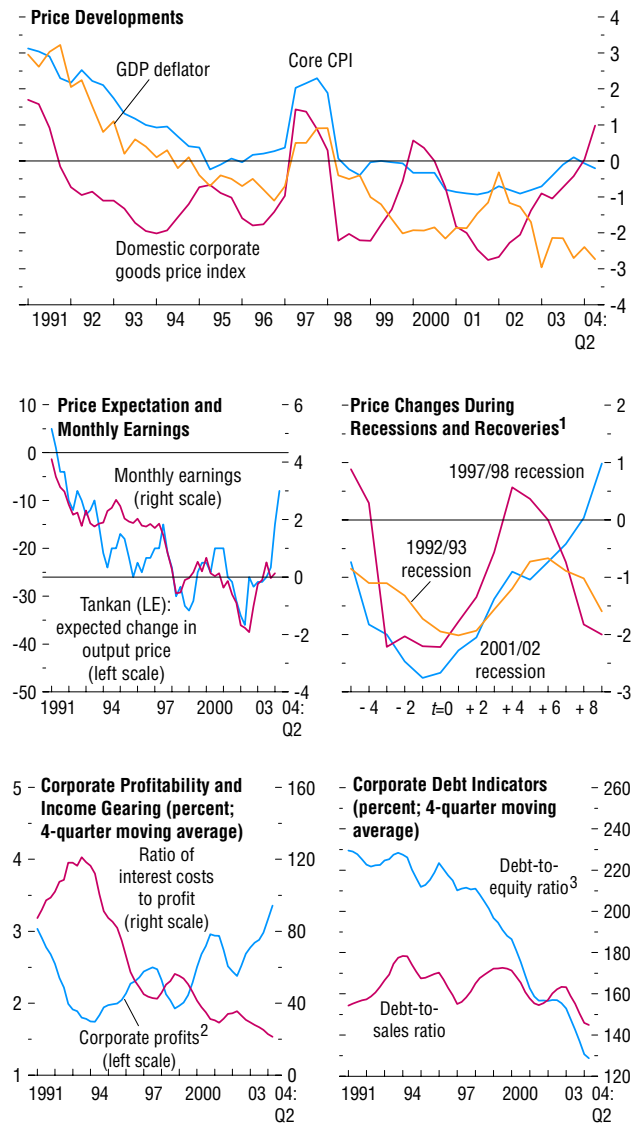


Figure 1.13. Japan: The End of Deflation?

(Percent change from a year ago)

Deflationary pressures have eased, partly reflecting the reduction in economic slack. With a sustained expansion increasingly likely, underpinned by continued progress in reducing financial vulnerabilities, prospects for ebbing deflationary expectations appear better than during other recent post-bubble recoveries.



Sources: Haver Analytics; Bank of Japan; and Ministry of Finance.

¹Based on domestic corporate goods price index. Quarters before and after output trough.

²Corporate profit to sales ratio.

³Equity valued at book value.