

Results of the 25th Opinion Survey on the General Public's Mindset and Behavior

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Public Relations Department
Bank of Japan

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I. Introduction

The Bank of Japan, through public relations activities conducted at its Head Office and branches, has been seeking to determine the concerns of a broad cross-section of the general public relative to its policy and operations. An example of such action is the Bank's *Opinion Survey on the General Public's Mindset and Behavior*, conducted since 1993 with a nationwide sample of 4,000 individuals who are at least 20 years of age. This survey is essentially an opinion poll designed to gain insight into the public's perceptions and actions, and therefore differs in character from the Bank's *Tankan* (Short-Term Economic Survey of Enterprises in Japan), which is conducted separately from this survey.

II. Survey Outline

Survey period:	From February 23 to March 15, 2006.
Sample size:	4,000 people (1,774 people [i.e., 44.4 percent of the overall sample size] provided valid responses to questions).
Survey sample participants:	Individuals living in Japan who are at least 20 years of age.
Sampling method:	Stratified two-stage random sampling method.
Survey methodology:	Questionnaire survey. (Researchers visit sample individuals, ask them to complete the questionnaire within a prescribed period, and then collect the finished questionnaires upon subsequent visits.)

III. Summary

A. Impression of Economic Conditions

1. Economic conditions

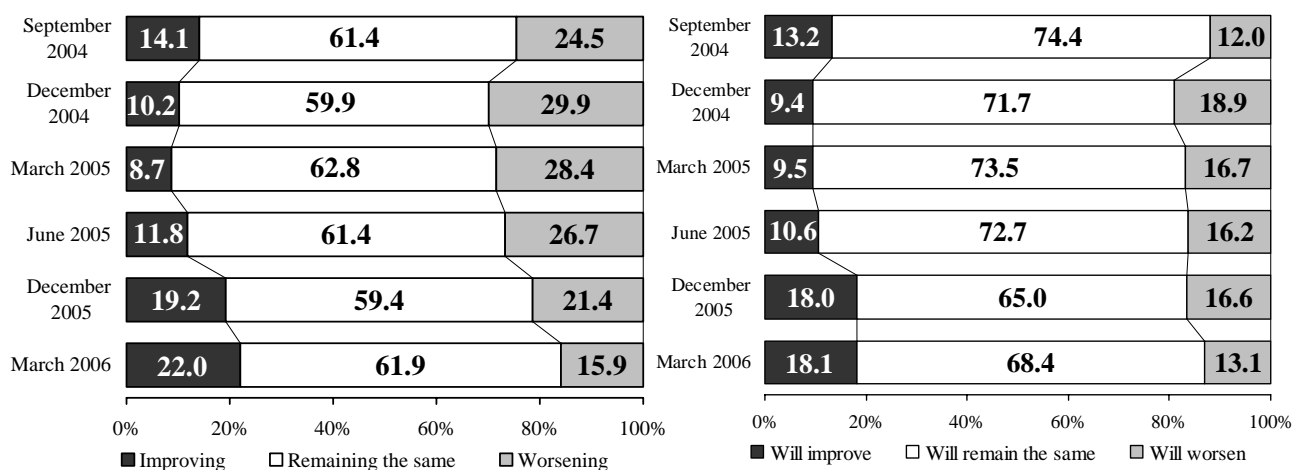
The proportion of respondents who judged economic conditions compared with one year ago to be "improving" increased, while those who judged them to be "worsening" decreased. As a result, the diffusion index (D.I.) ("improving" minus "worsening") continued to improve from the previous survey, with "improving" exceeding "worsening" for the first time since this question's introduction in the fourth round of the survey, conducted in March 1996.

The D.I. outlook for one year from now ("will improve" minus "will worsen") rose from the previous survey, mainly because the proportion of respondents who judged economic conditions one year from now "will worsen" declined.

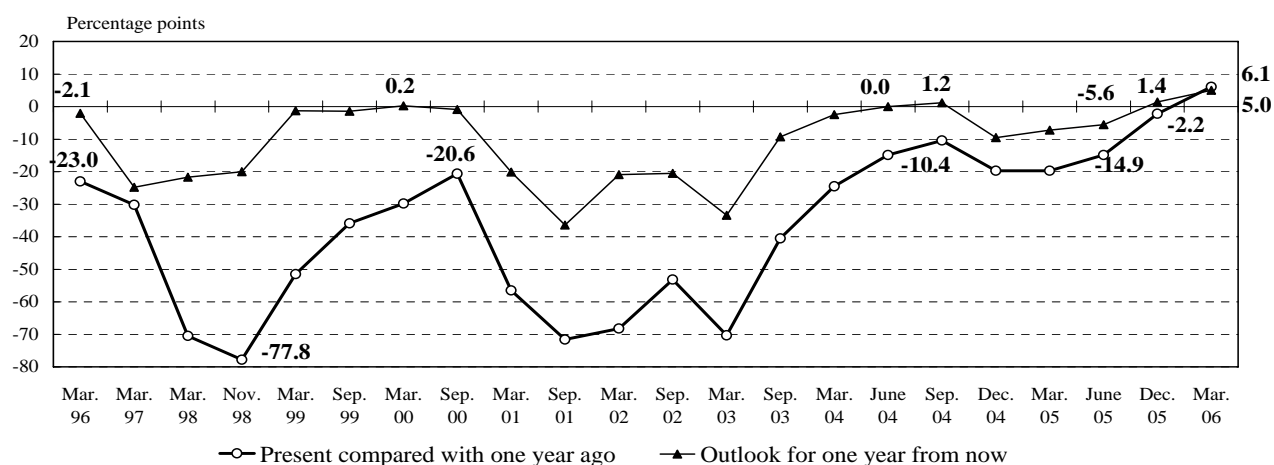
Chart 1 Economic Conditions (Questions 1 and 3)

(1) Present Compared with One Year Ago

(2) One Year from Now Compared with the Present



(3) Developments in the Economic Conditions D.I.



	Mar. 96	Mar. 97	Mar. 98	Nov. 98	Mar. 99	Sep. 99	Mar. 00	Sep. 00	Mar. 01	Sep. 01	Mar. 02	Sep. 02	Mar. 03	Sep. 03	Mar. 04	June 04	Sep. 04	Dec. 04	Mar. 05	June 05	Dec. 05	Mar. 06
Present compared with one year ago	-23.0	-30.2	-70.5	-77.8	-51.5	-35.9	-29.8	-20.6	-56.5	-71.6	-68.2	-53.2	-70.3	-40.5	-24.5	-14.9	-10.4	-19.7	-19.7	-14.9	-2.2	6.1
Changes from the previous survey		-7.2	-40.3	-7.3	+26.3	+15.6	+6.1	+9.2	-35.9	-15.1	+3.4	+15.0	-17.1	+29.8	+16.0	+9.6	+4.5	-9.3	0.0	+4.8	+12.7	+8.3
Outlook for one year from now	-2.1	-24.8	-21.7	-20.0	-1.3	-1.4	0.2	-0.9	-20.1	-36.4	-20.9	-20.5	-33.4	-9.3	-2.5	0.0	1.2	-9.5	-7.2	-5.6	1.4	5.0
Changes from the previous survey		-22.7	+3.1	+1.7	+18.7	-0.1	+1.6	-1.1	-19.2	-16.3	+15.5	+0.4	-12.9	+24.1	+6.8	+2.5	+1.2	-10.7	+2.3	+1.6	+7.0	+3.6

2. Basis for assessment of economic conditions

When asked their basis for assessment of economic conditions, "income level for myself or other family members" and "business performance of the company I work for, or of my own company" continued to be the responses chosen most often, followed by "bustle of shopping streets and amusement quarters" and "media reports." The proportion of respondents who answered "no reason in particular" was almost the same as in the previous survey.

In terms of perception of the interest rate level, a little more than 50 percent of respondents stated that "it has negatively affected my household due to the small amount of interest income on deposits and others;" this choice continued to represent the highest percentage selected among those offered. The proportion of respondents who answered "I hope it will stimulate business activity and thereby lead to an economic recovery" increased to about 50 percent.

Chart 2 Basis for Assessment and Interpretation of Economic Conditions (Question 2)¹

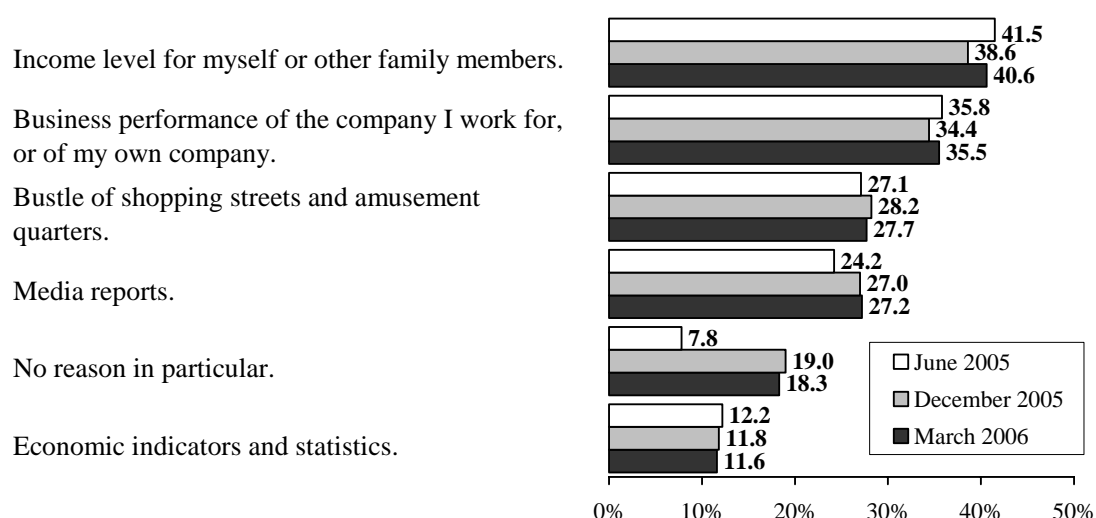
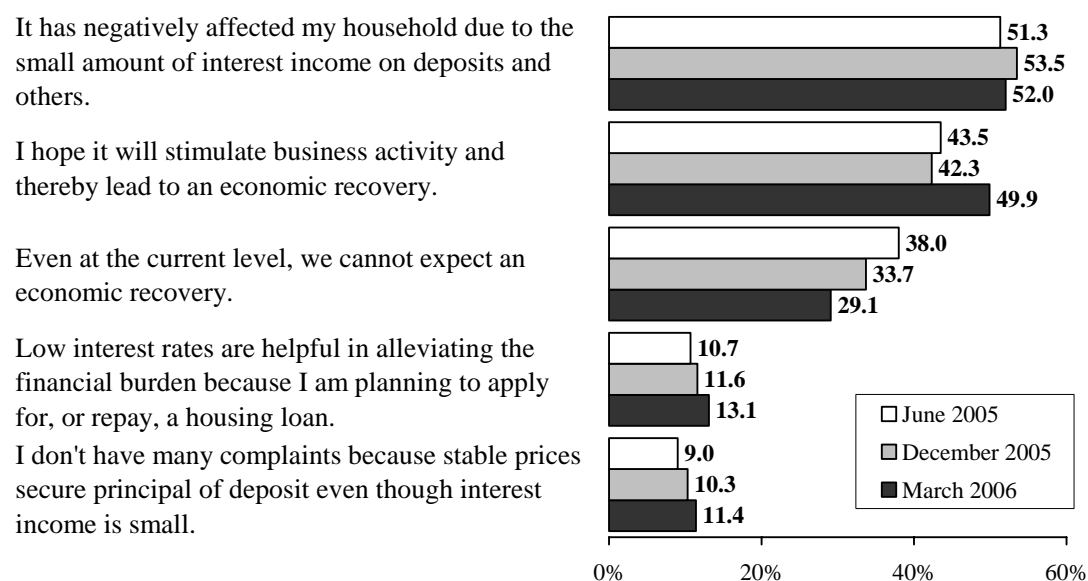


Chart 3 Perception of the Interest Rate Level (Question 4)¹



B. Household Circumstances and the General Public's Mindset

1. Present household circumstances

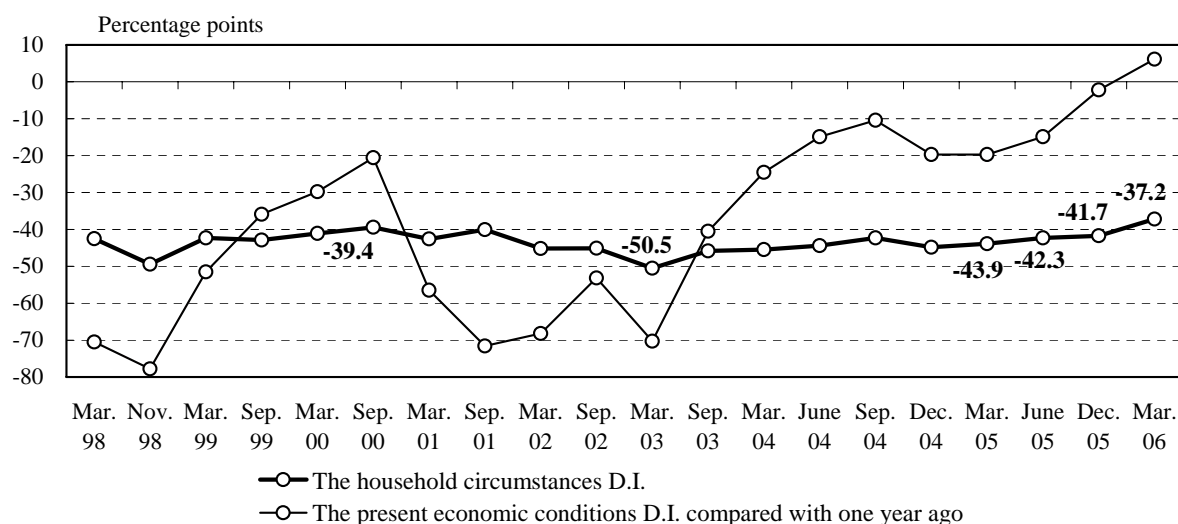
In terms of the general public's household circumstances compared with one year ago, the proportion of respondents who answered that their household circumstances "have become somewhat worse off" decreased. As a result, the D.I. ("have become somewhat better off" minus "have become somewhat worse off") improved (the smallest negative D.I. was recorded since this question's introduction in the sixth round of the survey, conducted in March 1998).

Chart 4 Present Household Circumstances (Question 19)

(1) Present Household Circumstances



(2) Developments in the Household Circumstances D.I.



	Mar. 98	Nov. 98	Mar. 99	Sep. 99	Mar. 00	Sep. 00	Mar. 01	Sep. 01	Mar. 02	Sep. 02	Mar. 03	Sep. 03	Mar. 04	June 04	Sep. 04	Dec. 04	Mar. 05	June 05	Dec. 05	Mar. 06
The household circumstances D.I.	-42.5	-49.4	-42.3	-42.9	-41.1	-39.4	-42.6	-40.1	-45.2	-45.1	-50.5	-45.8	-45.5	-44.4	-42.3	-44.8	-43.9	-42.3	-41.7	-37.2
Changes from the previous survey		-6.9	+7.1	-0.6	+1.8	+1.7	-3.2	+2.5	-5.1	+0.1	-5.4	+4.7	+0.3	+1.1	+2.1	-2.5	+0.9	+1.6	+0.6	+4.5
The present economic conditions D.I. compared with one year ago	-70.5	-77.8	-51.5	-35.9	-29.8	-20.6	-56.5	-71.6	-68.2	-53.2	-70.3	-40.5	-24.5	-14.9	-10.4	-19.7	-19.7	-14.9	-2.2	6.1
Changes from the previous survey	-40.3	-7.3	+26.3	+15.6	+6.1	+9.2	-35.9	-15.1	+3.4	+15.0	-17.1	+29.8	+16.0	+9.6	+4.5	-9.3	0.0	+4.8	+12.7	+8.3

2. Income and spending

With regard to income level compared with one year ago and the outlook for income over a one-year period, the proportion of respondents who answered that their income "has decreased" and "will decrease" declined while those who stated that it "has increased" and "will increase" rose slightly; thus, the proportions of positive responses to Questions 5 and 6 increased.

In terms of spending level compared with one year ago, the proportion of respondents who indicated that they "have increased" their spending rose while those who stated they "have decreased" it declined; thus, the proportions of positive responses increased. Concerning the outlook for spending over a one-year period, the proportions of responses was almost the same as in the previous surveys.

Chart 5 Income (Questions 5 and 6)

(1) Present Income Level Compared with One Year Ago (2) Income Level One Year from Now Compared with the Present

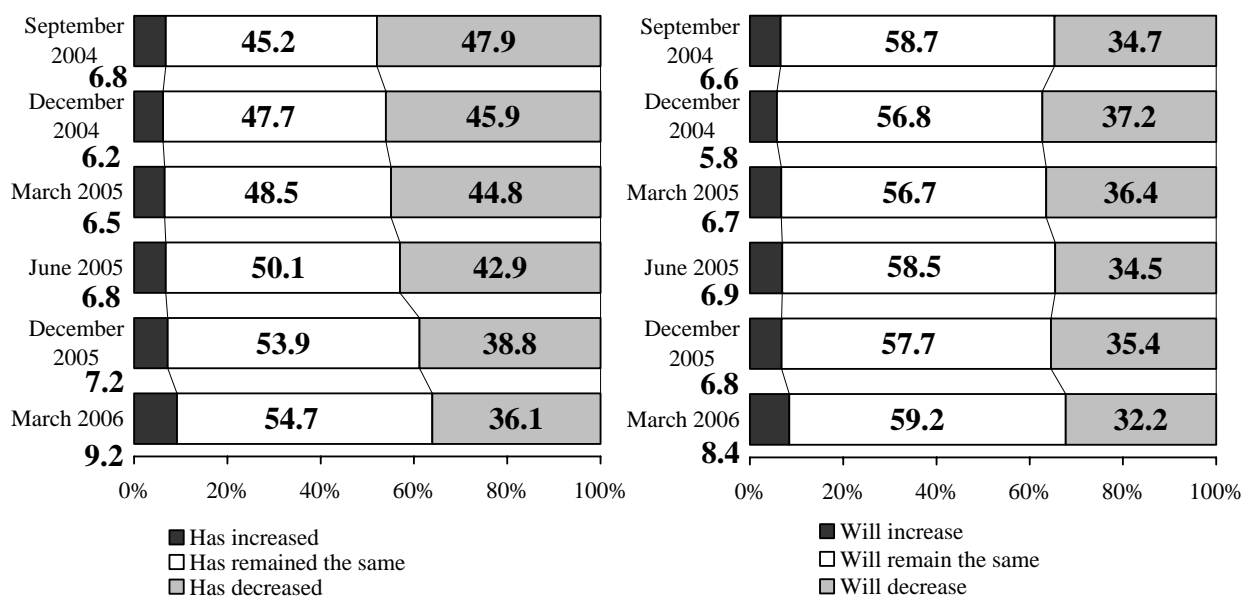
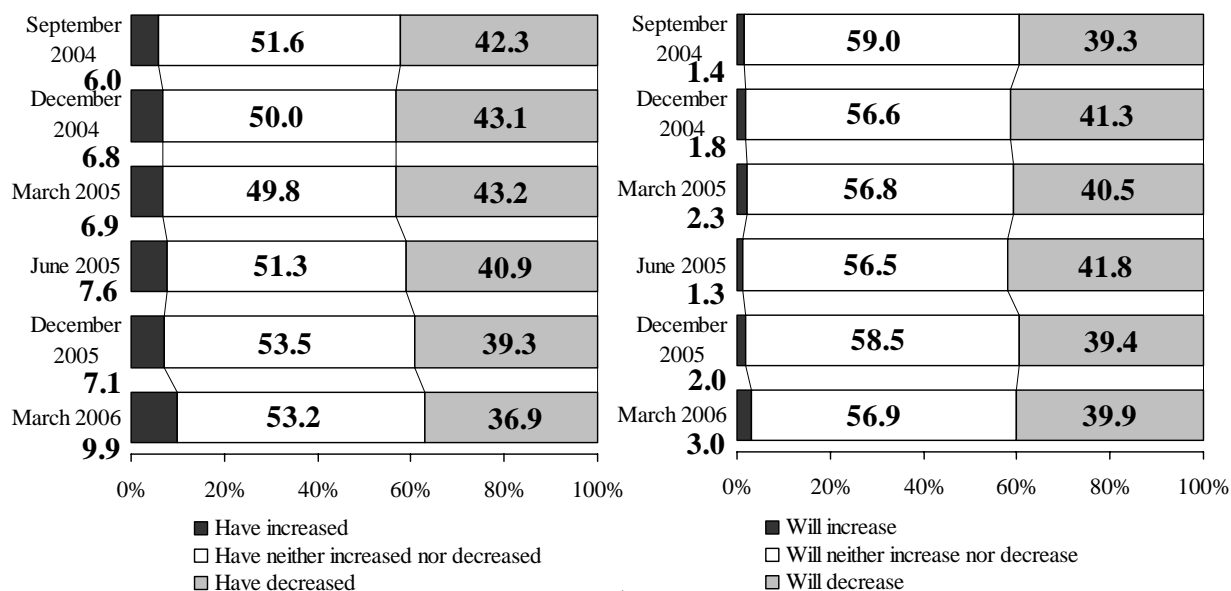


Chart 6 Spending (Questions 7 and 9)

(1) Present Spending Level Compared with One Year Ago (2) Spending Level One Year from Now Compared with the Present



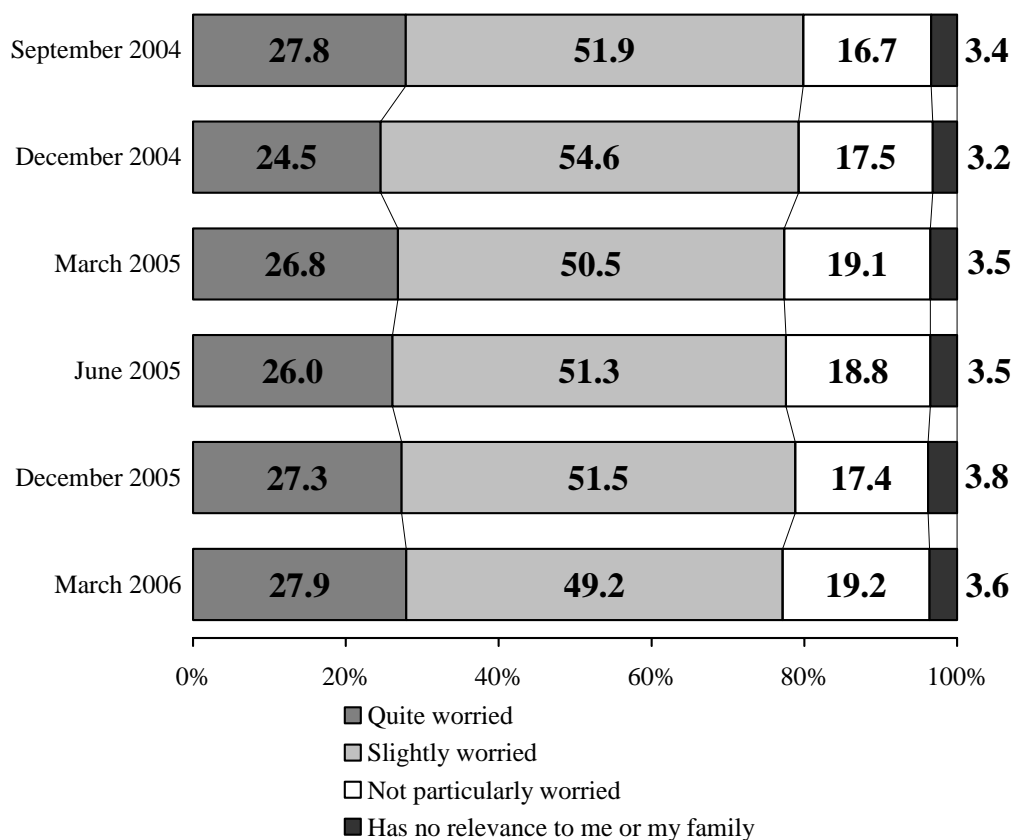
3. Employment conditions

When asked about concerns over employment and working arrangements, the proportion of respondents¹ who felt "worried"² to some extent continued to account for a little less than 80 percent.

¹ Respondents are workers who are company employees, civil servants, other types of employees, or part-timers.

² "Worried" comprises "quite worried" and "slightly worried."

Chart 7 Concerns over Employment and Working Arrangements (Question 22 [workers¹])



Note: 1. Workers are company employees, civil servants, other types of employees, or part-timers.

C. Perception of the Price Levels

1. Present price levels

Regarding their perception of the present price levels compared with one year ago, the proportion of respondents who felt that prices¹ "have gone up"² increased, while those who felt that they "have gone down"³ decreased.

When asked to what extent the price levels have changed compared with one year ago in terms of a specific figure, the average was 1.2 percent, rising from 0.8 percent in the previous survey. The median continued to be 0.0 percent.

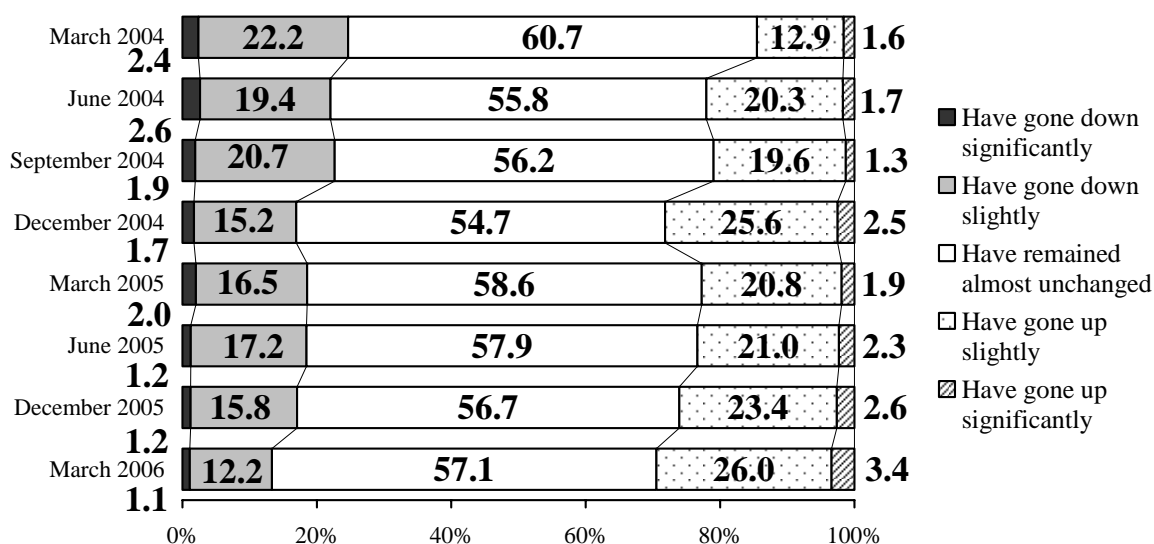
¹ Defined as "overall prices of goods and services the respondents purchase."

² "Have gone up" comprises "have gone up significantly" and "have gone up slightly."

³ "Have gone down" comprises "have gone down significantly" and "have gone down slightly."

Chart 8 Perception of the Present Price Levels (Questions 12 and 13)

(1) Present Compared with One Year Ago



(2) Changes in the Price Levels Compared with One Year Ago

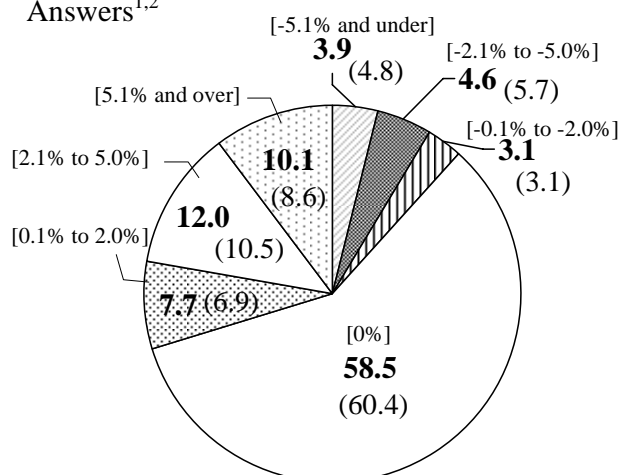
	Average ¹	Median ²
March 2004	-0.3%	0.0%
June 2004	0.2%	0.0%
September 2004	0.2%	0.0%
December 2004	1.3%	0.0%
March 2005	0.7%	0.0%
June 2005	0.8%	0.0%
December 2005	0.8%	0.0%
March 2006	1.2%	0.0%

Notes: 1. Calculated by excluding 0.5 percent of the highest and the lowest figures, respectively, in order to avoid extremes (the simple average is **1.3** percent). (The simple average of the last survey in December 2005 was **0.8** percent.)

2. The number that appears in the middle when the answers are listed in numerical order.

(3) Distribution of Current Survey

Answers^{1,2}



Notes: 1. Percent.

2. Figures in parentheses represent results of the previous survey (December 2005).

2. Outlook for price levels one year from now

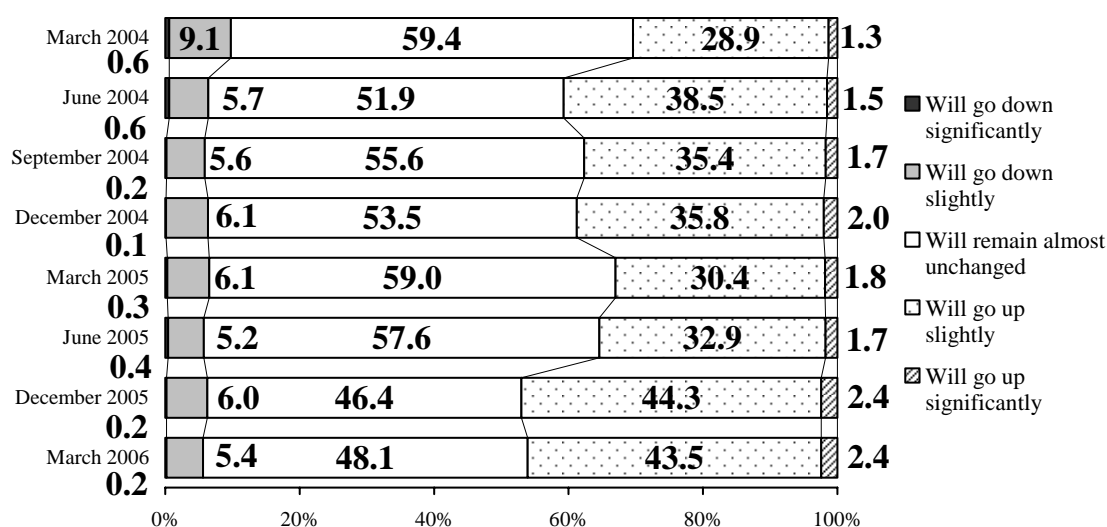
In terms of the outlook for price levels one year from now, the proportion of respondents who expected that prices "will go up"¹ was almost the same as in the previous survey, when it reached around 50 percent.

When asked to what extent the price levels will change one year from now in terms of a specific figure, the average was 2.1 percent, almost the same as in the previous survey. The median was 0.0 percent.

¹ "Will go up" comprises "will go up significantly" and "will go up slightly."

Chart 9 Outlook for the Price Levels One Year from Now (Questions 14 and 15)

(1) One Year from Now Compared with the Present



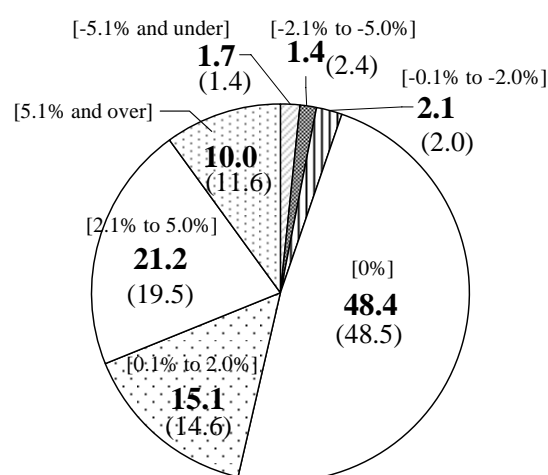
(2) Changes in the Price Levels One Year from Now

	Average ¹	Median ²
March 2004	1.2%	0.0%
June 2004	1.6%	0.0%
September 2004	1.4%	0.0%
December 2004	1.8%	0.0%
March 2005	1.3%	0.0%
June 2005	1.6%	0.0%
December 2005	2.2%	0.0%
March 2006	2.1%	0.0%

Notes: 1. Calculated by excluding 0.5 percent of the highest and the lowest figures, respectively, in order to avoid extremes (the simple average is **2.1** percent). (The simple average of the last survey in December 2005 was **2.3** percent.)

2. The number that appears in the middle when the answers are listed in numerical order.

(3) Distribution of Current Survey Answers^{1,2}



Notes: 1. Percent.

2. Figures in parentheses represent results of the previous survey (December 2005).

3. Outlook for price levels over the next five years

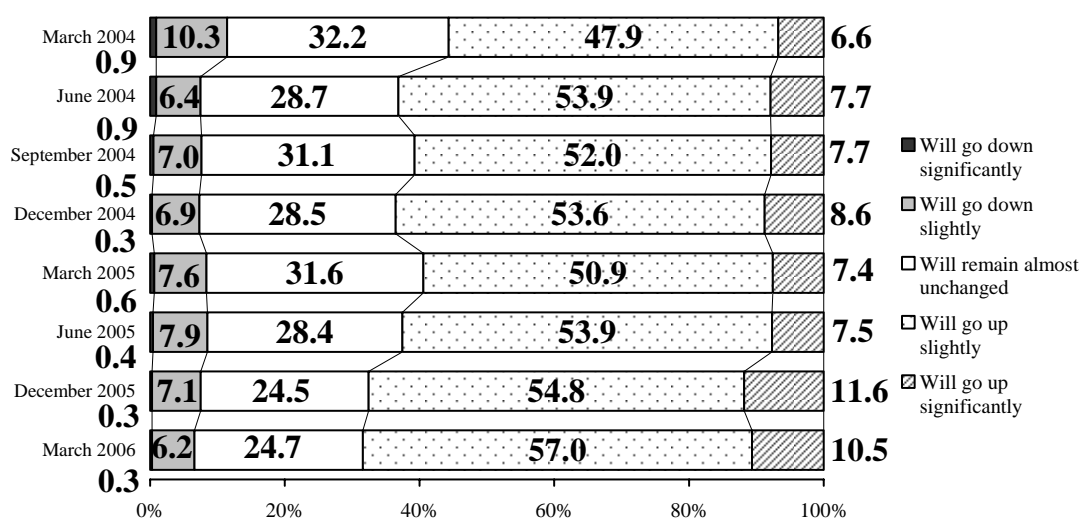
Regarding the outlook for price levels over the next five years, the proportion of respondents who answered that prices "will go up"¹ was almost the same as in the previous survey, accounting for more than 65 percent.

When asked about the specific rate of price change per year on average over the next five years, the average was 2.3 percent, almost the same as in the previous survey. The median was 1.0 percent.

¹ "Will go up" comprises "will go up significantly" and "will go up slightly."

Chart 10 Outlook for Price Levels over the Next Five Years (Questions 16 and 17)

(1) Outlook for the Next Five Years



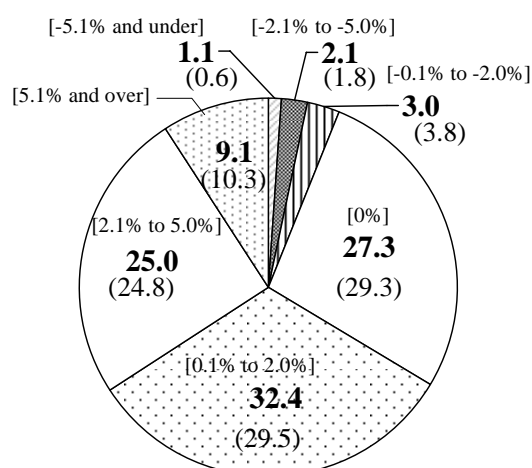
(2) Changes in the Price Levels per Year on Average over the Next Five Years

	Average ¹	Median ²
March 2004	1.7%	0.2%
June 2004	1.9%	1.0%
September 2004	1.6%	0.5%
December 2004	2.1%	1.0%
March 2005	1.8%	0.5%
June 2005	1.9%	1.0%
December 2005	2.4%	1.0%
March 2006	2.3%	1.0%

Notes: 1. Calculated by excluding 0.5 percent of the highest and the lowest figures, respectively, in order to avoid extremes (the simple average is **2.3** percent). (The simple average of the last survey in December 2005 was **2.5** percent.)

2. The number that appears in the middle when the answers are listed in numerical order.

(3) Distribution of Current Survey Answers^{1,2}



Notes: 1. Percent.

2. Figures in parentheses represent results of the previous survey (December 2005).

4. Comments on the decline and rise in prices

Among all respondents, 13.3 percent answered that prices compared with one year ago "have gone down"¹ and were asked for comments on the price decline; those who stated that the price decline was "rather favorable" increased, accounting for nearly 60 percent, while those who indicated that it was "rather unfavorable" decreased.

Among all respondents, 29.4 percent answered that prices compared with one year ago "have gone up"² and were asked for comments on the price rise; those who stated that the price rise was "rather unfavorable" accounted for about 80 percent, as in the previous surveys.

¹ "Have gone down" comprises "have gone down significantly" and "have gone down slightly."

² "Have gone up" comprises "have gone up significantly" and "have gone up slightly."

Chart 11 Comments on the Price Decline (Question 12-(a))

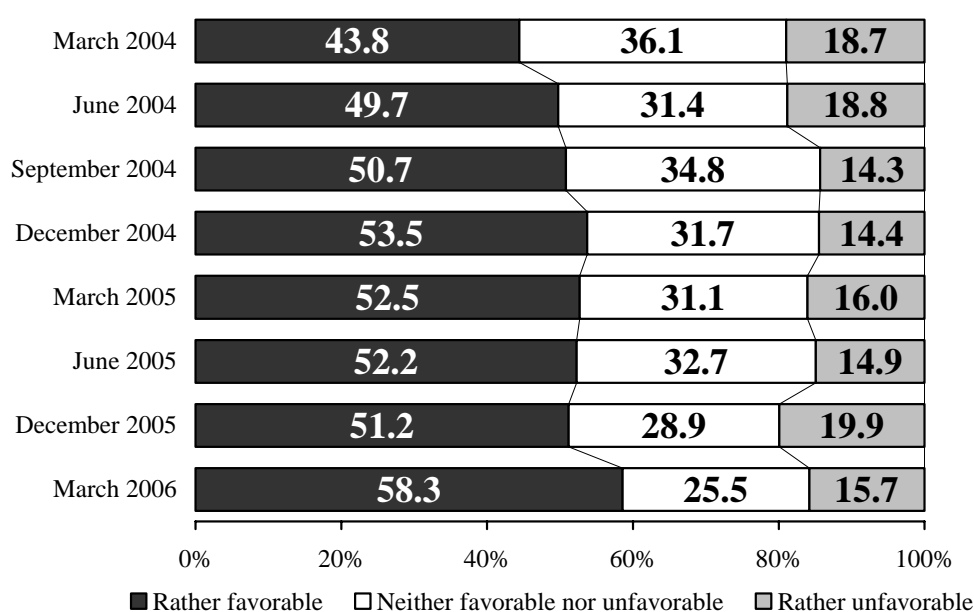
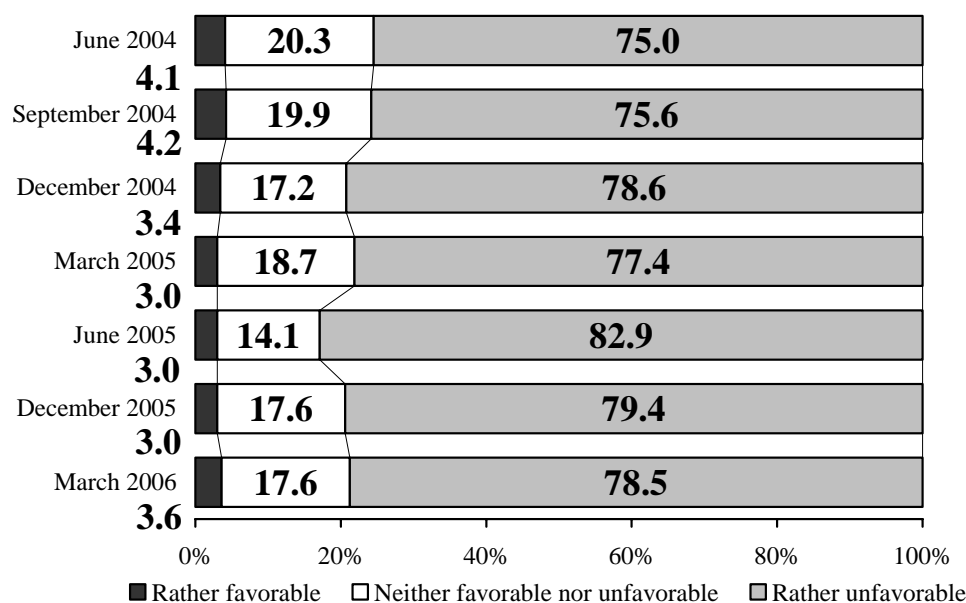


Chart 12 Comments on the Price Rise (Question 12-(b))¹



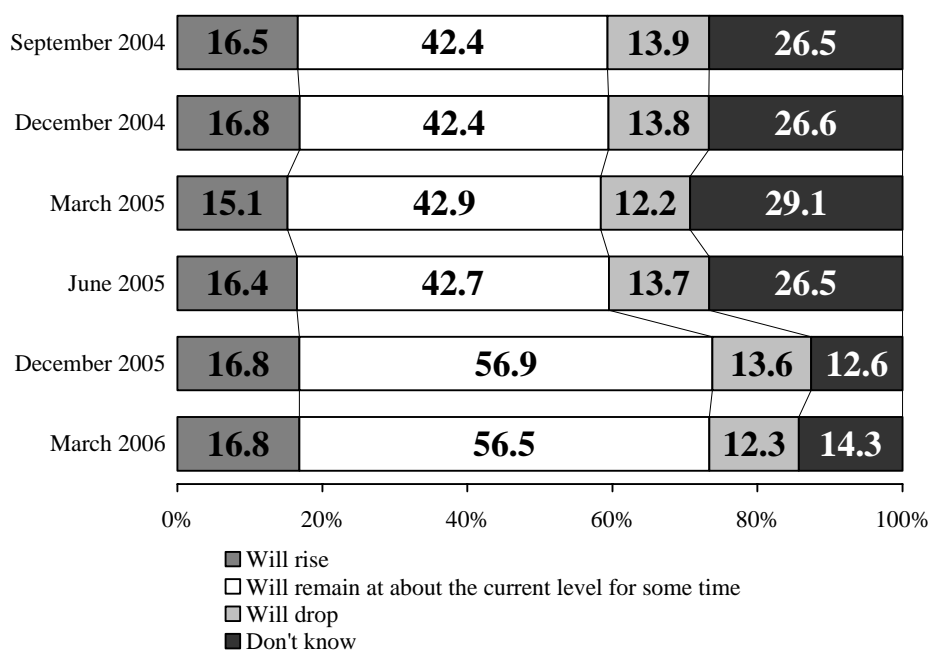
Note: 1. This question was introduced from the 19th round of the survey, conducted in June 2004.

D. Future Developments in Land Prices

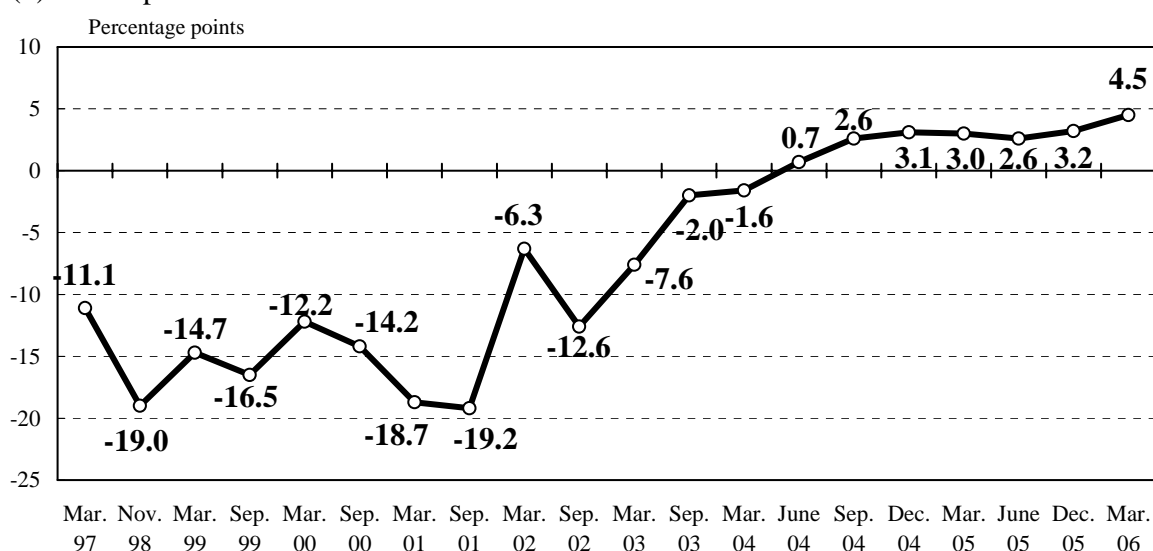
When asked about future developments in land prices, the proportion of respondents who answered that land prices "will drop" slightly decreased. As a result, the D.I. ("will rise" minus "will drop") slightly improved from the previous survey (the largest positive D.I. was recorded since this question's introduction in the fifth round of the survey, conducted in March 1997).

Chart 13 Perception of the Future Development in Land Prices (Question 18)

(1) Perception of the Future Development in Land Prices



(2) Developments in the Land Prices D.I.¹



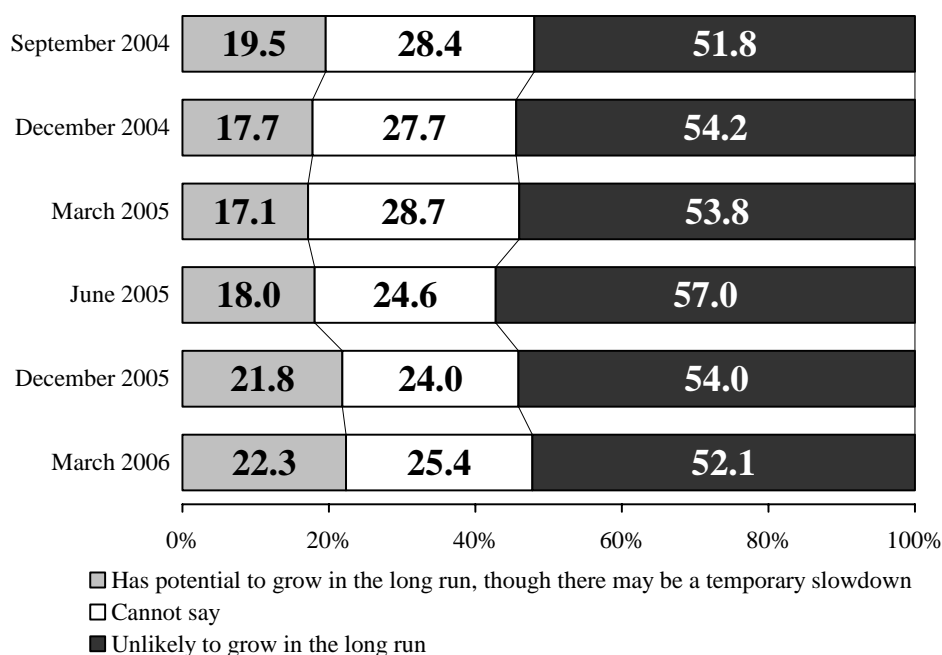
Note: 1. This question was not included in the sixth round of the survey, conducted in March 1998.

E. Growth Potential of the Japanese Economy

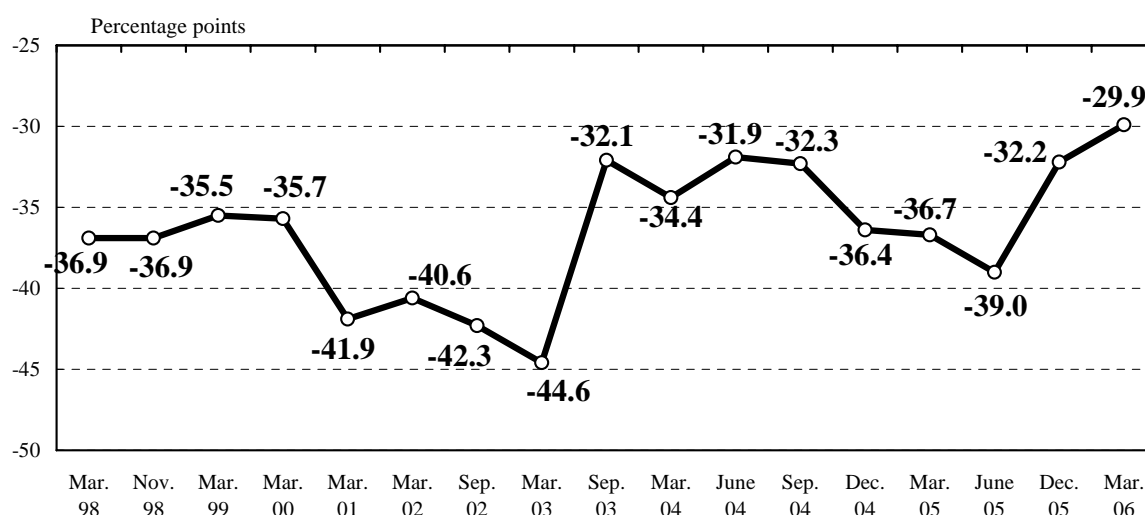
When asked about the Japanese economy's growth potential, the proportion of respondents who replied that the Japanese economy was "unlikely to grow in the long run" decreased. As a result, the D.I. ("has potential to grow" minus "unlikely to grow") recorded the smallest negative percentage-point figure since this question's introduction in the fifth round of the survey, conducted in March 1998.

Chart 14 Perception of the Japanese Economy's Growth Potential (Question 20)

(1) Perception of the Japanese Economy's Growth Potential



(2) Developments in the Japanese Economy's Growth Potential D.I.¹



Note: 1. This question was not included in the ninth, eleventh, and thirteenth rounds of the survey, conducted respectively in September 1999, September 2000, and September 2001.

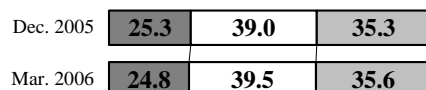
F. Degree of Recognition and Credibility of the Bank

1. Objectives of the Bank

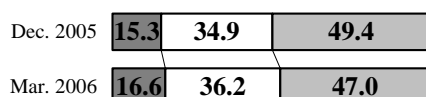
When asked about their recognition of two Bank objectives (price stability and financial system stability), the proportion of respondents who stated that they "have knowledge of it" was almost the same as in the previous survey.

Chart 15 Recognition of Price Stability (Question 26)

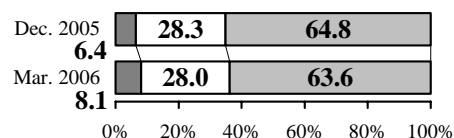
(1) One objective of the Bank is to maintain price stability.



(2) With regard to current monetary policy, the Bank conducts a so-called "quantitative easing policy," in which current account balances at the Bank rather than interest rates are adopted as the Bank's main operating target.



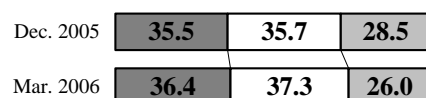
(3) The Bank is committed to continuing the quantitative easing policy until the year-on-year rate of change in the consumer price index (excluding fresh food, on a nationwide basis) registers zero percent or higher on a sustainable basis.



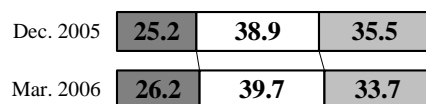
■ Have knowledge of it
 □ Have heard of it, but do not have detailed knowledge
 ■ Have never heard of it

Chart 16 Recognition of Financial System Stability (Question 27)

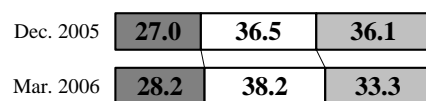
(1) One objective of the Bank is to maintain financial system stability.



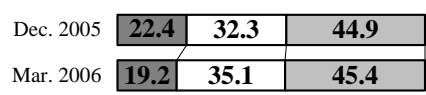
(2) The Bank provides safe settlement instruments with the highest settlement finality, such as banknotes and current accounts at the Bank, and operates its own funds transfer system and settlement system for Japanese government bonds.



(3) The Bank can extend loans such as special loans to financial institutions in order to ensure financial system stability.



(4) The Bank conducts on-site examinations and visits to financial institutions.

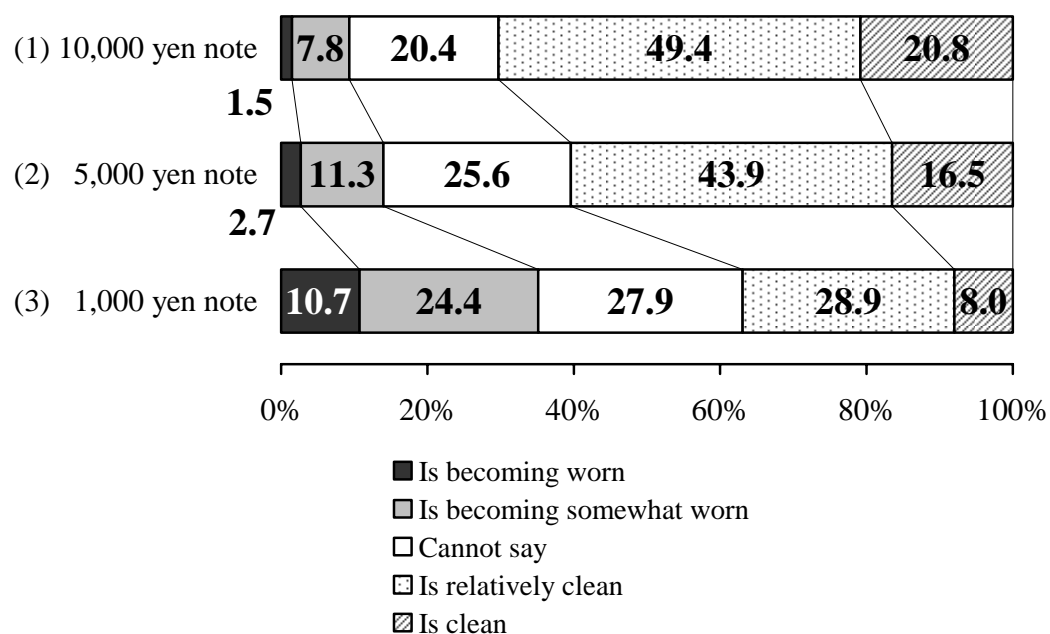


■ Have knowledge of it
 □ Have heard of it, but do not have detailed knowledge
 ■ Have never heard of it

2. Condition of the new series of Bank of Japan notes

When asked about the condition of the new series of Bank of Japan notes issued since November 2004, high-denomination banknotes are considered cleaner than low-denomination banknotes.

Chart 17 Condition of the New Series of Bank of Japan Notes (Question 29)



3. Comprehensive recognition and evaluation of the Bank

When asked about recognition of the Bank, the proportion of respondents who stated that they "do not know about the Bank's policy and operations"¹ decreased, accounting for fewer than 60 percent.

More than 50 percent of respondents thought that "the Bank is related to our lives,"² with a little over 35 percent replying that "the Bank is contributing to our lives,"³ as in the previous survey.

The proportion of respondents who felt that "the Bank's explanations to the public are not clear enough"⁴ continued to account for around 55 percent. Among all respondents, 56.5 percent felt that "the Bank's explanations to the public are not clear enough" and were asked for their reasons (Chart 19), with many stating that they have a "lack of basic knowledge about the Bank" and "have never had the opportunity to read or hear the Bank's explanations," as in the previous surveys.

A little more than 30 percent of respondents stated that they "have confidence in the Bank,"⁵ while about 10 percent indicated that they "do not have confidence in the Bank," as in the previous survey.

When asked the reasons for having confidence in the Bank (Chart 20), "because the Bank is a neutral organization" was most frequently mentioned, followed by "because of the sincere and solid impression of the Bank" and "because I support the Bank's policy." In terms of reasons for not having confidence in the Bank (Chart 21), answers such as "because the Bank is distant and unfamiliar" and "because I cannot understand the content and intention of the Bank's policy" were frequently mentioned.

¹ "Do not know about the Bank's policy and operations" comprises "do not know" and "do not know very much."

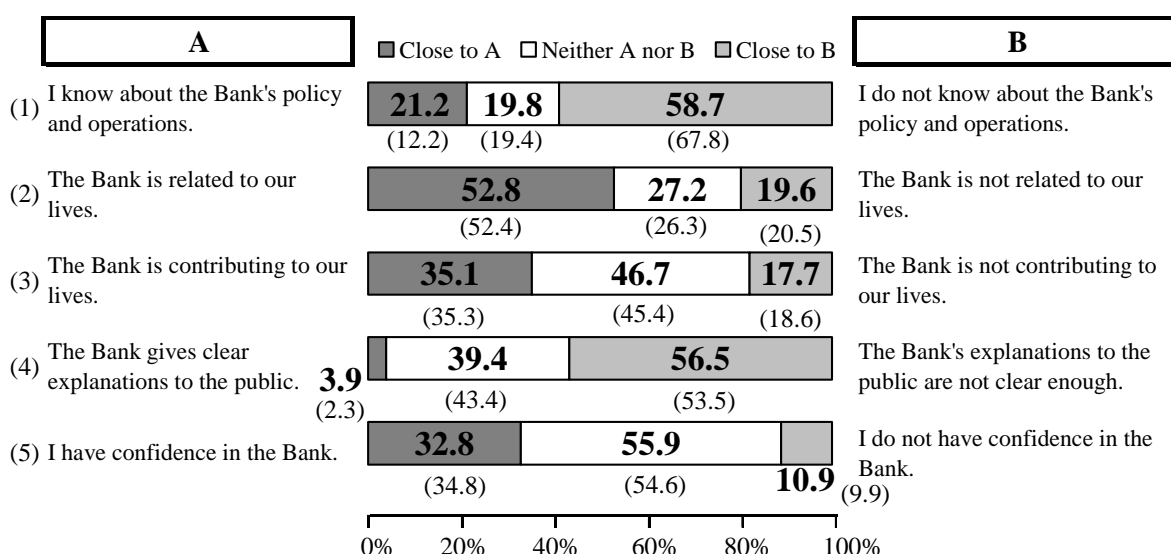
² "The Bank is related to our lives" comprises "the Bank is related to our lives" and "the Bank is somewhat related to our lives."

³ "The Bank is contributing to our lives" comprises "the Bank is contributing to our lives" and "the Bank is somewhat contributing to our lives."

⁴ "The Bank's explanations to the public are not clear enough" comprises "the Bank's explanations to the public are not clear enough" and "the Bank's explanations to the public are somewhat unclear."

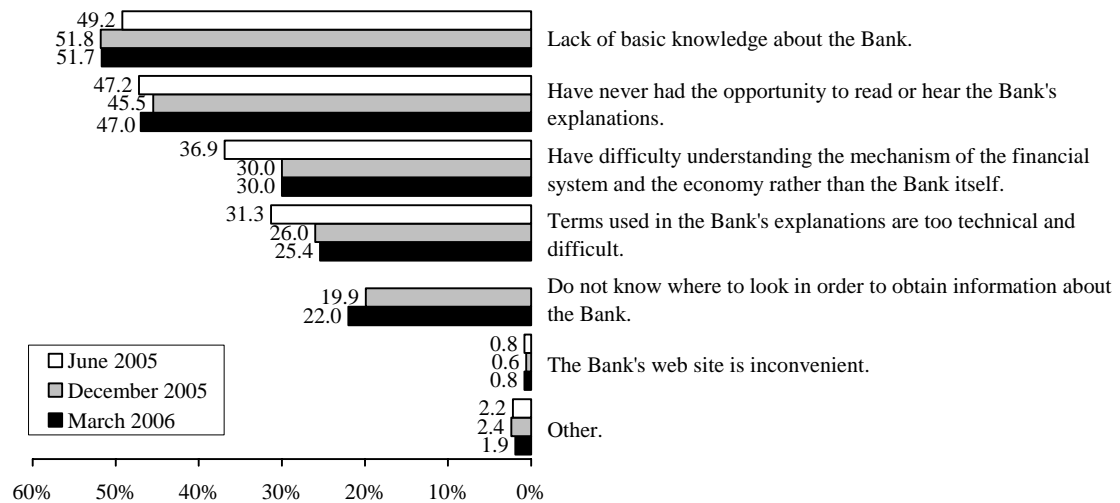
⁵ "Have confidence in the Bank" comprises "have confidence in the Bank" and "have confidence in the Bank to some extent."

Chart 18 Comprehensive Recognition and Evaluation of the Bank (Question 30)¹



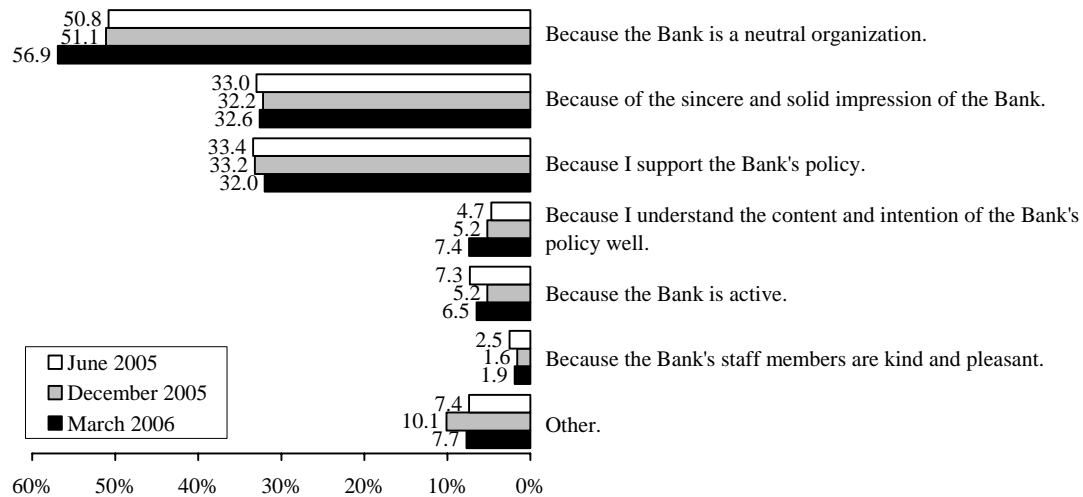
Note: 1. Figures in parentheses represent results of the previous survey (December 2005).

Chart 19 Reasons Why the Bank's Explanations Are Unclear (Question 30-(a))¹



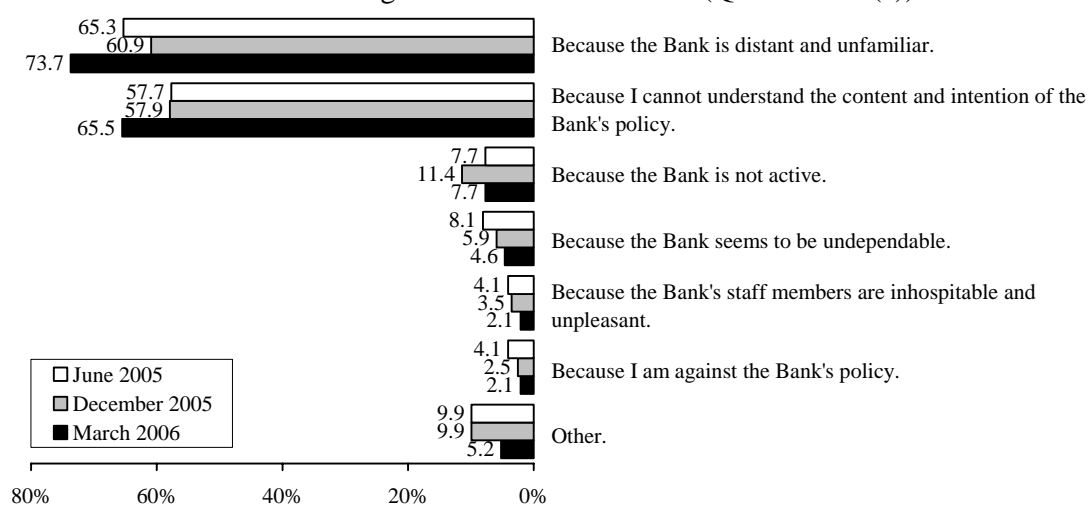
Note: 1. Up to two answers were allowed.

Chart 20 Reasons for Having Confidence in the Bank (Question 30-(b))¹



Note: 1. Up to two answers were allowed.

Chart 21 Reasons for Not Having Confidence in the Bank (Question 30-(c))¹



Note: 1. Up to two answers were allowed.

IV. Distribution of Aggregated Sample Population by Category

25th round of the survey (March 2006) ¹ (A)	Population of the survey ^{1,2} (B)	Difference between (A) and (B) ³ (A) - (B)	Samples (reference) ¹
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By sex

Male	49.9	48.4	1.5	50.7
Female	50.1	51.6	-1.5	49.3

By age

20–29	11.3	15.6	-4.3	15.5
30–39	16.9	18.0	-1.1	18.2
40–49	17.8	15.2	2.6	16.4
50–59	22.1	18.5	3.6	20.2
60–69	18.7	15.5	3.2	16.2
70–	13.3	17.3	-4.0	14.1

By region

Hokkaido	4.2	4.5	-0.3	4.5
Tohoku	7.9	7.6	0.3	7.5
Kanto	29.0	32.5	-3.5	32.2
Hokuriku	5.7	4.4	1.3	4.5
Chubu	16.1	13.9	2.1	14.6
Kinki	15.1	16.2	-1.2	16.5
Chugoku	6.7	6.0	0.7	5.6
Shikoku	3.2	3.3	-0.1	3.4
Kyushu	12.2	11.5	0.7	11.2

Notes: 1. Percent.

2. Based on the population of municipalities recorded in the Basic Resident Registers as of March 31, 2005.

3. Percentage points.

V. Complete Questionnaire and Results

Bold numbers refer to the rate of responses for each menu of choices against total respondents for each question (percent; the second decimal place is rounded off^{1,2}).

¹ Because of rounding, response ratios do not necessarily add up to 100 percent even for questions that allow for only one choice.

² Figures in parentheses represent results of the previous survey (December 2005).

Question 1

In your opinion, has the Japanese economy been improving or worsening compared with one year ago? (Choose one answer.)

- | | |
|-------------------------|----------------------|
| (a) Improving. | 22.0 (19.2) |
| (b) Remaining the same. | 61.9 (59.4) |
| (c) Worsening. | 15.9 (21.4) |

Question 2

With regard to Question 1, what makes you think so? (Choose up to two answers.)

- | | |
|---|----------------------|
| (a) Media reports. | 27.2 (27.0) |
| (b) Economic indicators and statistics. | 11.6 (11.8) |
| (c) Business performance of the company I work for, or of my own company. | 35.5 (34.4) |
| (d) Income level for myself or other family members. | 40.6 (38.6) |
| (e) Bustle of shopping streets and amusement quarters. | 27.7 (28.2) |
| (f) No reason in particular. | 18.3 (19.0) |
| (g) Other. | 3.3 (2.7) |

Question 3

How do you foresee economic conditions one year from now? (Choose one answer.)

- | | |
|---------------------------|----------------------|
| (a) Will improve. | 18.1 (18.0) |
| (b) Will remain the same. | 68.4 (65.0) |
| (c) Will worsen. | 13.1 (16.6) |

Question 4

What do you think about the current interest rate level? (Choose up to two answers.)

- | | |
|--|----------------------|
| (a) I hope it will stimulate business activity and thereby lead to an economic recovery. | 49.9 (42.3) |
| (b) Even at the current level, we cannot expect an economic recovery. | 29.1 (33.7) |
| (c) It has negatively affected my household due to the small amount of interest income on deposits and others. | 52.0 (53.5) |
| (d) I don't have many complaints because stable prices secure principal of deposit even though interest income is small. | 11.4 (10.3) |
| (e) Low interest rates are helpful in alleviating the financial burden because I am planning to apply for, or repay, a housing loan. | 13.1 (11.6) |
| (f) Other. | 3.6 (3.3) |

Question 5

How has your income (or other family members' income) changed from one year ago? (Choose one answer.)

- | | |
|----------------------------|-----------------------------|
| (a) Has increased. | 9.2 (7.2) |
| (b) Has remained the same. | 54.7 (53.9) |
| (c) Has decreased. | 36.1 (38.8) |

Question 6

What do you expect your income (or other family members' income) will be one year from now? (Choose one answer.)

- | | |
|---------------------------|-----------------------------|
| (a) Will increase. | 8.4 (6.8) |
| (b) Will remain the same. | 59.2 (57.7) |
| (c) Will decrease. | 32.2 (35.4) |

Question 7

How have you (or other family members) changed spending patterns compared with one year ago? (Choose one answer.)

- | | |
|---|-----------------------------|
| (a) Have increased. | 9.9 (7.1) |
| (b) Have neither increased nor decreased. | 53.2 (53.5) |
| (c) Have decreased. | 36.9 (39.3) |

If you chose (a) in Question 7, please answer Question 7-(a). If you chose (c), please answer Question 7-(b). Otherwise, please skip questions 7-(a) and 7-(b) and go on to Question 8.

Question 7-(a)

Why have you increased your (or other family members') spending? (Choose all applicable answers.)

- | | |
|---|-----------------------------|
| (a) Because my income has increased. | 19.3 (12.4) |
| (b) Because my income is likely to increase in the future. | 5.1 (4.8) |
| (c) Because tax cuts and other factors have lessened the household budget burden. | 4.0 (3.4) |
| (d) Because pension and social security payments are expected to increase. | 4.5 (3.4) |
| (e) Because of the asset value of real estate purchased, for example a house, has increased in value. | 1.1 (0.7) |
| (f) Because the value of purchased financial assets such as stocks and bonds has increased. | 4.5 (2.8) |
| (g) Because loan payment amounts have decreased due to low interest rates. | 0.6 (1.4) |
| (h) Because I decided not to buy a house (or else postponed plans). | 1.1 (-) |
| (i) Because there are goods and services I want to purchase. | 35.2 (29.7) |
| (j) Because I made a big purchase in the past twelve months. | 52.3 (61.4) |
| (k) No reason in particular. | 11.9 (11.7) |

Question 7-(b)

Why have you decreased your (or other family members') spending? (Choose all applicable answers.)

- | | |
|---|-----------------------------|
| (a) Because my income has not increased or has been decreasing due to recession or restructuring. | 35.1 (36.5) |
| (b) Because I fear a future job loss or decline in income. | 56.3 (51.6) |
| (c) Because I fear future cuts in pension and social security payments. | 65.8 (62.8) |
| (d) Because I fear a tax increase or rise in the social security burden in the future. | 49.5 (54.1) |
| (e) Because of the asset value of real estate purchased, for example a house, has decreased in value as I pay back housing loans. | 4.9 (4.3) |
| (f) Because the value of purchased financial assets such as stocks and bonds has decreased. | 0.9 (1.3) |
| (g) Because interest income has decreased due to low interest rates. | 21.1 (19.9) |
| (h) Because there are only few goods or services I want to purchase. | 7.2 (5.9) |
| (i) Because there happened to be no big purchases during the past twelve months. | 4.9 (5.1) |
| (j) No reason in particular. | 2.4 (3.6) |

(For all respondents.)

Question 8

Spending is divided into two categories, as shown below. Please select the best description of your spending attitude from (a) to (e) for each category of spending. (Choose one answer for each category.)

Category 1. Everyday spending such as on living and educational expenses

Category 2. Selective spending such as on hobby and leisure activities (spending other than category 1)

- | | Category 1 | Category 2 |
|--|-----------------------------|-----------------------------|
| (a) Have decreased spending. | 21.1 (23.5) | 29.2 (30.8) |
| (b) Have unintentionally decreased spending. | 22.8 (23.3) | 32.3 (32.2) |
| (c) Unchanged. | 37.8 (37.1) | 29.9 (29.3) |
| (d) Have unwillingly increased spending. | 16.7 (14.7) | 5.2 (5.0) |
| (e) Have increased spending. | 1.4 (0.8) | 3.2 (2.3) |

Question 9

Do you plan to increase or decrease your spending within the next twelve months? (Choose one answer.)

- | | |
|---|-----------------------------|
| (a) Will increase. | 3.0 (2.0) |
| (b) Will neither increase nor decrease. | 56.9 (58.5) |
| (c) Will decrease. | 39.9 (39.4) |

Question 10

What will be your incentive to spend? (Choose all applicable answers.)

- | | |
|--|---------------|
| (a) Income tax cut. | 47.5 (46.0) |
| (b) Tax incentive measures for those with housing or education loans. | 16.4 (15.7) |
| (c) Dispelled fears of unemployment or an income decline. | 46.3 (46.6) |
| (d) Improvement in the soundness of the financial system. | 13.1 (12.2) |
| (e) Presentation of specific examples of pension system and fiscal policy reform that clarify future public burden. | 41.0 (45.3) |
| (f) Dispelled life-after-retirement concerns through expansion of the nursing care system; for example, creation of a publicly financed nursing program. | 41.4 (45.1) |
| (g) Rise in interest rates on deposits. | 37.3 (35.5) |
| (h) Increased asset value of stocks and bonds purchased. ³ | 8.6 (8.4) |
| (i) Rise in prices. | 6.8 (6.4) |
| (j) Other. | 3.5 (3.8) |

Question 11

Which of the following best describes your spending attitude? (Choose up to two answers.)

- | | |
|---|---------------|
| (a) Basically, I spend more if my income increases. | 61.7 (59.4) |
| (b) It depends more on whether there is greater uncertainty over the future income level rather than the current level. | 43.5 (44.0) |
| (c) It depends on the forecast for developments in prices of goods and costs of services. | 10.1 (9.2) |
| (d) It depends on real estate price developments because I own a house and/or other real estate. | 2.6 (3.2) |
| (e) It depends on stock price developments because I have stocks and/or investment trusts. | 3.7 (3.2) |
| (f) It is affected by tax and social insurance premiums because they decrease/increase my actual income. | 43.3 (43.0) |
| (g) It depends on whether there are goods and services I want to purchase. | 13.6 (10.9) |

Question 12

How do you think prices¹ have changed compared with one year ago? (Choose one answer.)

- | | |
|-------------------------------------|---------------|
| (a) Have gone down significantly. | 1.1 (1.2) |
| (b) Have gone down slightly. | 12.2 (15.8) |
| (c) Have remained almost unchanged. | 57.1 (56.7) |
| (d) Have gone up slightly. | 26.0 (23.4) |
| (e) Have gone up significantly. | 3.4 (2.6) |

Note: 1. They are defined as overall prices of goods and services you purchase (hereafter the same).

If you chose (a) or (b) in Question 12, please answer Question 12-(a). If you chose (d) or (e), please answer Question 12-(b). For remaining respondents, please skip questions 12-(a) and 12-(b) and go on to Question 13.

Question 12-(a)

What is your opinion of the price decline? (Choose one answer.)

- | | |
|--|---------------|
| (a) Rather favorable. | 58.3 (51.2) |
| (b) Rather unfavorable. | 15.7 (19.9) |
| (c) Neither favorable nor unfavorable. | 25.5 (28.9) |

Question 12-(b)

What is your opinion of the price rise? (Choose one answer.)

- | | |
|--|-----------------------------|
| (a) Rather favorable. | 3.6 (3.0) |
| (b) Rather unfavorable. | 78.5 (79.4) |
| (c) Neither favorable nor unfavorable. | 17.6 (17.6) |

(For all respondents.)

Question 13

By what percent do you think the prices have gone up or down compared with one year ago? Please fill in the appropriate box below with a specific figure. If you think that they have been unchanged, please put a "0" in either box.

Compared with one year ago, the prices have

gone up about	<input type="text"/>	percent.
gone down about	<input type="text"/>	percent.

Average¹: **1.2 (0.8)** percent

Median²: **0.0 (0.0)** percent

Notes: 1. Calculated by excluding 0.5 percent of the highest and the lowest figures, respectively, in order to avoid extremes (the simple average is **1.3** percent). (The simple average of the last survey was **0.8** percent.)

2. The number that appears in the middle when the answers are listed in numerical order.

Question 14

In which direction do you think prices will move one year from now? (Choose one answer.)

- | | |
|-----------------------------------|-----------------------------|
| (a) Will go down significantly. | 0.2 (0.2) |
| (b) Will go down slightly. | 5.4 (6.0) |
| (c) Will remain almost unchanged. | 48.1 (46.4) |
| (d) Will go up slightly. | 43.5 (44.3) |
| (e) Will go up significantly. | 2.4 (2.4) |

Question 15

By what percent do you think the prices will go up or down one year from now? Please fill in the appropriate box below with a specific figure. If you think that they will be unchanged, please put a "0" in either box.

The prices one year from now will

go up	<input type="text"/>	percent	compared with the present.
go down	<input type="text"/>	percent	

Average¹: **2.1 (2.2)** percent

Median²: **0.0 (0.0)** percent

Notes: 1. Calculated by excluding 0.5 percent of the highest and the lowest figures, respectively, in order to avoid extremes (the simple average is **2.1** percent). (The simple average of the last survey was **2.3** percent.)

2. The number that appears in the middle when the answers are listed in numerical order.

In which direction do you think the prices will move over the next five years? (Choose one answer.)

- By what percent do you think the prices will go up or down per year on average over the next five years? Please fill in the appropriate box below with a specific figure. If you think that they will be unchanged, please put a "0" in either box.

23

Question 19-(a)

Why do you think your household circumstances have become better off? (Choose all applicable answers.)

- | | |
|--|-----------------------------|
| (a) Regular income, for example salary, has increased. | 51.9 (51.9) |
| (b) Other income such as interest income has increased. | 3.7 (1.5) |
| (c) Gained special income from sales of real estate such as land and houses. | 0.7 (0.7) |
| (d) Abandoned or postponed plans to purchase a house. | 0.7 (0.7) |
| (e) Prices have declined or remained stable. | 14.1 (14.8) |
| (f) The value of assets held such as stocks and real estate has increased. | 9.6 (8.9) |
| (g) The number of dependents in my family has decreased. | 21.5 (27.4) |
| (h) Other. | 23.0 (19.3) |

Question 19-(b)

Why do you think your household circumstances have become worse off? (Choose all applicable answers.)

- | | |
|---|-----------------------------|
| (a) Regular income, for example salary, has decreased. | 67.8 (66.8) |
| (b) Other income such as interest income has decreased. | 14.6 (17.9) |
| (c) Purchased or plan to purchase real estate such as land and houses. | 6.9 (8.0) |
| (d) Prices have increased. | 26.5 (23.1) |
| (e) The value of assets held such as stocks and real estate has declined. | 3.4 (3.3) |
| (f) The number of dependents in my family has increased. | 10.8 (12.5) |
| (g) Other. | 23.8 (22.7) |

(For all respondents.)

Question 20

How do you view the Japanese economy's growth potential? (Choose one answer.)

- | | |
|--|-----------------------------|
| (a) Has potential to grow in the long run, though there may be a temporary slowdown. | 22.3 (21.8) |
| (b) Is unlikely to grow in the long run. | 52.1 (54.0) |
| (c) Cannot say. | 25.4 (24.0) |

Question 21

In the past year, has the company you (or other family members) work for taken or planned to take restructuring measures related to salary payments and employment? (Choose one answer.)

- | | |
|--|-----------------------------|
| (a) Yes. | 22.9 (25.1) |
| (b) No, but it has been planning to do so in the future. | 10.9 (11.5) |
| (c) No, and it seems there is no plan to do so. | 29.9 (30.3) |
| (d) Don't know. | 35.9 (32.5) |

If you chose (a) or (b) in Question 21, please answer Question 21-(a). Otherwise, please skip Question 21-(a) and go on to Question 22.

Question 21-(a)

Specifically, what kind of restructuring measures were taken or are to be taken by the company for which you (or other family members) work? (Choose all applicable answers.)

- | | |
|--|-----------------------------|
| (a) Cut in overtime work. | 30.5 (33.2) |
| (b) Cut in salary and review of the wage system. | 61.7 (61.6) |
| (c) Restrained recruiting of new graduates. | 17.5 (17.5) |
| (d) Reduction in personnel through dispatching them to other companies and encouraging early retirement. | 30.3 (30.4) |
| (e) Reduction in job positions, as well as organizational reform. | 21.0 (21.8) |
| (f) Review of personnel or qualification system. | 21.3 (21.7) |
| (g) Introduction of worksharing. | 5.0 (4.6) |
| (h) Other. | 8.0 (5.5) |
| (i) Restructuring is planned but don't know the details. | 6.3 (6.2) |

(For all respondents.)

Question 22

Are you worried about your (or other family members') employment or work arrangements (pay, job position, and benefits) at the current workplace? (Choose one answer.)

- | | All respondents | Workers ¹ |
|--|-----------------------------|-----------------------------|
| (a) Not particularly worried. | 18.3 (15.4) | 19.2 (17.4) |
| (b) Slightly worried. | 41.7 (43.1) | 49.2 (51.5) |
| (c) Quite worried. | 23.9 (23.4) | 27.9 (27.3) |
| (d) Has no relevance to me or my family. | 15.7 (17.4) | 3.6 (3.8) |

Note: 1. Workers are company employees, civil servants, other types of employees, or part-timers.

Question 23

Are you (or other family members) thinking of looking for a new job or otherwise re-entering the workforce? (Choose one answer.)

- | | |
|----------|-----------------------------|
| (a) Yes. | 33.4 (32.6) |
| (b) No. | 66.6 (67.1) |

If you chose (a) in Question 23, please answer Question 23-(a). Otherwise, please skip Question 23-(a) and go on to Question 24.

Question 23-(a)

Are you (or other family members) worried about looking for a new job or re-entering the workforce? (Choose one answer.)

- | | |
|-------------------------------|-----------------------------|
| (a) Not particularly worried. | 7.8 (10.0) |
| (b) Slightly worried. | 45.0 (41.8) |
| (c) Quite worried. | 47.2 (48.2) |

(For all respondents.)

Question 24

Do you have any concrete plans to purchase a house, or sell your current house and buy another? (Choose one answer.)

- | | |
|--|-----------------------------|
| (a) No such plans at present. | 92.3 (92.9) |
| (b) Plan to purchase a house for the first time. | 4.0 (3.2) |
| (c) Plan to sell a house and buy another. | 2.9 (3.0) |
| (d) Plan to buy a second house. | 0.6 (0.6) |

Question 25

Are you repaying loans such as a housing or consumer loan? (Choose one answer.)

- (a) Yes. **36.0** (**33.2**)
 (b) No. **63.9** (**66.5**)

Questions 26 to 31 ask about your knowledge of the Bank of Japan (hereafter "the Bank").

(For all respondents.)

Question 26

The following three items are explanations of **price stability**, which is one of the two objectives of the Bank. Please choose the most applicable level of your knowledge relative to these items. (Choose one answer for each.)

- (a) Have knowledge of it.
 (b) Have heard of it, but do not have detailed knowledge.
 (c) Have never heard of it.

		(a)	(b)	(c)
(1)	One objective of the Bank is to maintain price stability.	24.8 (25.3)	39.5 (39.0)	35.6 (35.3)
(2)	With regard to current monetary policy, the Bank conducts a so-called "quantitative easing policy," in which current account balances at the Bank rather than interest rates are adopted as the Bank's main operating target.	16.6 (15.3)	36.2 (34.9)	47.0 (49.4)
(3)	The Bank is committed to continuing the quantitative easing policy until the year-on-year rate of change in the consumer price index (excluding fresh food, on a nationwide basis) registers zero percent or higher on a sustainable basis.	8.1 (6.4)	28.0 (28.3)	63.6 (64.8)

Question 27

The following four items are explanations of **financial system stability**, which is one of the two objectives of the Bank. Please choose the most applicable level of your knowledge relative to these items. (Choose one answer for each.)

- (a) Have knowledge of it.
 (b) Have heard of it, but do not have detailed knowledge.
 (c) Have never heard of it.

		(a)	(b)	(c)
(1)	One objective of the Bank is to maintain financial system stability.	36.4 (35.5)	37.3 (35.7)	26.0 (28.5)
(2)	The Bank provides safe settlement instruments with the highest settlement finality, such as banknotes and current accounts at the Bank, and operates its own funds transfer system and settlement system for Japanese government bonds.	26.2 (25.2)	39.7 (38.9)	33.7 (35.5)
(3)	The Bank can extend loans such as special loans to financial institutions in order to ensure financial system stability.	28.2 (27.0)	38.2 (36.5)	33.3 (36.1)
(4)	The Bank conducts on-site examinations and visits to financial institutions.	19.2 (22.4)	35.1 (32.3)	45.4 (44.9)

Question 28

Please describe how steadily the new series of Bank of Japan notes issued in November 2004 has become widely used in your daily life. (Choose one answer.)

- | | |
|---|-----------------------------|
| (a) Has become widely used. | 52.9 (56.3) |
| (b) Has generally become widely used. | 24.6 (24.8) |
| (c) Cannot say. | 16.5 (13.8) |
| (d) Has not generally become widely used. | 3.1 (2.8) |
| (e) Has not become widely used. | 2.4 (2.2) |

If you chose (d) or (e) in Question 28, please answer Question 28-(a). Otherwise, please skip Question 28-(a) and go on to Question 29.

Question 28-(a)

Why do you think that the new series of Bank of Japan notes has not become widely used in your daily life? (Choose up to two answers.)

- | | |
|--|-----------------------------|
| (a) Because there are few chances to receive it as change. | 56.7 (55.9) |
| (b) Because there are few chances to receive it at automated teller machines (ATMs) upon withdrawal. | 40.2 (32.4) |
| (c) Because there are few vending machines that accept it. | 30.9 (26.5) |
| (d) Because old banknotes are still familiar. | 16.5 (17.6) |
| (e) Other. | 12.4 (9.8) |

(For all respondents.)

Question 29

How do you view the condition of the new series of Bank of Japan notes that you use in your daily life? (Choose one answer. This question is new to the survey.)

- (a) Is becoming worn.
 (b) Is becoming somewhat worn.
 (c) Cannot say.
 (d) Is relatively clean.
 (e) Is clean.

	(a)	(b)	(c)	(d)	(e)
(1) 10,000 yen note	1.5	7.8	20.4	49.4	20.8
(2) 5,000 yen note	2.7	11.3	25.6	43.9	16.5
(3) 1,000 yen note	10.7	24.4	27.9	28.9	8.0

Question 30

The following table indicates five pairs of contrasting views on the Bank. Toward which end, A or B, is your view closer? (Choose one answer for each pair.)

- (a) Close to A.
- (b) Somewhat closer to A.
- (c) Neither A nor B.
- (d) Somewhat closer to B.
- (e) Close to B.

	A	(a)	(b)	(c)	(d)	(e)	B
(1)	I know about the Bank's policy and operations.	4.2 (1.7)	17.0 (10.5)	19.8 (19.4)	30.6 (30.7)	28.1 (37.1)	I do not know about the Bank's policy and operations.
(2)	The Bank is related to our lives.	18.9 (20.3)	33.9 (32.1)	27.2 (26.3)	11.7 (11.9)	7.9 (8.6)	The Bank is not related to our lives.
(3)	The Bank is contributing to our lives.	11.4 (11.1)	23.7 (24.2)	46.7 (45.4)	10.3 (10.7)	7.4 (7.9)	The Bank is not contributing to our lives.
(4)	The Bank gives clear explanations to the public.	1.1 (0.3)	2.8 (2.0)	39.4 (43.4)	27.6 (26.0)	28.9 (27.5)	The Bank's explanations to the public are not clear enough.
(5)	I have confidence in the Bank.	13.0 (12.8)	19.8 (22.0)	55.9 (54.6)	7.3 (6.1)	3.6 (3.8)	I do not have confidence in the Bank.

If you chose (d) or (e) in Question 30-(4), please answer Question 30-(a). If you chose (a) or (b) in Question 30-(5), please answer Question 30-(b), but if you chose (d) or (e), please answer Question 30-(c). Otherwise, please skip questions 30-(a), 30-(b), and 30-(c) and go on to Question 31.

Question 30-(a)

Why do you think the Bank's explanations are unclear? (Choose up to two answers.)

- (a) Terms used in the Bank's explanations are too technical and difficult. **25.4** (**26.0**)
- (b) Lack of basic knowledge about the Bank. **51.7** (**51.8**)
- (c) Have difficulty understanding the mechanism of the financial system and the economy rather than the Bank itself. **30.0** (**30.0**)
- (d) Have never had the opportunity to read or hear the Bank's explanations. **47.0** (**45.5**)
- (e) Do not know where to look in order to obtain information about the Bank.¹ **22.0** (**19.9**)
- (f) The Bank's web site is inconvenient. **0.8** (**0.6**)
- (g) Other. **1.9** (**2.4**)

Question 30-(b)

Why do you have confidence in the Bank? (Choose up to two answers.)

- | | |
|---|-----------------------------|
| (a) Because I support the Bank's policy. | 32.0 (33.2) |
| (b) Because the Bank is active. | 6.5 (5.2) |
| (c) Because I understand the content and intention of the Bank's policy well. | 7.4 (5.2) |
| (d) Because the Bank is a neutral organization. | 56.9 (51.1) |
| (e) Because the Bank's staff members are kind and pleasant. | 1.9 (1.6) |
| (f) Because of the sincere and solid impression of the Bank. | 32.6 (32.2) |
| (g) Other. | 7.7 (10.1) |

Question 30-(c)

Why do you not have confidence in the Bank? (Choose up to two answers.)

- | | |
|---|-----------------------------|
| (a) Because I am against the Bank's policy. | 2.1 (2.5) |
| (b) Because the Bank is not active. | 7.7 (11.4) |
| (c) Because I cannot understand the content and intention of the Bank's policy. | 65.5 (57.9) |
| (d) Because the Bank is distant and unfamiliar. | 73.7 (60.9) |
| (e) Because the Bank's staff members are inhospitable and unpleasant. | 2.1 (3.5) |
| (f) Because the Bank seems to be undependable. | 4.6 (5.9) |
| (g) Other. | 5.2 (9.9) |

Question 31

Please freely give us your comments or express wishes relative to the Bank's policy and/or operations.

- | | |
|--------------------------|-----------------------------|
| (a) Offered comments. | 16.9 (16.4) |
| (b) Offered no comments. | 83.1 (83.6) |

This last set of questions asks about you and your household. Although these include questions of a personal nature, they are only used for analyzing the survey results and we would be very grateful for your responses.

(For all respondents.)

Q1

Are you male or female? (Choose one answer.)

- | | |
|-------------|---------------|
| (a) Male. | 49.9 (49.7) |
| (b) Female. | 50.1 (50.3) |

Q2

What age group are you in? (Choose one answer.)

- | | |
|------------|---------------|
| (a) 20–29. | 11.3 (10.5) |
| (b) 30–39. | 16.9 (17.9) |
| (c) 40–49. | 17.8 (17.9) |
| (d) 50–59. | 22.1 (23.0) |
| (e) 60–69. | 18.7 (17.6) |
| (f) 70–. | 13.3 (13.1) |

Q3

What is your field of occupation? (Choose one answer.)

Self-employed or working for a family business

- | | |
|---|---------------|
| (a) Agriculture, forestry, and fisheries. | 3.0 (2.9) |
| (b) Self-employed, working for a family business, or professional worker. | 11.8 (13.4) |

All other workers

- | | |
|---|---------------|
| (c) Company employee, civil servant, or other type of employee. | 38.6 (36.0) |
| (d) Part-timer. | 12.7 (14.4) |

Unemployed

- | | |
|--------------------------|---------------|
| (e) Full-time homemaker. | 13.4 (13.6) |
| (f) Student. | 1.8 (1.4) |
| (g) Pensioner. | 14.6 (14.6) |
| (h) Other. | 3.8 (3.1) |

Q4

How much income did you (and your partner) earn last year? (Annual income before deducting taxes; excludes temporary income such as retirement allowance and income from land sales, but includes pensions.) (Choose one answer.)

- | | |
|---|---------------|
| (a) No income. | 4.8 (5.8) |
| (b) Less than 3 million yen. | 39.1 (38.5) |
| (c) 3 million or more but less than 5 million yen. | 25.3 (24.9) |
| (d) 5 million or more but less than 10 million yen. | 21.6 (22.0) |
| (e) 10 million yen or greater. | 6.1 (4.4) |

Q5

How large is your family? (Choose one answer.)

- | | |
|---|---------------|
| (a) Live by myself (single-person household). | 5.9 (7.4) |
| (b) Myself and my partner (married-couple household). | 25.1 (24.0) |
| (c) Nuclear family (two-generation family). | 51.7 (51.2) |
| (d) Extended family (three-generation family). | 15.8 (14.8) |
| (e) Other. | 1.0 (1.9) |