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Bank of Japan

Monthly Report of Recent Economic and Financial Developments

August 2015

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Summary

Japan's economy has continued to recover moderately.

Overseas economies -- mainly advanced economies -- have been recovering, albeit with a lackluster performance still seen in part. In this situation, exports and industrial production have been picking up, albeit with some fluctuations. Business fixed investment has been on a moderate increasing trend as corporate profits have improved. Against the background of steady improvement in the employment and income situation, private consumption has been resilient and housing investment has been picking up. Meanwhile, public investment has entered a moderate declining trend, although it remains at a high level.

With regard to the outlook, Japan's economy is expected to continue recovering moderately.

Exports are expected to increase moderately, albeit with some fluctuations, mainly against the background of the recovery in overseas economies. As for domestic demand, public investment is expected to continue its moderate declining trend, albeit maintaining a somewhat high level. Business fixed investment is projected to continue increasing moderately as corporate profits follow their improving trend. Private consumption is expected to remain resilient with the employment and income situation continuing to improve steadily. Housing investment is projected to continue picking up. Reflecting these developments in demand both at home and abroad, industrial production is expected to increase moderately, albeit with some fluctuations.

Meanwhile, risks to the outlook include developments in the emerging and commodity-exporting economies, the prospects regarding the debt problem and the

[1] This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on August 6 and 7, 2015.

momentum of economic activity and prices in Europe, and the pace of recovery in the U.S. economy.

On the price front, producer prices are more or less flat relative to three months earlier, reflecting movements in international commodity prices, and the year-on-year rate of increase in consumer prices (all items less fresh food) is about 0 percent. Inflation expectations appear to be rising on the whole from a somewhat longer-term perspective.

With regard to the outlook, producer prices are expected to be more or less flat for the time being, reflecting movements in international commodity prices, and the year-on-year rate of increase in consumer prices is likely to be about 0 percent for the time being, due to the effects of the decline in energy prices.

Financial conditions are accommodative.

The monetary base has increased significantly as asset purchases by the Bank of Japan have progressed, and the year-on-year rate of growth has been in the range of 30-35 percent.

Firms' funding costs have been hovering at low levels. With regard to credit supply, firms have continued to see financial institutions' lending attitudes as being on an improving trend. Issuing conditions for CP and corporate bonds have continued to be favorable. Firms' credit demand has been increasing moderately, mainly for working capital and funds related to mergers and acquisitions. Against this backdrop, the year-on-year rate of increase in the amount outstanding of bank lending has been at around 2.5 percent. The year-on-year rate of change in the amount outstanding of CP and corporate bonds has been positive. Firms' financial positions have been favorable. Meanwhile, the year-on-year rate of growth in the money stock has been in the range of 3.5-4.0 percent.

The weighted average of the overnight call rate has been below the 0.1 percent level, and interest rates on term instruments have been more or less unchanged.

Meanwhile, the value of the yen against the U.S. dollar, long-term interest rates, and stock prices have remained at more or less the same levels as last month.

1. Economic Developments

Public investment has entered a moderate declining trend, although it remains at a high level. The amount of public construction completed—which reflects the progress of public works—was roughly flat in the fourth quarter last year on a quarter-on-quarter basis, and fell slightly in the first quarter, followed by an increase in April-May relative to the first quarter (Chart 5). The value of public works contracted—a measure that reflects public orders—declined for three quarters in a row from the third quarter, followed by a somewhat sharp increase in the second quarter.[2]

Public investment is expected to continue its moderate declining trend, albeit maintaining a somewhat high level.[3]

Real exports have been picking up, albeit with some fluctuations (Charts 6[1] and 7). They increased for three quarters in a row since the third quarter last year and fell in the second quarter. On a monthly basis, real exports moved slightly upward in June, after declining significantly in May. Exports are considered to continue picking up compared to a while ago, supported in part by the effects of movements in foreign exchange rates. Recently, however, exports have shown sluggishness due to the effects of the slowdown in overseas economies toward around the spring. Looking at movements in exports by region (Chart 7[1]), exports to the United States decreased in the second quarter, after exhibiting solid growth for three consecutive quarters since the third quarter last year. Recent movements show that growth in exports to the United States has paused as a whole due to the decline in capital goods and parts, affected mainly by the slump in energy-related investment in the United States, and also possibly in part by fluctuations of motor vehicles and their related goods. Exports to the EU turned upward in the first quarter, after declining in the fourth quarter, but moved down again in the second quarter. Exports to China

[2] The increase in the value of public works contracted in the second quarter seems to be attributable to a temporary factor: among public works for which orders had already been received by construction firms, time prepayments for projects with construction periods extending over a couple of fiscal years were concentrated.

[3] Public construction, included in the "Emergency Economic Measures" based on the supplementary budget for fiscal 2014, is expected to underpin public investment in the future to a certain degree.

dropped in the first quarter and continued to decline in the second quarter, mainly in motor vehicles and their related goods and in capital goods and parts, as a reflection of the slowdown in the Chinese economy. Exports to NIEs—which had been picking up since last fall, mainly in IT-related goods and in capital goods and parts—went down in the second quarter; those to ASEAN dropped sharply in the second quarter, after increasing for two consecutive quarters in the fourth quarter last year and in the first quarter. The recent weakness in exports to NIEs and ASEAN is highly attributable to the slack in domestic demand in these regions as well as to the spillover of the economic slowdown in China. Meanwhile, exports to Others—which had continued to move moderately upward since the second quarter last year, supported in part by movements in foreign exchange rates—have recently shown somewhat weak movements, chiefly in capital goods and parts. By goods (Chart 7[2]), exports of motor vehicles and their related goods have continued to be more or less flat on average since the second half of last year, although the effects of short-term fluctuations have recently been seen. Exports of IT-related goods increased for five quarters in a row through the fourth quarter, mainly in parts for smartphone products, supported partly by movements in foreign exchange rates, but they have recently shown a temporary decrease due to the slowdown in the Chinese economy and to smartphones undergoing a transitional phase prior to the introduction of new products. Exports of capital goods and parts—which had trended moderately upward against the backdrop of the recovery in business fixed investment in the United States and of the firmness in global IT-related demand—have recently shown somewhat sluggish movements, mainly in construction machinery associated with natural resources, machine-tools for working metals, and semiconductor products machinery. Exports of intermediate goods, including chemicals as well as iron and steel products, have been on a moderate uptrend since last fall, supported in part by movements in foreign exchange rates, but they have recently shown somewhat weak movements.

Real imports have continued their moderate increasing trend mainly as a reflection of movements in domestic demand (Charts 6[1] and 9). Real imports fell in the second quarter, after increasing for three consecutive quarters since the third quarter last year. Looking at movements in imports by goods (Chart 9[2]), those of consumer goods have continued to pick up as a trend since the third quarter, but they declined somewhat sharply in the second quarter, notably in textile products. Imports of IT-related goods—which surged in the fourth quarter, partly due to the increase in imports of new smartphone products—have fallen back since the first quarter. Imports of capital goods and parts have continued to pick up as a trend, albeit with some fluctuations, mainly as a reflection of developments in business fixed investment at home. Imports of intermediate goods—which have been affected by the pick-up in production activity at home with some time lag—have trended upward since the turn of the year. Meanwhile, exports of raw materials have stayed more or less flat since the second half of last year, with the fluctuations smoothed out.

Net exports—in terms of the real trade balance—have continued an improving trend, after bottoming in the first quarter last year, albeit with some fluctuations (Chart 6[1]). Looking at movements in the nominal current account balance on a quarterly basis (Chart 6[2] and [3]), the surplus of the current account balance has continued its clear expanding trend since the fourth quarter of last year onward, due to (i) the ongoing surplus in primary income balance, (ii) the improvement in travel balance, and (iii) the improvement in trade balance as a result of the pick-up in exports and the decline in crude oil prices.

Regarding the environment surrounding exports, overseas economies—mainly advanced economies—have been recovering, albeit with a lackluster performance still seen in part (Chart 8[2]). Looking at movements by major region, the U.S. economy has continued to recover, assisted by household spending, although adjustments have been seen in the industrial production sector, mainly on the back of the decline in crude oil prices and the appreciation of the U.S. dollar. The European economy has been on a moderate recovery trend. The Chinese economy has maintained its stable growth as a trend; however, downward pressure from an overhang of production capacities in the manufacturing sector and from adjustments in the real estate market has been in place. Emerging economies apart from China and the commodity-exporting economies have shown sluggish growth as a whole, due in part to the effects of the slowdown in the Chinese economy. As for the exchange rate, the yen has depreciated mainly against the U.S. dollar; in terms of the real effective exchange rate, the yen has depreciated to the level last recorded in 1973, below that of around 2007 (Chart 8[1]).

Overseas economies, mainly advanced economies, are expected to continue recovering moderately. The aforementioned movements in foreign exchange rates are also projected to continue underpinning exports, including those of services such as travel. By major region, the U.S. economy is expected to continue its recovery centered on the private sector. The European economy is projected to continue its moderate recovery trend, but attention should continue to be paid to such issues as the outcome of its debt problem, including the developments in Greece, and the effects of the slowdown in the Russian economy. The Chinese economy is likely to remain stable on the whole, as the authorities are expected to take account of both the promotion of structural adjustments and the support of economic activity. The slowdown of the economy, however, may possibly continue for the time being. Emerging economies apart from China and the commodity-exporting economies might continue to exhibit subdued growth, mainly due to the weakness in commodity prices and to the effects of geopolitical risks as well as to the effects of the slowdown in the Chinese economy, although the recovery in advanced economies is basically expected to exert positive effects gradually.

Taking the above into consideration, exports are expected to increase moderately, albeit with some fluctuations, mainly against the background of the recovery in overseas economies. Imports are projected to continue their moderate increasing trend, largely as a reflection of movements in domestic demand, although movements in foreign exchange rates are expected to exert downward pressure on imports. Considering these developments in exports and imports, net exports are projected to be on a moderate improving trend, albeit with some fluctuations.

Business fixed investment has been on a moderate increasing trend as corporate profits have improved. The aggregate supply of capital goods—a coincident indicator of machinery investment—on a basis excluding transport equipment has been trending moderately upward, albeit with fluctuations (Chart 10[1]). As for leading indicators, machinery orders (private sector, excluding orders for ships and those from electric power companies)—a leading indicator of machinery investment—have increased at a moderate pace, notably in manufacturing; they went up in April-May as well relative to the first quarter, after increasing for three consecutive quarters since the third quarter last year (Chart 11[1]). Machinery orders of nonmanufacturing—which had continued to be relatively weak since last spring—have trended moderately upward again since the first quarter, mainly in transport and postal activities and in finance and insurance. Construction starts (floor area, private, nondwelling use)—a leading indicator of construction investment—had shown some weakness since the start of last year, mainly in nonmanufacturing, but they have started to pick up again, albeit with fluctuations, since the turn of the year (Chart 11[2]).

Regarding the environment surrounding business fixed investment, corporate profits have continued to improve. As for the outlook, corporate profits are expected to continue their improving trend, supported by the increase in domestic and foreign demand as well as by the decline in crude oil prices and movements in foreign exchange rates.

Taking the above into consideration, business fixed investment is projected to continue increasing moderately as corporate profits follow their improving trend.

Private consumption has been resilient against the background of steady improvement in the employment and income situation (Chart 12). Consumption of goods—as seen through sales at retail stores in real terms (Chart 13[1])—dropped in the first quarter, mainly as a reflection of movements in automobiles, after increasing for two quarters in a row since the third quarter last year as the effects of the subsequent decline in demand following the front-loaded increase dissipated. It also fell slightly in the second quarter, affected partly by irregular weather. Meanwhile, looking at consumption of durable consumer goods (Chart 13[2]), the number of new passenger-car registrations has marked a somewhat large decline since the first quarter, after increasing for two straight quarters in the third and fourth quarters last year, reflecting movements in small cars.[4] On a basis excluding small cars, it moved upward in the second quarter, after staying more or less flat since the third quarter last year, but went down in July relative to the second quarter—mainly in passenger cars

[4] Sales of small cars with engine sizes of 660cc or less registered somewhat high growth until the fourth quarter, mainly due to aggressive sales promotions by the automobile industry, but they have fallen back sharply since the turn of the year in response to prior increases. The upsurge in demand followed by the subsequent decline as a result of the tax hike on small cars in April also seem to have caused large fluctuations in sales of small cars during this period.

with engine sizes ranging from 660cc to 2000cc—partly since consumers, awaiting the introduction of new models, deferred their purchases. Sales of household electrical appliances in real terms have trended moderately upward since the third quarter last year, supported by increased sales of smartphone products and those to foreign visitors to Japan. Recently, however, these sales have shown somewhat weak movements, due mainly to lackluster sales of air conditioners as a result of irregular weather. Sales at department stores fell in the second quarter, after registering quarter-on-quarter increases for three consecutive quarters since the third quarter last year. As a trend, sales have been firm, assisted in part by the wealth effects as a result of the rise in stock prices, improvement in consumer sentiment and furthermore, increased sales to foreign visitors to Japan; the decline in the second quarter seems to be affected by irregular weather and by the shift in the timing of summer clearance sales to July (Chart 14[1]). Sales at supermarkets—which turned upward in the first quarter on a quarter-on-quarter basis for the first time in two quarters, supported by the improvement in consumer confidence and a success in sales promotions by supermarkets to some extent—kept moving upward in the second quarter. Sales at convenience stores have continued to show their moderate increasing trend. Meanwhile, as for consumption of services (Chart 14[2]), outlays for travel have been firm in domestic travel, although those in overseas travel have fallen, affected mainly by movements in foreign exchange rates as well as by concern over terrorism. Sales in the food service industry have remained steady as a trend, disregarding the effects of issues related to contamination of some food items and other factors.

As for statistics on the demand side, consumption expenditure in the *Family Income and Expenditure Survey* (in real terms; two-or-more-person households) shows that the index on an "excluding housing, purchase of vehicles, money gifts and remittance" basis (Chart 13[1])—which is compiled so as to make it similar to items used for estimating GDP—had tended to pick up moderately since the third quarter last year, but it declined in the second quarter.[5]

[5] As for the *Survey of Household Economy*, survey items and collection methods were revised in January.

Looking at indicators related to consumer confidence, the consumer confidence index has continued to improve since December last year, and the level has been surpassing that of around last summer (Chart 15).

Private consumption is expected to remain resilient with the employment and income situation continuing to improve steadily.

Housing investment has been picking up. The number of housing starts—a leading indicator of housing investment—has picked up markedly since the start of the year onward; it posted 958,000 units in the second quarter (on a seasonally adjusted, annual basis), moving up to a level last seen in the fourth quarter of 2013 (Chart 16[1]).

Housing investment is projected to continue picking up with the employment and income situation continuing to improve steadily, also supported by accommodative financial conditions.

Industrial production has been picking up, albeit with some fluctuations (Chart 17). Industrial production dropped in the second quarter, after increasing for two consecutive quarters in the fourth quarter last year and in the first quarter. Firms' production activity basically appears to be picking up, but the effects of the slowdown in overseas economies toward around the spring as well as the somewhat prolonged inventory adjustments of small cars seem to have given impetus to the recent sluggishness. Looking at quarterly movements by industry, production of transport equipment fell in the second quarter, mainly due to inventory adjustments of small cars and to the sluggishness in exports bound for Asia, after it rose in the first quarter on the back of the subsequent decline in demand following the front-loaded increase having come to a halt and increased shipments to North America. Production of iron and steel has continued to decline of late, against the background of the spillover of the production cutbacks in small cars and the deterioration of supply and demand conditions in Asia as well as of inventory adjustments in line with these movements. Production of general-purpose, production and business oriented machinery has continued its moderate increasing trend, albeit with fluctuations, in light of developments in business fixed investment at home, but the effects of the slowdown in overseas economies have also recently been manifested, notably in cutting machinery and semiconductor products machinery. Production of electronic parts and devices has continued to trend upward, supported by movements in foreign exchange rates, but it has recently grown at a subdued pace, affected by the slowdown in the Chinese economy and by the effects of smartphones undergoing a transitional phase prior to the introduction of new products. Meanwhile, production of chemicals has been on a moderate increasing trend with the fluctuations smoothed out, although it dipped temporarily in the second quarter due to the effects of periodic repairs at facilities associated with petroleum and chemicals and in response to increased cosmetics in the first quarter.

Shipments declined in the second quarter, after increasing for two quarters in a row in the fourth quarter last year and in the first quarter (Chart 17[1]). By goods, shipments of capital goods have trended moderately upward as a whole, as a reflection of movements in business fixed investment at home, despite being affected by the sluggishness in overseas demand. Shipments of non-durable consumer goods have also been on a moderate uptrend, mainly in food and beverage. In contrast, the pick-up in shipments of durable consumer goods has recently paused, due to the effects of the decline in shipments of small cars to the domestic market and of large passenger cars to Asia. Shipments of construction goods have been more or less flat, with the fluctuations smoothed out, as movements were mixed with the pick-up in housing investment on the one hand, and the decline in public investment on the other. Meanwhile, shipments of producer goods—which had been on a moderate uptrend until the first quarter, mainly in electronic parts and devices—were relatively weak in the second quarter, due mainly to the decline in shipments of iron and steel and of motor vehicle parts.

Inventories have stayed at a somewhat high level (Chart 17[1]). The inventory ratio shows that inventories have still remained elevated, although they have been below the recent peak of around the middle of last year. By goods, inventories of capital goods have recently increased noticeably, mainly in engineering and construction machinery. In contrast, inventories of consumer goods have been on a moderate downtrend as a whole, although those of small cars and other goods have remained high; inventories of construction goods have also trended downward.

Meanwhile, inventories of production goods have been more or less flat. As for the shipment-inventory balance (year-on-year rate of change in shipments less that in inventories), growth in inventories has marginally outpaced that in shipments (Chart 18[2]). By goods, growth in inventories of capital goods and durable consumer goods has outpaced that in shipments, whereas growth in inventories of non-durable consumer goods and construction goods has been below that in shipments. Meanwhile, growth in inventories of producer goods has been generally balanced with that in shipments.

Reflecting these developments in demand both at home and abroad, industrial production is expected to increase moderately, albeit with some fluctuations. Based on anecdotes by firms and on other information, industrial production in the third quarter is expected to resume its increase. By industry, production of transport equipment is expected to turn slightly upward due to firm demand for North America, as well as to the progress in inventory adjustments, including those of small cars for the domestic market. Production of general-purpose, production and business oriented machinery is expected to return to a moderate increase as a reflection of developments in business fixed investment at home and abroad. Production of chemicals is forecasted to turn upward, assisted mainly by the expansion of inbound demand for cosmetics. Meanwhile, production of electronic parts and devices is expected to move downward, primarily in those for overseas smartphone products; production of iron and steel is expected to show a slight decline, partly due to the deterioration in demand and supply conditions in Asia.

As for the employment and income situation, supply and demand conditions in the labor market have continued to improve steadily, and employee income has increased moderately.

As for supply and demand conditions in the labor market, the unemployment rate stood at 3.4 percent in June, after falling to 3.3 percent in April and May, a level last seen in April 1997; it has continued a moderate improving trend, with the fluctuations smoothed out (Chart 19). New job openings have trended upward, albeit with fluctuations, since the fourth quarter last year. Amid these developments, the ratio of new job openings has continued its clear uptrend; it stood at 1.78 in May and June, recording a high level last seen in February 1992. As for the active job openings-to-applicants ratio, the improving trend has recently become evident; it recorded 1.19 in May and June, a high level on par with that in March 1992. Non-scheduled hours worked inched upward in manufacturing as a reflection of production activity, but in terms of all industries, they have been roughly flat or have weakened marginally.

In terms of employment, the year-on-year rate of increase in the number of employees in the *Labour Force Survey* has been moving in the range of 0.5 percent to around 1.0 percent, with the fluctuations smoothed out (Chart 21[1]). The number of regular employees in the *Monthly Labour Survey* has continued to register somewhat high growth at about 2 percent.

Total cash earnings per employee have risen moderately, albeit with fluctuations (Chart 21[2]).[6] Scheduled cash earnings on a year-on-year basis have increased moderately as a whole since the rate of increase in scheduled cash earnings of full-time employees has accelerated at a moderate pace, mainly due to the effects of the rise in base wages, with the effects of downward pressure on earnings stemming from the increase in the ratio of part-time workers tending to wane moderately (Chart 20[3]). The year-on-year rate of change of non-scheduled cash earnings has recently registered a slight negative, as a reflection of movements in the number of hours worked. Special cash earnings in June (preliminary figures) plunged to a year-on-year decline of 6.5 percent, possibly due to the effects of fluctuations caused by changes in the timing of bonus payments.[7] These fluctuations in special cash earnings have also weighed down on hourly cash earnings of overall employees and monthly cash earnings of full-time employees per employee (Chart 20[1] and [2]).

[6] In the *Monthly Labour Survey*, samples for establishments with 30 or more employees—subject to replacement every few years—were replaced from the January 2015 final report. Replacements are carried out in terms of wages and hours worked by revising the current gap between the old and new survey results retroactively to the time of the previous replacement. As a result, the year-on-year growth of total cash earnings from February 2012 onward was revised downward by about 0.3 percentage points on average.

[7] In establishments with 30 employees or more, the ratio of establishments who paid out bonuses in June was 37.7 percent, marking a level lower than that of 41.9 percent in the previous year.

Employee income has risen moderately, as a reflection of the aforementioned developments in employment and wages (Chart 21[3]).

As for the outlook, employee income is expected to continue increasing moderately, in line with the recovery in economic activity and business performance.

2. Prices

International commodity prices—which had moved up moderately from their bottom at the start of this year with some fluctuations, after continuing to fall significantly from the summer last year—have recently declined again, mainly in view of decreased demand in line with the slowdown in emerging economies (Chart 23[1] and [3]). Prices of crude oil had trended upward since the start of the year, albeit with some fluctuations, after declining sharply against the background of the slack in supply and demand conditions worldwide; recently, however, they have moved downward again, in view of decreased demand in line with the slowdown in emerging economies as well as of increased supply-side factors such as a possible expansion in crude oil exports by Iran and a pick-up in the number of oil drilling rigs in the United States. Prices of nonferrous metals have recently fallen, with subdued growth in emerging economies, including China, tending to weigh down on these prices. Prices of grains—which had shown somewhat strong movements since the start of June in view of the drop in the amount of crop caused by the heavy rain in the United States, after continuing to show somewhat weak movements since the end of last year—have recently bounced back as a result of improved weather conditions.

Import prices (on a yen basis) have basically leveled off relative to three months earlier, as a reflection of movements in international commodity prices and foreign exchange rates (Chart 23[2]).

Producer prices (adjusted to exclude the effects of seasonal changes in electricity rates, same hereafter) are more or less flat relative to three months earlier, reflecting movements in international commodity prices (Chart 24[2]).[8] The three-month rate of change in producer prices was more or less flat in June and stood at 0.1 percent, after having increased for two months in a row since April. Looking in detail at producer price movements, prices of "goods sensitive to exchange rates and overseas commodity prices" have reduced their rate of increase, since petroleum & coal products (including gasoline and kerosene) and nonferrous metals (unwrought copper, etc.) grew at a slower pace. Prices of "other materials" have inched somewhat downward, due to the decline mainly in chemicals & related products (benzene). Prices of electric power, gas & water have fallen as a result of a reduction in prices of fuel surcharges for electric power and gas. Prices of "iron & steel and construction goods"—which had continued to decline since fall last year—have reduced their pace of decline since April, assisted in part by price increases in metal products (steelworks) and scrap & waste (iron & steel scrap). Prices of "others" have been positive, due mainly to the increase in food prices (such as yogurt) on the back of a pass-through of costs. Meanwhile, prices of "machinery" have continued to be more or less flat, albeit with some fluctuations.

The year-on-year rate of increase in services producer prices (excluding international transportation; year-on-year basis, same hereafter), on a basis excluding the direct effects of the consumption tax hike, has been moving around 0.5 percent (Chart 25). Looking in detail at recent services producer price movements, prices related to "selling, general and administrative expenses" have registered a slight positive or stood at about 0 percent overall since (i) the rate of increase in temporary employment agency services continued to expand moderately as a trend on the back of tightening supply and demand conditions in the labor market and (ii) hotel services continued to show somewhat strong movements due to the firmness in demand from sightseeing and businesses, although advertising services has been negative for two months in a row since May partly in response to the previous year's increase. Prices related to "fixed investment" have continued to exhibit somewhat high growth as a whole, while civil engineering and architectural services as well as leasing and rental

[8] Figures are adjusted to exclude large seasonal fluctuations in electric power charges to observe the underlying changes in producer prices. Industrial and commercial electric power charges are set relatively high during July-September, when electric power consumption increases substantially.

have trended upward. Prices of "domestic transportation" have reduced their pace of increase as a whole compared to a while ago, mainly since the rate of decline in coastal and inland water freight transportation has expanded since April as a result of the reduction in fuel surcharges. Prices of "others" have tended to reduce their pace of growth as a whole, affected heavily by the slowdown in the pace of increase in finance and insurance (financial services, etc.) since April. Meanwhile, prices of "real estate services," including office space rental, have continued to be more or less flat, albeit with fluctuations.

The year-on-year rate of increase in consumer prices (all items less fresh food; year-on-year basis, same hereafter) is about 0 percent (Chart 26[1]). Consumer prices for June registered an increase of 0.1 percent on a less fresh food basis, on par with the growth rate in May. On the other hand, prices on a less food and energy basis accelerated their pace of increase slightly from the previous month and stood at 0.6 percent. Regarded as a method for capturing trend changes, the year-on-year rate of increase in the trimmed mean has recently been around 0.5 percent, albeit with some fluctuations (Chart 27[1]).[9] On a less fresh food and energy basis (Chart 27[2]), the year-on-year rate of increase continued to narrow moderately after having peaked in February last year, but started to grow at an accelerated pace again after bottoming in January-February as June saw an increase of 0.7 percent, on par with that in May. Meanwhile, the indicator—showing the difference between the share of items in the consumer price index for which prices have risen compared to the previous year and that for which prices have declined—has risen markedly since April, and it surpassed the recent peak (October 2008) in June (Chart 27[3]).

Looking at recent year-on-year growth in consumer prices, the rate of increase in prices for goods (excluding agricultural, aquatic & livestock products) continued its diminishing trend since the summer last year and turned negative in January; the rate of decline, however, has narrowed since March for four months in a row. Looking in detail, the rate of increase in prices of food products—which had been on a moderate diminishing trend after having peaked in July last year—has been on an expanding trend again since April in the face of the pick-up in private consumption,

[9] The trimmed mean is obtained by systematically discarding a certain percentage of the highest and lowest marks of the price fluctuation distribution by item to eliminate large relative price fluctuations.

since prices were raised for a broad range of items on the back of cost increases in the form of higher prices as a result of movements in foreign exchange rates. Prices of durable goods—which had continued to show somewhat weak movements since the summer last year—have recently continued to narrow their rate of decline; they increased again in June for the first time since October last year, mainly in response to price increases in TV sets. Prices of other goods also tended to narrow their rate of increase very moderately since spring last year, but have increased at an accelerated pace again since May mainly in items related to daily necessities. On the other hand, prices of petroleum products have continued to decline at an accelerated pace since November last year, albeit with some fluctuations, as a reflection of movements in crude oil prices. Prices of general services—which had more or less leveled off since June last year on a year-on-year basis—grew at a somewhat accelerated rate in June. Looking in detail, prices of meals outside the home expanded their rate of increase markedly from April onward, due to movements of price increases in a wide range of items on the back of elevated materials prices and wage increases. Prices of mobile telephone charges—which had continued to be negative since June last year as a result of the introduction of new price plans—narrowed their rate of decline in June, with these effects having started to dissipate. Prices of hotel charges also kept rising, albeit with some fluctuations, on the back of firm demand from foreign visitors to Japan. In contrast, prices of package tours to overseas have recently been somewhat weak, mainly in response to the sluggishness in overseas travel and to the decline in fuel surcharges as a reflection of earlier price declines in crude oil. Meanwhile, prices of rent—which account for a large share of general services—have continued to decline slightly, and this trend seems to have remained intact even after April. As for fees for public services, the year-on-year rate of increase has continued to narrow markedly from April onward mainly since (i) electricity prices turned negative and gas prices expanded their rate of decline as a result of the Fuel Cost Adjustment System, (ii) nursery school fees declined due to institutional changes, and (iii) the effects of the abolishment of a discount in some charges in the expressway toll system in April last year wore off.

With regard to the outlook, producer prices are expected to be more or less flat for the time being, reflecting movements in international commodity prices, and the year-on-year rate of increase in consumer prices is likely to be about 0 percent for the time being, due to the effects of the decline in energy prices.

Meanwhile, inflation expectations appear to be rising on the whole from a somewhat longer-term perspective (Chart 28).

3. Financial Developments

(1) Corporate Finance and Monetary Aggregates

The monetary base (average amounts outstanding) has increased significantly as asset purchases by the Bank of Japan have progressed, and the year-on-year rate of growth has been in the range of 30-35 percent (Chart 29).

Firms' funding costs have been hovering at low levels. Issuance rates on CP and those on corporate bonds have been at low levels. The average contract interest rates on new loans and discounts have also been low (Chart 31).

With regard to credit supply, firms have continued to see financial institutions' lending attitudes as being on an improving trend (Chart 30). Issuing conditions for CP and corporate bonds have continued to be favorable. In these circumstances, as for funding of the private sector, the year-on-year rate of increase in the amount outstanding of bank lending has been at around 2.5 percent, mainly in demand for working capital and funds related to mergers and acquisitions (Chart 32). The year-on-year rate of change in the amount outstanding of CP and corporate bonds has been positive (Chart 33).

Firms' financial positions have been favorable (Chart 30). The number of corporate bankruptcies has remained at a low level (Chart 35).

Meanwhile, the year-on-year rate of growth in the money stock (M2) has been in the range of 3.5-4.0 percent. Its June reading was 3.8 percent on a year-on-year basis, following 4.1 percent in May (Chart 34).[10]

(2) Financial Markets

In Japan's money markets, interest rates have been stable at low levels, including those for longer term rates. The overnight call rate (uncollateralized) has been below the 0.1 percent level. Regarding interest rates on term instruments, the T-Bill rate (3-month) has essentially been moving at around zero. Both the Euroyen interest rate (3-month) and interest rates on Euroyen futures have been virtually level (Chart 36). In U.S. dollar funding, the LIBOR-OIS spread for the dollar has basically been flat (Chart 37).

Yields on 10-year government bonds (newly issued 10-year JGB) have inched downward in response to the decline in U.S. and European long-term interest rates; they are recently moving in the range of 0.40-0.45 percent (Chart 38).

Yield spreads between corporate bonds and government bonds have been more or less flat at low levels (Chart 39).

Stock prices increased as a reflection of the progress in the situation in Greece, but then dropped back in response to the decline in overseas stock prices. They have been more or less flat relative to last month; the Nikkei 225 Stock Average is recently moving at around 20,500 yen (Chart 40).

In the foreign exchange market, the yen's exchange rate has depreciated somewhat against the U.S. dollar in response to speculations about U.S. monetary policies; the yen is currently moving in the range of 124-125 yen against the U.S. dollar. The yen's exchange rate against the euro has been essentially flat; the yen is recently moving in the range of 136-137 yen against the euro (Chart 41).

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[10] On an M3 basis, which includes the Japan Post Bank, the year-on-year rate of growth has been in the range of 3.0-3.5 percent; its June reading was 3.1 percent, following 3.3 percent in May. The year-on-year rate of growth in broadly-defined liquidity (L) has recently been in the range of 4.0-4.5 percent; it increased by 4.3 percent in June, following an increase of 4.5 percent in May.

Charts

Main Economic Indicators (1)

s.a., q/q (m/m) % chg.[1]

	2014/Q4	2015/Q1	Q2	2015/Apr.	May	Jun.	Jul.
Index of consumption expenditure level (two-or-more-person households)	1.3	0.5	-1.3	-2.5	0.2	-1.3	n.a.
Sales at department stores	1.3	2.1	p -2.3	0.3	-3.4	p -1.5	n.a.
Sales at supermarkets	-0.3	0.6	p 0.5	-2.1	2.7	p -2.0	n.a.
New passenger-car registrations[3] <s.a., ann. 10,000 units>	< 271>	< 268>	< 277>	< 270>	< 284>	< 278>	< 266>
Sales of household electrical appliances (real, "Current Survey of Commerce")	5.0	3.6	p -5.7	-3.9	0.2	p -12.0	n.a.
Outlays for travel	0.2	0.0	n.a.	-4.6	6.4	n.a.	n.a.
Housing starts <s.a., ann. 10,000 units>	< 87>	< 90>	< 96>	< 91>	< 91>	< 103>	<n.a.>
Machinery orders[4] (Private sector, exc. volatile orders)	0.7	6.3	n.a.	3.8	0.6	n.a.	n.a.
Manufacturing	2.4	2.3	n.a.	10.5	9.9	n.a.	n.a.
Nonmanufacturing[4] (exc. volatile orders)	-1.1	8.5	n.a.	-0.6	-4.0	n.a.	n.a.
Construction starts (private, nondwelling use)	4.4	-4.4	6.3	33.2	-2.2	-10.6	n.a.
Mining & manufacturing	3.8	4.8	4.4	8.0	14.6	-22.9	n.a.
Nonmanufacturing[5]	4.6	-6.8	5.0	41.2	-8.6	-5.3	n.a.
Value of public works contracted	-2.4	-1.2	10.2	24.2	-7.0	-5.3	n.a.
Real exports	3.8	1.0	-3.6	1.6	-5.1	1.0	n.a.
Real imports	1.1	0.8	-1.8	6.2	-2.8	0.3	n.a.
Industrial production	0.8	1.5	p -1.5	1.2	-2.1	p 0.8	n.a.
Shipments	0.9	1.7	p -2.5	0.6	-1.9	p 0.3	n.a.
Inventories	0.9	1.0	p 0.9	0.4	-0.8	p 1.3	n.a.
Inventory ratio <s.a., CY 2010 = 100>	< 112.7>	< 114.4>	<p 113.5>	< 113.2>	< 115.4>	<p 113.5>	<n.a.>
Real GDP	0.3	1.0	n.a.	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	1.0	0.3	n.a.	0.1	-0.5	n.a.	n.a.

Main Economic Indicators (2)

y/y % chg.[1]

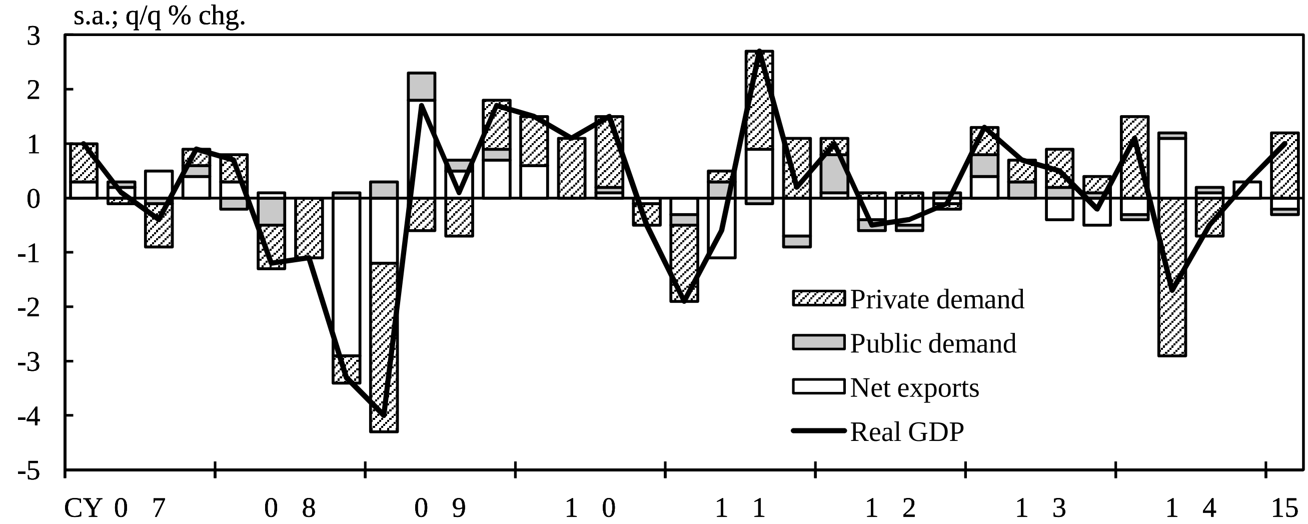
	2014/Q4	2015/Q1	Q2	2015/Mar.	Apr.	May	Jun.
Active job openings-to-applicants ratio <s.a., times>	< 1.12>	< 1.15>	< 1.18>	< 1.15>	< 1.17>	< 1.19>	< 1.19>
Unemployment rate <s.a., %>	< 3.5>	< 3.5>	< 3.3>	< 3.4>	< 3.3>	< 3.3>	< 3.4>
Non-scheduled hours worked[6]	0.9	-0.6	p -1.9	-2.4	-2.4	-1.7	p -1.7
Number of employees	0.7	0.9	0.7	0.7	0.5	0.6	0.9
Number of regular employees[6]	1.6	2.0	p 2.0	1.9	2.0	2.0	p 2.1
Nominal wages per person[6]	0.4	0.2	p -0.7	0.0	0.7	0.7	p -2.4
Producer price index	2.4	0.4	p -2.2	0.7	-2.1	-2.2	p -2.4
<excluding consumption tax, y/y % chg.>	<-0.4>	<-2.4>	<p -2.2>	<-2.1>	<-2.2>	<-2.1>	<p -2.5>
<excluding consumption tax, q/q % chg., 3-month rate of change>[7]	<-1.1>	<-1.8>	<p 0.4>	<-1.2>	< 0.3>	< 0.6>	<p 0.1>
Consumer price index[8]	2.7	2.1	0.1	2.2	0.3	0.1	0.1
<consumption tax adjusted, y/y % chg.>	< 0.7>	< 0.1>	< 0.0>	< 0.2>	< 0.0>		
Services producer price index[9]	3.5	3.2	p 0.6	3.1	0.7	0.6	p 0.4
<excluding consumption tax, y/y % chg.>	< 0.8>	< 0.5>	<p 0.6>	< 0.4>	< 0.7>	< 0.6>	<p 0.4>
Money stock (M2) <average outstanding, y/y % chg.>	3.5	3.5	p 3.8	3.6	3.6	4.1	p 3.8
Number of corporate bankruptcies <cases per month>	<741>	<757>	<765>	<859>	<748>	<724>	<824>

Notes: 1. All figures in Chart 1 except figures in angle brackets are quarter-on-quarter (month-on-month) changes of seasonally adjusted data. All figures in Chart 2 except figures in angle brackets are year-on-year changes. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of respective charts.
2. Figures with "p" indicate preliminary data.
3. Excludes small cars with engine sizes of 660 cc or less.
4. Volatile orders: orders for ships and orders from electric power companies.
5. Nonmanufacturing is mainly composed of commerce, services, agriculture & fisheries, and public utilities industries.
6. Data for establishments with at least five regular employees.
7. Adjusted to exclude a hike in electric power charges during the summer season.
8. All items, less fresh food.
9. Excludes international transportation.

Sources: Ministry of Internal Affairs and Communications, "Labour Force Survey," "Monthly Report on the Family Income and Expenditure Survey," "Consumer Price Index";
Ministry of Economy, Trade and Industry, "Current Survey of Commerce," "Indices of Industrial Production," "Indices of All Industry Activity";
Japan Automobile Dealers Association, "Domestic Sales of Automobiles";
Japan Tourism Agency, "Major Travel Agents' Revenue";
Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts";
Ministry of Finance, "Trade Statistics";
Cabinet Office, "Orders Received for Machinery," "National Accounts";
East Japan Construction Surety etc., "Public Works Prepayment Surety Statistics";
Ministry of Health, Labour and Welfare, "Report on Employment Service," "Monthly Labour Survey";
Bank of Japan, "Corporate Goods Price Index," "Services Producer Price Index," "Money Stock";
Tokyo Shoko Research Ltd., "*Tosan Geppo* (Monthly review of corporate bankruptcies)."

Real GDP and Indexes of Business Conditions

(1) Real GDP



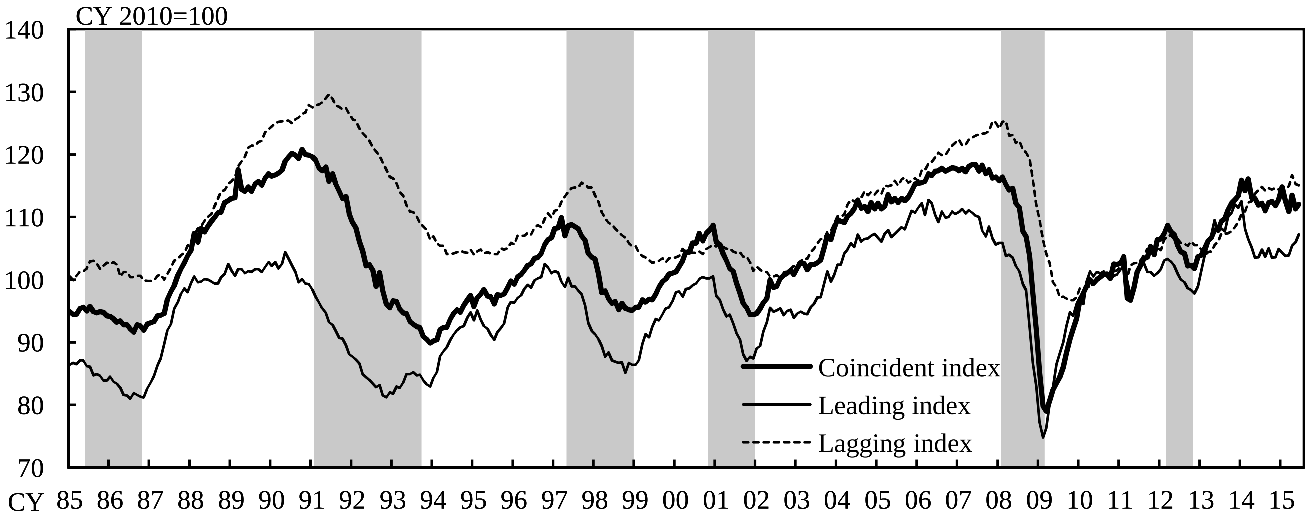
(2) Components

s.a.; q/q % chg.

	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Real GDP	1.1	-1.7	-0.5	0.3	1.0
[Annual rate]	[4.4]	[-6.8]	[-2.0]	[1.2]	[3.9]
Domestic demand	1.4	-2.8	-0.5	0.0	1.1
Private demand	1.5	-2.9	-0.7	0.0	1.2
Private consumption	1.3	-3.2	0.2	0.2	0.2
Non-Resi. investment	0.7	-0.7	0.0	0.0	0.4
Residential investment	0.1	-0.4	-0.2	-0.0	0.0
Private inventory	-0.6	1.3	-0.7	-0.2	0.6
Public demand	-0.1	0.1	0.1	0.0	-0.1
Public investment	-0.0	0.0	0.1	0.0	-0.1
Net exports of goods and services	-0.3	1.1	0.1	0.3	-0.2
Exports	1.0	-0.0	0.3	0.6	0.4
Imports	-1.3	1.1	-0.2	-0.3	-0.6
Nominal GDP	1.3	0.1	-0.7	0.8	2.3

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

(3) Indexes of Business Conditions (Composite Indexes)

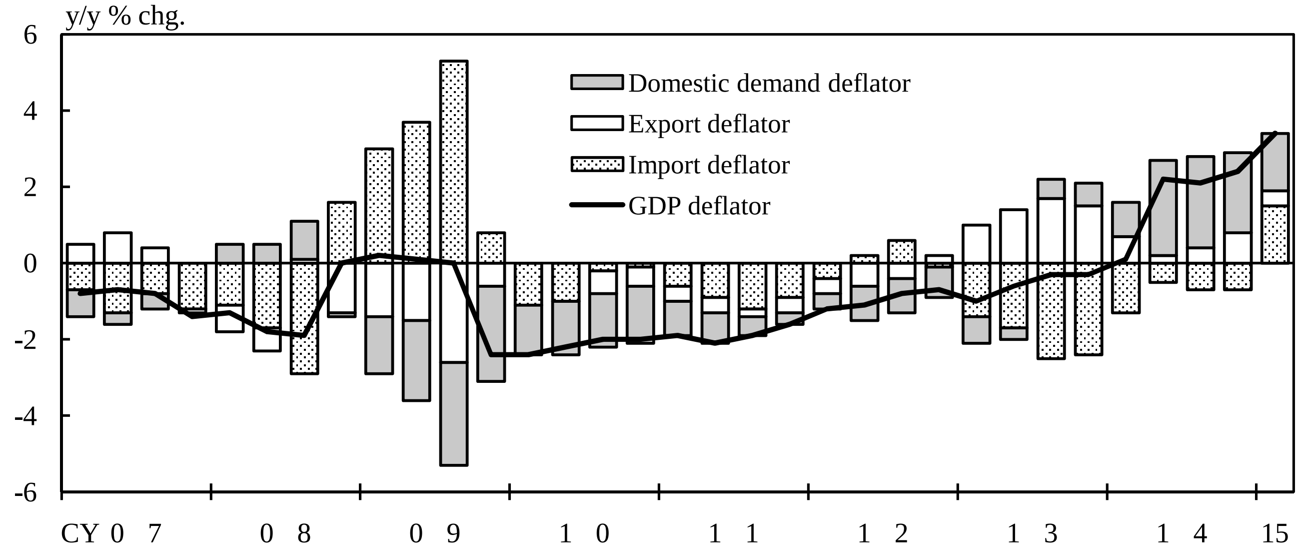


Note: Shaded areas indicate recession periods.

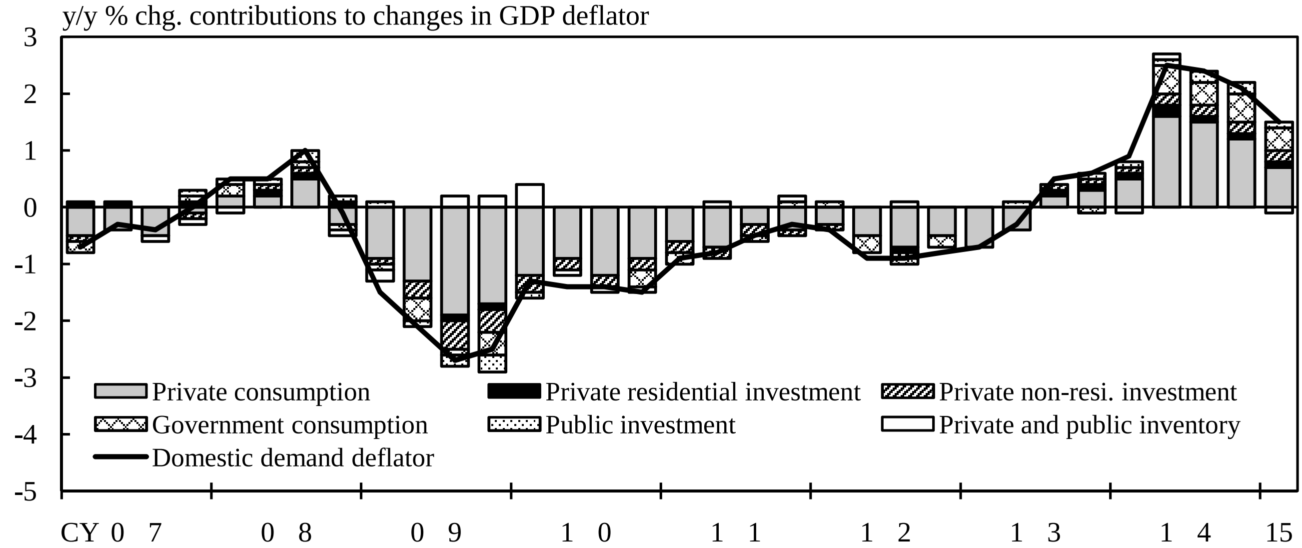
Source: Cabinet Office, "National Accounts," "Indexes of Business Conditions."

GDP Deflator and Income Formation

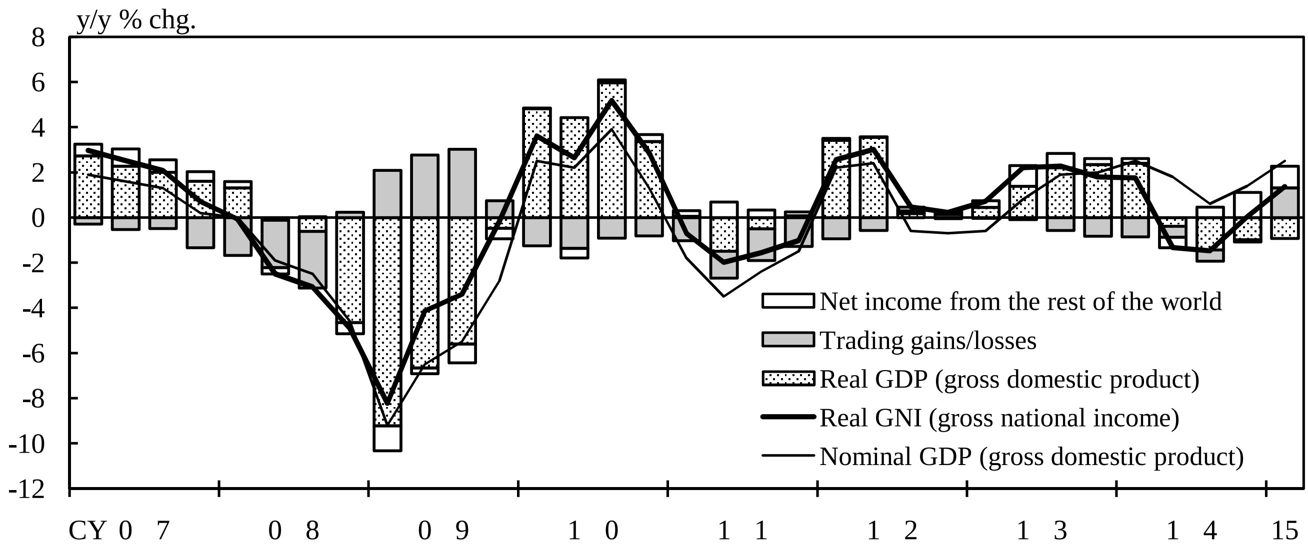
(1) GDP Deflator



(2) Domestic Demand Deflator



(3) Aggregate Income Formation

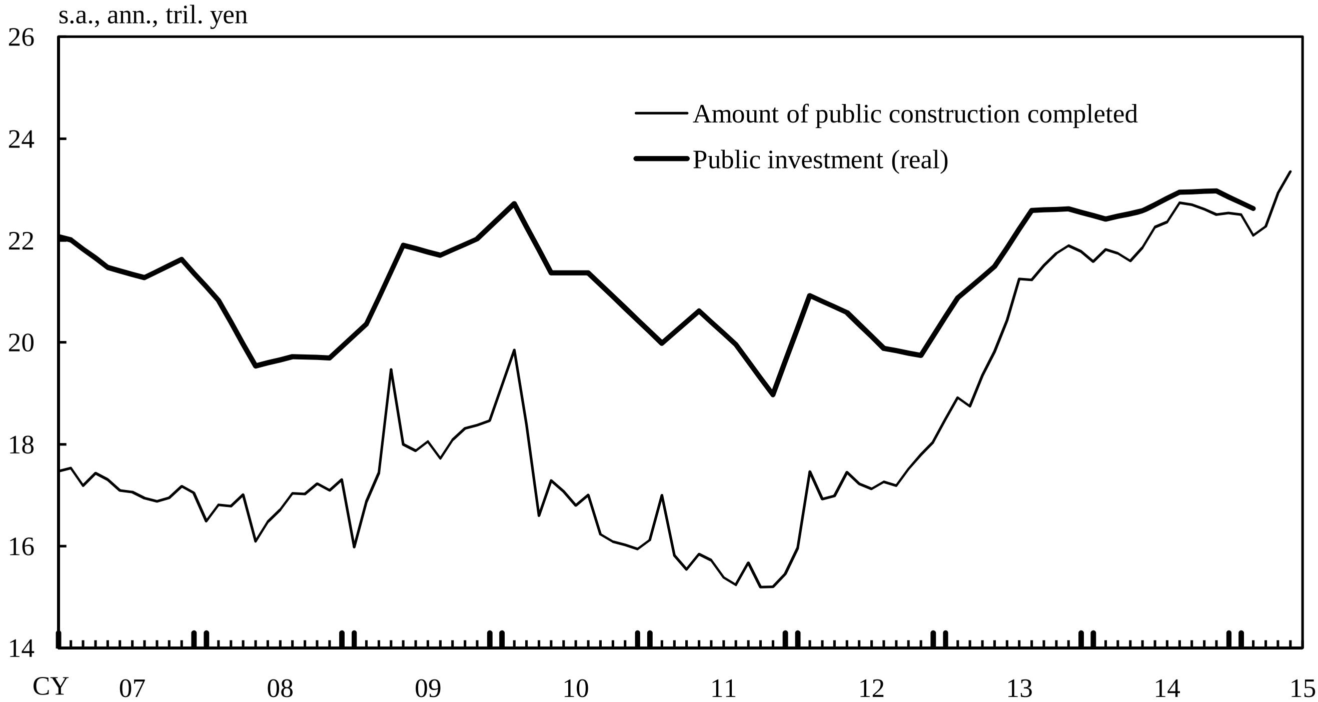


Notes: 1. Figures of components indicate contributions to changes in real GNI.
2. Real GNI = real GDP + trading gains/losses + net income from the rest of the world
Trading gains/losses = nominal net exports / weighted average of export and import deflators - real net exports

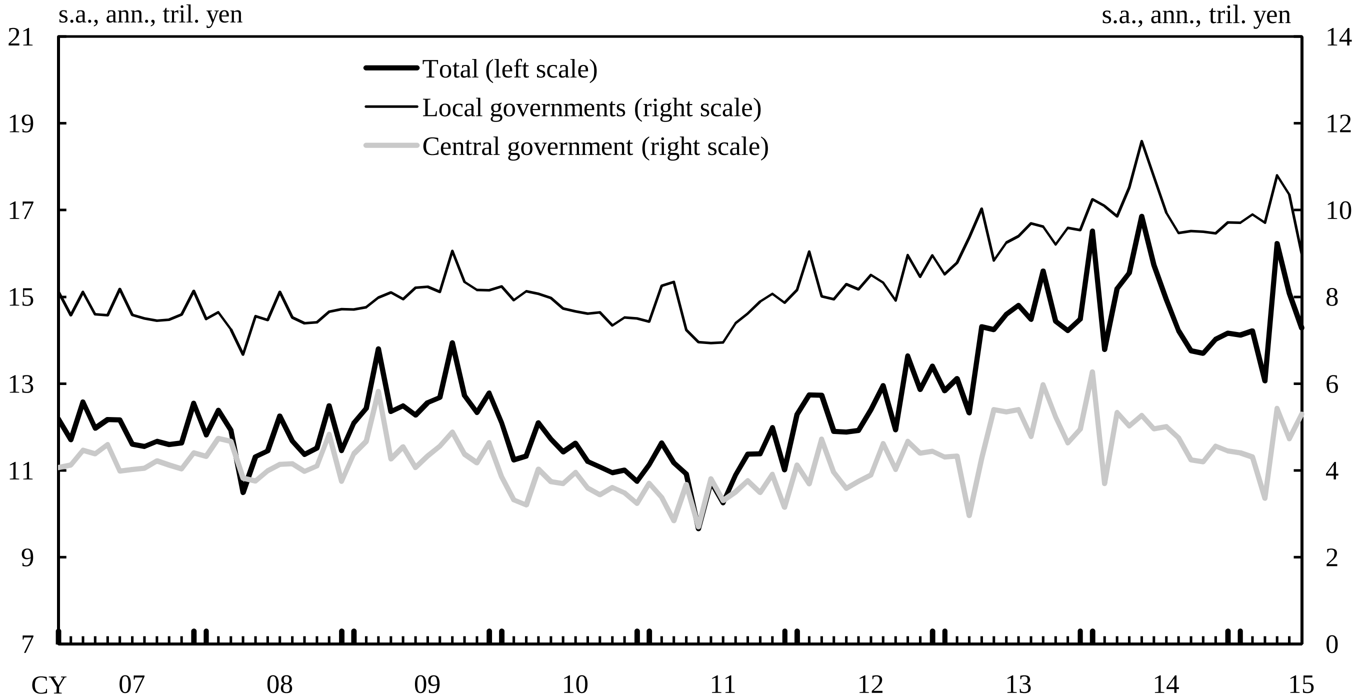
Source: Cabinet Office, "National Accounts."

Public Investment

(1) Amount of Public Construction Completed and Public Investment



(2) Value of Public Works Contracted

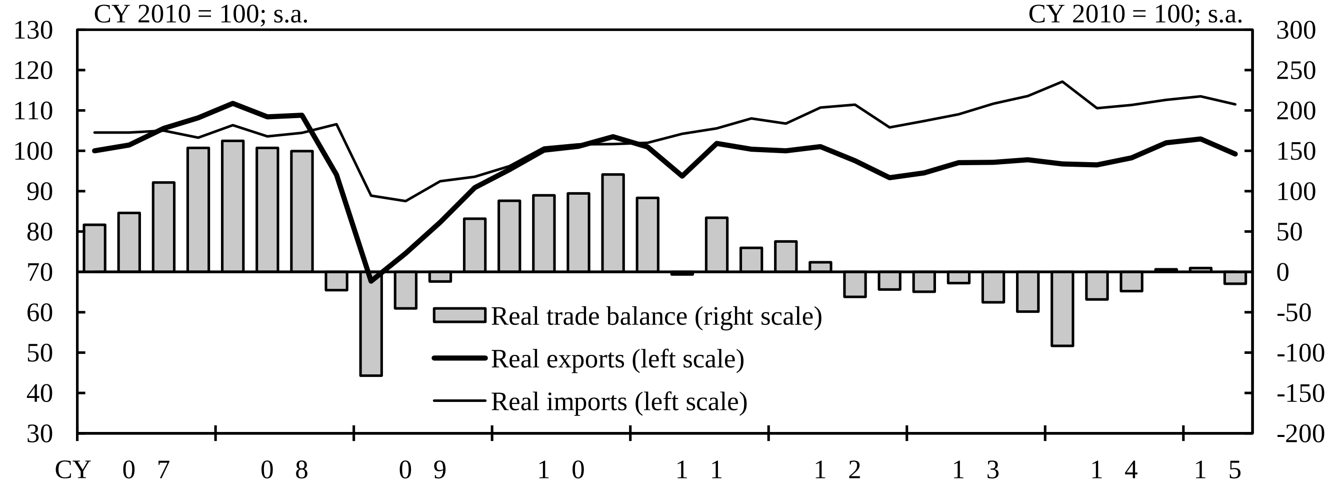


Notes: 1. Quarterly figures of public investment are plotted at the middle month of each quarter.
2. The amount of public construction completed is based on the general tables in the "Integrated Statistics on Construction Works."
3. Figures of the value of public works contracted and the amount of public construction completed are seasonally adjusted by X-12-ARIMA. As figures of the amount of public construction completed are seasonally adjusted on a monthly basis, the data are retroactively revised every month.

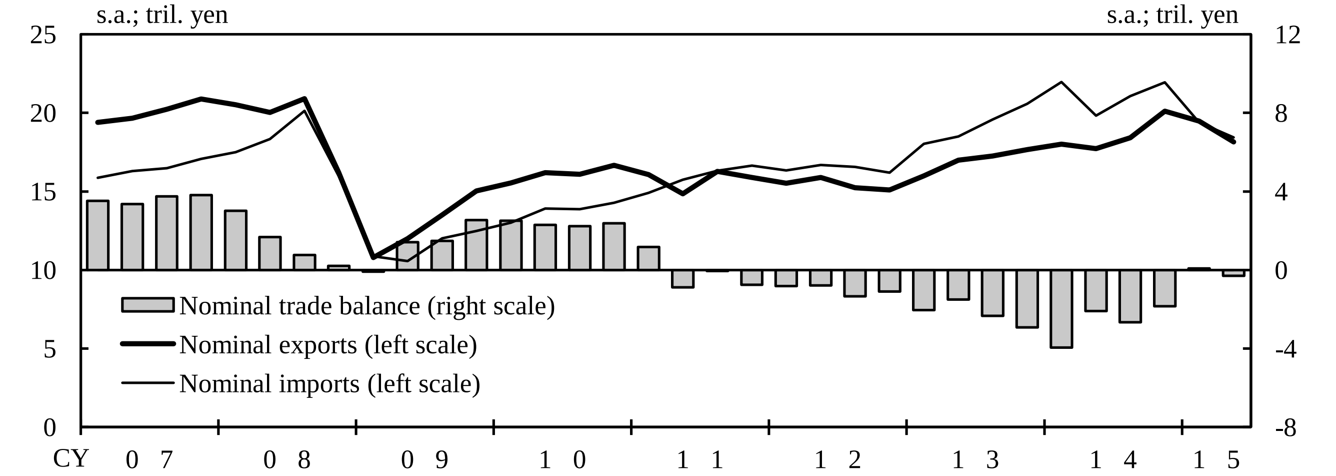
Sources: Cabinet Office, "National Accounts";
East Japan Construction Surety etc., "Public Works Prepayment Surety Statistics";
Ministry of Land, Infrastructure, Transport and Tourism, "Integrated Statistics on Construction Works."

External Balance [1]

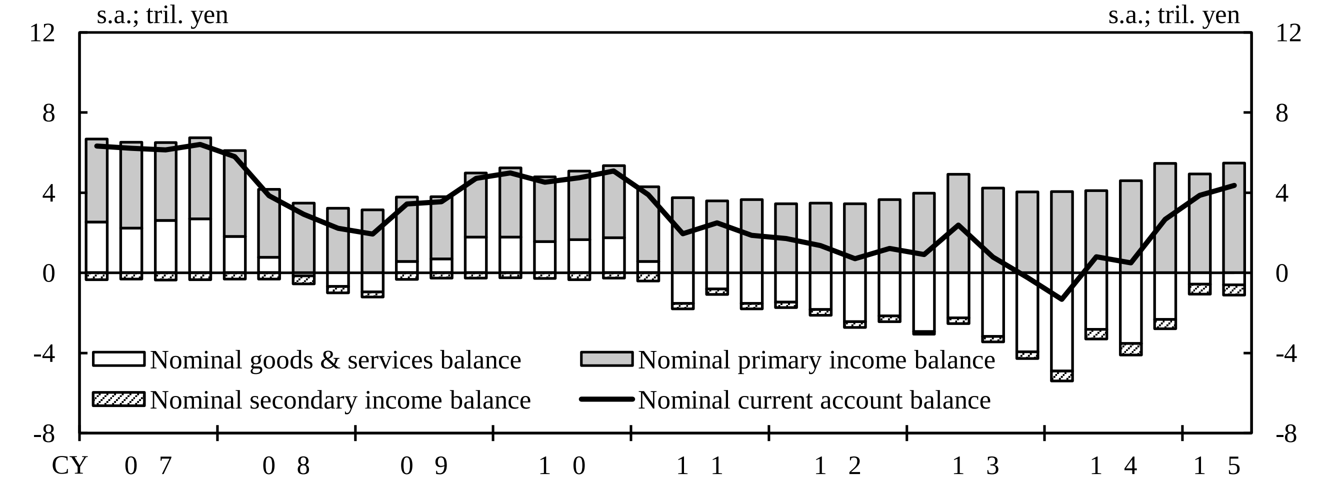
(1) Real Exports, Real Imports, and Real Trade Balance[2]



(2) Nominal Exports, Nominal Imports, and Nominal Trade Balance[3]



(3) Nominal Current Account Balance and Nominal Goods & Services Balance[3]



Notes: 1. Seasonally adjusted by X-12-ARIMA.
2. Real exports/imports are the value of exports and imports in the "Trade Statistics" deflated by the "Export and Import Price Index." "Real trade balance" is defined as real exports minus real imports.
3. Figures are based on the "Balance of Payments." 2015/Q2 figures are April-May averages converted into quarterly amount.

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

Real Exports [1]

(1) Breakdown by Region

y/y % chg. s.a.; q/q % chg. s.a.; m/m % chg.

		CY		2014			2015		2015		
		2013	2014	Q2	Q3	Q4	Q1	Q2	Apr.	May	Jun.
United States	<18.7>	2.8	1.9	-1.3	1.0	6.9	5.7	-3.6	0.3	-10.1	3.2
EU	<10.4>	-3.6	5.2	1.0	0.0	-1.5	2.9	-2.7	-7.0	2.1	5.2
East Asia	<50.3>	-3.0	1.1	-0.5	1.5	3.1	0.7	-4.1	-0.3	-0.1	-0.9
China	<18.3>	-1.7	3.5	0.1	0.5	1.5	-2.2	-0.7	0.5	-0.2	-2.6
NIEs	<21.8>	-1.0	2.1	-1.5	3.1	5.4	1.1	-3.0	2.9	-0.2	2.4
Korea	<7.5>	0.4	-3.9	-4.6	2.9	5.1	-1.2	-4.4	2.8	-5.4	2.9
Taiwan	<5.8>	-1.5	1.7	-0.2	1.3	1.7	2.9	-1.3	-4.3	7.9	-2.4
Hong Kong	<5.5>	-1.4	8.7	5.7	3.9	4.3	2.9	-2.0	8.7	3.5	4.9
Singapore	<3.0>	-2.8	6.5	-8.9	7.3	12.7	4.1	-6.6	6.4	-10.9	8.8
ASEAN4 [3]	<10.2>	-8.5	-4.7	0.4	-0.2	1.1	5.2	-12.0	-8.5	0.7	-5.0
Thailand	<4.5>	-9.3	-7.7	0.5	1.6	0.8	5.7	-11.4	-8.8	2.8	-0.9
Others	<20.7>	-5.0	1.2	2.0	2.2	1.7	-1.0	-3.1	7.8	-12.7	1.9
Real exports		-1.9	1.7	-0.3	1.8	3.8	1.0	-3.6	1.6	-5.1	1.0

(2) Breakdown by Goods

y/y % chg. s.a.; q/q % chg. s.a.; m/m % chg.

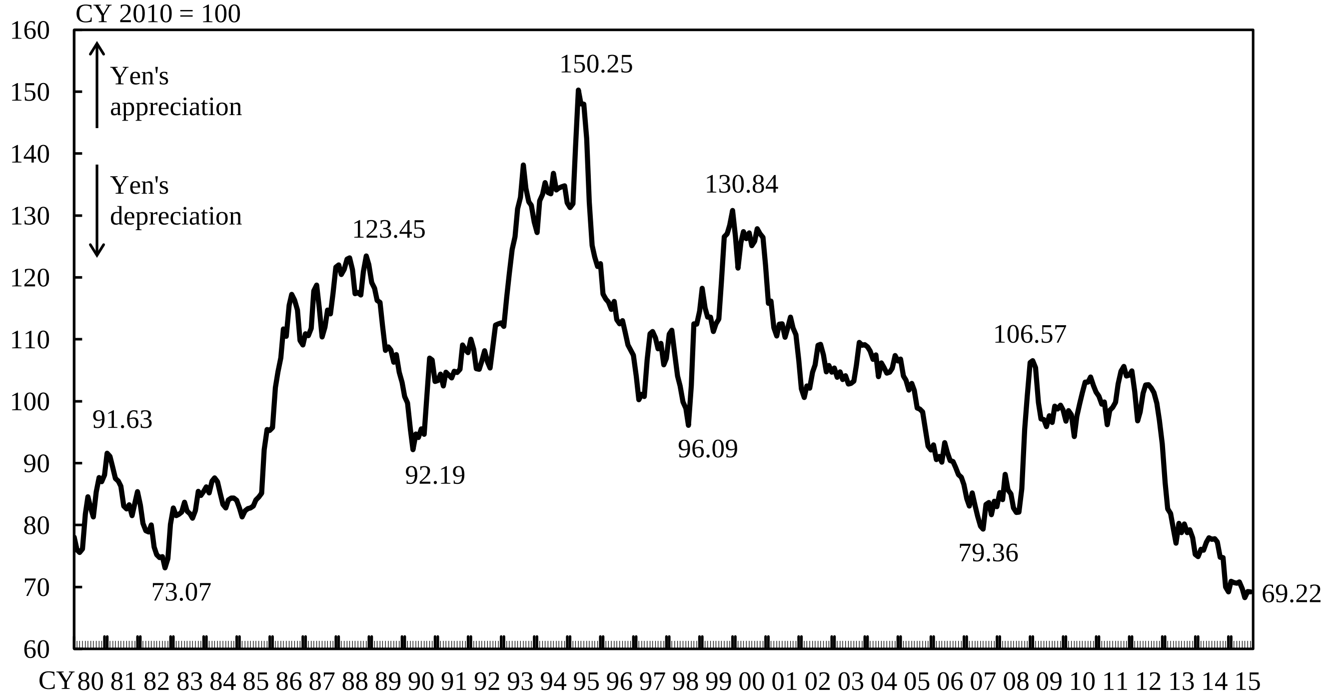
		CY		2014			2015		2015		
		2013	2014	Q2	Q3	Q4	Q1	Q2	Apr.	May	Jun.
Intermediate goods	<20.9>	1.2	0.1	-1.4	-0.5	2.3	1.2	-4.5	0.3	-3.8	-2.7
Motor vehicles and their related goods	<23.6>	-1.4	-1.4	0.2	2.5	-1.0	-1.2	-1.4	0.6	-8.2	10.8
IT-related goods [4]	<10.6>	-7.5	3.6	1.2	1.6	3.3	-0.4	-4.6	-0.4	1.2	-3.0
Capital goods and parts [5]	<27.8>	-5.8	3.2	0.8	2.4	3.8	-1.8	-4.9	-2.3	-1.1	-1.8
Real exports		-1.9	1.7	-0.3	1.8	3.8	1.0	-3.6	1.6	-5.1	1.0

Notes: 1. Seasonally adjusted by X-12-ARIMA.
2. Shares of each region and goods in 2014 are shown in angle brackets.
3. Data of four members: Thailand, Indonesia, Malaysia, and Philippines.
4. IT-related goods are composed of computers and units, telecommunication machinery, ICs, visual apparatus, audio apparatus, and medical and optical instruments.
5. Excludes IT-related goods, power generating machinery, and parts of motor vehicles.

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

Real Effective Exchange Rate and Overseas Economies

(1) Real Effective Exchange Rate (Monthly Average)



Notes: 1. Figures are based on the broad index of the BIS effective exchange rate, and those prior to 1994 are calculated using the narrow index.
2. Figures for July and August (up to August 5) 2015 have been calculated using the monthly average of the BOJ's nominal effective exchange rate (the Yen Index).

(2) Real GDP Growth Rates of Overseas Economies

s.a., ann., q/q % chg.

	CY2012	2013	2014	2014 Q3	Q4	2015 Q1	Q2
United States[1]	2.2	1.5	2.4	4.3	2.1	0.6	2.3
European Union[2]	-0.5	0.1	1.3	1.3	1.8	1.8	n.a.
Germany[1]	0.4	0.1	1.6	0.3	2.8	1.1	n.a.
France[1]	0.2	0.7	0.2	0.8	0.3	2.5	n.a.
United Kingdom[1]	0.7	1.7	3.0	2.9	3.4	1.5	2.8
East Asia[3]	5.1	4.9	4.7	5.6	4.2	3.8	n.a.
China[1]	7.7	7.7	7.4	7.8	6.1	5.7	7.0
NIEs[1,3]	2.3	3.0	3.2	4.5	1.8	2.8	n.a.
ASEAN4[1,3,4]	6.6	4.3	3.4	4.1	6.1	2.3	n.a.
Main economies[3]	3.7	3.6	3.8	4.8	3.4	2.8	n.a.

Notes: 1. Figures for each country are based on those released by the government or central bank. Quarterly figures for China are annualized based on quarter-on-quarter changes released by the National Bureau of Statistics of China.
2. Figures are based on those released by the European Commission.
3. Figures are averages of members' real GDP growth rates, weighted by the value of exports from Japan to each country or region.
The members are described below.
Main economies: United States, European Union, and East Asia
East Asia: China, NIEs, and ASEAN4
NIEs: Korea, Taiwan, Hong Kong, and Singapore
ASEAN4: Thailand, Indonesia, Malaysia, and Philippines
4. To calculate the quarterly figures, real GDP growth rates of a member country are seasonally adjusted by the Bank of Japan using X-12-ARIMA.

Chart 9

Real Imports [1]

(1) Breakdown by Region

y/y % chg. s.a.; q/q % chg. s.a.; m/m % chg.

		CY 2013	2014	2014 Q2	Q3	Q4	2015 Q1	Q2	2015 Apr.	May	Jun.
United States	<8.8>	-2.1	5.5	-6.8	5.5	-0.7	3.2	2.0	-2.0	-5.6	-1.7
EU	<9.5>	0.8	2.6	-4.8	-1.8	-0.7	-1.9	2.1	7.2	-1.2	-2.6
East Asia	<41.3>	2.5	2.8	-6.5	-0.4	3.4	1.0	-5.9	9.9	-0.0	-2.6
China	<22.3>	5.4	4.0	-6.5	-0.1	3.6	-1.9	-6.5	19.6	5.7	-5.0
NIEs	<8.3>	-0.4	1.5	-6.6	1.5	-1.6	3.4	1.2	9.6	-5.4	1.8
Korea	<4.1>	-4.8	-3.0	-6.1	-2.4	-0.5	0.3	3.1	10.6	3.3	-13.4
Taiwan	<3.0>	8.0	5.2	-6.5	3.0	-0.6	5.3	-0.8	12.4	-9.7	14.0
Hong Kong	<0.2>	9.2	5.9	0.9	3.4	-1.3	14.2	-1.5	-9.4	-23.1	25.7
Singapore	<1.0>	-7.0	8.5	-8.8	0.9	-0.3	11.4	-2.5	-1.0	-9.0	23.5
ASEAN4 [3]	<10.7>	-1.2	1.2	-6.5	-2.7	7.2	6.0	-10.1	-5.7	-7.4	-1.0
Thailand	<2.7>	1.5	2.7	-6.5	-0.5	2.0	6.2	-4.2	-2.4	1.5	2.5
Others	<40.4>	0.2	0.1	-5.2	1.4	-1.9	3.6	-1.3	5.5	-5.1	1.8
Real imports		0.9	2.1	-5.6	0.7	1.1	0.8	-1.8	6.2	-2.8	0.3

(2) Breakdown by Goods

y/y % chg. s.a.; q/q % chg. s.a.; m/m % chg.

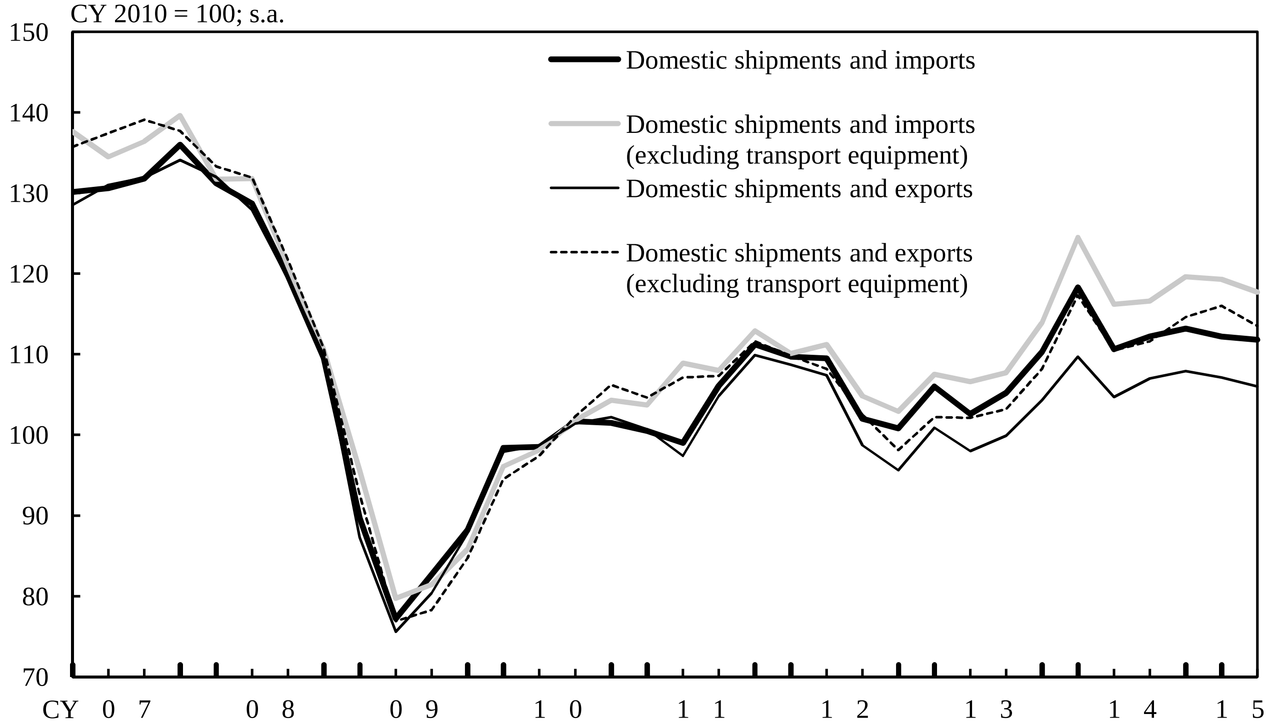
		CY 2013	2014	2014 Q2	Q3	Q4	2015 Q1	Q2	2015 Apr.	May	Jun.
Raw materials [4]	<38.7>	-2.1	-1.1	-6.2	1.2	-1.5	4.8	-3.7	2.0	-3.7	-1.3
Intermediate goods	<13.3>	-2.7	4.2	-2.2	-0.7	0.0	3.9	0.0	7.6	-6.4	2.8
Foodstuffs	<7.8>	-3.3	-1.6	-1.1	2.4	-2.7	0.2	3.0	10.9	-5.7	-0.9
Consumer goods [5]	<7.7>	4.1	-0.3	-7.5	1.8	1.5	2.4	-7.6	15.6	2.4	-0.9
IT-related goods [6]	<13.0>	12.8	5.9	-11.3	0.5	10.1	-8.3	-4.9	4.6	-2.9	-2.1
Capital goods and parts [7]	<12.3>	4.7	8.2	-6.3	2.5	0.9	1.6	-2.9	9.9	-2.9	-0.8
Excluding aircraft	<11.5>	5.3	9.0	-5.5	1.0	0.4	3.1	-4.2	9.7	-2.6	-2.2
Real imports		0.9	2.1	-5.6	0.7	1.1	0.8	-1.8	6.2	-2.8	0.3

Notes: 1. Seasonally adjusted by X-12-ARIMA.
2. Shares of each region and goods in 2014 are shown in angle brackets.
3. Data of four members: Thailand, Indonesia, Malaysia, and Philippines.
4. Raw materials are mainly composed of woods, ores, and mineral fuels.
5. Excludes foodstuffs.
6. IT-related goods are composed of computers and units, parts of computers, telecommunication machinery, ICs, audio and visual apparatus, and medical and optical instruments.
7. Excludes IT-related goods.

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

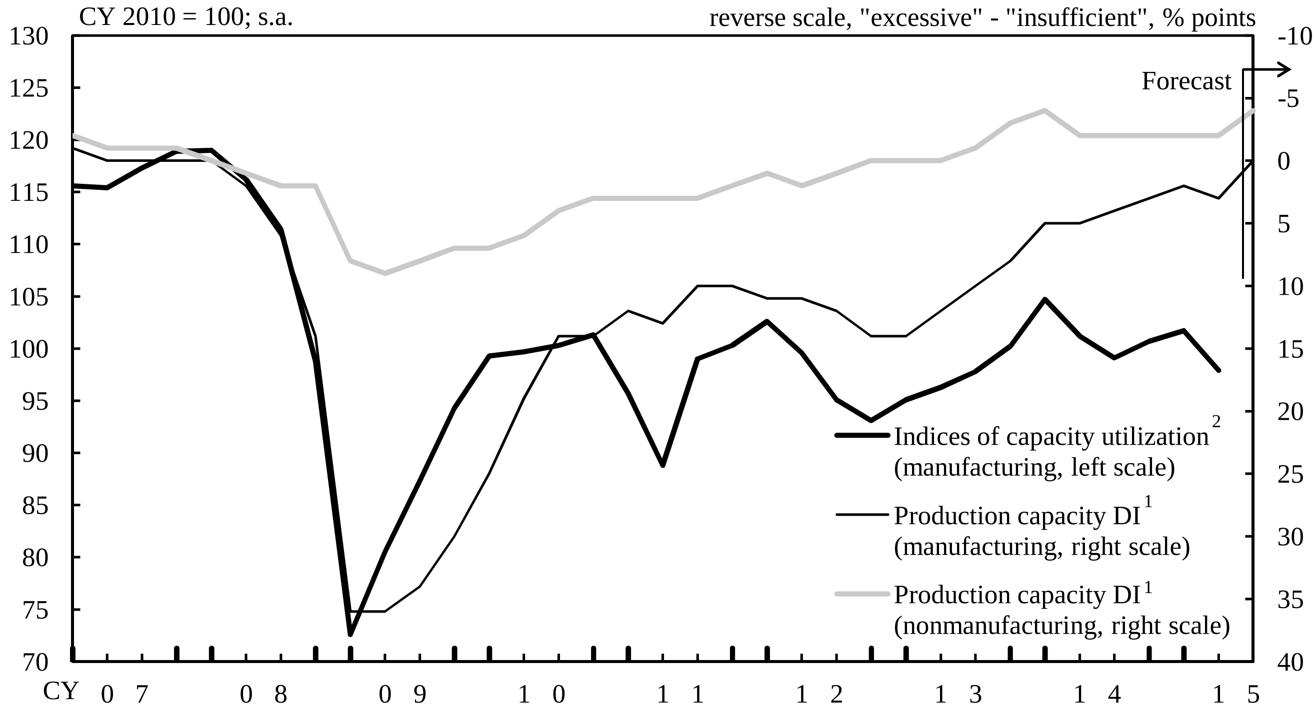
Coincident Indicators of Business Fixed Investment

(1) Aggregate Supply and Shipments of Capital Goods



Note: Figures of domestic shipments and imports for 2015/Q2 are April-May averages.

(2) Indices of Capacity Utilization and Production Capacity DI

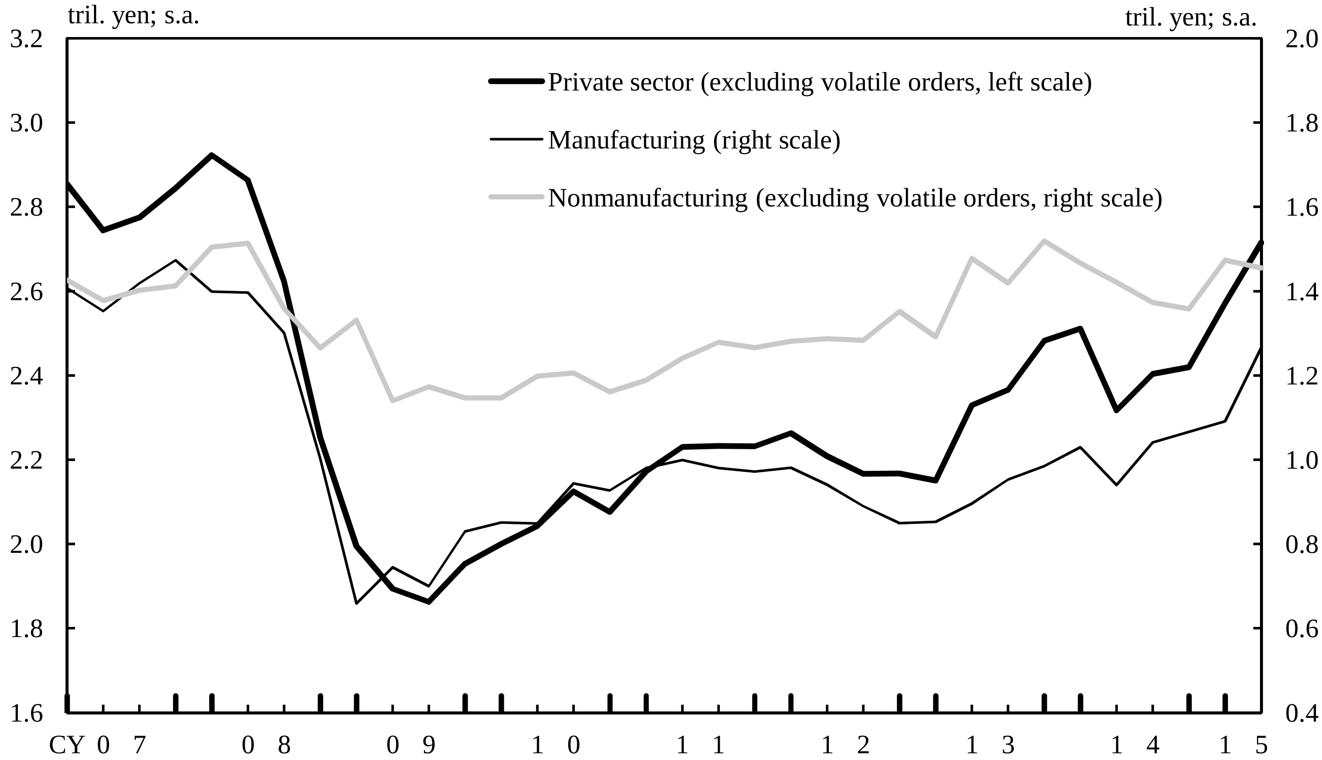


Notes: 1. Production capacity DIs are those of all enterprises.
2. The figure for 2015/Q2 is the average of April-May.

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

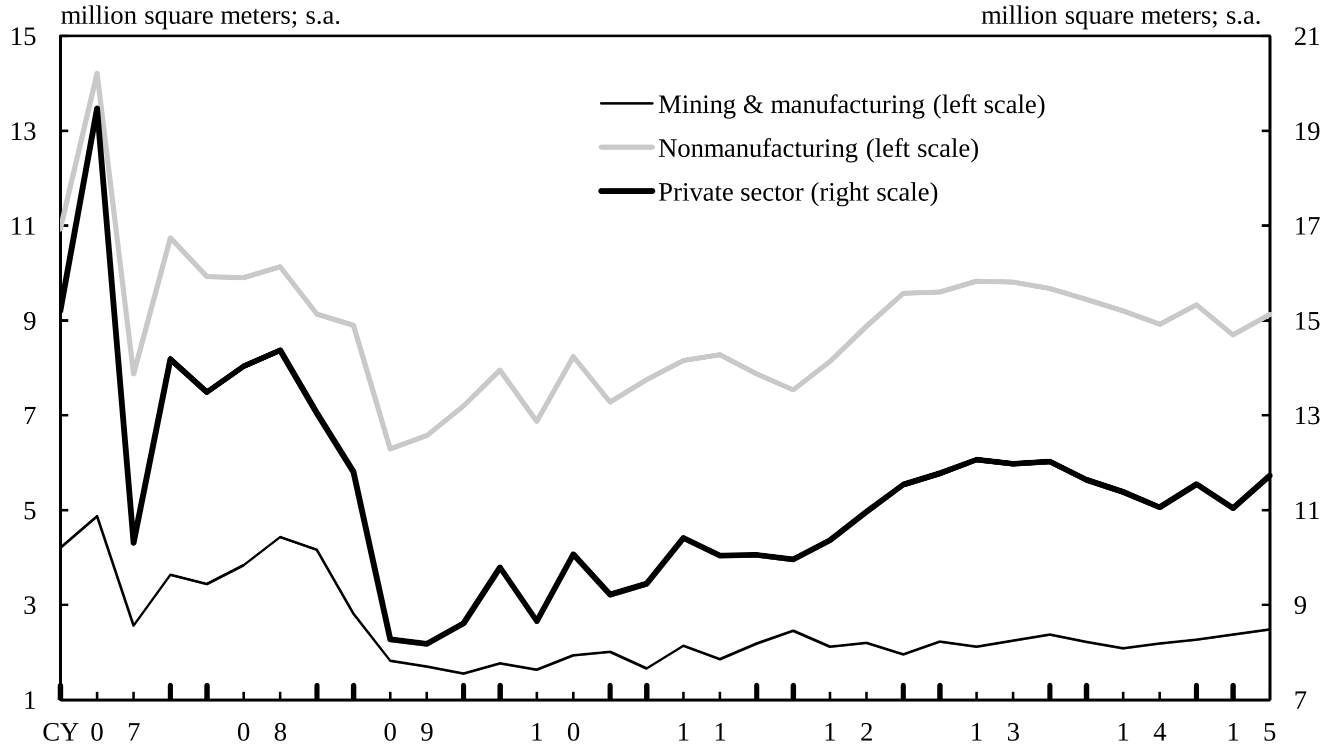
Leading Indicators of Business Fixed Investment

(1) Machinery Orders



Notes: 1. Volatile orders: orders for ships and orders from electric power companies.
2. Figures for 2015/Q2 are April-May averages in the quarterly amount.

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

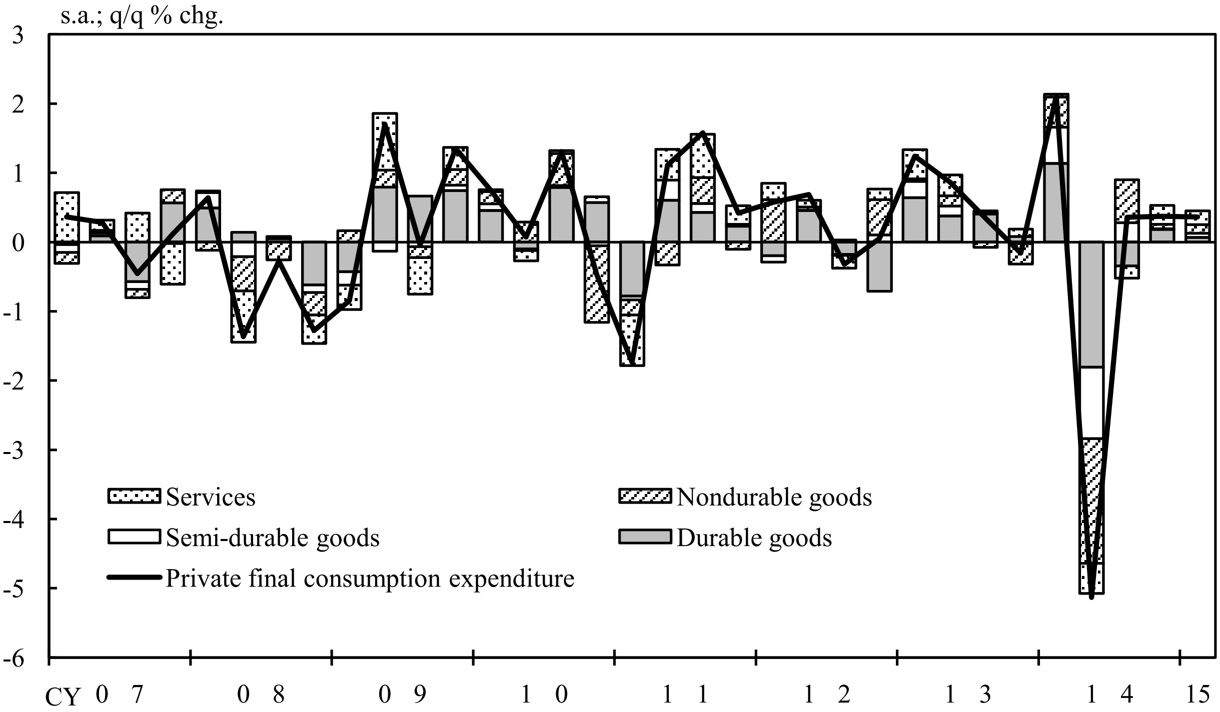


Note: Seasonally adjusted by X-12-ARIMA.

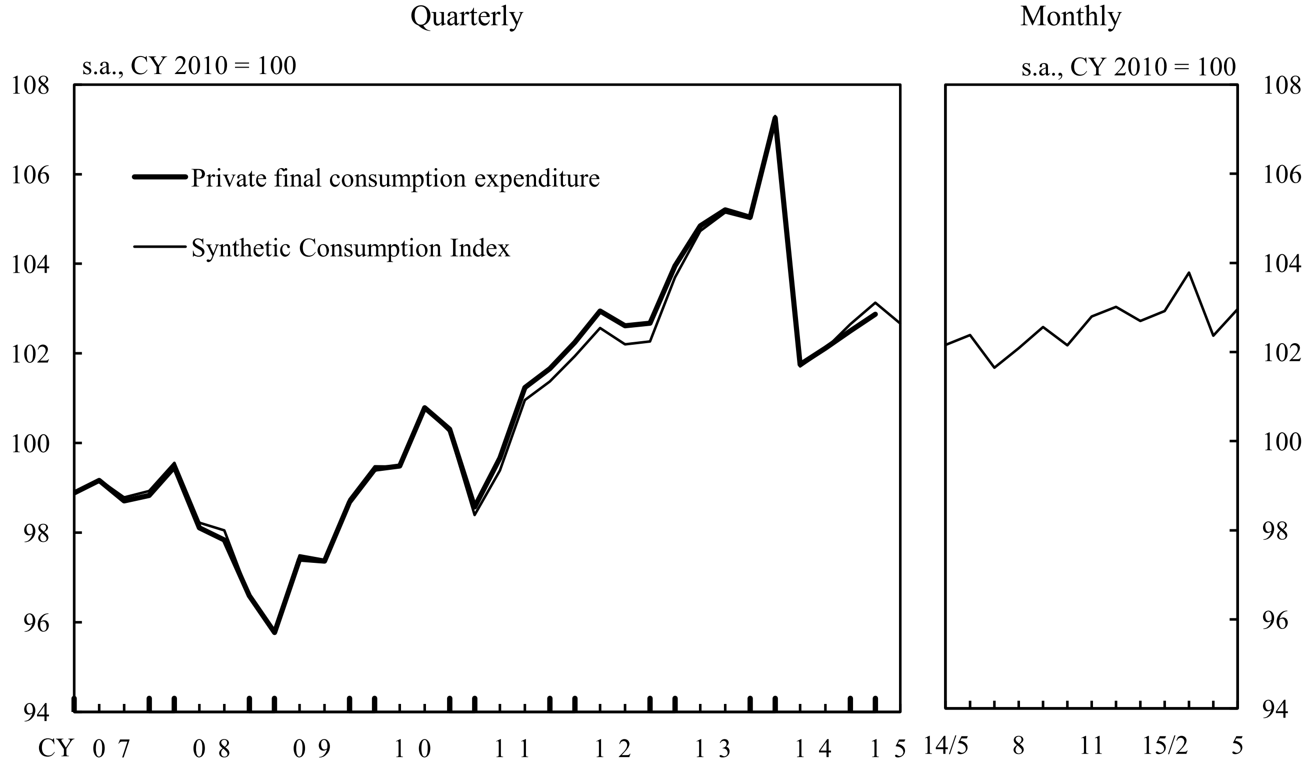
Sources: Cabinet Office, "Orders Received for Machinery";
Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts."

Indicators of Private Consumption (1)

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



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

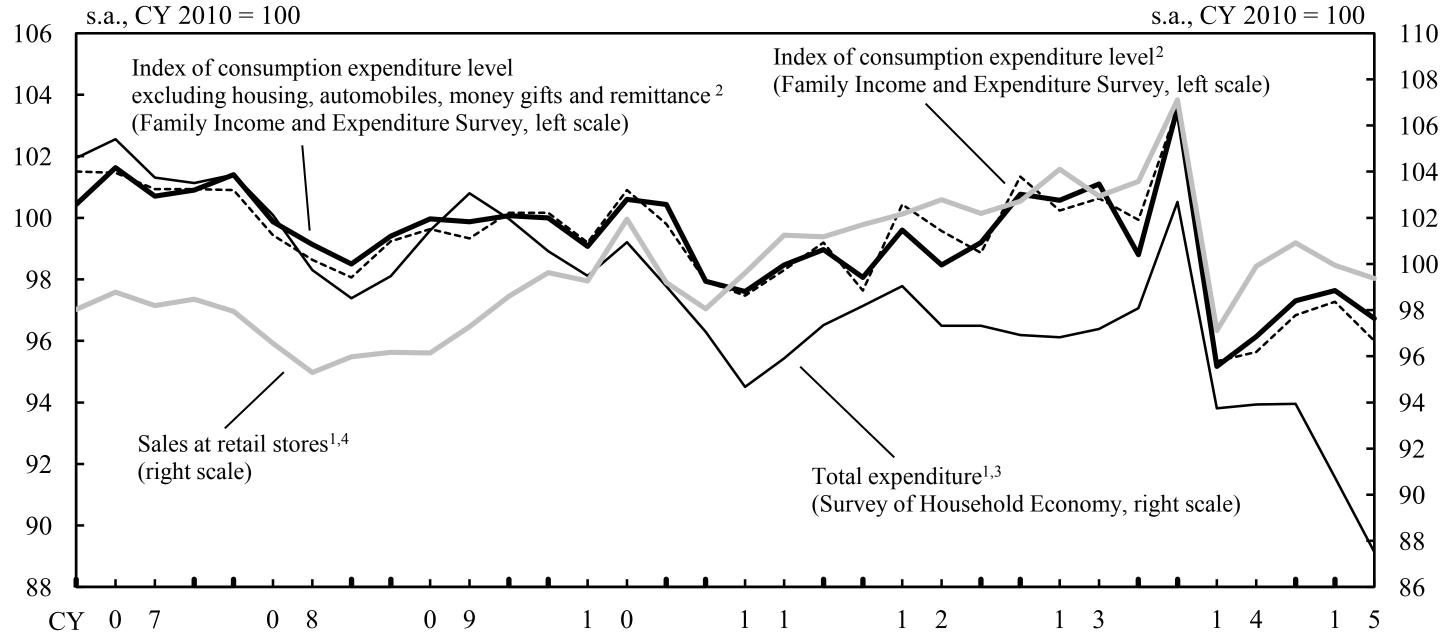


Note: The figure for 2015/Q2 is the average of April-May in quarterly amount.

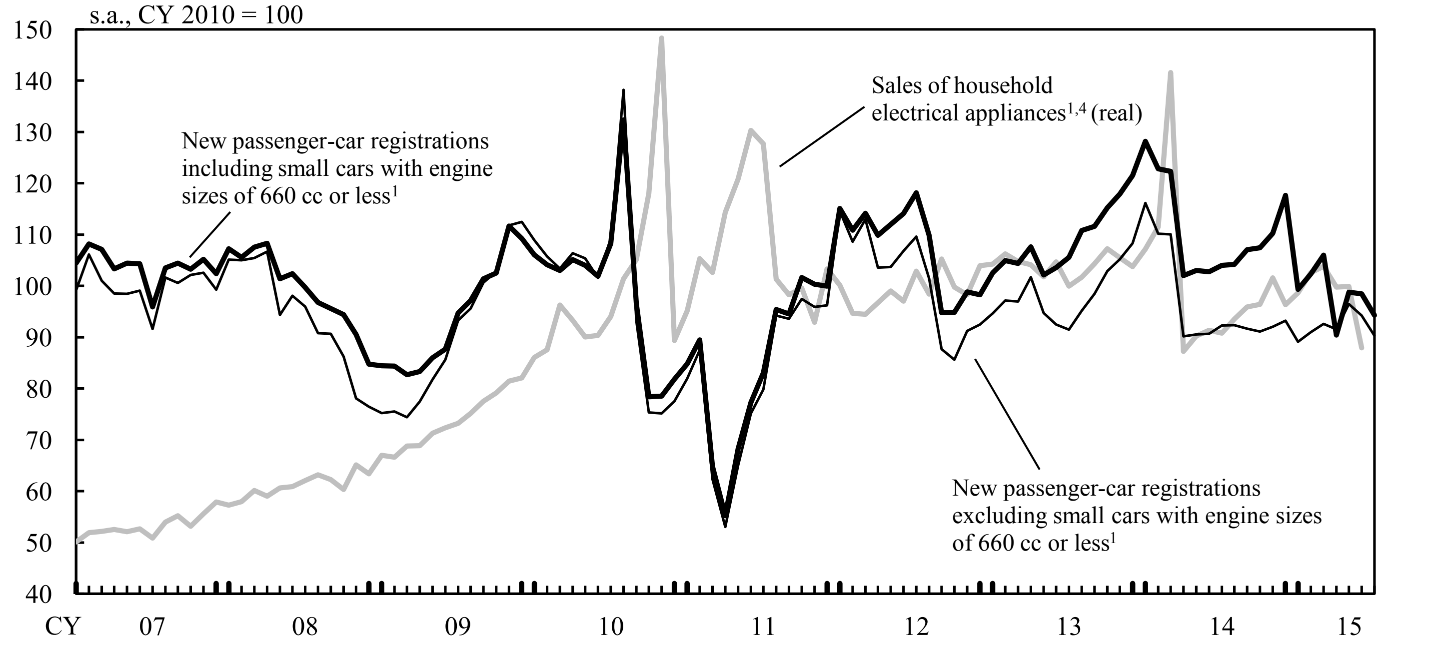
Source: Cabinet Office, "National Accounts," "Synthetic Consumption Index."

Indicators of Private Consumption (2)

(1) Household Spending (Real)



(2) Sales of Durable Goods



Notes: 1. Figures for total expenditure, sales at retail stores, sales of household electrical appliances, and new passenger-car registrations are seasonally adjusted by X-12-ARIMA.

2. Figures for index of consumption expenditure level are based on two-or-more-person households, and are adjusted using the distribution of household by number of household members and age group of household head.

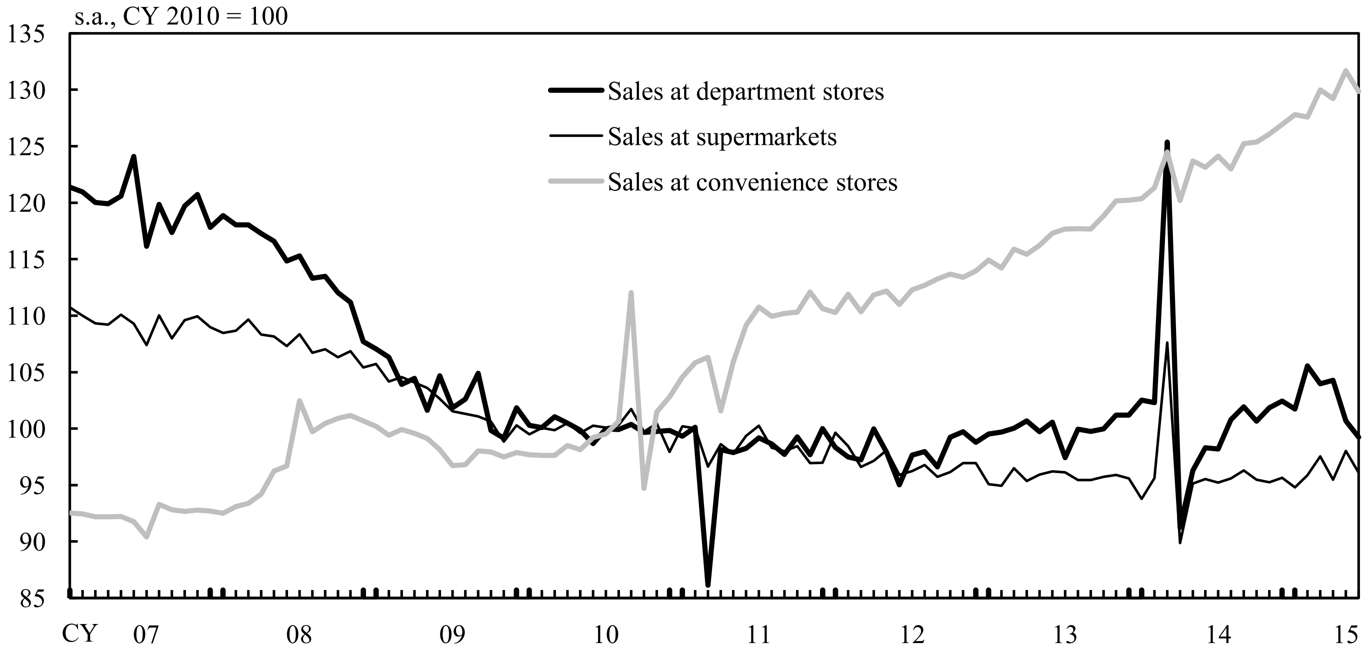
3. Figures for total expenditure are based on two-or-more-person households, and are deflated by the "Consumer Price Index (CPI)" excluding imputed rent.

4. Figures for sales at retail stores are deflated by the CPI for goods (excluding electricity, gas & water charges). Figures for sales of household electrical appliances are calculated as follows: indices of retail sales of machinery and equipment in the "Current Survey of Commerce" are deflated by the geometric means of the corresponding CPI.

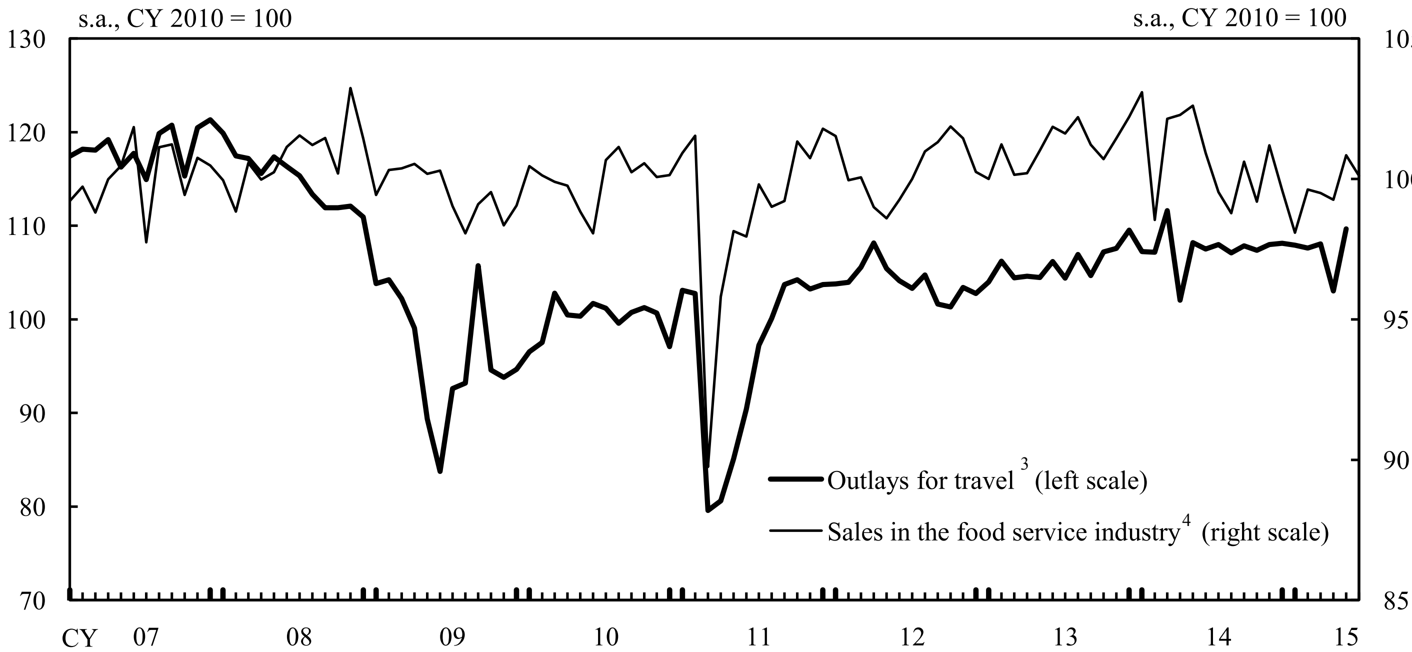
Sources: Ministry of Internal Affairs and Communications, "Monthly Report on the Family Income and Expenditure Survey," "Survey of Household Economy," "Consumer Price Index"; Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Japan Automobile Dealers Association, "Domestic Sales of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

Indicators of Private Consumption[1] (3)

(1) Sales at Retail Stores (Nominal)[2]



(2) Consumption of Services (Nominal)

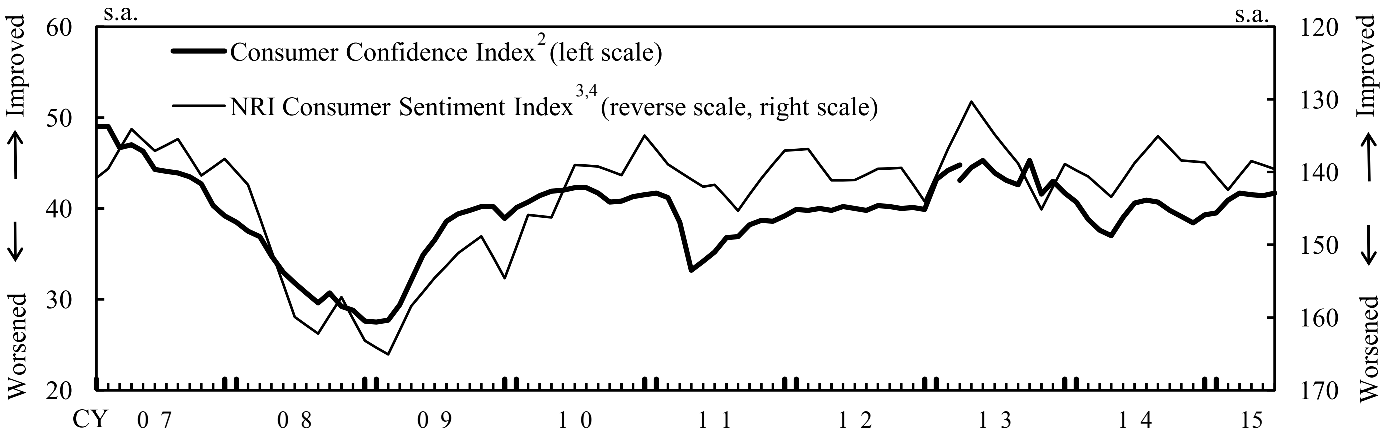


Notes: 1. Seasonally adjusted by X-12-ARIMA.
2. Adjusted to exclude the effects of the increase in the number of stores (except for convenience stores).
3. Excluding those by foreign travelers. Figures are calculated using the year-on-year rates of change of every month based on the monthly outlay amounts in FY2006.
4. Figures for sales in the food service industry are calculated using the year-on-year rates of change of every month released by the Japan Food Service Association based on the amount of monthly sales in CY1993 released by the Food Service Industry Survey & Research Center.

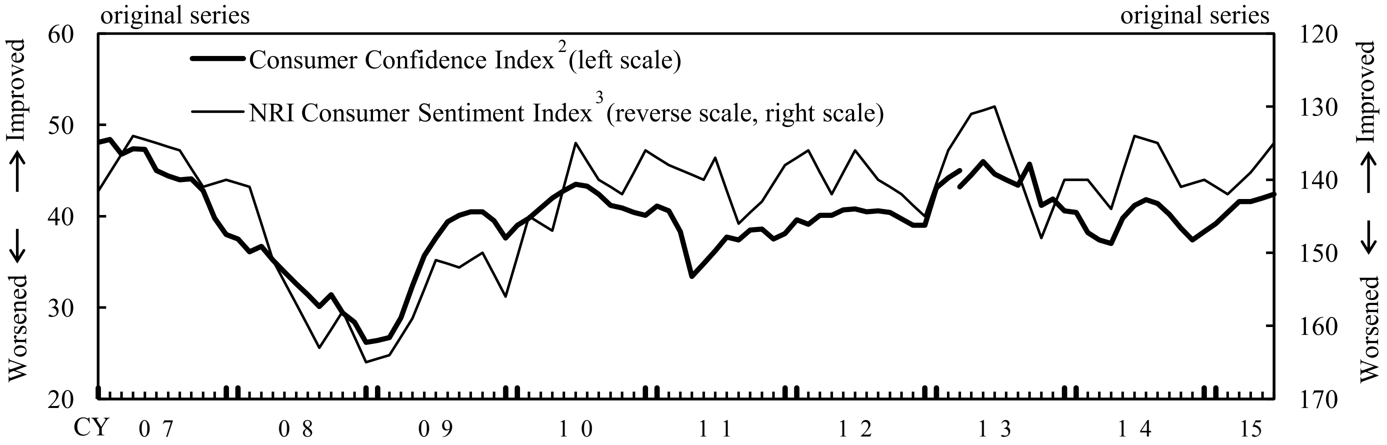
Sources: Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Japan Tourism Agency, "Major Travel Agents' Revenue"; Food Service Industry Survey & Research Center, "*Getsuji Uriage Doukou Chousa* (Monthly survey on food service sales)"; Japan Food Service Association, "*Gaishoku Sangyou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

Consumer Confidence[1]

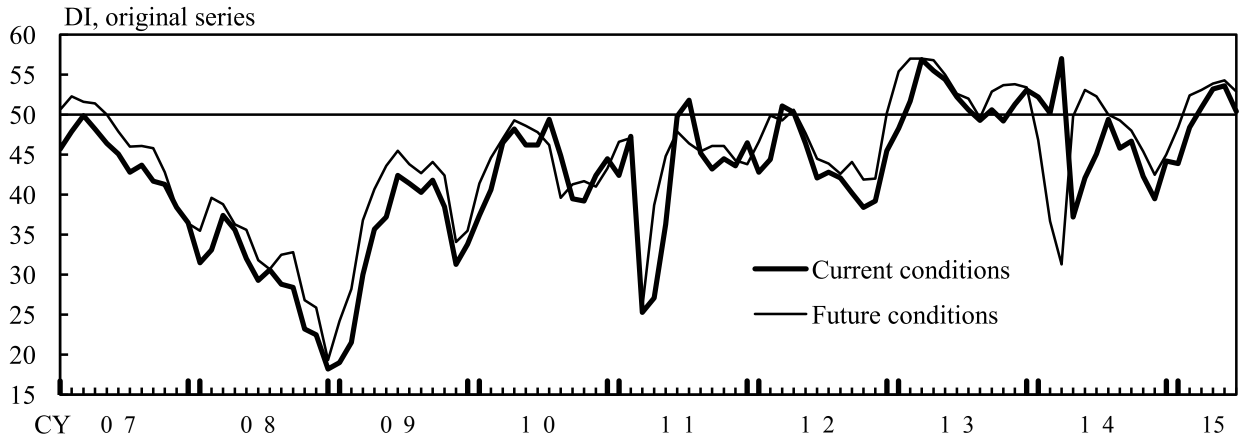
(1) Seasonally Adjusted Series



(2) Original Series



Reference: Economy Watchers Survey (Household Activity)



Notes: 1. The Consumer Confidence Index (covering about 5,700 samples on a nationwide basis from April 2013 onward) and NRI Consumer Sentiment Index (1,200 samples on a nationwide basis) are based on surveys on consumer confidence.

2. In April 2013, the Cabinet Office changed the method for conducting the Consumer Confidence Survey to a mail survey method. For this reason, there is a discontinuity between data up to March 2013—which were obtained on a direct-visit and self-completion questionnaires method—and those on the new method. The figure for March 2013 based on the mail survey method is obtained from an examination survey.

3. Figures are plotted for each surveyed month and the data for the intervening months are linearly interpolated.

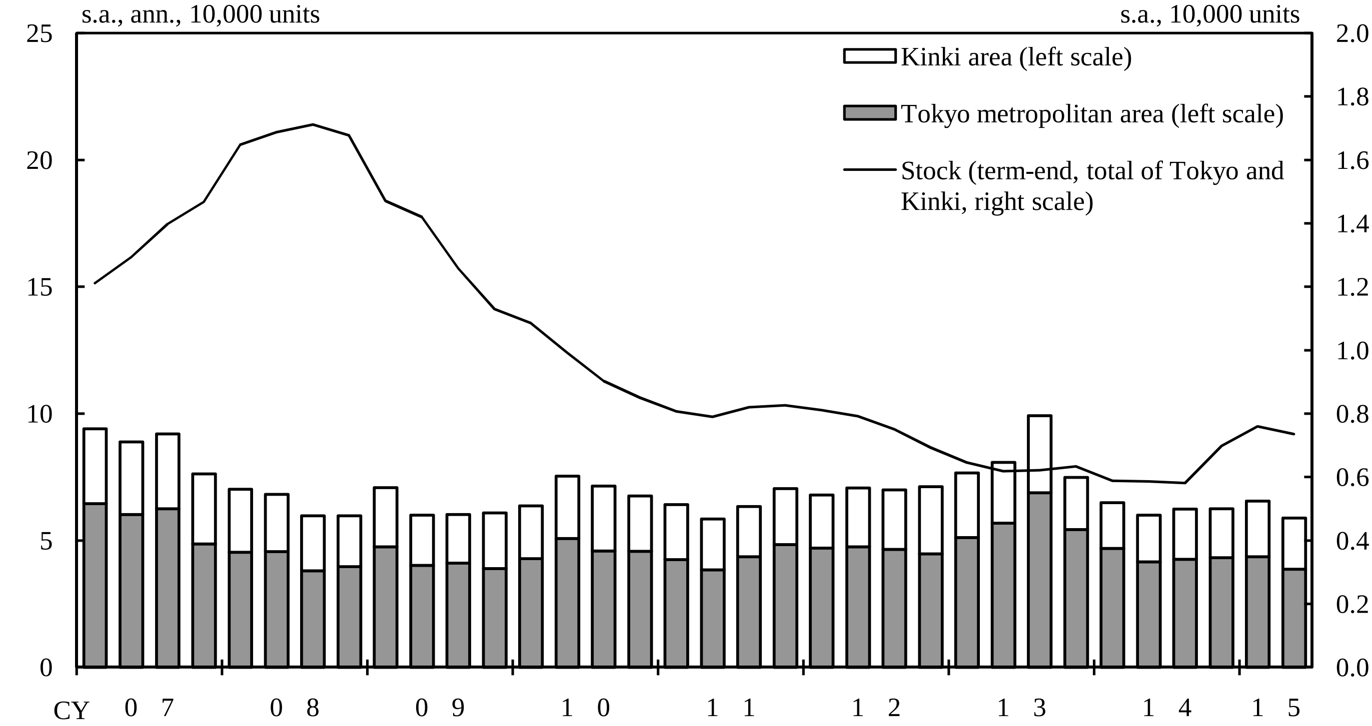
4. Figures are seasonally adjusted by X-12-ARIMA.

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

Indicators of Housing Investment

(1) Housing Starts

(2) Sales of Apartments

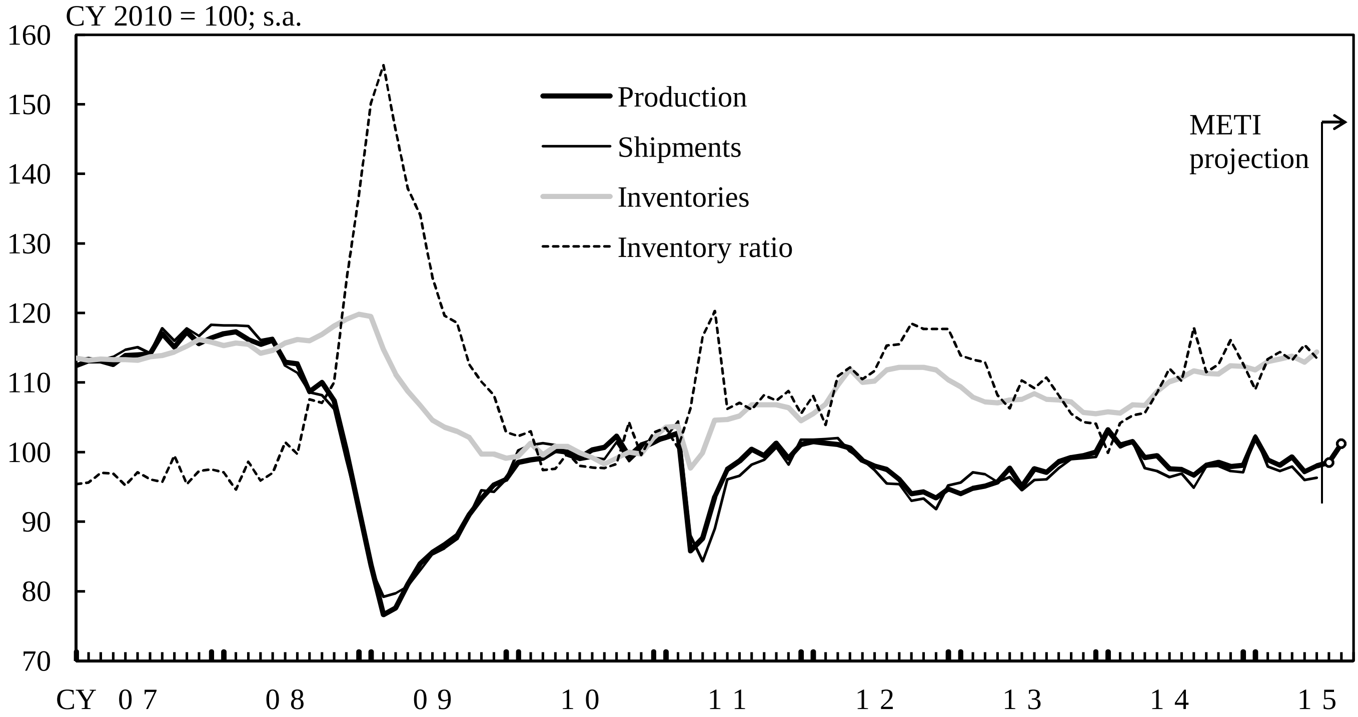


Note: Seasonally adjusted by X-12-ARIMA.

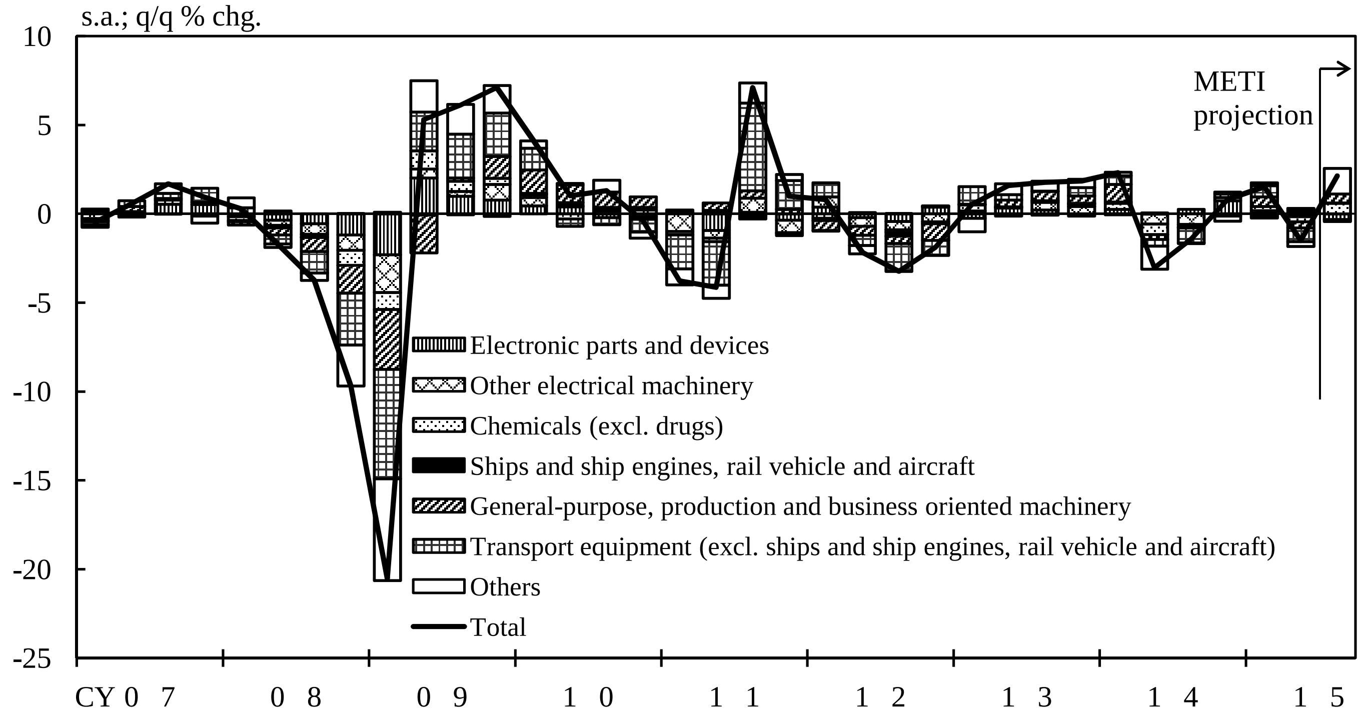
Sources: Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts," etc.

Production, Shipments, and Inventories

(1) Production, Shipments, and Inventories



(2) Production by Industry[1,2,3]



Notes: 1. "Other electrical machinery" is the weighted sum of "electrical machinery" and "information and communication electronics equipment."

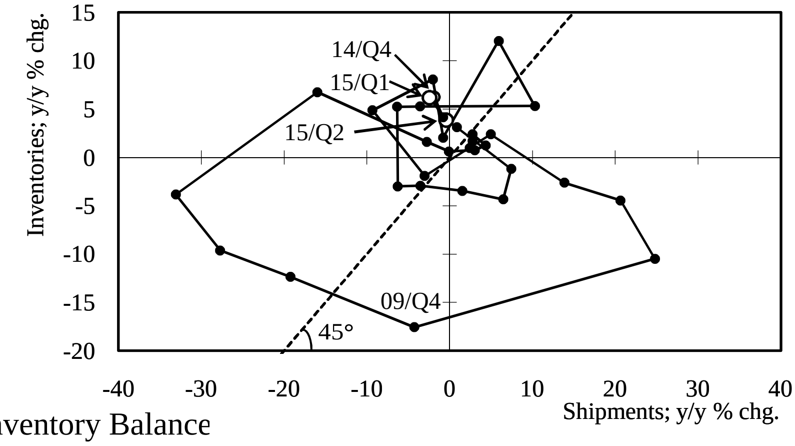
2. Figures up to 2008/Q1 are on the 2005 base.
Figures for "general-purpose, production and business oriented machinery" up to 2008/Q1 are those for "general machinery."

3. 2015/Q3 figures are based on the assumption that the production levels in September are the same as those of August.

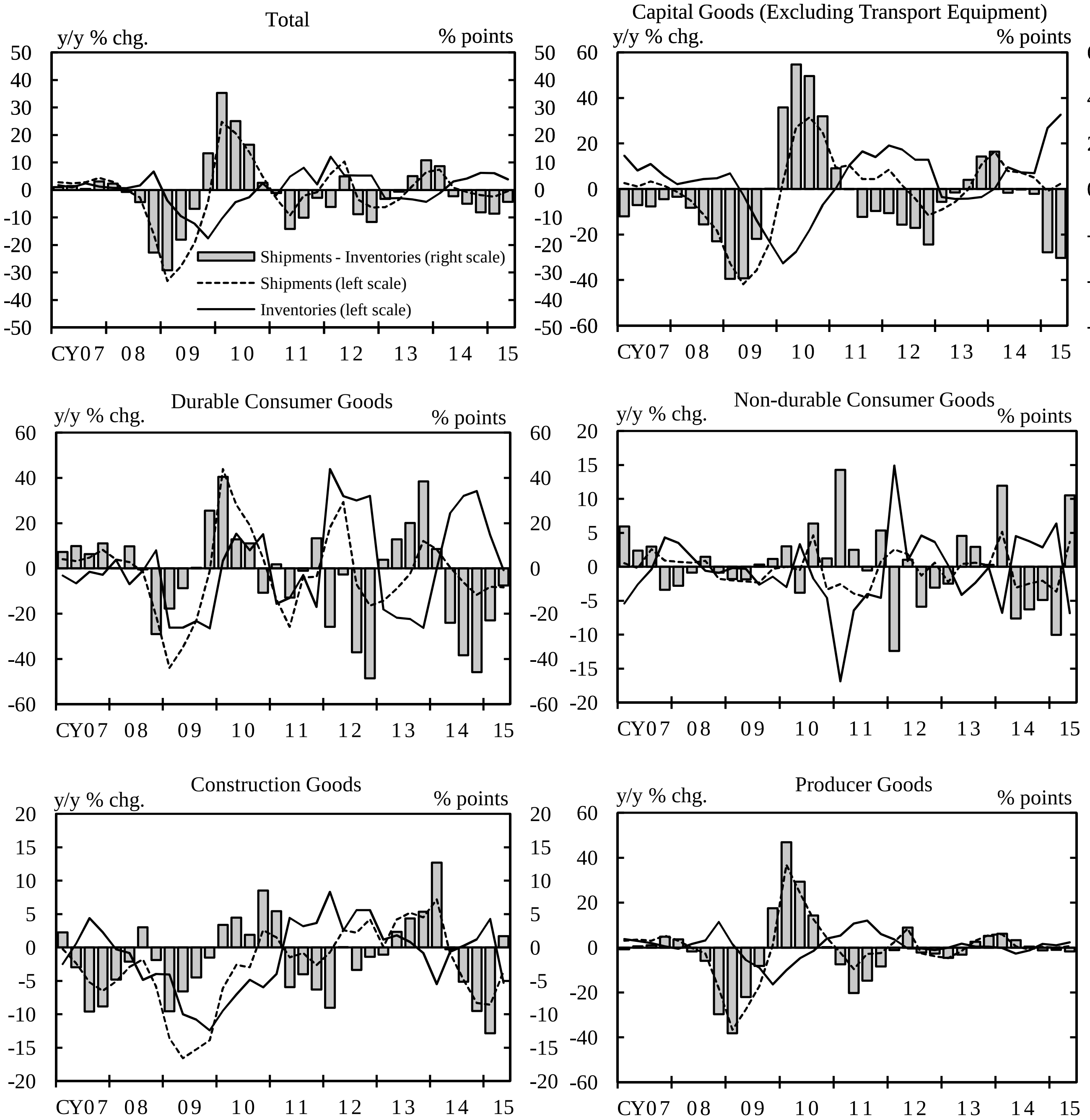
Source: Ministry of Economy, Trade and Industry (METI), "Indices of Industrial Production."

Inventory Cycle

(1) Inventory Cycle (Total)



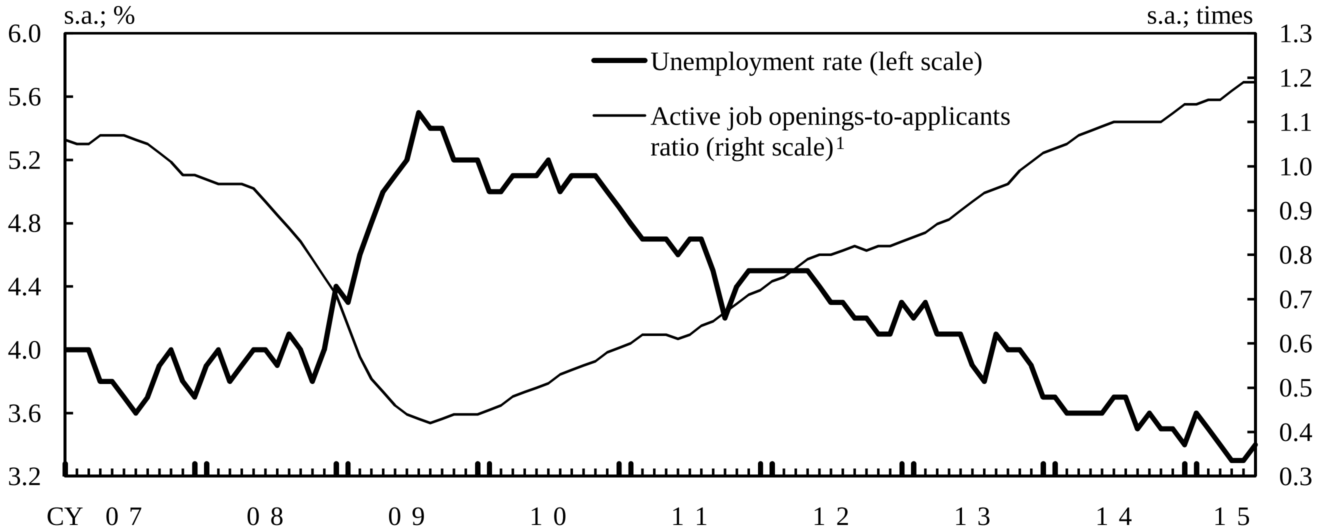
(2) Shipment-Inventory Balance



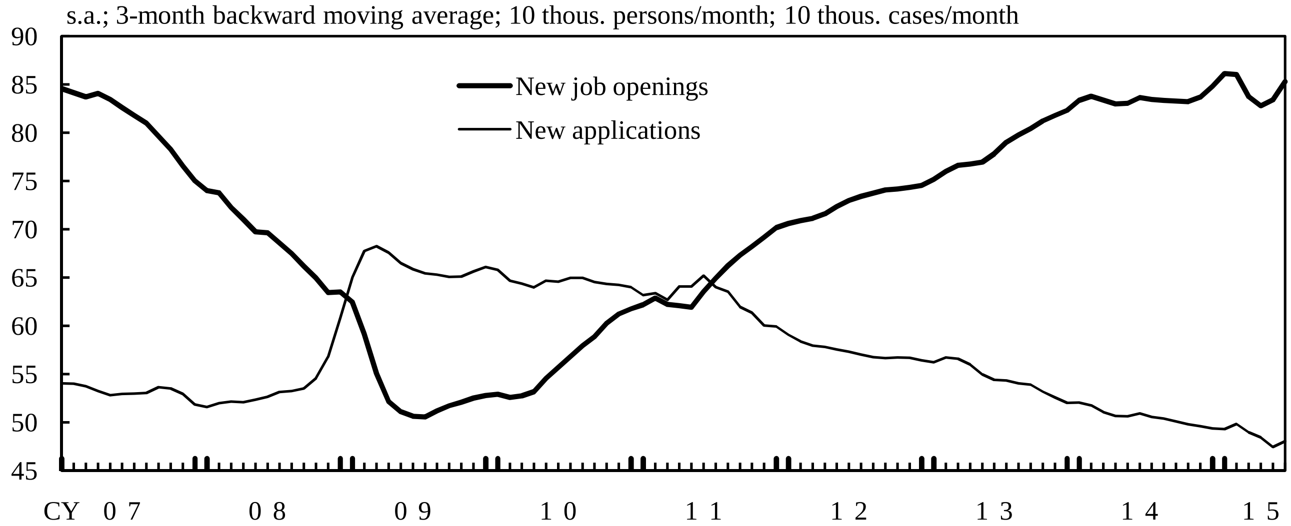
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Labor Market

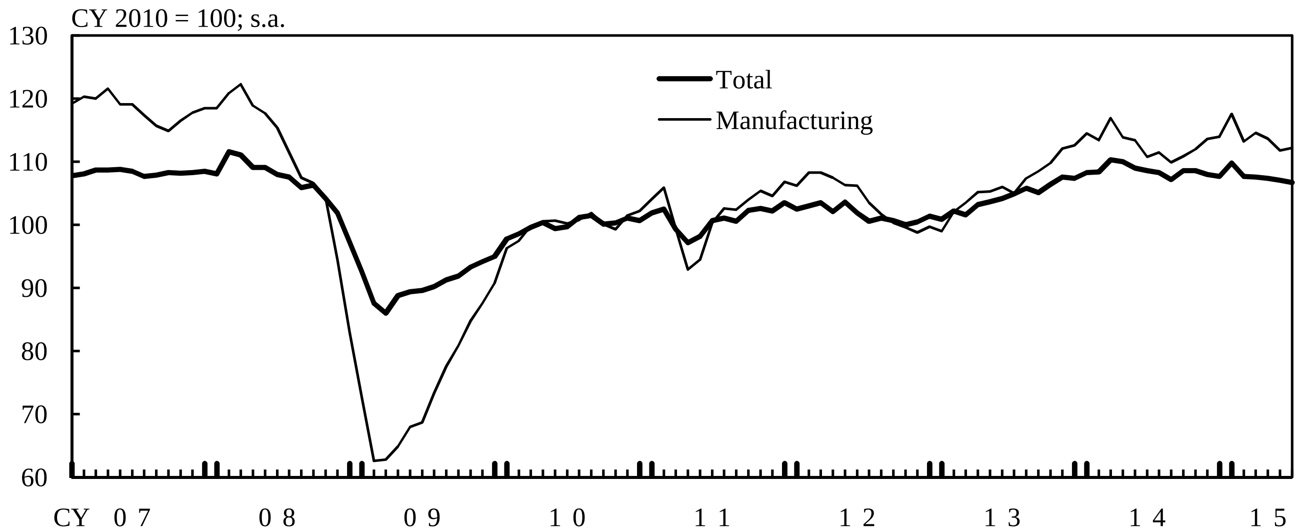
(1) Unemployment Rate and Active Job Openings-to-Applicants Ratio



(2) New Job Openings and New Applications[1]



(3) Non-Scheduled Hours Worked[2]

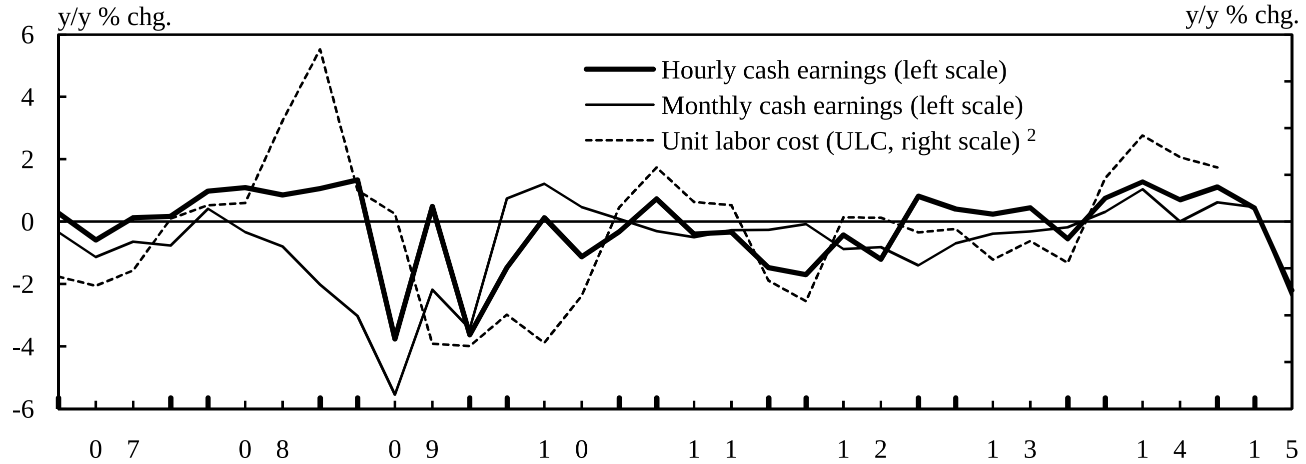


Notes: 1. Excluding new school graduates and including part-timers.
2. Data are for establishments with at least five employees.

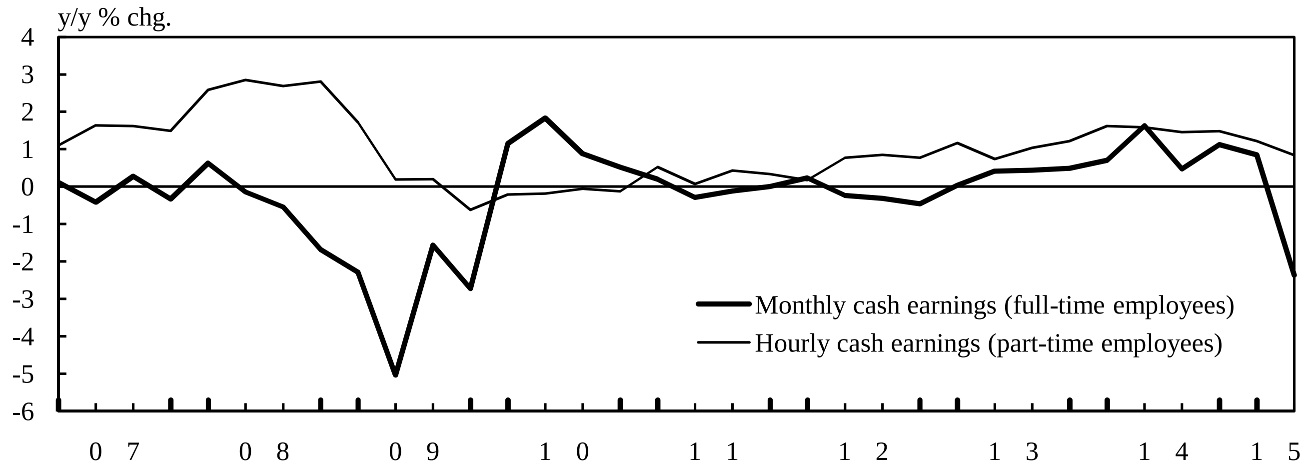
Sources: Ministry of Internal Affairs and Communications, "Labour Force Survey"; Ministry of Health, Labour and Welfare, "Report on Employment Service," "Monthly Labour Survey."

Wages

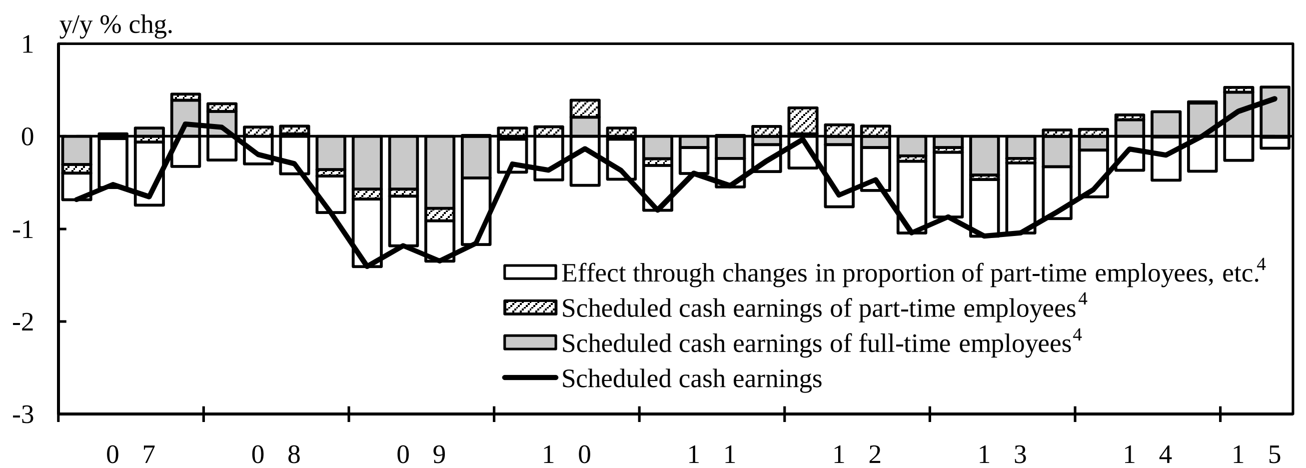
(1) Total[1,3]



(2) Cash Earnings by Type of Worker[1,3]



(3) Breakdown of Scheduled Cash Earnings[1,3]

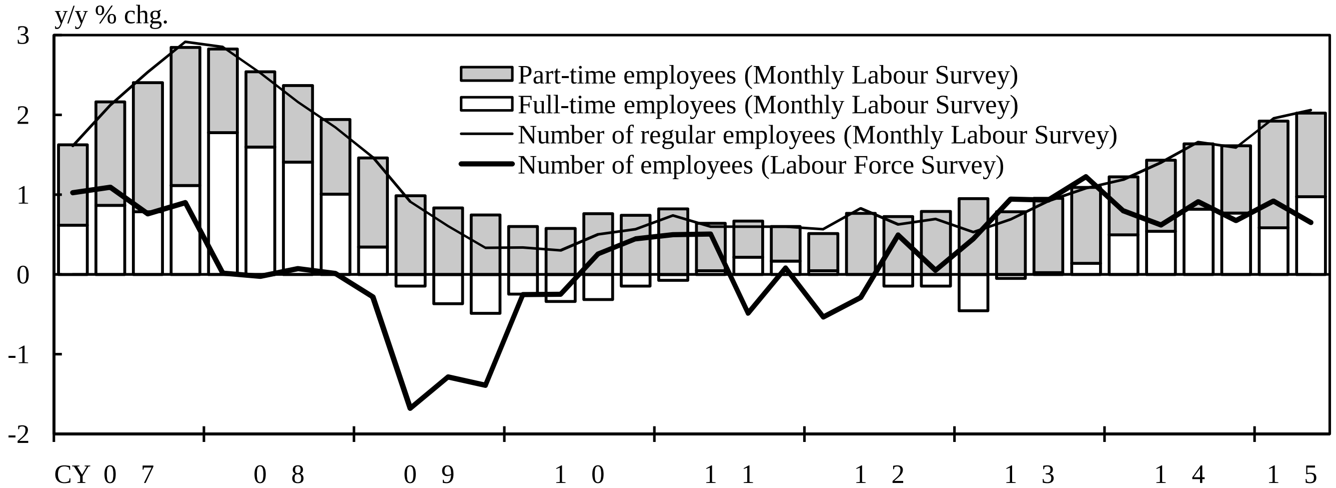


Notes: 1. Data for the "Monthly Labour Survey" are for establishments with at least five employees.
2. ULC = nominal compensation of employees (SNA) / real GDP
3. Figures for 2015/Q2 are those of June (except ULC).
Except ULC : Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.
ULC : Q1 = April-June, Q2 = July-September, Q3 = October-December, Q4 = January-March.
4. Contributions from scheduled cash earnings of full-time employees and those of part-time employees are calculated as: "scheduled cash earnings of each type of employee (y/y chg.)" times "proportion of the corresponding type's scheduled cash earnings to the previous year's total." Contributions from the effect through changes in proportion of part-time employees, etc. are the residuals.

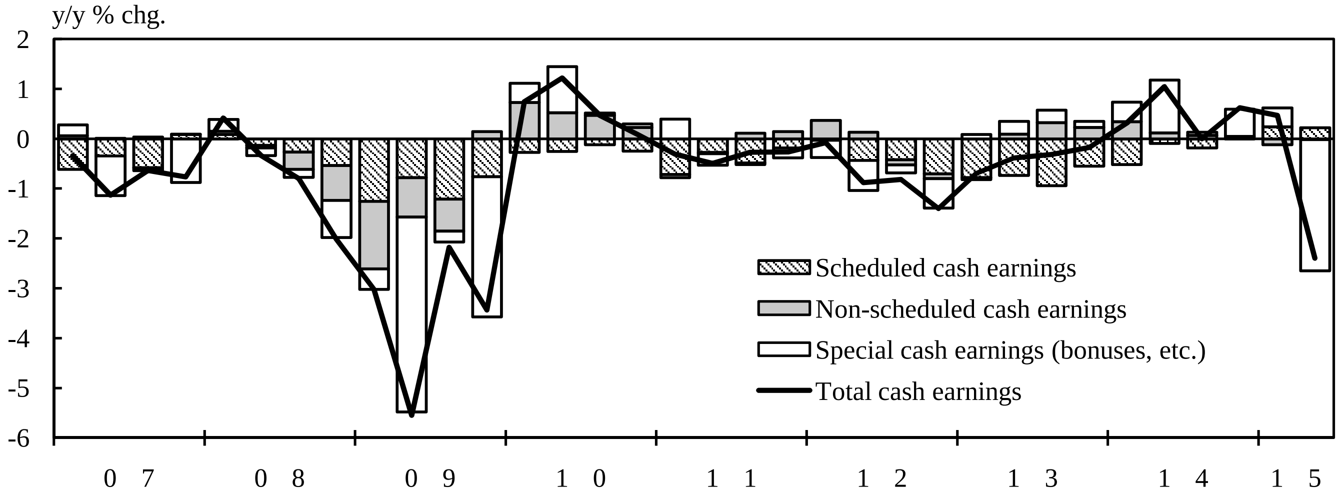
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey"; Cabinet Office, "National Accounts."

Employee Income

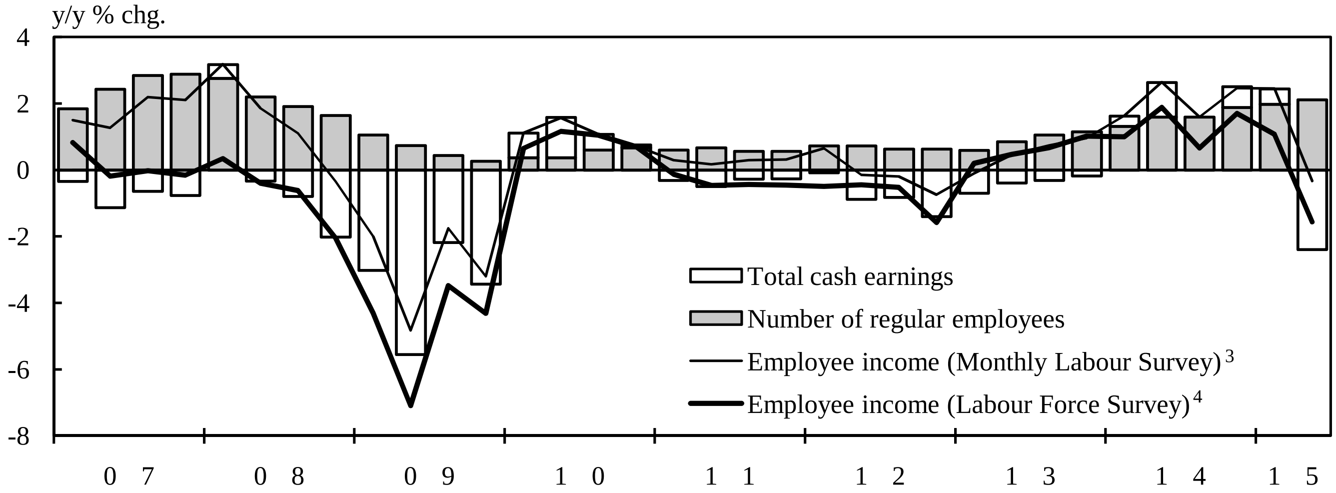
(1) Number of Employees[1]



(2) Breakdown of Total Cash Earnings[1,2]



(3) Breakdown of Employee Income[1,2]

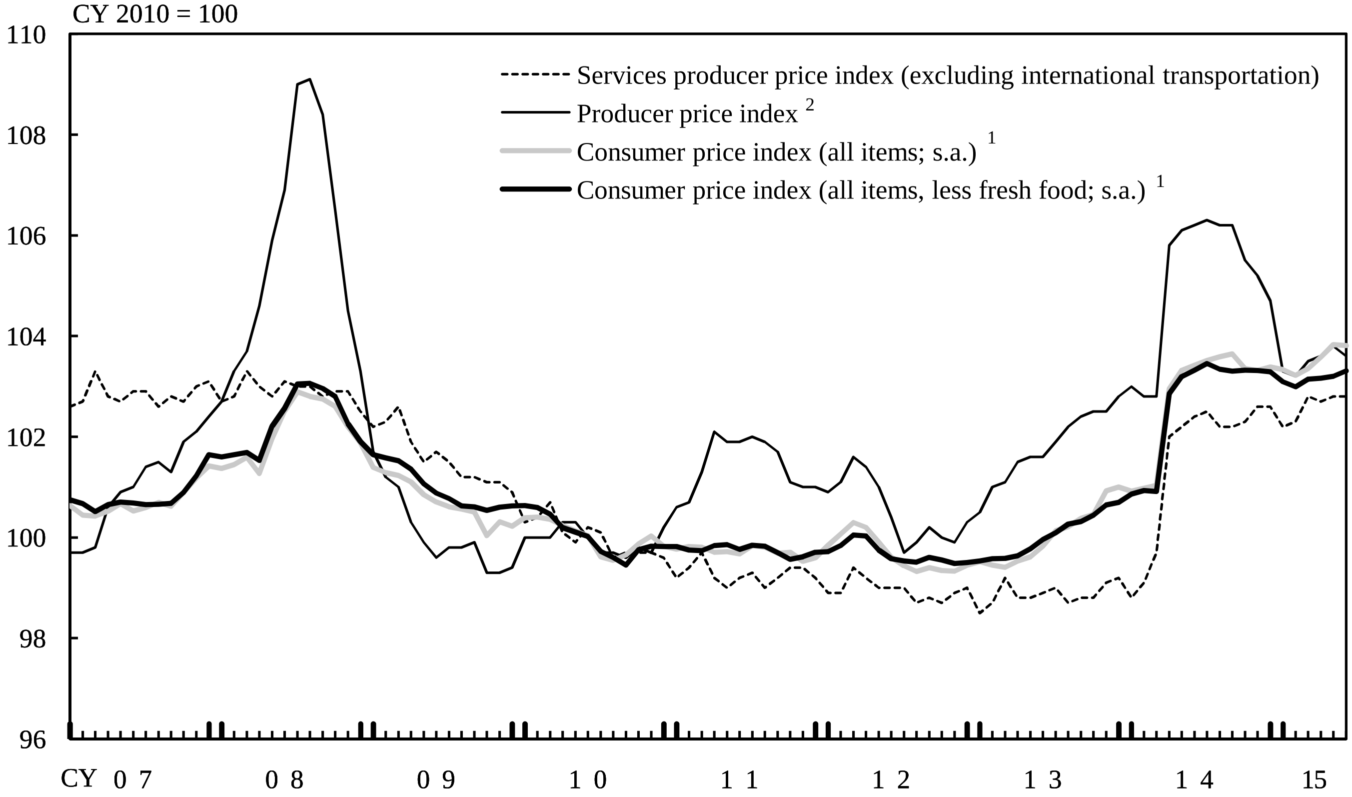


Notes: 1. Data for the "Monthly Labour Survey" are for establishments with at least five employees.
2. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2015/Q2 are those of June.
3. Calculated as the "number of regular employees" (Monthly Labour Survey) times "total cash earnings" (Monthly Labour Survey).
4. Calculated as the "number of employees" (Labour Force Survey) times "total cash earnings" (Monthly Labour Survey).

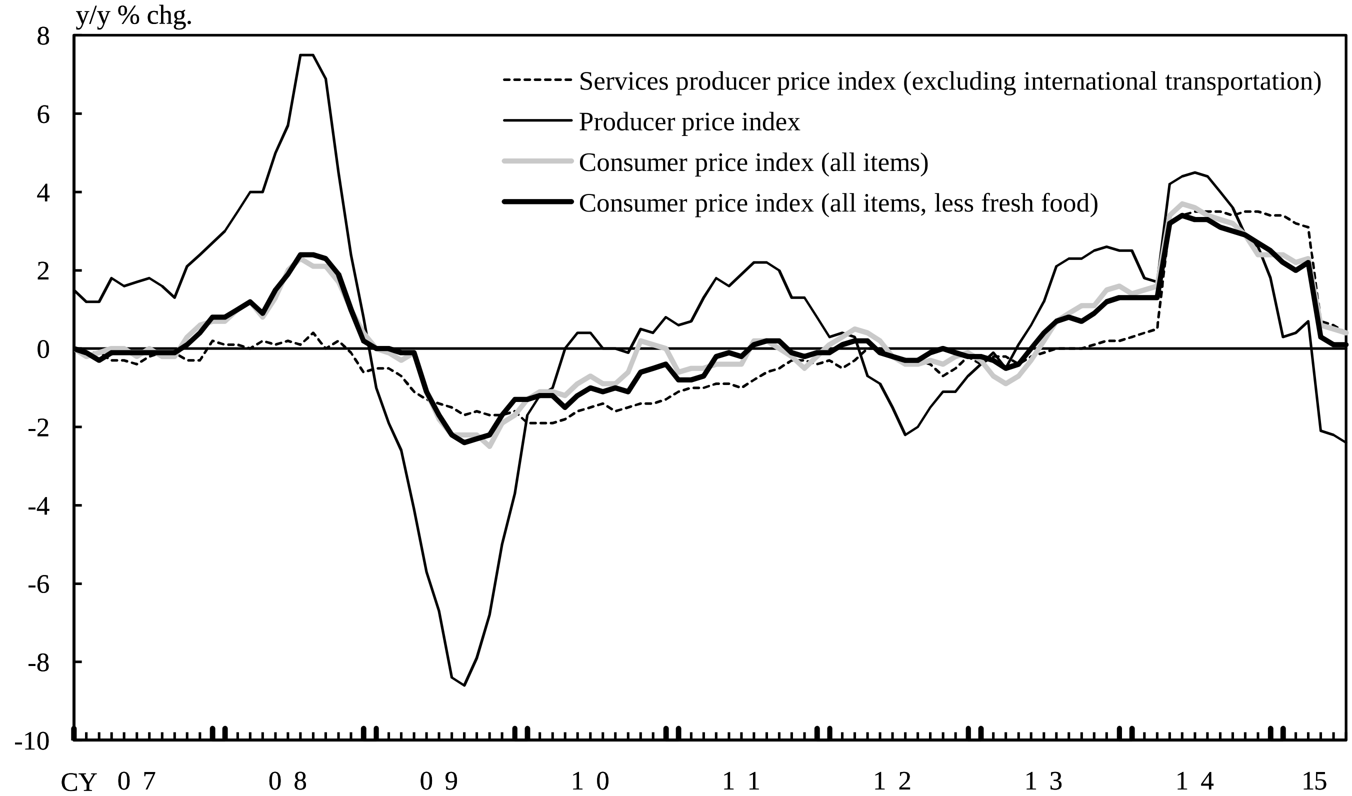
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey"; Ministry of Internal Affairs and Communications, "Labour Force Survey."

Prices

(1) Level



(2) Changes from a Year Earlier

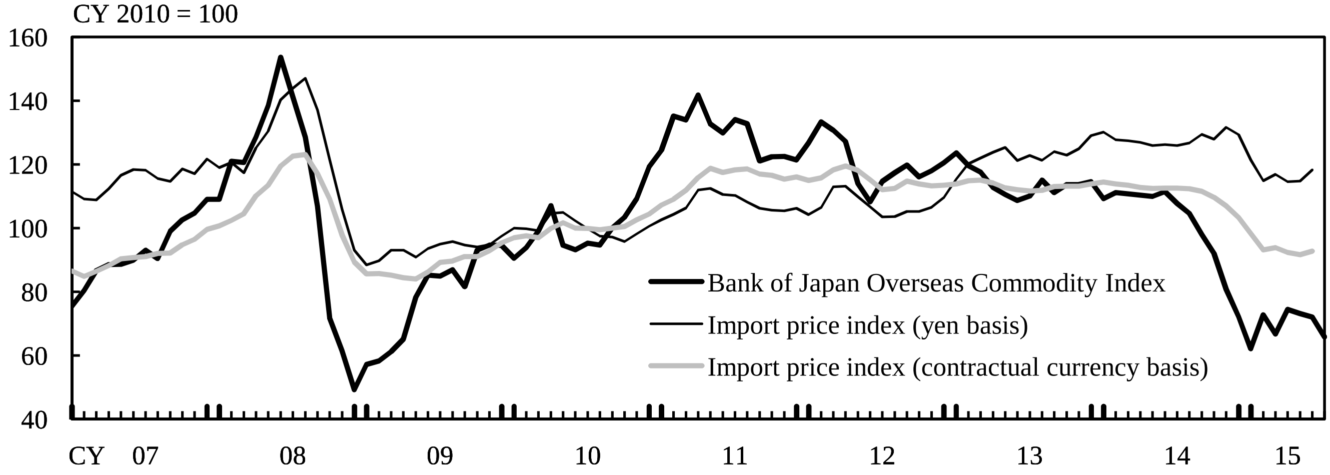


Notes: 1. Seasonally adjusted by X-12-ARIMA.
2. Adjusted to exclude a hike in electric power charges during the summer season from July to September.
3. The levels of "Consumer Price Index" up to 2009 are based on the linked indices.
4. Figures of "Services Producer Price Index" and "Producer Price Index" up to 2009 are based on the linked indices.
5. Figures include the consumption tax.

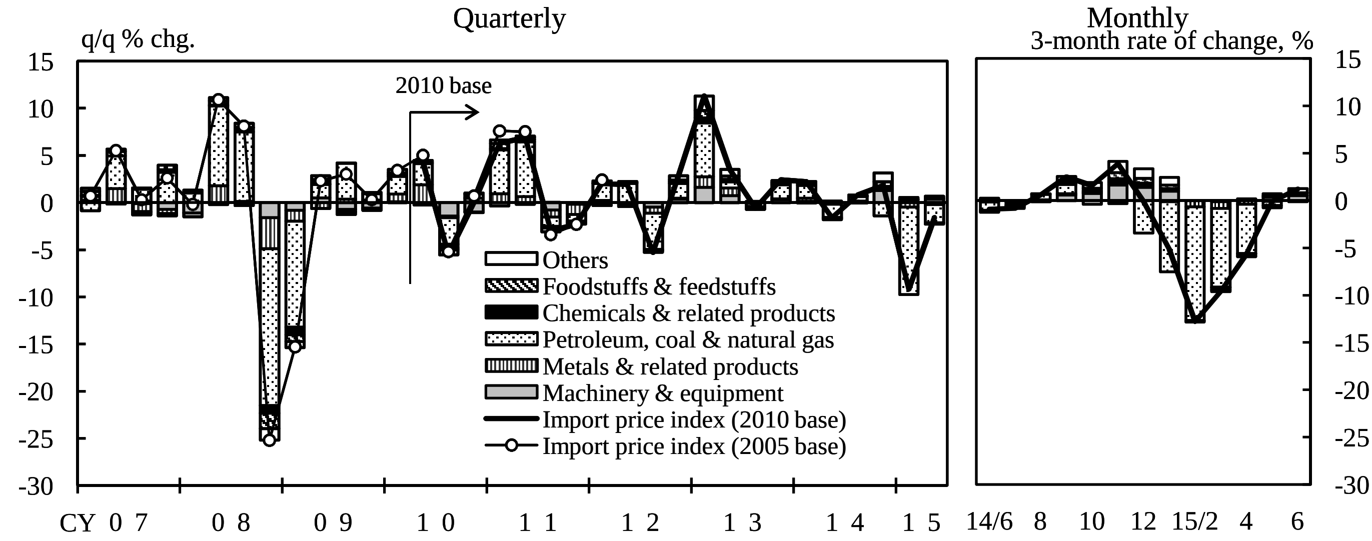
Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index"; Bank of Japan, "Corporate Goods Price Index," "Services Producer Price Index."

Import Prices and International Commodity Prices

(1) Import Price Index and Overseas Commodity Index

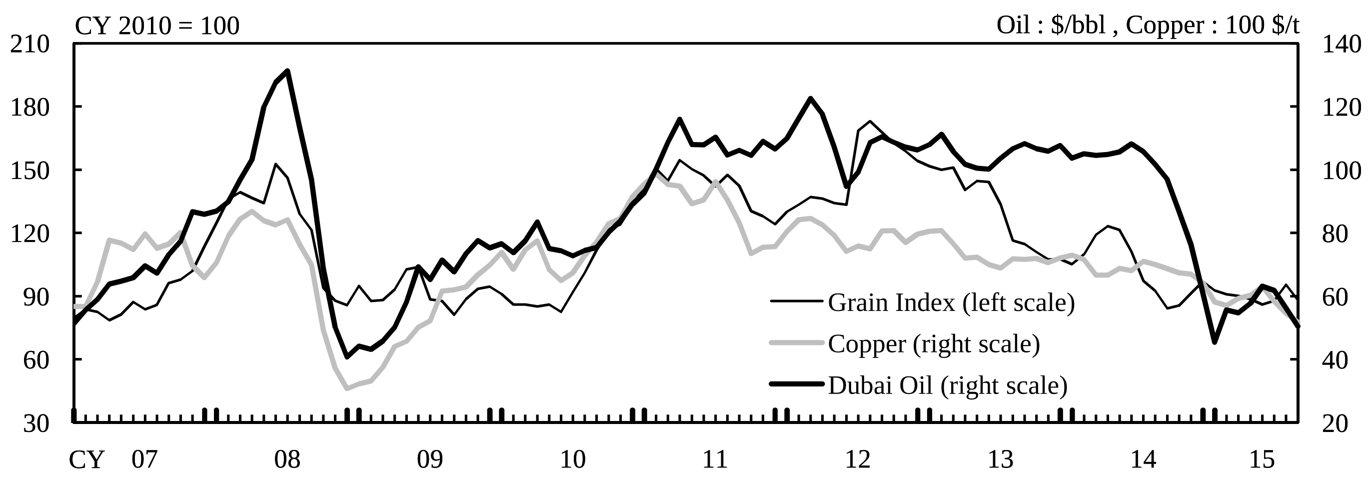


(2) Import Price Index (Yen Basis, Changes from a Quarter Earlier and 3 Months Earlier)



Note: Machinery & equipment: general purpose, production & business oriented machinery, electric & electronic products, and transportation equipment.

(3) International Commodity Prices



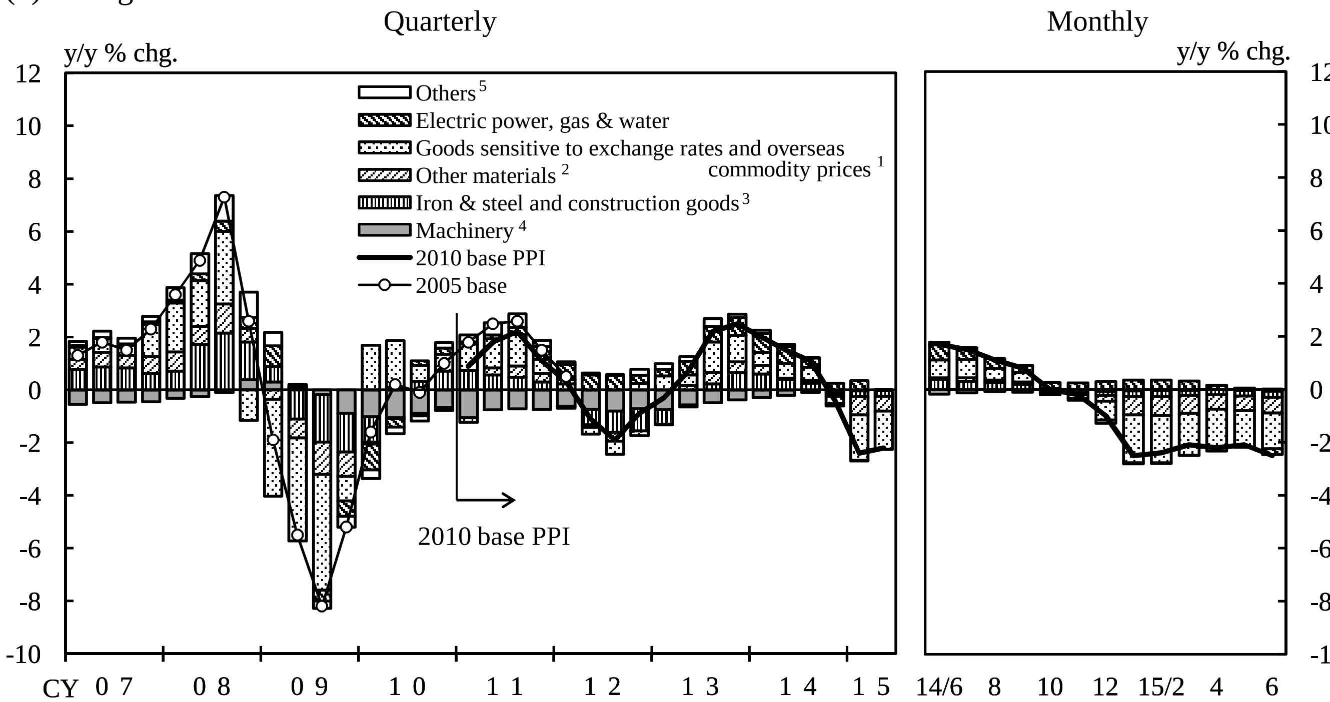
Notes: 1. The "grain index" is the weighted average of prices of three selected items (wheat, soybeans, and corn) in overseas commodity markets. The weights are based on the value of imports in the "Trade Statistics."

2. Monthly averages. Figures for August 2015 are averages up to August 6.

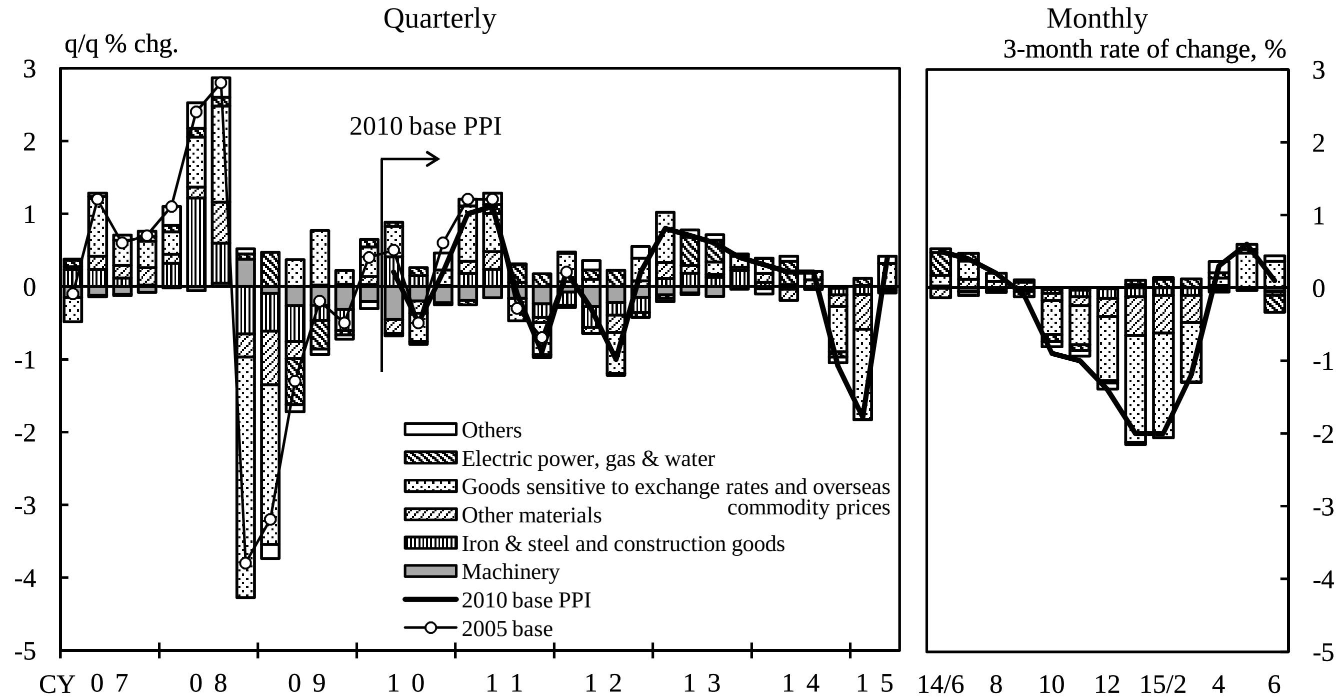
Sources: Bank of Japan, "Corporate Goods Price Index," "Bank of Japan Overseas Commodity Index," etc.

Producer Price Index

(1) Changes from a Year Earlier



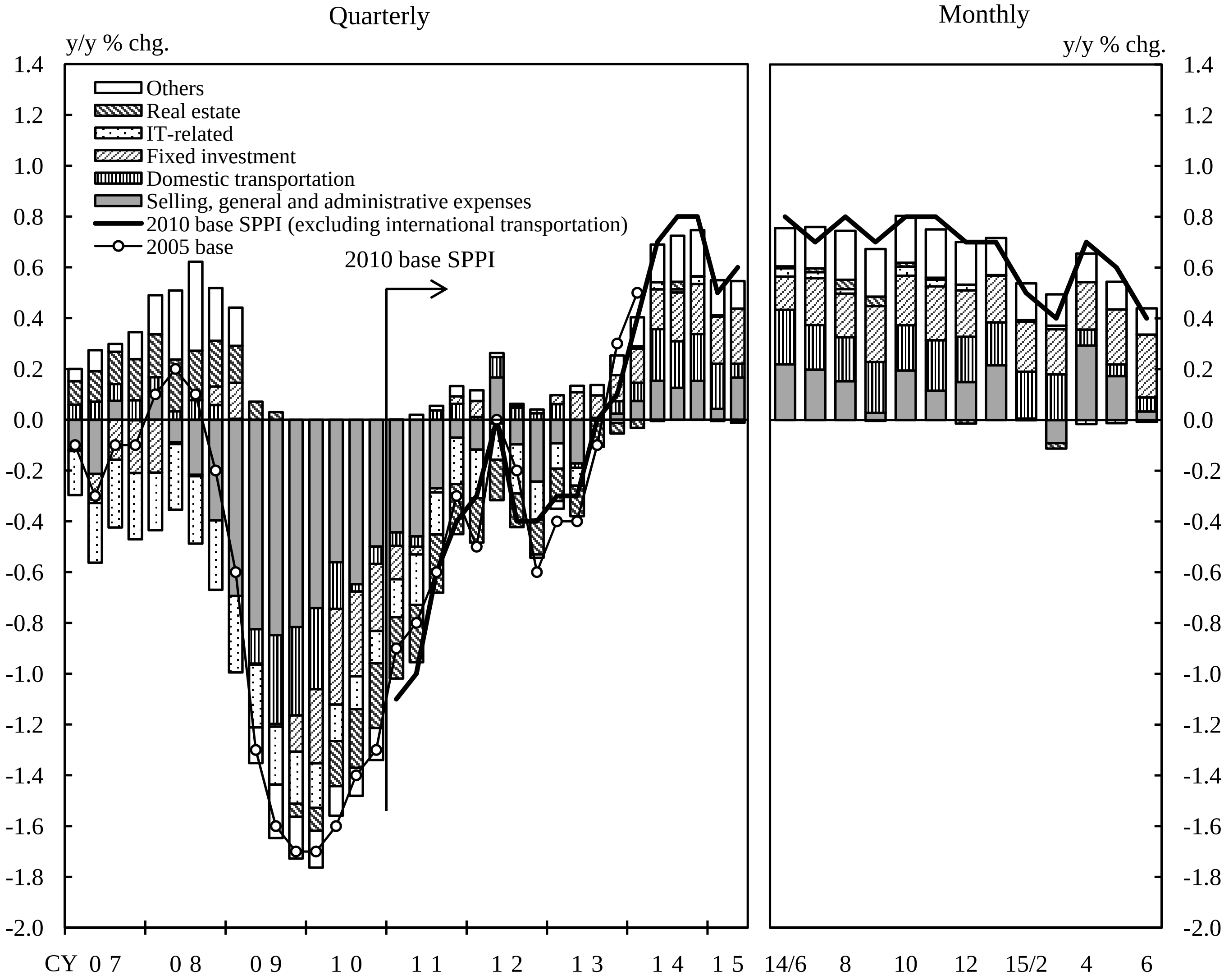
(2) Changes from a Quarter Earlier and 3 Months Earlier [6]



Notes: 1. Goods sensitive to exchange rates and overseas commodity prices: petroleum & coal products and nonferrous metals.
2. Other materials: chemicals & related products, plastic products, textile products, and pulp, paper & related products.
3. Iron & steel and construction goods: iron & steel, metal products, ceramic, stone & clay products, lumber & wood products, and scrap & waste.
4. Machinery: general purpose machinery, production machinery, business oriented machinery, electronic components & devices, electrical machinery & equipment, information & communications equipment, and transportation equipment.
5. Others: food, beverages, tobacco & feedstuffs, other manufacturing industry products, agriculture, forestry & fishery products, and minerals.
6. Adjusted to exclude a hike in electric power charges during the summer season from July to September. This adjustment makes the "Producer Price Index" fall by about 0.2%.
7. Figures from April 2014 onward are adjusted to exclude the direct effects of the consumption tax hike, using indices excluding the consumption tax.

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

Services Producer Price Index

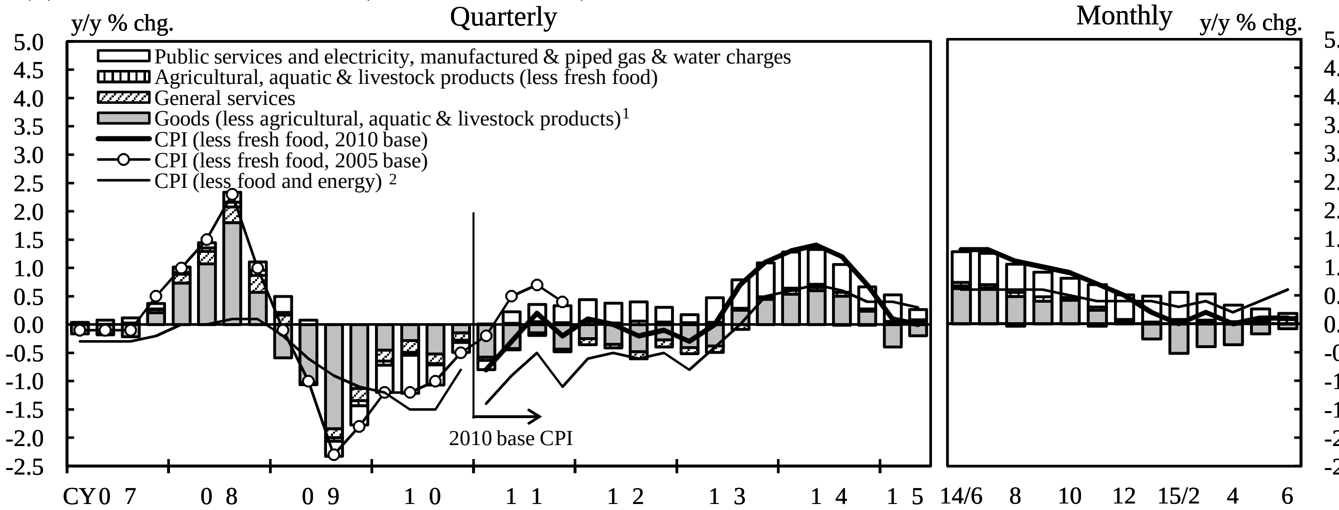


Notes: 1. Selling, general and administrative expenses: information and communications (excluding newspapers and publishing), advertising services, other services (excluding plant engineering, and civil engineering and architectural services).
2. Domestic transportation: transportation and postal services (excluding international transportation, railroad passenger transportation, road passenger transportation, water passenger transportation, and domestic air passenger transportation).
3. Fixed investment: leasing and rental (excluding leasing of computer and related equipment and computer rental), and civil engineering and architectural services.
4. IT-related: leasing of computer and related equipment, and computer rental.
5. Real estate: real estate services.
6. Others: finance and insurance, railroad passenger transportation, road passenger transportation, water passenger transportation, domestic air passenger transportation, newspapers and publishing, and plant engineering.
7. Figures from April 2014 onward are adjusted to exclude the direct effects of the consumption tax hike, using indices excluding the consumption tax.

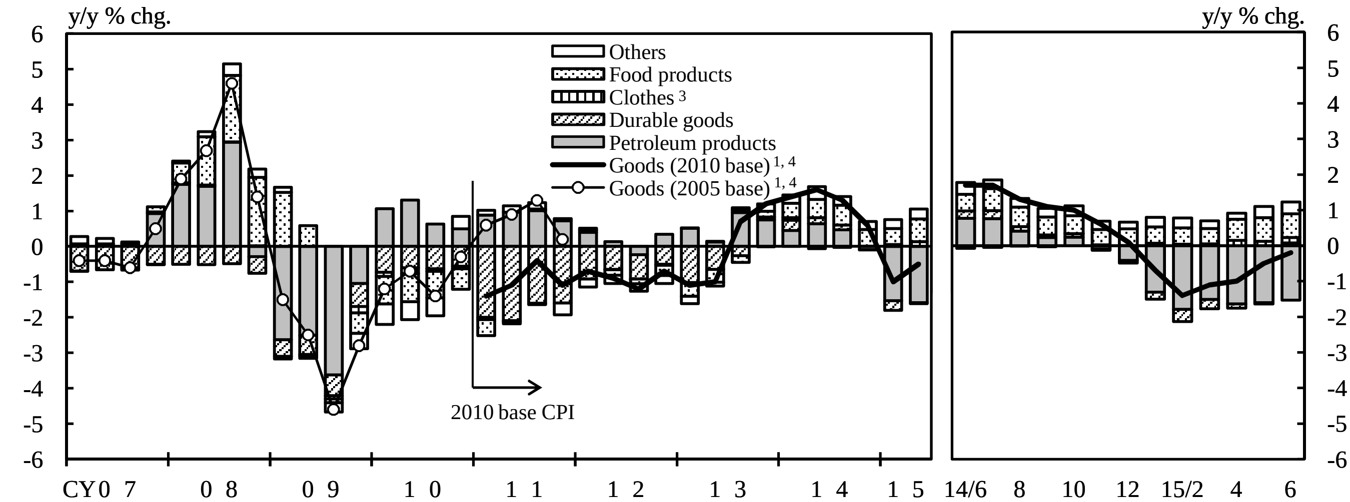
Source: Bank of Japan, "Services Producer Price Index."

Consumer Price Index (Less Fresh Food)

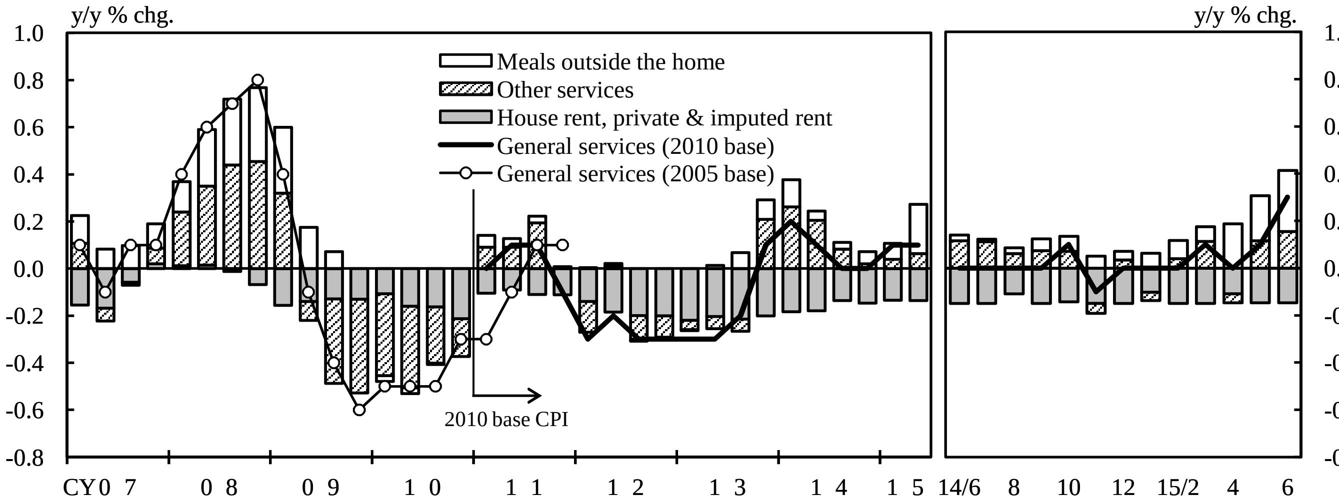
(1) Consumer Price Index (Less Fresh Food)



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



(3) General Services

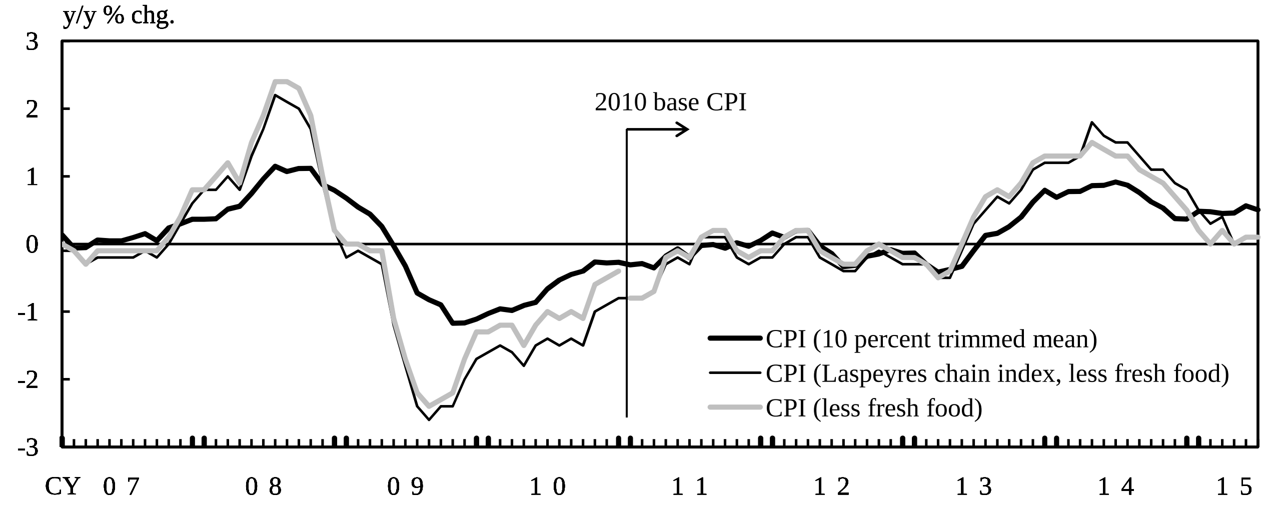


Notes: 1. The items are basically the same as those defined by the Ministry of Internal Affairs and Communications. However, electricity, manufactured & piped gas & water charges are excluded from goods.
2. Alcoholic beverages are excluded from food. Energy: electricity, gas manufactured & piped, liquefied propane, kerosene, and gasoline.
3. Including shirts, sweaters & underwear.
4. Less agricultural, aquatic & livestock products.
5. The year-on-year rates of change other than those of the CPI (less fresh food), CPI (less food and energy), and general services are calculated using published indices.
6. Figures are estimated by adjusting the direct effects of the consumption tax hike in April 2014.

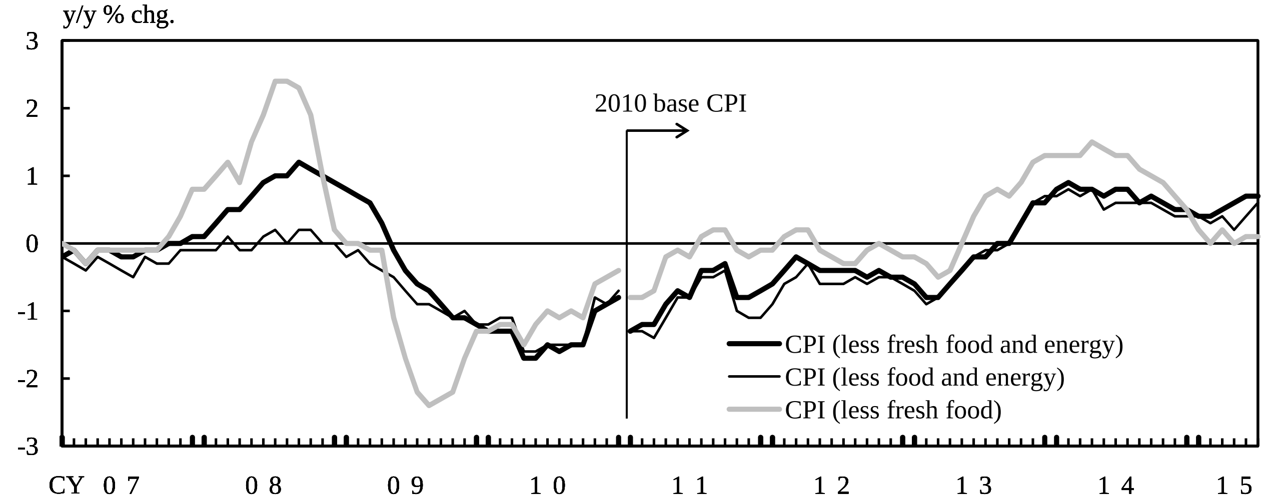
Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

Trend Changes in Consumer Prices

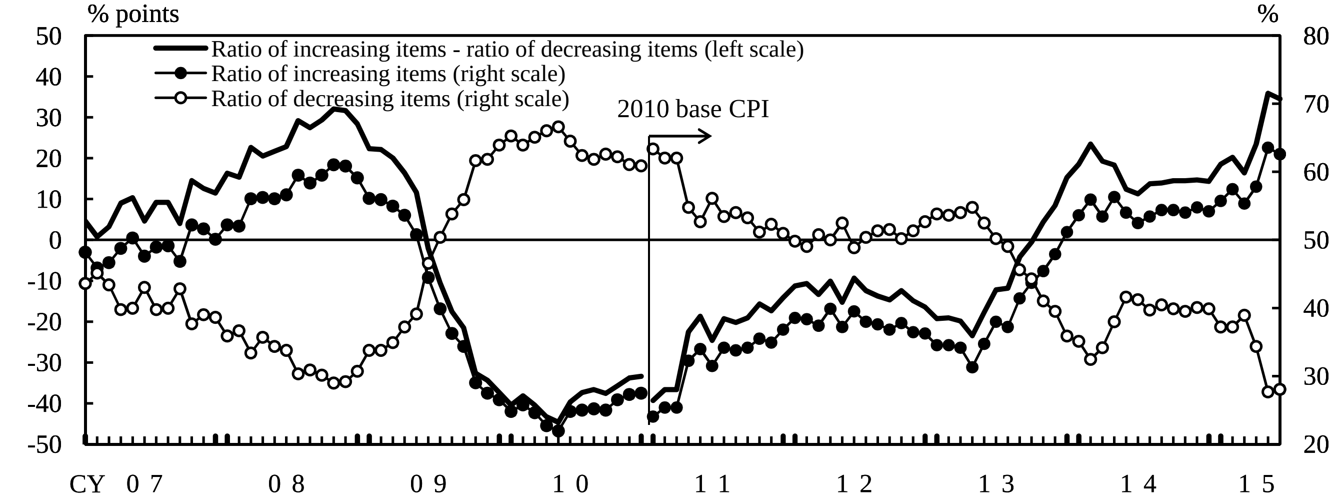
(1) Trimmed Mean and Laspeyres Chain Index



(2) CPI (Less Fresh Food and Energy) and CPI (Less Food and Energy)



(3) Ratio of Increasing and Decreasing Items



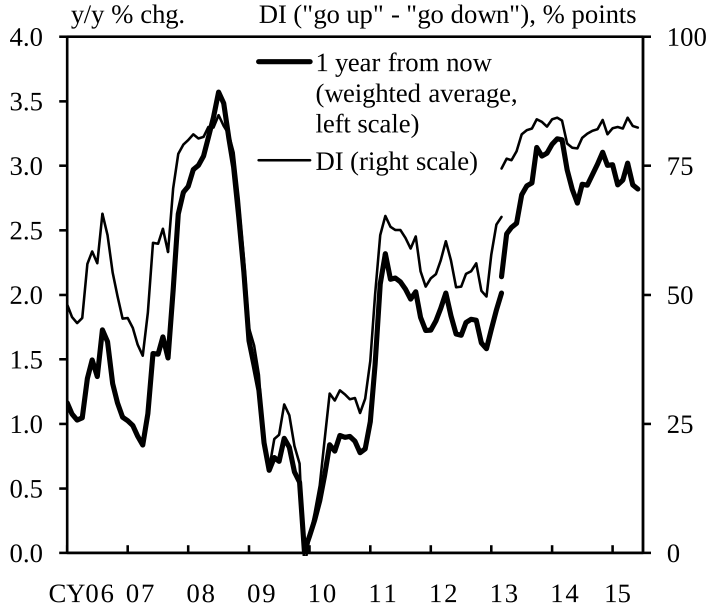
Notes: 1. Figures for the 10 percent trimmed mean are the weighted averages of the year-on-year price changes in individual items making up the CPI. Items are arranged in ascending order of their year-on-year rate of price change and those falling into the upper and lower 10 percent tails by weight are trimmed.
2. Figures for the Laspeyres chain index up to 2010 are on the 2005 base, and those from 2011 onward are on the 2010 base.
3. Figures for the CPI (less fresh food and energy) are calculated by the Research and Statistics Department, Bank of Japan.
4. Figures for the ratio of increasing and decreasing items are proportions of items whose indices increased/decreased from a year earlier. All items less fresh food.
5. Figures are estimated by adjusting the direct effects of the consumption tax hike in April 2014.

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

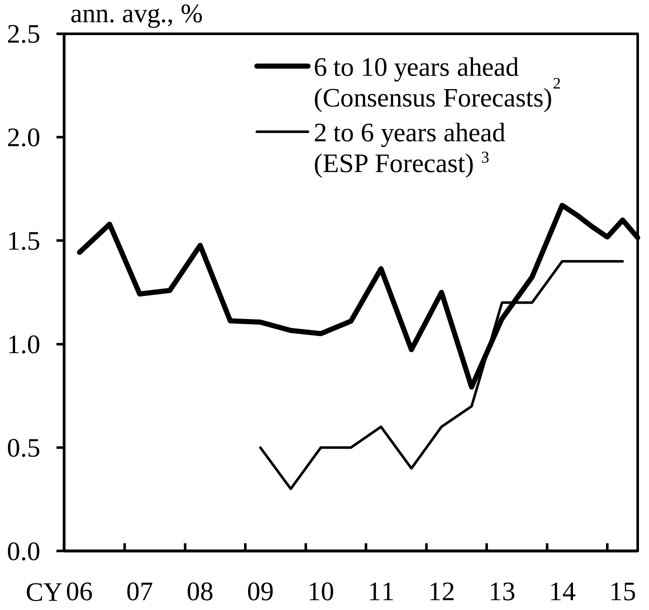
Inflation Expectations

(1) Households

<Consumer Confidence Survey>[1]

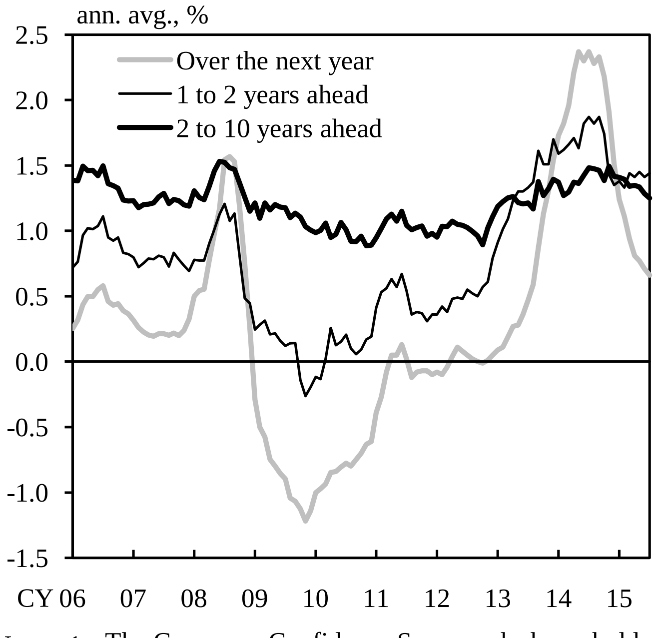


(2) Economists

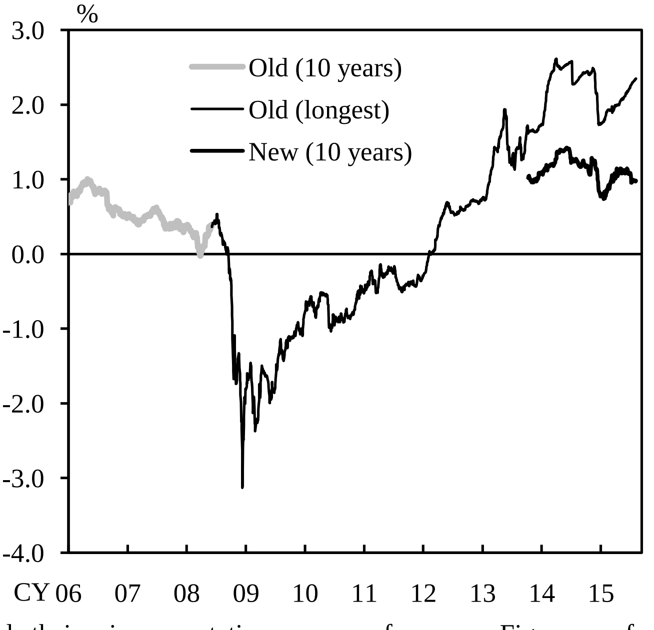


(3) Market Participants

<QUICK Survey>[4]



<BEI for Inflation-Indexed JGBs>[5]



Notes: 1. The Consumer Confidence Survey asks households to provide their price expectations one year from now. Figures are for all households. The weighted average is calculated based on the following assumption: survey responses chosen by households as their expected inflation rates -- "-5% or below," "from -5% to -2%," "from -2% to 0%," "from 0% to +2%," "from +2% to +5%," and "+5% or above" -- indicate inflation rates of -5%, -3.5%, -1%, +1%, +3.5%, and +5%, respectively. There is discontinuity between figures up to March 2013 and those thereafter due to the change in the survey method in April 2013.

2. Figures are forecasts made every January, April, July, and October. Those up through April 2014 are forecasts made every April and October.

3. Figures are forecasts made every June and December. The effects of the consumption tax hikes are excluded.

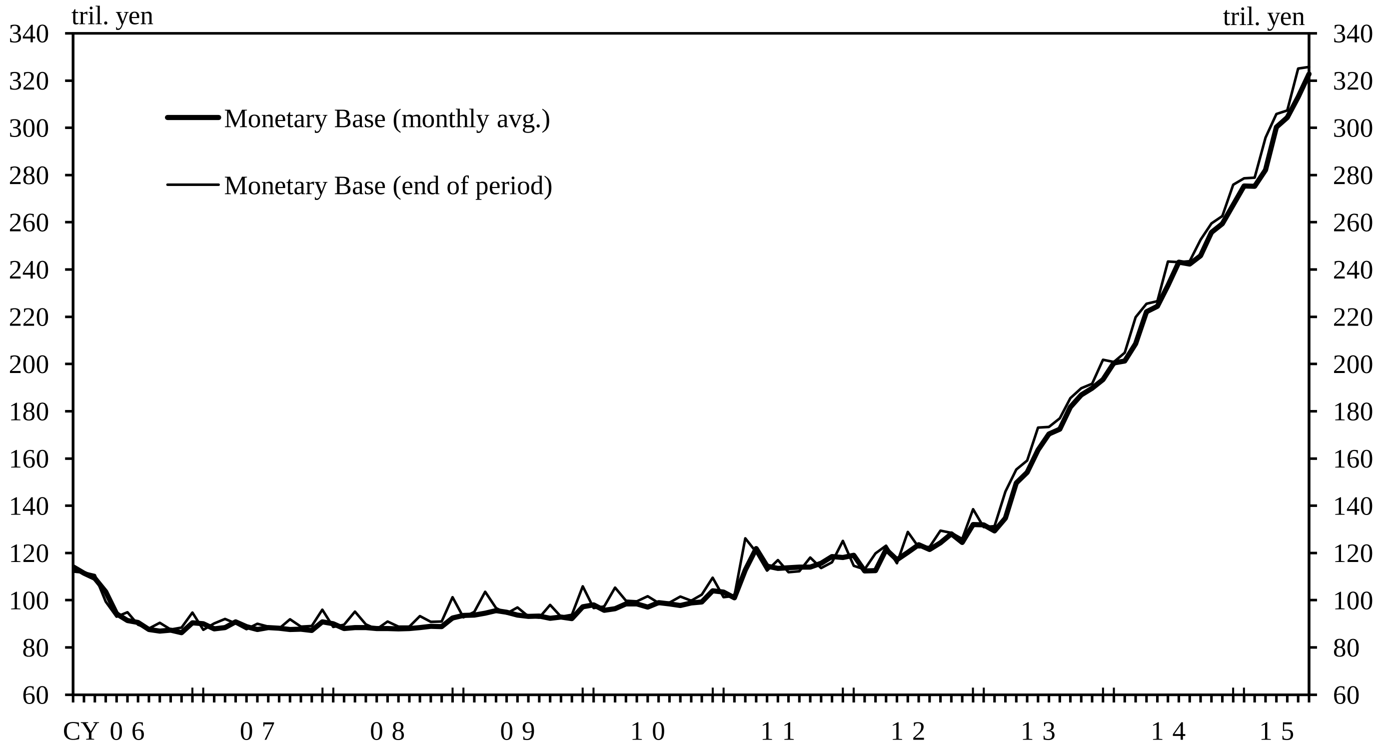
4. From the September 2013 survey, the QUICK Monthly Market Survey (Bonds) has asked respondents to include the effects of the consumption tax hikes.

5. Yield spreads between fixed-rate coupon-bearing JGBs and inflation-indexed JGBs. Inflation-indexed JGBs issued since October 2013 are designated as "new," while the rest are designated as "old." Figures for "old (longest)" are calculated using yield data for issue No. 16 of inflation-indexed JGBs, which matures in June 2018.

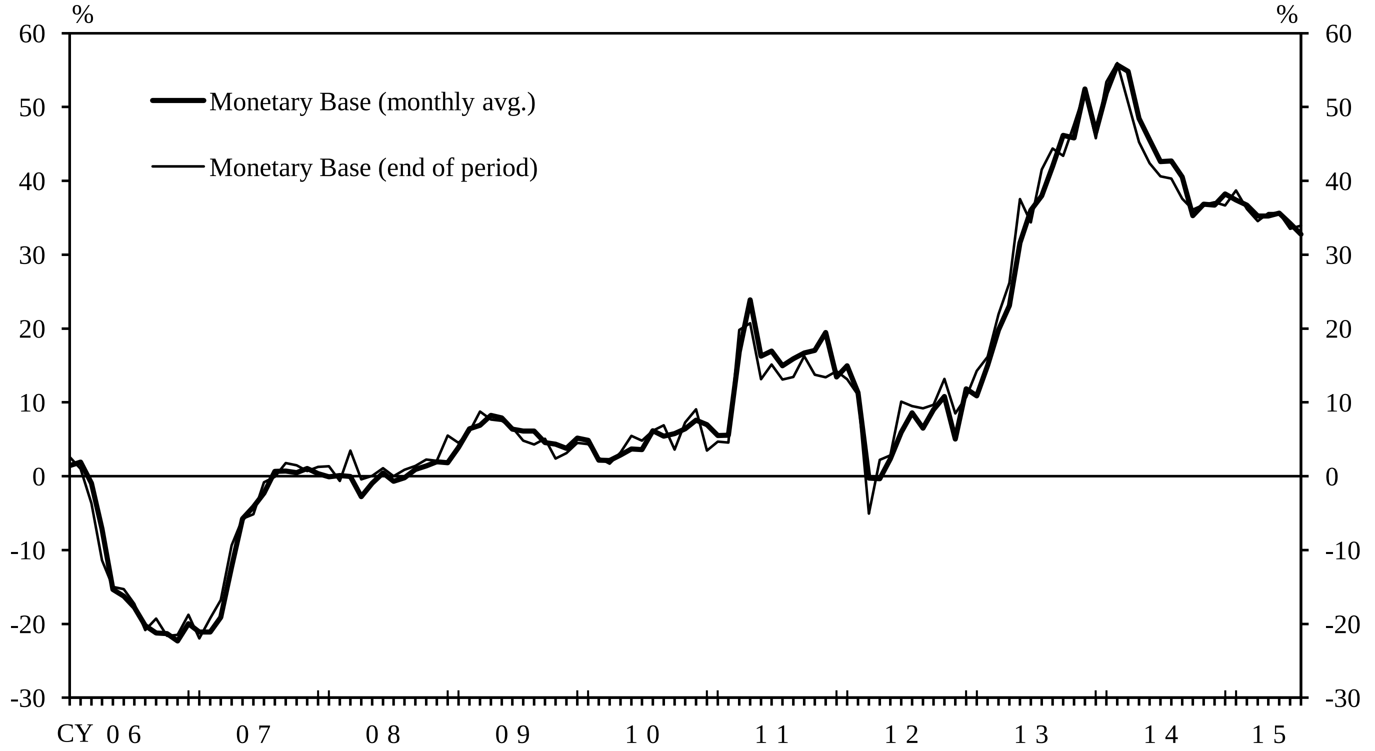
Sources: Cabinet Office, "Consumer Confidence Survey"; Consensus Economics Inc., "Consensus Forecasts"; JCER, "ESP Forecast"; QUICK, "QUICK Monthly Market Survey (Bonds)"; Bloomberg.

Monetary Base

(1) Level



(2) Changes from a Year Earlier

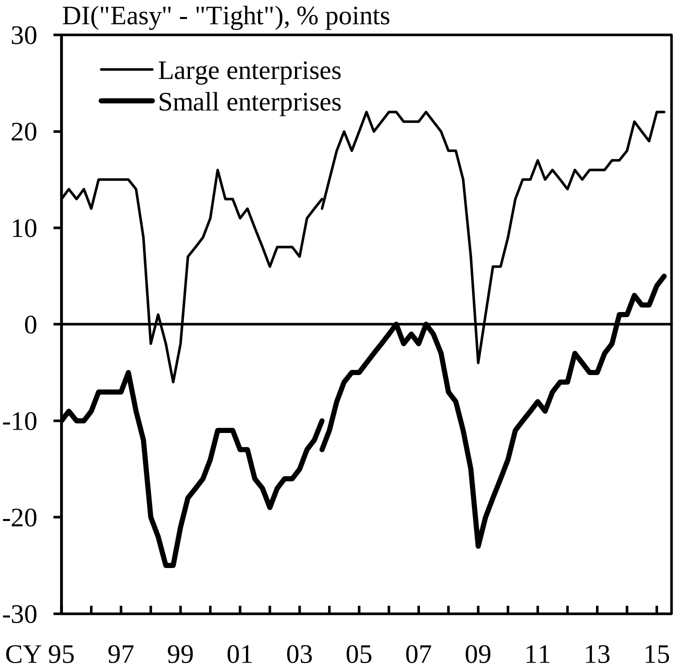


Source: Bank of Japan.

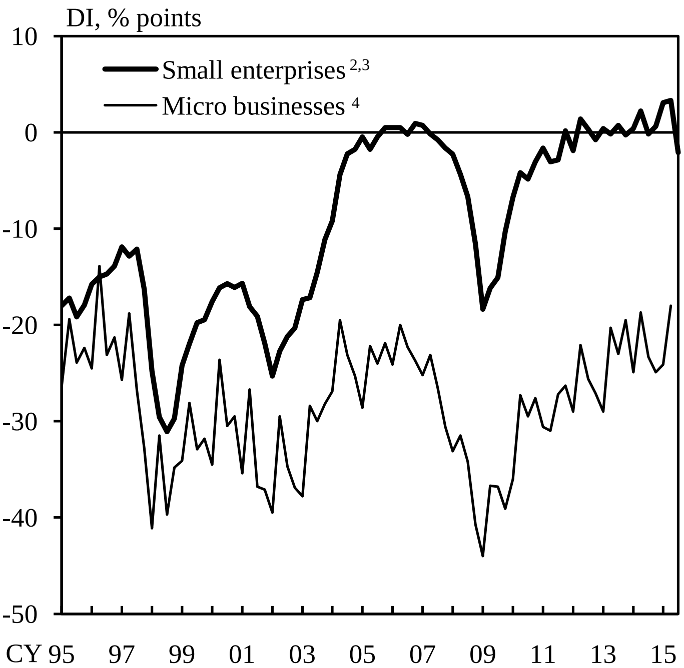
Corporate Finance-Related Indicators

(1) Financial Position

<Tankan[1]>

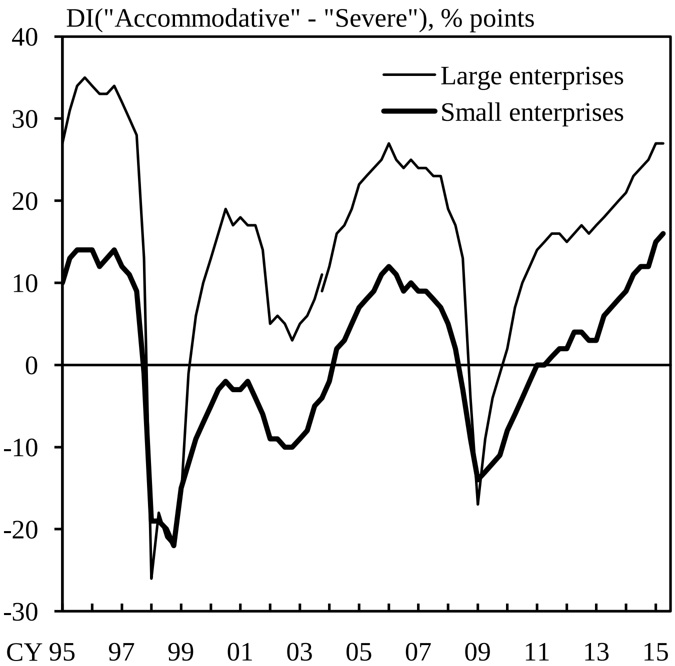


<Japan Finance Corporation Survey>

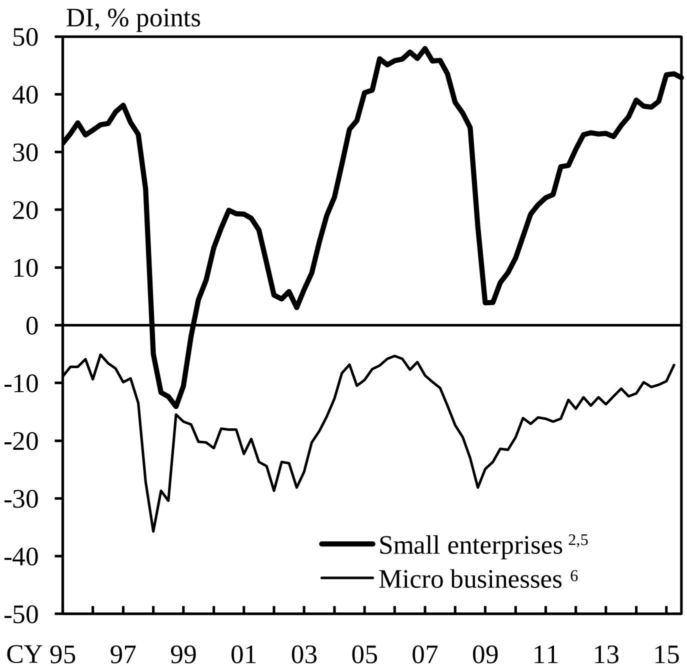


(2) Lending Attitude of Financial Institutions as Perceived by Firms

<Tankan[1]>



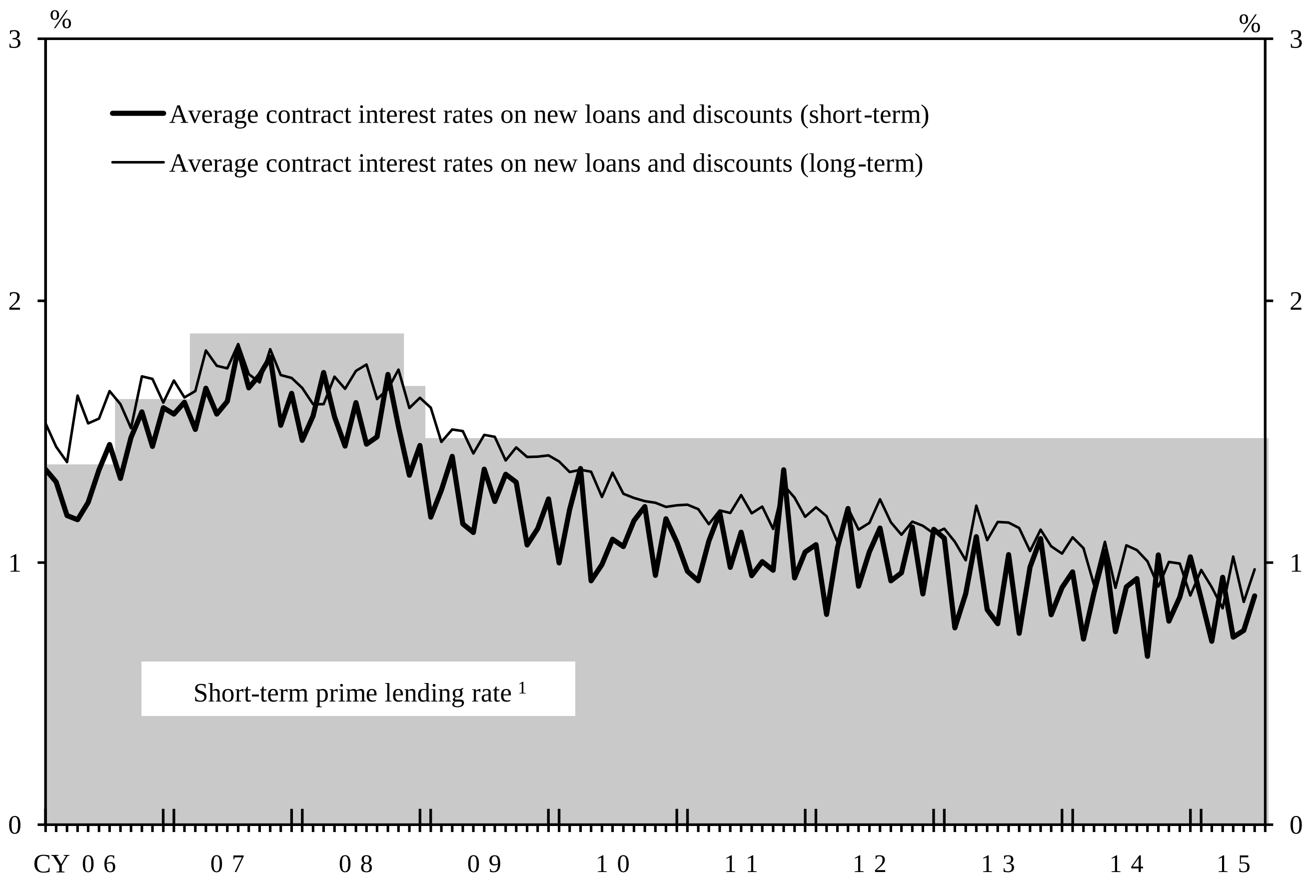
<Japan Finance Corporation Survey>



Notes: 1. Data of the "Tankan" are based on all industries. The "Tankan" has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on the new basis.
2. Figures are quarterly averages of monthly data. Figures for 2015/Q3 are those of July.
3. DI of "Easy" - "Tight."
4. DI of "Easier" - "Tighter."
5. DI of "Accommodative" - "Severe."
6. DI of "More accommodative" - "More severe."

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

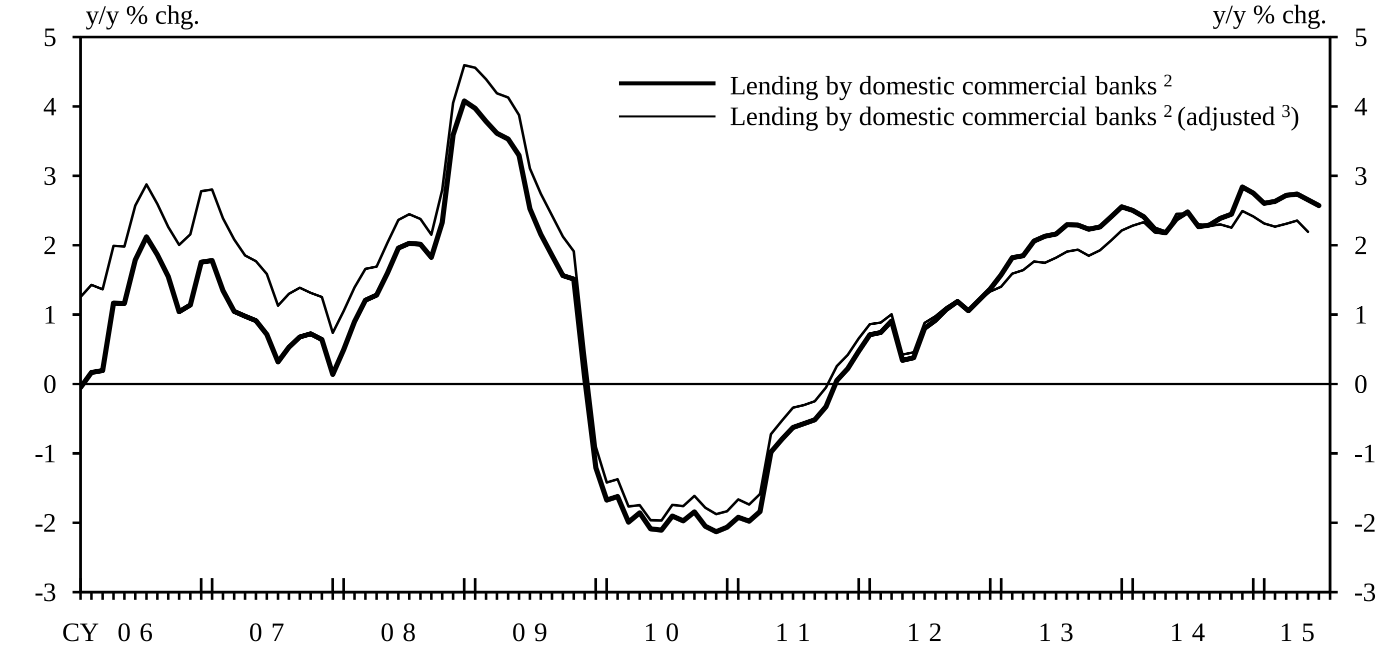
Lending Rates



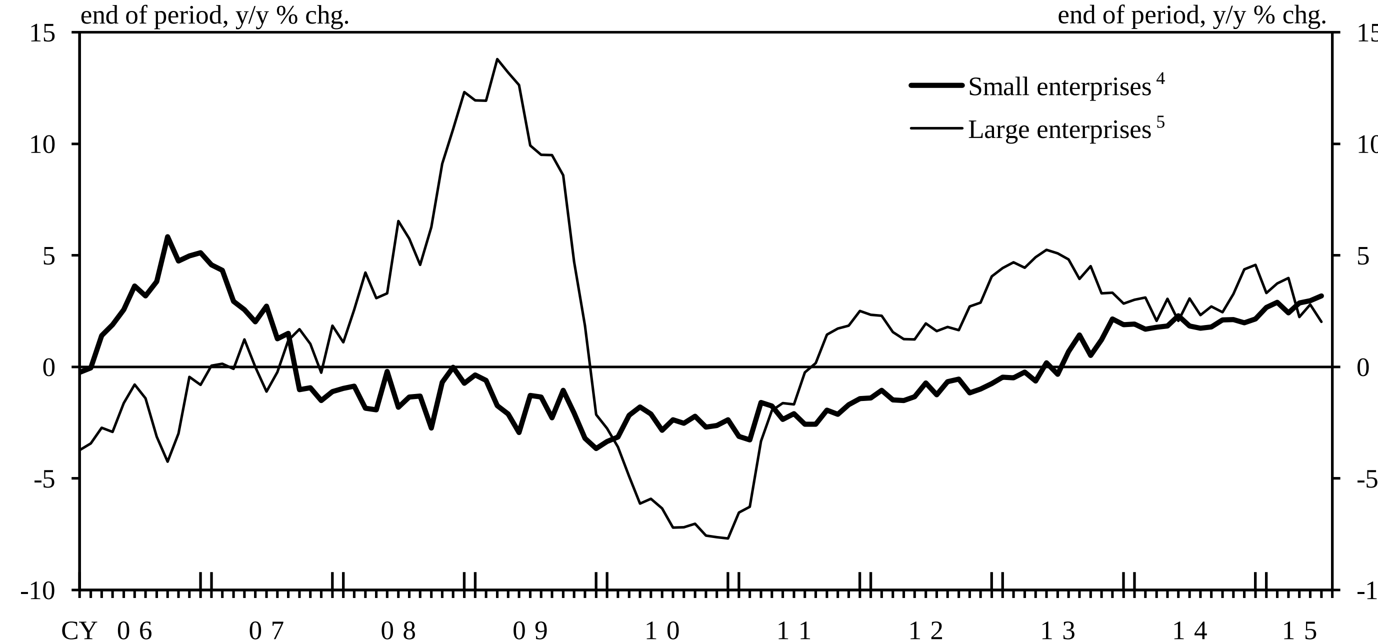
Note: 1. Data are at end of period.
Source: Bank of Japan.

Lending by Financial Institutions

(1) Lending by Domestic Commercial Banks[1]



(2) Lending by Domestically Licensed Banks (by Firm Size)

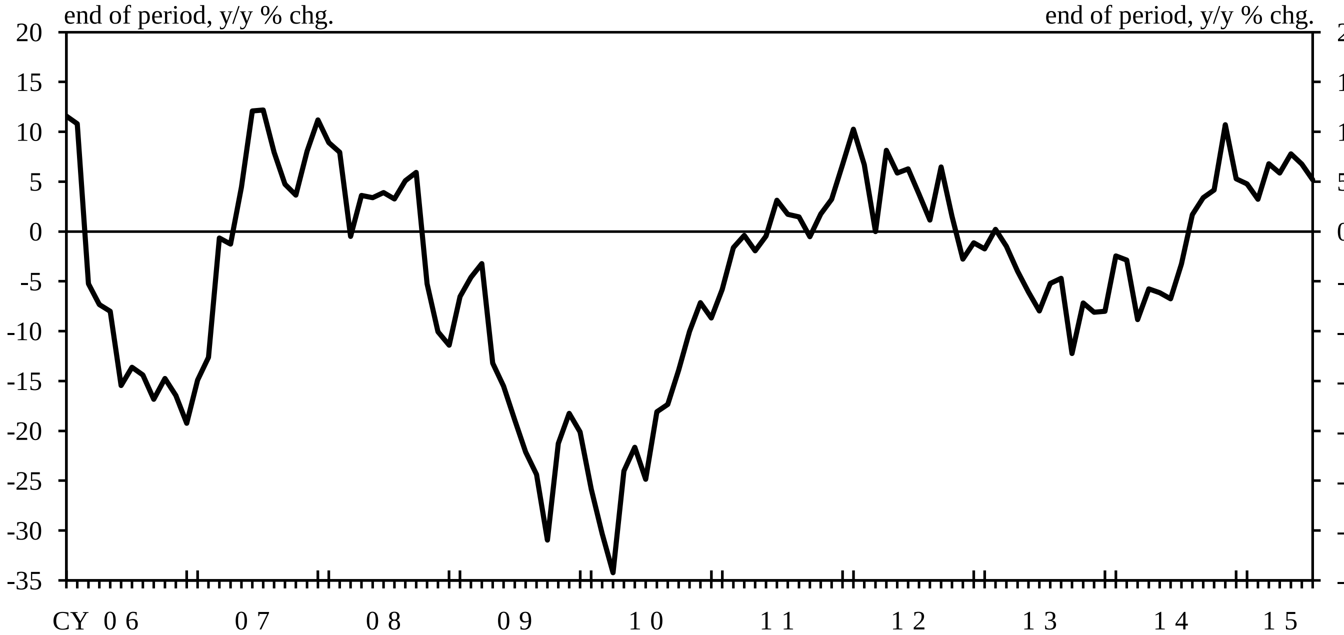


Notes: 1. Percent changes in average amounts outstanding from a year earlier.
2. "Domestic commercial banks" refers to major banks, regional banks I, and regional banks II.
3. Adjusted to exclude
(1) fluctuations due to the liquidation of loans,
(2) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates,
(3) fluctuations due to loan write-offs,
(4) the transfer of loans to the former Japan National Railways Settlement Corporation to the General Account, and
(5) the transfer of loans to the former Housing Loan Administration Corporation to the Resolution and Collection Corporation.
4. Small enterprises are those capitalized at 300 million yen or less or with regular employees of 300 persons or less ("wholesale trade" capitalized at 100 million yen or less or with regular employees of 100 persons or less, "retail trade" and "eating and drinking services" capitalized at 50 million yen or less or with regular employees of 50 persons or less, and "goods rental and leasing," etc. capitalized at 50 million yen or less or with regular employees of 100 persons or less).
5. Other than small enterprises.

Source: Bank of Japan.

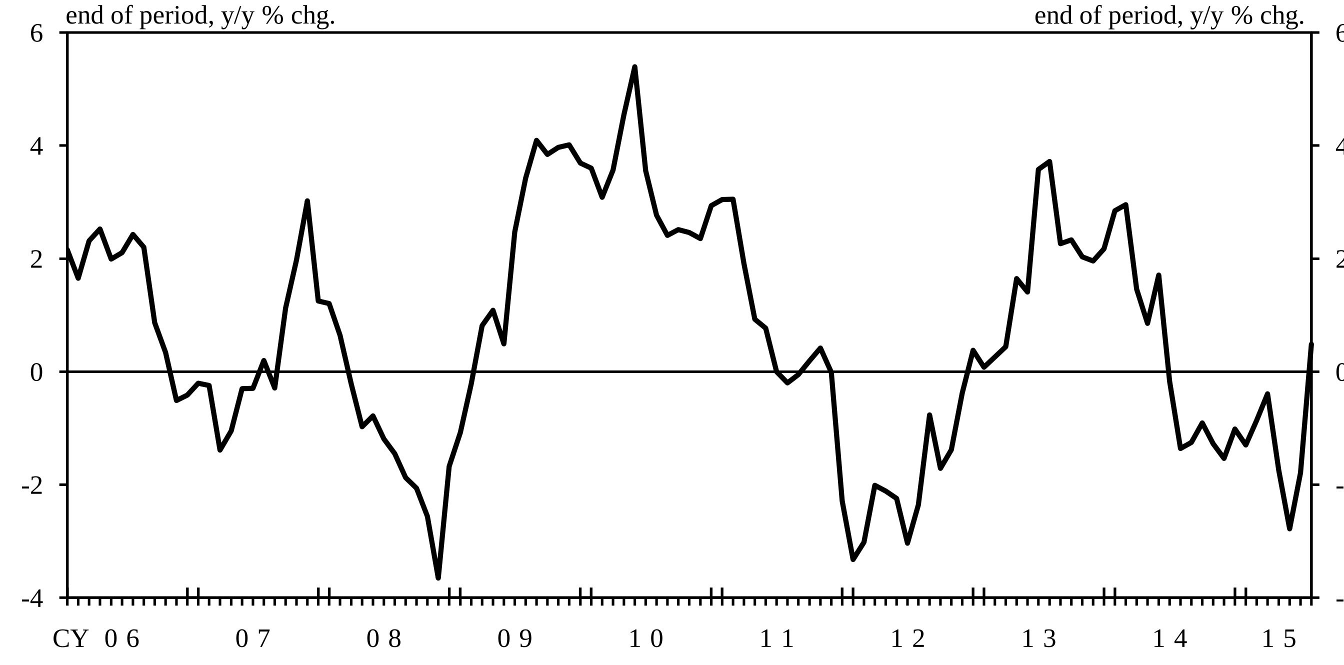
Private-Sector Fund-Raising in the Capital Markets

(1) Amount Outstanding of Commercial Paper



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

(2) Amount Outstanding of Corporate Bonds

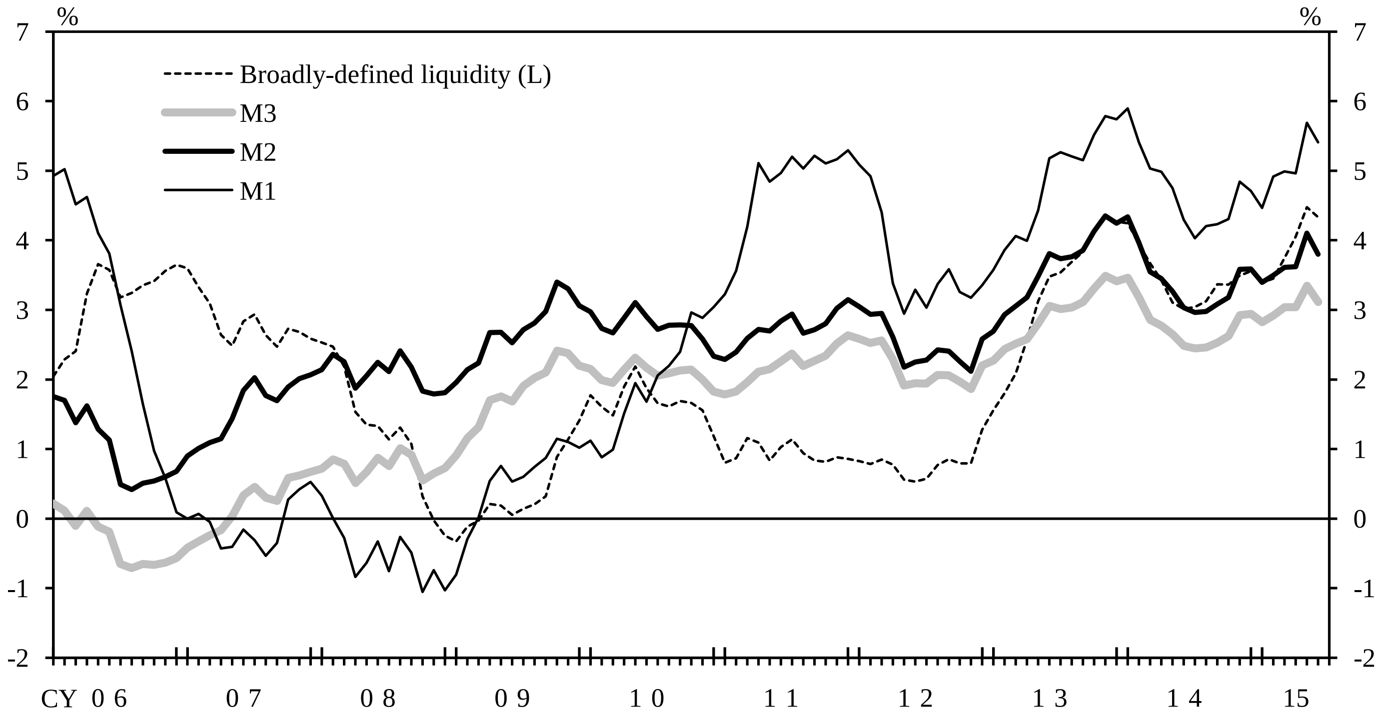


Note: The figures of percentage changes from the previous year of the amount outstanding of corporate bonds are calculated given the following:
(1) The sum of straight bonds issued in both domestic and overseas markets is used.
(2) Bonds issued by banks and insurance companies are excluded.
(3) Domestic bonds are those registered at the book-entry transfer system. The series is spliced at April 2008 with the one published by the Japan Securities Dealers Association.

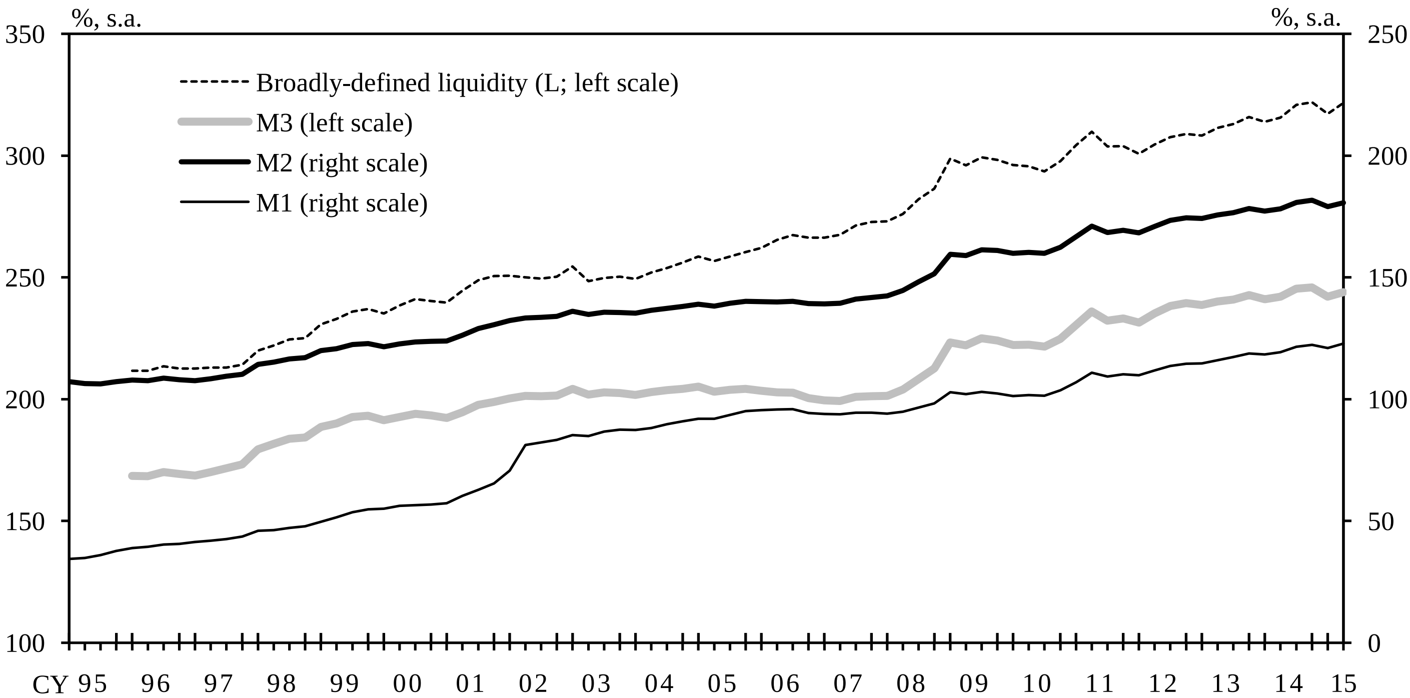
Sources: Japan Securities Depository Center, "Issue, Redemption and Outstanding" (for Corporate Bonds), "Outstanding Amounts of CP by Issuer's category";
Bank of Japan, "Principal Figures of Financial Institutions";
Japan Securities Dealers Association, "Issuing, Redemption and Outstanding Amounts of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

Money Stock

(1) Changes from a Year Earlier



(2) Ratio of Money Stock to Nominal GDP

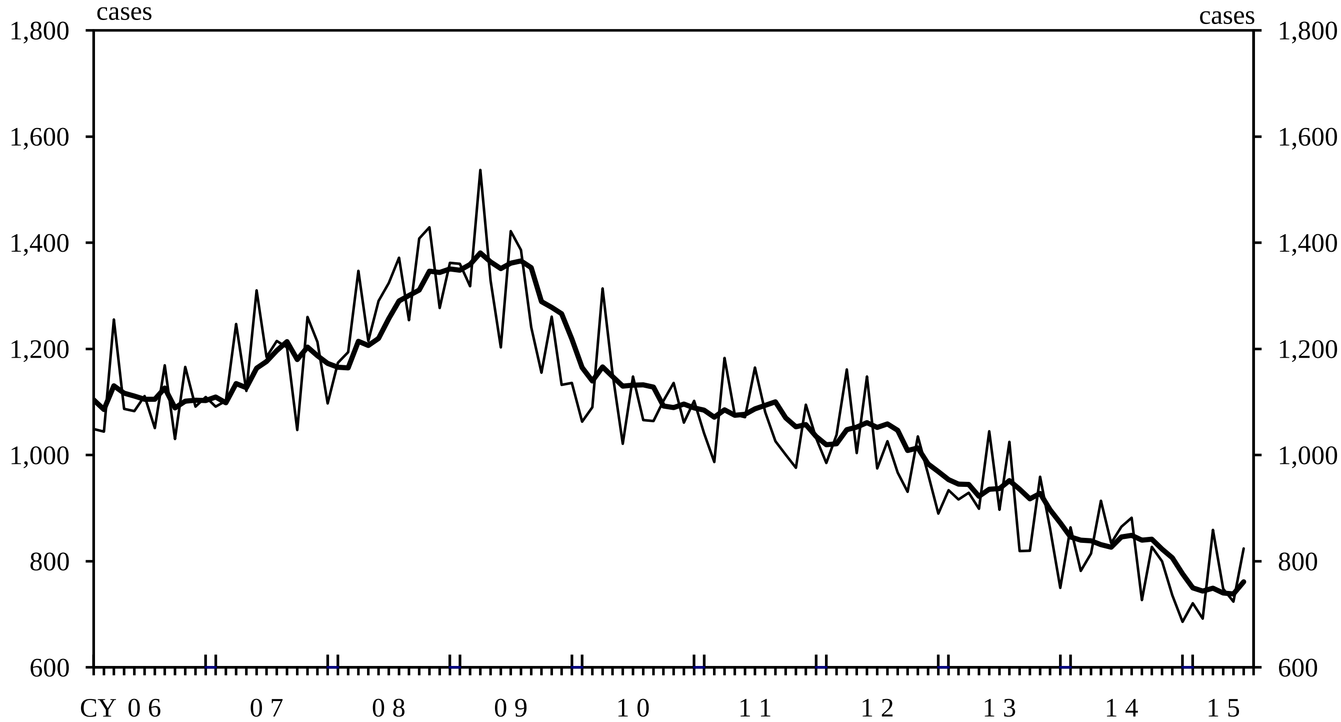


Notes: 1. M1 consists of cash currency and demand deposits; both M2 and M3 consist of cash currency, demand deposits, time deposits and CDs.
2. Financial institutions surveyed for M1 and M3 include the Japan Post Bank and OFIs (other financial institutions) in addition to those for M2.
3. The figures up to March 2003 are based on the former series.
4. The figure for nominal GDP in 2015/Q2 is assumed to be unchanged from the previous quarter.

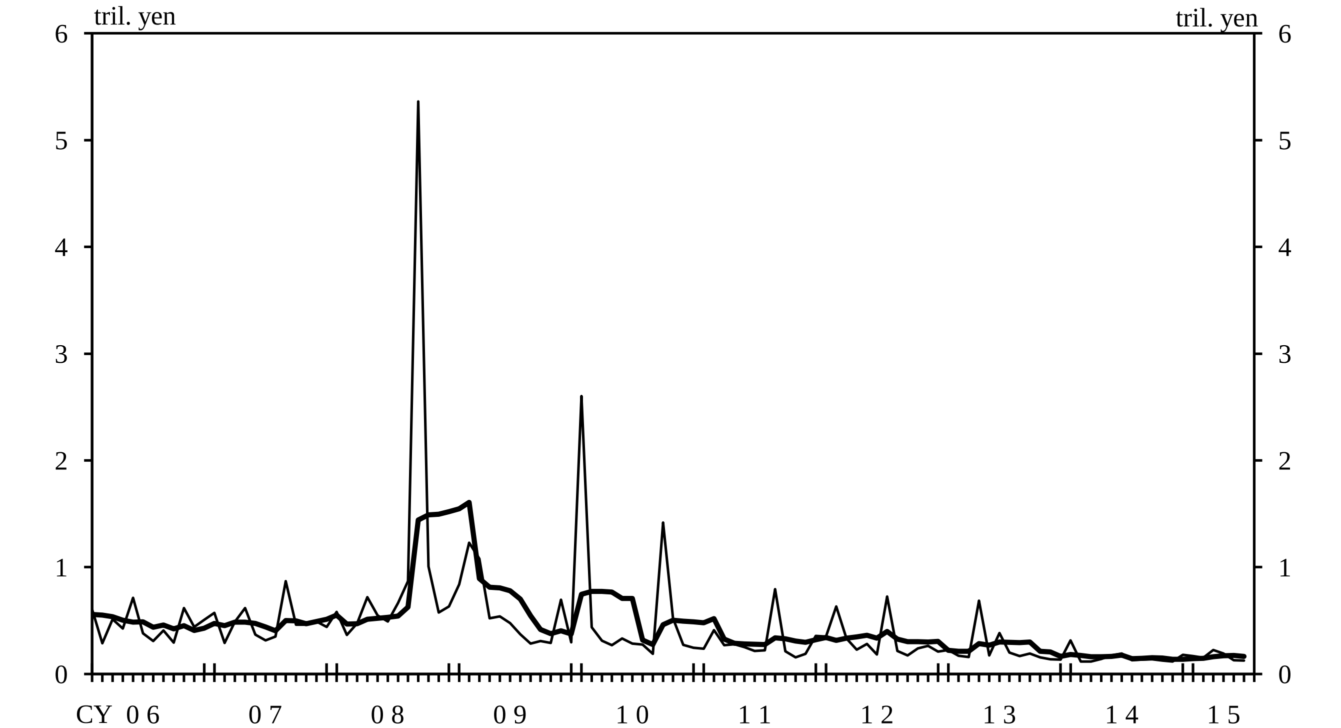
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

Corporate Bankruptcies

(1) Number of Cases



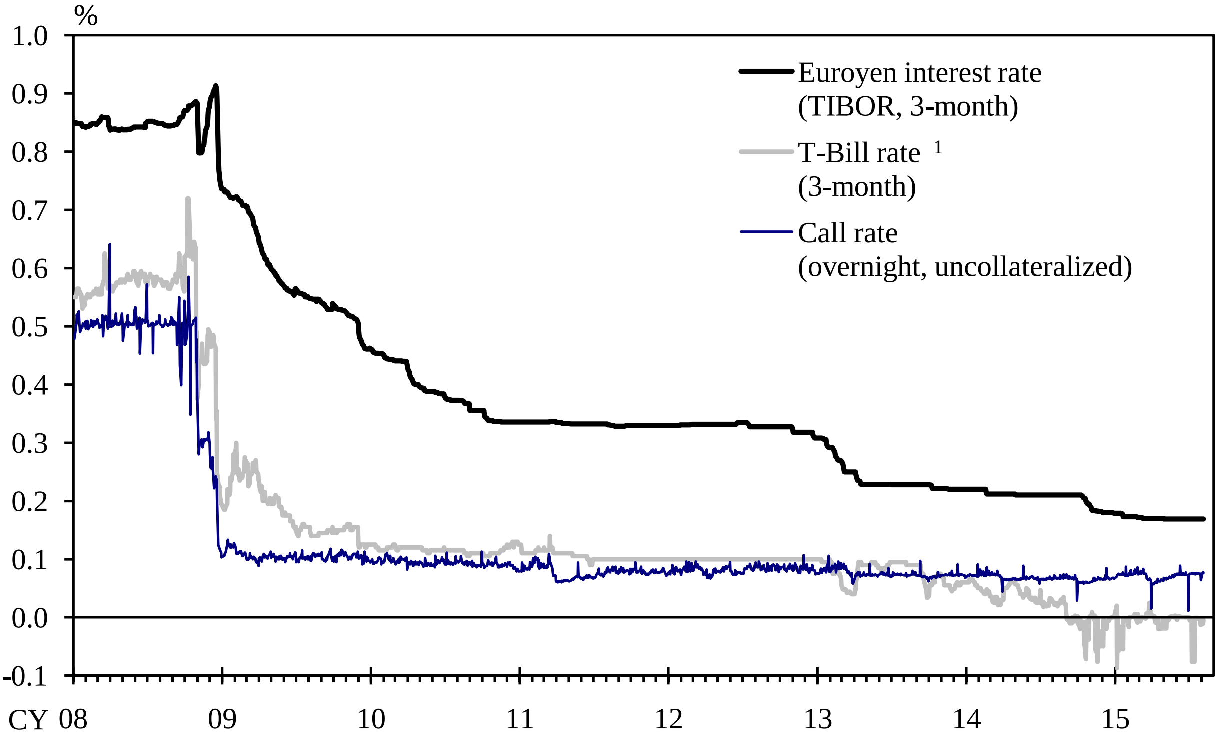
(2) Amount of Liabilities



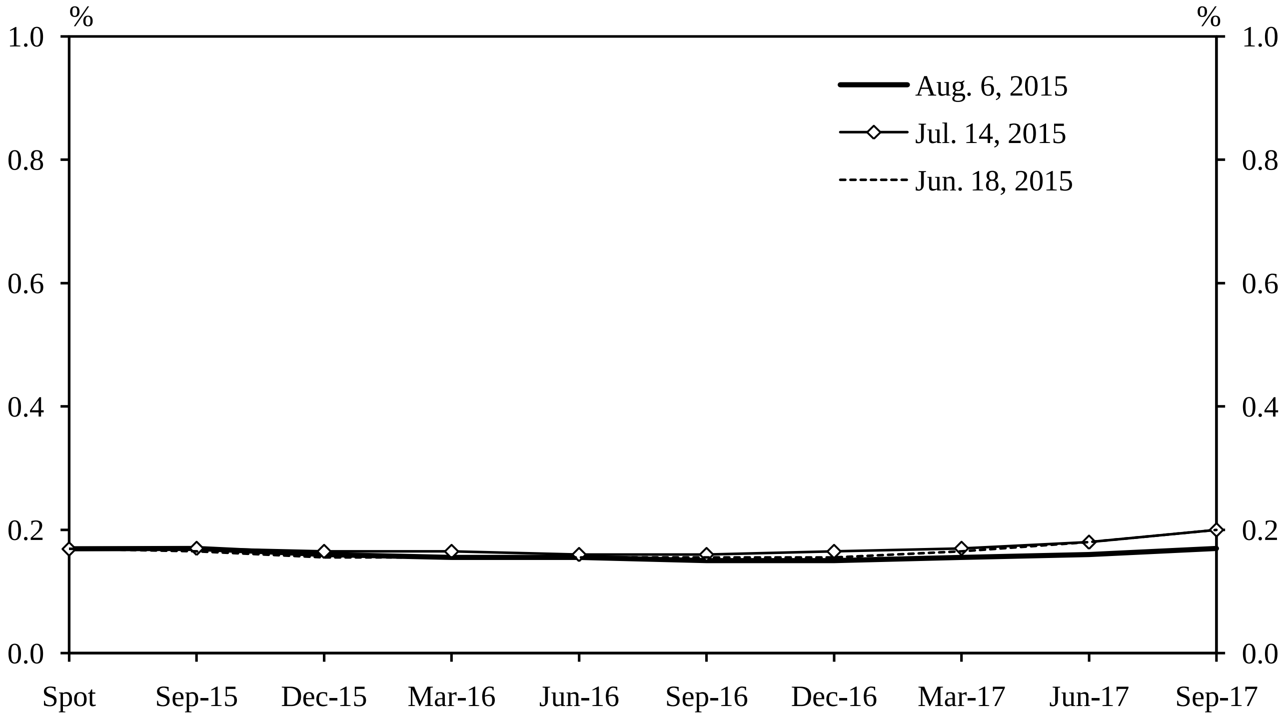
Note: Bold lines are the six-month moving average.
Source: Tokyo Shoko Research Ltd., "*Tosan Geppo* (Monthly review of corporate bankruptcies)."

Short-Term Interest Rates

(1) Short-Term Interest Rates



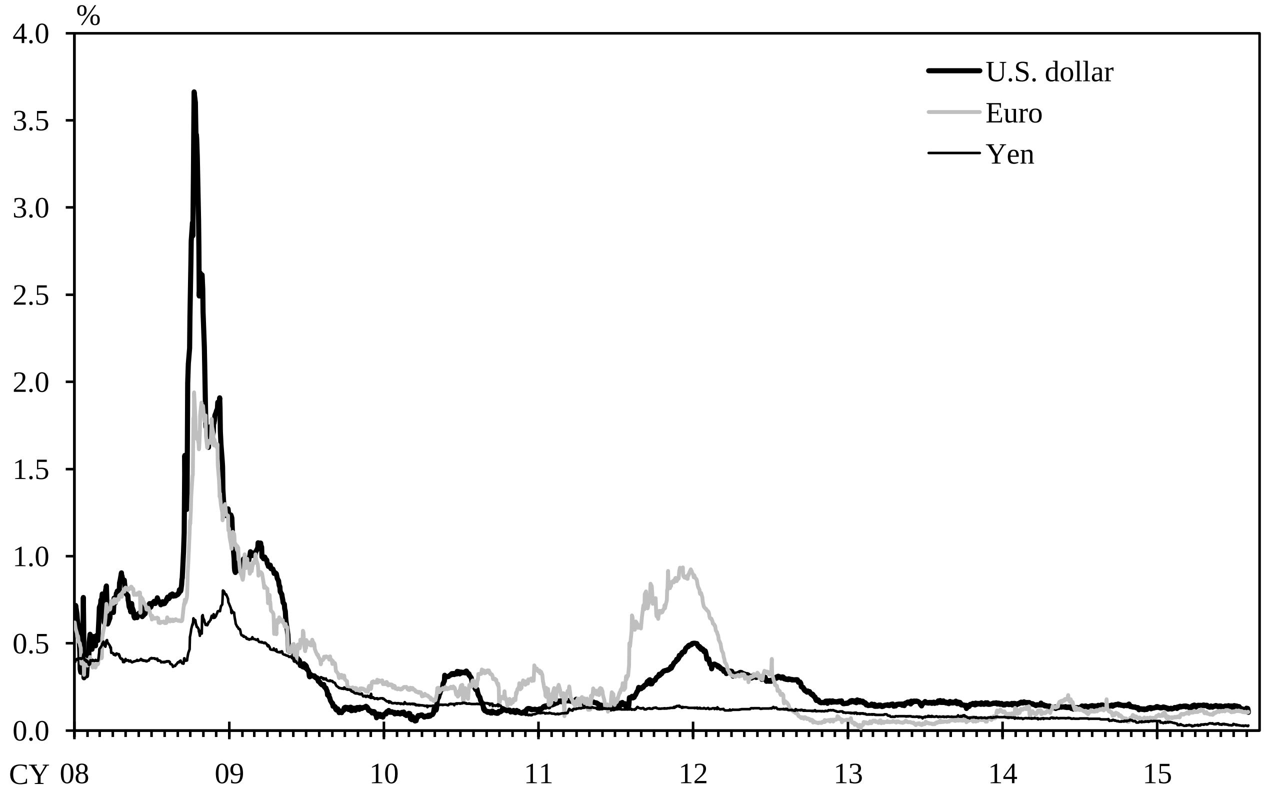
(2) Euroyen Interest Rate Futures (3-Month)



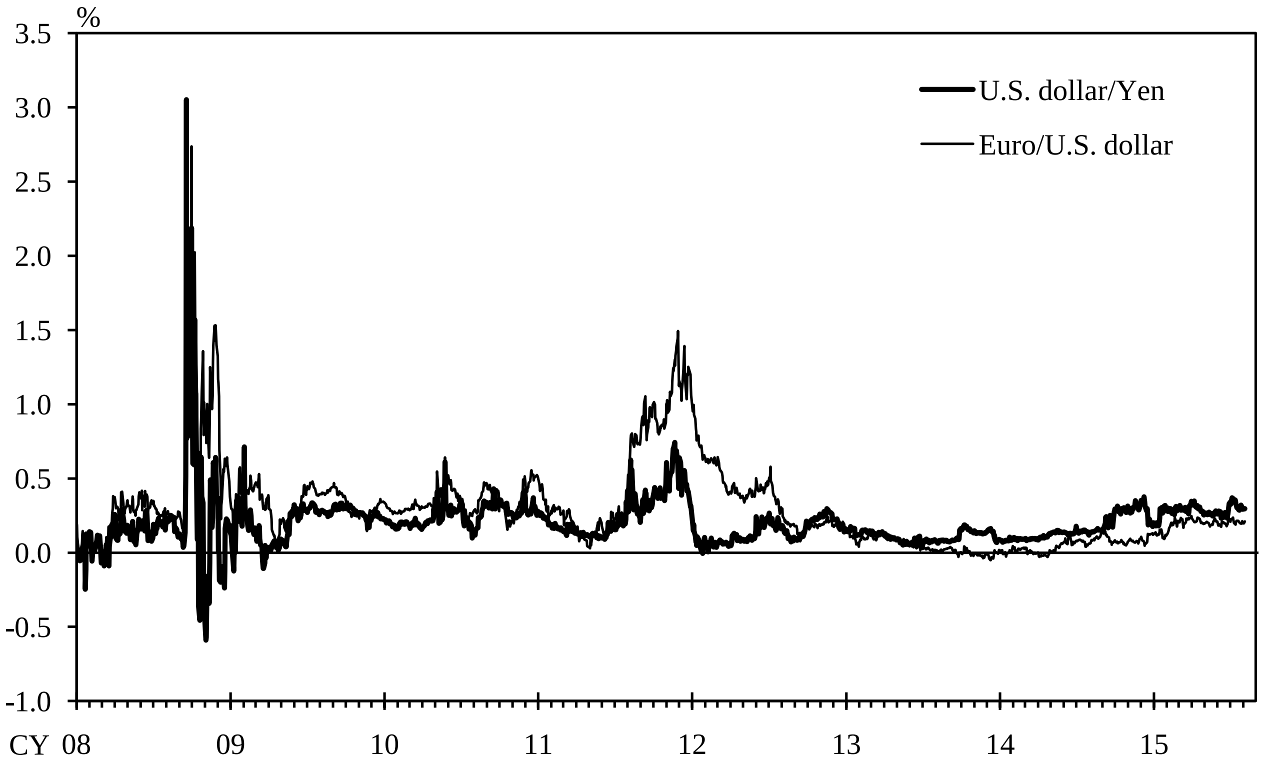
Note: 1. Rate prior to the integration of FBs and TBs in February 2009 is the FB rate.
Sources: Japanese Bankers Association; JBA TIBOR Administration; Japan Bond Trading Co., Ltd.; Tokyo Financial Exchange; Bank of Japan.

Global Money Markets

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



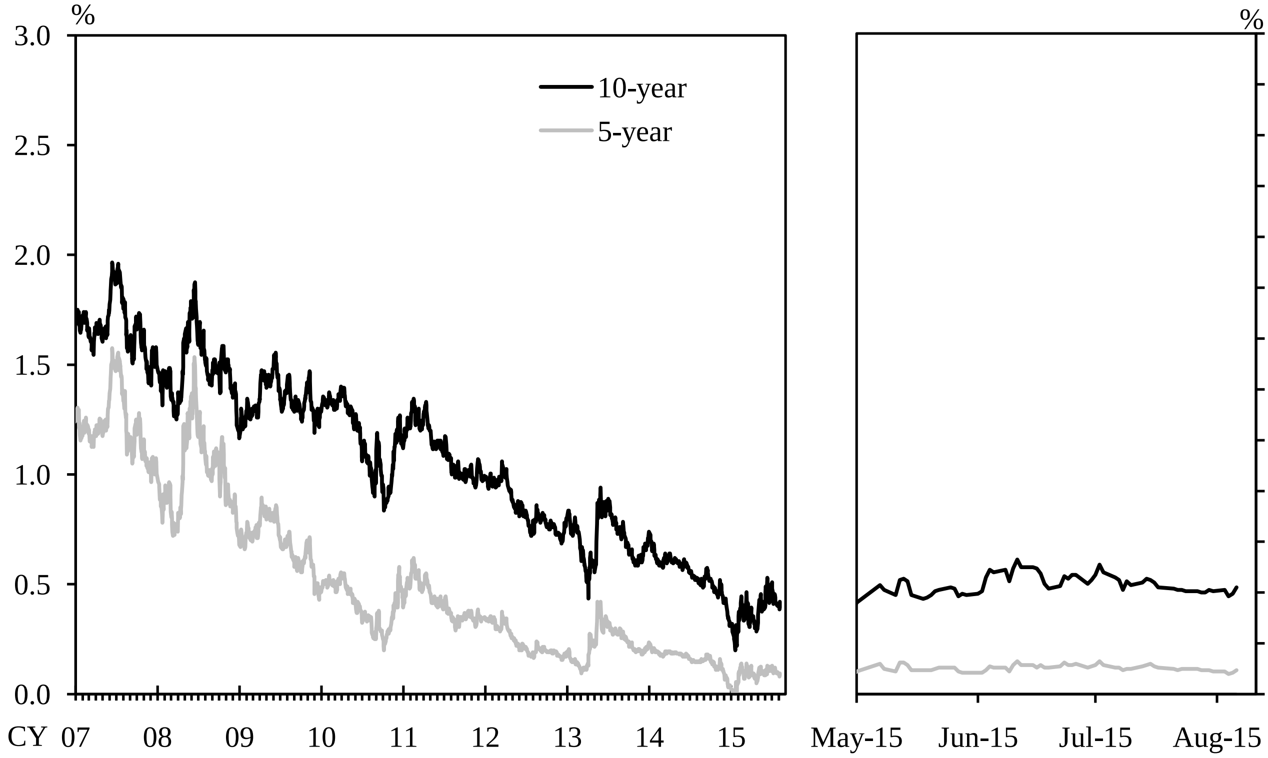
(2) FX swap implied dollar rate - LIBOR spreads (3-Month)



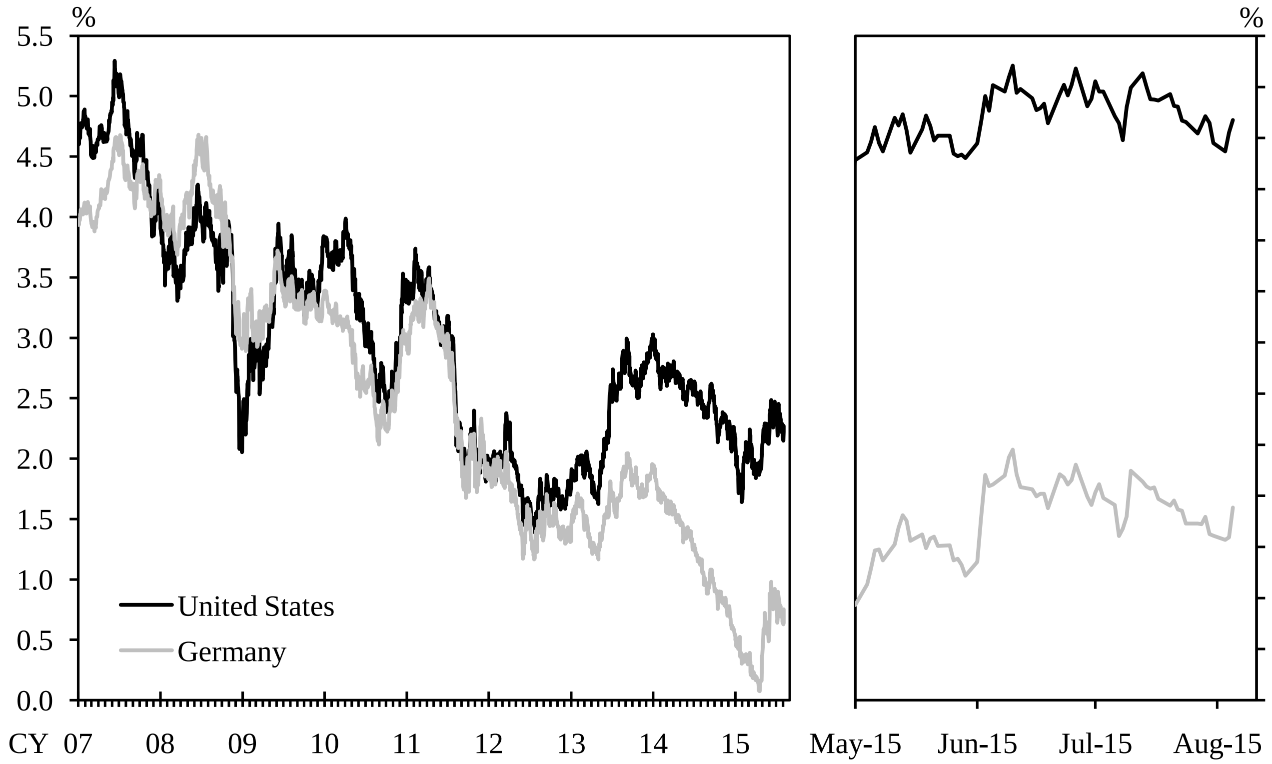
Source: Bloomberg.

Long-Term Interest Rates

(1) Japanese Government Bond Yields[1]



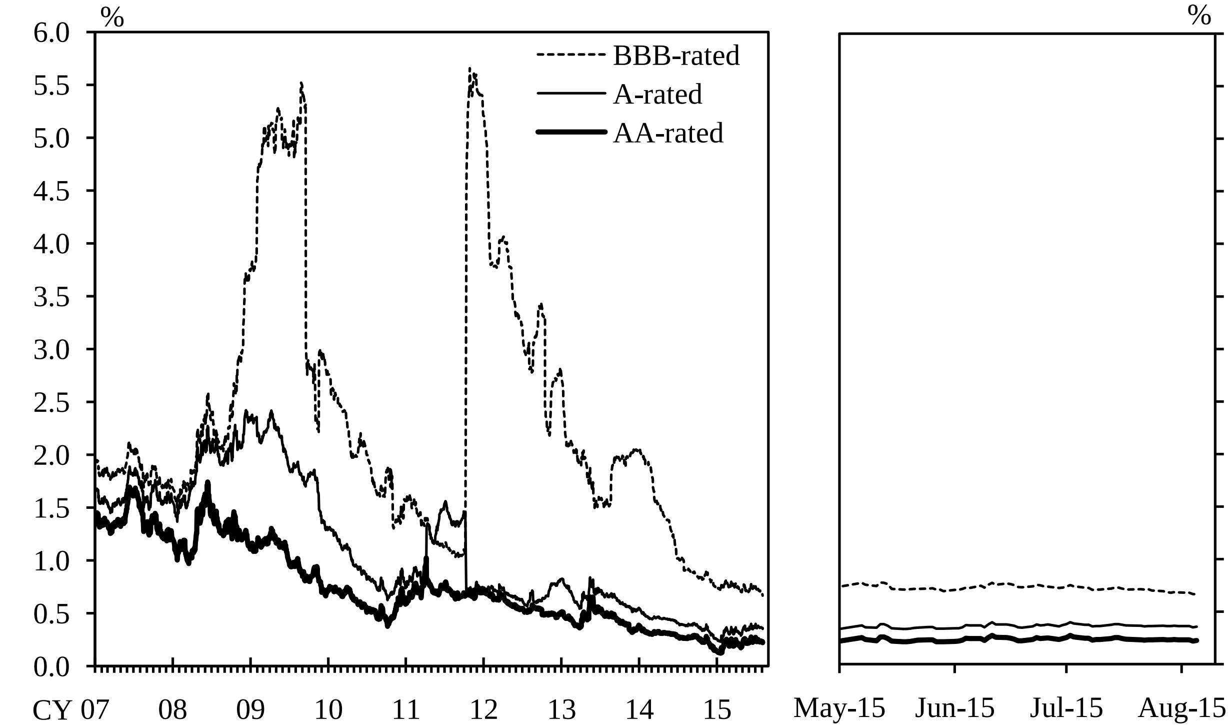
(2) Overseas Government Bond Yields (10-Year)



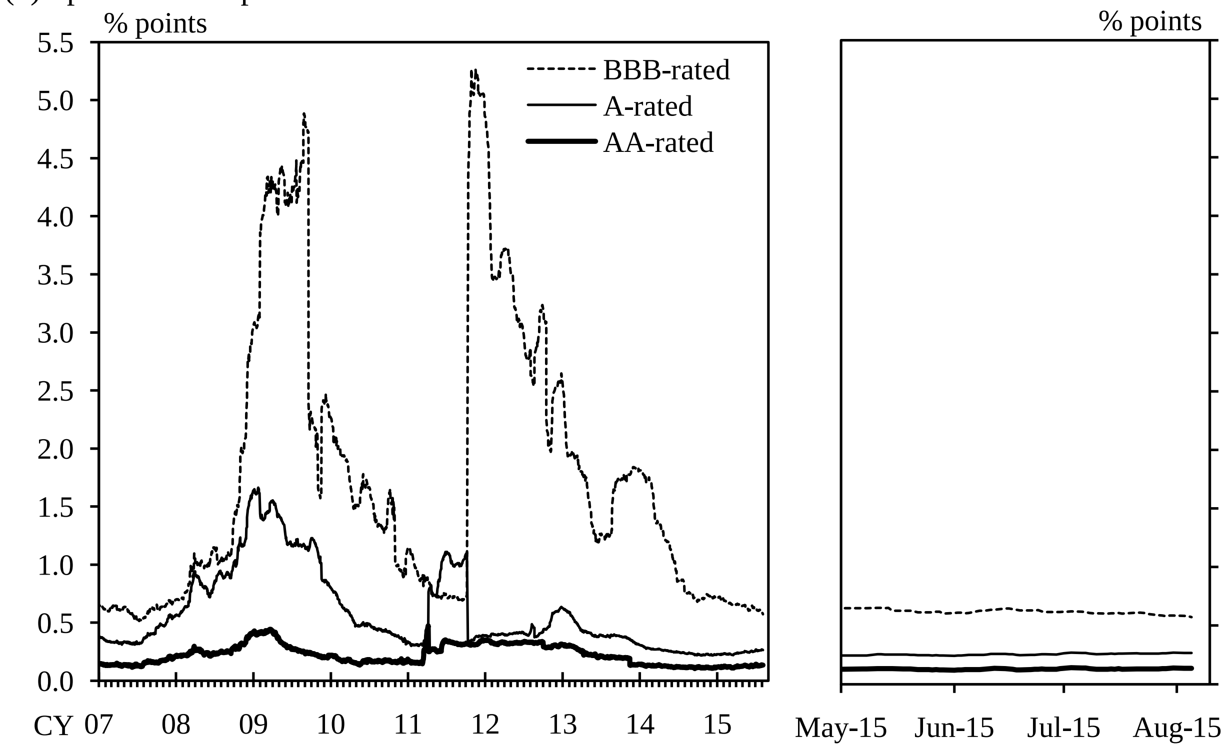
Note: 1. Yields on newly issued bonds.
Sources: Japan Bond Trading Co., Ltd.; Bloomberg.

Yields of Corporate Bonds

(1) Corporate Bond Yields[1,2]



(2) Spreads of Corporate Bond Yields over Government Bond Yields[1,2]

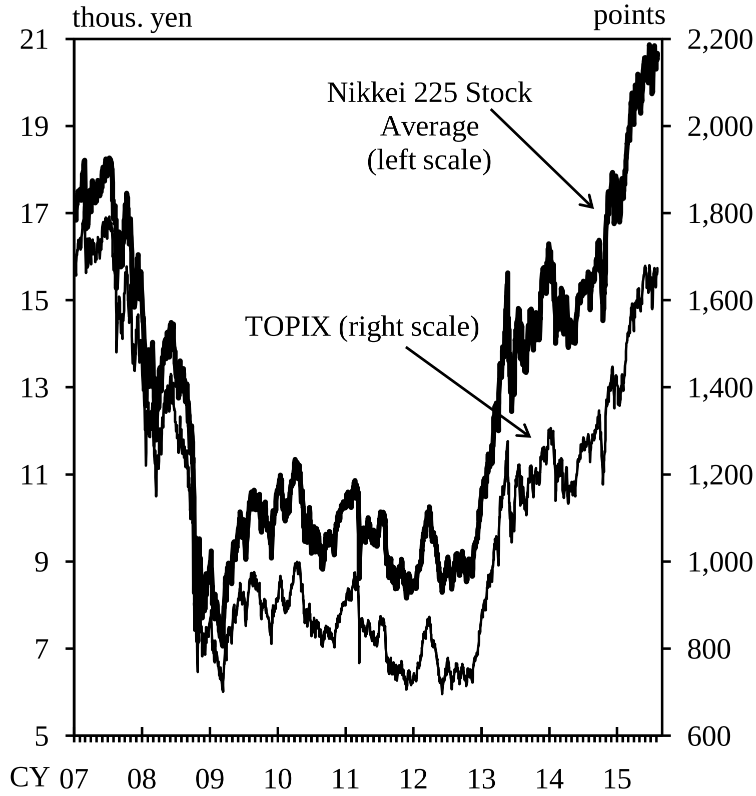


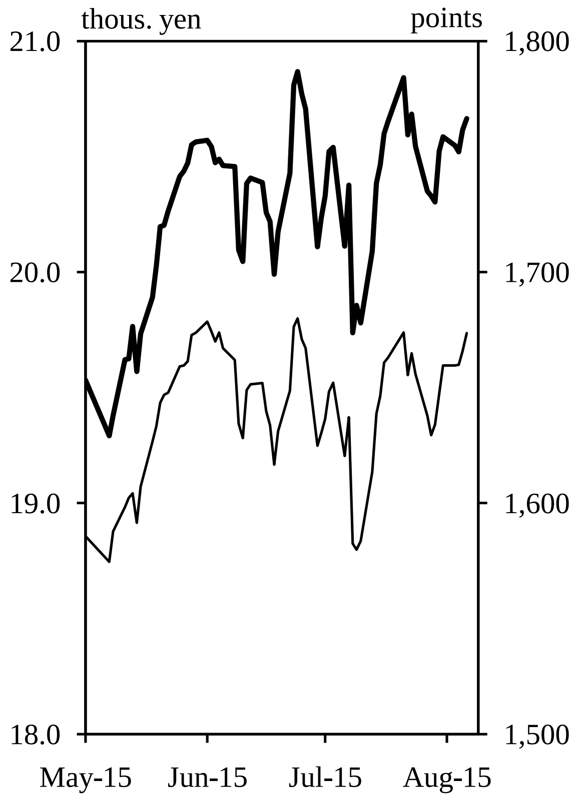
Notes: 1. Yields on bonds with 5-year maturity.
Yields on corporate bonds have been calculated on the expanded pool of issues with maturity of three to seven years.
2. The indicated ratings are of Rating and Investment Information, Inc.

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

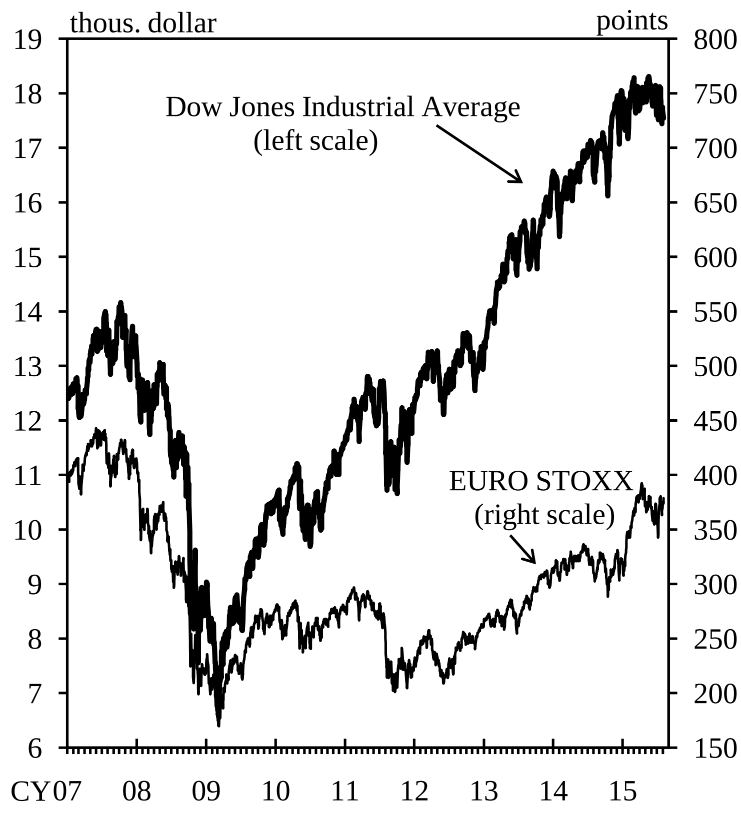
Stock Prices

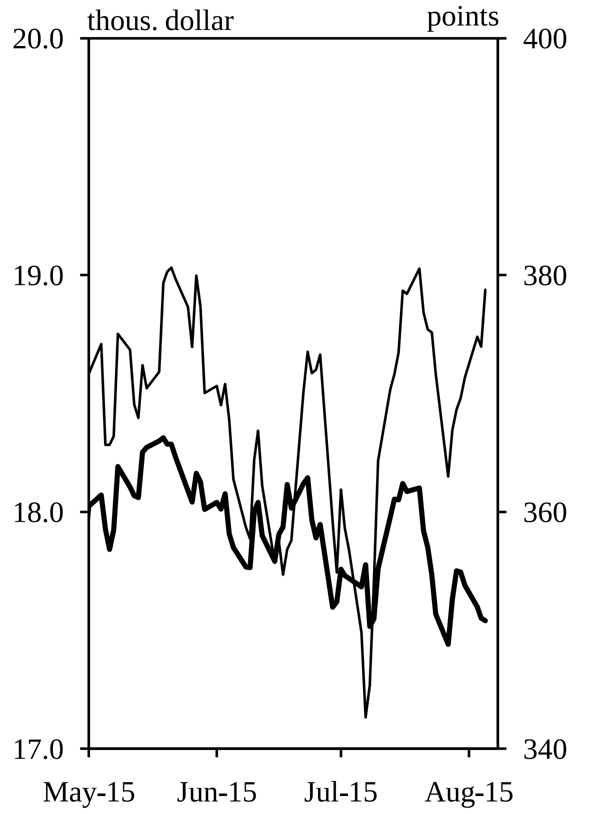
(1) Japanese Stock Prices





(2) Overseas Stock Prices

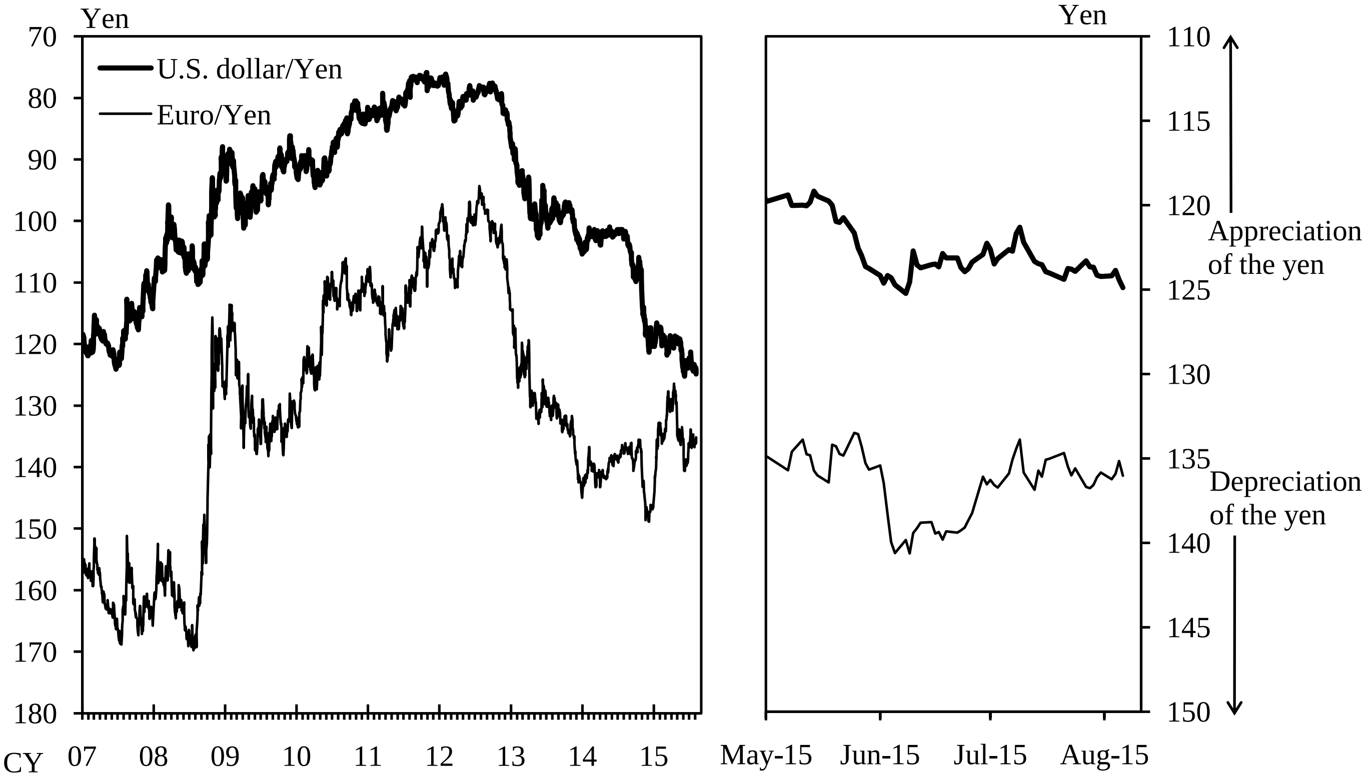




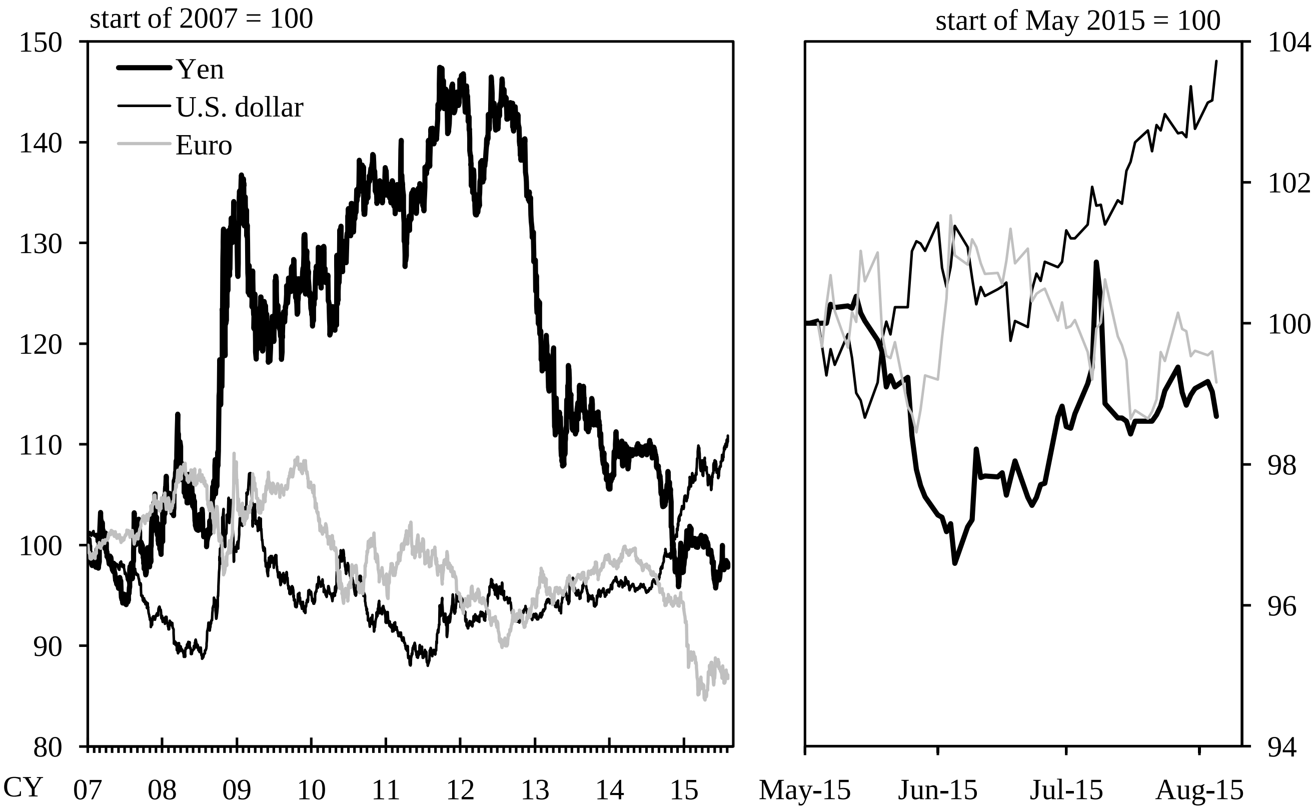
Sources: The *Nihon Keizai Shimbun* ; Tokyo Stock Exchange; Bloomberg.

Exchange Rates

(1) Bilateral Exchange Rates



(2) Nominal Effective Exchange Rates



Sources: Bank of Japan; European Central Bank; Thomson Reuters Datastream.