

Japan's Consumer Prices in 2010

Overview

Japan's general index of consumer prices stood at 99.6 in 2010 (2005=100), down 0.7% from the previous year.

The general index excluding fresh food stood at 99.3, down 1.0% from the previous year.

The general index excluding food (excluding alcoholic beverages) and energy stood at 97.4, down 1.2% from the previous year.

The main factors causing these changes in the price index in 2010 were as follows.

- “High school fees, public” and “High school fees, private” fell drastically due to the introduction of new subsidies for tuition and enrollment fees for high schools.
- “Durable goods”, such as “TV sets (LCD)” and “Personal computers”, fell mainly because of technical progress and quality upgrades.
- “Fresh vegetables” rose because of the bad weather conditions.
- “Food, excluding fresh food” fell mainly because of fall in the price of “Cereals”.
- “National expressway tolls” fell mainly due to the toll-free expressway pilot program.
- “Energy” rose mainly because of the rise in the price of “Gasoline” and “Kerosene”.
- “Cigarettes” rose mainly due to a rise of the cigarettes tax rate.
- “Other miscellaneous” rose mainly due to a rise in the price of accident insurance.

Figure 1-1 Index of “General”, “General, excluding fresh food”, and “General, excluding food(excluding alcoholic beverages) and energy”

2005=100

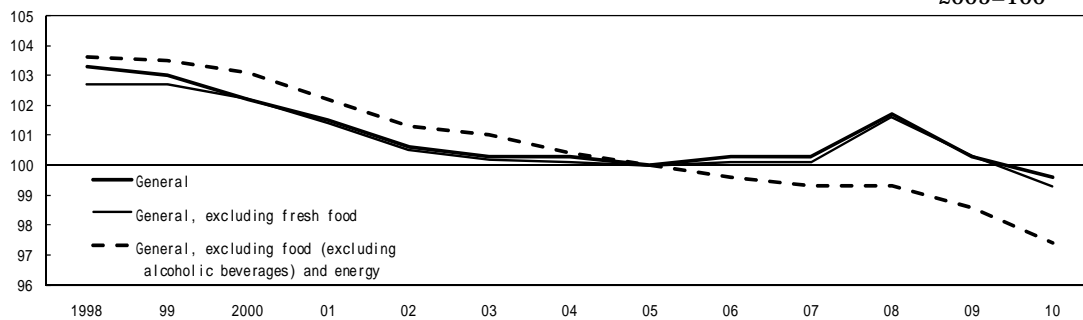


Figure 1-2 Change from the Previous Year of “General”, “General, excluding fresh food”, and “General, excluding food(excluding alcoholic beverages) and energy”

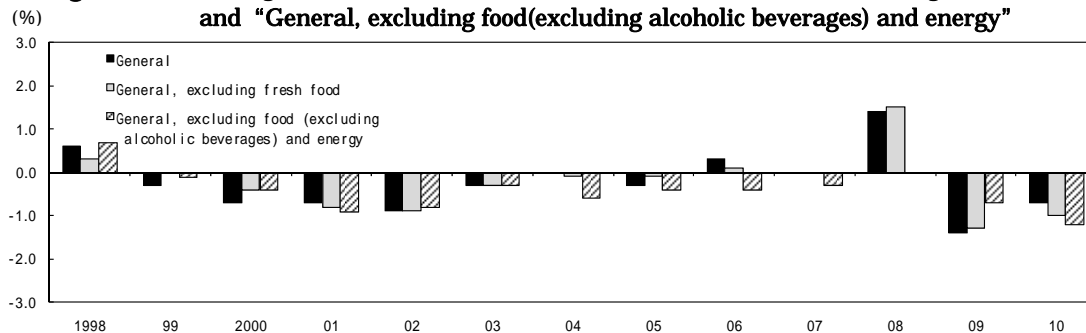


Table 1 Index and Change from the Previous Year of “General”, “General, excluding fresh food”, and “General, excluding food(excluding alcoholic beverages) and energy” 2005=100

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General	Index	103.3	103.0	102.2	101.5	100.6	100.3	100.3	100.0	100.3	100.3	101.7	100.3	99.6
	Change from the previous year(%)	0.6	-0.3	-0.7	-0.7	-0.9	-0.3	0.0	-0.3	0.3	0.0	1.4	-1.4	-0.7
General, excluding fresh food	Index	102.7	102.7	102.2	101.4	100.5	100.2	100.1	100.0	100.1	100.1	101.6	100.3	99.3
	Change from the previous year(%)	0.3	0.0	-0.4	-0.8	-0.9	-0.3	-0.1	-0.1	0.1	0.0	1.5	-1.3	-1.0
General, excluding food (excluding alcoholic beverages) and energy	Index	103.6	103.5	103.1	102.2	101.3	101.0	100.4	100.0	99.6	99.3	99.3	98.6	97.4
	Change from the previous year(%)	0.7	-0.1	-0.4	-0.9	-0.8	-0.3	-0.6	-0.4	-0.4	-0.3	0.0	-0.7	-1.2

(1) The general index

In 2007, the index remained 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. This was offset by a decrease of the prices of “Mobile telephone charges” and “Durable goods” such as “TV sets (LCD)”.

In 2008, the index rose 1.4% mainly due to a rise in “Petroleum products” and many items in “Food” because of a hike in the oil price and cereals respectively. This was the first time in 11 years that the price index rose more than 1%.

In 2009, the index fell 1.4%, which was the largest decline from 1971. This is mainly because “Gasoline” and “Kerosene” drastically fell owing to hike in the oil price in addition “Durable goods” fell continuously.

(Figure 1-1, Figure 1-2, Figure 2, Table 1)

(2) Sub-indices for ten major groups in 2010

Regarding sub-indices for ten major groups, “Food” fell 0.3% from the previous year, mainly due to a fall in “Cereals”. “Housing” fell 0.4%, mainly due to a fall in “Rent”. “Fuel, light & water charges” fell 0.2%, mainly due to a fall in “Electricity”. “Furniture & household utensils” fell 4.6%, mainly due to a fall in “Household durables”. “Clothes & footwear” fell 1.2%, mainly due to a fall in “Clothes”. “Medical care” fell 0.5%, mainly due to a fall in “Medical supplies & appliances”. “Education” fell 9.6%, mainly due to a fall in “School fees”. “Reading & recreation” fell 1.7%, mainly due to a fall in “Recreational durables”.

On the other hand, “Transportation & communication” rose 1.0%, mainly due to a rise in “Private transportation” which contains “Gasoline”. “Miscellaneous” rose 1.3%, mainly due to a rise in “Cigarettes”.

(Table 2)

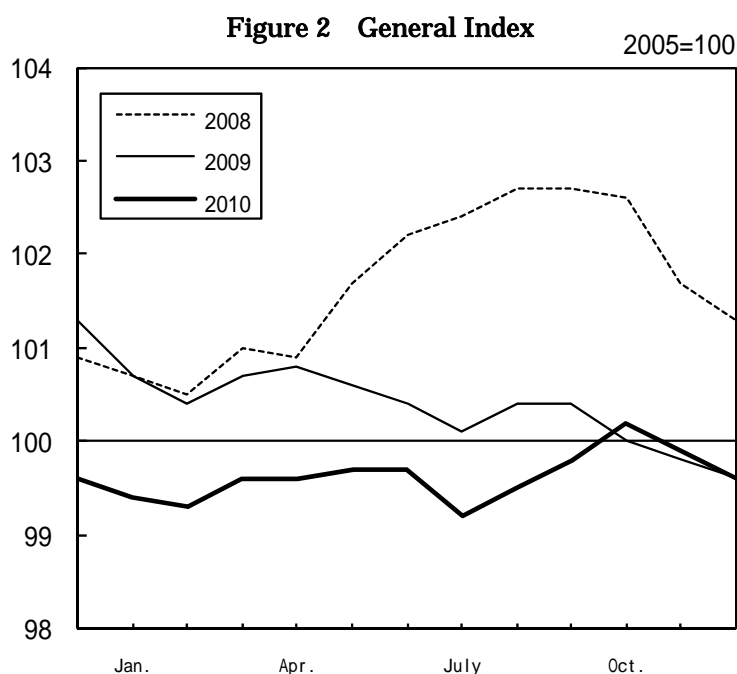


Table 2 Change from the Previous Year and the Degree of Contribution by Ten Major Groups

	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 (%)	-0.7	-0.3	-0.4	-0.2	-4.6	-1.2	-0.5	1.0	-9.6	-1.7	1.3
Contribution to annual change	-0.7	-0.08	-0.08	-0.01	-0.15	-0.06	-0.02	0.14	-0.36	-0.18	0.08

(3) Sub-indices by goods and services classification in 2010

Goods index fell 0.6% from the previous year resulting from a fall in “Industrial products” such as “TV sets (LCD)”.

Services index fell 0.9% mainly due to a fall in “Public services” which contains “High school fees, public”. This was because “High school fees, public” fell as a result of new subsidies for tuition and enrollment fees for high schools. (Figure 3)

Figure 3 Changes from the Previous Year of Goods and Services

