

December 22, 2009  
Bank of Japan

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

December 2009

(English translation prepared by the Bank's staff based on the Japanese original  
released on December 21, 2009)

Please contact the Bank of Japan at the address below in advance to request permission when reproducing or copying the content of this document for commercial purposes.

Secretariat of the Policy Board, Bank of Japan  
P.O. Box 30, Nihonbashi, Tokyo 103-8660, Japan

Please credit the source when quoting, reproducing, or copying the content of this document.

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

December 2009

## Summary

Japan's economy is picking up mainly due to various policy measures taken at home and abroad, although there is not yet sufficient momentum to support a self-sustaining recovery in domestic private demand.

Exports and production have been increasing. Business sentiment, especially at large manufacturing firms, has been improving moderately. The decline in business fixed investment has been coming to a halt. Private consumption, notably durable goods consumption, is picking up mainly due to policy measures, despite the continued severe employment and income situation. Meanwhile, public investment has started to level off and housing investment has decreased.

Japan's economic conditions are likely to continue improving, although the pace of improvement is likely to remain moderate for the time being.

The uptrend in exports and production is expected to continue, reflecting continued improvement in overseas economic conditions, although the pace of increase is likely to moderate gradually. Private consumption, notably durable goods consumption, is likely to continue to pick up for the time being mainly due to policy measures, despite the severe employment and income situation. However, business fixed investment is likely to remain more or less unchanged for the time being, with corporate profits remaining at a low level and the sense of excessive capital stock being strong. Meanwhile, public investment is likely to decrease gradually.

On the price front, the three-month rate of change in domestic corporate goods prices has been slightly negative, mainly due to the slack in supply and demand conditions for products. The year-on-year rate of change in consumer prices (excluding fresh food) has declined, mainly due to the prices of petroleum products,

---

<sup>1</sup> This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on December 17 and 18, 2009.

which are lower than their high levels a year ago, in addition to the substantial slack persisting in the economy as a whole.

Domestic corporate goods prices are likely to be soft for the time being due to the persistent slack in supply and demand conditions for products, although the rise in commodity prices is expected to exert an upward pressure. The year-on-year pace of decline in consumer prices is expected to moderate as the effects of the prices of petroleum products abate.

The weighted average of the overnight call rate has been at around 0.1 percent. Interest rates on term instruments have declined somewhat. Meanwhile, compared with last month, stock prices have risen, while the yen's exchange rate against the U.S. dollar and long-term interest rates have remained at more or less the same levels.

The financial environment, with some lingering severity, has continued to show signs of improvement.

The overnight call rate has remained at an extremely low level, and firms' funding costs have declined somewhat. The stimulative effects from low interest rates are still constrained given the low level of economic activity and corporate profits, but the degree of constraint has begun to moderate. With regard to credit supply, although many firms still see financial institutions' lending attitudes as severe, firms as a whole regard the situation as improving. Issuing conditions for CP and corporate bonds have remained favorable, except for low-rated corporate bonds. As for credit demand, firms' need to fund working capital and fixed investment has declined, and some firms have reduced the on-hand liquidity that they had accumulated. Against this backdrop, the year-on-year rate of increase in bank lending has declined, partly due to its high growth a year ago. The amount outstanding of corporate bonds has exceeded the previous year's level, while that of CP has declined. In these circumstances, although many firms, mainly small ones, still see their financial positions as weak, on the whole firms' financial positions have continued to improve. Meanwhile, the year-on-year rate of change in the money stock has been in the range of 3.0-3.5 percent.

## 1. Economic Developments

Public investment has started to level off. Looking at monthly indicators (Chart 5), the amount of public construction completed—which reflects the progress of public works—marked a decrease in October compared with the third quarter, on a quarterly basis, following the third quarter. The value of public works contracted—a measure that reflects public orders—decreased in October-November compared with the third quarter, after increasing for three consecutive quarters toward the third quarter.

Public investment is likely to decrease gradually.

Real exports have been increasing due to the improvement in overseas economic conditions (Charts 6[1] and 7). Exports increased in October by 7.5 percent compared with the third quarter, after increasing by double digits for two consecutive quarters. Looking at monthly developments, exports have increased for the seven consecutive months since April.

By destination (Chart 7[1]), exports to the United States and East Asia have been increasing since the second quarter.<sup>2</sup> Those to the EU and "other regions" have increased substantially in October compared with the third quarter, partly due to the increase in ships, which tend to fluctuate largely.

By goods (Chart 7[2]), exports of all goods with the exception of capital goods and parts have been increasing since the second quarter, on a quarterly basis. Those of capital goods and parts have been increasing since the third quarter.

Real imports have increased, albeit with some fluctuations, amid continued increase in production (Charts 6[1] and 9). Imports decreased in October compared with the third quarter, after increasing considerably in the third quarter, on a quarterly basis. Looking at monthly developments, imports have decreased for the first time in eight months, after turning to an increase in March.

---

<sup>2</sup> Exports to China in October decreased, on a monthly basis, but this might have reflected the fact that this year's public holidays celebrating the anniversary of the founding of the People's Republic of China (October 1) etc. lasted for eight days (October 1 to October 8), which was one day longer than usual.

By goods (Chart 9[2]), imports of IT-related goods (such as PCs), capital goods and parts, and intermediate goods have been increasing. Those of consumer goods (such as flat panel TVs) and raw materials (such as crude oil) have been increasing as a trend, albeit with some fluctuations; they decreased in October compared with the third quarter. Imports of foodstuffs, meanwhile, have been relatively weak.

Net exports—in terms of the real trade balance—increased in October compared with the third quarter, after increasing for two consecutive quarters, on a quarterly basis (Chart 6[2]). The nominal balance on goods and services, after returning to a surplus in the second quarter, marked a surplus in the third quarter on par with that of the second quarter.

The uptrend in exports is expected to continue, reflecting continued improvement in overseas economic conditions, although the pace of increase is likely to moderate gradually. The growth rate of overseas economies, which has been expanding at a considerably fast pace, especially in emerging countries, since the second quarter of 2009, is likely to decelerate temporarily in 2010; the effects of increases in production—reflected by the restoration of inventories—and the effects to stimulate the economy from the fiscal front are likely to diminish in many countries (Chart 8[2]). Overseas economic conditions are likely to maintain their expanding trend, however, even after such a deceleration.

Imports are expected to continue increasing gradually in response to the improvement in domestic economic conditions.

The decline in business fixed investment has been coming to a halt. According to the *Financial Statements Statistics of Corporations by Industry, Quarterly* (Chart 10[1]), the pace of decrease in business fixed investment in nominal terms accelerated; investment decreased by 8.8 percent in the third quarter, after declining for the five consecutive quarters since the second quarter of 2008. By industry and firm size (Chart 11), in manufacturing, the pace of decline in investment in medium-sized and small firms moderated, but that of large firms accelerated, mainly in motor vehicles and general machinery; in both cases, the level of

investment was largely below that of depreciation expenses. As for nonmanufacturing, although investment by medium-sized and small firms increased marginally for two consecutive quarters, that by large firms marked a somewhat large decline, after increasing for two consecutive quarters.<sup>3</sup> The aggregate supply of capital goods and shipments of capital goods (both including and excluding transport equipment)—coincident indicators of machinery investment—have begun to pick up from their bottoms, which was in the second quarter (Chart 12[1]). Machinery orders (private demand, excluding orders of shipbuilding and orders from electric power companies)—a leading indicator of machinery investment—essentially stopped decreasing, after dropping substantially, on a monthly basis (Chart 13[1]).<sup>4</sup> By industry, in manufacturing, machinery orders decreased in the third quarter, partly as a reaction to large orders in the second quarter, but they increased substantially in October compared with the third quarter, with large orders contributing to the increase again. On the other hand, in nonmanufacturing, machinery orders decreased in October compared with the third quarter, although they increased in the third quarter. Construction starts (floor area, private, nondwelling use)—a leading indicator of construction investment—remained more or less unchanged in October compared with the third quarter, following the third quarter, after decreasing substantially in the second quarter (Chart 13[2]).

Looking at the environment surrounding business fixed investment, corporate profits have turned to an improvement on a quarterly basis, despite being at extremely low levels, mainly in response to the increase in production. On a fiscal year basis, however, current profits (for all industries and firms) in fiscal 2009 were forecast to decrease for the third consecutive year, by 16.1 percent, according to firms' business

---

<sup>3</sup> "Leasing etc."—whose accounting method has been changed—should be excluded when looking at the developments of business fixed investment in nonmanufacturing for fiscal 2008. Most leased property in finance lease transactions had been booked as fixed assets (business fixed investment) on the lessor's side (leasing companies) and treated off the balance sheet on the lessee's side (firms). However, with the new accounting standard for lease transactions, which has been applied from the business year starting on April 1, 2008, leased property is booked as liquid assets on the lessor's side and as fixed assets on the lessee's side. Since the difference is the side on which business fixed investment is counted, the aggregate amount of business fixed investment will basically be unaffected, but there are effects of special exemptions. That is, in cases in which the lessee is a small firm or in which the price of the leased property is low, lessees do not have to change their accounting procedures. Therefore, as a whole, only the negative impact of leasing companies remains.

<sup>4</sup> The total value of machinery orders increased in October—by 6.6 percent compared with the third quarter—due to the large increase in external demand.

plans in the December *Tankan* (Chart 14). Looking at the ratio of current profit to sales by industry and firm size on a semi-annual basis, the ratio of large manufacturing firms was forecast to continue improving toward the second half of fiscal 2009, while that of large nonmanufacturing firms was forecast to deteriorate slightly in the second half of fiscal 2009. Ratios of small firms of both manufacturing and nonmanufacturing were forecast to improve toward the second half of fiscal 2009.<sup>5</sup> Under these circumstances, business sentiment, especially at large manufacturing firms, has been improving moderately in the December *Tankan* (Chart 15).

Although business fixed investment is expected to pick up gradually, it is likely to remain more or less unchanged for the time being, with corporate profits remaining at a low level and the sense of excessive capital stock being strong. In these circumstances, business fixed investment of fiscal 2009 is expected to mark a substantial decline compared with fiscal 2008. According to business fixed investment plans for fiscal 2009 (excluding software investment and including land purchasing expenses; year-on-year basis) in the December *Tankan* (Chart 16), plans of large firms declined by 13.8 percent; plans were revised downward by 3.4 percent compared with the September survey, which was lackluster compared with the average revising pattern usually seen in December surveys. Plans of small firms declined substantially, by 30.7 percent; plans were revised upward by 4.0 percent compared with the September survey, but the size of revision was relatively smaller than the average revising pattern.<sup>6</sup>

Private consumption, notably durable goods consumption, is picking up mainly due to policy measures, despite the continued severe employment and income situation (Charts 17 and 18). Sales at department stores, supermarkets, and convenience stores have continued to show a decreasing trend, as a reflection of the weakness in volume and prices (Chart 18[1]). As for durable consumer goods, sales of household electrical appliances (in real terms) have continued to increase

---

<sup>5</sup> The average predicted exchange rate by large manufacturing firms for the second half of fiscal 2009 was 91.16 yen to the US dollar.

<sup>6</sup> On a "software and fixed investment excluding land purchasing expenses" basis—a concept close to that of GDP—business fixed investment of all industries and firms (including financial institutions; year-on-year basis) for fiscal 2009 was projected to decline by 14.3 percent.



substantially, especially in flat panel televisions, mainly due to the eco-point system (Chart 17[2]). The number of new passenger-car registrations had been dropping sharply until March, but has recovered rapidly since April, mainly due to the effects of tax cuts and subsidies. Looking at registrations on a monthly basis, the rate of increase accelerated further in November, as automobile manufacturers have completed their preparations to increase production and as the pace of increase in reducing order backlogs has accelerated. As for services consumption (Chart 18[2]), outlays for travel in October decreased—amid the worsening employment and income situation—compared with the third quarter, when they were pushed up by the effects of a string of consecutive holidays in September ("silver week"). Sales in the food service industry had recently been decreasing considerably, but they improved slightly in October, mainly due to the positive effects of sales promotion measures.

The aggregate supply of consumer goods (Chart 19[1])—which comprehensively captures producers' supply of goods—continued to increase in October compared with the third quarter, as a reflection of developments in durable consumer goods (automobiles). Looking at statistics on the demand side, as for the index of consumption expenditure level (in real terms) in the *Family Income and Expenditure Survey*, the index on an "excluding housing, automobiles, money gifts, and remittance" basis—which is mostly limited to items used for estimating GDP—decreased in October compared with the third quarter, after increasing in the third quarter (Chart 17[1]).<sup>7</sup> The total expenditure in the *Survey of Household Economy* (in real terms) decreased marginally in October compared with the third quarter, after increasing in the third quarter.

Meanwhile, the pace of improvement in indicators related to consumer sentiment has recently been slowing as a trend, and some indicators seem to have deteriorated (Chart 20).

Private consumption, notably durable goods consumption, is likely to continue to pick up for the time being mainly due to policy measures, despite the severe employment and income situation.

---

<sup>7</sup> Items in the index are not completely limited to those used for estimating GDP. Education, for example, is not used for estimating GDP.

Housing investment has decreased. The number of housing starts (Chart 21[1])—a leading indicator of housing investment—improved in October, marking an annual rate of 762,000 units, after declining to 707,000 units in the third quarter. It increased for two consecutive months on a monthly basis. The number of housing starts had been decreasing significantly since last fall, as the employment and income situation has become increasingly severe and as the financial environment surrounding the real estate-related sector has further deteriorated. Recently, however, there have been signs that the decline in the number of housing starts is coming to a halt.

Looking ahead, the decline in housing investment is expected to come to a halt at a gradual pace, considering the number of housing starts.

Industrial production has been increasing as a reflection of progress in inventory adjustments and policy effects both at home and abroad. On a monthly basis, production increased for the eighth consecutive month in October, marking a 0.5 percent rise. On a quarterly basis, after increasing markedly in the second and third quarters, production also marked an increase of 2.4 percent in October compared with the third quarter (Chart 22). The level of production in October, however, was still more than 20 percent lower compared with its latest peak (February 2008).

Shipments increased by 4.2 percent in October compared with the third quarter, on a quarterly basis, after increasing in the second and third quarters. Looking at recent developments in shipments by goods (Chart 23), those of durable consumer goods and producer goods have been increasing noticeably, after dropping largely since last fall. Shipments of capital goods have also begun to pick up. Those of construction goods, however, have remained relatively weak. Shipments of non-durable consumer goods, meanwhile, have remained more or less unchanged.

Inventories have decreased moderately. Looking at the shipment-inventory balance by goods (Chart 24), inventory adjustment pressures for durable consumer goods, electronic parts and devices, and other producer goods (such as chemicals and iron and steel) have disappeared, partly because shipments have picked up. The balance of capital goods (excluding transport equipment) has also improved

moderately. On the other hand, inventory adjustment pressures have remained strong for construction goods, reflecting the drop in shipments.

As for the outlook, the uptrend in production is expected to continue, as it is for exports, although the pace of increase is expected to moderate gradually. According to anecdotes from firms, production in the fourth quarter is expected to continue increasing, although at a slightly slower pace. Production in the first quarter is expected to remain more or less unchanged, but significant uncertainties remain, including the situation in inventories after Christmas sales in the United States and Europe as well as the effects of the extension of the household electrical appliances eco-point system and subsidies for purchasing eco-friendly automobiles.<sup>8</sup>

The employment and income situation has continued to remain severe with the high unemployment rate and the significant decrease in employee income.

In the labor market, the ratio of job offers to applicants in October rose slightly for the second consecutive month, marking 0.44 times (Chart 25[1]). The unemployment rate in October declined for the third straight month, registering 5.1 percent. The recent decline in the unemployment rate seems to have reflected the increase in production as well as movements to give up job-hunting.<sup>9</sup> Attention should be paid, however, to the possibility that the decline might be a temporary phenomenon, with consideration to facts that the level of economic activity remains low and that the unemployment rate tends to fluctuate largely. Looking at the employment conditions DI in the December *Tankan* (Chart 27), in manufacturing, the pace of expansion in the net "excessive employment" in large and small firms remained substantial, although it was forecast to continue moderating toward the next three months. As for nonmanufacturing, the pace of expansion in the net "excessive

---

<sup>8</sup> The government included the extension of the household electrical appliances eco-point system and subsidies for purchasing eco-friendly automobiles in its additional economic measure ("Emergency Economic Countermeasures for Future Growth and Security"), which was decided by the cabinet on December 8. The household electrical appliances eco-point system ends at the end of 2010; subsidies for purchasing eco-friendly automobiles end at the end of September 2010.

<sup>9</sup> The labor force participation rate has recently declined, mainly among the younger and higher age groups.

employment" in large and small firms moderated, but, looking ahead, the pace in small firms was forecast to expand marginally.<sup>10</sup>

In terms of employment (Chart 26[1]), the year-on-year rate of decline in the number of employees in the *Labour Force Survey* had been moderating recently, but it expanded again in October.<sup>11</sup> The year-on-year rate of change in the number of regular employees in the *Monthly Labour Survey* has recently been slightly below 0 percent, after declining rapidly. The ratio of part-time employees has been on a gradual rising trend (Chart 26[2]). Meanwhile, overtime hours worked, after decreasing substantially, have been picking up gradually (Chart 26[3]).

Nominal wages per employee continued to decline significantly (Chart 28[1]). Looking in detail at recent trends, special payments have decreased substantially, in response to the significant drop in corporate profits; regular and overtime payments have continued to drop, in response to the decrease in the number of working hours especially in the manufacturing industry.<sup>12</sup>

Employee income has decreased substantially, reflecting the aforementioned developments in employment and wages (Chart 28[3]).

---

<sup>10</sup> According to plans for the "number of new graduates hired" (year-on-year basis) in the *Tankan*, it seems that firms became undermotivated rapidly toward employing new graduates: on an all industries and firms basis, forecasts for the number of new graduates to be hired in fiscal 2009 and 2010 marked declines of 10.0 and 23.3 percent, respectively, after the actual result in fiscal 2008 marked an increase of 0.9 percent. By firm size, the size of downward revision by small firms was considerably large for the fiscal 2009 forecast (a decline of 15.1 percent on a year-on-year basis; the revision rate marked a decline of 2.6 percent).

<sup>11</sup> Meanwhile, with regard to the Employment Adjustment Subsidy, figures collected from reports on business suspension plans showed that in October, the number of applications for subsidies decreased for the third consecutive month, although the level remained high (July: 2.43 million employees; August: 2.11 million employees; September: 1.99 million employees; October: 1.97 million employees). Conditions to receive the subsidies will be eased for one year, from this December. Specifically, at present, firms are eligible to receive subsidies if their monthly average of sales or production volume of the recent three months has decreased by five percent or more compared with that of either (i) four to six months ago or (ii) during the same period a year ago. Firms whose monthly average has decreased by less than five percent are also eligible, however, if their current profits of the latest statement etc. have marked a deficit. From December, in addition to the current requirement, firms are eligible to receive subsidies if (i) their monthly average of sales or production volume of the recent three months decreases by ten percent or more compared with that marked during the same period two years ago and (ii) their current profits of the latest statement etc. mark a deficit.

<sup>12</sup> According to a survey on large firms, the pace of decrease in winter bonuses is expected to be on par with summer bonuses, on a yearly basis.

Looking ahead, employee income is likely to continue decreasing substantially for the time being, with consideration to lagged effects from developments in corporate profits and production.

## 2. Prices

The three-month rate of change in import prices (on a yen basis) has recently been slightly negative, mainly due to the effects of the appreciation of the yen (Chart 30). International commodity prices, on average, have been on a rising trend, albeit with some fluctuations. Domestic commodity prices have recently remained essentially unchanged, since the rise in international commodity prices and the appreciation of the yen have canceled each other out.

The three-month rate of change in domestic corporate goods prices (adjusted to exclude the effects of seasonal changes in electricity rates, same hereafter)<sup>13</sup> has been slightly negative, mainly due to the slack in supply and demand conditions for products (Chart 31). In detail, prices have continued to decline in many items; recently, the pace of decrease in prices of "electricity, city gas, and water charges" has moderated, while the pace of increase in prices of "goods sensitive to exchange rates and overseas commodity prices" has also moderated.

The year-on-year rate of change in corporate services prices (excluding international transportation) has continued to be negative, mainly reflecting cost cutting among firms (Chart 32).<sup>14</sup> In detail, prices of advertising services and leasing and rental have fallen largely below the previous year's level, mainly in response to cost cutting among firms; prices of items such as transportation (excluding international transportation) and information services have also fallen below the previous year's level, mainly due to weak demand.

---

<sup>13</sup> The figures are adjusted to exclude large seasonal fluctuations in electric power charges to observe the underlying changes in domestic corporate goods prices. Industrial and commercial electric power charges are set relatively high during July-September, when electric power consumption increases substantially.

<sup>14</sup> "All items including international transportation" have continued to decrease significantly, on a year-on-year basis, although the pace of decrease has moderated slightly, as the effects of shipping prices, which are lower than their high levels a year ago, abate.

The year-on-year rate of change in consumer prices (excluding fresh food, same hereafter) has declined, mainly due to the prices of petroleum products, which are lower than their high levels a year ago, in addition to the substantial slack persisting in the economy as a whole (Chart 33). Consumer prices declined by 2.3 and 2.2 percent in September and October, respectively, on a year-on-year basis, after recording the largest-ever pace of decline—2.4 percent—in August. In detail, the pace of decline in prices of goods has moderated as a whole because that in prices of petroleum products has moderated, although the pace of decline in prices in a wide range of items has accelerated. The year-on-year decline in prices of general services has accelerated, mainly as a reflection of the moderation in the pace of increase in prices of eating out, in addition to the acceleration in the pace of decline in prices of package tours to overseas and prices of services related to domestic duties. As for public utility charges—mainly electricity charges and city gas charges—the pace of decline has accelerated, on a year-on-year basis, mainly due to the reduction in electricity charges and city gas charges. Looking at these developments on an excluding food and energy basis, the year-on-year decline in October accelerated by 0.1 percent point compared with the previous month, marking a decline of 1.1 percent.

Domestic corporate goods prices are likely to be soft for the time being due to the persistent slack in supply and demand conditions for products, although the rise in commodity prices is expected to exert an upward pressure. The year-on-year pace of decline in consumer prices is expected to moderate as the effects of the prices of petroleum products abate.

With regard to domestic supply and demand conditions in the December *Tankan* (Chart 34), the net "excess supply" of the supply and demand conditions DI for products and services continued to be substantially large, but the pace of expansion continued to moderate in manufacturing. The weighted average of the production capacity DI and employment conditions DI improved slightly, after its net "excessive" expanded rapidly, to a point near the bottom marked in the past economic slowdown.<sup>15</sup> On the other hand, the pace of expansion in the net "fall" of the output prices DI accelerated somewhat.

---

<sup>15</sup> The supply-demand gap—calculated by the Research and Statistics Department of the Bank of Japan—and the weighted average DI of the *Tankan* have recently shown a large discrepancy. It

### 3. Financial Developments

#### (1) Financial Markets

In Japan's money markets, interest rates, including those for somewhat longer terms, have declined further in response to the Bank of Japan's new measures to enhance easy monetary conditions. Meanwhile, the volume of transactions in some markets has remained low. The overnight call rate (uncollateralized) has been at around 0.1 percent (Chart 35[1]). Regarding interest rates on term instruments, the T-Bill rate (3-month) has declined further, mainly due to the Bank of Japan's decision to introduce a new funds-supplying operation; the rate has been in the range of 0.10-0.15 percent. The pace of decline in the Euroyen interest rate (3-month) has accelerated somewhat, but the rate has still remained high relative to the OIS rates—the OIS rates mainly reflect expectations about future policy interest rates (Chart 36[1]). Interest rates on Euroyen futures have suggested that term funding rates have been expected to decline moderately over about a year to come (Chart 35[2]). In U.S. dollar funding, the LIBOR-OIS spread for the dollar has been below the level for that of the Japanese yen (Chart 36).

Yields on 10-year government bonds (newly issued 10-year JGB), after declining to the 1.1-1.2 percent level, have risen somewhat, as stock prices have turned to an increase; they have recently been in the range of 1.2-1.3 percent (Chart 37).

Yield spreads between corporate bonds and government bonds have been stable as a whole for those with high credit ratings, due to steady demand among investors. Spreads on those with low credit ratings have basically continued to narrow moderately.<sup>16</sup> Selective stances on investment in corporate bonds have been

---

is highly possible that the level of "excess" of the weighted average DI might be under-rated because two things are not reflected in the DI: (i) the size of "excess," since reporting firms are only asked to select either "excess" or "lack;" and (ii) unemployment etc. at organizations other than firms. On the other hand, it is also highly possible that the recent pace of decrease in the supply-demand gap might be over-rated, since calculation errors tend to be large, particularly at times when large changes in the economy take place.

<sup>16</sup> The substantial widening in spreads of BBB-rated corporate bonds as well as the tightening in spreads of A-rated corporate bonds in mid-November were due to the fact that some bonds with large spreads were downgraded from A-rated to BBB-rated.

persistent among investors, however, as seen in some widening in yield spreads, especially in some industries (Chart 38).

Stock prices, after their large drop against the background of the appreciation of the yen, have rebounded, partly due to a halt of the yen's appreciating trend. The Nikkei 225 Stock Average has recently been at around 10,000 yen (Chart 39).

In the foreign exchange market, the yen, after appreciating to the range of 84-85 yen against the U.S. dollar, amid growing uncertainties around the global financial system, has turned toward depreciation, as such uncertainties have been somewhat moderated; the yen has recently been traded at around 89 yen to the U.S. dollar (Chart 40).

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

Funding costs have declined somewhat toward October, against the background that the overnight call rate has remained at an extremely low level. Issuance rates on CP have continued to be on a declining trend, and issuance rates on corporate bonds have declined somewhat as a whole, reflecting the narrowing of issuance spreads. The average contracted interest rates on new loans and discounts have also declined toward October (Chart 42).

With regard to credit supply, although many firms still see financial institutions' lending attitudes as severe, firms as a whole regard the situation as improving (Chart 41). Issuing conditions for CP and corporate bonds have remained favorable, except for low-rated corporate bonds. In these circumstances, funding of the private sector has started to decline, on a year-on-year basis, mainly due to the decline in firms' need to fund working capital and fixed investment. The year-on-year rate of increase in bank lending has declined, partly due to its high growth a year ago (Chart 43). The amount outstanding of CP issued has decreased, partly because of the decline in firms' need to fund working capital. On the other hand, the amount outstanding of corporate bonds issued has been above the previous year's level as a whole (Chart 44), although firms with low credit ratings and those in some industries have continued to face difficulties in issuing corporate bonds.



In these circumstances, although many firms, mainly small ones, still see their financial positions as weak, on the whole firms' financial positions have continued to improve (Chart 41). The number of corporate bankruptcies has decreased lately; it was down by 11.4 percent in November compared to the previous year's level (Chart 46).

Meanwhile, the year-on-year growth rate of the money stock (M2) has recently been in the range of 3.0-3.5 percent. Its November reading was 3.3 percent on a year-on-year basis, following 3.4 percent in October (Chart 45).<sup>17</sup>

---

<sup>17</sup> On an M3 basis, which includes the Japan Post Bank, the year-on-year growth rate has recently been at around 2.5 percent; its November reading was 2.4 percent, following 2.4 percent in October. The year-on-year growth rate of broadly-defined liquidity has recently been in the range of 1.0-1.5 percent; it increased by 1.3 percent in November, following an increase of 1.2 percent in October.

## Charts

Chart 1	Main Economic Indicators (1)	Chart 29	Prices
Chart 2	Main Economic Indicators (2)	Chart 30	Import Prices and International Commodity Prices
Chart 3	Real GDP and Indexes of Business Conditions	Chart 31	Domestic Corporate Goods Price Index
Chart 4	GDP Deflator and Income Formation	Chart 32	Corporate Services Price Index
Chart 5	Public Investment	Chart 33	Consumer Price Index (Excluding Fresh Food)
Chart 6	External Balance	Chart 34	Domestic Supply and Demand Conditions
Chart 7	Real Exports	Chart 35	Short-Term Interest Rates
Chart 8	Real Effective Exchange Rate and Overseas Economies	Chart 36	Global Money Markets
Chart 9	Real Imports	Chart 37	Long-Term Interest Rates
Chart 10	Business Fixed Investment and Corporate Profits	Chart 38	Yields of Corporate Bonds
Chart 11	Business Fixed Investment by Industry and Size	Chart 39	Stock Prices
Chart 12	Coincident Indicators for Business Fixed Investment	Chart 40	Exchange Rates
Chart 13	Leading Indicators for Business Fixed Investment	Chart 41	Corporate Finance-Related Indicators
Chart 14	Current Profits	Chart 42	Lending Rates
Chart 15	Business Conditions	Chart 43	Lending by Financial Institutions
Chart 16	Business Fixed Investment Plans as Surveyed	Chart 44	Private-Sector Fund-Raising in the Capital Markets
Chart 17	Indicators for Private Consumption (1)	Chart 45	Money Stock
Chart 18	Indicators for Private Consumption (2)	Chart 46	Corporate Bankruptcies
Chart 19	Indicators for Private Consumption (3)		
Chart 20	Consumer Confidence		
Chart 21	Indicators for Housing Investment		
Chart 22	Production, Shipments, and Inventories		
Chart 23	Shipments Breakdown by Type of Goods		
Chart 24	Inventory Cycle		
Chart 25	Labor Market (1)		
Chart 26	Labor Market (2)		
Chart 27	Employment Conditions		
Chart 28	Employee Income		

## Main Economic Indicators (1)

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

	2009/Q1	Q2	Q3	2009/Aug.	Sep.	Oct.	Nov.
Index of consumption expenditure level (two-or-more-person households)	1.0	-0.2	0.3	2.0	-0.5	-0.3	n.a.
Sales at department stores	-3.9	-2.3	-0.7	3.0	0.0	-4.9	n.a.
Sales at supermarkets	-1.3	-1.3	-1.9	-0.4	0.1	-0.8	n.a.
New passenger-car registrations <sup>3</sup> <s.a., ann. 10,000 units>	< 213>	< 241>	< 291>	< 296>	< 298>	< 316>	< 350>
Sales of household electrical appliances (real, Current Survey of Commerce)	7.1	4.8	9.1	4.3	1.4	4.1	n.a.
Outlays for travel	-5.0	-14.2	7.8	0.2	12.0	-9.4	n.a.
Housing starts <s.a., ann. 10,000 units>	< 90>	< 76>	< 71>	< 68>	< 70>	< 76>	<n.a.>
Machinery orders (from private sector <sup>4</sup> )	-9.9	-4.9	-0.9	0.5	10.5	-4.5	n.a.
Manufacturing	-31.1	10.8	-8.7	4.9	-0.1	25.4	n.a.
Nonmanufacturing <sup>4</sup>	4.9	-12.1	4.9	-0.6	18.0	-17.3	n.a.
Construction Starts (private, nondwelling use)	-1.1	-34.9	-1.1	-17.8	0.8	4.5	n.a.
Mining & manufacturing	-25.8	-41.0	-12.2	-46.2	12.1	14.7	n.a.
Nonmanufacturing <sup>5</sup>	7.5	-34.5	1.2	-6.1	-3.7	9.8	n.a.
Value of public works contracted	3.7	5.4	3.6	4.6	9.9	-9.4	-9.3
Real exports	-28.9	12.2	11.1	1.3	5.5	3.3	n.a.
Real imports	-17.9	-1.6	8.5	1.0	8.6	-6.5	n.a.
Industrial production	-22.1	8.3	7.4	1.6	2.1	0.5	n.a.
Shipments	-21.0	6.4	8.4	0.6	4.2	1.3	n.a.
Inventories	-9.0	-4.5	-0.6	0.1	-0.4	-1.5	n.a.
Inventory Ratio <s.a., CY 2005 = 100>	< 150.1>	< 128.8>	< 116.9>	< 123.0>	< 116.9>	< 117.2>	<n.a.>
Real GDP	-3.1	0.7	0.3	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	-6.2	0.4	1.1	0.9	-0.6	n.a.	n.a.

## Main Economic Indicators (2)

	y/y % chg. <sup>1</sup>						
	2009/Q1	Q2	Q3	2009/Aug.	Sep.	Oct.	Nov.
Ratio of job offers to applicants <s.a., times>	< 0.59>	< 0.45>	< 0.42>	< 0.42>	< 0.43>	< 0.44>	<n.a.>
Unemployment rate <s.a., %>	< 4.5>	< 5.2>	< 5.5>	< 5.5>	< 5.3>	< 5.1>	<n.a.>
Overtime working hours <sup>6</sup>	-19.7	-18.2	-14.9	-14.2	-14.1	-11.2	n.a.
Number of employees	-0.3	-1.7	-1.3	-1.3	-1.1	-1.4	n.a.
Number of regular employees <sup>6</sup>	0.6	0.1	-0.1	-0.1	-0.1	-0.1	n.a.
Nominal wages per person <sup>6</sup>	-3.0	-4.7	-3.6	-2.7	-1.8	-1.9	n.a.
Domestic corporate goods price index <q/q % chg., 3-month rate of change> <sup>7</sup>	-1.8 <-3.2>	-5.4 <-1.3>	-8.3 <-0.2>	-8.5 <-0.1>	-8.0 < 0.2>	-6.8 <-0.5>	p -4.9 <p -0.5>
Consumer price index <sup>8</sup>	-0.1	-1.0	-2.3	-2.4	-2.3	-2.2	n.a.
Corporate services price index <sup>9</sup>	-0.6	-0.9	-1.3	-1.4	-1.3	p -1.3	n.a.
Money Stock (M2) <average outstanding, y/y % chg.>	2.1	2.6	2.8	2.8	3.0	3.4	p 3.3
Number of corporate bankruptcies <cases per month>	<1,405>	<1,318>	<1,261>	<1,241>	<1,155>	<1,261>	<1,132>

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

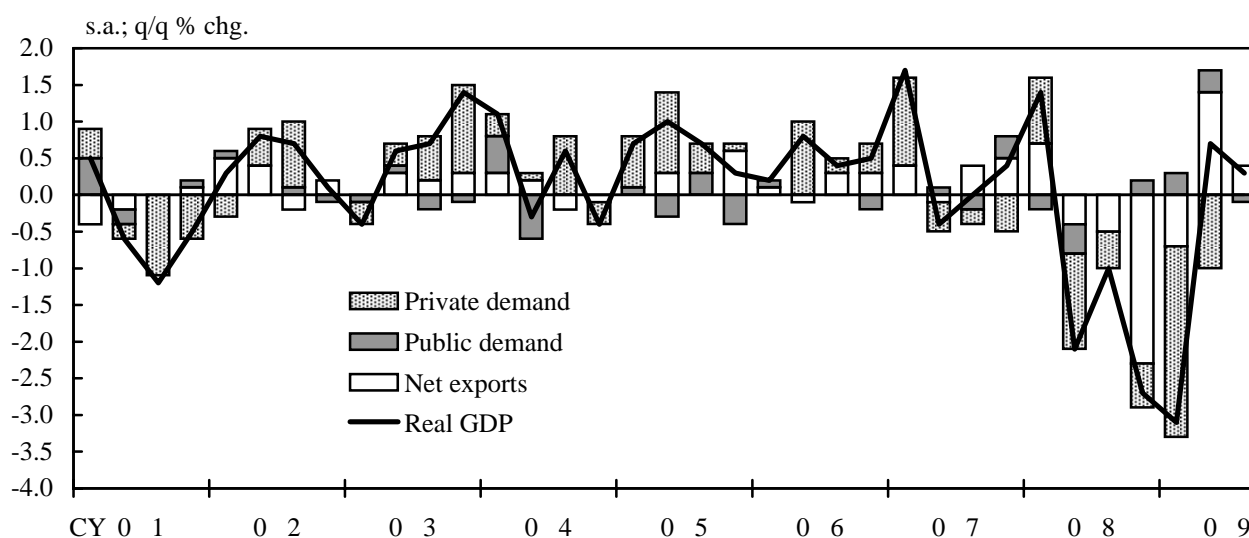
All figures in Chart 2 except figures in angle brackets are year-on-year changes. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of the respective charts.

2. Figures with "p" indicate preliminary data.
3. Excludes small cars with engine sizes of 660 cc 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 five regular employees.
7. Adjusted to exclude a hike in electric power charges during the summer season.
8. Excludes fresh food.
9. Excludes international transportation.

Sources: Ministry of Internal Affairs and Communications, "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 All Industry Activity";  
 Japan Automobile Dealers Association, "Domestic Sales of Automobiles";  
 Japan Tourism Agency, "Major Travel Agents' Revenue";  
 Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts";  
 Ministry of Finance, "Trade Statistics";  
 Cabinet Office, "Orders Received for Machinery," "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 Services Price Index," "Money Stock";  
 Tokyo Shoko Research Ltd., "Tosan Geppo (Monthly Review of Corporate Bankruptcies)."

## Real GDP and Indexes of Business Conditions

## (1) Real GDP



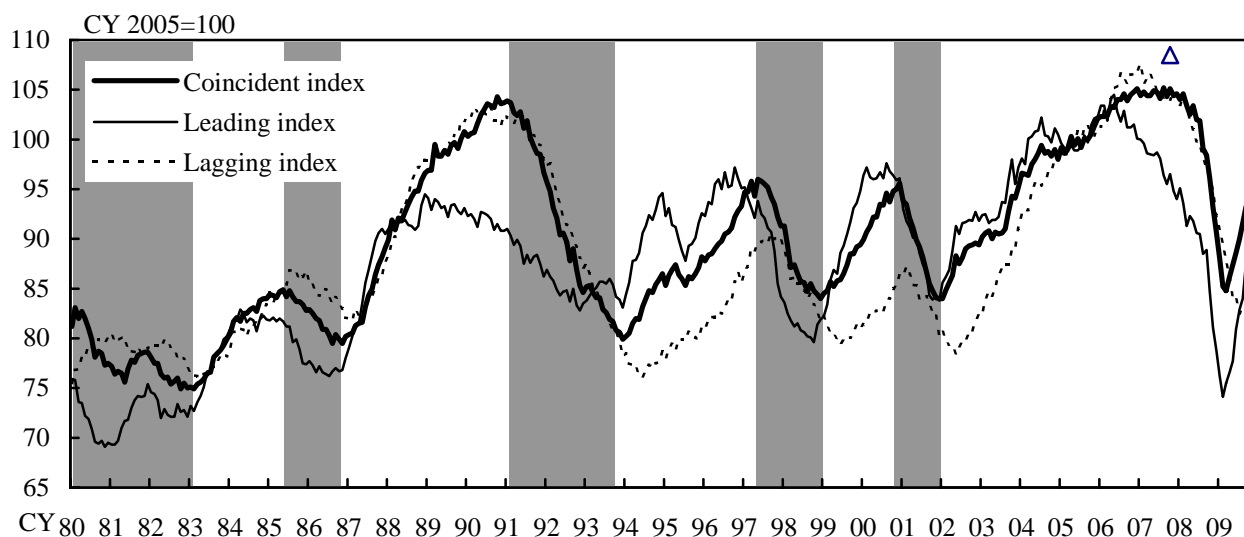
## (2) Components

s.a.; q/q % chg.

	2008		2009		
	Q3	Q4	Q1	Q2	Q3
Real GDP	-1.0	-2.7	-3.1	0.7	0.3
Domestic demand	-0.5	-0.4	-2.4	-0.7	-0.1
Private demand	-0.5	-0.6	-2.6	-1.0	0.0
Private consumption	-0.1	-0.5	-0.7	0.7	0.6
Non-Resi. investment	-0.7	-1.0	-1.3	-0.7	-0.4
Residential investment	0.1	0.1	-0.2	-0.3	-0.2
Private inventory	0.2	0.9	-0.4	-0.7	0.1
Public demand	-0.0	0.2	0.3	0.3	-0.1
Public investment	0.0	0.0	0.1	0.3	-0.1
Net exports of goods and services	-0.5	-2.3	-0.7	1.4	0.4
Exports	-0.4	-2.6	-3.4	0.8	0.9
Imports	-0.1	0.3	2.6	0.5	-0.5
Nominal GDP	-2.2	-0.8	-3.0	-0.7	-0.9

Note: Figures of components in real GDP indicate contributions to changes in GDP.

## (3) Indexes of Business Conditions (Composite Indexes)

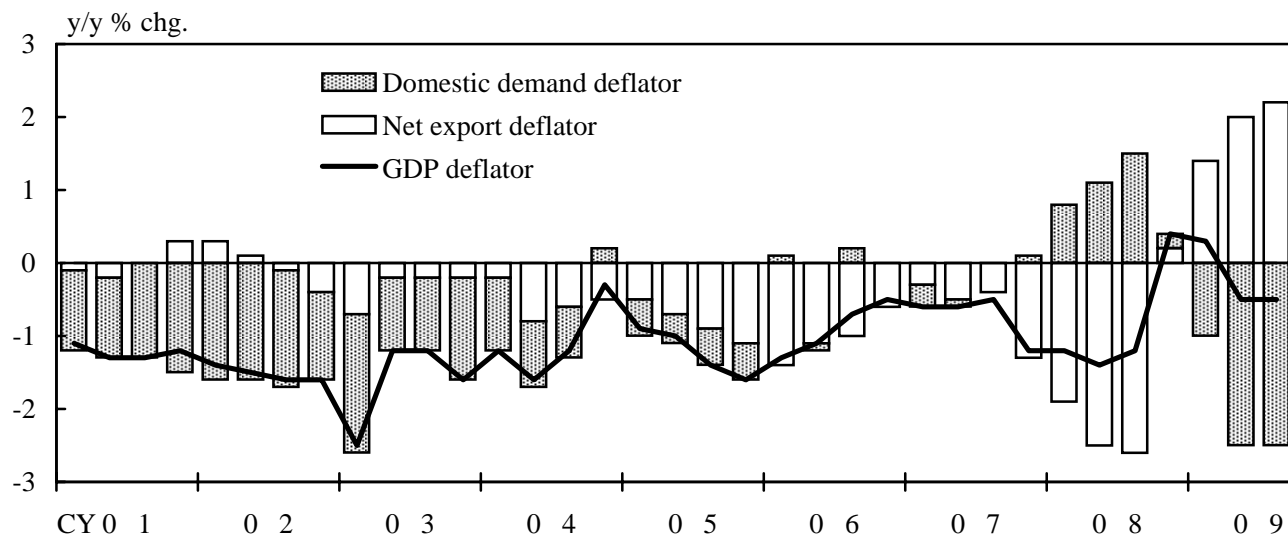


Note: Shaded areas indicate recession periods. Triangle shows the last peak.

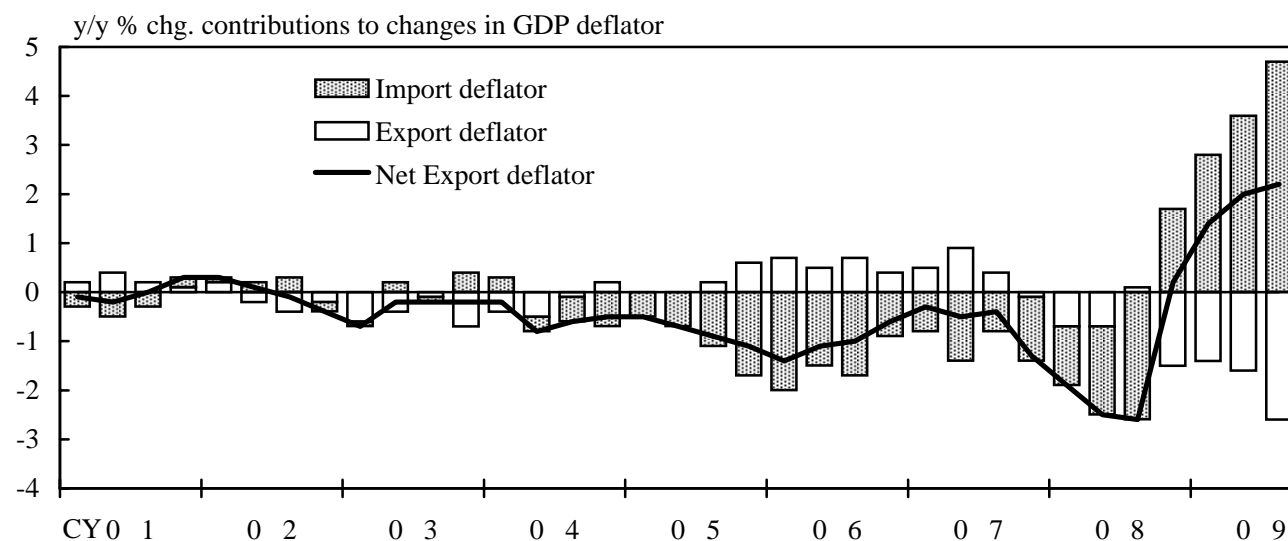
Source: Cabinet Office, "National Accounts," "Indexes of Business Conditions."

GDP Deflator and Income Formation

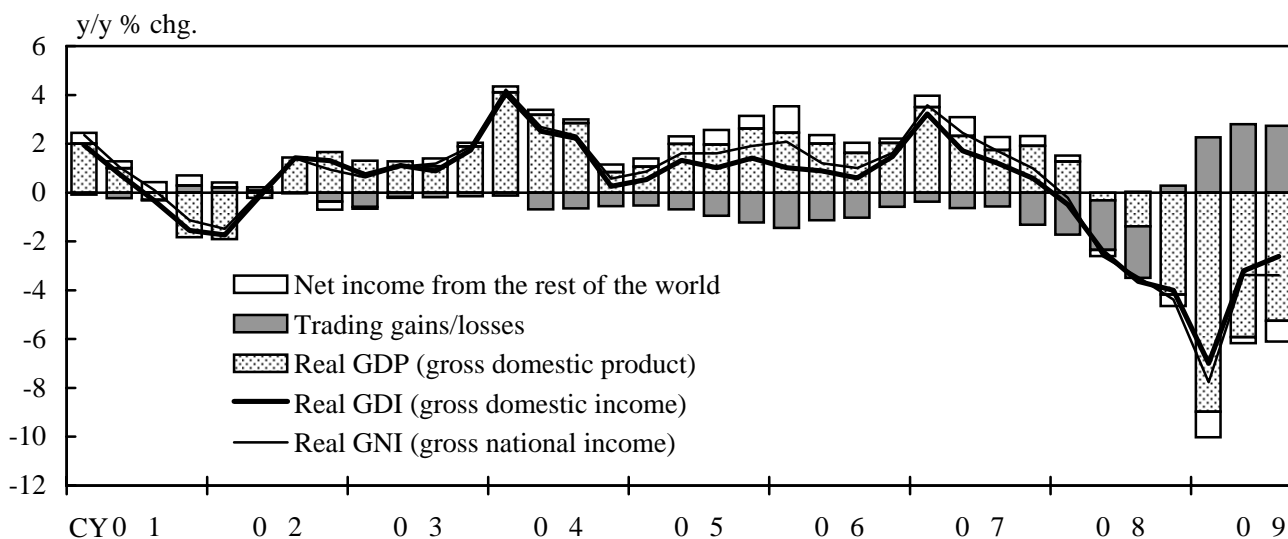
(1) GDP Deflator



(2) Net Export Deflator



(3) Aggregate Income Formation



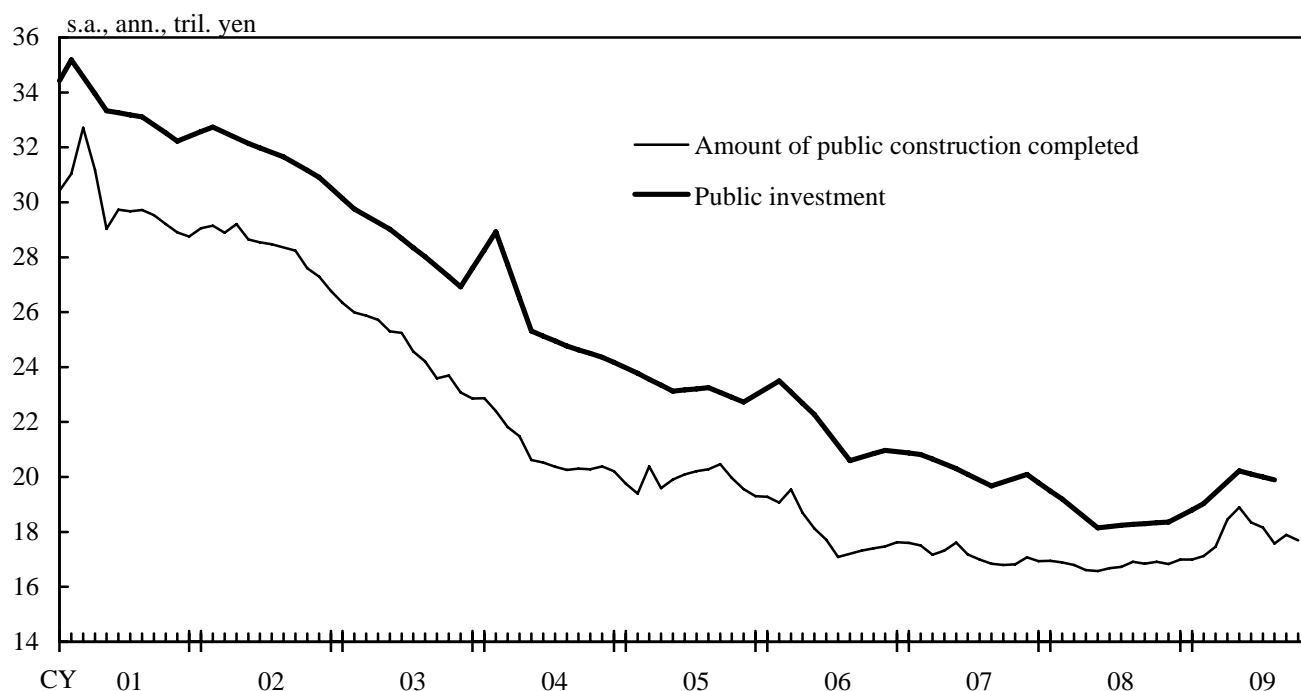
Note: Figures of components indicate contributions to changes in real GNI.

Trading gains/losses = nominal net exports / weighted average of export and import deflators - real net exports

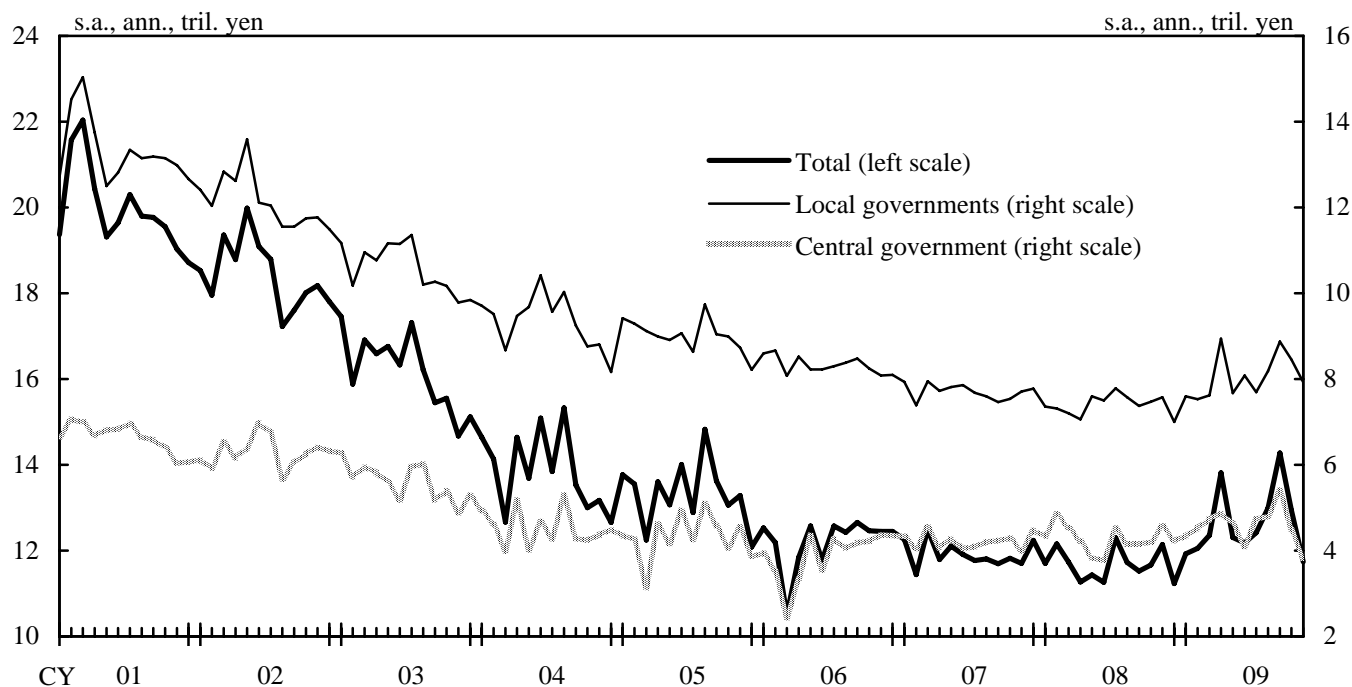
Source: Cabinet Office, "National Accounts."

## Public Investment

(1) Amount of Public Construction Completed and Public Investment



(2) Value of Public Works Contracted



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."

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

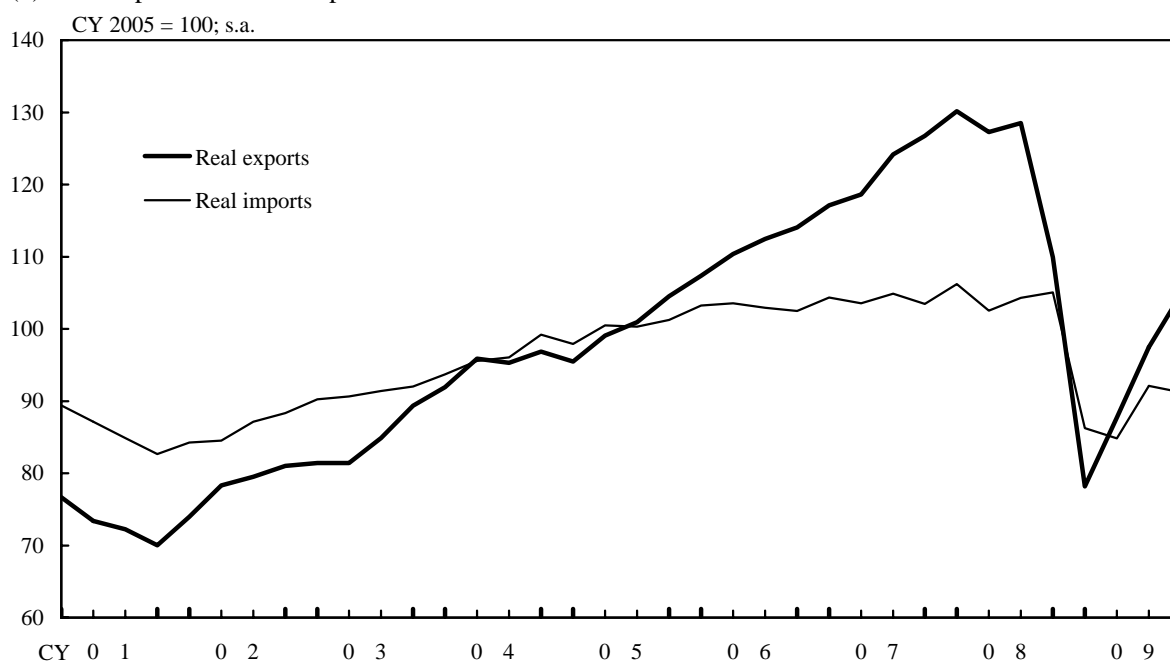
Sources: Cabinet Office, "National Accounts";

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

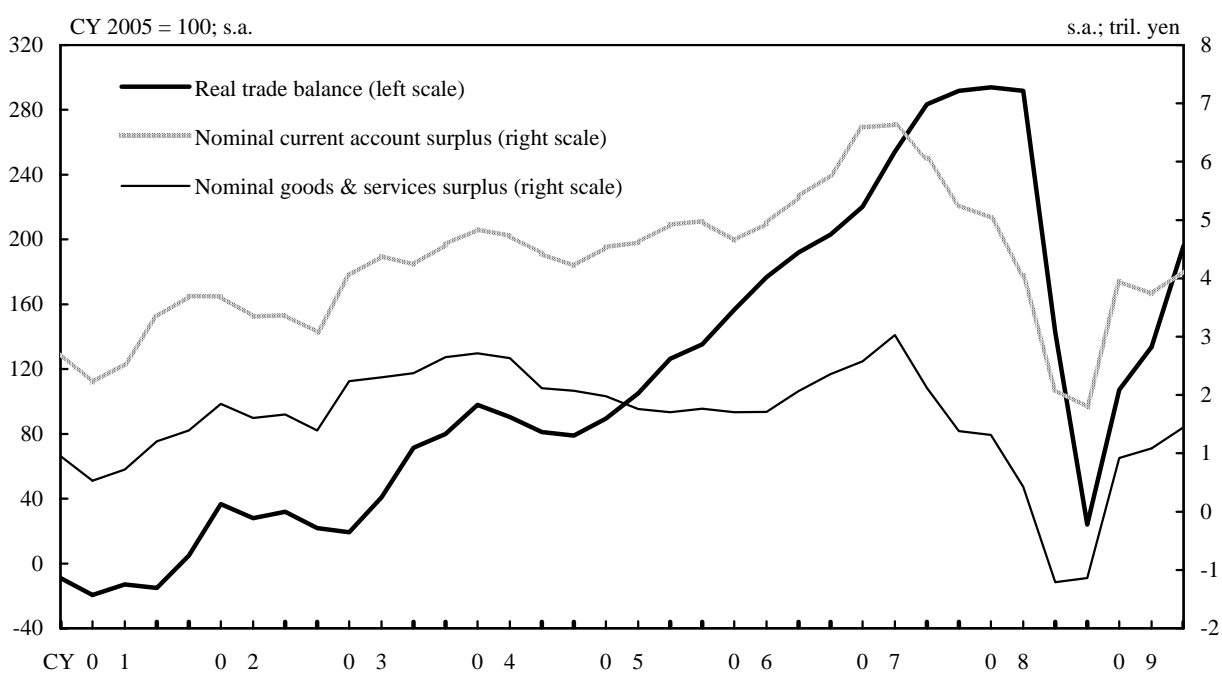
Ministry of Land, Infrastructure, Transport and Tourism, "Integrated Statistics on Construction Works."

## 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 2005. Real exports/imports are "The Value of Exports and Imports in Trade Statistics" deflated by the "Export and Import Price Index."  
2. Figures are seasonally adjusted by X-12-ARIMA.  
3. 2009/Q4 figures are October figures converted into quarterly amount.

Sources: Ministry of Finance, "Trade Statistics";  
Ministry of Finance and Bank of Japan, "Balance of Payments";  
Bank of Japan, "Corporate Goods Price Index."



Real Exports <sup>1</sup>

## (1) Breakdown by Region

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2007	2008	2008 Q4	2009 Q1	Q2	Q3	Q4	2009 Aug.	Sep.	Oct.
United States	<17.5>	-1.2	-8.8	-8.9	-35.7	11.7	10.2	5.1	8.0	1.8	1.4
EU	<14.1>	13.0	-0.1	-17.1	-27.0	4.7	1.2	10.9	1.3	2.5	8.7
East Asia	<46.8>	9.9	3.4	-15.5	-22.1	17.8	12.5	5.8	0.1	4.9	2.5
China	<16.0>	16.8	6.7	-14.6	-17.1	19.3	9.0	3.4	-2.7	9.5	-1.7
NIEs	<22.1>	5.2	-0.0	-18.3	-22.4	18.9	12.9	6.2	2.1	2.8	3.6
Korea	<7.6>	5.3	-0.3	-21.4	-13.4	12.4	10.3	5.8	6.1	2.2	2.3
Taiwan	<5.9>	0.0	-4.3	-21.7	-19.7	21.6	12.1	10.6	2.5	3.7	7.1
ASEAN <sup>4</sup>	<8.8>	11.4	6.4	-9.8	-30.7	12.0	19.5	9.8	0.5	1.3	8.6
Thailand	<3.8>	9.8	5.0	-6.4	-36.0	11.7	27.6	10.4	6.7	0.8	7.5
Others	<21.5>	20.4	16.1	-7.8	-30.7	-6.1	9.2	9.2	-7.0	8.0	6.4
Real exports		9.1	1.8	-14.5	-28.9	12.2	11.1	7.5	1.3	5.5	3.3

## (2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2007	2008	2008 Q4	2009 Q1	Q2	Q3	Q4	2009 Aug.	Sep.	Oct.
Intermediate goods	<18.9>	5.3	0.4	-7.8	-16.1	17.3	9.4	5.8	0.3	4.9	2.5
Motor vehicles and their related goods	<23.8>	13.2	3.2	-14.5	-50.7	20.3	24.5	8.4	4.2	8.8	1.2
Consumer goods <sup>4</sup>	<4.1>	6.4	3.5	-12.1	-26.9	8.7	0.9	2.2	-6.8	-5.3	8.6
IT-related goods <sup>5</sup>	<10.2>	12.2	0.8	-20.6	-26.0	35.0	6.2	3.9	1.8	2.4	1.7
Capital goods and parts <sup>6</sup>	<28.3>	8.0	5.2	-9.8	-26.5	-0.9	7.3	9.8	1.5	2.0	7.9
Real exports		9.1	1.8	-14.5	-28.9	12.2	11.1	7.5	1.3	5.5	3.3

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2009/Q4 figures are October figures converted into quarterly amount.

2. Shares of each region and goods in 2008 are shown in angle brackets.

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

4. Excludes motor vehicles.

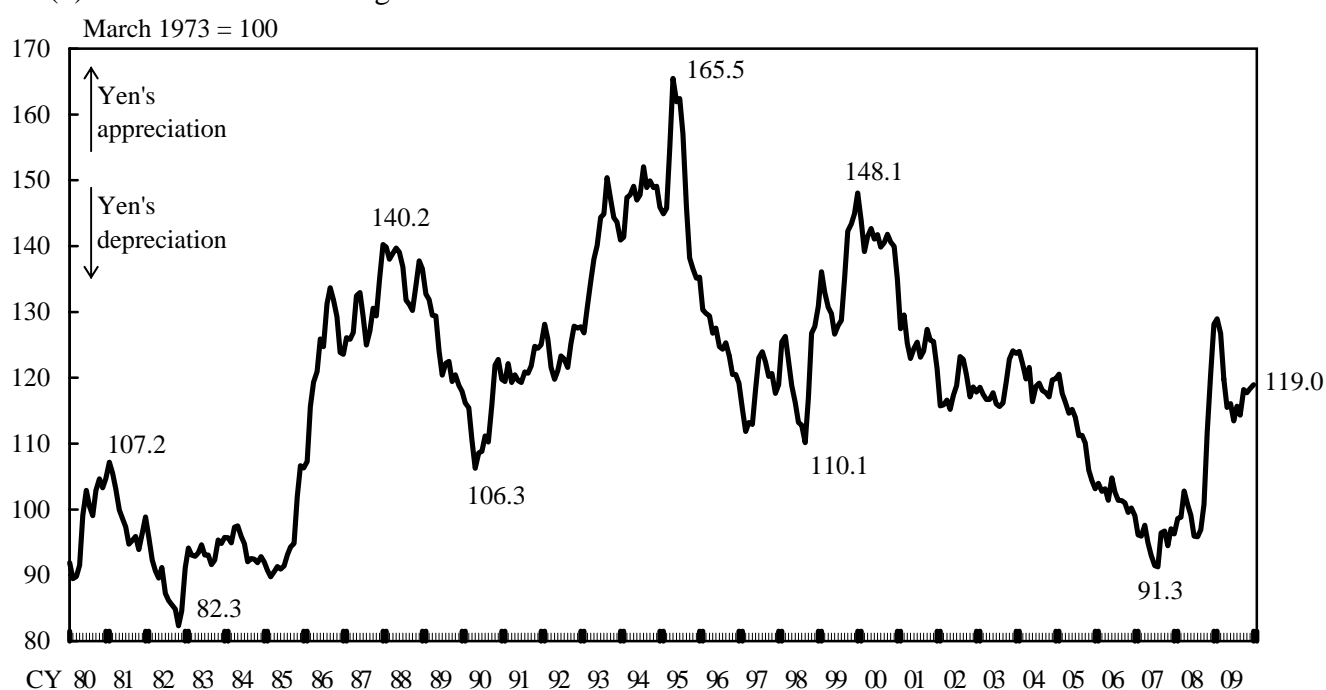
5. IT-related goods are composed of computers and units, telecommunication machinery, ICs, and medical and optical instruments.

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

Sources: Ministry of Finance, "Trade Statistics"; Bank of Japan, "Corporate Goods Price Index."

## Real Effective Exchange Rate and Overseas Economies

### (1) Real Effective Exchange Rate



Note: Calculated by the Research and Statistics Department, Bank of Japan. Monthly average. Figure for December 2009 is the average up to December 17. Figures are the index of weighted average of the yen's real exchange rates versus 15 major currencies (30 countries) which are calculated from nominal exchange rates and price indexes of the respective countries.

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

		CY2006	2007	2008	2008 Q4	2009 Q1	Q2	Q3	
United States <sup>1</sup>		2.7	2.1	0.4	-5.4	-6.4	-0.7	2.8	
European Union <sup>1</sup>		3.2	2.9	0.8	-7.4	-9.3	-1.1	1.0	
	Germany	3.2	2.5	1.3	-9.4	-13.4	1.8	2.9	
	France	2.4	2.3	0.3	-5.9	-5.5	1.1	1.1	
	United Kingdom	2.9	2.6	0.6	-6.9	-9.6	-2.3	-1.2	
East Asia <sup>2</sup>	China	11.6	13.0	9.0	6.8	6.1	7.9	8.9	
	NIEs	Korea	5.2	5.1	2.2	-3.4	-4.2	-2.2	0.9
		Taiwan	5.4	6.0	0.7	-7.1	-9.1	-6.9	-1.3
		Hong Kong	7.0	6.4	2.4	-2.6	-7.8	-3.6	-2.4
		Singapore	8.4	7.8	1.1	-4.2	-9.5	-3.3	0.6
	ASEAN4	Thailand	5.1	4.9	2.5	-4.2	-7.1	-4.9	-2.8
		Indonesia	5.5	6.3	6.1	5.2	4.4	4.0	4.2
		Malaysia	5.8	6.2	4.6	0.1	-6.2	-3.9	-1.2
Philippines		5.3	7.1	3.8	2.9	0.6	0.8	0.8	

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

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

Real Imports <sup>1</sup>

## (1) Breakdown by Region

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2007	2008	2008 Q4	2009 Q1	Q2	Q3	Q4	2009 Aug.	Sep.	Oct.
United States	<10.2>	-1.5	-2.5	-2.7	-14.4	-7.8	3.9	7.9	1.9	9.6	1.0
EU	<9.2>	4.0	-3.0	-2.3	-10.5	-2.7	5.1	-1.3	9.1	4.6	-6.8
East Asia	<37.9>	3.1	2.3	-0.2	-17.6	0.7	7.8	0.4	1.9	5.0	-3.4
China	<18.8>	5.7	4.4	-1.2	-15.0	-0.7	6.9	-0.3	0.5	4.7	-3.5
NIEs	<8.0>	-3.8	-1.1	-6.3	-20.5	9.7	9.3	2.3	5.2	8.6	-4.7
Korea	<3.9>	-3.3	-5.3	-6.5	-20.5	5.8	12.0	2.6	7.9	4.8	-2.9
Taiwan	<2.9>	-3.0	3.5	-6.4	-22.0	14.0	9.5	3.0	2.3	13.1	-5.6
ASEAN4 <sup>3</sup>	<11.1>	4.5	1.2	7.5	-20.6	-3.3	8.5	0.3	2.1	2.4	-1.9
Thailand	<2.7>	4.4	2.4	-1.9	-21.8	-0.3	10.5	2.8	4.9	4.0	-1.4
Others	<42.7>	0.2	2.0	3.2	-18.8	-3.8	9.7	-2.7	1.1	7.8	-7.7
Real imports		0.7	0.3	0.7	-17.9	-1.6	8.5	-1.0	1.0	8.6	-6.5

## (2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2007	2008	2008 Q4	2009 Q1	Q2	Q3	Q4	2009 Aug.	Sep.	Oct.
Raw materials <sup>4</sup>	<42.0>	0.7	1.0	4.4	-20.3	-5.2	12.5	-5.2	2.5	7.7	-10.4
Intermediate goods	<14.1>	2.0	1.7	4.3	-19.3	-7.9	13.0	1.9	7.8	2.8	-2.3
Foodstuffs	<7.9>	-9.5	-3.7	11.2	-2.9	-5.0	0.5	-1.9	-3.8	2.3	-2.1
Consumer goods <sup>5</sup>	<6.9>	-0.1	-2.4	-2.5	-16.3	3.3	7.5	-2.0	0.6	10.6	-8.4
IT-related goods <sup>6</sup>	<9.5>	4.2	4.3	-7.9	-16.9	12.2	4.0	2.9	1.5	-1.5	3.4
Capital goods and parts <sup>7</sup>	<11.2>	8.5	2.9	-9.1	-18.7	-6.3	6.2	9.5	-0.6	28.0	-6.3
Excluding aircraft	<10.5>	7.9	3.7	-4.4	-23.7	-1.3	5.6	1.7	3.9	10.1	-5.7
Real imports		0.7	0.3	0.7	-17.9	-1.6	8.5	-1.0	1.0	8.6	-6.5

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2009/Q4 figures are October figures converted into quarterly amount.

2. Shares of each region and goods in 2008 are shown in angle brackets.

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

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

5. Excludes foodstuffs.

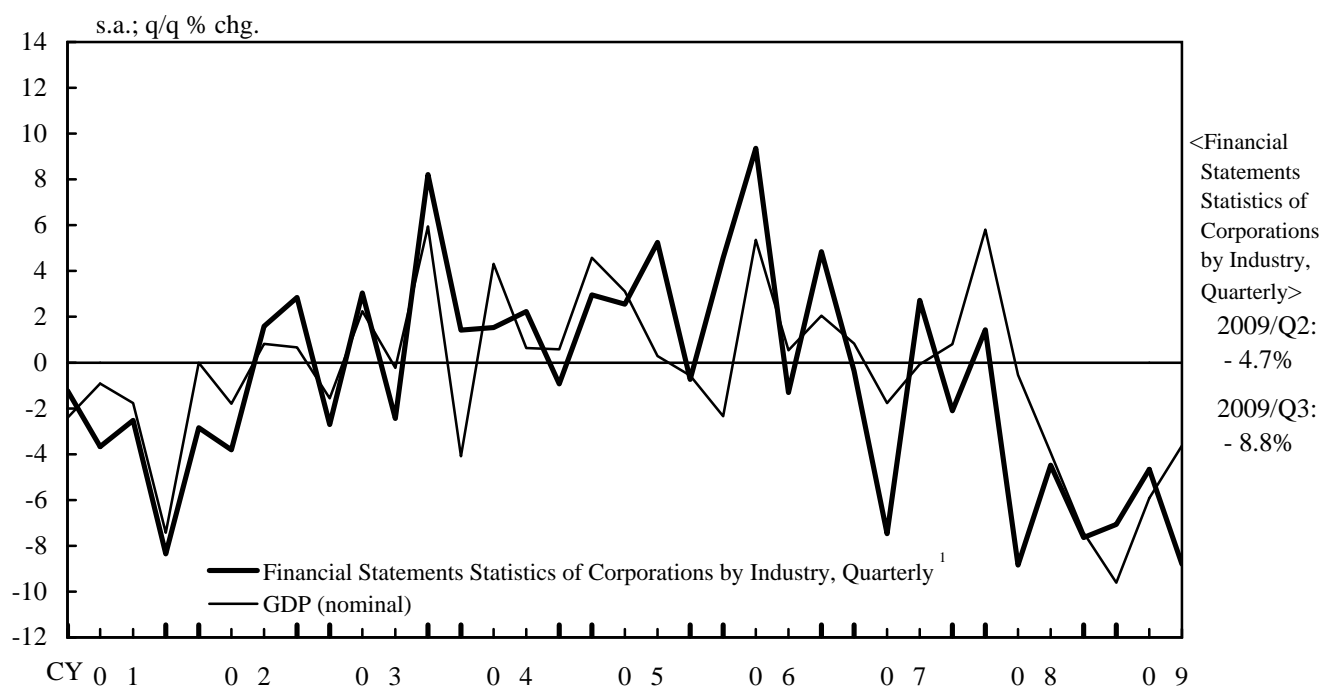
6. IT-related goods are composed of computers and units, parts of computer, telecommunication machinery, ICs, and medical and optical instruments.

7. Excludes IT-related goods.

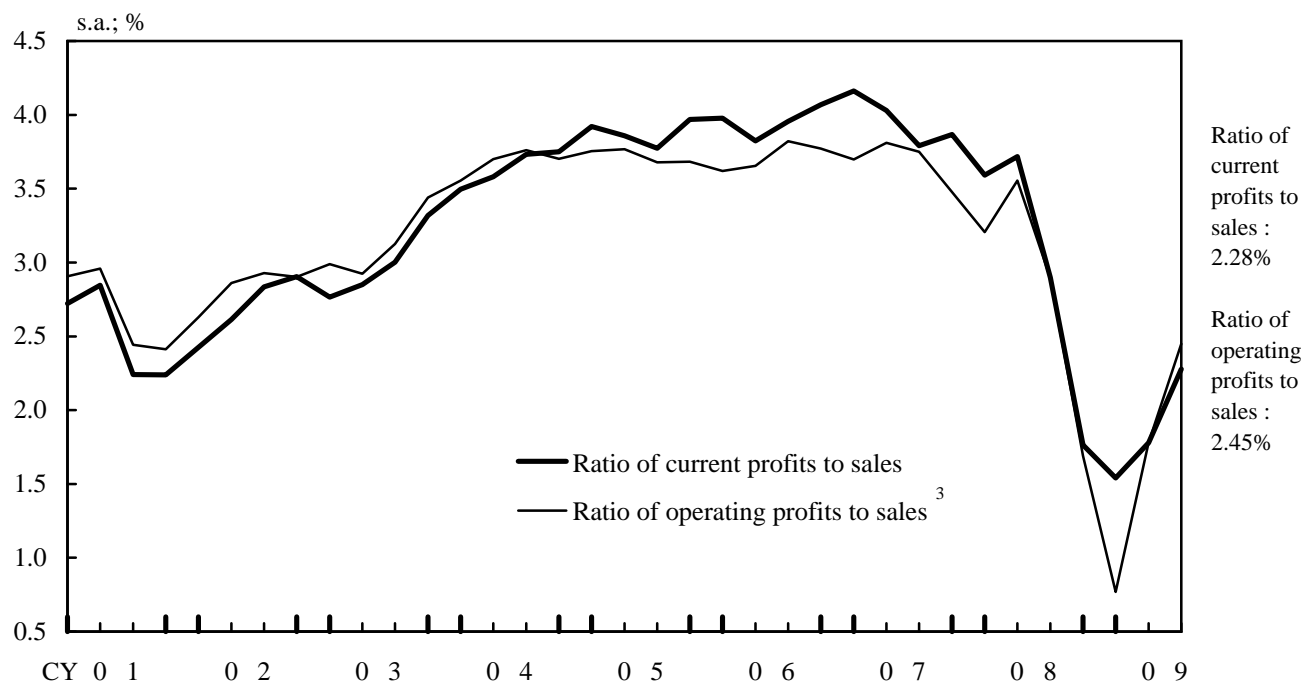
Sources: Ministry of Finance, "Trade Statistics"; Bank of Japan, "Corporate Goods Price Index."

Business Fixed Investment and Corporate Profits

(1) Business Fixed Investment



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



Notes: 1. All enterprises excluding Finance and Insurance.

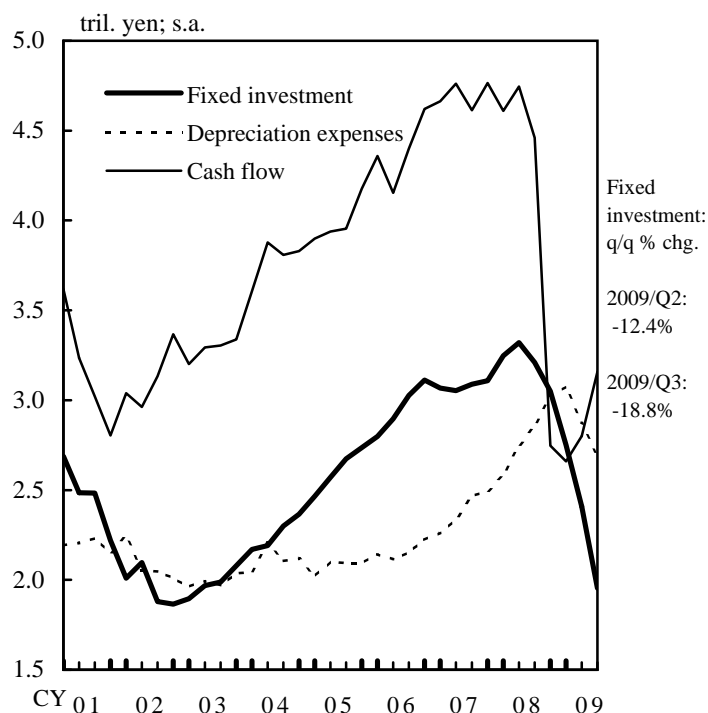
2. Based on the "Financial Statements Statistics of Corporations by Industry, Quarterly."

3. Figures are seasonally adjusted by X-12-ARIMA.

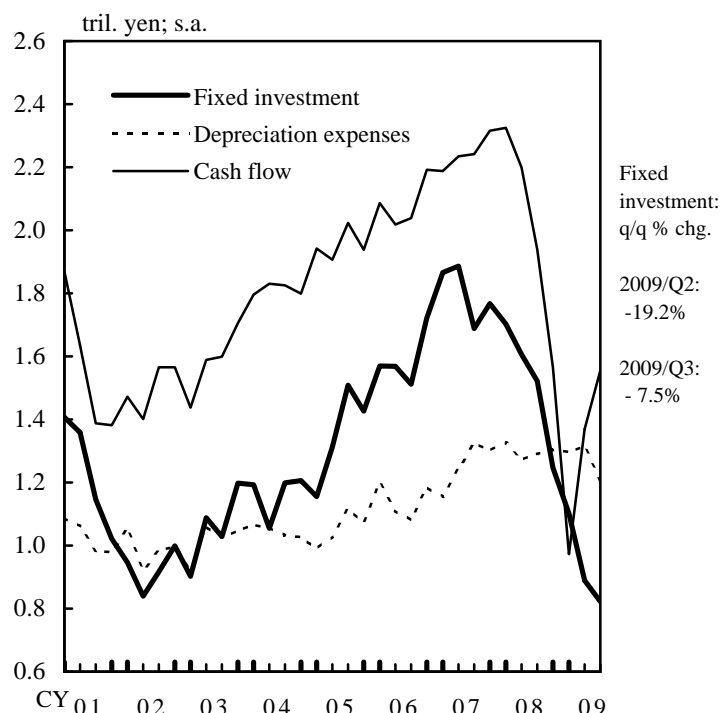
Sources: Cabinet Office, "National Accounts"; Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

## Business Fixed Investment by Industry and Size

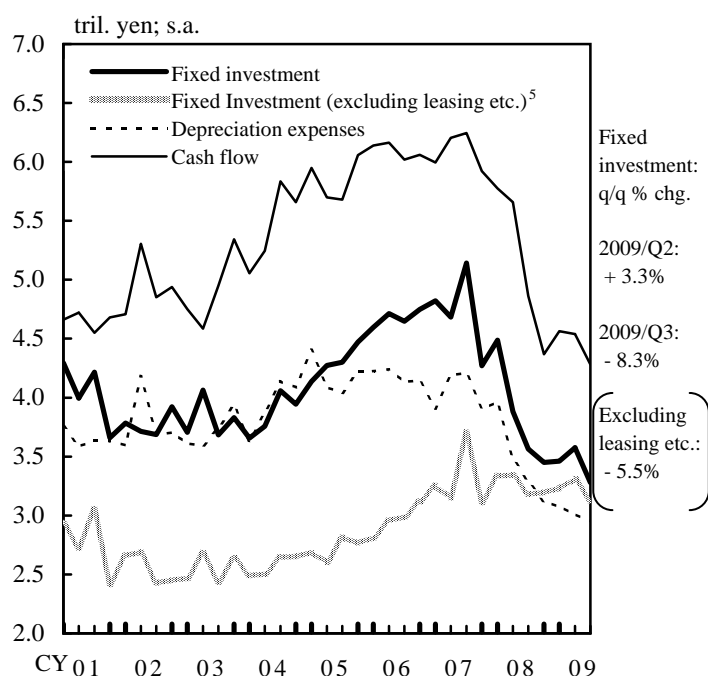
(1) Large Manufacturing Firms



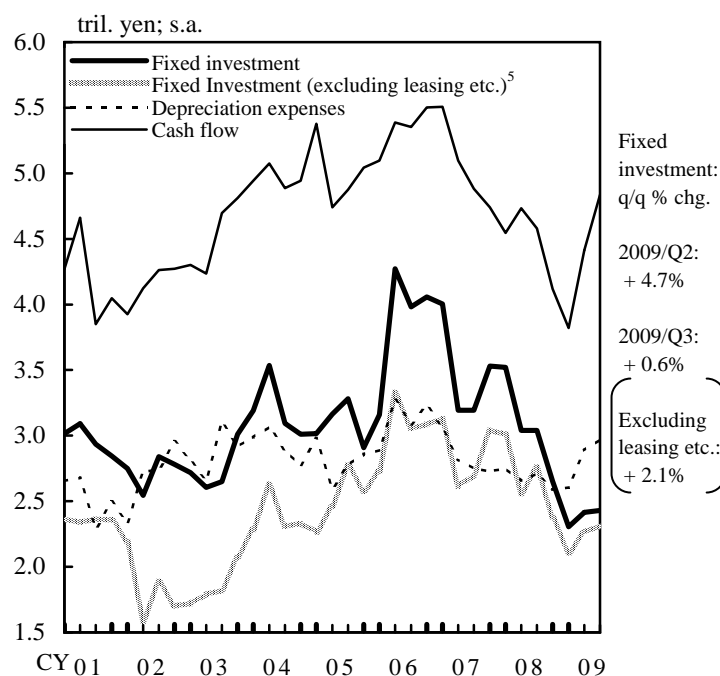
(2) Medium-Sized and Small Manufacturing Firms



(3) Large Nonmanufacturing Firms



(4) Medium-Sized and Small Nonmanufacturing Firms



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

2. Cash flow = current profits / 2 + depreciation expenses.

3. Seasonally adjusted by X-11.

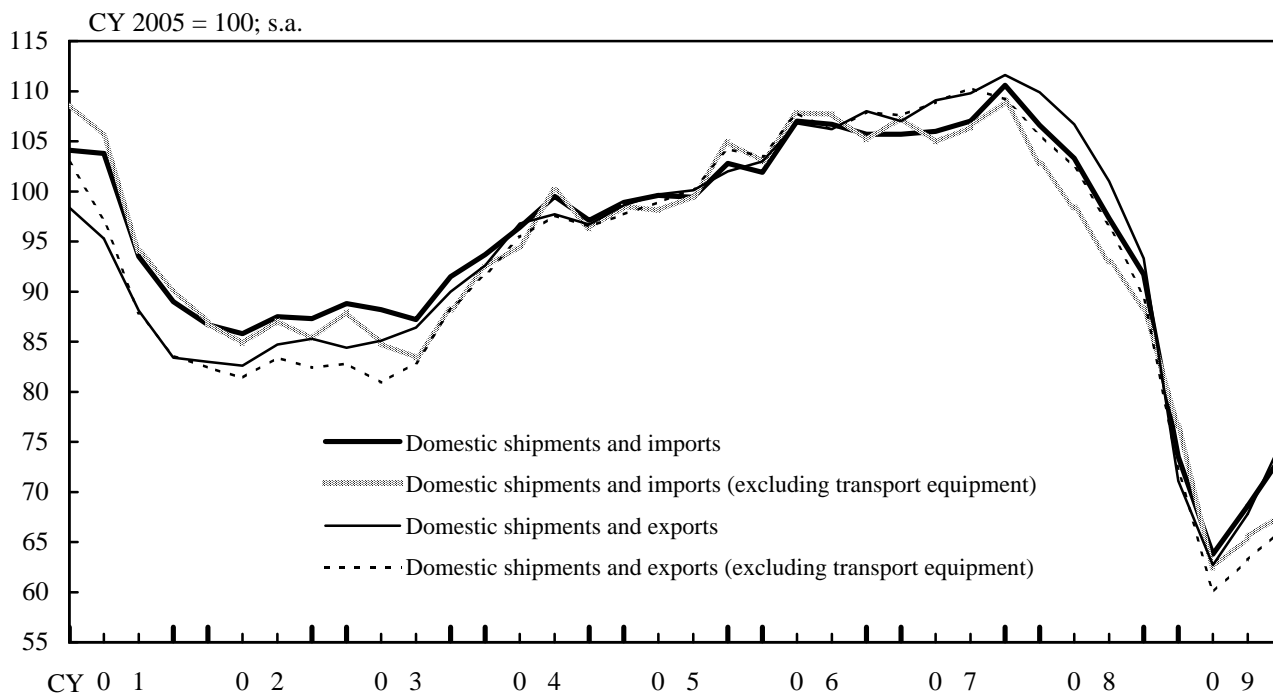
4. Excluding Finance and Insurance.

5. Up to 2004/1Q, excluding business services. From 2004/2Q, excluding goods rental and leasing.

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

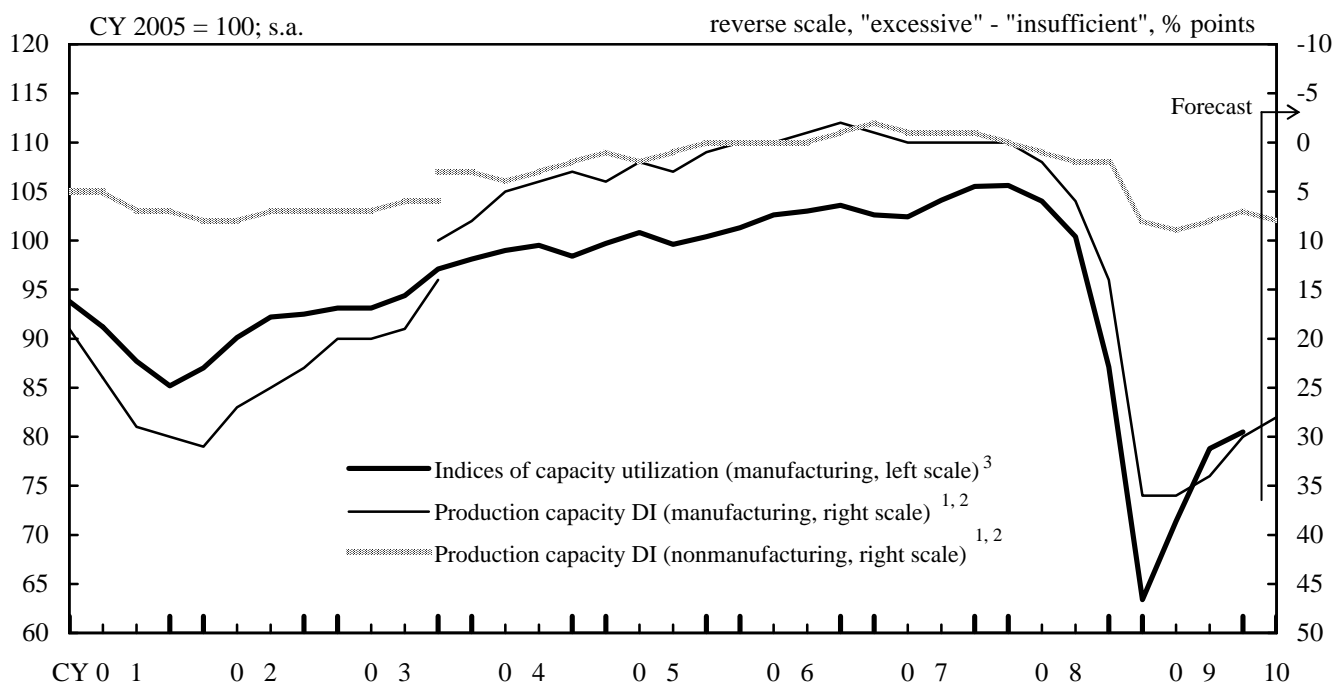
## Coincident Indicators for Business Fixed Investment

## (1) Aggregate Supply and Shipments of Capital Goods



Note: Figures for 2009/Q4 are those of October.

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



Notes: 1. Production capacity DIs are those of all enterprises.

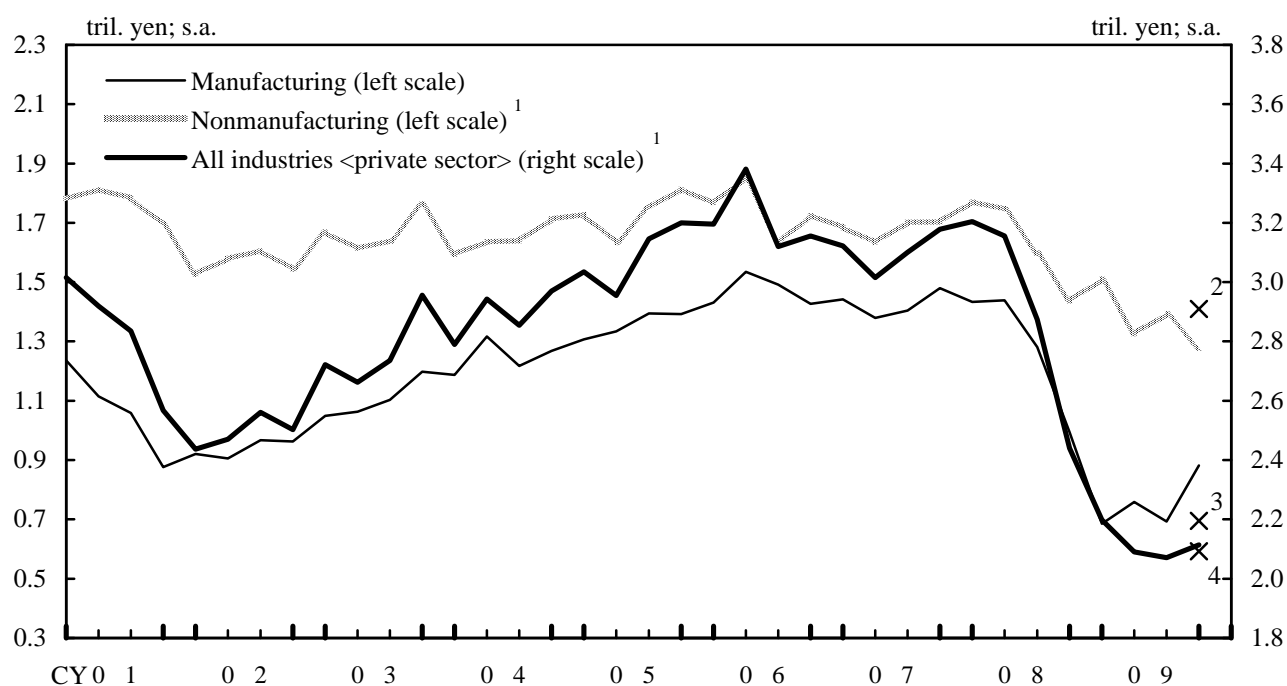
2. The *Tankan* has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on a new basis.

3. The figure for 2009/Q4 is that of October.

Sources: Ministry of Economy, Trade and Industry, "Indices of Industrial Production," "Indices of Industrial Domestic Shipments and Imports"; Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

## Leading Indicators for Business Fixed Investment

### (1) Machinery Orders



Notes: 1. Excludes orders of shipbuilding and orders from electric power companies.

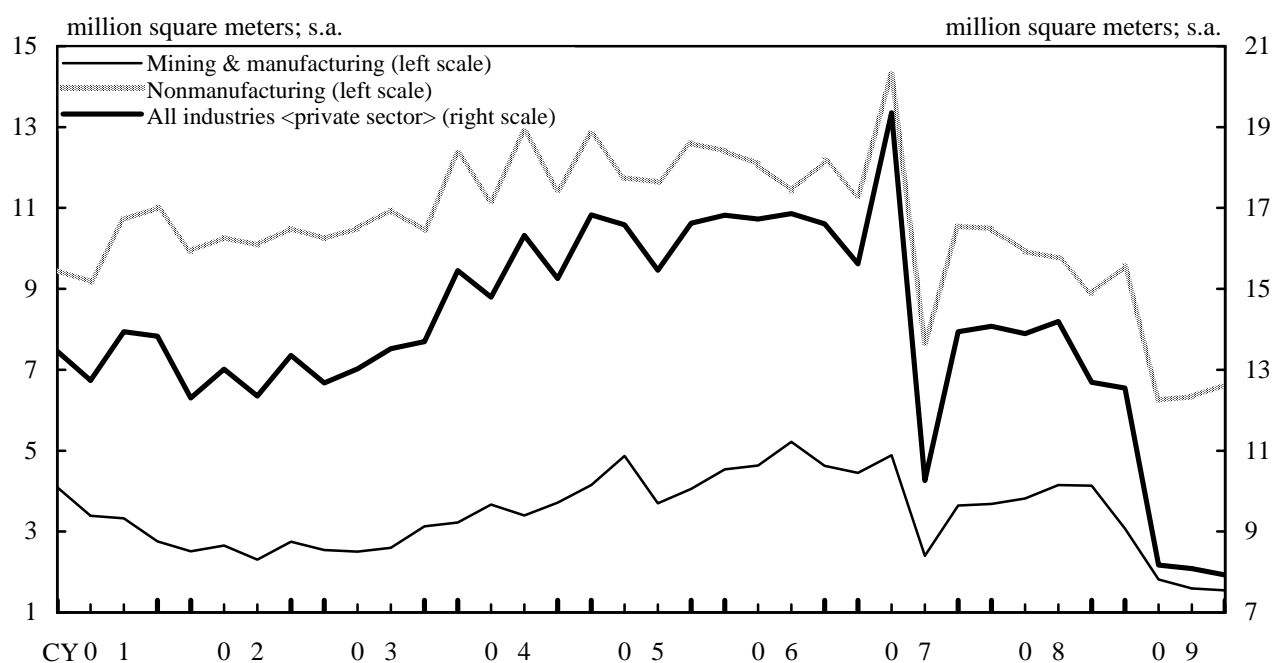
2. Forecast of nonmanufacturing industries for 2009/Q4.

3. Forecast of manufacturing industries for 2009/Q4.

4. Forecast of all industries <private sector> for 2009/Q4.

5. Figures for 2009/Q4 are those of October in terms of quarterly amount.

### (2) Construction Starts (Floor Area, Private, Nondwelling Use)



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

2. Because the Standard Industrial Classification for Japan was revised in March 2002, the industry classification for newspaper publishing and publishing business was changed from mining and manufacturing to nonmanufacturing. Accordingly, the data up to FY 2002 were adjusted by using a link coefficient.

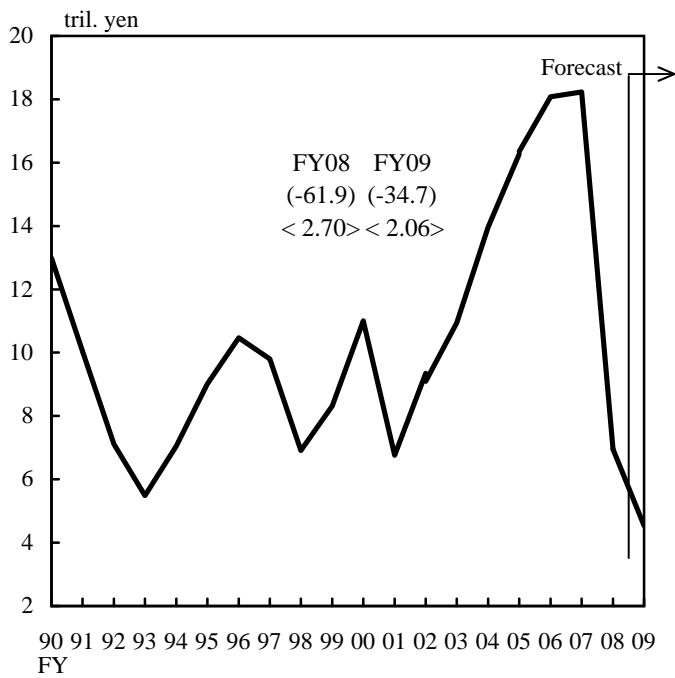
3. Figures for 2009/Q4 are those of October in terms of quarterly amount.

Sources: Cabinet Office, "Orders Received for Machinery";

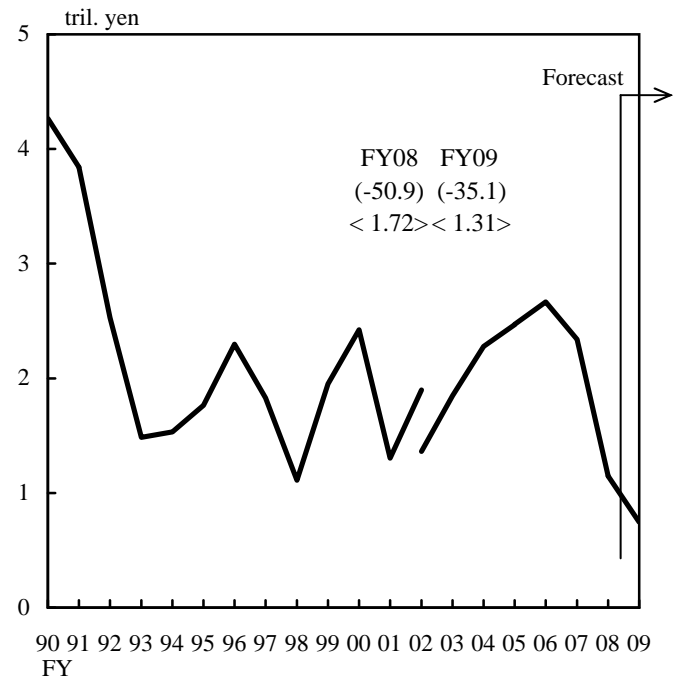
Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts."

Current Profits

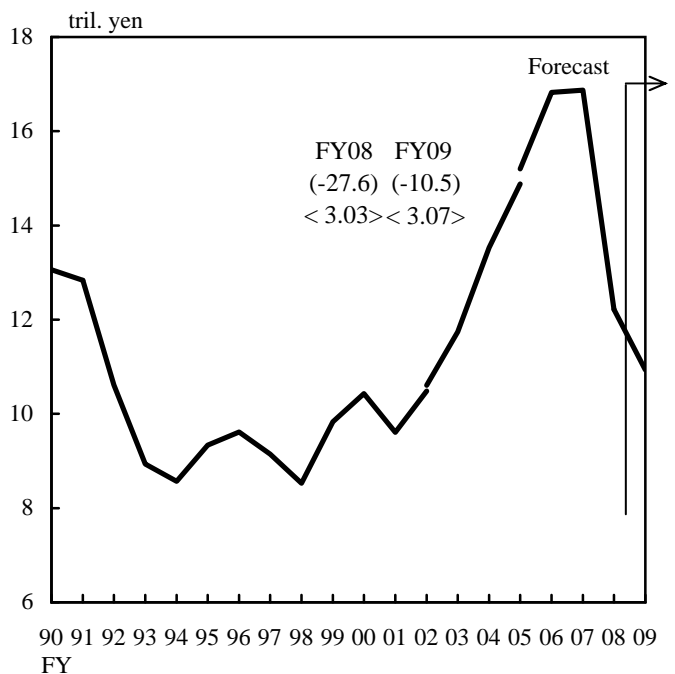
(1) Large Manufacturing Enterprises



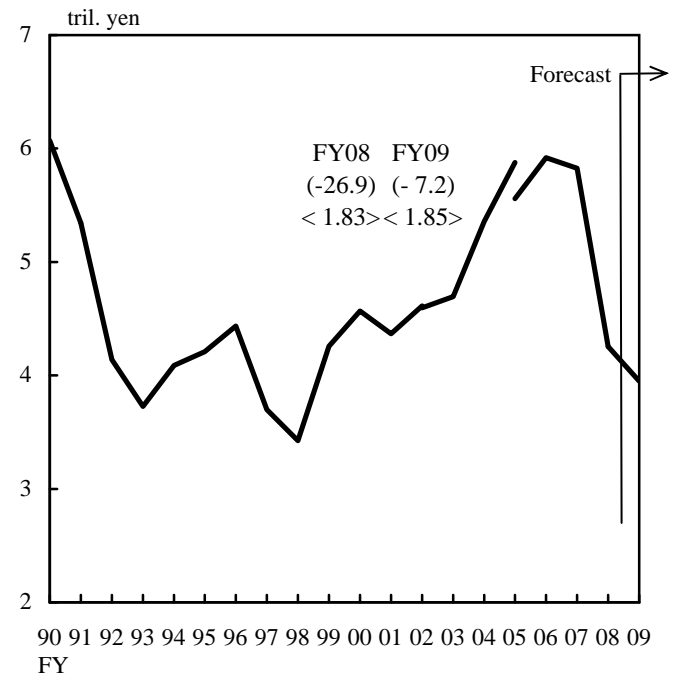
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



(4) Small Nonmanufacturing Enterprises



Notes: 1. ( ): Current profits (y/y % chg.), < >: Ratio of current profit to sales (%).

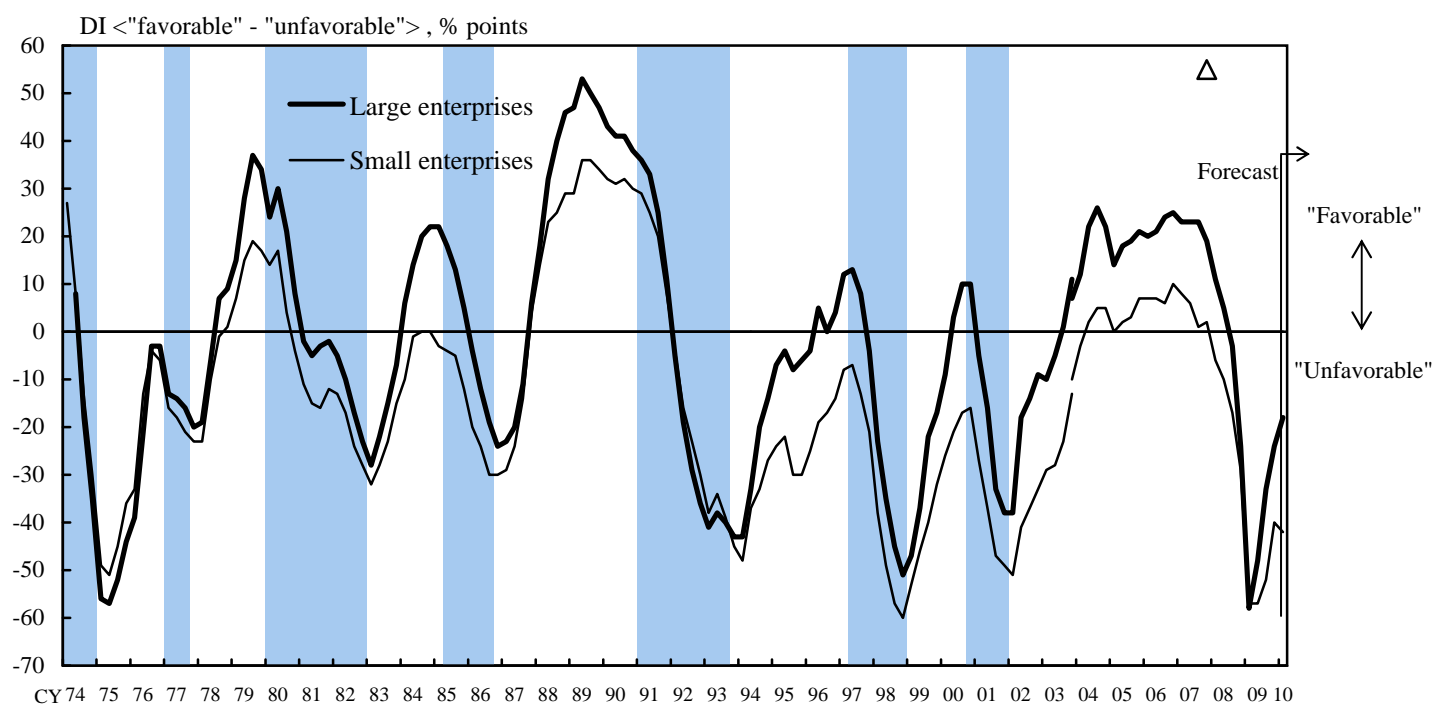
2. In the March 2004 survey, the *Tankan* underwent major revisions, including the addition of new sample enterprises to the survey. In the March 2007 survey, regular revisions were made to the sample enterprises. The data show some discontinuities coincided with these timings.

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

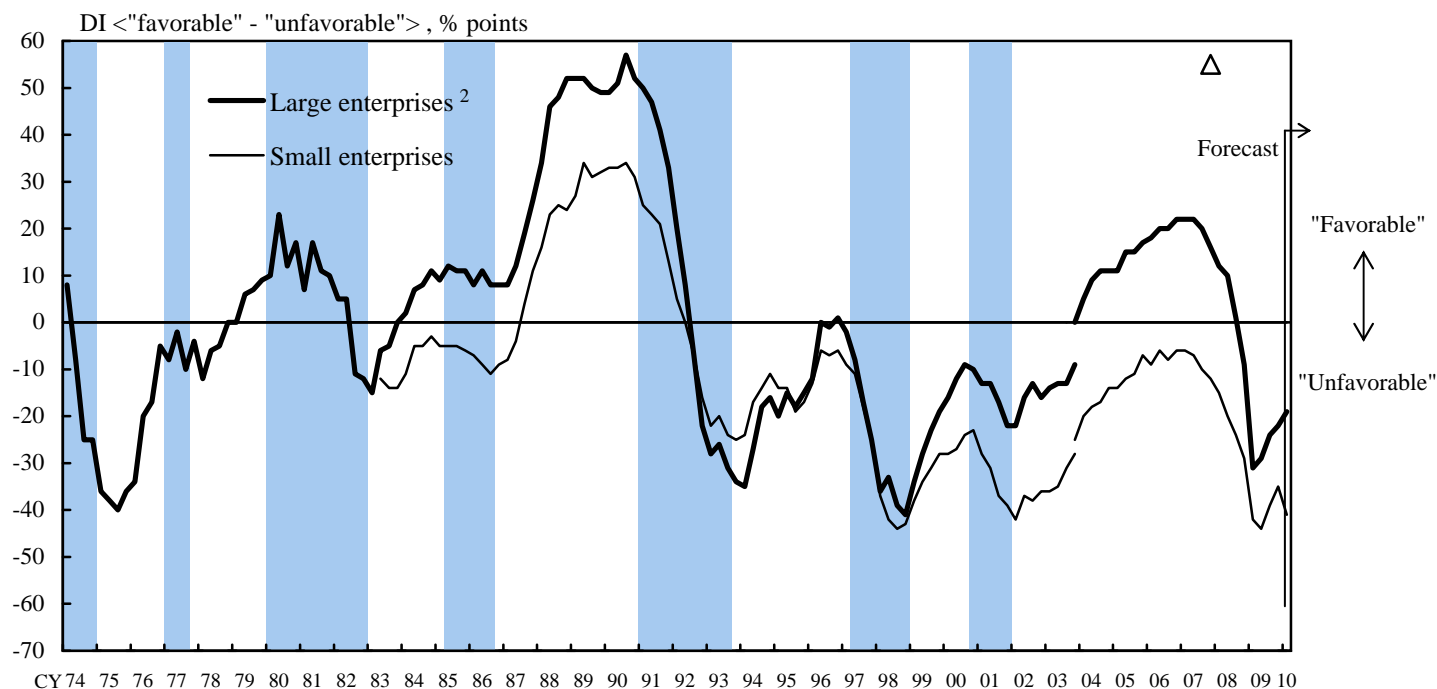


## Business Conditions

## (1) Manufacturing



## (2) Nonmanufacturing



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.

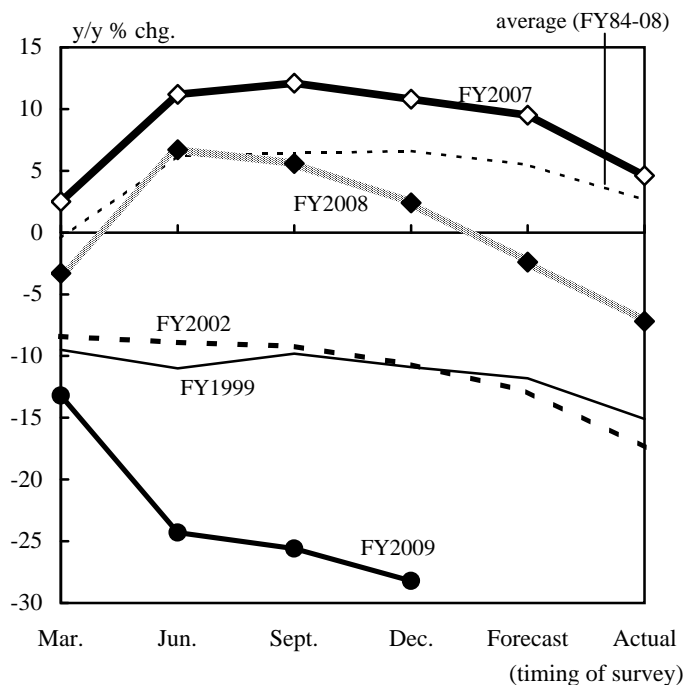
2. Data prior to Feb. 1983 are those of principal enterprises.

3. Shaded areas indicate recession periods. Triangle shows the last peak.

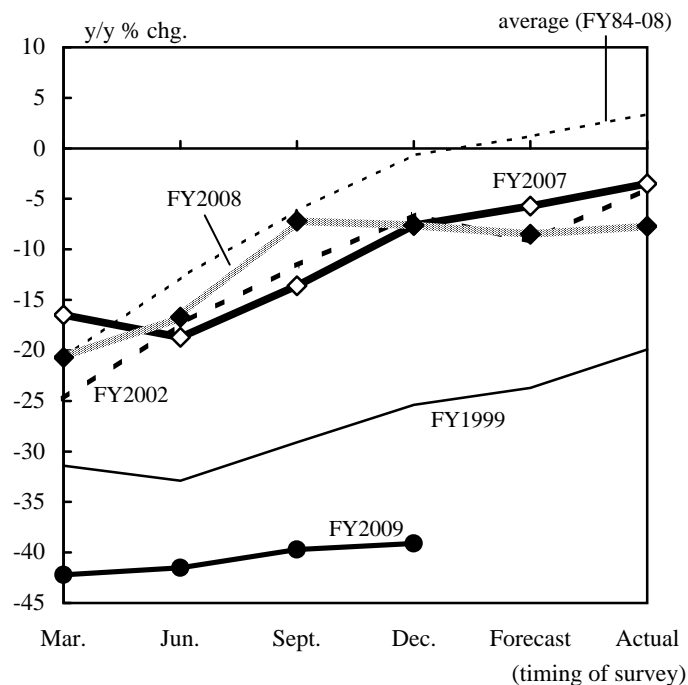
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Business Fixed Investment Plans as Surveyed

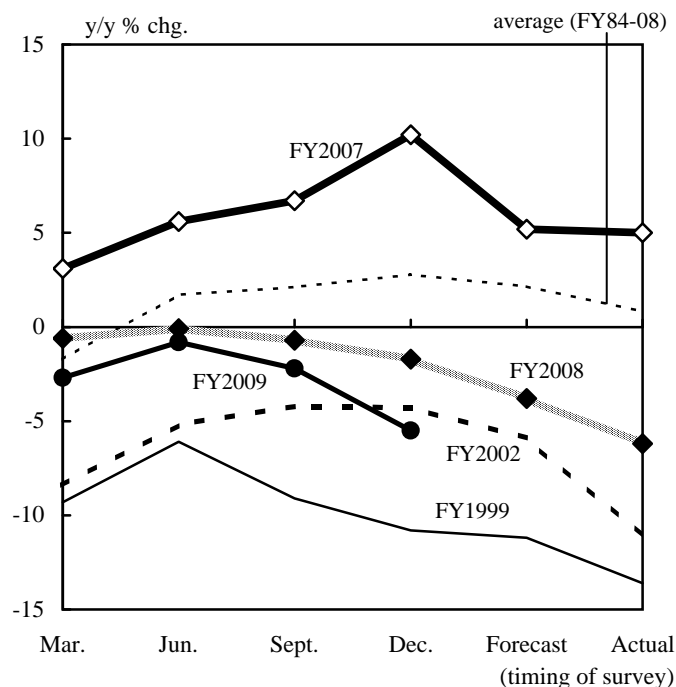
(1) Large Manufacturing Enterprises



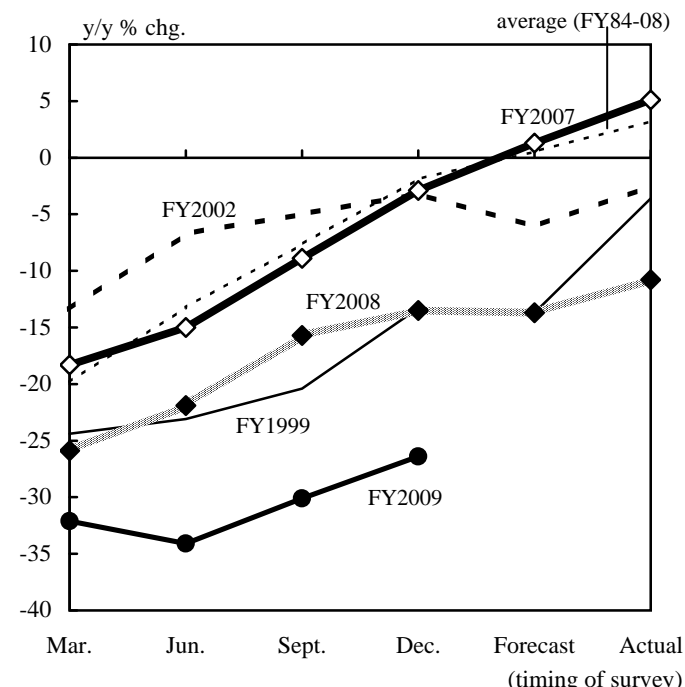
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



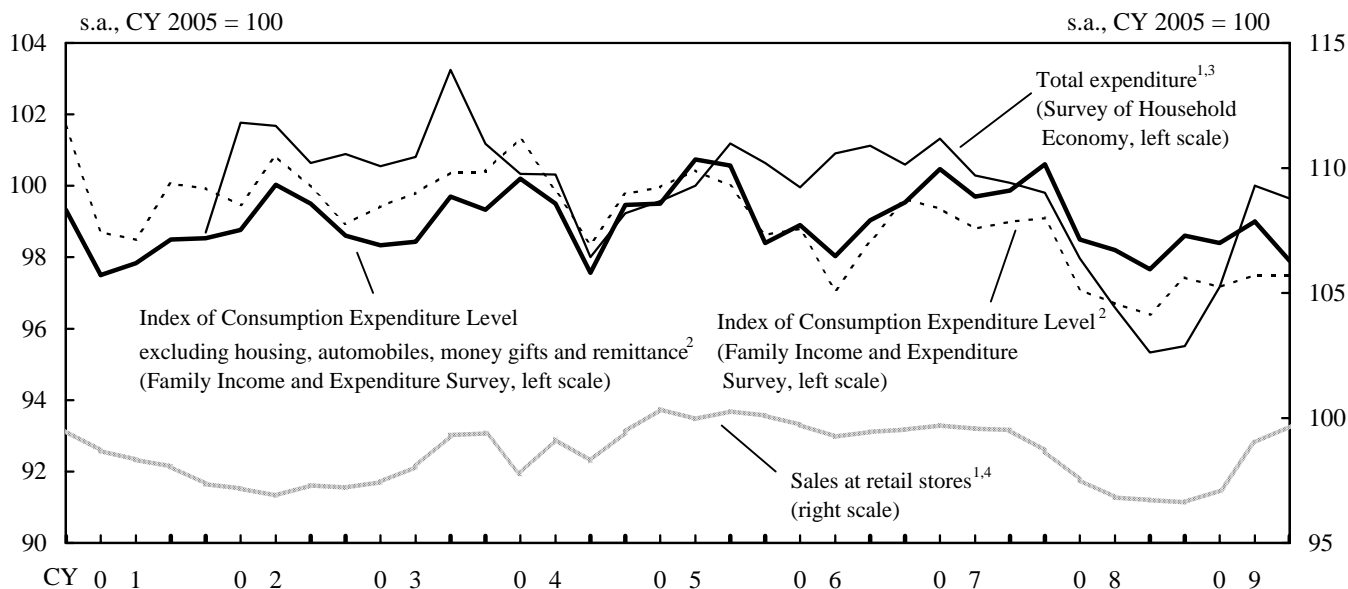
(4) Small Nonmanufacturing Enterprises



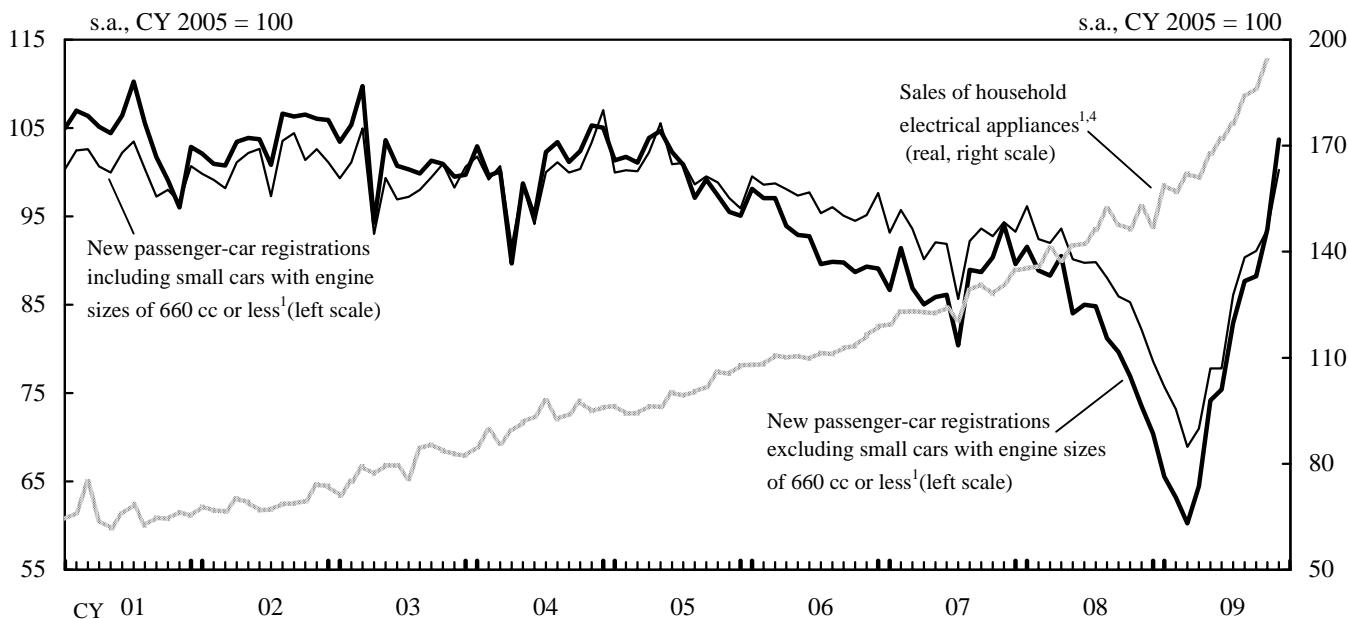
Note : Includes land purchasing expenses and excludes software investment.

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

## Indicators for Private Consumption (1)

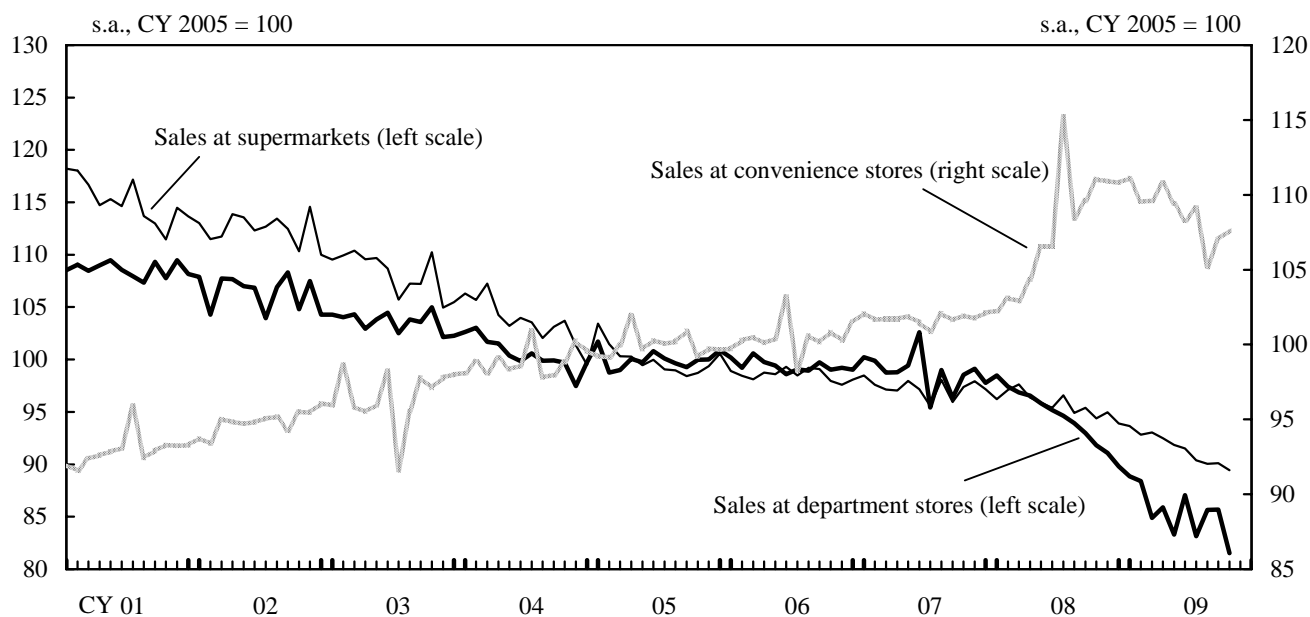
(1) Household Spending (Real)<sup>5</sup>

## (2) Sales of Durable Goods

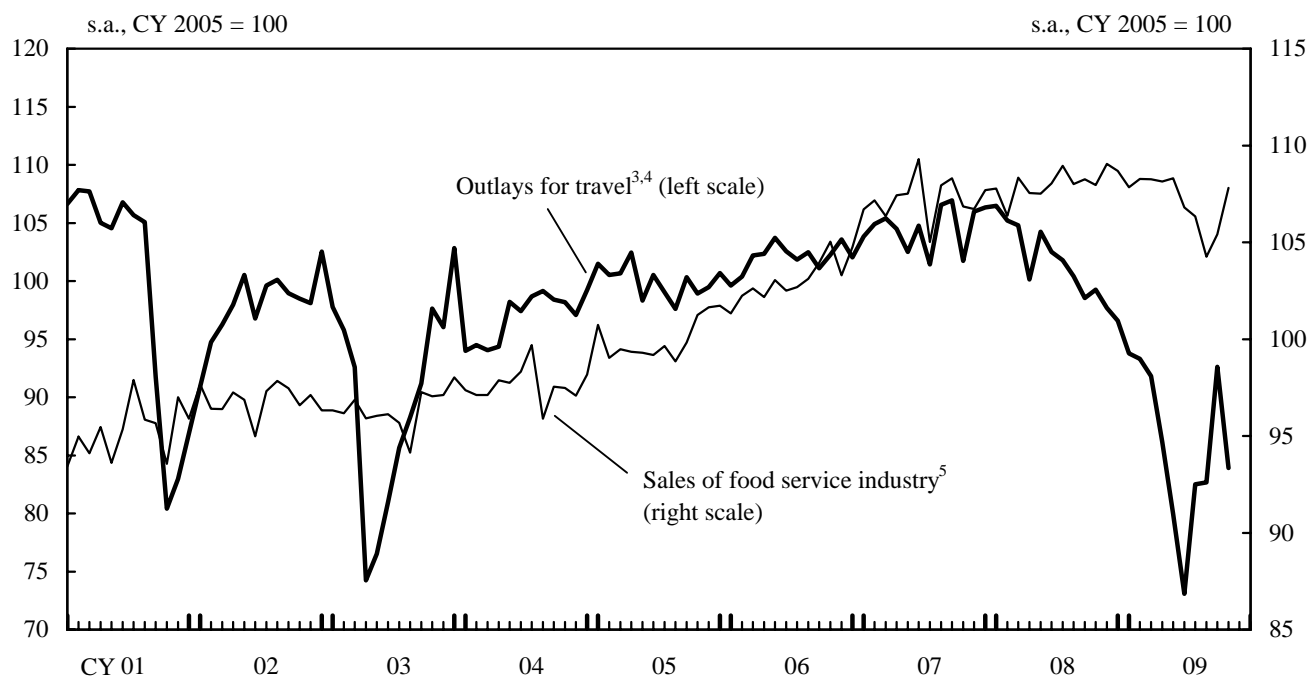


- Notes: 1. Total expenditure, Sales at retail stores, Sales of household electrical appliances and New passenger-car registrations are seasonally adjusted by X-12-ARIMA.
2. Index of consumption expenditure level is based on two-or-more-person households, and is adjusted by the distribution of household by number of household members and age group of household head.
3. Total expenditure is based on two-or-more-person households, and is deflated by the consumer price index excluding imputed rent.
4. Sales at retail stores are deflated by the consumer price index for goods (excluding electricity, gas & water charges). Sales of household electrical appliances are calculated as follows: indices of retail sales of machinery and equipment in the Current Survey of Commerce are deflated by the geometric means of the corresponding consumer price indexes (or by the corporate goods price index for PC printers before 2002).
5. Figures for 2009/Q4 are those of October in terms of quarterly amount.

Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index," "Monthly Report on the Family Income and Expenditure Survey," "Survey of Household Economy"; Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Bank of Japan, "Corporate Goods Price Index"; Japan Automobile Dealers Association, "Domestic Sales of Automobiles"; Japan Mini Vehicles Association, "Sales of Mini Vehicles."

Indicators for Private Consumption <sup>1</sup> (2)(1) Sales at Retail Stores (Nominal)<sup>2</sup>

## (2) Consumption of Services (Nominal)



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

2. Adjusted to exclude the effects of the increase in the number of stores (except convenience stores).

3. Excluding those by foreign travelers.

4. There is a discontinuity in the underlying data as of April 2007 due to changes in the sample.

Data from April 2007 and onward are calculated using the year-on-year rate of changes on the new basis.

5. Sales of food service industry are calculated using the year-on-year rates of change 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";

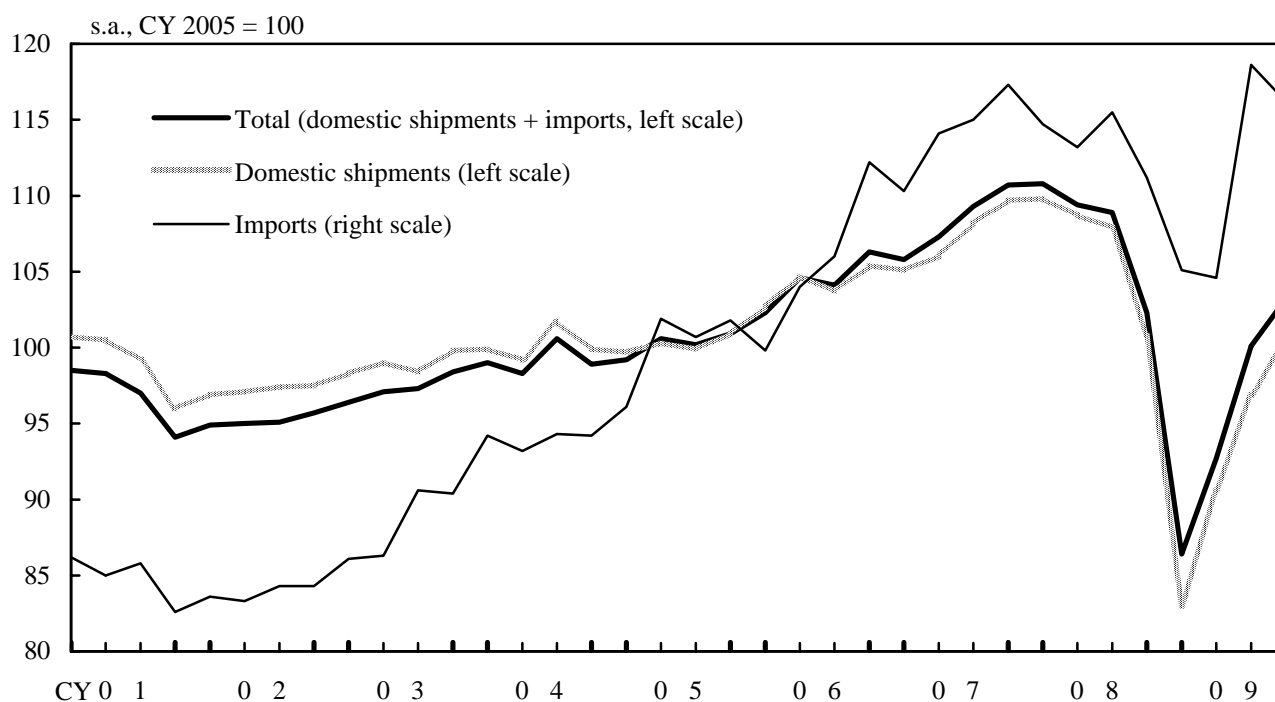
Japan Tourism Agency, "Major Travel Agents' Revenue";

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*

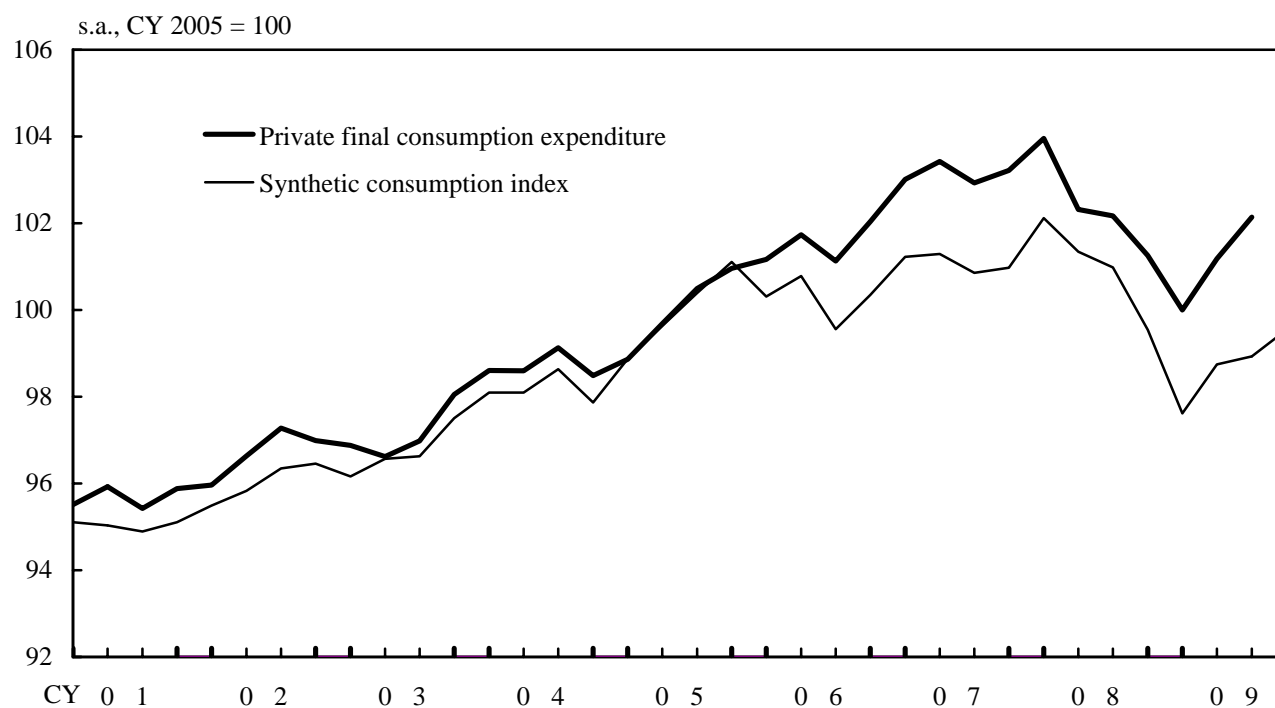
(Research on the Food Service Industry)."

## Indicators for Private Consumption (3)

### (1) Aggregate Supply of Consumer Goods



### (2) Private Final Consumption Expenditure and Synthetic Consumption Index (Real)

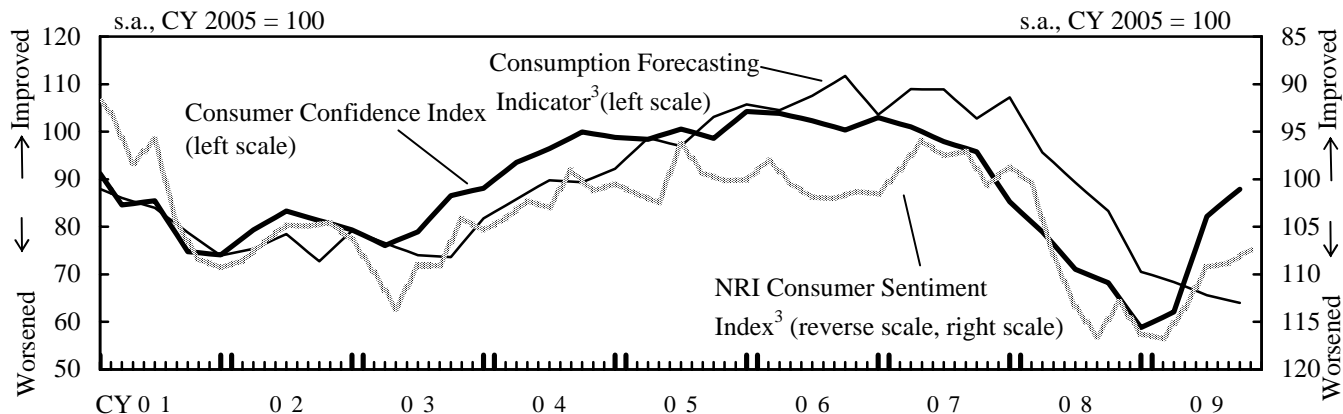


Note: Figures for 2009/Q4 are those of October in terms of quarterly amount.

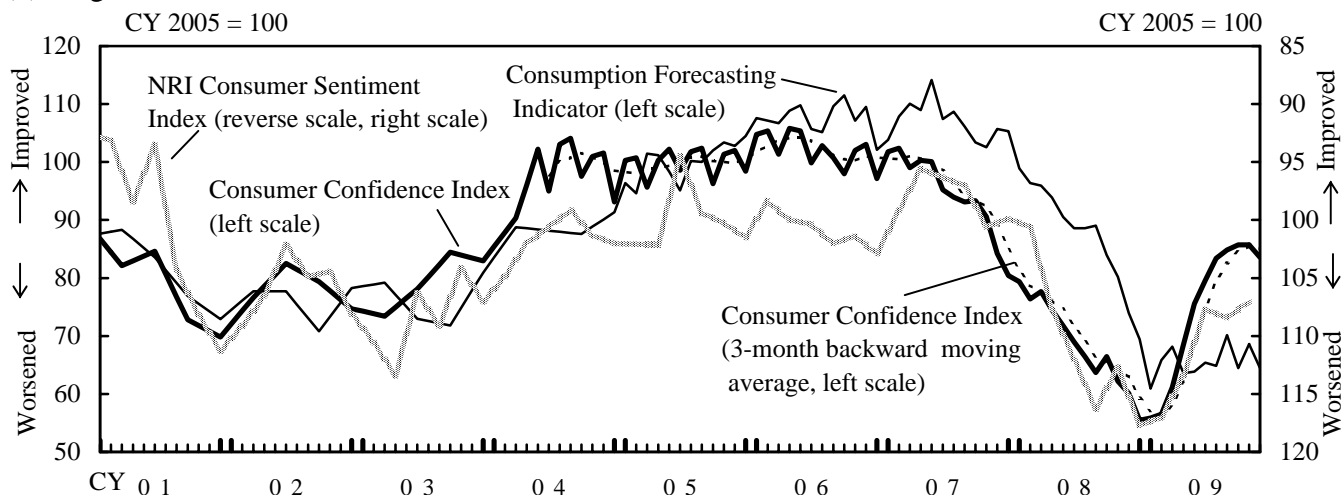
Sources: Ministry of Economy, Trade and Industry, "Indices of Industrial Domestic Shipments and Imports"; Cabinet Office, "National Accounts," "Synthetic Consumption Index."

# Consumer Confidence<sup>1,2</sup>

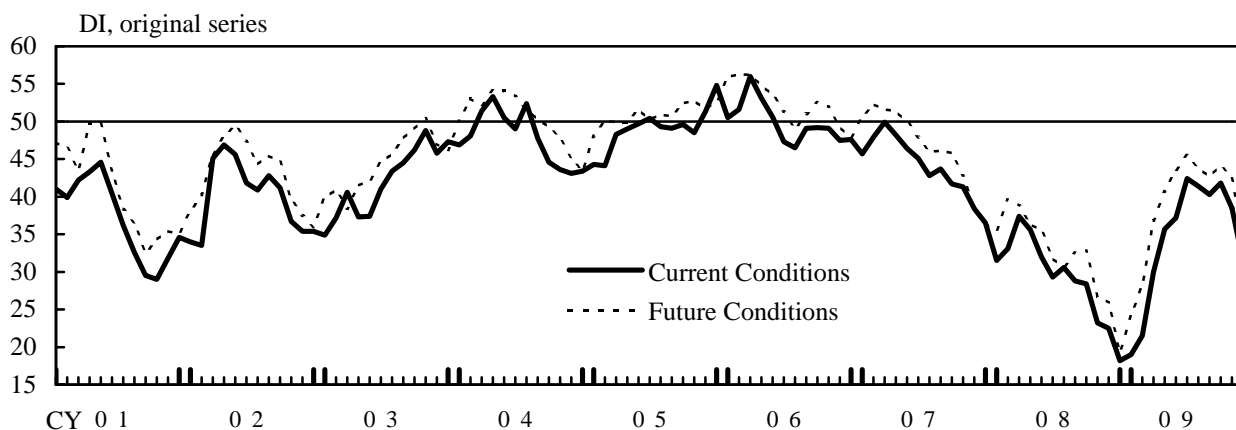
## (1) Seasonally Adjusted Series



## (2) Original Series



## Reference: Economy Watchers Survey (Household Activity)



- Notes: 1. The Consumer Confidence Index (with about 4,700 samples on a nationwide basis), Consumption Forecasting Indicator (with 600 samples in the metropolitan area), and NRI Consumer Sentiment Index (with 1,200 samples on a nationwide basis) are based on surveys on consumer confidence.
2. Figures are plotted for each surveyed months and the data for intervening months are linearly interpolated.
3. Figures are seasonally adjusted by X-12-ARIMA. The Consumption Forecasting Indicator is seasonally adjusted using quarterly figures because the survey was quarterly until 2004.

Sources: Cabinet Office, "Consumer Confidence Survey," "Economy Watchers Survey"; Nikkei inc., "Consumption Forecasting Indicator"; Nippon Research Institute (NRI), "Consumer Sentiment Survey."

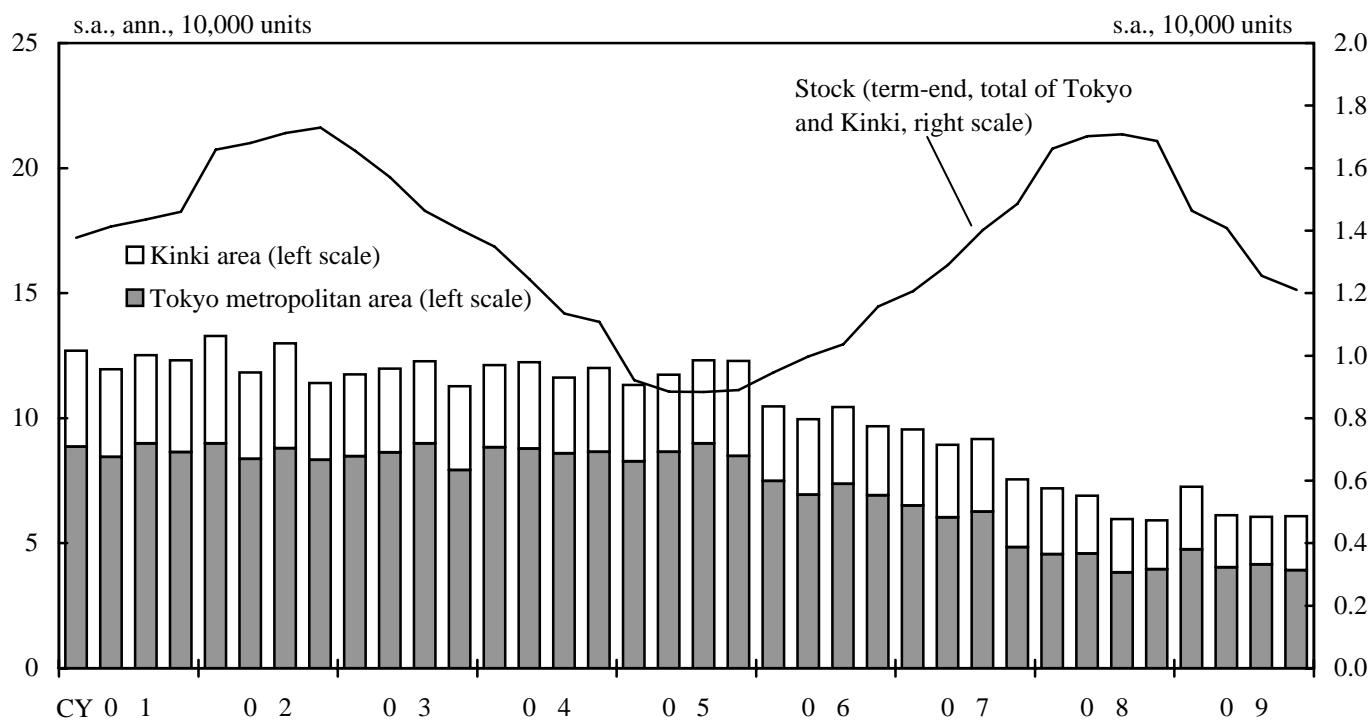
## Indicators for Housing Investment

## (1) Housing Starts



Note: Figures for 2009/Q4 are those of October.

## (2) Sales of Apartments



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

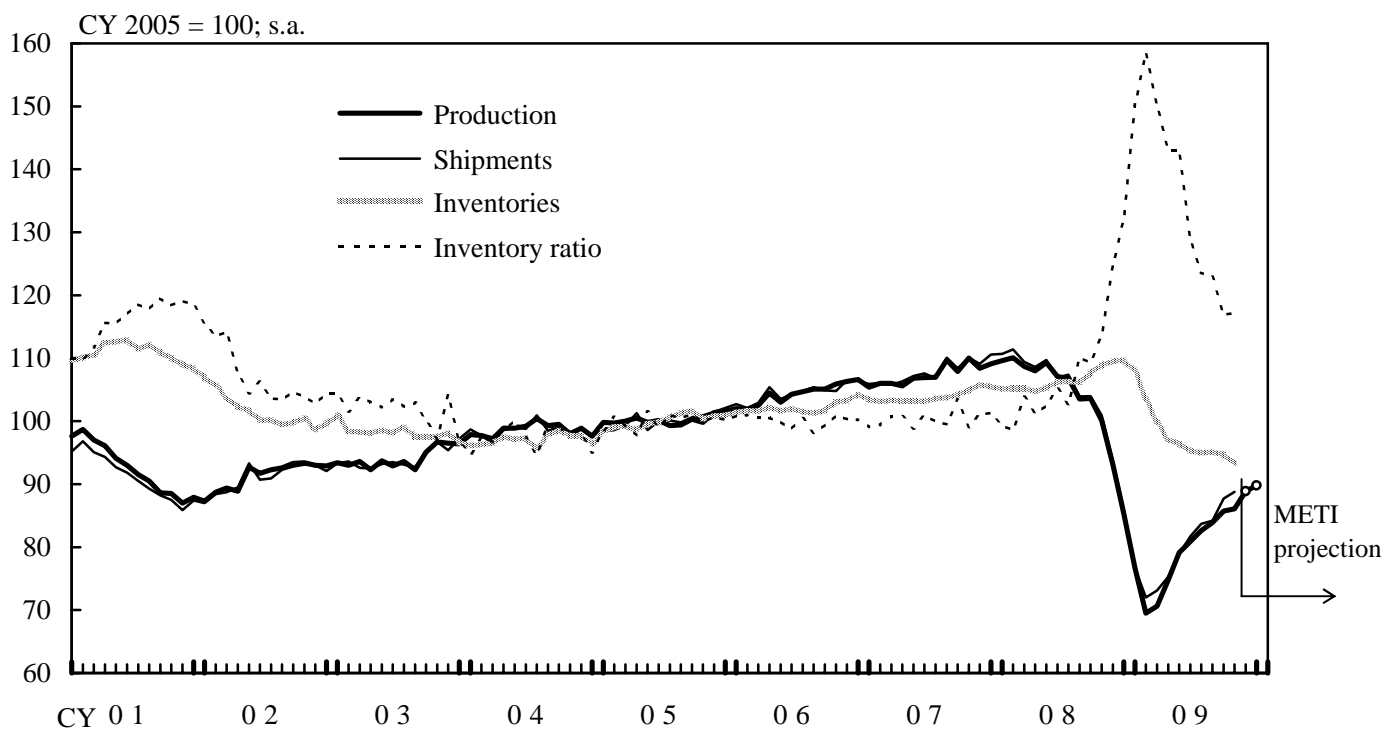
2. Figures of total apartments sales for 2009/Q4 are those of October-November averages.

Term-end stocks for 2009/Q4 are those of November.

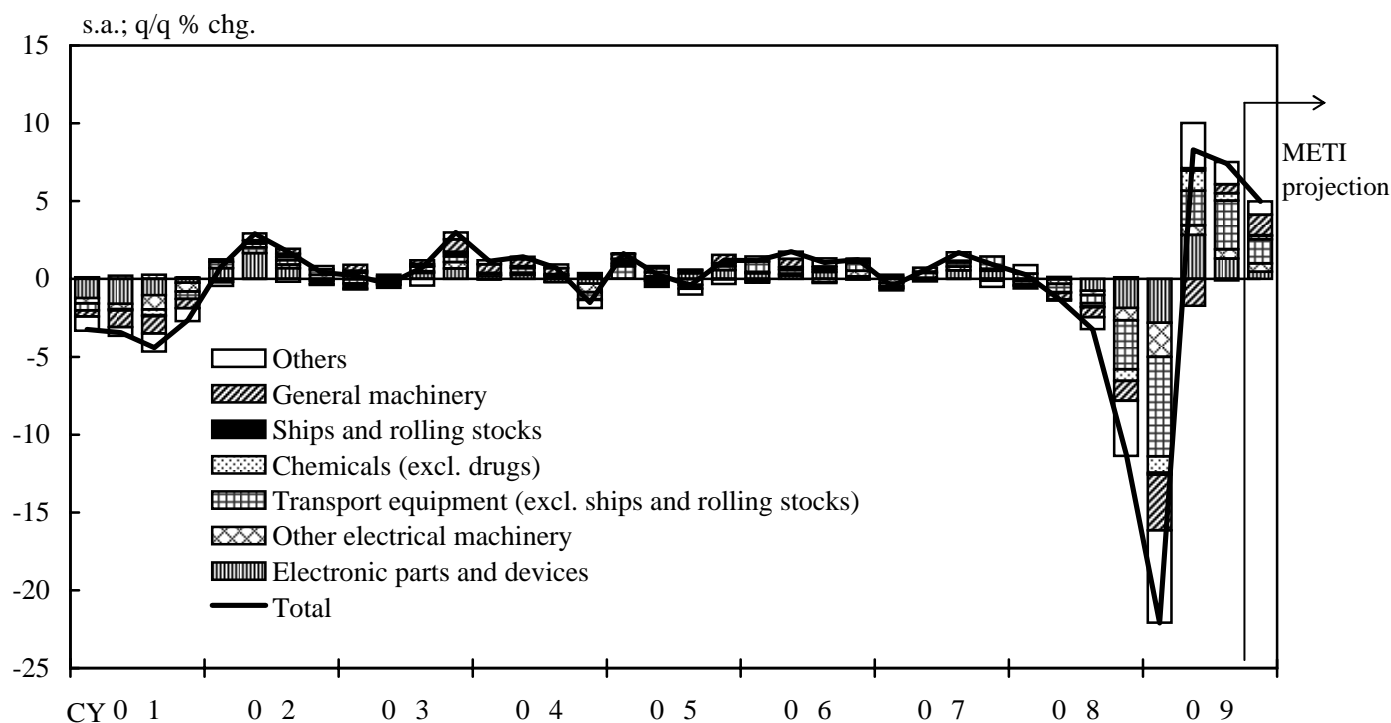
Source: Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts," etc.

## Production, Shipments and Inventories

### (1) Production, Shipments and Inventories



### (2) Production by Industry



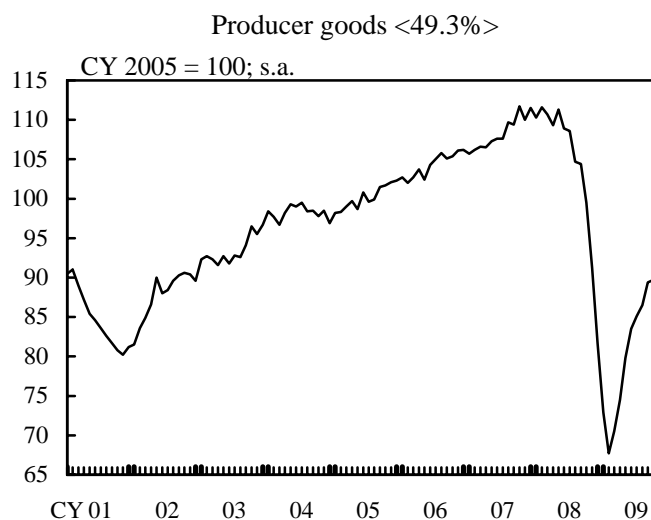
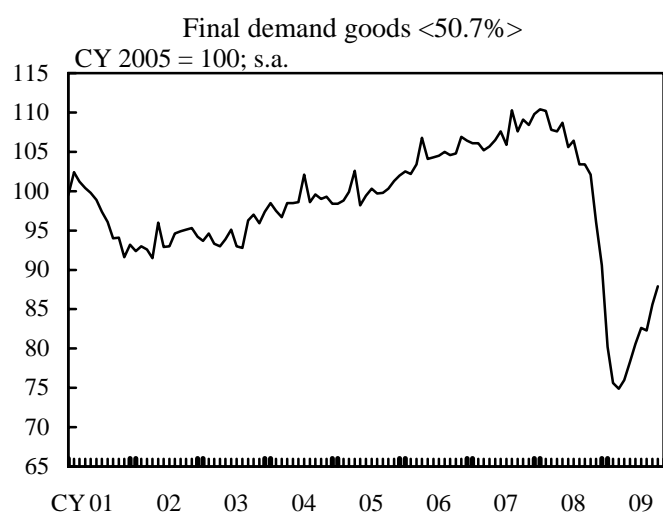
- Notes:
- "Other electrical machinery" is the weighted sum of "electrical machinery" and "information and communication electronics equipment."
  - Figures up to 2003/Q1 are on the 2000 base.
  - 2009/Q4 figures are based on the actual production level in October, and the METI projection of November and December.

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



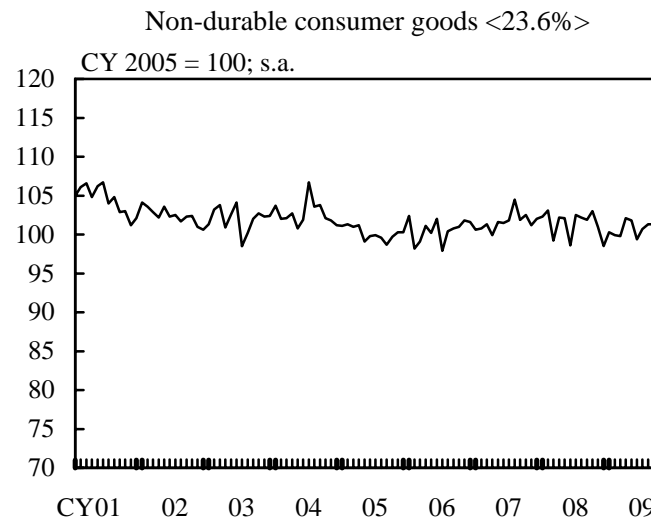
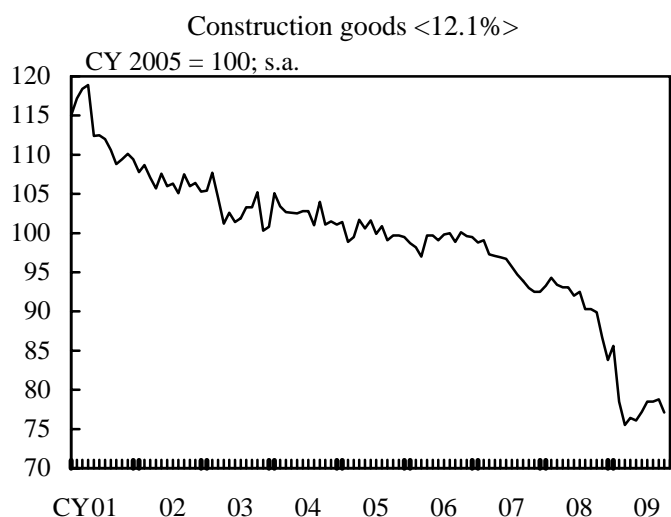
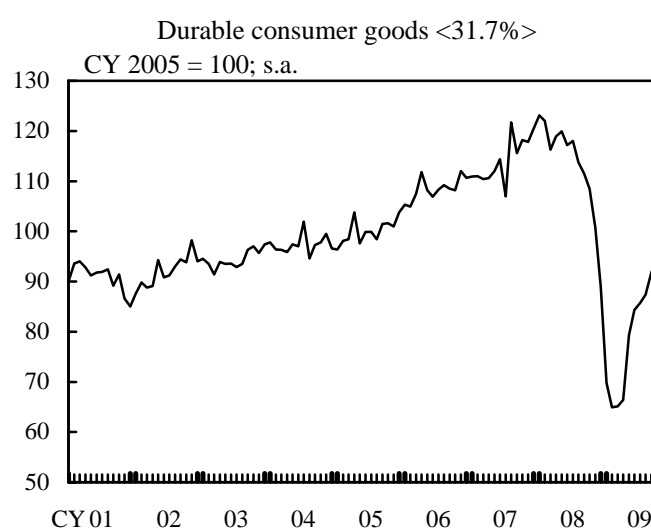
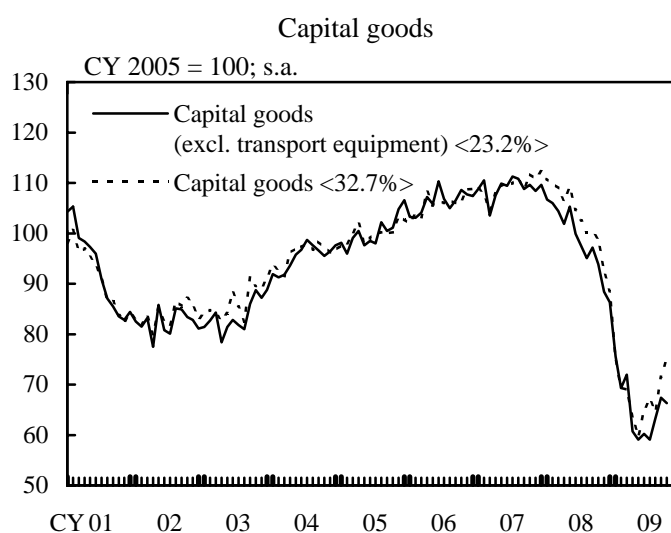
## Shipments Breakdown by Type of Goods

### (1) Final Demand Goods and Producer Goods



Note: Figures in angle brackets show the shares among shipments of mining and manufacturing.

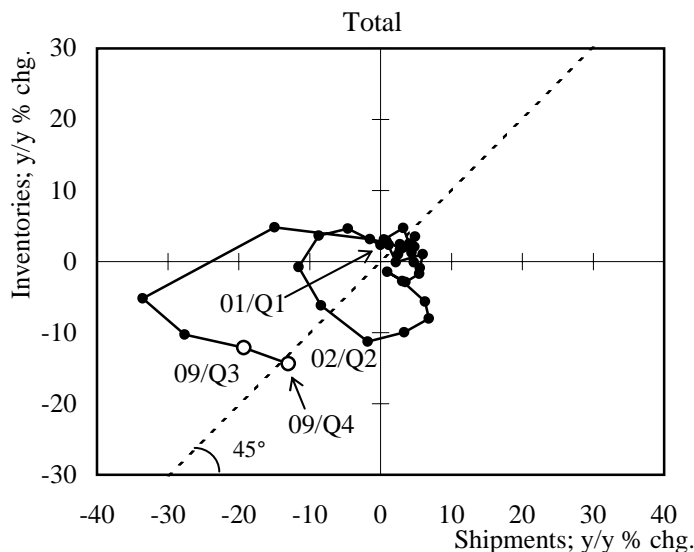
### (2) Breakdown of Final Demand Goods



Note: Figures in angle brackets show the shares among shipments of final demand goods.

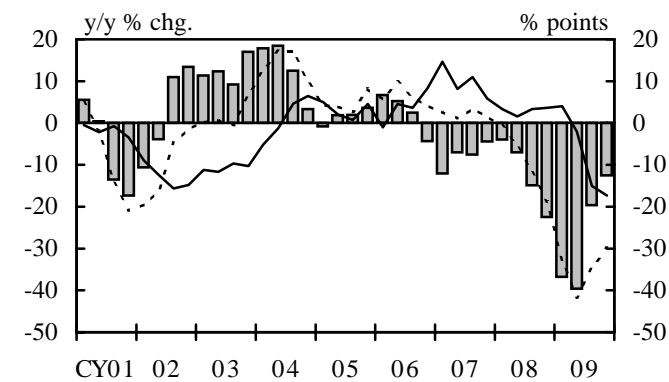
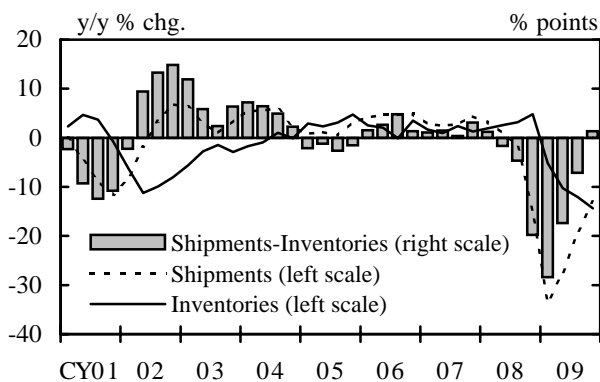
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Inventory Cycle



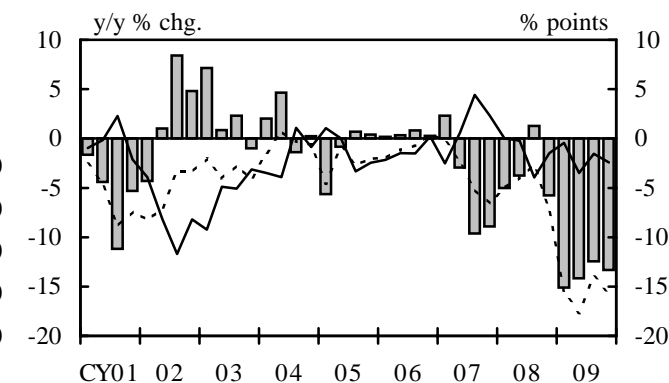
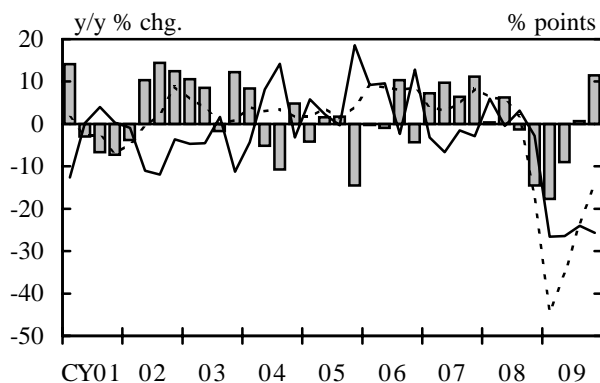
(1) Total

(2) Capital Goods (Excluding Transport Equipment)



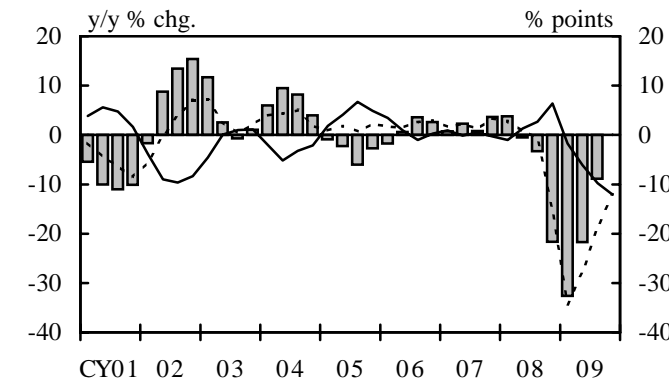
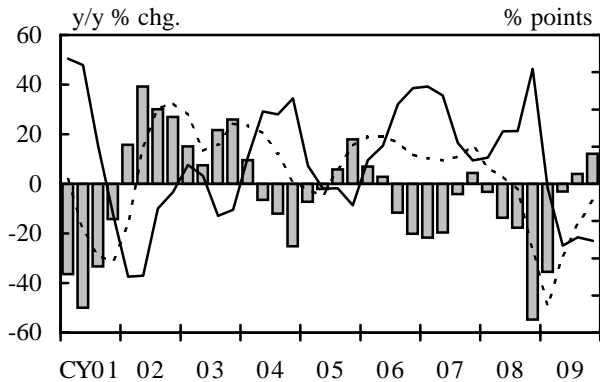
(3) Durable Consumer Goods

(4) Construction Goods



(5) Electronic Parts and Devices

(6) Producer Goods Excluding Electronic Parts and Devices

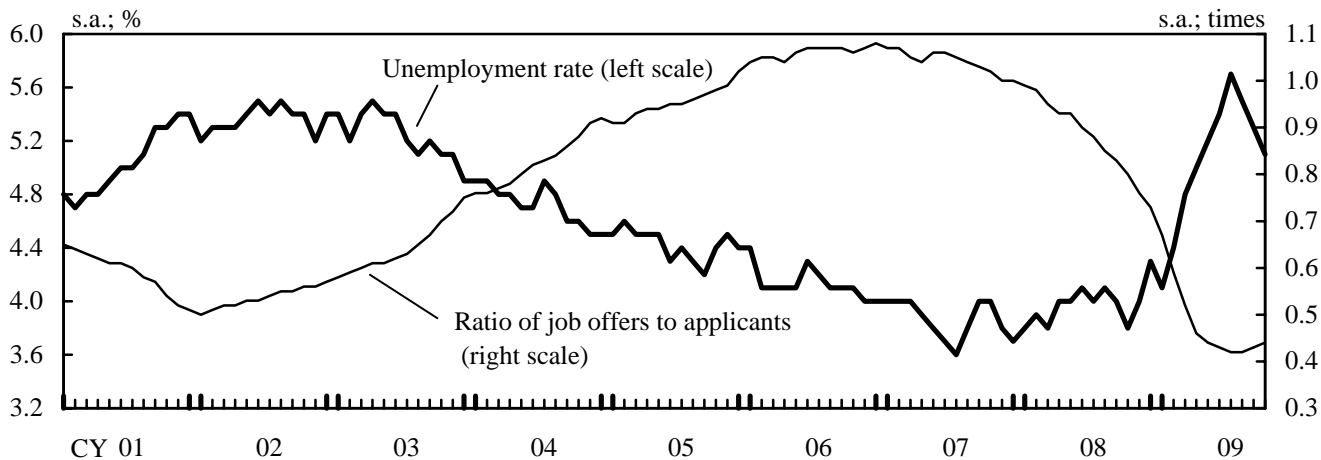


Note: Figures for 2009/Q4 are those of October.

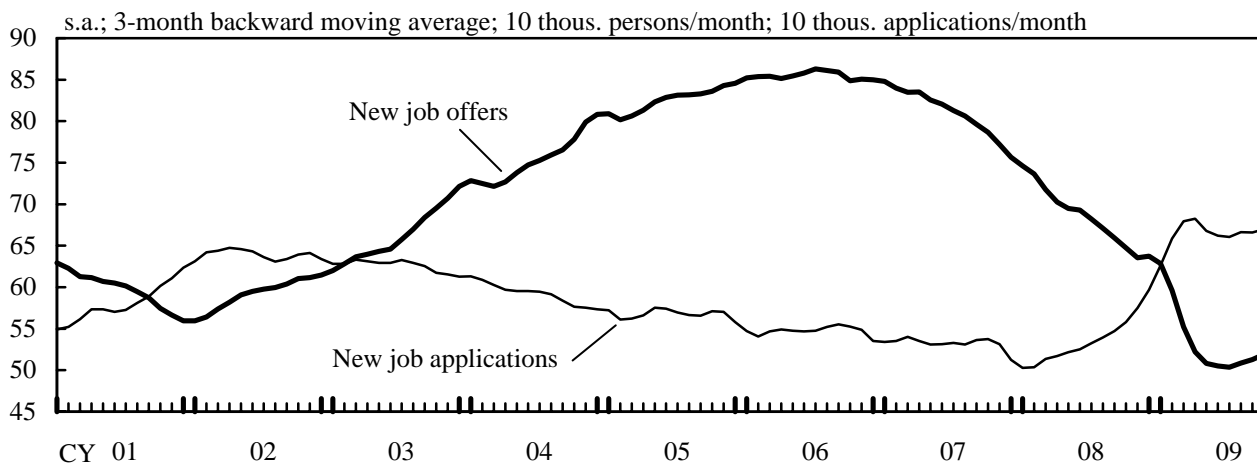
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Labor Market (1)

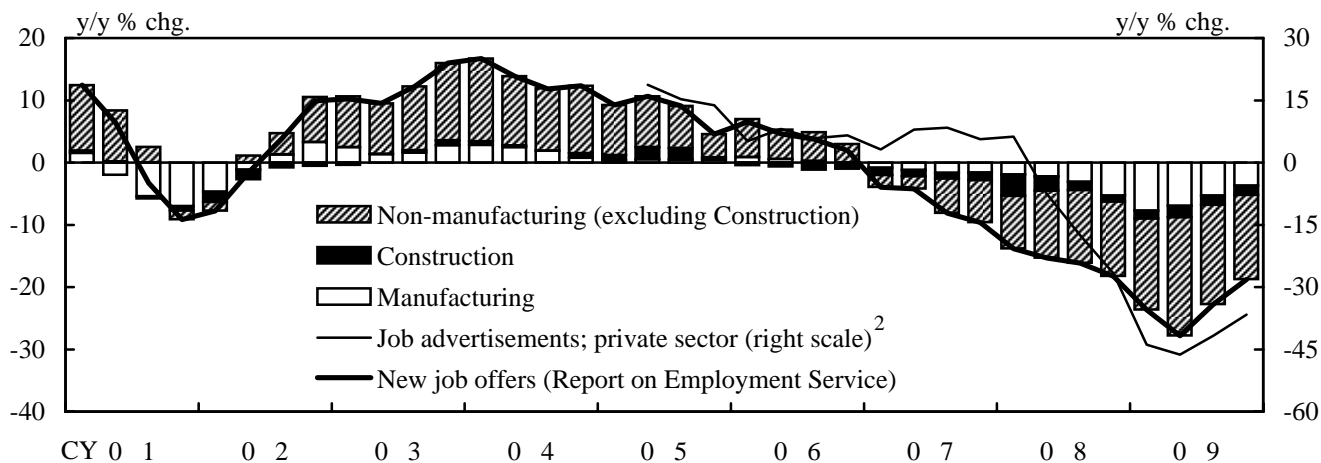
(1) Unemployment Rate and Ratio of Job Offers to Applicants



(2) New Job Offers and New Job Applicants<sup>1</sup>



(3) Breakdown of Job Offers<sup>1,3</sup>

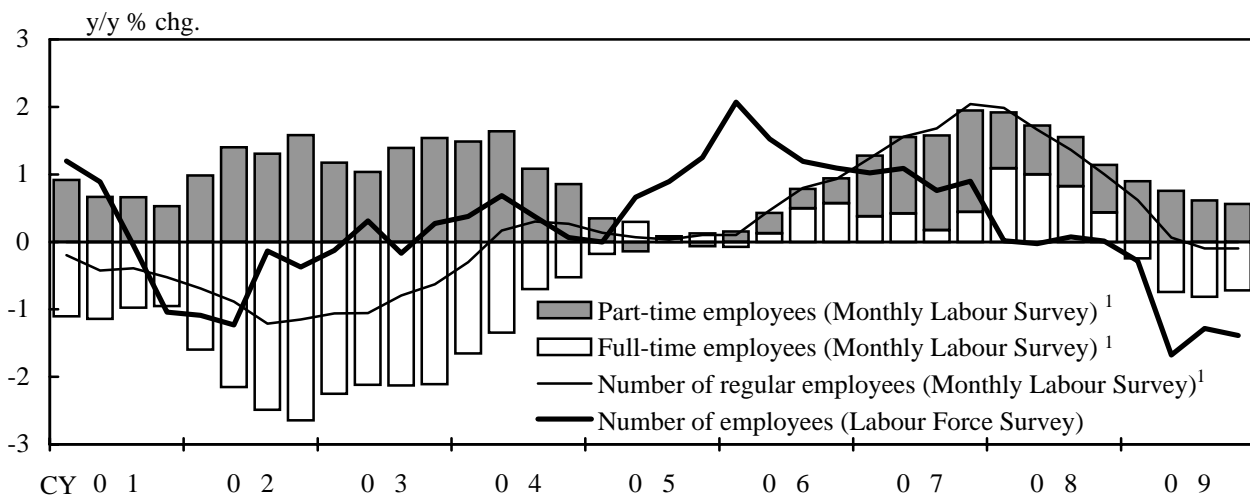


- Notes: 1. Figures do not include jobs offered to new graduates, but include those offered to part-time workers.
- 2. Figures are the sum of job advertisements listed in free/paid job information magazines, newspaper inserts and job information websites provided by member companies of the Association.
- 3. Figures for 2009/Q4 are those of October.

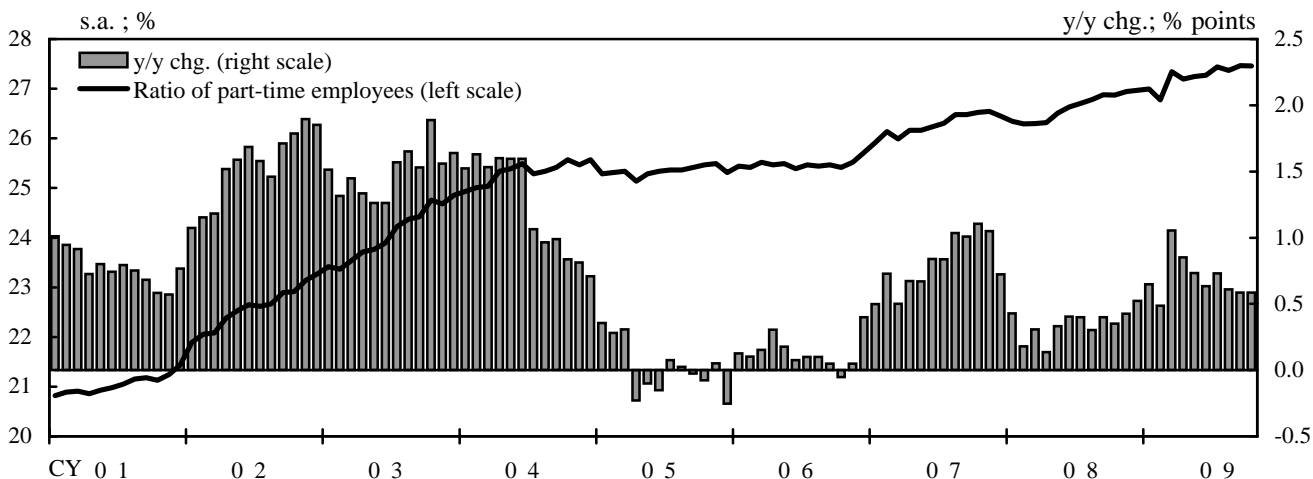
Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service";  
 Ministry of Internal Affairs and Communications, "Labour Force Survey";  
 Association of Job Information of Japan, "Kyujin Koukoku Keisaiensu (Survey of Job Advertisements)."

Labor Market (2)

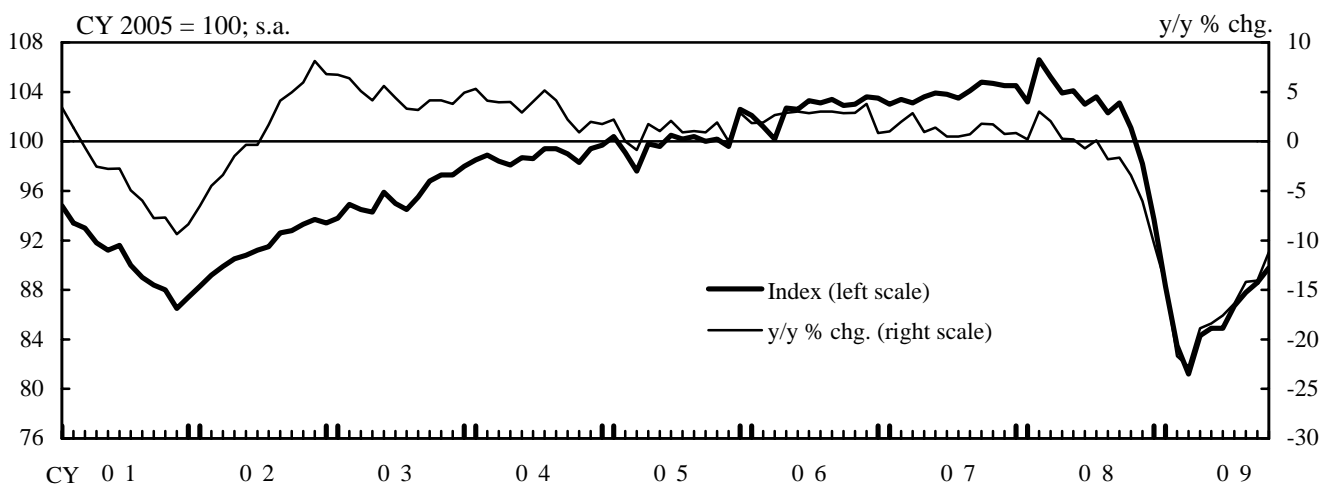
(1) Number of Employees<sup>3</sup>



(2) Ratio of Part-Time Employees<sup>1,2</sup>



(3) Non Scheduled Hours Worked<sup>1</sup>



Notes: 1. Data are for establishments with at least five employees.

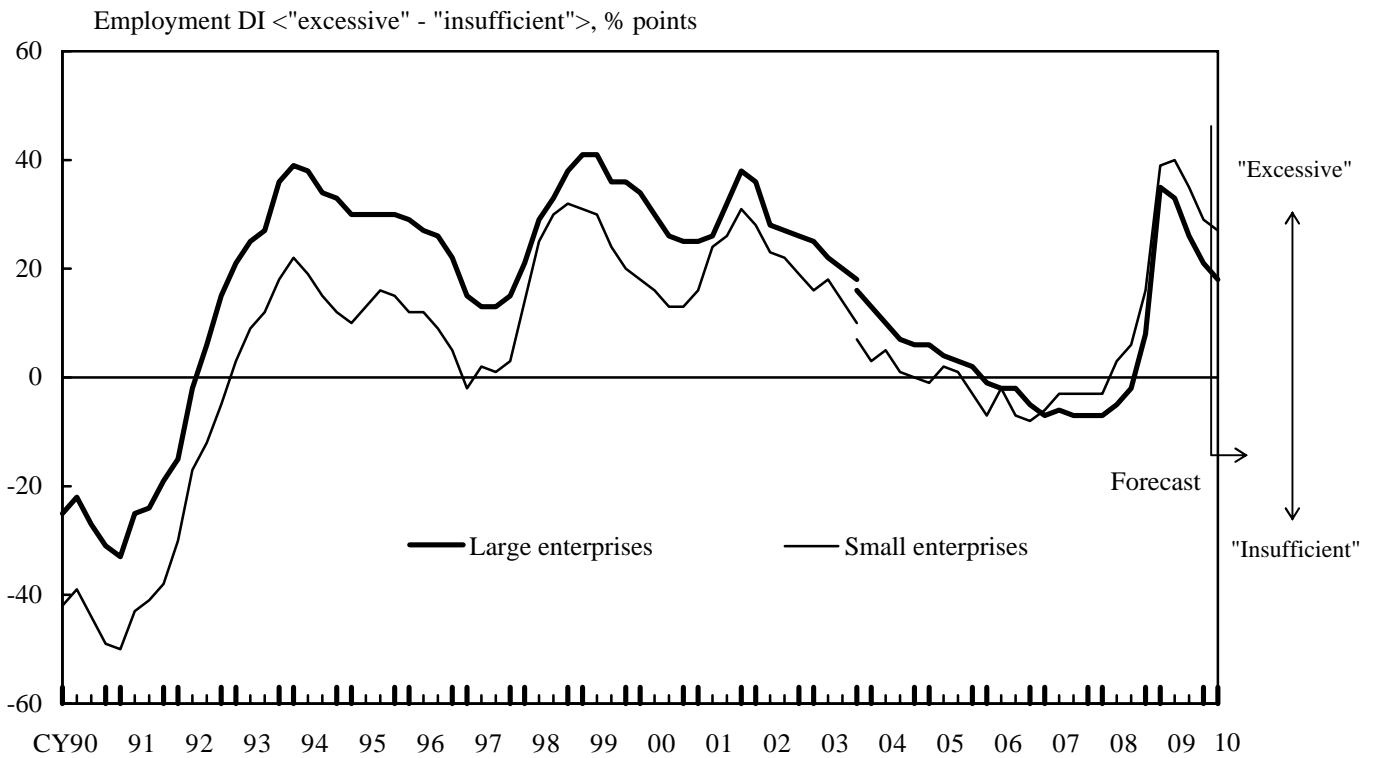
2. The ratio of part-time employees is calculated as the number of part-time employees divided by the number of regular employees times 100.

3. Figures for 2009/Q4 are those of October.

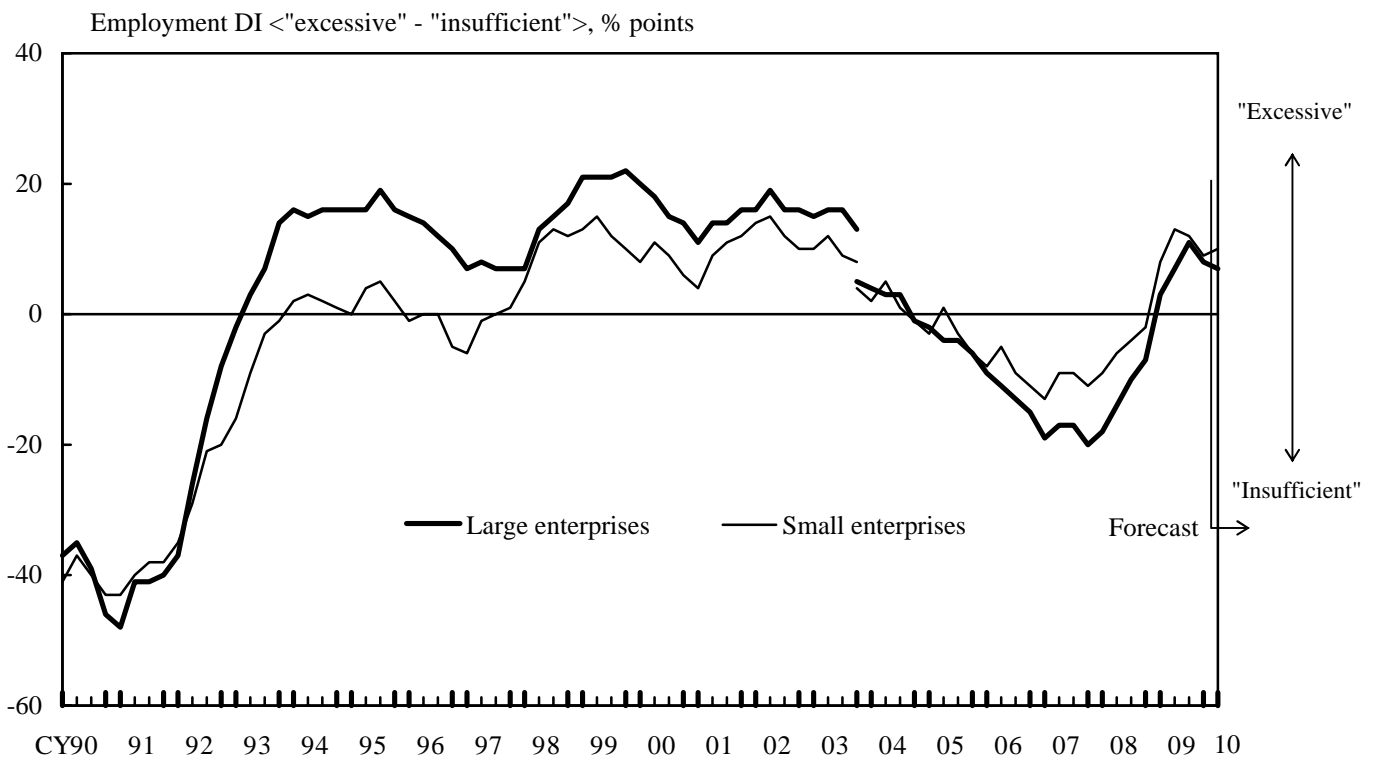
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";  
Ministry of Internal Affairs and Communications, "Labour Force Survey."

Employment Conditions

(1) Manufacturing



(2) Nonmanufacturing

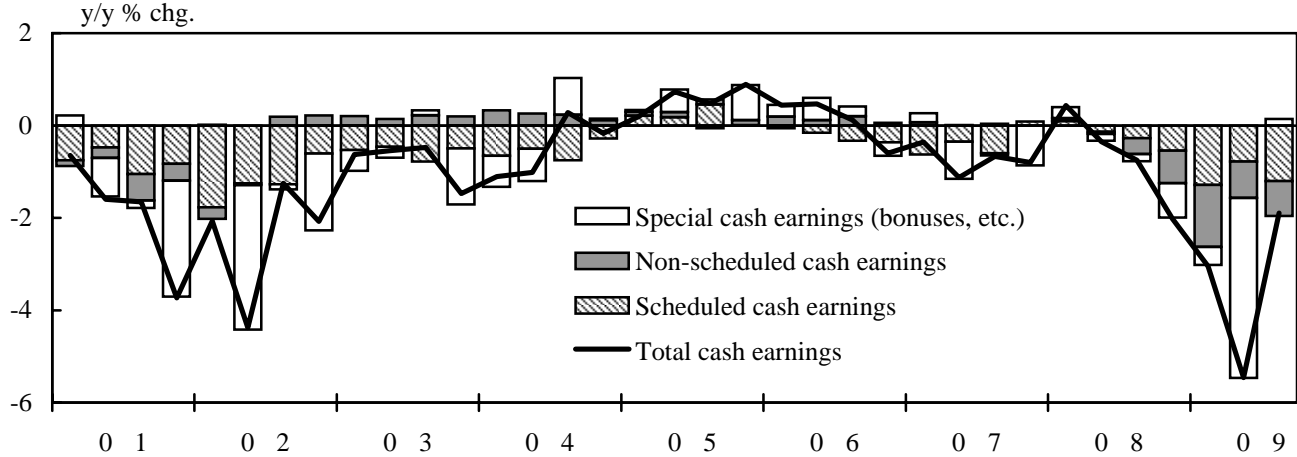


Note: The *Tankan* has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on a new basis.

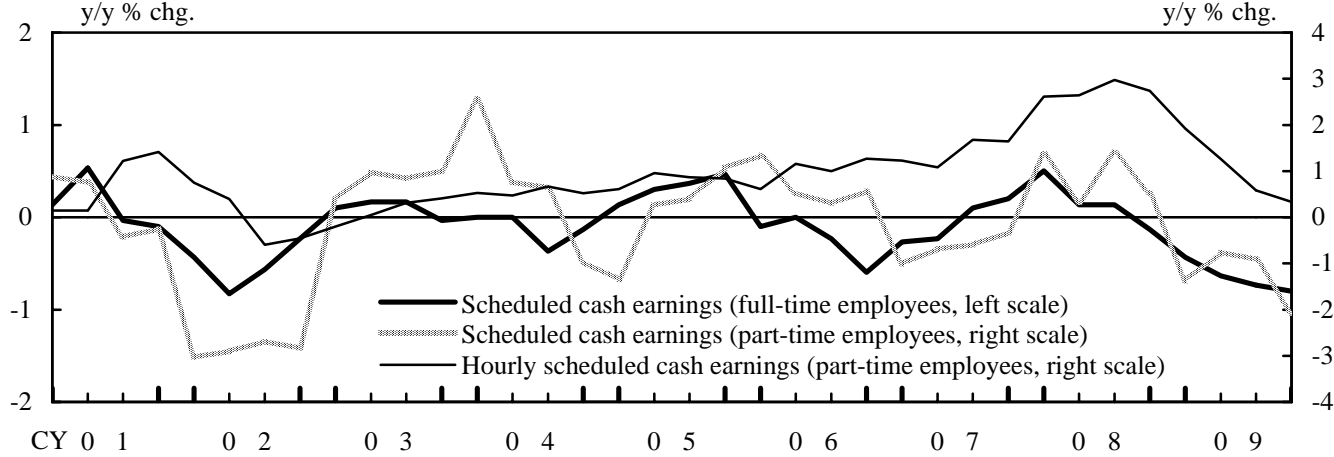
Source: Bank of Japan, "*Tankan* , Short-term Economic Survey of Enterprises in Japan."

Employee Income

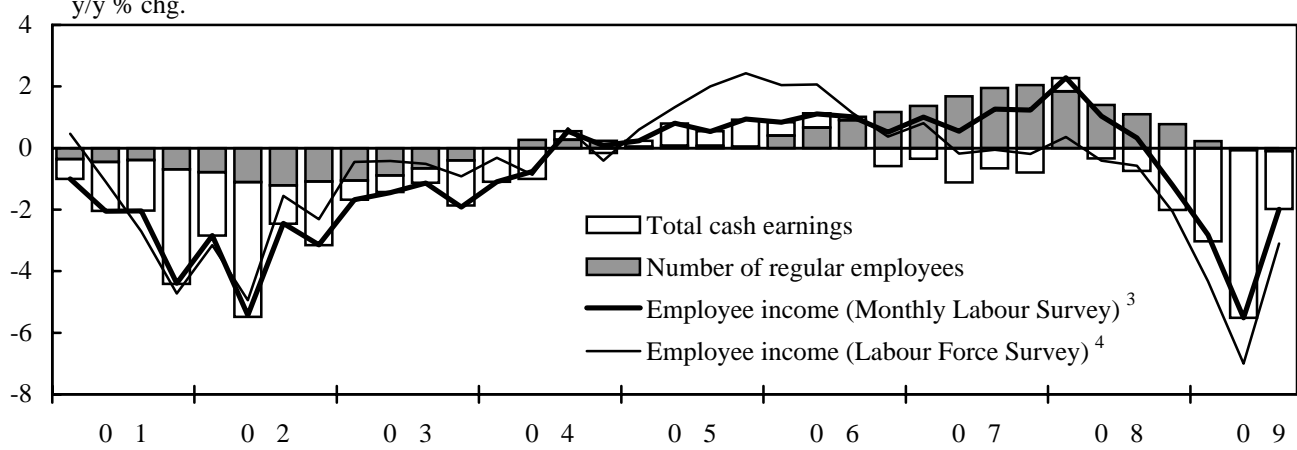
(1) Breakdown of Total Cash Earnings<sup>1,2,5</sup>



(2) Scheduled Cash Earnings<sup>1,6</sup>



(3) Breakdown of Employee Income<sup>1,2,5</sup>

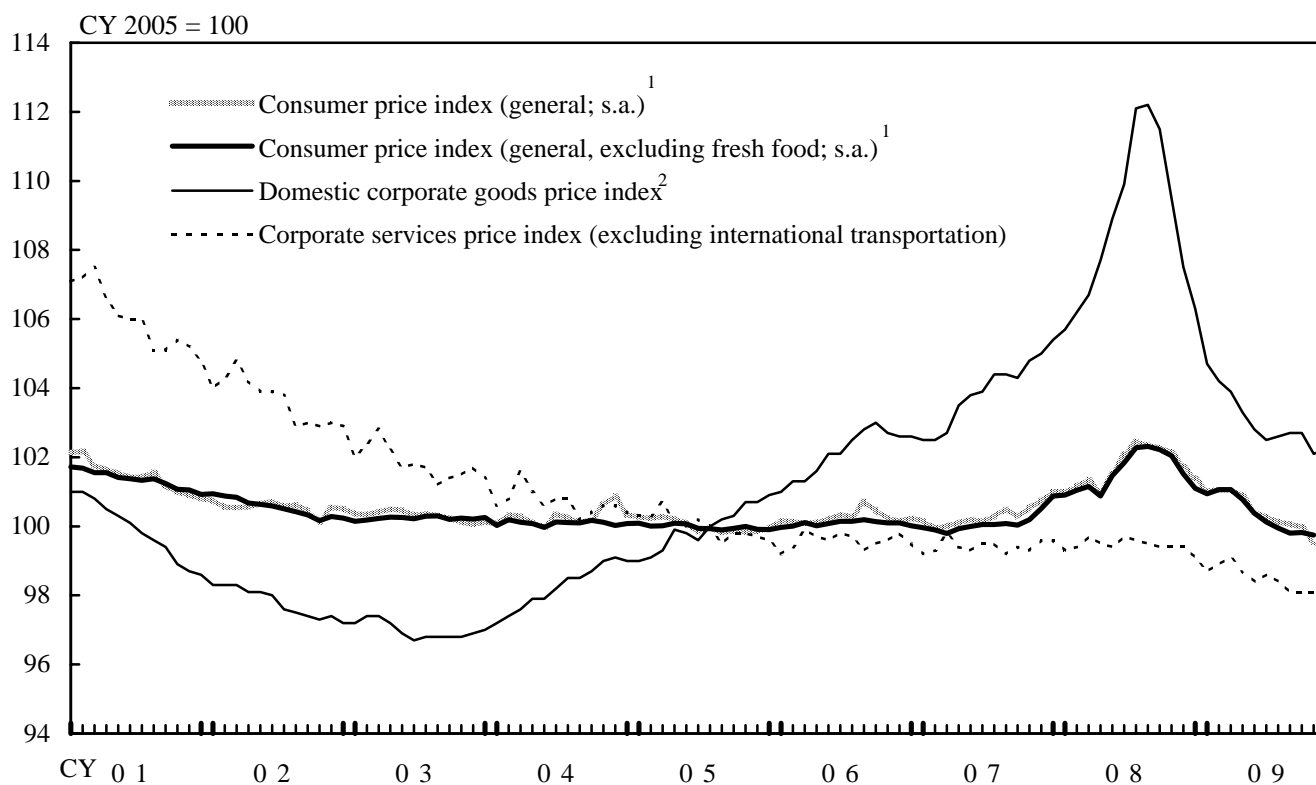


Notes: 1. Data are for establishments with at least five employees.  
 2. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.  
 3. Calculated as the number of regular employees (Monthly Labour Survey) times total cash earnings (Monthly Labour Survey).  
 4. Calculated as the number of employees (Labour Force Survey) times total cash earnings (Monthly Labour Survey).  
 5. Figures for 2009/Q3 are those of September-October averages.  
 6. Figures for 2009/Q4 are those of October.

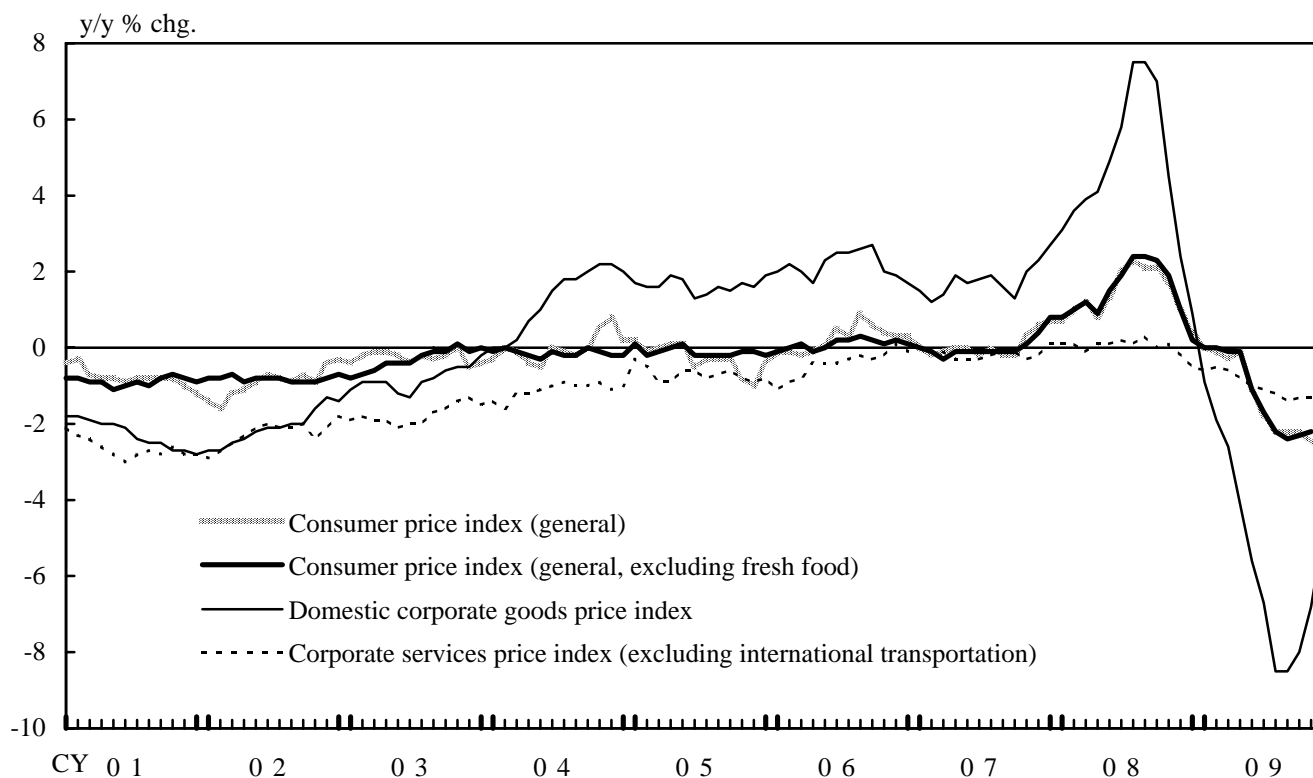
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";  
 Ministry of Internal Affairs and Communications, "Labour Force Survey."

## Prices

## (1) Level



## (2) Changes from a Year Earlier



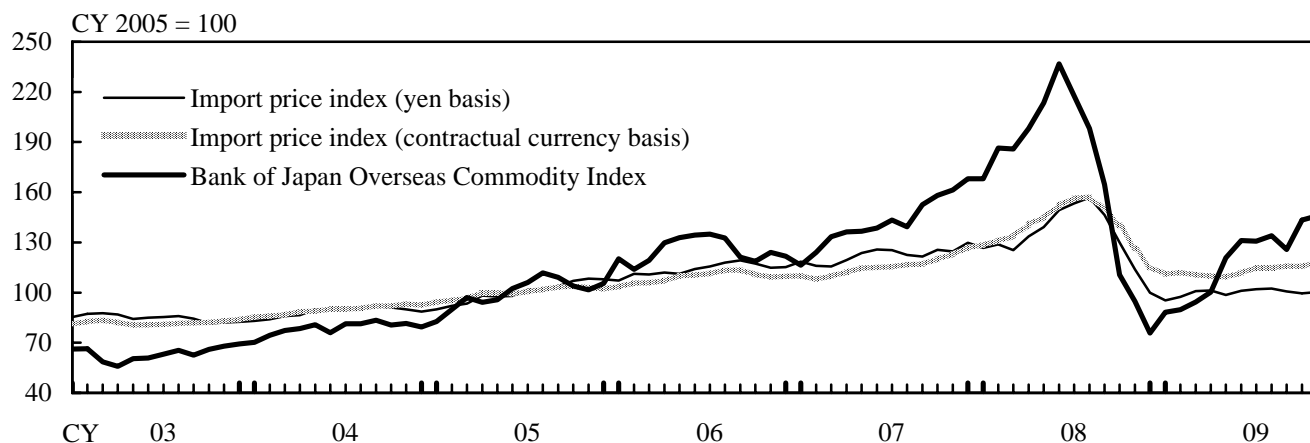
Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. Adjusted to exclude a hike of electric power charges during the summer season from July to September.

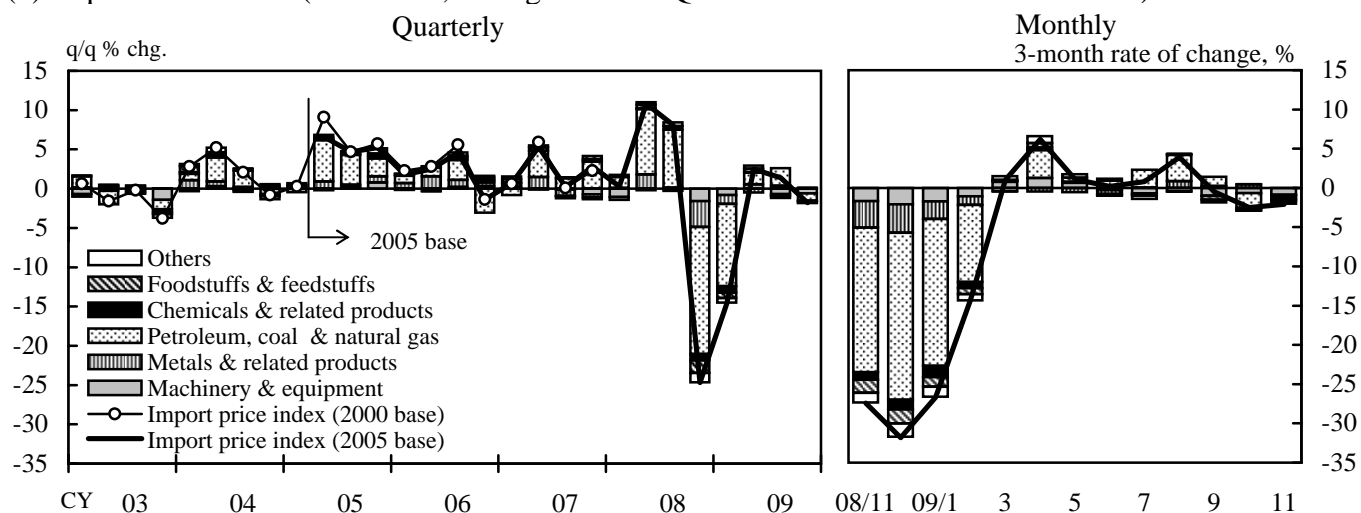
Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index"; Bank of Japan, "Corporate Goods Price Index," "Corporate Services Price Index."

## Import Prices and International Commodity Prices

### (1) Import Price Index and Overseas Commodity Index



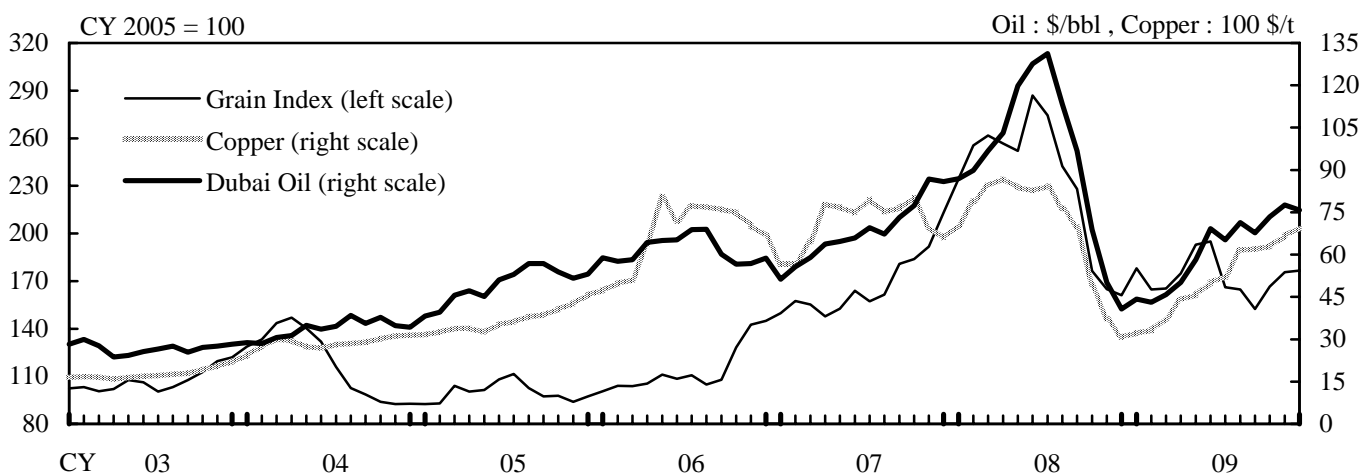
### (2) Import Price Index (Yen Basis, Changes from a Quarter Earlier and 3 Months Earlier)



Notes: 1. Machinery & equipment: general machinery, electric & electronic products, transportation equipment, precision instruments.

2. Figures for 2009/Q4 are October-November averages. Figures for 2007/Q4 on the 2000 base are those of October.

### (3) International Commodity Prices



Notes: 1. The Grain Index is the weighted average of prices of three selected items (wheat, soybeans, corn) in overseas commodity markets. The weights are based on the Value of Imports in the Trade Statistics of Japan.

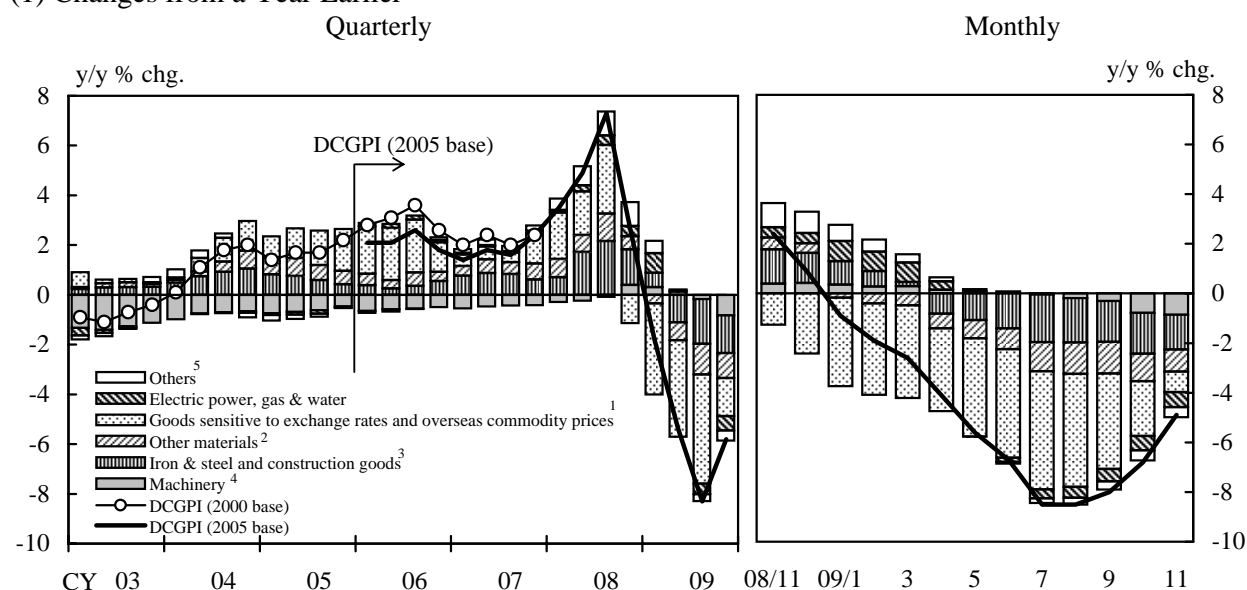
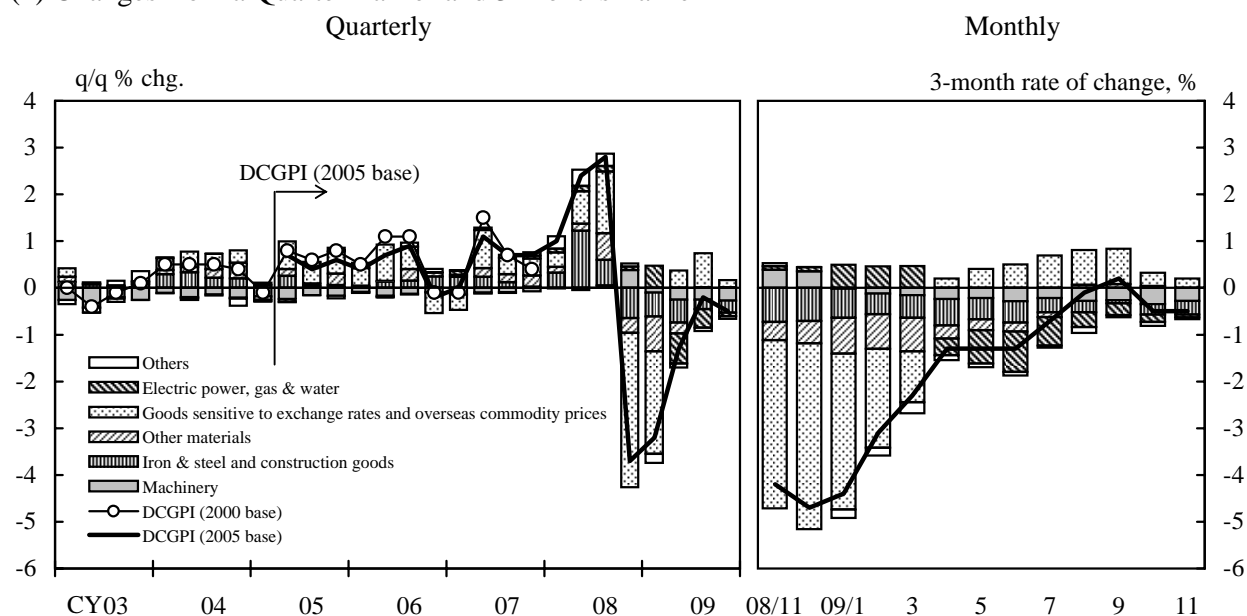
2. Monthly averages. Figures for December 2009 are the averages up to December 17.

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



Domestic Corporate Goods Price Index<sup>7</sup>

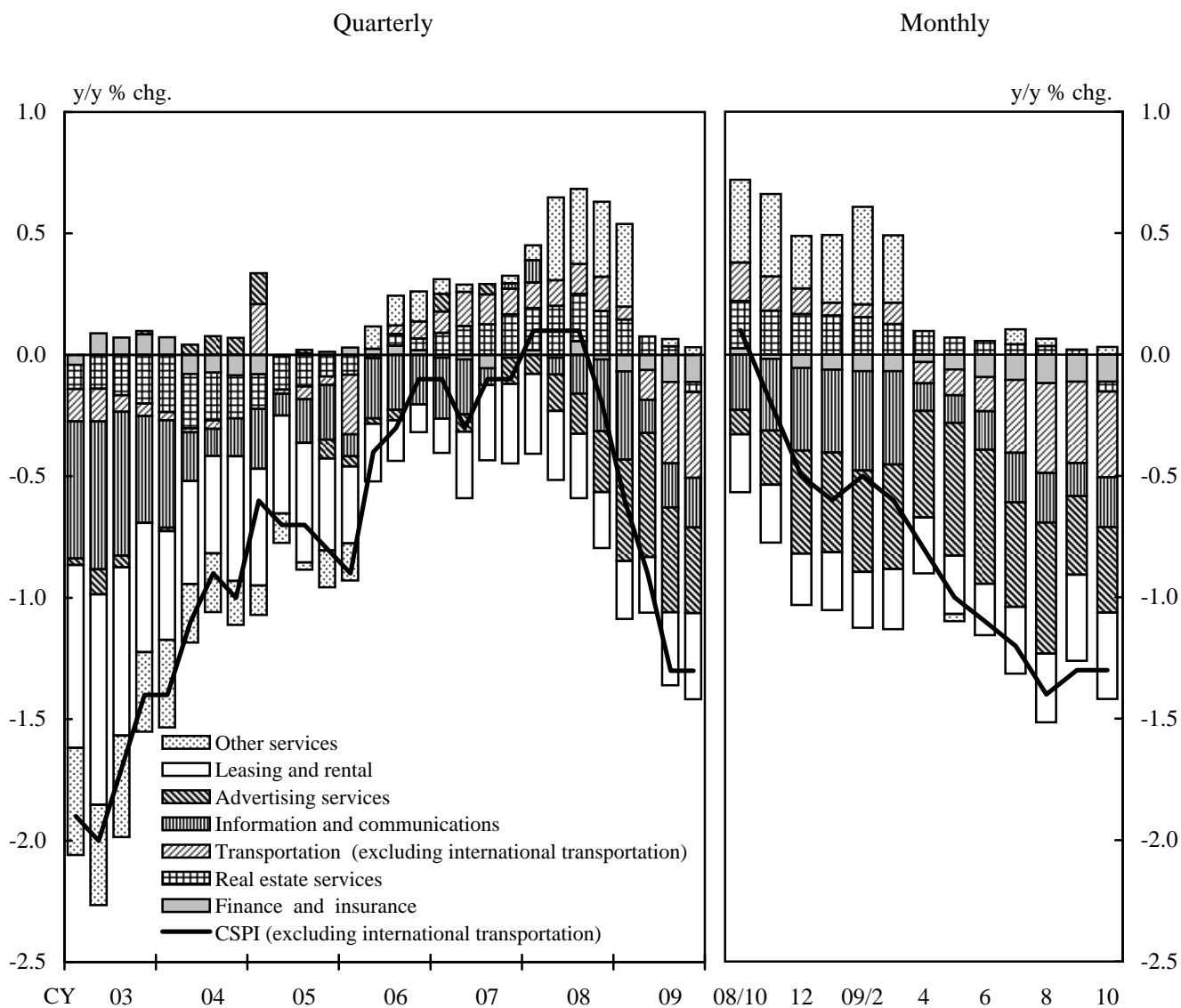
## (1) Changes from a Year Earlier

(2) Changes from a Quarter Earlier and 3 Months Earlier<sup>6</sup>

- Notes: 1. Goods sensitive to exchange rates and overseas commodity prices: petroleum & coal products, nonferrous metals.  
 2. Other materials: chemicals & related products, 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 & equipment, information & communications equipment, electronic components & devices, general machinery & equipment, transportation equipment, precision instruments.  
 5. Others: processed foodstuffs, other manufacturing industry products, agriculture, forestry & fishery products, minerals.  
 6. Adjusted to exclude a hike in electric power charges during the summer season from July to September. This effect makes the Domestic Corporate Goods Price Index rise by about 0.2%.  
 7. Figures for 2009/Q4 are October-November averages. Figures for 2007/Q4 on the 2000 base are those of October.

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

Corporate Services Price Index

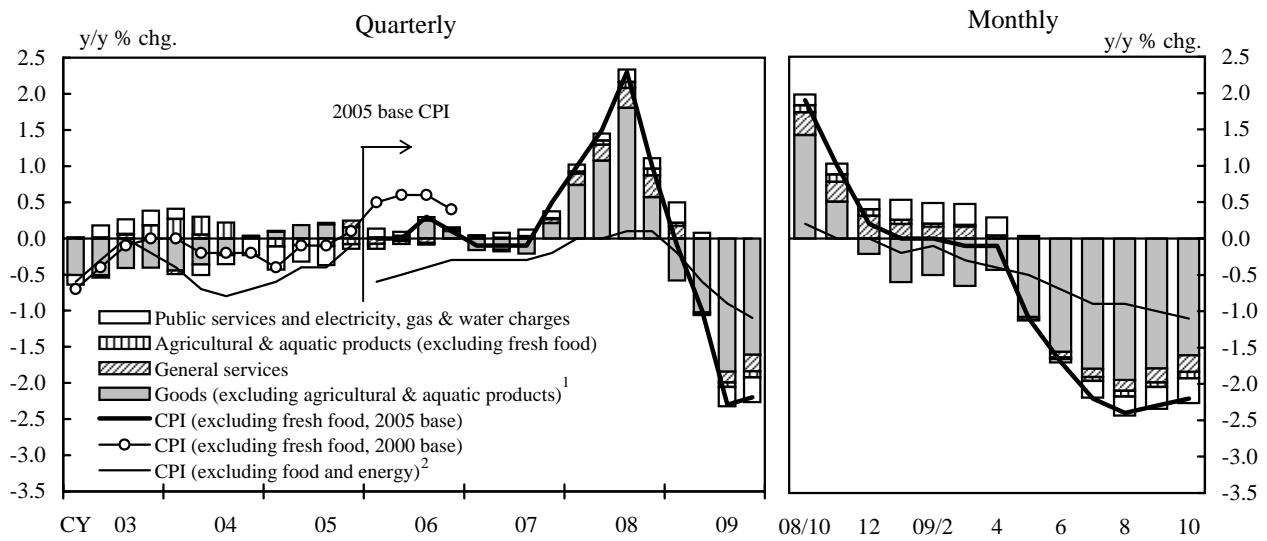


Note: Figures for 2009/Q4 are those of October.

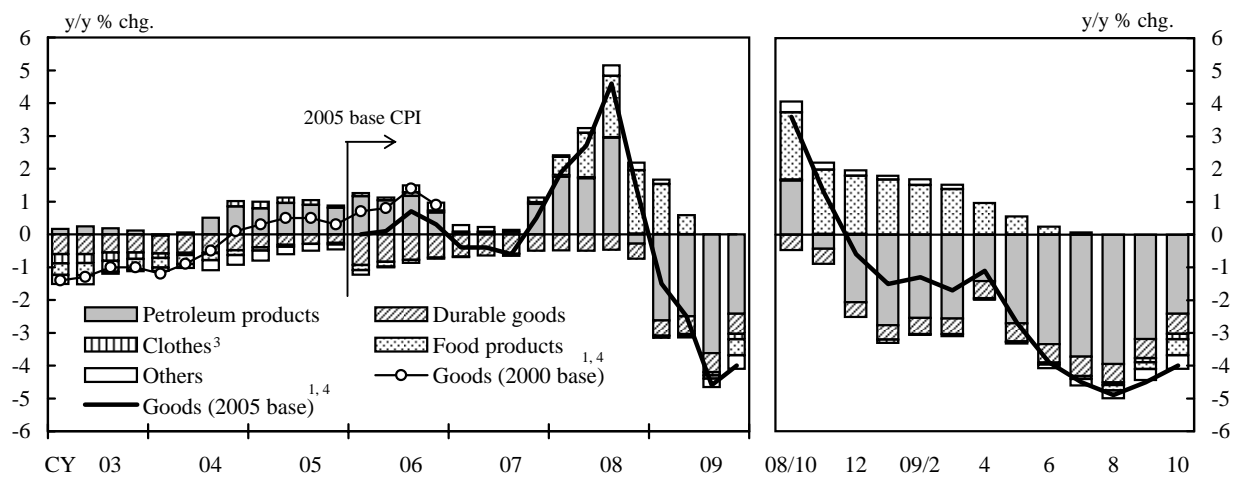
Source: Bank of Japan, "Corporate Services Price Index."

Consumer Price Index (Excluding Fresh Food)

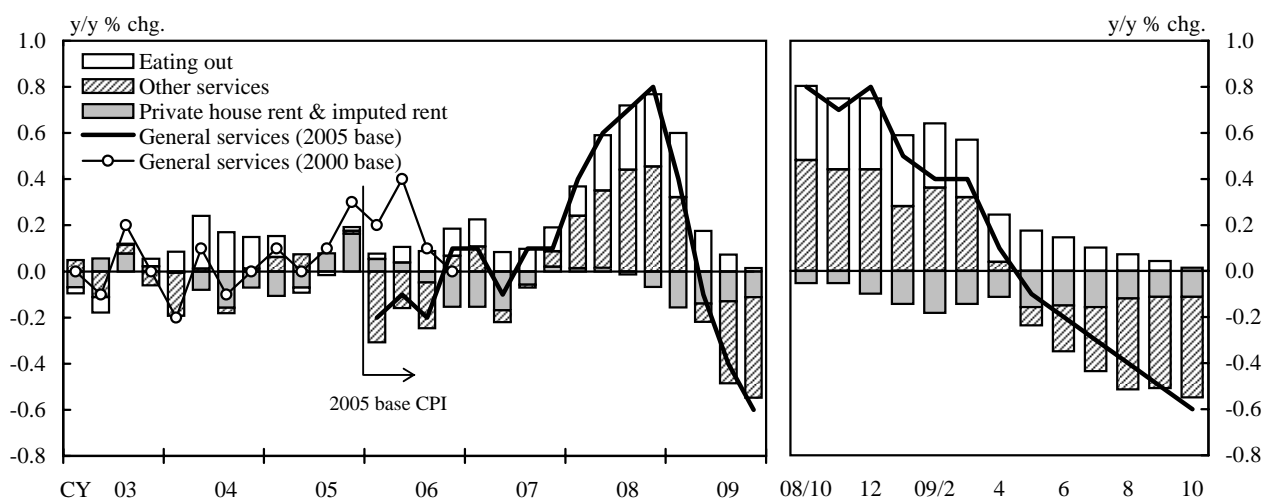
(1) Consumer Price Index (Excluding Fresh Food)



(2) Goods (Excluding Agricultural & Aquatic Products)<sup>1</sup>



(3) General Services



Notes: 1. The items are basically the same as the definition published by the Ministry of Internal Affairs and Communications. However, electricity, gas & water charges are excluded from goods.

2. Alcoholic beverages are excluded from food. Energy: electricity, gas manufactured & piped, liquefied propane, kerosene, and gasoline.

3. Including shirts, sweaters & underwear.

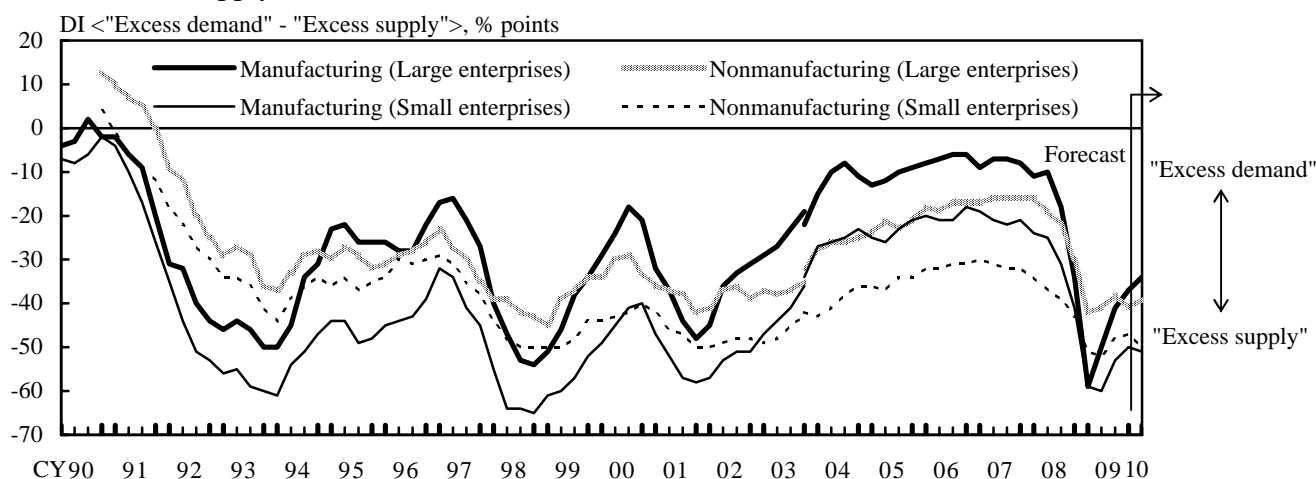
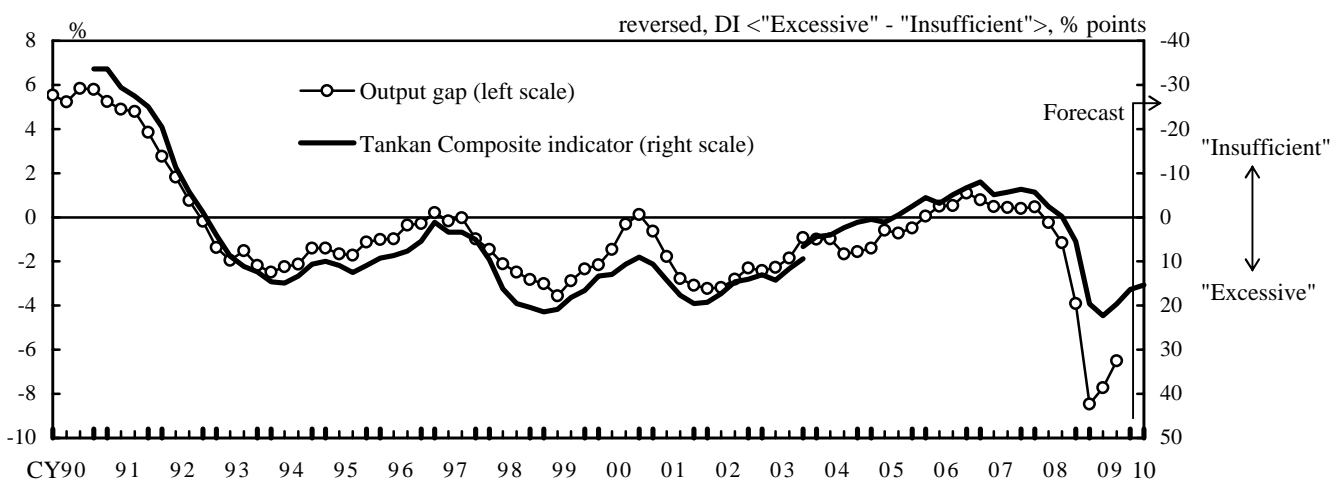
4. Excluding agricultural & aquatic products.

5. Figures for 2009/Q4 are those of October.

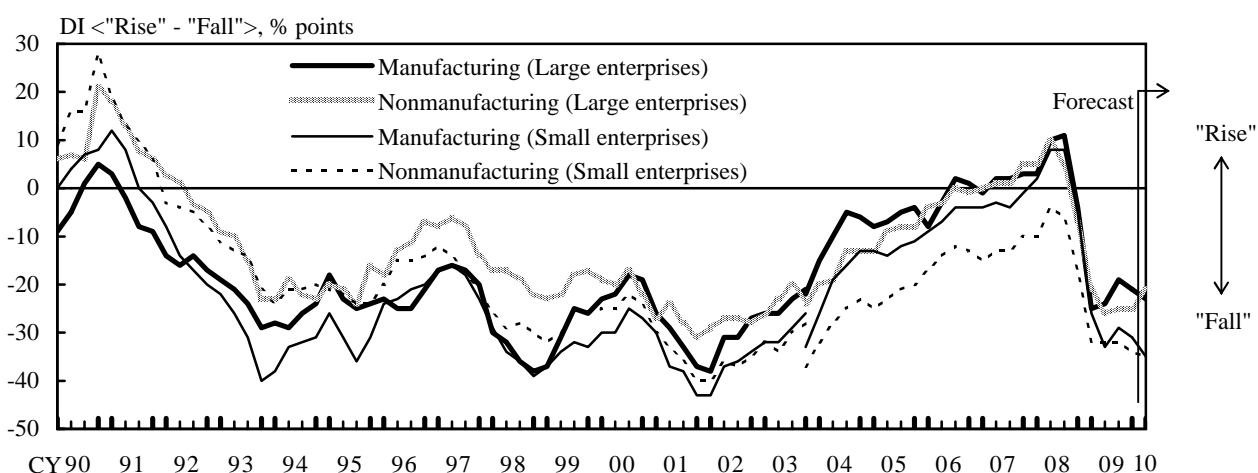
Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

Domestic Supply and Demand Conditions<sup>1</sup>

## (1) Domestic Supply and Demand Conditions for Products and Services

(2) *Tankan* Composite Indicator<sup>2</sup> (All Enterprises) and Output Gap<sup>3</sup>

## (3) Change in Output Prices



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. The FY 1990-2007 averages of capital and labor shares in national accounts are used as the weight.

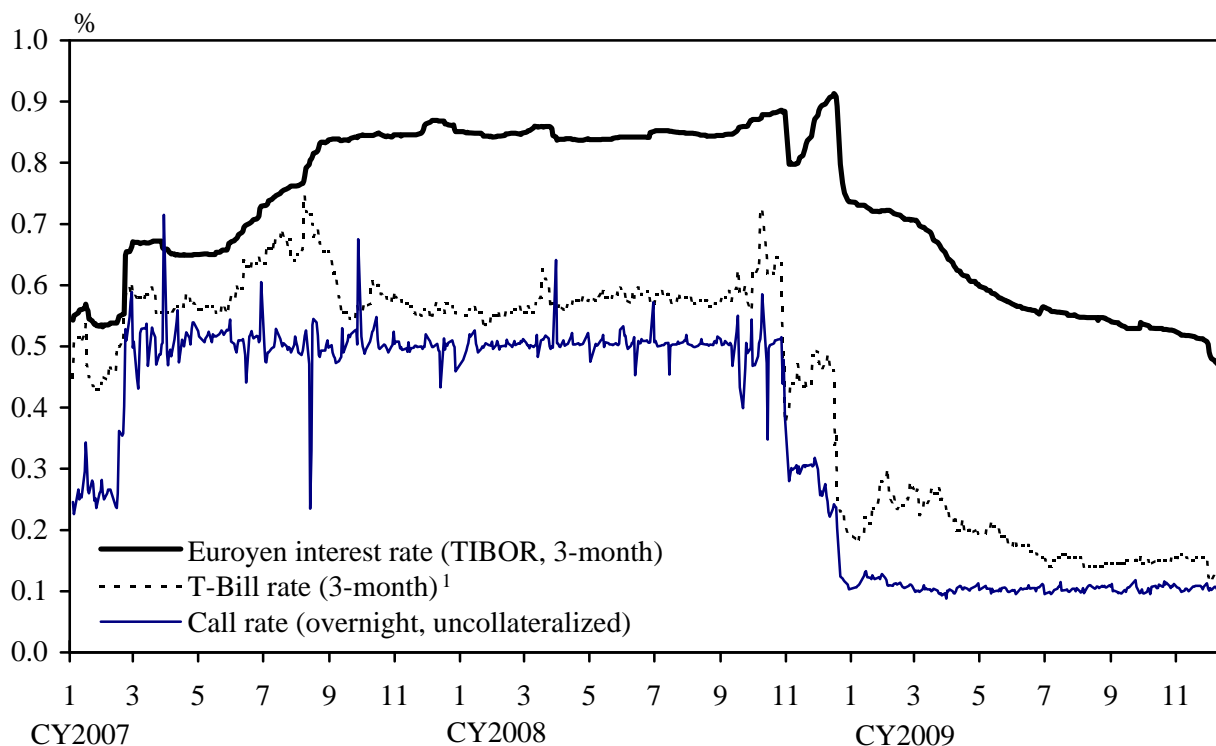
3. The output gap is estimated by the Research and Statistics Department, Bank of Japan. Since the estimation of the output gap includes various errors, considerable latitude should be allowed for this estimation.

Sources: Cabinet Office, "National Accounts";

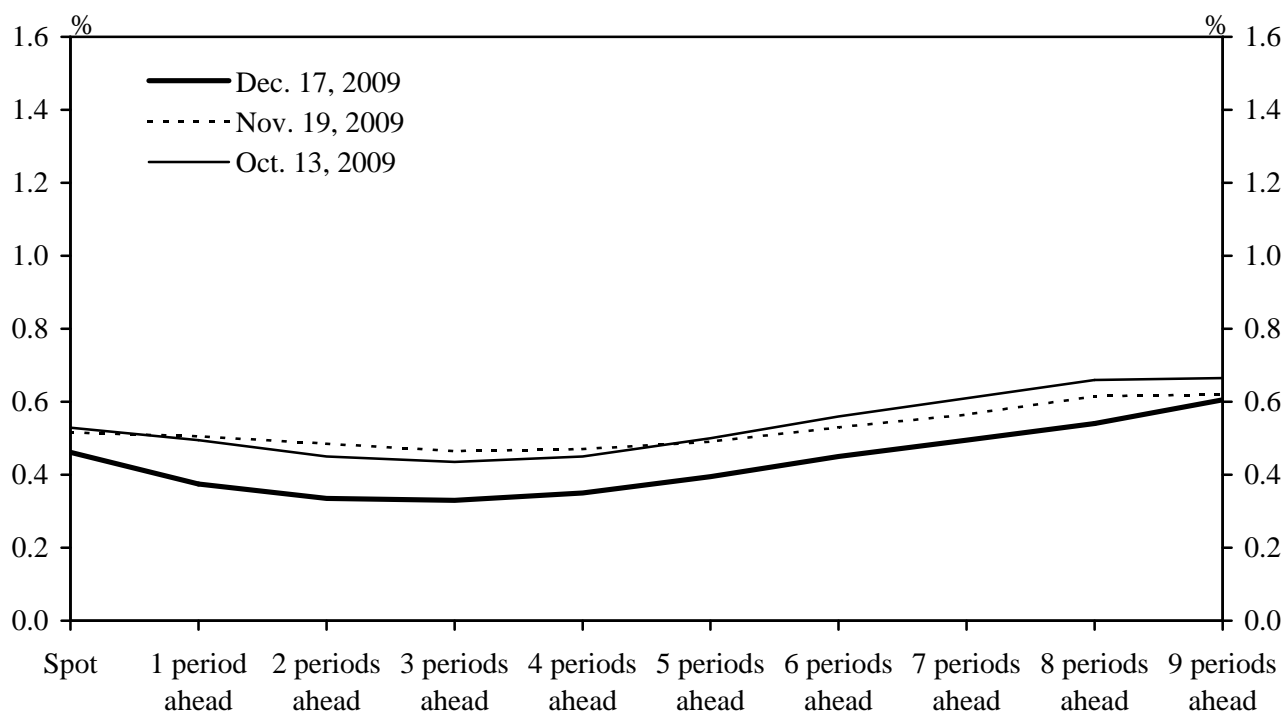
Bank of Japan, "*Tankan*, Short-Term Economic Survey of Enterprises in Japan," etc.

Short-Term Interest Rates

(1) Short-Term Interest Rates



(2) Euroyen Interest Rate Futures (3-Month)<sup>2</sup>



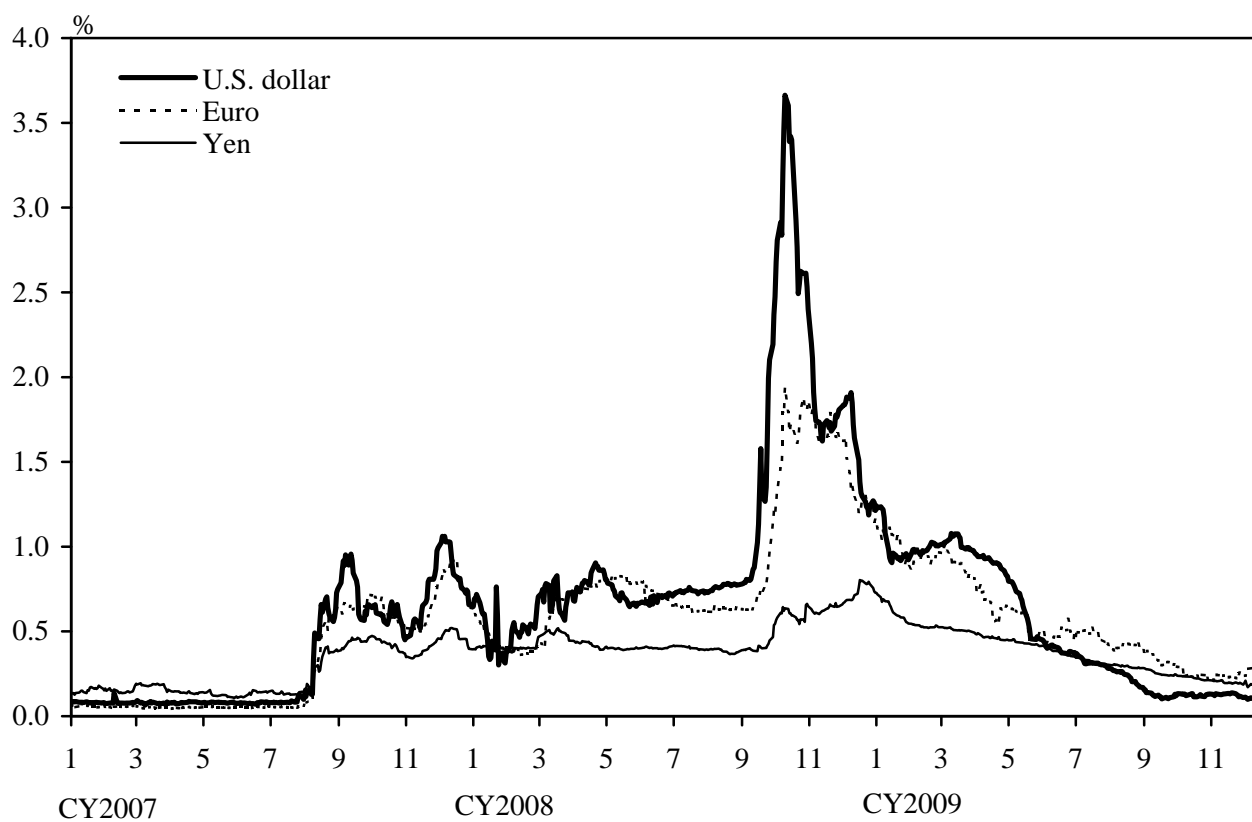
Notes: 1. Rate prior to the integration of FBs and TBs in February 2009 is the FB rate.

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

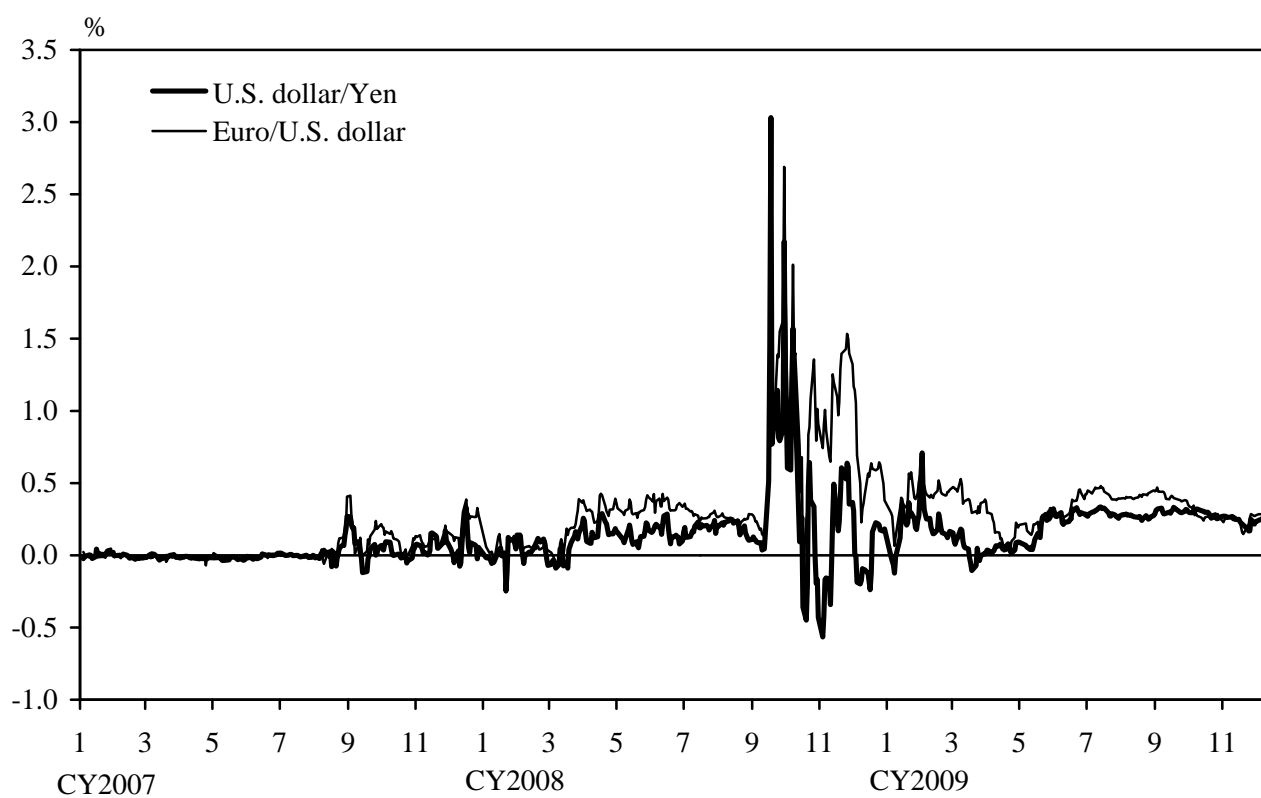
Sources: Japanese Bankers Association; Japan Bond Trading Co., Ltd.; Tokyo Financial Exchange; Bank of Japan.

## Global Money Markets

(1) LIBOR-OIS spreads (3-Month)



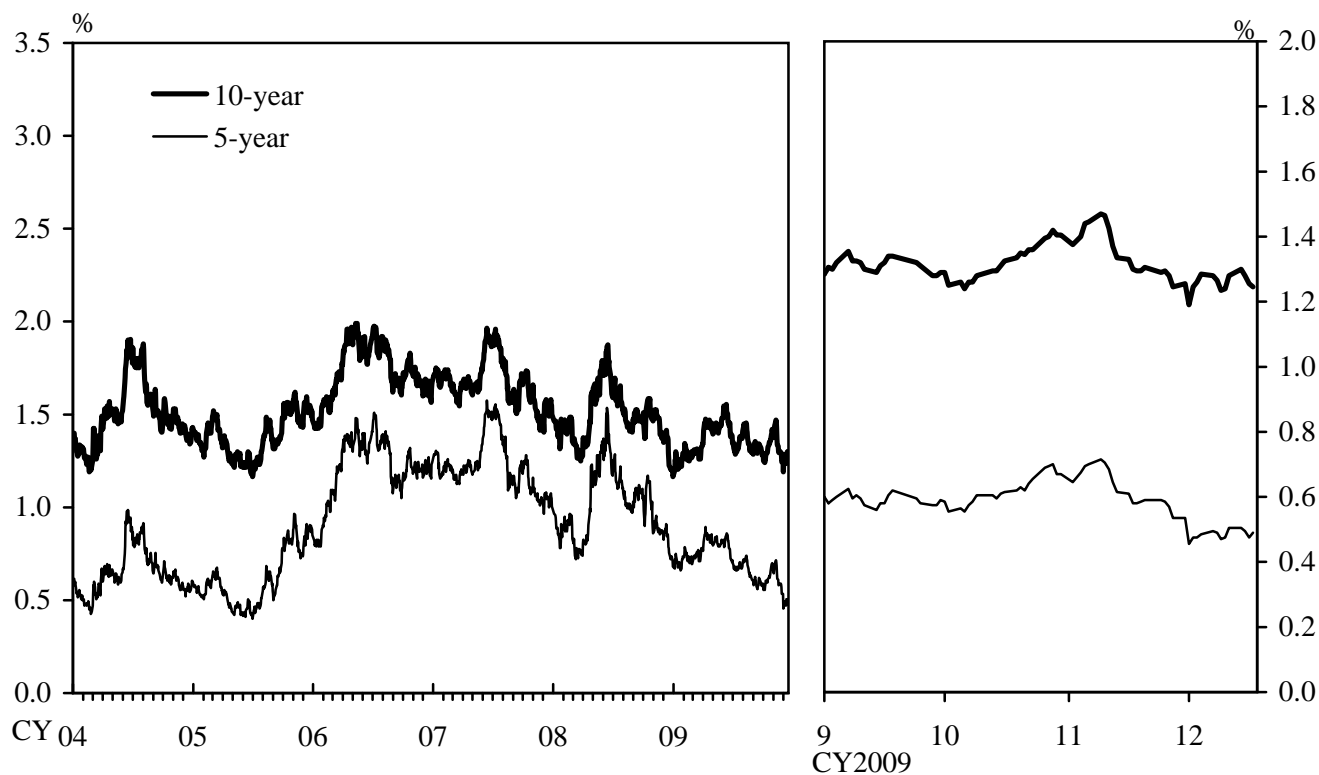
(2) FX swap implied dollar rate - LIBOR spreads (3-Month)



Source: Bloomberg.

Long-Term Interest Rates

(1) Japanese Government Bond Yields<sup>1</sup>



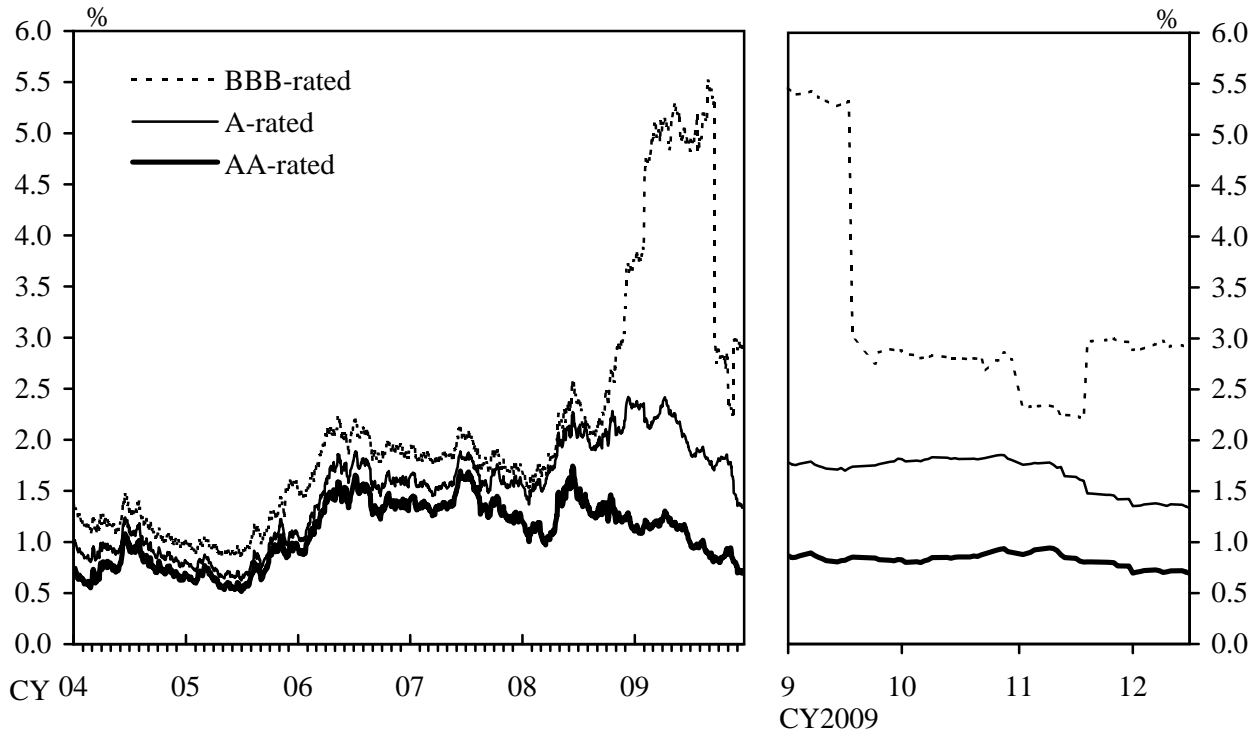
(2) Overseas Government Bond Yields (10-Year)



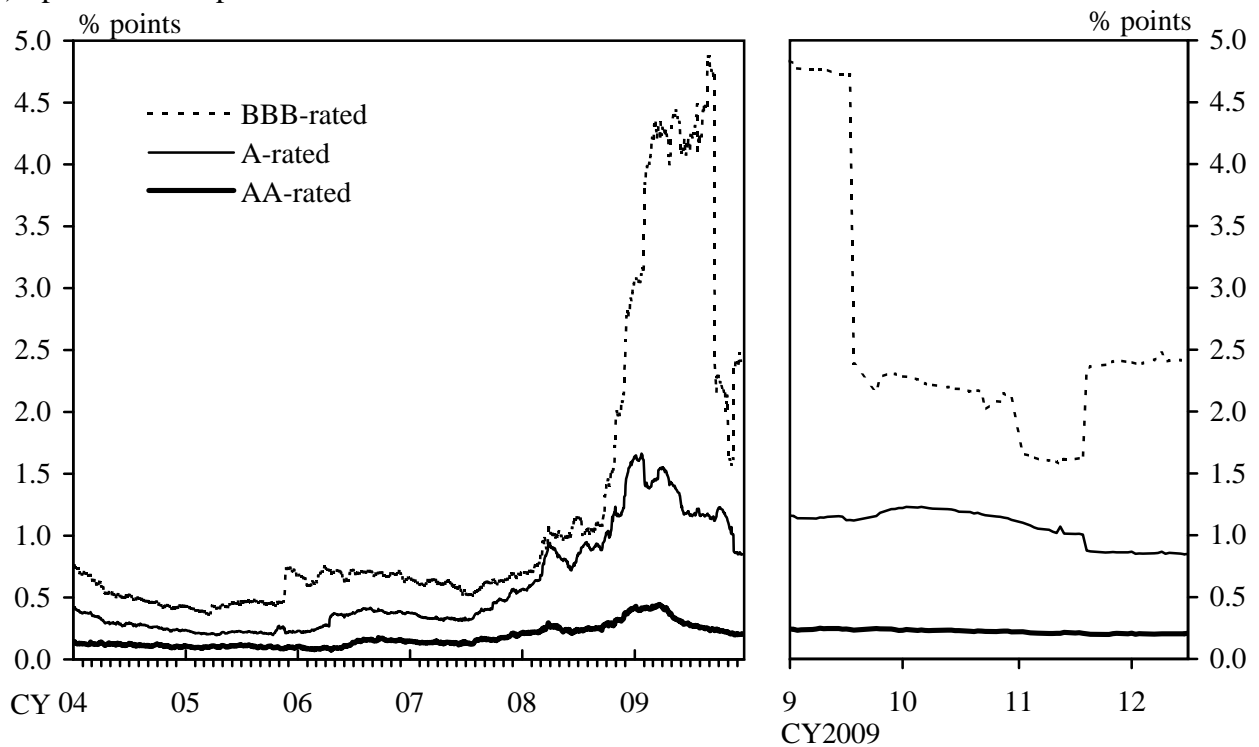
Note: 1. Yields on newly issued bonds.  
Sources: Japan Bond Trading Co., Ltd.; Bloomberg.

Yields of Corporate Bonds

(1) Corporate Bond Yields<sup>1,2</sup>



(2) Spreads of Corporate Bond Yields over Government Bond Yields<sup>1,2</sup>



Notes: 1. Yields on bonds with 5-year maturity.  
 Yields on corporate bonds have been calculated on the expanded pool of issues with maturity of three to seven years.

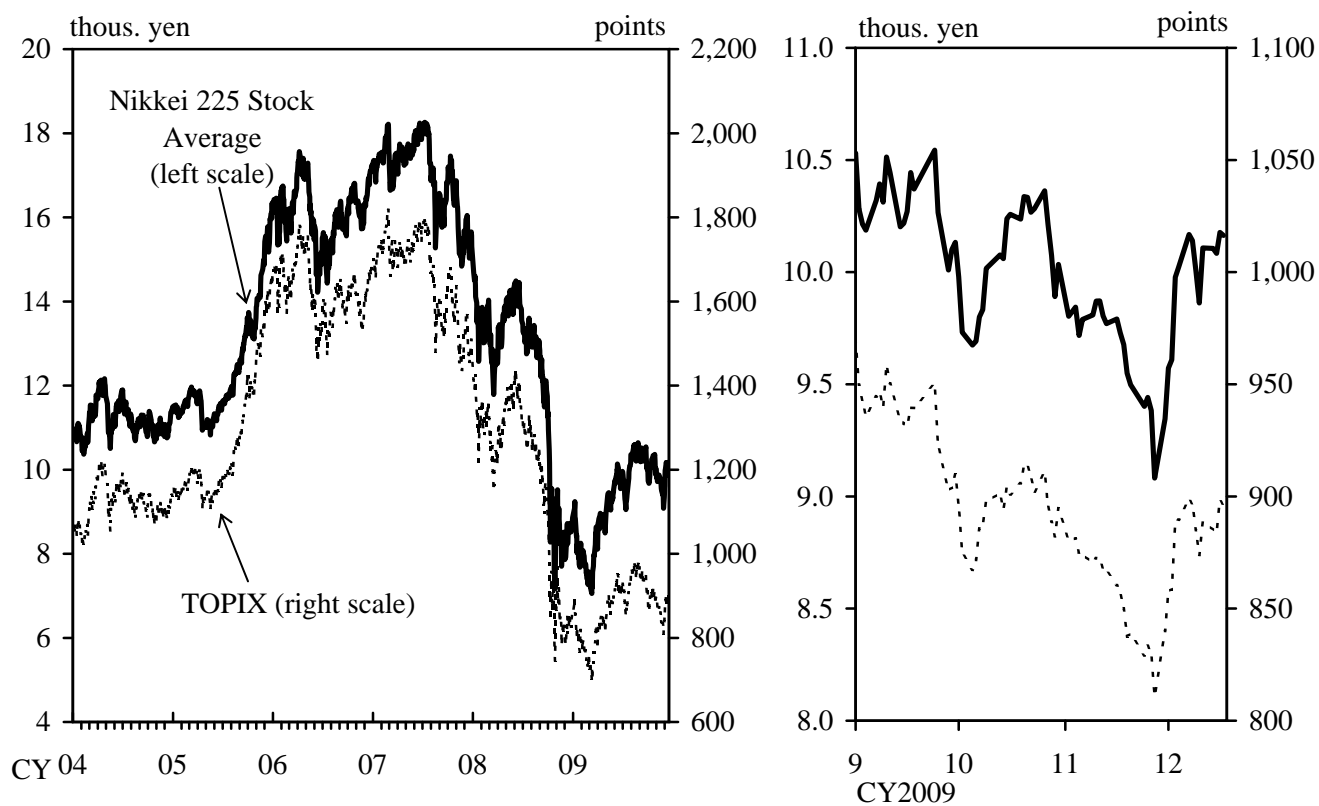
2. The indicated ratings are of Rating and Investment Information, Inc.

Sources: Japan Securities Dealers Association, "Reference Price (Yields) Table for OTC Bond Transactions."

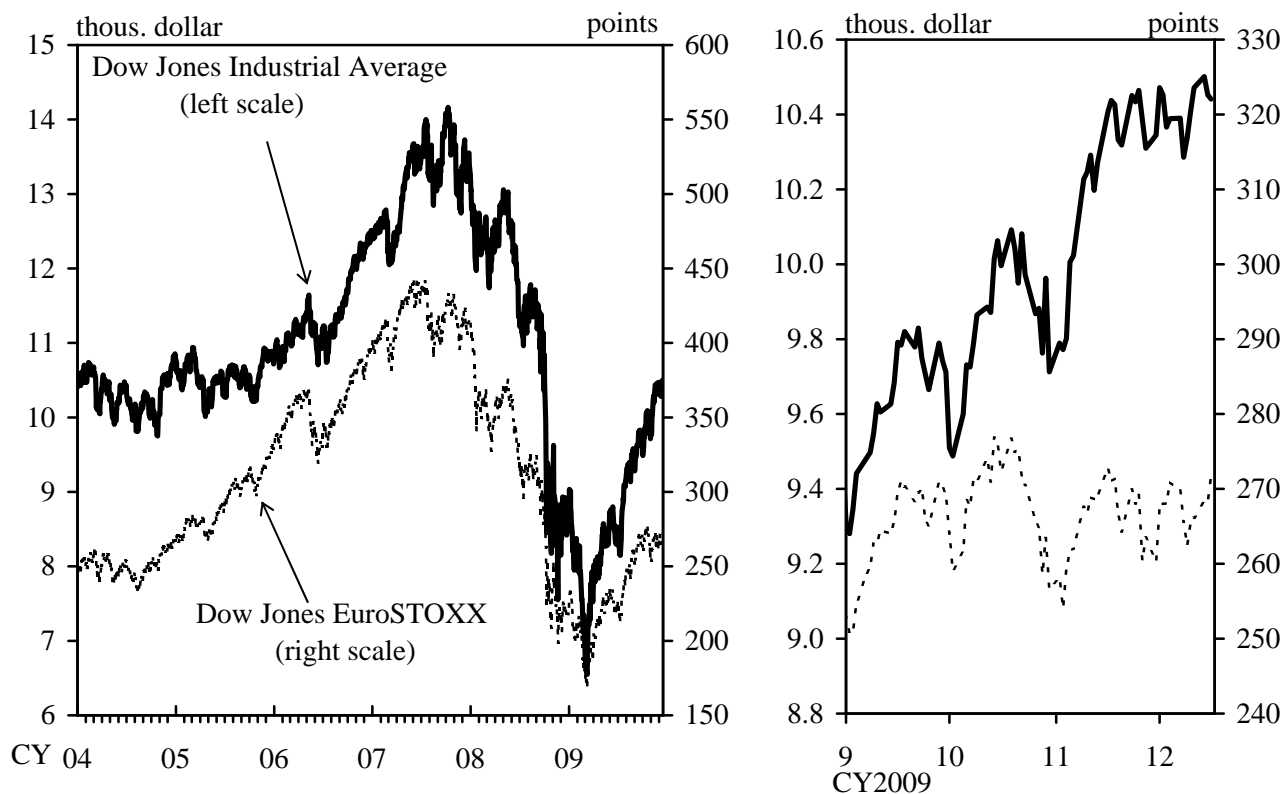


Stock Prices

(1) Japanese Stock Prices



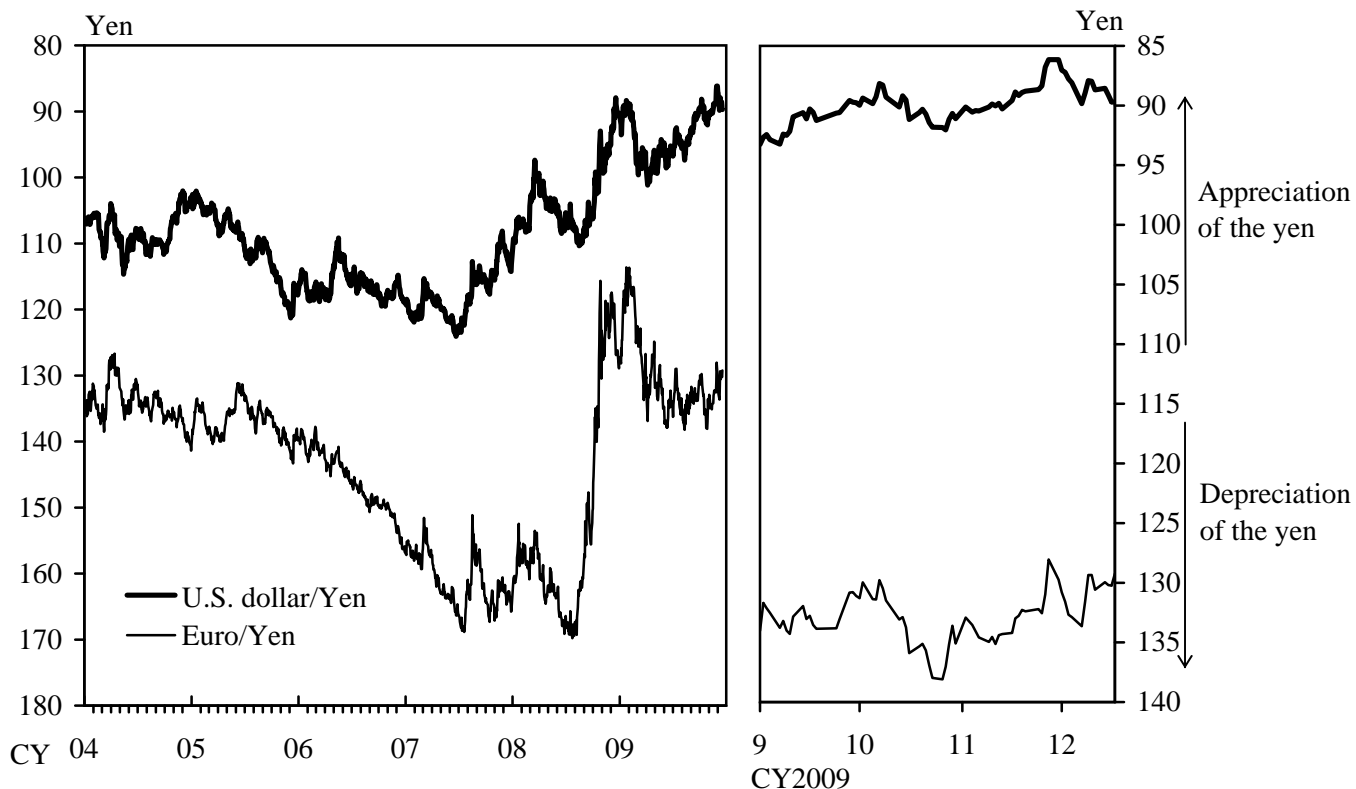
(2) Overseas Stock Prices



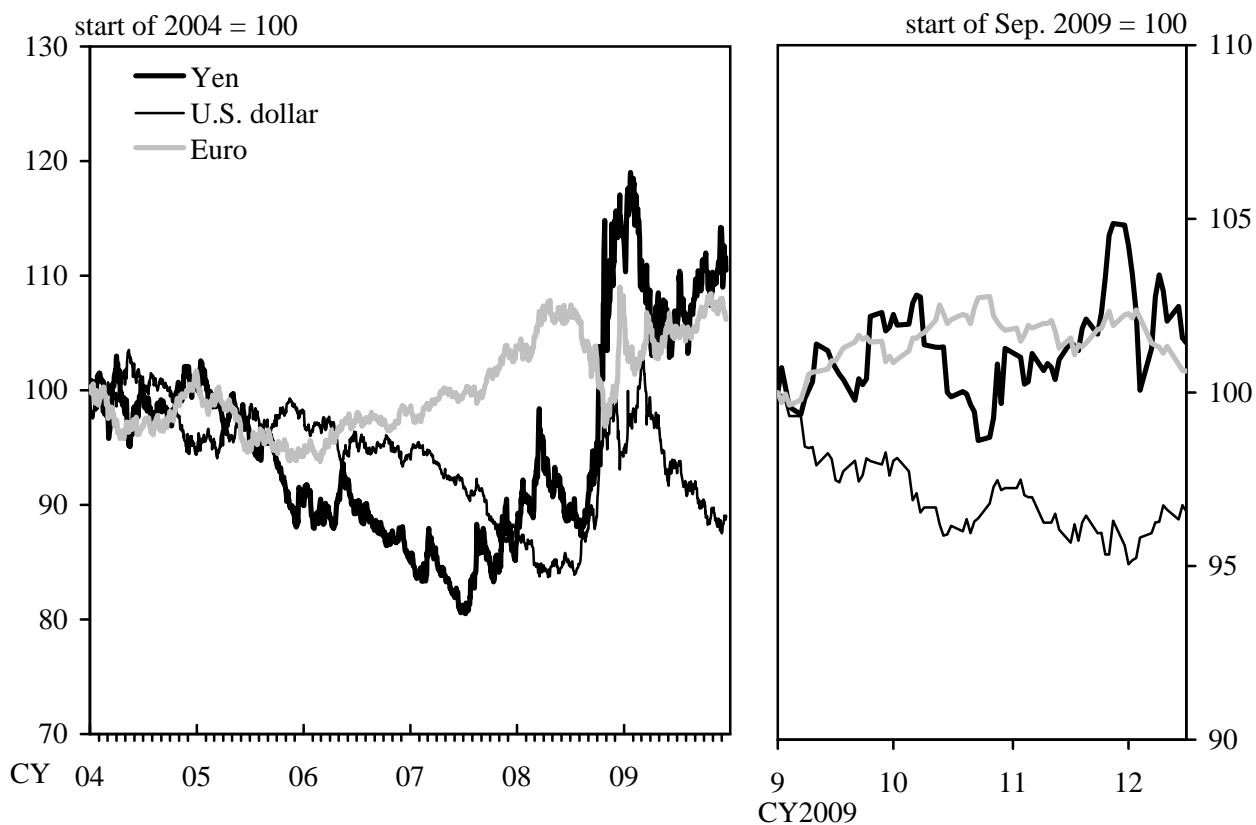
Sources: The *Nihon Keizai Shimbun* ; Tokyo Stock Exchange; Bloomberg.

Exchange Rates

(1) Bilateral Exchange Rates



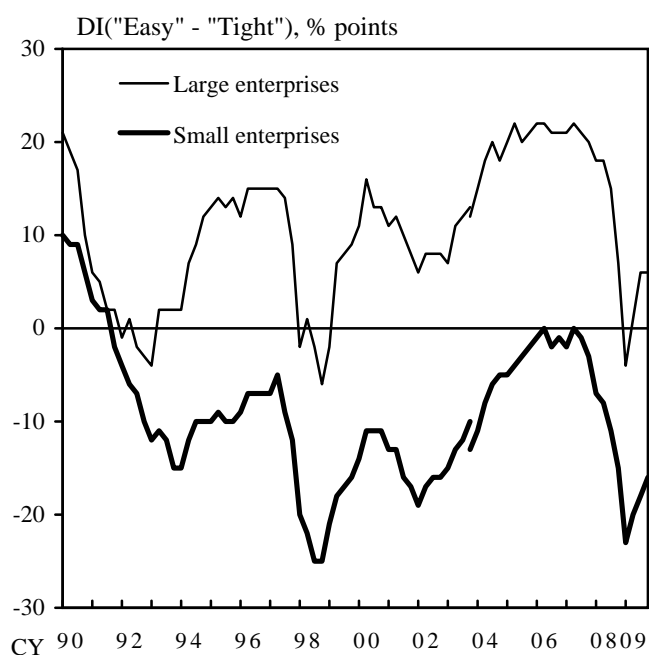
(2) Nominal Effective Exchange Rates



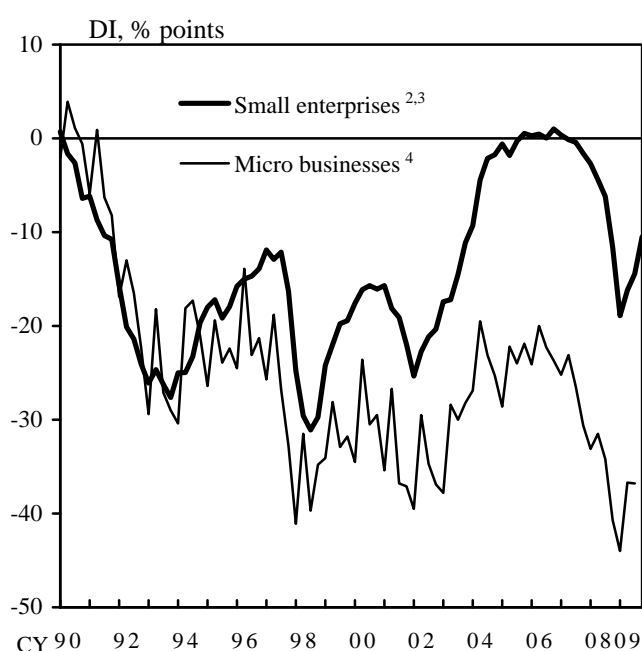
Sources: Bank of Japan; European Central Bank; Bloomberg.

## Corporate Finance-Related Indicators

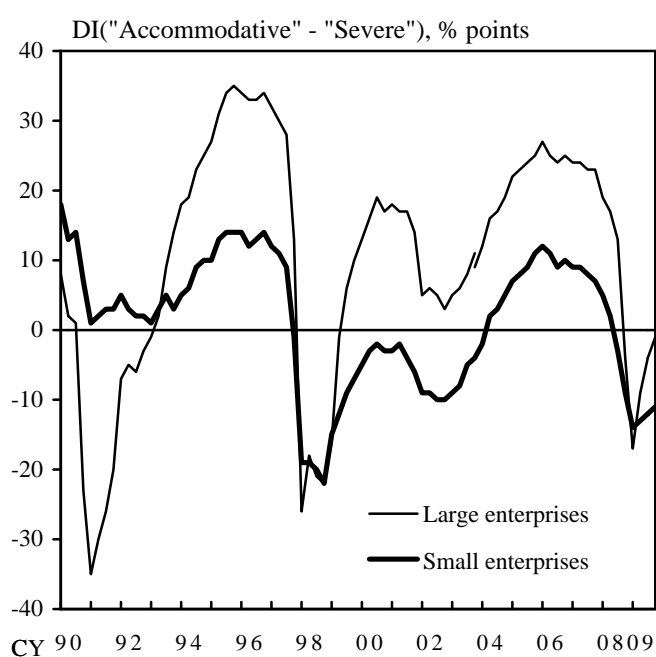
## (1) Financial Position

<Tankan<sup>1</sup>>

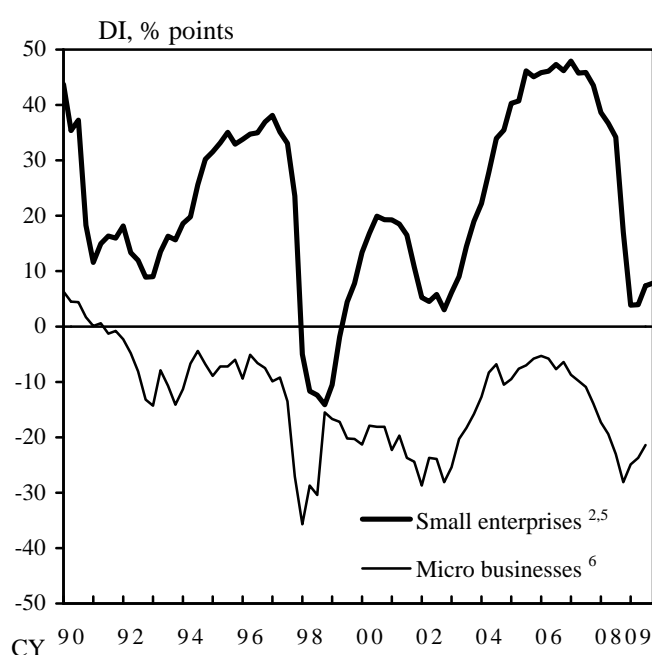
&lt;Japan Finance Corporation Survey&gt;



## (2) Lending Attitude of Financial Institutions as Perceived by Firms

<Tankan<sup>1</sup>>

&lt;Japan Finance Corporation Survey&gt;



Notes: 1. Data of the *Tankan* are based on all industries. 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 quarterly averages of monthly data. Figures for 2009/Q4 are those of Oct.-Nov. averages.

3. DI of "Easy" - "Tight."

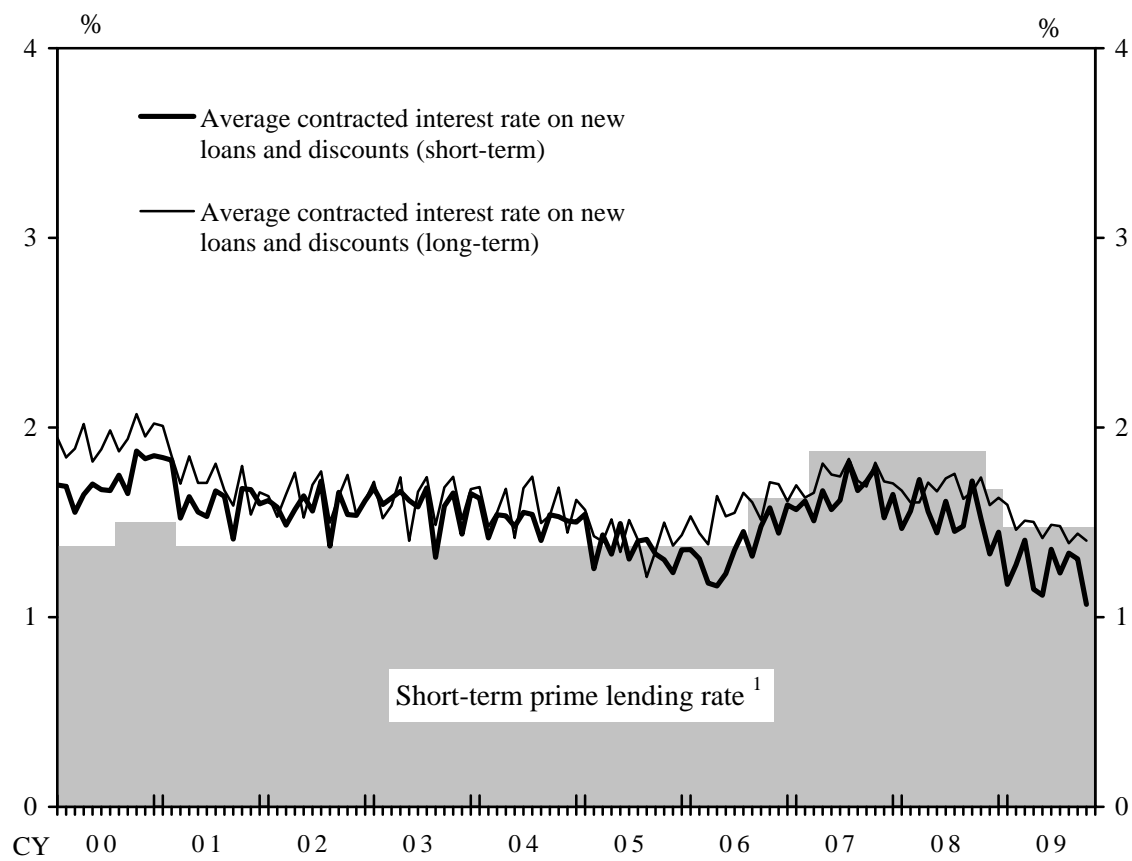
4. DI of "Easier" - "Tighter."

5. DI of "Accommodative" - "Severe."

6. DI of "More accommodative" - "More severe."

Sources: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan"; Japan Finance Corporation, "Monthly Survey of Small Businesses in Japan," "Quarterly Survey of Small Businesses in Japan (for micro businesses)."

## Lending Rates

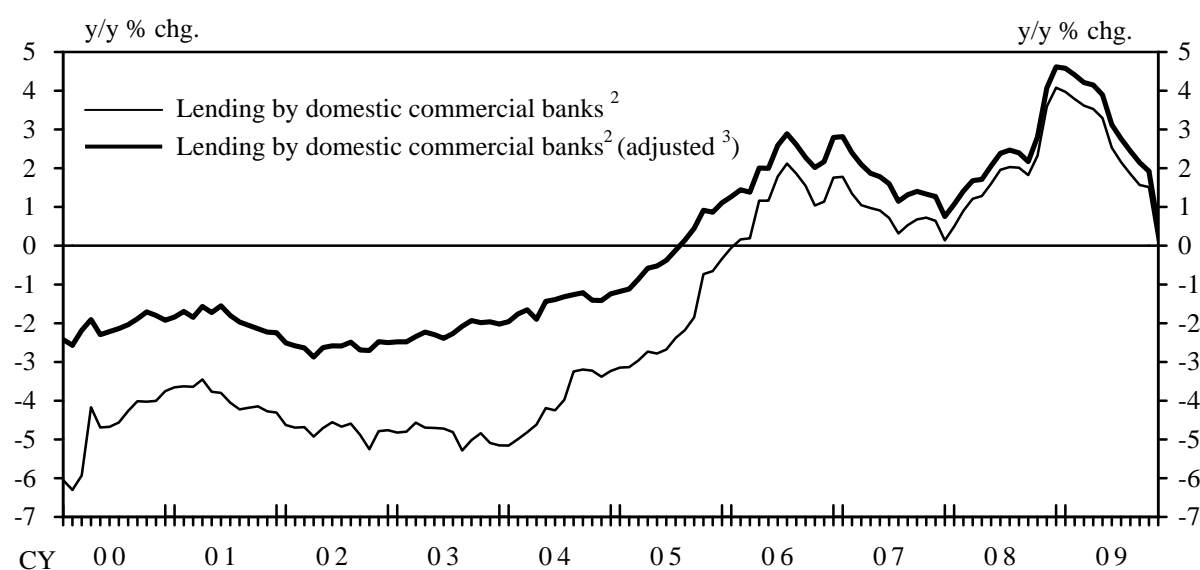


Note: 1. Data are at end of period.

Source: Bank of Japan.

## Lending by Financial Institutions

### (1) Lending by Domestic Commercial Banks<sup>1</sup>



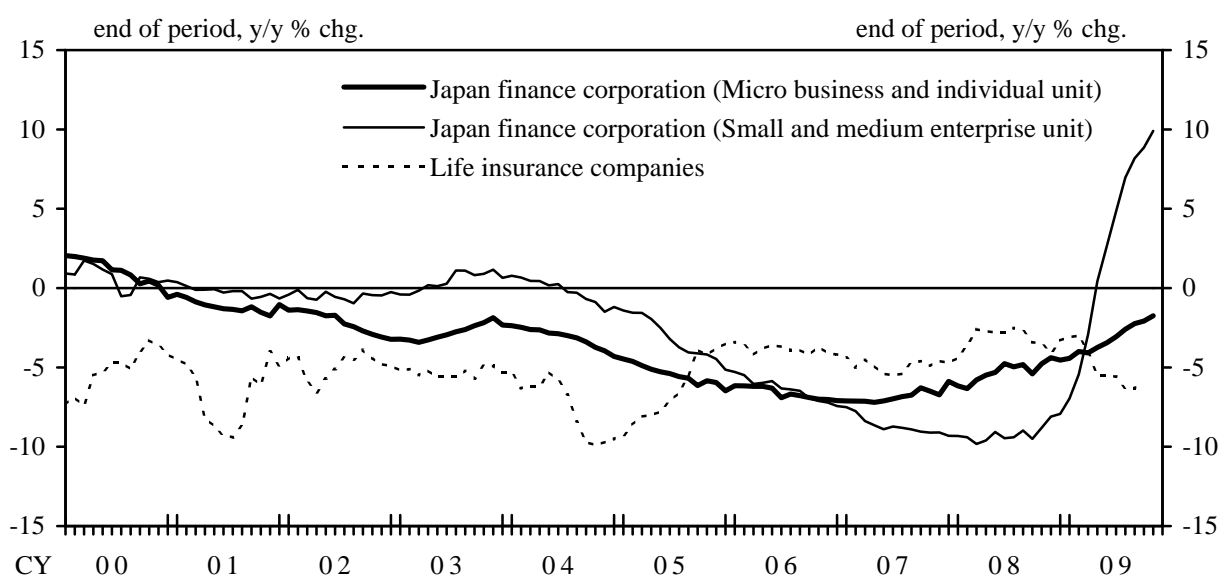
Notes: 1. Percent changes in average amounts outstanding from a year earlier.

2. "Domestic commercial banks" refers to city banks, regional banks, and 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.

### (2) Lending by Other Financial Institutions



Note: The figures of the Japan Finance Corporation (Small and Medium Enterprise Unit) exclude the amounts outstanding of lending to the Credit Guarantee Corporations.

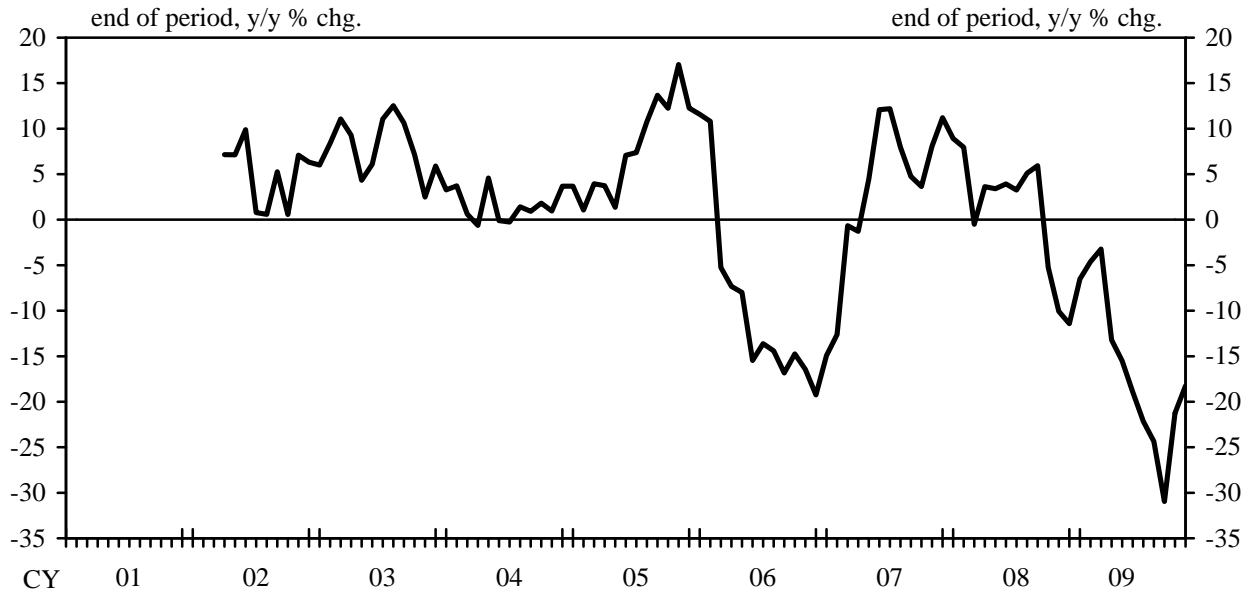
Sources: Bank of Japan; Japan Finance Corporation; The Life Insurance Association of Japan.

---

 Private-Sector Fund-Raising in the Capital Markets
 

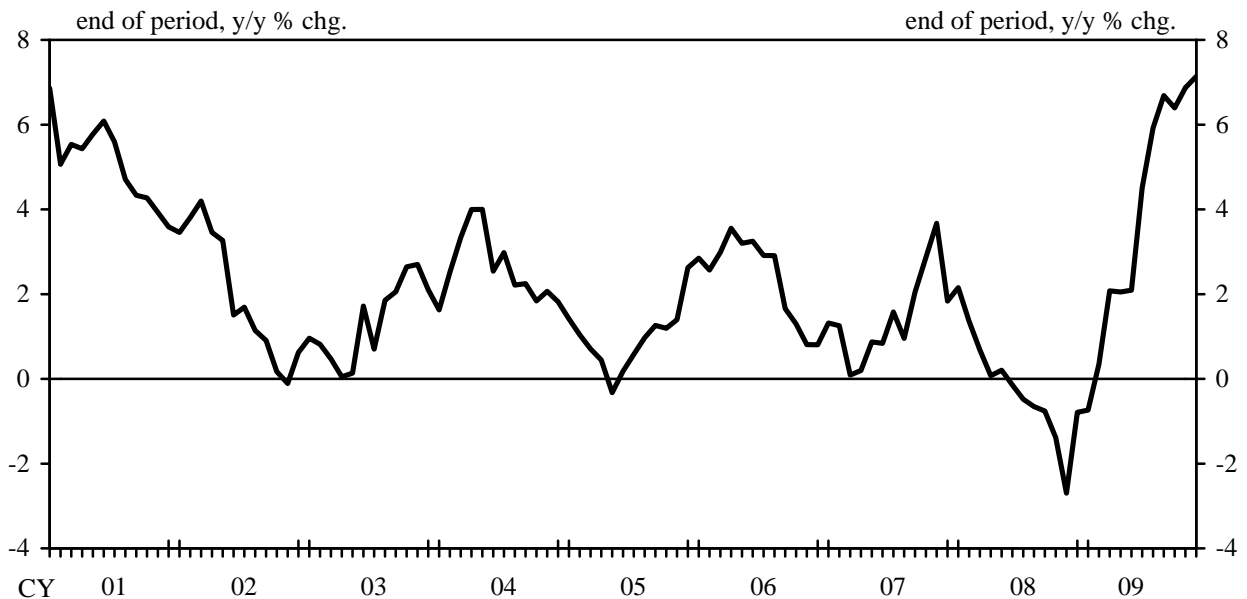
---

## (1) Amount Outstanding of Commercial Paper



Note: Figures are those of short-term corporate bonds registered at the book-entry transfer system. Those issued by banks, securities companies and others such as foreign corporations are excluded; ABCPs are included. Figures up to March 2008 are those compiled by the Bank of Japan.

## (2) Amount Outstanding of Corporate Bonds



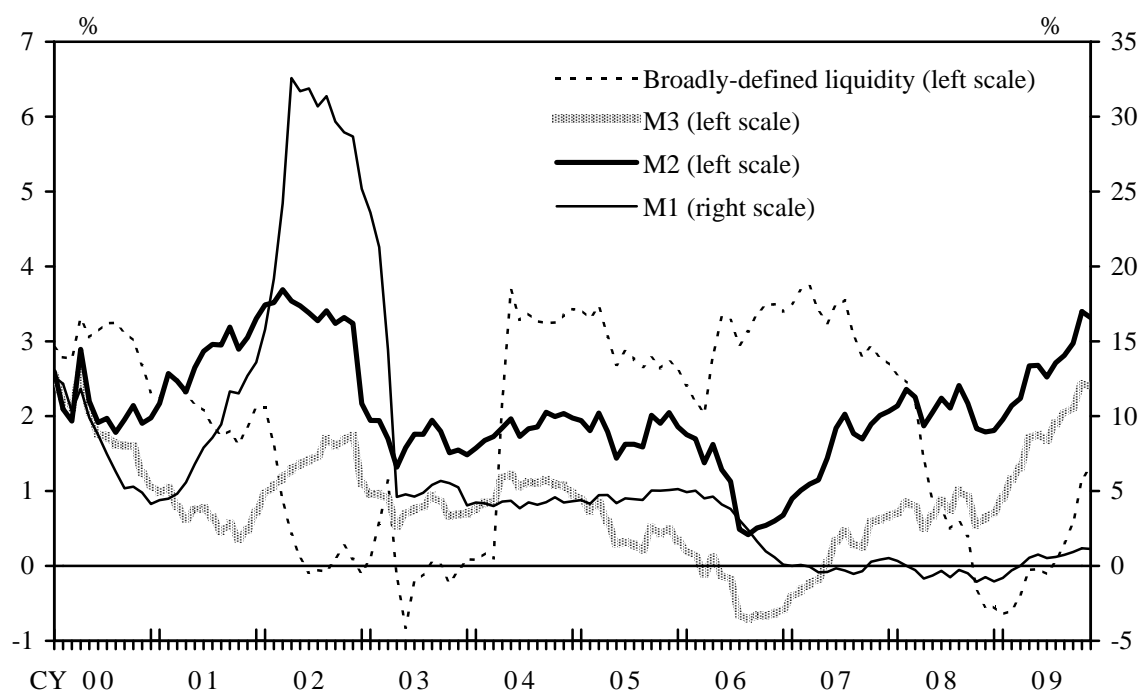
Note: The figures of percentage changes from the previous year of the amount outstanding of corporate bonds are calculated given the following:

- (1) The sum of straight bonds issued in both domestic and overseas markets is used.
- (2) Bonds issued by banks are included.
- (3) Domestic bonds are those registered at the book-entry transfer system. The series is spliced at April 2008 with the one published by the Japan Securities Dealers Association.

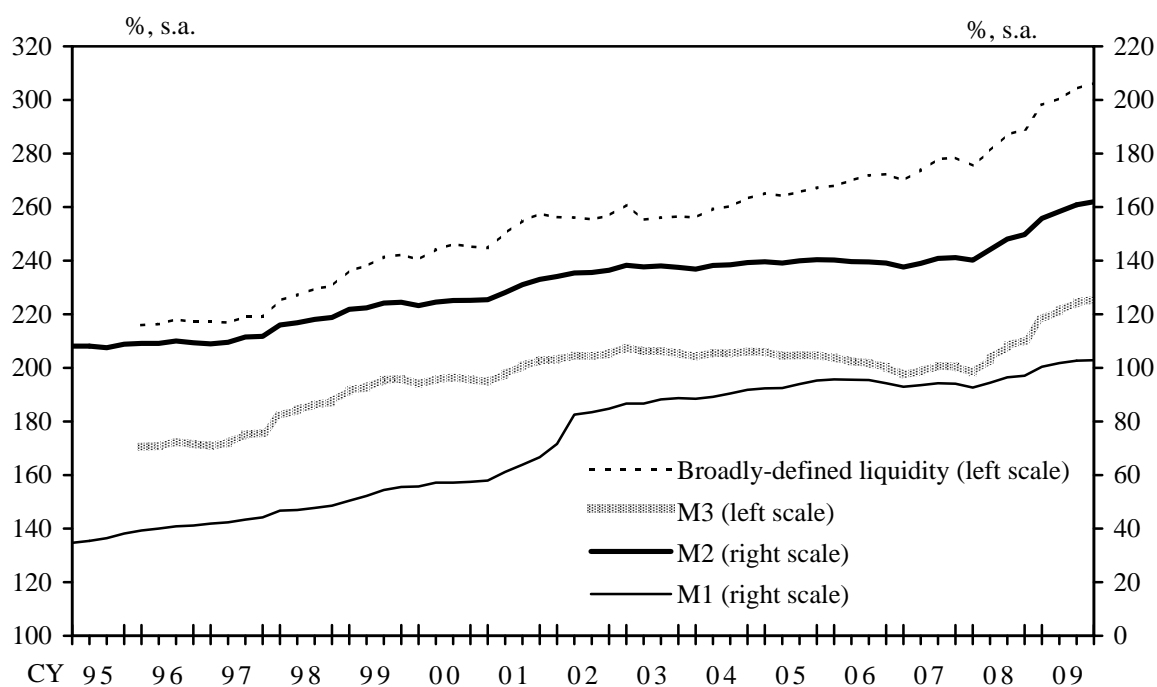
Sources: Japan Securities Depository Center, "Issue, Redemption and Outstanding" (for Corporate Bonds), "Outstanding Amounts of CP by Issuer's category";  
 Bank of Japan, "Principal Figures of Financial Institutions";  
 Japan Securities Dealers Association, "Issuing, Redemption and Outstanding Amounts of Bonds";  
 I-N Information Systems, "Funding Eye."

## Money Stock

## (1) Changes from a Year Earlier



## (2) Ratio of Money Stock to Nominal GDP

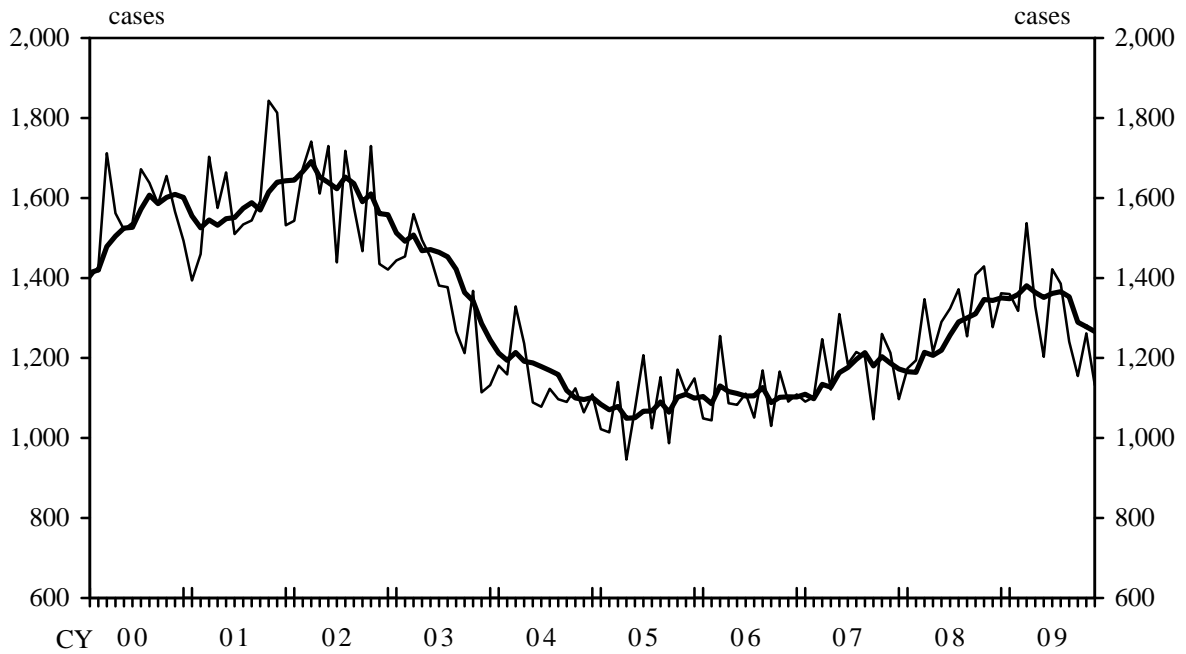


- Notes: 1. M1 consists of cash currency and demand deposits; both M2 and M3 consist of cash currency, demand deposits, time deposits and CDs.  
 2. Financial institutions surveyed for M1 and M3 include the Japan Post Bank and OFIs (other financial institutions) in addition to those for M2.  
 3. The figures up to March 2004 in the upper panel and those up to March 2003 in the lower panel are based on the former series.  
 4. Figures for money stock in 2009/Q4 are those of Oct.-Nov. averages, and nominal GDP in 2009/Q4 is assumed to be unchanged from the previous quarter.

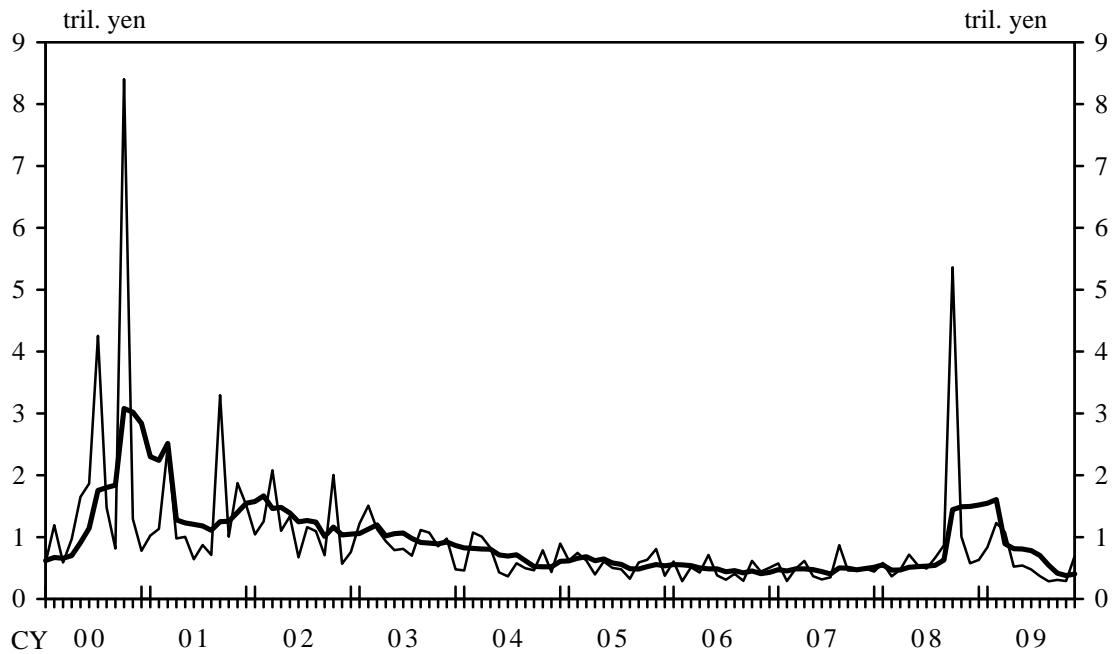
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

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)."