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Forecast Calendar

August 5, 2011

Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

August 8 – August 19, 2011 (Local Times)

8	9	10	11	12
Bank Lending (Y/Y) (8:5) Apr -1.0% Jun -0.6% May -0.8% **Jul (f)** **-0.5%** Current Account Balance (¥Billion, NSA) (8:50) 2011 2010 May 590.7 1222.6 **Jun (f)** **955.0** 1057.8 Current Account Visible Trade (¥Billion, NSA) (8:50) 2011 2010 May -772.7 402.7 **Jun (f)** **115.5** 762.0	Money Supply (M2) (Y/Y) (8:50) Feb 2.4% May 2.7% Mar 2.6% Jun 2.9% Apr 2.7% **Jul (f)** **2.9%** BOJ Monetary Policy Meeting Minutes (8:50) (July 11-12)	Corporate Goods Price Index (Y/Y) (8:50) Feb 1.7% May 2.2% Mar 2.0% Jun 2.5% Apr 2.5% **Jul (f)** **2.5%** Tertiary Industry Activity (SA) (M/M) (8:50) Jan -0.1% Apr 2.5% Feb 0.8% May 0.9% Mar -5.9% **Jun (f)** **1.5%**	Machinery Orders, Core (SA) (14:00) Jan 4.0% Apr -3.3% Feb 1.7% May 3.0% Mar 1.0% **Jun (f)** **3.0%**	Industrial Production (Revised) (SA) (M/M) (13:30) Feb 1.8% May 6.2% Mar -15.5% Jun (p) 3.9% Apr 1.6% **Jun (f)** **3.9%**
15	**16**	**17**	**18**	**19**
Real GDP (SA) (Q/Q) (8:50) 10:Q1 2.3% 10:Q4 -0.7% 10:Q2 unch 11:Q1 -0.9% 10:Q3 0.9% **11:Q2 (f)** **-0.8%**			Merchandise Trade Balance (¥Billion, NSA) (8:50) 2011 2010 May -855.8 309.1 Jun 70.7 670.5 **Jul (f)** **-75.5** 784.6	All Industry Activity (SA) (M/M) (13:30) Jan -0.5% Apr 1.4% Feb 0.9% May 2.0% Mar -6.4% **Jun (f)** **1.8%**

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

Recent History-Latest Results

1	2	3	4	5
Vehicle Sales (Y/Y) (14:00) Feb -14.3% May -37.8% Mar -37.0% Jun -23.0% Apr -51.0% Jul -27.6%			BOJ Monetary Policy Meeting BOJ Shirakawa Press Conference (15:30)	Official Reserves ($Billion, NSA) (8:50) Apr 1135.5 Jun 1137.8 May 1139.5 Jul 1150.9 BOJ Monthly Report (14:00) (August) Business Conditions Composite Indexes (Prelim.) (14:00) Leading Coincident Apr 96.0 103.5 May 99.4 106.1 Jun 103.2 108.6

Indicator Highlights

Key potential market-moving indicators and events include: Bank Lending (Mon., Aug. 8, 8:50); Tertiary Industry Activity (Wed., Aug. 10, 8:50); Machinery Orders, Core (Thu., Aug. 11, 14:00); Real GDP (Mon., Aug. 15, 8:50); Merchandise Trade Balance (Thu., Aug. 18, 8:50); and All Industry Activity (Fri., Aug. 19, 13:30).

Bank lending results will be searched for any signs of improving confidence, as well as for impacts from disaster recovery spending. Tertiary industry activity data are tracking post-catastrophe recovery across a wide swath of the economy. Machinery orders will give a reading on business sector confidence.

GDP numbers will synthesize disparate monthly data into a summary measure of activity—this time, somewhat deceptively, as the average of months on the upside of a "V" is compared to the average of months on the downside. Merchandise trade results, particularly on the export side, will be a critical factor in the outlook for the overall economy. All-industry data will break out the composition of growth by sector.

Indicator	Forecast	Consensus	Analysis
Bank Lending (Y/Y)	-0.5%		Firms a bit further.
Current Account Balance (NSA)	¥955.0 Billion		Trade performance recovering.
Current Account Visible Trade (NSA)	¥115.5 Billion		
Money Supply (M2) (Y/Y)	+2.9%		Growth gradually strengthening.
Corporate Goods Price Index (Y/Y)	+2.5%		International factors still pushing upward.
Tertiary Industry Activity (SA) (M/M)	+1.5%		Broad recovery continues.
Machinery Orders, core (SA)	+3.0%		Rebuilding factor kicks in.
Industrial Production (Revised) (SA) (M/M)	+3.9%		Little if any change to preliminary result.
Real GDP (SA) (Q/Q)	-0.8%		Not so bad as once feared.
Merchandise Trade Balance	-¥75.5 Billion		In very precarious balance lately.
All Industry Activity (SA) (M/M)	+1.8%		A strong month.

Post Mortem—Recent Data Results

Plunge in vehicle sales continues. July data saw a further, and somewhat more marked, fall in vehicle sales. Indeed, sales slumped 27.6%, more acutely than June's 23.3% plunge.

BoJ expands asset purchases. Surprising no-one, the BoJ Board voted unanimously to continue the target for the overnight call loan rate at zero to 0.1%. However, and more notably in a policy decision brought forward by a day, policymakers voted to expand the scale of its asset-buying program to ¥ 15 tln from ¥ 10 tln with the overall scale of the asset-buying program, including three and six-month funding operations, being increased to ¥ 50 tln from ¥ 40 tln. The Board decision reflected concern about the rising yen alongside worries about sagging global growth, with the new statement very much emphasizing that uncertainty over global economic developments and the ensuing fluctuations in the foreign exchange and financial markets may have adverse effects on business sentiment, and consequently on economic activity in Japan. Nevertheless, the BoJ upgraded slightly its assessment of the Japanese economy's current performance for the third consecutive month, adding steadily to its previous phrasing, ie Japan's economic activity has been picking up steadily with an easing of the supply-side constraints caused by the earthquake disaster.

MOF and BOJ intervene. The Ministry of Finance and the BOJ intervened to sell the yen for the first time since March. Finance Minster Noda said he was not targeting a certain yen level.

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