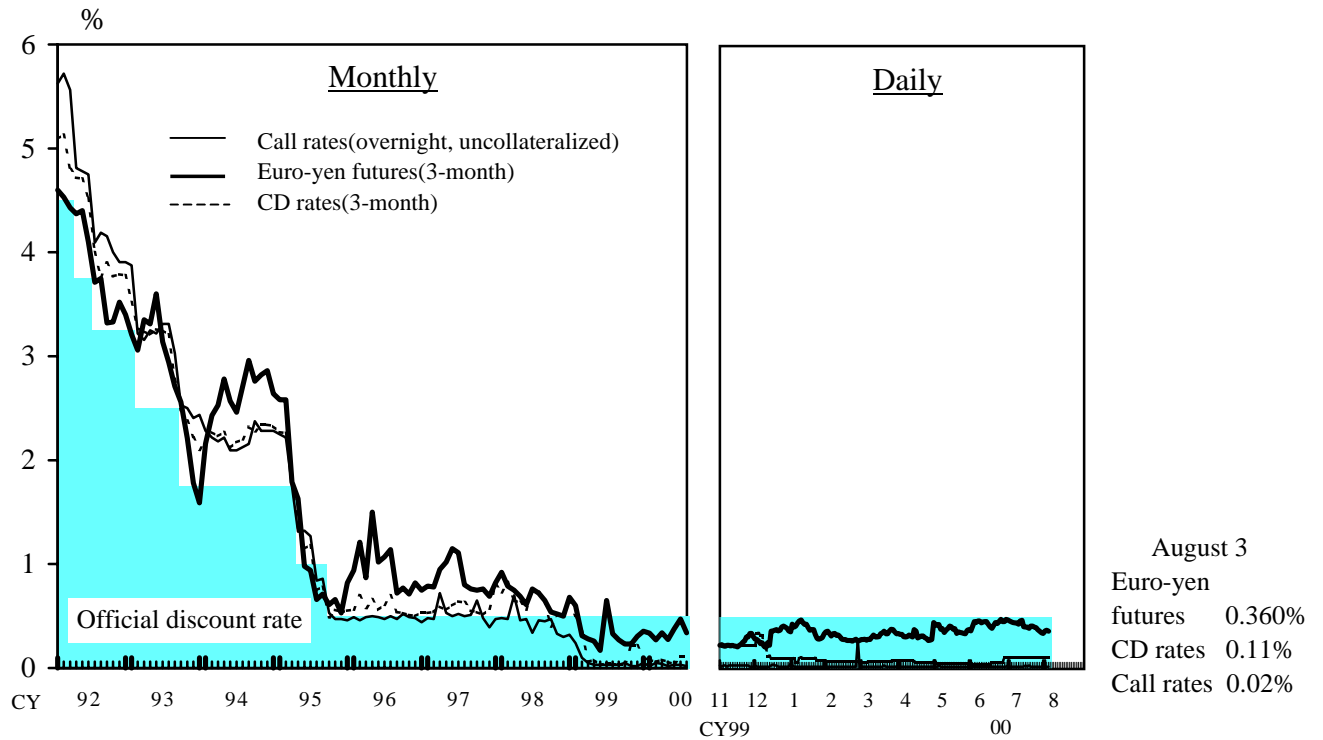


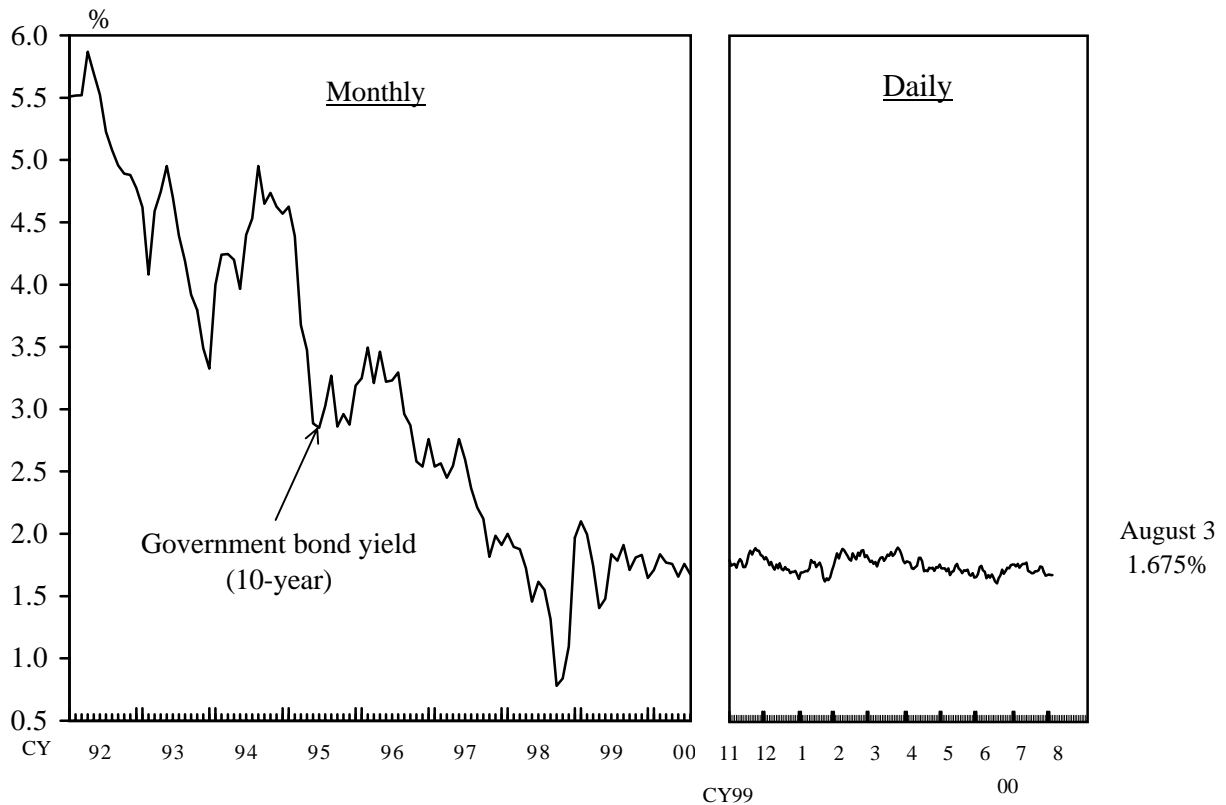
# Charts

# Interest Rates

## (1) Short-Term



## (2) Long-Term



Sources: Bank of Japan; Tokyo International Financial Futures Exchange; Japan Bond Trading Co., Ltd.

## Economic Developments

	Around Feb. 1999		Recent
• <b>Real GDP</b> (changes from a year earlier)	-0.4% (1999/Q1)	→	+0.7% (2000/Q1)
• <b>Domestic Private Demand</b> (changes from a year earlier)	-2.0% (1999/Q1)	→	+2.1% (2000/Q1)
• <b>Industrial Production</b> (changes from a year earlier)	-3.8% (1999/Q1)	→	+7.0% (2000/Q2)
• <b>Business Conditions (<i>Tankan</i>)</b> (DI; “favorable”-“unfavorable”)	-44 (1999/Mar.)	→	-18 (2000/Jun.)
• <b>Domestic Wholesale Price Index</b> (changes from a year earlier)	-2.1% (1999/Q1)	→	+0.3% (2000/Q2)
• <b>Consumer Price Index</b> (excluding perishables, changes from a year earlier)	-0.1% (1999/Q1)	→	-0.3% (2000/Q2)

## &lt;Ref.1&gt; Forecasted Real GDP Growth Rate for FY 2000

December, 1999	→	June, 2000
+1.0%	→	+1.6%
(average of 39 institutions)		(average of 25 institutions)

<Ref. 2> Growth Rate of Current Profits (*Tankan*, All Enterprises, All Industries)

FY 1999 (Actual)	→	FY 2000 (Forecast)
+24.2%	→	+13.1%

(Chart 3)

July 17, 2000  
Bank of Japan

### On the Current Monetary Policy

(1) At the Monetary Policy Meeting held today, the Bank of Japan decided to maintain its “zero interest rate policy”.

(2) The Policy Board views that Japan’s economy is recovering gradually, with corporate profits and business fixed investment continuing to increase. The Policy Board also judges that the economy is likely to recover gradually led mainly by business fixed investment, unless there are major adverse external shocks.

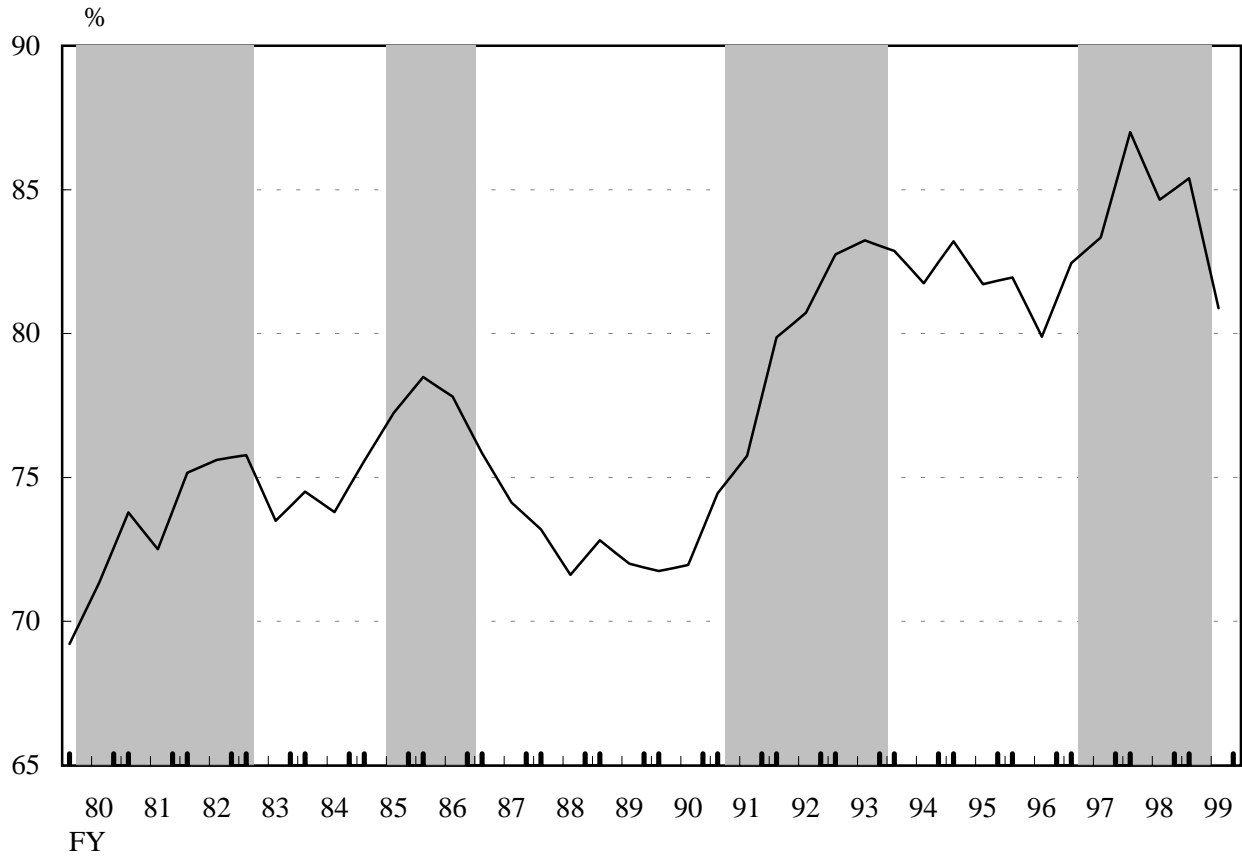
(3) With regard to the prices, the Policy Board views that the downward pressure on prices stemming from weak demand is declining significantly while an economic recovery is expected to continue moderately.

(4) Given the above considerations, the majority of the Policy Board views that Japan’s economy is coming to a stage where deflationary concerns are dispelled, which the Board have clearly stated as the condition for lifting the zero interest rate policy.

(5) At the Meeting, however, some views were expressed that before reaching a final decision to lift the zero interest rate policy, it was desirable to ensure the judgment on the firmness of economic conditions including employment and household income. Besides, it was pointed out that the Board needed to see how the commencement of reconstruction proceedings of Sogo Co. could affect market developments and business sentiments.

(6) Taking account of these factors, the Policy Board decided, by majority vote, on the maintenance of the zero interest rate policy.

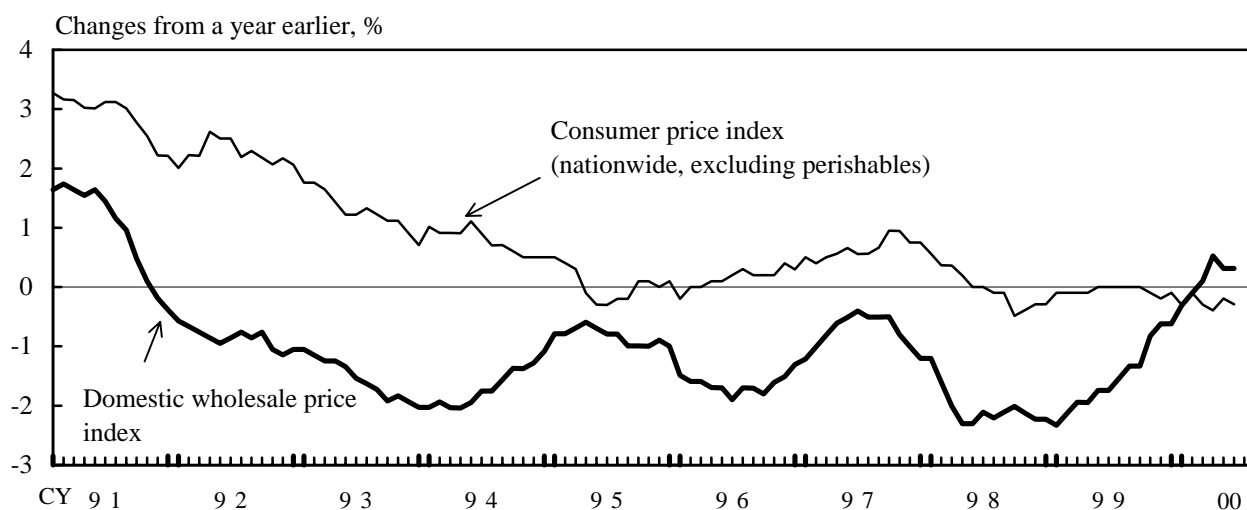
### Labor's Share of Income



- Notes: 1. Labor's share of income = personnel expenses / (personnel expenses + operating profits).  
2. Data are taken from the Financial Statements Statistics of Corporations by Industry, Quarterly (total).  
3. Shaded areas represent recession periods.

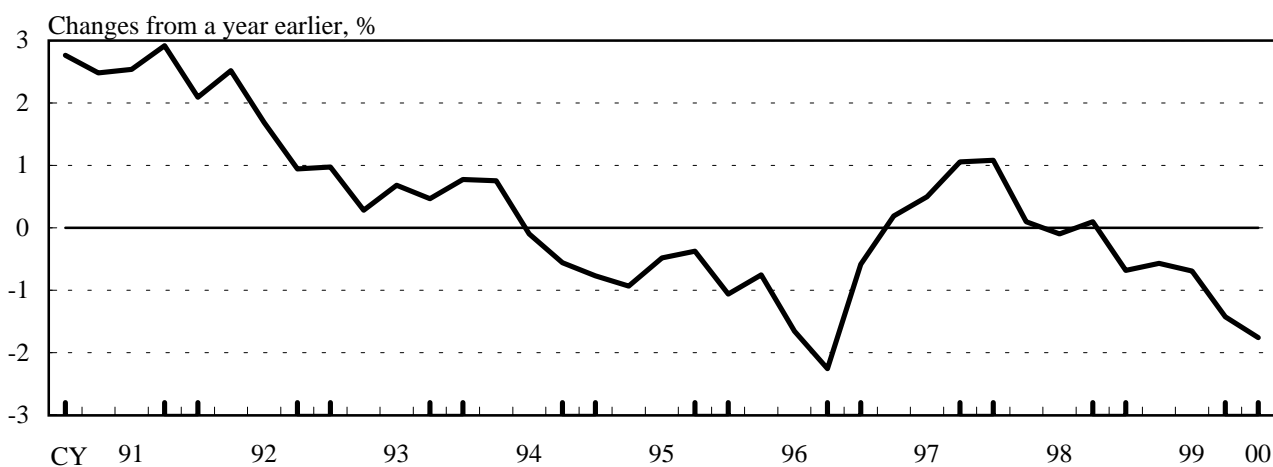
# Price Developments

## (1) Consumer Price Index & Domestic Wholesale Price Index

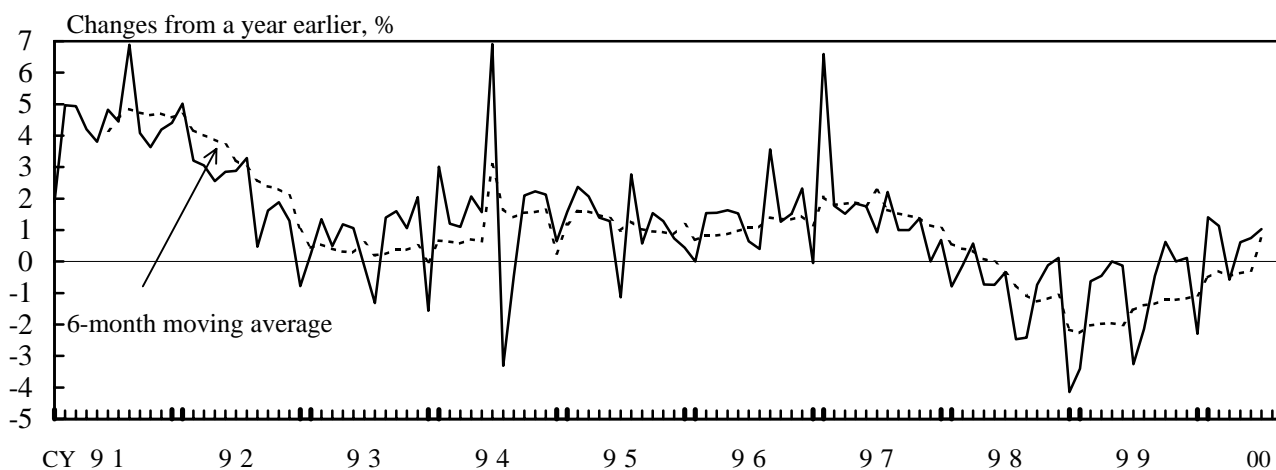


Notes: Excluding the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise of the tax rate.

## (2) GDP Deflator



## (3) Nominal Wage per Person



### Contribution of Private and Public Demand to Real GDP

