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DECISION ECONOMICS, INC.

Information for Decisions™

Forecast Calendar

June 24, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

June 27 – July 8, 2011 (Local Times)

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

Dec	-2.1%	Mar	-8.3%
Jan	0.1%	Apr	-4.8%
Feb	0.1%	**May (f)**	**-2.5%**

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Industrial Production (SA) (M/M) (8:50)

Dec	2.4%	Mar	-15.5%
Jan	unch	Apr	1.6%
Feb	1.8%	**May (f)**	**4.5%**

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Housing Starts (Y/Y) (14:00)

Dec	7.5%	Mar	-2.4%
Jan	2.7%	Apr	0.3%
Feb	10.1%	**May (f)**	**4.0%**

MOF FX Intervention Data (19:00) (June)

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

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

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

	Total	Ex-Fresh Food
Mar	unch	-0.1%
Apr	0.3%	0.6%
May (f)	**0.3%**	**0.5%**

Unemployment Rate (SA) (8:30)

Dec	4.9%	Mar	4.6%
Jan	4.9%	Apr	4.7%
Feb	4.6%	**May (f)**	**4.7%**

Effective Job Offers to Applicants Ratio (8:30)

Dec	0.58	Mar	0.63
Jan	0.61	Apr	0.61
Feb	0.62	**May (f)**	**0.61**

Family Income and Expenditure Survey (Real) (Y/Y) (8:30)

	PCE (All)	PCE (Workers)	Disp. Income
Mar	-8.5%	-11.0%	-3.2%
Apr	-3.0%	-2.6%	-2.8%
May (f)	**-2.3%**	**-2.0%**	**-2.5%**

TANKAN (8:50)

10:Q1	-14	10:Q4	5
10:Q2	1	11:Q1	6
10:Q3	8	**11:Q2 (f)**	**-6**

Vehicle Sales (Y/Y) (14:00)

Jan	-21.5%	Apr	-51.0%
Feb	-14.3%	May	-38.0%
Mar	-37.0%	**Jun (f)**	**-40.0%**

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BOJ Branch Managers Meeting

BOJ Regional Report (14:30) (July)

Sometime during the week:

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

Jan	1093.0	Apr	1135.5
Feb	1091.5	May	1139.5
Mar	1116.0	**Jun (f)**	**1142.0**

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

	Leading	Coincident
Mar	99.6	103.4
Apr	96.2	103.6
May (f)	**94.5**	**102.7**

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

Dec	-1.3%	Mar	1.0%
Jan	4.0%	Apr	-3.3%
Feb	1.7%	**May (f)**	**-3.0%**

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

Jan	-1.8%	Apr	-0.9%
Feb	-1.9%	May	-0.7%
Mar	-1.7%	**Jun (f)**	**-0.7%**

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

	2011	2010
Mar	1679.1	2556.4
Apr	405.6	1331.2
May (f)	**341.0**	1222.6

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

	2011	2010
Mar	240.3	1089.0
Apr	-417.5	871.1
May (f)	**-794.0**	402.7

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

Recent History-Latest Results

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

	2011	2010
Mar	186.4	931.9
Apr	-464.8	729.2
May	-853.7	309.1

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

Nov	0.3%	Feb	0.9%
Dec	0.1%	Mar	-6.4%
Jan	-0.5%	Apr	1.5%

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

Dec	-1.3%	Mar	-1.1%
Jan	-1.1%	Apr	-0.7%
Feb	-1.1%	May	-0.9%

Indicator Highlights

Key potential market-moving indicators and events include: Retail Sales (Tue., Jun. 28, 8:50); Industrial Production (Wed., Jun. 29, 8:50); Housing Starts (Thu., Jun. 30, 14:00); Tokyo and Nationwide CPI (Fri., Jul. 1, 8:30); Unemployment Rate (Fri., Jul. 1, 8:30); the Effective Job Offers to Applicants Ratio (Fri., Jul. 1, 8:30); the TANKAN (Fri., Jul. 1, 8:50); Machinery Orders, Core (Thu., Jul. 7, 14:00); and Bank Lending (Fri., Jul. 8, 8:50).

Retail sales results are tracking consumer behavior in the aftermath of the March earthquake/tsunami, a trend of overwhelming significance for the outlook. Industrial production numbers are under similarly intense scrutiny—particularly the production-plan survey, which reflects business confidence in the ability to recover. CPI results will hint a bit further as the sustainability of the recent turn away from deflation. Labor market data will give more insight into the sturdiness of post-disaster recovery, as will Tankan readings on expectations.

Machinery orders, an indicator of near-term business investment intentions, will give a reading on post-catastrophe sentiment—so far, there has been no severe shock. Bank lending results will be read for clues as to whether borrower demand is strengthening.

Indicator	Forecast	Consensus	Analysis
Retail Sales (Y/Y)	-2.5%		Recovering on a running basis.
Industrial Production (SA) (M/M)	+4.5%		Rebounding, as companies reorganize.
Housing Starts (Y/Y)	+4.0%		Still restrained, but strength to come.
Tokyo CPI (Y/Y)			
Total	-0.1%		So far, no relapse into core deflation.
Ex-Fresh Food	+0.1%		
Nationwide CPI (Y/Y)			
Total	+0.3%		
Ex-Fresh Food	+0.5%		
Unemployment Rate (SA)	4.7%		Market conditions still unsettled.
Effective Job Offers to Applicants Ratio	0.61		Very cautious post-disaster behavior.
Family Income and Expenditure Survey (Real) (Y/Y)			
PCE (All)	-2.3%		Consumers still extremely careful.
PCE (Workers)	-2.0%		
Disposable Income	-2.5%		
TANKAN (DI, Large manufacturer)	-6		A post-quake hit. Expectations readings more important.
Vehicle Sales (Y/Y)	-40.0%		A bit stronger on a running basis.
Official Reserves (NSA)	$1142.0 Billion		Currency moves not favorable.
Business Conditions Indexes			
Leading	94.5		Effects of disasters still evident.
Coincident	102.7		
Machinery Orders, Core (SA)	-3.0%		Hesitation, but relatively mild.
Bank Lending (Y/Y)	-0.7%		Little firming of underlying trend.
Current Account Balance (NSA)	¥341.0 Billion		Merchandise trade under severe pressure.
Current Account Visible Trade (NSA)	¥794.0 Billion		

Post Mortem—Recent Data Results

Exports bounce modestly. Coming in below expectations, and still clearly distorted by the March earthquake, the May (unadjusted) trade balance deteriorated significantly to a shortfall of ¥ 853.7 bln from a surplus of ¥ 316.0 bln in the same month of the previous year. The seasonally adjusted trade gap also worsened but modestly to a deficit of ¥ 474.6 bln. The latest adjusted result was a reflection of a modest recovery in exports of 2.5% M/M, while imports, bounced 2.4%.

Output recovers somewhat. The all industries index rose by 1.5% M/M in April, but only from the sharp slump seen in March of -6.4%. As a result, the Y/Y rate of change was little changed at 4.1%.

Further fall in corporate services prices. May corporate services prices decreased 0.3% M/M, a second straight decrease after the 0.2% fall in the preceding month. Meanwhile, the Y/Y rate of change also turned more negative to 0.9% down from the 0.7% drop in April.

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