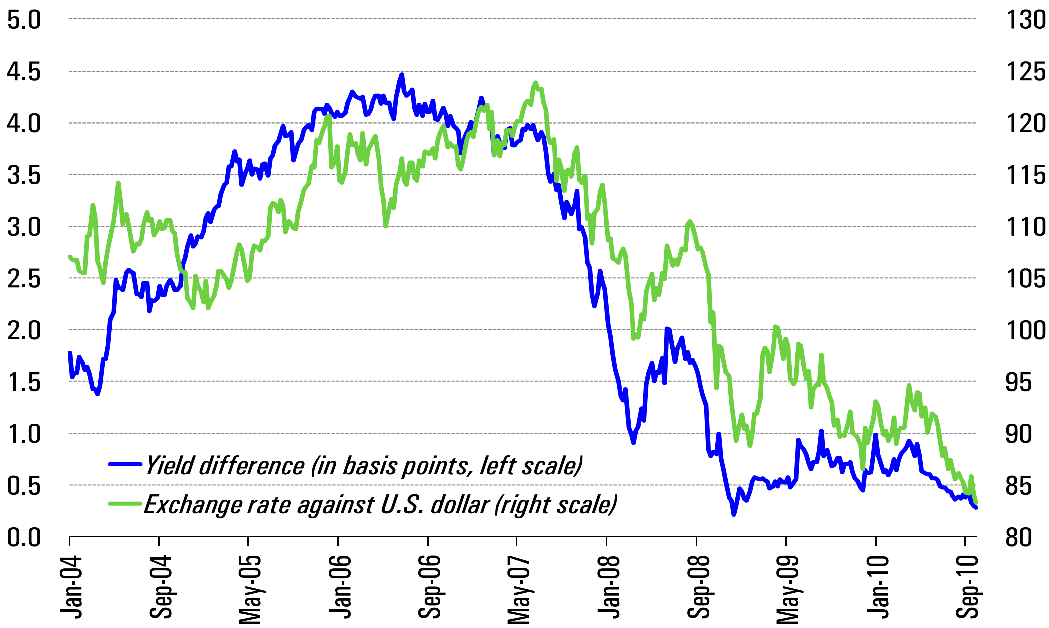
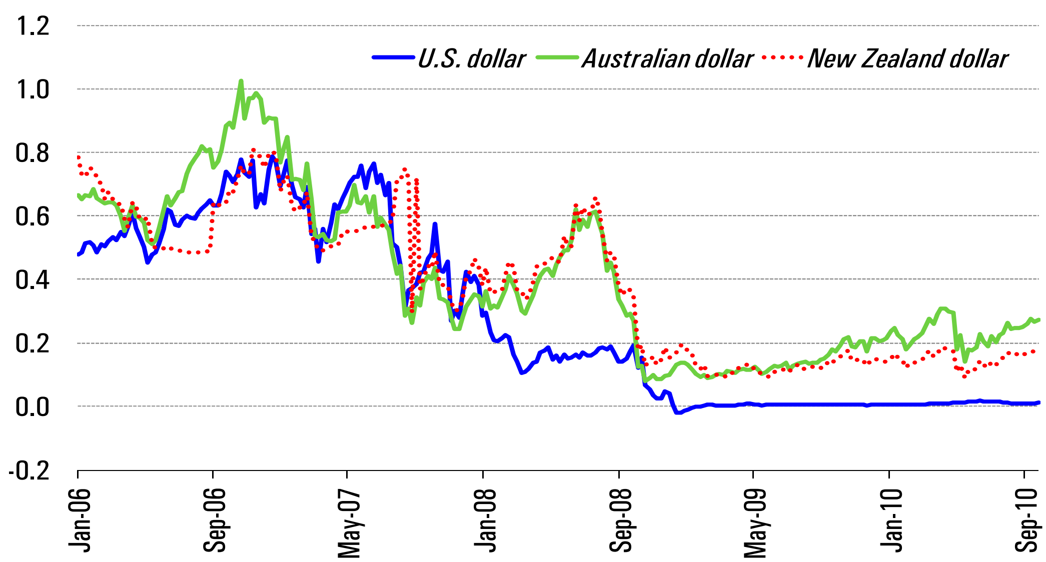
Japan: 2-Year Treasury Yield Difference with U.S. and Bilateral Exchange Rate Against the U.S. Dollar



Source: Bloomberg LP.

Japanese Yen: Rsk Adjusted Returns on Carry Trade[1]

(Sharpe ratio)

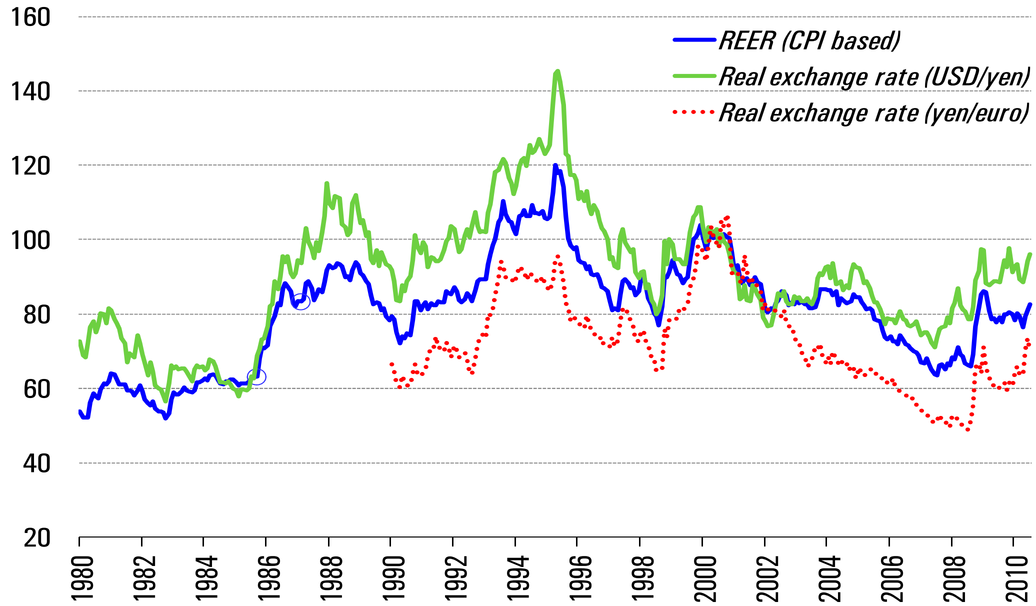


Source: IMF staff calculations.

[1] The Sharpe ratio (defined as 1-month interest rate differential divided by implied volatility in bilateral exchange rate) is a measure of the risk adjusted return on yen carry trade.

Japanese Yen: Real Exchange Rate

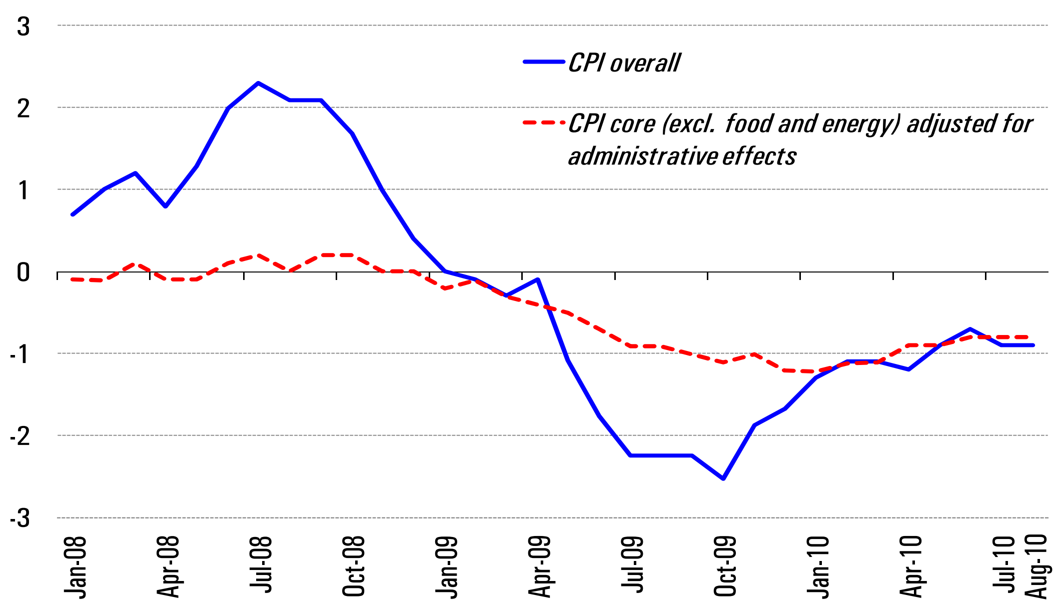
(2000=100)



Sources: Bloomberg LP; and IMF staff calculations.

Japan: Consumer Price Inflation

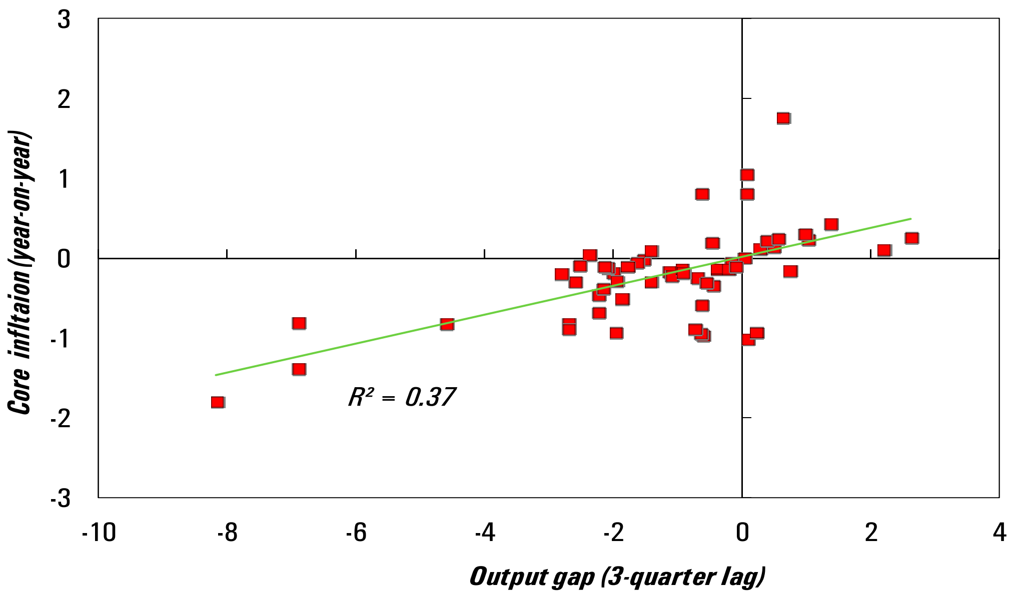
(Year-on-year, in percent)



Sources: CEIC Data Company Ltd.; and IMF staff calculations.

Japan: Philips Curve (1996–2010)

(In percent)



Source: IMF staff estimates.