

What the Lost Decades Left for the Future

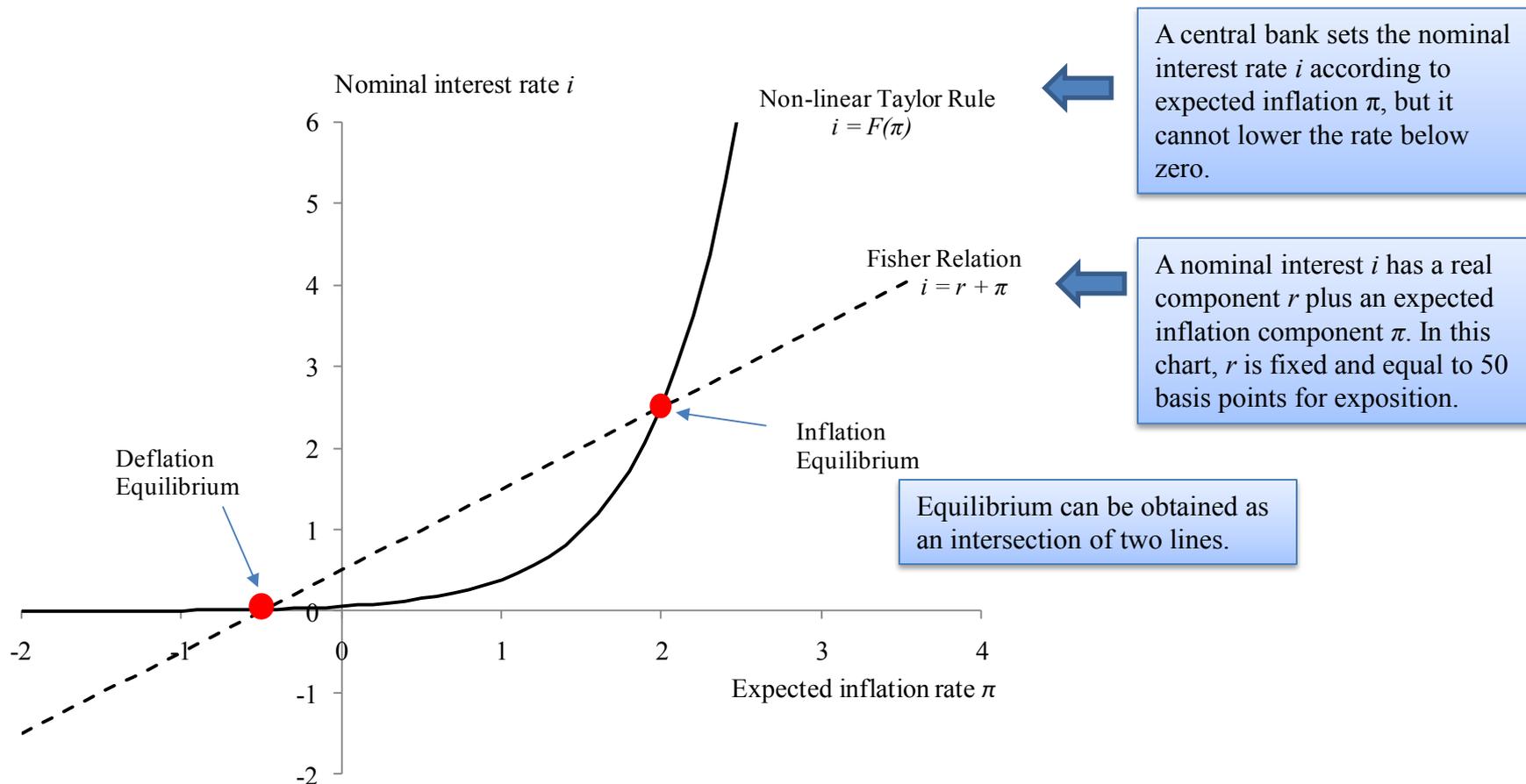
April 23, 2014

Speech at the 2014 IADI APRC International Conference

Hiroshi Nakaso

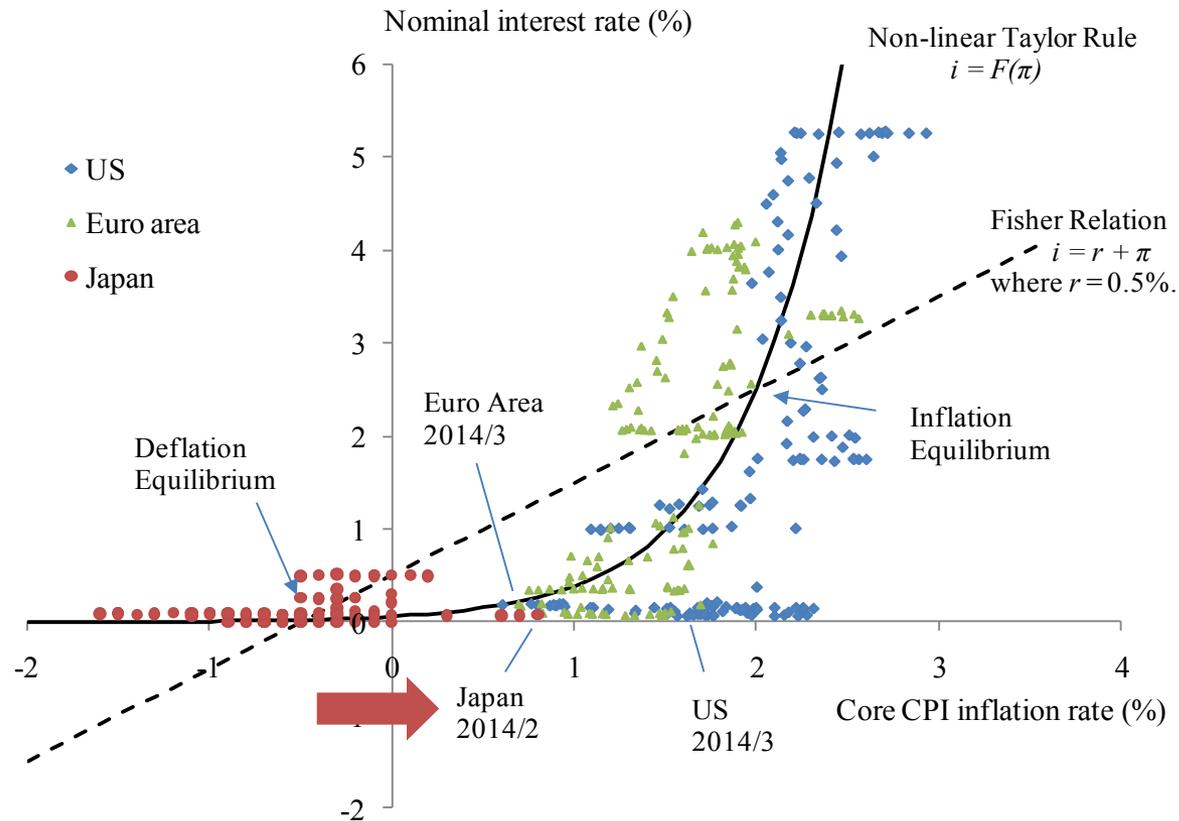
Deputy Governor of the Bank of Japan

Inflation and deflation equilibrium (1)



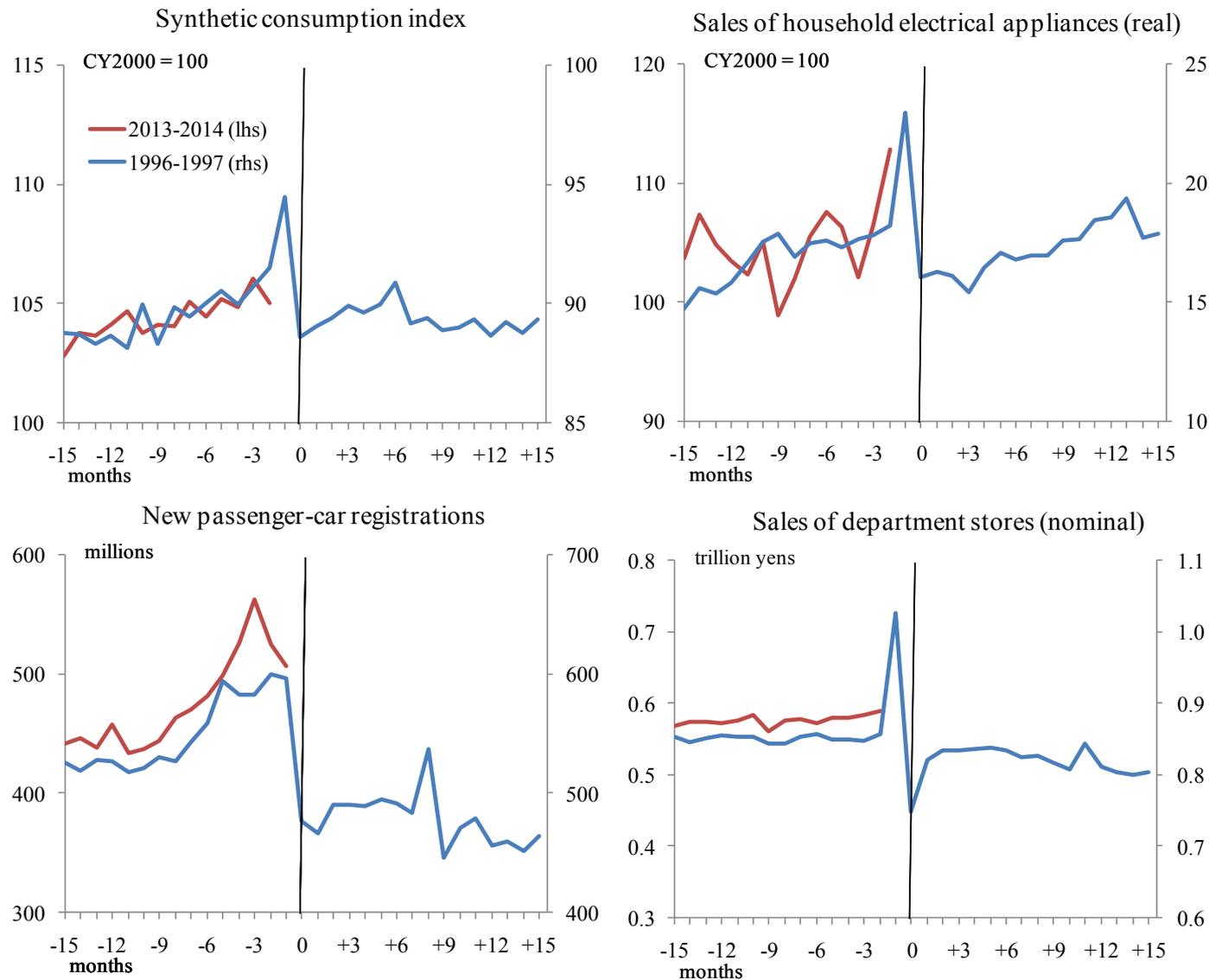
(Source) Bullard, J. (2010): "Seven Faces of „The Peril“,” *Federal Reserve Bank of St. Louis Review*, September/October, pp.339-352.

Inflation and deflation equilibrium (2)



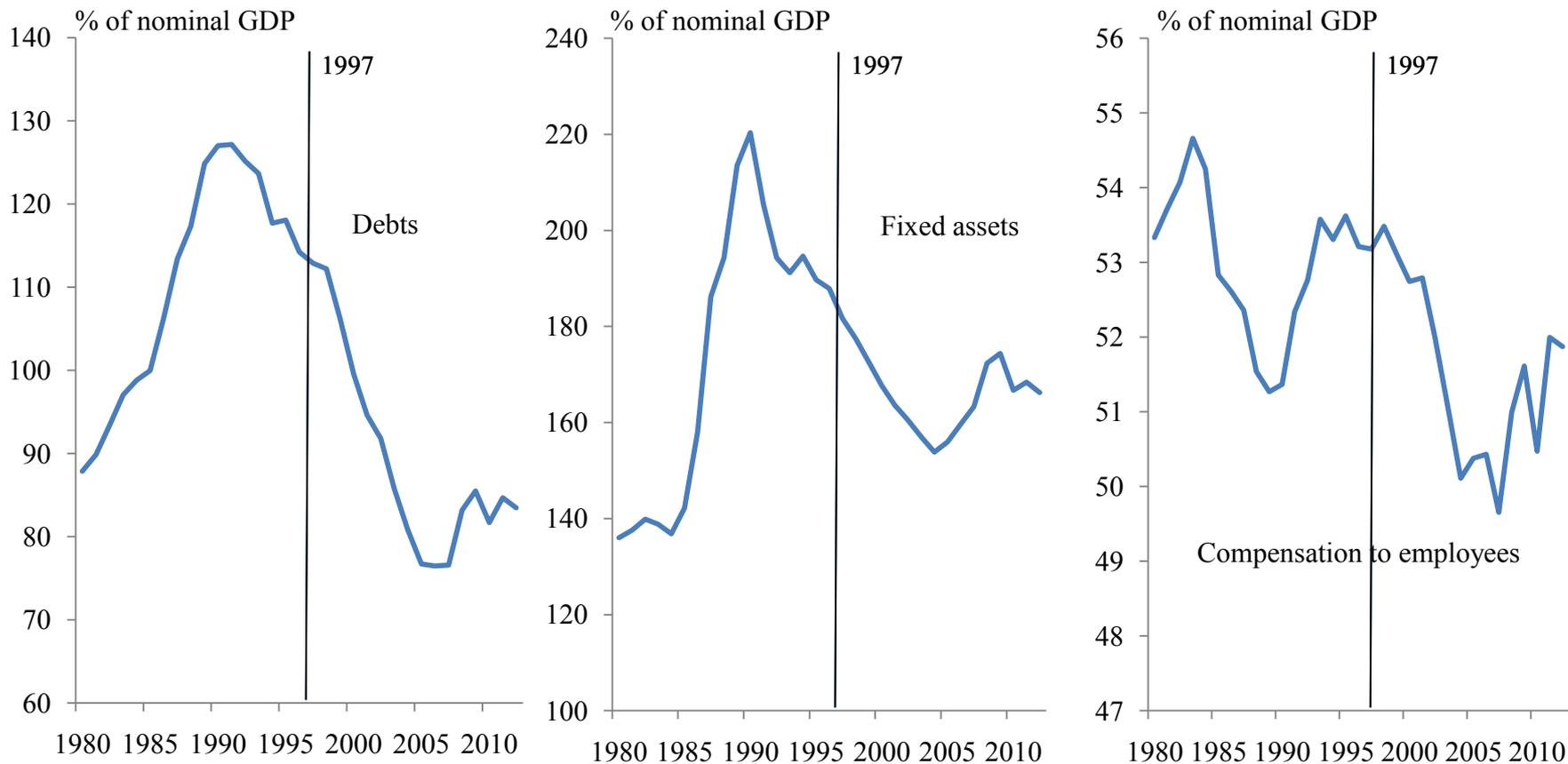
(Note) Dots are data plots of nominal interest rate and core CPI inflation rate from January 2002 to February/March 2014. Core inflation, which is a proxy of expected inflation in this chart, is defined as CPI excluding food and energy.

Comparison to 1997 (1): Consumption



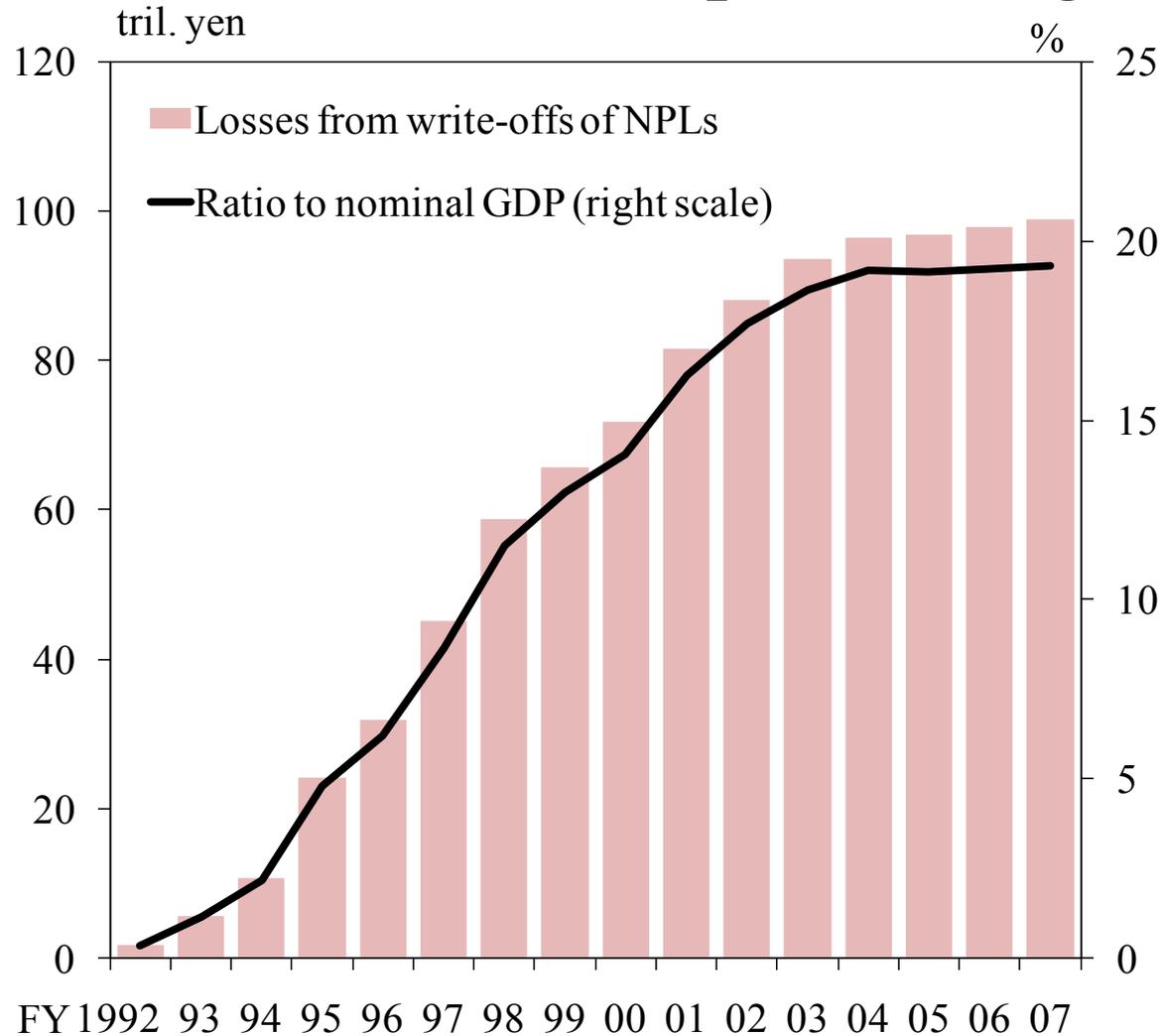
(Note) "0" corresponds to the timing of consumption tax hikes (1997 April and 2014 April).

Comparison to 1997 (2): Corporate adjustments



(Note) Debts and fixed assets are those of nonfinancial corporations.

Losses of Major Financial Institutions in Japan from Write-Offs of Nonperforming Loans



(Note) Losses on disposal of NPLs in Japan are the accumulated amount since March 1993.

Swap Network by Six Central Banks

Swap Arrangements after the 2008 Lehman Crisis



Bilateral Liquidity Swap Arrangements since 2011

