



Japan's Economy and Monetary Policy

Speech at a Meeting with Business Leaders in Sapporo

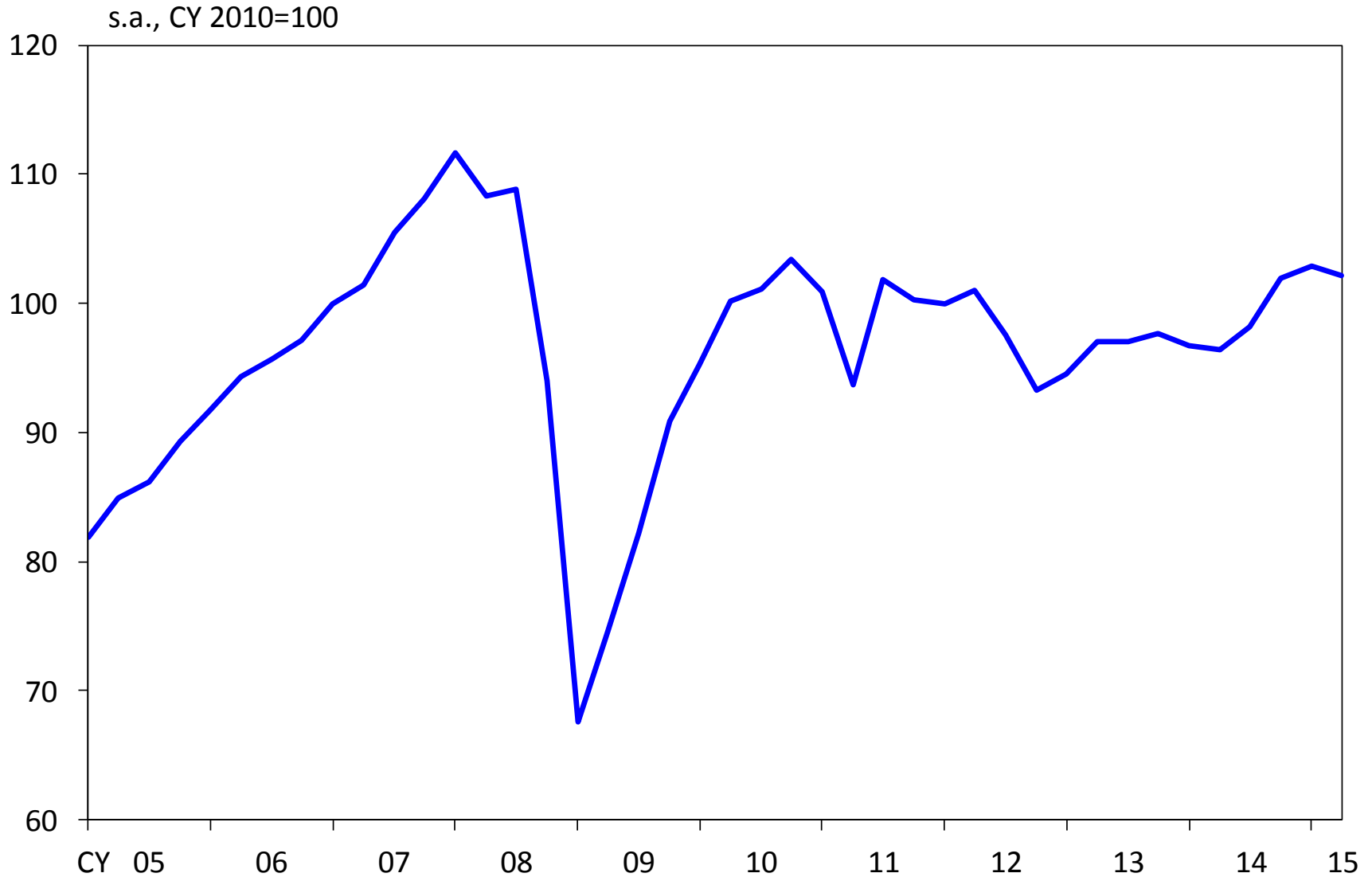
May 27, 2015

Kikuo Iwata

Deputy Governor of the Bank of Japan

Chart 1

Real Exports



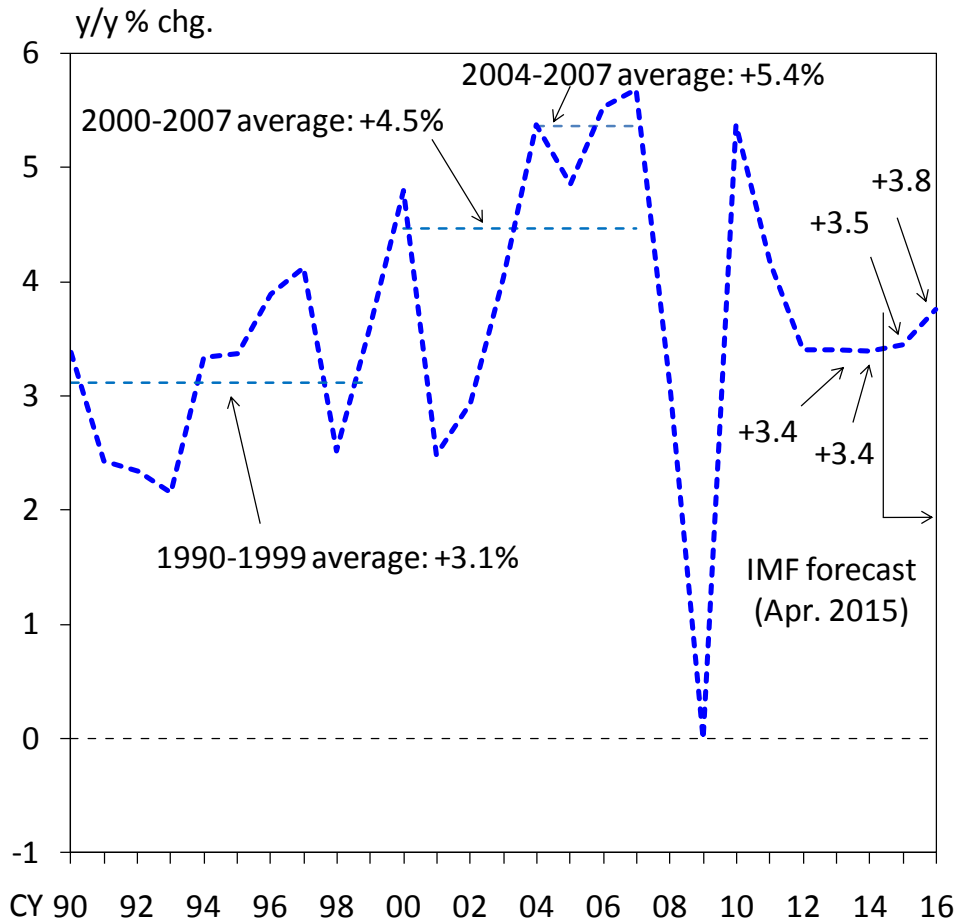
Note: The figure for 2015/Q2 is that of April.

Sources: Ministry of Finance, "Trade Statistics"; Bank of Japan, "Corporate Goods Price Index."

Chart 2

World Economy

Real GDP Growth Rate



Projections for Major Economies

y/y % chg.

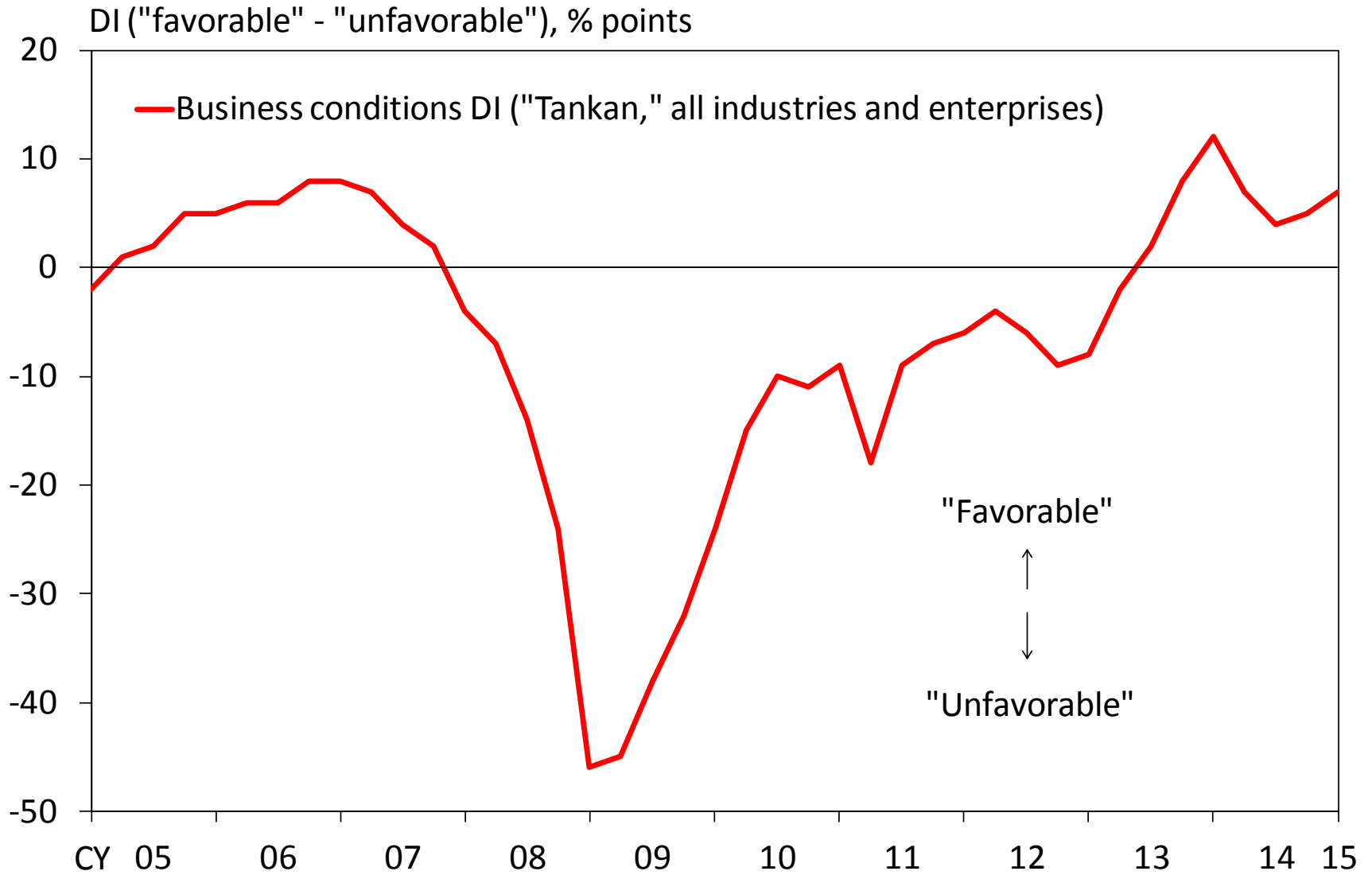
	2013	2014	Projections	
			2015	2016
World	3.4	3.4	3.5 (0.0)	3.8 (0.1)
Advanced Economies	1.4	1.8	2.4 (0.0)	2.4 (0.0)
United States	2.2	2.4	3.1 (-0.5)	3.1 (-0.2)
Euro Area	-0.5	0.9	1.5 (0.3)	1.6 (0.2)
Japan	1.6	-0.1	1.0 (0.4)	1.2 (0.4)
Emerging Market and Developing Economies	5.0	4.6	4.3 (0.0)	4.7 (0.0)
China	7.8	7.4	6.8 (0.0)	6.3 (0.0)

Note: Figures in parentheses are the difference from the January 2015 WEO projections.

Source: IMF, "World Economic Outlook."

Chart 3

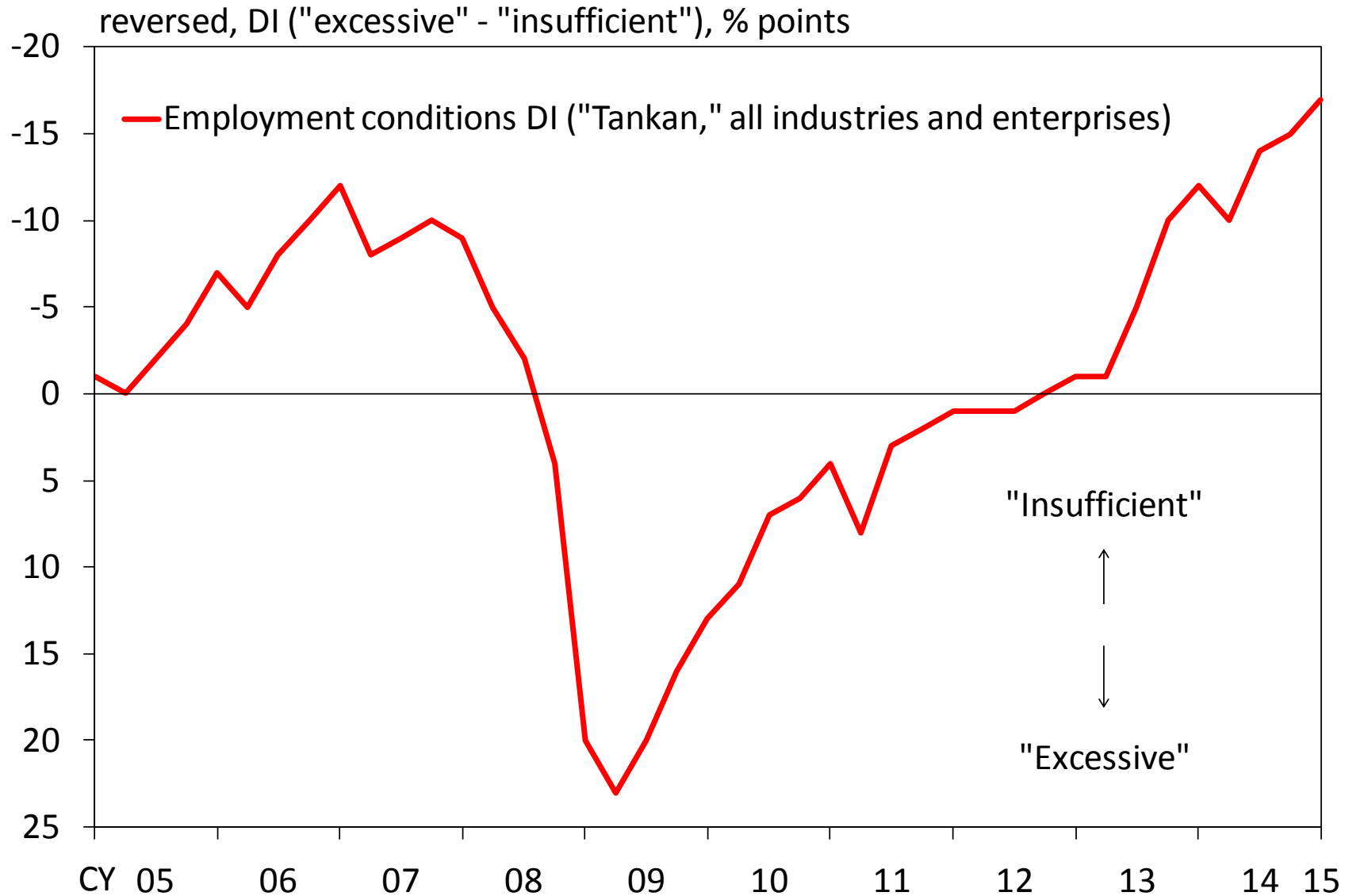
Business Sentiment



Source: Bank of Japan, "Tankan, Short-Term Economic Survey of Enterprises in Japan."

Chart 4

Firms' View on Employment



Source: Bank of Japan, "Tankan, Short-Term Economic Survey of Enterprises in Japan."

Chart 5

Outlook for Economic Activity and Prices (as of April 2015)

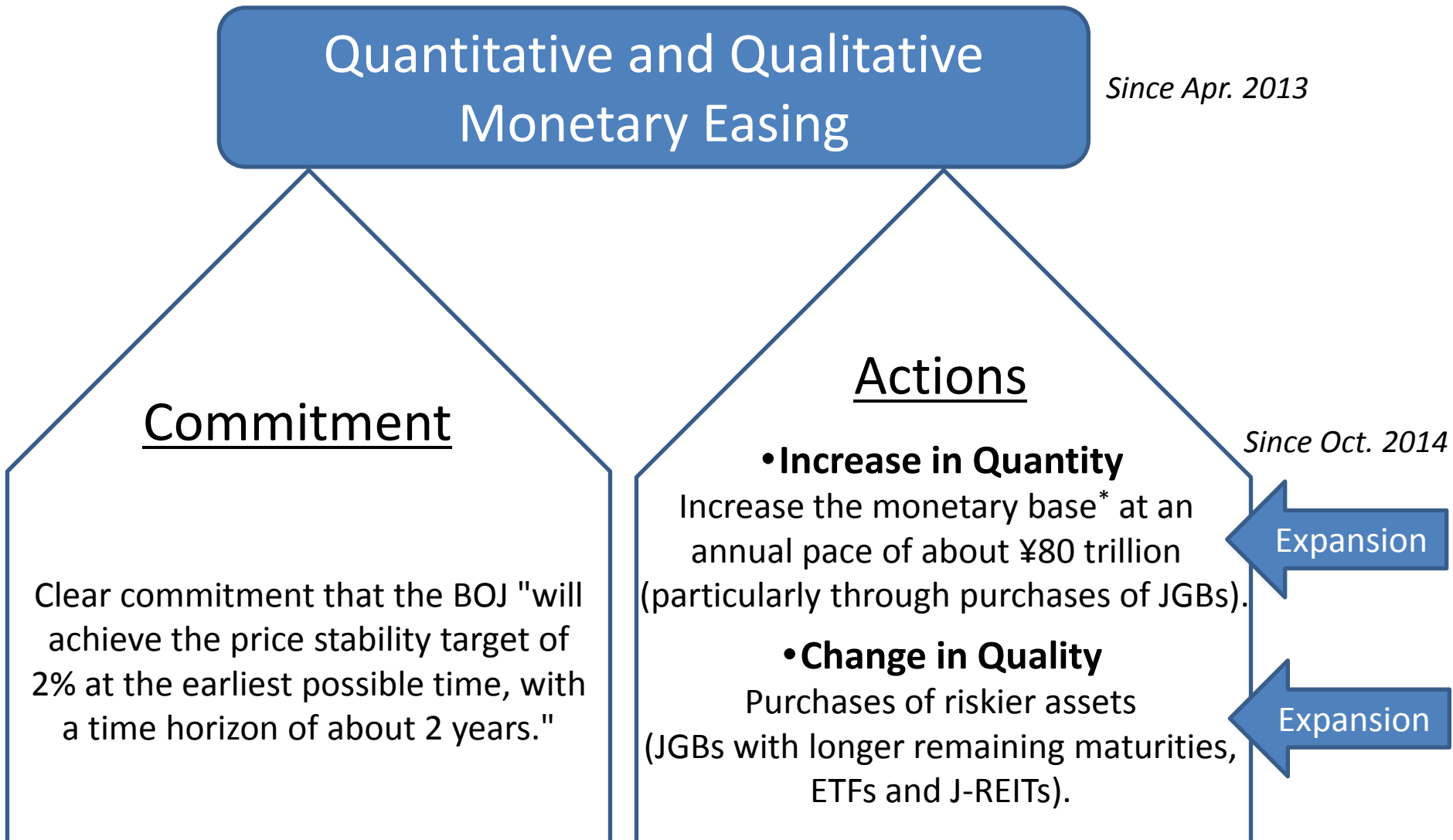
y/y % chg.

	Real GDP	CPI (all items less fresh food)	Excluding the effects of the consumption tax hikes
Fiscal 2015	+2.0	+0.8	
Forecasts made in January 2015	+2.1	+1.0	
Fiscal 2016	+1.5	+2.0	
Forecasts made in January 2015	+1.6	+2.2	
Fiscal 2017	+0.2	+3.2	+1.9

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

Source: Bank of Japan.

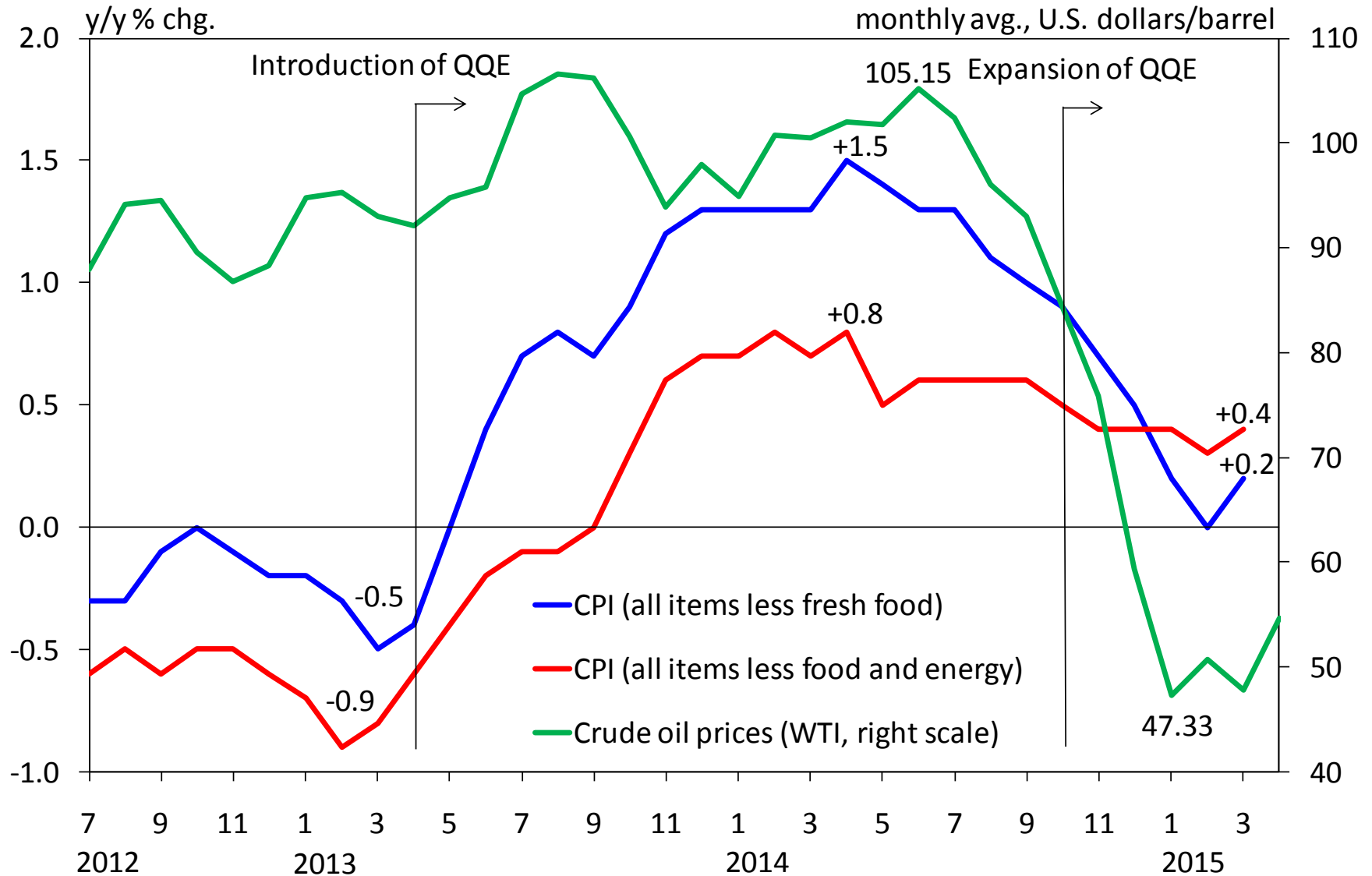
Tangibility of "Policy Regime Change"



* Money supplied directly from the central bank to the financial system.

Chart 7

Consumer Prices and Crude Oil Prices



Note: Figures for the CPI from April 2014 onward are calculated to adjust the direct effects of the consumption tax hike.
 Sources: Ministry of Internal Affairs and Communications, "Consumer Price Index"; Bloomberg.