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Bank of Japan

**Monthly Report of  
Recent Economic and Financial Developments**  
April 2009

(English translation prepared by the Bank's staff based on the Japanese original  
released on April 8, 2009)

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

April 2009

## Summary

Japan's economic conditions have deteriorated significantly.

Exports have decreased substantially, mainly due to the deterioration in overseas economic conditions. Corporate profits have declined at a faster pace, and business sentiment has deteriorated significantly. In this situation, business fixed investment has declined substantially. Private consumption has weakened and housing investment has decreased, as the employment and income situation has become increasingly severe. Public investment, meanwhile, has been sluggish. Reflecting these developments in demand both at home and abroad and adjustment pressures on inventories, production has decreased substantially.

Japan's economic conditions are likely to continue deteriorating for the time being.

Exports and production are expected to remain on a downtrend, but the pace of decline is expected to moderate as adjustment pressures on inventories both at home and abroad wane. On the other hand, domestic private demand is likely to weaken further amid continued severe conditions in corporate profits and firms' funding as well as an increasingly severe employment and income situation. Public investment, meanwhile, is projected to be sluggish.

On the price front, the three-month rate of change in domestic corporate goods prices has continued to be negative, mainly due to the drop in international commodity prices. The year-on-year rate of increase in consumer prices (excluding fresh food) has declined to 0 percent, mainly reflecting the declines in the prices of petroleum products and the stabilization of food prices.

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<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 April 6 and 7, 2009.

Domestic corporate goods prices are likely to continue decreasing for the time being, as the effects of the drop in international commodity prices are expected to remain and the easing of supply-demand conditions for products will continue. The year-on-year rate of increase in consumer prices is expected to become negative, mainly due to the declines in the prices of petroleum products and the stabilization of food prices and also to increasing slackness in supply and demand conditions in the overall economy.

The weighted average of the overnight call rate has been moving at around 0.1 percent, and interest rates on term instruments have remained more or less unchanged. Meanwhile, yields on long-term government bonds and stock prices have risen compared with last month, while the yen has depreciated against the U.S. dollar.

Financial conditions in Japan have remained tight.

The overnight call rate has been at an extremely low level, but the stimulative effects from this have become increasingly limited given the significant deterioration in economic activity. Firms' funding costs have declined compared with the levels at the end of last year, following the reductions in the policy interest rate and improvements in issuance conditions in the CP market. The amount outstanding of CP and corporate bonds issued has been increasing since a while ago, and that of bank lending, especially to large firms, has continued to increase rapidly. However, issuance of corporate bonds by firms with low credit ratings has remained subdued, and an increasing number of firms have reported that their financial positions are weak and lending attitudes of financial institutions are severe. Meanwhile, the year-on-year rate of change in the money stock has been around 2 percent.

## 1. Economic Developments

Public investment has been sluggish (Chart 5). Looking at monthly indicators, the decreasing trend in 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—is coming to an end due to the implementation of the supplementary budget of fiscal 2008; public investment has continued to be essentially flat at a low level.

Public investment is projected to be sluggish for the time being due to tight national and local fiscal conditions.

Real exports have decreased substantially, mainly due to the deterioration in overseas economic conditions (Charts 6[1] and 7). They decreased sharply by 14.7 percent, the largest-ever decrease, in the fourth quarter, and then decreased at a much faster pace, by 28.3 percent, in January-February compared with the fourth quarter.<sup>2</sup> Looking at monthly developments, however, the pace of decline has moderated considerably compared to the past three months, resulting in a decline of 3.4 percent in February, due to an increase in exports to east Asia, the first in six months.<sup>3</sup>

By destination (Chart 7[1]), exports to most countries and regions have decreased sharply. Exports to the United States dropped substantially, by nearly 40 percent, in January-February compared with the fourth quarter, mainly due to the drop in motor vehicles and their related goods. The drop in motor vehicles and their related goods was largely affected by movements to reduce piled up local inventories, in addition to the decrease in sales in the United States. Exports to the EU, NIEs, and China plunged by over 20 percent in January-February, following a substantial decrease in the fourth quarter. Exports to the ASEAN economies and other regions (such as the Middle East, Latin America, and Russia) dropped by about 10 percent in the fourth quarter, and then plunged by around 30 percent in January-February.

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<sup>2</sup> The largest rate of decline on a quarter-on-quarter basis used to be 6.1 percent, recorded in the third quarter of 1995.

<sup>3</sup> The increase seems to have been influenced partly by a rebound in exports toward China, which is associated with holidays around the Chinese new year (late January), but it may be an indication that the pace of decrease in exports as a whole has started to moderate.

By goods (Chart 7[2]), almost all goods have decreased substantially. In particular, exports of motor vehicles and their related goods marked a drop by nearly 50 percent in January-February compared with the fourth quarter. In addition to exports to the United States and the EU, those to other regions have dropped substantially.

Real imports have dropped significantly as domestic demand and production have continued to drop substantially (Charts 6[1] and 9). Real imports were more or less flat through the fourth quarter, partly due to an increase mainly in raw materials and foodstuffs, which seems to be a temporary phenomenon. With domestic demand and production continuing to drop substantially, however, real imports started to fall significantly; they marked a decrease of 16.1 percent in January-February compared with the fourth quarter.

Looking at developments in January-February compared with the fourth quarter by goods (Chart 9[2]), imports of raw materials and intermediate goods declined substantially, in addition to those of capital goods and parts (excluding aircraft), IT-related goods, and consumer goods, which have declined since the fourth quarter. On the other hand, imports of foodstuffs declined only marginally, in response to the relatively small drop in domestic consumption and to the positive contribution of the yen's appreciation.

Net exports, in terms of the real trade balance, have decreased substantially, reflecting the aforementioned developments in imports and exports (Chart 6[2]). A deficit in the nominal balance on goods and services was recorded in the fourth quarter in response to the substantial deterioration in the real trade balance; it expanded in January.

Exports are expected to remain on a downtrend, but the pace of decline is expected to moderate as adjustment pressures on local inventories wane. According to anecdotes from firms, the pace of decrease in exports is projected to become

considerably slower in the second quarter, mainly due to progress in adjustments of local inventories.<sup>4</sup>

As for the environment surrounding exports, overseas economic growth overall has deteriorated. In the United States, economic conditions have deteriorated substantially, with ongoing adjustments in the housing market. With tighter financial conditions having exerted downward pressures on the U.S. economy and the increasingly severe employment situation, sales of automobiles—which have a large impact on Japan's exports—have declined substantially. In the EU, economic conditions have also deteriorated substantially; they have been affected mainly by tighter lending stances of financial institutions. In emerging economies and countries that export natural resources, economic conditions have deteriorated overall, due to the decrease in exports in response to the deteriorating U.S. and European economic conditions and to the tighter financial environment caused mainly by the outflow of funds (Chart 8[2]). While progress in inventory adjustments and fiscal and monetary policies is expected to have effects on the economies in the future, there is great uncertainty about how much these developments will mitigate the strong negative synergy between the financial markets and the real economies. Regarding the environment surrounding exports of IT-related goods, adjustments in inventories of electronic parts and devices seemed to have progressed gradually, but global demand for finished products has been reaching a plateau as a whole, as shown in the sudden slowdown in cellular phones, PCs, and digital cameras, and also in the further slowdown in the growth rate of flat-panel TVs. Meanwhile, in the foreign exchange market, the appreciation of the yen has recently come to a pause. However, the yen has appreciated by about 30 percent compared to the middle of 2007, 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]).

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<sup>4</sup> According to the March *Tankan*, the DI for overseas supply and demand conditions for products showed that recently, the net "excess supply" expanded at a much faster pace, but the level of deterioration is projected to moderate slightly in June. The DI of large enterprises of manufacturing was -28% points in the December 2008 survey. In the March 2009 survey, the DI was -54% points, and that for June is projected to be -45% points.

Imports are expected to continue decreasing noticeably for the time being, mainly because the domestic economy is likely to continue to deteriorate, despite the positive contribution of the yen's appreciation.

Business fixed investment has declined substantially. Looking at monthly indicators, the aggregate supply of capital goods (both including and excluding transport equipment)—a coincident indicator of machinery investment—decreased at a faster pace (Chart 10[1]). Machinery orders (private demand, excluding orders of shipbuilding and orders from electric power companies)—a leading indicator of machinery investment—dropped significantly in January compared with the fourth quarter, following significant drops in the third and fourth quarters on a quarter-on-quarter basis (Chart 11[1]).<sup>5</sup> Construction starts (floor area, private, nondwelling use)—a leading indicator of construction investment—decreased in the fourth quarter, and then increased in January-February, mainly in real estate buildings and wholesale and retail trade buildings, compared with the fourth quarter. But the increase seems to be influenced by a temporary development (Chart 11[2]).<sup>6</sup>

Looking at the environment surrounding business fixed investment, corporate profits have declined at a faster pace, and business sentiment has deteriorated significantly. According to business plans in the March *Tankan* (all industries and enterprises), current profits are forecasted to drop by about 40 percent on a year-on-year basis in fiscal 2008, after starting to decrease in fiscal 2007; they are forecasted to continue decreasing in fiscal 2009. As for fiscal 2008, by size (Chart 12), profit projections among large firms, mainly in manufacturing, have been revised substantially downward, further than the previous survey indicated, and are expected to turn to a decrease of a little over 40 percent. As for small firms, current profits are projected to decrease for the second consecutive year, and the pace of

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<sup>5</sup> The forecast survey shows an increase of 4.1 percent in the first quarter, but it is highly likely that the actual increase will be smaller. The forecast figures are calculated by multiplying the sum of corporate forecasts by the average achievement ratio in the past three quarters (92.9 percent for the first quarter), but the actual achievement ratio is significantly different, and recently, the actual achievement ratio has a tendency to be lower than the forecast figure. As for the fourth quarter, the average achievement ratio used for calculation at the time of forecast was 97.7 percent, but the actual achievement ratio was 80.0 percent.

<sup>6</sup> The number of cases in which construction starts are recognized in the statistics but actual constructions are on hold tends to increase in times of economic recession.



decline is projected to increase significantly, resulting in a decrease of about 35 percent. In these circumstances, the March *Tankan* (Chart 13) showed that the business sentiment DI continued to deteriorate, mainly in large firms of manufacturing, and that the net "unfavorable" increased at the fastest-ever pace, regardless of the type of industry (manufacturing or nonmanufacturing) or firm size (large or small).

Business fixed investment is likely to continue declining significantly for the time being amid continued severe conditions in corporate profits and firms' funding, in addition to the growing sense of excessive capacity. According to business fixed investment plans (excluding software investment and including land purchasing expenses) in the March *Tankan* (Chart 14), plans of large firms for fiscal 2008 have been revised downward compared with the previous survey; they turned negative for the first time in six years, with a year-on-year decline of 3.3 percent. As for fiscal 2009, business fixed investment plans are projected to decline at a faster pace, by 6.6 percent on a year-on-year basis, in response to the substantial decline in manufacturing, even though plans of nonmanufacturing are projected to remain marginally negative, mainly due to an increase in investment related to infrastructure. As for small firms, business fixed investment plans for fiscal 2008 have been revised downward compared with the previous survey—an unusual movement for the survey conducted at this point of time—resulting in a considerably large year-on-year decline of 12.0 percent. As for fiscal 2009, plans are projected to decline by 35.6 percent, the largest-ever decline on a year-on-year basis (the previous record was -32.3 percent, marked in fiscal 1994).<sup>7</sup>

Private consumption has weakened, as the employment and income situation has become increasingly severe. Looking at individual indicators of consumption (Charts 15 and 16), sales at department stores and supermarkets have continued to be relatively weak, since consumers have further curtailed their purchases. Sales at

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<sup>7</sup> Meanwhile, as for software investment, plans for fiscal 2008 have been revised substantially downward for both small and large firms, resulting in a negative on a year-on-year basis; the negative is projected to continue in fiscal 2009. 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 2009 is projected to mark a decline of 10.6 percent on a year-on-year basis. As for fiscal 2008, the initial plan of last March projected a decline of 1.6 percent; the revised projection of this March is a decline of 4.6 percent.

department stores in particular—in which the shares of apparel and high-end products are large—have softened further. Meanwhile, sales at convenience stores have continued to be relatively strong, assisted mainly by the special factor of cigarettes (the so-called "Taspo" effect). As for durable consumer goods, sales of household electrical appliances seem to have been losing steam compared to a while ago, although they have remained steady. The drop in the number of new passenger-car registrations has become even larger. As for services consumption, the drop in outlays for travel has become evident, mainly in overseas travel; it has been partly affected by the deterioration in the employment and income situation. Sales in the food service industry have been sluggish, albeit with fluctuations.

The *Indices of Aggregated Sales* (in real terms)—which are comprised of major sales indicators of goods and services mentioned above—have become noticeably weak since last fall (Chart 17[1]).<sup>8</sup> The aggregate supply of consumer goods—which comprehensively captures producers' supply of goods—has recently decreased at a faster pace due to the decrease in durable goods consumption (automobiles) and to the reduction in distributors' inventories (Chart 17[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—increased marginally in January-February compared with the fourth quarter, mainly due to the increase in items with large fluctuations such as education, after decreasing for three consecutive quarters through the fourth quarter.<sup>9</sup> Total expenditure in the *Survey of Household Economy* (in real terms) also increased in January-February compared with the fourth quarter, after decreasing for three consecutive quarters (Chart 15[1]).<sup>10</sup>

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<sup>8</sup> The *Indices of Aggregated Sales* are the weighted averages of individual sales indicators. "Outlays for travel" in February was not released at the time these indices were compiled, and hence was incorporated into the indices under the assumption that the seasonally adjusted figure for February was at the same level as that for January.

<sup>9</sup> Items in the index are not limited to those used for estimating the GDP. For example, education, which contributed to the increase in January-February, is not used for estimating the GDP.

<sup>10</sup> In the *Family Income and Expenditure Survey*, the number of samples is about 8,000 households, while that in the *Survey of Household Economy* is about 30,000.

Meanwhile, indicators related to consumer sentiment have stayed at extremely low levels, which are below the previous bottoms (Chart 18), mainly due to sluggish stock prices and to growing employment uncertainty. Those indicators do, however, seem to have stopped declining, mainly reflecting the decline in gasoline prices.

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

Housing investment has decreased. The number of housing starts (Chart 19[1])—a leading indicator of housing investment—had been more or less flat since the beginning of 2008—when the effects of the revised Building Standard Law waned—but has dropped significantly since last fall, as the employment and income situation and firms' funding conditions have become increasingly severe.

Looking ahead, housing investment is expected to continue decreasing for the time being, considering the number of housing starts.

Industrial production has decreased substantially, reflecting the reduction in demand both at home and abroad and adjustment pressures on inventories. Production registered a significant decline of 12.0 percent on a quarter-on-quarter basis in the fourth quarter, and then dropped at a faster pace, by 22.6 percent, in January-February compared with the fourth quarter (Chart 20).<sup>11</sup> By industry, production in transport equipment (excluding ships and rolling stocks), electronic parts and devices, and general machinery has decreased substantially, at a faster pace compared with the fourth quarter. Production in basic materials such as iron and steel and chemicals (excluding drugs) has also decreased at a faster pace.

Shipments also decreased substantially, by 11.8 percent, in the fourth quarter, and then decreased at a faster pace, by 21.6 percent, in January-February compared with the fourth quarter. By goods (Chart 21), shipments of capital goods have fallen

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<sup>11</sup> On a quarterly basis, currently released connected indexes—which have been available since 1953—show that the largest rate of decline used to be 6.7 percent, recorded in the first quarter of 1975. According to a calculation using the production forecast index, production in the first quarter is expected to decrease by 23.2 percent on a quarter-on-quarter basis. In this case, the index level of production will record 71.7, the lowest level since the third quarter of 1983.

sharply 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. Shipments of non-durable consumer goods have remained more or less flat, but have been slightly weak since the fourth quarter. Shipments of construction goods stopped declining temporarily as the effects of the revised Building Standard Law waned, but they have started to decrease significantly again lately. Meanwhile, as for producer goods, along with shipments of electronic parts and devices, those of iron and steel, non-ferrous metals, fabricated metals, and chemicals have dropped significantly.

Inventories have started to decrease due to the substantial decrease in production, but with the faster pace of decrease in shipments, the shipment-inventory balance has still continued to deteriorate as a whole (Chart 22). Looking at the shipment-inventory balance by goods, the increase in inventories of capital goods (excluding transport equipment) and producer goods excluding electronic parts and devices has remained marginal, but adjustment pressures on inventories have built up as their shipments have declined at an accelerated pace. As for construction goods, the shipment-inventory balance has started to deteriorate significantly again due to the faster pace of decline in shipments. On the other hand, for electronic parts and devices and durable consumer goods, inventory adjustments have showed progress, although shipments have decreased at a faster pace. This shows that the shipment-inventory balance has deteriorated in general; this will continue to contribute toward suppressing production for the time being, but there seem to be signs of improvement in some areas.

As for the outlook, production is expected to remain on a downtrend, in response to the decrease in demand both at home and abroad, but the pace of decline is expected to moderate as adjustment pressures on inventories wane. According to anecdotes from firms, production in the second quarter is projected to decline at a considerably slower pace.<sup>12</sup>

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<sup>12</sup> According to a calculation under the assumption that the levels in May and June are the same as the level of the production forecast index of April, production in the second quarter is expected to increase by a somewhat marginal 1.7 percent on a quarter-on-quarter basis.

The employment and income situation has become increasingly severe, with the labor market easing substantially and employee income decreasing noticeably (Chart 23[3]).

In the labor market, overtime hours worked have decreased substantially, notably in the manufacturing industry (Chart 25[3]). Looking at the employment conditions DI in the March *Tankan*, the net "excessive employment" of manufacturing has expanded at a much faster pace (Chart 26), and the DI of nonmanufacturing has turned to a net "excessive employment." The ratio of job offers to applicants has continued to decline, and the pace of decline has been increasing recently (Chart 24[1]). The unemployment rate, on balance, has been on a moderate uptrend.

In terms of employment (Chart 25[1]), the growth rate of the number of employees in the *Labour Force Survey* has been around 0 percent on a year-on-year basis.<sup>13</sup> 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 near the end of 2007, and the growth rate of the manufacturing industry became negative in January-February. The ratio of part-time employees has been rising moderately (Chart 25[2]).

The year-on-year growth rate of nominal wages per employee has been on a downtrend; the growth rate in January-February declined by 2.7 percent (Chart 23[1]).<sup>14</sup> In detail, overtime payments and special payments have declined at a much faster pace, and regular payments have fallen below the previous year's level.

Employee income has become noticeably negative on a year-on-year basis, reflecting the aforementioned developments in employment and wages (Chart 23[3]).

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<sup>13</sup> The number of employees has not declined as the economic condition has deteriorated, mainly due to the contribution of efforts to maintain employment through the usage of the Employment Adjustment Subsidy. The number of applications for the subsidy in February rose sharply to 1.87 million employees, which is about 3.5 percent of all employees.

<sup>14</sup> In the *Monthly Labour Survey*, sample establishments with 30 or more regular employees are newly extracted at an interval of roughly every two to three years, and past figures have been revised this time. As a result, the ratio of part-time employees has been lifted slightly, and nominal wages have been revised considerably downward, partly due to the effects of this movement.

Looking ahead, employee income is likely to continue declining 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 at a slower pace, mainly reflecting developments in international commodity prices (Chart 28). International commodity prices have been essentially flat, at low levels in general, although some prices have recently been rising slightly, after having dropped substantially since last summer. Domestic commodity prices have been more or less flat in general, reflecting developments in international commodity prices.

The three-month rate of change in domestic corporate goods prices (adjusted to exclude the effects of seasonal changes in electricity rates, same hereafter)<sup>15</sup> has continued to be negative, mainly due to the drop in international commodity prices (Chart 29). In detail, the pace of decrease in prices of "iron and steel and construction goods" overall has continued to moderate, since prices of scrap and waste have stopped declining, although prices of iron and steel have continued to decline. Prices of "goods sensitive to exchange rates and overseas commodity prices" and prices of "other materials" have declined at a slightly slower pace. The former has reflected price developments of petroleum and coal products and of nonferrous metals, and the latter has reflected those of chemicals and related products. Prices of "others" have declined due to the drop in prices of other manufacturing industry products (such as formula feeds) and of agriculture, forestry and fishery products. Prices of "machinery"—mainly transportation equipment—slowed their pace of increase, and have recently been flat. Meanwhile, prices of "electric power, gas and water" have risen substantially, mainly due to the increase in electric power charges in response to earlier high fuel costs. Looking at domestic demand products as a whole, including imports, prices of raw materials, intermediate goods, and finished goods have all continued to drop, but the pace of decline has slowed.

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<sup>15</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 electric power consumption increases substantially.

The year-on-year rate of change in corporate services prices (excluding external factors)<sup>16</sup> has lately been marginally negative (Chart 30), mainly reflecting cost cutting among firms.<sup>17</sup> Looking at recent developments by category, the year-on-year rate of decrease in prices of advertising services has shown an accelerating trend, since firms have been more cautious about placing advertisements. The rate of decrease in prices of information services has also shown a gradual declining trend, since firms have tightened the reins on their software investment. Prices of finance and insurance have recently declined at a faster pace, partly because the rate of change in prices of financial services has become negative as prices of property and casualty insurance services continue to fall. On the other hand, the year-on-year rate of change in prices of real estate services has remained positive, but the pace of increase has been slowing gradually, reflecting the weakness in sales space rental that has been caused by the decrease in sales. The rate of increase in prices of "other services" has shown a slight diminishing trend compared to a while ago, in response to cost cutting among firms, even though the passing on of earlier high fuel costs has still contributed to an upward pressure. Meanwhile, prices of leasing and rental have increased marginally lately, influenced mainly by the increase in leasing rates in response to rising credit costs.

The year-on-year rate of increase in consumer prices (excluding fresh food, same hereafter) has declined to 0 percent, mainly reflecting the declines in the prices of petroleum products and the stabilization of food prices (Chart 31). In detail, looking at the recent trend in price developments, the rate of decrease in prices of goods has shown an accelerating trend as a whole, mainly because prices of petroleum products decreased at a faster pace and those of food products increased at a moderated pace. The rate of increase in prices of general services has been slowing as a whole, reflecting the moderation in the rate of increase in prices of package tours to overseas and "eating out," and the drop in rents. Public utility charges—mainly electricity charges and city gas charges—have been increasing at a faster pace.

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<sup>16</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>17</sup> "All items including external factors"—mainly ocean freight transportation—has decreased significantly on a year-on-year basis.

Meanwhile, the year-on-year rate of change in consumer prices, excluding food and energy, has become slightly negative lately.

With regard to domestic supply and demand conditions in the March *Tankan* (Chart 32), the DI of supply and demand conditions for products and services, mainly in manufacturing, has rapidly expanded its net "excess supply." The weighted average of the production capacity DI and employment conditions DI has been deteriorating for five consecutive quarters, and their net "excess supply" have recently expanded substantially. In this environment, the net "fall" of the output prices DI has expanded significantly for both manufacturing and nonmanufacturing.

Domestic corporate goods prices are likely to continue decreasing for the time being, as the effects of the drop in international commodity prices are expected to remain and the easing of supply-demand conditions for products will continue. The year-on-year rate of increase in consumer prices is expected to become negative, mainly due to the declines in the prices of petroleum products and the stabilization of food prices and also to increasing slackness in supply and demand conditions in the overall economy.

Meanwhile, looking at developments in land prices through the *Public Notice of Land Prices* as of January (Chart 33), prices of both commercial and residential lands have started to decline in the three major metropolitan areas, and those of regional areas have expanded at a faster pace again.

### **3. Financial Developments**

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

Japan's money markets have continued to be nervous. The overnight call rate (uncollateralized) has been at around 0.1 percent (Chart 34[1]). Regarding interest rates on term instruments, the T-Bill rate (3-month) has remained likely to rise in response to concerns over worsening supply-demand conditions caused by an increase in issue size. The Euroyen interest rate (3-month), even after the start of the new year, remains at a high level relative to OIS rates, which mainly reflect expectations about future policy interest rates (Chart 35[1]), although it has declined gradually



partly due to the expansion of funds-supplying measures taken by the Bank of Japan. Interest rates on Euroyen futures have suggested that term funding rates may remain more or less flat for the time being (Chart 34[2]). In U.S. dollar funding, liquidity conditions have remained tight, reflecting uncertainty about business conditions of U.S and European financial institutions (Chart 35).

Yields on 10-year government bonds (newly issued 10-year JGB) have shown marginal changes compared to those in the United States and Europe, since major investors have avoided large changes in their investment positions and repeated profit-taking sales and buying on dips. They have recently risen to around 1.45 percent (Chart 36).

Yield spreads between corporate bonds and government bonds have remained wide, mainly in those with low credit ratings and in those of some industries, due to a decline in risk tolerance among investors (Chart 37).

Stock prices have risen from a post-bubble bottom recorded in early March, in response to the rebound in U.S. stock prices. The Nikkei 225 Stock Average has recently been moving at around 8,500-9,000 yen (Chart 38).

In the foreign exchange market, the yen temporarily appreciated to the range of 93-94 yen against the U.S. dollar, in response to a fall in the interest rate differential between Japan and the United States since the Federal Open Market Committee decided to purchase Treasury securities. Since then, however, the yen has dropped to the range of 100-101 yen, reflecting some improvements in U.S. economic indicators (Chart 39).

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

Funding costs have remained low compared with the levels registered at the end of last year. Issuance rates on CP have been declining especially for firms with high credit ratings, while those on corporate bonds—whose spreads over government bonds have continued to expand—have risen. Notwithstanding the recent widening trend in spreads on bank lending, the average contracted interest rates on new loans

and discounts declined in January, and remained more or less unchanged in February compared with the previous month (Chart 41).

The funding of the private sector has risen in response to firms' demands to cover the decline in cash inflow and to hold ample liquidity. Lending by private banks, especially to large firms, has continued to increase rapidly (Chart 42). Although the amount outstanding of CP issued has remained below the previous year's level, the pace of decline has moderated compared with a while ago. The amount outstanding of corporate bonds issued in March continued to exceed the previous year's level (Chart 43).

Despite the increase in funding of the private sector, an increasing number of firms have reported that their financial positions are weak, and lending attitudes of financial institutions are severe (Chart 40). In the March *Tankan*, the DI on financial positions deteriorated substantially for both large and small firms, as did that on lending attitudes of financial institutions. Firms with low credit ratings have continued to face difficulties in issuing corporate bonds. Under such circumstances, the number of corporate bankruptcies has continued to increase (Chart 45).<sup>18</sup>

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<sup>18</sup> On an M3 basis, which includes the Japan Post Bank, the year-on-year growth rate has been around 1 percent—it increased by 1.1 percent in February following a 0.9 percent increase in January. Broadly-defined liquidity has continued to be below the previous year's level. In February, it declined by 0.2%, year-on-year, following a 0.3% decline in January.

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Chart 26	Employment Conditions		

## Main Economic Indicators (1)

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

	2008/Q3	Q4	2009/Q1	2008/Dec.	2009/Jan.	Feb.	Mar.
Index of consumption expenditure level (two-or-more-person households)	-0.4	-0.3	n.a.	-1.8	1.5	0.3	n.a.
Sales at department stores	-2.1	-3.1	n.a.	-1.4	-1.0	p -0.5	n.a.
Sales at supermarkets	-0.2	-1.3	n.a.	-1.1	-0.3	p -1.1	n.a.
New passenger-car registrations <sup>3</sup> <s.a., ann. 10,000 units>	< 277>	< 249>	< 213>	< 238>	< 221>	< 213>	< 204>
Sales of household electrical appliances (real, Current Survey of Commerce)	5.8	-0.0	n.a.	-3.7	7.9	p -1.3	n.a.
Outlays for travel	-1.6	-1.4	n.a.	-2.1	-5.4	n.a.	n.a.
Housing starts <s.a., ann. 10,000 units>	< 110>	< 101>	<n.a.>	< 100>	< 96>	< 87>	<n.a.>
Machinery orders (from private sector <sup>4</sup> )	-10.4	-16.7	n.a.	-1.7	-3.2	n.a.	n.a.
Manufacturing	-10.9	-21.5	n.a.	7.0	-27.4	n.a.	n.a.
Nonmanufacturing <sup>4</sup>	-12.0	-10.8	n.a.	-8.3	13.5	n.a.	n.a.
Construction Starts (private, nondwelling use)	0.2	-7.7	n.a.	16.0	2.3	-9.3	n.a.
Mining & manufacturing	10.0	-2.8	n.a.	29.0	-37.5	-6.5	n.a.
Nonmanufacturing <sup>5</sup>	-1.2	-11.9	n.a.	4.9	23.6	-9.4	n.a.
Value of public works contracted	11.3	-4.3	n.a.	-15.1	13.7	1.5	n.a.
Real exports	1.0	-14.7	n.a.	-9.5	-17.5	-3.4	n.a.
Real imports	1.7	0.4	n.a.	-2.4	-7.6	-14.5	n.a.
Industrial production	-1.3	-12.0	n.a.	-9.8	-10.2	p -9.4	n.a.
Shipments	-1.8	-11.8	n.a.	-8.1	-11.4	p -6.8	n.a.
Inventories	1.6	2.7	n.a.	0.1	-2.0	p -4.2	n.a.
Inventory Ratio <s.a., CY 2005 = 100>	< 108.3>	< 135.2>	<n.a.>	< 135.2>	< 151.3>	<p 158.2>	<n.a.>
Real GDP	-0.4	-3.2	n.a.	n.a.	n.a.	n.a.	n.a.
Index of all industry activity	-0.8	-3.4	n.a.	-2.6	-1.7	n.a.	n.a.

## Main Economic Indicators (2)

	y/y % chg. <sup>1</sup>						
	2008/Q2	Q3	Q4	2008/Nov.	Dec.	2009/Jan.	Feb.
Ratio of job offers to applicants <s.a., times>	< 0.92>	< 0.85>	< 0.76>	< 0.76>	< 0.73>	< 0.67>	< 0.59>
Unemployment rate <s.a., %>	< 4.0>	< 4.0>	< 4.0>	< 4.0>	< 4.3>	< 4.1>	< 4.4>
Overtime working hours <sup>6</sup>	-0.1	-1.1	-6.6	-6.0	-10.3	-14.4	p -21.7
Number of employees	-0.0	0.1	0.0	-0.2	-0.1	0.1	0.0
Number of regular employees <sup>6</sup>	1.7	1.4	1.0	0.9	1.0	0.9	p 0.5
Nominal wages per person <sup>6</sup>	0.0	-0.4	-1.2	-1.3	-1.5	-2.7	p -2.7
Domestic corporate goods price index <q/q % chg., 3-month rate of change> <sup>7</sup>	4.9 < 2.4>	7.1 < 2.8>	2.9 <-3.2>	2.8 <-3.7>	1.1 <-4.3>	-0.3 <-4.2>	p -1.1 <p -2.7>
Consumer price index <sup>8</sup>	1.5	2.3	1.0	1.0	0.2	0.0	0.0
Corporate services price index	1.0	1.0	-2.0	-1.9	-2.5	-2.4	p -2.6
Money Stock (M2) <average outstanding, y/y % chg.>	2.1	2.2	1.8	1.8	1.8	2.0	p 2.1
Number of corporate bankruptcies <cases per month>	<1,276>	<1,345>	<1,356>	<1,277>	<1,362>	<1,360>	<1,318>

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

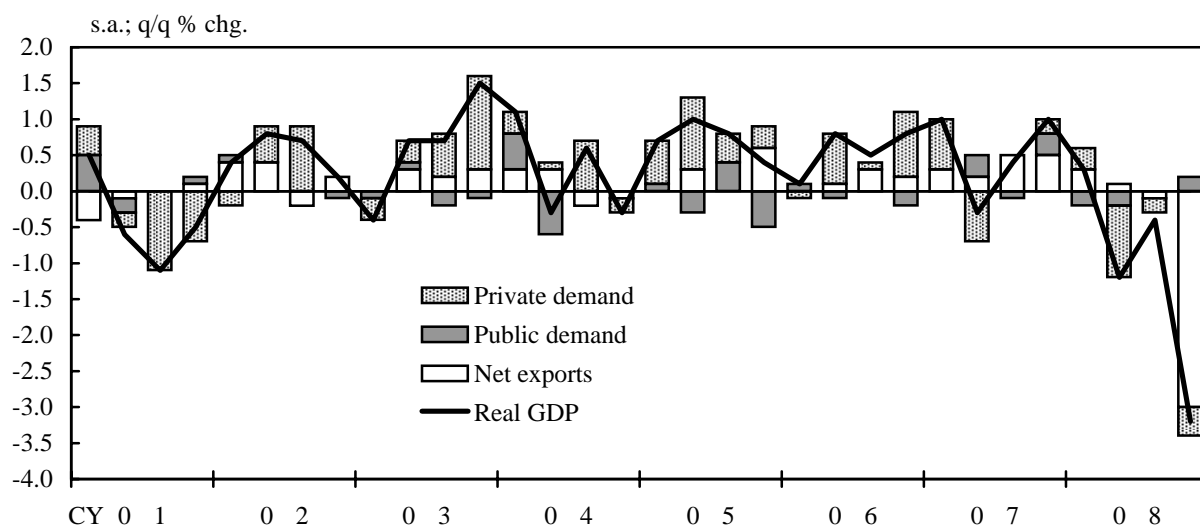
All figures in Chart 2 except figures in angle brackets are year-on-year changes. For details on seasonal adjustments and data processing/compilation conducted by the Bank of Japan, see notes of the respective charts.

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, Transport and Tourism, "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



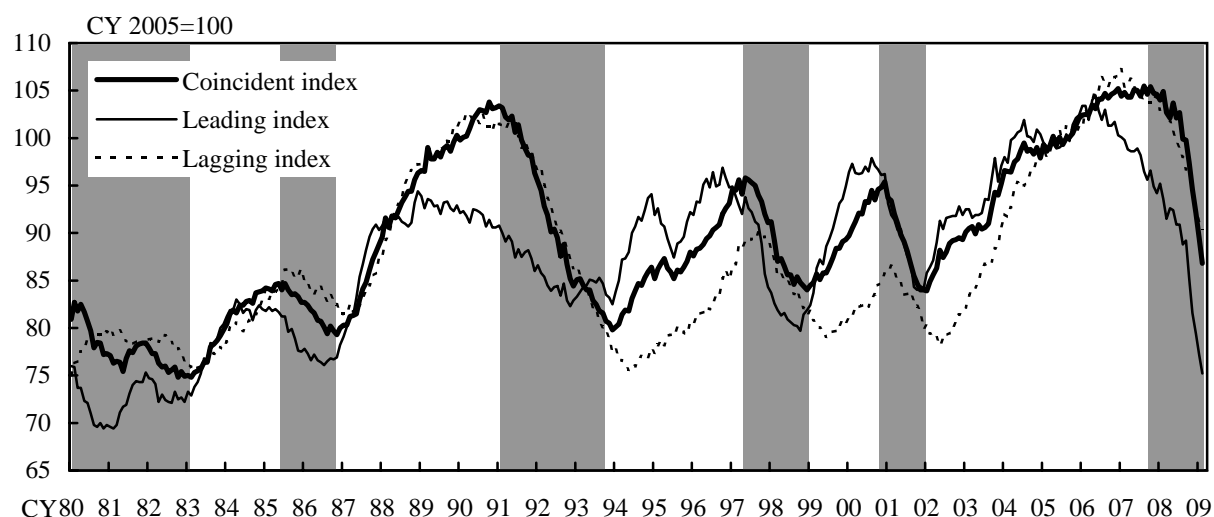
## (2) Components

s.a.; q/q % chg.

	2007	2008			
	Q4	Q1	Q2	Q3	Q4
Real GDP	1.0	0.3	-1.2	-0.4	-3.2
Domestic demand	0.5	0.0	-1.2	-0.2	-0.1
Private demand	0.2	0.3	-1.0	-0.2	-0.4
Private consumption	0.2	0.4	-0.4	0.2	-0.2
Non-Resi. investment	0.3	-0.1	-0.4	-0.5	-0.8
Residential investment	-0.3	0.1	-0.1	0.1	0.2
Private inventory	0.0	-0.2	-0.2	0.0	0.5
Public demand	0.3	-0.2	-0.2	0.0	0.2
Public investment	-0.0	-0.2	-0.0	0.0	0.0
Net exports of goods and services	0.5	0.3	0.1	-0.1	-3.0
Exports	0.5	0.5	-0.4	0.1	-2.6
Imports	-0.1	-0.2	0.5	-0.3	-0.5
Nominal GDP	0.4	0.0	-1.4	-0.7	-1.6

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

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

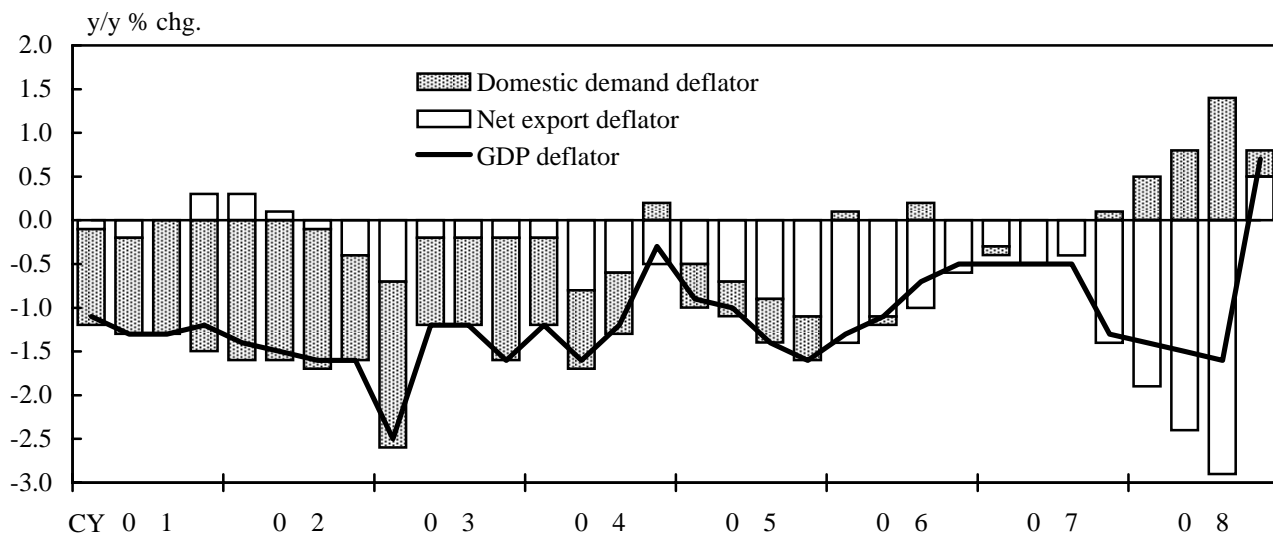


Note: Shaded areas indicate recession periods.

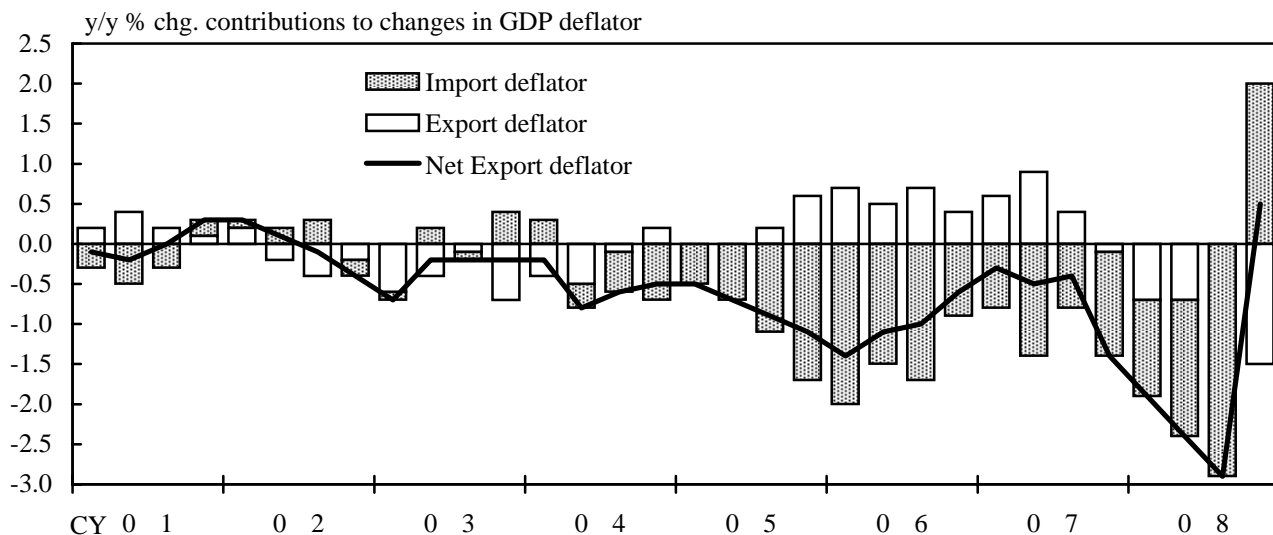
Source: Cabinet Office, "National Accounts," "Indexes of Business Conditions."

GDP Deflator and Income Formation

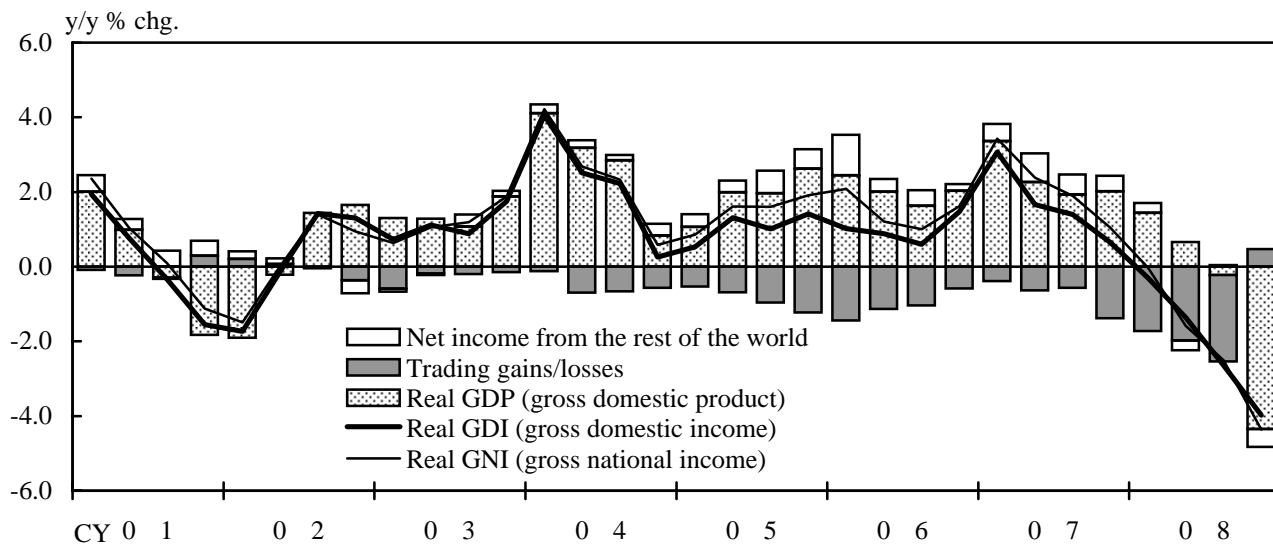
(1) GDP Deflator



(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

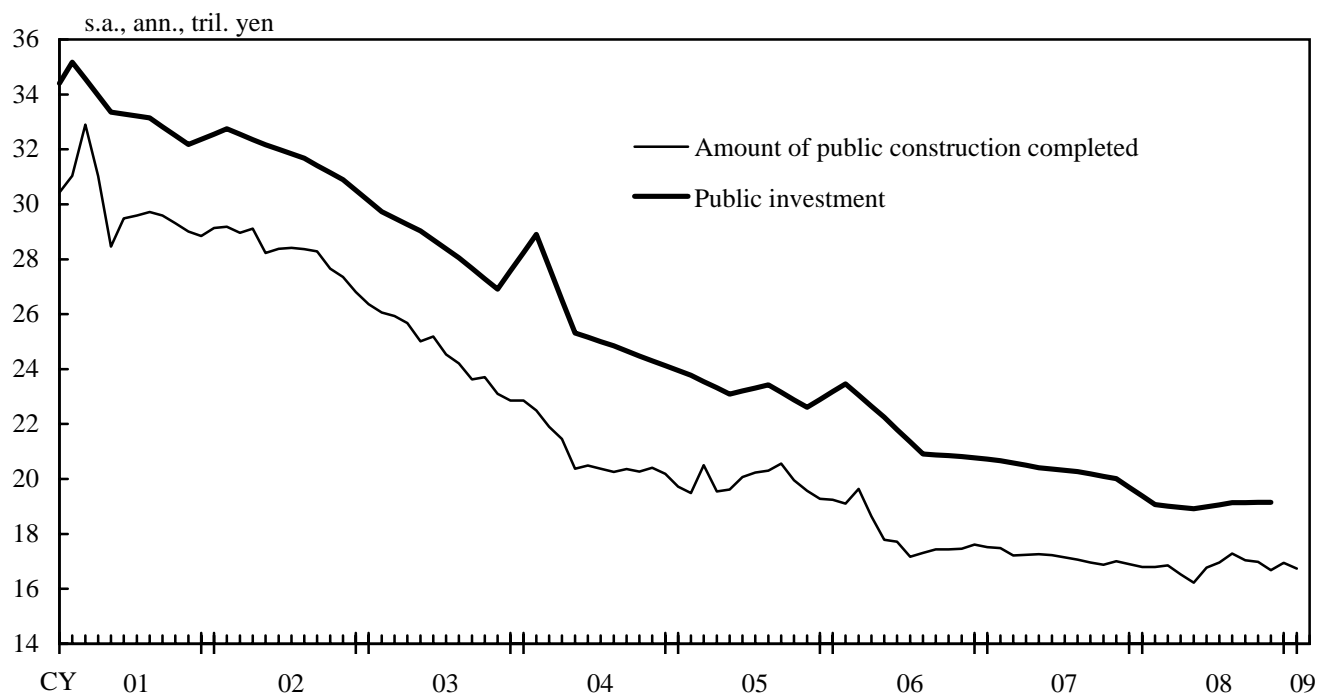
Source: Cabinet Office, "National Accounts."

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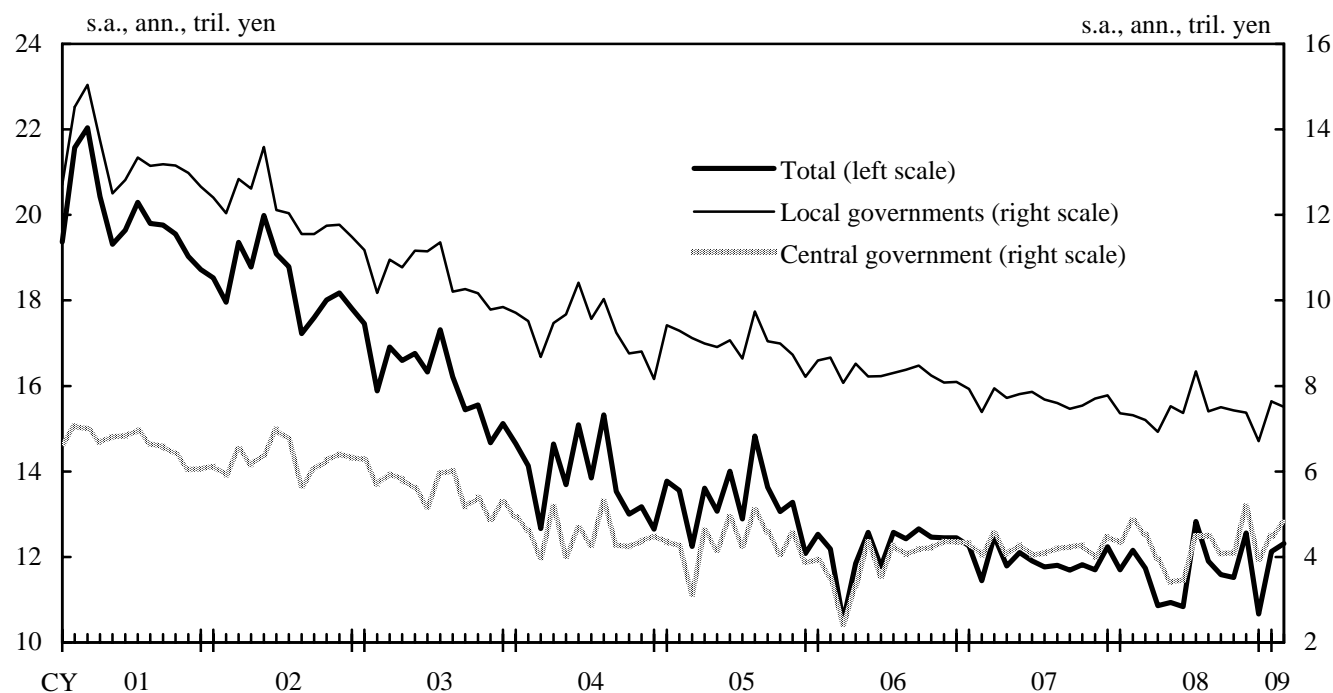
**Public Investment**


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(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";

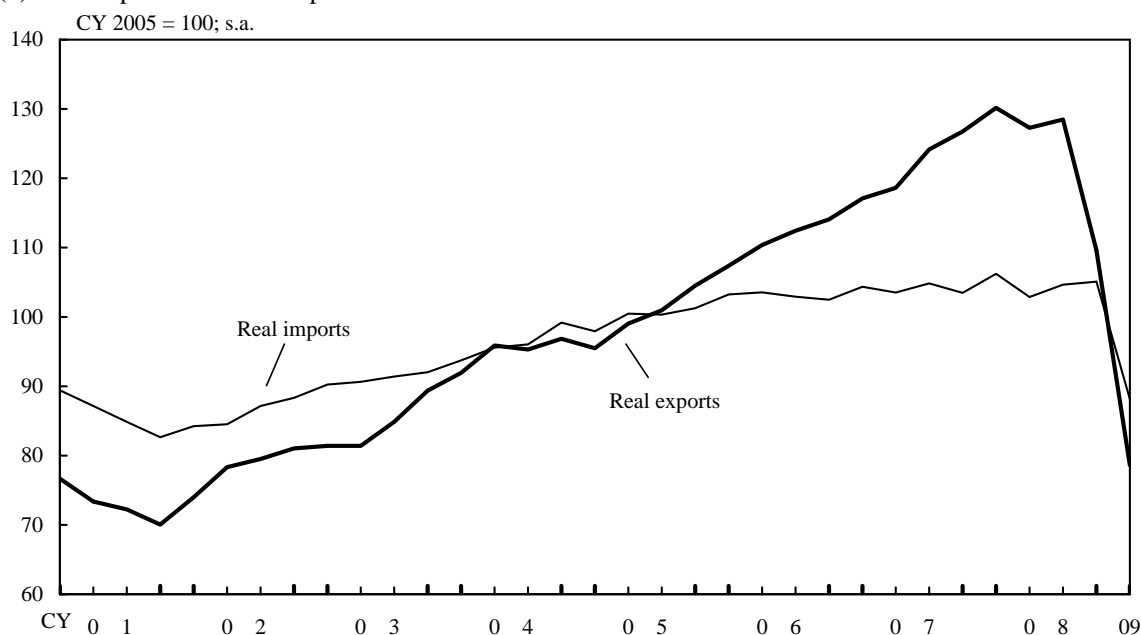
East Japan Construction Surety etc., "Public Works Prepayment Surety Statistics";

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

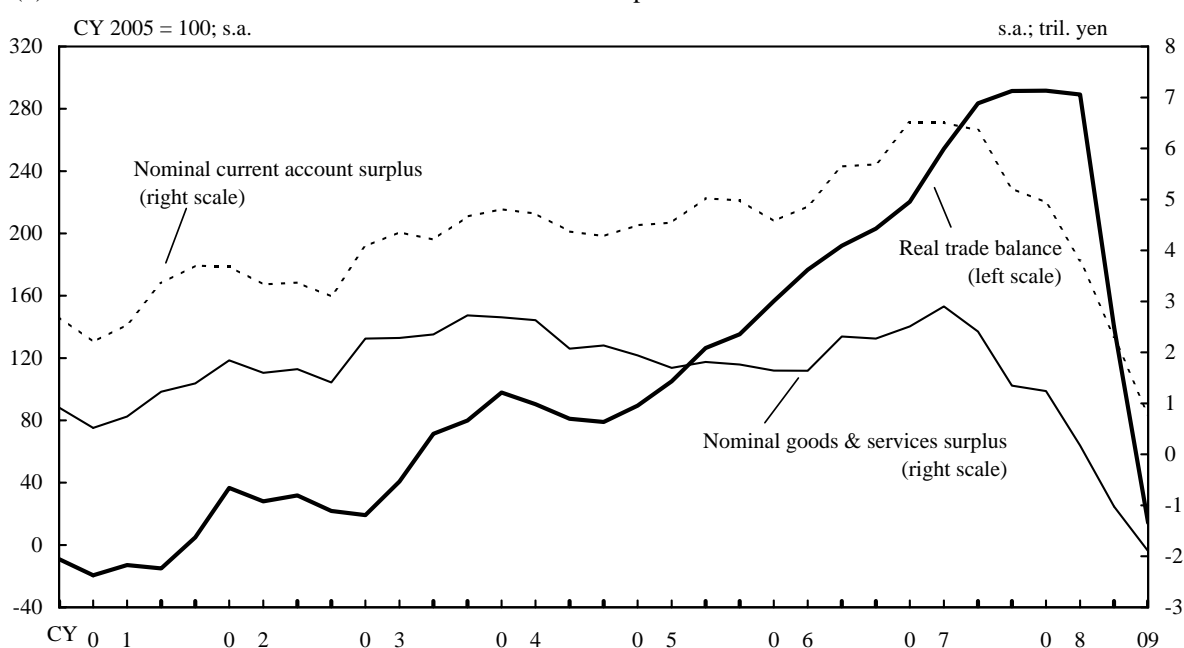


## External Balance

## (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. The seasonally adjusted figures for real exports, real imports, and real trade balance have been retroactively revised due to incorporation of the regular annual revision for the previous year's data in the Trade Statistics. Figures by region or goods will incorporate these revisions next month. These also apply to Chart 7, and 9.
3. 2009/Q1 figures for Real exports/imports and the real trade balance are January-February averages converted into quarterly amount.
4. 2009/Q1 figures for Nominal Current Account Surplus and Nominal Goods & Services Surplus are January 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 2007	2008	2008 Q1	Q2	Q3	Q4	2009 Q1	2008 Dec.	2009 Jan.	2009 Feb.
United States	<17.5>	-1.2	-8.8	-0.2	-6.9	-4.0	-9.6	-36.5	-2.2	-29.1	-10.1
EU	<14.1>	13.0	-0.1	4.2	-7.4	2.1	-18.8	-26.0	-15.7	-5.8	-14.1
East Asia	<46.8>	10.3	3.7	4.9	-2.4	1.8	-16.9	-23.9	-13.3	-12.0	2.1
China	<16.0>	16.8	6.7	5.1	1.7	1.0	-16.6	-20.6	-16.9	-5.2	4.4
NIEs	<22.1>	5.2	-0.1	5.3	-5.9	3.2	-20.0	-22.5	-10.2	-14.8	7.0
Korea	<7.6>	5.3	-0.4	3.6	-4.9	6.0	-24.3	-14.6	-14.5	-1.2	3.3
Taiwan	<5.9>	0.0	-4.5	8.7	-8.9	0.5	-23.8	-23.3	-15.2	-12.2	6.7
ASEAN4 <sup>3</sup>	<8.8>	13.2	8.3	3.6	-0.7	0.3	-10.2	-32.0	-13.8	-16.6	-12.1
Thailand	<3.8>	9.8	4.9	5.1	-6.9	4.8	-5.5	-36.4	-12.9	-22.4	-15.3
Others	<21.5>	19.9	15.6	4.8	-0.1	4.1	-9.4	-28.2	-8.2	-13.5	-15.6
Real exports		9.1	1.8	2.7	-2.2	1.0	-14.7	-28.3	-9.5	-17.5	-3.4

## (2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.				s.a.; m/m % chg.			
		CY 2007	2008	2008 Q1	Q2	Q3	Q4	2009 Q1	2008 Dec.	2009 Jan.	2009 Feb.
Intermediate goods	<18.9>	5.3	0.0	2.1	-6.0	2.1	-9.4	-17.5	-13.7	-4.6	-3.8
Motor vehicles and their related goods	<23.8>	13.2	3.2	3.1	-4.8	0.0	-16.6	-48.2	-13.1	-35.6	-13.5
Consumer goods <sup>4</sup>	<4.1>	6.4	3.5	4.3	3.1	-1.1	-17.4	-27.1	-11.7	-14.8	-4.9
IT-related goods <sup>5</sup>	<10.2>	12.2	0.8	-1.3	4.4	2.4	-22.4	-29.7	-15.9	-16.1	-0.1
Capital goods and parts <sup>6</sup>	<28.3>	8.0	5.2	4.3	-2.0	1.7	-10.9	-23.9	-5.6	-13.2	-6.9
Real exports		9.1	1.8	2.7	-2.2	1.0	-14.7	-28.3	-9.5	-17.5	-3.4

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2009/Q1 figures are January-February averages converted into quarterly amount.

2. Shares of each region and goods in 2008 are shown in angle brackets.

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

4. Excludes motor vehicles.

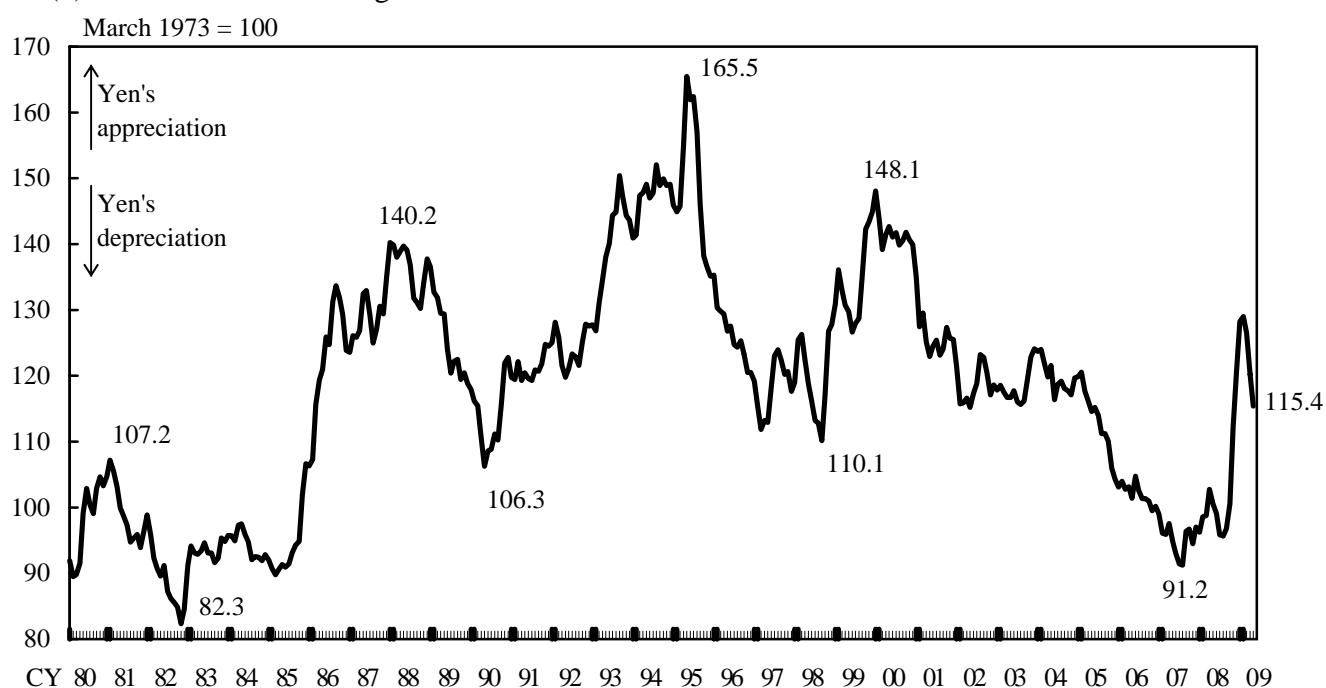
5. IT-related goods are composed of computers and units, telecommunication machinery, ICs, and medical and optical instruments.

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 April 2009 is the average up to April 6.

Figures are the index of weighted average of the yen's real exchange rates versus 15 major currencies (30 countries) which are calculated from nominal exchange rates and price indexes of the respective countries.

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

		CY2006	2007	2008	2008 Q1	Q2	Q3	Q4	
United States <sup>1</sup>		2.8	2.0	1.1	0.9	2.8	-0.5	-6.3	
European Union <sup>1</sup>		3.2	2.9	0.9	2.1	-0.4	-1.1	-5.8	
	Germany	3.2	2.6	1.0	6.2	-2.0	-2.1	-8.2	
	France	2.4	2.1	0.7	1.4	-1.2	0.6	-4.4	
	United Kingdom	2.8	3.0	0.7	1.2	-0.1	-2.8	-6.1	
East Asia <sup>2</sup>	China	11.6	13.0	9.0	10.6	10.1	9.0	6.8	
	NIEs	Korea	5.2	5.1	2.2	5.5	4.3	3.1	-3.4
		Taiwan	4.8	5.7	0.1	6.2	4.6	-1.0	-8.4
		Hong Kong	7.0	6.4	2.5	7.3	4.3	1.7	-2.5
		Singapore	8.4	7.8	1.1	6.7	2.5	0.0	-4.2
	ASEAN4	Thailand	5.2	4.9	2.6	6.0	5.3	3.9	-4.3
		Indonesia	5.5	6.3	6.1	6.2	6.4	6.4	5.2
		Malaysia	5.8	6.3	4.6	7.4	6.7	4.7	0.1
Philippines		5.4	7.2	4.6	4.7	4.4	5.0	4.5	

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 2007	2008	2008 Q1	Q2	Q3	Q4	2009 Q1	2008 Dec.	2009 Jan.	Feb.
United States	<10.2>	-1.5	-2.5	-1.1	-3.9	2.3	-2.4	-16.2	-4.9	-10.5	-3.0
EU	<9.2>	4.0	-3.0	-1.0	0.2	-3.0	-2.5	-7.2	-1.8	0.8	-13.7
East Asia	<38.0>	3.3	3.0	2.2	-3.0	4.3	0.8	-18.9	-6.1	-5.2	-20.0
China	<18.8>	5.7	4.3	0.8	-0.9	7.2	-0.9	-18.7	-5.8	-0.4	-28.0
NIEs	<8.0>	-3.8	-1.1	3.0	-4.4	1.8	-6.4	-21.0	-11.4	-12.1	-3.2
Korea	<3.9>	-3.3	-5.3	3.3	-9.2	1.4	-7.3	-20.2	-6.6	-16.1	0.6
Taiwan	<2.9>	-3.0	3.6	4.2	1.6	3.2	-7.6	-22.4	-17.9	-5.4	-10.0
ASEAN4 <sup>3</sup>	<11.2>	4.8	4.0	4.1	-5.5	0.8	9.6	-17.9	-3.0	-9.0	-15.2
Thailand	<2.7>	4.4	2.3	1.2	-3.2	5.4	-0.7	-22.9	-1.6	-15.5	-9.4
Others	<42.6>	-0.1	1.2	0.9	-3.8	3.4	2.3	-17.3	-2.3	-9.6	-13.5
Real imports		0.7	0.5	2.7	-3.2	1.7	0.4	-16.1	-2.4	-7.6	-14.5

## (2) Breakdown by Goods

		y/y % chg.		s.a.; q/q % chg.				s.a.; m/m % chg.			
		CY 2007	2008	2008 Q1	Q2	Q3	Q4	2009 Q1	2008 Dec.	2009 Jan.	Feb.
Raw materials <sup>4</sup>	<42.0>	0.7	1.4	1.6	-5.9	3.3	4.6	-17.8	-1.5	-10.4	-13.9
Intermediate goods	<14.1>	2.0	1.7	-1.7	2.3	1.4	5.1	-17.4	-6.1	-3.4	-22.5
Foodstuffs	<7.9>	-9.6	-3.8	-1.0	-0.7	2.4	14.4	-3.4	4.0	-2.6	-4.7
Consumer goods <sup>5</sup>	<6.9>	-0.1	-2.7	0.6	-3.2	2.3	-3.9	-17.1	-5.2	1.2	-29.7
IT-related goods <sup>6</sup>	<9.5>	4.2	4.5	4.1	-2.3	4.7	-7.2	-19.6	-7.2	-10.0	-8.8
Capital goods and parts <sup>7</sup>	<11.2>	8.5	2.8	1.2	-1.3	2.4	-9.3	-19.6	-6.6	-7.6	-15.3
Excluding aircraft	<10.5>	7.9	3.6	0.0	2.5	-2.1	-4.2	-23.7	-12.0	-6.1	-20.9
Real imports		0.7	0.5	2.7	-3.2	1.7	0.4	-16.1	-2.4	-7.6	-14.5

Notes: 1. Seasonally adjusted by X-12-ARIMA. 2009/Q1 figures are January-February averages converted into quarterly amount.

2. Shares of each region and goods in 2008 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.

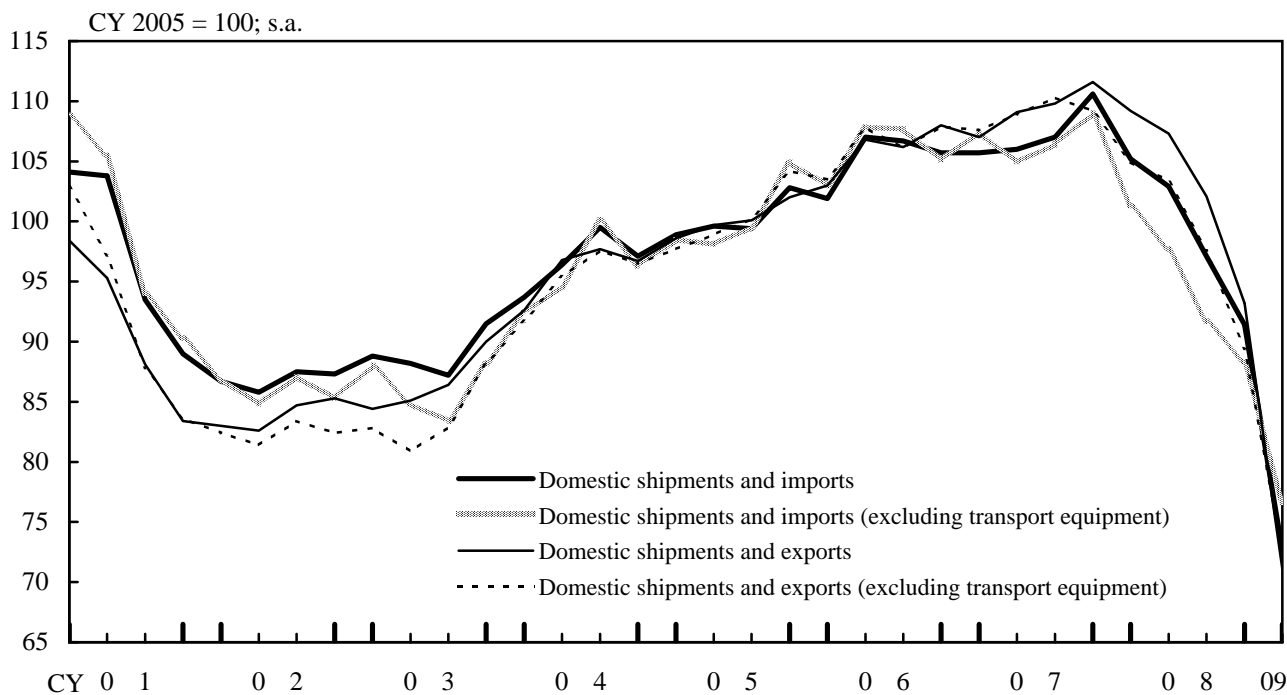
6. IT-related goods are composed of computers and units, parts of computer, telecommunication machinery, ICs, and medical and optical instruments.

7. Excludes IT-related goods.

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

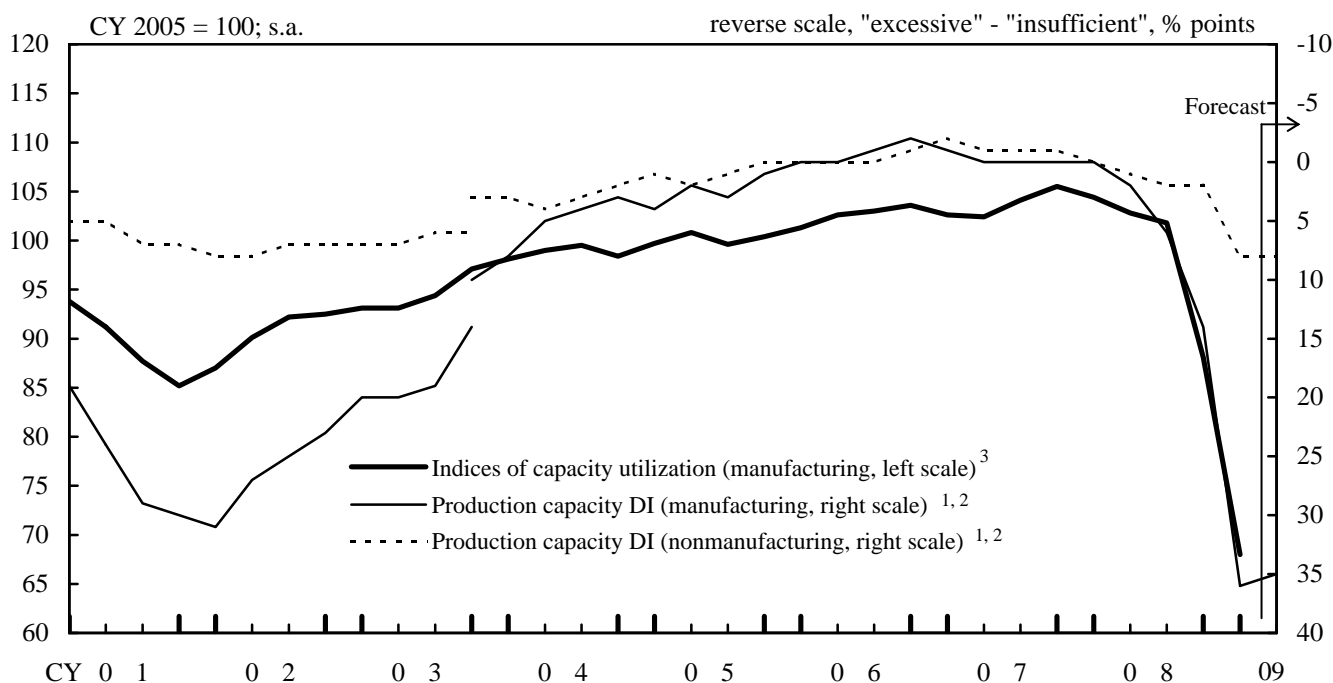
## Coincident Indicators for Business Fixed Investment

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



Note: Figures for 2009/Q1 are January-February averages.

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



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

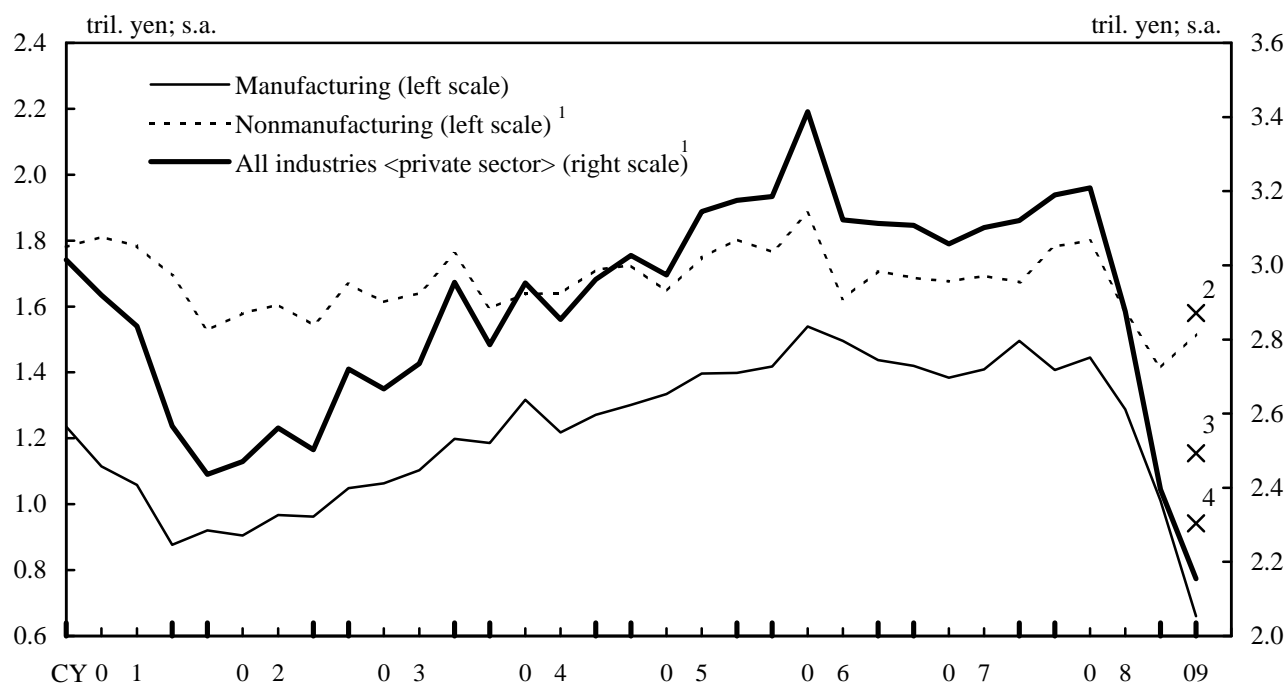
2. The *Tankan* has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on a new basis.

3. The figure for 2009/Q1 is January.

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.

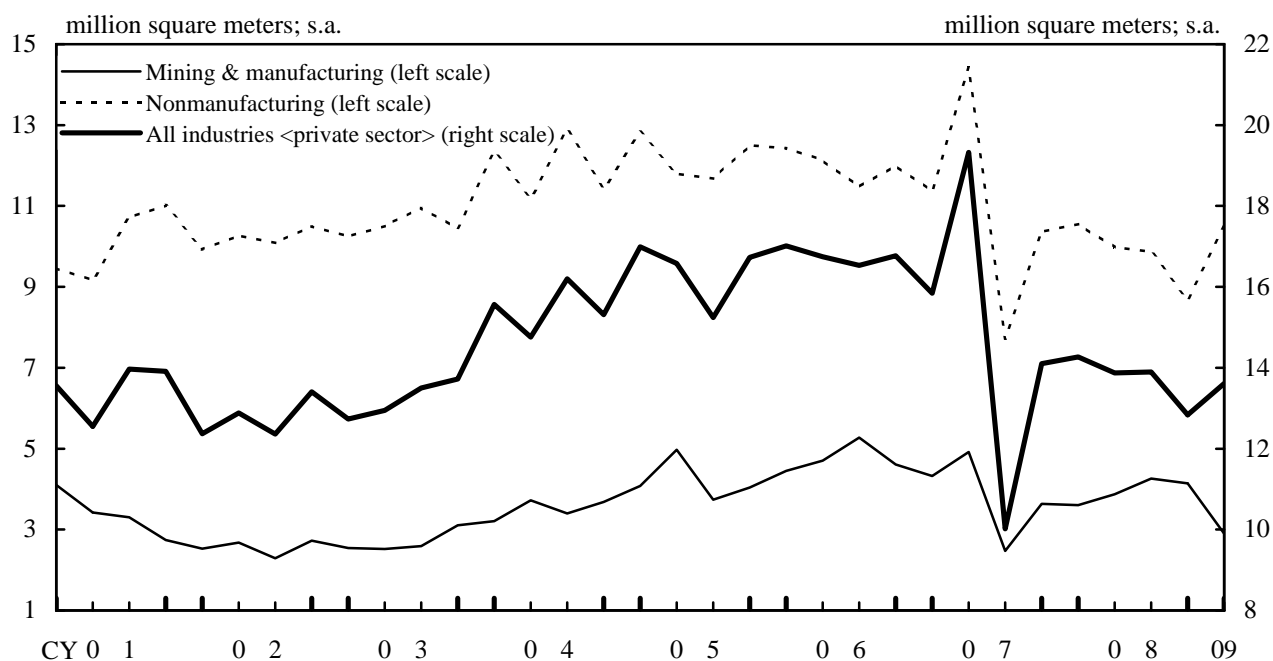
2. Forecast of nonmanufacturing industries for 2009/Q1.

3. Forecast of all industries <private sector> for 2009/Q1.

4. Forecast of manufacturing industries for 2009/Q1.

5. Figures for 2009/Q1 are those of January 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.

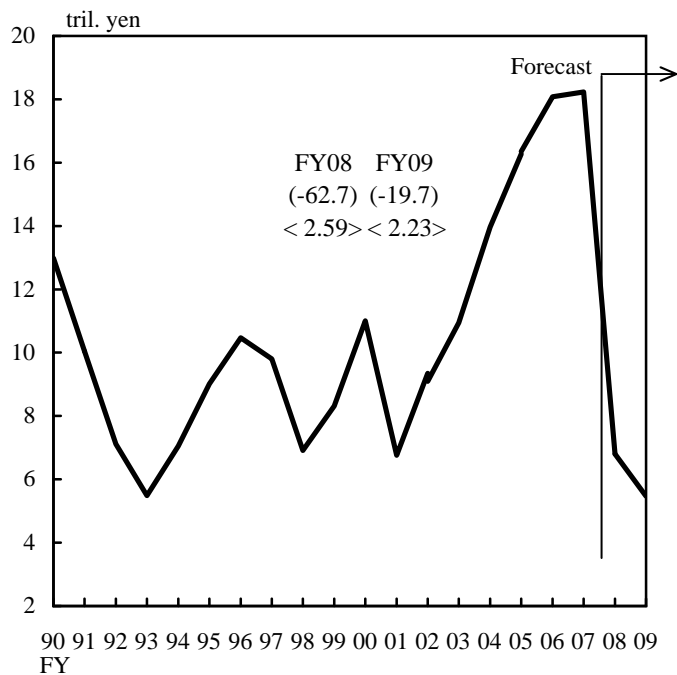
3. Figures for 2009/Q1 are averages of January-February in terms of quarterly amount.

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

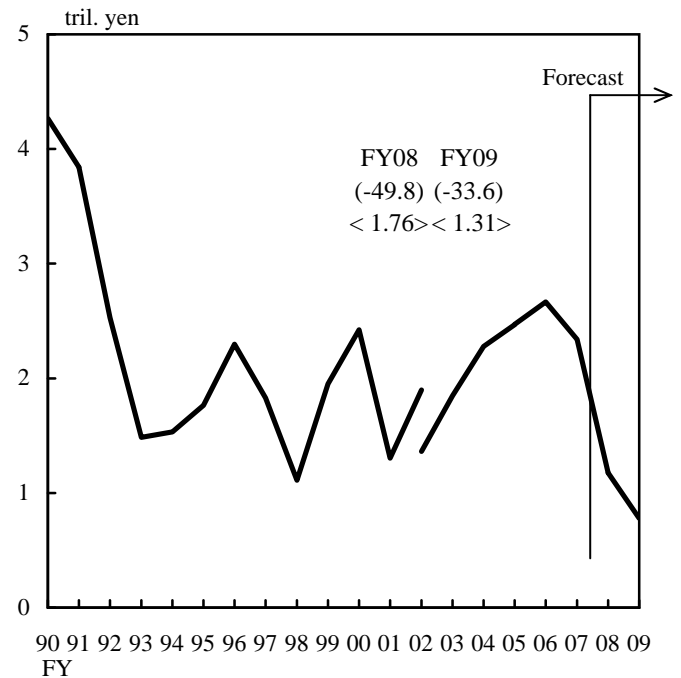
Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts."

## Current Profits

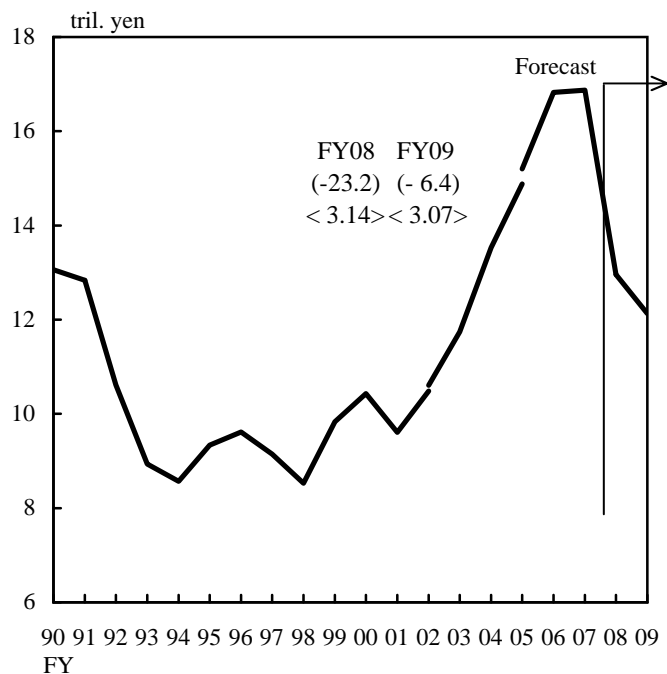
(1) Large Manufacturing Enterprises



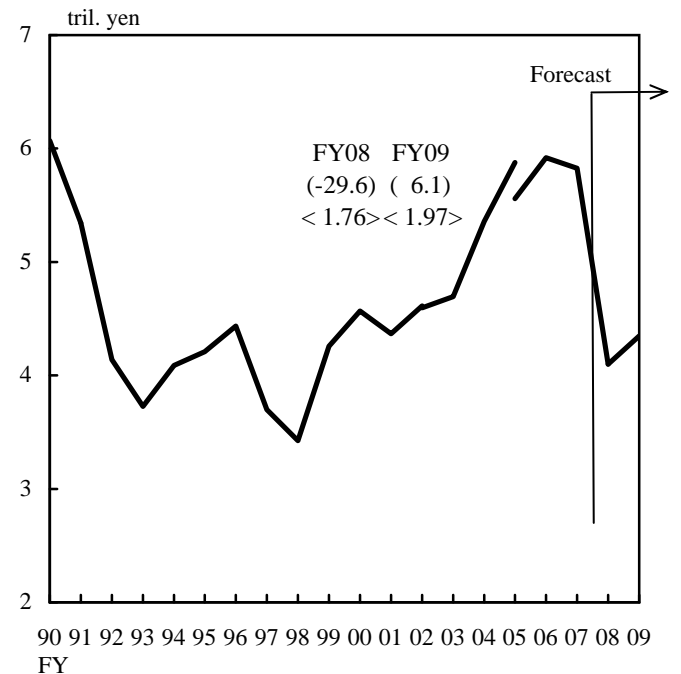
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



(4) Small Nonmanufacturing Enterprises



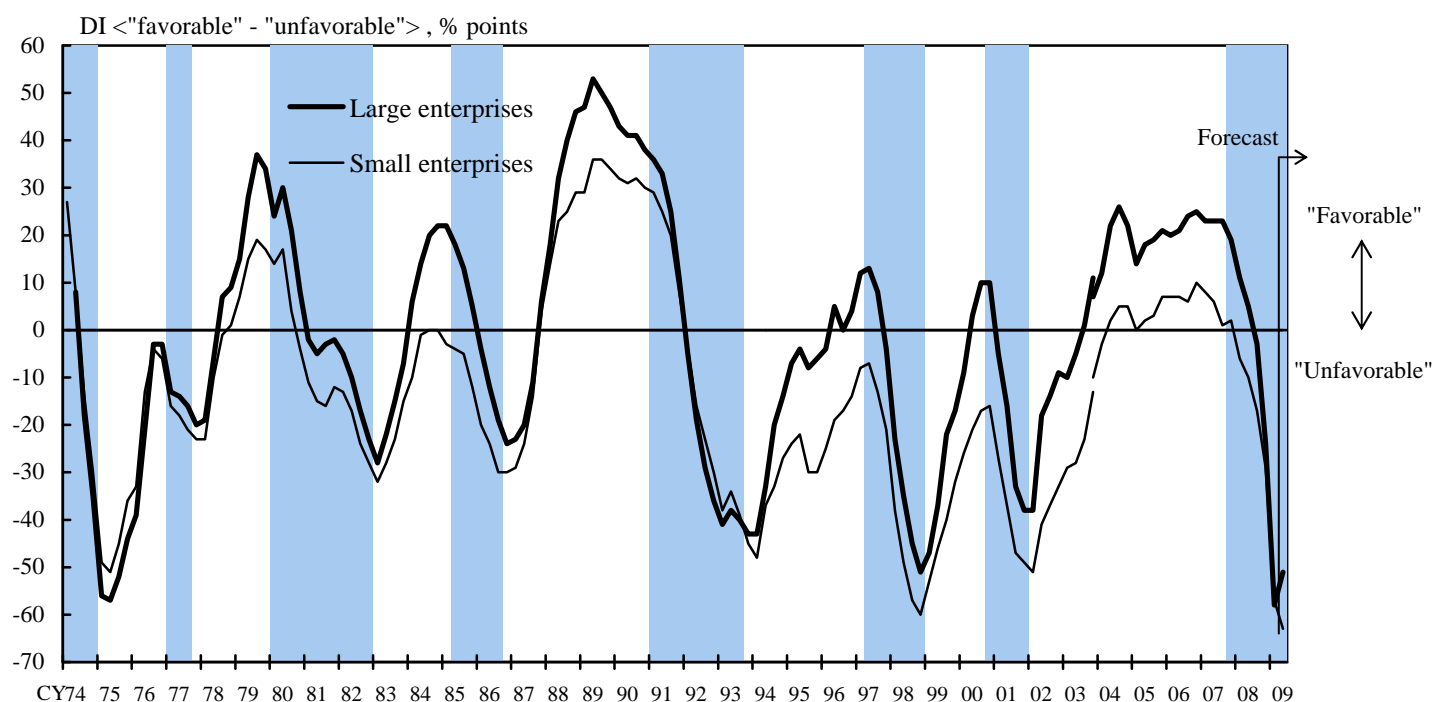
Notes: 1. ( ): Current profits (y/y % chg.), < >: Ratio of current profit to sales (%).

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.

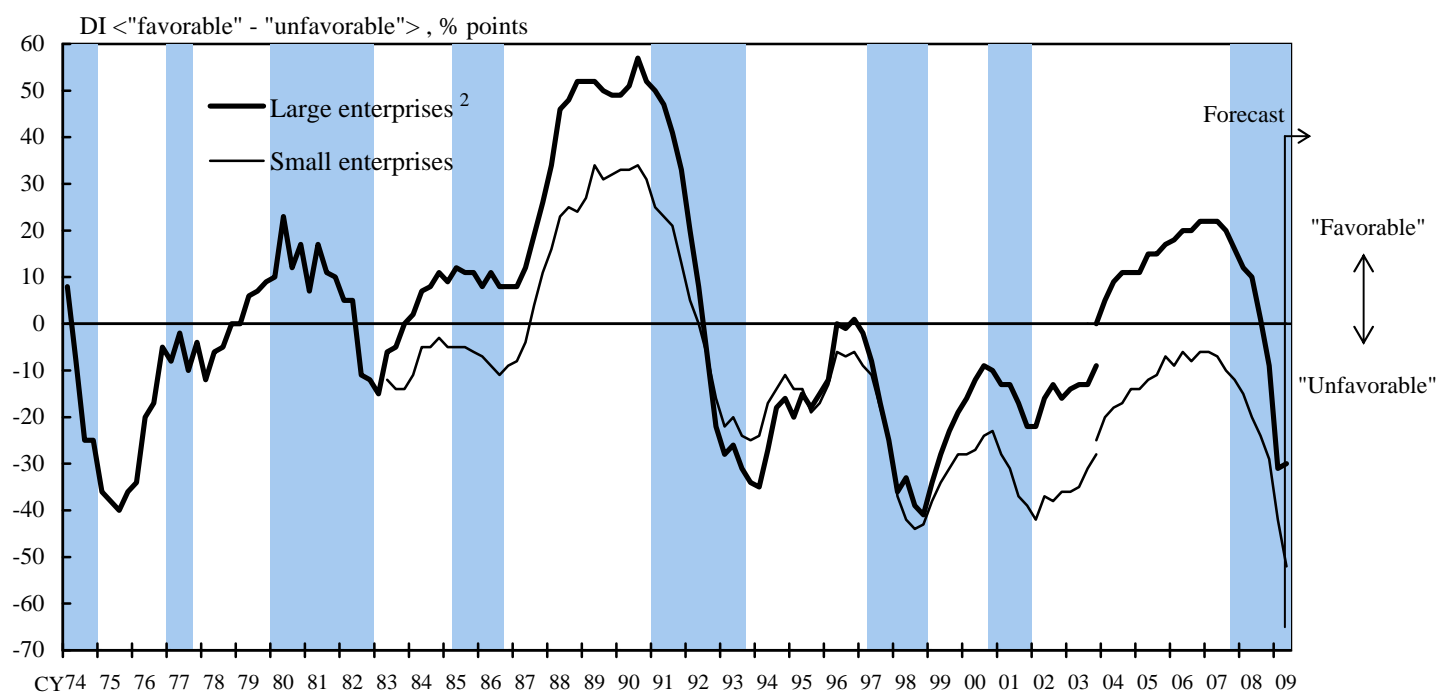
Source: Bank of Japan, "*Tankan*, Short-term Economic Survey of Enterprises in Japan."

## 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.

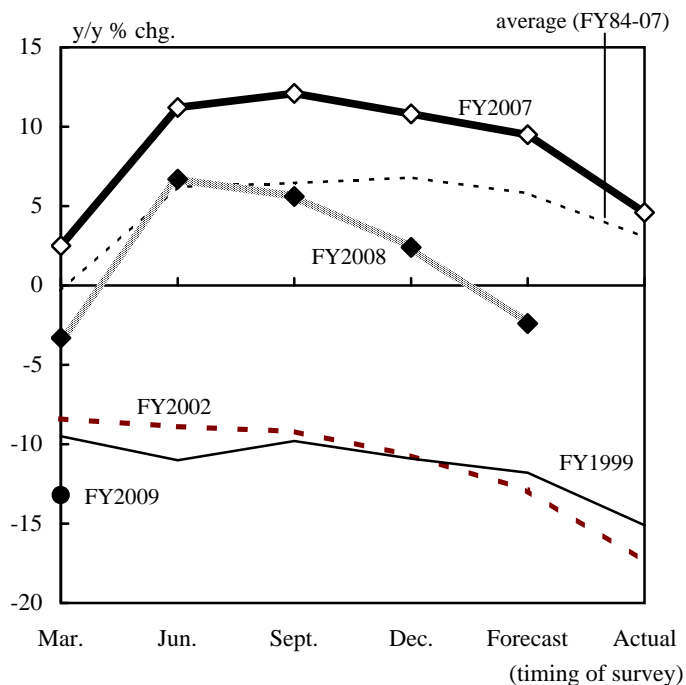
3. Shaded areas indicate recession periods.

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

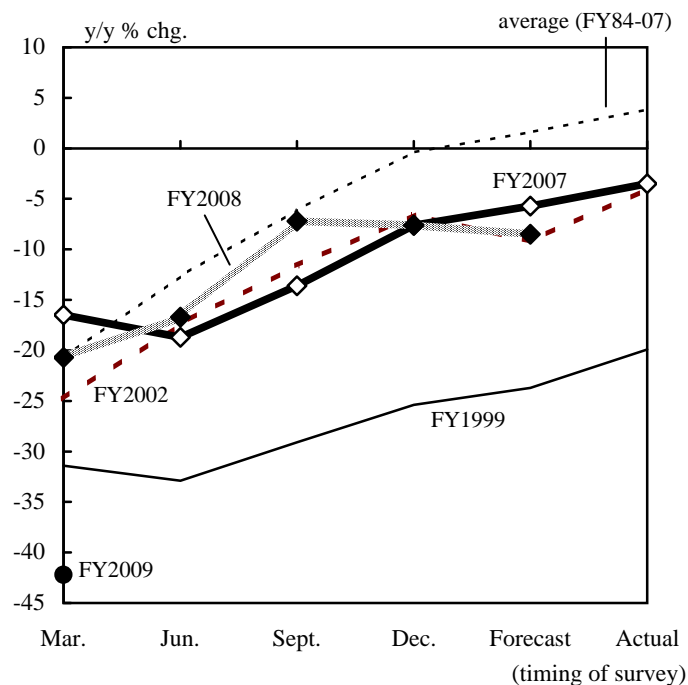


Business Fixed Investment Plans as Surveyed

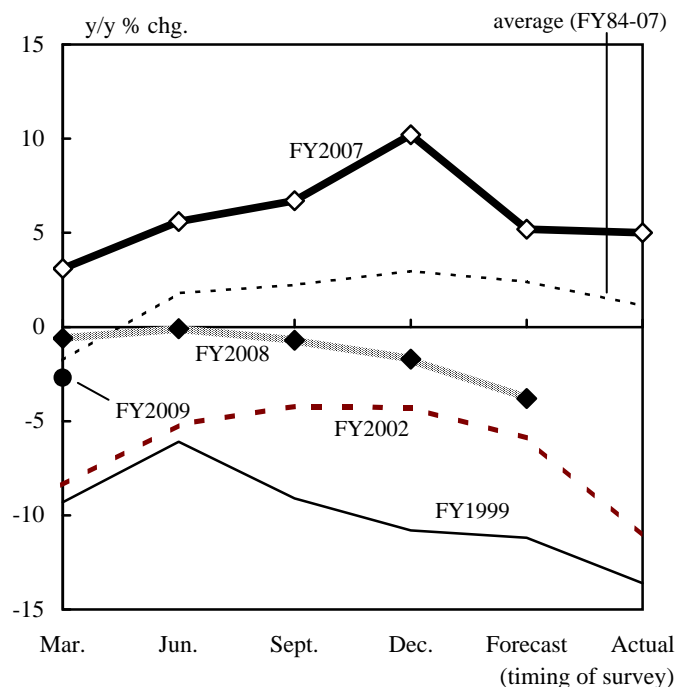
(1) Large Manufacturing Enterprises



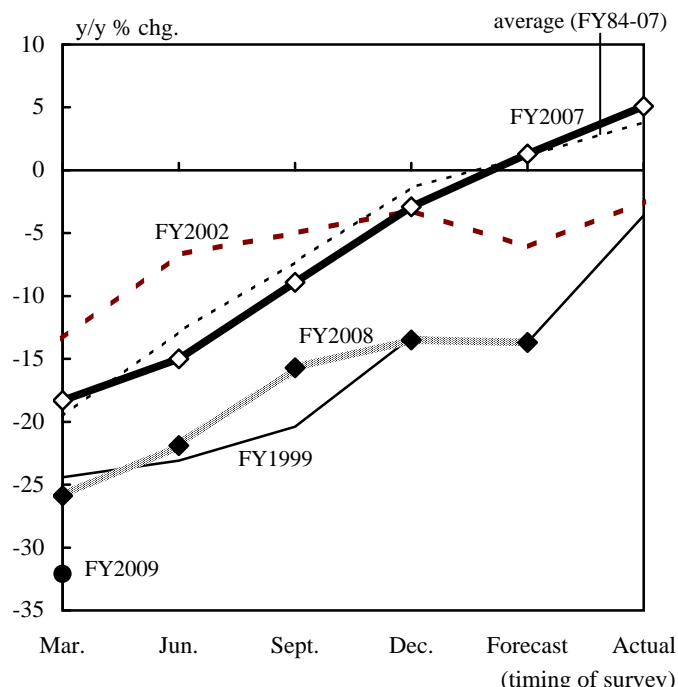
(2) Small Manufacturing Enterprises



(3) Large Nonmanufacturing Enterprises



(4) Small Nonmanufacturing Enterprises

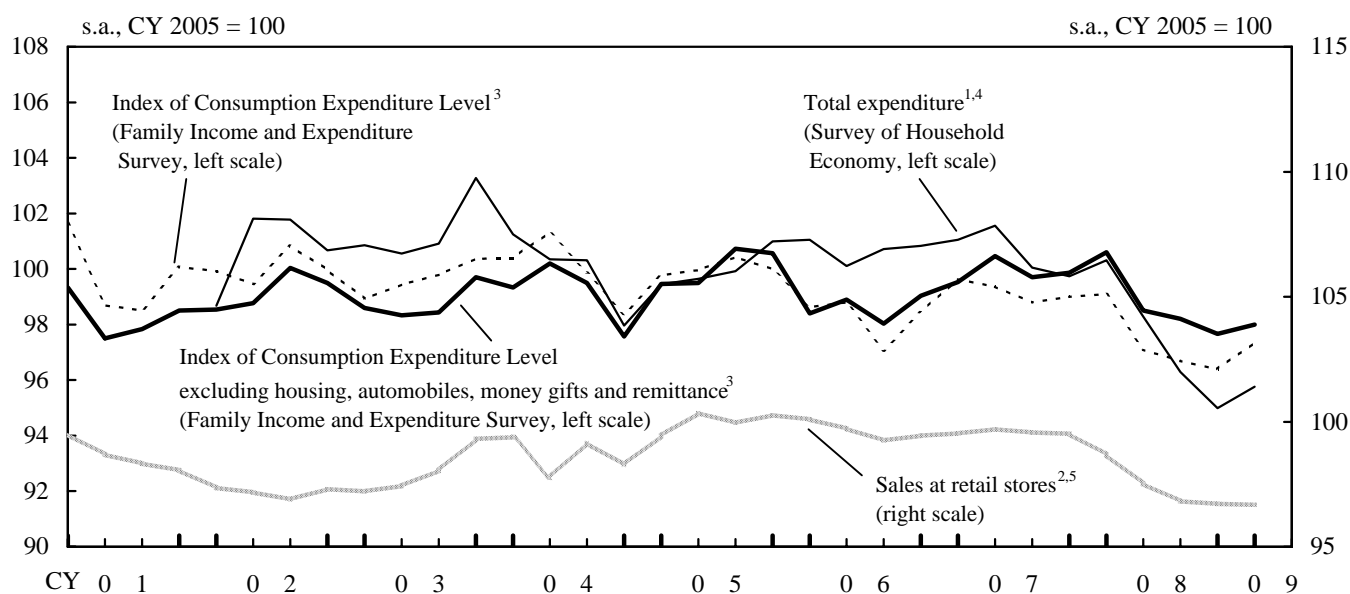


Note: Includes land purchasing expenses and excludes software investment.

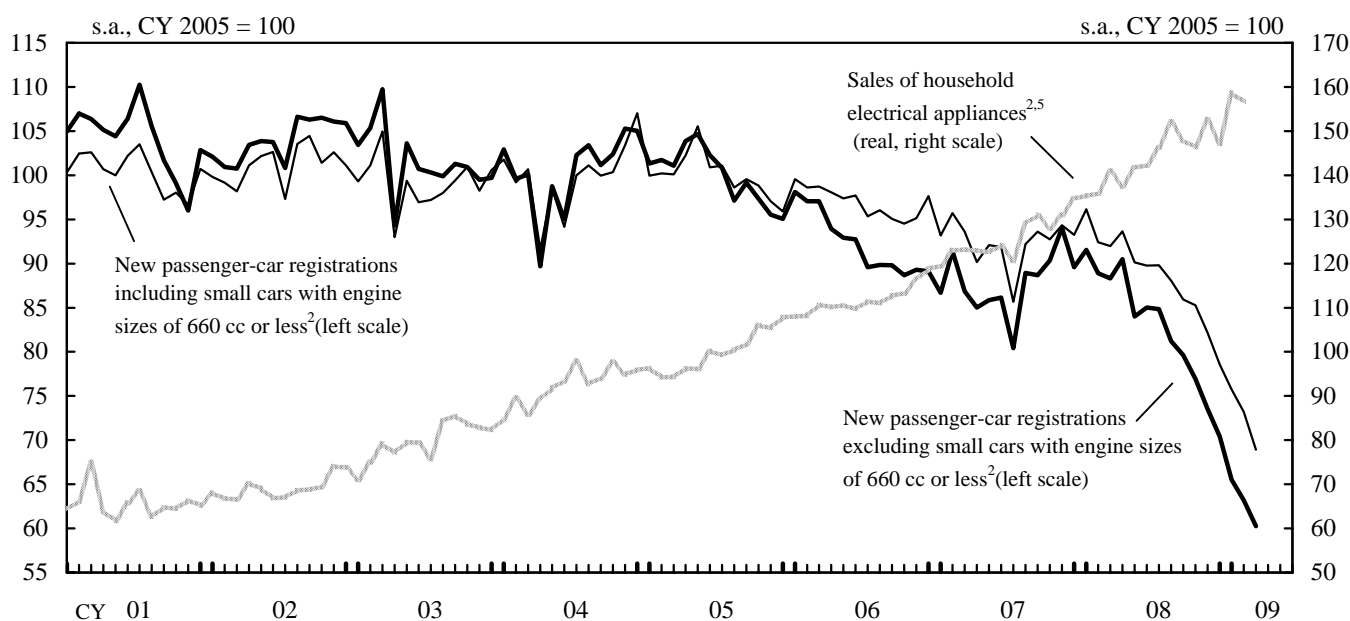
Source: Bank of Japan, "Tankan, Short-term Economic Survey of Enterprises in Japan."

## Indicators for Private Consumption (1)

## (1) Household Spending (Real)



## (2) Sales of Durable Goods



Notes: 1. Total expenditure is seasonally adjusted by X-11.

2. Seasonally adjusted by X-12-ARIMA.

3. 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.

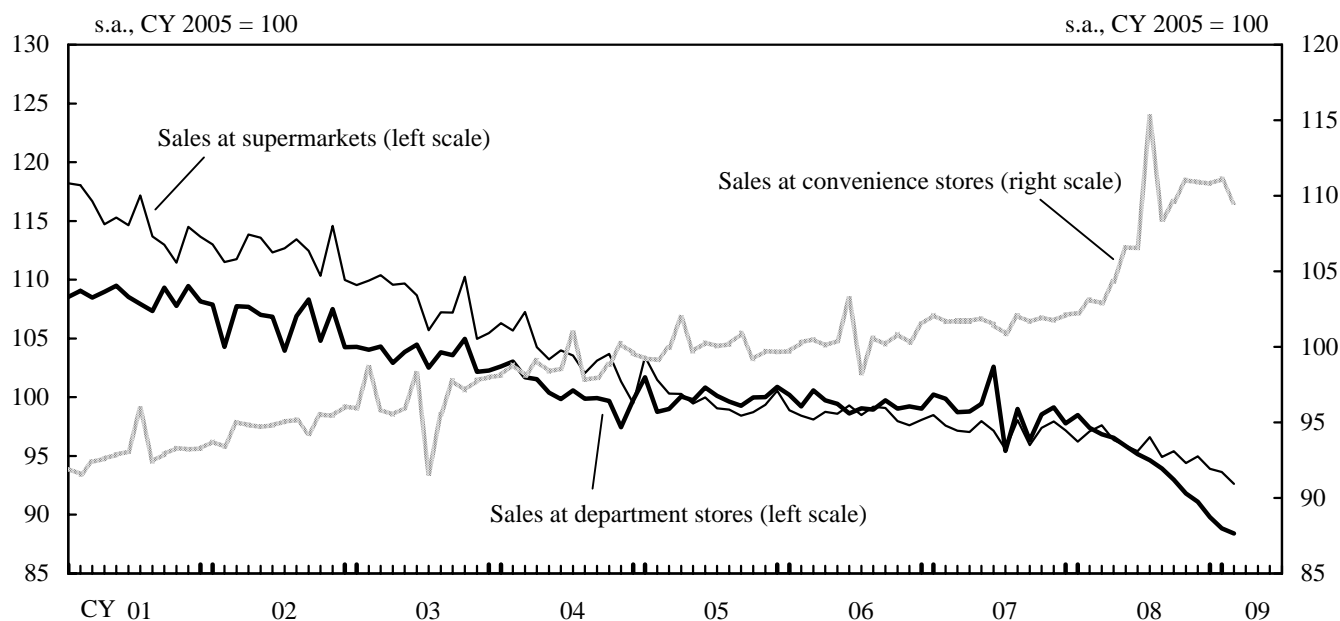
4. Total expenditure is based on two-or-more-person households, and is deflated by the consumer price index excluding imputed rent.

5. Sales at retail stores are deflated by the consumer price index for goods (excluding electricity, gas & water charges).

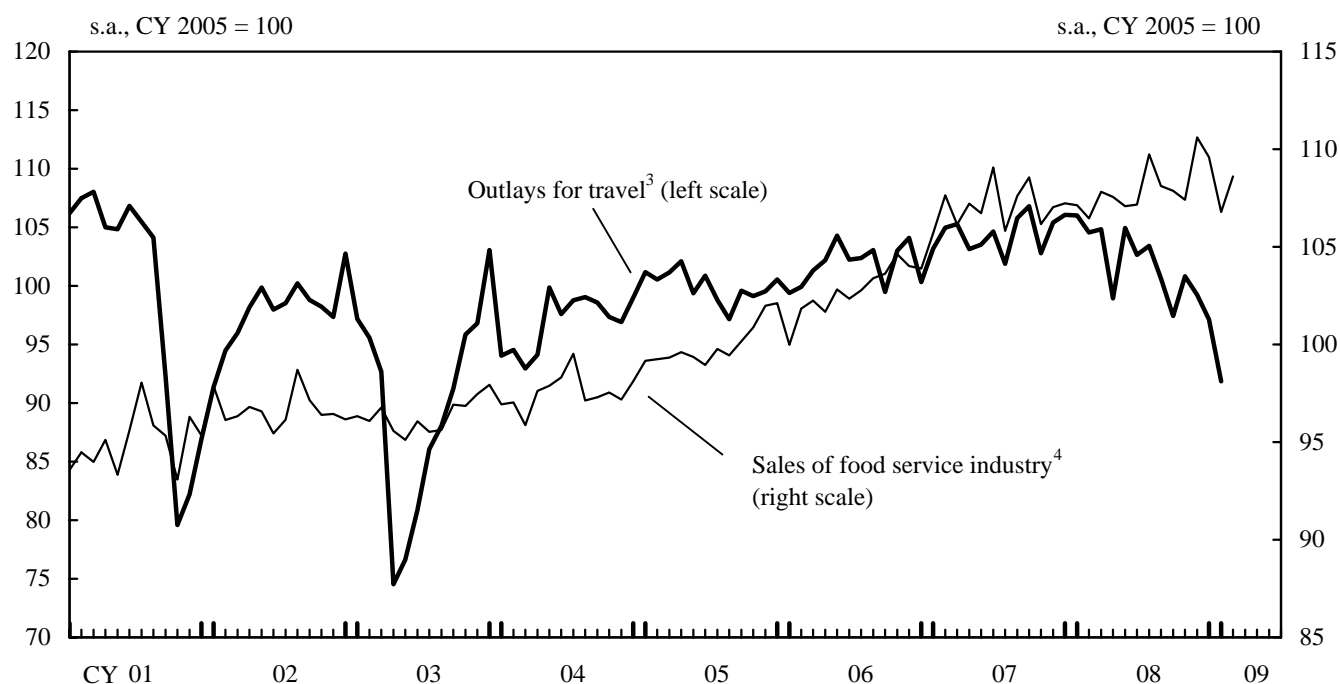
Sales of household electrical appliances are calculated as follows: indices of retail sales of machinery and equipment in the Current Survey of Commerce are deflated by the geometric means of the corresponding consumer price indexes (or by the corporate goods price index for PC printers before 2002).

6. Figures for 2009/Q1 are those of January-February averages 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";

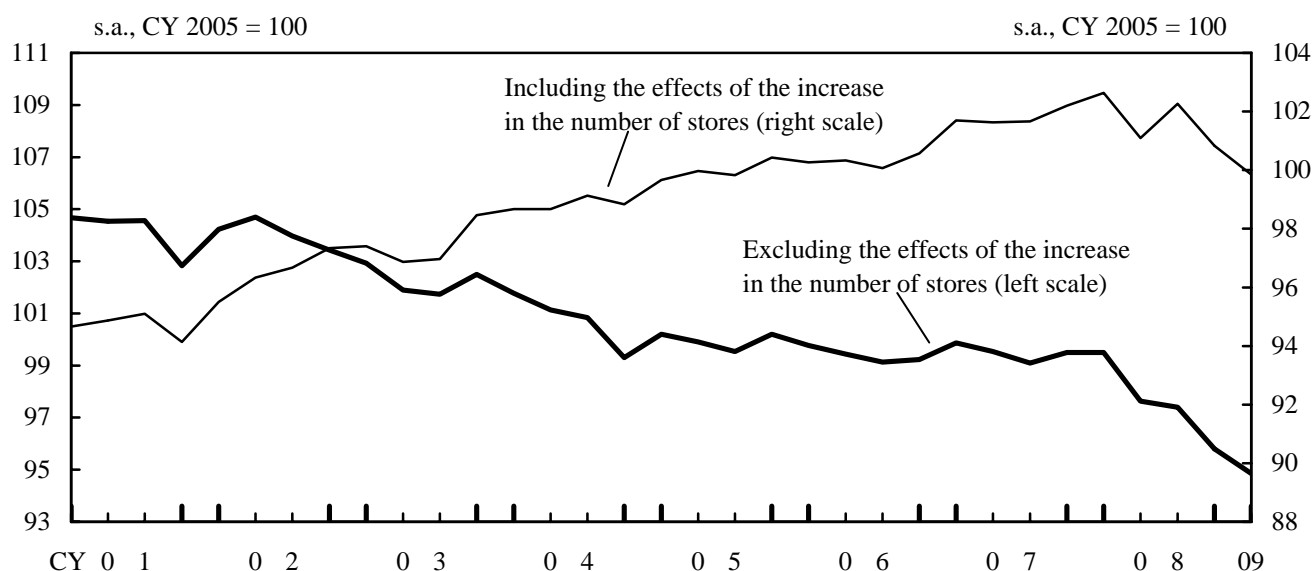
Japan Tourism Agency, "Major Travel Agents' Revenue";

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)."

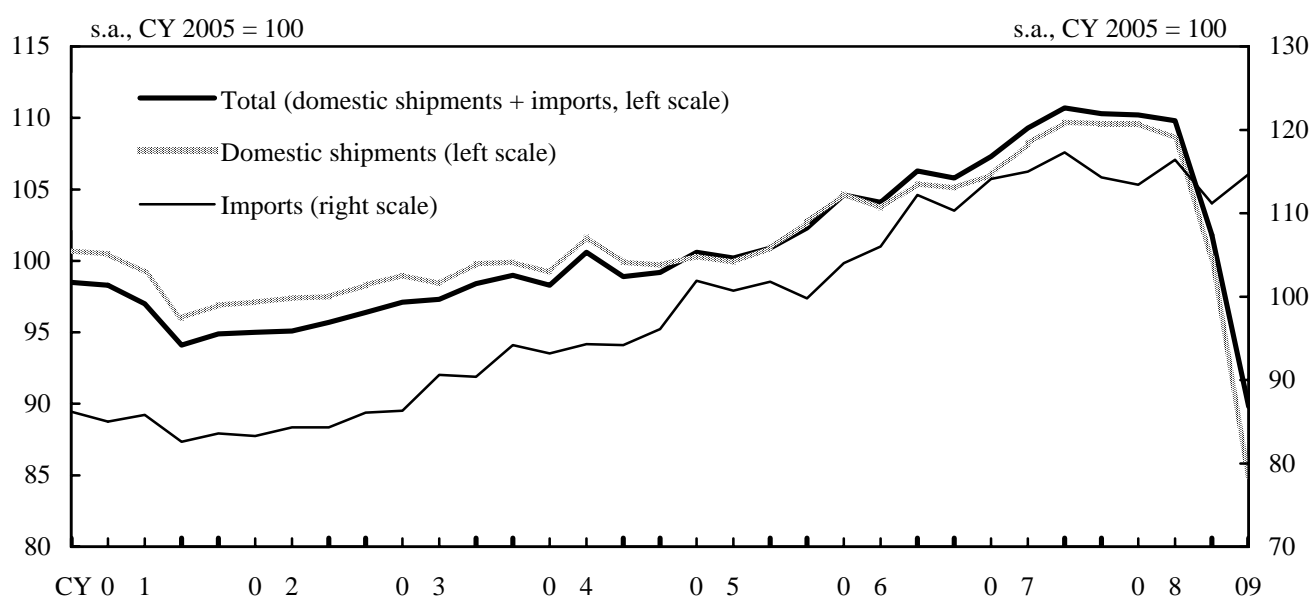
## Indicators for Private Consumption (3)

## (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 2009/Q1 figures are those of January-February averages in terms of quarterly amount.

## (2) Aggregate Supply of Consumer Goods

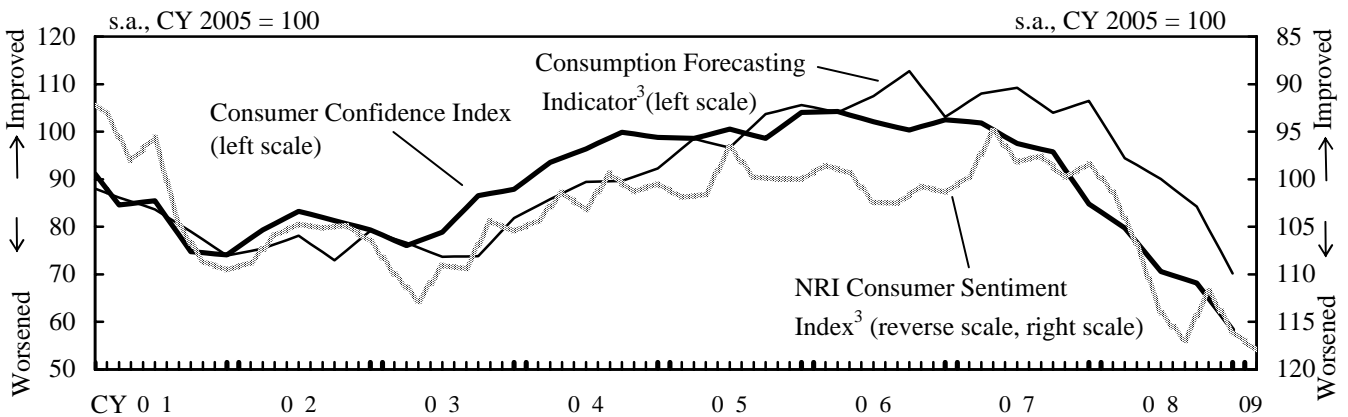


Note: Data for 2009/Q1 figures are those of January-February averages in terms of quarterly amount.

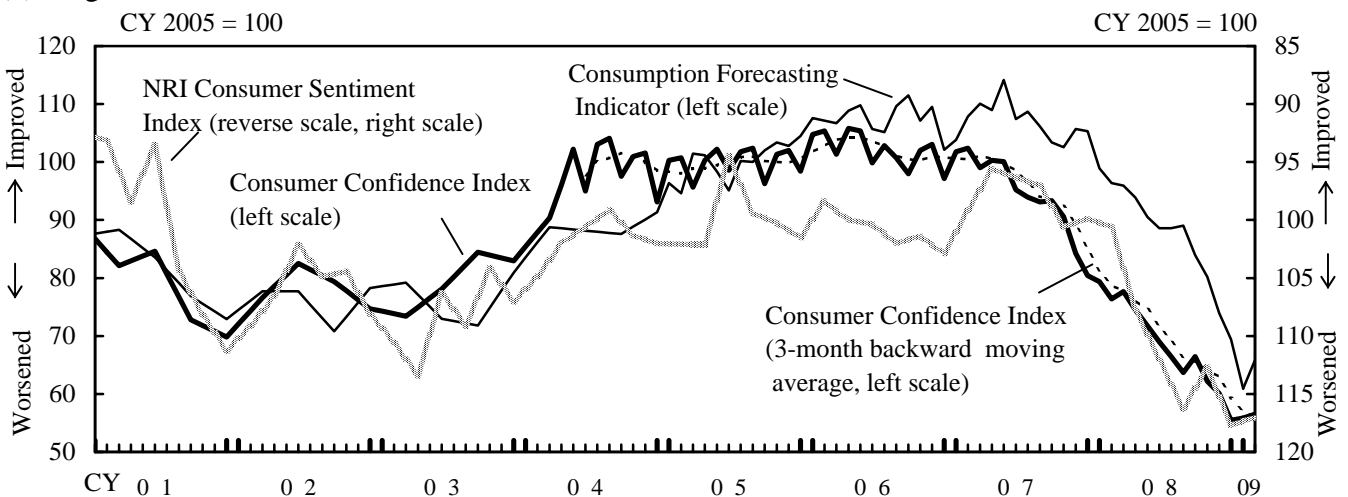
Sources: Bank of Japan, "Indices of Aggregated Sales";  
Ministry of Economy, Trade and Industry, "Indices of Industrial Domestic Shipments and Imports."

Consumer Confidence<sup>1,2</sup>

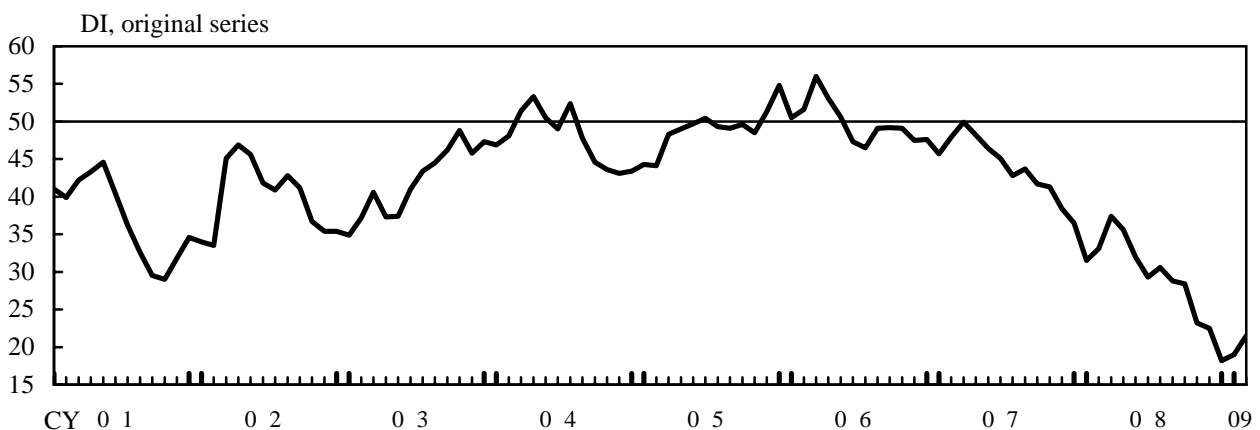
(1) Seasonally Adjusted Series



(2) Original Series



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

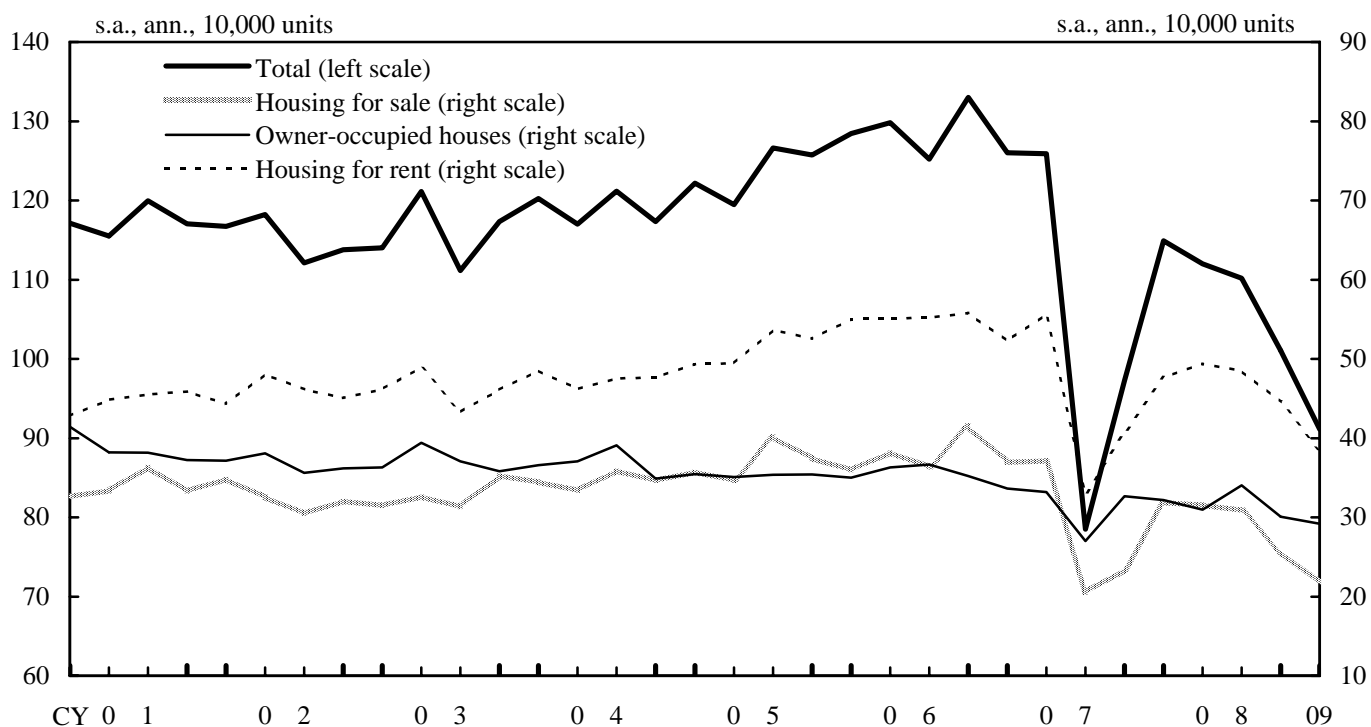


- Notes: 1. The Consumer Confidence Index (with about 5,000 samples on a nationwide basis), Consumption Forecasting Indicator (with 600 samples in the metropolitan area), and NRI Consumer Sentiment Index (with 1,200 samples on a nationwide basis) are based on surveys on consumer confidence.
2. Figures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

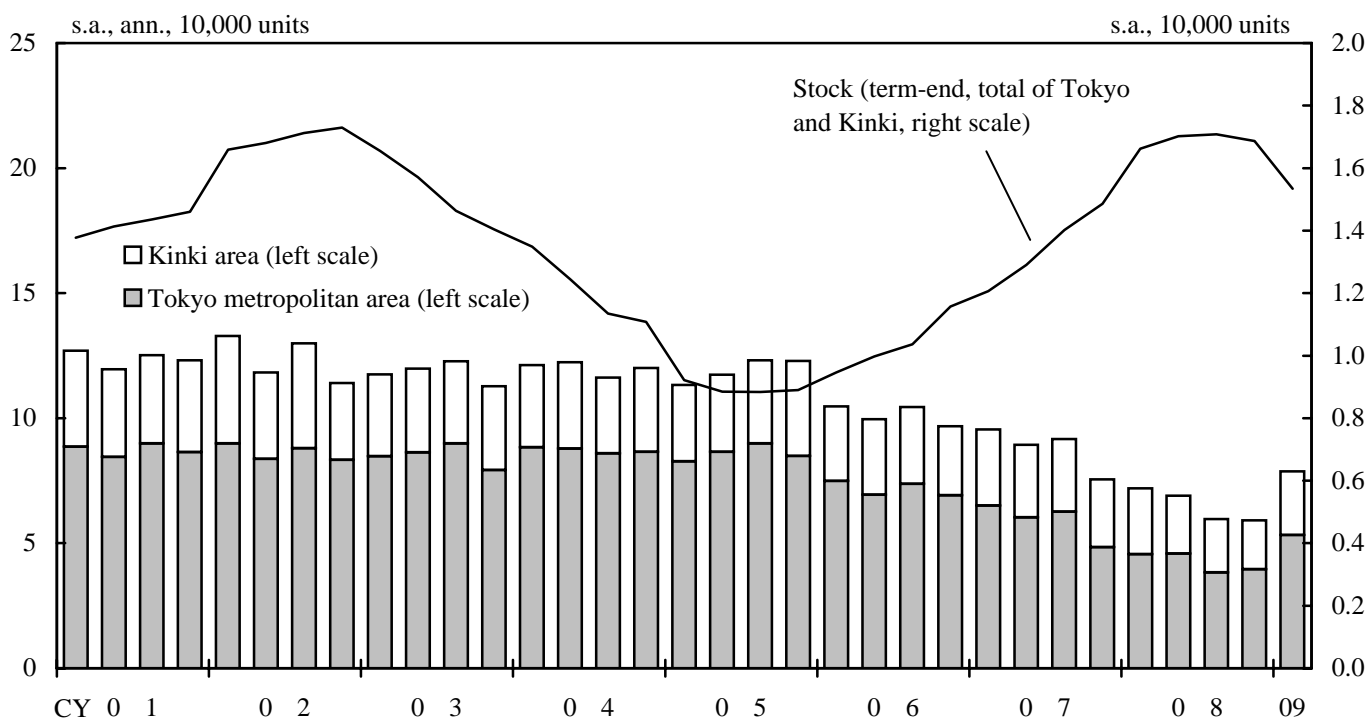
Indicators for Housing Investment

(1) Housing Starts



Note: Figures for 2009/Q1 are those of January-February averages.

(2) Sales of Apartments



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

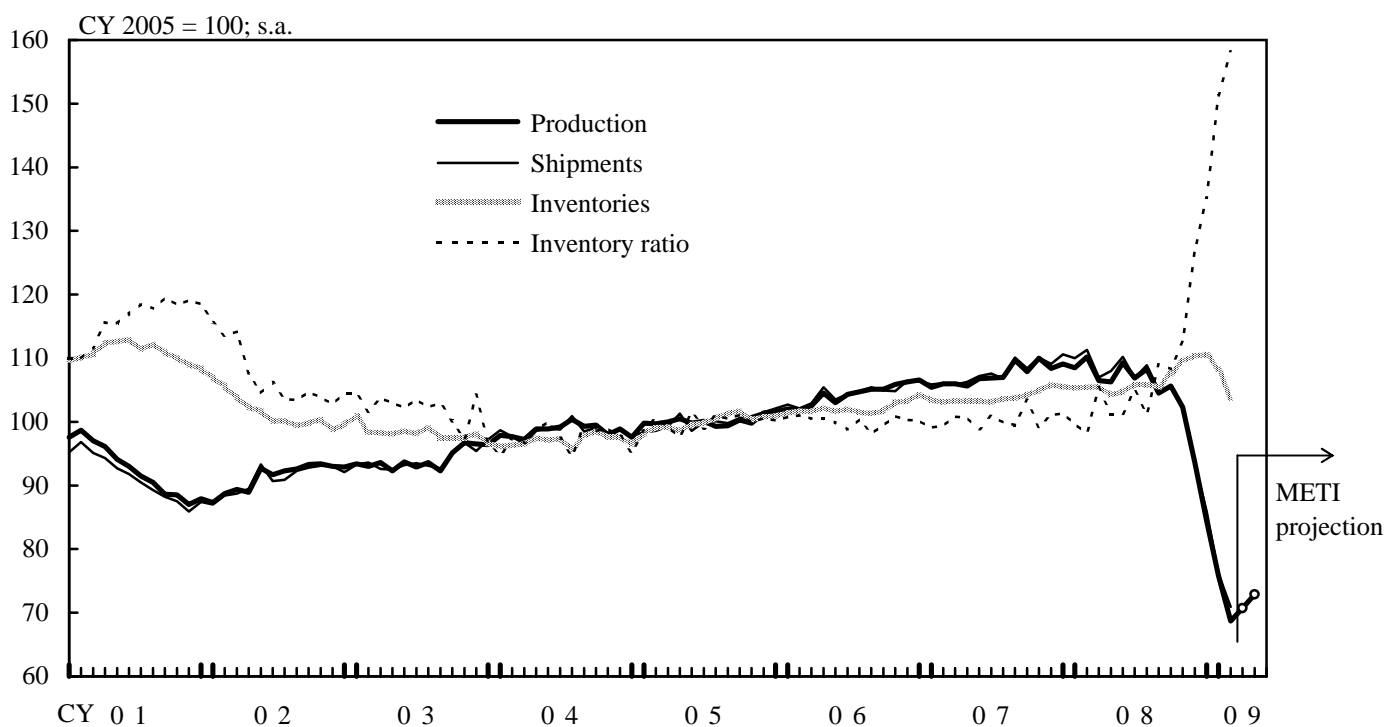
2. Figures of total apartments sales for 2009/Q1 are those of January-February averages.

Term-end stocks for 2009/Q1 are those of February.

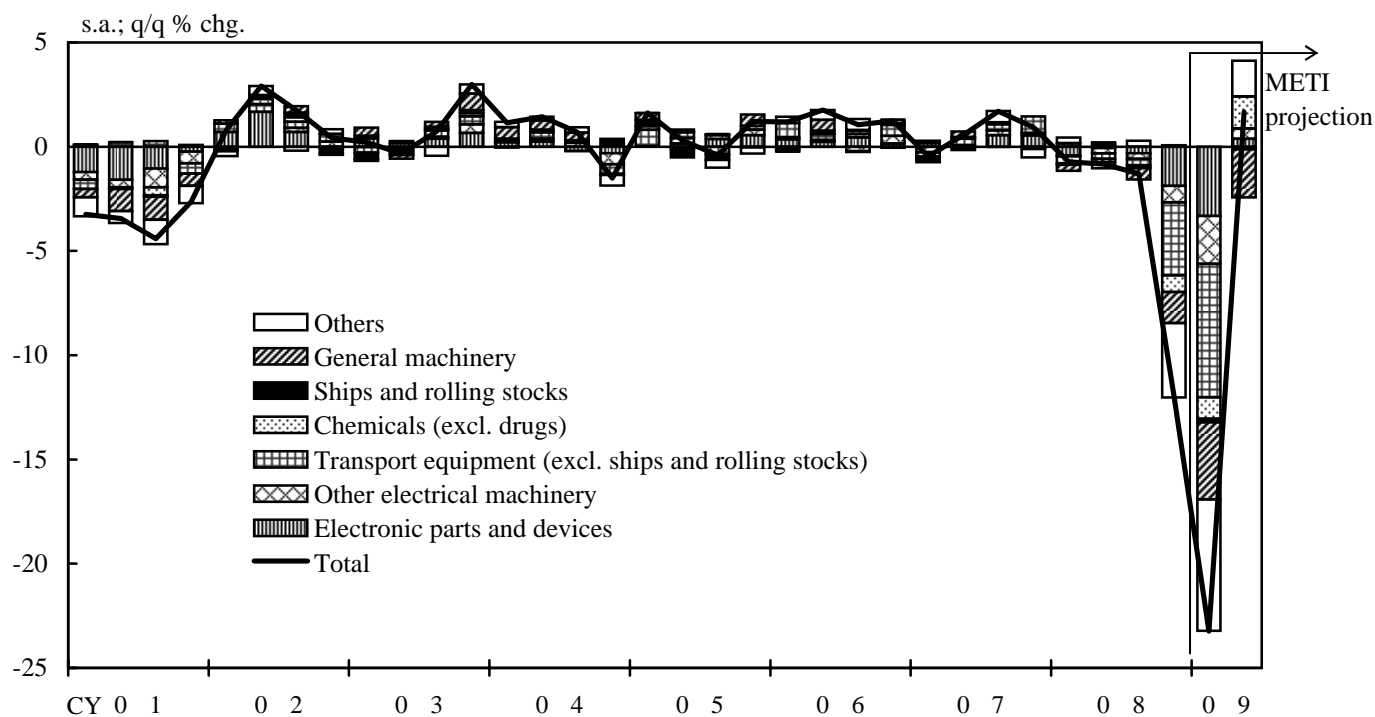
Source: Ministry of Land, Infrastructure, Transport and Tourism, "Statistics on Building Construction Starts," etc.

## 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."

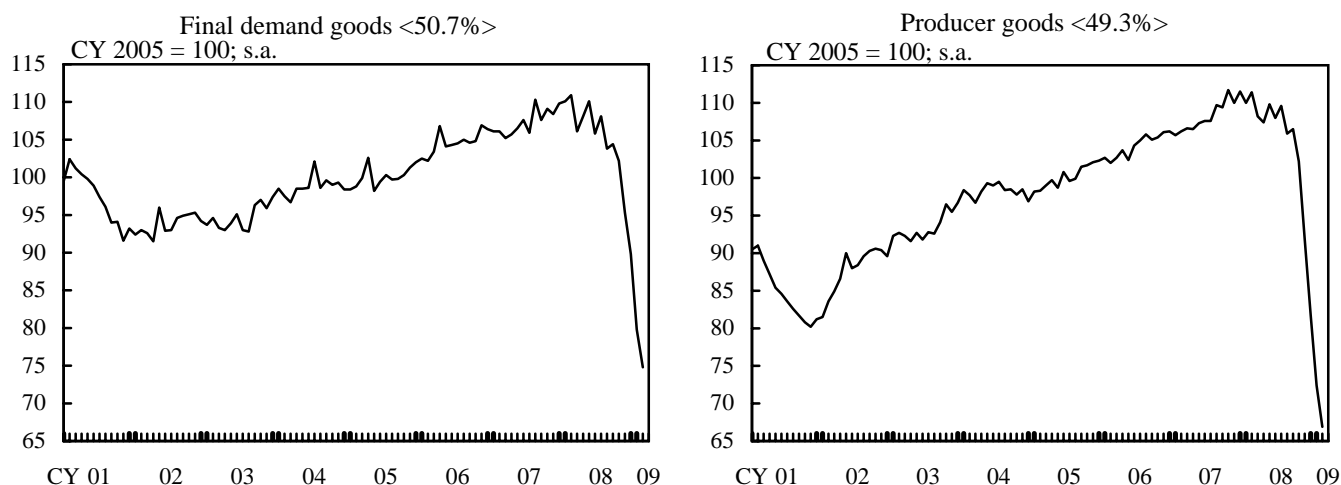
2. Figures up to 2003/Q1 are on the 2000 base.

3. 2009/Q1 figures are based on the actual production levels in January and February, and the METI projection of March. 2009/Q2 figures are based on the assumption that each production level in May and June is the same as that of April.

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

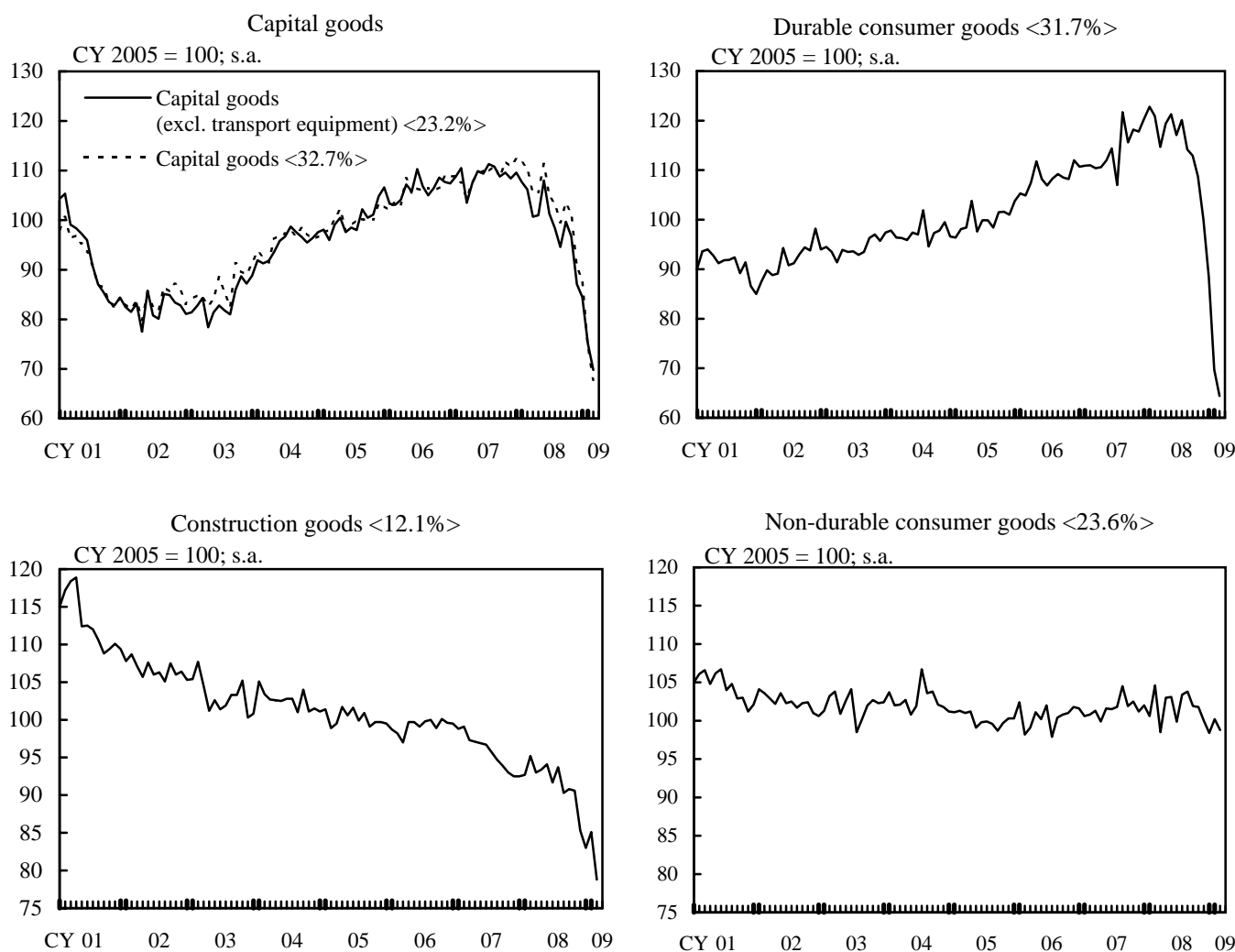
## Shipments Breakdown by Type of Goods

### (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

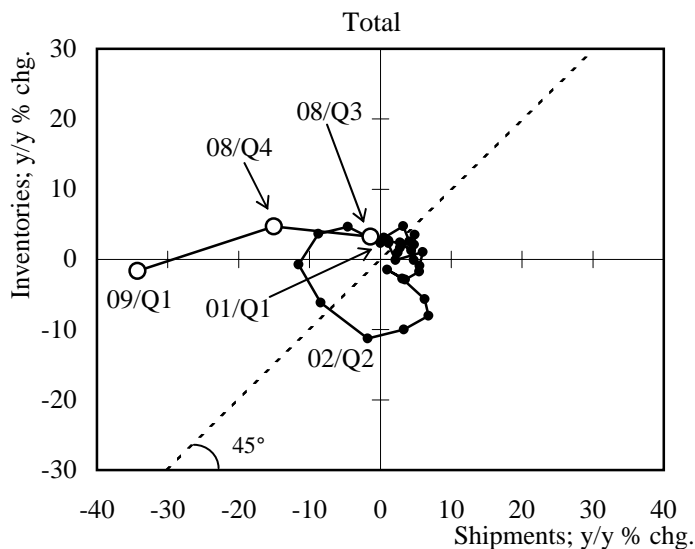


Note: Figures in angle brackets show the shares among shipments of final demand goods.

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

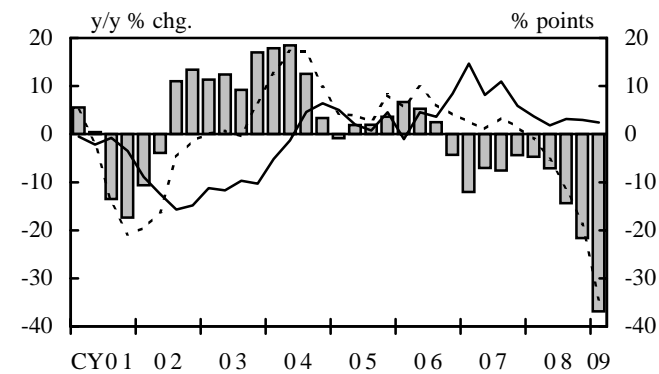
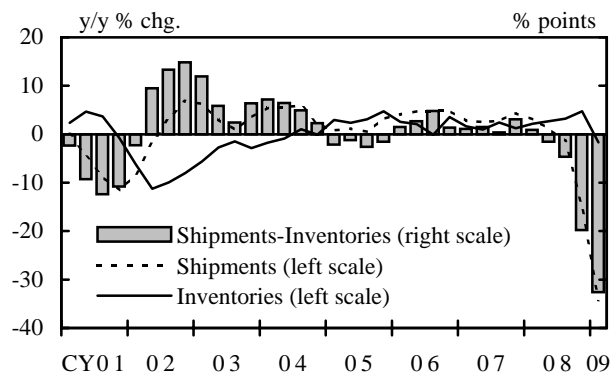


Inventory Cycle



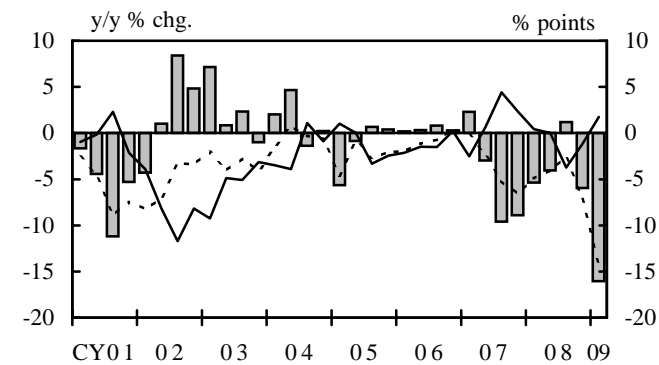
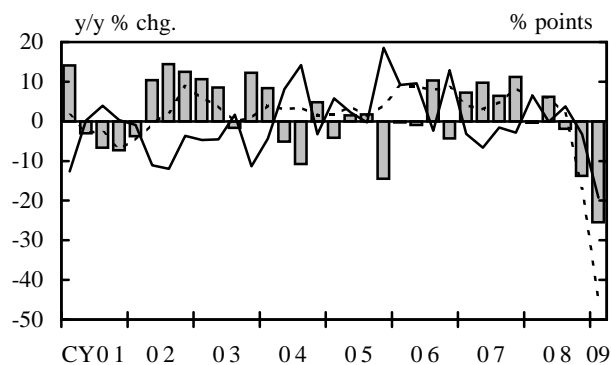
(1) Total

(2) Capital Goods (Excluding Transport Equipment)



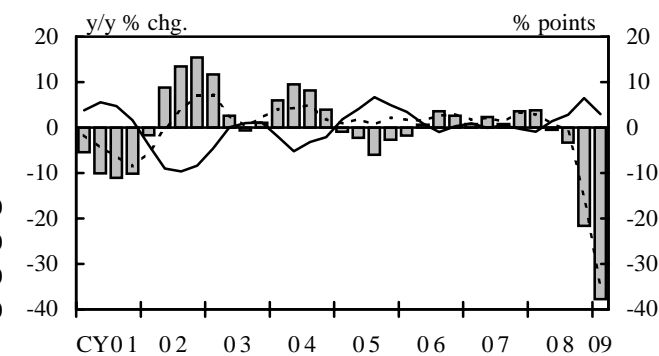
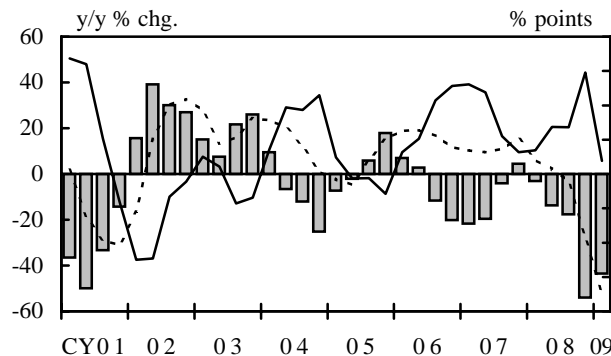
(3) Durable Consumer Goods

(4) Construction Goods



(5) Electronic Parts and Devices

(6) Producer Goods Excluding Electronic Parts and Devices



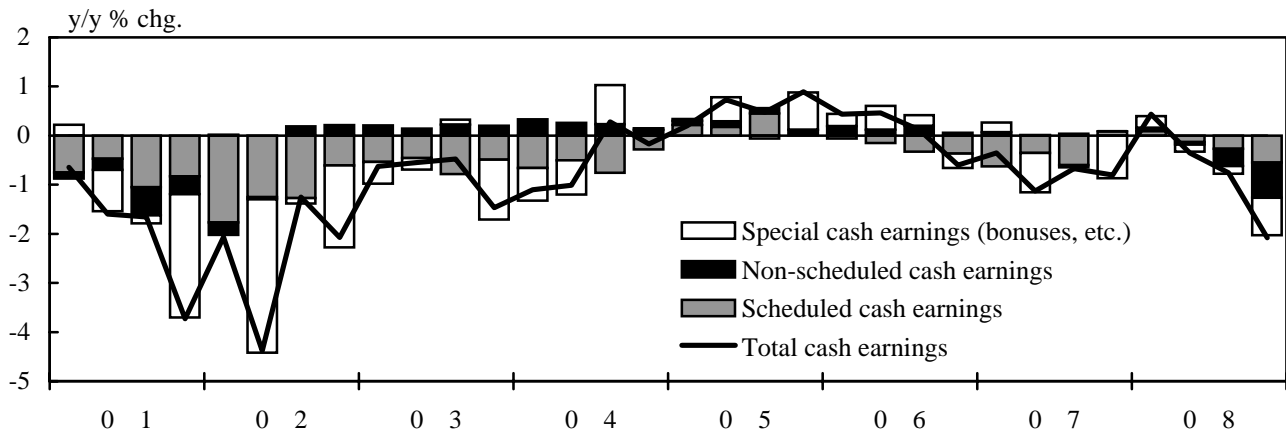
Note: Figures of Shipments for 2009/Q1 are those of January-February averages.

Inventories for 2009/Q1 are those of February.

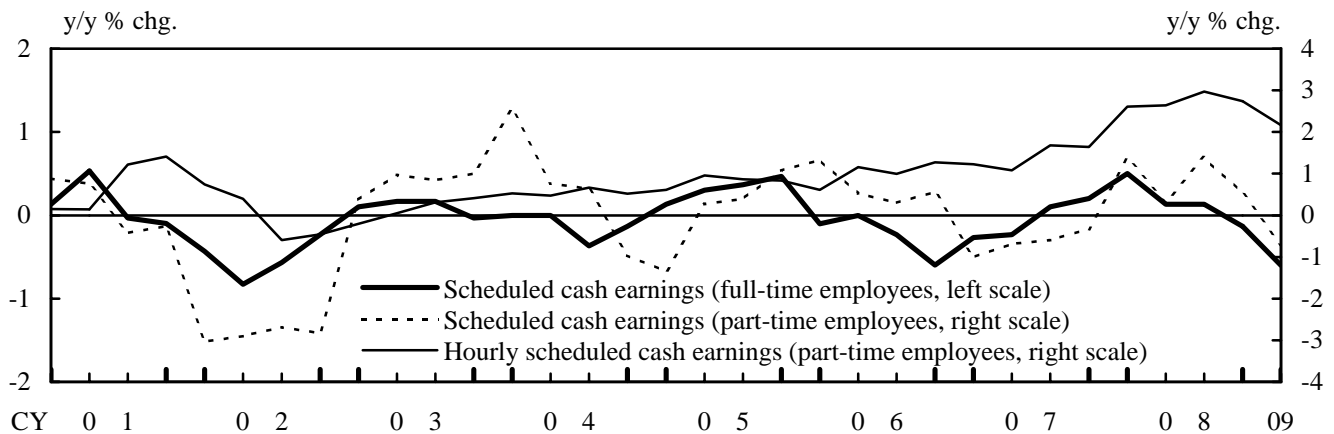
Source: Ministry of Economy, Trade and Industry, "Indices of Industrial Production."

Employee Income

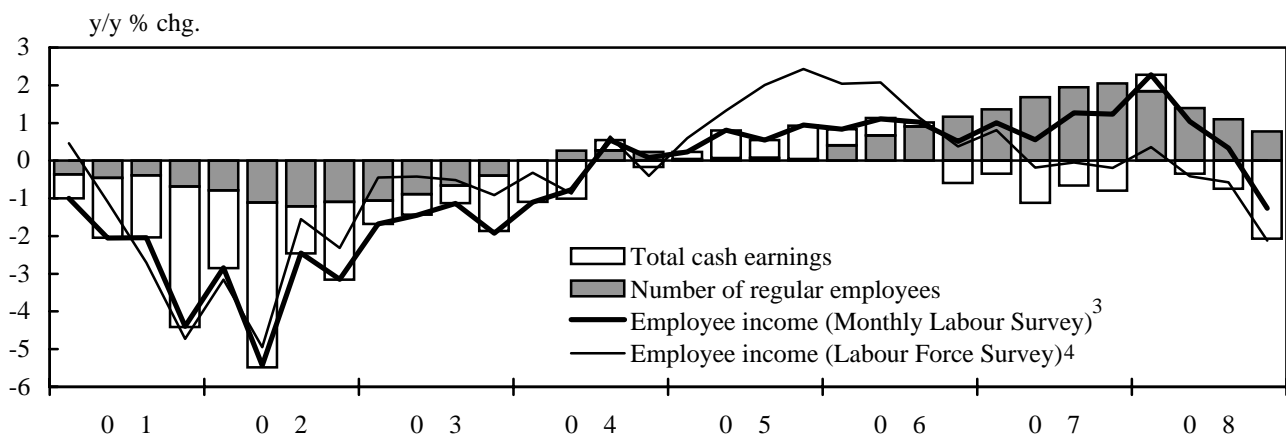
(1) Breakdown of Total Cash Earnings<sup>1,2</sup>



(2) Scheduled Cash Earnings<sup>1,5</sup>



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

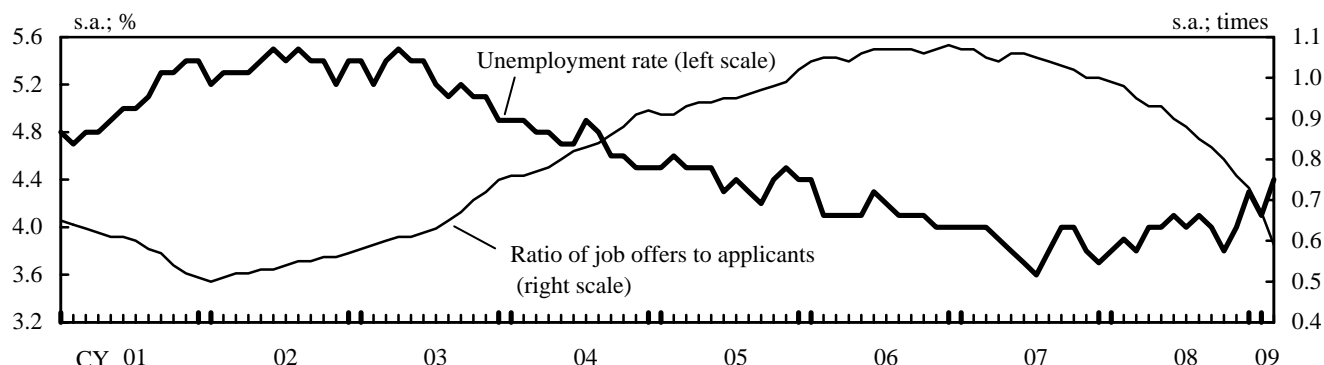


- Notes: 1. Data are for establishments with at least five employees.  
 2. Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.  
 3. Calculated as the number of regular employees (Monthly Labour Survey) times total cash earnings (Monthly Labour Survey).  
 4. Calculated as the number of employees (Labour Force Survey) times total cash earnings (Monthly Labour Survey).  
 5. Figures for 2009/Q1 are those of January-February averages.

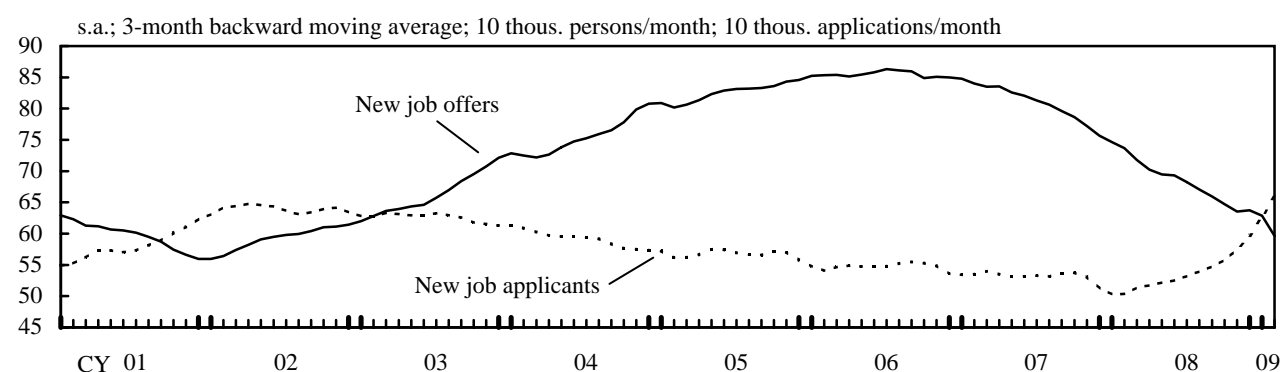
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";  
 Ministry of Internal Affairs and Communications, "Labour Force Survey."

Labor Market (1)

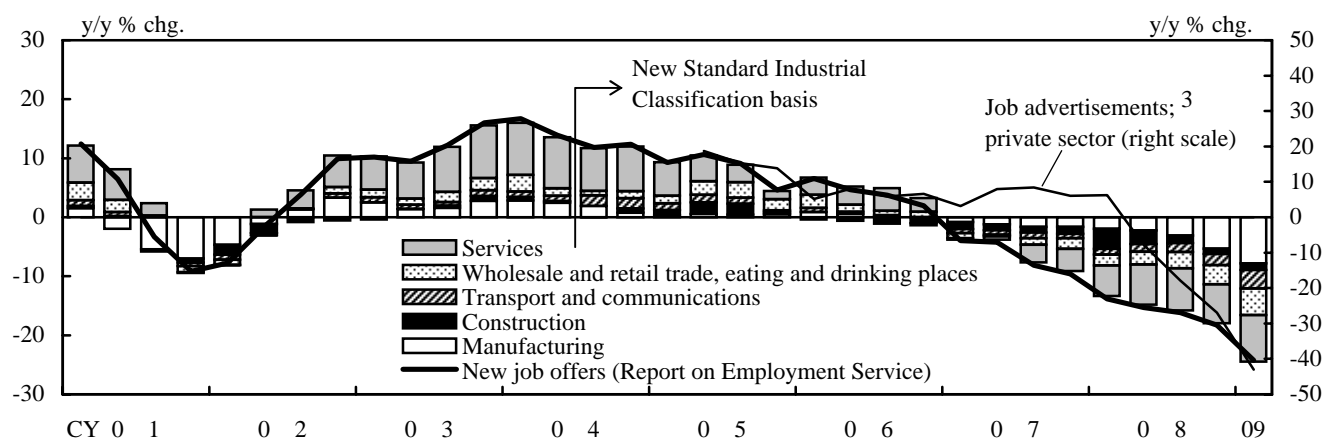
(1) Unemployment Rate and Ratio of Job Offers to Applicants



(2) New Job Offers and New Job Applicants<sup>1</sup>



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

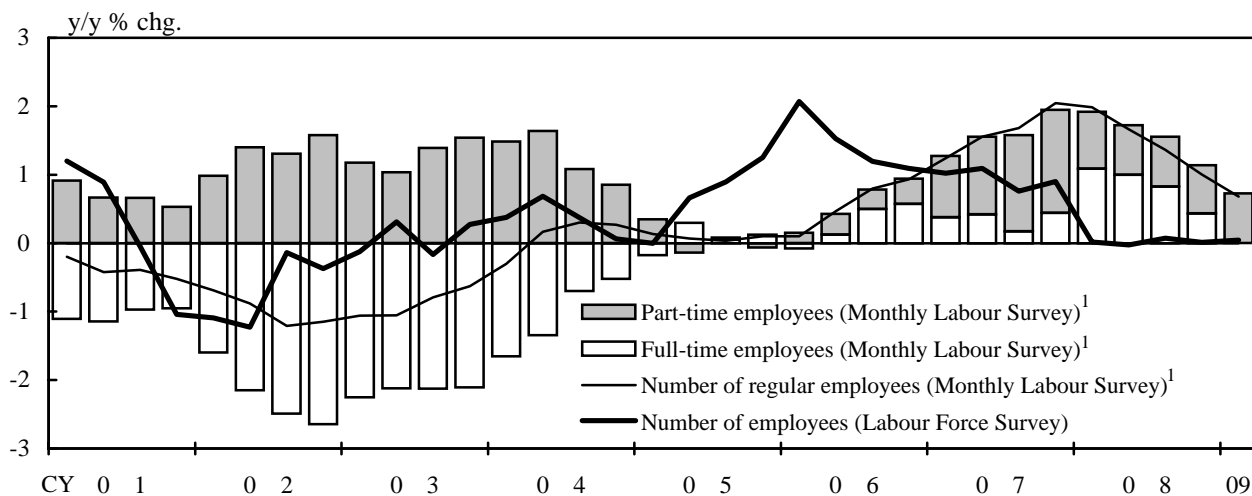


- Notes: 1. Figures do not include jobs offered to new graduates, but include those offered to part-time workers.  
 2. Figures up to 2004/Q2 are based on the previous Standard Industrial Classification. Figures from 2004/Q3 are based on the new Standard Industrial Classification. To keep the continuation 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 2009/Q1 are those of January-February averages.

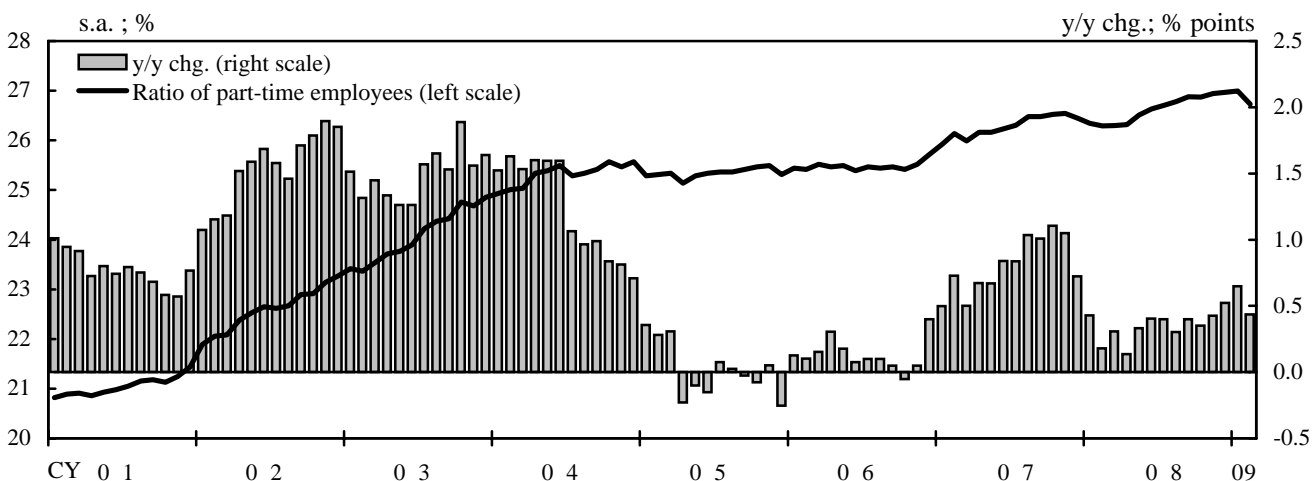
Sources: Ministry of Health, Labour and Welfare, "Report on Employment Service";  
 Ministry of Internal Affairs and Communications, "Labour Force Survey";  
 Association of Job Information of Japan, "Kyujin Koukoku Keisaiensu (Survey of Job Advertisements)."

Labor Market (2)

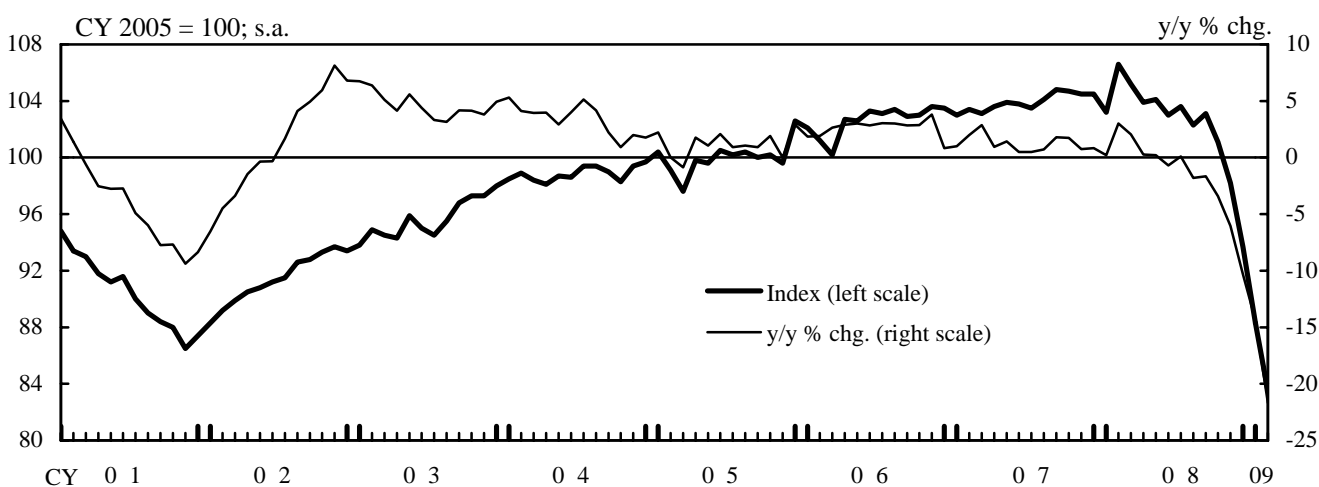
(1) Number of Employees<sup>3</sup>



(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.

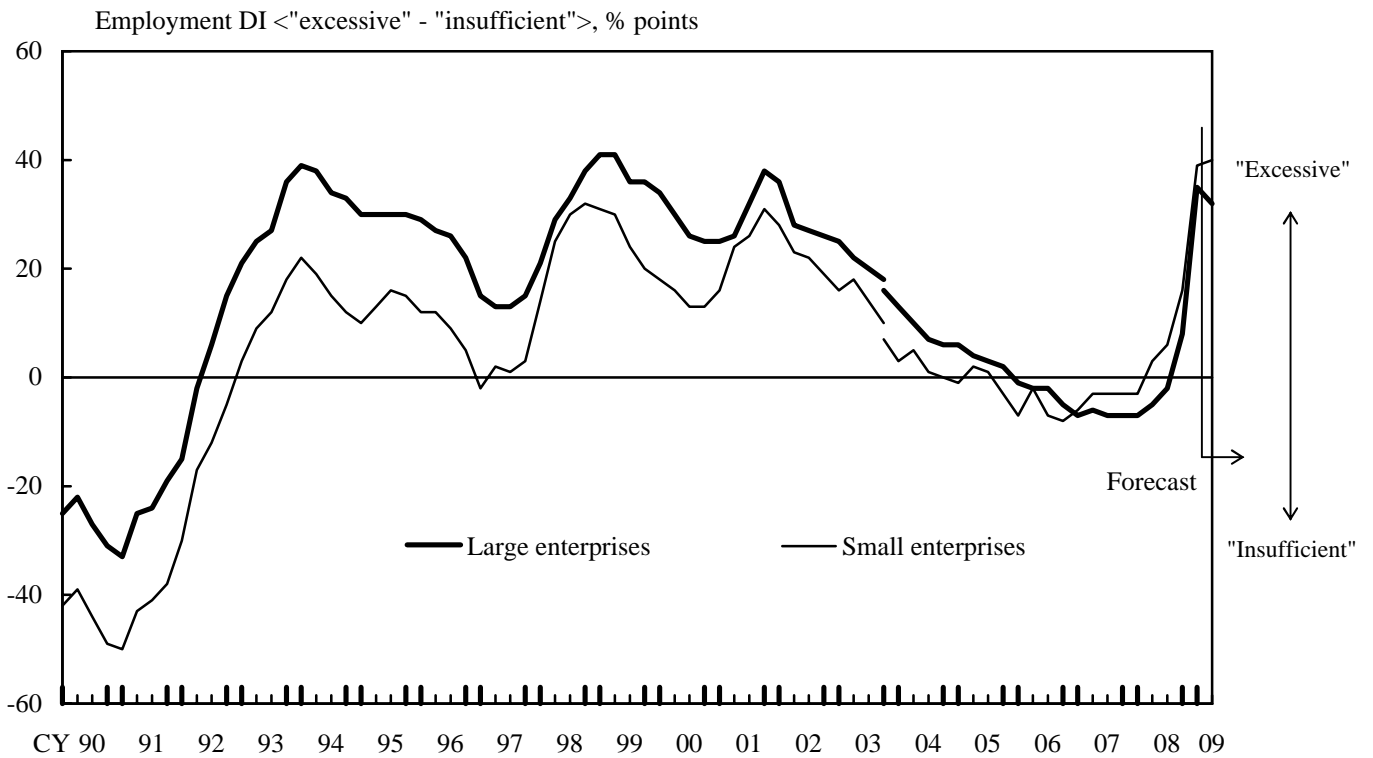
2. The ratio of part-time employees is calculated as the number of part-time employees divided by the number of regular employees times 100.

3. Figures for 2009/Q1 are those of January-February averages.

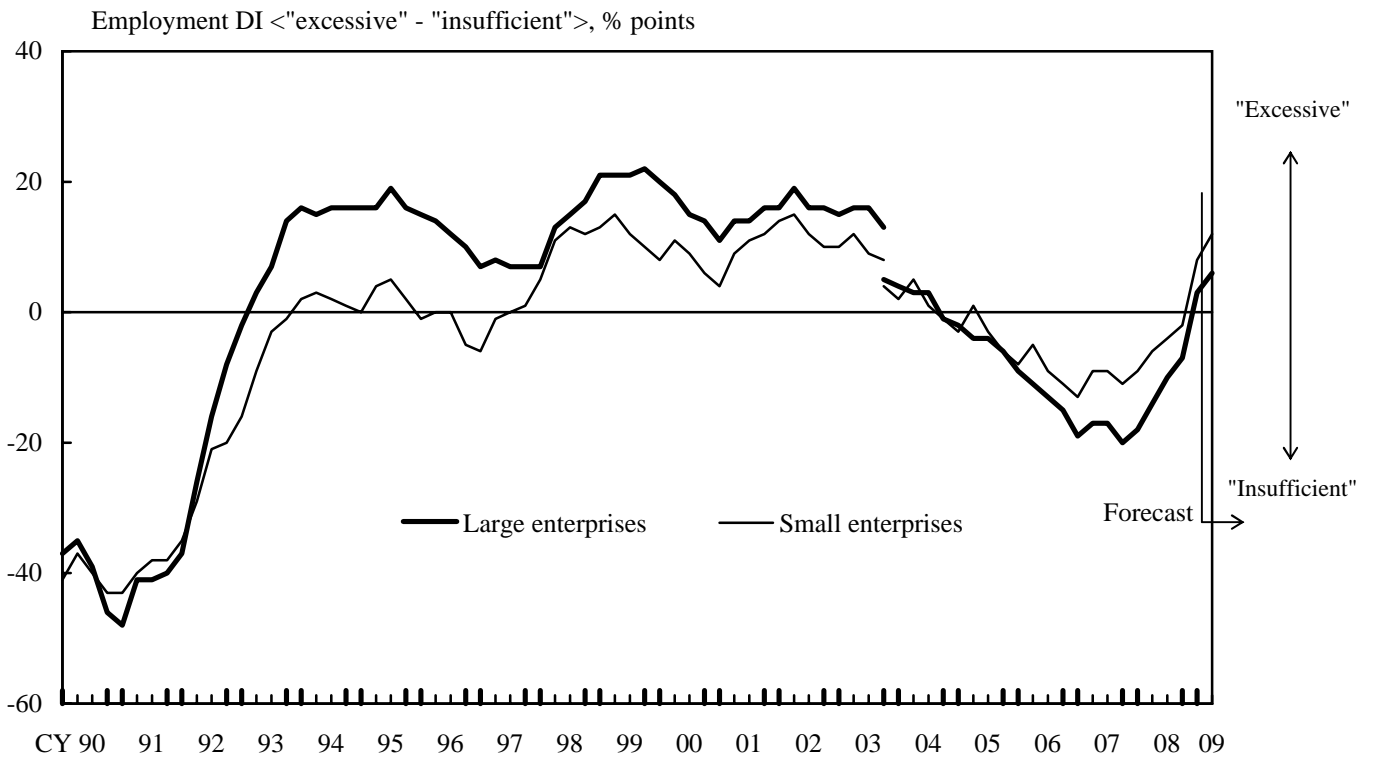
Sources: Ministry of Health, Labour and Welfare, "Monthly Labour Survey";  
Ministry of Internal Affairs and Communications, "Labour Force Survey."

Employment Conditions

(1) Manufacturing



(2) Nonmanufacturing

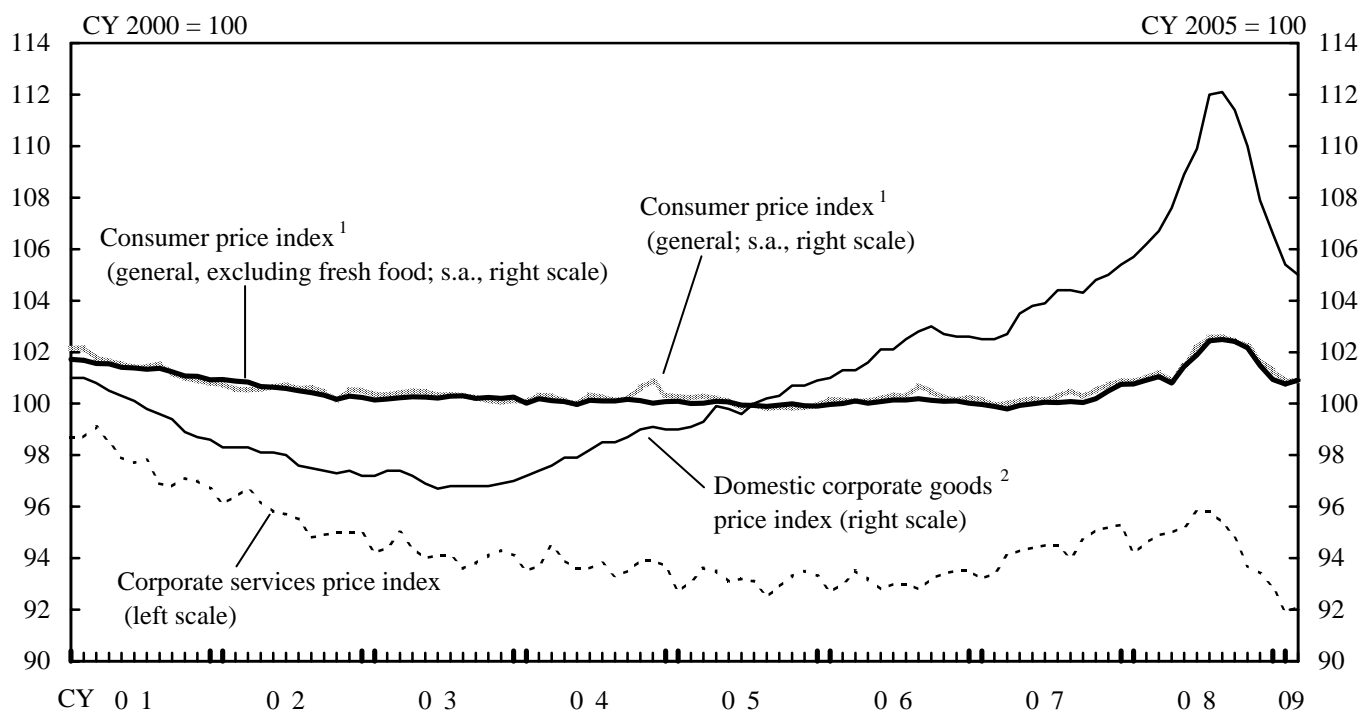


Note: The *Tankan* has been revised from the March 2004 survey. Figures up to the December 2003 survey are based on the previous data sets. Figures from the December 2003 survey are on a new basis.

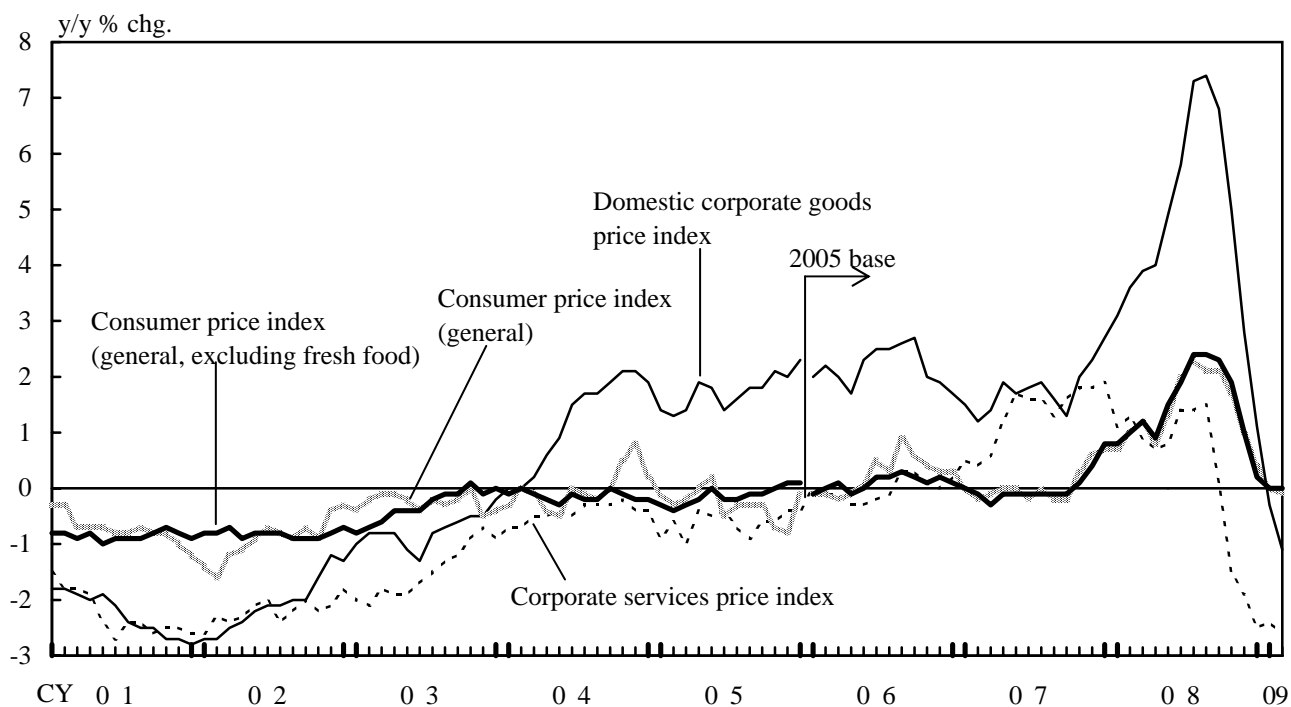
Source: Bank of Japan, "*Tankan* , Short-term Economic Survey of Enterprises in Japan."

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.

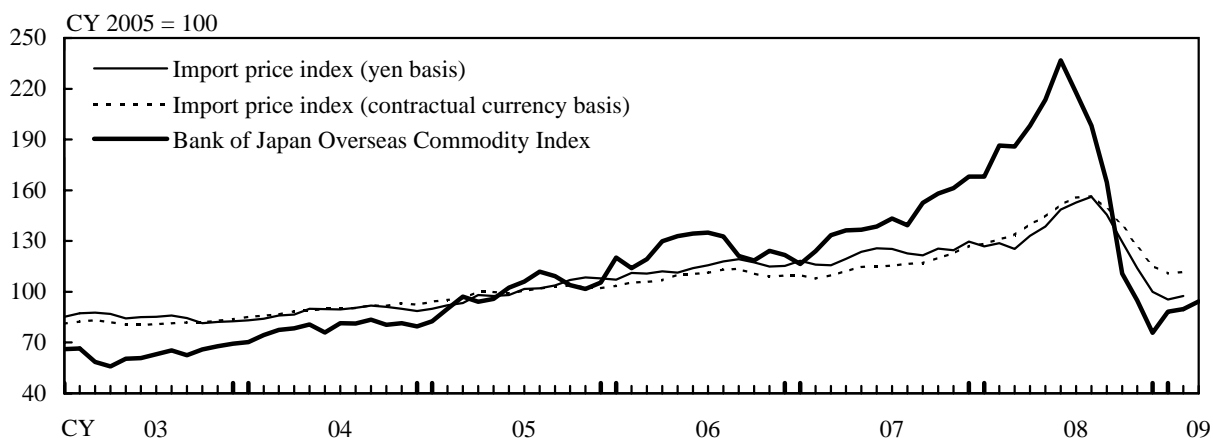
3. From CY2001 up to CY 2005, CGPI and CPI are calculated on the 2000 base.

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

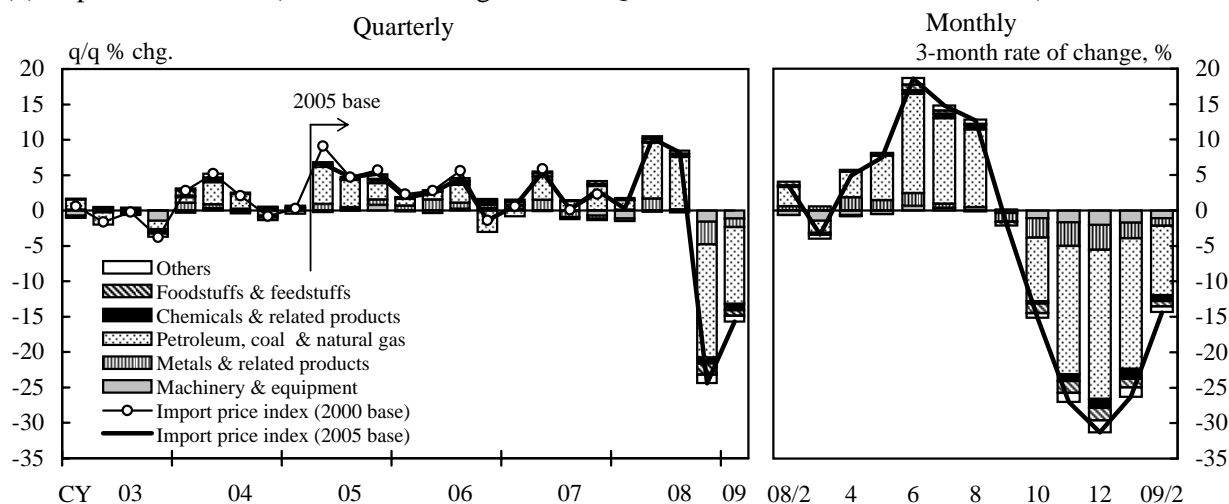
Bank of Japan, "Corporate Goods Price Index," "Wholesale Price Indexes," "Corporate Services Price Index."

## Import Prices and International Commodity Prices

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

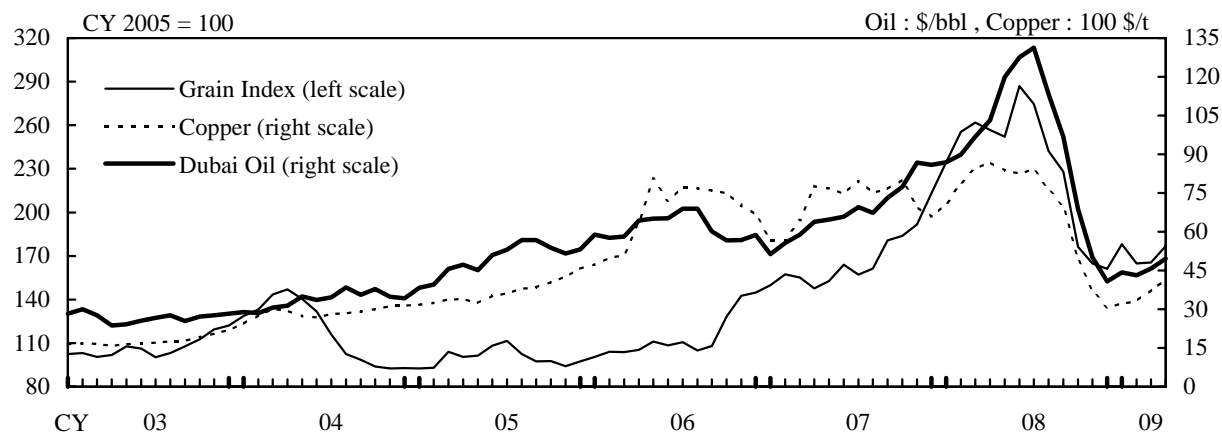


### (2) Import Price Index (Yen Basis, Changes from a Quarter Earlier and 3 Months Earlier)



- Notes: 1. Machinery & equipment: general machinery, electric & electronic products, transportation equipment, precision instruments.  
 2. Figures for 2009/Q1 are January-February averages. Figures for 2007/Q4 on the 2000 base are those of October.

### (3) International Commodity Prices

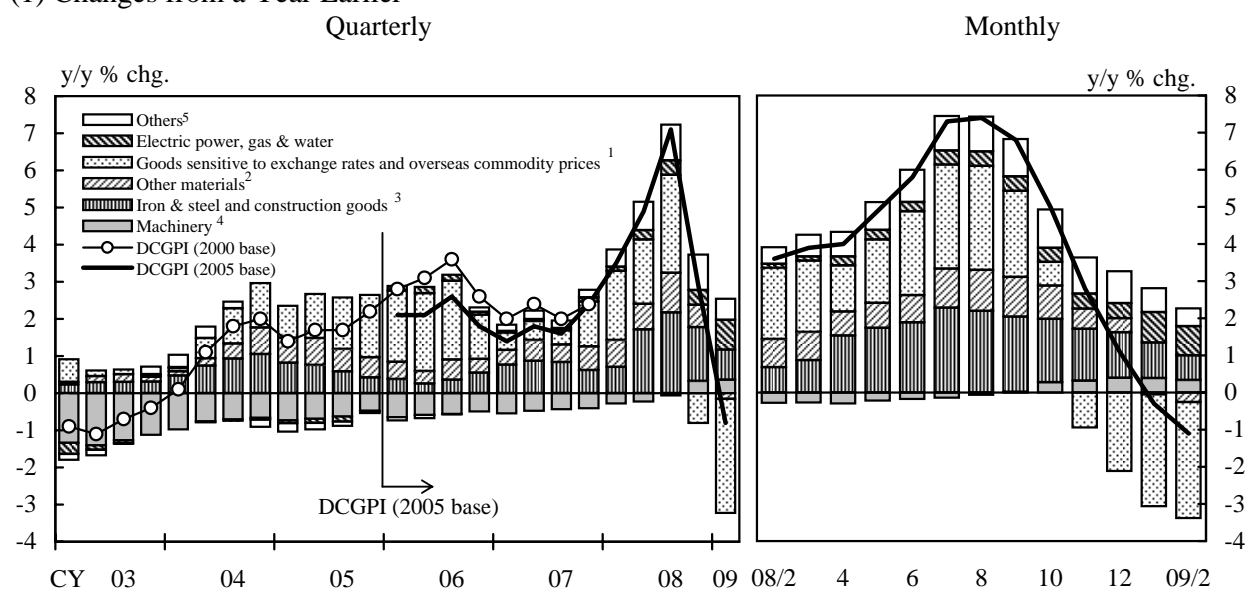
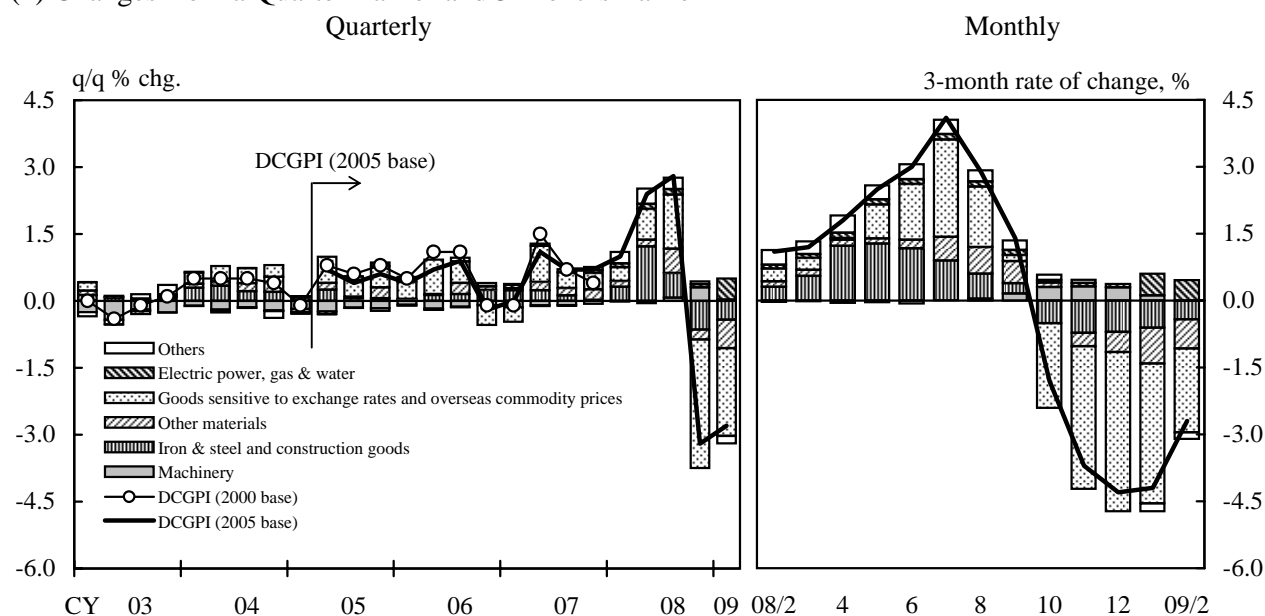


- Notes: 1. The Grain Index is the weighted average of prices of three selected items (wheat, soybeans, corn) in overseas commodity markets. The weights are based on the Value of Imports in the Trade Statistics of Japan.  
 2. Monthly averages. Figures for April 2009 are the averages up to April 6.

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

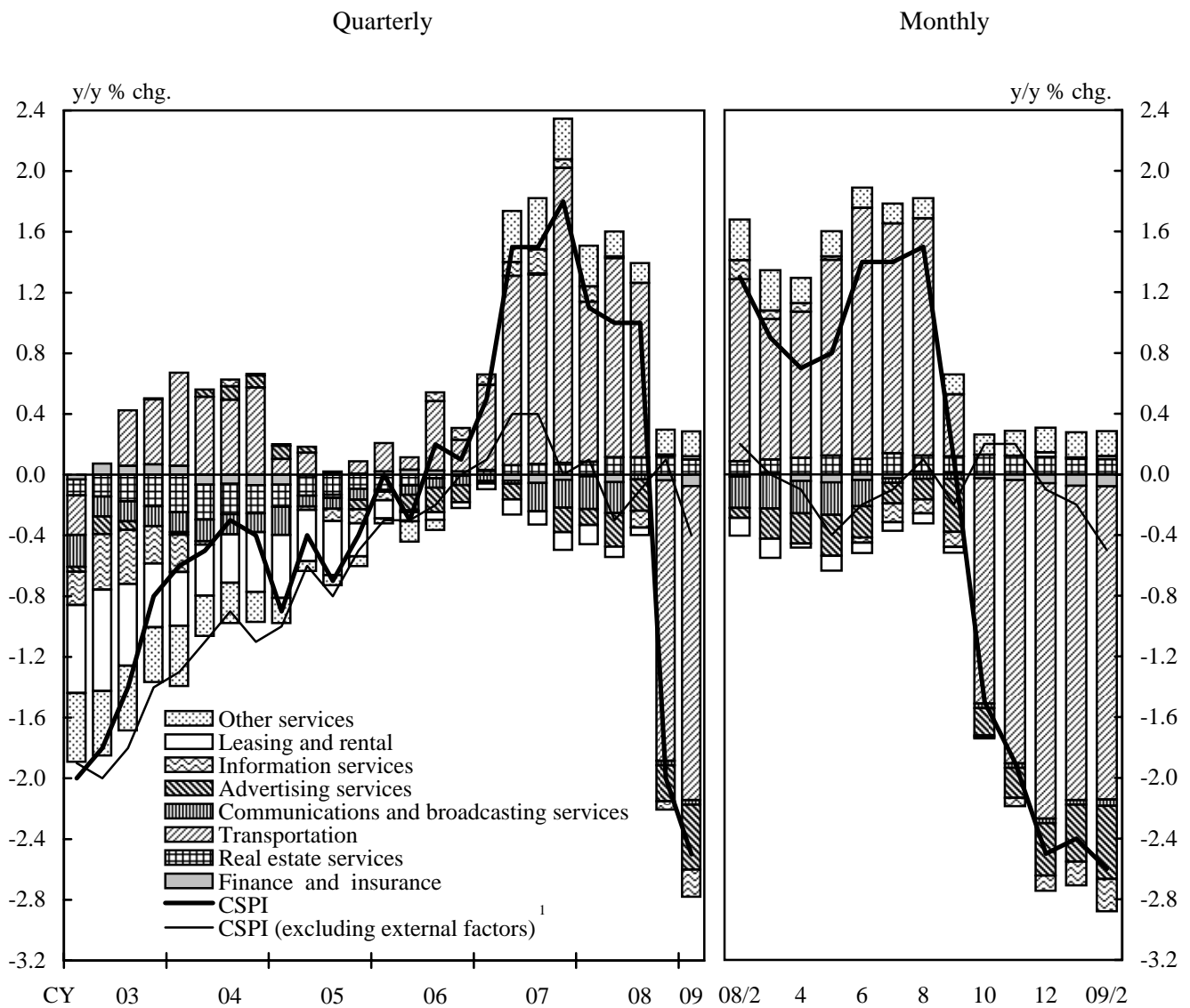
(2) Changes from a Quarter Earlier and 3 Months Earlier<sup>6</sup>

- Notes: 1. Goods sensitive to exchange rates and overseas commodity prices: petroleum & coal products, nonferrous metals.
2. Other materials: chemicals & related products, 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 & equipment, information & communications equipment, electronic components & devices, general machinery & equipment, transportation equipment, precision instruments.
5. Others: processed foodstuffs, other manufacturing industry products, agriculture, forestry & fishery products, minerals.
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 2009/Q1 are January-February averages. Figures for 2007/Q4 on the 2000 base are those of October.

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



Corporate Services Price Index

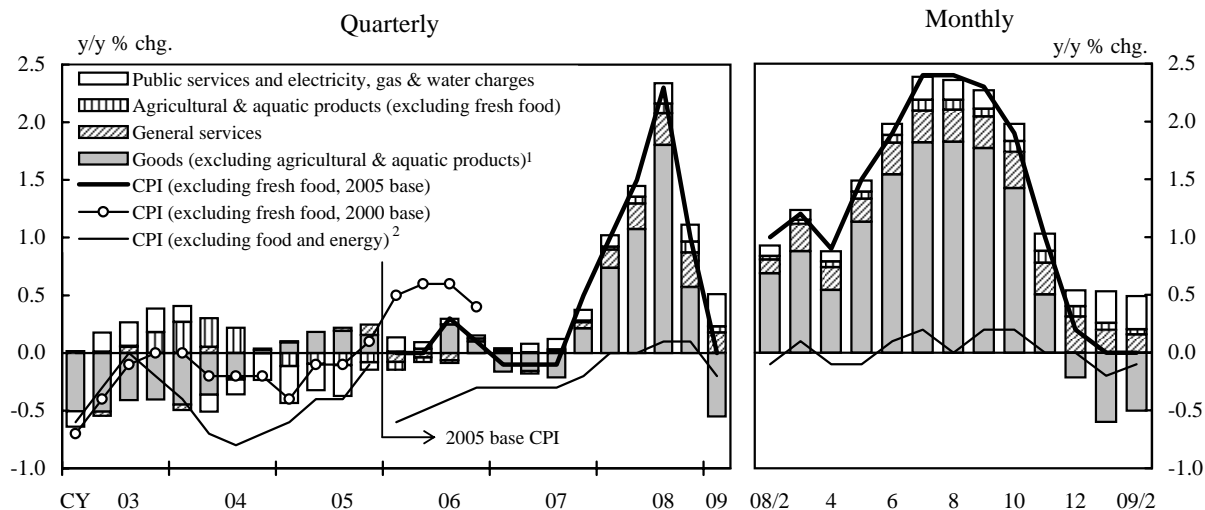


- Notes: 1. External factors: international air passenger transportation, ocean liner, ocean tramper, ocean tanker, oceangoing ship chartering services, and international air freight.  
 2. Figures of components indicate contributions to changes in CSPI.  
 3. Figures for 2009/Q1 are January-February averages.

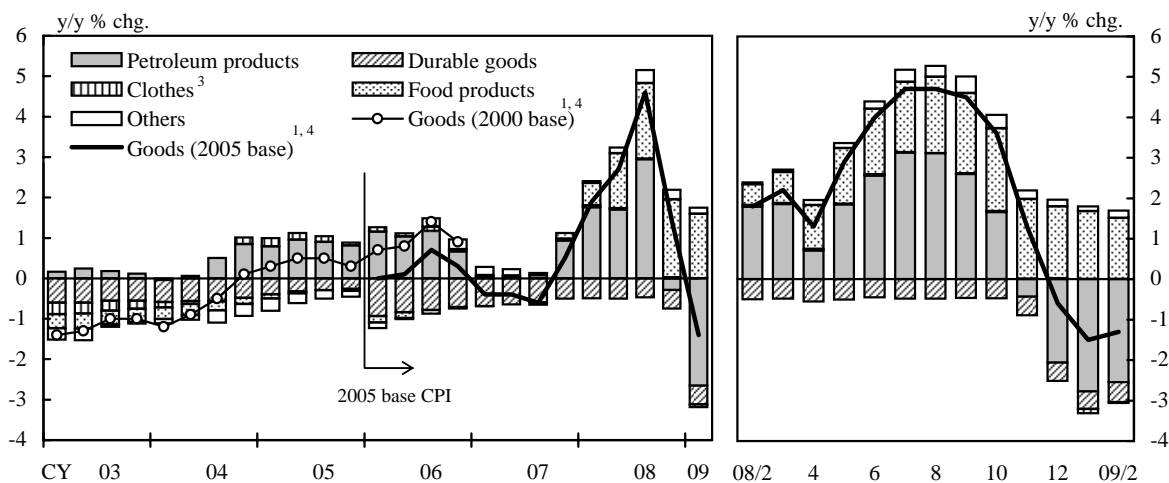
Source: Bank of Japan, "Corporate Services Price Index."

Consumer Price Index (Excluding Fresh Food)

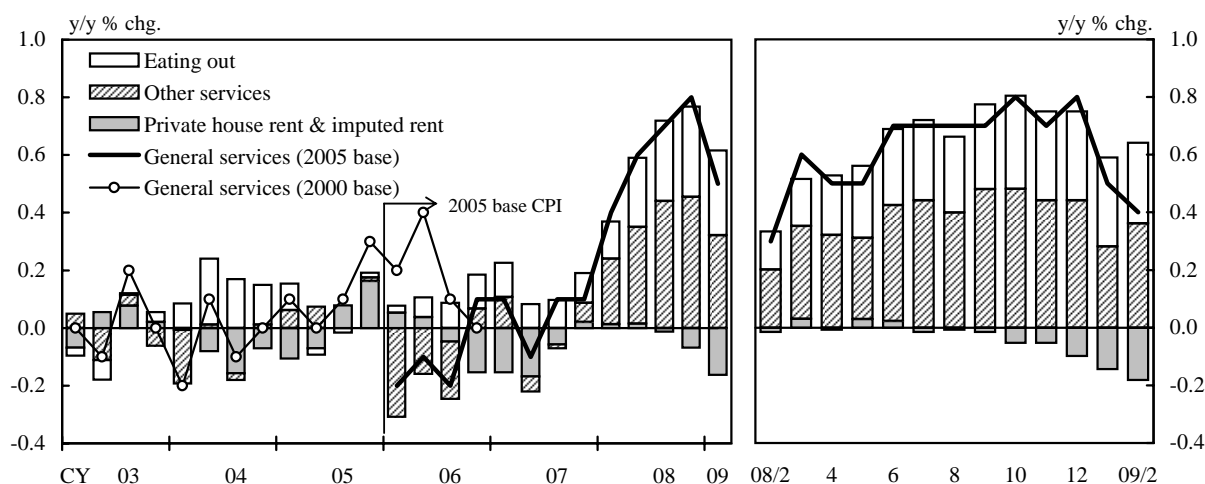
(1) Consumer Price Index (Excluding Fresh Food)



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



(3) General Services

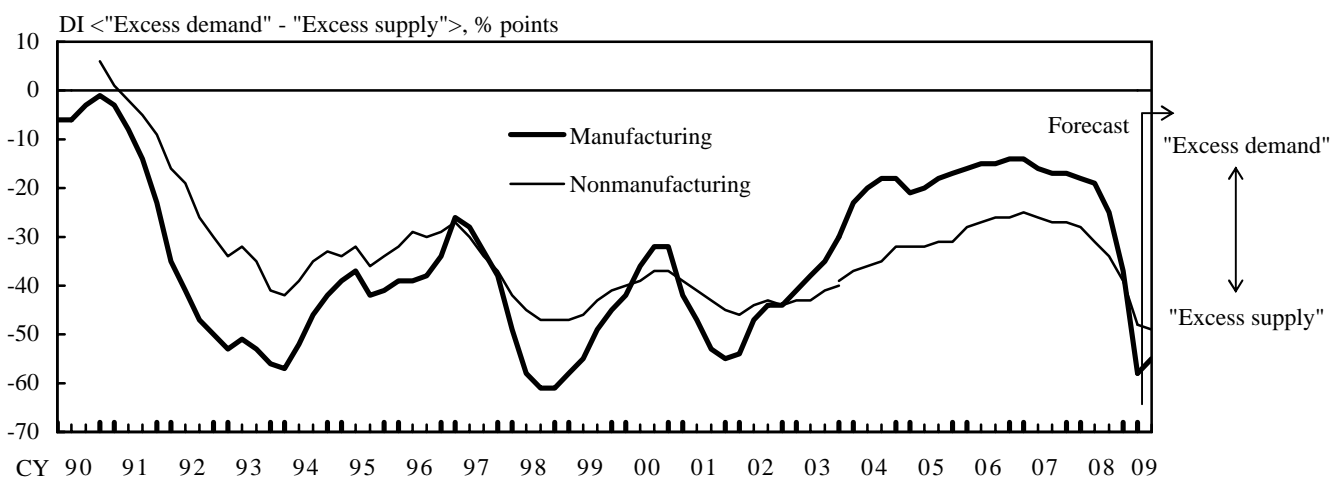
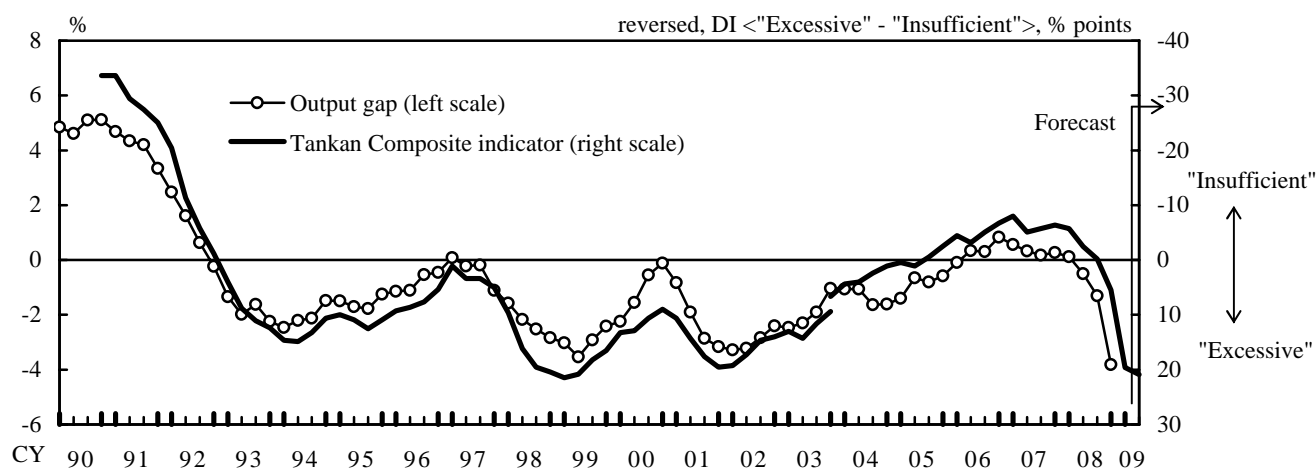


- Notes: 1. The items are basically the same as the definition published by the Ministry of Internal Affairs and Communications. However, electricity, gas & water charges are excluded from goods.  
 2. Alcoholic beverages are excluded from food.  
 Energy: electricity, gas manufactured & piped, liquefied propane, kerosene, and gasoline.  
 3. Including shirts, sweaters & underwear.  
 4. Excluding agricultural & aquatic products.  
 5. Figures for 2009/Q1 are January-February averages.

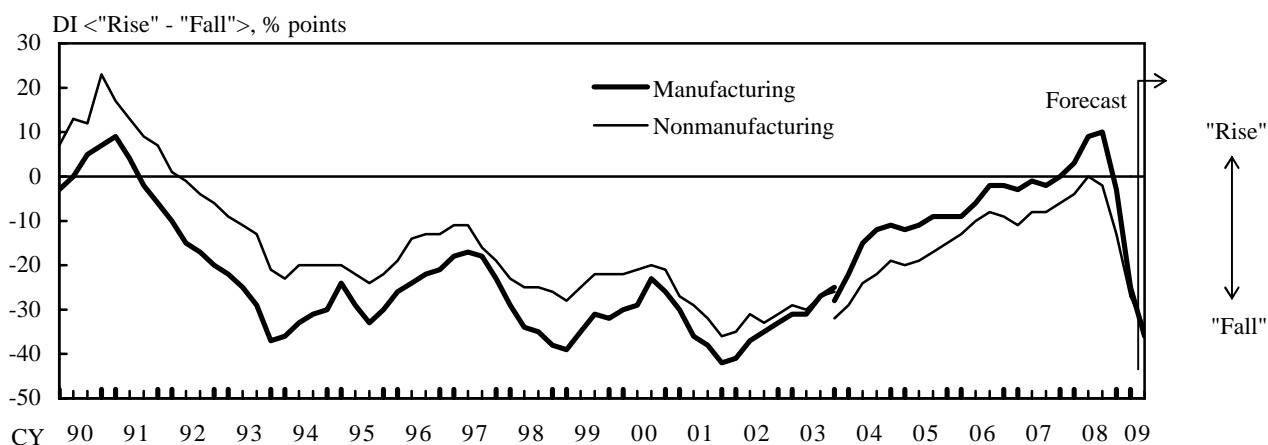
Source: Ministry of Internal Affairs and Communications, "Consumer Price Index."

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 1990-2007 averages of capital and labor shares in national accounts are used as the weight.

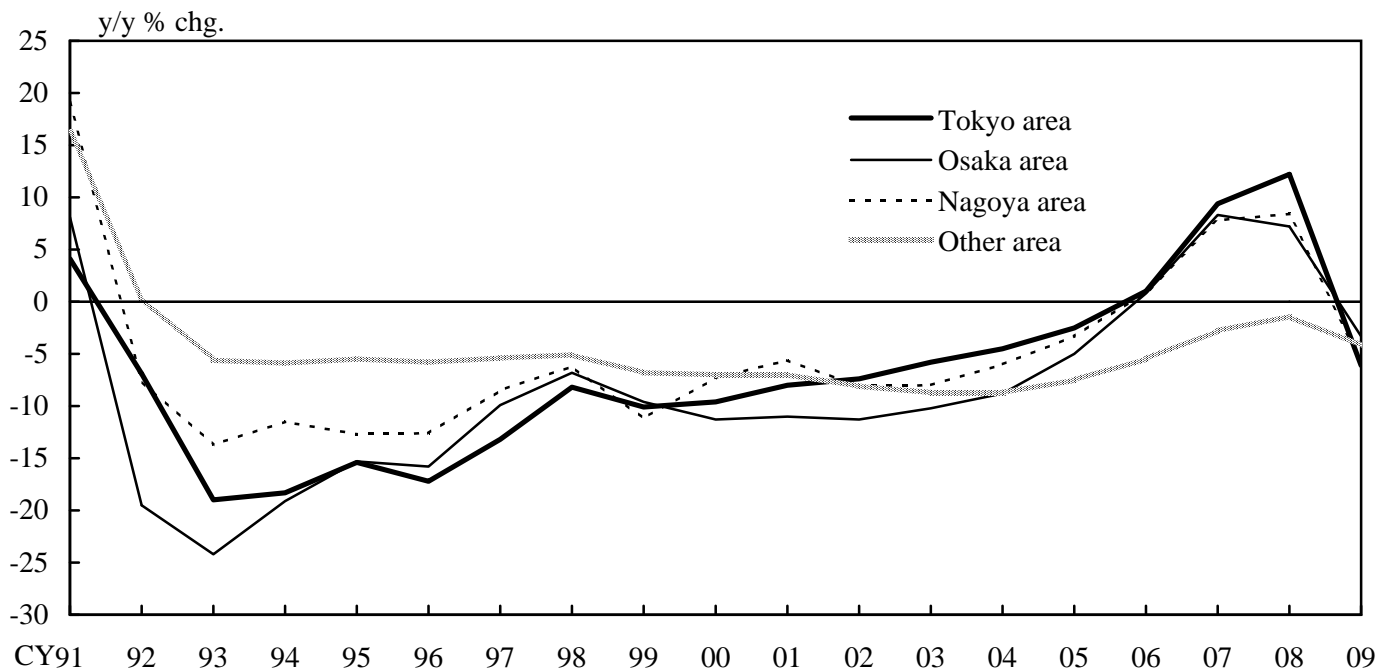
3. The output gap is estimated by the Research and Statistics Department, Bank of Japan. Since the estimation of the output gap includes various errors, considerable latitude should be allowed for this estimation.

Sources: Cabinet Office, "National Accounts";

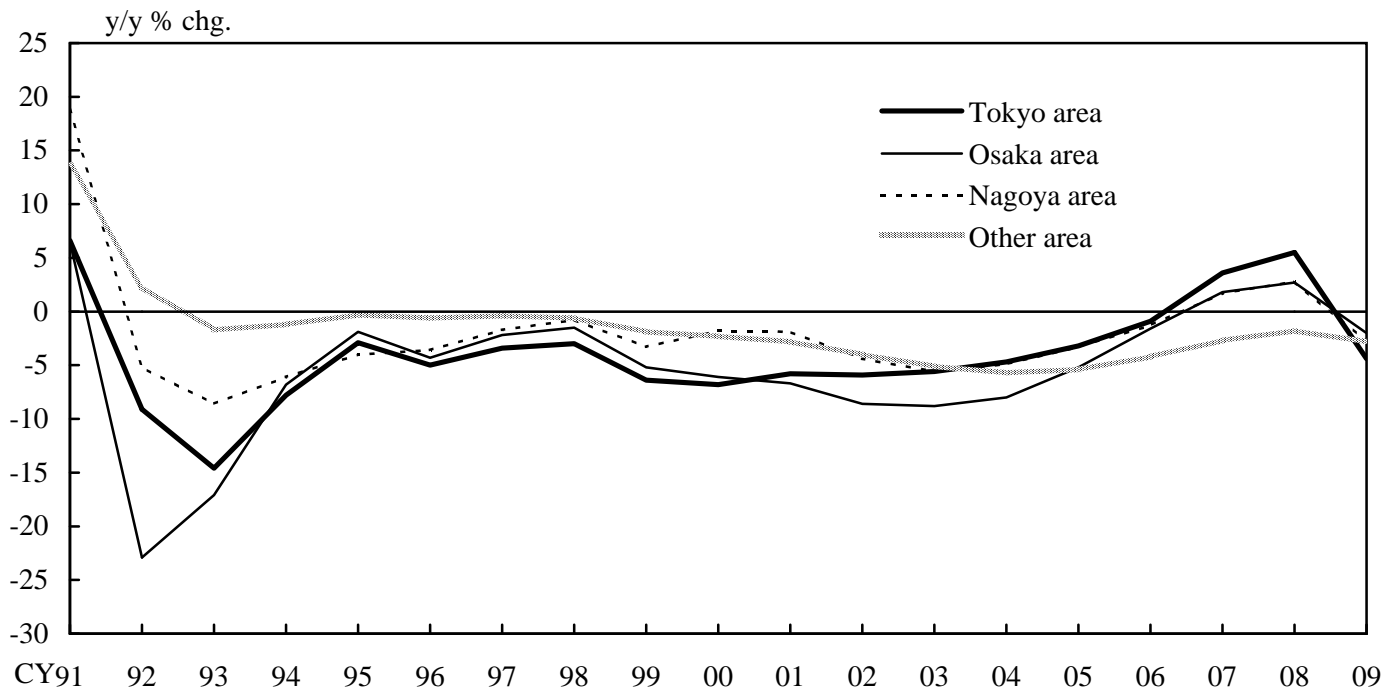
Bank of Japan, "*Tankan*, Short-Term Economic Survey of Enterprises in Japan," etc.

Land Prices

(1) Commercial land



(2) Residential land

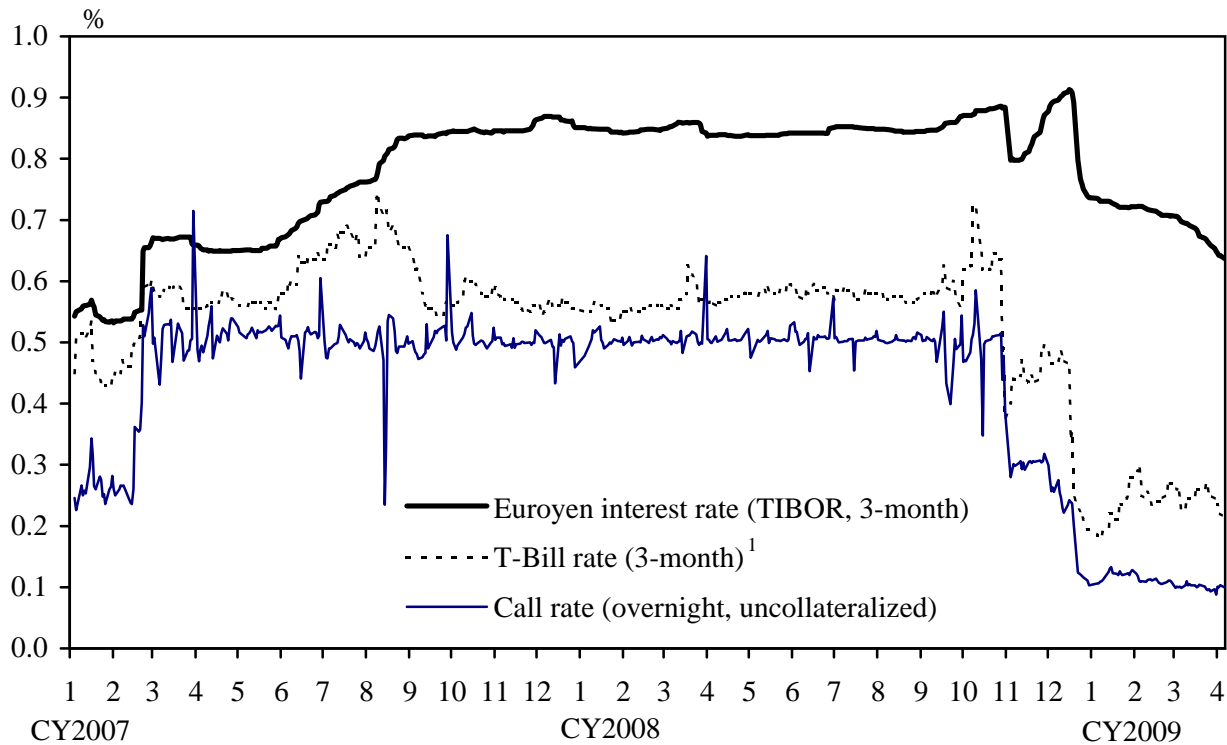


Note: Public Notice of Land Prices, surveyed by the Ministry of Land, Infrastructure, Transport and Tourism, shows the land prices as of January 1st.

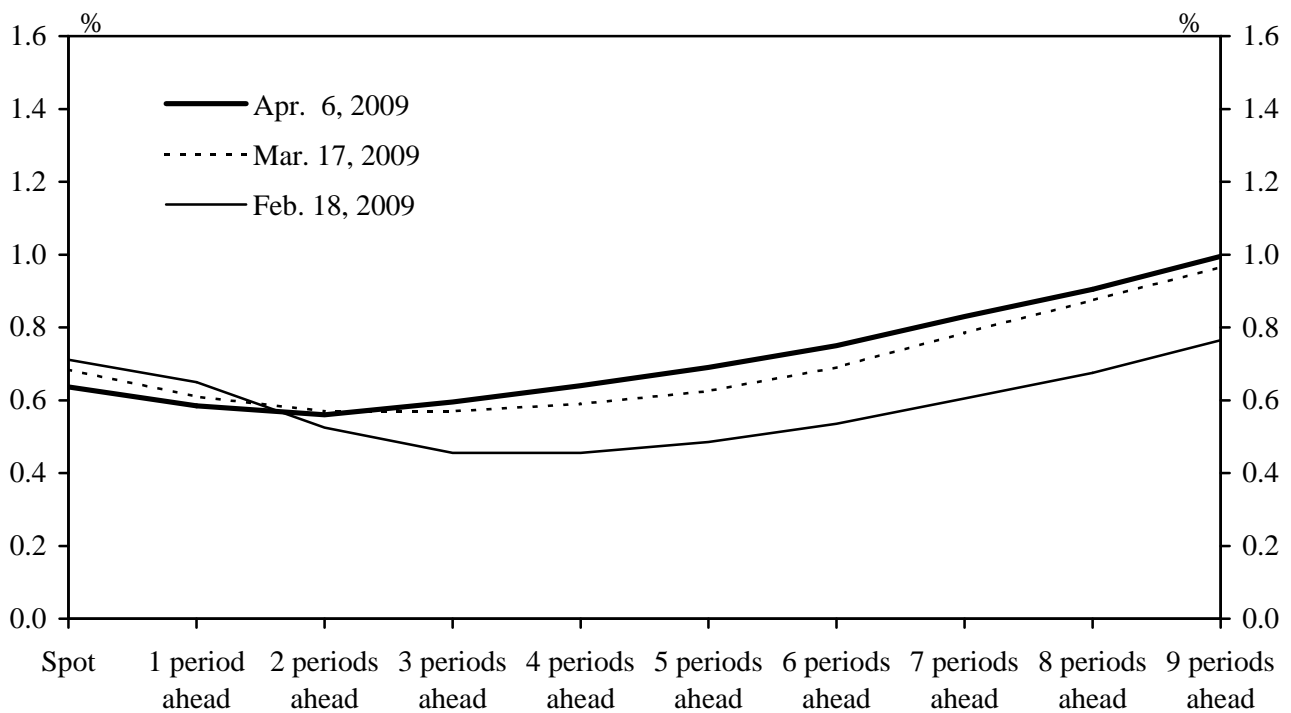
Source: Ministry of Land, Infrastructure, Transport and Tourism, "Public Notice of Land Prices."

Short-Term Interest Rates

(1) Short-Term Interest Rates



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



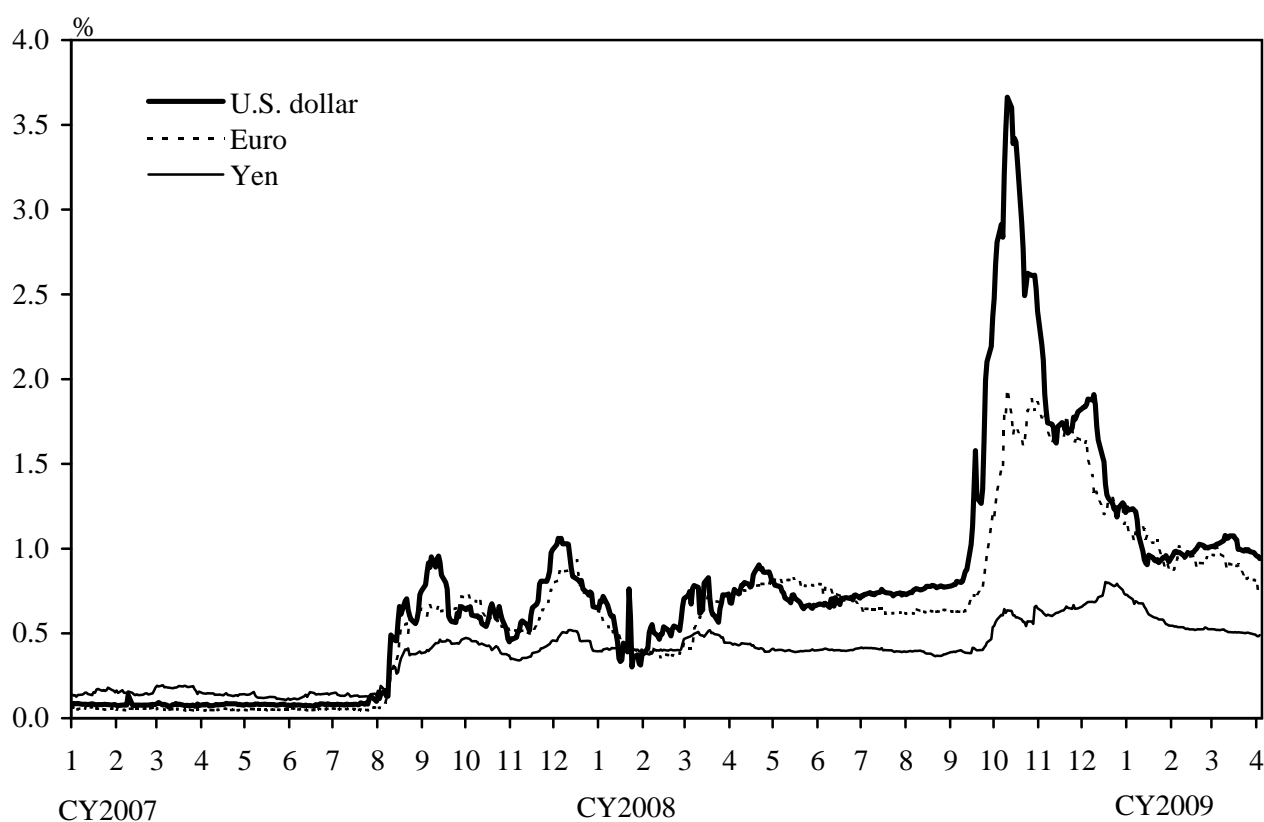
Notes: 1. Rate prior to the integration of FBs and TBs in February 2009 is the FB rate.

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

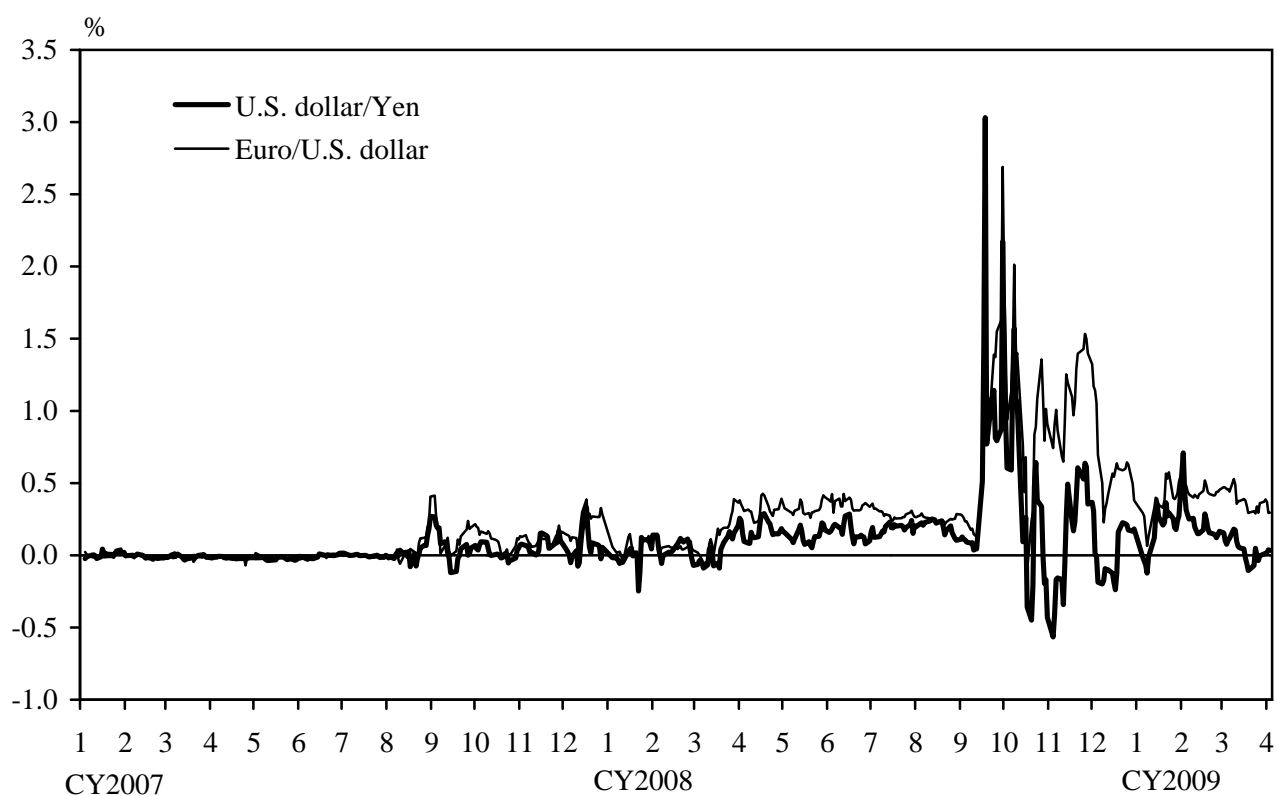
Sources: Japanese Bankers Association; Japan Bond Trading Co., Ltd.; Tokyo Financial Exchange; Bank of Japan.

## Global Money Markets

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

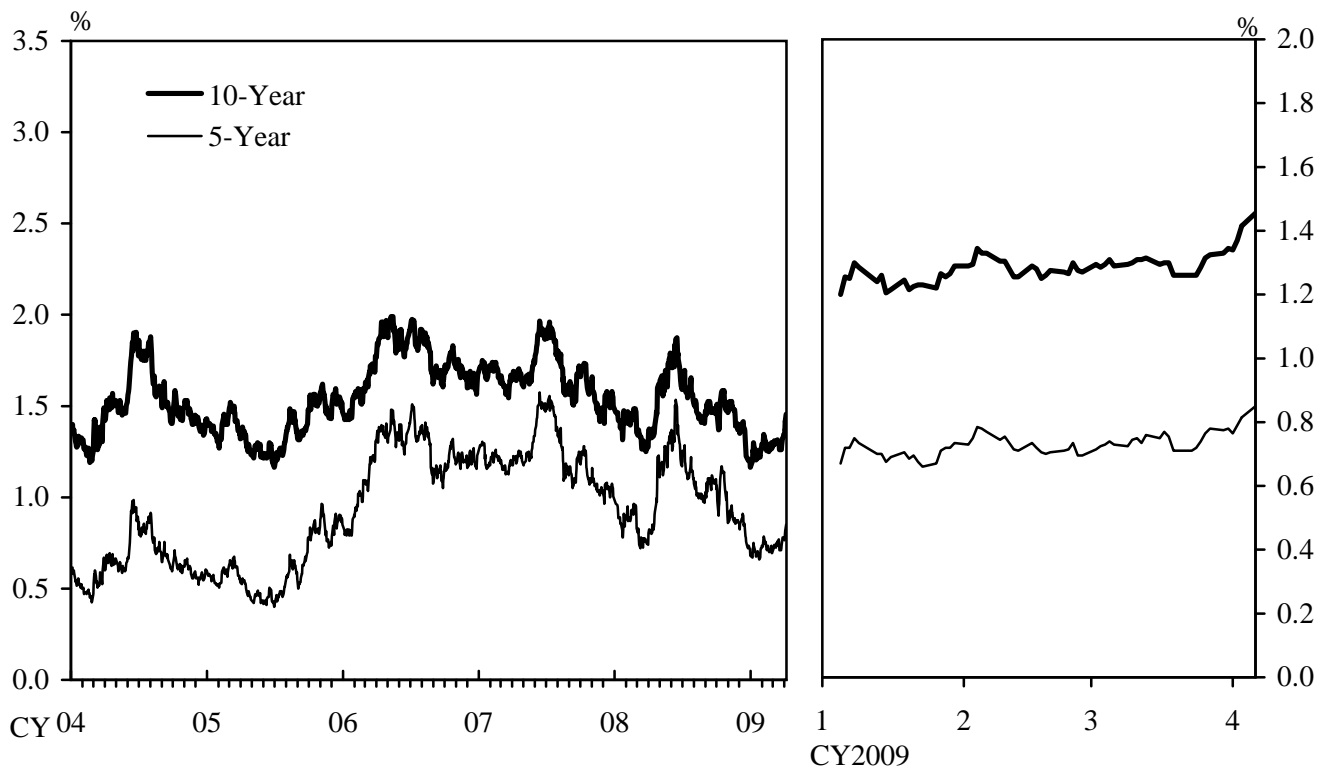


(2) FX swap implied dollar rate - LIBOR spreads (3-month)

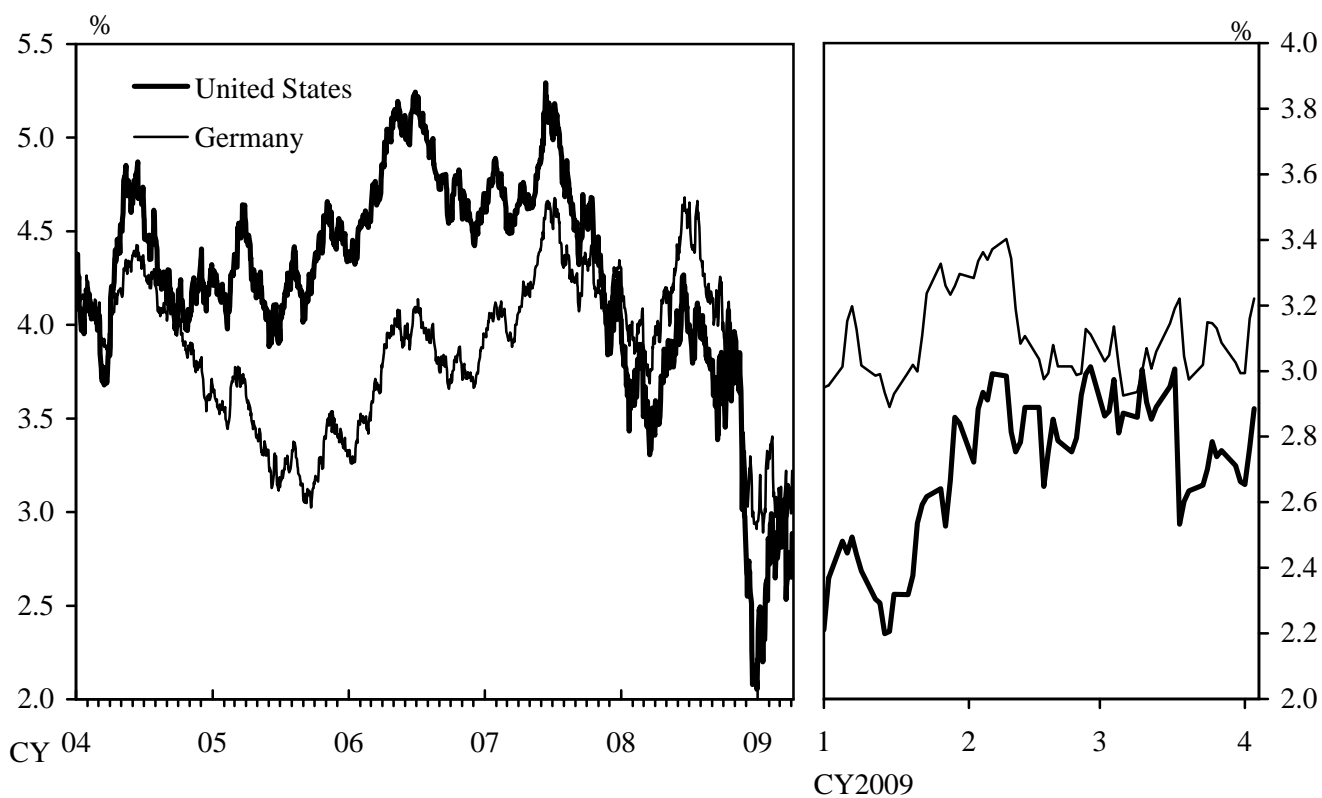


Long-Term Interest Rates

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



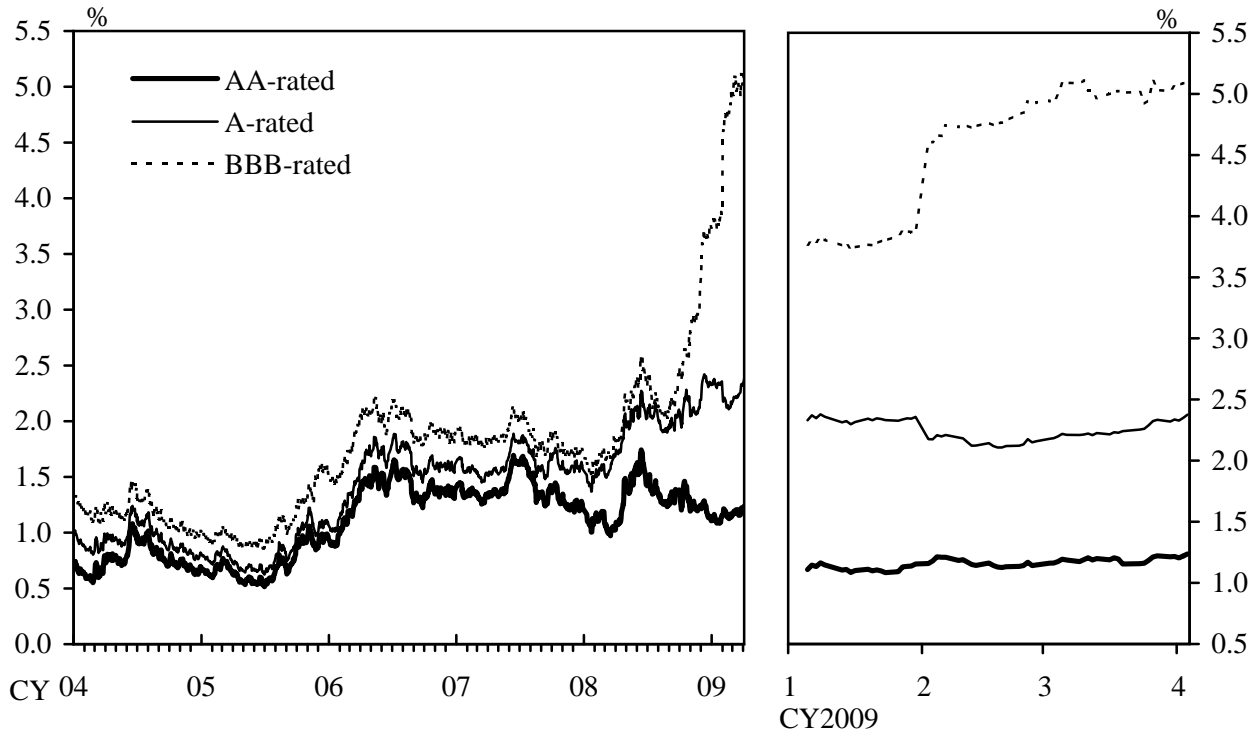
(2) Overseas Government Bond Yields (10-Year)



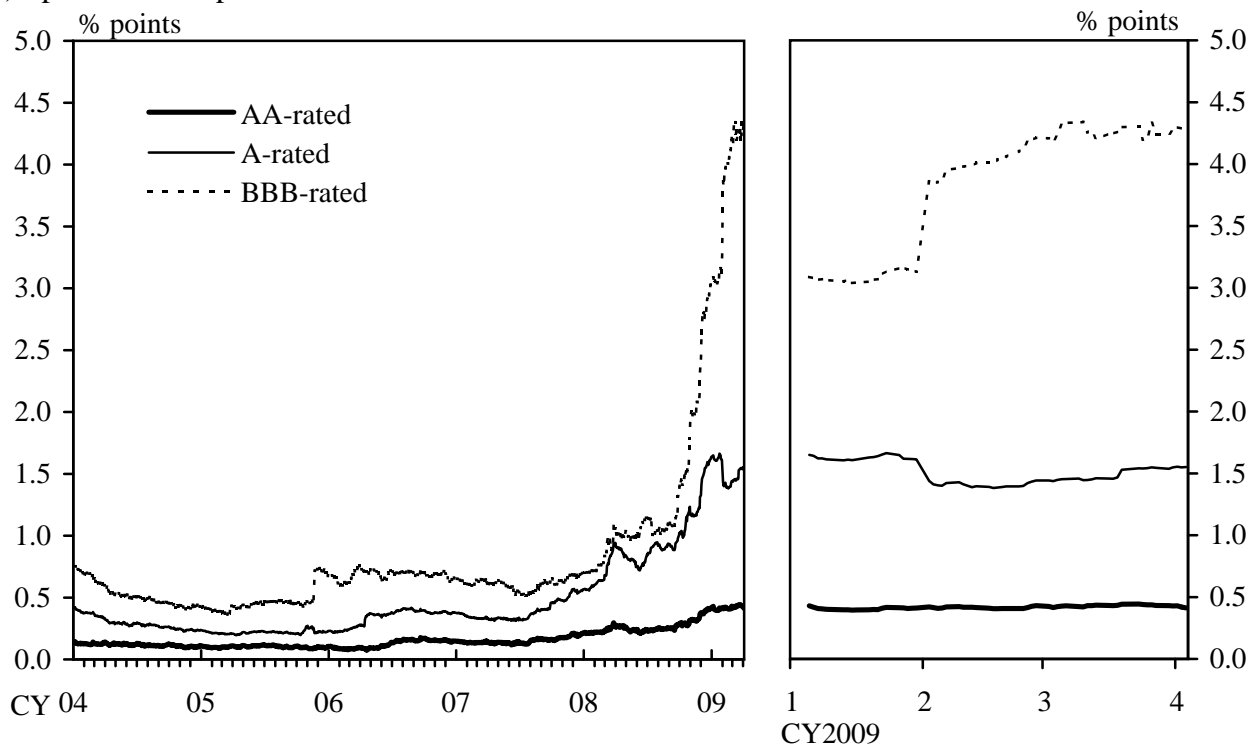
Note: 1. Yields on newly issued bonds.  
Sources: Japan Bond Trading Co., Ltd.; Bloomberg.

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.

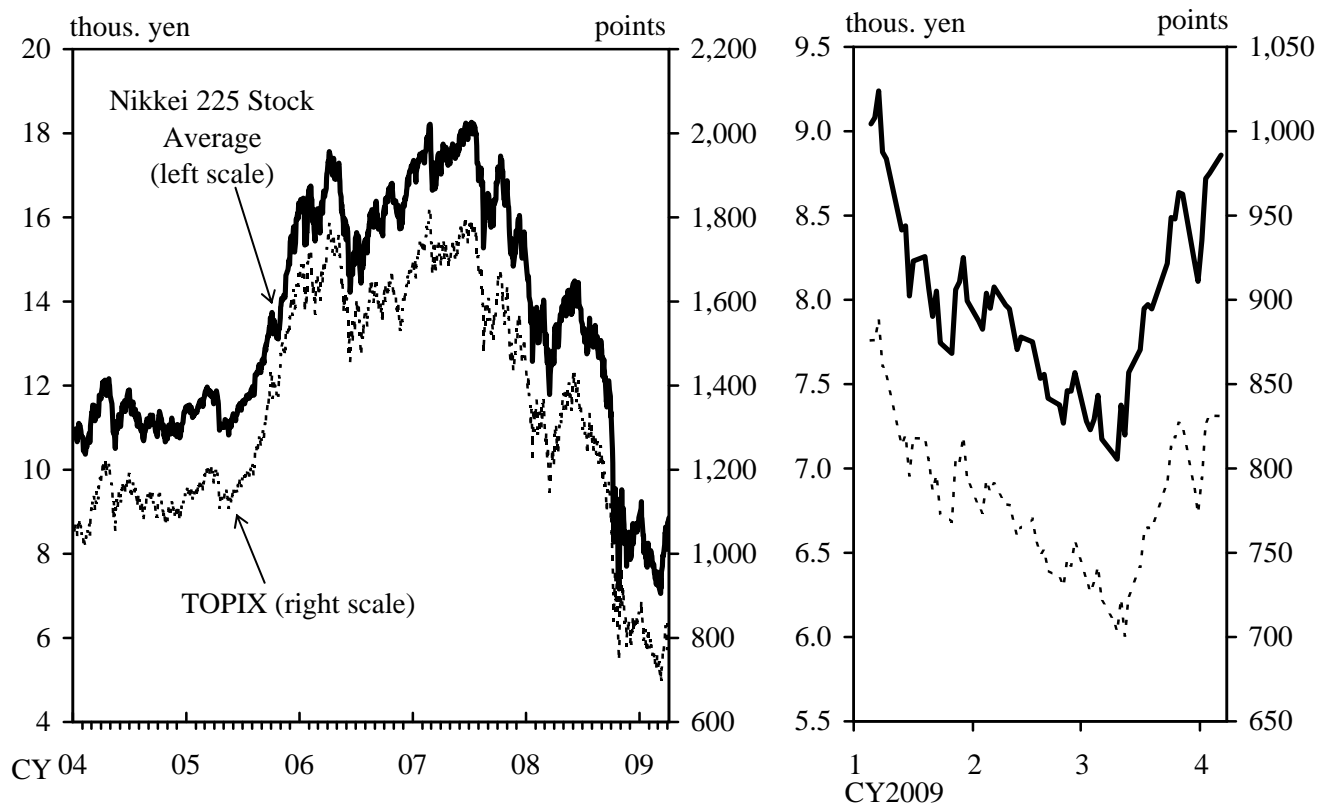
2. The indicated ratings are of Rating and Investment Information, Inc.

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

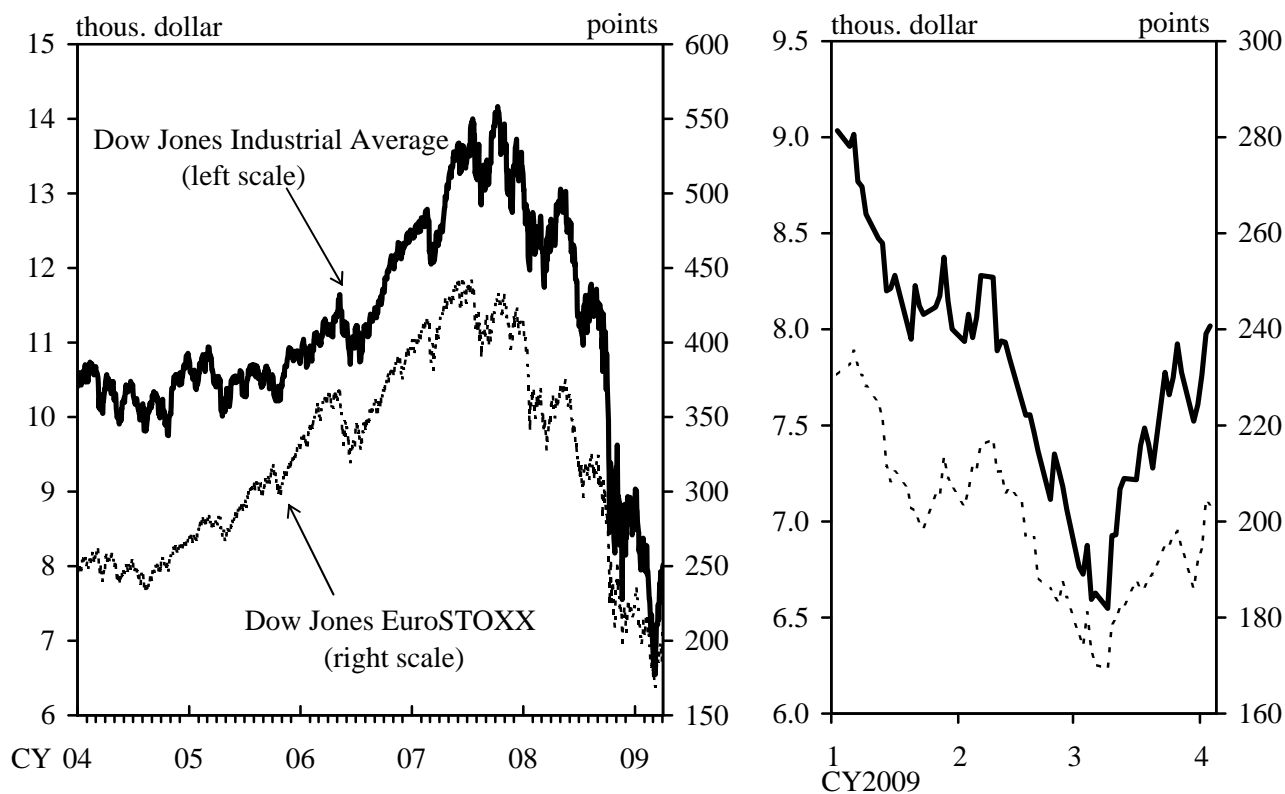


Stock Prices

(1) Japanese Stock Prices



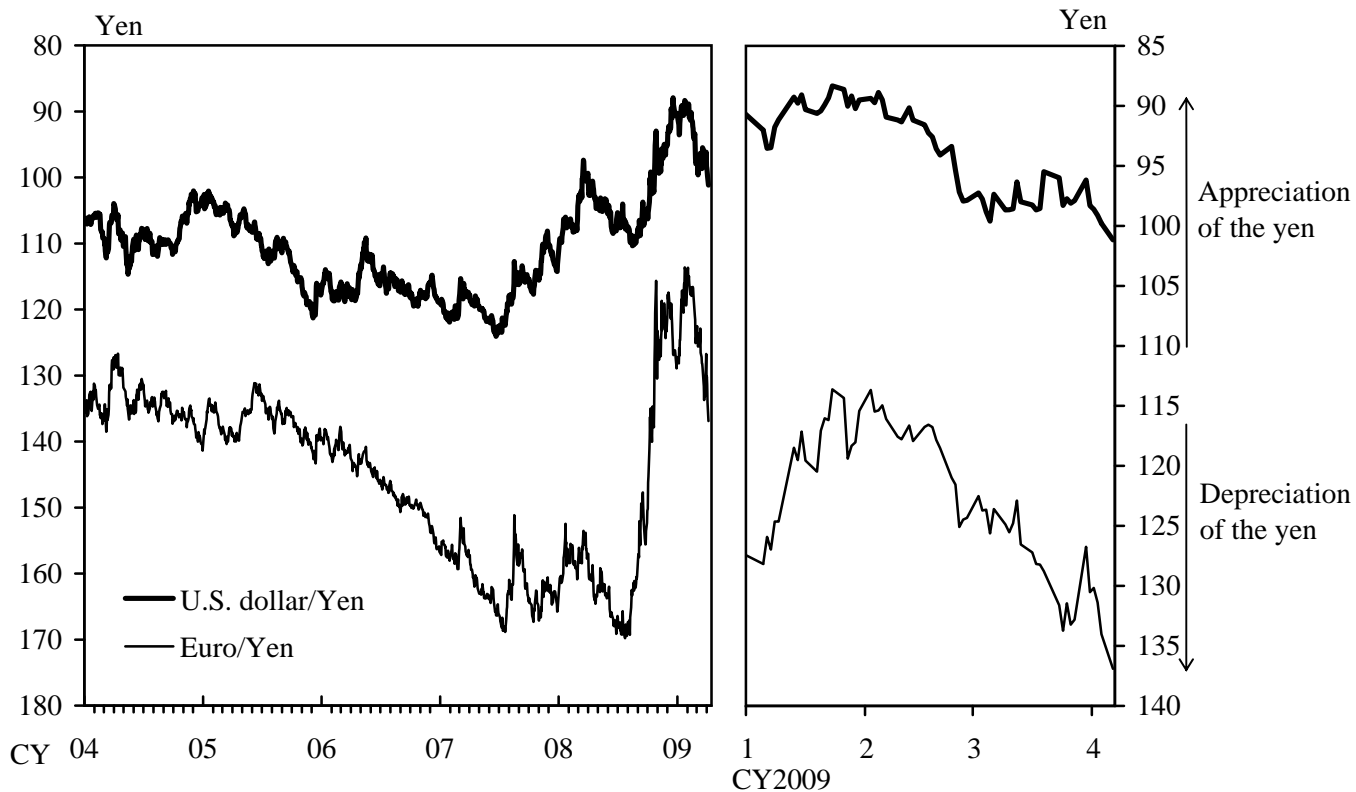
(2) Overseas Stock Prices



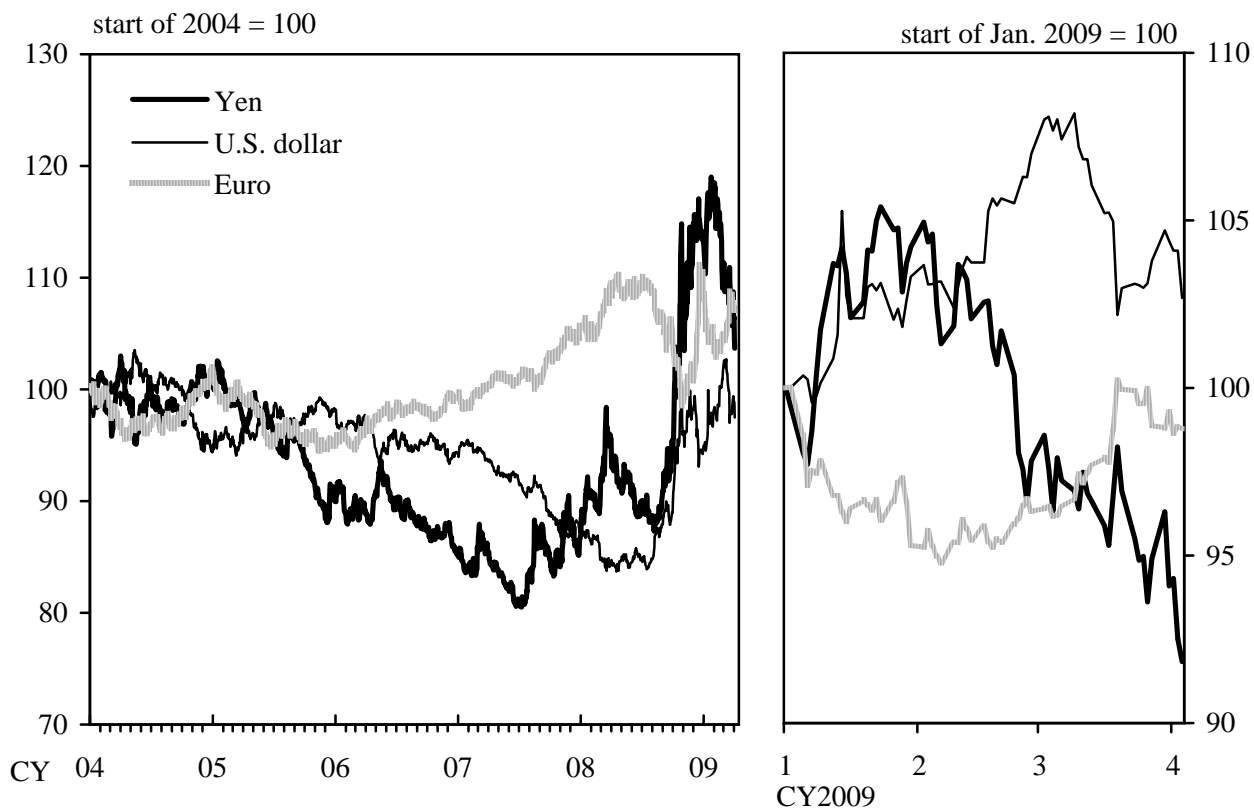
Sources: The *Nihon Keizai Shimbun* ; Tokyo Stock Exchange; Bloomberg.

Exchange Rates

(1) Bilateral Exchange Rates



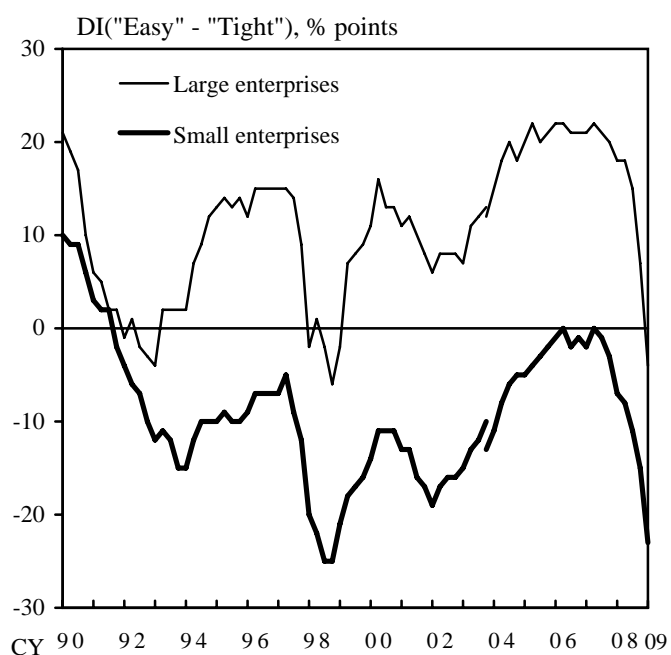
(2) Nominal Effective Exchange Rates



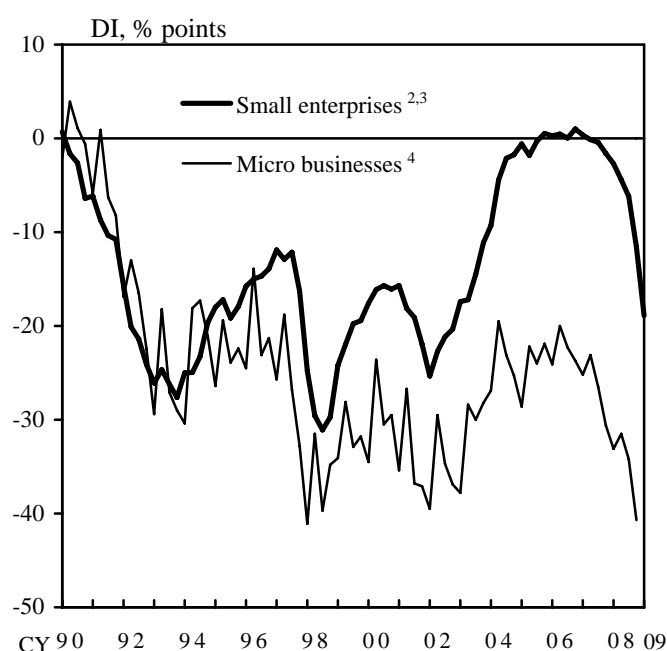
Sources: Bank of Japan; European Central Bank; Bloomberg.

## Corporate Finance-Related Indicators

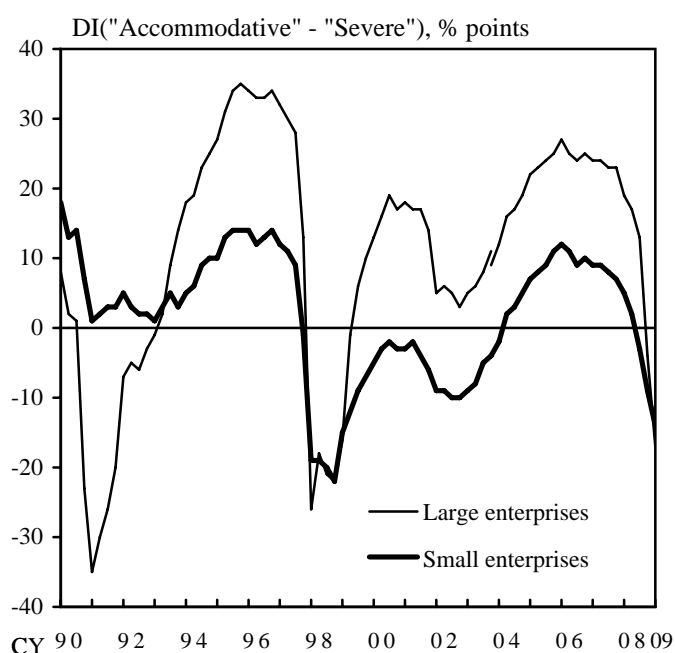
## (1) Financial Position

<Tankan<sup>1</sup>>

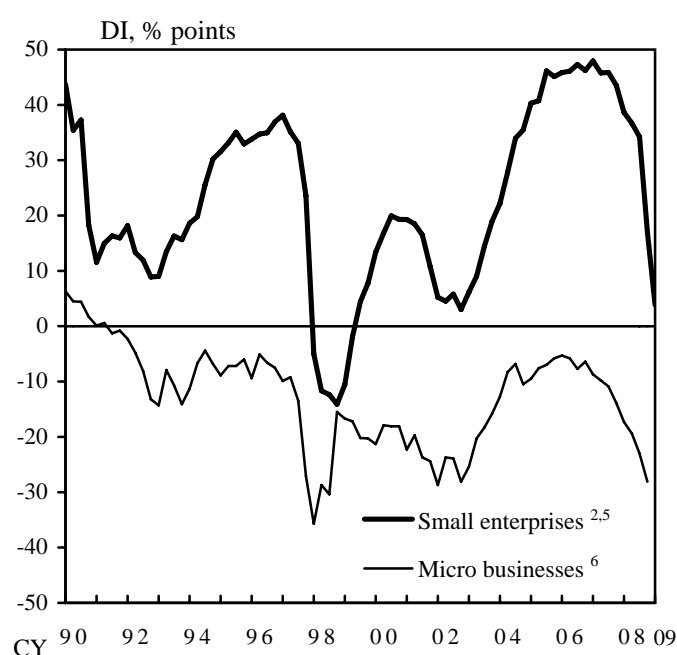
&lt;Japan Finance Corporation Survey&gt;



## (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.

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

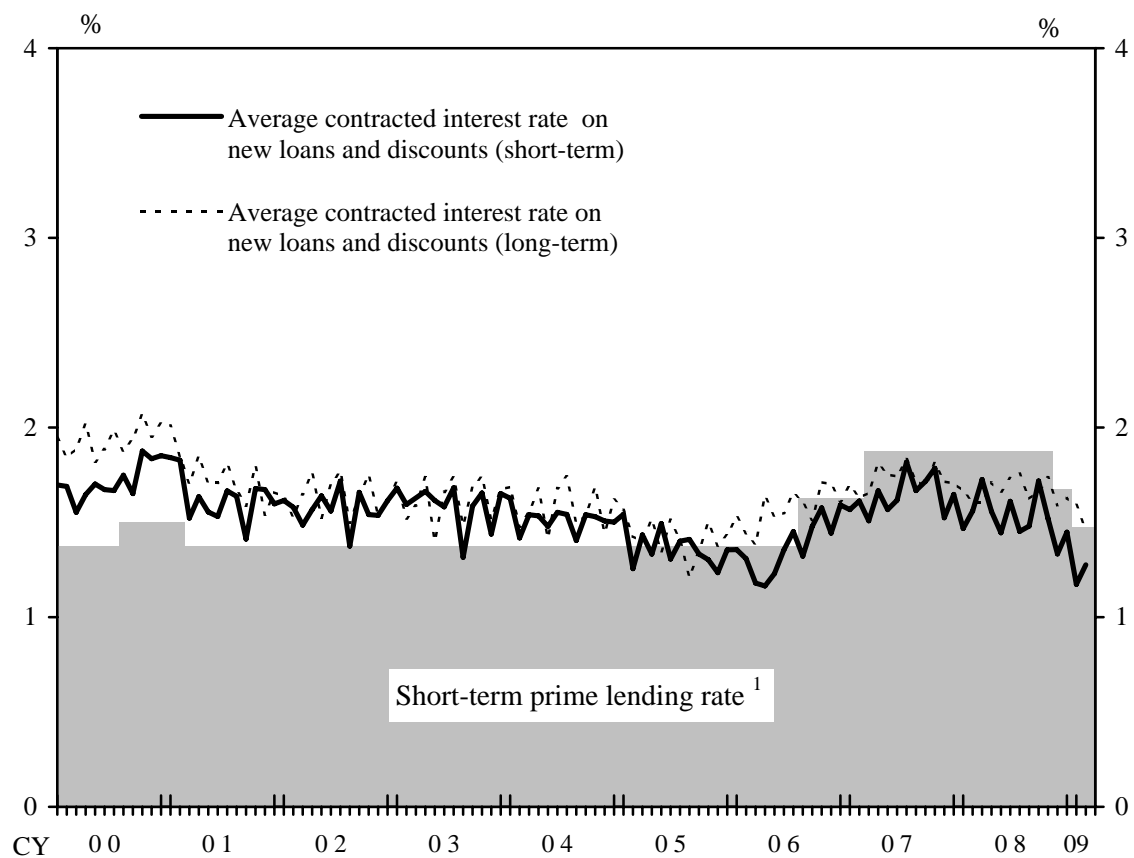
4. DI of "Easier" - "Tighter."

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

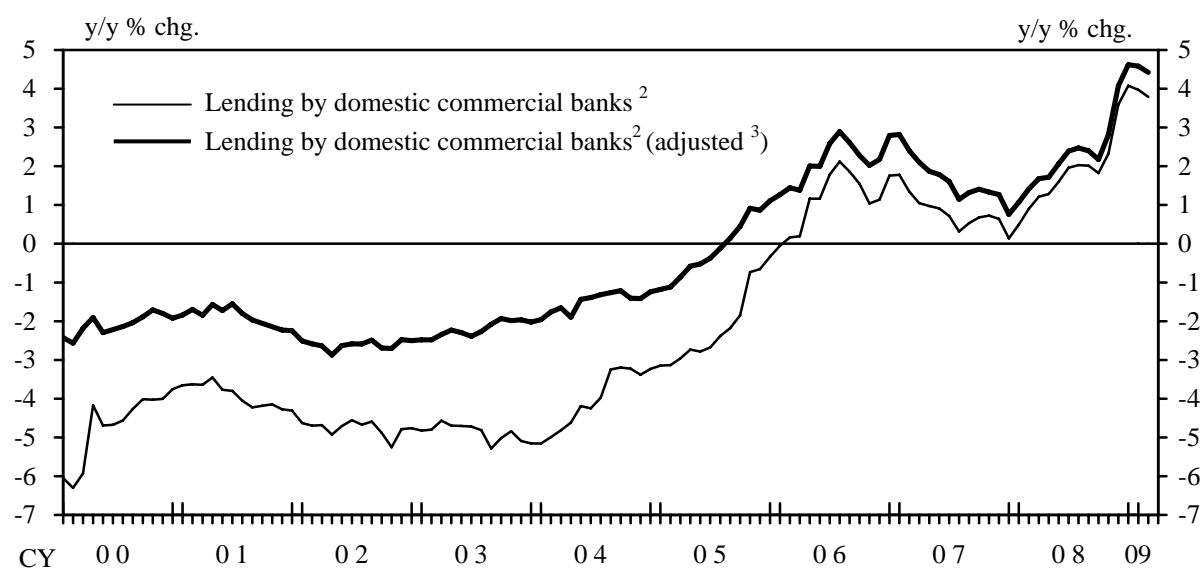


Note: 1. Data are at end of period.

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,

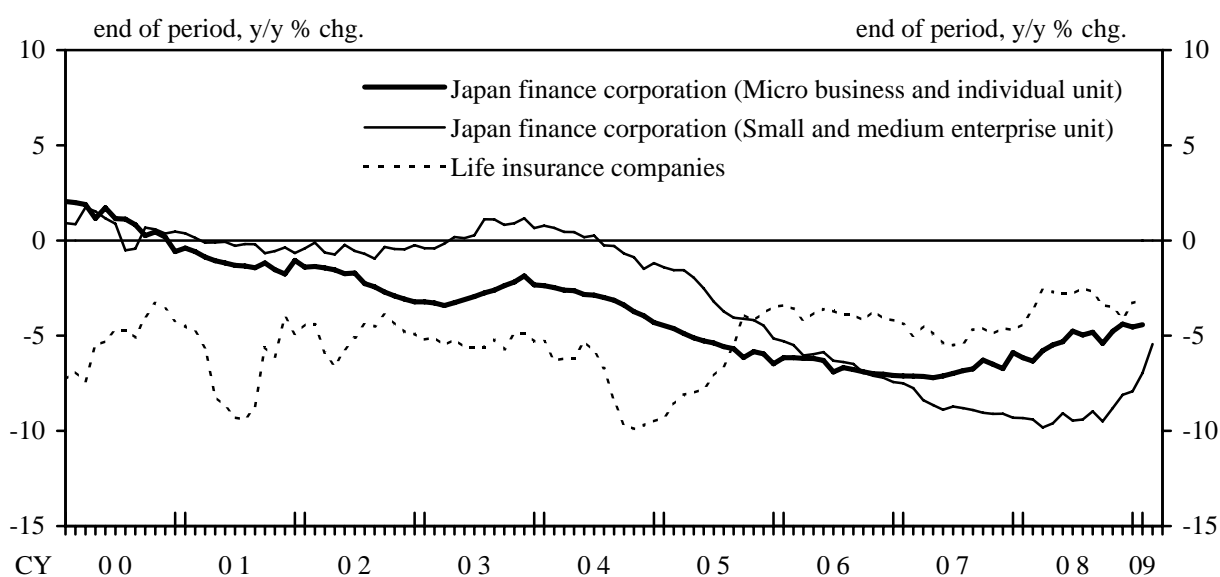
(2) fluctuations in the yen value of foreign currency-denominated loans due to changes in exchange rates,

(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



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

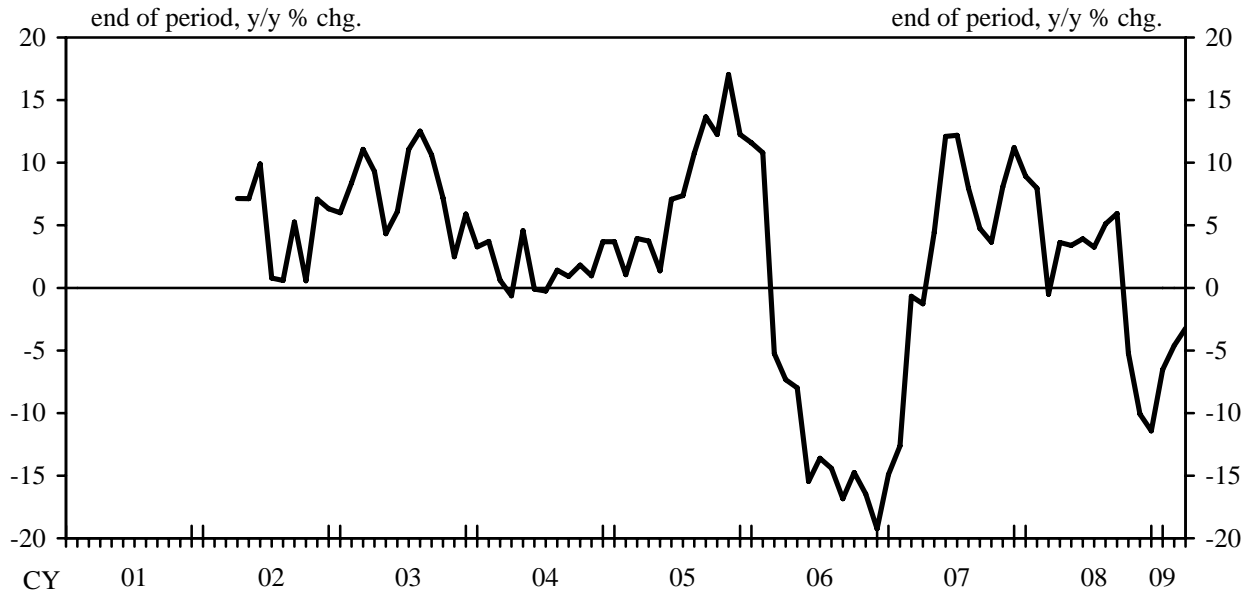
Sources: Bank of Japan; Japan Finance Corporation; The Life Insurance Association of Japan.

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 Private-Sector Fund-Raising in the Capital Markets
 

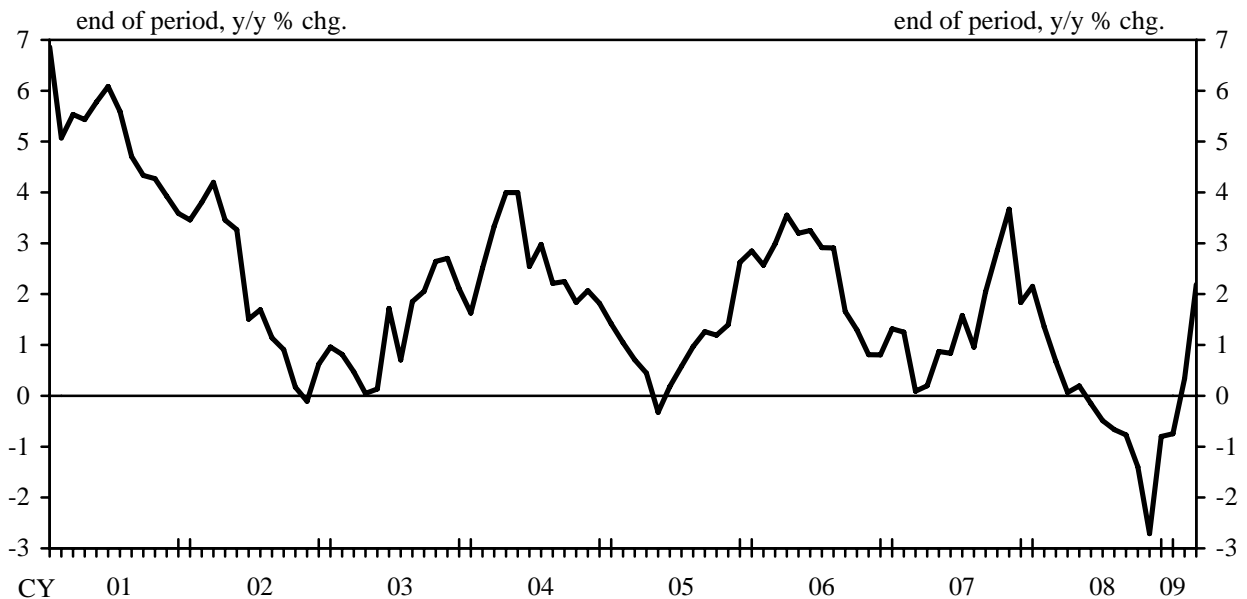
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## (1) Amount Outstanding of Commercial Paper



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 up to March 2008 are those compiled by the Bank of Japan.

## (2) Amount Outstanding of Corporate Bonds



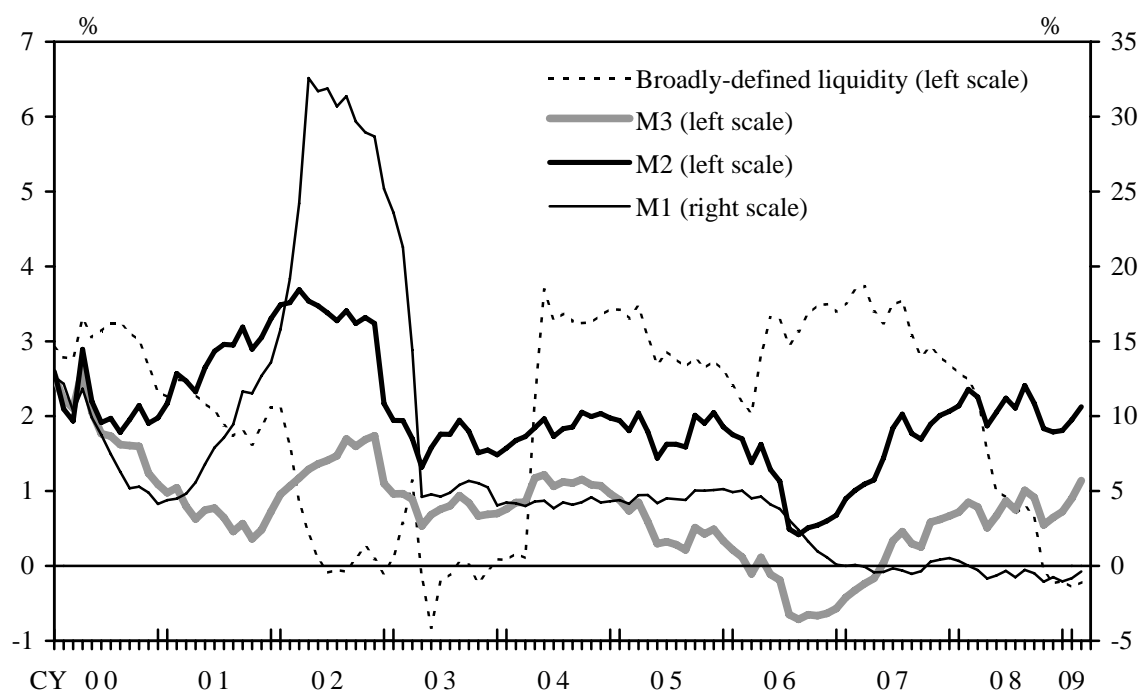
Note: The figures of percentage changes from the previous year of the amount outstanding of corporate bonds are calculated given the following:

- (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.

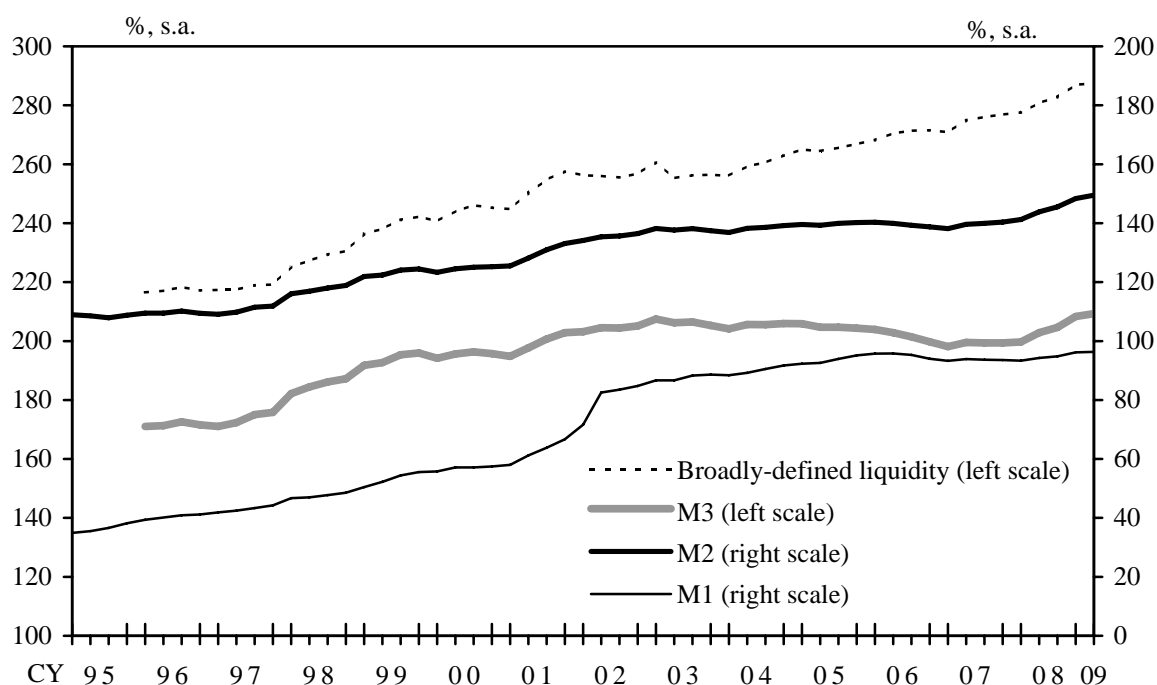
Sources: Japan Securities Depository Center, "Issue, Redemption and Outstanding" (for Corporate Bonds), "Outstanding Amounts of CP by Issuer's category";  
 Bank of Japan, "Principal Figures of Financial Institutions";  
 Japan Securities Dealers Association, "Issuing, Redemption and Outstanding Amounts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

## Money Stock

## (1) Changes from a Year Earlier



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

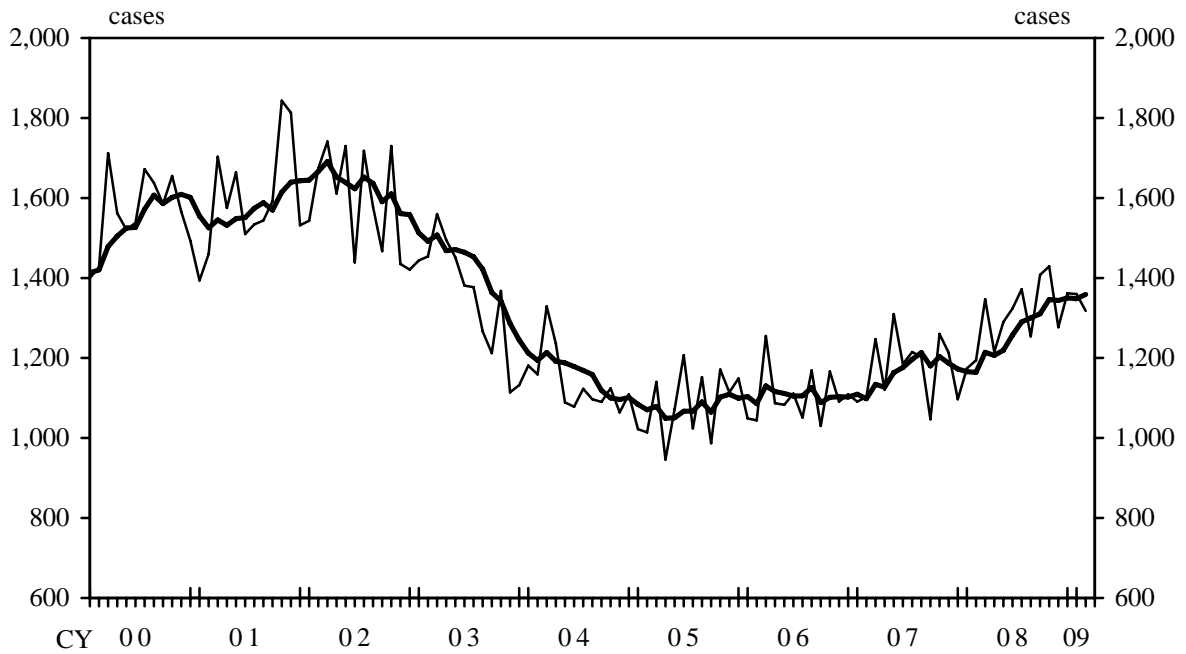


- Notes: 1. M1 consists of cash currency and demand deposits; both M2 and M3 consist of cash currency, demand deposits, time deposits and CDs.  
 2. Financial institutions surveyed for M1 and M3 include the Japan Post Bank and OFIs (other financial institutions) in addition to those for M2.  
 3. The figures up to March 2004 in the upper panel and those up to March 2003 in the lower panel are based on the former series.  
 4. Figures for money stock in 2009/Q1 are those of Jan.-Feb. averages, and nominal GDP in 2009/Q1 is assumed to be unchanged from the previous quarter.

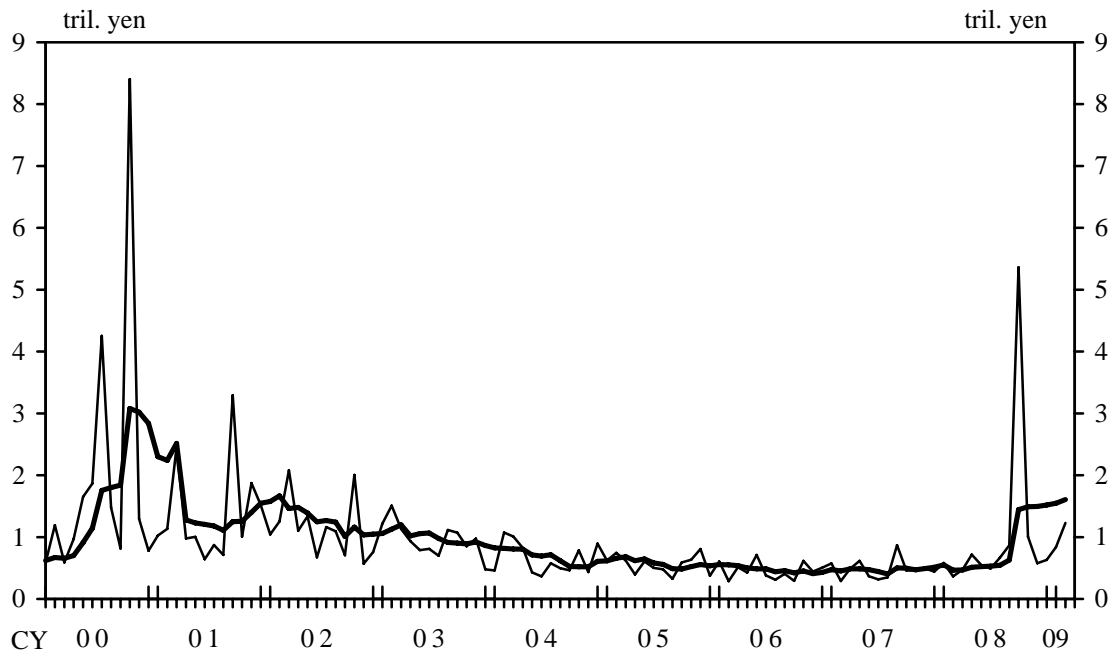
Sources: Cabinet Office, "National Accounts"; Bank of Japan.

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)."