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Bank of Japan

**Monthly Report of
Recent Economic and Financial Developments
December 2011**

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Monthly Report of Recent Economic and Financial Developments¹

December 2011

Summary

The pick-up in Japan's economic activity has paused, mainly due to the effects of a slowdown in overseas economies and of the appreciation of the yen.

As for domestic demand, business fixed investment has been on a moderate increasing trend, aided partly by the restoration of disaster-stricken facilities. Private consumption has remained firm. Housing investment has generally been picking up and public investment has stopped declining. On the other hand, exports and production have remained more or less flat, due in part to the effects of the slowdown in overseas economies and of the yen's appreciation as well as of the flooding in Thailand. Improvement in business sentiment has slowed on the whole despite steady improvement in domestic demand-oriented sectors.

With regard to the outlook, Japan's economic activity will remain more or less flat for the time being. After that, the economy is expected to return to a moderate recovery path as the pace of recovery in overseas economies picks up, led by emerging and commodity-exporting economies, and reconstruction-related demand after the earthquake disaster gradually materializes.

Exports and production are expected to remain more or less flat for the time being and increase moderately thereafter, mainly reflecting a pick-up in the pace of recovery in overseas economies. Business fixed investment is projected to continue a moderate increasing trend, partly due to efforts by firms to restore and reconstruct disaster-stricken facilities, although it will be affected by the slowdown in overseas economies for the time being. Housing investment and public investment are expected to increase gradually, mainly due to the materialization of reconstruction-related demand. Private consumption is expected to remain firm.

¹ This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on December 20 and 21, 2011.

On the price front, the three-month rate of change in domestic corporate goods prices shows that they have been somewhat weak, mainly due to the earlier decline in international commodity prices. The year-on-year rate of change in consumer prices (all items less fresh food) is currently around 0 percent.

Domestic corporate goods prices are expected to remain somewhat weak for the time being. The year-on-year rate of change in consumer prices is expected to remain at around 0 percent for the time being.

The weighted average of the overnight call rate has been below the 0.1 percent level, and interest rates on term instruments have been more or less unchanged. Meanwhile, the value of the yen against the U.S. dollar, long-term interest rates, and stock prices have remained at more or less the same levels as last month.

Financial conditions have continued to ease.

The overnight call rate has remained at an extremely low level, and firms' funding costs have declined moderately. Stimulative effects from low interest rates are still partly constrained given current developments in economic activity and prices. With regard to credit supply, firms have continued to see financial institutions' lending attitudes as being on an improving trend. Issuing conditions for CP have continued to be favorable. Those for corporate bonds have also remained favorable on the whole. As for credit demand, firms have shown signs of increasing their demand mainly for working capital and funds related to mergers and acquisitions. Against this backdrop, the year-on-year rate of change in bank lending has been slightly positive. The amounts outstanding of both corporate bonds and CP have exceeded their previous year's levels. In these circumstances, firms have retained their recovered financial positions on the whole. Meanwhile, the year-on-year rate of change in the money stock has been at around 3 percent.

1. Economic Developments

Public investment has stopped declining. The amount of public construction completed—which reflects the progress of public works—has started to bottom out, albeit with fluctuations, although it declined at a somewhat faster pace in October relative to the third quarter after having reduced its quarter-on-quarter pace of decline in the third quarter (Chart 5). The value of public works—a measure that reflects public orders—rose at a faster pace in October-November compared with the third quarter, after having turned to an increase in the third quarter on a quarter-on-quarter basis. The execution of the first and second supplementary budgets for this fiscal year seems to be progressing along.²

Public investment is expected to increase gradually, mainly due to the restoration of damaged social capital.

Real exports have remained more or less flat, due in part to the effects of the slowdown in overseas economies and of the yen's appreciation as well as of the flooding in Thailand (Charts 6[1] and 7). Exports in October fell for the first time in six months exhibiting a somewhat sizeable month-on-month decline. By region (Chart 7[1]), exports to the EU—in which an economic slowdown has become evident due to the sovereign debt problem—plunged, primarily in capital goods and parts. Exports to Thailand also registered a sharp decline—nearly 20 percent—due to the effects of the flooding. Exports to the United States were level, but those to China, NIEs, ASEAN (excluding Thailand), and other regions were all relatively weak by marking month-on-month decreases. This weakness in exports to the emerging and commodity-exporting economies was affected by a slowdown in domestic demand due to monetary tightening and the sluggishness in global IT-related demand; in addition, the slowdown in the European economy caused by the sovereign debt problem has been an indirect impediment to exports, and furthermore, the appreciation of the yen has started to weigh on the price competitiveness of exporting

² The third supplementary budget for fiscal 2011—which was enacted on November 21—adds to a total sum of around 12 trillion yen. Of that, approximately 9 trillion yen is allocated for expenses related to the Great East Japan Earthquake (not including expenses need to cover special pension revenue sources). With the first and second supplementary budgets (around 4 trillion yen and 2 trillion yen, respectively) combined, this adds to a total of about 15 trillion yen, which is around 3 percent of Japan's nominal GDP.

firms in Japan. By goods (Chart 7[2]), exports of capital goods and parts moved down, since ships fell back and also since various parts were somewhat weak. Exports of IT-related goods retreated as well, mainly in electronic parts, and those of consumer goods continued to decline. On the other hand, exports of intermediate goods climbed in October, although this seems to be a rebound from the downtrend through September. Meanwhile, exports of motor vehicles and their related goods were roughly flat in October, after having increased until September.

Real imports have trended upward (Charts 6[1] and 9). Looking at imports in October on a month-on-month basis by goods (Chart 9[2]), imports of IT-related goods surged, notably in cell phones (new models of smartphones). Imports of raw materials rose, chiefly in mineral fuels used for thermal power generations. Those of capital goods and parts also moved upward as a reflection of the movements in domestic business fixed investment. Foodstuffs saw an increase in imports for the third straight month, mainly in meat. Consumer goods continued to fall back through September for flat panel televisions, but they rose in October, notably in flat panel televisions and apparel. Intermediate goods (such as iron and steel)—which had continued to be somewhat weak lately—moved up in October. By region, imports in October were featured by the sharp decline in imports from Thailand (Chart 9[1]). In detail, imports of IT-related goods (such as electronic parts) and foodstuffs plummeted.

Net exports—in terms of the real trade balance—were more or less flat, albeit with fluctuations, a reflection of the aforementioned developments in exports and imports (Chart 6[2]). The nominal balance on goods and services increased its deficit in October, since the trade balance turned to a deficit again with the services deficit having remained flat. The nominal current account surplus decreased in October, since the nominal balance on goods and services increased its deficit and also since the income surplus declined slightly.

As for the outlook, exports are expected to remain more or less flat for the time being and increase moderately thereafter, mainly reflecting a pick-up in the pace of recovery in overseas economies. Imports are projected to trend gradually upward, assisted principally by firm domestic demand and an increase in thermal power

generations. As a reflection of these developments in exports and imports, net exports are projected to remain more or less flat for the time being and eventually increase at a moderate pace.

Regarding the environment surrounding exports, overseas economies have been decelerating, mainly due to (i) disturbances in the global financial and capital markets as a reflection of Europe's sovereign debt problem and the decline in confidence in response to these factors and (ii) the effects of the previous monetary tightening in emerging economies (Chart 8[2]).³ Overseas economies are expected to continue decelerating for the time being, chiefly in the EU and United States. After that, the pace of recovery in overseas economies is expected to pick up gradually, led by emerging economies, although there is high uncertainty in this regard. As for the exchange rate of the yen, its real effective rate has been moving slightly higher than the level of around last summer; this movement is also considered to weigh on exports to some extent for the time being (Chart 8[1]). Meanwhile, negative effects are likely to remain on exports for the rest of this year due to the flooding in Thailand, but restoration efforts following the flooding have been making gradual progress and reactivation of factories has also been observed. Taking this into account, although uncertainty remains, an increase in exports in line with the pick-up in production as well as that in exports of capital goods needed for restoring production facilities in Thailand may well be expected from the start of next year.

Business fixed investment has been on a moderate increasing trend, aided partly by the restoration of disaster-stricken facilities. According to the *Financial Statements Statistics of Corporations by Industry, Quarterly*, business fixed investment in nominal terms reduced its pace of decrease in the third quarter, after having marked a quarter-on-quarter decline in the second quarter (Chart 10[1]).⁴ The aggregate supply of capital goods—a coincident indicator of machinery investment—rose in the second and third quarters on a quarter-on-quarter basis and continued to do so in October relative to the third quarter (Chart 12[1]). As for

³ The December *Tankan* showed an expansion in the net "excess supply" in the overseas supply and demand conditions for products DI of large manufacturing firms.

⁴ This decline may be caused by a statistical factor in which the repair of much disaster-stricken equipment was listed as repair expenses instead of business fixed investment.

leading indicators, machinery orders (private demand, excluding orders for ships and those from electric power companies)—a leading indicator of machinery investment—fell in October compared with the third quarter, after having registered a quarter-on-quarter increase for three quarters in a row through the third quarter (Chart 13[1]). By industry, both manufacturing and nonmanufacturing (excluding orders for ships and those from electric power companies) declined in October after having increased in the third quarter. Construction starts (floor area, private, nondwelling use)—a leading indicator of construction investment—exhibited a quarter-on-quarter decrease in the third quarter, and also inched down in October relative to the third quarter (Chart 13[2]). From a somewhat long-term perspective, however, they have been on a gradual uptrend, albeit with fluctuations. By industry, construction starts for mining and manufacturing were up sharply in October, whereas those for nonmanufacturing were down.

Regarding the environment surrounding business fixed investment, corporate profits have bottomed. According to the *Financial Statements Statistics of Corporations by Industry, Quarterly* (Chart 10[2]), the ratio of current profit to sales fell toward the second quarter, but stopped declining as a whole in the third quarter. Improvement in business sentiment has slowed on the whole, with that of large manufacturing firms deteriorating mainly due to the effects of the slowdown in overseas economies, despite steady improvement in domestic demand-oriented sectors buoyed primarily by reconstruction-related demand. The business conditions DI in the December *Tankan* improved slightly in all industries and enterprises, although the rate of improvement was marginal compared with the September *Tankan*. A somewhat sizeable decrease is projected for the outlook in light of the cautious stances taken by firms. By industry and size (Chart 15), in large manufacturing firms, motor vehicles saw an improvement assisted by a recovery in production, while industries such as electrical machinery, ceramics, stone and clay, and chemicals deteriorated mainly due to the effects of the slowdown in overseas economies, the appreciation of the yen, and the flooding in Thailand, and this in turn has led to a deterioration as a whole. Small manufacturing firms improved slightly as a whole, aided by the improvement in industries such as ceramics, stone and clay, pulp and paper, and iron and steel as a reflection of reconstruction-related demand. Large nonmanufacturing firms improved as a whole with improvements in services as well

as those in construction and leasing in response to reconstruction-related demand. Small nonmanufacturing firms improved overall, assisted by steady domestic demand. Corporate profits are projected to be affected by the slowdown in overseas economies and the yen's appreciation for the time being, and thereafter they are expected to resume their uptrend gradually following increases in production and demand. On a fiscal-year basis, current profits (for all industries and enterprises) in fiscal 2011 were forecasted to decline by 4.8 percent on a year-on-year basis, according to firms' business plans in the December *Tankan* (Chart 14). In comparison to the September *Tankan*, both large and small manufacturing firms' current profits for the first half of the fiscal year were revised upward, while their profit forecasts for the second half-year and also for the whole fiscal year have been revised downward. The downward revision this time was attributable to (i) revisions made by firms to set the assumed exchange rate of the yen higher against the U.S. dollar and (ii) the effects of the slowdown in overseas economies. Large nonmanufacturing firms also revised their current profits for the first half of the fiscal year upward, while their profit forecasts for the second half-year were revised downward. Small nonmanufacturing firms revised both their current profits for the first half-year and their profit forecasts for the second half-year upward.

Business fixed investment is projected to continue a moderate increasing trend, partly due to efforts by firms to restore and reconstruct disaster-stricken facilities as well as to strengthen earthquake resistance and business continuity systems, although it will be affected by the slowdown in overseas economies for the time being. According to business fixed investment plans for fiscal 2011 (excluding software investment and including land purchasing expenses; year-on-year basis) in the December *Tankan* (Chart 16), plans of large firms were revised downward by 1.6 percent compared with the September survey to positive 1.4 percent on a year-on-year basis. In detail, large manufacturing firms revised their plans downward by 3.5 percent from the previous survey to a year-on-year increase of 6.2 percent, mainly due to the effects of the slowdown in overseas economies. Plans of large nonmanufacturing firms were also revised slightly downward with a year-on-year decline of 1.1 percent. Those of small firms stood at negative 12.3 percent on a year-on-year basis, but they were revised upward to positive 6.6 percent—more or less the normal trend—compared with the September survey. 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 enterprises for fiscal 2011 is projected to increase by 3.7 percent on a year-on-year basis. This is somewhat higher than the business fixed investment plans for fiscal 2010 (a year-on-year increase of 2.3 percent) of the same time last year.

Private consumption has remained firm (Chart 17). Consumption of goods—as seen through sales at retail stores in real terms (Chart 18[1])—rose in the third quarter on a quarter-on-quarter basis and continued to do so in October compared with the third quarter. Looking at developments in durable consumer goods (Chart 18[2]), the number of new passenger-car registrations—which had been rising sharply with the removal of supply constraints—has remained virtually flat from September. Sales of household electrical appliances (in real terms) have remained more or less level after having fallen back sharply in August from the rush in demand, mainly for flat panel televisions, prior to the ending of the analogue TV broadcasting as well as heightened demand for electricity conservation products such as air conditioners. Sales at department stores and supermarkets dipped in September, affected mainly by the powerful typhoons, but they bounced back in October (Chart 19[1]). Sales at convenience stores were essentially flat. As for developments in services consumption (Chart 19[2]), sales in the food service industry and outlays for travel have been picking up, albeit with fluctuations.

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—turned to an increase in the third quarter on a quarter-on-quarter basis and continued to move up in October relative to the third quarter (Chart 18[1]).⁵ The total expenditure in the *Survey of Household Economy* (in real terms; two-or-more-person households) also rose in October compared with the third quarter, after having turned upward in the third quarter on a quarter-on-quarter basis.

⁵ Items in the index are not completely limited to those used for estimating GDP. Education, for example, is not used for estimating GDP.

Indicators related to consumer confidence—which had been improving—have recently been more or less level (Chart 20).

Private consumption is expected to remain firm as the employment situation gradually heads toward improvement.

Housing investment has generally been picking up. The number of housing starts—a leading indicator of housing investment—fell back to an annualized rate of 770,000 units in October from the rush in demand prior to the ending of various incentives for home purchasing,⁶ after having risen to 890,000 units in the third quarter (Chart 21[1]).

Housing investment is expected to increase gradually, albeit with fluctuations, mainly due to the reconstruction of disaster-stricken homes.⁷

Industrial production has remained more or less flat, due in part to the effects of the slowdown in overseas economies and of the yen's appreciation as well as of the flooding in Thailand (Chart 22). Production rebounded in October after having declined in September for the first time in six months on a month-on-month basis; it has become almost level, with the movements of the past few months smoothed out. Looking in detail at production in October, transport equipment registered somewhat high growth, partly in response to the decline in September in the face of firm demand at home and abroad. General machinery (such as parts and accessories of boilers) moved up in October, although this is likely to be a fluctuation, and thus it is expected to remain somewhat weak as a trend, mainly due to the effects of the slowdown in overseas economies and the yen's appreciation. Electronic parts and devices moved down as a reflection of the weakness in global IT-related demand. Production cutbacks were observed in information and communication electronics equipment

⁶ The rush in demand toward July-August is considered to have occurred prior to the deadline for construction starts which were eligible for receiving eco-points for housing (end of July) and to the ending of the preferential interest rate measures for the Flat 35S (end of September).

⁷ In the third supplementary budget for fiscal 2011—which was enacted on November 21—the eco-point system for housing as well as the preferential interest rate measures for the Flat 35S were included once again with preferential treatment for disaster-stricken areas.

(digital cameras) in response to difficulties in procuring parts caused by the flooding in Thailand.

Shipments declined in October, as did production, but with movements of the past few months smoothed out, they have become almost flat. By goods (Chart 23), shipments of most goods were more or less level.

Inventories have moved up moderately, albeit with fluctuations. They inched up in October on a month-on-month basis. In detail, inventories of electronic parts and devices rose, mainly due to weak global IT-related demand. Those of information and communication electronics equipment increased as a result of a downshift in demand for flat panel televisions. Looking at the shipment-inventory balance (Chart 24), on the whole, growth in inventories has continued to outpace that in shipments.

Production is expected to remain more or less flat for the time being and increase moderately thereafter, mainly reflecting the gradual materialization of domestic reconstruction-related demand and a pick-up in the pace of recovery in overseas economies. According to anecdotes by firms and other information, production is projected to be essentially level as a whole in the fourth quarter compared with the previous quarter. Although production of automobiles is projected to recover, led by restocking of inventories abroad and by a reduction in the backlog of domestic orders, production including automobiles is likely to be adversely affected by supply-chain disruptions resulting from the flooding in Thailand, and production of information and communication electronics equipment, electronic parts and devices, general machinery, iron and steel, and chemicals will also be affected partly by the slowdown in overseas economies and the yen's appreciation. Production in the first quarter of next year is expected to remain virtually flat as a whole, since a rebound in transport equipment is projected from the slump caused by the flooding in Thailand, while general machinery and information and communication electronics equipment are expected to decline, mainly due to the effects of the slowdown in overseas economies.

The employment and income situation has continued to be severe, although there have been signs of improvement.

As for supply and demand conditions in the labor market, the ratio of job offers to applicants has continued to improve (Chart 25[1]). The unemployment rate has been trending downward, albeit with monthly fluctuations. Looking at the employment conditions DI in the December *Tankan* (Chart 27), the net "excessive" employment has tended to narrow.

In terms of employment, the number of employees in the *Labour Force Survey* has recently declined marginally on a year-on-year basis, despite large monthly fluctuations (Chart 26[1]).^{8,9} Meanwhile, with regard to the Employment Adjustment Subsidy, figures collected from reports on business suspension plans show that the number of applicants for this subsidy rose in March and April due to the earthquake disaster, but that number has fallen since May.¹⁰ The number of regular employees in the *Monthly Labour Survey* has been increasing on a year-on-year basis. The ratio of part-time employees has been on a gradual uptrend (Chart 26[2]). Meanwhile, overtime hours worked have tended to reduce their year-on-year pace of decline, due to the pick-up in economic activity; the year-on-year rate of change has recently been around 0 percent (Chart 26[3]).

⁸ The released figures of the *Labour Force Survey* (which includes the unemployment rate and number of employees) were aggregated excluding Iwate, Miyagi, and Fukushima Prefectures since March due to the effects of the Great East Japan Earthquake. From the September figures, however, the above three prefectures have been included again.

⁹ From the August survey, the spike in the number of those leaving the country after the Great East Japan Earthquake has been included in the Population Estimates, which form the basis for estimating the survey. This factor, as well as a fluctuation in the samples, may have affected the recent year-on-year decline in the number of employees.

¹⁰ Currently, businesses are eligible for the Employment Adjustment Subsidy on the condition that "the decline in the average of sales or production volume in the most recent three months is 5 percent or more compared with the prior three months or on a year-on-year basis." As part of the government's new measure for dealing with the yen's appreciation, however, the requirement was relaxed so that businesses can receive the subsidy on the condition that "the decline in the production volume and sales in the most recent one month is 5 percent or more compared with the prior one month or on a year-on-year basis as well as on a projected decline basis." After the earthquake, the requirement is also applied to firms in the disaster-stricken areas and to businesses located in areas that were subject to scheduled black outs.

Looking at nominal wages per employee (Chart 28[1]), both regular and overtime payments have been on an improving trend, as a reflection of the pick-up in economic activity. On top of these movements, wages as a whole improved in October by registering roughly 0 percent on a year-on-year basis, partly since bonuses—which had been somewhat weak—comprised only a small weight.

The year-on-year growth rate of employee income has been almost 0 percent with the monthly fluctuations smoothed out, as a reflection of the aforementioned developments in employment and wages (Chart 28[3]).

Employee income is highly expected to be somewhat weak, mainly since the decline in corporate profits caused by the earthquake disaster will take effect with a time lag for the time being, although improvement in the labor market will support income gradually.

2. Prices

International commodity prices have been more or less flat lately, after having trended downward from the peak around spring (Chart 30). Prices of crude oil and nonferrous metals declined, mainly as a reflection of anxiety over a downshift in the global economy, but they have been virtually level since mid-October. Prices of grains have continued to decline somewhat.

The three-month rate of change in import prices (on a yen basis) has been declining at a somewhat reduced pace, while international commodity prices have been essentially level (Chart 30).

The three-month rate of change in domestic corporate goods prices (adjusted to exclude the effects of seasonal changes in electricity rates, same hereafter)¹¹ shows that they have been somewhat weak, mainly due to the earlier decline in international

¹¹ 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.

commodity prices (Chart 31). In November, the three-month rate of change declined at a somewhat slower pace compared with October. In detail, although prices of "goods sensitive to exchange rates and overseas commodity prices" have continued to decrease, the rate of decline in domestic corporate goods prices has somewhat moderated as international commodity prices have been more or less flat. On the other hand, prices of "electric power, gas and water" have still moved up, since the earlier rise in crude oil prices takes effect with a time lag.

The year-on-year rate of change in corporate services prices (excluding international transportation; year-on-year basis, same hereafter) has tended to decline at a reduced pace; it stood at negative 0.1 percent in October following that of September (Chart 32). In detail, the pace of decline in prices related to real estate (office space rental) eased; prices related to domestic transportation (such as overnight freight transportation and warehousing) and other services (plant engineering) rose at an accelerated pace. On the other hand, prices related to fixed investment (leasing and rental) somewhat reduced their pace of increase.

The year-on-year rate of change in consumer prices (all items less fresh food; year-on-year basis, same hereafter) is currently around 0 percent (Chart 33). Consumer prices in October stood at negative 0.1 percent, 0.3 percentage points below their September level. This was mainly because the positive contributions from the rise in the tobacco tax and in charges for accident insurance (0.2 percentage points and 0.15 percentage points respectively) in October last year dissipated. Looking at developments on a basis that excludes food and energy, prices fell by 0.6 percentage points from September to negative 1.0 percent.¹² Regarded as a method for capturing trend changes, the year-on-year rates of decline in both the trimmed mean and the chain index have tended to narrow mildly; they have recently been moving at around 0 percent (Chart 34[2]).¹³

¹² The effects of the rise in the tobacco tax and charges for accident insurance dissipated, which has resulted in declines of 0.27 percentage points and 0.21 percentage points respectively.

¹³ The trimmed mean is obtained by systematically discarding a certain percentage of the highest and lowest marks of the price fluctuation distribution by item to eliminate large relative price fluctuations. The Laspeyres chain index is compiled as follows: (i) aggregates are produced after updating the weights of items of the base year and resetting the index level of individual items to 100 every year; then (ii) multiplying the previous year's chain index by the aggregated year-on-year figures obtained from the above calculation. Disregarding such factors as adopting

Looking in detail at consumer price movements in October other than cigarettes and charges for accident insurance, prices for goods showed that positive contributions from petroleum products (such as gasoline) diminished, while prices of agricultural, aquatic and livestock products (cut flowers and rice) turned to an increase. Prices of general services reduced their pace of increase as a whole, mainly since prices of package tours to overseas grew at a slower pace due to a decrease in fuel surcharges. Turning to fees for public services, electricity and gas prices rose at a faster pace, whereas airplane fares increased at a subdued pace.

With regard to domestic supply and demand conditions in the December *Tankan* (Chart 35), the net "excess supply" of the supply and demand conditions DI for products and services expanded marginally in manufacturing, while it moderated slightly in nonmanufacturing. The net "fall" of the output prices DI expanded marginally for manufacturing, whereas it moderated marginally for nonmanufacturing. Meanwhile, the weighted average of the production capacity DI and employment conditions DI has been on a moderate improving trend.

Domestic corporate goods prices are expected to remain somewhat weak for the time being. The year-on-year rate of change in consumer prices is expected to remain at around 0 percent for the time being.

Meanwhile, looking at developments in land prices through the *Urban Land Price Index* (Chart 36), the pace of decline eased slightly from six months earlier in all areas and categories.

3. Financial Developments

(1) Financial Markets

In Japan's money markets, interest rates have been stable at low levels—including those for longer term rates—as market participants share perceptions of an excess of liquidity, amid the Bank of Japan's ongoing provision of ample funds. The overnight call rate (uncollateralized) has been below the 0.1

and terminating items and revising model formulae, it is virtually equivalent to compiling an index in which the base year is updated every year.

percent level. Regarding interest rates on term instruments, the T-Bill rate (3-month) has been at around 0.1 percent. The Euroyen interest rate (3-month) has been more or less flat, at a somewhat high level relative to the OIS rates—the OIS rates mainly reflect expectations about future policy interest rates. Interest rates on Euroyen futures have been virtually level (Chart 37). In U.S. dollar funding, the LIBOR-OIS spread for the dollar has continued to expand, as market participants have remained cautious about taking on counterparty risks in transactions amid persisting anxiety over the sovereign debt problems in Europe (Chart 38).

Yields on 10-year government bonds (newly issued 10-year JGB) rose to the range of 1.05-1.10 percent, partly due to sales of bond futures by foreign investors triggered by large under-subscription in a German government bond auction. They have recently declined below the 1.0 percent level, however, partly due to the buying on dips (Chart 39).

Yield spreads between corporate bonds and government bonds have generally been more or less flat (Chart 40).

Stock prices softened in line with movements in U.S. and European stock prices; there were some phases in which they recorded the lowest level since the start of the year. After that, however, they have picked up slightly along with the rise in U.S. and European stock prices in light of coordinated actions taken by central banks in major economies to enhance their capacity to provide liquidity including U.S. dollar funds-supplying operations. The Nikkei 225 Stock Average has been moving at around 8,500 yen (Chart 41).

In the foreign exchange market, the yen's exchange rate has continued to move within a narrow range of around 77-78 yen against the U.S. dollar, due in part to concern about a foreign exchange intervention (Chart 42).

(2) Corporate Finance and Monetary Aggregates

Firms' funding costs have declined moderately, against the background that the overnight call rate has remained at an extremely low level. Issuance rates on CP and those on corporate bonds, meanwhile, have been at low levels. The average

contracted interest rates on new loans and discounts have declined moderately (Chart 44).

With regard to credit supply, firms have continued to see financial institutions' lending attitudes as being on an improving trend (Chart 43). Issuing conditions for CP have continued to be favorable. Those for corporate bonds have also remained favorable on the whole. In these circumstances, as for funding of the private sector, the year-on-year rate of change in bank lending has been slightly positive, mainly in demand for working capital and funds related to mergers and acquisitions (Chart 45). The amounts outstanding of both corporate bonds and CP have exceeded their previous year's levels (Chart 46).

In these circumstances, firms have retained their recovered financial positions on the whole (Chart 43). The number of corporate bankruptcies has been at a low level (Chart 48).

Meanwhile, the year-on-year rate of change in the money stock (M2) has been at around 3 percent. Its November reading was 3.0 percent on a year-on-year basis, following 2.8 percent in October (Chart 47).¹⁴

¹⁴ On an M3 basis, which includes the Japan Post Bank, the year-on-year growth rate has been at around 2.5 percent; its November reading was 2.5 percent, following 2.3 percent in October. The year-on-year growth rate of broadly-defined liquidity (L) has been in the range of 0.0-0.5 percent; it increased by 0.2 percent in November, following an increase of 0.1 percent in October.

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Chart 28	Employee Income		

Main Economic Indicators (1)

s.a., q/q (m/m) % chg.¹

	2011/Q1	Q2	Q3	2011/Aug.	Sep.	Oct.	Nov.
Index of consumption expenditure level (two-or-more-person households)	-1.5	-1.4	1.3	-0.6	0.8	1.5	n.a.
Sales at department stores	-3.7	2.9	-0.9	-0.1	-2.3	3.1	n.a.
Sales at supermarkets	-0.7	-0.8	0.5	-2.1	-1.5	1.9	n.a.
New passenger-car registrations ³ <s.a., ann. 10,000 units>	< 234>	< 192>	< 263>	< 285>	< 285>	< 281>	< 267>
Sales of household electrical appliances (real, "Current Survey of Commerce")	-17.9	23.4	-6.5	-22.9	-0.5	-2.0	n.a.
Outlays for travel	-5.6	-9.4	18.6	7.8	-0.3	1.5	n.a.
Housing starts <s.a., ann. 10,000 units>	< 84>	< 81>	< 89>	< 93>	< 75>	< 77>	<n.a.>
Machinery orders ⁴ (Private sector, exc. volatile orders)	5.6	2.5	1.5	11.0	-8.2	-6.9	n.a.
Manufacturing	5.3	-0.2	2.5	13.7	-17.5	5.5	n.a.
Nonmanufacturing ⁴ (exc. volatile orders)	1.4	5.0	5.0	-6.1	8.5	-7.3	n.a.
Construction starts (private, nondwelling use)	5.9	7.3	-3.3	17.1	-20.9	9.8	n.a.
Mining & manufacturing	-8.9	24.5	-21.7	-11.7	-11.5	45.1	n.a.
Nonmanufacturing ⁵	9.1	1.5	0.9	17.5	-20.0	5.1	n.a.
Value of public works contracted	2.4	-3.7	1.6	10.9	1.6	1.5	0.6
Real exports	-1.1	-5.7	8.7	0.1	3.4	-4.9	n.a.
Real imports	-0.9	2.2	2.6	-0.0	-1.6	4.6	n.a.
Industrial production	-2.0	-4.0	4.3	0.6	-3.3	2.2	n.a.
Shipments	-1.9	-5.9	6.6	0.2	-2.0	0.2	n.a.
Inventories	1.0	3.2	1.9	2.1	-0.1	0.9	n.a.
Inventory ratio <s.a., CY 2005 = 100>	< 108.6>	< 111.9>	< 119.2>	< 114.8>	< 119.2>	< 118.1>	<n.a.>
Real GDP ¹¹	-1.7	-0.5	1.4	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	-1.9	-0.4	2.1	-0.3	-0.7	0.8	n.a.

Main Economic Indicators (2)

	y/y % chg. ¹						
	2011/Q1	Q2	Q3	2011/Aug.	Sep.	Oct.	Nov.
Ratio of job offers to applicants <s.a., times>	< 0.62>	< 0.62>	< 0.66>	< 0.66>	< 0.67>	< 0.67>	<n.a.>
Unemployment rate ⁶ <s.a., %>	< 4.7>	< 4.6>	< 4.4>	< 4.3>	< 4.1>	< 4.5>	<n.a.>
Overtime working hours ⁷	1.7	-2.0	-0.6	-2.1	1.0	1.0	n.a.
Number of employees ⁶	0.5	0.8	-0.4	-0.5	-0.5	-0.4	n.a.
Number of regular employees ⁷	0.7	0.7	0.7	0.7	0.6	0.5	n.a.
Nominal wages per person ⁷	0.1	-0.4	-0.3	-0.4	-0.4	0.0	n.a.
Domestic corporate goods price index <q/q % chg., 3-month rate of change> ⁸	1.8 < 1.2>	2.5 < 1.2>	2.6 <-0.3>	2.6 <-0.2>	2.5 <-0.4>	1.6 <-0.9>	p 1.7 <p -0.6>
Consumer price index ⁹	-0.8	-0.3	0.2	0.2	0.2	-0.1	n.a.
Corporate services price index ¹⁰	-1.0	-0.6	-0.4	-0.4	-0.1	p -0.1	n.a.
Money stock (M2) <average outstanding, y/y % chg.>	2.4	2.8	2.8	2.7	2.7	2.8	p 3.0
Number of corporate bankruptcies <cases per month>	<1,070>	<1,104>	<1,036>	<1,026>	<1,001>	<976>	<1,095>

Notes: 1. All figures in Chart 1 except figures in angle brackets are quarter-on-quarter (month-on-month) changes of seasonally 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 respective charts.

2. Figures with "p" indicate preliminary data.
3. Excludes small cars with engine sizes of 660 cc or less.
4. Volatile orders: Orders for ships and those from electric power companies.
5. Nonmanufacturing is mainly composed of commerce, services, agriculture & fisheries, and public utilities industries.
6. Quarterly figures from 2011/Q1 and the monthly figure for August 2011 are based on data which exclude Iwate, Miyagi, and Fukushima Prefectures.
7. Data for establishments with at least five regular employees.
8. Adjusted to exclude a hike in electric power charges during the summer season.
9. All items, less fresh food.
10. Excludes international transportation.
11. Data have been revised to the 2005 base.

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";

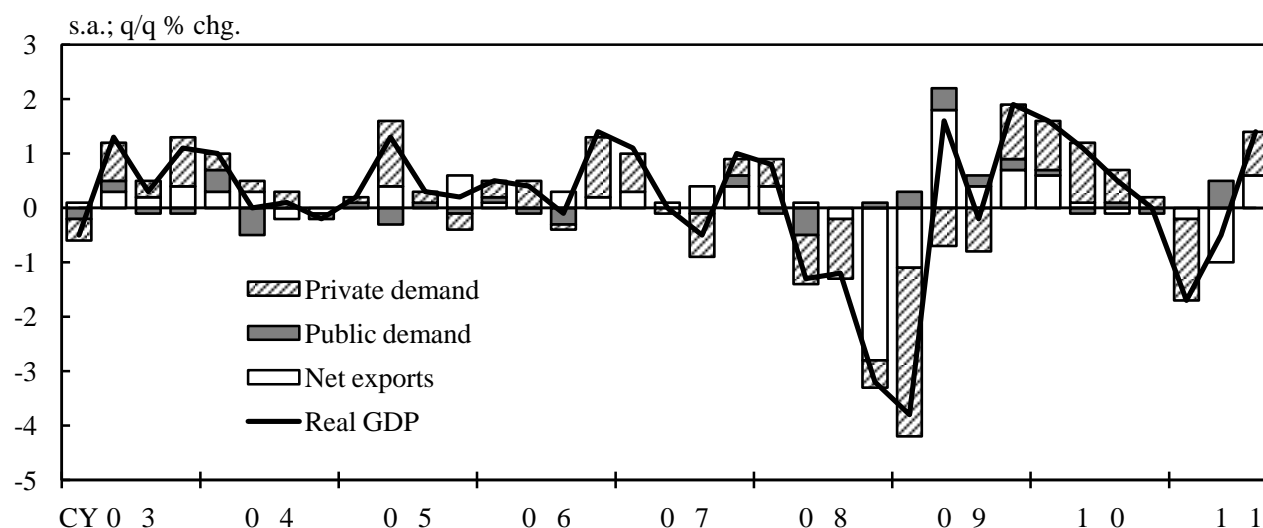
Ministry of Health, Labour and Welfare, "Report on Employment Service," "Monthly Labour Survey";

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

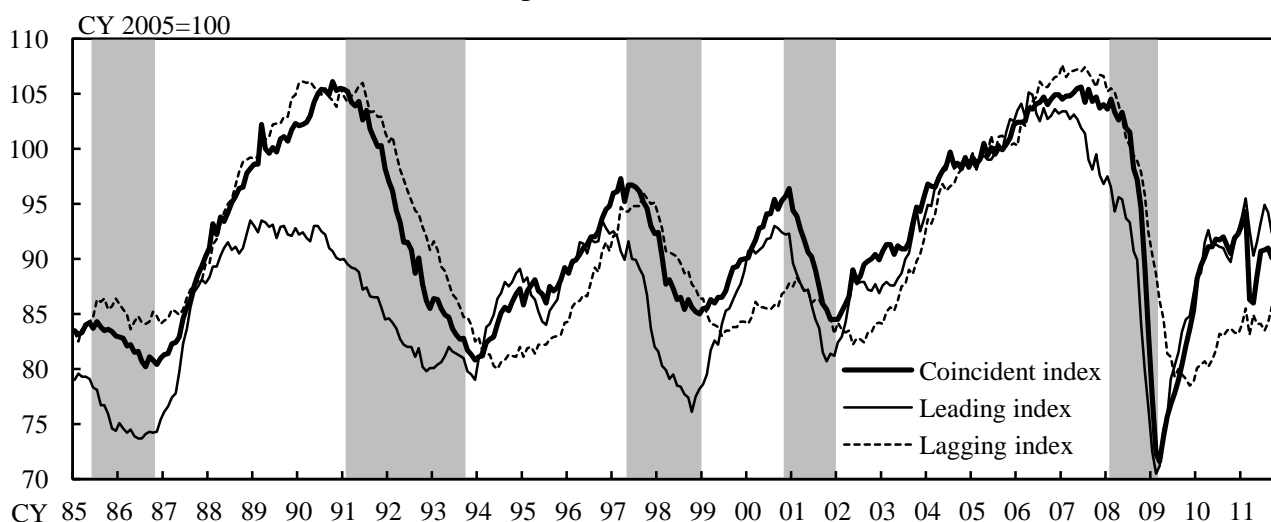
s.a.; q/q % chg.

	2010		2011		
	Q3	Q4	Q1	Q2	Q3
Real GDP	0.5	0.0	-1.7	-0.5	1.4
[Annual rate]	[2.0]	[0.1]	[-6.6]	[-2.0]	[5.6]
Domestic demand	0.6	0.1	-1.5	0.5	0.8
Private demand	0.6	0.2	-1.5	0.0	0.8
Private consumption	0.2	0.2	-0.7	0.2	0.4
Non-Resi. investment	0.1	-0.1	-0.1	-0.1	-0.1
Residential investment	0.0	0.1	0.0	-0.1	0.1
Private inventory	0.3	-0.0	-0.7	-0.0	0.3
Public demand	0.1	-0.1	0.0	0.5	0.0
Public investment	0.0	-0.2	-0.1	0.3	-0.0
Net exports of goods and services	-0.1	-0.0	-0.2	-1.0	0.6
Exports	0.1	-0.0	-0.0	-0.9	1.1
Imports	-0.2	-0.0	-0.2	-0.1	-0.5
Nominal GDP	0.1	-0.8	-1.7	-1.6	1.2

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

2. GDP data in all the charts have been revised to the 2005 base.

(3) Indexes of Business Conditions (Composite Indexes)

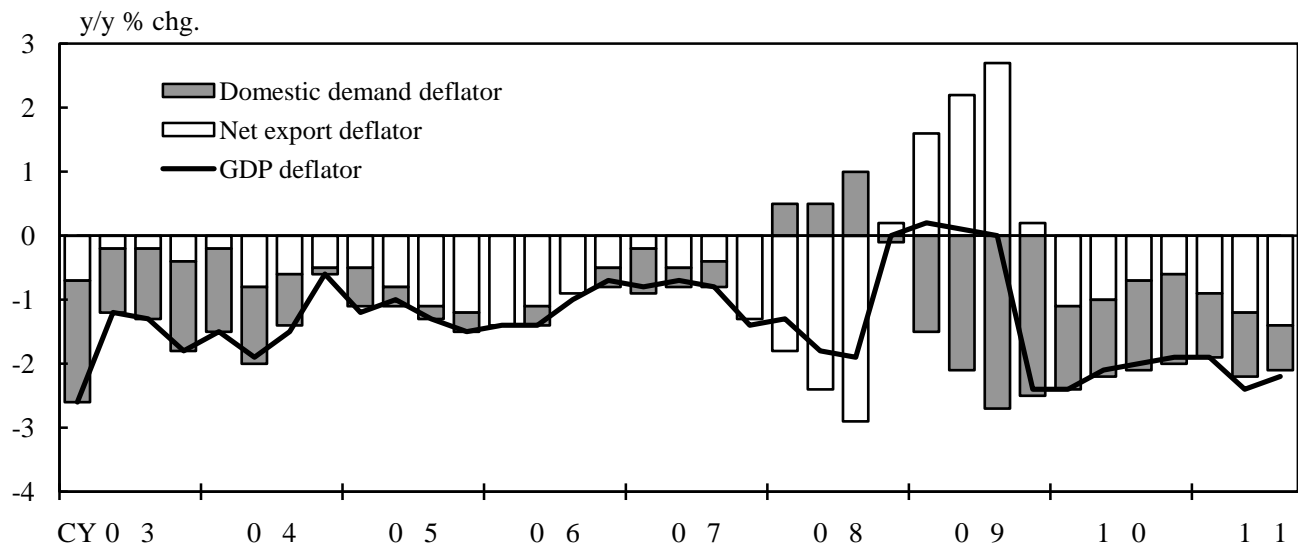


Note: Shaded areas indicate recession periods.

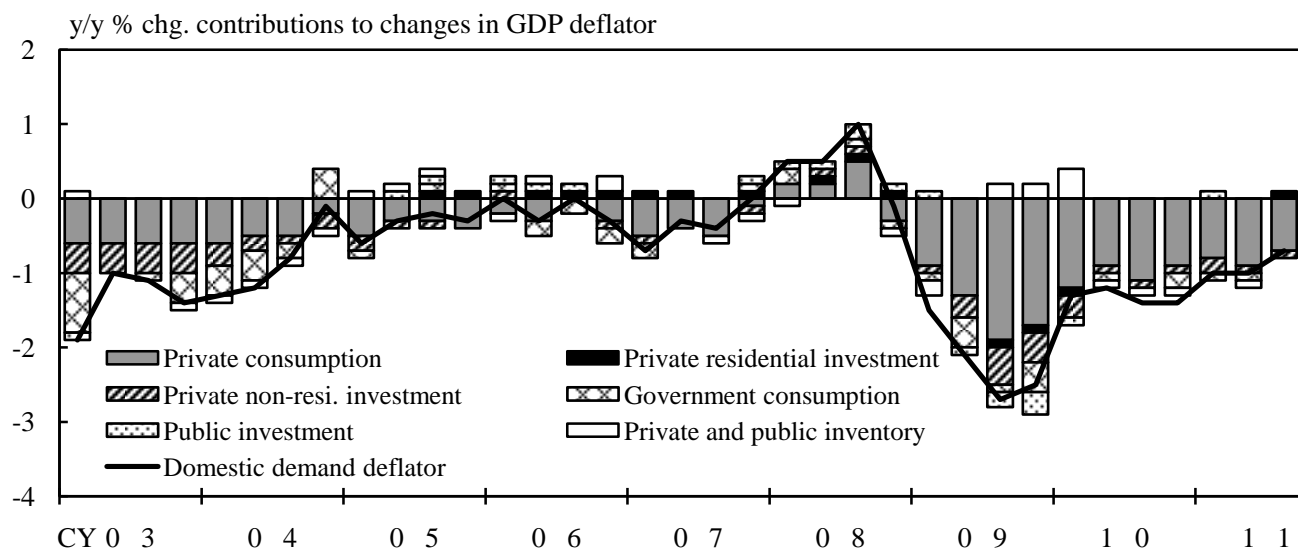
Source: Cabinet Office, "National Accounts," "Indexes of Business Conditions."

GDP Deflator and Income Formation

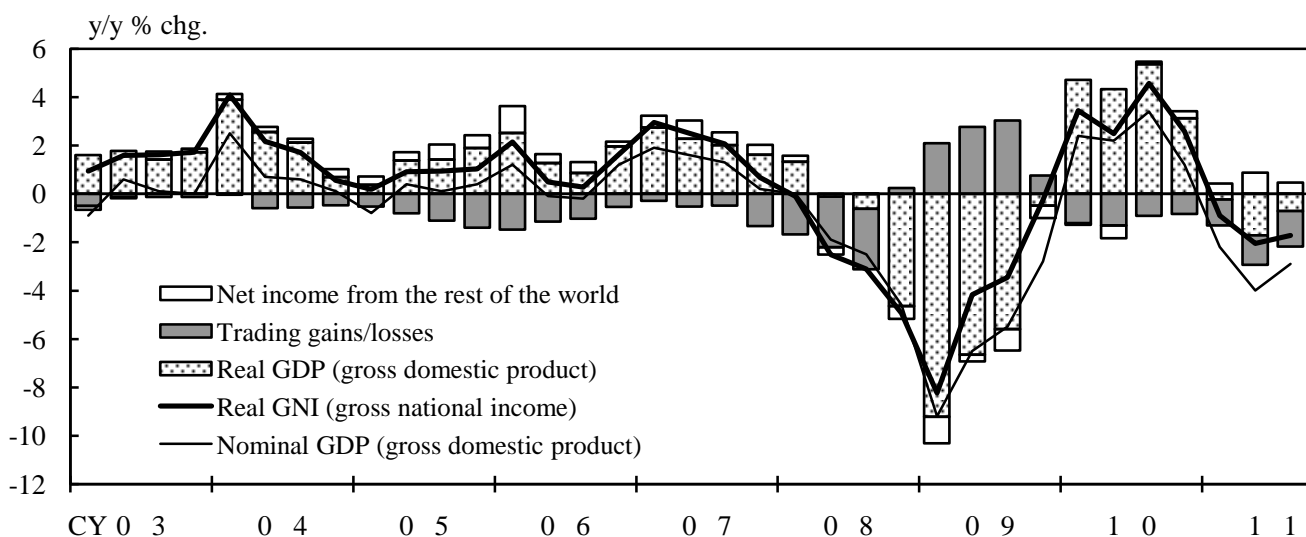
(1) GDP Deflator



(2) Domestic Demand 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

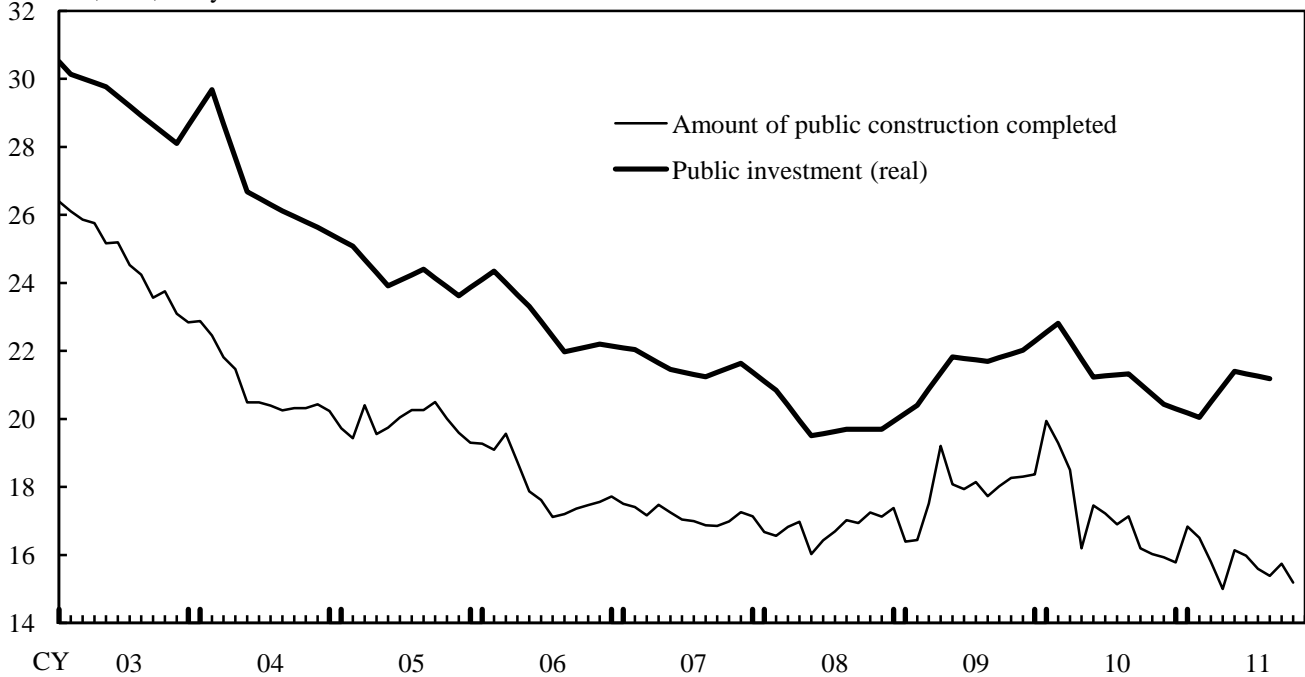
Trading gains/losses = nominal net exports / weighted average of export and import deflators - real net exports

Source: Cabinet Office, "National Accounts."

Public Investment

(1) Amount of Public Construction Completed and Public Investment

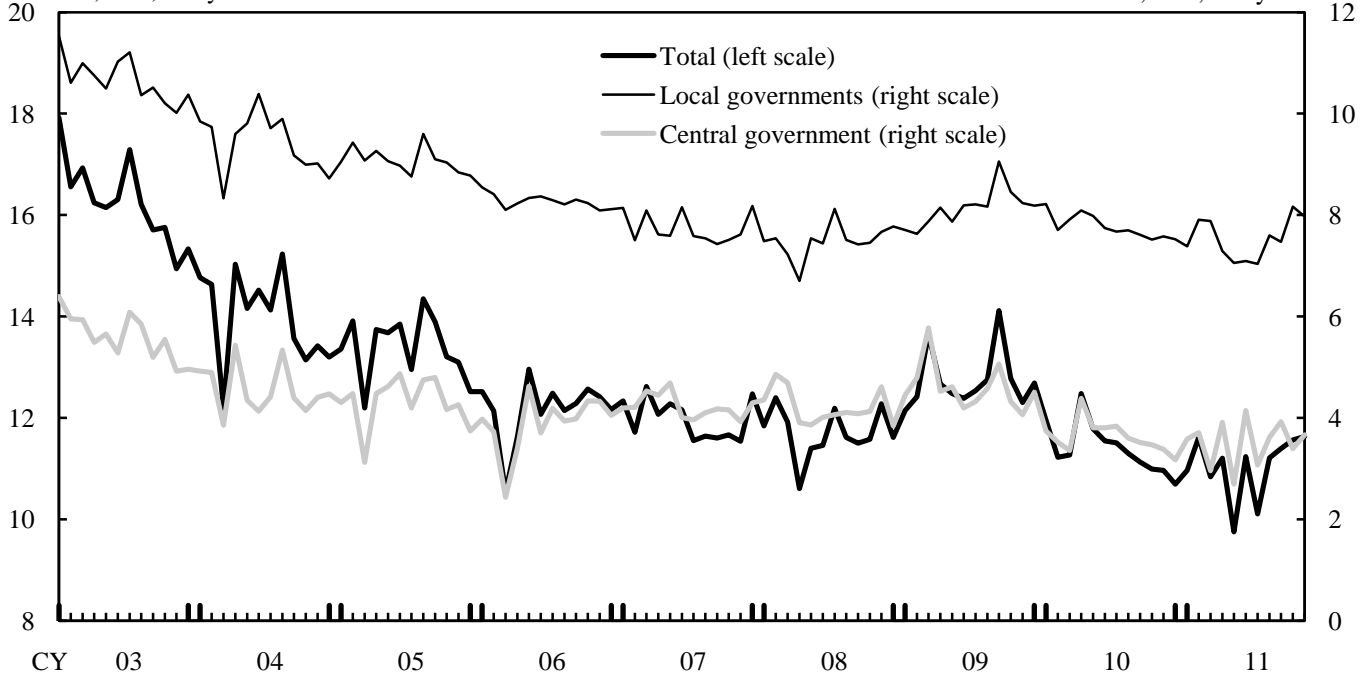
s.a., ann., tril. yen



(2) Value of Public Works Contracted

s.a., ann., tril. yen

s.a., ann., tril. yen



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

2. The amount of public construction completed is based on the general tables in the "Integrated Statistics on Construction Works."

3. Figures of the value of public works contracted and the amount of public construction completed are seasonally adjusted by X-12-ARIMA. As figures of the amount of public construction completed are seasonally adjusted on a monthly basis, the data are retroactively revised every month.

Sources: Cabinet Office, "National Accounts";

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

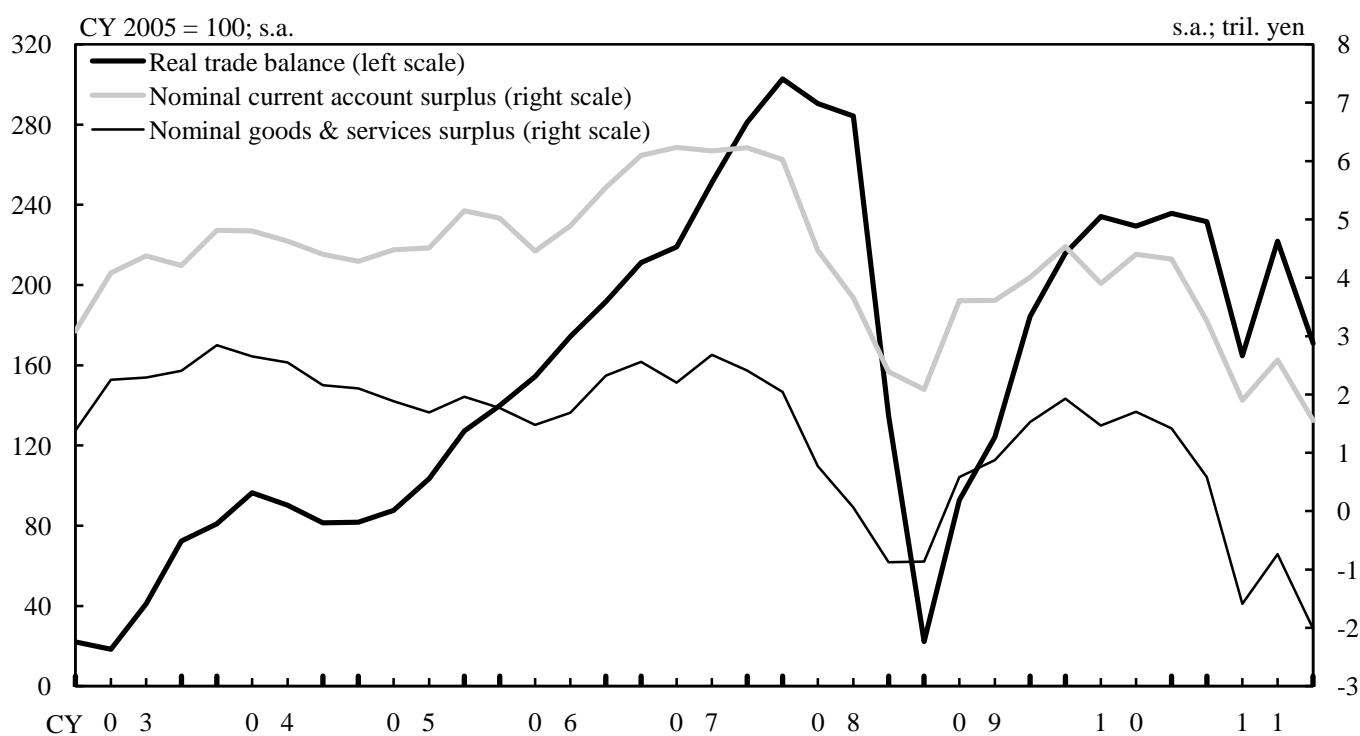
Ministry of Land, Infrastructure, Transport and Tourism, "Integrated Statistics on Construction Works."

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 the base year of 2005.

Real exports/imports are the value of exports and imports in the "Trade Statistics" deflated by the "Export and Import Price Index."

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

3. 2011/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 ¹

(1) Breakdown by Region

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2009	2010	2010 Q4	2011 Q1	Q2	Q3	Q4	2011 Aug.	Sep.	Oct.
United States	<15.4>	-32.6	24.7	0.3	-6.5	-10.2	20.7	-0.2	2.8	-1.6	-0.0
EU	<11.3>	-34.6	17.4	2.1	-3.0	-2.6	12.5	-7.3	-2.0	3.0	-8.5
East Asia	<53.3>	-15.8	31.8	2.3	-1.2	-6.0	5.7	-3.5	-2.5	2.1	-4.1
China	<19.4>	-10.2	31.3	6.8	0.5	-11.0	9.2	-3.6	-2.0	1.8	-4.1
NIEs	<23.7>	-18.0	28.0	-0.4	-2.4	-2.6	1.1	-3.7	-3.3	-1.9	-1.3
Korea	<8.1>	-16.0	23.6	-4.9	1.0	1.6	-5.4	-0.5	-3.4	-7.0	5.7
Taiwan	<6.8>	-17.7	36.8	-0.9	-2.4	-6.7	-2.4	-0.4	-5.8	3.0	-0.4
Hong Kong	<5.5>	-18.8	29.2	2.3	-4.0	-6.7	9.3	-3.7	0.2	-0.0	-3.7
Singapore	<3.3>	-21.6	20.2	6.9	-6.6	0.2	14.0	-21.7	-4.0	-7.7	-16.2
ASEAN4 ³	<10.2>	-20.5	42.7	-0.2	-1.8	-3.4	9.8	-3.1	-1.7	11.6	-9.3
Thailand	<4.4>	-20.9	46.1	-0.2	1.4	-1.7	8.7	-11.8	7.5	6.4	-17.3
Others	<20.0>	-32.1	29.2	-2.1	0.1	-4.2	14.1	-1.1	3.7	7.5	-6.8
Real exports		-25.6	27.5	0.2	-1.1	-5.7	8.7	-2.7	0.1	3.4	-4.9

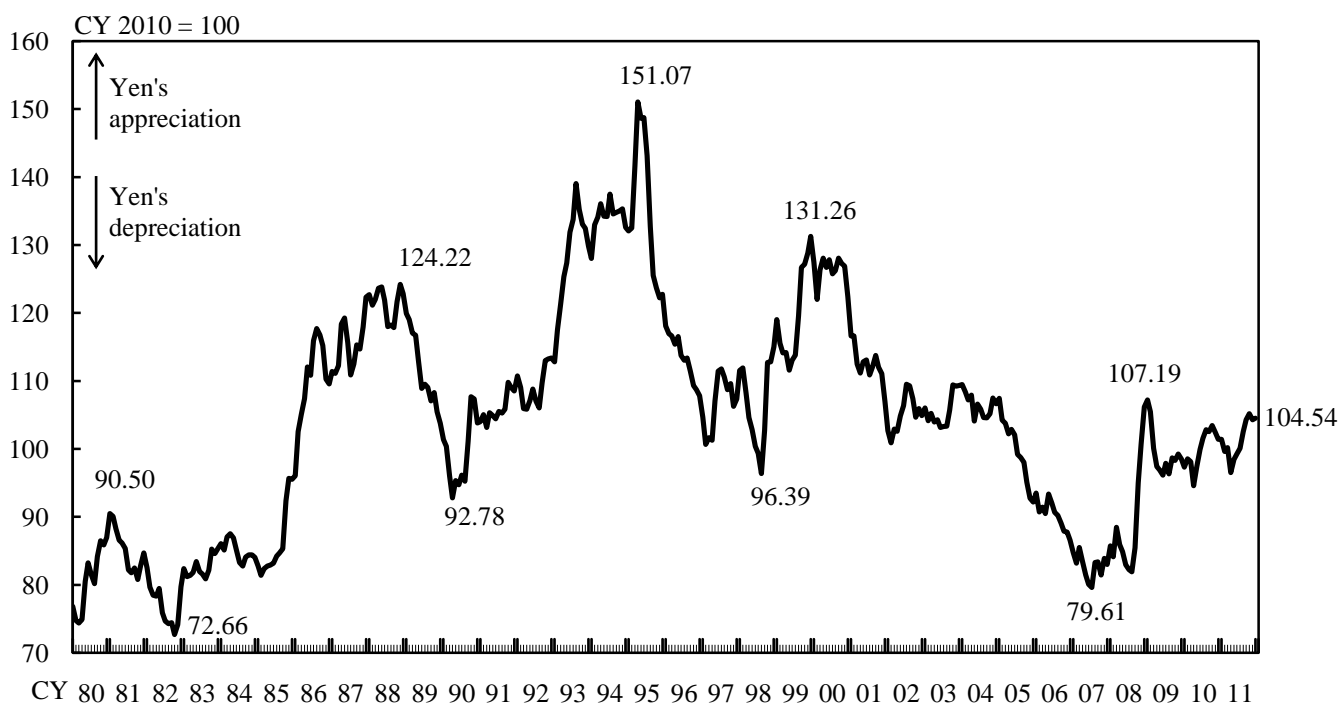
(2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2009	2010	2010 Q4	2011 Q1	Q2	Q3	Q4	2011 Aug.	Sep.	Oct.
Intermediate goods	<20.6>	-5.6	18.3	-0.2	-0.9	-4.4	-2.2	3.2	-1.6	-0.7	4.2
Motor vehicles and their related goods	<21.6>	-41.4	41.8	1.7	-8.7	-22.8	47.4	5.3	3.0	6.4	0.1
Consumer goods ⁴	<3.4>	-28.8	13.7	-1.3	-1.4	-9.4	24.4	-13.0	-4.5	-12.9	-2.8
IT-related goods ⁵	<10.7>	-17.0	27.6	-0.5	0.6	-2.5	6.0	-5.9	-4.2	4.0	-6.9
Capital goods and parts ⁶	<29.2>	-28.1	36.3	0.5	1.4	1.5	-0.5	-5.8	0.9	2.0	-7.3
Real exports		-25.6	27.5	0.2	-1.1	-5.7	8.7	-2.7	0.1	3.4	-4.9

- Notes: 1. Seasonally adjusted by X-12-ARIMA. 2011/Q4 figures are October figures converted into quarterly amount.
2. Shares of each region and goods in 2010 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.

Real Effective Exchange Rate and Overseas Economies

(1) Real Effective Exchange Rate



Notes: 1. The figures are based on the broad index of the BIS effective exchange rate (EER), and those prior to 1994 are calculated using the narrow index. The figures have been retroactively revised, since the BIS rebased its EER indices from the 2005 base year to the 2010 base year and updated the weights of the EERs.

2. The figure for December (up to December 19) 2011 has been calculated using the monthly average of the BOJ's nominal EER (the Yen Index).

(2) Real GDP Growth Rates of Overseas Economies

		CY2008	2009	2010	2010 Q4	2011 Q1	Q2	Q3	
United States ¹		-0.3	-3.5	3.0	2.3	0.4	1.3	2.0	
European Union ¹		0.3	-4.3	1.9	0.8	2.9	1.0	1.1	
	Germany	1.1	-5.1	3.7	1.9	5.5	1.1	2.0	
	France	-0.2	-2.6	1.4	1.3	3.8	-0.2	1.6	
	United Kingdom	-1.1	-4.4	1.8	-2.0	1.6	0.4	2.0	
East Asia ²	China	9.6	9.2	10.4	9.8	9.7	9.5	9.1	
	NIEs	Korea	2.3	0.3	6.2	4.7	4.2	3.4	3.5
		Taiwan	0.7	-1.8	10.7	6.5	6.6	4.5	3.4
		Hong Kong	2.3	-2.7	7.0	6.4	7.5	5.3	4.3
		Singapore	1.5	-0.8	14.5	12.0	9.4	1.0	6.1
	ASEAN4	Thailand	2.5	-2.3	7.8	3.8	3.2	2.7	3.5
		Indonesia	6.0	4.6	6.1	6.9	6.5	6.5	6.5
		Malaysia	4.8	-1.6	7.2	4.8	5.2	4.3	5.8
Philippines		4.2	1.1	7.6	6.1	4.6	3.1	3.2	

Notes: 1. Quarterly data of the 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 2009	2010	2010 Q4	2011 Q1	Q2	Q3	Q4	2011 Aug.	Sep.	Oct.
United States	<9.7>	-18.7	8.2	-0.7	-5.6	6.0	-1.8	3.9	-1.8	6.0	0.7
EU	<9.6>	-13.3	6.4	-3.4	0.8	8.2	0.6	2.6	-3.1	8.0	-1.5
East Asia	<42.4>	-13.1	22.0	2.3	1.5	1.2	3.2	4.1	-1.8	-4.6	8.1
China	<22.1>	-11.1	23.9	4.1	0.9	1.7	5.3	4.6	-0.6	-8.5	11.3
NIEs	<8.8>	-15.9	21.6	-0.5	3.5	1.0	-0.8	5.8	-5.6	1.7	6.7
Korea	<4.1>	-19.1	20.9	6.7	6.7	6.8	-2.9	5.9	-5.4	1.3	7.0
Taiwan	<3.3>	-12.4	21.2	-4.0	-1.2	-5.2	0.8	8.0	-3.4	0.1	9.2
Hong Kong	<0.2>	-29.7	32.8	-2.0	16.6	-16.1	4.2	-23.6	-16.1	16.8	-26.8
Singapore	<1.2>	-12.5	22.9	-5.5	-2.1	5.1	-1.1	6.9	-8.7	1.6	9.1
ASEAN4 ³	<11.5>	-14.9	18.2	0.5	1.3	0.2	1.6	1.3	-1.6	-0.1	1.9
Thailand	<3.0>	-17.5	25.7	-1.4	2.6	2.7	2.1	-7.5	-1.8	-0.0	-6.9
Others	<38.3>	-13.9	6.8	-1.8	-1.6	0.1	2.9	3.2	3.7	-2.9	4.0
Real imports		-14.0	12.0	-0.7	-0.9	2.2	2.6	3.5	-0.0	-1.6	4.6

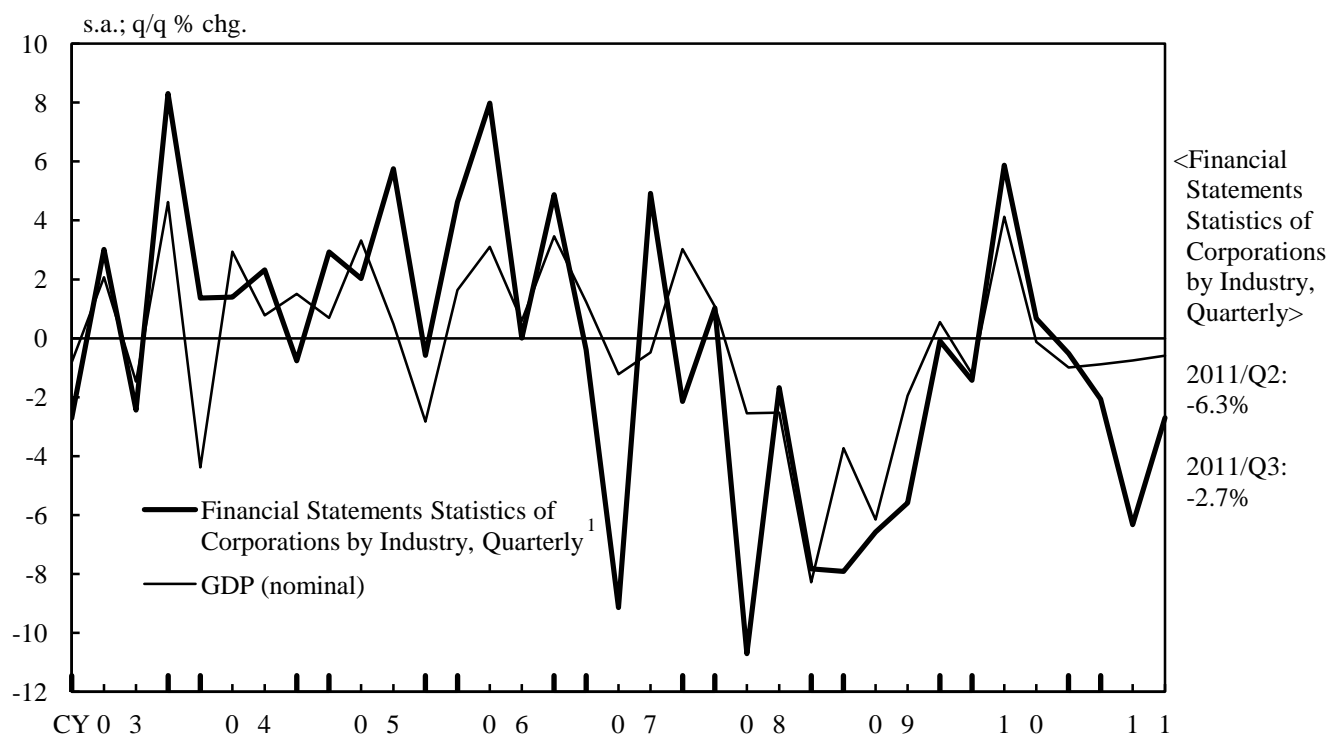
(2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2009	2010	2010 Q4	2011 Q1	Q2	Q3	Q4	2011 Aug.	Sep.	Oct.
Raw materials ⁴	<36.5>	-14.9	5.5	-2.1	-1.3	-0.9	4.9	2.0	2.3	-1.1	2.0
Intermediate goods	<14.9>	-15.4	18.5	-2.4	2.3	9.6	-2.6	2.3	-3.8	-1.0	4.3
Foodstuffs	<8.6>	1.0	2.2	-8.2	1.1	6.9	-3.4	5.5	1.5	1.4	4.0
Consumer goods ⁵	<8.5>	-10.3	22.7	10.9	-0.7	-3.8	2.3	0.8	-5.2	-1.5	3.7
IT-related goods ⁶	<11.2>	-12.4	26.7	4.1	0.1	-1.4	2.7	10.7	-6.8	0.5	13.1
Capital goods and parts ⁷	<11.3>	-23.8	19.0	2.7	-0.9	2.1	5.8	3.8	2.1	-0.1	3.2
Excluding aircraft	<10.7>	-24.4	21.8	1.6	0.4	3.8	5.6	4.2	-0.9	-2.9	6.6
Real imports		-14.0	12.0	-0.7	-0.9	2.2	2.6	3.5	-0.0	-1.6	4.6

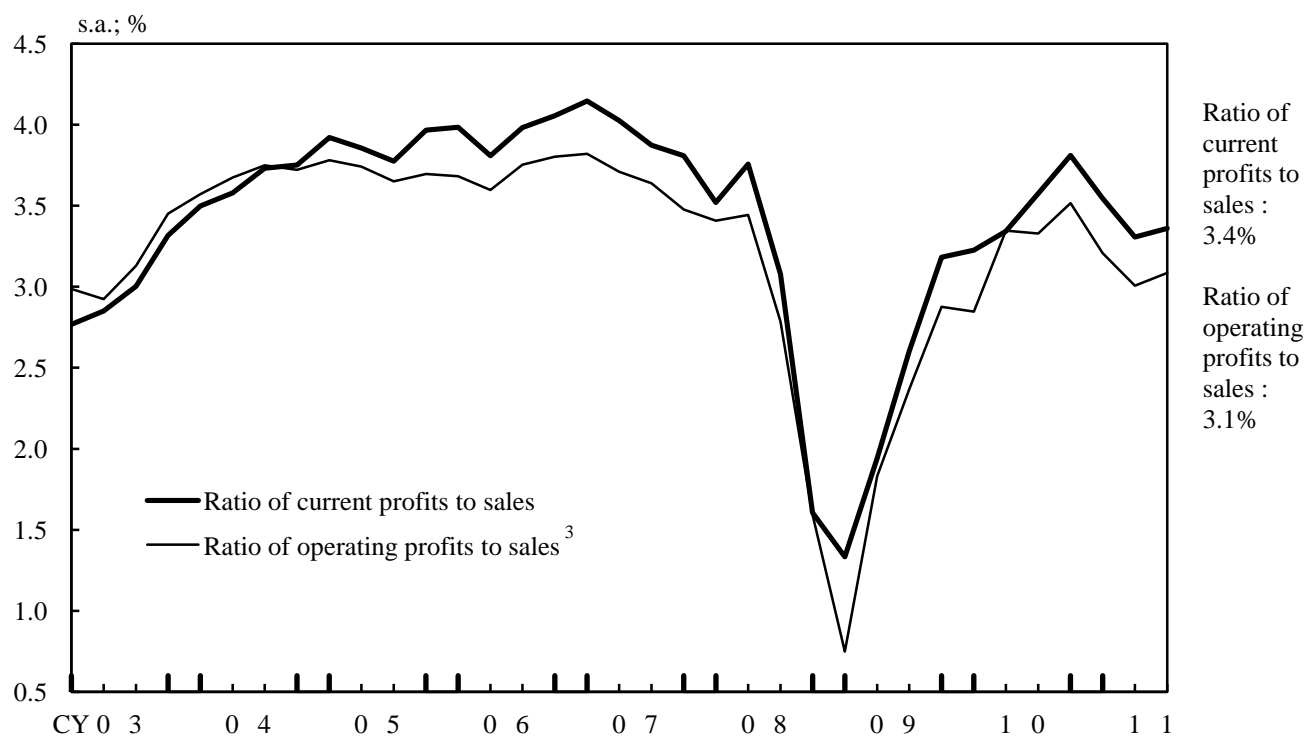
- Notes: 1. Seasonally adjusted by X-12-ARIMA. 2011/Q4 figures are October figures converted into quarterly amount.
2. Shares of each region and goods in 2010 are shown in angle brackets.
3. Data of four members: Thailand, Malaysia, the Philippines, and Indonesia.
4. Raw materials are mainly composed of woods, ores, and mineral fuels.
5. Excludes foodstuffs.
6. IT-related goods are composed of computers and units, parts of computers, telecommunication machinery, ICs, and medical and optical instruments.
7. Excludes IT-related goods.

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."

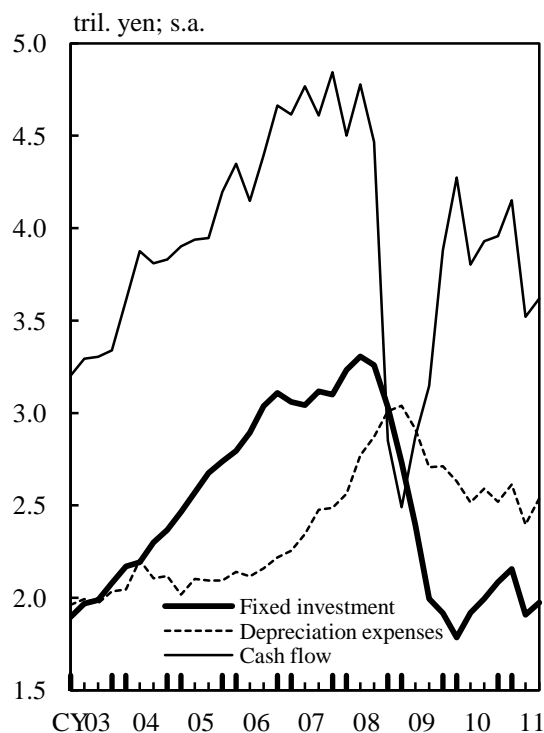
2. Based on the "Financial Statements Statistics of Corporations by Industry, Quarterly."

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

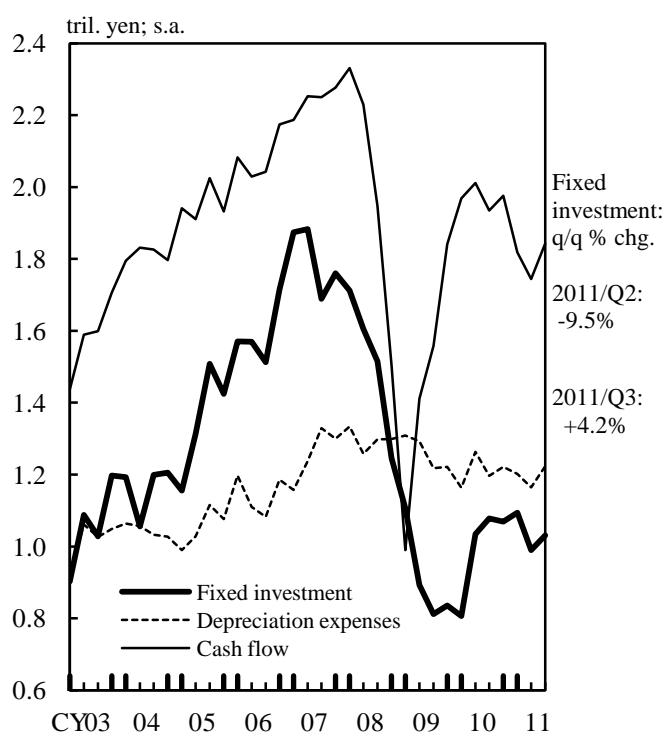
Sources: Cabinet Office, "National Accounts"; Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

Business Fixed Investment by Industry and Size

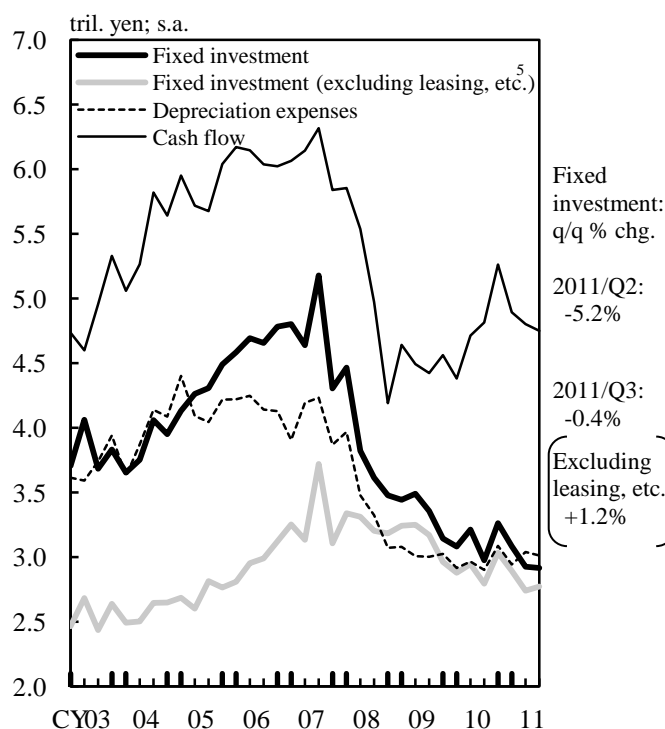
(1) Large Manufacturing Firms



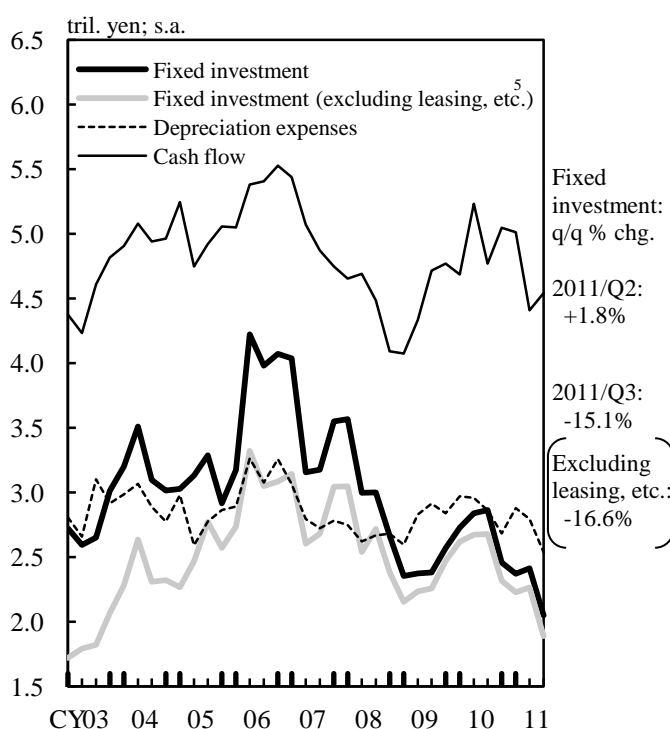
(2) Medium-Sized and Small Manufacturing Firms



(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.

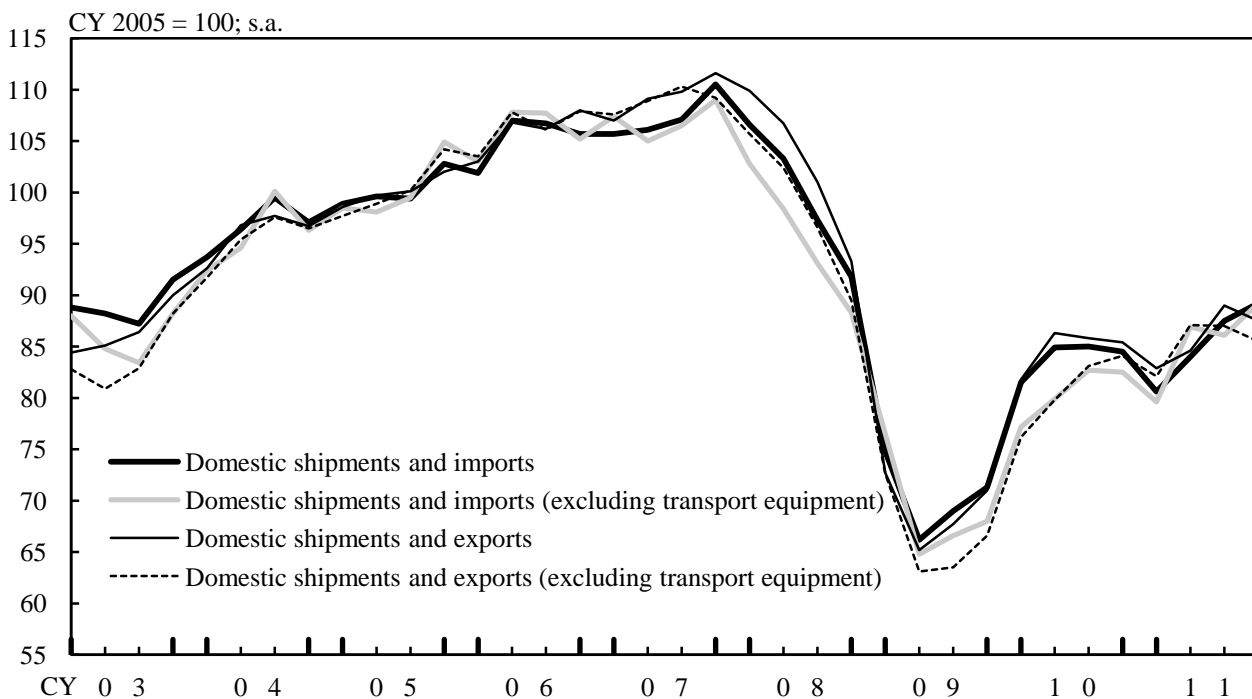
4. Excluding "Finance and Insurance."

5. Up to 2004/Q1, excluding "Business Services." From 2004/Q2, excluding "Goods rental and Leasing."

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

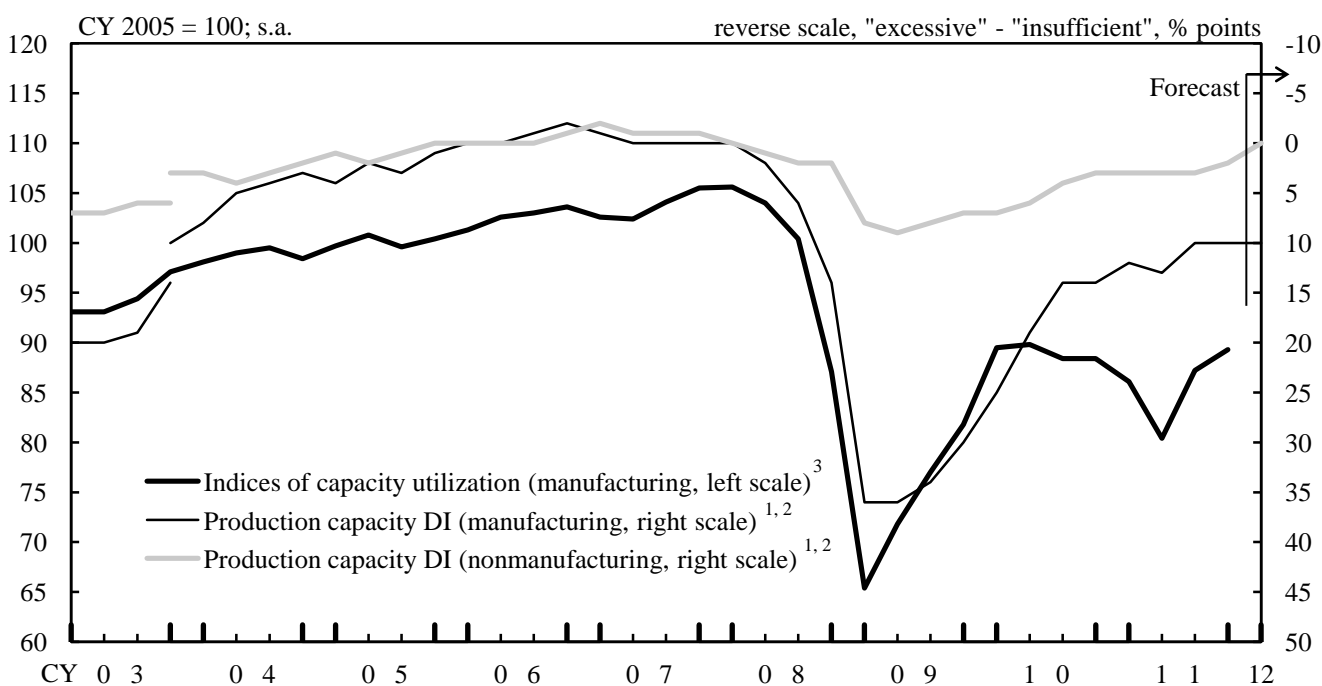
Coincident Indicators of Business Fixed Investment

(1) Aggregate Supply and Shipments of Capital Goods



Note: Figures for 2011/Q4 are those of October.

(2) Indices of Capacity Utilization and Production Capacity DI



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

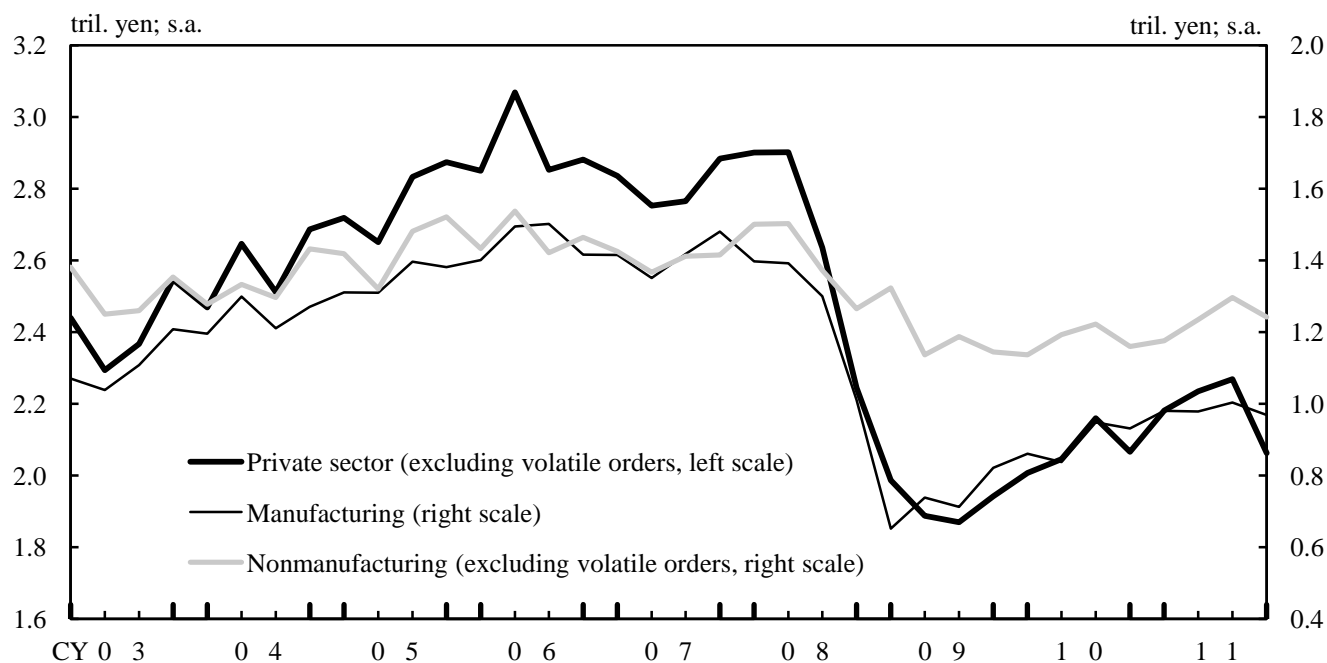
2. In the March 2004 survey, the "Tankan" underwent major revisions, including the addition of new sample enterprises to the survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on the new basis.

3. The figure for 2011/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."

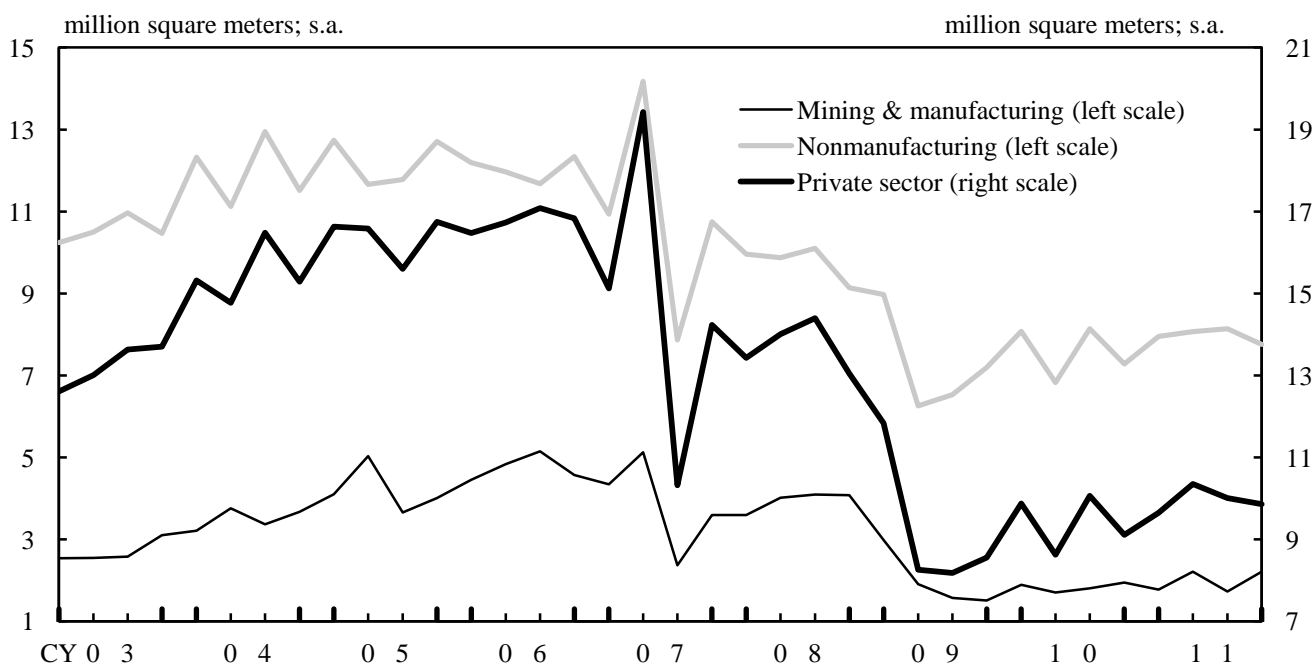
Leading Indicators of Business Fixed Investment

(1) Machinery Orders



- Notes: 1. Figures up to FY 2004 are estimated by the Cabinet Office.
 2. Volatile orders: Orders for ships and those from electric power companies.
 3. Figures for 2011/Q4 are those of October in quarterly amount.

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

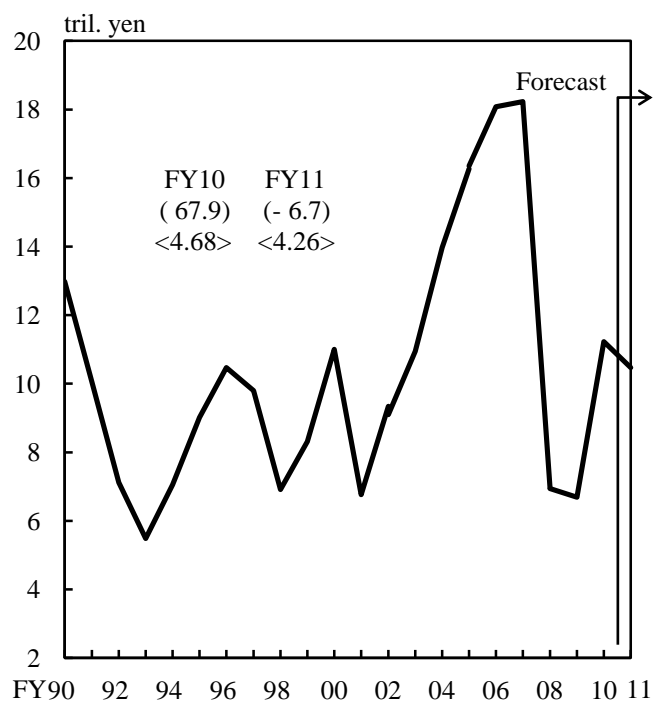


- Notes: 1. Seasonally adjusted by X-12-ARIMA.
 2. Following the revision of the "Standard Industrial Classification for Japan" in March 2002, the industry classification for "newspaper publishing and publishing business" was changed from "mining and manufacturing" to "nonmanufacturing." This new classification applies to data from FY 2003 onward. Accordingly, the data up to FY 2002 were adjusted by using a link coefficient.
 3. Figures for 2011/Q4 are those of October in quarterly amount.

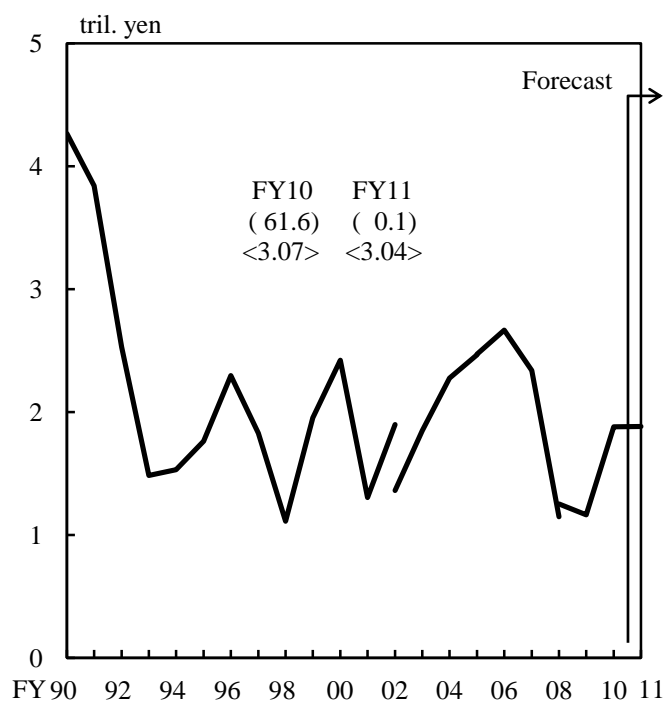
Sources: Cabinet Office, "Orders Received for Machinery";
 Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts."

Current Profits

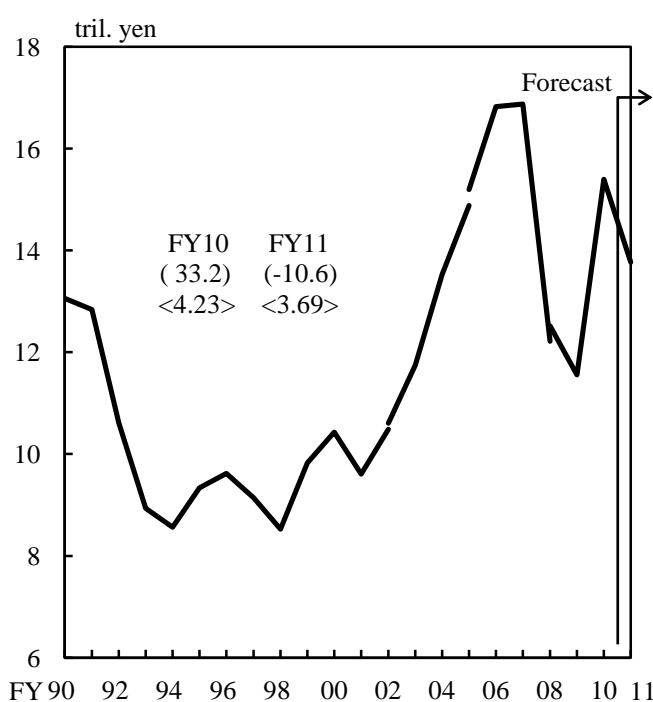
(1) Large Manufacturing Enterprises



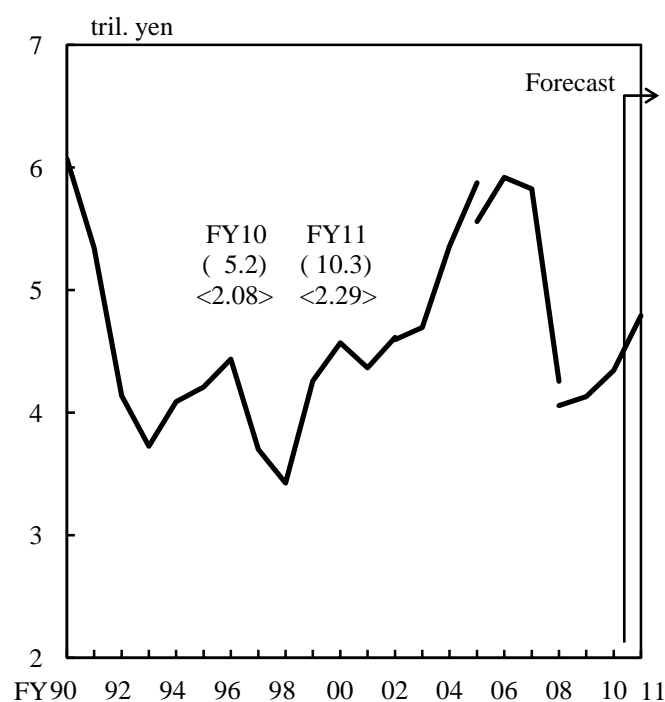
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



(4) Small Nonmanufacturing Enterprises



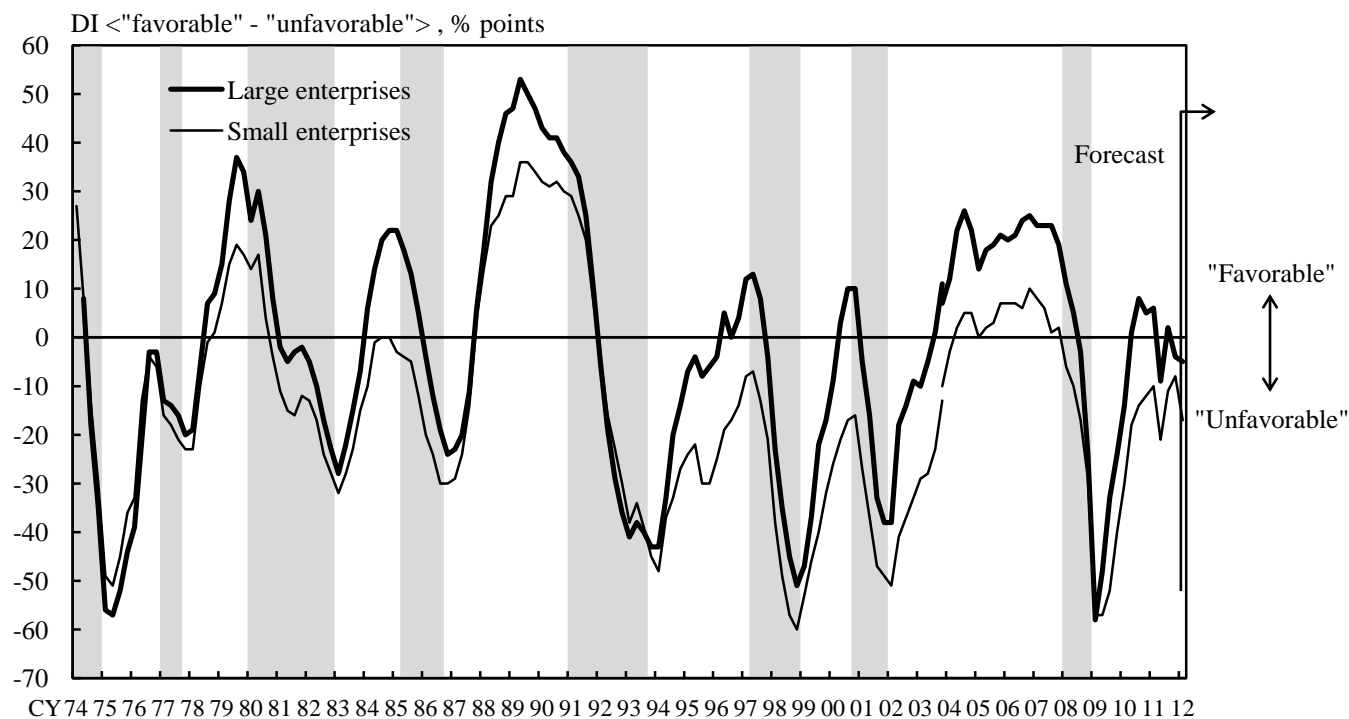
Notes: 1. (): Current profits (y/y % chg.); < >: Ratio of current profit to sales (%).

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, and March 2010 surveys, regular revisions were made to the sample enterprises. The data show some discontinuities coincided with these timings.

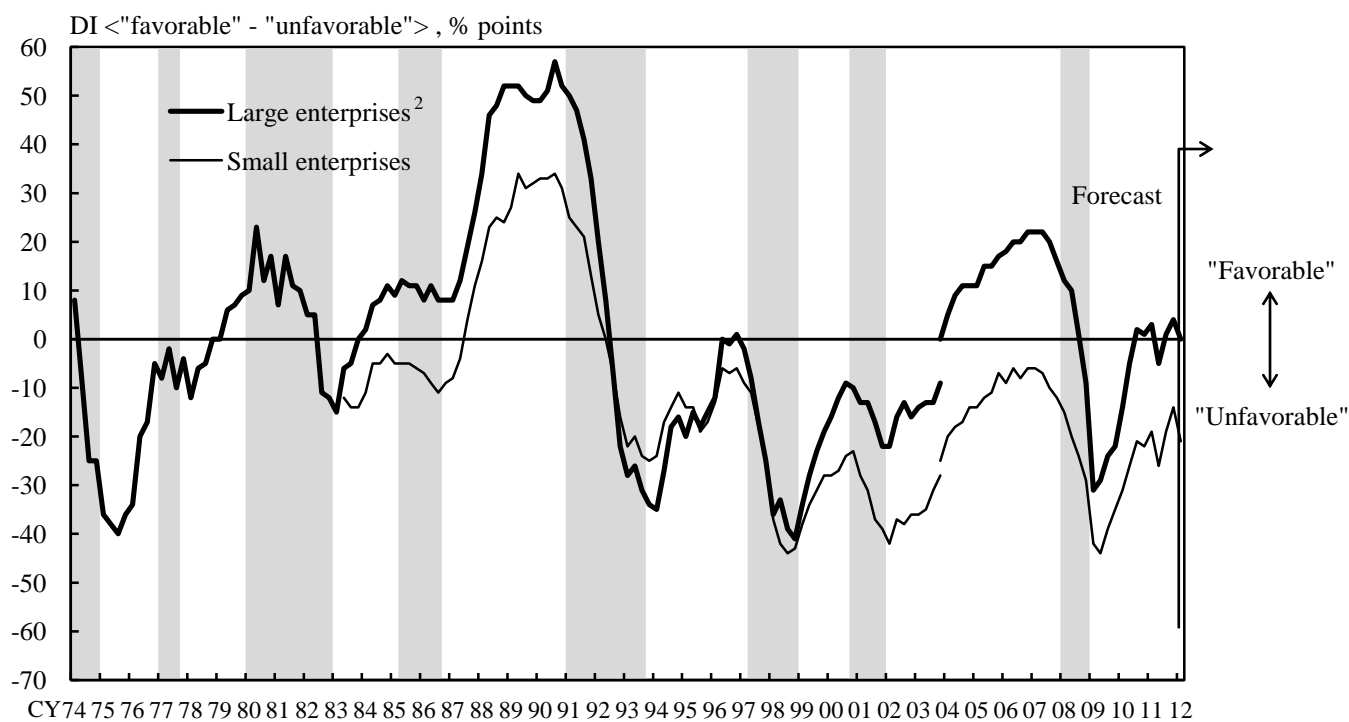
Source: Bank of Japan, "Tankan", Short-term Economic Survey of Enterprises in Japan."

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.

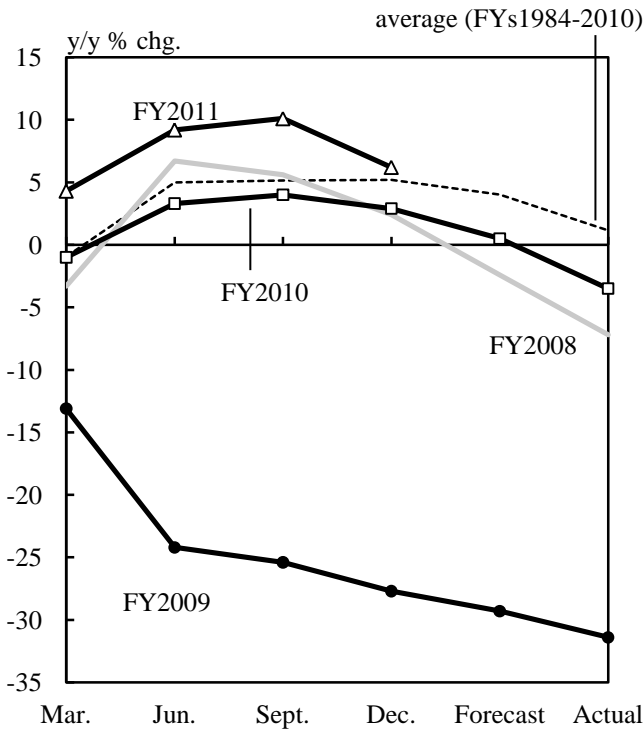
2. Data prior to February 1983 are those of principal enterprises.

3. Shaded areas indicate recession periods.

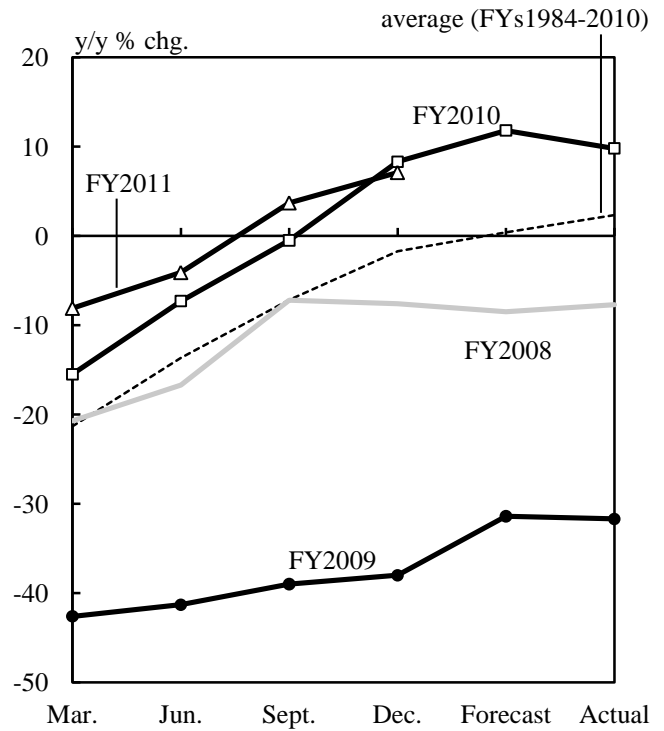
Source: Bank of Japan, "Tankan, Short-term Economic Survey of Enterprises in Japan."

Business Fixed Investment Plans as Surveyed

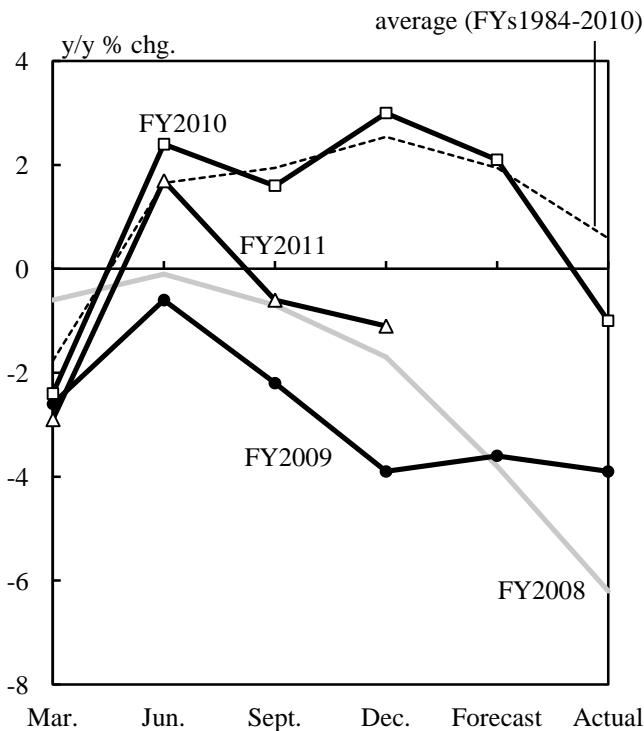
(1) Large Manufacturing Enterprises



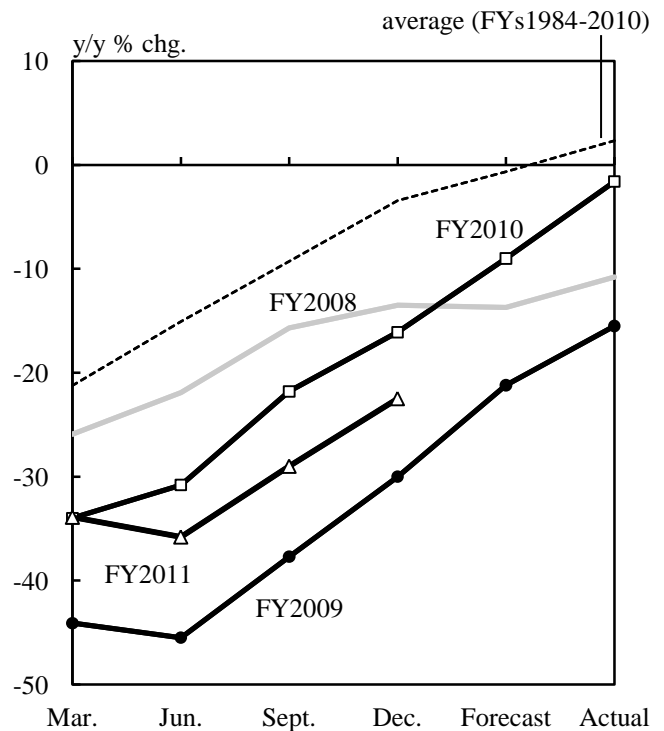
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



(4) Small Nonmanufacturing Enterprises

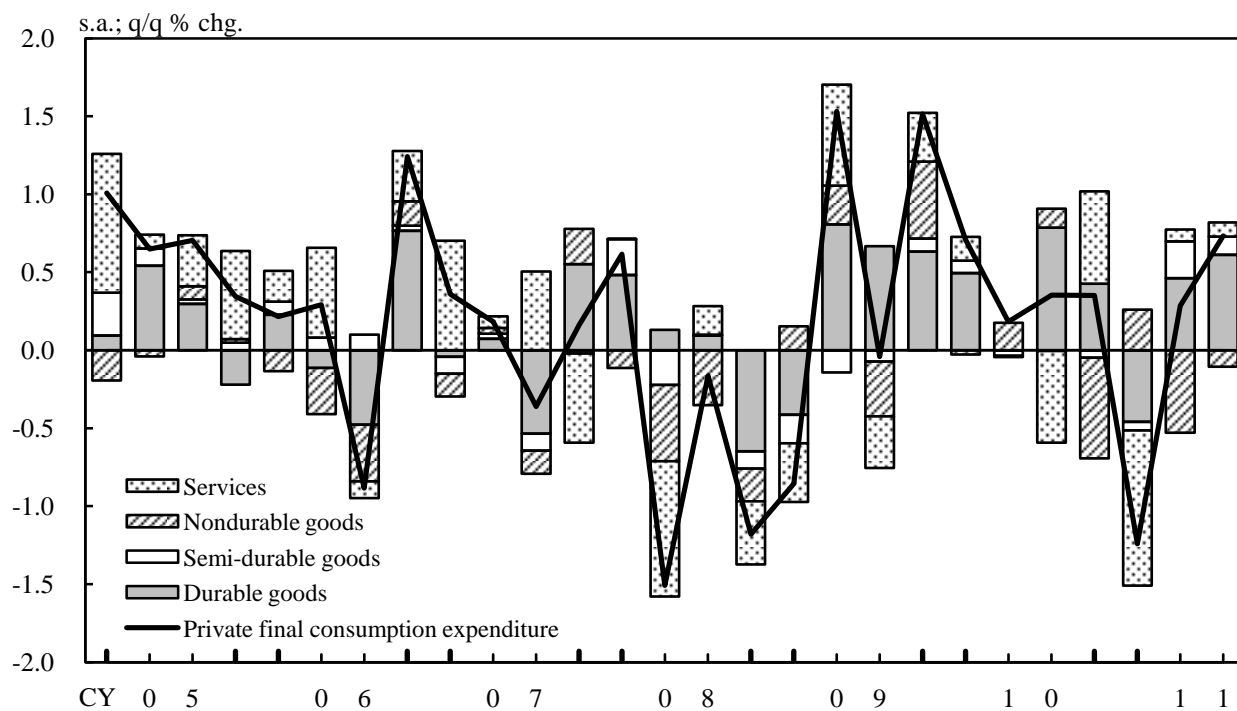


- Notes: 1. Includes land purchasing expenses and excludes software investment.
 2. Sample enterprises were revised in the March 2010 survey. Therefore, as for FY 2009, figures up to the December survey are based on the previous data sets, and the figures of "forecast" and "actual result" are based on the new basis.
 3. Since the introduction of the new accounting standard for lease transactions beginning April 1, 2008, figures up to FY2008 are based on the previous standard and figures from FY2009 onward are based on the new standard. Past averages (FYs 1984-2010) are calculated using these figures.

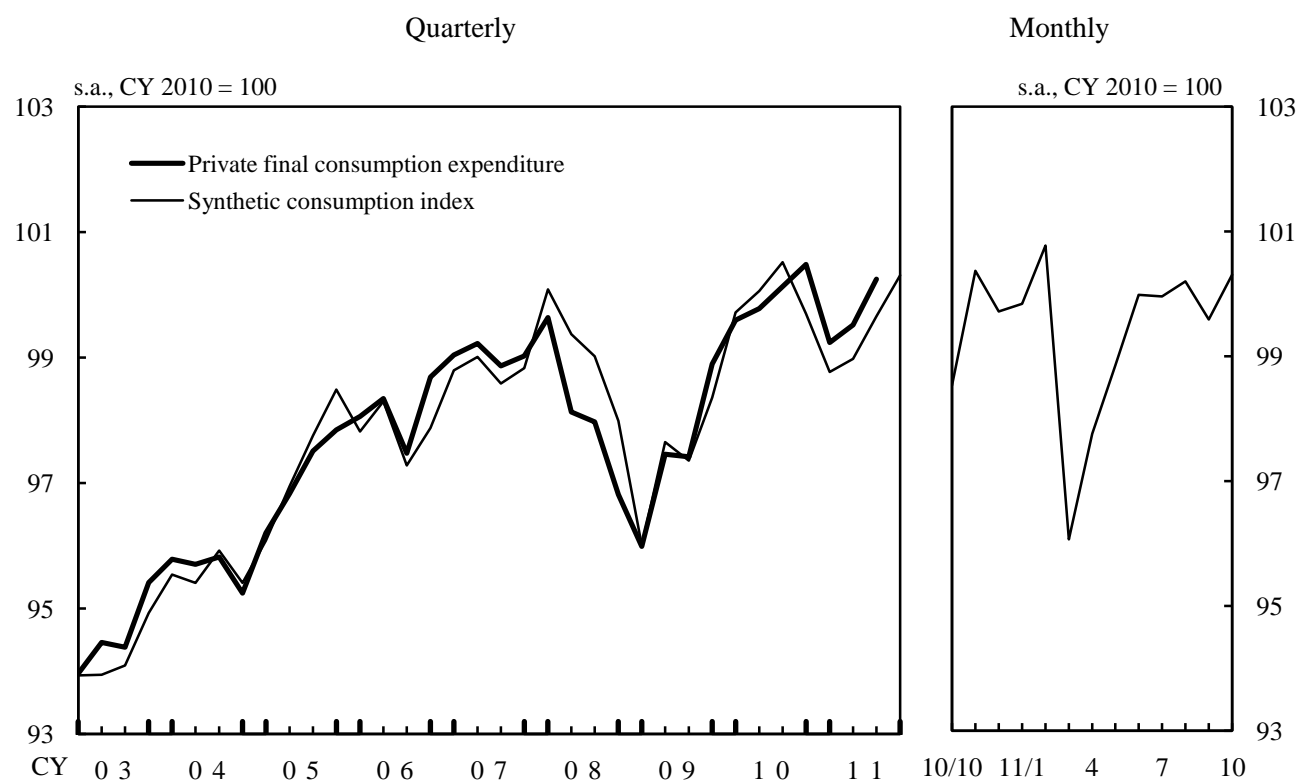
Source: Bank of Japan, "Tankan", Short-term Economic Survey of Enterprises in Japan."

Indicators of Private Consumption (1)

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



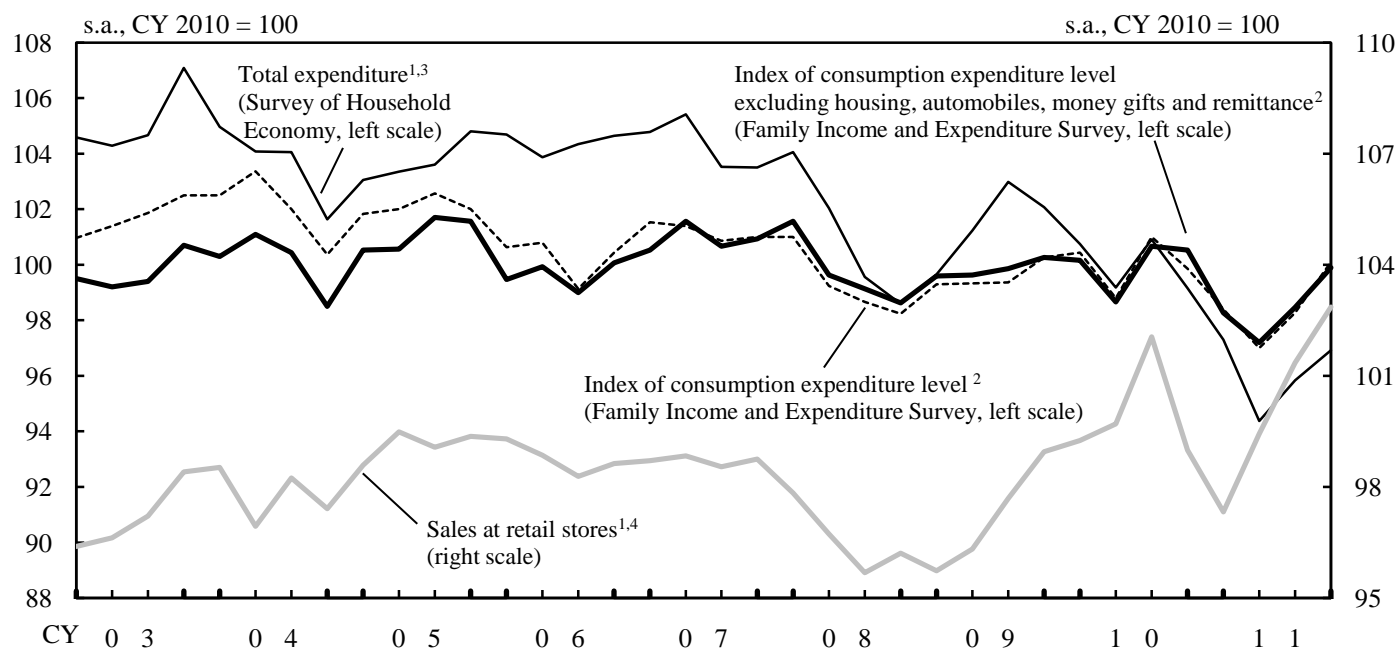
(2) Private Final Consumption Expenditure and Synthetic Consumption Index (Real)



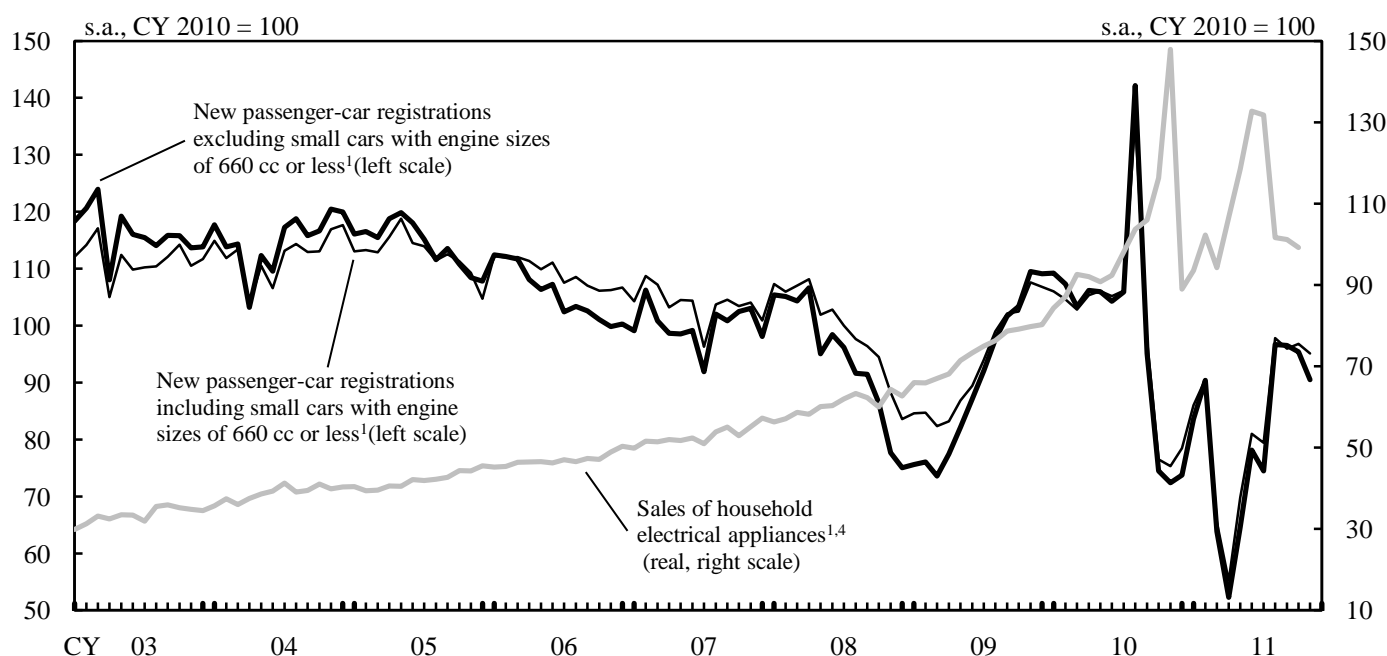
Note: The figure of the synthetic consumption index for 2011/Q4 is that of October in quarterly amount.

Source: Cabinet Office, "National Accounts," "Synthetic Consumption Index."

Indicators of Private Consumption (2)

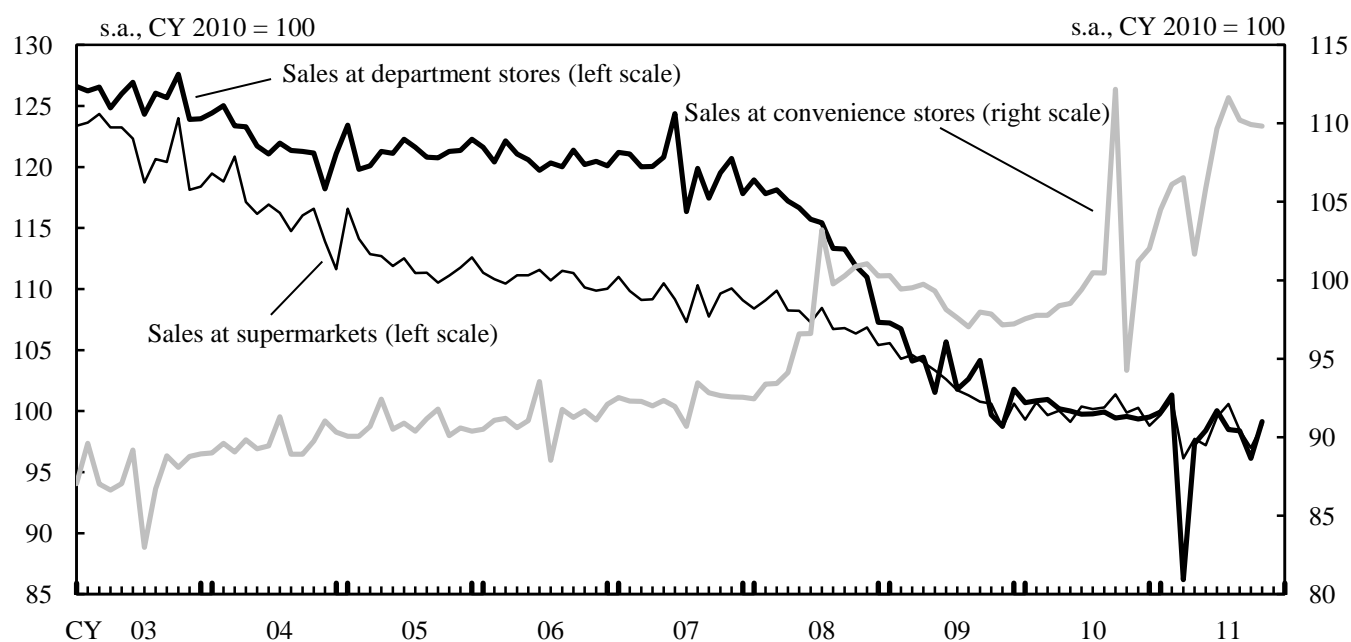
(1) Household Spending (Real)⁵

(2) Sales of Durable Goods

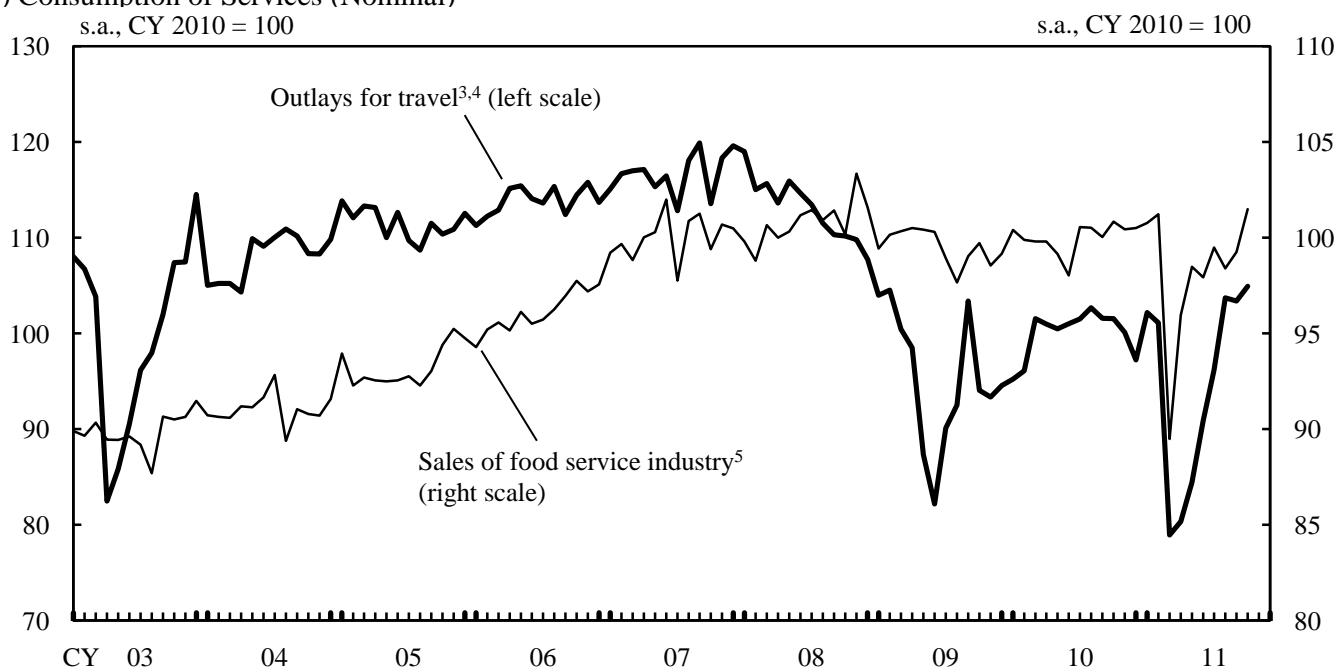


- Notes: 1. Total expenditure, sales at retail stores, sales of household electrical appliances and new passenger-car registrations are seasonally adjusted by X-12-ARIMA.
2. "Index of consumption expenditure level" is based on two-or-more-person households, and is adjusted using the distribution of household 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 (CPI)" excluding imputed rent.
4. "Sales at retail stores" is deflated by the CPI for goods (excluding electricity, gas & water charges). "Sales of household electrical appliances" is 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 the CPI.
5. Figures for 2011/Q4 are those of October in 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"; Japan Automobile Dealers Association, "Domestic Sales of Automobiles"; Japan Mini Vehicles Association, "Sales of Mini Vehicles."

Indicators of Private Consumption¹ (3)(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.

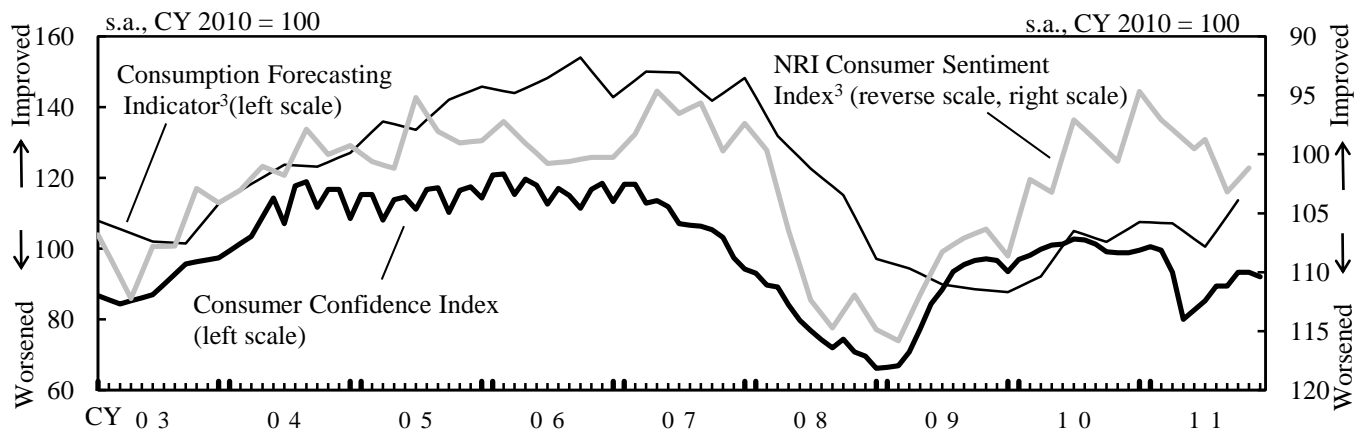
4. There are discontinuities in the underlying data as of April 2007 and April 2010 due to changes in the sample. Data from April 2007 and onward are calculated using the year-on-year rates of change.

5. "Sales of food service industry" is calculated using the year-on-year rates of change of every month released by the Japan Food Service Association based on the amount of monthly sales in 1993 released by the Food Service Industry Survey & Research Center.

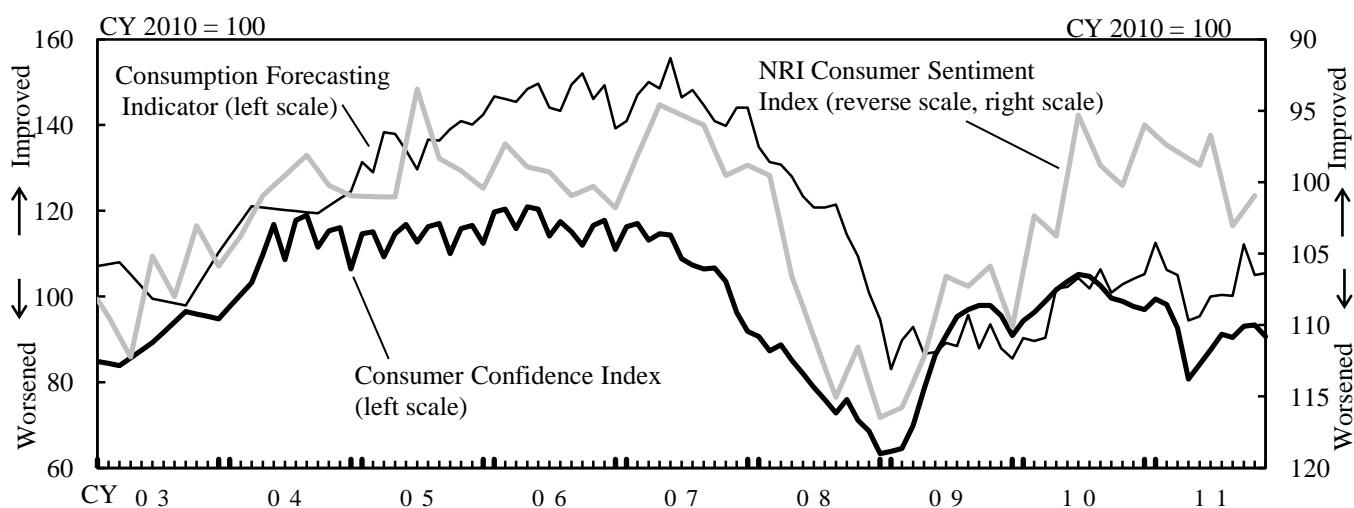
Sources: Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Japan Tourism Agency, "Major Travel Agents' Revenue"; Food Service Industry Survey & Research Center, "Getsuji Uriage Doukou Chousa (Monthly survey of food service sales)"; Japan Food Service Association, "Gaishoku Sangyou Shijou Doukou Chousa (Research on the food service industry)."

Consumer Confidence ^{1,2}

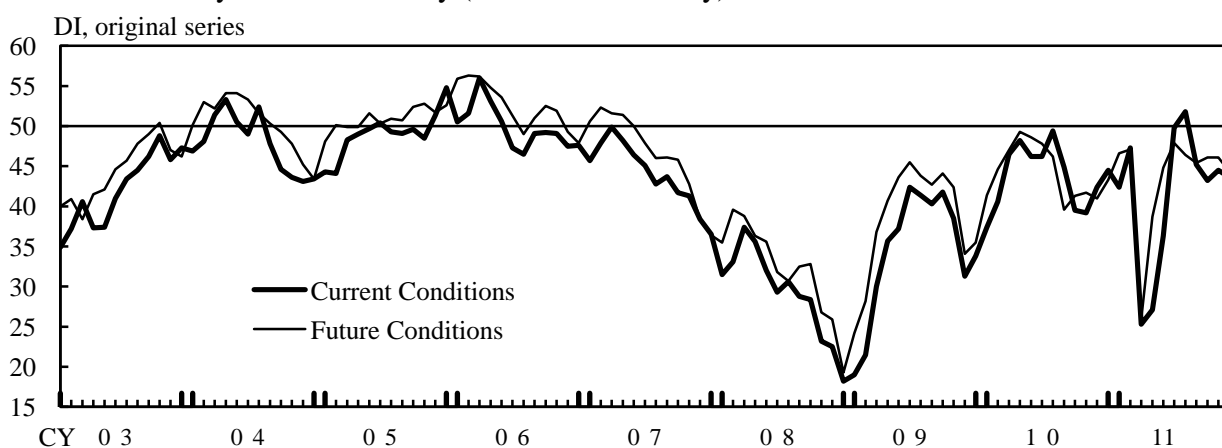
(1) Seasonally Adjusted Series



(2) Original Series



Reference: Economy Watchers Survey (Household Activity)

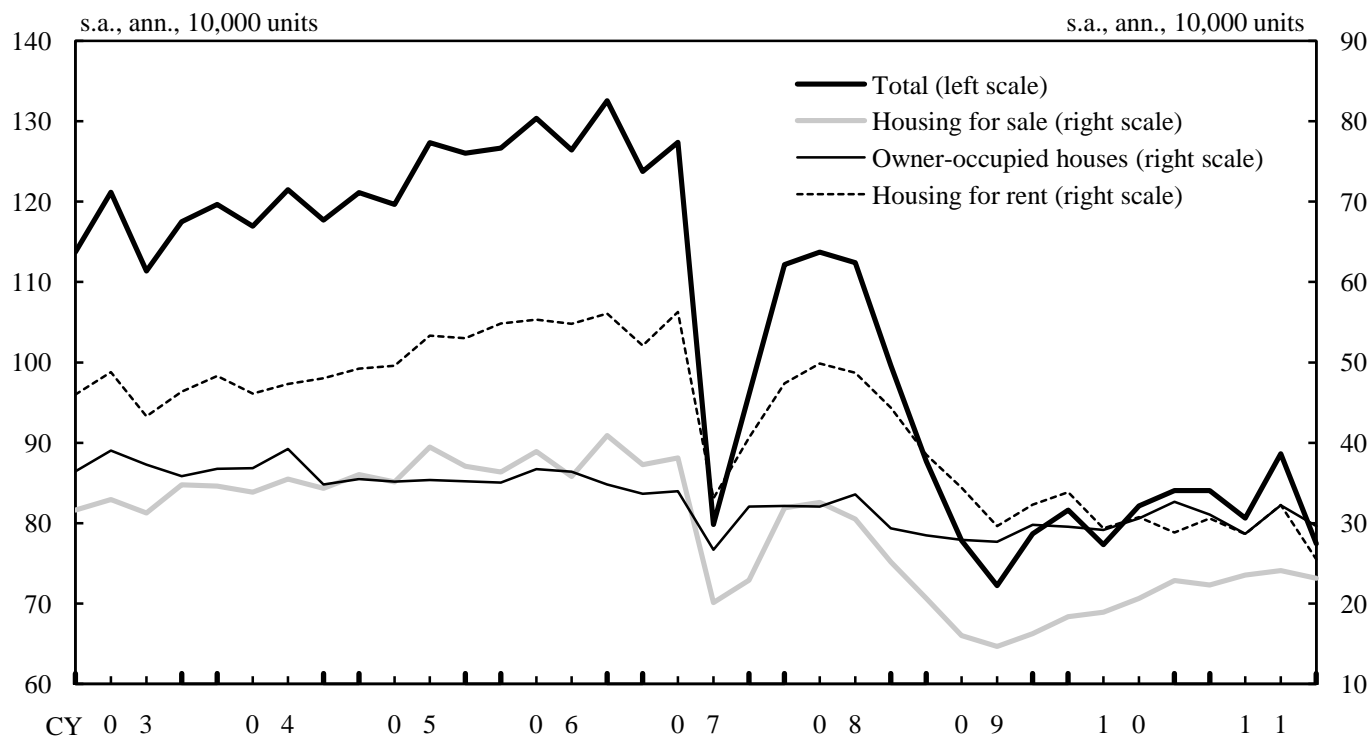


- Notes: 1. The Consumer Confidence Index (covering about 4,700 samples on a nationwide basis), Consumption Forecasting Indicator (600 samples in the metropolitan area), and NRI Consumer Sentiment Index (1,200 samples on a nationwide basis) are based on surveys on consumer confidence.
2. Figures are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

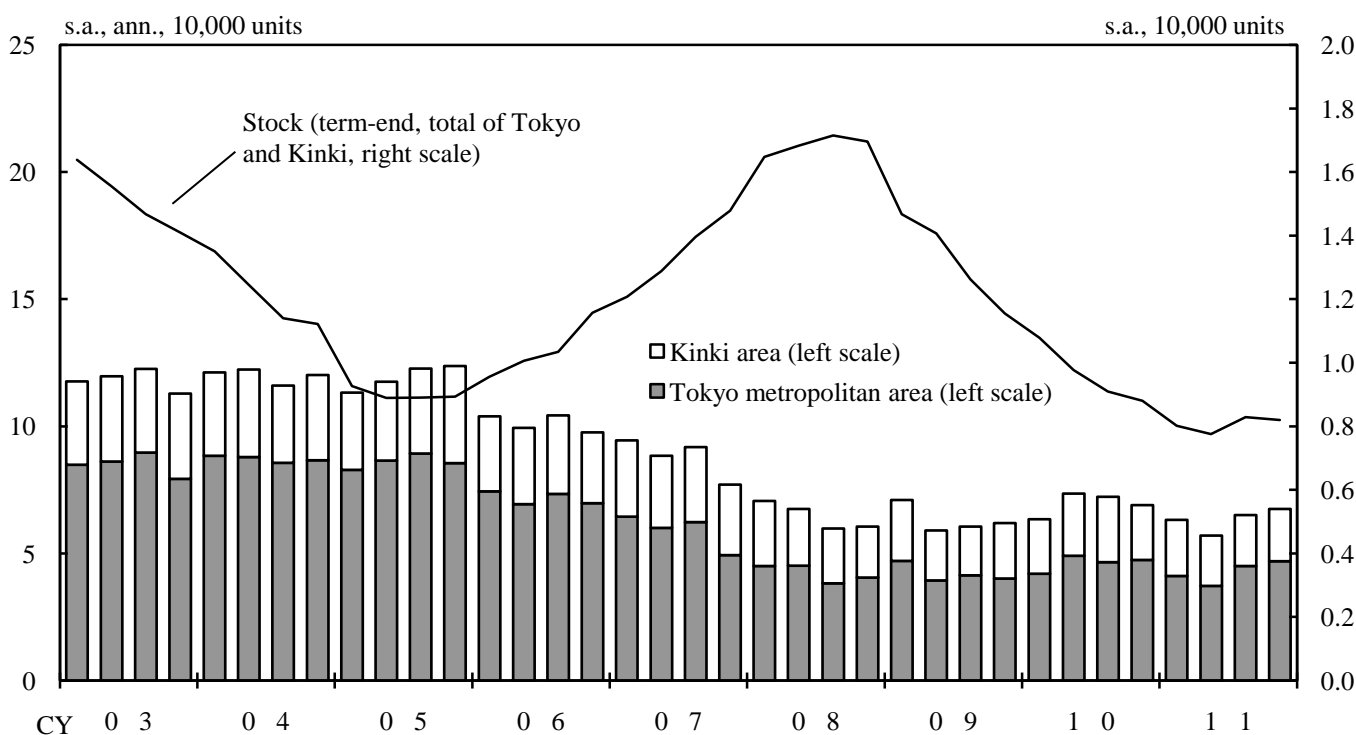
Indicators of Housing Investment

(1) Housing Starts



Note: Figures for 2011/Q4 are those of October.

(2) Sales of Apartments



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

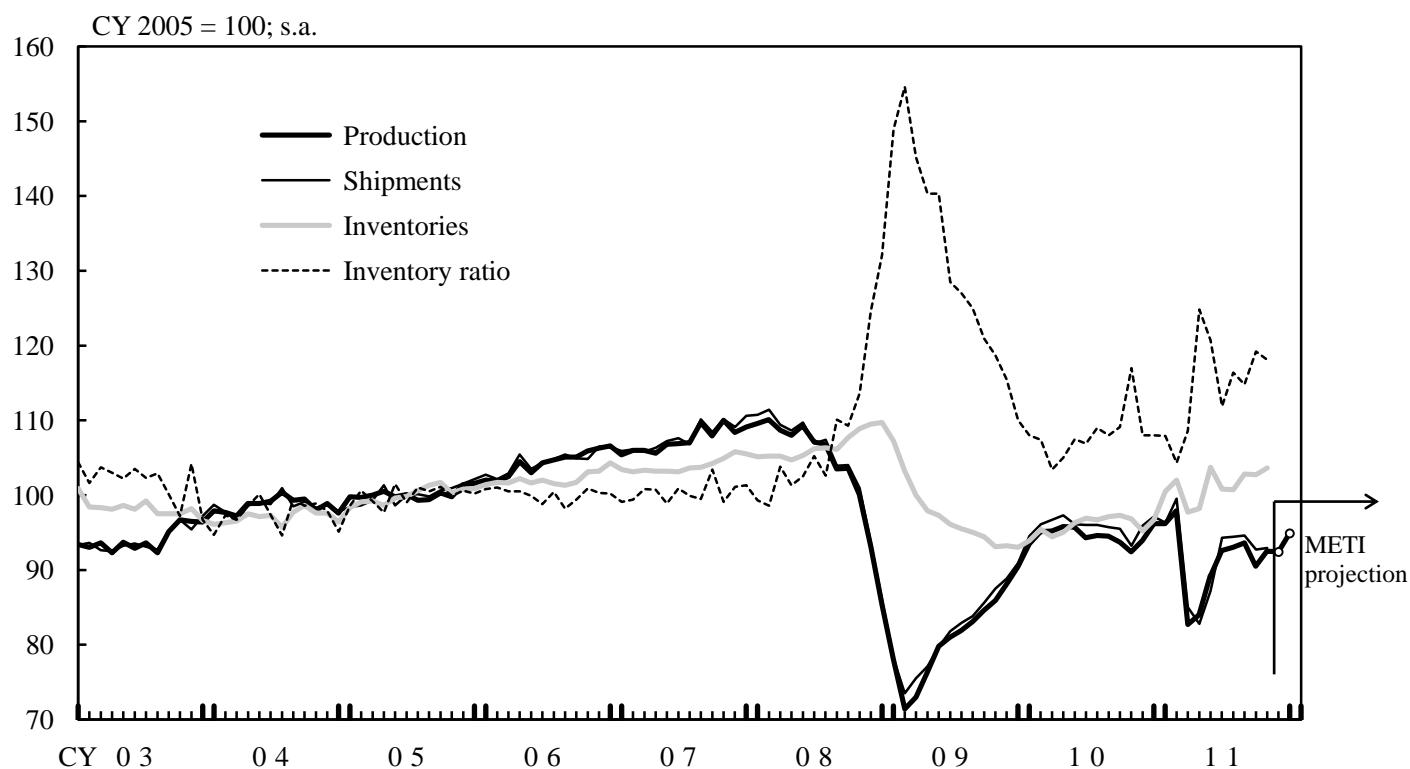
2. Figures of total apartment sales for 2011/Q4 are October-November averages.

Term-end stocks for 2011/Q4 are those of November.

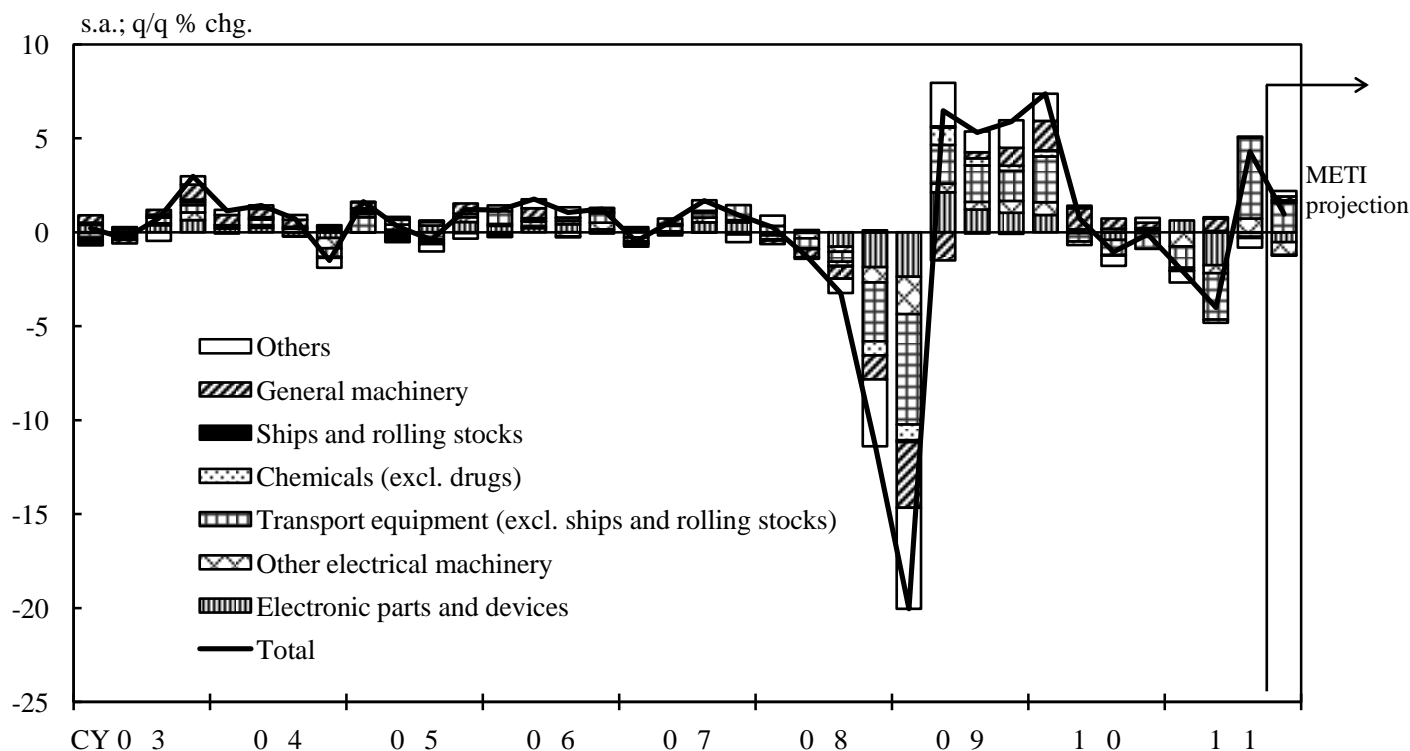
Sources: Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts," etc.

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."

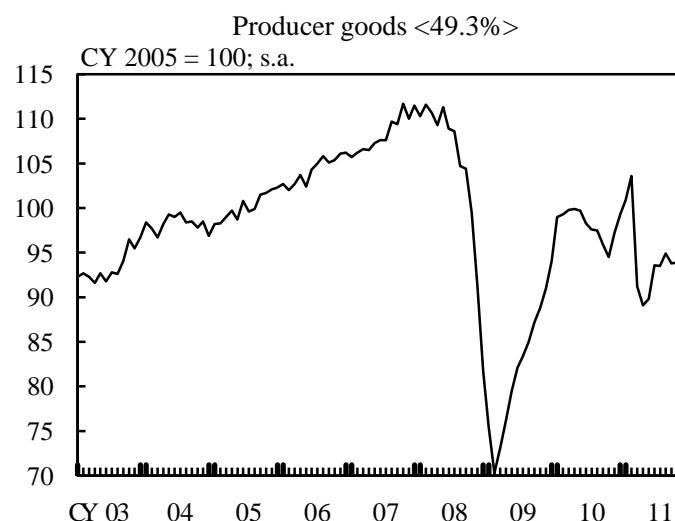
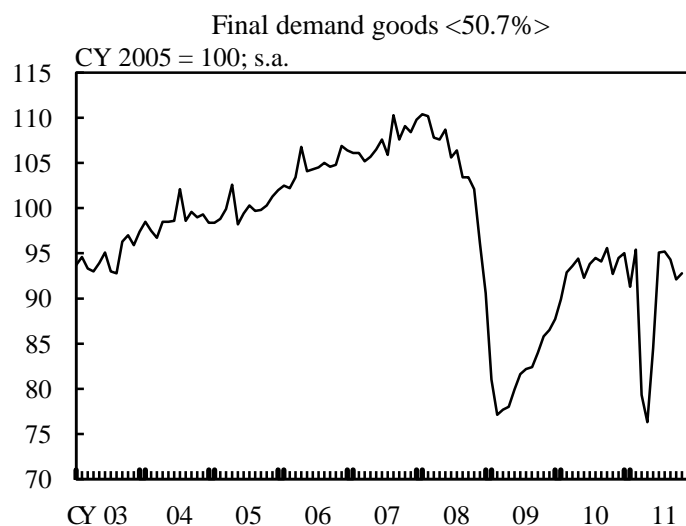
2. 2003/Q1 figures are on the 2000 base.

3. 2011/Q4 figures are based on the actual production levels in October, and the METI projection of November and December.

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

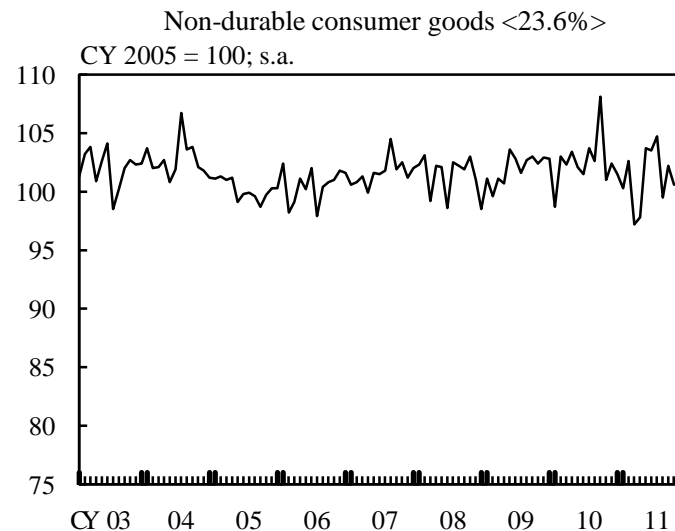
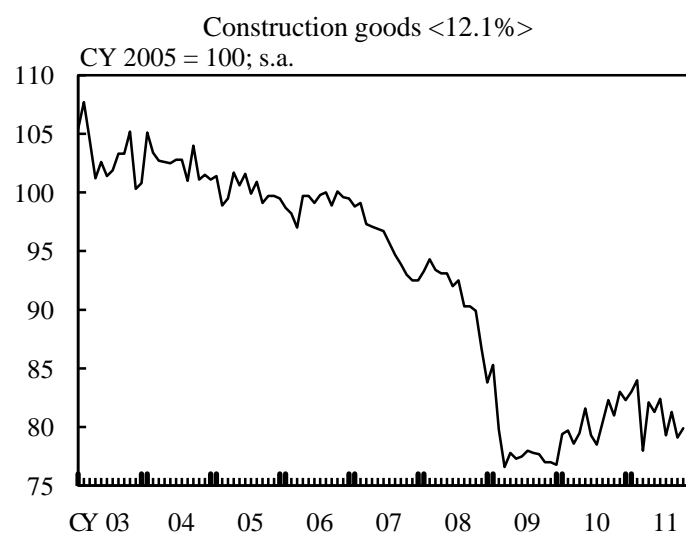
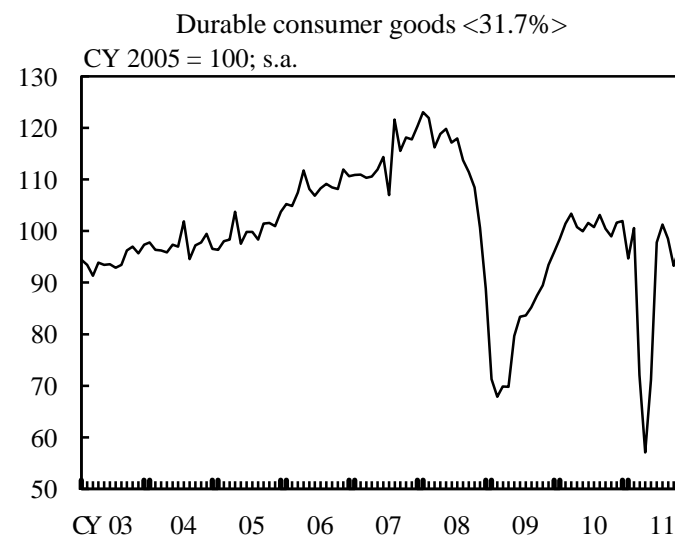
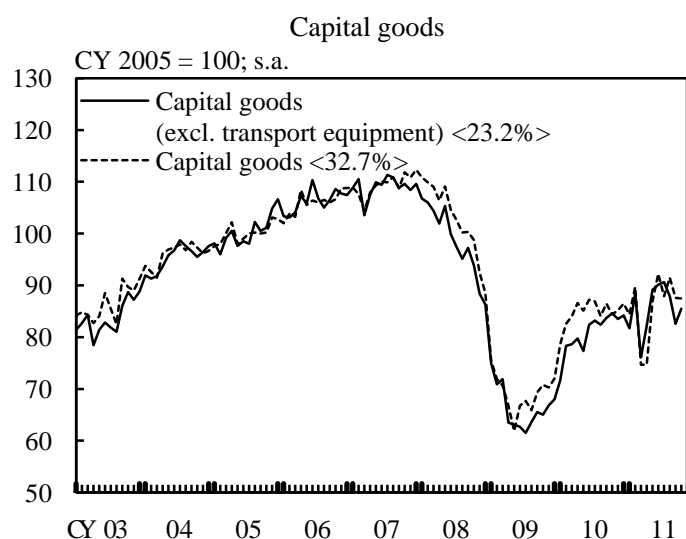
Shipments by Type of Goods

(1) Final Demand Goods and Producer Goods



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

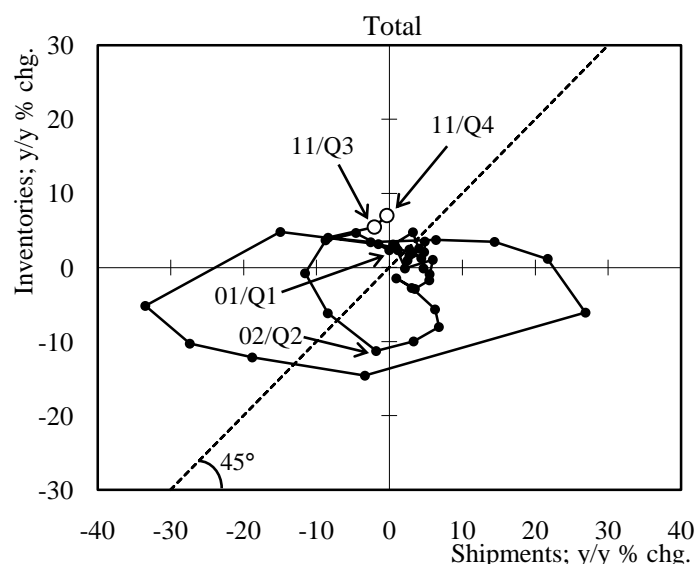
(2) Breakdown of Final Demand Goods



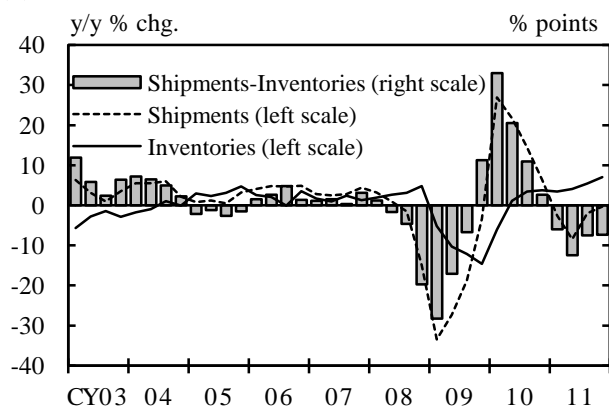
Note: Figures in angle brackets show the shares among shipments of final demand goods.

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

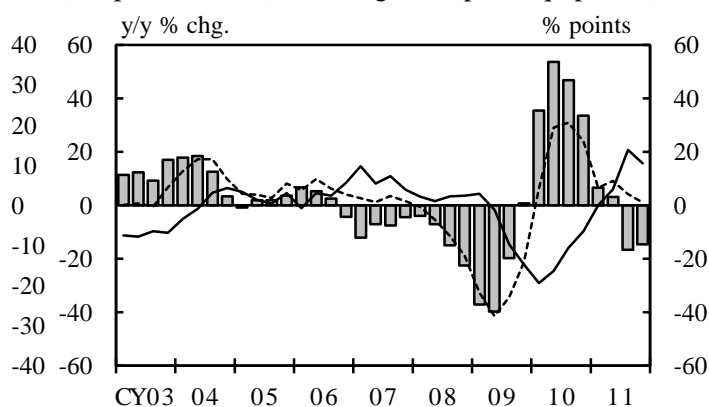
Inventory Cycle



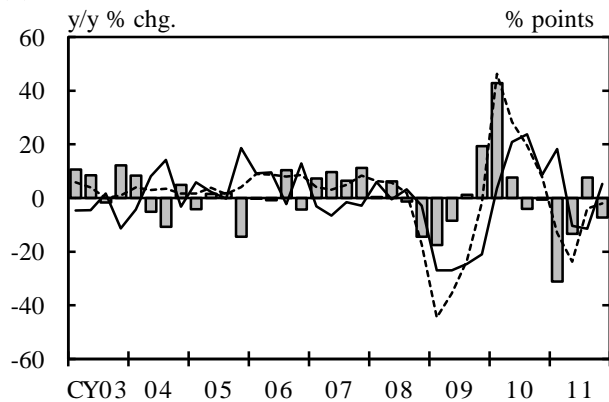
(1) Total



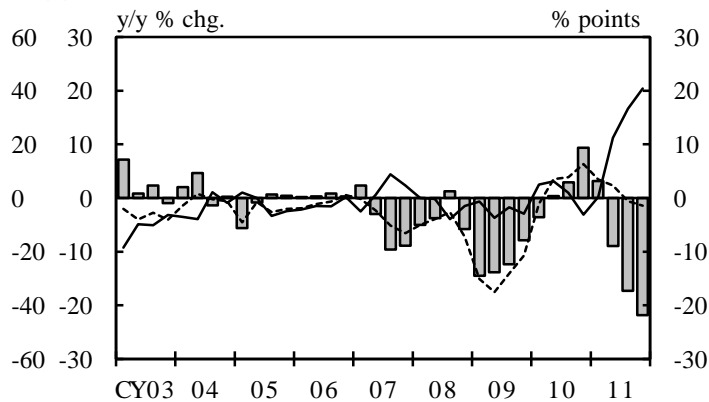
(2) Capital Goods (Excluding Transport Equipment)



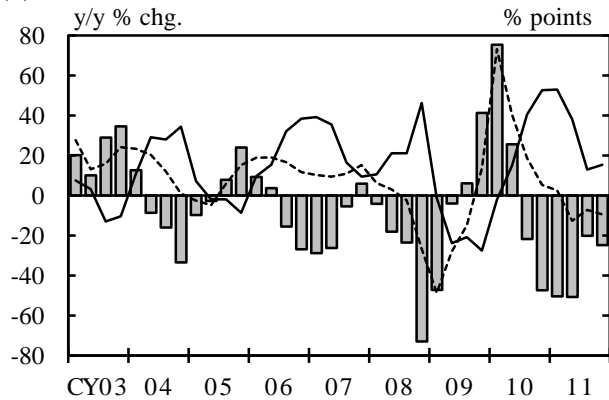
(3) Durable Consumer Goods



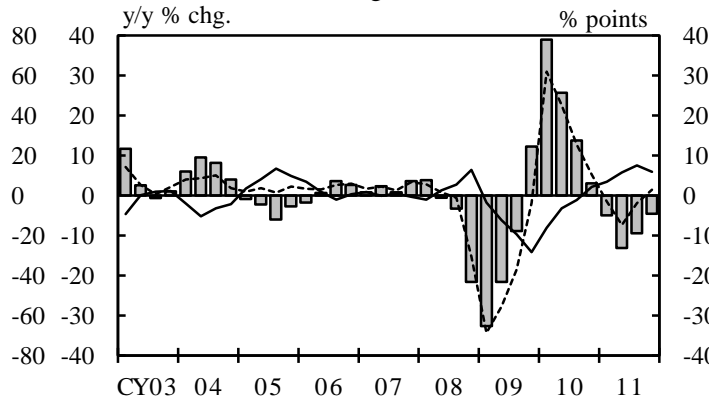
(4) Construction Goods



(5) Electronic Parts and Devices



(6) Producer Goods Excluding Electronic Parts and Devices

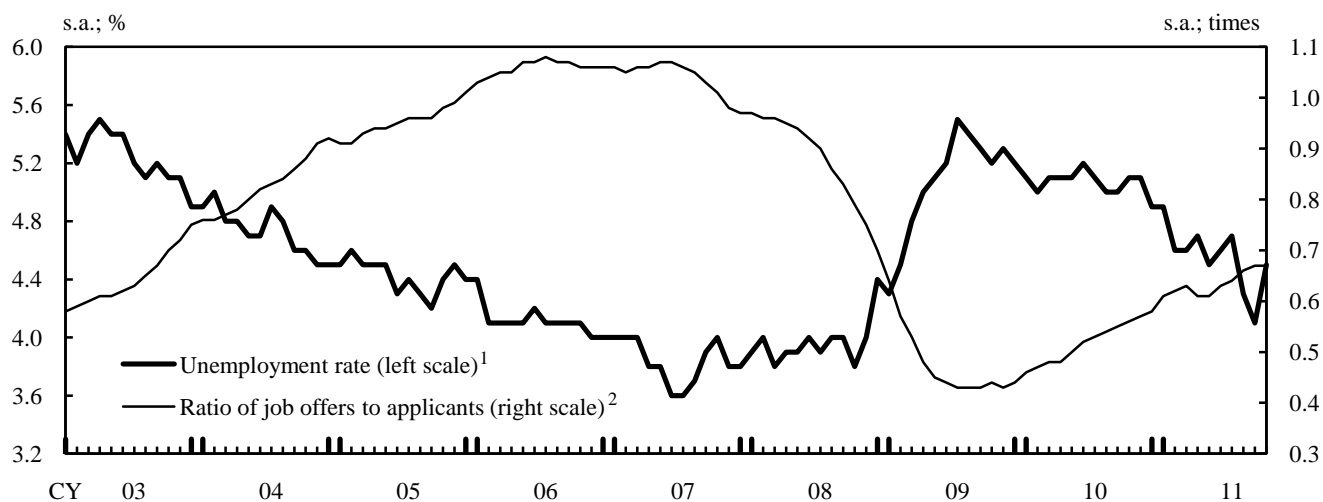
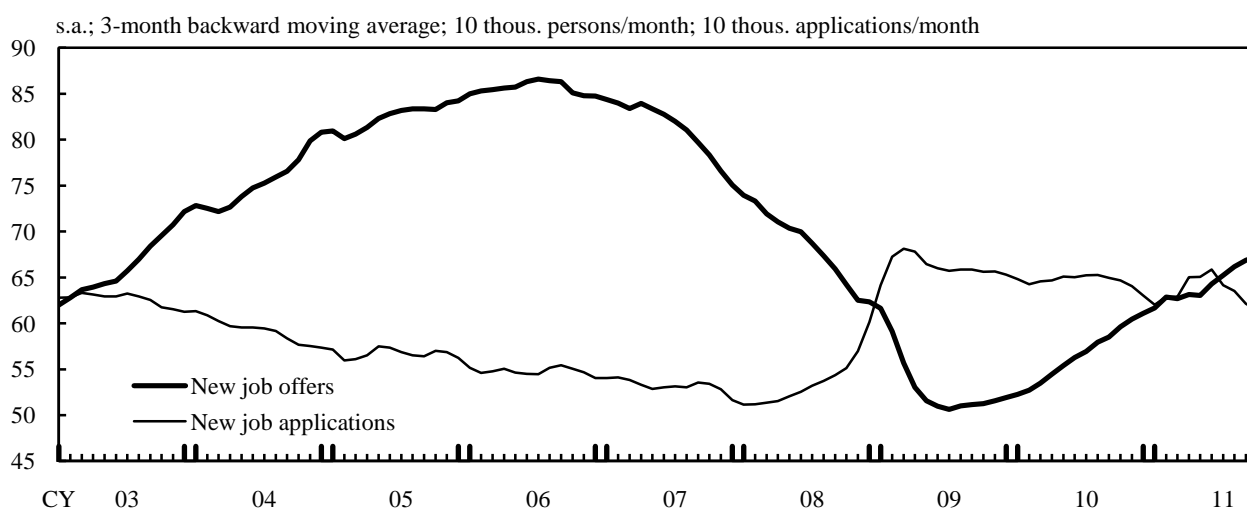
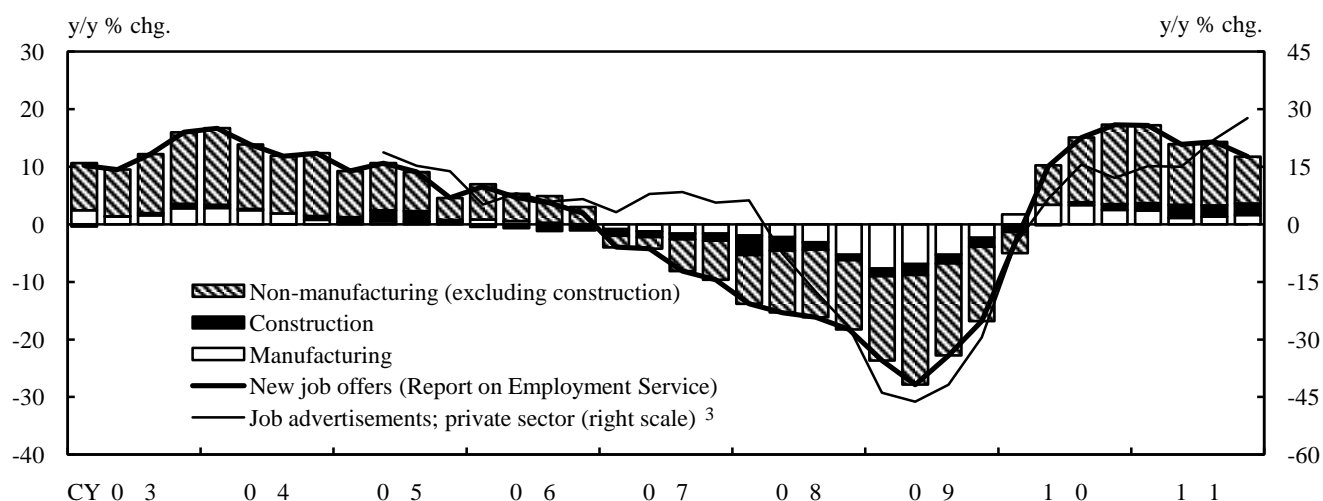


Note: Figures for 2011/Q4 are those of October.

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 Applicants²(3) Breakdown of Job Offers^{2,4}

Notes: 1. Figures from March to August 2011 are based on data which exclude Iwate, Miyagi, and Fukushima Prefectures.

2. Figures do not include jobs offered to new graduates, but include those offered to part-time workers.

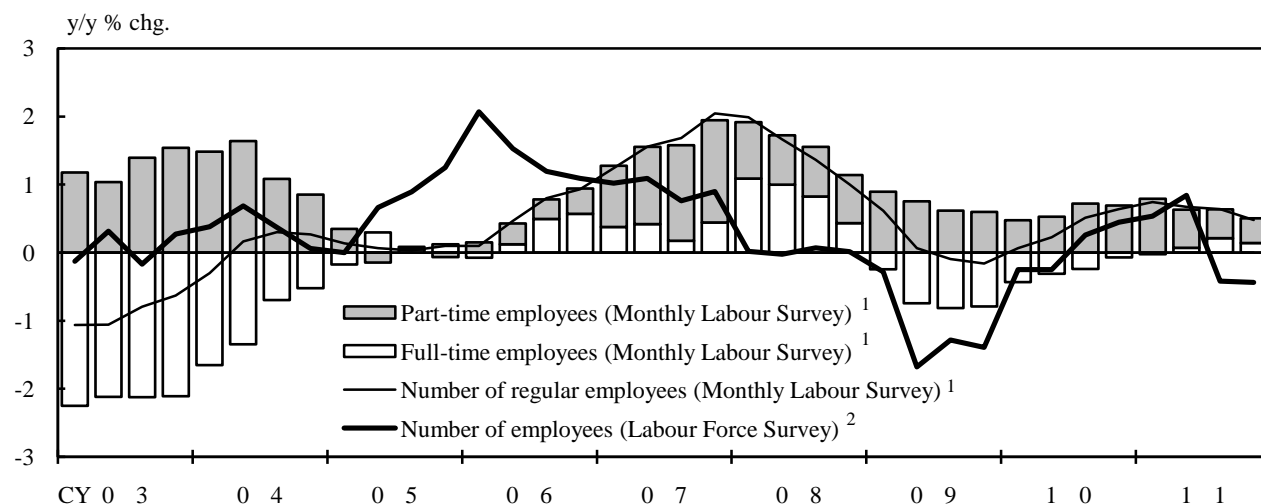
3. Figures are the sum of job advertisements listed in free/paid job information magazines, newspaper inserts, and job information websites provided by member companies of the Association of Job Information of Japan.

4. Figures for 2011/Q4 are those of October.

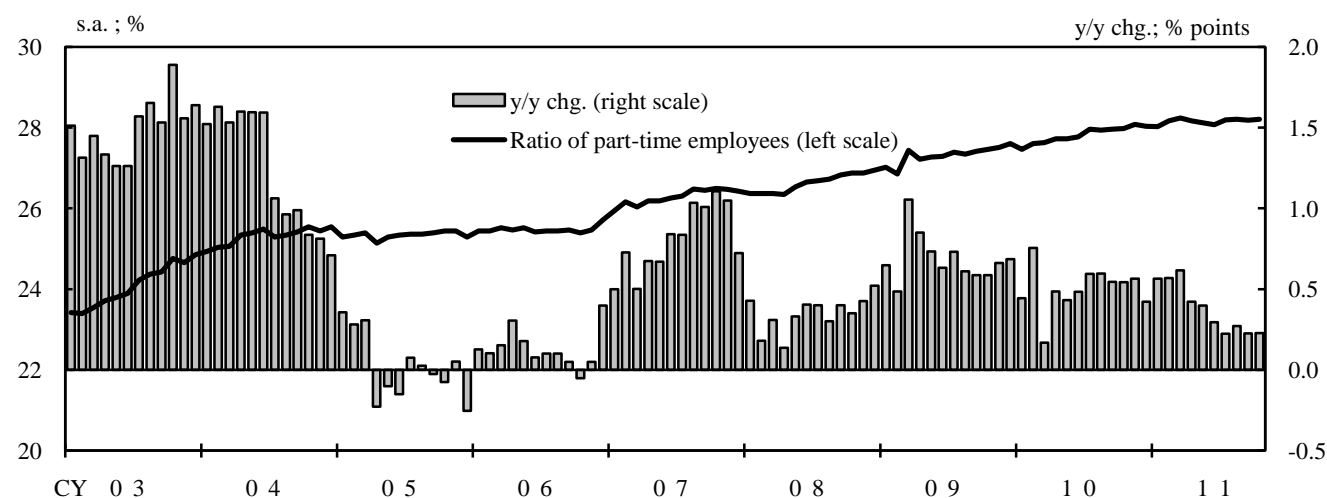
Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service";
 Ministry of Internal Affairs and Communications, "Labour Force Survey";
 Association of Job Information of Japan, "Kyujin Koukoku Keisaikensu (Survey of job advertisements)."

Labor Market (2)

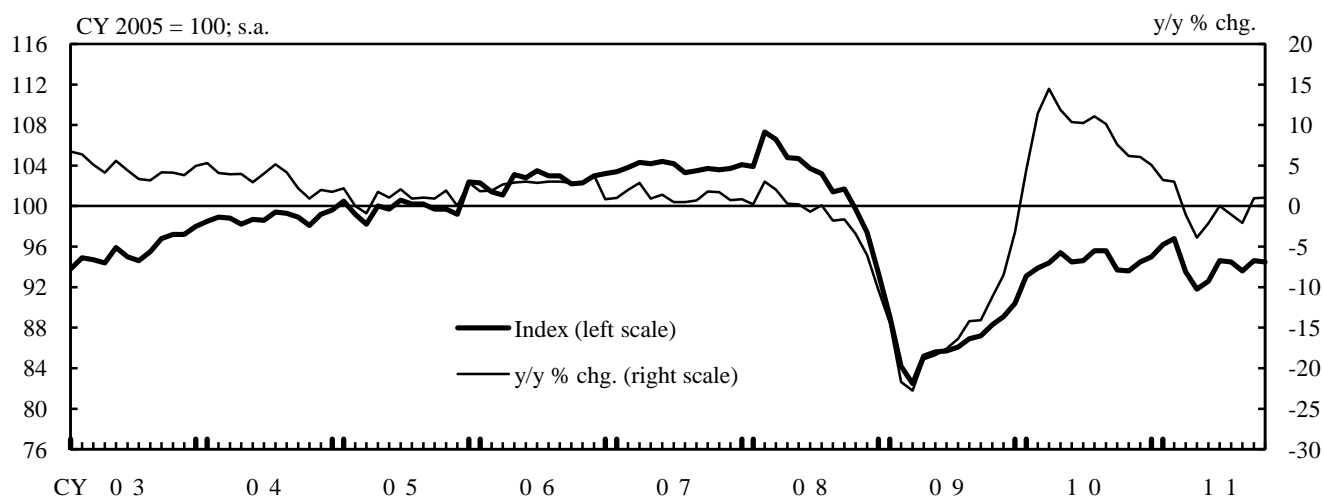
(1) Number of Employees⁴



(2) Ratio of Part-Time Employees^{1,3}



(3) Non Scheduled Hours Worked¹

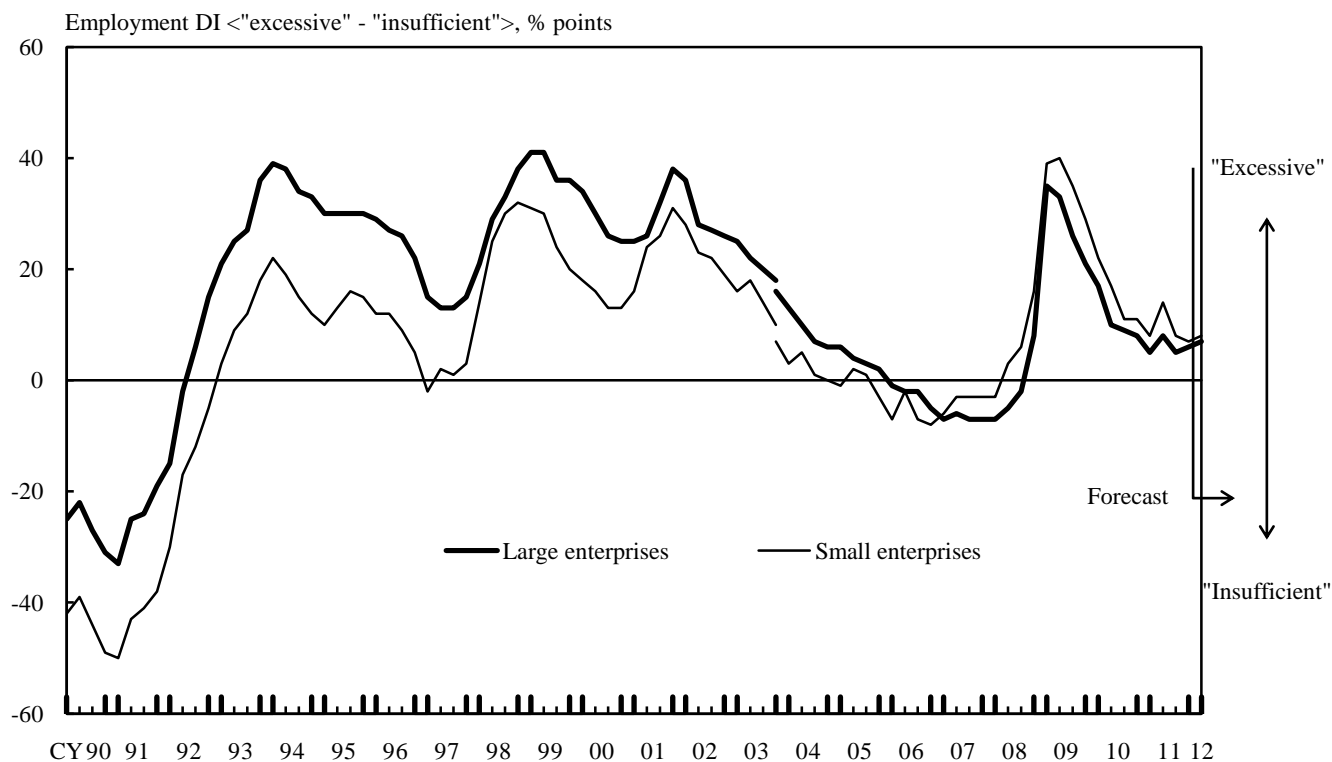


- Notes: 1. Data are for establishments with at least five employees.
- 2. Figures from 2011/Q1 to 2011/Q3 are based on data which exclude Iwate, Miyagi, and Fukushima Prefectures.
- 3. The ratio of part-time employees is calculated as the number of part-time employees divided by the number of regular employees times 100.
- 4. Figures for 2011/Q4 are those of October.

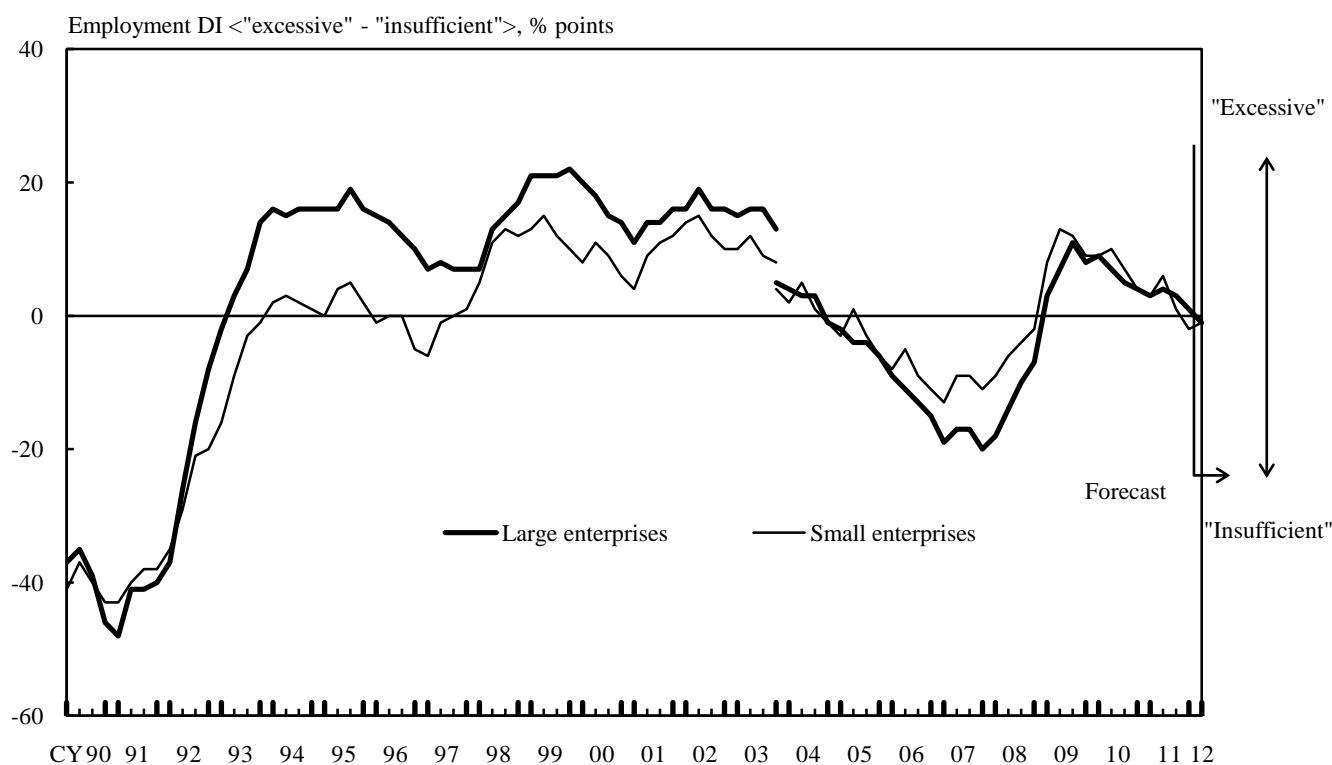
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";
Ministry of Internal Affairs and Communications, "Labour Force Survey."

Employment Conditions

(1) Manufacturing



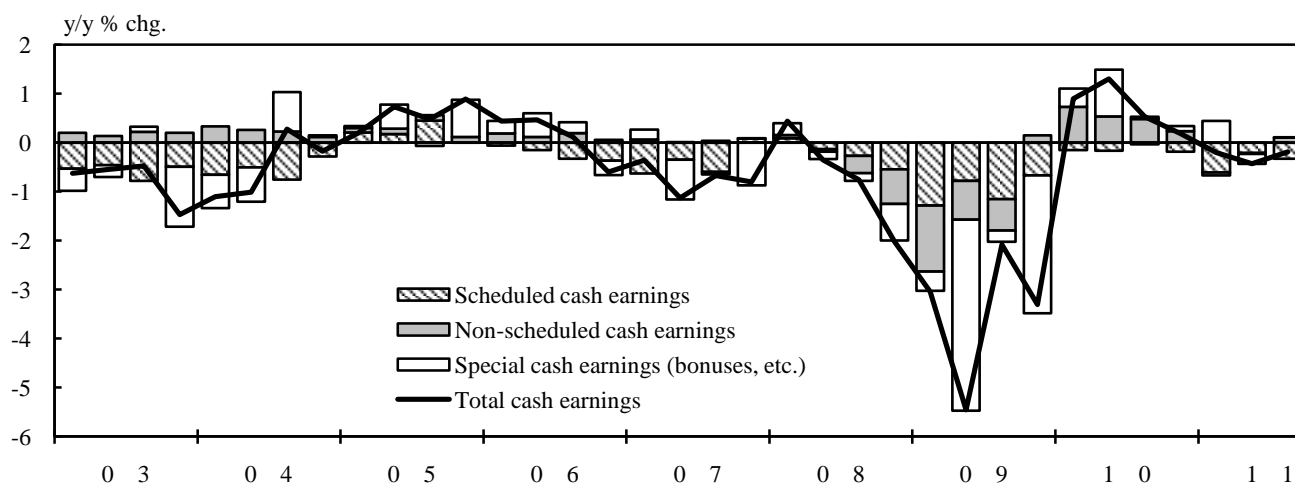
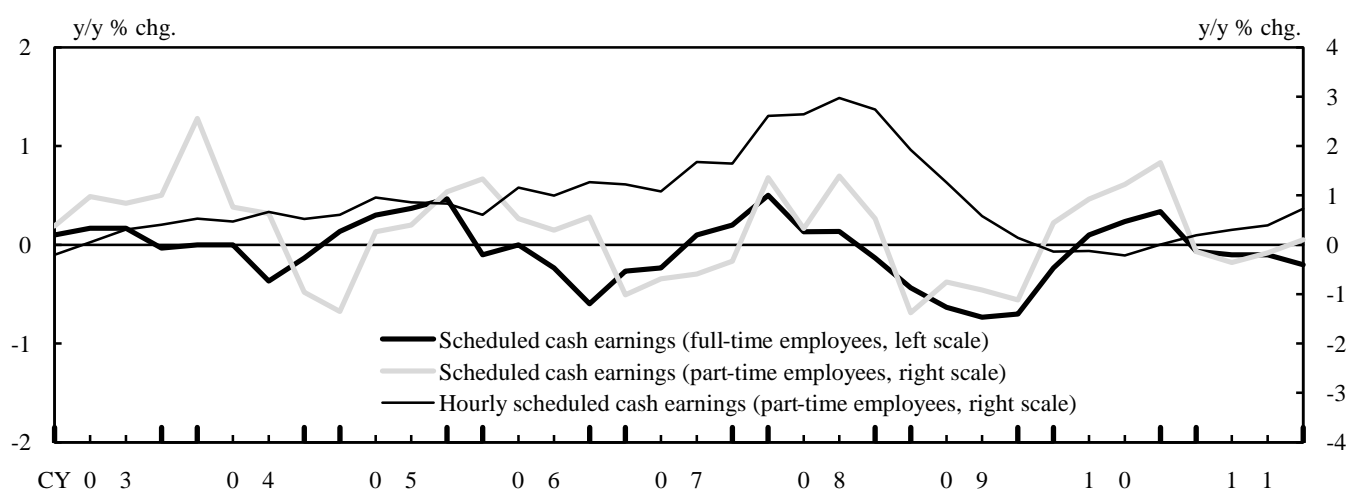
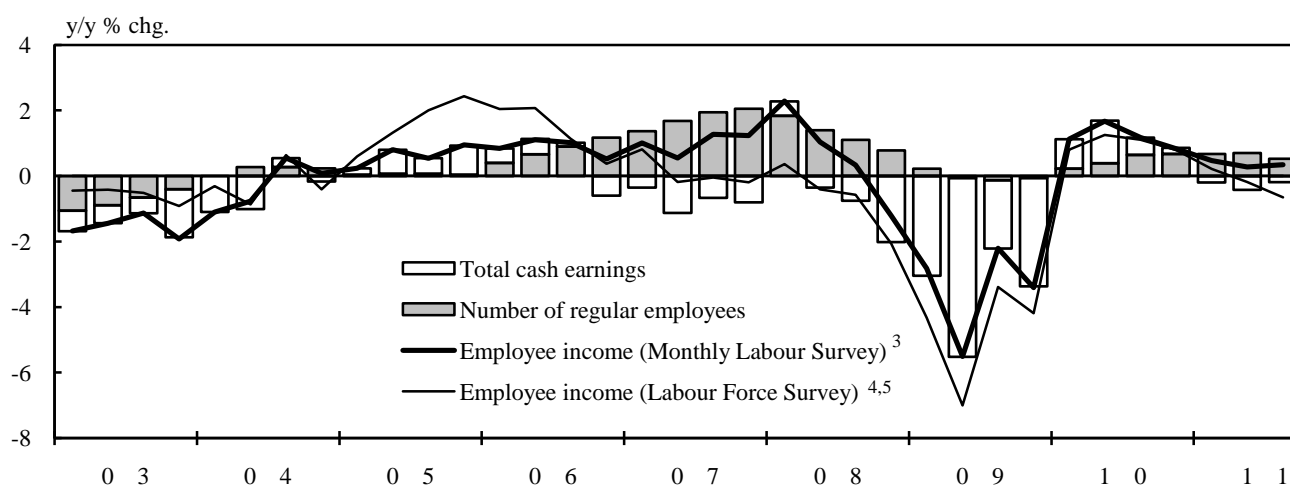
(2) Nonmanufacturing



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 the new basis.

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

Employee Income

(1) Breakdown of Total Cash Earnings^{1,2}(2) Scheduled Cash Earnings^{1,6}(3) Breakdown of Employee Income^{1,2}

Notes: 1. Data of the "Monthly Labour Survey" are for establishments with at least five employees.

2. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.

Figures for 2011/Q3 are September-October averages.

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. The "number of employees" (Labour Force Survey) used for calculating figures from 2011/Q1 to 2011/Q2 excludes Iwate, Miyagi, and Fukushima Prefectures.

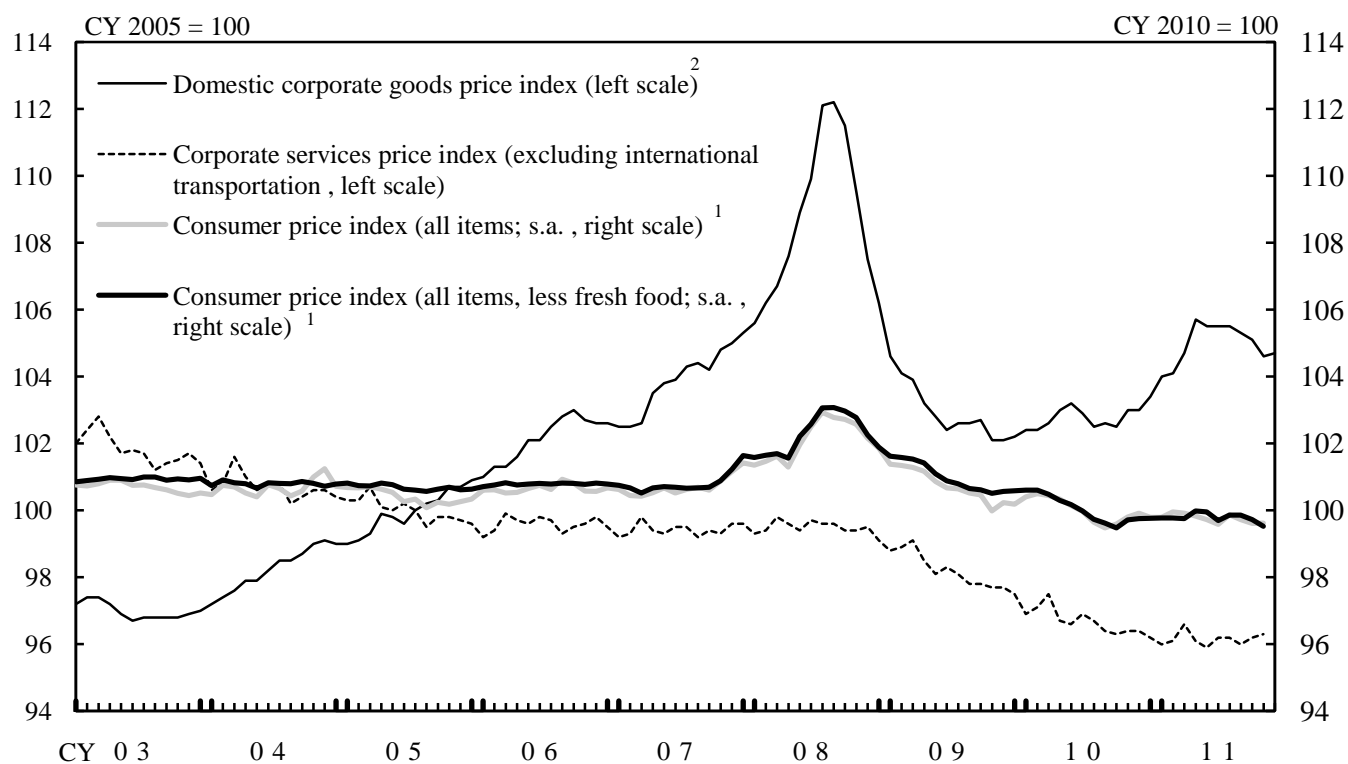
6. Figures for 2011/Q4 are those of October.

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

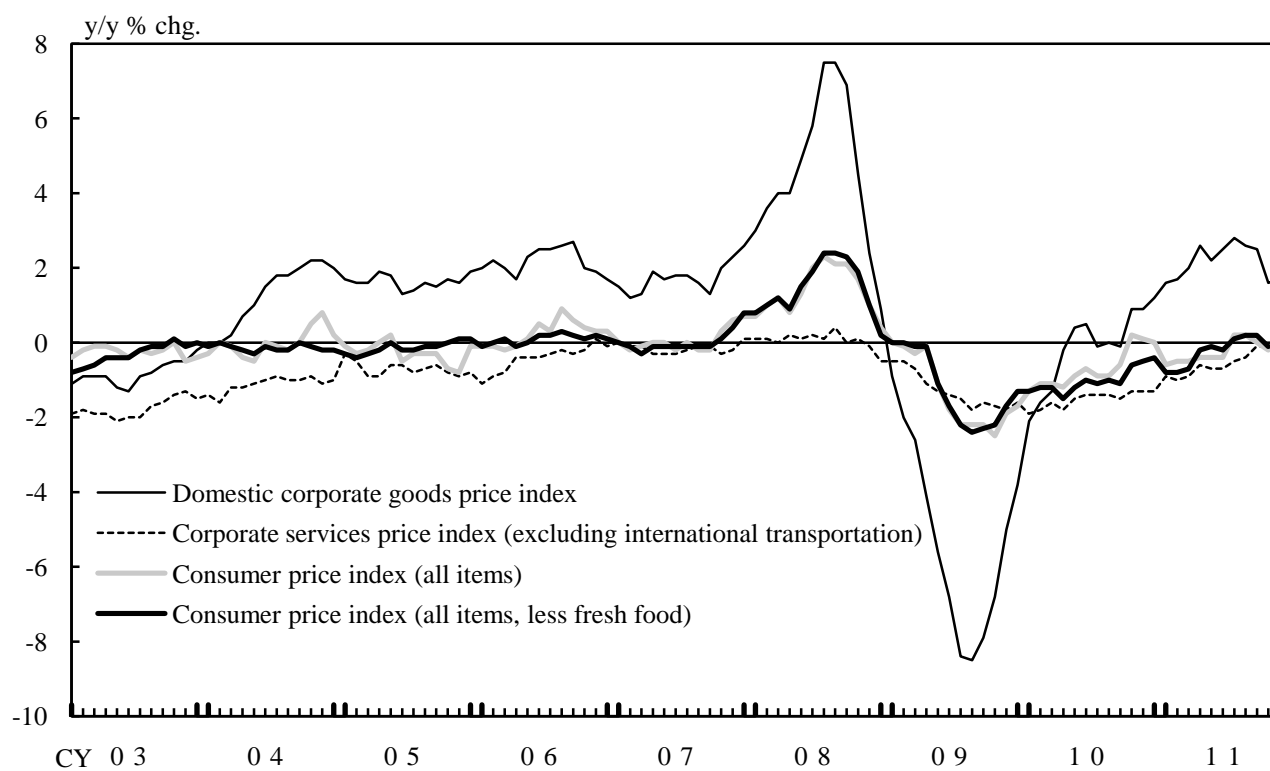
Ministry of Internal Affairs and Communications, "Labour Force Survey."

Prices

(1) Level



(2) Changes from a Year Earlier



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

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

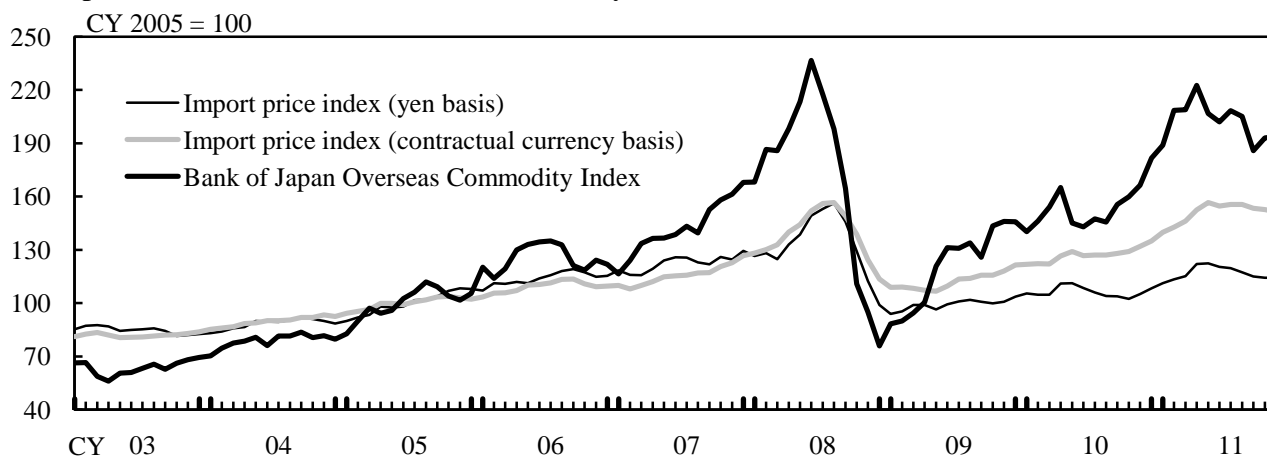
3. The levels of "Consumer Price Index" up to 2009 are based on the linked indices.

4. Figures of "Corporate Goods Price Index" and "Corporate Services Price Index" up to 2004 are based on the linked indices.

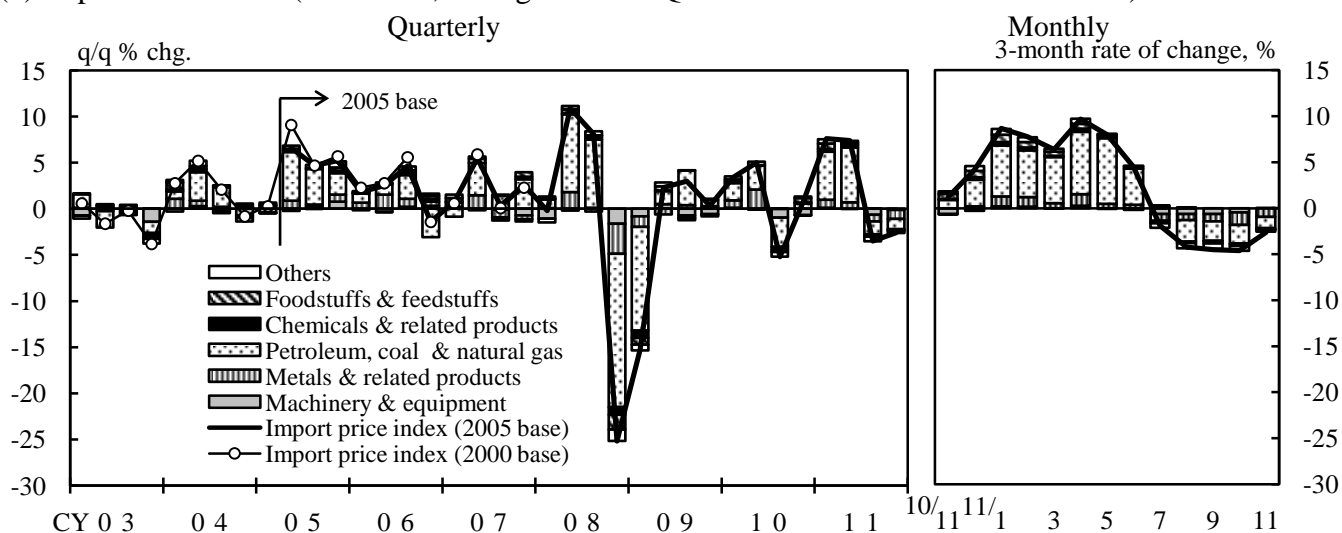
Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index"; Bank of Japan, "Corporate Goods Price Index," "Corporate Services Price Index."

Import Prices and International Commodity Prices

(1) Import Price Index and Overseas Commodity Index



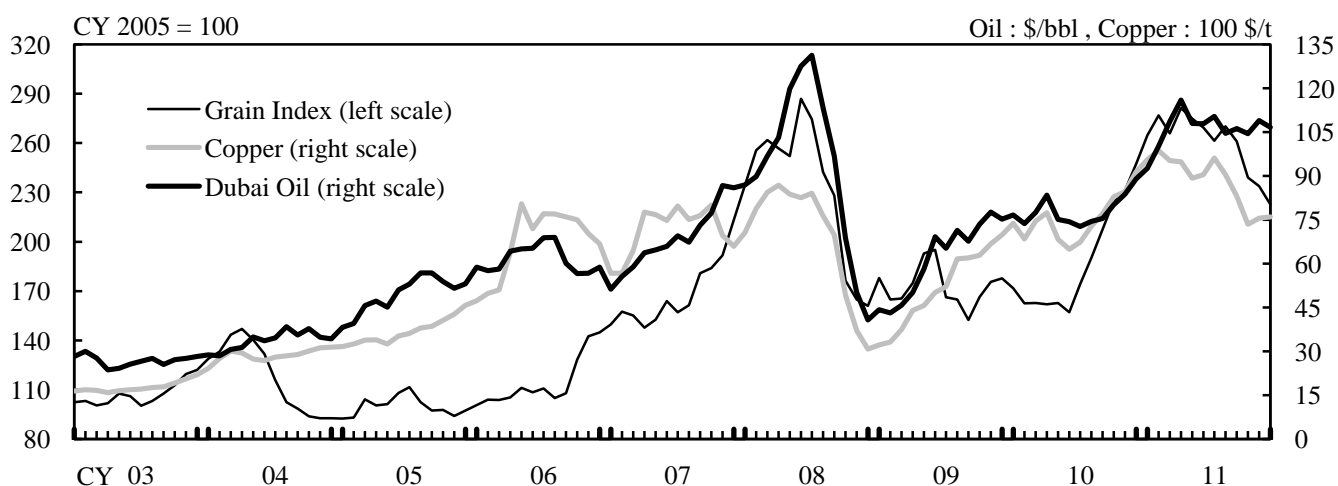
(2) Import Price Index (Yen Basis, Changes from a Quarter Earlier and 3 Months Earlier)



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

2. Figures for 2011/Q4 are October-November averages. Figures for 2007/Q4 on the 2000 base are those of October.

(3) International Commodity Prices



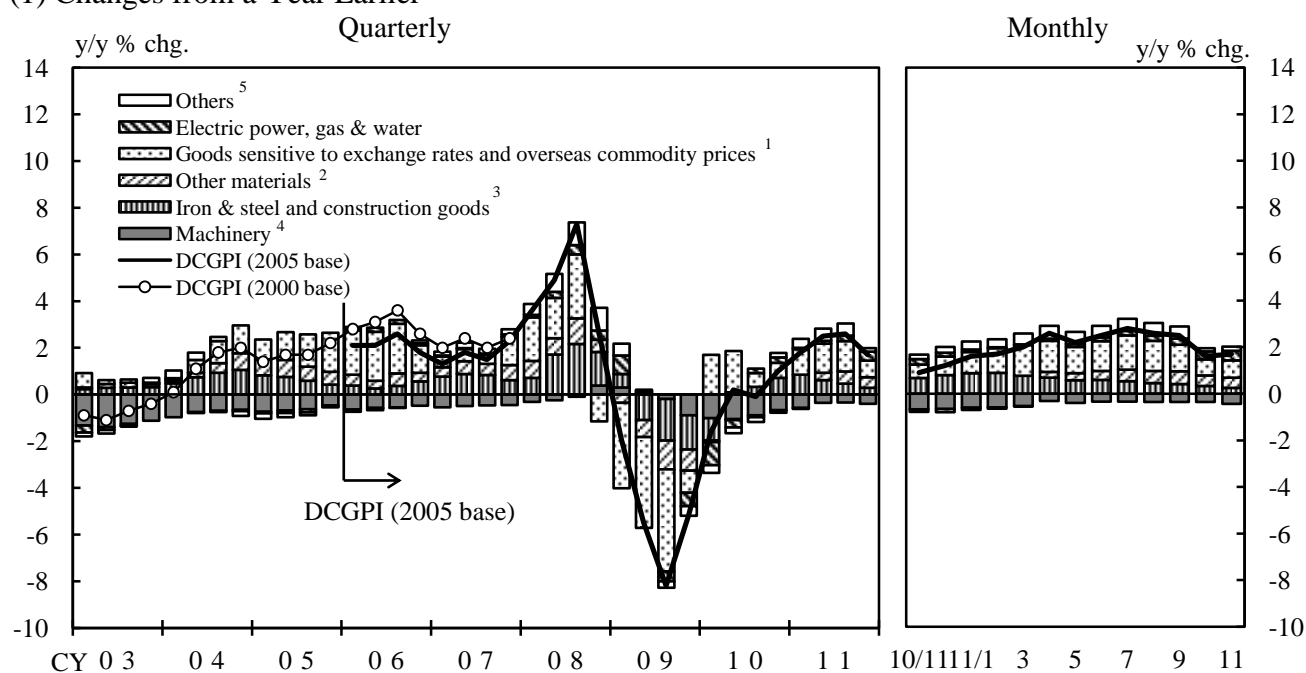
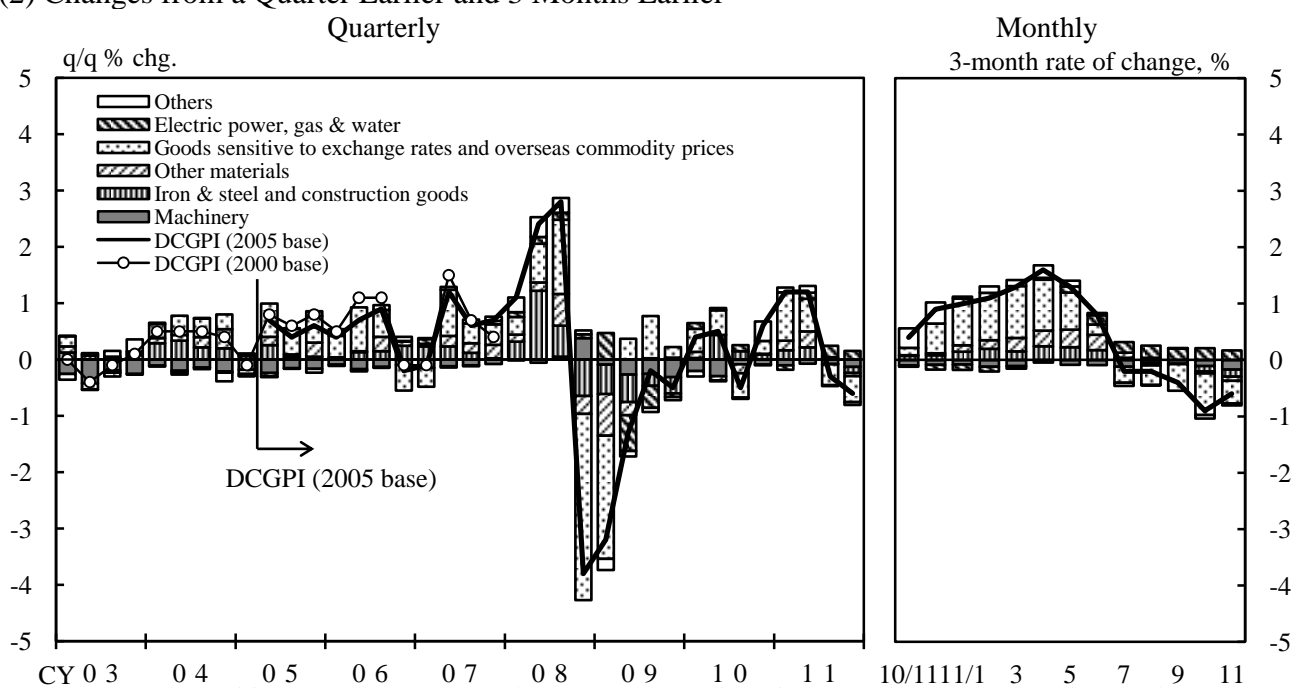
Notes: 1. The "grain index" is the weighted average of prices of three selected items (wheat, soybeans, and corn) in overseas commodity markets. The weights are based on the value of imports in the "Trade Statistics."

2. Monthly averages. Figures for December 2011 are averages up to December 20.

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 and nonferrous metals.

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

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

4. Machinery: electrical machinery & equipment, information & communications equipment, electronic components & devices, general machinery & equipment, transportation equipment, and precision instruments.

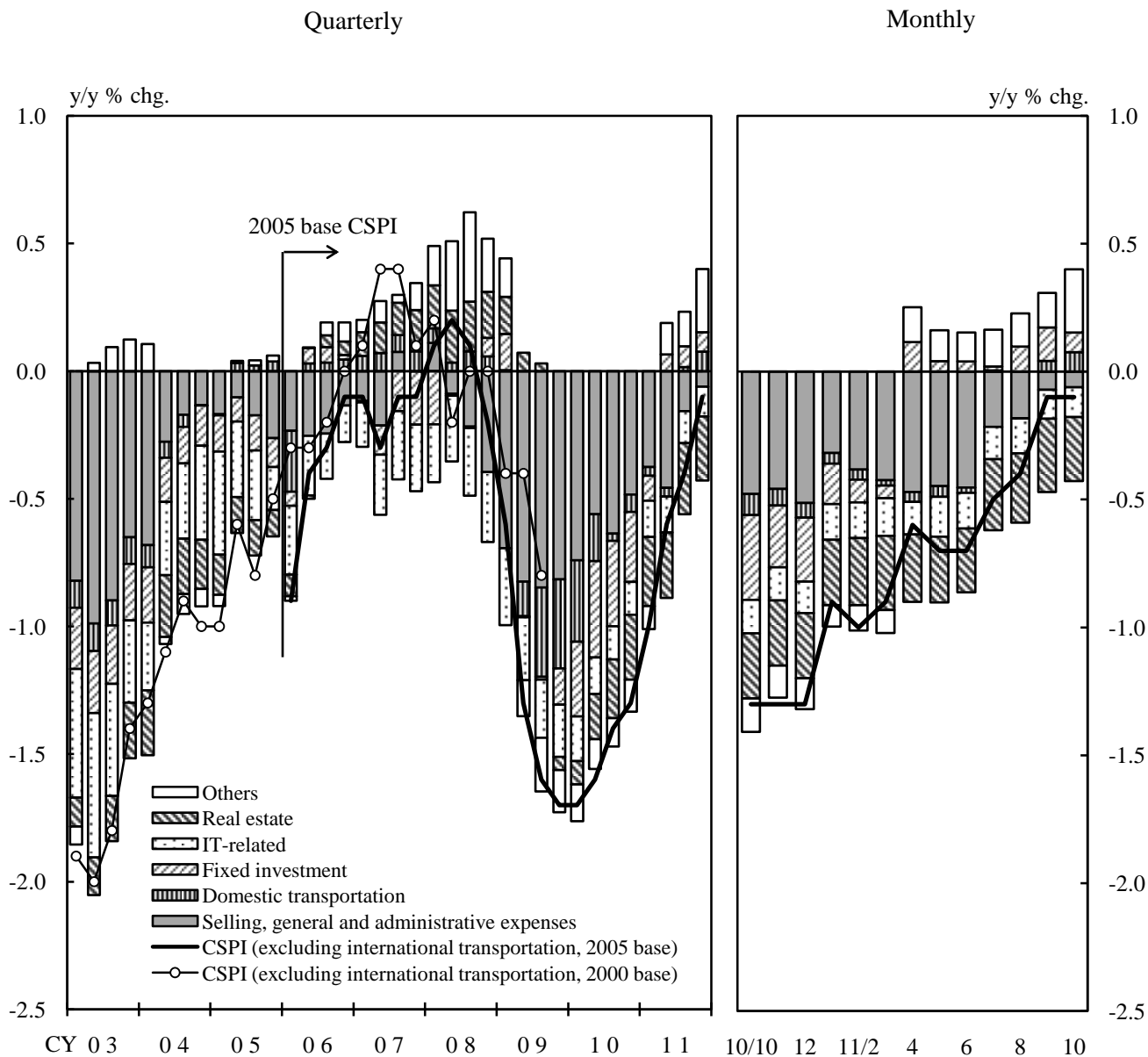
5. Others: processed foodstuffs, other manufacturing industry products, agriculture, forestry & fishery products, and minerals.

6. Adjusted to exclude a hike in electric power charges during the summer season from July to September. This adjustment makes the "Domestic Corporate Goods Price Index" fall by about 0.2%.

7. Figures for 2011/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

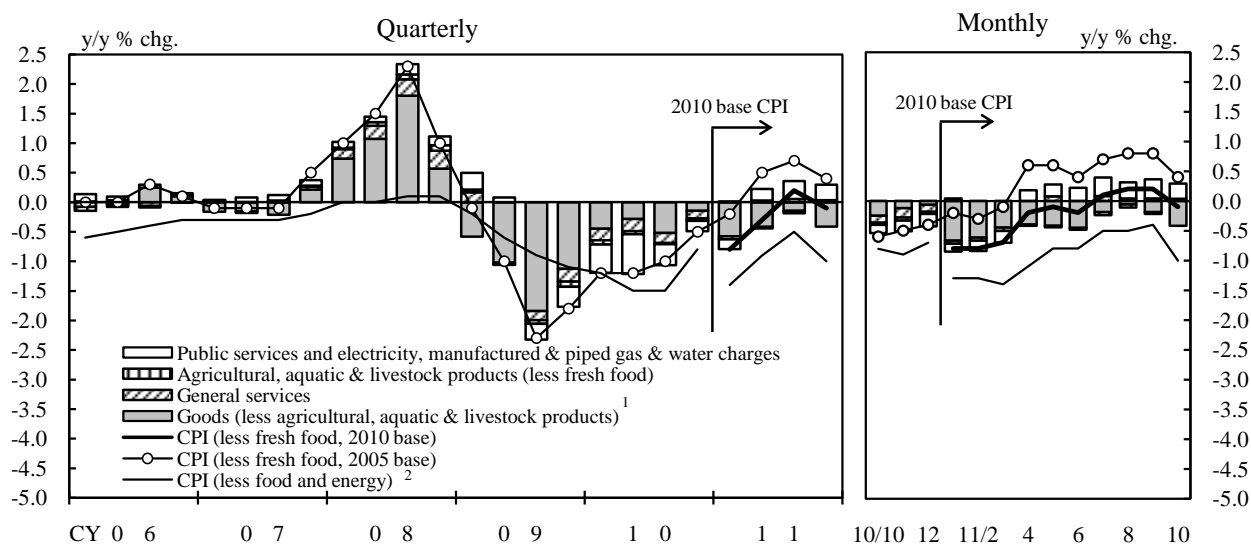


- Notes: 1. Selling, general and administrative expenses: information and communications (excluding newspapers and publishing), advertising services, other services (excluding plant engineering, and civil engineering and architectural services).
 2. Domestic transportation: transportation (excluding international transportation, railroad passenger transportation, road passenger transportation, water passenger transportation, and domestic air passenger transportation).
 3. Fixed investment: leasing and rental (excluding leasing of computer and related equipment and computer rental), and civil engineering and architectural services.
 4. IT-related: leasing of computer and related equipment, and computer rental.
 5. Real estate: real estate services.
 6. Others: finance and insurance, railroad passenger transportation, road passenger transportation, water passenger transportation, domestic air passenger transportation, newspapers and publishing, and plant engineering.
 7. Figures for 2011/Q4 are those of October. Figures for 2009/Q3 on the 2000 base are July-August averages.

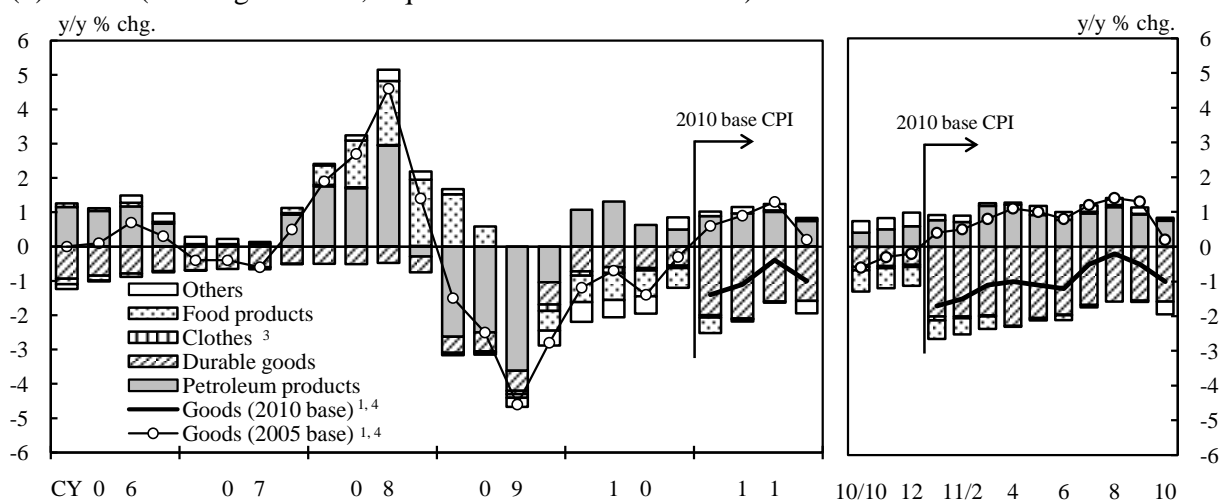
Source: Bank of Japan, "Corporate Services Price Index."

Consumer Price Index (Less Fresh Food)

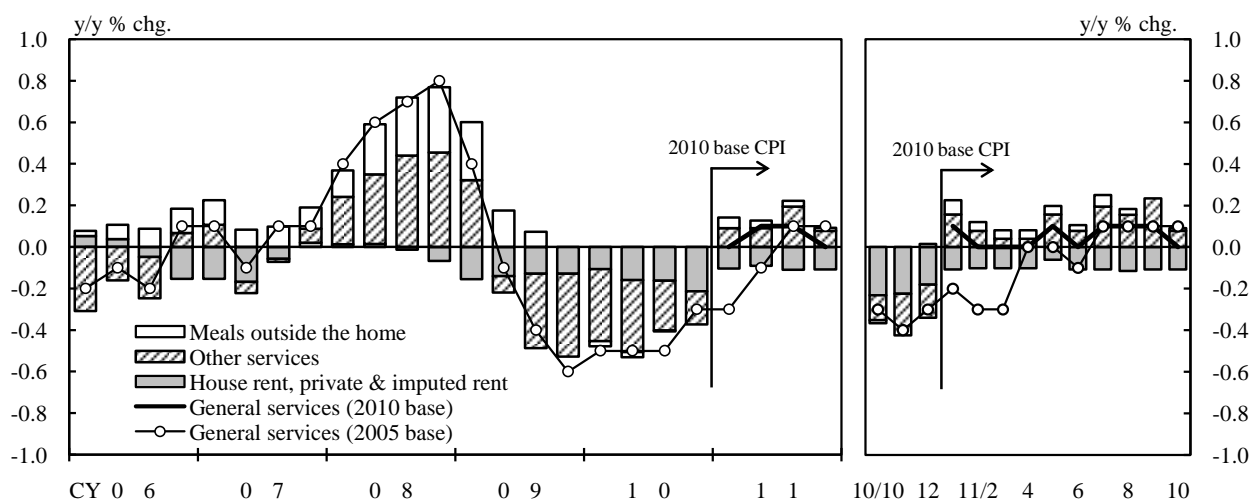
(1) Consumer Price Index (Less Fresh Food)



(2) Goods (Less Agricultural, Aquatic & Livestock Products) 1



(3) General Services



Notes:1. The items are basically the same as those defined by the Ministry of Internal Affairs and Communications.

However, electricity, manufactured & piped 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. Less agricultural, aquatic & livestock products.

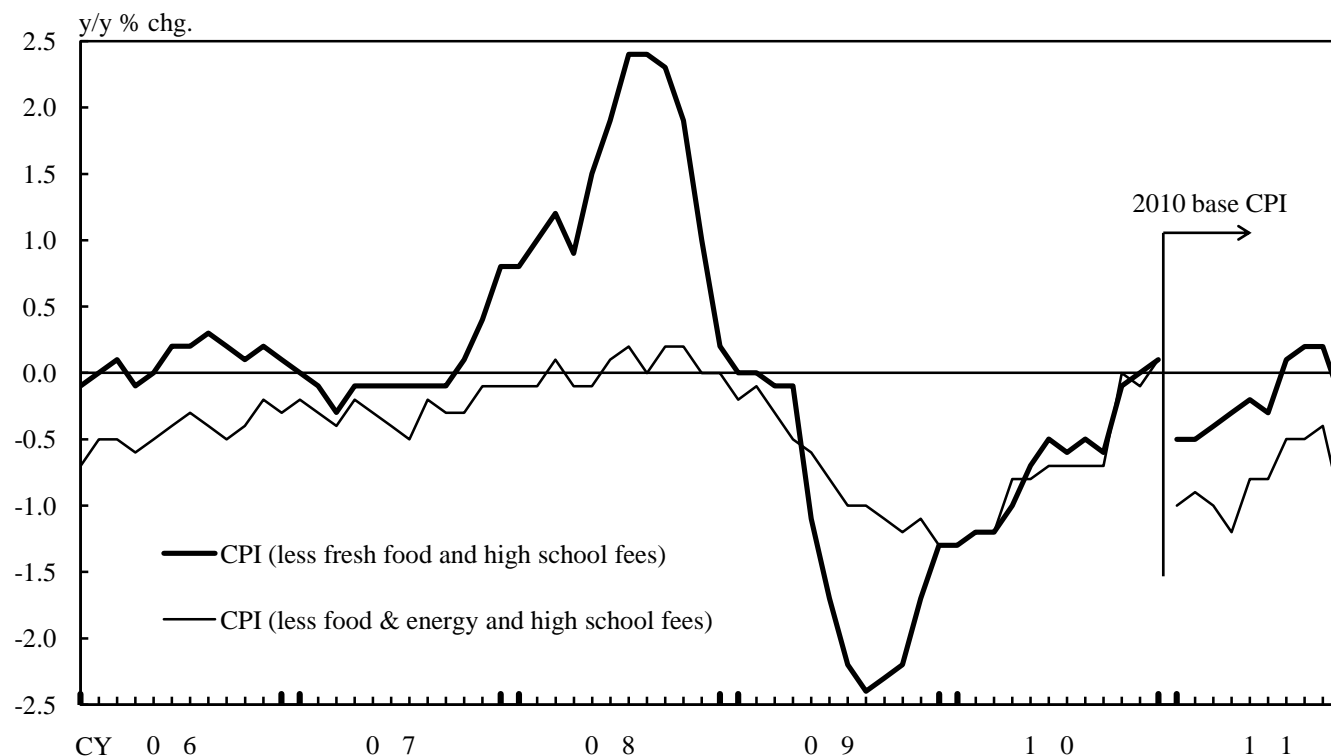
5. The year-on-year rates of change other than those of the CPI (less fresh food), CPI (less food and energy), and General services are calculated using published indices.

6. Figures for 2011/Q4 are those of October.

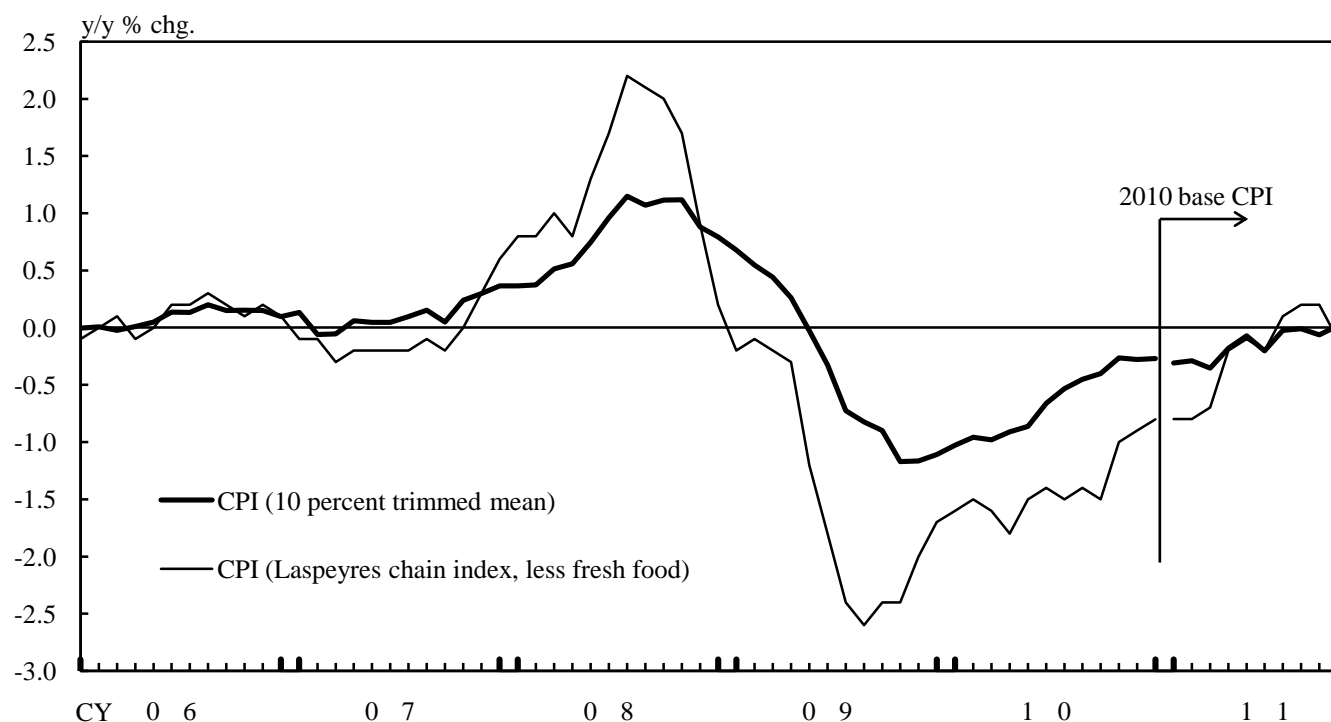
Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

Trend Changes in Consumer Prices

(1) CPI Less High School Fees



(2) Trimmed Mean and Laspeyres Chain Index



Notes: 1. Alcoholic beverages are excluded from food. Energy: electricity, gas manufactured & piped, liquefied propane, kerosene, and gasoline.

2. High school fees: high school fees (public) and high school fees (private).

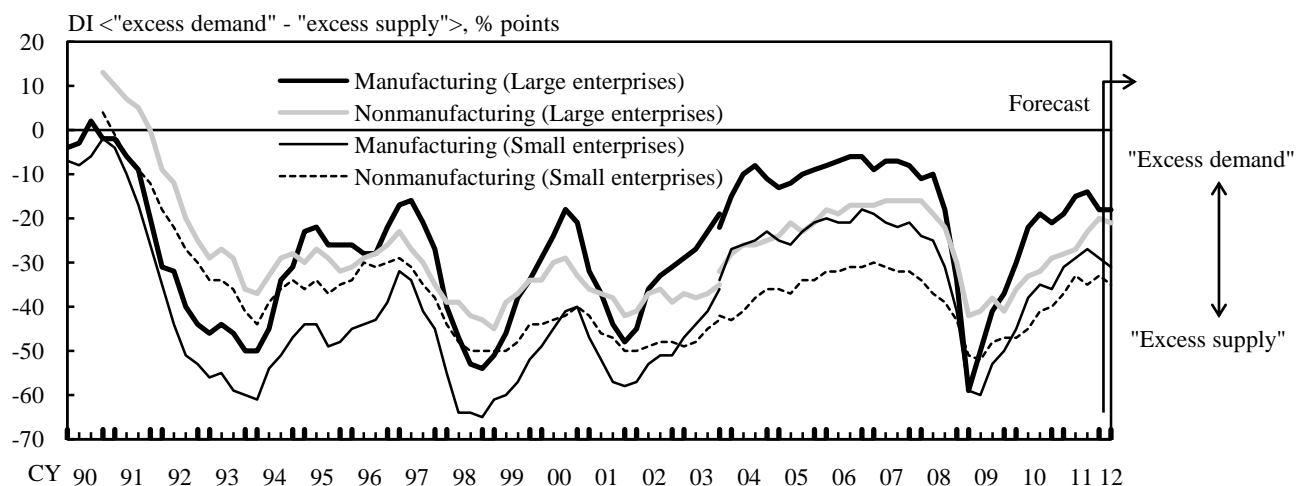
3. Figures for the 10 percent trimmed mean are weighted averages of items; these items are obtained by rearranging year-on-year rates of price change in ascending order and then excluding items in both the upper and lower 10 percent tails by weight.

4. Figures of the Laspeyres chain index for 2006 and 2011 are the year-on-year rates of the fixed-base method.

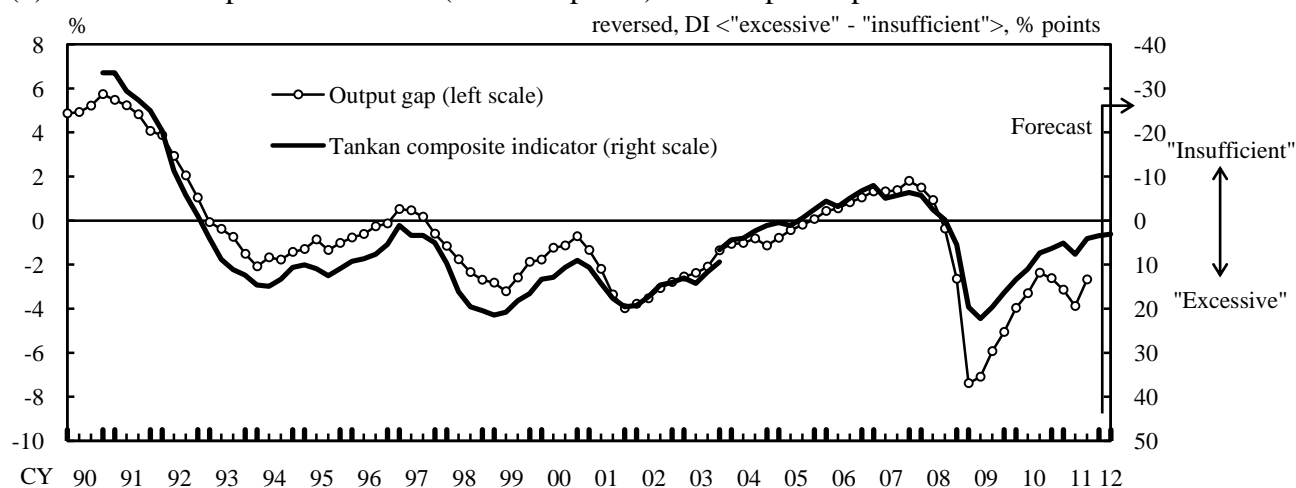
Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

Domestic Supply and Demand Conditions¹

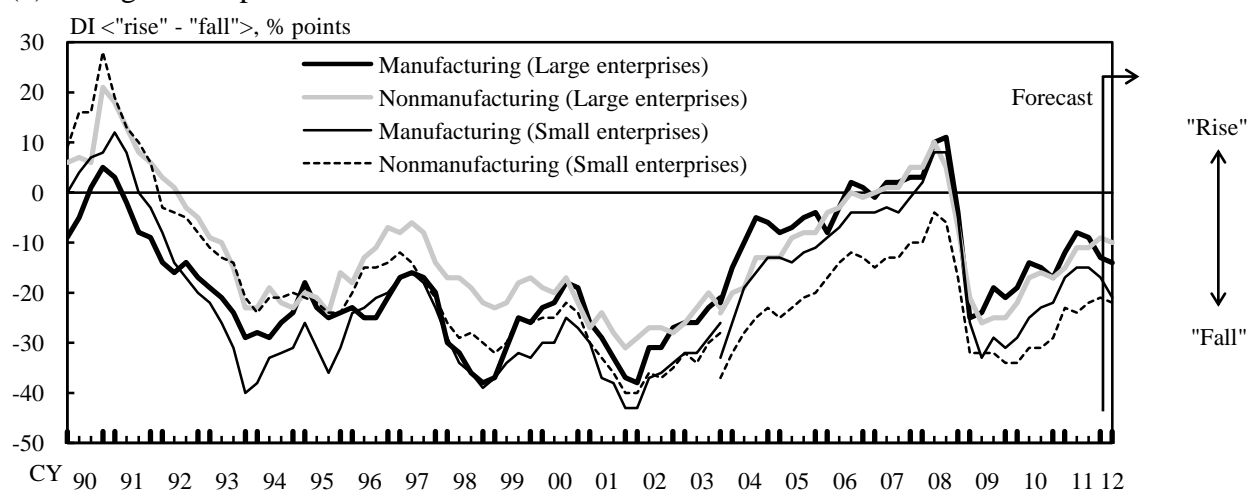
(1) Domestic Supply and Demand Conditions for Products and Services



(2) *Tankan* Composite Indicator² (All Enterprises) and Output Gap³



(3) Change in Output Prices

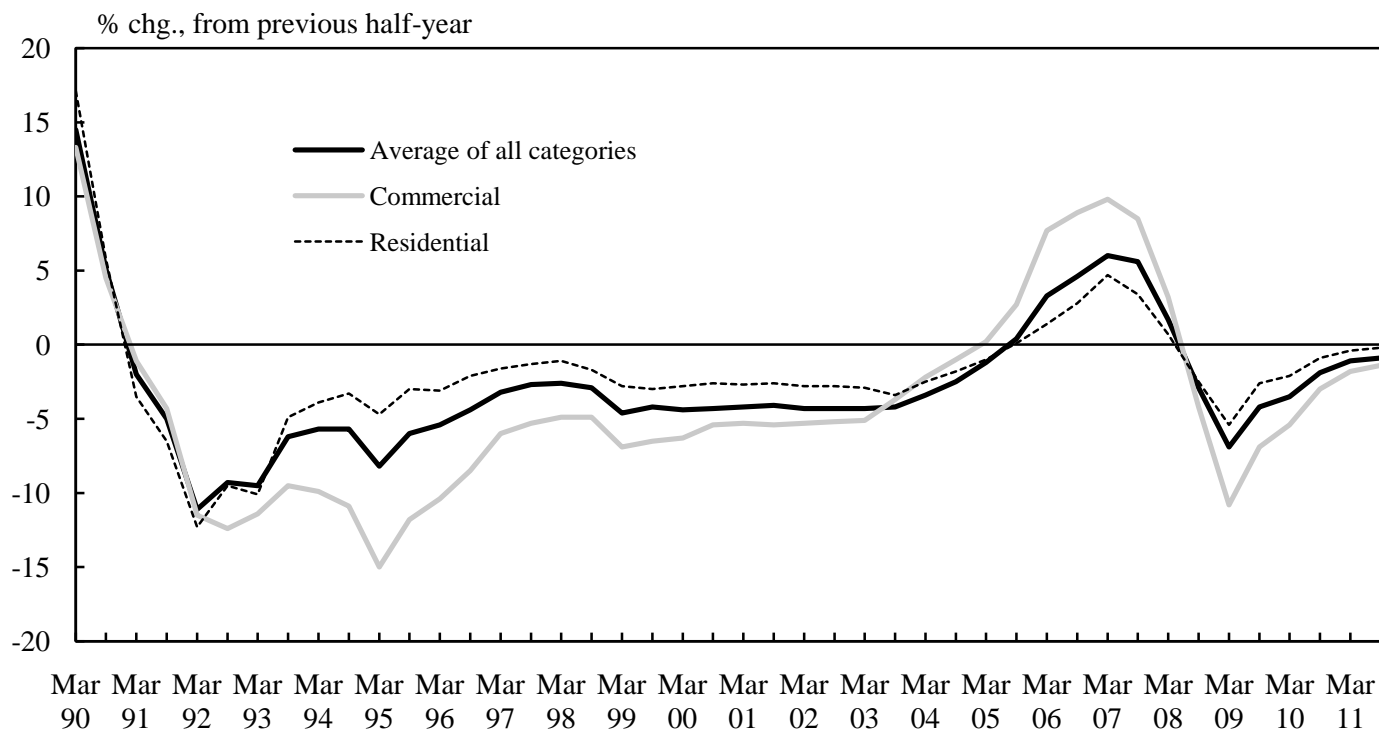


- Notes: 1. The "Tankan" has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.
2. Figures are weighted averages of the production capacity DI and employment conditions DI. The FY 1990-2009 averages of capital and labor shares in the "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.

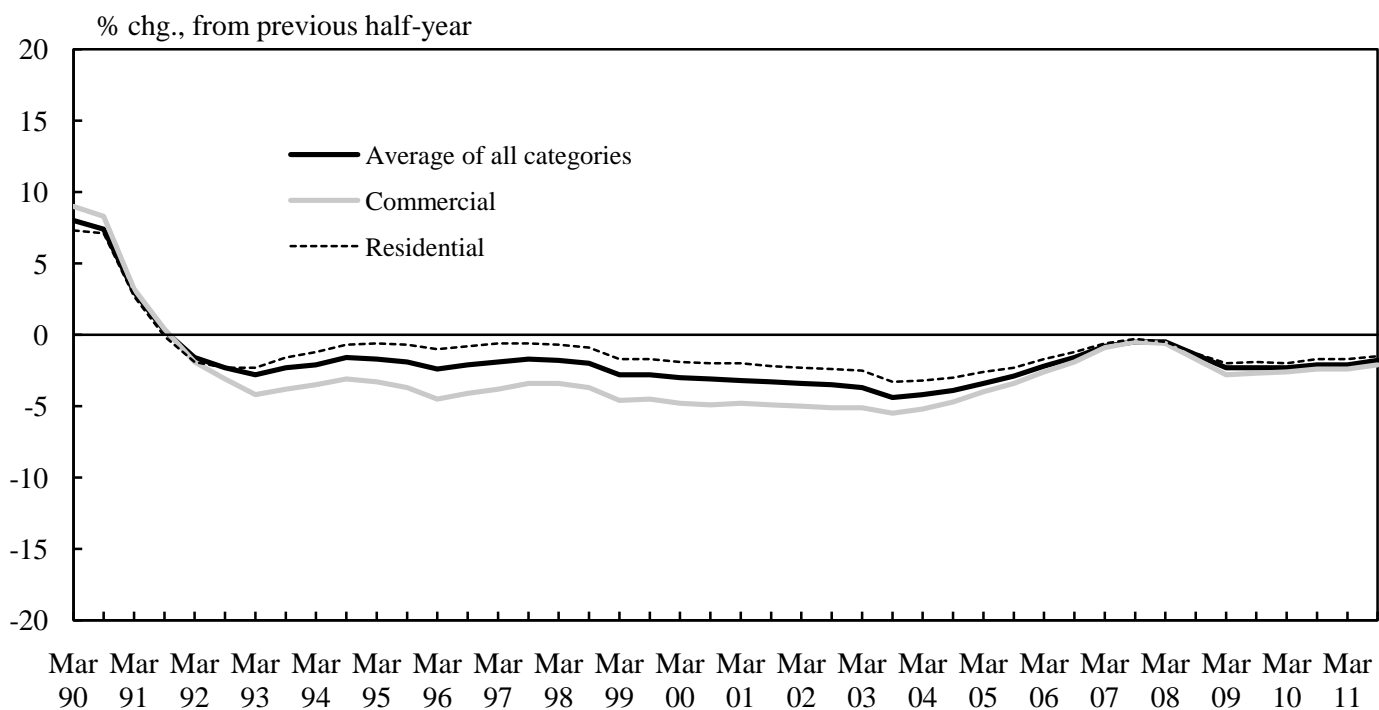
Sources: Cabinet Office, "National Accounts";
Bank of Japan, "*Tankan*, Short-Term Economic Survey of Enterprises in Japan," etc.

Urban Land Price Index

(1) Six Large City Areas



(2) Excluding Six Large City Areas



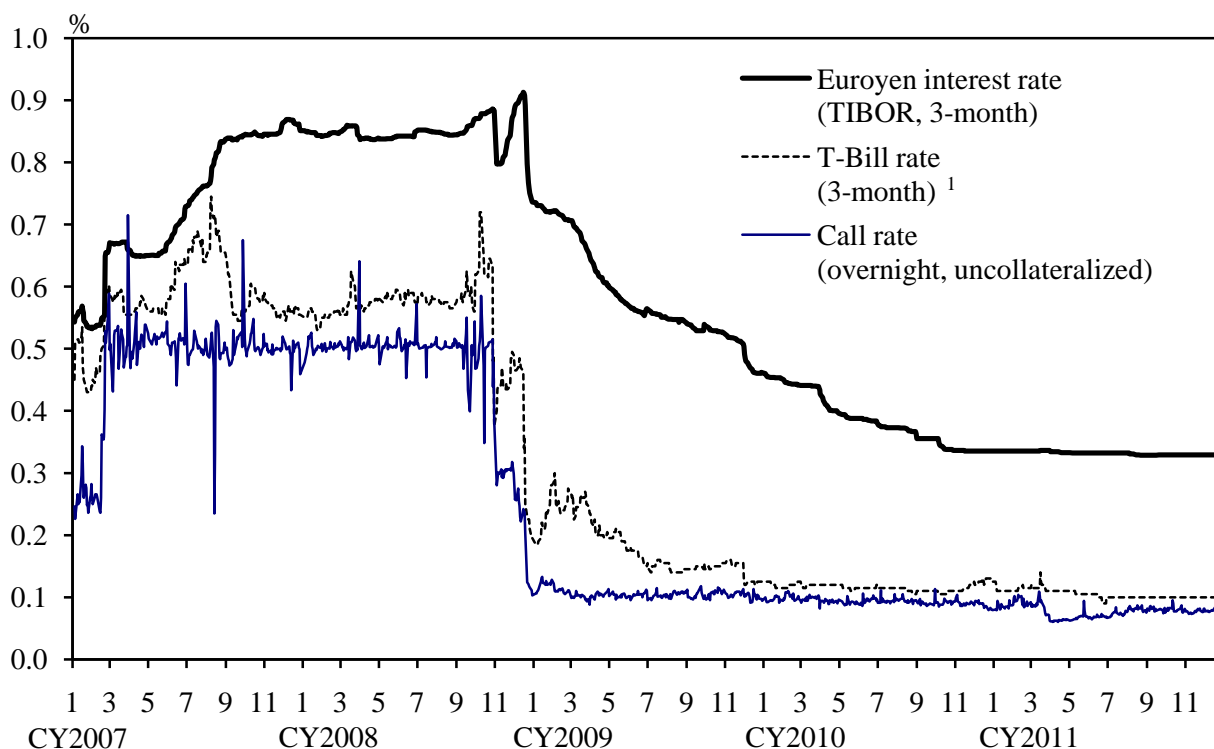
Notes: 1. The Urban Land Price Index is based on surveys conducted at the end of March and September each year.

2. Six Large City Areas are Tokyo Metropolitan wards, Yokohama, Nagoya, Kyoto, Osaka, and Kobe.

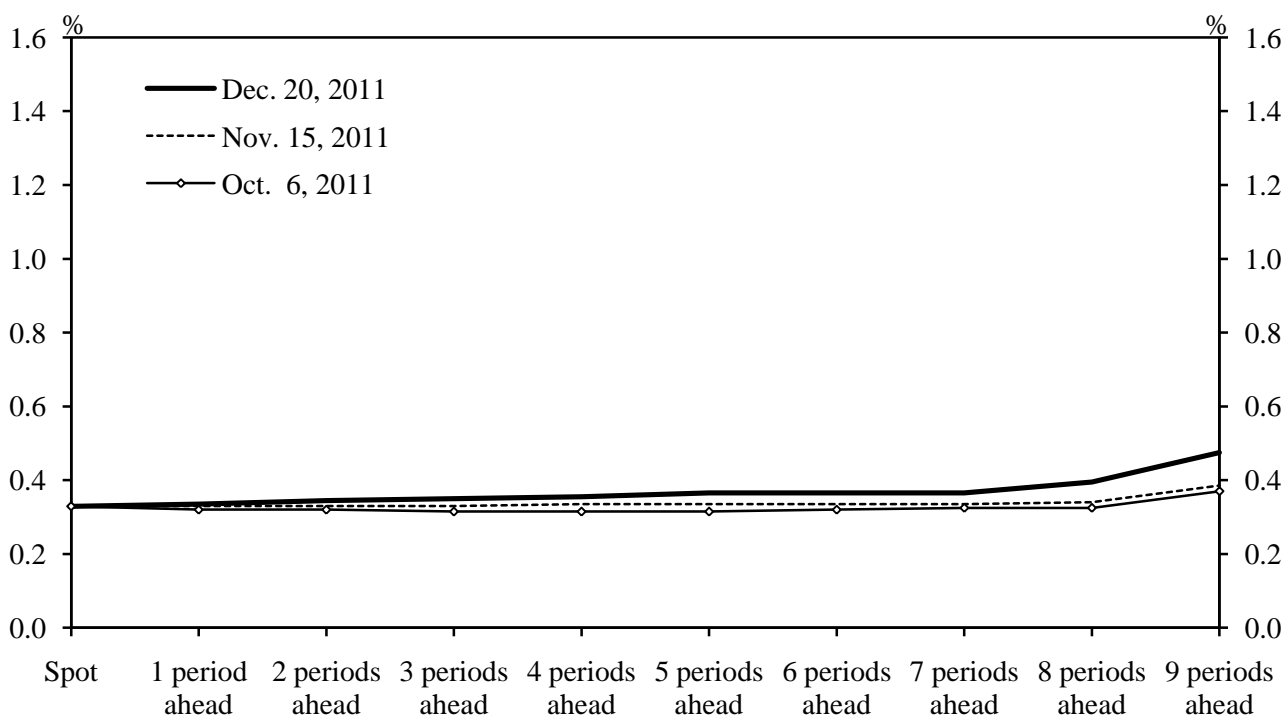
Source: Japan Real Estate Institute, "Urban Land Price Index."

Short-Term Interest Rates

(1) Short-Term Interest Rates



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



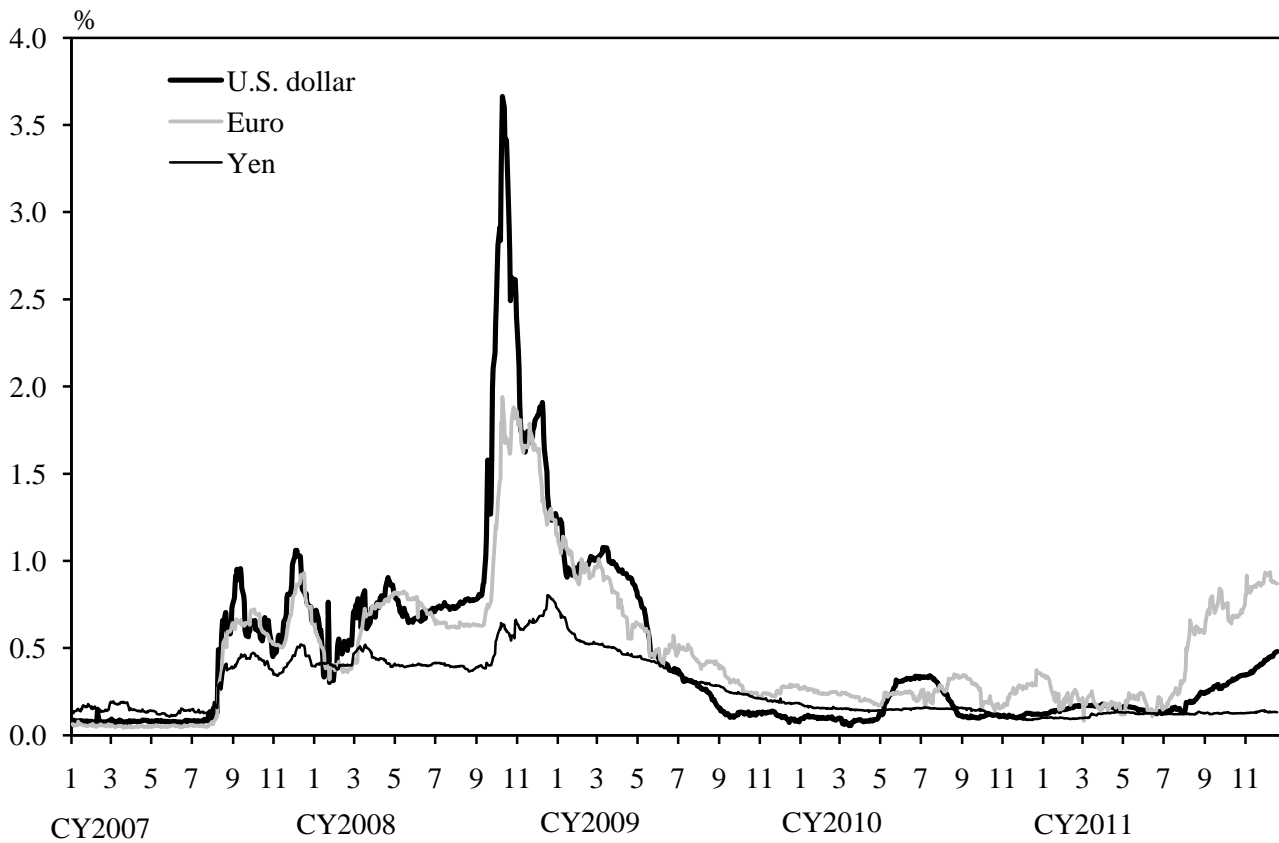
Notes: 1. Rate prior to the integration of FBs and TBs in February 2009 is the FB rate.

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

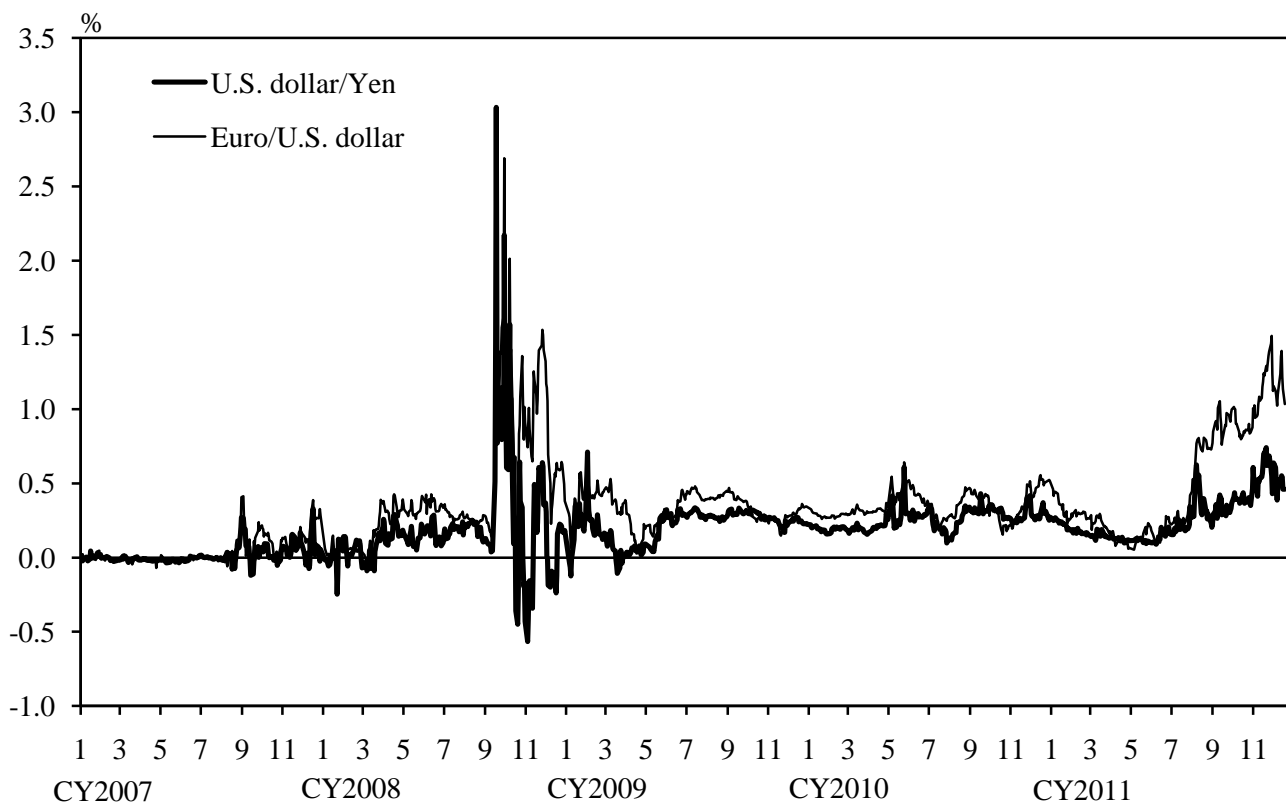
Sources: Japanese Bankers Association; Japan Bond Trading Co., Ltd.; Tokyo Financial Exchange; Bank of Japan.

Global Money Markets

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



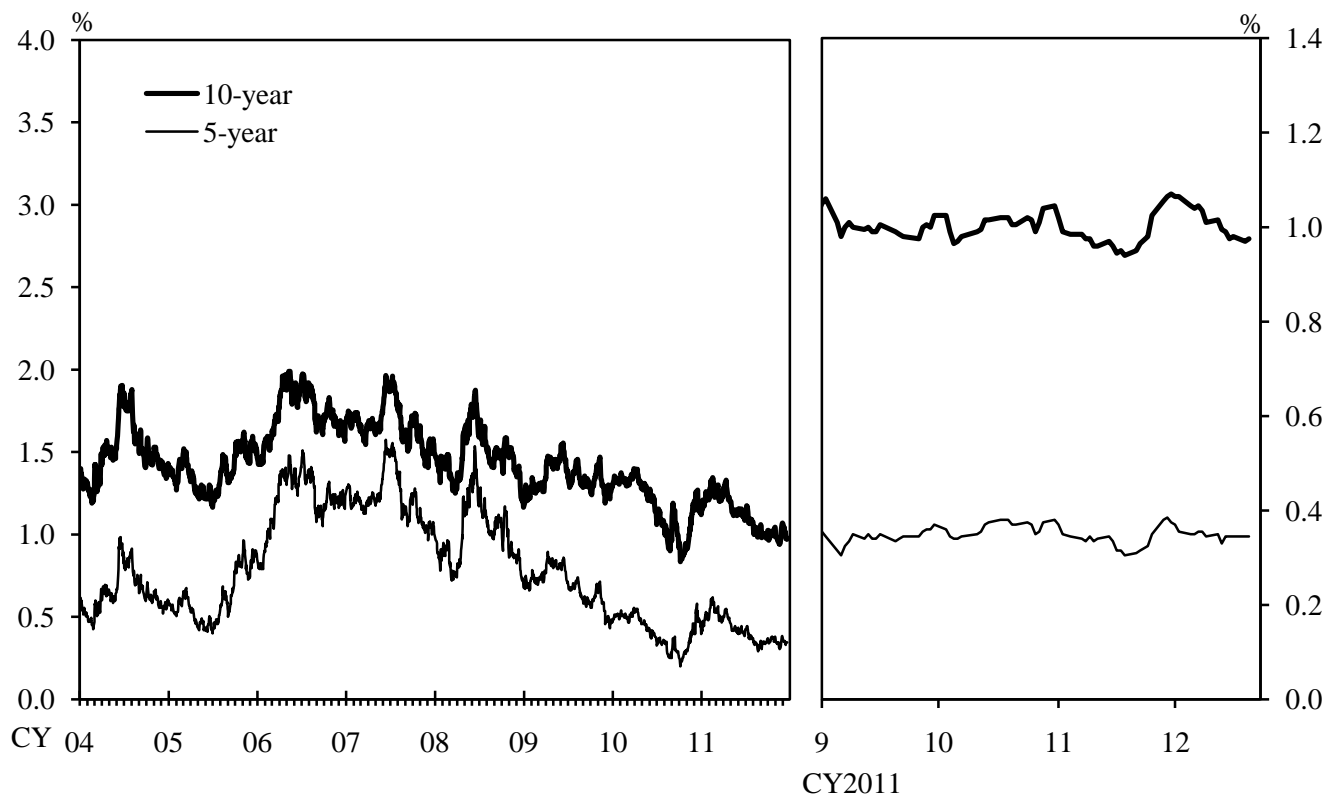
(2) FX swap implied dollar rate - LIBOR spreads (3-Month)



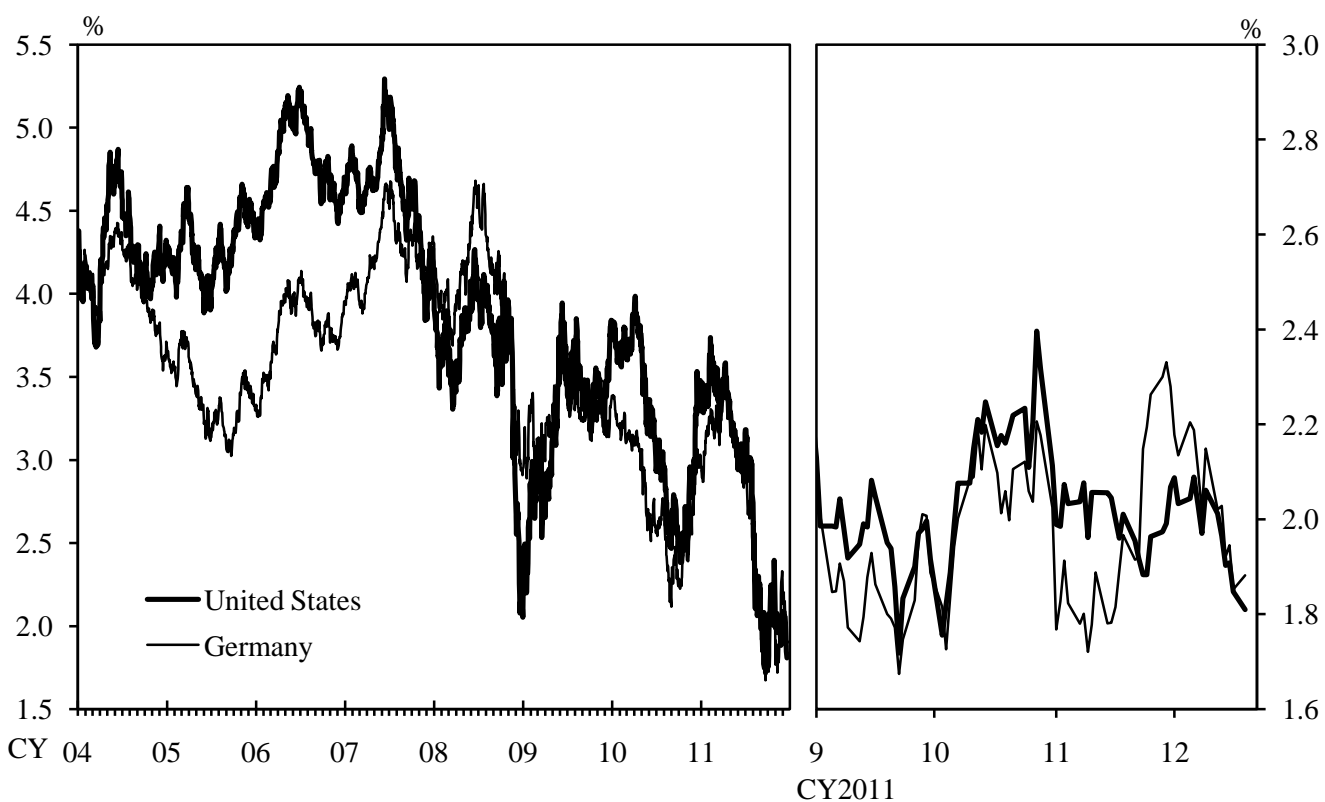
Source: Bloomberg.

Long-Term Interest Rates

(1) Japanese Government Bond Yields¹



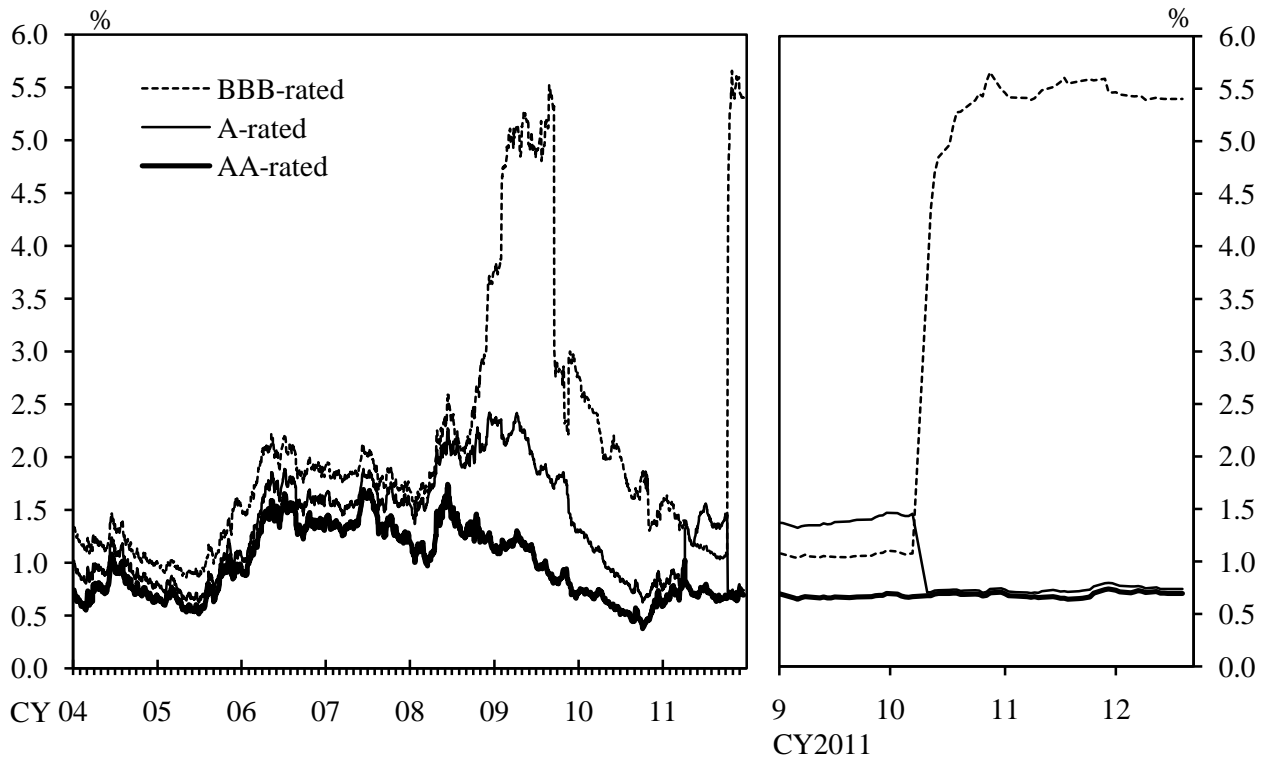
(2) Overseas Government Bond Yields (10-Year)



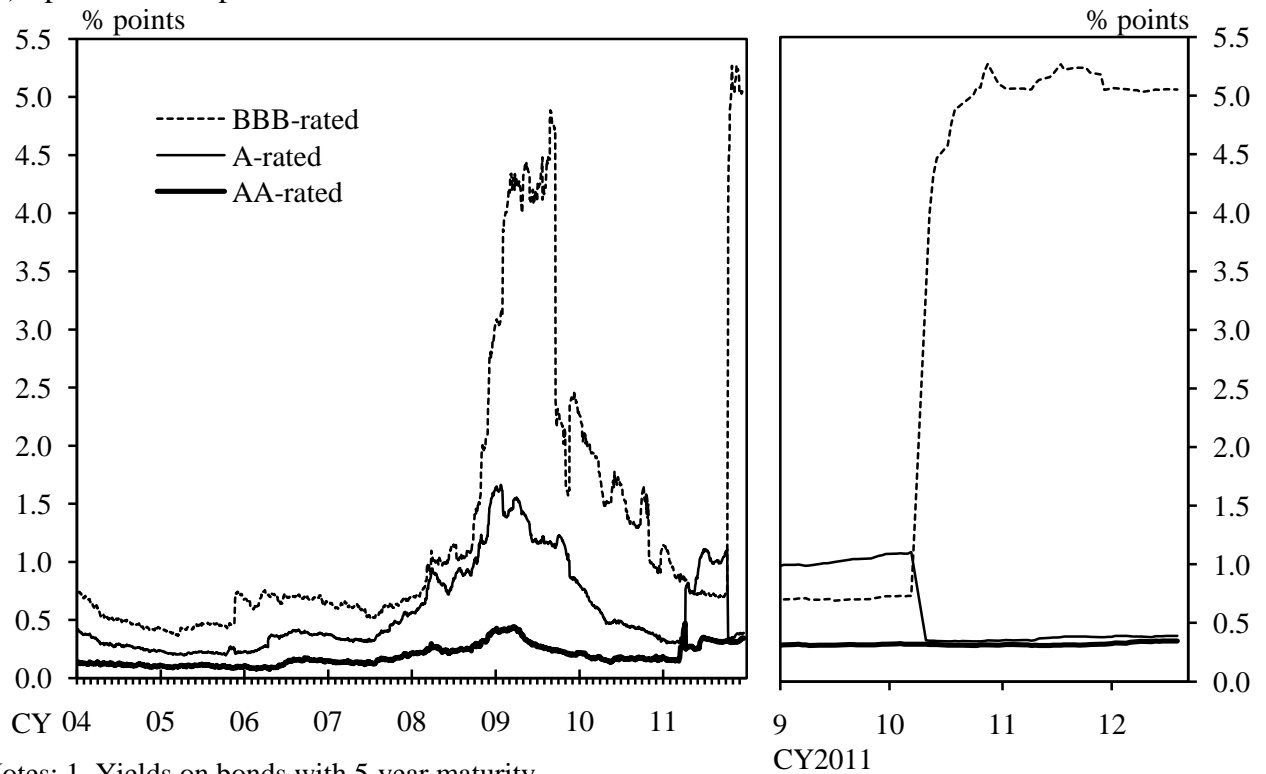
Note: 1. Yields on newly issued bonds.
Sources: Japan Bond Trading Co., Ltd.; Bloomberg.

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.

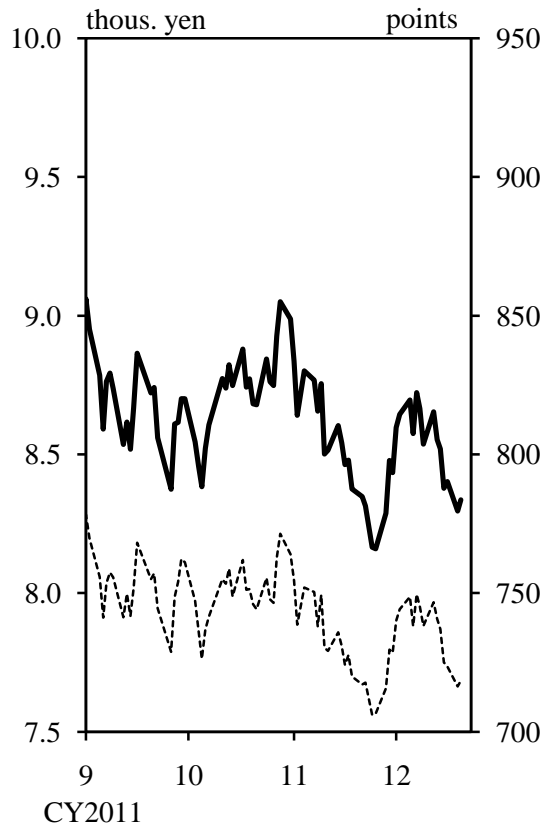
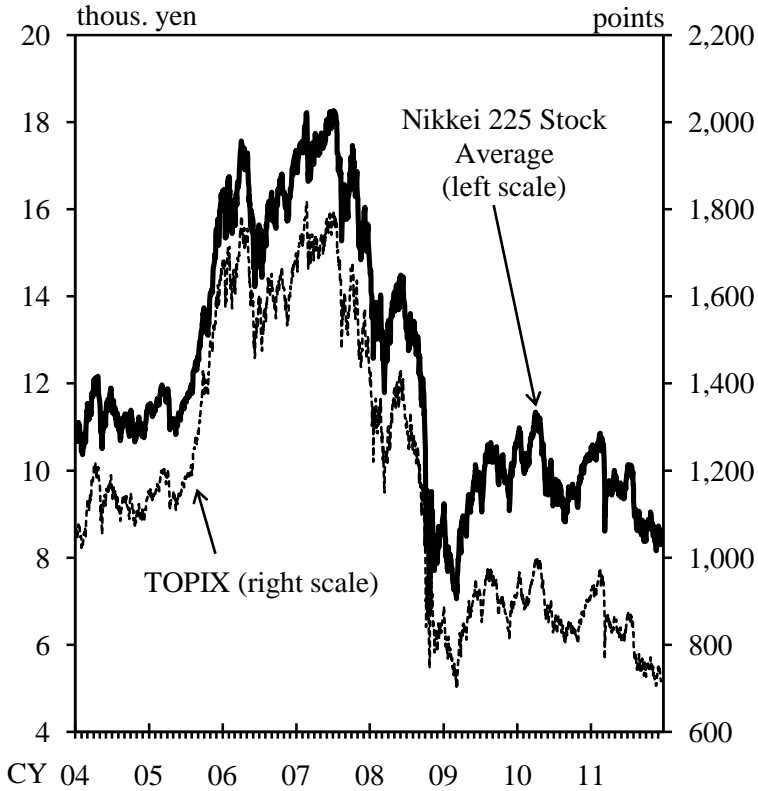
Yields on corporate bonds have been calculated on the expanded pool of issues with maturity of three to seven years.

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

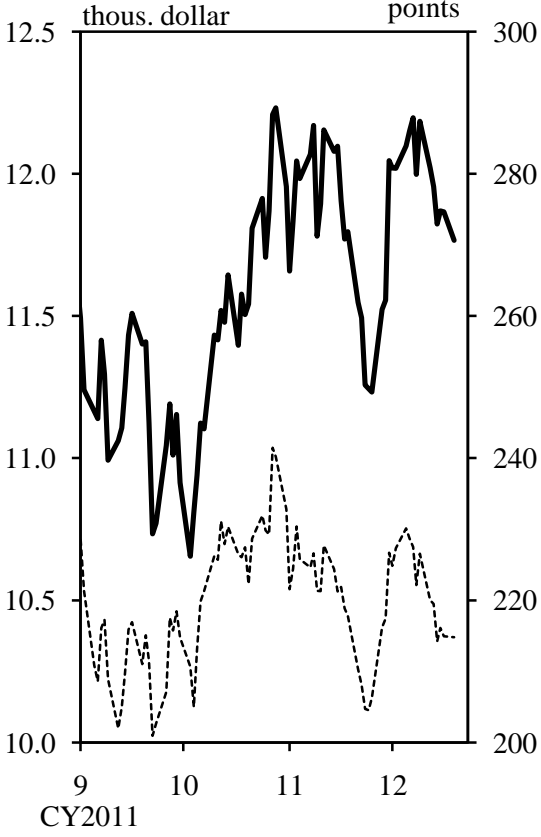
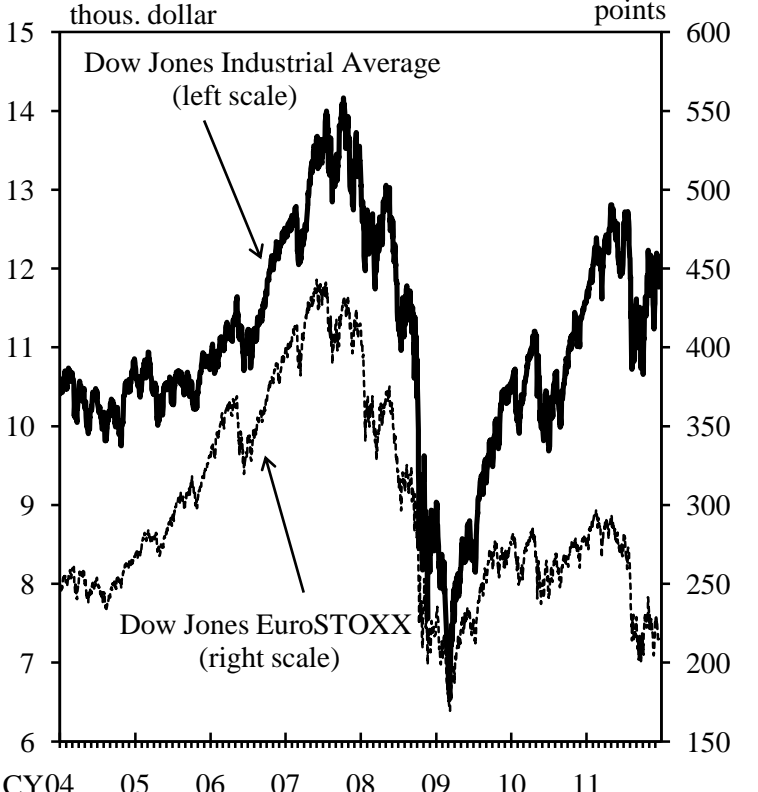
Sources: Japan Securities Dealers Association, "Reference Price (Yields) Table for OTC Bond Transactions."

Stock Prices

(1) Japanese Stock Prices



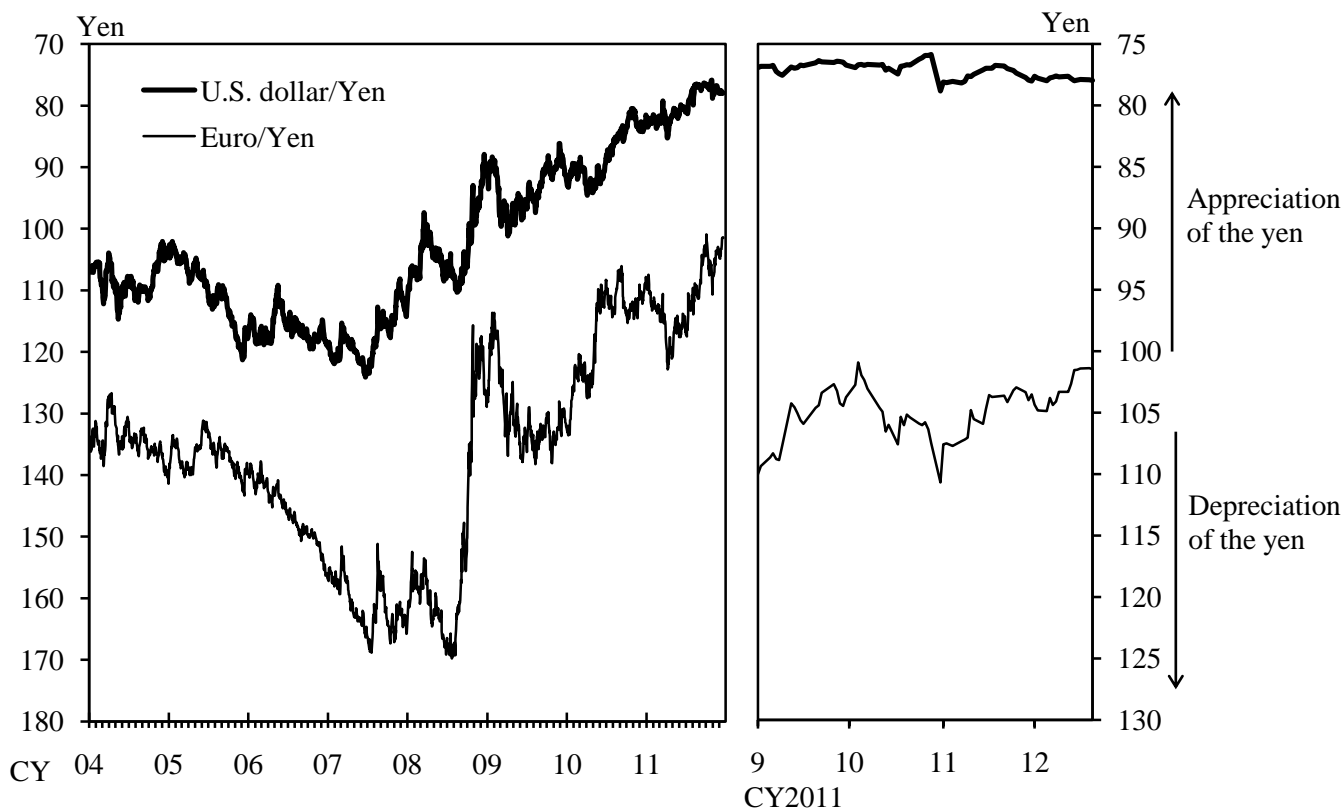
(2) Overseas Stock Prices



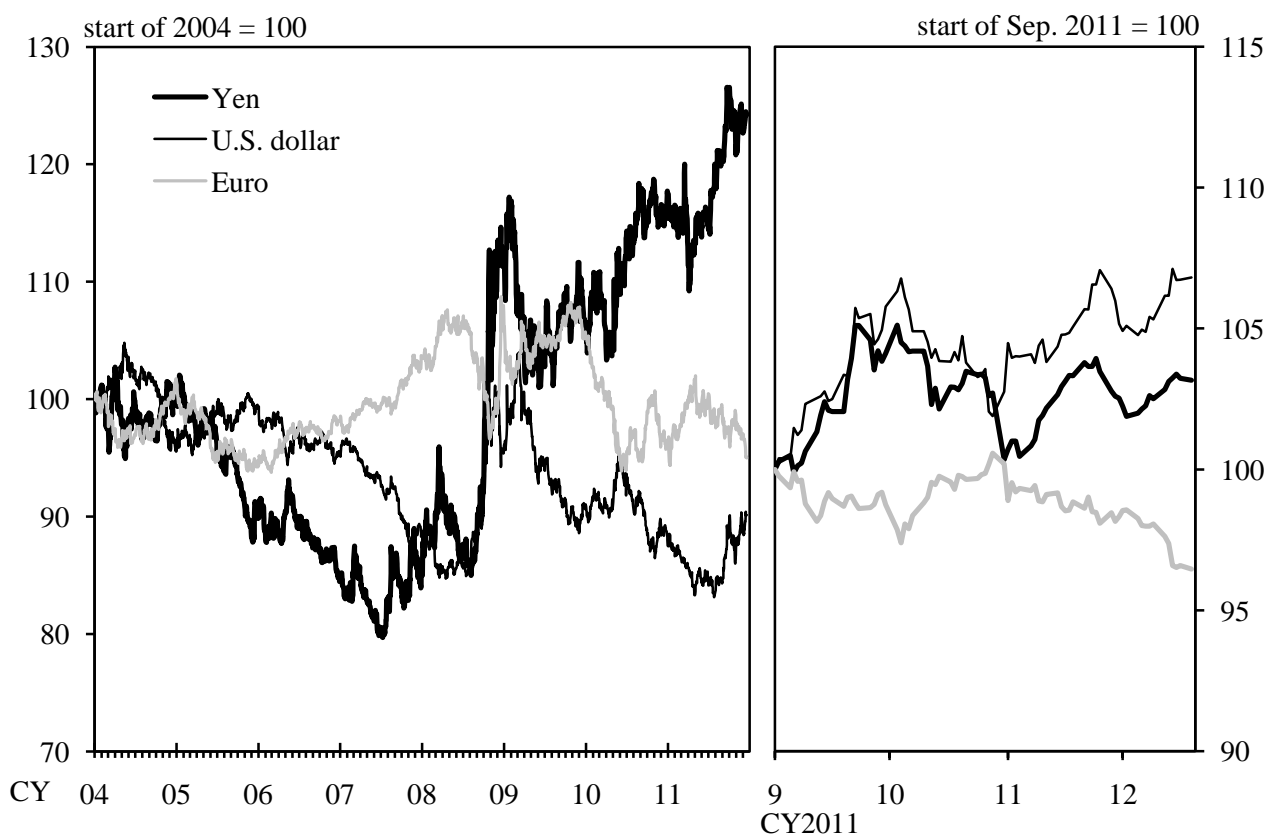
Sources: The *Nihon Keizai Shimbun* ; Tokyo Stock Exchange; Bloomberg.

Exchange Rates

(1) Bilateral Exchange Rates

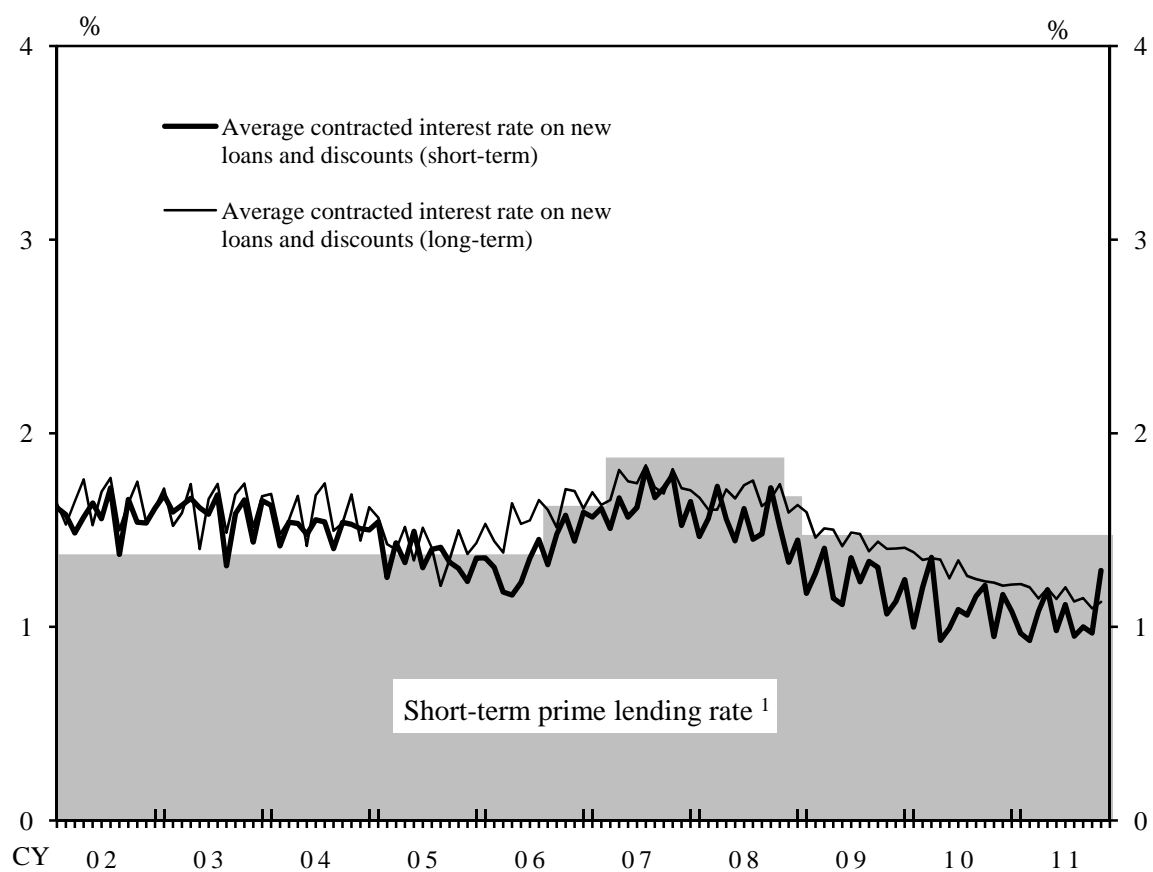


(2) Nominal Effective Exchange Rates



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

Lending Rates

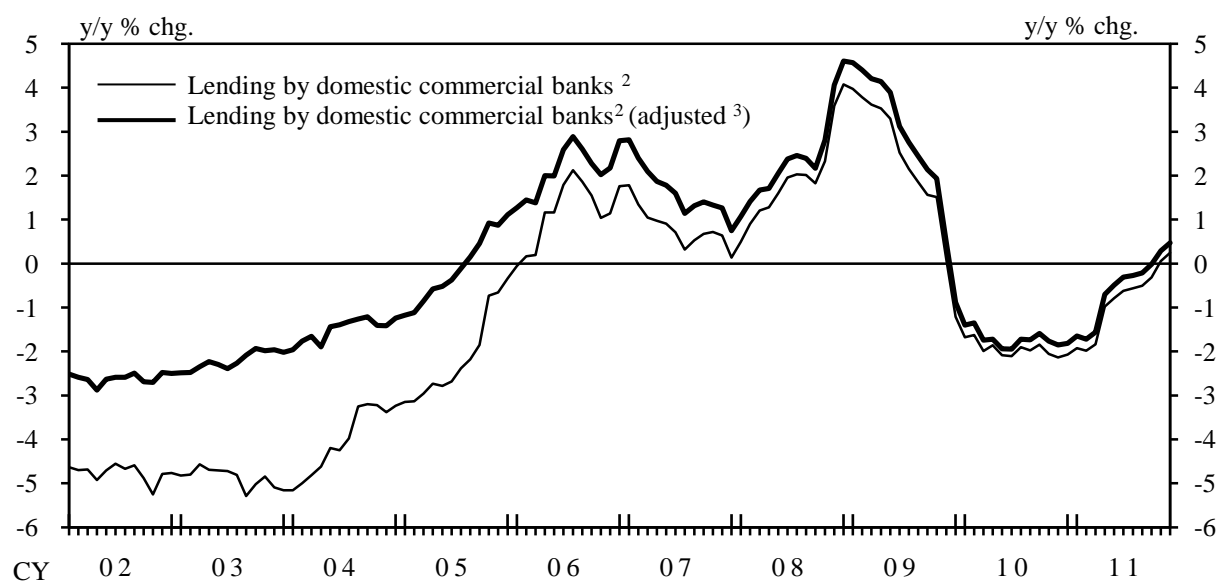


Note: 1. Data are at end of period.

Source: Bank of Japan.

Lending by Financial Institutions

(1) Lending by Domestic Commercial Banks¹



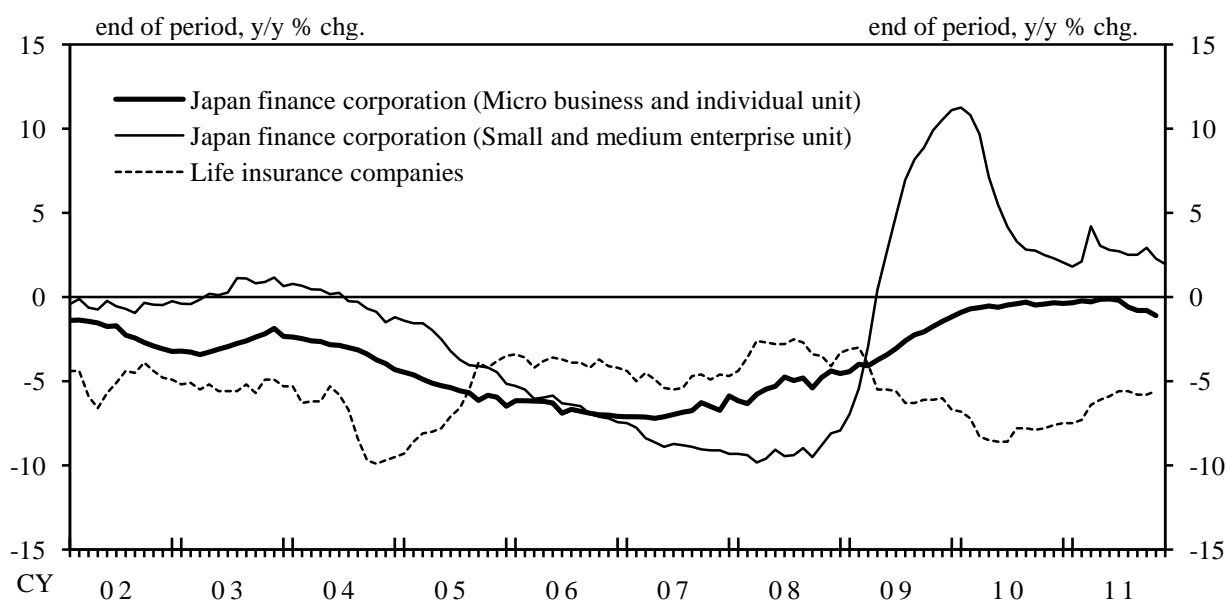
Notes: 1. Percent changes in average amounts outstanding from a year earlier.

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

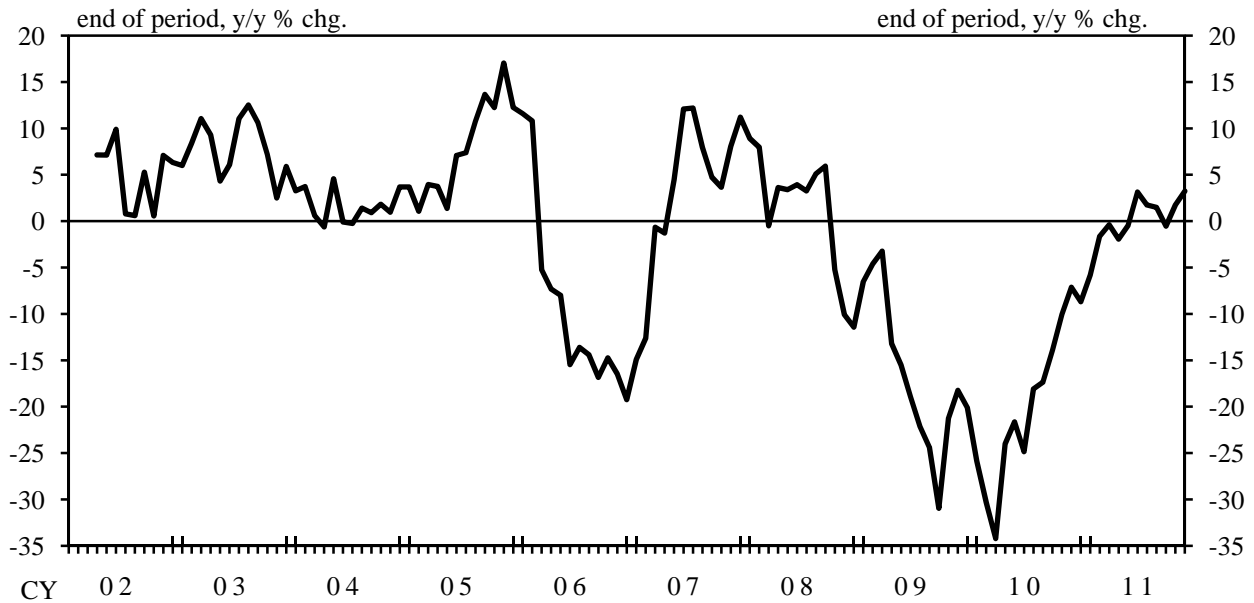


Note: The figures of the Japan Finance Corporation (Small and Medium Enterprise Unit) exclude the amounts outstanding of lending to the Credit Guarantee Corporations.

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

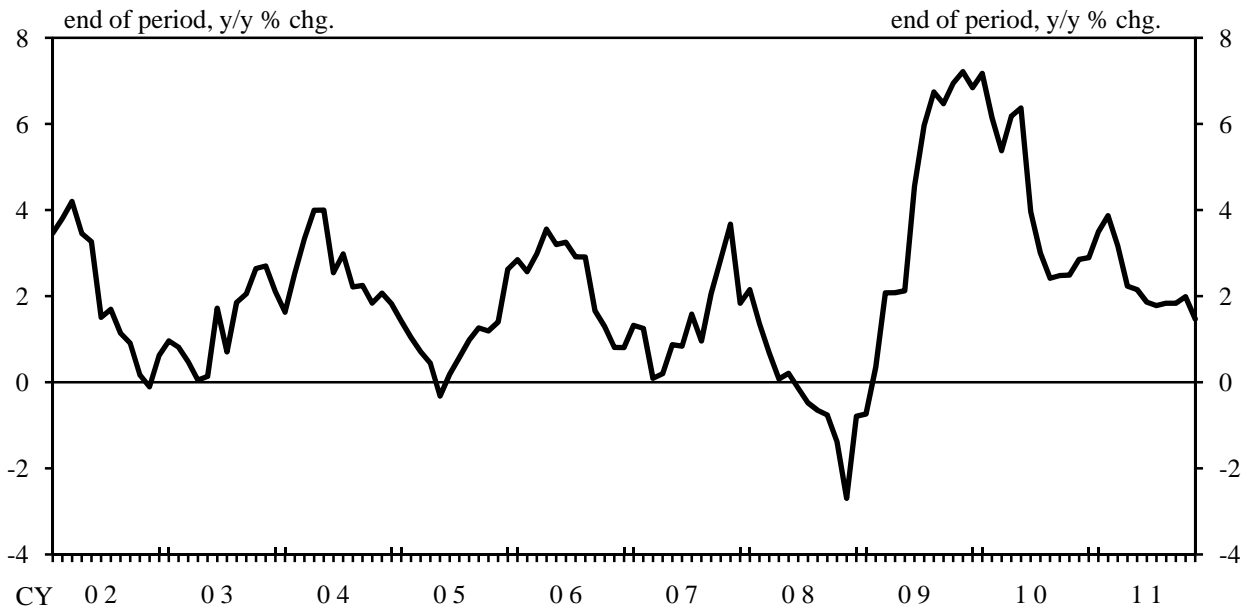
 Private-Sector Fund-Raising in the Capital Markets

(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



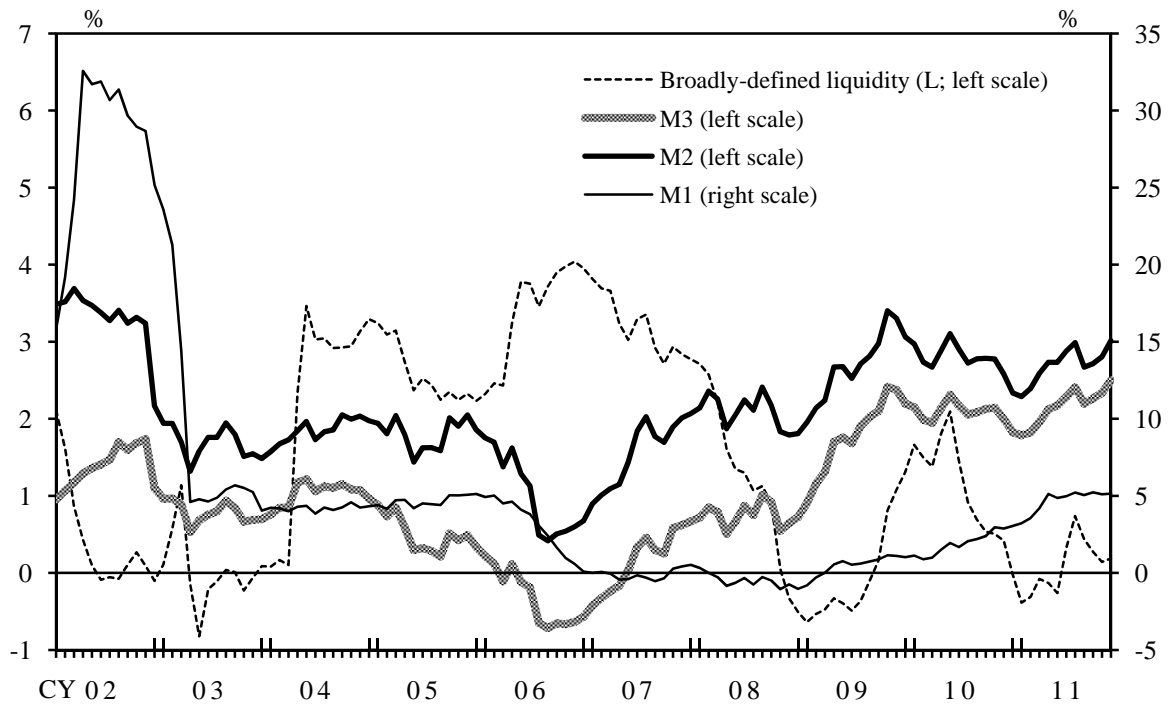
Note: The figures of percentage changes from the previous year of the amount outstanding of corporate bonds are calculated given the following:

- (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.

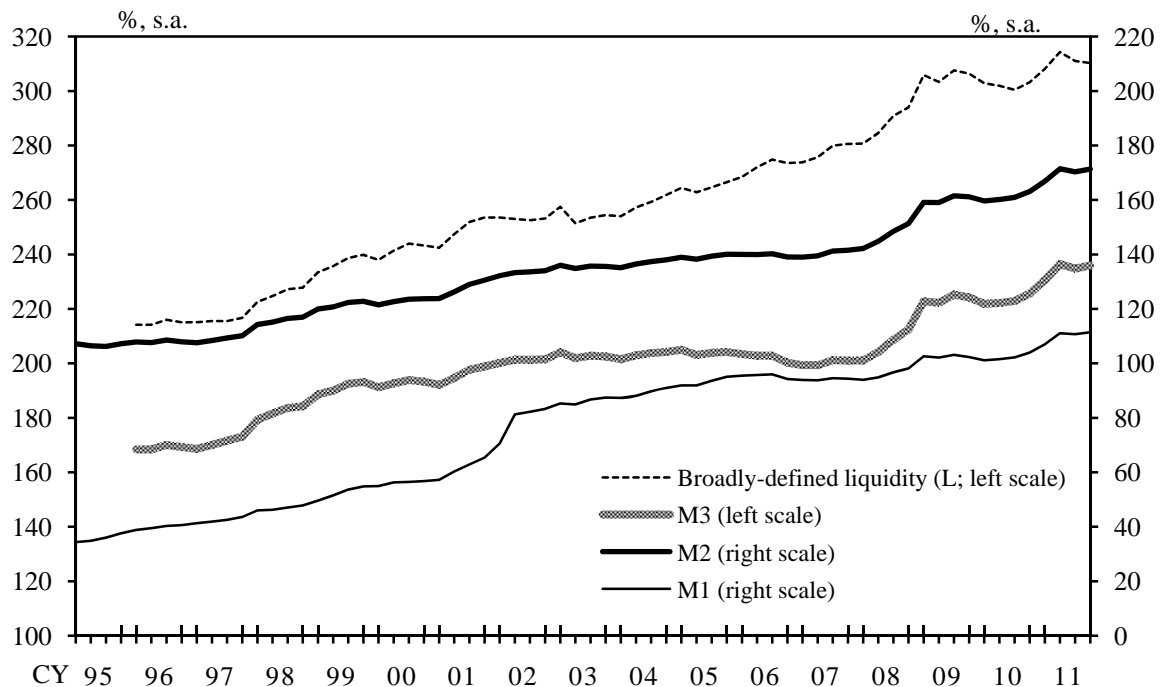
Sources: Japan Securities Depository Center, "Issue, Redemption and Outstanding" (for Corporate Bonds), "Outstanding Amounts of CP by Issuer's category";
 Bank of Japan, "Principal Figures of Financial Institutions";
 Japan Securities Dealers Association, "Issuing, Redemption and Outstanding Amounts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

Money Stock

(1) Changes from a Year Earlier



(2) Ratio of Money Stock to Nominal GDP

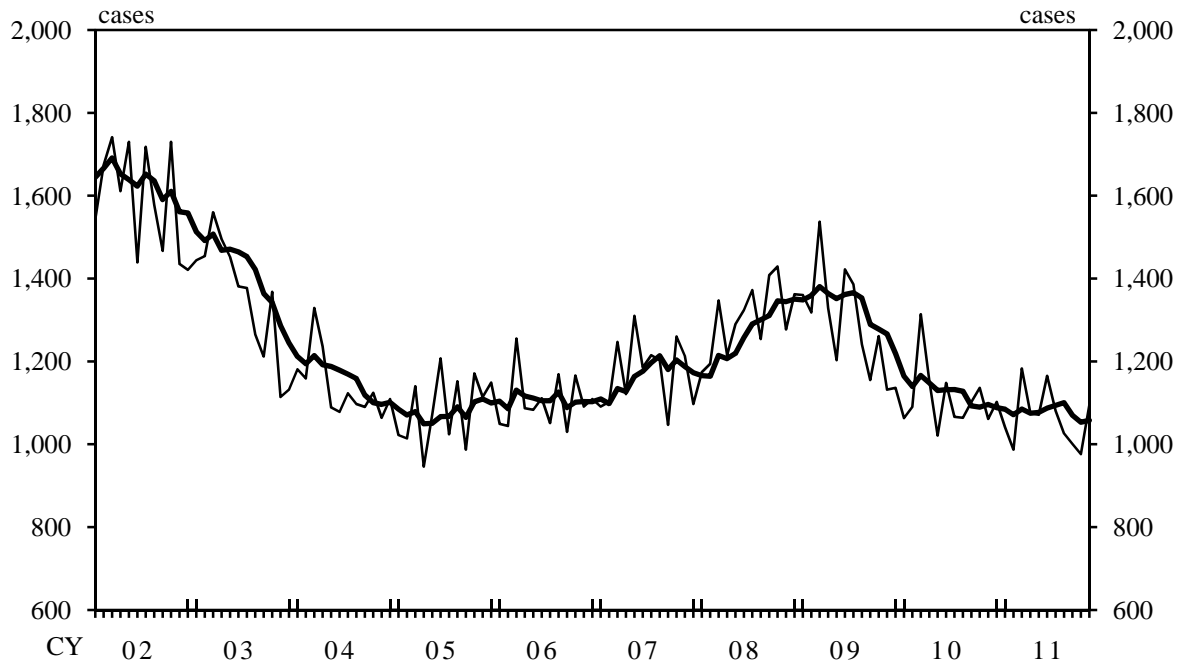


- Notes: 1. M1 consists of cash currency and demand deposits; both M2 and M3 consist of cash currency, demand deposits, time deposits and CDs.
 2. Financial institutions surveyed for M1 and M3 include the Japan Post Bank and OFIs (other financial institutions) in addition to those for M2.
 3. The figures 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 2011/Q4 are those of Oct.-Nov. averages, and nominal GDP in 2011/Q4 is assumed to be unchanged from the previous quarter.

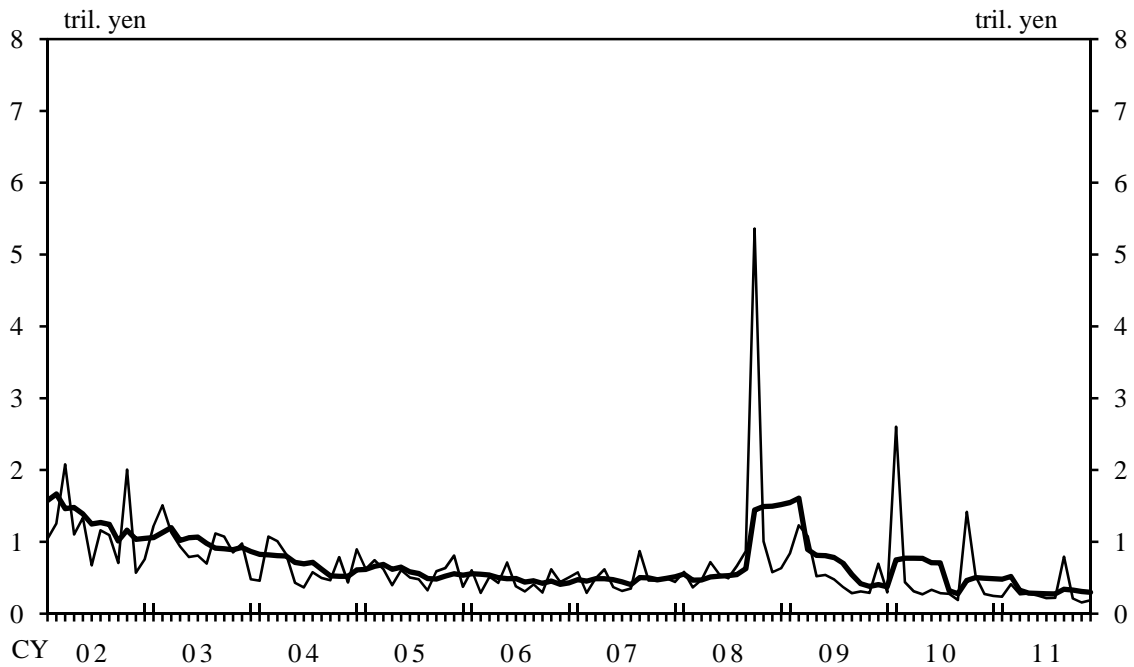
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

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)."