Corporate Profits: Current Profits

Note: Figures exclude those for the finance and insurance industries.
Source: Ministry of Finance.
Labor Market Conditions

Notes: 1. There is a discontinuity in the data in December 2003 for employment conditions DI due to a change in the survey framework.
2. The structural unemployment rate is estimated by the Research and Statistics Department, Bank of Japan.
3. The figure for 2016/Q1 is that of January.
Sources: Ministry of Health, Labour and Welfare; Bank of Japan; Ministry of Internal Affairs and Communications.

---

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

<table>
<thead>
<tr>
<th></th>
<th>Real GDP</th>
<th>CPI (all items less fresh food)</th>
<th>Excluding the effects of the consumption tax hikes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal 2015</td>
<td>+1.1</td>
<td>+0.1</td>
<td></td>
</tr>
<tr>
<td>Forecast made</td>
<td>+1.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in October 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal 2016</td>
<td>+1.5</td>
<td>+0.8</td>
<td></td>
</tr>
<tr>
<td>Forecast made</td>
<td>+1.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>in October 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fiscal 2017</td>
<td>+0.3</td>
<td>+2.8</td>
<td>+1.8</td>
</tr>
<tr>
<td>Forecast made</td>
<td>+0.3</td>
<td>+3.1</td>
<td>+1.8</td>
</tr>
<tr>
<td>in October 2015</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures indicate the median of the Policy Board members' forecasts (point estimates).
Source: Bank of Japan.
Chart 4

Consumer Prices

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

Figures for the CPI (all items less fresh food and energy) are calculated by the Research and Statistics Department, Bank of Japan.

Source: Ministry of Internal Affairs and Communications.

Chart 5

Price Hikes by Firms

Note: The share of increasing/decreasing items is the share of items in the consumer price index (all items less fresh food) whose price indices increased/decreased from a year earlier. The price indices are adjusted to exclude the estimated effects of changes in the consumption tax rate.

Source: Ministry of Internal Affairs and Communications.
World Economic Outlook Released by the IMF

**Real GDP Growth Rate**

![Graph of Real GDP Growth Rate]

**Projections for Major Economies**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>Projections</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>3.4</td>
<td>3.1</td>
<td>3.4  3.6</td>
</tr>
<tr>
<td>Advanced Economies</td>
<td>1.8</td>
<td>1.9</td>
<td>2.1  2.1</td>
</tr>
<tr>
<td>United States</td>
<td>2.4</td>
<td>2.5</td>
<td>2.6  2.6</td>
</tr>
<tr>
<td>Euro Area</td>
<td>0.9</td>
<td>1.5</td>
<td>1.7  1.7</td>
</tr>
<tr>
<td>Japan</td>
<td>0.0</td>
<td>0.6</td>
<td>1.0  0.3</td>
</tr>
<tr>
<td>Emerging Market and Developing Economies</td>
<td>4.6</td>
<td>4.0</td>
<td>4.3  4.7</td>
</tr>
<tr>
<td>China</td>
<td>7.3</td>
<td>6.9</td>
<td>6.3  6.0</td>
</tr>
<tr>
<td>ASEAN5</td>
<td>4.6</td>
<td>4.7</td>
<td>4.8  5.1</td>
</tr>
</tbody>
</table>

Notes: 1. Figures for 2015 are estimates.
2. ASEAN5 are Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam.
Source: IMF.

---

**Chinese Economy**

**Chart 7**

1. **Manufacturing PMI**

   ![Graph of Manufacturing PMI]

2. **Real GDP Growth Rate**

   ![Graph of Real GDP Growth Rate]

Notes: 1. Figures for Caixin/Markit are based on the Caixin China General Manufacturing PMI.
2. Figures for 2016/Q1 are January-February averages.
Sources: Markit (© and database right Markit Economics Ltd 2016. All rights reserved.); CEIC.
Mechanism of "Quantitative and Qualitative Monetary Easing"

Massive purchases of JGBs

- Decrease Nominal interest rates
- Increase Inflation expectations

Strong and clear commitment to achieve the price stability target of 2 percent

- Decrease Real interest rates

Economy
- Improve

Actual inflation rates
- Increase

Lending and capital market

JGB Yield Curve

Source: Bloomberg.
Inflation Expectations

Note: Figures for the ESP Forecast exclude the effects of the consumption tax hikes.
Sources: Consensus Economics Inc., "Consensus Forecasts"; JCER, "ESP Forecast."

Chart 10

Three-Tier System

The outstanding balance of current accounts at the Bank

<Initial amount>
About 10 trillion yen
About 40 trillion yen

<Future amount>
About 10 trillion yen + α
About 40 trillion yen
About 80 trillion yen per year

About 210 trillion yen

Note: 1. Assuming that the Bank will increase the amount outstanding of the tier to which a zero interest rate is applied at the same pace as the increase in the total outstanding balances of current accounts that financial institutions hold at the Bank, the pace of increase will be about 80 trillion yen per year.
## Summary of Negative Interest Rate Policies in Europe

<table>
<thead>
<tr>
<th>Policy rate</th>
<th>Euro area</th>
<th>Denmark</th>
<th>Switzerland</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate on deposit facility, etc.</td>
<td>Certificates of deposit rate</td>
<td>Swiss franc Libor (3M)</td>
<td>Repo rate&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Timing when the decision was made</td>
<td>June 2014</td>
<td>July 2012</td>
<td>December 2014</td>
<td>February 2015</td>
</tr>
<tr>
<td>Central bank’s debt to which interest is applied, and its rate</td>
<td>Minimum reserve: 0.05% Deposit facility, etc.: -0.3%</td>
<td>Current account deposit Under or at the limit: 0% Over the limit: -0.65%</td>
<td>Current account deposit Under or at the limit: 0% Over the limit: -0.75%</td>
<td>Main operation with the certificates: -0.5% Fine-tuning operation: -0.6% Deposit facility: -1.25%</td>
</tr>
</tbody>
</table>

Notes: 1. The Riksbank issues Riksbank certificates at the same rate as the repo rate.
2. Current account deposits exceeding the individual limits are converted into certificates of deposit issued by the Danmarks Nationalbank.
Sources: Central banks of respective areas and countries.