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Forecast Calendar

May 13, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

May 16 – May 27, 2011 (Local Times)

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Corporate Goods Price Index (Y/Y) (8:50)

Nov	0.9%	Feb	1.7%
Dec	1.2%	Mar	2.0%
Jan	1.5%	**Apr (f)**	**2.0%**

Machinery Orders, Core (SA) (14:00)

Oct	-1.4%	Jan	4.2%
Nov	-3.0%	Feb	-2.3%
Dec	1.7%	**Mar (f)**	**-12.0%**

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Tertiary Industry Activity (SA) (M/M) (8:50)

Oct	0.2%	Jan	-0.1%
Nov	0.6%	Feb	0.8%
Dec	-0.2%	**Mar (f)**	**-4.0%**

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BOJ Monetary Policy Meeting

Real GDP (SA) (Q/Q) (8:50)

09:Q4	1.8%	10:Q3	0.8%
10:Q1	1.5%	10:Q4	-0.3%
10:Q2	0.5%	**11:Q1 (f)**	**-0.5%**

Industrial Production (Revised) (SA) (M/M) (13:30)

Nov	1.6%	Feb	1.8%
Dec	2.4%	Mar (p)	-15.3%
Jan	unch	**Mar (f)**	**-18.0%**

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BOJ Monetary Policy Meeting

All Industry Activity (SA) (M/M) (13:30)

Oct	unch	Jan	-0.5%
Nov	0.3%	Feb	0.7%
Dec	0.1%	**Mar (f)**	**-8.0%**

BOJ Shirakawa Press Conference (15:30)

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BOJ Monthly Report (14:00) (May)

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BOJ Monetary Policy Meeting Minutes (8:50) (April 28)

Merchandise Trade Balance (¥Billion, NSA) (8:50)

	2011	2010
Feb	650.3	638.3
Mar	189.4	931.9
Apr (f)	**-750.0**	729.2

Shirakawa Speech (13:30) (Naigai Josei Chousa Kai Meeting)

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Corporate Service Prices (Y/Y) (8:50)

Nov	-1.3%	Feb	-1.1%
Dec	-1.3%	Mar	-1.2%
Jan	-1.1%	**Apr (f)**	**-1.2%**

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Tokyo CPI (Y/Y) (8:30)

	Total	Ex-Fresh Food
Mar	-0.2%	-0.3%
Apr	-0.1%	0.2%
May (f)	**-0.1%**	**0.2%**

Nationwide CPI (Y/Y) (8:30)

	Total	Ex-Fresh Food
Feb	unch	-0.3%
Mar	unch	-0.1%
Apr (f)	**0.1%**	**0.3%**

Retail Sales (Y/Y) (8:50)

Nov	1.5%	Feb	0.1%
Dec	-2.1%	Mar	-8.5%
Jan	0.1%	Apr **(f)**	**-10.0%**

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

Recent History-Latest Results

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BOJ Monetary Policy Meeting Minutes (8:50) (April 6, 7)

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Official Reserves ($Billion, NSA) (8:50)

Nov	1101.0	Feb	1091.5
Dec	1096.2	Mar	1116.0
Jan	1093.0	Apr	1135.5

Business Conditions Composite Indexes (Prelim.) (14:00)

	Leading	Coincident
Jan	101.4	105.5
Feb	104.0	106.8
Mar	99.5	103.6

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Bank Lending (Y/Y) (8:50)

Jan	-1.8%	Mar	-1.7%
Feb	-1.9%	Apr	-0.9%

Money Supply (M2) (Y/Y) (8:50)

Jan	2.3%	Mar	2.6%
Feb	2.4%	Apr	2.7%

Current Account Balance (¥Billion, NSA) (8:50)

	2011	2010
Jan	461.9	881.9
Feb	1641.0	1593.3
Mar	1679.1	2556.4

Current Account Visible Trade (¥Billion, NSA) (8:50)

	2011	2010
Jan	-394.5	166.7
Feb	723.3	785.3
Mar	240.3	1089.0

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Indicator Highlights

Key potential market-moving indicators and events include: Machinery Orders, Core (Mon., May 16, 14:00); Tertiary Industry Activity (Wed., May 18, 8:50); Real GDP (Thu., May 19, 8:50); Industrial Production (Revised) (Thu., May 19, 13:30); All Industry Activity (Fri., May 20, 13:30); the Bank of Japan Monetary Policy Meeting (Thu., Fri., May 19,20), the Merchandise Trade Balance (Wed., May 25, 8:50); Tokyo and Nationwide CPI (Fri., May 27, 8:30); and Retail Sales (Fri., May 27, 8:50).

Machinery orders data will reveal the severity of the earthquake/tsunami shock to immediate demand. In coming months, however, these orders should be an early beneficiary of reconstruction, or relocation, demand. Tertiary-industry, revised industrial production, and all-industry results will show the proportions of the March hit to output, and its distribution across sectors. Real GDP data will be read as a rough guide to the pre-earthquake state of demand. BOJ policymakers will study the unfolding impacts of the disasters, and contemplate further policy actions—most notably expansion of the Bank's program focused on encouraging financing of innovative investments.

Merchandise trade results will be watched most intently for export damage resulting from earthquake effects. CPI numbers, as always, will be studied for signs whether deflation is easing, while retail sales results will show fallout effects from the natural disasters.

Indicator	Forecast	Consensus	Analysis
Corporate Goods Price Index (Y/Y)	+2.0%		Little new strong-yen impact yet.
Machinery Orders, Core (SA)	-12.0%		Disaster-related drop.
Tertiary Industry Activity (SA) (M/M)	-4.0%		Services industries not hit so hard as goods industries by earthquake.
Real GDP (SA) (Q/Q)	-0.5%		Serious early impact from earthquake.
Industrial Production (Revised) (SA) (M/M)	-18.0%		Crisis damage worse than first estimated.
All Industry Activity (SA) (M/M)	-8.0%		Broad output-side weakness.
Merchandise Trade Balance (NSA)	-¥750.0 Billion		A sharp contraction in exports.
Corporate Service Prices (Y/Y)	-1.2%		No change in trend.
Tokyo CPI (Y/Y)			
Total	-0.1%		A technical end to core deflation.
Ex-Fresh Food	+0.2%		
Nationwide CPI (Y/Y)			
Total	+0.1%		
Ex-Fresh Food	+0.3%		
Retail Sales (Y/Y)	-10.0%		Catastrophe impact is severe.

Post Mortem—Recent Data Results

Leading index slumps. The preliminary leading index for March, as computed by the Cabinet Office, slumped 4.5 points to 99.5, the first fall in five months. Moreover, the coincident index also decreased afresh this time around, sliding a record 3.2 points, also the first drop in five months. These results obviously reflect the impact of the recent earthquake and still allowed the Cabinet Office (on the basis of the coincident index) to allege that Japan's economy is improving.

Monetary dynamics improve. Matching expectations, growth in M2 money rose 0.1 percentage point to 2.7% Y/Y in April, up further from readings around the turn of the year that were the softest since March 2009. This higher reading was accompanied by a higher reading in regard to the growth of the broader measure (M3), at 2.1%. Elsewhere, bank lending growth remained clearly negative in April, but with the pace of decline easing clearly to -1.0% Y/Y.

Smaller external surplus. Surprising few, the (unadjusted) current account saw a smaller surplus of ¥ 1 679.1 bln in March, down from the ¥ 2 556.4 bln outcome in the same month of 2010. In seasonally adjusted terms, the current account surplus also deteriorated but to ¥ 752.7 bln from ¥ 1 218.8 bln in February.

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