

Japan's Economy and Monetary Policy

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Changes in the Bank's Monetary Policy Management

Feb 1999	Introduction of the zero interest rate policy (- Aug 2000)
Mar 2001	Introduction of the quantitative easing policy (- Mar 2006)
Mar 2006	Release of "The Bank's Thinking on Price Stability"
Dec 2009	Release of "Clarification of the 'Understanding of Medium- to Long-Term Price Stability'"
Oct 2010	Introduction of the comprehensive monetary easing policy
Feb 2012	Introduction of the "price stability goal in the medium to long term"
Jan 2013	Introduction of the "price stability target" of 2 percent
//	Release of "Joint Statement of the Government and the Bank of Japan on Overcoming Deflation and Achieving Sustainable Economic Growth"
Apr 2013	Introduction of Quantitative and Qualitative Monetary Easing (QQE)
Oct 2014	Expansion of QQE
Jan 2016	Introduction of QQE with a Negative Interest Rate
Sep 2016	Introduction of QQE with Yield Curve Control

Mechanism of QQE

Quantitative and Qualitative Monetary Easing (QQE)

Large-scale purchases of JGBs

Strong and clear commitment to achieve the price stability target of 2 percent

Decrease

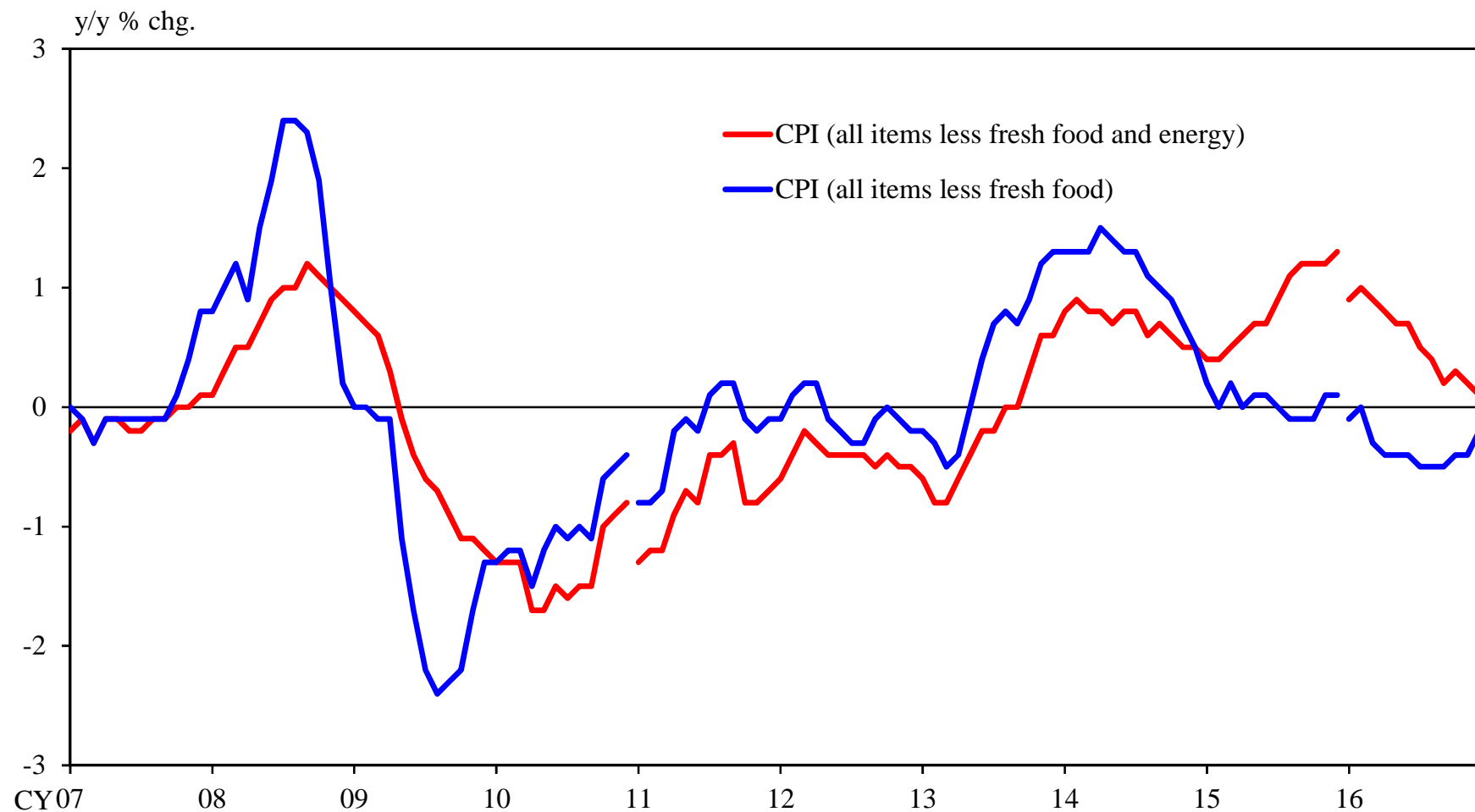
Increase

Nominal interest rates — Inflation expectations = Real interest rates

Decrease

Improvement in the economy
and increase in prices

Consumer Prices



Notes: 1. Figures for the CPI (all items less fresh food and energy) are calculated by the Research and Statistics Department, Bank of Japan.

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

Source: Ministry of Internal Affairs and Communications.

The 10 Strategic Public-Private Joint Projects toward GDP of 600 Trillion Yen

1. The fourth industrial revolution
2. Toward a world leading healthcare country
3. Overcoming environmental and energy constraints and expanding investments
4. Changing sports to a growth industry
5. Revitalizing markets for transaction of existing houses and reform
6. Improving productivity in the service industry
7. Bringing about revolution among small and medium-sized firms and micro firms
8. Promoting proactive agriculture, forestry and fishery, as well as reinforcing exports
9. Realizing Japan as a tourism-oriented country
10. Taking measures to stimulate domestic consumer sentiment

Source: "Japan Revitalization Strategy 2016" (Cabinet Decision, June 2, 2016)