March 1, 2013
Economic and Social Research Institute

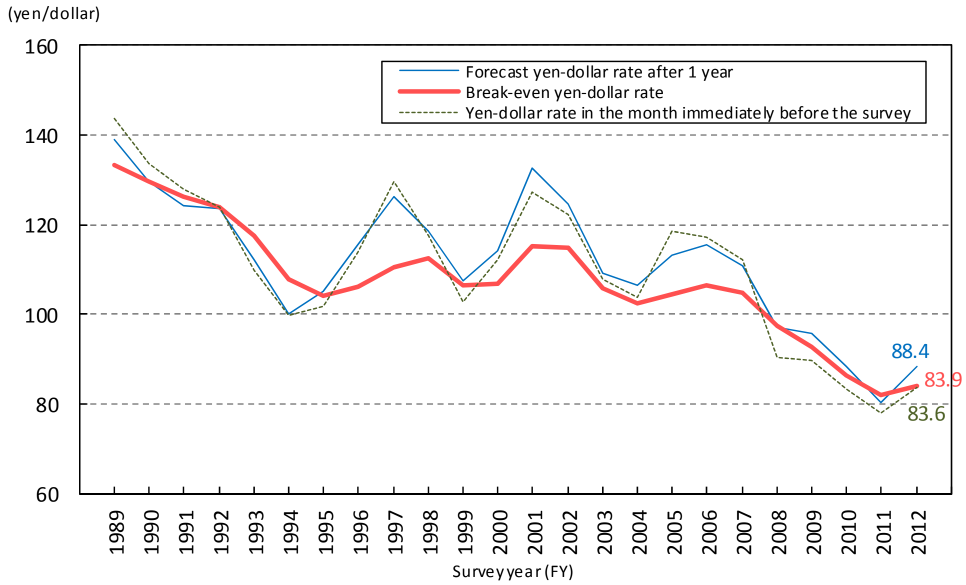
FY2012 Annual Survey of Corporate Behavior

(Summary)

■ The break-even yen-dollar rate for exporting companies on an all industries basis was 83.9 yen/dollar.
This was a 1.9 yen lower than the previous year's result (82.0 yen/dollar) and the first depreciation of the yen in six years.

*Figures are average of actual values (in relation to US dollar)

[Fig. 1] Trend of the forecast yen-dollar rate after 1 year and the break-even yen-dollar rate (all industries basis)



Note: "Forecast yen-dollar rate" refers to the class value average, and "break-even yen-dollar rate" refers to the average of actual values.
"Break-even yen-dollar rate" represents the value of only companies that are conducting exports.

Coverage	All companies listed on the First Section and Second Section of the Tokyo, Osaka, and Nagoya Stock Exchanges (2,374 companies as of November 1, 2012)
Responding companies	815 (425 in manufacturing industries, 390 in non-manufacturing industries)
Response rate	34.3%
Survey items	Forecast of Japan's economic growth rate, forecast of growth rate of industry demand, forecast yen-dollar rate, break-even yen-dollar rate, growth rate of capital investment, change in the number of employees, overseas production ratio, etc.
Period of the survey	January 2013

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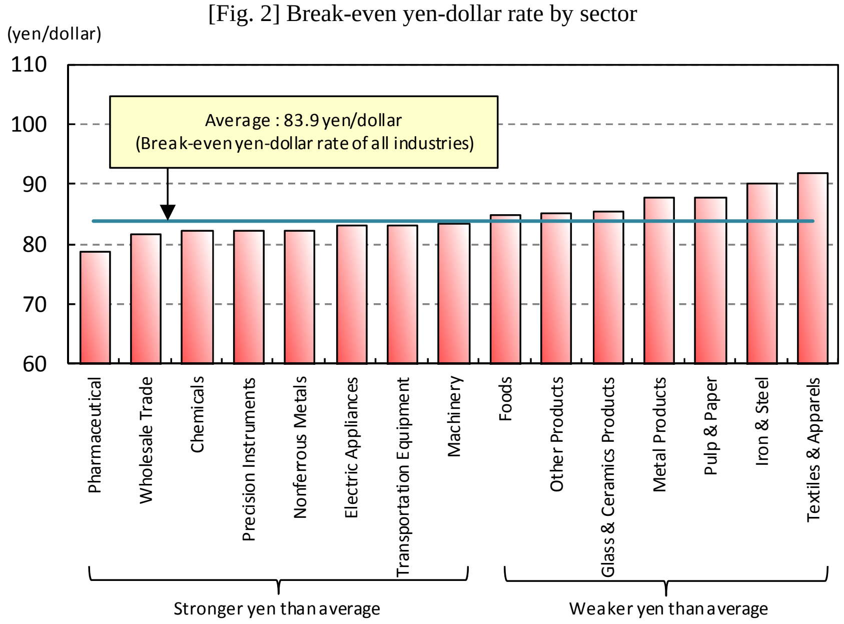
http://www.esri.cao.go.jp/en/stat/ank/ank-e.html

■ The break-even yen-dollar rate by sector compared to the average (break-even yen-dollar rate on an all industries basis) was:

-A weaker yen level for “Textiles & Apparels” (91.9 yen/dollar), and “Iron & Steel” (90.2 yen/dollar), etc.

-A stronger yen level for “Pharmaceutical” (79.0 yen/dollar) and “Wholesale Trade” (81.7 yen/dollar), etc.

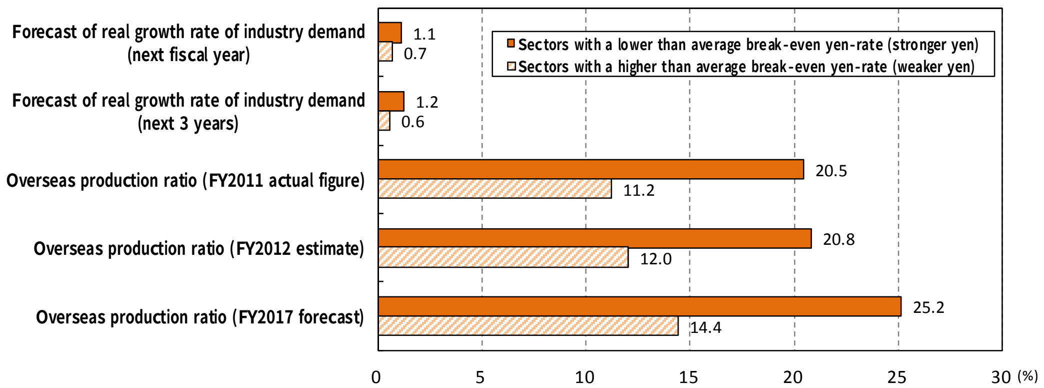
[Fig. 2] Break-even yen-dollar rate by sector



Note 1: “Break-even yen-dollar rate” represents the value of only companies that are conducting exports (average of actual values).
Note 2: Sectors only include those with 5 or more responding companies.

■ <u>Sectors with a break-even yen-dollar rate of a stronger yen level than average have higher real industry demand growth rate forecasts and overseas production ratios than sectors with a weaker yen level.</u>

[Fig. 3] Real growth rate forecast of industry demand and overseas production ratio by break-even yen-dollar rate level

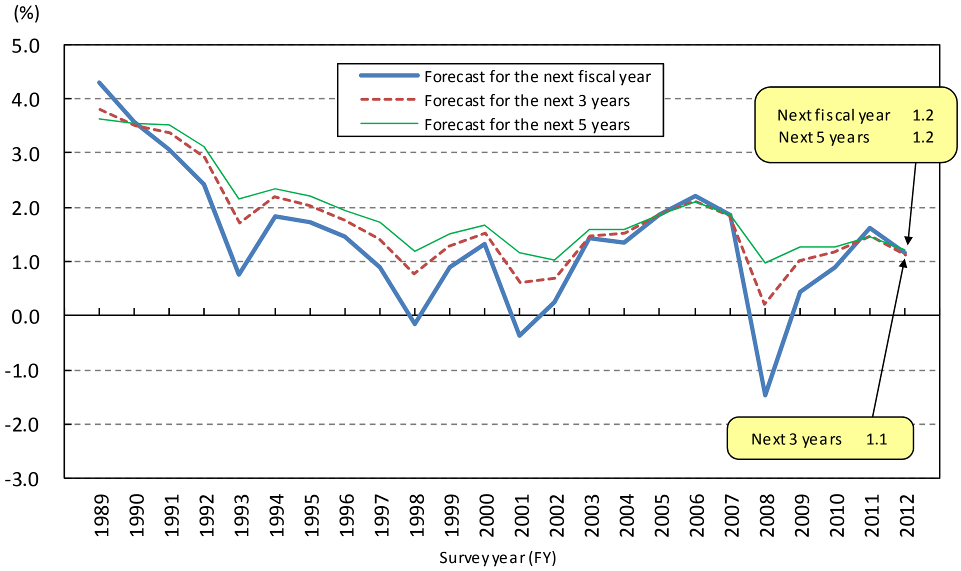


Note 1: Sectors were divided into two groups according to whether the break-even yen-dollar rate was lower (stronger yen) or higher (weaker yen) than the average. The real growth rate forecasts of industry demand of both groups, etc. were re-calculated (averages of actual values) and then compared.
Note 2: “Next fiscal year” refers to FY2013 and “next 3 years” refers to the average of FY2013-FY2015.
Note 3: Overseas production ratio = Volume of overseas production / (Volume of domestic production + Volume of overseas production)
Simple average of responding companies including those that reported 0.0% for the overseas production ratio.

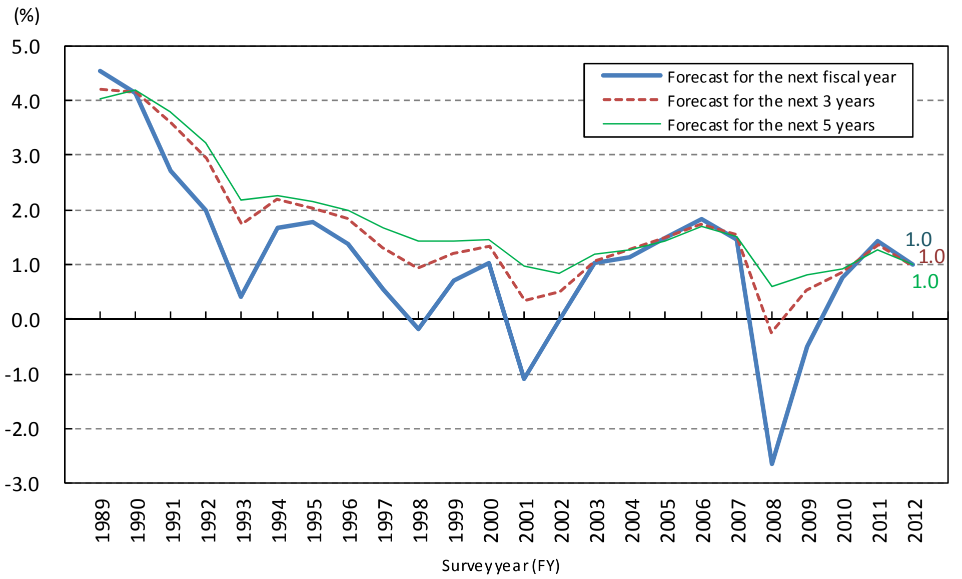
- The forecast of the real economic growth rate in Japan for the "next fiscal year" (FY2013) on an all industries basis was 1.2%, a rise for the fourth consecutive year.
- The forecast of the real growth rate of industry demand for the "next fiscal year" on an all industries basis was 1.0%, a rise for the third consecutive year.
- Compared to the Japan's real economic growth rate forecast, the real growth rate forecasts of industry demand were lower for the "next fiscal year," "next 3 years" and "next 5 years."

*Figures are average of actual values

[Fig. 4] Trend of Japan's real economic growth rate forecasts (all industries basis)



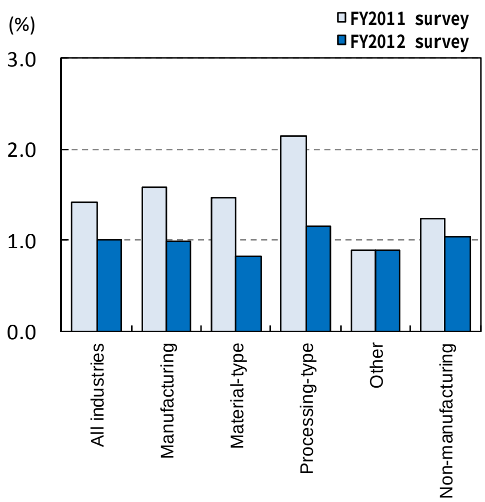
[Fig. 5] Trend of real growth rate forecasts of industry demand (all industries basis)



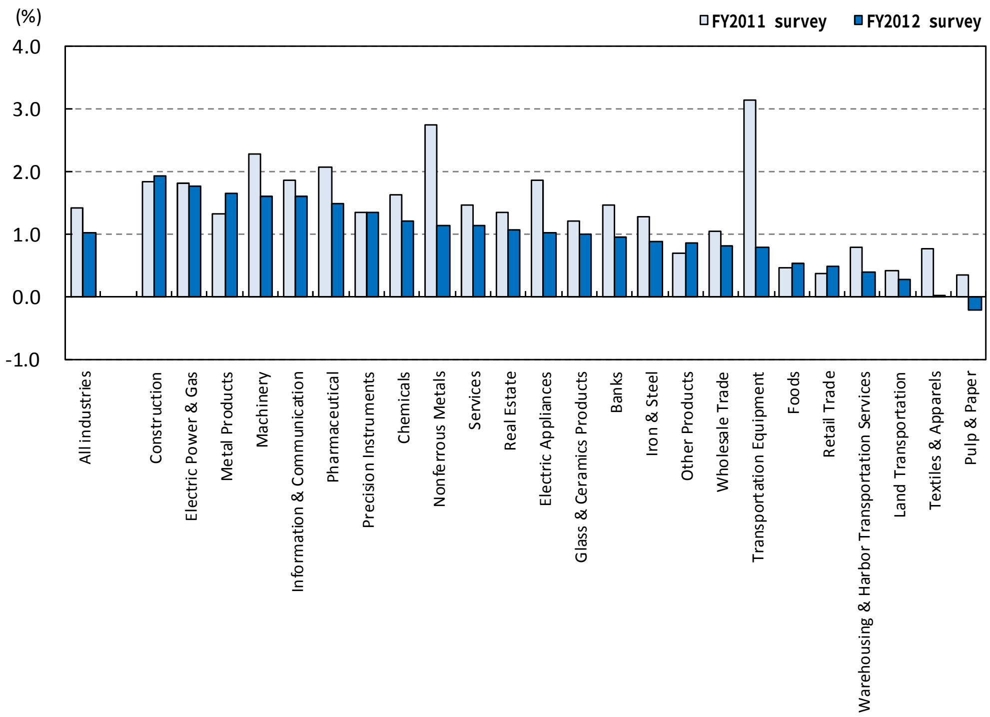
Note: With regard to the "forecast" for each fiscal year, for example, the "forecast for the next fiscal year" in the FY2012 survey refers to the forecast for FY2013; the "forecast for the next 3 years" refers to the forecast for FY2013 to FY2015; and the "forecast for the next 5 years" refers to the forecast for FY2013 to FY2017 (fiscal year average).

- The forecasts of the real growth rate of industry demand (next fiscal year) declined from the previous year's results in both manufacturing and non-manufacturing industries.
- In particular, the drop in manufacturing industries was large, with significant declines in sectors such as "Transportation Equipment", "Nonferrous Metals" and "Electric Appliances".
- On the other hand, sectors such as "Metal Products", "Construction" and "Retail Trade" saw a rise.

[Fig. 6] Real growth rate forecasts of industry demand by industry compared to the previous year's results (next fiscal year)



[Fig. 7] Real growth rate forecasts of industry demand by sector compared to the previous year's results (next fiscal year)



Note: Sectors only include those with 5 or more responding companies in the FY2012 survey.