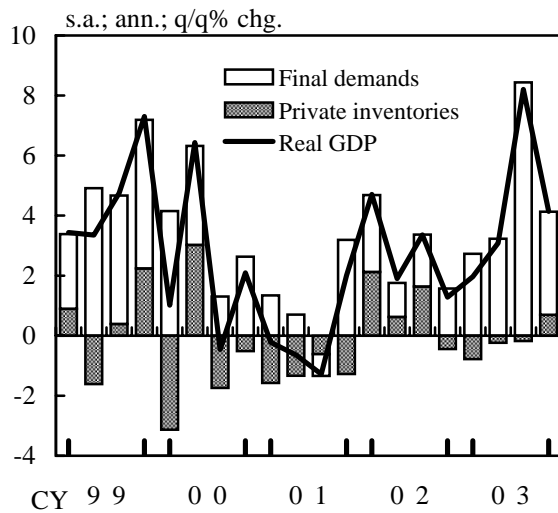
(2) Real GDP Growth Rates in Overseas Economies

		CY2001	2002	2003	2003 Q1	Q2	Q3	Q4	
United States ¹		0.5	2.2	3.1	2.0	3.1	8.2	4.1	
European Union ¹		1.6	1.0	0.7	0.2	0.1	1.8	1.6	
	Germany	0.8	0.2	-0.1	-1.0	-0.6	0.8	0.9	
	France	2.1	1.2	0.2	0.2	-1.5	1.7	1.8	
	United Kingdom	2.1	1.6	2.2	1.1	2.4	3.4	3.7	
East Asia ²	China	7.5	8.0	9.1	9.9	6.7	9.6	9.9	
	NIEs	Korea	3.8	7.0	3.1	3.7	2.2	2.4	3.9
		Taiwan	-2.2	3.6	3.2	3.5	-0.1	4.2	5.2
		Hong Kong	0.5	2.3	3.3	4.5	-0.5	4.0	5.0
		Singapore	-1.9	2.2	1.1	1.7	-3.9	1.7	4.9
	ASEAN4	Thailand	2.1	5.4	6.7	6.7	5.8	6.6	7.8
		Indonesia	3.5	3.7	4.1	4.4	3.6	4.0	4.4
Malaysia		0.3	4.1	5.2	4.6	4.5	5.2	6.4	
Philippines		3.0	4.4	4.5	4.5	4.0	5.1	4.5	

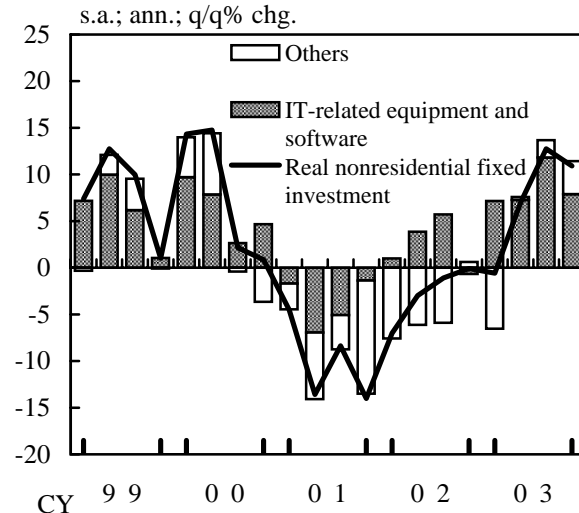
Notes: 1. Quarterly data of U.S. and EU are quarter-to-quarter percent changes at annual rate.
 2. Quarterly data of East Asia are percent changes from a year earlier.

Environment for Exports (2)

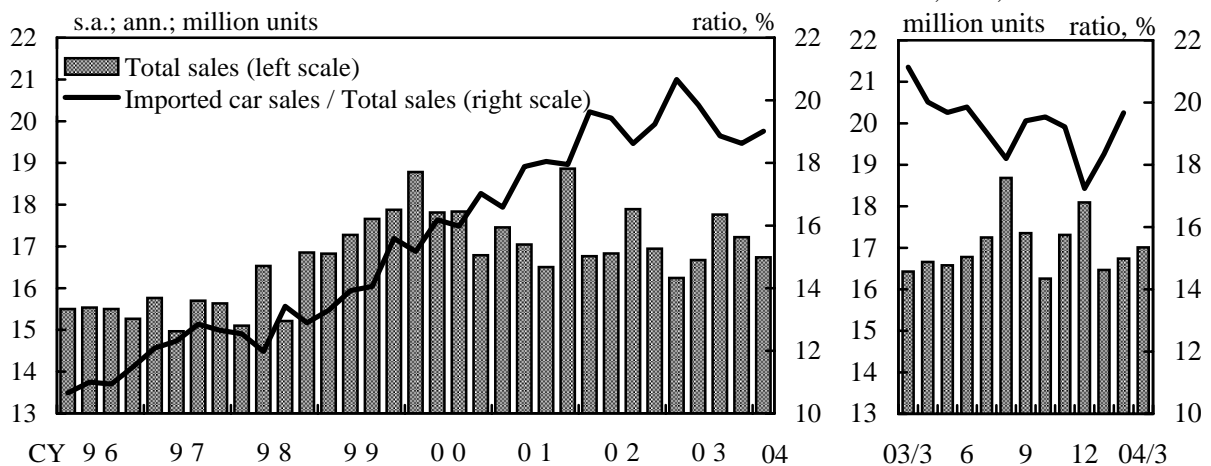
(1) U.S. Real GDP (breakdown by final demands and inventories)



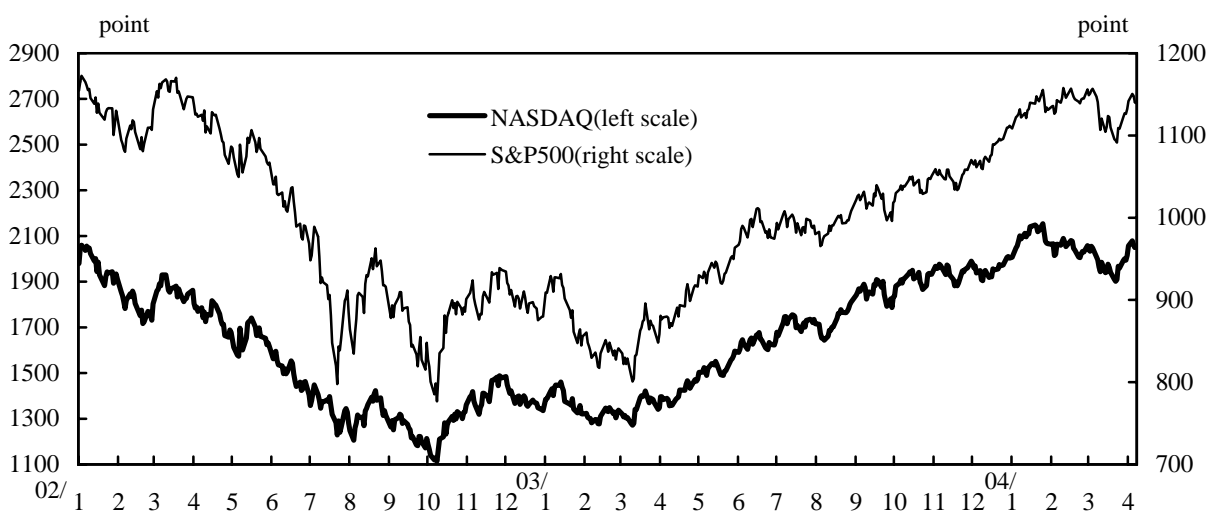
(2) U.S. Real Nonresidential Fixed Investment



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



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

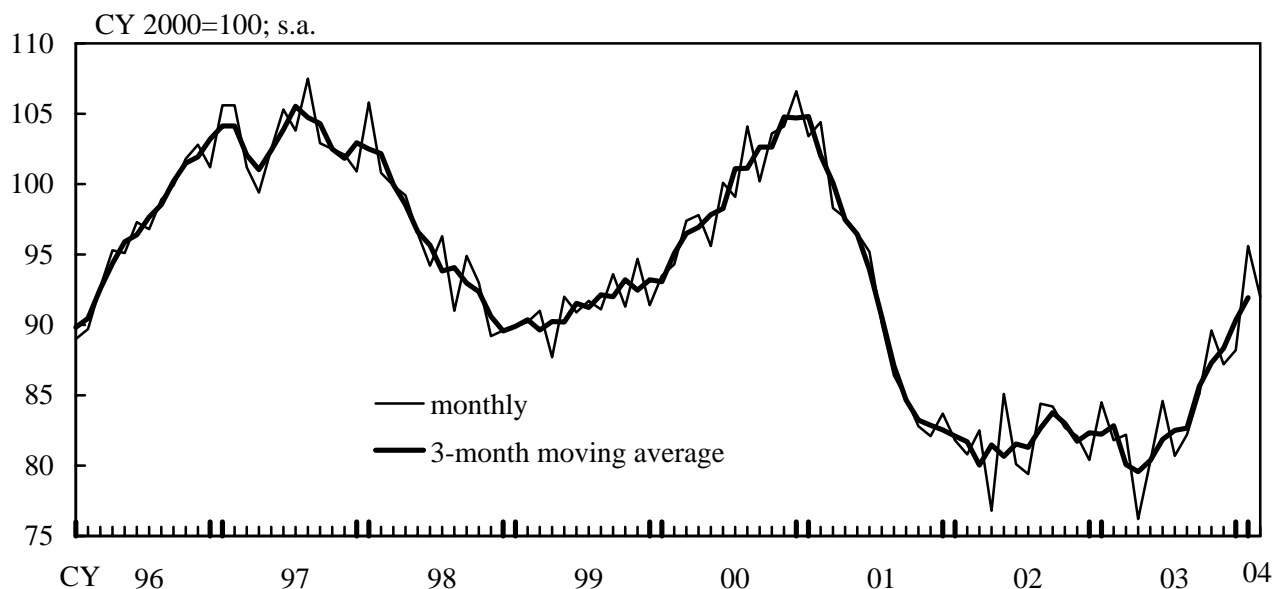


Notes: 1. "Imported car sales / Total sales of automobile" in 2004/Q1 are based on Jan.-Feb. averages in (3).
 March 2004 figures of Automobile Sales are calculated by adding average of heavy trucks in CY 2003 (0.33mil.) to preliminary figure released by an industry association (s.a., ann., 16.68 mil.) which does not include heavy trucks.
 2. Figures of U.S. stock prices in (4) are up to April 8.

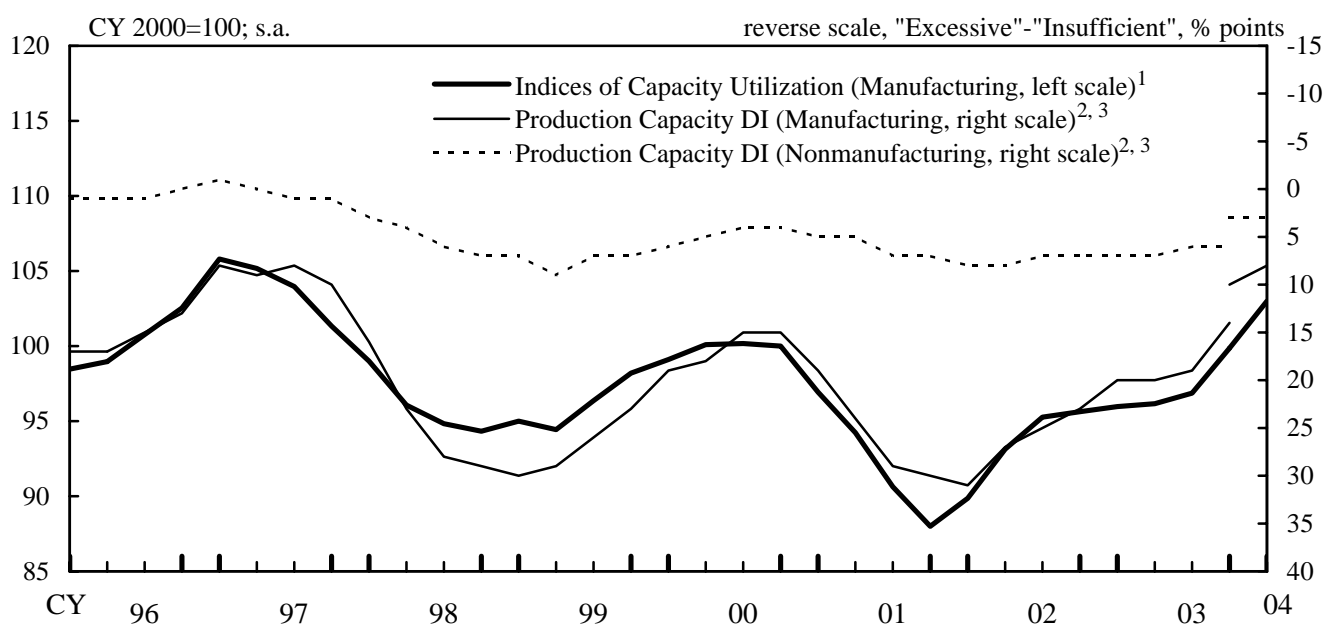
Sources: U.S. Department of Commerce, "National Income and Product Accounts," "Sales, production, imports, exports, and inventories, in units"; Reuters News Service; Bloomberg.

Indicators for Business Fixed Investment (1)

(1) Shipments of capital goods (excluding transport equipment)



(2) Indices of Capacity Utilization and Production Capacity DI



Notes: 1. The figure for 2004/Q1 is as of January.

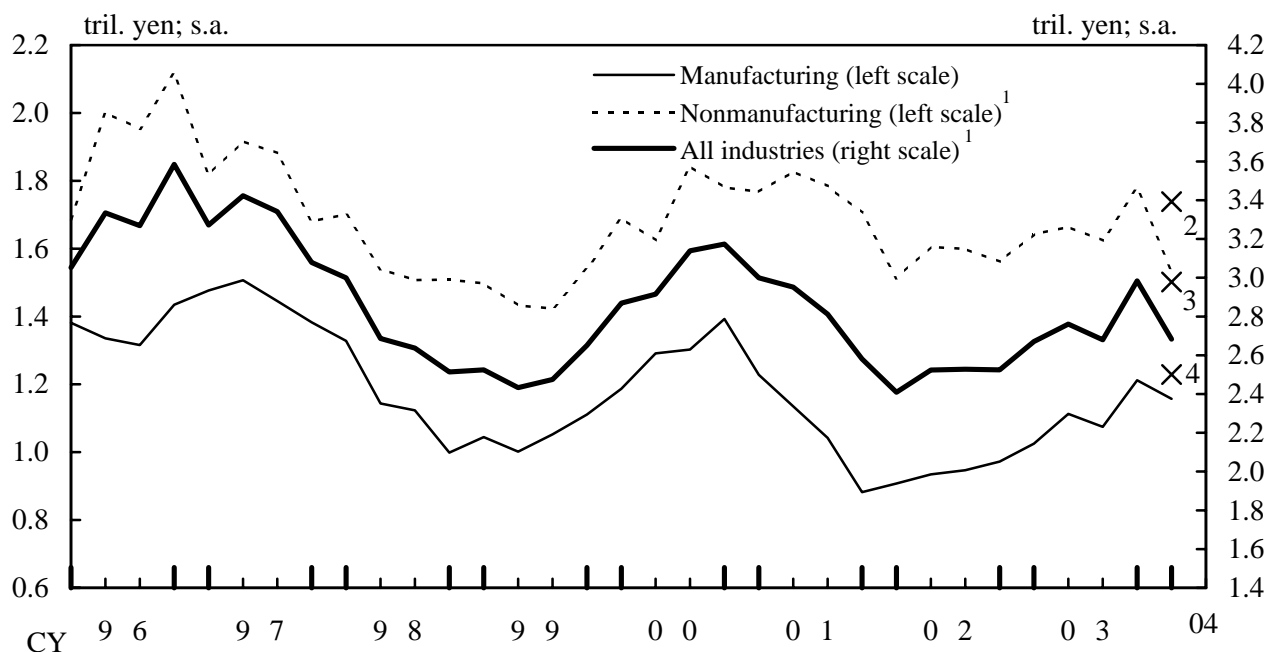
2. Production Capacity DIs are those of all enterprises.

3. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

Sources: Ministry of Economy, Trade and Industry, "Indices of Industrial Production";
Bank of Japan, "*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.

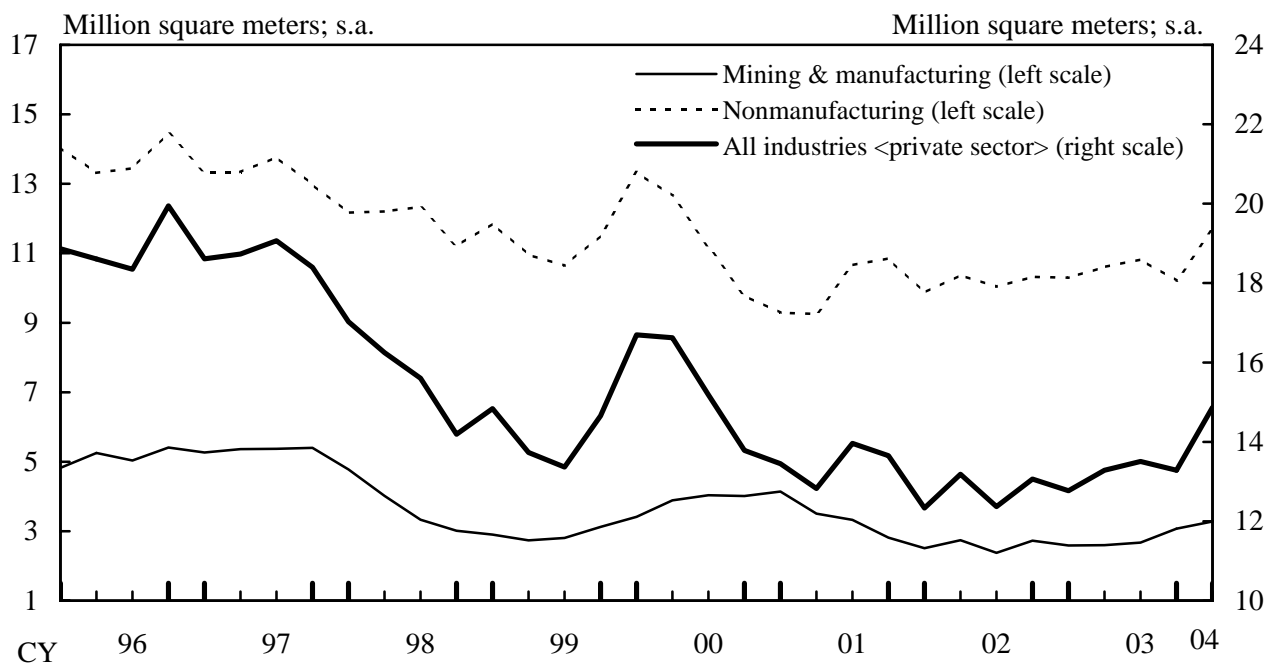
2. Forecast of nonmanufacturing industries for 2004/Q1.

3. Forecast of all industries for 2004/Q1.

4. Forecast of manufacturing industries for 2004/Q1.

5. Figures for 2004/Q1 are those of January in terms of quarterly amount.

(2) Construction Starts (floor area, private, nondwelling use)



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

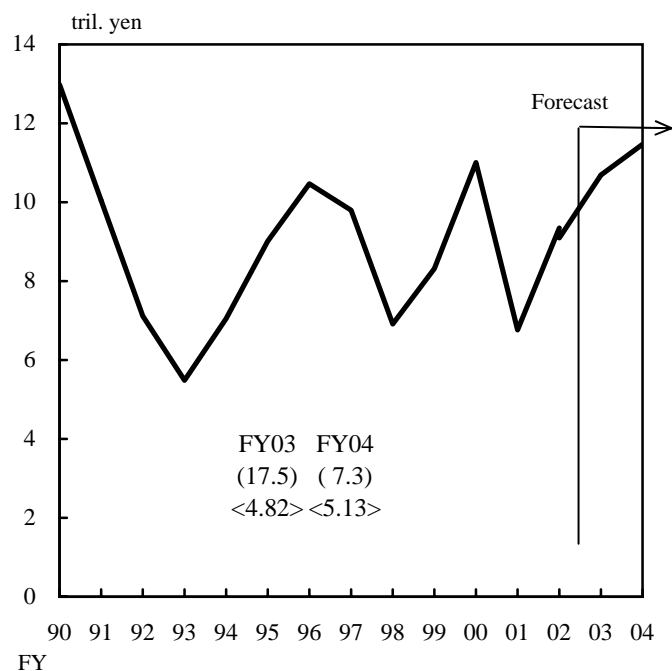
2. Figures for 2004/Q1 are averages of January and February in terms of quarterly amount.

Sources: Cabinet Office, "Machinery Orders Statistics";

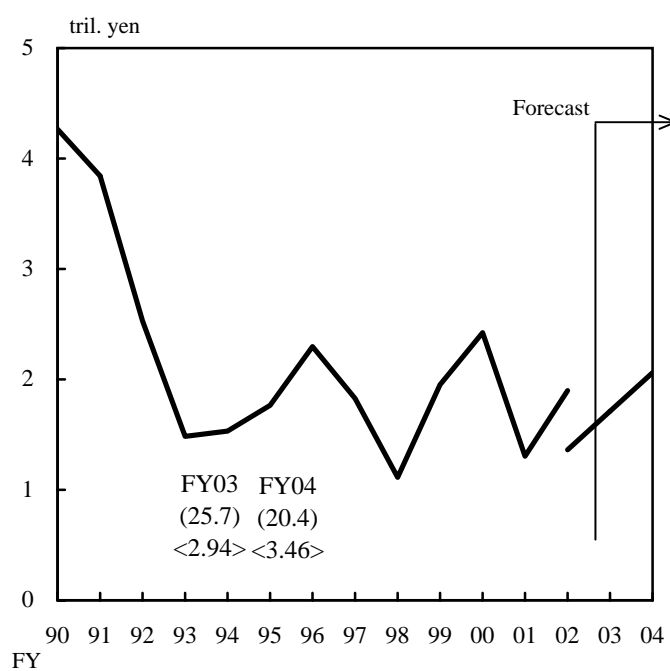
Ministry of Land, Infrastructure and Transport, "Statistics on Building Construction Starts."

Current Profits

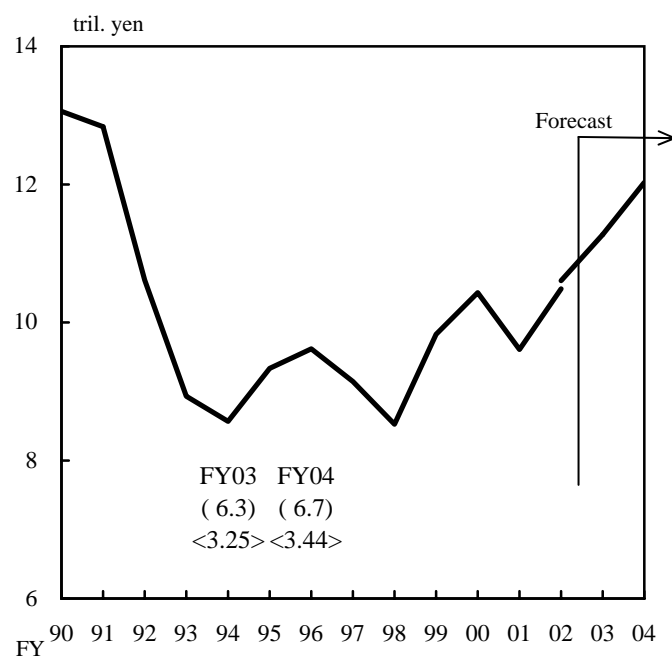
(1) Manufacturing Large Enterprises



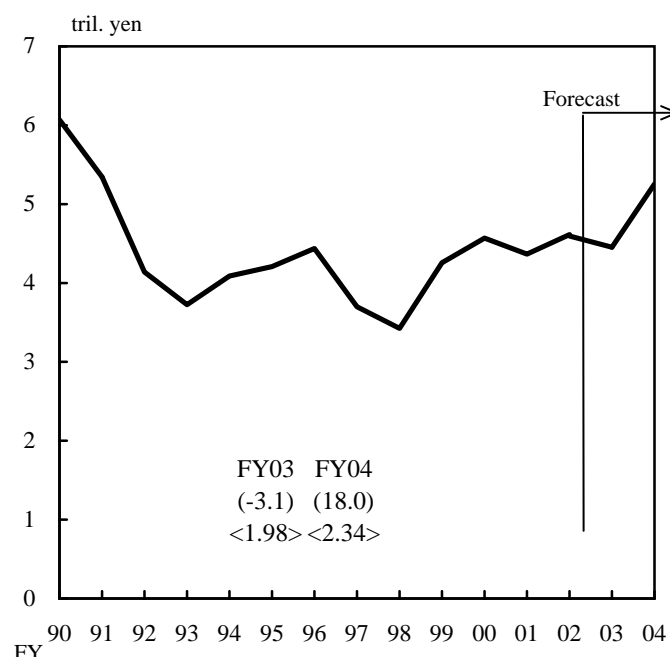
(2) Manufacturing Small Enterprises



(3) Nonmanufacturing Large Enterprises



(4) Nonmanufacturing Small Enterprises



Notes: 1. Large enterprises (pre-revision): 1,000 employees or more

Small enterprises (pre-revision): 50-299 employees (for Manufacturing), 20-99 employees (for Wholesaling),
20-49 employees (for Retailing, services, and leasing),
50-299 employees (for Other industries)

Large enterprises (post-revision): capital with 1 billion yen and more

Small enterprises (post-revision): capital with 20 million yen to less than 100 million yen

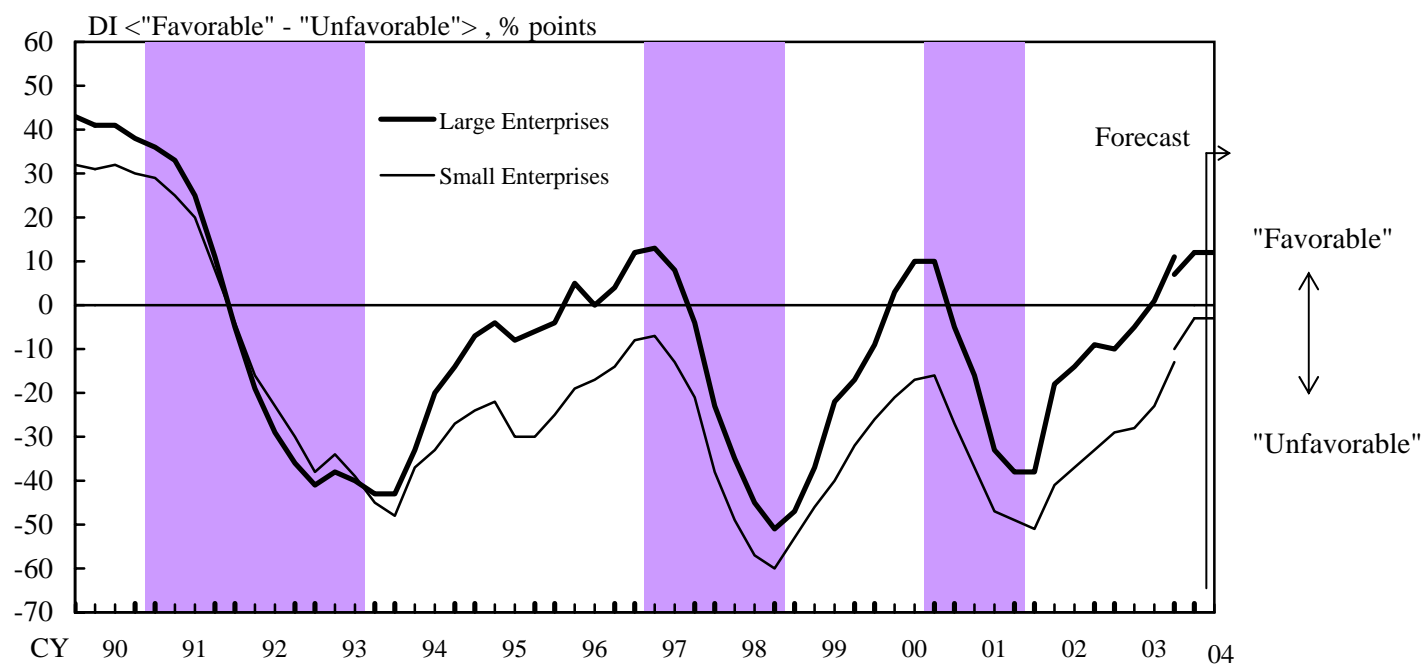
2. (): Current Profits (y/y% chg.), <>: Ratio of current profit to sales (%). post-revision.

3. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

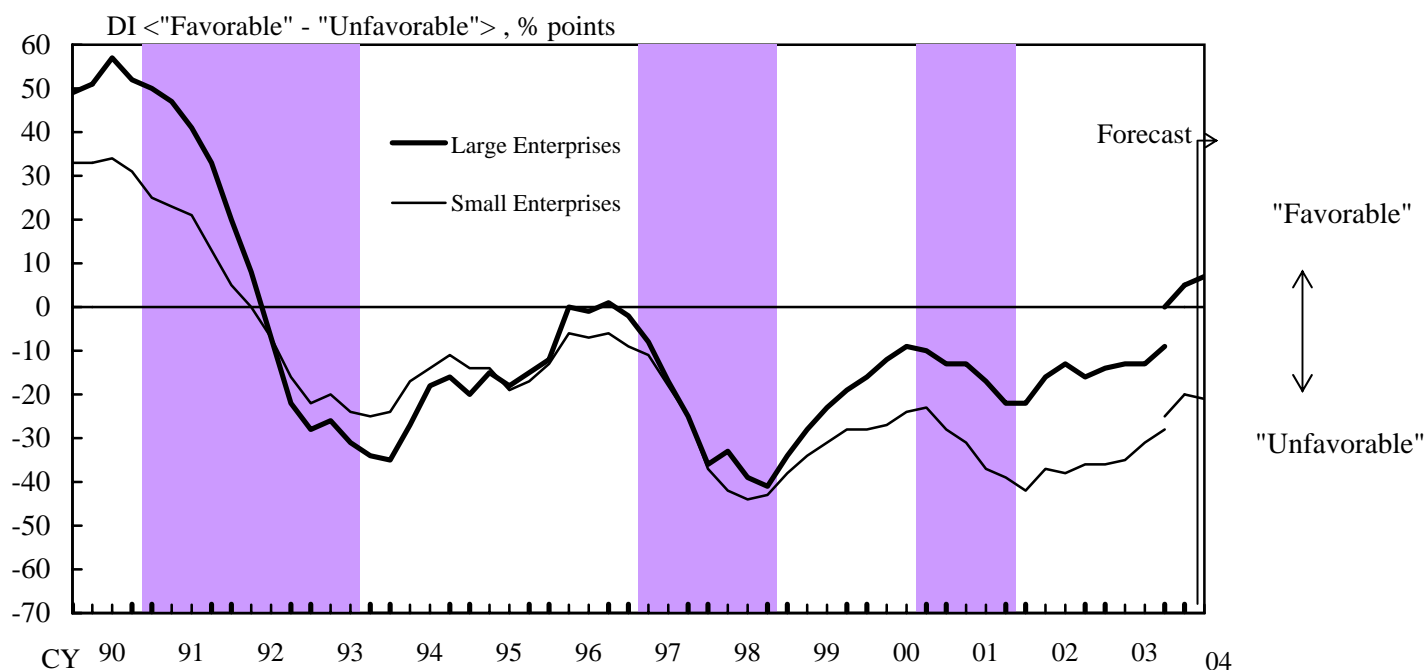
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Business Conditions

(1) Manufacturing



(2) Nonmanufacturing



Notes: 1. Large enterprises (pre-revision): 1,000 employees or more

Small enterprises (pre-revision): 50-299 employees (for Manufacturing), 20-99 employees (for Wholesaling),
20-49 employees (for Retailing, services, and leasing),
50-299 employees (for Other industries)

Large enterprises (post-revision): capital with 1 billion yen and more

Small enterprises (post-revision): capital with 20 million yen to less than 100 million yen

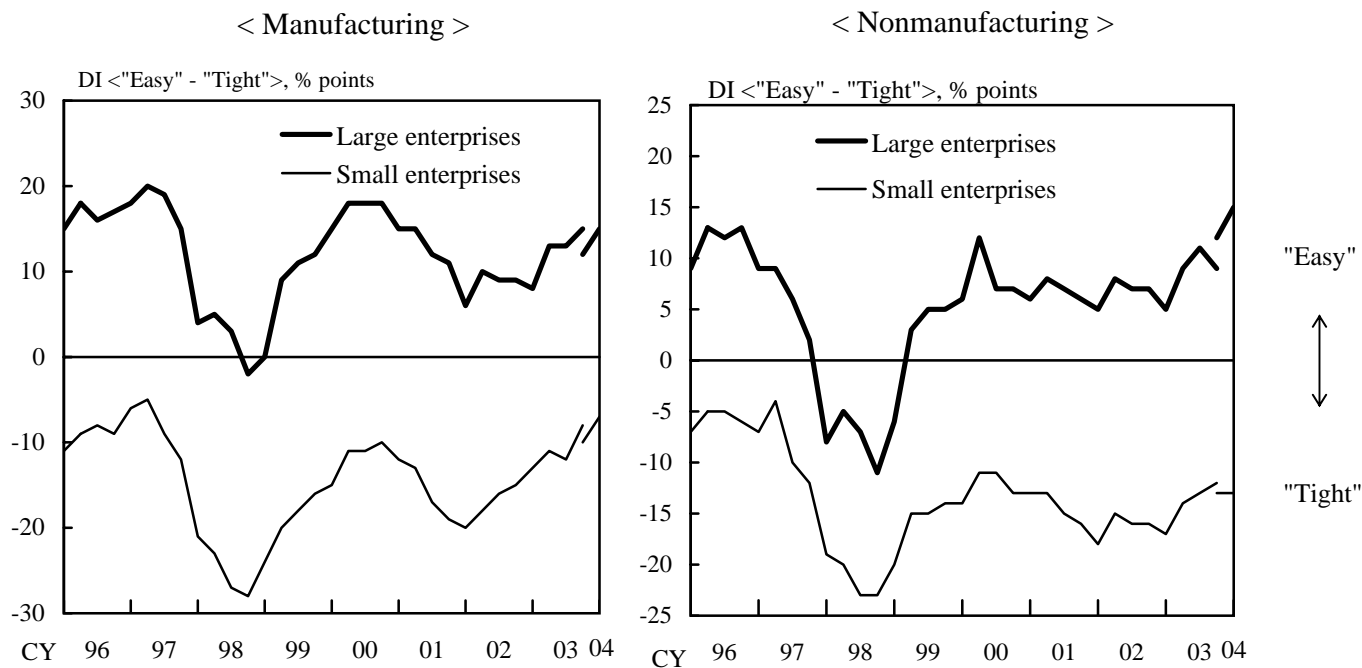
2. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

3. Shaded areas indicate recession periods.

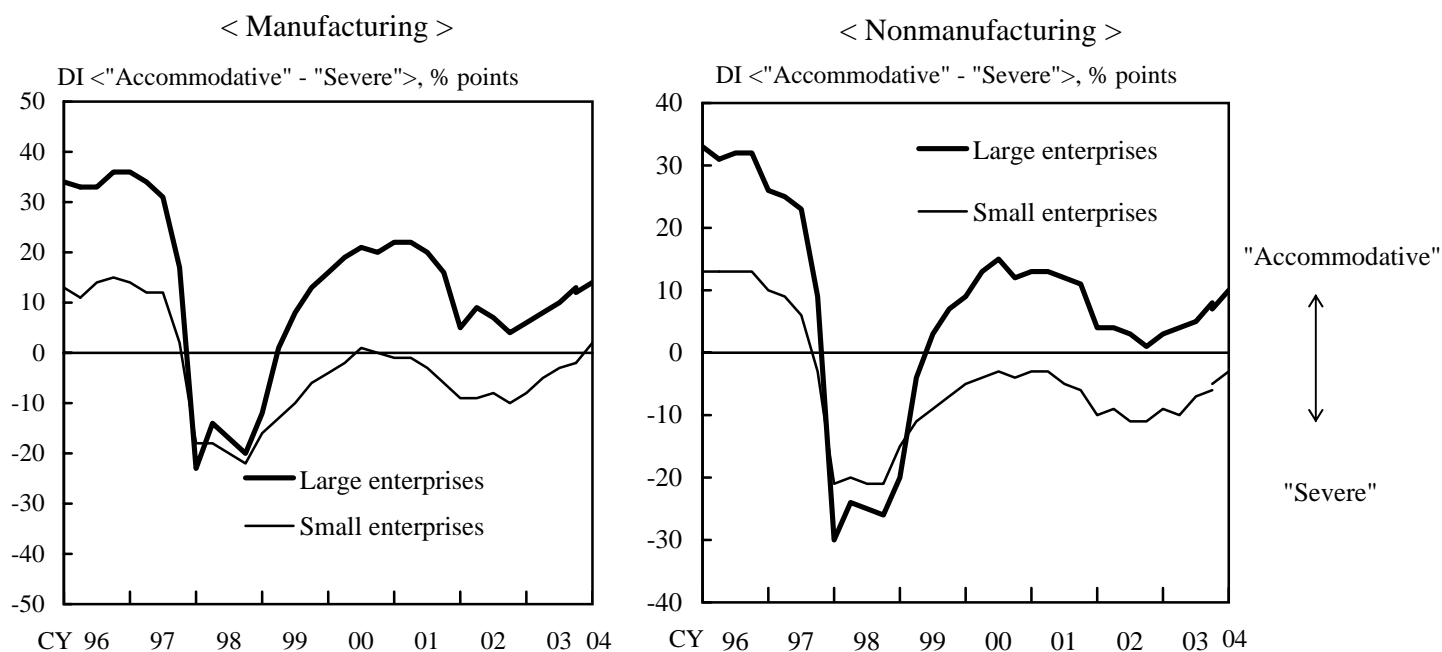
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Corporate Finance-Related Indicators

(1) Financial Position



(2) Lending Attitude of Financial Institutions



Notes: 1. Large enterprises (pre-revision): 1,000 employees or more

Small enterprises (pre-revision): 50-299 employees (for Manufacturing), 20-99 employees (for Wholesaling),
20-49 employees (for Retailing, services, and leasing),
50-299 employees (for Other industries)

Large enterprises (post-revision): capital with 1 billion yen and more

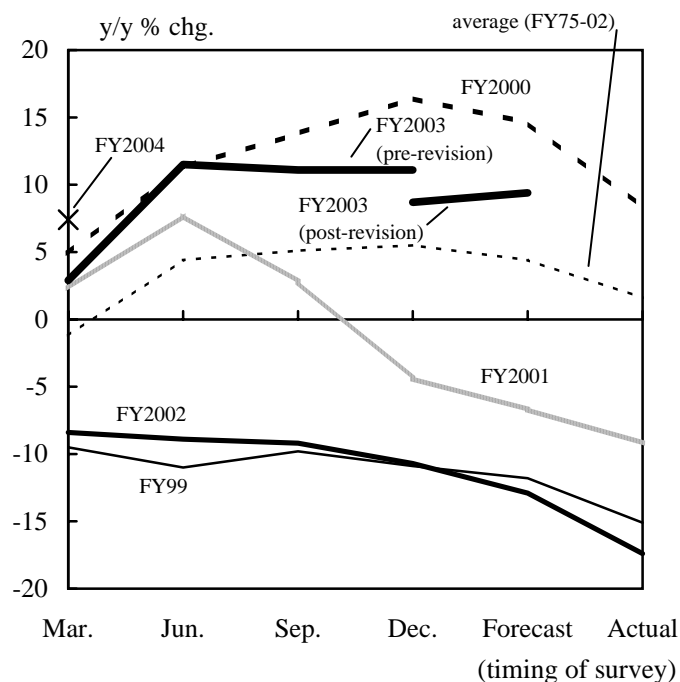
Small enterprises (post-revision): capital with 20 million yen to less than 100 million yen

2. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

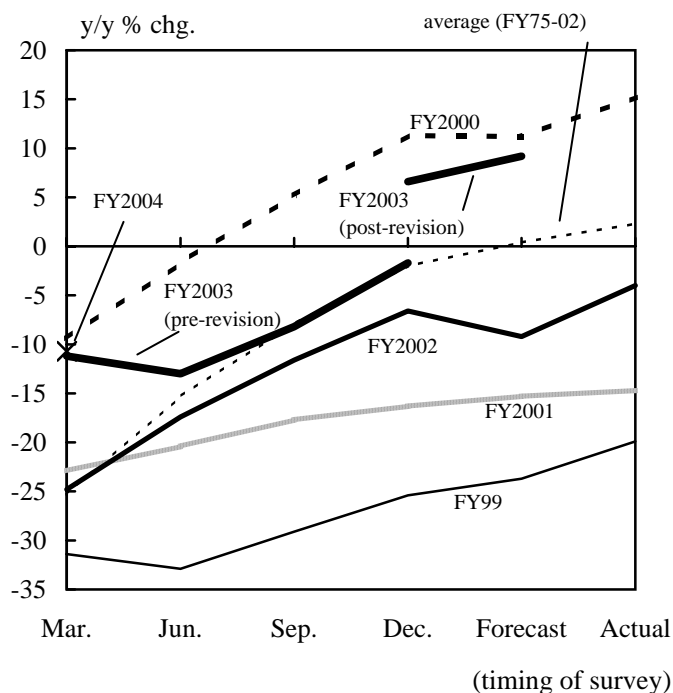
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Business Fixed Investment Plans as Surveyed

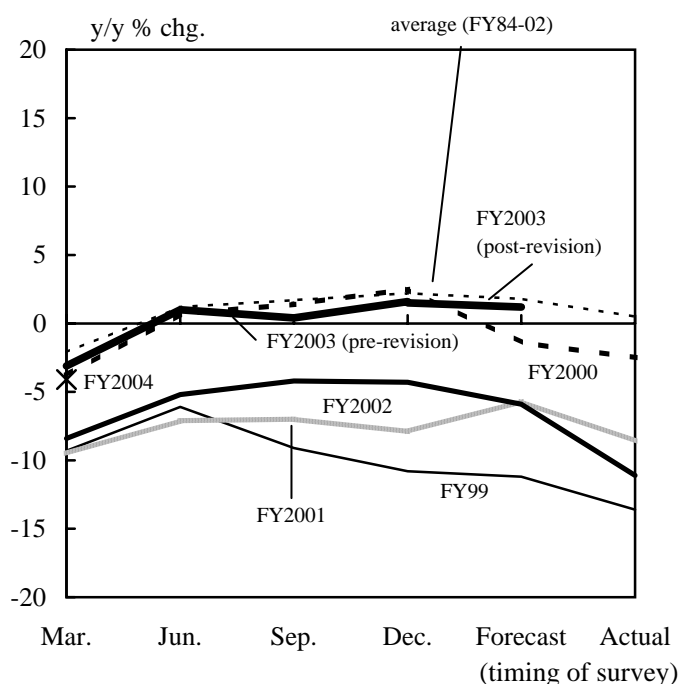
(1) Manufacturing Large Enterprises



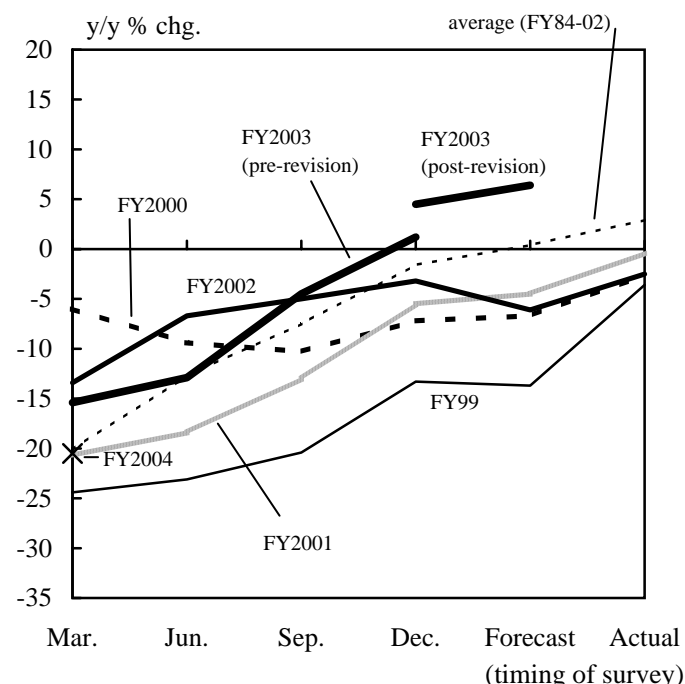
(2) Manufacturing Small Enterprises



(3) Nonmanufacturing Large Enterprises



(4) Nonmanufacturing Small Enterprises



Notes: 1. Large enterprises (pre-revision): 1,000 employees or more
 Small enterprises (pre-revision): 50-299 employees (for Manufacturing), 20-99 employees (for Wholesaling),
 20-49 employees (for Retailing, services, and leasing),
 50-299 employees (for Other industries)

Large enterprises (post-revision): capital with 1 billion yen and more

Small enterprises (post-revision): capital with 20 million yen to less than 100 million yen

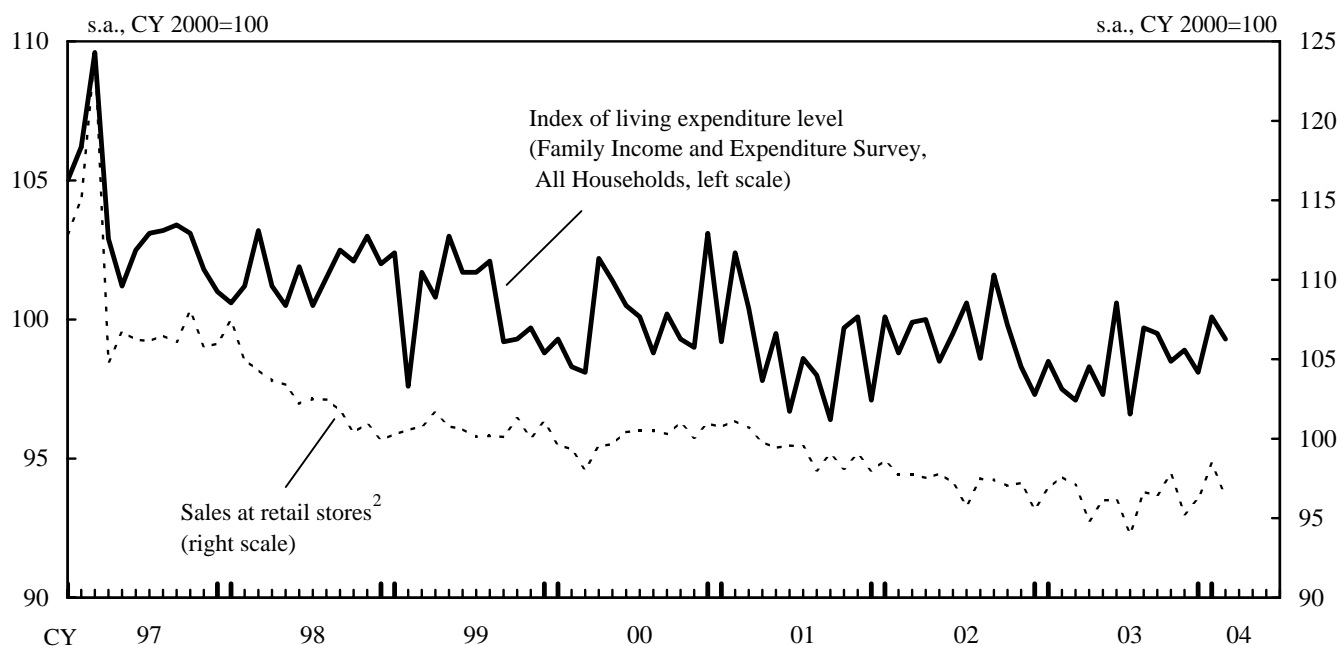
2. Includes land purchasing expenses.

3. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

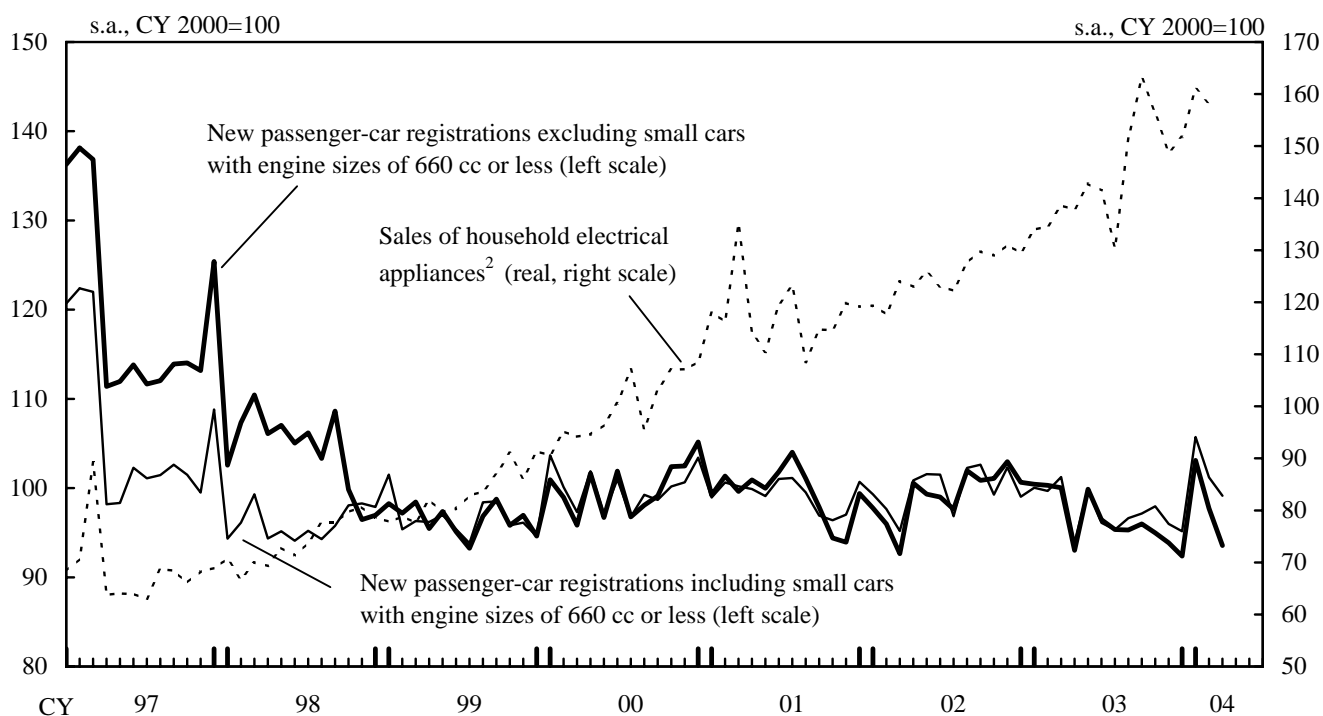
Source: Bank of Japan, "Tankan, Short-term Economic Survey of Enterprises in Japan."

Indicators for Private Consumption¹ (1)

(1) Household Spending (real)



(2) Sales of Durable Goods



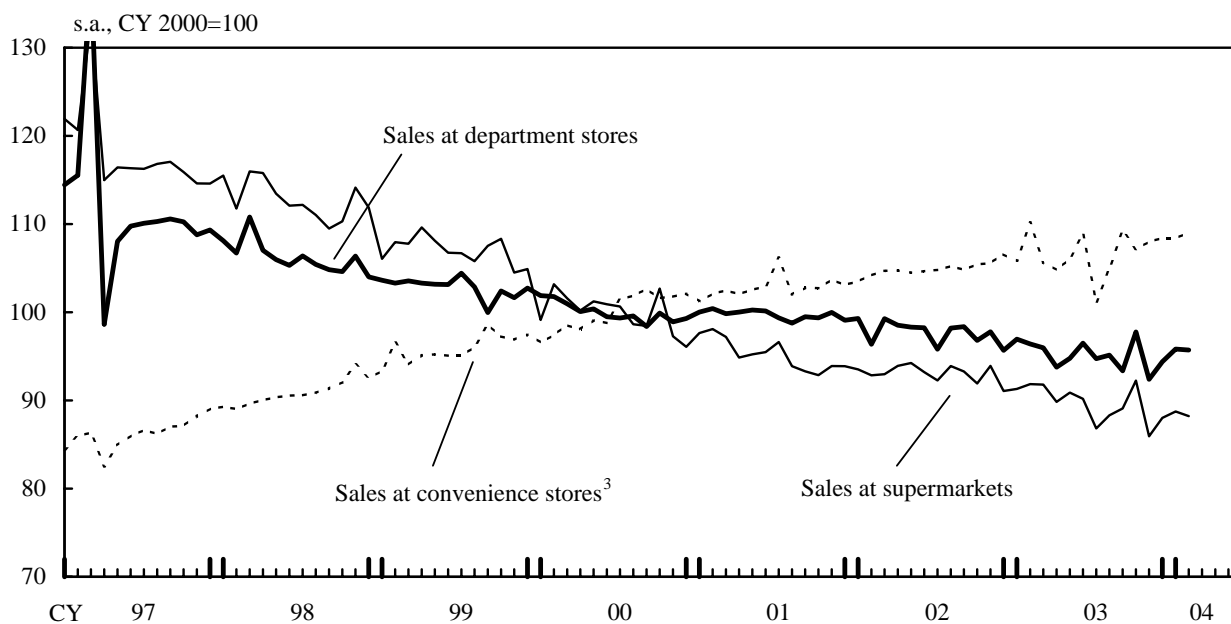
Notes: 1. Seasonally adjusted by X-12-ARIMA. Index of living expenditure level is seasonally adjusted by the Ministry of Public Management, Home Affairs, Posts and Telecommunications.

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 computers before 1999).

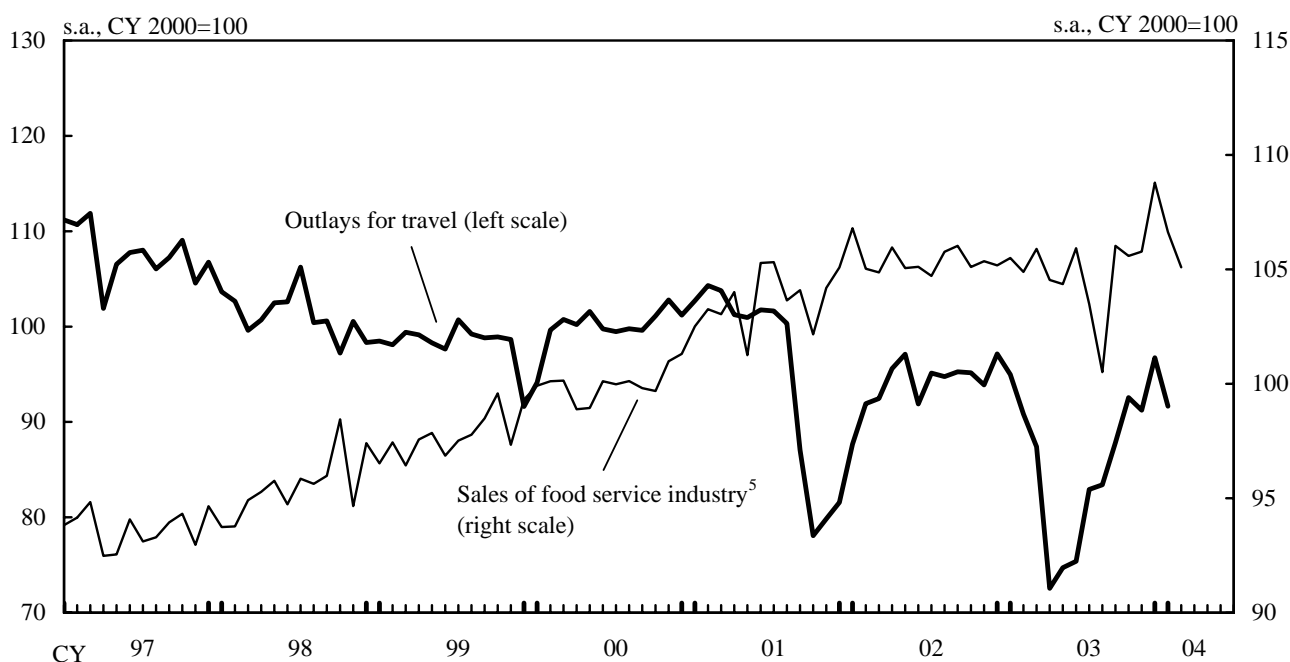
Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Monthly Report on the Family Income and Expenditure Survey," "Consumer Price Index";
Ministry of Economy, Trade and Industry, "Current Survey of Commerce";
Japan Automobile Dealers Association, "Domestic Sales of Automobiles";
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 Consumption¹ (2)

(3) Sales at Retail Stores (nominal)²



(4) Consumption of Services (nominal)⁴



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.

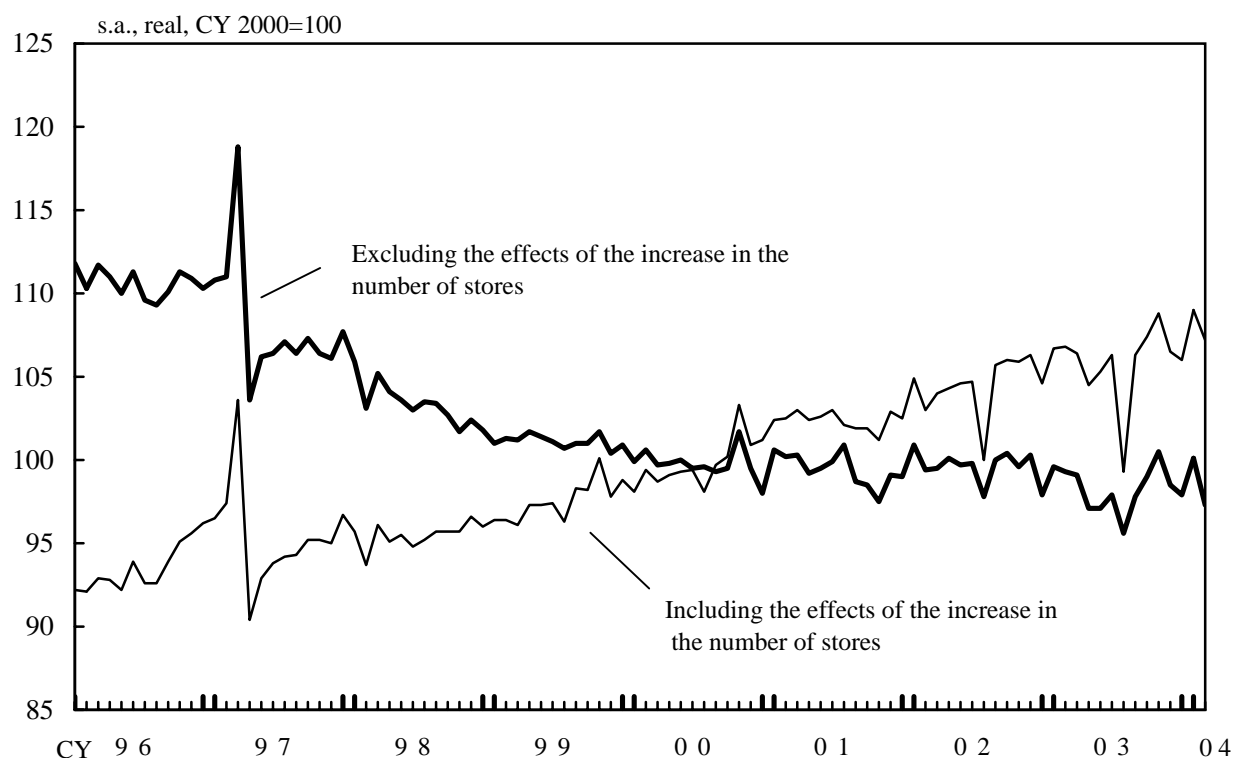
3. Sales at convenience stores until March 1997 are based on the survey conducted by the Bank of Japan. From April 1997 they are based on the data published by the Ministry of Economy, Trade and Industry.

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 Japan Food Service Association based on monthly sales amounts in 1993 released by the Food Service Industry Survey & Research Center.

Sources: 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

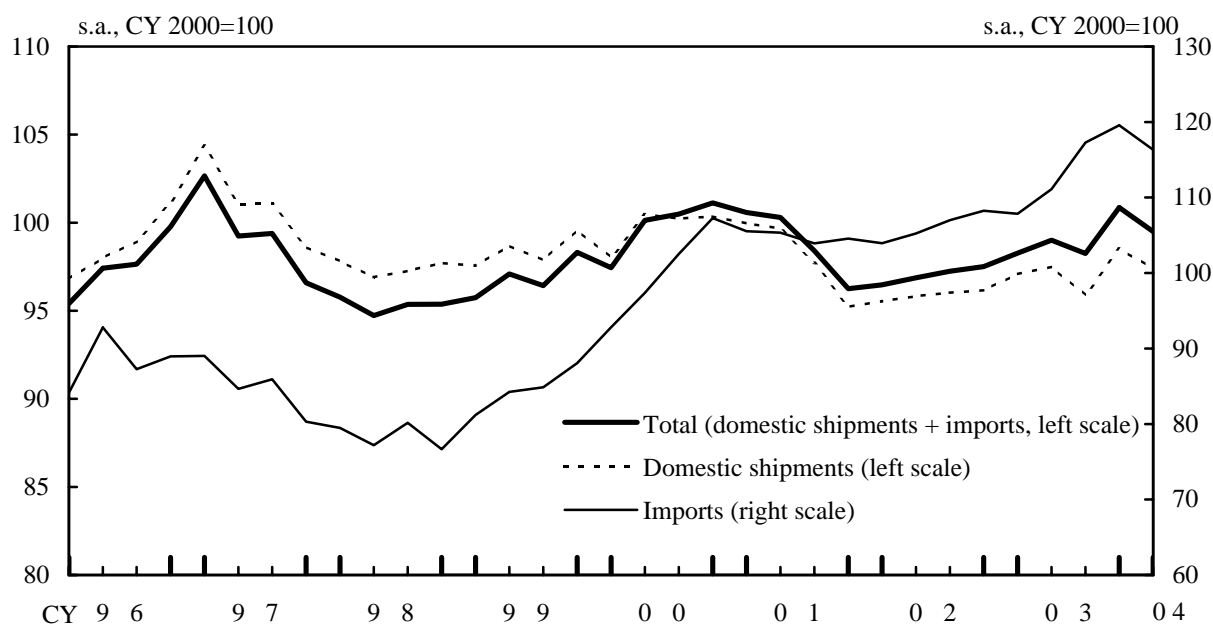


- Notes: 1. Indices of aggregated sales are the weighted sum of *Sales at department stores and supermarkets*; *New passenger-car registrations*; *Sales of household electrical appliances*; *Outlays for travel*; and *Sales of food service industry*, where the weights come from household expenditure in 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 price indices.
3. Seasonally adjusted by X-12-ARIMA.

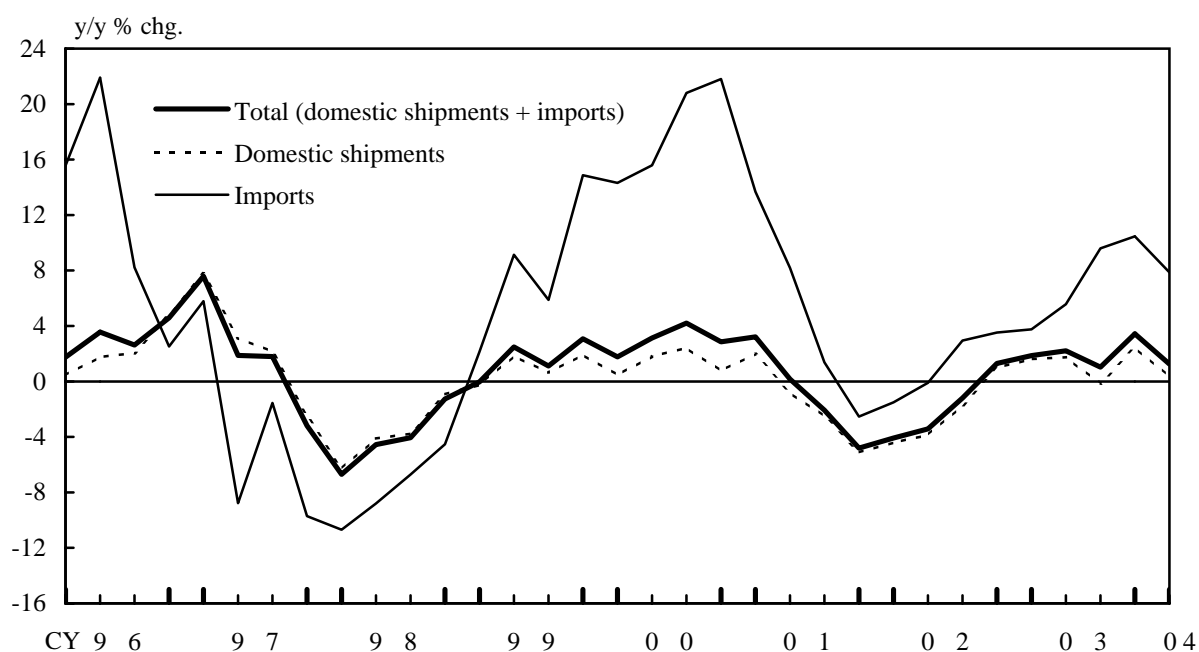
Source: Bank of Japan, "Indices of Aggregated Sales."

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

(1) Level



(2) Changes from a year earlier



Notes: 1. Aggregate supply of consumer goods is calculated by the Bank of Japan using shipments of consumer goods in *Indices of Industrial Production* and real exports and imports of consumer goods. The weights used for calculation are those of *Indices of Industrial Domestic Shipments and Imports*.

2. Figures of "Imports" are calculated from real imports of consumer goods. Real imports (consumer goods) are composed of motor vehicles, audio and visual apparatus, office machinery, foodstuffs and textiles.

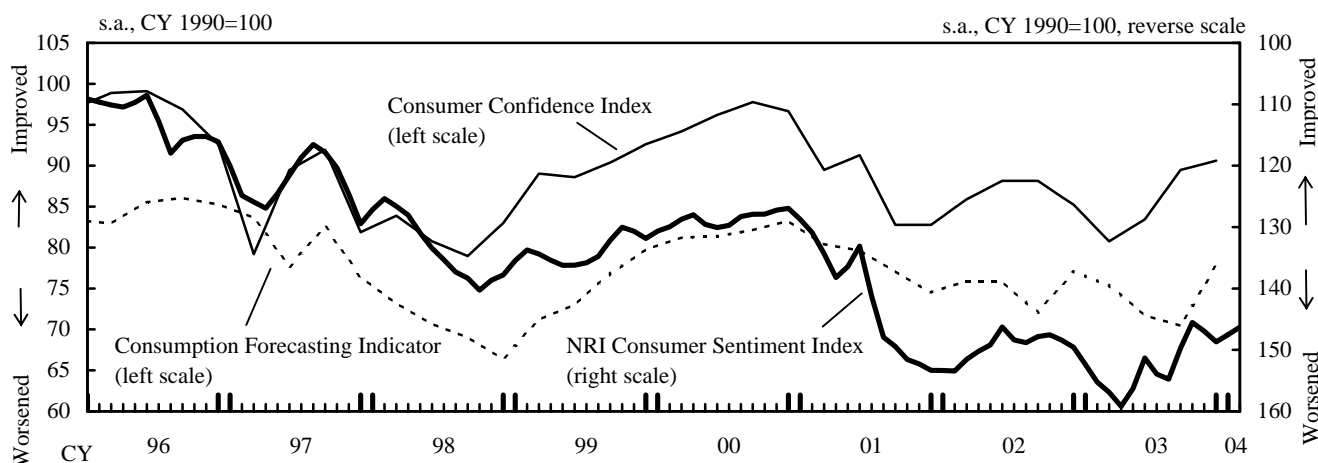
3. Year-on-year changes are calculated from seasonally adjusted series.

4. 2004/Q1 figures are those of Jan.-Feb. averages 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, "Corporate Goods Price Index."

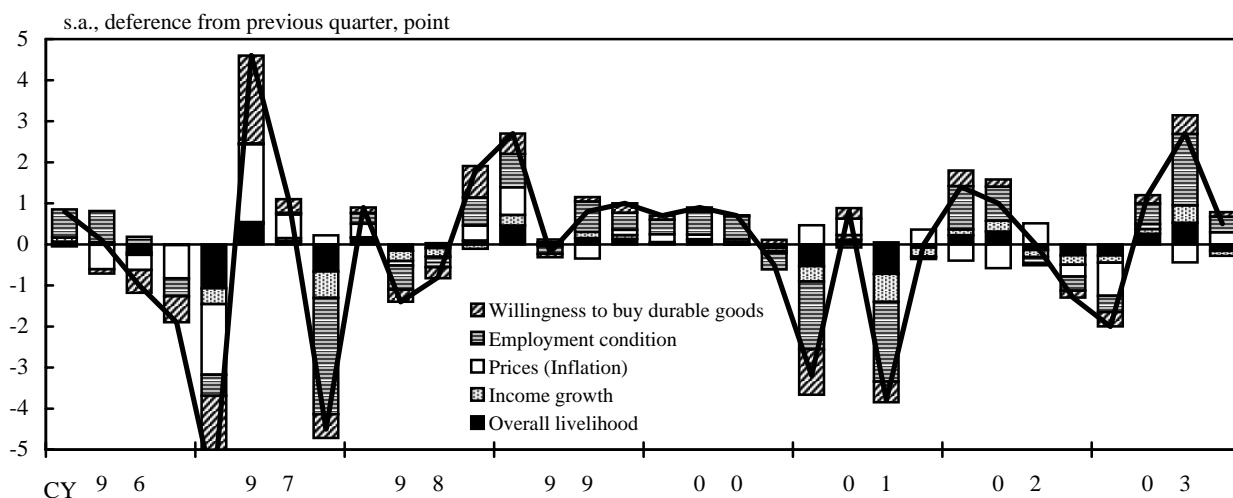
Consumer Confidence

(1) Surveys on Consumer Confidence

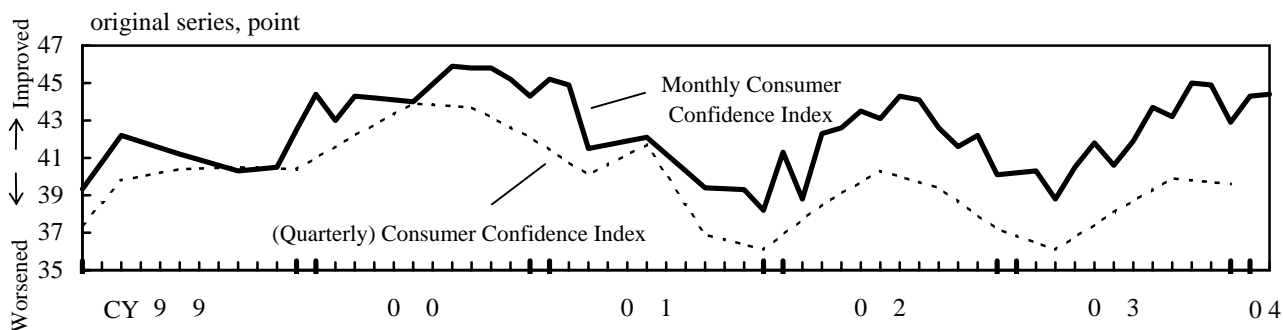


- Notes:
1. Seasonally adjusted by X-11. "Consumer Confidence Index" is seasonally adjusted by the Cabinet Office.
 2. Consumer Confidence Index (with 5,040 samples in a nationwide basis), Consumption Forecasting Indicator (with 1,500 samples in metropolitan area), and NRI Consumer Sentiment Index (with 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 Sentiment Index" by NRI.

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



(Reference) Monthly Consumer Confidence Survey (Tokyo)

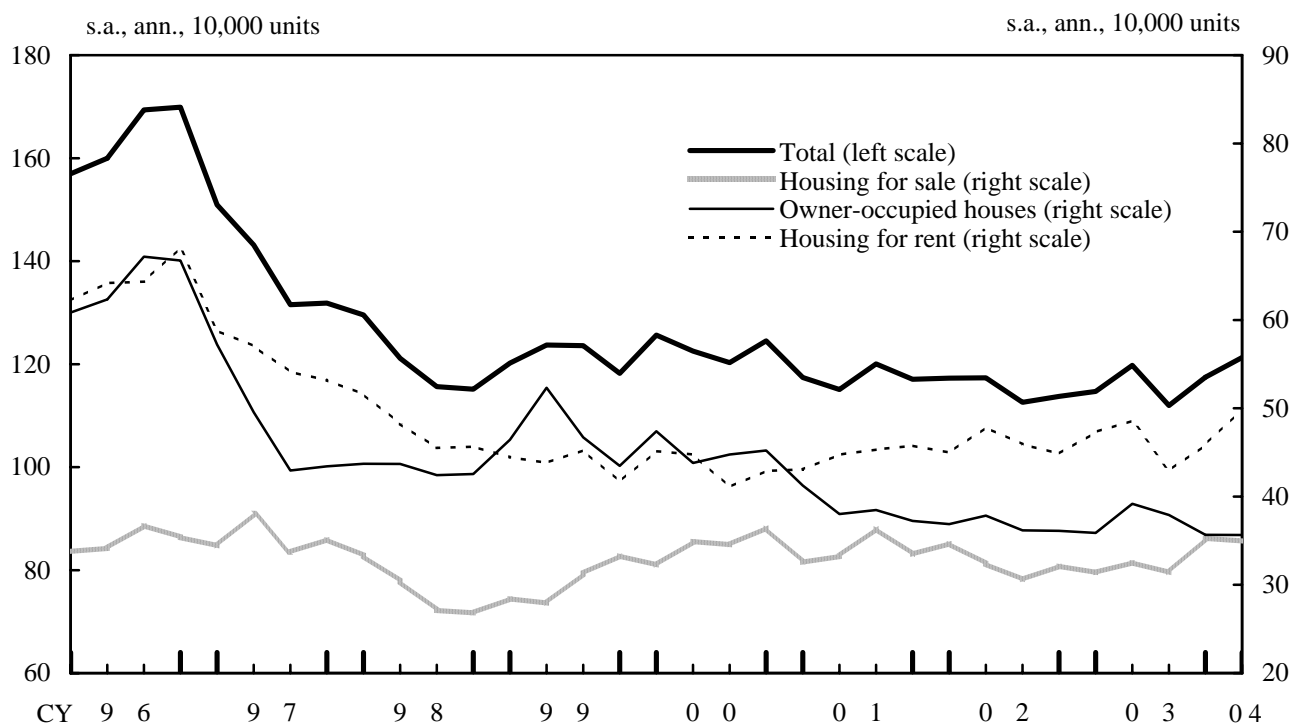


Note: *Monthly Consumer Confidence Survey* is conducted on a monthly basis for limited samples of the Tokyo district (435 households surveyed) in the quarterly Consumer Confidence Survey. The items in the monthly survey are parts of the quarterly survey. Prior to 2001, figures for the months when the 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"; Nippon Research Institute (NRI), "Consumer Sentiment Survey."

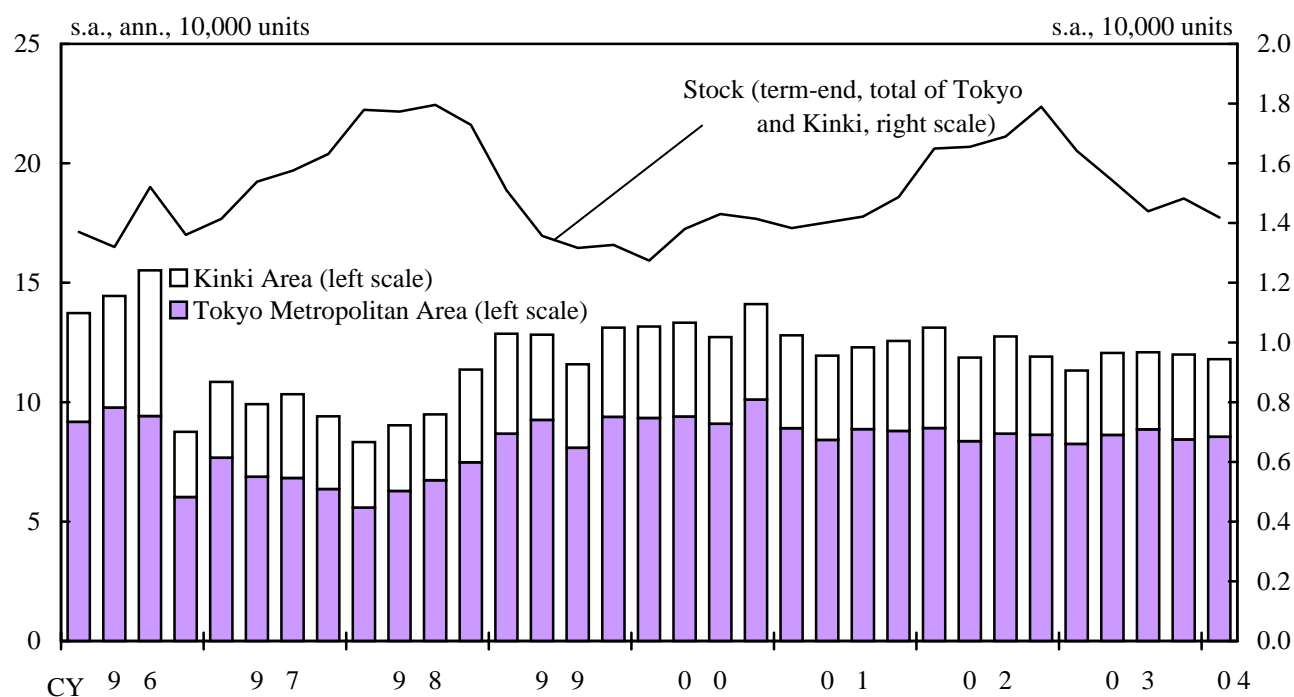
Indicators for Housing Investment

(1) Housing Starts



Note: Figures for 2004/Q1 are those of January-February averages.

(2) Sales of Condominiums



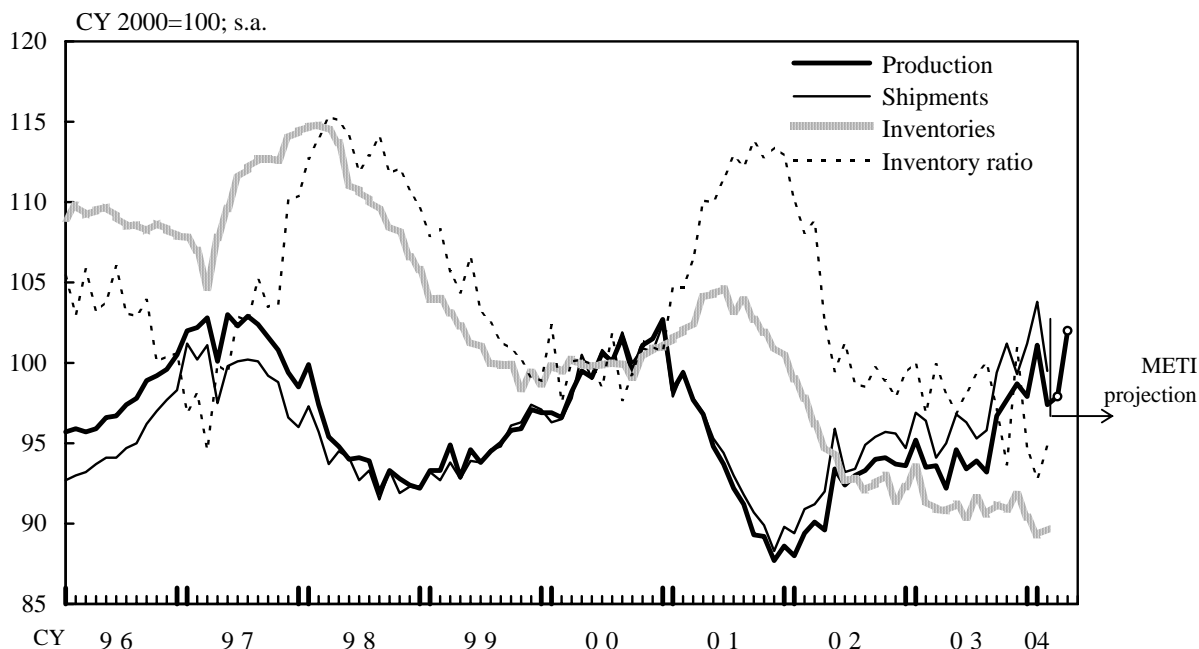
Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. Figures of total condominiums sales for 2004/Q1 are those of January-February averages.
Term-end stocks for 2004/Q1 are those of February.

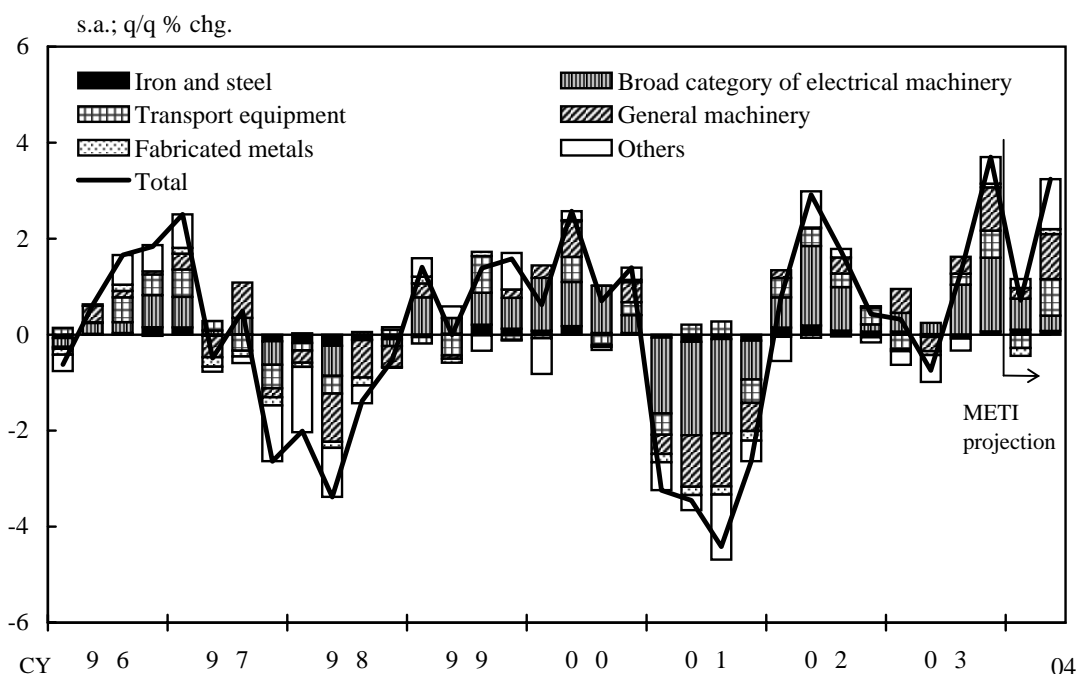
Sources: Ministry of Land, Infrastructure and Transport, "Statistics on Building Construction Starts," etc.

Production, Shipments, and Inventories

(1) Production, Shipments, and Inventories



(2) Production by Industries



Notes:1. Transport equipment excludes ships and rolling stock.

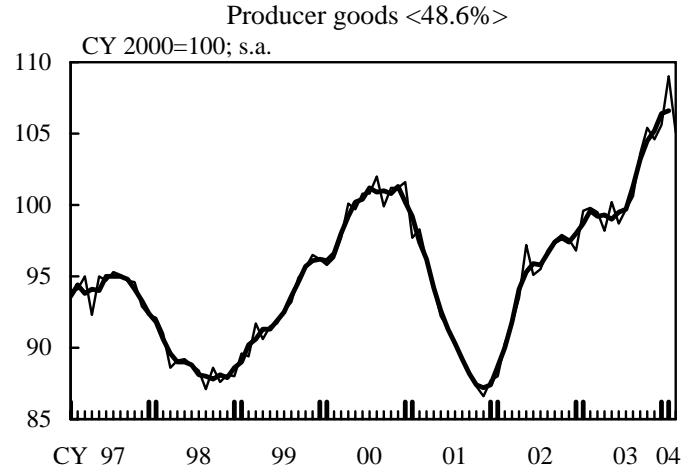
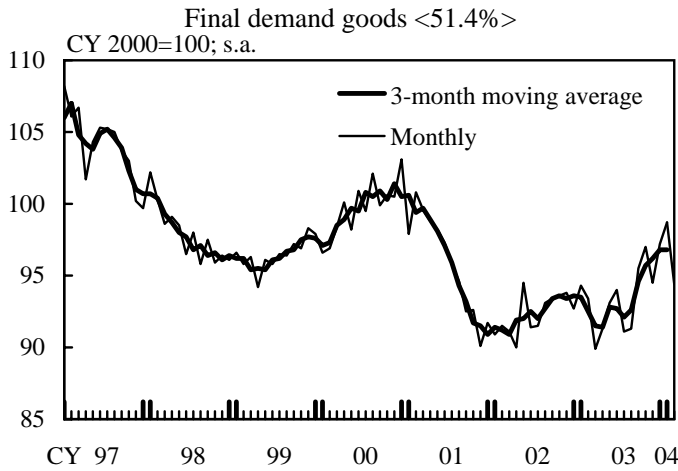
"Broad category of electrical machinery" is the weighted sum of "electrical machinery", "information and communication electronics equipment" and "electronic parts and devices."

2. 2004/Q2 for METI projection is based on the assumption that production level in May and June is the same as that of April.

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

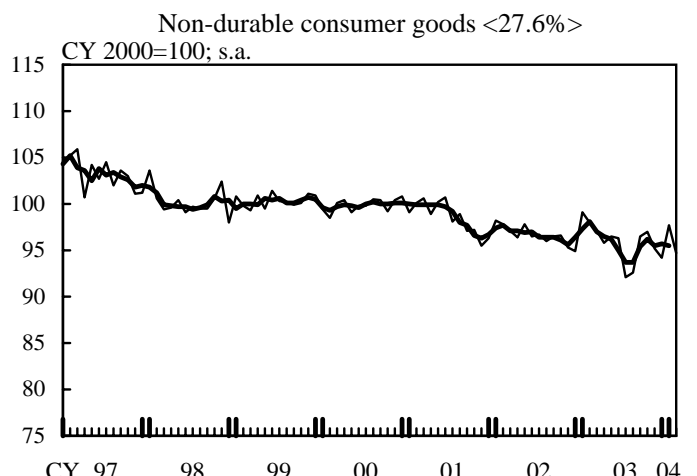
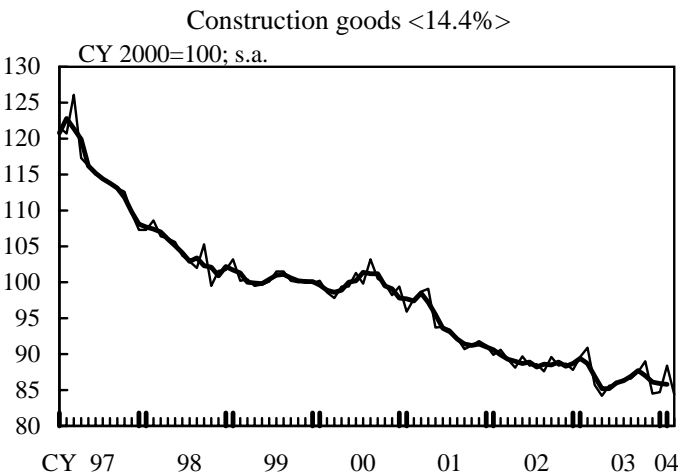
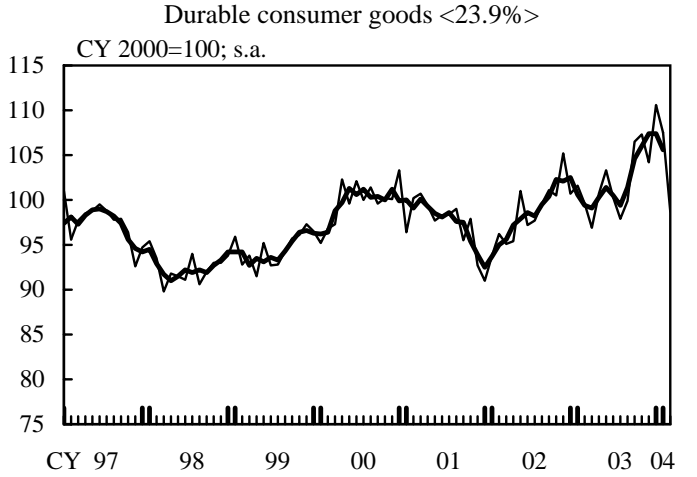
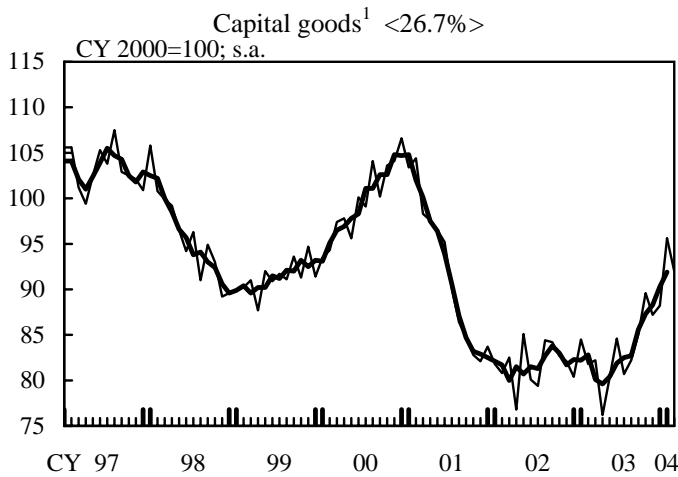
Shipments breakdown by type of goods

(1) Final demand goods and Producer goods



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

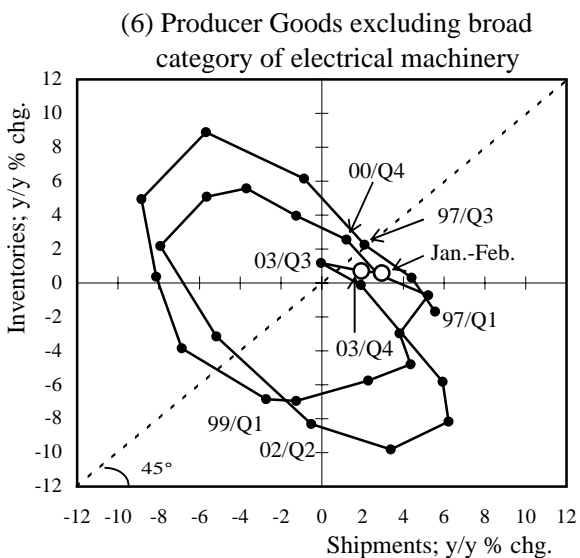
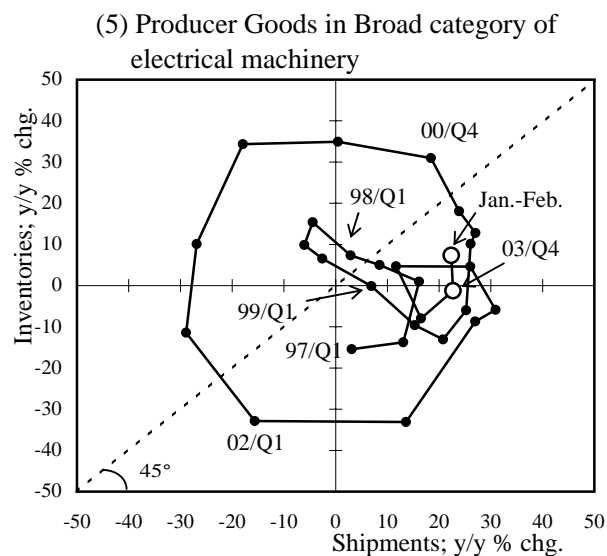
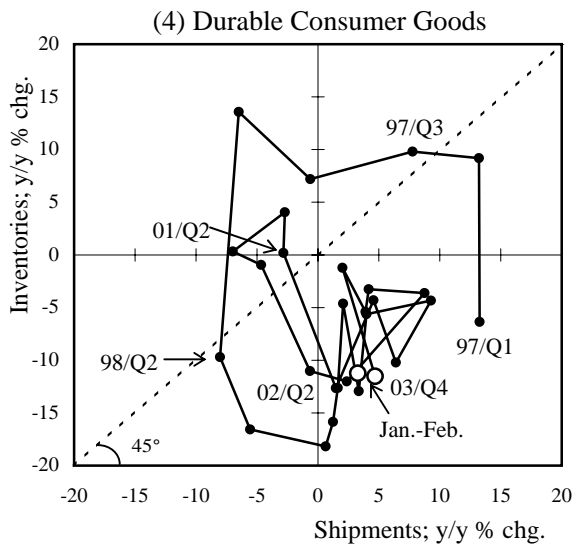
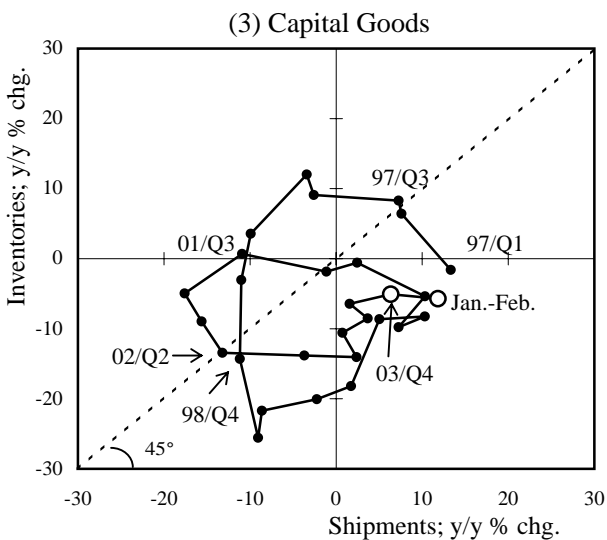
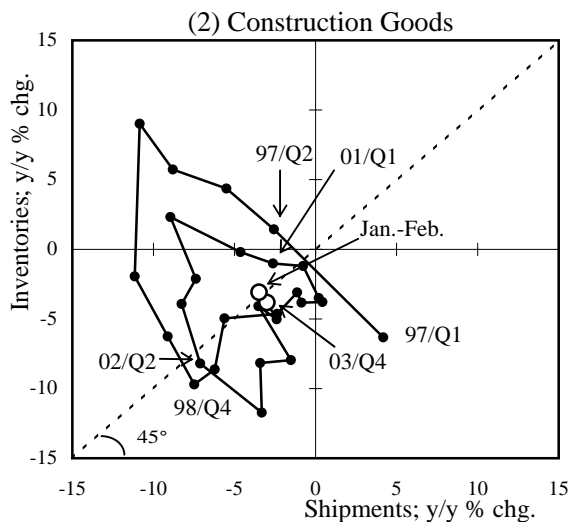
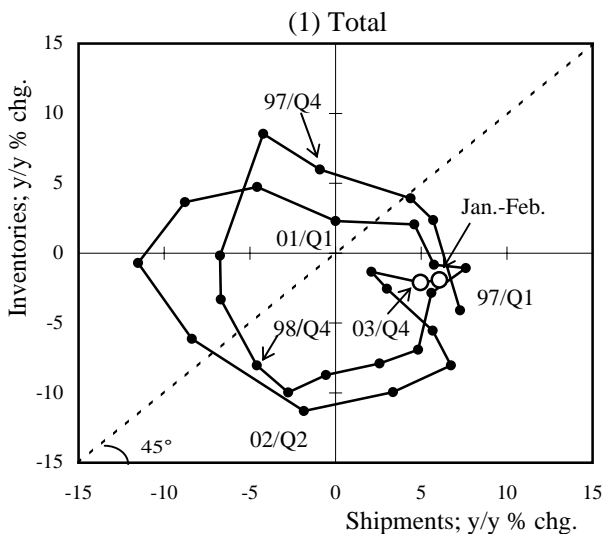
(2) Breakdown of final demand goods



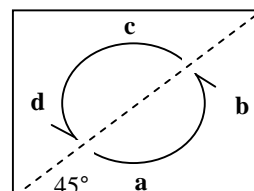
Notes: 1. Excluding transportation equipment.
2. Shares of shipments of final demand goods are shown in angle brackets.

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

Inventory Cycle

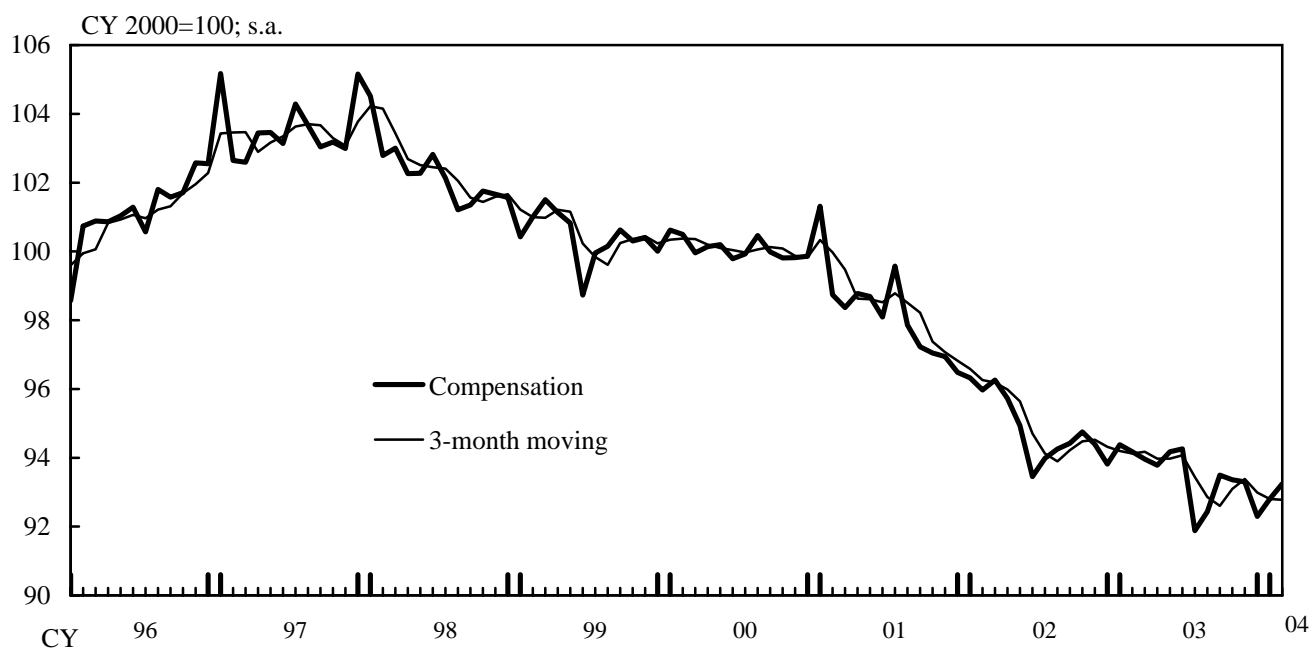


- a Shipment recovery phase
- b Intended inventory accumulation phase
- c Unintended inventory accumulation phase
- d Inventory adjustment phase



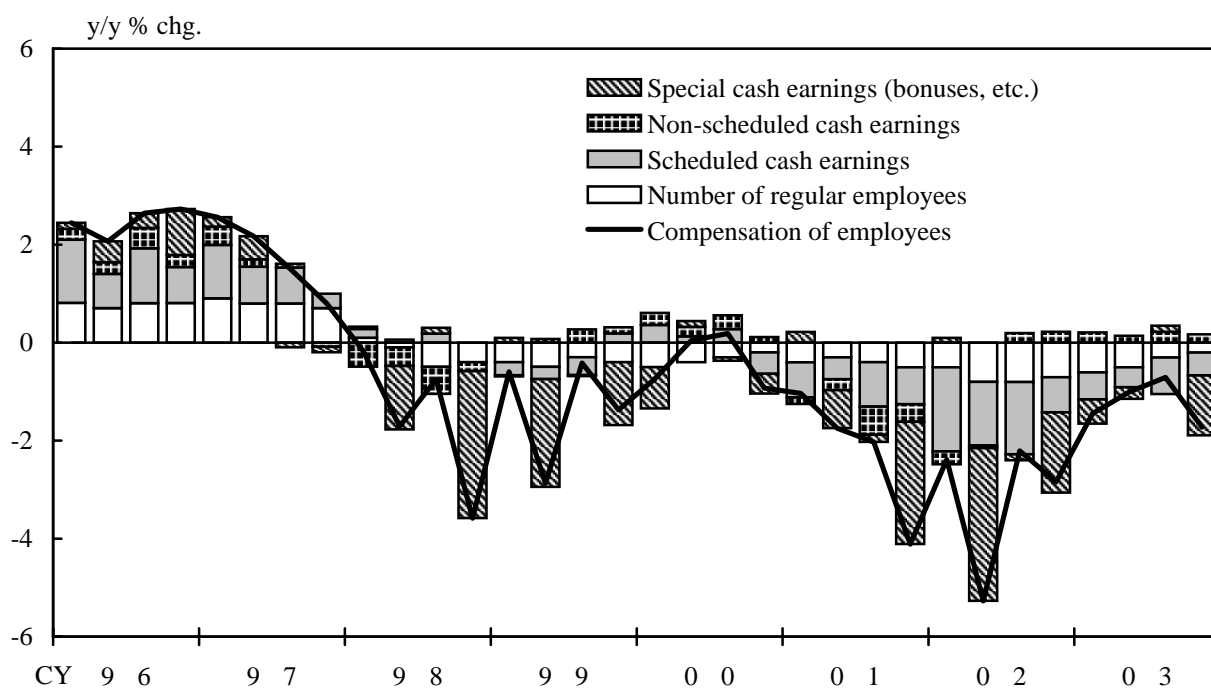
Compensation of Employees

(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 February 2004 are preliminary figures.

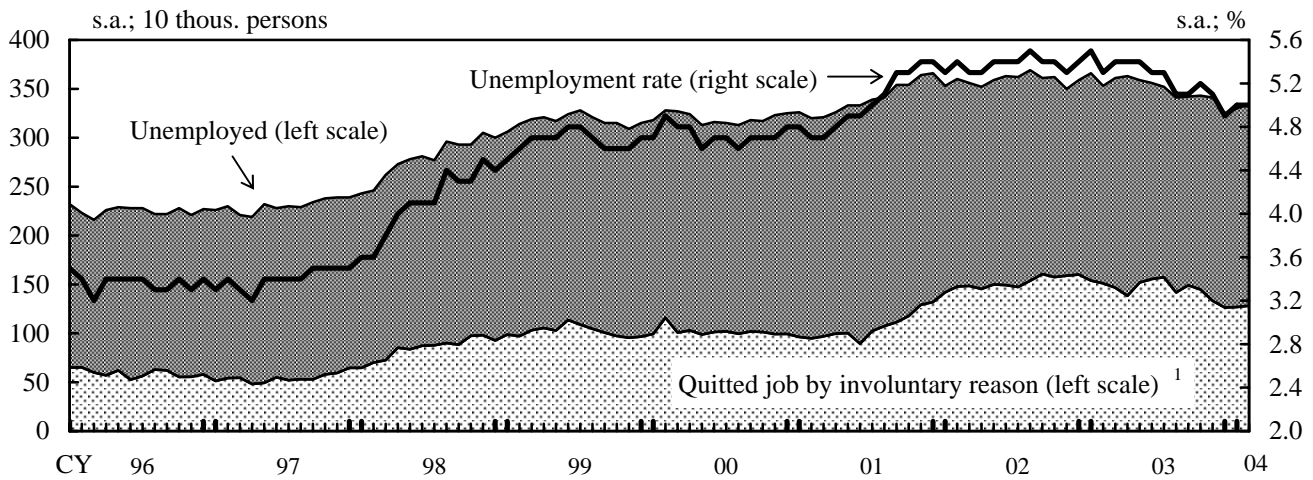
(2) Breakdown of Compensation



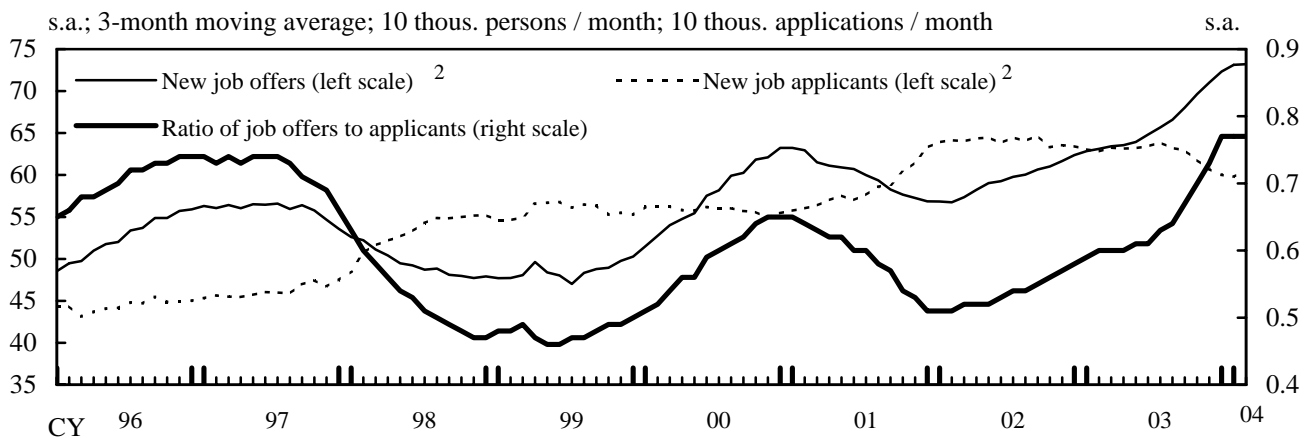
- Notes: 1. Data are for establishments with at least 5 employees. Those for February 2004 are preliminary figures.
 2. Q1= Mar.-May, Q2= Jun.-Aug., Q3=Sep.-Nov., Q4= Dec.-Feb.

Labor Market (1)

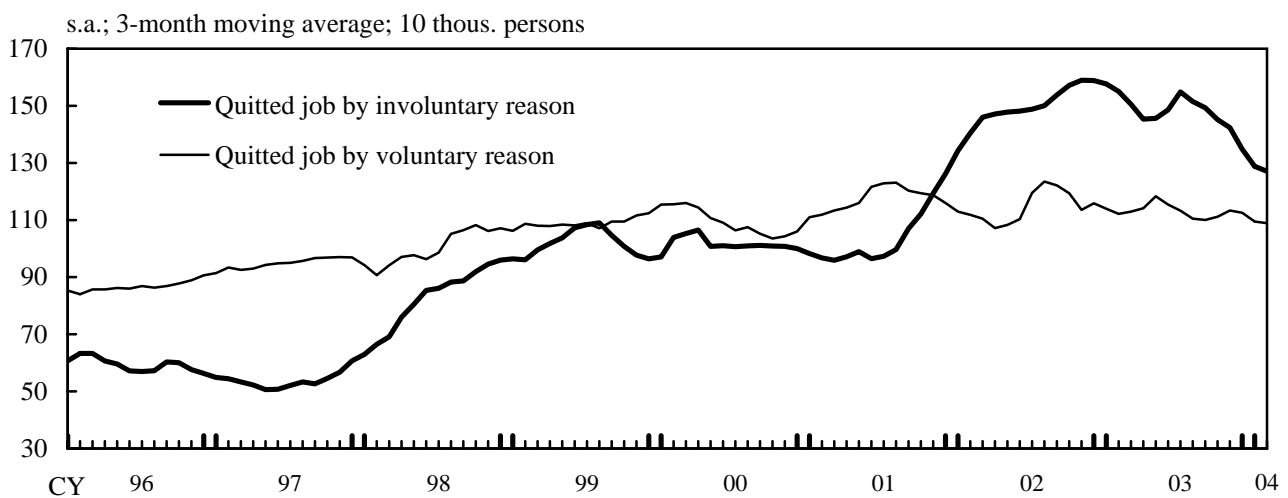
(1) The Unemployed and Unemployment Rate



(2) Ratio of Job Offers to Applicants



(3) Breakdown of the Unemployed¹



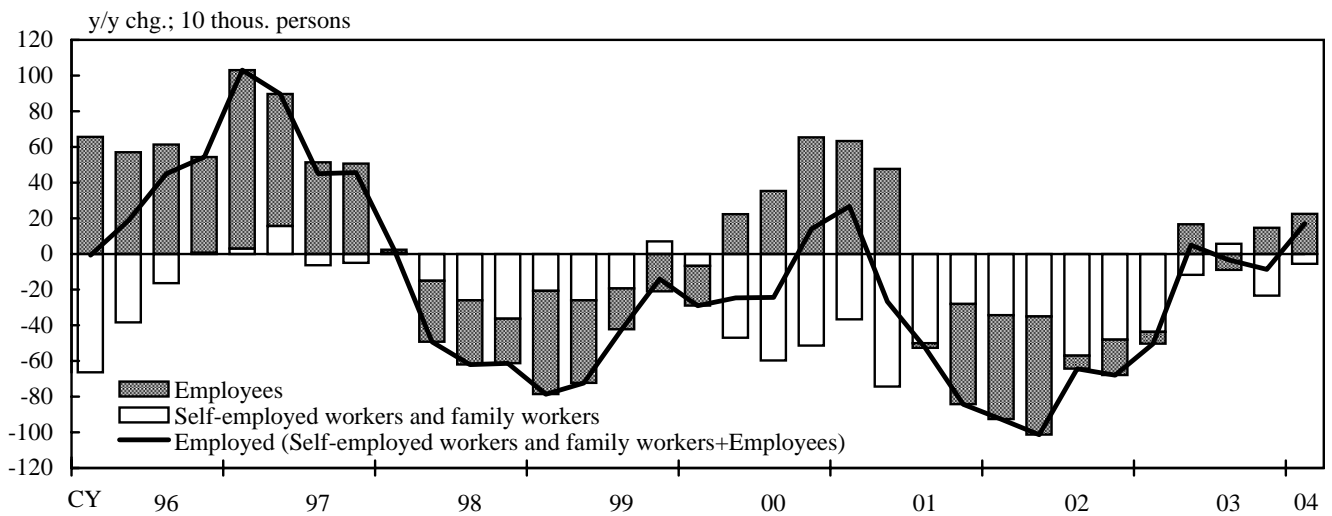
Notes: 1. Seasonally adjusted by X-11.

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

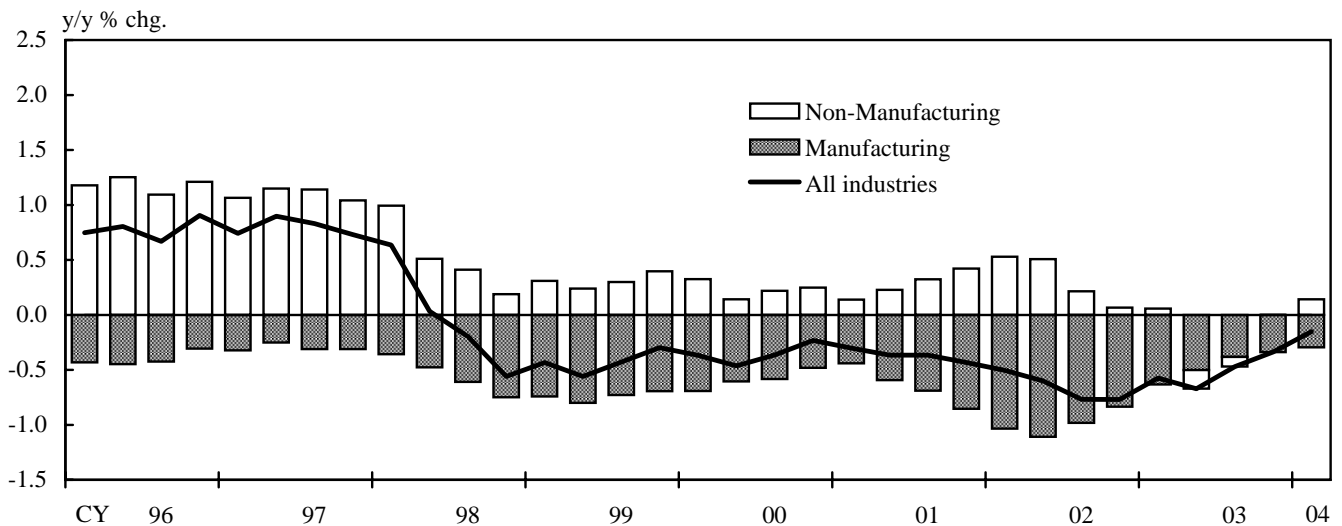
Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service,"
Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Labour Force Survey."

Labor Market (2)

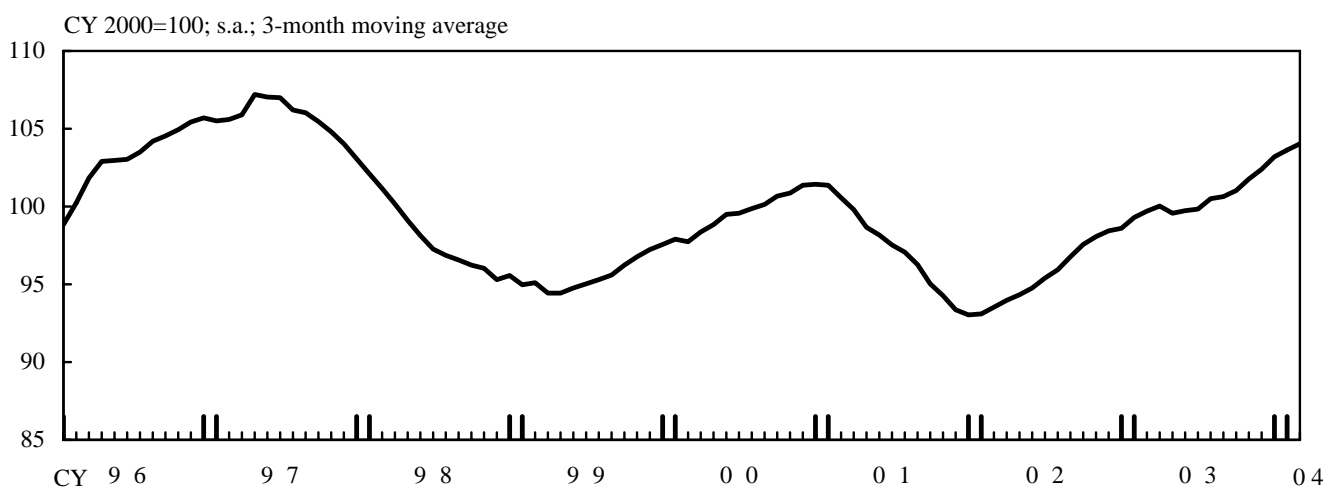
(1) The Employed¹ (Labour Force Survey)



(2) Number of Regular Employees^{1,2} (Monthly Labour Survey)



(3) Non-scheduled Hours Worked² (Monthly Labour Survey)



Notes: 1. Figures for 2004/Q1 are those of Jan.-Feb. averages.

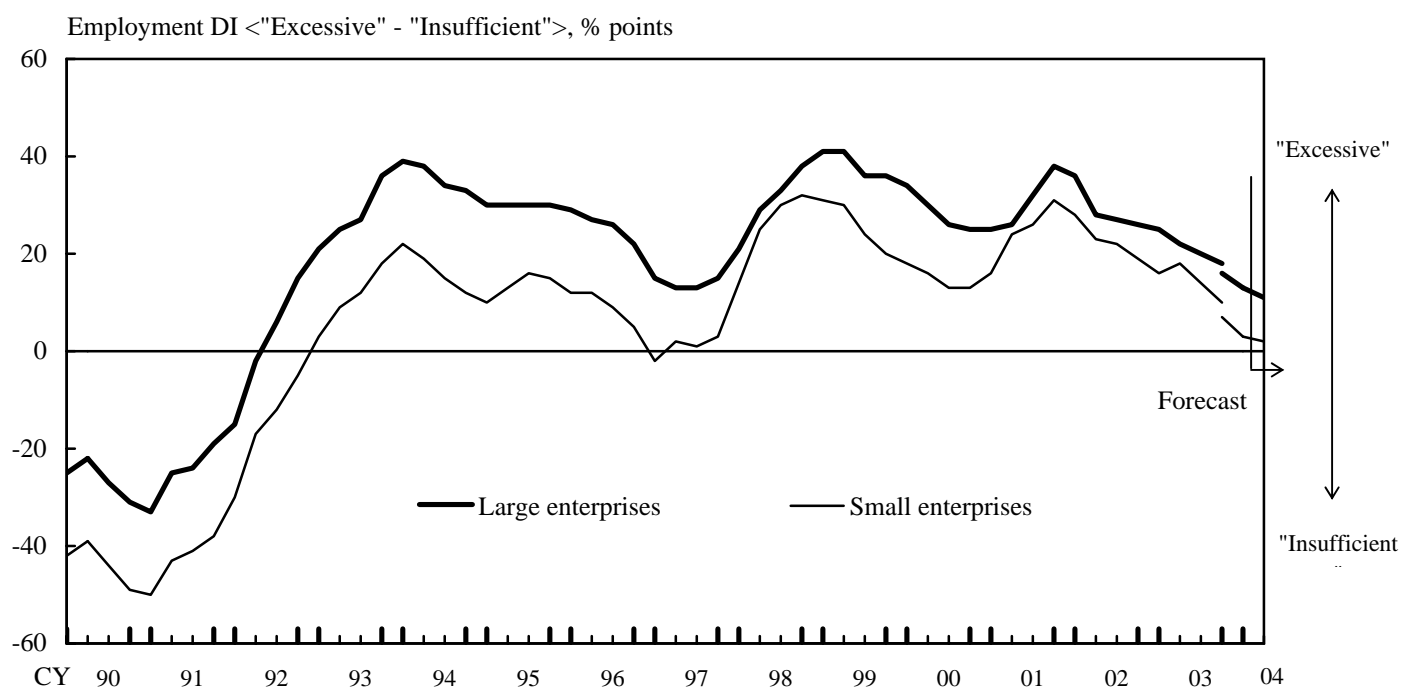
2. Data are for establishments with at least 5 employees. Those for February 2004 are preliminary figures.

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

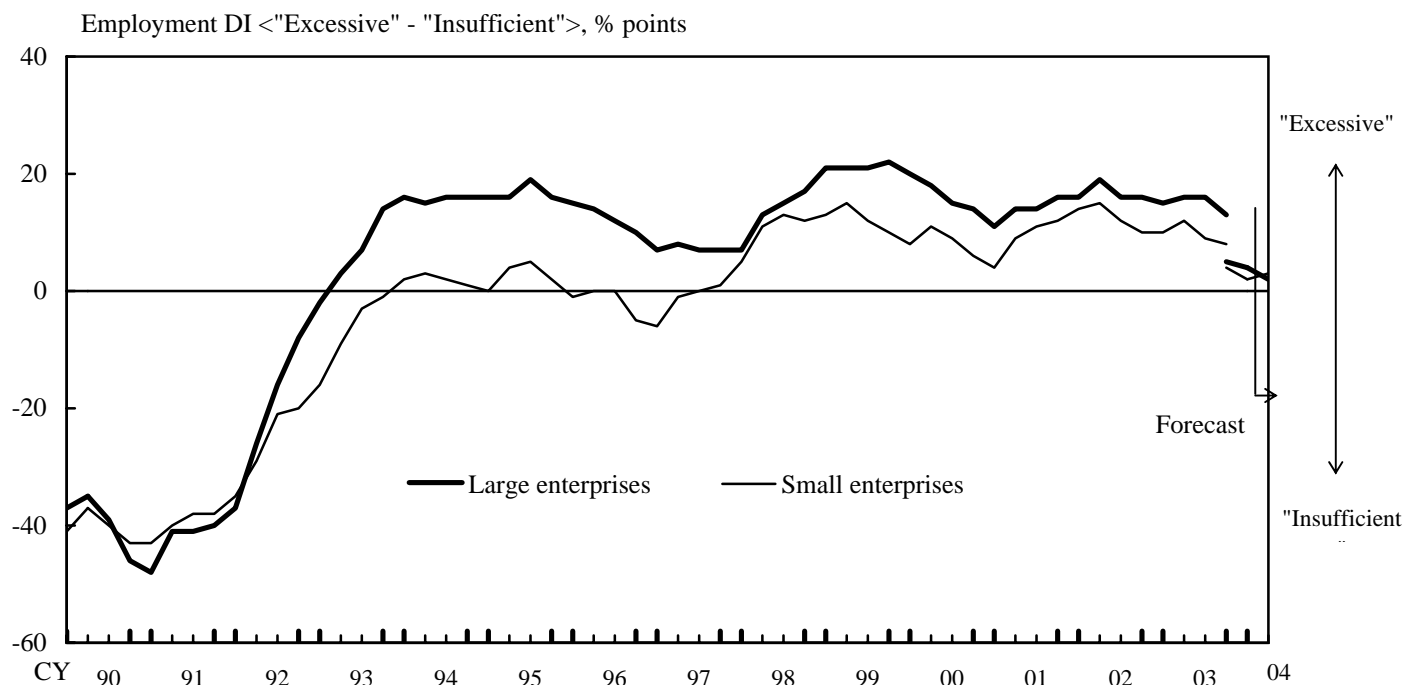
Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Labour Force Survey."

Employment Conditions

(1) Manufacturing



(2) Nonmanufacturing

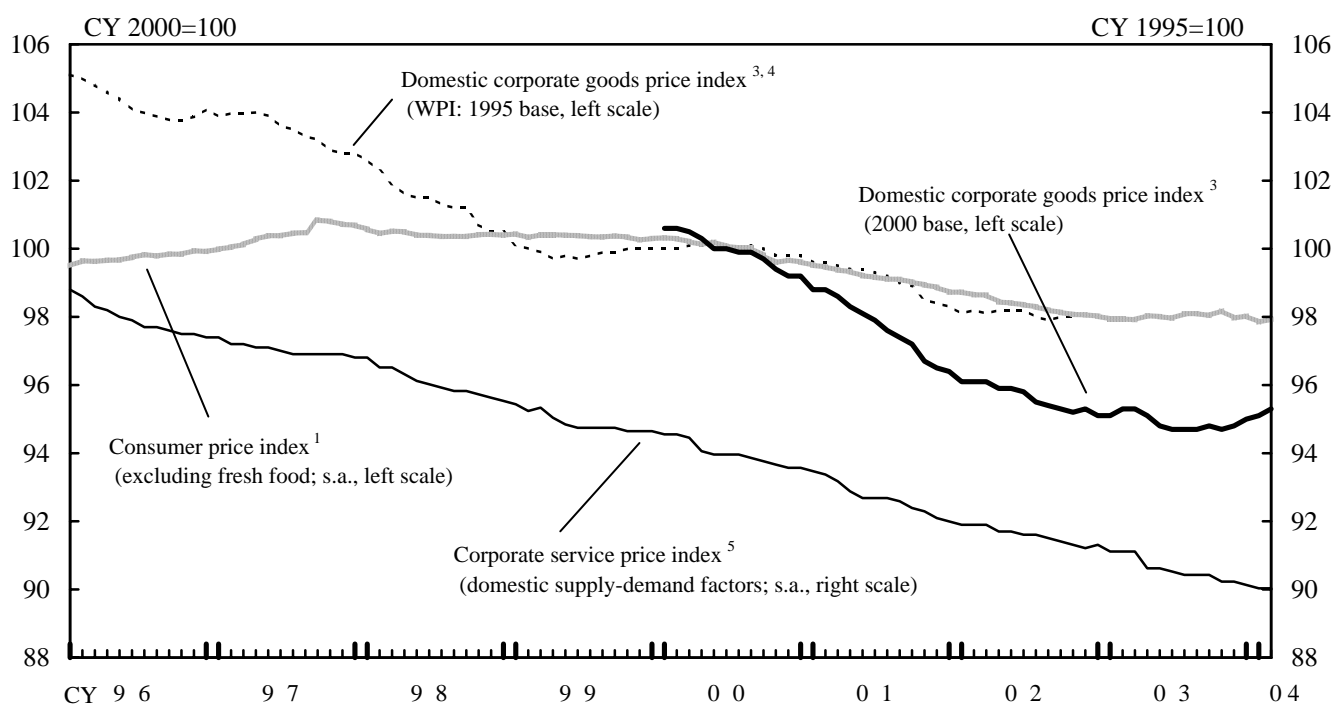


Note: The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

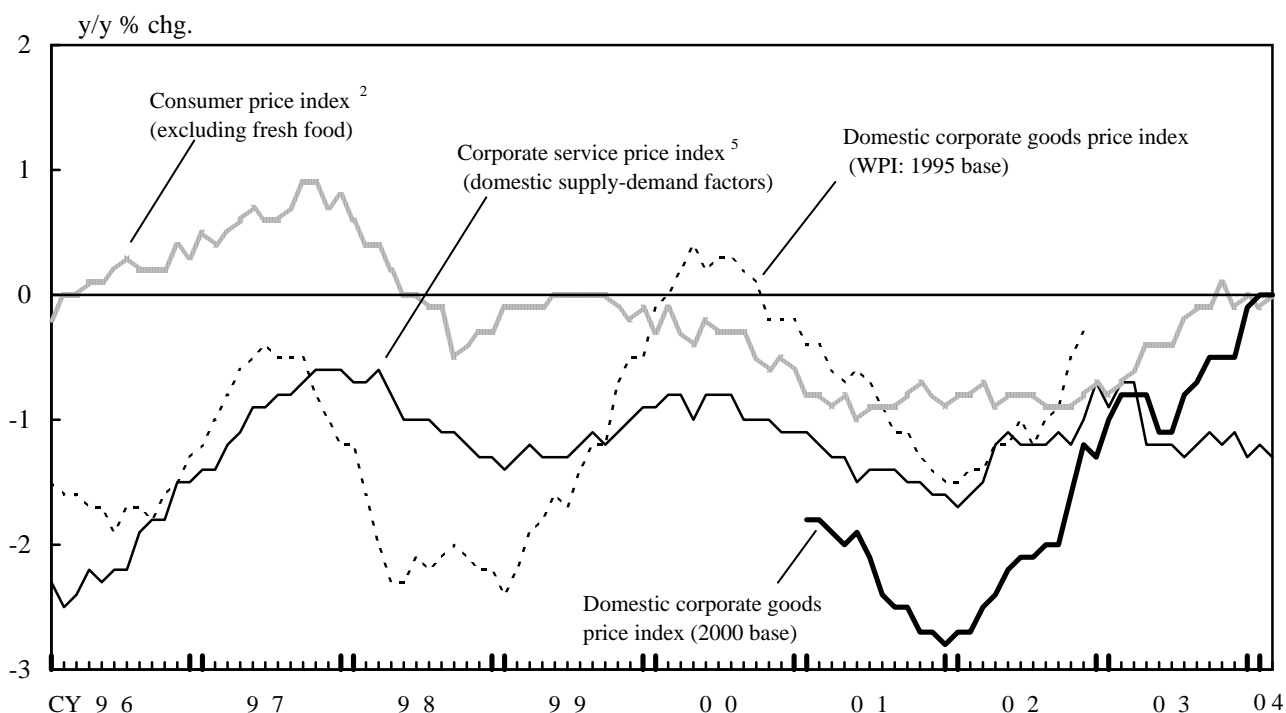
Source: Bank of Japan, "Tankan, Short-term Economic Survey of Enterprises in Japan."

Prices⁶

(1) Level



(2) Changes from a year earlier

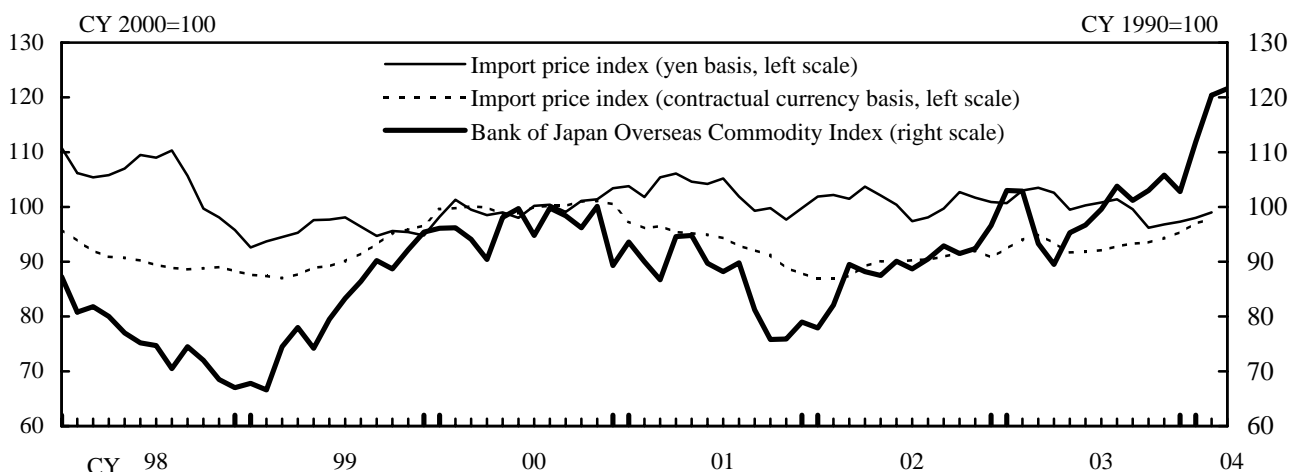


- Notes: 1. Seasonally adjusted by X-12-ARIMA, based on the original series excluding "package tours to overseas" newly adopted from the 2000 base. This is because sample size of this item is insufficient for seasonal adjustment, though it has large seasonal fluctuations.
2. Data up to Dec. 2000 are on the 1995 base CPI.
3. Adjusted to exclude a hike of electric power charges in summer season.
4. The 1995 base WPI shown in the level graph has been adjusted so that its 2000 average may equal 100.
5. See footnote 1 in Chart 27, for definition of the Corporate Service Price Index (domestic supply-demand factors).
6. 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, "Corporate Goods Price Index," "Wholesale Price Indexes," "Corporate Service Price Index."

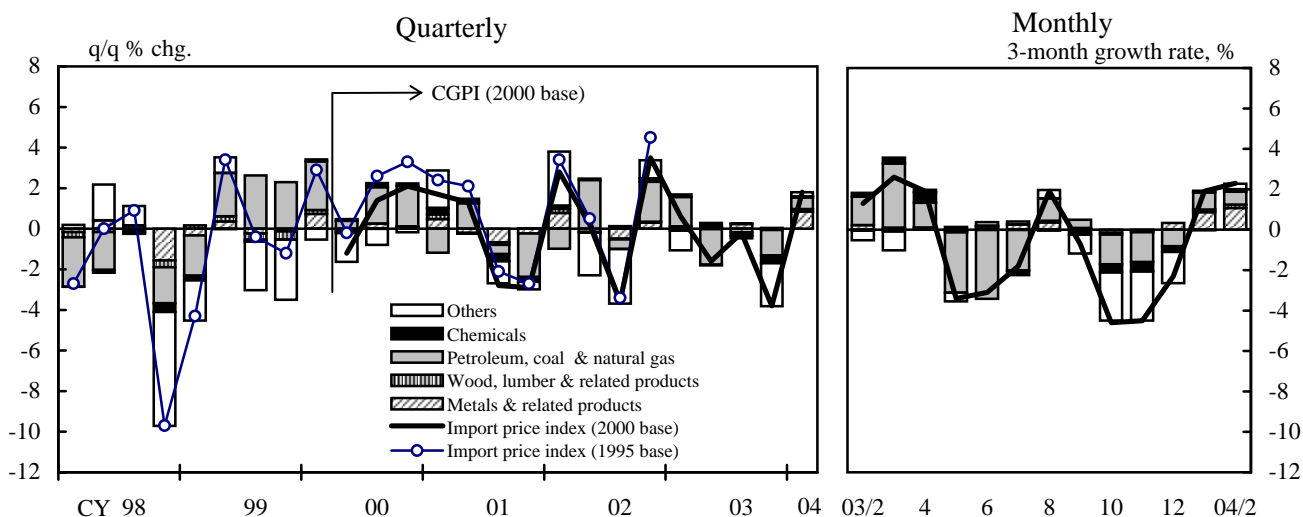
Import Prices and International Commodity Prices

(1) Import Price Index and Overseas Commodity Index



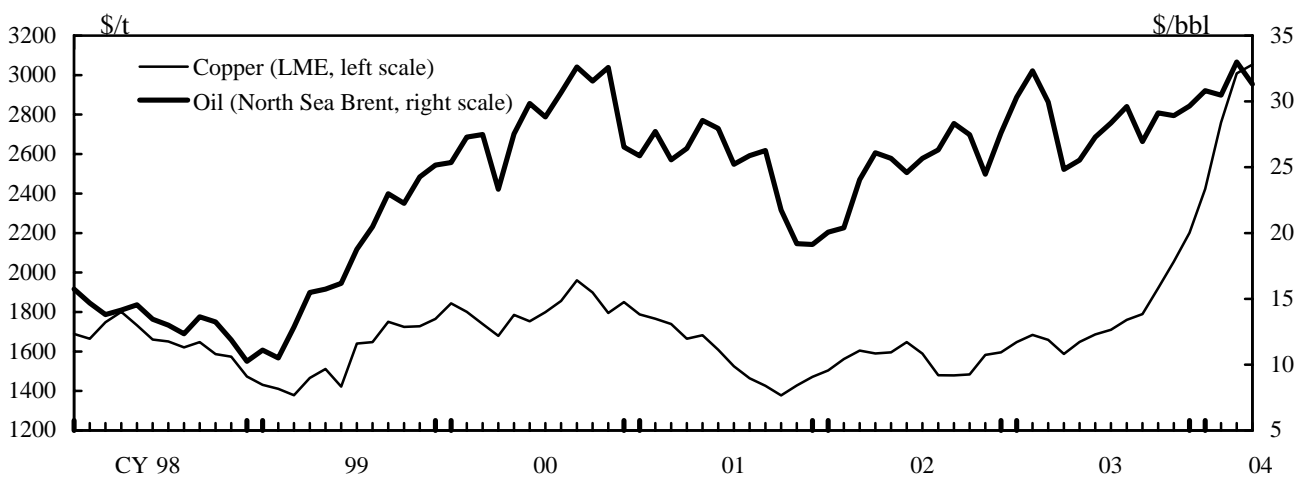
Note: Bank of Japan Overseas Commodity Index is the end of month figure.

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



Note: Figures for 2004/Q1 are those of Jan.-Feb. averages.
1995 base figure for 2002/Q4 is Oct.-Nov. average.

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

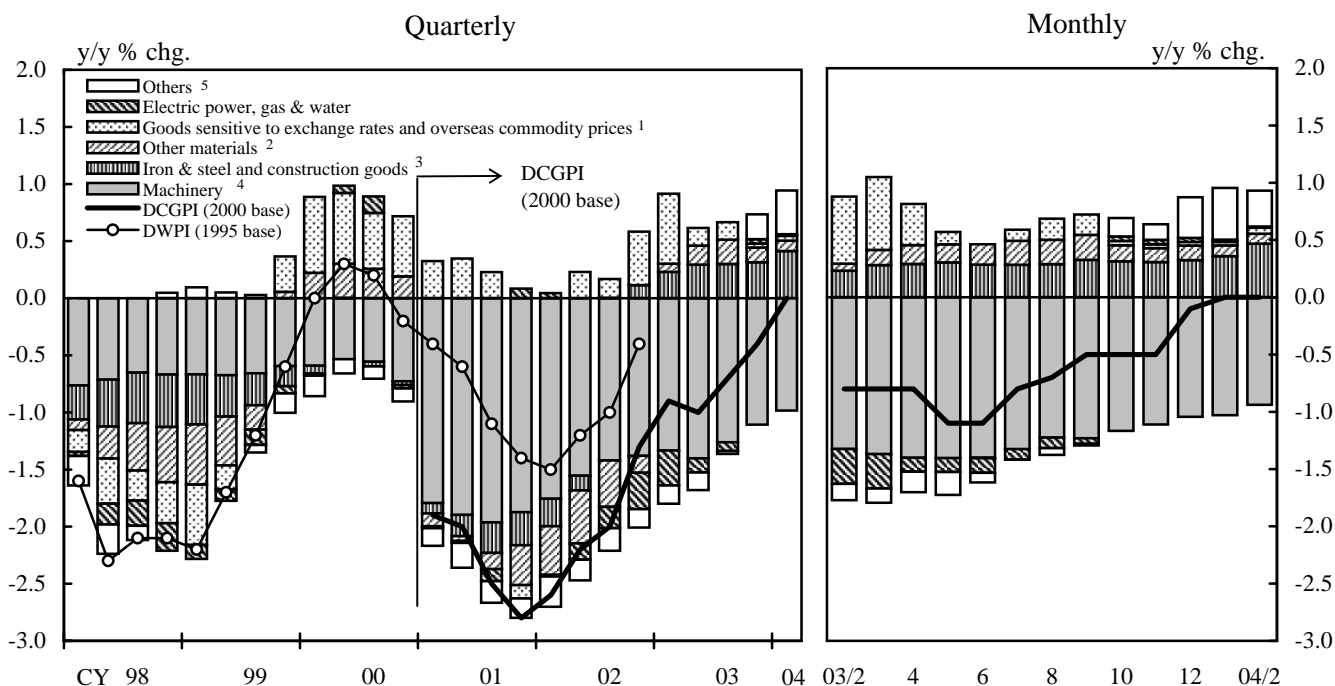


Note: Monthly averages. Figures for April 2004 are the averages up to April 7.

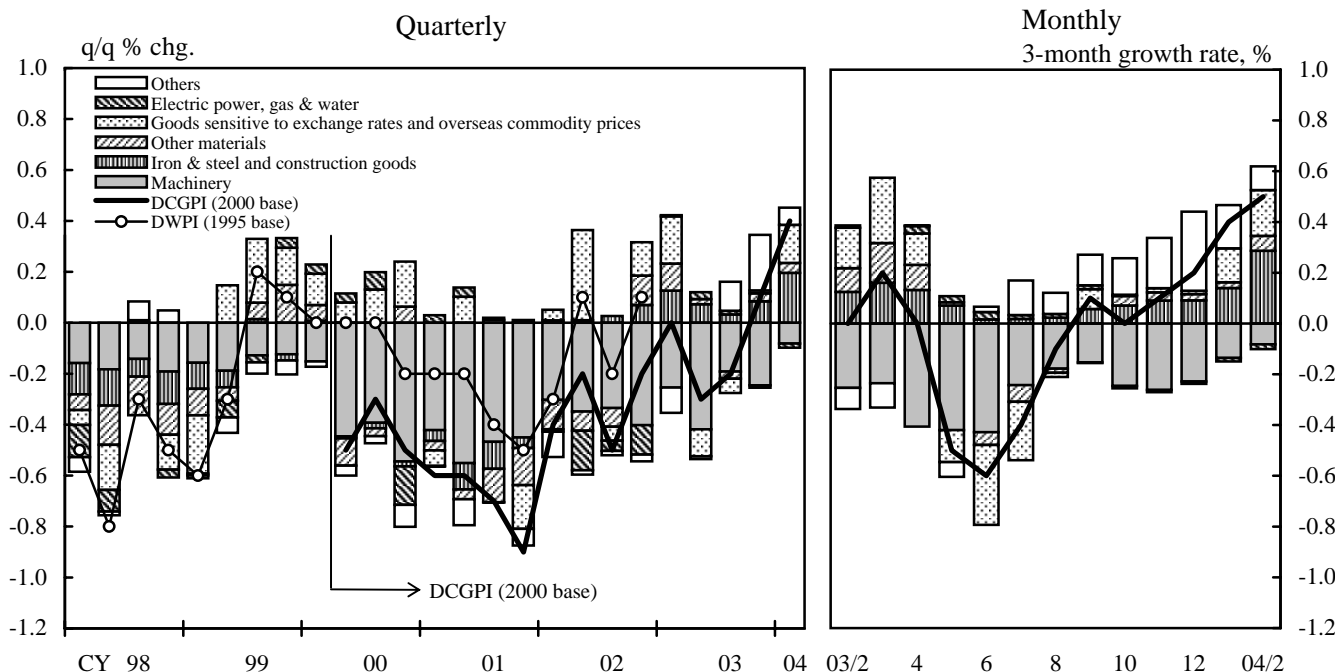
Sources: Bank of Japan, "Corporate Goods Price Index," "Wholesale Price Indexes," "Bank of Japan Overseas Commodity Index," etc.

Domestic Corporate Goods Price Index⁷

(1) Changes from a year earlier



(2) Changes from a quarter earlier and 3 months earlier⁶

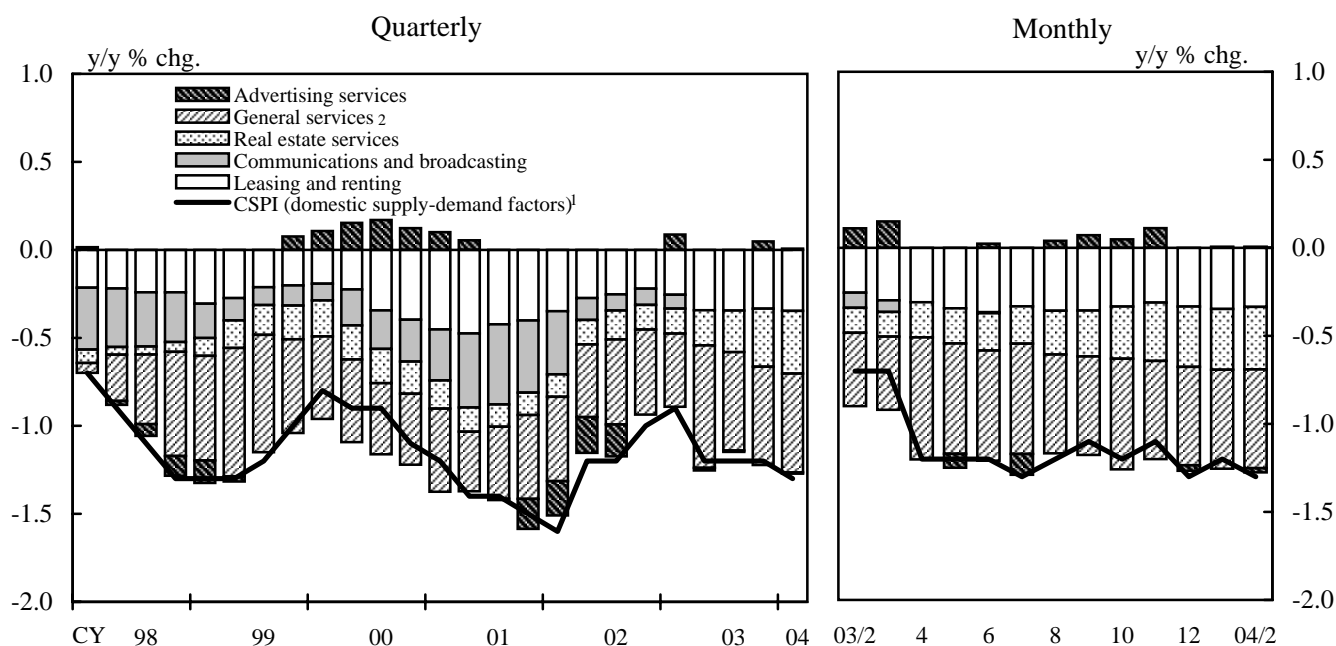
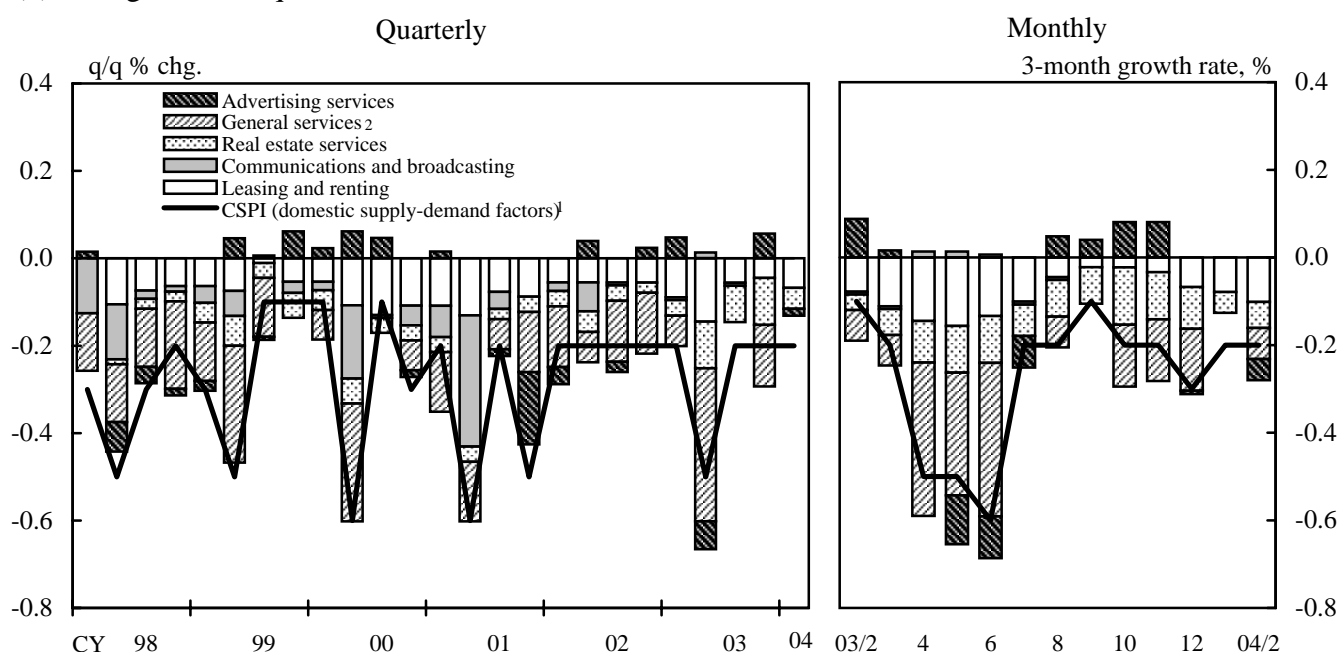


- Notes: 1. Goods sensitive to exchange rates and overseas commodity prices; petroleum & coal products, nonferrous metals.
 2. Other materials; chemicals, plastic products, textile products, pulp, paper & related products.
 3. Iron & steel and construction goods; iron & steel, metal products, ceramics, 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, agricultural, forestry & fishery products, mining products.
 6. Adjusted to exclude a hike of electric power charges in summer season from July to September. This effect makes the Domestic Corporate Goods Price Index rise by about 0.2%.
 7. Adjusted to exclude the effects of the consumption tax hike on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.
 8. Figures for 2004/Q1 are those of Jan.-Feb. averages.
 1995 base figures for 2002/Q4 are those of Oct.-Nov. averages.

Sources: Bank of Japan, "Corporate Goods Price Index," "Wholesale Price Indexes."

Corporate Service Price Index⁴

(1) Changes from a year earlier

(2) Changes from a quarter earlier and 3 months earlier³

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.

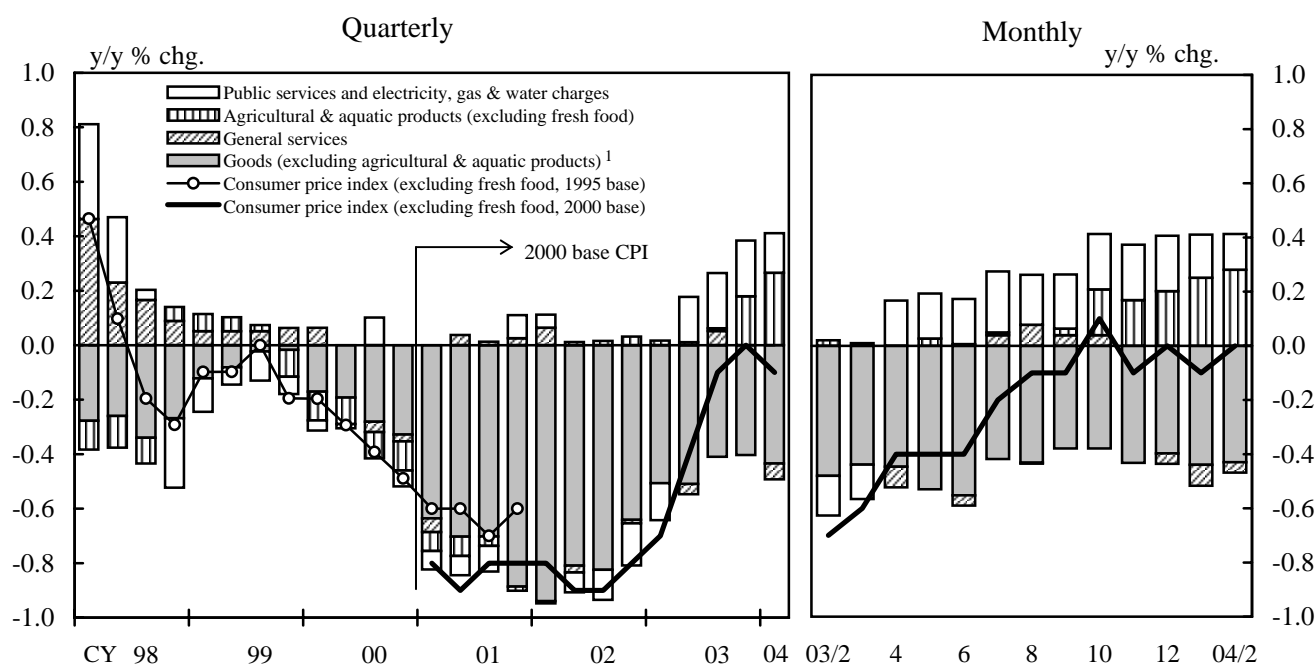
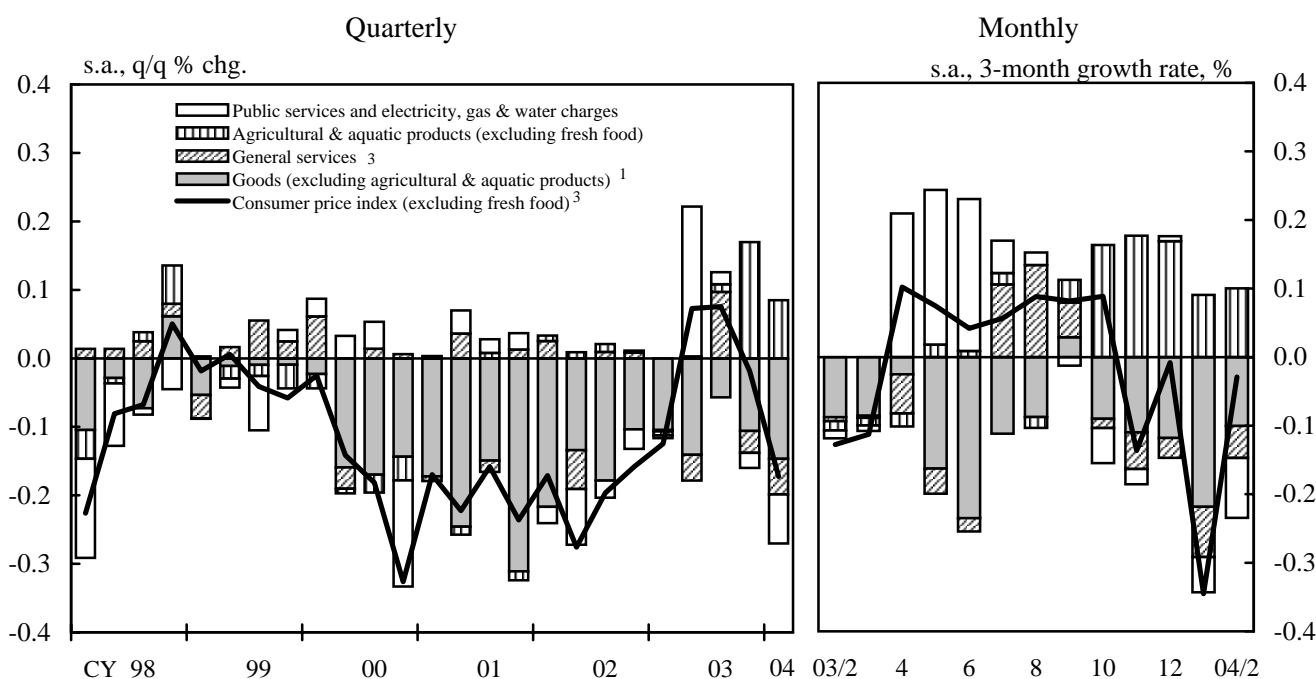
4. Adjusted to exclude the effects of the consumption tax hike on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

5. Figures for 2004/Q1 are those of Jan.-Feb. averages.

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

Consumer Price Index (excluding fresh food)⁴

(1) Changes from a year earlier

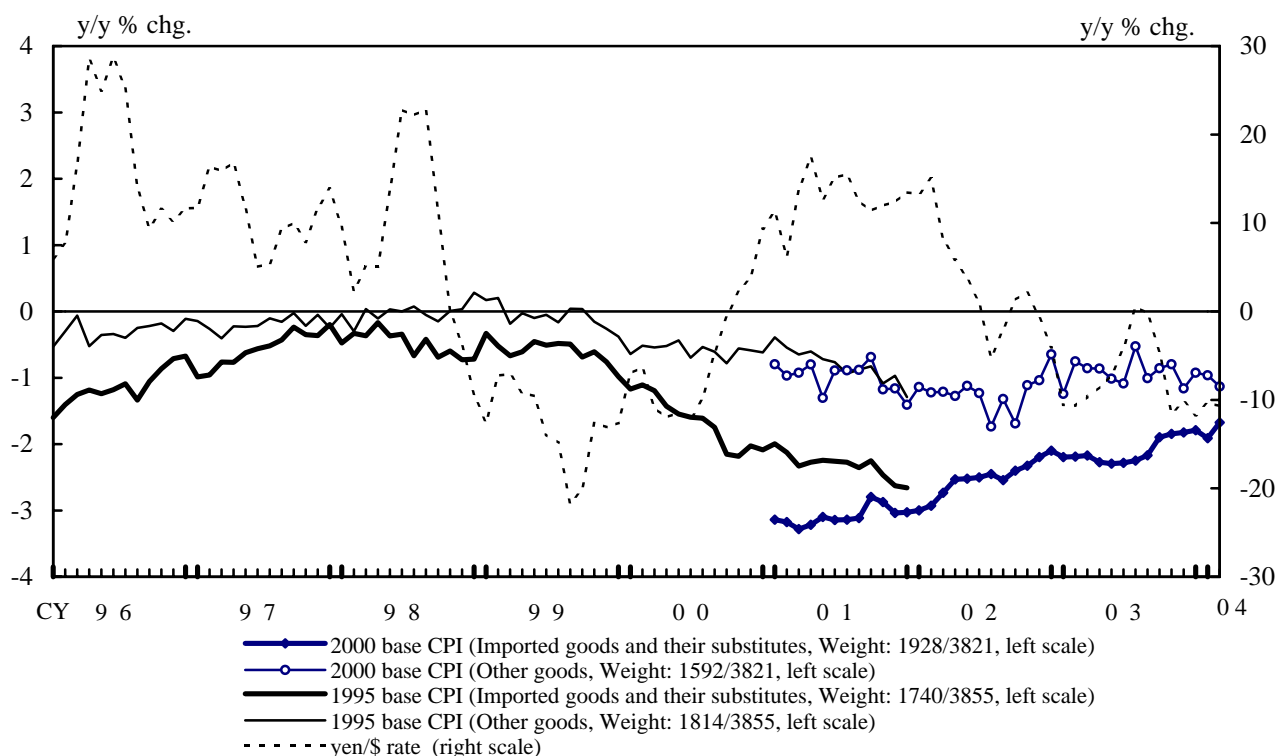
(2) Changes from a quarter earlier and 3 months earlier (2000 base CPI)²

- 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 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.
5. Figures for 2004/Q1 are those of Jan.-Feb. averages.

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

Consumer Prices of imported goods and their substitutes

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



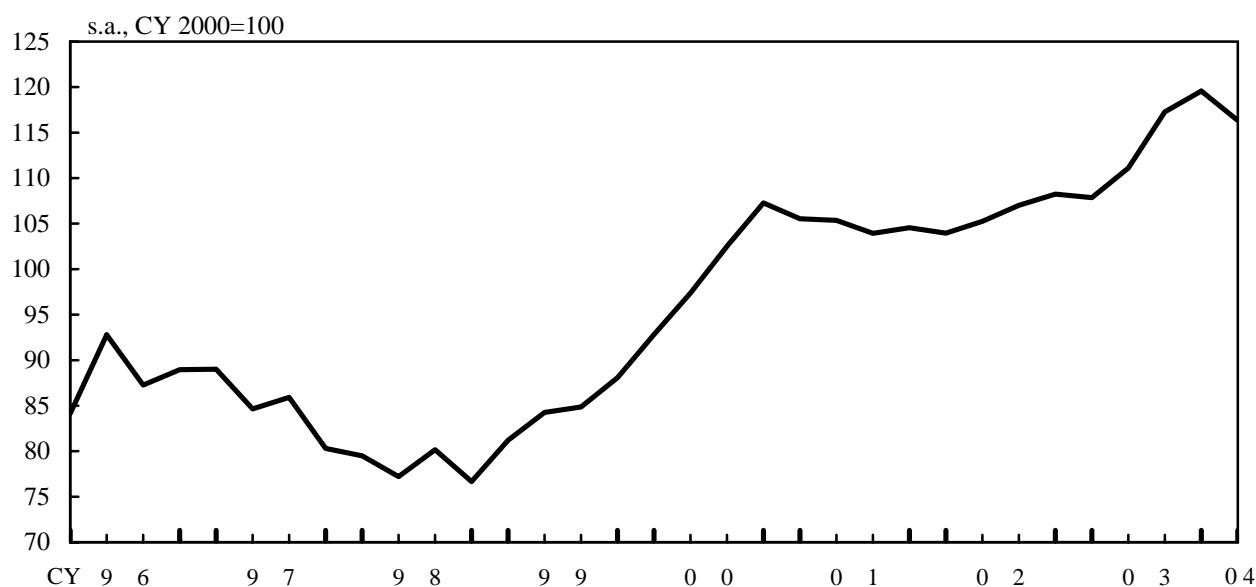
Notes: 1. Goods covered here exclude petroleum products and agricultural & aquatic products.

2. Imported goods 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.

3. Adjusted to exclude the effects of the tobacco tax increases in Dec. 1998 and Jul. 2003, and biscuits, prices of which were heavily affected by changes in monitored brands. Weight is shares in Goods (excluding agricultural & aquatic products).

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

(2) Real imports (consumer goods)



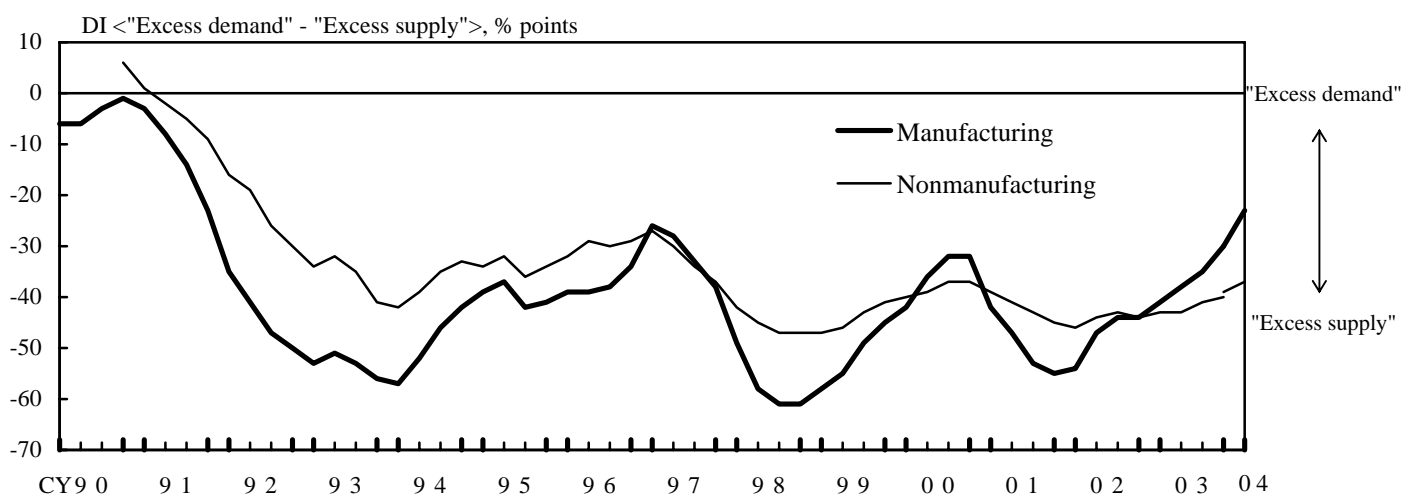
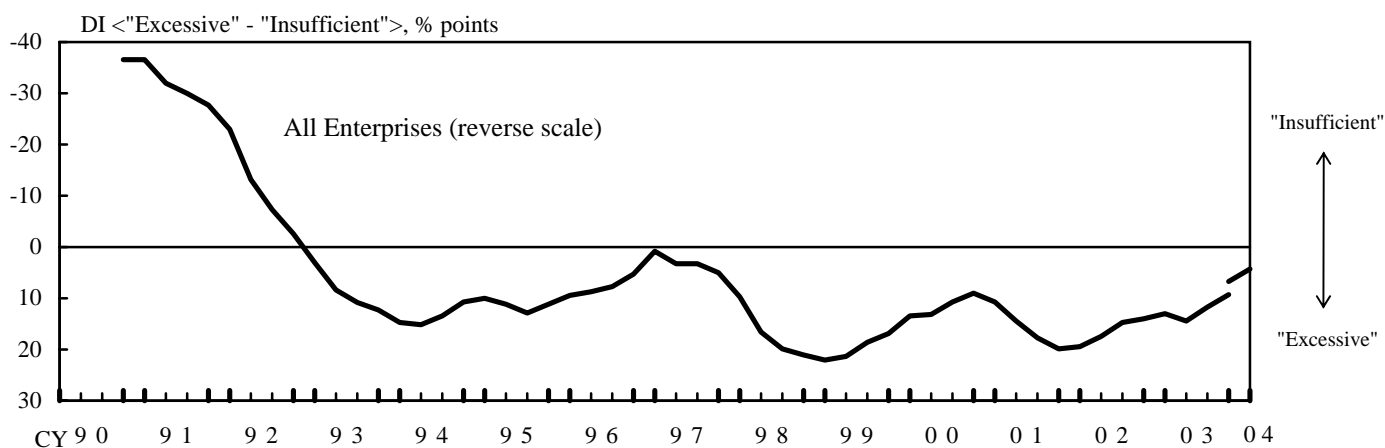
Notes: 1. Real imports (consumer goods), which are composed of motor vehicles, audio and visual apparatus, office machinery, foodstuffs and textiles, are calculated from the Trade Statistics as an index with the 2000 average equal to 100.

2. 2004/Q1 figure is Jan.-Feb. average at a quarterly rate.

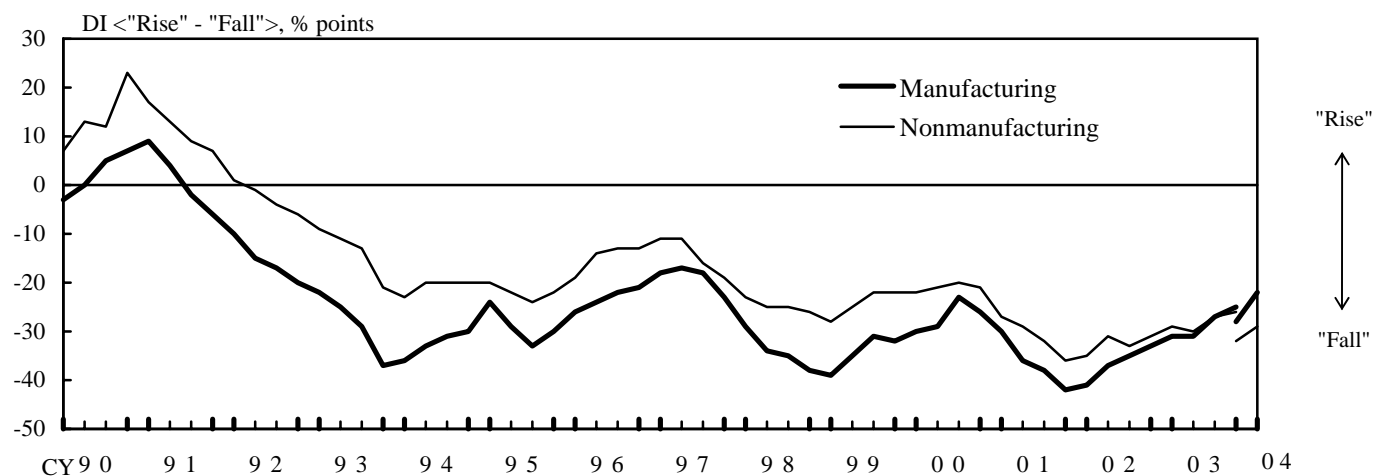
Sources: Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Consumer Price Index"; Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

Domestic Supply and Demand Conditions¹

(1) Domestic Supply and Demand Conditions for Products and Services (All Enterprises)

(2) Utilization of Capital and Labor²

(3) Change in Output Prices (All Enterprises)



Notes: 1. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

2. Figures are weighted averages of Production Capacity DI and Employment DI which show excessiveness. Labor share in national account, 1990-2002 average, is used as the weight.

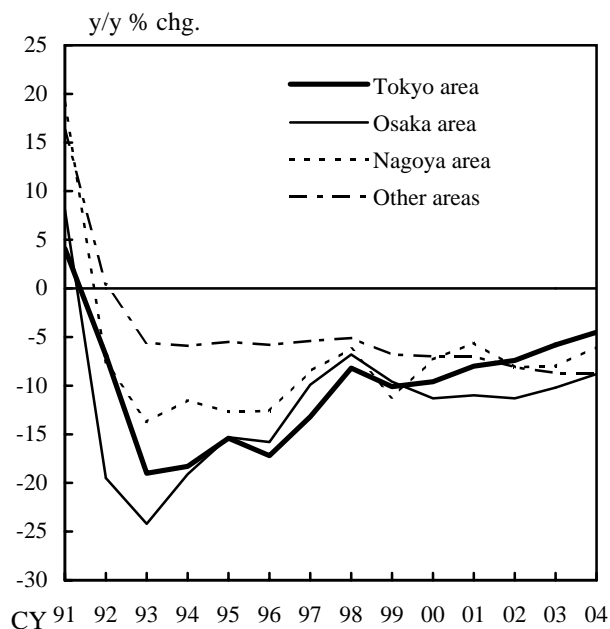
Sources: Cabinet Office, "National Accounts";

Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

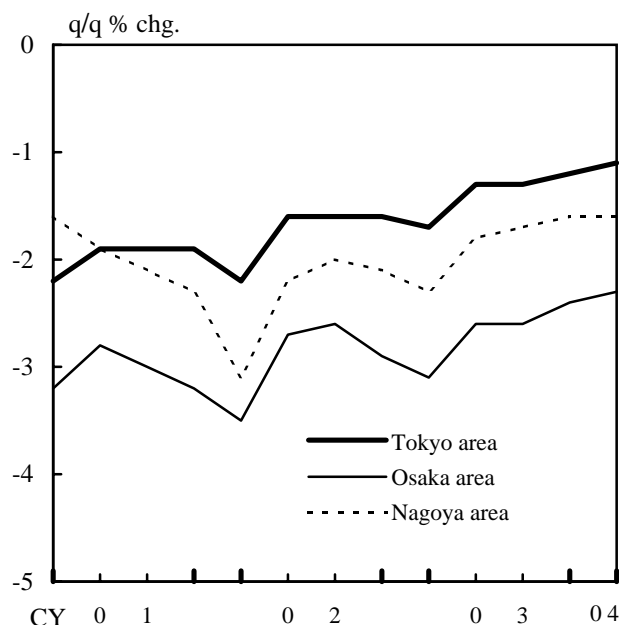
Land Prices

(1) Commercial land

(1-1) Published Land Prices (as of January 1st)

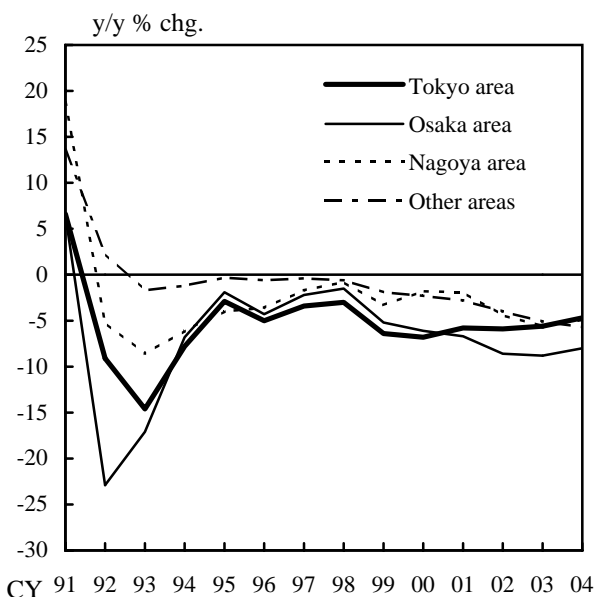


(1-2) Land prices at representative locations

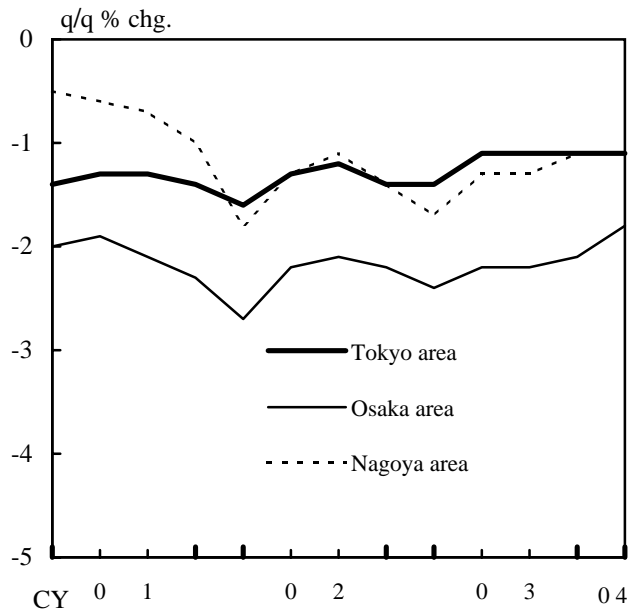


(2) Residential land

(2-1) Published Land Prices (as of January 1st)



(2-2) Land prices at representative locations

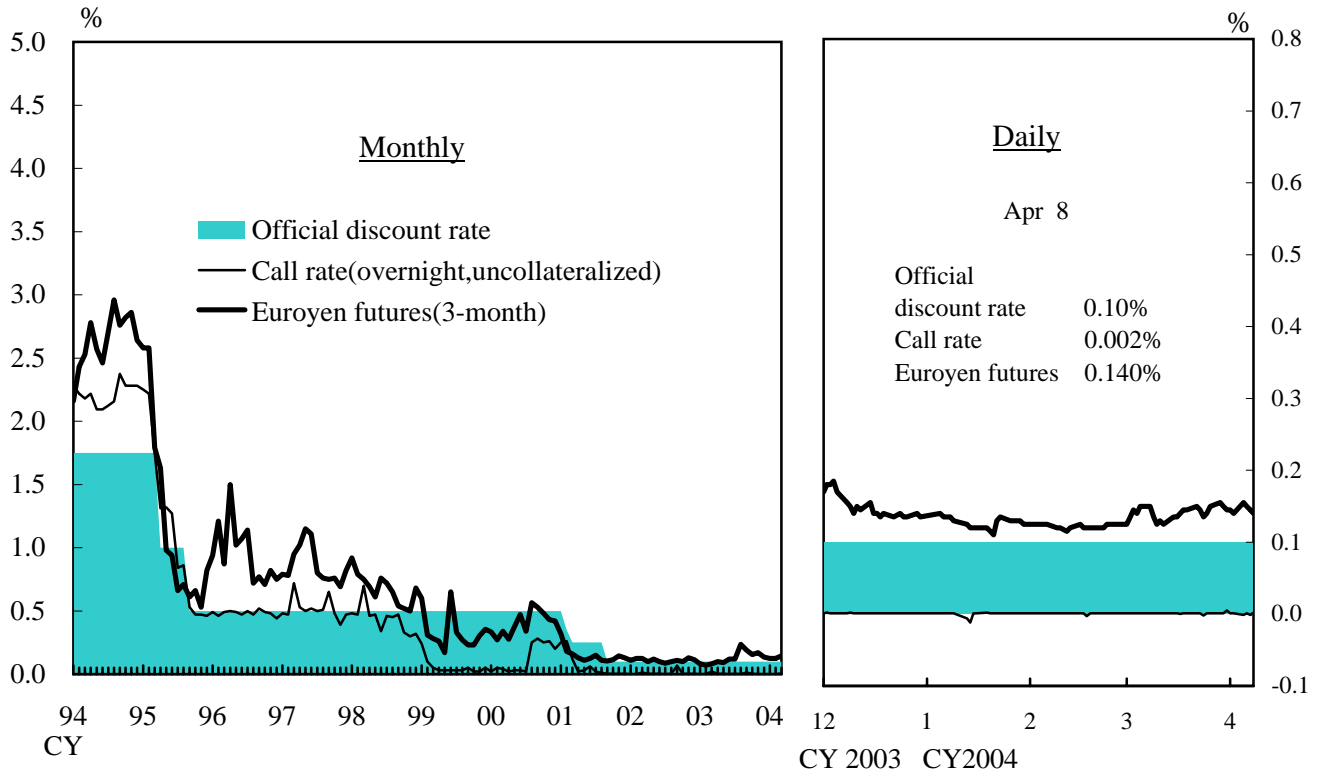


Note: *Publication of Land Price*, surveyed by the Ministry of Land, Infrastructure and Transport, shows the land prices as of January 1st. *Prefectural Land Price Survey*, surveyed by prefecture officials, shows the land prices as of July 1st. Each survey has representative locations which are basically regarded as the same locations between the two statistics. The prices of these representative locations are also surveyed on April 1st and October 1st, so the series of the quarterly price changes for those locations can be obtained.

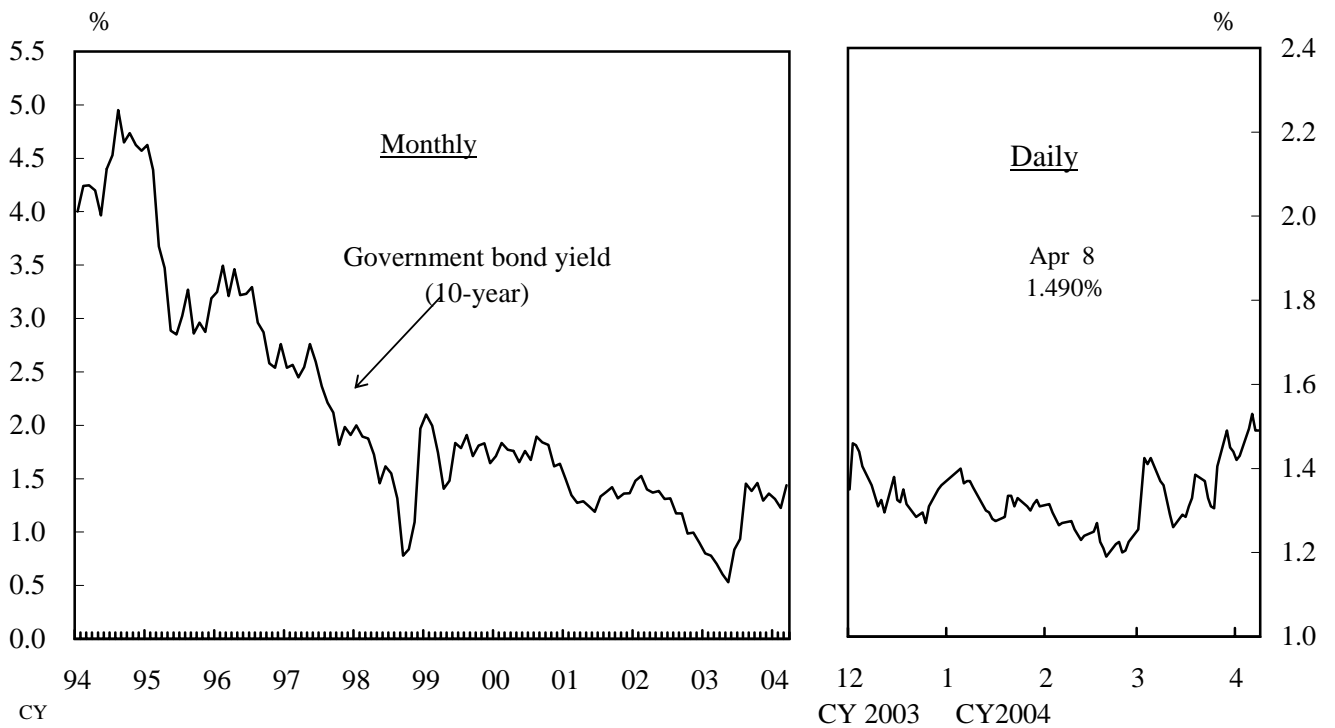
Sources: Ministry of Land, Infrastructure and Transport, "Publication of Land Price,"
"Prefectural Land Price Survey."

Interest Rates

(1) Short-Term



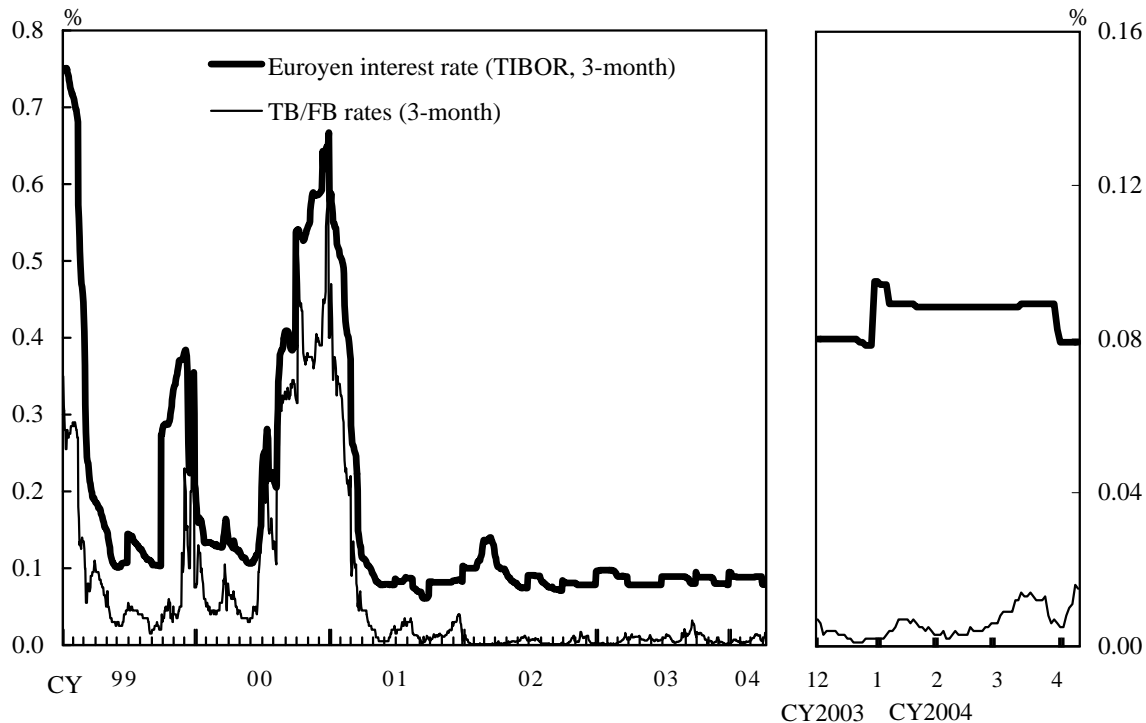
(2) Long-Term



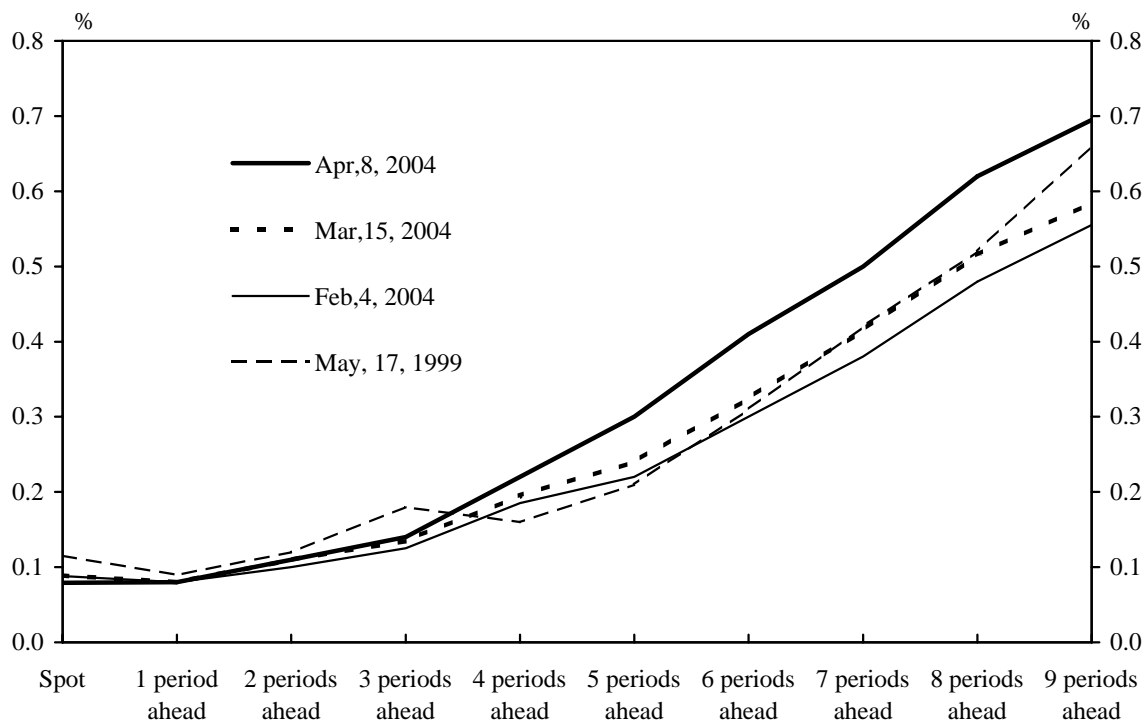
Sources: Bank of Japan; Tokyo International Financial Futures Exchange;
 Japan Bond Trading Co., Ltd.

Short-Term Money Market Rates

(1) Interest Rates on Term Instruments



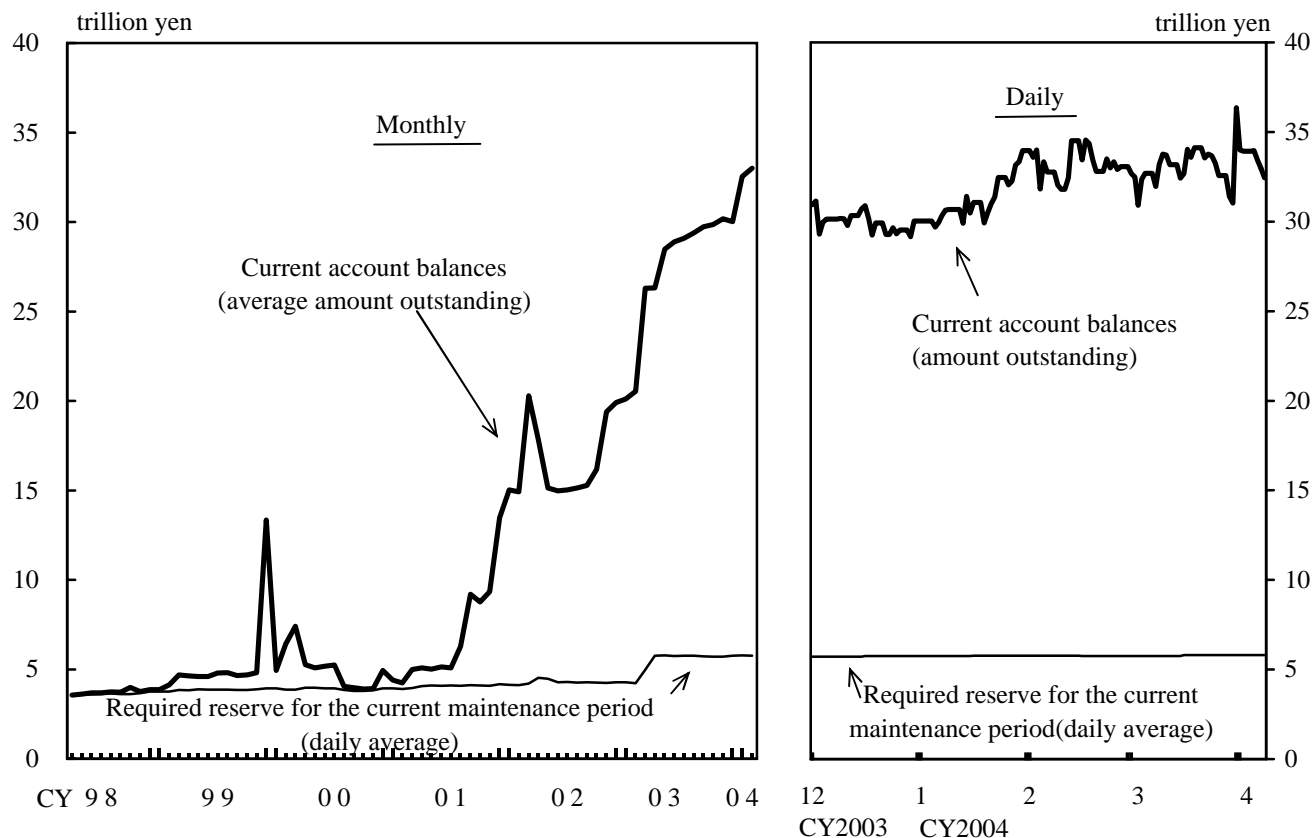
(2) Euroyen Interest Rates Futures (3-Month) ¹



Note: 1. Contract months in the figure (2) exclude "serial months," the months other than March, June, September and December.

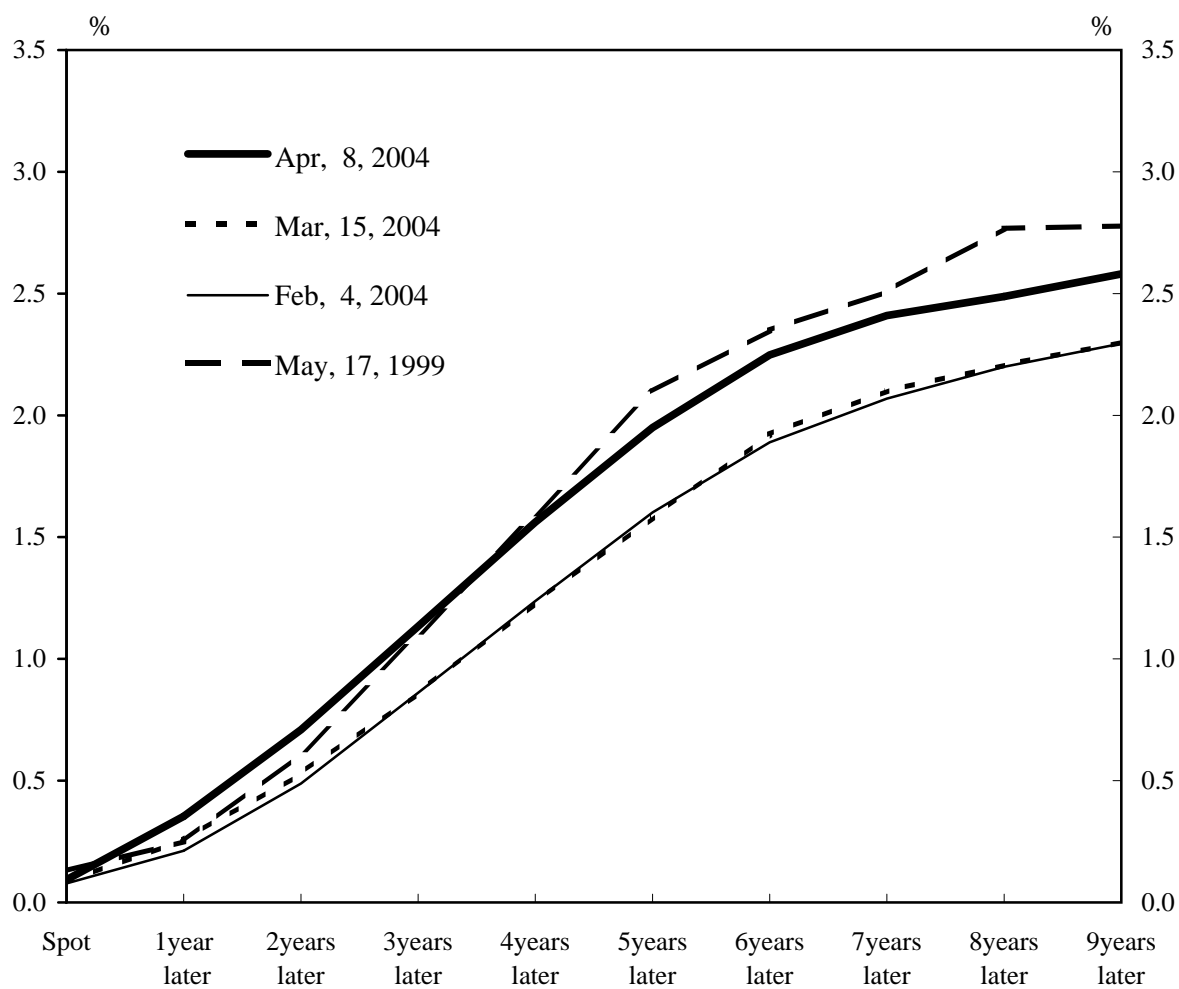
Sources: Japanese Bankers Association; Japan Bond Trading Co., Ltd.; Tokyo International Financial Futures Exchange.

Current Account Balances at the Bank of Japan ¹



Note: 1. From April 2003, the figures for current account balances and required reserve include the deposit of the Japan Post.

Source: Bank of Japan.

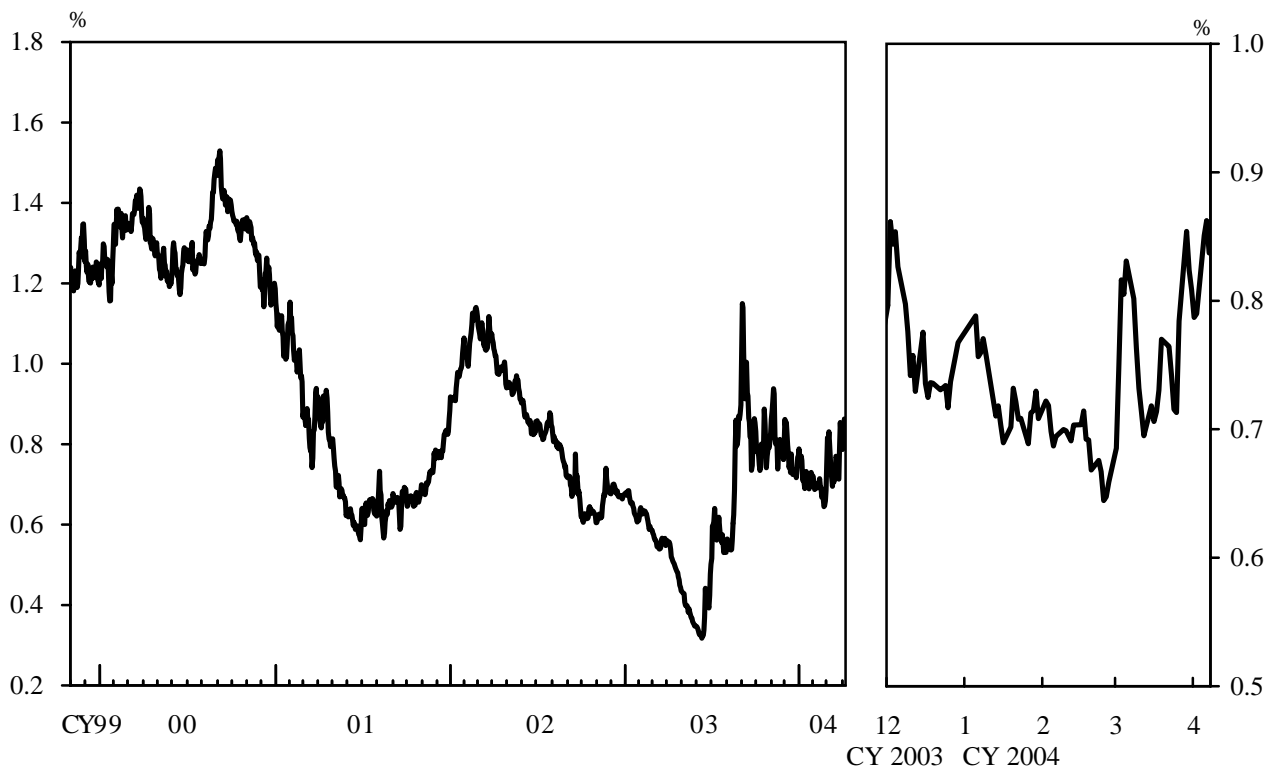
Implied Forward Rates (1-year)¹

Note: 1. Calculated from yen-yen swap rates.

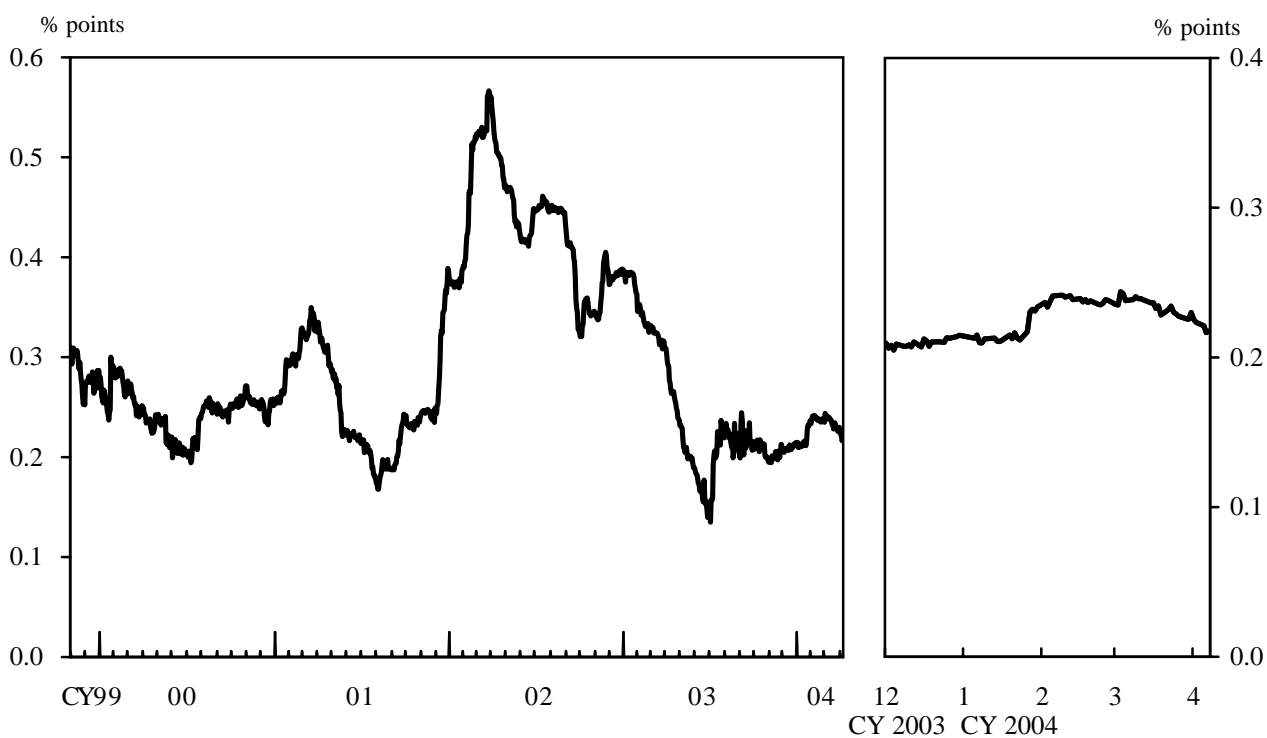
Source: Kyodo News.

Yields of Bank Bonds

(1) Average Bank Bond Yield



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



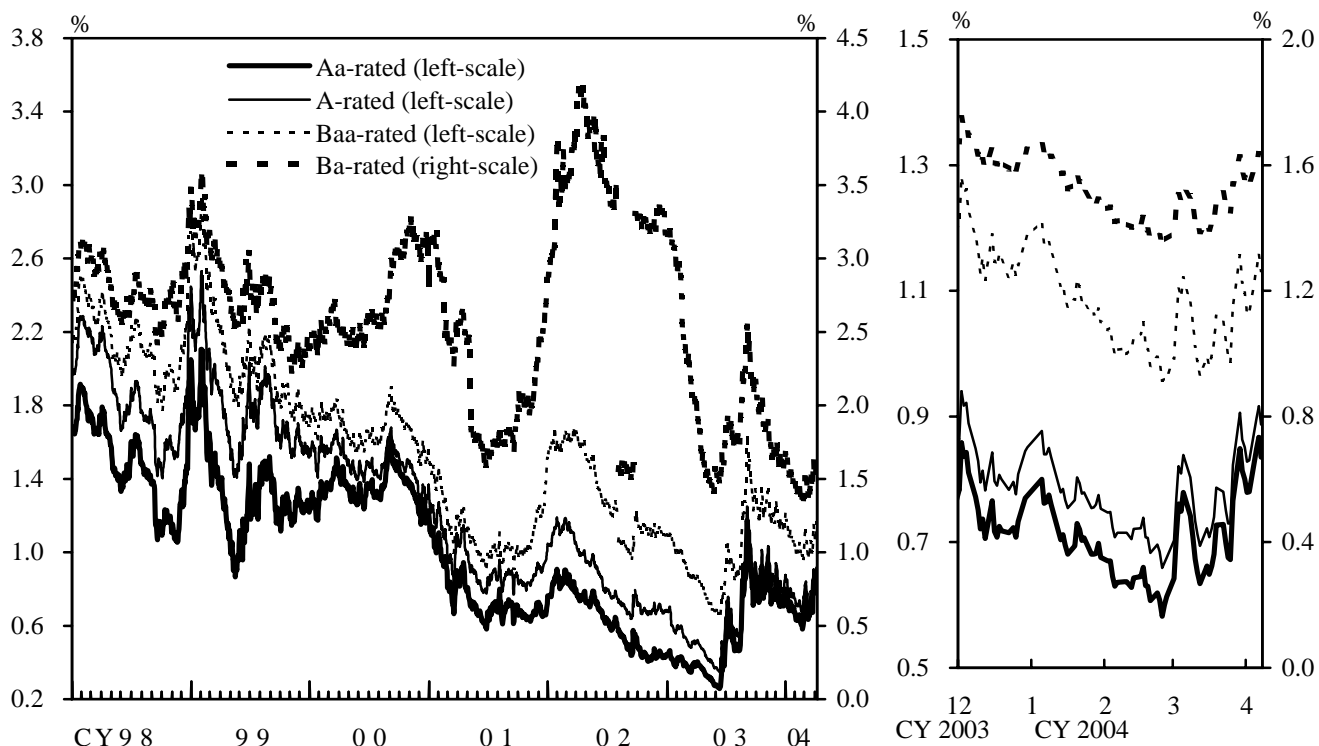
Notes: 1. Yields on bonds with 5-year maturity.

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

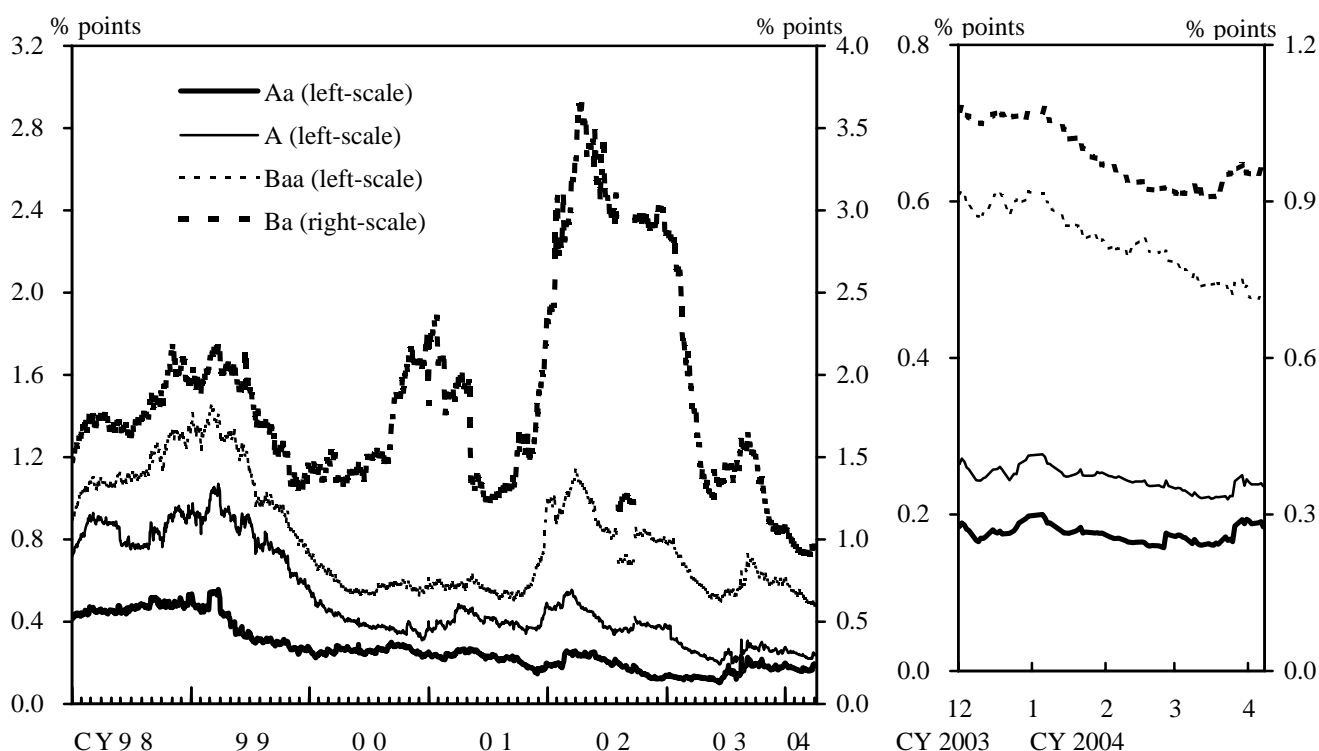
Sources: Japan Securities Dealers Association, "Over-the-Counter Standard Bond Quotations."
 "Reference Price(Yields) Table for OTC Bond Transactions."

Yields of Corporate Bonds ¹

(1) Corporate Bond Yields



(2) Spread of Corporate Bond Yield and Government Bond Yield



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

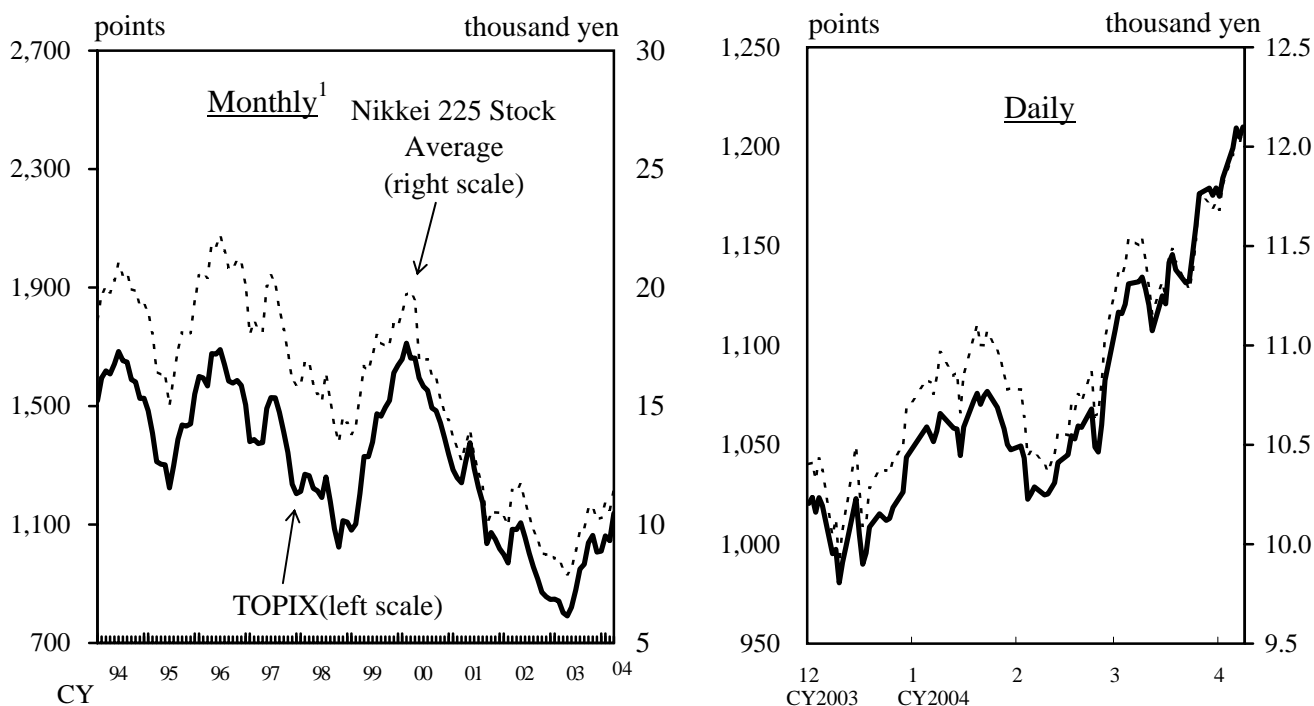
2. The indicated ratings are of Moody's.

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

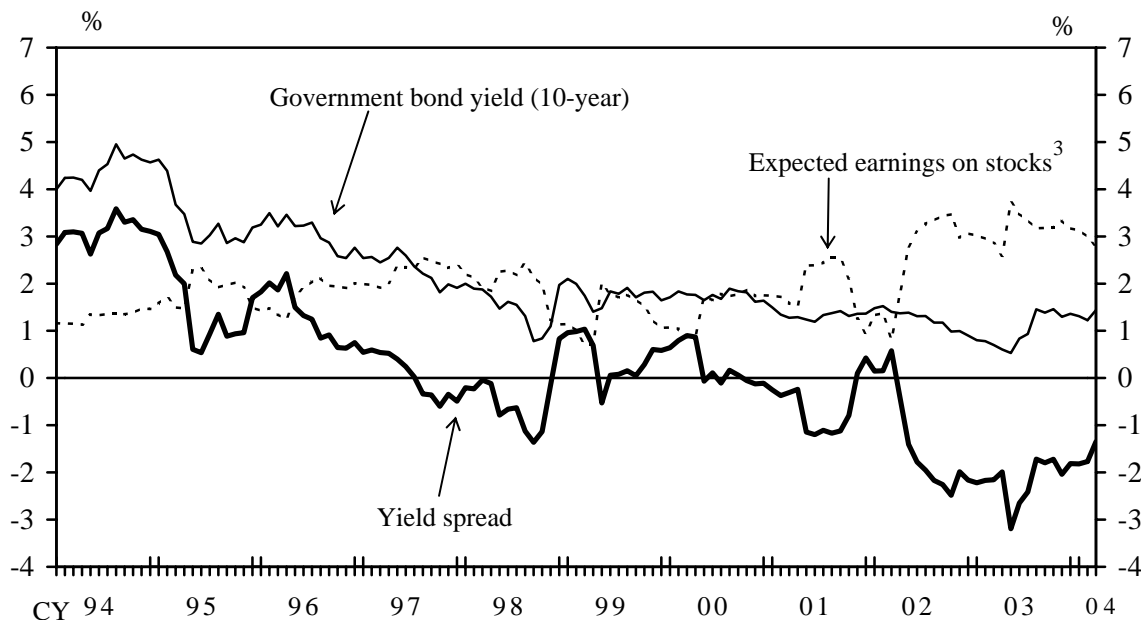
"Reference Price(Yields) Table for OTC Bond Transactions."

Stock Prices

(1) Stock Prices



(2) Yield Spread²



Notes: 1. Data are monthly averages.

2. Data are at end of period.

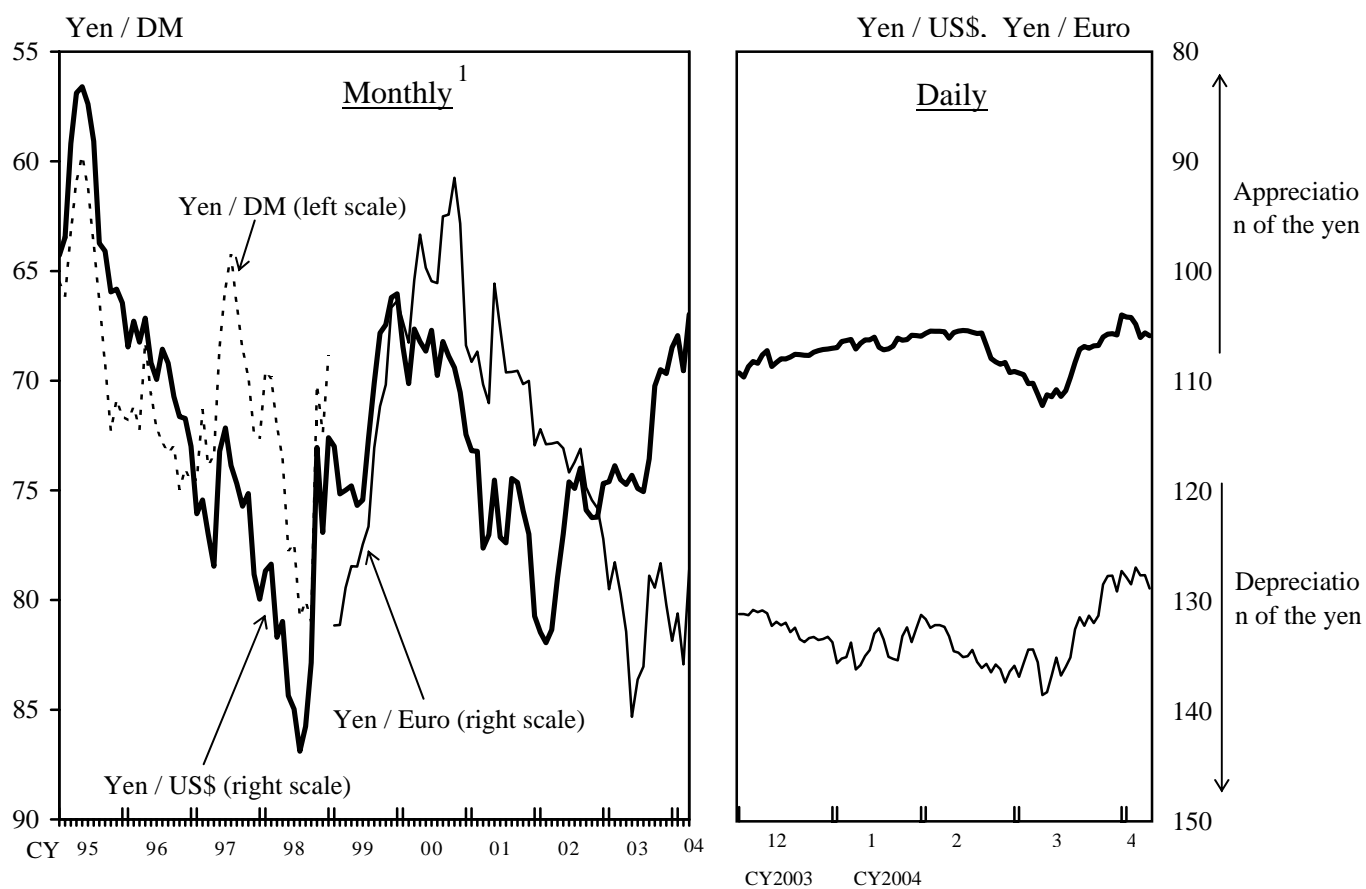
Yield spread = government bond yields - expected earnings on stocks, where expected earnings on stocks = 1/expected price earnings ratio.

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)."

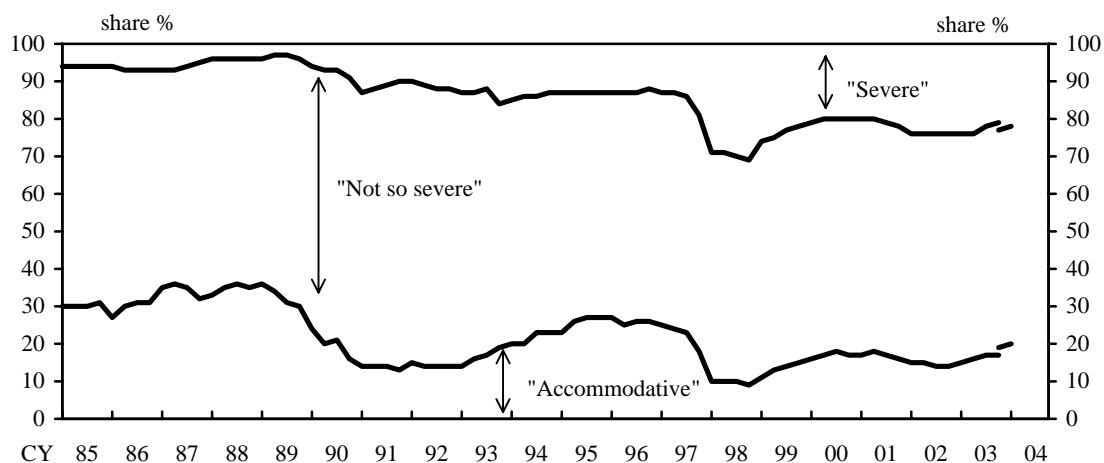
Exchange Rates



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

Lending Attitude of Financial Institutions as Perceived by Small Enterprises

(1) "Tankan - Short-Term Economic Survey of Enterprises in Japan" (March, 2004)

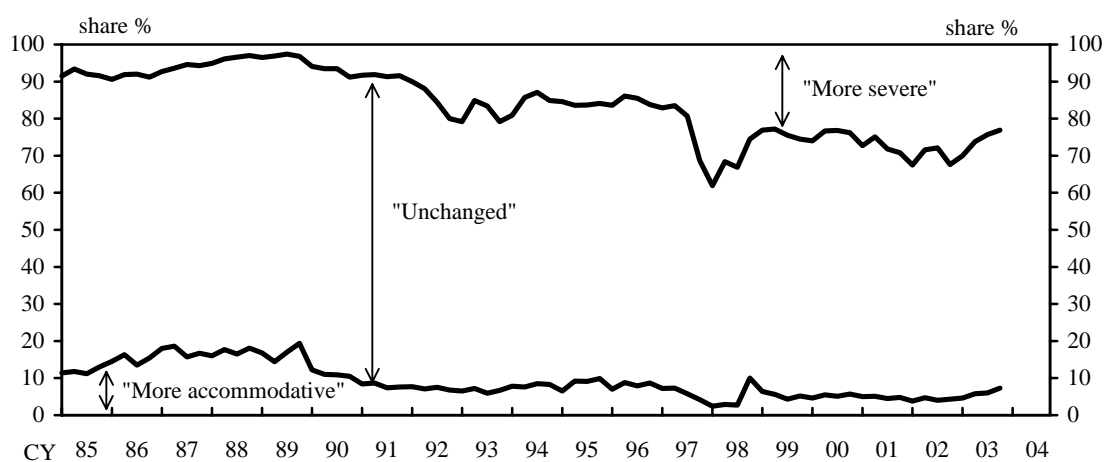


Note: The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

(2) "Monthly Survey of Small Businesses in Japan" (Mid-March, 2004)

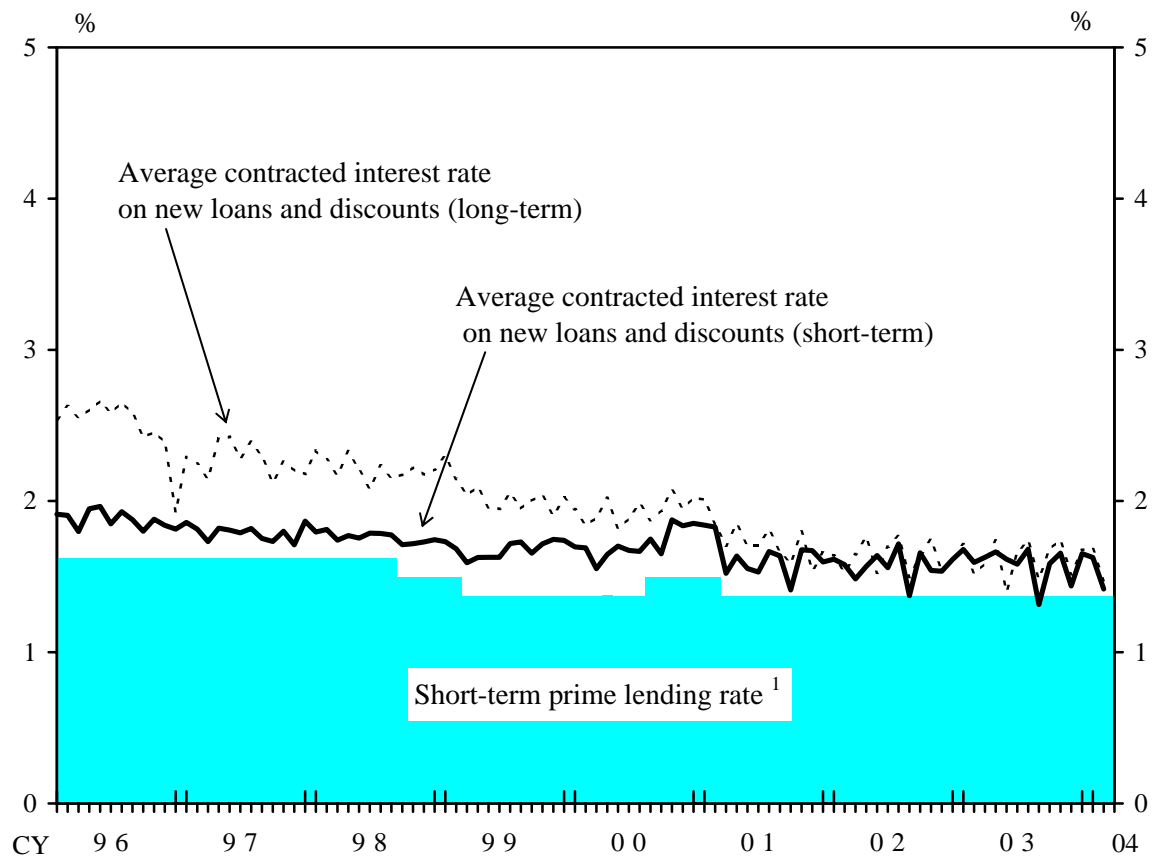


(3) "Quarterly Survey of Small Businesses in Japan" (December 10, 2003)



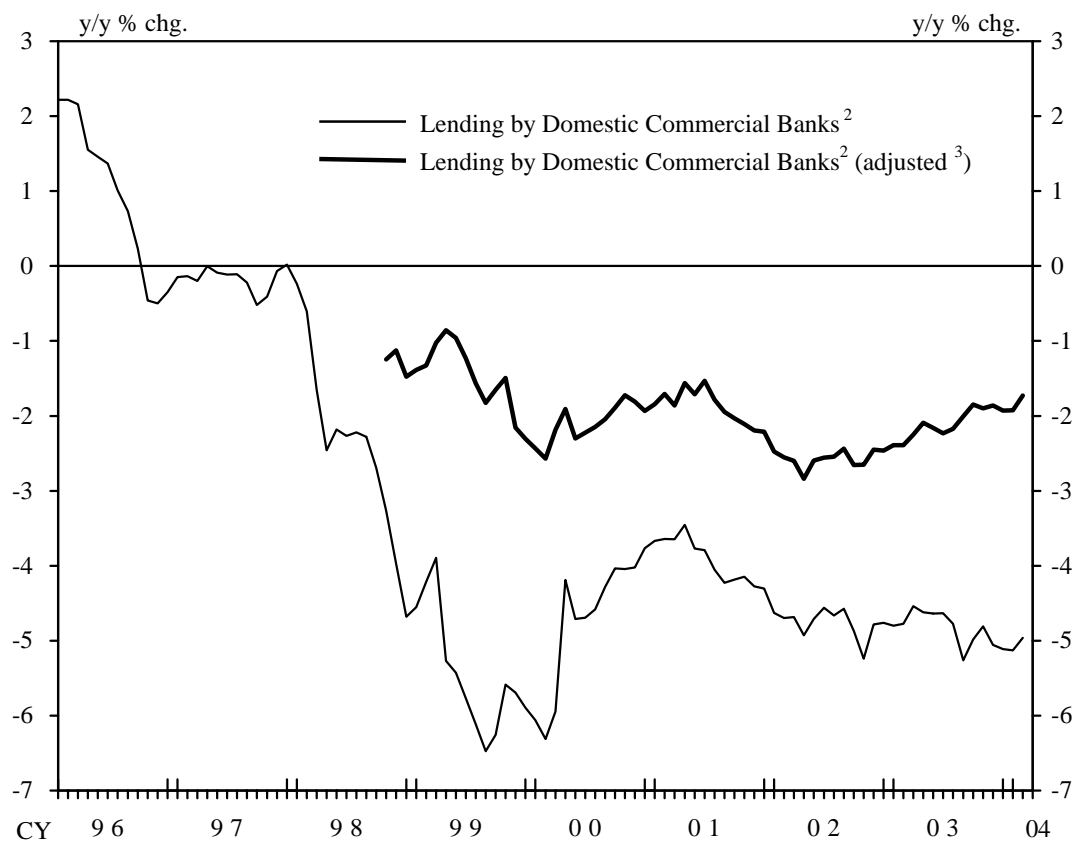
Sources: Bank of Japan, "*Tankan* - Short-Term Economic Survey of Enterprises in Japan";
 Japan Finance Corporation for Small Business, "Monthly Survey of Small Businesses in Japan";
 National Life Finance Corporation, "Quarterly Survey of Small Businesses in Japan."

Lending Rates



Note: 1. Data are at end of period.

Source: Bank of Japan.

Lending by Domestic Commercial Banks ¹

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).

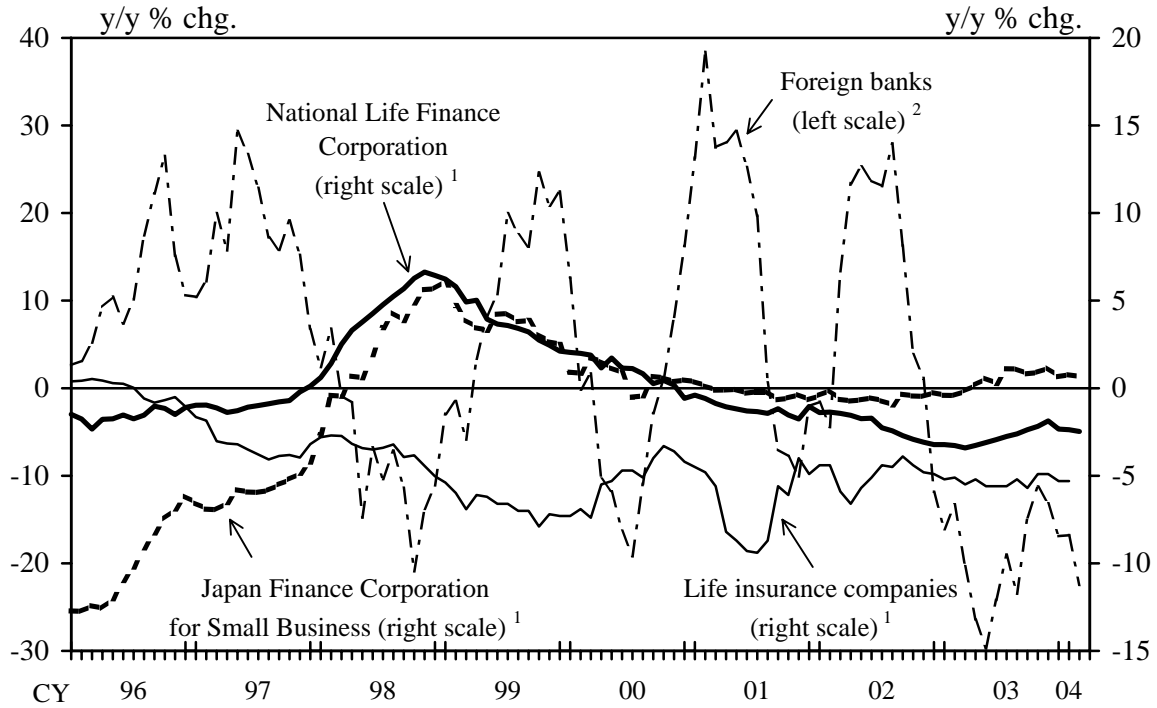
3. Adjusted to exclude

- (1) fluctuations due to the liquidation of loans,
- (2) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates,
- (3) fluctuations due to 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."

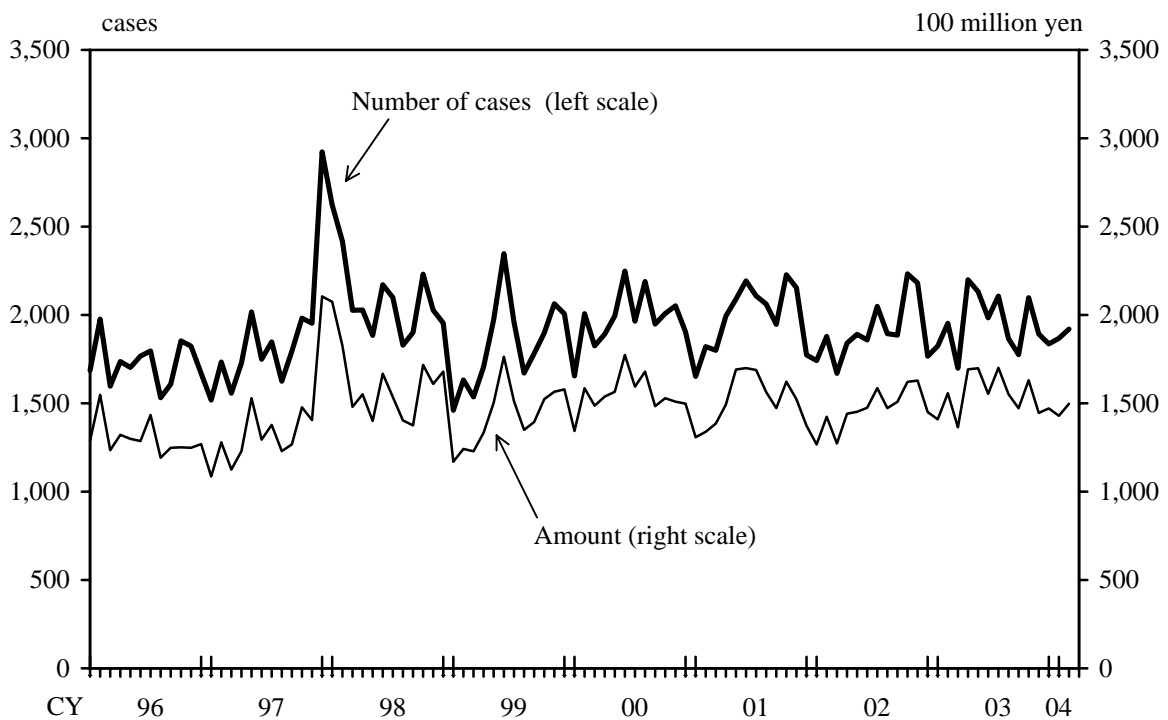
Lending by Other Financial Institutions

(1) Lending Outstanding



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

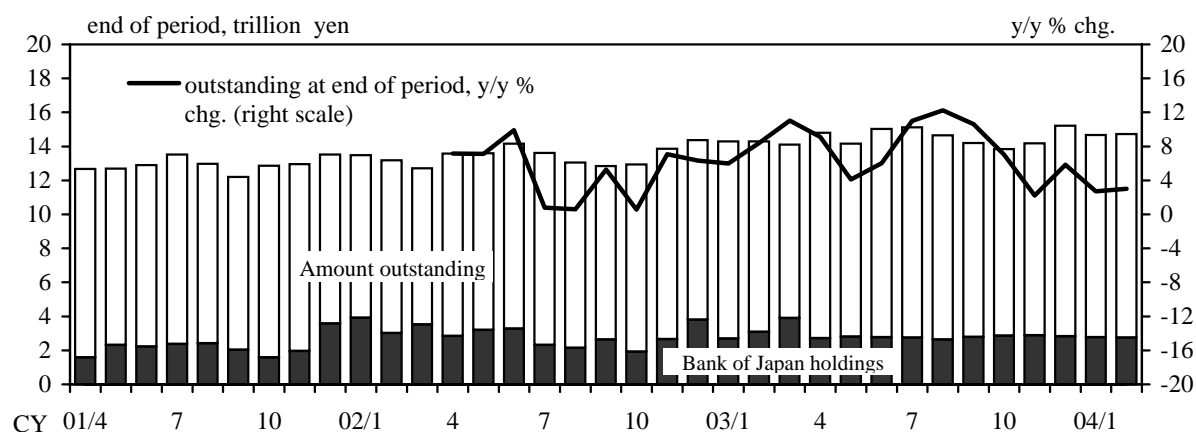
(2) Application for a Loan from Japan Finance Corporation for Small Business



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

Private-Sector Fund-Raising in the Capital Markets

(1) Amount Outstanding of Commercial Paper



- Notes: 1. Figures are those of the client financial institutions of the Bank of Japan.
2. Excludes those issued by banks.

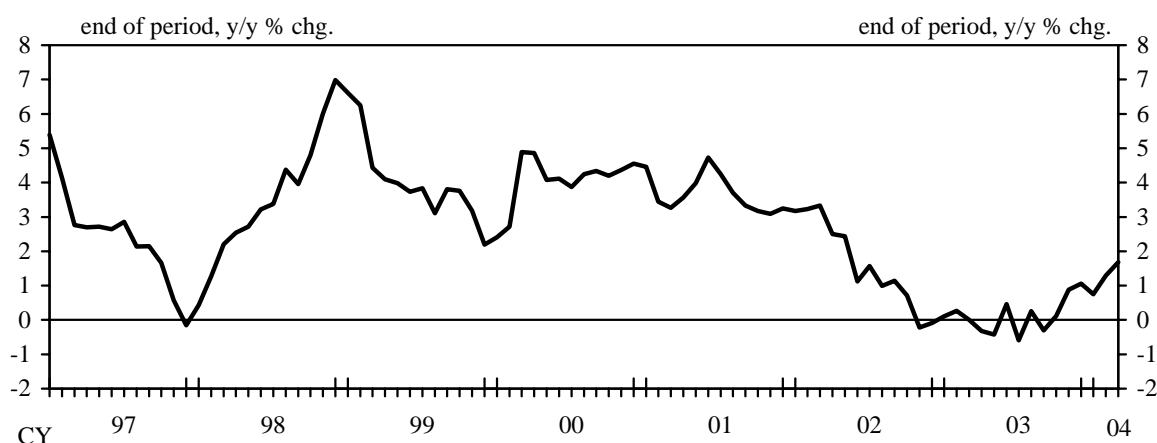
(2) Issue Volume of Corporate Bonds

(100 million yen)

	2003/Q3	Q4	2004/Q1	2004/Jan.	Feb.	Mar.
Volume	29,385	29,082	29,377	3,120	7,893	18,364
(previous year)	(28,505)	(27,520)	(31,859)	(4,395)	(11,296)	(16,168)

- Notes: 1. Corporate bonds are defined as the sum of the following categories: straight bonds, convertible bonds, and bonds with warrants issued in domestic and overseas markets, as well as ABSs issued in the domestic market.
2. Straight bonds issued by banks are excluded from domestically issued straight bonds.
3. The figure as of March 2004 is a preliminary one, using an estimate for the amount outstanding of the domestically issued private placement bonds.

(3) Amount Outstanding of Corporate Bonds (Changes from a Year Earlier)



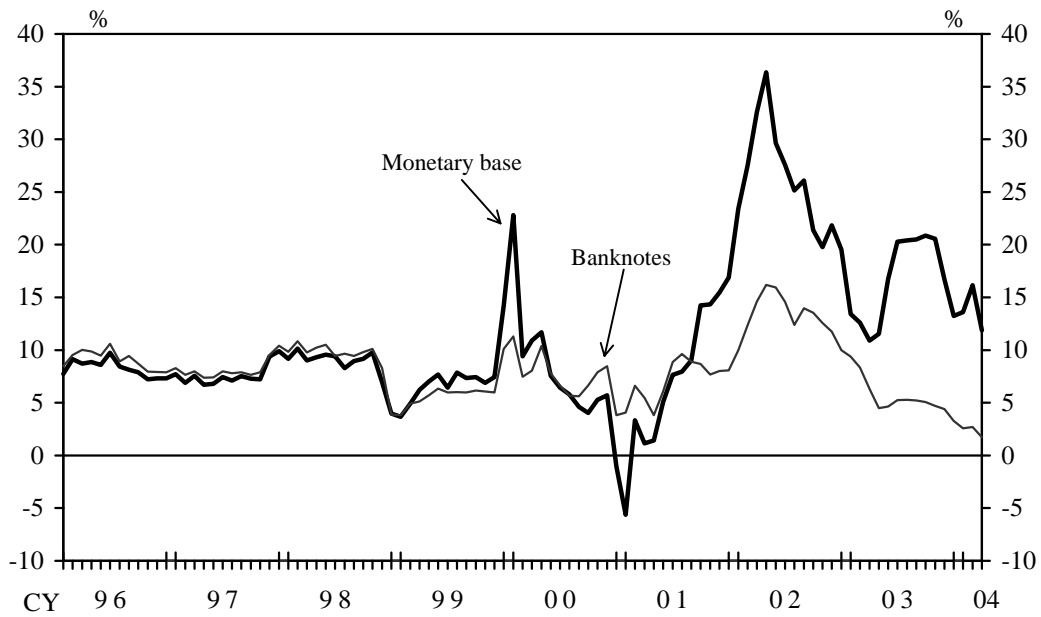
Note: Percentage changes from the previous year of the amount outstanding of corporate bonds are estimated figures. Procedures of the estimation are summarized as follows:

- (1) The sum of straight bonds, convertible bonds, bonds with warrants, and ABSs issued in both domestic and overseas markets is used.
- (2) Bonds issued by banks are included.
- (3) In calculating the percentage changes from the previous year of the amount outstanding of corporate bonds, the following adjustment is made for the treatment of convertible bonds that have been converted into shares.
Percentage changes from the previous year of the amount outstanding of corporate bonds
= (The amount outstanding of corporate bonds as of this month + The sum of conversion amount over the last 12 months) / The amount outstanding of corporate bonds as of the same month in the previous year
- (4) The figures as of February and March 2004 are preliminary ones.

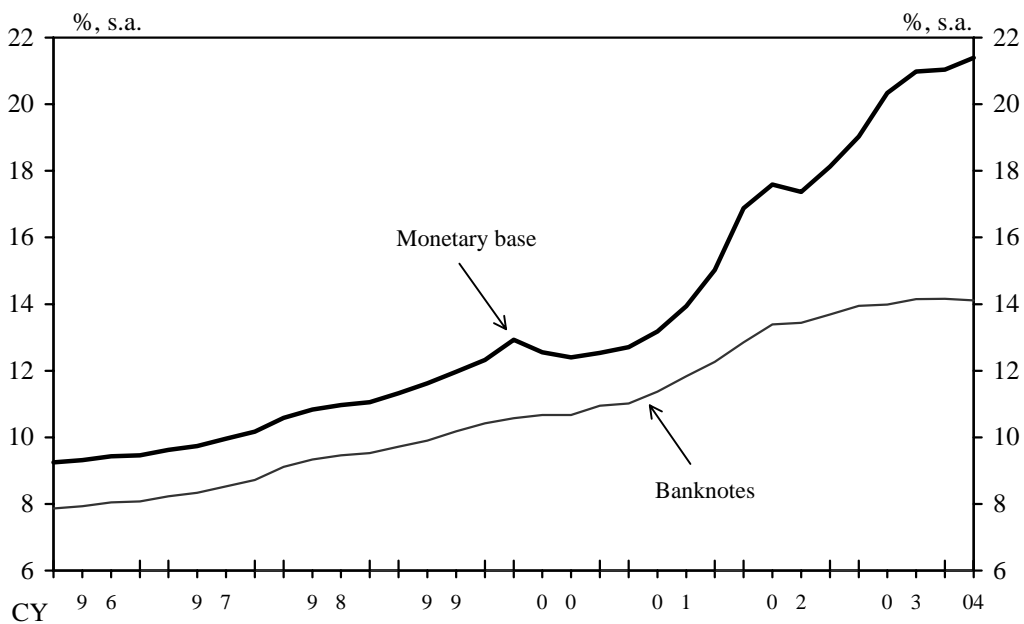
Sources: Bank of Japan, "Principal Figures of Financial Institutions," "Balance of Payments Monthly"; Japan Securities Dealers Association, "New Issue Volume- Redemption of Bonds," "Bond Issuance Abroad by Japanese," "Kisai-Jouhou (Issuance Information)"; IN Information Center, "Funding Eye."

Monetary Base

(1) Changes from a Year Earlier



(2) Ratio of Monetary Base to Nominal GDP



Notes: 1. Monetary base = currency in circulation (banknotes + coins) + current deposits at the Bank of Japan.

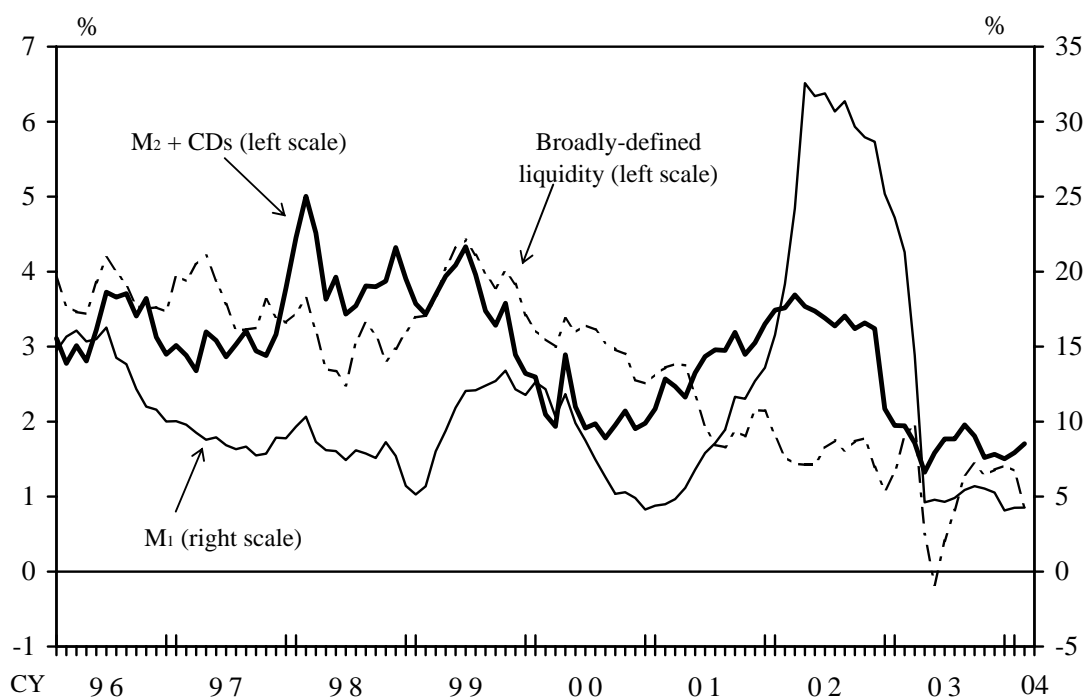
Data for currency in circulation include holdings of financial institutions.

2. Figure for the nominal GDP in 2004/Q1 is assumed to be unchanged from the previous quarter.

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

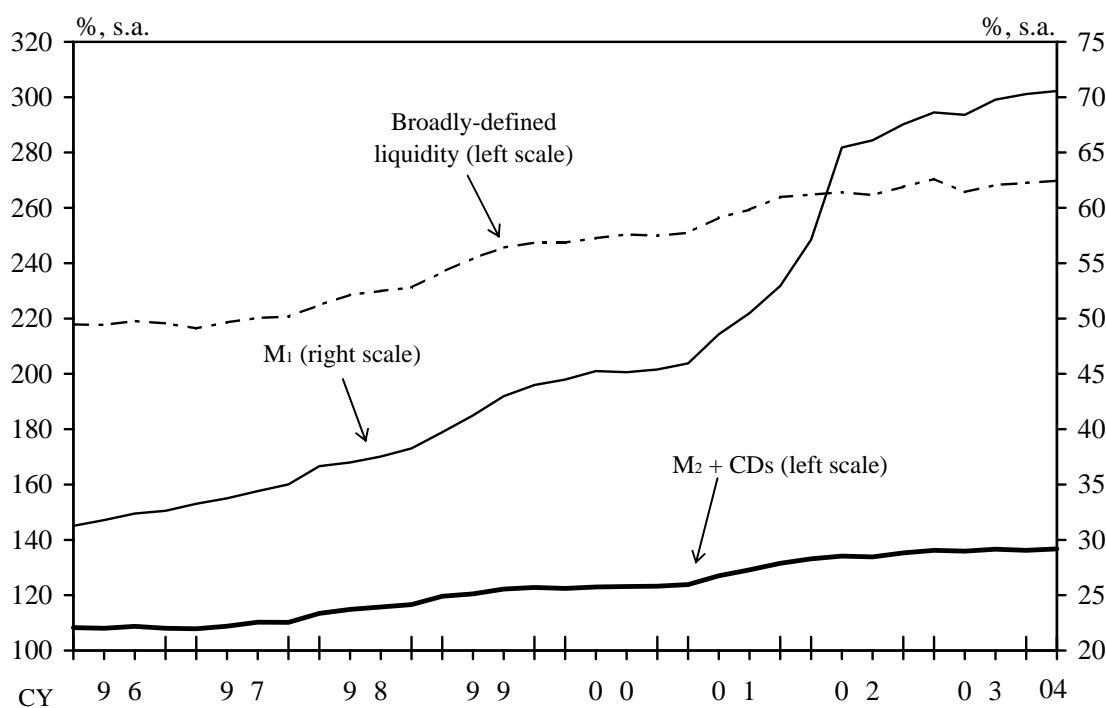
Money Stock (M1, M2+CDs, Broadly-Defined Liquidity)

(1) Changes from a Year Earlier



Note: In April 2003, the Postal Life Welfare Corporation was dissolved and its assets were transferred to the Japan Post. Accordingly, its financial assets were excluded from the Money Stock. Changes of the Broadly-defined Liquidity from a year earlier adjusted for the exclusion is 3.0% in February 2004.

(2) Ratio of Money Stock to Nominal GDP

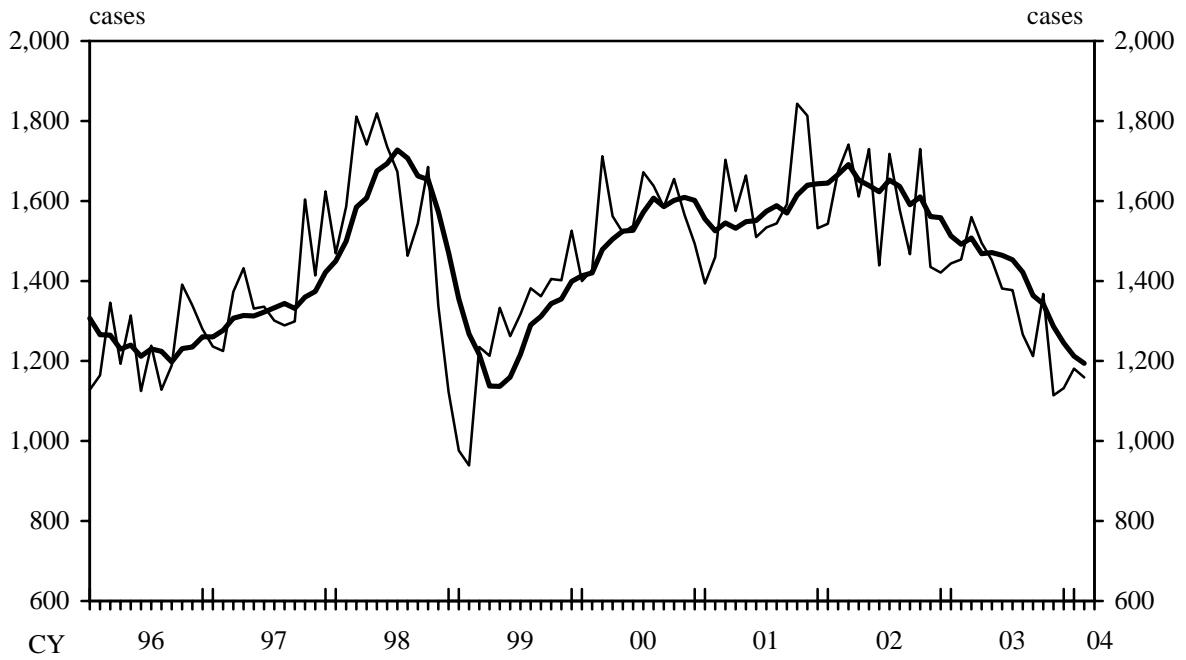


Note: Figures for money stock in 2004/Q1 are those of Jan.-Feb. averages, and the nominal GDP in 2004/Q1 is assumed to be unchanged from the previous quarter.

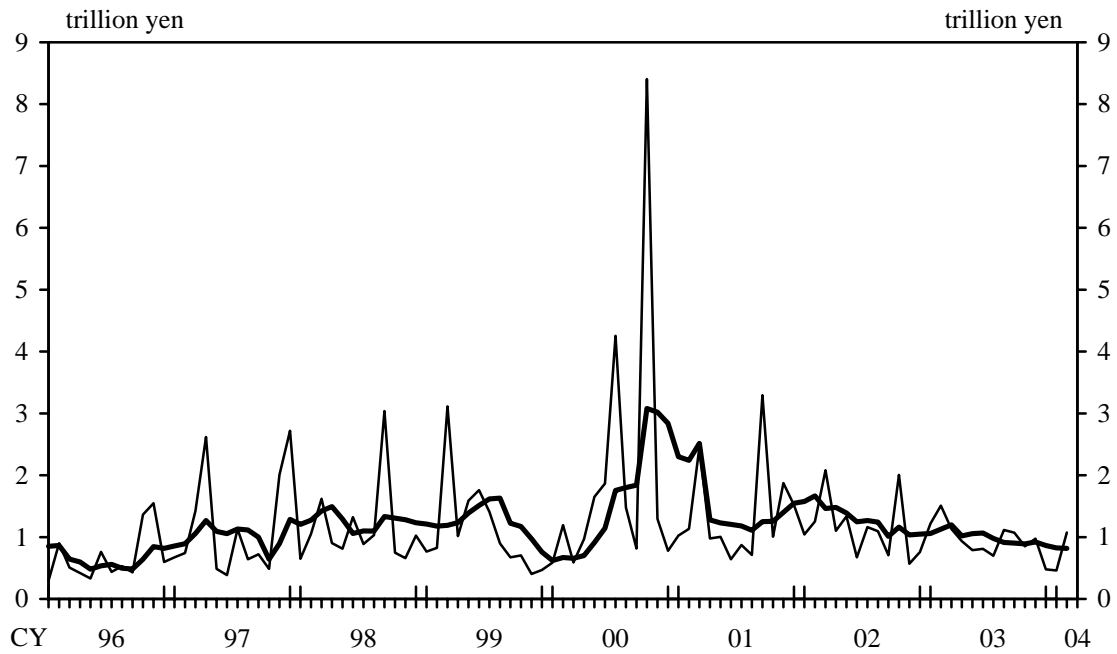
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

Corporate Bankruptcies

(1) Number of Cases



(2) Amount of Liabilities

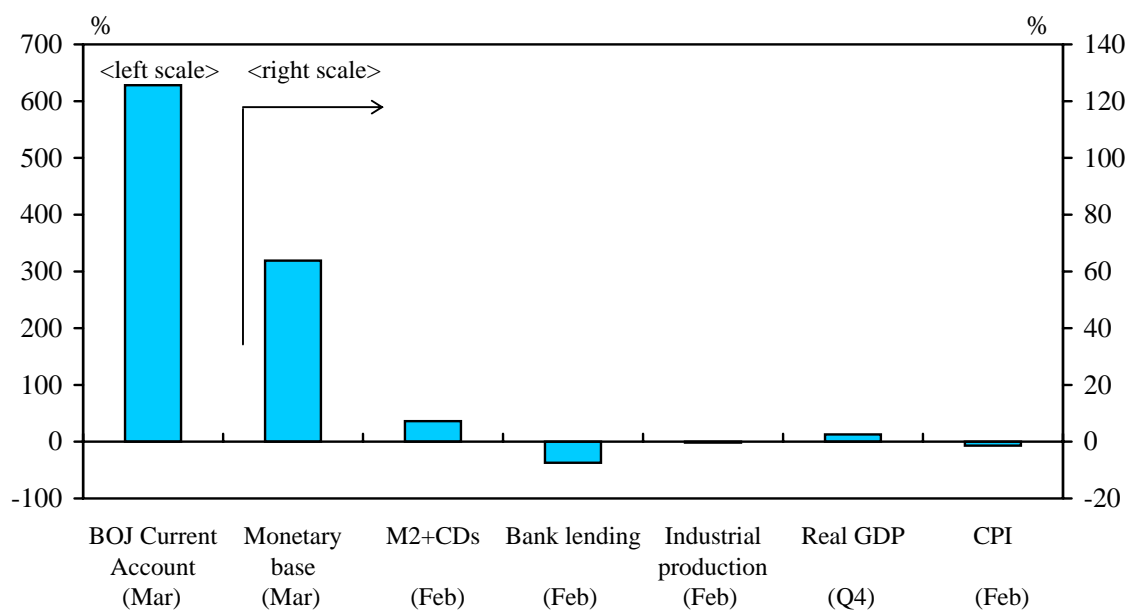


Note: Bold lines are the six-month moving average.

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

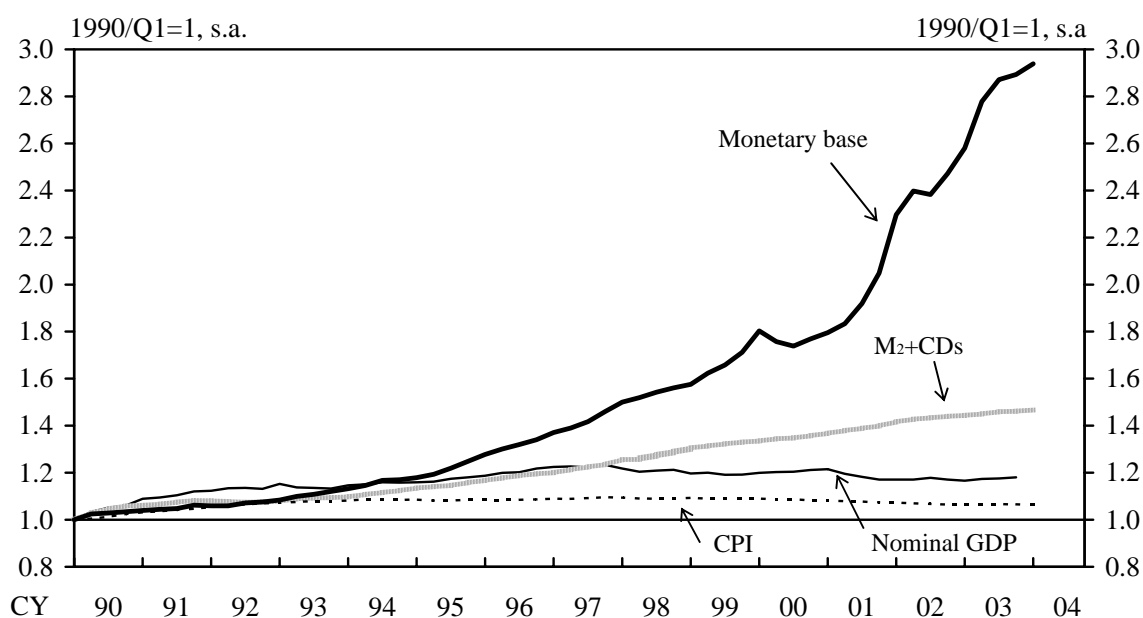
 Monetary Indicators, Economic Activity and Price Development

(1) Changes from March 2001



- Notes: 1. Figures, excluding BOJ current account balance and bank lending, are seasonally adjusted.
 2. Figure for the real GDP is compared to that in 2001/Q1.
 3. Figure for the bank lending is adjusted to exclude factors such as the liquidation of loans.
 4. Figure for the CPI excludes fresh food.

(2) Developments since 1990



- Notes: 1. Figures for monetary base are adjusted for changes in reserve requirement rates.
 2. Figures for CPI exclude fresh food and effects of the change in the consumption tax rate.
 3. Figures for M2+CDs and CPI in 2004/Q1 are those of Jan.-Feb. averages.

Sources: Cabinet Office, "National Accounts"; Ministry of Public Management, Home Affairs, Posts and Telecommunications, "Consumer Price Index"; Ministry of Economy, Trade and Industry, "Indices of Industrial Production"; Bank of Japan.