Japanese Economy Monthly Report

(December 2011)

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TANKAN (Business Sentiment): Declined for the First Time in 2Q. Negative Figure for the First Time in 2Q.

◆ December Business Sentiment DI: Large Manufacturing enterprises -4 (-6 over previous survey; -8 over forecast), Nonmanufacturing -4 (+3 over previous survey; +3 over forecast)

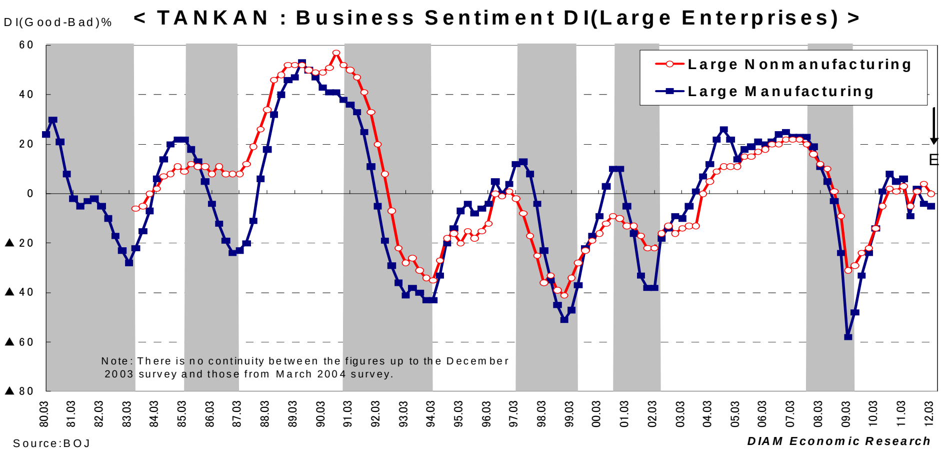
– The previous survey (Sep. 2011) saw a rise centered on manufacturing enterprises in contrast to the post-disaster decline. However, the survey this time (Dec. 2011) showed a decline for the first time in 2Q in manufacturing enterprises despite a rise for 2Q straight in nonmanufacturing enterprises. Nonmanufacturing enterprises exceeded their own forecasts and market forecasts (+1 and +1, respectively), while manufacturing enterprises were below their own forecasts and market forecasts (+4 and -2, respectively). The business sentiment was relatively weak for manufacturing enterprises. Small enterprises and medium-sized enterprises both marked minus figures. For forecasts for March, enterprises of all sizes in both manufacturing and nonmanufacturing expect worsening.

– Manufacturing: Basic materials -6（-5 over previous survey, -9 over forecast), Processing -3(-6 over previous survey, -7 over forecast). Pulp & Paper, Iron & Steel, Processed metals, and Motor vehicles showed improvement, and Lumber & Wood products and Food & Beverages were flat, but the rest worsened. Ceramics, Stone & Clay and Electrical machinery worsened significantly, at -6 (-16 over previous survey, -6 over forecast) and -21 (-16 over previous survey, -17 over forecast) respectively. Only Textiles, Pulp & Paper, Food & Beverages, and Processed metals exceeded the forecast. Lumber & Wood products, Pulp & Paper, Processed metals, business oriented machinery, Electrical machinery, and Motor vehicles except improvement in the next survey (Mar. 2012). However, only Lumber & Wood products, General-purpose machinery, and Motor vehicles（Motor vehicles in particular）are expected to mark positive figures.

– Nonmanufacturing: Retailing and information services worsened but the rest improved. Only Construction, information services and Services for individuals were below the forecast. Goods rental & leasing and Communications were robust compared to the forecast. However, only Real estate, Information services, Electric & Gas utilities, and Services for individuals expect improvement in the next survey. Electric & Gas utilities showed a slight improvement for the first time in 3Q and expect improvement also in the next survey.

– By size: Weak figures of small nonmanufacturing enterprises suggest weak consumption.

– Forecast for the next survey (large enterprises): Manufacturing (difference with the previous survey -1). Basic materials (-3) and Processing (+/-0). Business sentiment deteriorated again lead by Manufacturing, especially Basic materials, mainly due to the downswing of external demand impacted by European government debt crisis and yen appreciation. Nonmanufacturing is relatively robust, reflecting the robust consumption, but expect worsening in the next survey.



< Japan・Tankan >

	Manuf.	Textiles	Lumber &Wood Products	Pulp& Paper	Chemicals	Petroleum &Coal products	Ceramics,Stone&Clay	Iron& Steel	Nonferrous metals	Food&Beverages	Processed metals	General-purpose machinery	Production machinery	Business oriented machinery	Electrical machinery	Shipbuilding, Heavy machinery etc	Motor vehicles	Other Manuf.
'10/7-9	5	▲3	▲13	▲13	9	40	▲4	▲13	22	▲1	6	23	▲5	8	2	10	21	▲3
'10/10-12	6	3	0	▲20	14	40	6	▲22	9	0	9	24	7	11	1	10	23	1
'11/1-3	▲9	0	0	▲16	2	0	▲8	▲21	▲14	2	2	7	9	▲13	▲16	▲6	▲52	▲8
'11/4-6	2	2	▲4	▲23	1	0	10	▲16	17	5	▲5	21	9	▲2	▲5	0	13	▲7
'11/7-9	▲4	▲3	▲4	▲9	▲6	▲13	▲6	▲10	0	5	▲3	17	3	▲6	▲21	▲7	20	▲3
'11/10-12(E)	▲5	▲15	4	▲6	▲9	▲20	▲6	▲16	0	▲2	▲2	13	▲1	0	▲17	▲20	21	#N/A

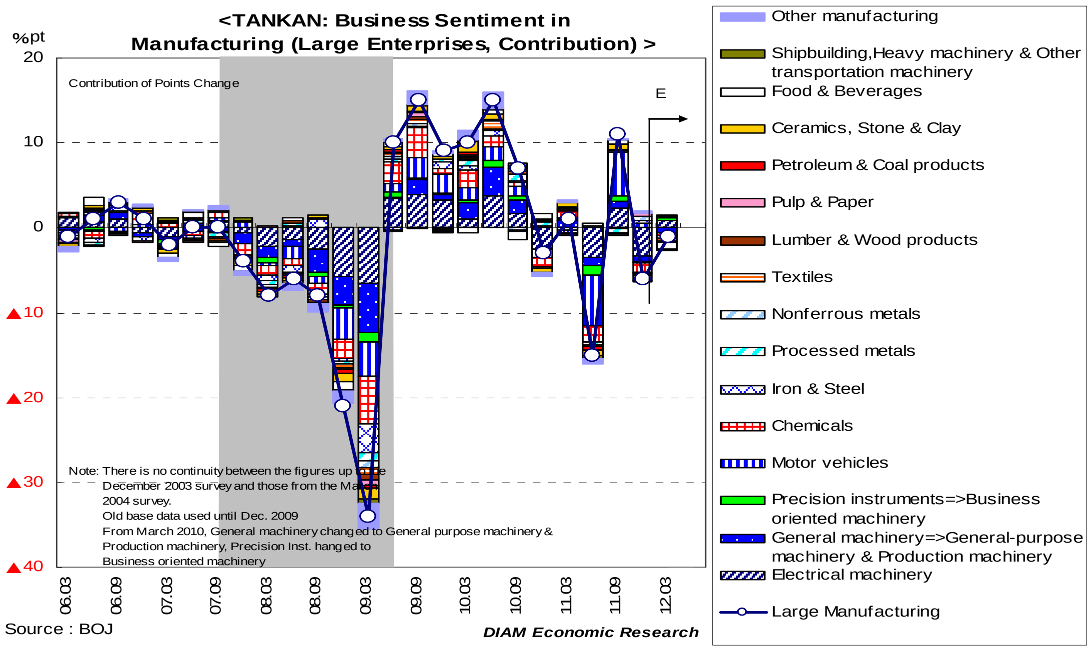
	Nonmanuf.	Construction	Real estate	Goods rental&Leasing	Wholesaling	Retailing	Transport &Postal activities	Communications	Info. services	Electric& Gas utilities	Services for businesses	Services for individuals	Accomodations Eating& Drinking servicies
'10/7-9	1	▲22	6	0	6	▲3	2	37	▲6	12	9	7	▲11
'10/10-12	3	▲16	4	0	5	10	▲3	35	5	17	13	1	▲15
'11/1-3	▲5	▲15	3	9	▲1	10	▲15	40	▲3	▲3	2	▲10	▲40
'11/4-6	1	▲11	0	15	▲2	14	▲2	40	6	▲14	3	3	▲18
'11/7-9	4	▲8	3	20	1	10	3	44	4	▲12	10	9	▲2
'11/10-12(E)	0	▲9	6	12	▲8	1	▲2	32	5	▲7	7	12	▲14

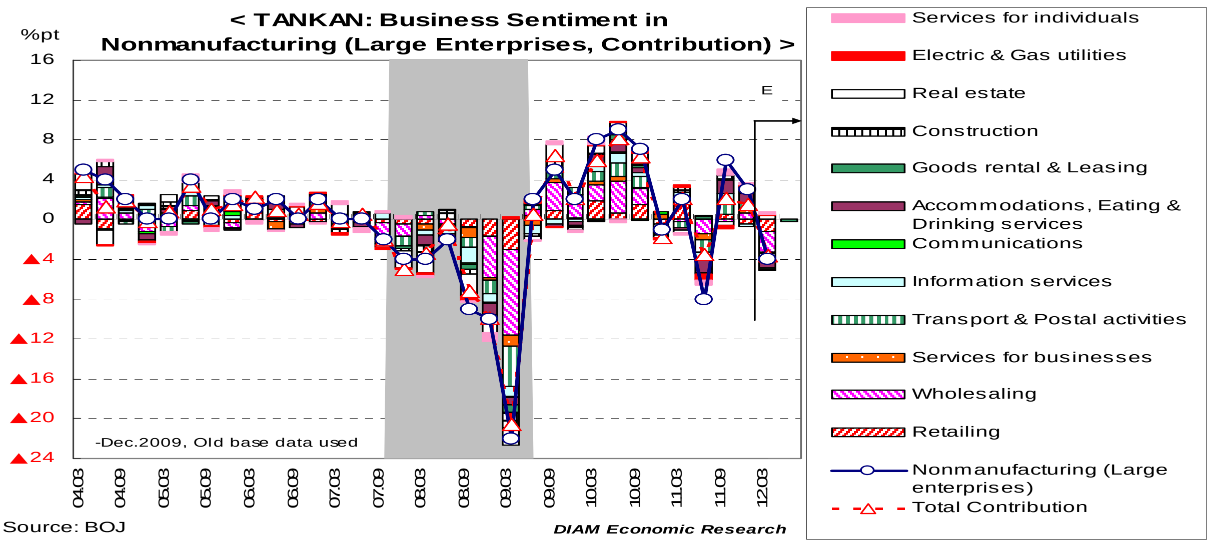
Source:BoJ

DIAM Economic Research

(Note) ▲ mark is equivalent to a minus sign in this report.

＊This presentation material contains 10 pages.
＊ Please peruse Disclaimer stated on page 10.


<TANKAN: Business Sentiment in
Manufacturing (Large Enterprises, Contribution) >
%pt
20
10
0
▲10
▲20
▲30
▲40
Contribution of Points Change
E
Note: There is no continuity between the figures up to the December 2003 survey and those from the March 2004 survey.
Old base data used until Dec. 2009
From March 2010, General machinery changed to General purpose machinery & Production machinery, Precision Inst. hanged to Business oriented machinery
06.03
06.09
07.03
07.09
08.03
08.09
09.03
09.09
10.03
10.09
11.03
11.09
12.03
Source : BOJ
DIAM Economic Research
Other manufacturing
Shipbuilding,Heavy machinery & Other transportation machinery
Food & Beverages
Ceramics, Stone & Clay
Petroleum & Coal products
Pulp & Paper
Lumber & Wood products
Textiles
Nonferrous metals
Processed metals
Iron & Steel
Chemicals
Motor vehicles
Precision instruments=>Business oriented machinery
General machinery=>General-purpose machinery & Production machinery
Electrical machinery
Large Manufacturing


< TANKAN: Business Sentiment in
Nonmanufacturing (Large Enterprises, Contribution) >
%pt
16
12
8
4
0
▲4
▲8
▲12
▲16
▲20
▲24
E
-Dec.2009, Old base data used
04.03
04.09
05.03
05.09
06.03
06.09
07.03
07.09
08.03
08.09
09.03
09.09
10.03
10.09
11.03
11.09
12.03
Source: BOJ
DIAM Economic Research
Services for individuals
Electric & Gas utilities
Real estate
Construction
Goods rental & Leasing
Accommodations, Eating & Drinking services
Communications
Information services
Transport & Postal activities
Services for businesses
Wholesaling
Retailing
Nonmanufacturing (Large enterprises)
Total Contribution

GDP (Revised): Increased for the First Time in 3Q, but Revised Downward

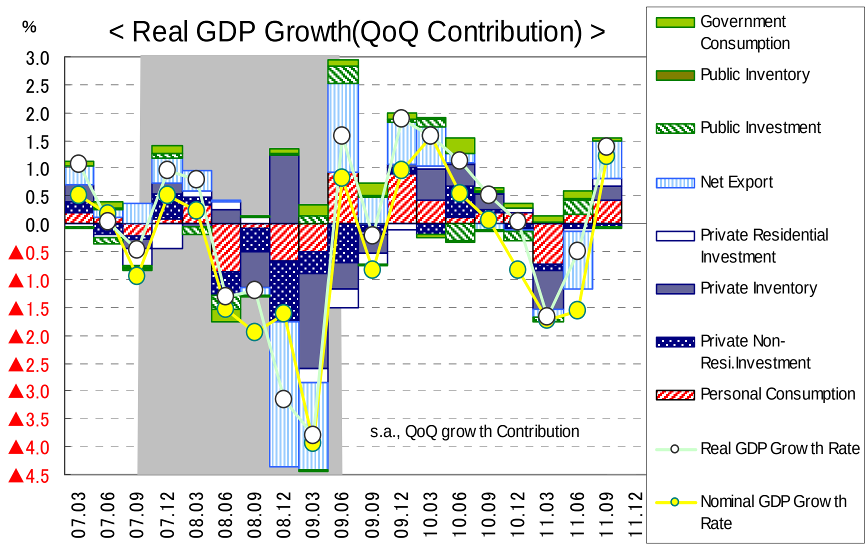
- **The real GDP growth rate for the Jul-Sep quarter (2QE) rose +1.4% QoQ (+5.6% annual growth rate; market forecast +1.3%). Nominal GDP growth rate for the same quarter was +1.2%.**
  - Growth rates were revised downward from 1QE (+1.5% QoQ, +6.0% annual growth rate). With the exception of Private Non-Residential Investment and Public Investment, all the GDP components made positive contributions. From this month, reports have been revised to use 2005 as the base year.
  - External demand increased for the first time in 5Q as exports, which had been depressed by the earthquake, recovered to an increase. In domestic demand, Private Non-Residential Investment declined slightly for 4Q straight. Private Residential Investment grew significantly for the first time in 2Q, while Personal Consumption increased for 2Q straight and at a stronger pace. Private domestic demand increased for 2Q straight and at a stronger pace. Public Investment declined for the first time in 2Q, while Government Consumption increased for 6Q straight.
  - External demand (+0.7%pt QoQ contribution; -1.0%pt previous QoQ) and domestic demand (+0.8%pt QoQ contribution, +0.5%pt previous QoQ) each made roughly equal contributions to the growth of GDP. The former made a positive contribution for the first time in 5Q and the latter made a positive contribution for 2Q straight. However, due to increased Inventory Investment (+0.3%pt QoQ contribution, -0.0%pt previous QoQ), domestic private final demand remained flat (+0.5%pt QoQ contribution, +0.5%pt previous QoQ). Private Residential Investment and Personal Consumption grew, but the slight decline in Private Non-Residential Investment continued (with a major downward revision based on corporate statistics). Government Consumption (+0.05%pt QoQ contribution, +0.4%pt previous QoQ) increased for 6Q straight, while Public Investment decreased for the first time in 2Q and growth declined. Post-disaster reconstruction demand is late in appearing.
    - » Compared to QE1: Initial projections were adjusted upward for Private Residential Investment, Public Investment, Inventory Investment, and Net Export, but were adjusted downward for Personal Consumption, Private Non-Residential Investment, and Government Consumption. Public Investment (-1.0% QoQ, -2.8% previous QoQ) was revised significantly upward, while Private Non-Residential Investment (-0.4% QoQ, +1.1% previous QoQ) was revised significantly downward.
    - » Retroactive revisions: Apr-Jun quarter (-0.5% real QoQ, -0.3% previous real QoQ), Jan-Mar quarter (-1.7% real QoQ, -0.7% previous real QoQ), 2010 Oct-Dec quarter (+0.03% real QoQ, -0.7% previous real QoQ), Jul-Sep quarter (+0.5% real QoQ, +0.7% previous real QoQ), Apr-Jun quarter (+1.1% real QoQ, +0.03% previous real QoQ), Jan-Mar quarter (+1.6% real QoQ, +2.5% previous real QoQ), 2009 Oct-Dec quarter (+1.9% real QoQ, +1.6% previous real QoQ). FY2010 real YoY: +3.2%; carry over to FY2011: -1.1% (a reduction of -0.4%pt from the -0.7% under the previous base).
    - » Personal Consumption: Compensation of Employees declined for the first time in 5Q (-0.3% real QoQ, +0.3% previous real QoQ), but Personal Consumption increased for 2Q straight at +0.7% real QoQ (+0.3% previous real QoQ). Non-durable Goods (-0.4% real QoQ, -2.1% previous real QoQ) declined for 2Q straight, while Durable goods (+6.5% real QoQ, +5.2% previous real QoQ), Semi-durable goods (+1.6% real QoQ, +3.4% previous real QoQ), and Services (+0.2% real QoQ, +0.1% previous real QoQ) increased for 2Q straight.
    - » Private Residential Investment: Increased for the first time in 2Q (+5.2% real QoQ, -2.0% previous real QoQ, +0.1%pt QoQ contribution). This is a significant increase, affected by reconstruction demand, etc.
    - » Private Non-Residential Investment: Declined for 4Q straight (-0.4% real QoQ, -0.5% previous real QoQ, -0.0%pt QoQ contribution). This has been revised significantly downward since QE1.
    - » Inventory Investment: Positive contribution for the first time in 4Q (+0.3%pt QoQ contribution, -0.0%pt previous QoQ contribution).
    - » Public Investment: Declined for the first time in 2Q (-1.0% real QoQ, +6.7% previous QoQ, -0.0%pt QoQ contribution). Public investment increased sharply in the previous quarter due to reconstruction demand, etc., but in this quarter declined as a reaction. Post-disaster reconstruction demand is late in appearing.
    - » Net Export: Exports (+7.3% real QoQ, -5.9% previous real QoQ) increased for the first time in 4Q, while imports (+3.5% real QoQ, +0.4% previous real QoQ) increased for 9Q straight. QoQ contribution of +0.7%pt (-1.0%pt previous QoQ) made a positive contribution for the first time in 5Q.
  - GDP deflator: The YoY degree of decline shrank for the first time in 3Q (-2.2% YoY, -2.3% previous YoY). The rate of increase in the deflator for imports (+7.9% YoY, +6.0% previous YoY), an excluded item, increased for 3Q straight. The domestic demand deflator declined for 12Q straight (-0.7% YoY, -1.0% previous YoY), but with a shrinking degree of decline. Domestic deflation is easing. The rate of growth in nominal GDP increased for the first time in 4Q (+1.2% YoY, -1.6% previous YoY).

◆ Oct-Dec quarter: Growth rate will be in flat territory as declining slightly.

- GDP growth rate is forecasted to remain in nearly flat territory as declining slightly, due to the slowdown of consumption growth and the decline in export volume caused by the slowing of overseas economies and the strong yen.
- Concerns over suppressed production due to power supply restrictions are retreating, but still bear watching together with recovery from the Thailand flooding.

◆ Growth rate forecast: FY 2011 -0.3% → FY 2012 +1.8%

- Carry over from FY 2011 will expand to -1.1%.
- Delayed public works are forecasted to make real contributions from the start of the new year. However, growth in external demand will flag under a downswing in overseas economies, centered on the EU. Private Non-Residential Investment is increasingly linked to exports, and is also stagnating due to the strong yen and uncertainty over power supplies. As a result, it is being increasingly replaced with overseas direct investment.



Source:Cabinet Office

DIAM Economic Research

Industrial Production: Increased for the First Time in 2M, Exceeding Forecasts. Inventory Ratio Declined.

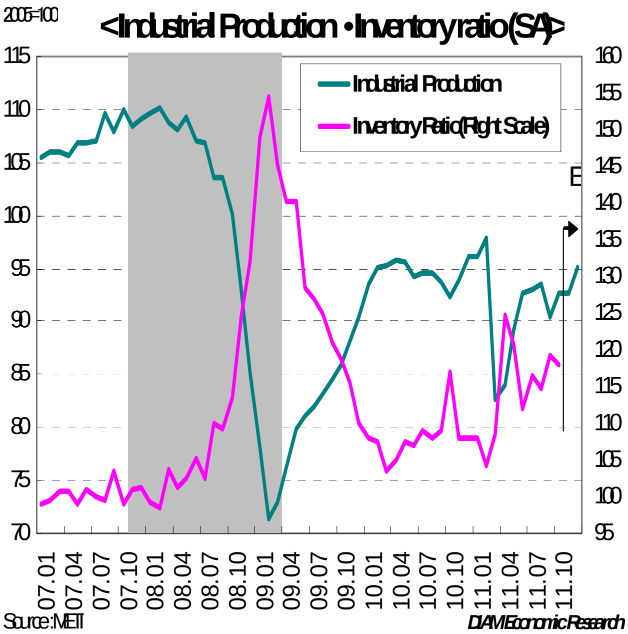
◆ October: Industrial production +2.4% MoM (-3.3% previous MoM), inventory ratio -1.1% MoM (+3.8% previous MoM)

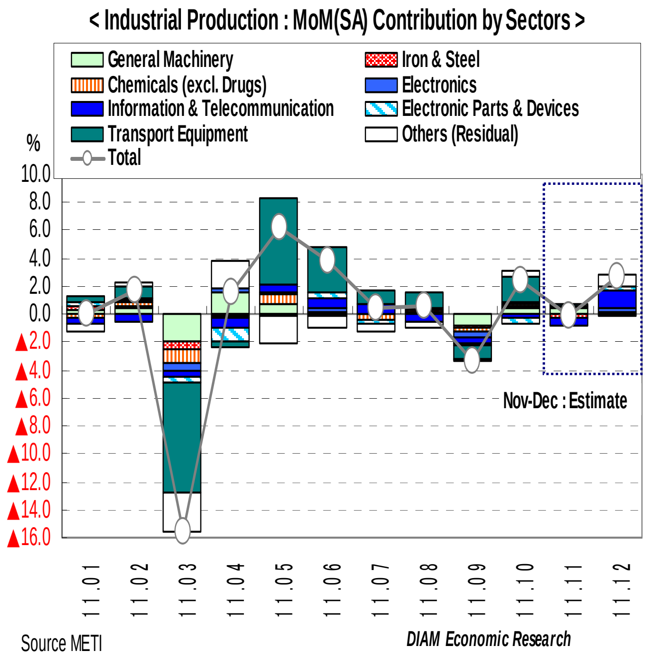
- Industrial production dropped sharply in March due to the disaster (the largest drop on record since 1978), turned to an increase in the following month, and then turned to a decrease in September for the first time in 6M, but increased in October for the first time in 2M. It exceeded market forecasts (+1.1% MoM) and forecast indices (+2.3% MoM). If only counting the industries that are included in the forecast indices, however, the manufacturing industry, at +1.7% MoM, fell short of forecast indices (a decline for 5M straight). As shipments (+0.6% MoM) increased for the first time in 2M, inventory (+0.8% MoM) increased for the first time in 2M, but inventory ratio (-1.1% MoM) declined for the first time in 2M. Inventory ratio remained above the level deemed optimal (117.9; optimal level 100-105) but there is no rising trend seen. Averaged over 3M, industrial production decreased for 2M straight at -0.1% MoM (-0.8% previous MoM), but the degree of decrease has shrank.
- All industries except Electronic Parts and Devices, Information and Telecommunications, Other Manufacturing (Printing, etc) and Textiles saw increases. Averaged over 3M, only Transportation Equipment, Iron & Steel, Pulp & Paper, Non-ferrous Metals saw increases. However, industries except Electronic Parts & Devices (-0.3%pt) made upward contributions to the MoM difference (+5.7%pt) in industrial production. Overall, the decreasing trend has eased. Iron & Steel (+0.3%pt) and Chemicals (excl. drugs) (+0.5%pt) within Raw Materials, and Transport Equipment (excl. ships and rolling stock) (+3.0%pt) and General Machinery (+1.2%pt) within Processed Products made significant upward contributions. Industries excluding Non-ferrous Metals, Pulp & Paper, Electronic Parts & Devices, Precision Instruments made downward contributions to the MoM difference (-4.9%pt) in inventory ratio. Iron & Steel (-0.8%pt) and Petroleum and coal products (-0.7%pt) within Raw Materials, and General Machinery (-0.7%pt) and Fabricated Metals (-0.3%pt) within Processed Products made significant contributions.
- Forecasts for November were revised downward partly due to the Thai flooding (from +1.8% to -0.1%; forecast revision rate, -2.4%), and the forecast realization rate of October (-0.6%) showed a decline for 5M straight. For the realization rate, the downward contribution was brought mainly by General Machinery, Electrical machinery, and Information & Telecommunications (-1.4%pt for these three). At the same time, the realization rate increased in the two industries of Electronic Parts & Devices and Transport Equipment (+0.5%pt).
- Forecast indices: November (-0.1% MoM) and December (+2.7% MoM). Compared with level of February, a decline of 5.4% is expected for November and a decline of 2.9% for December. If relying on forecast indices, the Oct-Dec quarter is forecasted to show an increase for 2Q straight at +1.2% QoQ (+4.3% previous QoQ), but at a slowing pace. A robust rebound is expected for December. However, in light of the declining trend in the forecast realization rate and delayed recovery from the flooding in Thailand, the Oct-Dec quarter will be in flat territory, seeing a slight decline.
- Recovery was slightly delayed compared to companies' expectations immediately after the earthquake, but finally progressed slightly better than expected in May. However, the realization rate declined for 5M straight since June. Companies are slowing their pace of production increases and are holding down inventory increase, due to the shipments falling short of the companies' assumptions. Automobiles, which accounted for the majority of the production decrease, saw a steady increase in production, with inventory restoration progressing. In three electronics-related industries, a significant decline is continuing in Electronic Parts & Devices, but with an increasing realization rate for 2M straight and a production decline proceeding in line with companies' assumptions. In Electrical Machinery and Information & Telecommunication, the realization rate declined significantly (significant production decline of PC and digital cameras, possibly due to the flooding in Thailand). In Raw Materials, production increased in Iron & Steel and Non-ferrous metals under an increasing realization rate. However, in Chemicals the realization rate declined while production increased. Demand, especially external demand, is weak compared to assumptions, and the realization rate is on a declining trend. With delayed recovery from the flooding in Thailand also a factor, demand in the Oct-Dec quarter may be weaker than forecasted and may remain flat. The Thailand flooding factor will retreat from the start of the next year. However, the positive contribution from public investment should strengthen though the external demand, centered on the EU, is likely to see further downswings. The slight upward trend may be maintained.

< Japan・Industrial Production Index (by Goods) >

(%)	Production	Processed Products	Raw Materials	Shipment	Processed Products	Raw Materials	Inventory	Processed Products	Raw Materials	Inventory Ratio	Processed Products	Raw Materials
QoQ												
'10/10-12	▲0.1	▲0.9	1.2	▲0.3	▲0.3	0.5	▲0.8	▲0.5	0.8	2.1	2.3	▲0.3
'11/1-3	▲2.0	▲1.8	1.3	▲1.9	▲3.2	1.6	4.0	9.6	0.4	▲3.7	▲0.4	▲1.8
'11/4-6	▲4.0	▲6.2	▲5.2	▲5.9	▲7.5	▲6.7	0.8	▲2.0	3.2	11.4	10.5	10.8
'11/7-9	4.3	7.9	▲0.4	6.6	10.7	1.3	1.2	1.2	2.3	▲2.0	▲3.1	1.7
3m/3m												
'11.10	0.7	2.0	▲0.8	1.7	2.5	1.1	1.2	3.5	0.5	0.8	2.0	▲0.2
3mma MoM												
'11.05	▲3.3	▲4.8	▲3.2	▲4.6	▲5.9	▲4.2	0.6	0.1	1.0	4.9	5.8	4.6
'11.06	3.9	5.3	0.9	3.6	5.4	0.6	1.0	▲0.5	1.5	0.9	0.1	1.7
'11.07	3.4	5.5	0.6	4.4	7.0	0.7	0.8	0.3	1.4	▲2.4	▲2.9	1.2
'11.08	1.6	3.0	0.2	2.7	4.2	1.2	▲0.3	▲0.5	0.6	▲1.7	▲2.7	▲0.6
'11.09	▲0.8	▲0.7	▲1.2	▲0.6	▲0.7	▲0.6	0.6	1.4	0.2	2.1	2.5	1.0
'11.10	▲0.1	▲0.3	0.2	▲0.4	▲0.9	0.5	0.9	2.5	▲0.3	0.4	2.3	▲0.7
MoM												
'11.05	6.2	9.1	2.1	5.3	9.1	▲0.5	5.6	8.7	1.9	▲3.3	0.5	1.2
'11.06	3.8	6.3	1.5	8.1	12.5	3.4	▲2.8	▲5.8	0.8	▲7.3	▲12.3	▲2.2
'11.07	0.4	1.6	▲1.8	0.1	0.4	▲0.9	▲0.1	▲1.4	1.6	4.0	4.1	4.7
'11.08	0.6	1.4	1.0	0.2	0.5	1.2	2.1	6.1	▲0.6	▲1.4	1.3	▲4.1
'11.09	▲3.3	▲5.0	▲2.9	▲2.0	▲3.0	▲2.2	▲0.1	▲0.3	▲0.2	3.8	2.3	2.7
'11.10	2.4	2.9	2.6	0.6	▲0.1	2.6	0.8	2.0	▲0.0	▲1.1	3.3	▲0.6

Source: METI
DIAM Economic Research
*Raw Materials exclude Pharmaceutical, Processed Products exclude Foods & Tobacco





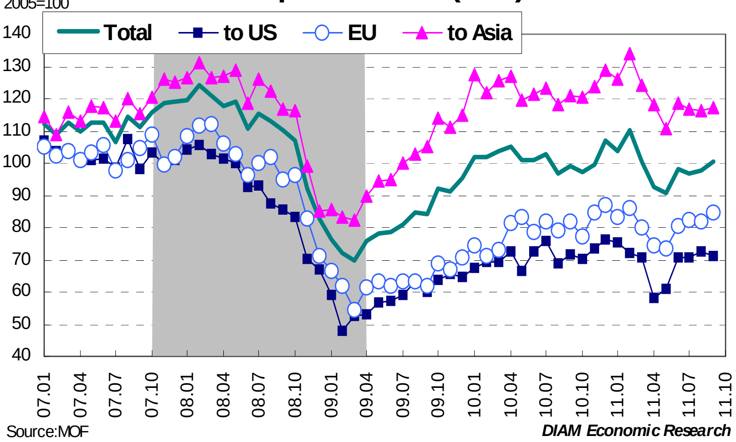
Released on November 21, 2011

Balance of Trade: Export Volume Decreased for the First Time in 3M; Sharp Decrease in Europe

◆ October: Export volume index -6.7% MoM (+2.6% previous MoM), decreasing for the first time in 3M

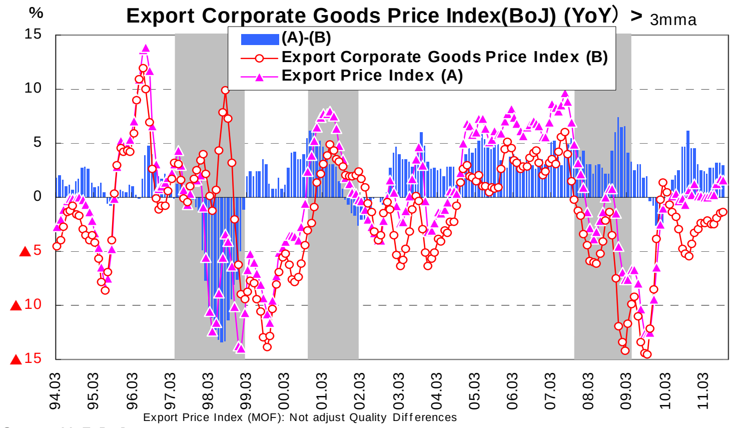
- Export Volume Index (Ministry of Finance): The index declined following the earthquake and recovered in summer, but declined in October for the first time in 3M. Exports toward the US (-4.8% MoM, -1.8% previous MoM) decreased for 2M straight, and exports toward the EU (-7.6% MoM, +3.0% previous MoM) and exports toward Asia (-4.1% MoM, +0.6% previous MoM) decreased for the first time in 2M. Averaged over 3M, exports decreased for the first time in 4M (-1.0% MoM, +0.7% previous MoM). Exports decreased for the first time in 4M toward the US, for the first time in 5M toward the EU and for 2M straight toward Asia. Exports turned to an increase along with progress in production recovery, but export volume is currently decreasing sharply mainly in Europe partly due to government debt problems of various countries.
- Real Export Index (Bank of Japan): -4.8% MoM (+3.4% previous MoM), a decline for the first time in 6M. Averaged over 3M, it declined for the first time in 5M at -0.5% MoM (+1.3% previous MoM). It was on a rising trend after the disaster but there is a sign of bottoming out.
  - » Real Export Index (Bank of Japan): Real exports are calculated as export value discounted for appropriate export price index. Export Volume Index (Ministry of Finance) expresses changes in volume of items identified as representative export items in the base year of 2005. Relatively robust exports of higher-priced, high-value-added products may underlie the discrepancy between the Export Volume Index and Real Export Index. Real GDP-based exports are more strongly correlated with the latter, but corporate sentiment may lie closer to the former...
  - » The difference between the two suggests that, despite the slowdown in overseas economies and the strong yen, Japanese companies have made a strong showing in maintaining export volumes while shifting to high-value-added products.
- Against a background of global economic recovery, seasonally adjusted real exports had been picking up again, but exports dropped sharply due to the earthquake. Companies are making faster-than-expected progress in recovery of production, and exports are growing. However, the momentum through the Jul-Sep quarter is lacking. There is a growing risk of a slowdown in external demand from the second half onward, due to the strong yen and the greater-than-expected slowing of overseas economies.

< Export Volume (S.A.) >



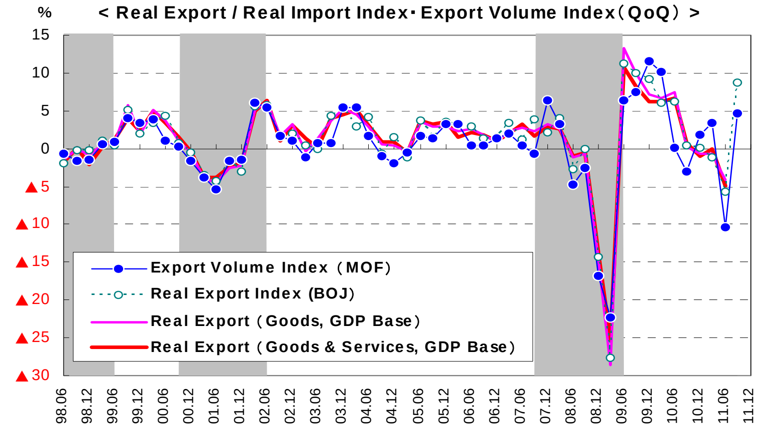
Source:MOF *DIAM Economic Research*

< Export Price Index(MoF) / Export Corporate Goods Price Index(BoJ) (YoY) > 3mma



Source: MoF, BoJ
Export Price Index (MOF): Not adjust Quality Differences
Export Corporate Goods Price Index (BOJ) : Adjust Quality Differences
DIAM Economic Research

< Real Export / Real Import Index・Export Volume Index（QoQ）>



Source: Cabinet Office, BOJ, MOF *DIAM Economic Research*

Released on November 30, 2011

Amount of Public Construction Orders Received: Increased YoY for 3M Straight.

◆ October: +3.2% YoY (+3.3% previous YoY), -2.6% MoM (-0.8% previous MoM)

- YoY effects, originating in ahead-of-schedule orders in 2009, have nearly come to an end. However, after returning to an increase YoY in February for the first time in 14M, the orders plummeted after the earthquake, but is currently increasing YoY for 3M straight. Averaged over 3M, the orders returned to a YoY increase for the first time in 20M (+3.3% YoY, -3.4% previous YoY). For orders MoM, Central government, Cities, wards, towns and villages and Independent administrative institutions (IAI), etc. decreased while Prefectures and Local public corporations increased significantly for the first time in 2M. Orders of the Total decreased for 2M straight, but averaged over 3M, increased for 3M straight at +6.1% MoM (+2.0% previous MoM). Following the Great East Japan Earthquake, national expenditures outside the afflicted areas were on hold across the board (plans for a 5% flat cut have already been announced), and implementation of the reconstruction plan for the afflicted areas were delayed, but the orders are currently seeking a bottom.
- Orders increased YoY for Prefectures and the Others category. Averaged over 3M, Cities, wards, towns and villages (-3.0% YoY) saw continuing decrease, and IAI (-7.1% YoY) turned to a decrease YoY for the first time in 3M. However, Central government (+1.1% YoY), Prefectures (+8.9% YoY), Local public corporations (+8.6% YoY) and the Others category (+38.6% YoY) returned to an increase YoY. After seasonal adjustment, the total amount of public construction orders received was -2.6% MoM (-0.8% previous MoM), a decrease for 2M straight. Averaged over 3M, however, it was +6.1% MoM (+2.0% previous MoM), increasing for 3M straight.
- Budget implementation seemed to be delayed due to debris removal for which priority was given, as well as political turmoil, but public construction ordered from Central government finally appears to have started moving forward. Real contribution to the economy, however, may take place only from next spring or later as public construction orders increase and are processed.

< Japan - Public Construction Orders Received (Amount) >

(%)	Total	Central Gov.	Prefectures	Cities, Wards, Towns & Villages	Local Public Corporations	IAI	Others
QoQ							
'10/7-9	▲6.9	▲19.9	▲1.9	▲10.3	▲7.5	5.0	73.0
'10/10-12	▲3.6	0.2	▲0.7	▲5.2	▲11.2	12.7	▲43.7
'11/1-3	3.7	▲49.0	11.6	5.6	▲76.6	▲7.0	36.8
'11/4-6	▲3.1	113.2	▲11.9	▲4.8	349.2	▲34.3	16.5
'11/7-9	▲1.2	▲11.5	▲1.6	▲0.2	▲2.6	46.8	4.3
MoM							
'11.06	4.1	0.9	▲3.2	▲6.3	8.2	47,516.4	2.1
'11.07	▲15.1	▲13.2	▲14.7	1.2	▲30.0	▲19.5	▲27.3
'11.08	21.9	8.1	26.8	5.9	64.1	7.6	18.0
'11.09	▲0.8	▲6.9	▲3.3	▲3.3	▲35.1	12.5	78.9
'11.10	▲2.6	▲8.5	19.5	▲11.2	17.4	▲17.0	▲50.2
3MMA 3Mo3M							
'11.10	8.9	▲8.7	17.0	▲1.6	5.5	46.6	16.6
YoY							
'11.06	▲3.4	▲4.0	▲3.4	▲12.3	21.3	11.1	45.1
'11.07	▲15.9	▲10.6	▲18.4	▲7.5	▲36.2	▲13.0	▲55.7
'11.08	3.5	5.6	4.5	1.2	58.1	3.1	▲1.6
'11.09	3.3	▲0.8	1.8	▲4.9	▲19.4	9.8	99.8
'11.10	3.2	▲1.2	20.2	▲4.9	▲4.4	▲36.0	15.9

IAI:Independent Administrative Institutions

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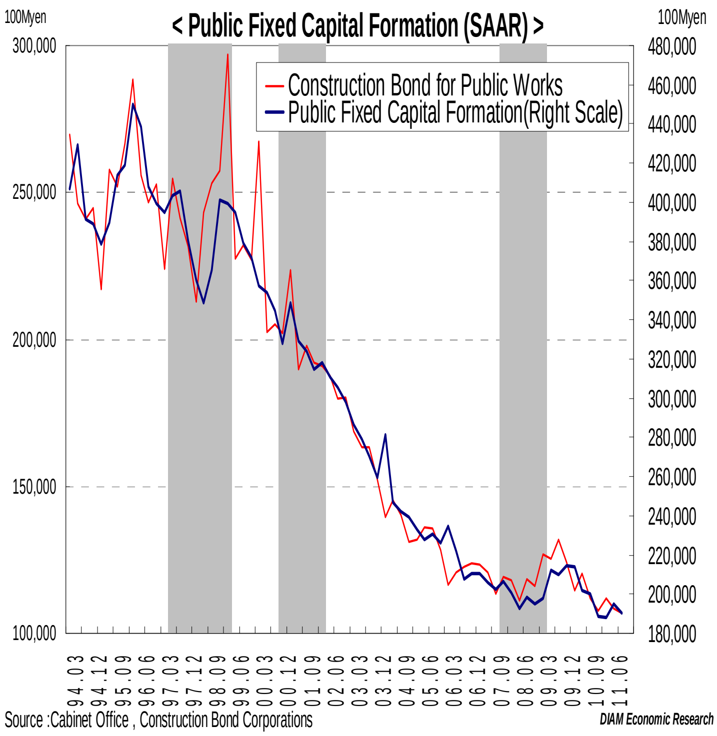
Source: Construction Bond Corporations



Source :Cabinet Office , Construction Bond Corporations

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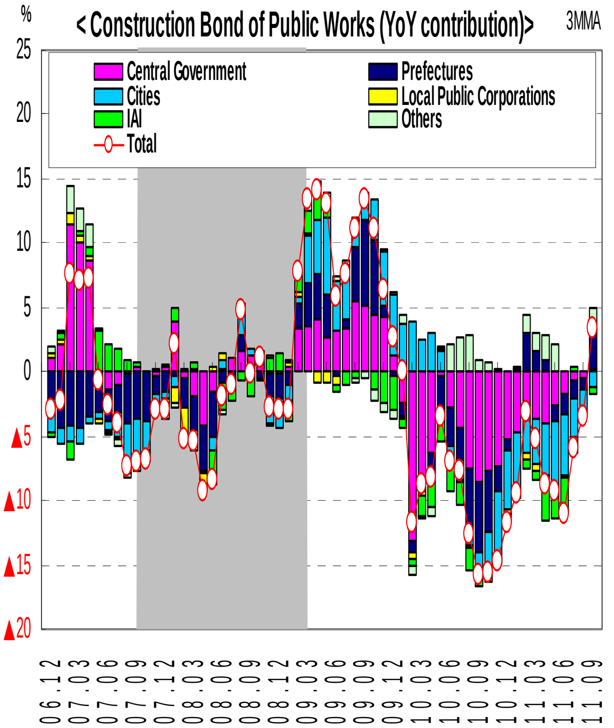
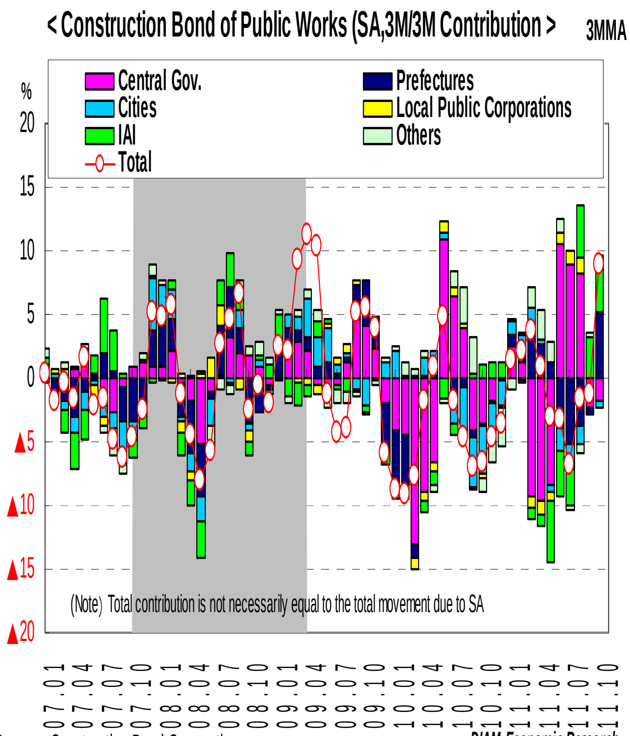


Source : Construction Bond Corporations
DIAM Economic Research



Source : Construction Bond Corporations
DIAM Economic Research

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