



Japan

Economic Indicators—Schedule and Forecasts
June 4 – June 15, 2012 (Local Times)

Ellis/Wroblewski

4	5	6	7	8
Shirakawa Speech (13:30) (Research Institute of Japan)			Official Reserves (\$Billion, NSA) (8:50) Dec 1295.8 Mar 1288.7 Jan 1306.7 Apr 1289.5 Feb 1302.9 May (f) 1285.0	Real GDP (Revised) (SA) (Q/Q) (8:50) 11:Q1 -2.0% 11:Q4 unch 11:Q2 -0.3% 12:Q1 (p) 1.0% 11:Q3 1.9% 12:Q1 (f) 1.1%
			Business Conditions Composite Indexes (Prelim.) (14:00) Leading Coincident Feb 96.1 95.2 Mar 96.4 96.7 Apr (f) 95.1 96.5	Current Account Balance (¥Billion, NSA) (8:50) 2012 2011 Feb 1177.8 1700.8 Mar 1589.4 1738.6 Apr (f) 175.0 423.9
				Current Account Visible Trade (¥Billion, NSA) (8:50) 2012 2011 Feb 102.1 720.3 Mar 4.2 236.8 Apr (f) -520.3 -412.0
				Bank Lending (Y/Y) (8:50) Dec 0.4% Mar 0.8% Jan 0.6% Apr 0.3% Feb 0.6% May (f) 0.4%
11	12	13	14	15
MOF Business Outlook Survey (8:50) (Second Quarter) Money Supply (M2) (Y/Y) (8:50) Dec 3.2% Mar 3.0% Jan 3.1% Apr 2.6% Feb 2.9% May (f) 2.6%	Corporate Goods Price Index (Y/Y) (8:50) Dec 1.1% Mar 0.5% Jan 0.5% Apr -0.2% Feb 0.6% May (f) -0.5% Tertiary Industry Activity (SA) (M/M) (8:50) Nov -0.8% Feb unch Dec 1.6% Mar -0.6% Jan -0.6% Apr (f) 0.2%	Machinery Orders, Core (SA) (14:00) Nov 3.1% Feb 2.8% Dec -2.5% Mar -2.8% Jan 0.7% Apr (f) unch	BOJ Monetary Policy Meeting Industrial Production (Revised) (SA) (M/M) (13:30) Dec 2.3% Mar 1.3% Jan 0.9% Apr (p) 0.2% Feb -1.6% Apr (f) 0.2%	BOJ Monetary Policy Meeting BOJ Shirakawa Press Conference (15:30)

Recent History-Latest Results

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

28	29	30	31	1
BOJ Monetary Policy Meeting Minutes (8:50) (April 27) Corporate Service Prices (Y/Y) (8:50) Nov -0.4% Feb -0.7% Dec -0.1% Mar -0.2% Jan -0.4% Apr -0.2%	Unemployment Rate (SA) (8:30) Nov 4.5% Feb 4.5% Dec 4.5% Mar 4.5% Jan 4.6% Apr 4.6% Effective Job Offers to Applicants Ratio (8:30) Nov 0.69 Feb 0.75 Dec 0.71 Mar 0.76 Jan 0.73 Apr 0.79 Family Income and Expenditure Survey (Real) (Y/Y) (8:30) PCE PCE Disp. (All)(Workers) Income Feb 2.3% 2.8% 1.8% Mar 3.4% 4.3% 3.7% Apr 2.6% 3.5% 2.3% Retail Sales (Y/Y) (8:50) Nov -2.2% Feb 3.4% Dec 2.5% Mar 10.3% Jan 1.8% Apr 5.8%	Shirakawa Speech (9:30) (BOJ International Conference)	Industrial Production (SA) (M/M) (8:50) Nov -1.7% Feb -1.6% Dec 2.3% Mar 1.3% Jan 0.9% Apr 0.2% Housing Starts (Y/Y) (14:00) Nov -0.3% Feb 7.5% Dec -7.3% Mar 5.0% Jan -1.1% Apr 10.3% MOF FX Intervention Data (19:00) (May)	MOF Corporate Financial Data (8:50) (First Quarter) Vehicle Sales (Y/Y) (14:00) Dec 23.5% Mar 78.2% Jan 40.7% Apr 92.0% Feb 31.9% May 66.3%

Indicator Highlights

Key potential market-moving indicators and events include: Real GDP (Revised) (Fri., Jun. 8, 8:50); Bank Lending (Fri., Jun. 8, 8:50); the MOF Business Outlook Survey (Mon, Jun. 11, 8:50); Tertiary Industry Activity (Tue., Jun. 12, 8:50); and Machinery Orders, Core (Wed., Jun. 13, 14:00).

Revised real GDP numbers will, at least in theory, provide a more accurate picture of first quarter activity. Particular attention will focus on business investment, where higher quality data become available and where there is much uncertainty about the outlook. Bank lending numbers will be studied for clues on the underlying trend—following a big jump at fiscal yearend, and slowdown immediately following.

MOF Business outlook survey results will give an important update on business corporate sentiment, in this period of great volatility and uncertainty. Tertiary industry activity numbers will give the initial fix on the second-quarter trend. Machinery orders provide another important reading on business confidence.

Indicator	Forecast	Consensus	Analysis
Official Reserves (\$Billion, NSA)	1285.0		Adverse currency translation.
Business Conditions Composite Indexes (Prelim.)			
Leading	95.1		Mild retreat in the indexes.
Coincident	96.5		
Real GDP (Revised) (SA) (Q/Q)	+1.1%		Capital investment less weak.
Current Account Balance (NSA)	¥175.0 Billion		Income inflows barely outweigh deficits on all other accounts.
Current Account Visible Trade (NSA)	-¥520.3 Billion		
Bank Lending (Y/Y)	+0.4%		Mildly firmer, after sharp slowdown as new fiscal year began.
Money Supply (M2) (Y/Y)	+2.6%		On trend, but shaky.
Corporate Goods Price Index (Y/Y)	-0.5%		External factors pull prices down further.
Tertiary Industry Activity (SA) (M/M)	+0.2%		Very mild start to second quarter.
Machinery Orders, Core (SA)	unch		Decline brought to a halt.
Industrial Production (Revised) (SA) (M/M)	+0.2%		Little or no revision.

Post Mortem—Recent Data Results

Mixed messages in corporate services prices. April corporate services prices was flat in M/M terms, a clear contrast to the 0.9% gain in the previous month. However, the Y/Y rate actually increased 0.2%, the first positive reading in over three years and boosted by rising costs for newspapers advertisements and TV commercials.

Higher jobless rate. Exceeding expectations, the unemployment rate rose a notch to a three-month high of 4.6% in April. Moreover, on a further downbeat note, employment edged down 0.3% M/M, a second successive such fall, thereby more clearly undermining what had hitherto been a largely flat trend of the last few months. Otherwise, the participation rate rose significantly to 59.4% in April, while (more reassuringly) the job-to-applicant ratio improved to 0.79, now the highest since October 2008.

Softer household spending growth. The Y/Y growth rate for overall household spending softened to 2.6% in April, partly a result of a 0.8% M/M drop. The outcome was largely as-expected, albeit with Y/Y growth in household spending for workers also slowing less appreciably (to 3.8%).

Sales correct further. Retail sales fell 0.3% M/M in April, a second successive drop. Even so, Y/Y growth remained solid, albeit slowing to 5.8%.

Manufacturing Little Changed. The manufacturing PMI remained at 50.7 in May, thereby more clearly maintaining the little-changed pattern of the last few months.

Industrial Production Rises Further. Surprising to the downside once again, preliminary data for April nevertheless showed industrial production rising further, albeit with the 0.2% M/M rise much less marked than the 1.3% bounce posted in March. As a result, the data seemingly continues the volatility in the series, something equally evident in METI's latest survey of firms pointing to a drop of 3.2% projected for May to be followed by a 2.4% recovery in June. Elsewhere, the data also showed a further rise in shipments in April (0.9% M/M vs 0.5%), while inventories jumped 2.0%.

Housing Data Improve. Housing starts rose further with the Y/Y growth rate turning more positive at 10.3%.

Mixed Capex Signals. According to the latest Ministry of Finance (MoF) survey, capital spending increased by 3.3% Y/Y in Q1, a better result than most expected but still a softer increase than the 7.6% rise seen in Q4. The rise reflected increases on both the non-manufacturing and in the factory sector, albeit with Q/Q seasonally adjusted numbers actually showing a correction back for the former sector. Meanwhile, total sales growth turned positive, at 0.6%. *The data suggest some upward revision to Q1 GDP numbers in updated figures due on June 8.*

Vehicle Sales Still Growing Strongly. May data saw a ninth successive positive reading in regard to vehicle sales. Indeed, sales rose by 66.3%, albeit down clearly from the 92.0% rise of the previous month. Subsidies and base effects help explain the strength.