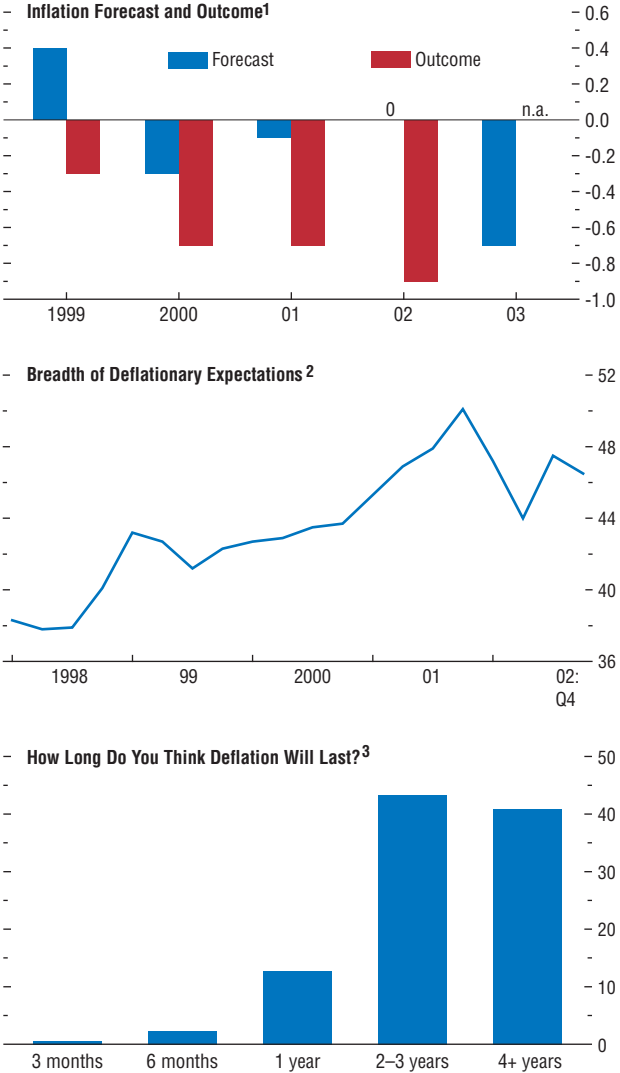


Figure 1.9. Japan: Deflationary Expectations Worsening (Percent)

In recent years, CPI inflation has turned out to be more negative than the year-ahead forecast; an increasing proportion of survey respondents expects price to fall; and most people expect deflation to last at least two more years.



Sources: Consensus Forecasts; and Ministry of Economy, Trade and Industry.
¹ Forecast refers to the Consensus Forecast in January of the previous year, and outcome refers to the Consensus Forecast in December of the current year.
² Proportion of survey respondents that expects prices to fall minus proportion that expects prices to rise.
³ Ministry of Economy, Trade and Industry Survey, August 2002.