

Konan University Current Quarter Model Forecast

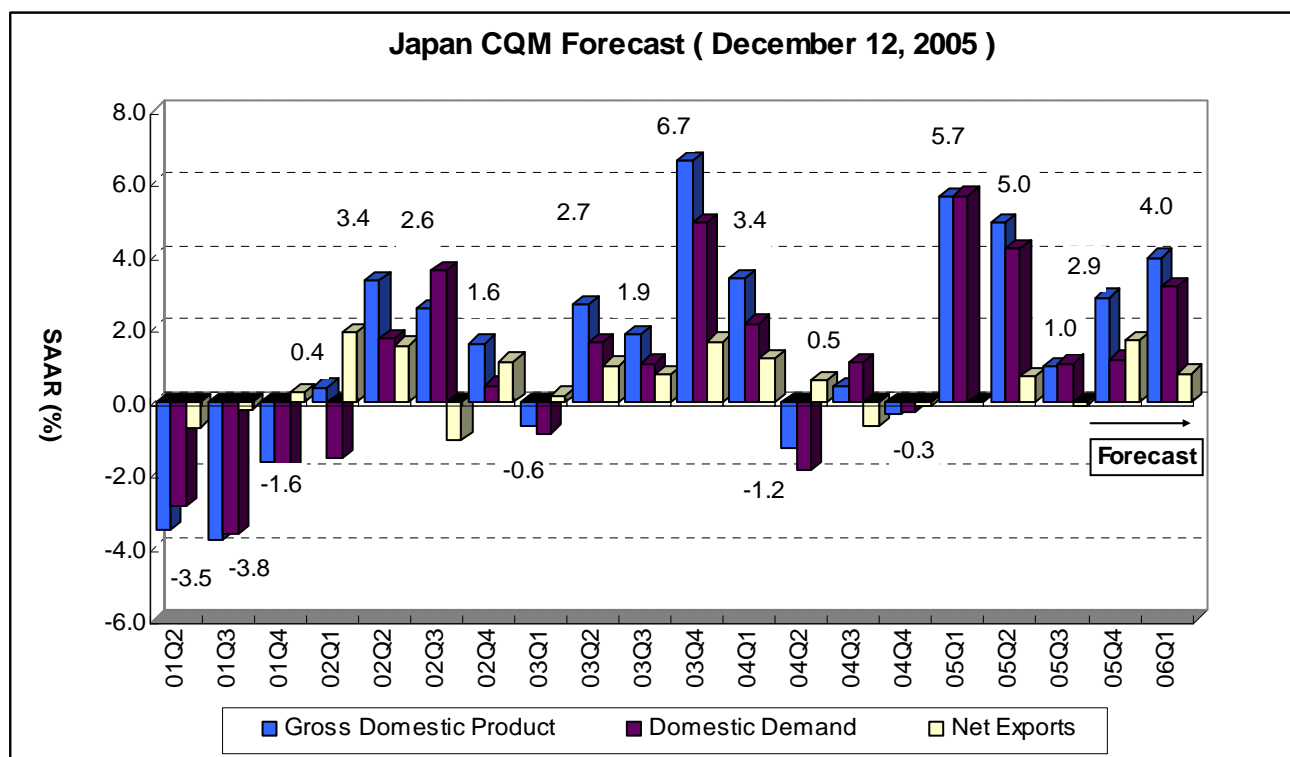
For the Japanese Economy

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At the Konan University, based on the idea and method of Current Quarter Model developed by Professor L. R. Klein, we have applied them to forecasting model for the Japanese economy. In the model, we have established statistical relationships between some 50 monthly economic indicators and main entries of quarterly System of National Accounts. Also this is a pure econometric system without personal data adjustment. We revise our current and next quarter forecasts on a forward rolling basis.

1. Japan's Economy in Brief

- Last week (12/5-12/9) includes contracted public works, money supply, economy watcher's survey for November, overall household consumption, private machinery orders, sales of information industry and preliminary diffusion index for October.
- October overall household spending in real terms was up 2.0% on year, following a 1.0% gain in September and the fifth consecutive month slide in April through August. On a seasonally adjusted basis, it fell 0.1% in October from the previous month. It followed a 0.4% slide in September and a 4.8% jump in August.
- Private core machinery orders rose 4.8% on month in October, following a 10.0% plunge in September and an 8.2% gain in August.
- The preliminary coincident index of economic indicators in October topped the boom-or-bust line of 50% for the third straight month. The leading index and the lagging index were above 50% threshold for the first time in two months.
- October composite leading index, in close relation with corporate profits growth, advanced from September. The reading hit the bottom in March. Since then, it was on the robust rising trend, suggesting economic recovery will accelerate.
- Workers with jobs sensitive to business trend continued to be upbeat in November. The Economy Watchers' Survey sentiment index rose for the first time in two months. The index was above the boom-or-bust line of 50 for the seventh straight month.
- According to the second preliminary GDP data, Japan's economy posted the third straight quarter expansion but its pace slowed down. The July-September real GDP grew 1.0% from the previous quarter, revised downward from a 1.7 % increase in the first preliminary report.
- The main factor behind the downward revision was a fall in change in private inventories which more than offset increases in nonresidential investment and private consumption.
- After incorporating information from newly released monthly data, our Current Quarter Model this week (12/12) forecasts real GDP for the October-December quarter to rise 2.9% from the previous quarter in terms of seasonally adjusted and annualized rate. For the January-March quarter, it will grow 4.0%. As a result, real GDP growth will be 2.7% for calendar year 2005 and 3.1% for fiscal year 2005.



This week forecast (December 12) incorporates additive information of monthly data listed below. Economic indicators marked by arrows are added to the latest forecast.

Date	Economic Indicator	Month	Value	Chg
DEC09	Contracted Public Works (Case, YB)	NOV	(28,782, 961.0)	[-3.0%, -0.9%]
=>DEC09	Sales of Information Industry (YB)	OCT	574.5	[+2.3%]+
=>DEC08	Core Private Machinery Orders (SA: YB)	OCT	1,033.6	[+4.8%]+
DEC08	Economy Watchers' Index (current state, future outlook)	NOV	(52.9, 52.4)	[50.7, 53.4]*
DEC08	Money Supply (YTri)	NOV	712.4	[+0.3%]+
DEC07	Diffusion Index (Preliminary: Coincidence: %)	OCT	88.9	[54.5]*
DEC07	Diffusion Index (Preliminary: Leading/Lagging: %)	OCT	(80.0, 75.0)	[41.7, 50.0]*
=>DEC06	Household Consumption Exp. (Overall Household: Y)	OCT	300,306	[+1.1%]

Note: SA denotes seasonal adjustment. Figures marked by + are the percentage changes from the previous month. Those marked by * are the values in the previous month. Otherwise percentage changes from a year earlier.

2. High Frequency Indicators

[Review]

Summary of monthly indicators released last week (cut off date: December 9) is as follows.

Domestic Demand Related Indicator

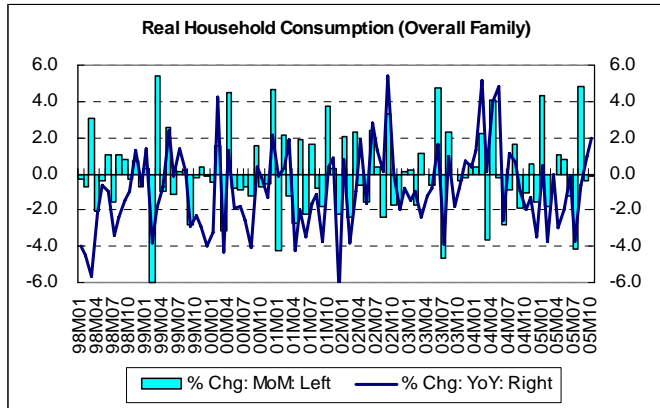
October overall household spending in real term rises 2.0% from a year earlier

Consumer spending by overall households rose 1.1% in October from a year earlier to Y300,306, the Ministry of Internal Affairs reported. It was the second straight

month gain.

Overall household spending in real terms was also up 2.0% from a year earlier, following a 1.0% gain in September and the fifth consecutive month slide in April through August.

On a seasonally adjusted basis, it edged down 0.1% in October from the previous month. It followed a 0.4% slide in September and a 4.8% jump in August.

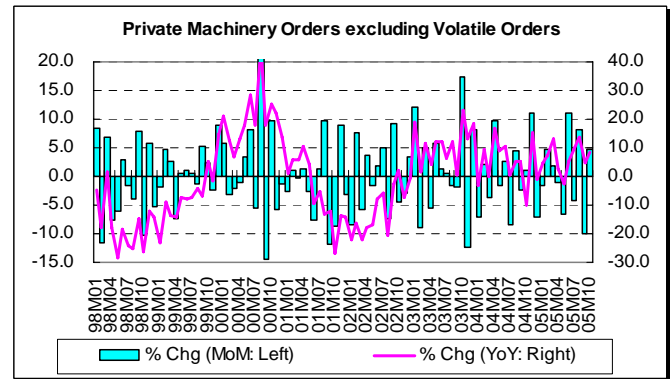


Looking at real consumer spending by item, spending on culture and entertainment rose 8.8% on year. Outlay on furniture and household appliance jumped 17.7%. Spending on transportation and communication was up 2.4%. Also outlay on food increased 1.2%. On the other hand, spending on education plunged 15.8%, while outlay on housing dropped 3.4%. Also, expenditure on utility fell 1.7%.

October private core machinery orders up 4.8% on month

Private core machinery orders, which are widely taken as a leading indicator of corporate capital investment, rose 4.8% on month in October to a seasonally adjusted Y1.0336 trillion, following a 10.0% plunge in September and an 8.2% gain in August.

For the October-December period, they are expected to grow 6.2% from the previous quarter, according to the forecast surveyed by the government in September.

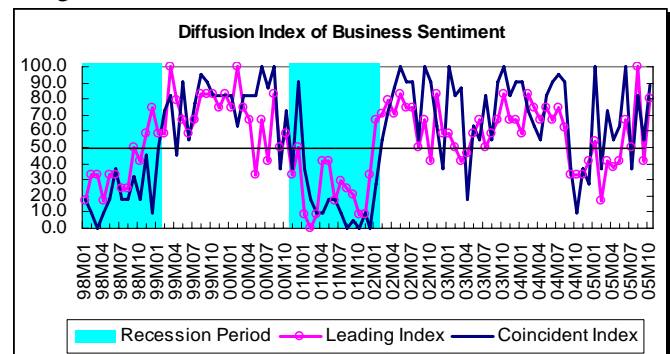


Overall private machinery orders grew 3.0% in October, up for the first time in two months. Machinery orders from overseas plunged 25.9%, down for the first time in two months. Those from public sector soared 16.7%, up for the first time in two months. As a result, overall machinery orders fell 9.0%, down for the first time in two months.

Among overall private machinery orders, those from manufacturing sector fell 5.4% from the previous month, down for the second straight month. But those from non-manufacturers gained 6.1%, following a 12.8% slide in September and a 5.8% gain in August.

October preliminary coincident index tops 50% three month in a row

According to the Cabinet Office, the preliminary coincident index of economic indicators in October topped the boom-or-bust line of 50% for the third straight month.



The leading index and the lagging index were above 50% threshold for the first time in two months.

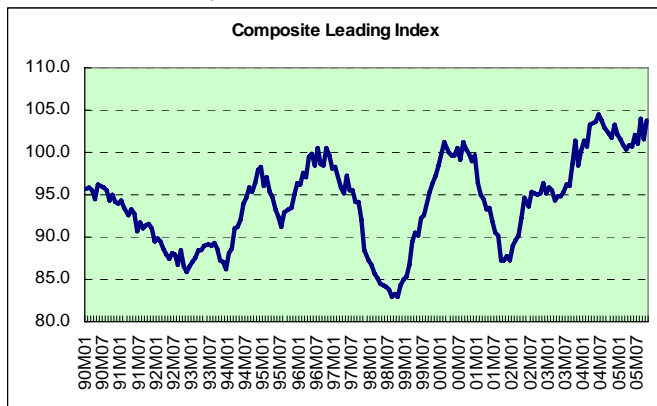
The coincident index shows current economic conditions.

Of the 11 indicators that make up the coincident index, nine indicators were available for the preliminary report. Eight of nine indicators gained in comparison with the figures three months earlier. The index stood at 88.9%.

The leading index heralds the economic activity about six months in the future. The preliminary index in October stayed at 80.0%. In the preliminary report, eight of ten available leading indicators showed improvement.

The lagging index confirms the performance of the economy in the recent past. The index is composed of six lagging indicators. At the preliminary stage, three of four available indicators showed plus signs, compared with three month earlier (75.0%).

Composite leading index, in close relation with corporate profits growth, advanced from 101.6 in September to 103.8 in October. The reading hit the bottom in March. Since then it was on the robust rising trend, suggesting economic recovery will accelerate.

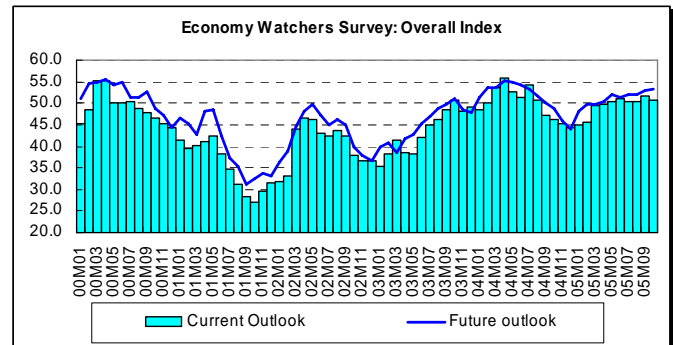


November economy watchers' survey index was above 50 for the seventh straight month

Workers with jobs sensitive to business trend continued to be upbeat in November. According to the Economy Watchers' Survey, the headline sentiment index measuring the current state of the economy rose 2.2 points on month to 52.9, up for the first time in two months. The index was above the boom-or-bust line of 50 for the seventh straight month.

The household related index gained 2.8 points from

October to 51.3 in November. While the corporate index rose 1.7 points to 54.3, while the employment related index fell 0.4 points to 60.5 in November.



On the other hand, the outlook index reflecting business condition in two to three months fell 1.0 point on month in November to 52.4. It was down for the first time in three months but remained above the threshold of 50 for the eighth consecutive month.

[Preview]

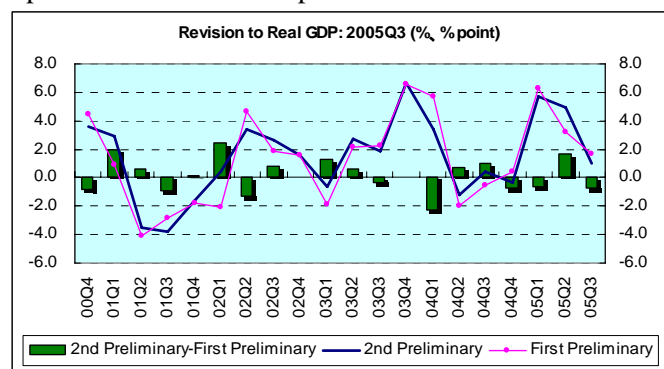
This week (12/12-12/16) will start with the December 12 (Monday) release of corporate goods price index and consumer confidence survey for November. Balance of payments for October will be released on the same day. On December 13 (Tuesday), revised industrial production index for October will be announced. On December 14 (Wednesday), input/output price index of manufacturing sector for November and revised monthly labor survey for October will be released. On December 15 (Thursday), revised diffusion index for October will follow. Finally, on December 16 (Friday), this week will end with the release of public investment for October and construction cost deflator for September.

3. The July-September second preliminary GDP was revised down due to a fall in private inventory

According to the second preliminary GDP data released

on December 9 (Friday), Japan's economy posted the third straight quarter expansion but its pace slowed down. Real GDP grew 0.2% for the July-September period from the previous quarter, revised downward from a 0.4 % increase in the first preliminary report. On an annualized basis, the growth in real GDP was 1.0%, compared with the earlier-reported 1.7% rise. This was a relatively large revision. The reading was lower than market economists' average forecast of an annualized 2.2% but was very close to our CQM forecast of 0.4% (see, figure of the CQM forecast track record below).

The latest GDP data reflects comprehensive annual revision. The revision was not straight forward. The January-March real GDP growth was revised down from an initial 6.3% to 5.7%, while the growth rate for the April-June was revised up from 3.3% to 5.0%.

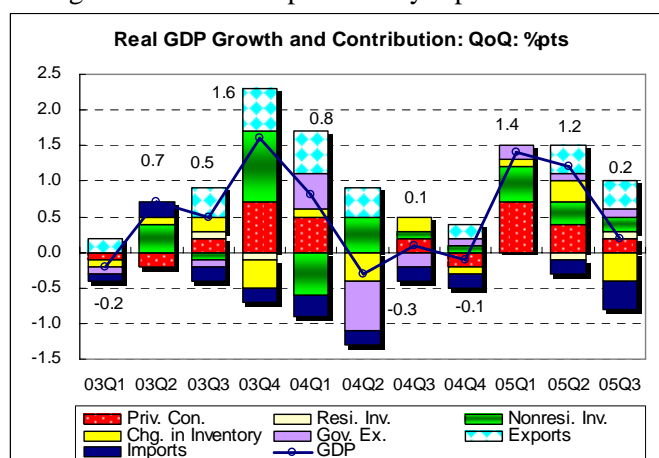


On a nominal basis, the July-September GDP contracted 0.2% or annualized 0.7%, compared with an annualized 0.7% growth in the preliminary report. It is the first time for the nominal GDP to enter negative territory since the July-September 2004.

The main factor behind the downward revision was a fall in change in private inventories which more than offset increases in nonresidential investment and private consumption.

In the July-September quarter, real nonresidential investment rose 1.6%, revised upward from 0.7% in the initial report. Real private consumption increased 0.4%, compared with 0.3% growth in the first preliminary

report. Change in real private inventory trimmed real GDP growth by 0.4% points, while it was neutral to the GDP growth in the first preliminary report.



Real residential investment gained 1.6%, compared with a 1.5% increase in the first preliminary report. Real government consumption climbed 0.6%, up from 0.3% rise, while real public investment edged up 0.3%, compared with a 1.0% rise.

Real exports grew 2.7%, flat from the initial report. Real imports rose 3.3%, down from the initially reported 3.9% rise.

Real GDP Growth and Contribution (Q/Q, %, %pts)

	GDP	Priv. Con.	Resi. Inv.	Nonresi. Inv.	Chg. in Invent.	Gov. Ex.	Exports	Imports
04Q1	0.8	0.5	0.0	-0.6	0.1	0.5	0.6	-0.3
04Q2	-0.3	0.0	0.0	0.5	-0.4	-0.7	0.4	-0.2
04Q3	0.1	0.2	0.0	0.1	0.2	-0.2	0.0	-0.2
04Q4	-0.1	-0.2	0.0	0.1	-0.1	0.1	0.2	-0.2
05Q1	1.4	0.7	0.0	0.5	0.1	0.2	0.0	0.0
05Q2	1.2	0.4	-0.1	0.3	0.3	0.1	0.4	-0.2
05Q3	0.2	0.2	0.1	0.2	-0.4	0.1	0.4	-0.4

The GDP deflator fell 0.4% from the previous quarter, revised downward from the initially reported 0.2% fall.

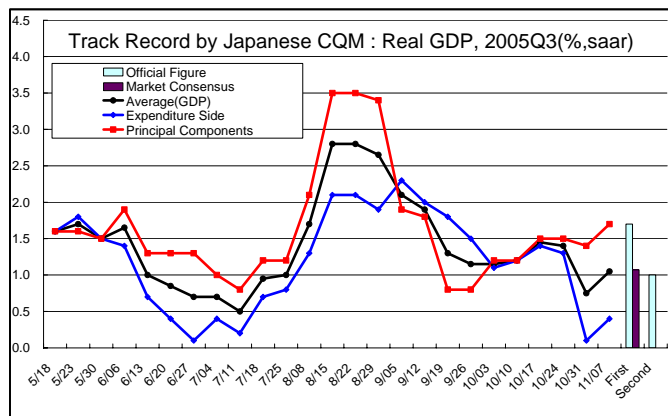
The table below is the CQM forecast performance in comparison with the first and second preliminary estimates. The figure of the track record of CQM forecast showed that the average forecast of expenditure side and principal components models were the same as official figure.

Table CQM Forecast Performance

2005 Q3	Forecast	1st Preliminary	2nd Preliminary
GDE(=GDP)	0.1 (0.4)	0.4 (1.7)	0.2 (1.0)
Private Consumption	-0.5	0.3	0.4
Private Residential Investment	1.7	1.5	1.6
Private Non-Resi. Investment	0.2	0.7	1.6
Chg. In Private Inventory (*)	0.2	0.0	-0.4
Government Consumption	0.1	0.3	0.6
Public Investment	-0.5	1.0	0.3
Chg. In Public Inventory (*)	0.0	0.0	0.0
Net Exports (*)	0.1	0.0	0.0
Exports	2.0	2.7	2.7
Imports	2.1	3.9	3.3
GDP Deflator	-0.4	-0.2	-0.4
Total Demand	0.3	0.8	0.5
Private Demand	0.0	0.5	0.2
Public Demand	0.1	0.5	0.5

Figure in parenthesis is in terms of SAAR.

Those marked by * mean contribution rate to real GDP growth.

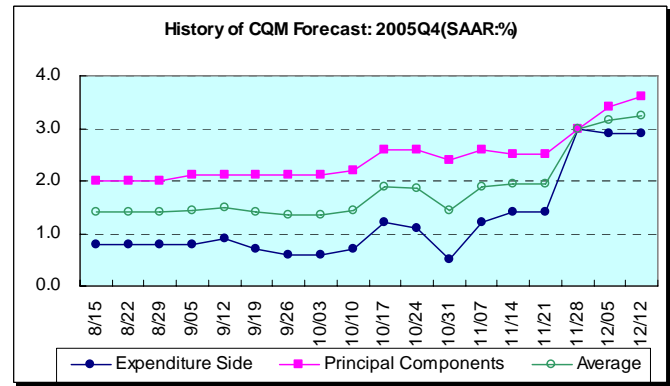


4. Weekly Forecast Summary

This week forecast incorporated monthly data of overall household consumption, private machinery orders, and sales of information industry for October. Also the second preliminary GDP data for the July-September quarter were added.

As a result, real GDP in the October-December quarter is expected to grow 0.7% from the previous quarter or 2.9% in terms of seasonally adjusted annual rate, flat from last week forecast.

Real GDP in the January-March quarter is forecast to grow 1.0% from the previous quarter or 4.0% in terms of SAAR, down from last week forecast (+4.2%).



As a result, real GDP growth will be 2.7% for the calendar year 2005 and 3.1% for the fiscal year 2005.

Looking at contribution to the October-December real GDP growth (+0.7%) from the previous quarter, domestic demand lifts the real GDP growth by 0.3 percentage points, while net exports of goods and services push it up by 0.4 percentage points.

In private demands, real private consumption expenditure increases 0.3% from the previous quarter. Real residential investment grows 1.9%. Real nonresidential investment increases 1.3% from the previous quarter. Real private inventory change decreases by Y2.284 trillion.

Among public demands, real government consumption is up 0.4%, while real public investment is up 1.8%. Real public inventory change increases by Y327 billion.

While real exports of goods and services are up 1.3% to Y75.3 trillion, real imports of goods and services are down 2.5% to Y58.3 trillion. As a result, net exports of goods and services total Y16.9 trillion.

Deflationary pressure is gradually easing but sticky. GDP deflator in the October-December is expected to fall 0.3% from the previous quarter and to be down 0.6% in the January-March. Deflator for private consumption expenditure will inch down 0.1% in the October-December quarter and will fall 0.3% in the January-March. Deflator for nonresidential investment is expected to fall 0.2% in the October-December and to decline 0.3% in the January-March.

Compensation of employee is forecast to be up 0.6% in the October-December period from the previous quarter and to be flat in the January-March quarter.

Table 1: Comparison of Real GDP Growth Forecast (at Chained 2000 Prices: YB, %)

	2005Q1	2005Q2	2005Q3	2005Q4	2006Q1
	< actual >		< forecast >		
Expenditure side GDP	532095.5	538570.3	539916.0	543734.0	549103.0
%Chg, SAAR	5.7	5.0	1.0	2.9	4.0
%Chg, YA	1.1	2.7	2.8	3.6	3.2
Principal Components est. GDP	532095.5	538570.3	539916.0	544730.4	549020.6
%Chg, SAAR	5.7	5.0	1.0	3.6	3.2
%Chg, YA	1.1	2.7	2.8	3.8	3.2
Average Real GDP	532095.5	538570.3	539916.0	544232.2	549061.8
%Chg, SAAR	5.7	5.0	1.0	3.2	3.6
%Chg, YA	1.1	2.7	2.8	3.7	3.2

Figures in shadow are forecast.

Table 2: Comparison of GDP Deflator Forecast (2000=100, %)

	2005Q1	2005Q2	2005Q3	2005Q4	2006Q1
	< actual >		< forecast >		
Expenditure side GDP Deflator	93.7	93.4	93.0	92.7	92.1
%Chg	-0.7	-0.3	-0.4	-0.3	-0.6
%Chg, YA	-1.0	-1.1	-1.4	-1.8	-1.7
Principal Components est. PGDP	93.7	93.4	93.0	92.8	92.5
%Chg	-0.7	-0.3	-0.4	-0.2	-0.3
%Chg, YA	-1.0	-1.1	-1.4	-1.6	-1.3
Average GDP Deflator	93.7	93.4	93.0	92.8	92.3
%Chg	-0.7	-0.3	-0.4	-0.2	-0.5
%Chg, YA	-1.0	-1.1	-1.4	-1.7	-1.5

Figures in shadow are forecast.

The principal component model forecast for the October-December quarter real GDP growth was up from last week to 3.6% in terms of SAAR. For the January-March, the principal component forecast was expected to be 3.2%.

The latest average growth forecast in the October-December real GDP was 3.2% and that for the January-March was 3.6%. Japan's economy will hold a steady growth for the remainder of the year.

@If you have question and comment, please feel free to contact to Yoshihisa INADA, Konan University, phone +81-78-431-4341, fax +81-78-435-2541 or E-mail inada@konan-u.ac.jp.

Forecast Summary of Real GDP Growth Rate (%):
Seasonally Adjusted Annual Rate [change from the previous quarter, change from a year earlier]

	2005Q2	2005Q3	2005Q4	2006Q1
AUG 15	<u>1.1[0.3, 1.4]</u>			
AUG 22		2.1[0.5, 2.3]	0.8[0.2, 2.3]	
AUG 22		2.1[0.5, 2.3]	0.8[0.2, 2.3]	
SEP 05		1.9[0.5, 2.2]	0.8[0.2, 2.3]	
SEP 12		2.3[0.6, 2.3]	0.8[0.2, 2.4]	
SEP 12		2.0[0.5, 2.2]	0.9[0.2, 2.3]	
SEP 12	<u>3.3[0.8, 2.1]*</u>			
SEP 19		1.8[0.4, 2.8]	0.4[0.1, 2.8]	
SEP 26		1.5[0.4, 2.7]	0.6[0.1, 2.7]	
OCT 03		1.1[0.3, 2.6]	0.6[0.2, 2.7]	
OCT 10		1.2[0.3, 2.7]	0.7[0.2, 2.7]	
OCT 17		1.4[0.3, 2.7]	1.2[0.3, 2.9]	
OCT 24		1.3[0.3, 2.7]	1.1[0.3, 2.8]	
OCT 31		0.1[0.0, 2.4]	0.5[0.1, 2.4]	
NOV 07		0.4[0.1, 2.4]	0.1[0.0, 2.3]	
NOV 11	<u>3.3[0.8, 2.2]@</u>	<u>1.7[0.4, 3.0]</u>		
NOV 14			1.2[0.3, 3.1]	4.2[1.0, 2.6]
NOV 21			1.4[0.3, 3.1]	4.3[1.1, 2.6]
NOV 28			3.0[0.7, 3.5]	4.2[1.0, 3.0]
DEC 05			2.9[0.7, 3.5]	4.2[1.0, 3.0]
DEC 09	<u>5.0[1.2, 2.6]@</u>	<u>1.0[0.2, 2.9]</u>		
DEC 12			2.9[0.7, 3.6]	4.0[1.0, 3.2]

Note: Figures marked by underline and asterisks are the first preliminary and the 2nd preliminary estimates respectively. Those marked by @ denote the revised estimate. It should be noted that seasonally adjustments are conducted retrospectively whenever GDP data are revised.

Forecast Update Overview

Monday	Tuesday	Wednesday	Thursday	Friday
12-Dec Corporate Goods Price Index (Nov) +1.9% (YoY) Consumer Confidence Survey (Nov) Balance of Payments (Oct)	13-Dec Industrial Production Index (Revised: Oct) US Retail Sales (Nov)	14-Dec Monthly Labor Survey (Oct: Revised) Input/Output Price Index (Nov)	15-Dec Diffusion Index (Oct: Revised) US Industrial Production Index (Nov) US Consumer Price Index (Nov)	16-Dec Public Investment (Oct) -0.1% (YoY) Construction Cost Deflator (Sep) US Producer Price Index (Nov)
19-Dec	20-Dec Global Insight GOC Meeting	21-Dec	22-Dec All Industry Activity Index (Oct) +0.1% Tertiary Industry Activity Index (Oct) 0.0% Trade Data (Nov)	23-Dec National Holiday
26-Dec	27-Dec Jobless Rate (Nov) 4.5% Job O/A Ratio (Nov) 0.99 Household Consumption (Nov: Salaried Workers Family) Nationwide Consumer Price Index (Nov) -0.7% (YoY)	28-Dec Industrial Production Index (Nov) -0.3% Monthly Labor Survey (Nov: Preliminary) New Housing Starts (Nov) -3.8% Retail Sales (Nov) +0.4% (YoY)	29-Dec	30-Dec
02-Jan National Holiday	03-Jan Global Insight GOC Meeting	04-Jan	05-Jan Monetary Base (Dec) +3.0%(YoY) New Passenger Car Sales (Dec) +1.7% Foodstuff Control (Dec)	06-Jan US Employment Report (Dec)

* Release date unknown. Figures in bold are our current forecasts

Forecast Summary Table: Monthly Economic Indicators (Seasonally Adjusted)

	05/ 9M	05/ 10M	05/ 11M	05/ 12M	06/ 1M	06/ 2M	05/Q3	05/Q4	06/Q1
Production and Labor									
Total Industry Activity Index (2000=100)	104.1	104.2	104.3	104.5	104.5	104.6	103.9	104.3	104.6
% Change	-0.4	0.1	0.1	0.2	0.0	0.1	0.2	0.4	0.3
% Change, Year Ago	2.0	2.2	1.9	2.1	0.0	1.2	1.7	2.1	1.0
Industrial Production Index (2000=100)	101.5	102.1	101.8	102.2	102.2	102.3	100.9	102.0	102.2
% Change	0.4	0.6	-0.3	0.4	0.0	0.1	-0.2	1.1	0.2
% Change, Year Ago	1.3	3.0	1.6	2.2	-1.0	1.5	0.2	2.2	0.7
Industrial Inventory Index (2000=100)	94.5	92.9	95.0	95.5	95.4	95.4	94.5	95.5	95.5
% Change	0.9	-1.7	2.3	0.5	-0.1	-0.1	2.5	1.1	-0.1
% Change, Year Ago	3.3	2.7	4.7	6.7	4.4	3.0	3.3	6.7	3.4
Unemployment Rate (%)	4.2	4.5	4.5	4.4	4.5	4.4	4.3	4.5	4.4
Job Offers to Applicants Ratio	0.97	0.98	0.99	1.00	1.00	1.01	0.97	0.99	1.01
Domestic Demand									
Household Consumption Expend. (Y)	302152	301818	301871	302161	302188	302292	298757	301950	302302
% Change	0.0	-0.1	0.0	0.1	0.0	0.0	-1.5	1.1	0.1
% Change, Year Ago	0.4	0.5	-0.2	3.5	-1.0	0.2	-1.5	1.2	-0.2
Retail Sales (YB)	10701.6	10655.8	10734.8	10641.4	11083.2	10776.3	32145.2	32032.0	32568.9
% Change	-0.5	-0.4	0.7	-0.9	4.2	-2.8	-1.7	-0.4	1.7
% Change, Year Ago	0.1	-0.5	0.4	0.3	0.2	0.2	0.8	0.1	0.2
New Passenger Car Sales (Unit)	403991	384159	378712	385278	385321	383423	1188544	1148149	1152982
% Change	2.0	-4.9	-1.4	1.7	0.0	-0.5	-3.1	-3.4	0.4
% Change, Year Ago	0.4	-1.6	-6.6	-6.3	-8.0	-3.8	-0.6	-4.9	-5.0
New Housing Starts (Unit)	103721	107660	103525	104182	113234	102694	320874	315367	318081
% Change	-2.1	3.8	-3.8	0.6	8.7	-9.3	8.0	-1.7	0.9
% Change, Year Ago	-0.2	8.9	7.8	5.5	4.3	5.0	5.0	7.4	4.8
Private Machinery Orders (YB)	985.9	1032.9	1007.9	1032.9	1030.3	1043.9	3095.1	3073.7	3089.9
% Change	-10.0	4.8	-2.4	2.5	-0.2	1.3	2.1	-0.7	0.5
% Change, Year Ago	4.9	8.8	-4.5	5.3	6.7	3.1	9.5	3.0	2.7
Sales of Information Industry (YB)	827.3	832.3	829.6	845.3	814.5	848.8	2396.1	2507.2	2498.2
% Change	0.8	0.6	-0.3	1.9	-3.6	4.2	-3.5	4.6	-0.4
% Change, Year Ago	4.4	3.6	0.1	1.7	0.4	2.4	2.8	1.8	3.4
Public Works Construction (YB)	16797.6	16833.1	16845.0	16766.2	16815.8	16861.1	49649.4	50444.4	50479.3
% Change	2.2	0.2	0.1	-0.5	0.3	0.3	1.0	1.6	0.1
% Change, Year Ago	0.1	-0.1	-1.7	-2.0	1.8	3.0	-0.8	-1.3	0.6
Tertiary Industry Act. Index (2000=100)	106.7	106.7	107.0	107.1	107.1	107.2	106.6	106.9	107.2
% Change	-0.7	0.0	0.3	0.1	0.0	0.1	0.3	0.3	0.3
% Change, Year Ago	2.3	2.0	2.0	2.0	-0.4	1.0	2.3	2.0	0.9
Money & Price									
Monetary Base (YB)	111826	113148	112114	112418	112777	113197	111826	112418	113541
% Change	1.1	1.2	-0.9	0.3	0.3	0.4	1.5	0.5	1.0
% Change, Year Ago	1.6	2.8	1.4	3.0	2.3	3.6	1.6	3.0	3.5
Govt. Bond Yield (%) *	1.369	1.527	1.512	1.460	1.438	1.383	1.343	1.500	1.392
Domestic CGPI, Total (2000=100)	98.2	98.5	98.7	98.8	98.9	98.9	98.0	98.7	98.9
% Change	0.2	0.4	0.2	0.1	0.1	0.1	0.5	0.7	0.3
% Change, Year Ago	1.7	1.8	1.9	2.1	2.4	2.5	1.6	1.9	2.4
Nationwide CPI, Total (2000=100)	97.7	97.7	97.9	97.5	97.3	97.4	97.7	97.7	97.4
% Change	0.1	-0.1	0.3	-0.4	-0.2	0.2	-0.1	0.0	-0.3
% Change, Year Ago	-0.3	-0.7	-0.7	-0.6	-0.6	-0.5	-0.3	-0.7	-0.5
Trade									
Exchange Rate (Y/\$) *	111.1	114.8	118.4	119.5	120.2	120.9	111.2	117.6	120.9
Merchandise Exports (C.C. basis: YB)	5560.0	5767.0	5723.7	5763.9	5774.2	5799.9	16518.6	17254.6	17371.1
% Change	0.0	3.7	-0.8	0.7	0.2	0.4	4.0	4.5	0.7
% Change, Year Ago	7.7	11.1	8.0	12.8	10.5	14.7	6.8	10.6	12.3
Merchandise Imports (C.C. basis: YB)	4978.8	5047.2	5030.9	5048.8	5113.8	5138.9	14699.3	15126.9	15411.3
% Change	0.9	1.4	-0.3	0.4	1.3	0.5	6.7	2.9	1.9
% Change, Year Ago	15.7	16.2	15.6	20.8	16.9	23.9	16.8	17.5	20.4
Trade Balance (C.C. basis: YB)	581.2	719.7	692.8	715.1	660.4	661.0	1819.3	2127.7	1959.8

Note: Figure marked by * is not seasonally adjusted

GDP at Chained 2000 Price: Y Billion

	Quarterly		Forecast			CY		FY	
	2005Q1	2005Q2	2005Q3	2005Q4	2006Q1	2004	2005	2004	2005
GDP/GDE									
Gross Domestic Products	532,096	538,570	539,916	543,734	549,103	524,622	538,579	526,378	542,831
Private Consumption	300,946	303,115	304,231	305,211	306,426	296,993	303,375	297,889	304,746
Residential Investment	18,572	18,178	18,464	18,819	18,778	18,661	18,508	18,687	18,560
Nonresidential Investment	80,370	82,267	83,582	84,697	85,123	76,476	82,729	78,129	83,917
Change in Private Inventory	-405	1,135	-781	-2,284	-562	-949	-584	-909	-623
Government Consumption	94,609	94,794	95,321	95,686	96,308	93,379	95,103	93,817	95,527
Public Investment	24,276	24,550	24,620	25,072	25,294	25,876	24,629	24,567	24,884
Change in Public Inventory	307	292	324	327	324	227	313	280	317
Net Exports	13,496	14,449	14,481	16,932	18,137	13,838	14,839	13,782	16,000
Exports of Goods & Services	70,142	72,315	74,279	75,262	75,882	68,846	72,999	69,619	74,434
Imports of Goods & Services	56,647	57,867	59,798	58,329	57,745	55,008	58,160	55,837	58,435
Gross National Income	537,461	542,765	544,004	546,792	550,072	530,612	542,755	532,128	545,908
Memo:									
Total Demand	588,743	596,437	599,714	602,063	606,848	579,630	596,739	582,215	601,266

% Change from the previous quarter, otherwise noticed.

Gross Domestic Products	1.4	1.2	0.2	0.7	1.0				
SAAR	5.7	5.0	1.0	2.9	4.0				
% Change Year Ago	1.1	2.7	2.8	3.6	3.2	2.3	2.7	1.7	3.1
Private Consumption	1.2	0.7	0.4	0.3	0.4				
% Change Year Ago	1.2	1.9	2.0	2.6	1.8	1.9	2.1	1.7	2.3
Residential Investment	-1.2	-2.1	1.6	1.9	-0.2				
% Change Year Ago	0.6	-2.7	-1.2	0.1	1.1	1.9	-0.8	1.7	-0.7
Nonresidential Investment	3.3	2.4	1.6	1.3	0.5				
% Change Year Ago	8.4	7.1	8.2	8.9	5.9	4.9	8.2	5.4	7.4
Government Consumption	0.9	0.2	0.6	0.4	0.7				
% Change Year Ago	1.9	1.4	2.0	2.1	1.8	2.0	1.8	1.8	1.8
Public Investment	-0.5	1.1	0.3	1.8	0.9				
% Change Year Ago	-17.1	-3.2	0.9	2.8	4.2	-8.6	-4.8	-12.4	1.3
Exports of Goods & Services	-0.1	3.1	2.7	1.3	0.8				
% Change Year Ago	4.7	4.9	7.4	7.2	8.2	13.9	6.0	11.4	6.9
Imports of Goods & Services	0.0	2.2	3.3	-2.5	-1.0				
% Change Year Ago	6.2	6.2	7.8	2.9	1.9	8.5	5.7	8.7	4.7
Gross National Income	1.3	1.0	0.2	0.5	0.6				
SAAR	5.1	4.0	0.9	2.1	2.4				
% Change Year Ago	0.8	2.4	2.4	3.0	2.3	2.0	2.3	1.4	2.6
Total Demand	1.2	1.3	0.5	0.4	0.8				
SAAR	5.1	5.3	2.2	1.6	3.2				
% Change Year Ago	1.6	3.0	3.3	3.5	3.1	0.2	2.0	1.4	2.3
Contribution to GDP Growth Rate									
Domestic demand	1.4	1.0	0.3	0.3	0.8	1.5	2.5	1.2	2.8
Private Demand	1.3	1.0	0.1	0.2	0.6	1.6	2.4	1.6	2.4
Public demand	0.1	0.1	0.1	0.2	0.2	-0.1	0.1	-0.3	0.4
Net Exports	0.0	0.2	0.0	0.4	0.2	0.8	0.2	0.5	0.4

GDP at Current Price: Y Billion

	Quarterly			Forecast		CY		FY	
	2005Q1	2005Q2	2005Q3	2005Q4	2006Q1	2004	2005	2004	2005
GDP/GDE									
Gross Domestic Products	498,582	502,928	502,075	503,886	505,984	496,051	501,868	496,197	503,718
Private Consumption	286,574	288,332	288,747	289,410	289,692	284,922	288,266	285,249	289,045
Residential Investment	18,181	17,923	18,208	18,590	18,553	18,272	18,225	18,304	18,319
Nonresidential Investment	72,787	74,488	75,472	76,344	76,509	69,828	74,773	71,127	75,703
Change in Private Inventory	-7	1,098	-1,150	-2,693	-760	-1,160	-688	-983	-876
Government Consumption	89,161	90,018	90,788	91,019	91,480	89,075	90,247	89,291	90,826
Public Investment	23,732	24,168	24,273	24,799	25,007	25,270	24,243	24,022	24,562
Change in Public Inventory	250	229	264	309	306	219	263	257	277
Net Exports	7,905	6,672	5,473	6,108	5,198	9,626	6,540	8,930	5,863
Exports of Goods & Services	66,899	69,615	72,442	75,298	75,820	66,286	71,064	67,039	73,294
Imports of Goods & Services	58,994	62,943	66,970	69,190	70,623	56,660	64,524	58,109	67,431
Gross National Income	508,873	514,367	514,626	517,433	519,523	505,670	513,825	506,226	516,487
Memo:									
Total Demand	557,576	565,871	569,045	573,076	576,607	539,036	541,450	539,206	544,734
Compensation of Employee	255,256	258,611	258,904	260,523	260,580	255,536	258,324	255,376	259,655

% Change from the previous quarter, otherwise noticed.

Gross Domestic Products	0.7	0.9	-0.2	0.4	0.4				
SAAR	2.7	3.5	-0.7	1.5	1.7				
% Change Year Ago	0.1	1.5	1.4	1.7	1.5	1.1	1.2	0.5	1.5
Private Consumption	0.8	0.6	0.1	0.2	0.1				
% Change Year Ago	0.5	1.2	1.2	1.8	1.1	1.3	1.2	1.0	1.3
Residential Investment	-1.2	-1.4	1.6	2.1	-0.2				
% Change Year Ago	0.8	-2.1	-0.5	1.0	2.0	2.6	-0.3	2.3	0.1
Nonresidential Investment	3.0	2.3	1.3	1.2	0.2				
% Change Year Ago	7.4	5.9	7.0	8.0	5.1	3.6	7.1	4.4	6.4
Government Consumption	-0.7	1.0	0.9	0.3	0.5				
% Change Year Ago	1.4	1.1	1.8	1.3	2.6	0.8	1.3	0.9	1.7
Public Investment	-1.0	1.8	0.4	2.2	0.8				
% Change Year Ago	-16.7	-2.3	2.0	3.5	5.4	-7.4	-4.1	-11.4	2.2
Exports of Goods & Services	-2.1	4.1	4.1	3.9	0.7				
% Change Year Ago	5.0	5.6	8.3	10.2	13.3	12.6	7.2	11.0	9.3
Imports of Goods & Services	-0.9	6.7	6.4	3.3	2.1				
% Change Year Ago	11.1	12.4	15.8	16.2	19.7	11.3	13.9	13.5	16.0
Gross National Income	0.7	1.1	0.1	0.5	0.4				
SAAR	2.7	4.4	0.2	2.2	1.6				
% Change Year Ago	0.3	1.9	1.9	2.4	2.1	1.3	1.6	0.8	2.0
Memo:									
Total Demand	0.5	1.5	0.6	0.7	0.6				
SAAR	2.0	6.1	2.3	2.9	2.5				
% Change Year Ago	1.1	2.6	2.9	3.3	3.4	-1.3	0.4	-0.3	1.0
Compensation of Employee	-0.3	1.3	0.1	0.6	0.0				
% Change Year Ago	0.5	1.2	1.4	1.7	2.1	-1.2	1.1	-0.3	1.7

Deflator: 2000=100

	Quarterly		Forecast			CY		FY	
	2005Q1	2005Q2	2005Q3	2005Q4	2006Q1	2004	2005	2004	2005
GDP/GDE									
Gross Domestic Products	93.7	93.4	93.0	92.7	92.1	94.5	93.2	94.3	92.8
Private Consumption	95.2	95.1	94.9	94.8	94.5	95.9	95.0	95.8	94.8
Residential Investment	97.9	98.6	98.6	98.8	98.8	97.9	98.5	97.9	98.7
Nonresidential Investment	90.6	90.5	90.3	90.1	89.9	91.3	90.4	91.1	90.2
Government Consumption	94.2	95.0	95.2	95.1	95.0	95.4	94.9	95.2	95.1
Public Investment	97.8	98.4	98.6	98.9	98.9	97.6	98.4	97.7	98.7
Exports of Goods & Services	95.4	96.3	97.5	100.0	99.9	96.3	97.3	96.3	98.4
Imports of Goods & Services	104.1	108.8	112.0	118.6	122.3	103.0	110.9	104.1	115.4
Unit Profit	99.7	98.9	98.2	97.5	97.4	96.3	97.3	100.0	99.7
Unit Labor Cost	88.7	88.8	88.7	88.6	87.8	91.2	87.7	91.5	89.7

Upper row: % change from the previous quarter Lower row: % change from a year earlier

Gross Domestic Products	-0.7	-0.3	-0.4	-0.3	-0.6	-1.2	-1.4	-1.2	-1.5
Private Consumption	-1.0	-1.1	-1.4	-1.8	-1.7	-0.7	-1.0	-0.7	-0.9
Residential Investment	-0.1	0.7	0.0	0.2	0.0	0.7	0.6	0.6	0.8
Nonresidential Investment	-0.4	0.0	-0.3	-0.2	-0.3	-1.2	-1.0	-0.9	-0.9
Government Consumption	-1.6	0.8	0.3	-0.1	-0.1	-1.2	-0.5	-0.9	-0.1
Public Investment	-0.5	0.7	0.2	0.3	0.0	1.3	0.8	1.1	1.0
Exports of Goods & Services	-2.0	0.9	1.3	2.6	-0.1	-1.3	1.1	-0.4	2.2
Imports of Goods & Services	-0.9	4.4	3.0	5.9	3.1	2.5	7.7	4.4	10.9
Unit Profit	0.4	-0.8	-0.7	-0.6	-0.1	-0.2	1.0	2.0	-0.3
Unit Labor Cost	-1.7	0.1	-0.1	-0.1	-1.0	-3.7	-3.8	-4.1	-2.0