

Overcoming Deflation, and Quantitative and Qualitative Monetary Easing

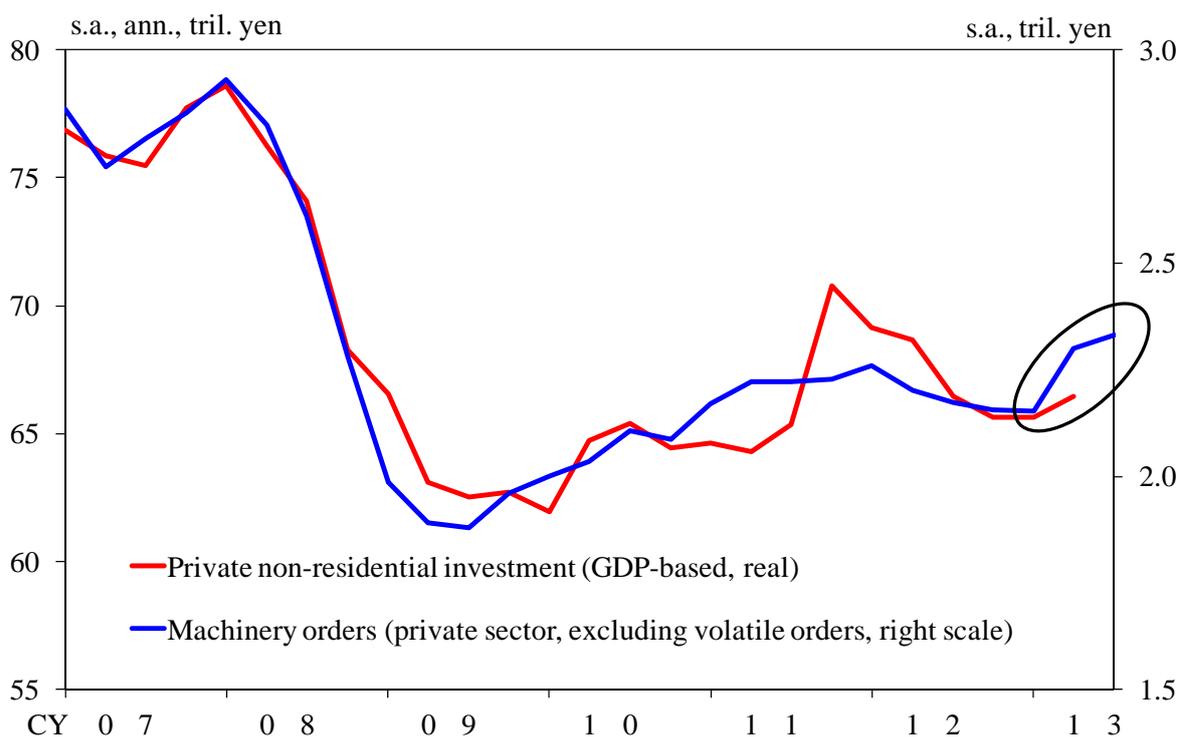
Speech at the Kisaragi-Kai Meeting in Tokyo

September 20, 2013

Haruhiko Kuroda
Governor of the Bank of Japan

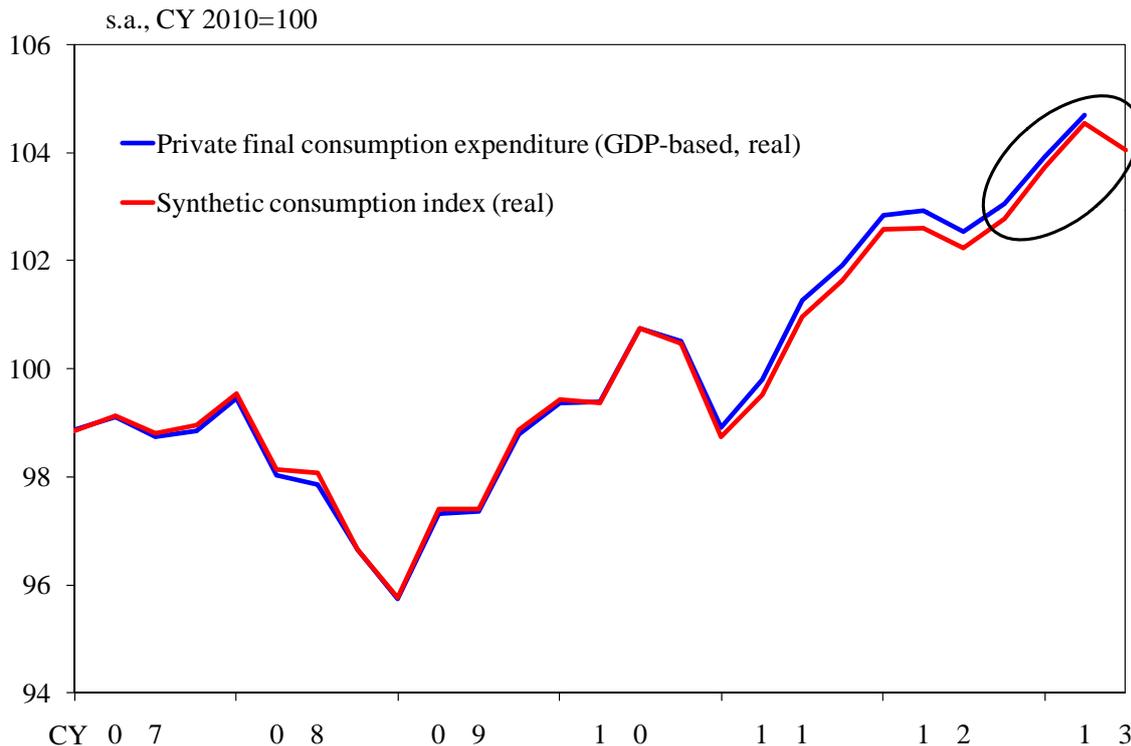
Chart 1

Business Fixed Investment



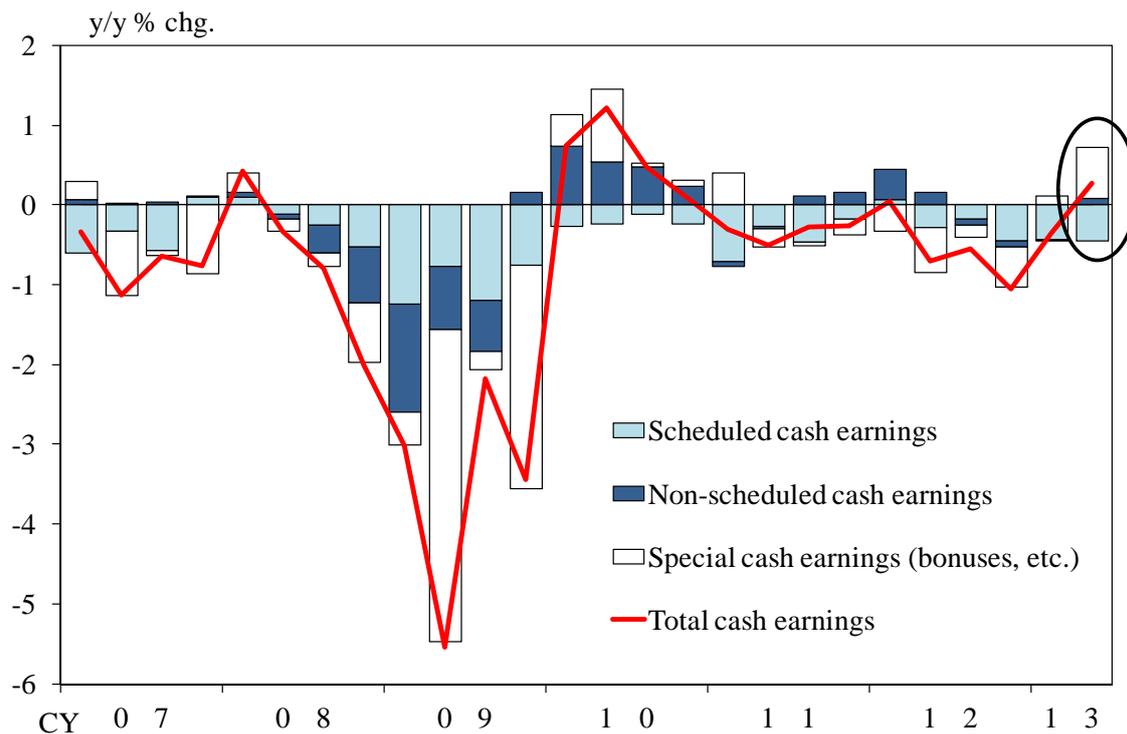
Note: The figure for 2013/Q3 is that of July.
Source: Cabinet Office.

Private Consumption



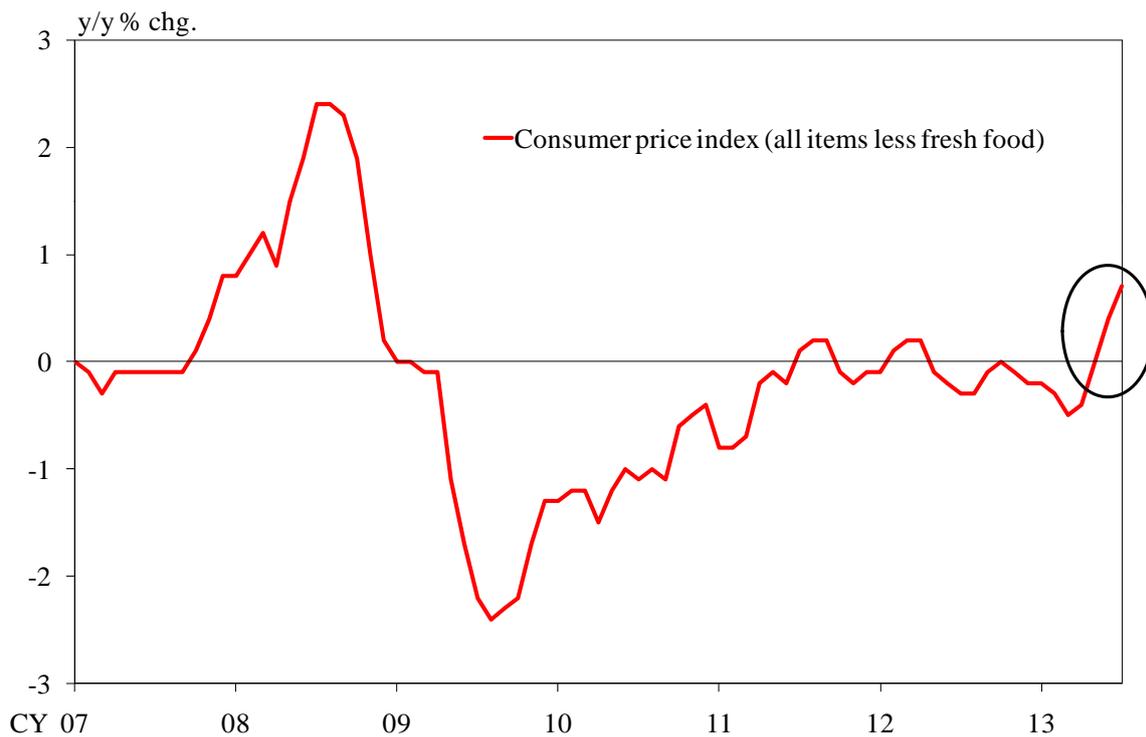
Note: The figure for 2013/Q3 is that of July.
 Source: Cabinet Office.

Total Cash Earnings



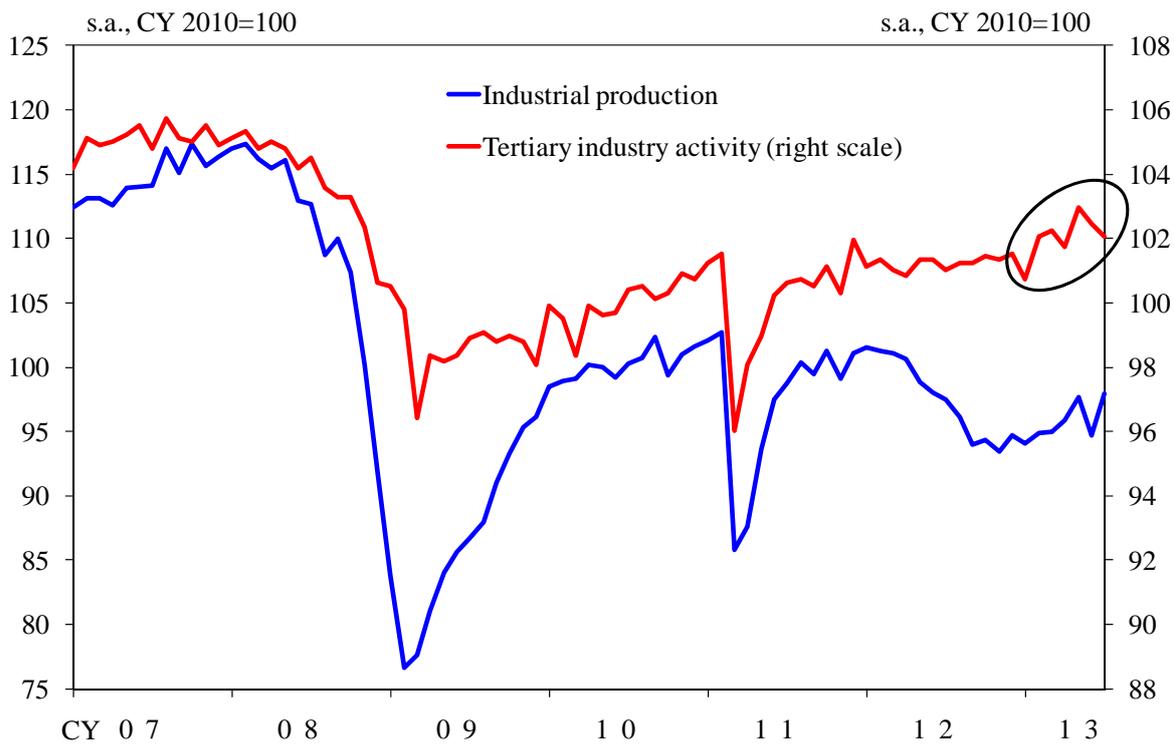
Note: Q1 = March-May, Q2 = June-August, Q3 = September-November, Q4 = December-February.
 Figures for 2013/Q2 are June-July averages.
 Source: Ministry of Health, Labour and Welfare.

Consumer Prices



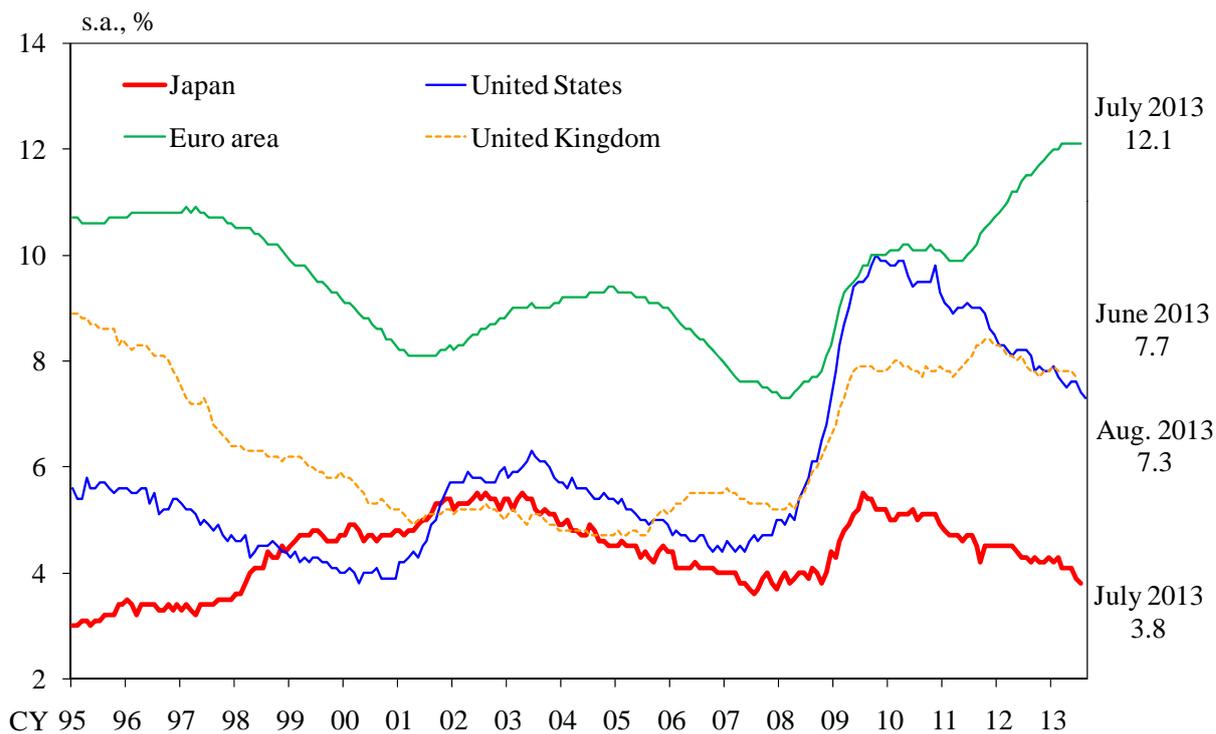
Source: Ministry of Internal Affairs and Communications.

Production and Industrial Activity



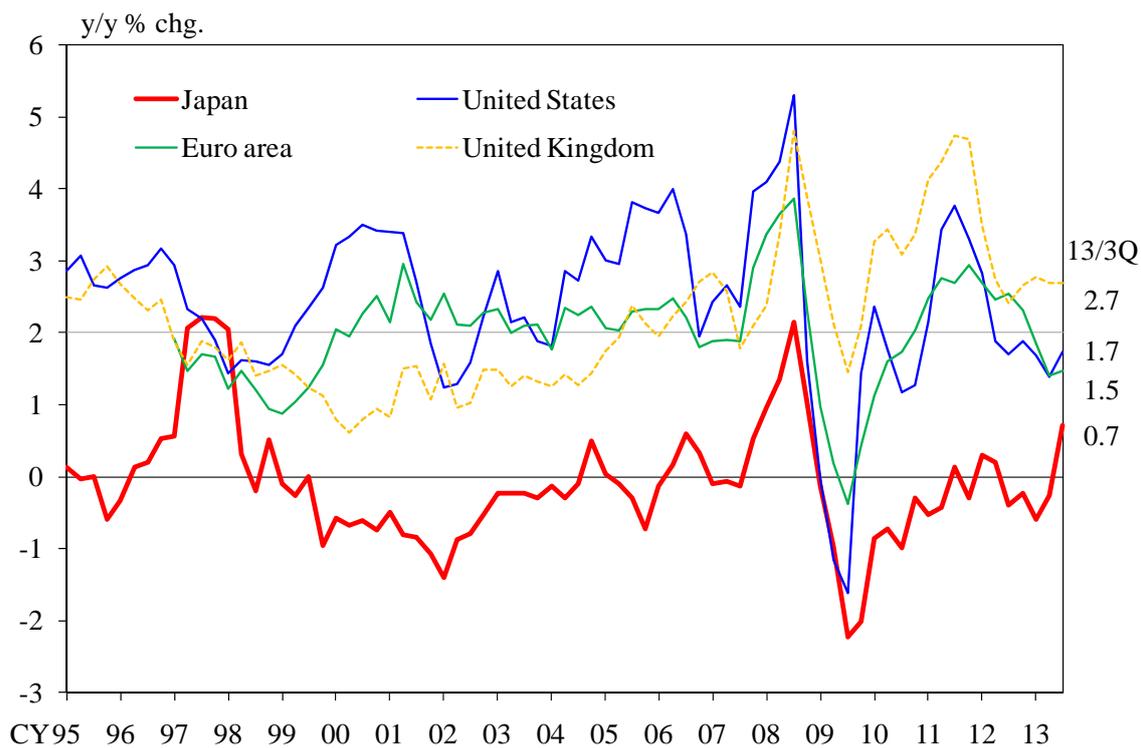
Source: Ministry of Economy, Trade and Industry.

Unemployment Rate



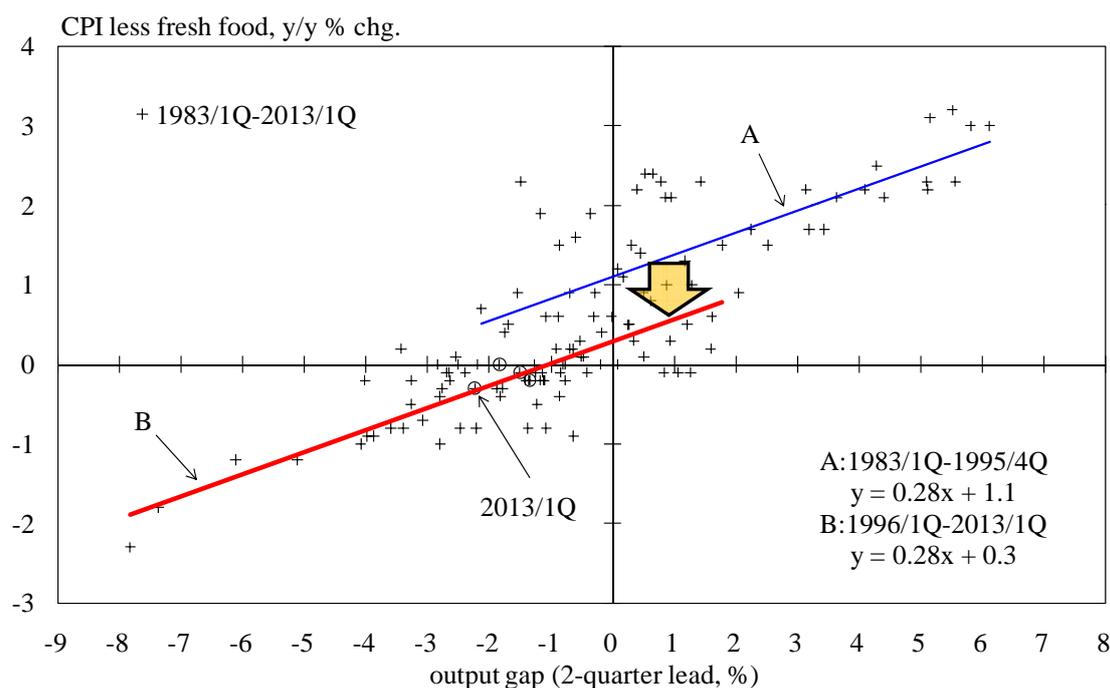
Sources: Ministry of Internal Affairs and Communications; BLS; Eurostat; ONS.

Consumer Price Index (All items)



Note: The figure for 2013/3Q in Japan is that of July. Figures for 2013/3Q in the other areas are July-August averages.
Sources: Ministry of Internal Affairs and Communications; BLS; Eurostat; ONS.

Output Gap and Inflation Rate (Phillips Curve)



Notes: 1. The circled marks are the latest four positions.

2. Figures for the CPI are adjusted to exclude the effect of changes in the consumption tax rate.

3. The output gap is estimated by the Research and Statistics Department, Bank of Japan.

Sources: Ministry of Internal Affairs and Communications; Cabinet Office.

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Quantitative and Qualitative Monetary Easing

Strong and Clear Commitment

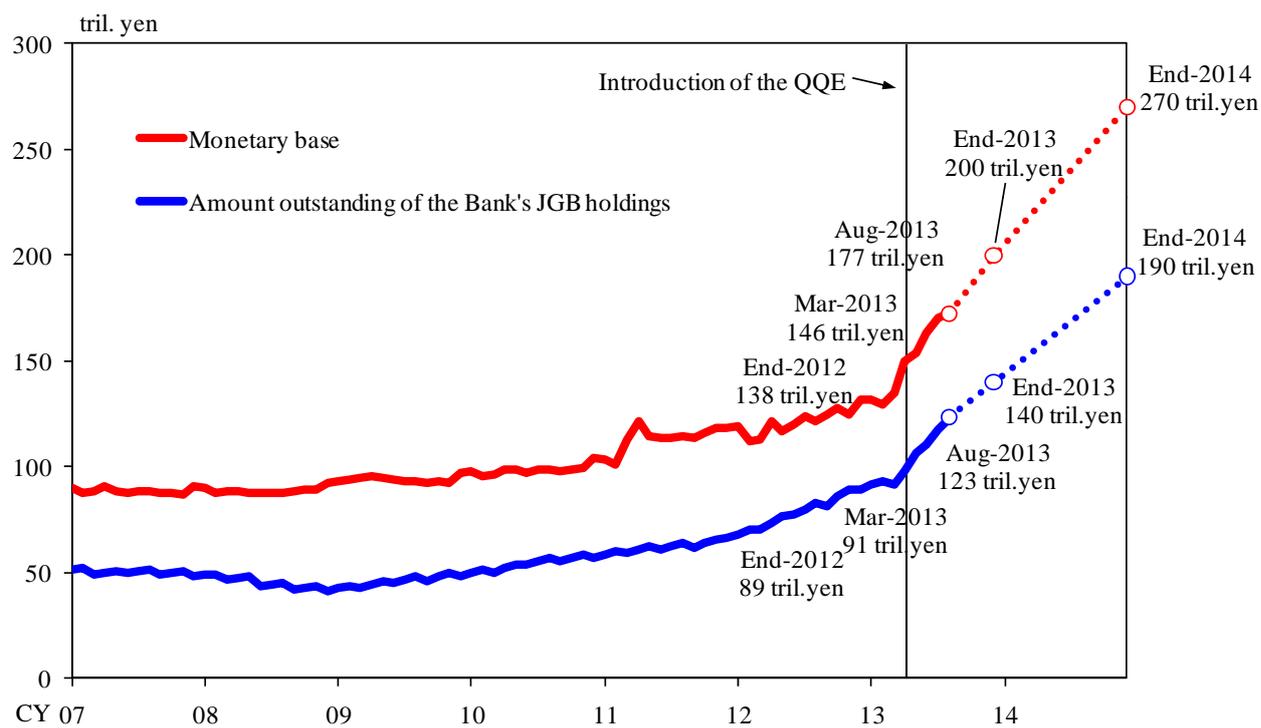
- Achieve the price stability target of 2%, at the earliest possible time with a time horizon of about 2 years.

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 the Bank's 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).
- Amount outstanding of ETF holdings: Annual increase of about 1 tril. yen (more than x2 in 2 years).

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Expansion in the Monetary Base and JGB Holdings



Source: Bank of Japan.