

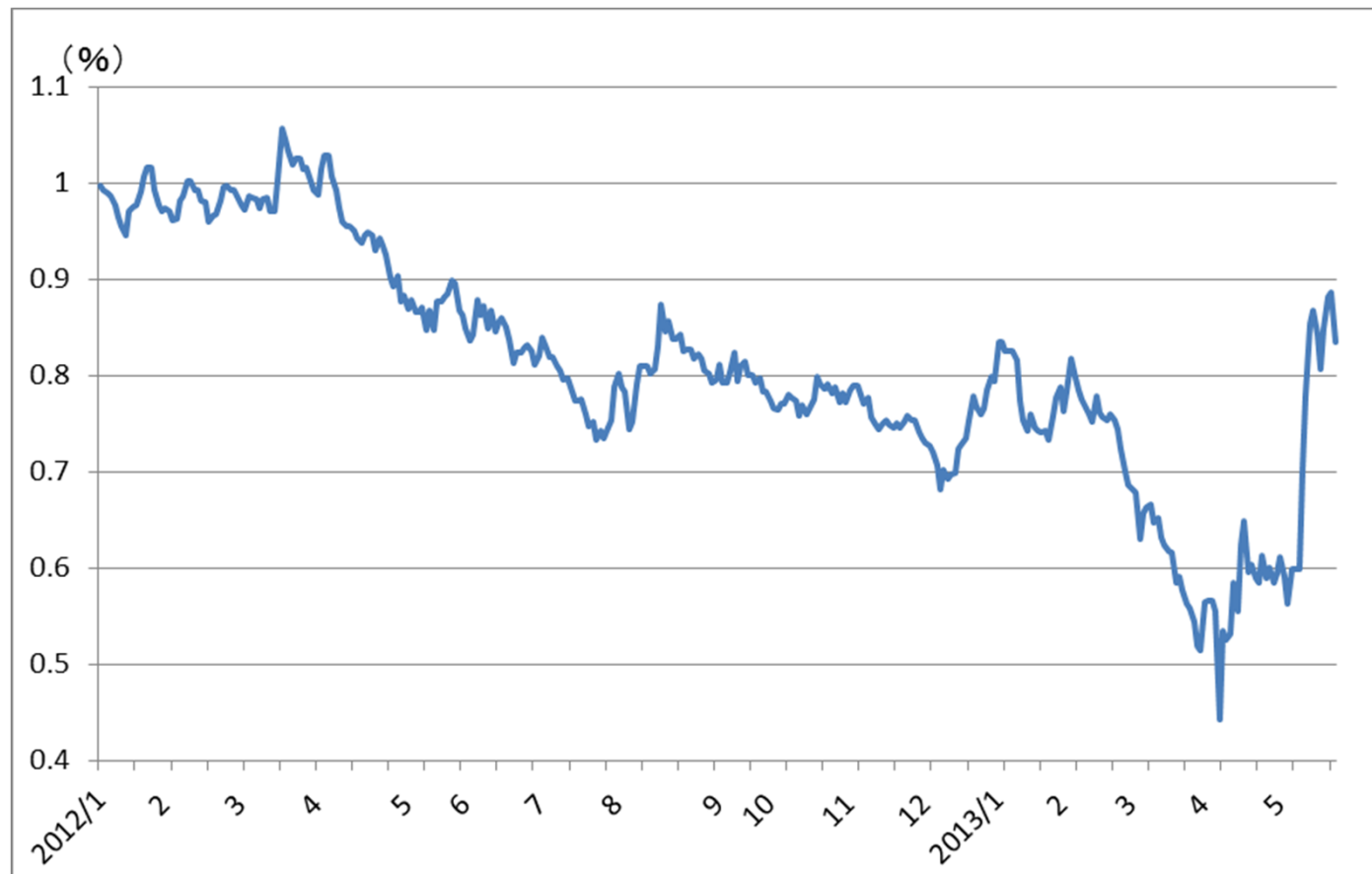
**ESRI
Abenomics
and
Japanese Economy**

31, May 2013

**Hiroshi Yoshikawa
University of Tokyo**

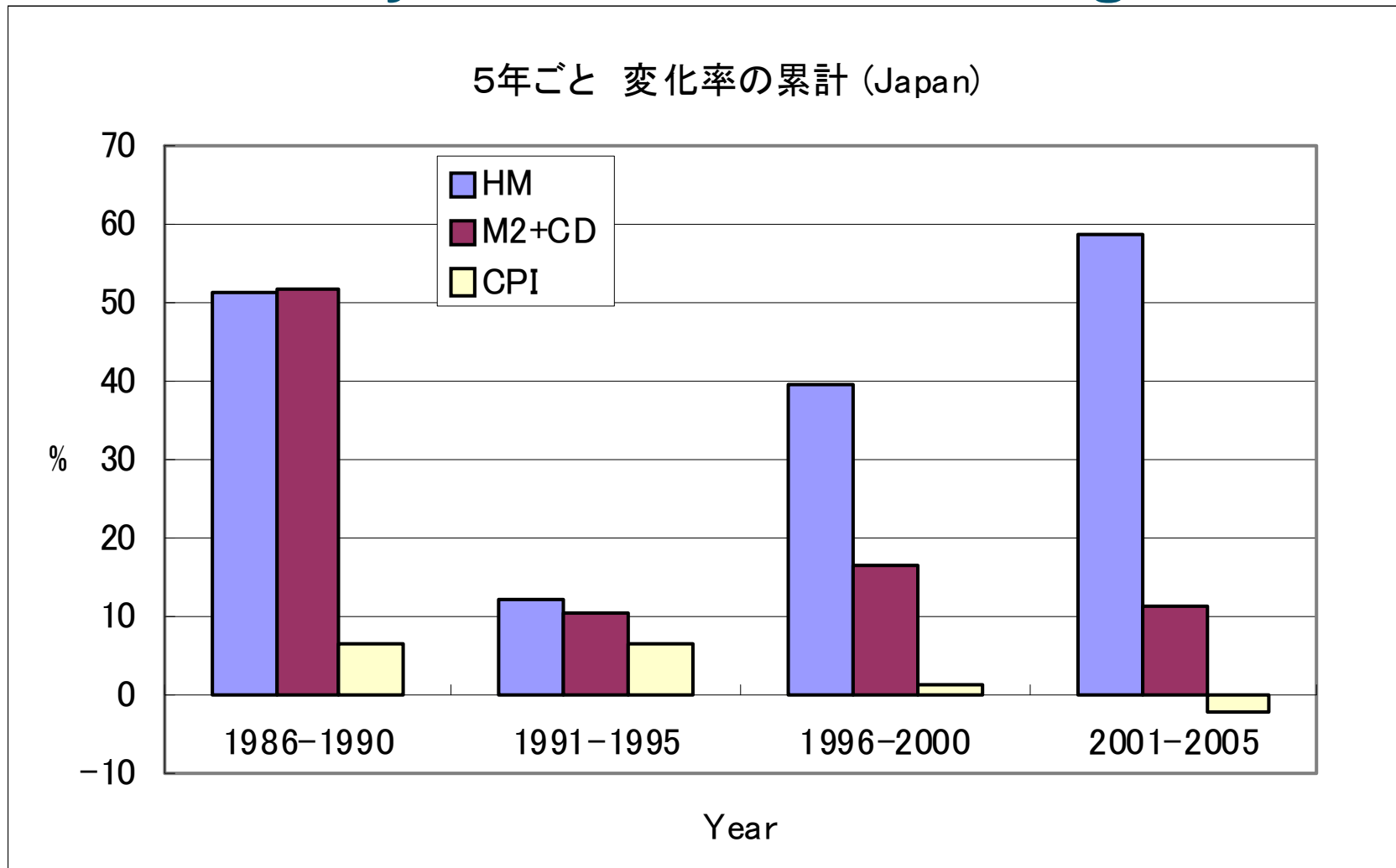
Monetary Policy and Deflation

Japanese Government Bond Interest Rate (10 years, daily)



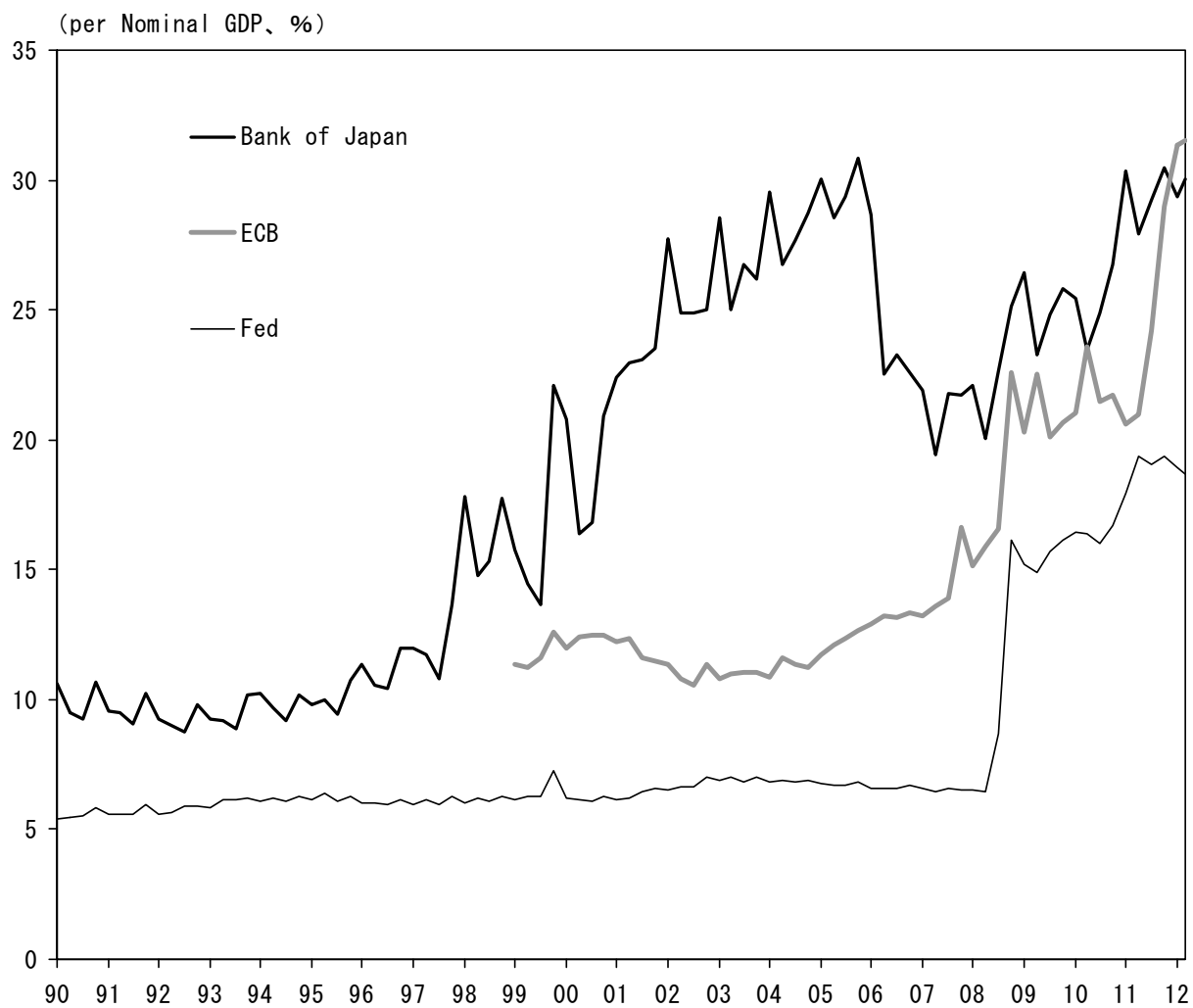
Source: MOF

Five-year Cumulative Changes



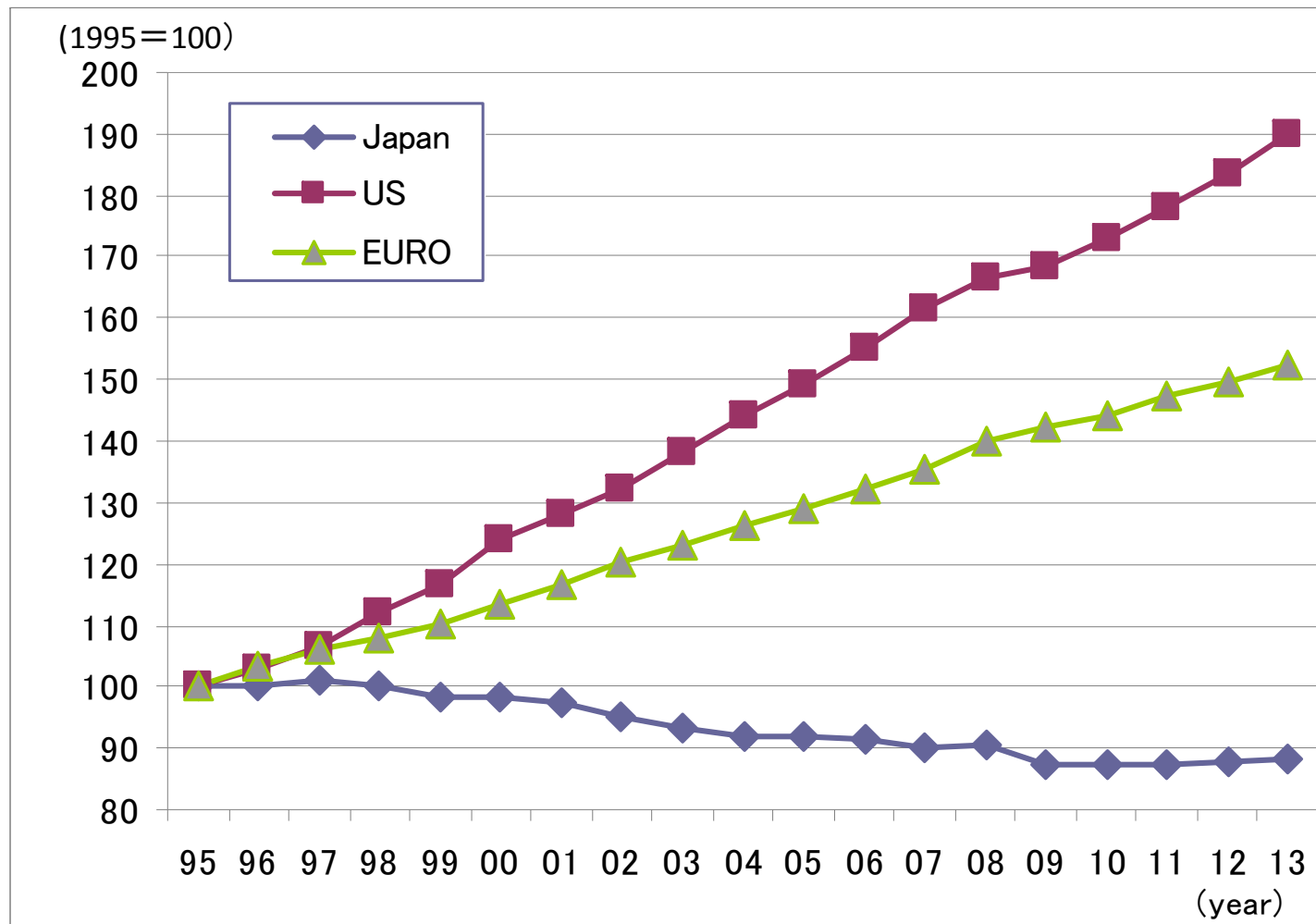
Source: Bank of Japan

Total Assets of Central Banks



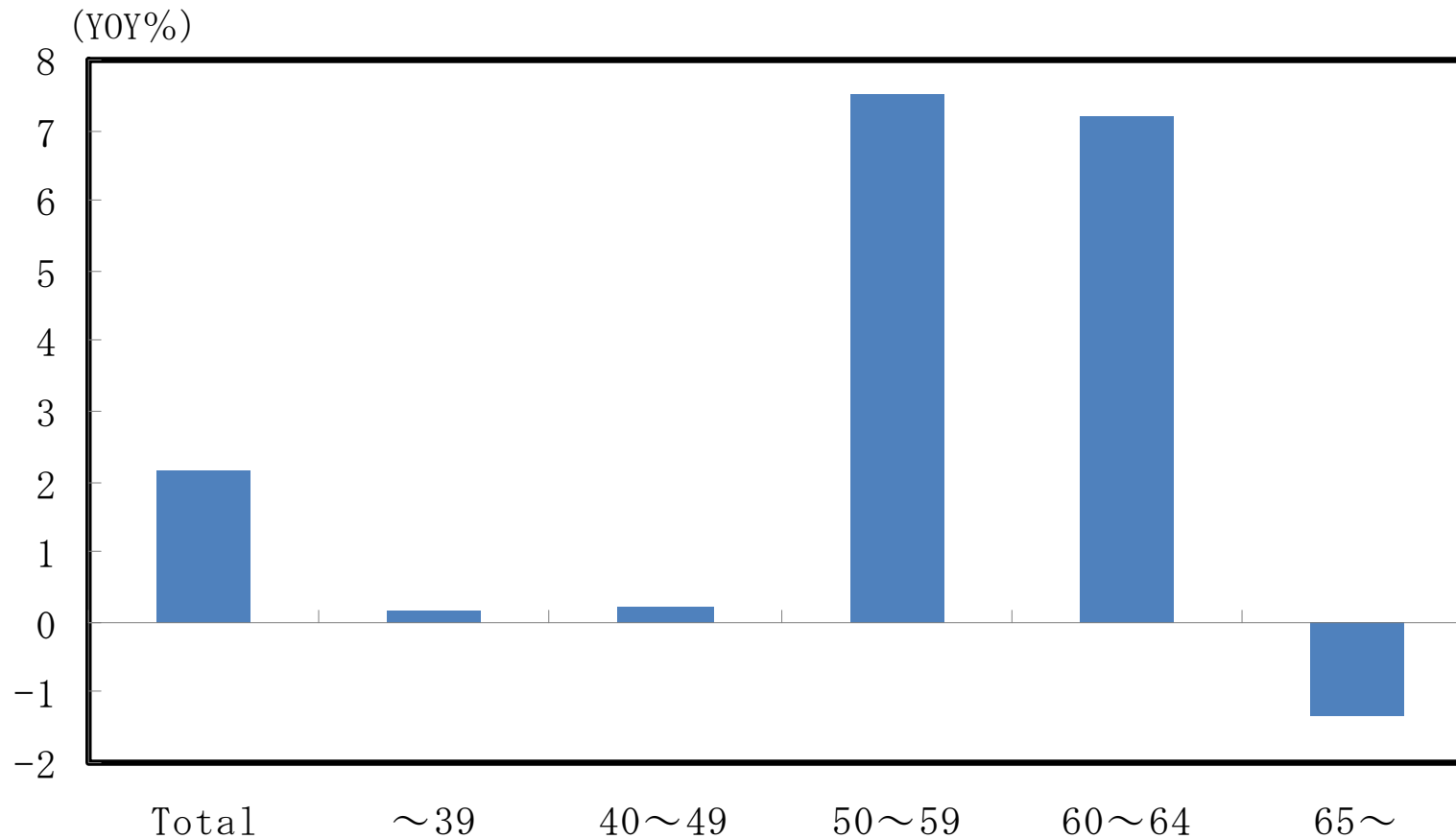
Source: BoJ, ECB, Fed

Nominal Wages of Japan, US, and EURO Area



Source: OECD "Economic Outlook"2012

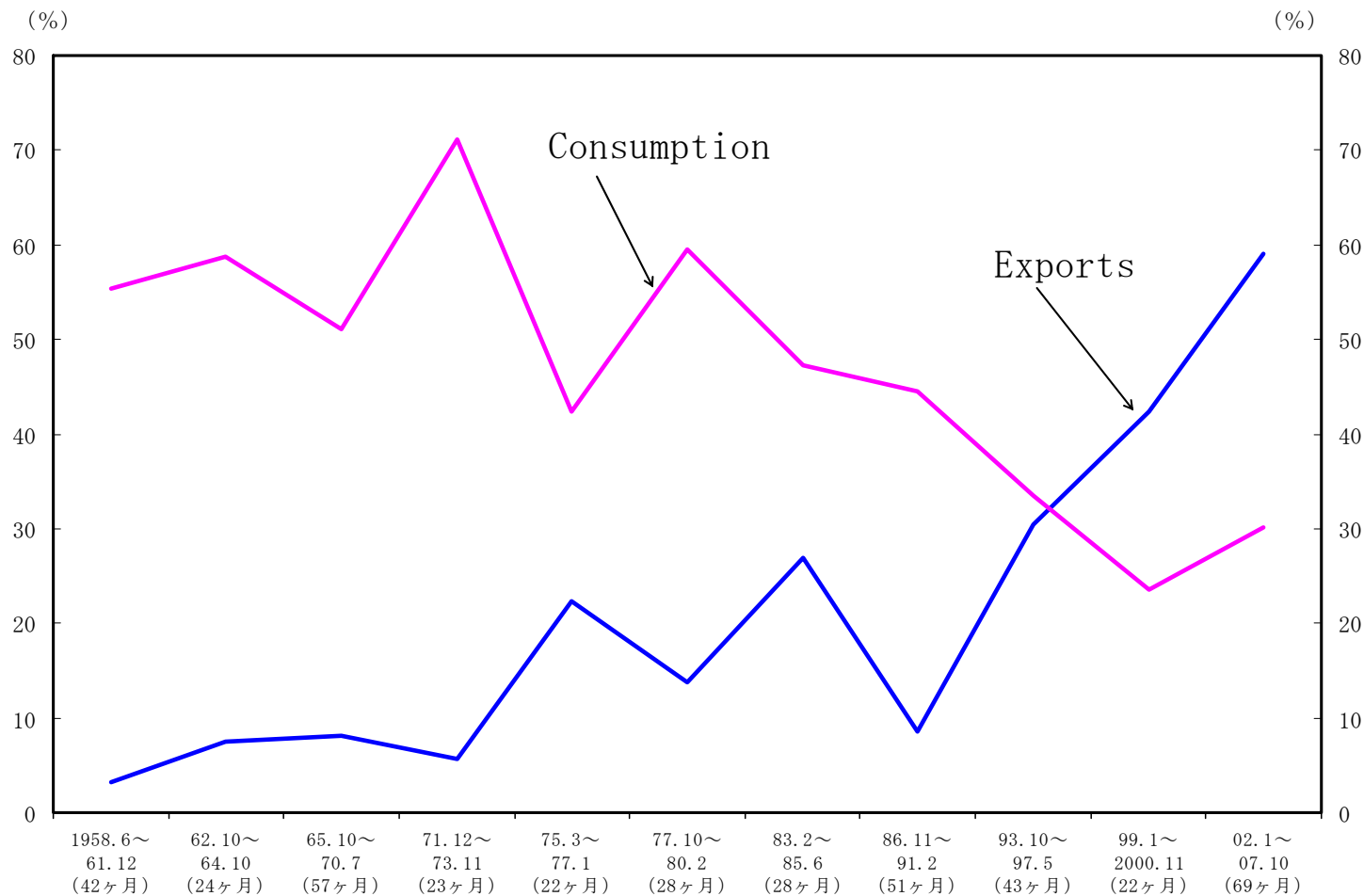
Who are Confident? Increase of Consumption by Age (Jan-Mar, 2013)



Source: Cabinet Office, The Monthly Economic Report, May, 2013

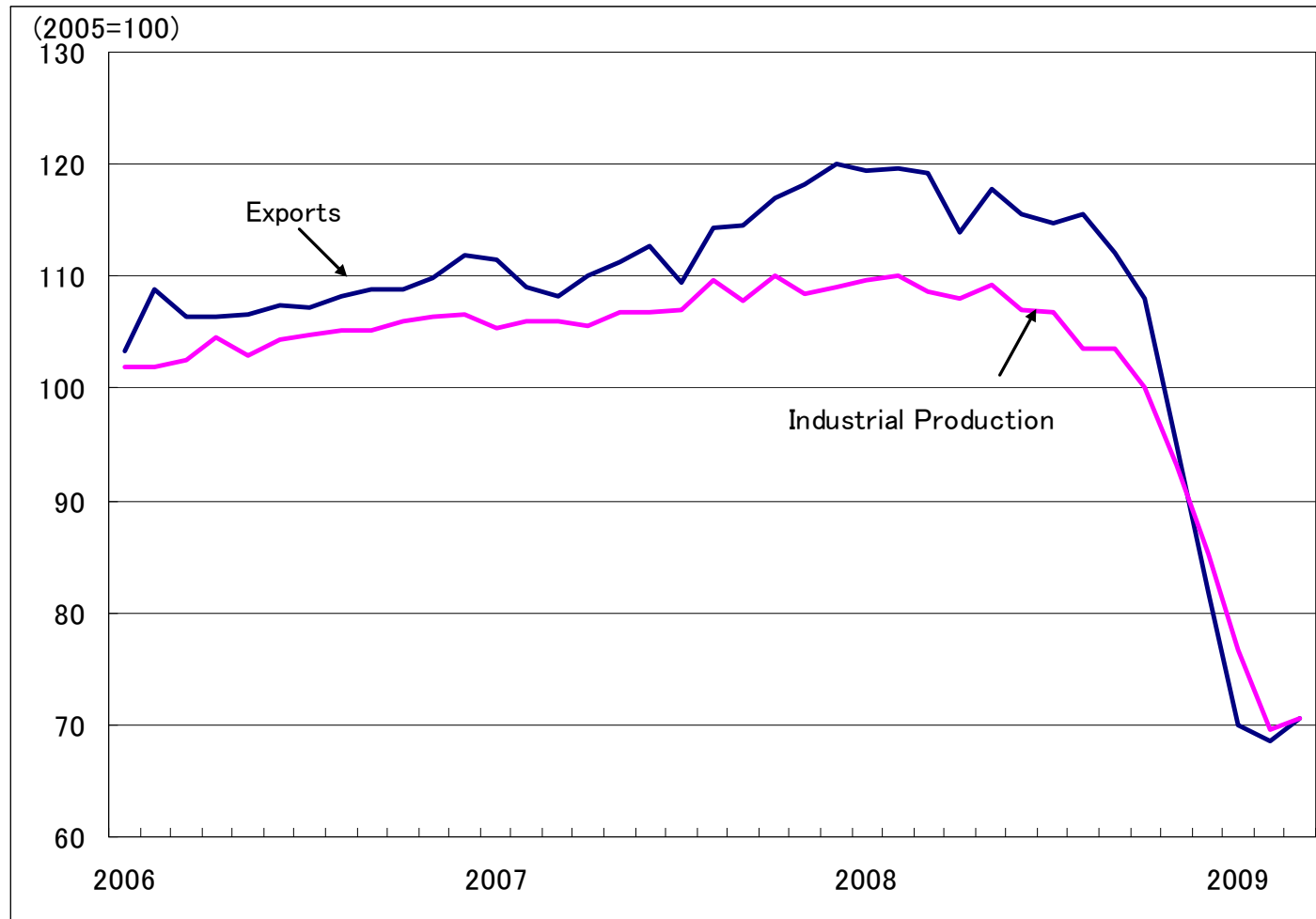
Exchange Rates

Relative Contributions of Exports and Consumption to economic Growth



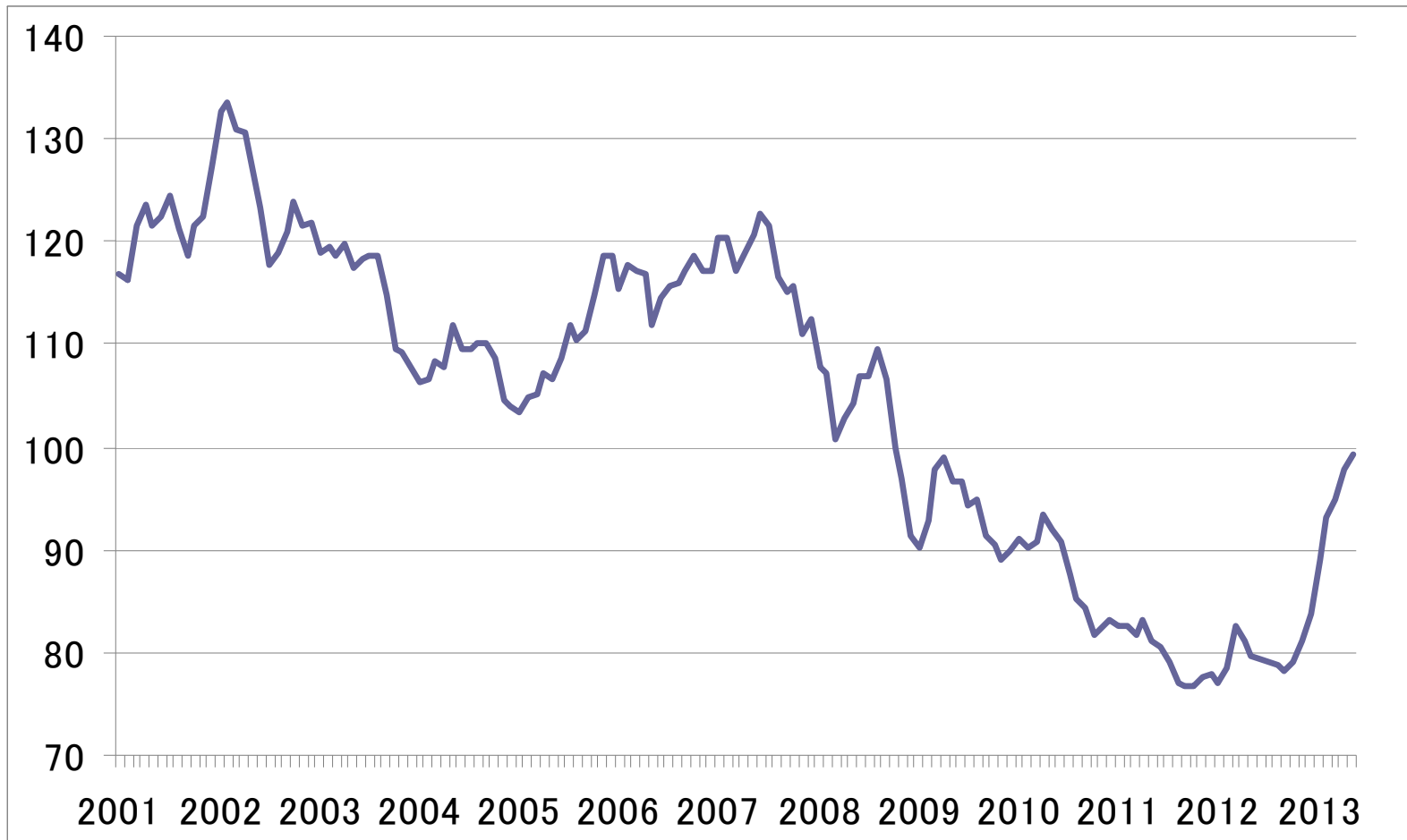
Source: Cabinet Office

Export and Industrial Production



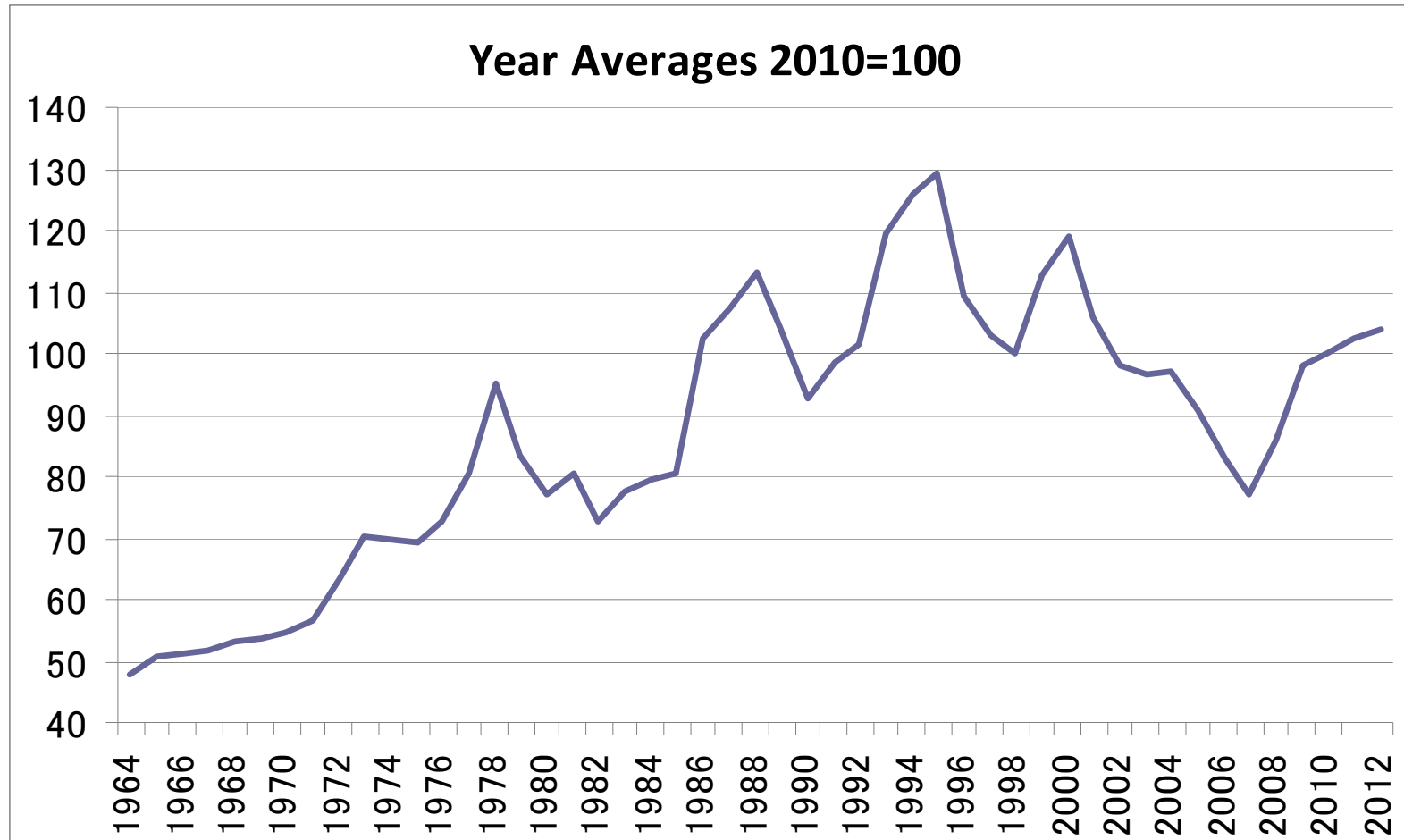
Source: METI, MOF

JPY/USD Rate (2001-May2013、Monthly)



Source: PACIFIC Exchange Rate Service

Yen Effective Real Exchange Rate (1964-2012)



Source: BIS (Year2012 is the average of 8 months)

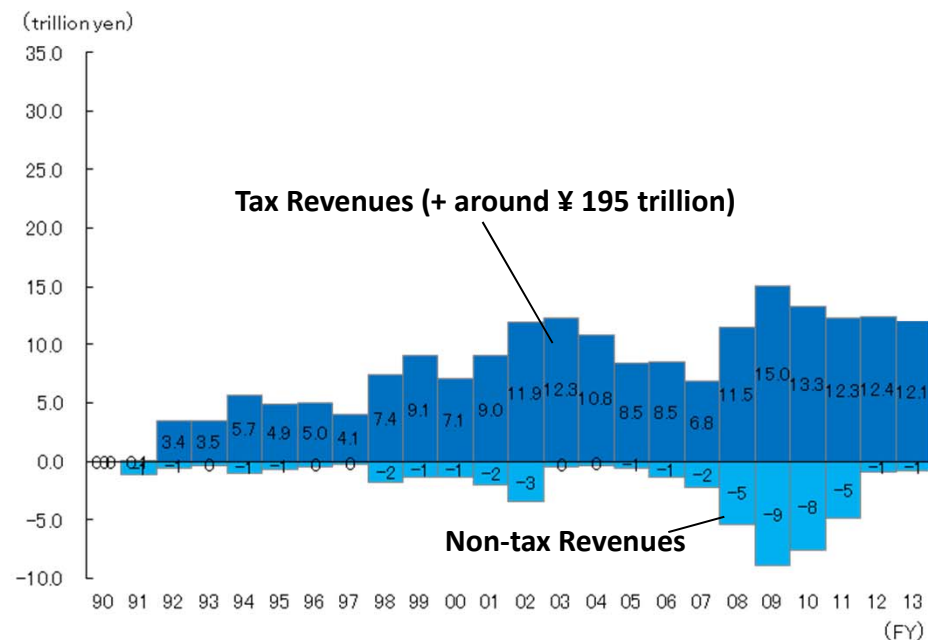
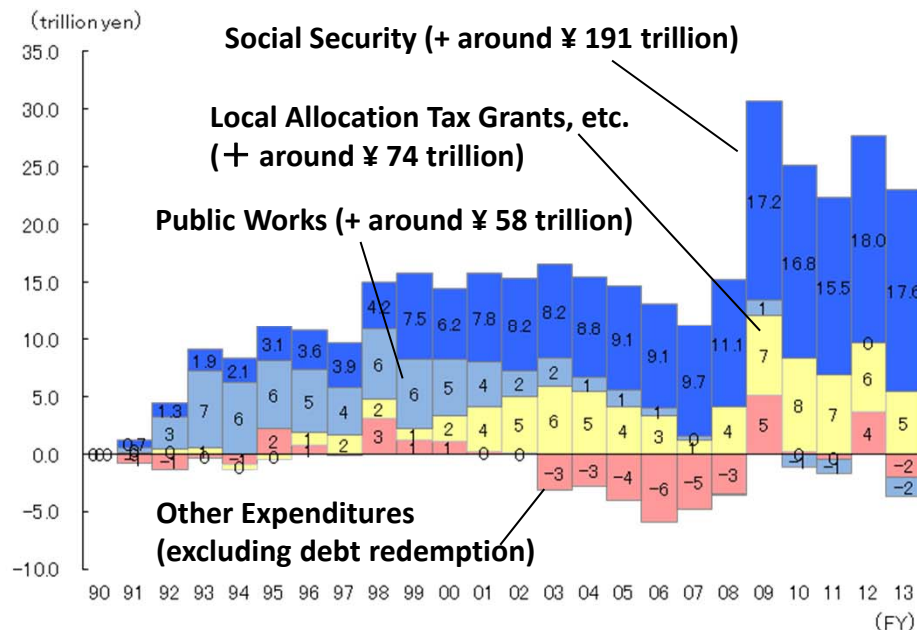
Fiscal Deficits

Factor Analysis of Increase in Government Bonds (excluding Reconstruction Bonds) Outstanding with Reference to FY1990

Increase in Government Bonds Outstanding from FY1990 to FY2013: around ¥ 571 trillion

Contribution of Expenditures : around ¥ 312 trillion

Effect of receipt decline: around ¥ 147 trillion



Impact from balance gap in FY1990: around ¥ 65 trillion

Other factors (long-term debt transferred from Japan National Railway, etc.): around ¥ 47 trillion

(Note 1) FY1990-FY2011: Settlement, FY2013: Revised Budget, FY2013: Budget.

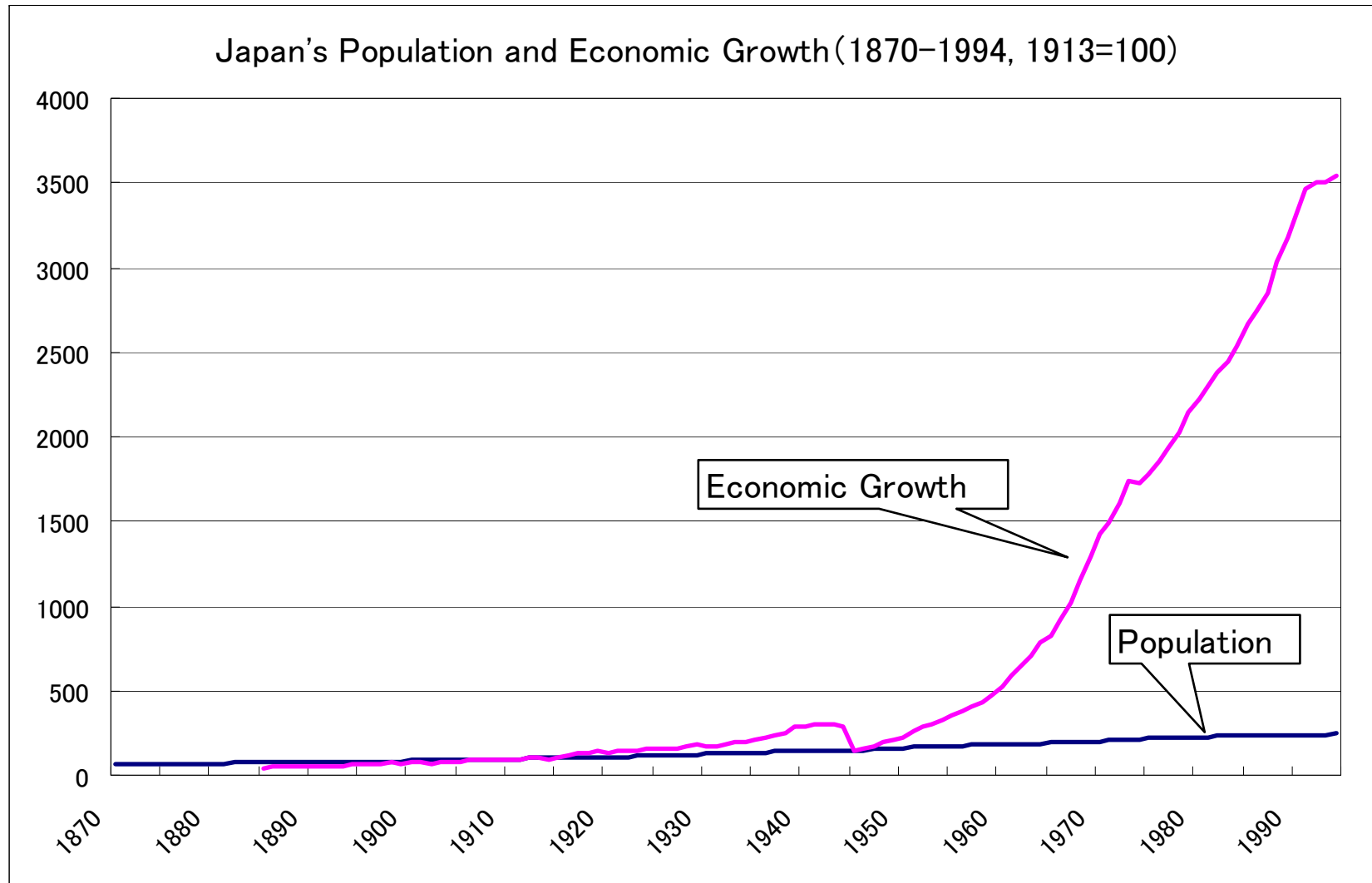
(Note 2) Reconstruction Bonds, which issued or are going to be issued to secure financial resources of measures implemented from FY2011 to FY2015 for reconstruction from the Great East Japan Earthquake, is excluded from Government Bonds Outstanding. (12.2 trillion yen at the End of FY2013.)

In addition, expenses related the issuance of reconstruction bonds for FY2011 (7.6 trillion yen) is excluded from the expenditure for the same fiscal year.

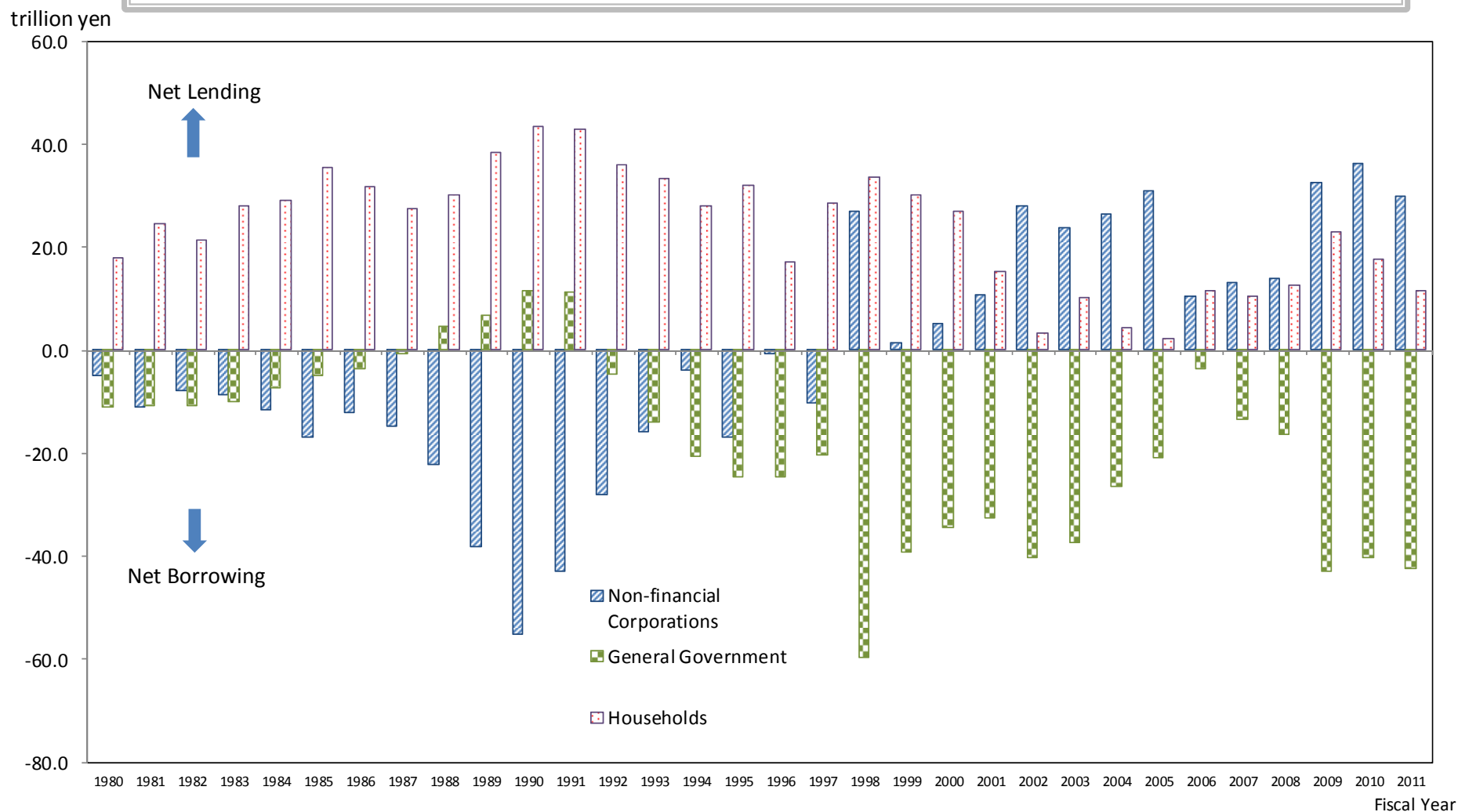
(Note 3) The amount of the legal rate of Tax Revenues which is transferred to local governments as Local Allocation Tax Grants is excluded from both the expenditures and the revenues because increase and decrease of that has no influence on increase of Government Bonds outstanding. On the other hand, the amount of Local Allocation Tax Grants, etc. other than the amount of the legal rate of Tax Revenues in Local Allocation Tax Grants, etc. (e.g. the amount for covering deficit of Local Governments) counts for the element of increase of the expenditure.

**Innovations
Not Demography
The Ultimate
Driving Force of
Economic Growth**

Population and GDP 1870-1994: Japan



Japan: Net Lending / Net Borrowing by Sectors



(Source) Cabinet Office "National Accounts"

(Note) Data from FY2001 and after are based on 2005 benchmark, while data up to FY2000 on 2000 benchmark.