



Outlook for Japan's elections




House of Representatives (Lower House) Electoral System

- 300 seats from single-member districts (SMDs)
- 180 seats from 11 regional constituencies elected by proportional representation (PR) from party lists
- Total = 480 seats
- Majority = 241 seats




Composition of old House

Government	
Liberal Democratic Party (LDP)	249 (37 rebels = 212)
New Komeito	34
Opposition	
Democratic Party of Japan (DPJ)	175
Japan Communist Party (JCP)	9
Social Democratic Party (SDP)	6
Independents	4
Vacant	3




New Players

- People's New Party (PNP)
 - ex-LDP rebel group (5 members)
- New Party Nippon (NPN)
 - ex-LDP rebel group (6 members)




Who is going to win the election?




LDP/DPJ Support Rates



Party	PR Districts	SMDs
LDP	25-30%	40%+
DPJ	12-16%	20%+





Who will be prime minister?






How has Koizumi pitched the campaign?

What is the broader political significance of this election?

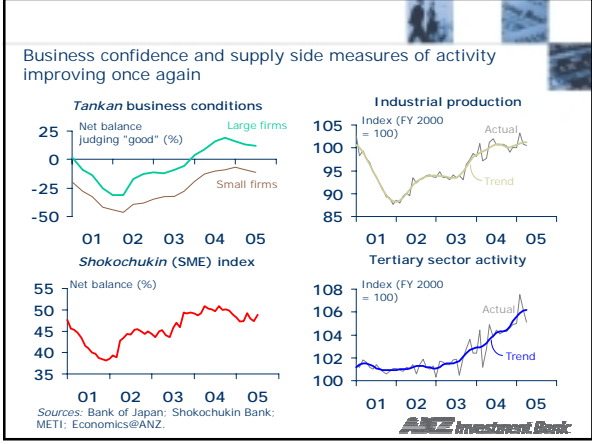



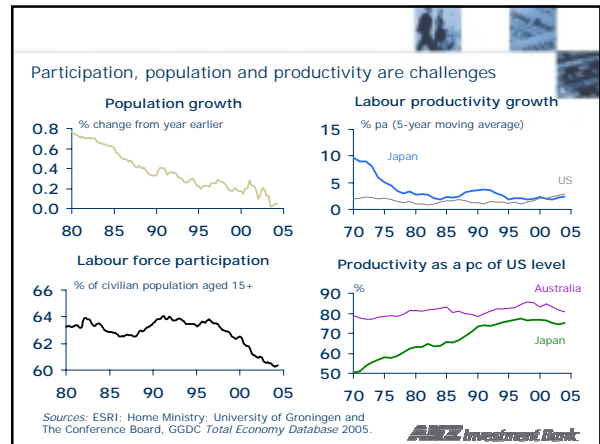
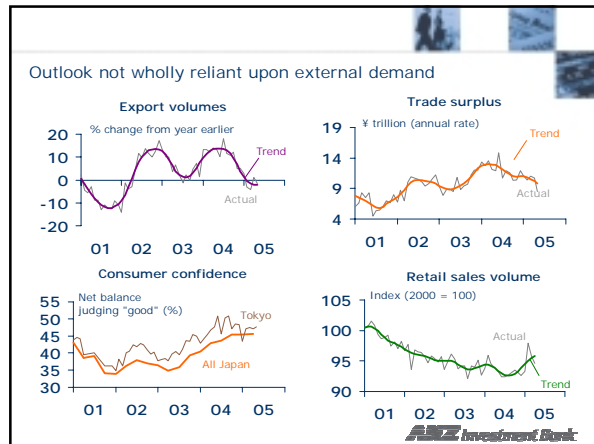
How will the outcome of the election affect financial markets?

What policy developments can we expect after the election?







Summary of the economic outlook for Japan

	2004	2005	2006	2007
Real GDP growth (%)	2.6	1.7	1.5	1.3
Employment growth (%)	0.2	0.5	0.5	0.25
Unemployment rate (%) ^(a)	4.5	4.5	4.0	4.0
CPI inflation (%) ^(b)	0.6	-0.5	0.5	0.5
Current account surplus (¥ trn)	18.6	15¾	14½	13¾
Current account (% of GDP)	3.7	3.0	2.75	2.5
Call money rate ^(a)	0.0	0	0.25	0.5
Yen-US\$ ^(a)	103	106	116	107
Yen-€ ^(a)	140	136	139	112
Yen-A\$ ^(a)	80	80.6	78.2	75

(a) December (b) year ended December; all other forecasts are calendar year-average
Investment Bank