

Quantitative and Qualitative Monetary Easing

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Contents

Introduction

I. Basic Thinking

II. Introduction of the "Quantitative and Qualitative Monetary Easing"

Strong and Clear Commitment

New Phase of Monetary Easing Both in
Terms of Quantity and Quality

Intelligible Monetary Policy

Continuation of Monetary Easing

III. Effects of the "Quantitative and Qualitative Monetary Easing"

Transmission Channels of Monetary Easing Effects

Developments in Economic Activity and Prices

IV. Some Points of Discussion in the Monetary Policy Conduct

Execution of the Quantitative and Qualitative
Monetary Easing

Relationship with Financing the Fiscal Deficit

Effect on Exchange Rate

Three-Pronged Strategy (Three Arrows)

Concluding Remarks

Basic Thinking

- The Bank should **do whatever is necessary** to overcome deflation.
- It should **strongly and clearly commit itself** to the achievement of the price stability target of 2% as its responsibility.
- It should **convey** its strong policy stance **with clarity and intelligibility**.
- It should **enter a new phase of monetary easing both in terms of quantity and quality** in order to underpin its commitment.

2

Introduction of the "Quantitative and Qualitative Monetary Easing" (1)

Strong and Clear Commitment

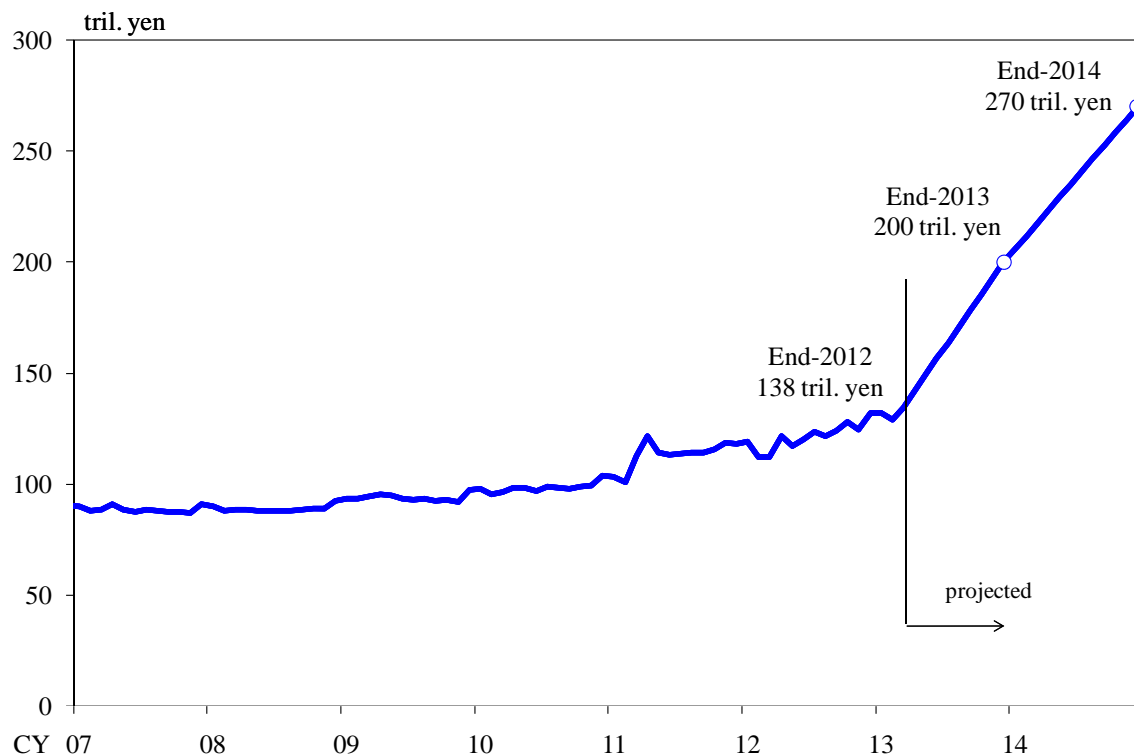
- The Bank will achieve the price stability target of 2% at the earliest possible time, with a time horizon of about 2 years.

New Phase of Monetary Easing Both in Terms of Quantity and Quality

- Monetary base: Annual increase of about 60-70 tril. yen (x2 in 2 years).
- Amount outstanding of JGB holdings: Annual increase of about 50 tril. yen (more than x2 in 2 years).
- Average remaining maturity of the Bank's JGB purchases: Extended to about 7 years (more than x2 in 2 years).
- Amount outstanding of ETF holdings: Annual increase of about 1 tril. yen (more than x2 in 2 years).
- Amount outstanding of J-REIT holdings: Annual increase of about 30 bil. yen.

3

Monetary Base Target



4

Introduction of the "Quantitative and Qualitative Monetary Easing" (2)

Intelligible Monetary Policy

- The Bank has terminated the Asset Purchase Program and synthesized purchasing methods of JGBs.
- It has adopted the monetary base as an indicator for quantitative easing.

Continuation of Monetary Easing

- The Bank will continue with the quantitative and qualitative monetary easing, aiming to achieve the price stability target of 2%, as long as it is necessary for maintaining that target in a stable manner.
- It will examine both upside and downside risks to economic activity and prices, and make adjustments as appropriate.

5

Effects of the "Quantitative and Qualitative Monetary Easing"

Encouraging a further decline in **longer-term interest rates** and lowering risk premia of **asset prices**

Portfolio rebalancing effect
where investment in risk assets and lending increase

Drastically changing **expectations**
of markets and economic entities