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Bank of Japan

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

March 2010

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Monthly Report of Recent Economic and Financial Developments¹

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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 fixed investment is leveling out on the whole. Private consumption, notably durable goods consumption, is picking up mainly due to policy measures, despite the continued severe employment and income situation. The decline in housing investment has been coming to a halt. Meanwhile, public investment is declining.

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. Amid the strong sense of excessive capital stock among firms, business fixed investment is likely to remain more or less unchanged for the time being, despite an improvement in corporate profits. Private consumption is likely to remain more or less unchanged for the time being amid the severe employment and income situation, despite the underpinning effect of policy measures. Meanwhile, the decline in public investment is likely to continue.

On the price front, the three-month rate of change in domestic corporate goods prices has recently risen somewhat, reflecting the increase in commodity prices, in spite of the persistent slack in supply and demand conditions for products. Consumer prices (excluding fresh food) are declining on a year-on-year basis due to the substantial slack in the economy as a whole, but the moderating trend in the pace of decline has continued.

¹ This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on March 16 and 17, 2010.

Domestic corporate goods prices are likely to rise somewhat for the time being. The year-on-year pace of decline in consumer prices is likely to remain more or less unchanged for the time being, and then moderate as the aggregate supply and demand balance improves gradually.

The weighted average of the overnight call rate has been at around 0.1 percent, and interest rates on term instruments have remained more or less unchanged. 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 the declining trend in firms' funding costs has continued. With economic activity and corporate profits being at the current level, the stimulative effects from low interest rates are still partly constrained, but the degree of constraint has decreased mainly due to the improvement in corporate profits. 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, bank lending has declined on a year-on-year basis, 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 2.5-3.0 percent.

1. Economic Developments

Public investment is declining. Looking at monthly indicators (Chart 5), on a quarterly basis the amount of public construction completed—which reflects the progress of public works—decreased slightly in the fourth quarter following the decrease in the third quarter. The value of public works contracted—a measure that reflects public orders—decreased in January-February compared with the fourth quarter, following the fourth quarter.

The decline in public investment is likely to continue.²

Real exports have been increasing due to the improvement in overseas economic conditions (Charts 6[1] and 7). Exports increased in January compared with the fourth quarter by 3.6 percent, after rising for three consecutive months. Monthly developments show that exports have increased for 10 consecutive months.

By destination (Chart 7[1]), exports to East Asia and the EU have been increasing since the second quarter. Those to China rose largely in January compared with the fourth quarter, partly due to the rush of demand ahead of the holidays around the Chinese new year (mid-February). Exports to "other regions" have been increasing since the third quarter. On the other hand, those to the United States decreased in January compared with the fourth quarter, as a reflection of developments in motor vehicles and their related goods, after increasing for three consecutive quarters.

By goods (Chart 7[2]), exports of motor vehicles and their related goods, and consumer goods decreased in January compared with the fourth quarter, after increasing for three consecutive quarters. On the other hand, exports of intermediate goods, IT-related goods, and capital goods and parts have been increasing, mainly toward East Asia.

² The initial budget of fiscal 2010 passed the House of Representatives on March 2. According to Japan's general account, public works-related expenditures have been reduced by almost 20 percent compared to the initial budget of fiscal 2009; this is a decrease of more than 30 percent compared to the budget of fiscal 2009, after the secondary supplement.

Real imports have increased, albeit with some fluctuations, amid continued increase in production (Charts 6[1] and 9). Imports increased in January compared with the fourth quarter, after increasing for two straight quarters. Monthly developments reveal that imports increased again in January, after remaining more or less unchanged in December partly as a reaction to the large increase in November.

By goods (Chart 9[2]), imports of IT-related goods (such as PCs), capital goods and parts, intermediate goods, and consumer goods (such as flat panel TVs) have been increasing. Those of raw materials (such as crude oil) have been on an increasing trend, albeit with some fluctuations. Imports of foodstuffs, meanwhile, have been relatively weak on average.

Net exports—in terms of the real trade balance—have been increasing, reflecting the aforementioned developments in exports and imports (Chart 6[2]). As for the nominal balance on goods and services, the surplus has been expanding.

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—mainly attributable to emerging countries—is likely to decelerate temporarily, since the effects of production increases—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 continue improving, however, even after such a deceleration.

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

Business fixed investment is leveling out on the whole. According to the *Financial Statements Statistics of Corporations by Industry, Quarterly* (Chart 10[1]), business fixed investment in nominal terms in the fourth quarter remained more or less unchanged, after declining significantly for the six consecutive quarters since the second quarter of 2008. By industry and firm size (Chart 11), in manufacturing, the

pace of decline moderated, although the decrease in investment continued for firms of all sizes. As for nonmanufacturing, investment by large firms declined for two consecutive quarters, while that by medium-sized and small firms increased for three consecutive quarters.³ The aggregate supply of capital goods and shipments of capital goods (both including and excluding transport equipment)—coincident indicators of machinery investment—increased in January compared with the fourth quarter, after rising for two consecutive quarters (Chart 12[1]). As for leading indicators, machinery orders (private demand, excluding orders of shipbuilding and orders from electric power companies)—a leading indicator of machinery investment—has lately been more or less unchanged (Chart 13[1]).⁴ By industry, in manufacturing, machinery orders increased in January compared with the fourth quarter, following the fourth quarter. On the other hand, in nonmanufacturing, machinery orders decreased in January compared with the fourth quarter, following the fourth quarter, due to the drop in orders in communications. The drop in communications was affected by the decline in cellular phones, most of which are not counted as business fixed investment. Construction starts (floor area, private, nondwelling use)—a leading indicator of construction investment—increased in January compared with the fourth quarter due to a large order, although it had remained more or less unchanged after decreasing substantially in the second quarter (Chart 13[2]).

Regarding the environment surrounding business fixed investment, corporate profits have been improving on a quarterly basis, mainly in response to production increases. According to the *Financial Statements Statistics of Corporations by Industry, Quarterly* (Chart 10[2]), in the fourth quarter, the seasonally adjusted ratio

³ "Leasing"—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 that started on or after April 1, 2008, leased property is booked as a liquid asset on the lessor's side and as a fixed asset 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 effects of special exemptions do exist. 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.

⁴ The total value of machinery orders of external and domestic demand increased in January by 6.1 percent compared with the fourth quarter.

of current profits to sales marked the highest level since the second quarter of 2008—before the collapse of Lehman Brothers. By industry and company size, in manufacturing, ratios of all firm sizes clearly rose from their bottom (first quarter of 2009) due to production increases and cost cutting. In nonmanufacturing, ratios have been on an improving trend for all firm sizes.

Although business fixed investment is expected to pick up gradually with the improvement in corporate profits, it is likely to remain more or less unchanged for the time being amid the strong sense of excessive capital stock among firms.

Private consumption, notably durable goods consumption, is picking up mainly due to policy measures, despite the continued severe employment and income situation. Consumption of goods, as seen through sales at retail stores (in real terms), marked a firm increase in January compared with the fourth quarter, after rising for three consecutive quarters (Chart 14[1]). As for durable consumer goods, sales of household electrical appliances (in real terms) have been increasing, especially in flat panel televisions, mainly due to the eco-point system (Chart 14[2]).⁵ On a monthly basis, sales increased significantly in January, partly due to a reaction to the two-month consecutive decline. The number of new passenger-car registrations has leveled off recently, as seen in the two-month consecutive decline, after recovering rapidly toward December mainly due to tax cuts and subsidies.⁶ On the other hand, sales at department stores, supermarkets, and convenience stores have continued to show a decreasing trend, although there have been some signs that the pace of decline is likely to moderate compared to a while ago (Chart 15[1]). As for services consumption (Chart 15[2]), outlays for travel increased in January compared with the fourth quarter, after dropping in the fourth quarter mainly as a reaction to the string of consecutive holidays in September ("silver week"). Sales in the food

⁵ The expiry date of the eco-point system for household electrical appliances has been extended to the end of 2010 (the previous expiry date was the end of March 2010). From April, energy efficiency requirements will be tighter for flat panel televisions, thus the number of eligible types of flat panel televisions will decrease considerably. Nevertheless, many of the current well-selling televisions will remain eligible.

⁶ The expiry date of subsidies for energy efficient cars has been extended until the end of September 2010 (the previous expiry date was the end of March 2010).

service industry have either remained unchanged or have been declining, as a trend, although they have lately fluctuated largely.

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—marked a marginal decrease in January compared with the fourth quarter, after increasing for two consecutive quarters (Chart 14[1]).⁷ The total expenditure in the *Survey of Household Economy* (in real terms) decreased in January compared with the fourth quarter, following the fourth quarter.

Real private consumption on a GDP basis increased for the third consecutive quarter (Charts 3[2] and 16). By type of goods, durable goods increased, while other goods and services remained more or less unchanged.

Meanwhile, indicators related to consumer sentiment have been seesawing in general (Chart 17).

Private consumption is likely to remain more or less unchanged for the time being amid the severe employment and income situation, despite the underpinning effect of policy measures.

The decline in housing investment has been coming to a halt. The number of housing starts (Chart 18[1])—a leading indicator of housing investment—marked an annual rate of 863,000 units in January, after registering 717,000 units and 788,000 units in the third and fourth quarters. On a monthly basis, it increased for the fifth consecutive month. The number of housing starts has picked up, albeit at a low level, with the gradual progress in adjustments of inventories and prices. However, it is likely to require more time to show clearer evidence of improvement, mainly because the employment and income situation and the financial environment surrounding the real estate-related sector are still severe.

⁷ 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 is likely to show clearer evidence of leveling out over time at a gradual pace, considering the number of housing starts.

Industrial production has been increasing. On a monthly basis, production increased for the 11th consecutive month in January, marking a 2.7 percent rise (Chart 19). On a quarterly basis, after clear increases for three consecutive quarters, production increased by 4.8 percent in January compared with the fourth quarter.

Shipments increased by 3.7 percent in January compared with the fourth quarter. By goods (Chart 20), shipments of durable consumer goods and producer goods have picked up significantly from their levels at the beginning of last year. Shipments of capital goods have picked up, although they remain at low levels. Those of construction goods have remained sluggish in general, although shipments in goods such as aluminum sashes for wooden houses and solar cell modules increased in January. Shipments of non-durable consumer goods have remained more or less unchanged.

The decline in inventories has been coming to a halt. Looking at the shipment-inventory balance by goods (Chart 21), although inventory adjustment pressures for construction goods have remained strong as a reflection of the drop in shipments, those of other goods have almost disappeared.

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 by firms, production in the first and second quarters is expected to continue to increase, although the pace of increase is likely to slow gradually.⁸

The employment and income situation has continued to remain severe.

In the labor market, the ratio of job offers to applicants in January marked 0.46 times (Chart 22[1]). It has been improving as a trend since hitting bottom in August

⁸ According to the production forecast index, production in February and March is expected to mark a 0.8 percent decrease and a 1.6 percent increase, respectively, on a month-on-month basis. Production in the first quarter is expected to increase by 4.8 percent compared with the fourth quarter, according to a calculation using production forecasts of February and March.

2009, but the pace of improvement has been extremely marginal. The unemployment rate in January registered 4.9 percent; it declined by 0.3 percent point from the previous month, and was below 5.0 percent for the first time in 10 months (since last March). These results seem to reflect developments among firms to slightly ease employment reduction. There is great uncertainty, however, as to whether the unemployment rate will continue to show a smooth declining trend, with the sense of excess employment persisting and the fact that the statistics tends to fluctuate largely.

In terms of employment (Chart 23[1]), the number of employees in the *Labour Force Survey* has continued to decline on a year-on-year basis, but the pace of decline moderated markedly, following the previous month.⁹ This result, however, might be largely influenced by the fluctuation in the statistics, since the *Monthly Labour Survey* did not show the same kind of improvement. The year-on-year rate of change in the number of regular employees in the *Monthly Labour Survey* continued to be slightly below 0 percent. The ratio of part-time employees has been on a moderate rising trend (Chart 23[2]). Meanwhile, the improving trend in overtime hours worked has become clearer (Chart 23[3]).

Nominal wages per employee (year-on-year basis) had been declining significantly, but they marked an increase in January—albeit an extremely marginal one—for the first time in 20 months (Chart 24[1]). In detail, overtime payments turned to an increase, partly due to their large drop a year ago. The pace of decline in regular payments moderated considerably in January. On the other hand, special payments increased in January, but they decreased significantly compared to payments in the previous year, when considering the whole period of winter bonus payments (November-January).

Employee income has been decreasing, which reflects the aforementioned developments in employment and wages (Chart 24[3]). In January, however, the pace of decrease moderated considerably, even though this was partly due to a fluctuation in the statistics.

⁹ With regard to the Employment Adjustment Subsidy, figures collected from reports on business suspension plans show that the number of applicants for the Subsidy has been decreasing moderately as a trend, albeit with fluctuations.

Employee income is likely to continue decreasing for the time being, with consideration to the 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 increased somewhat as a reflection of the high levels of international commodity prices (Chart 26). International commodity prices fell toward early February, but they are on a rising trend again. Domestic commodity prices have remained more or less unchanged.

The three-month rate of change in domestic corporate goods prices (adjusted to exclude the effects of seasonal changes in electricity rates, same hereafter)¹⁰ has recently risen somewhat, reflecting the high levels of international commodity prices, in spite of the persistent slack in supply and demand conditions for products (Chart 27). That in domestic corporate goods prices increased in February for the second consecutive month, albeit marginally (0.4 percent). In detail, the three-month rate of change in prices of "iron and steel, and construction related goods" turned to an increase, as did prices of "goods sensitive to exchange rates and overseas commodity prices," "raw materials (other goods)," and "electric power, gas, and water." The three-month rate of decline in prices of "machinery" moderated.

The year-on-year rate of change in corporate services prices (excluding international transportation) has continued to be negative, a reflection mainly of cost cutting among firms (Chart 28).¹¹ In detail, prices of advertising services, and leasing and rental have fallen largely below the previous year's level, also mainly in response to cost cutting among firms. Prices of items such as transportation

¹⁰ 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.

¹¹ The pace of decline in the category "All items including international transportation" has moderated on a year-on-year basis, mainly because the pressure by international transportation has turned upward, although the decline in this category has continued.

(excluding international transportation) and information services have also fallen below the previous year's level, mainly due to weak demand.

Consumer prices (excluding fresh food; year-on-year basis, same hereafter) are declining due to the substantial slack in the economy as a whole, but the moderating trend of the pace of decline has continued (Chart 29). Consumer prices declined in January by the same amount (1.3 percent) as December. In detail, the pace of decline in prices of goods has moderated as a whole because the upward contribution by prices of petroleum products has increased, although the pace of decline in prices of a wide range of items has been on an accelerating trend. The pace of decline in prices of general services was on par with last month's as a whole, since the pace of decline in prices of package tours to overseas and rent has moderated, despite the acceleration in the pace of decline in prices of "eating out" and despite the dissipation of the effects of delivery fees in hospitals, which rose last year with the establishment of the Obstetric Compensation System for Cerebral Palsy in January. The pace of decline in public utility charges has accelerated, mainly in electricity and city gas charges. Looking at developments on a basis that excludes food and energy, consumer prices declined in January by the same amount (1.2 percent) as the previous month.

Domestic corporate goods prices are likely to rise somewhat for the time being. The year-on-year pace of decline in consumer prices is likely to remain more or less unchanged for the time being, and then moderate as the aggregate supply and demand balance improves gradually.

3. Financial Developments

(1) Financial Markets

In Japan's money markets, interest rates—including those for somewhat longer terms—have been stable at low levels, as confidence in the Bank of Japan's provision of ample funds seems to have been established among market participants. Meanwhile, the volume of transactions in some markets has remained low. The overnight call rate (uncollateralized) has been at around 0.1 percent. Regarding interest rates on term instruments, the T-Bill rate (3-month) has been in the range of

0.10-0.15 percent. The Euroyen interest rate (3-month) has continued to decline, but the rate has remained high relative to the OIS rates—the OIS rates mainly reflect expectations about future policy interest rates. Interest rates on Euroyen futures have suggested that term funding rates are expected to decline moderately for the time being (Chart 30). In U.S. dollar funding, the LIBOR-OIS spread for the dollar has been stable at a low level (Chart 31).

Yields on 10-year government bonds (newly issued 10-year JGB) have been in a narrow range as a whole; they have recently been in the range of 1.30-1.35 percent (Chart 32).

Yield spreads between corporate bonds and government bonds have been stable for those with high credit ratings, due to steady demand among investors. Spreads on those with low credit ratings have continued to narrow moderately as a whole, despite the selective stances on investment in corporate bonds among investors, as seen in the high levels of yield spreads in some industries (Chart 33).

Stock prices, after having fluctuated in a certain range, against the backdrop of developments of the yen's exchange rate and stock prices in the United States and Europe, have recently turned upward; the Nikkei 225 Stock Average has recently been in the range of 10,500-11,000 yen (Chart 34).

In the foreign exchange market, the yen has remained more or less unchanged against the U.S. dollar; it has recently been traded at around 90 yen (Chart 35).

(2) Corporate Finance and Monetary Aggregates

The declining trend in firms' funding costs has continued, against the background that the overnight call rate has remained at an extremely low level. Meanwhile, issuance rates on CP have remained more or less unchanged at low levels, and those on corporate bonds have also remained more or less unchanged. The average contracted interest rates on new loans and discounts have been on a declining trend, albeit with some fluctuations (Chart 37).

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 36). 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 declined on a year-on-year basis, mainly due to the decline in firms' need to fund working capital and fixed investment. Bank lending has declined on a year-on-year basis, partly due to its high growth a year ago (Chart 38). 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 39), 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 36). The number of corporate bankruptcies has continued to decrease; it was down by 17.3 percent in February compared to the previous year's level (Chart 41).

Meanwhile, the year-on-year growth rate of the money stock (M2) has recently been in the range of 2.5-3.0 percent. Its February reading was 2.7 percent on a year-on-year basis, following 3.0 percent in January (Chart 40).¹²

¹² On an M3 basis, which includes the Japan Post Bank, the year-on-year growth rate has recently been at around 2 percent; its February reading was 2.0 percent, following 2.2 percent in January. The year-on-year growth rate of broadly-defined liquidity has recently been at around 1 percent; it increased by 1.1 percent in January and February.

Charts

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

Main Economic Indicators (1)

s.a., q/q (m/m) % chg.¹

	2009/Q2	Q3	Q4	2009/Nov.	Dec.	2010/Jan.	Feb.
Index of consumption expenditure level (two-or-more-person households)	0.1	0.6	0.6	1.5	-1.4	0.4	n.a.
Sales at department stores	-2.3	-0.7	-2.6	-1.1	6.5	-3.0	n.a.
Sales at supermarkets	-1.3	-1.9	-1.5	-2.0	2.3	-1.9	n.a.
New passenger-car registrations ³ <s.a., ann. 10,000 units>	< 247>	< 283>	< 316>	< 320>	< 325>	< 322>	< 314>
Sales of household electrical appliances (real, Current Survey of Commerce)	4.8	9.1	4.6	-2.5	-0.7	10.0	n.a.
Outlays for travel	-14.2	7.7	-4.5	-3.5	0.5	7.3	n.a.
Housing starts <s.a., ann. 10,000 units>	< 77>	< 72>	< 79>	< 79>	< 82>	< 86>	<n.a.>
Machinery orders (from private sector ⁴)	-4.9	-0.9	0.5	-11.3	20.1	-3.7	n.a.
Manufacturing	10.8	-8.7	17.8	-18.2	17.1	3.3	n.a.
Nonmanufacturing ⁴	-12.1	4.9	-8.4	-10.6	22.9	-12.9	n.a.
Construction Starts (private, nondwelling use)	-34.9	-1.1	2.8	16.0	-15.1	23.7	n.a.
Mining & manufacturing	-41.0	-12.2	-3.7	-0.5	-0.9	18.6	n.a.
Nonmanufacturing ⁵	-34.5	1.2	10.3	16.6	-14.8	19.8	n.a.
Value of public works contracted	5.4	3.6	-6.7	-9.3	5.1	-2.6	-9.3
Real exports	12.2	11.1	8.9	0.5	2.9	1.4	n.a.
Real imports	-1.6	8.1	2.2	5.0	-0.1	2.1	n.a.
Industrial production	8.3	7.4	4.5	2.2	1.9	2.7	n.a.
Shipments	6.4	8.4	5.2	0.9	1.0	2.7	n.a.
Inventories	-4.5	-0.6	-1.2	0.4	-0.1	1.1	n.a.
Inventory Ratio <s.a., CY 2005 = 100>	< 128.8>	< 116.9>	< 107.8>	< 113.2>	< 107.8>	< 109.0>	<n.a.>
Real GDP	1.5	-0.1	0.9	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	0.4	1.1	1.0	0.2	-0.3	n.a.	n.a.

Main Economic Indicators (2)

	y/y % chg. ¹						
	2009/Q2	Q3	Q4	2009/Nov.	Dec.	2010/Jan.	Feb.
Ratio of job offers to applicants <s.a., times>	< 0.46>	< 0.43>	< 0.43>	< 0.43>	< 0.43>	< 0.46>	<n.a.>
Unemployment rate <s.a., %>	< 5.1>	< 5.4>	< 5.2>	< 5.3>	< 5.2>	< 4.9>	<n.a.>
Overtime working hours ⁶	-18.2	-14.9	-7.7	-8.5	-3.2	p 3.4	n.a.
Number of employees	-1.7	-1.3	-1.4	-1.5	-1.2	-0.6	n.a.
Number of regular employees ⁶	0.1	-0.1	-0.2	-0.2	-0.2	p -0.2	n.a.
Nominal wages per person ⁶	-4.7	-3.6	-4.1	-2.4	-5.9	p 0.1	n.a.
Domestic corporate goods price index <q/q % chg., 3-month rate of change> ⁷	-5.5 <-1.3>	-8.3 <-0.2>	-5.2 <-0.5>	-5.0 <-0.5>	-3.9 <-0.5>	-2.1 < 0.3>	p -1.5 <p 0.4>
Consumer price index ⁸	-1.0	-2.3	-1.8	-1.7	-1.3	-1.3	n.a.
Corporate services price index ⁹	-0.9	-1.3	-1.5	-1.6	-1.4	p -1.5	n.a.
Money Stock (M2) <average outstanding, y/y % chg.>	2.6	2.8	3.3	3.3	3.1	3.0	p 2.7
Number of corporate bankruptcies <cases per month>	<1,318>	<1,261>	<1,176>	<1,132>	<1,136>	<1,063>	<1,090>

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

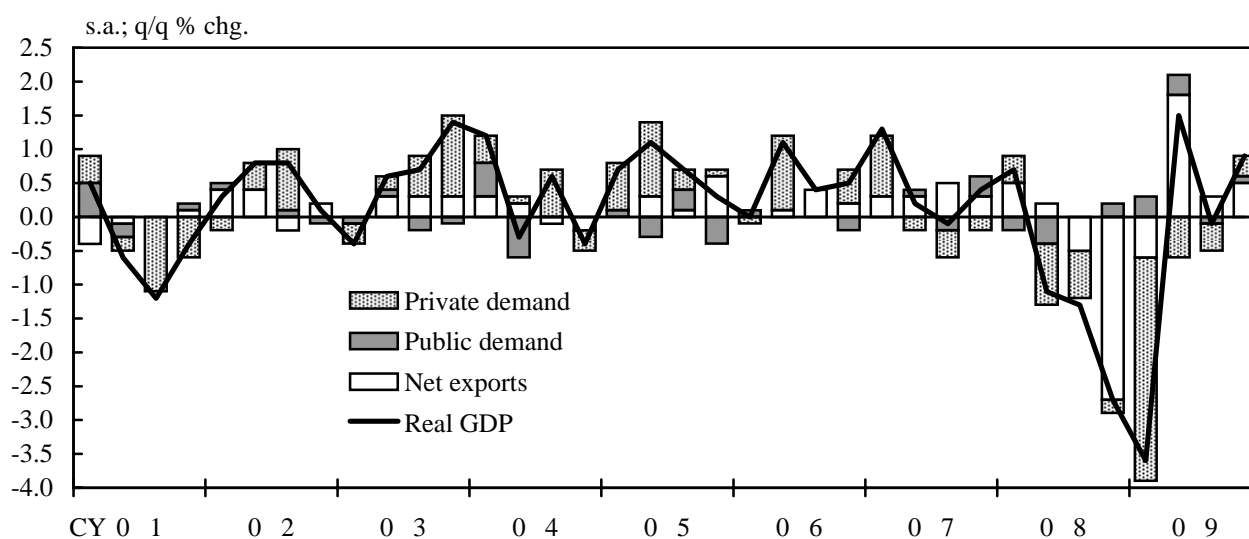
All figures in Chart 2 except figures in angle brackets are year-on-year changes. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of the respective charts.

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



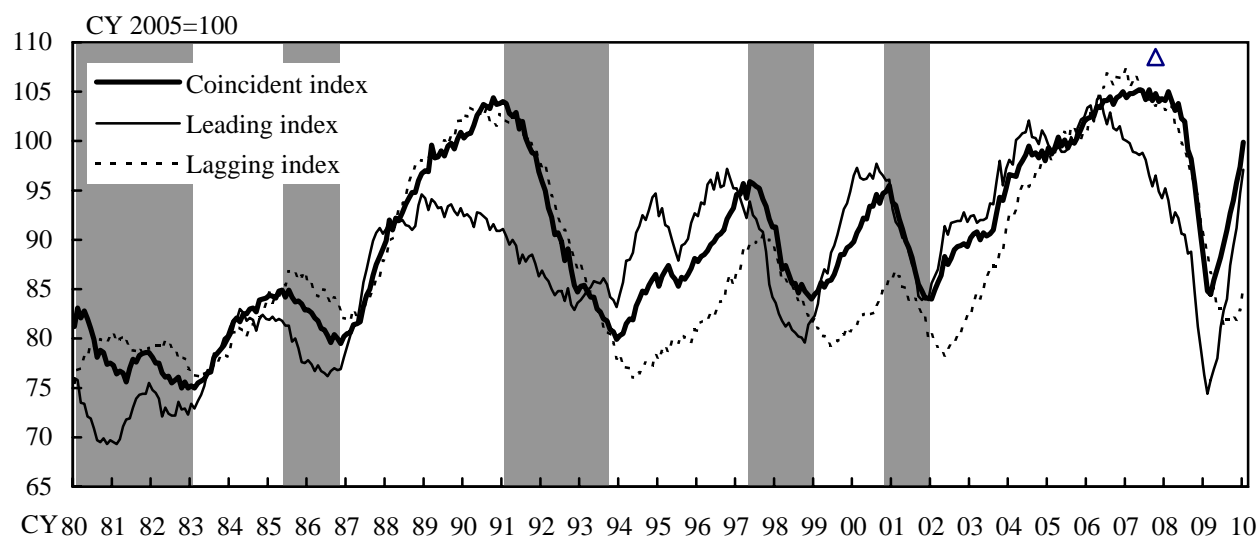
(2) Components

s.a.; q/q % chg.

	2008	2009			
	Q4	Q1	Q2	Q3	Q4
Real GDP	-2.7	-3.6	1.5	-0.1	0.9
Domestic demand	0.0	-3.0	-0.3	-0.5	0.4
Private demand	-0.2	-3.3	-0.6	-0.4	0.3
Private consumption	-0.5	-0.8	0.7	0.4	0.4
Non-Resi. investment	-1.1	-1.3	-0.6	-0.3	0.1
Residential investment	0.1	-0.2	-0.3	-0.2	-0.1
Private inventory	1.3	-0.9	-0.4	-0.2	-0.1
Public demand	0.2	0.3	0.3	-0.1	0.1
Public investment	0.0	0.1	0.3	-0.1	-0.1
Net exports of goods and services	-2.7	-0.6	1.8	0.3	0.5
Exports	-2.7	-3.8	1.2	1.1	0.7
Imports	-0.0	3.2	0.6	-0.8	-0.2
Nominal GDP	-1.3	-3.7	-0.1	-0.6	0.1

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

(3) Indexes of Business Conditions (Composite Indexes)

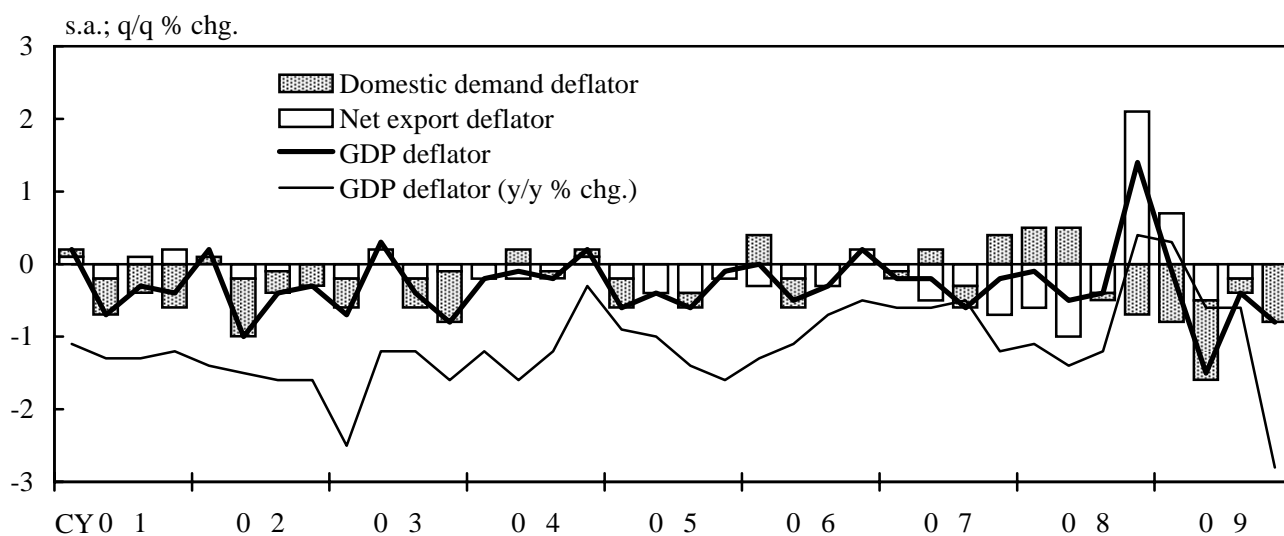


Note: Shaded areas indicate recession periods. Triangle shows the last peak.

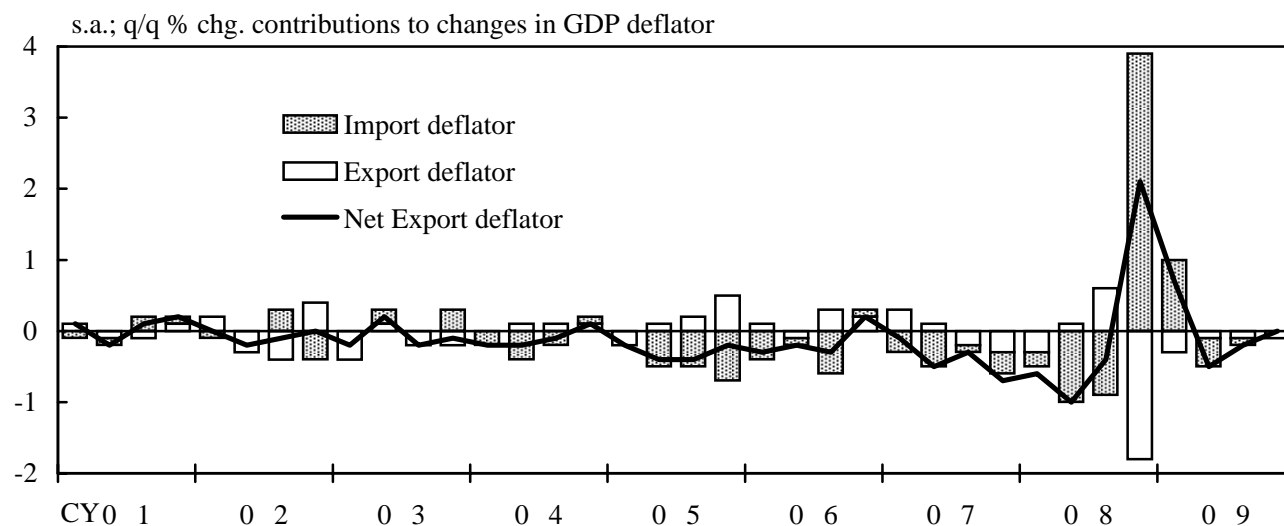
Source: Cabinet Office, "National Accounts," "Indexes of Business Conditions."

GDP Deflator and Income Formation

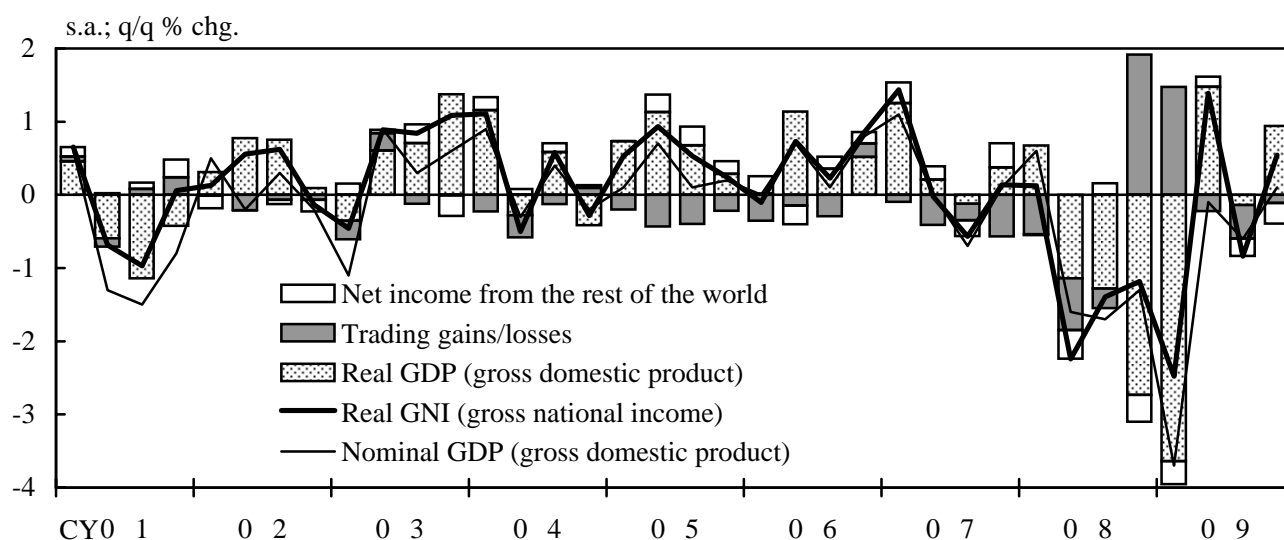
(1) GDP Deflator



(2) Net Export Deflator



(3) Aggregate Income Formation



Notes: 1. Figures of components indicate contributions to changes in real GNI.

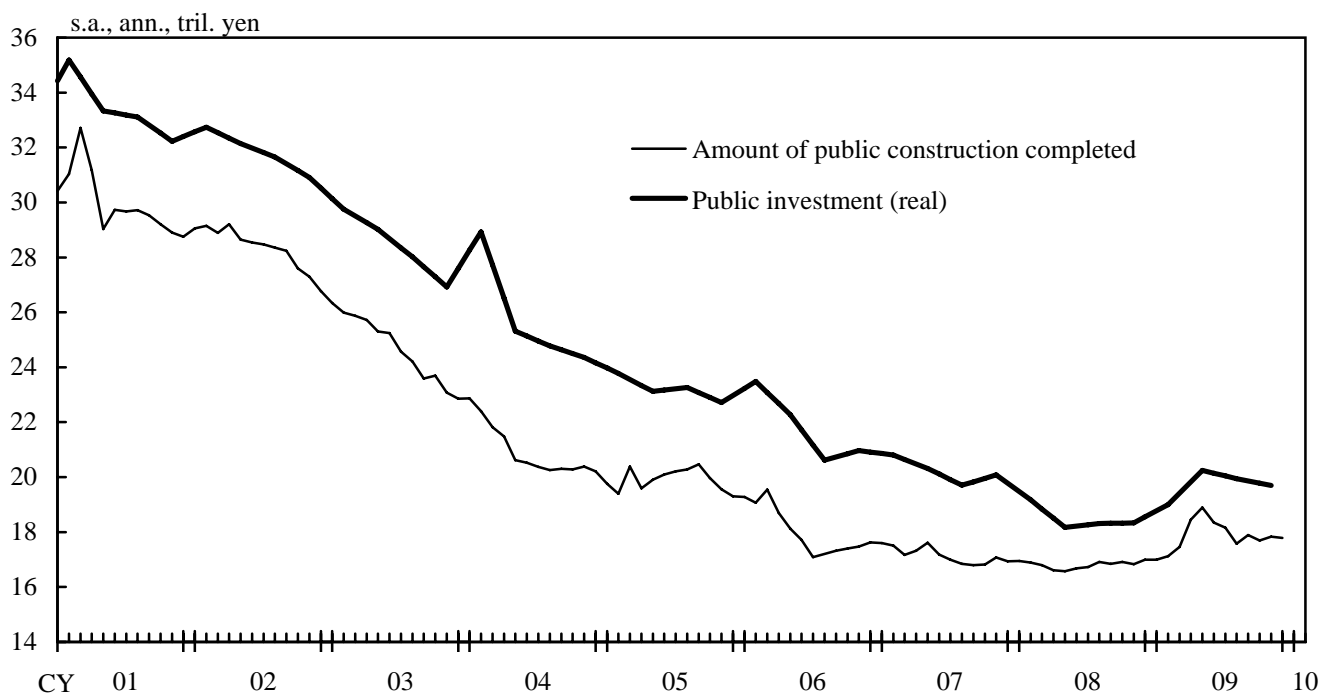
2. Real GNI = real GDP + trading gains/losses + net income from the rest of the world

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

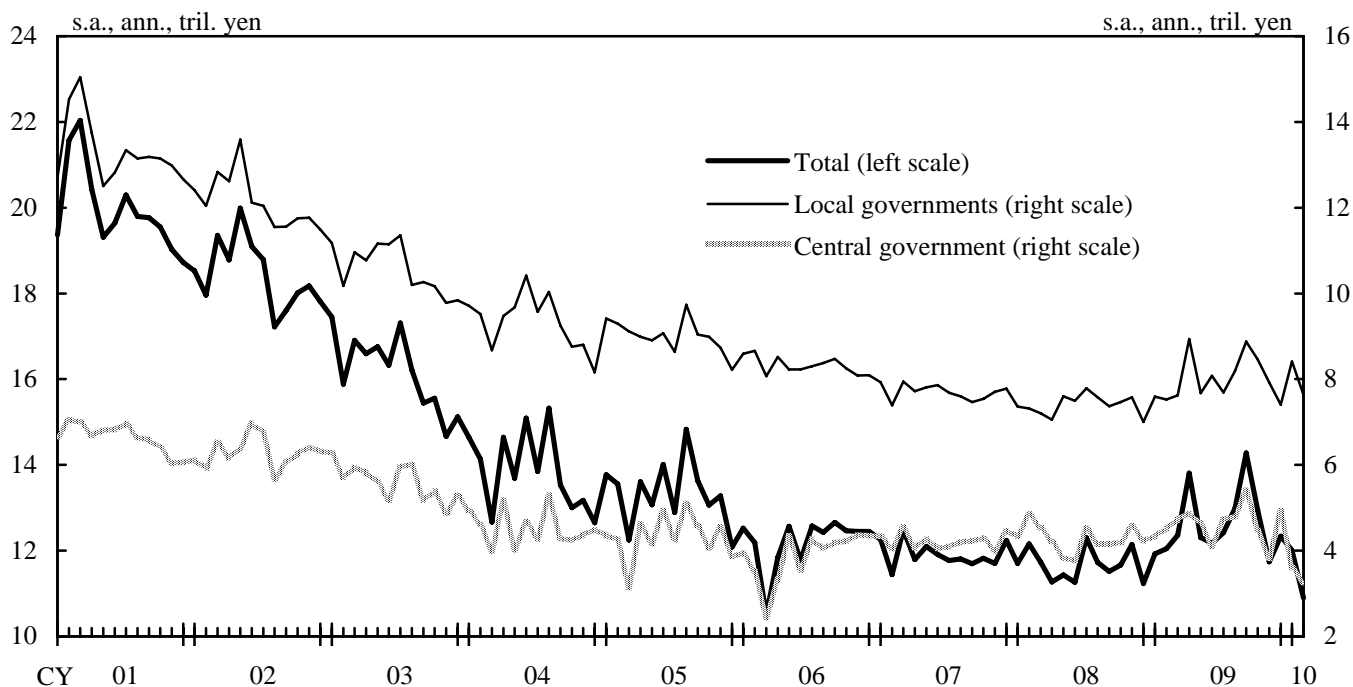
Source: Cabinet Office, "National Accounts."

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.

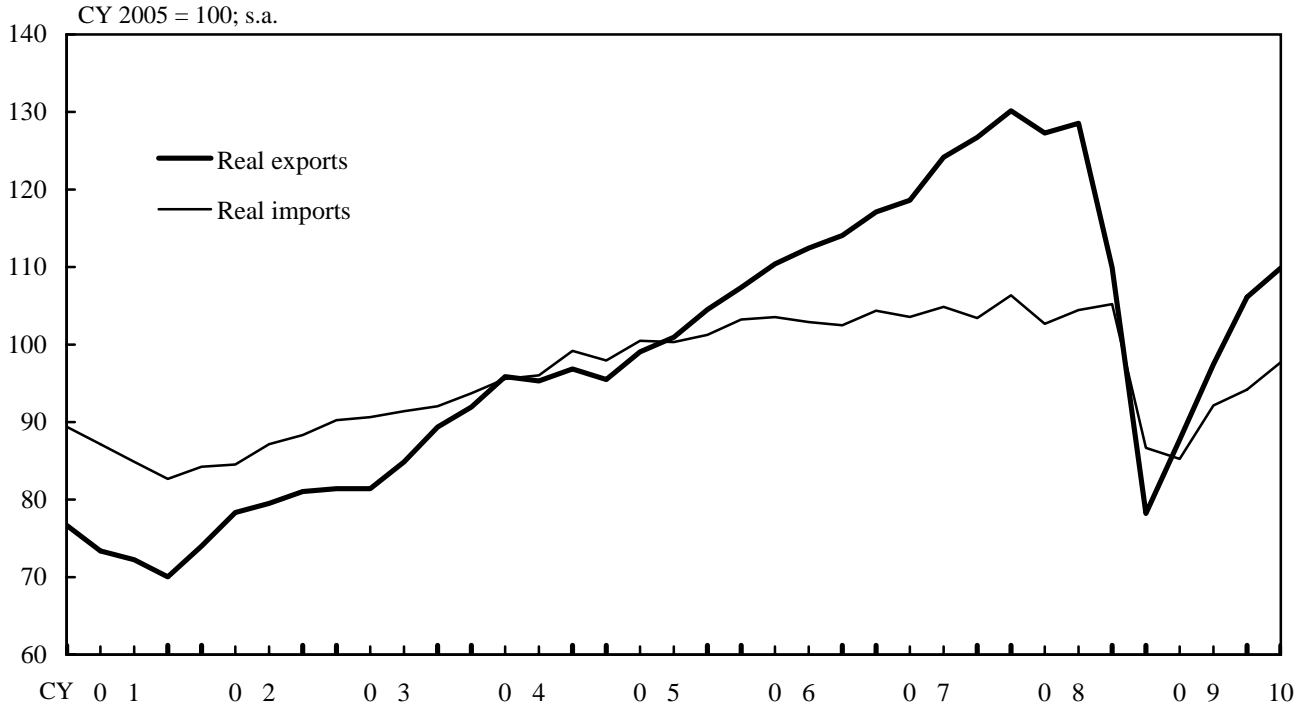
Sources: Cabinet Office, "National Accounts";

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

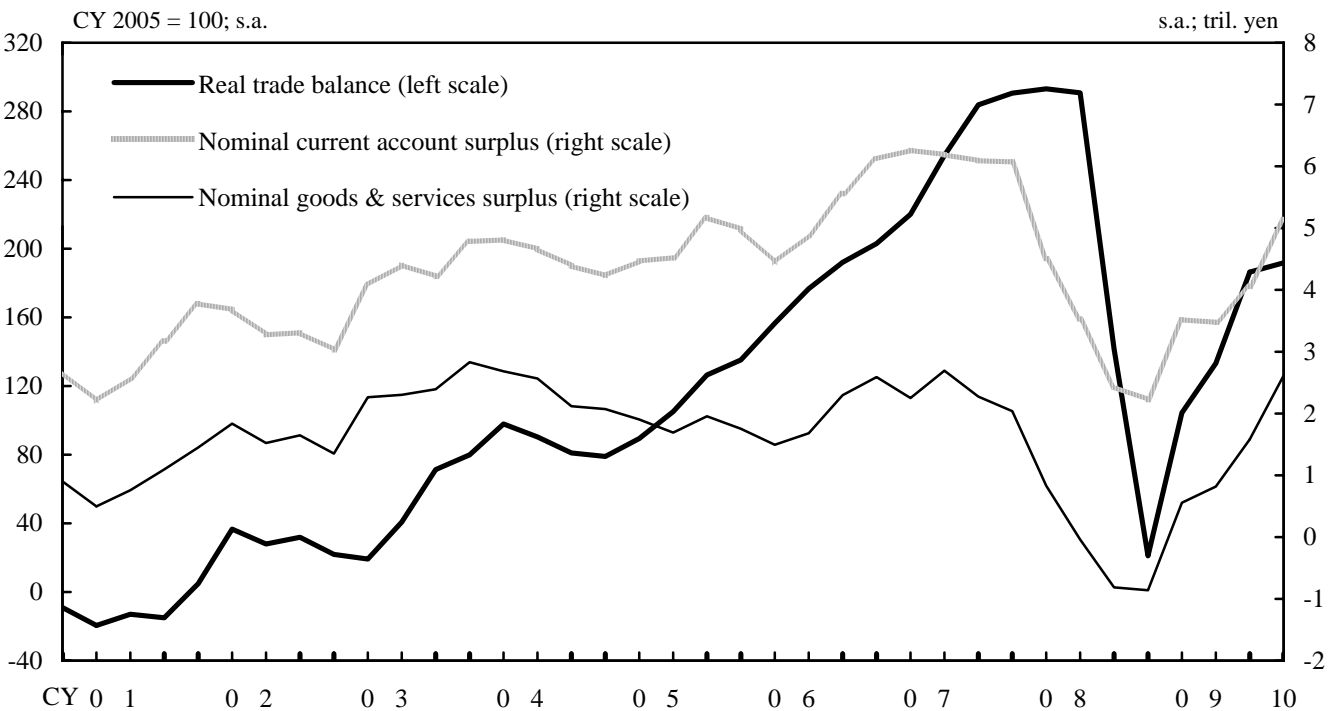
Ministry of Land, Infrastructure, Transport and Tourism, "Integrated Statistics on Construction Works."

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. 2010/Q1 figures are January 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 ¹

(1) Breakdown by Region

		y/y % chg.		s.a.; q/q % chg.				s.a.; m/m % chg.			
		CY 2008	2009	2009 Q1	Q2	Q3	Q4	2010 Q1	2009 Nov.	Dec.	2010 Jan.
United States	<16.1>	-8.8	-32.5	-35.7	11.7	10.2	11.9	-7.5	12.7	-5.4	-7.6
EU	<12.5>	-0.1	-34.6	-27.0	4.7	1.2	13.3	1.8	5.2	-3.9	2.8
East Asia	<51.4>	3.4	-15.8	-22.1	17.8	12.5	8.6	14.8	2.5	3.5	11.3
China	<18.9>	6.7	-10.2	-17.1	19.3	9.0	7.0	23.3	0.5	10.0	15.7
NIEs	<23.5>	-0.0	-18.0	-22.4	18.9	12.9	7.3	9.3	2.1	-0.4	8.8
Korea	<8.1>	-0.3	-16.1	-13.4	12.4	10.3	6.9	4.3	1.3	0.7	3.3
Taiwan	<6.3>	-4.3	-17.7	-19.7	21.6	12.1	12.7	17.7	3.8	-0.9	17.0
Hong Kong	<5.5>	-2.4	-18.8	-23.8	21.5	9.1	11.3	18.0	0.7	-4.8	21.7
Singapore	<3.6>	13.3	-21.6	-31.0	12.9	24.1	-5.7	20.1	8.7	6.3	12.3
ASEAN4 ³	<9.1>	6.4	-20.5	-30.7	12.0	19.5	15.3	12.0	7.4	1.2	8.6
Thailand	<3.8>	5.0	-21.0	-36.0	11.7	27.6	17.3	11.2	7.2	4.7	5.5
Others	<20.0>	16.1	-32.2	-30.7	-6.1	9.2	14.7	14.8	1.8	11.2	6.5
Real exports		1.8	-25.6	-28.9	12.2	11.1	8.9	3.6	0.5	2.9	1.4

(2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.				s.a.; m/m % chg.			
		CY 2008	2009	2009 Q1	Q2	Q3	Q4	2010 Q1	2009 Nov.	Dec.	2010 Jan.
Intermediate goods	<20.7>	0.4	-5.8	-16.1	17.3	9.4	6.6	3.8	2.7	-3.2	5.2
Motor vehicles and their related goods	<20.0>	3.2	-41.4	-50.7	20.3	24.5	17.4	-4.7	12.1	0.8	-8.6
Consumer goods ⁴	<4.1>	3.5	-28.7	-26.9	8.7	0.9	9.8	-3.1	9.2	4.0	-8.3
IT-related goods ⁵	<11.3>	0.8	-17.0	-26.0	35.0	6.2	6.0	9.4	1.2	5.5	5.1
Capital goods and parts ⁶	<27.8>	5.2	-28.1	-26.5	-0.9	7.3	15.4	2.4	6.7	1.9	-0.9
Real exports		1.8	-25.6	-28.9	12.2	11.1	8.9	3.6	0.5	2.9	1.4

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2010/Q1 figures are January figures converted into quarterly amount.

2. Shares of each region and goods in 2009 are shown in angle brackets.

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

4. Excludes motor vehicles.

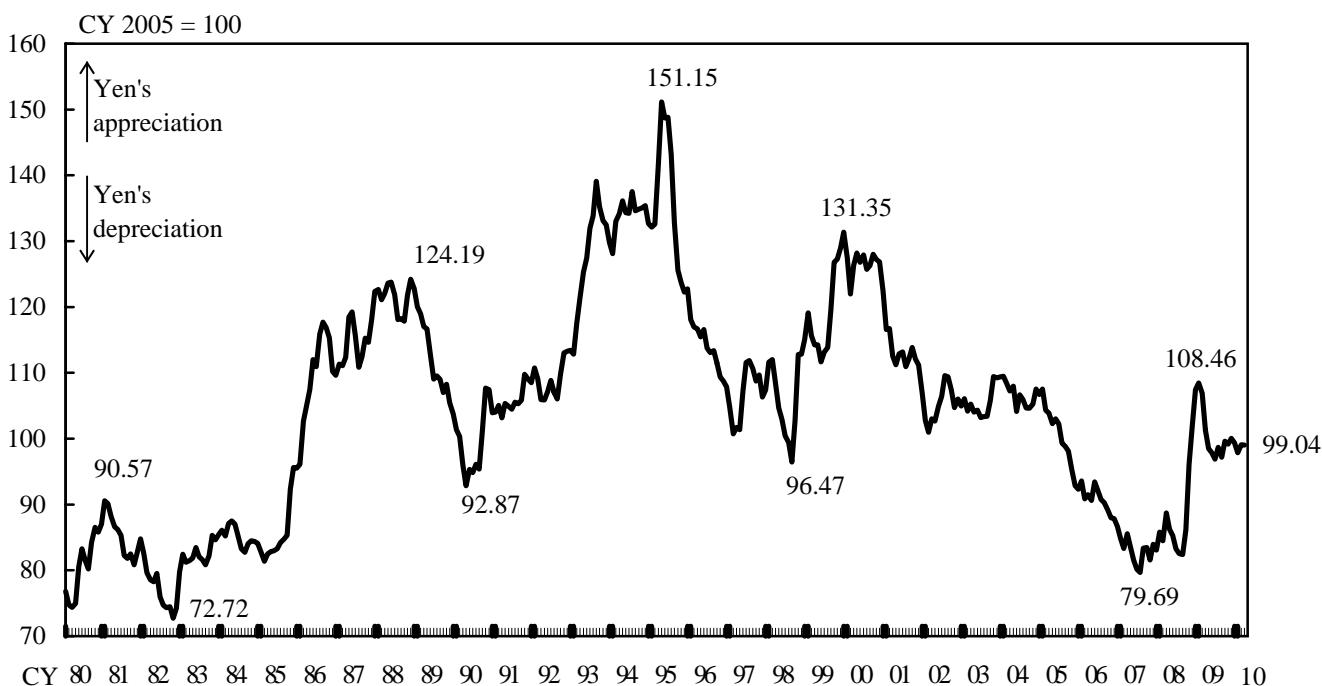
5. IT-related goods are composed of computers and units, telecommunication machinery, ICs, and medical and optical instruments.

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



Notes: 1. Figures are based on the broad indices of the BIS effective exchange rate and prior to 1994 are calculated using the narrow indices.

2. Figure for March is calculated using the average of BOJ's Nominal effective exchange rate (the Yen Index) up to March 15.

(2) Real GDP Growth Rates in Overseas Economies

		CY2007	2008	2009	2009 Q1	Q2	Q3	Q4	
United States ¹		2.1	0.4	-2.4	-6.4	-0.7	2.2	5.9	
European Union ¹		2.9	0.8	-4.2	-9.6	-0.9	1.1	0.5	
	Germany	2.5	1.3	-5.0	-13.4	1.8	2.9	0.0	
	France	2.3	0.3	-2.2	-5.3	1.4	0.7	2.4	
	United Kingdom	2.6	0.5	-5.0	-10.2	-2.5	-1.2	1.1	
East Asia ²	China	13.0	9.6	8.7	6.2	7.9	9.1	10.7	
	NIEs	Korea	5.1	2.2	0.2	-4.2	-2.2	0.9	6.0
		Taiwan	6.0	0.7	-1.9	-9.1	-6.9	-1.0	9.2
		Hong Kong	6.4	2.1	-2.7	-7.5	-3.7	-2.2	2.6
		Singapore	8.2	1.4	-2.0	-9.4	-3.1	0.6	4.0
	ASEAN4	Thailand	4.9	2.5	-2.3	-7.1	-4.9	-2.7	5.8
		Indonesia	6.3	6.0	4.5	4.5	4.1	4.2	5.4
		Malaysia	6.2	4.6	-1.7	-6.2	-3.9	-1.2	4.5
Philippines		7.1	3.8	0.9	0.6	0.8	0.4	1.8	

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 ¹

(1) Breakdown by Region

		y/y % chg.		s.a.; q/q % chg.				s.a.; m/m % chg.			
		CY 2008	2009	2009 Q1	Q2	Q3	Q4	2010 Q1	2009 Nov.	Dec.	2010 Jan.
United States	<10.7>	-2.5	-18.8	-14.4	-7.8	3.9	7.2	3.7	-3.9	5.7	1.3
EU	<10.7>	-3.0	-13.3	-10.5	-2.7	5.0	1.7	4.2	6.0	-2.7	4.2
East Asia	<41.9>	2.4	-13.3	-17.5	0.6	7.7	2.8	7.9	3.2	-0.0	6.8
China	<22.3>	4.4	-11.1	-15.0	-0.7	6.9	3.3	8.1	3.9	2.1	5.3
NIEs	<8.6>	-1.1	-16.0	-20.4	9.6	9.2	1.5	7.0	-1.8	0.3	7.5
Korea	<4.0>	-5.3	-19.2	-20.4	5.8	11.8	-0.9	-3.8	-6.1	1.3	-2.6
Taiwan	<3.3>	3.5	-12.5	-21.9	13.9	9.5	5.0	12.1	3.5	-2.6	12.8
Hong Kong	<0.2>	-1.7	-29.8	-25.6	15.1	-15.7	-7.0	74.3	25.9	8.1	54.5
Singapore	<1.1>	1.5	-12.6	-18.5	13.1	-1.0	7.0	10.7	-7.0	8.0	7.8
ASEAN4 ³	<11.0>	1.4	-15.7	-20.3	-3.3	8.0	2.9	8.4	6.2	-4.7	9.7
Thailand	<2.9>	2.4	-17.5	-21.8	-0.3	10.5	6.3	4.5	7.3	-4.8	5.6
Others	<36.6>	2.4	-15.3	-18.2	-3.7	8.5	1.1	3.1	7.8	-1.9	1.9
Real imports		0.4	-14.6	-17.6	-1.6	8.1	2.2	3.7	5.0	-0.1	2.1

(2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.				s.a.; m/m % chg.			
		CY 2008	2009	2009 Q1	Q2	Q3	Q4	2010 Q1	2009 Nov.	Dec.	2010 Jan.
Raw materials ⁴	<34.1>	1.5	-16.7	-19.5	-5.1	10.9	-0.9	3.9	8.2	-0.7	1.8
Intermediate goods	<14.2>	1.7	-15.4	-19.3	-7.9	13.0	3.6	6.0	3.8	-2.1	6.1
Foodstuffs	<9.7>	-3.6	0.9	-2.9	-5.0	0.5	-5.1	1.5	-6.0	2.4	1.9
Consumer goods ⁵	<8.9>	-2.4	-10.6	-16.3	3.3	7.5	6.8	2.0	11.9	2.1	-2.9
IT-related goods ⁶	<11.0>	4.3	-12.3	-16.9	12.2	4.0	3.7	13.4	2.3	-4.8	16.3
Capital goods and parts ⁷	<11.9>	2.9	-23.9	-18.7	-6.3	6.2	13.0	0.9	-0.7	10.1	-5.1
Excluding aircraft	<11.0>	3.7	-24.4	-23.7	-1.3	5.6	8.2	4.6	10.0	-1.8	2.7
Real imports		0.4	-14.6	-17.6	-1.6	8.1	2.2	3.7	5.0	-0.1	2.1

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2010/Q1 figures are January figures converted into quarterly amount.

2. Shares of each region and goods in 2009 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.

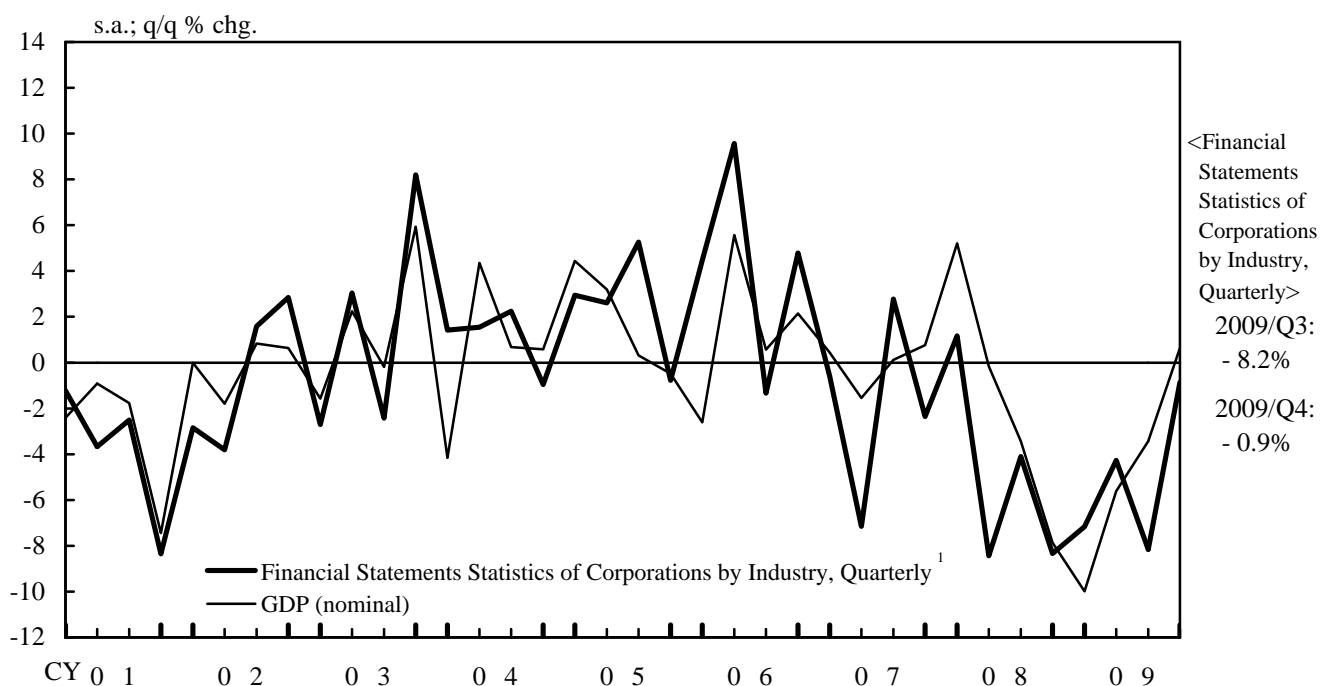
6. IT-related goods are composed of computers and units, parts of computer, telecommunication machinery, ICs, and medical and optical instruments.

7. Excludes IT-related goods.

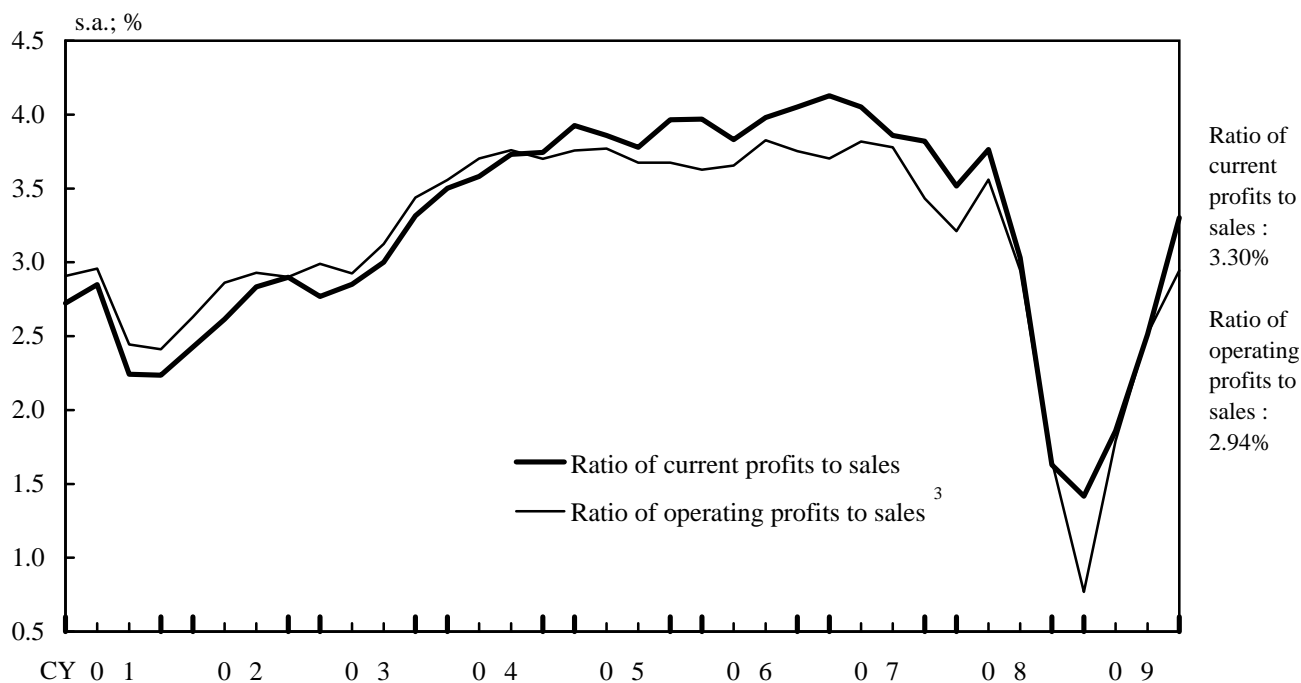
Sources: Ministry of Finance, "Trade Statistics"; Bank of Japan, "Corporate Goods Price Index."

Business Fixed Investment and Corporate Profits

(1) Business Fixed Investment



(2) Corporate Profits (Ratio of Profits to Sales)^{1,2}

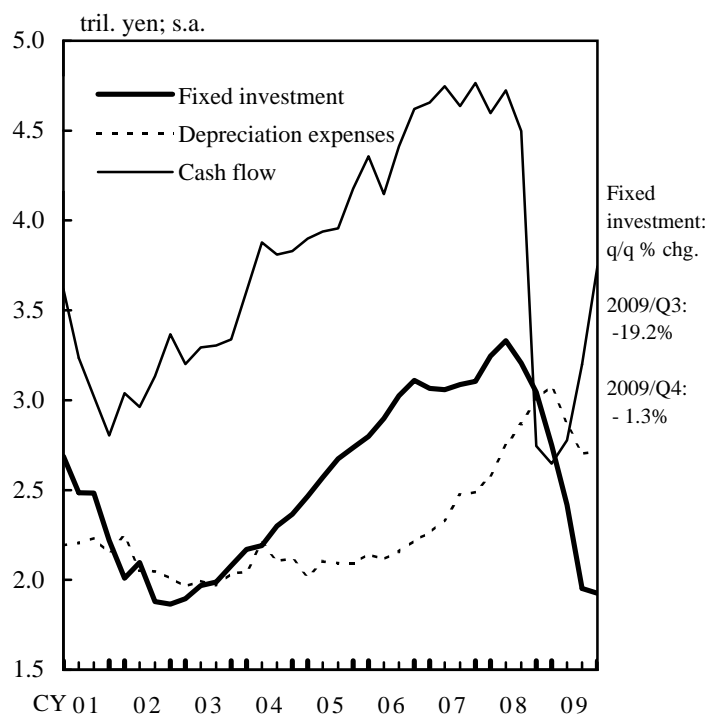


Notes: 1. All enterprises excluding Finance and Insurance.
2. Based on the "Financial Statements Statistics of Corporations by Industry, Quarterly."
3. Figures are seasonally adjusted by X-12-ARIMA.

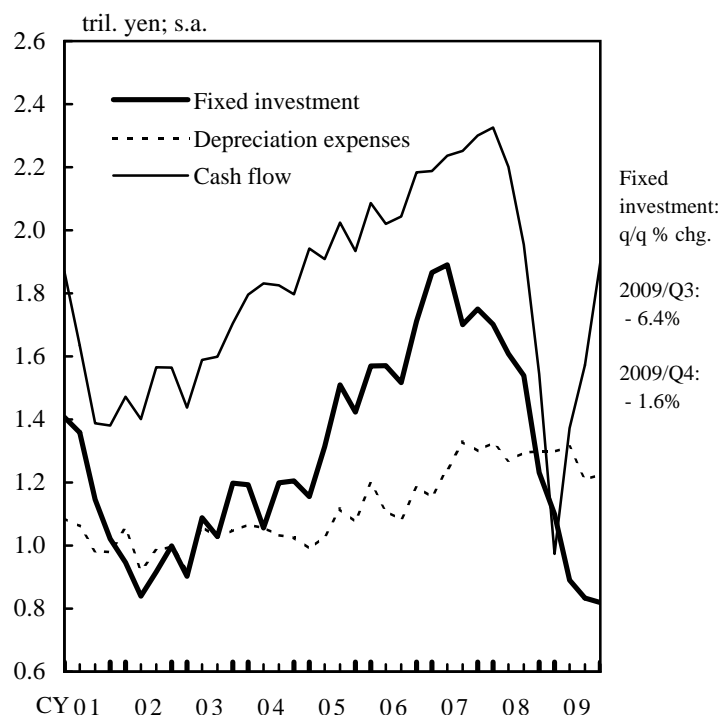
Sources: Cabinet Office, "National Accounts"; Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

Business Fixed Investment by Industry and Size

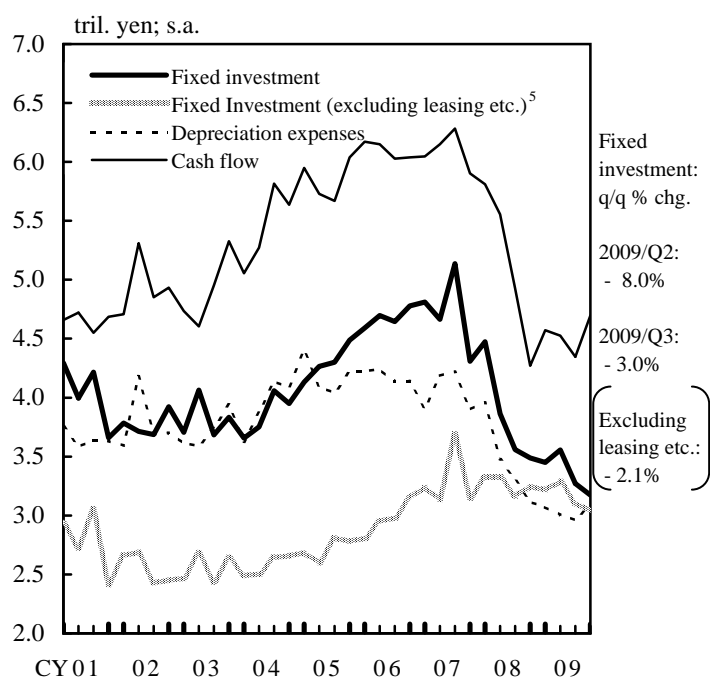
(1) Large Manufacturing Firms



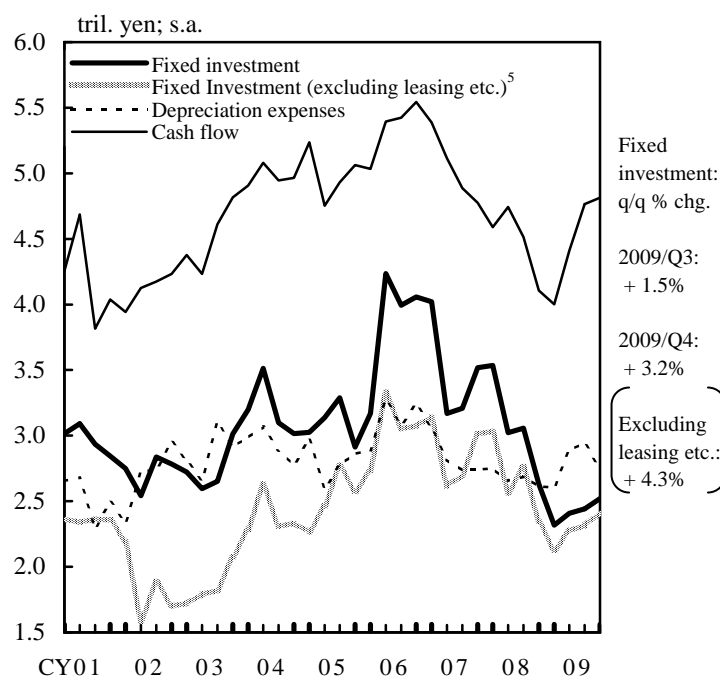
(2) Medium-Sized and Small Manufacturing Firms



(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.

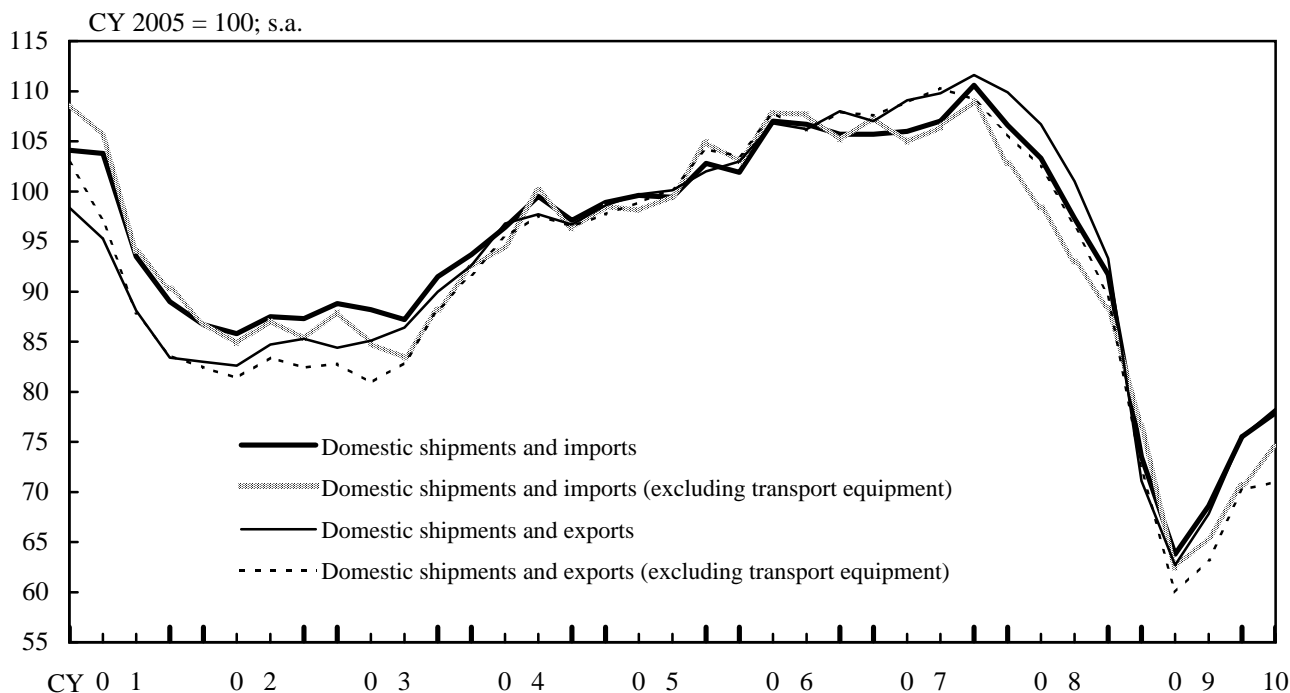
4. Excluding Finance and Insurance.

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."

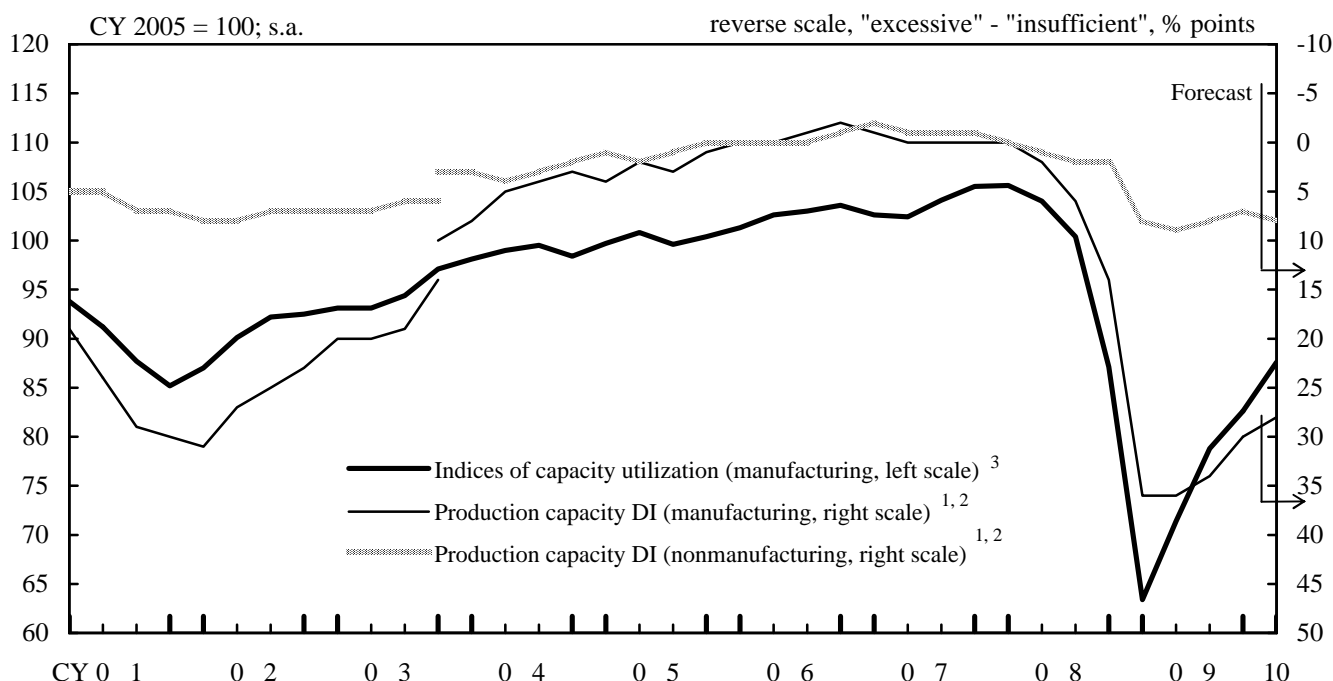
Coincident Indicators for Business Fixed Investment

(1) Aggregate Supply and Shipments of Capital Goods



Note: Figures for 2010/Q1 are those of January.

(2) Indices of Capacity Utilization and Production Capacity DI



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

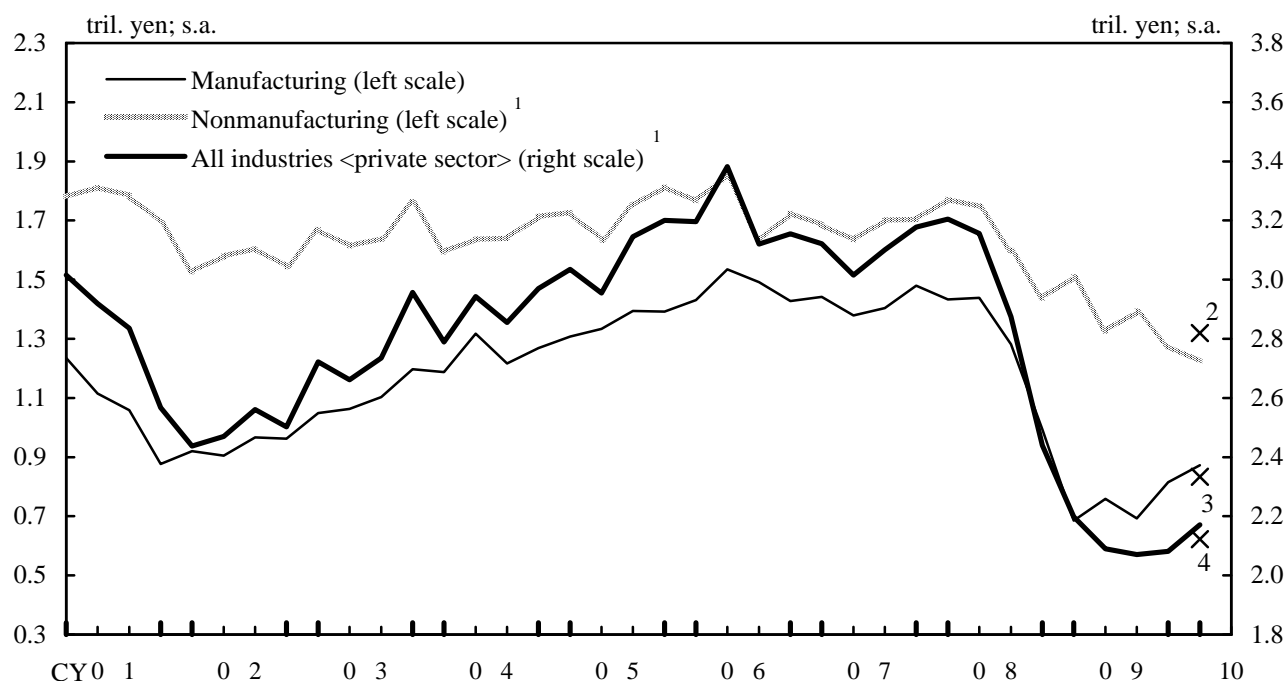
2. The *Tankan* has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on a new basis.

3. The figure for 2010/Q1 is that of January.

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.

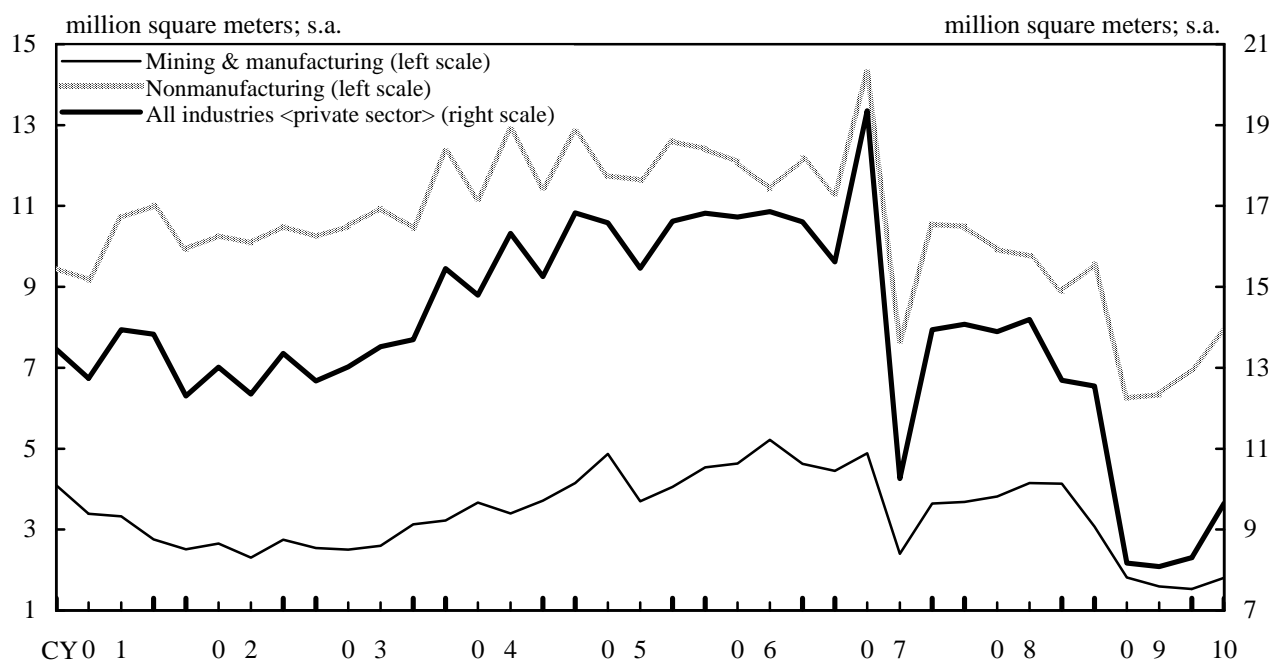
2. Forecast of nonmanufacturing industries for 2010/Q1.

3. Forecast of manufacturing industries for 2010/Q1.

4. Forecast of all industries <private sector> for 2010/Q1.

5. Figures for 2010/Q1 are those of January in terms of quarterly amount.

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



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

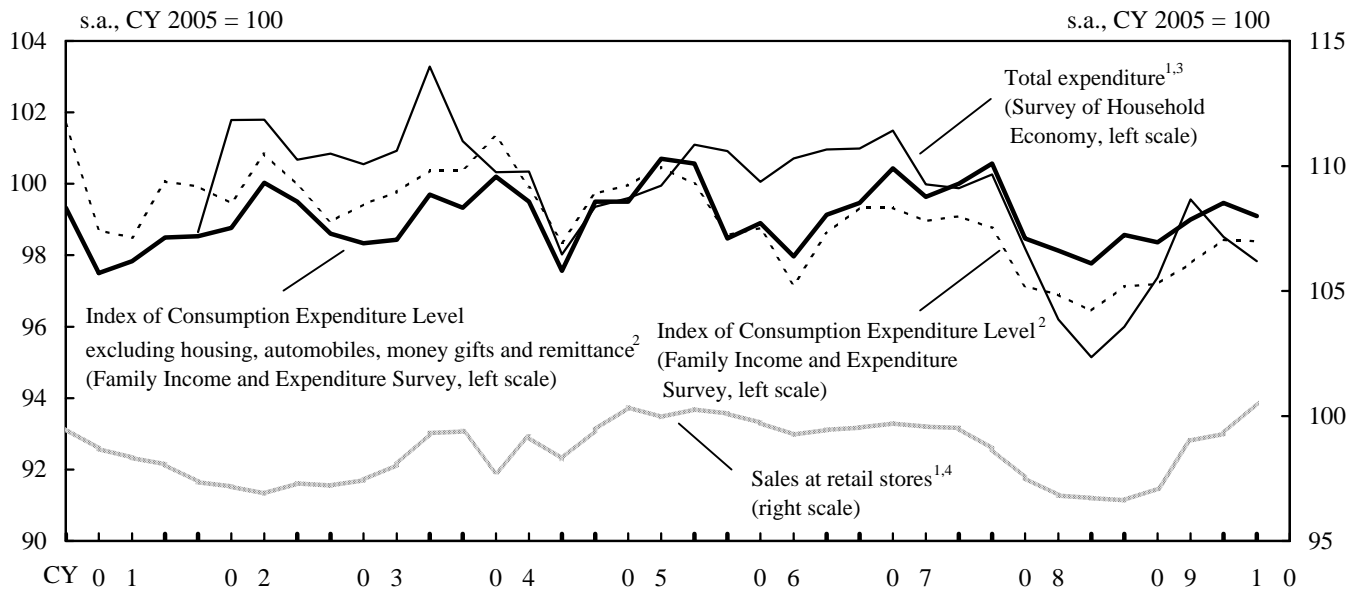
2. Because the Standard Industrial Classification for Japan was revised in March 2002, the industry classification for newspaper publishing and publishing business was changed from mining and manufacturing to nonmanufacturing. Accordingly, the data up to FY 2002 were adjusted by using a link coefficient.

3. Figures for 2010/Q1 are those of January in terms of quarterly amount.

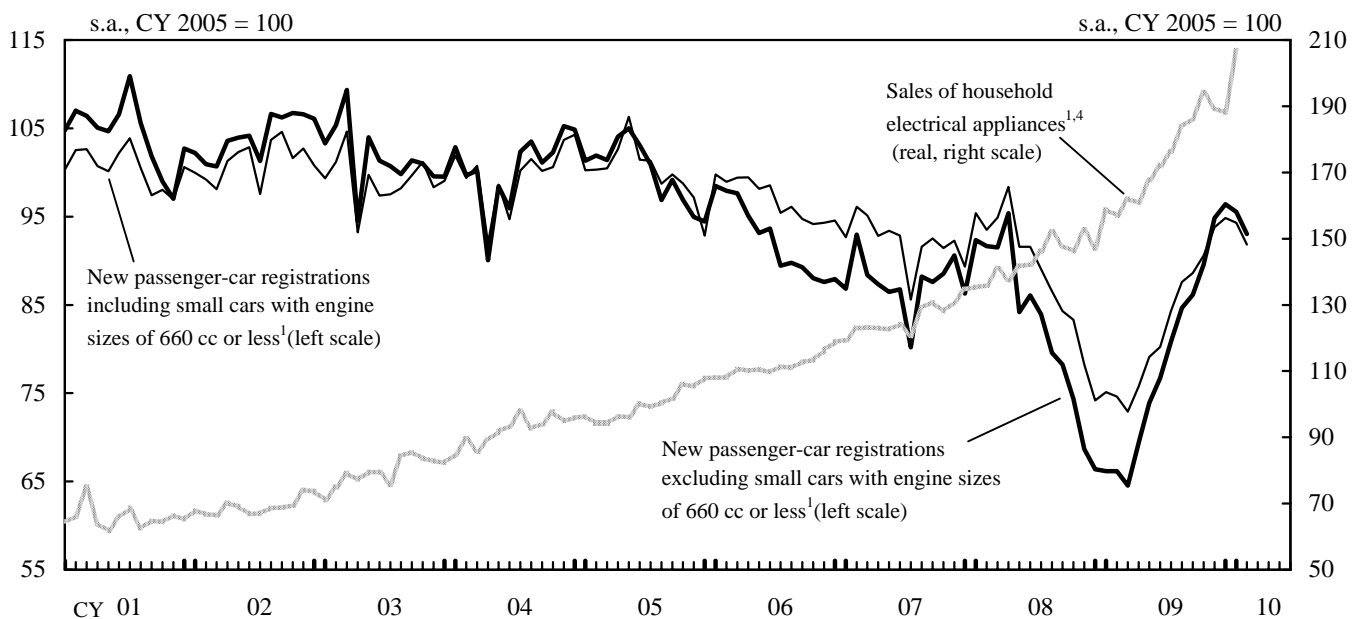
Sources: Cabinet Office, "Orders Received for Machinery";

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

Indicators for Private Consumption (1)

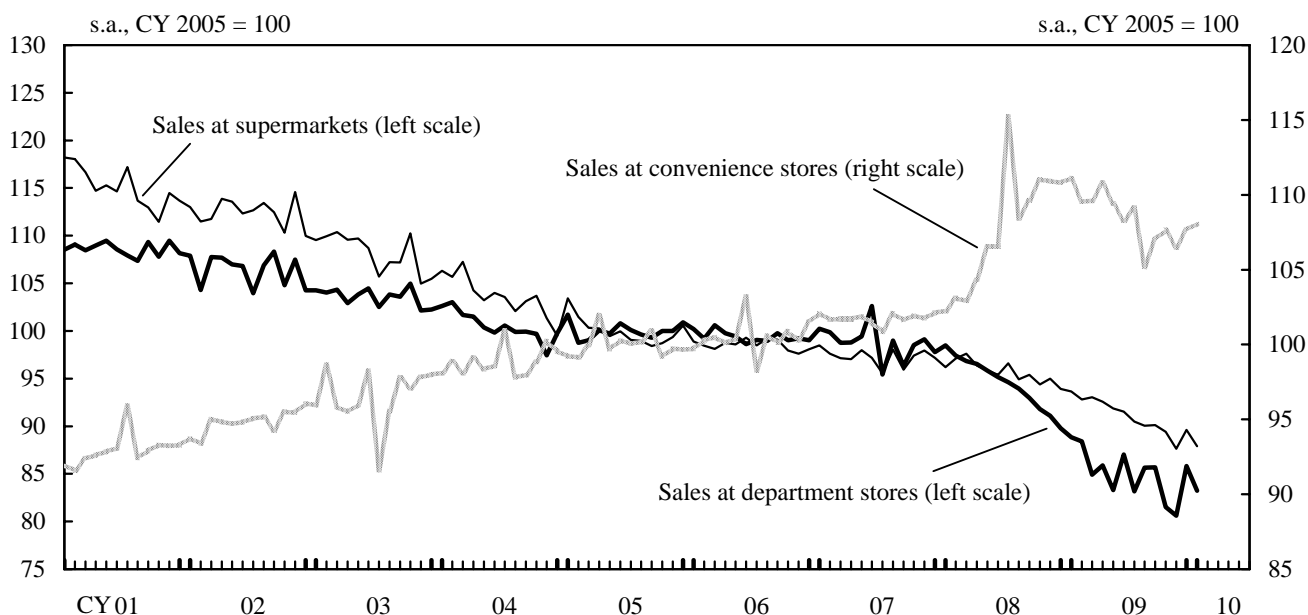
(1) Household Spending (Real)⁵

(2) Sales of Durable Goods

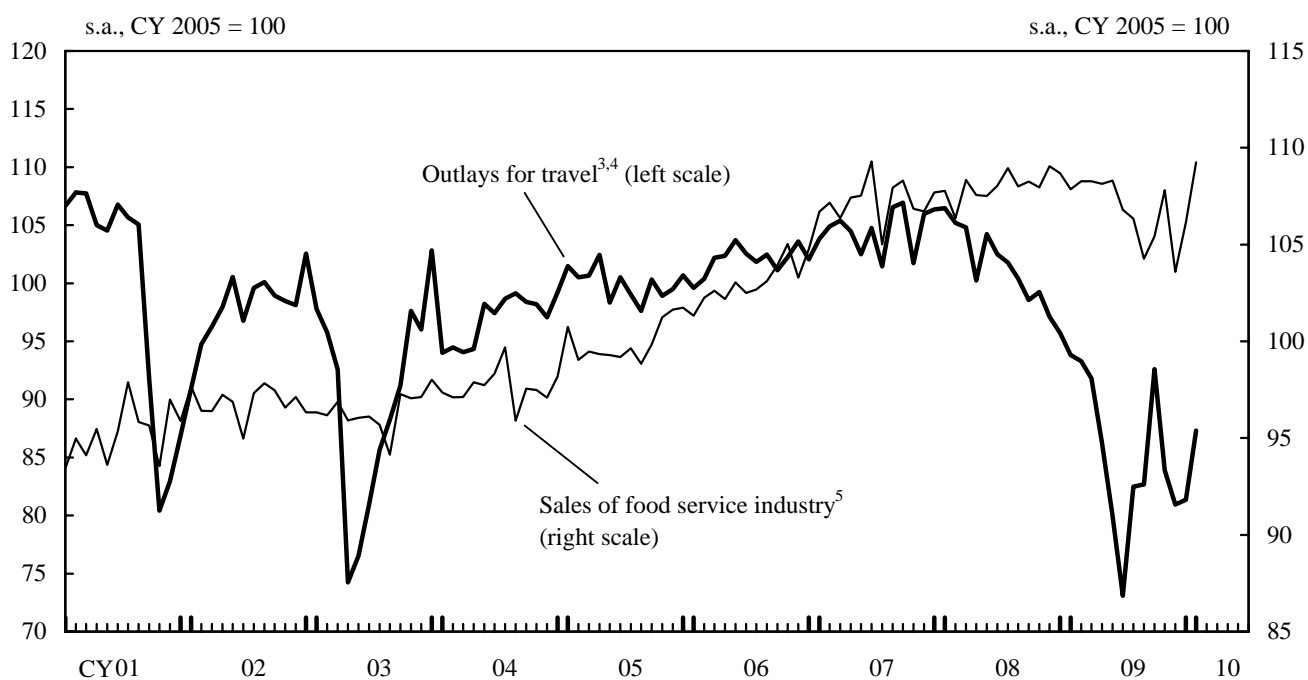


- Notes: 1. Total expenditure, Sales at retail stores, Sales of household electrical appliances and New passenger-car registrations are seasonally adjusted by X-12-ARIMA.
2. Index of consumption expenditure level is based on two-or-more-person households, and is adjusted by the distribution of household 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 2010/Q1 are those of January 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 Consumption¹ (2)(1) Sales at Retail Stores (Nominal)²

(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";

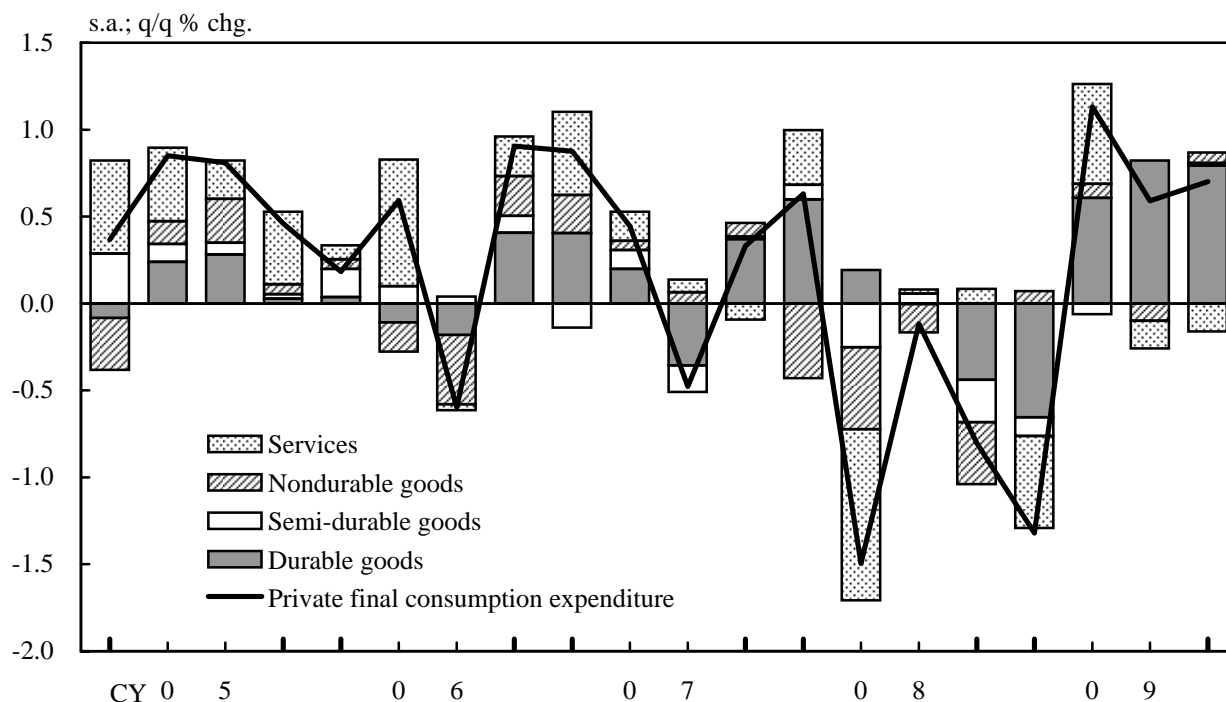
Japan Tourism Agency, "Major Travel Agents' Revenue";

Food Service Industry Survey & Research Center, "Getsuji Uriage Doukou Chousa (Monthly Survey of Food Service Sales)";

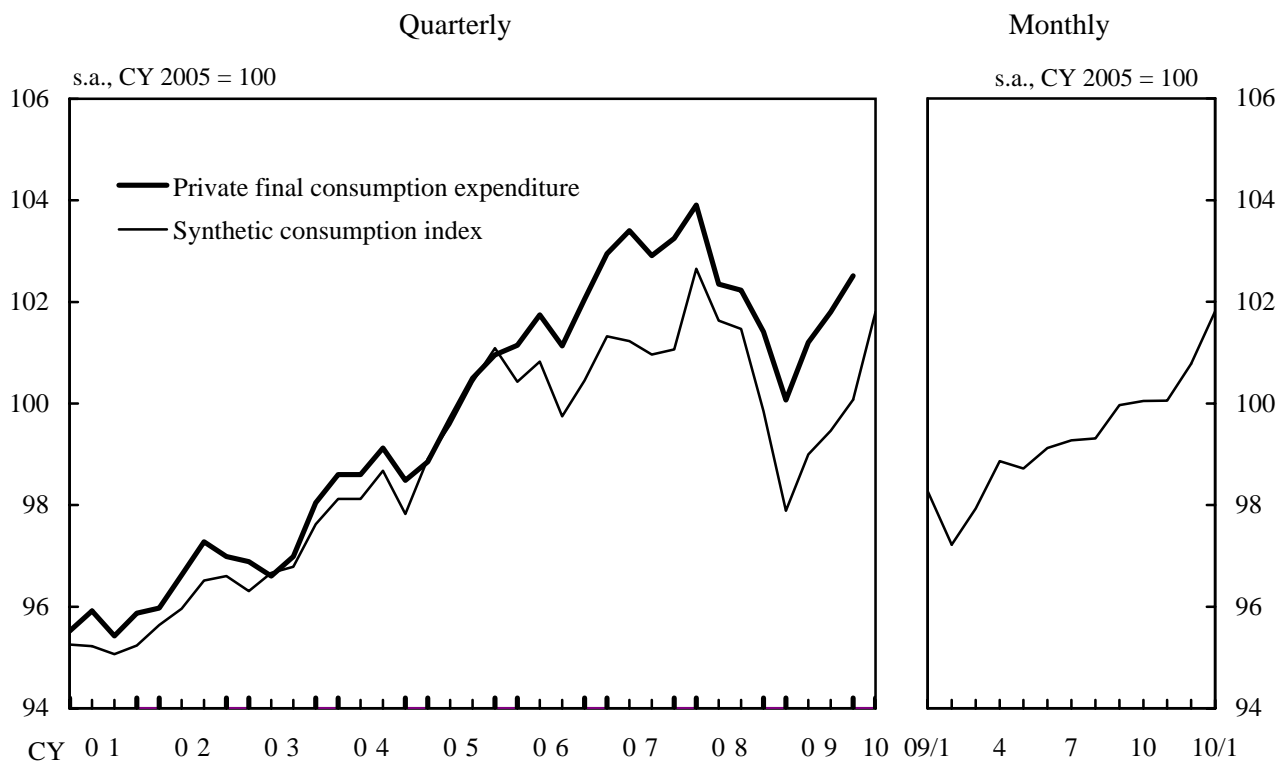
Japan Food Service Association, "Gaishoku Sangyou Shijou Doukou Chousa (Research on the Food Service Industry)."

Indicators for Private Consumption (3)

(1) Breakdown of Private Final Consumption Expenditure (Real)



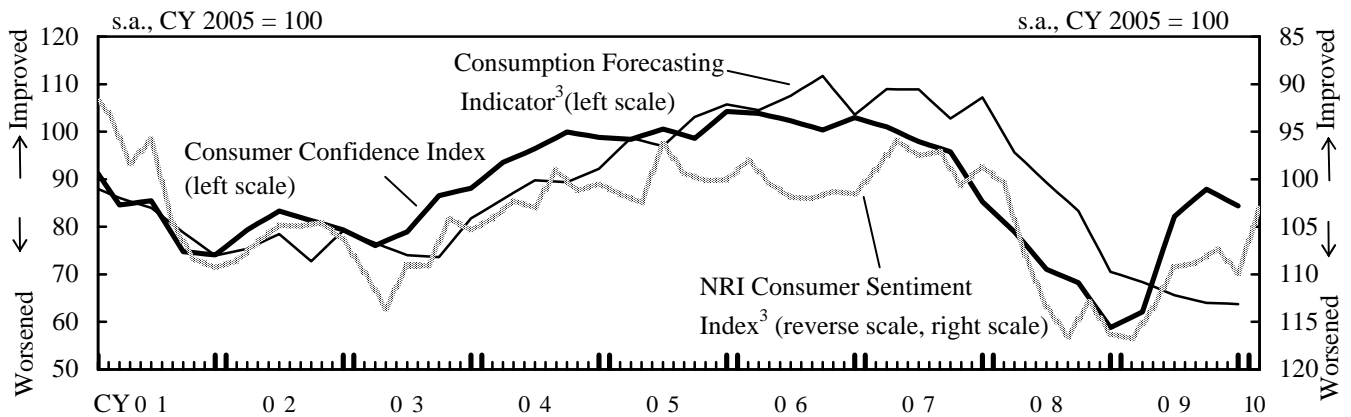
(2) Private Final Consumption Expenditure and Synthetic Consumption Index (Real)



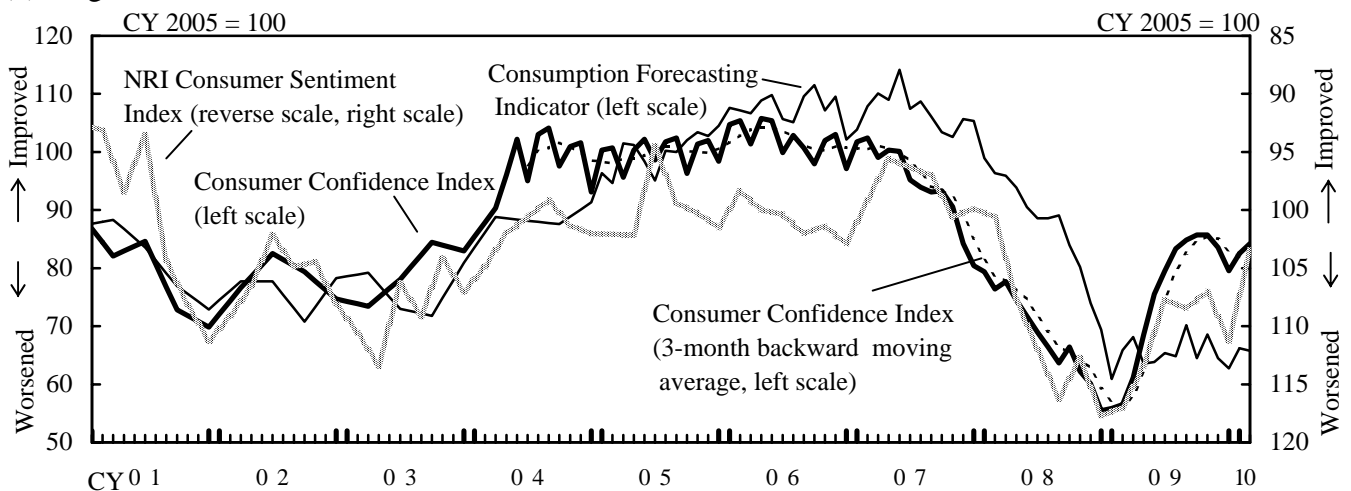
Note: The figure of synthetic consumption index for 2010/Q1 is that of January in terms of quarterly amount.
 Sources: Cabinet Office, "National Accounts," "Synthetic Consumption Index."

Consumer Confidence^{1,2}

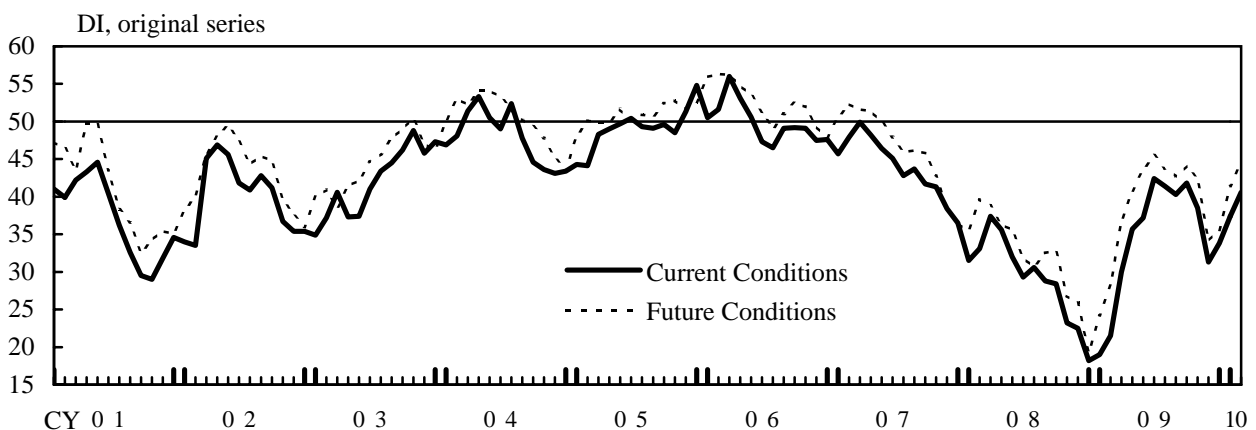
(1) Seasonally Adjusted Series



(2) Original Series



Reference: Economy Watchers Survey (Household Activity)

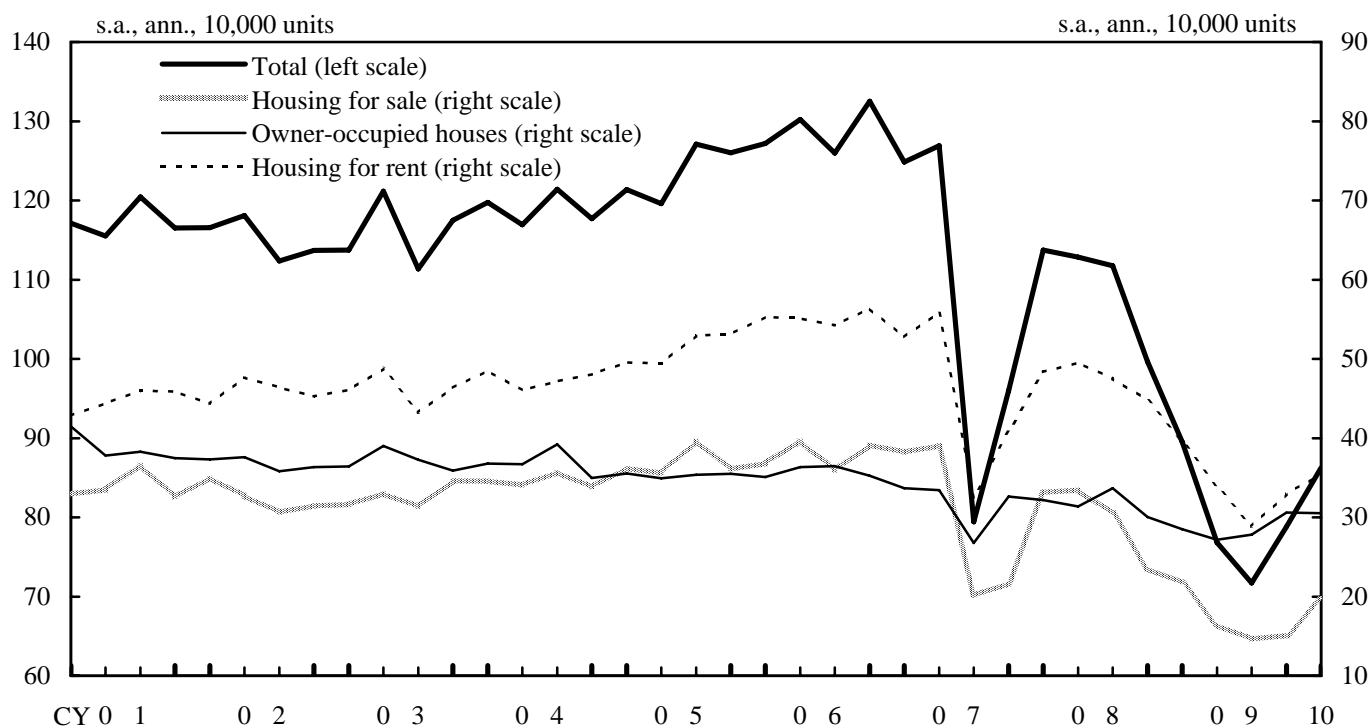


- Notes: 1. The Consumer Confidence Index (with about 4,700 samples on a nationwide basis), Consumption Forecasting Indicator (with 600 samples in the metropolitan area), and NRI Consumer Sentiment Index (with 1,200 samples on a nationwide basis) are based on surveys on consumer confidence.
2. Figures 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."

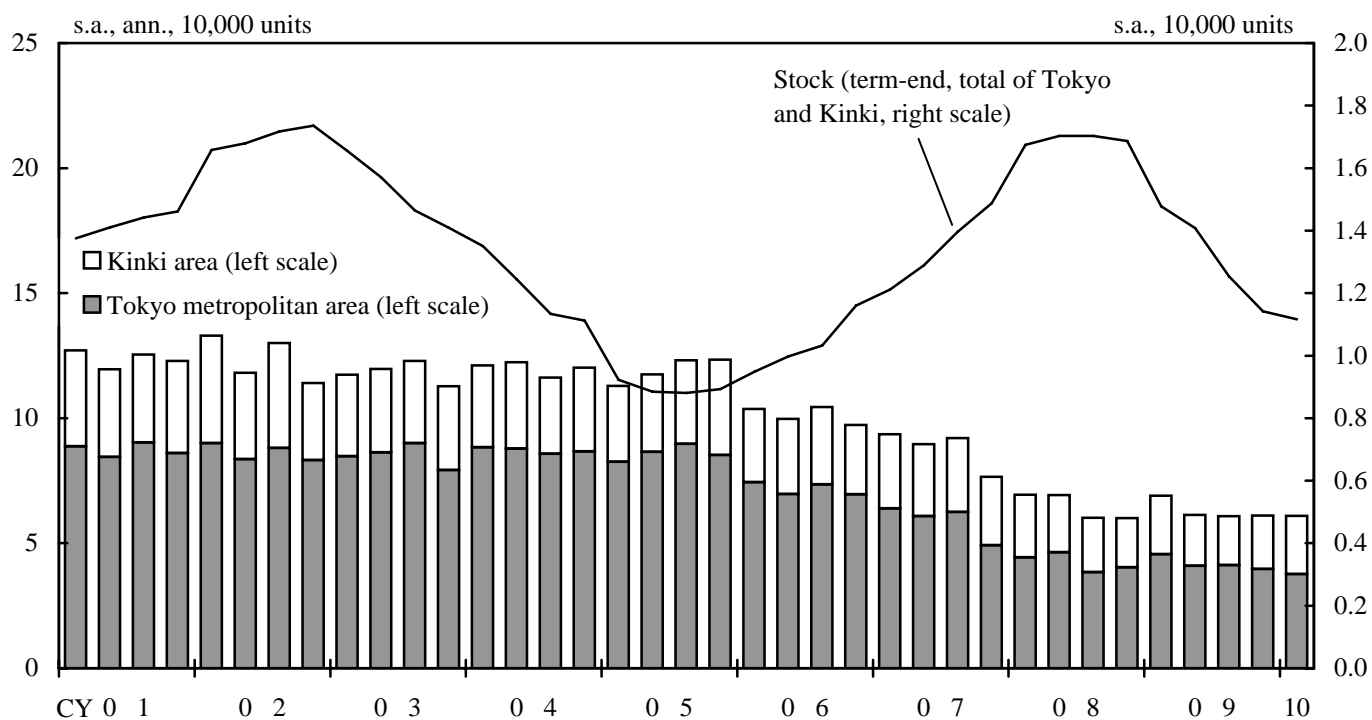
Indicators for Housing Investment

(1) Housing Starts



Note: Figures for 2010/Q1 are those of January.

(2) Sales of Apartments



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

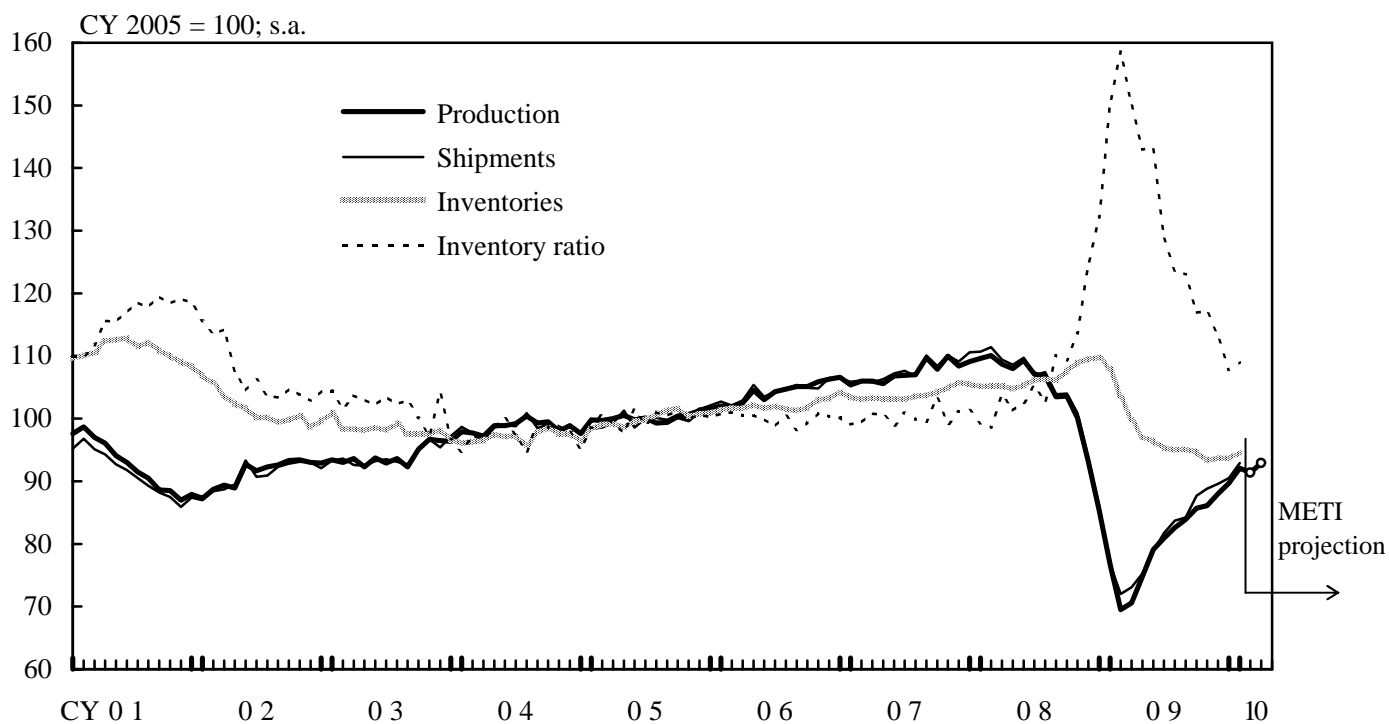
2. Figures of total apartments sales for 2010/Q1 are those of January-February averages.

Term-end stocks for 2010/Q1 are those of February.

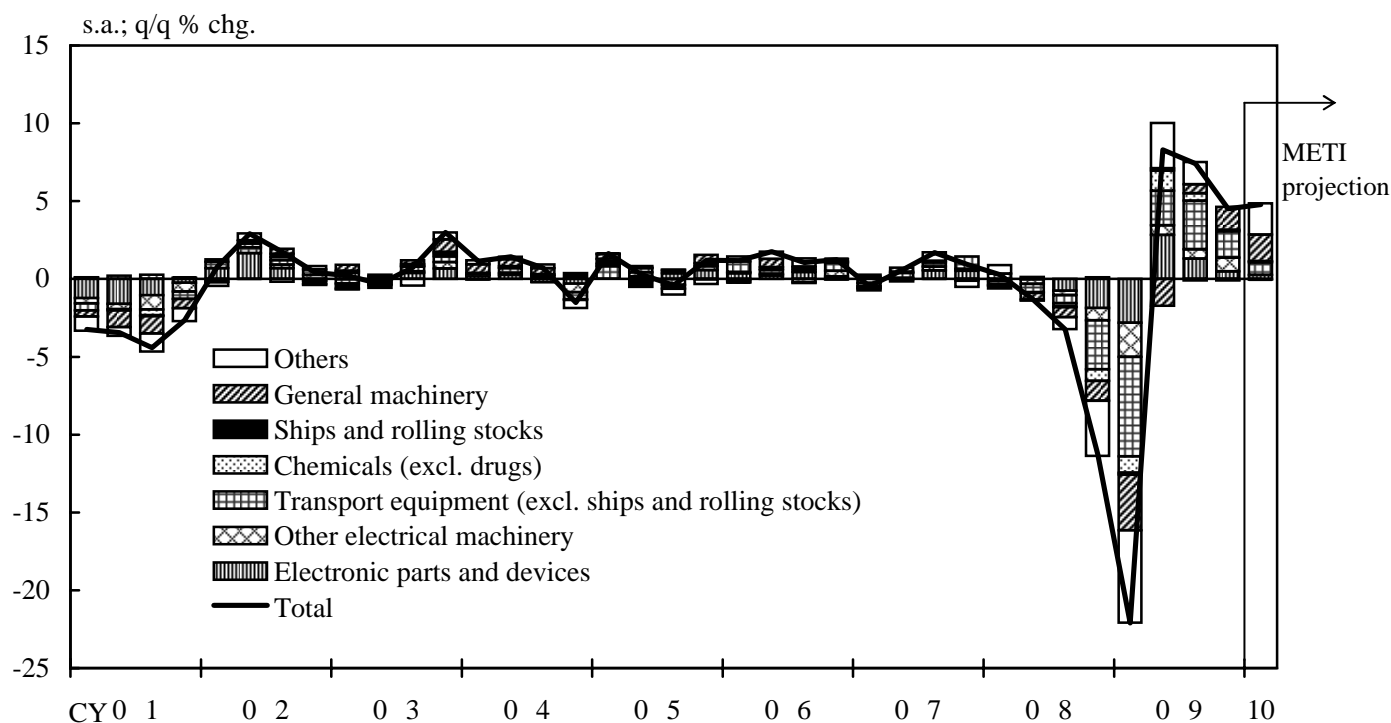
Source: Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts," etc.

Production, Shipments and Inventories

(1) Production, Shipments and Inventories



(2) Production by Industry

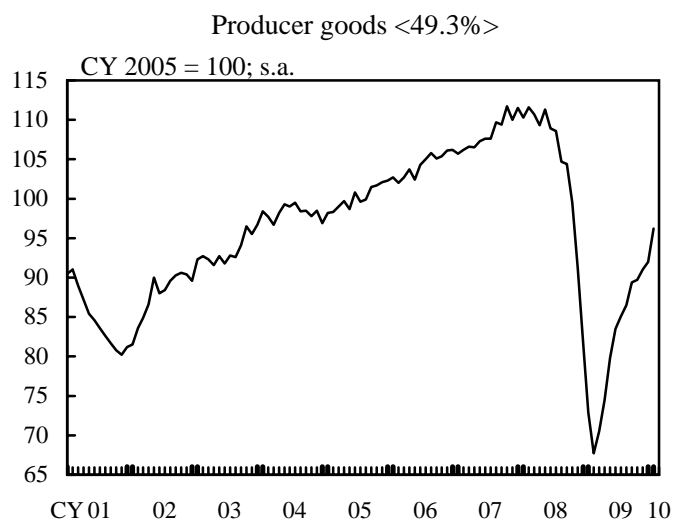
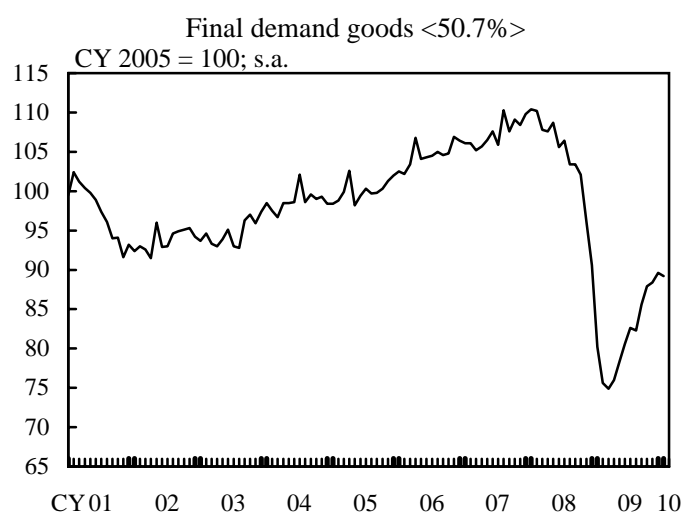


- Notes: 1. "Other electrical machinery" is the weighted sum of "electrical machinery" and "information and communication electronics equipment."
 2. Figures up to 2003/Q1 are on the 2000 base.
 3. 2010/Q1 figures are based on the actual production level in January, and the METI projection of February and March.

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

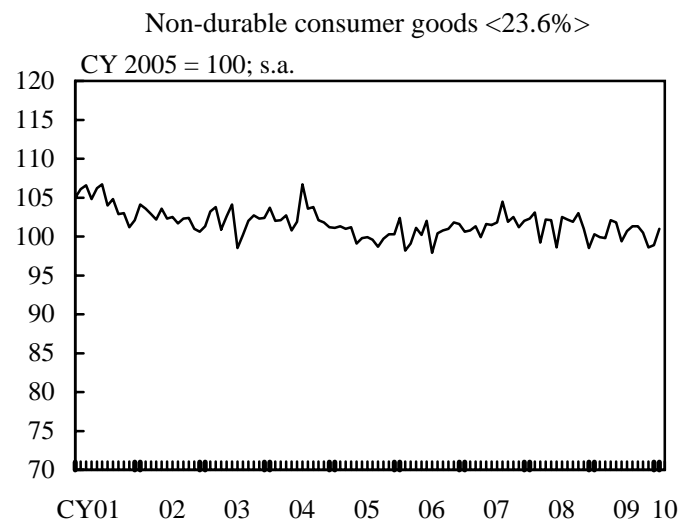
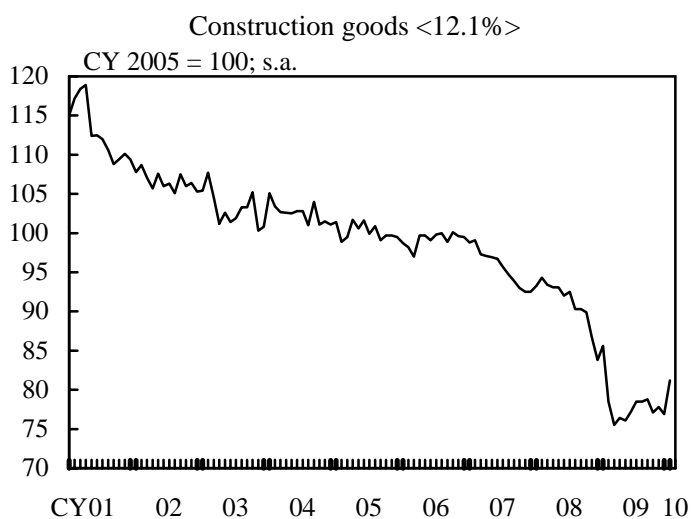
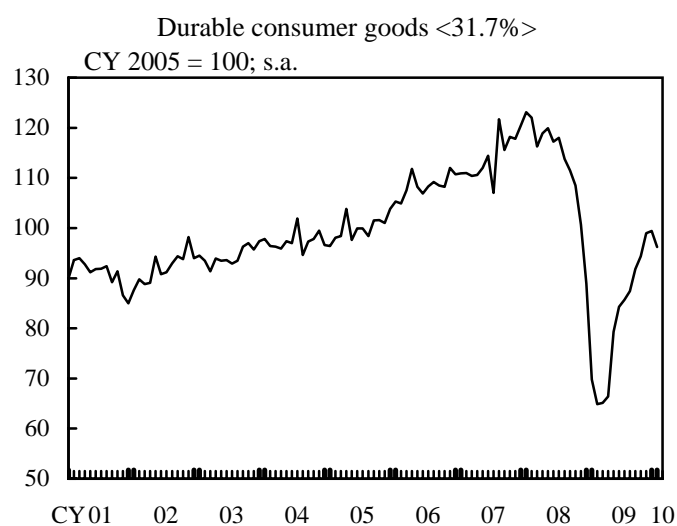
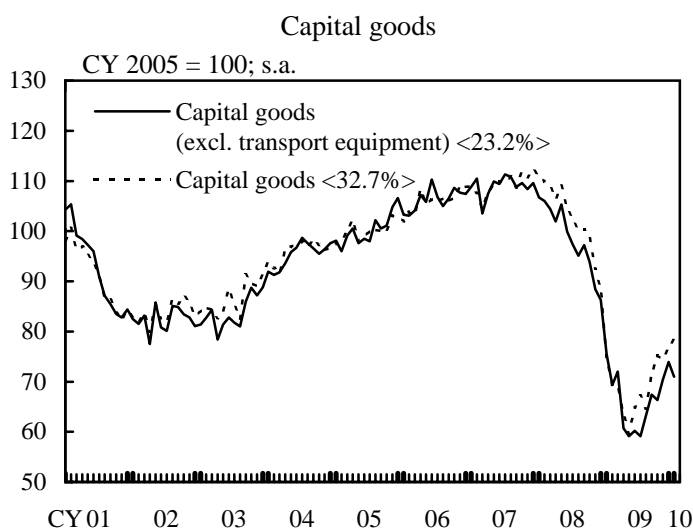
Shipments Breakdown by Type of Goods

(1) Final Demand Goods and Producer Goods



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

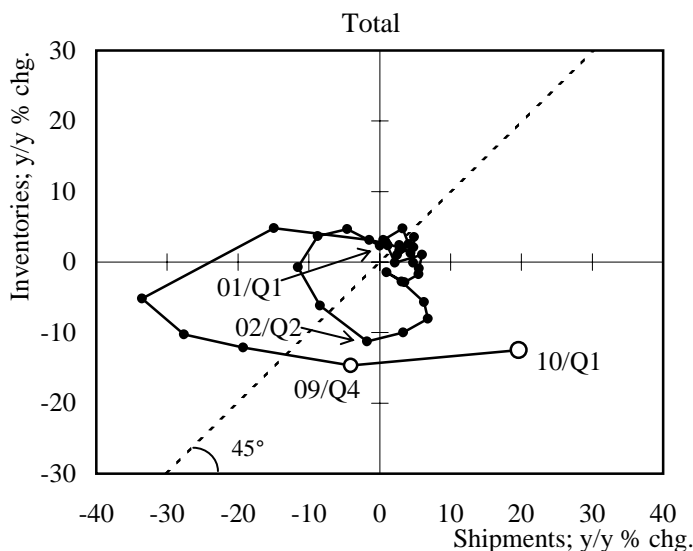
(2) Breakdown of Final Demand Goods



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

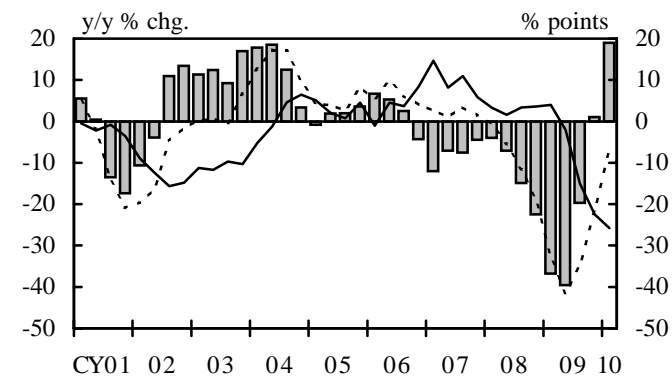
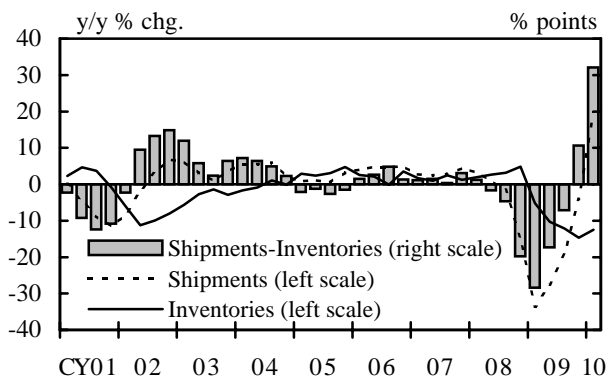
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Inventory Cycle



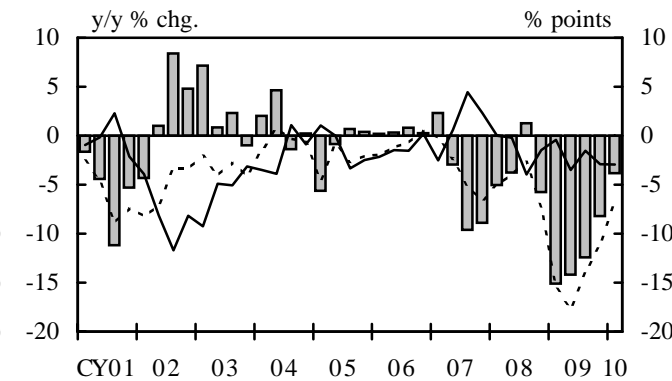
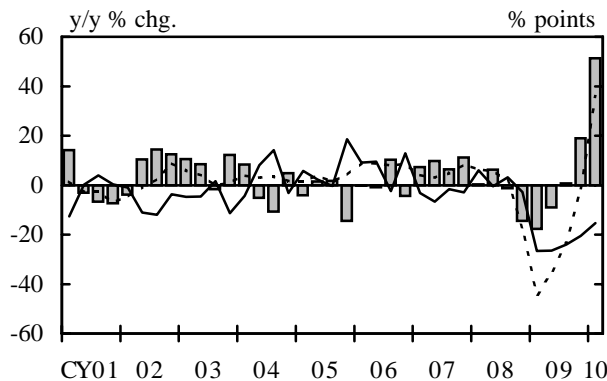
(1) Total

(2) Capital Goods (Excluding Transport Equipment)



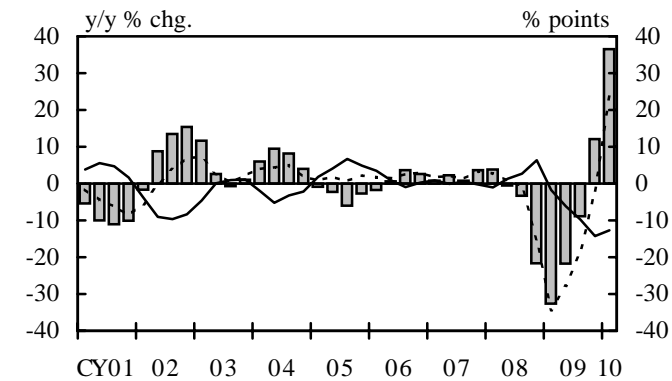
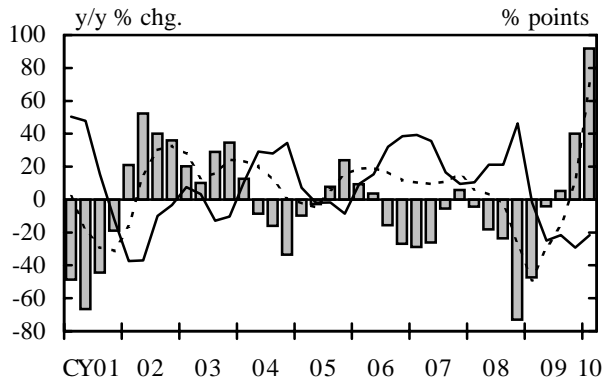
(3) Durable Consumer Goods

(4) Construction Goods



(5) Electronic Parts and Devices

(6) Producer Goods Excluding Electronic Parts and Devices

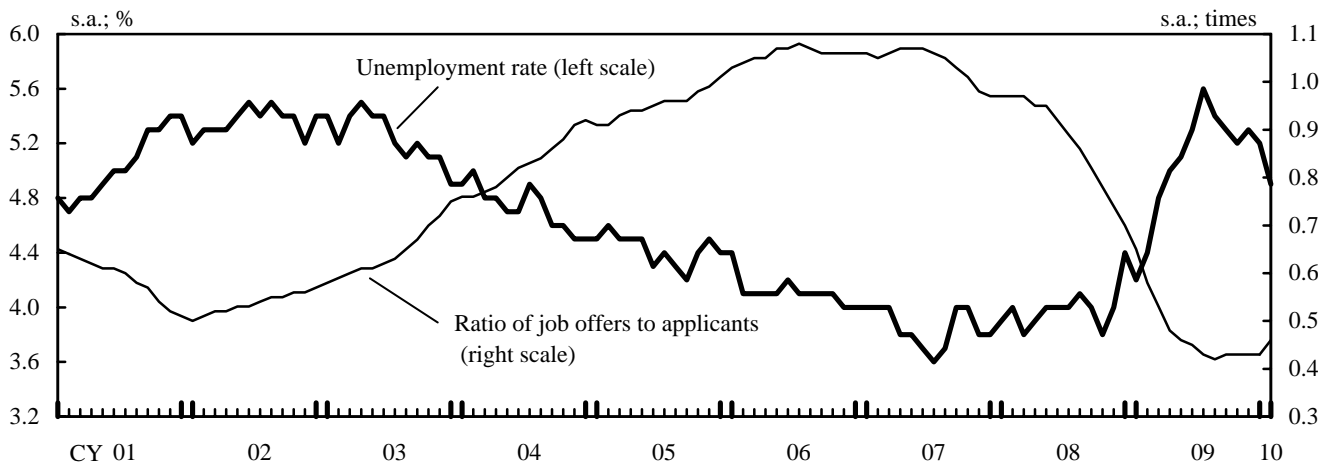


Note: Figures for 2010/Q1 are those of January.

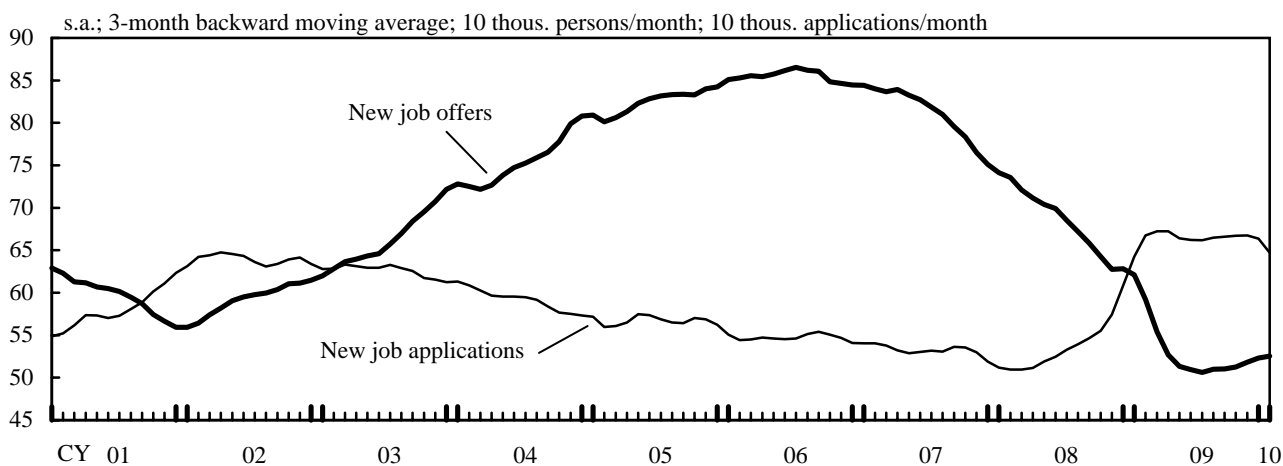
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Labor Market (1)

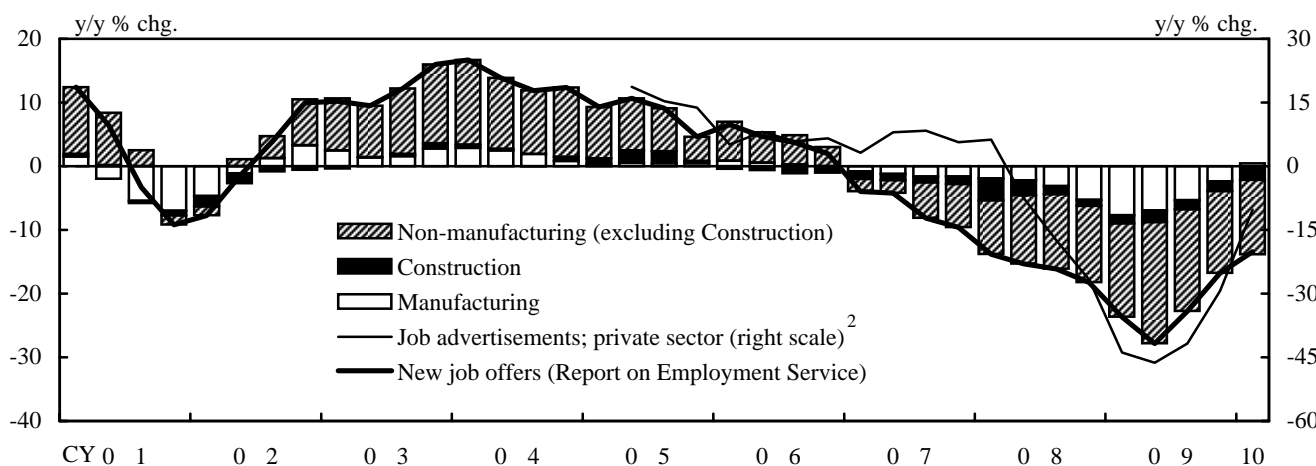
(1) Unemployment Rate and Ratio of Job Offers to Applicants



(2) New Job Offers and New Job Applicants¹



(3) Breakdown of Job Offers^{1,3}

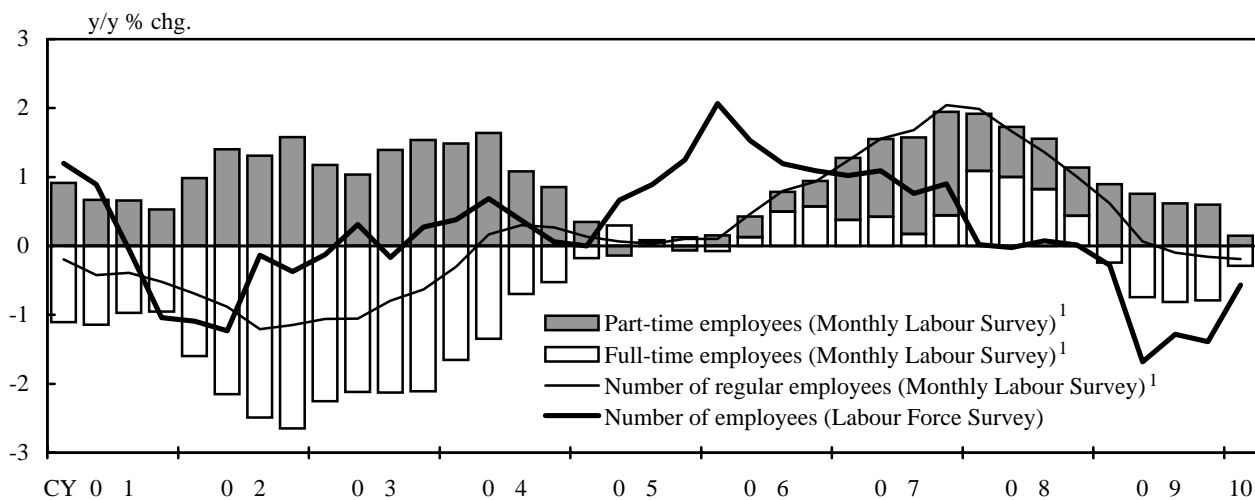


- Notes: 1. Figures do not include jobs offered to new graduates, but include those offered to part-time workers.
 2. Figures are the sum of job advertisements listed in free/paid job information magazines, newspaper inserts and job information websites provided by member companies of the Association.
 3. Figures for 2010/Q1 are those of January.

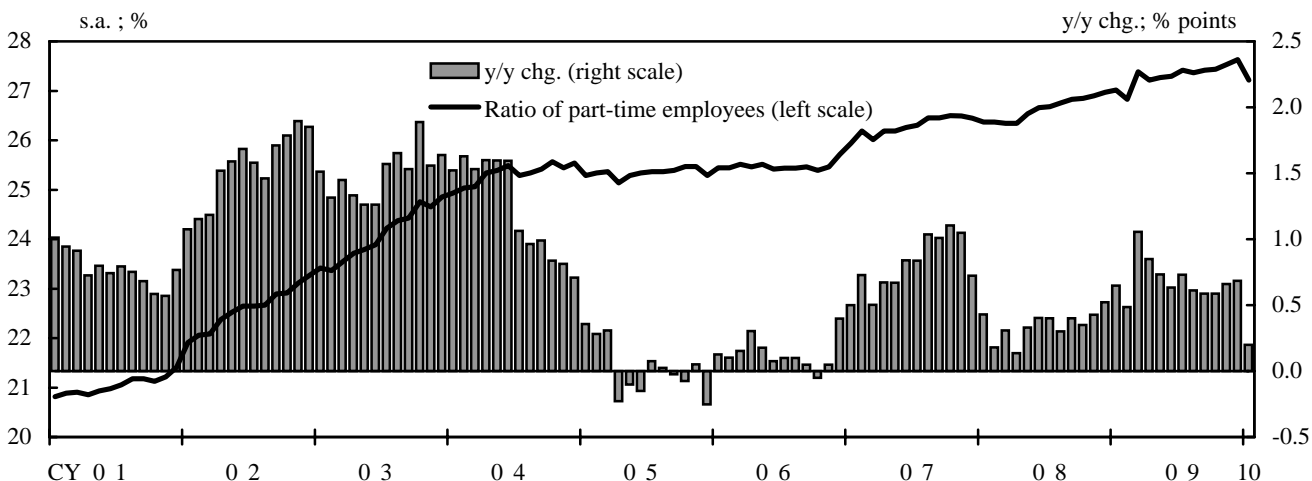
Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service";
 Ministry of Internal Affairs and Communications, "Labour Force Survey";
 Association of Job Information of Japan, "Kyujin Koukoku Keisaiensu (Survey of Job Advertisements)."

Labor Market (2)

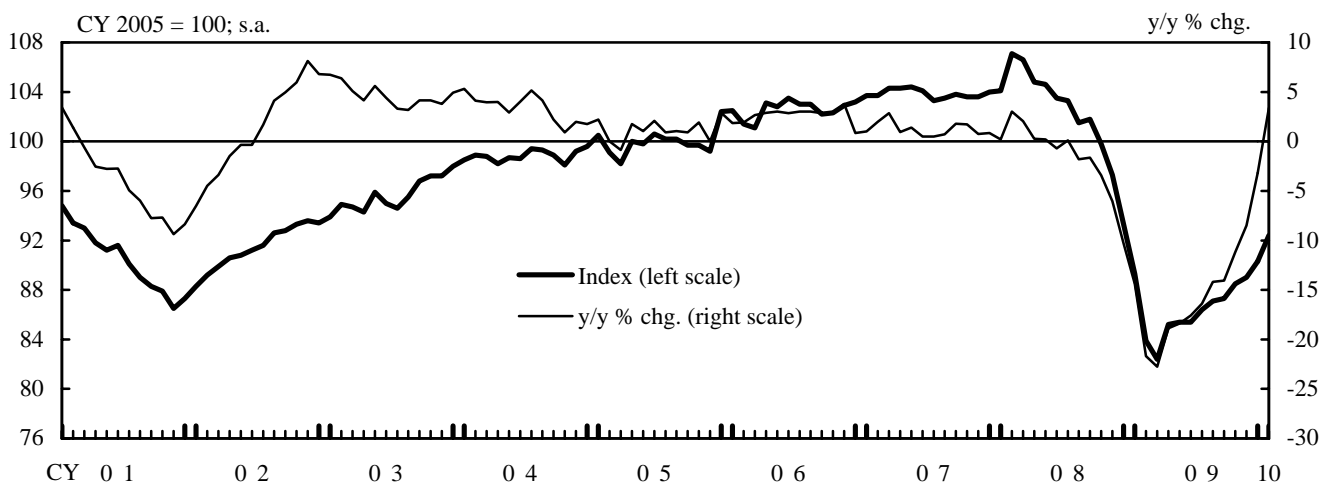
(1) Number of Employees³



(2) Ratio of Part-Time Employees^{1,2}



(3) Non Scheduled Hours Worked¹



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

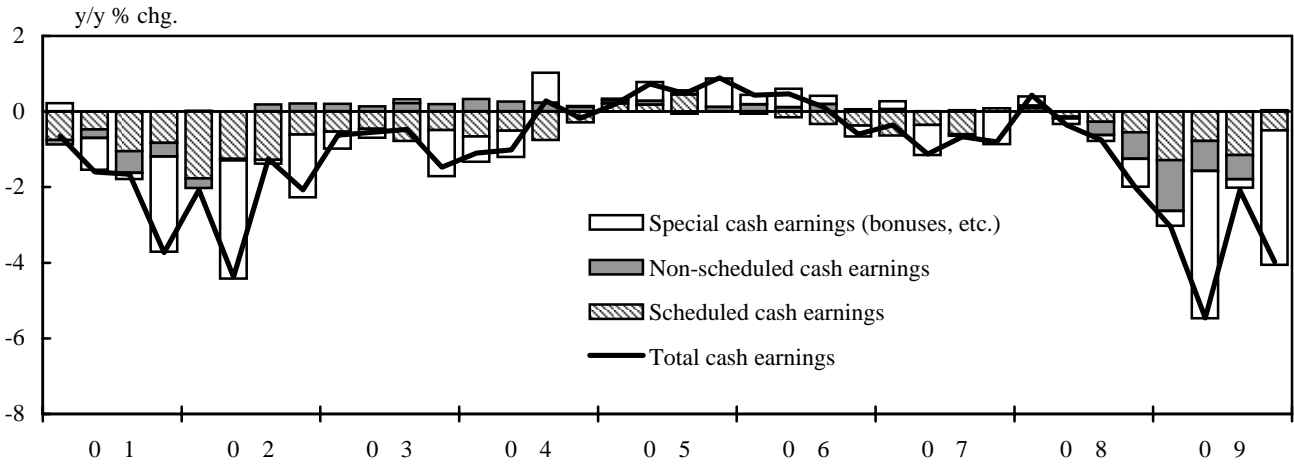
2. The ratio of part-time employees is calculated as the number of part-time employees divided by the number of regular employees times 100.

3. Figures for 2010/Q1 are those of January.

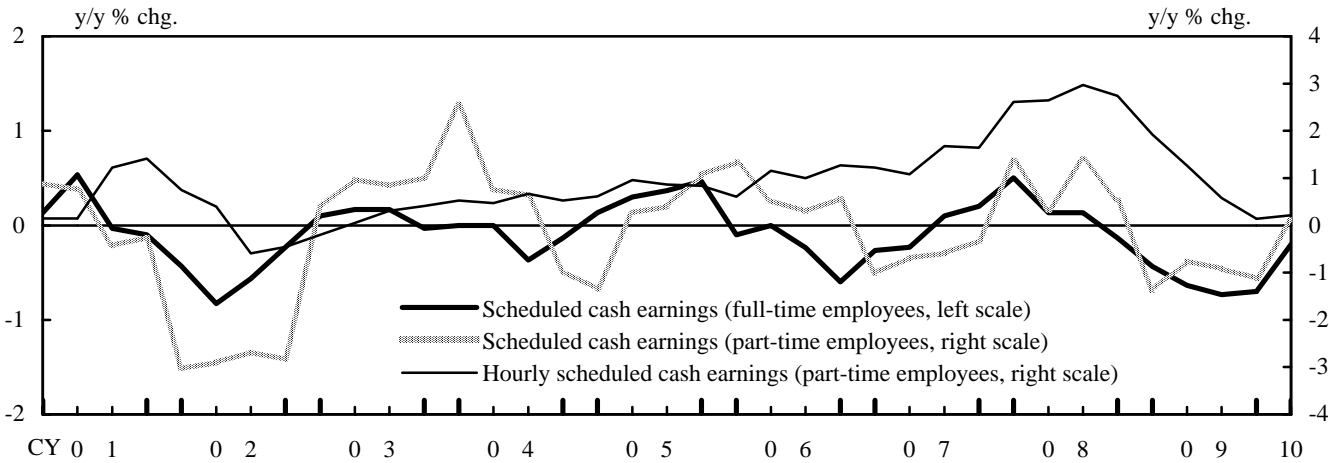
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";
Ministry of Internal Affairs and Communications, "Labour Force Survey."

Employee Income

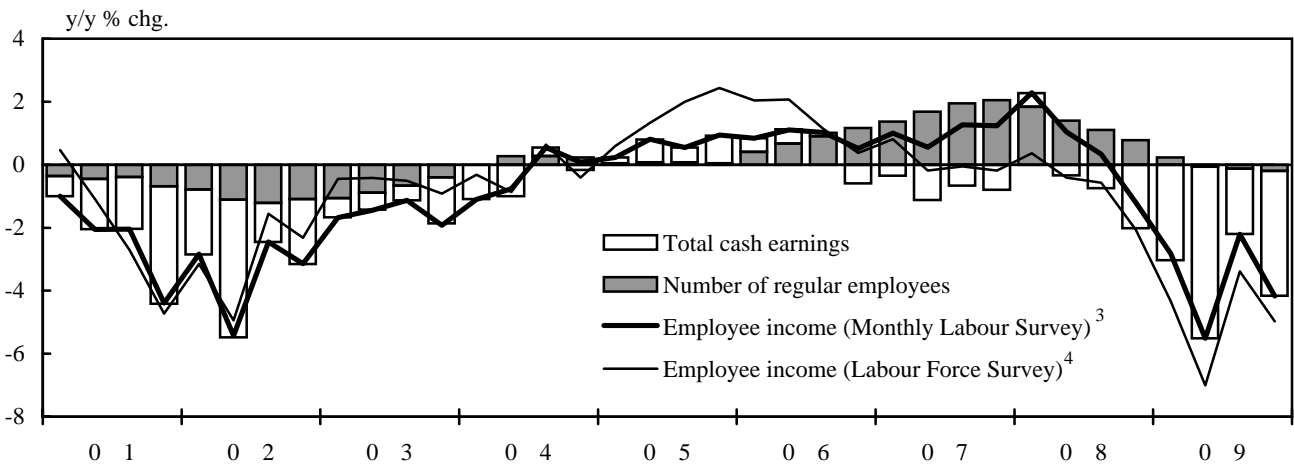
(1) Breakdown of Total Cash Earnings^{1,2,5}



(2) Scheduled Cash Earnings^{1,6}



(3) Breakdown of Employee Income^{1,2,5}

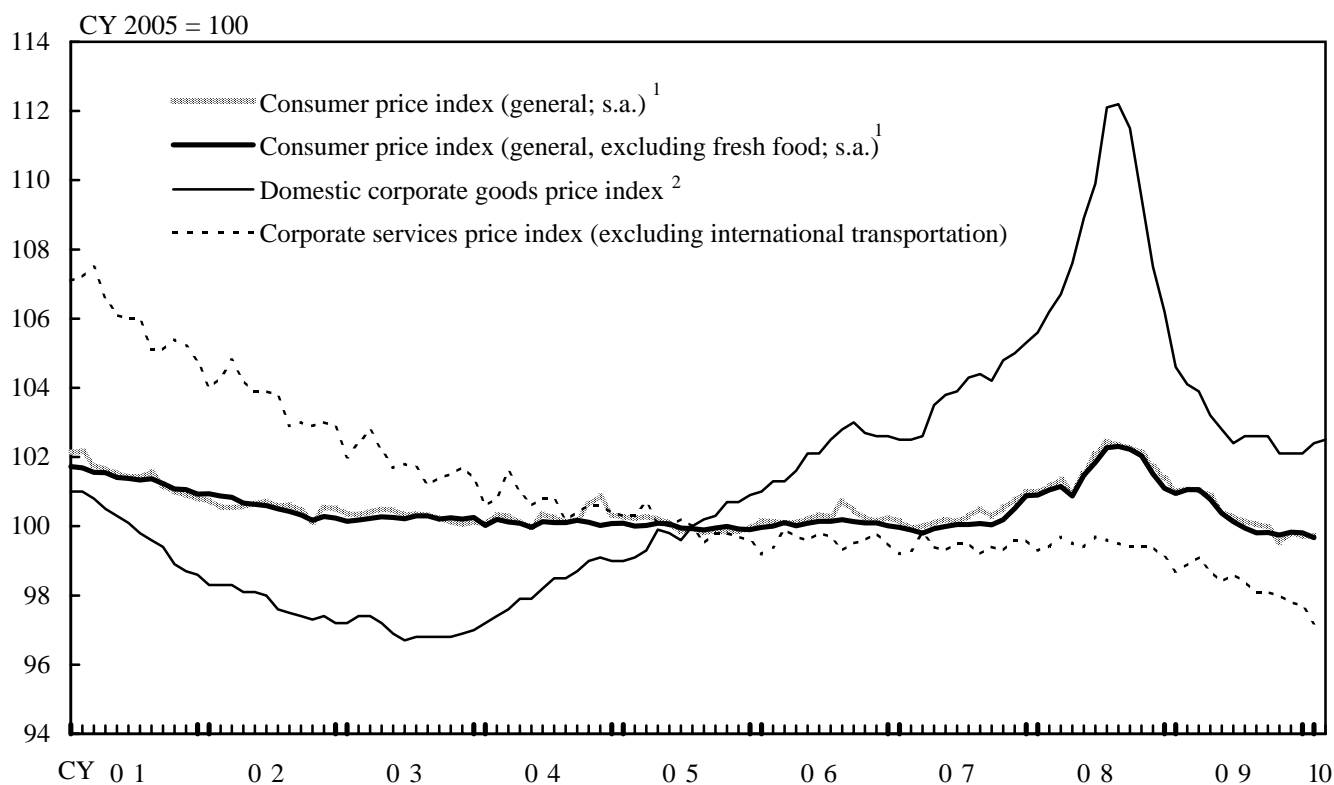


Notes: 1. Data of the Monthly Labor Survey are for establishments with at least five employees.
 2. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.
 3. Calculated as the number of regular employees (Monthly Labour Survey) times total cash earnings (Monthly Labour Survey).
 4. Calculated as the number of employees (Labour Force Survey) times total cash earnings (Monthly Labour Survey).
 5. Figures for 2009/Q4 are those of December 2009 - January 2010 averages.
 6. Figures for 2010/Q1 are those of January.

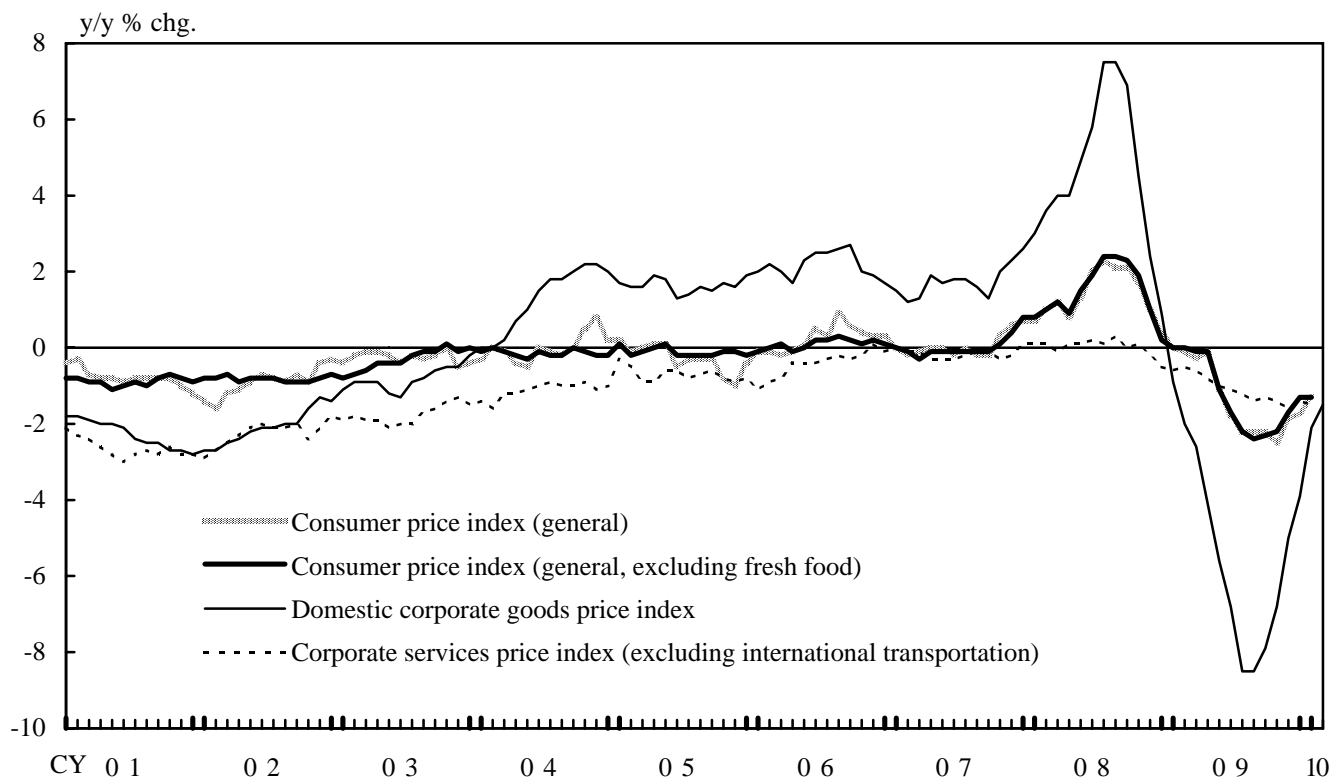
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";
 Ministry of Internal Affairs and Communications, "Labour Force Survey."

Prices

(1) Level



(2) Changes from a Year Earlier



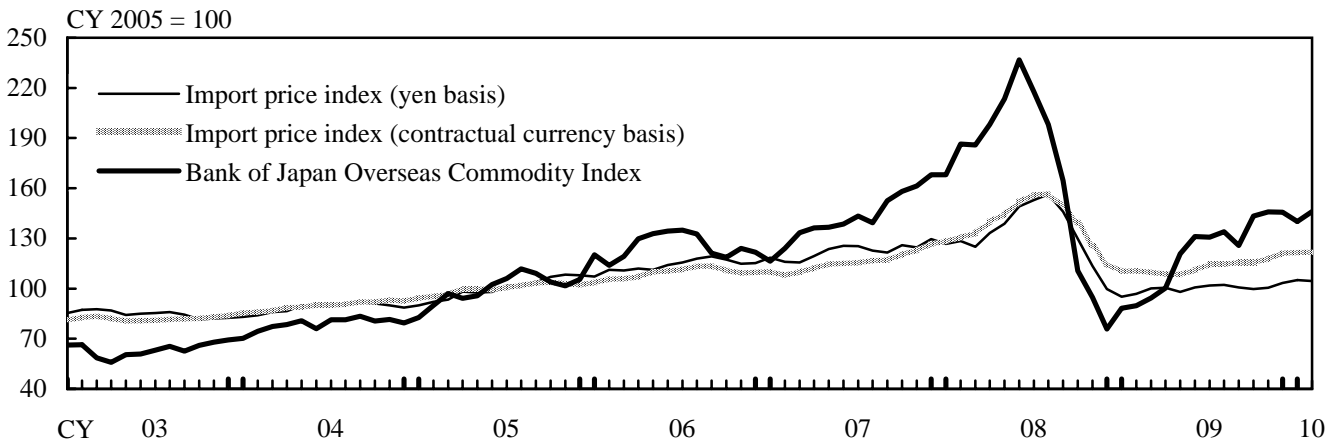
Notes: 1. Seasonally adjusted by X-12-ARIMA.

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

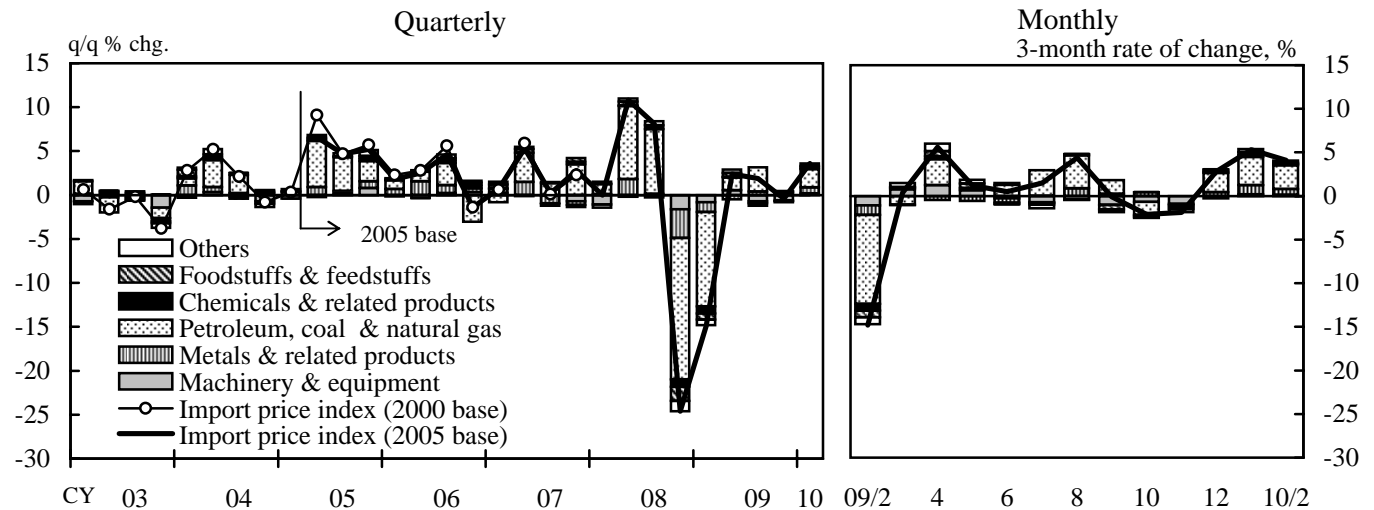
Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index"; Bank of Japan, "Corporate Goods Price Index," "Corporate Services Price Index."

Import Prices and International Commodity Prices

(1) Import Price Index and Overseas Commodity Index

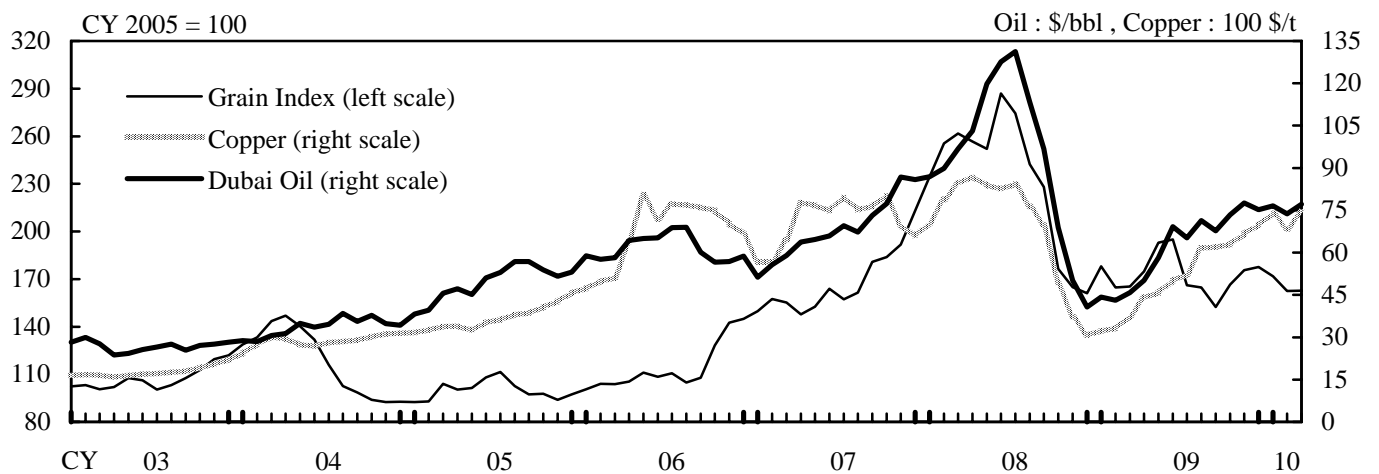


(2) Import Price Index (Yen Basis, Changes from a Quarter Earlier and 3 Months Earlier)



Notes: 1. Machinery & equipment: general machinery, electric & electronic products, transportation equipment, precision instruments.
 2. Figures for 2010/Q1 are January-February averages. Figures for 2007/Q4 on the 2000 base are those of October.

(3) International Commodity Prices

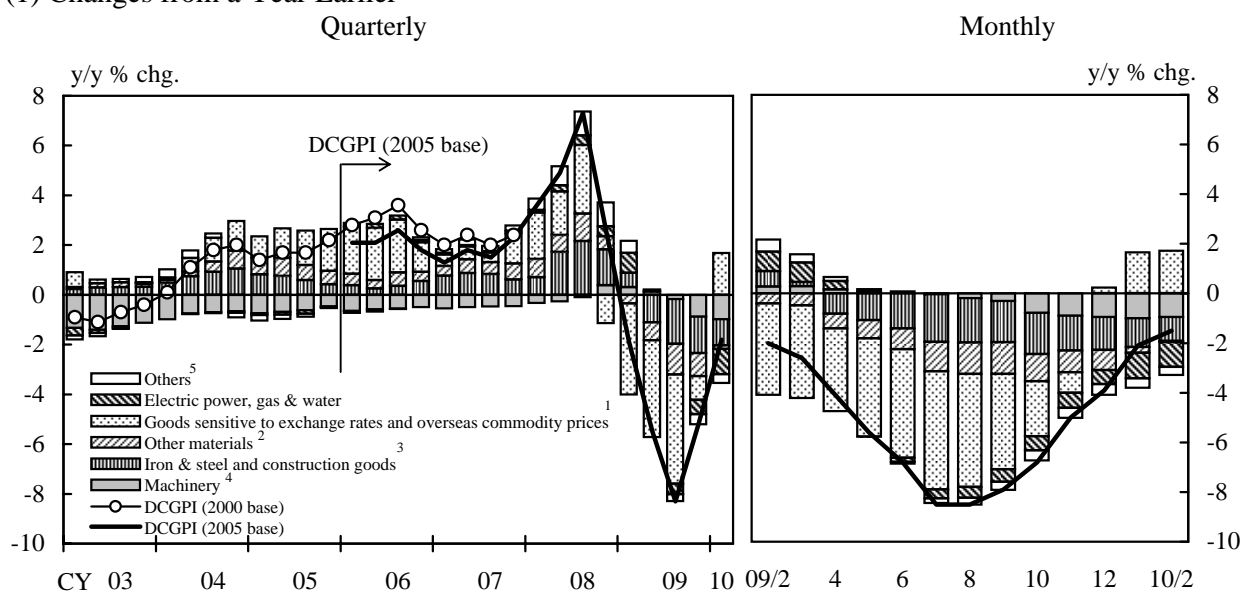
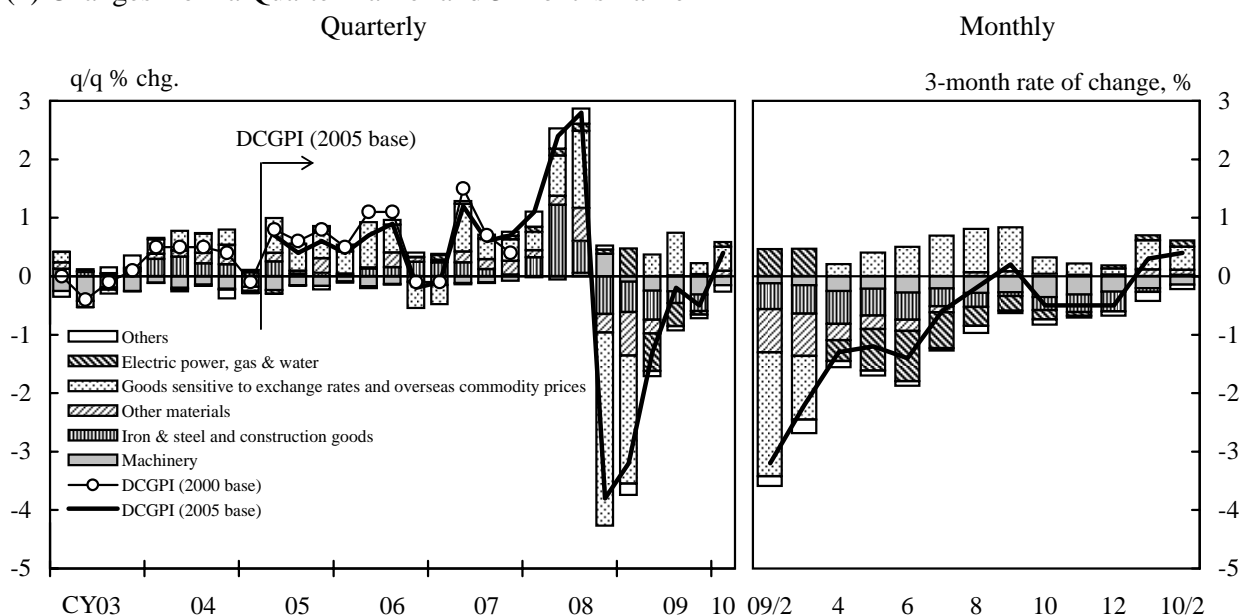


Notes: 1. The Grain Index is the weighted average of prices of three selected items (wheat, soybeans, corn) in overseas commodity markets. The weights are based on the Value of Imports in the Trade Statistics of Japan.
 2. Monthly averages. Figures for March 2010 are the averages up to March 16.

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

Domestic Corporate Goods Price Index⁷

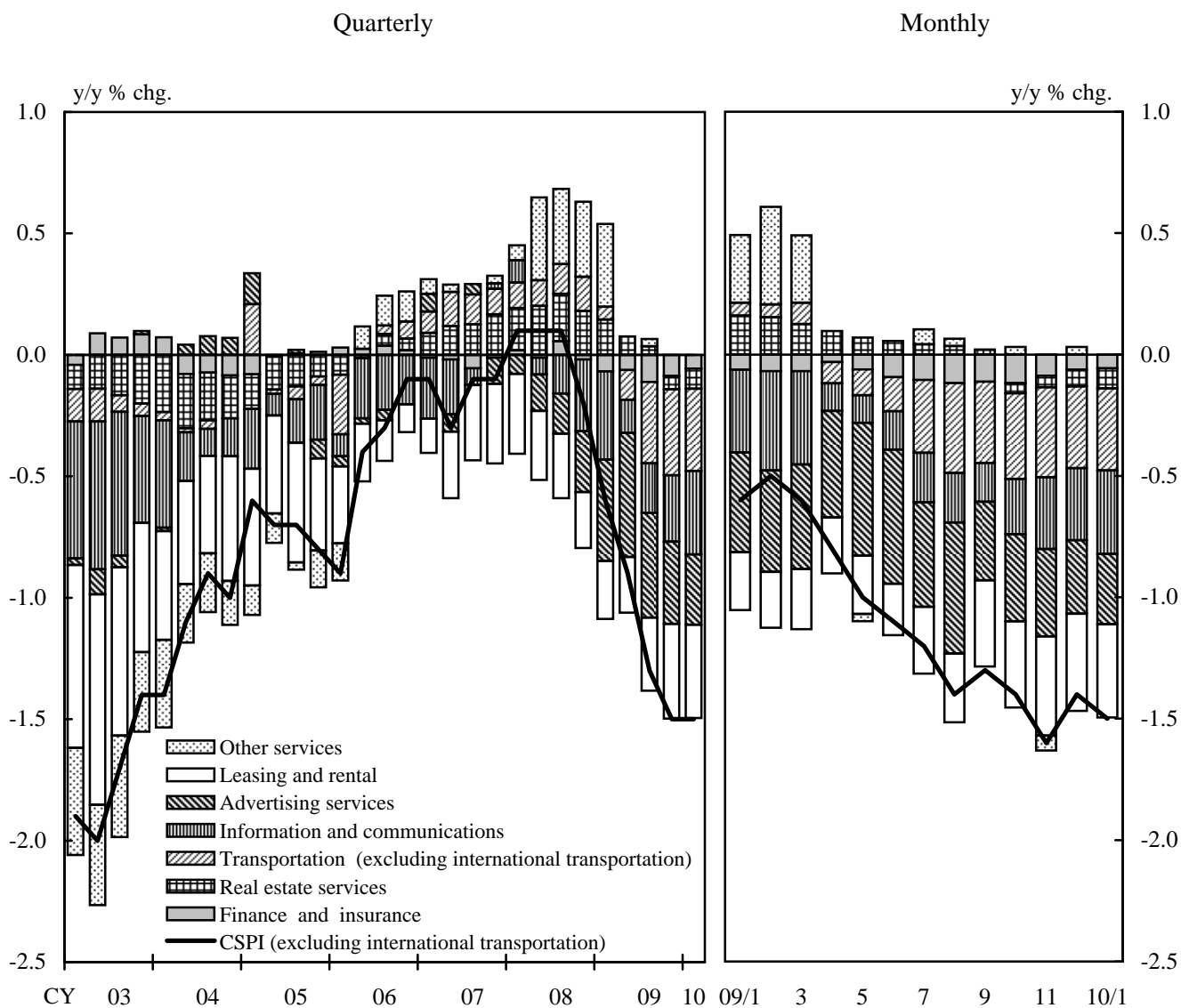
(1) Changes from a Year Earlier

(2) Changes from a Quarter Earlier and 3 Months Earlier⁶

- Notes: 1. Goods sensitive to exchange rates and overseas commodity prices: petroleum & coal products, nonferrous metals.
 2. Other materials: chemicals & 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 2010/Q1 are January-February 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

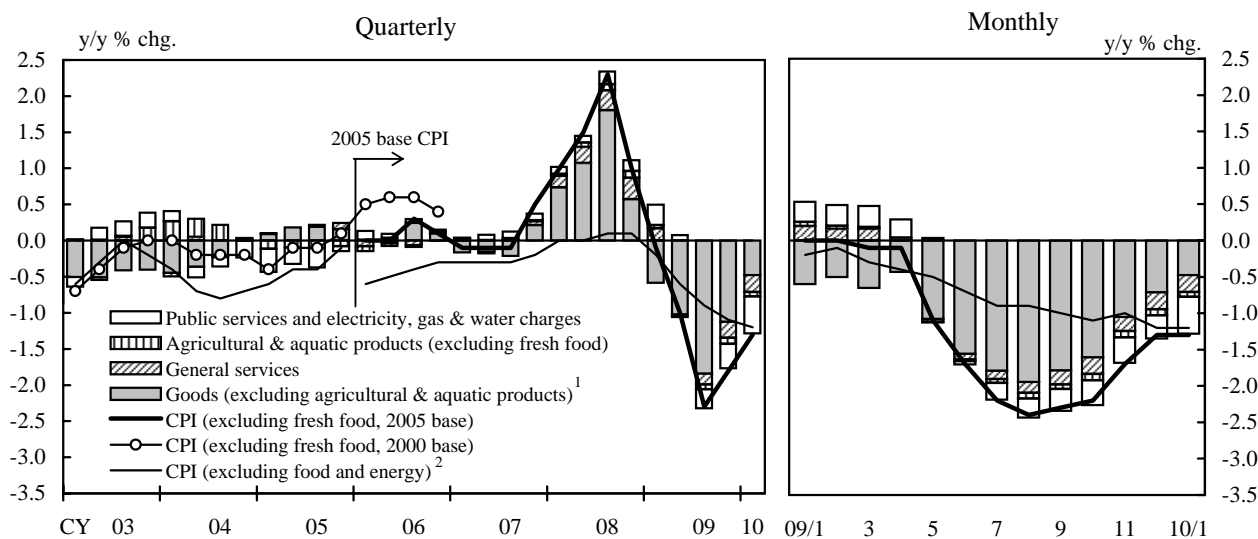


Note: Figures for 2010/Q1 are those of January.

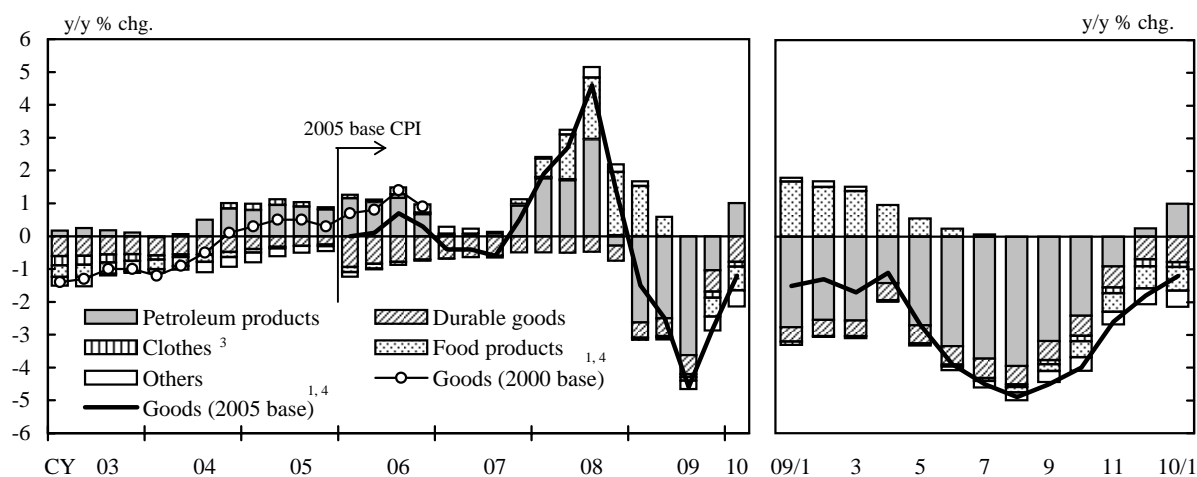
Source: Bank of Japan, "Corporate Services Price Index."

Consumer Price Index (Excluding Fresh Food)

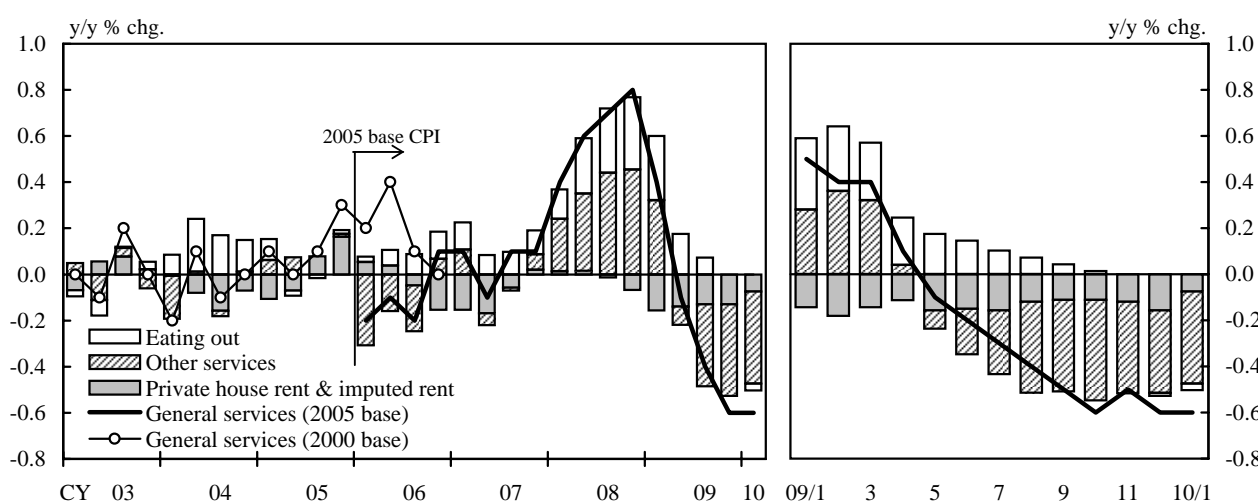
(1) Consumer Price Index (Excluding Fresh Food)



(2) Goods (Excluding Agricultural & Aquatic Products) 1



(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.

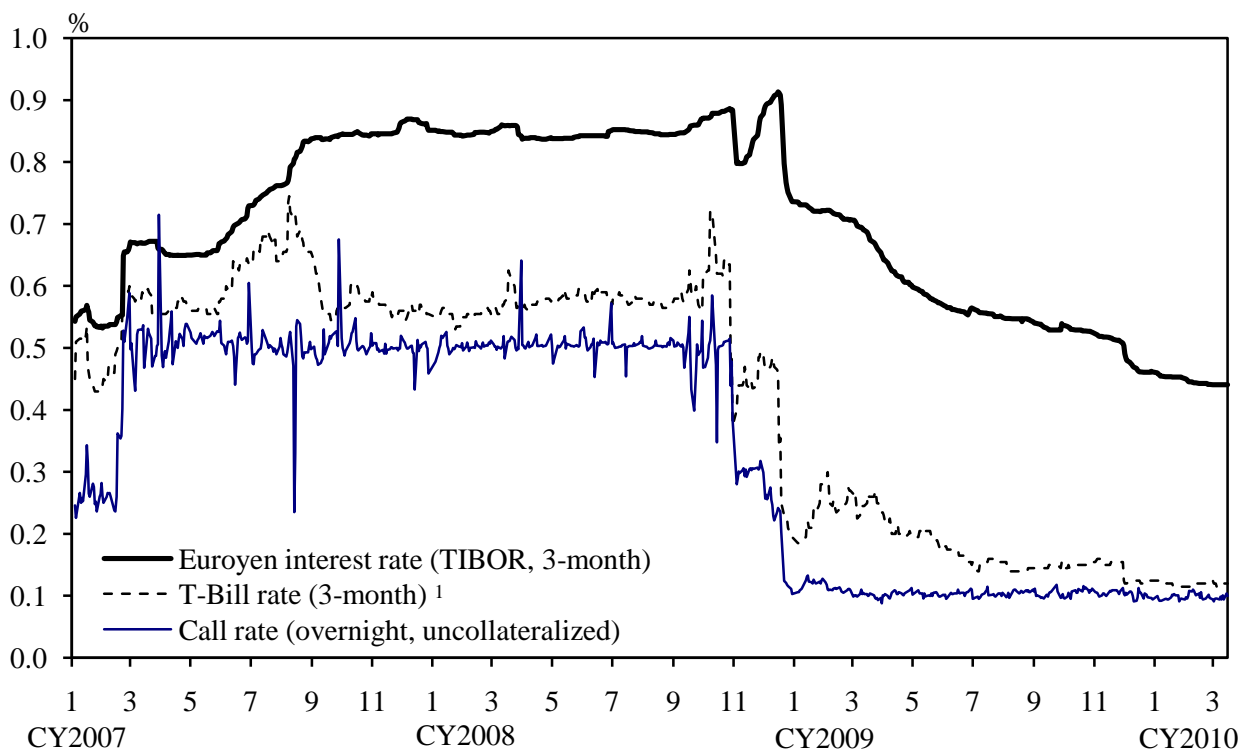
4. Excluding agricultural & aquatic products.

5. Figures for 2010/Q1 are those of January.

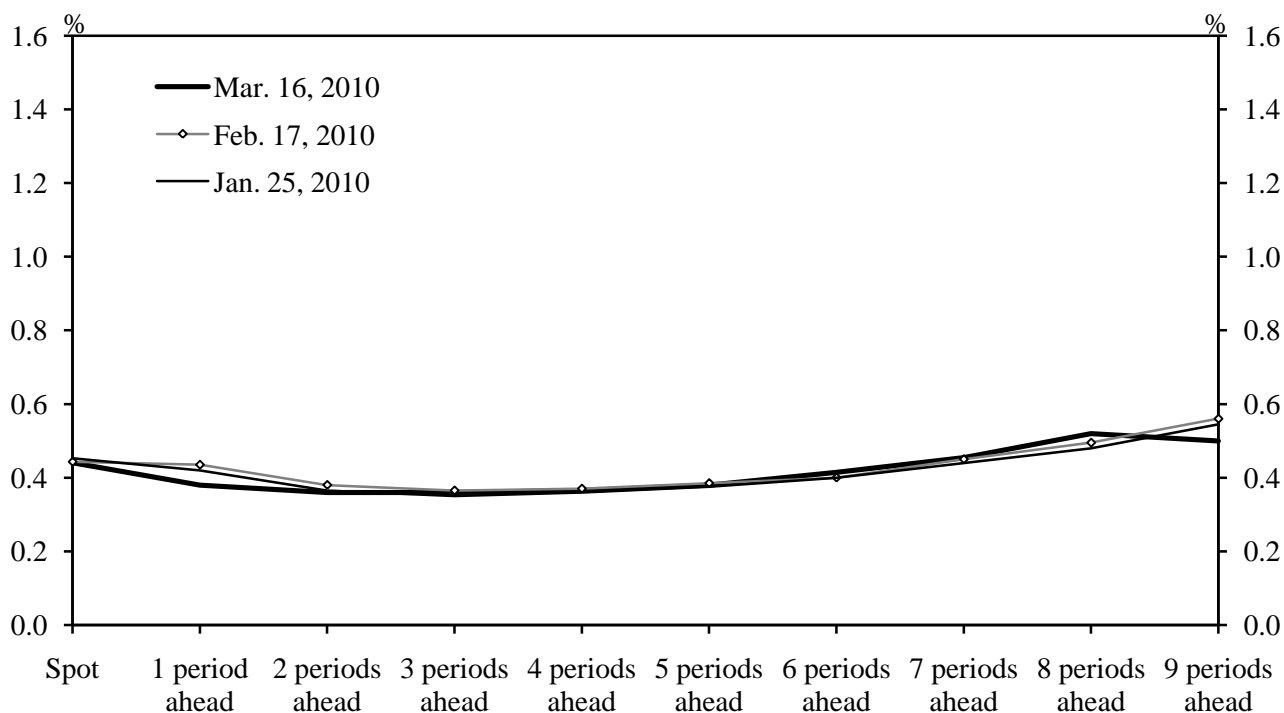
Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

Short-Term Interest Rates

(1) Short-Term Interest Rates



(2) Euroyen Interest Rate Futures (3-Month) ²



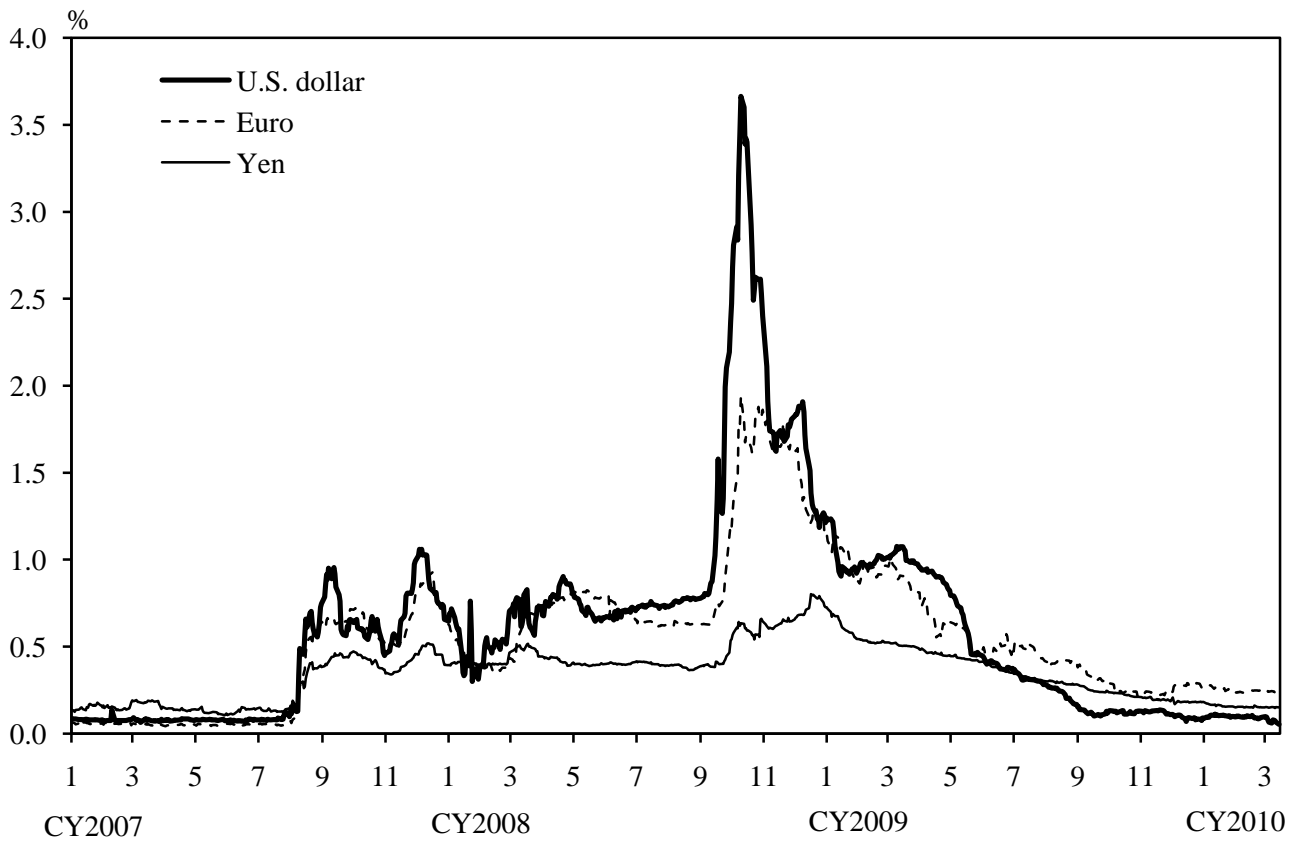
Notes: 1. Rate prior to the integration of FBs and TBs in February 2009 is the FB rate.

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

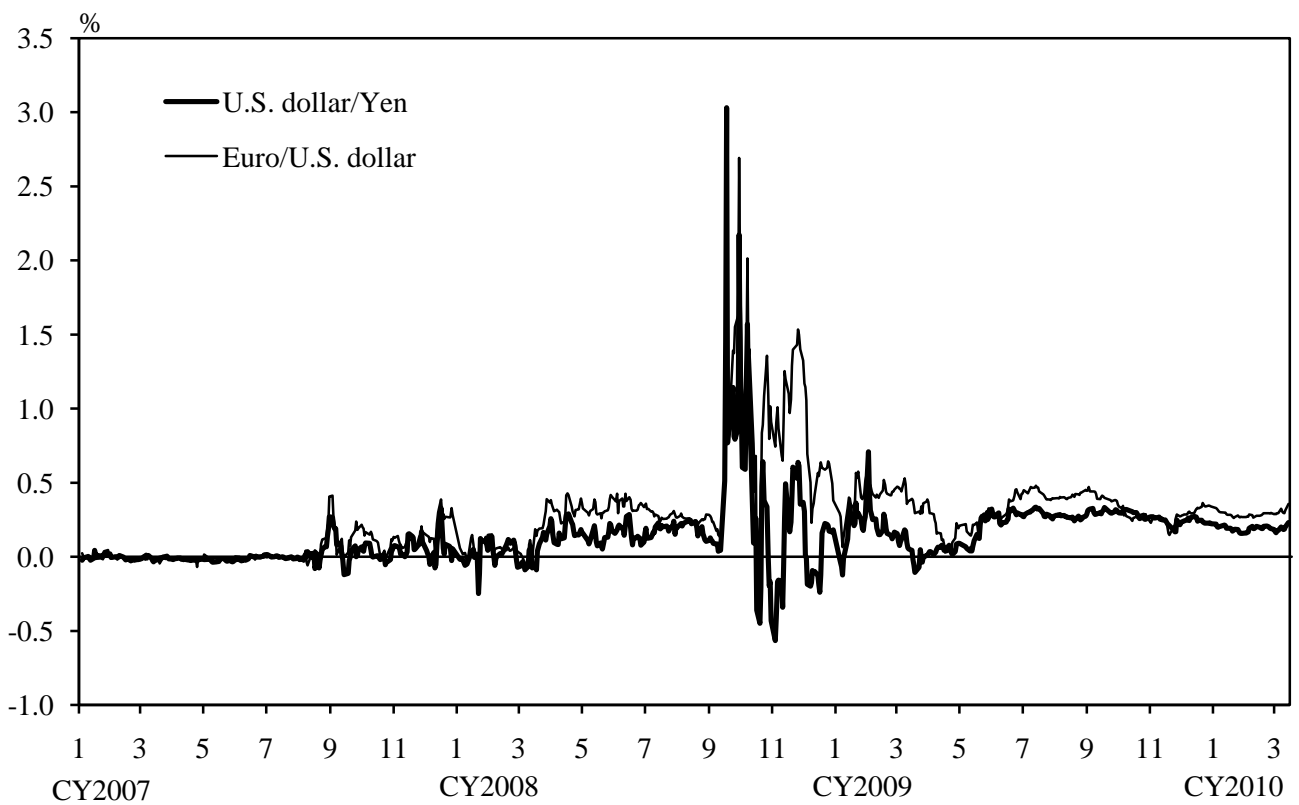
Sources: Japanese Bankers Association; Japan Bond Trading Co., Ltd.; Tokyo Financial Exchange; Bank of Japan.

Global Money Markets

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



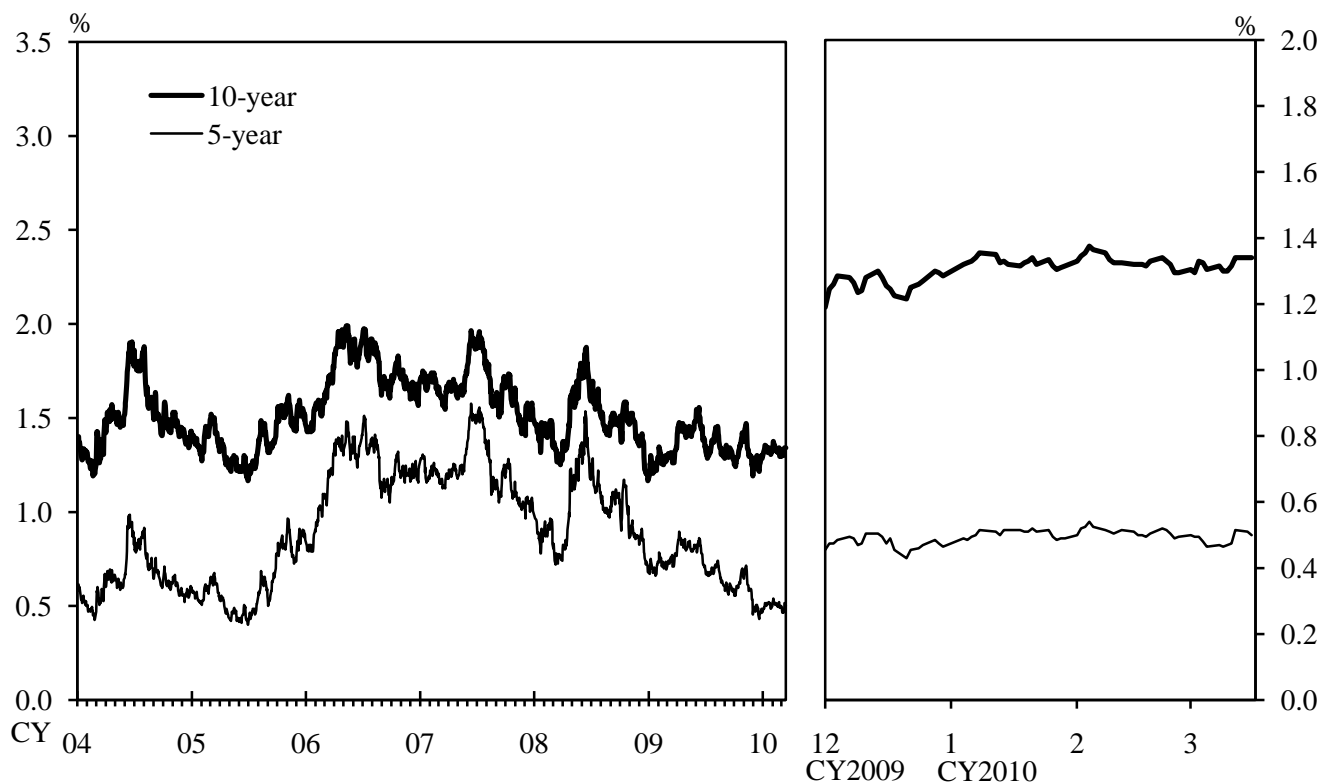
(2) FX swap implied dollar rate - LIBOR spreads (3-Month)



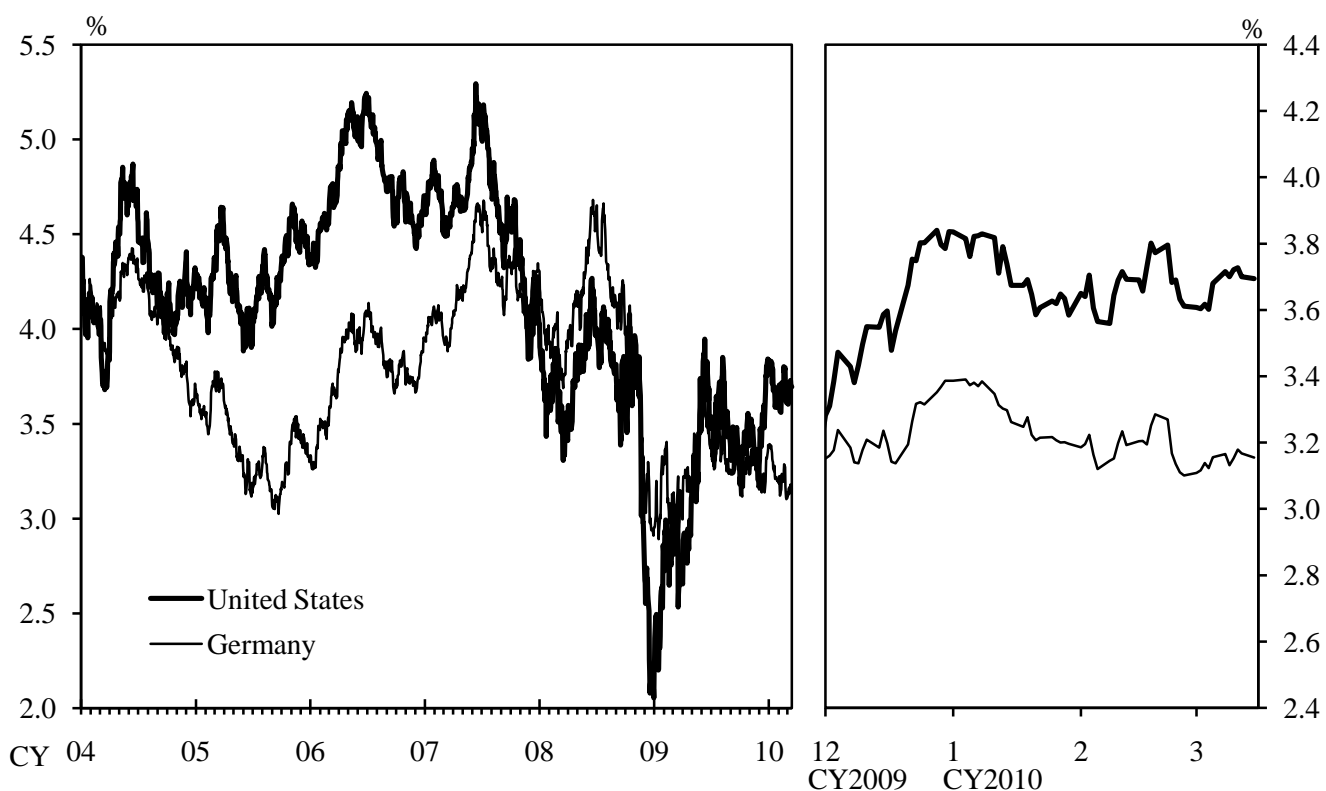
Source: Bloomberg.

Long-Term Interest Rates

(1) Japanese Government Bond Yields¹



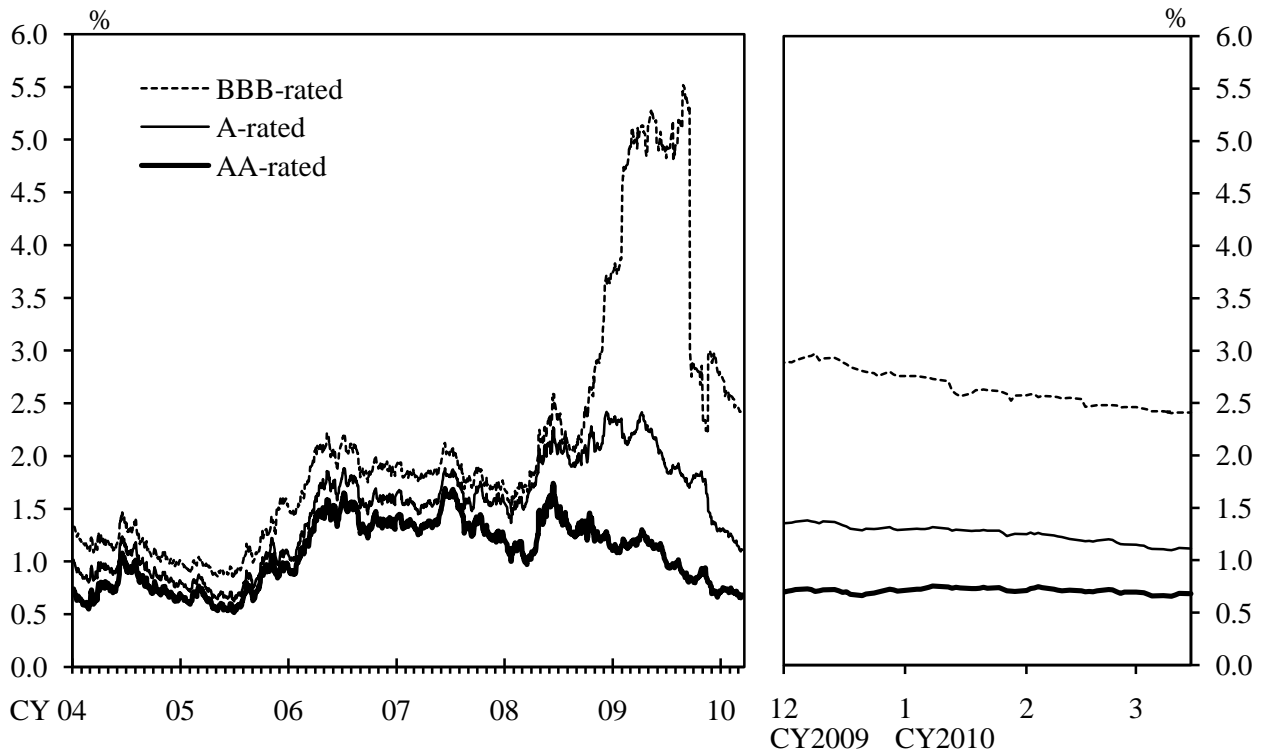
(2) Overseas Government Bond Yields (10-Year)



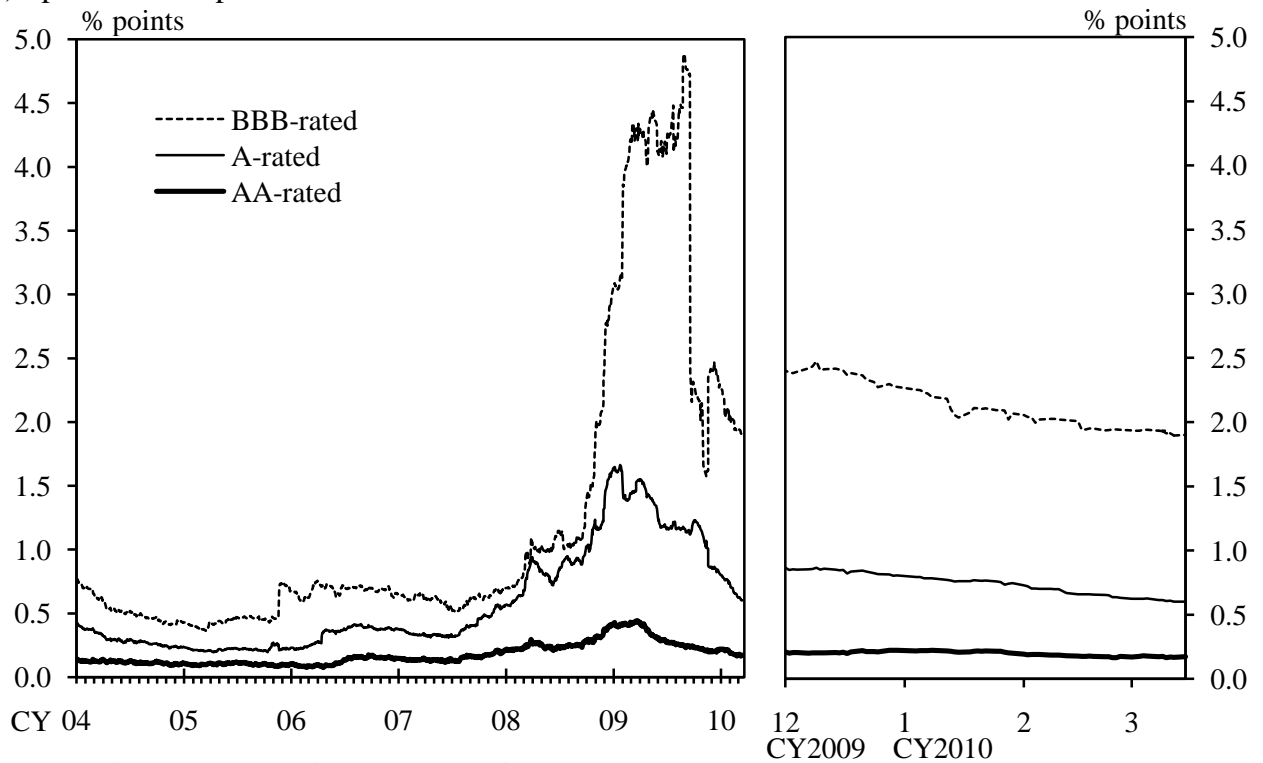
Note: 1. Yields on newly issued bonds.
Sources: Japan Bond Trading Co., Ltd.; Bloomberg.

Yields of Corporate Bonds

(1) Corporate Bond Yields^{1,2}



(2) Spreads of Corporate Bond Yields over Government Bond Yields^{1,2}



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

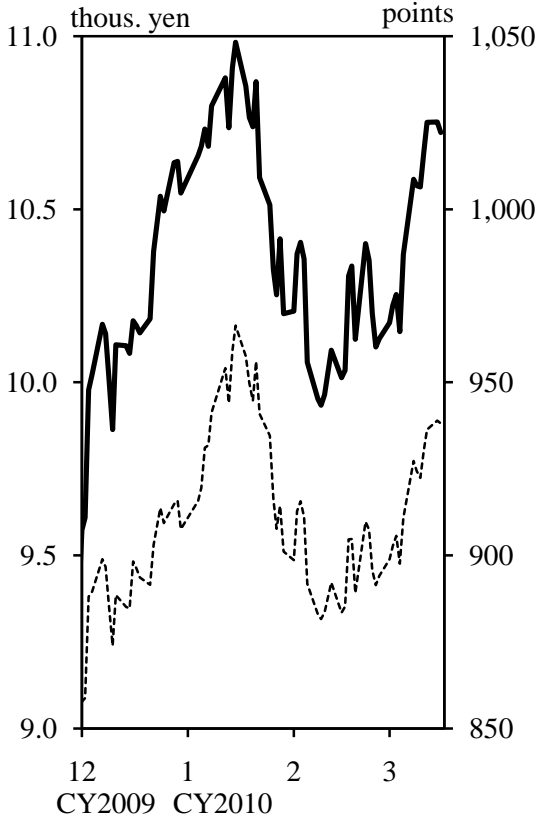
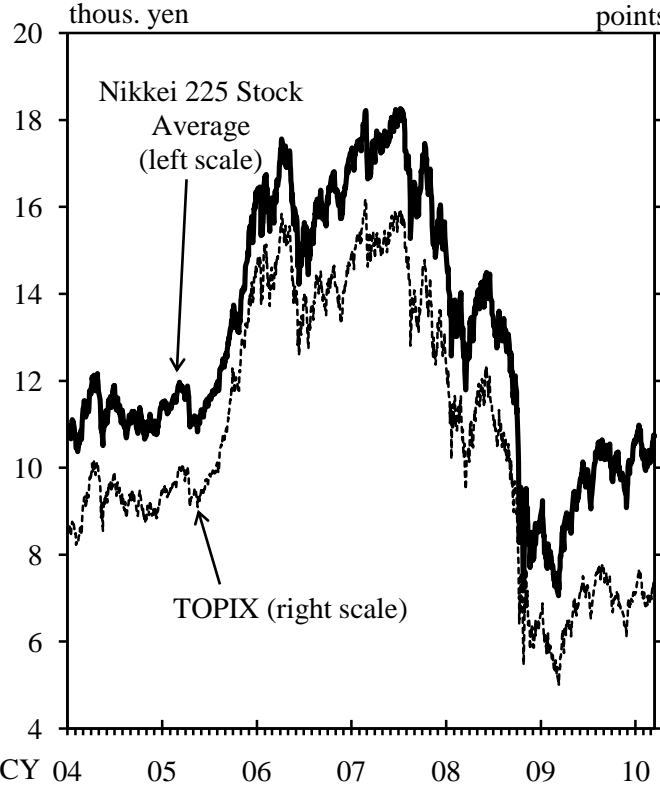
Yields on corporate bonds have been calculated on the expanded pool of issues with maturity of three to seven years.

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

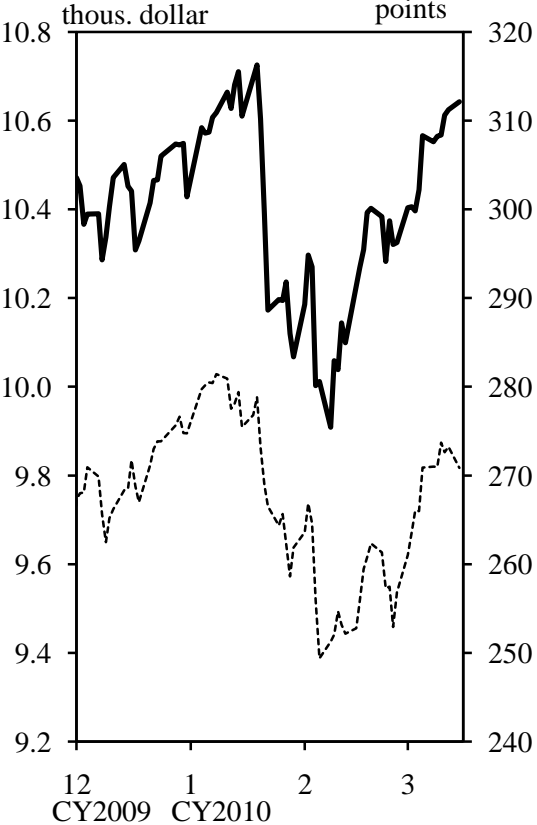
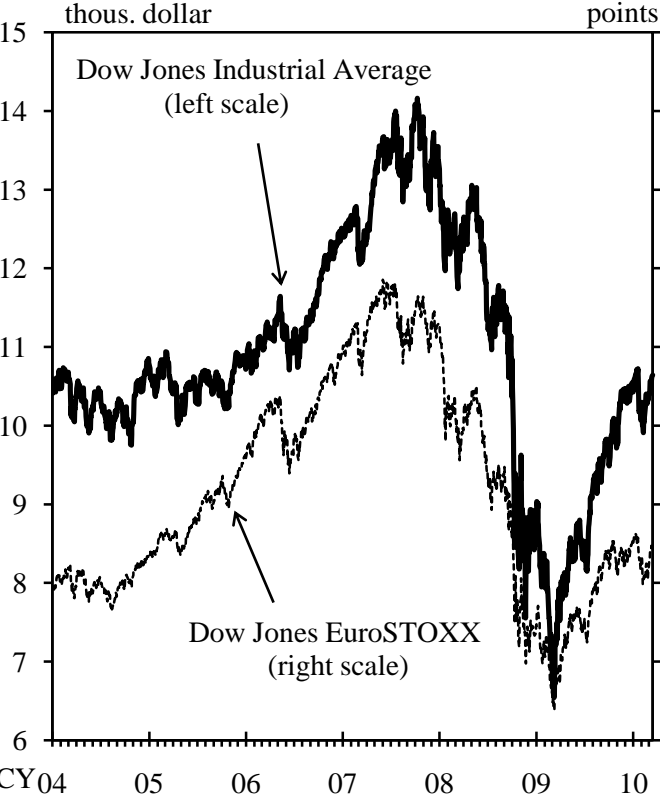
Sources: Japan Securities Dealers Association, "Reference Price (Yields) Table for OTC Bond Transactions."

Stock Prices

(1) Japanese Stock Prices



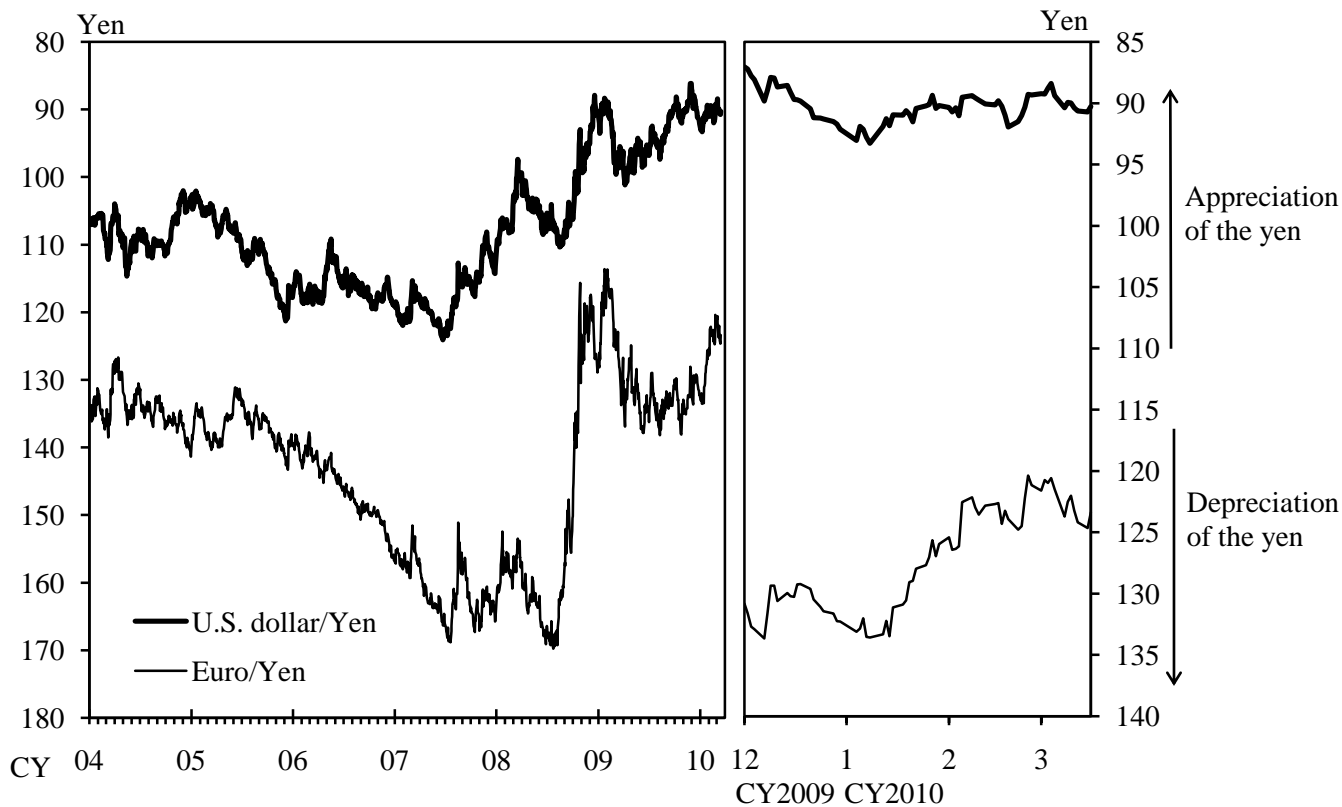
(2) Overseas Stock Prices



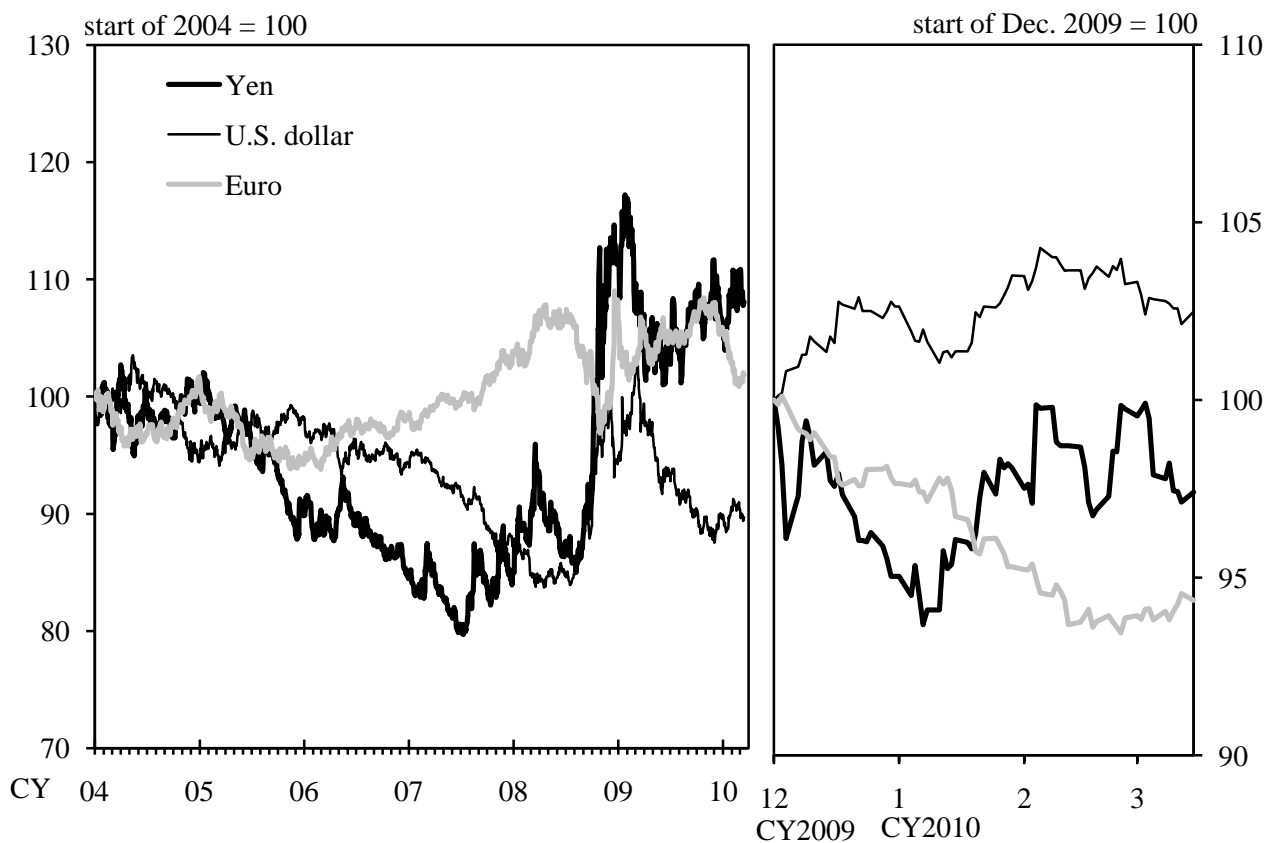
Sources: The *Nihon Keizai Shimbun* ; Tokyo Stock Exchange; Bloomberg.

Exchange Rates

(1) Bilateral Exchange Rates



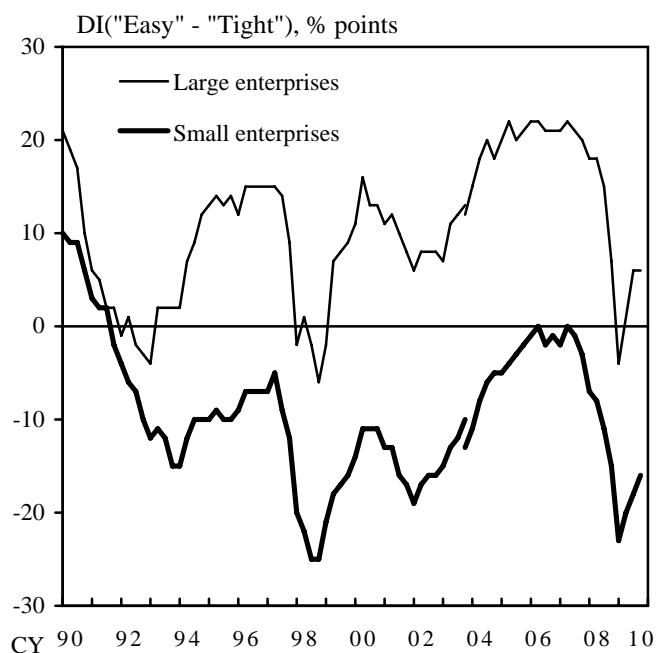
(2) Nominal Effective Exchange Rates



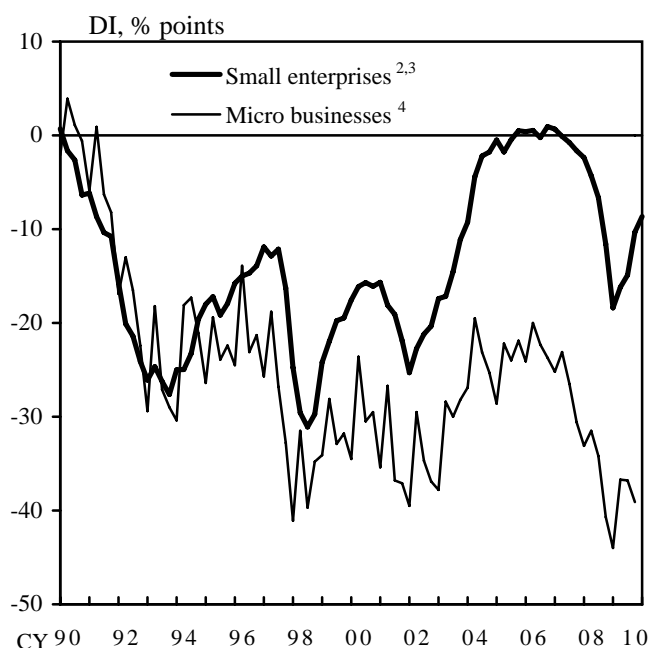
Sources: Bank of Japan; European Central Bank; Bloomberg.

Corporate Finance-Related Indicators

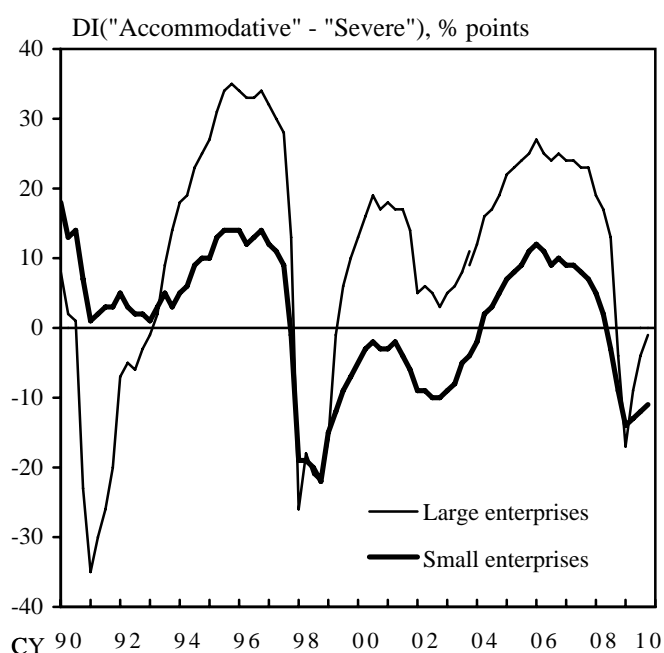
(1) Financial Position

<Tankan¹>

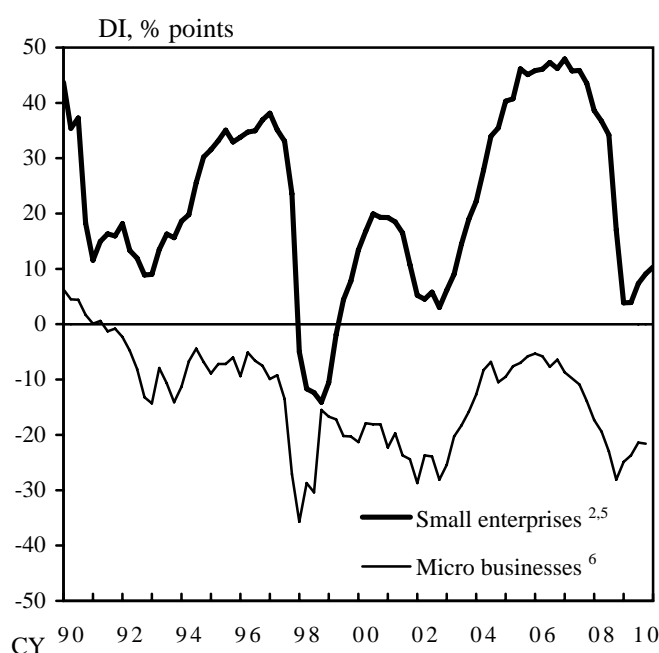
<Japan Finance Corporation Survey>



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

<Tankan¹>

<Japan Finance Corporation Survey>



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 2010/Q1 are those of Jan.-Feb. averages.

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

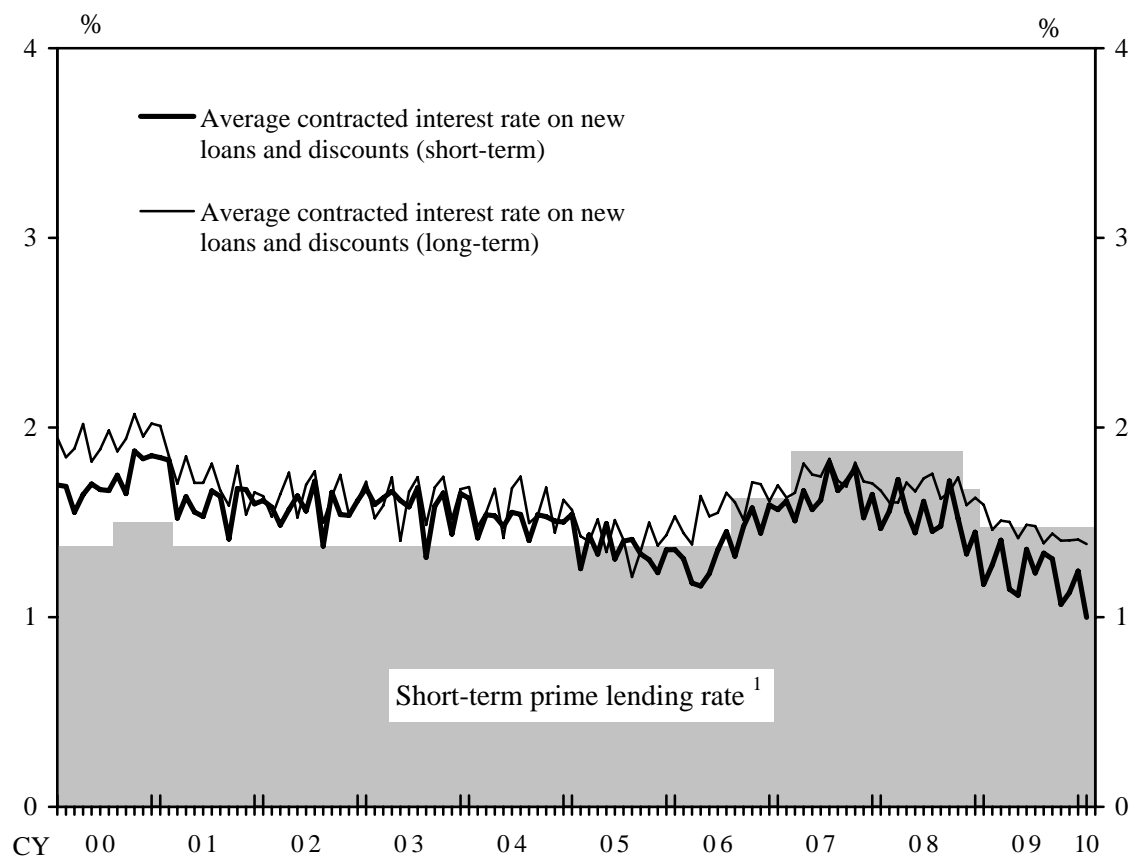
4. DI of "Easier" - "Tighter."

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)."

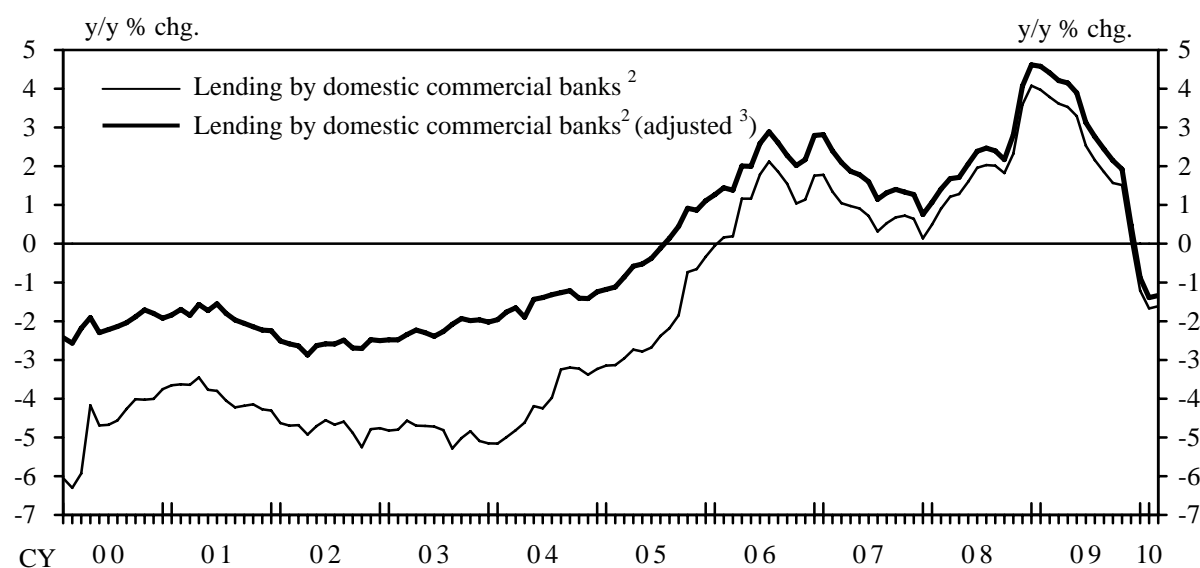
Lending Rates



Note: 1. Data are at end of period.

Source: Bank of Japan.

Lending by Financial Institutions

(1) Lending by Domestic Commercial Banks¹

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,

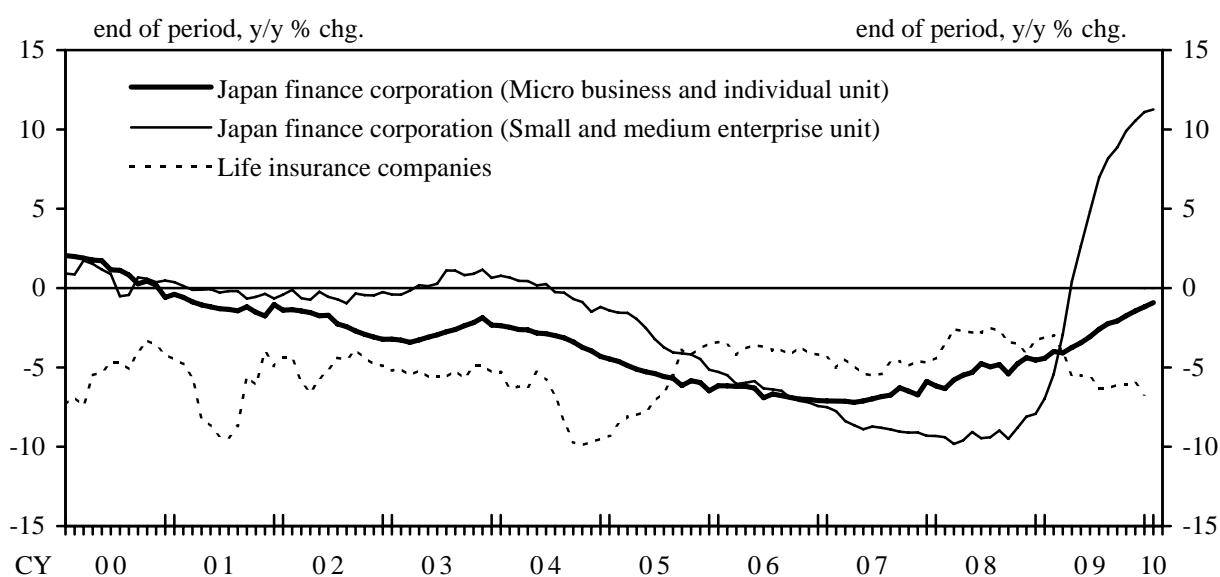
(2) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates,

(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

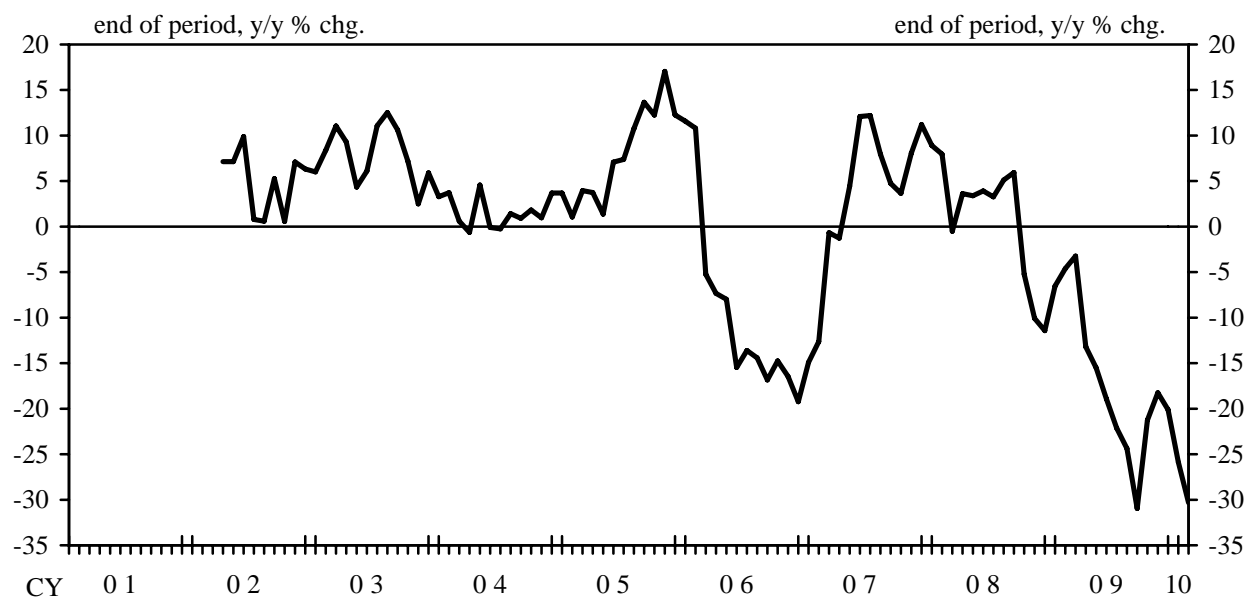


Note: The figures of the Japan Finance Corporation (Small and Medium Enterprise Unit) exclude the amounts outstanding of lending to the Credit Guarantee Corporations.

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

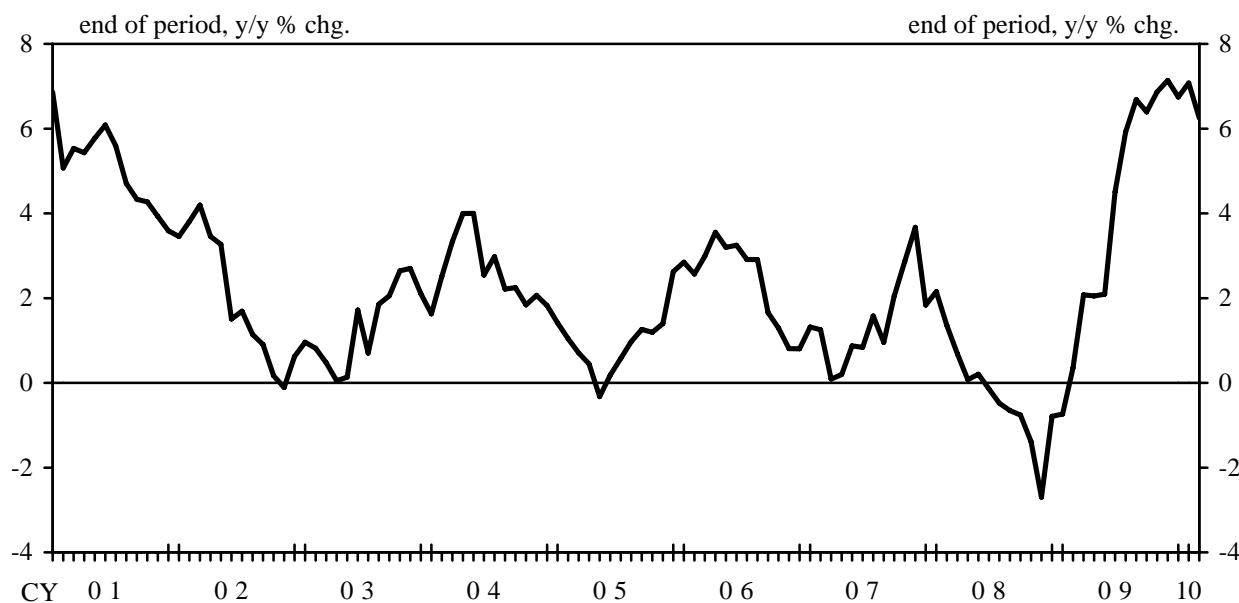
Private-Sector Fund-Raising in the Capital Markets

(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



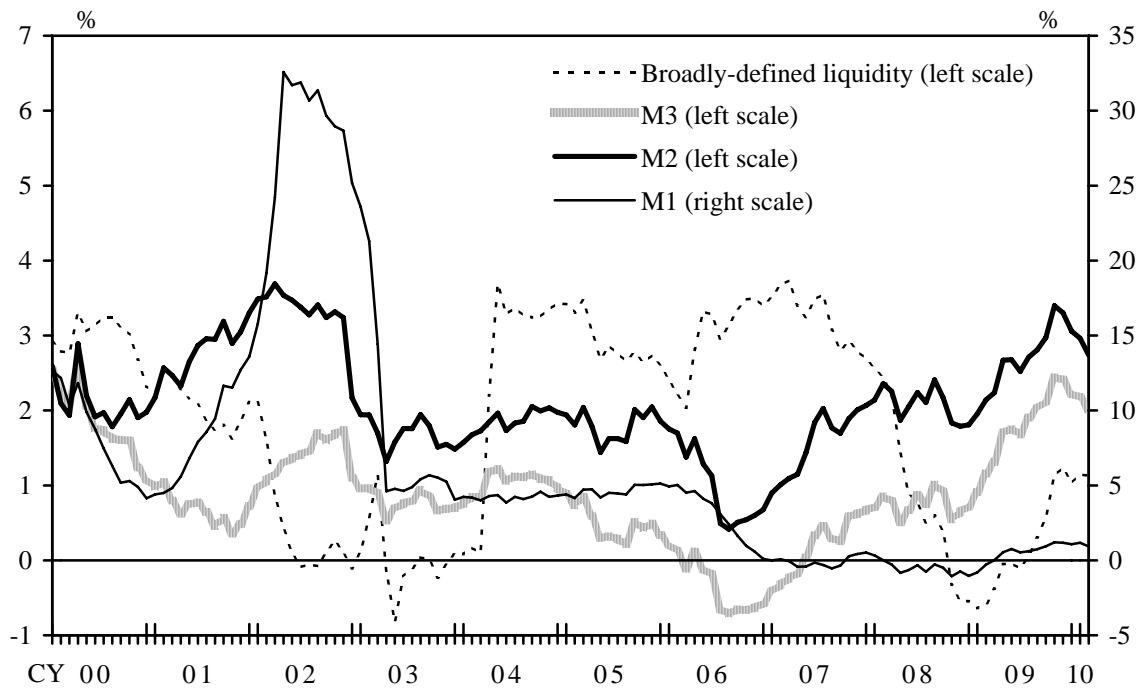
Note: The figures of percentage changes from the previous year of the amount outstanding of corporate bonds are calculated given the following:

- (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.

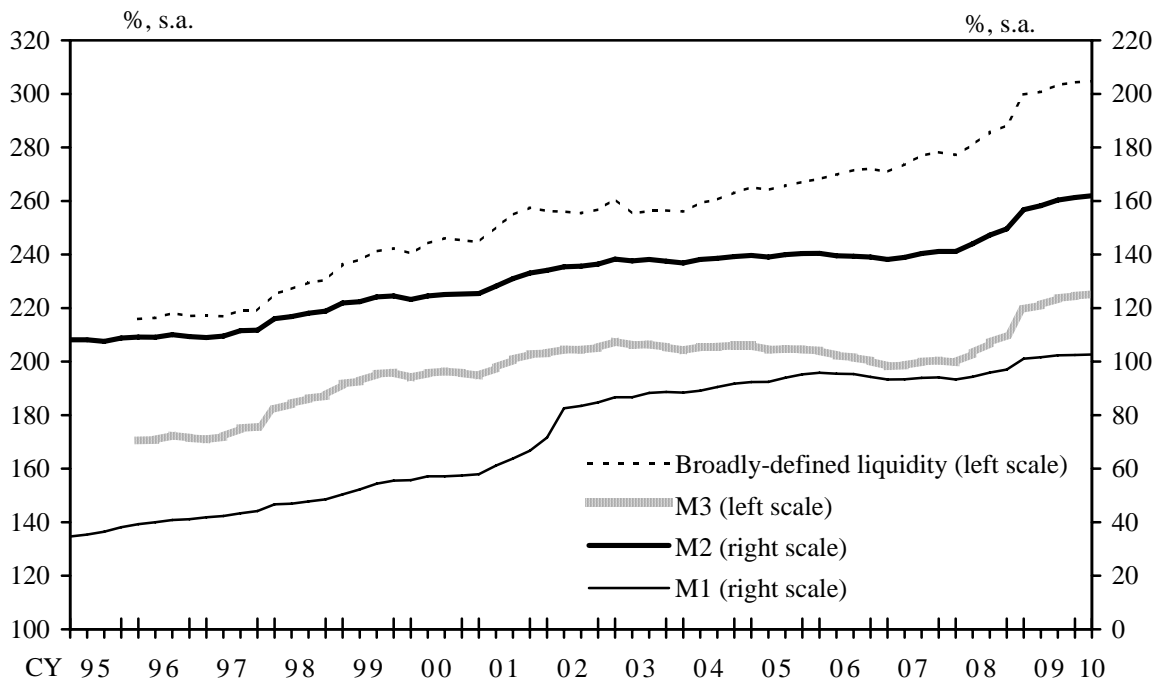
Sources: Japan Securities Depository Center, "Issue, Redemption and Outstanding" (for Corporate Bonds), "Outstanding Amounts of CP by Issuer's category";
Bank of Japan, "Principal Figures of Financial Institutions";
Japan Securities Dealers Association, "Issuing, Redemption and Outstanding Amounts of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

Money Stock

(1) Changes from a Year Earlier



(2) Ratio of Money Stock to Nominal GDP

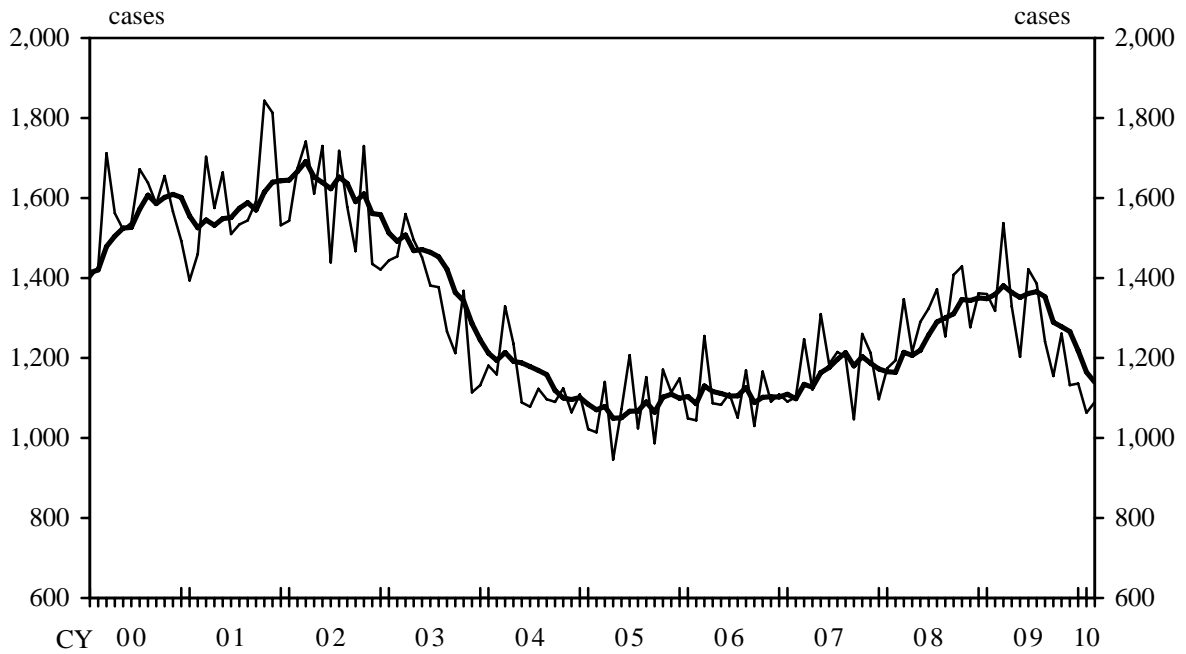


- Notes: 1. M1 consists of cash currency and demand deposits; both M2 and M3 consist of cash currency, demand deposits, time deposits and CDs.
- 2. Financial institutions surveyed for M1 and M3 include the Japan Post Bank and OFIs (other financial institutions) in addition to those for M2.
- 3. The figures 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 2010/Q1 are those of Jan.-Feb. averages, and nominal GDP in 2010/Q1 is assumed to be unchanged from the previous quarter.

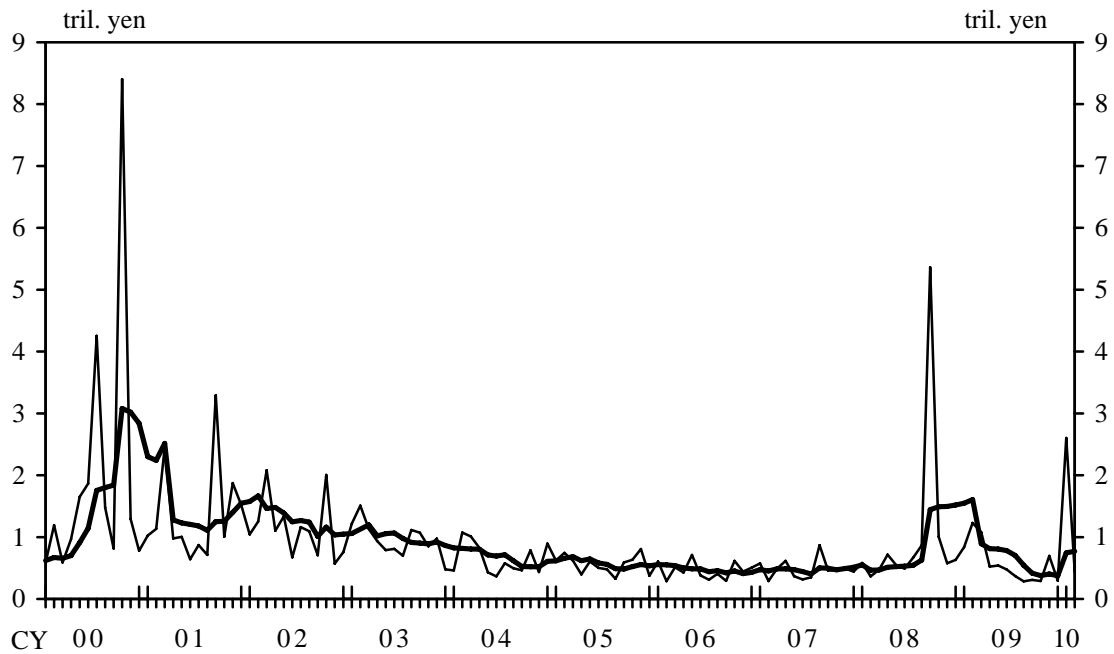
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

Corporate Bankruptcies

(1) Number of Cases



(2) Amount of Liabilities



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

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