



# **BOJ** *Reports & Research Papers*

## **Japan's International Investment Position at Year-End 2009**

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**September 2010**  
**International Department**  
**Bank of Japan**

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Japan's international investment position statistics (IIP) were made public in Japanese on May 25, 2010, by the Ministry of Finance and the Bank of Japan as the *Report on External Assets and Liabilities as of Year-End 2009*. The regional breakdown is available on the Bank of Japan's web site (<http://www.boj.or.jp/en/index.htm>).

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International Department, Bank of Japan

P.O. Box 30, Nihonbashi, Tokyo 103-8660, Japan

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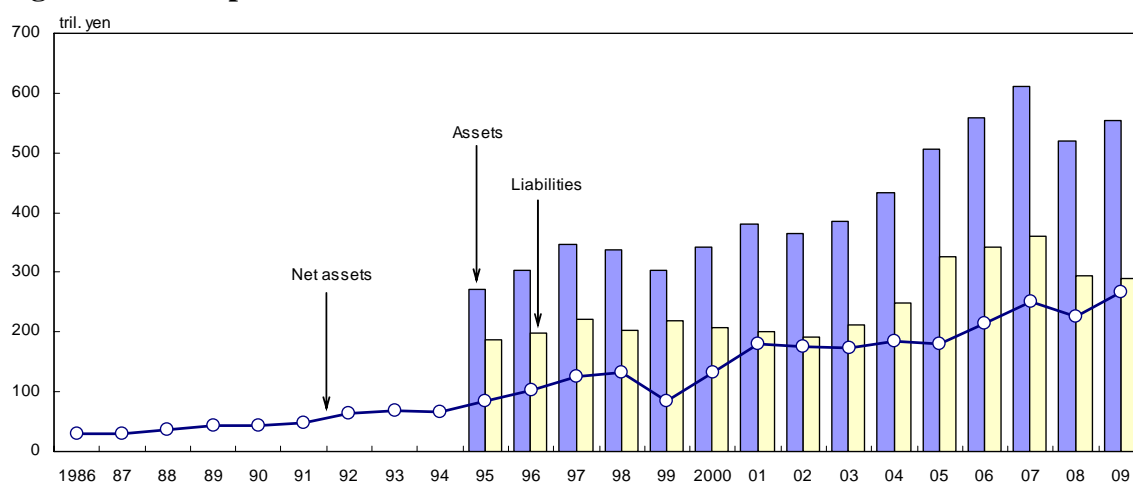
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## I. Summary

### A. Developments in Japan's International Investment Position (IIP) at Year-End 2009

Japan's external financial assets, which had decreased significantly in 2008 reflecting a fall in the yen value of foreign currency-denominated assets due to the appreciation of the yen and declines in equity prices, increased again in 2009 due mainly to (1) the depreciation of the yen; (2) active outward portfolio investment; and (3) the recovery in equity prices. At the same time, Japan's net asset position at year-end 2009 was slightly higher than the record-high registered in 2007, reflecting a slight decrease in external financial liabilities (250.2 trillion yen at year-end 2007; 225.5 trillion yen at year-end 2008; and 266.2 trillion yen at year-end 2009).

**Figure 1: Developments in the IIP**



Note: Figures for 1995 and after are calculated in accordance with the fifth edition of the *Balance of Payments Manual* issued by the International Monetary Fund (IMF), while those for years through 1994 are based on the fourth edition.

### B. Major Trends for Each Component

(1) Direct investment (assets: 68.2 trillion yen; liabilities: 18.4 trillion yen)

Direct investment assets increased by 6.5 trillion yen or 10.5 percent.

Direct investment liabilities remained more or less unchanged.

(2) Portfolio investment (assets: 262.0 trillion yen; liabilities: 141.9 trillion yen)

Portfolio investment assets increased by 46.3 trillion yen or 21.5 percent.

Portfolio investment liabilities increased by 1.6 trillion yen or 1.1 percent.

(3) Financial derivatives (assets: 4.3 trillion yen; liabilities: 5.2 trillion yen)

Both financial derivatives assets and liabilities decreased.

(4) Other investment (assets: 123.6 trillion yen; liabilities: 123.1 trillion yen)

Other investment assets decreased by 18.2 trillion yen or 12.8 percent.

Other investment liabilities decreased by 4.1 trillion yen or 3.2 percent.

(5) Reserve assets (assets: 96.8 trillion yen)

Reserve assets increased by 3.8 trillion yen or 4.1 percent.

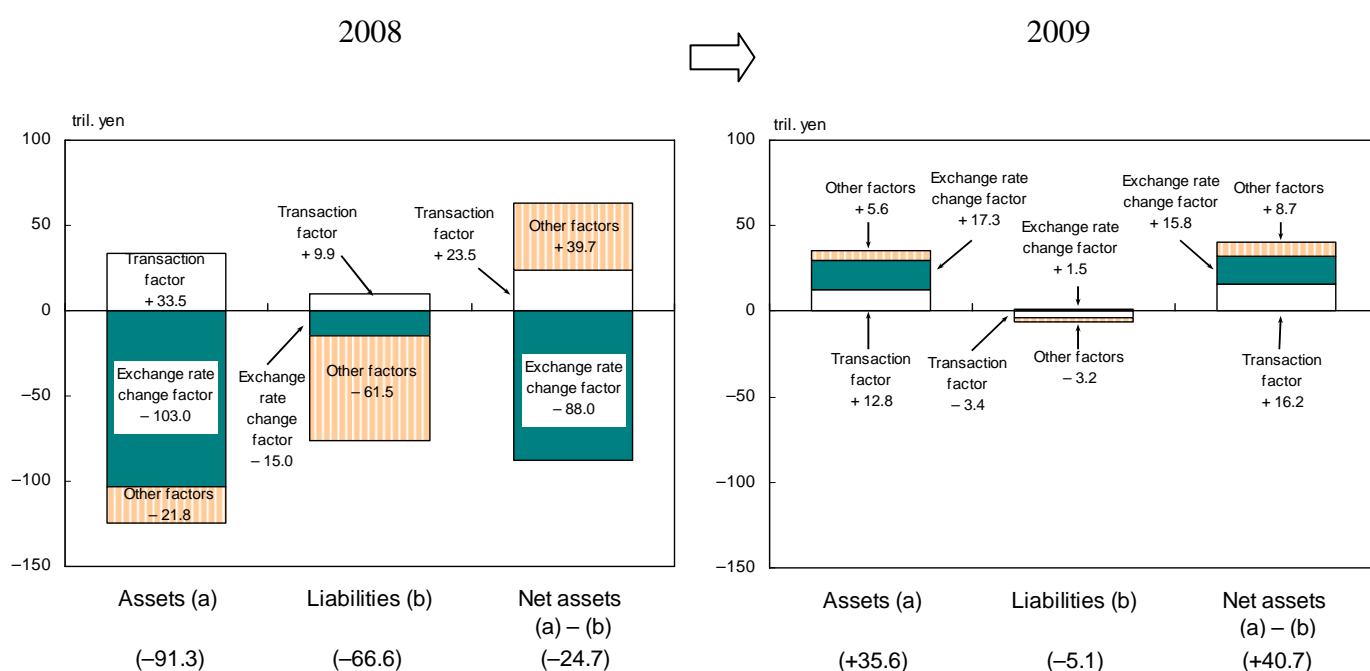
## II. Developments in Japan's IIP

### A. Factors Accounting for the Change in Net Assets<sup>1</sup>

An analysis of factors underlying the increase in Japan's net asset position in 2009 shows the following.

On the asset side, both the exchange rate change factor and the transaction factor contributed to the increase in the balance, with the former resulting in an increase in the yen value of foreign currency-denominated assets and the latter reflecting the increased execution of outward portfolio investment and direct investment.

**Figure 2: Factors Underlying Changes in the IIP**



**Table 1: Yen Exchange Rates at Year-End**

	2006	07	08	09
U.S. dollar/yen <sup>1</sup>	118.92	113.12	90.28	92.13
Euro/yen <sup>2</sup>	156.62	166.51	125.67	132.76

Note: 1. Mid-rates based on offer and bid rates quoted by interbank market participants in the Tokyo market as of 5 p.m. JST.

2. Cross rates calculated using the U.S. dollar/yen rates shown above and the euro/U.S. dollar rates published by the European Central Bank as of 2:15 p.m. CET.

Source: Bank of Japan, Bloomberg.

<sup>1</sup> The following three factors account for changes in the asset and liability position: the "transaction factor" indicates changes in financial assets and liabilities as a result of transactions between residents and nonresidents. This factor is equivalent to the sum of the financial and capital account and changes in the foreign reserves recorded in the balance of payments for the year. The "exchange rate change factor" indicates changes in the yen value of assets and liabilities resulting from fluctuations in exchange rates. Finally, "other factors" comprise factors other than the two described above such as changes in the value of assets and liabilities resulting from fluctuations in stock and bond prices.

## B. Developments in the IIP by Component

Assets: While loans decreased by 19.1 trillion yen from year-end 2008 reflecting banks' withdrawal of loans from their overseas branches, bonds and notes accounted for an increase of 27.6 trillion yen primarily due to purchases of U.S. and European public and corporate bonds. In addition, equity securities accounted for an increase of 18.9 trillion yen, mainly reflecting the recovery in global equity prices.

Liabilities: Bonds and notes accounted for a decrease of 8.4 trillion yen from year-end 2008, reflecting sales by foreign investors.

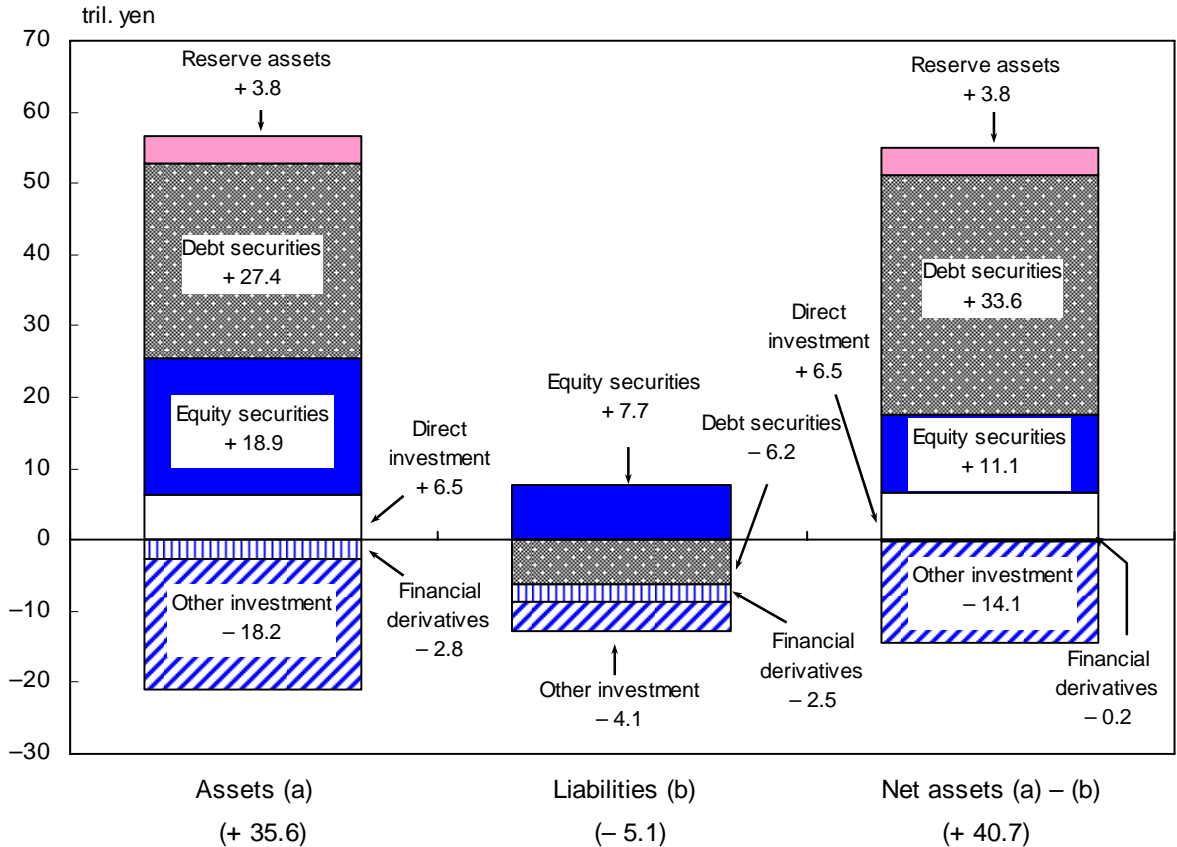
**Table 2: The IIP by Component**

tril. yen

	Assets		Liabilities		Net assets	
		y/y chg.		y/y chg.		y/y chg.
Total	554.8	+ 35.6	288.6	- 5.1	266.2	+ 40.7
Direct investment	68.2	+ 6.5	18.4	- 0.0	49.8	+ 6.5
Portfolio investment	262.0	+ 46.3	141.9	+ 1.6	120.1	+ 44.7
Equity securities	54.7	+ 18.9	76.4	+ 7.7	- 21.7	+ 11.1
Debt securities	207.3	+ 27.4	65.5	- 6.2	141.8	+ 33.6
Bonds and notes	204.8	+ 27.6	42.2	- 8.4	162.6	+ 36.0
Money market instruments	2.5	- 0.2	23.3	+ 2.3	- 20.8	- 2.4
Financial derivatives	4.3	- 2.8	5.2	- 2.5	- 1.0	- 0.2
Other investment	123.6	- 18.2	123.1	- 4.1	0.5	- 14.1
Of which:						
Loans	72.0	- 19.1	81.7	+ 5.3	- 9.7	- 24.4
Reserve assets	96.8	+ 3.8	--	--	96.8	+ 3.8

Note: Totals may not add up due to rounding. "--" denotes not applicable. The same applies to the remainder of the report.

**Figure 3: Contribution to Year-on-Year Changes in the IIP by Component**

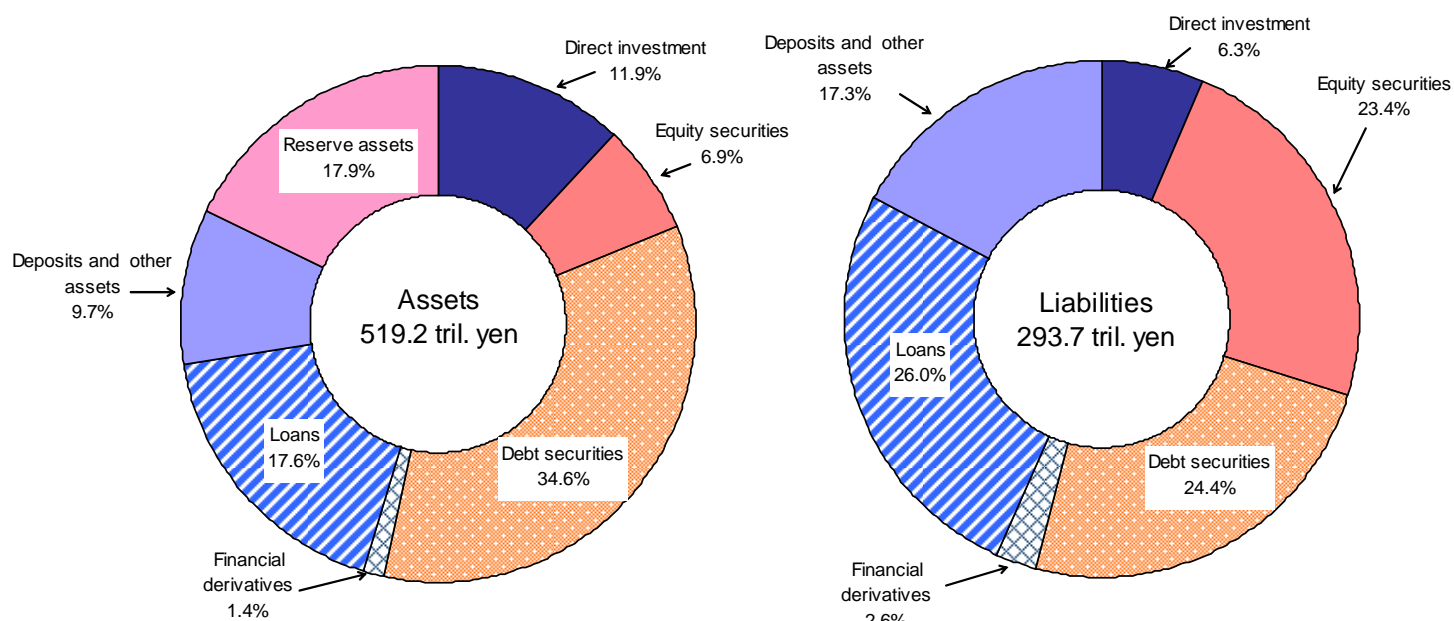


### C. Breakdown of Assets and Liabilities

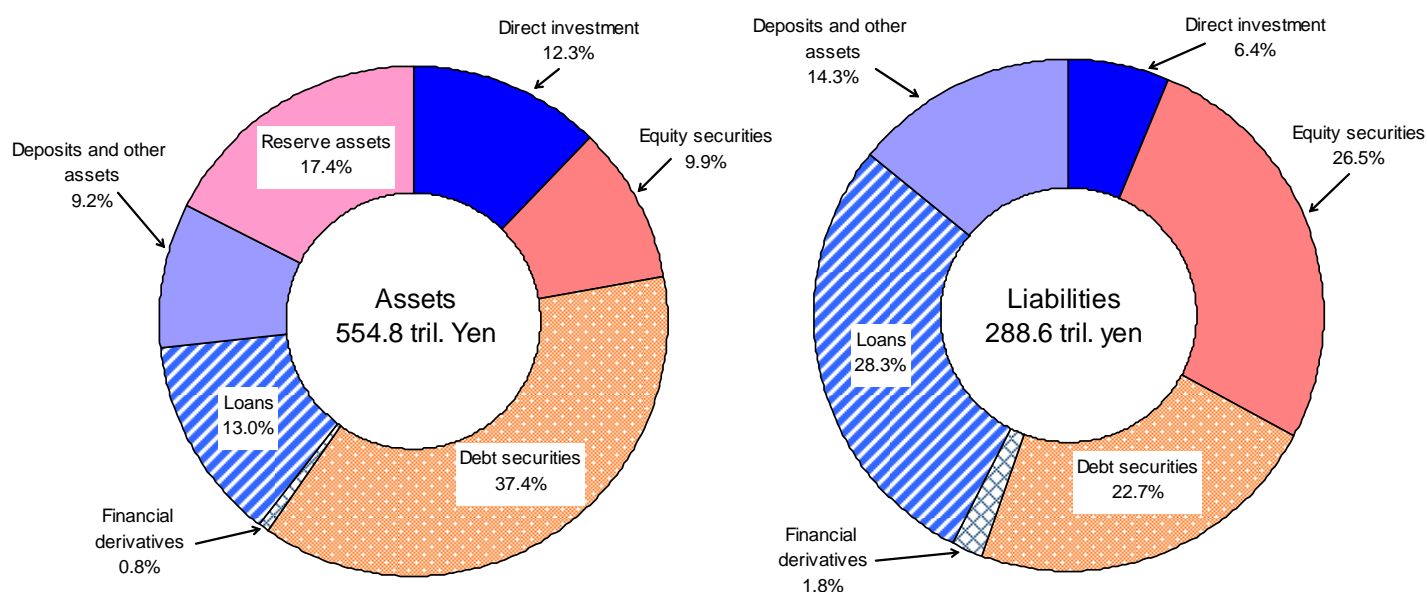
A breakdown of assets and liabilities shows that the share of equity securities increased on both the asset and liability sides from year-end 2008, reflecting the recovery in global equity prices.

**Figure 4: Breakdown of Assets and Liabilities**

(1) At Year-End 2008



(2) At Year-End 2009





## D. Developments in the IIP by Sector

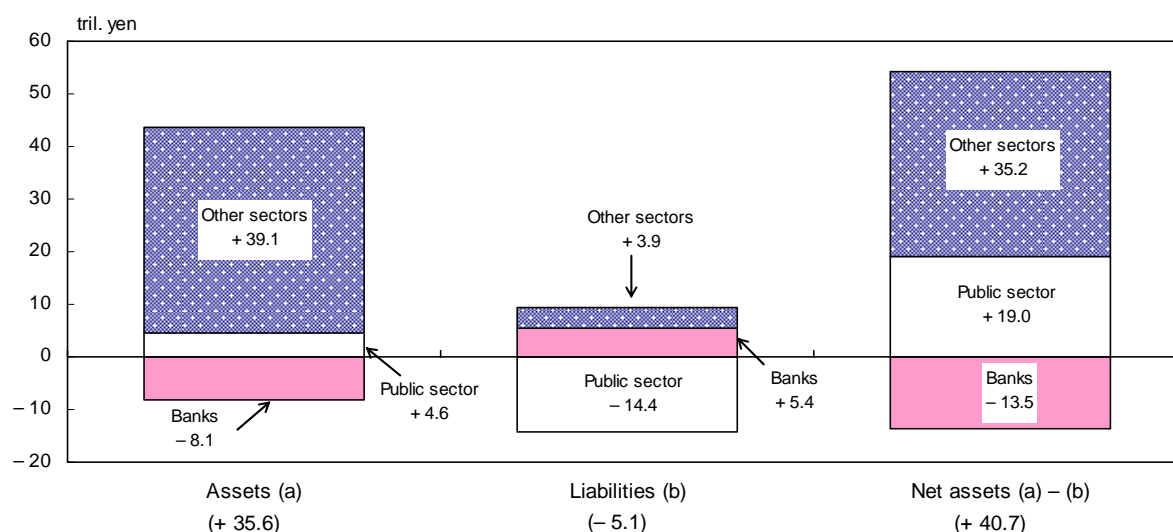
By sector,<sup>2</sup> net assets held by the public sector increased by 19.0 trillion yen from year-end 2008 as a result of the decrease in currency and deposits (liabilities). Net assets of banks decreased by 13.5 trillion yen as banks collected funds lent to their overseas branches, mainly reflecting the improvement in the environment for raising currency funds. Net assets held by other sectors increased by 35.2 trillion yen, reflecting the recovery in equity prices.

**Table 3: The IIP by Sector**

tril. yen

	Assets		Liabilities		Net assets	
		y/y chg.		y/y chg.		y/y chg.
Total	554.8	+ 35.6	288.6	- 5.1	266.2	+ 40.7
Public sector	121.3	+ 4.6	62.0	- 14.4	59.3	+ 19.0
Banks	137.0	- 8.1	97.0	+ 5.4	40.0	- 13.5
Other sectors	296.5	+ 39.1	129.6	+ 3.9	166.9	+ 35.2

**Figure 5: Contribution to Year-on-Year Changes in the IIP by Sector**



<sup>2</sup> In this report, three sectors are distinguished: the "public sector," which includes the general government, the monetary authorities, and governmental financial institutions; "banks," which include commercial banks and other deposit-taking financial institutions such as cooperative-type financial institutions; and "other sectors," which include trust accounts of trust banks, life and non-life insurance companies, investment trusts, securities companies, other businesses, and individuals. The assets and liabilities for each sector refer to the external assets and liabilities held by that sector (residents).

## E. Features by Maturity

For both assets and liabilities, long-term instruments are those with an original maturity of more than one year, while short-term instruments are those with an original maturity of one year or less. For assets, the percentage share of long-term instruments increased from year-end 2008 due to a rise in the yen value of equity securities as well as bonds and notes against the backdrop of the recovery in global equity prices and the depreciation of the yen. For liabilities, the percentage share of short-term liabilities decreased due to the decline in currency and deposits.

**Table 4: Assets and Liabilities by Maturity**

tril. yen

	Assets			Liabilities		
		Percentage share			Percentage share	
			y/y chg. (% points)			y/y chg. (% points)
Total	554.8	100.0	--	288.6	100.0	--
Long-term	381.0	68.7	+ 6.3	157.8	54.7	+ 1.1
Short-term	173.8	31.3	- 6.3	130.8	45.3	- 1.1

Note: Long- and short-term items are classified as follows:

Long-term: direct investment, equity securities, bonds and notes, loans (long-term), trade credits (long-term), and other assets and liabilities (long-term).

Short-term: money market instruments (MMIs), financial derivatives, loans (short-term), trade credits (short-term), currency and deposits, other assets and liabilities (short-term), and reserve assets.

## F. International Comparison of the IIP

Among major countries that publish data, Japan appears to be the country with the largest net asset position.

**Table 5: Major Countries' IIPs: An International Comparison**

tril. yen

		Assets	Liabilities	Net assets	Ratio to nominal GDP
Japan	2009	554.8	288.6	266.2	56.1%
	2008	519.2	293.7	225.5	44.6%
China	2009	318.5	150.8	167.7	37.1%
Germany	2009	676.9	558.0	118.9	37.3%
Hong Kong	2009	235.2	166.7	68.5	353.1%
Switzerland	2009	276.0	212.9	63.1	131.9%
Russia	2008	91.7	68.6	23.1	17.9%
Canada	2009	124.9	135.4	- 10.5	- 7.8%
United Kingdom	2009	971.2	998.5	- 27.2	- 13.1%
Italy	2009	266.1	304.8	- 38.7	- 19.2%
France	2008	548.2	595.2	- 47.0	- 19.1%
Australia	2009	95.7	159.2	- 63.5	- 61.0%
Spain	2009	181.2	311.7	- 130.4	- 93.6%
United States	2008	1,804.9	2,119.7	- 314.8	- 24.0%

Sources: "International Investment Position" as released by the central banks of Germany, Switzerland, Italy, and Spain, as well as the statistical authorities of China, Hong Kong, Canada, the United Kingdom, and Australia. Figures for all other countries are from the *International Financial Statistics* of the IMF.

Notes: 1. Yen-denominated figures for each country are calculated using the exchange rate at year-end as published in the *International Financial Statistics* of the IMF.

2. Figures for year-end 2008 are presented for countries and regions for which figures for year-end 2009 are not available.

### III. Developments by Component

#### A. Direct Investment

##### 1. Direct investment assets

Direct investment assets reached a record high of 68.2 trillion yen, up 6.5 trillion yen or 10.5 percent from year-end 2008.

The transaction factor accounted for a net increase of 7.0 trillion yen, reflecting continued large-scale acquisitions and capital participations with the aim of expanding overseas business as well as the acquisition of participation certificates<sup>3</sup> issued to inject capital into Japanese financial institutions.

In addition, the exchange rate change factor accounted for a net increase of 2.5 trillion yen, reflecting the increase in the yen value of foreign currency-denominated assets resulting from the depreciation of the yen.

**Table 6: Direct Investment Assets**

tril. yen

	2007	08	09	y/y chg.			
				Transaction factor	Exchange rate change factor	Other factors <sup>4</sup>	
Direct investment assets at year-end	61.9 (+ 15.7%)	61.7 (- 0.2%)	68.2 (+ 10.5%)	+ 6.5	+ 7.0	+ 2.5	- 3.1

Note: Figures in parentheses indicate the percentage change from the previous year.

##### (Direct investment assets by region)

By region, investment in North America increased by 0.9 trillion yen as a result of investments in the pharmaceutical industry aiming to expand their overseas distribution channels and capital injections in the financial sector.

Investment in Asia increased by 1.8 trillion yen due to capital participations in the telecommunications and food industries.

<sup>3</sup> When a Japanese financial institution sets up a special purpose company (SPC) abroad to issue participation certificates and a Japanese securities company underwrites 10 percent or more of such certificates, the certificates are recorded as a direct investment in the SPC from Japan (generally, the underwriting securities company immediately resells the participation certificates to institutional investors in Japan). In most cases, capital raised through the issuance of participation certificates is used to make subordinated loans to, or to purchase subordinated bonds from the parent financial institution in Japan (such subordinated loans are recorded as "other investment liabilities," while subordinated bonds are recorded as "portfolio investment liabilities").

<sup>4</sup> "Other factors" includes adjustments made to reclassify the abovementioned participation certificates. As the securities company in Japan resells the participation certificates to a number of investors, the direct investment relationship between the securities companies and the SPC abroad comes to an end before the end of the year. If, at year-end, the ownership stake of an individual investor who has acquired the participation certificates from the securities company is less than 10 percent, the amount invested is recorded as "portfolio investment assets" instead of "direct investment assets."

Investment in the European Union increased by 1.5 trillion yen as a result of large-scale acquisitions in the food industry aimed at business expansion.

Investment in Central and South America increased by 0.9 trillion yen, reflecting the acquisition of participation certificates issued by Japanese financial institutions through special purpose companies (SPCs) in the region for the purpose of strengthening their capital base.<sup>5</sup>

Investment in Oceania increased by 1.4 trillion yen due to acquisitions made by food companies aiming at expanding their business and an increase in reinvested earnings in the mining industry.

Asia now ranks second in terms of the share in Japan's direct investment assets, overtaking the European Union.

**Table 7: Direct Investment Assets by Region**

tril. yen

	2007	08	09		
				y/y chg.	Share of total (%)
Total	61.9	61.7	68.2	+ 6.5	100.0
North America	20.8	21.2	22.1	+ 0.9	32.4
European Union	16.4	14.6	16.1	+ 1.5	23.6
Of which:					
Netherlands	7.2	6.5	7.1	+ 0.6	10.5
United Kingdom	3.6	2.9	2.9	- 0.1	4.2
Asia	15.0	14.4	16.2	+ 1.8	23.7
Of which:					
China	4.3	4.4	5.1	+ 0.6	7.4
Singapore	2.0	1.8	2.2	+ 0.4	3.2
Thailand	2.2	1.9	2.1	+ 0.2	3.1
Hong Kong	1.0	1.1	1.2	+ 0.1	1.8
Central and South America	6.2	8.2	9.1	+ 0.9	13.4
Of which:					
Cayman Islands	3.6	5.6	6.0	+ 0.5	8.8
Oceania	2.2	2.0	3.3	+ 1.4	4.9
(Reference) BRICs	6.0	6.8	8.0	+ 1.1	11.7
Of which:					
China	4.3	4.4	5.1	+ 0.6	7.4
Brazil	1.2	1.5	2.0	+ 0.5	2.9
India	0.5	0.9	0.8	- 0.0	1.2
Russia	0.0	0.1	0.1	+ 0.0	0.1

<sup>5</sup> If the ownership stake of an individual investor who has acquired the participation certificates from the securities company is 10 percent or more, the amount invested is recorded as a direct investment in the SPC.

**(Direct investment assets by region and industry)**

A breakdown of direct investment assets by region and industry reveals the following patterns. Direct investment assets in North America are concentrated in the finance and insurance and wholesale and retail industries.<sup>6</sup> In Asia, electric machinery and transportation equipment account for the largest shares. In the European Union, transportation equipment and finance and insurance account for a high percentage of direct investment assets.

**Table 8: Direct Investment Assets by Region and Industry**

tril. yen

	Finance and insurance	Wholesale and retail	Transportation equipment	Electric machinery	Chemicals and pharmaceuticals	Total
Total	16.2	9.7	7.5	6.0	5.6	68.2
North America	5.1	5.1	2.3	1.9	2.7	22.1
European Union	2.4	2.0	2.5	1.7	1.2	16.1
Of which: Netherlands	0.5	0.8	0.7	1.1	0.7	7.1
United Kingdom	1.0	0.5	0.1	0.0	0.1	2.9
Asia	1.9	1.8	2.3	2.4	1.3	16.2
Of which: China	0.4	0.6	0.9	0.8	0.3	5.1
Singapore	0.4	0.4	0.1	0.2	0.3	2.2
Thailand	0.3	0.1	0.5	0.4	0.1	2.1
Central and South America	6.2	0.5	0.3	0.1	0.1	9.1
Of which: Cayman Islands	5.6	0.0	X	X	—	6.0
Oceania	0.2	0.2	–0.0	–0.0	0.1	3.3
Other regions	0.4	0.1	0.1	–0.0	0.3	1.3

Notes: 1. The industry classification is based on the industry category of the overseas subsidiary.

2. Holding companies are classified in accordance with industry categories of affiliated enterprises.

3. "X" indicates that there are fewer than three reporters and data are suppressed for confidentiality.

<sup>6</sup> Including manufacturers' sales subsidiaries and trading companies.

## 2. Direct investment liabilities

Direct investment liabilities amounted to 18.4 trillion yen, more or less unchanged from the previous year's level.

**Table 9: Direct Investment Liabilities**

tril. yen

	2007	08	09	y/y chg.		
				Transaction factor	Other factors <sup>7</sup>	
Direct investment liabilities at year-end	15.1 (+ 18.3%)	18.5 (+ 21.9%)	18.4 (- 0.2%)	- 0.0	+ 1.1	- 1.1

Note: Figures in parentheses indicate the percentage change from the previous year.

### (Direct investment liabilities by region)

Investment from North America increased by 0.2 trillion yen, reflecting a series of investments by securities and insurance companies aimed at increasing the capital of their subsidiaries in Japan.

Investment from the European Union, despite a decrease in reinvested earnings in the finance and insurance industry, increased by 0.1 trillion yen, reflecting capital increases in insurance subsidiaries in Japan and capital participation in the service industry.

Investment from Asia increased by 0.1 trillion yen, reflecting investments made in Japanese SPCs for real estate-related investments.

Investment from Central and South America decreased by 0.2 trillion yen, reflecting a decrease in reinvested earnings in the finance and insurance industry.

<sup>7</sup> "Other factors" includes adjustments made to reclassify shares that were offered for public subscription by Japanese companies aiming at capital increases and were subscribed to by foreign securities companies. If a foreign securities company subscribes to these shares and as a result comes to hold shares equal to, or in excess of, 10 percent of the total shares of a Japanese company, these newly subscribed shares are recorded as "direct investment liabilities." However, the securities company usually resells these shares to final investors, in which case by year-end it is no longer a direct investor in the Japanese company and the newly subscribed shares are reclassified as "portfolio investment liabilities".

**Table 10: Direct Investment Liabilities by Region**

tril. yen

	2007	08	09		
				y/y chg.	Share of total (%)
Total	15.1	18.5	18.4	- 0.0	100.0
North America	5.2	6.8	7.0	+ 0.2	38.1
European Union	6.2	6.8	6.9	+ 0.1	37.4
Of which:					
Netherlands	2.9	3.3	3.3	+ 0.0	18.0
France	1.4	1.5	1.4	- 0.1	7.6
United Kingdom	0.7	0.6	0.7	+ 0.1	3.7
Central and South America	1.7	2.1	1.9	- 0.2	10.5
Of which:					
Cayman Islands	1.2	1.6	1.6	- 0.0	8.5
Asia	1.1	1.5	1.6	+ 0.1	8.7
Oceania	0.1	0.1	0.1	+ 0.0	0.5
Other regions	0.8	1.1	0.9	- 0.2	4.8

**(Direct investment liabilities by region and industry)**

A breakdown of direct investment liabilities by region and industry reveals the following patterns. Liabilities vis-à-vis North America are concentrated in the finance and insurance industry. For liabilities vis-à-vis the European Union, a broad range of industries, including electric machinery, finance and insurance, chemicals and pharmaceuticals, and transportation equipment account for a large amount of investment. As for Central and South America, the finance and insurance industry accounts for a large share of liabilities, reflecting investments in Japan via investment subsidiaries domiciled in the Cayman Islands.

**Table 11: Direct Investment Liabilities by Region and Industry**

tril. yen

	Finance and insurance	Electric machinery	Chemicals and pharmaceuticals	Wholesale and retail	Transportation equipment	Total
Total	8.3	2.4	1.6	1.2	1.2	18.4
North America	4.6	0.7	0.3	0.3	0.1	7.0
European Union	1.3	1.7	1.2	0.3	1.1	6.9
Central and South America	1.2	0.1	0.1	0.2	0.0	1.9
Asia	0.6	0.0	0.0	0.2	0.0	1.6
Other regions	0.5	- 0.0	0.1	0.2	0.0	1.0

Notes: 1. The industry classification is based on the industry category of the subsidiary in Japan.  
2. Holding companies are classified in accordance with industry categories of affiliated enterprises.



### 3. International comparison of direct investment assets and liabilities

At year-end 2009, the ratio of Japan's direct investment assets to nominal GDP was 14.4 percent, while that of direct investment liabilities was 3.9 percent. Both ratios are lower than those recorded in other major countries, but remain on an upward trend.

**Table 12: Ratio of Direct Investment Assets and Liabilities to Nominal GDP: An International Comparison**

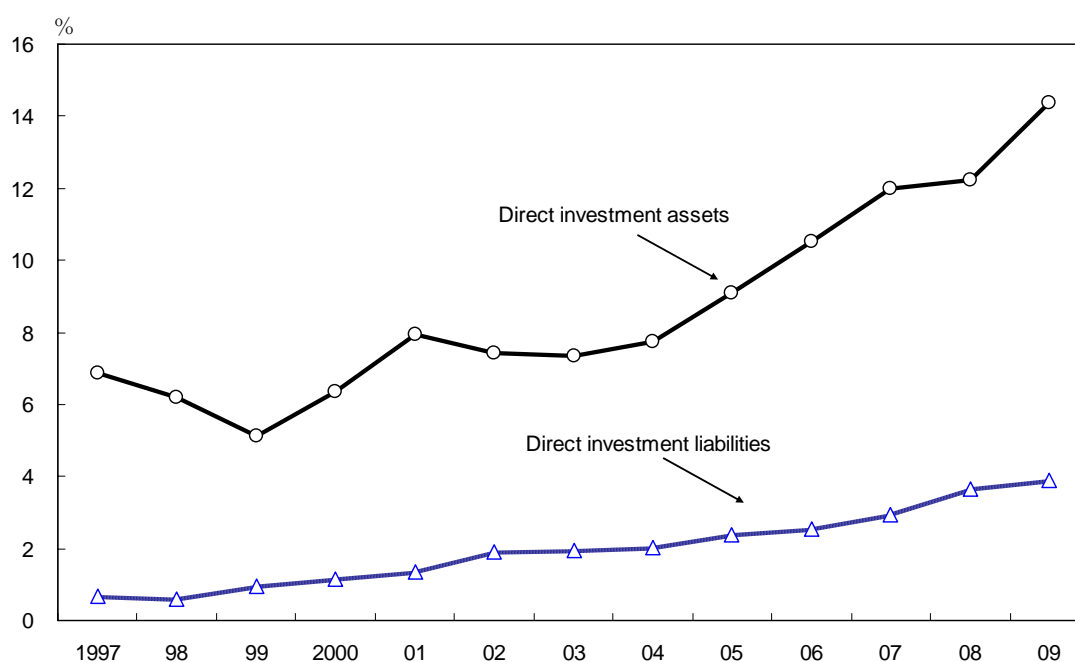
bil. US\$

	Direct investment assets		Direct investment liabilities	
		Ratio to nominal GDP (%)		Ratio to nominal GDP (%)
Japan	740.9	14.4	200.1	3.9
United States	3,698.8	25.6	2,646.9	18.3
United Kingdom	1,531.2	72.8	980.1	46.6
France	1,302.8	48.0	1,029.4	37.9
Germany	1,248.8	36.1	949.7	27.4

Note: Figures for direct investment assets and liabilities are as of year-end 2009 for Japan (converted to U.S. dollars using exchange rates at year-end); and as of year-end 2008 for the United States, the United Kingdom, France, and Germany.

Source: IMF, *International Financial Statistics*.

**Figure 6: Ratio of Direct Investment Assets and Liabilities to Nominal GDP in Japan**



## B. Portfolio Investment

### 1. Equity securities (assets)

Equity securities assets amounted to 54.7 trillion yen, representing an increase of 18.9 trillion yen or 52.7 percent from year-end 2008 due to the rise in the yen value of foreign equity securities, reflecting the recovery in global equity prices and the depreciation of the yen.

As for factors responsible for changes in equity securities assets, the transaction factor accounted for an increase of 3.0 trillion yen. The increase was mainly due to (1) significant net purchases associated with rebalancing transactions as investors rebalanced<sup>8</sup> their portfolios through trust accounts when global equity prices underwent a sharp decline in the first quarter of 2009 and (2) active purchases of foreign equity securities made by individual investors through investment trusts.

The exchange rate change factor accounted for an increase of 2.7 trillion yen in the yen value of equity securities assets, reflecting the depreciation of the yen, while other factors accounted for an increase of 13.1 trillion yen in equity securities assets, reflecting the recovery in global equity prices.

By currency of denomination, U.S. dollar-denominated assets increased by 9.4 trillion yen, euro-denominated assets rose by 2.5 trillion yen, and sterling-denominated assets grew by 1.4 trillion yen.

**Table 13: Equity Securities (Assets)**

tril. yen

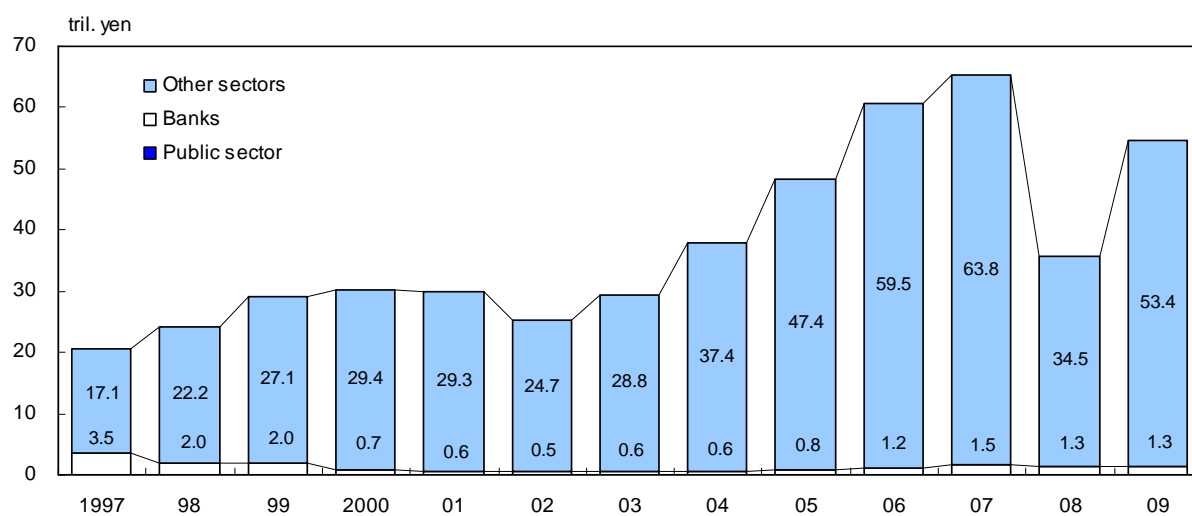
	2007	08	09	y/y chg.	Transaction factor	Exchange rate change factor	Other factors
Total	65.4 (+ 7.7%)	35.8 (- 45.2%)	54.7 (+ 52.7%)	+ 18.9	+ 3.0	+ 2.7	+ 13.1
Of which:							
Banks	1.5	1.3	1.3	- 0.0	- 0.0	+ 0.0	- 0.0
Other sectors	63.8	34.5	53.4	+ 18.9	+ 3.1	+ 2.7	+ 13.1

Notes: 1. Figures represent the amounts of foreign equity securities issued by nonresidents held by each sector.

2. Figures in parentheses indicate the percentage change from the previous year.

<sup>8</sup> Public and private pension funds usually decide the weight of assets such as foreign equities and bonds and domestic equities and bonds in total assets prior to investment. To rebalance their portfolios in order to maintain the desired weighting, they purchase or sell those assets whose weight in total assets has declined or increased due to changes in asset prices or exchange rates.

**Figure 7: Developments in Equity Securities by Sector (Assets)**



**Table 14: Stock Price Indices in Major Countries**

	Year-end 2008	Year-end 2009	y/y % chg.
Dow Jones Industrial Average (United States) <sup>1</sup>	8,776	10,428	+18.8
NASDAQ (United States) <sup>2</sup>	1,577	2,269	+43.9
S&P 500 (United States) <sup>2</sup>	903	1,115	+23.5
FTSE 100 (United Kingdom) <sup>2</sup>	4,434	5,413	+22.1
DAX (Germany) <sup>2</sup>	4,810	5,957	+23.8
CAC 40 (France) <sup>2</sup>	3,218	3,936	+22.3
Hang Seng (Hong Kong) <sup>2</sup>	14,387	21,873	+52.0

Notes: 1. The Dow Jones Industrial Average is in U.S. dollars.

2. Index values. Base values are as follows:

100 for the NASDAQ, based on prices on February 5, 1971;

10 for the S&P 500, based on the average for 1941-43;

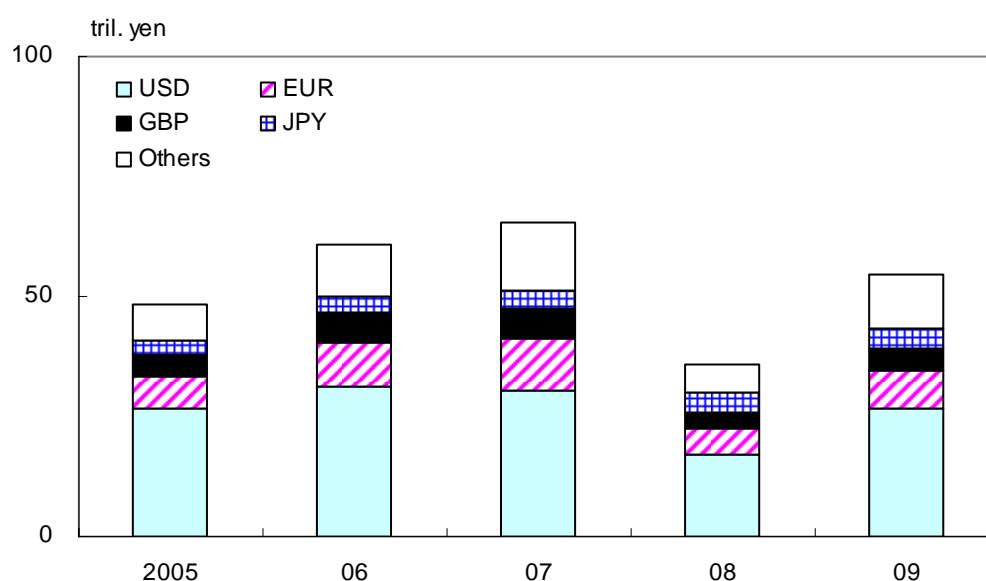
1,000 for the FTSE 100, based on prices on January 3, 1984;

1,000 for the DAX, based on prices at year-end 1987;

1,000 for the CAC 40, based on prices at year-end 1987; and

100 for the Hang Seng, based on prices at the end of July 1964.

Source: Bloomberg.

**Figure 8: Developments in Equity Securities by Currency of Denomination (Assets)****(Equity securities by region<sup>9</sup> [assets])**

By region, equity securities assets in the United States and the European Union increased significantly, reflecting increases in the yen value of assets due to the recovery in equity prices and the depreciation of the yen, as well as purchases associated with rebalancing transactions through trust accounts during periods when equity prices declined.

Equity securities assets in Asia, particularly in China and Hong Kong, also increased, reflecting the recovery in equity prices and increased purchases via Japanese investment trusts.

<sup>9</sup> Equity securities assets by region are classified by the domicile of the stock issuer.

**Table 15: Equity Securities by Region (Assets)**

tril. yen

	2006	07	08	09	y/y chg.
North America	28.2	27.2	15.4	23.0	+ 7.6
Of which: United States	26.7	25.3	14.4	21.2	+ 6.8
European Union	18.2	19.8	9.7	14.3	+ 4.6
Of which: United Kingdom	6.2	6.0	3.2	4.4	+ 1.2
France	2.9	3.1	1.6	2.3	+ 0.8
Germany	1.9	2.6	1.2	1.7	+ 0.5
Luxembourg	1.4	2.0	0.9	1.5	+ 0.6
Spain	0.9	1.0	0.5	0.8	+ 0.3
Netherlands	1.2	1.1	0.5	0.8	+ 0.3
Asia	4.3	6.6	2.7	4.4	+ 1.7
Of which: Hong Kong	1.3	2.0	0.8	1.4	+ 0.6
Singapore	0.4	0.7	0.3	0.6	+ 0.3
Central and South America	5.1	6.1	5.2	8.1	+ 2.9
Of which: Cayman Islands	3.8	4.4	4.3	6.4	+ 2.0
Other regions	4.9	5.7	2.9	5.0	+ 2.1
Total	60.7	65.4	35.8	54.7	+ 18.9
(Reference) BRICs	2.1	3.5	1.0	2.7	+ 1.7
China	1.2	1.7	0.5	1.2	+ 0.7
Brazil	0.2	0.7	0.2	1.0	+ 0.7
India	0.5	0.7	0.2	0.4	+ 0.2
Russia	0.3	0.4	0.1	0.2	+ 0.1

Note: "BRICs" is the total of Brazil, Russia, India, and China.

## 2. Bonds and notes (assets)

Assets in bonds and notes amounted to 204.8 trillion yen, representing an increase of 27.6 trillion yen or 15.6 percent from year-end 2008.

By sector, assets held by banks and other sectors both increased.

As for factors responsible for changes in assets in bonds and notes, the transaction factor accounted for an increase of 13.2 trillion yen. The increase was primarily due to (1) net purchases by banks of U.S. treasuries and European government bonds and bonds issued by financial institutions and (2) increased investment from other sectors in overseas funds<sup>10</sup> and U.S. treasuries and European government bonds.

The exchange rate change factor accounted for an increase of 8.3 trillion yen in the yen value of foreign bonds and notes reflecting the depreciation of the yen, while other factors accounted for an increase of 6.1 trillion yen, reflecting rising value of investment funds abroad.

By currency of denomination, U.S. dollar-denominated assets increased by 9.1 trillion yen, euro-denominated assets rose by 5.5 trillion yen, and Australian dollar-denominated assets grew by 3.6 trillion yen.

**Table 16: Bonds and Notes (Assets)**

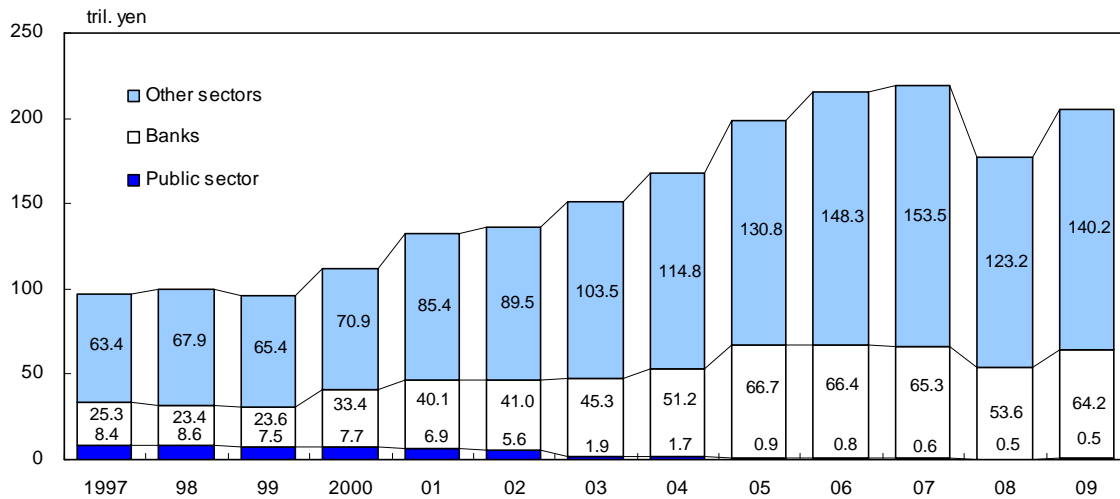
tril. yen

	2007	08	09				
				y/y chg.	Transaction factor	Exchange rate change factor	Other factors
Total	219.4 (+ 1.8%)	177.2 (- 19.2%)	204.8 (+ 15.6%)	+ 27.6	+ 13.2	+ 8.3	+ 6.1
Of which:							
Banks	65.3	53.6	64.2	+ 10.6	+ 7.8	+ 1.3	+ 1.6
Other sectors	153.5	123.2	140.2	+ 17.0	+ 5.4	+ 7.1	+ 4.5

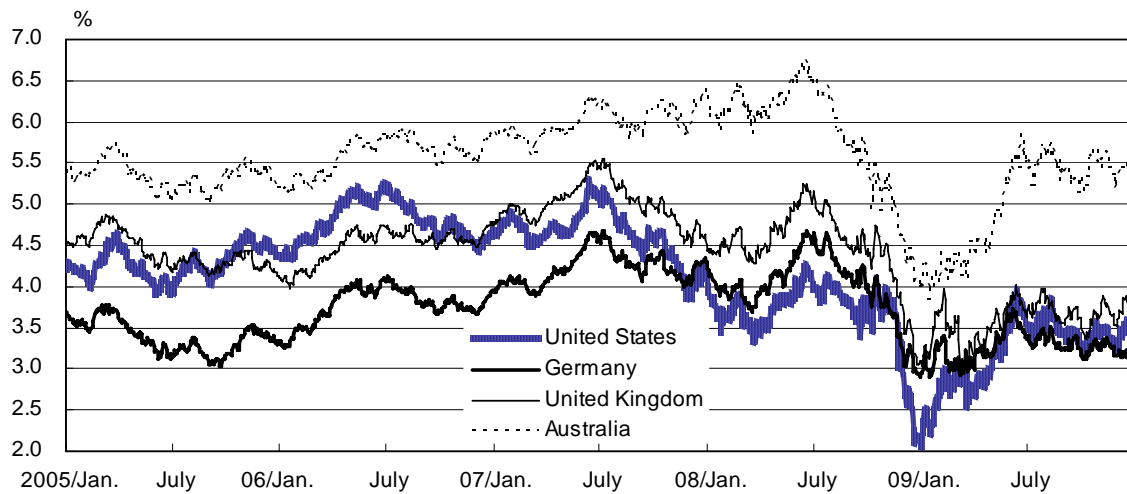
Note: Figures in parentheses indicate the percentage change from the previous year.

<sup>10</sup> Shares in foreign-domiciled open-ended contract-type investment funds acquired by Japanese investors are recorded as assets in bonds and notes, while shares in closed-ended contract-type investment funds are recorded as assets in equities.

**Figure 9: Developments in Bonds and Notes by Sector (Assets)**



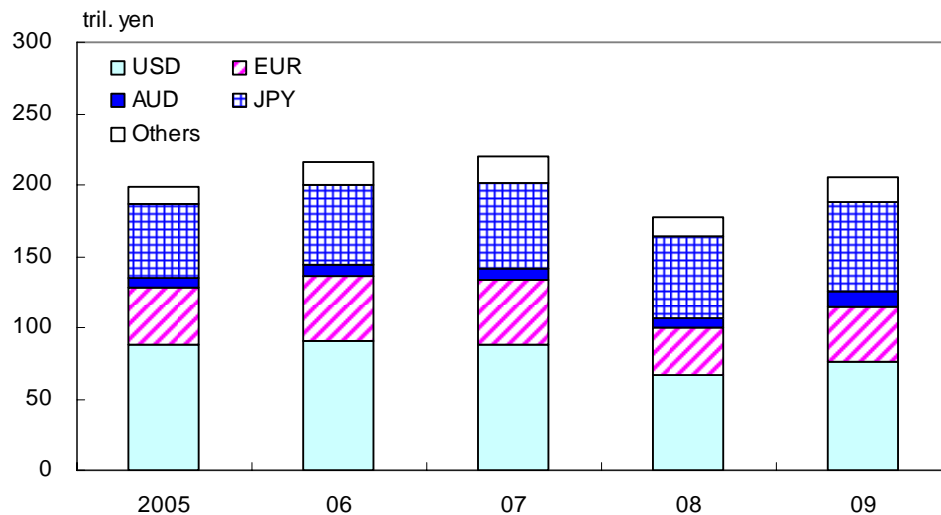
**Figure 10: Developments in Yields on Government Bonds in Major Countries**



Note: Yields on 10-year government bonds.

Source: Bloomberg.

**Figure 11: Developments in Bonds and Notes by Currency of Denomination (Assets)**



**(Bonds and notes by region [assets])**

By region, assets in the European Union increased, reflecting the depreciation of the yen, the rise in the value of investment funds and other assets, and investments made by banks.

Assets in North America increased, primarily due to the increase in investments made by banks.

Assets in Central and South America increased, mainly reflecting increases in the value of investment funds domiciled in the Cayman Islands and increased investments in Brazil by Japanese investment funds.

**Table 17: Bonds and Notes by Region (Assets)**

tril. yen

	2006	07	08	09	y/y chg.
North America	70.9	70.1	57.1	65.7	+ 8.7
Of which:					
United States	67.0	66.2	54.1	62.7	+ 8.6
European Union	83.6	84.9	66.4	76.2	+ 9.8
Of which:					
Germany	18.7	17.9	15.1	16.9	+ 1.8
France	13.9	13.5	10.5	11.7	+ 1.2
United Kingdom	10.8	12.2	10.5	12.1	+ 1.6
Netherlands	7.8	7.6	6.2	6.9	+ 0.7
Luxembourg	9.2	9.3	5.6	5.9	+ 0.3
Asia	1.6	2.1	1.9	2.0	+ 0.0
Of which:					
South Korea	0.7	0.9	1.0	0.8	- 0.2
Singapore	0.4	0.4	0.3	0.3	+ 0.1
Malaysia	0.1	0.2	0.2	0.2	+ 0.0
Central and South America	37.5	38.9	31.3	35.0	+ 3.7
Of which:					
Cayman Islands	34.3	35.6	28.2	30.4	+ 2.2
Brazil	0.2	0.3	0.6	1.4	+ 0.8
Oceania	4.8	5.5	5.2	8.3	+ 3.2
International organizations	11.4	11.1	9.6	11.2	+ 1.6
Other regions	5.7	6.7	5.8	6.4	+ 0.7
<b>Total</b>	<b>215.5</b>	<b>219.4</b>	<b>177.2</b>	<b>204.8</b>	<b>+ 27.6</b>



### 3. Money market instruments (MMIs) (assets)

Assets in MMIs amounted to 2.5 trillion yen, representing a decline of 0.2 trillion yen or 6.4 percent from year-end 2008, due mainly to a decrease in holdings by banks.

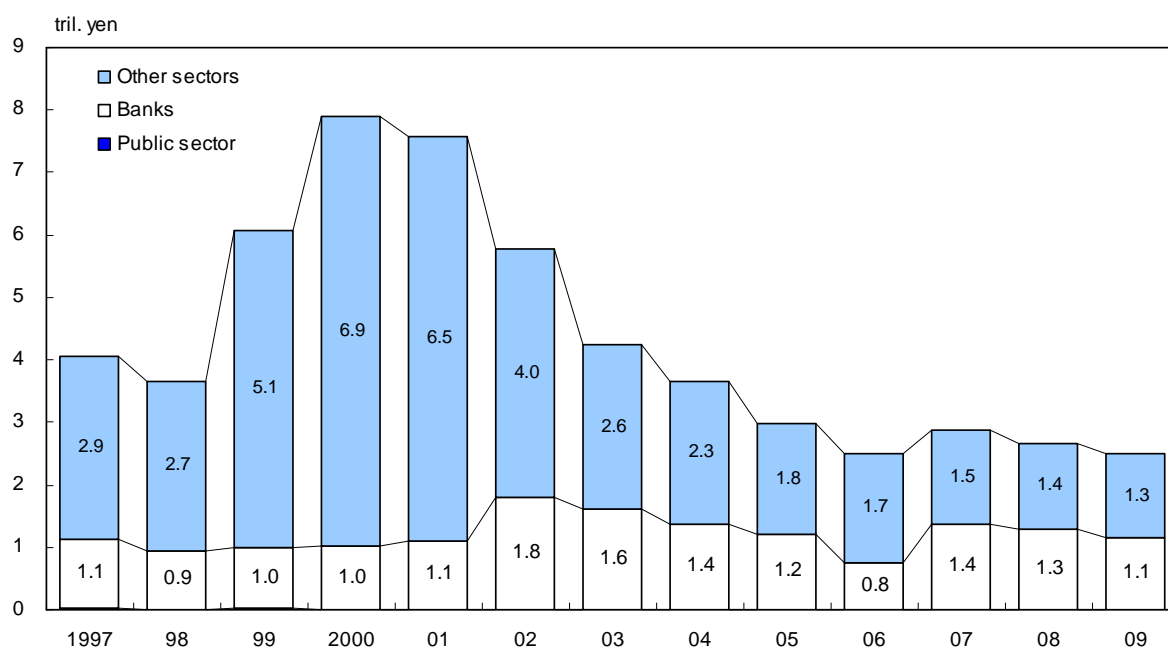
**Table 18: MMIs by Sector (Assets)**

tril. yen

	2007	08	09	y/y chg.
Total	2.9 (+ 14.9%)	2.7 (- 7.6%)	2.5 (- 6.4%)	- 0.2
Of which: Banks	1.4	1.3	1.1	- 0.2
Other sectors	1.5	1.4	1.3	- 0.0

Note: Figures in parentheses indicate the percentage change from the previous year.

**Figure 12: Developments in MMIs by Sector (Assets)**



#### 4. Equity securities (liabilities)

Mainly due to a recovery in Japanese equity prices, equity securities liabilities amounted to 76.4 trillion yen, representing a rise of 7.7 trillion yen or 11.3 percent from year-end 2008, the first year-on-year increase in three years.

As for factors responsible for changes in equity securities liabilities, other factors accounted for an increase of 6.8 trillion yen, reflecting the recovery in Japanese equity prices.

In addition, the transaction factor accounted for an increase of 1.0 trillion yen as purchases increased following the stabilization of financial markets from the second quarter of 2009 and growing expectations of a global economic recovery.

**Table 19: Equity Securities by Sector (Liabilities)**

tril. yen

	2007	08	09	y/y chg.	Factors	
					Transaction factor	Other factors
Total	142.0 (- 4.9%)	68.6 (- 51.7%)	76.4 (+ 11.3%)	+ 7.7	+ 1.0	+ 6.8
Banks	9.2	5.3	5.1	- 0.2	+ 0.3	- 0.5
Other sectors	132.8	63.3	71.3	+ 8.0	+ 0.7	+ 7.3

Notes: 1. Figures for Japanese equity securities held by nonresidents are classified into two sectors (banks and other sectors) according to their issuers. The public sector does not issue equity securities.

2. Figures in parentheses indicate the percentage change from the previous year.

**Table 20: Japanese Stock Price Indices at Year-End**

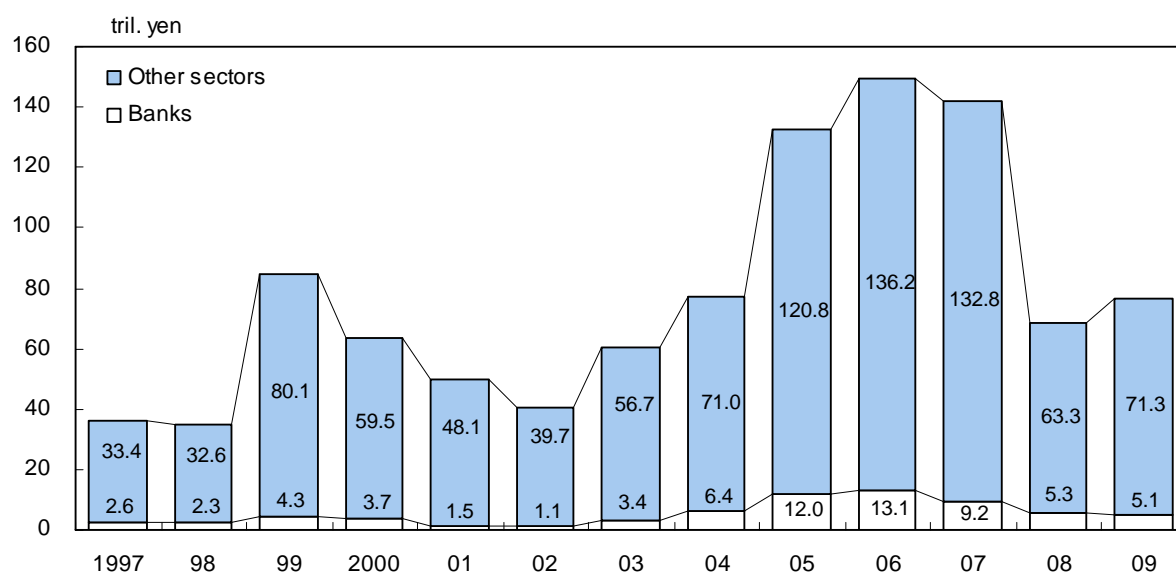
	2008	09	y/y % chg.
TOPIX <sup>1</sup>	859	908	+ 5.6%
Nikkei 225 Stock Average <sup>2</sup>	8,860	10,546	+ 19.0%

Notes: 1. Base value = 100, based on prices on January 4, 1968.

2. In yen.

Source: Bloomberg.

**Figure 13: Developments in Equity Securities by Sector (Liabilities)**



By region, North America and the European Union (led by the United Kingdom and Luxembourg) accounted for by far the largest shares of equity securities liabilities.<sup>11</sup>

**Table 21: Equity Securities by Region (Liabilities)**

tril. yen					
	2006	07	08	09	y/y chg.
North America	63.6	65.8	36.0	43.0	+ 7.0
Of which:					
United States	61.9	62.8	34.2	41.2	+ 7.0
European Union	70.2	58.6	23.8	25.7	+ 1.9
Of which:					
United Kingdom	39.6	31.3	13.3	14.4	+ 1.1
Luxembourg	8.8	9.0	3.9	3.0	- 0.9
France	6.2	5.6	1.0	2.3	+ 1.3
Belgium	4.2	3.6	1.8	2.2	+ 0.4
Middle East	4.8	4.9	3.1	3.4	+ 0.3
Asia	3.0	4.4	2.5	1.3	- 1.2
Other regions	7.7	8.3	3.3	2.9	- 0.3
<b>Total</b>	<b>149.3</b>	<b>142.0</b>	<b>68.6</b>	<b>76.4</b>	<b>+ 7.7</b>

<sup>11</sup> This can be attributed to two factors. First, major investors, including leading pension funds and hedge funds are domiciled in the United States and the European Union. Second, major custodians (trust banks that manage assets) are also domiciled in these regions. In the Balance of Payments statistics, the regional classification is based on the country of the custodian instead of the country of the final investor.

## 5. Bonds and notes (liabilities)

Liabilities in bonds and notes amounted to 42.2 trillion yen, falling by 8.4 trillion yen or 16.6 percent from year-end 2008 due to foreign investors closing their positions.

**Table 22: Bonds and Notes by Sector (Liabilities)**

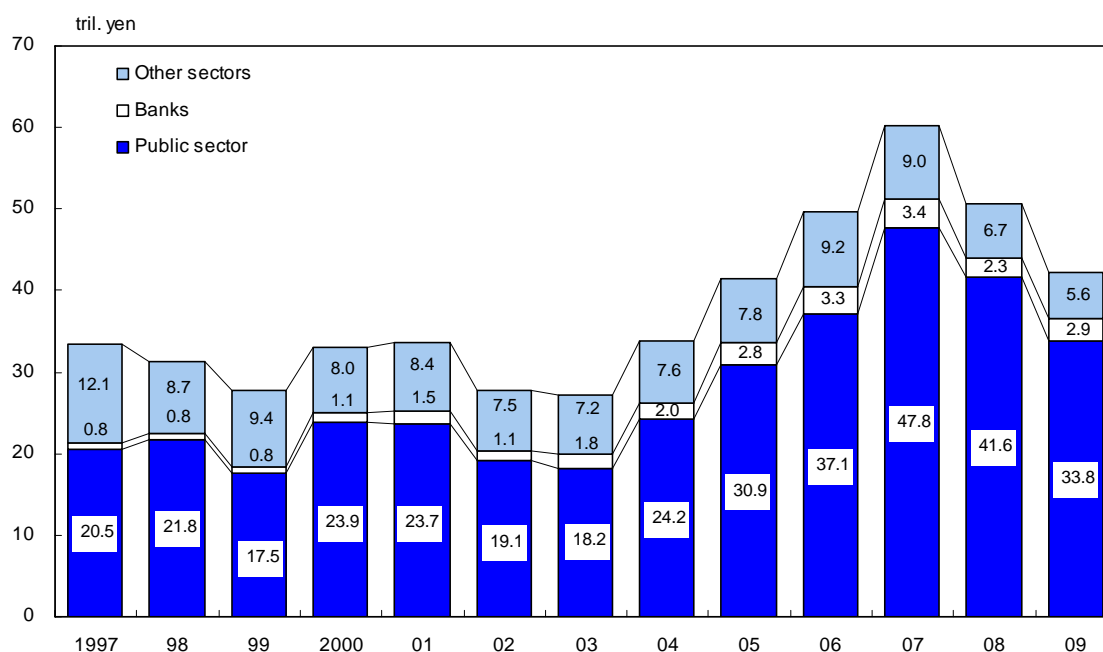
tril. yen

	2007	08	09	y/y chg.
Total	60.2 (+ 21.4%)	50.7 (- 15.9%)	42.2 (- 16.6%)	- 8.4
Public sector	47.8	41.6	33.8	- 7.8
Banks	3.4	2.3	2.9	+ 0.6
Other sectors	9.0	6.7	5.6	- 1.1

Notes: 1. Figures for securities held by nonresidents are classified into three sectors (public sector, banks, and other sectors) according to their issuers. Figures include securities issued by residents in overseas markets.

2. Figures in parentheses indicate the percentage change from the previous year.

**Figure 14: Developments in Bonds and Notes by Sector (Liabilities)**



By region, the European Union accounted for the largest share, reflecting the fact that major custodians are domiciled in this region. Asia accounted for the second largest share mainly due to investments made by Asian monetary authorities.

**Table 23: Bonds and Notes by Region (Liabilities)**

tril. yen

	2006	07	08	09	y/y chg.
North America	6.3	7.6	6.8	7.1	+ 0.3
Of which: United States	6.3	7.5	6.7	6.9	+ 0.3
European Union	27.2	33.8	24.8	17.9	- 6.9
Of which: United Kingdom	21.4	27.5	16.8	12.1	- 4.7
France	2.4	3.0	3.8	1.6	- 2.1
Belgium	0.2	0.2	1.1	1.3	+ 0.2
Luxembourg	1.3	1.4	1.1	0.9	- 0.2
Asia	7.0	8.4	7.8	8.2	+ 0.4
Of which: China	2.1	2.8	3.3	3.3	+ 0.1
Singapore	2.8	3.7	2.5	2.5	+ 0.0
South Korea	1.2	0.6	0.5	0.5	+ 0.0
Central and South America	3.1	3.2	3.1	2.2	- 0.9
Of which: Cayman Islands	2.7	2.8	2.8	2.0	- 0.8
Middle East	2.1	3.1	5.1	3.5	- 1.5
Of which: Saudi Arabia	1.7	1.9	3.5	2.2	- 1.3
United Arab Emirates	0.3	0.5	0.6	0.4	- 0.1
Other regions	3.7	4.1	3.1	3.3	+ 0.1
Total	49.6	60.2	50.7	42.2	- 8.4

## 6. MMIs (liabilities)

Liabilities in MMIs amounted to 23.3 trillion yen, increasing by 2.3 trillion yen or 10.7 percent from year-end 2008 due to increased net purchases in the first half of the year.

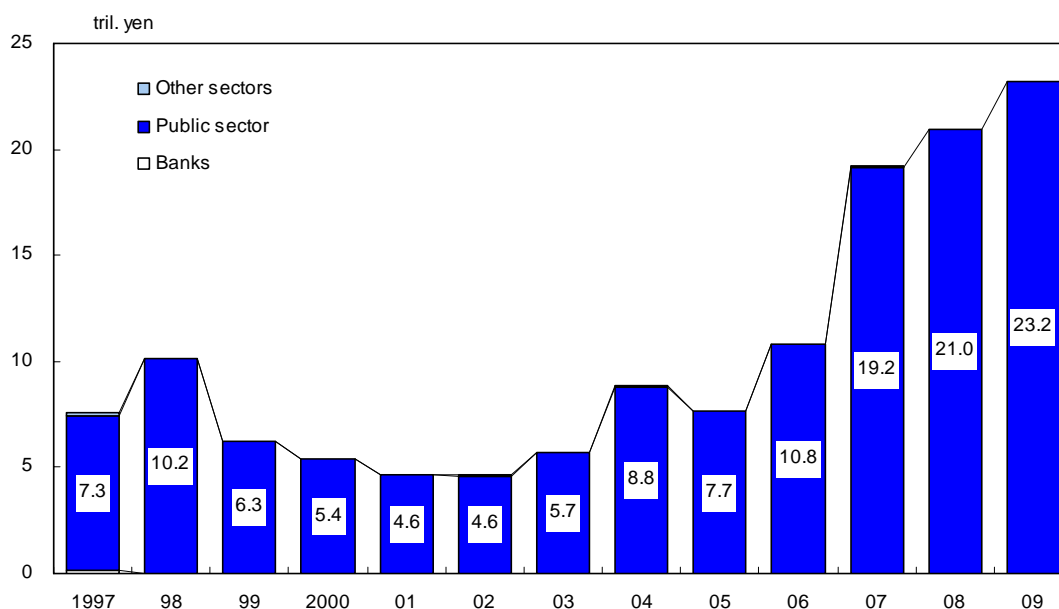
**Table 24: MMIs (Liabilities)**

tril. yen

	2007	08	09	y/y chg.
Total	19.3 (+ 77.6%)	21.0 (+ 9.2%)	23.3 (+ 10.7%)	+ 2.3

Note: Figures in parentheses indicate the percentage change from the previous year.

**Figure 15: Developments in MMIs by Sector (Liabilities)**



By region, the European Union (led by France, the United Kingdom, and Belgium) accounted for the largest share of liabilities in MMIs, followed by international organizations and Asia.

**Table 25: MMIs by Region (Liabilities)**

tril. yen

	2006	07	08	09	y/y chg.
North America	0.1	0.1	0.1	1.6	+ 1.5
Of which:					
United States	0.1	0.1	0.1	1.6	+ 1.5
European Union	4.1	9.4	11.8	11.1	- 0.7
Of which:					
France	1.4	5.7	7.7	6.2	- 1.4
United Kingdom	1.4	1.8	1.2	2.1	+ 0.9
Belgium	0.0	0.0	1.5	1.3	- 0.2
Asia	1.9	2.0	2.1	3.7	+ 1.6
Of which:					
Thailand	0.4	0.6	0.6	2.1	+ 1.5
Singapore	0.2	0.4	0.6	1.1	+ 0.5
Hong Kong	1.1	1.0	0.9	0.1	- 0.7
Middle East	0.1	1.4	1.2	0.1	- 1.1
Of which:					
United Arab Emirates	--	1.2	0.6	--	- 0.6
Oceania	1.0	0.1	0.1	0.2	+ 0.1
Of which:					
Australia	1.0	0.1	0.0	0.1	+ 0.1
International organizations	3.4	5.7	5.3	6.2	+ 0.8
Other regions	0.2	0.5	0.3	0.5	+ 0.2
<b>Total</b>	<b>10.8</b>	<b>19.3</b>	<b>21.0</b>	<b>23.3</b>	<b>+ 2.3</b>

## C. Financial Derivatives<sup>12</sup>

Financial derivatives assets amounted to 4.3 trillion yen, falling by 2.8 trillion yen or 39.5 percent from the previous year, while financial derivatives liabilities amounted to 5.2 trillion yen, representing a decrease of 2.5 trillion yen or 32.8 percent from year-end 2008. These developments mainly reflected trends in outstanding balances of options.

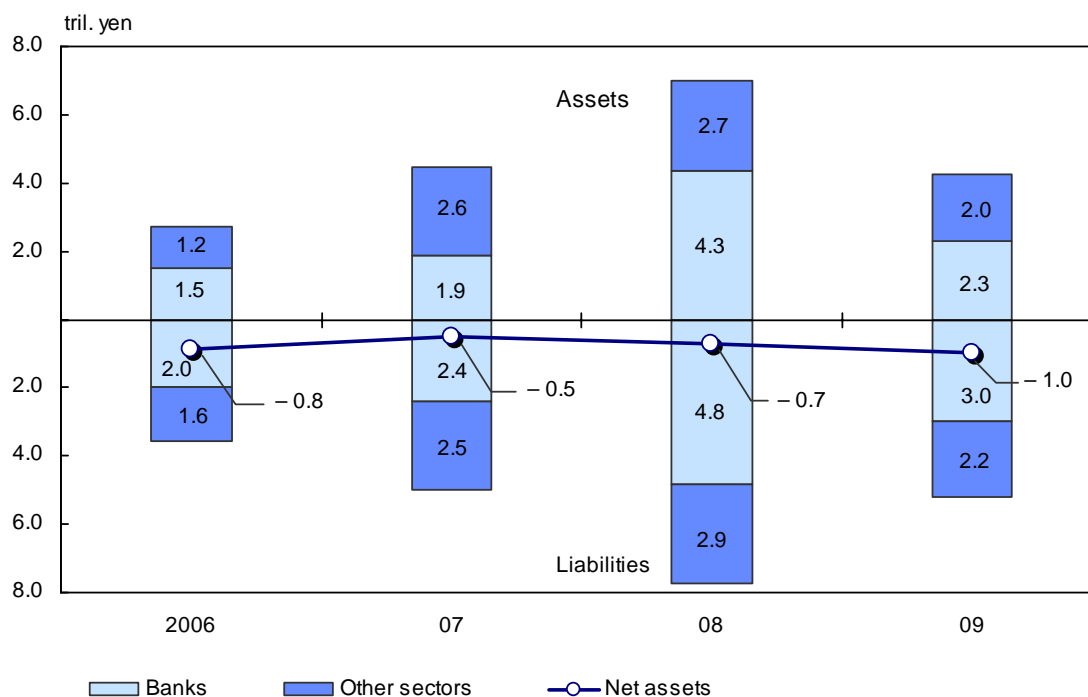
**Table 26: Financial Derivatives**

tril. yen

	2006	07	08	09	y/y chg.
Financial derivatives	- 0.8 (+ 3.8%)	- 0.5 (- 38.4%)	- 0.7 (+ 41.4%)	- 1.0 (+ 30.2%)	- 0.2
Assets	2.7	4.4	7.0	4.3	- 2.8
Liabilities	3.6	5.0	7.8	5.2	- 2.5

Note: Figures in parenthesis indicate the percentage change from the previous year.

**Figure 16: Developments in Financial Derivatives by Sector**



<sup>12</sup> Including outstanding balances of options, futures, and forwards, but excluding swaps.

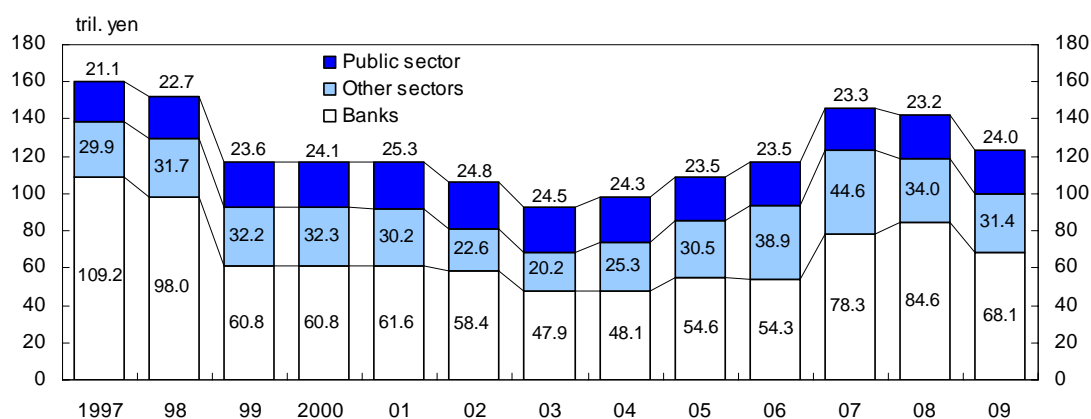


## D. Other Investment

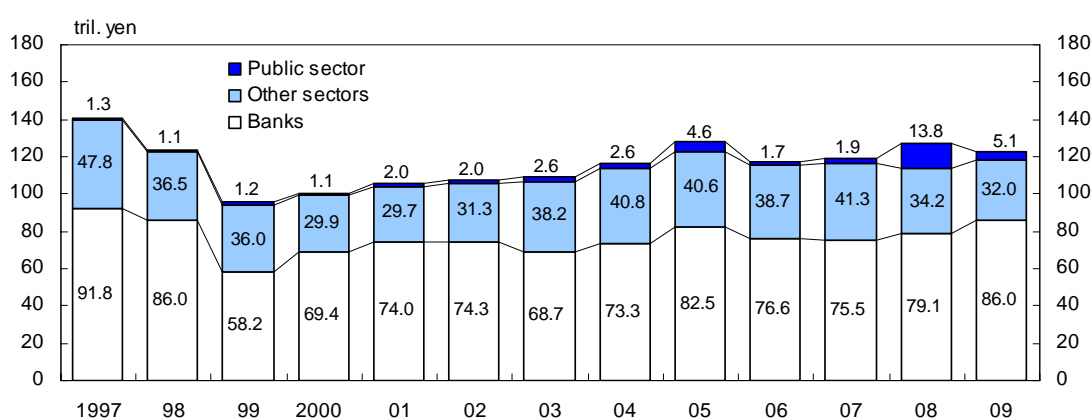
Other investment assets amounted to 123.6 trillion yen, representing a decrease of 18.2 trillion yen or 12.8 percent from year-end 2008. By sector, other investment assets held by banks decreased, as banks collected funds lent to their overseas branches through interoffice accounts as a result of the improvement in the environment for raising foreign currency funds. Other investment assets held by other sectors also decreased, mainly due to the fact that Japanese securities companies collected funds provided to foreign investors through repurchase agreements.

Other investment liabilities amounted to 123.1 trillion yen, falling by 4.1 trillion yen or 3.2 percent from year-end 2008. By sector, other investment liabilities, notably public sector currency and deposits, fell as the balance of the currency swap transaction<sup>13</sup> carried out by the Bank of Japan to obtain U.S. dollar funds for implementing its U.S. dollar funds-supplying operations decreased.

**Figure 17: Developments in Other Investment by Sector (Assets)**



**Figure 18: Developments in Other Investment by Sector (Liabilities)**



<sup>13</sup> When financial markets became unstable in 2008, the Bank of Japan carried out a currency swap transaction with the Federal Reserve Bank of New York (FRBNY) (procurement of U.S. dollars from the FRBNY against the provision of Japanese yen to the FRBNY) to finance the implementation of U.S. dollar funds-supplying operations for financial institutions in Japan. U.S. dollar funds procured from the FRBNY were lent to financial institutions in Japan, while the yen provided to the FRBNY were deposited in its yen account with the Bank of Japan.

Table 27: Other Investment

tril. yen

	2007	08	09				
				y/y chg.	Transaction factor	Exchange rate change factor	Other factors
<b>Assets</b>	146.2	141.8	123.6	- 18.2	- 18.2	+ 1.1	- 1.0
Loans	97.2	91.1	72.0	- 19.1	- 20.2	+ 0.5	+ 0.6
Public sector	16.5	16.5	17.5	+ 1.0	+ 0.9	+ 0.1	- 0.1
Banks	52.2	53.4	35.0	- 18.4	- 19.3	+ 0.3	+ 0.5
Other sectors	28.5	21.2	19.6	- 1.6	- 1.8	+ 0.0	+ 0.2
Trade credits	6.5	5.0	5.0	+ 0.0	- 0.0	+ 0.1	- 0.1
Currency and deposits	25.3	17.8	14.2	- 3.6	- 4.0	+ 0.1	+ 0.2
Banks	16.8	11.2	8.5	- 2.8	- 3.0	+ 0.1	+ 0.1
Other sectors	8.5	6.6	5.8	- 0.8	- 1.0	+ 0.0	+ 0.1
Other assets	17.3	27.8	32.3	+ 4.5	+ 5.9	+ 0.4	- 1.8
<b>Liabilities</b>	118.7	127.1	123.1	- 4.1	- 4.4	+ 1.4	- 1.1
Loans	84.9	76.5	81.7	+ 5.3	+ 5.8	+ 0.8	- 1.3
Public sector	1.5	1.6	3.0	+ 1.4	+ 1.4	--	+ 0.0
Banks	48.2	45.9	51.9	+ 6.0	+ 6.3	+ 0.7	- 1.0
Other sectors	35.2	29.0	26.9	- 2.1	- 1.9	+ 0.1	- 0.3
Trade credits	2.7	2.3	2.4	+ 0.1	+ 0.2	+ 0.0	- 0.2
Currency and deposits	10.5	21.8	10.3	- 11.5	- 11.7	+ 0.1	- 0.0
Public sector	0.0	11.8	0.1	- 11.7	- 11.7	--	+ 0.0
Banks	10.5	10.0	10.2	+ 0.2	+ 0.1	+ 0.1	- 0.0
Other liabilities	20.6	26.5	28.6	+ 2.1	+ 1.3	+ 0.4	+ 0.4

## E. Reserve Assets

Reserve assets amounted to 96.8 trillion yen, increasing by 3.8 trillion yen or 4.1 percent from year-end 2008. This reflects the increased yen value of such assets due to the depreciation of the yen and the SDR allocation received from the IMF.<sup>14</sup>

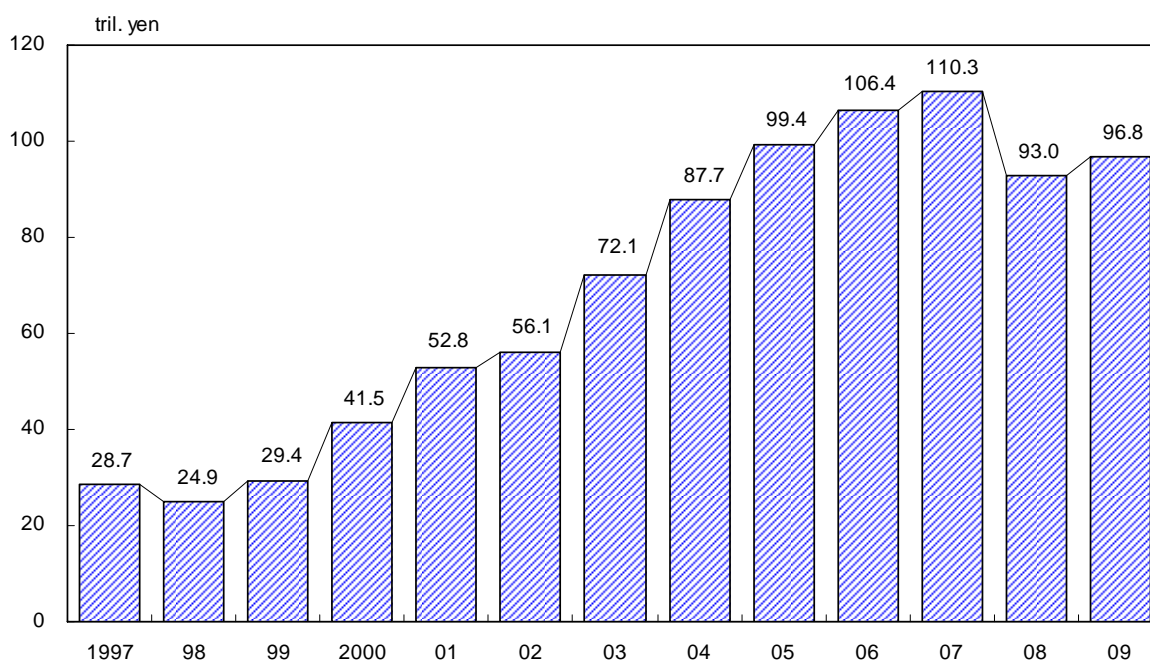
**Table 28: Reserve Assets**

tril. yen

	2007	08	09	y/y chg.			
				Transaction factor	Exchange rate change factor	Other factors	
Reserve assets	110.3 (+ 3.6%)	93.0 (- 15.7%)	96.8 (+ 4.1%)	+ 3.8	+ 2.5	+ 2.6	- 1.3

Note: Figures in parentheses indicate the percentage change from the previous year.

**Figure 19: Developments in Reserve Assets**



<sup>14</sup> In the IIP, SDR allocations are recorded as an increase in "reserve assets" and as liabilities under "other investment."

### Box. Direct Investment Assets and Liabilities Estimated on a Market Value Basis<sup>15</sup>

On a market value basis, estimated direct investment assets amounted to 99.8 trillion yen, representing an increase of 31.7 trillion yen from year-end 2008 reflecting the recovery in global equity prices, while estimated direct investment liabilities remained more or less unchanged from the previous year's level of 19.5 trillion yen.

When the overall international investment position is calculated using direct investment assets and liabilities estimated on a market value basis, Japan's net asset position at year-end 2009 amounted to 296.8 trillion yen, exceeding the net asset position with direct investments based on a book value basis by 30.5 trillion yen.

**Table 1 for Box: Direct Investment Assets and Liabilities Estimated on a Market Value Basis**

tril. yen

	2008		09		y/y chg.	
		Book value		Book value		Book value
Direct investment assets	68.2	61.7	99.8	68.2	+ 31.7	+ 6.5
Direct investment liabilities	18.4	18.5	19.5	18.4	+ 1.1	- 0.0

**Table 2 for Box: Net Assets with Direct Investment Estimated on a Market Value Basis**

tril. yen

	2008		09		y/y chg.	
		Book value		Book value		Book value
Net assets	232.0	225.5	296.8	266.2	+ 64.8	40.7

<sup>15</sup> In Japan, the direct investment in the international investment position is recorded on a book value basis. However, because the fifth edition of the *Balance of Payments Manual* issued by the IMF states that the direct investment position should be recorded on market value basis, and in view of the needs of statistics users, estimates of the direct investment position on a market value basis from year-end 1999 onwards have been published as reference figures since May 2007. The direct investment position at market value is estimated as follows:

Direct investment position = (1) equity capital (estimated at market value) + (2) reinvested earnings (book value) + (3) other capital (book value)

For more details, see "Release of the Market-Value Estimate of the Direct Investment Position" on the Bank of Japan's website (dated May 25 2007, [http://www.boj.or.jp/en/type/release/nt\\_cr07/ntbop16.htm](http://www.boj.or.jp/en/type/release/nt_cr07/ntbop16.htm)).

**Table 3 for Box: Japan's IIP with Direct Investment Estimated on a Market Value Basis**

tril. yen

	Assets		Liabilities		Net assets	
		Of which: Direct investment		Of which: Direct investment		Of which: Direct investment
1999	337.7	59.6	224.1	10.0	113.6	49.6
2000	363.7	54.5	216.8	14.4	146.9	40.1
01	397.6	57.4	204.9	11.1	192.7	46.4
02	376.5	47.1	193.5	12.2	183.1	34.9
03	411.4	61.8	219.6	16.4	191.9	45.4
04	462.4	67.1	256.4	18.5	205.9	48.6
05	543.4	82.8	339.8	26.2	203.6	56.6
06	606.9	102.3	359.1	28.9	247.8	73.4
07	669.3	120.6	376.6	31.5	292.6	89.1
08	525.6	68.2	293.6	18.4	232.0	49.8
09	586.5	99.8	289.7	19.5	296.8	80.3

## Appendix: Japan's IIP

## Assets

bil. yen

Assets	2003	04	05	06	07	08	09
1. Direct investment	35,932	38,581	45,605	53,476	61,858	61,740	68,210
2. Portfolio investment	184,353	209,247	249,493	278,757	287,687	215,682	261,989
Equity securities	29,394	37,972	48,200	60,714	65,376	35,817	54,687
Public sector	3	0	0	0	0	24	7
Banks	552	609	809	1,216	1,543	1,313	1,296
Other sectors	28,840	37,363	47,390	59,498	63,832	34,480	53,384
Debt securities	154,959	171,275	201,294	218,043	222,311	179,865	207,302
Bonds and notes	150,708	167,635	198,321	215,536	219,430	177,204	204,812
Public sector	1,926	1,673	868	760	565	461	470
Banks	45,298	51,156	66,683	66,445	65,335	53,588	64,174
Other sectors	103,485	114,806	130,769	148,330	153,531	123,155	140,168
MMIs	4,250	3,641	2,973	2,507	2,881	2,661	2,490
Public sector	13	7	2	3	7	4	4
Banks	1,602	1,353	1,201	760	1,351	1,293	1,139
Other sectors	2,636	2,281	1,770	1,744	1,523	1,365	1,347
3. Financial derivatives	524	599	3,104	2,739	4,442	7,022	4,251
Public sector	0	0	0	0	0	0	0
Banks	310	321	899	1,504	1,877	4,335	2,284
Other sectors	214	278	2,206	1,235	2,564	2,687	1,967
4. Other investment	92,645	97,718	108,544	116,698	146,227	141,752	123,599
Loans	70,358	72,215	79,241	83,165	97,191	91,118	72,021
Public sector	16,895	16,477	16,311	16,473	16,521	16,472	17,450
Banks	41,289	39,128	43,864	41,569	52,200	53,435	34,987
Other sectors	12,174	16,609	19,065	25,123	28,470	21,211	19,585
[Long-term]	34,462	32,141	32,768	33,854	35,012	35,325	38,837
[Short-term]	35,896	40,073	46,473	49,311	62,179	55,793	33,183
Trade credits	5,129	5,271	6,111	6,242	6,450	4,986	5,008
Public sector	1,329	1,266	1,374	934	826	726	710
Other sectors	3,800	4,005	4,736	5,308	5,625	4,260	4,298
[Long-term]	2,070	1,857	2,123	1,581	1,418	1,239	1,209
[Short-term]	3,059	3,414	3,988	4,661	5,032	3,747	3,799
Currency and deposits	6,862	8,327	9,406	12,229	25,289	17,846	14,232
Public sector	0	0	0	0	0	0	0
Banks	4,340	5,420	4,791	5,797	16,806	11,234	8,468
Other sectors	2,522	2,907	4,615	6,432	8,483	6,612	5,764
Other assets	10,295	11,905	13,787	15,063	17,297	27,803	32,339
Public sector	6,280	6,527	5,768	6,047	5,968	5,976	5,871
Banks	2,282	3,563	5,966	6,954	9,310	19,933	24,693
Other sectors	1,733	1,815	2,053	2,062	2,018	1,893	1,775
[Long-term]	8,420	7,943	11,232	12,394	11,823	12,363	13,238
[Short-term]	1,875	3,962	2,555	2,669	5,474	15,440	19,101
5. Reserve assets	72,083	87,720	99,444	106,435	110,279	92,983	96,777
<b>Total assets</b>	<b>385,538</b>	<b>433,864</b>	<b>506,191</b>	<b>558,106</b>	<b>610,492</b>	<b>519,179</b>	<b>554,826</b>

Note: Figures are as of the end of the year. Portfolio investment and other investment exclude securities lending transactions.

## Liabilities and Net Assets

bil. yen

Liabilities	2003	04	05	06	07	08	09
1. Direct investment	9,610	10,098	11,903	12,803	15,145	18,456	18,425
2. Portfolio investment	92,873	120,091	181,959	209,696	221,487	140,307	141,896
Equity securities	60,085	77,393	132,842	149,277	142,031	68,625	76,372
Banks	3,368	6,385	12,030	13,094	9,185	5,314	5,086
Other sectors	56,717	71,007	120,813	136,182	132,847	63,311	71,286
Debt securities	32,788	42,699	49,117	60,419	79,456	71,682	65,524
Bonds and notes	27,108	33,846	41,428	49,579	60,203	50,650	42,236
Public sector	18,160	24,158	30,879	37,075	47,782	41,586	33,751
Banks	1,759	2,041	2,754	3,343	3,382	2,344	2,907
Other sectors	7,188	7,647	7,795	9,161	9,040	6,721	5,578
MMIs	5,680	8,852	7,689	10,840	19,253	21,032	23,289
Public sector	5,680	8,772	7,664	10,775	19,162	20,972	23,186
Banks	0	1	0	0	0	0	0
Other sectors	0	79	25	65	90	60	103
3. Financial derivatives	727	1,121	3,921	3,587	4,964	7,761	5,213
Public sector	0	0	0	0	0	0	0
Banks	401	632	1,277	1,957	2,420	4,839	2,989
Other sectors	326	490	2,643	1,630	2,544	2,922	2,224
4. Other investment	109,510	116,756	127,709	116,938	118,674	127,146	123,068
Loans	83,665	90,776	94,805	85,356	84,909	76,479	81,748
Public sector	0	1,585	3,696	1,268	1,475	1,588	2,963
Banks	49,874	52,845	56,866	52,196	48,218	45,890	51,884
Other sectors	33,791	36,346	34,243	31,892	35,216	29,001	26,902
[Long-term]	14,791	14,853	12,692	14,646	16,393	17,350	16,702
[Short-term]	68,874	75,923	82,113	70,709	68,516	59,129	65,046
Trade credits	1,111	1,377	1,888	2,421	2,676	2,279	2,391
Public sector	0	0	0	0	0	0	0
Other sectors	1,111	1,377	1,888	2,421	2,676	2,279	2,391
[Long-term]	2	126	155	255	126	151	154
[Short-term]	1,108	1,250	1,733	2,166	2,550	2,128	2,237
Currency and deposits	10,979	10,416	11,061	10,023	10,515	21,846	10,302
Public sector	2,002	567	468	16	20	11,817	70
Banks	8,978	9,848	10,592	10,007	10,495	10,029	10,232
Other liabilities	13,755	14,187	19,955	19,138	20,573	26,543	28,626
Public sector	550	494	468	430	386	443	2,055
Banks	9,876	10,593	14,993	14,358	16,790	23,175	23,906
Other sectors	3,329	3,101	4,494	4,351	3,397	2,926	2,665
[Long-term]	122	565	2,503	2,126	1,488	2,217	3,937
[Short-term]	13,633	13,622	17,452	17,013	19,086	24,326	24,689
<b>Total liabilities</b>	<b>212,720</b>	<b>248,067</b>	<b>325,492</b>	<b>343,024</b>	<b>360,271</b>	<b>293,671</b>	<b>288,603</b>
<b>Total net assets</b>	<b>172,818</b>	<b>185,797</b>	<b>180,699</b>	<b>215,081</b>	<b>250,221</b>	<b>225,508</b>	<b>266,223</b>
Public sector	72,136	78,095	80,592	81,089	65,340	40,241	59,263
Banks	21,417	19,205	25,701	29,290	57,933	53,541	40,037
Other sectors	79,264	88,498	74,406	104,703	126,949	131,726	166,923

Note: Figures are as of the end of the year. Portfolio investment and other investment exclude securities lending transactions.