The Second Quarter of 2013
Analysis of All Industrial Activities
Summary

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Research and Statistics Department,
Minister’s Secretariat,
Ministry of Economy, Trade and Industry
Indices of Tertiary Industry Activity: Study of trends and background of “Broad-ranging Business Services”

【Analysis Point 1】
～ "The wholesale sector" exerted the strongest influence on “Broad-ranging Business Services” 1) as their performance significantly deteriorated when the economy began to slow down and as they failed to recover quickly when the economy picked up. The performance of “the entire wholesale sector” is significantly swayed by wholesale businesses catering to industrial users. 2)～

【Characteristics】
- The performance of “Broad-ranging Business Services” in the Indices of Tertiary Industry Activity (2005=100, seasonally adjusted) deteriorated significantly more than “Broad-ranging Personal Services” when the economy began to slow down. The services failed to recover quickly when the economy began to pick up.
- The performance of “Broad-ranging Business Services,” which deteriorated significantly when the economy began to slow down and failed to recover quickly when the economy picked up, was influenced the most by “the wholesale sector”.
- The performance of “the entire wholesale” sector is significantly swayed by the performance of wholesale businesses catering to industrial clients.

Chart 1: Indices for Tertiary Industry Activity; ‘Broad-ranging Business Services’ and ‘Broad-Ranging Personal Services’

(2005=100, seasonally adjusted)

Notes:
1. The gray area represents the period of economic slowdown.
2. Of the weighting of 10,000.0 for the entire Indices for Tertiary Industry Activity, “Broad-ranging Business Services” comprise 5,796.9 while “Broad-ranging Personal Services” comprise 4,203.1
Source: Indices of Tertiary Industry Activity

Chart 3: “Changes in Broad-ranging Business Services” by sector

(2005=100 Seasonally adjusted)

Notes:
1. The gray area represents the period of economic slowdown.
2. Of the weighting of 5,796.9 for the entire “Broad-ranging business services,” electricity, gas, heat supply and water comprise 232.0, information and communications 766.6, transport 677.1, wholesale 1,794.4, finance and insurance 676.4, real estate, rental & leasing 459.1, scientific research, professional and technical services 551.3, and others 640.0.
Source: Compiled based on Indices of Tertiary Industry Activity (estimates)

Chart 8: Changes in Contributions of services for industrial clients and those for retailers in comparison with the performance of the entire wholesale sector

(2005=100, Quarterly Comparisons, %, Percentage Points)

Notes:
1. The gray area represents the period of economic slowdown.
2. Of the weighting of 1,794.4 for the entire wholesale sector, services for industry clients comprise 1027.5 and those for retailers 766.9.
3. Each figure is seasonally adjusted. Thus, the addition of individual figures may not necessarily match the entire data.
Source: Compiled based on Indices of Tertiary Industry Activity (estimates)

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1. "Broad-ranging Business Services" and “Broad-ranging Personal Services” are designations based on the reclassification of all the components of the Indices for Tertiary Industry Activity. These components have been reclassified as services for businesses and services for individual customers.
2. Services that mainly cater to industrial and other clients have been designated as “services for industrial clients,” whereas those that mainly cater to retailers have been designated as “services for retailers.” These classifications were made based on sales data contained in the wholesale section of the 2007 Census of Commerce.
【Analysis Point 2】

~ The performance of the wholesale sector, particularly services for industrial users, deteriorated after the Lehman Brothers collapse due to weak manufacturing activity ~

【Characteristics】

- Japan’s industrial activity, particularly industrial production, suddenly declined when the economy began to slow down following the Lehman Brothers collapse and the subsequent plunge in demand.
- The capacity utilization rate for manufacturing equipment fell along with a decline in industrial production. Manufacturers reduced their capital spending.
- The performance of “Broad-ranging Business Services” is correlative with the operating ratio index (with a correlation factor of 0.679). However, “Broad-ranging Personal Services” are not correlative with the index (correlation coefficient: 0.002).
- Wholesale services for industrial users (about 50% of which are machinery and equipment wholesalers) have a correlation with manufacturing industry, factor of 0.800, higher than that of services for retailers, which is 0.424.
- The performance of Broad-ranging Business Services was greatly influenced by developments following the Lehman Brothers collapse. These developments include a sudden decline in industrial production, a slowdown in sales of parts and materials due to a fall in operating ratio, and a decline in trading of capital goods due to a large reduction in capital spending by manufacturers. Business transactions also declined after the economy began to pick up.

Chart 10: Changes in Indices of Industrial Production, Indices of operating ratio on manufacturing

(2010 = 100, seasonally adjusted)

Note: The gray area indicates the period of economic slowdown
Source: Indices of Industrial Production

Chart 11: Relationship between Indices of operating ratio on manufacturing and “Broad-ranging Business Services” and “Broad-ranging Personal Services”

(2005 = 100)

y = 0.295 x + 68.456
R² = 0.679

y = -0.007 x + 101.350
R² = 0.002

Note: Created with data from January-March 2005 through April-June 2013
Source: Indices of Tertiary Industry Activity and Indices of Industrial Production

Chart 12: Relationship between Indices of operating ratio on manufacturing and Capital investment on manufacturing

(2010 = 100, seasonally adjusted)

Note: The economy starts to slow down
Source: Indices of Industrial Production

Chart 13: Relationship between Capital investment and wholesalers of Industrial users and retailers

(2005 = 100)

y = 0.435 x + 51.924
R² = 0.800

y = 0.273 x + 66.065
R² = 0.424

Note: Created with data from January-March 2005 through April-June 2013
Source: Indices for Tertiary Industry Activity (estimates)

Notes:
1. Created with data from January-March 2005 through April-June 2013
2. Capital spending data were converted to an index by using seasonally adjusted investment figures for manufacturers of all sizes, with a figure for 2010 as 100.
3. Incidentally, the correlation coefficient between “Broad-ranging Business Services” and manufacturers’ capital spending is 0.785.
【Analysis Point 3】
~Intermediate input of domestic production fell drastically after the Lehman Brothers collapse and Intermediate input ratio also declined.~

【Characteristics】
- Input Output Tables show that intermediate input of domestic production declined significantly after the Lehman Brothers collapse. Transactions of intermediary goods, such as parts and raw materials, fell. Business activities of wholesalers, particularly those of industrial users, plunged.
- After the Lehman Brothers collapse, the intermediate input ratio declined as goods and services required for one unit of production fell. This may indicate that the use of resources in the country’s economic activity has become more efficient.

Chart 14: Intermediate input and intermediate input ratio (year 2005 fixed price evaluation)

![Graph showing intermediate input and intermediate input ratio over years](image)

Note: Intermediate input ratio = Intermediate input amount/domestic production amount

- If a decline in the intermediate input ratio and the more efficient use of resources in economic activity after the Lehman Brothers collapse were due to a change in factor inputs in response to a cyclical movement rather than an irreversible technological response to the economic situation in which Japan found itself, “Broad-ranging Business Services” will once again become more active along with a recovery in production, it’s operating ratio and an increase in capital spending. Wholesale demand for industrial users will become robust.
- It remains to be seen whether business activity will return to the level, prior to the Lehman Brothers collapse if transactions among businesses increase while services for individual customers remain unchanged.
Rebasing of 2010 Indices of Industrial Production

【Analysis Point 1】
If decompose a difference between the old and new Indices of Industrial Production (IIP) from the same monthly of the previous year of IIP, the Base-year factors made the largest contribution in the first half of 2010, whereas the differences in 2012 had more to do with newly added and deleted items factors.

【Characteristics】
- If decompose a difference between the old and new IIP, from same monthly of the previous year of IIP, to four factors which Weighting factors, Base-year factors, Others factors, and Newly added and deleted items factors, the difference of the first half of 2010 (the old standard-based year on year > the new standard-based year on year) is mainly caused by the base-year factors. The divergence of the first half of 2010 (the new standard-based year on year > the old standard-based year on year) is mainly caused by the newly added and deleted items factors.
- By industrial sector, the divergence in the first half of 2010 was general-purpose, production and business oriented machinery. The divergence in the first half of 2012 was seen in transport equipment.

Chart 5: Factors that cause a divergence in Indices of Industrial Production (original indices)
Changes from the same monthly of the previous year (%)

Chart 6: Analysis of Indices of Industrial Production (Original Index) by Industrial Sector
Differences the same monthly of the previous year contribution (points)
When breaking down the difference between the old and new indices into the divergence caused by a change in original indices and seasonal indices, a downward divergence caused by a change in seasonal indices makes the new seasonally adjusted indices prone to be lower than the old indices at the beginning of 2010 and 2011. At the beginning of 2012 and 2013, prone to be higher the divergence caused by a change in original indices, the divergence of the new seasonally adjusted indices is smaller than the divergence of 2010 and 2011.

The new seasonally adjusted indices prone to be higher than the old one at the end of the year prone to be higher the divergence caused by a change in seasonal indices.

**Chart 26: Factors that cause a divergence in indices of industrial production (seasonally adjusted)**

- The Divergence caused by a change in original indices
- The Divergence caused by a change in seasonal indices
- The Divergence between old and new, seasonally adjusted (after logarithmic conversion)

Notes:
1. Original indices and seasonally adjusted indices based on the 2005 standard were changed to 2010=100
2. The Divergence between the seasonally adjusted old and new indices (after logarithmic conversion) = ln (2010 seasonally adjusted) – ln (2005 seasonally adjusted)
3. The Divergence caused by a change in original indices = ln (2010 original indices) – ln (2005 original indices)
4. The Divergence caused by a change in seasonal indices = ln (2010 seasonal indices) – ln (2005 seasonal indices)

Source: Indices of Industrial Production
1. Trends of All Industrial Activities

1. Outline of all industrial sectors (second quarter of 2013)

~ Industrial activities on moderate upward trend ~

【Characteristics】

- The indices of all industrial activities raised by 1.1% from the previous quarter, up for the first time in five quarters.
- The rise is driven by tertiary industrial activity, industrial production, and construction

Changes in the Indices of All Industrial Activities (2005=100)

<table>
<thead>
<tr>
<th>Indices of All Industrial Activities</th>
<th>2011</th>
<th>2012</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>II</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-0.5</td>
<td>1.2</td>
<td>-0.9</td>
<td>2.1</td>
<td>0.5</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-</td>
<td>-0.1</td>
<td>0.0</td>
<td>2.6</td>
<td>-0.4</td>
</tr>
<tr>
<td>Indices of Agriculture, Forestry and Fisheries</td>
<td>91.1</td>
<td>91.1</td>
<td>91.1</td>
<td>91.1</td>
<td>91.1</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-0.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indices of Construction Industry Activity</td>
<td>74.4</td>
<td>76.8</td>
<td>72.0</td>
<td>74.4</td>
<td>73.3</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-2.0</td>
<td>3.2</td>
<td>-7.5</td>
<td>3.3</td>
<td>-1.5</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-</td>
<td>-1.6</td>
<td>-3.2</td>
<td>-2.8</td>
<td>-1.1</td>
</tr>
<tr>
<td>Indices of Industrial Production</td>
<td>92.2</td>
<td>92.3</td>
<td>88.9</td>
<td>93.7</td>
<td>94.1</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-2.3</td>
<td>0.1</td>
<td>-4.2</td>
<td>5.4</td>
<td>0.4</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-</td>
<td>-5.8</td>
<td>-0.9</td>
<td>-1.6</td>
<td>6.2</td>
</tr>
<tr>
<td>Indices of Tertiary Industry Activity</td>
<td>97.9</td>
<td>99.3</td>
<td>97.0</td>
<td>98.5</td>
<td>99.0</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>0.1</td>
<td>1.4</td>
<td>-0.5</td>
<td>1.5</td>
<td>0.5</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-</td>
<td>-0.5</td>
<td>0.3</td>
<td>0.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Indices of Government Services, etc.</td>
<td>97.6</td>
<td>97.9</td>
<td>97.4</td>
<td>97.6</td>
<td>97.8</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-0.2</td>
<td>0.3</td>
<td>0.1</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>%Change from the Previous Year</td>
<td>-</td>
<td>-0.4</td>
<td>-0.1</td>
<td>0.6</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Index level (2005 = 100, seasonally adjusted)

<table>
<thead>
<tr>
<th>Indices of All Industry Activities</th>
<th>Indices of Construction Industry Activity</th>
<th>Indices of Industrial Production</th>
<th>Indices of Tertiary Industry Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indices of All Industry Activities</td>
<td>Indices of Construction Industry Activity</td>
<td>Indices of Industrial Production</td>
<td>Indices of Tertiary Industry Activity</td>
</tr>
</tbody>
</table>

Notes:
1. Since the Indices of Agriculture, Forestry & Fisheries Production contain no data corresponding to the Indices of All Industrial Activities for quarters, these figures were calculated without them.
2. The annual values and % change from the same quarter of the previous year are original indices, and others are based on seasonally adjusted indices.
3. Indices of Industrial Production were rebased in 2010. Thus, industrial production indices in Indices of all Industrial Activity since January 2012 were derived at through the link coefficient method during the October-December period of 2011 by connecting the 2010-base indices with the 2005-base indices.
(2) Outline of industrial activities

~Industrial Production on Moderate Recovery Path~

1) Production Trends

【Characteristics】
- The indices of industrial production for the second quarter of 2013 increased by 1.5% continually from the previous quarter for two consecutive terms.
- By type of goods, although non-durable consumer goods decreased, increases were observed in durable consumer goods and producer goods, etc.
- By type of business, 13 sectors, including general-purpose, production and business oriented machinery, rose. 3 sectors, including information and communication electronics equipment, fell.

Changes in the Indices of Industrial Production
(by type of goods)
(2010=100, seasonally adjusted)

![Graph showing changes in industrial production indices](image)

2) Production trends by item

【Characteristics】

< Main items that increased during April-June, 2013 >
i) Metal oxide semiconductor ICs (Memory) (for the third consecutive quarter)
   ・・・ Due to an increase in demand for smartphones for exports to Asian countries, etc.
ii) Large passenger cars (for the second consecutive quarter)
   ・・・ Due to an increase in exports to the United States, etc.
iii) Active matrix LCDs (Large) (for the first time in two quarters)

< Main items that declined during the April-June, 2013 >
 i) Active matrix LCDs (Middle and small) (for the second consecutive quarter)
 ii) Metal oxide semiconductor ICs (Logic) (for the fourth consecutive quarter)
 iii) Notebook computers (for the first time in two quarters)

<table>
<thead>
<tr>
<th>Items that Contributed to Increase</th>
<th>Changes from the Previous Quarter (%)</th>
<th>Contribution ratio (% points)</th>
<th>Items that Contributed to Decrease</th>
<th>Changes from the Previous Quarter (%)</th>
<th>Contribution ratio (% points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Metal oxide semiconductor ICs (Memory)</td>
<td>34.8</td>
<td>0.35</td>
<td>i) Active matrix LCDs (Middle and small)</td>
<td>-15.4</td>
<td>-0.11</td>
</tr>
<tr>
<td>ii) Large passenger cars</td>
<td>5.0</td>
<td>0.28</td>
<td>ii) Metal oxide semiconductor ICs (Logic)</td>
<td>-15.1</td>
<td>-0.10</td>
</tr>
<tr>
<td>iii) Active matrix LCDs (Large)</td>
<td>38.7</td>
<td>0.14</td>
<td>iii) Notebook computers</td>
<td>-14.0</td>
<td>-0.08</td>
</tr>
<tr>
<td>iv) Shovel-type excavators</td>
<td>9.9</td>
<td>0.10</td>
<td>iv) Machining centers</td>
<td>-13.3</td>
<td>-0.06</td>
</tr>
<tr>
<td>v) Bridges</td>
<td>21.9</td>
<td>0.09</td>
<td>v) Automotive engines</td>
<td>-2.8</td>
<td>-0.05</td>
</tr>
</tbody>
</table>

Note: Degree of contribution about total growth rate of 1.5% on the entire mining & manufacturing industry (% points)
(3) Shipment trends

【Characteristics】

- The indices of industrial shipments for the second quarter of 2013 decreased by 1.9% from the previous quarter, for the first time in 2 quarters.
- By type of goods, although construction goods increased, decreases were observed in capital goods and durable consumer goods, etc.
- By type of industries, 9 sectors, including fabricated metals, increased. 7 sectors, including transport equipment, decreased.

Changes in the Indices of Industrial Shipments
(by type of goods)
(2010=100, seasonally adjusted)

Ratio to the Previous Quarter,
Contribution Ratio to Growth Rate
4) Inventory trends

【Characteristics】

- The inventory cycle for the second quarter of 2013 was as follows.
  (i) Mining and manufacturing ･･･ Remained at an inventory adjustment stage
  (ii) Final demand goods ･･･ Shifting from an inventory adjustment stage to an unintended decreasing stage of inventory
  (iii) Producer goods ･･･ A shift to an inventory accumulation from adjustment
(3) Outline of tertiary industry activities
~Tertiary industry activity on moderate upward trend~

Trends for the quarter

**[Characteristics]**

- Tertiary industry activities for the second quarter of 2013 increased by 0.9% for the third consecutive quarter.
- By type of business, 8 of the 13 sectors of the large classification, such as finance and insurance, increased. On the other hand, 5 sectors, including life-related services and entertainment, decreased.

### Changes in Indices of Tertiary Industry Activities of Major Industry Sectors

(2005=100, seasonally adjusted)

<table>
<thead>
<tr>
<th>Type of business (Division)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>III I II III I II III I II III I II III I II</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary Industry</td>
<td>97.9</td>
<td>99.3</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>0.1</td>
<td>1.4</td>
<td>0.2</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>0.7</td>
<td>0.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Electricity, Gas, Heat Supply &amp; Water</td>
<td>99.6</td>
<td>99.9</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>-3.4</td>
<td>0.3</td>
<td>-0.5</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>-0.5</td>
<td>0.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Transport &amp; Postal Activities</td>
<td>106.8</td>
<td>107.8</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>0.2</td>
<td>0.9</td>
<td>0.4</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>0.7</td>
<td>1.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Wholesale, Retail</td>
<td>98.2</td>
<td>100.8</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>-0.3</td>
<td>2.6</td>
<td>1.5</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>-0.6</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Finance, Insurance</td>
<td>91.1</td>
<td>91.0</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>0.1</td>
<td>-0.1</td>
<td>-0.5</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>0.7</td>
<td>1.0</td>
<td>-0.5</td>
</tr>
<tr>
<td>Medical, Healthcare, and Welfare</td>
<td>97.3</td>
<td>98.9</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>1.0</td>
<td>1.6</td>
<td>0.7</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>1.8</td>
<td>1.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Real Estate, Rental, Leasing</td>
<td>98.1</td>
<td>98.1</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>-1.4</td>
<td>-0.2</td>
<td>-0.8</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>-2.5</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Scientific Research, Professional and Technical Services</td>
<td>95.9</td>
<td>100.7</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>1.7</td>
<td>1.0</td>
<td>0.4</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>1.7</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Accommodations, eating and drinking services</td>
<td>101.4</td>
<td>103.9</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>-1.6</td>
<td>2.5</td>
<td>-1.2</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>-1.2</td>
<td>2.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Living-related, Personal Services, Amusement</td>
<td>86.4</td>
<td>89.3</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>-3.8</td>
<td>3.4</td>
<td>0.4</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>-2.8</td>
<td>2.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Learning support</td>
<td>80.8</td>
<td>81.8</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>-0.8</td>
<td>1.2</td>
<td>1.6</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>-0.8</td>
<td>1.2</td>
<td>1.6</td>
</tr>
<tr>
<td>Compound services</td>
<td>114.2</td>
<td>117.8</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>2.9</td>
<td>3.2</td>
<td>0.5</td>
</tr>
<tr>
<td>(%Change from the Same Quarter of the Previous Year)</td>
<td>0.0</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Miscellaneous Services (excluding government services)</td>
<td>100.1</td>
<td>100.6</td>
<td></td>
</tr>
<tr>
<td>(%Change from the Previous Quarter (Year))</td>
<td>1.3</td>
<td>0.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Notes: 1. The annual figures and the changes from the same quarter of the previous year are based on the original indices, while the others are based on seasonally-adjusted indices.
2. Indices of Tertiary Industry Activity were revised in 2012; seasonal indices were also re-calculated.
2. Supply Trends for Final Demand

(1) Outline of supply trends for final demand

1) Supply trends of all industries

【Characteristics】
• Supply for final demand as a whole increased by 1.5% from the previous quarter, up for the third consecutive quarter.
• Overall industrial supply for consumption increased by 0.3% from the previous quarter, up for the first time in six quarters.
• Overall industrial supply for investment increased by 1.8% from the previous quarter, up for the third consecutive quarter.
• Exports increased by 3.7% from the previous quarter, and imports increased by 0.3%, both marking a second consecutive quarterly rise.

Changes in the Indices of All Industries (Final Demand Components)  
(2005=100, ratio to the previous year (quarter))

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ratio to</td>
<td>Ratio to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the previous year</td>
<td>the previous year</td>
<td></td>
</tr>
<tr>
<td>Total of final demand sector</td>
<td>-1.2</td>
<td>0.9</td>
<td>-1.7</td>
</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>-5.1</td>
<td>-1.6</td>
<td>10.4</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>0.3</td>
<td>1.2</td>
<td>0.3</td>
</tr>
<tr>
<td>Consumption</td>
<td>-0.5</td>
<td>1.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>Personal consumption</td>
<td>-1.1</td>
<td>1.1</td>
<td>-0.7</td>
</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>-3.4</td>
<td>-0.6</td>
<td>-2.5</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>-0.3</td>
<td>1.8</td>
<td>-0.3</td>
</tr>
<tr>
<td>Government consumption</td>
<td>0.9</td>
<td>1.1</td>
<td>-0.4</td>
</tr>
<tr>
<td>Investment</td>
<td>-1.4</td>
<td>2.8</td>
<td>-1.3</td>
</tr>
<tr>
<td>Public investment</td>
<td>-8.6</td>
<td>10.4</td>
<td>3.0</td>
</tr>
<tr>
<td>Private housing</td>
<td>0.6</td>
<td>1.8</td>
<td>-3.1</td>
</tr>
<tr>
<td>Private corporate facilities</td>
<td>0.8</td>
<td>0.5</td>
<td>-1.8</td>
</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>1.6</td>
<td>-2.9</td>
<td>0.1</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>-1.5</td>
<td>-3.6</td>
<td>-14.9</td>
</tr>
<tr>
<td>Construction</td>
<td>-0.1</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Exports</td>
<td>-1.6</td>
<td>-2.9</td>
<td>-8.9</td>
</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>-0.8</td>
<td>-4.4</td>
<td>-9.4</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>-3.6</td>
<td>0.9</td>
<td>-11.6</td>
</tr>
<tr>
<td>Imports</td>
<td>2.0</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Mining and manufacturing (Goods)</td>
<td>-0.5</td>
<td>-0.6</td>
<td>-3.9</td>
</tr>
<tr>
<td>Tertiary industries (Services)</td>
<td>-8.3</td>
<td>6.8</td>
<td>-5.4</td>
</tr>
</tbody>
</table>

Notes: 1. As the indices of all industries (final demand components) are calculated using various statistical data, preliminary figures are used for some basic data. Therefore, note that the indices of the previous quarters have been corrected to the revised figures.
2. Ratios to the previous year are original indices and other figures are based on seasonally adjusted indices.
Source: “The Indices of All Industries Activity”
2) Supply trends for consumption

【Characteristics】
• Looking at the trends of consumption in the second quarter of 2013, in terms of supply from mining and manufacturing, the overall supply of durable consumer goods increased by 1.5% from the previous quarter, up for the second consecutive quarter, and non-durable consumer goods increased by 0.7% (id.), up for the first time in three quarters.

Changes in Overall Supply of Durable Consumer Goods
(2005=100, seasonally adjusted)

Source: “The Indices of Industrial Domestic Shipments and Imports” (estimates)

Changes in Overall Supply of Non-durable Consumer Goods
(2005=100, seasonally adjusted)

Source: “The Indices of Industrial Domestic Shipments and Imports” (estimates)
3) Supply trends for Investment

【Characteristics】
• The trends of investment in the second quarter of 2013, in terms of supply from mining and manufacturing (overall supply of capital goods), increased by 3.1% from the previous quarter, up for the second consecutive quarter.

Changes in Supply from Mining and Manufacturing (Overall Supply of Capital Goods)
(2005=100, seasonally adjusted)

Source: “The Indices of Industrial Domestic Shipments and Imports” (estimates)
(2) Outline of exports and imports

1) Export trends

【Characteristics】
• Looking at the trends of exports for the second quarter of 2013 (on a quantity basis), in terms of the indices of all industries (final demand components), exports of goods (the mining and manufacturing industry) increased by 1.9% from the previous quarter, and exports of services (the tertiary industry) increased by 0.4% (id.), resulting in a 3.7% increase from the previous quarter for all exports.
• By region, exports of goods to the United States and the Middle East increased, while those to Europe, ASEAN and East Asia decreased.

2) Import trends

【Characteristics】
• Looking at the trends of imports for the second quarter of 2013 (on a quantity basis), in terms of the indices of all industries (final demand components), imports of services (the tertiary industry) increased by 5.3% from the previous quarter, and imports of goods (mining and manufacturing industry) increased by 0.6% (id.), resulting in a 0.3% increase from the previous quarter for all imports.
• By region, imports of goods from ASEAN, the United States, and the Middle East increased, while those to Europe, ASEAN and East Asia decreased.

Notes: 1. The export index by region is estimated by rearranging the trade statistics into shipment index groups, and the import index by region is estimated by rearranging the trade statistics into supply index groups.
2. The names of each country or region are as follows:
   ASEAN: Singapore, Thailand, Malaysia, the Philippines, Indonesia, Vietnam, Myanmar, Laos, Brunei and Cambodia
   East Asia: Republic of Korea, Taiwan and China (including Hong Kong)
   Middle East: Iran, Iraq, Bahrain, Saudi Arabia, Kuwait, Qatar, Oman, Israel, Jordan, Syria, Lebanon, the United Arab Emirates, Gaza and Yemen

Sources: “The Indices of Industrial Domestic Shipments and Exports,”
“The Indices of Industrial Domestic Shipments and Imports” (both estimates)