2. Supply trend and final demand

(1) Outline of the supply trend for final demand

Supply trend of the first quarter

Outline of the supply trend for final demand for this quarter is as follows.

Overall industrial supply for consumption decreased by 0.5% (id.) for the first time in 2 quarters due to the decrease of individual consumption by 0.8% (id.) for the first time in 2 quarters, although government consumption increased by 0.4% (id.), up for 3 consecutive quarters.

Overall industrial supply for investment decreased by 1.3% (id.) for the first time in 2 quarters due to a decrease of public investment by 2.3% (id.) for the first time in 2 quarters, private housing by 3.1% (id.) for 2 consecutive quarters, private enterprise facilities by 0.7% (id.) for the first time in 2 quarters.

Exports increased by 2.3% (id.) and imports increased by 0.5% (id.) for 3 consecutive quarters.

IT-related consumption decreased by 10.3% (id.) for the first time in 2 quarters, IT-related investment decreased slightly by 0.1% (id.) for the first time in 3 quarters.

Changes in the Indices of All Industries (final demand components)

(1995 = 100, Ratio compared to the previous year, ratio compared to the previous quarter after seasonal adjustment)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1-3</td>
<td>4-6</td>
<td>7-9</td>
</tr>
<tr>
<td>Mining and Manuf.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary Ind.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special IT-related</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gov. consumption</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Investment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Corp. Fac.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining and Manuf.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary Ind.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special IT-related</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

2. The data of 2002 were corrected by annual correction. The data are also corrected accordingly to the revision of the basic data of indices of industries.

3. As for IT-related consumption and investment, see note on next page.

Source: “The Indices of All Industries (final demand components)”
Trend of IT-related consumption and investment

IT-related personal consumption for this quarter decreased by 10.3% compared to the previous quarter for the first time in 2 quarters, and non-IT-related consumption increased by 0.5% (id.), up for 2 consecutive quarters.

In addition, IT-related investment for private enterprise facilities decreased by 0.1% (id.) for the first time in 3 quarters, and non-IT-related investment decreased by 1.7% for the first time in 2 quarter.

Change in IT-related Consumptions

Index level (1995 = 100, seasonally adjusted)  Ratio compared to the previous quarter, Rate of contribution to growth rate

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

Source: "The Indices of All Industries (final demand components)"
Change in IT-related Investment

Index level (1995 = 100, seasonally adjusted)

Ratio compared to the previous quarter, Rate of contribution to growth rate

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

Source: "The Indices of All Industries (final demand components)"
Looking at the trends of exports and imports for the first quarter of 2004 (on a quantity basis), exports as a whole increased by 2.3% compared to the previous quarter, due to an increase in export of goods (mining and manufacturing industry) by 1.9% (id.), although received services decreased by 0.7% (id.). Imports as a whole increased by 0.5% (id.) due to an increase in imports of goods (mining and manufacturing industry) by 3.2% (id.), although service payments decreased by 7.4% (id.).

By region, exports of goods increased in shipments for East Asia, Europe, ASEAN, and the U.S. Import of goods from the U.S. and ASEAN decreased, while that from East Asia and Europe increased.

Notes: 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
Comparison between the previous and current upward stages from the viewpoint of imports and exports

Surveying the differences between the previous and the current upward stages from the viewpoint of imports and exports, in the previous stage, imports grew more than export and continued increasing for a longer period. Exports grew to exceed domestic shipment, but reversed to a decrease 7 quarters later, and domestic shipment and imports also started to decrease another 2 quarters later. In the current stage, exports have been growing more than imports, and has kept growing for a longer period than in the previous stage. Imports, which showed relatively high increase for 5 quarters before turning flat, showed a relatively high increase again in the current quarter. The average contribution ratio of exports to the increase in shipments in the current upward stage is 45.0%, while it was 22.6% in the previous stage.

As for the situation of imports, comparing contribution ratios by goods to an increase in imports, producer goods contributed more than final demand goods (investment goods and consumer goods) in the current stage. Furthermore, by country (region), imports of producer goods increased from various countries (regions) like ASEAN, Taiwan, and China. The Chinese contribution ratio is the biggest both in investment goods and consumer goods, which implies a growing influence of China.

Changes in Indices of Imports and Exports in Mining and Manufacturing Industry (Seasonally adjusted)

<table>
<thead>
<tr>
<th>Index level (the fourth quarter of 1998 = 100)</th>
<th>Index level (the fourth quarter of 2001 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipment</td>
<td>Export</td>
</tr>
<tr>
<td>Previous stage</td>
<td>Current stage</td>
</tr>
<tr>
<td>100</td>
<td>105</td>
</tr>
<tr>
<td>0</td>
<td>2001</td>
</tr>
<tr>
<td>1998</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: “Breakdown of the shipment for the mining and manufacturing industry”, “All supply list of the mining and manufacturing industry”

Average Growth Rate of Shipment, Contribution Rate, and Average Import Infiltration Rate in the Previous and Current Upward Stage

<table>
<thead>
<tr>
<th>Average growth rate of shipment</th>
<th>Contribution ratio of Export</th>
<th>Contribution ratio of Domestic shipment</th>
<th>Average growth rate of Total supply</th>
<th>Average import infiltration rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous stage</td>
<td>Current stage</td>
<td>Previous stage</td>
<td>Current stage</td>
<td>Previous stage</td>
</tr>
<tr>
<td>5.6</td>
<td>7.4</td>
<td>22.6</td>
<td>45.0</td>
<td>77.8</td>
</tr>
</tbody>
</table>

Source: “Breakdown of the shipment for the mining and manufacturing industry”, “All supply list of the mining and manufacturing industry”
### Contribution Ratio to Import by Supplier Country (Region)

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>U.S.</th>
<th>Europe</th>
<th>ASEAN</th>
<th>China</th>
<th>Taiwan</th>
<th>Korea</th>
<th>Others</th>
<th>Whole World</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Previous stage</strong>&lt;br&gt;Mineral and manufacturing industry</td>
<td>-4.6</td>
<td>6.4</td>
<td>21.5</td>
<td>25.5</td>
<td>7.4</td>
<td>9.2</td>
<td>23.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Investment goods</strong></td>
<td>-6.4</td>
<td>3.6</td>
<td>4.0</td>
<td>3.6</td>
<td>2.8</td>
<td>3.6</td>
<td>1.3</td>
<td>23.6</td>
</tr>
<tr>
<td><strong>Consumer goods</strong></td>
<td>-1.8</td>
<td>-1.7</td>
<td>3.2</td>
<td>16.9</td>
<td>2.0</td>
<td>1.4</td>
<td>8.3</td>
<td>30.7</td>
</tr>
<tr>
<td><strong>Producer goods</strong></td>
<td>4.8</td>
<td>5.2</td>
<td>13.8</td>
<td>4.7</td>
<td>2.5</td>
<td>4.1</td>
<td>13.9</td>
<td>45.0</td>
</tr>
<tr>
<td><strong>Current stage</strong>&lt;br&gt;Mineral and manufacturing industry</td>
<td>4.5</td>
<td>7.9</td>
<td>16.5</td>
<td>34.0</td>
<td>12.7</td>
<td>10.7</td>
<td>16.9</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Investment goods</strong></td>
<td>-3.8</td>
<td>0.8</td>
<td>3.4</td>
<td>12.8</td>
<td>0.6</td>
<td>0.8</td>
<td>-0.8</td>
<td>17.6</td>
</tr>
<tr>
<td><strong>Consumer goods</strong></td>
<td>0.1</td>
<td>-0.9</td>
<td>-2.0</td>
<td>9.4</td>
<td>-0.4</td>
<td>-1.0</td>
<td>8.1</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Producer goods</strong></td>
<td>8.7</td>
<td>9.1</td>
<td>15.5</td>
<td>11.6</td>
<td>12.7</td>
<td>11.1</td>
<td>11.0</td>
<td>68.1</td>
</tr>
</tbody>
</table>

Notes: Estimated value rearranged from trade statistics to commodities of indices of industrial production. Contribution ratio by goods and country (region) for growth rate comparing import levels during trough and average import level during upward stage. The total and the breakdown do not always correspond because of seasonal adjustment and rounding off.

As for the situation of exports, comparing contribution ratios by goods to an increase in exports, the rate of producer goods, which was big in the previous quarter, shrank in the current stage, while that of investment goods and consumer goods increased. A relatively well-balanced increase can be observed in exports. Furthermore, by country (region), investment goods, whose exports to the U.S., etc. contributed downward last time, increased in all the countries (regions) this time. Consumer goods also expanded in countries (regions) that contributed to an increase compared to the previous quarter. In particular, for all goods Chinese contribution ratio is the biggest.

In exports as well as in imports, the influence of China is growing, therefore the future of Chinese economy is notable.

By commodity, in the previous quarter IT-related goods led an increase with contribution ratio exceeding 60%, including semiconductor products machineries and semiconductor characteristic measuring equipment. Contribution ratio of IT-related goods is still high in this quarter, but is around 40%, much lower than the previous quarter.

By country (region), with regard to IT-related goods contribution of ASEAN and China was big in the previous quarter, and the contribution ratio of East Asia including Taiwan and Republic of Korea was around 80%. Exports to East Asia contributed greatly in the previous quarter. In contrast in the current quarter, contribution ratio of ASEAN and the U.S. shrank, while that of China increased from 25.6% to 53.6%.

### Contribution Ratio to Imports by Destination Country (Region)

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>U.S.</th>
<th>Europe</th>
<th>ASEAN</th>
<th>China</th>
<th>Taiwan</th>
<th>Korea</th>
<th>Others</th>
<th>Whole World</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Previous stage</strong>&lt;br&gt;Mineral and manufacturing industry</td>
<td>17.4</td>
<td>-5.2</td>
<td>36.5</td>
<td>18.8</td>
<td>14.6</td>
<td>26.9</td>
<td>-22.9</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Investment goods</strong></td>
<td>-11.4</td>
<td>-6.6</td>
<td>7.4</td>
<td>4.3</td>
<td>10.1</td>
<td>8.8</td>
<td>-15.5</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Consumer goods</strong></td>
<td>13.5</td>
<td>-5.6</td>
<td>2.5</td>
<td>-2.3</td>
<td>0.5</td>
<td>1.7</td>
<td>-6.8</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Producer goods</strong></td>
<td>17.5</td>
<td>7.6</td>
<td>26.4</td>
<td>17.5</td>
<td>3.7</td>
<td>16.0</td>
<td>-0.8</td>
<td>92.5</td>
</tr>
<tr>
<td><strong>Current stage</strong>&lt;br&gt;Mineral and manufacturing industry</td>
<td>8.5</td>
<td>8.0</td>
<td>14.3</td>
<td>36.0</td>
<td>9.8</td>
<td>11.8</td>
<td>7.1</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Investment goods</strong></td>
<td>2.4</td>
<td>0.0</td>
<td>2.0</td>
<td>8.3</td>
<td>6.1</td>
<td>3.5</td>
<td>4.0</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>Consumer goods</strong></td>
<td>0.7</td>
<td>2.6</td>
<td>0.6</td>
<td>3.1</td>
<td>-0.1</td>
<td>0.7</td>
<td>2.1</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>Producer goods</strong></td>
<td>6.9</td>
<td>5.1</td>
<td>11.5</td>
<td>24.4</td>
<td>3.7</td>
<td>7.4</td>
<td>1.1</td>
<td>61.9</td>
</tr>
</tbody>
</table>

Notes: Estimated value rearranged from trade statistics to commodities in indices of industrial production. Contribution ratio by goods and country (region) for growth rate comparing export level during trough and average export level during upward stage. The total and the breakdown do not always correspond because of seasonal adjustment and rounding off.
Note 1: Definition of peaks and troughs

Peaks and troughs in this text are not so-called market highs and lows (Index of Business Conditions (Cabinet Office)) but highs and lows of trade levels. A trough is the period when index level changes from downward trend to upward trend, and a peak is the period when it changes from upward trend to downward trend. Troughs and peaks are decided through surveys by the chart of seasonal adjustment index level, and longer period in either of import or export is adopted. An upward stage is the period between the following quarter of a trough and a peak quarter.

<table>
<thead>
<tr>
<th>Previous stage</th>
<th>Current stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td></td>
</tr>
<tr>
<td>Trough</td>
<td>1998 IV</td>
</tr>
<tr>
<td>Peak</td>
<td>2001 IV</td>
</tr>
<tr>
<td>Trough</td>
<td>(2004 I)</td>
</tr>
<tr>
<td>Import</td>
<td></td>
</tr>
<tr>
<td>Trough</td>
<td>1998 IV</td>
</tr>
<tr>
<td>Peak</td>
<td>2001 IV</td>
</tr>
<tr>
<td>Adopted</td>
<td>(2004 I)</td>
</tr>
</tbody>
</table>

Note 2: The average contribution ratio is the ratio to the growth rate comparing the index level of a trough and the average index level of an upward stage.

### Contribution to an Increase of Overall Exports by Commodity

<table>
<thead>
<tr>
<th>Previous stage</th>
<th>Current stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traders</td>
<td>Traders</td>
</tr>
<tr>
<td>Mining and manufacturing Industry</td>
<td>Mining and manufacturing Industry</td>
</tr>
<tr>
<td>Semiconductor products machinery</td>
<td>Semiconductor products machinery</td>
</tr>
<tr>
<td>Large passenger cars</td>
<td>Large passenger cars</td>
</tr>
<tr>
<td>Fixed capacitors</td>
<td>Fixed capacitors</td>
</tr>
<tr>
<td>Metal Oxide Semiconductor IC (logic ICs)</td>
<td>Metal Oxide Semiconductor IC (logic ICs)</td>
</tr>
<tr>
<td>Large passenger cars</td>
<td>Large passenger cars</td>
</tr>
<tr>
<td>Metal Oxide Semiconductor IC (memory)</td>
<td>Metal Oxide Semiconductor IC (memory)</td>
</tr>
<tr>
<td>Metal Oxide Semiconductor IC (logic ICs)</td>
<td>Metal Oxide Semiconductor IC (logic ICs)</td>
</tr>
<tr>
<td>Large passenger cars</td>
<td>Large passenger cars</td>
</tr>
<tr>
<td>Metal Oxide Semiconductor IC (Micro computer)</td>
<td>Metal Oxide Semiconductor IC (Micro computer)</td>
</tr>
<tr>
<td>Hybrid IC</td>
<td>Hybrid IC</td>
</tr>
<tr>
<td>Semiconductor characteristic measuring equipment</td>
<td>Semiconductor characteristic measuring equipment</td>
</tr>
<tr>
<td>Silicon wafers</td>
<td>Silicon wafers</td>
</tr>
<tr>
<td>Drive, transmission and control parts</td>
<td>Drive, transmission and control parts</td>
</tr>
<tr>
<td>Steel ships</td>
<td>Steel ships</td>
</tr>
<tr>
<td>Chassis and Body parts</td>
<td>Chassis and Body parts</td>
</tr>
<tr>
<td>Food products machinery</td>
<td>Food products machinery</td>
</tr>
<tr>
<td>All IT-related goods</td>
<td>All IT-related goods</td>
</tr>
<tr>
<td>Semiconductor products machinery, etc.</td>
<td>Semiconductor products machinery, etc.</td>
</tr>
</tbody>
</table>

Notes:
- Estimated value rearranged from trade statistics to commodities in indices of industrial production.
- The rate of contribution is the rate by commodity to the growth rate comparing the export level of a trough and the average export level of an upward stage. Contribution ratio is a percentage of the rate of contribution by commodity regarding export as 100.
- “IT” is IT-related goods. Overall IT-related goods include those other than top 20 commodities in the rate of contribution.
- IT-related goods are those decided in the Indices of Industrial Production. See IIP for detail.
Changes in Exports of IT-related Goods

Index level (2000 = 100)

<table>
<thead>
<tr>
<th></th>
<th>Export</th>
<th>U.S.</th>
<th>Europe</th>
<th>ASEAN</th>
<th>China</th>
<th>Taiwan</th>
<th>Korea</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>16.78</td>
<td>2.20</td>
<td>0.52</td>
<td>4.39</td>
<td>4.02</td>
<td>1.56</td>
<td>2.57</td>
<td>0.44</td>
</tr>
<tr>
<td>2001</td>
<td>38.47</td>
<td>2.19</td>
<td>1.48</td>
<td>3.99</td>
<td>17.64</td>
<td>1.86</td>
<td>5.40</td>
<td>1.33</td>
</tr>
</tbody>
</table>

The average contribution

<table>
<thead>
<tr>
<th></th>
<th>Rate of contribution</th>
<th>Contribution ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>Previous stage</td>
<td>Current stage</td>
</tr>
<tr>
<td>U.S.</td>
<td>14.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Europe</td>
<td>3.3</td>
<td>4.5</td>
</tr>
<tr>
<td>ASEAN</td>
<td>28.0</td>
<td>12.1</td>
</tr>
<tr>
<td>China</td>
<td>25.6</td>
<td>53.6</td>
</tr>
</tbody>
</table>

Notes:
- Estimated value rearranged from trade statistics to commodities in indices of industrial production.
- The rate of contribution is the rate by country (region) to the growth rate comparing the export level of a trough and the average export level of an upward stage.
- Contribution ratio is a percentage regarding the total of average rate of contribution by country (region) as 100.
3. Trends by kind of industry

(1) Trend in the manufacturing industry

A. Iron and Steel industry

- Both production and shipment increased for 2 consecutive quarters. -

- Production increased by 2.2% compared to the previous quarter, and has increased for 2 consecutive quarters due to the increase in hot roll steel and steel castings and forgings. Shipments increased by 3.8% (id.), up for 2 consecutive quarters due to the increase in hot roll steel and steel pipes and tubes. Inventory decreased by 5.8% compared to the end of the previous quarter, down for the first time in 4 quarters due to the decrease in all industries.

- Sub-classification by industry

1) Production of crude products increased by 1.9% compared to the previous quarter, up for 2 consecutive quarters.

2) Production of hot roll steel increased by 3.1% (id.), up for 2 consecutive quarters due to the increase in special hot rolled steel products for export and for industrial machineries.

3) Production of steel pipes and tubes increased by 3.8% (id.), up for 2 consecutive quarters due to the increase both in special steel pipes and tubes and ordinary steel pipes and tubes.

4) Production of cold finished steel increased by 1.4% (id.), up for 2 consecutive quarters.

5) Production of metallic coated steel decreased, by 0.2% (id.), for the first time in 2 quarters due to the decrease in galvanized sheets and tin plates.

6) Production of steel castings and forgings increased by 2.3% (id.), up for 4 consecutive quarters due to the increase in all industries.

B. Non-ferrous metals industry

- Production decreased for 2 consecutive quarters due to the decrease in refining of non-ferrous metals. -

- Production decreased by 0.1% compared to the previous quarter, down for 2 consecutive quarters due to the decrease in refining of non-ferrous metals, in spite of the increase in electric wires and cables and non-ferrous metal castings. Shipments decreased, by 1.1% (id.), for the first time in 3 quarters due to the decrease in refining of non-ferrous metals, copper and copper-base alloys and aluminum rolling products. Inventory increased by 0.4% compared to the end of the previous quarter, up for the first time in 2 quarters due to the increase in electric wires and cables, copper and copper-base alloys and aluminum rolling products.

- Sub-classification by kind of industry

1) Production of refining of non-ferrous metals decreased by 3.8% compared to the previous quarter, down for the first time in 3 quarters due to the decrease in electrolytic gold, electrolytic copper and zinc. Shipments decreased, by 0.7% (id.), for the first time in 3 quarters due to the decrease in electrolytic gold, zinc and electrolytic copper. Inventory decreased by 8.5% compared to the end of the previous quarter, down for the first time in 3 quarters due to the
decrease in electrolytic copper, electrolytic copper, and zinc.

2) Production of copper and copper-base alloys and aluminum rolling products remained flat compared to the previous quarter. Shipments decreased, by 0.5% (id.), for the first time in 2 quarters due to the decrease in aluminum rolling products and aluminum foils. Inventory increased by 3.0% compared to the end of the previous quarter, up for the first time in 4 quarters.

3) Production and shipment of electric wires and cables increased by 0.6% and by 1.0% (id.) respectively compared to the previous quarter, up for the first time in 2 quarters due to the increase in copper electric wires and optical fibers core wires. Inventory increased by 4.7% compared to the end of the previous quarter, up for 4 consecutive quarters.

4) Production and shipment of non-ferrous metal castings increased by 0.4% compared to the previous quarter, up for 3 consecutive quarters due to the increase in die castings and copper and alloys casting.

C. Fabricated metals industry

- Both production and shipment decreased for the first time in 2 quarters. -

- Production decreased by 3.1% compared to the previous quarter, down for the first time in 2 quarters due to the decrease in fabricated structural metal products, equipment for heating and kitchen and metal products of building. Shipments decreased, by 1.2% (id.), for the first time in 2 quarters due to the decrease in fabricated structural metal products and metal products of building. Inventory decreased by 3.6% compared to the end of the previous quarter, down for the first time in 2 quarters due to the decrease in all industries.

- Sub-classification by kind of industry

1) Production of fabricated structural metal products decreased by 5.9% compared to the previous quarter, down for 4 consecutive quarters due to the decrease in structural-steel frames, steel towers, and light structural-steel frames. Shipments decreased, by 6.0% (id.), for the first time in 2 quarters.

2) Production of metal products for building decreased, by 1.8% (id.), for the first time in 3 quarters due to the decrease in aluminum sashes for wooden houses and aluminum doors. Shipments decreased, by 0.2% (id.), for the first time in 3 quarters due to the decrease in aluminum sashes for wooden houses, etc. Inventory decreased by 2.5% compared to the end of the previous quarter, down for the first time in 2 quarters.

3) Production of equipment for heating and kitchen decreased by 5.7% compared to the previous quarter, down for the first time in 3 quarters due to the decrease in instantaneous type gas water heaters, oil space heaters, and gas over double burner cooking appliances. Shipments increased by 1.3% (id.), up for 2 consecutive quarters. Inventory decreased by 0.5% compared to the end of the previous quarter, down for the first time in 3 quarters.

4) Production of other metal products increased by 0.2% compared to the previous quarter, up for 2 consecutive quarters due to the increase in wire ropes, etc. Shipments increased by 1.8% (id.), up for 2 consecutive quarters due to the increase in food cans, wire ropes, etc. Inventory decreased by 5.2%
D. General machinery industry

- Production increased for 3 consecutive quarters due to the increase in special industrial machinery such as semiconductor products machinery. -

  □ Production increased, by 3.5%, compared to the previous quarter, for 3 consecutive quarters due to the increase in special industrial machinery, agricultural machinery, engineering and construction machinery, molds and dies, and chemical machinery. Shipments increased by 2.6% (id.), up for 5 consecutive quarters. Inventory increased, by 3.3%, compared to the end of the previous quarter, for the first time in 4 quarters. Inventory ratio decreased, by 1.0%, compared to the previous quarter, down for 2 consecutive quarters.

  □ Sub-classification by kind of industry

  1) Production of special industrial machinery increased, by 22.8% (id.), up for 3 consecutive quarters. By goods, semiconductor products machinery increased for 3 consecutive quarters, which were active both for exports to Asia, the U.S., and Europe and for domestic use due to favorable production for digital household appliances. Flat-panel display manufacturing equipment for exports to Republic of Korea and Taiwan and for domestic use increased for the first time in 2 quarters. Injection moulding machinery increased for 3 consecutive quarters due to favorable exports to China.

  2) Production of agricultural machinery increased, by 8.5% (id.), for the first time in 2 quarters due to the increase in wheel tractors for domestic use and agricultural driers for renewal demand.

  3) Production of engineering and construction machinery increased, by 4.0% (id.), up for 8 consecutive quarters due to the increase in shovel type excavators for favorable exports and for domestic use, and due to the increase in construction cranes and earth finishing machinery.

  4) Production of molds and dies increased, by 3.1% (id.), up for 2 consecutive quarters due to the increase both in stamping dies and molds for plastic.

  5) Production of chemical machinery increased, by 4.5% (id.), up for 5 consecutive quarters due to the increase in blenders, mixers and crushers, dust collectors, and heat exchangers.

  6) Production of boilers and power units decreased, by 5.3% (id.) for the first time in 2 quarters due to the decrease in demand for periodic repair of parts and accessories of boilers and parts and accessories of steam turbines.

  7) Production of metal cutting machinery decreased, by 3.9% (id.), for the first time in 5 quarters due to the decrease in special purpose machinery and numerically controlled lathes.

E. Electric machinery industry

- Production decreased for the first time in 4 quarters due to the decrease in refrigerators with freezer, etc. -

  □ Production decreased, by 1.4%, compared to the previous quarter for the first time in 4 quarters due to the decrease in household electrical machinery,
batteries, etc., in spite of the increase in electrical stationary machinery. Shipment decreased, by 1.9% (id.), for the first time in 2 quarters due to the decrease in household electrical machinery, batteries, etc., in spite of the increase in electrical measuring instruments and electrical rotating machinery. Inventory decreased, by 1.1%, compared to the end of the previous quarter for 2 consecutive quarters. Inventory ratio decreased by 0.8% compared to the previous quarter for 5 consecutive quarters.

Sub-classification by kind of industry
1) Production of household electrical machinery decreased, by 4.2% (id.), for the first time in 2 quarters due to the decrease in refrigerators with freezer owing to the progress of production shift to overseas, in spite of the increase in separate type air conditioners.
2) Production of batteries decreased, by 1.8%, (id.) for the first time in 3 quarters due to the decrease in alkaline storage batteries with a slump of the airtight type for domestic use, the decrease in alkaline manganese dioxide batteries with a slump for exports, and the decrease in lead acid storage batteries with a slump for the motor vehicle market, in spite of the increase in lithium ion storage batteries.
3) Production of electrical measuring instruments increased by 7.7% (id.), up for 3 consecutive quarters due to the increase in all goods such as semiconductor characteristic measuring equipments, among which memory IC testers and mixed signal IC testers were active for semiconductor makers.
4) Production of electrical stationary machinery increased by 11.1% (id.), up for 2 consecutive quarters due to the increase in power distribution transformers with growing orders for large-scale transformers from China, and the increase in arc type electric welders with increasing demand for domestic shipbuilding industries and motor vehicle manufacturing industries and for exports to China, although power conversion equipments decreased.

F. Information and communication electronics equipment industry
- Production decreased for the first time in 3 quarters due to the decrease in cellular telephones. -
  - Production decreased by 6.3% compared to the previous quarter, down for the first time in 3 quarters due to the decrease in communication equipment and household electronic machinery, in spite of the increase in electronic computers. Shipments decreased by 4.3% (id.), down for the first time in 3 quarters due to the decrease in communication equipment, in spite of the increase in electronic computers and household electronic machinery. Inventory increased by 9.2% compared to the end of the previous quarter. The inventory ratio increased by 1.3% compared to the previous quarter, up for 2 consecutive quarters.
  - Sub-classification by kind of industry
    1) Production of communication equipment decreased by 9.2% (id.), down for 4 consecutive quarters due to the decrease in digital transmission equipment accompanied with a slump of cellular telephones before the renewal of models
and a decreasing capital investment by communications carriers, in spite of the increase in basic exchange for mobile customer premises equipments and electric switching systems.

2) Production of household electronic machinery decreased by 0.1% (id.), down for the first time in 2 quarters due to the sharp decrease in DVD-videos in association with the reaction to the increase of production of new recorder models with HDD in the previous quarter, and due to the decrease of color televisions with shrinking production of digital cameras and cathode-ray tube TVs as a reaction to the previous quarter, although car navigation systems, video cameras, and liquid crystal televisions increased.

3) Production of electronic computers increased by 4.3% (id.), up for 3 consecutive quarters due to the increase in input-output units with increasing production of liquid display monitors, and due to the increase in personal computers with increasing fiscal year end demand for legal persons owing to the IT investment acceleration tax system, along with the increase in terminal equipment with increasing demand for ATMs for banking institutions, although general purpose computers, external storage, etc. decreased.

G. Electronic parts and device industry
- Production increased for 5 consecutive quarters due to the sharp increase in metal oxide semiconductor IC (memory) and metal oxide semiconductor IC (CCD).

- Production increased by 4.3% compared to the previous quarter, up for 5 consecutive quarters due to the increase in all industries such as electronic parts and semiconductor devices, along with the increase in integrated circuits owing to the sharp increase in metal oxide semiconductor IC (memory) and metal oxide semiconductor IC (CCD). Shipments increased by 3.1% (id.), up for 9 consecutive quarters due to the increase in integrated circuits and semiconductor devices, in spite of the decrease in electronic parts. Inventory increased by 17.3% compared to the end of the previous quarter, up for 2 consecutive quarters due to the continuous increase in electronic parts and semiconductor devices and the reverse to the increase of integrated circuits. The inventory ratio increased by 10.9% compared to the previous quarter, up for the first time in 5 quarters.

- Sub-classification by kind of industry
1) Production of integrated circuits increased by 7.1% (id.), up for 9 consecutive quarters due to the sharp increase in metal oxide semiconductor IC (memory) and metal oxide semiconductor IC (CCD) for cellular telephones and digital cameras, in spite of the slight decrease in metal oxide semiconductor IC (micro computer).

2) Production of electronic parts increased by 1.2% (id.), up for 5 consecutive quarters due to the increase in fixed capacitors due to the increase of loaded numbers through the improvement of the functions of electronics, and due to the increase in active matrix LCD (middle and small) and electronic circuit boards, in spite of the decrease in magnetic heads.
H. Transport equipment industry
- Production decreased for the first time in 3 quarters, as did shipments for the first time in 4 quarters due to the decrease in trucks. –

- Production of transport equipment decreased by 1.3% compared to the previous quarter, down for the first time in 3 quarters due to the decrease in railroad vehicles, trucks, and passenger cars. Shipments decreased, by 3.4% (id.), for the first time in 4 quarters. Inventory increased by 0.5% compared to the end of the previous quarter, up for the first time in 2 quarters. The inventory ratio decreased by 11.4% compared to the previous quarter, down for 2 consecutive quarters.

- Sub-classification by kind of industry
  1) Production of passenger cars decreased by 0.4% (id.), down for the first time in 3 quarters. By goods, small passenger cars decreased by 2.4% (id.), down for 2 consecutive quarters due to the decrease in exports, mainly to Europe, and the U.S. Midget passenger cars decreased by 0.8%, down for 2 consecutive quarters due to the decrease for domestic use, while large passenger cars increased by 1.0% (id.), up for 3 consecutive quarters due to the increase for domestic use in spite of the decrease in exports.
  2) Production of trucks decreased, by 10.2% (id.), for the first time in 5 quarters. By goods, large trucks decreased, by 10.3% (id.), for the first time in 2 quarters due to a reaction to replacement demand following the regulations of diesel cars and the decrease in exports. Small trucks decreased by 9.9% (id.), down for the first time in 7 quarters due to the decrease both for domestic use and for exports, and midget trucks decreased by 8.6% (id.), down for the first time in 3 quarters due to the decrease for domestic use.
  3) Production of motor vehicle parts decreased, by 0.2% (id.), for the first time in 3 quarters due to the decrease in chassis and body parts.
  4) Production of motorcycles increased by 7.7% (id.), up for 3 consecutive quarters due to the increase in motorcycles (more than 125 ml) for export.

I. Precision instruments industry
- Production increased for 3 consecutive quarters due to the increase in analytical instruments, etc. –

- Production increased by 7.1% compared to the previous quarter, up for 3 consecutive quarters due to the increase in all industries, in measuring machines and instruments, watches and clocks, and optical apparatus and...
parts. Shipments increased, by 9.2% (id.), for 3 consecutive quarters due to the increase in all industries, in measuring machines and instruments, optical apparatus and parts, and watches and clocks. Inventory decreased by 0.9% compared to the end of the previous quarter, down for 3 consecutive quarters. The inventory ratio decreased by 9.6% compared to the previous quarter, down for 3 consecutive quarters.

- **Sub-classification by kind of industry**

1) Production of measuring machines and instruments increased by 4.5% (id.), up for 4 consecutive quarters due to the increase in analytical instruments with favorable production of water analysis instruments, and due to the increase in measuring instruments and precision measuring machines and instruments, in spite of the decrease in gas-meters. Shipments increased by 4.9% (id.), up for 2 consecutive quarters. Inventory increased by 0.9% compared to the end of the previous quarter, up for 2 consecutive quarters.

2) Production of watches and clocks increased by 10.2% compared to the previous quarter, up for the first time in 5 quarters due to the increase in battery driven type watch (movements), battery driven type watch (complete), and battery 2 quarters. Inventory increased by 29.6% compared to the end of the previous quarter, up for the first time in 3 quarters.

3) Production of optical apparatus and parts increased by 4.9% compared to the previous quarter, up for 3 consecutive quarters due to the increase in interchangeable lenses for cameras for domestic use, in spite of the decrease in 35mm cameras. Shipments increased by 9.4% (id.), up for 3 consecutive quarters. Inventory decreased by 12.5% compared to the end of the previous quarter, down for 3 consecutive quarters.

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**J. Ceramics, stones and clay products industry**

- Production decreased for 4 consecutive quarters, while shipments decreased for 2 consecutive quarters. -

- Production decreased by 0.8% compared to the previous quarter, down for 4 consecutive quarters due to the decrease in cement and cement products for 5 consecutive quarters, due to the decrease in public construction work. Shipments decreased by 0.2% (id.), down for 2 consecutive quarters due to the decrease in cement and cement products, glass and glass products, and other ceramics, clay and stone products. Inventory decreased by 1.5% compared to the end of the previous quarter, down for 3 consecutive quarters due to the decrease in cement and cement products, glass and glass products, and ceramic wares and fine ceramics.

- **Sub-classification by kind of industry**

1) Production of glass and glass products increased by 0.2% compared to the previous quarter, up for 2 consecutive quarters due to the increase in glass for 5 consecutive quarters with steady demand for construction and motor vehicles, in spite of the decrease in glass products for 5 consecutive quarters accompanied with sluggish domestic demand.

2) Production of cement and cement products decreased by 2.1% (id.), down for
5 consecutive quarters due to the decrease in cement products for 14 consecutive quarters and the decrease in cement for 5 consecutive quarters, which have reflected inactive public construction work.

3) Production of ceramic wares and fine ceramics increased, by 0.8% (id.), for the first time in 4 quarters due to the increase in ceramic wares, up for the first time in 4 quarters due to the increase in tiles and electrical porcelain insulators, and the increase in fine ceramics for structural use, up for 2 consecutive quarters as a result of the increasing demand for domestic use.

4) Production of other ceramics, clay and stone products increased by 1.7% (id.), up for 3 consecutive quarters due to the increase in solidity carbonaceous electrodes, quick lime, abrasive products, etc.

K. Chemicals(excl. Drugs) industry
- Production increased for 2 consecutive quarters. -
  □ Production increased by 2.1% compared to the previous quarter, up for 2 consecutive quarters due to the increase in cosmetics, plastic (materials), synthetic rubbers, industrial inorganic chemicals, pigment and catalyst, etc., in spite of the decrease in high compressed gas, cyclic chemicals and synthetic dyes. Shipments increased by 1.5% (id.), up for 3 consecutive quarters due to the increase in plastic (materials), synthetic rubbers, aromatic hydrocarbons (petroleum, origin), sensitive materials for photography, etc., in spite of the decrease in high compressed gas, industrial organic chemicals, etc. Inventory increased by 1.0% compared to the end of the previous quarter, up for the first time in 3 quarters due to the increase in cosmetics, paint and printing ink, aromatic hydrocarbons (petroleum, origin), industrial sodium chemicals, etc.
  □ Sub-classification by kind of industry
  1) Production of cosmetics increased by 3.0% compared to the previous quarter, up for the first time in 2 quarters due to the increase in make up products owing to the increase in foundation, nail products, etc.
  2) Production of plastic (materials) increased by 2.7% (id.), up for 2 consecutive quarters due to the increase in polyacetal, as a reaction to the decrease in the previous quarter owing to the periodic repair.
  3) Production of synthetic rubbers increased, by 8.6% (id.), for the first time in 3 quarters due to the increase for tires with favorable domestic demand and overseas demand.

L. Petroleum and coal products industry
- Shipment increased for 2 consecutive quarters due to the increase in gasoline, gas oil, etc. -
  □ Production increased by 0.2% compared to the previous quarter, up for 2 consecutive quarters due to the increase in kerosene, jet fuel, lubricating oil, etc. Shipments increased by 0.4% (id.), up for 2 consecutive quarters due to the increase in gasoline, gas oil, jet fuel, etc. Inventory decreased by 11.9% compared to the end of the previous quarter, down for 2 consecutive quarters due to the decrease in gasoline, kerosene, heavy fuel oil B and C, etc. The
inventory ratio decreased by 9.5% compared to the previous quarter for 2 consecutive quarters.

Trends in major items
1) Production of gasoline increased by 0.2% compared to the previous quarter and shipment increased by 1.5% (id.), both up for 2 consecutive quarters due to the steady increase in the number of gasoline motor vehicles. Inventory decreased by 13.8% compared to the end of the previous quarter, down for the first time in 4 quarters.

2) Production of naphtha decreased by 2.1% compared to the previous quarter, down for the first time in 2 quarters. Shipments decreased, by 4.6% (id.), for the first time in 2 quarters due to the decrease in petrochemistry products, such as ethylene, pure benzene, which is the main recipient. Inventory increased by 12.6% compared to the end of the previous quarter, up for the first time in 3 quarters.

3) Production of kerosene increased by 6.0% compared to the previous quarter, up for the first time in 3 quarters. Shipments decreased by 3.5% (id.), down for 3 consecutive quarters due to a mild winter. Inventory decreased by 27.8% compared to the end of the previous quarter, down for 2 consecutive quarters.

4) Production of gas oil increased slightly by 0.1% compared to the previous quarter, up for the first time in 2 quarters. Shipments increased by 2.3% (id.), up for 2 consecutive quarters due to the increase in exports. Inventory decreased by 14.8% compared to the end of the previous quarter, down for the first time in 4 quarters.

5) Production of heavy fuel oil B and C decreased by 7.4% compared to the previous quarter, and shipments decreased by 3.5% (id.), both down for the first time in 2 quarters due to the sluggish demand for electricity owing to a mild winter, and due to decrease in demand for electricity by improvement in capacity utilization of nuclear power plants. Inventory decreased by 16.2% compared to the end of the previous quarter, down for the first time in 2 quarters.

6) Production of coal products (coke) increased by 1.0% compared to the previous quarter, up for the first time in 4 quarters due to the increasing demand for pig iron. Shipments decreased by 3.5% (id.), down for the first time in 3 quarters due to the decrease in export. Inventory increased by 17.5% compared to the end of the previous quarter, up for the first time in 2 quarters.

M. Plastic products industry
- Production decreased for the first time in 3 quarters. -

Production decreased by 0.6% compared to the previous quarter, down for the first time in 3 quarters due to the decrease in manufacturing material-related and consumption material-related production, in spite of the increase in construction material-related production. Shipments increased by 0.4% (id.), up for 3 consecutive quarters due to the increase in construction material-related and consumption material-related production, in spite of the decrease in manufacturing material-related production. Inventory increased by 0.9%
compared to the end of the previous quarter, up for 2 consecutive quarters due to the increase in all production; in consumption material-related, construction material-related, and manufacturing material-related production.

- Production by use

1) In manufacturing material-related items, plastic containers blow-molding decreased by 4.6% compared to the previous quarter, down for the first time in 5 quarters, due to a reaction to advance production in the previous quarter, along with the decrease owing to the miniaturization of PET bottles for drinks. Plastic products for machine tools and parts decreased by 0.5% (id.), down for the first time in 2 quarters due to the decrease in telecommunication parts for color TVs. Plastic containers (excl. blow-molding) decreased, by 7.7% (id.), for the first time in 5 quarters due to the decrease in containers for industrial use and for foods. In contrast, plastic synthetic leathers increased by 3.6% (id.), up for 2 consecutive quarters due to the increasing demand for furniture and bags.

2) In consumption, material-related items, plastic film and plastic sheets decreased by 0.6% (id.), down for the first time in 3 quarters due to the decrease in hard film for food containers, along with the decrease in soft film for packaging. In contrast, plastic products for daily necessaries and miscellaneous goods increased by 0.7% (id.) due to the increase in gardening goods and storage goods. Plastic formed products increased by 0.4% (id.) due to the increase in plates for construction insulating materials and flooring materials.

3) In engineering and construction material-related items, plastic pipes increased, by 7.9% (id.), for the first time in 2 quarters due to a provisional demand owing to a rise in prices of vinyl chloride resin. In contrast, plastic reinforced products decreased, by 0.9% (id.), for the first time in 2 quarters due to the decrease in septic tanks, etc. plastic plates decreased by 0.7% (id.), down for 2 consecutive quarters due to the decrease in corrugated sheets. Plastic material for buildings decreased by 0.2%, down for the first time in 2 quarters due to the decrease in gutters and accessories.

N. Pulp, paper and paper products industry

- Production increased due to the increase in all industries. -

- Production increased by 0.5% compared to the previous quarter due to the increase in all industries; in paper, pulp, paperboard, and converted and processed paper. Shipments increased, by 0.9% (id.), for the first time in 2 quarters due to the increase in paper, paperboard, and pulp. Inventory decreased by 0.3% compared to the end of the previous quarter, down for the first time in 2 quarters due to the decrease in paper, paperboard, and converted and processed paper.

- Sub-classification by kind of industry

1) Production of paper increased by 0.5% compared to the previous quarter, up for the first time in 2 quarters due to the increase in uncoated printing paper and newsprint paper in rolls. Shipments increased by 1.2% (id.) due to the increase in coated printing paper, uncoated printing paper, communication
paper, newsprint paper in rolls, and wrapping and packing paper. Inventory decreased by 0.9% compared to the end of the previous quarter, down for the first time in 4 quarters due to the decrease in coated printing paper, household and sanitary paper, wrapping and packing paper, and communication paper.

2) Production of paperboard increased by 0.4% compared to the previous quarter, up for the first time in 2 quarters due to the increase in container board. Shipments increased, by 0.4% (id.), for the first time in 2 quarters due to the increase in container boards. Inventory decreased by 0.7% compared to the end of the previous quarter, down for the first time in 2 quarters due to the decrease in paperboards for paper container.

3) Production of converted and processed paper (corrugated cardboard sheets) increased by 0.1% compared to the previous quarter, up for 3 consecutive quarters. Shipments decreased, by 0.2% (id.), for the first time in 3 quarters due to a decreasing demand for processed foods (including beverage) for beer and carbonated alcoholic drinks and for fresh fruits and vegetables.

O. Textiles industry
- Both production and shipment decreased continuously due to a stagnant demand. -

- Production decreased by 1.1% compared to the previous quarter, down for 28 consecutive quarters due to the decrease in all industries except for woven fabrics, especially in cloths, spun yarn, dyeing and finishing, etc. due to stagnant demand. Production of fiscal 2003 decreased by 7.8% compared to the previous year. Shipments also decreased by 0.7% compared to the previous quarter, down for 28 consecutive quarters. Inventory decreased by 2.5% compared to the end of the previous quarter, down for 11 consecutive quarters including leveling off, due to the decrease in man-made fibers, clothes, woven fabrics, etc.

- Sub-classification by kind of industry

1) Production of man-made fibers decreased by 0.6% compared to the previous quarter, down for 13 consecutive quarters including level off due to the decrease in synthetic fibers (staple), in spite of the slight increase in synthetic fibers (filament). Shipments increased by 0.4% (id.), up for 2 consecutive quarters due to the increase in synthetic fibers (filament), in spite of the decrease in synthetic fibers (staple). Inventory decreased by 9.7% compared to the end of the previous quarter, down for 2 consecutive quarters due to the decrease both in synthetic fibers (staple) and synthetic fibers (filament).

2) Production of spun yarn decreased by 4.0% compared to the previous quarter, down for 28 consecutive quarters due to the continuous decrease owing to production shift to overseas and the increase in imports of products. Shipments also decreased by 2.1% (id.) due to the decrease in synthetic fiber yarn. Inventory increased by 1.5% compared to the end of the previous quarter due to the increase in cotton yarn, synthetic fiber yarn, and woolen yarn.

3) Production of woven fabric increased by 0.4% compared to the previous quarter, up for the first time in 18 quarters due to the increase in synthetic
fiber fabrics (filament) and synthetic fiber fabrics (staple). Shipments decreased by 4.6% (id.) due to the decrease in all goods such as woolen fabrics, synthetic fiber fabrics (filament), silk and spun silk fabrics, etc. Inventory decreased by 0.4% compared to the end of the previous quarter, down for 11 consecutive quarters due to the decrease in synthetic fiber fabrics (filament), synthetic fiber fabrics (staple), etc.

4) Production of clothes decreased by 1.3% compared to the previous quarter, down for 20 consecutive quarters due to the decrease in woven fabrics outer wears and hosiery owing to a stagnant demand and the increase in imports of products. Shipments increased by 1.7% (id.) due to the increase in knitted fabrics outer wears, woven fabrics outer wears, and hosiery. Inventory decreased by 1.5% compared to the end of the previous quarter due to the decrease in woven fabrics outer wears and hosiery.

(2) Trends in tertiary industry
A. Commerce
   □ The total sales amount for the wholesale industry was 102.471 trillion yen, increasing by 1.1% compared to the corresponding quarter of the previous year, up for 2 consecutive quarters, due to the increase in machinery wholesale industry with favorable trade for electronic parts like semiconductors, construction and mining machinery for export, and metalworking machineries, along with the increase in chemical products wholesale industry, etc., although each type of merchandise wholesale industry, clothes and accessories wholesale industry, and construction materials wholesale industry decreased.
   □ The total sales amount for large wholesalers was 34.2744 trillion yen, decreasing by 1.3% (id.) and down for 4 consecutive quarters.
   □ The total sales amount for the retail industry was 31.9740 trillion yen, increasing slightly by 0.2% (id.), up for the first time in 12 quarters.
   □ The total sales amount for large retailers was 5.2668 trillion yen, decreasing by 0.6% (id.), down for 4 consecutive quarters, since consumer sentiment remained cautious due to uncertainties about the future owing to a slow improvement in employment and income, along with weak demand for seasonal cloths because of the bad weather.
   □ The total sales amount and service sales amount for convenience stores was 1.7103 trillion yen, increasing by 2.2% (id.) and up for 2 consecutive quarters.

B. Specific service industries
   - Business services
     □ The contract amount for commodity leases (based on acceptance inspection) increased by 0.4% compared to the corresponding quarter of the previous year, up for the first time in 10 quarters. The purchase amount for delivery items increased by 1.0% (id.).
     □ The total sales amount for the rental industry increased by 0.5% (id.), up for the first time in 11 quarters.
     □ The total sales amount for the information service industry increased by
0.6% (id.), up for 2 consecutive quarters.

- The total sales amount for advertising decreased by 1.2% (id.), down for 2 consecutive quarters. The main four advertising media also decreased by 1.7% (id.).

- The total amount handled for the credit card service increased by 7.3% (id.).

By type of business, sales credit business increased by 9.2% (id.).

- The total amount for the orders received in engineering service decreased by 15.5% (id.). The breakdown is a decrease of 16.2% (id.) for domestic demand and an increase of 13.5% (id.) for foreign demand.

Personal services

- In the leisure and amusement services, pachinko parlors increased, while golf courses, amusement parks and theme parks, movie theaters, theaters and performance theaters, performance companies, golf driving ranges, and bowling alleys decreased.

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