



Japan

Economic Indicators—Schedule and Forecasts

Ellis/Wroblewski

March 19 – March 30, 2012 (Local Times)

19	20 Holiday	21 All Industry Activity (SA) (M/M) (13:30) Aug -0.3% Nov -1.0% Sep -0.8% Dec 1.3% Oct 0.9% Jan (f) -0.6%	22 Merchandise Trade Balance (¥Billion, NSA) (8:50) 2012/2011 2011/2010 Dec -205.6 719.6 Jan -1476.9 -479.4 Feb (f) -120.0 650.3	23
26	27 Corporate Service Prices (Y/Y) (8:50) Sep unch Dec 0.1% Oct 0.1% Jan -0.2% Nov -0.1% Feb (f) -0.1%	28	29 Retail Sales (Y/Y) (8:50) Sep -1.1% Dec 2.5% Oct 1.9% Jan 1.8% Nov -2.2% Feb (f) 2.0%	30 Tokyo CPI (Y/Y) (8:30) Total Ex-Fresh Food Jan -0.3% -0.4% Feb -0.3% -0.3% Mar (f) -0.2% -0.2% Nationwide CPI (Y/Y) (8:30) Total Ex-Fresh Food Dec -0.2% -0.1% Jan 0.1% -0.1% Feb (f) unch unch Unemployment Rate (SA) (8:30) Sep 4.2% Dec 4.5% Oct 4.4% Jan 4.6% Nov 4.5% Feb (f) 4.6% Effective Job Offers to Applicants Ratio (8:30) Sep 0.67 Dec 0.71 Oct 0.67 Jan 0.73 Nov 0.69 Feb (f) 0.74 Family Income and Expenditure Survey (Real) (Y/Y) (8:30) PCE PCE Disp. (All) (Workers) Income Dec 0.5% 0.9% -1.0% Jan -2.3% -2.8% 1.3% Feb (f) unch unch 0.8% Industrial Production (SA) (M/M) (8:50) Sep -3.3% Dec 3.8% Oct 2.2% Jan 1.9% Nov -2.7% Feb (f) 1.5% Housing Starts (Y/Y) (14:00) Sep -10.8% Dec -7.3% Oct -5.8% Jan -1.1% Nov -0.3% Feb (f) -1.5% MOF FX Intervention Data (19:00) (March)

Recent History—Latest Results

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

12 BOJ Monetary Policy Meeting Corporate Goods Price Index (Y/Y) (8:50) Sep 2.5% Dec 1.2% Oct 1.6% Jan 0.5% Nov 1.6% Feb 0.6% Machinery Orders, Core (SA) (14:00) Aug 11.0% Nov 14.8% Sep -8.2% Dec -7.1% Oct -6.9% Jan 3.4%	13 BOJ Monetary Policy Meeting Tertiary Industry Activity (SA) (M/M) (8:50) Aug 0.1% Nov -0.6% Sep -0.4% Dec 1.8% Oct 0.8% Jan -1.7% BOJ Shirakawa Press Conference (15:30)	14 MOF Business Outlook Survey (8:50) (First Quarter) Industrial Production (Revised) Sep -3.3% Dec 3.8% Oct 2.2% Jan (p) 2.0% Nov -2.7% Jan 1.9% BOJ Monthly Report (14:00) (March)	15	16 BOJ Monetary Policy Meeting Minutes (8:50) (February 13, 14)
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Indicator Highlights

Japan

Key potential market-moving indicators and events include: All Industry Activity (Wed., Mar. 21, 13:30); the Merchandise Trade Balance (Thu., Mar. 22, 8:50); Retail Sales (Thu., Mar. 29, 8:50); Tokyo and Nationwide CPI (Fri., Mar. 30, 8:30); Unemployment Rate (Fri., Mar. 30, 8:30); Effective Job Offers to Applicants Ratio (Fri., Mar. 30, 8:30); Family Income and Expenditure Survey (Real) (Fri., Mar. 30, 8:30); Industrial Production (Fri., Mar. 30, 8:50); and Housing Starts (Fri., Mar. 30, 14:00).

All-industry numbers will consolidate industry-level production data into a complete output-side picture of the January economy. The issue will be the extent to which December strength carried on into the new quarter. Merchandise trade results will reveal the degree to which January numbers may have been distorted by the early Chinese New Year—making assessment of the all-important trend in exports a little more straightforward.

Retail sales and family income and expenditure data will characterize the February consumer trend—after an extraordinarily strong January on the retail measure. CPI results bring an update on the Bank of Japan's key target variable—with a developing boost from energy prices coming on the horizon. Labor market data will reveal the state of demand and give hints on business confidence. Industrial production is looked-to for ongoing moderate strength—with the output plan survey closely watched. Housing starts give a production reading for homebuilding sector, likely to benefit from Tsunami reconstruction.

Indicator	Forecast	Consensus	Analysis
All Industry Activity (SA) (M/M)	-0.6%		Tertiary Industry weakness pulls down the total.
Merchandise Trade Balance (NSA)	-¥120.0 Billion		A deficit, but improves from January a bit more than last year—hinting January was depressed by Chinese New Year factor.
Corporate Service Prices (Y/Y)	-0.1%		Roughly flat, on average.
Retail Sales (Y/Y)	+2.0%		Maintaining recent trend.
Tokyo CPI (Y/Y)			
Total	-0.2%		Core indexes firming very modestly.
Ex-Fresh Food	-0.2%		
Nationwide CPI (Y/Y)			
Total	unch		
Ex-Fresh Food	unch		
Unemployment Rate (SA)	4.6%		Welcome stability, perhaps turning to improvement.
Effective Job Offers to Applicants Ratio	0.74		Demand keeps moving up.
Family Income and Expenditure Survey (Real) (Y/Y)			
PCE (All)	unch		No disruption to mild running trend.
PCE (Workers)	unch		
Disposable Income	+0.8%		
Industrial Production (SA) (M/M)	+1.5%		In-line with plans; future is the issue.
Housing Starts (Y/Y)	-1.5%		Steady in a running basis.

Post Mortem—Recent Data Results

Corporate goods prices edge up. As expected, corporate good prices edged up 0.2 % M/M in February, a result coming after a 0.1% drop. Y/Y growth was little changed at 0.5%. The data showed export price pressures falling at a less rapid pace (-3.5% Y/Y), alongside a small pick-up in import price inflation (at 2.6%).

Orders recover modestly. Surprising a little to the upside this time around, core machinery orders (excluding shipping and utilities) recovered modestly in January, albeit with the 3.4% M/M rise unwinding less than half of the 7.1% drop seen in December. Notably, the data showed further weakness on the manufacturing side.

BoJ increases loan availability. While it was no surprise that the BoJ Board once again voted unanimously to continue the target for the overnight call loan rate at zero to 0.1%, they did confound most expectations by deciding to expand its temporary lending programs aimed at shoring up the economy's growth potential and supporting small businesses through commercial banks. In particular, the Board enhanced the fund-provisioning measure to support strengthening the foundations of what is known as the Growth-Supporting Funding Facility by ¥ 2 trn to ¥ 5.5 trn yen. Otherwise it kept the size of its asset-buying program stable at ¥ 65 trn, albeit with some calls for a further enlargement. Overall, the main decision by the Board were unanimous, as it cited more prominently the long-term structural challenge of declining trend growth rates amid rapid population aging. Following the meeting, Governor Shirakawa underlined that the latest BoJ decision had to be put into perspective alongside the measures introduced in February.

Tertiary index slides back. Showing a larger drop back than expected, the tertiary index slumped 1.7% M/M in January, almost fully reversing the 1.8% bounce of the previous month, all maintaining the largely volatile picture of recent months. The Y/Y rate remained positive but barely so at 0.1%.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 3rd Floor
London EC2M 4QB
Telephone: 011-44-20-7814-6706
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504