

# The Outlook for the Japanese Economy

## ***Economy still lacks strength, but, will be on a moderate recovery track, backed by recovery of private consumption***

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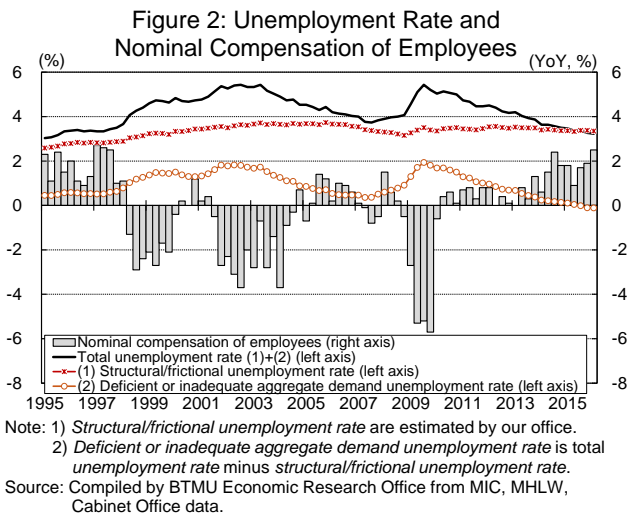
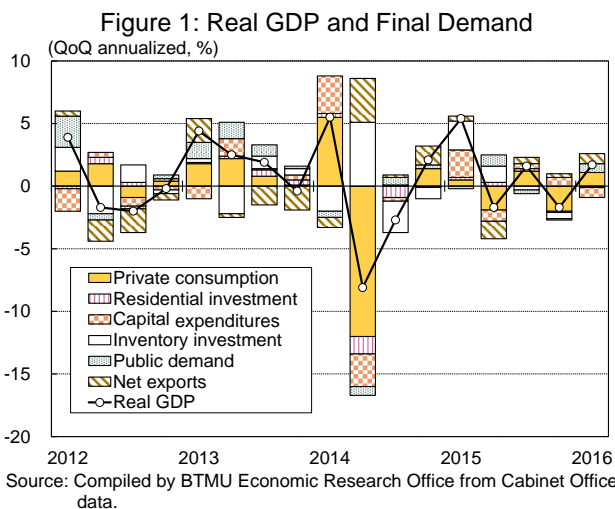
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## 1. Overview of the Japanese Economy

Japan's real GDP (the first preliminary figures) was up annualized +1.7% QoQ in Jan - Mar for the first time in two quarters (Figure 1). The growth can be primarily attributed to the high growth in private consumption, which stood at annualized +1.9% QoQ, but it should be noted that the figure is expansionary effects of leap year inclusive with extra days (annual rate, approximately 1% pt). Besides such effect, real GDP should have been almost unchanged, which indicates that the Japan's economic recovery still remains weak.

Even so, exports slightly increased by annualized +2.4% QoQ, which can be regarded as quite favorable results in the midst of ongoing unstable development of global economy. Capital expenditures declined by annualized -5.3% QoQ for the first time in three consecutive quarters, but, this can be considered as a rebound of high growth lasted in recent two quarters, not too low in real term. We should also note that nominal compensation of employees, a reflector of overall employment and wage conditions, recorded +2.5% YoY, which was high growth rate for the first time in 18.5-years (Figure 2). Tight labor market conditions may have contributed to the result. Based on our estimates, "*Deficient or inadequate aggregate demand unemployment rate*", which indicates the level of unemployment caused by declined demands due to economic downturns, fell to the points slightly below zero. Private consumption stayed almost unchanged for two years from Apr - Jun 2014, when consumption tax hike was conducted, weighed on the economic recovery, but, private consumption is supported by favorable compensation of workers.

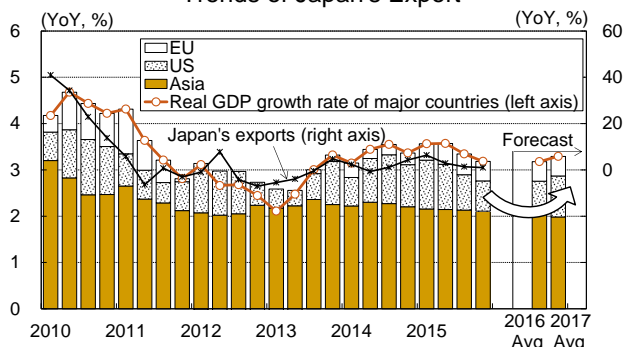


Overviewing Japan's economy, we consider that progressed appreciation of JPY may push up private consumption. Stronger JPY will surely depress the corporate earnings, but, on the other side, can boost household demands through its downward pressure on consumer prices. Since the latter of 2012, JPY has been drastically depreciated, and consumer prices rose accordingly, which is unfavorable for household sector, as leading to their excessive restraint on expenditure to safeguard daily lives. Owing to tightening of labor supply, the improvement in employment and income conditions will continue, and also subsiding prices inflation due to JPY depreciation as well as intensifying downward pressure on consumer prices due to ongoing appreciation of JPY, private consumption will be back on a recovery track. Consumption tax hike scheduled in April 2017 will be delayed, which is, at least, a positive data for private consumption in the short run.

The global economy is expected to gradually stabilize supported by the advanced economies where domestic demand is driven by recovery, and exports will be on an increasing trend even at a gradual pace although China's economy under structural adjustment continues to weigh on it (Figure 3). Private consumption and exports, which is the basic demands in the global economy, will recover, corporate sentiments for investment will be maintained, their capital expenditures will be at moderate rising trend. It may be possible that real GDP growth rate, while not robust, will grow at +0.7% YoY in FY 2016, also +0.9% YoY in FY 2017, which slightly exceed the potential growth rate (Table 1).

The global market and monetary market has regained stability comparing to the beginning of the year, but still bears watching for risks that could arise in overseas or monetary markets. If China's economy deteriorates or US economy enters recession, export growth may stall half-way or JPY may get stronger than is anticipated, or they can occur even simultaneously, which may seriously impact on Japan's economy.

Figure 3: Real GDP Growth Rate by Country and Trends of Japan's Export



Note: Real GDP growth of major countries is weighted average of real GDP growth rate of 11 countries (US, Europe, Asia) by dollar-base nominal GDP.

Source: Compiled by BTMU Economic Research Office from country data, The Netherlands Bureau for Economic Policy Analysis, data.

Table 1: GDP Forecast

	(YoY, %)		
	FY 2015 (Actual)	FY2016 (Forecast)	FY 2017 (Forecast)
Real GDP	0.8	0.7	0.9
Private consumption	-0.3	0.1	0.8
Residential investment	2.4	0.9	1.1
Capital expenditures	1.6	1.1	2.2
Inventory investment (contribution)	0.4	-0.1	0.0
Public demand	0.8	1.9	0.5
Net exports (contribution)	0.1	0.1	0.0
Exports	0.4	1.9	2.9
Imports	-0.1	1.3	3.2
Nominal GDP	2.2	1.5	1.2
GDP deflators	1.4	0.9	0.2

Source: Compiled by BTMU Economic Research Office from Cabinet Office data.

## 2. Key Points in Outlook

### (1) CAUSES OF SLUGGISH PRIVATE CONSUMPTION

Without pick up of private consumption, with approximately 60% ratio of Japan's GDP, Japan's economy will not fully get back on a recovery track. To assume the causes for sluggish private consumption beyond consumption tax hike, we take a look at the breakdown of consumption trend. The consumption other than durable goods is on a relative upward trend, but, on another front, the consumption of durable goods falls below overall standards, it is considered that the causes of sluggish consumption is durable goods (Figure 4). Also viewing from the long-term standpoint, the consumption of durable goods has been more robust than expected since 2009. In addition to last minutes surge in demand before consumption tax hike, policy campaign, events to promote new purchases and purchases for replacement of durable goods associated with eco-car subsidy, eco-point system for home electronics, and terrestrial digital broadcasting boosted the demands. But, such type of demand expansion is only pre-consumption over demand expected, in result, the later declined demand is curbing current consumption of durable goods. We estimate that the durable goods consumption has once expanded by 8 trillion yen (in real term) from 2009-2014, but, the half of demands have been already adjusted. The downward pressure still linger on the other half, but, if the push-up effect by better income conditions, the consumption may bottom out in near future.

In addition, households' excessive restraint on consumption started easing. According to "the Opinion Survey on the General Public's Views and Behavior on consumers' life circumstance" conducted by BoJ, the percentage of respondents who regard the causes of their worse-off as prices has decreased after peaking out in the latter of 2014, backed by vanishing effects of high consumer prices by weak JPY, as well as falling crude oil prices (Figure 5). Also, the same results can be observed in terms of income, presumably backed by steady employment and income environment. The restraints on consumption to safeguards daily lives will gradually ease as consumer prices hike subside due to stronger JPY, and expected income rise.

Figure 4: Real Private Consumption (Durable goods/Non-Durable)

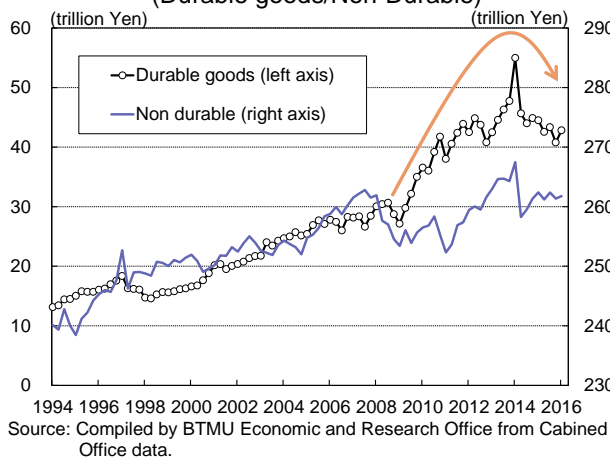
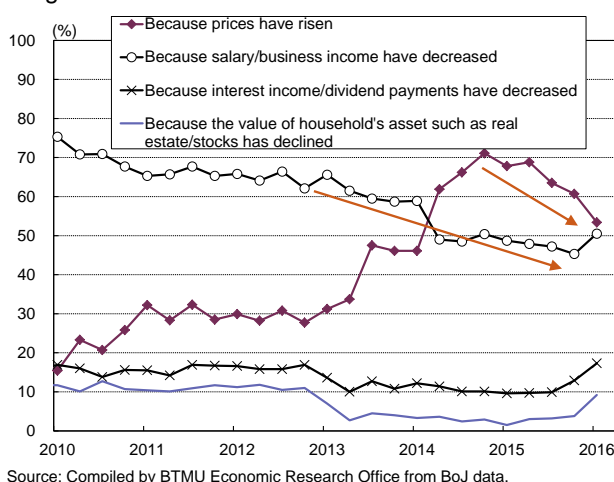


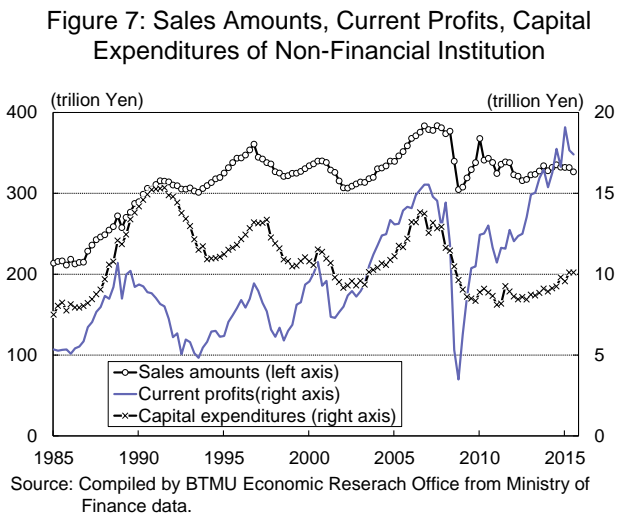
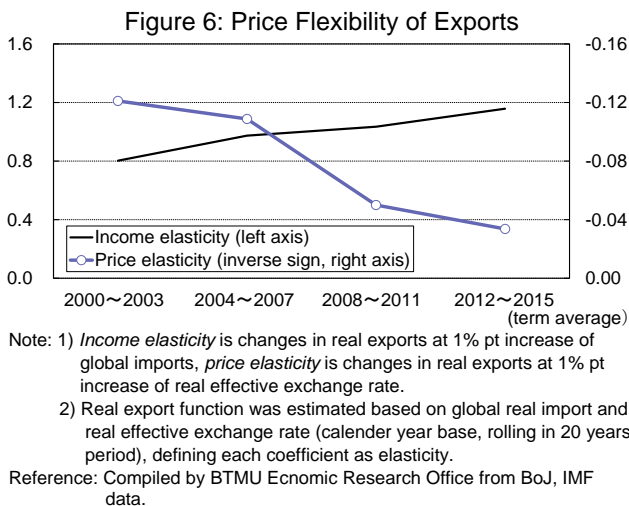
Figure 5: Reasons Cited for Worse-Off Circumstances



## (2) IMPACT OF STRONGER JPY

Will stronger JPY ever impact on exports and capital expenditures? The real export function estimated with real global import and real effective exchange rate as an independent variable, the price elasticity to show impact of fluctuation in foreign exchange rates sharply dropped after bankruptcy of Lehman Brothers (Figure 6). This indicates that export companies are more inclined to stabilize the local selling prices regardless of fluctuations in foreign exchange rate. If the appreciation of JPY is within the scope of our forecast, the decrease in cost competitiveness due to price increase should be limited. It is predicted that the global economy will gradually stabilize and exports will be also on a moderate increasing trend with the global economic growth.

JPY appreciation normally depresses corporate earnings, but, not necessarily linked to curtail in capital expenditures. Estimating the correlation between stronger JPY and corporate earnings, one JPY appreciation against USD should push down, mainly in manufacturing industry, current profits by approximately -0.7%. That is to say, based on the premise that the rate USD/JPY 110 level continues, it will push down the current profits in FY 2016 by approximately 7% due to fluctuation in foreign exchange rate. Even so, capital expenditures have high linkage with sales amounts, corporations are more likely to focus on the account sales amounts which reflect the business demands, than the current profits, highly sensitive to foreign exchange rates (Figure 7). In this regard, private consumption and exports, the core factors of internal/external demands, are forecast to increase at a moderate pace, which will support the capital expenditures. March survey of Tankan on expected capital expenditures, FY 2017 conducted by BoJ shows the continuing capital expenditures trend from recent years, also back up this explanation.



### (3) IMPACT OF NEGATIVE INTEREST RATE ON HOUSEHOLD SECTOR

Does negative interest rate have any effect on stimulating actual demands or boosting the economy? It has been only four months since the negative interest rate was introduced. Although it requires certain degree of data accumulation to confirm its effect, it is a key element to overview the future economy. According to BoJ's March Survey on households' perception of negative interest rate, the number of respondents who chose "it is too low" surged at all-time high (Figure 8). On another question, "Why do you think your household circumstances have become worse off?", the number of responses "Because my interest income and dividend payments have diminished" jumped this time. Regarding "How do you think economic conditions have changed compared with one year ago?", the number of the responses "Have improved" has decreased, which indicates that households may have negative impression over the negative interest rate. We verify impact of changing in real interest rate with the consumption function, it also shows that lower real interest rate does not positively impact on consumption level, which shows consistency with the results of household survey (Table 2). Generally, negative interest rate is less effective to stimulate private consumption.

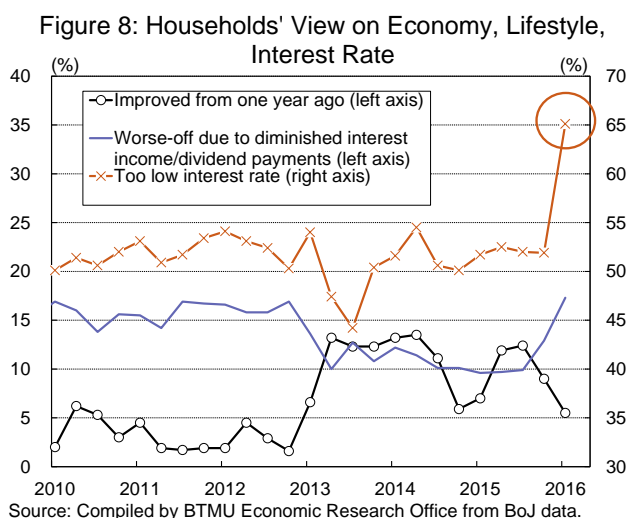


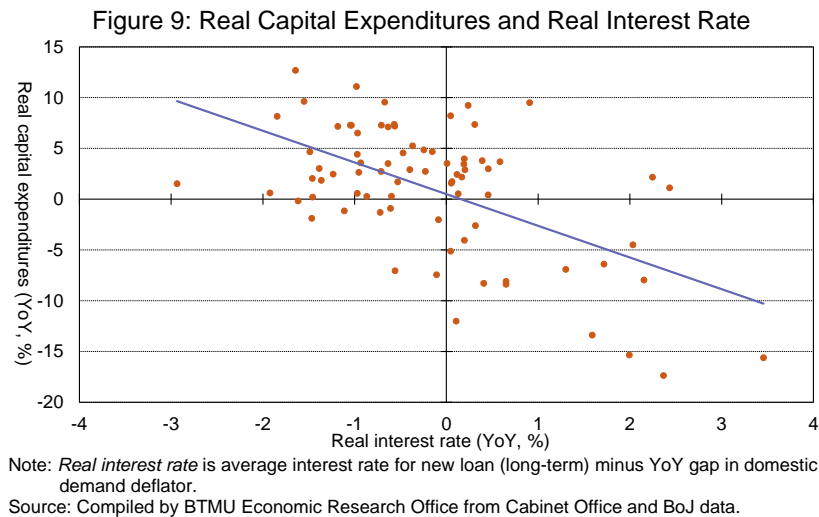
Table 2: Estimated Results of Private Consumption Function

Formula:  $C = \alpha + \beta \cdot Y(-1) + \gamma \cdot S(-1) + \delta \cdot I + \varepsilon \cdot dm1 + \zeta \cdot dm2$   
 C: Private Consumption YoY, Y: Real disposable income YoY,  
 S: Households real net financial assets YoY,  
 I: real interest rate (deposit rate)  
 YoY, dm1: Consumption tax hike dummy,  
 dm2: The Great East Japan Earthquake

Period	$\alpha$	$\beta$	$\gamma$	$\delta$
2002.1Q~ 2015.1Q	-0.00 (-0.01)	0.36 (2.84)	0.20 (4.47)	-0.00 (-0.66)
	$\varepsilon$	$\zeta$	adjR <sup>2</sup>	DW ratio
	0.03 (4.88)	-0.03 (-3.84)	0.66	1.89

Note: ( ) shows t value.  
 Source: Compiled by BTMU Economic Research Office from Cabinet Office data.

Adversely, it seems that lower interest rate is somewhat effective to boost demands in capital expenditures. Looking at interrelation between real capital expenditures and real interest rate in the scatter diagram, lower real interest rate positively impact real capital expenditures. The estimated capital expenditure function also presents the same results (Figure 9). As interest rate level has been already at sufficiently low before the negative interest rate was introduced, there is not much room left for another rate cut, additional boosting effect should be limited.



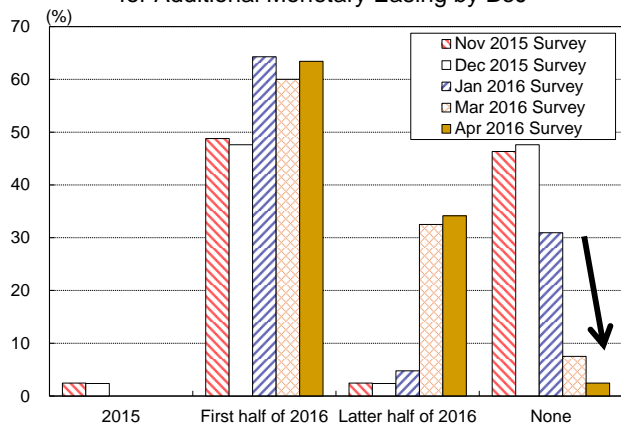
### 3. Monetary Policy and Financial Markets

The introduction of negative interest rates by BoJ gave strong downward pressure on overall market rates, long term interest rates continue remaining in the negative zone, around -0.1%. This policy introduction made market participants aware that there is another options of ordinary monetary policy other than quantitative easing being regarded as reaching its limits. According to “*the Survey on Prospects for an Additional Monetary Easing*” periodically conducted by Bloomberg, the number of responses “*there will be additional easing*” was about 50% in last December, but, exceeded 90% in March, and 98% in April, most of respondents predicted the future additional monetary easing (Figure 10).

Immediately after the introduction of negative interest rate, the JPY further weakened and dropped to USD/JPY 121, but later, JPY buying and USD selling has picked up, and the rate is currently at USD/JPY 110 level. The JPY strengthening factors are slumping inflation expectation in Japan and receded expectations for a FRB rate hike causing US interest rates to decline in forecast for global economy is still uncertain. JPY/USD trends are responding to the real interest rate gap between US and Japan (=10 year government bond yields - break even inflation rate) (Figure 11). Looking ahead, as the global economy gradually stabilize and JPY buying for risk aversion subsides, it is forecasted that FRB will go on raising interest rate even at a modest pace. As market become aware of the difference in the direction of Monetary Policy between US and Japan, JPY buying pressure should not significantly strengthen from

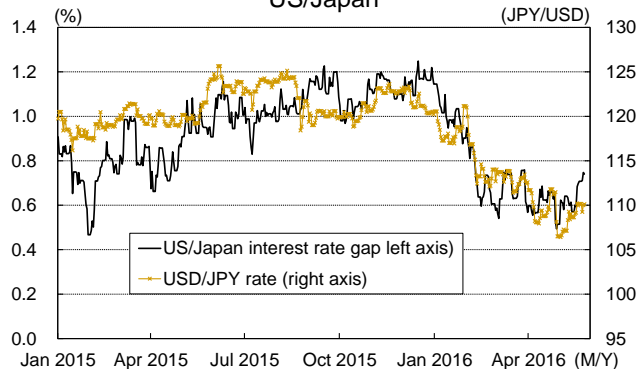
the current level, JPY value will stay almost unchanged even with minor fluctuation or turn to weaken.

Figure 10: Market Forecasts for Additional Monetary Easing by BoJ



Source: Compiled by BTMU Economic Research Office from Bloomberg.

Figure 11: JPY/USD Rate and Interest Rate Gap US/Japan



Note: *Real interest rate* is 10 year government bond yields minus break even inflation rate.  
Source: Compiled by BTMU Economic Research Office from Bloomberg data.

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## Outlook for the Japanese Economy

Reflecting Jan-Mar 2016 GDP (first preliminary figures)

	Forecast →												(%, billion yen)			
	2014				2015				2016				2017	FY2015	FY2016	FY2017
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q			
<b>1. The Real Economy (QoQ annualized change)</b>																
Real GDP	5.5	-8.1	-2.7	2.1	5.4	-1.7	1.6	-1.7	1.7	0.0	1.2	1.4	1.2	0.8	0.7	0.9
Private Consumption	9.4	-18.2	0.2	2.3	0.8	-3.2	2.0	-3.3	1.9	-1.0	0.6	0.7	0.8	-0.3	0.1	0.8
Housing Investment	9.2	-36.4	-25.5	-1.0	8.7	9.0	6.8	-4.1	-3.0	3.6	2.0	1.6	1.6	2.4	0.9	1.1
Private Business Fixed Investment	23.1	-17.0	-2.1	-0.7	16.3	-6.2	2.7	4.7	-5.3	1.6	2.4	2.5	2.6	1.6	1.1	2.2
Business Inventory (Contribution)	-2.0	5.1	-2.5	-0.9	2.3	1.3	-0.3	-0.5	0.0	-0.1	0.0	0.0	0.0	0.4	-0.1	-0.0
Government Expenditures	-1.9	-2.8	2.3	1.0	-1.0	3.6	-1.1	-0.3	2.6	2.4	2.0	2.4	1.3	0.8	1.9	0.5
Public Investment	-8.5	-10.4	4.7	3.9	-10.7	12.6	-8.5	-13.1	1.3	4.9	5.7	8.2	1.6	-2.2	2.0	-1.1
Net Exports (Contribution)	-0.8	3.5	0.2	1.5	0.4	-1.4	0.5	0.3	0.8	-0.2	-0.1	0.0	0.0	0.1	0.1	0.0
Exports	25.9	0.0	6.1	14.2	8.9	-17.8	10.8	-3.1	2.4	0.6	2.6	3.0	3.1	0.4	1.9	2.9
Imports	25.6	-16.1	4.0	4.6	6.0	-9.8	6.8	-4.3	-1.8	2.0	3.4	3.4	3.3	-0.1	1.3	3.2
Nominal GDP	5.2	-0.4	-2.7	4.1	8.2	-0.6	2.9	-0.7	2.0	1.5	1.7	1.9	1.2	2.2	1.5	1.2
GDP Deflator (YoY)	0.1	2.2	2.0	2.3	3.2	1.4	1.8	1.5	0.9	1.3	0.8	0.7	0.8	1.4	0.9	0.2
Industrial Production Index (QoQ)	2.3	-3.0	-1.4	0.8	1.1	-1.3	-1.0	0.1	-1.0	-0.2	0.3	0.3	0.3	-1.0	-0.7	1.1
Domestic Corporate Goods Price Index (YoY)	2.0	4.3	4.0	2.4	0.4	-2.2	-3.7	-3.7	-3.4	-4.0	-1.9	-0.3	1.5	-3.2	-1.2	1.7
Consumer Price Index (excl. fresh food, YoY)	1.3	3.3	3.2	2.7	2.1	0.1	-0.1	0.0	-0.1	-0.2	0.1	0.4	0.7	-0.0	0.2	0.8
<b>2. Balance of Payments</b>																
Trade Balance (billion yen)	-4,114	-2,344	-2,451	-1,550	-176	-407	-376	356	980	1,282	1,230	1,138	932	630	4,582	1,979
Current Balance (billion yen)	-1,104	1,098	1,137	2,936	3,550	3,992	3,983	4,801	4,938	4,982	4,963	4,901	4,726	17,975	19,572	17,611
<b>3. Financial</b>																
Uncollateralized overnight call rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	-0.1
Euro-Yen TIBOR (3-mo.)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
Newly Issued 10-Year Government Bonds Yield	0.6	0.6	0.5	0.4	0.3	0.4	0.4	0.3	0.1	-0.1	0.0	0.0	0.0	0.3	0.0	0.2
Exchange Rate (USD/JPY)	103	102	104	115	119	121	122	121	115	109	109	110	110	120	109	112

Note: Uncollateralized overnight call rate guidance target (end-quarter) through Jan-Mar 2013; offered rate (mid-quarter average) for Apr-Jun 2013. Euro-Yen TIBOR (3-mo.), newly issued 10-year government bonds yield.



## MAIN ECONOMIC AND FINANCIAL INDICATORS (JAPAN)

### 1. Main Economic Indicators

As of July. 11, 2016

	Fiscal	Fiscal	2015		2016	2016				
	2014	2015	3Q	4Q	1Q	FEB	MAR	APR	MAY	JUN
Real GDP Growth Rate <% changes from previous period at SA annual rate>	-0.9	0.8	1.7 (1.8)	-1.8 (0.7)	1.9 (0.1)	***	***	***	***	***
Index of All Industries Activity	-1.1	0.8	0.0 (1.2)	-0.2 (0.6)	0.0 (0.3)	-0.9 (1.6)	0.2 (0.1)	1.3 (0.1)		
Industrial Production Index	-0.5	-1.0	-1.0 (-0.9)	0.1 (-0.8)	-1.0 (-1.6)	-5.2 (-1.2)	3.8 (0.2)	0.5 (-3.3)	-2.3 (-0.1)	
Production										
Shipments	-1.2	-1.2	-0.7 (-0.8)	0.4 (-0.8)	-2.0 (-2.4)	-4.1 (-1.6)	1.8 (-0.7)	1.6 (-3.4)	-2.3 (-0.8)	
Inventory	6.1	1.8	-0.5 (2.0)	-0.5 (0.0)	2.4 (1.8)	-0.2 (-0.9)	2.9 (1.8)	-1.7 (0.1)	0.3 (0.6)	
Inventory/Shipments Ratio (2010=100)	112.0	115.0	114.7 [113.2]	114.9 [113.8]	116.3 [113.0]	114.5 [113.5]	118.3 [114.0]	115.7 [113.7]	117.2 [114.8]	[112.8]
Domestic Corporate Goods Price Index	2.7	-3.2	-1.1 (-3.7)	-1.4 (-3.7)	-1.4 (-3.4)	-0.3 (-3.4)	-0.1 (-3.8)	-0.4 (-4.2)	0.2 (-4.2)	
Consumer Price Index(SA, total, excl.fresh foods)	2.8	0.0	0.0 (-0.1)	0.0 (0.0)	-0.8 (-0.1)	-0.1 (0.0)	-0.1 (-0.3)	-0.1 (-0.3)	0.0 (-0.4)	
Index of Capacity Utilization (2010=100)	100.6	98.0	97.6 [99.1]	97.9 [100.7]	97.3 [101.4]	94.5 [100.5]	97.5 [99.9]	96.5 [99.3]		[98.0]
Machinery Orders(Private Demand, Excl.Electric Power and Ship building)	0.8	4.1	-6.5 (-0.9)	2.6 (2.1)	6.7 (3.4)	-9.2 (-0.7)	5.5 (3.2)	-11.0 (-8.2)	-1.4 (-11.7)	
Manufacturing	7.0	6.2	-9.6 (-1.1)	-3.0 (-3.1)	13.7 (4.3)	-30.6 (-12.3)	19.7 (2.7)	-13.3 (-14.8)	-6.4 (-21.5)	
Non-manufacturing Excl.Electric Power & Ship building	-3.3	2.5	-4.9 (-0.8)	5.6 (6.3)	3.5 (2.6)	10.2 (8.7)	-6.9 (2.7)	-3.9 (-3.0)	-0.3 (-2.5)	
Shipments of Capital Goods (Excl.Transport Equipment)	4.4	-2.3	-1.8 (-1.3)	-1.7 (-4.2)	-2.4 (-5.5)	-8.1 (-1.5)	2.6 (-4.8)	5.2 (-3.7)	-1.3 (-1.0)	
Construction Orders	8.2	-0.9								
Private	4.8	7.9								
Public	22.9	-15.6								
Public Works Contracts	-0.3	-3.8								
Housing Starts 10,000 units at Annual Rate, SA	88.0 (-10.8)	92.1 (4.6)	91.7 (6.2)	86.8 (-0.7)	94.7 (5.5)	97.4 (7.8)	99.3 (8.4)	99.5 (9.0)	101.7 (9.8)	
Total floor										
Sales at Retailers	-1.2	0.8								
Real Consumption Expenditures of Households over 2 persons (SA)	-5.1	-1.2	0.5 (0.7)	-2.1 (-3.3)	0.5 (-2.6)	1.7 (1.2)	0.5 (-5.3)	0.2 (-0.4)	-1.5 (-1.1)	
Propensity to Consume (SA, %)	74.2	73.6	73.4 [74.6]	73.1 [74.4]	72.8 [74.3]	74.6 [72.9]	71.5 [75.4]	74.2 [73.6]	75.2 [74.8]	[74.3]
Overtime Hours Worked (All Industries, 5 employees or more)	2.0	-1.3	0.1 (-0.9)	-0.2 (-0.9)	-1.2 (-2.1)	-1.0 (-1.9)	-0.2 (-1.8)	0.7 (-0.9)	-0.9 (-1.8)	
Total Cash Earnings (Regular Employees Only; All Industries, 5 employees or more)	0.5	0.2								
Employment Index(Regular Employees Only;All Industries, 5 employees or more) (Change over the M/Q/Y)	77	98	95	104	98	94	102	94	90	
Ratio of Job Offers to Applicants (SA, Times)	1.11	1.23	1.22 [1.10]	1.26 [1.12]	1.29 [1.15]	1.28 [1.15]	1.30 [1.16]	1.34 [1.17]	1.36 [1.18]	[1.19]
Unemployment Rate (SA, %)	3.5	3.3	3.4	3.3	3.2	3.3	3.2	3.2	3.2	
Economy Watcher Survey (Judgment of the present condition D.I.%)	46.6	48.8	49.5 [48.7]	47.7 [43.6]	45.6 [49.3]	44.6 [50.1]	45.4 [52.2]	43.5 [53.6]	43.0 [53.3]	41.2 [51.0]
Bankruptcies (Number of cases)	9,543 (-9.4)	8,684 (-9.0)	2,092 (-14.1)	2,152 (-3.1)	2,144 (-5.6)	723 (4.4)	746 (-13.1)	695 (-7.0)	671 (-7.3)	763 (-7.4)

(Notes)

Unless otherwise indicated, tabulated figures and those in parentheses show % changes from previous quarter/month as applicable.

The figures in ( ) indicate % changes from previous year.

[ ] show the comparable figure of the previous year.

## 2. Balance of Payments

As of July. 11, 2016

	Fiscal	Fiscal	2015		2016	2016				
	2014	2015	3Q	4Q	1Q	FEB	MAR	APR	MAY	JUN
Customs Clearance (Exports in Yen Terms)	5.4	-0.7	(3.7)	(-4.6)	(-7.9)	(-4.0)	(-6.8)	(-10.1)	(-11.3)	
Value	3.9	2.1	(6.8)	(-0.6)	(-4.7)	(-4.2)	(-5.8)	(-5.7)	(-9.1)	
Volumes	1.3	-2.7	(-2.9)	(-4.1)	(-3.2)	(0.2)	(-1.0)	(-4.6)	(-2.4)	
Imports (In Yen terms)	-1.0	-10.3	(-5.9)	(-13.9)	(-15.7)	(-14.2)	(-14.9)	(-23.3)	(-13.8)	
Value	1.2	-8.5	(-4.1)	(-11.8)	(-14.9)	(-12.0)	(-19.0)	(-17.0)	(-16.8)	
Volumes	-2.1	-1.8	(-1.9)	(-2.5)	(-0.8)	(-2.4)	(-2.5)	(-7.5)	(3.6)	
Current Account (100 mil. yen)	87,245	180,028	48,709	34,479	59,636	23,874	29,862	18,785	18,091	
Goods (100 mil. yen)	-65,890	5,419	-3,488	954	8,534	4,023	8,828	6,971	399	
Services (100 mil. yen)	-27,252	-11,451	-2,238	-5,212	2,414	1,653	2,623	-4,012	1,174	
Financial Account (100 mil. yen)	137,595	238,095	54,646	49,065	90,136	30,107	52,380	14,793	40,994	
Gold & Foreign Exchange Reserves (\$1mil.)	1,245,316	1,262,099	1,248,936	1,233,214	1,262,099	1,254,149	1,262,099	1,262,509	1,253,967	1,265,402
Exchange Rate (¥/\$)	109.92	120.13	122.23	121.48	115.45	115.02	113.07	109.88	109.15	105.49

## 3. Financial Market Indicators

	Fiscal	Fiscal	2015		2016	2016						
	2014	2015	3Q	4Q	1Q	FEB	MAR	APR	MAY	JUN		
Uncollateralized Overnight Call Rates	0.068	0.063	0.074 [0.067]	0.076 [0.064]	0.035 [0.073]	0.033 [0.076]	-0.003 [0.070]	-0.037 [0.061]	-0.059 [0.069]	-0.055 [0.072]		
Euro Yen TIBOR (3 Months)	0.194	0.157	0.169 [0.210]	0.169 [0.184]	0.122 [0.171]	0.098 [0.171]	0.098 [0.170]	0.060 [0.170]	0.060 [0.169]	0.059 [0.169]		
Newly Issued Japanese Government Bonds Yields (10 Years)	0.400	-0.050	0.350 [0.525]	0.270 [0.330]	-0.050 [0.400]	-0.065 [0.330]	-0.050 [0.400]	-0.085 [0.340]	-0.120 [0.390]	-0.230 [0.455]		
Average Contracted Interest Rates on Loans and Discounts(City Banks) (% changes from previous period)	1.006	0.924	0.969 (-0.018)	0.956 (-0.013)	0.924 (-0.032)	0.943 (-0.011)	0.924 (-0.019)	0.914 (-0.010)	0.904 (-0.010)			
The Nikkei Stock Average (TSE 225 Issues)	19,207	16,759	17,388 [16,174]	19,034 [17,451]	16,759 [19,207]	16,027 [18,798]	16,759 [19,207]	16,666 [19,520]	17,235 [20,563]	15,576 [20,236]		
M2(Average)	(3.3)	(3.6)	(4.0)	(3.4)	(3.2)	(3.2)	(3.2)	(3.4)	(3.4)	(3.4)		
Broadly-defined Liquidity(Average)	(3.3)	(4.0)	(4.4)	(3.8)	(3.5)	(3.5)	(3.2)	(2.7)	(2.3)	(1.9)		
Principal Figures of Financial Institutions												
Loans and Discount (Average)	Banks & Shinkin		(2.3)	(2.4)	(2.6)	(2.3)	(2.2)	(2.2)	(2.0)	(2.2)	(2.2)	
		Banks		(2.5)	(2.5)	(2.7)	(2.3)	(2.2)	(2.2)	(2.0)	(2.2)	(2.2)
			City Banks etc.	(1.4)	(1.2)	(1.6)	(1.0)	(0.9)	(1.0)	(0.7)	(1.0)	(0.9)
			Regional Banks	(3.8)	(3.7)	(3.9)	(3.7)	(3.4)	(3.5)	(3.2)	(3.4)	(3.4)
			Regional Banks II	(2.9)	(3.2)	(3.4)	(3.2)	(3.2)	(3.2)	(3.3)	(3.4)	(3.2)
	Shinkin	(1.4)	(2.2)	(2.1)	(2.3)	(2.3)	(2.3)	(2.2)	(2.2)	(2.3)		
Deposits and CDs (Average)	Total(3 Business Condition)		(3.3)	(3.7)	(4.3)	(3.2)	(3.0)	(3.1)	(3.0)	(3.2)	(3.3)	
		City Banks	(3.4)	(4.5)	(5.4)	(3.6)	(3.6)	(4.0)	(3.8)	(4.6)	(4.7)	
		Regional Banks	(3.3)	(3.0)	(3.3)	(3.0)	(2.4)	(2.3)	(2.1)	(1.8)	(1.7)	
		Regional Banks II	(3.1)	(2.5)	(2.7)	(2.3)	(2.1)	(2.1)	(1.9)	(2.0)	(1.8)	

(Notes)

Newly Issued Japanese Government Bonds Yields and Interest rates are averages. The Nikkei Stock Average is as of month-end. Unless otherwise indicated, tabulated figures and those in parentheses show % changes from previous quarter/month as applicable. The figures in ( ) indicate % changes from previous year. [ ] show the comparable figure of the previous year.

(Sources)

Cabinet Office, National Accounts, Machinery Orders; METI, Indices of Tertiary Industry Activity, Industrial Production, Current Survey of Commerce; MOF, Trade Statistics, Balance of Payments; MPMHAPT, Consumer Price Index, Family Income and Expenditure Survey, Labour Force Survey; MHLW, Monthly Labour Survey; Ministry of Land, Infrastructure, and Transport, Economic Construction Statistics; BOJ, Corporate Price Index, Financial and Economic Statistics Monthly, etc.