

December 24, 2008  
Bank of Japan

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

December 2008

(English translation prepared by the Bank's staff based on the Japanese original released on December 22, 2008)

Please contact the Bank of Japan at the address below in advance to request permission when reproducing or copying the content of this document for commercial purposes.

Secretariat of the Policy Board, Bank of Japan  
P.O. Box 30, Nihonbashi, Tokyo 103-8660, Japan

Please credit the source when quoting, reproducing, or copying the content of this document.

# Monthly Report of Recent Economic and Financial Developments<sup>1</sup>

December 2008

## Summary

Japan's economic conditions have been deteriorating.

Exports have decreased. Corporate profits have continued to decrease, and business sentiment has also deteriorated. In this situation, business fixed investment has declined. Private consumption has weakened, as the employment and income situation has become increasingly severe. Housing investment has been more or less flat. Public investment, meanwhile, has been sluggish. Reflecting these developments in demand both at home and abroad, production has decreased substantially.

Japan's economic conditions are likely to increase in severity for the immediate future.

Exports are expected to decrease substantially due to the further slowdown in overseas economies and the appreciation of the yen. Domestic private demand is also likely to weaken further as corporate profits and firms' funding conditions deteriorate and the employment and income situation becomes increasingly severe. Public investment, meanwhile, is projected to be sluggish. Reflecting these developments in demand and adjustment pressures on inventories, production is expected to continue decreasing substantially.

On the price front, the three-month rate of decrease in domestic corporate goods prices has been large, mainly due to the drop in international commodity prices. The year-on-year rate of increase in consumer prices (excluding fresh food) has moderated to around 2 percent, mainly due to the drop in the prices of petroleum products.

Looking at price developments for the time being, domestic corporate goods prices are likely to continue decreasing, mainly due to the drop in international

---

<sup>1</sup> This report is based on data and information available at the time of the Bank of Japan Monetary Policy Meeting held on December 18 and 19, 2008.

commodity prices. The year-on-year rate of increase in consumer prices is expected to moderate reflecting the declines in the prices of petroleum products and the stabilization of food prices.

In money markets, the weighted average of the overnight call rate has remained at around 0.3 percent. While JGB repo market rates have declined recently, interbank rates on term instruments have edged up, reflecting a seasonal increase in demand for funds over the year-end. Meanwhile, the yen has appreciated against the U.S. dollar and stock prices have risen compared with last month, whereas yields on long-term government bonds have fallen.

Financial conditions in Japan have deteriorated sharply on the whole: funding conditions in the CP and corporate bond markets have tightened; and an increasing number of firms, not only small but also large ones, have reported that their financial positions are weak and lending attitudes of financial institutions are severe.

The overnight call rate has been at a low level relative to the state of economic activity and price developments. However, it seems that funding costs for firms have recently edged up, as indicated by the wider credit spreads on CP and corporate bonds. The amount outstanding of CP and corporate bonds issued has been below the previous year's level, as investors continue to be selective in their purchase of CP and corporate bonds. The amount outstanding of bank lending has increased, mainly to large firms, reflecting firms' demand for covering the decline in the issuance of CP and corporate bonds and for securing more liquidity, although that to small firms has remained below the previous year's level. Despite the increase in bank lending, an increasing number of these firms, including large firms, have reported that their financial positions are weak and lending attitudes of financial institutions are severe. Meanwhile, the money stock has increased at a somewhat slower pace.

## 1. Economic Developments

Public investment has been sluggish (Chart 5). On a GDP basis, real public investment has been essentially level (Chart 3). Looking at monthly indicators, both the amount of public construction completed—which reflects the progress of public works—and the value of public works contracted—a measure that reflects public orders—have been sluggish on average.

Public investment is projected to be sluggish due to tight national and local fiscal conditions.

Real exports have decreased (Charts 6[1] and 7). On a quarter-on-quarter basis, they dropped, by 3.3 percent, in the second quarter and then inched up temporarily, by 1.7 percent, in the third quarter, but dropped again, by 3.8 percent, in October compared with the third quarter.

By destination (Chart 7[1]), exports to the United States dropped substantially in the second and third quarters on a quarter-on-quarter basis, mainly due to the drop in automobiles; they also decreased in October compared with the third quarter. Exports to the EU and NIEs plunged in the second quarter followed by a temporary increase in the third quarter, and dropped significantly again in October. Exports to the ASEAN economies remained almost level in October following the second and third quarters. Exports to China have started to level off, as they declined marginally in October after having just inched up in the third quarter. The pace of increase in exports to other regions (such as the Middle East, Latin America, and Russia) has started to moderate on balance.

By goods (Chart 7[2]), the decline in exports of automobile-related goods as a whole has become more evident since exports to the United States have continued to drop and added to this, those to the EU have also turned downward. Exports of IT-related goods plunged in October, mainly to NIEs, after having increased in the second and third quarters. Exports of consumer goods also dropped sharply in October following the marginal decline in the third quarter. Exports of capital goods and parts and of intermediate goods have started to lose momentum on average.

Real imports have been more or less flat (Charts 6[1] and 9). On a quarter-on-quarter basis, they dropped considerably, by 3.2 percent, in the second quarter, but rose, by 2.9 percent, in the third quarter followed by an increase of 3.3 percent in October compared with the third quarter. However, the upsurge mainly in raw materials and foodstuffs—which seems to be a temporary phenomenon—contributed to this recent increase.

By goods (Chart 9[2]), imports of IT-related goods and consumer goods declined in the second quarter and then increased temporarily in the third quarter, but fell back again in October compared with the third quarter. Imports of capital goods and parts (excluding aircraft) declined in the third quarter but bounced back in October; on balance, however, they have started to lose momentum. Imports of raw materials, intermediate goods, and foodstuffs seem to have been more or less flat as a trend, despite the upsurge in October compared with the third quarter.

Net exports in terms of the real trade balance have decreased, reflecting the aforementioned movements in imports and exports (Chart 6[2]). A deficit in the nominal balance on goods and services was recorded in the third quarter, and has narrowed in October due to the improvement in the terms of trade mainly caused by the drop in crude oil prices.

Exports are expected to decrease significantly for the time being, due to the further slowdown in overseas economies and the appreciation of the yen.

As for the environment surrounding exports, in the United States, economic conditions have been deteriorating with ongoing adjustments in the housing market. With tighter financial conditions having exerted downward pressure on the U.S. economy, sales of automobiles—which have a large impact on Japan's exports—have declined substantially. In the EU, economic conditions have also been deteriorating, mainly affected by tighter lending stances of financial institutions. In emerging economies and countries that export natural resources, economic activity has been on a slower trend, due to the slowdown in exports in response to the deteriorating U.S. and European economic conditions and to the deterioration in the financial environment caused mainly by the outflow of funds (Chart 8[2]). This slowdown in

overseas economies is expected to become more evident in the immediate future.<sup>2</sup> With the U.S. and European financial markets having been under increased stress and the employment and income situation having deteriorated, attention should be paid to the downside risks to overseas economies. Regarding the environment surrounding exports of IT-related goods, global demand for finished products has slowed its pace of increase as a whole, and year-end demand also seems to lack vigor overall. International market prices for semiconductors have continued to decrease, partly due to strong pressure from the increase of supply. Meanwhile, in the foreign exchange market, the yen has appreciated lately mainly against European and NIEs currencies in terms of the real effective exchange rate, which incorporates differentials in the inflation rates between home and abroad (Chart 8[1]).

Imports are expected to remain more or less flat for the time being, mainly because the domestic economy will continue to deteriorate, despite positive contributions from the yen's appreciation.

Business fixed investment has declined. On a GDP basis, real business fixed investment decreased markedly in the third quarter following the second quarter (Chart 3). Based on the *Financial Statements Statistics of Corporations by Industry, Quarterly*, business fixed investment in nominal terms has fallen for four consecutive quarters since the fourth quarter of last year (Chart 10). By industry (Chart 11), as for nonmanufacturing firms, investment by the leasing industry plunged due to changes in the accounting standards for finance lease transactions,<sup>3</sup>

---

<sup>2</sup> Looking at the DI of overseas supply and demand conditions for products in the December *Tankan*, the net "excess supply" has expanded rapidly, and is projected to become even larger (large manufacturing firms: -6% points in the September survey, -28% points in the December survey, and -34% points for the forecast).

<sup>3</sup> Most leased property in finance lease transactions had been booked as fixed assets (business fixed investment) on the lessor's side (leasing companies) and treated off the balance sheet on the lessee's side (firms). However, with the new accounting standard for lease transactions which has been applied from the business year starting on April 1, 2008, leased property is booked as liquid assets on the lessor's side and it is booked as fixed assets on the lessee's side. Since the difference is on which side business fixed investment is counted, the aggregate amount of business fixed investment will basically be unaffected, but there are effects of special exemptions. That is, in cases in which the lessee is a small firm or in which the price of the leased property is low, lessees do not have to change their accounting procedures. Therefore, as a whole, only the negative impact of leasing companies remains. The fact that the timing of change in the accounting procedure is not the same for all firms has also affected the aggregates.

and that by other industries has also started to weaken. Investment by manufacturing firms, including that by large firms which had been increasing, decreased in the third quarter. Looking at monthly indicators, the aggregate supply of capital goods (both including and excluding transport equipment)—a coincident indicator of machinery investment—has continued to decrease (Chart 12[1]). Machinery orders (private demand, excluding orders of shipbuilding and orders from electric power companies)—a leading indicator of machinery investment—dropped significantly in October following the third quarter (Chart 13[1]). Construction starts (floor area, private, nondwelling use)—a leading indicator of construction investment—remained flat in the third quarter, partly because large construction starts were included, and then registered a noticeable drop in October compared with the third quarter (Chart 13[2]).

Looking at the environment surrounding business fixed investment, corporate profits have continued to decrease and business sentiment has deteriorated. According to business plans in the December *Tankan* (all industries and enterprises), current profits for fiscal 2008 are projected to drop for the second straight year (a year-on-year decline of 19.1 percent). By size (Chart 14), profit projections among large firms have been revised substantially downward from the previous survey, resulting in a decline of about 20 percent. It is also projected that profits of small firms will decline for the second consecutive year and the rate of decline will expand significantly. In these circumstances, the December *Tankan* shows that the deterioration in business sentiment has become evident, since the business sentiment DI of small firms has marked a larger net "unfavorable" and the DI of large firms has turned to a large net "unfavorable" (Chart 15).

Business fixed investment is likely to decline significantly for the time being, mainly due to the further slowdown in overseas economies and the ongoing decrease in corporate profits as well as to the deterioration in firms' funding conditions. According to business fixed investment plans in the December *Tankan* (Chart 16), those of large firms, mainly manufacturing, for fiscal 2008 have been revised considerably downward in comparison to the September survey, resulting in a year-on-year decrease of 0.2 percent, a downturn albeit marginal. Those of small



firms for fiscal 2008 were revised only marginally upward; they marked a sharp decline of 11.6 percent on a year-on-year basis.<sup>4</sup>

Private consumption has weakened, as the employment and income situation has become increasingly severe. On a GDP basis, real private consumption rose, by 0.3 percent, in the third quarter on a quarter-on-quarter basis, although this was partly in reaction to the drop (of 0.7 percent) in the second quarter (Chart 3). Looking at individual indicators on consumption (Charts 17 and 18), sales at department stores and supermarkets have continued to be relatively weak, since consumers have further curtailed their purchases. Meanwhile, sales at convenience stores have been relatively strong as a trend, assisted mainly by the special factor of cigarettes,<sup>5</sup> albeit with fluctuations caused by weather factors. Sales of household electrical appliances dropped compared with the previous month in both September and October for two months in a row, partly because the effects of the heat wave (such as air conditioners and refrigerators) and demand associated with the Beijing Olympics (such as flat panel TVs) disappeared. The drop in the number of new passenger-car registrations has become even larger lately. As for services consumption, outlays for travel have continued to be weak, mainly in overseas travel, in light of persistently high fuel surcharges added to airfares. Sales in the food service industry have continued to level off on average, albeit with fluctuations caused mainly by weather factors.

The *Indices of Aggregated Sales* (in real terms)—which are comprised of major sales indicators of goods and services mentioned above<sup>6</sup>—have started to

---

<sup>4</sup> Meanwhile, software investment as a whole is projected to be around the same level as the previous year, since investment by small firms registered a year-on-year increase, whereas that by large firms was revised substantially downward and marked a year-on-year decline. Based on "software and fixed investment excluding land purchasing expenses," a concept similar to GDP, business fixed investment of all industries and enterprises (including financial institutions) for fiscal 2008 is projected to mark an increase of 0.1 percent on a year-on-year basis.

<sup>5</sup> From July 1, 2008, the attachment of age-verifying equipment to cigarette vending machines has become mandatory. Currently, most vending machines throughout the country require IC cards for verification. These IC cards, however, are not yet in widespread use, and this has likely attributed to the rise in cigarettes sold over the counter, since this IC card is not required for over-the-counter sales.

<sup>6</sup> The *Indices of Aggregated Sales* are the weighted average of individual sales indicators. Outlays for travel in October were not released at the time these indices were compiled, and hence were incorporated into the indices under the assumption that the seasonally adjusted figures for October were at the same level as those for September.

become noticeably weak lately (Chart 19[1]). The aggregate supply of consumer goods—which comprehensively captures producers' supply of goods—has recently been decreasing due to the drop in durable goods (Chart 19[2]). Looking at statistics on the demand side, as for the index of consumption expenditure level (in real terms) in the *Family Income and Expenditure Survey*, the index on an "excluding housing, automobiles, money gifts and remittance" basis—which is mostly limited to items used for estimating the GDP—decreased in the second and third quarters and continued to decrease in October compared with the third quarter. Total expenditure in the *Survey of Household Economy* (in real terms) also decreased in October compared with the third quarter following the second and third quarters (Chart 17[1]).<sup>7</sup>

Consumer sentiment has deteriorated mainly due to the drop in stock prices and growing employment uncertainty; related indicators have been around their previous bottoms or below these levels (Chart 20).

Private consumption is likely to continue weakening, as the employment and income situation becomes increasingly severe for the time being.

Housing investment has been more or less flat. On a GDP basis, real housing investment increased, by 3.9 percent, in the third quarter on a quarter-on-quarter basis aided by the lagged contributions from the pickup in housing starts in the second half of fiscal 2007, after having dropped, by 2.6 percent, in the second quarter (Chart 3). The number of housing starts (Chart 21[1])—a leading indicator of housing investment—had been more or less flat since the beginning of this year, but dropped in October.

Looking ahead, housing investment is expected to be flat or weaken somewhat for the time being, considering the number of housing starts.

Industrial production has decreased substantially. Production registered a decline of around 1 percent on a quarter-on-quarter basis for three consecutive

---

<sup>7</sup> In the *Family Income and Expenditure Survey*, the number of samples is about 8,000 households, while that of the *Survey of Household Economy* is about 30,000.

quarters, and then dropped sharply, by 3.6 percent, in October compared with the third quarter (Chart 22). As for developments in October compared with the third quarter by industry, production of many industries continued to decrease following the third quarter; the drop was especially large in industries such as transportation equipment (excluding ships and rolling stocks), electronic parts and devices, general machinery, and chemicals.

Shipments also decreased substantially, by 4.0 percent, in October compared with the third quarter, after having declined for three quarters in a row. By goods (Chart 23), shipments of capital goods have fallen in many items such as semiconductor products machinery, and also engineering and construction machinery, and metal cutting machinery. The decline in shipments of durable consumer goods has recently become significant, notably in automobiles. Those of nondurable consumer goods have been more or less flat. Shipments of construction goods stopped declining temporarily as the effects of the revised Building Standard Law waned, but they have decreased again lately. Meanwhile, as for shipments of producer goods, along with the drop in electronic parts and devices, that in chemicals, nonferrous metals, and iron and steel has become evident.

Inventories have risen noticeably, while shipments have decreased substantially; the shipment-inventory balance has deteriorated (Chart 24). By goods, as for capital goods (excluding transport equipment) and durable consumer goods, inventory adjustment pressures have been building up, while shipments have declined at an accelerated pace. As for producer goods, shipments of electronic parts and devices as well as those of other goods (such as chemicals, nonferrous metals, and iron and steel) have fallen sharply, and inventories of these goods have piled up. Meanwhile, as for construction goods, both shipments and inventories have continued to decrease even though inventories are still in balance with shipments. This shows that the deterioration in the shipment-inventory balance has spread widely across industries, and this will contribute to pressing production downward for the time being.

As for the outlook for the time being, production is expected to continue decreasing substantially, since the weakness in domestic and external demand has

become evident and also since inventory adjustment pressures have mounted. Anecdotal information suggests that production in the fourth quarter will drop sharply.<sup>8</sup>

The employment and income situation has become increasingly severe (Chart 25[3]).

In the labor market, overtime hours worked have recently been well below the year-ago level, notably in the manufacturing sector (Chart 27[3]). The employment conditions DI in the December *Tankan* turned to a net "excessive employment" (Chart 28) and the ratio of job offers to applicants has continued to decrease (Chart 26[1]). The unemployment rate appears to be on a moderate uptrend, but it has recently dropped slightly. This recent drop appears to be basically caused by statistical fluctuations, and it is also likely to be affected by the passive attitudes toward job-searching in line with the decrease in job opportunities.

In terms of employment (Chart 27[1]), the number of employees in the *Labour Force Survey* has continued to be around zero percent on a year-on-year basis. As for the number of regular employees in the *Monthly Labour Survey*, the year-on-year growth rate has continued to fall after having peaked at around the end of last year. The ratio of part-time employees dropped temporarily at around the time of the enforcement of the revised Part-time Work Law (effective in April 2008), but then rose. On average, it has been essentially level (Chart 27[2]).

The year-on-year rate of change in nominal wages per employee has been around zero percent (Chart 25[1]). In detail, regular payments have maintained a slight positive, whereas overtime payments have turned negative and special payments have also been relatively weak.<sup>9</sup>

---

<sup>8</sup> Production in the fourth quarter, based on the production forecast index of November and December, is calculated to decrease by 8.6 percent compared with the third quarter. On a quarterly basis, currently released connected indexes—which have been available since 1953—show that the largest rate of decline was 6.7 percent recorded in the first quarter of 1975.

<sup>9</sup> According to surveys on winter bonuses released by the Japan Business Federation (final results as of December 17) and the *Nihon Keizai Shimbun*, Inc. (final results as of December 1), winter bonuses are projected to decrease for the first time in six years. On a year-on-year basis, the former survey showed an increase of 0.93 percent for last year and shows a decrease of 0.36

Looking ahead, household income is likely to weaken somewhat for the time being, in response to the decrease in corporate profits and production.

## **2. Prices**

Import prices (on a yen basis; the three-month rate of change) have dropped significantly in response to the decline in international commodity prices (Chart 30). Looking at recent developments in international commodity prices in more detail, crude oil prices have continued to fall partly due to risk aversion among investors as the slowdown in the global economy has become evident, after having marked a record high in the first half of July. Prices of nonferrous metals and crops have also continued to drop substantially. Meanwhile, domestic commodity prices have dropped sharply in response to movements in international commodity prices and to the yen's appreciation.

The three-month rate of decrease in domestic corporate goods prices (adjusted to exclude the effects of seasonal changes in electricity rates, same hereafter)<sup>10</sup> has been large, mainly due to the drop in international commodity prices (Chart 31). In detail, prices of "goods sensitive to exchange rates and overseas commodity prices" have declined at a faster pace due to the drop in prices of petroleum and coal products and of nonferrous metals. Prices of "iron and steel and construction goods" have also accelerated their pace of decrease, due to the decline in prices of iron and steel and of scrap and waste. Prices of "other materials" have turned down, in response to developments in prices of chemical products. Prices of "others" have slowed their pace of increase compared to a while ago reflecting the stabilization in prices of processed foodstuffs and the drop in prices of agriculture, forestry and fishery products. On the other hand, prices of "electric power, gas and water" have continued to climb, due to high fuel costs thus far. Prices of "machinery" have risen

---

percent for this year, and the latter showed an increase of 0.71 percent last year and shows a decrease of 0.80 percent this year.

<sup>10</sup> The figures are adjusted to exclude large seasonal fluctuations in electric power charges to observe the underlying changes in domestic corporate goods prices. Industrial and commercial electric power charges are set relatively high during July-September, when consumption increases substantially.

lately, since past cost increases have been passed on, notably in transportation equipment. Looking at domestic demand products as a whole, including imports, prices of raw materials have decreased at a faster pace in response to the decline in international commodity prices and the yen's appreciation. Prices of intermediate goods and final goods have also declined at an accelerated pace, mainly reflecting developments in prices of petroleum products.

The year-on-year rate of change in corporate services prices (excluding external factors)<sup>11</sup> has been around zero percent (Chart 32).<sup>12</sup> Looking at recent developments by category, the year-on-year rate of change in prices of real estate services has been positive, assisted by the rise in office space rentals in the Tokyo metropolitan area. On the other hand, the year-on-year rate of increase in prices of "other services" has been diminishing as a trend in response to firms' cost-cutting. Prices of information services have been relatively weak as a trend, since firms have tightened the reins on their software investment. Prices of advertising services have marked a relatively large decrease, albeit with fluctuations, since firms have been more cautious about increasing advertisement placements. Prices of leasing and rental have continued to decrease, affected by the drop in prices of office automation equipment leasing. Meanwhile, prices of finance and insurance have been almost flat or have been declining marginally, mainly because property and casualty insurance services have continued to fall due to the reduction in the premiums of compulsory motor vehicle insurance.

The year-on-year rate of increase in consumer prices (excluding fresh food, same hereafter) has moderated to around 2 percent, mainly due to the drop in prices of petroleum products (Chart 33). Looking at recent developments in more detail on a year-on-year basis, prices of goods have increased, notably in prices of petroleum products and food; services prices have risen, chiefly in prices of "eating out"; and

---

<sup>11</sup> "Excluding external factors" means that international air passenger transportation, ocean liner, ocean tramper, ocean tanker, oceangoing ship chartering services, and international air freight transportation are excluded from all items.

<sup>12</sup> "All items including external factors" had continued to register a noticeable year-on-year positive due to the increase in transportation since early last year, but started to decrease in October on a year-on-year basis, mainly because oceangoing ship chartering services decreased at a faster pace and also because ocean freight transportation turned negative.

public utility charges have increased, mainly in electricity charges and city gas charges. However, consumer prices reduced their year-on-year rate of increase for the second straight month, since the upward contribution from petroleum products decreased. Meanwhile, the year-on-year rate of change in consumer prices, excluding food and energy, has continued to be around zero percent.

With regard to domestic supply and demand conditions in the December *Tankan* (Chart 34), the DI of supply and demand conditions for products and services has rapidly expanded its net "excess supply." The weighted average of the production capacity DI and employment conditions DI has been deteriorating for four consecutive quarters, and it has turned to a net "excess supply" lately. In this environment, the output prices DI has registered a net "fall" for both manufacturing and nonmanufacturing.

Looking at price developments for the time being, domestic corporate goods prices are likely to continue decreasing, mainly due to the drop in international commodity prices. The year-on-year rate of increase in consumer prices is expected to moderate reflecting the declines in the prices of petroleum products and the stabilization of food prices.

### **3. Financial Developments**

#### **(1) Financial Markets**

Japan's money markets have continued to be nervous; trading is thinning in interbank markets as the year-end approaches. Although the overnight call rate (uncollateralized) has been at around 0.3 percent as the Bank of Japan conducts flexible money market operations, interest rates on term instruments, such as the Euroyen interest rate (TIBOR, 3-month), have still been somewhat high (Chart 35[1]). In U.S. dollar funding, liquidity conditions have continued to be tight, although they have been improving (Chart 36). The FB rate (3-month) and interest rates on Euroyen futures in nearby contracts have recently fallen reflecting expectations for an interest rate cut (Chart 35).

Yields on 10-year government bonds (newly issued 10-year JGB) have dropped somewhat, mainly in response to the worsening global business sentiment; they have recently been moving at around 1.3 percent (Chart 37).

Yield spreads between corporate bonds and government bonds have continued to expand significantly for those with low credit ratings, since investors have become even more selective about bond issues for investment as both the year-end and fiscal year-end approach. Moreover, they have also expanded in some of those with high credit ratings (Chart 38).

Stock prices have continued to show unstable movements in response to U.S. and European stock prices. The Nikkei 225 Stock Average has been moving in the range of 8,000-9,000 yen (Chart 39).

In the foreign exchange market, the yen has appreciated against the U.S. dollar in light of stronger concern for a prolonged recession in the U.S. economy. The yen has recently risen to around 89 yen (Chart 40).

## **(2) Corporate Finance and Monetary Aggregates**

Funding costs for firms seem to have recently edged up, as indicated by the wider credit spreads on CP and corporate bonds. However, the average contracted interest rates on new loans and discounts had been more or less unchanged until October (Chart 42). The average rates are thought to have been affected not only by the higher funding costs but also by the increased weight of lending to large firms, for which lending interest rates are relatively low.

The funding of the private sector has risen in response to firms' demands to cover the decline in operating cash inflow and to secure additional liquidity, although credit demand for working capital has stopped increasing due to a drop in materials prices. The amount outstanding of CP and corporate bonds issued has been below the previous year's level, owing to tightened funding conditions in the markets and overall increased risk aversion among investors (Chart 44). In contrast, lending by private banks has increased, mainly to large firms, which have covered the decline in



the issuance of CP and corporate bonds, although lending to small firms has remained below the previous year's level (Chart 43).

Despite the increase in bank lending, an increasing number of firms, including large firms, have reported that their financial positions are weak, and lending attitudes of financial institutions are severe (Chart 41). In the December *Tankan*, the DI on the lending attitudes of financial institutions dropped for both small and large firms. As for large firms, in particular, the DI has turned from "accommodative" to "severe" for the first time since the June 1999 survey.

The money stock (M2) has increased at a somewhat slower pace. Its November reading was 1.7 percent on a year-on-year basis, following 1.8 percent in October, and 2.2 percent in September (Chart 45).<sup>13</sup>

The number of corporate bankruptcies was up by 5.3 percent in November compared to the year-ago level, to 1,277 cases (Chart 46).

---

<sup>13</sup> On an M3 basis, which includes the Japan Post Bank, the year-on-year growth rate was unchanged at 0.6 percent. Broadly-defined liquidity declined at an accelerating year-on-year rate—it declined by 0.4 percent in November following a 0.1 percent decrease in October.

## Charts

Chart 1	Main Economic Indicators (1)	Chart 29	Prices
Chart 2	Main Economic Indicators (2)	Chart 30	Import Prices and International Commodity Prices
Chart 3	Real GDP and Indexes of Business Conditions	Chart 31	Domestic Corporate Goods Price Index
Chart 4	GDP Deflator and Income Formation	Chart 32	Corporate Services Price Index
Chart 5	Public Investment	Chart 33	Consumer Price Index (Excluding Fresh Food)
Chart 6	External Balance	Chart 34	Domestic Supply and Demand Conditions
Chart 7	Real Exports	Chart 35	Short-Term Interest Rates
Chart 8	Real Effective Exchange Rate and Overseas Economies	Chart 36	Global Money Markets
Chart 9	Real Imports	Chart 37	Long-Term Interest Rates
Chart 10	Business Fixed Investment and Corporate Profits	Chart 38	Yields of Corporate Bonds
Chart 11	Business Fixed Investment by Industry and Size	Chart 39	Stock Prices
Chart 12	Coincident Indicators for Business Fixed Investment	Chart 40	Exchange Rates
Chart 13	Leading Indicators for Business Fixed Investment	Chart 41	Corporate Finance-Related Indicators
Chart 14	Current Profits	Chart 42	Lending Rates
Chart 15	Business Conditions	Chart 43	Lending by Financial Institutions
Chart 16	Business Fixed Investment Plans as Surveyed	Chart 44	Private-Sector Fund-Raising in the Capital Markets
Chart 17	Indicators for Private Consumption (1)	Chart 45	Money Stock
Chart 18	Indicators for Private Consumption (2)	Chart 46	Corporate Bankruptcies
Chart 19	Indicators for Private Consumption (3)		
Chart 20	Consumer Confidence		
Chart 21	Indicators for Housing Investment		
Chart 22	Production, Shipments, and Inventories		
Chart 23	Shipments Breakdown by Type of Goods		
Chart 24	Inventory Cycle		
Chart 25	Employee Income		
Chart 26	Labor Market (1)		
Chart 27	Labor Market (2)		
Chart 28	Employment Conditions		

## Main Economic Indicators (1)

s.a., q/q (m/m) % chg.<sup>1</sup>

	2008/Q1	Q2	Q3	2008/Aug.	Sep.	Oct.	Nov.
Index of consumption expenditure level (two-or-more-person households)	-0.4	-2.0	-0.5	-3.3	1.7	-0.6	n.a.
Sales at department stores	-0.7	-3.0	0.7	-2.7	0.8	-3.6	n.a.
Sales at supermarkets	0.2	-1.7	0.3	-2.4	1.1	-2.2	n.a.
New passenger-car registrations <sup>3</sup> <s.a., ann. 10,000 units>	< 301>	< 295>	< 285>	< 273>	< 271>	< 258>	< 233>
Sales of household electrical appliances (real, Current Survey of Commerce)	5.7	1.8	7.2	4.9	-4.3	-3.0	n.a.
Outlays for travel	0.4	-2.9	-1.6	-2.7	-3.2	3.5	n.a.
Housing starts <s.a., ann. 10,000 units>	< 114>	< 112>	< 113>	< 113>	< 113>	< 103>	<n.a.>
Machinery orders (from private sector <sup>4</sup> )	2.2	0.6	-10.4	-14.5	5.5	-4.4	n.a.
Manufacturing	-5.9	2.7	-10.9	-13.9	9.7	-2.2	n.a.
Nonmanufacturing <sup>4</sup>	6.5	1.0	-12.0	-14.9	-1.3	-2.3	n.a.
Construction Starts (private, nondwelling use)	1.2	-2.8	0.2	-4.2	-10.9	-1.1	n.a.
Mining & manufacturing	-1.0	7.6	10.0	-22.5	-24.8	23.6	n.a.
Nonmanufacturing <sup>5</sup>	1.9	-5.4	-1.2	-1.5	-1.9	-10.5	n.a.
Value of public works contracted	-0.5	-8.3	11.3	-7.2	-2.7	-0.6	9.0
Real exports	3.2	-3.3	1.7	-1.4	-0.3	-3.2	n.a.
Real imports	0.8	-3.2	2.9	1.3	3.6	0.5	n.a.
Industrial production	-0.7	-0.8	-1.3	-3.5	1.1	-3.1	n.a.
Shipments	-0.5	-0.9	-1.8	-3.7	0.4	-3.0	n.a.
Inventories	0.0	0.4	1.6	-0.3	2.0	1.8	n.a.
Inventory Ratio <s.a., CY 2005 = 100>	< 105.3>	< 105.0>	< 108.3>	< 109.0>	< 108.3>	< 112.5>	<n.a.>
Real GDP	0.6	-1.0	-0.5	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	-0.9	0.5	-0.8	-1.7	0.0	-0.5	n.a.

## Main Economic Indicators (2)

	y/y % chg. <sup>1</sup>						
	2008/Q1	Q2	Q3	2008/Aug.	Sep.	Oct.	Nov.
Ratio of job offers to applicants <s.a., times>	< 0.97>	< 0.92>	< 0.86>	< 0.86>	< 0.84>	< 0.80>	<n.a.>
Unemployment rate <s.a., %>	< 3.9>	< 4.0>	< 4.1>	< 4.2>	< 4.0>	< 3.7>	<n.a.>
Overtime working hours <sup>6</sup>	0.7	-1.2	-2.3	-2.9	-2.7	-4.5	n.a.
Number of employees	0.0	-0.0	0.1	0.0	0.4	0.3	n.a.
Number of regular employees <sup>6</sup>	1.9	1.7	1.5	1.5	1.4	1.3	n.a.
Nominal wages per person <sup>6</sup>	1.6	0.7	0.2	0.1	0.2	0.1	n.a.
Domestic corporate goods price index <q/q % chg., 3-month rate of change> <sup>7</sup>	3.5 < 1.0>	4.9 < 2.4>	7.1 < 2.8>	7.4 < 2.9>	6.8 < 1.4>	5.0 <-1.8>	p 2.8 <p -3.7>
Consumer price index <sup>8</sup>	1.0	1.5	2.3	2.4	2.3	1.9	n.a.
Corporate services price index	0.9	1.0	1.0	1.4	0.1	p -1.4	n.a.
Money Stock (M2) <average outstanding, y/y % chg.>	2.3	2.1	2.2	2.4	2.2	1.8	p 1.7
Number of corporate bankruptcies <cases per month>	<1,238>	<1,276>	<1,345>	<1,254>	<1,408>	<1,429>	<1,277>

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

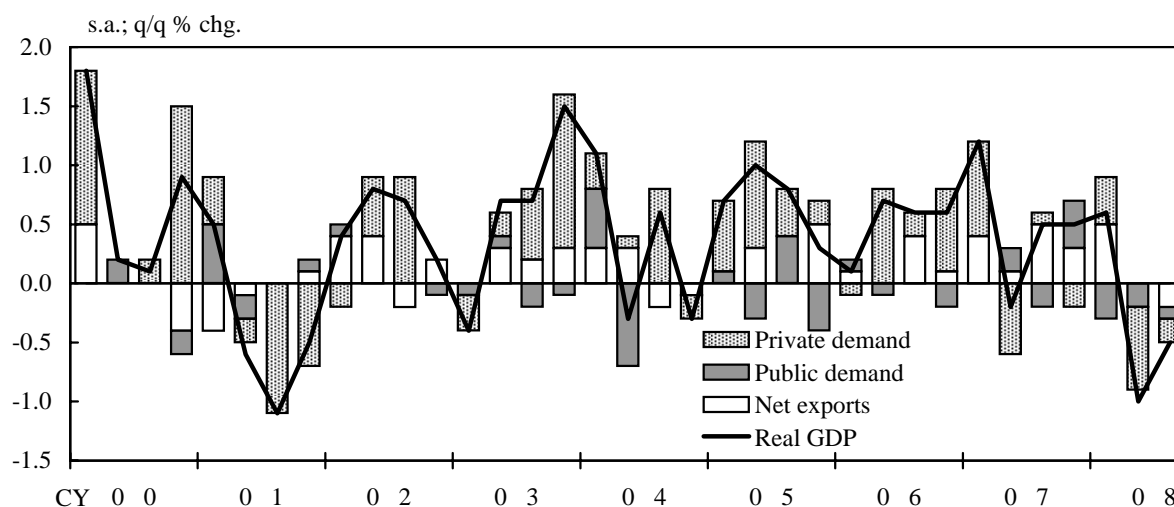
All figures in Chart 2 except figures in angle brackets are year-on-year changes. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of the respective charts.

2. Figures with "p" indicate preliminary data.
3. Excludes small cars with engine sizes of 660 cc 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 five regular employees.
7. Adjusted to exclude a hike in electric power charges during the summer season.
8. Excludes fresh food.

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 All Industry Activity";  
 Japan Automobile Dealers Association, "Domestic Sales of Automobiles";  
 Japan Tourism Agency, "Major Travel Agents' Revenue";  
 Ministry of Land, Infrastructure and Transport, "Statistics on Building Construction Starts";  
 Ministry of Finance, "The Summary Report on Trade of Japan";  
 Cabinet Office, "Orders Received for Machinery," "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 Services Price Index," "Money Stock";  
 Tokyo Shoko Research Ltd., "Tosan Geppo (Monthly Review of Corporate Bankruptcies)."

## Real GDP and Indexes of Business Conditions

### (1) Real GDP



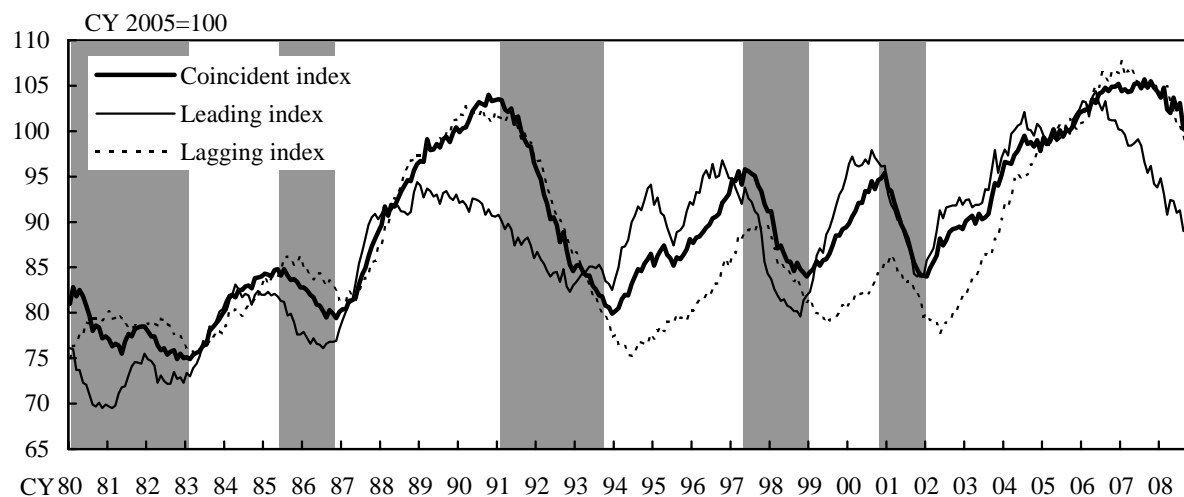
### (2) Components

s.a.; q/q % chg.

	2007		2008		
	Q3	Q4	Q1	Q2	Q3
Real GDP	0.5	0.5	0.6	-1.0	-0.5
Domestic demand	-0.0	0.2	0.1	-0.9	-0.3
Private demand	0.1	-0.2	0.4	-0.7	-0.2
Private consumption	0.0	0.0	0.5	-0.4	0.2
Non-Resi. investment	0.4	0.0	0.1	-0.3	-0.3
Residential investment	-0.3	-0.3	0.1	-0.1	0.1
Private inventory	0.0	0.1	-0.3	0.0	-0.2
Public demand	-0.2	0.4	-0.3	-0.2	-0.1
Public investment	-0.1	0.0	-0.2	-0.0	0.0
Net exports of goods and services	0.5	0.3	0.5	-0.0	-0.2
Exports	0.4	0.5	0.6	-0.5	0.2
Imports	0.1	-0.1	-0.2	0.5	-0.4
Nominal GDP	0.3	-0.2	0.4	-1.4	-0.7

Note: Figures of components in real GDP indicate contributions to changes in GDP.

### (3) Indexes of Business Conditions (Composite Indexes)

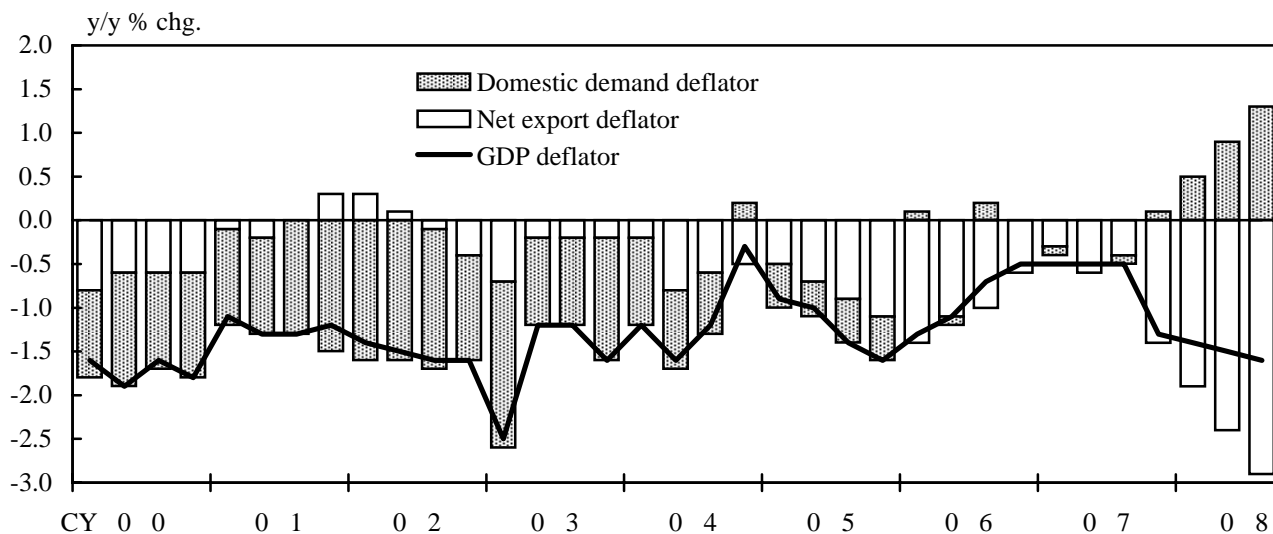


Note: Shaded areas indicate recession periods.

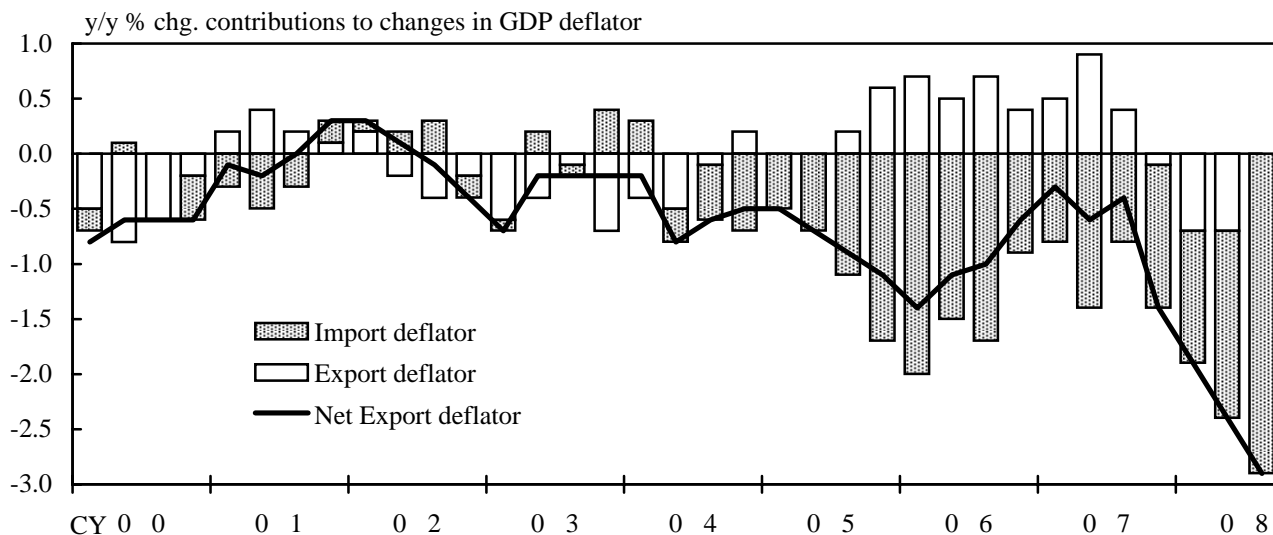
Source: Cabinet Office, "National Accounts," "Indexes of Business Conditions."

GDP Deflator and Income Formation

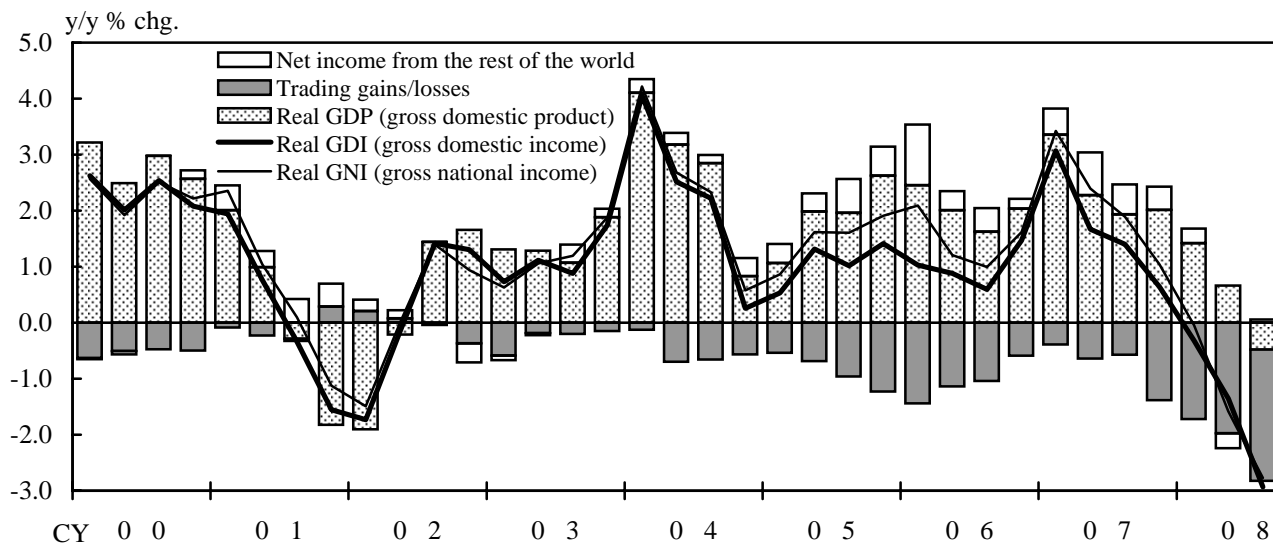
(1) GDP Deflator



(2) Net Export Deflator



(3) Aggregate Income Formation



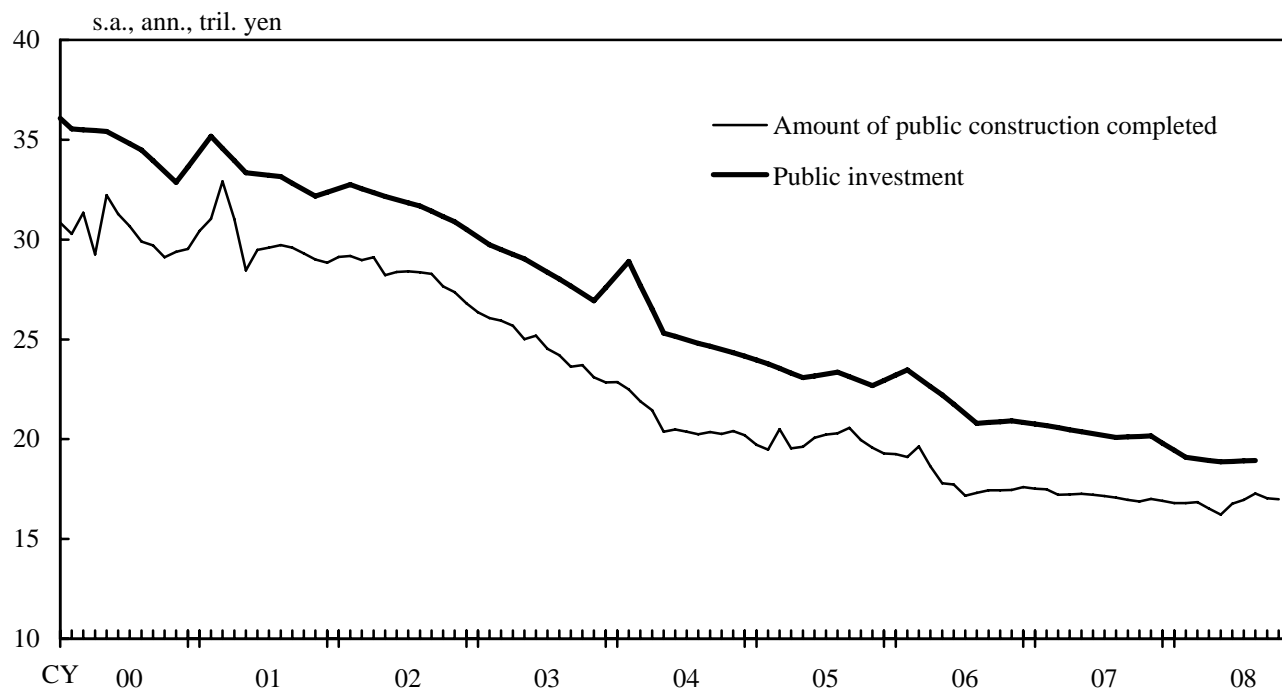
Note: Figures of components indicate contributions to changes in real GNI.

Trading gains/losses = nominal net exports / weighted average of export and import deflators - real net exports

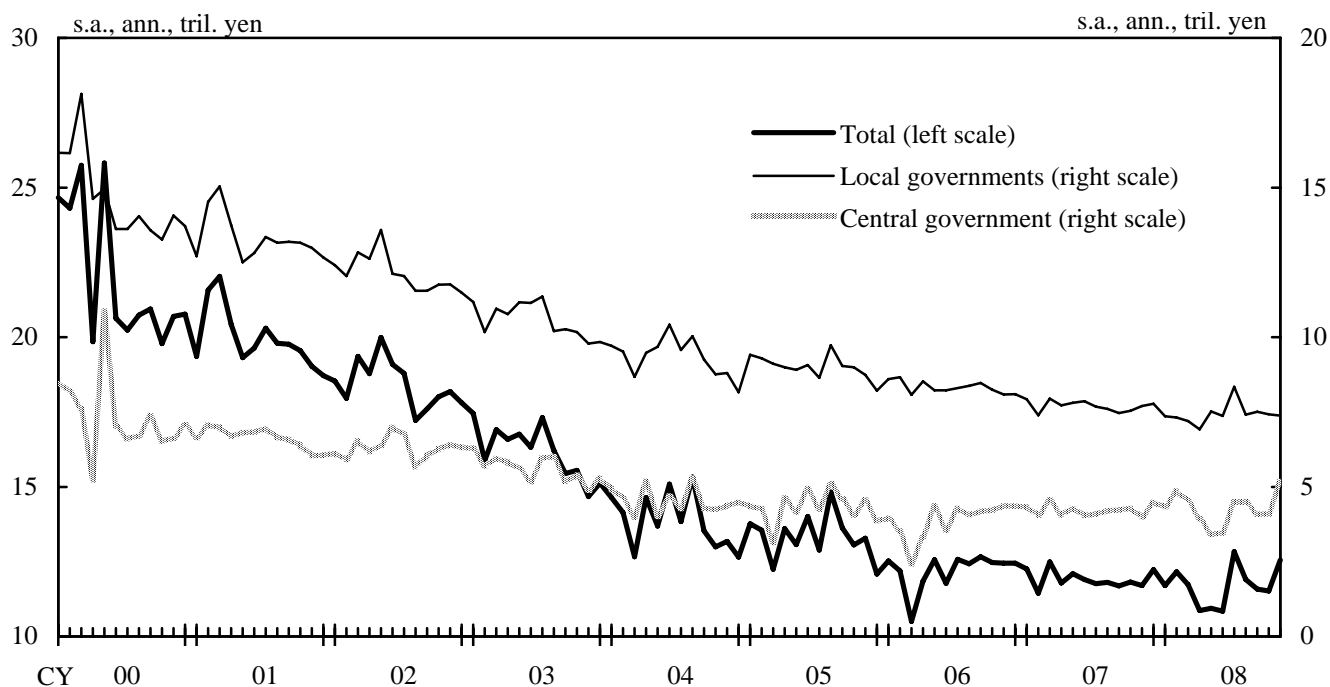
Source: Cabinet Office, "National Accounts."

## Public Investment

(1) Amount of Public Construction Completed and Public Investment



(2) Value of Public Works Contracted



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.

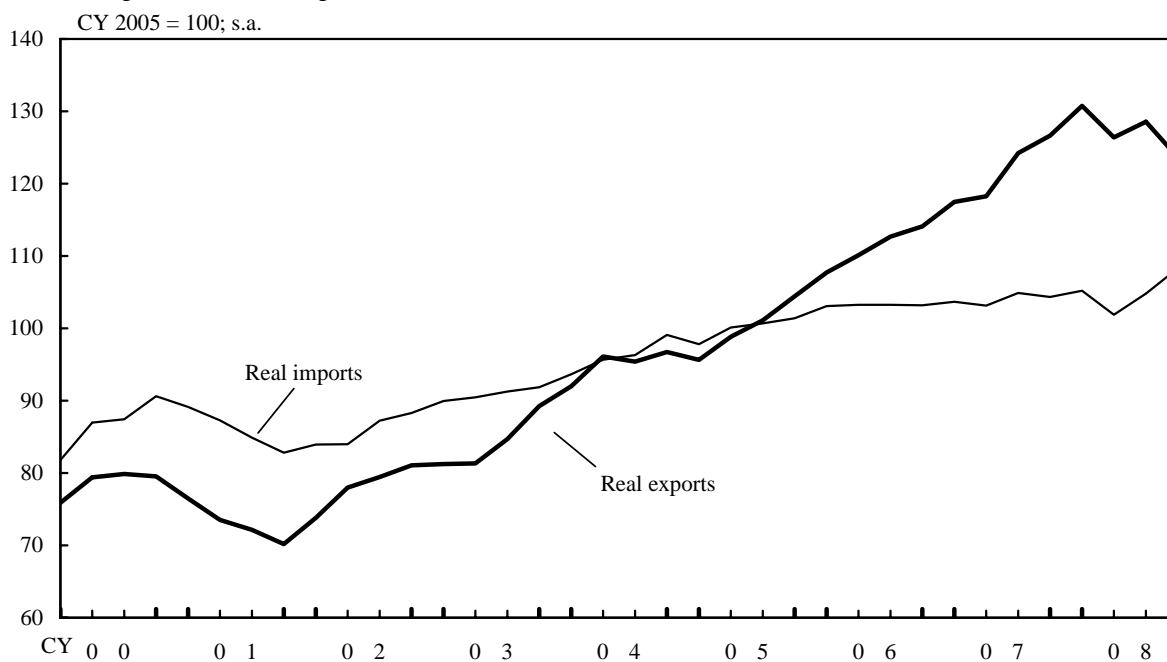
Sources: Cabinet Office, "National Accounts";

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

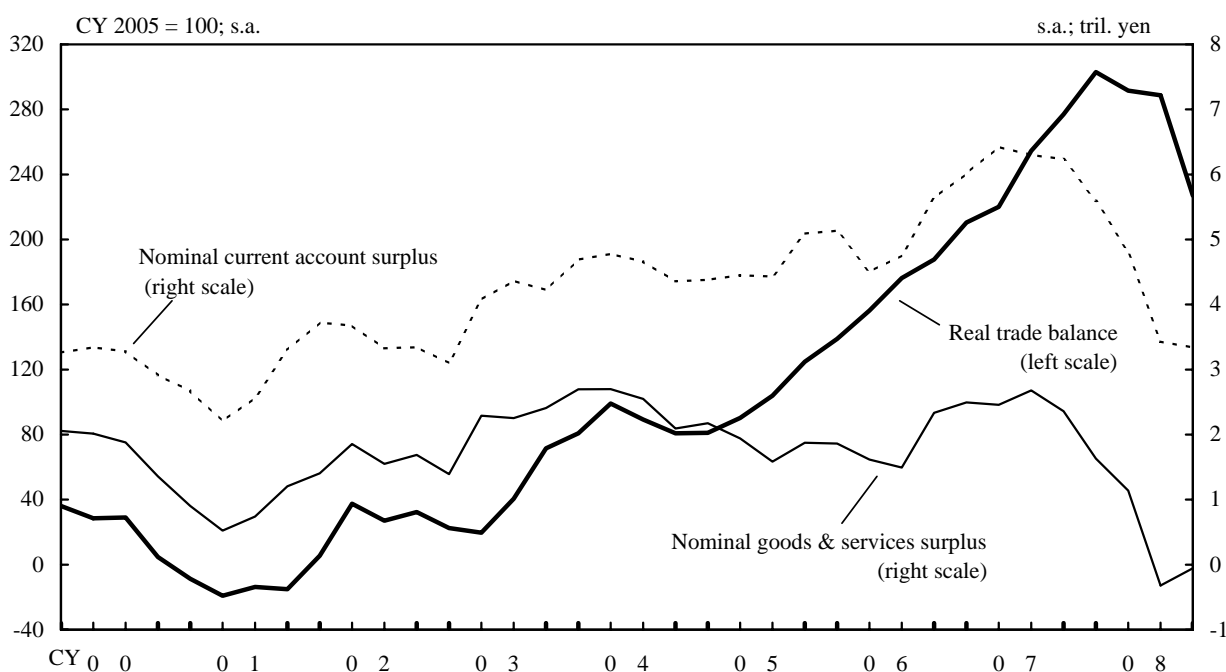
Ministry of Land, Infrastructure and Transport, "Integrated Statistics on Construction Works."

## 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 2005. Real exports/imports are "The Value of Exports and Imports in Trade Statistics" deflated by the "Export and Import Price Index."  
 2. Figures are seasonally adjusted by X-12-ARIMA.  
 3. 2008/Q4 figures for Real exports/imports and the real trade balance are October figures converted into quarterly amount.  
 4. 2008/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";  
 Ministry of Finance and Bank of Japan, "Balance of Payments";  
 Bank of Japan, "Corporate Goods Price Index."



Real Exports <sup>1</sup>

## (1) Breakdown by Region

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2006	2007	2007 Q4	2008 Q1	Q2	Q3	Q4	2008 Aug.	Sep.	Oct.
United States	<20.1>	11.7	-1.2	-1.3	-0.2	-6.9	-4.0	-1.5	-3.4	6.6	-4.5
EU	<14.8>	11.1	13.0	2.6	4.2	-7.4	2.1	-6.8	-1.5	-2.8	-4.6
East Asia	<46.0>	8.9	10.3	2.9	4.9	-2.4	1.8	-4.4	2.4	-6.5	-0.8
China	<15.3>	18.8	16.8	2.0	5.1	1.7	0.9	-1.0	1.0	-8.6	4.9
NIEs	<22.4>	6.3	5.2	2.0	5.3	-5.9	3.1	-9.0	2.1	-5.5	-6.2
Korea	<7.6>	9.6	5.3	4.7	3.6	-4.9	6.0	-13.2	4.4	1.5	-15.2
Taiwan	<6.3>	2.7	0.0	-3.8	8.7	-8.9	0.5	-12.1	8.6	-11.6	-7.1
ASEAN <sup>4</sup>	<8.3>	1.8	13.2	6.4	3.6	-0.7	0.2	0.5	5.6	-5.3	2.3
Thailand	<3.6>	4.1	9.8	2.1	5.1	-6.9	4.8	3.0	10.0	-7.5	5.1
Others	<19.1>	20.2	19.9	9.2	4.8	-0.1	4.1	1.0	-7.0	7.2	-1.1
Real exports		11.2	9.1	1.9	3.2	-3.3	1.7	-3.8	-1.4	-0.3	-3.2

## (2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2006	2007	2007 Q4	2008 Q1	Q2	Q3	Q4	2008 Aug.	Sep.	Oct.
Intermediate goods	<18.4>	6.9	5.3	1.6	2.1	-6.0	2.1	-1.8	2.8	-1.0	-2.0
Motor vehicles and their related goods	<24.1>	14.2	13.2	6.6	3.1	-4.8	0.0	-4.4	-6.0	2.1	-3.7
Consumer goods <sup>4</sup>	<4.5>	9.8	6.4	-0.2	4.3	3.1	-1.1	-6.8	6.3	0.6	-9.0
IT-related goods <sup>5</sup>	<11.0>	7.5	12.2	2.5	-1.3	4.4	2.4	-9.6	1.9	-1.3	-9.4
Capital goods and parts <sup>6</sup>	<28.4>	13.3	8.0	2.8	4.3	-2.0	1.7	0.8	-2.5	3.0	-0.3
Real exports		11.2	9.1	1.9	3.2	-3.3	1.7	-3.8	-1.4	-0.3	-3.2

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2008/Q4 figures are October figures converted into quarterly amount.

2. Shares of each region and goods in 2007 are shown in angle brackets.

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

4. Excludes motor vehicles.

5. IT-related goods are composed of computers and units, telecommunication machinery,

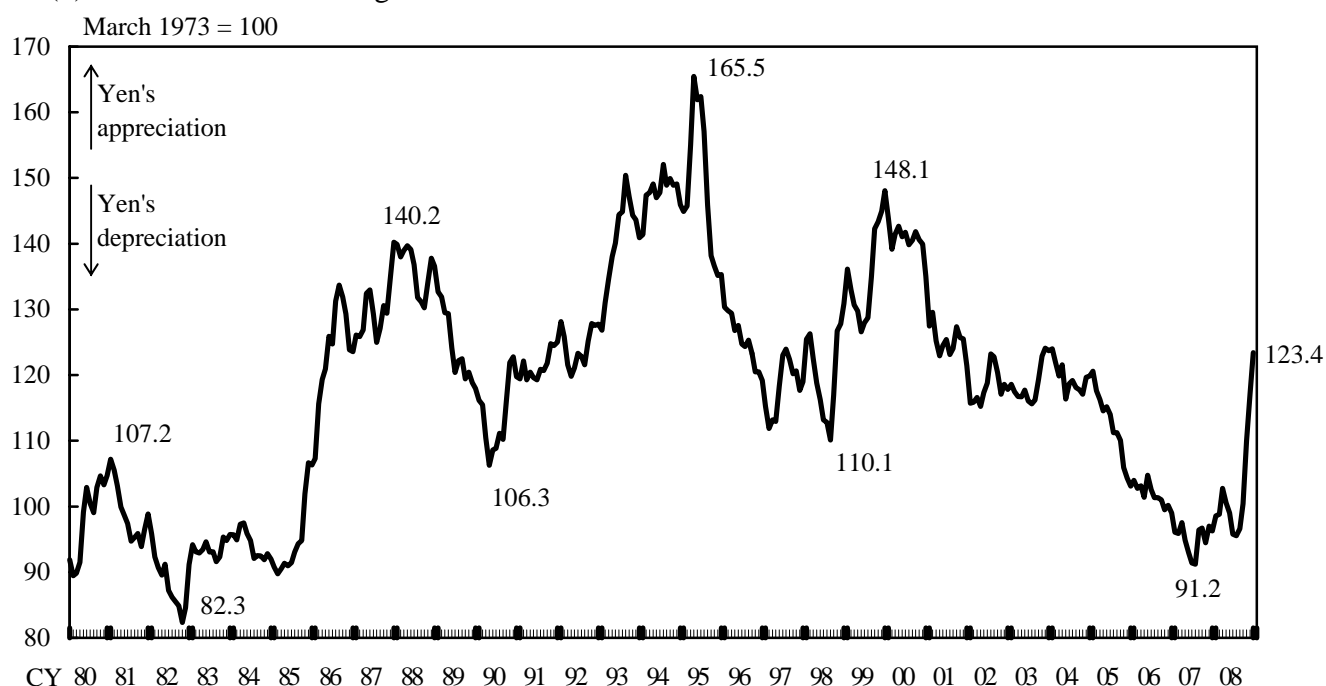
ICs, and medical and optical instruments.

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 Effective Exchange Rate and Overseas Economies

### (1) Real Effective Exchange Rate



Note: Calculated by the Bank of Japan. Monthly average. Figure for December 2008 is the average up to December 18.

Figures are the index of weighted average of the yen's real exchange rates versus 15 major currencies (29 countries) which are calculated from nominal exchange rates and price indexes of the respective countries.

### (2) Real GDP Growth Rates in Overseas Economies

		CY2005	2006	2007	2007 Q4	2008 Q1	Q2	Q3	
United States <sup>1</sup>		2.9	2.8	2.0	-0.2	0.9	2.8	-0.5	
European Union <sup>1</sup>		2.0	3.2	2.9	1.7	2.4	-0.2	-0.7	
	Germany	0.9	3.2	2.6	1.4	5.7	-1.7	-2.1	
	France	1.9	2.4	2.1	1.4	1.6	-1.1	0.6	
	United Kingdom	2.1	2.8	3.0	2.0	1.1	0.0	-2.0	
East Asia <sup>2</sup>	China	10.4	11.6	11.9	11.3	10.6	10.1	9.0	
	NIEs	Korea	4.2	5.1	5.0	5.7	5.8	4.8	3.8
		Taiwan	4.2	4.8	5.7	6.4	6.2	4.6	-1.0
		Hong Kong	7.1	7.0	6.4	6.9	7.3	4.2	1.7
		Singapore	7.3	8.2	7.7	5.4	6.9	2.3	-0.6
	ASEAN4	Thailand	4.6	5.2	4.9	5.7	6.0	5.3	4.0
		Indonesia	5.7	5.5	6.3	6.3	6.3	6.4	6.1
		Malaysia	5.3	5.8	6.3	7.3	7.4	6.7	4.7
Philippines		5.0	5.4	7.2	6.4	4.7	4.4	4.6	

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

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

Real Imports <sup>1</sup>

## (1) Breakdown by Region

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2006	2007	2007 Q4	2008 Q1	Q2	Q3	Q4	2008 Aug.	Sep.	Oct.
United States	<11.4>	5.2	-1.5	3.3	-1.1	-3.9	2.3	2.2	11.9	1.2	-2.1
EU	<10.5>	0.8	4.0	-3.3	-1.0	0.2	-3.0	-2.0	2.9	1.0	-3.6
East Asia	<40.9>	8.7	3.3	0.1	2.2	-3.0	4.2	4.7	0.6	3.8	2.0
China	<20.6>	10.9	5.7	-0.1	0.8	-0.9	7.2	3.6	-0.7	5.0	0.6
NIEs	<8.9>	12.2	-3.8	0.5	3.0	-4.4	1.8	-1.2	0.3	-1.9	-0.1
Korea	<4.4>	10.6	-3.3	0.5	3.3	-9.2	1.3	-3.9	-0.3	-4.1	-1.1
Taiwan	<3.2>	15.6	-3.0	-1.7	4.2	1.6	3.2	0.3	3.0	-3.6	1.8
ASEAN4 <sup>3</sup>	<11.4>	2.5	4.8	0.0	4.1	-5.5	0.8	11.5	3.5	5.8	6.2
Thailand	<2.9>	8.7	4.4	-0.5	1.2	-3.2	5.4	6.2	5.0	11.5	-2.6
Others	<37.2>	2.5	-0.1	-0.4	0.9	-3.8	3.4	3.7	2.2	1.6	1.8
Real imports		3.4	0.7	-0.5	0.8	-3.2	2.9	3.3	1.3	3.6	0.5

## (2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.					s.a.; m/m % chg.		
		CY 2006	2007	2007 Q4	2008 Q1	Q2	Q3	Q4	2008 Aug.	Sep.	Oct.
Raw materials <sup>4</sup>	<35.4>	0.7	0.7	-0.3	1.6	-5.9	3.3	5.7	2.8	-1.1	5.5
Intermediate goods	<14.8>	3.1	2.0	-1.8	-1.7	2.3	1.3	5.9	1.1	5.3	2.0
Foodstuffs	<8.3>	-4.0	-9.6	-6.2	-1.0	-0.7	2.4	15.5	9.6	4.1	9.2
Consumer goods <sup>5</sup>	<8.1>	4.3	-0.1	-2.8	0.6	-3.2	2.3	-0.8	0.6	1.6	-2.0
IT-related goods <sup>6</sup>	<11.3>	17.2	4.2	1.7	4.1	-2.3	4.7	-1.4	-0.2	-1.9	-0.0
Capital goods and parts <sup>7</sup>	<12.8>	16.8	8.5	4.5	1.2	-1.3	2.4	-5.2	3.0	8.2	-10.9
Excluding aircraft	<11.8>	17.7	7.9	1.9	0.0	2.5	-2.1	1.5	-1.6	7.7	-2.8
Real imports		3.4	0.7	-0.5	0.8	-3.2	2.9	3.3	1.3	3.6	0.5

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2008/Q4 figures are October figures converted into quarterly amount.

2. Shares of each region and goods in 2007 are shown in angle brackets.

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

4. Raw materials are mainly composed of woods, ores and mineral fuel.

5. Excludes foodstuffs.

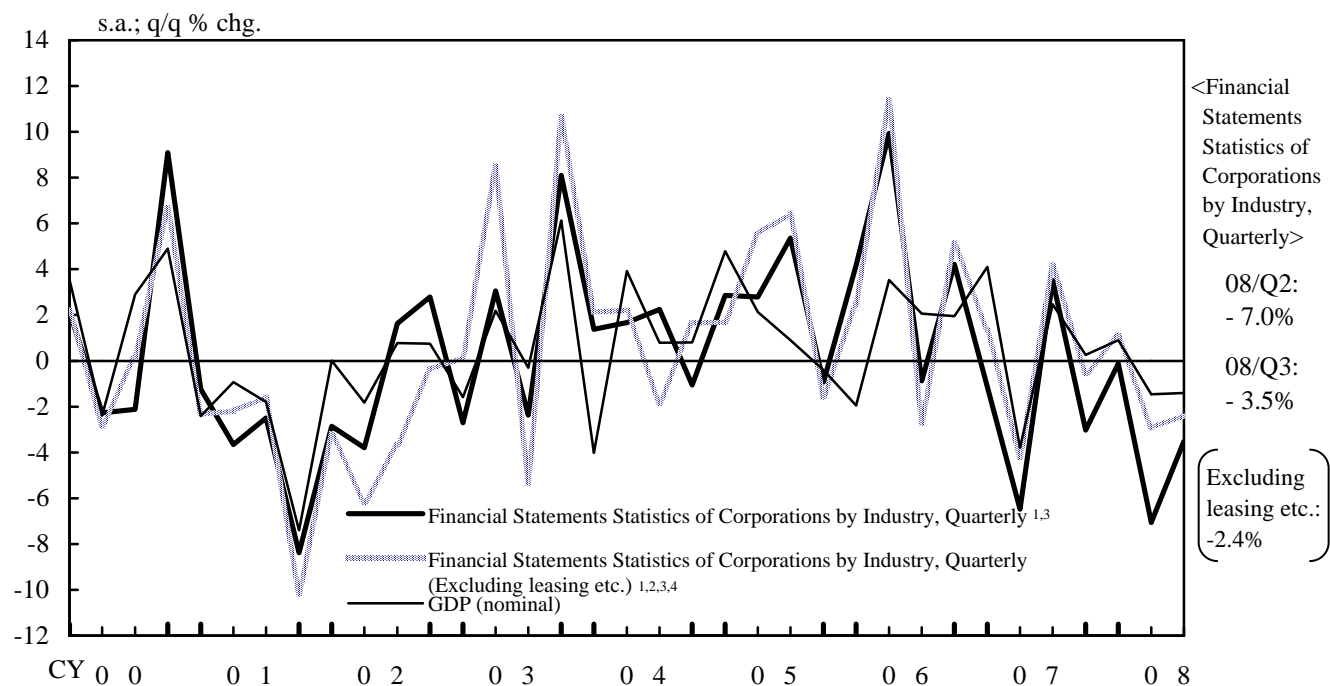
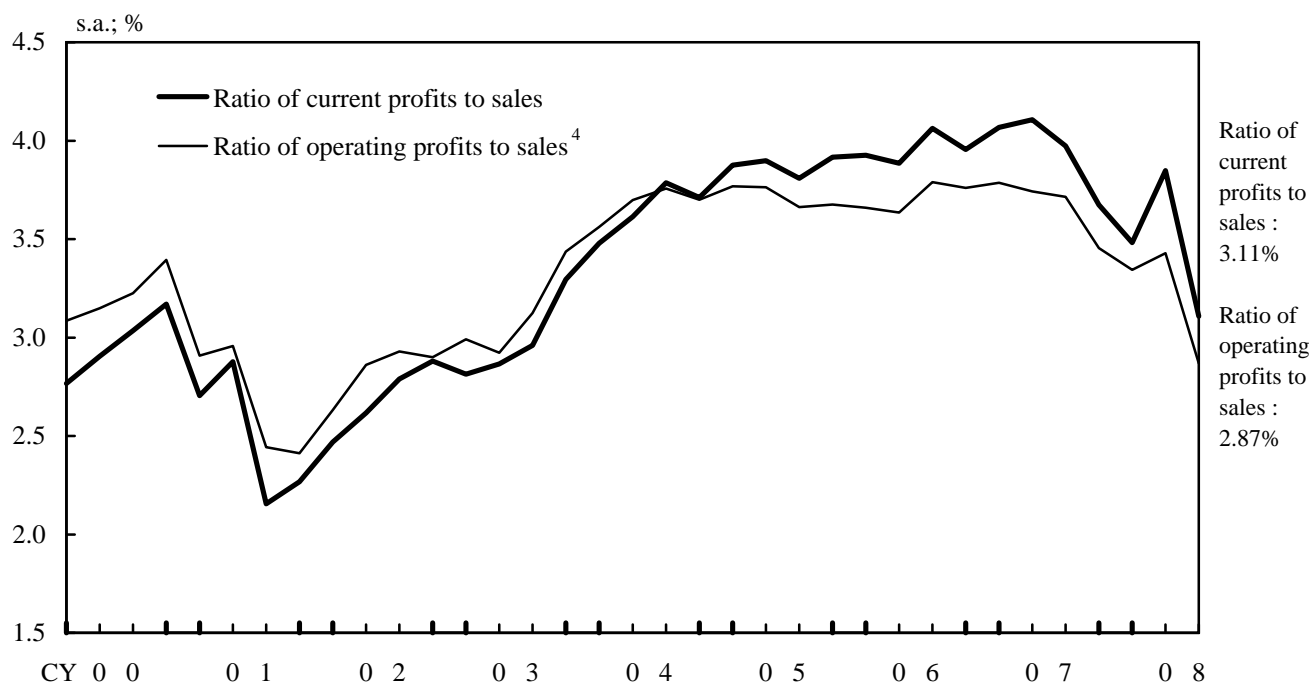
6. IT-related goods are composed of computers and units, parts of computer, telecommunication machinery, ICs, and medical and optical instruments.

7. Excludes IT-related goods.

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

## Business Fixed Investment and Corporate Profits

## (1) Business Fixed Investment

(2) Corporate Profits (Ratio of Profits to Sales)<sup>1,3</sup>

Notes: 1. All enterprises excluding Finance and Insurance.

2. Up to 2004/1Q, excluding business services. From 2004/2Q, excluding leasing, miscellaneous rental and leasing goods, advertising, and miscellaneous business services.

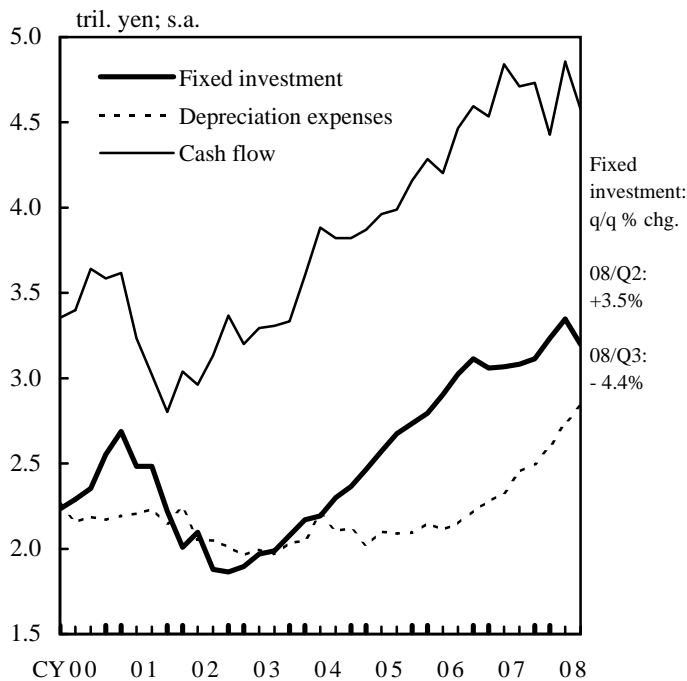
3. Based on the "Financial Statements Statistics of Corporations by Industry, Quarterly."

4. Figures are seasonally adjusted by X-12-ARIMA.

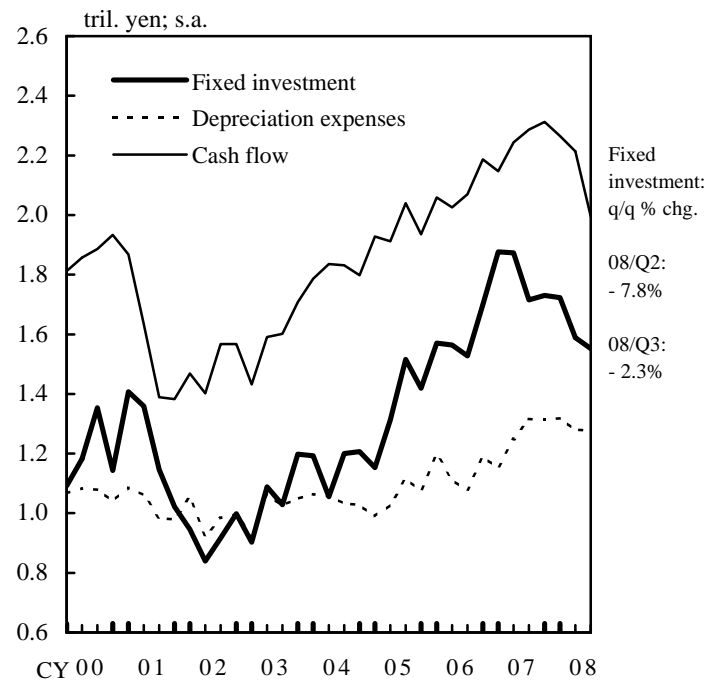
Sources: Cabinet Office, "National Accounts"; Ministry of Finance, "Financial Statements Statistics of Corporations by Industry, Quarterly."

Business Fixed Investment by Industry and Size

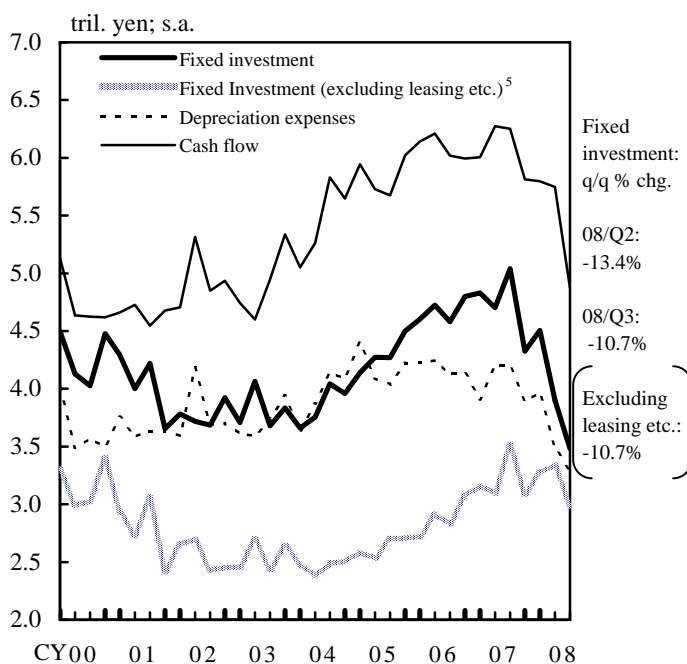
(1) Large Manufacturing Firms



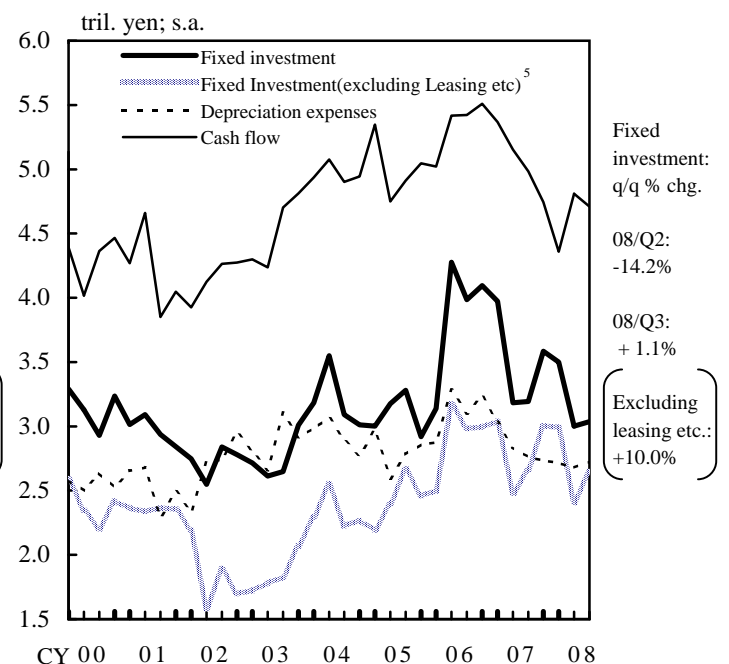
(2) Medium-Sized and Small Manufacturing Firms



(3) Large Nonmanufacturing Firms



(4) Medium-Sized and Small Nonmanufacturing Firms

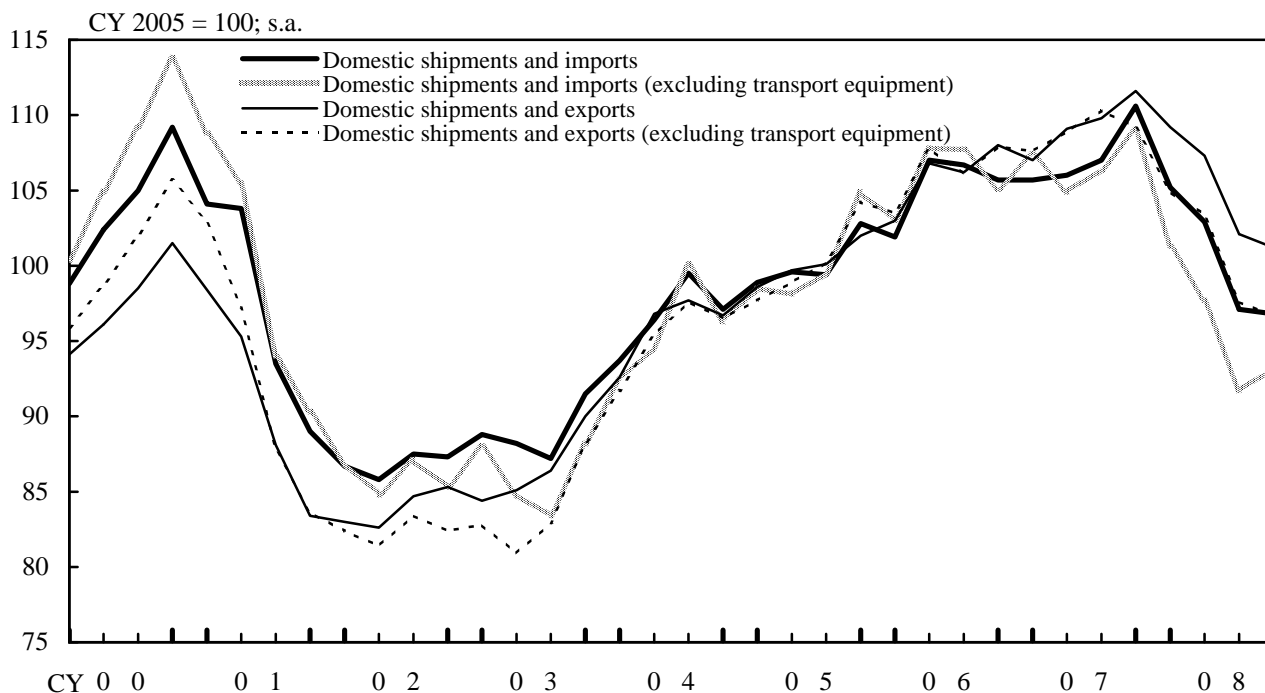


- Notes: 1. "Large firms" refers to firms with capital stock of 1 billion yen or more, and "medium-sized and small firms" refers to firms with capital stock of 10 million or more but less than 1 billion yen.  
 2. Cash flow = current profits / 2 + depreciation expenses.  
 3. Seasonally adjusted by X-11.  
 4. Excluding Finance and Insurance.  
 5. Up to 2004/1Q, excluding business services. From 2004/2Q, excluding leasing, miscellaneous rental and leasing goods, advertising, and miscellaneous business services.

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

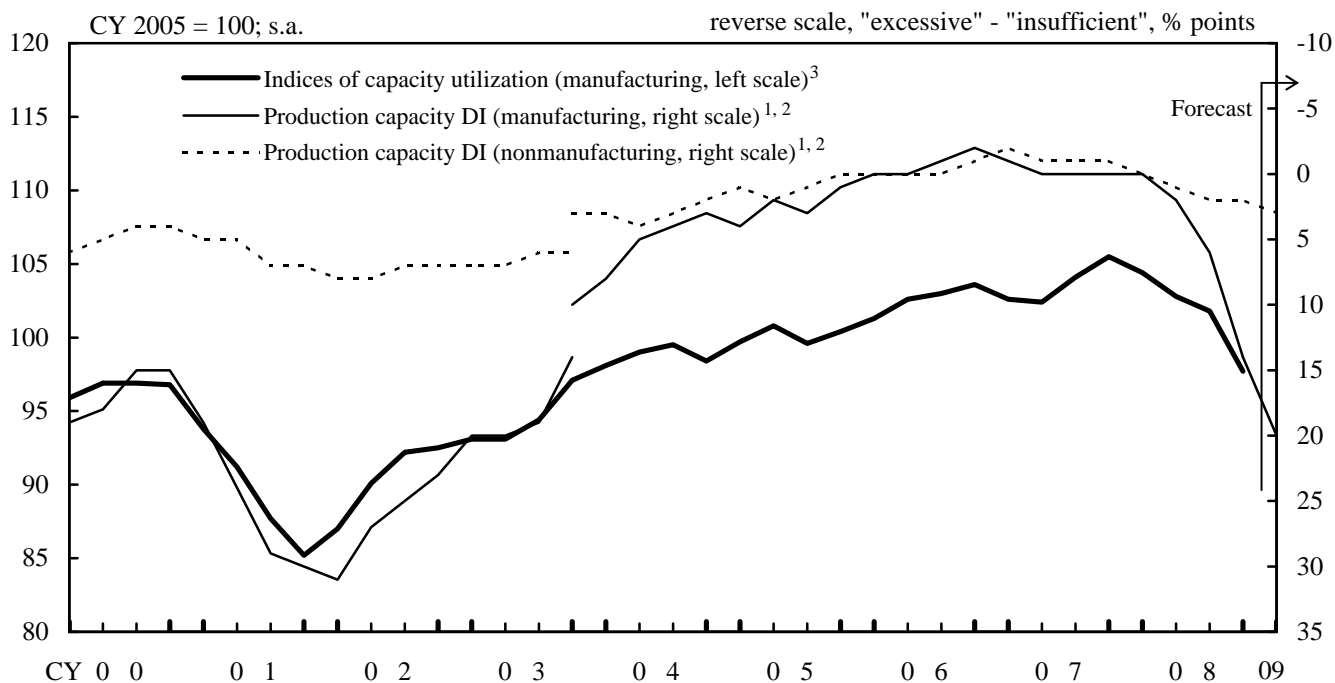
## Coincident Indicators for Business Fixed Investment

## (1) Aggregate Supply and Shipments of Capital Goods



Note: Figures for 2008/Q4 are those of October.

## (2) Indices of Capacity Utilization and Production Capacity DI



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

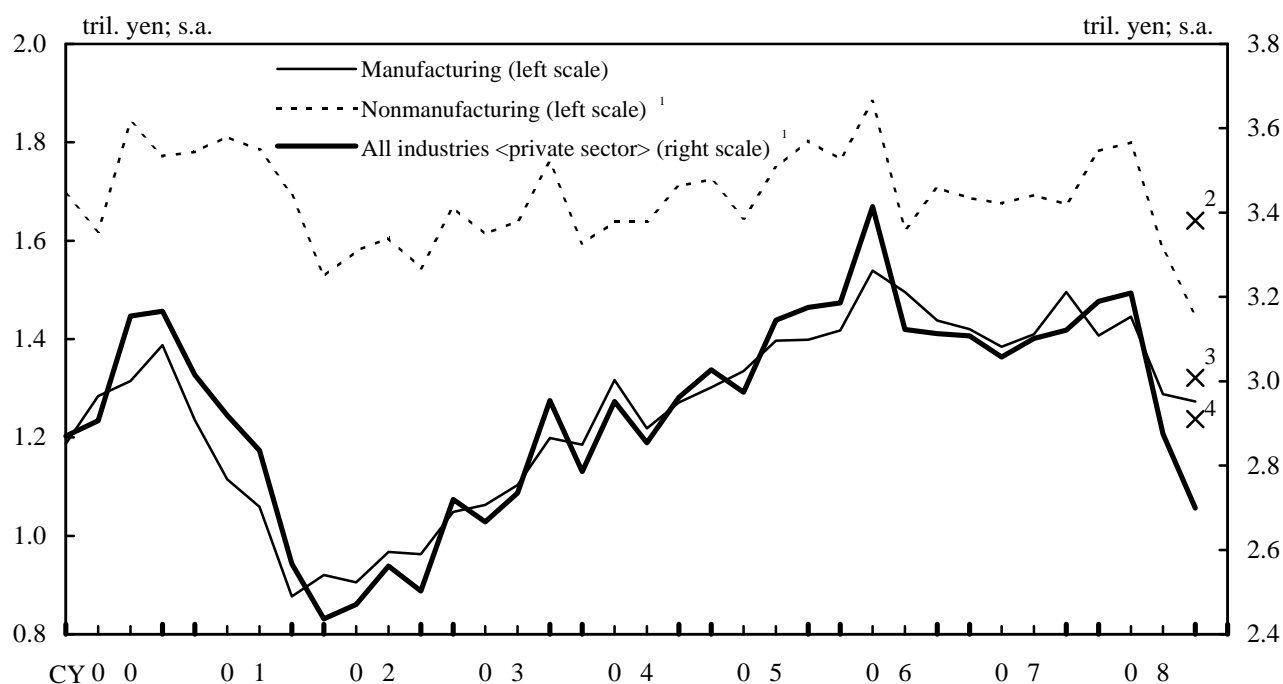
2. The *Tankan* has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on a new basis.

3. The figure for 2008/Q4 is October.

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

## Leading Indicators for Business Fixed Investment

### (1) Machinery Orders



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

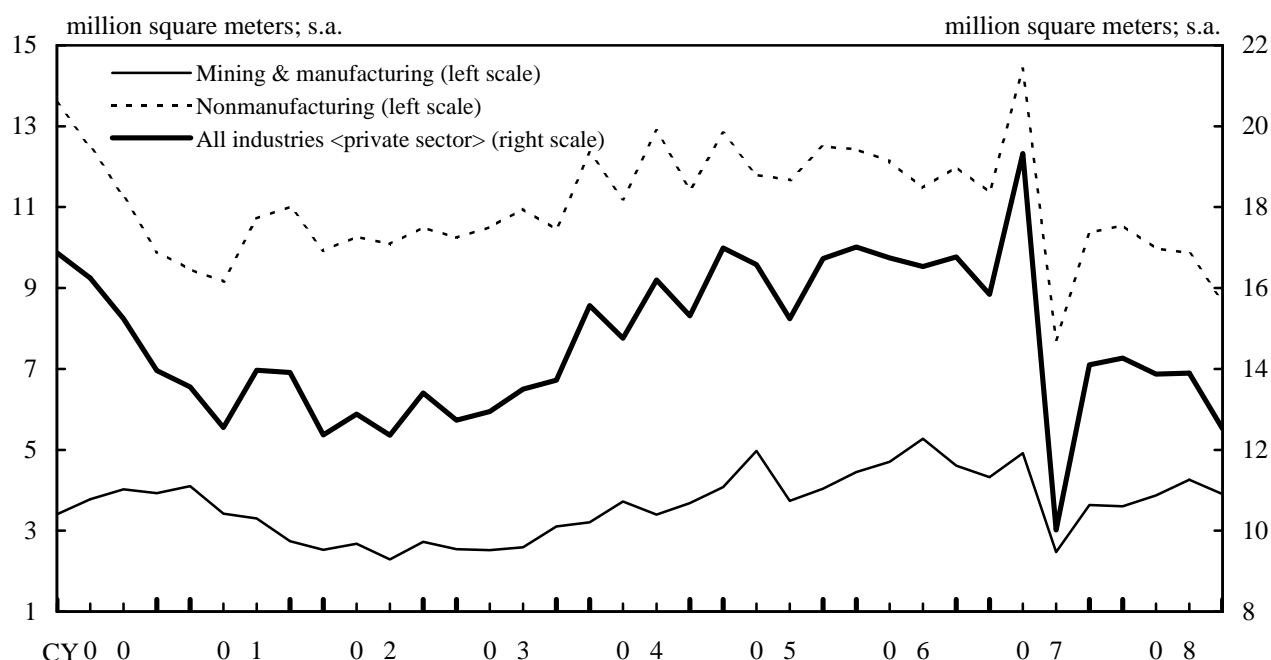
2. Forecast of nonmanufacturing industries for 2008/Q4.

3. Forecast of manufacturing industries for 2008/Q4.

4. Forecast of all industries <private sector> for 2008/Q4.

5. Figures for 2008/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 FY 2002 were adjusted by using a link coefficient.

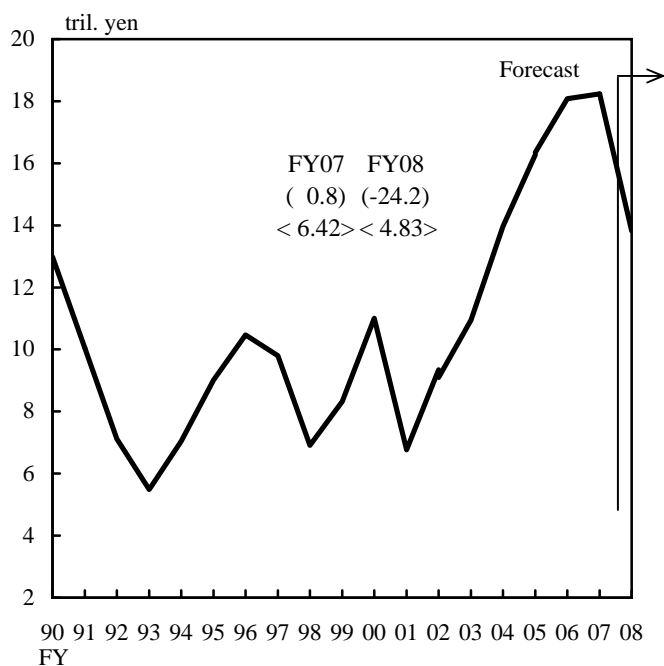
3. Figures for 2008/Q4 are those of October in terms of quarterly amount.

Sources: Cabinet Office, "Orders Received for Machinery";

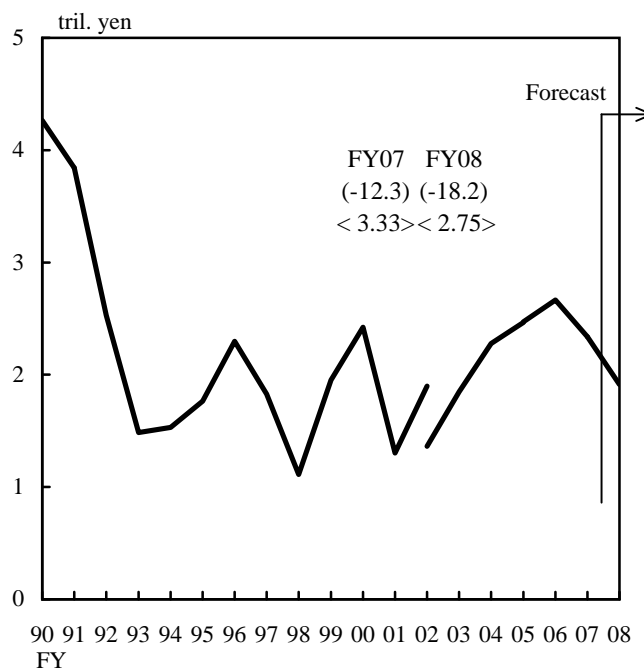
Ministry of Land, Infrastructure and Transport, "Statistics on Building Construction Starts."

## Current Profits

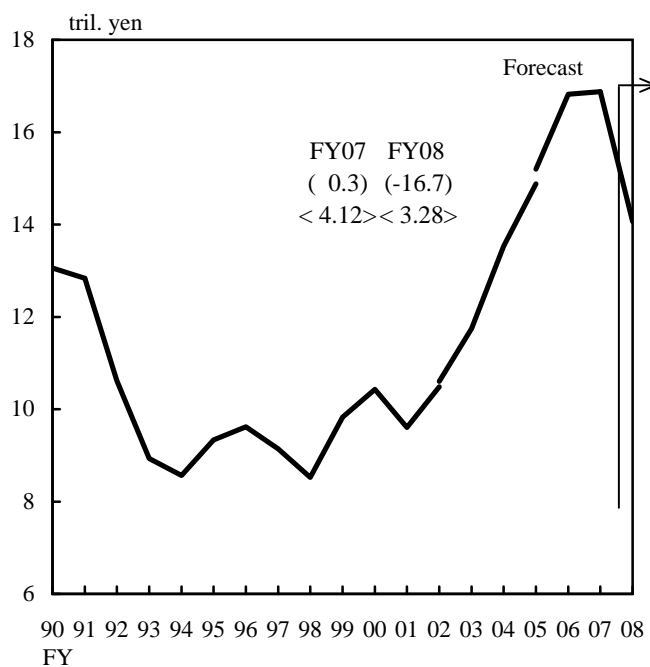
(1) Large Manufacturing Enterprises



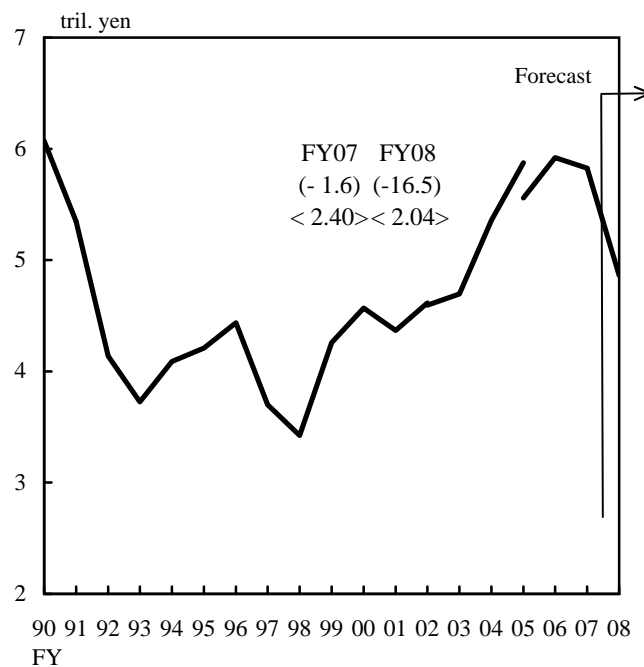
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



(4) Small Nonmanufacturing Enterprises



Notes: 1. ( ): Current profits (y/y % chg.), < >: Ratio of current profit to sales (%).

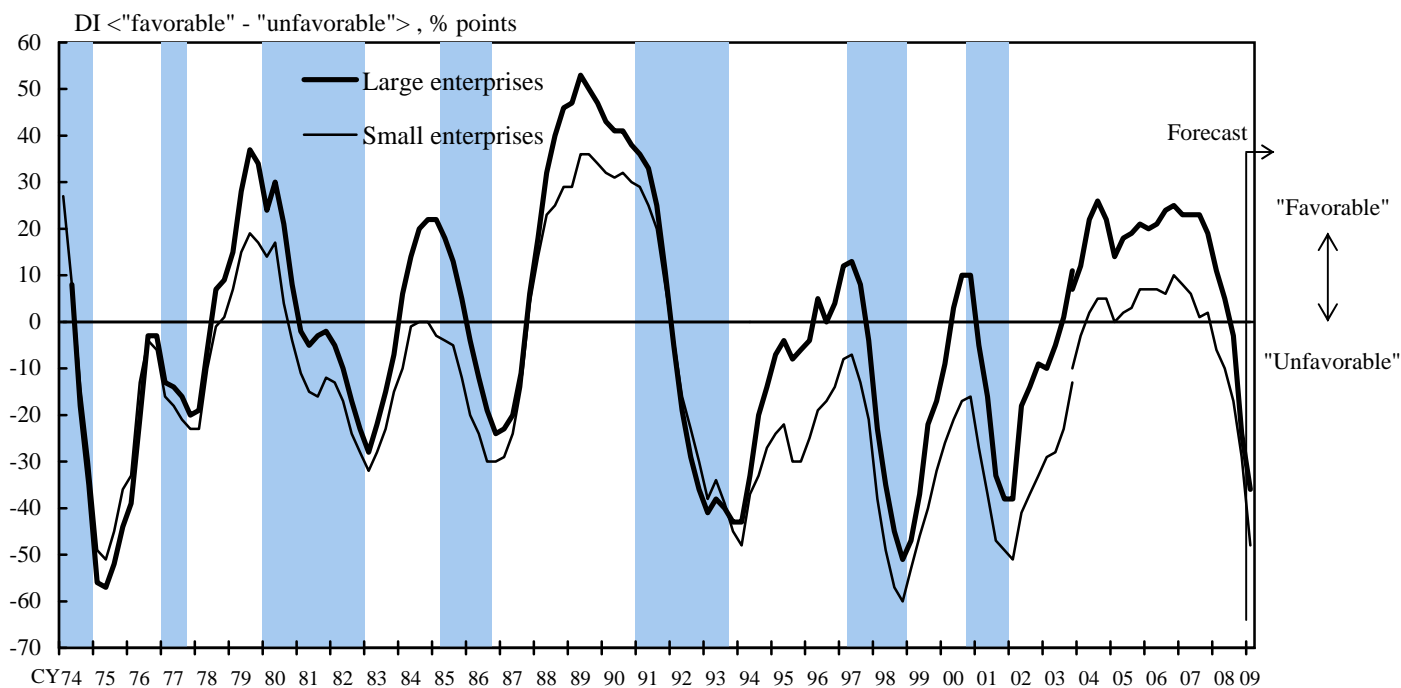
2. In the March 2004 survey, the *Tankan* underwent major revisions, including the addition of new sample enterprises to the survey. In the March 2007 survey, regular revisions were made to the sample enterprises. The data show some discontinuities coincided with these timings.

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

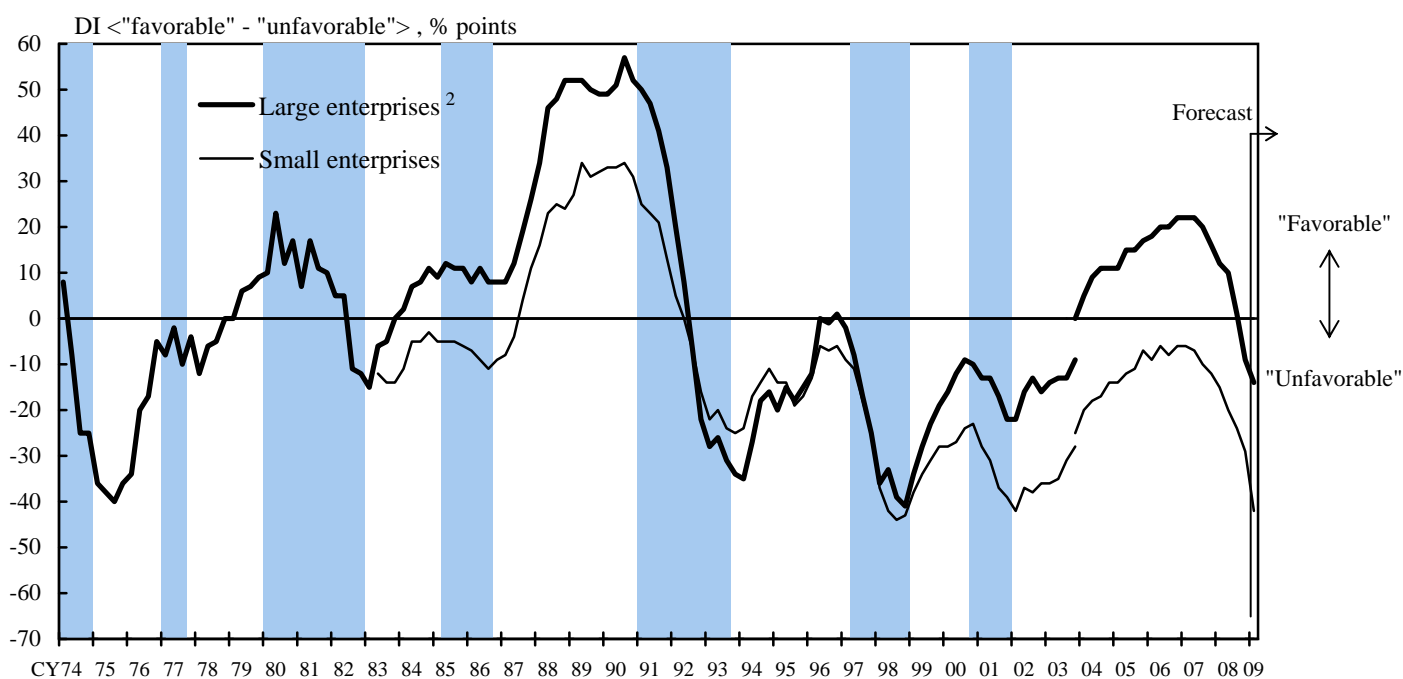


## Business Conditions

## (1) Manufacturing



## (2) Nonmanufacturing



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.

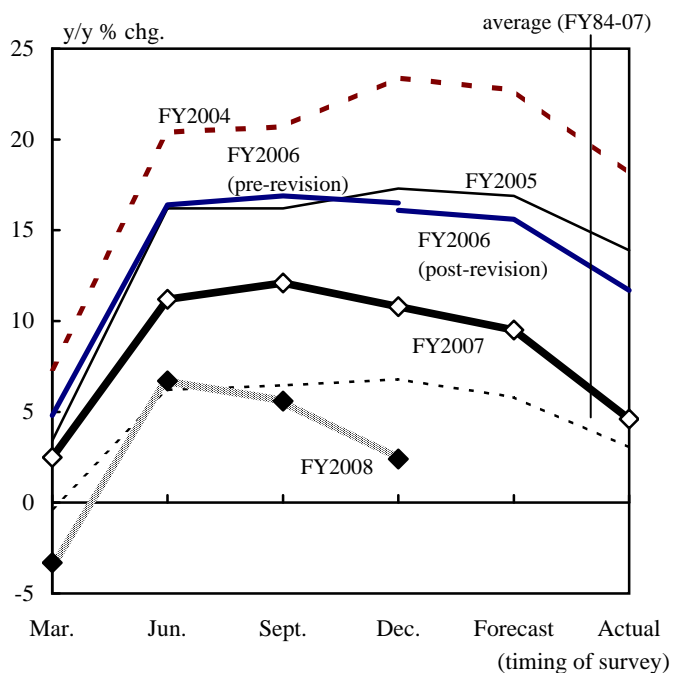
2. Data prior to Feb. 1983 are those of principal enterprises.

3. Shaded areas indicate recession periods.

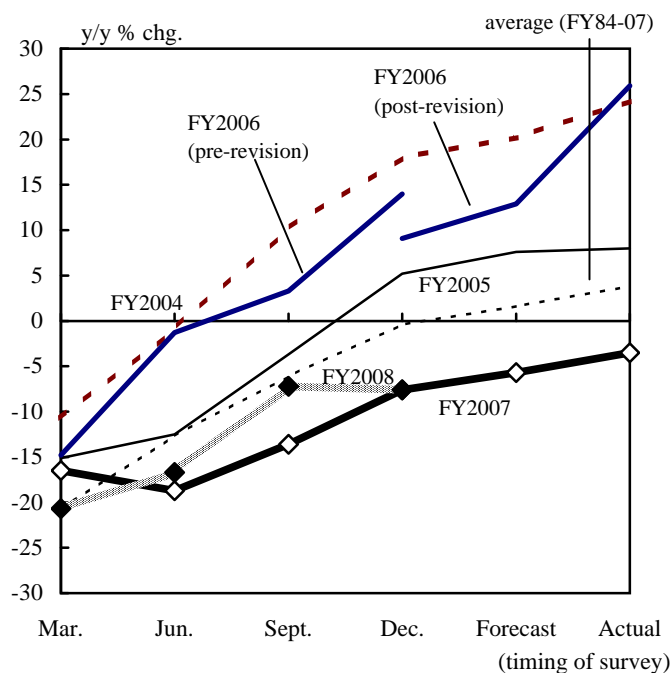
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

Business Fixed Investment Plans as Surveyed

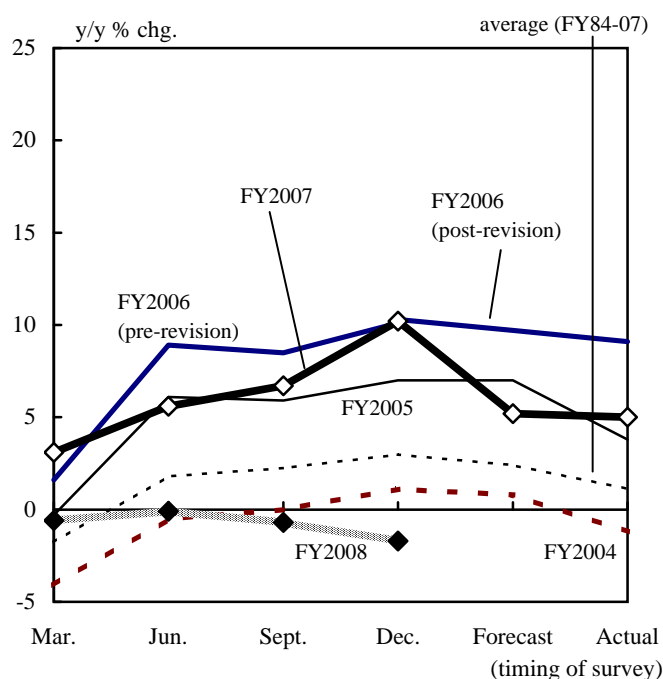
(1) Large Manufacturing Enterprises



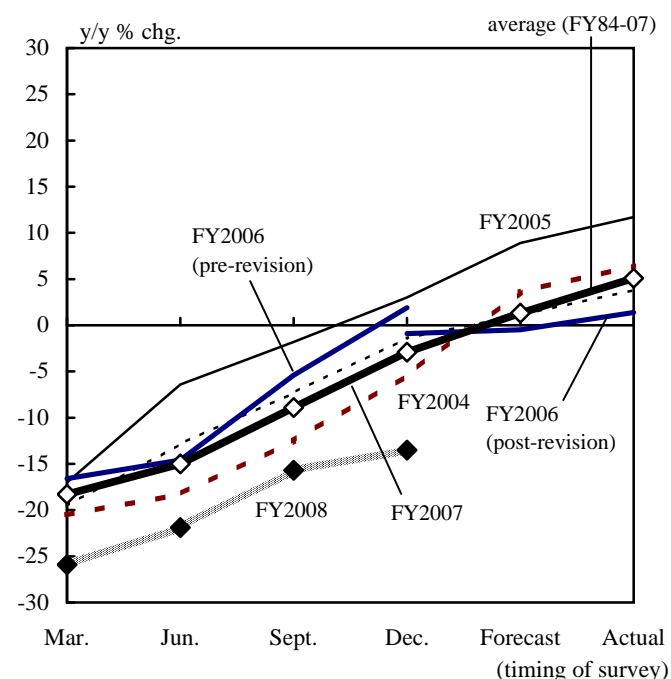
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



(4) Small Nonmanufacturing Enterprises



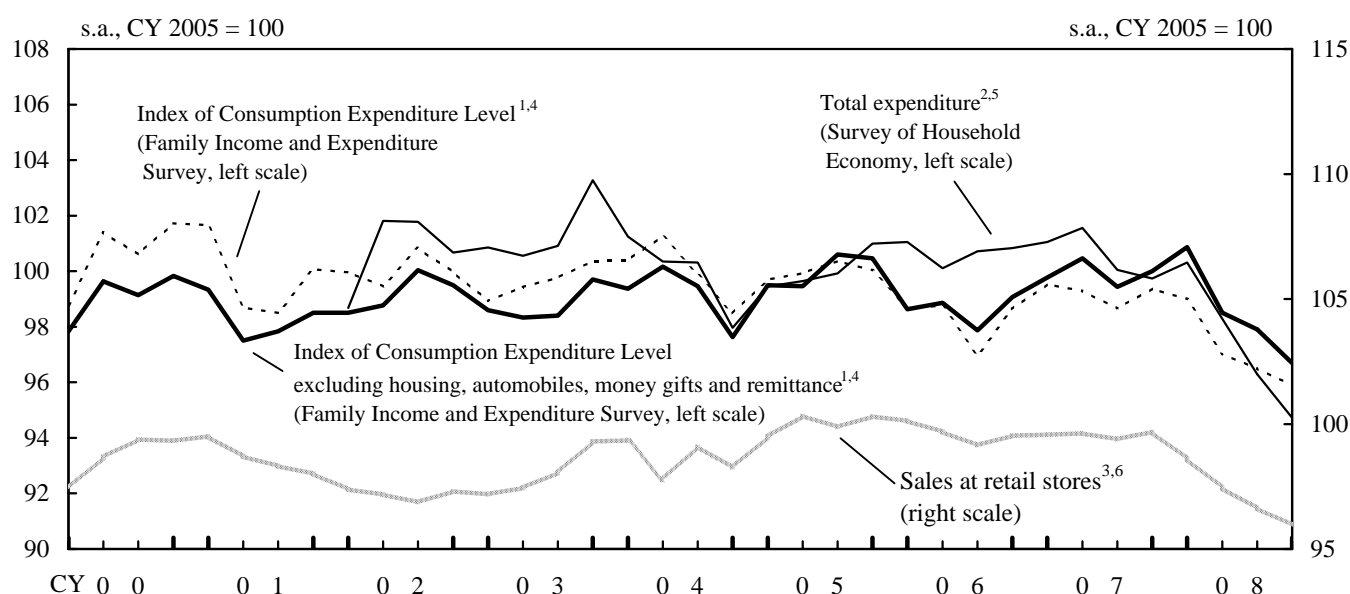
Notes: 1. Includes land purchasing expenses and excludes software investment.

2. In the March 2007 survey, regular revisions were made to the sample enterprises. The data show some discontinuities coincided with this timing.

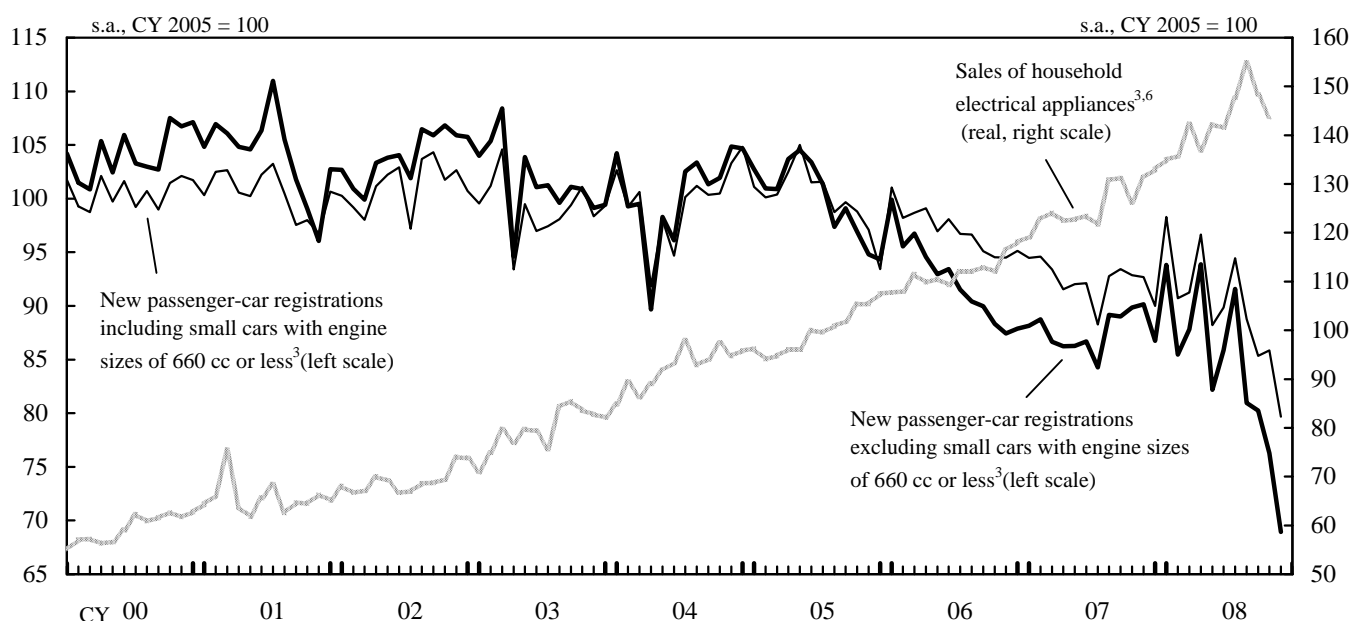
Source: Bank of Japan, "Tankan, Short-term Economic Survey of Enterprises in Japan."

## Indicators for Private Consumption (1)

## (1) Household Spending (Real)

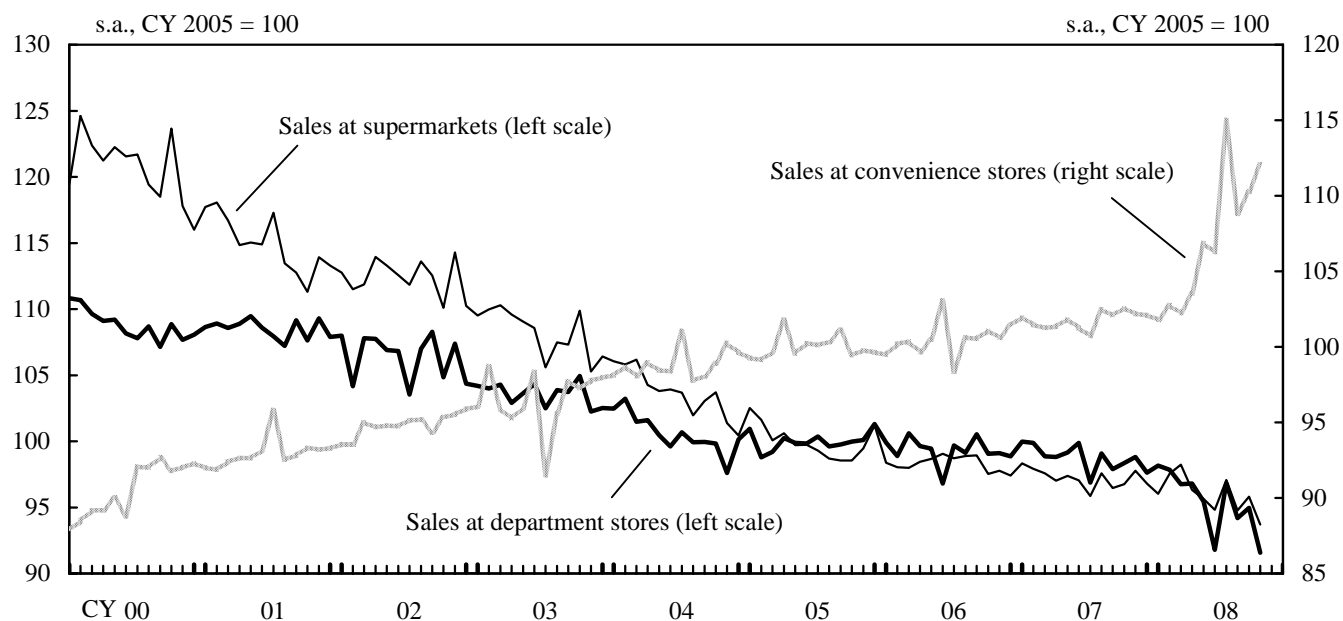


## (2) Sales of Durable Goods

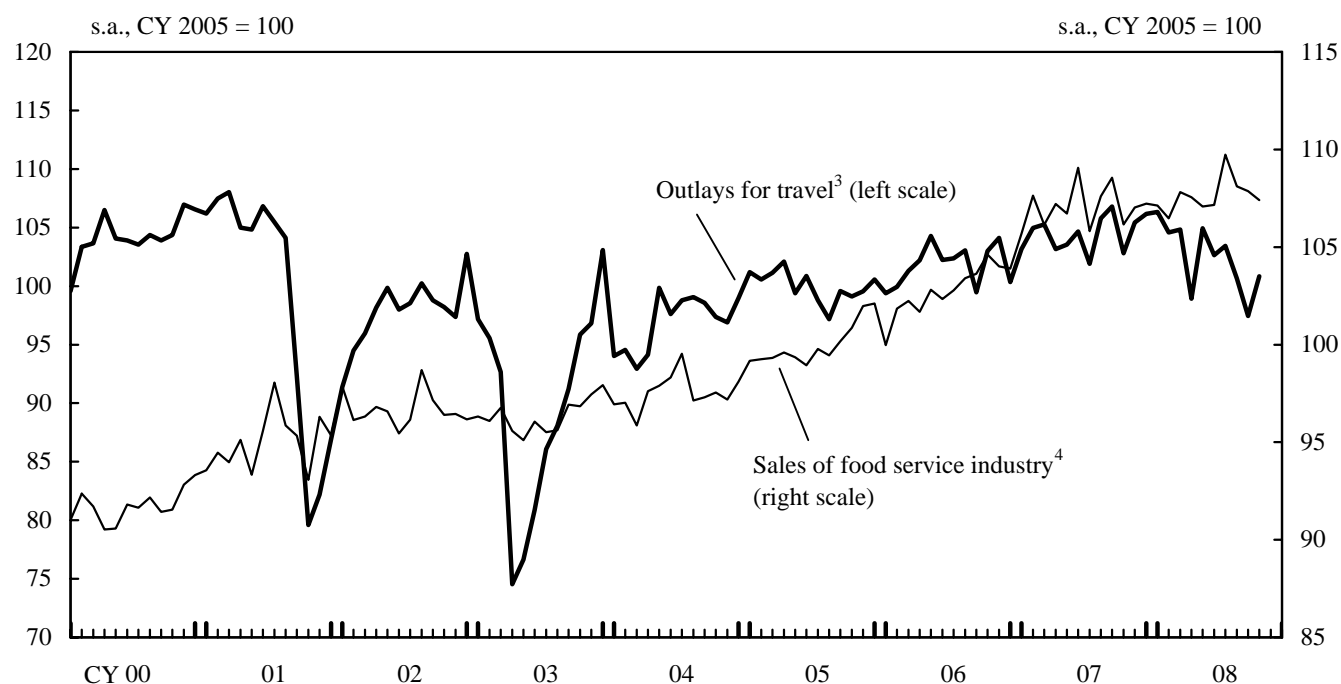


- Notes: 1. Index of consumption expenditure level is seasonally adjusted by the Ministry of Internal Affairs and Communications.  
 2. Total expenditure is seasonally adjusted by X-11.  
 3. All the other indicators are seasonally adjusted by X-12-ARIMA.  
 4. Index of consumption expenditure level is based on two-or-more-person households, and is adjusted by the distribution of household by number of household members and age group of household head.  
 5. Total expenditure is based on two-or-more-person households, and is deflated by the consumer price index excluding imputed rent.  
 6. Sales at retail stores are deflated by the consumer price index for goods (excluding electricity, gas & water charges).  
 Sales of household electrical appliances are calculated as follows: indices of retail sales of machinery and equipment in the Current Survey of Commerce are deflated by the geometric means of the corresponding consumer price indexes (or by the corporate goods price index for PC printers before 2002).  
 7. Figures for 2008/Q4 are those of October in terms of quarterly amount.

Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index,"  
 "Monthly Report on the Family Income and Expenditure Survey," "Survey of Household Economy";  
 Ministry of Economy, Trade and Industry, "Current Survey of Commerce";  
 Bank of Japan, "Corporate Goods Price Index";  
 Japan Automobile Dealers Association, "Domestic Sales of Automobiles";  
 Japan Mini Vehicles Association, "Sales of Mini Vehicles."

Indicators for Private Consumption<sup>1</sup> (2)(1) Sales at Retail Stores (Nominal)<sup>2</sup>

## (2) Consumption of Services (Nominal)



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

2. Adjusted to exclude the effects of the increase in the number of stores (except convenience stores).

3. As for "outlays for travel," there is a discontinuity in the underlying data as of April 2007 due to changes in the sample. Data from April 2007 and onward are calculated using the year-on-year rate of changes on the new basis.

4. Sales of food service industry are calculated using the year-on-year rates of change 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";

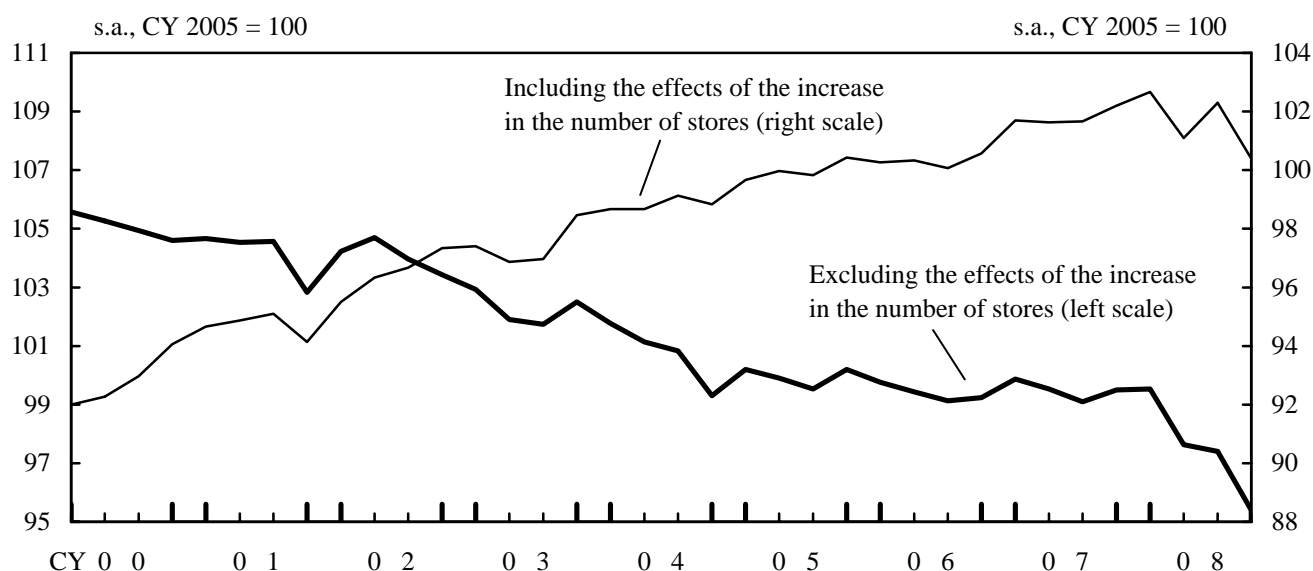
Japan Tourism Agency, "Major Travel Agents' Revenue";

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

(Research on the Food Service Industry)."

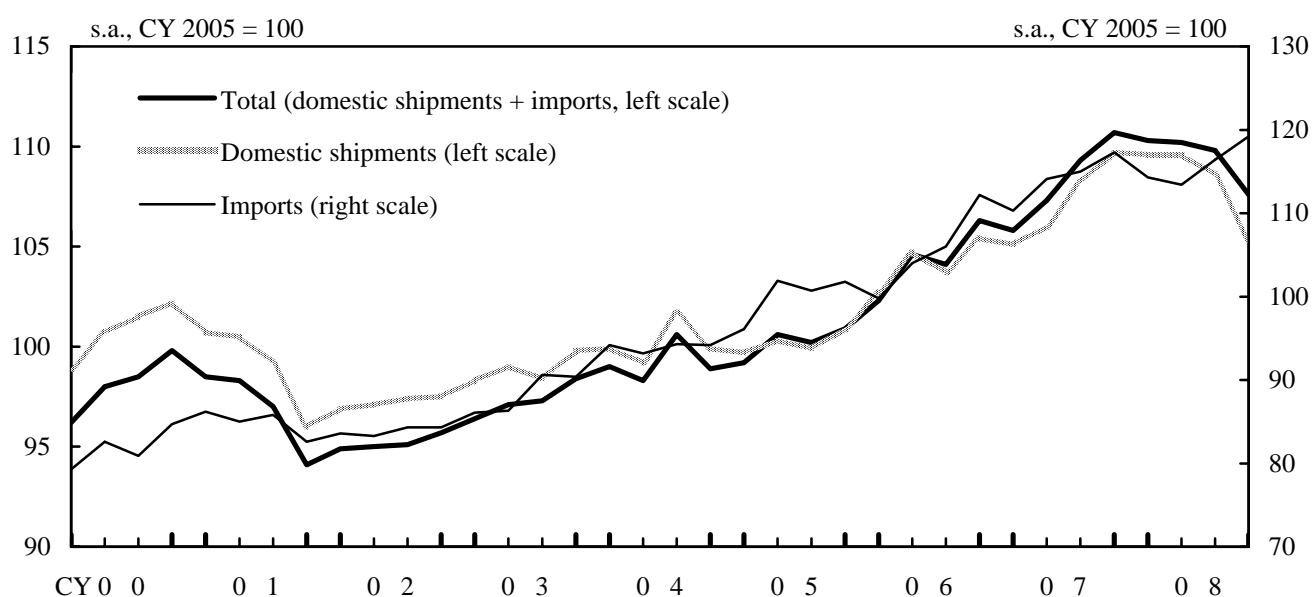
## Indicators for Private Consumption (3)

## (1) Indices of Aggregated Sales (Real)



- Notes: 1. The 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 for 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.
4. Data for 2008/Q4 figures are those of October in terms of quarterly amount.

## (2) Aggregate Supply of Consumer Goods

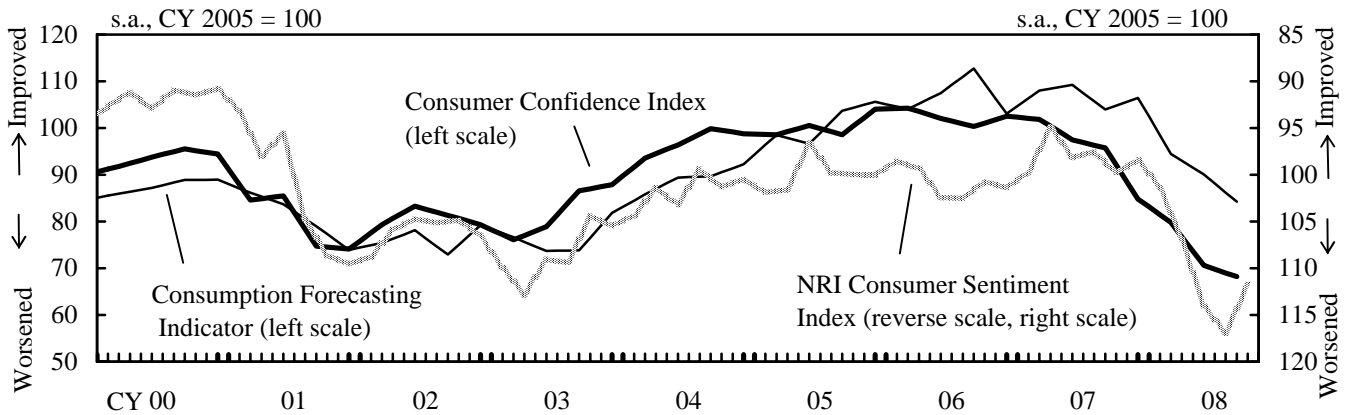


Note: Data for 2008/Q4 figures are those of October in terms of quarterly amount.

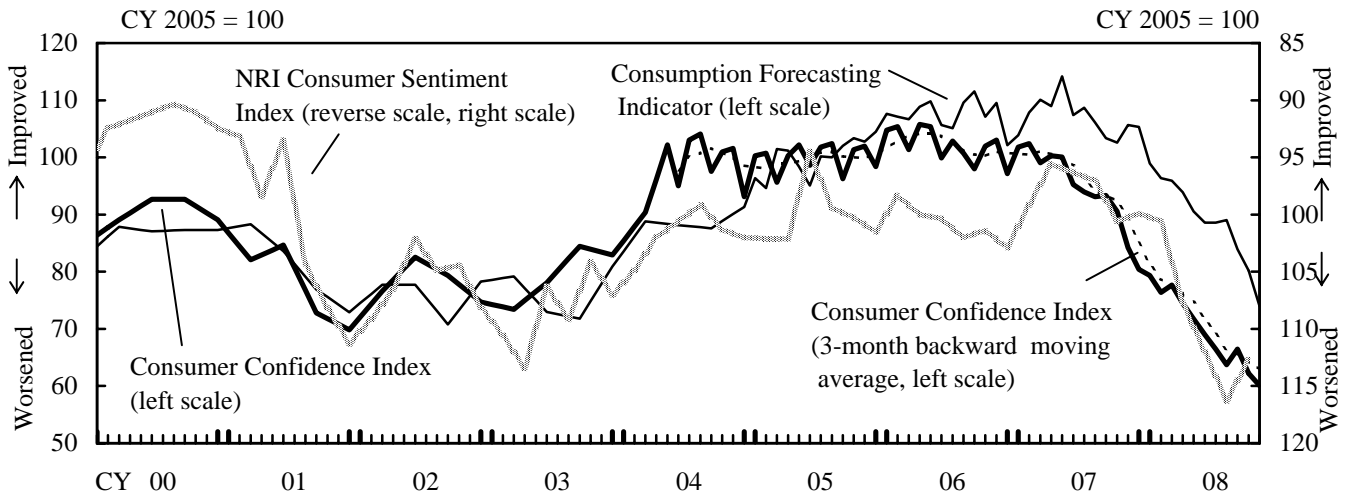
Sources: Bank of Japan, "Indices of Aggregated Sales";  
Ministry of Economy, Trade and Industry, "Indices of Industrial Domestic Shipments and Imports."

Consumer Confidence

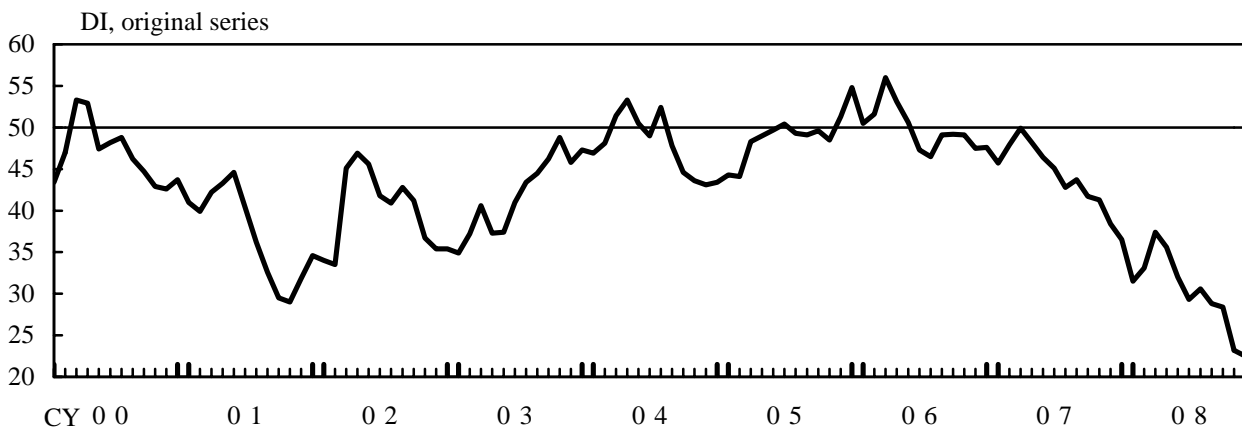
(1) Seasonally Adjusted Series



(2) Original Series



Reference: Economy Watchers Survey (Household Activity, Current Conditions)

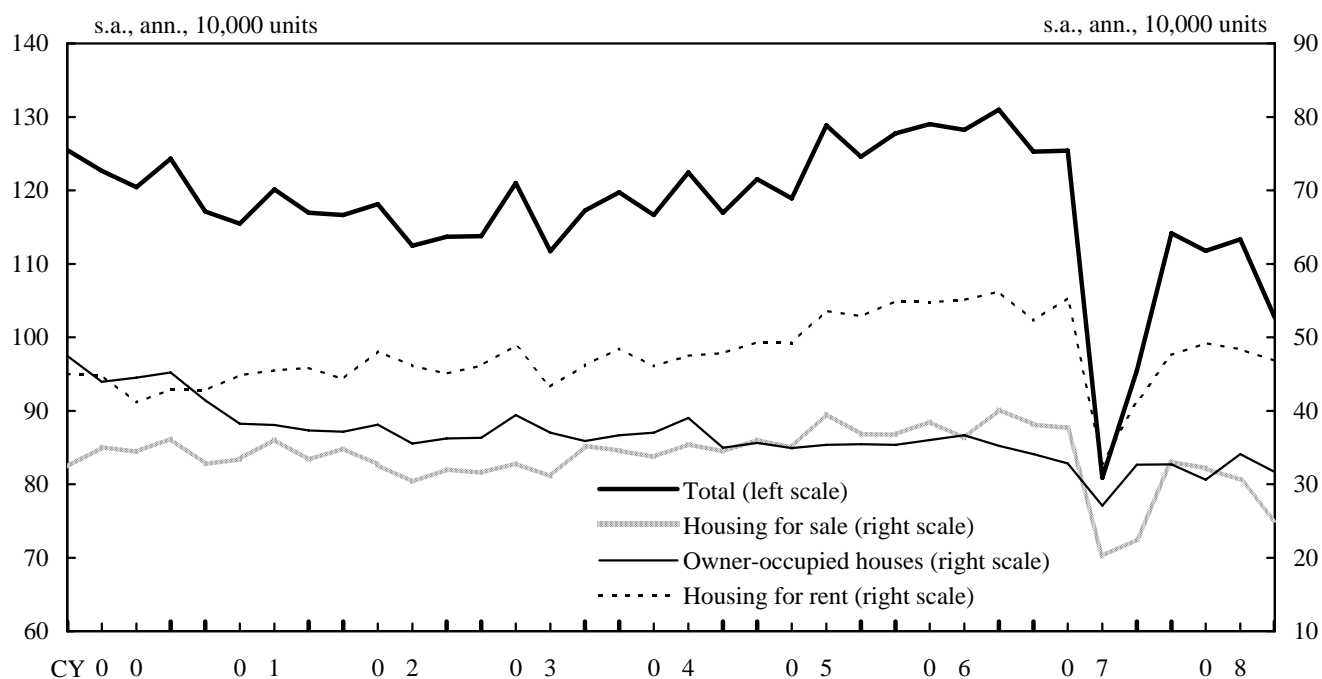


- Notes: 1. The Consumer Confidence Index (with about 5,000 samples on a nationwide basis), Consumption Forecasting Indicator (with 600 samples in the metropolitan area), and NRI Consumer Sentiment Index (with 1,200 samples on a nationwide basis) are based on surveys on consumer confidence.
2. Figures are plotted for each surveyed months and the data for intervening months are linearly interpolated.
3. (1) is seasonally adjusted by X-11. The Consumer Confidence Index is seasonally adjusted by the Cabinet Office. The Consumption Forecasting Indicator is seasonally adjusted using quarterly figures because the survey was quarterly until 2004.

Sources: Cabinet Office, "Consumer Confidence Survey," "Economy Watchers Survey"; Nikkei inc., "Consumption Forecasting Indicator"; Nippon Research Institute (NRI), "Consumer Sentiment Survey."

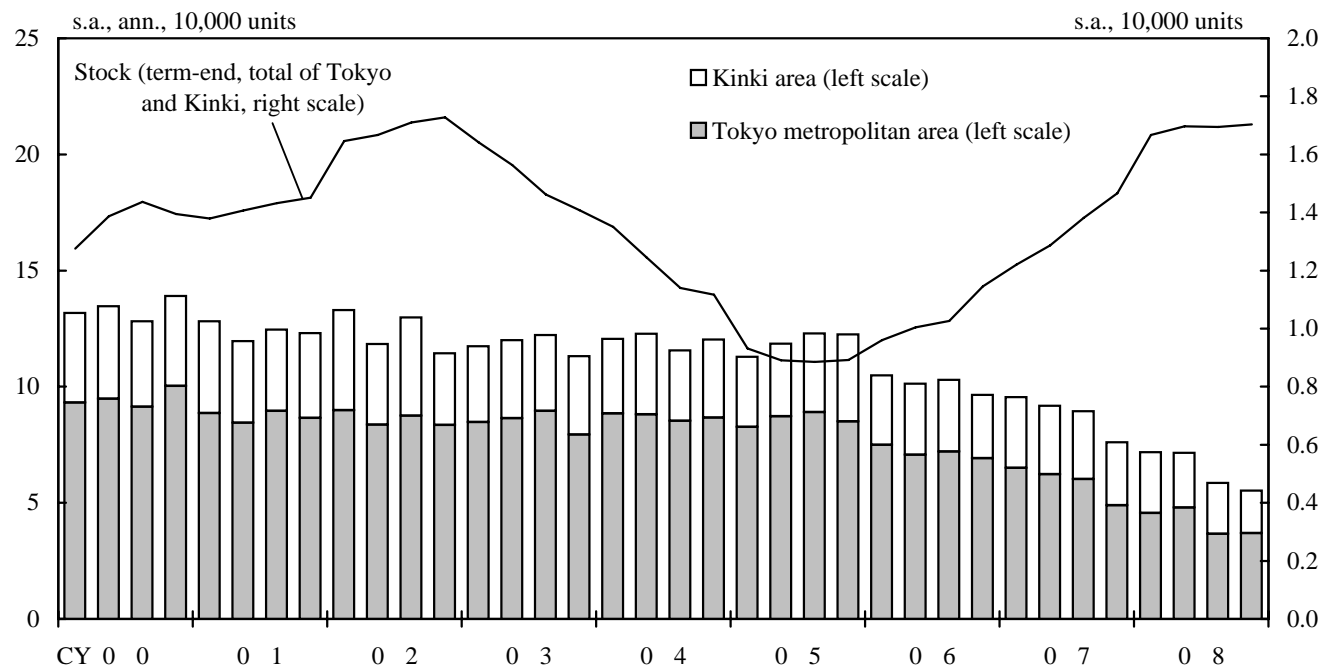
## Indicators for Housing Investment

## (1) Housing Starts



Note: Figures for 2008/Q4 are those of October.

## (2) Sales of Apartments



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

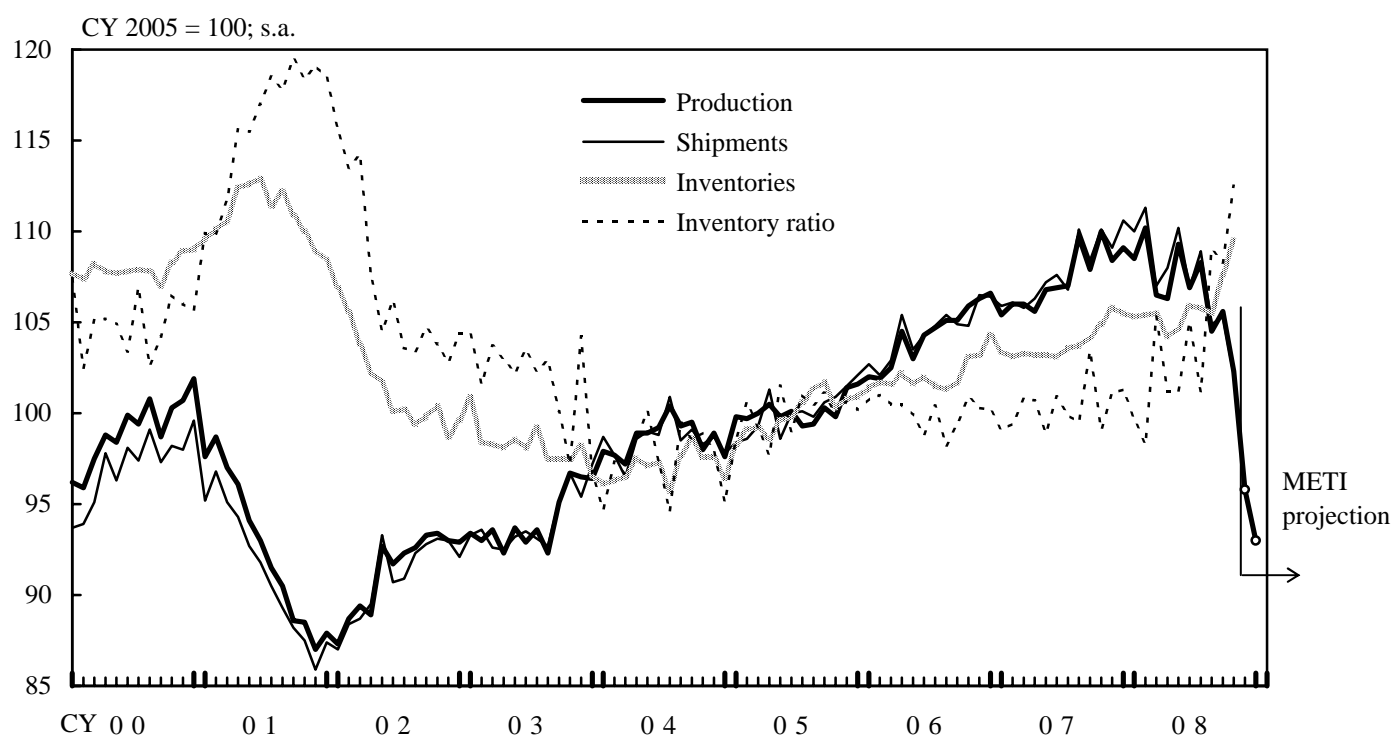
2. Figures of total apartments sales for 2008/Q4 are those of October-November averages.

Term-end stocks for 2008/Q4 are those of November.

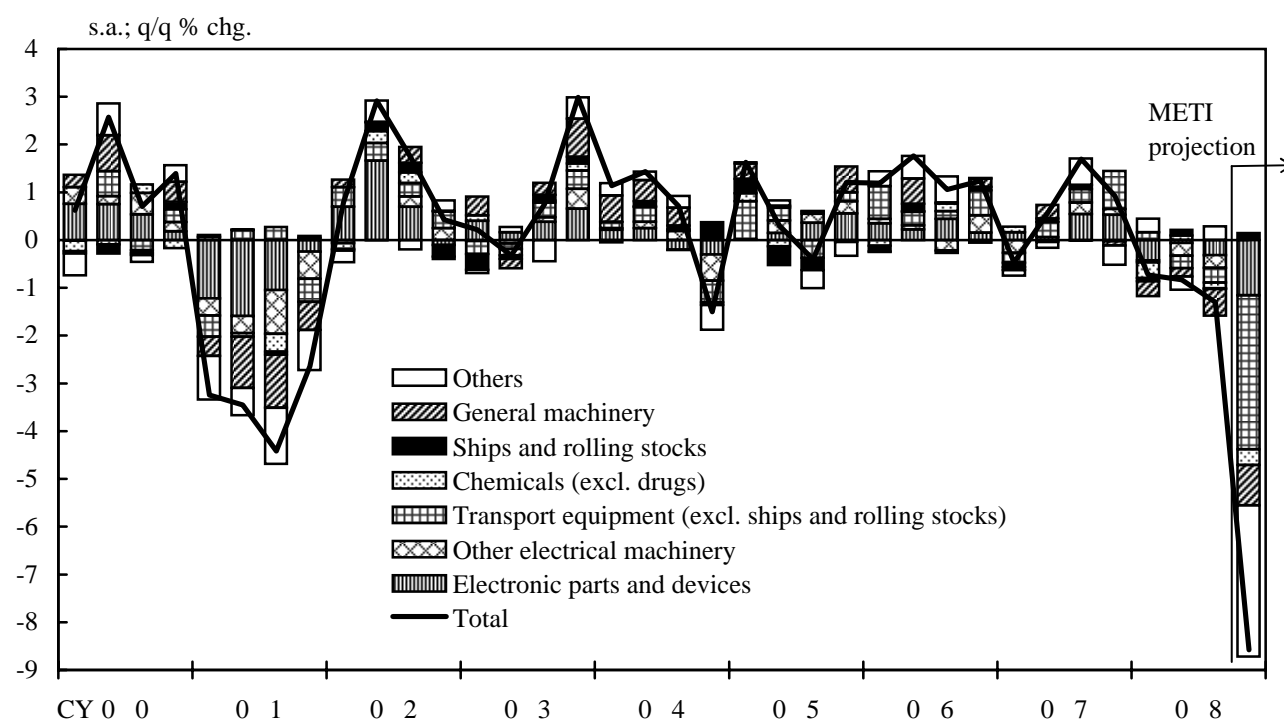
Source: Ministry of Land, Infrastructure and Transport, "Statistics on Building Construction Starts," etc.

## Production, Shipments and Inventories

### (1) Production, Shipments and Inventories



### (2) Production by Industry



Notes: 1. "Other electrical machinery" is the weighted sum of "electrical machinery" and "information and communication electronics equipment."

2. Figures up to 2003/Q1 are on the 2000 base.

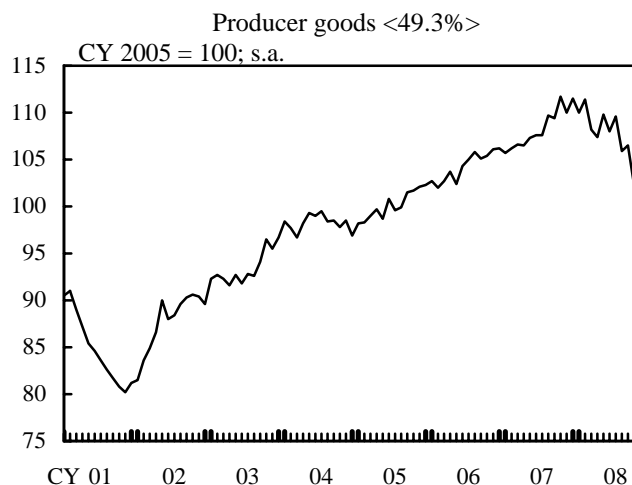
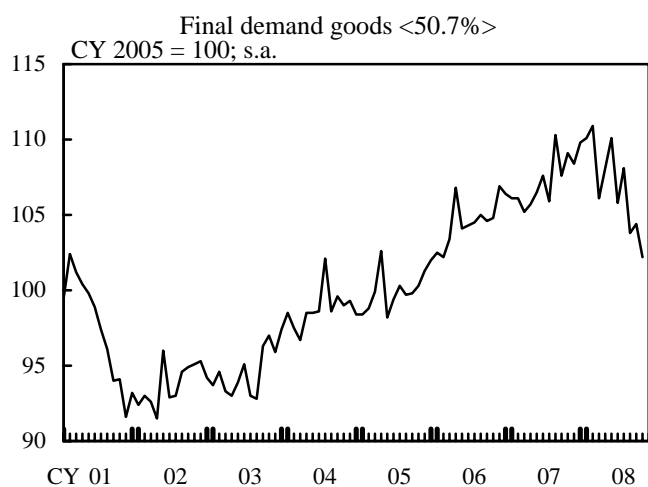
3. 2008/Q4 figures are based on the actual production level in October, and the METI projection of November and December.

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



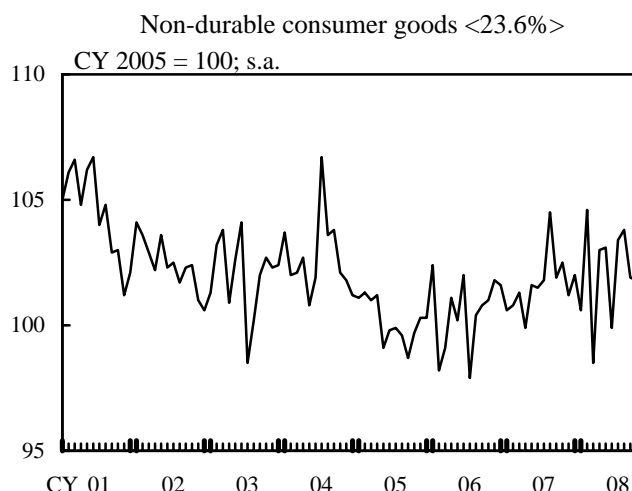
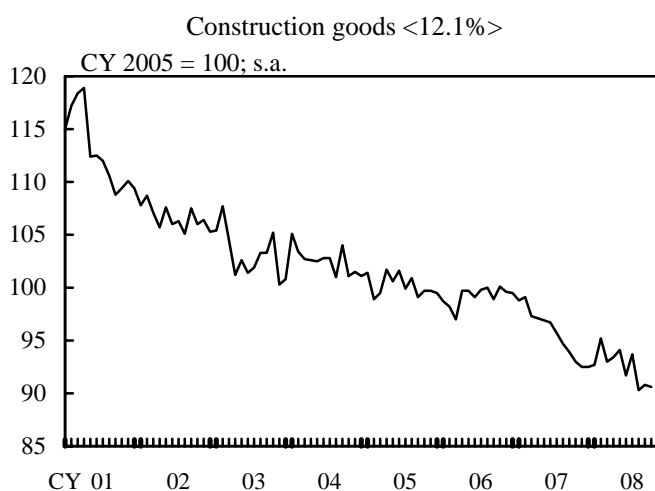
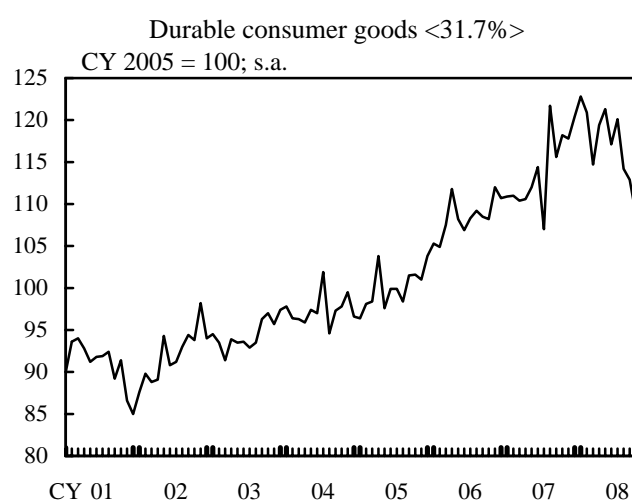
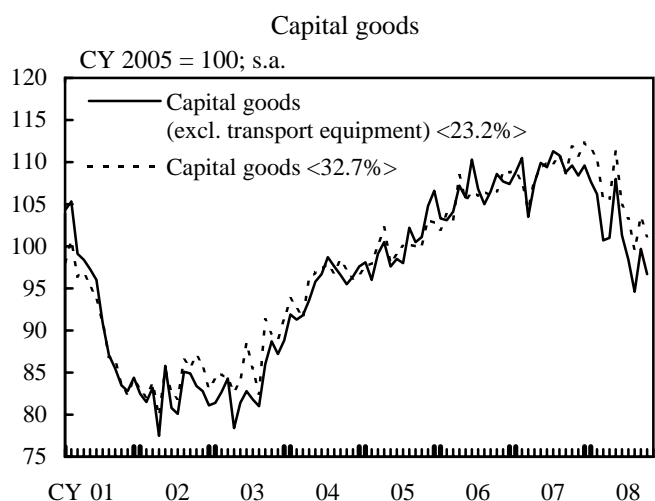
## Shipments Breakdown by Type of Goods

### (1) Final Demand Goods and Producer Goods



Note: Figures in angle brackets show the shares among shipments of mining and manufacturing.

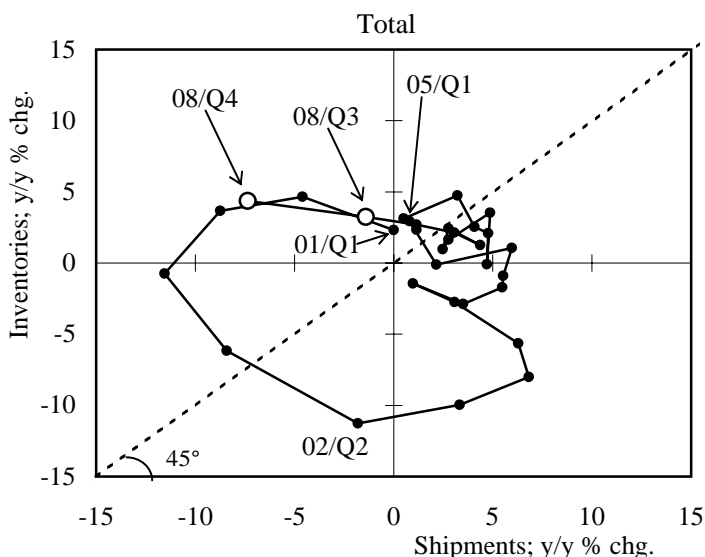
### (2) Breakdown of Final Demand Goods



Note: Figures in angle brackets show the shares among shipments of final demand goods.

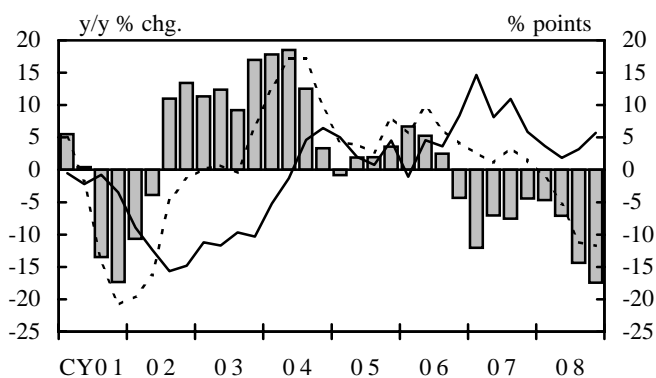
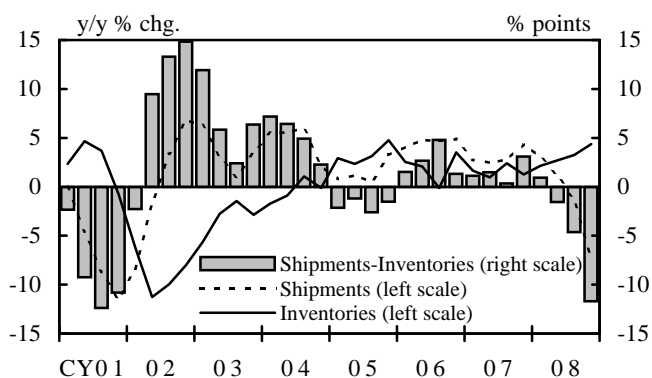
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Inventory Cycle



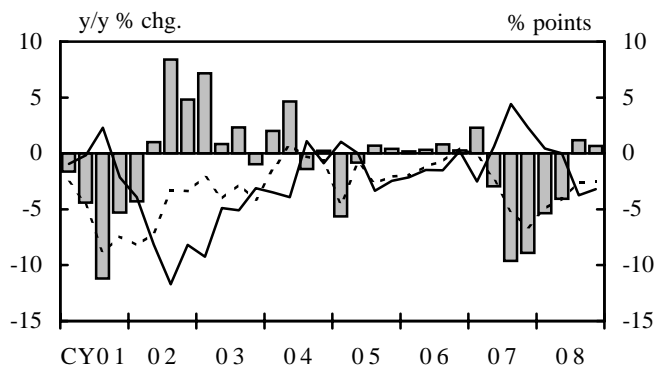
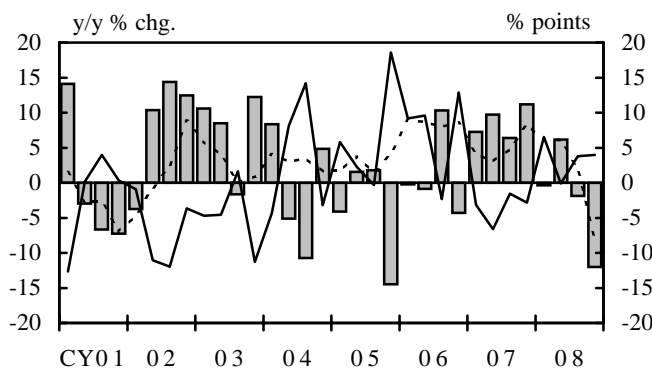
(1) Total

(2) Capital Goods (Excluding Transport Equipment)



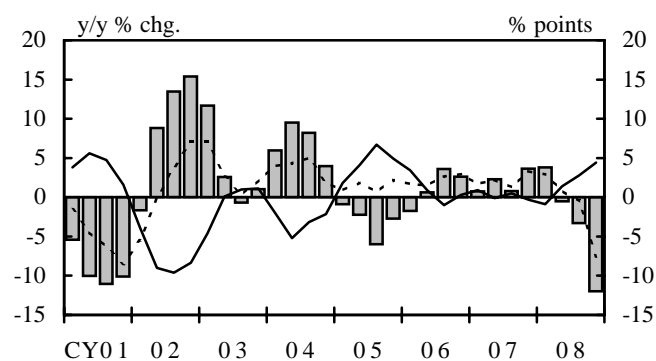
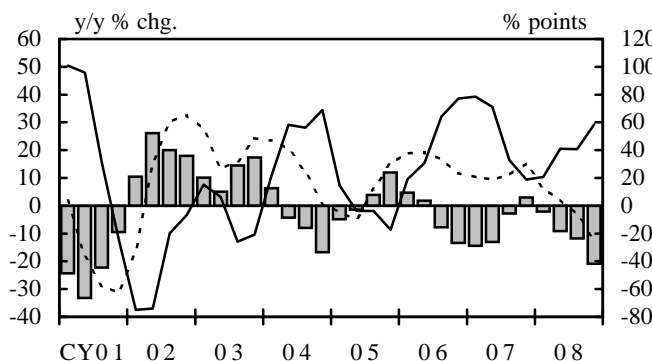
(3) Durable Consumer Goods

(4) Construction Goods



(5) Electronic Parts and Devices

(6) Producer Goods Excluding Electronic Parts and Devices

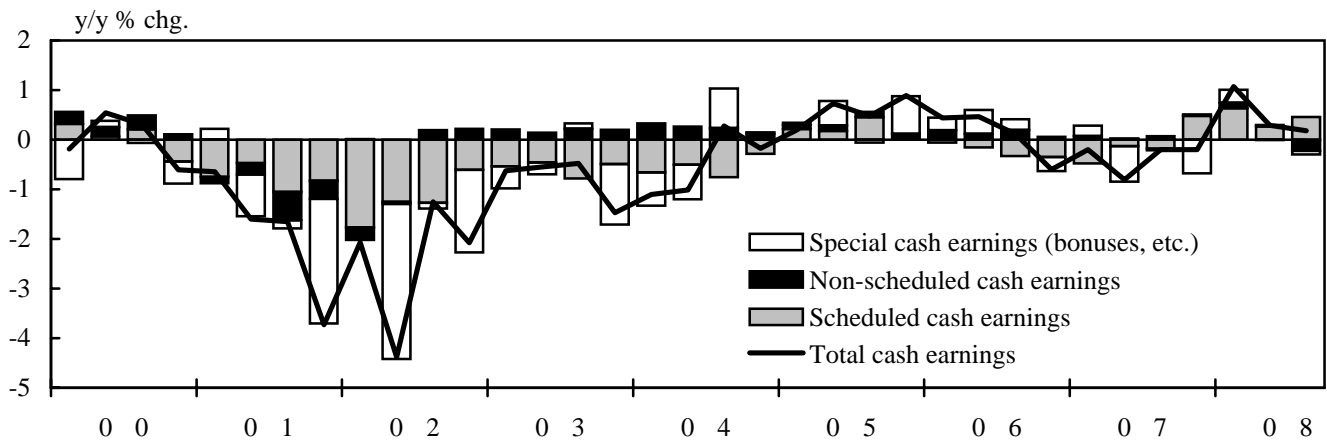


Note: Figures for 2008/Q4 are those of October.

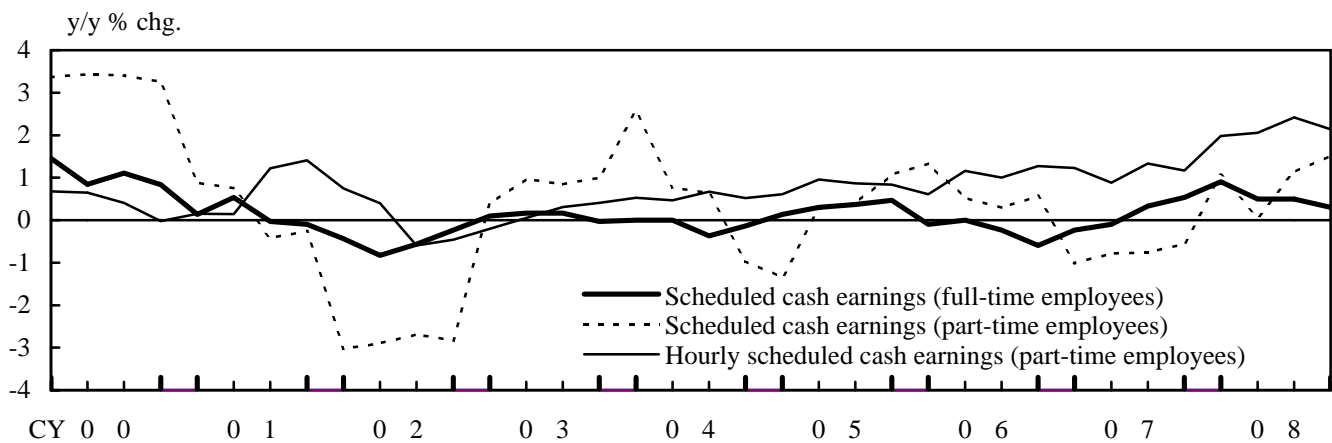
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Employee Income

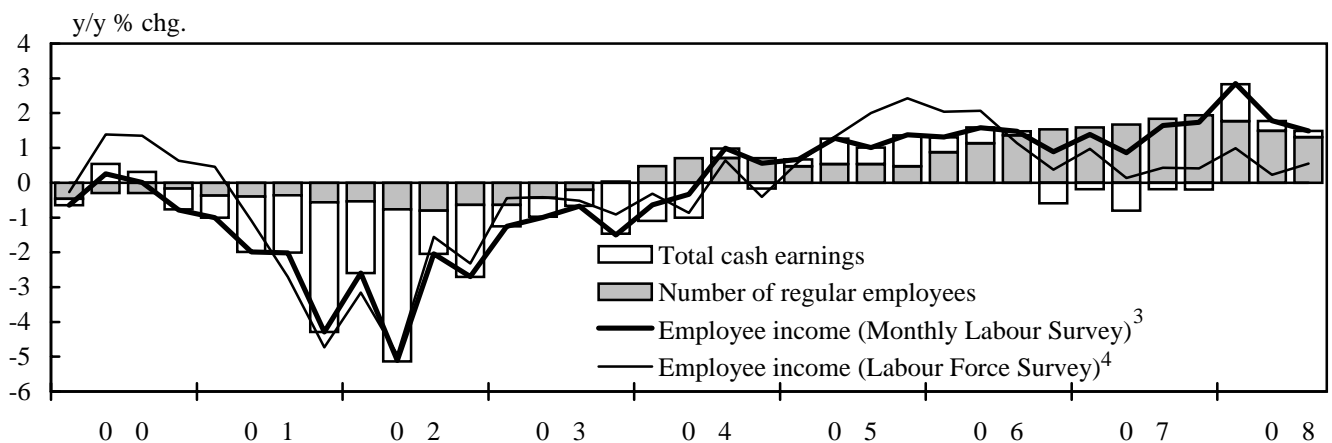
(1) Breakdown of Total Cash Earnings<sup>1,2,5</sup>



(2) Scheduled Cash Earnings<sup>1,6</sup>



(3) Breakdown of Employee Income<sup>1,2,5</sup>



Notes: 1. Data are for establishments with at least five employees.

2. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.

3. Calculated as the number of regular employees (Monthly Labour Survey) times total cash earnings (Monthly Labour Survey).

4. Calculated as the number of employees (Labour Force Survey) times total cash earnings (Monthly Labour Survey).

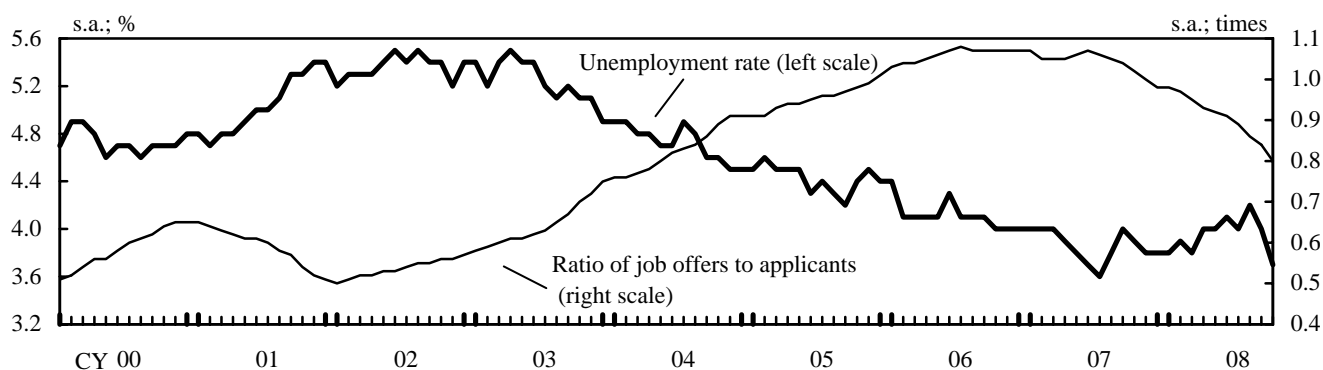
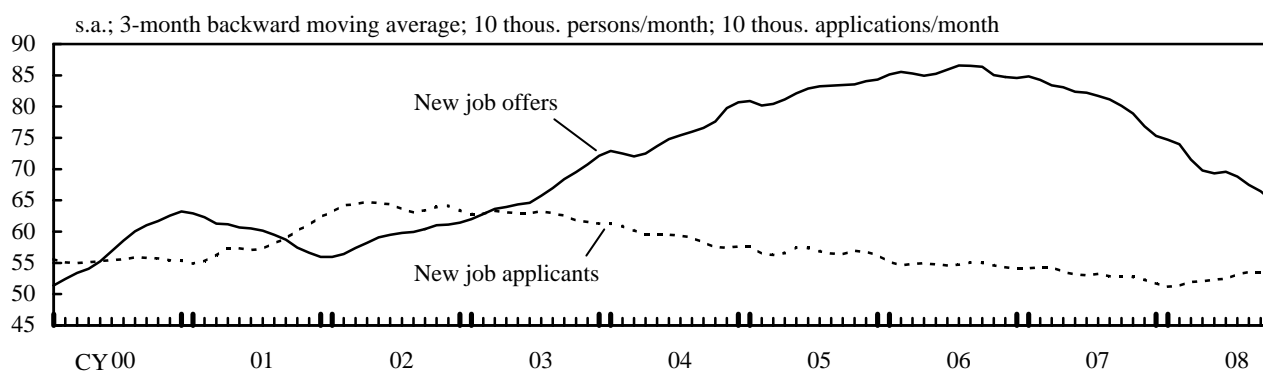
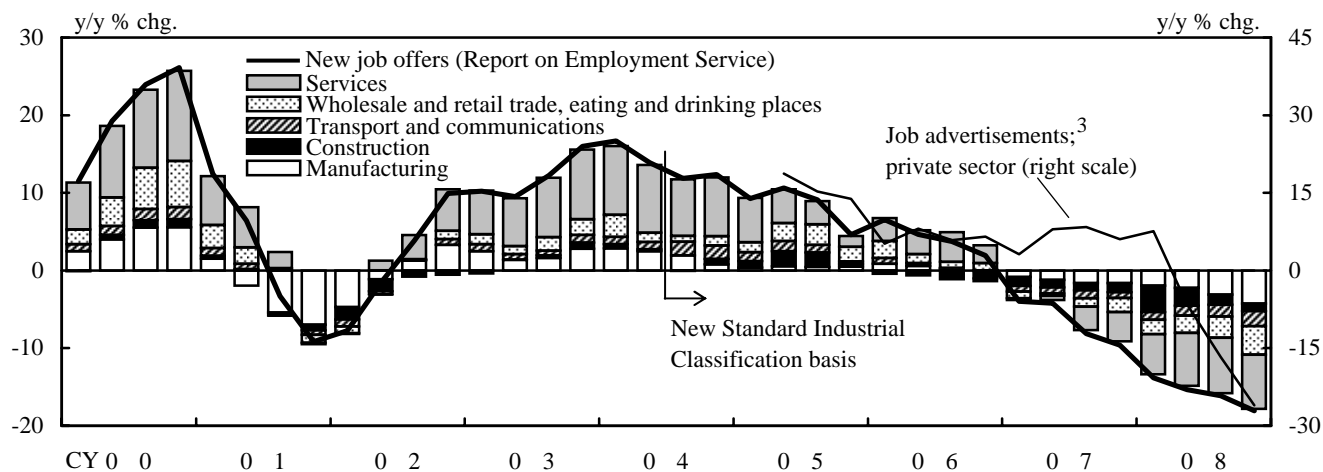
5. Figures for 2008/Q3 are those of September-October averages.

6. Figures for 2008/Q4 are those of October.

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

## Labor Market (1)

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

(2) New Job Offers and New Job Applicants<sup>1</sup>(3) Breakdown of Job Offers<sup>1,2,4</sup>

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

2. Figures up to 2004/Q2 are based on the previous Standard Industrial Classification. Figures from 2004/Q3 are based on the new Standard Industrial Classification. To keep the continuation of the data, some industries from 2004/Q3 are rearranged as follows. "Transport and communications" are the sum of "electricity and gas," "information and communications" and "transport." "Wholesale and retail trade, eating and drinking places" are the sum of "wholesale and retail trade" and "eating and drinking places, accommodations." "Services" are the sum of "medical, health care and welfare," "education, learning support," "compound services" and "services (not elsewhere classified)."

3. Figures are the sum of job advertisements listed in free/paid job information magazines, newspaper inserts and job information websites provided by member companies of the Association.

4. Figures for 2008/Q4 are those of October.

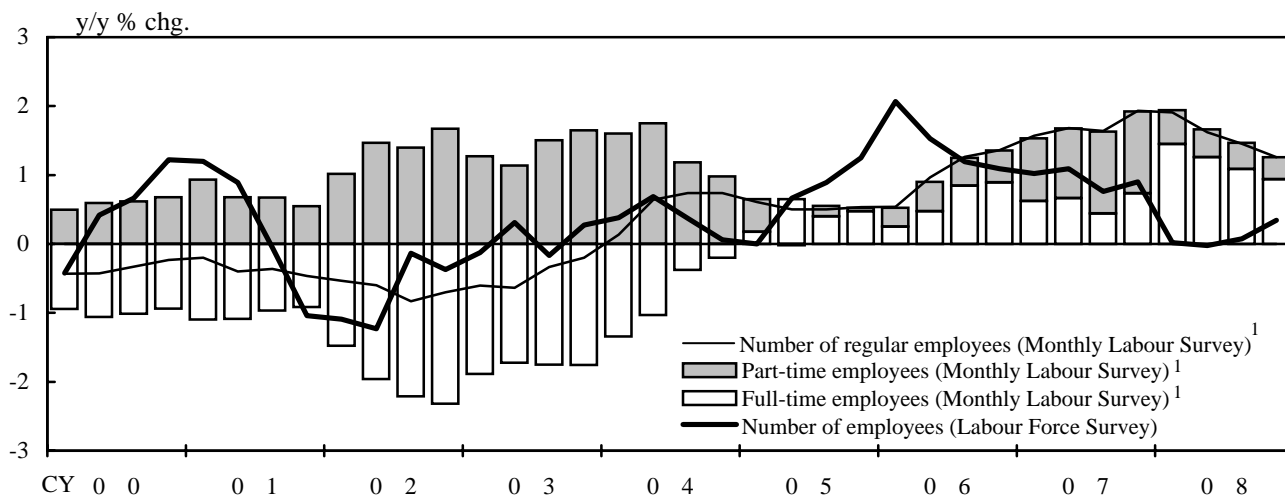
Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service";

Ministry of Internal Affairs and Communications, "Labour Force Survey";

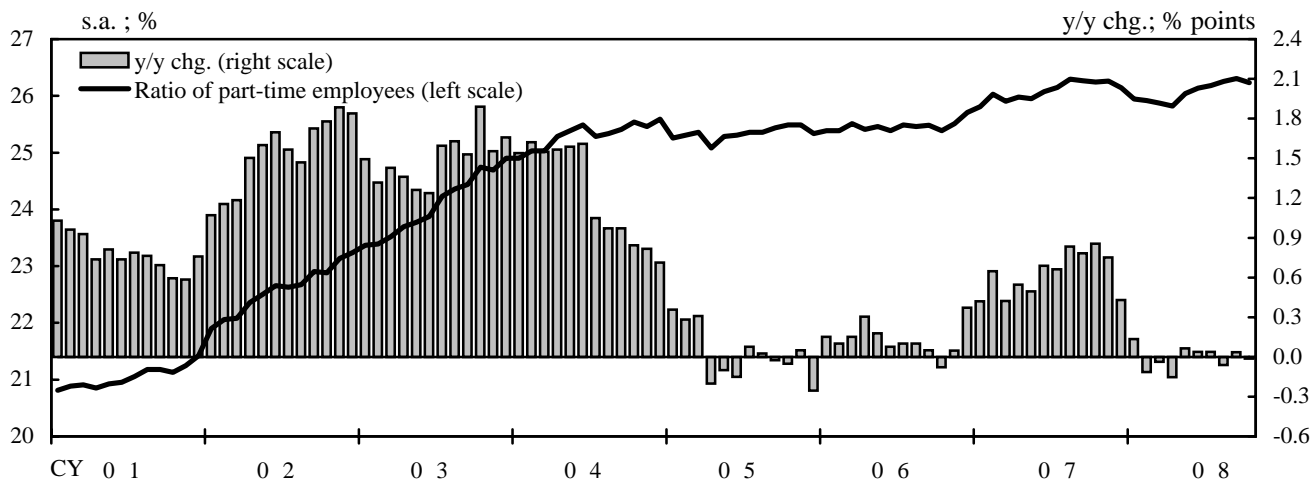
Association of Job Information of Japan, "Kyujin Koukoku Keisaiensu (Survey of Job Advertisements)."

Labor Market (2)

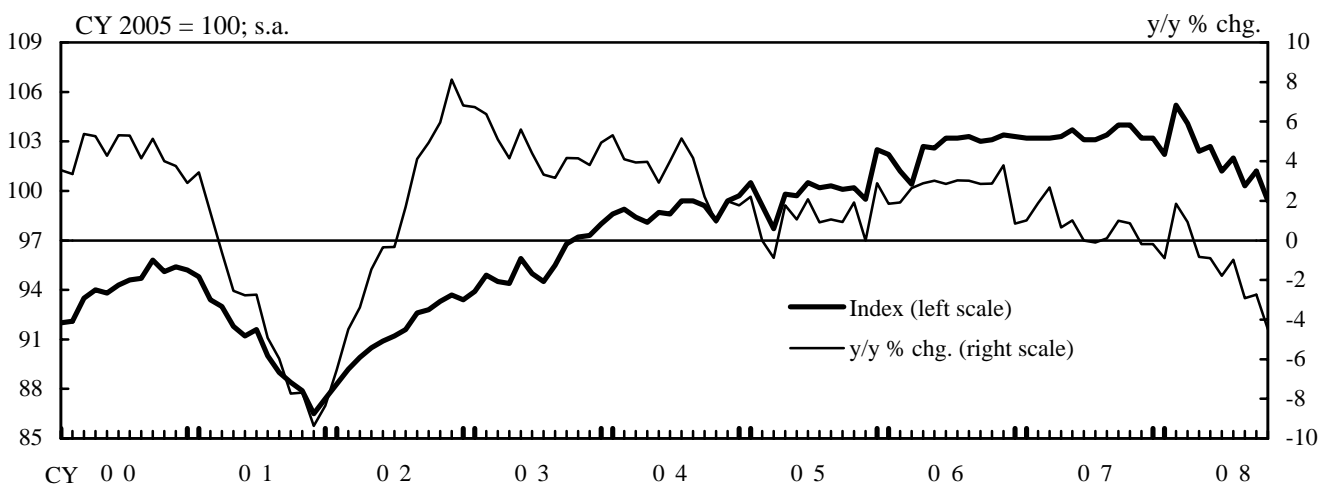
(1) Number of Employees<sup>3</sup>



(2) Ratio of Part-Time Employees<sup>1,2</sup>



(3) Non Scheduled Hours Worked<sup>1</sup>



Notes: 1. Data are for establishments with at least five employees.

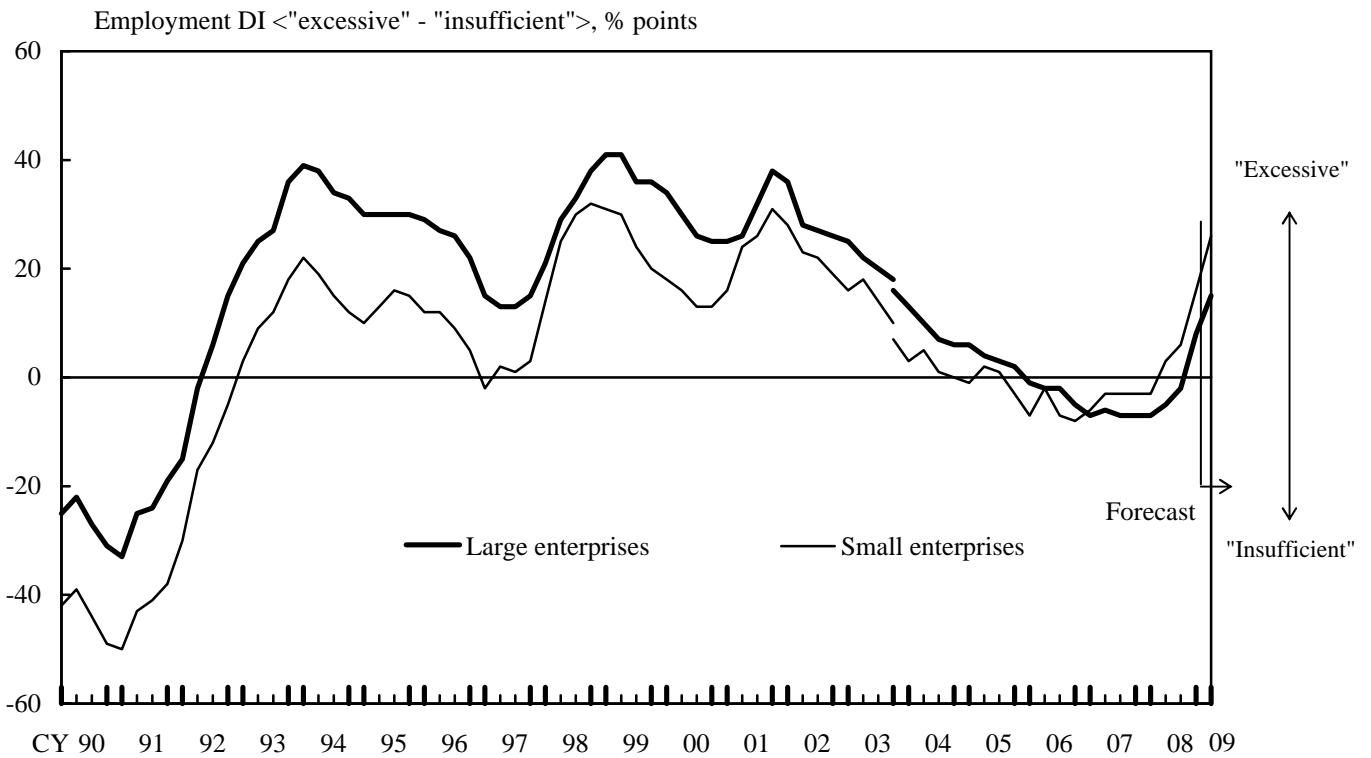
2. The ratio of part-time employees is calculated as the number of part-time employees divided by the number of regular employees times 100.

3. Figures for 2008/Q4 are those of October.

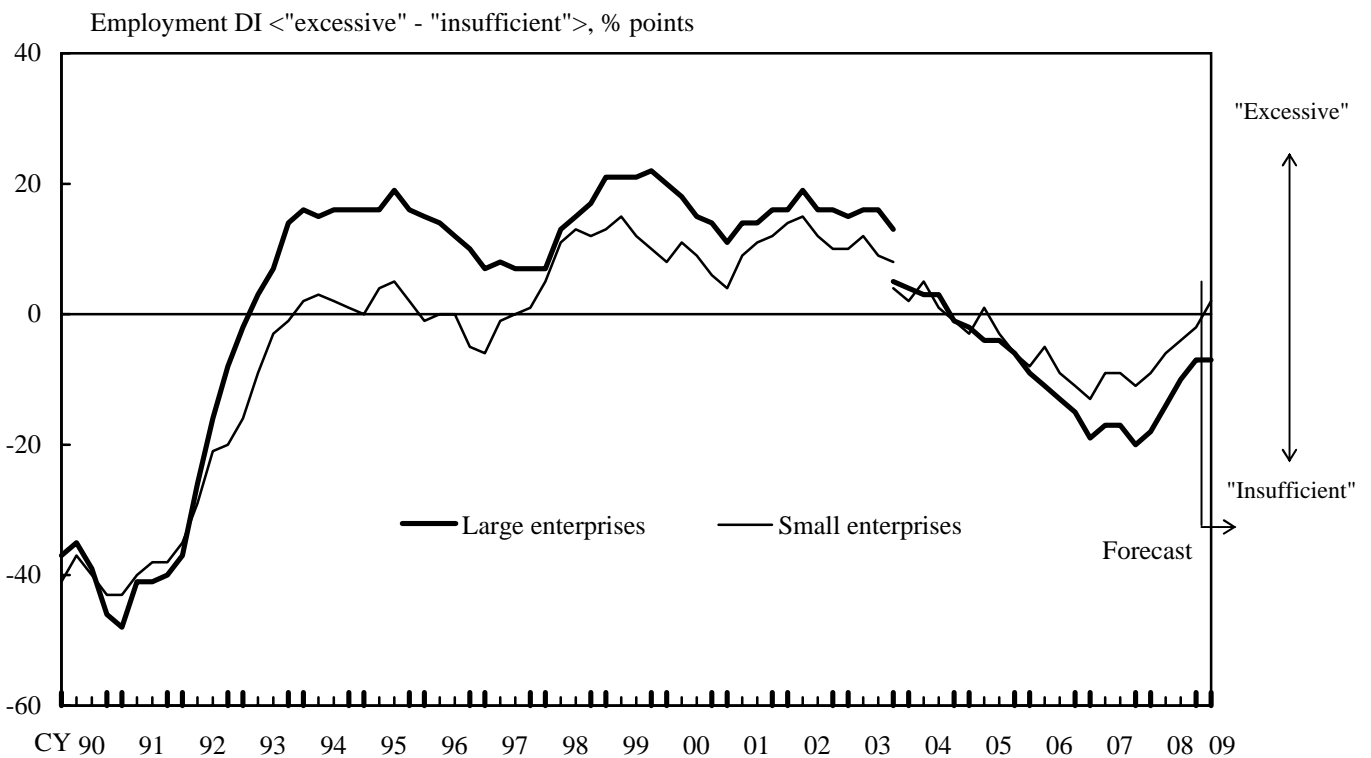
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";  
Ministry of Internal Affairs and Communications, "Labour Force Survey."

Employment Conditions

(1) Manufacturing



(2) Nonmanufacturing

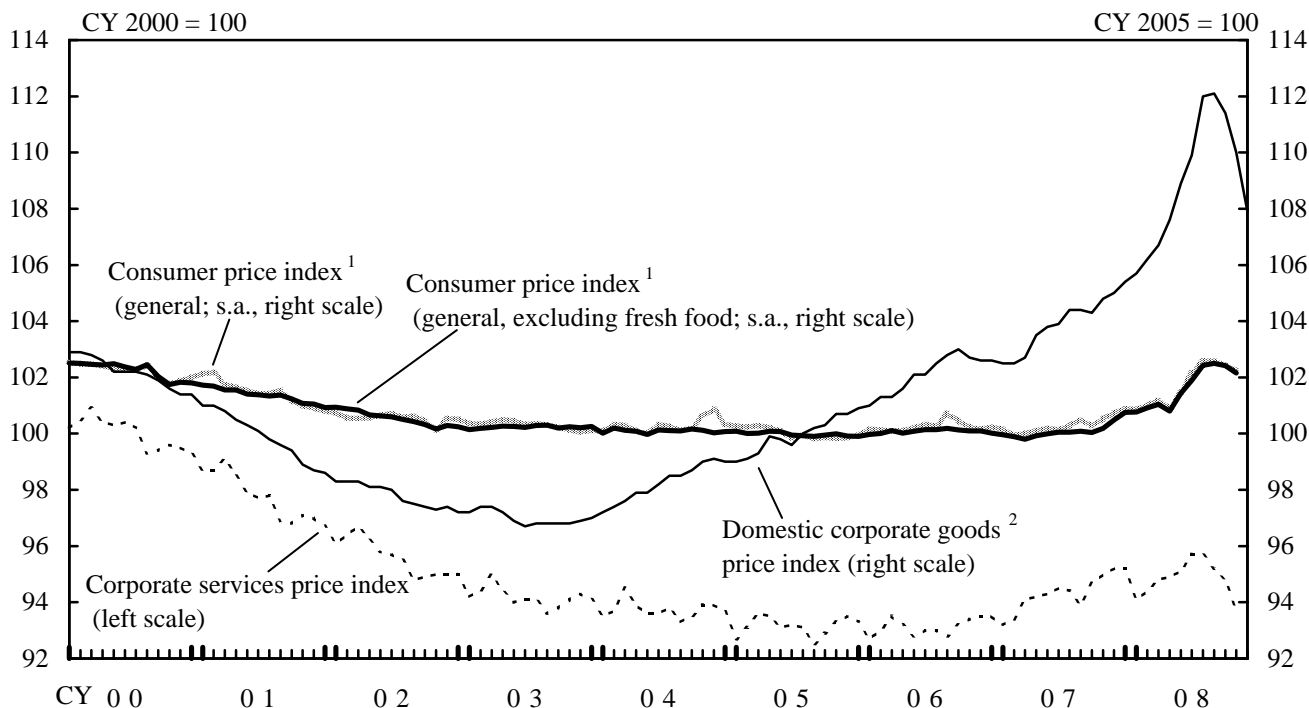


Note: The *Tankan* has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on a new basis.

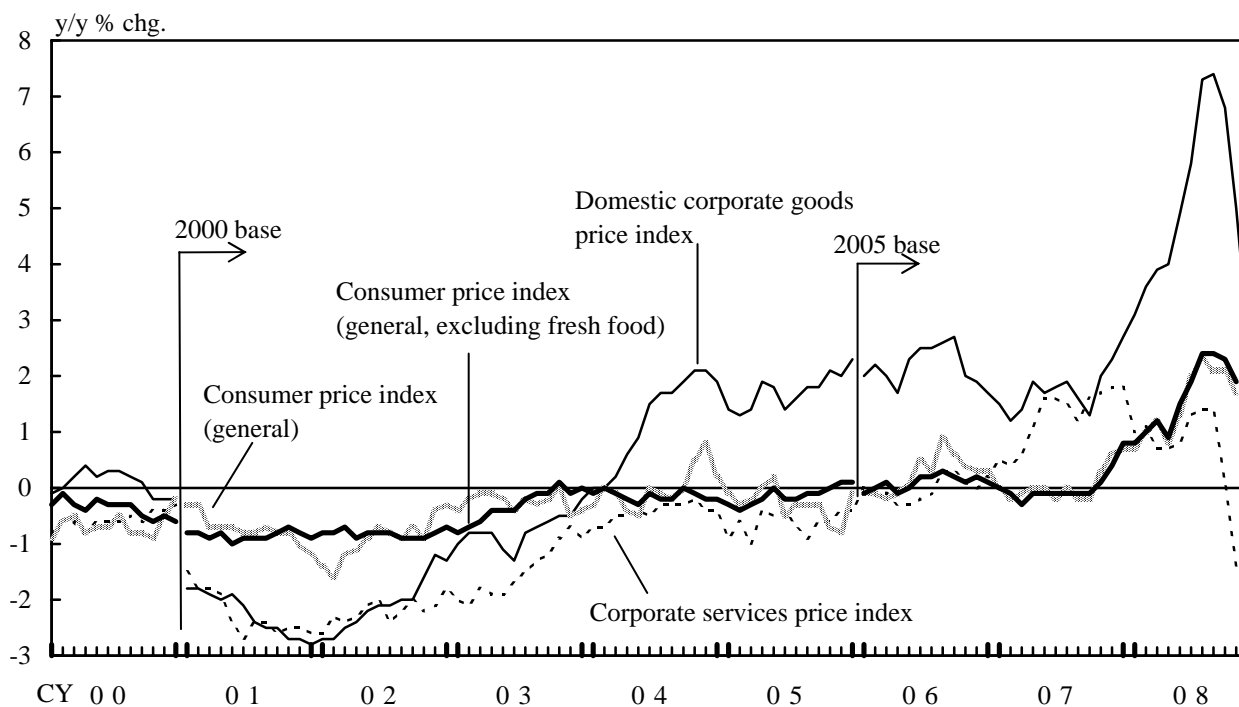
Source: Bank of Japan, "*Tankan* , Short-term Economic Survey of Enterprises in Japan."

Prices

(1) Level



(2) Changes from a Year Earlier<sup>3</sup>



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

2. Adjusted to exclude a hike in electric power charges during the summer season from July to September.

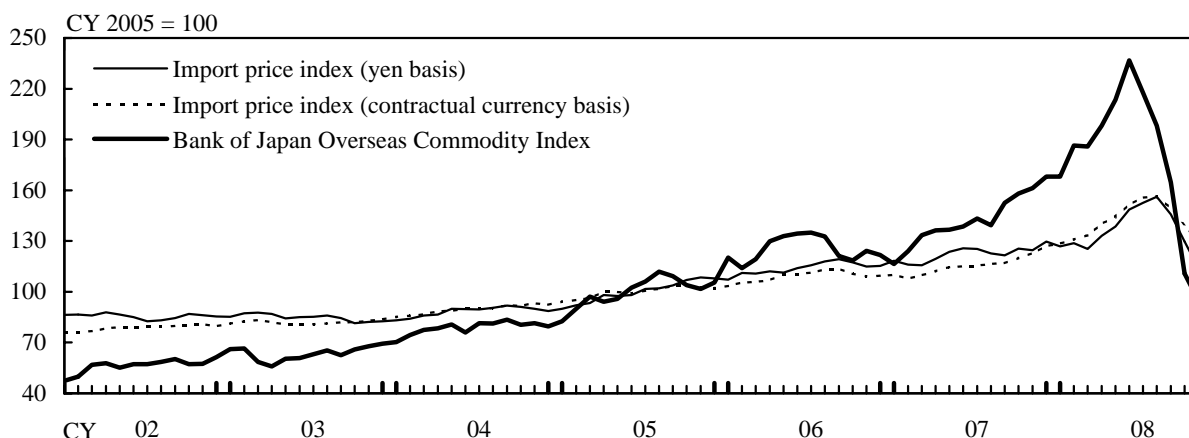
3. Figures up to CY 2000 are on the 1995 base. From CY2001 up to CY 2005, CGPI and CPI are calculated on the 2000 base.

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

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

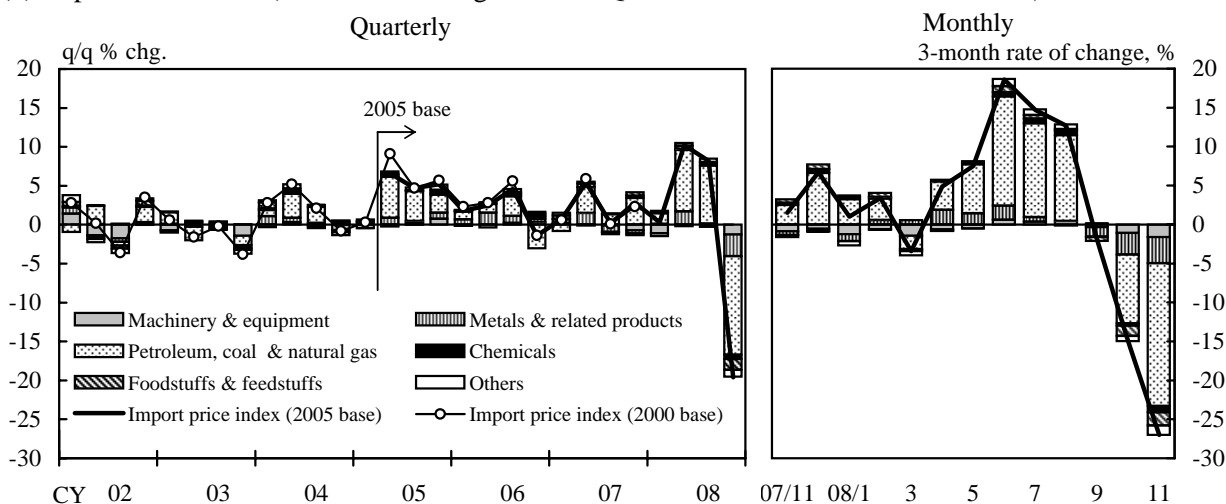
## Import Prices and International Commodity Prices

### (1) Import Price Index and Overseas Commodity Index



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

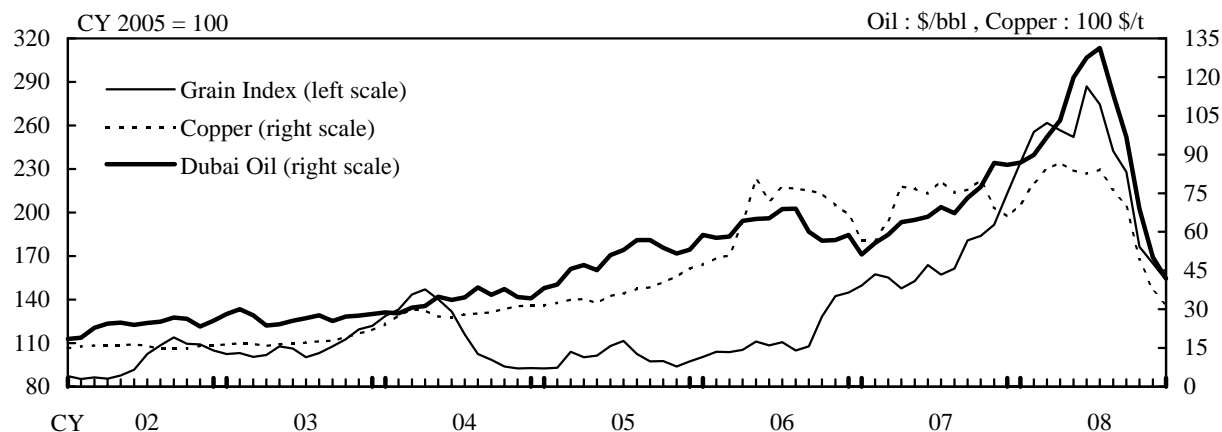
### (2) Import Price Index (Yen Basis, Changes from a Quarter Earlier and 3 Months Earlier)



Notes: 1. Machinery & equipment: general machinery, electric & electronic products, transportation equipment, precision instruments

2. Figures for 2008/Q4 are October-November averages. Figures for 2007/Q4 on the 2000 base are those of October.

### (3) International Commodity Prices



Notes: 1. The Grain Index is the weighted average of prices of three selected items (wheat, soybeans, corn) in overseas commodity markets. The weights are based on the Value of Imports in the Trade Statistics of Japan.

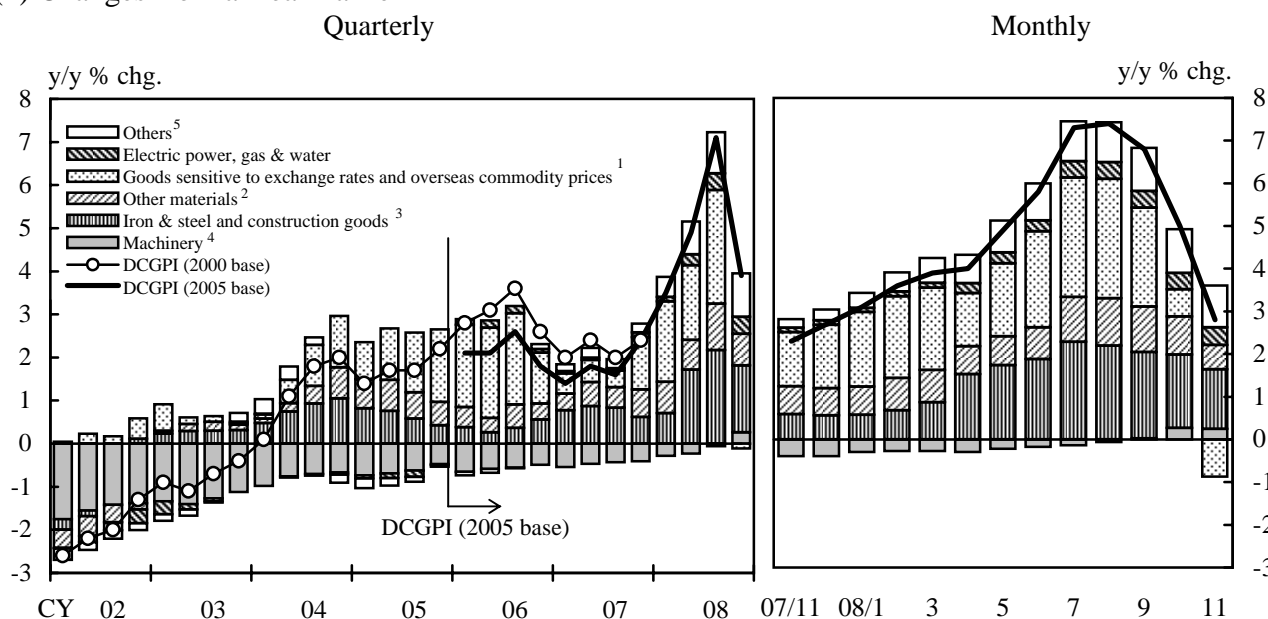
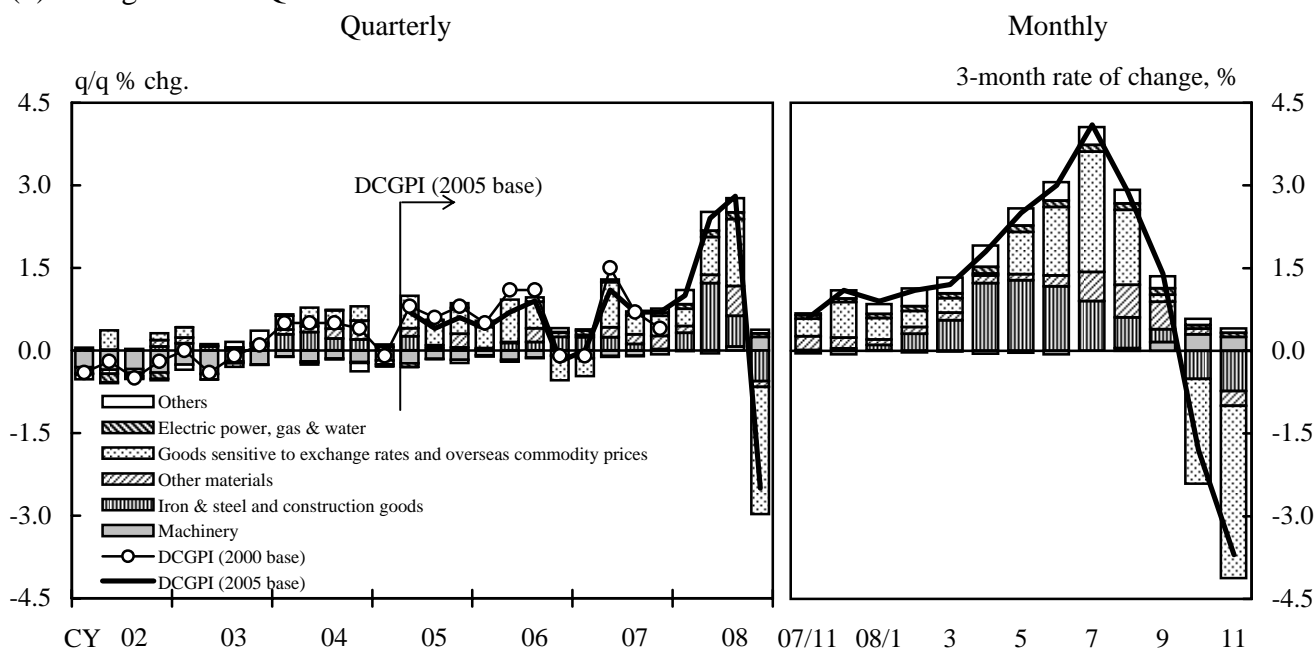
2. Monthly averages. Figures for December 2008 are the averages up to December 18.

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



Domestic Corporate Goods Price Index<sup>7</sup>

## (1) Changes from a Year Earlier

(2) Changes from a Quarter Earlier and 3 Months Earlier<sup>6</sup>

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.

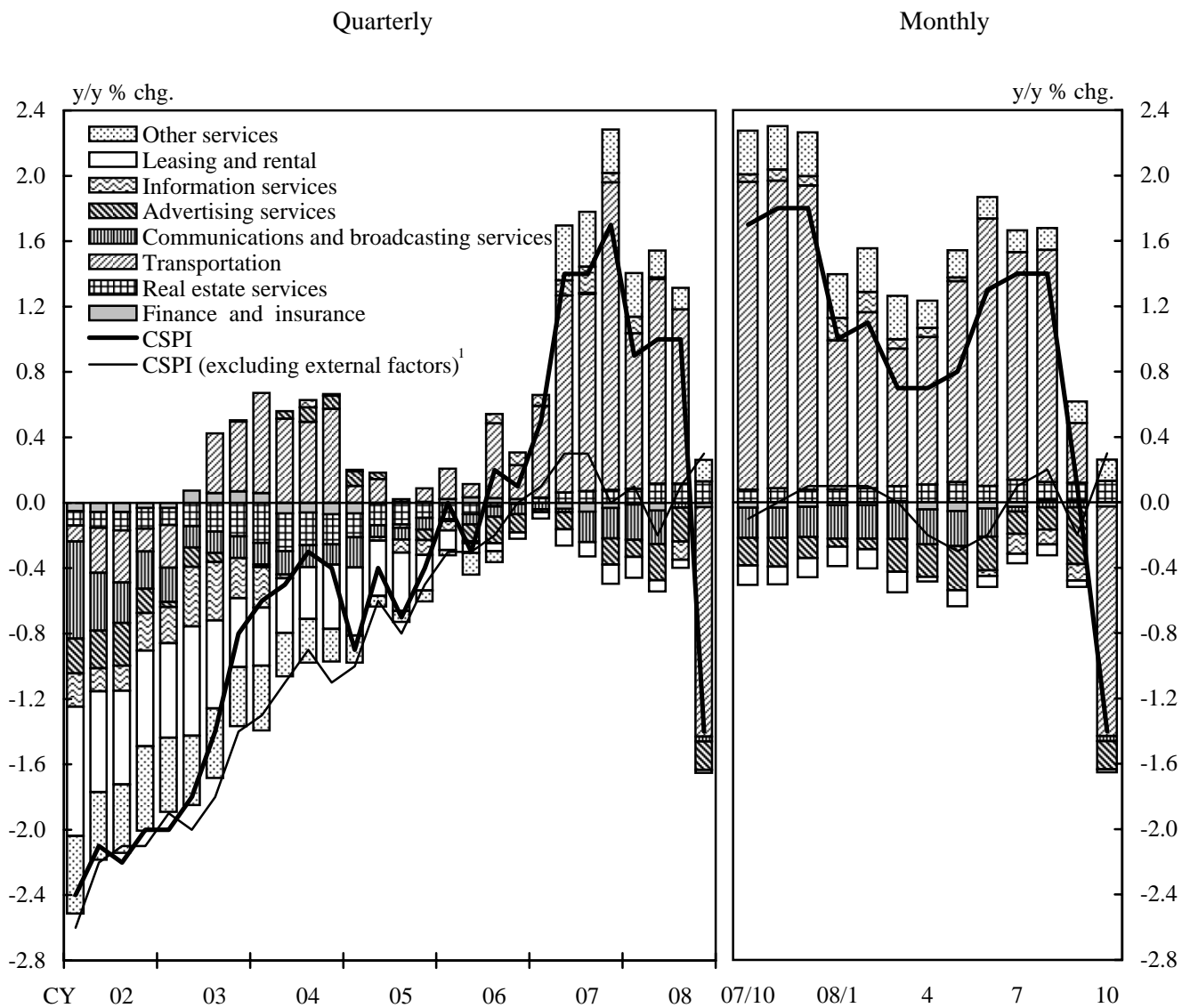
4. Machinery: electrical machinery, information & communications equipment, electronic components & devices, general machinery, transportation equipment, precision instruments.

5. Others: processed foodstuffs, other manufacturing industry products, agricultural, forestry & fishery products, mining products.

6. Adjusted to exclude a hike in electric power charges during the summer season from July to September. This effect makes the Domestic Corporate Goods Price Index rise by about 0.2%.

7. Figures for 2008/Q4 are October-November averages. Figures for 2007/Q4 on the 2000 base are those of October.

Corporate Services Price Index

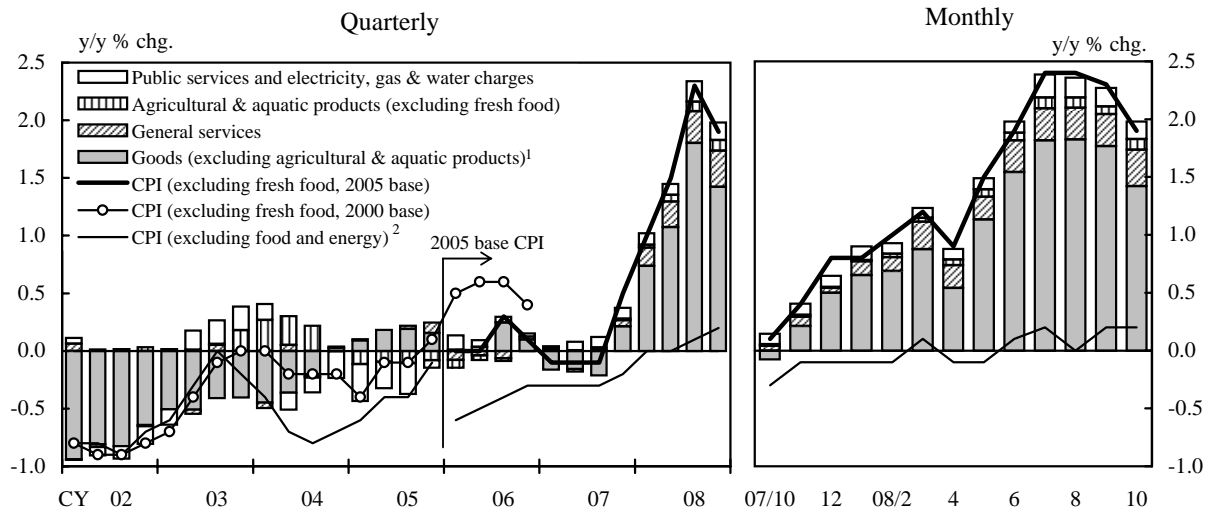


- Notes: 1. External factors: international air passenger transportation, ocean liner, ocean tramper, ocean tanker, oceangoing ship chartering services, and international air freight.  
 2. Figures of components indicate contributions to changes in CSPI.  
 3. Figures for 2008/Q4 are those of October.

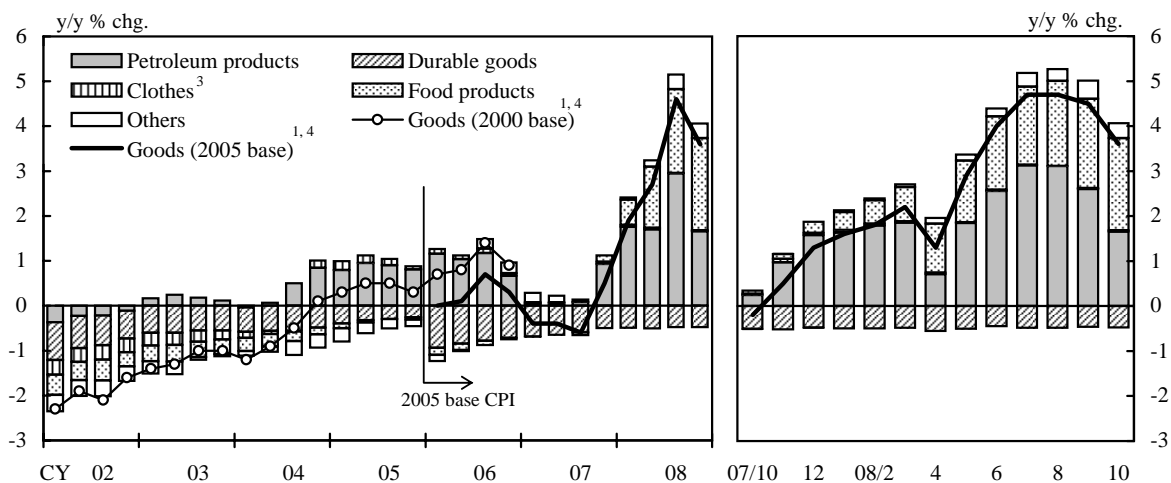
Source: Bank of Japan, "Corporate Services Price Index."

Consumer Price Index (Excluding Fresh Food)

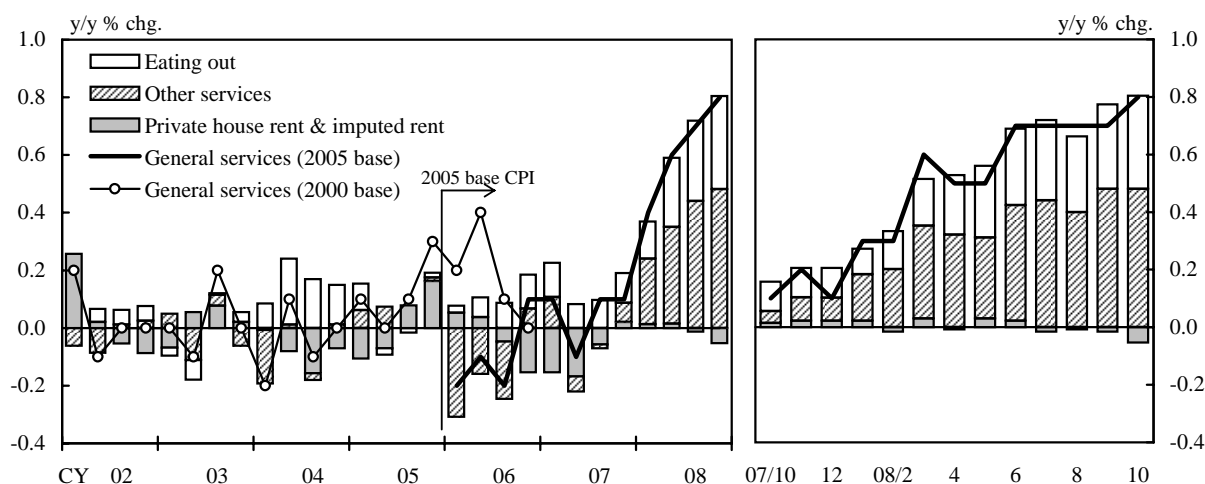
(1) Consumer Price Index (Excluding Fresh Food)



(2) Goods (Excluding Agricultural & Aquatic Products)<sup>1</sup>



(3) General Services

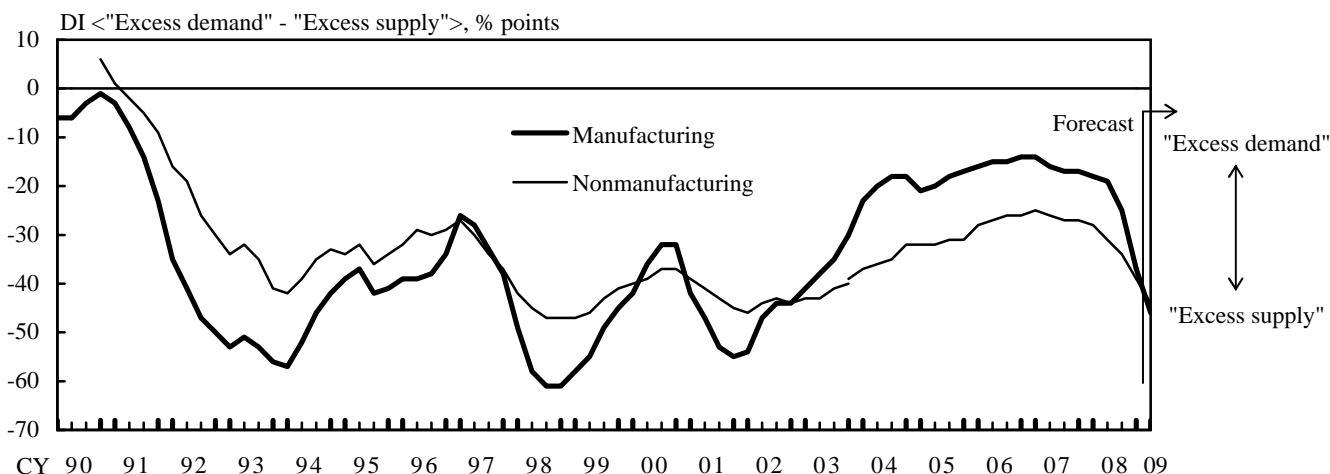
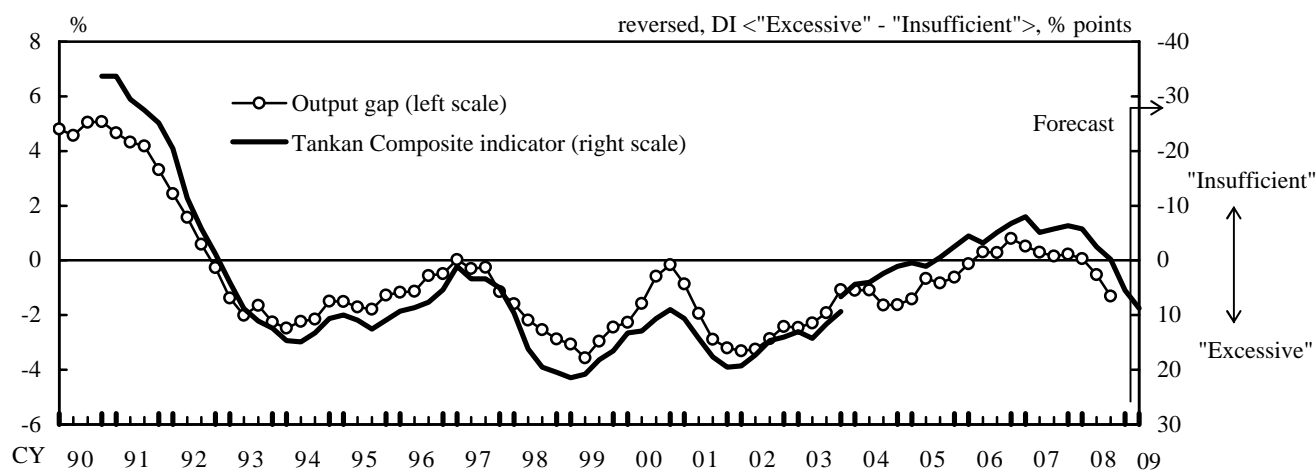


- Notes: 1. The items are basically the same as the definition published by the Ministry of Internal Affairs and Communications. However, electricity, gas & water charges are excluded from goods.  
 2. Alcoholic beverages are excluded from food.  
 Energy: electricity, gas manufactured & piped, liquefied propane, kerosene, and gasoline.  
 3. Including shirts, sweaters & underwear.  
 4. Excluding agricultural & aquatic products.  
 5. Figures for 2008/Q4 are those of October.

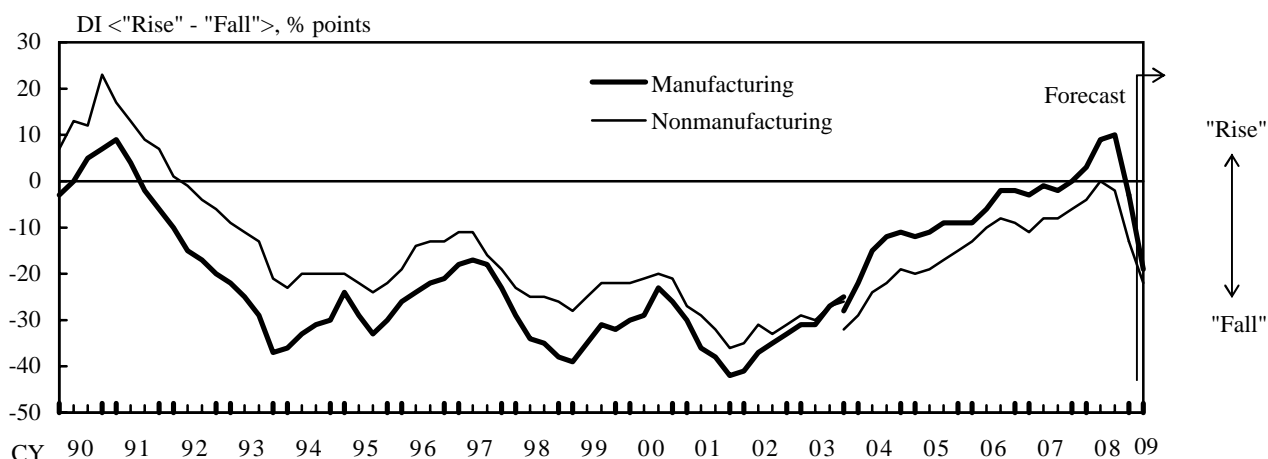
Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

Domestic Supply and Demand Conditions<sup>1</sup>

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

(2) *Tankan* Composite Indicator<sup>2</sup> (All Enterprises) and Output Gap<sup>3</sup>

## (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. The FY 1990-2006 averages of capital and labor shares in national accounts are used as the weight.

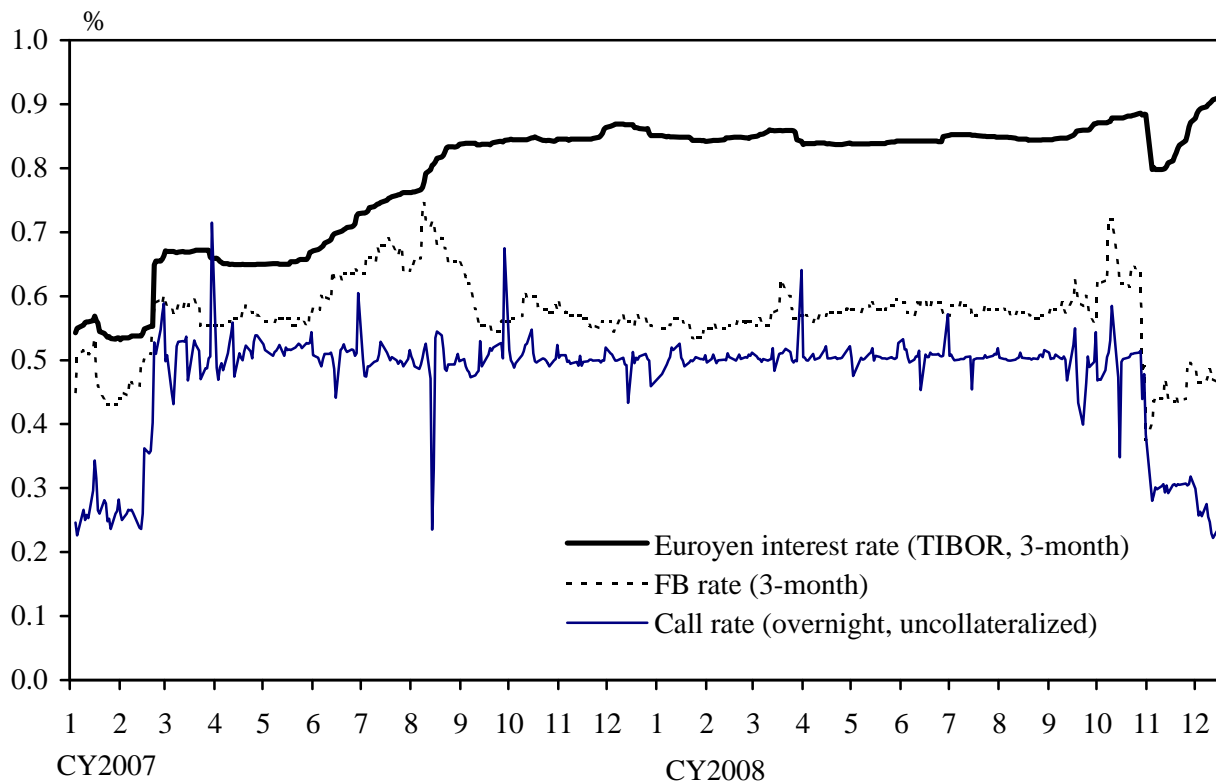
3. The output gap is estimated by the Research and Statistics Department, Bank of Japan. Since the estimation of the output gap includes various errors, considerable latitude should be allowed for this estimation.

Sources: Cabinet Office, "National Accounts";

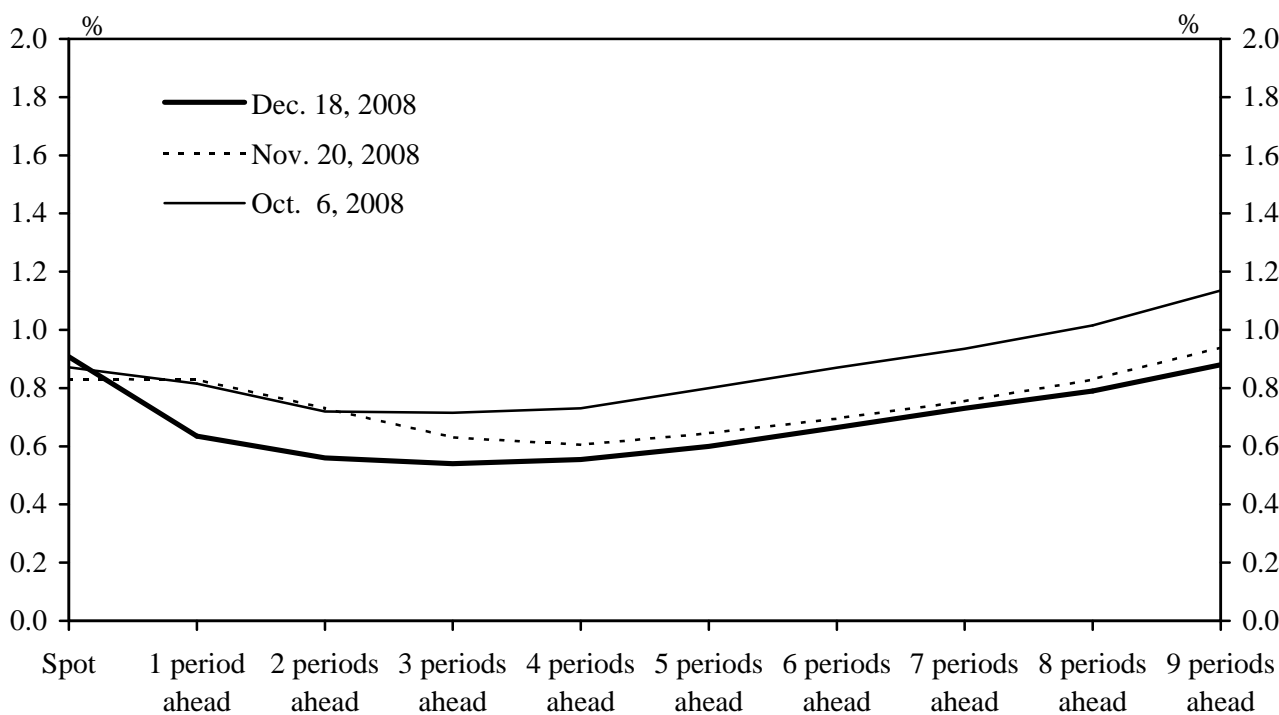
Bank of Japan, "*Tankan*, Short-Term Economic Survey of Enterprises in Japan," etc.

Short-Term Interest Rates

(1) Short-Term Interest Rates



(2) Euroyen Interest Rates Futures (3-Month)<sup>1</sup>

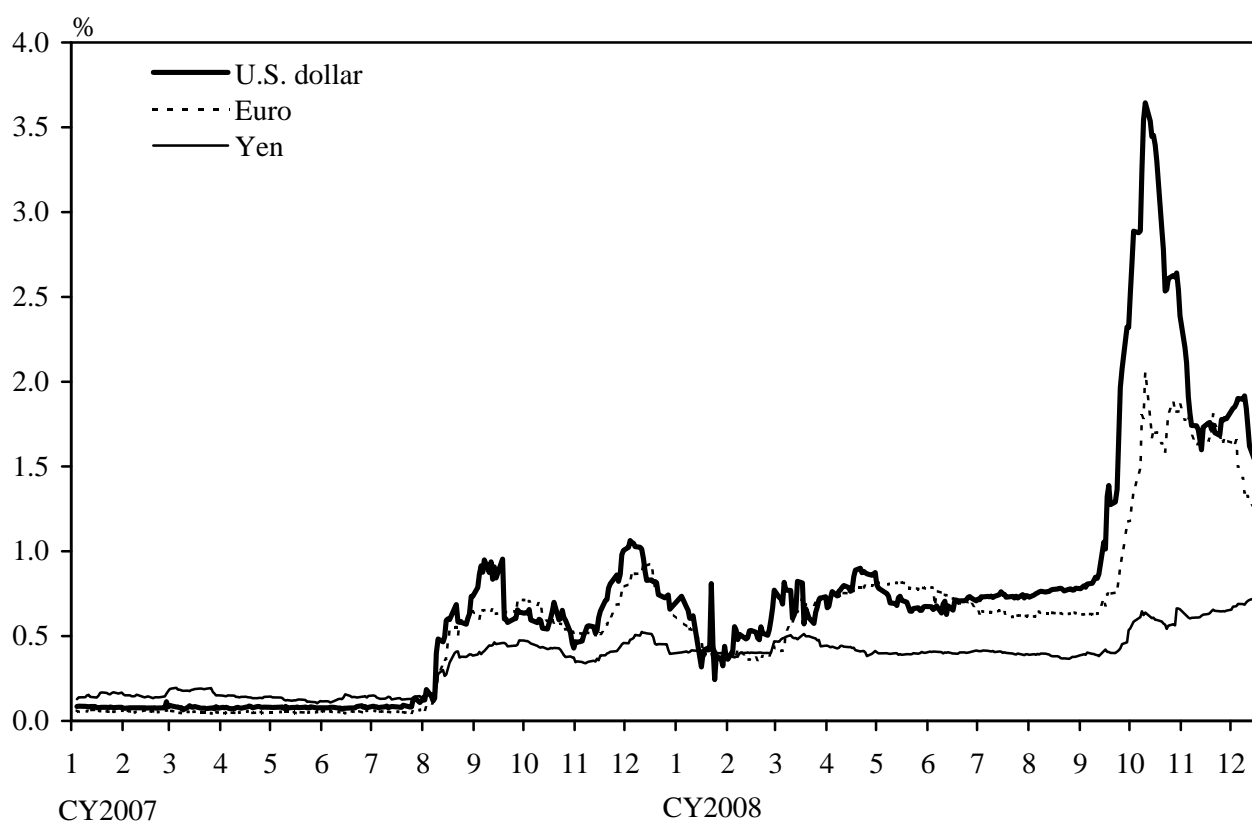


Note: 1. Contract months in the figure (2) exclude "serial months," the months other than March, June, September and December.

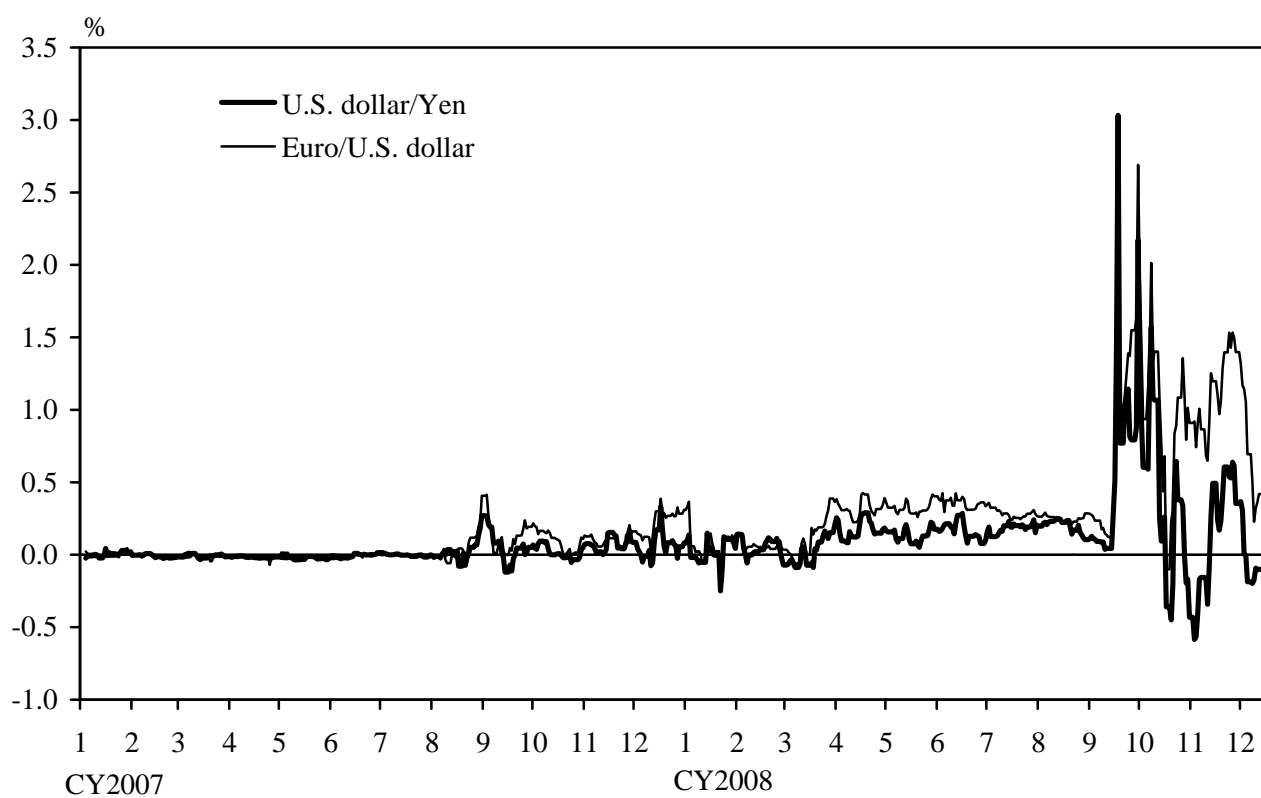
Sources: Japanese Bankers Association; Japan Bond Trading Co., Ltd.; Tokyo Financial Exchange; Bank of Japan.

## Global Money Markets

(1) LIBOR-OIS spreads (3-month)

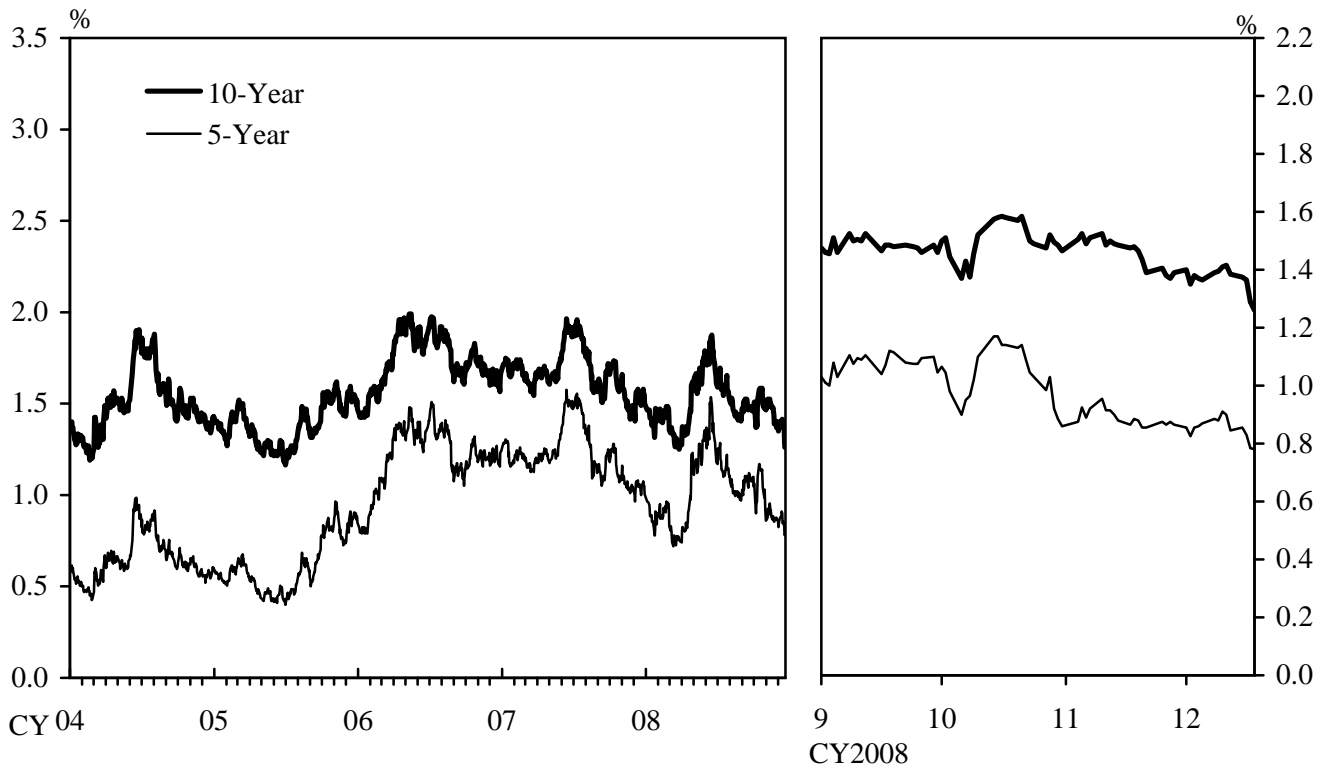


(2) FX swap implied dollar rate - LIBOR spreads (3-month)

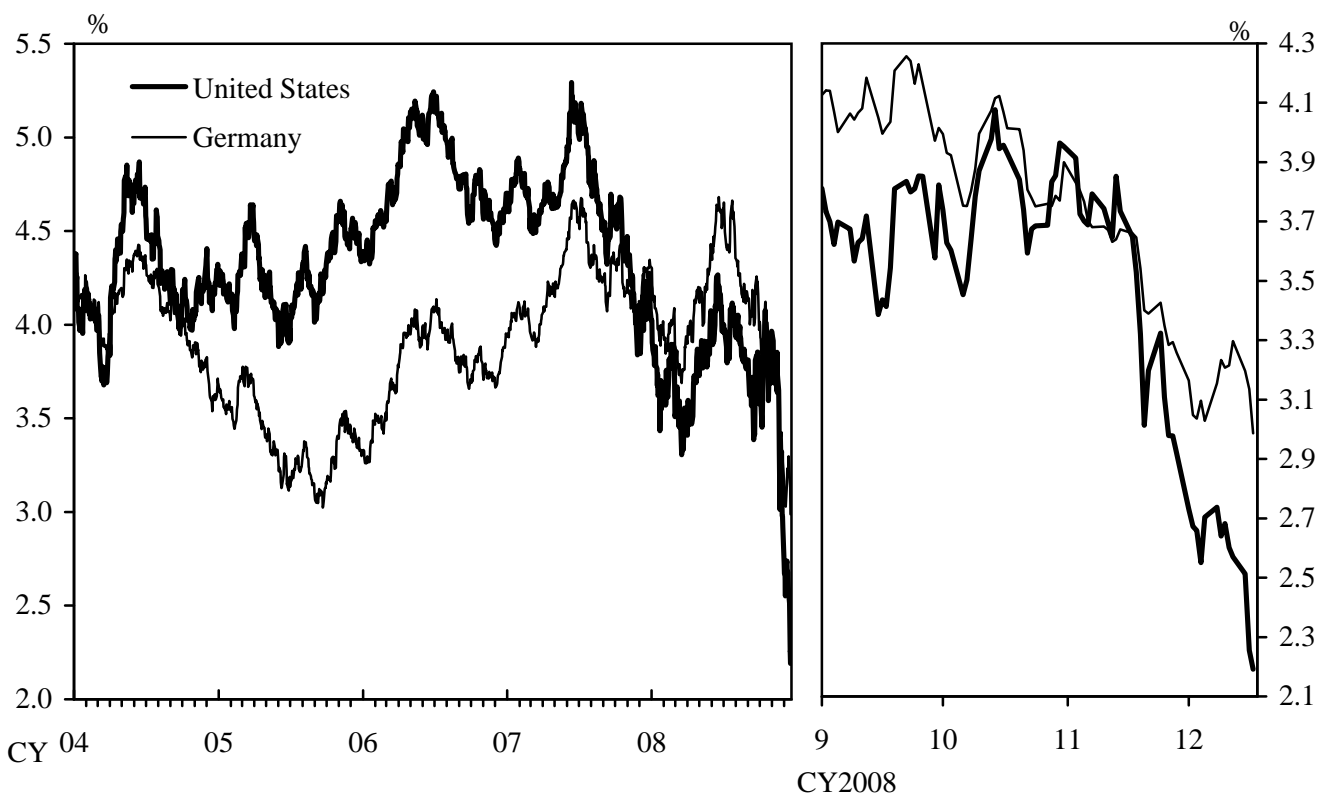


Long-Term Interest Rates

(1) Japanese Government Bond Yields<sup>1</sup>



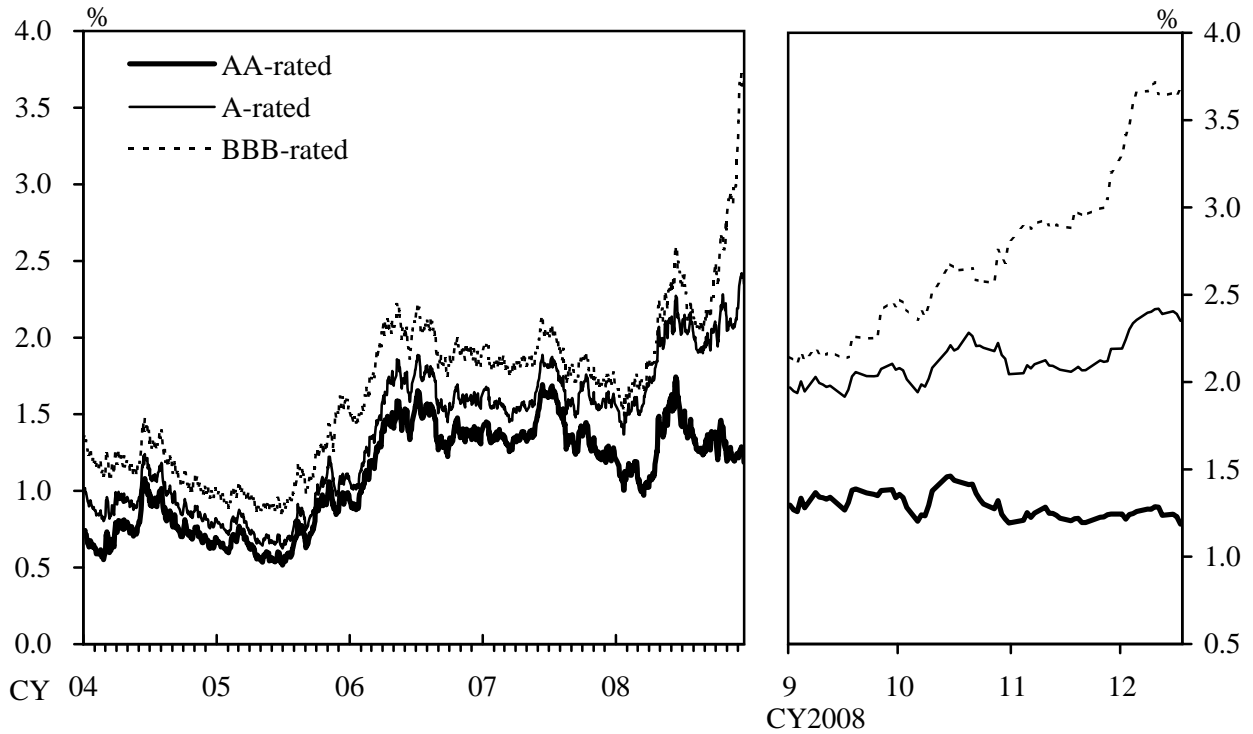
(2) Overseas Government Bond Yields (10-Year)



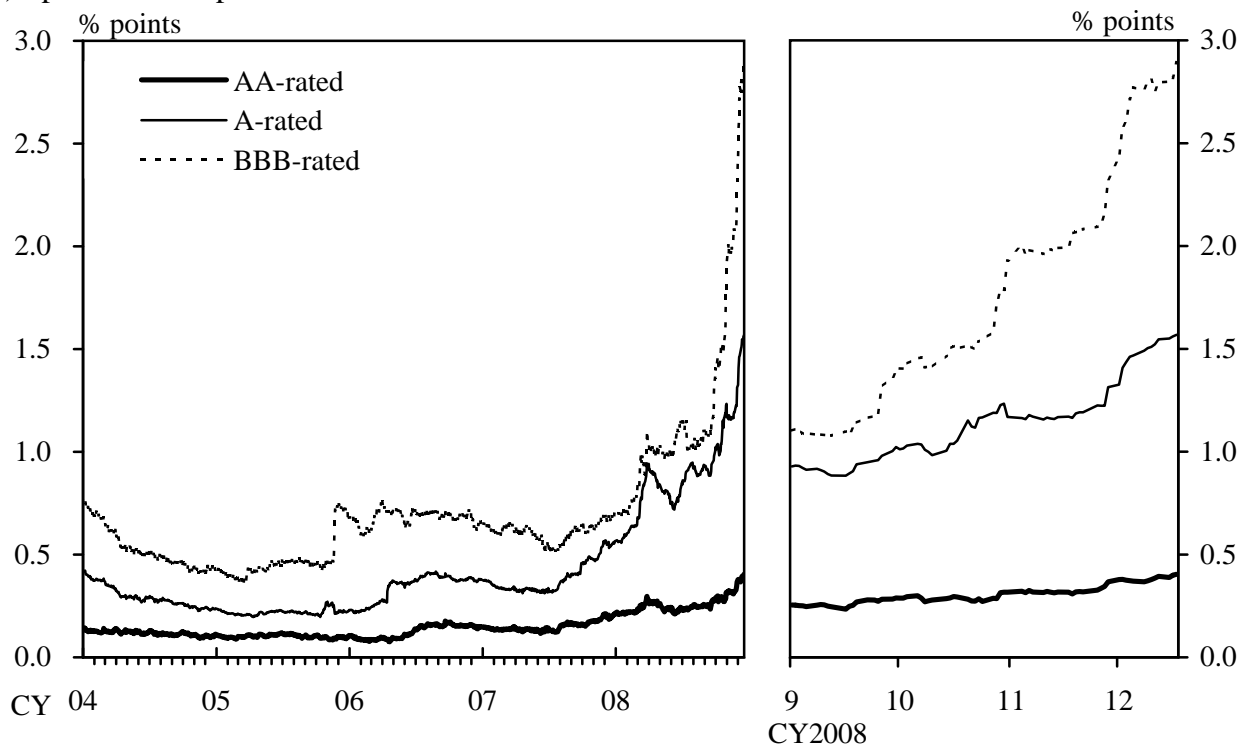
Note: 1. Yields on newly issued bonds.  
Sources: Japan Bond Trading Co., Ltd; Bloomberg.

Yields of Corporate Bonds

(1) Corporate Bond Yields<sup>1,2</sup>



(2) Spreads of Corporate Bond Yields over Government Bond Yields<sup>1,2</sup>



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 three to seven years.

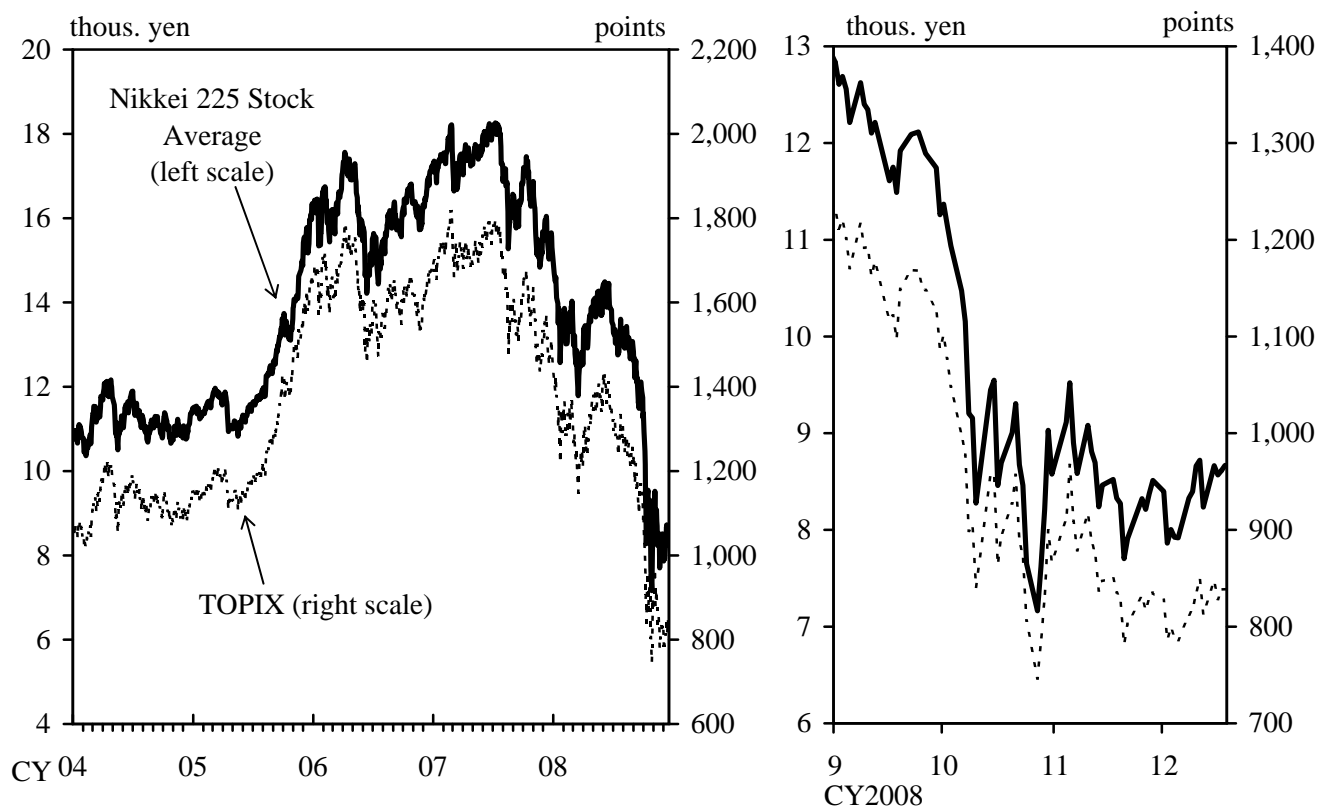
2. The indicated ratings are of Rating and Investment Information, Inc.

Sources: Japan Securities Dealers Association, "Reference Price (Yields) Table for OTC Bond Transactions."

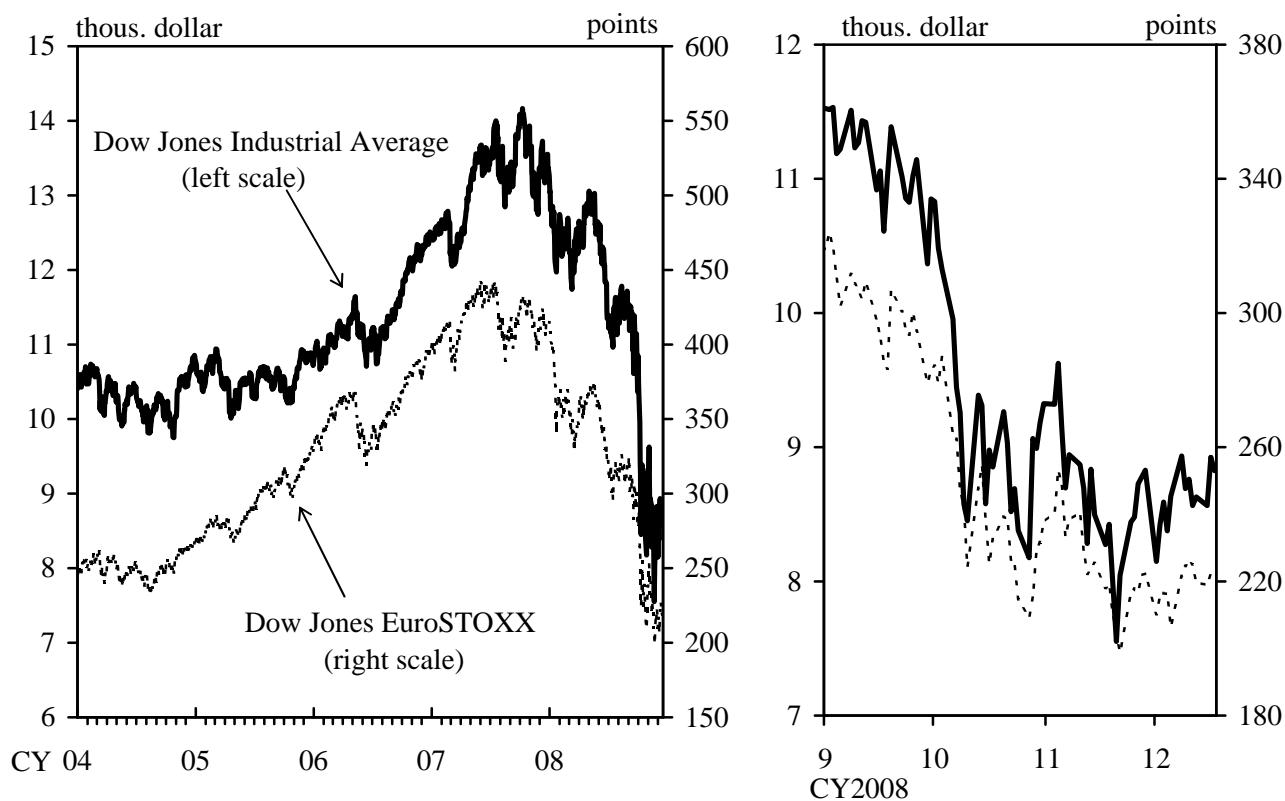


Stock Prices

(1) Japanese Stock Prices



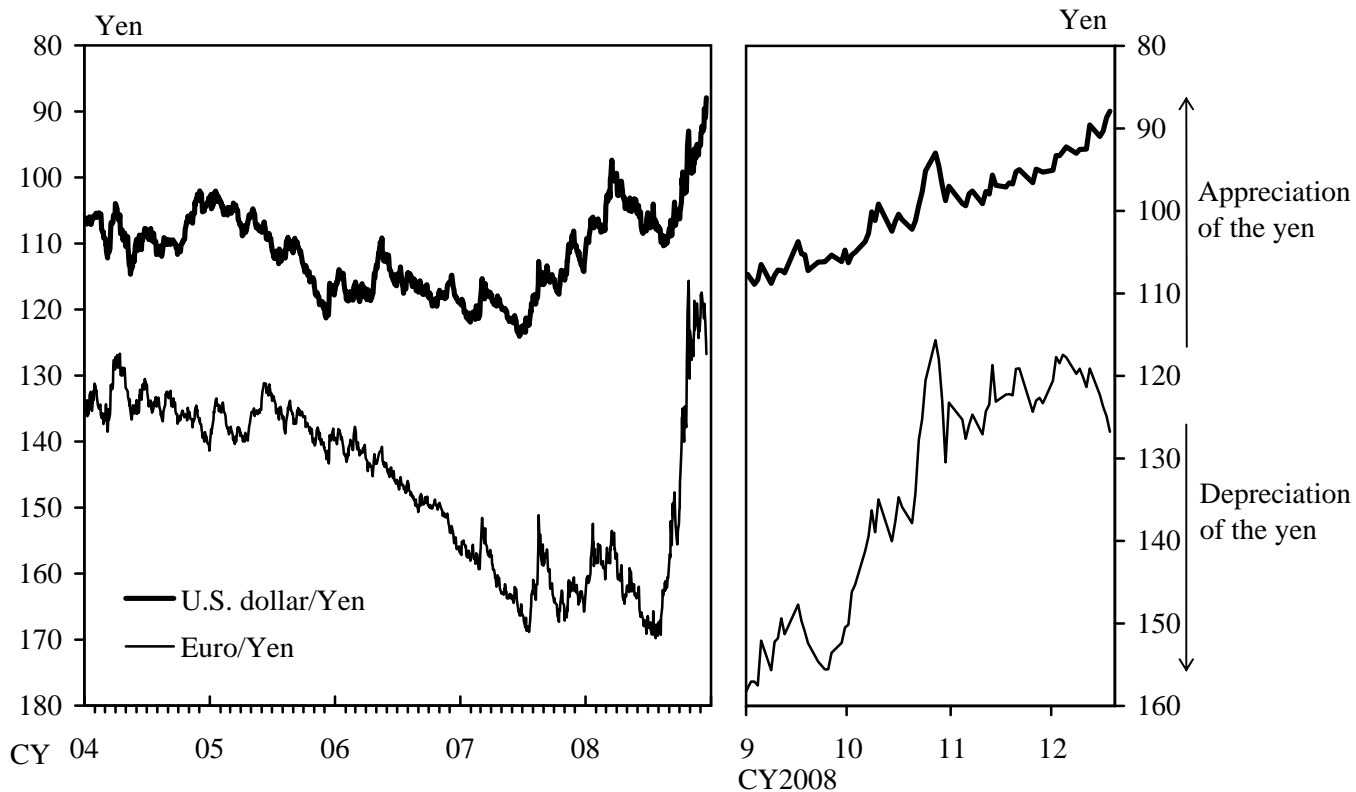
(2) Overseas Stock Prices



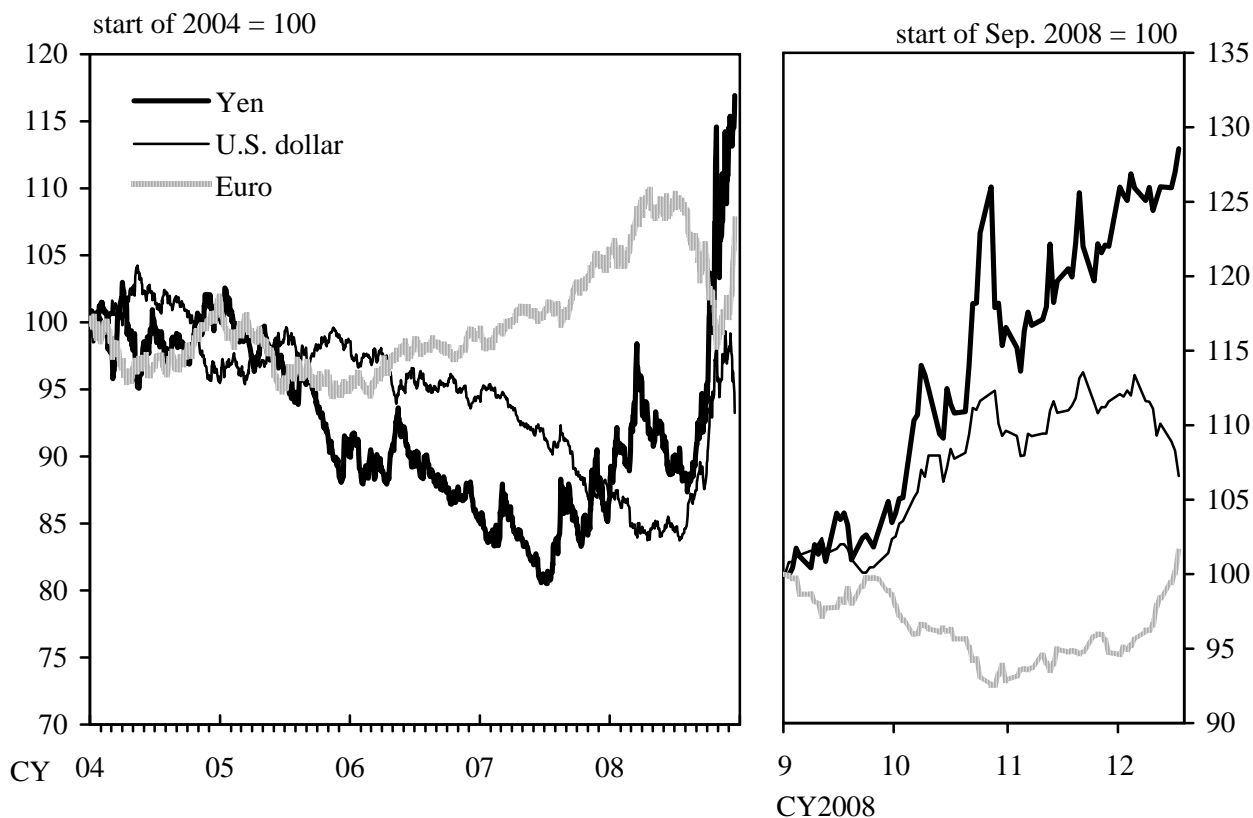
Sources: The *Nihon Keizai Shimbun* ; Tokyo Stock Exchange; Bloomberg.

Exchange Rates

(1) Bilateral Exchange Rates



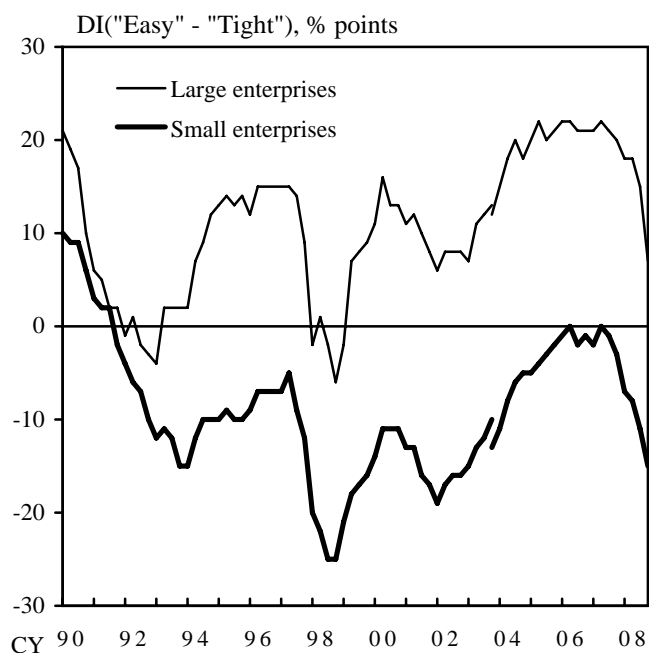
(2) Nominal Effective Exchange Rates



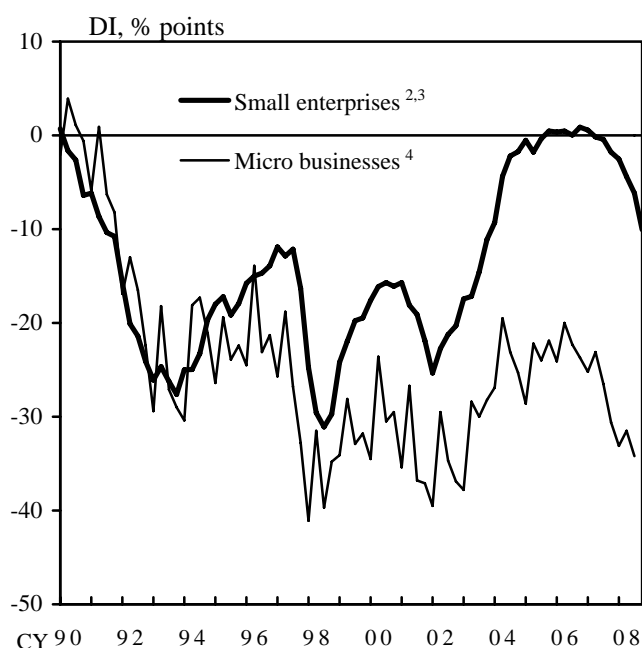
Sources: Bank of Japan; Federal Reserve System; European Central Bank.

## Corporate Finance-Related Indicators

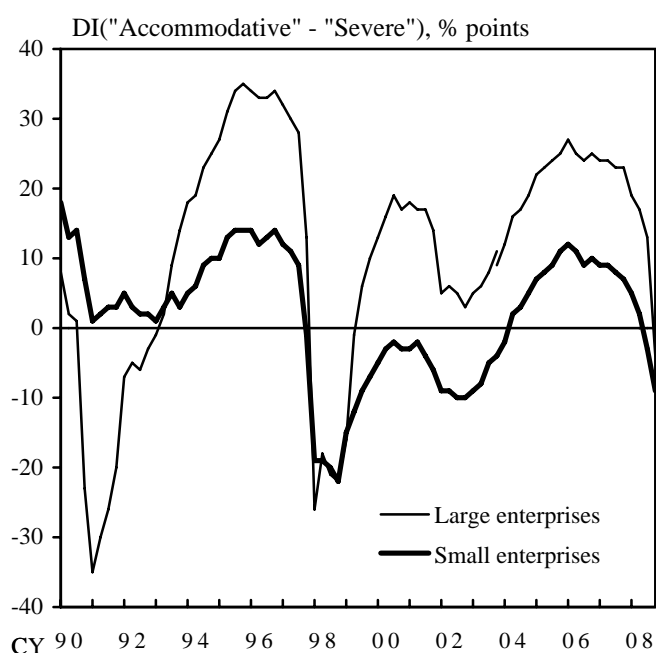
## (1) Financial Position

<Tankan<sup>1</sup>>

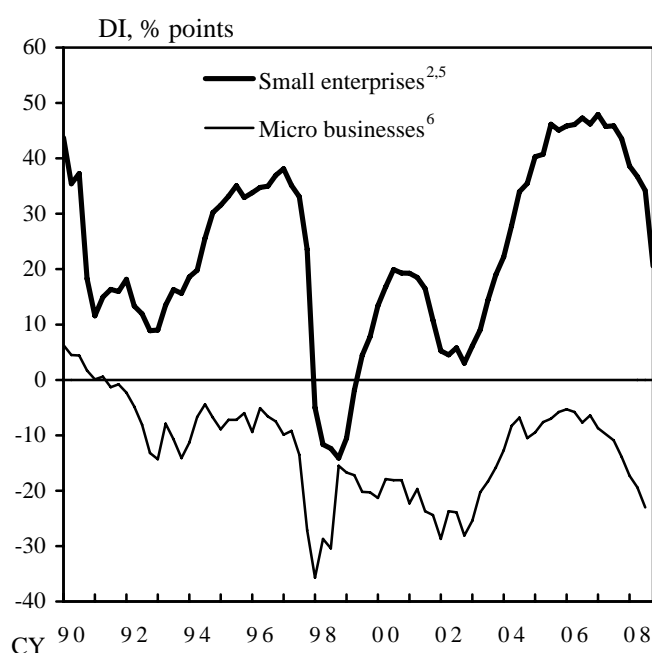
&lt;Japan Finance Corporation Survey&gt;



## (2) Lending Attitude of Financial Institutions as Perceived by Firms

<Tankan<sup>1</sup>>

&lt;Japan Finance Corporation Survey&gt;



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 2008/Q4 are those of Oct.-Nov. averages.

3. DI of "Easy" - "Tight."

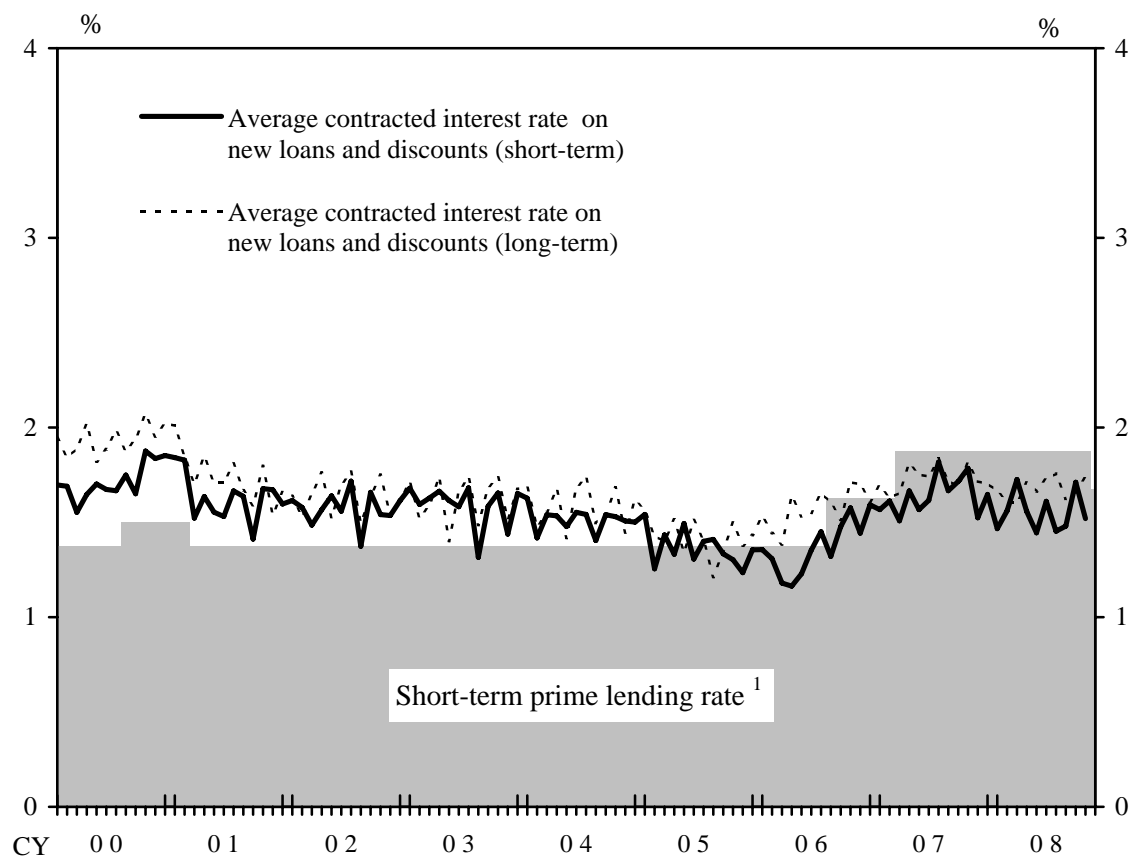
4. DI of "Easier" - "Tighter."

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, "Monthly Survey of Small Businesses in Japan," "Quarterly Survey of Small Businesses in Japan (for micro businesses)."

## Lending Rates

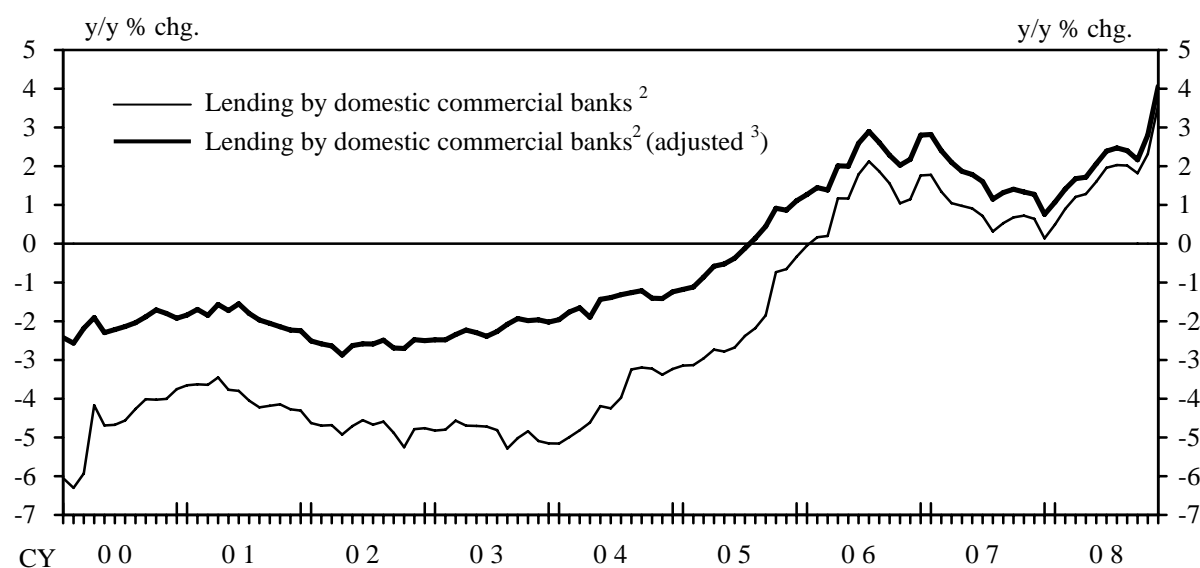


Note: 1. Data are at end of period.

Source: Bank of Japan.

## Lending by Financial Institutions

### (1) Lending by Domestic Commercial Banks<sup>1</sup>



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

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

3. Adjusted to exclude

(1) fluctuations due to the liquidation of loans,

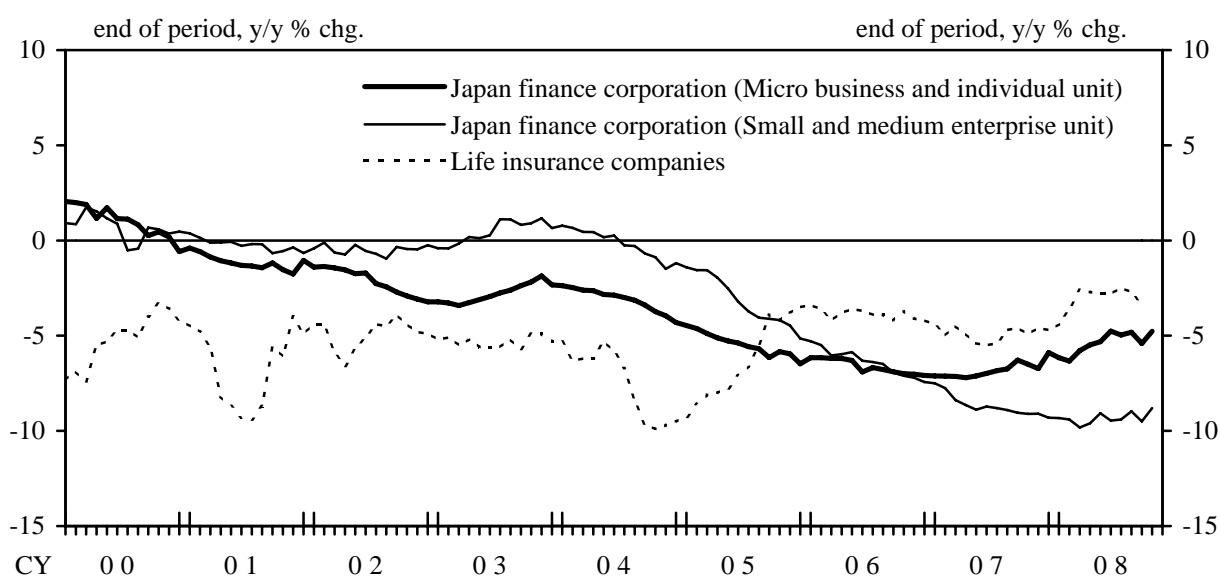
(2) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates,

(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.

### (2) Lending by Other Financial Institutions



Notes: The figures of the Japan Finance Corporation (Small and Medium Enterprise Unit) exclude the amounts outstanding of lending to the Credit Guarantee Corporations.

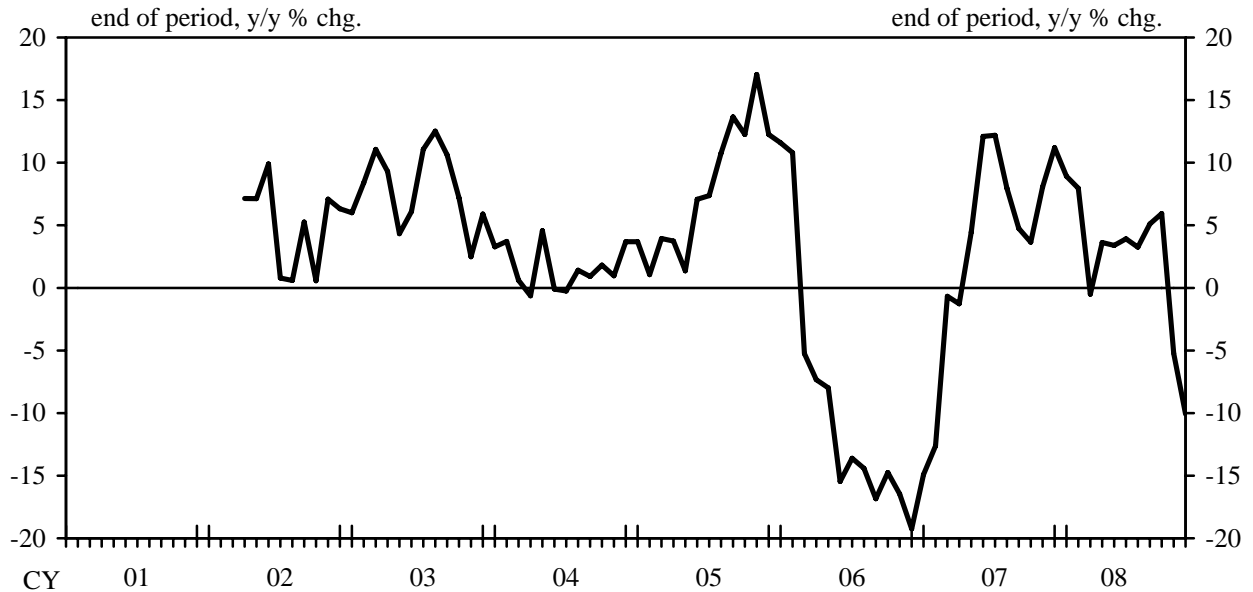
Source: Bank of Japan, Japan Finance Corporation, The Life Insurance Association of Japan.

---

 Private-Sector Fund-Raising in the Capital Markets
 

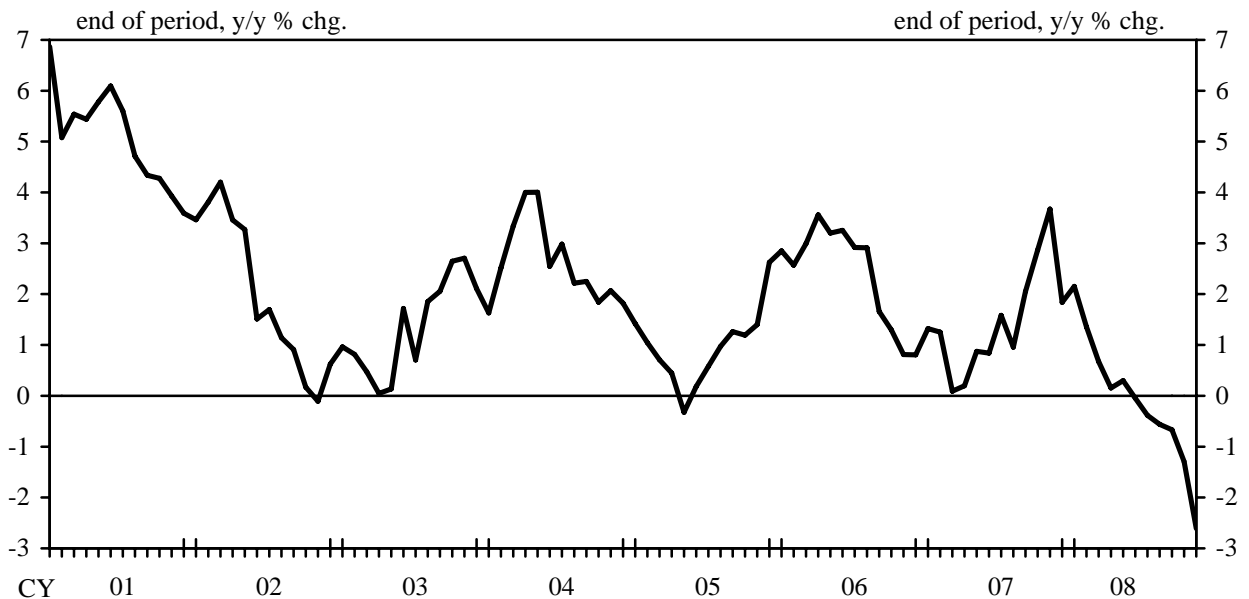
---

## (1) Amount Outstanding of Commercial Paper



Note: Figures are those of short-term corporate bonds registered at the book-entry transfer system. Those issued by banks, securities companies and others such as foreign corporations are excluded; ABCPs are included. Figures before March 2008 are those compiled by the Bank of Japan.

## (2) Amount Outstanding of Corporate Bonds



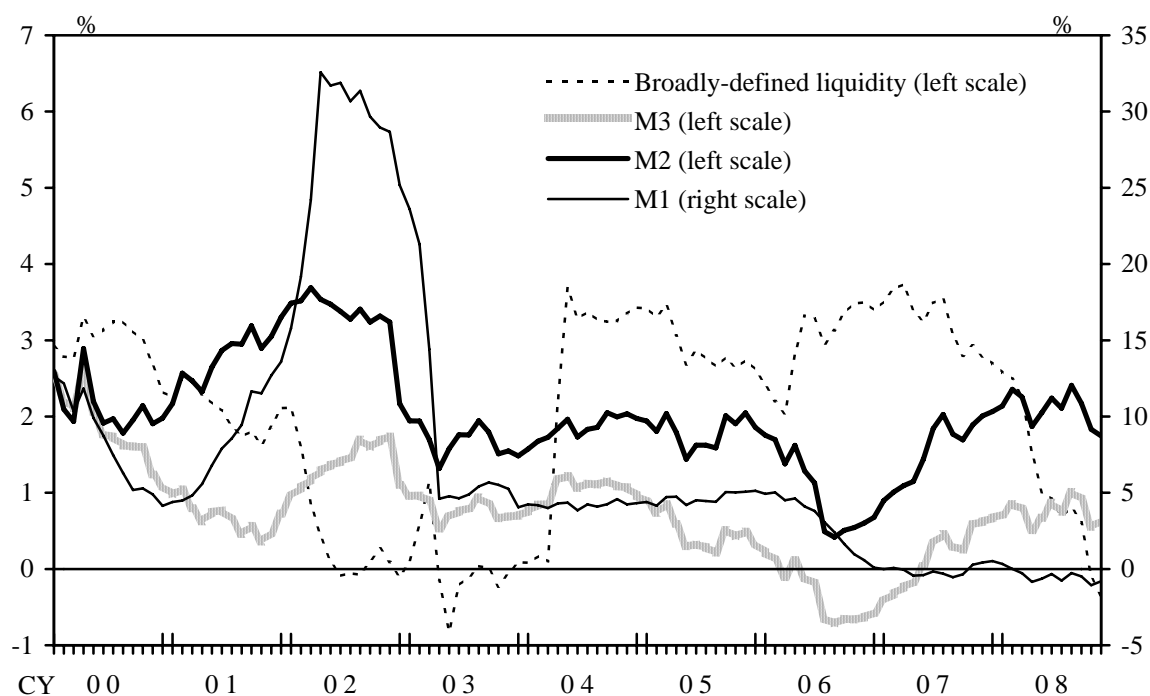
Note: The figures of percentage changes from the previous year of the amount outstanding of corporate bonds are calculated given the following:

- (1) The sum of straight bonds issued in both domestic and overseas markets is used.
- (2) Bonds issued by banks are included.
- (3) Domestic bonds are those registered at the book-entry transfer system. The series is spliced at April 2008 with the one published by the Japan Securities Dealers Association.

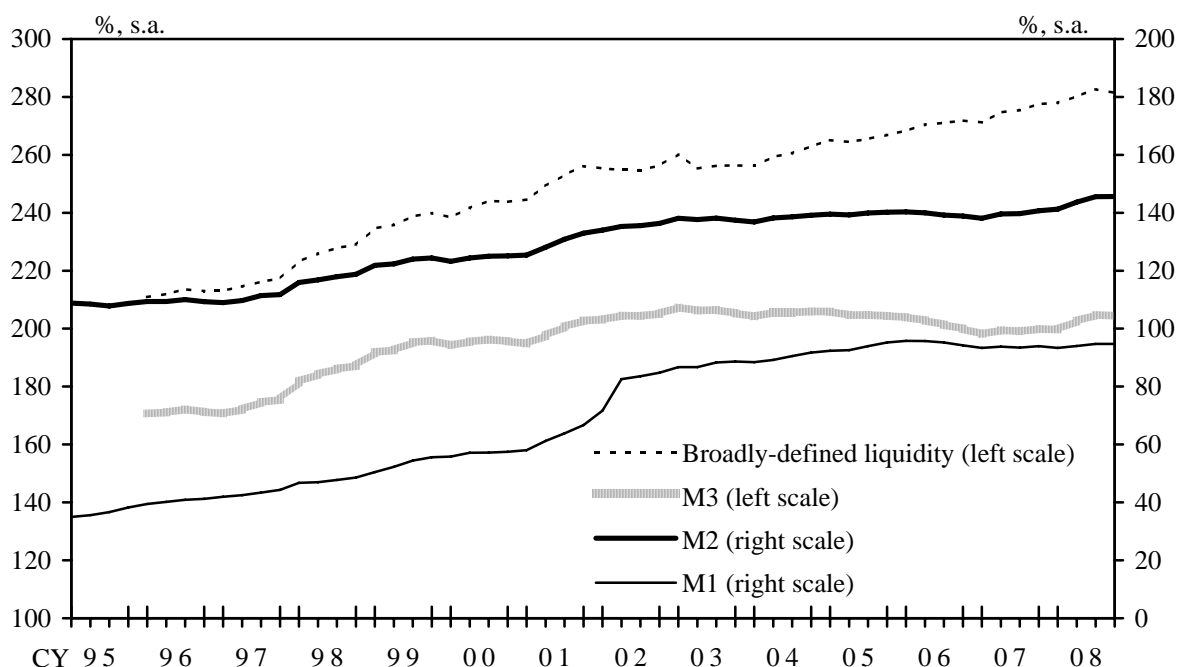
Sources: Japan Securities Depository Center, "Issue, Redemption and Outstanding" (for Corporate Bonds), "Outstanding Amounts of CP by Issuer's category";  
 Bank of Japan, "Principal Figures of Financial Institutions";  
 Japan Securities Dealers Association, "Issuing, Redemption and Outstanding Amounts of Bonds";  
 I-N Information Systems, "Funding Eye."

## Money Stock

## (1) Changes from a Year Earlier



## (2) Ratio of Money Stock to Nominal GDP



Notes: 1. M1 consists of cash currency and demand deposits; both M2 and M3 consist of cash currency, demand deposits, time deposits and CDs.

2. Financial institutions surveyed for M1 and M3 include the Japan Post Bank and OFIs (other financial institutions) in addition to those for M2.

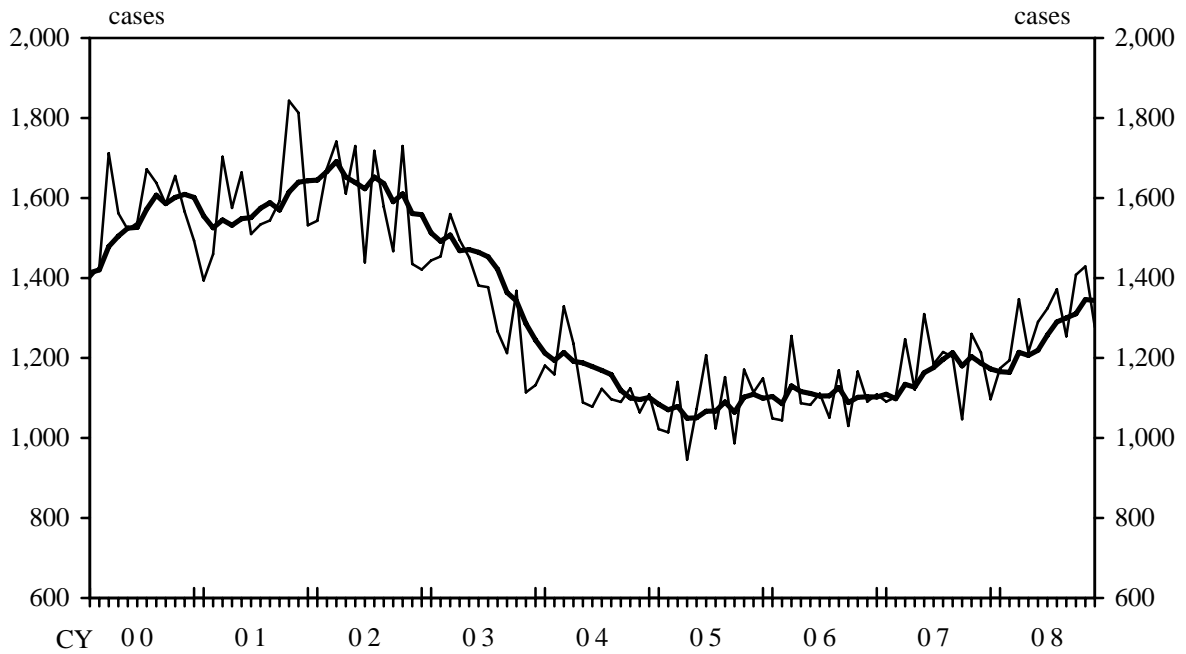
3. The current series are spliced by the former series at March 2003.

4. Figures for money stock in 2008/Q4 are those of Oct.-Nov. averages, and the nominal GDP in 2008/Q4 is assumed to be unchanged from the previous quarter.

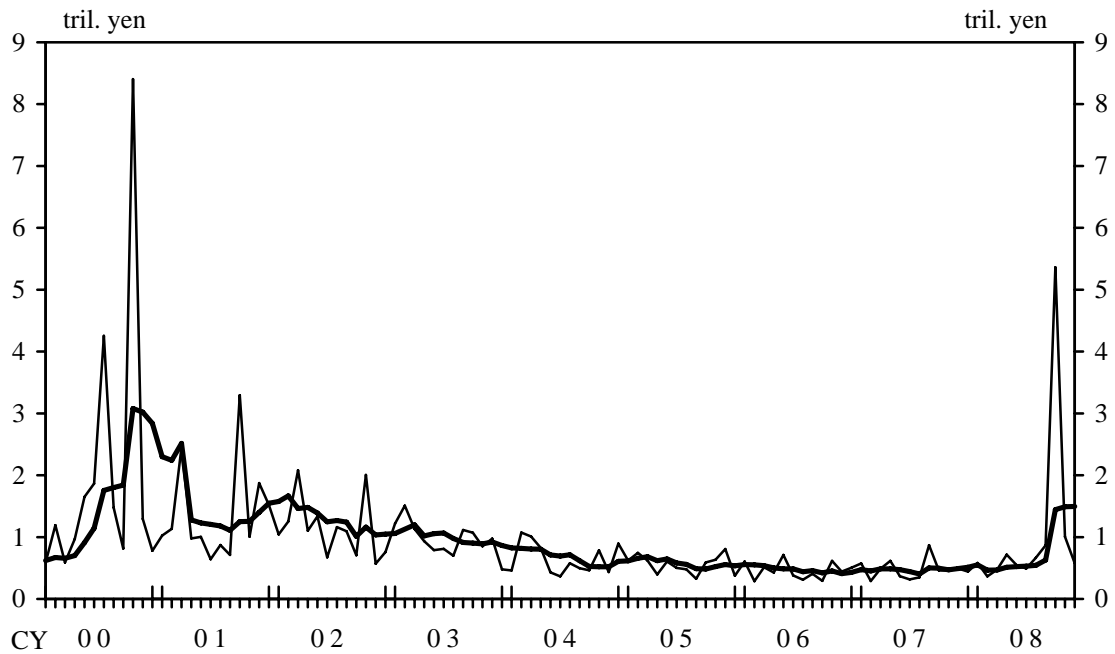
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

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)."