

The Longevity of the Yen Carry Trade

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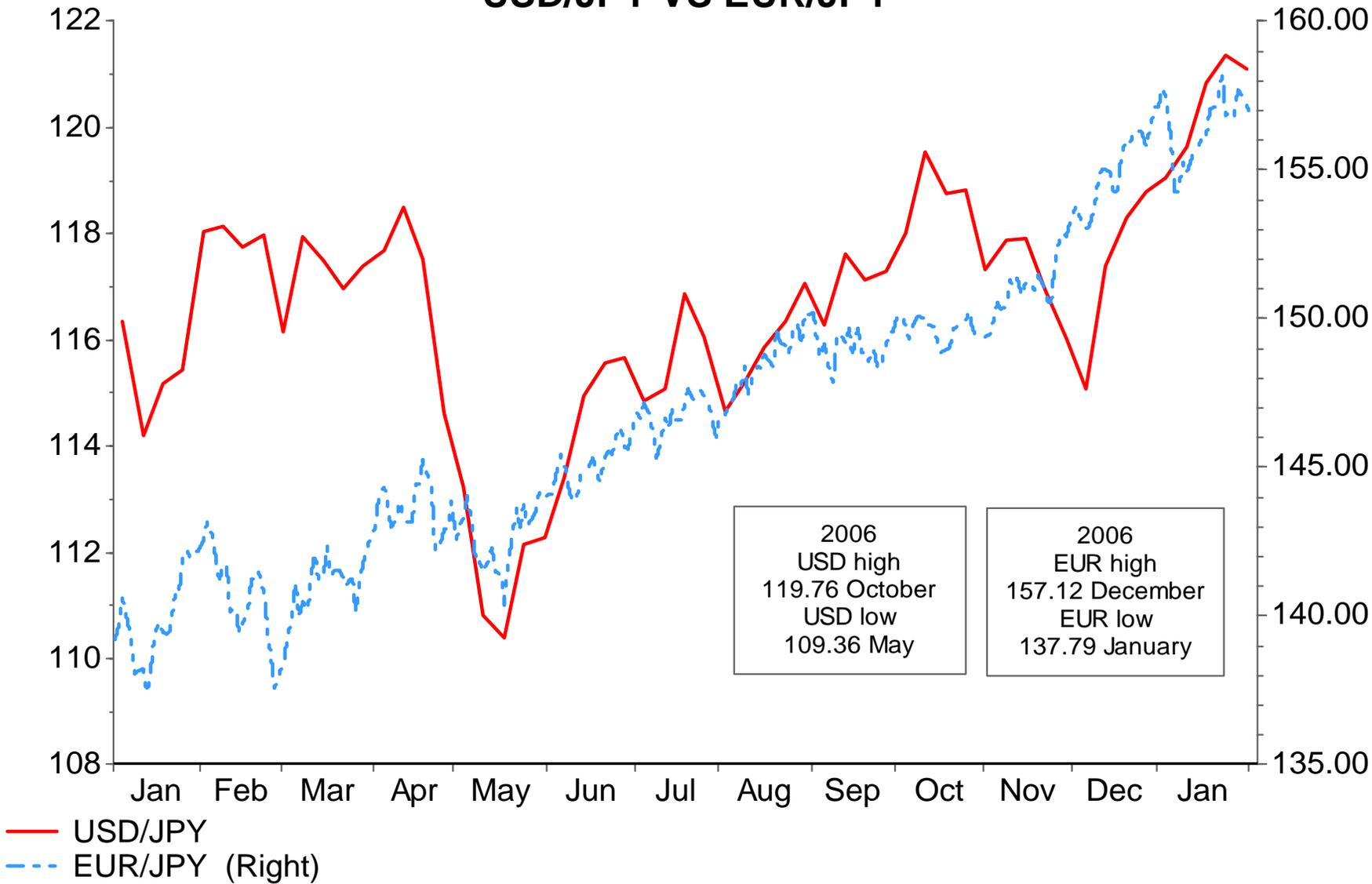
European Central Bank

6th February 2007

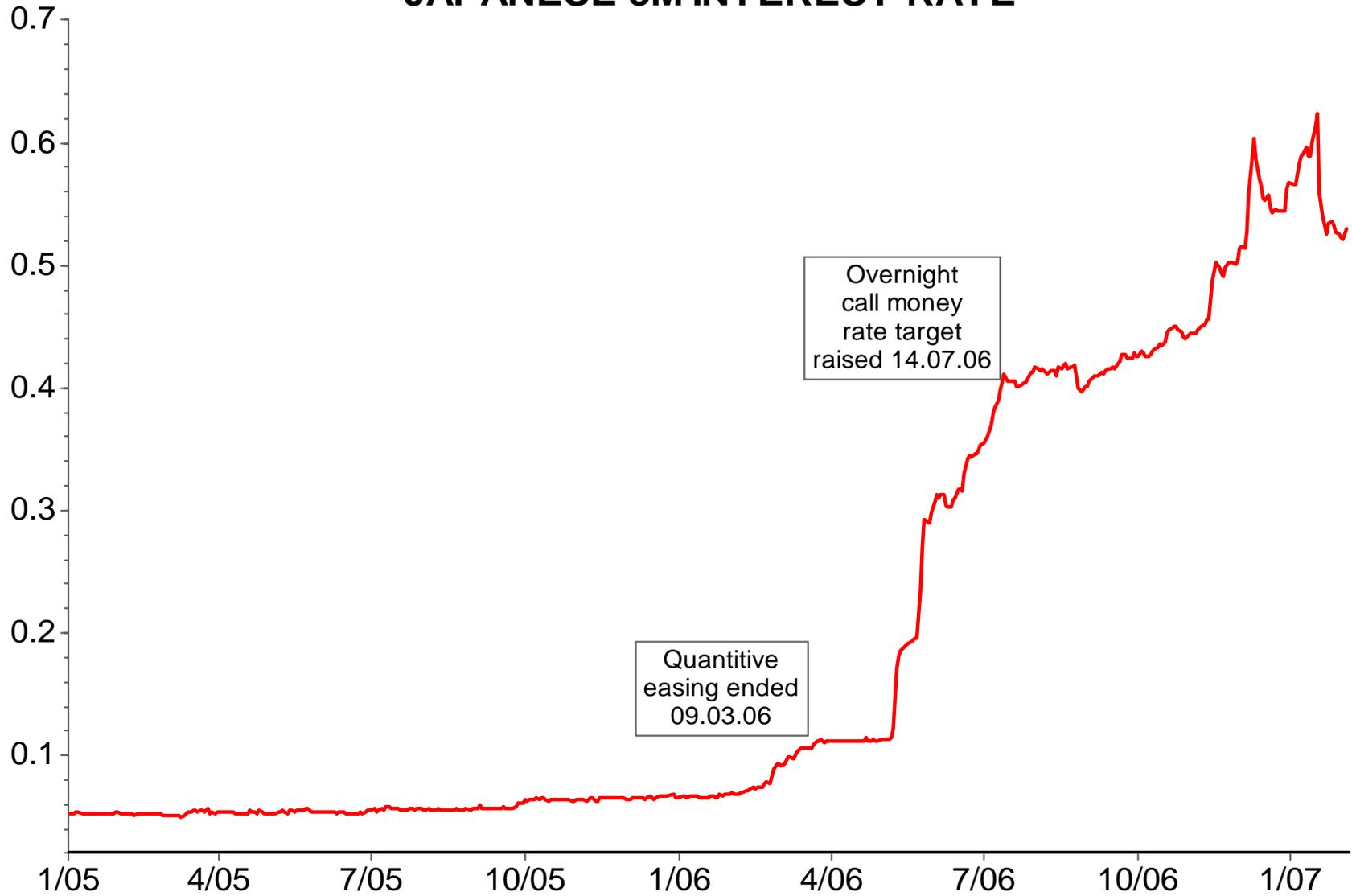


Bank of Tokyo-Mitsubishi UFJ

USD/JPY VS EUR/JPY



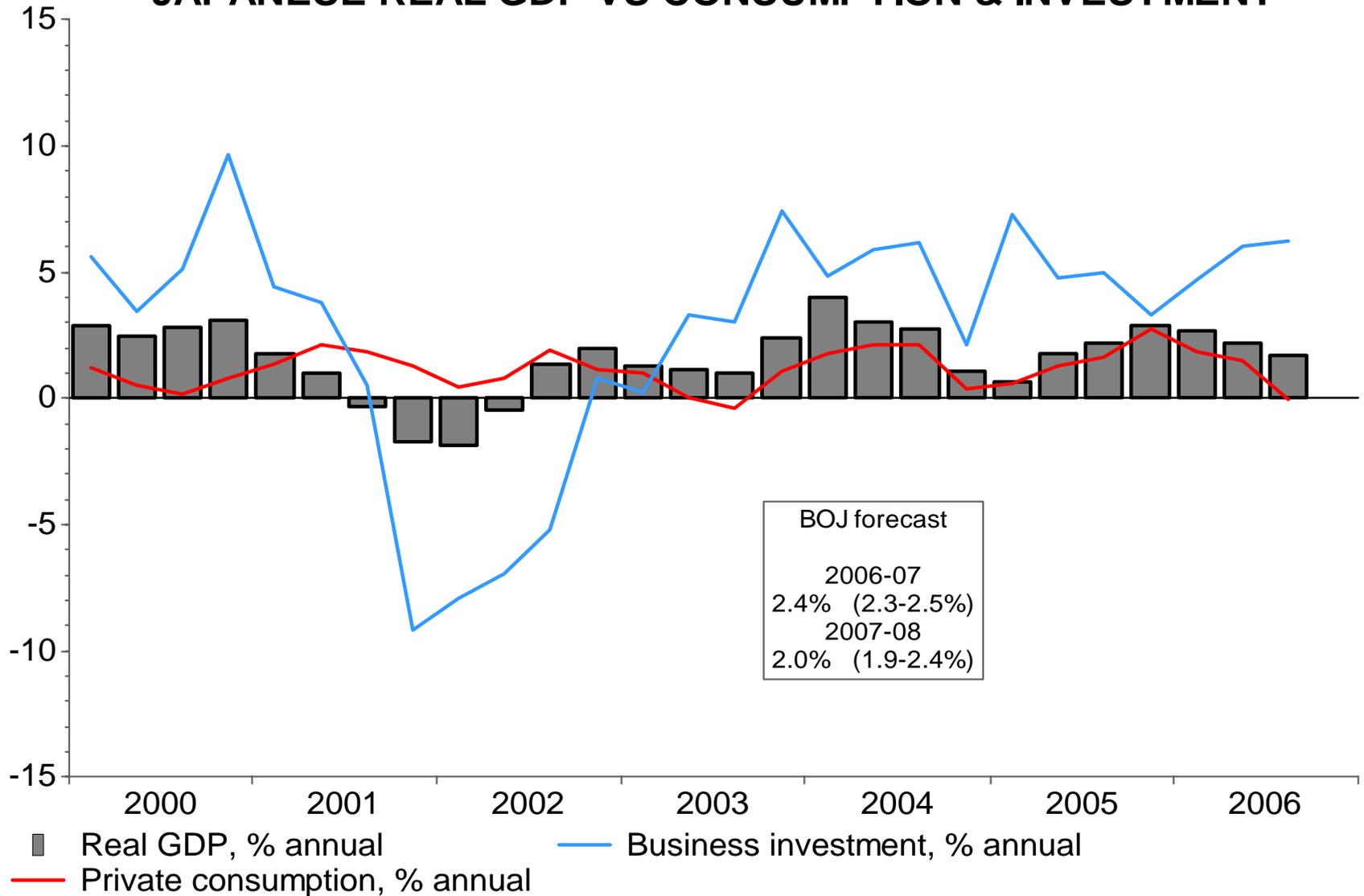
JAPANESE 3M INTEREST RATE



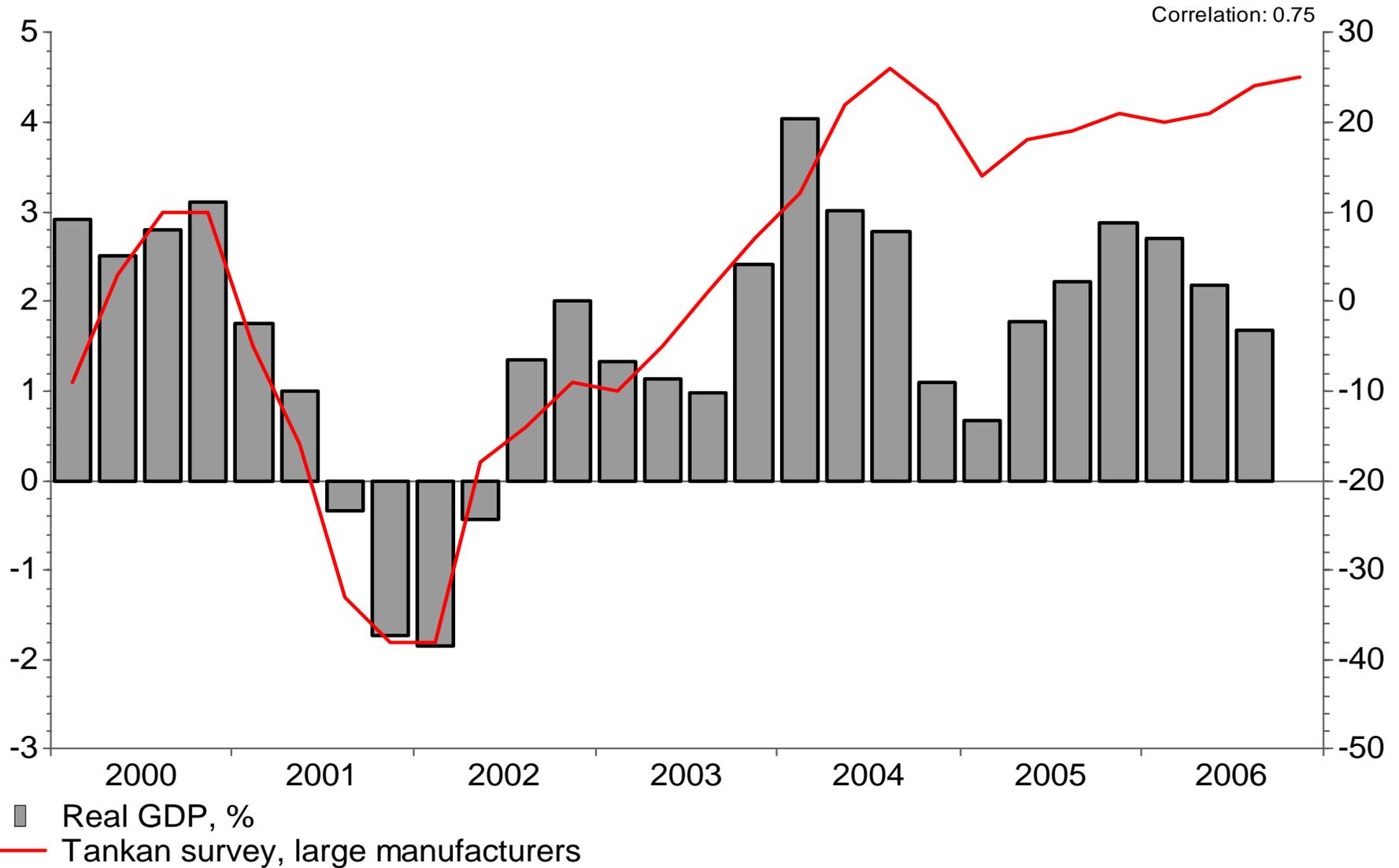
Parameters of Monetary Policy

- 1-2 year outlook
growth, inflation
- Longer-term outlook
growth, inflation

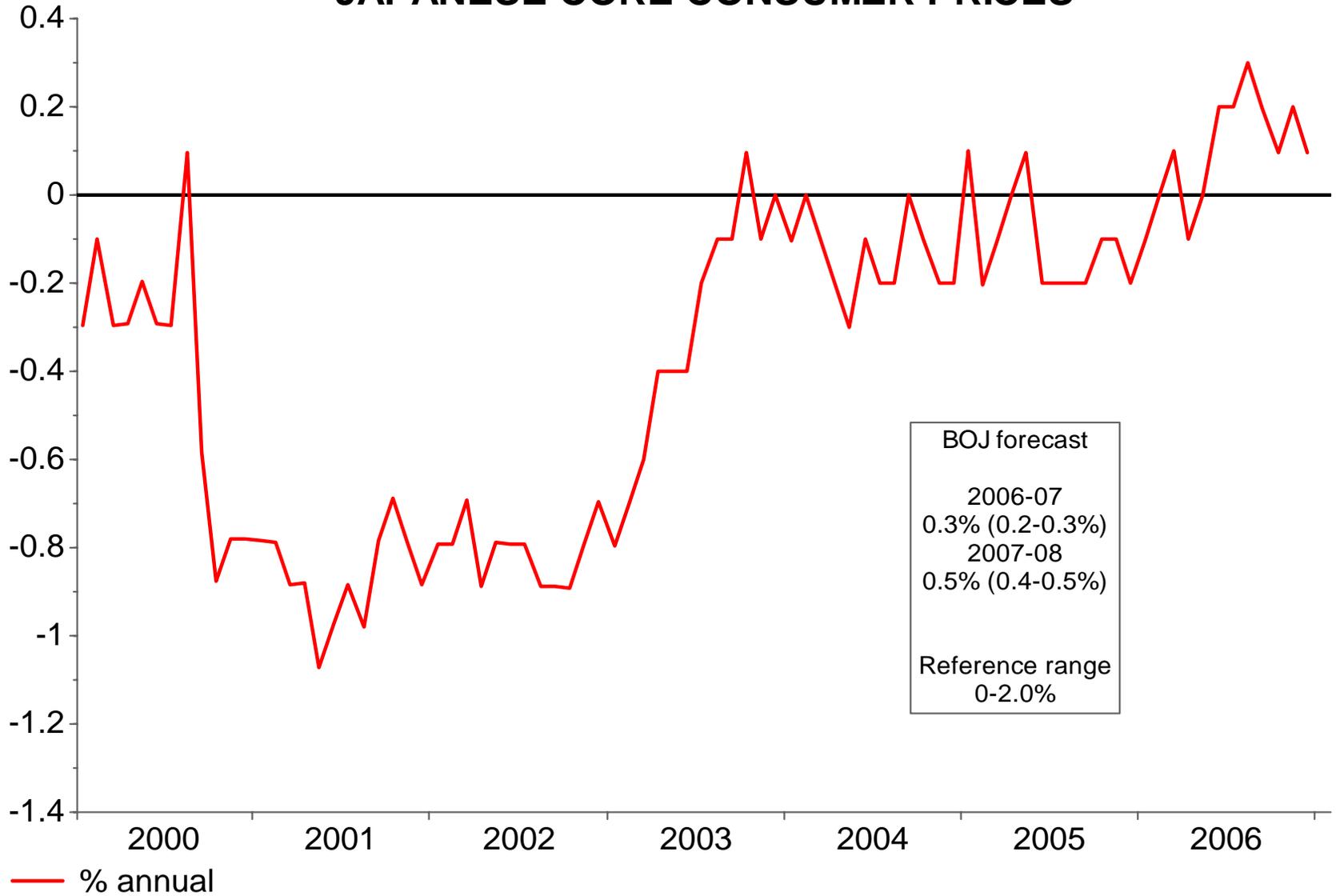
JAPANESE REAL GDP VS CONSUMPTION & INVESTMENT



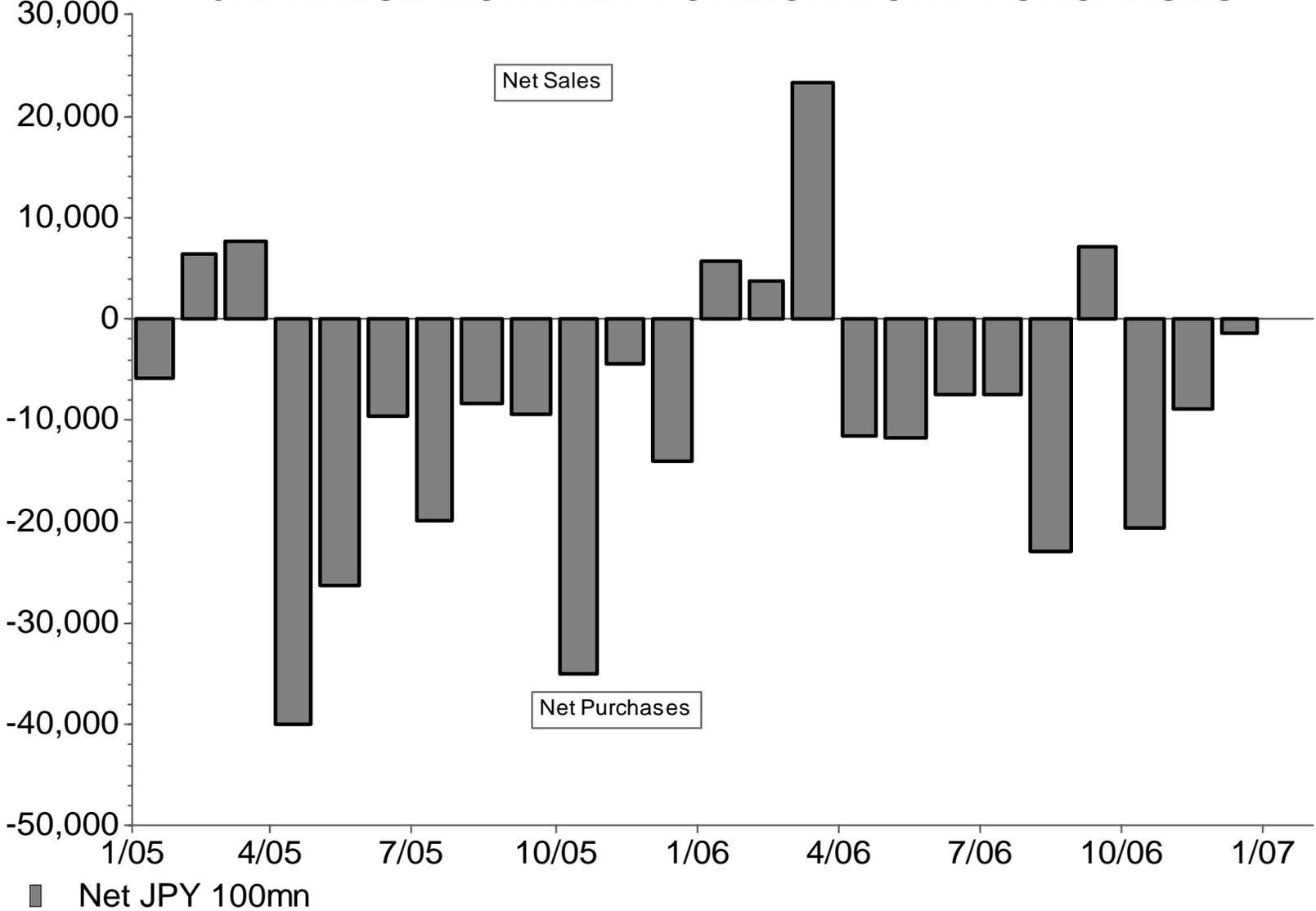
JAPANESE REAL GDP VS TANKAN



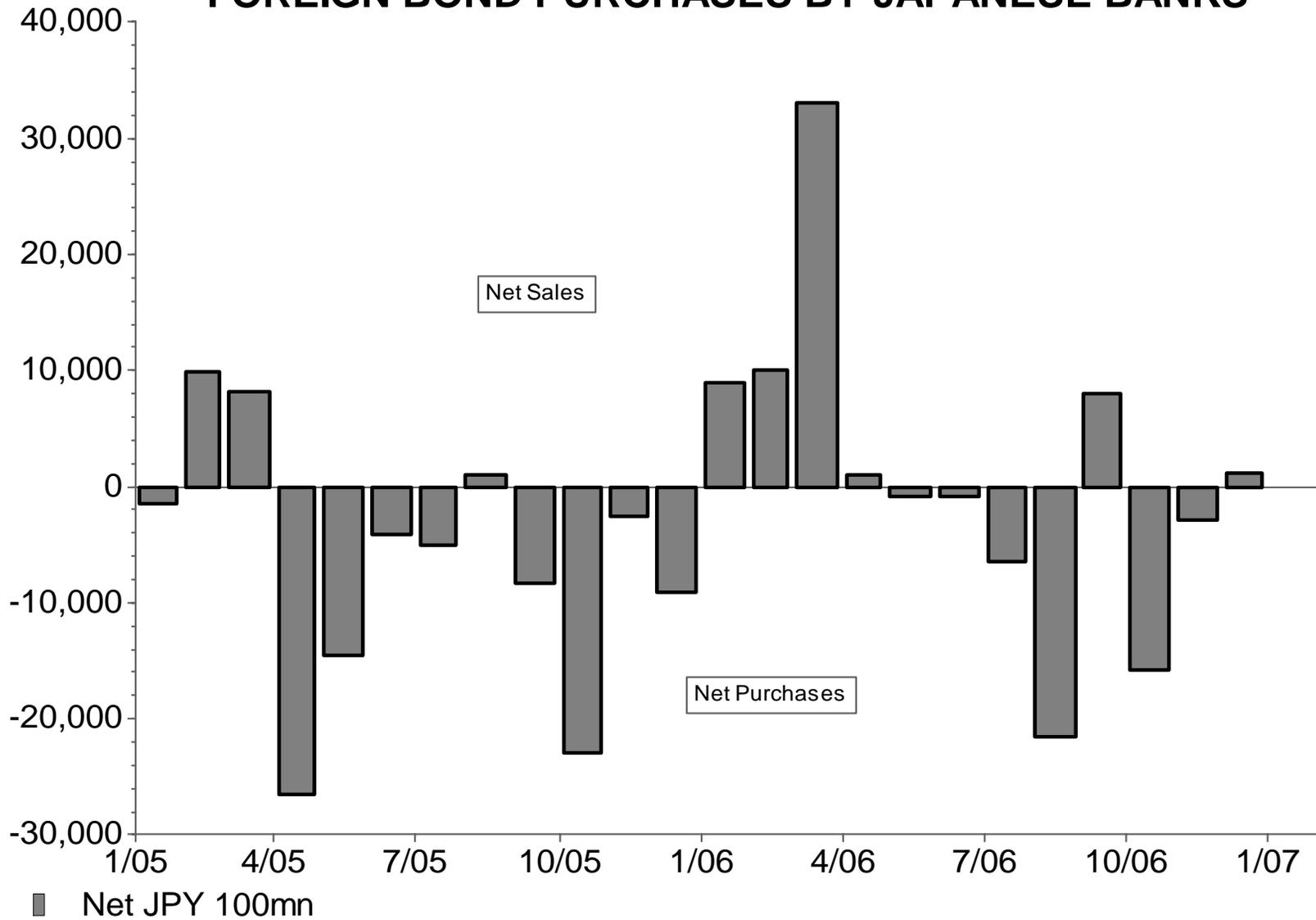
JAPANESE CORE CONSUMER PRICES



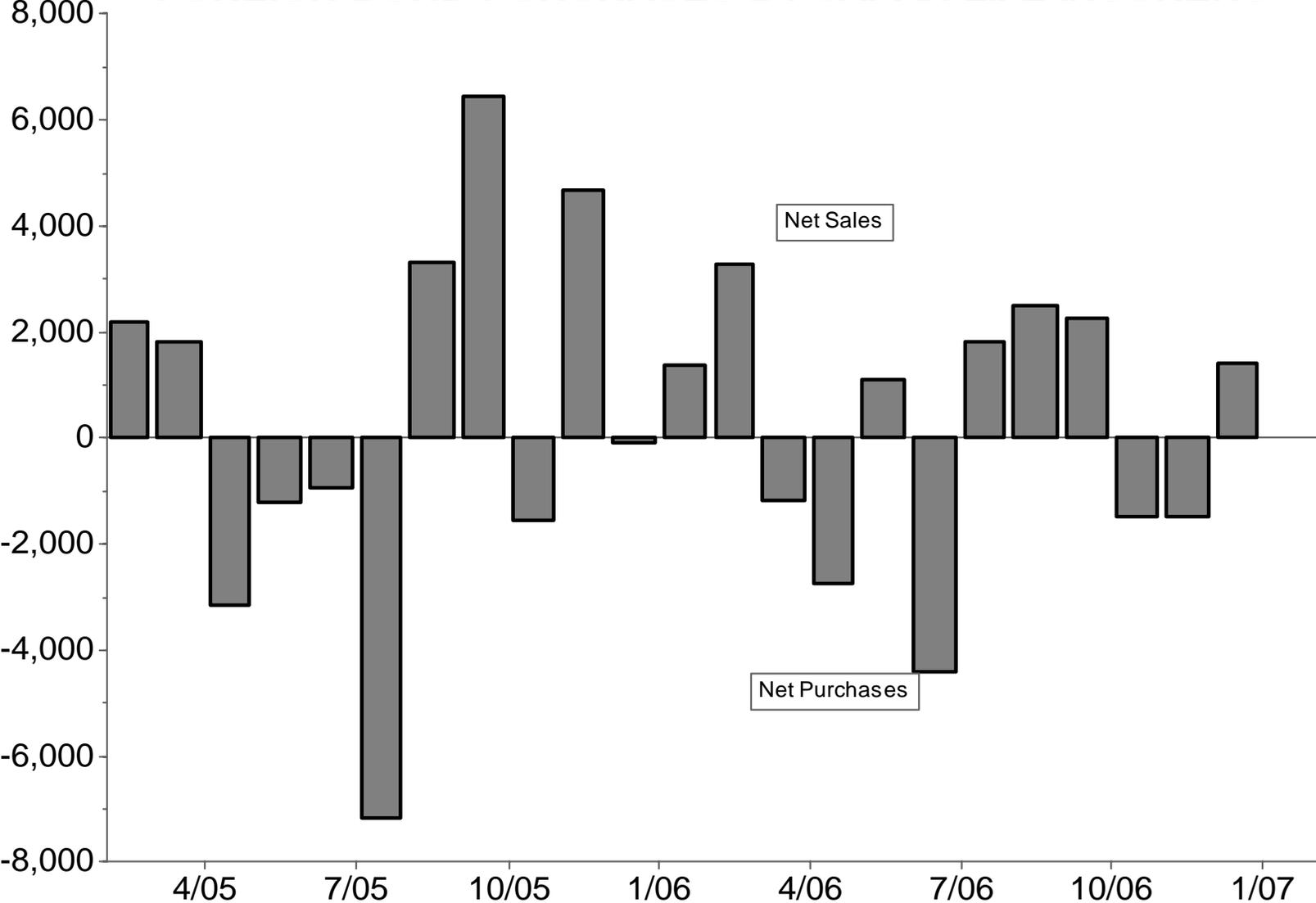
JAPANESE MONTHLY FOREIGN BOND PURCHASES



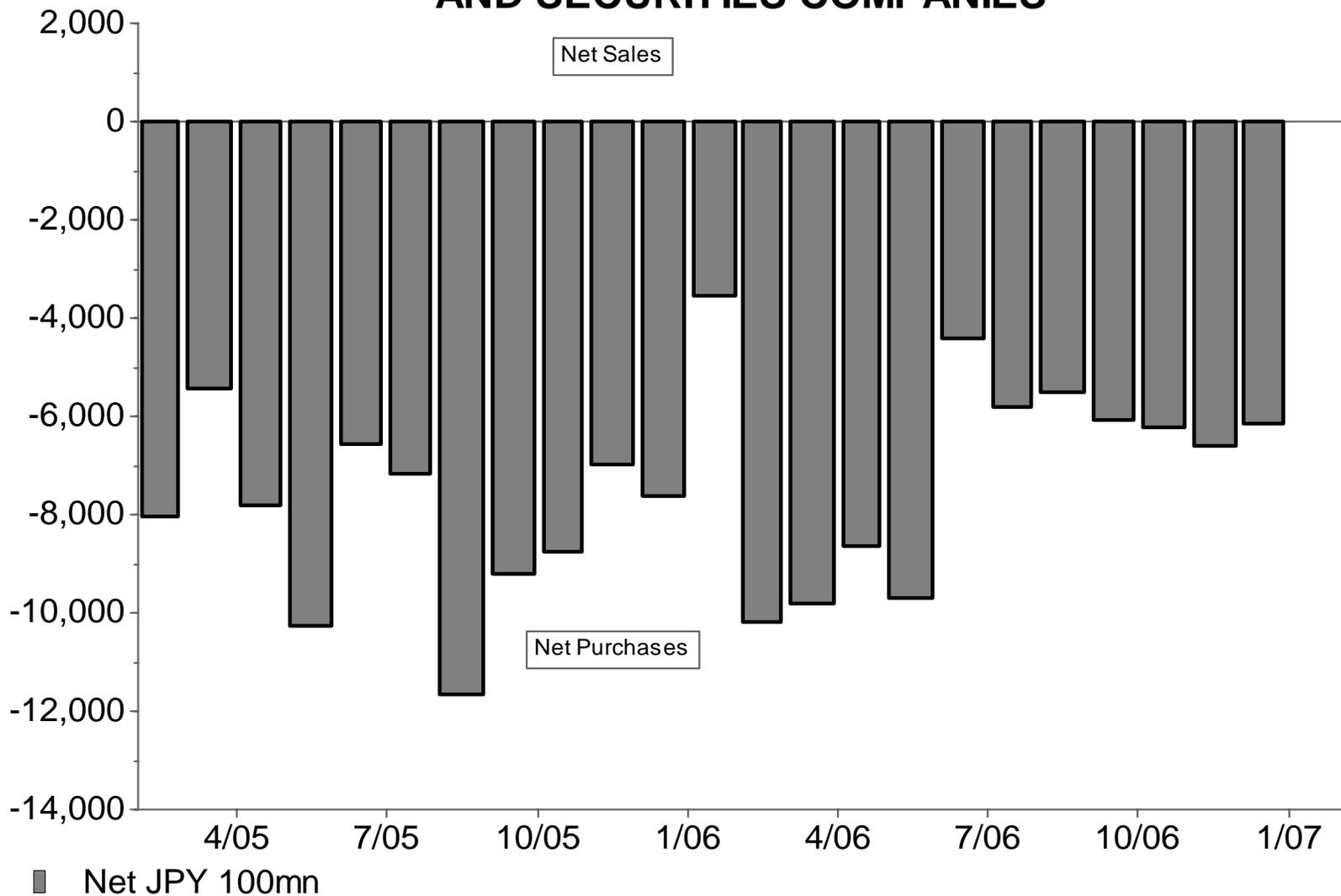
FOREIGN BOND PURCHASES BY JAPANESE BANKS



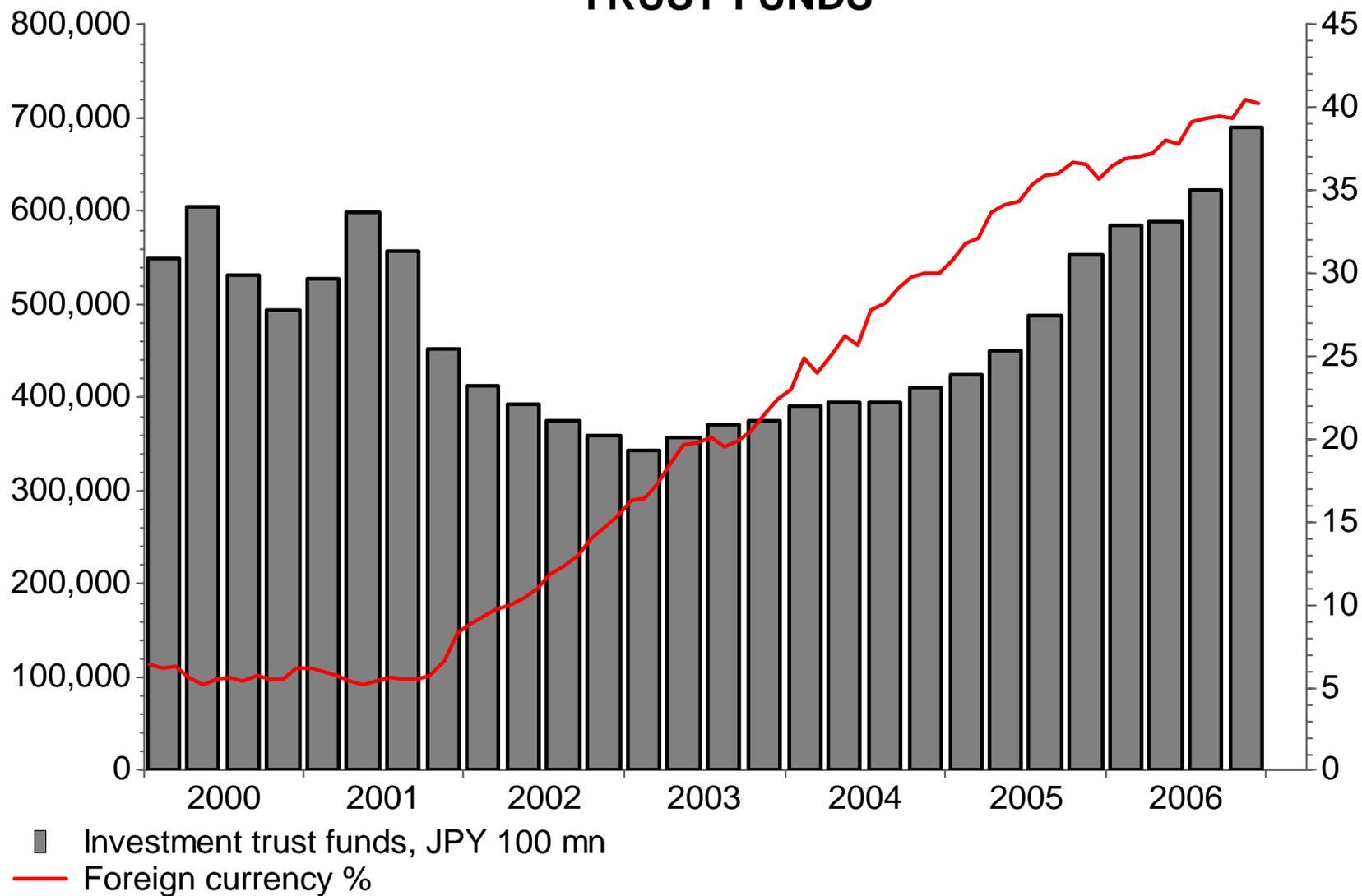
FOREIGN BOND PURCHASES BY JAPAN LIFE INSURERS



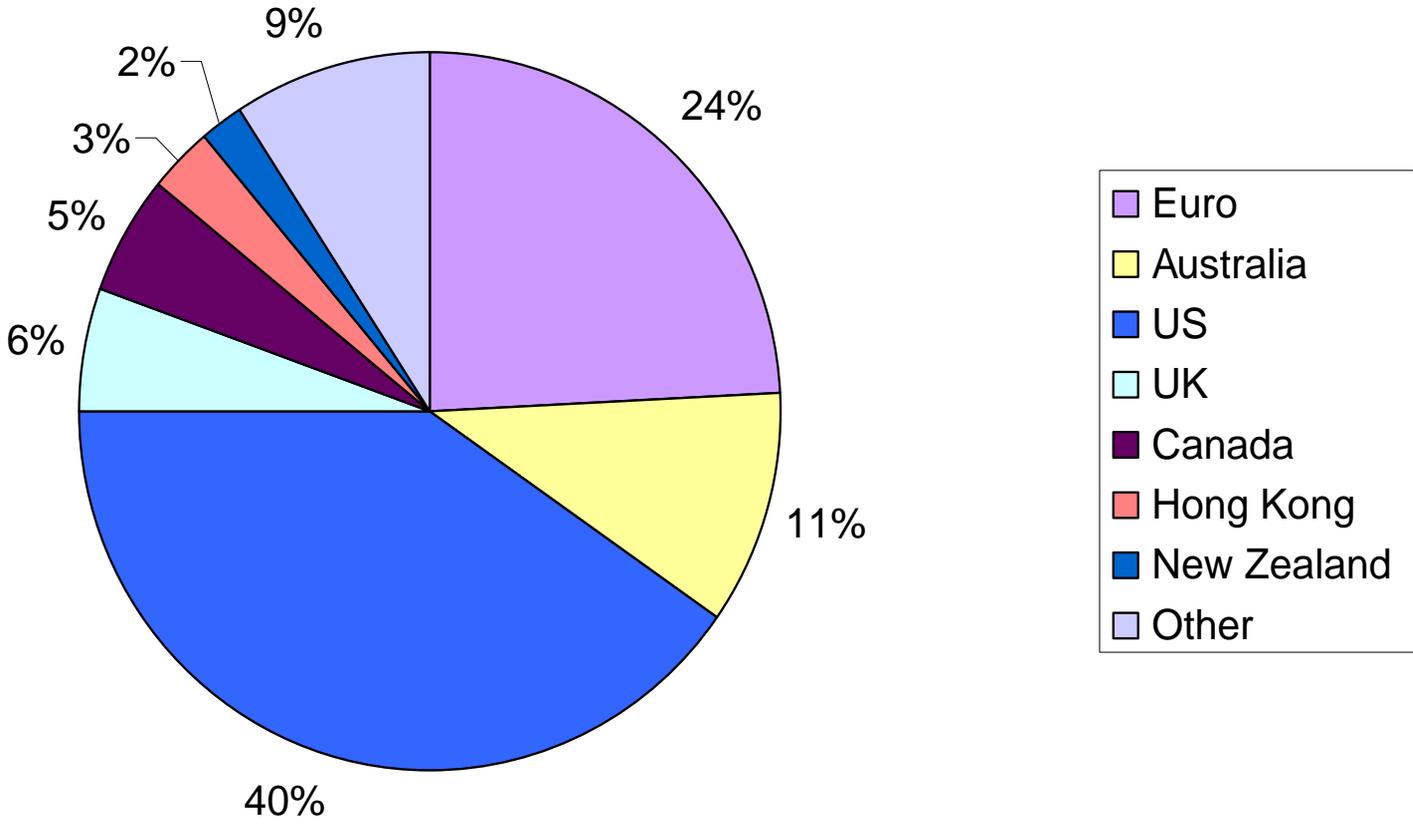
FOREIGN BOND PURCHASES BY JAPANESE INVESTMENT TRUSTS AND SECURITIES COMPANIES



FOREIGN CURRENCY CONTENT OF JAPANESE INVESTMENT TRUST FUNDS



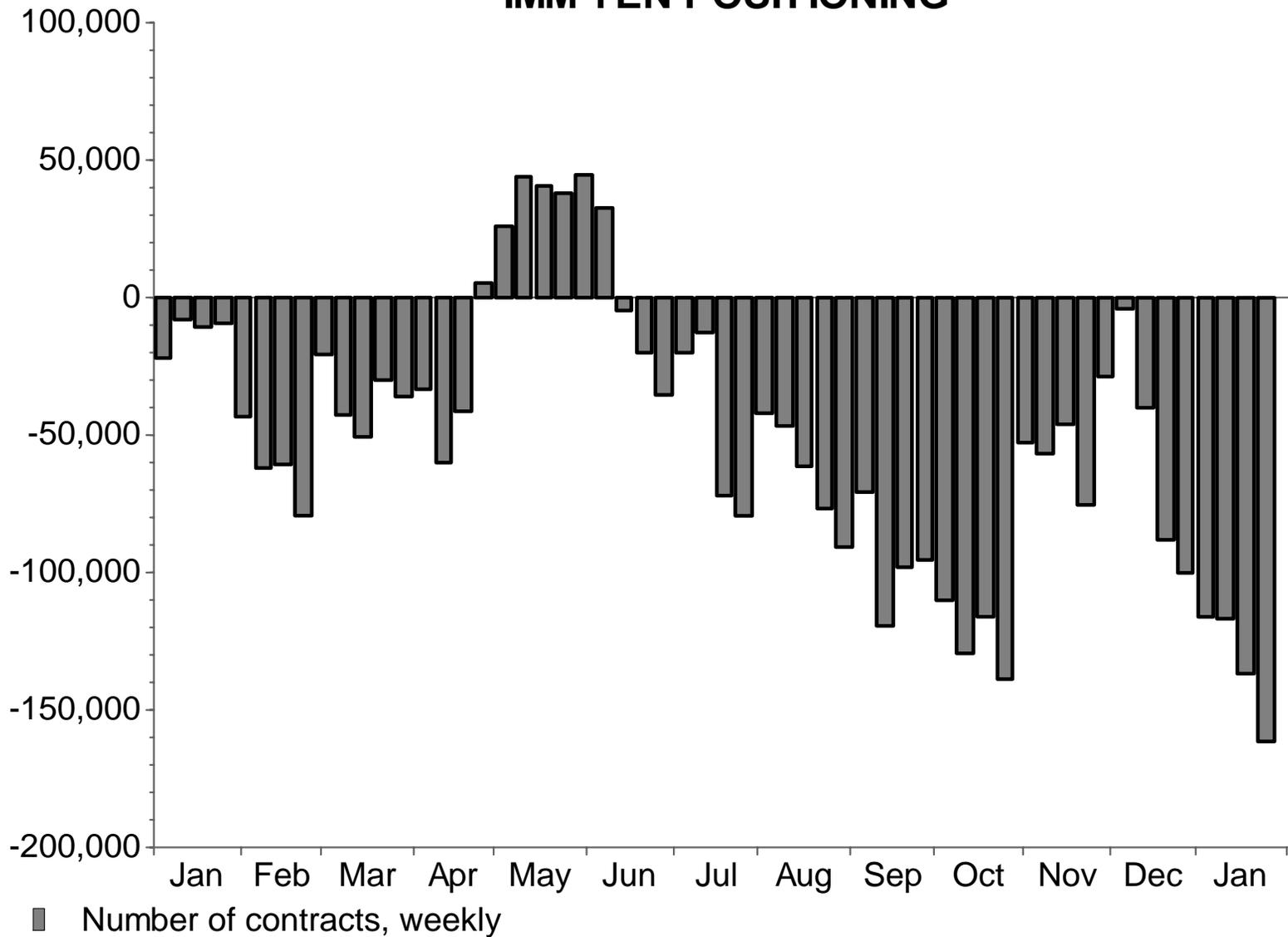
FOREIGN CURRENCY COMPOSITION OF JAPANESE INVESTMENT TRUST FUNDS



TOKYO FX MARGIN MARKET

Estimation of turnover	USD 7.5 -10.0 bn per day
Tokyo market turnover (April 2006 survey)	USD 66.1 bn per day spot
Market share of margin money	7.0 - 13.0%
Outstanding margin money	USD 5.0 bn
Number of accounts	600,000
Average leverage	20 X
Spread	3 - 5 pips (USD/JPY)
Fee	JPY 2000 - 5000 for USD/JPY 100,000

IMM YEN POSITIONING



JAPANESE HOLDINGS OF US TREASURIES

