Bank of Japan

Macro-Prudential Policy From an Asian Perspective

~ Prepared for the ADBI-FSA Conference in Tokyo, September 30 ~

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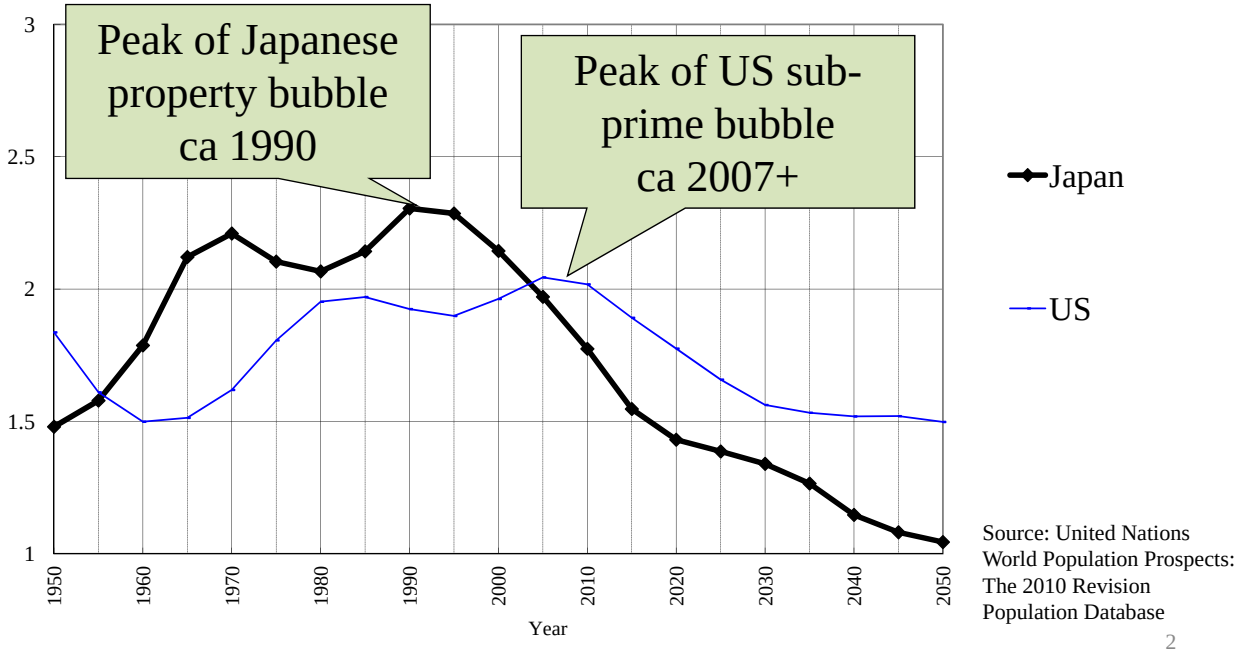
(Figure 1)
Population Change and Bubble: Japan and US

Inverse Dependency Ratio: Ratio of Working-Age Population to the Rest

= How many people of working age have to provide for one dependent person?

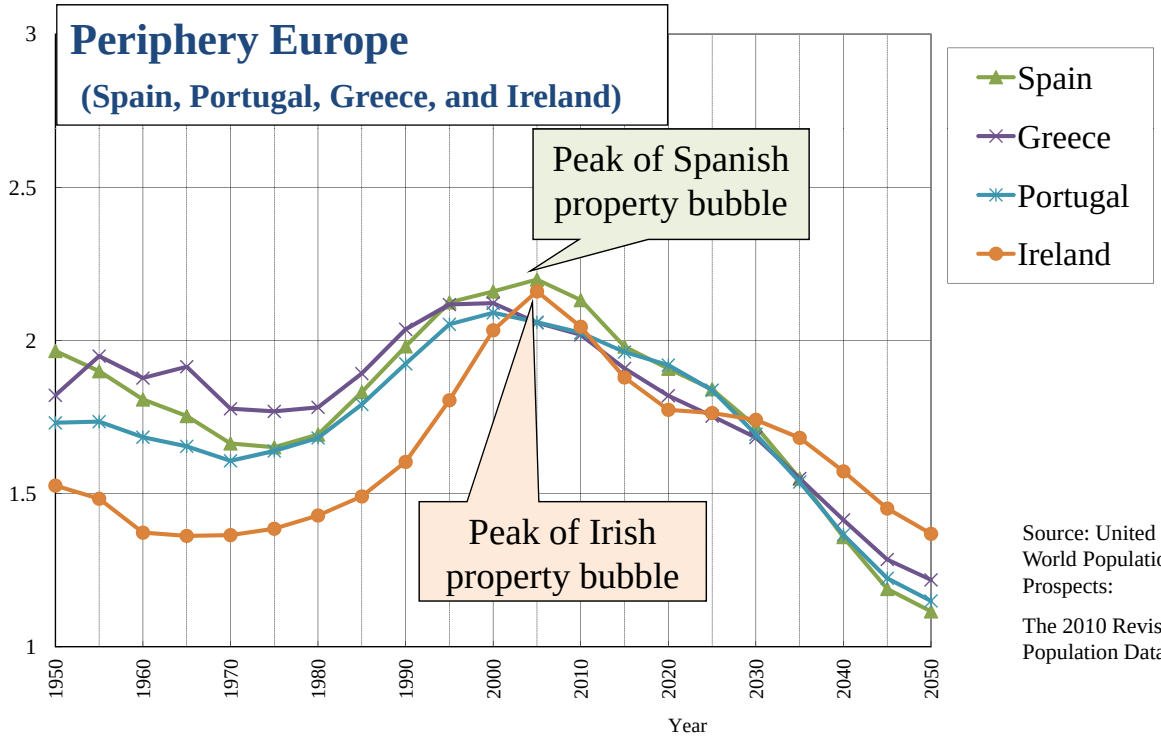


Source: United Nations World Population Prospects: The 2010 Revision Population Database

(Figure 2)
Population Change and Bubble: Periphery Europe

Inverse Dependency Ratio: Ratio of Working-Age Population to the Rest

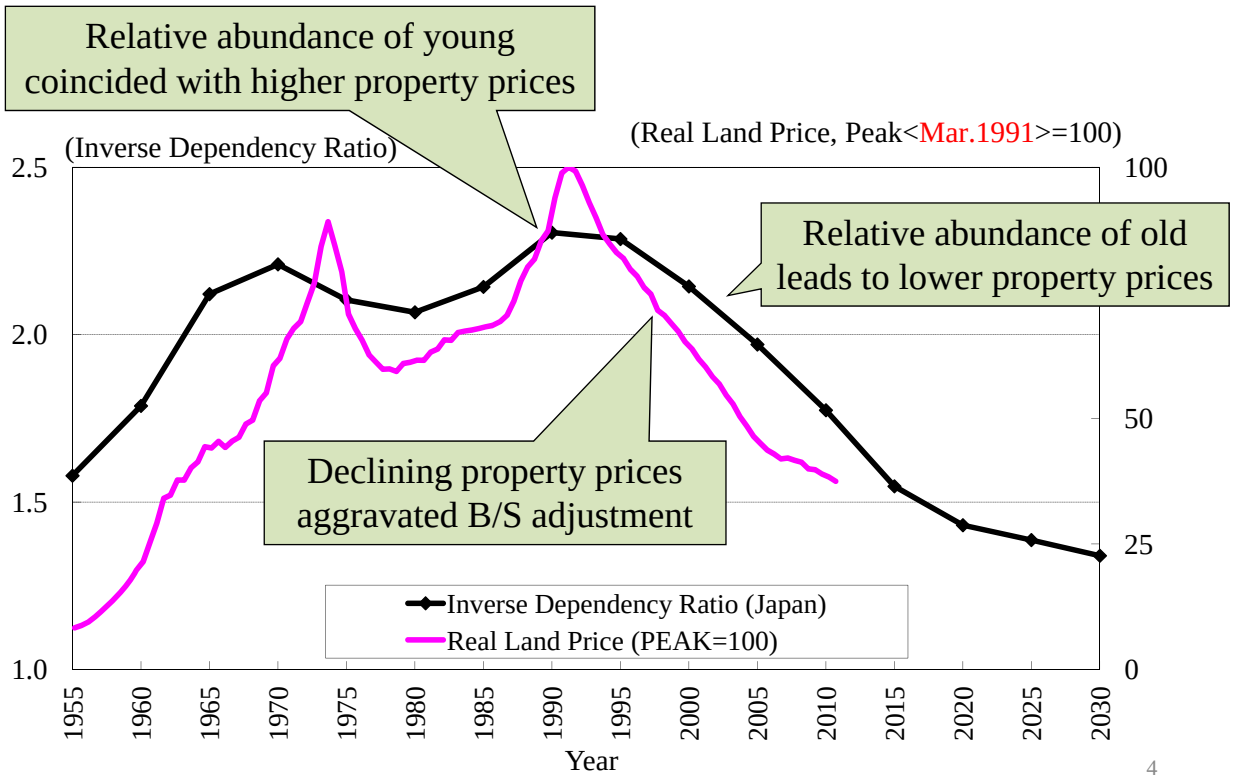
= How many people of working age have to provide for one dependent person?



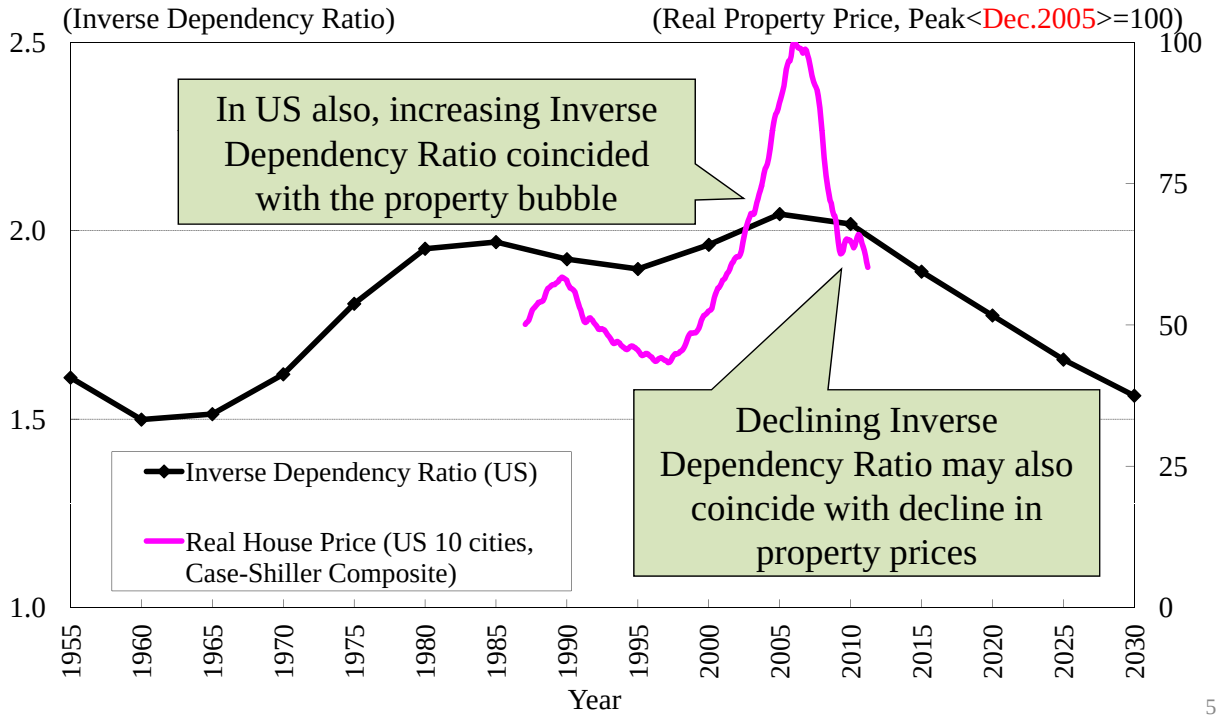
Source: United Nations World Population Prospects:

The 2010 Revision Population Database

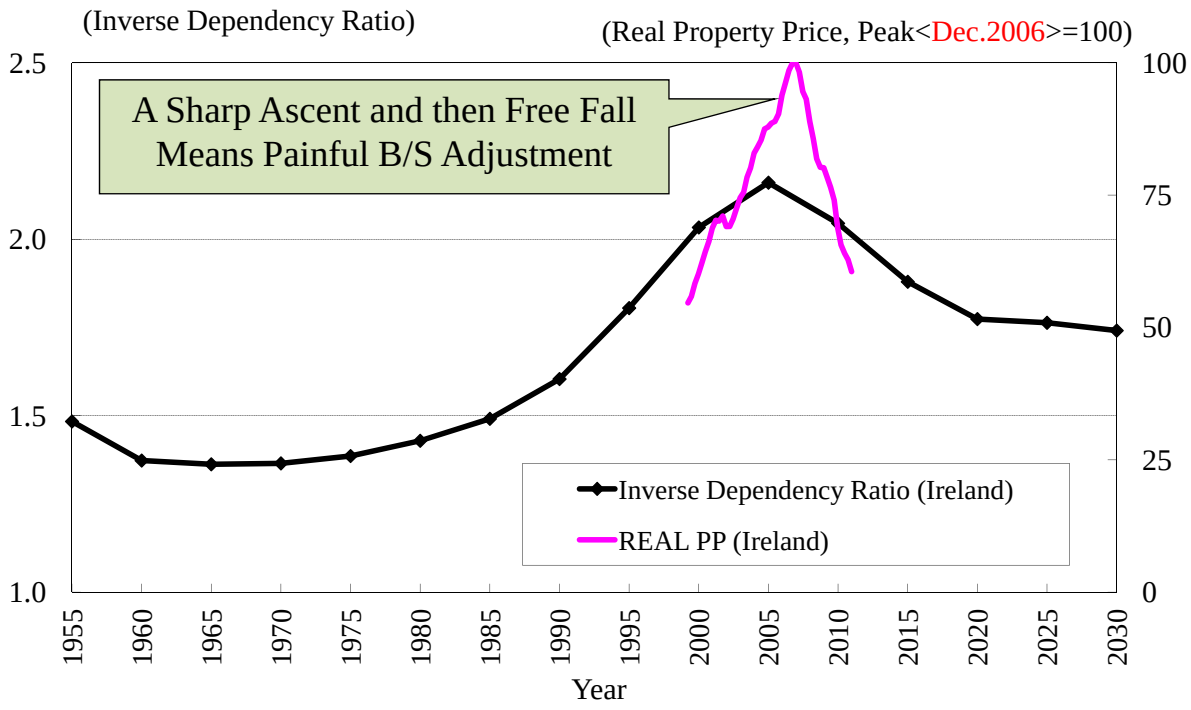
(Figure 3)
Ageing Population and Property Prices: Japan



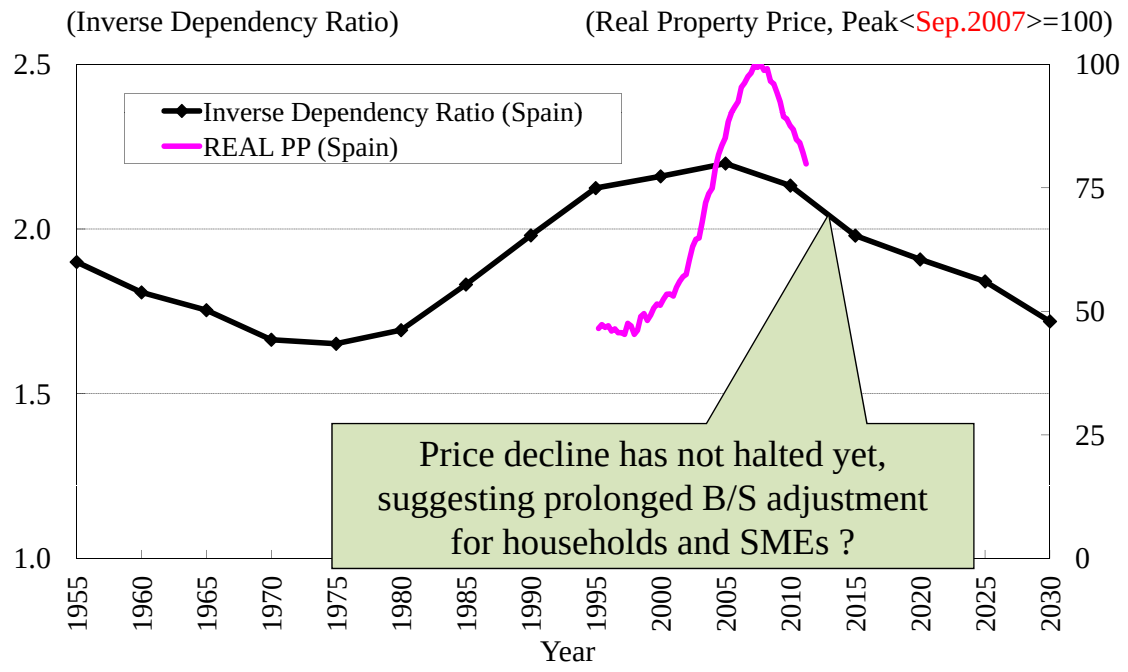
(Figure 4)
Ageing Population and Property Prices: US



(Figure 5)
Ageing Population and Property Prices: Ireland



(Figure 6)
Ageing Population and Property Prices: Spain



(Figure 7)
China compared with Japan and US

Inverse Dependency Ratio: Ratio of Working-Age Population to the Rest

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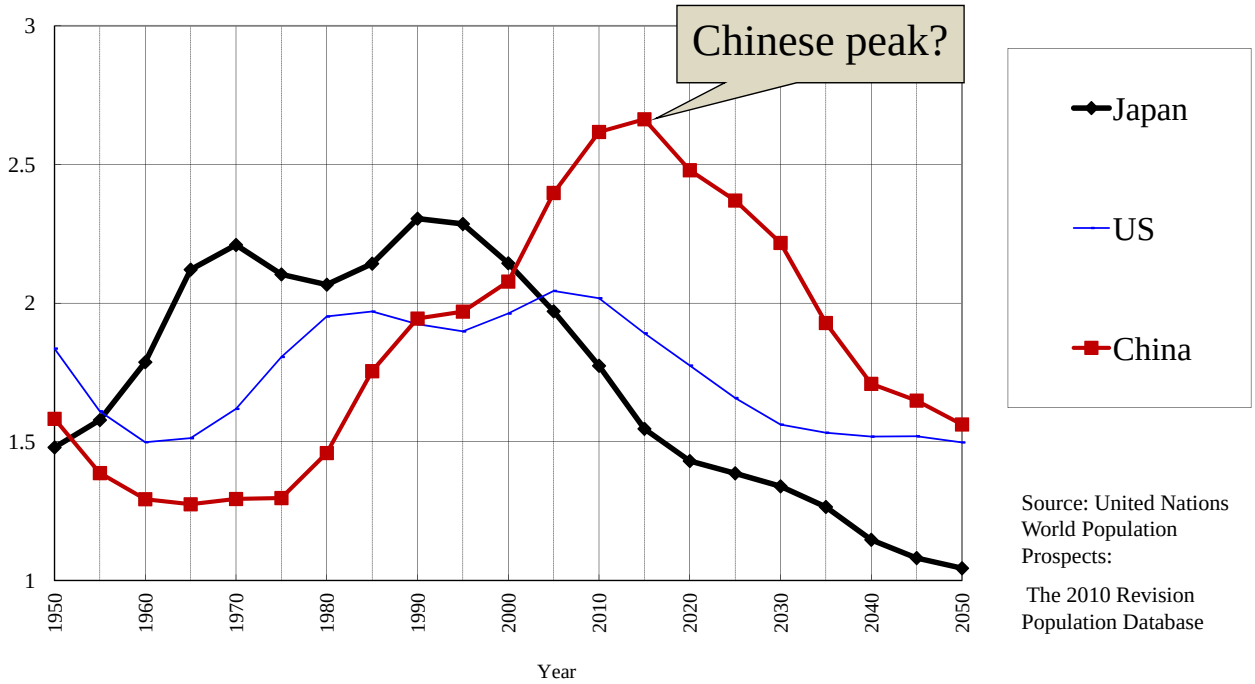

Source: United Nations World Population Prospects:

The 2010 Revision Population Database

(Figure 8)
Asia: Some Will See a Sharper Turn

Inverse Dependency Ratio: Ratio of Working-Age Population to the Rest

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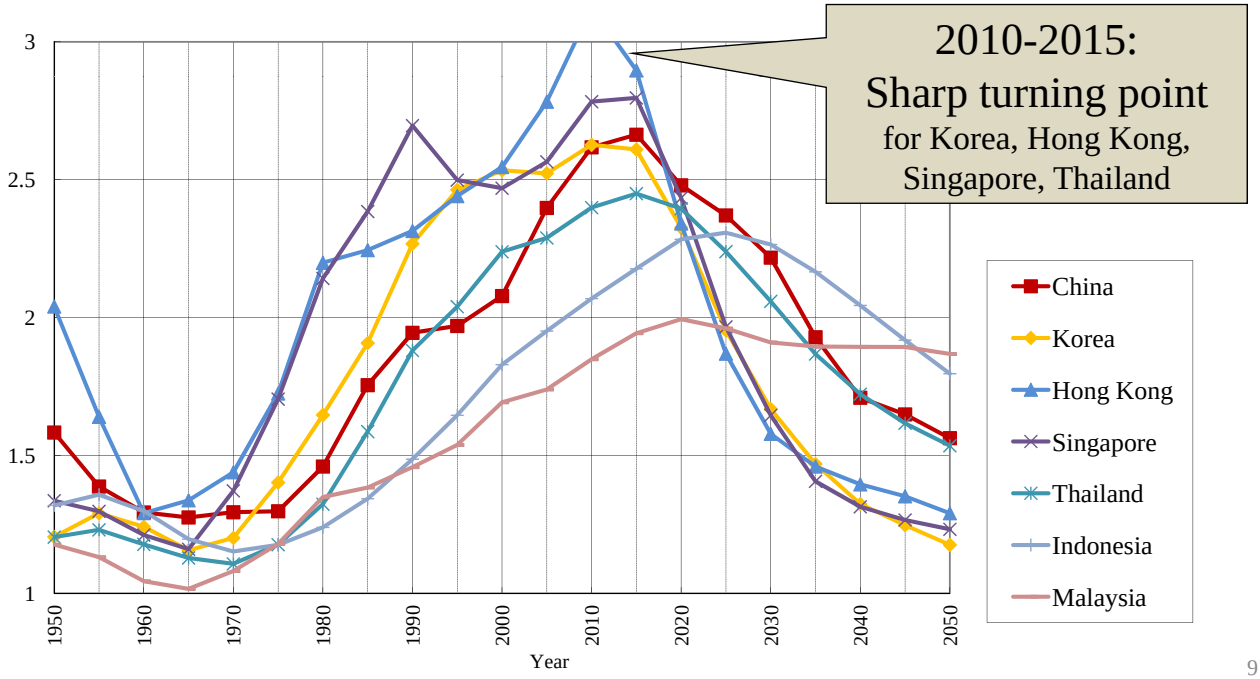
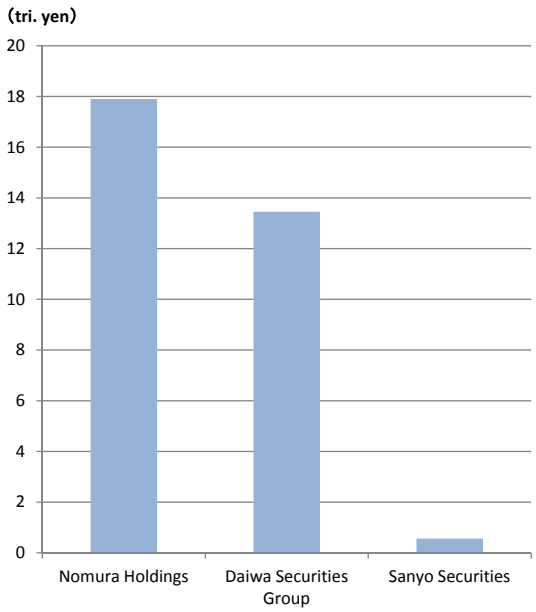


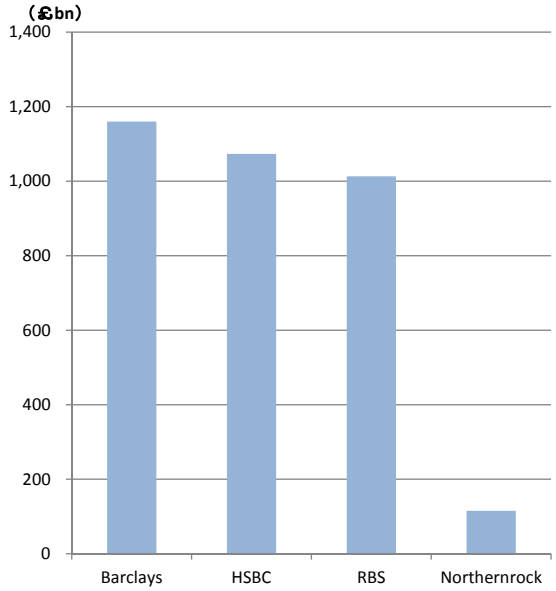
(Figure 9)
Asset size of Sanyo Securities and Northern Rock

(1) Total assets before Sanyo Securities' bankruptcy
(31 March 1997)



(Source: Bloomberg)

(2) Total assets before Northern Rock's bankruptcy
(30 June 2007)



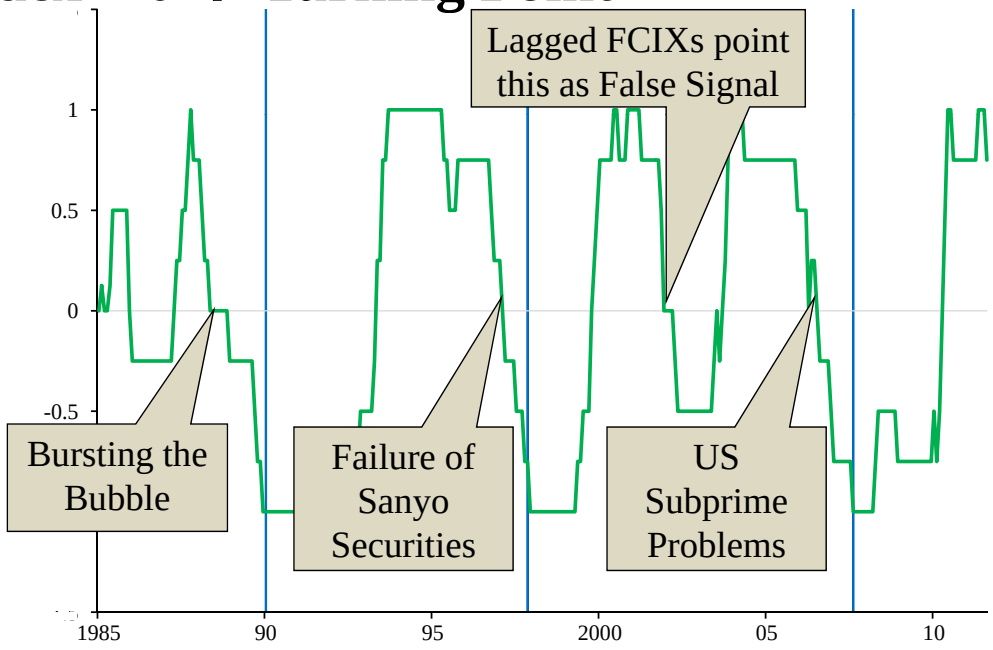
(Source: Bloomberg)

(Figure 10)

Financial Cycle Indexes for Japan

(Type D, Forecast Real-time Leading Index)

Index = 0 → Turning Point



Note: From left to right, the vertical lines indicate the bursting of the bubble, the failure of Sanyo Securities, and the surfacing of the U.S. subprime problem.

(Figure 11)

World's Deepest Tsunami Breakwater at Kamaishi Port

(Figure 11-continued)
World's Deepest Tsunami Breakwater at Kamaishi Port

- 1,960 m (6,430 ft 5 in) long,
- 63 m (206 ft 8 in) deep,
- World's deepest breakwater
  (Guinness World Records)
- Completed in March 2009

- Two years later, shattered by the force of a tsunami equivalent to 250 Jumbo jets impacting at 1,000km/h

(Figure 12)
False Sense of Security; Antique Tsunami Warning Inscriptions Ignored

Left: A stone tablet in Aneyoshi, Japan, warns residents not to build homes below this level.

- Hundreds of these so-called tsunami stones, some more than six centuries old, dot the coast of Japan.

End of Presentation

Dusk at the BOJ Courtyard