Economic Outlook For Fiscal 1999 and 2000

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Japanese Economy Bouncing Along a Bottom Toward Growth

The Japanese economy hit bottom in the second half of fiscal 1998 and has begun to slowly recover in the first half of fiscal 1999. Leading the growth are housing construction and public investment, which are constantly expected to benefit from the economic stimulus package. In the second half of this fiscal year, as the increase in housing construction and public investment runs its course, personal consumption and exports will come out as the second strength to help continue gradual economic growth, and the growth rate throughout fiscal 1999 will be 0.5%, turning positive for the first time since fiscal 1996.

In fiscal 2000, following a surge in personal consumption, corporate capital investment will also start picking up. However, economic growth will continue to lack momentum and the growth rate will be only 1.1%. This will reflect a continuation of businesses continuing their prudent attitude toward the expansion of employment while maintaining their profit-oriented stance, and an excess of real estate for rent, such as office buildings and houses, a problem that has not yet been solved. Moreover, public investment will turn downward because of the objectives of fiscal policy shifts to pull out of the recession and move into fiscal reconstruction, and exports will slacken because of a strong yen. In the second half of fiscal 2000, however, it is possible to think that an excess of employees and real estate for rent is well on its way to solution and that the growth will accelerate.

As for the U.S. economy, its pace of expansion will gradually slow because of a restrictive monetary policy, reflecting concern about an economic overheating. In Europe, the economy will pick up from 1999 because of an increase in exports as a result of a weak euro. Its recovery potential is weak, however. This reflects a delay in the settlement of employment problems and other difficulties. In East Asian countries, economic recovery from the great depression of 1997 to 1998 has already started, but it is difficult to expect high growth in the early 1990s because perceived excess employees and equipment have not yet been eliminated.

I.Outlook for the Japanese economy

1. Japanese economy in fiscal 1999

The Japanese economy in fiscal 1999, by the effects of economic stimulus measures in the first half and by personal consumption and exports in the second half, will continue its mild growth and turn around and expand by 0.5%. The gradual slowdown of the contraction pace of capital investment will have a favorable effect on the economy. Judging from the improvement in consumer and entrepreneur sentiments by the intensified financial-system stability measures from fiscal 1998 and improved corporate earnings by the effects of fixed expenses restraints, among other things, that the conditions of a self-sustaining economic recovery may be said to be getting better. The Japanese economy will continue to feel its way as it undergoes a phase of recuperation in fiscal 1999. Under these circumstances, what continues to be a concern is a recurrence of labor unrest arising from drastic restructuring, especially in big companies, although this possibility has been getting smaller.

(Personal consumption)

Real personal consumption will slightly increase to 0.3%, following a 0.1% increase in fiscal 1998. Although disposable income decreased 1.1% in fiscal 1998, personal consumption was supported by a reduction in the savings rate. This reflects an improvement in consumer sentiment by the financial-system stability, among other things.

In fiscal 1999, disposable income will continue to decrease at a rapid pace of 0.6%, even though the number of employed, which decreased 0.9% in fiscal 1998, will decrease only 0.2%. This will reflect the net effect of tax reductions running out (a reduction of income and inhabitant taxes totaling four trillion yen was implemented in fiscal 1998) and the income per employee continuing to decrease because of a reduction of bonuses and similar corporate moves. What compensates this income decrease is a continued reduction in the savings rate brought about by an expected improvement of consumer sentiment arising from the prevention of a further increase in unemployment and gradually intensified replacement demand for durable goods, such as passenger vehicles. After the recession, which has lasted for about two years, it can be said that a growing number of consumers are now more inclined to increase their spending.

(Housing construction)

The number of housing starts in fiscal 1999 will increase to 1,310,000 units, from 1,180,000 in fiscal 1998, and real residential investment will turn upward 9.4%, from a 10.7% decline in fiscal 1998. The construction of owner-occupied homes will especially increase. This will result from purchasers of homes of this type being the principal beneficiaries of the projected expansion of tax deductions for housing-loan borrowers (the aggregate maximum will rise to 5.88 million yen, from 1.8 million). The program will stimulate demand among the owner-occupants of old homes wishing to build new ones. Starts of built-for-sale units centering on condominiums will pick up from the fall of 1999, aiming at occupation by the end of 2000 when the tax reductions are applicable. On the other hand, the worsened supply-demand situation of houses for rent has become serious and its sluggishness will be unavoidable.

(Business investment)

The slump in corporate capital investment, especially among midsized and smaller companies, was the single biggest reason why the Japanese economy had continued slowing in fiscal 1998. The most important factor underlying their scaling down of capital investment was the tightening of lending discipline by financial institutions, which has made fund-raising extremely difficult. After the start of fiscal 1999, the pace of decrease in capital investment has continued to slacken and it will bottom out in the second half. The pace of contraction will shrink to a 6.9% decrease, from a 12.4% decrease in fiscal 1998.

Notably, corporate capital investment of small and medium-sized concerns will stop declining in the first half of fiscal 1999. This will be because the mechanism for funding them will gradually work by the financial-system stability, a postponement of necessary alternative investment will be nearing the limit, and corporate earnings will turn upward. As for the start of curtailing capital investment, big companies are about six months behind small and medium-sized ones. Therefore it is unavoidable that investment by big companies will continue to slacken throughout fiscal 1999.

Furthermore, looking into the contents of corporate capital investment, construction investment in office buildings, stores, and similar undertakings will continue to decrease, and machinery-related investment will bottom out and begin picking up during fiscal 1999. The problem of excess capacity is frequently talked about, but excluding the excess capacity arising from shortage of demand, the problem is almost limited to commercial real estate such as office buildings and stores.

(Public investment / Public finance)

The growth rate of public investment will rise 11.5% in fiscal 1999, from a 6.1% rise in fiscal 1998. The effects of additional public investment totaling 16 trillion yen by the economic stimulus packages adopted in April and November 1998 started to show up remarkably from the second half of 1998 and will continue until the first half of fiscal 1999. However, since the start of the second half they will unavoidably begin to lose steam. This report expects another public investment (including land premiums) of 5 trillion yen in the fall of 1999, but public investment will still turn downward in the second half of 1999.

The budget deficit (the net increase of government bonds) in fiscal 1999 will remain at extremely high levels of more than 6% of GDP, despite a slight decline to 32 trillion yen, from 34 trillion, in fiscal 1998. The decline in the deficit arises from a reduction in public investment of slightly more than 3 trillion yen, including the supplementary budget, compared with fiscal 1998.

(Exports & imports / Balance of payments)

The volume of exports in fiscal 1998 posted a 3.1% decline on a year-on-year basis, despite the continued boom in exports to the United States and Europe. This reflects the rapid shrinkage of exports to the rest of Asia from the second half of fiscal 1997 to the first half of fiscal 1998. In fiscal 1999, it will increase by only 0.3%, despite an expected recovery of exports to the rest of Asia. This is because exports to the United States, Europe, and Latin America will turn dull because of an economic slowdown, a weak euro, and the Brazilian economic crisis, respectively.

On the other hand, the volume of imports in fiscal 1998 declined only by 3.6%, almost the same level of decline as the volume of exports, despite a sharp decline in the first half of fiscal 1998 arising from the economic slowdown. This reflects increased imports of machinery from East Asia in the second half. In fiscal 1999, it will grow 3.5%, well over the growth rate of the volume of exports, because imports of personal computers, food, and other products will remain high.

Moreover, the value of exports and imports in yen terms in fiscal 1999 will both be down as a consequence of a fall in yen-denominated prices for exports and imports resulting from a slight appreciation of the yen against the dollar in fiscal 1999 compared with fiscal 1998. Although exports will be down 3.6%, imports will fall 1.9%. Consequently, the nation's trade surplus will shrink to 14.9 trillion yen, from 16.0 trillion, in fiscal 1998. Its current-account surplus will also continue to decline more rapidly than that of the trade surplus, to 13.0 trillion yen, compared with 15.2 trillion in fiscal 1998. This will reflect a decrease in the income-balance surplus.

(Prices)

Prices will continue to be on a stable trend. Consumer prices will fall 0.1%, from a 0.2% increase in fiscal 1998. This will result from a return to normal standards following a great influence of soaring fresh food prices because of the unusual weather conditions in the fall of 1998.

2. Japanese economy in fiscal 2000

With regard to the Japanese economy in fiscal 2000, the pace of economic expansion will remain slow and the growth rate will be 1.1%, a little lower as a rate in the phase of economic recovery, even though corporate capital investment will begin picking up, following a rise in personal consumption. This will result from a sizable shrinking of the public investment that underpinned the economy from fiscal 1998 to fiscal 1999 and a continuation of efforts by companies to restrain personnel expenses. These things will come about because of intensified measures for the budget deficit that have not been implemented during fiscal 1999 and a time-consuming settlement of excess employees. Fiscal 2000 can be regarded as a year to carry out necessary steps to realize a full-scale economic recovery after fiscal 2001. Furthermore, if interest rates turn upward, the issue of excessive debt centered on small and medium-sized companies will again have a negative influence on the economy.

Under these circumstances, if capital investment turns upward, a possibility exists that employment will recover unexpectedly earlier and the growth rate will sizably pick up. On the other hand, it is impossible to ignore instances of a sharp appreciation of the yen and a rapid economic downturn in the United States and China. Therefore the business trend does not openly allow much room for optimism.

(Personal consumption)

Real personal consumption in fiscal 2000 will see a stronger increase of 1.8%; however, a situation in which it is just one step short of making a full-scale recovery of consumption will continue. Disposable income will increase 2.1%, reflecting a mild recovery of employment and an income increase of the self-employed with an economic recovery. However, a sudden pickup in personal consumption is impossible to foresee. This reflects an increase in consumer price inflation and a delay in a full-scale recovery of bonuses. It is possible to explain that the activities of companies, aiming at an earnings recovery and a decrease in labor share that reached a peak in fiscal 1998, will restrain personal consumption.

(Housing construction)

The growth rate of real housing construction will be 4.5%, down from 9.4% in fiscal 1999, as a result of a decrease in the effects of tax reductions in housing construction offsetting the beneficial effects of the economic recovery. Starts of owner-occupied homes especially will remain stable at high levels from the first half of fiscal 1999, and what slight increase we will see in fiscal 2000 will be limited to rental apartments that are timeworn and need reconstruction. Housing starts will turn up to 1,350,000 units, slightly more than the 1,310,000 in fiscal 1999.

(Business investment)

Real corporate capital investment will turn upward by 2.0% for the first time since fiscal 1997. However, it is difficult to expect a sudden increase of corporate capital investment, despite a real earnings momentum. This is because operating rates are still low, and taking the plunge and making investments under restraints of employment and wages is difficult.

(Public investment / Public finance)

Public investment in fiscal 2000 will decrease by 7.1%, a start of real reductions. Nevertheless, the level of nominal public investment is about 50% more than in fiscal 1990. A reduction in public investment toward fiscal reconstruction will continue after fiscal 2001.

The budget deficit in fiscal 2000 will further decrease to 29 trillion yen, from 32 trillion of the previous fiscal year. It is impossible to realize a substantial cut in the deficit after fiscal 2001 with only a natural increase in tax revenue (10 trillion yen) and a reduction in public investment (2 trillion yen). Therefore a tax increase paralleling the income tax cut (4 trillion yen) plus something extra will be discussed.

(Exports & imports / Balance of payments)

The volume index of exports in fiscal 2000 will show a 2.8% increase. Besides a favorable increase in exports to the rest of Asia, a rebound in exports to Europe and to Latin America will have a favorable influence. However, the growth rate will slacken in the second half resulting from the appreciation of the yen. By item, the growth rate of electric machinery and general machinery will be high.

This index will increase by only 1.4% because of a halt in the growth of machinery and food that increased in fiscal 1999. However, growth rate will increase in the second half, reflecting the gradual effects of the yen’s appreciation.

The current account surplus will be 12.9 trillion yen, slightly below 13.0 trillion yen in fiscal 1999. Throughout the fiscal year, however, its surplus will gradually dwindle.

(Prices)

In fiscal 2000, the stable trend of prices will show no change. Notably, wholesale prices will decrease 2.1%, up from 1.3% in fiscal 1999, reflecting the ongoing appreciation of the yen. Consumer prices will post a 0.2% increase, from a 0.1% decrease in fiscal 1999. This will reflect full-scale corporate efforts to improve profitability and no influence by the fluctuation in fresh food prices in fiscal 1998 and fiscal 1999.

3.Trends in interest and foreign exchange rates

(Interest rates)

In fiscal 1999, long-term rates will be basically flat during the first half, despite ups and downs arising from changes in business confidence. In the start of the second half, they will trend upward following confirmation of a mild economic recovery, and this direction will continue until the first half of fiscal 2000. After that, improved supply and demand for bonds caused by a decrease in the budget deficits and a mild acceleration of the pace of economic expansion will offset each other, and long-term rates will enter a period of steadiness. Yields on 10-year government bonds are projected to average 1.6% in fiscal 1998, 1.8% in fiscal 1999, and 2.5% in fiscal 2000.

With regard to short-term interests, the present zero interest rate policy will be maintained until the end of 1999. However, after a mild economic recovery has been confirmed, a gradual increase in short-term interest rates will start from the beginning of 2000. This move will continue throughout fiscal 2000.

(Foreign exchange rates)

The yen entered a strong phase against the dollar once, after marking a peak of the weak yen against the dollar in August 1998. But it started weakening against the dollar again after January 1999. This reflects a slightly too-rapid appreciation of the yen in the second half of 1998, the U.S. monetary policy returning to being restrictive, and a gradual decrease in the current account surplus. This depreciation of the yen will continue almost throughout 1999.

After the start of 2000, the trend will again reverse and the yen will strengthen against the dollar. If an economic slowdown in the United States is confirmed and U.S. interest rates decline, and if the current account surplus temporarily increases because of the economic recovery in East Asia and the yen's depreciation in the second half of fiscal 1999, the yen will start to strengthen against the dollar after a minor time lag.

On the whole, it is possible to place the yen’s depreciation in 1999 as a big correction in a big phase of the yen’s appreciation, regarding August 1998 as the peak of the yen’s depreciation. The yen’s exchange rate to the dollar is projected to average 128 yen/dollar in fiscal 1998, 125 yen/dollar in fiscal 1999, and 113 yen/dollar in fiscal 2000.

II.Outlook for the overseas economy

1. U.S. economy

The U.S. economy has been booming for eight years, since 1991. If this continues, the period of U.S. economic growth will exceed that of the prosperous 1960s (106 months) in February 2000. Concerns about the U.S. economic expansion have been rumored since the mid-1990s; however, the U.S. economy, having reversed the bearish outlook, has been expanding smoothly. Nevertheless, concerns about the factors that have supported the U.S. economic expansion have become to be felt even stronger.

First, very little room has appeared for a decline in the savings rate that has underpinned the expansion of personal consumption. This rate has been negative since the fourth quarter of 1998. It is pointed out that an increase in financial assets by the bullish stock market and an improvement in the employment situation underlie a decline in the savings rate. However, the expansion of personal consumption brought on by a decline in the savings rate is the biggest driving force behind the bullish stock market and the expansion of employment. It is impossible to wipe away concern that the situation may start to reverse.

Second, corporate earnings, which had continued to increase by reductions of interest payments and personnel expenses, started to show signs of stagnancy. Long-term rates, which had continued to decline, hit bottom at 5% at the end of 1998 and then started to swing upward. Furthermore, the U.S. Federal Reserve Board began to tighten its monetary policy in June 1999 for the first time in four years and five months, and wage growth has been edging up slightly. Corporate capital investment, which has increased with the support of favorably increased earnings, is being involved in a situation in which its growth rate cannot help an inevitable decline.

Third, the ratio of current account deficit to nominal GDP breached 3% the same as it did at the beginning of 1985 when the dollar started to nosedive. On the back of a stable dollar, the steady influx of foreign capital into the United States has continued. But once the dollar's decline starts because of a widening current account deficit, a very strong possibility arises that the interrelation between a decrease in the influx of foreign capital and the dollar's decline will continue for the time being, causing higher interest rates and a decline in stock prices.

Therefore it is thought that a lower economic growth in the United States from the second half of 1999 is unavoidable. On the contrary, it is possible to think that the interest rate increase in June 1999 was carried out to prevent the negative factors pointed out in this report from strengthening more than necessary.

Anyhow, the pace of U.S. economic expansion will slow, compared with 3.9% in 1997 and 1998. The growth rate in 1999 will be 3.3% and 2.4% in 2000, reflecting lower growth rates of personal consumption, housing construction and business investment. Especially, a reaction to the rapid increase in housing construction in 1998 will occur in the second half of 1999 will be a trigger for slower economic growth, and the Dow Jones industrial average, which broke the 11,000 level, will eventually stop climbing. It is believed this will have a negative influence on personal consumption. Furthermore, corporate capital investment will also start braking, reflecting slower growth in the personal sector’s demand.

However, these adjustments will be favorable to the United States, and it is possible to regard them as a necessary midcycle pause to further prolong its economic growth. Even if the correction has become temporarily severe, the U.S. economy still has enough strength to overcome it. The U.S. federal budget is projected to have a surplus of 110 billion dollars in fiscal 1999 (from October 1998 through September 1999), and there is enough room to carry out a large-scale tax cut as an economic stimulus. Moreover, if the economic slowdown becomes grave, there is also room to implement a drastic easy monetary policy.

The U.S. economy may very well enter a short-term adjustment phase from 1999 to 2000. Although this phase does not openly allow much room for optimism, it is believed that the U.S. economy will not plunge into a deep recession.

2. East Asian economy

East Asian countries, excluding China, by 1998 yearend seem to have finally overcome the great depression that developed after the monetary disturbances in 1997. Room for the easy monetary policy, by the improvement in trade balances resulting from a rapid depreciation of the exchange rates and a subsequent decline in imports, is a trigger for their economic recovery. Furthermore, the influx of foreign capital after deregulation and a turnaround in personal consumption by the bullish stock market are also having a favorable influence on their economies.

From 1999 to 2000, their economic recovery will be only moderate, even though growth in personal consumption and exports are expected. This is because each country cannot expect a great amount of corporate capital investment because of its remaining excess capacity. The next two years will be a period of recuperation for East Asian countries as well as Japan.

On the other hand, the growth rate of China has been weakening, reflecting a decrease in exports since mid-1998. Maintaining the yuan/U.S. dollar rate seems to lead to a decrease in export competitiveness, and a decrease in the influx of private capital seems to be related to a sluggish capital investment in the private sector. Moreover, judging from the situation in which retail prices have been negative, a stagnation in personal consumption is thought to be grave. Therefore, to avoid an unemployment rate increase by the slower economic growth, the expansion of public investment prevents the recession’s overshooting. After all, in the general economic outlook the growth rate from 1999 to 2000 will be 7.0% or less, a drop from 7.8% in 1998.

For the whole of Asia, the economic growth rate in 1999 and 2000 is expected to turn upward gradually compared with what it was in 1998. However, China's actions need to be closely watched.

3. European economy

The European economy has been gradually returning to a recovery path with the bottoming out being from the end of 1998 to the beginning of 1999. In regard to the euro’s appreciation and a curb on fiscal spending--which caused the slower economic growth--the former has declined more than expected from the beginning of the year and is thought to eventually have a favorable influence on exports. As for a curb on fiscal spending, the exclusive support for it is being redressed like the implementation of income tax cut in Germany during 1999.

To go ahead smoothly with the monetary integration that started in January 1999, however, the monetary and fiscal policies need to maintain a restrictive stance as usual, taking into consideration inflation and budget deficits. Because it is thought that some time will be required for the vitalization of the EU as a whole by the effects of the monetary integration, the strength of European economic recovery will remain weak. However, like the United States, it has enough room to implement economic stimulus measures from both sides of monetary and fiscal policies; therefore a deep recession seems unlikely.

4. Prices of primary commodities

Prices of primary commodities represented by crude oil were forced to sharply decline from the second half of 1997 to the end of 1998. This reflects an increase in the medium-term supply capacity, a prospect of a reduction in production costs, the economic recession in Japan and East Asian countries affecting important buyers, and a worldwide good harvest of farm products. However, as represented by the crude oil price hitting bottom in February 1999, prices of primary commodities appear finally to have stopped falling. Basically, it is possible to point out that products retailed at prices below the cost of production.

However, as represented by gold being continually sold by all central banks in Europe and an expected good grain harvest, many products continue to be oversupplied. Therefore it is difficult to believe that prices of primary commodities will suddenly turn upward, but they will continue to rise mildly toward 2000.

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Outlook for U.S. Economic Indicators

GDP-Related Indicators

(In billions of dollars; percentage growth over previous year in parentheses)

	FY1998 (actual)	FY1999 (estimate)	FY2000 (forecast)
GDE/GDP (real)	7,551.9 (3.9)	7,800.6 (3.3)	7,984.5 (2.4)
(nominal)	8,511.0 (4.9)	8,905.4 (4.6)	9,249.2 (3.9)
Private consumption	5,153.3 (4.9)	5,402.2 (4.8)	5,546.6 (2.7)
Residential investment	312.0 (10.4)	320.1 (2.6)	303.3 (-5.2)
Private capital investment	960.7 (11.8)	1,042.1 (8.5)	1,100.4 (5.6)
Government spending	1,296.9 (0.9)	1,318.1 (1.6)	1,342.4 (1.8)
Federal	453.3 [-1.0]	453.0 [-0.1]	451.6 [-0.3]
Local	843.8 [2.0]	865.1 [2.5]	890.7 [3.0]
Private inventory investment	57.4 (-0.1)	51.5 (-0.1)	58.3 (0.1)
Net exports of goods & services	-238.2 (-1.1)	-338.7 (-1.3)	-366.4 (-0.4)
Exports	984.7 (1.5)	1,005.5 (2.1)	1,043.6 (3.8)
Imports	1,222.9 (10.6)	1,344.2 (9.9)	1,410.0 (4.9)
Industrial production index	131.3 (3.6)	134.4 (2.4)	136.5 (1.6)
Producer price index	130.7 (-0.9)	132.0 (1.0)	133.5 (1.1)
Consumer price index	163.0 (1.6)	166.3 (2.0)	170.6 (2.6)

Note: Real gross domestic products: chain weight for 1992
Industrial production index: 100 for 1992
Producer price index for finished goods: 100 for 1982
Consumer price index: 100 for 1982-84

Balance of Payments Indicators

(In billions of dollars; percentage growth over previous year in parentheses)

	FY1998 (actual)	FY1999 (estimate)	FY2000 (forecast)
Current account balance	-221	-301	-321
Goods and services	-164	-241	-256
Goods	-247	-323	-343
Exports	670 (-1.4)	665 (-0.8)	685 (3.1)
Imports	917 (4.7)	988 (7.7)	1,029 (4.1)

Outlook for Japanese Economic Indicators

GDP-Related Indicators

(In trillions of yen; percentage growth over previous year in parentheses)

	FY1998 (actual)	FY1999 (estimate)	FY2000 (forecast)
GDE/GDP (real)	478.3 (-2.0)	480.7 (0.5)	486.2 (1.1)
Private consumption	282.6 (0.1)	283.4 (0.3)	288.6 (1.8)
Residential investment	18.1 (-10.7)	19.8 (9.4)	20.7 (4.5)
Non-residential investment	76.6 (-12.4)	71.3 (-6.9)	72.7 (2.0)
Government consumption	45.4 (0.4)	45.7 (0.7)	45.9 (0.4)
Public investment	41.7 (6.1)	46.5 (11.5)	43.2 (-7.1)
Increase in inventories	1.3 [-0.3]	1.5 [0.0]	1.9 [0.1]
Net exports of goods & services	12.5 [0.4]	12.5 [0.0]	13.2 [0.1]
Exports	65.2 (-3.7)	64.3 (-1.4)	66.9 (4.0)
Imports	52.6 (-7.5)	51.8 (-1.5)	53.7 (3.7)
GDP (nominal)	494.4 (-2.1)	493.2 (-0.2)	498.3 (1.0)
GDP Deflator	103.4 (-0.1)	102.6 (-0.8)	102.5 (-0.1)
GNP (real)	484.9 (-1.9)	486.5 (0.3)	491.9 (1.1)
Industrial production index	97.4 (-7.1)	96.9 (-0.5)	98.8 (2.0)
Wholesale price index	99.0 (-2.5)	97.7 (-1.3)	95.6 (-2.1)
Consumer price index	102.5 (0.2)	102.4 (-0.1)	102.6 (0.2)

Note: Real gross domestic products: real gross national products: in 1990 prices
Industrial production index: wholesale price index: consumer price Index: 100 for 1995
**[ ] = contribution to changes*

Balance of Payments Indicators

(In trillions of yen; percentage growth over previous year in parentheses)

	FY1998 (actual)	FY1999 (estimate)	FY2000 (forecast)
Current account balance	15.2	13.0	12.9
Trade balance	16.0	14.9	15.1
Exports	47.6 (-4.5)	45.9 (-3.6)	43.5 (-5.2)
Imports	31.6 (-12.9)	31.0 (-1.9)	28.4 (-8.4)
Services	-6.4	-6.8	-7.0
Income	7.1	6.2	6.1
Current transfers	-1.5	-1.3	-1.3
Yen-dollar rate	128.0	125.2	112.5

Customs Clearance Volume Index

(100 for 1995)

Exports volume index	110.8 (-3.1)	111.1 (0.3)	114.2 (2.8)
Imports volume index	102.7 (-3.6)	106.3 (3.5)	107.8 (1.4)