

Technical appendix

Data description

The data has been compiled by Bank of Japan from monthly survey of prices, and gives Yen based price indices for exports (fob), imports (cif) and domestic production and sales (wholesale or corporate level). The quarterly series we use have been constructed from two separate monthly compilations by Bank of Japan: 1995-2002 and 2000-2005. In total our analysis includes 31 manufacturing commodity categories over the time period 1995-2005. Final series have been seasonally adjusted. Detailed documentation by Bank of Japan of each series used can be found at: http://www.boj.or.jp/en/stat/dlong_f.htm. The 31 categories we focused on account for 59% of total value of exports, 29% of total value of imports and 18% of total value of domestic shipments (as of year 2000).

Construction of relative export and import prices $P_x(i)$ and $P_m(i)$

The original data is organized in basic grouping and subordinate grouping. Final data is reported for basic groupings only. However, indices $P_x(i)$ and $P_m(i)$ have been constructed for each basic grouping i by dividing nominal export (import price) index by a corresponding domestic price index within each constituent subordinate grouping (whenever available) and then aggregating it to the basic level grouping.

The following basic groups have been used in analysis: (1) Engines, (2) Pumps, (3) Agricultural tractors, (4) Bearings, (5) Printing machines, (6) Copying machines, (7) Metal valves, (8) Computers, (9) Computer external memory, (10) Computer input-output devices, (11) Wire communications equipment (fax machines, telephones), (12) Radio communications equipment, (13) Color televisions, (14) Video recording and/or reproducing apparatus, (15) Home audio equipment, (16) Car audio equipment, (17) Household electrical equipment, (18) Passive components (electronic components), (19) Connecting components (electronic components), (20) Electron tubes, (21) Semiconductors, (22) Integrated circuits, (23) Electrical measuring instruments, (24) Silicon wafers, (25) Small passenger cars, (26) Other passenger cars, (27) Bicycles and parts, (28) Photographic cameras, (29) Spectacle frames & ophthalmic lenses, (30) Medical equipment & systems, (31) Watches & clocks.