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Forecast Calendar

June 3, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

June 6 – June 17, 2011 (Local Times)

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

Dec	1096.2	Mar	1116.0
Jan	1093.0	Apr	1135.5
Feb	1091.5	**May (f)**	**1140.0**

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

	Leading	Coincident
Feb	104.0	106.8
Mar	100.1	103.5
Apr (f)	**97.0**	**103.0**

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

Dec	-2.0%	Mar	-1.7%
Jan	-1.8%	Apr	-0.9%
Feb	-1.9%	**May (f)**	**-1.0%**

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

Dec	2.3%	Mar	2.6%
Jan	2.3%	Apr	2.7%
Feb	2.4%	**May (f)**	**2.7%**

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

	2011	2010
Feb	1641.0	1593.3
Mar	1679.1	2556.4
Apr (f)	**105.0**	1331.2

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

	2011	2010
Feb	723.3	785.3
Mar	240.3	1089.0
Apr (f)	**-345.0**	871.1

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

10:Q1	2.2%	10:Q4	-0.8%
10:Q2	0.1%	11:Q1 (p)	-0.9%
10:Q3	0.9%	**11:Q1 (f)**	**-0.9%**

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

Dec	1.2%	Mar	2.0%
Jan	1.5%	Apr	2.5%
Feb	1.7%	**May (f)**	**2.5%**

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

Nov	0.6%	Feb	1.0%
Dec	-0.2%	Mar	-6.0%
Jan	-0.1%	**Apr (f)**	**2.0%**

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BOJ Monetary Policy Meeting

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

Nov	0.1%	Feb	-1.9%
Dec	-0.2%	Mar	2.9%
Jan	3.9%	**Apr (f)**	**unch**

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BOJ Monetary Policy Meeting

MOF Business Outlook Survey (8:50) (Second Quarter)

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

Dec	-2.4%	Mar	-15.5%
Jan	unch	Apr (p)	1.0%
Feb	1.8%	**Apr (f)**	**1.0%**

BOJ Shirakawa Press Conference (15:30)

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BOJ Monthly Report (14:00) (June)

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BOJ Monetary Policy Meeting Minutes (8:50) (May 19-20)

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

Recent History-Latest Results

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Unemployment Rate (SA) (8:30)

Nov	5.1%	Feb	4.6%
Dec	4.9%	Mar	4.6%
Jan	4.9%	Apr	4.7%

Effective Job Offers to Applicants Ratio (8:30)

Nov	0.57	Feb	0.62
Dec	0.58	Mar	0.63
Jan	0.61	Apr	0.61

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

	PCE (All)	PCE (Workers)	Disp. Income
Feb	-0.2%	-0.7%	1.4%
Mar	-8.5%	-11.0%	-3.2%
Apr	-3.0%	-2.6%	-2.8%

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

Nov	1.6%	Feb	1.8%
Dec	2.4%	Mar	-15.5%
Jan	unch	Apr	1.0%

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

Nov	%	Feb	10.1%
Dec	7.5%	Mar	-2.4%
Jan	2.7%	Apr	0.3%

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

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Shirakawa Speech (9:30)
BOJ International Conference

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

Dec	-28.3%	Mar	-37.0%
Jan	-21.5%	Apr	-51.0%
Feb	-14.3%	May	-38.0%

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MOF Corporate Financial Statistics (8:50) (First Quarter)

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Indicator Highlights

Key potential market-moving indicators and events include: Bank Lending (Wed., Jun. 8, 8:50); Real GDP (Revised) (Thu., Jun. 9, 8:50); Tertiary Industry Activity (Fri., Jun. 10, 8:50); and Machinery Orders, Core (Mon., Jun. 13, 14:00).

Bank lending results will be watched for new hints of investment activity prompted by disaster reconstruction. GDP numbers will give a more-refined picture of conditions on the eve of the earth quake/tsunami, while tertiary industry results may hint at the beginning of a rebound.

Machinery orders give a reading on business investment intentions over a relatively short-term horizon; they should show an early positive impact from rebuilding and relocation outlays.

Indicator	Forecast	Consensus	Analysis
Official Reserves (NSA)	$1140.0 Billion		Strictly an earnings-driven rise.
Business Conditions Composite Indexes (Prelim.)			
Leading	97.0		Still falling.
Coincident	103.0		
Bank Lending	-1.0%		Little indication of firming activity.
Money Supply (M2) (Y/Y)	+2.7%		Accelerated growth pace carries on.
Current Account Balance (NSA)	¥105.0 Billion		Very poor goods-trade performance- impacted by disaster shock.
Current Account Visible Trade (NSA)	-¥345.0 Billion		
Real GDP (Revised) (Q/Q)	-0.9%		Little or no revision.
Corporate Goods Price Index (Y/Y)	+2.5%		Continues firm, on global prices.
Tertiary Industry Activity (SA) (M/M)	+2.0%		A partial rebound from catastrophe.
Machinery Orders, Core (SA)	unch		Holding ground; soon to rise.
Industrial Production (Revised) (SA) (M/M)	+1.0%		No significant revision

Post Mortem—Recent Data Results

Soft jobs data. In line with expectations, the unemployment rate rose 0.1 percentage point from March's 25-month low to 4.7% in April. However, once more the data did not include results from the three main areas hit by the earthquake. On a further downbeat note, Y/Y employment continued to fall, slipping 4.4% in April, only marginally less severely than in the prior month (-4.5%). However, the participation rate rose clearly, up 0.7 percentage points to 59.7% but with the job-to-applicant ratio falling back from a 26-month high of 0.63 to a three-month low of 0.61.

Household spending improves. The Y/Y growth rate for overall household spending turned much less negative at -3.0% in April, having shown a drop of 8.5% in the previous month, with the M/M outcome up 0.2%. The outcome was softer than expected. Growth in household spending for workers also proved to be less weak, falling 2.6% in Y/Y terms following an 11.0% March plunge.

Industrial production rebounds. Although surprising on the downside, preliminary data for April still showed industrial production rising a full 1.0% M/M, albeit with that gain coming on the back of an earth-quake affected record fall of 15.5% in March. Nevertheless, METI revised up its estimate for May output from 2.7% to 8.0%, also stating that another clear (7.7%) gain was to be expected in June. Elsewhere, however, the data showed a continued, but less acute fall in shipments in April (-2.7% M/M vs -14.6%), but with inventories rising 0.5%

Housing data still weak. Housing starts fell for a second straight month in April, but with the 1.1% drop less acute than March's 7.5% slump. Moreover, on a Y/Y basis, housing starts actually expanded, but by a very modest 0.3%. Elsewhere, an on a more up-beat note, construction orders surged 331.4% Y/Y in April, more than offsetting the 11.0% drop in March.

Stronger manufacturing confidence. The May PMI rose clearly, returning to above-50 territory for the first time since February with a reading of 51.3, up from 45.7% in April, the latter having been a two-year low.

Plunge in vehicle sales continues. May data saw a further but less marked fall in vehicle sales. Indeed, sales slumped 37%, less acutely than April's 50.0% plunge.

Capex setback. According to the latest Ministry of Finance (MoF) survey, capital spending increased by 3.3% Y/Y in Q4, the third successive rise but one that was lower than the 3.8% outcome seen in the previous quarter. The rise also came in spite of steeper drop on the non-manufacturing side, also reflecting a fresh fall in seasonally adjusted Q/Q terms. Meanwhile, total sales growth turned less positive, slowing to 1.4%.

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