

Japan's Economy and Monetary Policy

Speech at a Meeting with Business Leaders in Nagoya

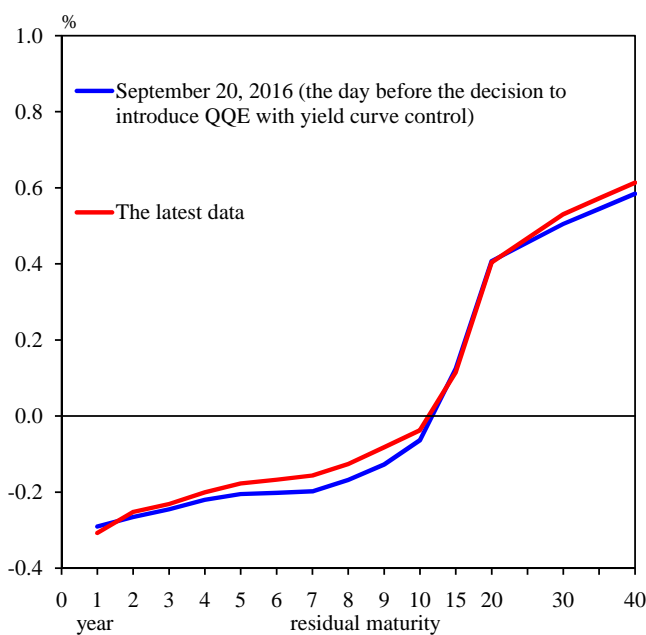
November 14, 2016

Haruhiko Kuroda
Governor of the Bank of Japan

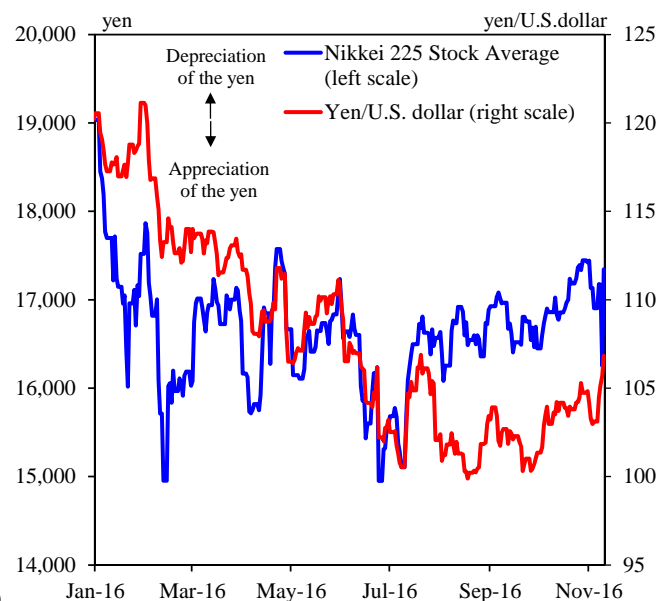
Chart 1

Developments in Financial Markets

Changes in JGB Yield Curve



Exchange Rates and Stock Prices



Outlook for Economic Activity and Prices (as of October 2016)

	y/y % chg.	
	Real GDP	CPI (all items less fresh food)
Fiscal 2016	+1.0	−0.1
Forecasts made in July 2016	+1.0	+0.1
Fiscal 2017	+1.3	+1.5
Forecasts made in July 2016	+1.3	+1.7
Fiscal 2018	+0.9	+1.7
Forecasts made in July 2016	+0.9	+1.9

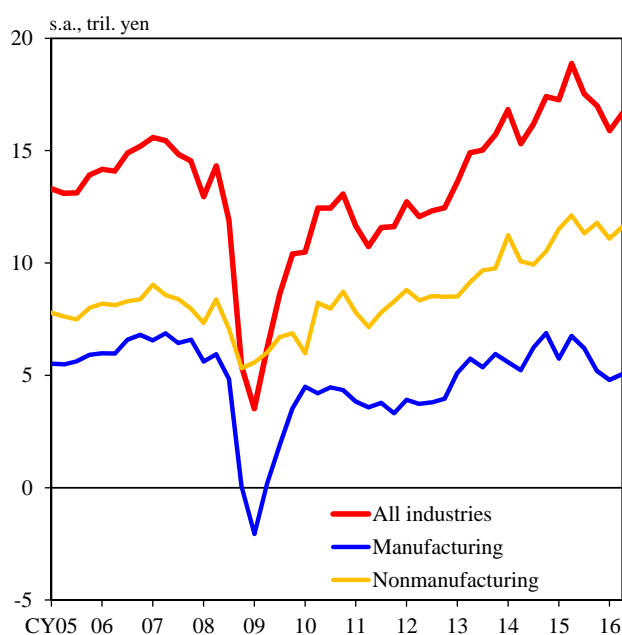
Note: Figures indicate the median of the Policy Board members' forecasts (point estimates).
Source: Bank of Japan.

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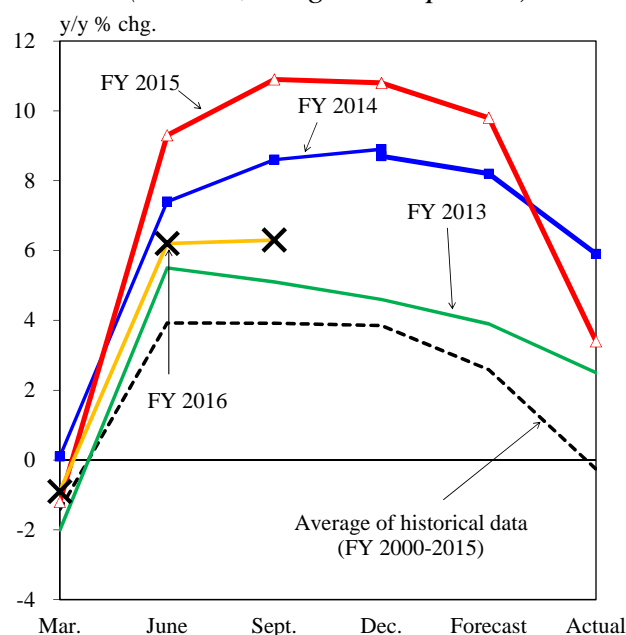
Chart 3

Corporate Profits and Business Fixed Investment

Current Profits



Business Fixed Investment Plans (Tankan, Large Enterprises)



Notes: 1. Figures for current profits exclude "Finance and Insurance."

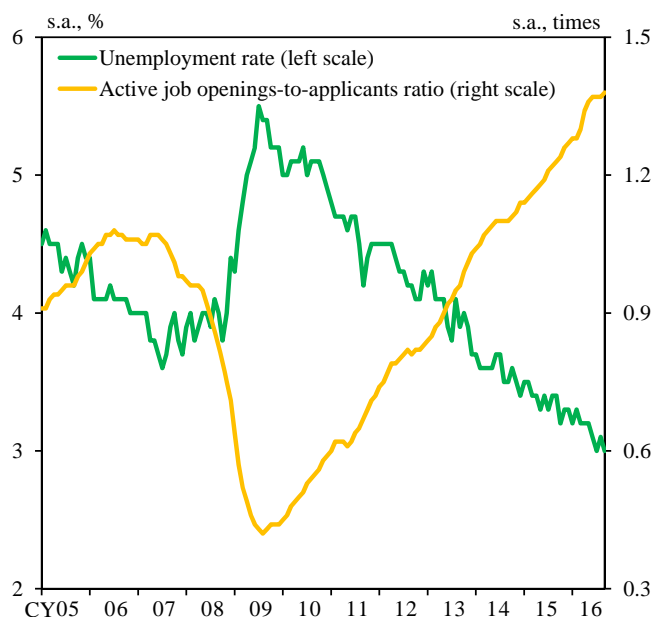
2. Figures for business fixed investment plans include land purchasing expenses and exclude software investment.

Sources: Ministry of Finance; Bank of Japan.

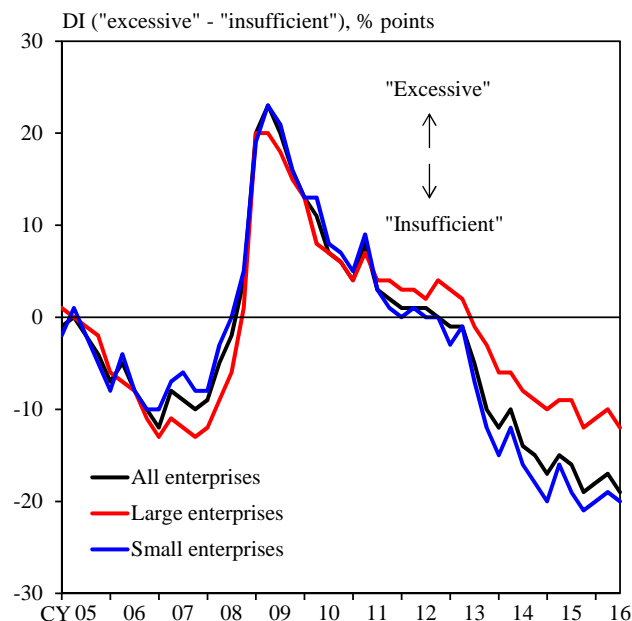
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Labor Market Conditions

*Unemployment Rate and
Active Job Openings-to-Applicants Ratio*



Tankan: Employment Conditions DI

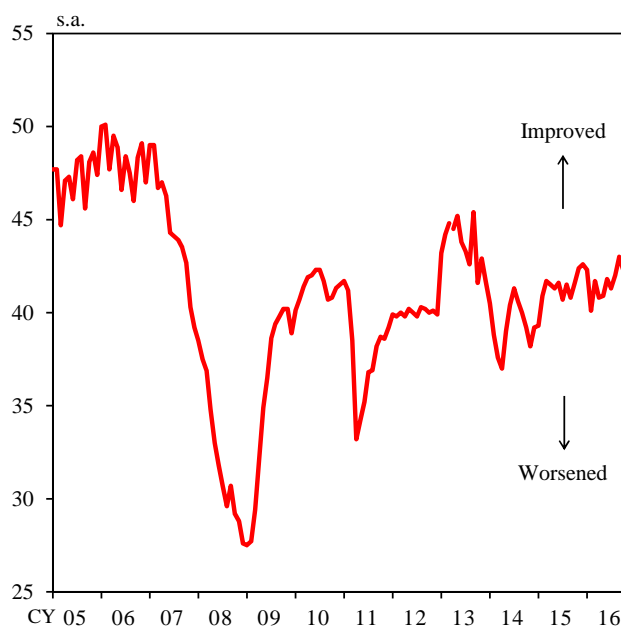


Sources: Ministry of Internal Affairs and Communications; Ministry of Health, Labour and Welfare; Bank of Japan.

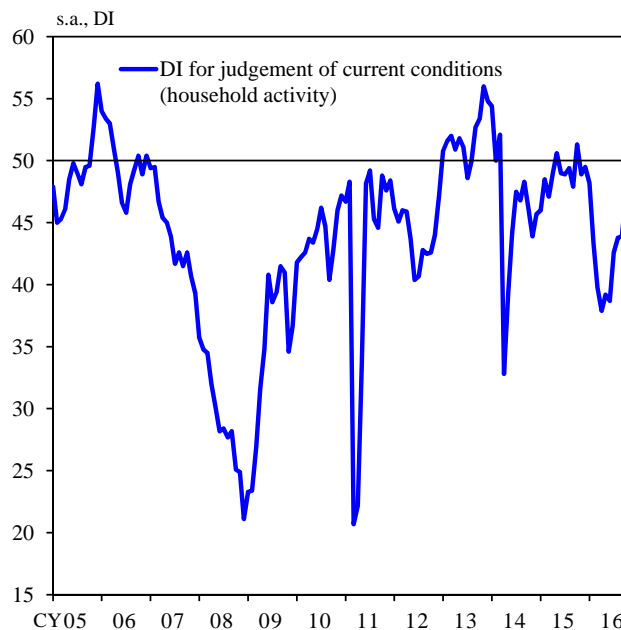
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Confidence Indicators Related to Private Consumption

Consumer Confidence Index



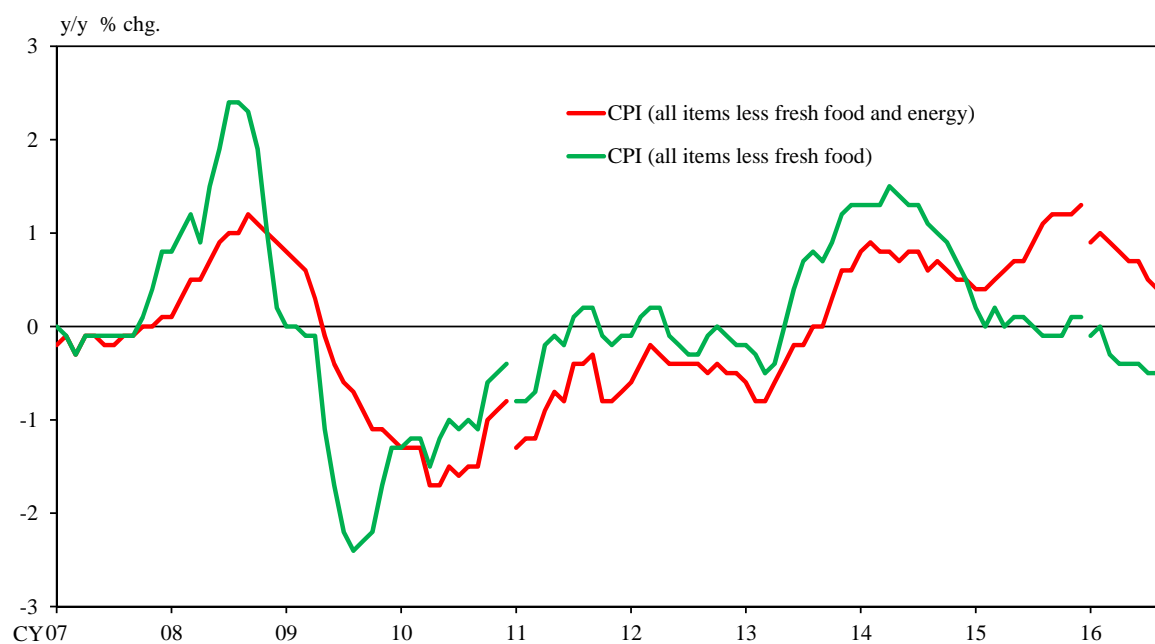
*DI for Judgement of Current Conditions
(Economy Watchers Survey)*



Note: There is a discontinuity in the data for the Consumer Confidence Index in April 2013 due to a change in the survey method.
Source: Cabinet Office.

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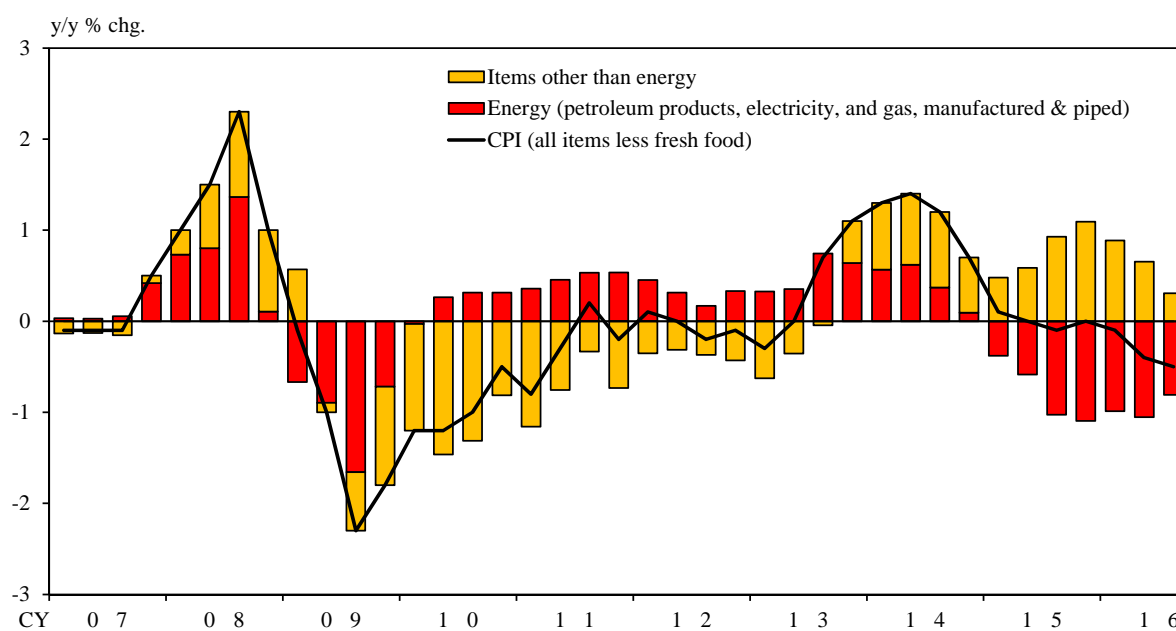
Consumer Prices



Note: Figures for the CPI (all items less fresh food and energy) are calculated by the Research and Statistics Department, Bank of Japan. Figures for the CPI are adjusted to exclude the estimated effects of changes in the consumption tax rate.

Source: Ministry of Internal Affairs and Communications.

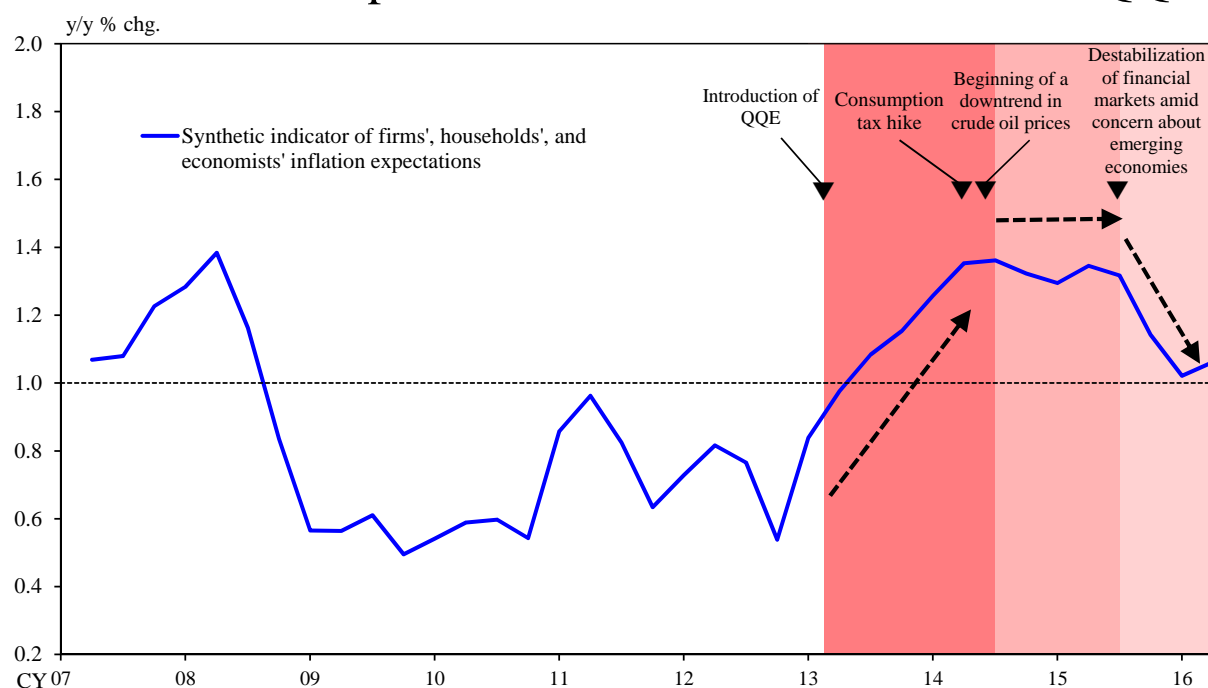
Consumer Price Index and Energy Prices



Note: Figures for the CPI are adjusted to exclude the estimated effects of changes in the consumption tax rate.

Source: Ministry of Internal Affairs and Communications.

Inflation Expectations after the Introduction of QQE



Notes: 1. Inflation expectations of firms, households, and economists are represented by the *Tankan*, the "Opinion Survey," and the "Consensus Forecasts," respectively.

2. Semiannual data from the "Consensus Forecasts" up through 2014/Q2 are linearly interpolated. "Opinion Survey" figures exclude inflation expectations by respondents whose annual inflation expectations were +5% percent or greater and -5% percent or smaller. The output prices DI in the *Tankan* represents the difference between the share of firms that raised prices in the preceding three months and the share of firms that lowered prices.

Sources: Consensus Economics Inc., "Consensus Forecasts"; Bank of Japan.