

**A Brief Explanation of the Development of
Corporate Service Price Index (CSPI) in Japan**

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Hiroshi Nakagawa

Research and Statistics Department

The Bank of Japan

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1. Introduction

The Bank of Japan (BOJ), the central bank in Japan, has played a significant role in the development and publication of economic statistics for decades. BOJ statistics, which range over a wide field including money, banking, corporate activities and prices, have been highly established as reliable and useful economic indicators.

Among BOJ statistics, price statistics might be regarded essential for a central bank, because price indexes can describe not only the purchasing power of the currency which is issued by the central bank, but also the changes in economic situation. As prices are one of the most meaningful informations in the free economy, qualified price statistics can be referred to as "the thermometer of national economy", which must be monitored carefully by the central bank in operating monetary policy.

In fact, considering such importance of price statistics, BOJ has been publishing "Wholesale Price Index" (WPI) ^(a), the most fundamental price index in Japan, for more than one hundred years. During the period, BOJ has made continuous efforts to improve and develop systematic price statistics of the nation. In recent years, the most remarkable fruit of these efforts was the development of "Corporate Service Price Index" (CSPI), made public by BOJ in January 1991 ^(b).

2. Background

The main background of the introduction of CSPI was the remarkable growth of service economy in Japan. For example, the proportion of the service sector in nominal GDP expanded from 45% in 1970 to 54% in 1990. Particularly, with the rapid increase of service transactions in private business sectors, it has become essential to pay closer attention to these economic activities. It brought about the strong need to develop a reliable measure of corporate service prices for detailed analysis.

With the growing importance of service activities, there was a natural desire for the central bank to have "a thermometer" of service economy. Furthermore, through the bitter but valuable experience in the so-called "bubble economy", which seriously damaged the Japanese economy in the latter 1980's, BOJ has realized that the existing price indexes (mainly the indexes of the goods prices) were not enough to grasp the inflationary trend. During the bubble economy, asset prices, such as land and stock prices, and service prices rose sharply, while prices of goods remained relatively stable. Therefore, the development of service price statistics in private business was also required from the monetary policy standpoints.

However, developing service price index from scratch was really a hard task. CSPI was completed after repeated trial and error. Although the long experiences

in making Wholesale Price Index (WPI), have been very useful for developing CSPI, prices of services are different from those of goods in some points.

Firstly, services are very individual. They are invisible and can not be stored ^(a). These natures of services cause difficulties in following the actual changes of prices. Services are slightly different one by one, even if their names and contract conditions are the same. Strictly speaking, we could hardly find services which are exactly the same among corporate transactions.

Secondly, we didn't have proper fundamental data about service industries to support CSPI. For example, it was very difficult to find the base data for the weight calculation essential for a price index. After tedious trials, the transaction value of service sectors in "Input-Output Tables" (I-O Tables) ^(d) was adopted as the base data for the weight calculation.

3. Outline of CSPI

(1) Coverage

CSPI widely covers the prices of services transacted among private business sectors. This field has not been covered by WPI nor CPI (Table 1). Including domestic and a few imported services ^(e), CSPI shows the cost pressure of the prices of services purchased by private business corporations in Japan.

It doesn't include the prices of services provided directly to consumers (e.g. "house rents", "haircut charges"). Prices of such services are covered by CPI.

The following prices of services are also not included in the current CSPI:

- (i) Services of which prices can not be monitored constantly and clearly (e.g. "commercial margins", "imputed interests").
- (ii) Services with no market prices (e.g. "public administration services").
- (iii) Services whose share among private business are rather small ^(f) (e.g. "medical care", "education").

The current CSPI is composed of 7 Major Groups, 15 Groups, 29 Sub-groups and 74 Items ^(g) (Table 2).

(2) Sample prices

In principle, each sample price monitored is selected from the actual selling price in transactions. To follow the price movement of each item, several representative prices are selected and monitored constantly as sample prices. These prices should be traced on the same transaction conditions to eliminate the effect of quality changes.

In some cases, instead of actual prices in transactions, list prices⁽ⁿ⁾ or unit labor costs are monitored as the second-best choice. The movements of these prices might not be so flexible as actual prices (see 4.(1) How to follow the changes of actual prices).

In CSPI, owing to the variety of price movements, a significant number of prices are necessary for each item. In fact, CSPI has about 33 sample prices per item, ten times of the average number in WPI (Table 3).

In surveying prices, many private companies in service industries, as suppliers of services, are asked to report price data every month. The number of these "reporting companies" for the current CSPI is over 360 (Table 3). In BOJ, Price Statistics Division in Research and Statistics Department is in charge of compiling and analyzing price statistics including CSPI, WPI and other price statistics (Table 4). Efforts have been made to computerize the process of calculating indexes by the on-line system in order to save labor.

(3) Replacements of sample prices and quality adjustments

Sample prices are checked constantly whether they continue to represent price movements of the service. Once a sample price is judged not to represent the general price trend among private business sector, it is the basic rule to replace it with a more typical one, which is considered to represent the price trend more vividly.

In such replacements of sample prices, we should note that differences between the new and the old sample prices do not necessarily cause the change of the index level. Examinations of the quality change between two sample prices are necessary, because there are possibilities that the whole or part of the price change is caused by the quality change in the two samples. If the quality change is found, its effects over the price change should be eliminated for quality adjustments.

Such replacements of sample prices and quality adjustments are executed mainly based on the information from the "reporting companies". In general, quality adjustments are more difficult and complicated in service prices than those in goods prices. Even with our long experiences in compiling WPI, quality adjustments in service prices were unknown tasks. There might be still some room for improvement in the methods of quality adjustments in CSPI with the accumulation of experiences (see 4.(2) Issues concerning quality adjustments).

(4) Index formula and weights

The Laspeyres formula is applied in CSPI calculation. It means that indexes are calculated with the fixed weights of the base period, which is currently 1985.

$$I_{0,1} = \frac{\sum (P_1/P_0 \cdot P_0 Q_0)}{\sum P_0 Q_0} = \frac{\sum (P_1/P_0 \cdot W_0)}{\sum W_0}$$

P=price, Q=quantity, W=weight,
subscript 0 represents the base period, 1 represents
the current period, and $I_{0,1}$ represents the index level
in the current period.

The weight calculation is mainly based on the transaction values in "intermediate sectors" (equivalent to the transactions among corporations) in 1985 I-O Tables. In case where the figures in I-O Tables are insufficient for weight calculation, other reliable statistics available on service industries are used as supplements.

(5) Revision of the base period

By the end of 1994^(a), the base period of CSPI will be updated from 1985 to 1990. This revision would be the first trial for CSPI, in accordance with the government's general policy that the principal economic statistics should be revised every 5 years^(b).

Taking this opportunity, CSPI will be improved in some respects as follows:

(i) Groupings

(a) "Leasing and renting", a group under the Major Group of "other services" in current CSPI, will be ranked up to a Major Group, regarding the growth of leasing in service economy (Table 5).

(b) A new Group of "car maintenance and machinery maintenance" and "temporary worker services" will be formed under the Major Group of "other services"^(c) (Table 5).

(ii) Items and prices

(a) Several items will be subdivided (Table 6).

(b) Several sample prices, currently taken from list prices, will be replaced with the actual transaction prices (e.g. "railroad freight").

(iii) In consequence of these improvements, the number of groups, items, and sample prices will be increased (Table 7).

4. Current Issues of CSPI

More than three years have passed since the introduction of CSPI in 1991. Today, CSPI is regarded by the public and economists as one of the most reliable statistics on service economy and is extending suggestive information of service industries. Even from monetary policy point of view, CSPI has taken, step by step, the role of

the "thermometer" in service economy as expected.

While the introduction of CSPI has been successful to date, we must admit that CSPI is still statistically immature, compared with WPI. It means that CSPI embraces some delicate issues to be studied and developed further. Even after the introduction, we have continuously tried to make improvement in CSPI. The emphasis of study has been put on two main issues, (i) how to follow the changes of actual prices and (ii) quality adjustments. These issues, both of which originate in the natures of services, can be outlined as follows.

(1) How to follow the changes of actual prices

In many service transactions among private business, services are supplied under the conditions described in their long-term contracts. As conditions in service contracts vary in each case, it is needless to say that monitoring the changes of actual prices constantly with the same conditions (quality) is not easy, and is not even possible in some services.

For example, prices of "measurement for construction", "soil surveying for construction" and "software development" are very difficult to monitor under the same conditions or quality continuously. Owing to the individual natures of such services, it is difficult to find good sample prices in actual transactions which might represent the changes of general price level.

In such current cases, as mentioned in 3.(2), list prices by the service supplier or unit labor costs are usually monitored as proxies of actual prices. From our short experience, these movements can show similar trends with actual levels. However, they seem to be less flexible than actual prices in commercial transactions, and such differences can be a problem when we try to follow the vivid movements or changes in service sector.

Another issue lies in the existing customs of long-term contracts in some service transactions among private business. For example, terms of contracts for office rent are usually two years in Japan. In such cases, sufficient number of sample prices is necessary to follow the current movements of service prices constantly. This is why the average number of sample prices per item in CSPI is around ten times of the number in WPI. Such a situation causes a burden on the price monitoring process.

(2) Issues concerning quality adjustments

In case of replacements of sample prices, as is mentioned in 3.(3), adequate quality adjustments are necessary. As a matter of fact, quality adjustments process of service prices is quite arduous, because of the difficulty in calculating the quality change numerically.

Such difficulties are observed particularly in monitoring prices of labor-intensive services. For example, in "legal services", it is very difficult to evaluate the qualities of lawyers. In "security services", prices differ depending on the location, the type of shifts and the area to watch, etc.

Even in the less labor-intensive services, we can point out similar issues. For example, when a new subway station is built, the rent for an office building near the station will increase, reflecting greater convenience of the location than before. In this case, the price change caused by the new station should be eliminated as quality change. But in practice, it is difficult to calculate such quality change numerically.

In these quality adjustments, complicated comparisons are necessary in many

aspects between the old and new sample prices. To deal with the job pragmatically, we may need more accumulation of experience in quality adjustments.

(3) Seasonal adjustment

In addition to the issues stated above, seasonal adjustment problems of CSPI should be mentioned. Examining the movements of CSPI during a year, a clear seasonal pattern of price changes can be detected. It is reckoned to be caused mainly by two reasons:

(i) In Japan, many service contracts among private business are revised at the beginning of the fiscal or semi-fiscal year (in April or in October), especially in real estate services or other labor-intensive services.

(ii) As service industries do not have inventories (services can not be stored), service prices often directly reflect seasonal fluctuations on the demand side.

To judge the trend of CSPI, we have so far attached greater importance to the changes from the same month in the previous year. As irregular movements of CSPI can not be removed, seasonal adjustment of CSPI is not liable to track the trend correctly. Such irregular movements, for example the changes in transportation fares, are significant in CSPI, because of strong public regulations and conventions over service industries in Japan.

5. Ending remarks

Through the development of CSPI, we have acquired valuable information about service industries. We have confronted several basic issues, including how to follow the actual price changes and how to define the quality of services. Although some of these issues are not completely solved yet, it is always stimulating and provides good experiences to have the opportunities to confront such issues.

In the near future, the service economy in Japan will increase importance with innovations and deregulations which are now strongly supported by the public. In the coming circumstances, there will be a greater demand for a substantial development and enhancement of statistics of service economy including CSPI.

To meet such public needs, BOJ is ready to accumulate more knowledge about service prices.

(Appendix) Movements of CSPI

(1) Recent trend

CSPI showed a steady rising trend from mid-1988 to mid-1992 (with a significant increase reflecting the introduction of 3% consumption tax in April 1989). However, since then, it was subdued and has been more stable till today (Chart 1, Chart 2). The changes from the previous year show the recent stability in CSPI more evidently, recording a negative figure from April 1994 (Chart 3).

The recent stability in corporate service prices can be attributed to the following backgrounds:

(i) The decline in demand for services reflecting the weak domestic economy and the increasing efforts by corporations to cut expenses.

(ii) The weakening of upward pressures from the supply side, such as slower increases in labor costs reflecting sluggish demand for labor among corporations (Chart 4).

(2) Recent movements in each category

In each Major Group, recent price changes from a year earlier are as follows (Table 8, Chart 5):

(i) "Real estate services" (Rent paid on real estate)

The rise in real estate rents decreased significantly throughout fiscal 1993, and it went down further into the negative in May 1994, for the first time since the statistics started to be recorded (Chart 6). This decline is attributable mainly to a considerable fall in office rents, due to the deteriorating conditions of office rent market. But there is an argument that this decline in CSPI does not show the serious deterioration in the market, because the rents for renewed contracts surveyed in CSPI are revised only every two years or so when the contracts are renewed. As a result, the changes in renewed rents lag significantly behind those in newly contracted rents.

(ii) "Other services"

(e.g. "building maintenance services", "leasing", and "industrial waste disposal")

Prices of "other services" rose only slightly during fiscal 1993, and has fallen below the previous year very recently (Chart 7).

For "building maintenance services"(e.g. "cleaning", "security") and "legal and accounting services", the rate of price increase has gradually decelerated due to restrained price rises, mirroring the curtailment of expenditure by corporations suffering deteriorating profitability.

The price increase in "industrial waste disposal" services continued to slow and has turned negative since the beginning of fiscal 1994, as sluggish industrial activity resulted in a smaller amount of waste to be disposed.

Prices of "leasing" services have been significantly below the level of the previous year, mainly on account of a decline in corporate fixed investment and lower interest rates.

(iii) "Information services" and "communications" (Chart 8)

In "information services", software development prices have declined owing to a decrease in demand from large-scale users, namely financial institutions, and down-sizing on the part of users.

"Communication" service prices had continued to be below the level of the previous year since the statistics were first recorded in 1985. This was due to the deregulation and the promotion of competition in the telecommunications industry. However, in January 1994, prices of postal services increased significantly due to a raise in postal charges, the first such raise in thirteen years.

(iv) "Finance and insurance" and "transportation"

These services have shown only minor changes.

In "finance and insurance" services, bank charges have shown a slight increase. Insurance premiums have declined from a year earlier, due to a considerable lowering of the compulsory automobile insurance premiums resulting from a decline in prices of products the insurance covers (Chart 9).



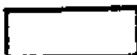
"Transportation" service prices fell below the previous year's level at the beginning of fiscal 1993, and has maintained this trend so far (Chart 10). In overland transportation, which accounts for a large portion of total transportation, road freight has continued to show decreases from a year earlier after the summer of 1993, reflecting a decline in the volume of transport due to the sluggish industrial activity. In marine freight, ocean freight has shown drastic declines, influenced by the yen's appreciation as it is mostly denominated in foreign currencies.

(v) "Advertising services"

In "advertising services" prices, there were only slight changes throughout 1993, reflecting the corporations' expense cutbacks. However, at the beginning of 1994, it rose to some extent, due to a rise in TV commercials. Prices of TV commercials rose slightly, as corporations in some industries have somewhat loosened their cautious attitude toward putting out advertisements (Chart 11).

(Table 1) Coverage of price statistics
(CSPI, WPI, CPI)

		Goods		Services
		Imported Goods	Domestic and Exported Goods	Domestic and Imported Services
Purchaser	Corporate Sector	Covered by WPI	Covered by WPI	Covered by CSPI
	Household Sector	Covered by CPI	Covered by CPI	Covered by CPI
		Imported Goods	Domestic Goods	Domestic Services

 Covered by WPI
 Covered by CPI
 Covered by CSPI

(Table 2) Grouping of the Current CSPI - (1)

Major Groups	Groups	Sub-groups	Items
All items (1000.0)			
Finance and insurance (62.7)	Financial services (30.3)	Bank charges (30.3)	Over the counter remittances (13.9)
			Collection of finance bills (1.6)
			Direct debit (1.2)
			Electronic banking with corporate customers (0.2)
			Foreign exchange related charges (12.6)
			Stock transfer agency charges (0.8)
	Insurance services (32.4)	Insurance premium (32.4)	Voluntary automobile (12.0)
			Compulsory automobile (5.9)
			Fire (9.6)
			Marine and other transportation (4.9)
Real estate services (136.5)	Rent paid on real estate (136.5)	Rent paid on real estate (136.5)	Offices (95.6)
			Stores (27.3)
			Hotels (2.7)
			Parking lots (10.9)
Transportation (298.1)	Overland freight (100.6)	Railroad freight (2.9)	Railroad freight (2.9)
		Road freight (97.7)	Road freight (97.7)
	Marine freight (65.5)	Ocean freight (34.0)	Liners (4.4)
			Trampers (18.9)
			Ocean tankers (10.7)
		Domestic shipping freight (12.2)	Freighters, etc (12.2)
		Cargo works (19.3)	Cargo works (19.3)

Note: Figures in parentheses show the weights of the services (relative importance in CSPI from a total of 1,000.0).

(Table 2) Grouping of the Current CPI - (2)

Major Groups	Groups	Sub-groups	Items
Transportation (298.1) (continued)	Air freight (4.6)	International air freight (3.0)	International air freight (3.0)
		Domestic air freight (1.6)	Domestic air freight (1.6)
	Passenger transportation (78.3)	Railroad fares (32.5)	Railroad fares (32.5)
		Road fares (25.8)	Buses-hire cars, etc (25.8)
		Air fares (20.0)	International air fares (5.4)
			Domestic air fares (14.6)
	Storage and other transportation services (49.1)	Storage fees (12.6)	Storage fees (12.6)
		Packing charges (21.8)	Packing charges (21.8)
		Tolls (14.7)	National expressways (9.5)
			Ordinary toll roads (3.1)
			Urban expressways (2.1)
Information services (72.9)	Information services (72.9)	Information services (72.9)	Software development (33.0)
			Data processing (32.0)
			Data base services (5.0)
			Market research (2.9)
Communications (71.8)	Communications (71.8)	Postal services (16.5)	Postal services (16.5)
		Domestic telecommunications (51.9)	Telephone charges (47.0)
			Leased circuits (2.8)
			Mobile telephone charges (0.3)
			Pocket beepers (0.8)
			Value-added networks (1.0)

(Table 2) Grouping of the Current CSPI - (3)

Major Groups	Groups	Sub-groups	Items
Communications (71.8) (continued)	Communications (71.8) (continued)	International telecommunications (3.4)	International telephone charges (2.4)
			International leased circuits (0.2)
			International telex (0.8)
Advertising services (63.6)	Advertising media charges (63.6)	TV/radio advertising (26.4)	TV commercials (23.0)
			Radio commercials (3.4)
		Other advertising (37.2)	Newspaper advertisement (18.7)
			Magazine advertisement (4.3)
			Direct mail (2.6)
			Fliers (4.3)
			Traffic facilities advertisement (4.3)
			Outdoor advertisement (3.0)
Other services (294.4)	Leasing and renting (101.1)	Leasing (72.4)	Electronic computers equipment (29.0)
			Office equipment (7.4)
			Industrial machinery (12.6)
			Machine tools (6.0)
			Transportation equipment (3.0)
			Machinery and equipment for commercial establishments (6.8)
			Other leasing (7.6)
		Renting (28.7)	Computer rental (13.7)
			Construction machine rental (9.7)
			Car rental (5.3)

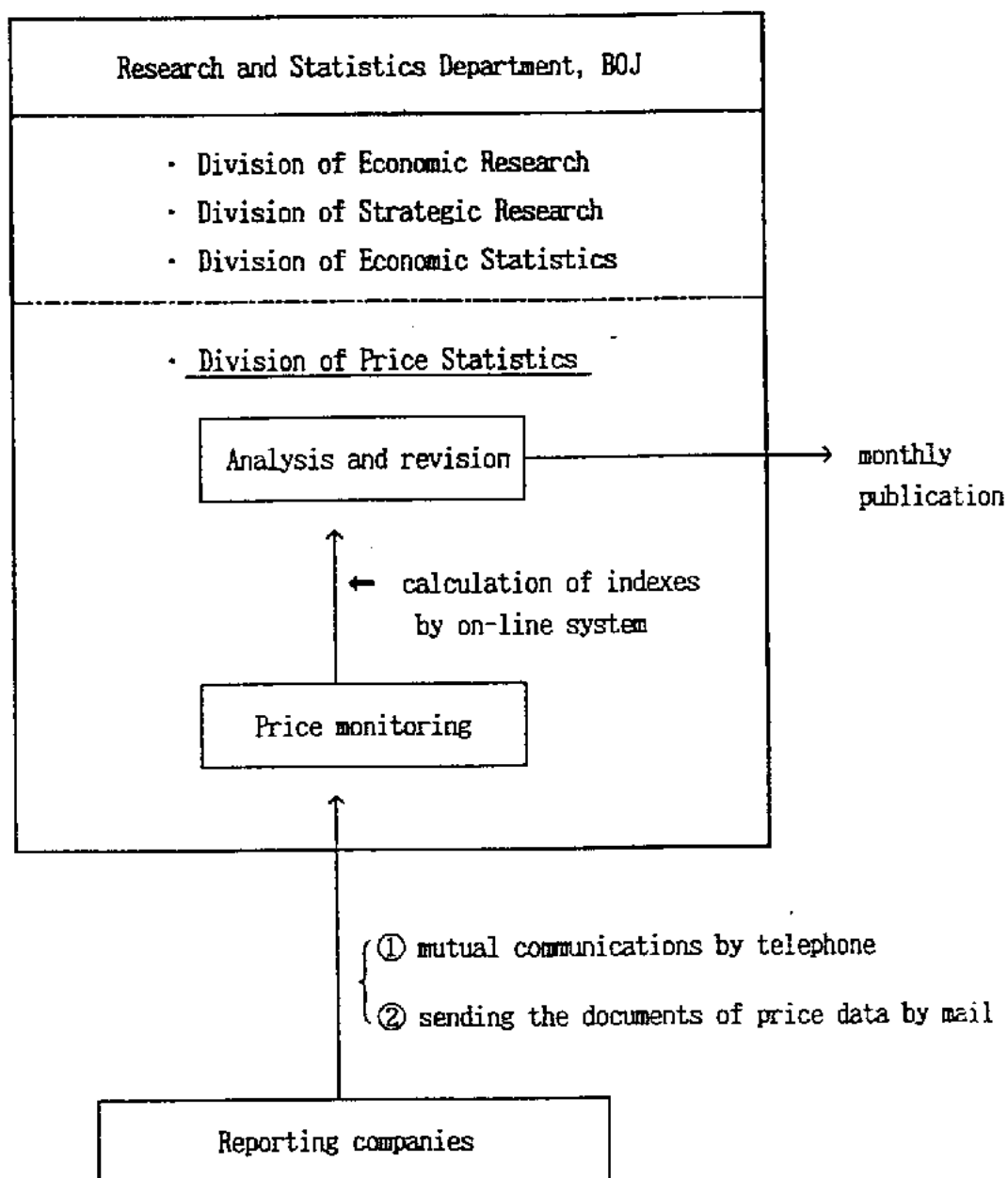
(Table 2) Grouping of the Current CSPI - (4)

Major Groups	Groups	Sub-groups	Items
Other services (294.4) (continued)	Building maintenance and planning for construction (133.1)	Building maintenance services (68.8)	Cleaning (38.4)
			Management of facilities (8.2)
			Security (16.6)
			Hygiene services (5.6)
		Planning for construction (64.3)	Design and on site supervision (45.0)
			Measurement for construction (14.8)
	Legal and accounting services (35.9)	Legal and accounting services (35.9)	Soil surveying for construction (4.5)
			Legal services (13.0)
	Industrial waste disposal and sewerage disposal (24.3)	Industrial waste disposal (20.2)	Accounting services (22.9)
			Industrial waste disposal (20.2)
		Sewerage disposal (4.1)	Sewerage disposal (4.1)

(Table 3) The Average number of prices
per item in CSPI

	Items (A)	Sample prices (B)	Sample prices per item (B) / (A)	Reporting companies
CSPI	74	2, 415	32. 6	369
Domestic WPI	945	3, 164	3. 3	1, 284

(Table 4) The Process of
making price indexes



(Table 5) Improvements in the revised CSPI

Major G	Groups	Sub-groups	Items
Leasing and renting	Leasing and renting	Leasing
		Renting	Computer rental Construction machinery rental Car rental <u>Other renting</u>
Other services	<u>Car maintenance and machinery maintenance</u>	<u>Car maintenance</u>	<u>Car maintenance</u>
		<u>Machinery maintenance</u>	<u>Machinery maintenance</u>
	Building maintenance and planning for construction
	Legal and accounting services
	<u>Temporary worker services</u>	<u>Temporary worker services</u>	<u>Temporary worker services</u>
	Industrial waste disposal and sewerage disposal

- Note: 1. Underlined services represent newly included services in the revised CSPI.
2. "Leasing and renting" will form a major group, separate from "other services".
3. "Other renting" includes renting of ornamental plants, bedclothes, etc.

(Table 6) Subdivision of items
in the revised CSPI

(the current CSPI)

(the revised CSPI)

Major Groups	the current items		New items
Transportation	Road freight	→	Special road freight
		→	Ordinary road freight
	Freighters, etc	→	Freighters
		→	Car ferries
		→	Domestic shipping tankers
	Cargo works	→	Ship stevedoring
		→	Overland stevedoring
	Bus-hire cars, etc	→	Buses
		→	Hire cars
		→	Taxis
	Storage fees	→	Ordinary storage
		→	Cold storage
Communications	Postal services	→	Sealed letters
		→	Postal cards
		→	Other postal services
Leasing and renting	(Leasing of) Electronic computers equipment	→	Electronic computers equipment
		→	Communications equipment
	Other leasing	→	Medical equipment
		→	Construction machinery

(Table 7) The Number of groups, items,
and prices in the revised CSPI

	Major G	Groups	Sub-groups	Items	Sample prices
The current CSPI	7	15	29	74	2, 415
The revised CSPI	8	17	32	89*	2, 800

* Total increases of items are 15, 11 of which are made by the subdivision of i

(Table 8) Movements in each category of CSPI
(Changes from the previous year)

	1991*	1992*	1993*	1993				1994	
				I	II	III	IV	I	II
CSPI (all items) <1,000.0>	3.1	1.7	0.3	1.4 (Δ 0.2)	0.8 (0.6)	0.5 (Δ 0.2)	Δ 0.1 (Δ 0.3)	0.1 (0.0)	Δ 0.4 (0.1)
Finance and insurance < 52.7>	Δ 0.6	1.1	Δ 0.2	0.4 (Δ 0.1)	Δ 0.2 (Δ 0.1)	Δ 0.4 (Δ 0.1)	Δ 0.2 (0.1)	Δ 0.1 (0.0)	Δ 0.2 (Δ 0.2)
Real estate services < 136.5>	6.1	5.3	3.3	5.3 (0.2)	4.6 (1.7)	4.1 (0.3)	2.5 (0.3)	2.1 (Δ 0.2)	Δ 0.1 (Δ 0.5)
Transportation < 298.1>	2.5	0.7	Δ 0.6	0.6 (Δ 0.1)	Δ 0.2 (Δ 0.2)	Δ 0.4 (Δ 0.1)	Δ 0.6 (Δ 0.3)	Δ 1.0 (Δ 0.5)	Δ 0.8 (0.0)
Information services < 72.9>	3.3	Δ 0.4	Δ 1.3	Δ 1.1 (0.0)	Δ 1.4 (Δ 0.1)	Δ 1.0 (Δ 0.8)	Δ 1.4 (Δ 0.5)	Δ 1.5 (Δ 0.1)	Δ 2.5 (Δ 1.1)
Communications < 71.8>	Δ 2.1	Δ 1.8	Δ 0.9	Δ 2.0 (0.1)	Δ 1.2 (0.0)	0.2 (0.0)	Δ 4.1 (Δ 4.2)	1.5 (5.9)	1.8 (0.2)
Advertising services < 53.6>	3.7	1.8	0.2	1.5 (Δ 1.4)	0.0 (1.9)	0.2 (Δ 1.6)	0.1 (1.3)	0.6 (Δ 1.0)	0.6 (1.9)
Other services < 294.4>	3.4	1.9	0.3	1.5 (Δ 0.3)	0.8 (0.8)	0.3 (0.1)	0.0 (Δ 0.7)	0.1 (Δ 0.2)	Δ 0.3 (0.4)

* Fiscal year

Note: 1. Annual (quarterly) figures represent percent changes from the previous year.

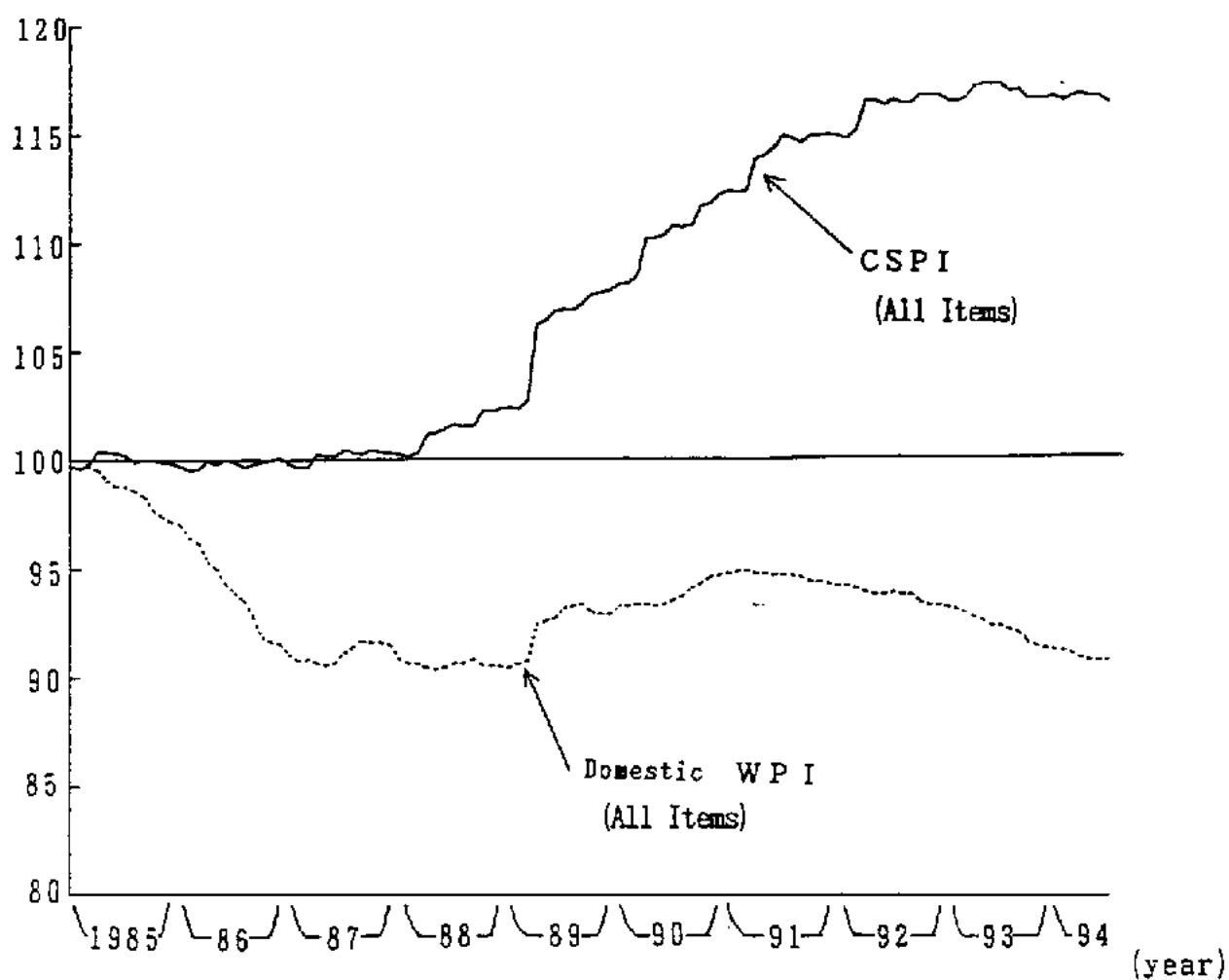
2. Figures in parentheses represent percent changes from the previous period.

3. Figures in angular brackets show the weights (relative importance in CSPI from a total of 1,000.0).

Source: Bank of Japan, "Corporate Service Price Index"

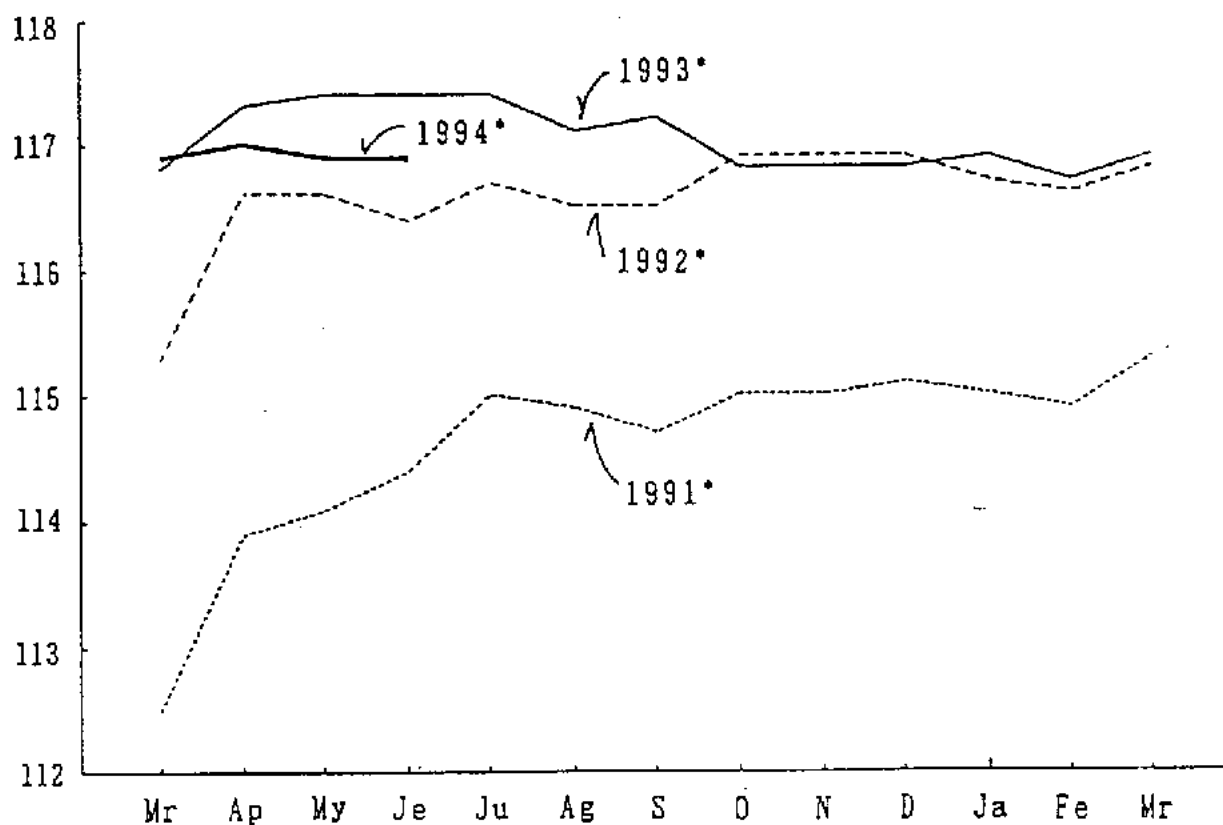
(Chart 1) Movements of CSPI
(The index level)

Index level
(1985 average =100)



(Chart 2) Recent movements of CSPI
(The index level)

Index level
(1985 average =100)

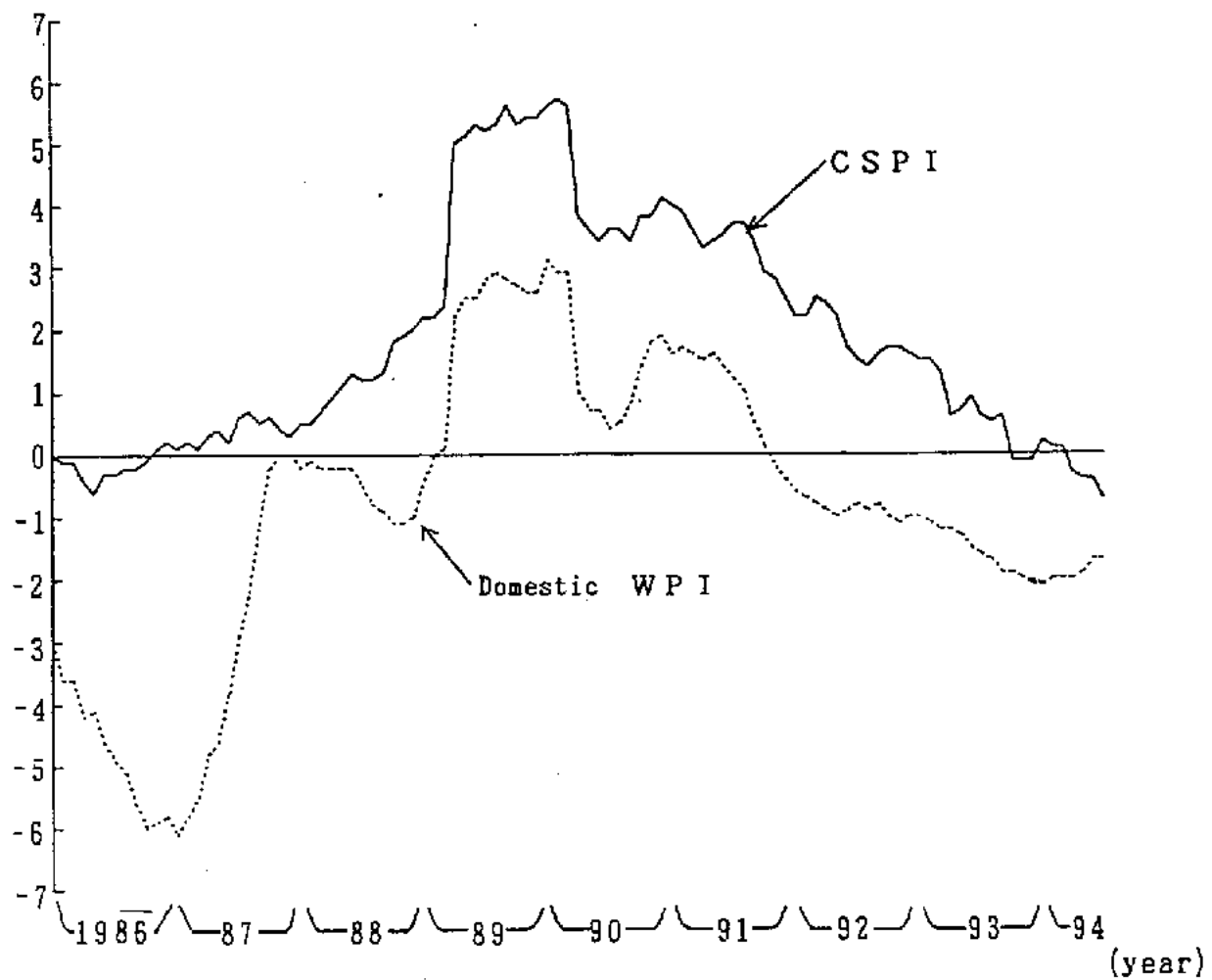


*Fiscal year

Source: Bank of Japan, "Corporate Service Price Index."

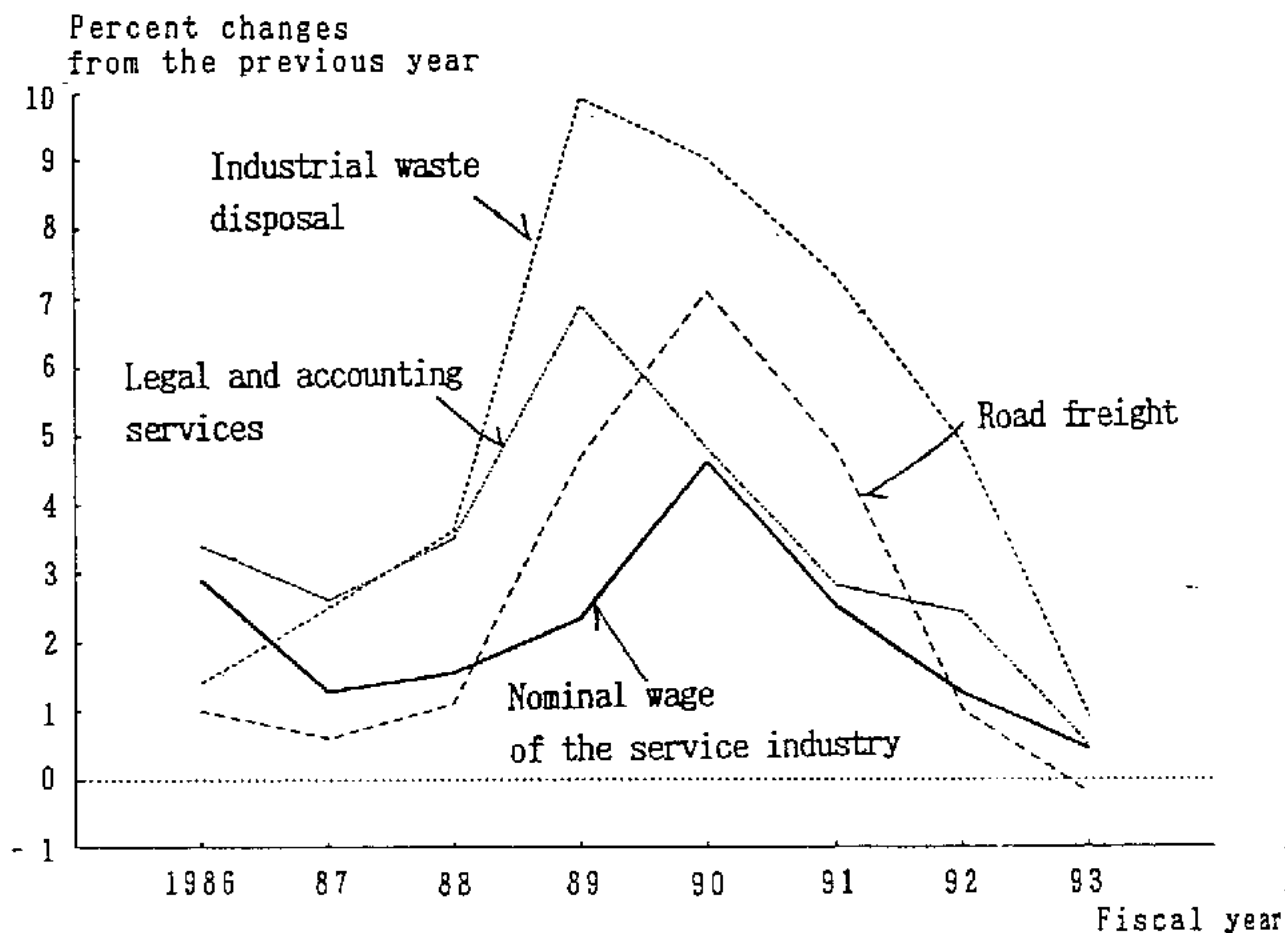
(Chart 3) Movements of CSPI
(Changes from a year earlier)

Percent changes
from a year earlier



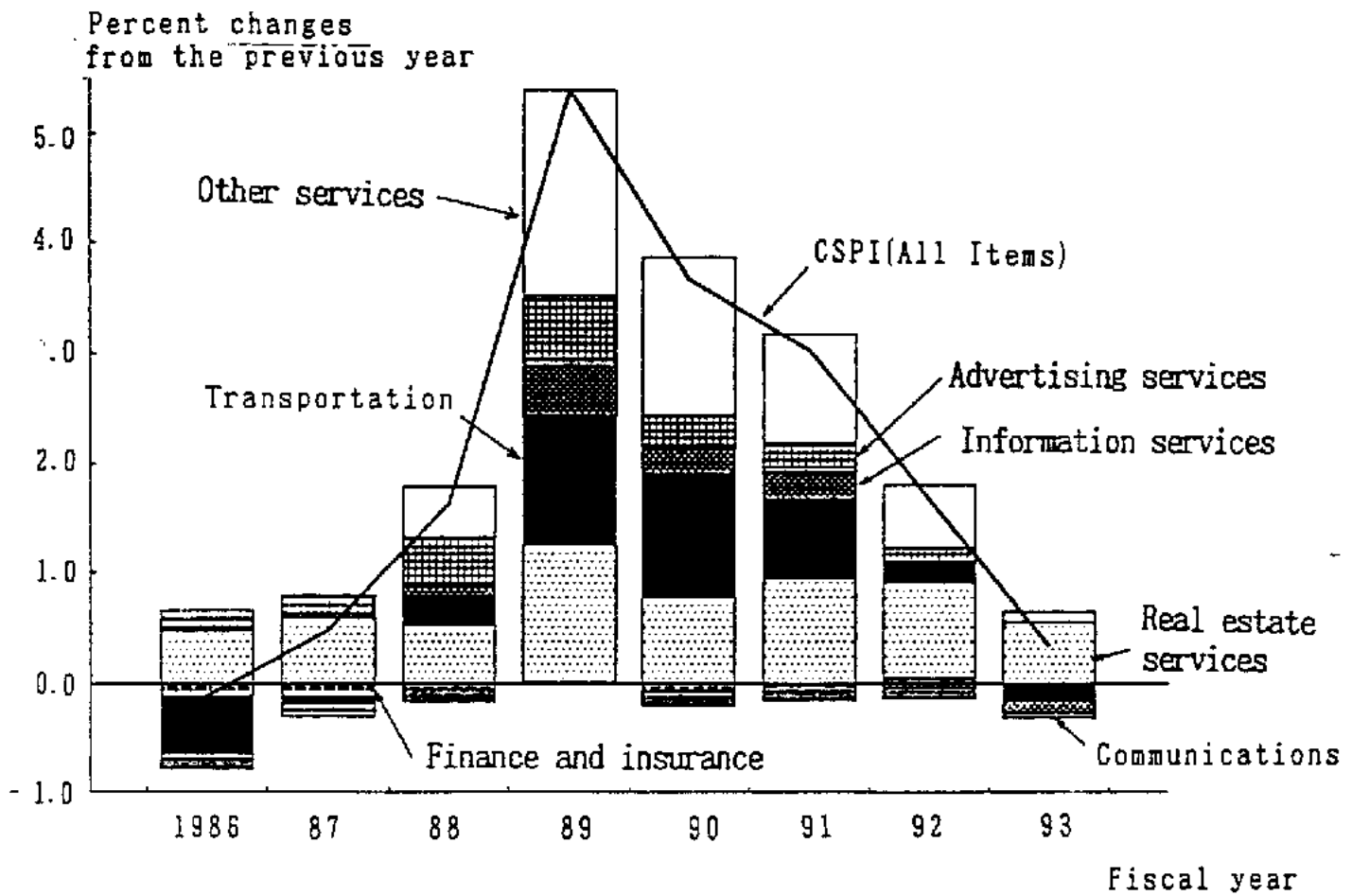
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(Chart 4) Prices of labor-intensive services
and nominal wage



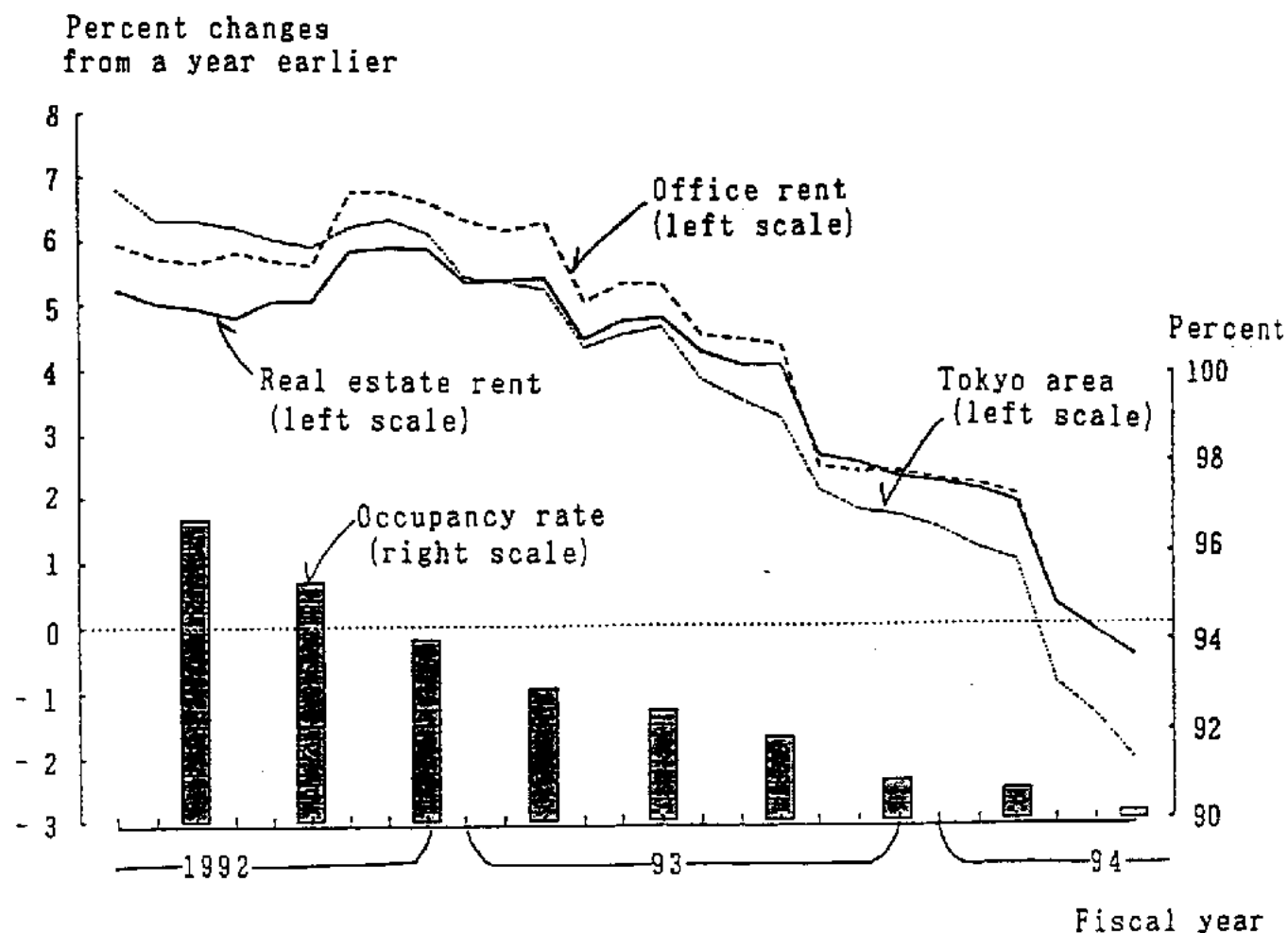
Sources: Bank of Japan, "Corporate Service Price Index"
Ministry of Labor, "Monthly Labor Survey."

(Chart 5) Movements in each category of CSPI
(Changes from the previous year)



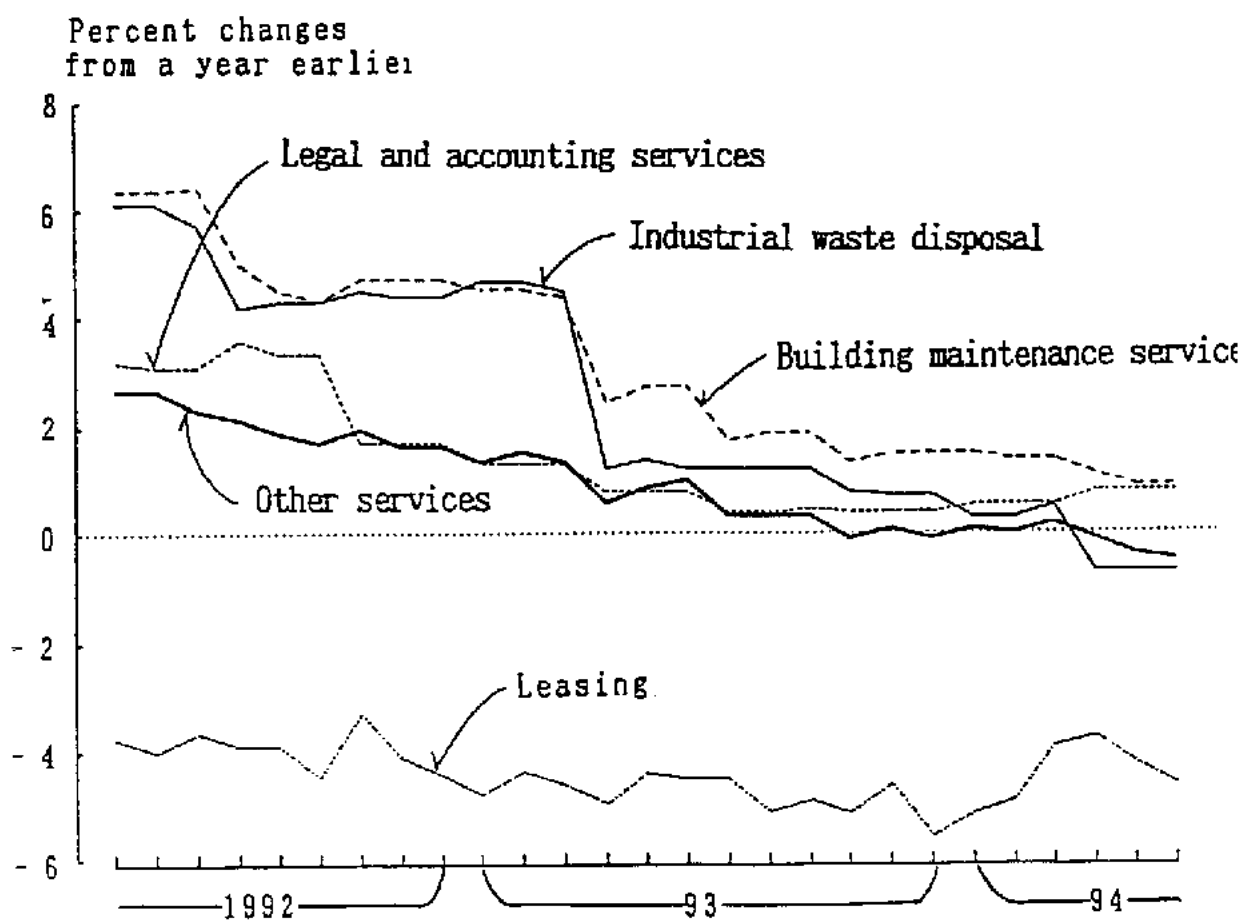
Source: Bank of Japan, "Corporate Service Price Index."

(Chart 6) Rent paid on real estate



Sources: Bank of Japan, "Corporate Service Price Index"
Ikoma Data Service System Co, Ltd,
"Office Newsflash (Office Occupancy Rate
for Tokyo Metropolitan Area)."

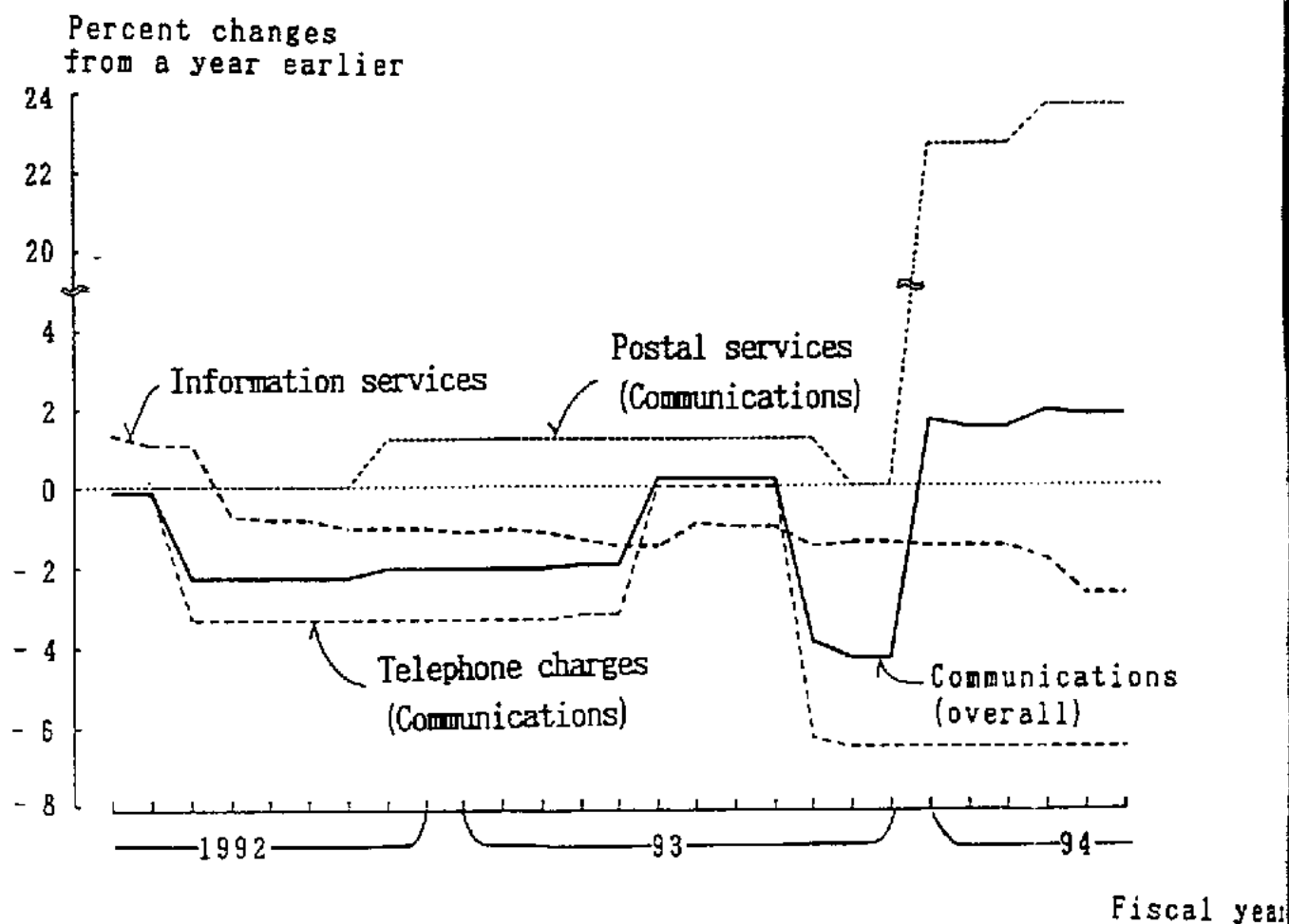
(Chart 7) Prices of other services



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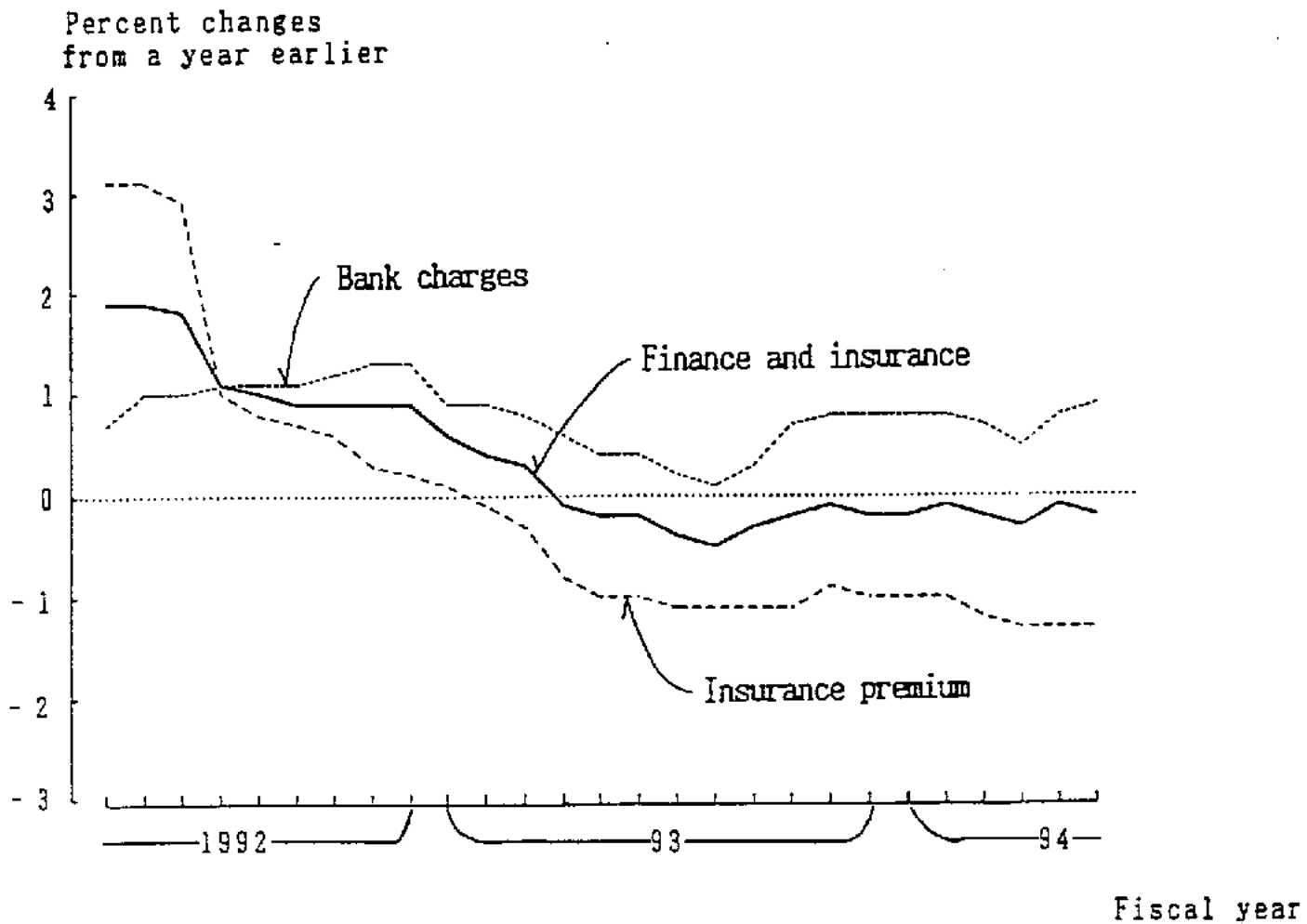
Source: Bank of Japan, "Corporate Service Price I

(Chart 8) Prices of information services
and communications



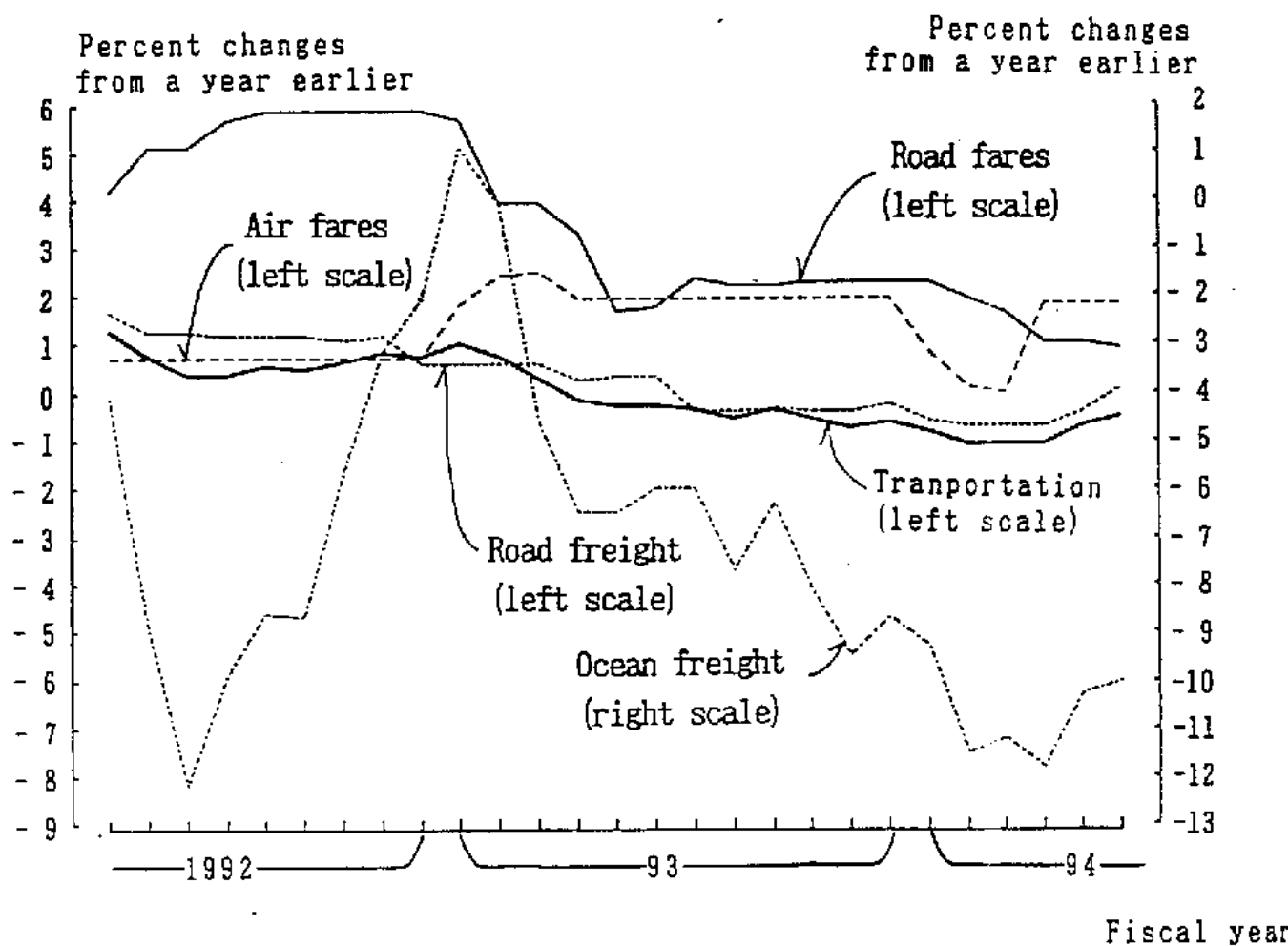
Source: Bank of Japan, "Corporate Service Price Index."

(Chart 9) Prices of
finance and insurance services



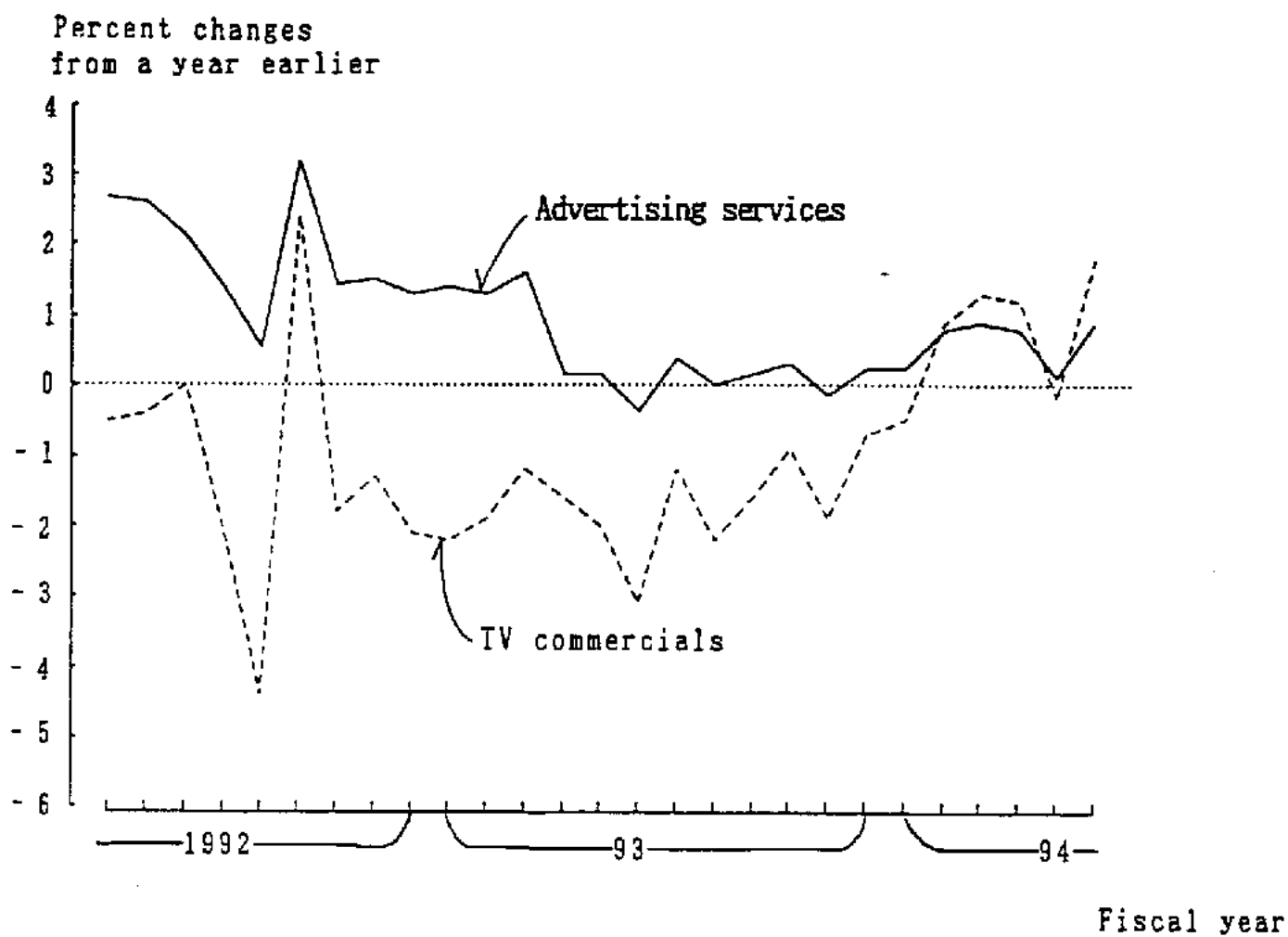
Source: Bank of Japan, "Corporate Service Price Index."

(Chart 10) Prices of transportation



Source: Bank of Japan, "Corporate Service Price Index."

(Chart 11) Prices of advertising services



Source: Bank of Japan, "Corporate Service Price Index."

Footnotes

- (a) WPI covers the prices of goods in corporate transactions.
- (b) CSPI is released monthly. Previously, from January 1991 to June 1993, the indexes had been published quarterly, but since July 1993, they have been published monthly, including back data.
- (c) In many cases, such characteristics cause differences in service price movements depending on local areas and suppliers, even if the service contents are the same.
- (d) Statistics which are published every 5 years by the government's Management and Coordination Agency.
- (e) Imported services are included in "international air fares", "international air freight" and "ocean freight".
- (f) Only groups of services whose transactions among private businesses are 500 billion (about \$5 billion, 0.8% of the total transactions covered by CSPI) or more are selected in CSPI.
- (g) The smallest unit in the classification of services in CSPI. They are composed of the following services:
 - (i) whose weights can be determined with reliable data, and
 - (ii) whose prices can be obtained constantly.
- (h) Standard prices which suppliers of services offer to their customers.
- (i) Publication of the revised CSPI will start from the indexes of October 1994, with back data from 1990. Linked indexes, which are the past figures connected with the new basis, will be available from January 1985.
- (j) The base period of WPI and CPI have already been updated from 1985 to 1990, in 1992 and 1991 respectively.
- (k) Services of dispatching temporary workers to private business.