

Charts

Speech at a Meeting with Business Leaders in Gifu

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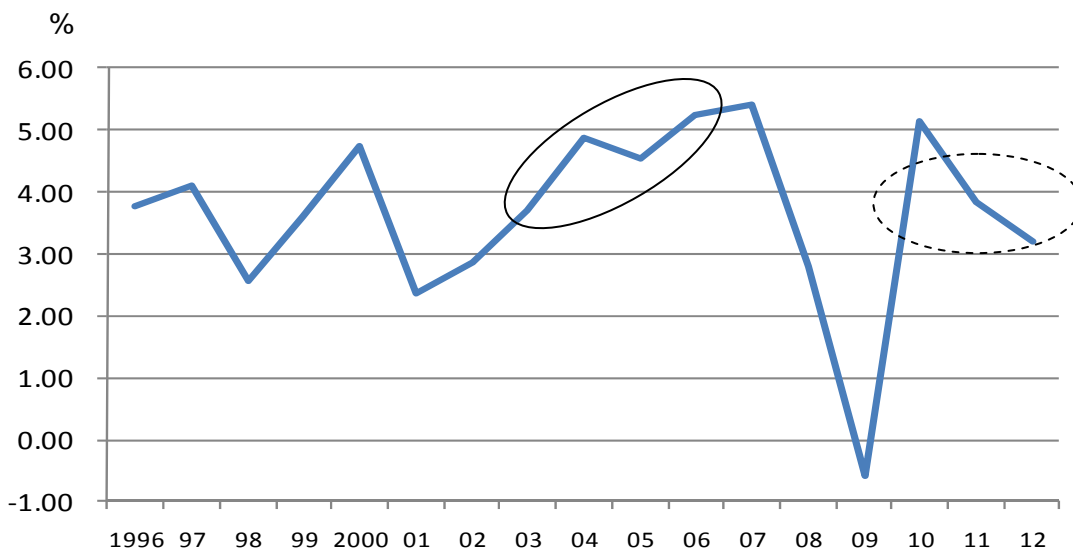
Chart 9: Balance Sheet Projections

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Note: Charts are based on data released prior to April 15, 2013.

(Chart 1)

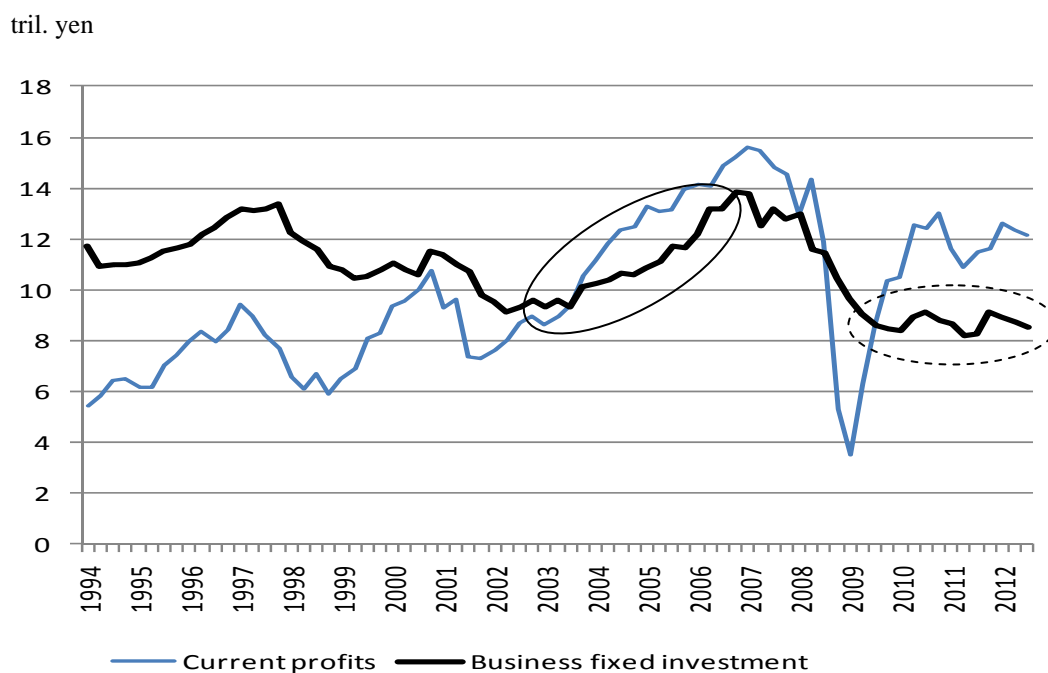
World Economic Growth Rate



Source: IMF, "World Economic Outlook."

(Chart 2)

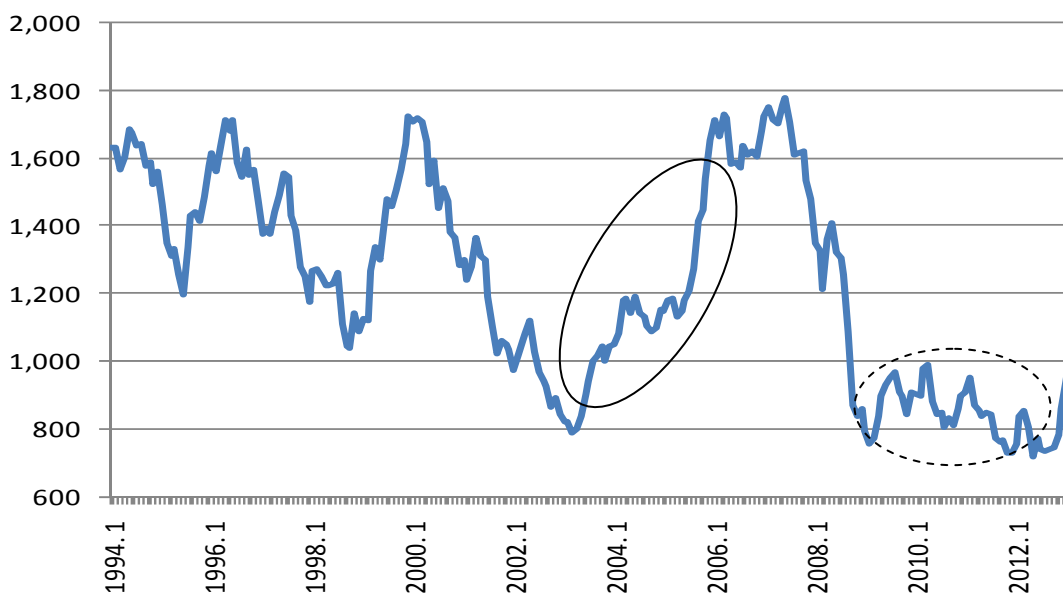
Corporate Profits and Business Fixed Investment



Source: Ministry of Finance, "Financial Statements of Corporations by Industry."

(Chart 3)

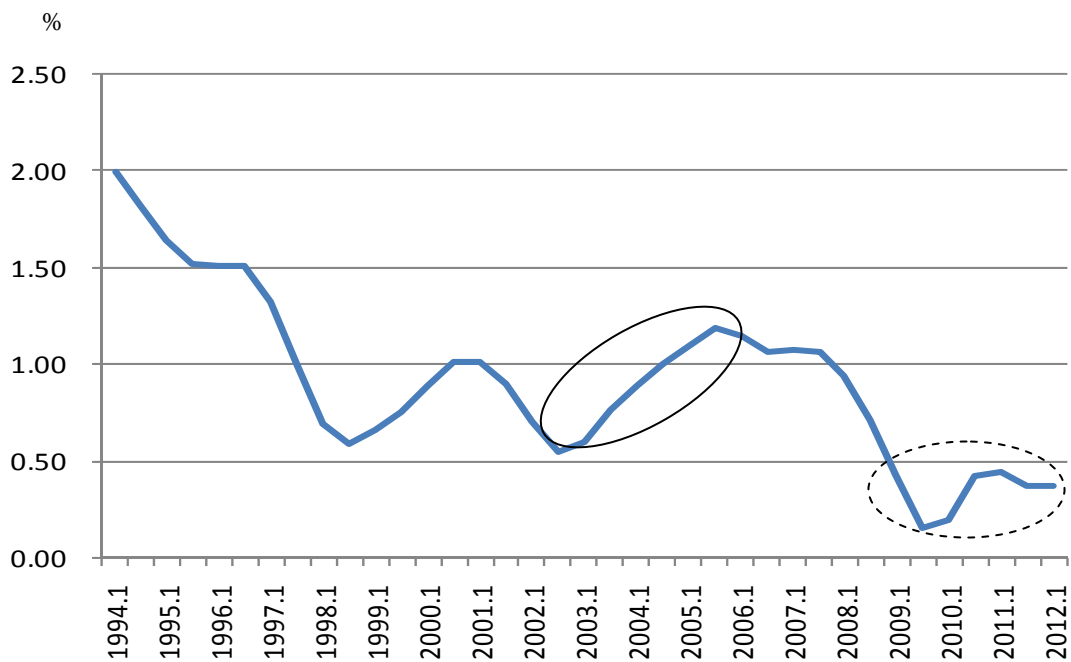
Stock Prices (TOPIX)



Source: Bloomberg.

(Chart 4)

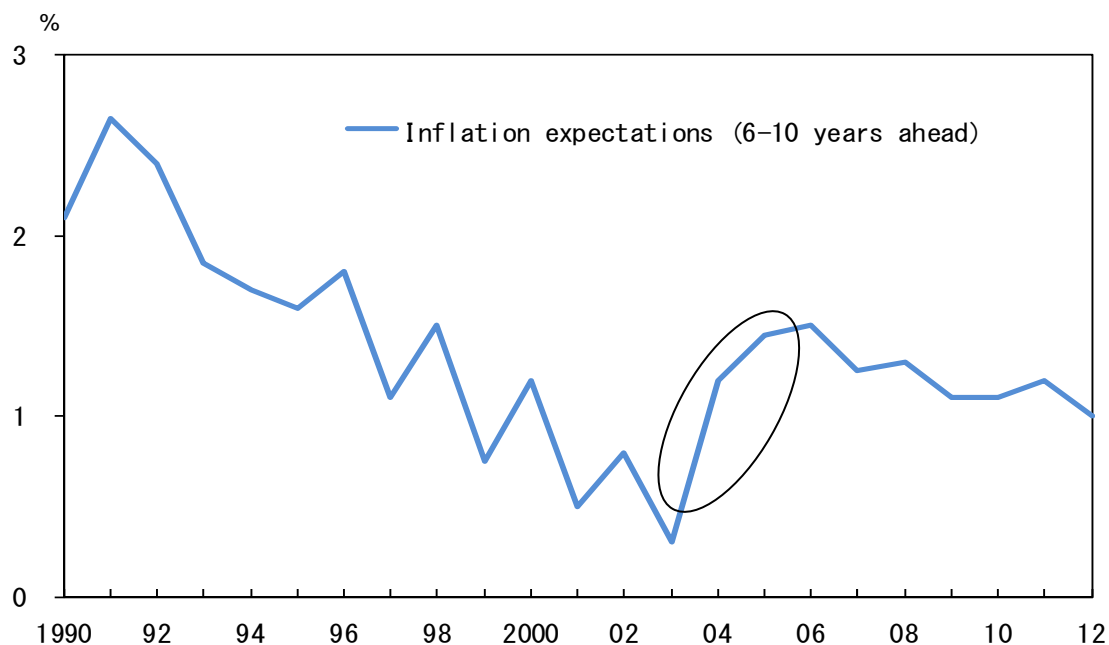
Potential Growth Rate of Japan's Economy



Source: Bank of Japan.

(Chart 5)

Medium- to Long-Term Expected Rate of Inflation



Note: Figures for inflation expectations are based on the averages of the April and October results of the Consensus Forecasts, a survey conducted on private sector forecasters.

Source: Consensus Economics Inc., "Consensus Forecasts."

(Chart 6)

Path toward Achieving the 2 Percent Inflation Target

Expected change in situation	Effects on economic activity and prices
(1) Normalization of overseas economies	→Bolster the recovery trend in Japan's exports and production
(2) Gradual increase in U.S. long-term interest rates	→Support accommodative financial conditions (asset prices and foreign exchange rates)
(3) Business fixed investment and structural reforms	→Gradual rise in the potential growth rate
(4) Expectation of sustainable economic recovery	→Gradual rise in prices with narrowing of the output gap
(5) Rise in the public's inflation expectations	→1% inflation accompanied by (1) through (4)
(6) Virtuous circle of a five-stage path	→2% inflation with the rise in the trend inflation

Quantitative and Qualitative Monetary Easing (QQE)

1. Adoption of the monetary base control

- The monetary base will increase at an annual pace of about 60-70 tril. yen.

2. Increase in JGB purchases and their maturity extension

- With a view to encouraging a further decline in interest rates across the yield curve, the Bank will purchase JGBs so that their amount outstanding will increase at an annual pace of about 50 tril. yen.
- JGBs with all maturities will be made eligible for purchase, and the average remaining maturity of the Bank's JGB purchases will be extended from slightly less than 3 years to about 7 years -- equivalent to the average maturity of the amount outstanding of JGBs issued.

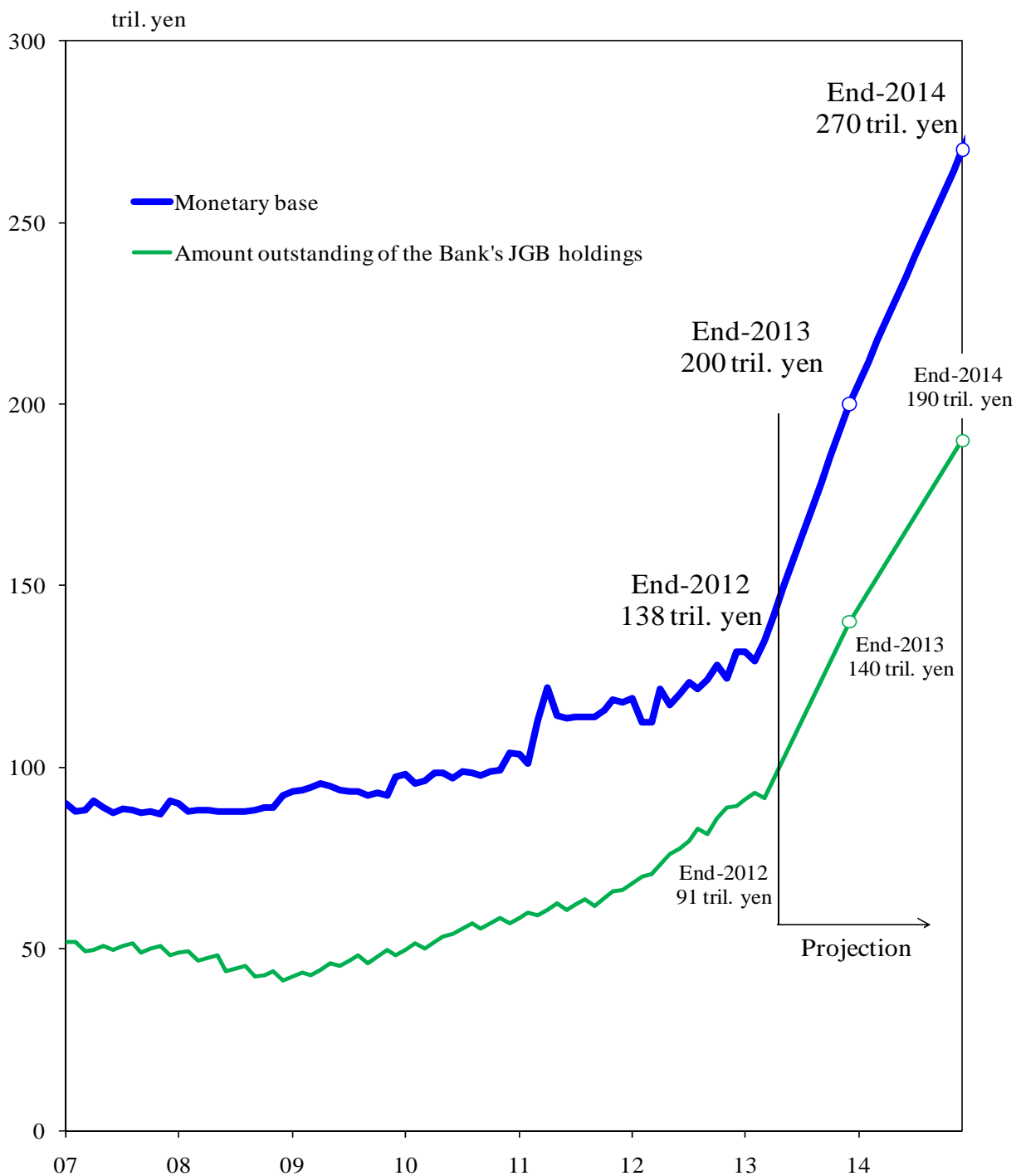
3. Increase in ETF and J-REIT purchases

- With a view to lowering risk premia of asset prices, the Bank will purchase ETFs and J-REITs so that their amounts outstanding will increase at an annual pace of 1 tril. yen and 30 bil. yen, respectively.

4. Continuation of the QQE

- The Bank will continue with the QQE, aiming to achieve the price stability target of 2%, as long as it is necessary for maintaining that target in a stable manner.
- The Bank will examine both upside and downside risks to economic activity and prices, and make adjustments as appropriate.

Expansion in the Monetary Base and JGB Purchases



(Chart 9)

Balance Sheet Projections

tril. yen

	End-2012 (actual)	End-2013 (projected)	End-2014 (projected)
Monetary base	138	200	270

Breakdown of the Bank's Balance Sheet

	JGBs	89	140	190
	CP	2.1	2.2	2.2
	Corporate bonds	2.9	3.2	3.2
	Exchange-traded funds (ETFs)	1.5	2.5	3.5
	Japan real estate investment trusts (J-REITs)	0.11	0.14	0.17
	Loan Support Program	3.3	13	18
	Total assets (including others)	158	220	290
	Banknotes	87	88	90
	Current deposits	47	107	175
	Total liabilities and net assets (including others)	158	220	290

Transmission Channels

