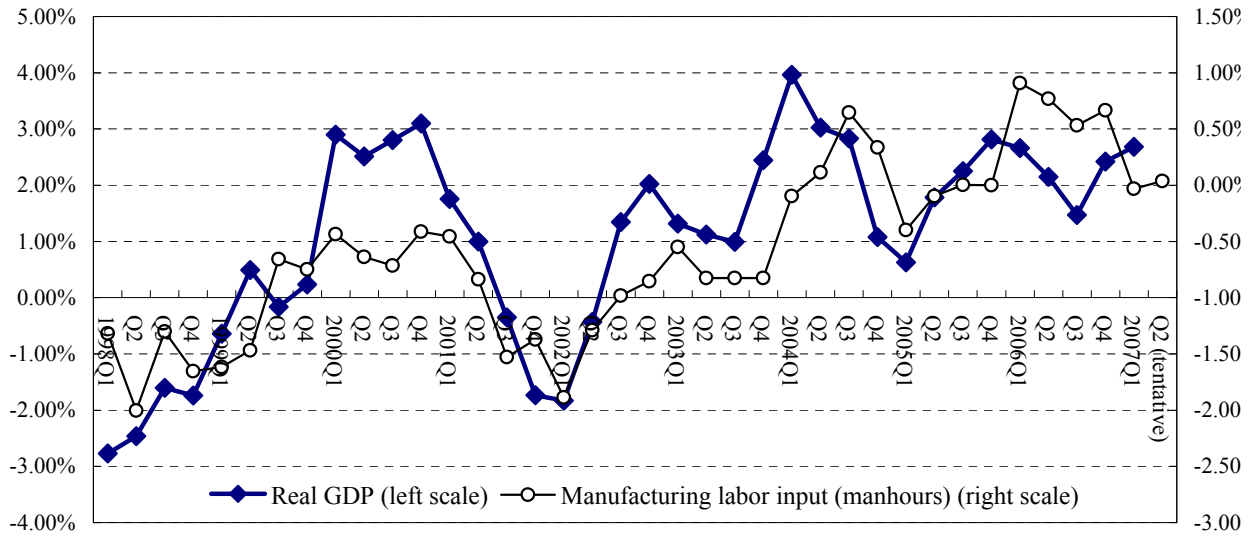


Chart 1:
GDP Growth and Manufacturing Labor Input
(Year-on-Year Change)



Sources: Real GDP growth: *National Accounts* . Manufacturing labor input: *Monthly Labor Survey* .

Note: Apparent outliers in work hour indices for April and May 2003 have been corrected.

Table 1-A: Pair-Wise Correlation between Year-on-Year Changes in the Output of 19 Final Goods Categories

	Total cases	Positively correlated cases	Ratio	Negatively correlated cases	Ratio
1999/Q1-2001/Q4	171	62	36.3%	6	3.5%
2002/Q1-2004/Q4	171	55	32.2%	2	1.2%
2005/Q1-2007/Q1	171	17	9.9%	16	9.4%

Notes: 1. Figures are calculated from Indices of Industrial Production (Ministry of Economy, Trade and Industry). 2. The 19 final goods categories include (1) capital goods for manufacturing equipment, (2) for electricity, (3) for communications and broadcasting, (4) for agriculture, (5) for construction, (6) for transportation, (7) for office work, (8) miscellaneous capital goods, (9) construction goods for construction activity, (10) for engineering, (11) consumer durables for household use, (12) for heating and cooling equipment, (13) for furniture and furnishings, (14) for education and amusement, (15) passenger cars and motorcycles, (16) consumer non-durables for household use, (17) education and amusement, (18) clothing and footwear, and (19) food. 3. Significance level = 10 percent.

Table 1-B: Pair-Wise Correlation between Year-on-Year Changes in 13 Service Categories

	Total cases	Positively correlated cases	Ratio	Negatively correlated cases	Ratio
1999/Q1-2001/Q4	78	13	16.7%	7	9.0%
2002/Q1-2004/Q4	78	26	33.3%	7	9.0%
2005/Q1-2007/Q1	78	8	10.3%	7	9.0%

Notes: 1. Figures are calculated from Indices of Tertiary Industry Activity (Ministry of Economy, Trade and Industry). 2. The 13 service categories include (1) electricity, gas heat supply, and water, (2) information and communications, (3) transportation, (4) wholesale trade, (5) retail trade, (6) finance and insurance, (7) real estate, (8) restaurants and hotels, (9) medical, health care, and welfare, (10) learning support, (11) compound services, (12) personal services, and (13) business services. 3. Significance level = 10 percent.

Table 1-C: Pair-Wise Correlation between Year-on-Year Changes in Real Imports by Goods Category

	Total cases	Positively correlated cases	Ratio	Negatively correlated cases	Ratio
1999/Q1-2001/Q4	21	18	85.7%	0	0.0%
2002/Q1-2004/Q4	21	10	47.6%	0	0.0%
2005/Q1-2007/Q1	21	7	33.3%	0	0.0%

Notes: 1. Figures are calculated from *Trade Statistics* (Ministry of Finance) deflated by the corporate goods price index (Bank of Japan). 2. Goods include (1) food, (2) intermediate goods, (3) consumer goods, (4) IT-related goods, (5) capital goods and parts, (6) raw materials, and (7) others. 3. Significance level = 10 percent.

Table 1-D: Pair-Wise Correlation between Year-on-Year Changes in Real Imports by Country of Origin

	Total cases	Positively correlated cases	Ratio	Negatively correlated cases	Ratio
1999/Q1-2001/Q4	15	15	100.0%	0	0.0%
2002/Q1-2004/Q4	15	11	73.3%	0	0.0%
2005/Q1-2007/Q1	15	2	13.3%	0	0.0%

Notes: 1. Figures are calculated from *Trade Statistics* (Ministry of Finance) deflated by the corporate goods price index (Bank of Japan). 2. Countries of origin include (1) U.S., (2) EU, (3) China, (4) NIEs, (5) ASEAN4, and (6) others. 3. Significance level = 10 percent.

Table 1-E: Pair-Wise Correlation between Year-on-Year Changes in Real Exports by Goods Category

	Total cases	Positively correlated cases	Ratio	Negatively correlated cases	Ratio
1999/Q1-2001/Q4	15	14	93.3%	0	0.0%
2002/Q1-2004/Q4	15	5	33.3%	0	0.0%
2005/Q1-2007/Q1	15	5	33.3%	0	0.0%

Notes: 1. Figures are calculated from *Trade Statistics* (Ministry of Finance) deflated by the corporate goods price index (Bank of Japan). 2. Goods include (1) intermediate goods, (2) auto-related goods, (3) consumer goods, (4) IT-related goods, (5) capital goods and parts, and (6) others. 3. Significance level = 10 percent.

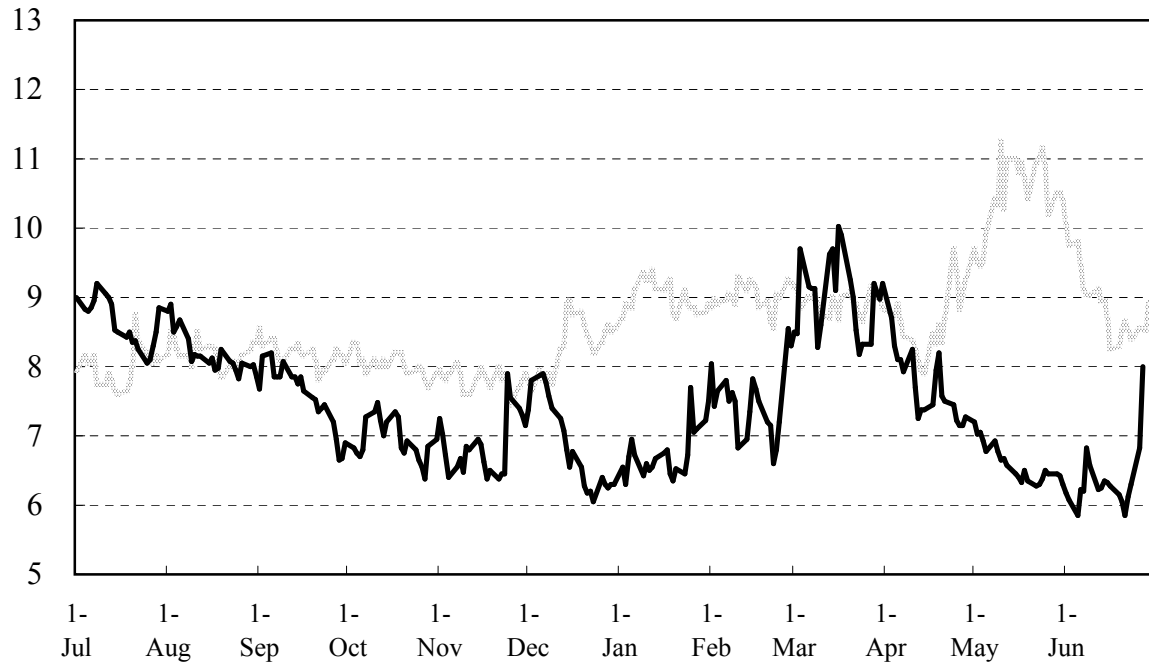
Table 1-F: Correlation between Year-on-Year Changes in Real Exports by Destination

	Total cases	Positively correlated cases	Ratio	Negatively correlated cases	Ratio
1999/Q1-2001/Q4	15	7	46.7%	0	0.0%
2002/Q1-2004/Q4	15	6	40.0%	0	0.0%
2005/Q1-2007/Q1	15	5	33.3%	2	13.3%

Notes: 1. Figures are calculated from *Trade Statistics* (Ministry of Finance) deflated by the corporate goods price index (Bank of Japan). 2. Destinations include (1) U.S., (2) EU, (3) China, (4) NIEs, (5) ASEAN4, and (6) others. 3. Significance level = 10 percent.

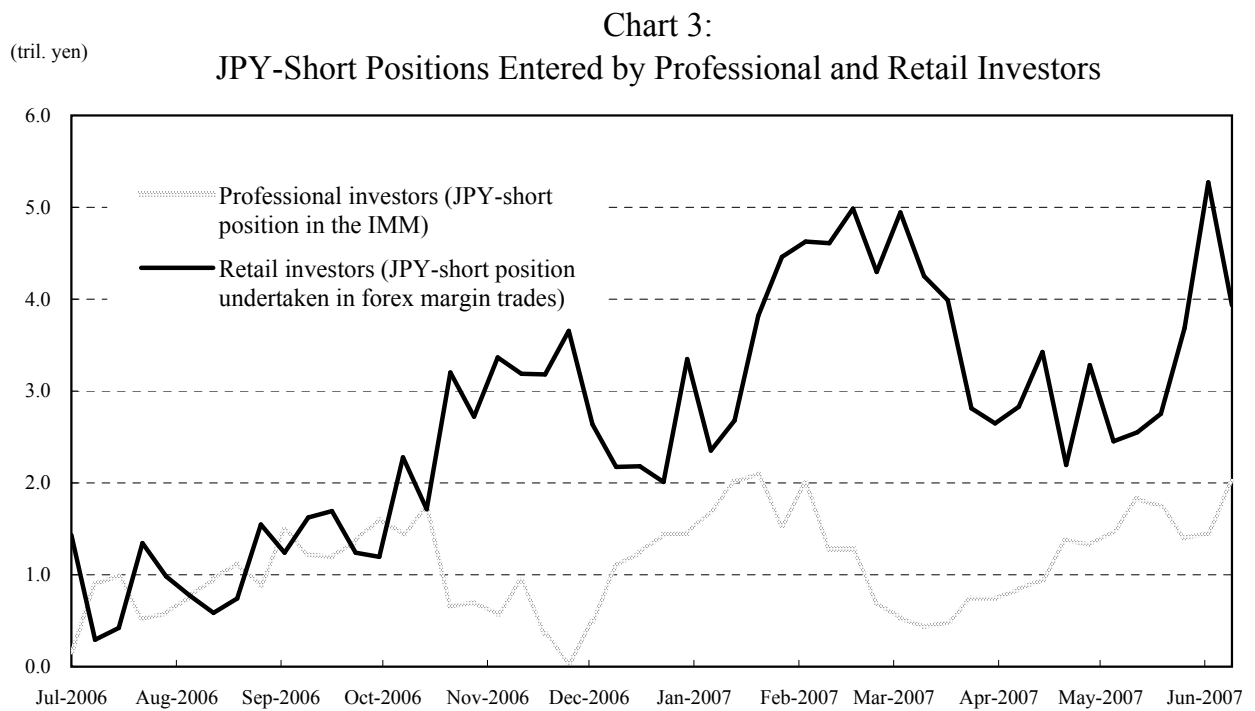
Chart 2:

(%) Implied Volatility (USD/JPY; 1-Month) for 2006 and 2007



Source: Bloomberg.

..... July 2005 - June 2006 — July 2006 - June 2007



Sources: Tokyo Financial Exchange Inc., Financial Futures Association of Japan, Bloomberg, CFTC.

Note: JPY-short positions entered in forex margin trades are tentatively calculated as follows:

JPY-short position at Tokyo Financial Exchange Inc. (weekly basis)/share of Tokyo Financial Exchange Inc. in all forex trades in Japan (fixed at 5.8 percent as of December 2006).

Chart 4:
Trimmed-Mean CPI Inflation Rate and Manufacturing-Sector Employment Growth
(Year-on-Year Change)

