

April 28, 2023

Bank of Japan

Statement on Monetary Policy

1. At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided upon the following.

(1) Yield curve control (a unanimous vote)

a) The Bank decided to set the following guideline for market operations for the intermeeting period.

The short-term policy interest rate:

The Bank will apply a negative interest rate of minus 0.1 percent to the Policy-Rate Balances in current accounts held by financial institutions at the Bank.

The long-term interest rate:

The Bank will purchase a necessary amount of Japanese government bonds (JGBs) without setting an upper limit so that 10-year JGB yields will remain at around zero percent.

b) Conduct of yield curve control

The Bank will continue to allow 10-year JGB yields to fluctuate in the range of around plus and minus 0.5 percentage points from the target level, and will offer to purchase 10-year JGBs at 0.5 percent every business day through fixed-rate purchase operations, unless it is highly likely that no bids will be submitted. In order to encourage the formation of a yield curve that is consistent with the above guideline for market operations, the Bank will continue with large-scale JGB purchases and make nimble responses for each maturity by increasing the amount of JGB purchases and conducting fixed-rate purchase operations.

(2) Guidelines for asset purchases (a unanimous vote)

With regard to asset purchases other than JGB purchases, the Bank decided to set the following guidelines.

- a) The Bank will purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) as necessary with upper limits of about 12 trillion yen and about 180 billion yen, respectively, on annual paces of increase in their amounts outstanding.
 - b) The Bank will maintain the amount outstanding of CP at about 2 trillion yen. It will purchase corporate bonds at about the same pace as prior to the COVID-19 pandemic, so that their amount outstanding will gradually return to the pre-pandemic level of about 3 trillion yen. In adjusting the amount outstanding of corporate bonds, the Bank will give due consideration to their issuance conditions.
2. With extremely high uncertainties surrounding economies and financial markets at home and abroad, the Bank will patiently continue with monetary easing while nimbly responding to developments in economic activity and prices as well as financial conditions. By doing so, it will aim to achieve the price stability target of 2 percent in a sustainable and stable manner, accompanied by wage increases.

The Bank will continue with Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control, aiming to achieve the price stability target, as long as it is necessary for maintaining that target in a stable manner. It will continue expanding the monetary base until the year-on-year rate of increase in the observed consumer price index (CPI, all items less fresh food) exceeds 2 percent and stays above the target in a stable manner. The Bank will continue to maintain stability of financing, mainly of firms, and financial markets, and will not hesitate to take additional easing measures if necessary.

3. Since the late 1990s, when Japan's economy fell into deflation, achieving price stability has been a challenge for a long period of 25 years. During this period, the Bank has implemented various monetary easing measures. These measures have interacted with and influenced wide areas of Japan's economic activity, prices, and financial sector. In light of this, the Bank has decided to conduct a broad-perspective review of monetary policy, with a planned time frame of around one to one and a half years.

Reference

Meeting hours:

Thursday, April 27: 14:00-16:26

Friday, April 28: 9:00-12:53

Policy Board members present:

Mr. UEDA Kazuo, Chairman (Governor)
Mr. HIMINO Ryoza (Deputy Governor)
Mr. UCHIDA Shinichi (Deputy Governor)
Mr. ADACHI Seiji
Mr. NAKAMURA Toyoaki
Mr. NOGUCHI Asahi
Ms. NAKAGAWA Junko
Mr. TAKATA Hajime
Mr. TAMURA Naoki

[Others present]

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From the Ministry of Finance:

Mr. OKU Tatsuo, Deputy Vice-Minister for Policy Planning and Coordination
(14:00-16:26)

From the Cabinet Office:

Mr. INOUE Hiroyuki, Vice-Minister for Policy Coordination (14:00-16:26)

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From the Ministry of Finance:

Mr. AKINO Kozo, State Minister of Finance (9:00-12:02, 12:08-12:53)

From the Cabinet Office:

Mr. FUJIMARU Satoshi, State Minister of Cabinet Office (9:00-12:02, 12:08-12:53)

Release dates and times:

Statement on Monetary Policy -- Friday, April 28 at 13:00

Outlook for Economic Activity and Prices (Outlook Report)

The Bank's View -- Friday, April 28 at 13:00

Full text -- Monday, May 1 at 14:00

Summary of Opinions -- Thursday, May 11 at 8:50

Minutes of the Monetary Policy Meeting -- Wednesday, June 21 at 8:50