



Japan

Economic Indicators—Schedule and Forecasts
October 3 – October 14, 2011 (Local Times)

Ellis/Wroblewski

3	4	5	6	7
TANKAN (8:50) 10:Q2 1 11:Q1 6 10:Q3 8 11:Q2 -9 10:Q4 5 11:Q3 (f) 1 Vehicle Sales (Y/Y) (14:00) Apr -51.0% Jul -27.6% May -37.8% Aug -25.5% Jun -23.3% Sep (f) unch			BOJ Monetary Policy Meeting	BOJ Monetary Policy Meeting Official Reserves (\$Billion, NSA) (8:50) Apr 1135.5 Jul 1150.9 May 1139.5 Aug 1218.5 Jun 1137.8 Sep (f) 1222.0 Business Conditions Composite Indexes (Prelim.) (14:00) Leading Coincident Jun 102.6 107.4 Jul 104.6 107.1 Aug (f) 103.5 107.0 BOJ Shirakawa Press Conference (15:30)
10	11	12	13	14
Holiday	Current Account Balance (¥Billion, NSA) (8:50) 2011 2010 Jun 526.9 1057.8 Jul 990.2 1718.7 Aug (f) 175.0 1142.9 Current Account Visible Trade (¥Billion, NSA) (8:50) 2011 2010 Jun 131.5 762.0 Jul 123.3 897.1 Aug (f) -715.0 170.6 BOJ Monthly Report (14:00) (October)	Machinery Orders, Core (SA) (14:00) Mar 1.0% Jun 7.7% Apr -3.3% Jul -8.2% May 3.0% Aug (f) 2.0%	BOJ Monetary Policy Meeting Minutes (8:50) (September 6-7) Bank Lending (Y/Y) (8:50) Apr -1.0% Jul -0.6% May -0.8% Aug -0.5% Jun -0.6% Sep (f) -0.5% Tertiary Industry Activity (SA) (M/M) (8:50) Mar -5.9% Jun 1.8% Apr 2.7% Jul -0.1% May 0.9% Aug (f) 0.3%	Money Supply (M2) (Y/Y) (8:50) Apr 2.7% Jul 3.0% May 2.7% Aug 2.7% Jun 2.9% Sep (f) 2.7% Corporate Goods Price Index (Y/Y) (8:50) Apr 2.5% Jul 2.9% May 2.1% Aug 2.6% Jun 2.5% Sep (f) 2.4%

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

Recent History-Latest Results

26	27	28	29	30
	Corporate Service Prices (Y/Y) (8:50) Mar -1.1% Jun -0.7% Apr -0.7% Jul -0.3% May -0.9% Aug -0.4%		Retail Sales (Y/Y) (8:50) Mar -8.3% Jun 1.2% Apr -4.8% Jul 0.6% May -1.3% Aug -2.6%	Tokyo CPI (Y/Y) (8:30) Total Ex-Fresh Food Jul 0.1% -0.1% Aug -0.2% -0.1% Sep -0.2% -0.1% Nationwide CPI (Y/Y) (8:30) Total Ex-Fresh Food Jun -0.4% -0.2% Jul 0.2% 0.1% Aug 0.2% 0.2% Unemployment Rate (SA) (8:30) Mar 4.6% Jun 4.6% Apr 4.7% Jul 4.7% May 4.5% Aug 4.3% Effective Job Offers to Applicants Ratio (8:30) Mar 0.63 Jun 0.63 Apr 0.61 Jul 0.64 May 0.61 Aug 0.66 Family Income and Expenditure Survey (Real) (Y/Y) (8:30) PCE PCE Disp. (All) (Workers) Income Jun -4.2% -4.2% -6.6% Jul -2.1% -2.6% 1.1% Aug -4.1% -4.7% -1.9% Industrial Production (SA) (M/M) (8:50) Mar -15.5% Jun 3.8% Apr 1.6% Jul 0.4% May 6.2% Aug 0.8% Housing Starts (Y/Y) (14:00) Mar -2.4% Jun 5.8% Apr 0.3% Jul 21.2% May 6.4% Aug 14.0% MOF FX Intervention Data (19:00) (September)

Indicator Highlights

Japan

Key potential market-moving indicators and events include: the TANKAN (Mon., Oct. 3, 8:50); the Bank of Japan Monetary Policy Meeting (Thu.-Fri., Oct. 6-7); Machinery Orders, Core (Wed., Oct. 12, 14:00); Bank Lending (Thu., Oct. 13, 8:50); Tertiary Industry Activity (Thu., Oct. 13, 8:50); and Corporate Goods Price Index (Fri., Oct. 14, 8:50).

The TANKAN, notable for its breadth of coverage and relative intensity of queries, will give a critical perspective on the post-disaster business landscape and a reality check on the Bank of Japan's still-optimistic baseline forecast. The BOJ will contemplate that forecast, and perhaps make adjustments, at its late-week meeting.

Machinery orders and the credit demand evident in the bank lending results will be important indicators of corporate sentiment. Tertiary-industry data reflect the largest single production-side sector of the economy. Corporate goods prices will reveal the effect of currency and commodity price moves on business costs.

Indicator	Forecast	Consensus	Analysis
TANKAN	1		Mild bounce-back from second-quarter plunge.
Vehicle Sales (Y/Y)	unch		Easier year-ago comparison.
Official Reserves (NSA)	\$1222.0 Billion		Earnings-driven increase
Business Conditions Composite Indexes (Prelim.)			
Leading	103.5		Advance is cooling.
Coincident	107.0		
Current Account Balance (NSA)	¥175.0 Billion		Strong incomes keep the balance positive, despite trade deterioration.
Current Account Visible Trade (NSA)	-¥715.0 Billion		
Machinery Orders, Core (SA)	+2.0%		Modest rebound after 8.2% drop last month.
Bank Lending (Y/Y)	-0.5%		Still very mild new-loan activity.
Tertiary Industry Activity (SA) (M/M)	+0.3%		Trend-like growth.
Money Supply (M2) (Y/Y)	+2.7%		No significant acceleration.
Corporate Goods Price Index (Y/Y)	+2.4%		Weaker commodity prices evident.

Post Mortem—Recent Data Results

Lower corporate services prices. August corporate services prices 0.4% in M/M terms, weaker than the flat July reading. As a result, the Y/Y rate of change turned a notch more negative at -0.4%.

Sales fall further. Retail sales dropped 1.7% M/M in August, adding to the correcting back of 0.3% seen in the previous month. As a result, Y/Y growth turned negative, swinging from 0.6% to -2.6%.

Price pressures steady. Matching expectations, national core CPI inflation (ex fresh food) showed a 0.1 percentage point rise in August, with the 0.2% Y/Y outcome the highest since the end of 2008. Headline CPI inflation, meanwhile, was stable at 0.2%, while the rate excluding food and energy was steady at -0.5%. However, the headline Tokyo CPI reading (for September) remained at -0.2% Y/Y, while the core (ex-fresh food) CPI inflation picked up to -0.1%, but both still seeing less steep falls than the ex food and energy price drop of 0.4%.

Mixed jobs data. Very much undershooting expectations, the unemployment rate decreased 0.4 percentage point to 4.3% in August, the lowest since early 2009. However, once more the data did not include results from the three main areas (prefectures) hit by the earthquake. Moreover, and on a more downbeat note, Y/Y employment continued to fall, slipping 5.0%, somewhat more steeply than in previous months. In addition, the participation rate fell back, easing another 0.2 percentage point to 59.2% but with the job-to-applicant ratio rising a notch to 0.65.

Household spending weakens. The Y/Y growth rate for overall household spending turned much more negative at -4.1% in August, almost twice the drop of the previous month, albeit with the M/M outcome down only 0.1%. The outcome was much softer than expected. Y/Y growth in household spending for workers also proved to be much weaker, falling 4.7% following a 2.6% July fall.

Industrial production growth picks up slightly. Surprising a little to the downside, preliminary data for August still showed industrial production rose 0.8% M/M, twice the July gain and also being the fifth rise in a row, all helping to repair the earthquake-affected record-fall of 15.5% in March. Further recovery is expected. Still little further underlying improvement is envisaged. Indeed, METI revised up its estimate for September output growth from the month-ago estimate to a correction of 2.5%, but with a rebound of 3.8% seen for October. Elsewhere, however, the data showed a further bounce in shipments in July (0.2% M/M vs 8.2%), but with inventories falling back by 0.2%.

Housing data more mixed. Housing starts rose further but more slowly in August, at least in Y/Y terms with the pace of growth easing to 14.0% Y/Y, partly undermined by a 2.2% M/M drop.

Manufacturing weakens afresh. The September manufacturing PMI fell 2.6 points to 49.3, the weakest since earthquake-hit outcomes in March and April.

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