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# Forecast Calendar

April 21, 2011

# Japan

## Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

### April 25 – May 6, 2011 (Local Times)

| 25 | 26 | 27 | 28 | 29 |
|---|---|---|---|---|
| Corporate Service Prices (Y/Y) (8:50)<br>Oct -1.4% Jan -1.1%<br>Nov -1.2% Feb -1.0%<br>Dec -1.3% **Mar (f) -1.0%**<br><br>All Industry Activity (SA) (M/M) (13:30)<br>Sep -0.8% Dec -0.3%<br>Oct -0.3% Jan 2.9%<br>Nov -0.1% **Feb (f) 0.7%** | | Retail Sales (8:50)<br>Oct -0.2% Jan (f) 0.1%<br>Nov 1.5% Feb (f) 0.1%<br>Dec -2.2% **Mar (f) -4.5%** | BOJ Monetary Policy Meeting<br><br>Tokyo CPI (Y/Y) (8:30)<br>Total Ex-Fresh Food<br>Feb -0.1% -0.4%<br>Mar -0.3% -0.3%<br>**Apr (f) -0.1% 0.2%**<br><br>Nationwide CPI (Y/Y) (8:30)<br>Total Ex-Fresh Food<br>Jan unch -0.2%<br>Feb unch -0.3%<br>**Mar (f) unch -0.2%**<br><br>Unemployment Rate (8:30)<br>Dec 4.9% Feb 4.6%<br>Jan 4.9% **Mar (f) 4.7%**<br><br>Effective Job Offers to Applicants Ratio (8:30)<br>Dec 0.58 Feb 0.62<br>Jan 0.61 **Mar (f) 0.62**<br><br>Family Income and Expenditure Survey (Real) (Y/Y) (8:30)<br>PCE (All) PCE (Workers) Disp. Income<br>Jan -1.0% -1.3% -3.4%<br>Feb -0.2% -0.7% 1.4%<br>**Mar (f) -5.0% -6.0% -4.5%**<br><br>Industrial Production (SA) (M/M) (8:50)<br>Dec 2.4% Feb 1.8%<br>Jan unch **Mar (f) -10.0%**<br><br>Housing Starts (Y/Y) (14:00)<br>Dec 7.5% Feb 10.1%<br>Jan 2.7% **Mar (f) 3.5%**<br><br>BOJ Semiannual Outlook for Economic Activity and prices (15:00) (April)<br><br>BOJ Shirakawa Press Conference (15:30)<br><br>MOF FX Intervention Data (19:00) (April) | Holiday |
| **2** | **3** | **4** | **5** | **6** |
| Vehicle Sales (Y/Y) (14:00)<br>Nov -30.7% Feb -14.3%<br>Dec -28.3% Mar -37.0%<br>Jan -21.5% **Apr (f) -35.0%**<br><br>Sometime during the week:<br><br>Official Reserves ($Billion, NSA) (8:50)<br>Nov 1101.0 Feb 1091.5<br>Dec 1096.2 Mar 1116.0<br>Jan 1093.0 **Apr (f) 1124.0** | Holiday | Holiday | Holiday | |

M/M=month-over-month f= forecast
Y/Y=year-over-year c=consensus

### Recent History-Latest Results

| 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|
| | | Merchandise Trade Balance (¥Billion, NSA) (8:50)<br>2011 2010<br>Jan -479.4 43.1<br>Feb 653.3 638.3<br>Mar 196.5 931.9<br><br>Tertiary Industry Activity (SA) (M/M) (8:50)<br>Sep -0.4% Dec -0.2%<br>Oct 0.2% Jan -0.1%<br>Nov 0.6% Feb 0.8% | BOJ Senior Loan Officer Opinion Survey (8:50) (April) | |

## Indicator Highlights



Key potential market-moving indicators and events include: Retail Sales (Wed., Apr. 27, 8:50); Tokyo and Nationwide CPI (Thu., Apr. 28, 8:30); Unemployment Rate (Thu., Apr. 28, 8:30); Effective Job Offers to Applicants Ratio (Thu., Apr. 28, 8:30); Family Income and Expenditure Survey (Real) (Thu., Apr. 28, 8:30); Industrial Production (Thu., Apr. 28, 8:50); Housing Starts (Thu., Apr. 28, 14:00); Vehicle Sales (Mon., May 2, 14:00); and Official Reserves (Mon., May 2, 8:50).

Retail sales data will give the first reading on earthquake/tsunami damage to broad consumer spending. Car sales numbers for the month have already signaled that the impact was severe. CPI results have lost some urgency since the disaster but will leap back into the forefront if deflation turns much for the worse. Labor market numbers, like all now, will be read for catastrophe effects, as will industrial production results, but the full severity will not be clear until April data are in. Housing starts may be one of the earliest types of activity to be lifted by reconstruction efforts- but certainly not his month.

Vehicle sales results will be important as a reading on consumer sentiment, and its potential return to normalcy in coming months.

| Indicator | Forecast | Consensus | Analysis |
|---|---|---|---|
| Corporate Service Prices (Y/Y) | -1.0% | | Downward trend easing only slowly. |
| All Industry Activity (SA) (M/M) | +0.7% | | Moderate gain, after a January performance likely to be seriously muted by revision. |
| Retail Sales (Y/Y) | -4.5% | | Direct impact from earthquake/tsunami. |
| Tokyo CPI (Y/Y) | | | |
| Total | -0.1% | | Quake impact in the April core, but no lasting shift in trend. |
| Ex-Fresh Food | +0.2% | | |
| Nationwide CPI (Y/Y) | | | |
| Total | unch | | |
| Ex-Fresh Food | -0.2% | | |
| Unemployment Rate (SA) | 4.7% | | Gives back some of February gain. |
| Effective Job Offers to Applicants Ratio (SA) | 0.62 | | Disaster impact uncertain. |
| Family Income and Expenditure Survey (Real) (Y/Y) | | | |
| PCE (All) | -5.0% | | Earthquake/tsunami damage very evident. |
| PCE (Workers) | -6.0% | | |
| Disposable Income | -4.5% | | |
| Industrial Production (SA) (M/M) | -10.0% | | Seriously disrupted. For how long? |
| Housing Starts (Y/Y) | +3.5% | | Very moderate, for now. |
| Vehicle Sales (Y/Y) | -35.0% | | Still depressed by disaster impact. |
| Official Reserves (NSA) | $1124.0 Billion | | Some boost from currency translation |

## Post Mortem—Recent Data Results

**Consumer sentiment hit sharply.** According to the Cabinet Office, consumer confidence fell sharply in March, partly in understandable reaction to the earthquake. It slumped 2.6 points to 38.6, the lowest since June 2009. The latest decline was broad based. The Cabinet Office changed its assessment, now stating that consumer confidence is showing weakness.

**Exports hurt by earthquake.** Coming in below expectations, and clearly distorted by the March earthquake, the March (unadjusted) trade surplus narrowed significantly to ¥ 196.2 bln from ¥ 931.9 bln in the same month of the previous year. The seasonally adjusted surplus also narrowed clearly to ¥ 96.3 bln in March from ¥ 477.4 bln in February. The latest adjusted result was a reflection of a sharp drop in exports of 7.7% M/M, as the earthquake disrupted activity. Imports, meanwhile, fell further, dropping 1.4% M/M after the 0.7% fall in February.

**Tertiary index rebounds.** Exceeding expectations, the tertiary index rose 0.8% M/M, albeit only from the significantly downwardly revised outcome of -0.1% seen in the preceding month. The breakdown showed the latest bounce-back to be fairly broad-based, led by wholesale & retail (1.8% M/M from 0.2% in February) alongside finance & insurance (1.9% from -1.9%), but tempered by a swing in utilities (-1.4% from 4.3%). On a Y/Y basis, the index increased 2.0%.

**Better loan demand**. Corporate demand for bank financing was less weak in the quarter to April compared to the previous quarter according to the latest BoJ survey of senior loan officers. The BoJ index for corporate fund demand, which measures the percentage of banks that saw an increase in lending demand minus those that reported a decline, rose to 8 in from -2, the latest reading being the highest in two years. To a large degree, companies sought higher cash reserves in the aftermath of the earthquake, with the survey conducted in the weeks following March 11.

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