

Japan's Consumer Prices in 2008

Overview

Japan's general index of consumer prices stood at 101.7 in 2008 (2005=100), up 1.4% from the previous year.

The general index excluding fresh food stood at 101.6, up 1.5% from the previous year.

The general index excluding food (excluding alcoholic beverages) and energy stood at 99.3, the same level as the previous year.

The main factors in change of price index in 2008 were as follows.

- “Gasoline” and “Kerosene” rose due to oil price hike. (However the indices fell from September due to steep fall in the price of oil. Also, gasoline index plunged in April when temporary tax had expired.)
- “Electricity” and “Gas” rose due to steep rise in the price of oil and liquefied natural gas.

- “Cereals” rose mainly due to steep rise in the price of wheat.
- “Meat” and “Dairy products & eggs” rose due to steep rise in the price of feedstuff.
- “Cakes & candies” rose mainly due to steep rise in the price of cacao beans and dairy products.
- “National expressway toll” fell mainly due to the discount for vehicle equipped with ETC system.
- “Automotive insurance premium (compulsion)” fell due to a fall in the insurance rate by the revision in April because of decrease in vehicle accidents.
- “Durable goods” such as “TV sets (LCD)” and “Personal computers” fell mainly influenced by technical progress and performance upgrade for them.
- “Package tours to overseas” rose mainly due to rises in the price of fuel surcharge.

Figure 1 Consumer Prices: General Index and Change from the Previous Year
2005=100

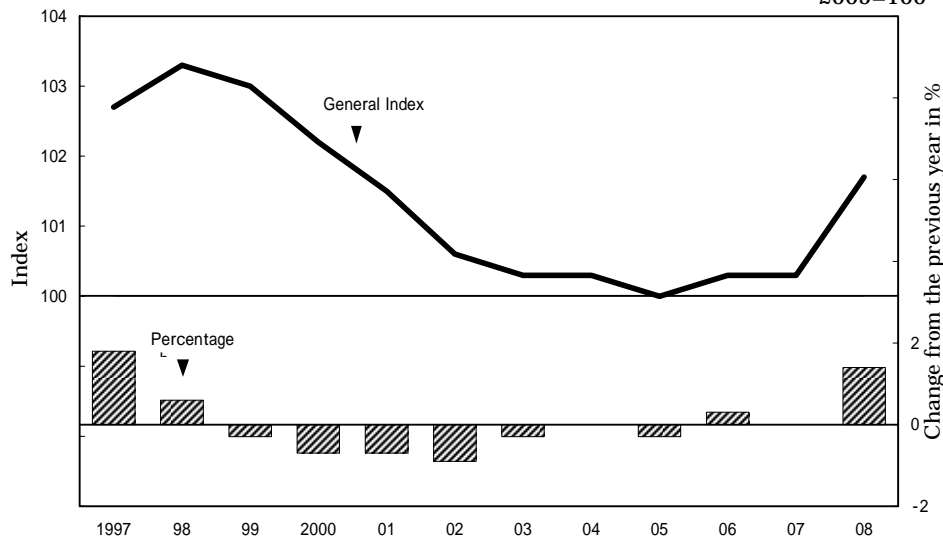


Table 1 Index and Change from the Previous Year of “General”, “General, excluding fresh food”, and “General, excluding food(excluding alcoholic beverages) and energy”
2005=100

| | | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| General | Index | 102.7 | 103.3 | 103.0 | 102.2 | 101.5 | 100.6 | 100.3 | 100.3 | 100.0 | 100.3 | 100.3 | 101.7 |
| | Change from the previous year(%) | 1.8 | 0.6 | -0.3 | -0.7 | -0.7 | -0.9 | -0.3 | 0.0 | -0.3 | 0.3 | 0.0 | 1.4 |
| General, excluding fresh food | Index | 102.3 | 102.7 | 102.7 | 102.2 | 101.4 | 100.5 | 100.2 | 100.1 | 100.0 | 100.1 | 100.1 | 101.6 |
| | Change from the previous year(%) | 1.7 | 0.3 | 0.0 | -0.4 | -0.8 | -0.9 | -0.3 | -0.1 | -0.1 | 0.1 | 0.0 | 1.5 |
| General, excluding food (excluding alcoholic beverages) and energy | Index | 102.9 | 103.6 | 103.5 | 103.1 | 102.2 | 101.3 | 101.0 | 100.4 | 100.0 | 99.6 | 99.3 | 99.3 |
| | Change from the previous year(%) | 1.6 | 0.7 | -0.1 | -0.4 | -0.9 | -0.8 | -0.3 | -0.6 | -0.4 | -0.4 | -0.3 | 0.0 |

(1) The general index

In 2005, the index fell 0.3% mainly due to a fall in “Durable goods”, in addition to a fall in “Rice” and “Fresh vegetables”, which showed a steep rise in the previous year, and a fall in “Telephone charges”, though the price of “Petroleum products” rose continuously. In 2006, although the price of “Durable goods” and “Mobile telephone charges” fell, that of “Petroleum products” rose continuously, in addition to a rise in “Fresh vegetables” resulting from unfavorable weather condition, a rise in “Recreational services” such as “Package tours to overseas”, and the effect of a raise of the cigarettes tax rate. As a result, the index rose 0.3%. In 2007, the index unchanged from the previous year. Some items in “Food” and “Cigarettes” rose in addition to a rise in “Energy” such as “Gasoline” and “Kerosene” which showed a steep rise in the last half of the year, although “Mobile telephone charges” and “Durable goods” such as “TV sets (LCD)” fell.

(Figure 1, Figure 2, Table 2)

(2) Sub-indices for ten major groups in 2008

As for sub-indices for ten major groups, “Food” rose 2.6% from the previous year, mainly due to a rise in “Cereals” and “Cakes & candies”. “Housing” rose 0.2%, mainly due to a rise in “Repairs & maintenance”. “Fuel, light & water charges” rose 6.0%, mainly due to a rise in “Other fuel & light (Kerosene)”. “Clothes & footwear” rose 0.5%, mainly due to a rise in “Footwear”. “Transportation & communication” rose 2.0%, mainly due to a rise in “Private transportation” which contains “Gasoline”. “Education” rose 0.7%, mainly due to a rise in “School fees”.

“Miscellaneous” rose 0.4%, mainly due to a rise in “Personal effects”.

On the other hand, “Furniture & household utensils” fell 0.3%, mainly due to a fall in “Household durables”. “Medical care” fell 0.3%, mainly due to a fall in “Medical supplies & appliances”. “Reading & recreation” fell 0.5%, mainly due to a fall in “Recreational durables”.

(Table 3)

Table 2 Changes of General Index

| Year | General Index 2005=100 | Change from the previous year (%) |
|------|---------------------------|---|
| 1997 | 102.7 | 1.8 |
| 1998 | 103.3 | 0.6 |
| 1999 | 103.0 | -0.3 |
| 2000 | 102.2 | -0.7 |
| 2001 | 101.5 | -0.7 |
| 2002 | 100.6 | -0.9 |
| 2003 | 100.3 | -0.3 |
| 2004 | 100.3 | 0.0 |
| 2005 | 100.0 | -0.3 |
| 2006 | 100.3 | 0.3 |
| 2007 | 100.3 | 0.0 |
| 2008 | 101.7 | 1.4 |

note : The change from the previous year are original released rate, compiled on each base year.

Figure 2 General Index

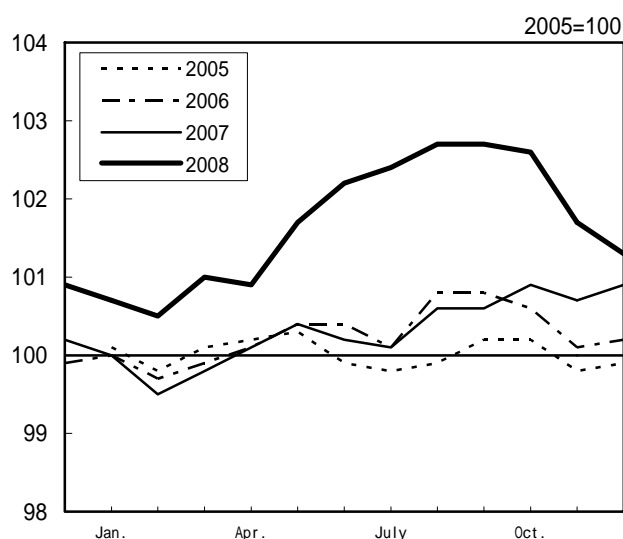


Table 3 Change from the Previous Year and the Degree of Contribution by Ten Major Groups

| | General | Food | Housing | Fuel, light & water charges | Furniture & household utensils | Clothes & footwear | Medical care | Transportation & communication | Education | Reading & recreation | Miscellaneous |
|-----------------------------------|---------|------|---------|-----------------------------|--------------------------------|--------------------|--------------|--------------------------------|-----------|----------------------|---------------|
| Change from the previous year (%) | 1.4 | 2.6 | 0.2 | 6.0 | -0.3 | 0.5 | -0.3 | 2.0 | 0.7 | -0.5 | 0.4 |
| Contribution to annual change | 1.4 | 0.67 | 0.04 | 0.42 | -0.01 | 0.02 | -0.01 | 0.28 | 0.03 | -0.05 | 0.02 |

(3) Sub-indices by goods and services classification in 2008

Goods index rose 2.4% from the previous year resulting from the increases in “Petroleum products” due to a hike in the price of oil, and in “Food

products” such as “White bread” and “Chocolate”.

Services index rose 0.4% mainly due to a rise in “General services” such as “Package tours to overseas”. (Figure 3)

Figure 3 Changes from the Previous Year of Goods and Services

