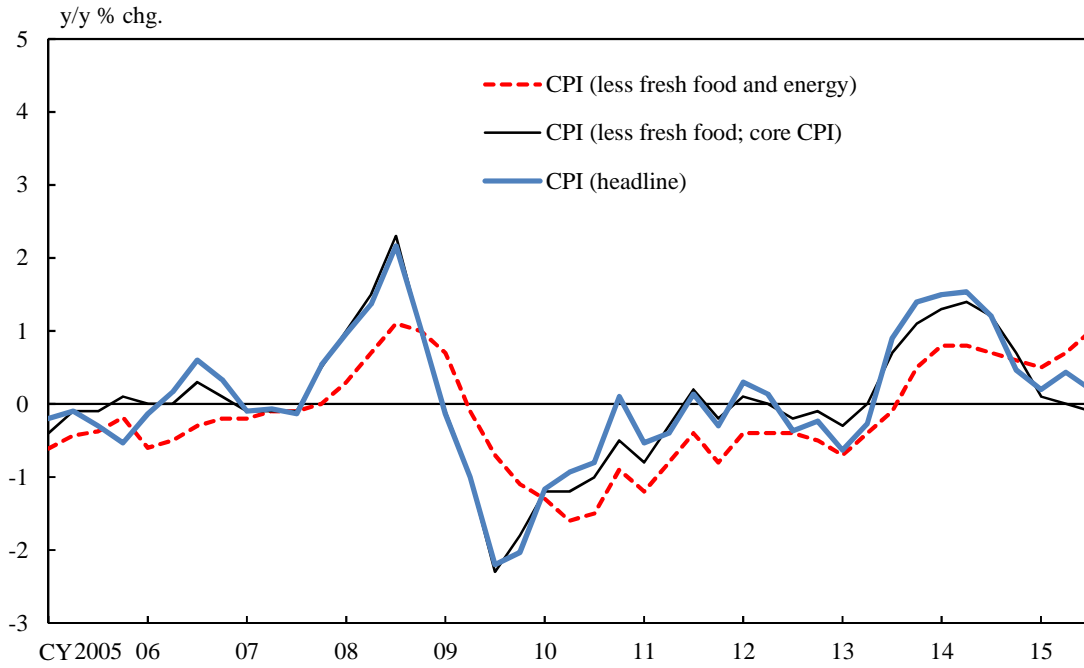
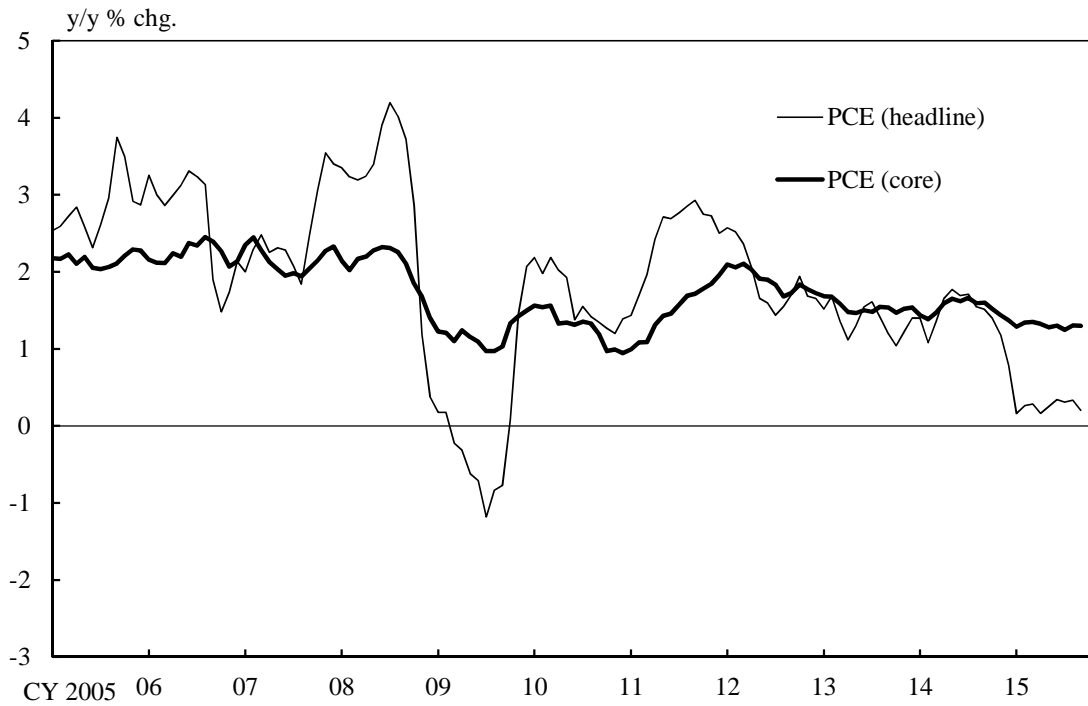


Japan and the United States: Price Developments

(1) Japan



(2) United States

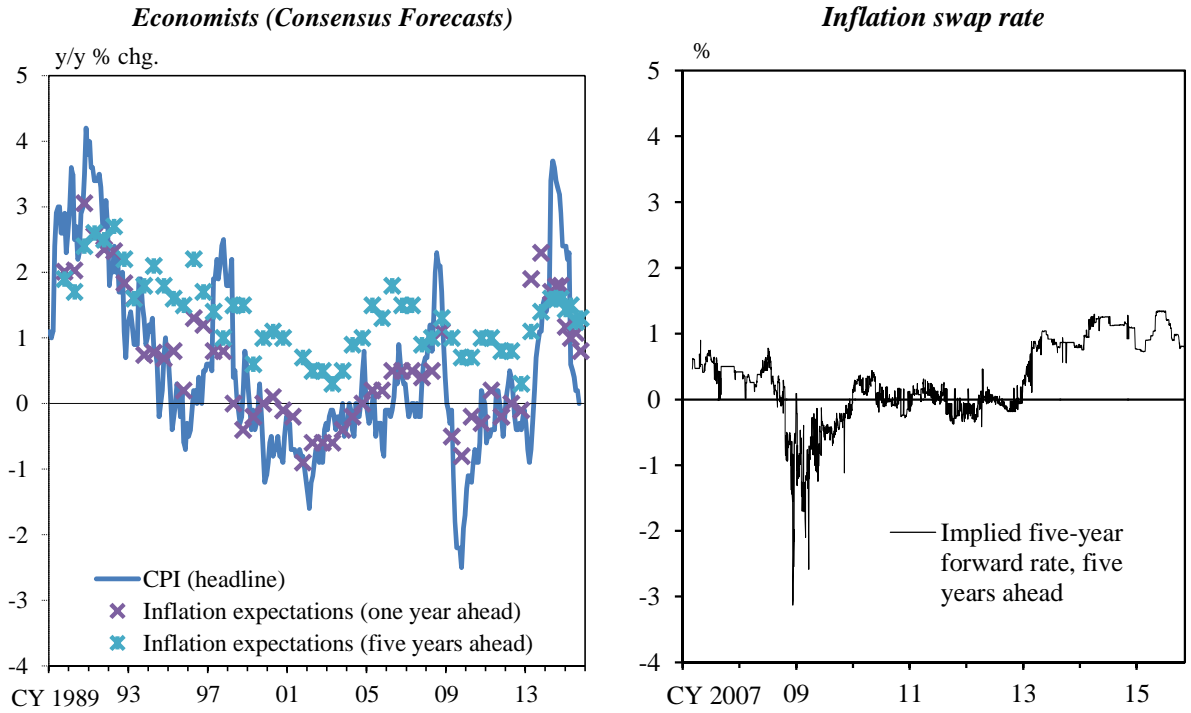


Note: Figures for Japan exclude the direct effects of the consumption tax hike after April 2014.

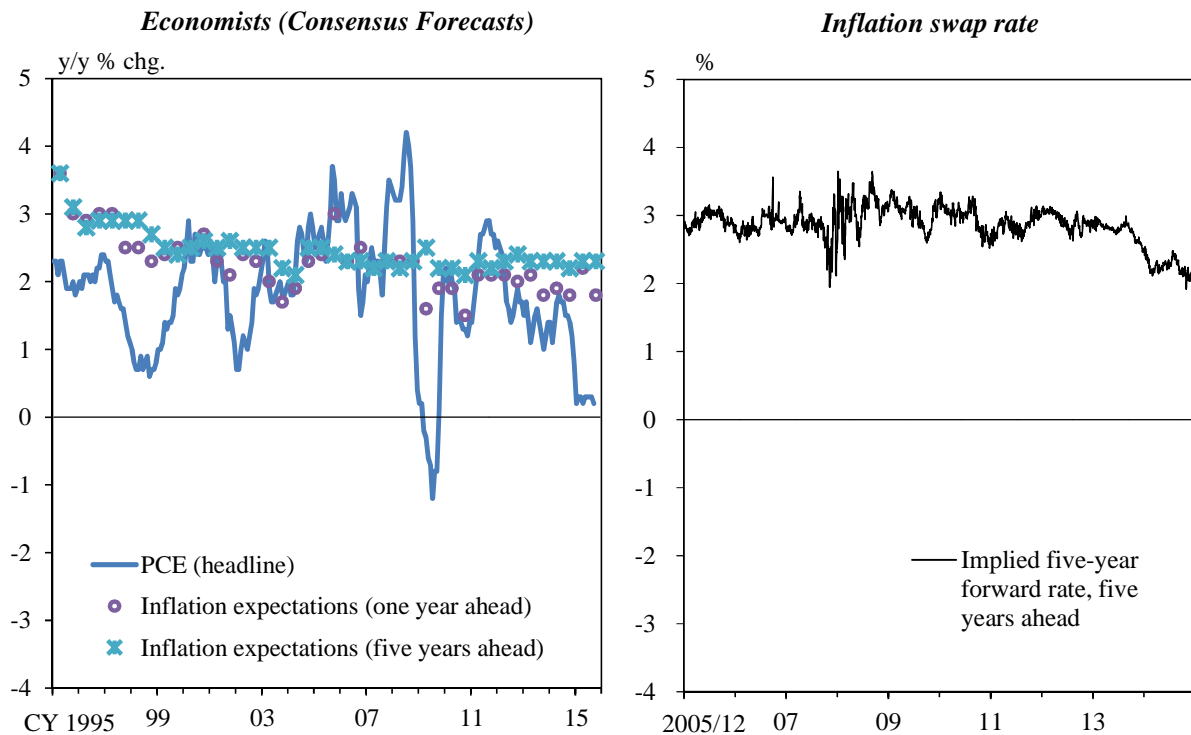
Sources: Ministry of Internal Affairs and Communications; Bank of Japan; U.S. Bureau of Economic Analysis.

Japan and the United States: Long-Term Inflation Expectations

(1) Japan

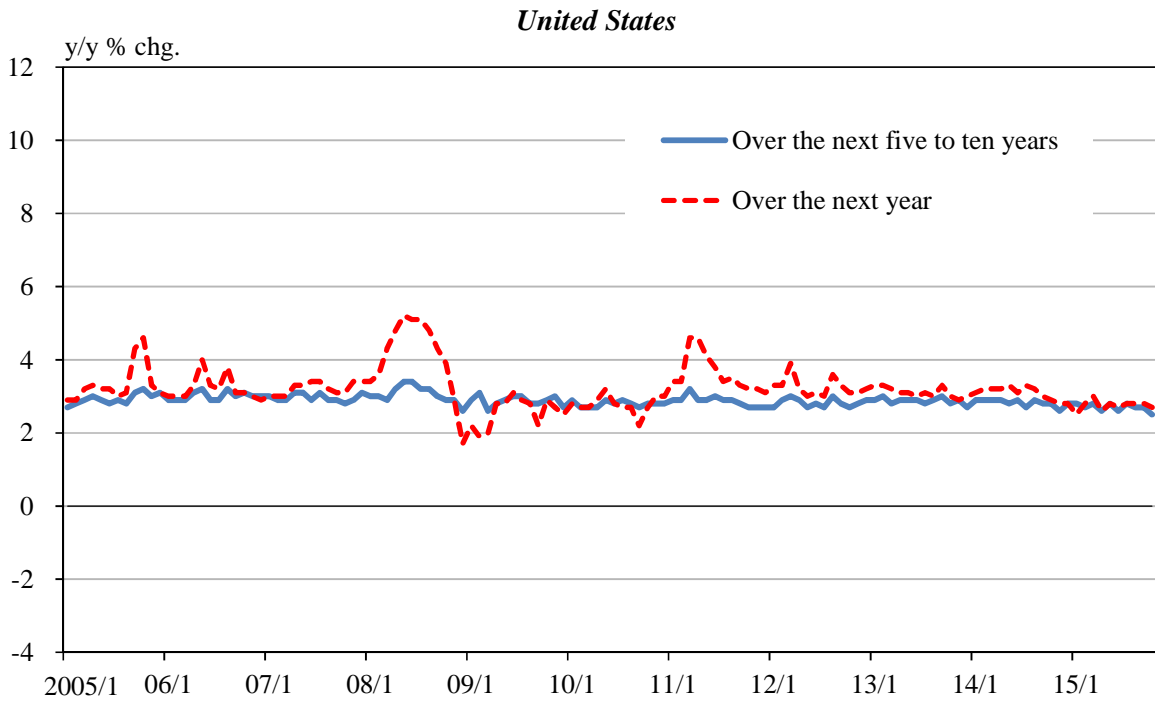
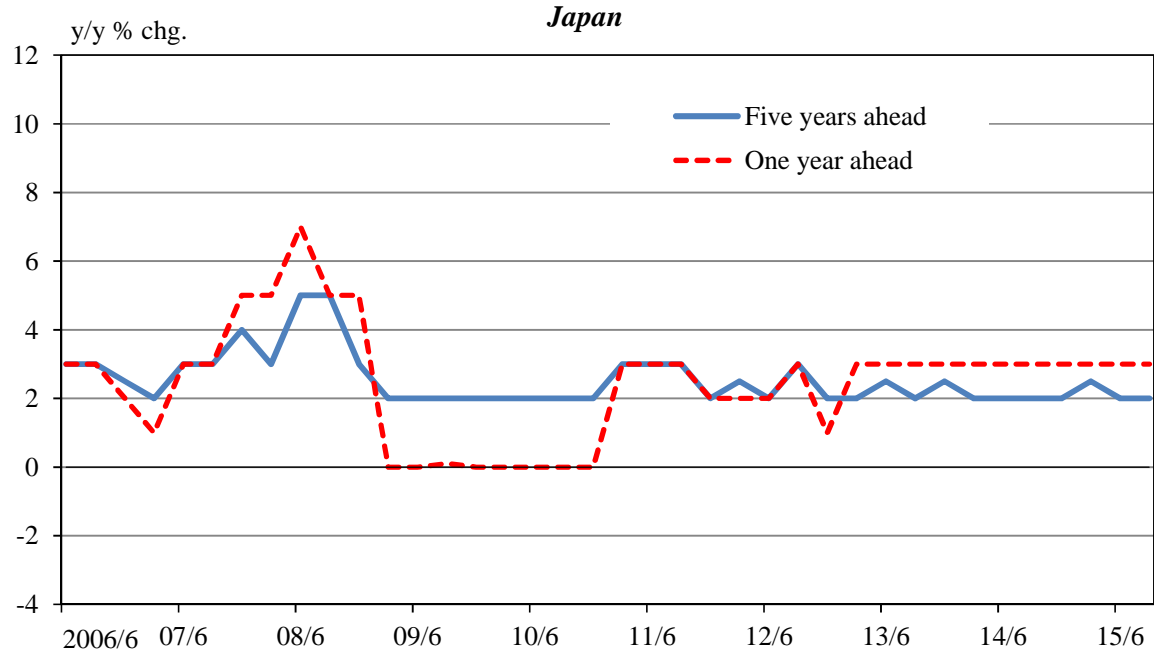


(2) United States



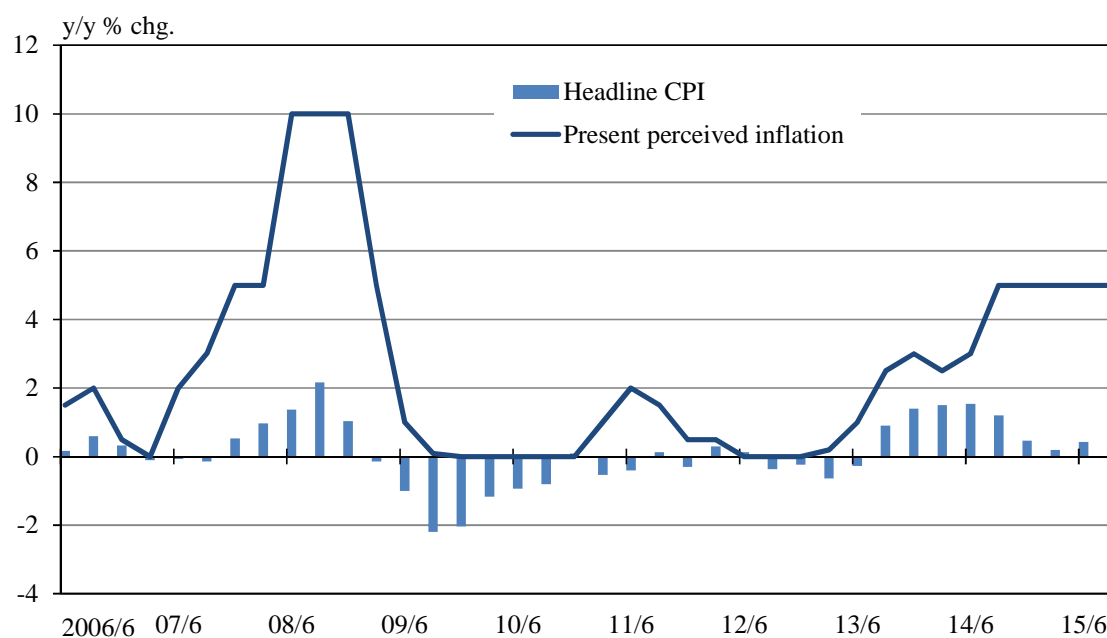
Sources: Consensus Economics Inc., "Consensus Forecasts"; Ministry of Internal Affairs and Communications; Bloomberg.

Japan and the United States: Households' Short- and Long-Term Inflation Expectations (Median)



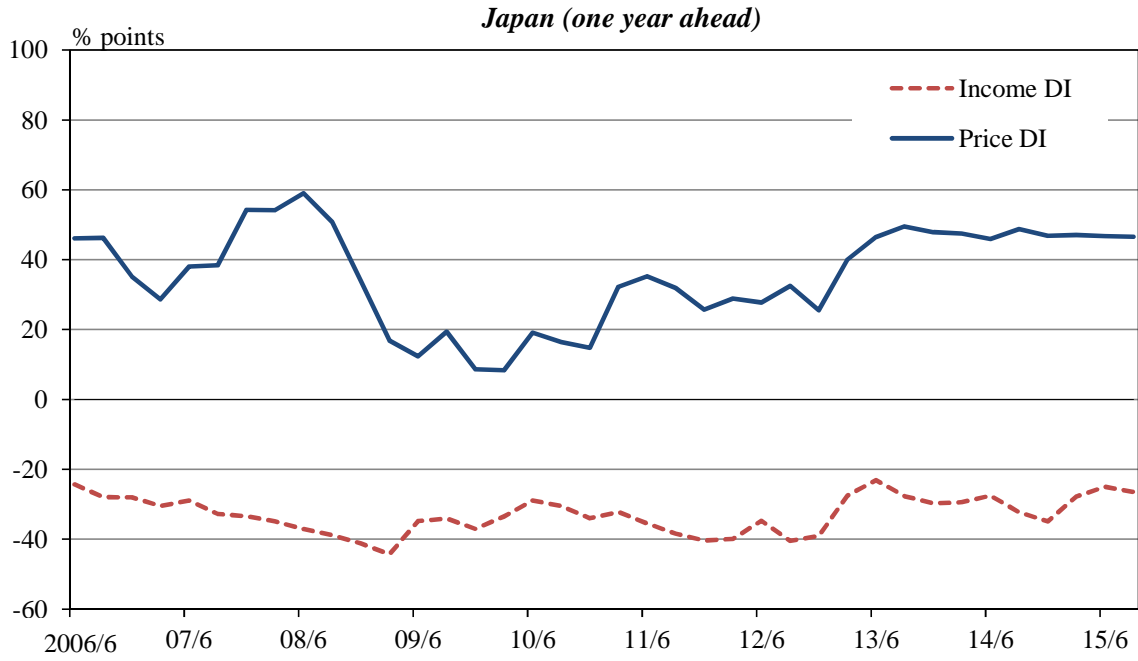
Sources: Bank of Japan; University of Michigan, "Surveys of Consumers."

Japan: Households' Present Perceived Inflation (Median)

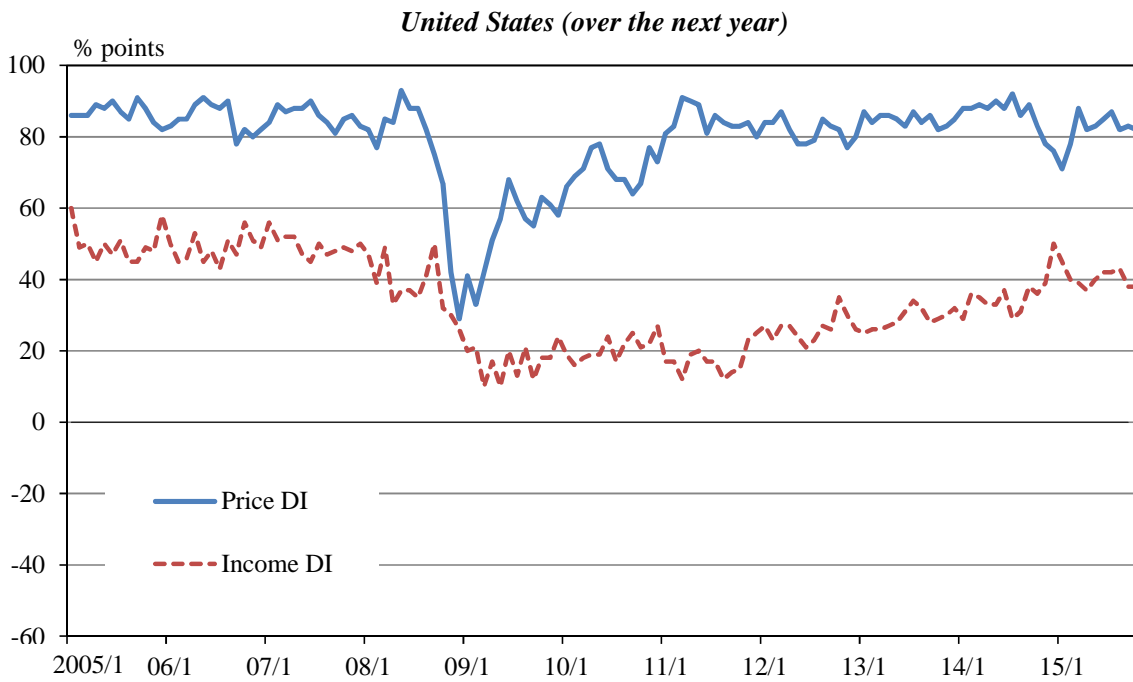


Notes: 1. Present perceived inflation is defined as present perceived price changes relative to one year ago.
 2. Figures for the headline CPI exclude the direct effects of the consumption tax hike after April 2014.
 Sources: Ministry of Internal Affairs and Communications; Bank of Japan.

Japan and the United States: Households' DIs on Income and Prices



Notes: 1. Income DI = "will increase" - "will decrease."
 2. Price DI = "will increase" - "will decrease."

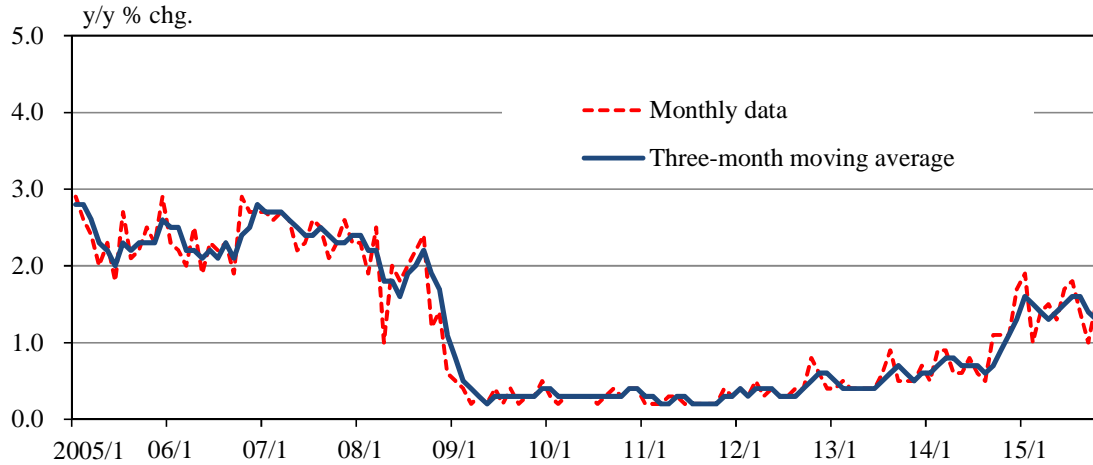


Notes: 1. Income DI = "expect increase" - "expect down."
 2. Price DI = "will go up" - "down."

Sources: Bank of Japan; University of Michigan, "Surveys of Consumers."

Chart 6

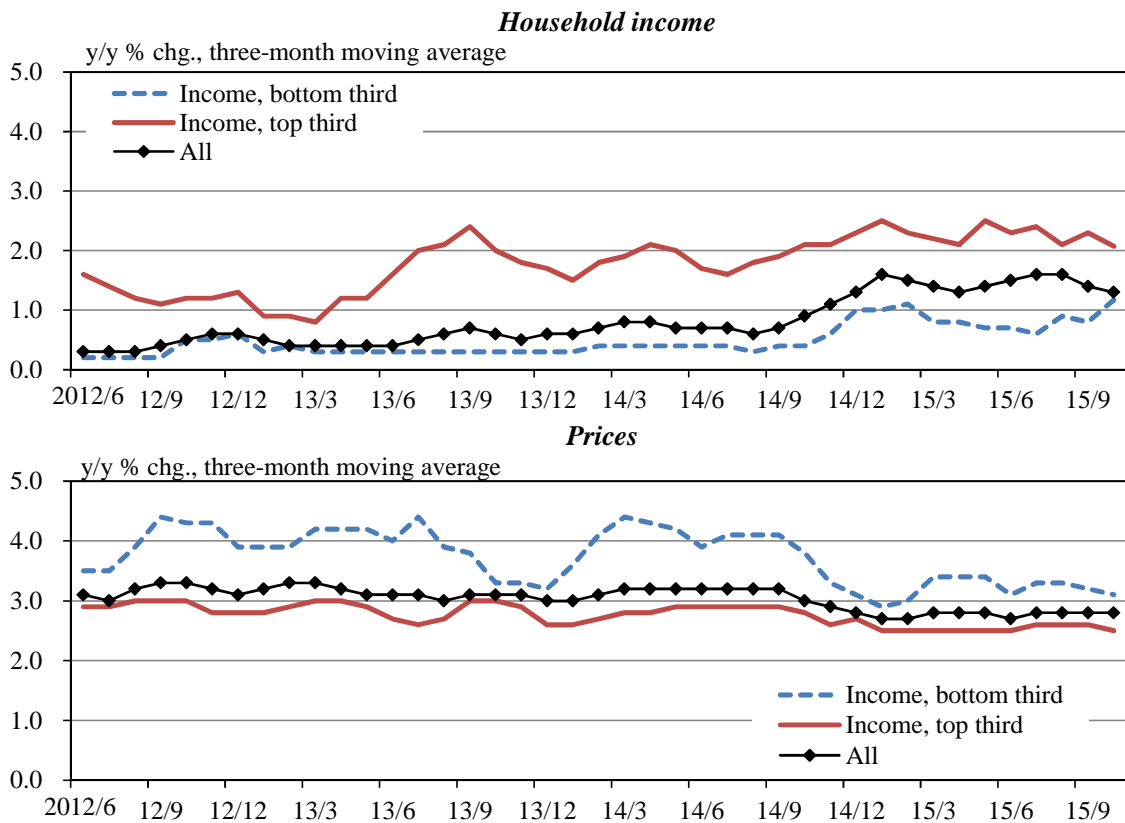
United States: Households' Expected Changes in Income over the Next Year (Median)



Source: University of Michigan, "Surveys of Consumers."

Chart 7

United States: Households' Expected Changes in Income and Prices by Income Group over the Next Year (Median)



Source: University of Michigan, "Surveys of Consumers."

Chart 8

United States: Households' Probability Expectations
on Real Income Gains over the Next Five Years

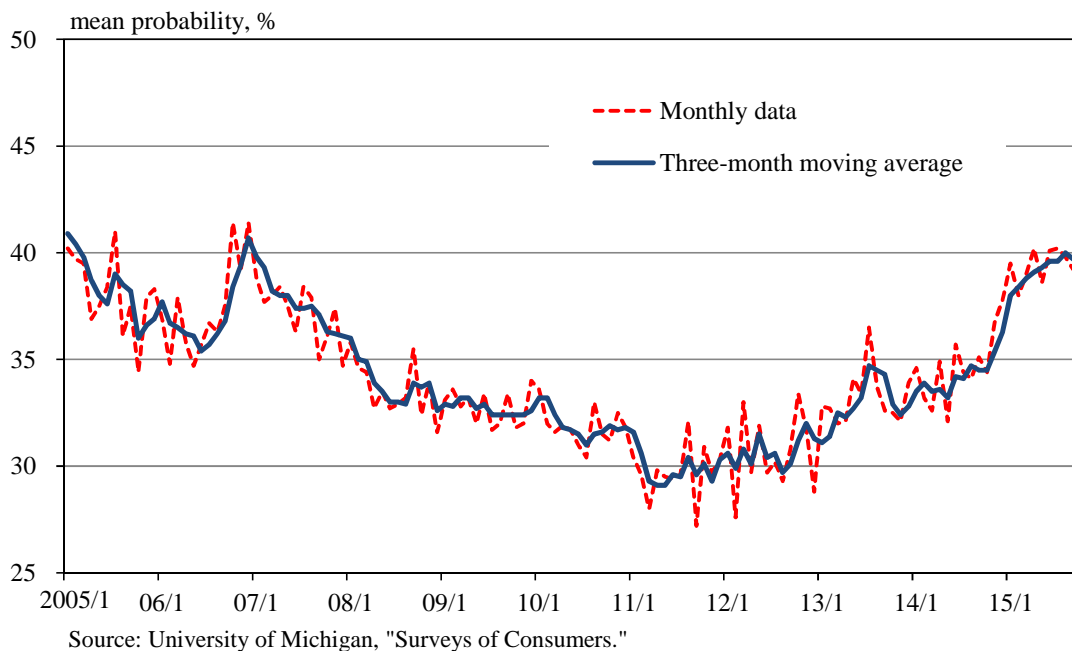
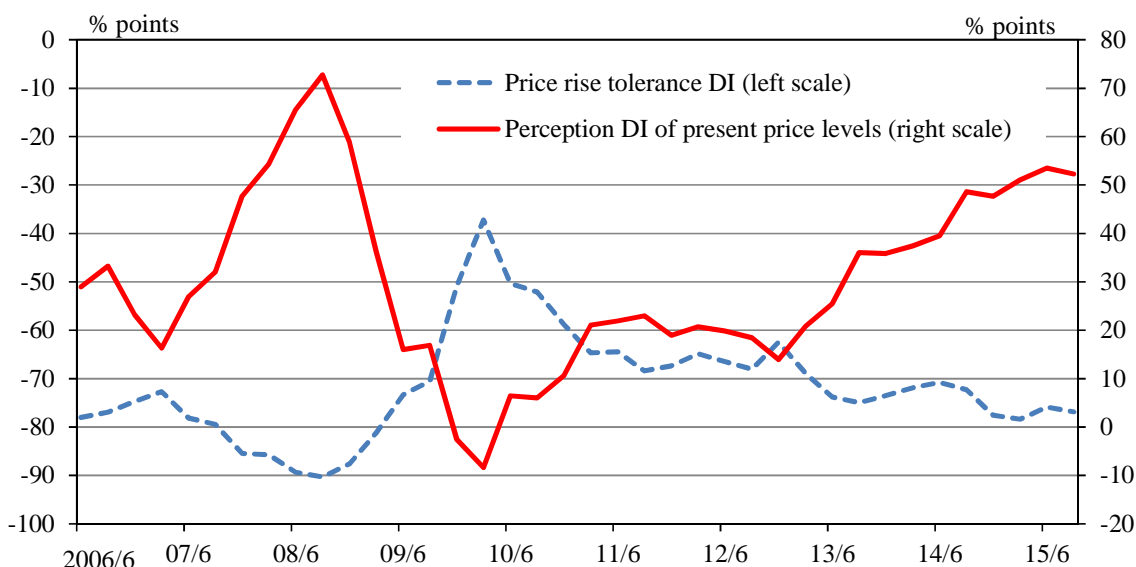


Chart 9

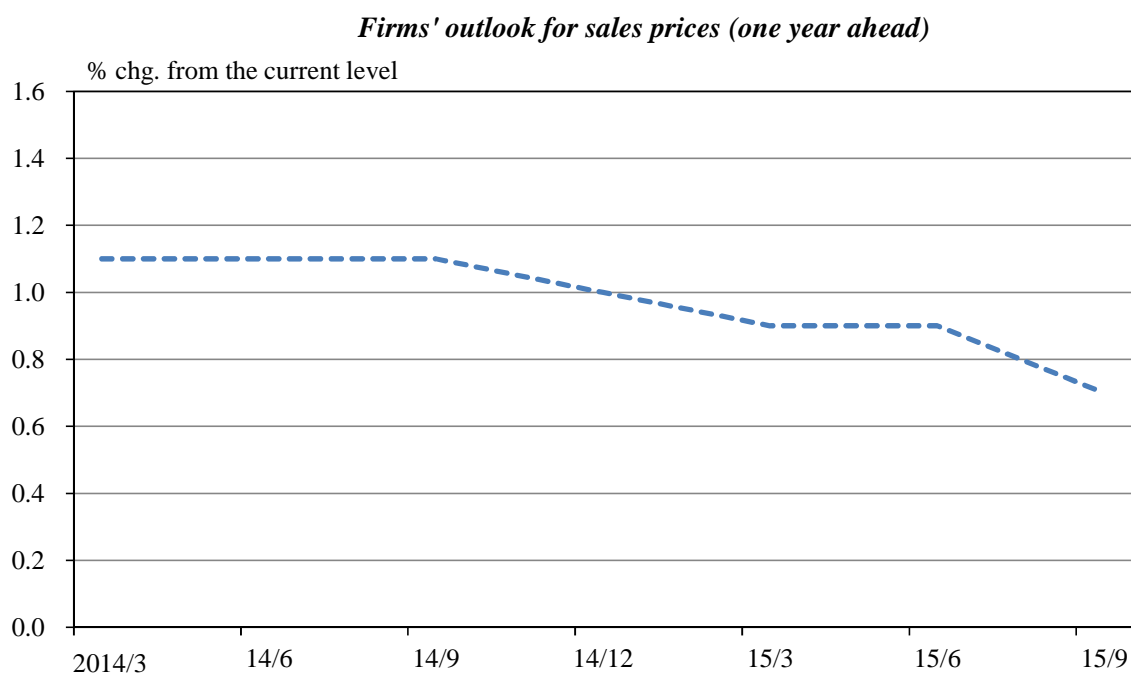
Japan: DIs on Households' Tolerance to Price Rises and Present Perceived Inflation



- Notes: 1. Price rise tolerance DI = ("price rise is rather favorable" and "price decline is rather unfavorable" respondent ratio - "price rise is rather unfavorable" and "price decline is rather favorable" respondent ratio) / (valid respondent ratio - "have remained almost unchanged" respondent ratio).
2. Perception DI of present price levels = ("have gone up significantly" × 1 + "have gone up slightly" × 0.5) - ("have gone down slightly" × 0.5 + "have gone down significantly" × 1).

Sources: Ministry of Internal Affairs and Communications; Bank of Japan.

Japan: Firms' Sales Price Expectations



Notes: 1. Sales price forecast DI = "will rise" - "will fall."

2. The *Tankan* explicitly asks respondents to disregard the effects of the consumption tax hike.

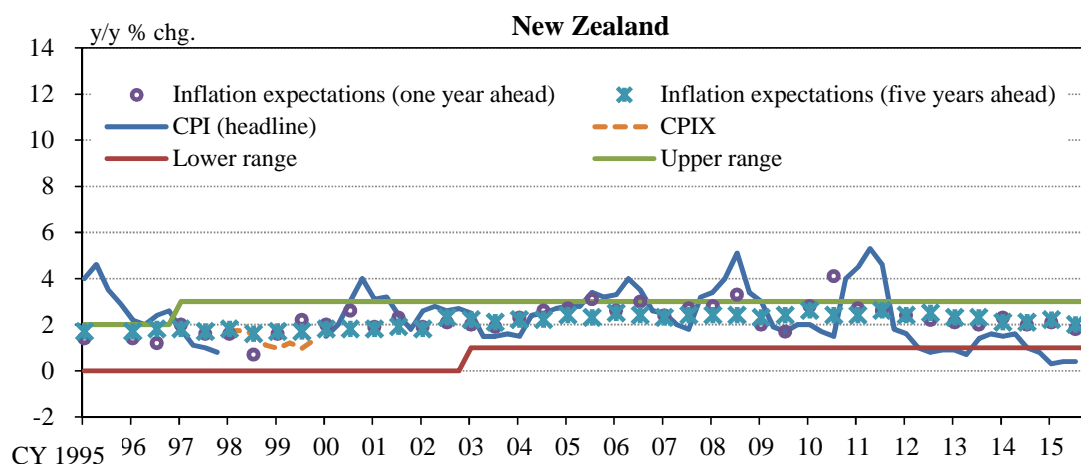
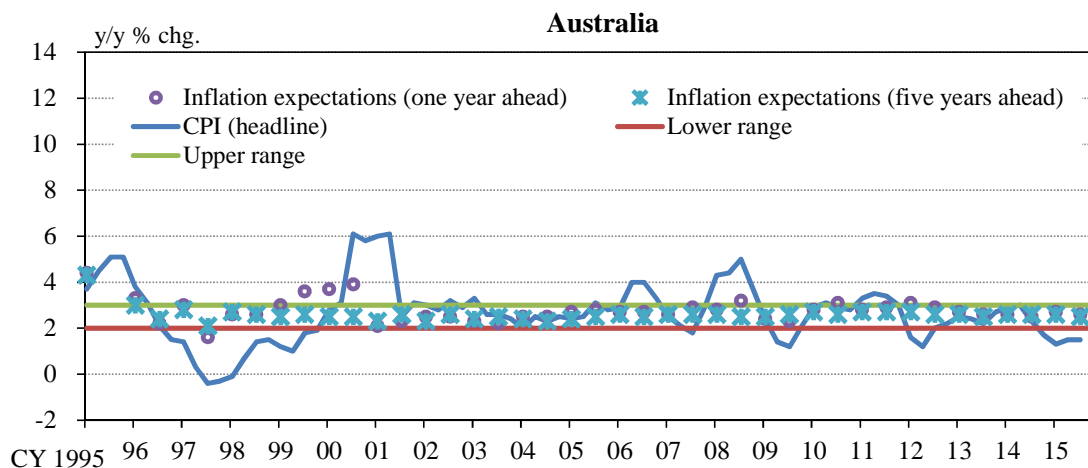
Source: Bank of Japan.

Inflation Targets and Definitions

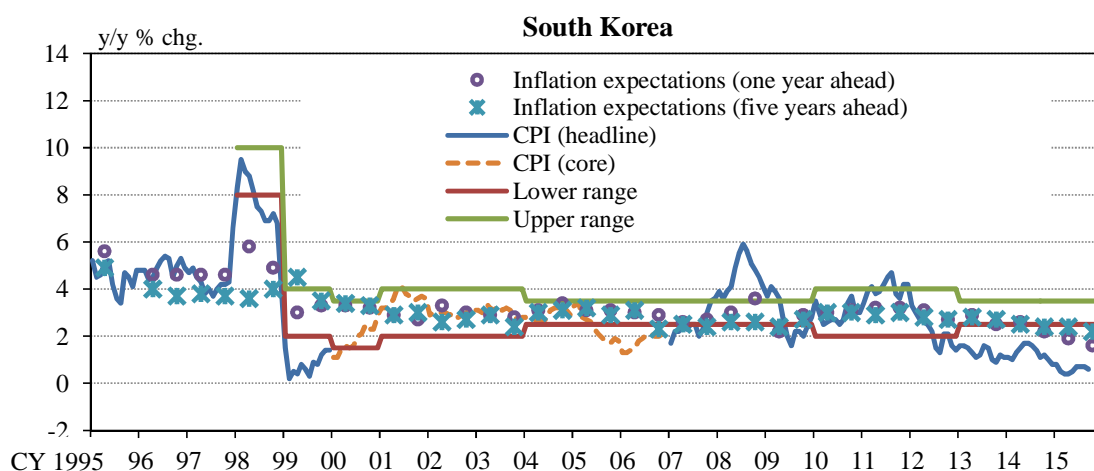
| | Inflation target | Introduction year | Reference indicator | Numerical value | Duration to achieve the target | Target variability |
|----------------|-------------------------------|-------------------|---------------------|---|--------------------------------|--------------------------|
| United States | Longer-run goal | 2012 | Headline PCE | 2% | Long term | Fixed |
| Euro area | Definition of price stability | 1998 | Headline HICP | Below but close to 2% | Medium term | Fixed |
| Japan | Price stability target | 2013 | Headline CPI | 2% | Medium to long term | Fixed |
| United Kingdom | Inflation target | 1992 | Headline CPI | 2% | Reasonable time | Fixed |
| Australia | Inflation target | 1993 | Headline CPI | 2-3% | Medium term | Fixed |
| New Zealand | Inflation target | 1988 | Headline CPI | 1-3% (with a focus on 2% target midpoint) | Medium term | Fixed |
| South Korea | Inflation target | 1998 | Headline CPI | 2.5-3.5% for 2013-15 | Pre-fixed term | Adjusted every few years |
| Indonesia | Inflation target | 2000 | Headline CPI | 4.5% ± 1% for 2012-14 and 4% ± 1% for 2015 | Pre-fixed term | Adjusted every few years |
| Thailand | Inflation target | 2000 | Headline CPI | 2.5% ± 1.5% | Annual | Adjusted annually |
| Philippines | Inflation target | 2002 | Headline CPI | 3% ± 1% for 2015-16 and 3% ± 1% for 2017-18 | Pre-fixed term | Adjusted every few years |
| China | Annual target | n.a. | Headline CPI | Around 3% for 2015 | Annual | Adjusted annually |

Source: Each central bank.

Asia-Pacific Region: Realized Inflation and Inflation Expectations (1)



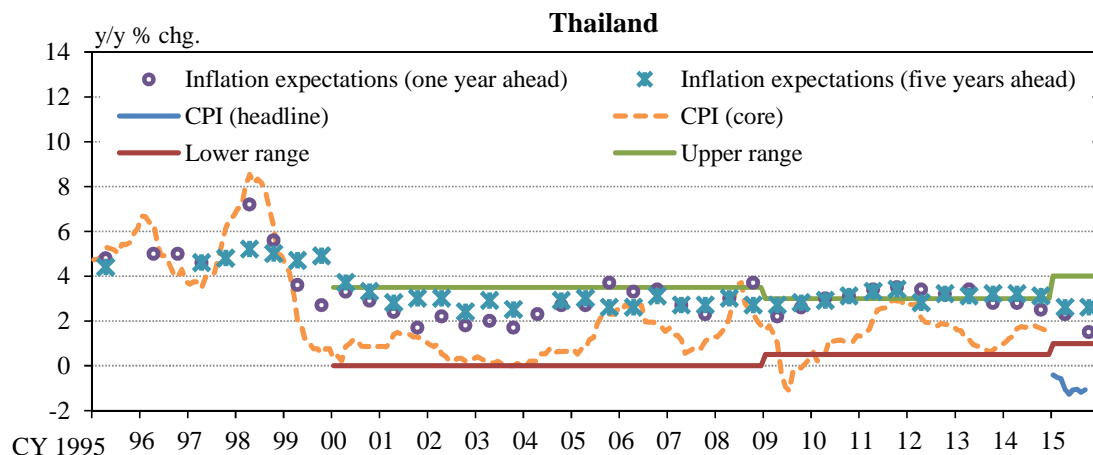
Note: The target index is the headline CPI except for 1998 and 1999, when the CPIX (CPI excluding credit services) was used.



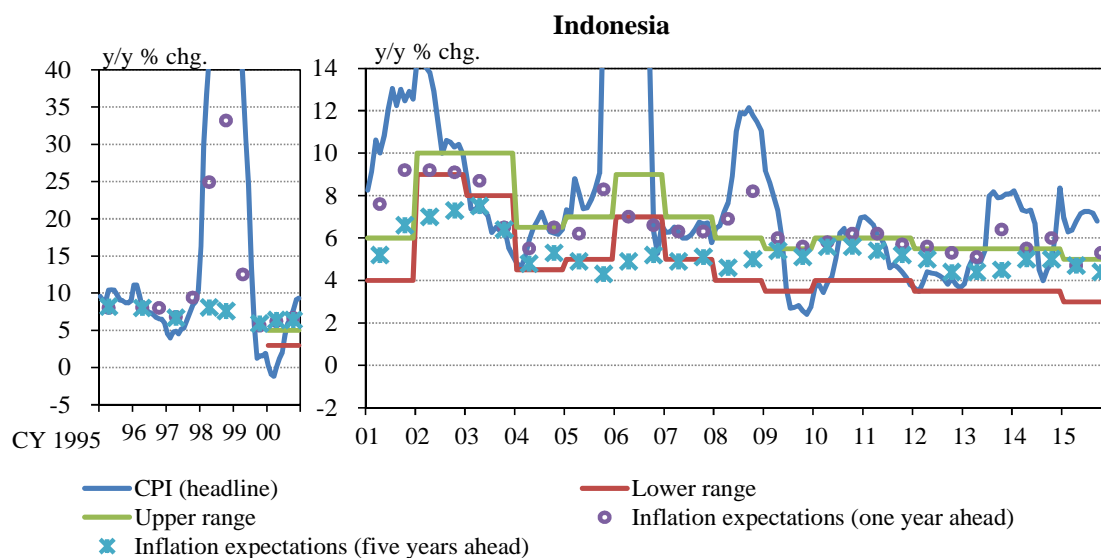
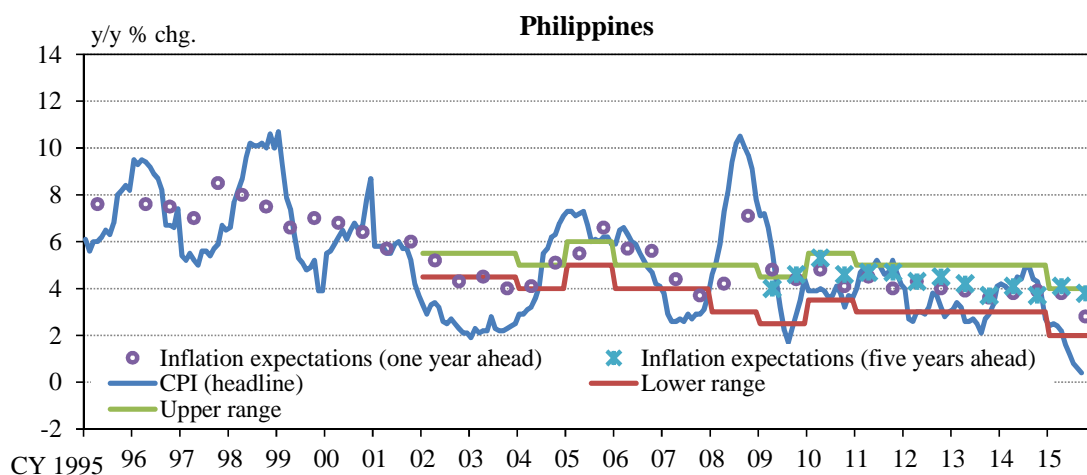
Note: The target index is the headline CPI except for the period from 2000 to 2006, when the core CPI was used.

Sources: Bloomberg; Consensus Economics Inc., "Consensus Forecasts."

Asia-Pacific Region: Realized Inflation and Inflation Expectations (2)

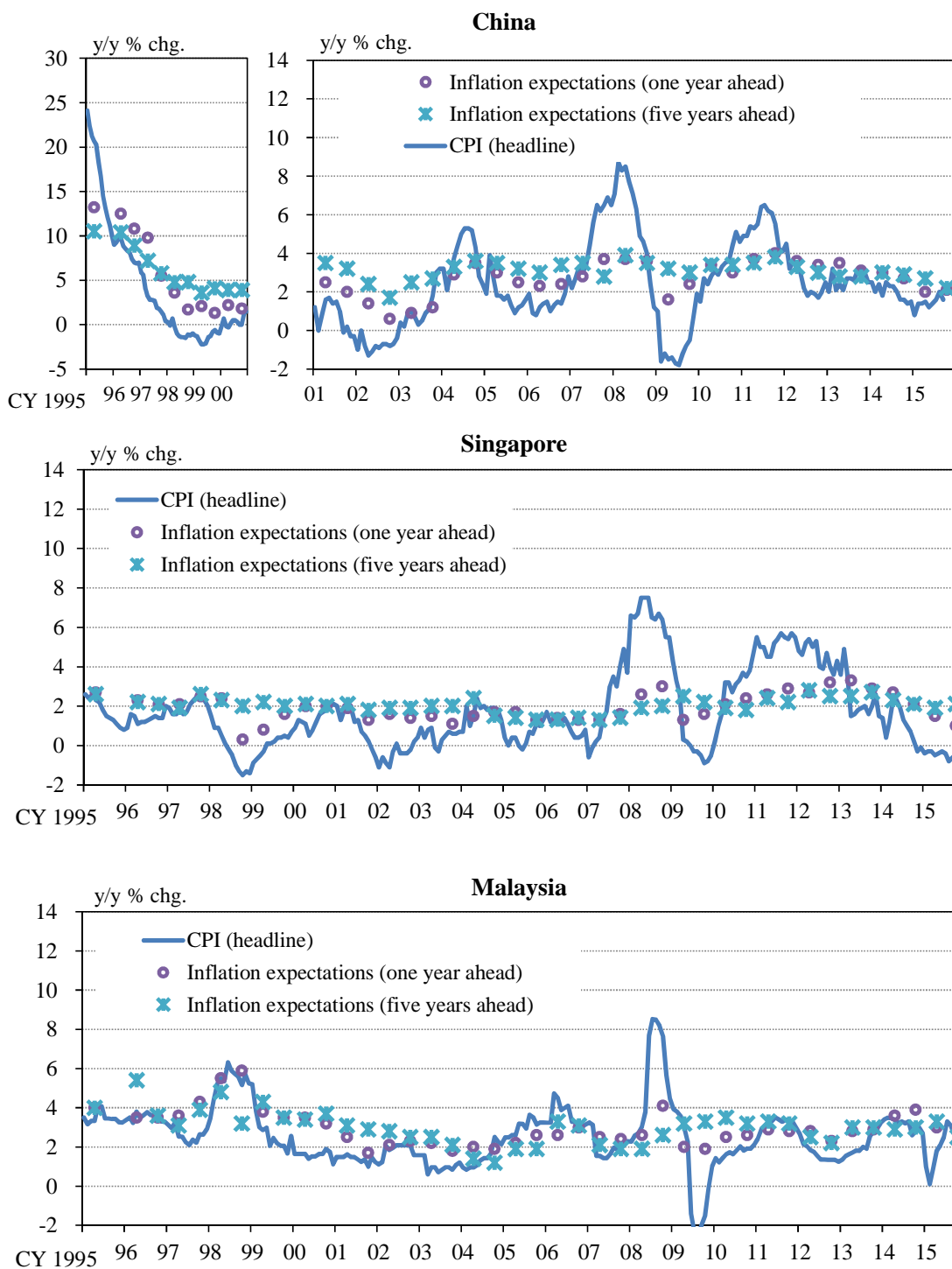


Note: The target index was the core CPI from 2000 to 2014 and was switched to the headline CPI from 2015.



Sources: Bloomberg; Consensus Economics Inc., "Consensus Forecasts."

Asia-Pacific Region: Realized Inflation and Inflation Expectations (3)



Sources: Bloomberg; Consensus Economics Inc., "Consensus Forecasts."