The outline of the supply trend for final demand of this quarter is as follows:

The whole industrial supply for consumption increased by 0.9% (compared to the previous quarter) for the first time in two quarters due to the increase of individual consumption by 1.3% (id.) for the first time in two quarters, although public investment decreased by 4.7% (id.) for three consecutive quarters, and the increase in private housing by 3.1% (id.) for the first time in two quarters, although private enterprise facilities increased by 2.2% for the third consecutive quarters.

Exports decreased by 0.7% (id.) for the first time in four quarters, and imports decreased by 4.4% (id.) for two consecutive quarters.

IT-related consumption increased by 4.3% (id.) for the first time in two quarters, on the other hand, IT-related investment decreased by 13.0% (id.) for the first time in three quarters.

Changes in the Indices of All Industries

<table>
<thead>
<tr>
<th></th>
<th>2001 compared to the previous year</th>
<th>2002 compared to the previous year</th>
<th>2003 compared to the previous year</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption</td>
<td>0.6 0.1</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.2 0.2</td>
<td>0.2 0.2</td>
</tr>
<tr>
<td>Private consumption</td>
<td>0.2 0.2</td>
<td>0.1 0.1</td>
<td>0.1 0.1</td>
<td>0.2 0.2</td>
<td>0.2 0.2</td>
</tr>
<tr>
<td>Mining and manufacturing industry (goods)</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
</tr>
<tr>
<td>Tertiary industry (services)</td>
<td>0.5 0.5</td>
<td>0.5 0.5</td>
<td>0.5 0.5</td>
<td>0.5 0.5</td>
<td>0.5 0.5</td>
</tr>
<tr>
<td>Government consumption</td>
<td>1.9 1.9</td>
<td>1.9 1.9</td>
<td>1.9 1.9</td>
<td>1.9 1.9</td>
<td>1.9 1.9</td>
</tr>
<tr>
<td>Investment</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
</tr>
<tr>
<td>Public investment</td>
<td>1.6 1.6</td>
<td>1.6 1.6</td>
<td>1.6 1.6</td>
<td>1.6 1.6</td>
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<tr>
<td>Private housing</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
</tr>
<tr>
<td>Private enterprise facilities</td>
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<td>0.4 0.4</td>
<td>0.4 0.4</td>
<td>0.4 0.4</td>
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</tr>
<tr>
<td>Mining and manufacturing industry (goods)</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
</tr>
<tr>
<td>Construction business (structures)</td>
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<td>0.6 0.6</td>
<td>0.6 0.6</td>
<td>0.6 0.6</td>
<td>0.6 0.6</td>
</tr>
<tr>
<td>Tertiary industry (services)</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
</tr>
<tr>
<td>Export</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
<td>1.8 1.8</td>
</tr>
<tr>
<td>Imports</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
<td>0.7 0.7</td>
</tr>
<tr>
<td>Industrial production (goods)</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
<td>0.3 0.3</td>
</tr>
<tr>
<td>Tertiary industry (services)</td>
<td>0.2 0.2</td>
<td>0.2 0.2</td>
<td>0.2 0.2</td>
<td>0.2 0.2</td>
<td>0.2 0.2</td>
</tr>
<tr>
<td>Tertiary industry (services)</td>
<td>0.1 0.1</td>
<td>0.1 0.1</td>
<td>0.1 0.1</td>
<td>0.1 0.1</td>
<td>0.1 0.1</td>
</tr>
</tbody>
</table>

Notes: 1. The supply indices of all industries are calculated using various statistical data, therefore, preliminary figures are used for some basic data. In such cases, it should be noted that the indices of previous quarters are changed to the authentic figures.

2. With regard to the handling of the calculation of the supply indices of all industries pertaining to the revision of the base year of The Indices of Industrial Domestic Shipments and Exports and The Comprehensive Table of Industrial Supply to 2000, both of which are included in the basic data of the supply indices of all industries, see p.213 of the Analysis of All Industrial Activities (The first quarter of 2003).

Source: “The indices of all industries”
Trend of IT-related consumption and investment

IT-related consumption for this quarter increased by 4.3% compared to the previous quarter for the first time in two quarters, while the non-IT-related consumption increased by 0.6% id., for the first time in three quarters.

In addition, IT-related investment for private enterprise facilities decreased by 13.0% compared to the previous quarter for the first time in three quarters, while non-IT-related investment increased by 7.8% id. for four consecutive quarters.

Change in IT related consumption

Index Level (1995=100; after seasonal adjustment)

Change in IT related investment

Ratio compared to the previous quarter, Contribution ratio to the growth rate

(Note) IT-related consumption is consumption related to cellular telephone, personal handy phone system, personal computers, domestic telecommunications business (mobile communications excluded) and mobile communications. Before 2001, however, it is related to facsimile machines, PHS/cellular telephone, Pocket bell, cordless telephones, personal computers, domestic telecommunications business (mobile communications excluded) and mobile communications.

(Source) “The indices of all industries”

Change in IT related consumption

Index Level (1995=100)

Ratio compared to the previous quarter, Contribution ratio to the growth rate

(Note) IT-related investments are investments related to communication wires and cables, power wires and cables products, digital and full color copying machines, key system telephone equipments, facsimile machines, electronic switching systems, digital transmission equipments, fixed communication equipments, personal handy phone systems, basic exchange for mobile customer premises equipments, general purpose computers, mid range computers, personal computers, external storage, input-output units, terminal equipments, software development and program creation (subcontracts) that are also supplied to private corporate facilities. Before 2001, however, it is related to communication wires and cables, power wires and cables products, indirect method electro-static process copying machines, digital and full color copying machines, key system telephone equipments, facsimile machines, electronic switching systems, digital transmission equipments, fixed communication equipments, personal handy phone systems/cellular telephone, pocket bell, basic exchange for mobile customer premises equipments, general purpose computers, mid-range computers, personal computers, external storage, input-output units, terminal equipments, terminal units, software development and program creation (subcontracts)

Source: “The indices of all industries”
Effect of housing-related costs on consumption and features of housing loans according to borrowing-timing

For households with a housing loan, since the movement of disposable income \(^{Note 1)}\) and adjusted consumption expenditure diverged, while the ratio for housing-related costs increased until 1995 and after 1999, an increase in the ratio for housing-related costs is found to be a factor of suppression of consumption. For households with a private rental house, similar movements were seen, especially during 1993 to 1994, but which were not as remarkable as those seen for households with housing loans. However, in the case of households with a company-rented house, the ratio of housing-related costs is significantly low compared to those of the former, so adjusted consumption expenditure is not considered to be effected by the ratio of housing-related costs.

By looking at the way consumption expenditures and savings have changed in relation to the changes in adjusted disposable income \(^{Note 2)}\) by housing type, the features are as follows: decrease contribution of consumption expenditures were frequently found, even in increased percentage change of adjusted disposable income for households with a housing loan, while households with a company-rented house dealt with the reduction in adjusted disposable income, mainly by reducing net savings.

By analyzing this factor, households with a housing loan have to control adjusted consumption expenditures when disposable income decreases, since the share of housing-related costs occupying expenditures and net increase in insurance with low flexibility is relatively large, while households with a company-rented house have sufficient room for not needing to reduce adjusted consumption expenditures for disposable income, since the share of deposits and saving with high flexibility is larger.

Note 1) Adjusted consumption expenditure = consumption expenditure – amount of expenditure in “Living” item. This is used to calculate consumption expenditure regardless of type of house.
Note 2) Adjusted disposable income = disposable income – housing-related costs – other costs, which is abstracted from the income that can be disposed of freely. In addition, Housing-related income = Housing costs + real estate loan.

Changes in disposable income by type of housing, adjusted consumption expenditures and ratio of housing-related costs (nominal value, 1992=100)

Source: “Annual report on the family income and expenditure survey. savings and liabilities” (Ministry of Public Management, Home Affairs, Posts and Telecommunications)
Contribution level of percentage change in adjusted disposable income by type of housing

Source: “Annual report on the family income and expenditure survey. savings and liabilities” (Ministry of Public Management, Home Affairs, Posts and Telecommunications)

Changes in constitution ratio of expenditure items by type of housing

(Note) Values are obtained by dividing each amount by disposable income.
Source: “Annual report on the family income and expenditure survey. savings and liabilities” (Ministry of Public Management, Home Affairs, Posts and Telecommunications)
The ratio of housing-related costs for households with a housing loan has been continuously increasing. An estimation shows that this is a result that the ratio of housing related costs of existing borrowers increased due to the step ladder payment system of the Housing Loan Corporation. Especially for borrowers of housing loans who used the system from fiscal 1993 to 1997, the ratio of the amount of a yearly payment of housing loans to annual income has increased, while for other borrowers, it has not increased.

In addition, since the number of users who utilize a special system for payment, which reduces the charges of housing loans, has been increasing year after year, the charge of housing loans has come to be alleviated.

Changes in the ratio of the amount of yearly payment of housing loans to annual income for new borrowers (provisionally estimated)

(Note) Refer to the main text for estimation conditions.
Source: “Annual report on the borrowers survey” (Housing Loan Corporation)
Changes in the ratio of the amount of yearly payment of housing loans to annual income for existing borrowers (provisionally estimated)

- Users of both the Housing Loan Corporation and private financial institutions
- Borrowers who use private financial institutions only

(Note) Refer to the main text for estimation conditions.

Changes in the number of users who utilize the special system of payment of the Housing Loan Corporation

(Note) 1. For comparison, this diagram indicates (12 months/investigated months - 1) the number of cases investigated as “Corrected fiscal unit” to adjust to the value for the year when the data are on the way of a fiscal year.
2. “Percentage change” for fiscal 1999 shows the adjusted value of fiscal 1998, and that for fiscal 2000 shows the comparison of the values for the months up to June to the same period of the previous year.
Source: Interview investigation with the Housing Loan Corporation
Future trend of capital investment

Trend of capital investment, which may strongly influence the increase in the production of capital goods and economic growth, is considered. Capital investment for the facilities of private enterprises in GDP has increased on a real basis for five consecutive quarters due to the effect of the deflator, and has nominally decreased for two consecutive quarters.

Looking at the post-bubble capital stock cycle, it is considered that a medium-term capital stock adjustment has been occurring because the increasing rate of the capital stock has been gradually decreasing in the medium-term (the amount of capital investment has been decreasing in flow terms), while a short-term cycle has been occurring because the capital investment on a year-over-year basis has been continuing to increase and decrease. Then, we focus on such short-term movements and examine the immediate trend in capital investment.

Changes in the capital investment of private enterprises
(seasonally adjusted, ratio compared to the previous quarter)

Source: “National Economic Accounting” (Cabinet Office)

Capital stock cycle (real value compared to the previous quarter)

□ Manufacturing industry

□ Non-manufacturing industry

Source: “Gross Capital Stock of Private Enterprises” (Cabinet Office)
Economic indicators related to the trend in capital investment are shown as follows: 

- Machinery orders as a leading indicator increased for two consecutive quarters; 
- Cash flow, which has a cyclical relation with capital investment, increased compared to the same quarter of the previous year; 
- Impression of excessive capital investment for the manufacturing industry has weakened; 
- Assuming that the relation between the operating ratio index and capital investment in manufacturing is same as the past relation, in consideration that the level of an operating ratio index for improving capital investment has been achieved, it is expected that the future capital investment will start to increase mainly in the manufacturing industry.

Machinery orders (seasonally adjusted) and facilities of private enterprises (nominal value, seasonally adjusted) vs. Cash flow and capital investment

Source: “Machinery Orders Statistics” (Cabinet Office)

(Note) 1: Cash flow = recurring profit • 0.5 + depreciation expense
2: Ratio calculated by the moving average for three prospective quarters compared to the previous year compared to the previous year
Source: “Financial Statements of Corporation Industry (Ministry of Finance)”

Diffusion indices of facilities for production and business vs. Index of operating ratio for manufacturing industry and facilities of private enterprises

(Note) This shows nationwide numeric values. Predicted values for the third quarter of 2003
Sources: “Short-Term Economic Survey of All Enterprises” (Bank of Japan), “National Economic Accounting” (Cabinet Office)
As a micro trend, which is focused on for prospecting future capital investment, the domestic shipment of semiconductor manufacturing equipment is considered. Since semiconductor manufacturing equipment occupies about 10% of capital goods and the fluctuation of the production of semiconductor manufacturing equipment is relatively large, this item has significant effects on the trend in production of capital goods.

Although the domestic shipment of semiconductor manufacturing equipment has shown weak movement, considering the previous cycles, it is thought that this will change in relation to the trend in production of integrated circuits, which are target products (silicon cycle). The production of integrated circuits is likely to increase for the time being, since the demand for digital cameras and mobile telephones continue to be favorable and the inventory level is low. Therefore, the domestic shipment of semiconductor manufacturing equipment, which has remained at low level, has the possibility to increase in the future.

Contribution ratio of the domestic shipment of semiconductor manufacturing equipment and capital goods (2000=100, seasonally adjusted)

Production of integrated circuits and the domestic shipment of semiconductor manufacturing equipment (2000=100, seasonally adjusted)

Indices of production and inventory of integrated circuits (2000=100, seasonally adjusted)
(2) Outline of import and export trends

Looking at the trends of exports and imports for the second quarter of 2003 (on a quantity basis), exports as a whole decreased by 0.7% compared to the previous quarter, due to a decrease in received services by 9.1% id., although the export of goods (producer’s shipment) increased by 2.9% id.. Imports as a whole decreased by 4.4% compared to the previous quarter due to the decrease in service payments by 26.0% id., although the import of goods (producer’s shipment) increased by 1.6% id..

By region, the export of goods increased in the shipment for Europe end ASEAN, however a decrease was seen in the shipment to the U.S. and East Asia. The import of goods from the U.S., East Asia, Europe and ASEAN increased.

Changes in export by region (goods)

Changes in import by region (goods)

(Note) 1. The export index is estimated by rearranging the trade statistics with the shipment index group, and the import index is estimated by rearranging the trade statistics with total supply index group.
2. The regional classification was amended according to base year 2000. The names of each country are as follows: ASEAN: Singapore, Thailand, Malaysia, Philippines, Indonesia, Vietnam, Myanmar, Laos, Brunei, and Cambodia. East Asia: Republic of Korea, Taiwan, 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.
Source: “Breakdown of the shipment for the mining and manufacturing industry”, “All supply list of the manufacturing and mining industry”
Trade structure between Japan and Asia

Looking at our trade structure (on a good and amount basis), for exports, three Asian regions in total exceeded the U.S. in 1991, fluctuating in the 30-40% range. For imports, China by itself overtook the U.S in 2002, and is Japan's largest import partner. As a background of this situation, there may be an effect of the export or re-import from Japan due to the local production expansion by overseas affiliates of Japanese companies. The features of the trade relation between overseas affiliates (manufacturing industry) in these three Asia regions and Japan will be considered.

Looking at our trade structure by type of industry (2002), exports were high in the production goods-related industries, such as electronic parts/devices, steel and chemical and in general machinery related closely with capital goods, as a common feature to each region. On the other hand, although imports from these regions are characteristic for each country, by pointing out a common future in these regions, import in three industries including information and communication equipment, electronic parts/devices and electric machinery, which are related to IT, has been increasing.

Changes in constitution ratio by region and nation of export and import of Japan

Constitution ratio for Asia by region, nation, by export and import and industry (2002)
Source: “Breakdown of the shipment for the mining and manufacturing industry”, “All Supply list of the manufacturing and mining industry”
The features of overseas affiliated companies of Japan, which advanced to Asia, are compared. By classifying the companies into an “export-type” industry in which the rate of exports occupying the sales amount of overseas affiliated companies is over 50% and the other “domestic market type”, there is a clear difference between a “domestic market type” industry and “export-type” industry in China. However, in ASEAN4 there are five industries whose rate of exports is about 40%, among the seven “domestic market type” industries. Therefore, export-oriented local business in general has been found compared to other regions.

A common feature of the trade between overseas affiliated companies in Asia and Japan is that, three industries, electric machinery, precision machinery and general machinery are, in all three regions, pointed out as industries with large amount of exports to Japan.

In consideration of the ratio of IT-related industry including electronic parts/devices occupying in the trade with Asia and the high ratio of export of electric machinery to Japan from overseas affiliated companies in Asia, it is shown that Asian-wide division of labor, mainly in electric machinery, has had a large effect on trade with Asia.

Distribution ratio of the sales amount of overseas affiliated companies (Total in 2000)

<table>
<thead>
<tr>
<th>Total of three Asian regions</th>
<th>Domestic sale</th>
<th>Export for Japan</th>
<th>Export for the third countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>47.7%</td>
<td>26.3%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Steel</td>
<td>82.2%</td>
<td>14.3%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Textiles</td>
<td>60.0%</td>
<td>31.3%</td>
<td>27.7%</td>
</tr>
<tr>
<td>General machinery</td>
<td>37.8%</td>
<td>21.3%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Precision machinery</td>
<td>36.7%</td>
<td>19.8%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Electric machinery</td>
<td>31.2%</td>
<td>18.8%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Oil/pulp</td>
<td>18.4%</td>
<td>11.3%</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>China</th>
<th>Domestic sale</th>
<th>Export for Japan</th>
<th>Export for the third countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood/paper/pulp</td>
<td>47.2%</td>
<td>21.3%</td>
<td>25.8%</td>
</tr>
<tr>
<td>Transport machinery</td>
<td>84.8%</td>
<td>13.8%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Textiles</td>
<td>80.1%</td>
<td>10.9%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Chemical</td>
<td>78.1%</td>
<td>10.9%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Non-ferrous metal</td>
<td>73.8%</td>
<td>13.3%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Electric machinery</td>
<td>81.1%</td>
<td>15.5%</td>
<td>12.3%</td>
</tr>
<tr>
<td>General machinery</td>
<td>23.8%</td>
<td>20.7%</td>
<td>20.5%</td>
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<table>
<thead>
<tr>
<th>ASEAN 4</th>
<th>Domestic sale</th>
<th>Export for Japan</th>
<th>Export for the third countries</th>
</tr>
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<tbody>
<tr>
<td>Total</td>
<td>38.8%</td>
<td>31.0%</td>
<td>33.3%</td>
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<tr>
<td>Steel</td>
<td>87.1%</td>
<td>11.1%</td>
<td>11.1%</td>
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<tr>
<td>Chemical</td>
<td>62.5%</td>
<td>28.8%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Transport machinery</td>
<td>58.2%</td>
<td>24.9%</td>
<td>19.9%</td>
</tr>
<tr>
<td>General machinery</td>
<td>58.9%</td>
<td>20.8%</td>
<td>20.8%</td>
</tr>
<tr>
<td>Wood/paper/pulp</td>
<td>58.4%</td>
<td>17.3%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Textiles</td>
<td>40.3%</td>
<td>46.3%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Non-ferrous metal</td>
<td>42.6%</td>
<td>41.8%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Precision machinery</td>
<td>21.8%</td>
<td>11.5%</td>
<td>32.7%</td>
</tr>
<tr>
<td>Electric machinery</td>
<td>19.8%</td>
<td>42.4%</td>
<td>38.9%</td>
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<table>
<thead>
<tr>
<th>NIEs3</th>
<th>Domestic sale</th>
<th>Export for Japan</th>
<th>Export for the third countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>59.1%</td>
<td>23.2%</td>
<td>26.8%</td>
</tr>
<tr>
<td>Wood/paper/pulp</td>
<td>99.3%</td>
<td>0.7%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Transport machinery</td>
<td>41.2%</td>
<td>18.7%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Chemical</td>
<td>71.8%</td>
<td>20.2%</td>
<td>26.8%</td>
</tr>
<tr>
<td>Non-ferrous metal</td>
<td>64.1%</td>
<td>26.8%</td>
<td>26.8%</td>
</tr>
<tr>
<td>General machinery</td>
<td>62.0%</td>
<td>22.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Precision machinery</td>
<td>62.2%</td>
<td>22.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Textiles</td>
<td>56.8%</td>
<td>35.8%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Electric machinery</td>
<td>45.0%</td>
<td>30.1%</td>
<td>34.9%</td>
</tr>
<tr>
<td>Oil/pulp</td>
<td>16.0%</td>
<td>16.0%</td>
<td>16.0%</td>
</tr>
</tbody>
</table>

Source: “Survey of Current Business”
Trends by kind of industry

Trend in the manufacturing industry

A. Steel industry
- Production has been increasing for six consecutive quarters

- Production increased by 0.2% compared to the previous quarter for six consecutive quarters due to the increase in cast and forged product as well as cold finished steel. Shipments decreased by 1.7% compared to the previous quarter for the first time in two quarters due to the decrease in steel pipes, hotformed steel and crude products. Inventory increased by 4.3% compared to the previous quarter due to the increase in all industries except plated steel.

- Sub-classification by kind of industry
  1) Production of crude products decreased by 0.8% compared to the previous quarter for the first time in six quarters.
  2) Production of hot-formed steel increased by 0.2% compared to the previous quarter for six consecutive quarters.
  3) Production of steel pipes decreased by 0.3% compared to the previous quarter for the first time in two quarters due to the decrease in plain hot-formed steel pipe.
  4) Production of cold finished steel increased by 0.8% compared to the previous quarter for six consecutive quarters due to the increase in special cold finished steel.
  5) Production of plated steel decreased by 0.6% compared to the previous quarter for the first time in six quarters due to the decrease in tin-free steel.
  6) Production of cast and forged product increased by 2.2% compared to the previous quarter due to the increase in cast steel and forged steel products

B. Nonferrous metal industry
- Production decreased for the first time in four quarters due to the decrease in optical fiber communication cables

- Production decreased by 6.5% compared to the previous quarter for the first time in four quarters due to the decrease in the production of electric wires, cables, nonferrous ground metals, drawn copper and aluminum rolling products, in spite of the increase in production of nonferrous castings. Shipment decreased by 4.4% compared to the previous quarter for the first time in five quarters due to the decrease in electric wires, cables, and nonferrous ground metals, in spite of the increase in drawn cooper, aluminum rolling products and nonferrous castings. Inventory decreased by 2.0% compared to the end of the previous quarter for the first time in two quarters due to the decrease in drawn cooper, aluminum rolling products and nonferrous ground metals

- Sub-classification by kind of industry
  1) Production and shipment of electric wires and cables decreased significantly by 19.9% and 13.5% respectively compared to the previous quarter for the first time in four quarters due to the remarkable decrease in optical fiber communication cables. Inventory increased by 2.6%
compared to the end of the previous quarter for the first time in three quarters.

2) Production and shipment of nonferrous ground metals decreased by 5.5% and 4.4% respectively compared to the previous quarter for the first time in three quarters due to the decrease in electrolytic gold and electrolytic copper. Inventory decreased by 3.4% compared to the end of the previous quarter for the first time in two quarters due to the decrease in aluminum alloy ground metals and electrolytic copper.

3) Production of drawn copper and aluminum rolling products decreased by 0.7% compared to the previous quarter for two consecutive quarters due to the decrease in aluminum rolling products and aluminum foils. Shipment increased by 0.2% compared to the previous quarter for the first time in two quarters due to the increase in aluminum rolling products. Inventory decreased by 6.1% compared to the end of the previous quarter for the first time in two quarters.

4) Production and shipment of nonferrous castings increased by 0.2% and 0.2% respectively compared to the previous quarter for the first time in two quarters due to the increase in copper/copper alloy castings and aluminum castings.

C. Metal manufacturing industry

- Production decreased for two consecutive quarters

- Production decreased by 1.5% compared to the previous quarter for two consecutive quarters due to the decrease in other metal products, metal products for construction and kitchen heaters. Shipment decreased by 6.6% compared to the previous quarter for the first time in two quarters due to the decrease in all types including metal products for construction. Inventory increased by 0.2% compared to the end of the previous quarter for the first time in two quarters due to the increase in the other metal products and metal products for construction.

- Sub-classification by kind of industry

1) Production of other metal products decreased by 2.3% compared to the previous quarter for two consecutive quarters due to the decrease in industrial aluminum products and flat springs. Shipment decreased by 4.4% compared to the previous quarter for the first time in three quarters due to the decrease in industrial aluminum products, aluminum beverage cans and food cans. Inventory increased by 4.7% compared to the end of the previous quarter for the first time in two quarters.

2) Production of metal products for construction decreased by 5.6% compared to the previous quarter for the first time in two quarters due to the decrease in bridges and steel towers. Shipment decreased by 19.4% compared to the previous quarter for the first time in two quarters due to the decrease in bridges.

3) Production of kitchen heaters decreased by 4.8% compared to the previous quarter for the first time in three quarters due to the decrease in kerosene heaters and gas-heated bath boilers. Shipment decreased by 5.1% compared to the previous quarter for the first time in two quarters due to the decrease in kerosene heaters and gas water heaters. Inventory decreased by 4.8% compared to the end of the previous quarter for five consecutive quarters.
4) Production of metal products for construction increased by 0.9% compared to the previous quarter for the first time in two quarters due to the increase in aluminum window sashes for buildings because of the increase in demand for urban redevelopment in the metropolitan area. Shipment decreased by 0.8% compared to the previous quarter for two consecutive quarters due to the decrease in aluminum doors. Inventory increased by 1.7% compared to the end of the previous quarter for three consecutive quarters.

D. General machinery industry

- Production and inventory decreased together and shipment remains flat

- Production decreased by 2.5% compared to the previous quarter for the first time in two quarters due to the decrease in special industrial machinery, boilers, generating machinery, office machinery, refrigerators and appliances that use their technology, and machine tools. Shipment remained flat at 0.0% compared to the previous quarter. Inventory decreased by 4.3% compared to the end of the previous quarter for the first time in two quarters. The inventory ratio decreased by 10.4% compared to the previous quarter for six consecutive quarters.

- Sub-classification by kind of industry

1) Production of special industrial machinery decreased by 11.8% compared to the previous quarter for the first time in two quarters. This is because, in the previous quarter, semiconductor manufacturing equipment decreased by 20.3% compared to the previous quarter as a reaction to the increase due to favorable exports to Asia and the U.S., manufacturing equipment for flat-panel displays decreased by 19.9% compared to the previous quarter for the first time in three quarters as a reaction to the increased export to South Korea and Taiwan, and printing machinery decreased by 10.7% compared to the previous quarter for the first time in two quarters.

2) Production of boilers and generating machinery decreased by 12.9% compared to the previous quarter for the first time in two quarters due to the decrease in general steam turbines caused by unfavorable sales of medium-sized machinery for domestic demand, in addition, due to the decrease in steam turbine parts and boiler parts caused by the decreased domestic and foreign demand for periodic inspection.

3) Production of refrigerators and appliances that use their technology decreased by 3.3% compared to the previous quarter for two consecutive quarters due to the decrease in refrigerator showcases and package-type air conditioners.

4) Production of construction machinery increased 13.0% compared to the previous quarter for five consecutive quarters due to the five quarter consecutive increase in shovel backhoes which are in favorable exports as well as to increase in cranes for construction, bulldozers and ground making machinery.

5) Production of dies increased by 11.7% compared to the previous quarter for the first time in three quarters due to the favorable sales of press dies for use in new automobiles and model
changes in the domestic automobiles.

E. Electric machinery industry
- Production increased due to the increase of electric refrigerators -
  □ Production increased by 1.5% compared to the previous quarter for the first time in two quarters due to the increase in household electronic appliances and stationary electrical machinery. Shipment increased by 3.0% compared to the previous quarter for the first time in two quarters due to the increase in household electronic appliances, batteries and stationary electrical machinery. Inventory decreased by 3.9% compared to the end of the previous quarter for three consecutive quarters. Inventory ratio decreased by 2.7% compared to the previous quarter for two consecutive quarters.

□ Sub-classification by kind of industry
  1) Production of household electric appliances increased by 9.4% compared to the previous quarter for the first time in four quarters due to the increase in electric refrigerators, separate air conditioners, electric washers and douches and air dryers for attachments to toilets.
  2) Production of stationary electrical machinery increased by 8.7% compared to the previous quarter for consecutive two quarters due to the increase in nonstandard transformers and power converters.
  3) Production of electric measuring devices decreased by 7.8% compared to the previous quarter for the first time in two quarters due to the decrease in industrial measuring control devices and electric measuring devices in spite of the increase in semiconductor/IC measuring devices.
  4) Production of electric rotating machines decreased by 2.6% compared to the previous quarter for the first time in two quarters due to the decrease in small motors, general engine generators and single-phase induction motors in spite of the increase in servo motors.

F. Information and communication equipment industry
- Production decreased for the first time in four quarters due the decrease in fixed communication facilities and external memory devices -
  □ Production decreased by 3.9% compared to the previous quarter for the first time in four quarters due to the decrease in electronic computers and communication machinery in spite of the increase in household electronic appliances. Shipment decreased by 0.6% compared to the previous quarter for the first time in three quarters due to the decrease in electronic computers and communication machinery in spite of the increase in household electronic appliances. Inventory decreased by 5.2% compared to the end of the previous quarter for two consecutive quarters. Inventory ratio decreased by 7.8% compared to the previous quarter for the first time in three quarters.
  □ Sub-classification by kind of industry
  1) Production of electronic computers decreased by 9.1% compared to the previous quarter for
the first time in two quarters due the decrease in external memory devices in which disc array devices decreased for domestic computer manufacturers, general-purpose computers and I/O devices in spite of the increase in personal computers.

2) Production of communication equipment decreased by 1.7% compared to the previous quarter for the first time in four quarters due to the decrease in fixed communication facilities with decreased orders of disaster prevention radios for each municipality, base station communication facilities and electronic automatic exchanges, in spite of the increase in digital transmission devices.

3) Production of household electronic appliances increased by 4.4% compared to the previous quarter for the first time in two consecutive quarters due to the increase in video cameras, which saw favorable domestic sales of small digital video cameras, color televisions and liquid crystal televisions, in spite of the decrease in digital cameras.

G. Electronic parts and device industry

- Production increased for two consecutive quarters due to the favorable sales of devices for communication devices

- Production increased by 2.8% compared to the previous quarter for two consecutive quarters due to the increase in all kinds of industries, including electric parts and integrated circuits, caused by the substantial increase in MOS semiconductor integrated circuits (memory) and active liquid crystal elements (medium and small sized). Shipment increased by 2.9% compared to the previous quarter for six consecutive quarters due to the increase in all kinds of industries including electronic parts, microchips and integrated circuits. Inventory decreased by 1.5% compared to the end of the previous quarter for three consecutive quarters due to the decrease in integrated circuits in spite of the increase in electronic parts and microchips. The inventory ratio decreased by 8.5% compared to the previous quarter for two consecutive quarters.

- Sub-classification by kind of industry

1) Production of electric parts increased by 3.5% compared to the previous quarter for two consecutive quarters due to the increase in active liquid crystal elements (medium and small) for domestic cell phones and digital cameras, in addition to the increase in active liquid crystal elements (large), fixed capacitors and electronic circuit boards, in spite of the decrease in cathode ray tubes for televisions and switches.

2) Production of integrated circuits increased by 2.8% compared to the previous quarter for six consecutive quarters due to the increase in MOS semiconductor integrated circuits (memory) and MOS semiconductor integrated circuits (logic), MOS semiconductor integrated circuits (CCD) for cell phones and digital cameras.

H. Transportation machinery industry

- Production and shipment increased for the first time in two quarters due to the increase in
Production in the transportation machinery industry increased by 1.1% compared to the previous quarter for the first time in two quarters due to the increase in railroad vehicles and trucks. Shipment increased by 3.2% compared to the previous quarter for the first time in two quarters. Inventory decreased by 6.5% compared to the end of the previous quarter for the first time in four quarters. Inventory ratio decreased by 6.5% compared to the previous quarter for the first time in three quarters.

Sub-classification by kind of industry

1) Production of passenger cars decreased by 0.9% compared to the previous quarter for two consecutive quarters. Looking at the type of cars, compact cars decreased by 5.7% compared to the previous quarter for three consecutive quarters due to the decrease in domestic consumption, as well as decreased exports mainly to the U.S., the Middle East and Europe. Light cars decreased by 0.2% compared to the previous quarter for three consecutive quarters due to the decrease in domestic consumption. Ordinary passenger cars increased by 1.1% compared to the previous quarter for the first time in two quarters due to the increase in domestic consumption caused by the effect of new model cars.

2) Production of automobile parts decreased by 2.1% compared to the previous quarter for the first time in six quarters due to the decrease in all kinds of parts, including air conditioners for vehicles, engine parts and suspension and brake parts, except for driving transmission parts and controlling parts.

3) Production of motorcycles significantly decreased by 24.3% compared to the previous quarter for the first time in four quarters due to the decrease in motorcycles (125ml or over) for the first time in three quarters and in motorcycles (under 125ml) for two consecutive quarters.

4) Production of trucks increased by 9.9% compared to the previous quarter for two consecutive quarters. By type of cars, medium-duty trucks increased significantly by 16.4% compared to the previous quarter for two consecutive quarters due to the increase in export to the U.S. and East Asia in addition to the increase in replacement demand caused by the new Automobile NOx/PM Law and driving regulations for diesel-powered vehicles. Small trucks increased by 4.4% compared to the previous quarter for four consecutive quarters due to the increase in exports to East Asia as well as domestic demand. Light trucks decreased by 3.4% compared to the previous quarter for the first time in two quarters due to the decrease in domestic demand.

Numbers of registration and reports of new vehicles

Looking at the domestic demand of automobiles by the number of new registrations and reports of new vehicles, the number of vehicles as a whole increased by 1.29 million, an increase in 2.3% compared to the same quarter of the previous year for the first time in four quarters. Among them, passenger cars increased by 0.985 million vehicles, a decrease in 3.6% compared to the same quarter for the first time in six quarters. Trucks increased by 2.2%, an increase in 0.31 million compared to the same quarter for the first time in nine quarters. Buses
increased by 4,000, a significant increase in 25.2% compared to the same quarter for four consecutive quarters.

I. Precision instrument industry
- Production decreased for two consecutive quarters due to the decrease in interchangeable lens for cameras -
  □ Production decreased by 0.9% compared to the previous quarter for two consecutive quarters due to the decrease in optical instruments and parts in spite of the increase in the measuring instruments and watches. Shipment decreased by 7.5% compared to the previous quarter for two consecutive quarters due to the decrease in optical instruments and parts and watches in spite of the increase in measuring instruments. Inventory increased by 0.5% compared to the end of the previous quarter for the first time in five quarters due to the increase in watches in spite of the decrease in measuring instruments. Inventory ratio increased by 2.0% compared to the previous quarter for the first time in five quarters.
  □ Sub-classification by kind of industry
1) Production of optical instruments and parts decreased by 8.0% compared to the previous quarter for three consecutive quarters due to the decrease in interchangeable lens for cameras, in spite of the increase in 35mm cameras due to the launch of new products.
2) Production of measuring instruments increased by 0.6% compared to the previous quarter for four consecutive quarters due to the increase in analytical instruments, surveying instruments and precision measurement instruments, in spite of the decrease in and gas meters and industrial weighing machines.
3) Production of watches increased by 1.1% compared to the previous quarter for the first time in two quarters due to the increase in battery-run watches (movement) in spite of the decrease in battery-run watches (finished product) and battery-run clocks.

J. Ceramic industry
- Production decreased for the first time in three quarters -
  □ Production decreased by 3.2% compared to the previous quarter for the first time in three quarters. This is a result of the decreases in all types of this industry—the decrease in cement and its products by 4.5% compared to the previous quarter for two consecutive quarters due to the decrease in construction for public works and building, the decrease in ceramic wares and fine ceramics by 5.1% compared to the previous quarter, and the decrease in other ceramic products by 3.2% and both for the first time in two quarters, the decrease in glass and associated products by 1.0% compared to the previous quarter for the first time in five quarters. Shipment decreased by 3.6% compared to the previous quarter for four consecutive quarters. This is a result of the decreases in all types of this industry: the decrease in cement and its products by 4.2% compared to the previous quarter for eleven consecutive quarters, the decrease in glass and associated products by 4.9% compared to the previous quarter, the decrease in ceramic wares and fine ceramics by 6.7% compared to the previous quarter and
both for the first time in three quarters, and the decrease in other ceramic products by 1.6% for the first time in two quarters. Inventory increased by 1.4% compared to the end of the previous quarter for the first time in seven quarters due to the increase in glass and associated products as well as ceramic wares and fine ceramics. Inventory ratio increased by 5.6% compared to the previous quarter for two consecutive quarters.

Sub-classification by kind of industry

1) Production of glass and associated products decreased by 1.0% compared to the previous quarter for the first time in five quarters due to the decrease in basic glass products and continuous glass fiber products.

2) Production of cement and related products decreased by 4.5% compared to the previous quarter for two consecutive quarters due to the unfavorable situation for public works and decreased building construction.

3) Production of ceramic wares and fine ceramics decreased by 5.1% compared to the previous quarter for the first time in two quarters due to the decrease in ceramic wares as well as fine ceramics (construction materials).

4) Production of other ceramic products decreased by 3.2% compared to the previous quarter for the first time in two quarters due to the decrease in solid electrodes, plaster boards and fire bricks.

K. Chemical industry (excluding medicines)

- Production decreased for the first time in five quarters -

Production decreased by 3.6% compared to the previous quarter for the first time in five quarters due to the decrease in cosmetics, soap, synthetic detergent, surface-active agents, cyclic intermediates and synthetic dyes, in spite of the increase in chemical fertilizer and synthetic rubber. Shipment decreased by 4.0% compared to the previous quarter for the first time in two quarters due to the decrease in plastics, cosmetics, cyclic intermediates and synthetic dyes, in spite of the increase in soda chemicals and organic chemicals. Inventory increased by 3.0% compared to the end of the previous quarter for the first time in three quarters due to the increase in plastics, cyclic intermediates, synthetic dyes and cosmetics.

Sub-classification by kind of industry

1) Production of cosmetics decreased by 7.9% compared to the previous quarter for the first time in two quarters. This is attributable to the decrease in makeup products including foundation as a reaction to the production increase for campaign activity in the previous quarter, the decrease in cosmetics for hair, including shampoos and hair rinses, by successive production adjustment since the previous quarter, in addition the decrease in cosmetics for skin including facial cleansing cream, foam as well as face lotion.

2) Production of soaps, synthetic detergent and surface-active agents decreased by 6.6% compared to the previous quarter for the first time in three quarters. This is attributable to the decrease in synthetic detergents and bar soaps as a reaction to the previous quarter as well as the decrease in anionic surfactant.
3) Production of cyclic intermediates and synthetic dyes decreased by 4.0% compared to the previous quarter for the first time in two quarters. This is attributable to the decreases in high-purity terephthalic acid and phenol, respectively due to the production adjustment and the effect of periodic repair work in some plants and the closedown of a raw material facility.

L. Petroleum and coal product industry

- Production increased for four consecutive quarters due to the increase in demand for B/C heavy oil for electricity -

Production increased by 1.1% compared to the previous quarter for four consecutive quarters due to the increase in gasoline, B/C heavy oil, and naphtha. Shipment decreased by 1.2% compared to the previous quarter for the first time in four quarters due to the decrease in gasoline, lubricant and naphtha. Inventory increased by 15.4% compared to the end of the previous quarter for the first time in two quarters due to the increase in B/C heavy oil, gasoline and kerosene. The inventory ratio increased by 6.2% compared to the previous quarter for the first time in five quarters.

Trends in major items

1) Production of gasoline increased by 1.4% compared to the previous quarter for two consecutive quarters. Shipment decreased by 1.7% as a reaction to the consecutive increase for three quarters, however increased compared to the corresponding quarter of the previous year for four consecutive quarters. Inventory increased by 8.1% compared to the end of the previous quarter for the first time in two quarters.

2) Production of naphtha increased by 3.9% compared to the previous quarter for six consecutive quarters. Shipment decreased by 1.6% compared to the previous quarter for the first time in four quarters due to the decrease in production of ethylene, pure benzene and pure toluene for major destinations. Inventory increased by 12.9% compared to the end of the previous quarter for the first time in two quarters.

3) Production of kerosene decreased by 0.3% compared to the previous quarter for the first time in four quarters, but compared to the corresponding quarter of the previous year, it has remained at a high level, reflecting the increase in crude petroleum processing. Shipment increased by 0.9% compared to the previous quarter for four consecutive quarters. Inventory increased by 16.9% compared to the end of the previous quarter for two consecutive quarters.

4) Production of light oil decreased by 1.0% compared to the previous quarter for the first time in two quarters. Shipment decreased by 0.5% for the first time in two quarters due to rationalization of transportation and the decreased ownership of light oil cars. Inventory increased by 18.1% compared to the end of the previous quarter for the first time in two quarters.

5) Production of B/C heavy oil increased by 6.8% and shipment also increased by 5.1% compared to the previous quarter, both for four consecutive quarters. This is attributable to
the large increase in demand for thermal power generation due to the closedown of nuclear power plants since last September. Inventory increased by 49.5% compared to the end of the previous quarter for three consecutive quarters.

6) Production of coal products (coke) decreased by 0.5% compared to the previous quarter for the first time in three quarters. Shipment decreased by 3.7% compared to the previous quarter for the first time in two quarters due to the decrease in demand for pig iron. Inventory increased by 12.1% compared to the end of the previous quarter for the first time in two quarters.

M. Plastic product industry
- Production and shipment decreased -
  □ Production decreased by 0.1% compared to the previous quarter due to the decrease in consumption material-related and construction material-related production, in spite of the increase in manufacturing material-related production. Shipment decreased by 0.4% compared to the previous quarter for the first time in two quarters due to the decrease in consumption material-related and construction material-related production, in spite of the increase in manufacturing material-related production. Inventory decreased by 0.5% compared to the end of the previous quarter for six consecutive quarters due to the decrease in construction material-related and manufacturing material-related production, in spite of the increase in consumption material-related production.
  □ Production by use
  1) In manufacturing material-related items, plastic containers (hollow molded) increased by 1.5% compared to the previous quarter for two consecutive quarters due to a shift from cans for beverages and favorable sales of PET bottles mainly for soft drinks. Plastic containers (other than hollow molded containers) increased by 4.7% compared to the previous quarter for two consecutive quarters due to the increase in containers for beverages. Artificial leather increased by 0.9% compared to the previous quarter for the first time in two quarters due to the increase for interior decoration of cars.

  2) Among consumption material-related items, plastic daily necessities and miscellaneous goods decreased by 7.7% compared to the previous quarter for the first time in two quarters due to the decrease in garden supplies and storage articles. Plastic films/sheets decreased by 0.2% compared to the previous quarter for the first time in two quarters due to the decrease in flexible plastic sheets for agricultural use. Foam-made products decreased by 0.6% compared to the previous quarter for the first time in two quarters due to the decrease in board products to be used for building heat insulation materials and floors, in addition the decrease in demand for food styrene paper.

  3) Among engineering and construction material-related items, plastic pipes decreased by 7.8% compared to the previous quarter for two consecutive quarters due to the effect of the nominal demand associated with the price advance of vinyl chloride resin in the last half of
the previous year, as well as the decrease in demand for water and sewer pipes related to public works. Reinforced plastic decreased by 3.4% compared to the previous quarter for two consecutive quarters due to the decrease in bathtubs. Plastic boards decreased by 1.2% compared to the previous quarter for six consecutive quarters due to the decrease in flat plates for telecommunication.

N. Pulp, paper and paper products industry
- Production and shipment decreased for three consecutive quarters -
- Production decreased by 0.6% compared to the previous quarter for three consecutive quarters due to the decrease in all kinds of industries including pulp, paperboards, paper and paper products. Shipment decreased by 0.8% for three consecutive quarters due to the decrease in all kinds of industries including paper, paperboards, paper products and pulp. Inventory increased by 0.9% compared to the end of the previous quarter for the first time in two quarters due to the increase in paper and paper products.

- Sub-classification by kind of industry
  1) Production of paper decreased by 0.1% compared to the previous quarter for three consecutive quarters due to the decrease in winding paper for newspaper and package paper. Shipment decreased by 1.0% compared to the previous quarter due to the decrease in winding paper for newspaper, hygiene paper, package paper and printing paper (coating). Inventory increased by 1.1% compared to the end of the previous quarter for the first time in two quarters due to the increase in printing paper (coating), hygiene paper and information paper.
  2) Production of paperboards decreased by 0.8% compared to the previous quarter for three consecutive quarters due to the decrease in paperboards for paper containers and fiberboard. Shipment decreased by 1.2% compared to the previous quarter for three consecutive quarters due to the decrease in paperboards for paper containers and fiberboard. Inventory decreased by 1.2% compared to the end of the previous quarter for the first time in three quarters due to the decrease in fiberboard.
  3) Production of paper products (fiberboard sheets) decreased by 0.3% compared to the previous quarter for two consecutive quarters. Shipment decreased by 0.3% compared to the previous quarter for two consecutive quarters due to the decrease in shipment for greengroceries, ceramic wares, glass products and miscellaneous goods.

O. Textile industry
- Production and shipment decreased for twenty-five consecutive quarters -
- Production decreased by 4.2% compared to the previous quarter for twenty-five consecutive quarters. This is caused by the decrease in all kinds of industries including clothing, chemical fiber and textile fabric due to the demand weakness. Shipment also decreased by 4.3% compared to the previous quarter for twenty-five consecutive quarters. Inventory decreased by 2.1% compared to the end of the previous quarter for eight consecutive quarters due to the
decrease in chemical fiber, textile fabrics and other textile products.

Sub-classification by kind of industry

1) Production of chemical fiber decreased by 5.2% compared to the previous quarter for ten consecutive quarters due to the decrease in discontinuous synthetic fiber, in spite of the slight increase in continuous synthetic fiber. Shipment decreased by 3.3% compared to the previous quarter for the first time in two quarters due to the decrease in discontinuous synthetic fiber, in spite of the increase in continuous synthetic fiber. Inventory decreased by 6.5% compared to the end of the previous quarter for eight consecutive quarters including flat periods due to the progression of inventory adjustment for synthetic fiber (discontinuous and continuous).

2) Production of spinning continued to decrease due to the effect of the shift towards overseas production and the import of products, and it decreased by 4.4% compared to the previous quarter for twenty-five consecutive quarters. Shipment remained sluggish as well as the production, and decreased by 6.1% compared to the previous quarter for two consecutive quarters. Inventory decreased by 2.0% compared to the previous quarter for five consecutive quarters due to the decrease in synthetic fiber spun yarns and wool yarns.

3) Production of textile fabric decreased by 2.0% compared to the previous quarter for fifteen consecutive quarters due to the decrease in cotton fabric, synthetic fabric (discontinuous) and wool fabric caused by the sluggish demand. Shipment decreased by 1.2% compared to the previous quarter for twelve consecutive quarters due to the decrease in synthetic fabric (discontinuous) and cotton fabric, in spite of the increase in synthetic fabric (continuous) and wool fabric. Inventory decreased by 2.9% compared to the end of the previous quarter for eight consecutive quarters due to the decrease in cotton fabric, synthetic fabric (discontinuous) and wool fabric.

4) Production of clothing decreased by 6.1% compared to the previous quarter for seventeen consecutive quarters due to the decrease in textile jackets, knitted jackets and socks because of the demand weakness. Shipment decreased by 7.2% compared to the previous quarter for the first time in two consecutive quarters due to the decrease in all kinds of products including socks and textile jackets. Inventory increased by 0.1% compared to the end of the previous quarter for the first time in two quarters due to the increase in socks and underwear.

Trends in tertiary industries

A. Commerce

The total sales amount for the wholesale industry was 108.7022 trillion yen and increased slightly by 0.1% compared to the corresponding quarter of the previous year for two consecutive quarters due to the increase in wholesale industry for machinery and appliances and wholesale industry for mineral substances and metal materials where the sales volume of petroleum increased, in spite of the decrease in the wholesale industry for various items and for agriculture and livestock products.

The total sales amount for big wholesalers was 29.0491 trillion yen, a decrease of 1.5%
compared to the corresponding quarter of the previous year for the first time in three quarters.

The total sales amount for the retail industry was 31.3929 trillion yen, a decrease of 2.6% compared to the corresponding quarter of the previous year for nine consecutive quarters, despite an increase in the retail industry for food and beverages, because of decreases in other industries.

The total sales amount for big retailers was 5.2616 trillion yen, decreasing again by 1.1% compared to the corresponding quarter of the previous year with weak movement, since consumer sentiment remained cautious due to the uncertainties about employment and decrease in income.

The total sales amount and service sales amount for convenience stores was 1.7573 trillion yen, an increase in 2.4% compared to the corresponding quarter of the previous year. However, viewed from a like-for-like basis, they decreased by 2.2% compared to the corresponding quarter of the previous year.

B. Specific service industries

Business service industry

The contract amount for commodity leases (based on acceptance inspection) decreased by 1.5% compared to the corresponding quarter of the previous year for seven consecutive quarters, and the purchase amount for delivery items decreased by 1.5% compared to the corresponding quarter of the previous year.

The total sales amount for the rental industry decreased by 2.3% compared to the corresponding quarter of the previous year for eight consecutive quarters.

The total sales amount for the information service industry decreased by 2.1% compared to the corresponding quarter of the previous year.

The total sales amount for the advertising industry decreased by 2.7% compared to the corresponding quarter of the previous year. The main four advertising media also decreased by 4.4% compared to the corresponding quarter of the previous year.

The total amount handled for the credit card service industry increased by 2.3% compared to the corresponding quarter of the previous year. By type of business, sales credit business increased by 3.5% compared to the corresponding quarter of the previous year.

The total amount for the orders accepted in the engineering industry increased by 40.7% compared to the corresponding quarter of the previous year. The distribution is a 5.2% increase in domestic compared to the corresponding quarter of the previous year orders and a 174.4% increase in orders from overseas compared to the corresponding quarter of the previous year.

Personal service industry

In the leisure and amusement industries, theaters and halls, entertainer teams, pachinko parlors and bowling alleys increased, while amusement parks and theme parks, movie theaters, golf courses and golf driving ranges decreased.

In the culture and lifestyle industries, fitness clubs, funeral services, and cultural centers increased, while wedding ceremony halls and foreign language schools decreased.