

Two Years under QQE

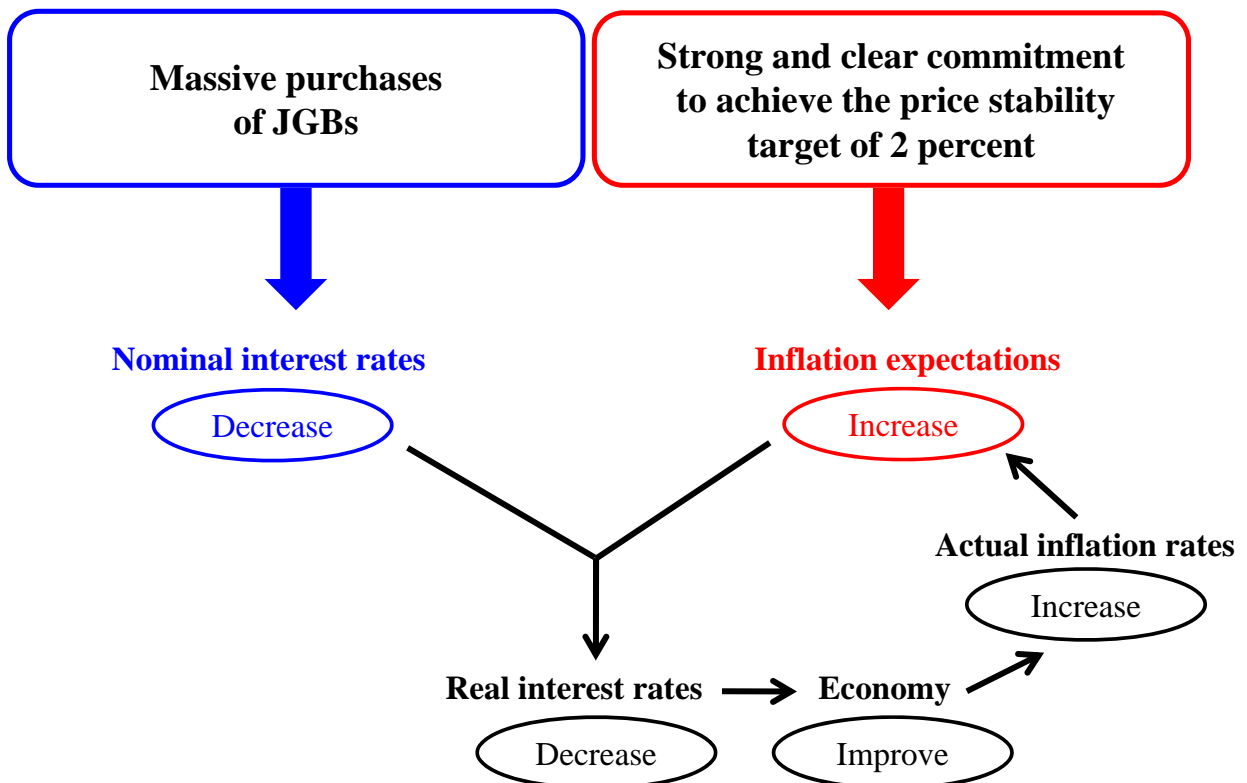
*Speech at a Meeting Held by
the Yomiuri International Economic Society in Tokyo*

May 15, 2015

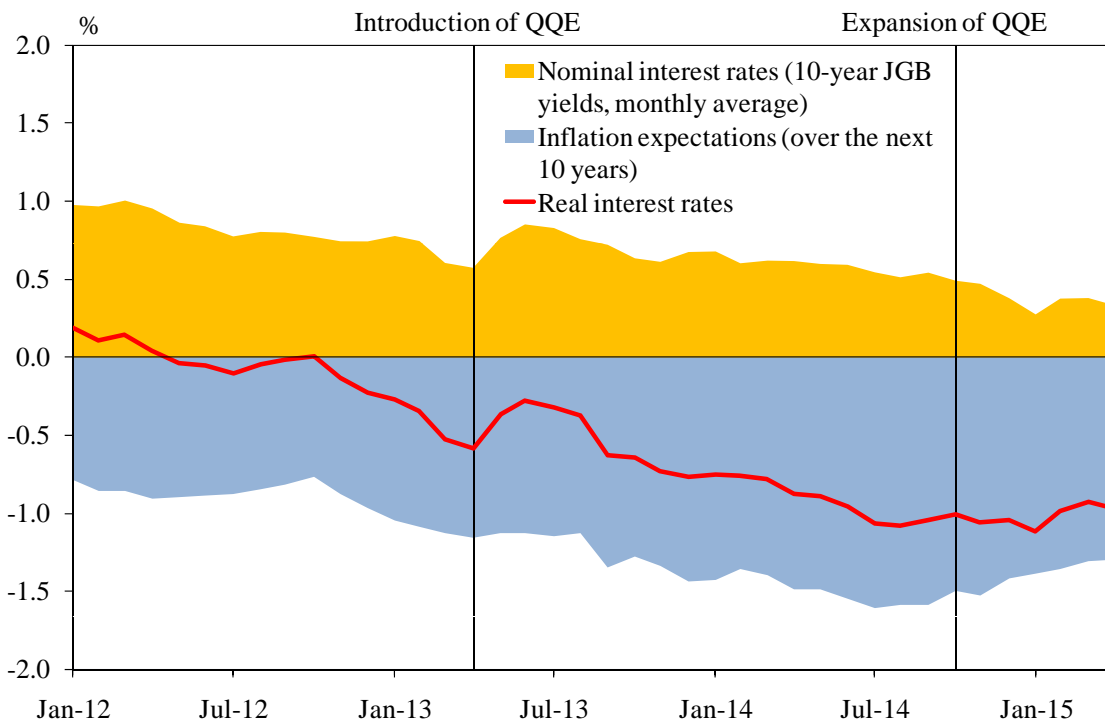
Haruhiko Kuroda
Governor of the Bank of Japan

Chart 1

Mechanism of QQE



Real Interest Rates

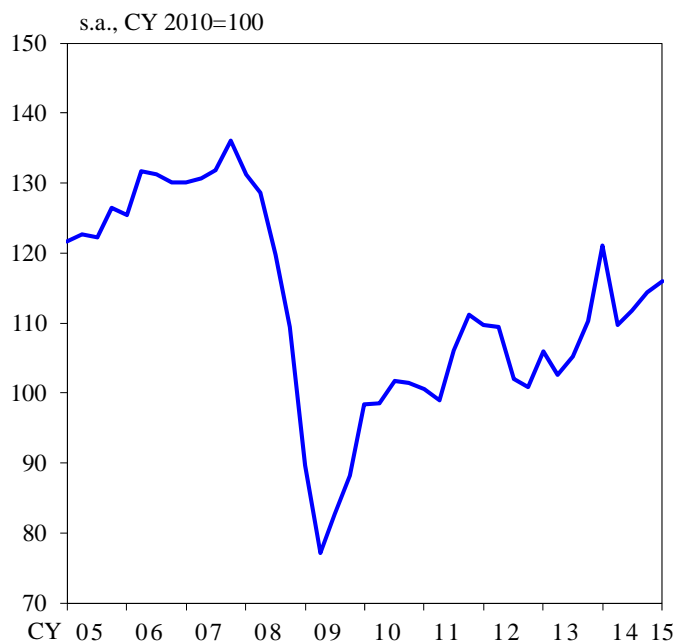
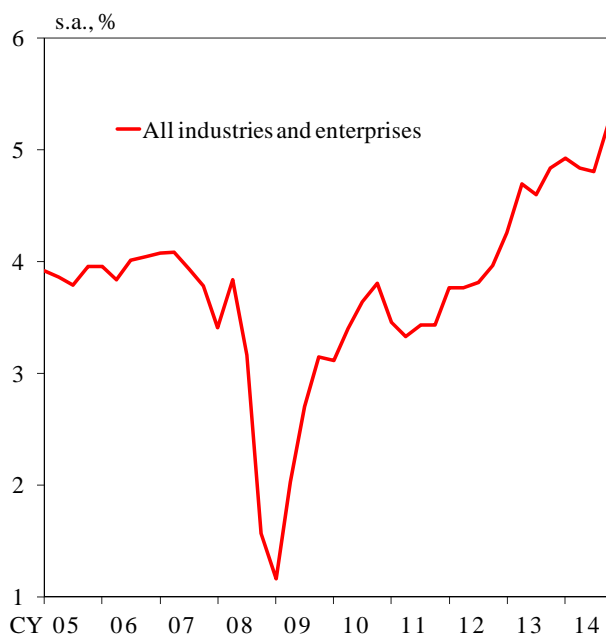


Note: Figures for inflation expectations are taken from the "QUICK Monthly Market Survey (Bonds)." The sign of these figures is reversed. From the September 2013 survey, the survey has asked respondents to include the effects of the consumption tax hikes. Sources: QUICK; Bloomberg.

Corporate Profits and Business Fixed Investment

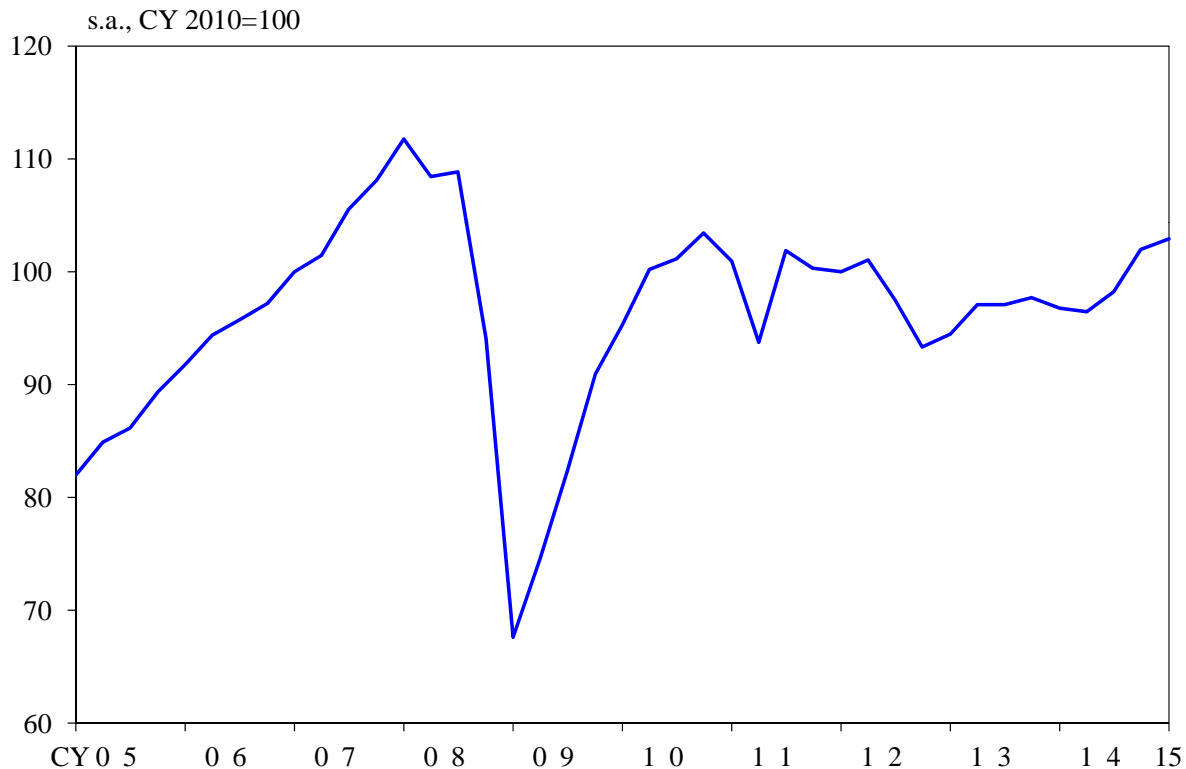
Ratio of Current Profits to Sales

Domestic Shipments and Imports of Capital Goods



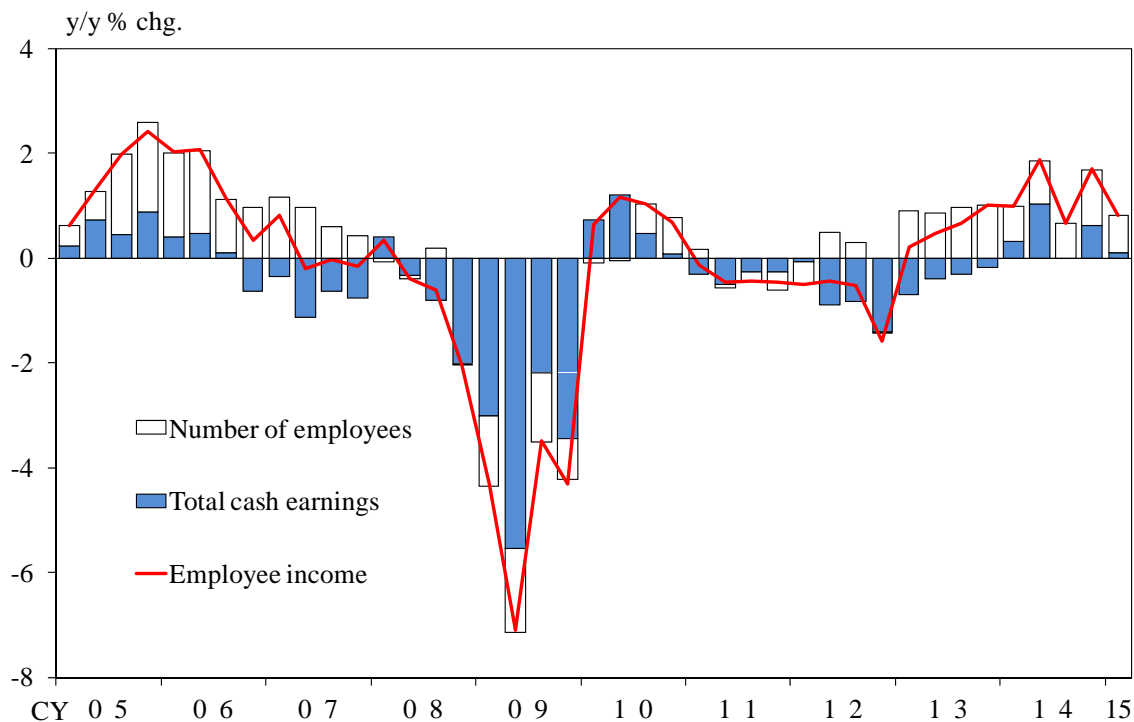
Note: The figure for domestic shipments and imports of capital goods for 2015/Q1 is the January-February average. Sources: Ministry of Finance; Ministry of Economy, Trade and Industry.

Real Exports



Sources: Ministry of Finance; Bank of Japan.

Employee Income



Notes: 1. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2015/Q1 are those of March.
 2. Figures for "employee income" are calculated as the "number of employees" (Labour Force Survey) times "total cash earnings" (Monthly Labour Survey).

Sources: Ministry of Health, Labour and Welfare; Ministry of Internal Affairs and Communications.

Outlook for Economic Activity and Prices (as of April 2015)

y/y % chg.

	Real GDP	CPI (all items less fresh food)	
		Excluding the effects of the consumption tax hikes	
Fiscal 2015	+2.0	+0.8	
Forecasts made in January 2015	+2.1	+1.0	
Fiscal 2016	+1.5	+2.0	
Forecasts made in January 2015	+1.6	+2.2	
Fiscal 2017	+0.2	+3.2	+1.9

Note: Figures indicate the median of the Policy Board members' forecasts (point estimates).
Source: Bank of Japan.