

Crude Oil Prices and Price Stability

Speech at the Japan National Press Club in Tokyo

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Chart 1

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

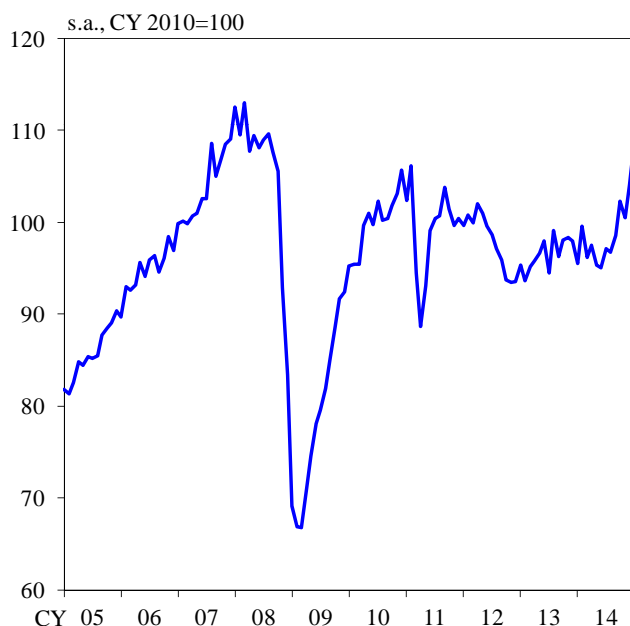
y/y % chg.

	Real GDP	CPI (all items less fresh food)	Excluding the effects of the consumption tax hikes
Fiscal 2014	-0.5	+2.9	+0.9
Forecasts made in October 2014	+0.5	+3.2	+1.2
Fiscal 2015	+2.1	+1.0	
Forecasts made in October 2014	+1.5	+2.4	+1.7
Fiscal 2016	+1.6	+2.2	
Forecasts made in October 2014	+1.2	+2.8	+2.1

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

Exports

Real Exports



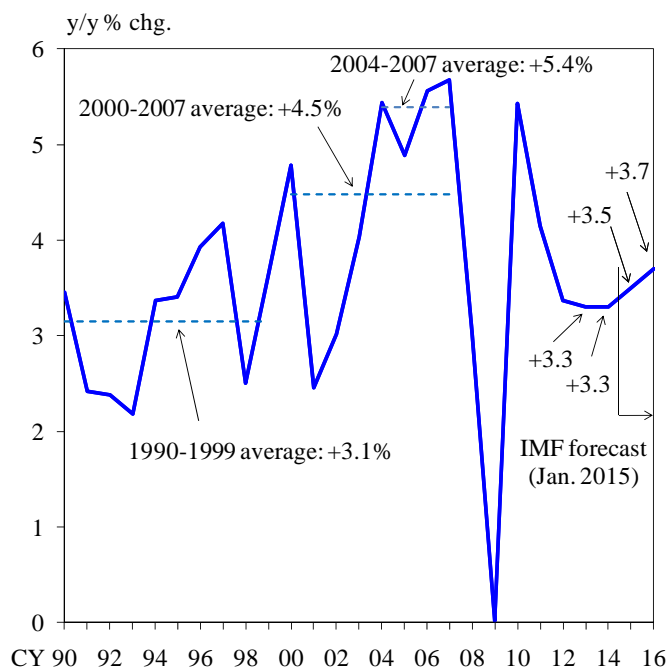
Real Exports by Region

	y/y % chg.		s.a.; q/q % chg.				
	2013	2014	2013 Q4	2014 Q1	Q2	Q3	Q4
United States <18.7>	2.8	1.6	-0.4	0.9	-2.3	-0.0	8.8
EU <10.4>	-3.6	5.0	2.2	0.6	0.5	-0.1	-2.1
East Asia <50.3>	-3.0	1.1	2.5	-1.5	-1.5	1.9	4.0
China <18.3>	-1.7	3.5	5.7	-3.9	-0.7	1.2	3.2
Others <20.7>	-5.0	0.9	-2.0	0.2	1.4	2.4	1.5
Real exports	-1.9	1.6	1.5	-1.0	-1.2	1.6	4.8

Note: Figures in angular brackets are shares of each region in 2014.
Sources: Ministry of Finance; Bank of Japan.

World Economy

Real GDP Growth Rate



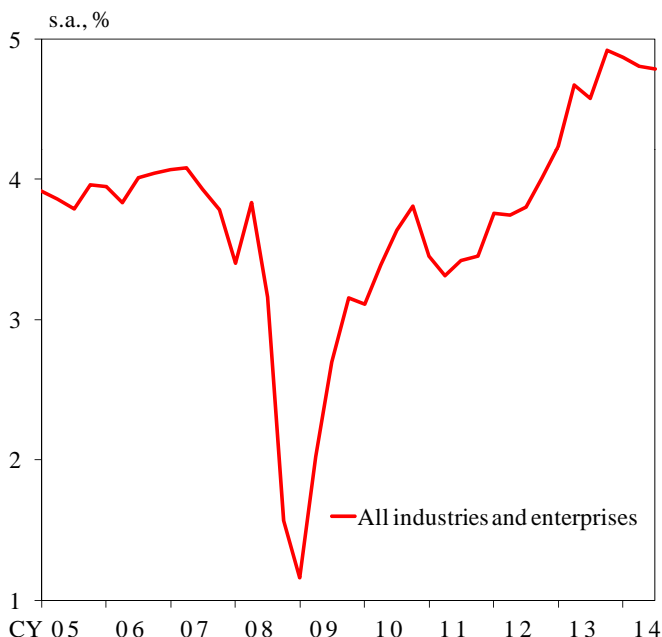
Projections for Major Economies

	y/y % chg.		Projections	
	2013	2014	2015	2016
World	3.3	3.3	3.5 (-0.3)	3.7 (-0.3)
Advanced Economies	1.3	1.8	2.4 (0.1)	2.4 (0.0)
United States	2.2	2.4	3.6 (0.5)	3.3 (0.3)
Euro Area	-0.5	0.8	1.2 (-0.2)	1.4 (-0.3)
Japan	1.6	0.1	0.6 (-0.2)	0.8 (-0.1)
Emerging Market and Developing Economies	4.7	4.4	4.3 (-0.6)	4.7 (-0.5)
China	7.8	7.4	6.8 (-0.3)	6.3 (-0.5)

Note: Figures in parentheses are the difference from the October 2014 WEO projections.
Source: IMF

Corporate Profits and Business Fixed Investment

Ratio of Current Profits to Sales



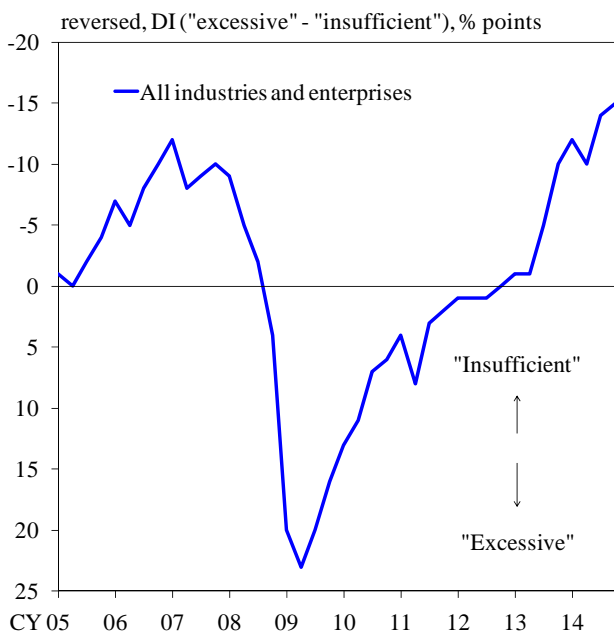
Tankan: Business Fixed Investment Plans

		y/y % chg.	
		FY2013	FY2014 (Forecast)
Large Enterprises	Manufacturing	- 0.8	+ 12.2
	Nonmanufacturing	+ 4.4	+ 6.3
	All industries	+ 2.6	+ 8.3
Small Enterprises	Manufacturing	+ 17.1	+ 10.2
	Nonmanufacturing	+ 19.6	- 6.5
	All industries	+ 18.7	- 0.9
All Enterprises	Manufacturing	+ 1.1	+ 12.9
	Nonmanufacturing	+ 7.7	+ 3.2
	All industries	+ 5.3	+ 6.5

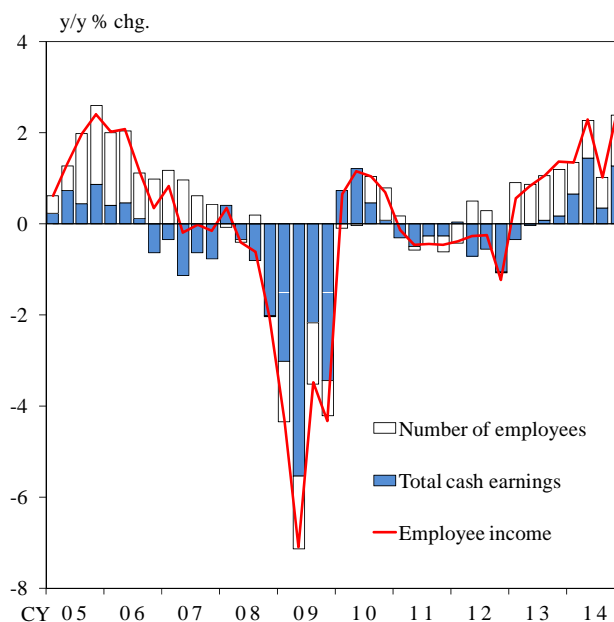
Note: Figures for business fixed investment plans of the *Tankan* include software investment but exclude land purchasing expenses.
Sources: Ministry of Finance; Bank of Japan.

Employment and Income Situation

Tankan: Employment Conditions DI



Employee Income



Notes: 1. The followings apply to employee income: Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February. Figures for 2014/Q4 are those of December.
2. Figures for "employee income" are calculated as the "number of employees" (Labour Force Survey) times "total cash earnings" (Monthly Labour Survey).

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

Price Stability in Various Economies

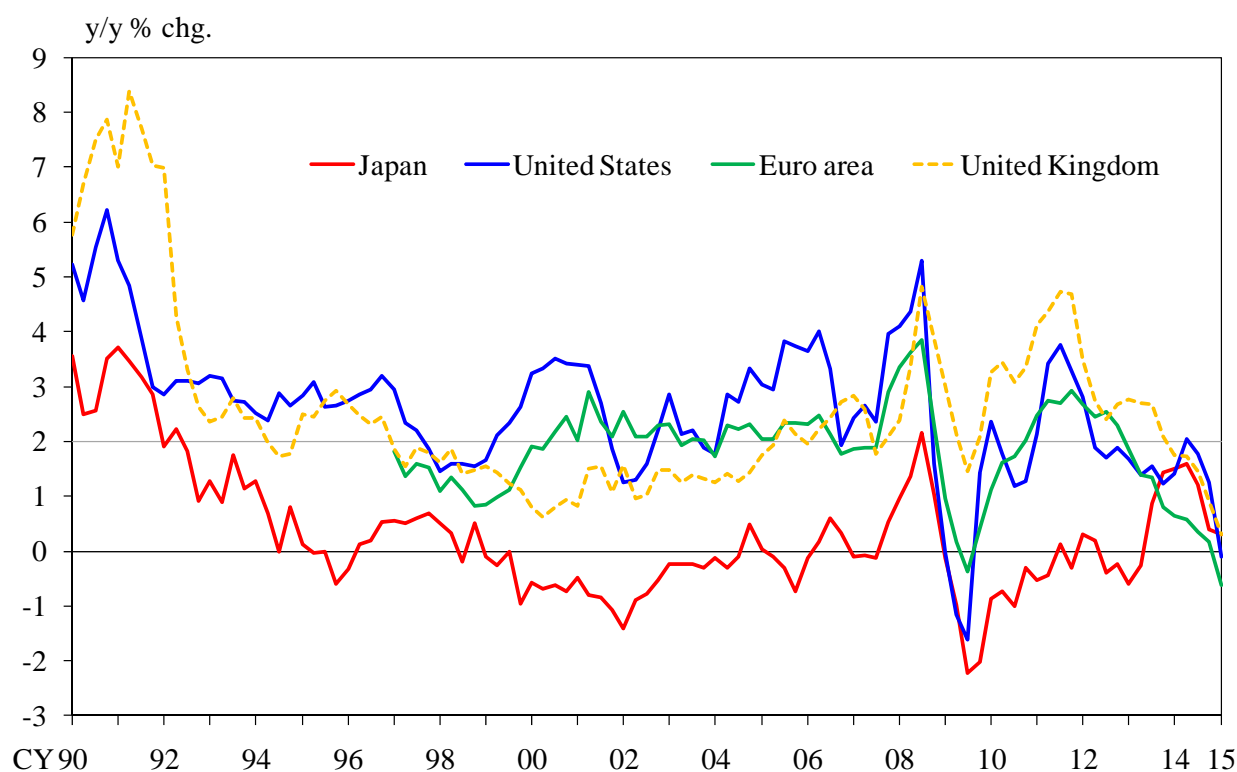
Country/Region	Expression	Reference Indicator	Numerical Definition
Japan	Price stability target	CPI (all items)	2%
United States	Longer-run goal	PCE inflation (all items)	2%
Euro area	Quantitative definition	HICP (all items)	Below, but close to, 2%
United Kingdom	Target	CPI (all items)	2%
Canada	Target	CPI (all items)	2% (midpoint of 1-3%)
Australia	Target	CPI (all items)	2-3%
New Zealand	Target	CPI (all items)	Near 2% (midpoint of 1-3%)
Sweden	Target	CPI (all items)	2%
Switzerland	Definition	CPI (all items)	Less than 2%

Note: "PCE" stands for Personal Consumption Expenditures, and "HICP" stands for Harmonized Index of Consumer Prices.

6

Chart 7

Headline Consumer Prices in Advanced Economies



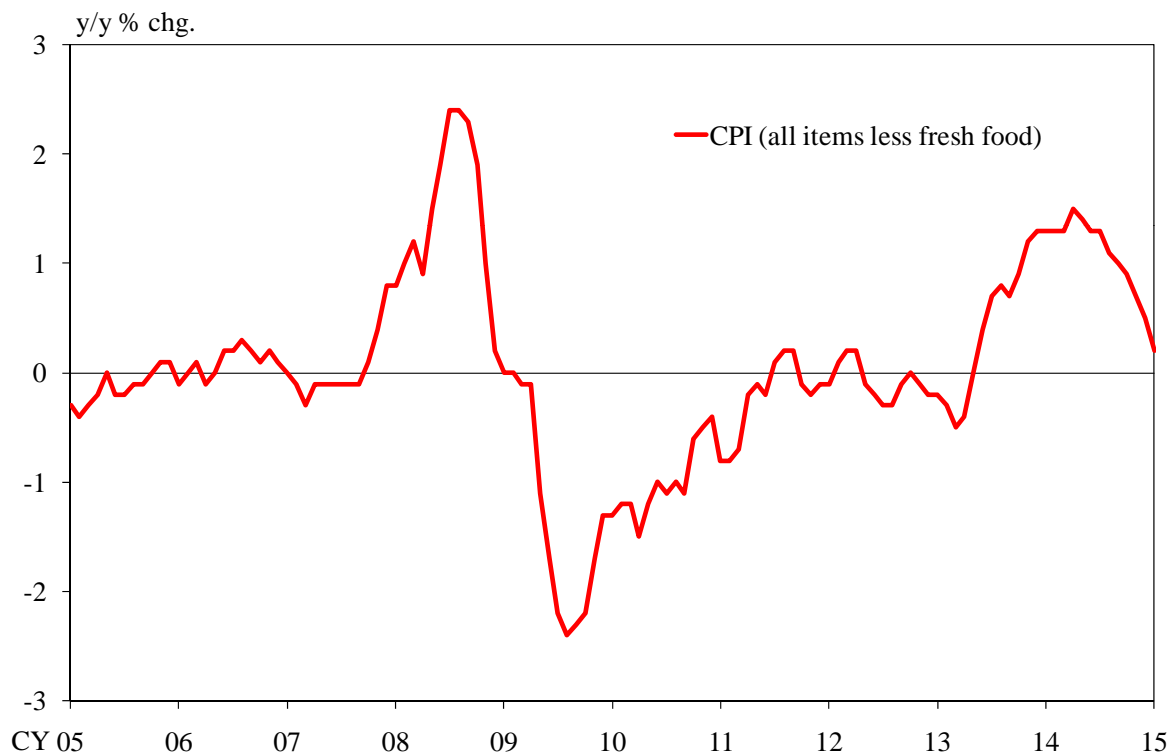
Notes: 1. Figures for 2015/Q1 are those of January.

2. Figures for the CPI in Japan are adjusted to exclude the effect of changes in the consumption tax rate.

Sources: Ministry of Internal Affairs and Communications; BLS; Eurostat; ONS.

7

Consumer Prices



Note: Figures from April 2014 onward are calculated to adjust the direct effects of the consumption tax hike.
 Source: Ministry of Internal Affairs and Communications.