

## Charts

### Speech at the Foreign Correspondents' Club of Japan

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(Chart 1)

## Outlook for Economic Activity and Prices (April 26)

Forecasts of the Majority of Policy Board Members

y/y % chg.

	Real GDP	CPI (all items excluding volatile food)	Excluding the effects of the consumption tax hikes
Fiscal 2013	+2.4 to +3.0 [+2.9]	+0.4 to +0.8 [+0.7]	/
Forecasts made in January 2013	+1.9 to +2.5 [+2.3]	+0.3 to +0.6 [+0.4]	
Fiscal 2014	+1.0 to +1.5 [+1.4]	+2.7 to +3.6 [+3.4]	+0.7 to +1.6 [+1.4]
Forecasts made in January 2013	+0.6 to +1.0 [+0.8]	+2.5 to +3.0 [+2.9]	+0.5 to +1.0 [+0.9]
Fiscal 2015	+1.4 to +1.9 [+1.6]	+1.6 to +2.9 [+2.6]	+0.9 to +2.2 [+1.9]

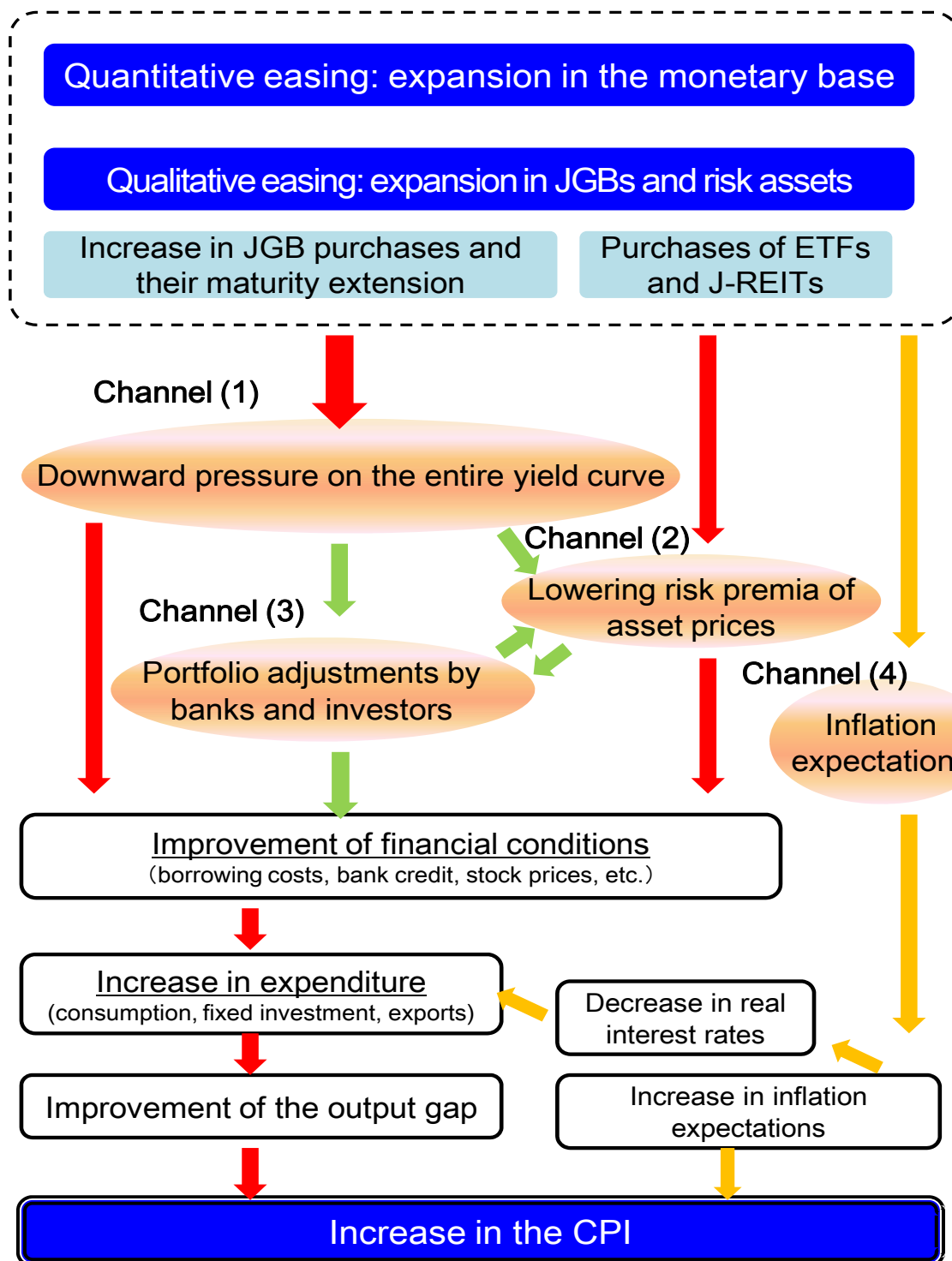
Note: Figures in brackets indicate the median of the Policy Board members' forecasts (point estimates).

(Chart 2)

## Path toward Achieving the 2 Percent Inflation Target

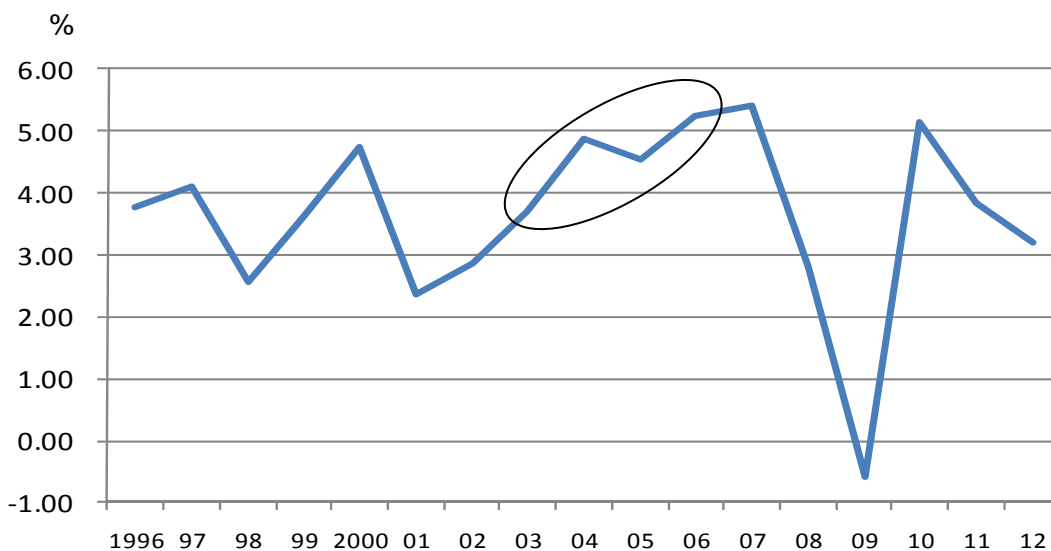
Expected change in situation	Effects on economic activity and prices
(1) Recovery of overseas economies	→Bolster the recovery trend in Japan's exports and production
(2) Gradual increase in U.S. long-term interest rates	→Support accommodative financial conditions (asset prices and foreign exchange rates)
(3) Business fixed investment and structural reforms	→Gradual rise in the potential growth rate
(4) Expectation of sustainable economic recovery	→Gradual rise in prices with narrowing of the output gap
(5) Rise in the public's inflation expectations	→1% inflation accompanied by (1) through (4)
(6) Virtuous cycle of a five-stage path	→2% inflation with the rise in the trend inflation

## Transmission Channels



(Chart 4)

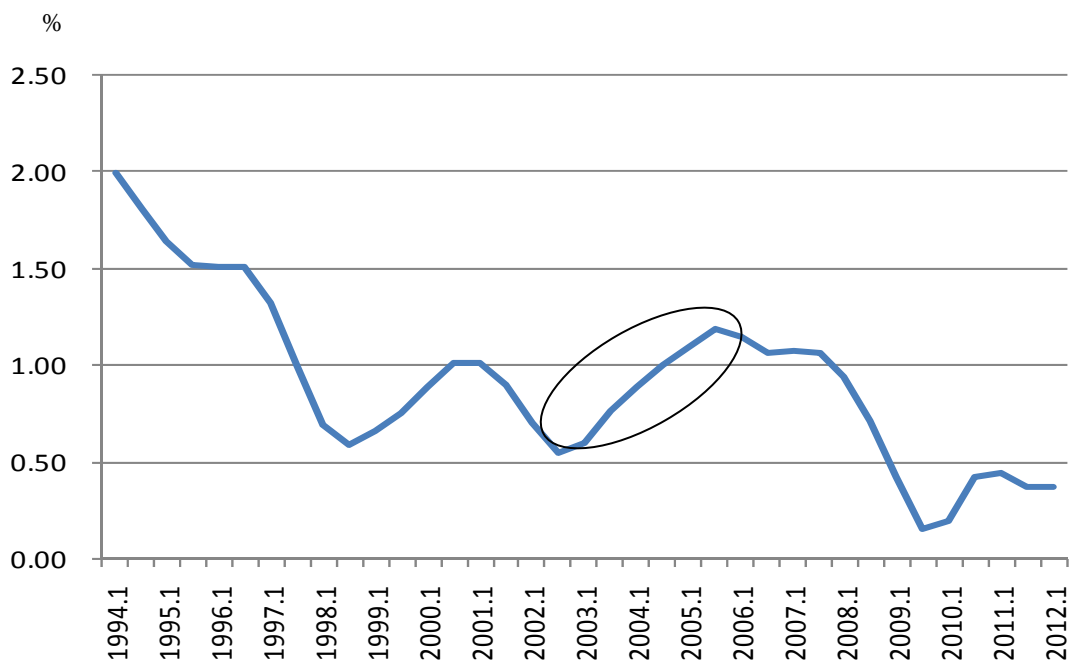
### World Economic Growth Rate



Source: IMF, "World Economic Outlook."

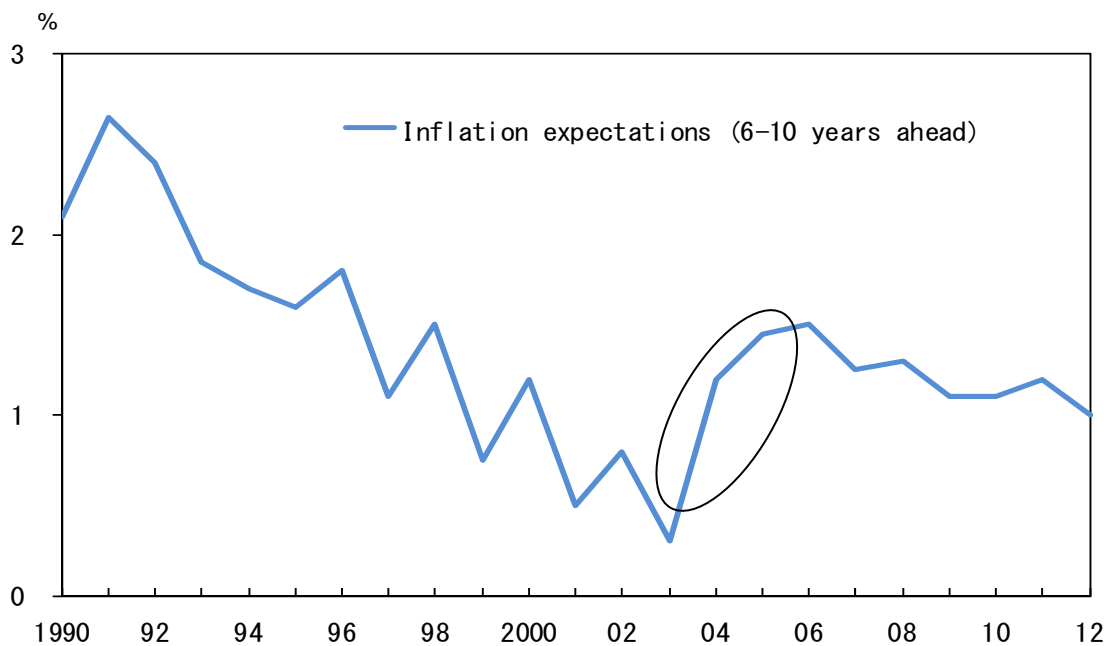
(Chart 5)

### Potential Growth Rate of Japan's Economy



Source: Bank of Japan.

## Medium- to Long-Term Expected Rate of Inflation



Note: Figures for inflation expectations are based on the averages of the April and October results of the Consensus Forecasts, a survey conducted on private sector forecasters.

Source: Consensus Economics Inc., "Consensus Forecasts."