The Second of 2014  
Analysis of All Industrial Activities  
Summary  
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Research and Statistics Department,  
Minister’s Secretariat,  
Ministry of Economy, Trade and Industry
Reaction After Increase in Consumption Tax Rate

【Analysis Point 1】
~ Looking at the mining and manufacturing industry as a whole, compared to the phase after the increase in consumption tax rate in 1997, in this current phase, a momentum where production and shipments are becoming weaker, and inventory expanding is becoming stronger ~

Comparison of Industrial Production Index with Previous Increase in Consumption Tax
(April 1997, April 2014 = 100, seasonally adjusted)

Source: Created based on “Indices of Industrial Production”

【Analysis Point 2】
~ Although the inventory level after an increase in consumption tax rate is higher in 1997, the inventory rate index (ratio of inventory in relation to shipment) is higher in this current phase ~

Comparison of Inventory Index and Inventory Rate Index with Previous Increase in Consumption Tax
(2010 = 100, seasonally adjusted)

Source: Created based on “Indices of Industrial Production.”
In 1997, during the third quarter of 1997 about six months after the increase in consumption tax rate, there was a shift from “inventory accumulation stage” to “expanding inventory stage.”

This time, as of the first quarter of 2014, there was a shift from “inventory accumulation stage” to “expanding inventory stage.”

It is thought that the state is one in which the momentum of shipments is weak and it is difficult to decrease inventory.

When looking at the inventory cycle graph, inventory changed to “expanding inventory stage” in the first quarter of 2014.

【Characteristics】

- In 1997, during the third quarter of 1997 about six months after the increase in consumption tax rate, there was a shift from “inventory accumulation stage” to “expanding inventory stage.”
- This time, as of the first quarter of 2014, there was a shift from “inventory accumulation stage” to “expanding inventory stage.”
- It is thought that the state is one in which the momentum of shipments is weak and it is difficult to decrease inventory.

【Analysis Point 3】

~ When looking at the inventory cycle graph, inventory changed to “expanding inventory stage” in the first quarter of 2014 ~

【Analysis Point 4】

~ The weakness of exports is a factor behind the weak moment of shipment in this current phase ~

【Characteristic】

- When looking at changes in the contribution ratio of shipments for domestic use and shipments for exports in relation to the growth rate of shipments, shipments for exports contributed in a positive way through the period before and after the increase in consumption tax in 1997. However, after the fourth quarter of 2014, shipments for exports are contributing in a negative manner.
【Analysis Point 5】
~ In this current phase, shipment of durable consumer goods decreased greatly, and inventory increased significantly ~

【Characteristics】
• Compared to the phase after the increase in consumption tax rate in 1997, the current phase is characterized by a large decrease in shipment of durable consumer goods, and a large increase in inventory.
• Compared to 1997, in 2014, non-durable consumer goods are also demonstrating a larger width of increase in production and shipment before the rise in consumption tax and a larger width of decrease at the time of rise in consumption tax (April).

Comparison of Consumer Good Index with Previous Increase in Consumption Tax Rate
(April 1997, April 2014 = 100, seasonally adjusted)

Source: Created based on “The Indices of Industrial Production.”
In 1997, production and shipment of “Cars and motorcycles”, which accounts for approximately 70% of the weight of “durable consumer goods”, increased even in the phase after the increase in consumption tax rate, to May and June, respectively. Since the momentum for shipment was weak compared to production, inventory expanded after March.

In this current phase, inventory is increasing significantly amidst a slowdown in production and shipment, demonstrating a different movement than in 1997.

“For culture and amusement”, which makes up approximately 20% of the weight of “durable consumer goods”, is slowing down in this current phase.

The decrease in production of “For culture and amusement” is impacted greatly by the decrease in desktop computers and notebook computers, and the decrease in shipment is greatly affected by a decrease in flat-screen televisions, etc.

**Comparison of “Cars and motorcycles” and “For culture and amusement” with the Previous Increase in Consumption Tax Rate**

(April 1997, April 2014 = 100, seasonally adjusted)

[Graph showing production, shipment, and inventory for both categories over time]

**Source:** Created based on “The Indices of Industrial Production.”

**Analysis Point 7**

~ The momentum for recovery of tertiary industry activity is becoming weaker in this current phase ~

**Comparison of Indices of Tertiary Industry Activity with Previous Increase in Consumption Tax Rate**

(April 1997, April 2014 = 100, seasonally adjusted)

[Graph showing overall activity index over time]

**Source:** Created based on “Indices of Tertiary Industry Activity.”
In this current phase, production and shipment are weak and the momentum for recovery of tertiary industry activity is weak as compared to the phase after the increase in consumption tax rate in 1997. Expansion of inventory is becoming stronger, and there is also the possibility that recovery of demand is not directly linked to production. An eye should be kept on future trends as well.

Source: “Commercial Sales Statistics.”
Changes in the Indices of Production Capacity of Japan’s Manufacturing Industry

【Analysis Point 1】
~When looking at the indices of production capacity on a long-term basis, after the downturn of the crisis in the financial system in 1997, as well as the global economic stagnation in 2008, Japan has entered a new stage~

【Characteristics】
• The indices of operating ratio reached major turning points in 1991, at the time of the “collapse of the bubble economy” and in 2008, during the “global economic crisis caused by the financial crisis in the United States.”
• The indices of production capacity entered a stock adjustment phase, triggered by the “crisis in the financial system” in 1997. Its recovery process ended once due to the global economic stagnation of 2008, and Japan is now entering a new stage.

【Analysis Point 2】
~As the indices of operating ratio shifted downward after the 13th business cycle, the indices of production capacity is on a decreasing trend, and there is a new relationship between the indices of operating ratio and production capacity~

【Characteristics】
• Up until the 12th business cycle, which includes the period before the collapse of the bubble economy and the period after the collapse, the indices of production capacity was fundamentally rising, and a repeated horseshoe shape (increase in operating ratio → increase in capacity → decrease in operating ratio) can be seen.
• Since the indices of operating ratio shifted downward after the 13th business cycle, the graph is shifting in the leftward direction. In addition, since the indices of production capacity is showing a large decrease and modest increase with no horseshoe can be seen, a new relationship between the indices of operating ratio and production capacity is generated.
In responses from survey objects regarding reasons for fluctuations in the indices of production capacity, “reexamination” was frequent. This assumes a change in personnel structure, rather than a physical variation in facilities. Thus, a relational expression that explains the indices of production capacity in terms of capital stocks and labor input was estimated.

Looking at the results, in the phase of decrease in the indices of production capacity after 2009, the indices of production capacity was lowered by reducing the number of permanent employees, rather than reducing capital stock.

When thinking of the “turning point” for the indices of production capacity index, the average at the point in time when the quarter-over-quarter change rises upwards is 110.5, which is still insufficient based on current standards.

When thinking of the “turning point” for the indices of production capacity, the number of timing at which the change from the previous quarter of the indices of production capacity rises upwards was 11 after the 9th business cycle. The average of standards of the indices of operating ratio of these 11 points was 110.5, and this can be thought of as one of the rough indicators for the timing at which the indices of production capacity increases.

In the second quarter of 2014, the indices of operating ratio decreased to 101.4, which is insufficient for the indices of production capacity to rise upwards.

In the second cycle of decline in production capacity after the collapse of the bubble, production capacity decreased due to a reduction in permanent employment, rather than a decline in capital stock. Capital stock itself is increasing due to capital investment based on a purpose other than capacity enhancement, such as maintenance and repair investment. As there is also the fact that the overseas capital investment ratio is increasing, the excess domestic supply capacity also decreased and under conditions of special demand, such as in the first quarter of this year, imports end up increasing.

Based on past experience, the standards for the operating rate index at which the indices of production capacity turns upward are not achieved with the current operating rate, and we are still only halfway on the path to reach an upward rise in the indices of production capacity.
1. Trends of All Industrial Activities

(1) Outline of all industrial activities

【Characteristics】
• The indices of all industrial activities decreased for the first time in six quarters, down by 3.3% from the previous quarter.
• The indices of tertiary industry activities, industrial production, and construction industry activity decreased.

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Indices of All Industrial Activities Quarter (Year)</td>
<td>96.5</td>
<td>97.3</td>
<td>96.6</td>
<td>96.2</td>
<td>96.1</td>
<td>96.5</td>
<td>97.1</td>
<td>97.6</td>
<td>97.9</td>
<td>99.5</td>
</tr>
<tr>
<td>% Change from the Previous Quarter (Year)</td>
<td>1.2</td>
<td>0.8</td>
<td>-0.2</td>
<td>-0.4</td>
<td>-0.1</td>
<td>0.4</td>
<td>0.6</td>
<td>0.5</td>
<td>0.3</td>
<td>1.6</td>
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<tr>
<td>% Change from the Same Quarter of the Previous Year</td>
<td>-</td>
<td>-</td>
<td>2.6</td>
<td>-0.2</td>
<td>-0.3</td>
<td>-1.2</td>
<td>0.6</td>
<td>1.8</td>
<td>1.9</td>
<td>3.2</td>
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<tr>
<td>Indices of Agriculture, Forestry and Fisheries Production</td>
<td>91.8</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>% Change from the Previous Quarter (Year)</td>
<td>0.8</td>
<td>...</td>
<td>...</td>
<td>...</td>
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<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>% Change from the Same Quarter of the Previous Year</td>
<td>-</td>
<td>-</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Indices of Construction Industry Activity</td>
<td>76.8</td>
<td>84.8</td>
<td>75.8</td>
<td>77.0</td>
<td>79.3</td>
<td>80.0</td>
<td>82.9</td>
<td>86.5</td>
<td>88.9</td>
<td>86.5</td>
</tr>
<tr>
<td>% Change from the Previous Quarter (Year)</td>
<td>3.2</td>
<td>10.4</td>
<td>1.3</td>
<td>1.6</td>
<td>3.0</td>
<td>0.9</td>
<td>3.6</td>
<td>4.3</td>
<td>2.8</td>
<td>-2.7</td>
</tr>
<tr>
<td>% Change from the Same Quarter of the Previous Year</td>
<td>-</td>
<td>-</td>
<td>4.9</td>
<td>3.1</td>
<td>6.7</td>
<td>5.4</td>
<td>8.8</td>
<td>13.0</td>
<td>13.4</td>
<td>8.1</td>
</tr>
<tr>
<td>Indices of Industrial Production</td>
<td>92.3</td>
<td>91.6</td>
<td>93.6</td>
<td>90.5</td>
<td>88.9</td>
<td>89.3</td>
<td>90.7</td>
<td>92.3</td>
<td>94.0</td>
<td>96.8</td>
</tr>
<tr>
<td>% Change from the Previous Quarter (Year)</td>
<td>0.1</td>
<td>-0.8</td>
<td>-2.1</td>
<td>-3.3</td>
<td>-1.8</td>
<td>0.4</td>
<td>1.6</td>
<td>1.8</td>
<td>1.8</td>
<td>3.0</td>
</tr>
<tr>
<td>% Change from the Same Quarter of the Previous Year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indices of Tertiary Industry Activity</td>
<td>99.3</td>
<td>100.0</td>
<td>99.0</td>
<td>99.9</td>
<td>99.3</td>
<td>99.8</td>
<td>100.1</td>
<td>100.2</td>
<td>100.0</td>
<td>101.8</td>
</tr>
<tr>
<td>% Change from the Previous Quarter (Year)</td>
<td>1.4</td>
<td>0.7</td>
<td>0.0</td>
<td>0.0</td>
<td>0.3</td>
<td>0.5</td>
<td>0.3</td>
<td>0.1</td>
<td>-0.2</td>
<td>1.8</td>
</tr>
<tr>
<td>% Change from the Same Quarter of the Previous Year</td>
<td>-</td>
<td>-</td>
<td>2.1</td>
<td>0.5</td>
<td>0.7</td>
<td>-0.1</td>
<td>1.3</td>
<td>1.2</td>
<td>0.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Indices of Government Services, etc.</td>
<td>97.9</td>
<td>97.8</td>
<td>98.0</td>
<td>98.0</td>
<td>98.1</td>
<td>97.8</td>
<td>97.8</td>
<td>97.6</td>
<td>98.0</td>
<td>97.5</td>
</tr>
<tr>
<td>% Change from the Previous Quarter (Year)</td>
<td>0.3</td>
<td>-0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>-0.3</td>
<td>0.0</td>
<td>-0.2</td>
<td>0.4</td>
<td>-0.5</td>
</tr>
<tr>
<td>% Change from the Same Quarter of the Previous Year</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td>0.4</td>
<td>-0.1</td>
<td>0.3</td>
<td>-0.2</td>
<td>-0.5</td>
<td>0.0</td>
<td>-0.3</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.
(2) Outline of industrial activities

1) Production trends

【Characteristics】
・The indices of industrial production for the second quarter of 2014 decreased for the first time in six quarters, down by 3.8% from the previous quarter.
・By type of goods, decreases were observed in all goods, such as producer goods and capital goods.
・By type of business, production in all 16 industries, including chemicals and transport equipment industry, decreased.

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

2) Production trends by item

【Characteristics】
＜Major items that decreased during the second quarter of 2014＞
1) Semiconductor products machinery (for the first time in three quarters)
2) Large passenger cars (for the first time in three quarters)
3) Desktop computers (for the first time in five quarters)

＜Major items that increased during the second quarter of 2014＞
1) Machining centers (for the second consecutive quarter)
2) Reaction vessels (for the second consecutive quarter)
3) Steel bridges (for the first time in three quarters)

![Changes from the Previous Quarter by Item and Contribution Ratio(Note) (second quarter of 2014)](image)

<table>
<thead>
<tr>
<th>Item that Contributed to Decrease</th>
<th>Changes from the Previous Quarter (%)</th>
<th>Contribution ratio (% points)</th>
<th>Item that Contributed to Increase</th>
<th>Changes from the Previous Quarter (%)</th>
<th>Contribution ratio (% points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Semiconductor products machinery</td>
<td>-26.2</td>
<td>-0.40</td>
<td>1) Machining centers</td>
<td>48.3</td>
<td>0.24</td>
</tr>
<tr>
<td>2) Large passenger cars</td>
<td>-3.5</td>
<td>-0.20</td>
<td>2) Reaction vessels</td>
<td>363.8</td>
<td>0.11</td>
</tr>
<tr>
<td>3) Desktop computers</td>
<td>-22.9</td>
<td>-0.14</td>
<td>3) Steel bridges</td>
<td>33.0</td>
<td>0.11</td>
</tr>
<tr>
<td>4) Notebook computers</td>
<td>-23.3</td>
<td>-0.13</td>
<td>4) Airframe parts (incl. propellers and rotating wings)</td>
<td>15.1</td>
<td>0.10</td>
</tr>
<tr>
<td>5) Drive, transmission and control parts</td>
<td>-4.7</td>
<td>-0.11</td>
<td>5) Photovoltaic modules</td>
<td>13.2</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Note: Degree of contribution to total growth rate of -3.8% (% points)
3) Shipment trends

【Characteristics】

- The indices of industrial shipments for the second quarter of 2014 decreased for the first time in four quarters, down by 6.8%.
- By demand, shipments for domestic demand decreased for the first time in four quarters, and shipments for exports decreased for the second consecutive quarter.
- By type of goods, decreases were observed in all goods, such as producer goods, capital goods, and non-durable consumer goods.

**Changes in Export Shipments and Domestic Shipments in relation to the Indices of Industrial Production (2010 = 100, seasonally adjusted)**

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

Source: “The Indices of Industrial Domestic Shipments and Exports”
4) Inventory trends

【Characteristics】

- The indices of industrial inventories for the second quarter of 2014 increased for the second consecutive quarter, by 4.6% as compared to the previous quarter.
- By type of goods, increases were observed mainly in durable consumer goods and capital goods.
- By type of business, production in 13 industries, including transport industry, increased.
- The inventory cycle shifted from an inventory accumulation stage to an expanding inventory stage.
(3) Outline of tertiary industry activities
1) Trends by type of business

【Characteristics】
- Tertiary Industry activities for the second quarter of 2014 decreased by 3.8% from the previous quarter, down for the first time in two quarters.
- By type of business, activities in 11 out of the 13 types of business in broad category, including Wholesale Trade & Retail Trade, decreased. On the other hand, activities in two types of business, including Medical, Health Care & Welfare, increased.

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>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tertiary Industry</td>
<td>99.3</td>
<td>101.0</td>
<td>99.8</td>
<td>99.0</td>
<td>99.3</td>
</tr>
<tr>
<td>(%) Changes from the Previous Year</td>
<td>1.0</td>
<td>0.8</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Electricity, Gas, Heat Supply &amp; Water</td>
<td>98.8</td>
<td>98.4</td>
<td>98.3</td>
<td>98.5</td>
<td>98.9</td>
</tr>
<tr>
<td>(%) Changes from the Previous Year</td>
<td>-0.4</td>
<td>-0.1</td>
<td>0.0</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>97.9</td>
<td>105.6</td>
<td>98.9</td>
<td>99.9</td>
<td>101.6</td>
</tr>
<tr>
<td>(%) Changes from the Previous Year</td>
<td>-0.8</td>
<td>6.8</td>
<td>1.9</td>
<td>-0.2</td>
<td>-0.7</td>
</tr>
<tr>
<td>Wholesale Trade &amp; Retail Trade</td>
<td>91.0</td>
<td>91.0</td>
<td>91.0</td>
<td>91.0</td>
<td>91.0</td>
</tr>
<tr>
<td>(%) Changes from the Previous Year</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>Information &amp; Communications</td>
<td>107.8</td>
<td>109.9</td>
<td>107.9</td>
<td>108.0</td>
<td>107.7</td>
</tr>
<tr>
<td>(%) Changes from the Previous Year</td>
<td>0.3</td>
<td>-0.6</td>
<td>0.3</td>
<td>-0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Miscellaneous Services (Except Government Services, etc.)</td>
<td>100.6</td>
<td>101.0</td>
<td>100.5</td>
<td>100.5</td>
<td>100.1</td>
</tr>
<tr>
<td>(%) Changes from the Previous Year</td>
<td>-0.4</td>
<td>-0.6</td>
<td>-0.4</td>
<td>1.1</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Note: 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) Trends of broad-ranging personal services and broad-ranging business services

【Characteristics】

- Dividing tertiary industry activity for the second quarter of 2014 into two categories of broad-ranging personal services and broad-ranging business services shows that broad-ranging business services decreased by 4.2% from the previous quarter and broad-ranging personal services also decreased by 3.4% from the previous quarter, both down for the first time in two quarters.

Note: Broad-ranging personal services and broad-ranging business 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. Of the weighting of 10,000.0 for the entire Indices for Tertiary Industry Activity, broad-ranging personal services comprises 4,203.1 and broad-ranging business services comprises 5,796.9.
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 of domestic products as a whole decreased by 2.7% from the previous quarter, down for the first time in six quarters.
- Overall industrial supply for consumption decreased by 2.3% from the previous quarter, down for the first time in six quarters.
- Overall industrial supply for investment decreased by 5.6% from the previous quarter, down for the first time in seven quarters.
- Exports decreased by 2.5% from the previous quarter, down for the first time in three quarters, and imports decreased by 5.6% (id.), down for the first time in six quarters.

\[
\begin{array}{|c|c|c|c|c|c|c|c|c|}
\hline
\text{Supply Trends for Final Demand} & & & \text{2012} & \text{2013} & \text{2014} \\
\text{(2005 = 100, ratio to the previous year (quarter))} & & & \text{II} & \text{III} & \text{IV} & \text{I} & \text{II} & \text{III} & \text{IV} & \text{I} & \text{II} \\
\hline
\text{Total of final demand sector} & 0.9 & 0.6 & -0.3 & -1.2 & -0.1 & 0.7 & 0.3 & 0.7 & 0.5 & 1.2 & -2.7 \\
Mining and manufacturing (Goods) & -1.3 & -2.3 & -4.6 & -7.9 & -0.4 & 4.8 & -1.7 & 0.0 & 1.3 & 5.6 & -6.7 \\
Tertiary industries (Services) & 1.3 & 0.1 & 0.1 & 0.1 & 0.2 & 0.0 & -0.1 & 0.2 & 0.1 & 1.3 & -2.1 \\
\hline
\text{Consumption} & 1.2 & -0.2 & -0.1 & -0.3 & -0.4 & 0.0 & 0.3 & 0.1 & 0.2 & 1.5 & -2.3 \\
Personal consumption & 1.1 & -0.4 & -0.5 & -0.8 & -0.5 & 0.5 & 0.0 & 0.1 & 0.3 & 2.2 & -3.7 \\
Mining and manufacturing (Goods) & 0.3 & -1.3 & -1.5 & -2.7 & -3.3 & 1.1 & 1.7 & 0.4 & 1.0 & 3.4 & -4.9 \\
Tertiary industries (Services) & 1.5 & -0.2 & -0.2 & 0.3 & 0.3 & 0.0 & -0.4 & 0.1 & 0.0 & 1.6 & -3.1 \\
\hline
\text{Government consumption} & 1.4 & 0.5 & 0.1 & 0.3 & 0.6 & -0.3 & 0.2 & 0.1 & 0.2 & -0.2 & 0.6 \\
\hline
\text{Investment} & 2.4 & 3.9 & 2.0 & -1.2 & 0.1 & 0.4 & 1.9 & 2.7 & 2.7 & 1.4 & 5.6 \\
Public investment & 8.5 & 12.5 & 7.8 & -1.4 & 2.5 & 0.9 & 4.3 & 7.6 & 2.3 & -3.4 & -1.3 \\
Private housing & 1.8 & 7.5 & 2.2 & 0.3 & 2.2 & 1.6 & 3.0 & 1.0 & 2.9 & 0.0 & -9.4 \\
\hline
\text{Private corporation facilities} & 0.5 & 0.0 & 0.3 & -1.9 & -1.4 & 0.1 & 0.8 & 1.0 & 2.5 & 4.0 & -5.9 \\
Mining and manufacturing (Goods) & 3.7 & -0.7 & 2.6 & -6.2 & -1.1 & 0.6 & 0.1 & 2.1 & 5.7 & 5.5 & -7.2 \\
Construction & -4.1 & 5.0 & -2.2 & 0.1 & -2.5 & 3.1 & 4.6 & 1.9 & -0.7 & -2.1 & 0.0 \\
Private industries (Services) & -0.5 & -2.0 & 0.2 & 0.4 & -1.5 & -1.2 & -0.6 & 1.0 & 0.1 & 4.2 & -7.1 \\
\hline
\text{Exports} & -1.5 & 2.6 & -1.7 & -5.0 & -1.6 & 6.8 & 0.9 & -0.2 & 1.8 & 4.1 & -2.5 \\
Mining and manufacturing (Goods) & -1.8 & 1.1 & -2.2 & -6.4 & -2.2 & 7.5 & 0.2 & -1.1 & 1.7 & 1.6 & -3.6 \\
Tertiary industries (Services) & 2.6 & 6.6 & -0.9 & -4.4 & -0.1 & 7.0 & 1.7 & 1.7 & 3.0 & 7.3 & -1.4 \\
\hline
\text{Imports} & 2.3 & 3.7 & 0.8 & 0.0 & -0.8 & 1.6 & 1.1 & 1.8 & 3.1 & 5.7 & -5.6 \\
Mining and manufacturing (Goods) & 3.2 & 3.0 & 0.8 & 1.4 & -3.0 & 2.8 & 0.5 & 1.3 & 4.1 & 2.7 & -5.9 \\
Tertiary industries (Services) & 4.0 & 5.5 & 4.8 & -1.0 & -2.3 & 4.0 & 2.4 & 0.3 & 4.1 & 10.9 & 3.3 \\
\hline
\end{array}
\]

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 2014, in terms of supply from mining and manufacturing, the overall supply of durable consumer goods decreased by 10.9% from the previous quarter, down for the first time in four quarters. The overall supply of non-durable consumer goods decreased by 3.2% from the previous quarter, down for the first time in two quarters.

Changes in Overall Supply of Durable Consumer Goods
(2010 = 100, seasonally adjusted)

Changes in Overall Supply of Non-durable Consumer Goods
(2010 = 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 2014, in terms of supply from mining and manufacturing (overall supply of capital goods) decreased by 9.3% from the previous quarter, down for the first time in four quarters.

Changes in Supply from Mining and Manufacturing (Overall Supply of Capital Goods)
(2010 = 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 export goods and services for the second quarter of 2014 (on a quantity basis), exports of goods (mining and manufacturing industry) decreased by 3.6% from the previous quarter and export of services (tertiary industry) decreased by 1.4% from the previous quarter, resulting in a 2.5% decrease from the previous quarter for all exports.
- By region, exports of goods to East Asia, ASEAN, United States and Europe decreased, while those to the Middle East increased.

![Changes in Exports by Region](image)

2) Import trends

【Characteristics】

- Looking at the trends of imports for the second quarter of 2014 (on a quantity basis), in terms of the indices of all industries (final demand components), imports of services (tertiary industry) increased by 3.3% from the previous quarter, while imports of goods (mining and manufacturing industry) decreased by 5.9% (id.), resulting in a 5.6% decrease from the previous quarter for all imports.
- By region, imports of goods from the Middle East, East Asia, ASEAN, United States and Europe decreased.

![Changes in Imports by Region](image)

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, 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, 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)