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Bank of Japan

**Monthly Report of
Recent Economic and Financial Developments**
December 2004

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Monthly Report of Recent Economic and Financial Developments¹

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The Bank's View²

Japan's economy continues a recovery trend, although there seem to be somewhat weak movements mainly in production.

While exports have been more or less flat, industrial production seems to be somewhat weak mainly due to inventory adjustments in IT-related sectors. Under these circumstances, it seems that business sentiment has become cautious in some industries. On the other hand, business fixed investment has been on a rising trend, with corporate profits improving. The employment situation has also been on an improving trend and household income has stopped declining. In this situation, private consumption has been steady. Meanwhile, housing investment has been nearly flat, and public investment has been declining.

Japan's economy is expected to continue to recover.

Although the effects of inventory adjustments in IT-related sectors are projected to remain for some time, exports and production are expected to follow an uptrend, as overseas economies will continue to expand and domestic demand will also continue to increase. Structural adjustment pressure stemming from firms' excess capacity and debt has been easing. While firms are likely to continue restraining labor costs, household income is expected to show signs of a gradual increase since corporate profits are increasing and the extent of excess labor perceived by firms is continuing to ease. Public investment, meanwhile, is projected to be on a downtrend.

Developments in IT-related demand and crude oil prices, and their impact on the domestic as well as overseas economies should continue to be noted.

¹ This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on December 16 and 17, 2004.

² The text of "The Bank's View" was decided by the Policy Board at the Monetary Policy Meeting held on December 16 and 17, 2004.

On the price front, domestic corporate goods prices have been rising, due to the strengthening of commodity prices at home and abroad and to the improvement in supply and demand conditions. Consumer prices (excluding fresh food) have been declining slightly on a year-on-year basis.

The pace of increase in domestic corporate goods prices is expected to become moderate mainly because crude oil prices have stopped rising. On the other hand, consumer prices are projected to continue falling slightly on a year-on-year basis, as supply and demand conditions are likely to remain loose for the time being, although they are improving.

As for the financial environment, the environment for corporate finance is becoming more accommodative on the whole. The issuing environment for CP and corporate bonds is favorable. Also, the lending attitude of private banks is becoming more accommodative. The lending attitude of financial institutions as perceived by firms has been improving. Meanwhile, the improvement in credit demand in the private sector seems to have stopped temporarily. Under these circumstances, the rate of decline in lending by private banks has not changed recently. However, lending by private banks is still on an improving trend. On the other hand, the amount outstanding of CP and corporate bonds issued continues to be above the previous year's level. The year-on-year growth rate of the monetary base has been at the 4.0-5.0 percent level. The year-on-year growth rate of the money stock is around 2.0 percent. The growth of banknotes in circulation increased slightly in November due to the introduction of the new series of banknotes. As for developments in financial markets, money market conditions continue to be extremely easy, as the Bank of Japan continues to provide ample liquidity. In the foreign exchange and capital markets, the yen's exchange rate against the U.S. dollar, long-term interest rates, and stock prices have been around the same level as last month.

The Background

1. Japan's Economy

Public investment continued to decline (Chart 3). The value of public works contracted—a measure that reflects public orders—was trending gradually downward on average, although it has recently been fluctuating substantially. The amount of public construction completed, which reflects the actual progress of public works, continued to decrease. Public investment is expected to follow a declining trend, since the initial budget for fiscal 2004 has been reduced considerably.³

Real exports have recently been more or less flat due to global supply-demand adjustments in IT-related sectors, although overseas economies have been on an expanding trend (Charts 4[1] and 5); they rose 0.1 percent in the third quarter on a quarter-on-quarter basis and 1.3 percent in October from the third quarter.

As for the developments in real exports by goods (Chart 5[2]), exports of consumer goods (such as digital home appliances) rose considerably in October, mainly to the United States and EU, after they dropped in the third quarter. On the other hand, exports of capital goods and parts (semiconductor manufacturing equipment) and those of IT-related goods have recently been somewhat weak due to supply-demand adjustments in IT-related sectors (Charts 6[1] and 7[1]). Meanwhile, exports of intermediate goods (chemicals, and iron and steel) declined in October following the second and third quarters, partly because manufacturers gave priority to supplying these goods to domestic customers, since spare production capacity has been decreasing (Chart 6[2]).

By region (Chart 5[1]), exports to the United States were essentially flat in October, after declining slightly in the third quarter. Exports to East Asia inched down, mainly to the NIEs and ASEAN. However, those to China picked up in October since the effects of measures taken to cool the overheating economy in China seem to be waning. Meanwhile, exports to the EU were more or less flat.

³ Expenditures for disaster relief are projected to increase due to the typhoons and the Mid Niigata Prefecture Earthquake. It is expected, however, that most of the actual progress of works will be carried over to the next fiscal year.

Real imports continued to trend upward with the recovery in the domestic economy (Charts 4[1] and 8). By goods (Chart 8[2]), imports of IT-related goods inched down in October reflecting adjustments in production of these goods. Imports of capital goods and parts (excluding aircraft) were flat in October, partly in reaction to the high growth in the third quarter. On the other hand, imports of raw materials continued to rise. Those of consumer goods also registered relatively high growth in October in reaction to the decrease in the third quarter.

Given these developments in exports and imports, net exports, which had been on a rising trend, have recently peaked out in terms of the real trade balance (Chart 4[2]). The surplus of the nominal balance on goods and services has been diminishing slightly, mainly due to the increase in overseas travel and the rise in crude oil prices.

Exports are projected to follow an uptrend, since overseas economies are expected to continue to expand, particularly in the United States and East Asia (Chart 9-1[2]). Looking at overseas economies—one of the important conditions of exports—the U.S. economy is expected to continue expanding at a pace close to its potential growth rate, since private consumption and business fixed investment have been steady as a whole (Chart 9-2). Moreover, the Chinese economy has continued its high growth on the whole. Nevertheless, the pace of increase in exports is likely to remain moderate, mainly because global IT-related demand is unlikely to regain high growth for some time ahead.

As the domestic economy is projected to continue recovering, imports are expected to continue their uptrend.

Business fixed investment has been on a rising trend. On a GDP basis, fixed investment continued to increase in the third quarter following the second quarter (Chart 2). Meanwhile, fixed investment in nominal terms dropped slightly in the third quarter after rising in the second quarter (Chart 10-1[1]).⁴ Nevertheless, movements in nonmanufacturing—which induced the decrease in overall

⁴ Based on the *Financial Statements Statistics of Corporations by Industry, Quarterly*.

investment—were affected by the decline in small and medium-sized firms in reaction to the upsurge in the previous periods. As for manufacturing, investment by both large firms, and small and medium-sized firms followed a steady uptrend (Chart 10-2).

As for monthly indicators, shipments of capital goods (excluding transport equipment) have recently dropped somewhat mainly in semiconductor manufacturing equipment, reflecting adjustments in IT-related sectors (Chart 10-3[1]). Machinery orders (private demand, excluding shipbuilding and orders from electric power companies)—a leading indicator of business fixed investment—dropped in the third quarter and also in October, after they surged in the second quarter (Chart 10-4[1]). As for manufacturing firms, orders from electrical machinery dropped, mainly semiconductor manufacturing equipment and electronic computers. On the other hand, orders from nonmanufacturing firms seemed to be more or less flat, taking into account that cellular phones, which are not included in business fixed investment, seemed to have declined. Construction starts (floor area, private, nondwelling use)—another leading indicator—have been on an uptrend and have approached the peak levels of 2000 (Chart 10-4[2]). By industry, construction starts have been increasing in a wide-range of industries, notwithstanding quarterly fluctuations: mining and manufacturing (factories), real estate (office buildings), wholesale and retail trade (such as shopping centers), and transportation (distribution and delivery centers).

Looking at the environment surrounding business fixed investment, corporate profits continued their uptrend. According to the *Financial Statements Statistics of Corporations by Industry, Quarterly* (Chart 10-1[2]), the ratio of current profits to sales has been strong, regardless of industry or size. In the December *Tankan* (Chart 11),⁵ current profits in the manufacturing sector were revised upward for both large and small firms in fiscal 2004 and were projected to continue to increase substantially for the whole fiscal year, although current profits were revised downward for the second-half of the year in some industries. As for the nonmanufacturing sector, profits of both large and small firms were projected to continue to increase steadily. Under these circumstances, the business conditions DI of large manufacturing firms

⁵ *Short-term Economic Survey of Enterprises* of December 2004.

has recently deteriorated somewhat reflecting adjustments in IT-related sectors, although it remained at high levels, (Chart 12). On the other hand, the DI of small nonmanufacturing firms continued to improve mainly due to steady domestic demand. Meanwhile, the DIs of small manufacturing firms and large nonmanufacturing firms were flat.

The increase in business fixed investment is expected to continue, since domestic and external demand, as well as corporate profits, are projected to increase. According to business fixed investment plans for fiscal 2004 in the December *Tankan* (Chart 13), those of large manufacturing firms were revised further upward from the previous survey; they posted a significant increase—more than 20 percent—from the previous fiscal year. Investment plans of small manufacturing firms were also revised substantially upward by recording an increase of nearly 20 percent from the previous fiscal year. Meanwhile, investment plans of large nonmanufacturing firms for fiscal 2004 increased marginally from fiscal 2003. Investment plans of small nonmanufacturing firms for fiscal 2004 were revised firmly upward, although this year's plans were below the actual figures of the previous year at this point. Hence, their plans were solid, taking also into account the fact that the actual result in fiscal 2003 was a double-digit increase.

Private consumption has been steady. With regard to individual indicators (Charts 14-1 and 14-2), the number of new passenger-car registrations increased in October-November following the third quarter, reflecting strong sales of new models. Sales of household electrical appliances (NEBA statistics, in real terms) continued to trend steadily upward, particularly in flat panel TVs and DVD recorders. Meanwhile, sales at department stores, supermarkets, and convenience stores have recently been somewhat sluggish partly due to adverse weather such as the typhoons. Among services consumption, the levels of sales in the food service industry and outlays for travel have recently dropped slightly, affected mainly by the typhoons, after recording high levels during the summer.

Indices of aggregated sales (in real terms), which are comprised of major sales indicators of these goods and services,⁶ were somewhat weak in October following August and September, as many indices were affected by the adverse weather mentioned above (Chart 14-3). On the other hand, aggregate supply of consumer goods—which comprehensively captures producers' supply of goods—has been essentially flat (Chart 14-4). Meanwhile, according to the *Family Income and Expenditure Survey*, which captures private consumption from the demand side, the index of living expenditure level (all households, in real terms) has been decreasing from around summer in reaction to the high growth registered in the first half of the year which seemed to be due to sampling factors (Chart 14-1[1]).

Indicators for consumer sentiment continued to be on a recovery trend on the whole (Chart 15).

As household income is expected to show signs of a gradual increase, private consumption is projected to recover gradually.

As for housing investment, housing starts fell back slightly in October, after marking a high level of over 1.2 million units (annual rates) in the third quarter, partly due to the demand rush in construction starts of owner-occupied houses (Chart 16[1]).⁷ With these fluctuations smoothed out, the underlying trend of housing starts has been nearly flat. Housing investment is projected to be more or less flat.

Industrial production dropped by 1.5 percent in October from the third quarter, mainly in electronic parts and devices, after it inched down in the third quarter (Chart

⁶ The indices of aggregated sales are the weighted average of major sales indicators, with the weights based on the consumption spending of households. Each sales indicator is deflated by consumer prices. The indices are convenient in the sense that the trend of these sales indicators can be observed in a single series. However, the coverage of services consumption is narrow, and the indices do not necessarily incorporate all sales channels of goods. Also, note that outlays for travel in October were not released at the time when these indices were compiled, and hence were incorporated into the indices under the assumption that their seasonally adjusted figures in October were the same level as in September.

⁷ As for tax credits for housing loans, the maximum credit amount is scheduled to be reduced gradually each year until 2008. Home-buyers are eligible for this year's tax credits for housing loans on the condition that they move into their new houses by the end of this year. For owner-occupied houses, it is said that construction needs to begin around summer at the latest to meet this condition.

17[1]). By goods (Chart 18), shipments of capital goods (semiconductor manufacturing equipment) and producer goods (electronic parts and devices)—which were the main contributors in pushing overall production upward until around this summer—have recently dropped.

Inventories, meanwhile, were more or less flat as a whole (Chart 17[1]), although movements differ according to goods. The chart of the inventory cycle shows that inventories of materials-related goods such as “producer goods excluding a broad category of electrical machinery” continued to decline, mainly due to the decrease in spare production capacity (Chart 19).⁸ Moreover, inventories of capital goods and durable consumer goods decelerated sharply due to the decline in inventories of automobiles waiting to be shipped overseas at the end of last month.

In contrast, inventories of electronic parts and devices were in the inventory adjustment phase. Pressures on inventory adjustments of these goods have recently intensified somewhat. This was mainly because digital home appliance makers have started to revise their considerably strong sales projections downward, and because global demand for cellular phones and personal computers has decelerated. Nevertheless, it is widely viewed that the digital home electronics market will continue growing, and also that global demand for personal computers and cellular phones will not decline substantially. Furthermore, firms have been restraining their production before inventories become significantly excessive. Under these circumstances, the current inventory adjustment is unlikely to be as large as that observed during the burst of the IT-bubble in 2001. However, since the current adjustment is slightly stronger than expected, developments in IT-related demand—mainly the outcome of year-end sales at home and abroad—require close monitoring for the time being.

Production is expected to remain weak for the time being since the effects of inventory adjustments in IT-related sectors still remain, and cutbacks in automobile

⁸ In the chart of the inventory cycle, overall industrial production has moved on to the second quadrant in October since shipments dropped on a year-on-year basis. However, since calendar factors (there were two more holidays in October this year than last year) have exerted downward pressure on year-on-year shipments, it is considered that production is actually located near the origin in the first quadrant.

production are projected due to a lack of steel products.⁹ Nevertheless, overseas economies will continue to grow, and the foundation for a recovery in domestic demand will also be solid. Based on these factors, production is expected to gradually regain its uptrend from the beginning of next year.

As for the employment and income situations, various indicators reflecting labor market conditions have been on an uptrend, albeit with some fluctuations. In this environment, the number of employees has been on an uptrend and household income has stopped declining (Chart 20[1]).

In the labor market, overtime hours worked have been above the peak of the previous recovery phase (Chart 21-2[3]). The number of new job offers continued to increase, particularly in the services industry, including temporary employment services and similar businesses, although it has slowed from some time ago (Charts 21-1[2] and [3]). Moreover, the ratio of job offers to applicants has been on a rising trend, and the unemployment rate has been on a gradual downtrend (Chart 21-1[1]). Meanwhile, the December *Tankan* showed that excessive employment as perceived by firms has been easing steadily, with the employment conditions DI of the nonmanufacturing sector becoming insufficient (Chart 22).

Both the number of employees in the *Labour Force Survey* and the number of regular employees in the *Monthly Labour Survey* continued to increase on a year-on-year basis (Charts 21-2[1] and [2]).

Regarding wages on a year-on-year basis (Chart 20[2]), regular payments were still on a downtrend in terms of the average per person. On the other hand, overtime payments continued to increase, and also the rate of decline in special payments has been diminishing assisted by the increase in corporate profits and the peaking out of firms' restructuring efforts. As for winter bonuses, a survey conducted mainly on

⁹ The forecast for production in the fourth quarter, calculated based on the production forecast indexes for November and December, was almost flat; it registered an increase of 0.2 percent compared to the third quarter. Recently, however, the actual results—especially of electronic parts and devices and of general machinery—tend to be below the forecast index. Based on this situation, production in the fourth quarter needs to be observed with more caution than the production forecast index. In fact, based on anecdotal information, firms are projecting their production to decline, albeit slightly, in the fourth quarter following the third quarter.

large manufacturing firms showed that bonuses are projected to be up from the previous year.¹⁰ Although developments in nonmanufacturing firms and small firms remain uncertain, special factors (the weakness in government services reflecting the movements in bonuses of public employees and sampling factors in wholesaling)—which had been exerting downward pressure on this year’s summer bonuses—will either dissipate or push bonuses upward.¹¹ Based on this situation, winter bonuses are basically expected to stop declining as a whole.

Firms are expected to continue restraining their labor costs through the use of part-time workers and outsourcing. However, household income is expected to show signs of a gradual increase, since corporate profits are increasing and the extent of excess labor perceived by firms is continuing to ease.

2. Prices

Import prices (on a yen basis, same hereafter; compared to levels three months before) have been peaking out, since international commodity prices have stopped increasing and the yen has been rising against the U.S. dollar (Chart 24).

Domestic corporate goods prices (adjusted to exclude the effects of seasonal changes in electricity rates; same hereafter)¹² have been rising compared to levels three months before (Chart 25). In detail, prices of petroleum and coal products, those of chemical-related products, and those of plastic products have been increasing, reflecting the rise in crude oil prices in the previous periods. Also, prices of iron and

¹⁰ According to the survey results released by the Japan Business Federation (final results; the number of responding firms was 166 in manufacturing and 40 in nonmanufacturing), winter bonuses of large firms were reported to increase by 3.0 percent on a year-on-year basis.

¹¹ Annual bonus payments of public employees were unchanged from last year (a total of 4.4 months salary). Last year, however, summer bonuses were equivalent to 2.25 months salary and winter bonuses to 2.15 months salary, but this year summer bonuses were equivalent to 2.1 months salary and winter bonuses to 2.3 months salary. This shows that there has been a shift in bonus payments this year with more paid at winter bonuses.

¹² The figures are adjusted to exclude a large seasonal fluctuation in electric power charges to observe the underlying changes in domestic corporate goods prices. Industrial and commercial electric power consumption charges are set relatively high during July-September, when consumption increases substantially.

steel related products continued to rise from a tightening of supply and demand conditions for these products. On the other hand, rice prices have been decreasing. With respect to the above movements by stage of demand, intermediate goods prices continued to rise. Final goods prices have been somewhat weak, reflecting the expansion in the rate of decline in machinery prices, although they stopped declining around summer, mainly due to the rise in gasoline prices.

Corporate services prices (domestic supply-demand factors; same hereafter) continued to decline, although the pace has recently become moderate. In October, when many services prices were revised, the year-on-year rate of decline diminished somewhat noticeably, mainly in general services such as motor vehicle maintenance and machinery maintenance, and real estate services (Chart 26).

Consumer prices (excluding fresh food; same hereafter) have been declining slightly on a year-on-year basis (Chart 27). The year-on-year rate of decline expanded slightly in October by decreasing 0.1 percent compared to last month (0.0 percent), mainly due to the drop in rice prices.¹³

According to the December *Tankan* (Chart 29), the domestic supply and demand conditions were basically on an improving trend, although they recently seem to be easing slightly in manufacturing. Also, the change in output prices as perceived by firms has basically been showing the same movements. The operating level in the domestic economy—measured by the weighted average of the excessiveness in both production capacity and employment conditions as perceived by firms—continued a gradual improving trend.

Under this situation, the pace of increase in domestic corporate goods prices is expected to become moderate mainly because crude oil prices have stopped rising. With respect to the outlook for consumer prices, supply and demand conditions in the macroeconomy are likely to remain loose for the time being, although they are improving. Moreover, firms are expected to continue their streamlining efforts such as restraining labor costs. Meanwhile, it is expected that the rate of decline in rice

¹³ Consumer prices on a general basis including fresh food increased by 0.5 percent on a year-on-year basis, due to the upsurge in prices of fresh vegetables.

prices will expand slightly until the end of the year, and the effects of the reduction in public utility charges (electricity charges and telephone charges) are also expected. Based on these considerations, consumer prices are projected to continue falling slightly on a year-on-year basis.

3. Financial Developments

(1) Financial Markets

The outstanding balance of current accounts at the Bank of Japan has been moving at around 30-35 trillion yen, as the Bank continues to provide ample liquidity (Chart 32).

As for interest rate developments in the money markets, the overnight call rate (uncollateralized; Chart 30[1]) has been moving at around zero percent. Interest rates on term instruments (Chart 31[1]) have been steady at low levels on the whole. Under these circumstances, interest rates on Euroyen futures (Chart 31[2]) remain essentially unchanged.

Yields on 10-year government bonds (newly issued 10-year JGB; Chart 30[2]) have recently been moving at around 1.4 percent, since views on the economic outlook have become more cautious, reflecting the weaker-than-forecasted Japanese economic indicators.

Yield spreads between private bonds (bank bonds and corporate bonds) and government bonds (Charts 34 and 35) have been more or less flat.

Stock prices (Chart 36) were weak on the whole, due to the weaker-than-forecasted Japanese economic indicators and the yen's appreciation against the U.S. dollar. They have been rising thereafter, reflecting the firmness of U.S. stock prices. The Nikkei 225 Stock Average is moving at around 11,000 yen.

In the foreign exchange market (Chart 37), the yen rose, as concerns over the U.S. "twin deficit" problem continued to be regarded as a reason to sell the U.S. dollar. It fell back thereafter, mainly due to the selling of the yen reflecting the

weaker-than-forecasted Japanese economic indicators. The yen is being traded in the range of 103-106 yen to the U.S. dollar.

(2) Corporate Finance and Monetary Aggregates

The improvement in credit demand in the private sector seems to have stopped temporarily, while firms continue to reduce their debts.

Regarding credit supply, the lending attitude of private banks is becoming more accommodative on the whole. The lending attitude of financial institutions as perceived by firms, including small firms, has been improving (Chart 38).

Lending rates have been moving at extremely low levels on the whole. The average contracted interest rates on new loans and discounts, with the monthly fluctuations averaged, have been more or less flat (Chart 39). The long-term prime lending rate was lowered by 0.15 percent to 1.55 percent on December 10.

The rate of decline in lending by private banks (monthly average outstanding balance basis, after adjustment for extraordinary factors¹⁴) has not changed recently, mainly since the increase in housing loans has slowed somewhat. However, lending by private banks is still on an improving trend. (The year-on-year change was – 1.1 percent in September, –1.3 percent in October, and –1.3 percent in November; Chart 40.)

In the corporate bond and CP markets, the issuing environment continues to be favorable. Corporate bond issuance rates have basically been flat, while issuance spreads remain steady. CP issuance rates continue to be at low levels. The amount outstanding of CP and corporate bonds issued has been moving above the previous year's level. (The year-on-year change was 1.5 percent in September, 1.6 percent in October, and 1.6 percent in November; Chart 42.)

¹⁴ The figures are adjusted for (1) fluctuations due to the liquidation of loans, (2) fluctuations in the yen value of foreign-currency-denominated loans due to changes in exchange rates, and (3) fluctuations due to loan write-offs.

According to business surveys, the financial positions of firms have been on an improving trend.

The growth of banknotes in circulation had remained low compared to some time ago, due mainly to decreasing anxieties about the financial system, but it increased slightly in November due to the introduction of the new series of banknotes. The year-on-year growth rate of the monetary base (currency in circulation + current account balances at the Bank of Japan) continued to be at the 4.0-5.0 percent level. (The year-on-year change was 4.7 percent in September, 4.2 percent in October, and 4.9 percent in November; Chart 43.)

The year-on-year growth rate of the money stock (M_2 + CDs) was around 2.0 percent. (The year-on-year change was 2.0 percent in September, 2.0 percent in October, and 2.1 percent in November; Chart 44.)

The number of corporate bankruptcies continues its downtrend; it declined by 4.5 percent year-on-year in November, to 1,064 cases (Chart 45).

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Main Economic Indicators (1)

s.a., q/q (m/m) % chg.¹

	2004/Q1	Q2	Q3	2004/Aug.	Sep.	Oct.	Nov.
Index of living expenditure level (all households)	0.5	2.4	-2.5	2.5	-1.9	-1.8	n.a.
Sales at department stores	-0.5	-1.7	-0.6	-2.4	0.2	-1.8	n.a.
Sales at supermarkets	-0.7	-2.1	-1.0	-2.0	1.7	-0.5	n.a.
New passenger-car registrations ³ <s.a., ann. 10,000 units>	<347>	<321>	<346>	<353>	<342>	<335>	<356>
Sales of household electrical appliances (real, NEBA)	2.7	3.6	3.8	-2.2	4.0	1.4	n.a.
Outlays for travel (50 major travel agencies)	-3.2	13.2	-4.5	0.3	0.7	-4.7	n.a.
Housing starts <s.a., ann. 10,000 units>	<121>	<115>	<123>	<117>	<126>	<119>	<n.a.>
Machinery orders (from private sector ⁴)	-5.6	10.3	-8.4	3.1	-1.9	-3.1	n.a.
Manufacturing	-3.6	18.4	-12.0	9.6	-7.0	-3.6	n.a.
Nonmanufacturing ⁴	-7.7	5.0	-5.1	0.1	1.8	-3.9	n.a.
Construction Starts (private, nondwelling use)	17.9	-3.9	8.8	11.0	-3.5	-5.2	n.a.
Mining & manufacturing	2.7	21.7	-10.1	-8.0	37.4	-14.0	n.a.
Nonmanufacturing ⁵	21.5	-10.2	14.0	16.9	-9.3	-1.7	n.a.
Value of public works contracted	-6.4	5.4	-2.7	20.2	-10.1	-13.1	9.4
Real exports	4.1	3.2	0.1	0.8	-1.7	2.2	n.a.
Real imports	2.5	1.3	2.1	2.4	-0.3	2.2	n.a.
Industrial production	0.5	2.6	-0.7	0.1	-0.4	-1.3	n.a.
Shipments	0.0	2.9	-1.1	-2.3	1.6	-1.3	n.a.
Inventories	0.2	-0.4	2.1	1.9	2.1	-1.0	n.a.
Inventory Ratio <s.a., CY 2000=100>	<94.0>	<93.4>	<98.2>	<97.5>	<98.2>	<96.9>	<n.a.>
Real GDP	1.7	-0.1	0.1	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	-0.1	1.8	-0.3	0.2	-0.1	n.a.	n.a.

Main Economic Indicators (2)

	y/y % chg. ¹						
	2004/Q1	Q2	Q3	2004/Aug.	Sep.	Oct.	Nov.
Ratio of job offers to applicants <s.a., times>	<0.77>	<0.80>	<0.83>	<0.83>	<0.84>	<0.88>	<n.a.>
Unemployment rate <s.a., %>	<4.9>	<4.6>	<4.8>	<4.8>	<4.6>	<4.7>	<n.a.>
Overtime working hours ⁶	3.3	3.7	2.6	2.1	2.0	0.0	n.a.
Number of employees	0.4	0.7	0.4	0.7	0.5	0.6	n.a.
Number of regular employees ⁶	-0.1	0.4	0.5	0.6	0.5	0.5	n.a.
Nominal wages per person ⁶	-1.7	-1.1	-0.2	0.2	-0.5	-0.5	n.a.
Domestic corporate goods price index ⁷ <q/q % chg.> (3-month growth rate)	0.1 <0.5>	1.1 <0.5>	1.7 <0.5>	1.7 <0.6>	1.8 <0.4>	2.0 <0.4>	p 2.0 <p 0.4>
Consumer price index ⁸	0.0	-0.2	-0.2	-0.2	0.0	-0.1	n.a.
Corporate service price index ⁹	-1.2	-0.9	-0.8	-0.9	-0.8	-0.5	n.a.
Money Stock (M ₂ +CDs) <average outstanding, y/y % chg.>	1.7	1.9	1.9	1.8	2.0	2.0	2.1
Number of suspension of transactions with banks	-24.4	-29.1	-17.4	-17.6	-15.0	-27.4	n.a.

Notes: 1. All figures in chart 1-1 except figures in angle brackets are quarter on quarter (month on month) change of seasonal adjusted data.

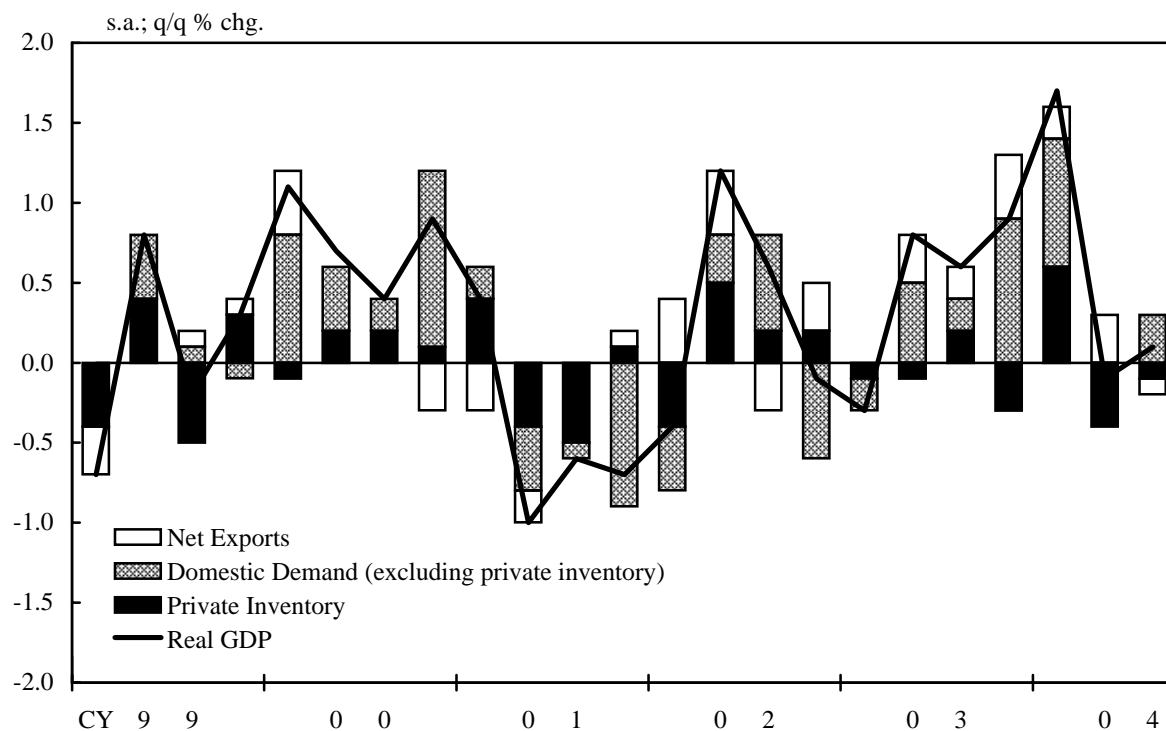
All figures in chart 1-2 except figures in angle brackets are year on year change. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of respective charts.

2. Figure with "p" indicates preliminary one.
3. Excludes small cars with engine sizes of 660cc or less.
4. Excludes orders of shipbuilding and orders from electric power companies.
5. Nonmanufacturing is mainly composed of commerce, services, agriculture & fisheries and public utilities industries.
6. Data for establishments with at least 5 regular employees.
7. Adjusts to exclude a hike of electric power charges in summer season.
8. Excludes fresh food.
9. Domestic supply-demand factors.

Sources: Ministry of Internal Affairs and Communications, "Labour Force Survey,"
 "Monthly Report on the Family Income and Expenditure Survey," "Consumer Price Index";
 Ministry of Economy, Trade and Industry, "Current Survey of Commerce," "Indices of Industrial Production,"
 "Indices of Tertiary Industry Activity";
 Japan Automobile Dealers Association, "Domestic Sales of Automobiles";
 Nippon Electric Big-Stores Association (NEBA), "Sales of Electrical Appliances";
 Ministry of Land, Infrastructure and Transport, "Major Travel Agents' Revenue," "Statistics on Building Construction Starts";
 Ministry of Finance, "The Summary Report on Trade of Japan";
 Cabinet Office, "Machinery Orders Statistics," "National Accounts";
 East Japan Construction Surety etc., "Public Works Prepayment Surety Statistics";
 Ministry of Health, Labour and Welfare, "Report on Employment Service," "Monthly Labour Survey";
 Bank of Japan, "Corporate Goods Price Index," "Corporate Service Price Index," "Financial and Economic Statistics Monthly";
 Japanese Bankers Associations, "Suspension of Transaction with Banks."

Real GDP

(1) Changes from the previous quarter (seasonally adjusted series)



(2) Components

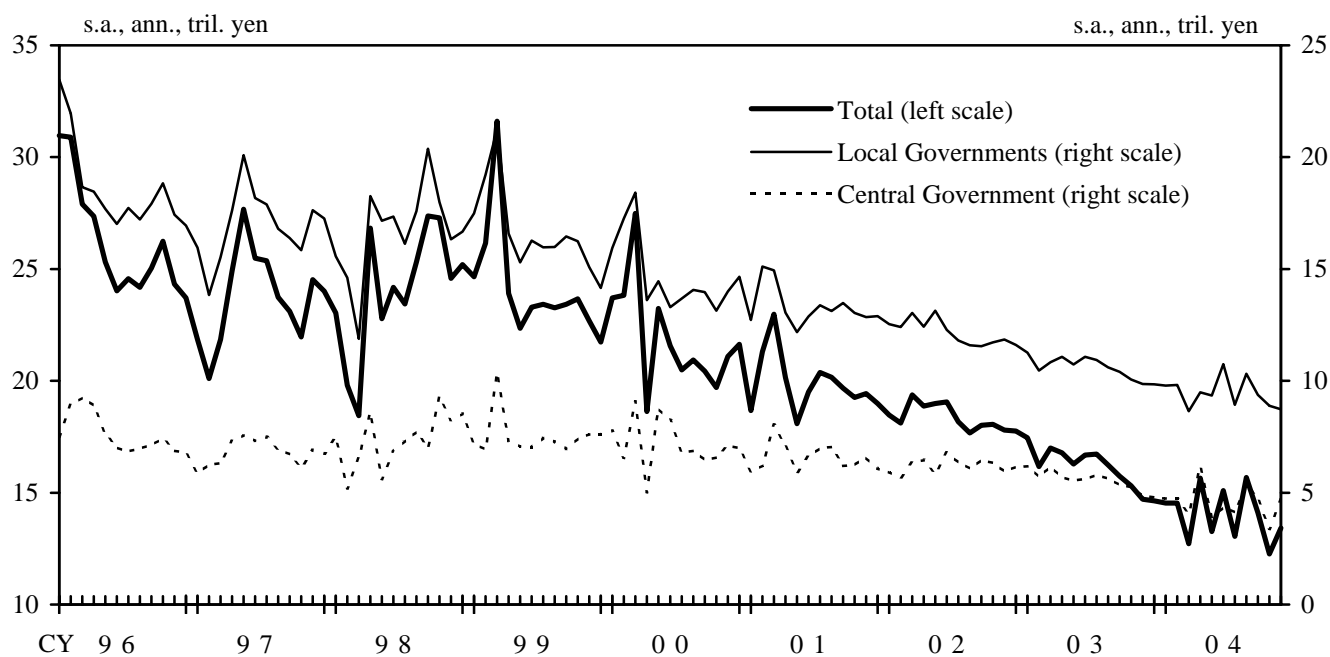
	s.a.; q/q % chg.				
	2003		2004		
	Q3	Q4	Q1	Q2	Q3
Real GDP	0.6	0.9	1.7	-0.1	0.1
Domestic Demand	0.4	0.6	1.4	-0.4	0.2
Private Consumption	0.3	0.6	0.9	0.3	0.2
Non-Resi. Investment	0.2	4.8	-2.3	4.3	1.1
Residential Investment	2.1	-1.0	0.4	0.9	0.7
Private Inventory	(0.2)	(-0.3)	(0.6)	(-0.4)	(-0.1)
Public Demand	-0.2	-0.8	2.9	-3.4	-0.1
Public Investment	-3.2	-3.6	8.6	-16.8	-2.2
Net Exports of goods and services	(0.2)	(0.4)	(0.2)	(0.3)	(-0.1)
Exports	3.3	5.3	4.6	3.4	0.6
Imports	2.1	2.7	3.3	1.7	1.8
Nominal GDP	0.2	0.5	1.1	-0.6	-0.0

Note: Figures shown in parentheses indicate the contributions to changes in GDP.

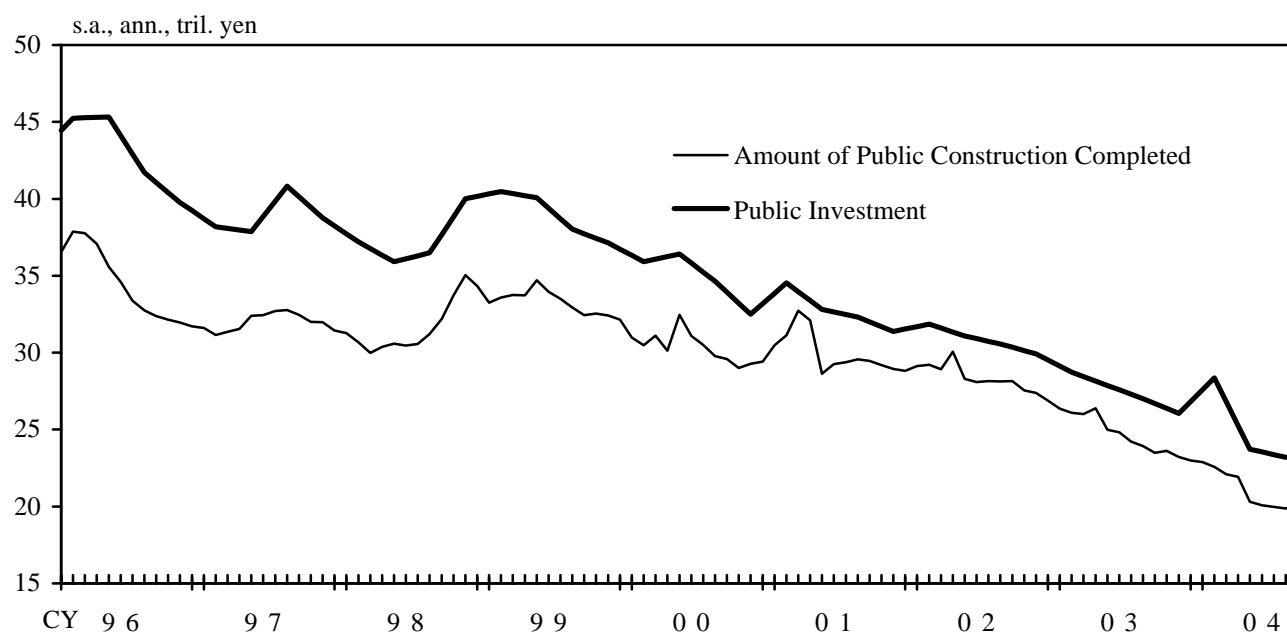
Source: Cabinet Office, "National Accounts."

Public Investment

(1) Value of Public Works Contracted



(2) Amount of Public Construction Completed and Public Investment



Notes: 1. Quarterly figures of public investment are plotted at the middle month of each quarter.

2. Amount of public construction completed is based on the general tables in the "Integrated Statistics on Construction Works." The figures until March 2000 are retroactively calculated with year-to-year growth rates on the former basis.

3. The figures of value of public works contracted and amount of public construction completed are seasonally adjusted by X-12-ARIMA.

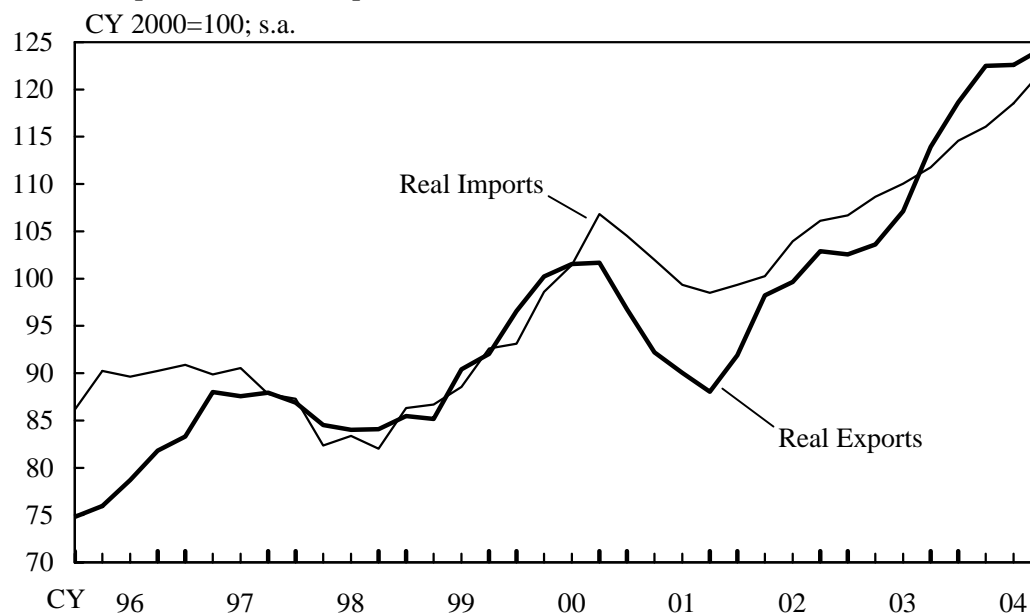
Sources: Cabinet Office, "National Accounts";

East Japan Construction Surety etc., "Public Works Prepayment Surety Statistics";

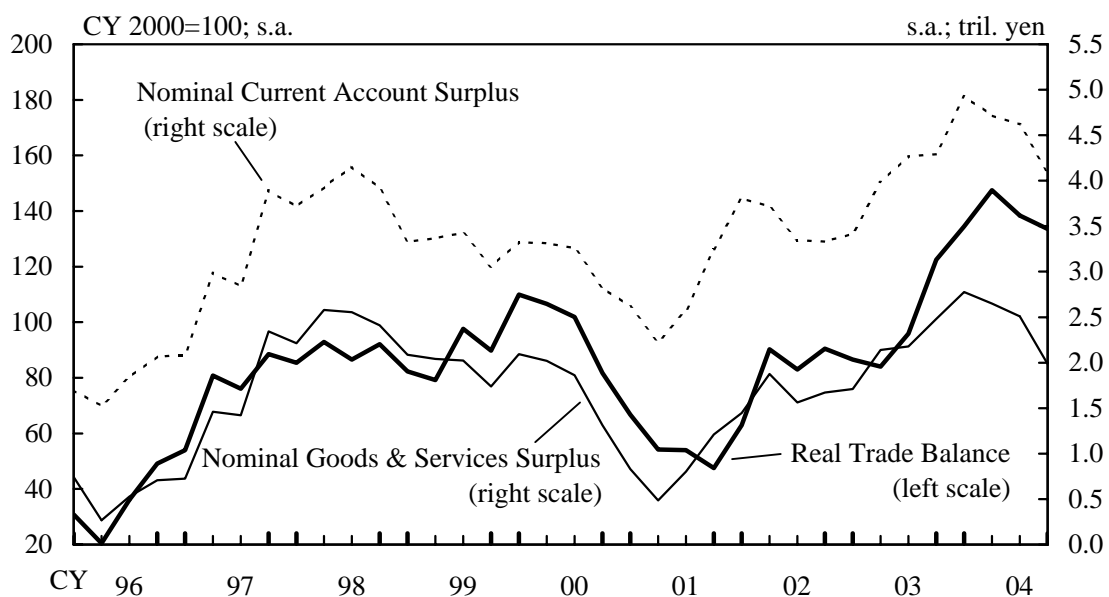
Ministry of Land, Infrastructure and Transport, "Integrated Statistics on Construction Works."

 External Balance

(1) Real Exports and Real Imports



(2) Real Trade Balance and Nominal Current Account Surplus



Notes: 1. Real trade balance is defined as real exports minus real imports, indexed with base year of 2000. Real exports/imports are "The Value of Exports and Imports in Trade Statistics" deflated by the "Export and Import Price Index."

2. Real exports/imports and the real trade balance are seasonally adjusted by X-12-ARIMA. 2004/Q4 figures are October figures converted into quarterly amount.

3. 2004/Q4 figures for Nominal Current Account Surplus and Nominal Goods & Services Surplus are October figures converted into quarterly amount.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan";
Bank of Japan, "Corporate Goods Price Index," "Balance of Payments Monthly."

Real Exports ¹

(1) Breakdown by region

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2002	2003	2003 Q4	2004 Q1	Q2	Q3	Q4	2004 Aug.	Sep.	Oct.
United States	<24.6>	1.4	-6.2	2.6	2.7	3.0	-0.9	-0.2	5.4	-4.0	0.8
EU	<15.3>	-0.0	13.9	3.9	9.8	1.8	3.6	-0.4	9.2	-7.7	2.1
East Asia	<44.9>	17.5	19.9	8.4	8.8	0.3	1.0	-1.2	-0.1	-1.5	-0.2
China	<12.2>	35.5	41.1	5.3	11.0	1.4	0.5	4.8	-1.0	1.4	4.2
NIEs	<23.5>	14.4	15.7	12.2	8.1	0.2	1.5	-3.9	0.7	-3.4	-1.9
Korea	<7.4>	19.1	19.2	9.2	13.2	-1.5	-1.4	-9.1	-4.8	-2.3	-6.1
Taiwan	<6.6>	14.6	16.1	17.0	5.8	0.7	8.0	-2.5	2.3	-5.9	0.8
ASEAN4 ³	<9.2>	10.2	9.1	3.5	7.7	-0.8	0.3	-2.4	-1.0	-0.4	-1.8
Thailand	<3.4>	16.5	18.3	5.5	7.4	0.9	0.5	5.5	0.1	-2.6	7.3
Real exports		7.2	8.9	6.4	4.1	3.2	0.1	1.3	0.8	-1.7	2.2

(2) Breakdown by goods

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2002	2003	2003 Q4	2004 Q1	Q2	Q3	Q4	2004 Aug.	Sep.	Oct.
Intermediate goods	<15.6>	8.8	5.6	4.0	5.9	-3.8	-1.9	-2.4	-1.9	-4.0	1.0
Motor vehicles and their related goods	<23.7>	12.7	1.3	5.9	-1.5	7.2	0.5	-3.0	-0.5	-1.5	-1.9
Consumer goods ⁴	<7.0>	7.9	14.9	9.4	6.2	1.5	-6.4	12.4	4.1	4.0	8.2
IT-related goods ⁵	<14.1>	0.3	12.9	4.7	5.6	5.0	-1.0	-0.8	2.0	-2.8	0.5
Capital goods and parts ⁶	<28.6>	7.8	17.1	6.3	7.3	6.1	2.6	0.2	5.6	-7.3	3.5
Real exports		7.2	8.9	6.4	4.1	3.2	0.1	1.3	0.8	-1.7	2.2

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2004/Q4 figures are October figures converted into quarterly amount.

2. Shares of each region and goods in 2003 are shown in angle brackets.

3. Data for four members: Thailand, Malaysia, the Philippines, and Indonesia.

4. Excludes motor vehicles.

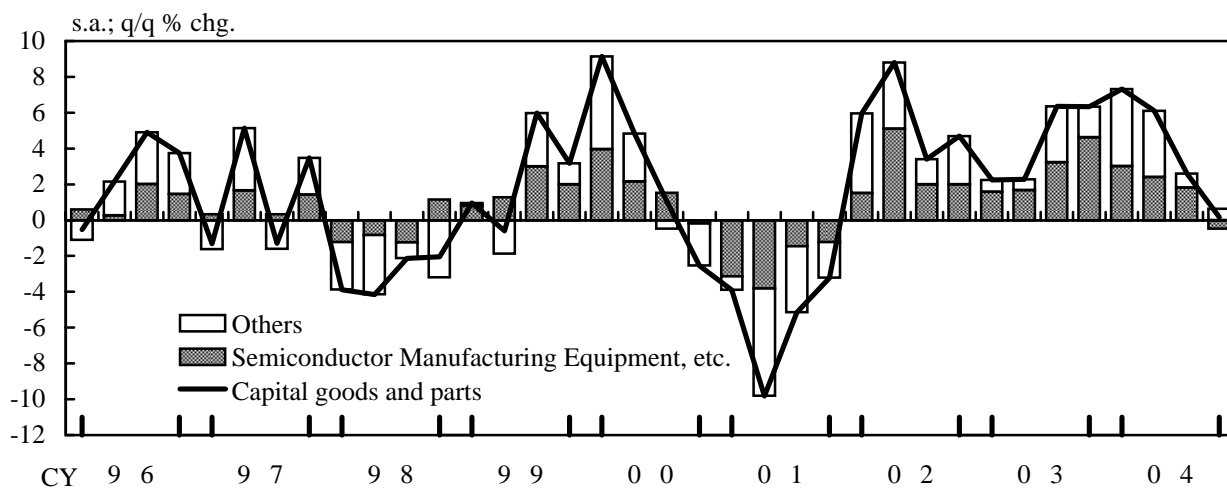
5. IT-related goods are composed of automatic data processing machinery, telecommunication machinery, ICs and medical and optical instruments.

6. Excludes IT-related goods, power generating machinery and parts of motor vehicles.

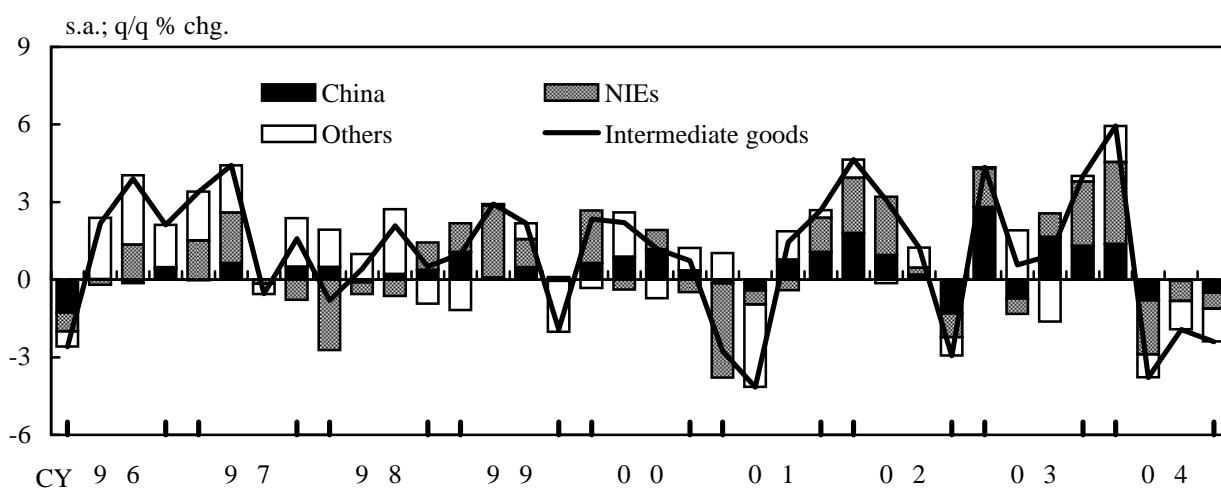
Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

Real Exports breakdown by goods

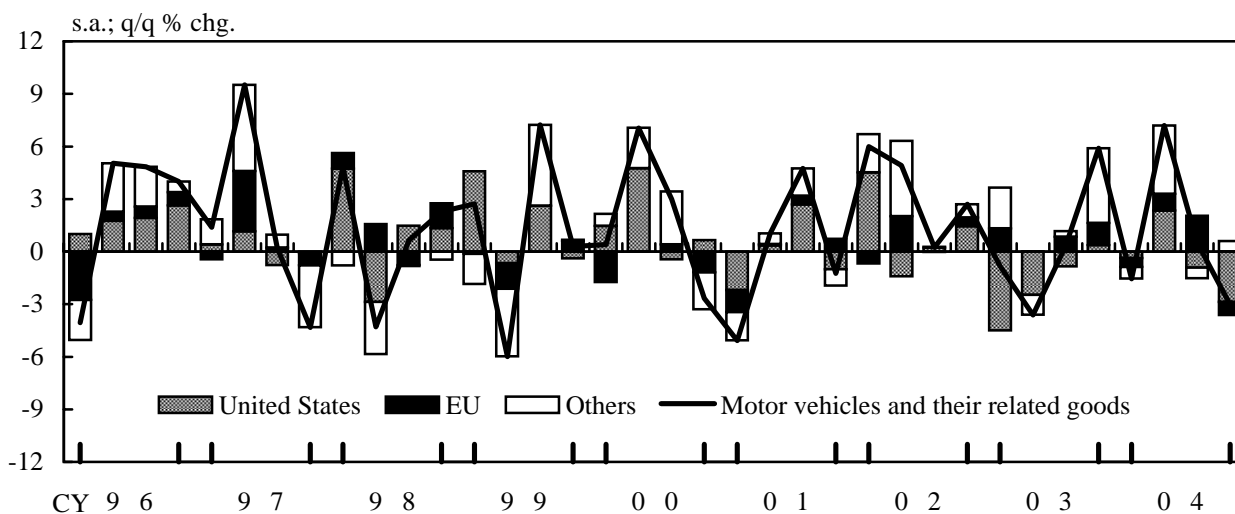
(1) Capital goods and parts (real, breakdown by goods)



(2) Intermediate goods (real, breakdown by region)



(3) Motor vehicles and their related goods (real, breakdown by region)



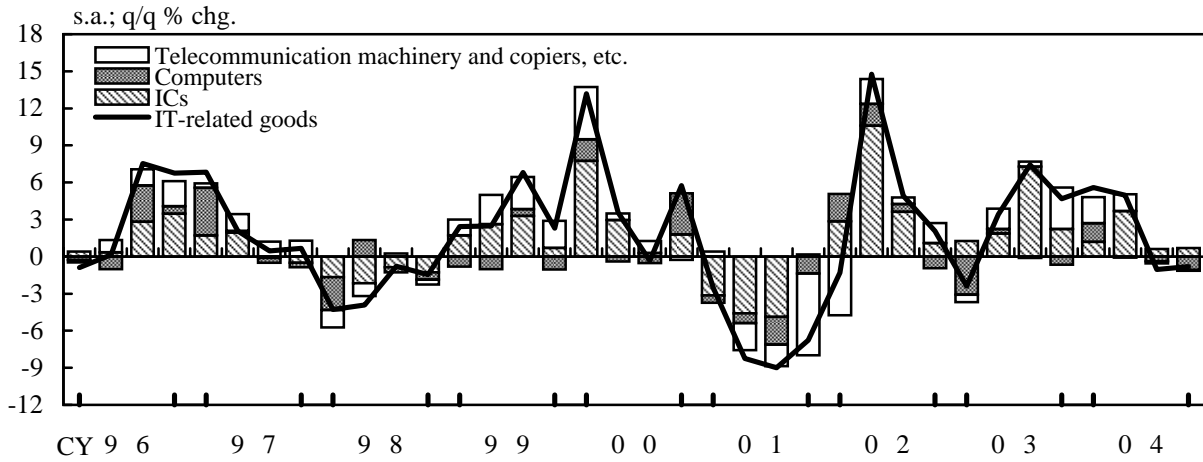
Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. 2004/Q4 figures are October figures converted into quarterly amount.

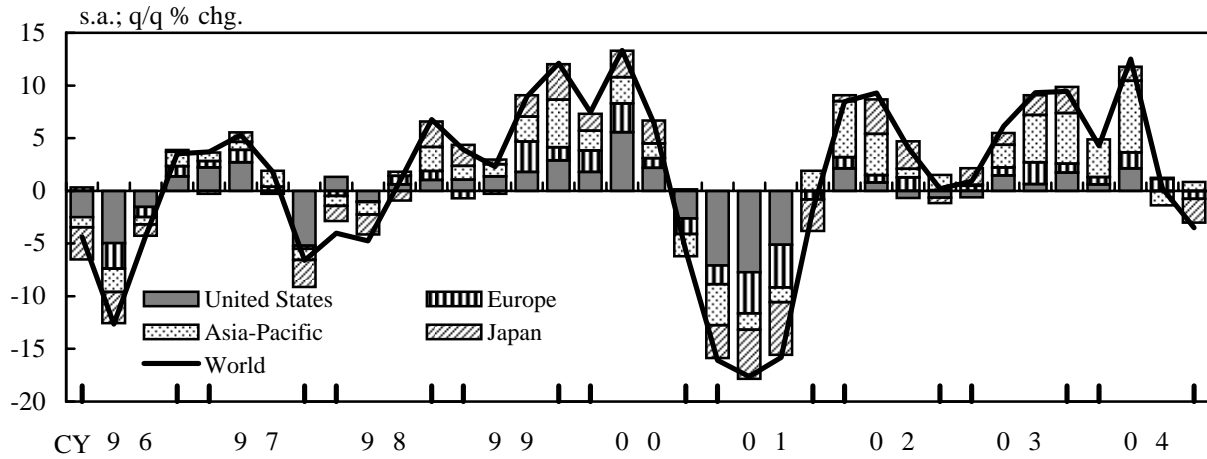
Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

Exports and Imports of IT-related goods

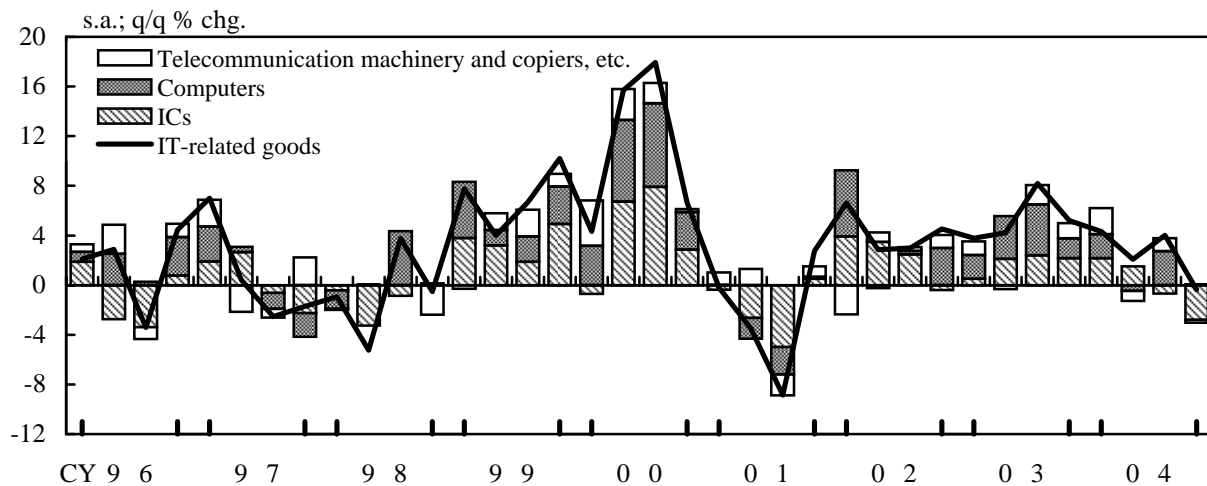
(1) Exports of IT-related goods (real, breakdown by goods)



(2) World Semiconductor Shipments (nominal, breakdown by region)



(3) Imports of IT-related goods (real, breakdown by goods)



Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. 2004/Q4 figures are October figures converted into quarterly amount.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan";
 Bank of Japan, "Corporate Goods Price Index"; WSTS (World Semiconductor Trade Statistics.)

Real Imports ¹

(1) Breakdown by region

		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2002	2003	2003 Q4	2004 Q1	Q2	Q3	Q4	2004 Aug.	Sep.	Oct.
United States	<15.4>	-3.9	-1.6	1.3	-3.6	3.9	-0.1	10.6	1.9	3.1	7.8
EU	<12.8>	2.3	6.4	3.1	6.8	-1.4	-0.3	2.4	2.2	-7.1	6.8
East Asia	<42.4>	6.4	14.6	3.6	4.7	1.6	3.8	0.0	1.8	1.6	-1.6
China	<19.7>	13.8	21.9	3.6	6.7	3.3	4.2	2.8	2.3	2.8	0.2
NIEs	<10.2>	1.8	9.8	5.5	4.8	-0.1	2.1	-4.4	-1.1	3.1	-5.9
Korea	<4.7>	-1.5	13.1	7.8	9.4	0.8	-5.3	-7.3	-0.0	5.0	-10.2
Taiwan	<3.7>	5.4	7.1	2.2	3.3	-0.7	7.3	-1.0	-0.7	-0.1	-0.8
ASEAN4 ³	<12.5>	1.5	9.0	2.1	1.5	0.4	4.6	-0.7	3.6	-1.6	-0.8
Thailand	<3.1>	7.6	11.5	3.4	2.3	3.9	4.4	2.2	0.6	-2.2	3.5
Real imports		1.1	6.8	1.6	2.5	1.3	2.1	2.8	2.4	-0.3	2.2

(2) Breakdown by goods

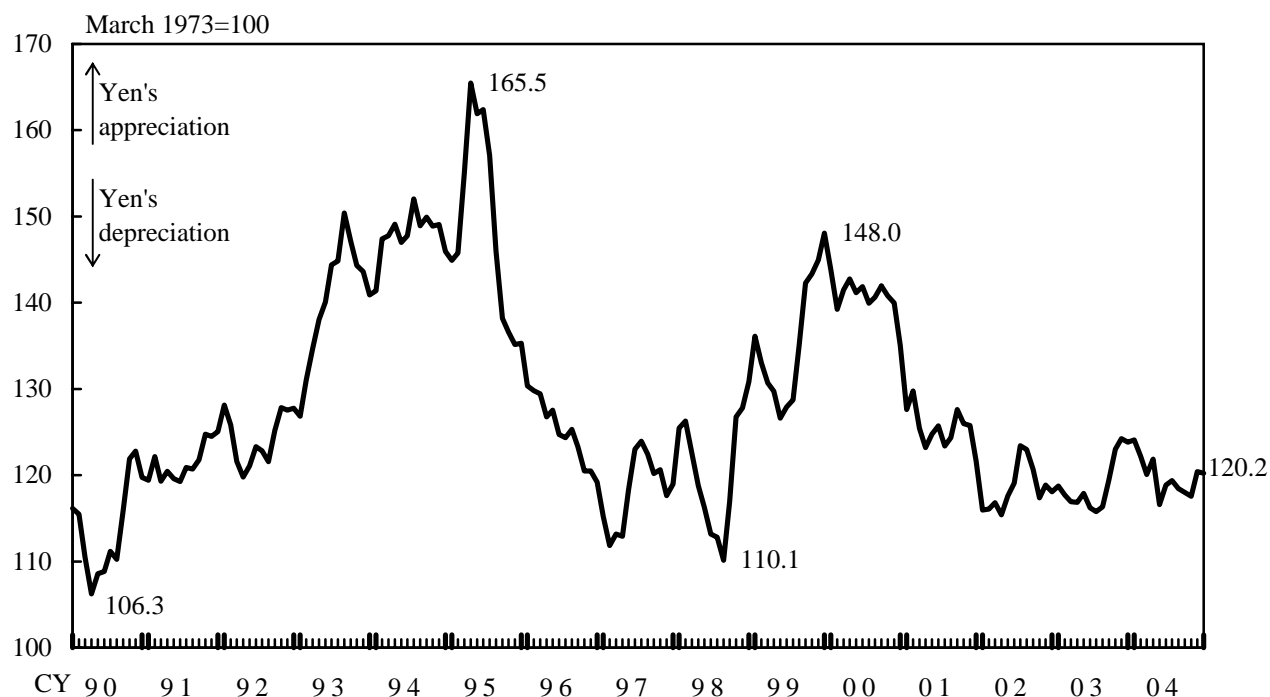
		y/y % chg.		s.a. q/q % chg.					s.a. m/m % chg.		
		CY 2002	2003	2003 Q4	2004 Q1	Q2	Q3	Q4	2004 Aug.	Sep.	Oct.
Raw materials ⁴	<27.1>	-2.7	6.0	-3.4	3.2	-0.7	3.9	4.4	2.3	-5.4	7.5
Intermediate goods	<13.4>	1.4	4.5	1.0	3.3	2.0	2.3	-2.4	0.5	-0.9	-2.0
Foodstuffs	<11.5>	-2.5	-4.2	0.2	-0.0	-0.0	-0.5	1.5	5.9	-7.1	4.7
Consumer goods	<10.8>	-0.9	8.0	6.3	0.7	4.0	-1.6	5.8	0.1	1.8	4.6
IT-related goods ⁵	<14.0>	7.8	19.3	5.2	4.3	2.1	4.0	-0.4	-0.1	4.8	-3.4
Capital goods and parts ⁶	<13.0>	11.5	14.3	6.5	3.0	4.5	2.3	14.1	-0.4	-1.0	15.1
excluding aircraft	<11.9>	8.3	14.3	4.8	7.8	1.2	7.0	0.0	5.0	-0.4	-1.3
Real imports		1.1	6.8	1.6	2.5	1.3	2.1	2.8	2.4	-0.3	2.2

- Notes: 1. Seasonally adjusted by X-12-ARIMA. 2004/Q4 figures are October figures converted into quarterly amount.
2. Shares of each region and goods in 2003 are shown in angle brackets.
3. Data for four members: Thailand, Malaysia, the Philippines, and Indonesia.
4. Raw materials are mainly composed of woods, ores and mineral fuel.
5. IT-related goods are composed of office machinery, telecommunication machinery, ICs, and medical and optical instruments.
6. Excludes IT-related goods.

Sources: Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

Environment for Exports (1)

(1) Real Effective Exchange Rate



Note: Calculated by the Bank of Japan. Monthly average. Figure for December 2004 is the average up to December 16.
Figures are the index of weighted average of the yen's real exchange rates versus 15 major currencies (26 countries) which are calculated from nominal exchange rates and price indexes of the respective countries.

(2) Real GDP Growth Rates in Overseas Economies

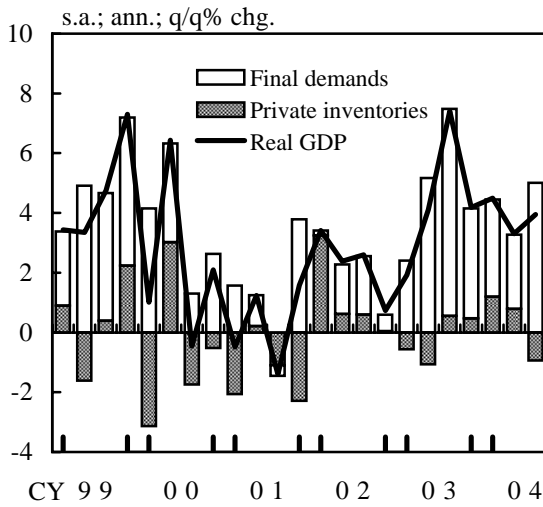
		CY2001	2002	2003	2003 Q4	2004 Q1	Q2	Q3	
United States ¹		0.8	1.9	3.0	4.2	4.5	3.3	3.9	
European Union ¹ (15 countries)		1.7	1.0	0.8	2.0	2.7	2.2	1.3	
East Asia ²	Germany	0.8	0.1	-0.1	1.2	1.7	1.7	0.4	
	France	2.1	1.1	0.6	2.4	2.6	2.5	0.3	
	United Kingdom	2.3	1.8	2.2	4.2	2.7	3.6	1.8	
	China	7.5	8.3	9.3	9.9	9.8	9.6	9.1	
	NIEs	Korea	3.8	7.0	3.1	3.9	5.3	5.5	4.6
		Taiwan	-2.2	3.9	3.3	5.9	6.7	7.9	5.3
		Hong Kong	0.5	1.9	3.2	4.9	7.0	12.1	7.2
Singapore		-1.9	2.2	1.1	4.9	7.5	12.5	7.5	
ASEAN4	Thailand	2.2	5.3	6.9	7.7	6.7	6.4	6.0	
	Indonesia	3.8	4.3	4.5	4.1	5.1	4.5	5.0	
	Malaysia	0.3	4.1	5.3	6.6	7.6	8.0	n.a.	
	Philippines	1.8	4.3	4.7	5.0	6.5	6.6	6.3	

Notes: 1. Quarterly data of U.S. and EU are quarter-to-quarter percent changes at annual rate.

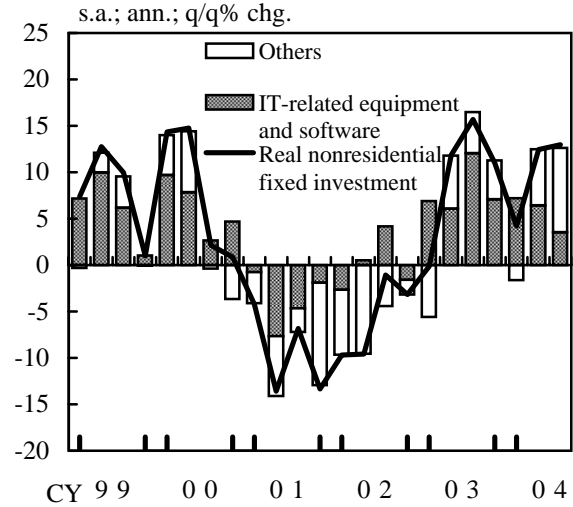
2. Quarterly data of East Asia are percent changes from a year earlier.

Environment for Exports (2)

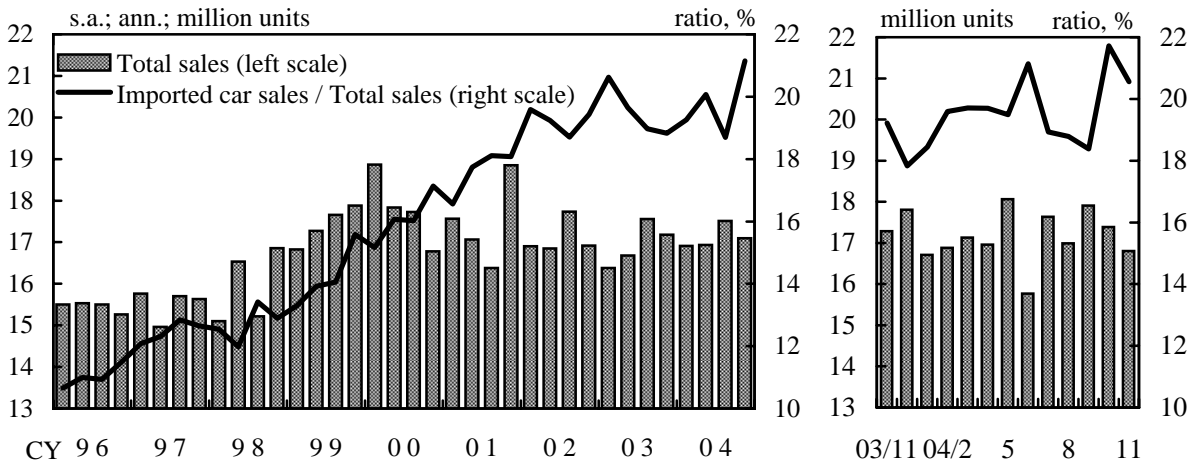
(1) U.S. Real GDP (breakdown by final demands and inventories)



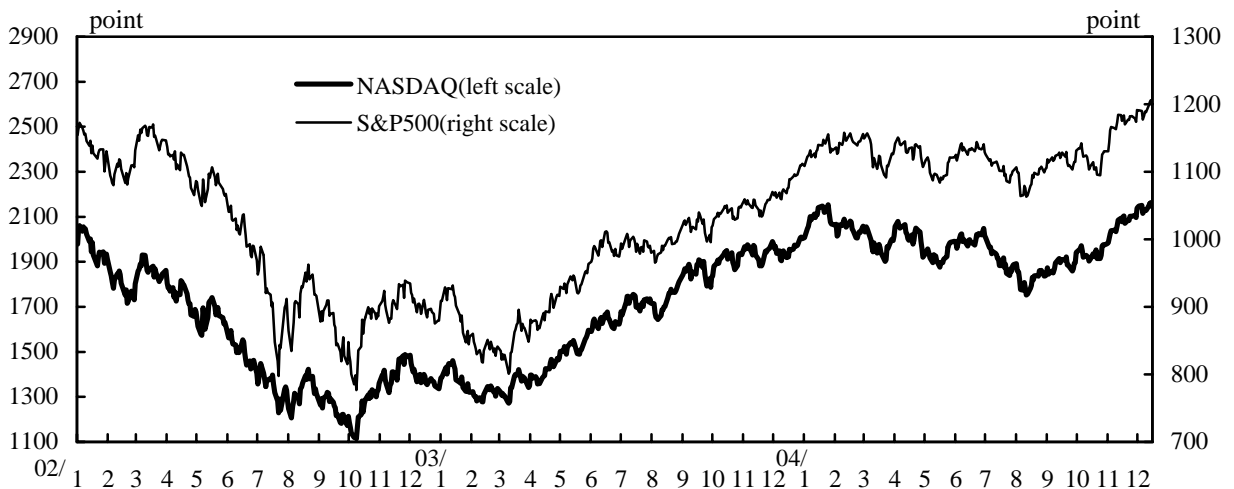
(2) U.S. Real Nonresidential Fixed Investment



(3) Sales of Automobiles in the U.S.



(4) U.S. Stock Prices (NASDAQ, S&P500)

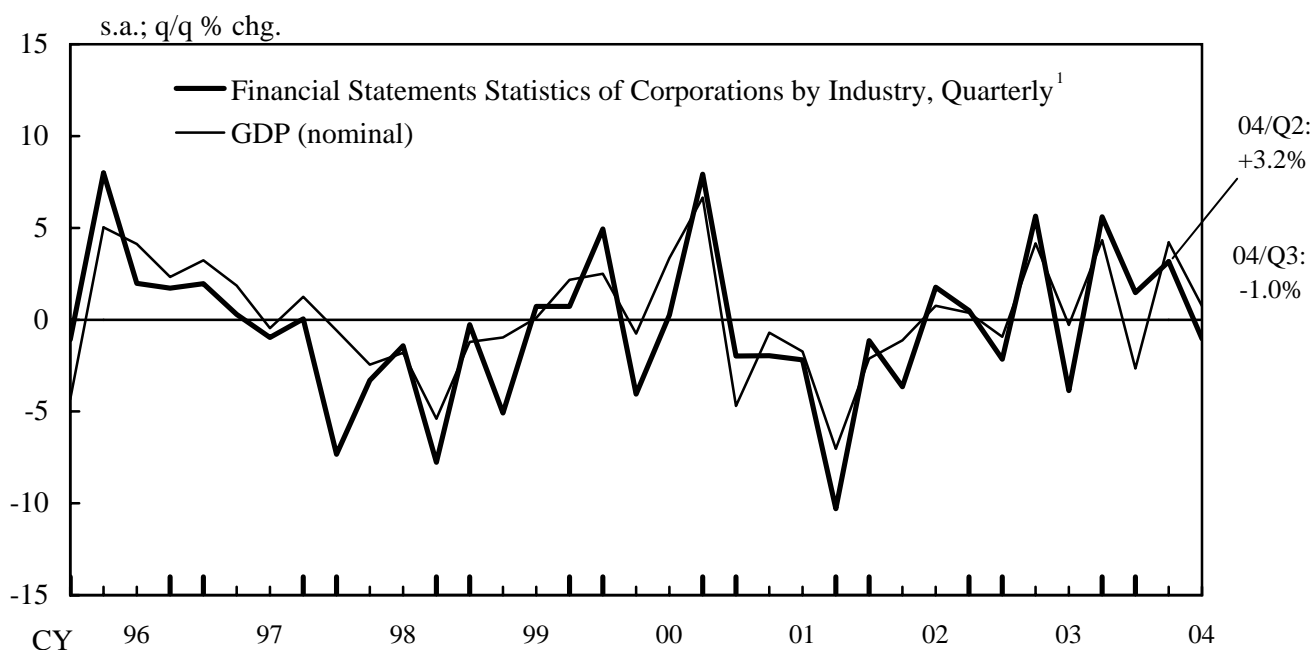
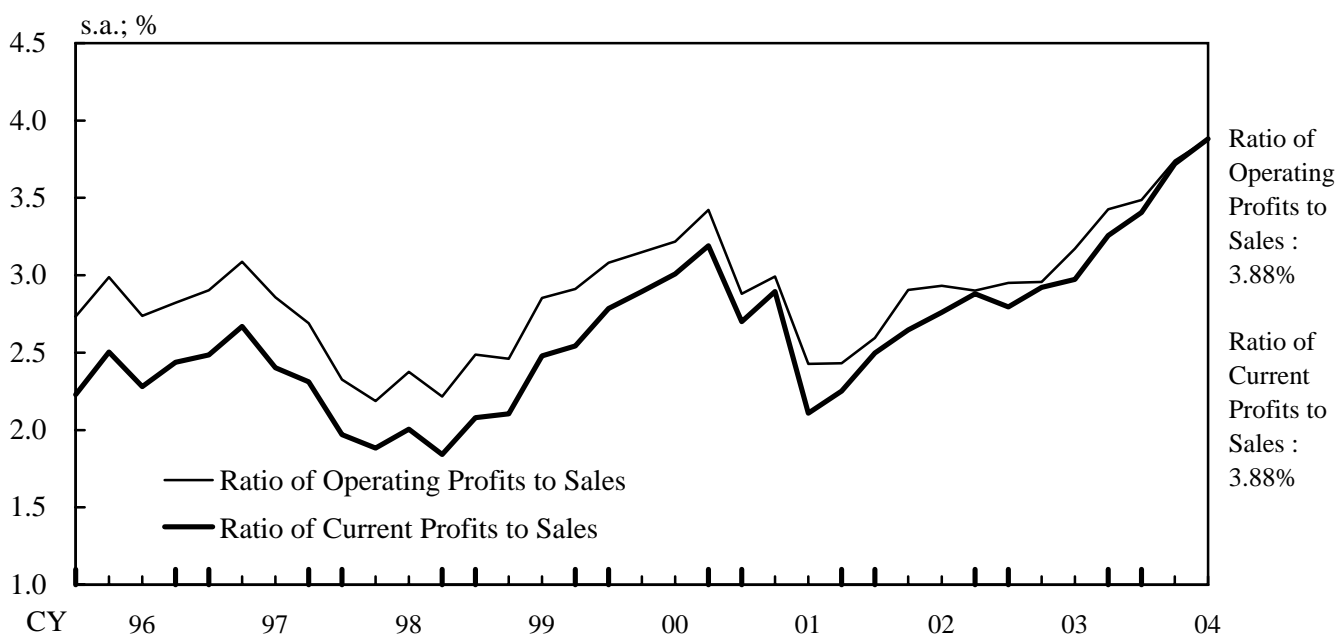


Notes: 1. Figures for 2004/Q4 are based on Oct.-Nov. averages in (3).
2. Figures of U.S. stock prices in (4) are up to December 16.

Sources: U.S. Department of Commerce, "National Income and Product Accounts," "Sales, production, imports, exports, and inventories, in units"; Bloomberg.

Indicators for Business Fixed Investment (1)

(1) Fixed Investment

(2) Corporate Profits (Ratio of Profits to Sales)^{1,2}

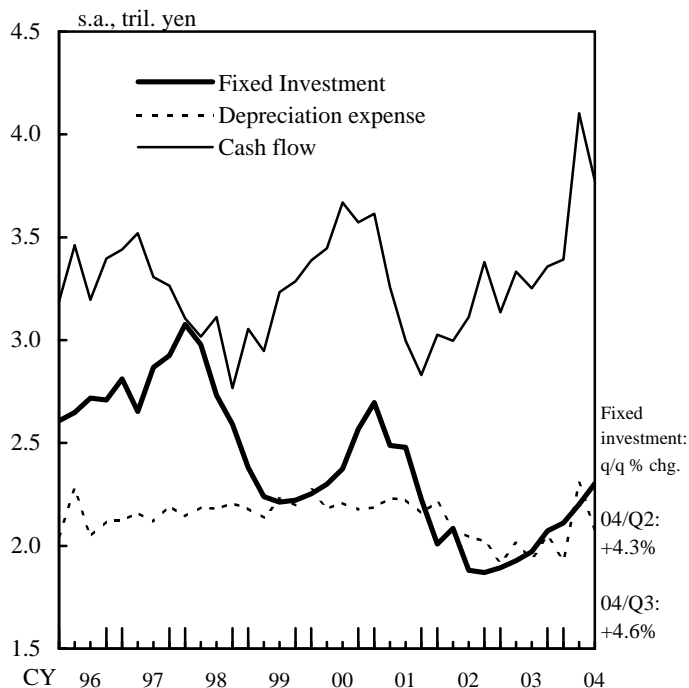
Notes: 1. All enterprises. Figures are adjusted for sample change, and seasonally adjusted by X-11. Adjustment for sample change aims to correct a bias in figures caused by sample change. The method is to adjust the figures proportionally to the shift in the aggregated capital stock and other references. The sample change comes due to (i) a change in sampling firm in each the second quarter survey, and (ii) changes in the respondent firms in every quarter.

2. *Financial Statements Statistics of Corporations by Industry, Quarterly* basis.

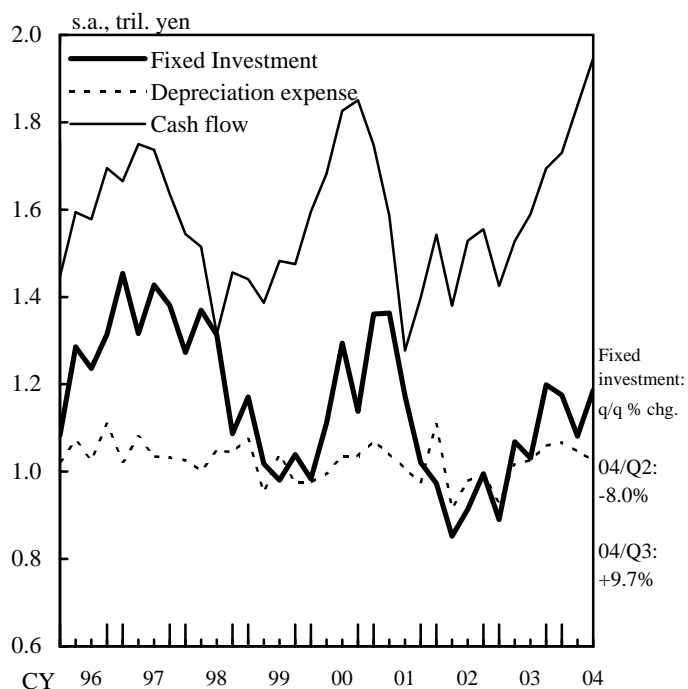
Sources: Cabinet Office, "National Accounts"; Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

Indicators for Business Fixed Investment (2)

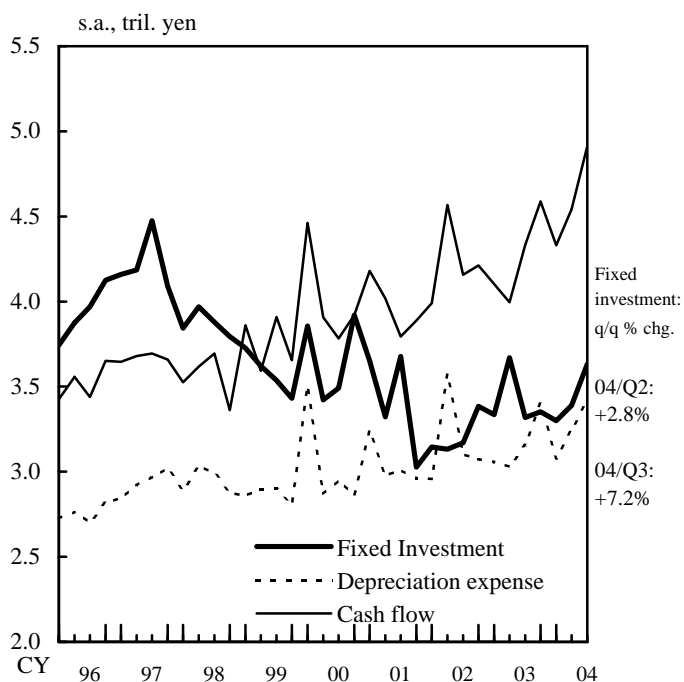
(1) Large manufacturing firms



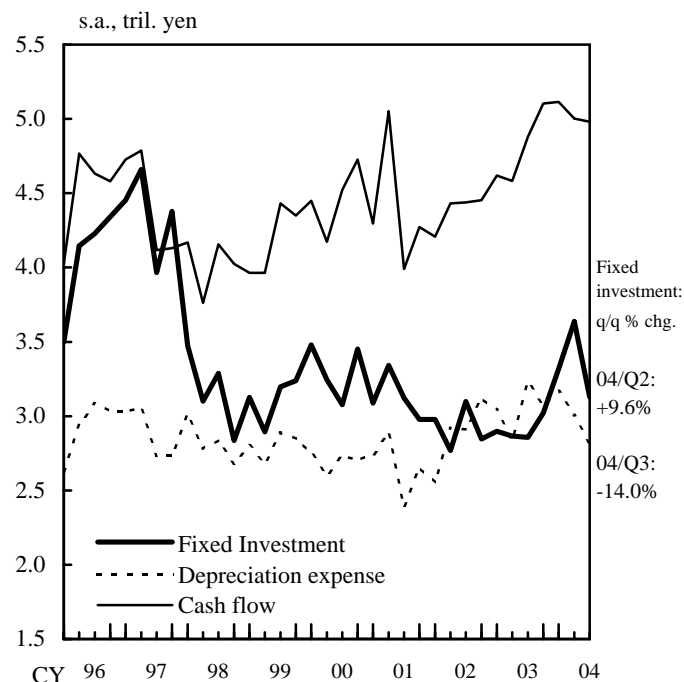
(2) Medium-sized and small manufacturing firms



(3) Large nonmanufacturing firms



(4) Medium-sized and small nonmanufacturing firms



Notes: 1. *Financial Statements Statistics of Corporations by Industry, Quarterly* basis.

2. Sample change adjusted (see in chart 10-1).

3. Electric and gas are excluded from nonmanufacturing large firms.

4. "Large firms" refers to firms with capital stock of 1 billion yen or more, and "medium and small firms" refers to firms with capital stock of 10 million or more but less than 1 billion yen.

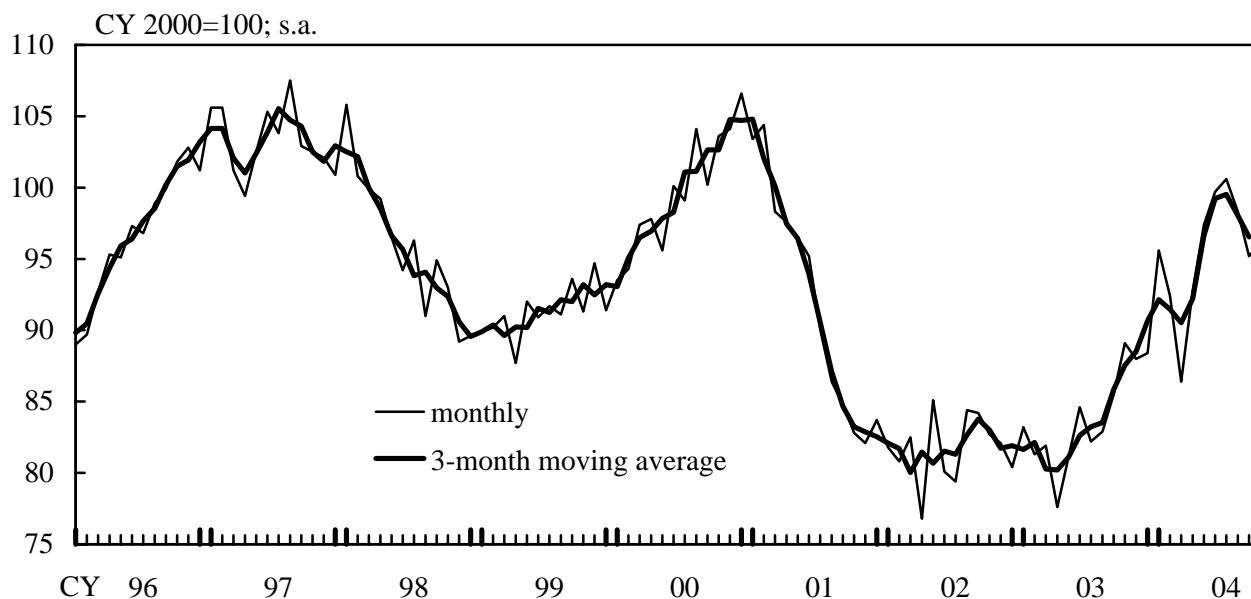
5. Cash Flow = Current profits / 2 + Depreciation expense

6. Seasonally adjusted by X-11.

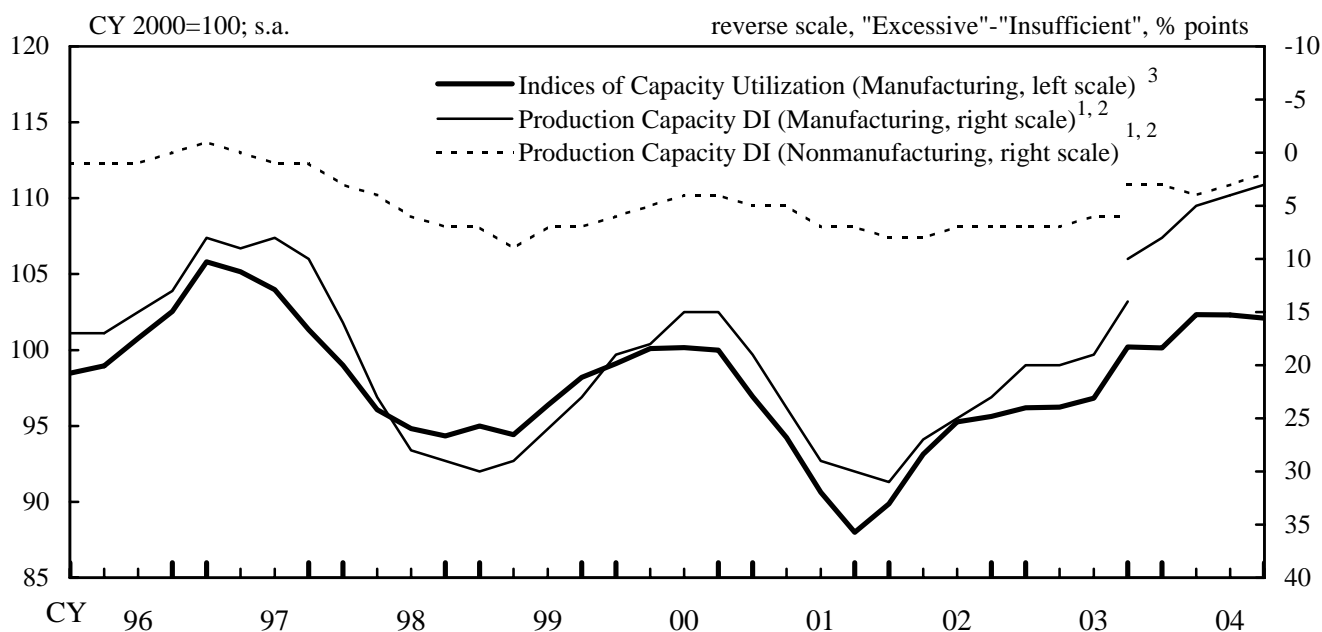
Source: Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

Indicators for Business Fixed Investment (3)

(1) Shipments of capital goods (excluding transport equipment)



(2) Indices of Capacity Utilization and Production Capacity DI



Notes: 1. Production Capacity DIs are those of all enterprises.

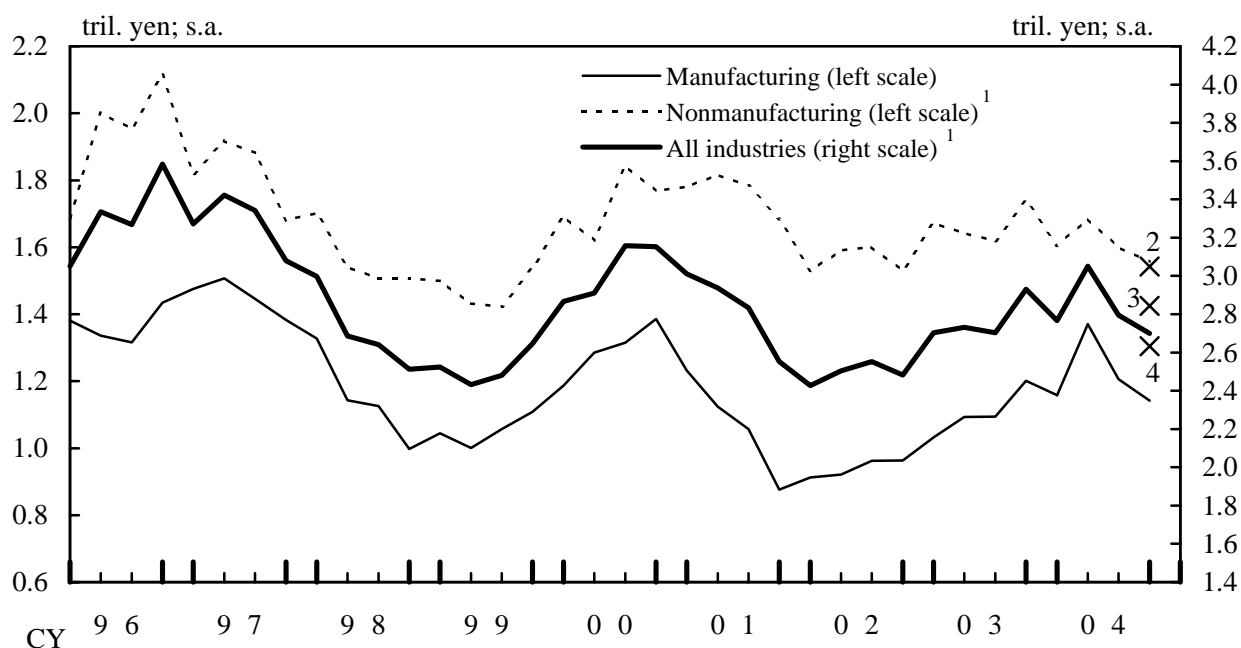
2. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

3. The figure for 2004/Q4 is as of October.

Sources: Ministry of Economy, Trade and Industry, "Indices of Industrial Production";
Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Indicators for Business Fixed Investment (4)

(1) Machinery Orders



Notes: 1. Excludes orders of shipbuilding and orders from electric power companies.

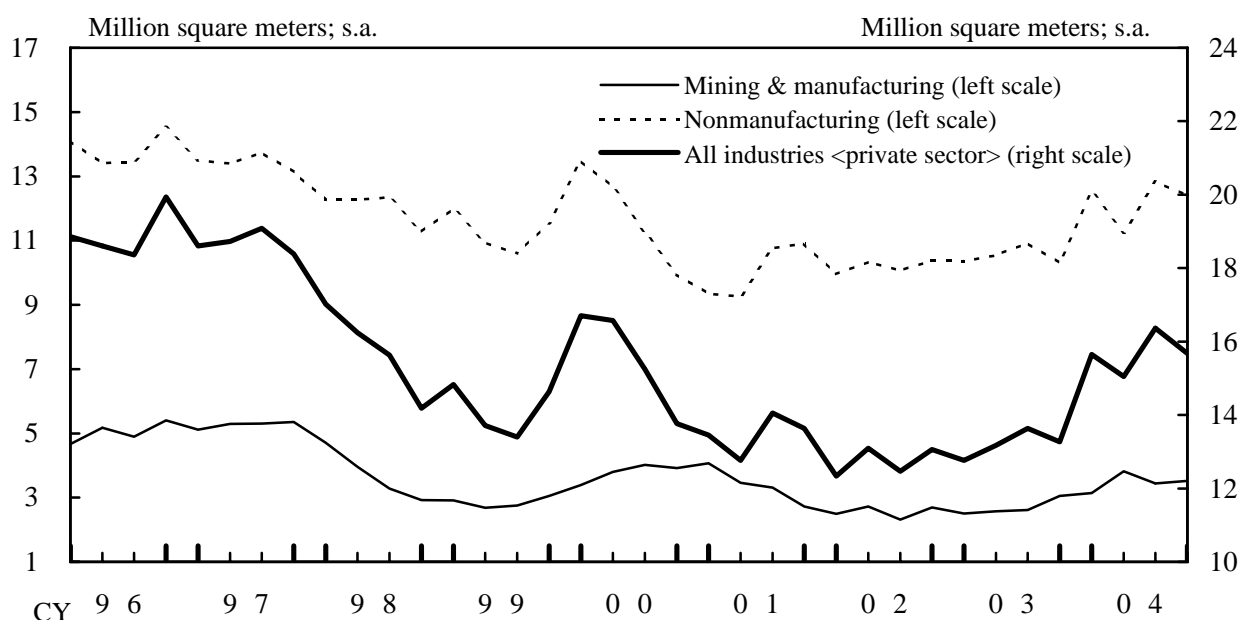
2. Forecast of nonmanufacturing industries for 2004/Q4.

3. Forecast of all industries for 2004/Q4.

4. Forecast of manufacturing industries for 2004/Q4.

5. Figures for 2004/Q4 are those of October in terms of quarterly amount.

(2) Construction Starts (floor area, private, nondwelling use)



Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. Because the Standard Industrial Classification for Japan was revised in March 2002, the industry classification for Newspaper Publishing and Publishing Business was changed from Mining and Manufacturing to Nonmanufacturing. Accordingly, the data up to fiscal year 2002 were adjusted by using a link coefficient.

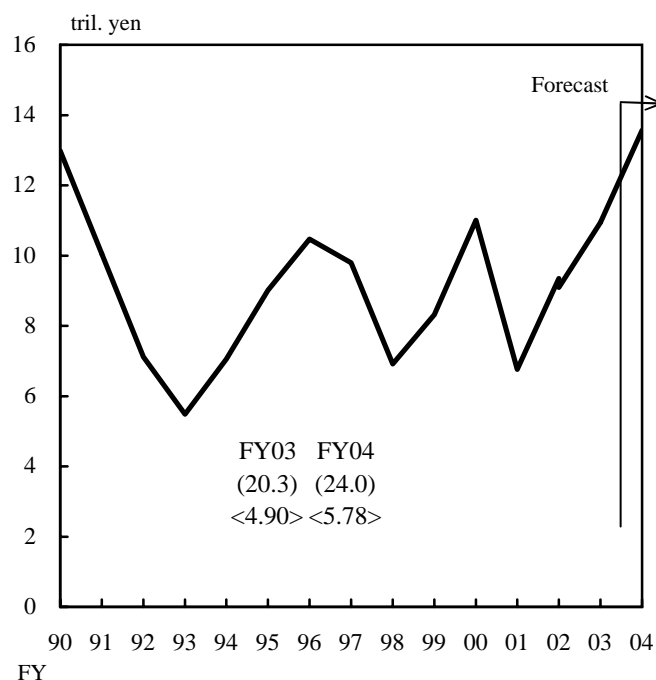
3. Figures for 2004/Q4 are those of October in terms of quarterly amount.

Sources: Cabinet Office, "Machinery Orders Statistics";

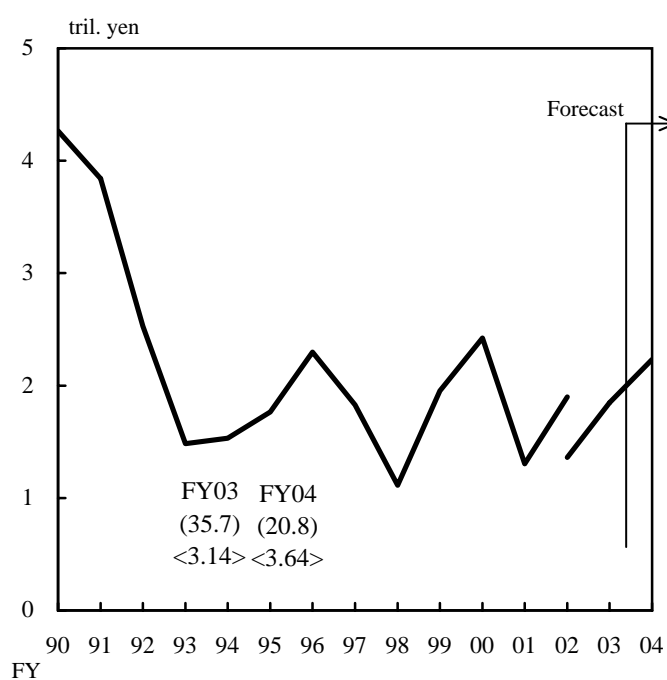
Ministry of Land, Infrastructure and Transport, "Statistics on Building Construction Starts."

Current Profits

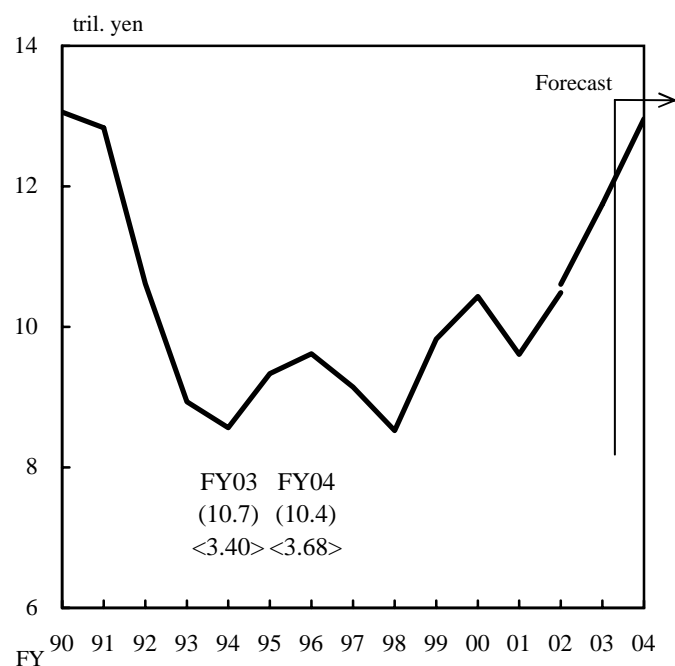
(1) Manufacturing Large Enterprises



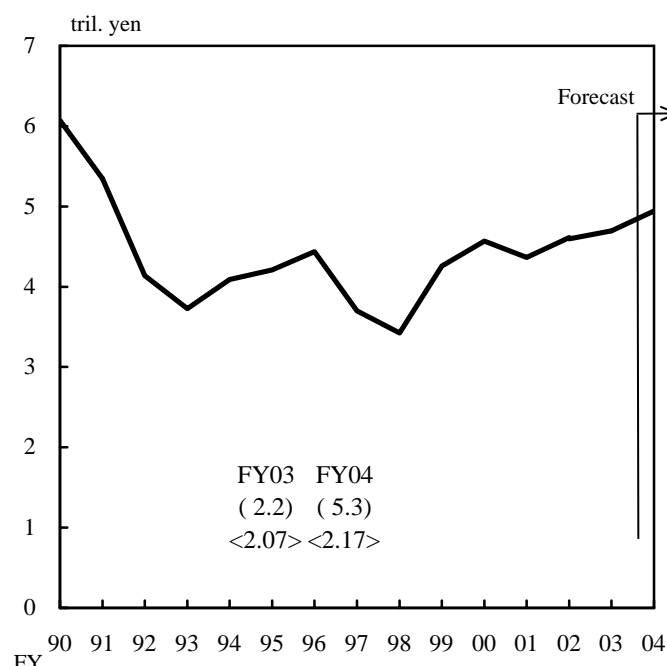
(2) Manufacturing Small Enterprises



(3) Nonmanufacturing Large Enterprises



(4) Nonmanufacturing Small Enterprises



Notes: 1. Large enterprises (pre-revision): 1,000 employees or more

Small enterprises (pre-revision): 50-299 employees (for Manufacturing), 20-99 employees (for Wholesaling),
20-49 employees (for Retailing, services, and leasing),
50-299 employees (for Other industries)

Large enterprises (post-revision): capital with 1 billion yen and more

Small enterprises (post-revision): capital with 20 million yen to less than 100 million yen

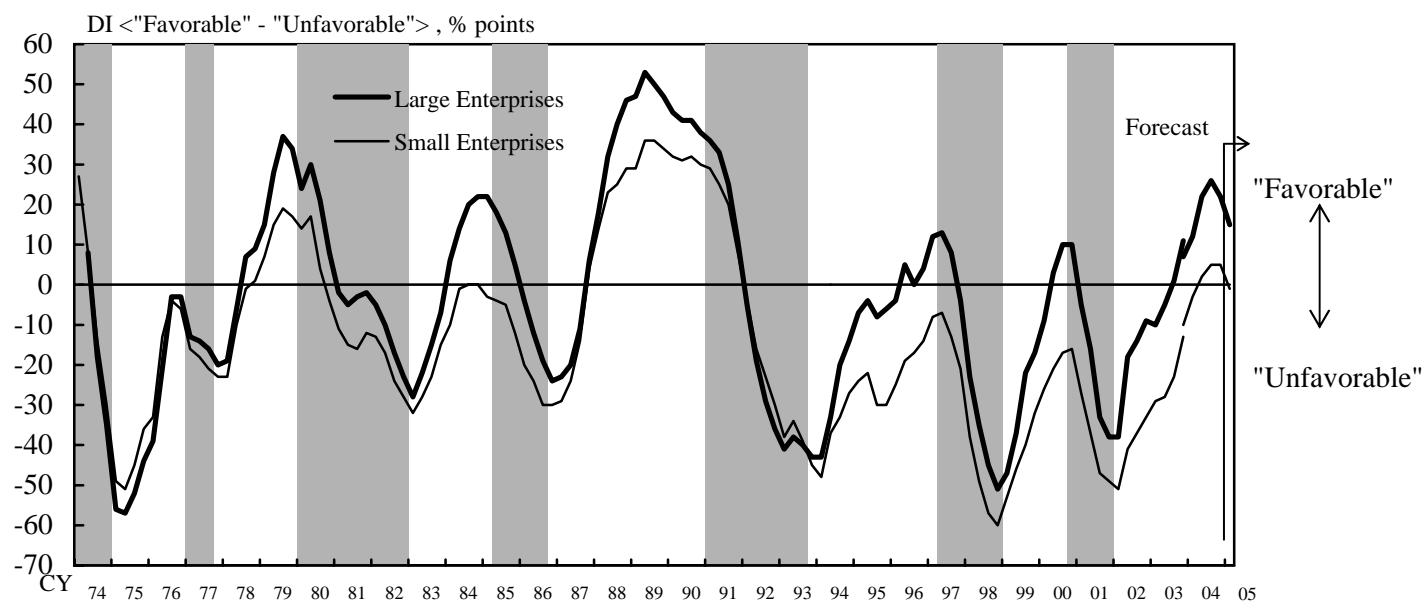
2. (): Current Profits (y/y% chg.), < >: Ratio of current profit to sales (%). post-revision.

3. The *Tankan* has been revised from the March 2004 Survey. Figures up to FY2002 are based on the previous data sets. Figures from FY2002 are on a new basis.

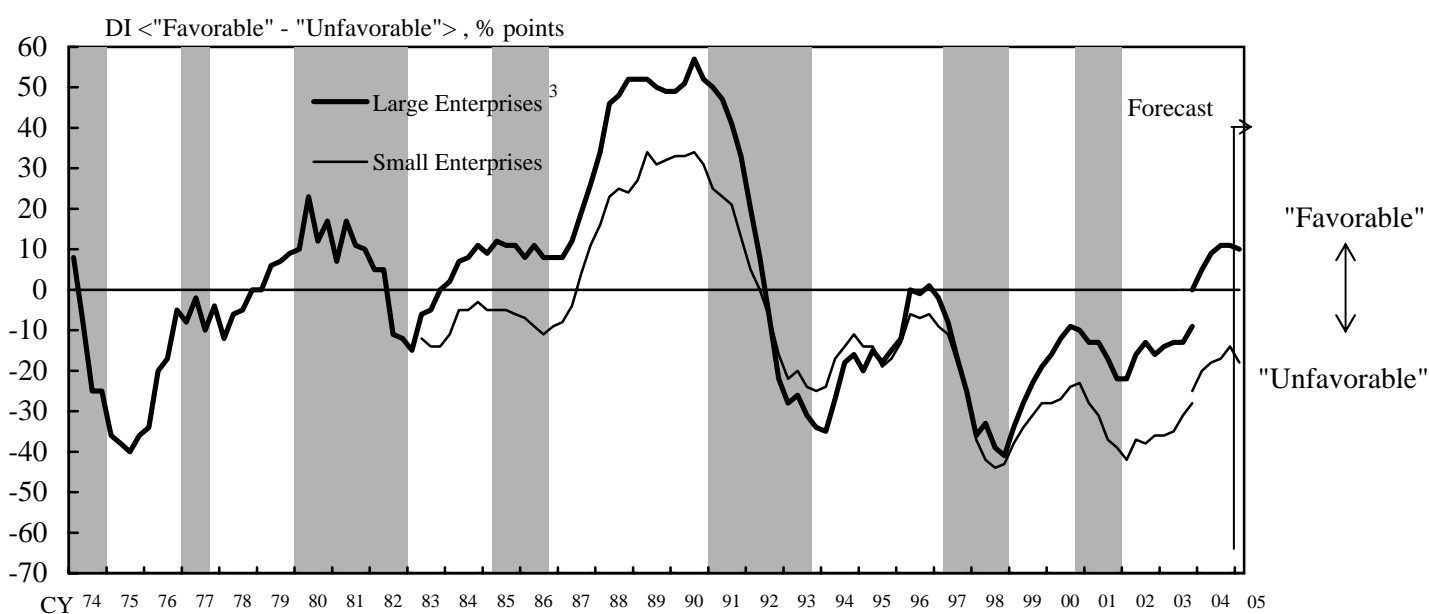
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Business Conditions

(1) Manufacturing



(2) Nonmanufacturing



Notes: 1. Large enterprises (pre-revision): 1,000 employees or more

Small enterprises (pre-revision): 50-299 employees (for Manufacturing), 20-99 employees (for Wholesaling),
20-49 employees (for Retailing, services, and leasing),
50-299 employees (for Other industries)

Large enterprises (post-revision): capital with 1 billion yen and more

Small enterprises (post-revision): capital with 20 million yen to less than 100 million yen

2. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

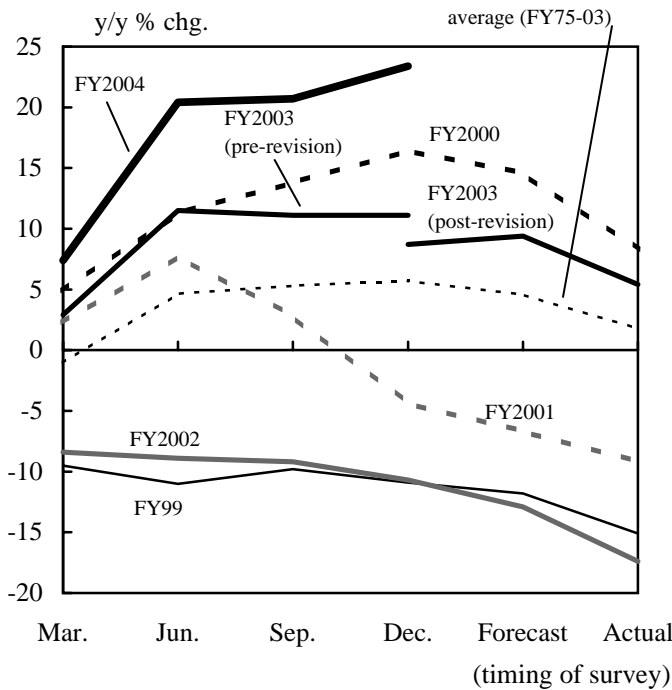
3. Date prior to Feb. 1983 are those of Principal Enterprises.

4. Shaded areas indicate recession periods.

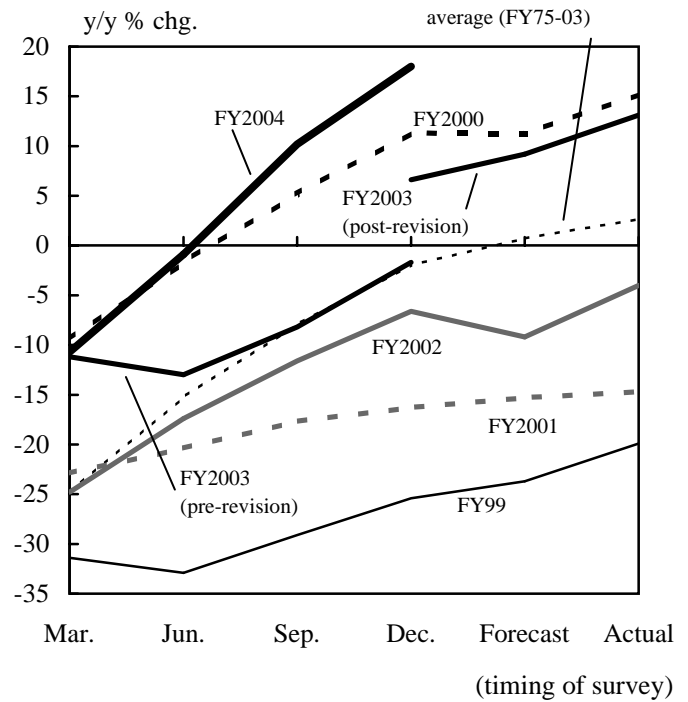
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Business Fixed Investment Plans as Surveyed

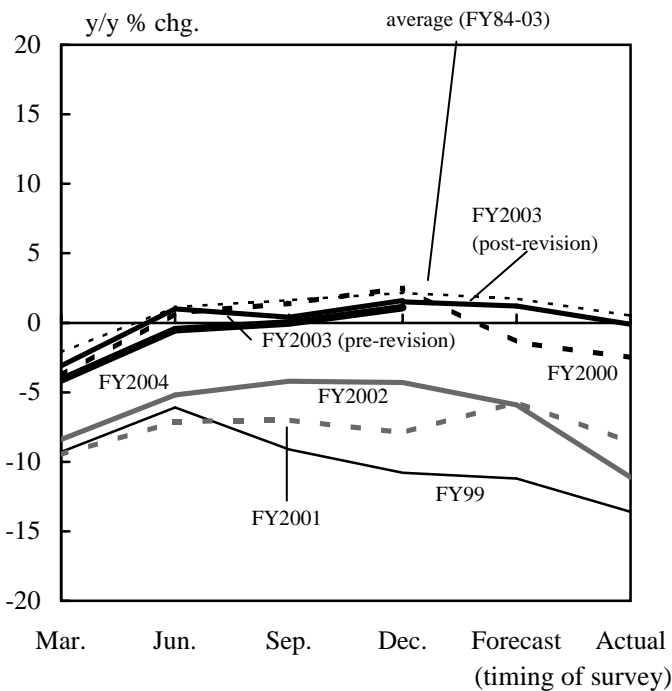
(1) Manufacturing Large Enterprises



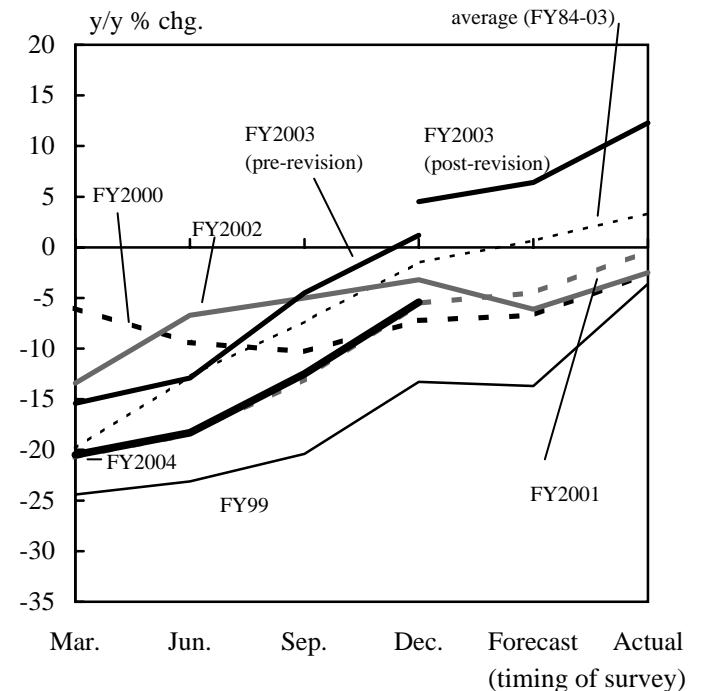
(2) Manufacturing Small Enterprises



(3) Nonmanufacturing Large Enterprises



(4) Nonmanufacturing Small Enterprises



Notes: 1. Large enterprises (pre-revision): 1,000 employees or more
 Small enterprises (pre-revision): 50-299 employees (for Manufacturing), 20-99 employees (for Wholesaling),
 20-49 employees (for Retailing, services, and leasing),
 50-299 employees (for Other industries)

Large enterprises (post-revision): capital with 1 billion yen and more

Small enterprises (post-revision): capital with 20 million yen to less than 100 million yen

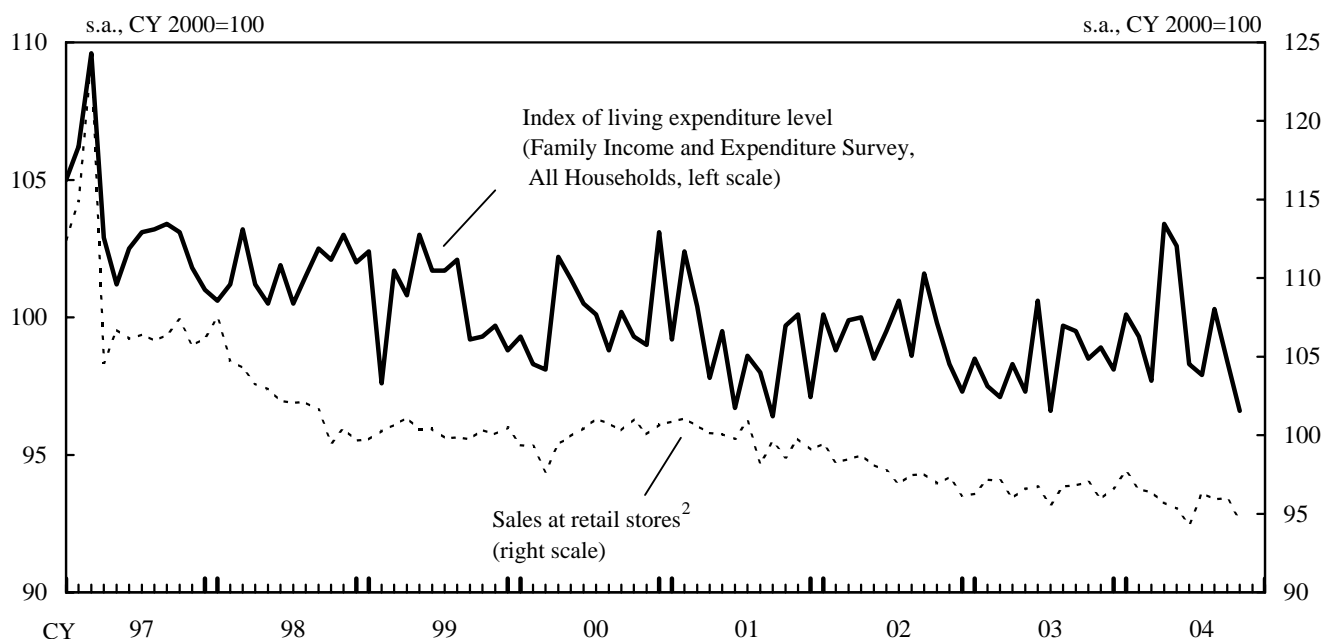
2. Includes land purchasing expenses.

3. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

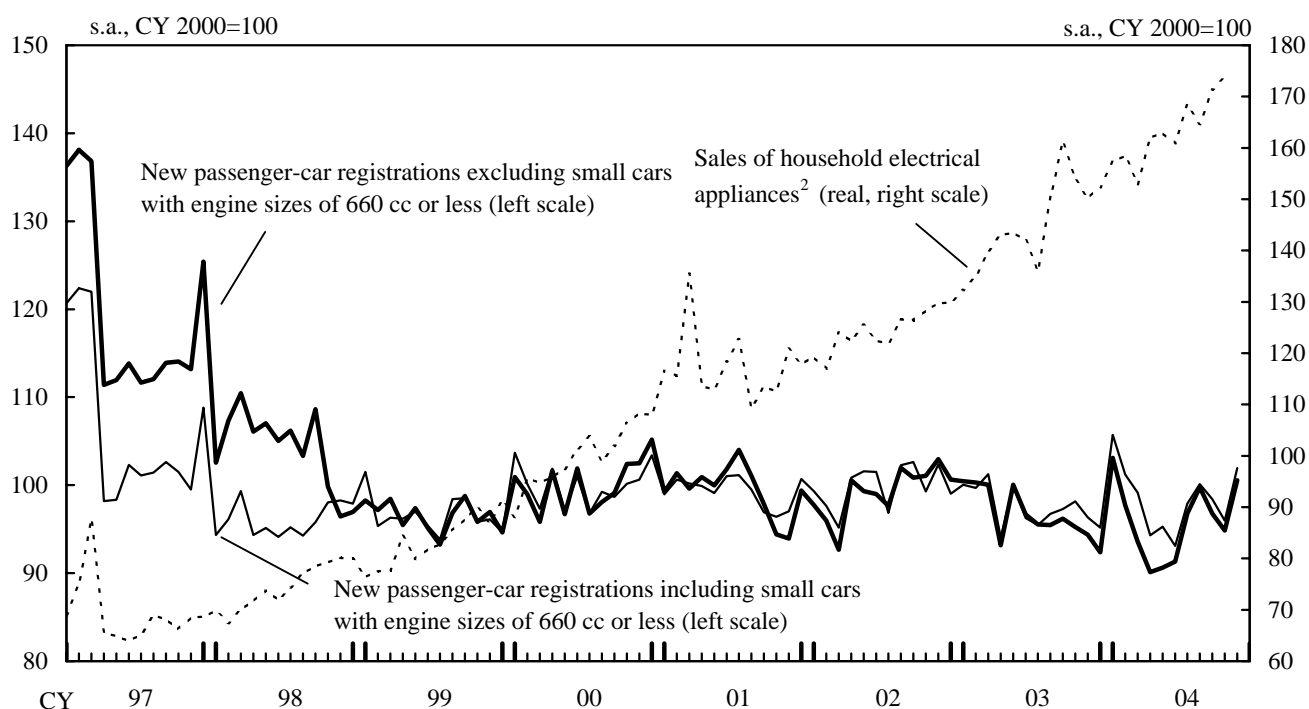
Source: Bank of Japan, "Tankan, Short-term Economic Survey of Enterprises in Japan."

Indicators for Private Consumption¹ (1)

(1) Household Spending (real)



(2) Sales of Durable Goods

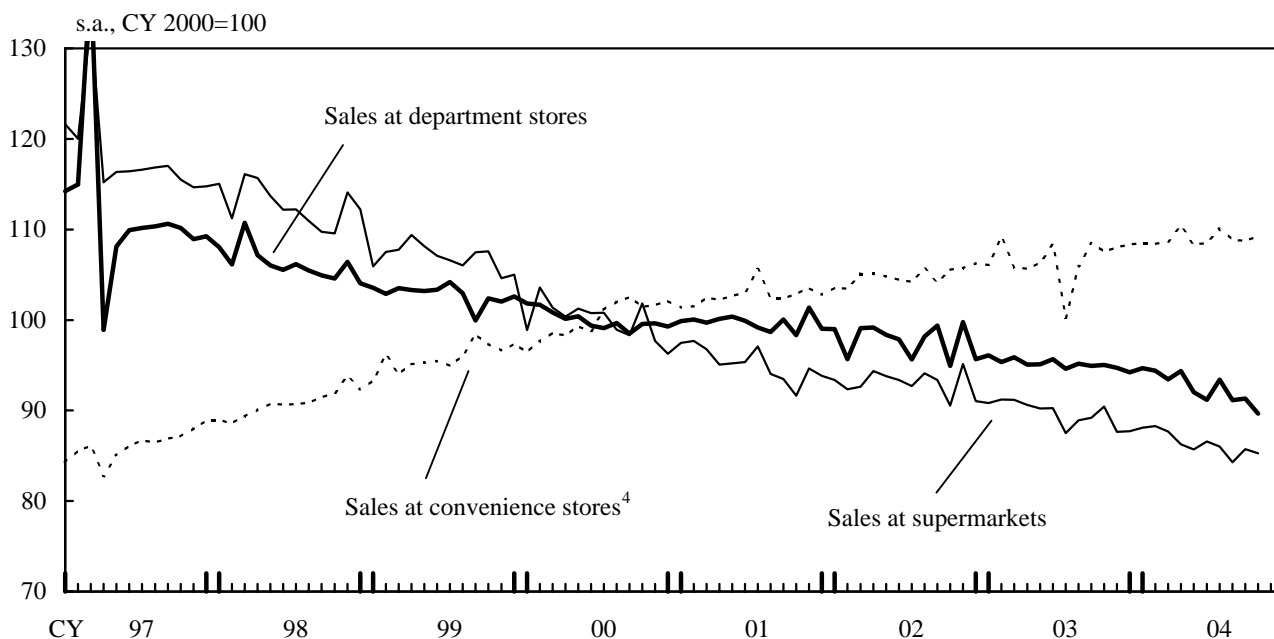


- Notes: 1. Seasonally adjusted by X-12-ARIMA. Index of living expenditure level is seasonally adjusted by the Ministry of Internal Affairs and Communications.
2. Sales at retail stores are deflated by the consumer price index for goods (excluding electricity, gas & water charges). Sales of household electrical appliances are the sum of their components deflated by the consumer price index (or the wholesale price index for personal computers before 1999).

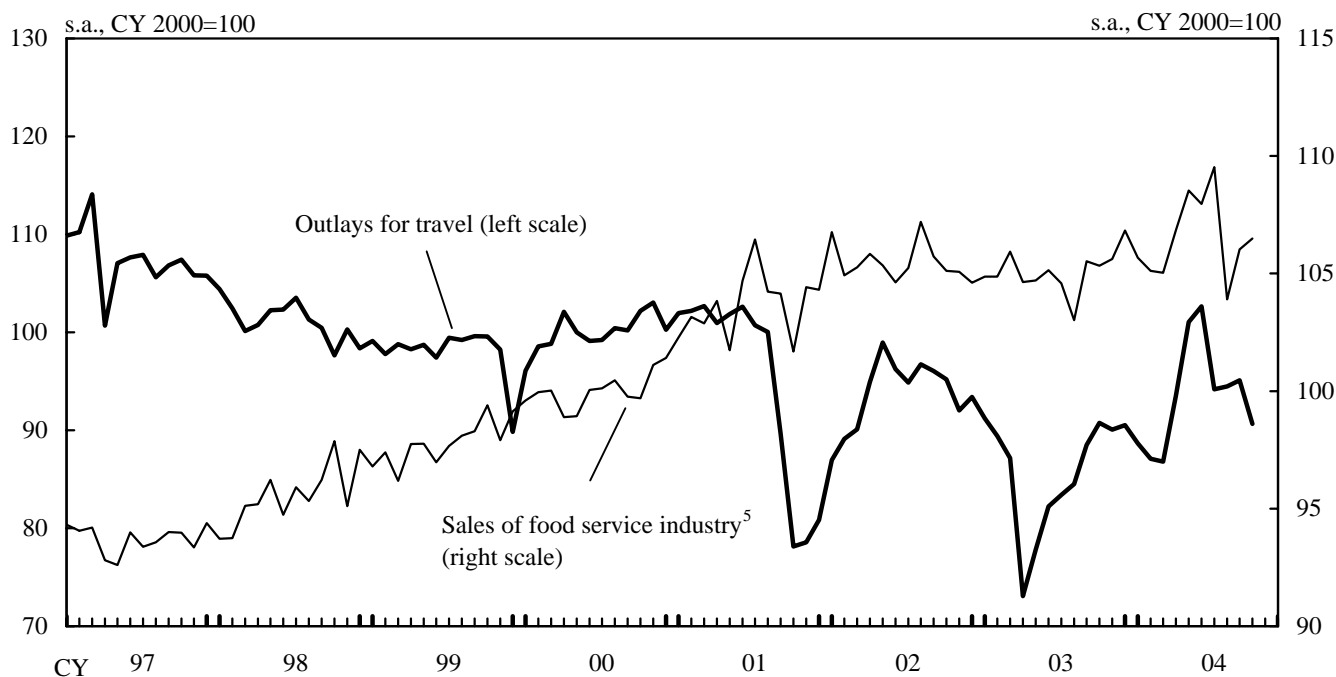
Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index," "Monthly Report on the Family Income and Expenditure Survey";
Ministry of Economy, Trade and Industry, "Current Survey of Commerce";
Japan Automobile Dealers Association, "Domestic Sales of Automobiles";
Japan Mini Vehicles Association, "Sales of Mini Vehicles";
Nippon Electric Big-Stores Association (NEBA), "Sales of Electrical Appliances";
Bank of Japan, "Wholesale Price Indexes."

Indicators for Private Consumption^{1, 2} (2)

(3) Sales at Retail Stores (nominal)³



(4) Consumption of Services (nominal)



Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. Adjusted to exclude the effect of the rise in the consumption tax rate.

3. Adjusted to exclude the effect of the increase in the number of stores (except convenience stores).

4. Sales at convenience stores until March 1997 are based on the survey conducted by the Bank of Japan. From April 1997 they are based on the data published by the Ministry of Economy, Trade and Industry.

5. Sales of food service industry are calculated using the year-on-year change rates of every month released by the Japan Food Service Association based on monthly sales amounts in 1993 released by the Food Service Industry Survey & Research Center.

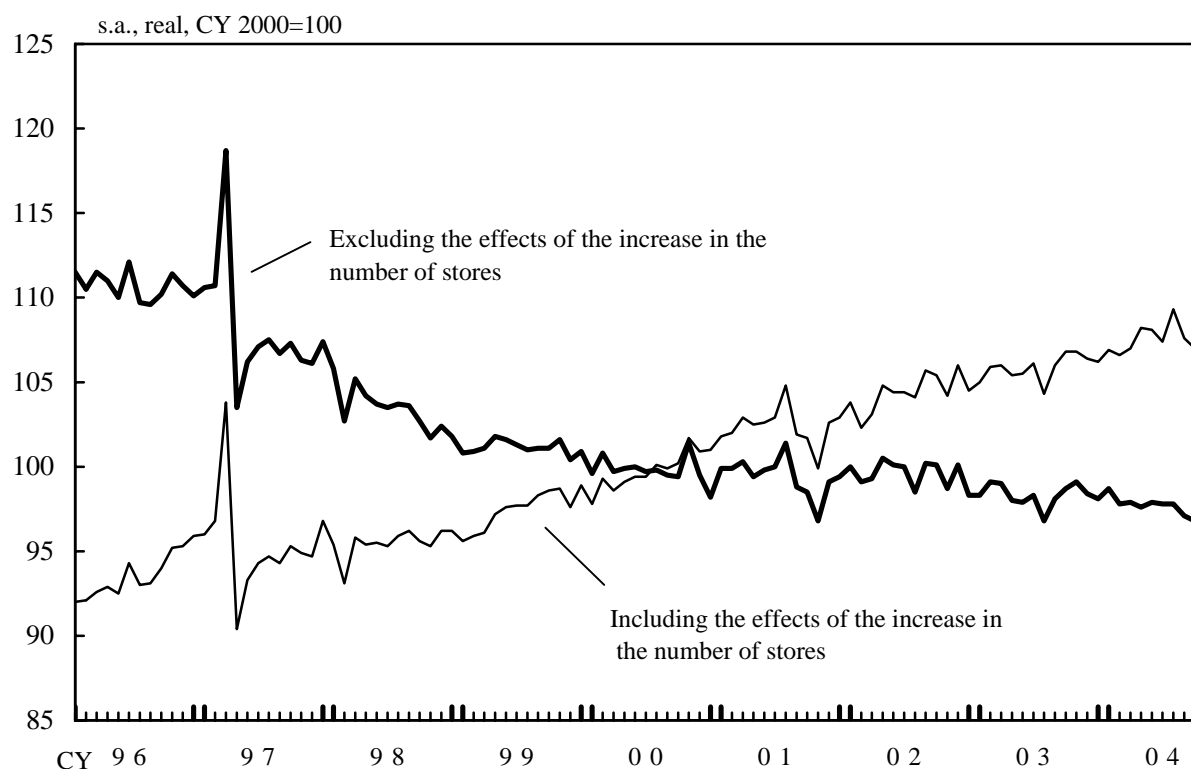
Sources: Ministry of Economy, Trade and Industry, "Current Survey of Commerce";

Ministry of Land, Infrastructure and Transport, "Major Travel Agents' Revenue";

Food Service Industry Survey & Research Center, "Getsuji Uriage Doukou Chousa (Monthly Survey of Food

Service Sales)"; Japan Food Service Association, "Gaishoku Sangyou Shijou Doukou Chousa (The Research of Food Service Industry)."

Indicators for Private Consumption (3) - Indices of aggregated sales

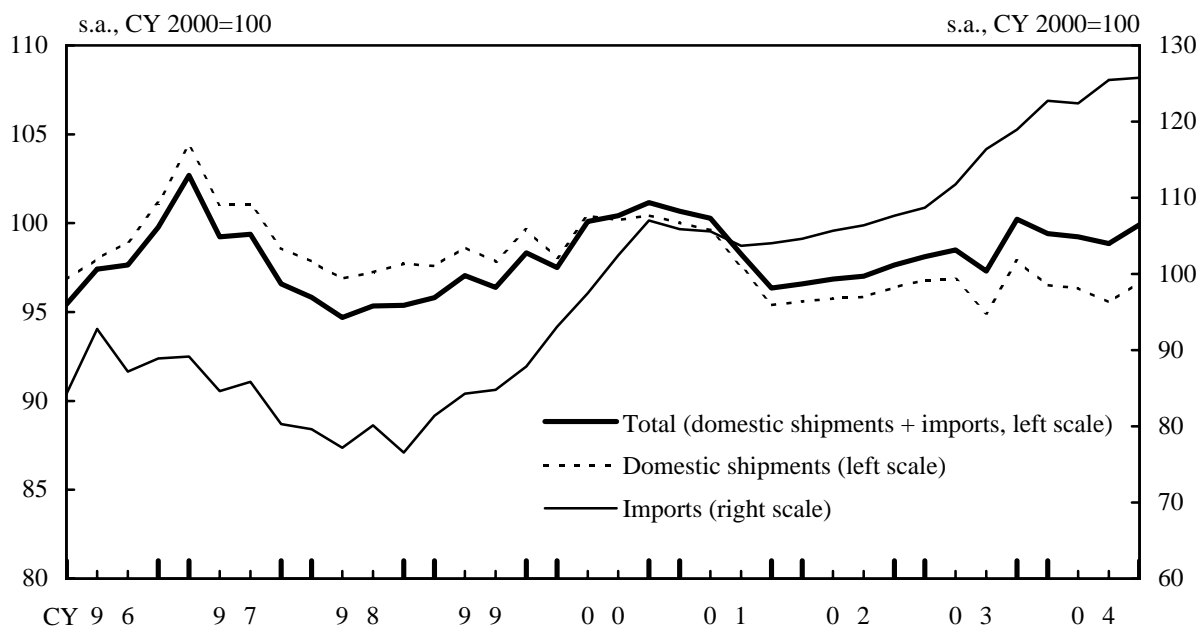


- Notes: 1. Indices of aggregated sales are the weighted sum of *Sales at department stores and supermarkets*; *New passenger-car registrations*; *Sales of household electrical appliances*; *Outlays for travel*; and *Sales of food service industry*, where the weights come from household expenditure in the *Family Income and Expenditure Survey*. These indices of aggregated sales consist of the series including and excluding the effects of the increase in the number of stores. Indices "including the effects of the increase in the number of stores" reflect the fluctuations in sales due to changes in the number of stores caused by the opening and closing down of businesses. (Indices "including the effects of the increase in the number of stores" include sales at convenience stores.) On the other hand, those "excluding the effects of the increase in the number of stores" aim to capture consumption trends only from stores of which sales data can be obtained continuously.
2. Sales indicators in nominal terms are deflated by the corresponding items of the price indices
3. Seasonally adjusted by X-12-ARIMA.

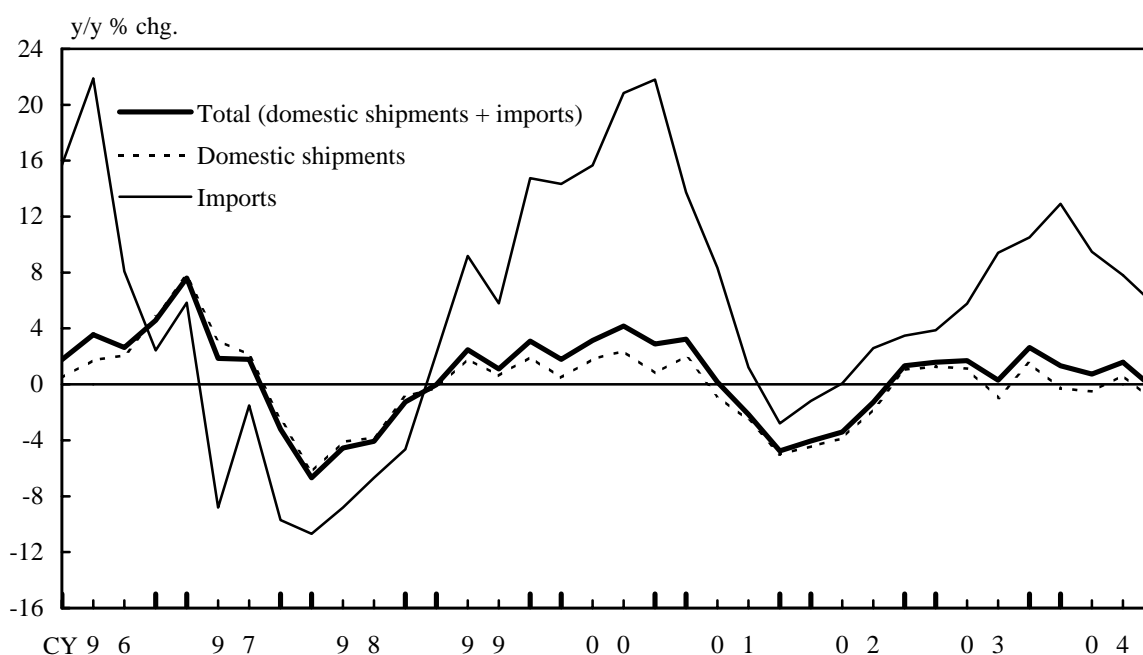
Source: Bank of Japan, "Indices of Aggregated Sales."

Indicators for Private Consumption (4) - Aggregate supply of consumer goods

(1) Level



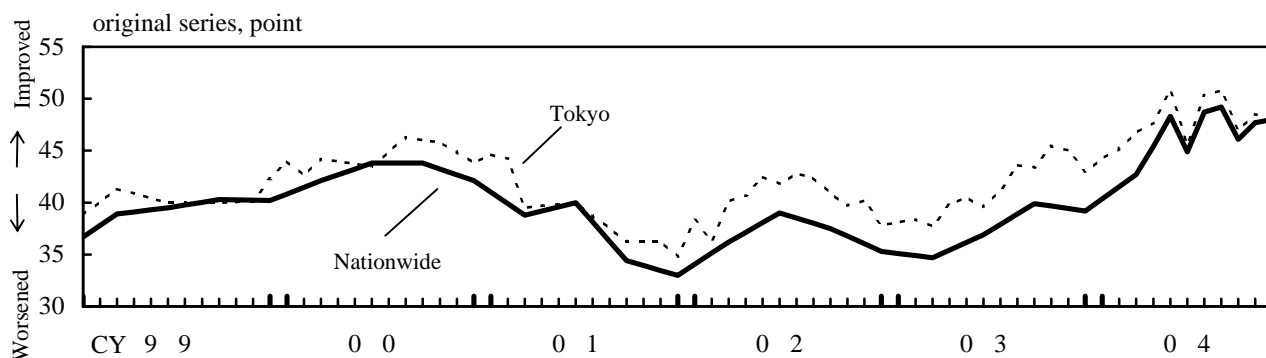
(2) Changes from a year earlier



- Notes: 1. Aggregate supply of consumer goods is calculated by the Bank of Japan using shipments of consumer goods in *Indices of Industrial Production* and real exports and imports of consumer goods. The weights used for calculation are those of *Indices of Industrial Domestic Shipments and Imports*.
2. Figures of "Imports" are calculated from real imports of consumer goods. Real imports (consumer goods) are composed of motor vehicles, audio and visual apparatus, office machinery, foodstuffs and textiles.
3. Year-on-year changes are calculated from seasonally adjusted series.
4. Data for 2004/Q4 figures are those of October in terms of quarterly amount.
- Sources: Ministry of Economy, Trade and Industry, "Indices of Industrial Production," "Indices of Industrial Domestic Shipments and Imports"; Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

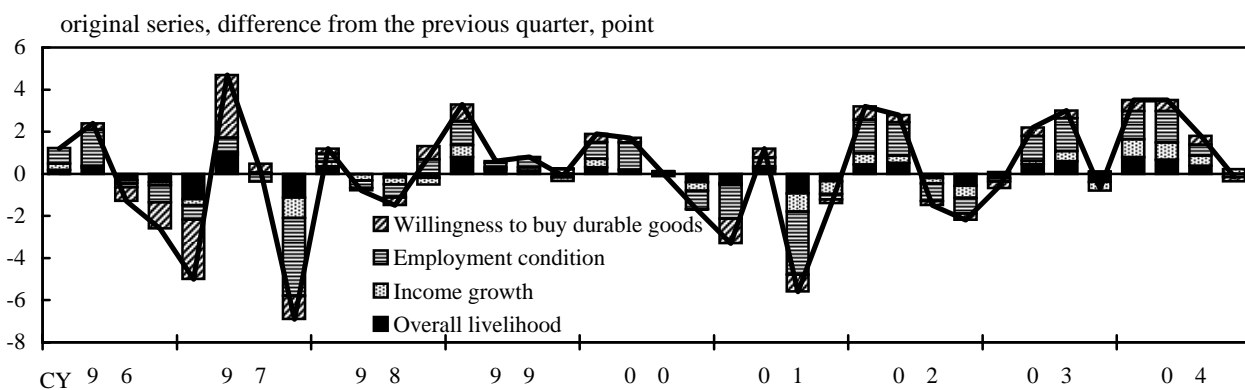
Consumer Confidence

(1) Consumer Confidence Index (Monthly)



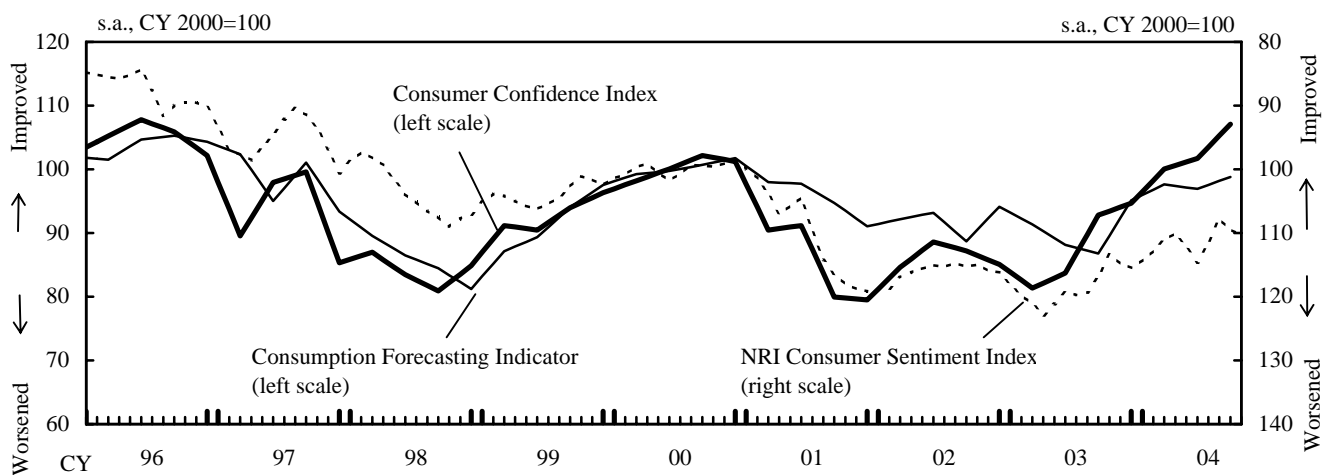
Note: Prior to 2001, figures of "Monthly Consumer Confidence Index of Tokyo" when the survey was not conducted have been supplemented with linear interpolation. Figures of "Monthly Consumer Confidence Index (Nationwide)" have also been plotted at the surveyed months and supplemented with linear interpolation prior to March 2004.

(2) Contribution of Each Item in the Consumer Confidence Index



Note: Data for 2004/Q4 figures are those of Oct.- Nov. averages in terms of quarterly amount.

(3) Surveys on Consumer Confidence

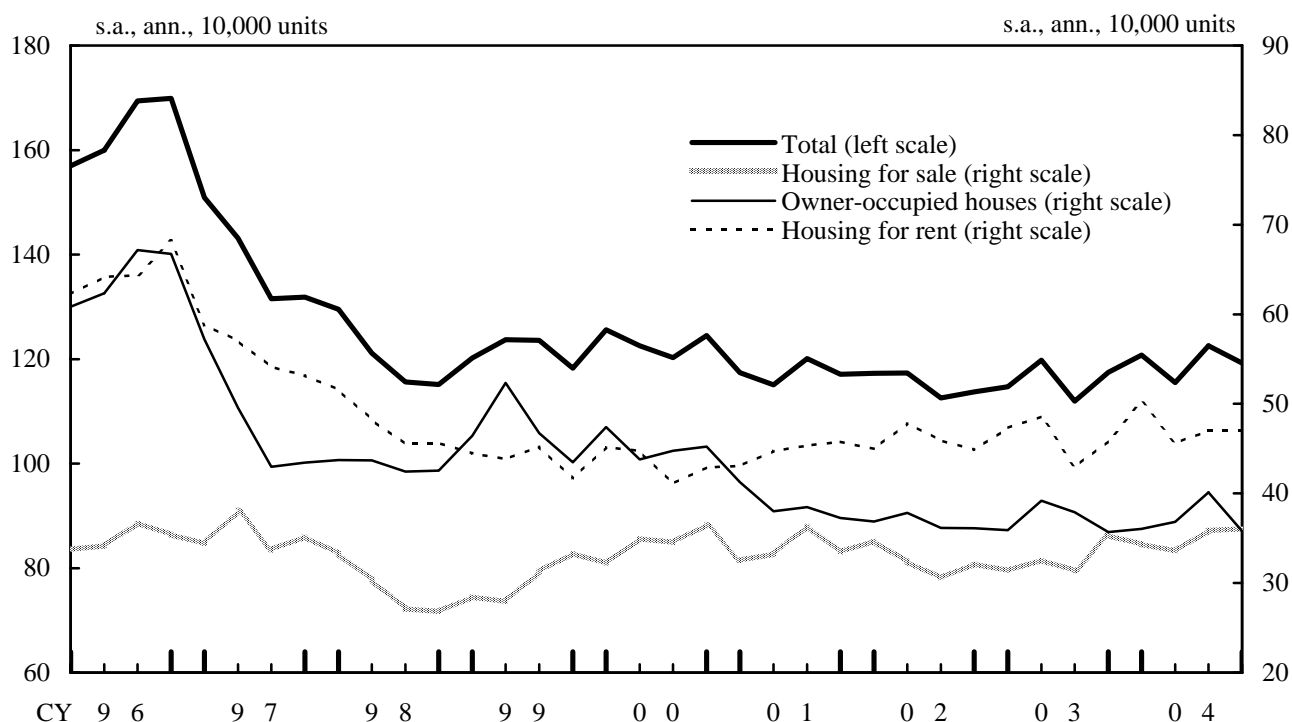


- Notes: 1. Seasonally adjusted by X-11. "Consumer Confidence Index" is seasonally adjusted by the Cabinet Office.
- 2. Consumer Confidence Index (with 5,040 samples in a nationwide basis), Consumption Forecasting Indicator (with 1,500 samples in metropolitan area), and NRI Consumer Sentiment Index (with 2,200 samples in a nationwide basis) are based on surveys on consumer confidence.
- 3. Data are plotted at the months of each survey.
- 4. "Consumer Confidence Index" is surveyed by the Cabinet Office, "Consumption Forecasting Indicator" by NIKKEI RIM, and "NRI Consumer Sentiment Index" by NRI.

Sources: Cabinet Office, "Consumer Confidence Survey"; Nippon Research Institute (NRI), "Consumer Sentiment Survey"; Nikkei Research Institute of Industry and Markets (NIKKEI RIM), "Consumption Forecasting Indicator."

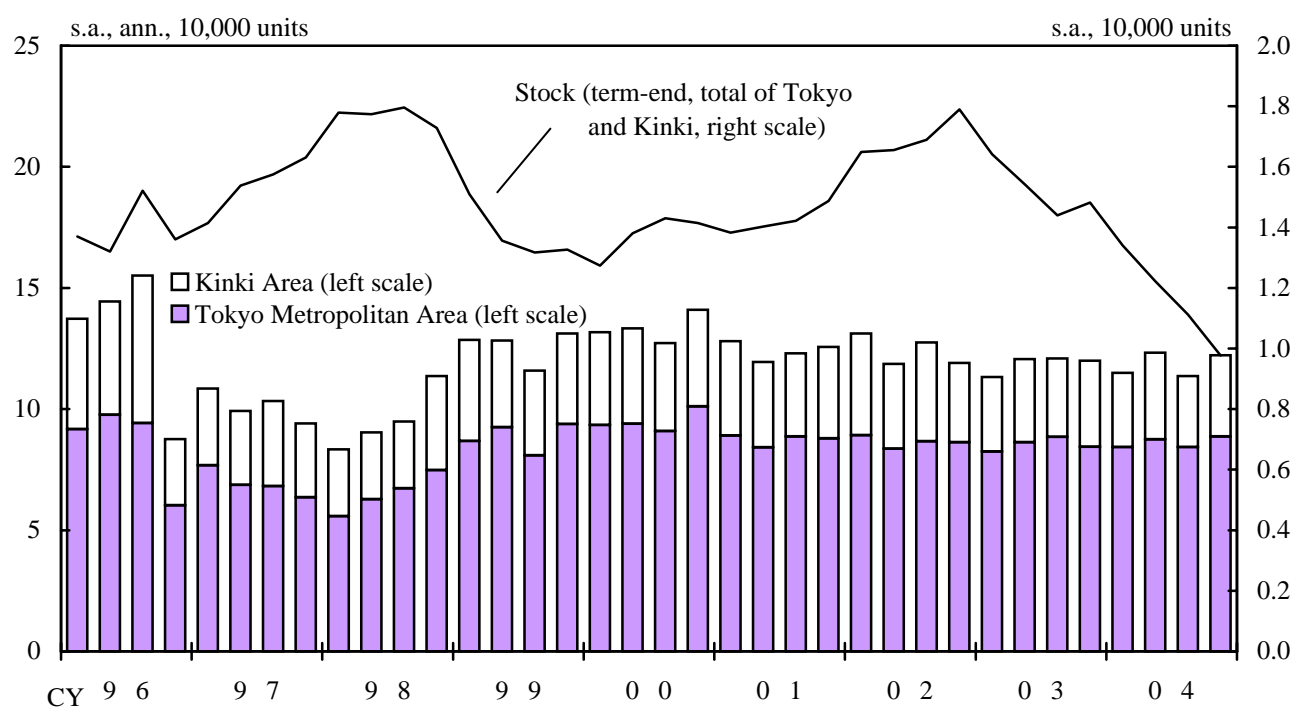
Indicators for Housing Investment

(1) Housing Starts



Note: Figures for 2004/Q4 are those of October.

(2) Sales of Condominiums



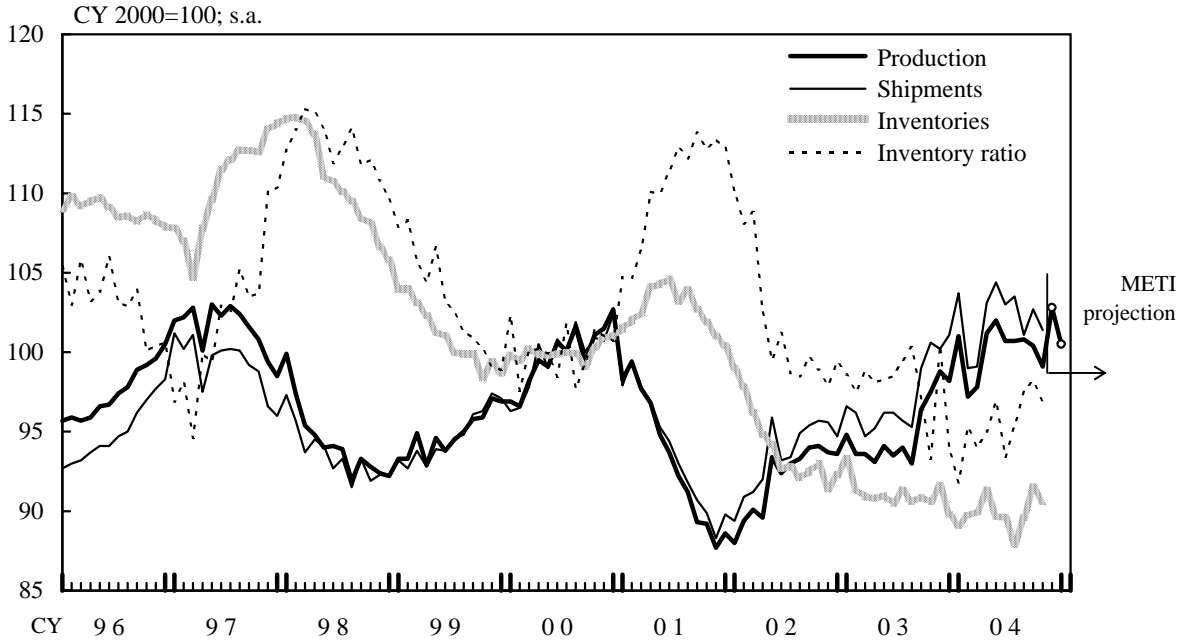
Notes: 1. Seasonally adjusted by X-12-ARIMA.

2. Figures of total condominiums sales for 2004/Q4 are those of October-November averages.
 Term-end stocks for 2004/Q4 are those of November.

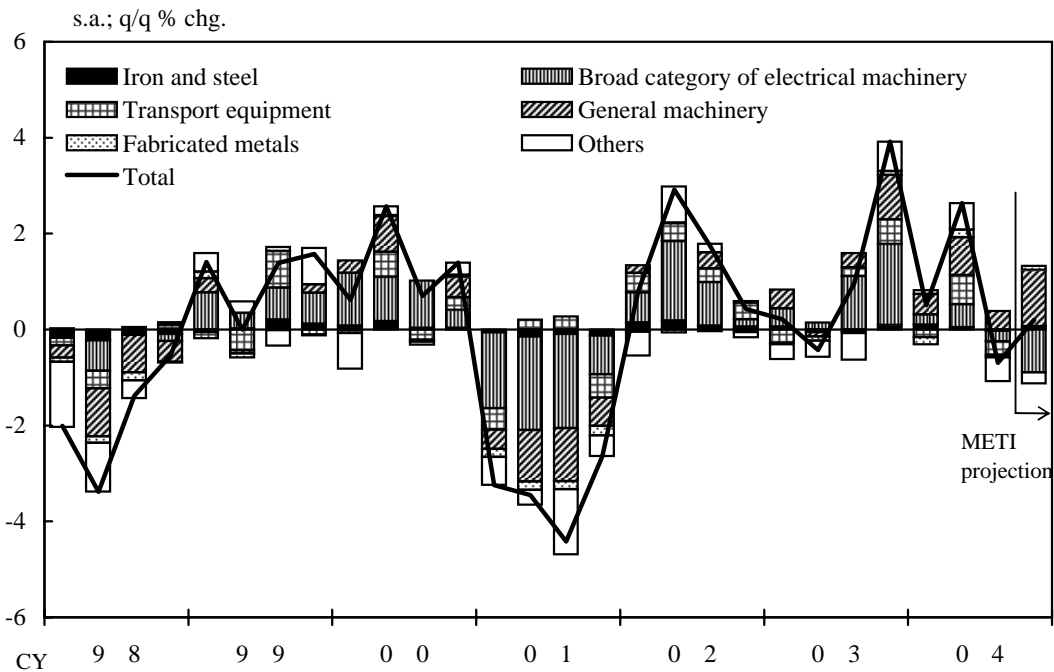
Sources: Ministry of Land, Infrastructure and Transport, "Statistics on Building Construction Starts," etc.

Production, Shipments, and Inventories

(1) Production, Shipments, and Inventories



(2) Production by Industries

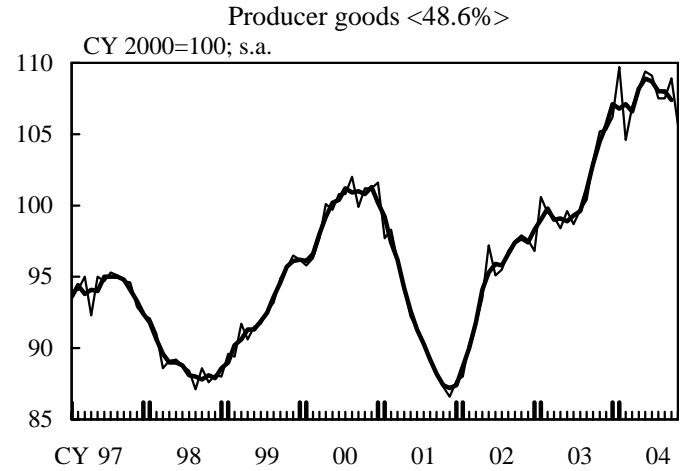
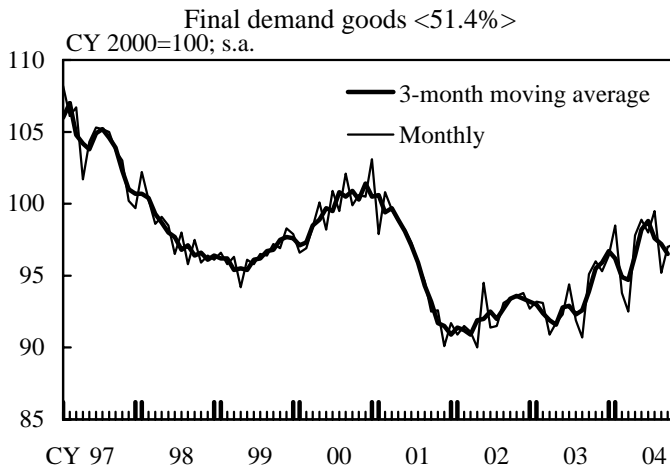


Note: Transport equipment excludes ships and rolling stock.
 "Broad category of electrical machinery" is the weighted sum of "electrical machinery",
 "information and communication electronics equipment" and "electronic parts and devices."

Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

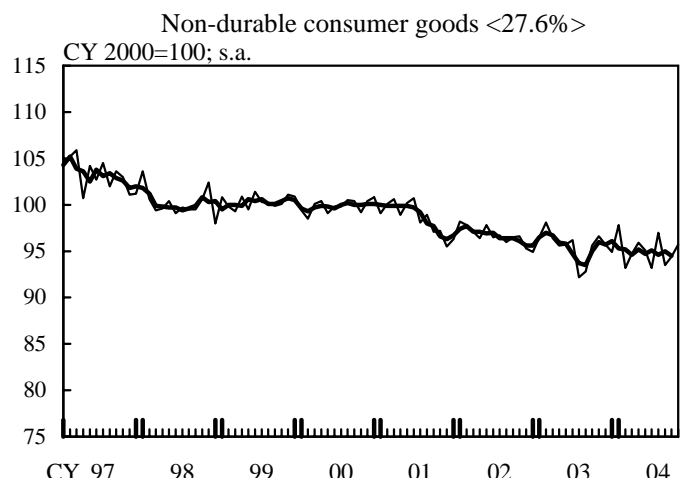
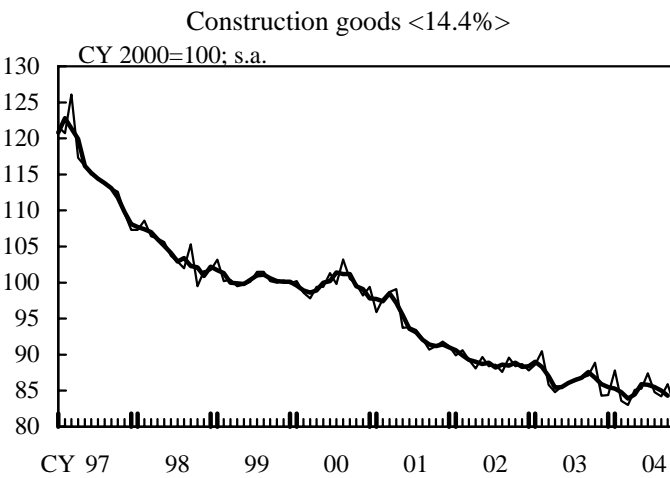
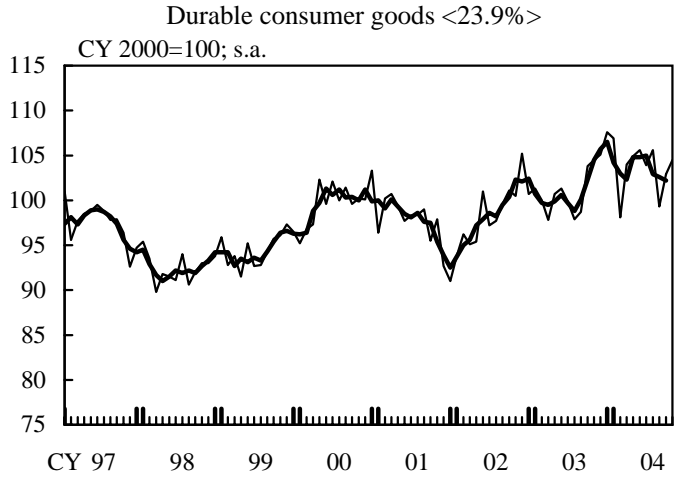
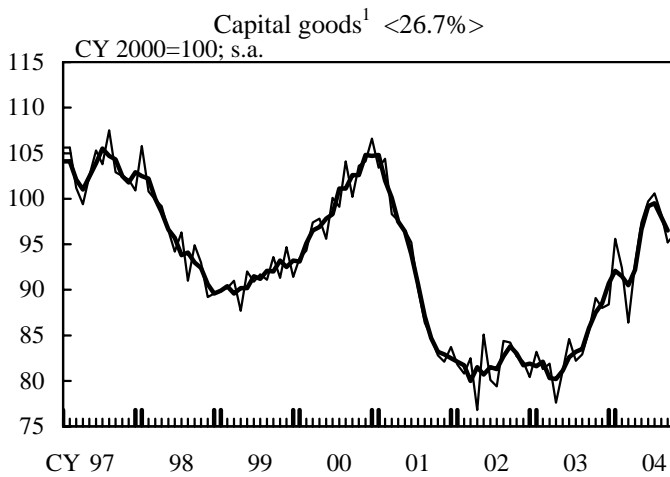
Shipments breakdown by type of goods

(1) Final demand goods and Producer goods



Note: Shares of shipments of mining and manufacturing are shown in angle brackets.

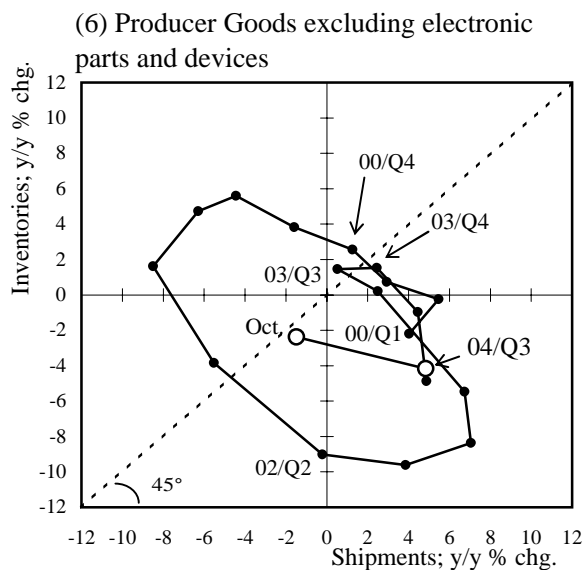
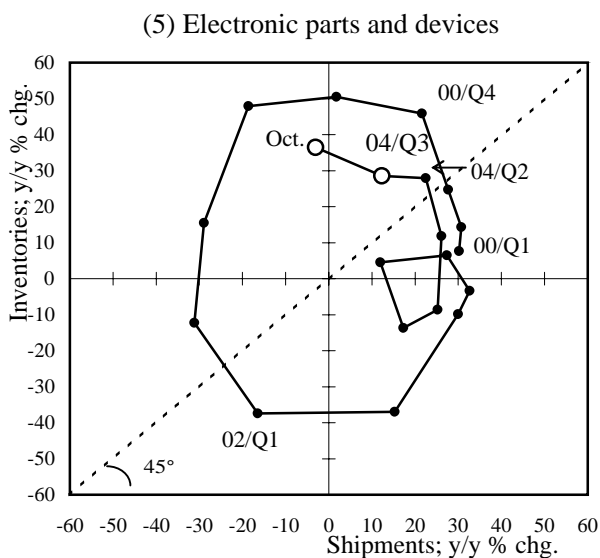
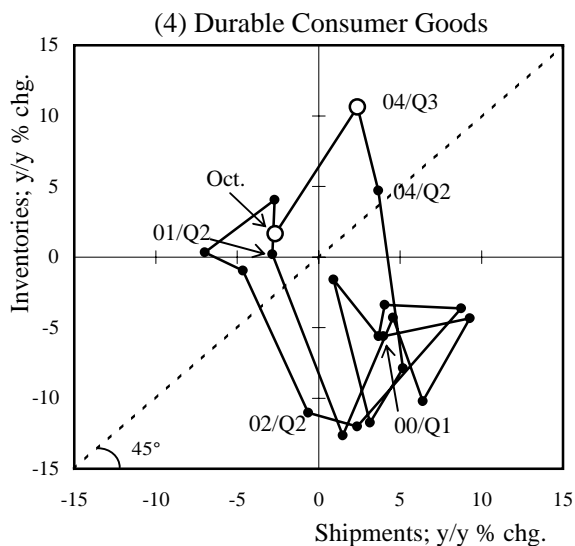
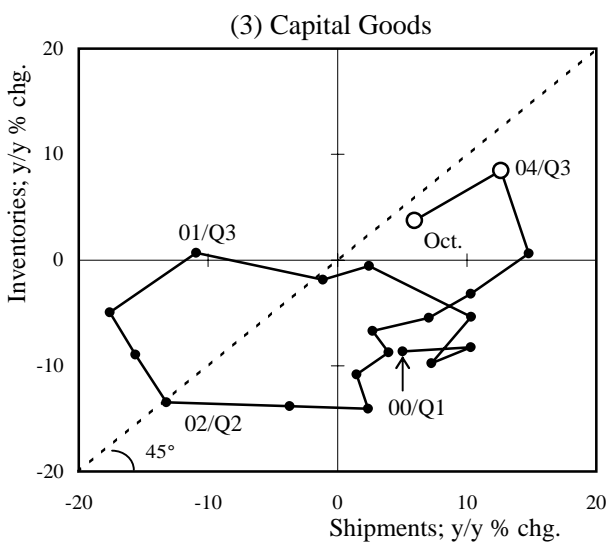
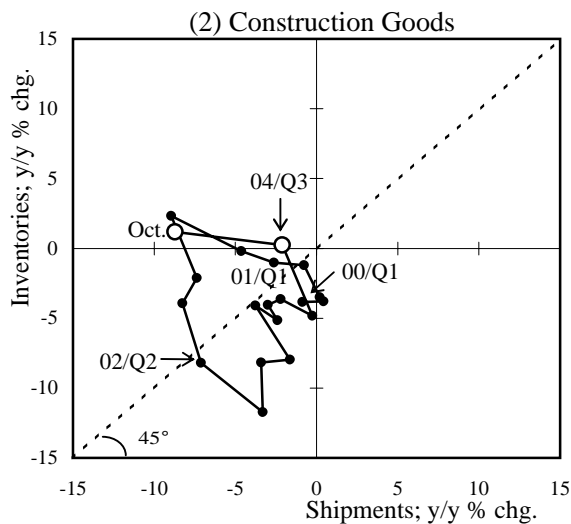
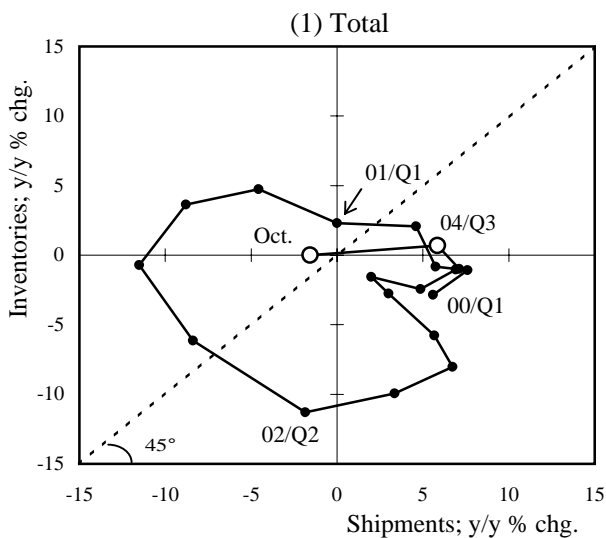
(2) Breakdown of final demand goods



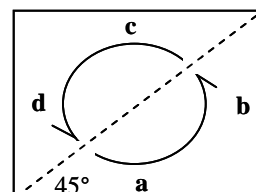
Notes: 1. Excluding transportation equipment.
2. Shares of shipments of final demand goods are shown in angle brackets.

Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Inventory Cycle

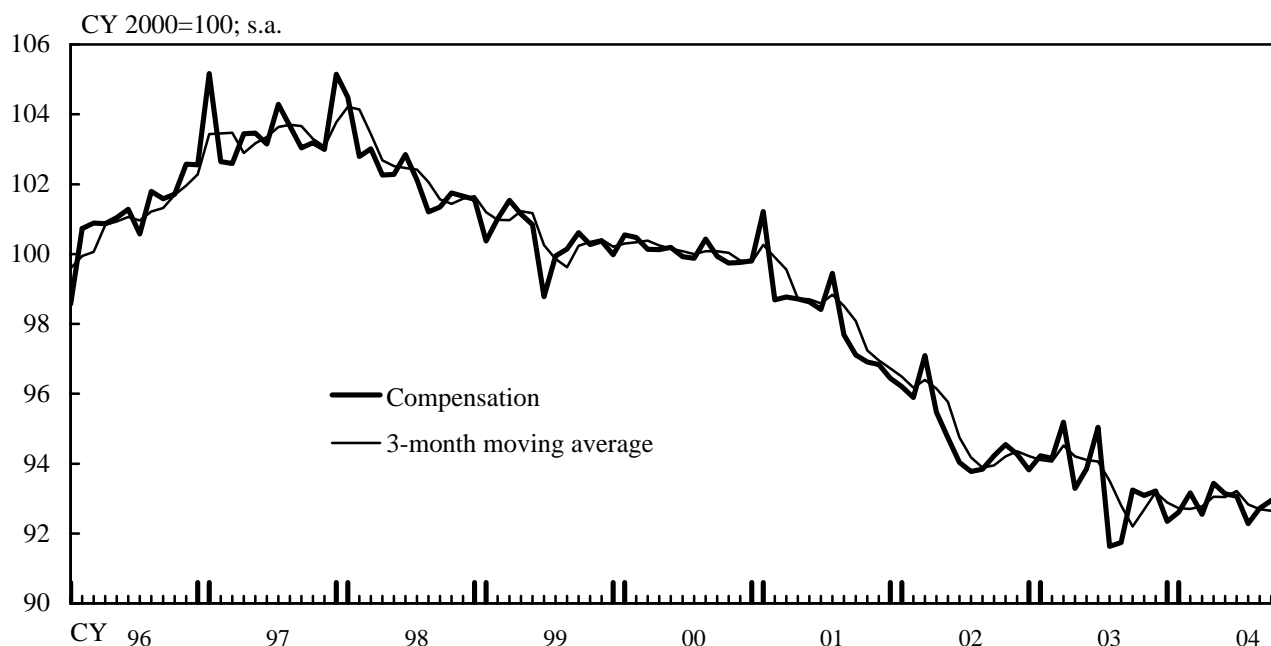


- a Shipment recovery phase
- b Intended inventory accumulation phase
- c Unintended inventory accumulation phase
- d Inventory adjustment phase



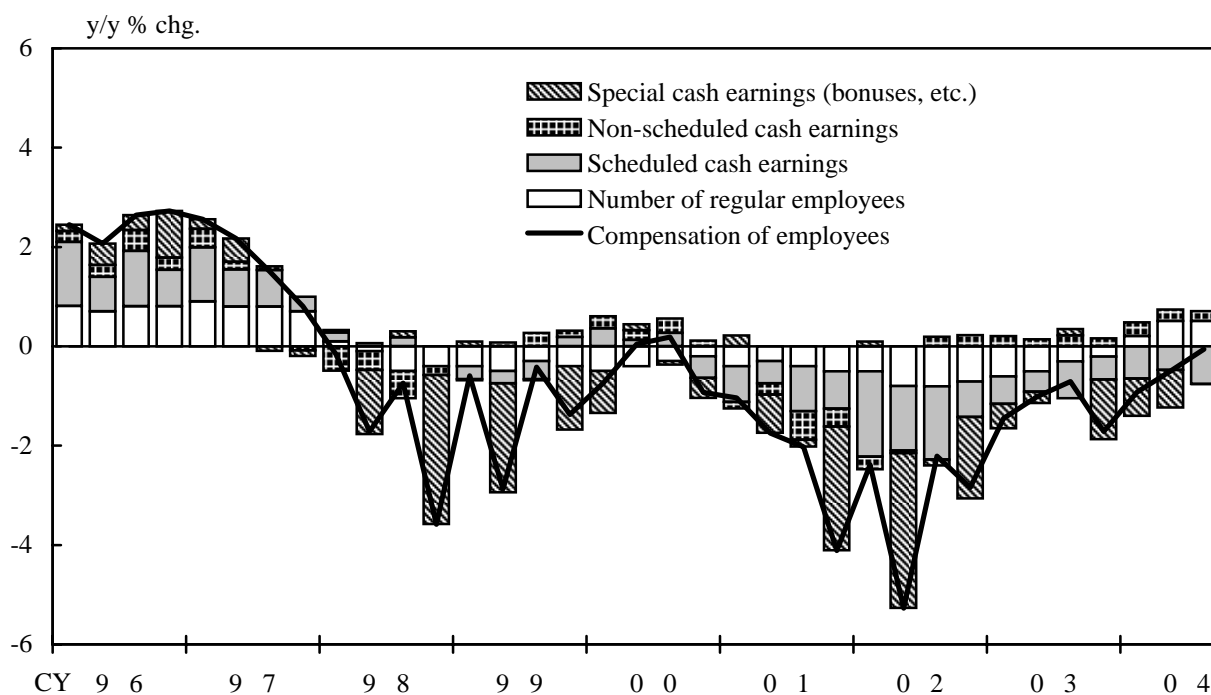
Compensation of Employees

(1) Compensation



- Notes: 1. Compensation figure is calculated by the Bank of Japan as the index of total cash earnings times the index of regular employees divided by 100.
2. Figures are seasonally adjusted by X-12-ARIMA on a monthly basis, and so those are retroactively revised each month.
3. Data are for establishments with at least 5 employees.

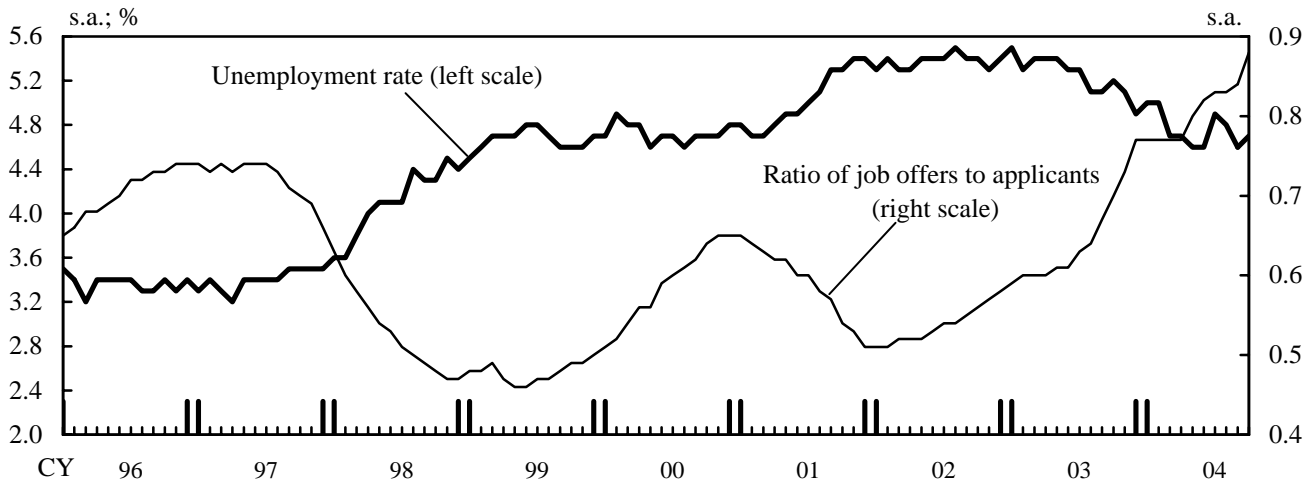
(2) Breakdown of Compensation



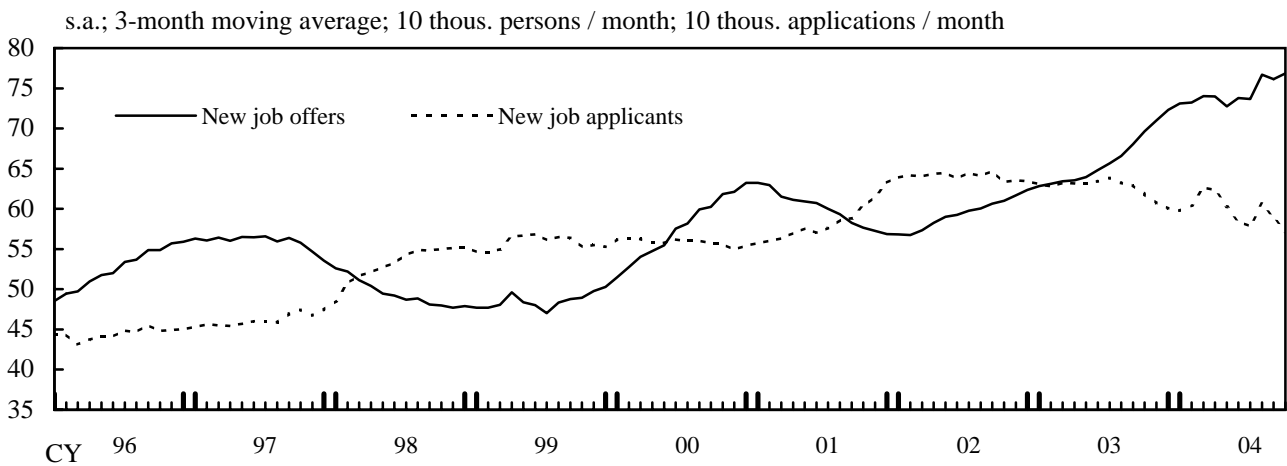
- Notes: 1. Data are for establishments with at least 5 employees.
2. Q1= Mar.-May, Q2= Jun.-Aug., Q3=Sep.-Nov., Q4= Dec.-Feb.
3. Figures for 2004/Q3 are those of September-October.

Labor Market (1)

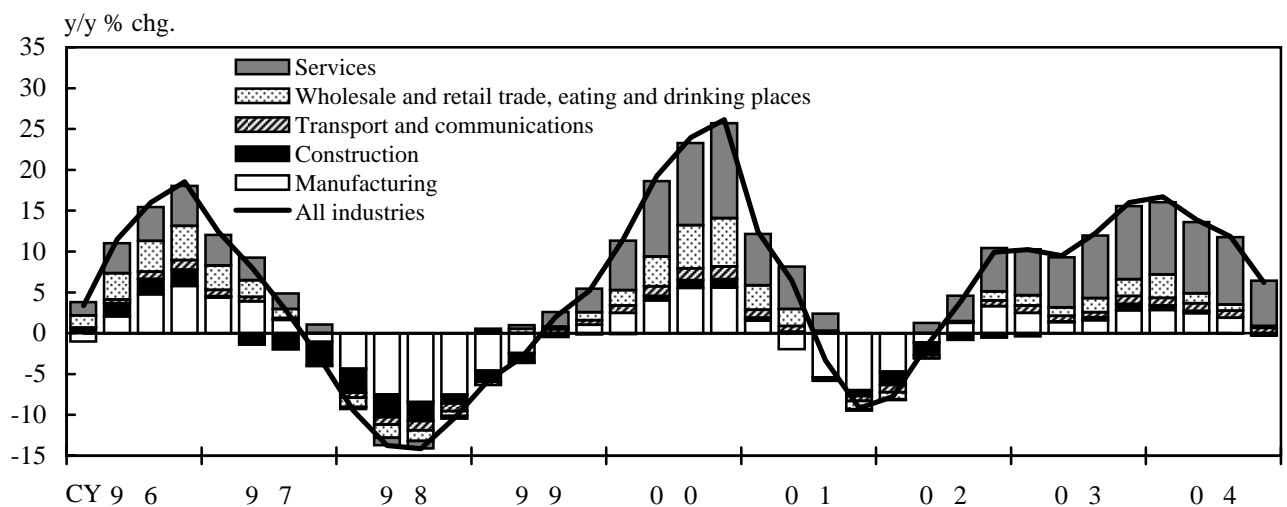
(1) Unemployment Rate and Ratio of Job Offers to Applicants



(2) New job offers and New job applicants¹



(3) Breakdown of New job offers^{1,2}



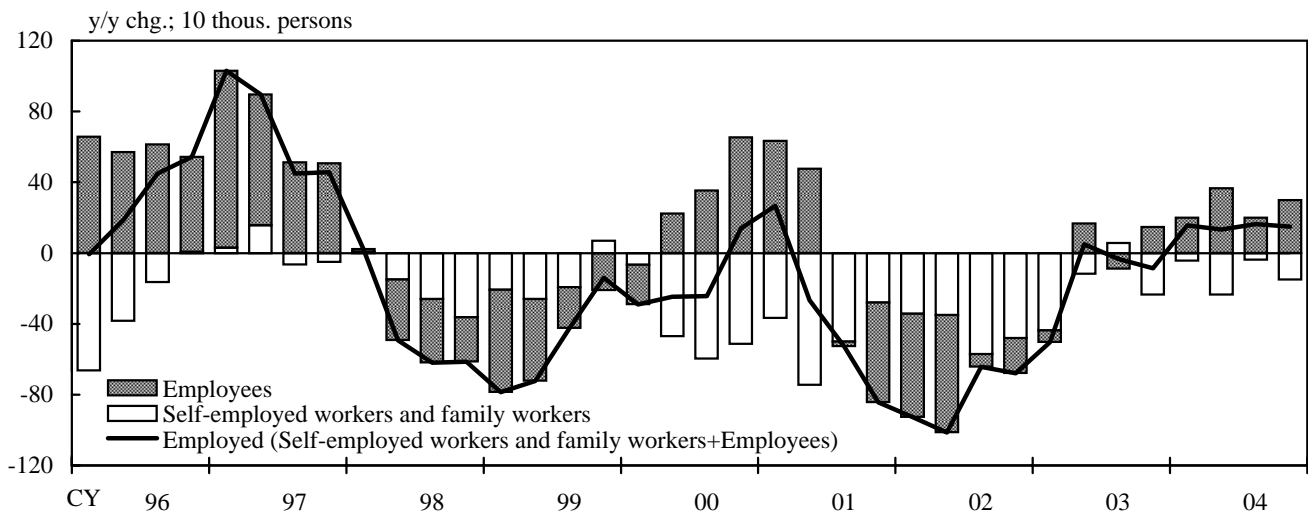
Notes:1. Figures do not include jobs offered to new graduates, but include those offered to part-time workers.

2. Figures for 2004/Q4 are those of October.

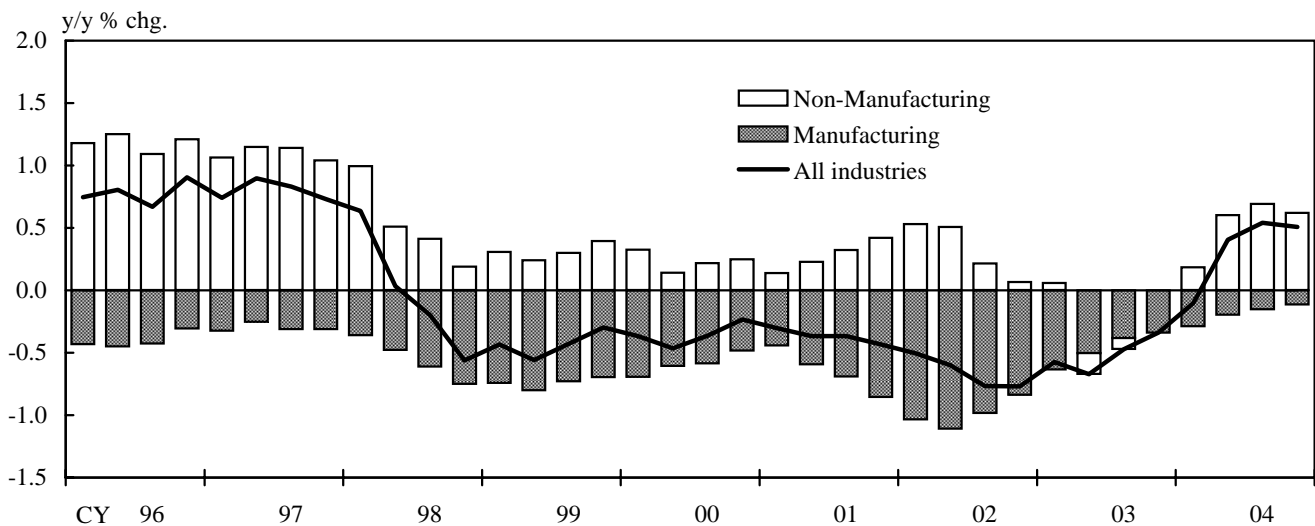
Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service";
Ministry of Internal Affairs and Communications, "Labour Force Survey."

Labor Market (2)

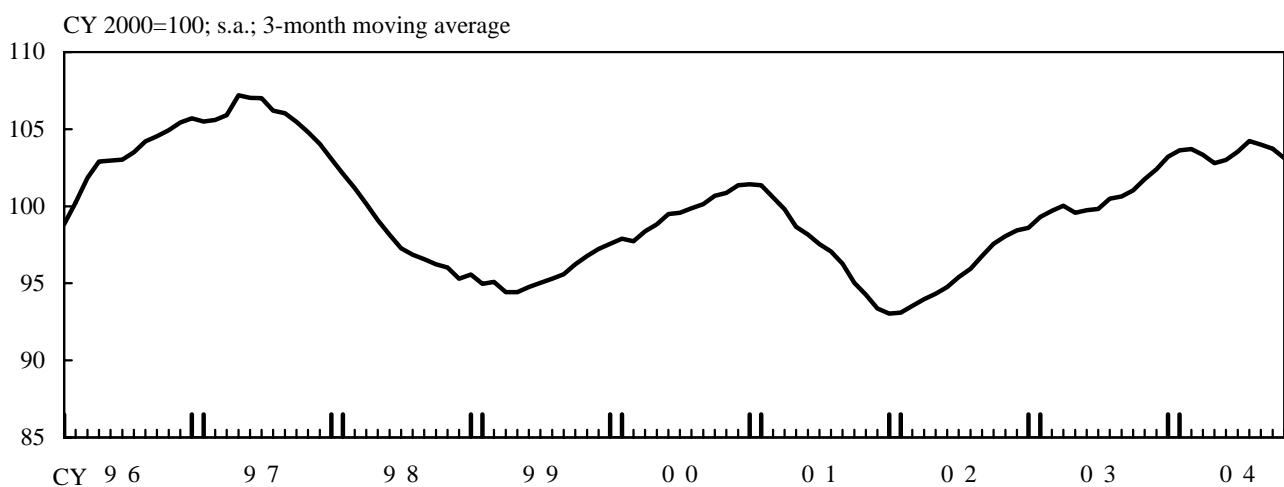
(1) The Employed¹ (Labour Force Survey)



(2) Number of Regular Employees^{1,2} (Monthly Labour Survey)



(3) Non-scheduled Hours Worked² (Monthly Labour Survey)

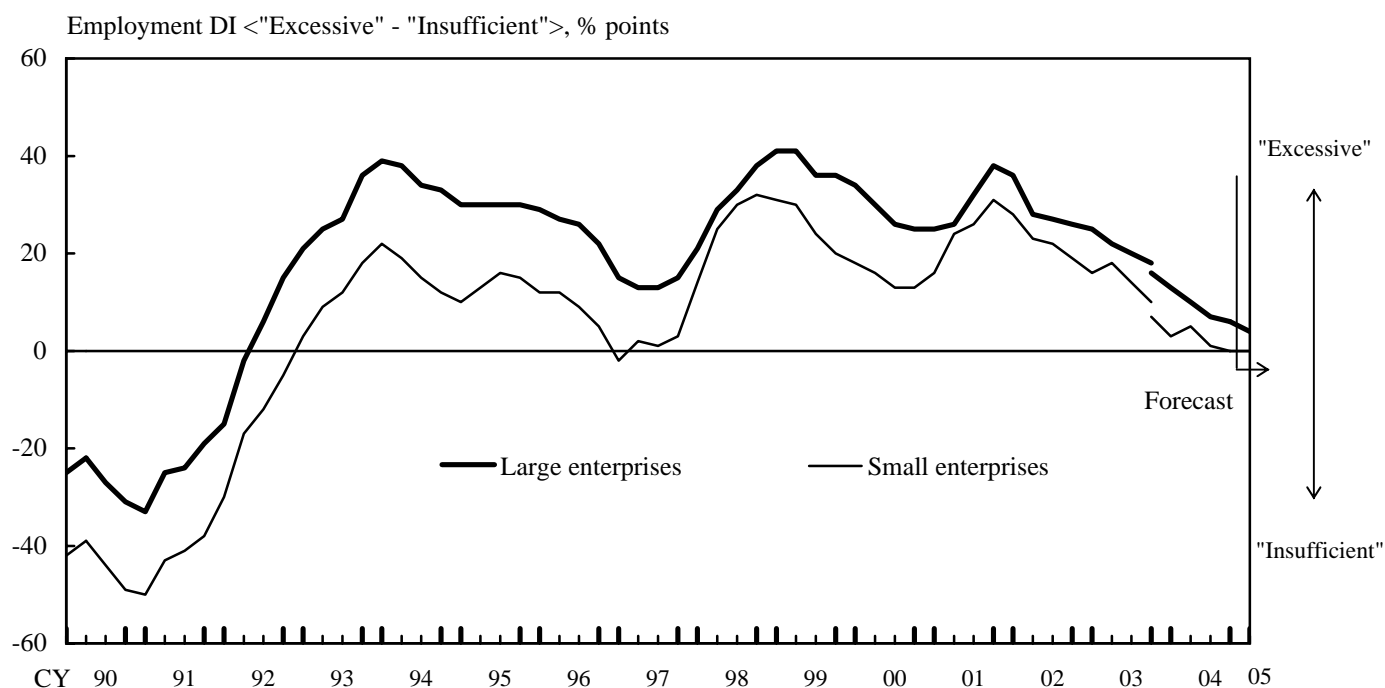


Notes: 1. Figures for 2004/Q4 are those of October.
 2. Data are for establishments with at least 5 employees.

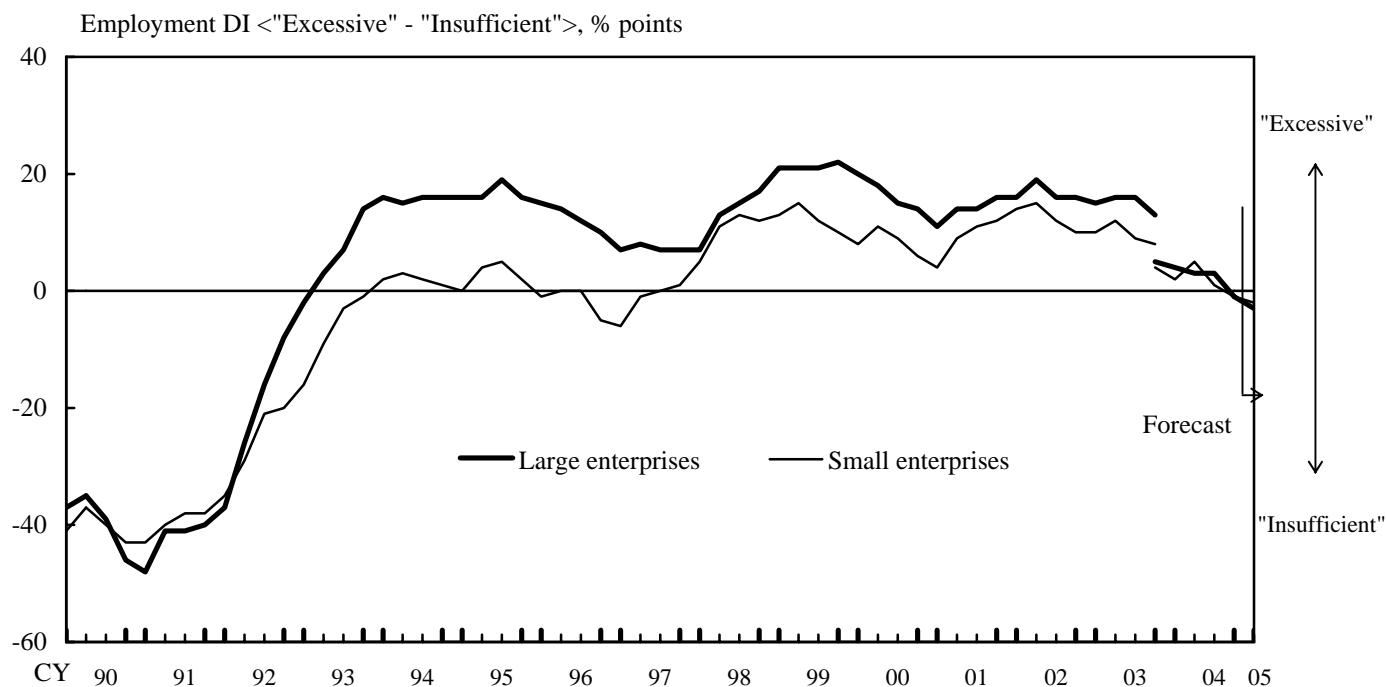
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";
 Ministry of Internal Affairs and Communications, "Labour Force Survey."

Employment Conditions

(1) Manufacturing



(2) Nonmanufacturing

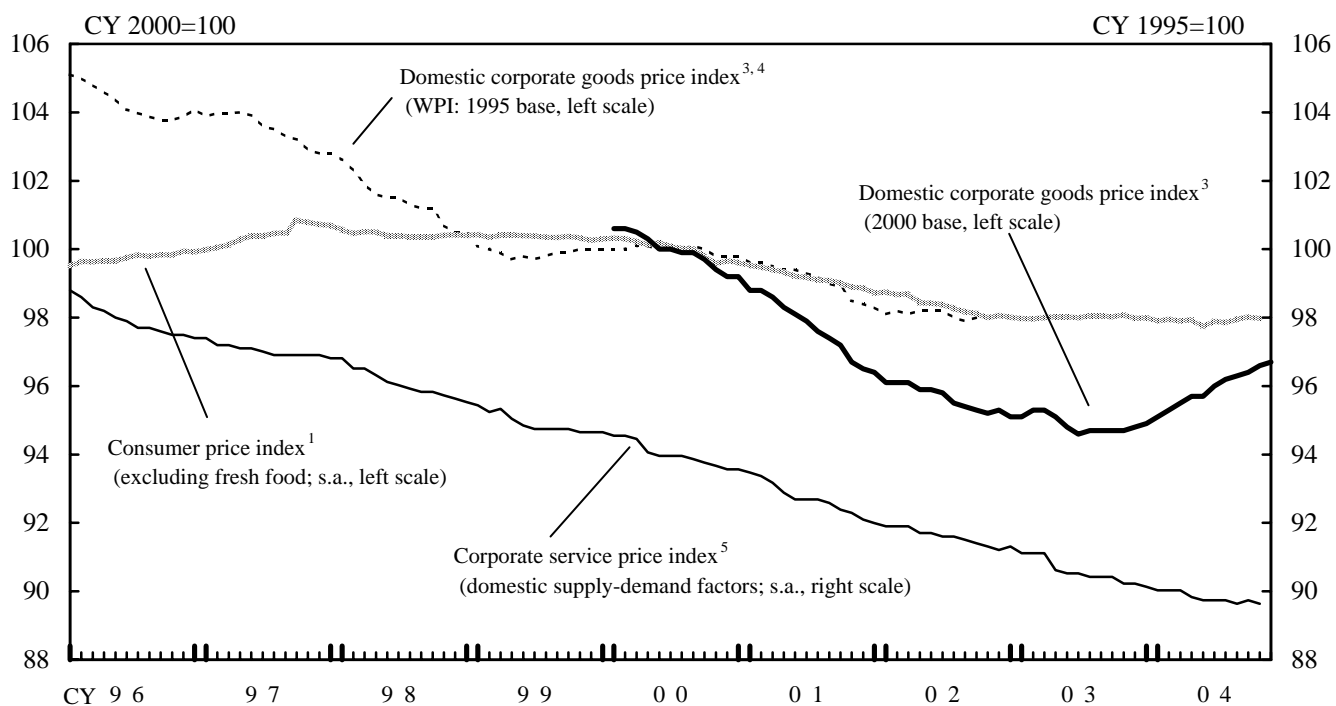


Note: The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

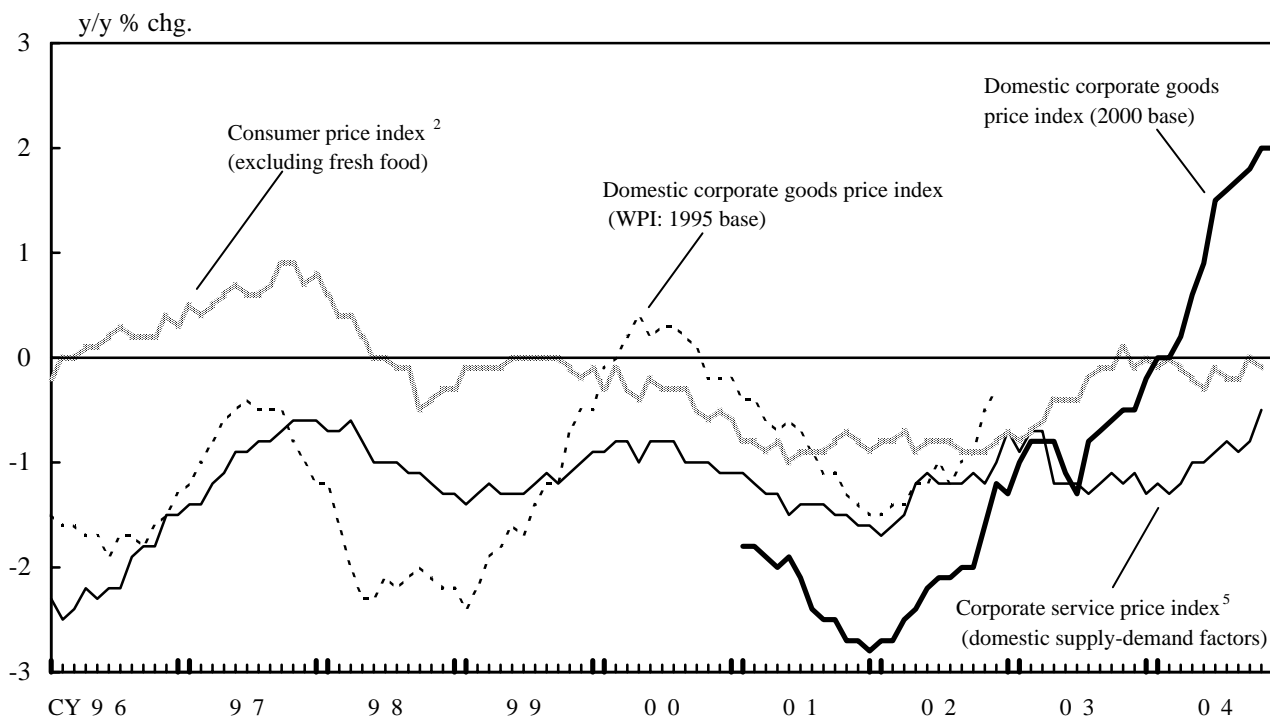
Source: Bank of Japan, "*Tankan* , Short-term Economic Survey of Enterprises in Japan."

Prices⁶

(1) Level



(2) Changes from a year earlier



Notes: 1. Seasonally adjusted by X-12-ARIMA, based on the original series excluding "package tours to overseas" newly adopted from the 2000 base. This is because sample size of this item is insufficient for seasonal adjustment, though it has large seasonal fluctuations.

2. Data up to Dec. 2000 are on the 1995 base CPI.

3. Adjusted to exclude a hike of electric power charges in summer season.

4. The 1995 base WPI shown in the level graph has been adjusted so that its 2000 average may equal 100.

5. See footnote 1 in Chart 26, for definition of the Corporate Service Price Index (domestic supply-demand factors).

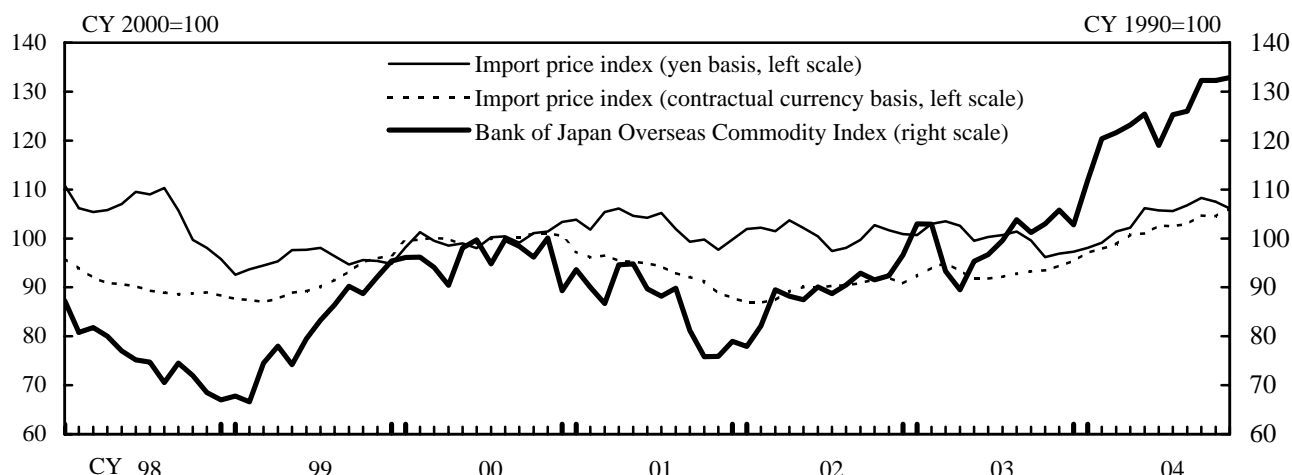
6. Adjusted to exclude the effects of the consumption tax hike in April 1997 on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index";

Bank of Japan, "Corporate Goods Price Index," "Wholesale Price Indexes," "Corporate Service Price Index."

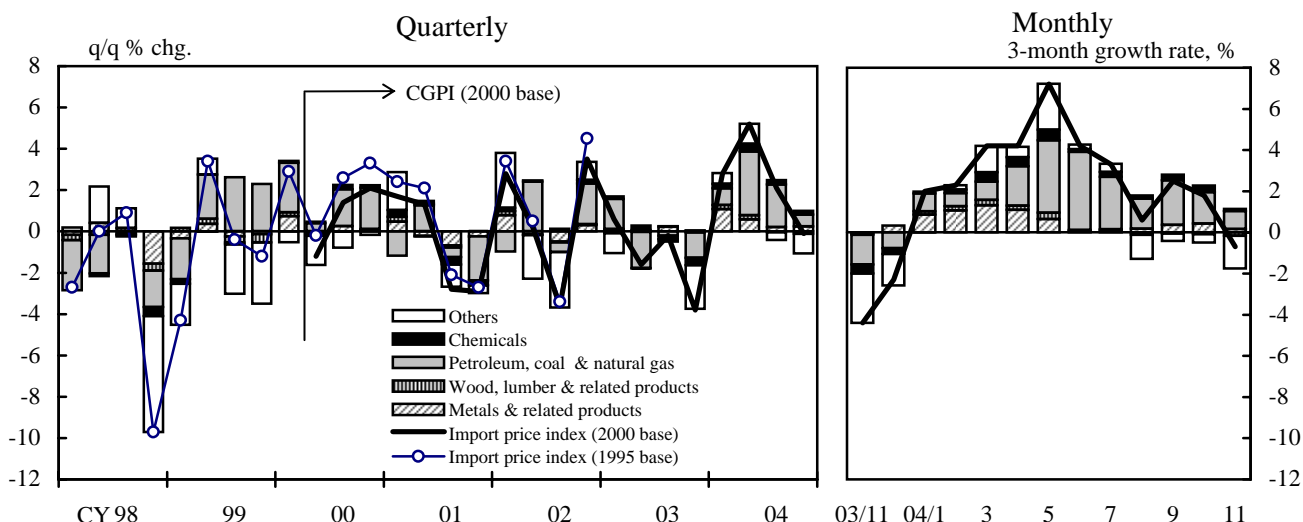
Import Prices and International Commodity Prices

(1) Import Price Index and Overseas Commodity Index



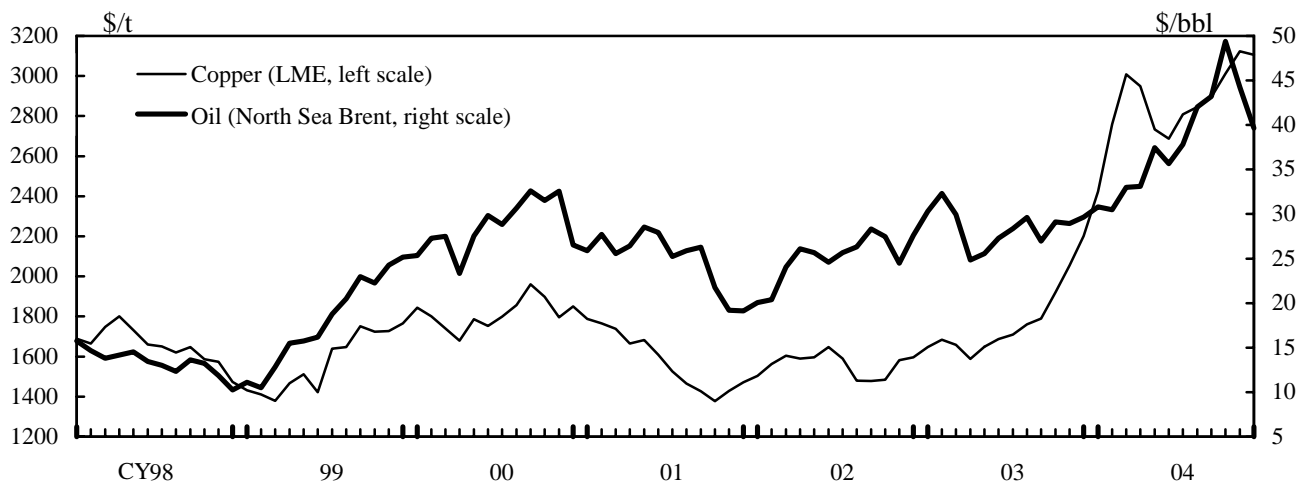
Note: Bank of Japan Overseas Commodity Index is the end of month figure.

(2) Import Price Index (yen basis, changes from a quarter earlier and 3 months earlier)



Note: Figures for 2004/Q4 are those of Oct.-Nov. averages.
 1995 base figure for 2002/Q4 is Oct.-Nov. average.

(3) Oil price and Copper price

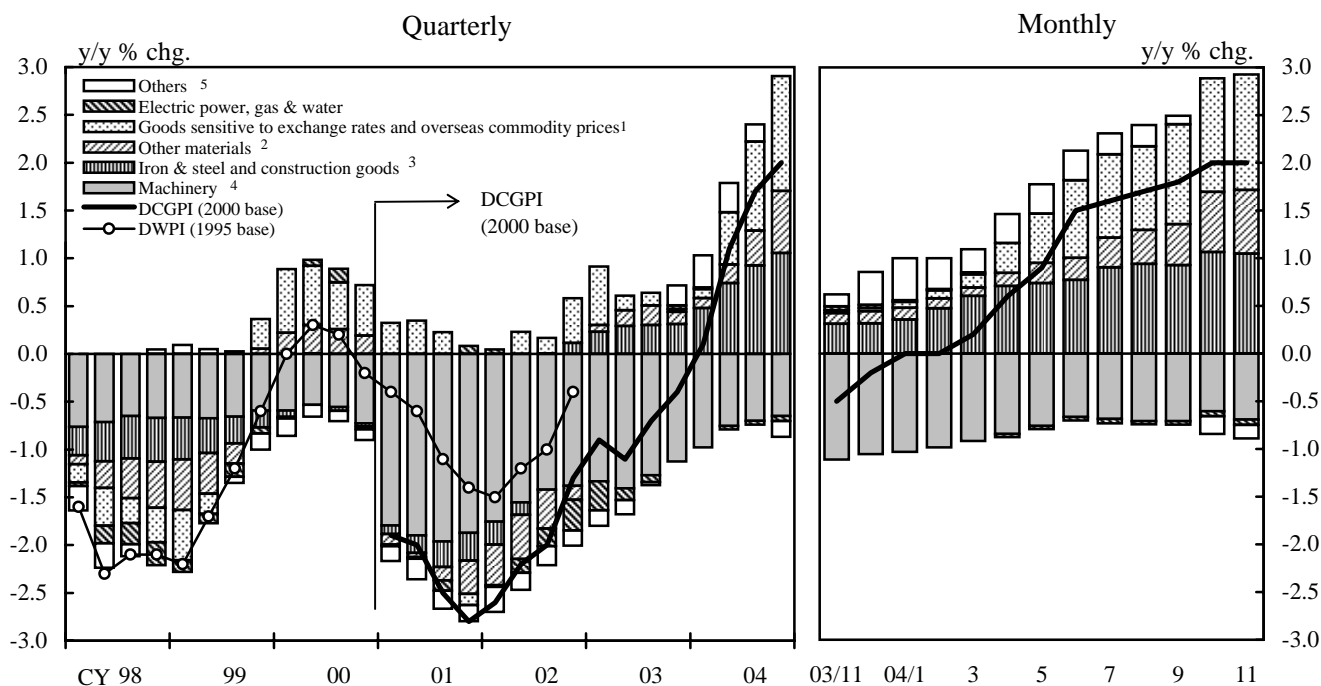
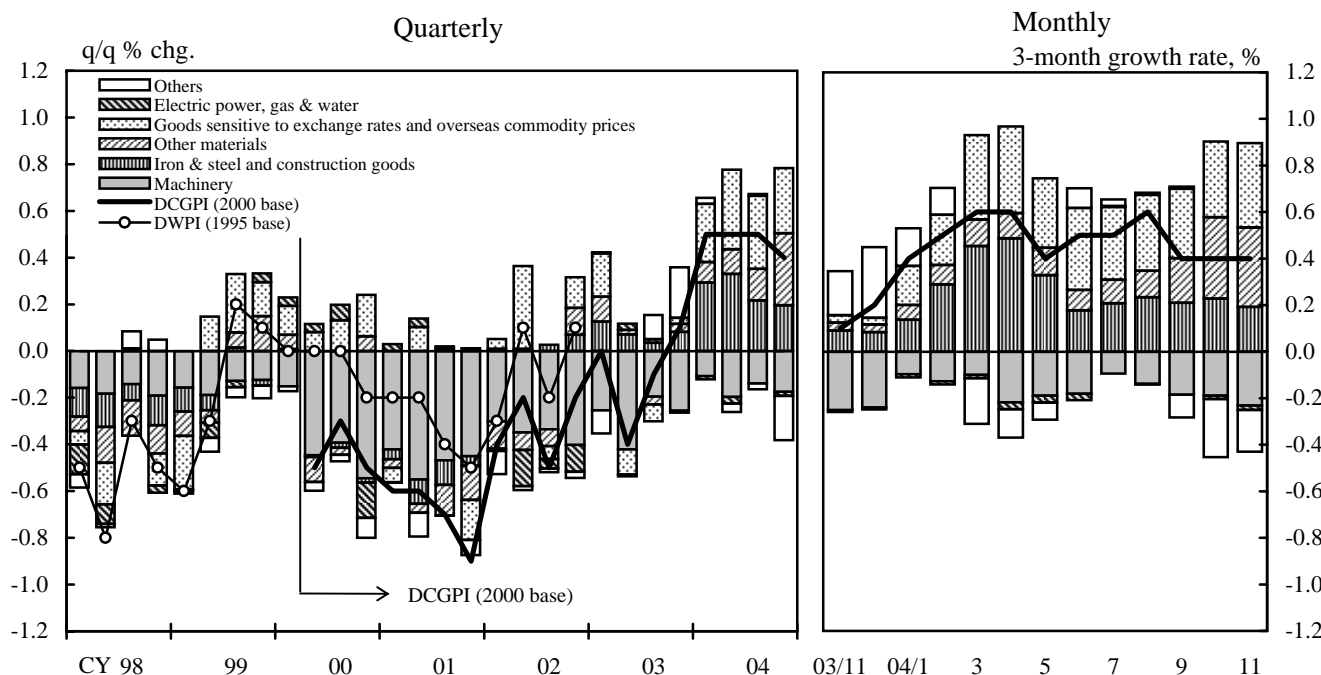


Note: Monthly averages. Figures for December 2004 are the averages up to December 16.

Sources: Bank of Japan, "Corporate Goods Price Index," "Wholesale Price Indexes,"
 "Bank of Japan Overseas Commodity Index," etc.

Domestic Corporate Goods Price Index⁷

(1) Changes from a year earlier

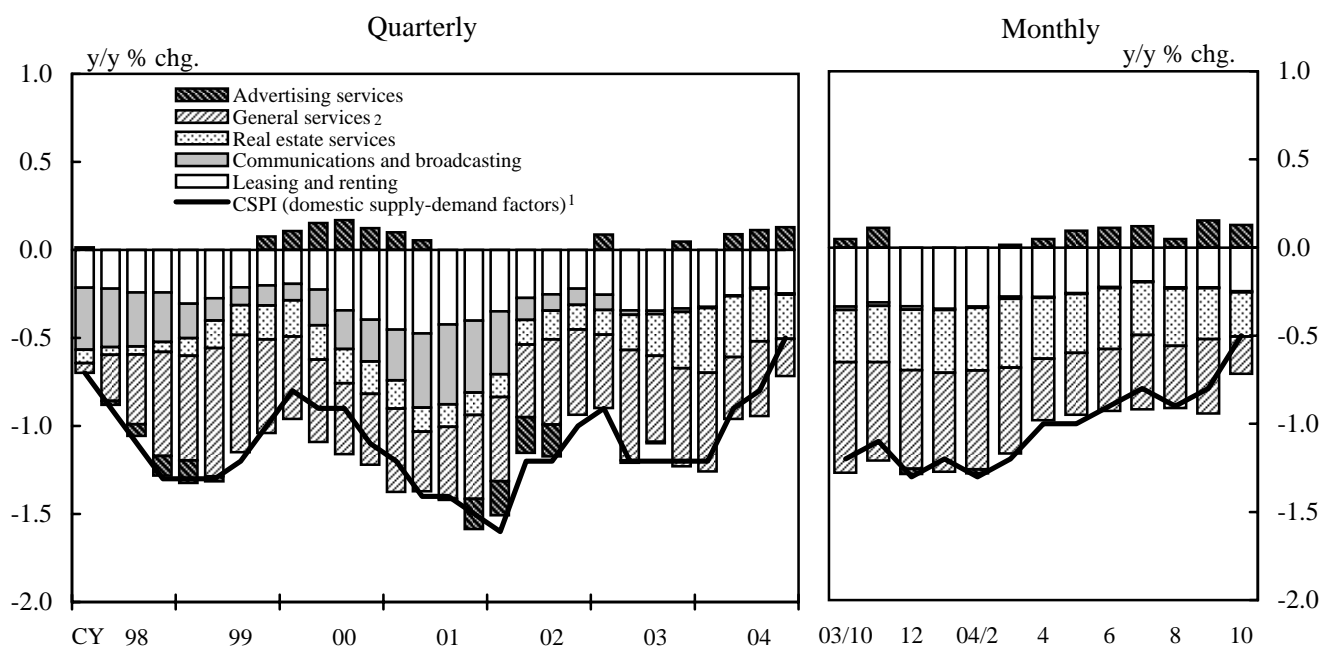
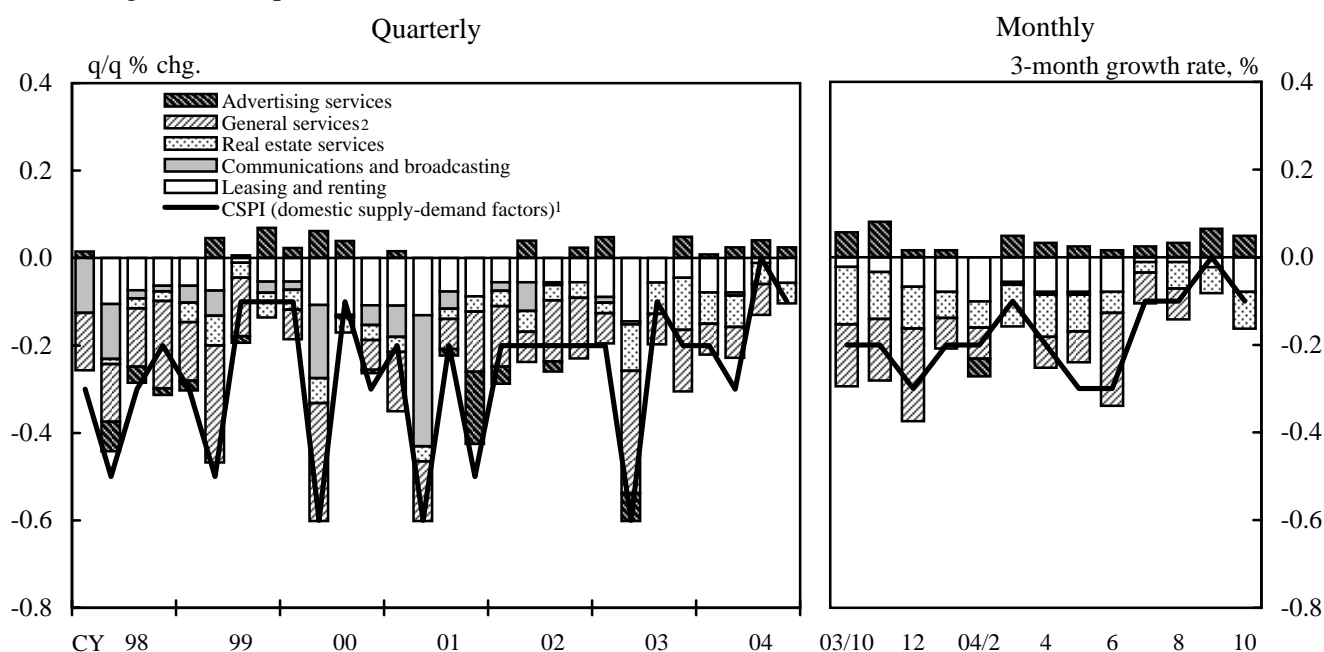
(2) Changes from a quarter earlier and 3 months earlier⁶

- Notes: 1. Goods sensitive to exchange rates and overseas commodity prices; petroleum & coal products, nonferrous metals.
 2. Other materials; chemicals, plastic products, textile products, pulp, paper & related products.
 3. Iron & steel and construction goods; iron & steel, metal products, ceramics, stone & clay products, lumber & wood products, scrap & waste.
 4. Machinery; electrical machinery, general machinery, transportation equipment, precision instruments.
 5. Others; processed foodstuffs, other manufacturing industry products, agricultural, forestry & fishery products, mining products.
 6. Adjusted to exclude a hike of electric power charges in summer season from July to September.
 This effect makes the Domestic Corporate Goods Price Index rise by about 0.2%.
 7. Adjusted to exclude the effects of the consumption tax hike on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.
 8. Figures for 2004/Q4 are those of Oct.-Nov. averages.
 1995 base figures for 2002/Q4 are those of Oct.-Nov. averages.

Sources: Bank of Japan, "Corporate Goods Price Index," "Wholesale Price Indexes."

Corporate Service Price Index⁴

(1) Changes from a year earlier

(2) Changes from a quarter earlier and 3 months earlier³

Notes: 1. CSPI (domestic supply-demand factors) includes all items except the following: (1) Regulated prices (Compulsory motor vehicle insurance, Railroad passenger transportation, Buses, Taxis, Domestic air passenger transportation, Toll roads, Postal services, Sewage disposal), (2) Overseas supply-demand factors (Ocean freight transportation, International air freight, International air passenger transportation), and (3) Securities issuance and related services (banks' procurement service for issuing debentures <excluding underwriting services>).

(3) is excluded due to its large monthly fluctuation. Thus, CSPI (domestic supply-demand factors) mainly reflects the supply and demand conditions in the domestic private sector.

2. General services include all services in Domestic supply-demand factors except Leasing and rental, Communications and broadcasting, Real estate services, and Advertising services.

3. Television commercials in Advertising services, Sales space rental in Real estate services, and General warehousing and storage in General services are seasonally adjusted by X-12-ARIMA. As the seasonally adjusted figures are recalculated each month, the series are revised retroactively every month.

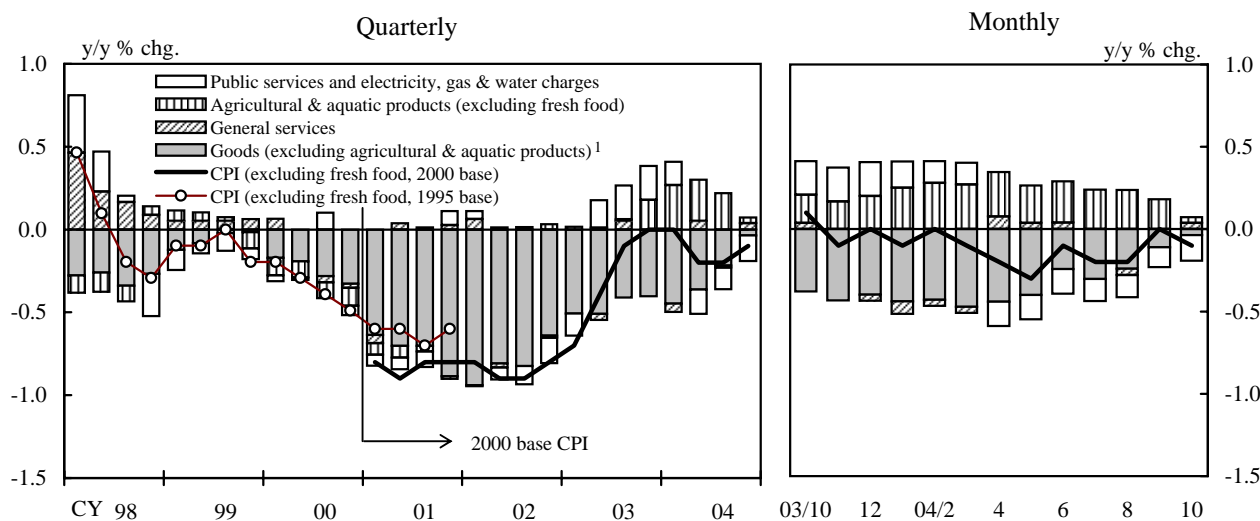
4. Adjusted to exclude the effects of the consumption tax hike on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

5. Figures for 2004/Q4 are those of October.

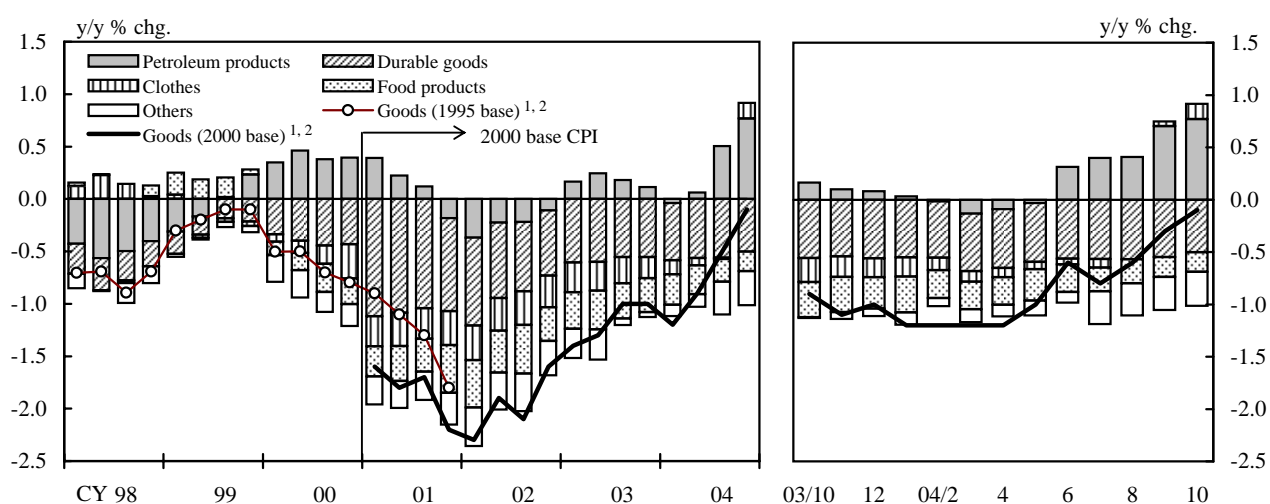
Source: Bank of Japan, "Corporate Service Price Index."

Consumer Price Index (excluding fresh food)³

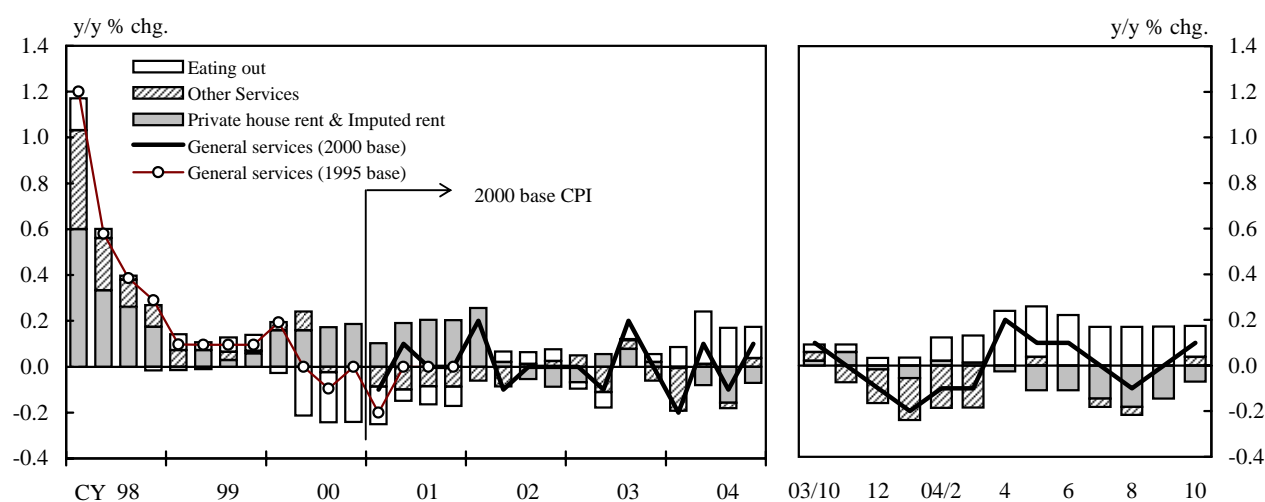
(1) Consumer price index (excluding fresh food)



(2) Goods (excluding agricultural & aquatic products)¹



(3) General services

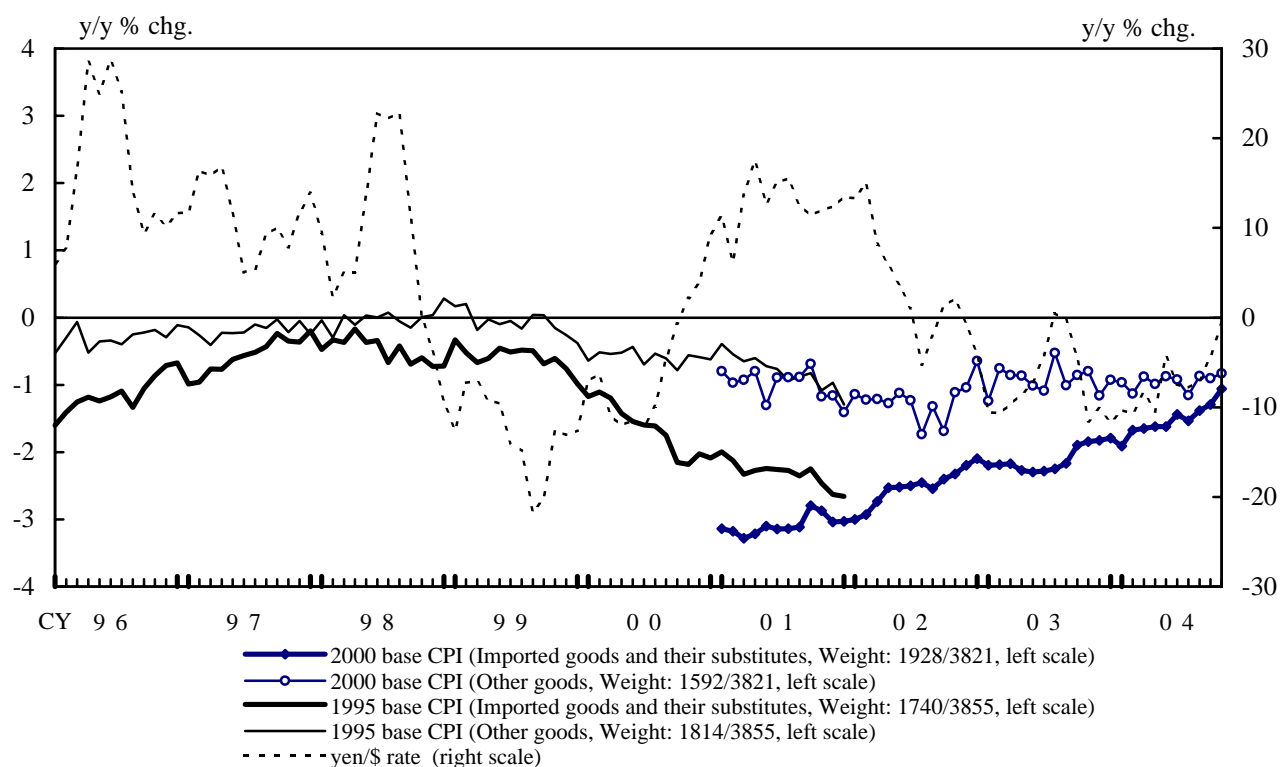


- Notes: 1. The Items are basically the same as the definition published by the Ministry of Internal Affairs and Communications, however electricity, gas & water charges is excluded from goods.
 2. Excluding agricultural & aquatic products.
 3. Adjusted to exclude the effects of the consumption tax hike on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.
 4. Figures for 2004/Q4 are those of October.

Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

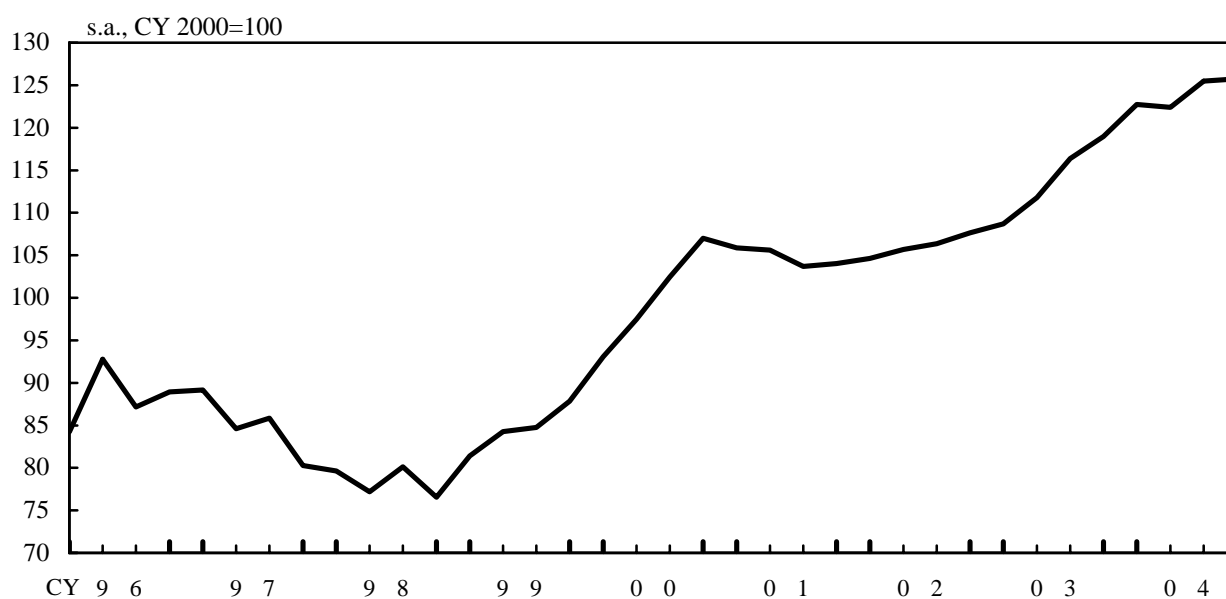
Consumer Prices of imported goods and their substitutes

(1) Comparison of imported goods and other goods in terms of CPI



- Notes:
1. Imported goods consist of items common to both the Import Price Index and the Consumer Price Index, and their substitutes consist of items considered to be substitutable for import products but not covered by the Import Price Index.
 2. Goods covered here exclude petroleum products and agricultural & aquatic products. Weight is shares in Goods (excluding agricultural & aquatic products).
 3. Adjusted to exclude the effects of the tobacco tax increases in Dec. 1998 and Jul. 2003, and biscuits, prices of which were heavily affected by changes in monitored brands.
 4. Adjusted to exclude the effects of the consumption tax hike on the assumption that prices of all taxable goods fully reflect the rise in the tax rate.

(2) Real imports (consumer goods)

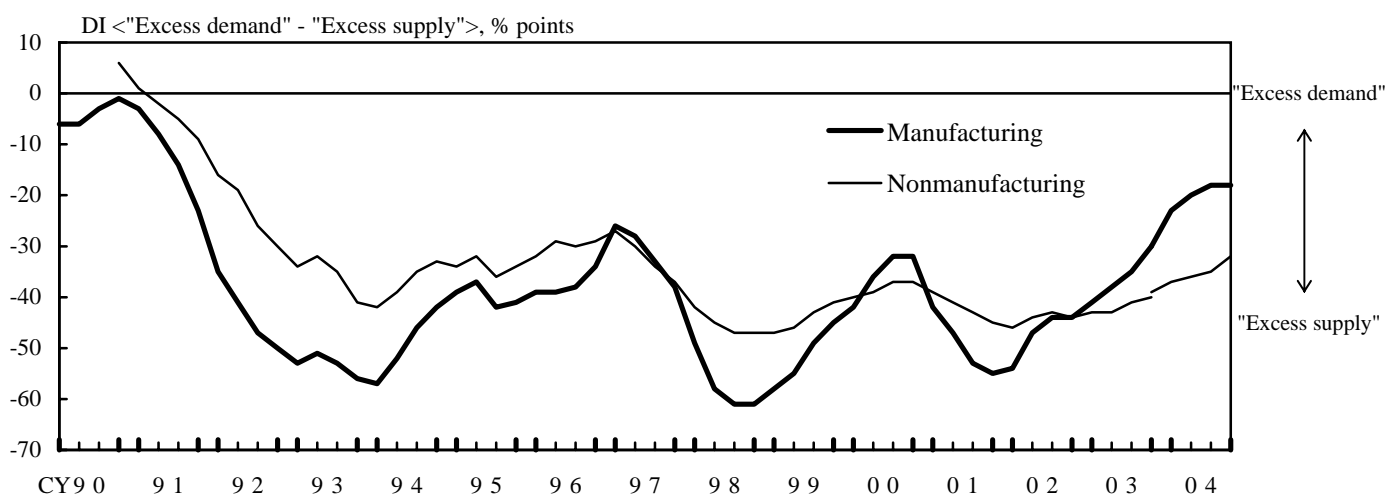
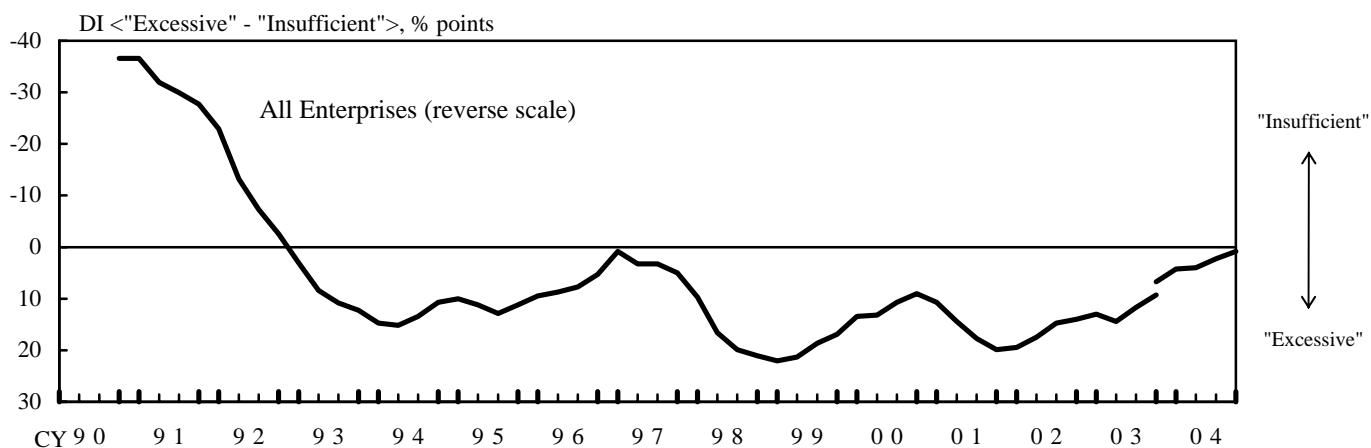


- Notes:
1. Real imports (consumer goods), which are composed of motor vehicles, audio and visual apparatus, office machinery, foodstuffs and textiles, are calculated from the Trade Statistics as an index with the 2000 average equal to 100.
 2. 2004/Q4 figure is one in October at a quarterly rate.

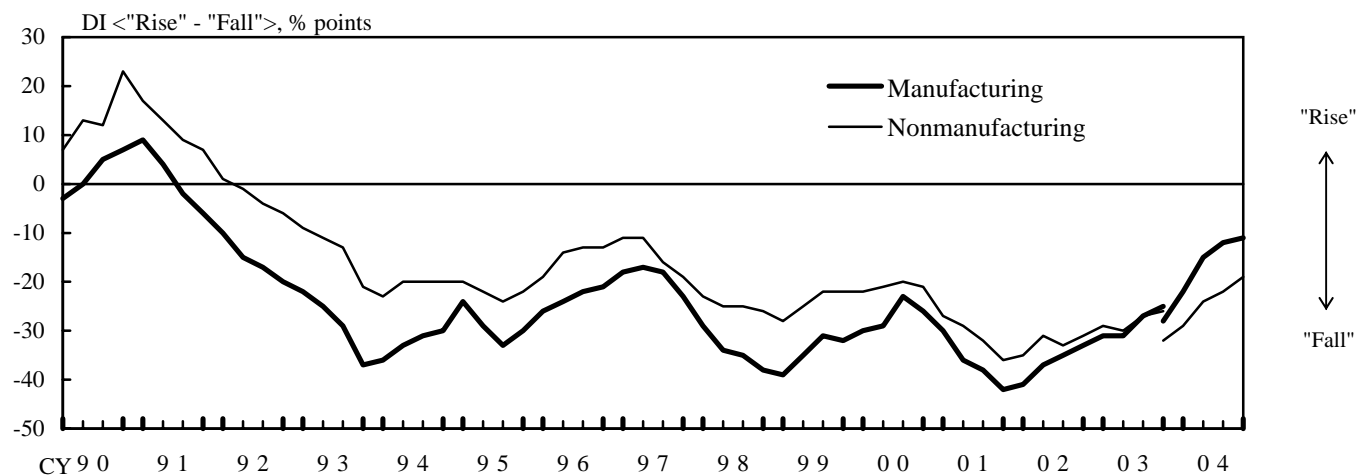
Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index";
Ministry of Finance, "The Summary Report on Trade of Japan"; Bank of Japan, "Corporate Goods Price Index."

Domestic Supply and Demand Conditions¹

(1) Domestic Supply and Demand Conditions for Products and Services (All Enterprises)

(2) Utilization of Capital and Labor²

(3) Change in Output Prices (All Enterprises)



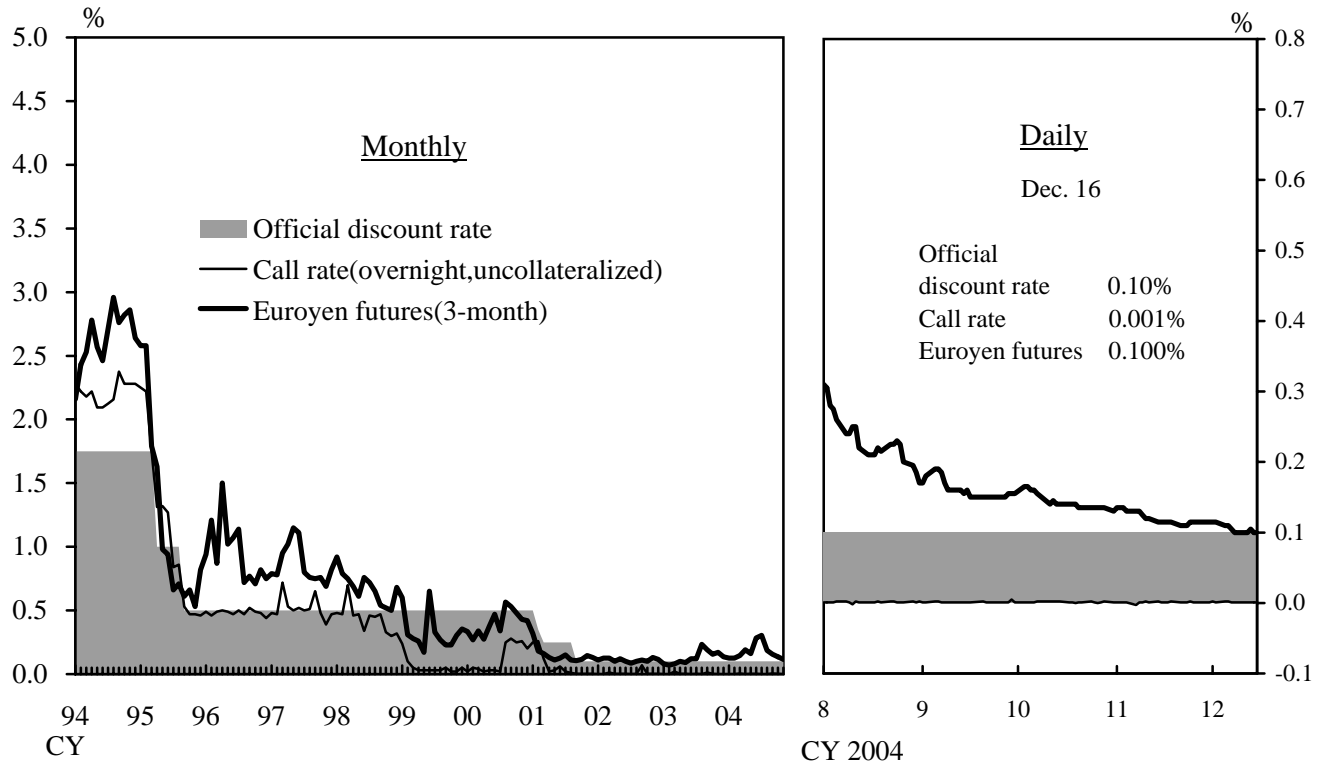
Notes: 1. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

2. Figures are weighted averages of Production Capacity DI and Employment DI which show excessiveness. Labor share in national account, FY 1990-2002 average, is used as the weight.

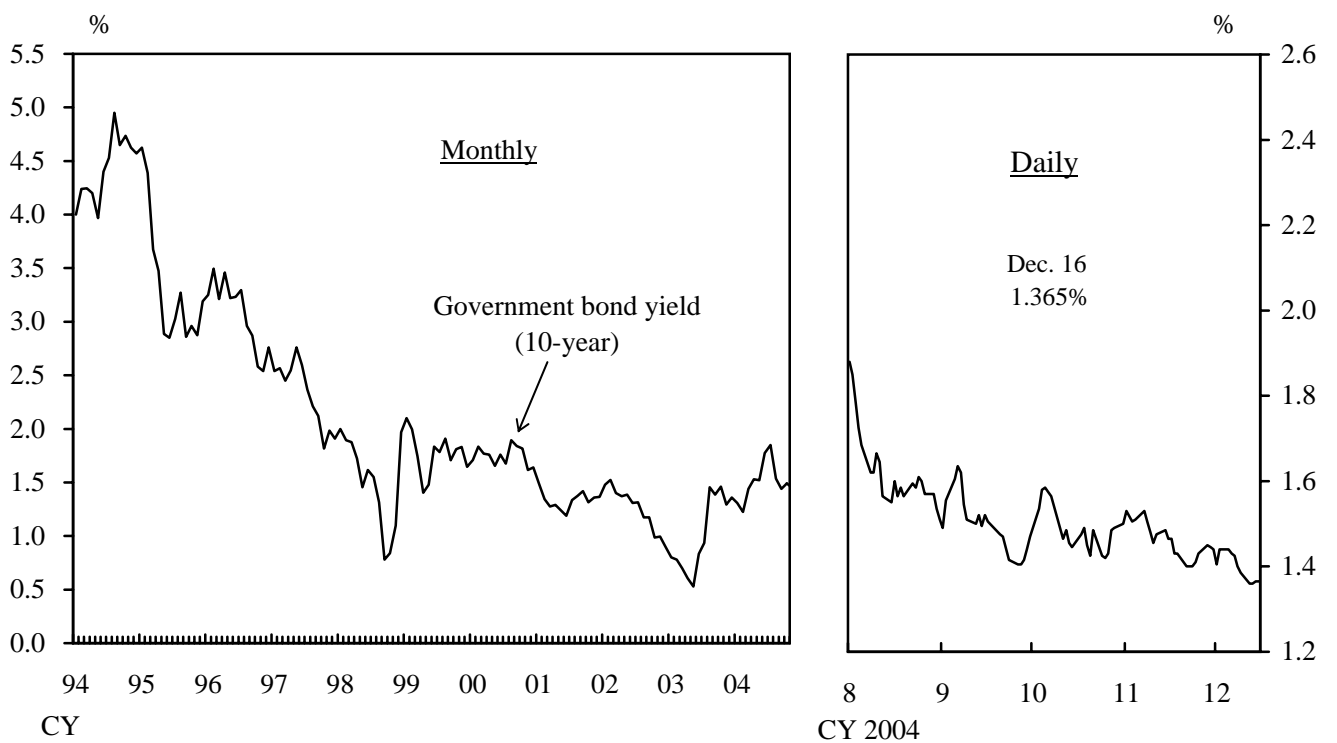
Sources: Cabinet Office, "National Accounts";
Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Interest Rates

(1) Short-Term



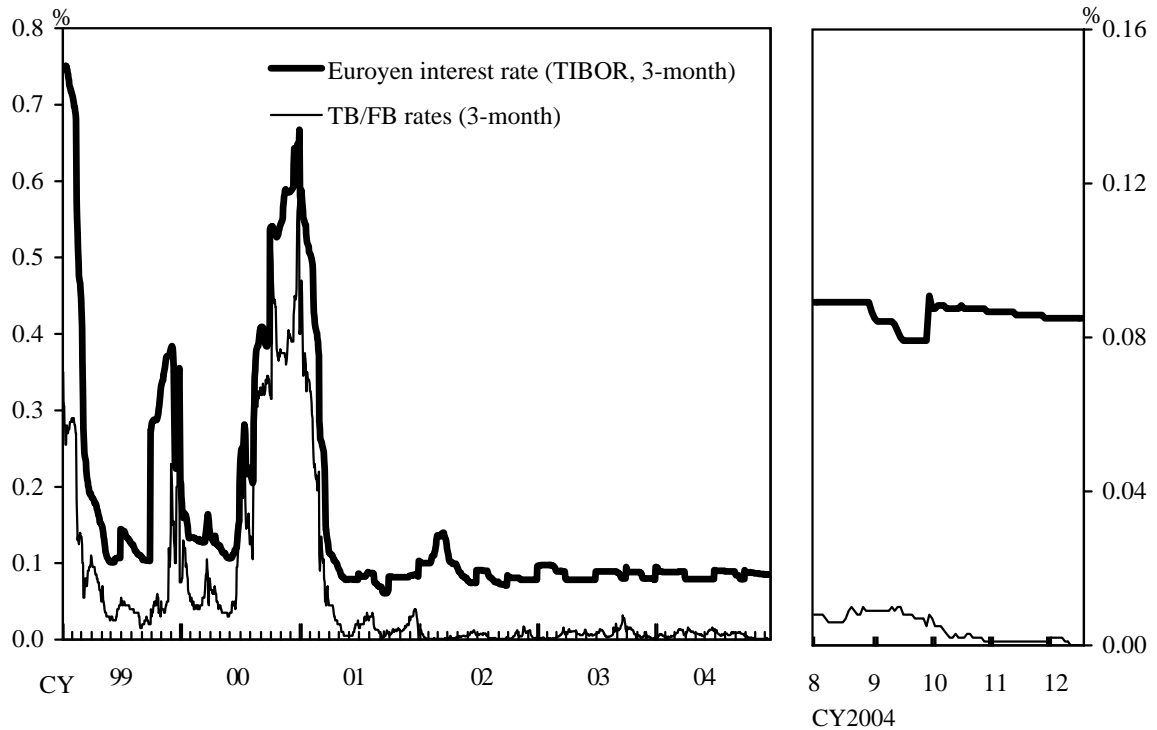
(2) Long-Term



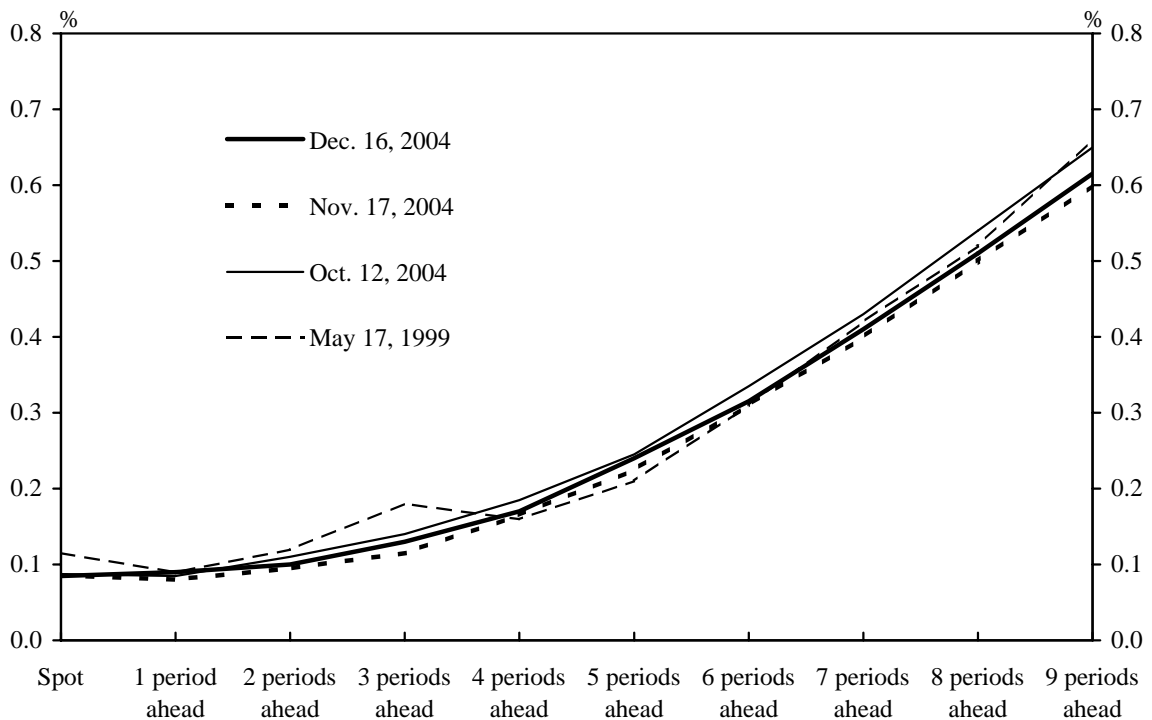
Sources: Bank of Japan; Tokyo International Financial Futures Exchange;
 Japan Bond Trading Co., Ltd.

Short-Term Money Market Rates

(1) Interest Rates on Term Instruments



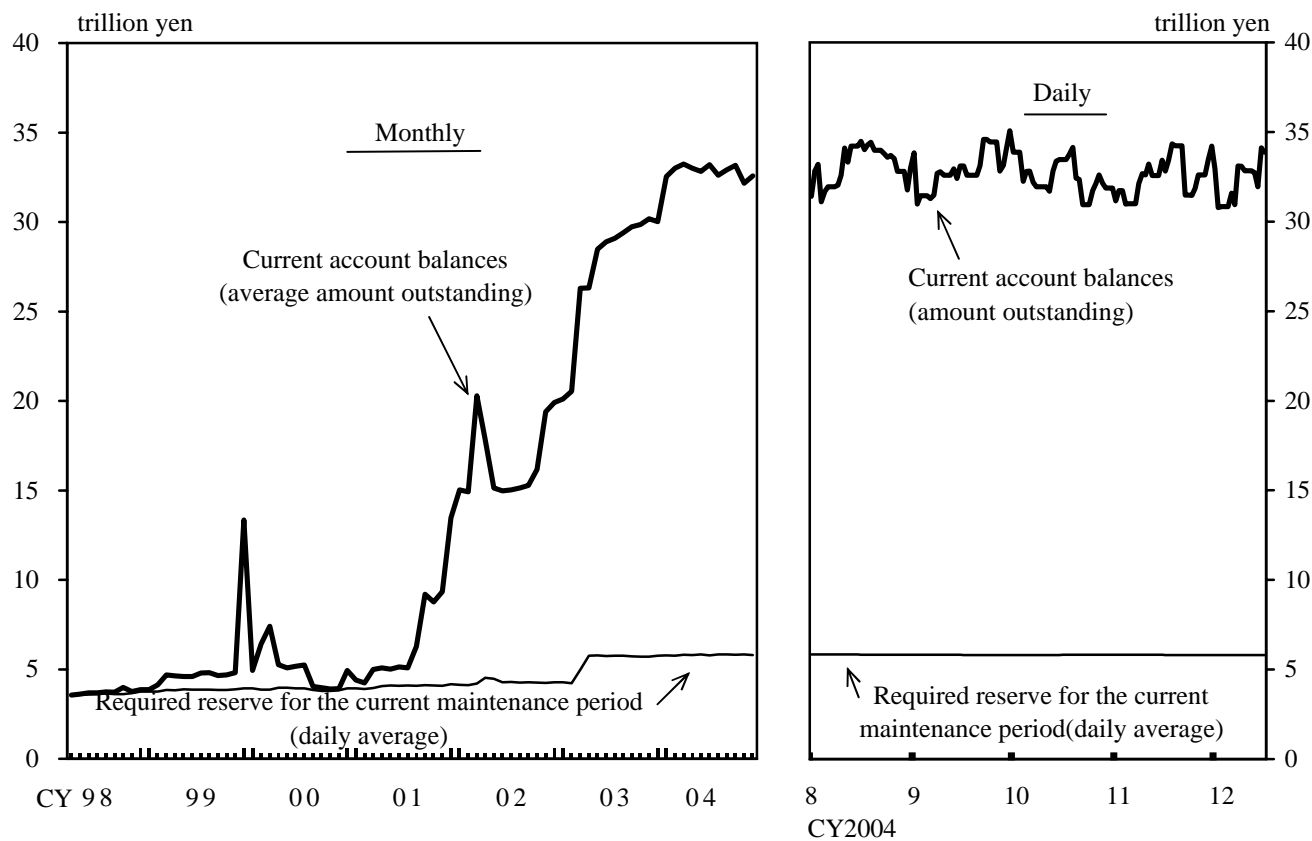
(2) Euroyen Interest Rates Futures (3-Month) ¹



Note: 1. Contract months in the figure (2) exclude "serial months," the months other than March, June, September and December.

Sources: Japanese Bankers Association; Japan Bond Trading Co., Ltd.; Tokyo International Financial Futures Exchange.

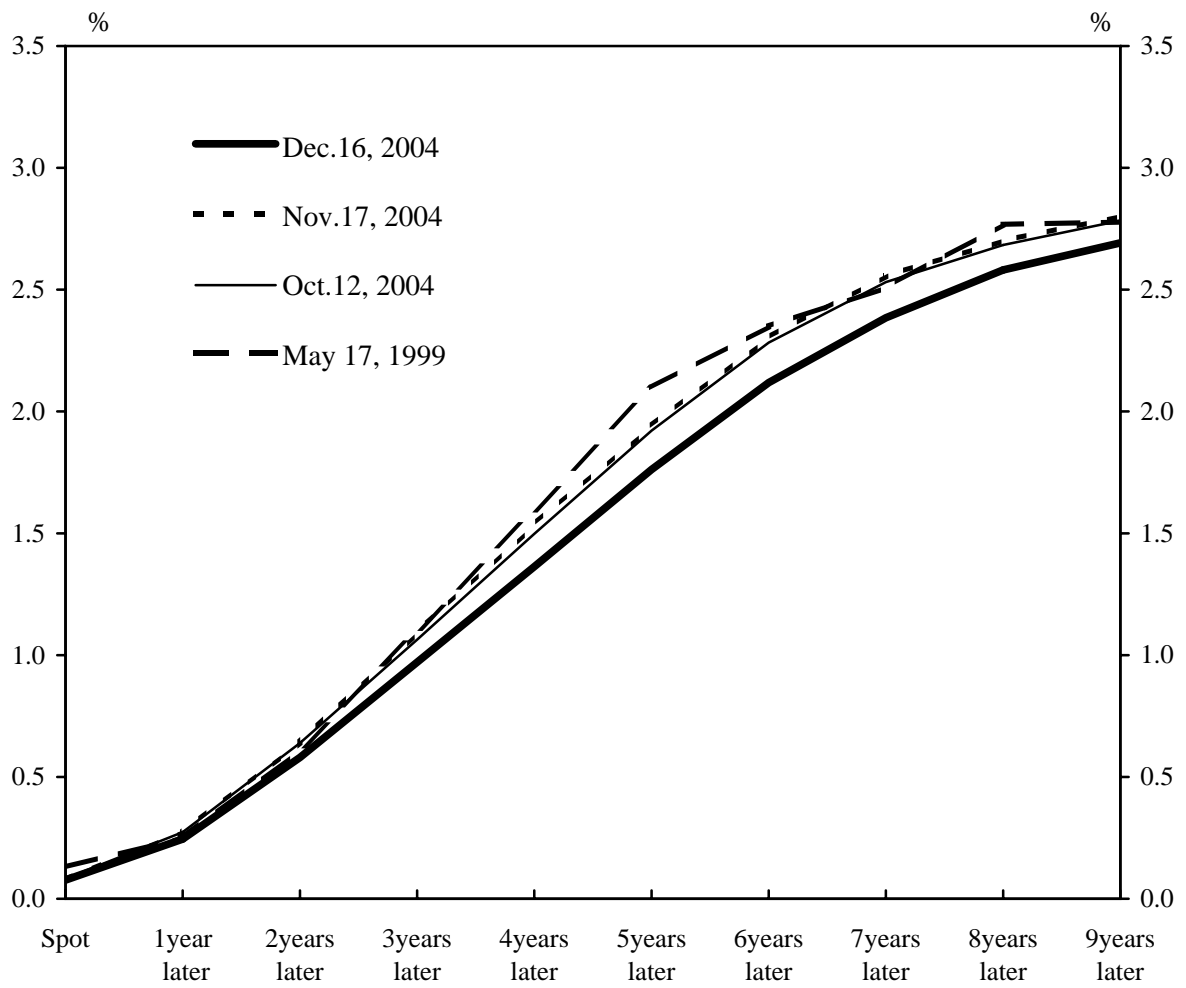
Current Account Balances at the Bank of Japan ¹



Note: 1. From April 2003, the figures for current account balances and required reserve include the deposit of the Japan Post.

Source: Bank of Japan.

Implied Forward Rates (1-year)¹

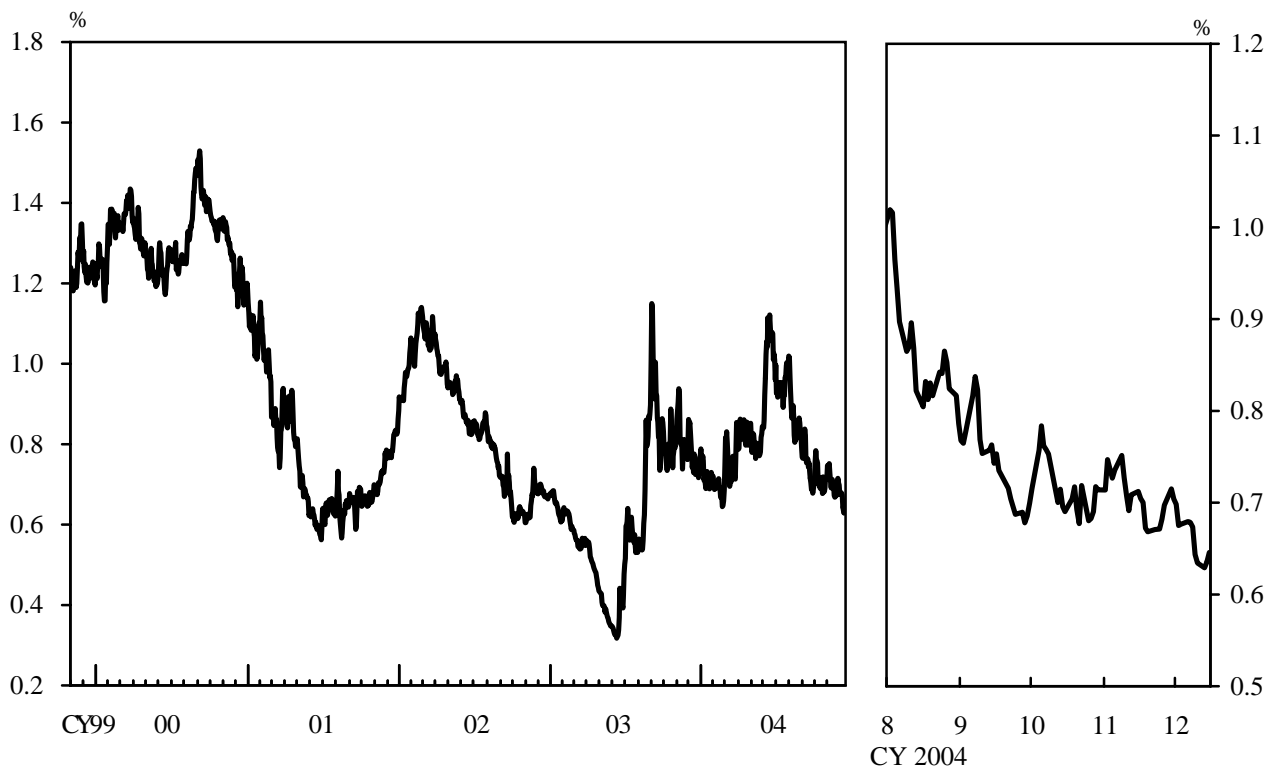


Note: 1. Calculated from yen-yen swap rates.

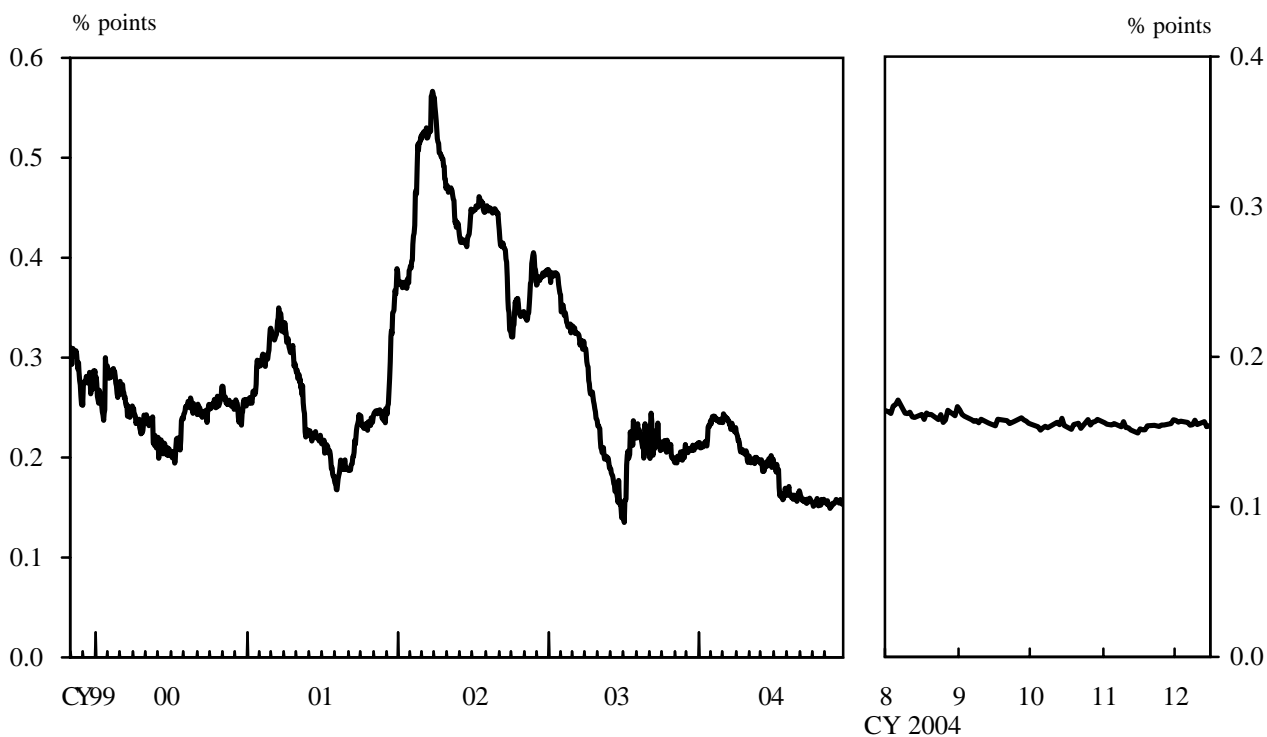
Source: QUICK Moneyline Telerate Corp.

Yields of Bank Bonds

(1) Average Bank Bond Yield



(2) Spread of Average Bank Bond Yield over Government Bond Yield



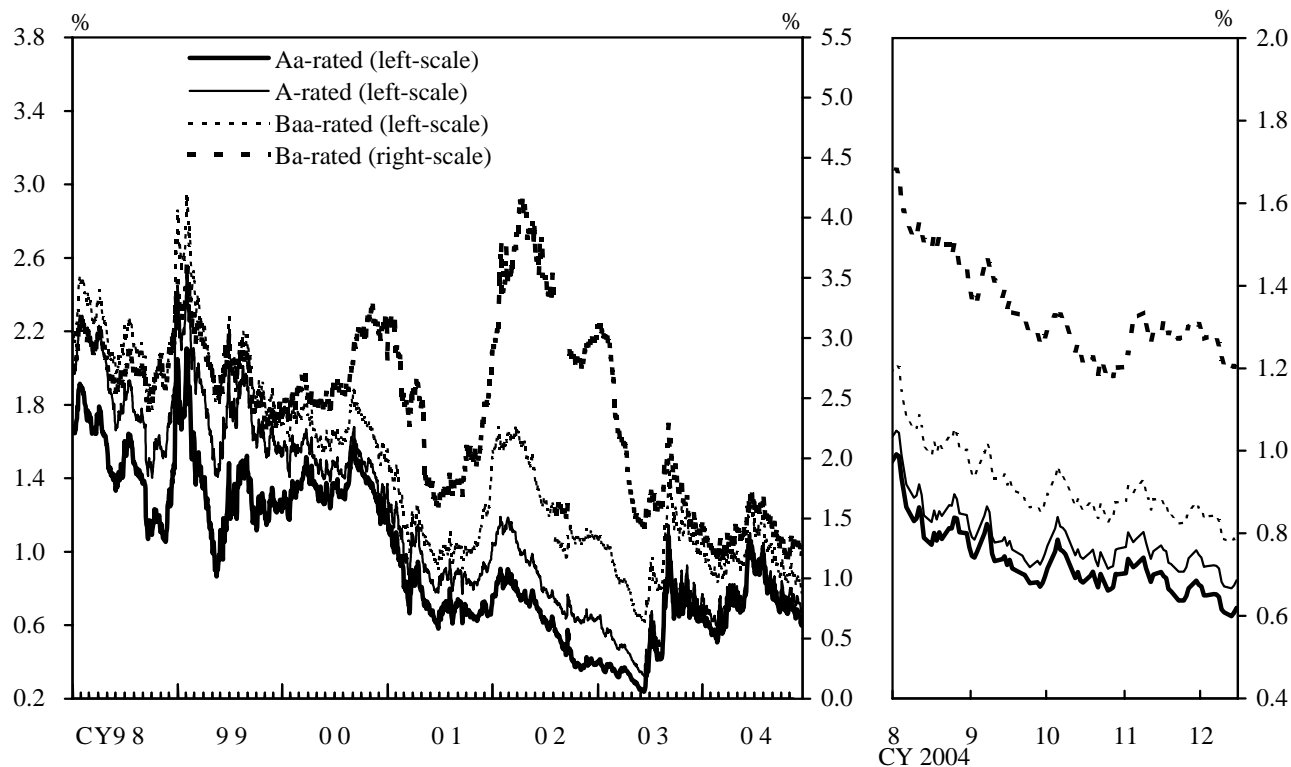
Notes: 1. Yields on bonds with 5-year maturity.

2. Average bank bond yield is the average of four bank bonds.

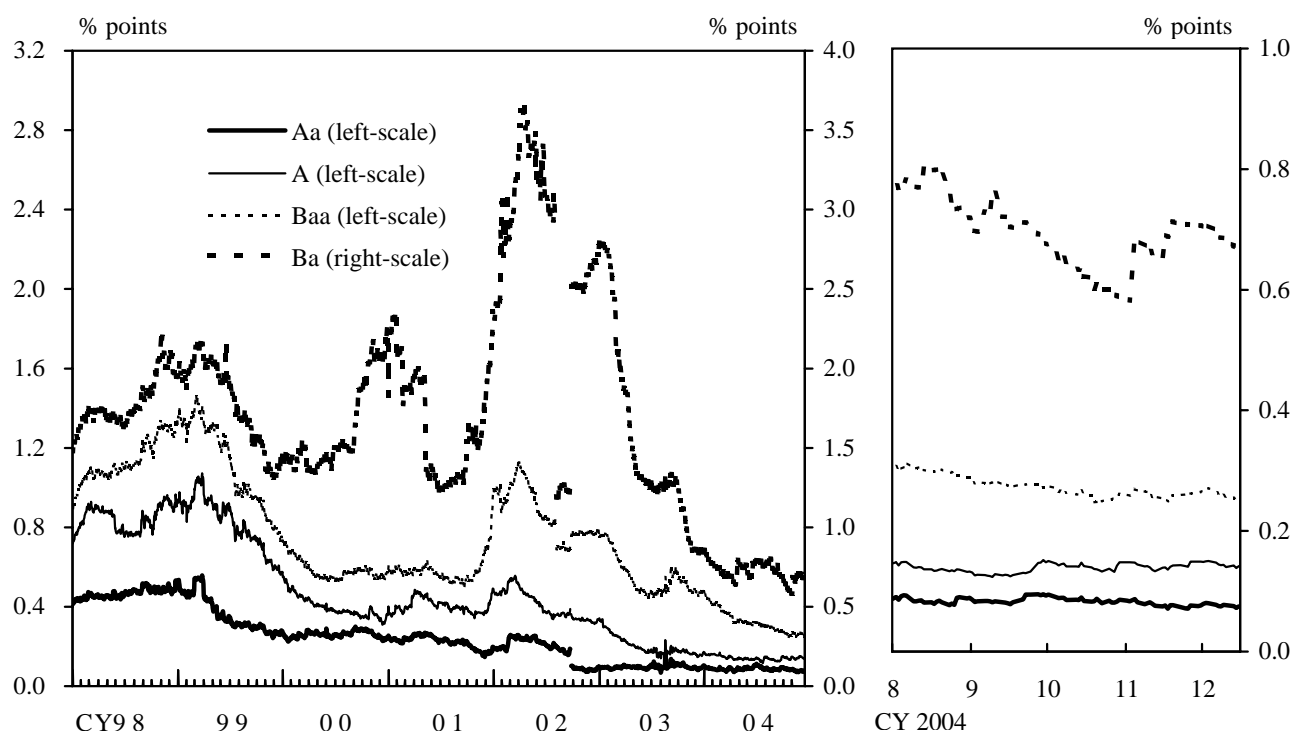
Sources: Japan Securities Dealers Association, "Over-the-Counter Standard Bond Quotations."
 "Reference Price(Yields) Table for OTC Bond Transactions."

Yields of Corporate Bonds ¹

(1) Corporate Bond Yields



(2) Spreads of Corporate Bond Yields over Government Bond Yields



Notes: 1. Yields on bonds with 5-year maturity.

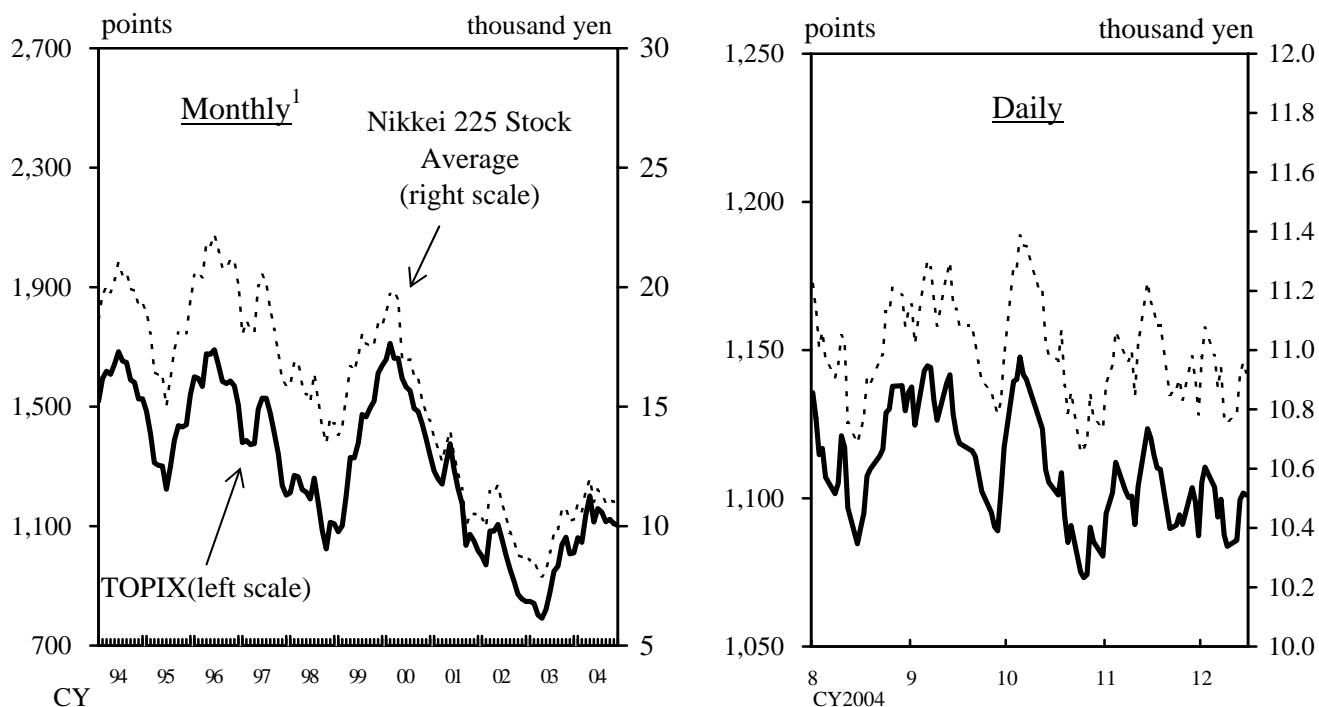
Yields on corporate bonds have been calculated on the expanded pool of issues with maturity of 4 to 6 years since Sep. 24, 2002.

2. The indicated ratings are of Moody's.

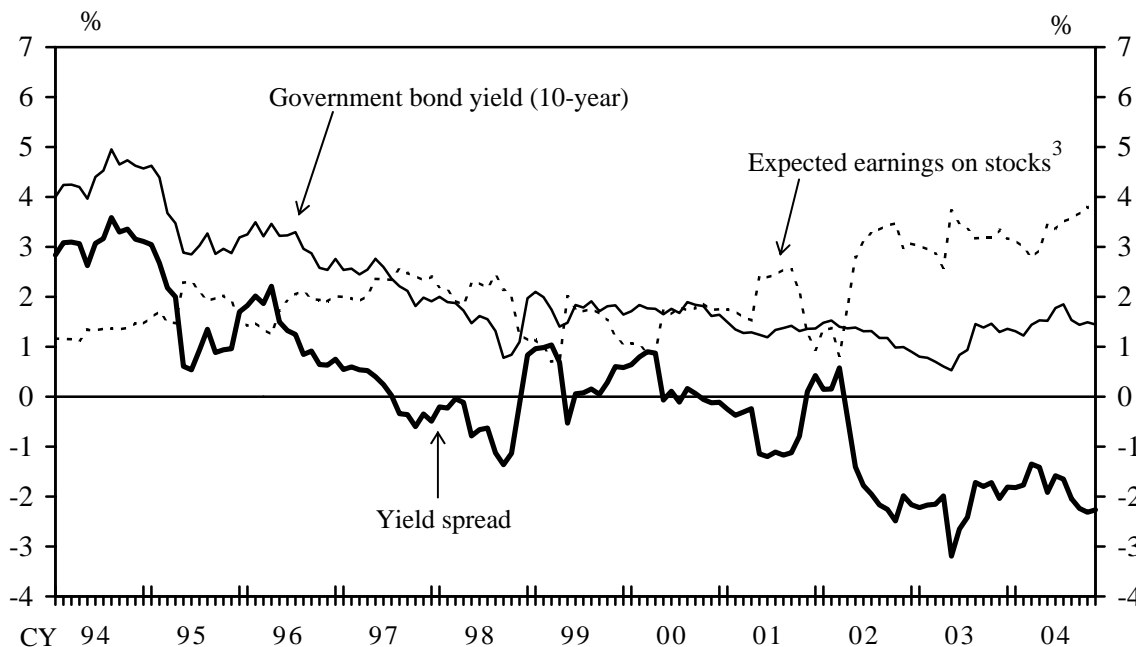
Sources: Japan Securities Dealers Association, "Over-the-Counter Standard Bond Quotations." "Reference Price(Yields) Table for OTC Bond Transactions."

Stock Prices

(1) Stock Prices



(2) Yield Spread ²



Notes: 1. Data are monthly averages.

2. Data are at end of period.

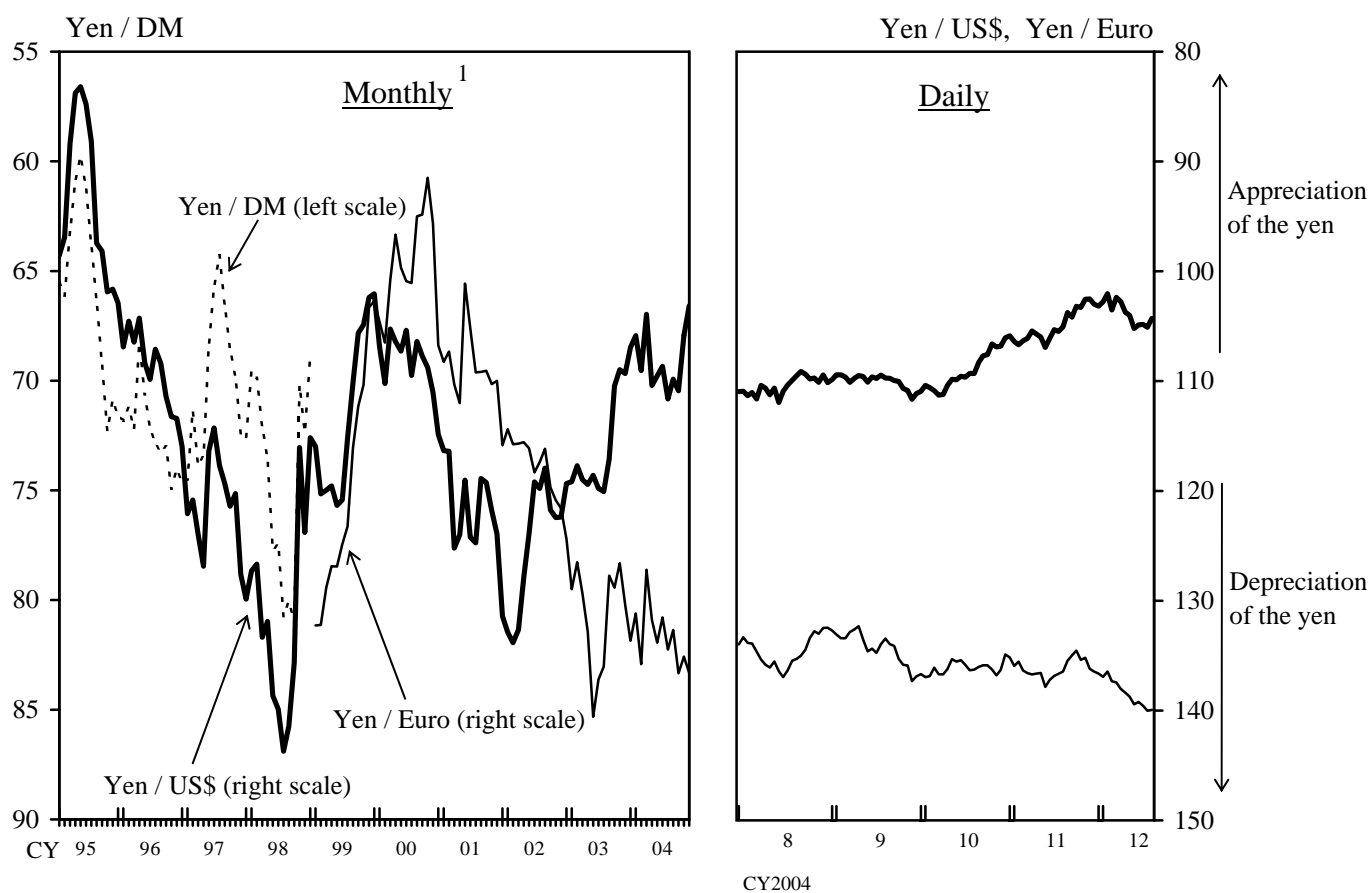
Yield spread = government bond yields - expected earnings on stocks,
 where expected earnings on stocks = 1/expected price earnings ratio.

3. Based on stocks listed on the TSE First Section. Excludes bank stocks.

Data (unconsolidated) are calculated by the Daiwa Research Institute.

Sources: *The Nihon Keizai Shimbun* ; Daiwa Research Institute, "*Daiwa Toushi Shiryou*" (Daiwa Investment Information)."

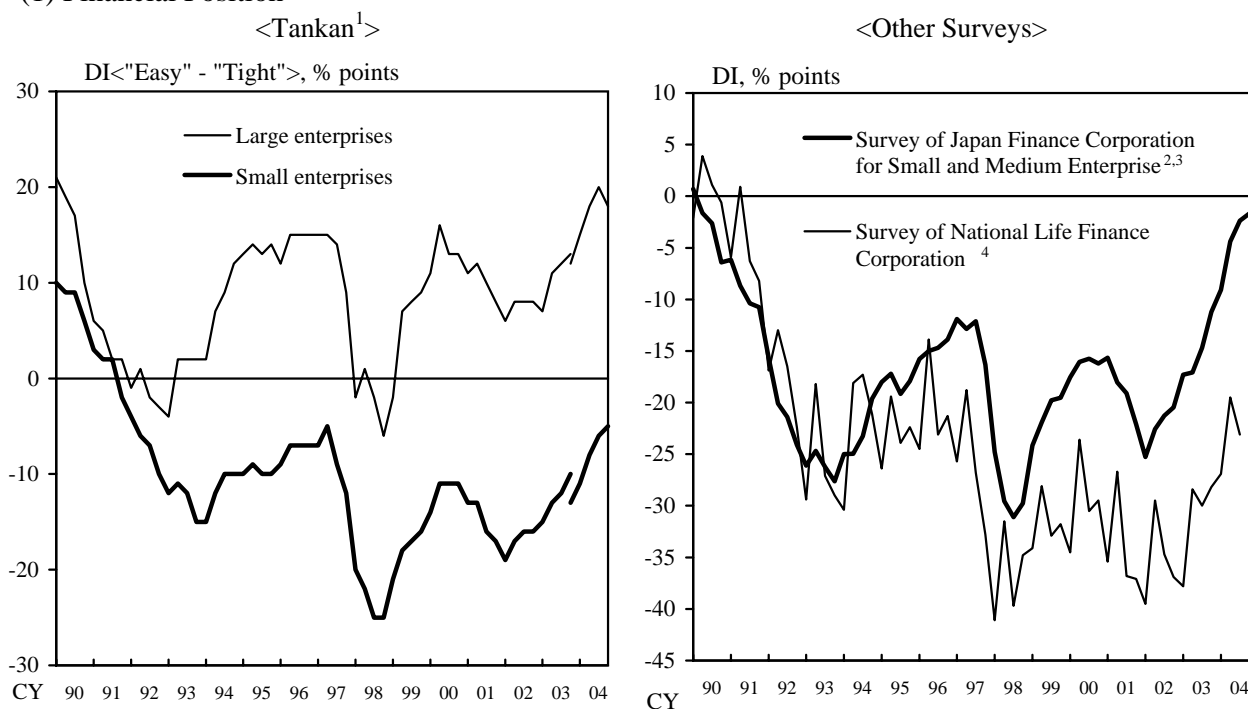
Exchange Rates



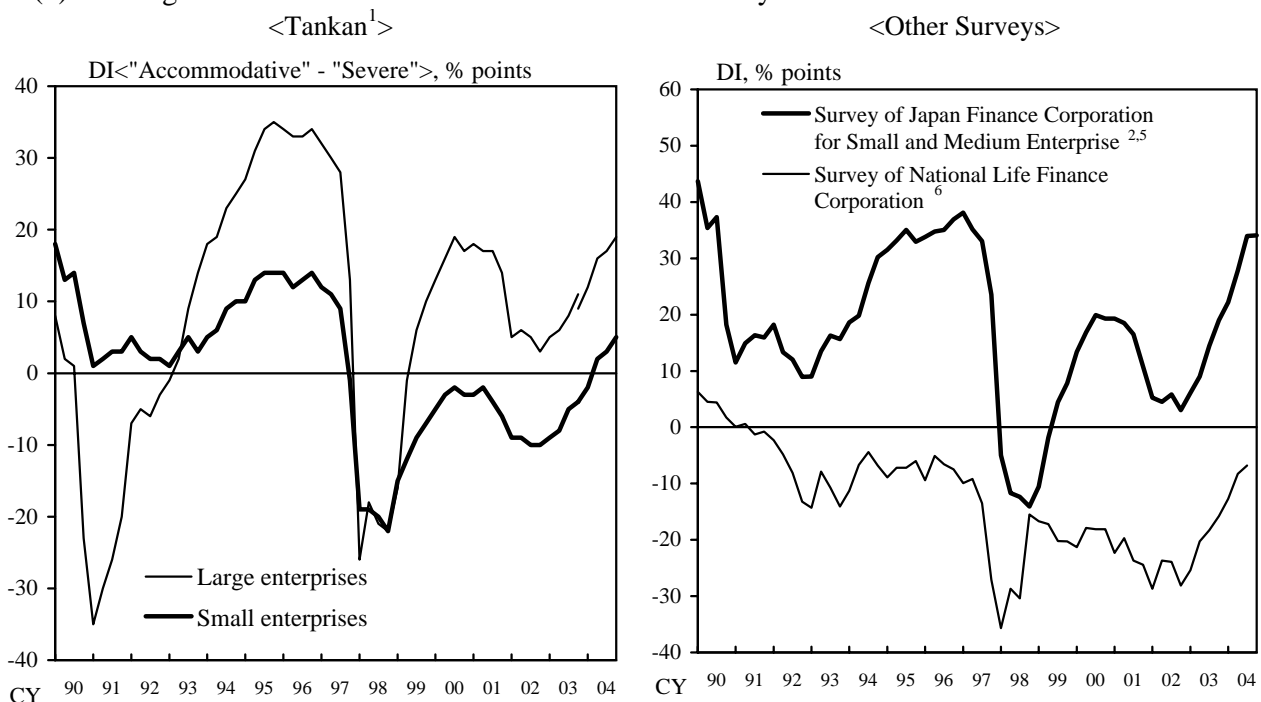
Note: 1. End of month.
 Source: Bank of Japan.

Corporate Finance-Related Indicators

(1) Financial Position



(2) Lending attitude of Financial Institutions as Perceived by Firms



Notes: 1. Data of the *Tankan* are based on all industries. The *Tankan* has been revised from the March 2004 Survey. Figures up to the December 2003 Survey are based on the previous data sets. Figures from the December 2003 Survey are on a new basis.

2. Figures are quarterly averages of monthly data. Figures for 2004/Q4 are averages of October and November.

3. DI of "Easy" - "Tight"

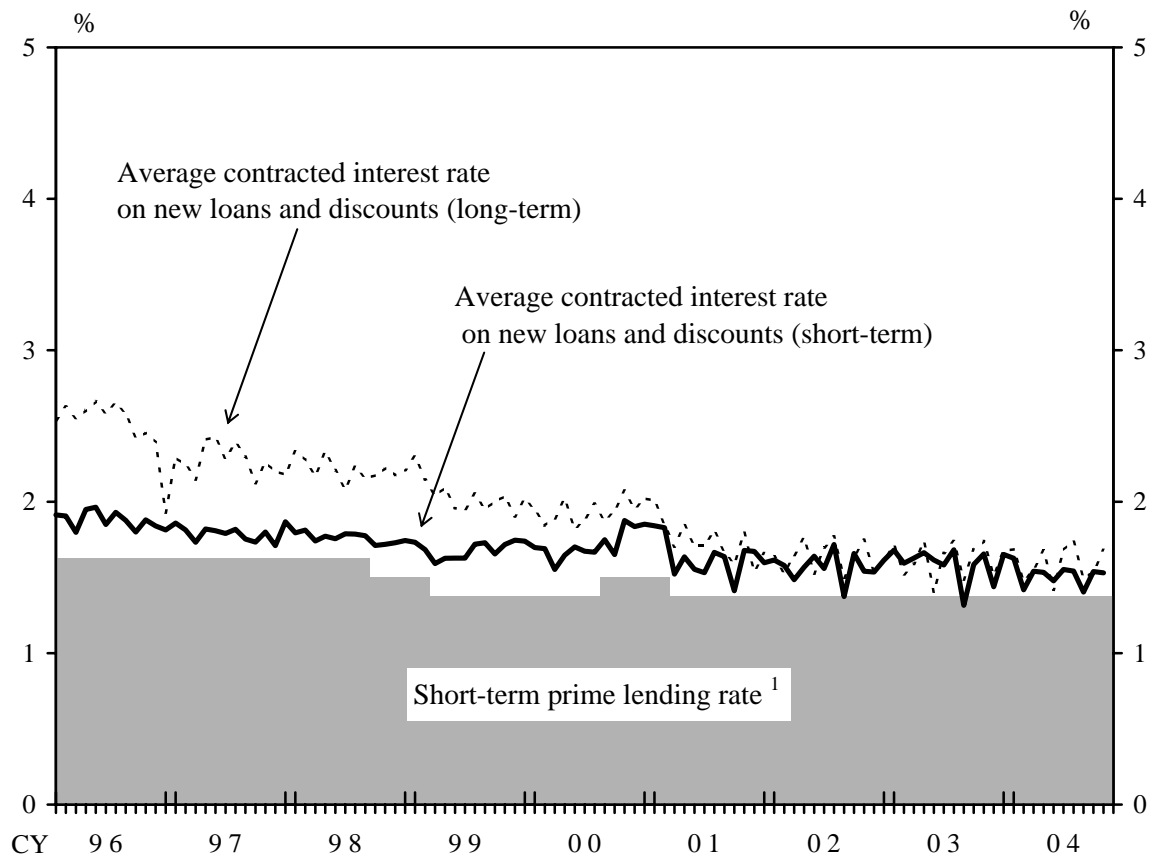
4. DI of "Easier" - "Tighter"

5. DI of "Accommodative" - "Severe"

6. DI of "More accommodative" - "More severe"

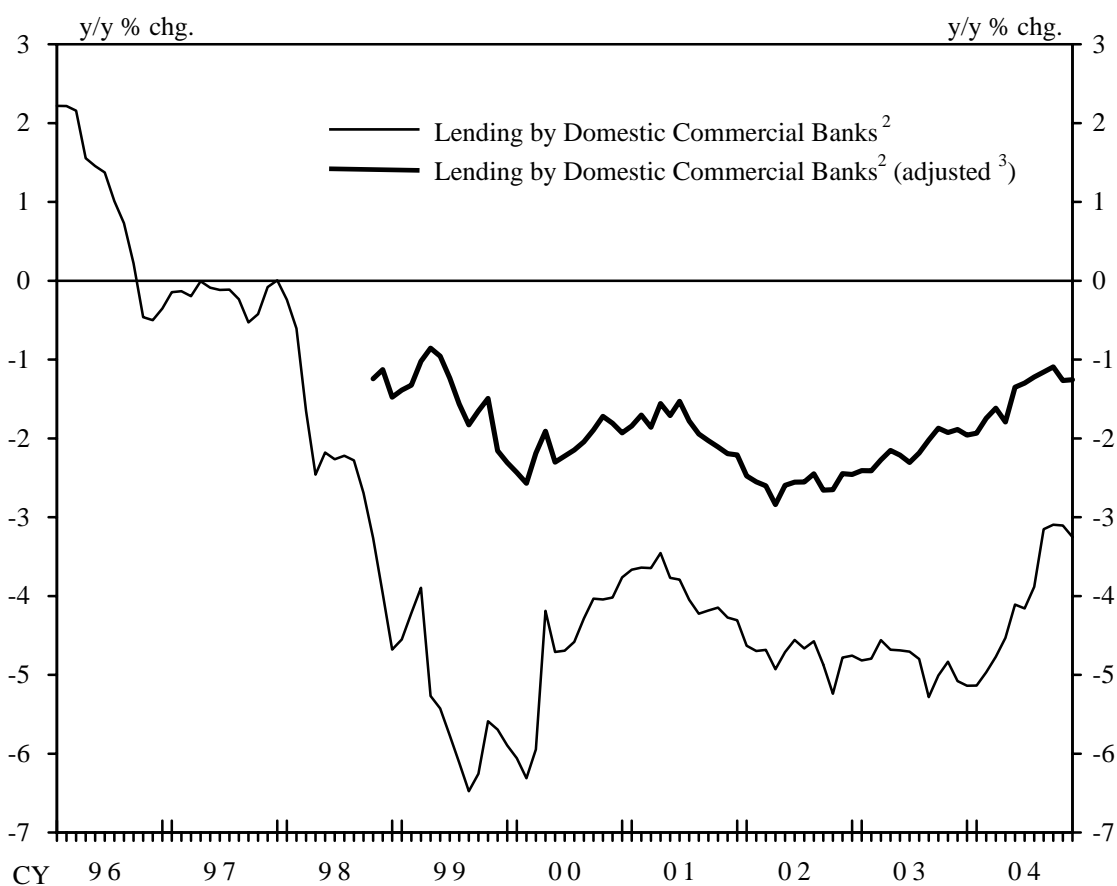
Sources: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan"; Japan Finance Corporation for Small and Medium Enterprise, "Monthly Survey of Small Businesses in Japan"; National Life Finance Corporation, "Quarterly Survey of Small Businesses in Japan."

Lending Rates



Note: 1. Data are at end of period.

Source: Bank of Japan.

Lending by Domestic Commercial Banks ¹

Notes: 1. Percent changes in average amounts outstanding from a year earlier.

2. "Domestic commercial banks" refers to city banks, regional banks, regional banks II.

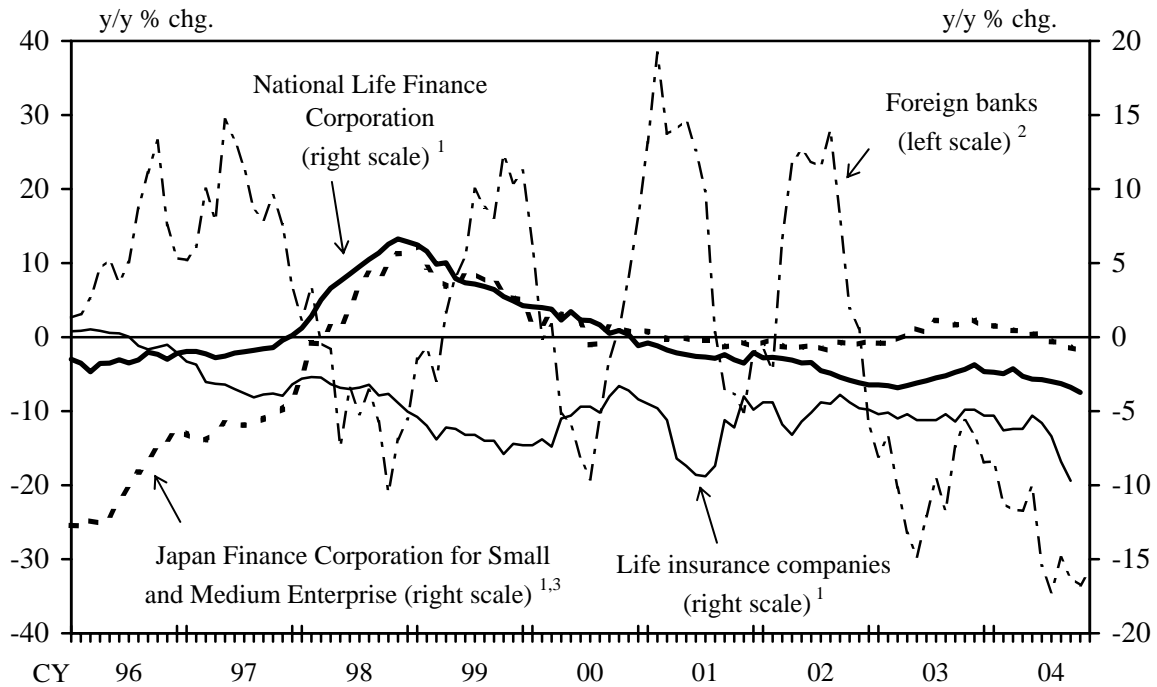
3. Adjusted to exclude

- (1) fluctuations due to the liquidation of loans,
- (2) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates,
- (3) fluctuations due to loan write-offs,
- (4) the transfer of loans to the former Japan National Railways Settlement Corporation to the General Account, and
- (5) the transfer of loans to the former Housing Loan Administration Corporation to the Resolution and Collection Corporation.

Source: Bank of Japan, "Principal Figures of Financial Institutions."

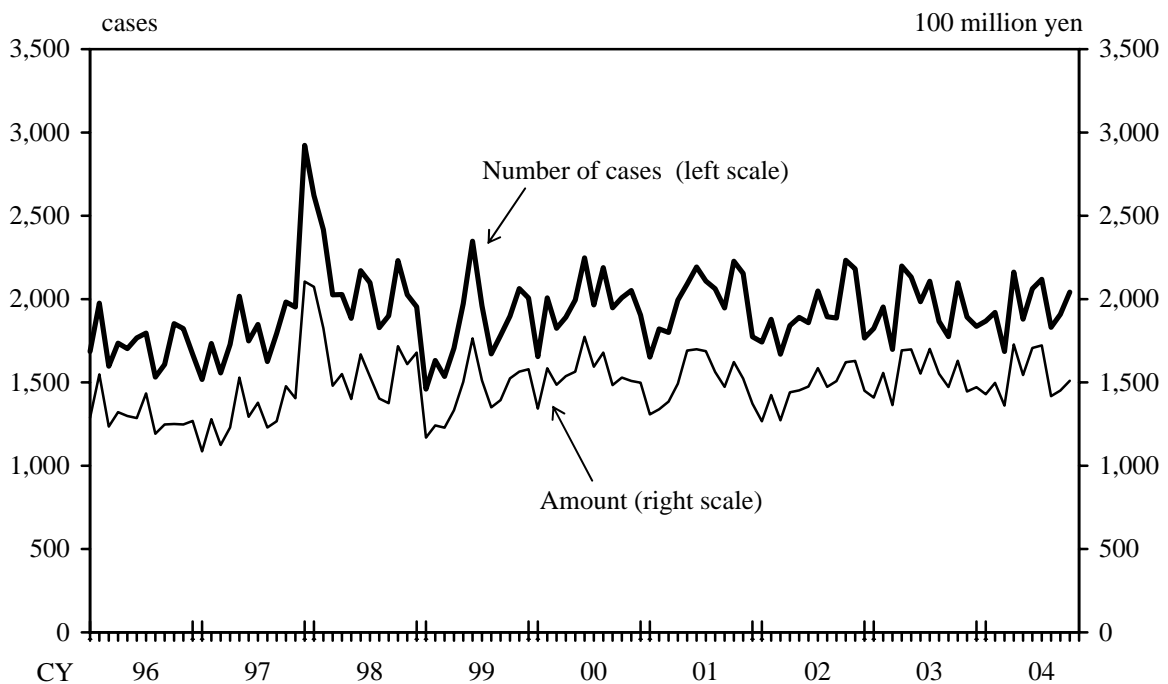
Lending by Other Financial Institutions

(1) Lending Outstanding



- Notes: 1. Data are based on amounts outstanding at end of period.
- 2. Data are based on average amounts outstanding.
- 3. Figures from July 2004 are adjusted to exclude the effects from the succession of the credit insurance accounts of the former Japan Small and Medium Enterprise Corporation.

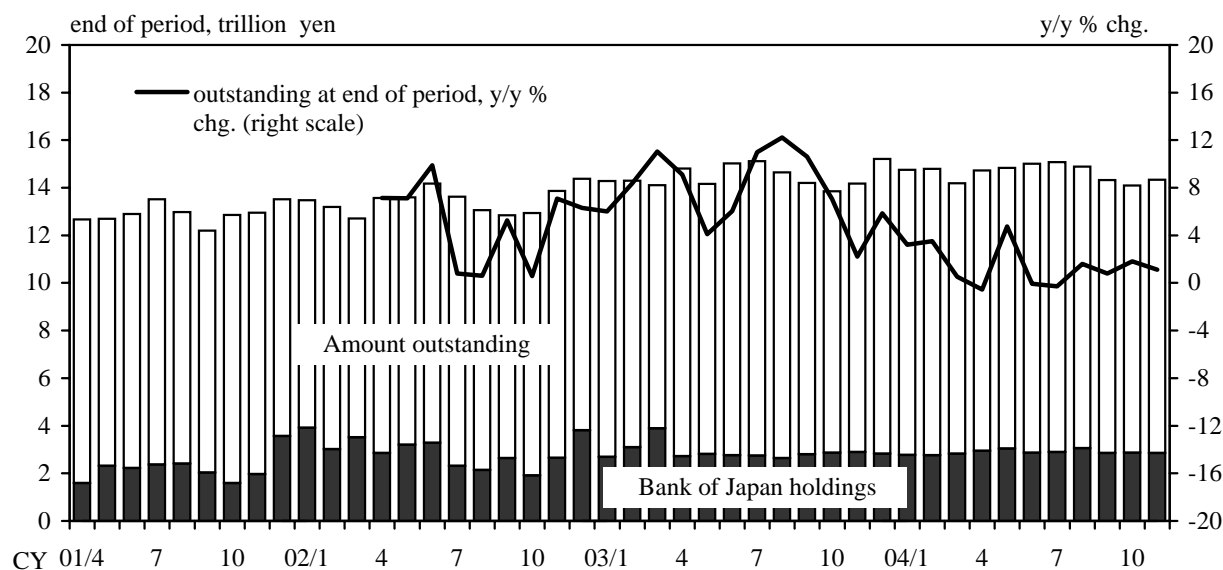
(2) Application for a Loan from Japan Finance Corporation for Small and Medium Enterprise



Sources: Bank of Japan, "Financial and Economic Statistics Monthly"; Japan Finance Corporation for Small and Medium Enterprise, "Gyoumu Gaikyo (Business Outline)."

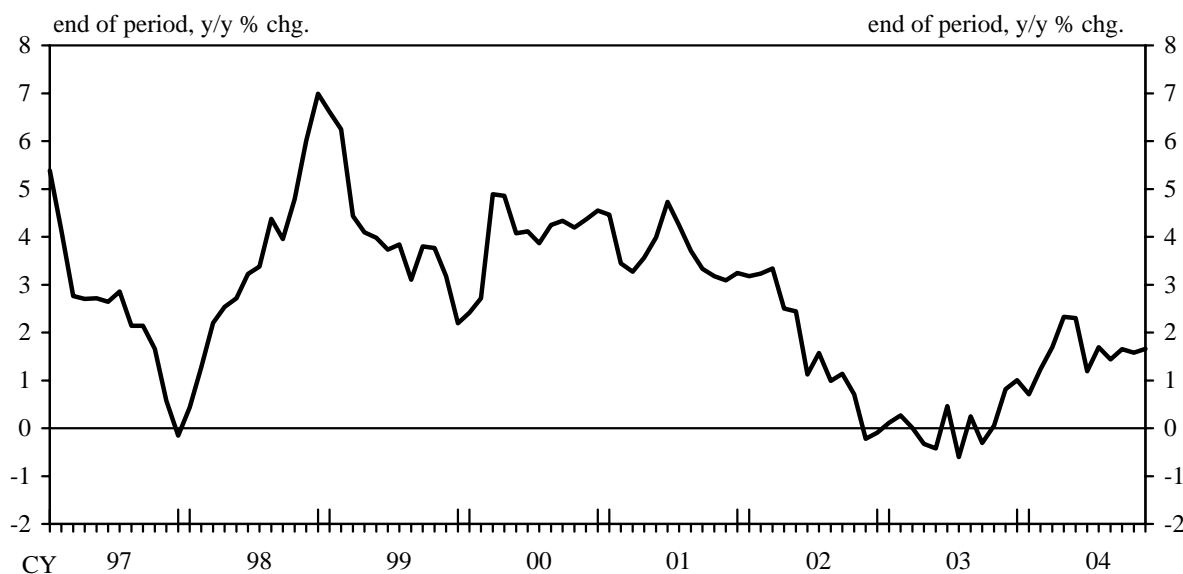
Private-Sector Fund-Raising in the Capital Markets

(1) Amount Outstanding of Commercial Paper



Notes: 1. Figures are those of the client financial institutions of the Bank of Japan.
2. Excludes those issued by banks.

(2) Amount Outstanding of Corporate Bonds (Changes from a Year Earlier)



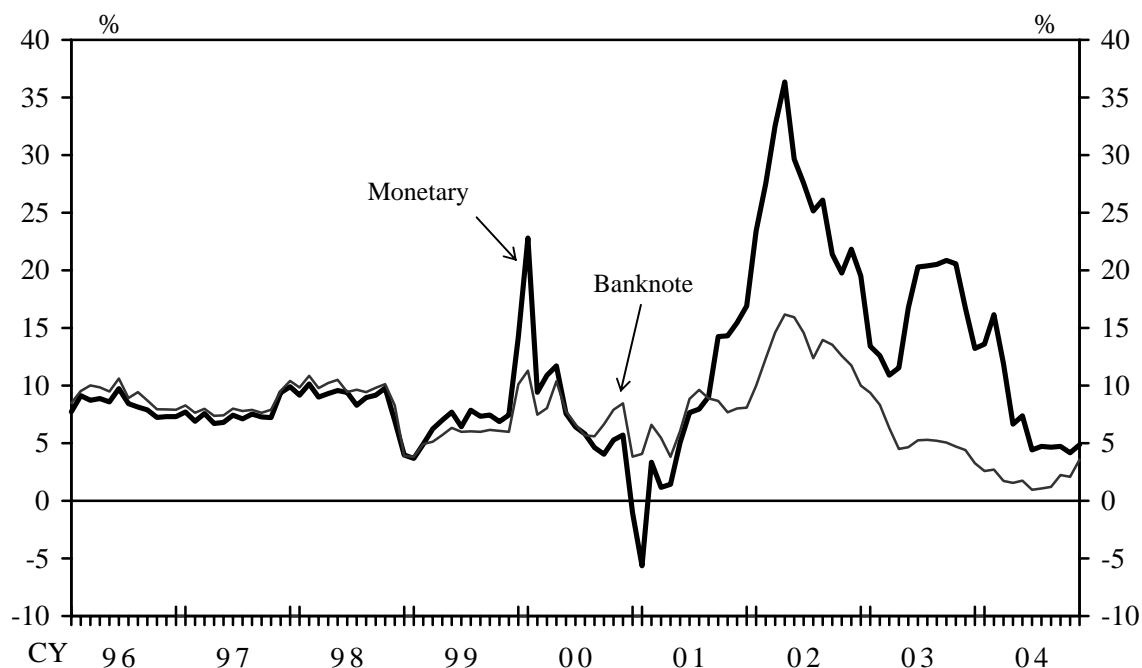
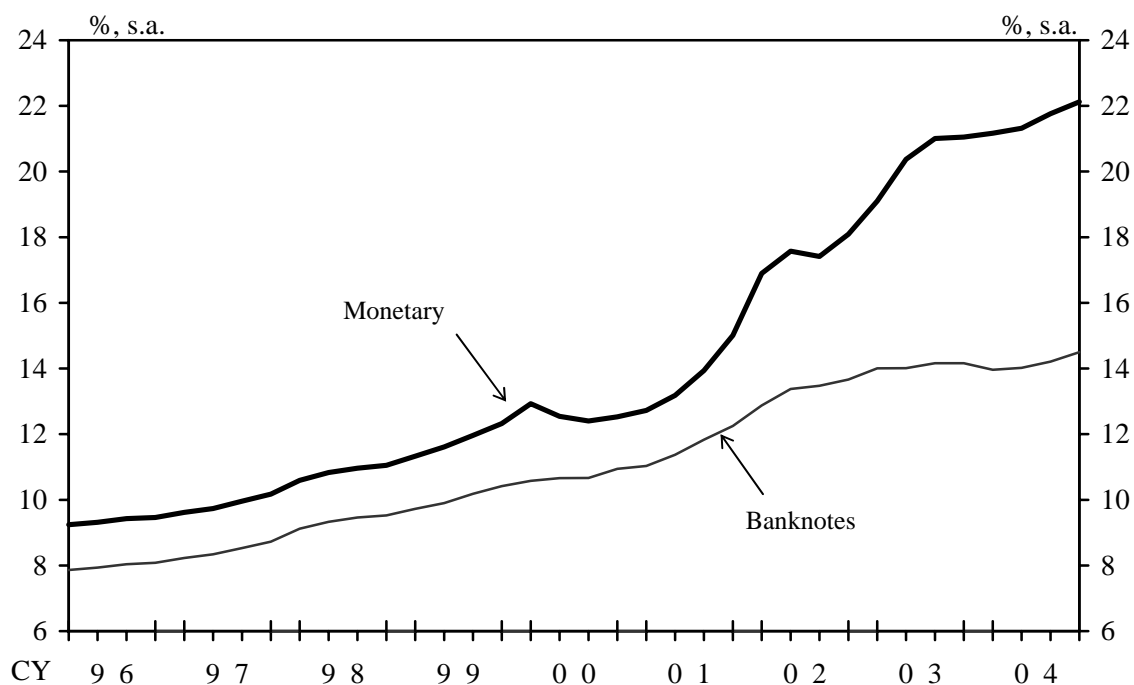
Note: Percentage changes from the previous year of the amount outstanding of corporate bonds are estimated figures. Procedures of the estimation are summarized as follows:

- (1) The sum of straight bonds, convertible bonds, bonds with warrants, and ABSs issued in both domestic and overseas markets is used.
- (2) Bonds issued by banks are included.
- (3) In calculating the percentage changes from the previous year of the amount outstanding of corporate bonds, the following adjustment is made for the treatment of convertible bonds that have been converted into shares.

$$\text{Percentage changes from the previous year of the amount outstanding of corporate bonds} = \frac{\text{The amount outstanding of corporate bonds as of this month} + \text{The sum of conversion amount over the last 12 months}}{\text{The amount outstanding of corporate bonds as of the same month in the previous year}}$$
- (4) The figure as of the latest month is a preliminary one, using estimates for the amount of the domestically issued private placement bonds, etc.

Sources: Bank of Japan, "Principal Figures of Financial Institutions," "Balance of Payments Monthly"; Japan Securities Dealers Association, "New Issue Volume- Redemption of Bonds," "Kisai-Jouhou (Issuance Information)"; I-N Information Systems, "Funding Eye."

Monetary Base

(1) Changes from a Year Earlier**(2) Ratio of Monetary Base to Nominal GDP**

Notes: 1. Monetary base = currency in circulation (banknotes + coins) + current deposits at the Bank of Japan.

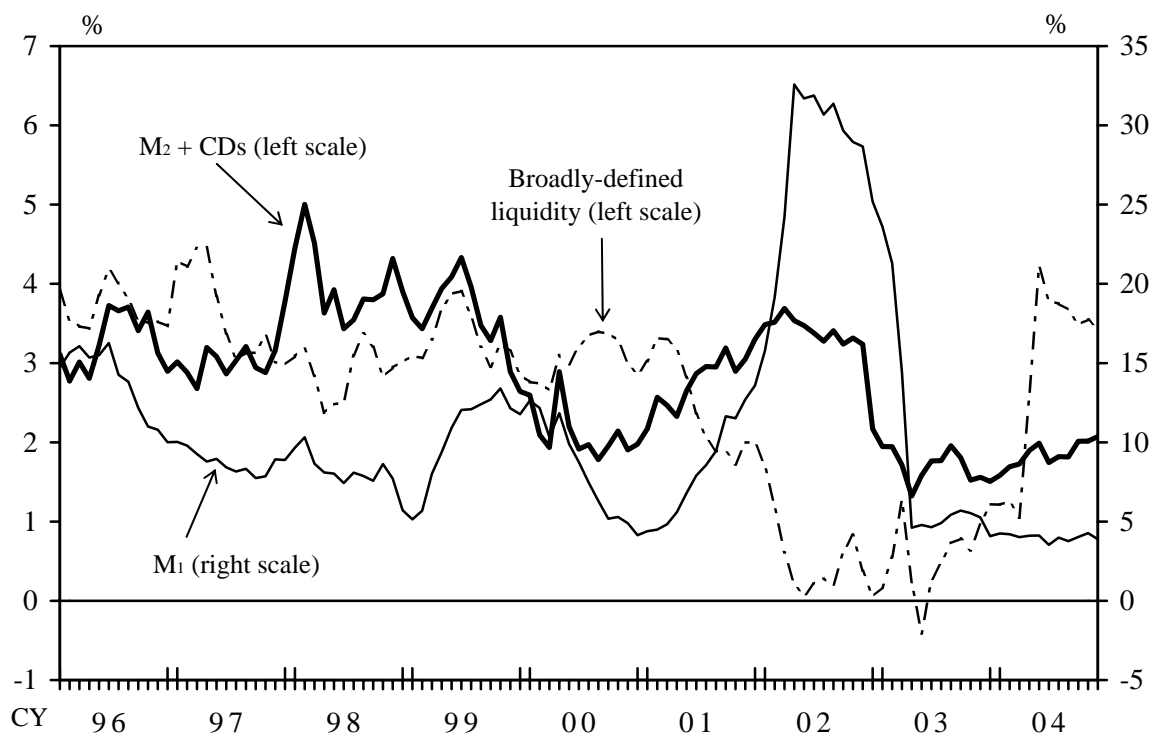
Data for currency in circulation include holdings of financial institutions.

2. Figures for the monetary base and banknotes in 2004/Q4 are those of Oct.-Nov. averages, and the nominal GDP in 2004/Q4 is assumed to be unchanged from the previous quarter.

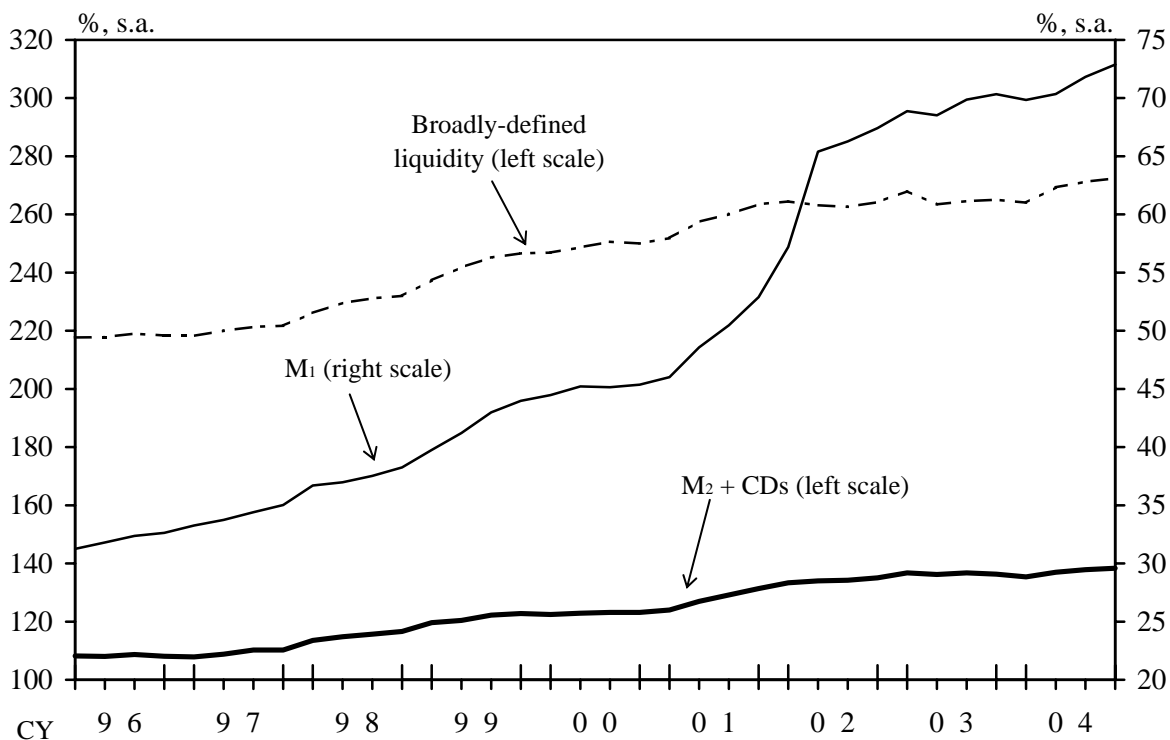
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

Money Stock (M₁, M₂+CDs, Broadly-Defined Liquidity)

(1) Changes from a Year Earlier



(2) Ratio of Money Stock to Nominal GDP

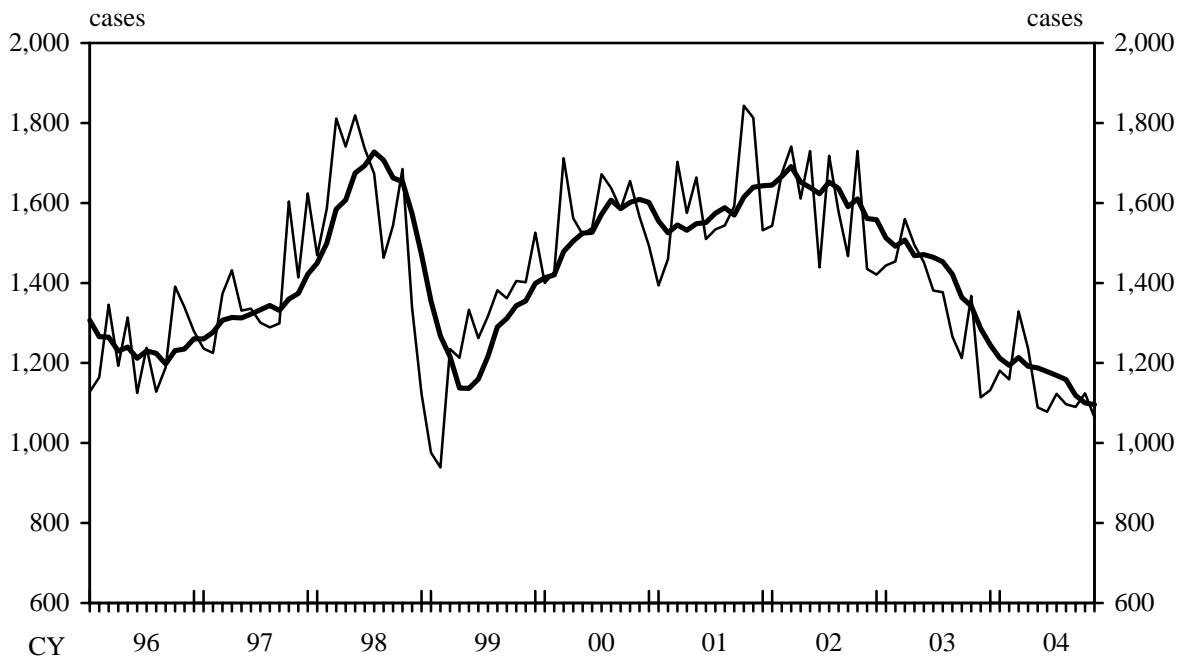


Note: Figures for money stock in 2004/Q4 are those of Oct.-Nov. averages, and the nominal GDP in 2004/Q4 is assumed to be unchanged from the previous quarter.

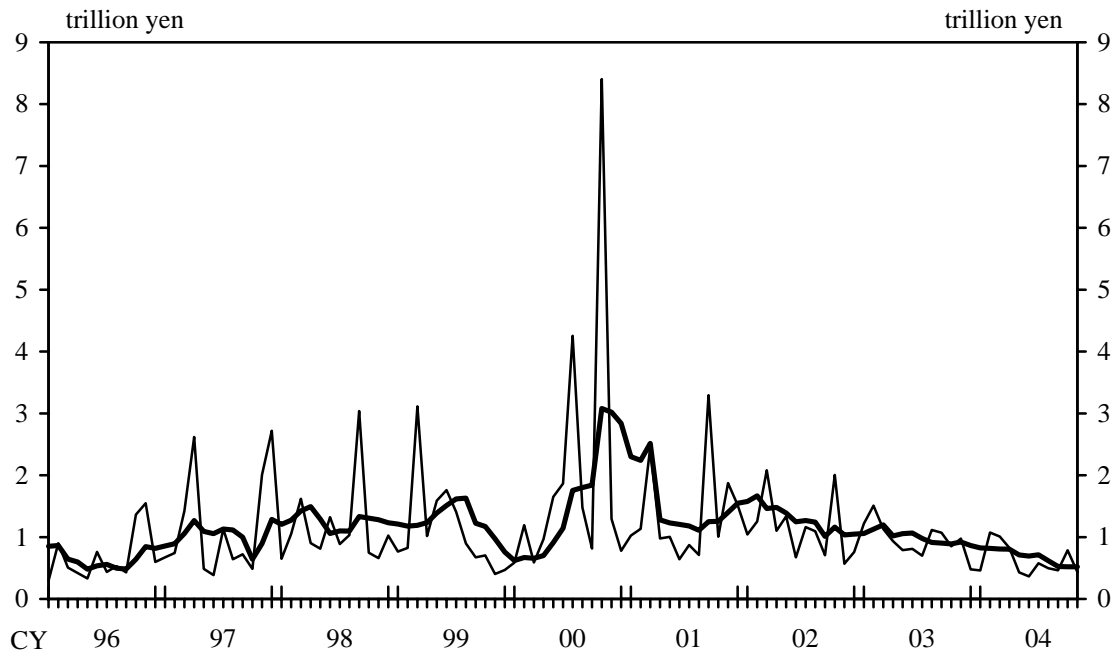
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

Corporate Bankruptcies

(1) Number of Cases



(2) Amount of Liabilities

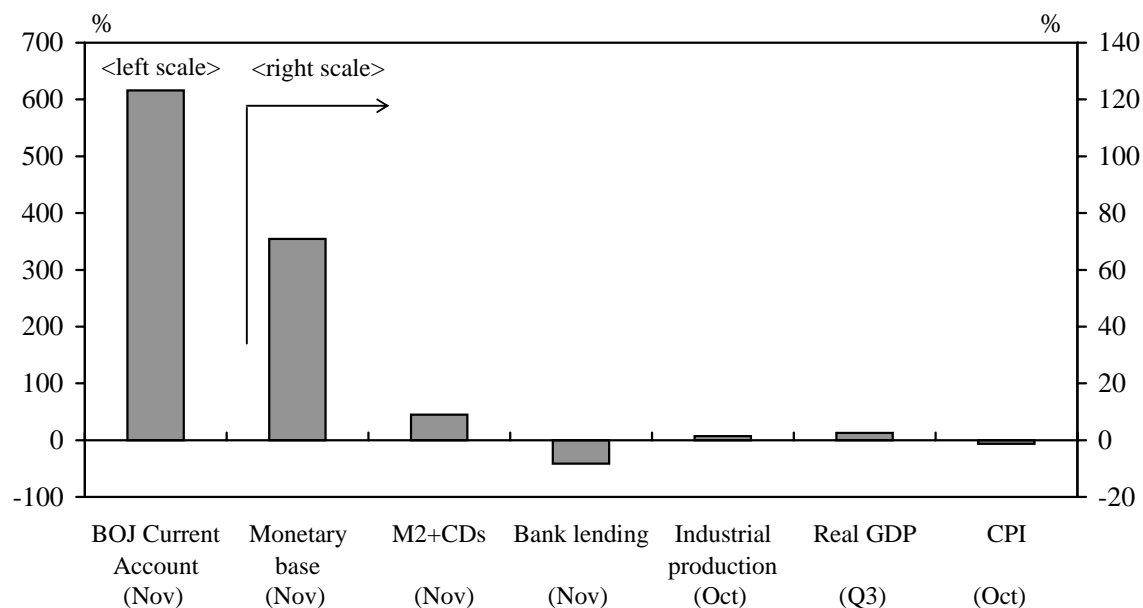


Note: Bold lines are the six-month moving average.

Source: Tokyo Shoko Research Ltd., "Tosan Geppo (Monthly Review of Corporate Bankruptcies)."

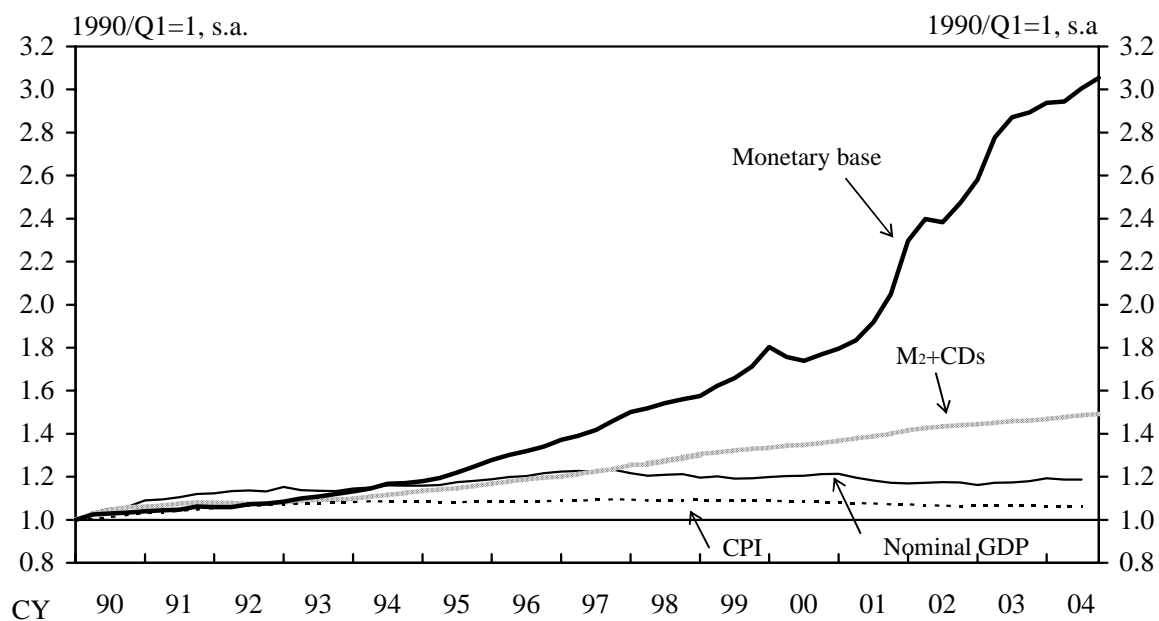
 Monetary Indicators, Economic Activity and Price Development

(1) Changes from March 2001



- Notes: 1. Figures, excluding BOJ current account balance and bank lending, are seasonally adjusted.
 2. Figure for the real GDP is compared to that in 2001/Q1.
 3. Figure for the bank lending is adjusted to exclude factors such as the liquidation of loans.
 4. Figure for the CPI excludes fresh food.

(2) Developments since 1990



- Notes: 1. Figures for monetary base are adjusted for changes in reserve requirement rates.
 2. Figures for CPI exclude fresh food and effects of the change in the consumption tax rate.
 3. Figures for Monetary base and M2+CDs in 2004/Q4 are those of Oct.-Nov. averages.

Sources: Cabinet Office, "National Accounts"; Ministry of Internal Affairs and Communications, "Consumer Price Index"; Ministry of Economy, Trade and Industry, "Indices of Industrial Production"; Bank of Japan.