

"Quantitative and Qualitative Monetary Easing with Yield Curve Control": After Half a Year since Its Introduction

Speech at a Reuters Newsmaker Event in Tokyo

March 24, 2017

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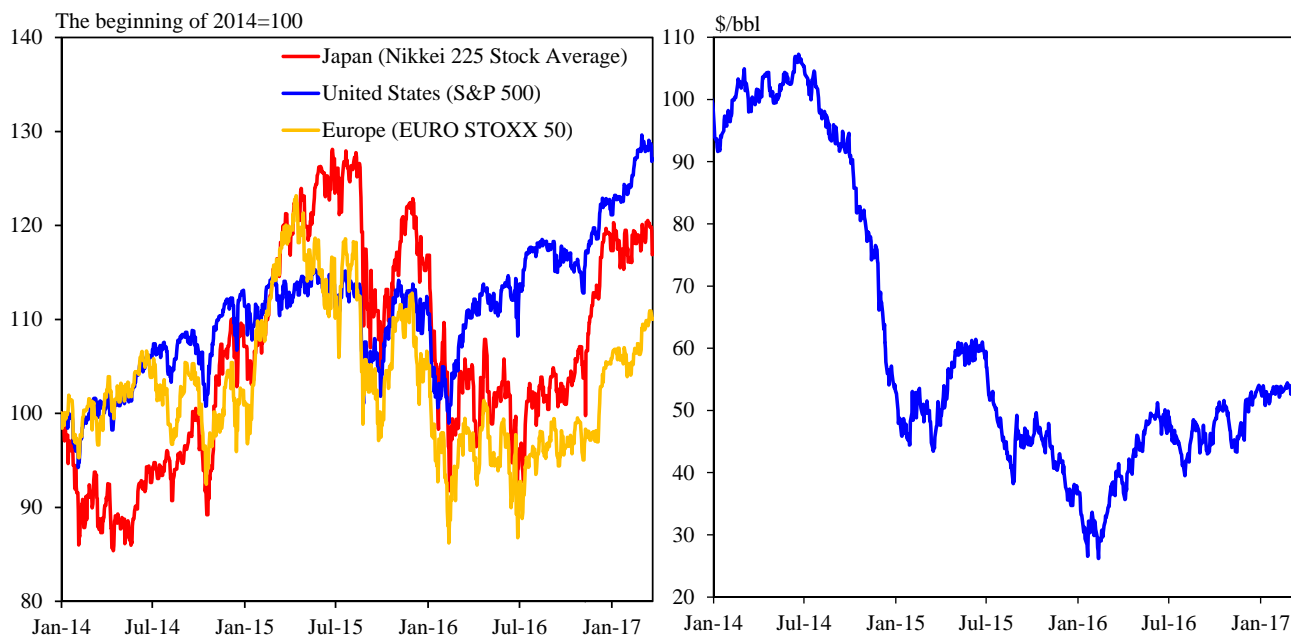
Governor of the Bank of Japan

Chart 1

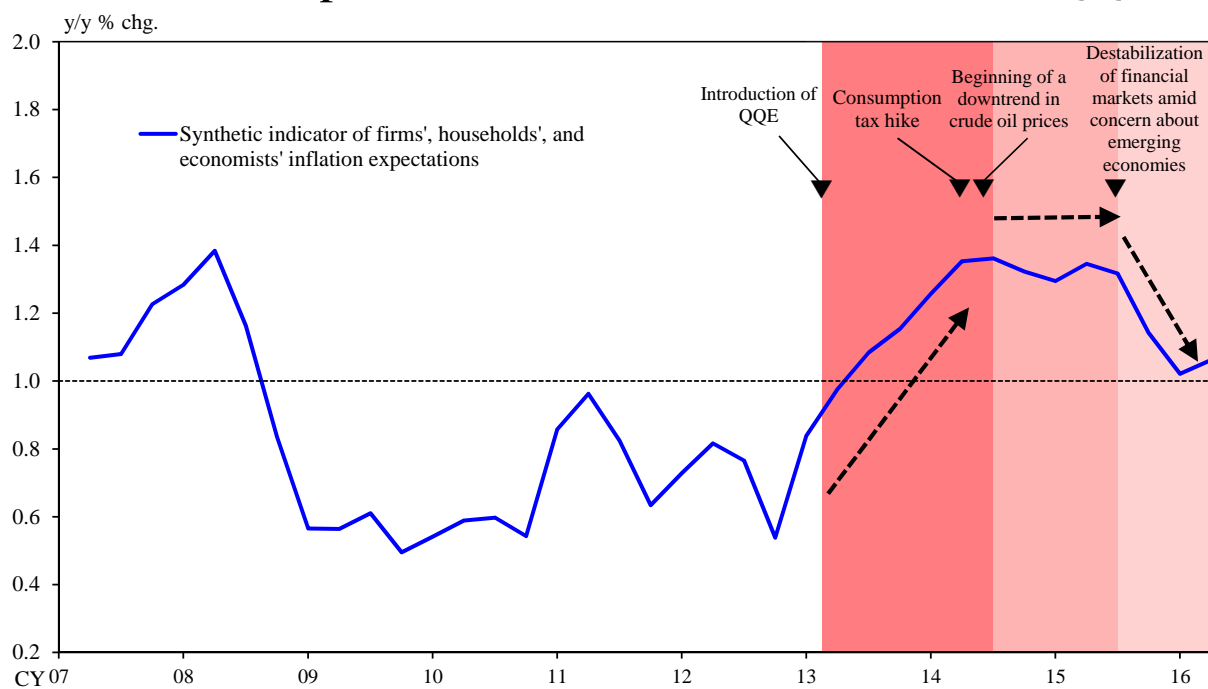
Developments in International Financial Markets

Stock Prices in Major Economies

Crude Oil Prices (WTI)



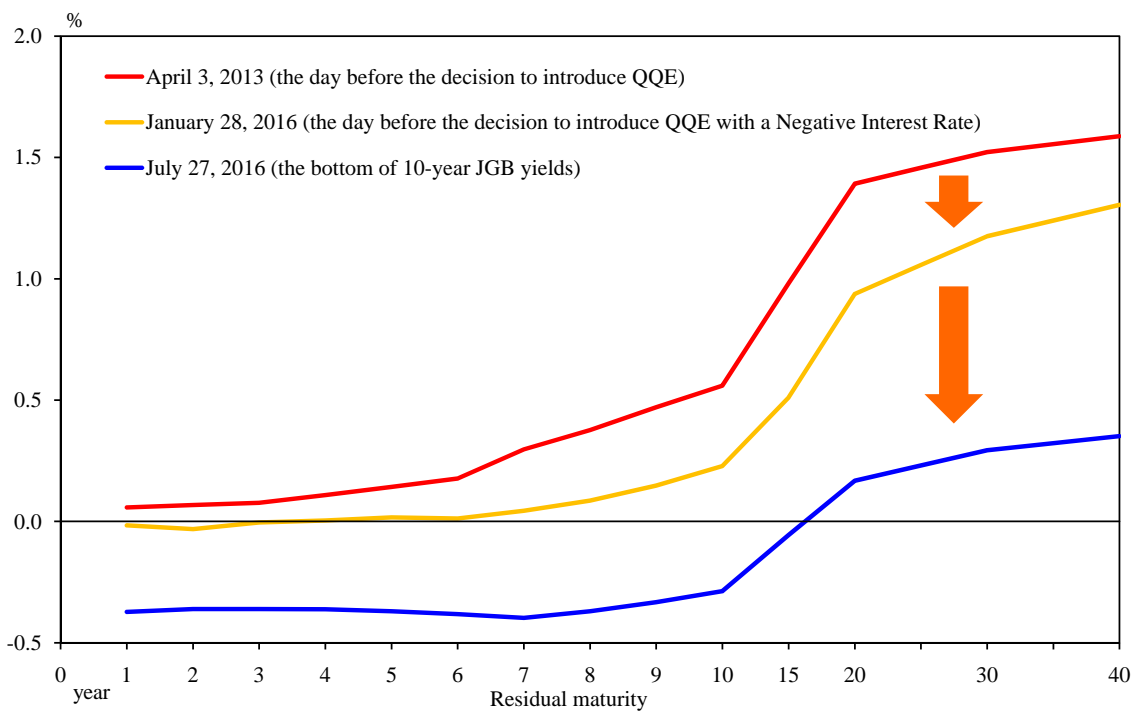
Inflation Expectations after the Introduction of QQE



Notes: 1. Inflation expectations of firms, households, and economists are represented by the *Tankan*, the "Opinion Survey," and the "Consensus Forecasts," respectively.
 2. Semiannual data from the "Consensus Forecasts" up through 2014/Q2 are linearly interpolated. "Opinion Survey" figures exclude inflation expectations by respondents whose annual inflation expectations were +5% percent or greater and -5% percent or smaller. The output prices DI in the *Tankan* represents the difference between the share of firms that raised prices in the preceding three months and the share of firms that lowered prices.

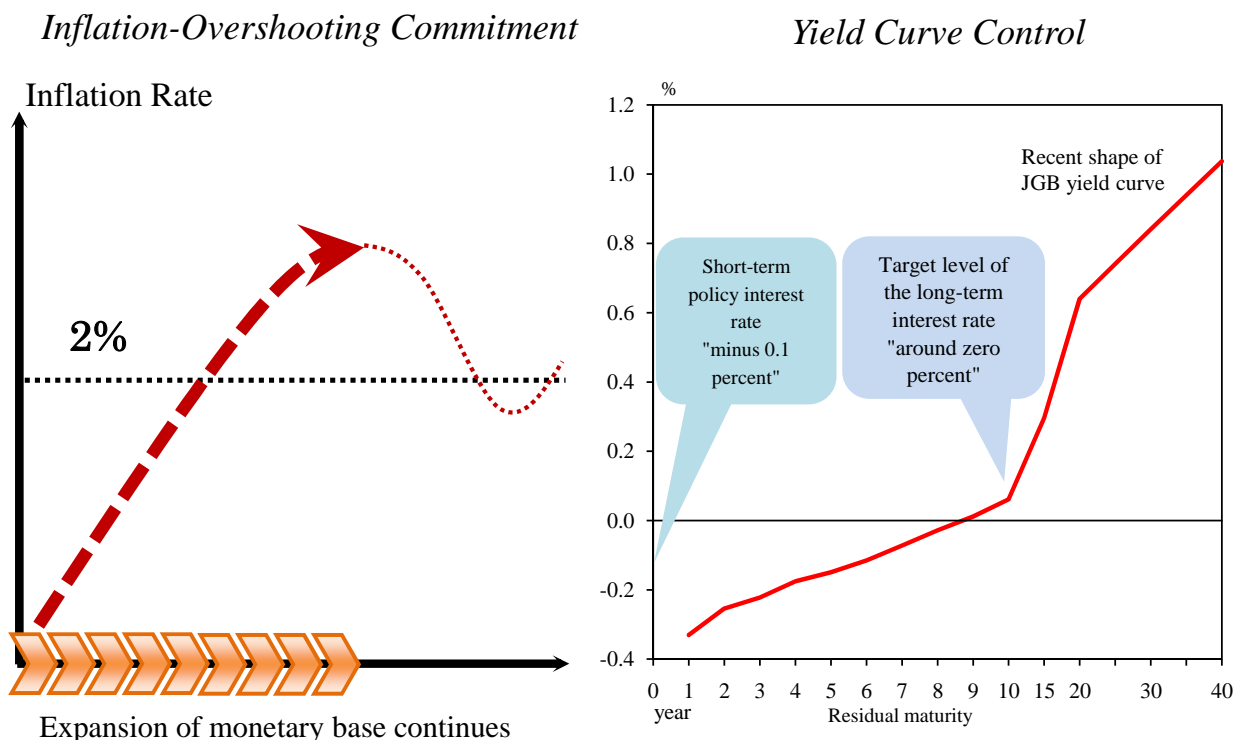
Sources: Consensus Economics Inc., "Consensus Forecasts"; Bank of Japan.

Changes in JGB Yield Curve since the Introduction of QQE with a Negative Interest Rate



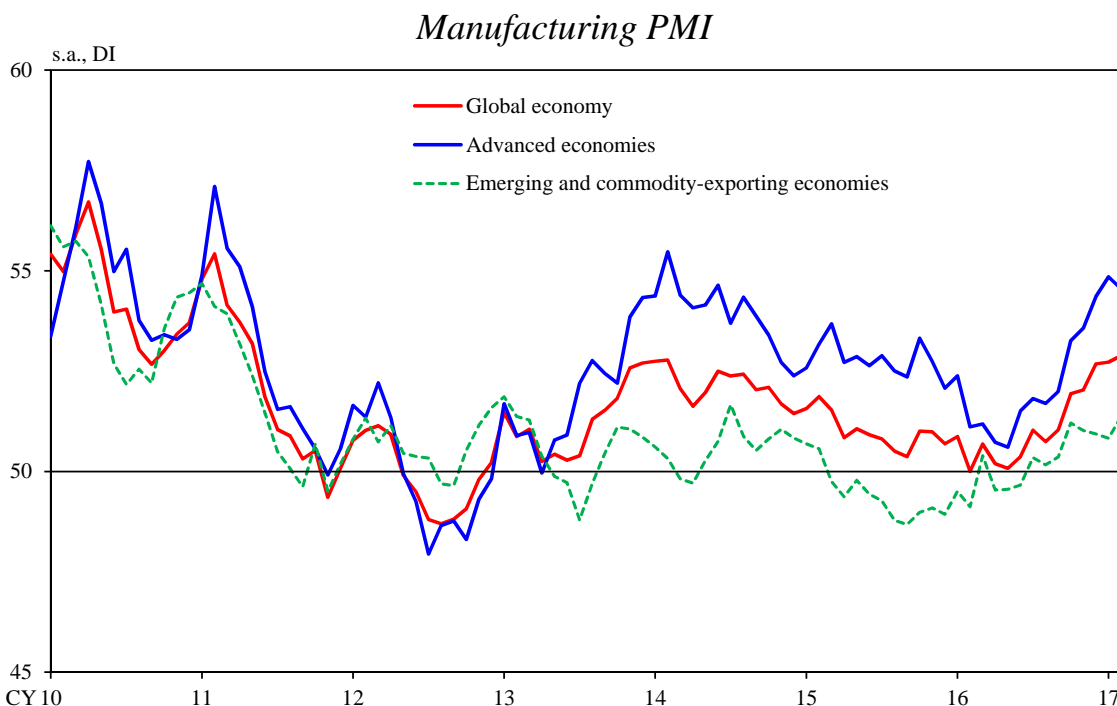
Source: Bloomberg.

QQE with Yield Curve Control



Source: Bloomberg.

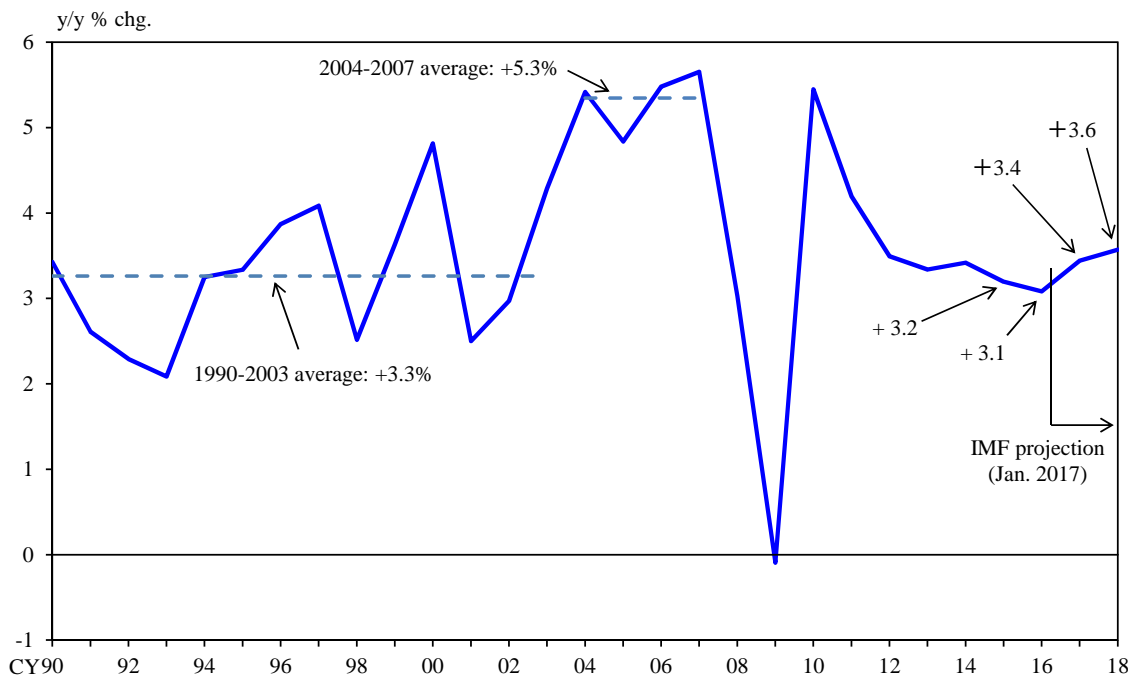
Manufacturing Conditions



Note: Figures for the global economy are the J.P.Morgan Global Manufacturing PMI. Figures for advanced economies as well as emerging and commodity-exporting economies are calculated as the weighted averages of the Manufacturing PMI using PPP-adjusted GDP shares of world total GDP from the IMF as weights. Advanced economies consist of the United States, the euro area, the United Kingdom, and Japan. Emerging and commodity-exporting economies consist of 17 countries and regions, including China, South Korea, Taiwan, Russia, and Brazil. Sources: IMF; IHS Markit (© and database right IHS Markit Ltd 2017. All rights reserved.); Haver.

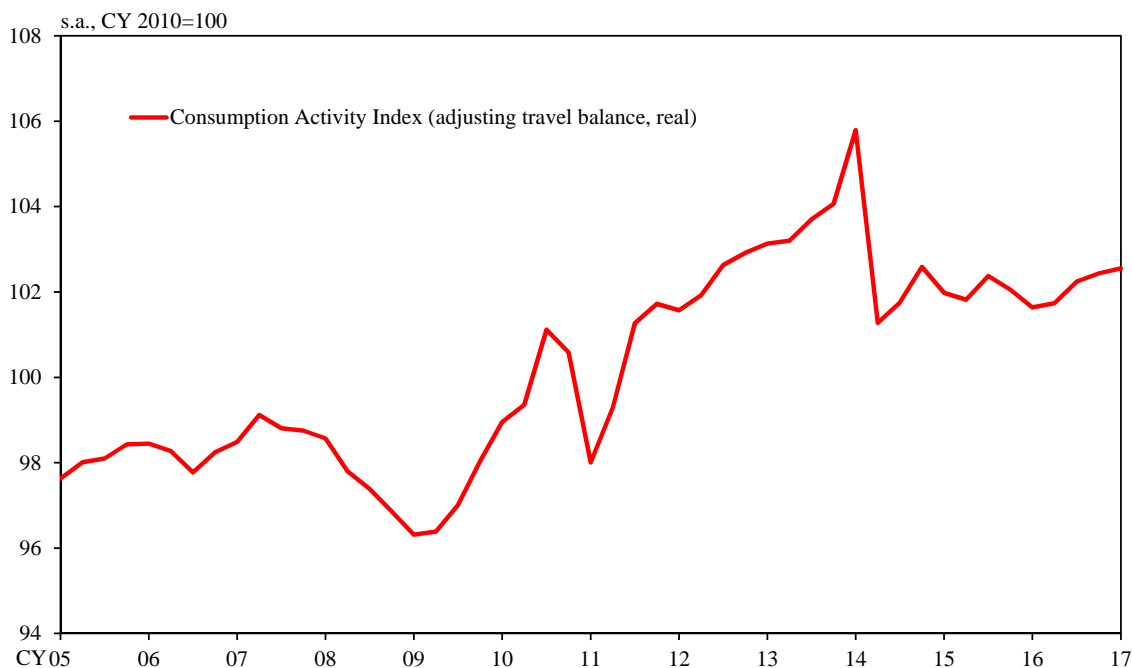
World Economic Outlook Released by the IMF

World Real GDP Growth Rate



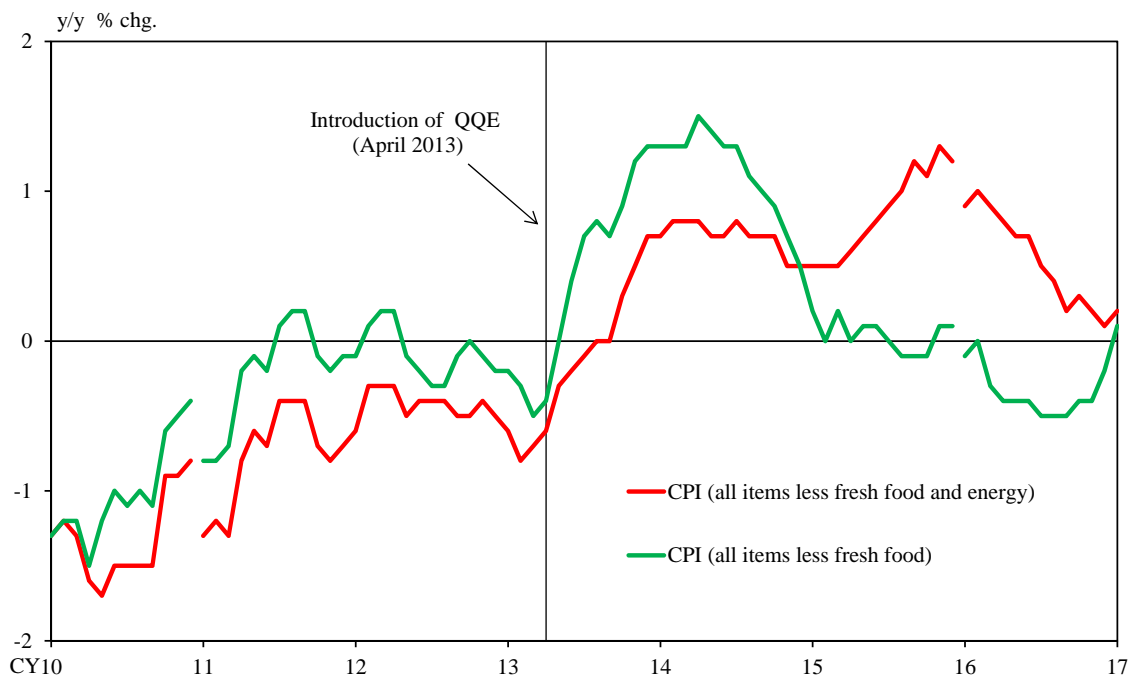
Source: IMF.

Consumption Activity Index



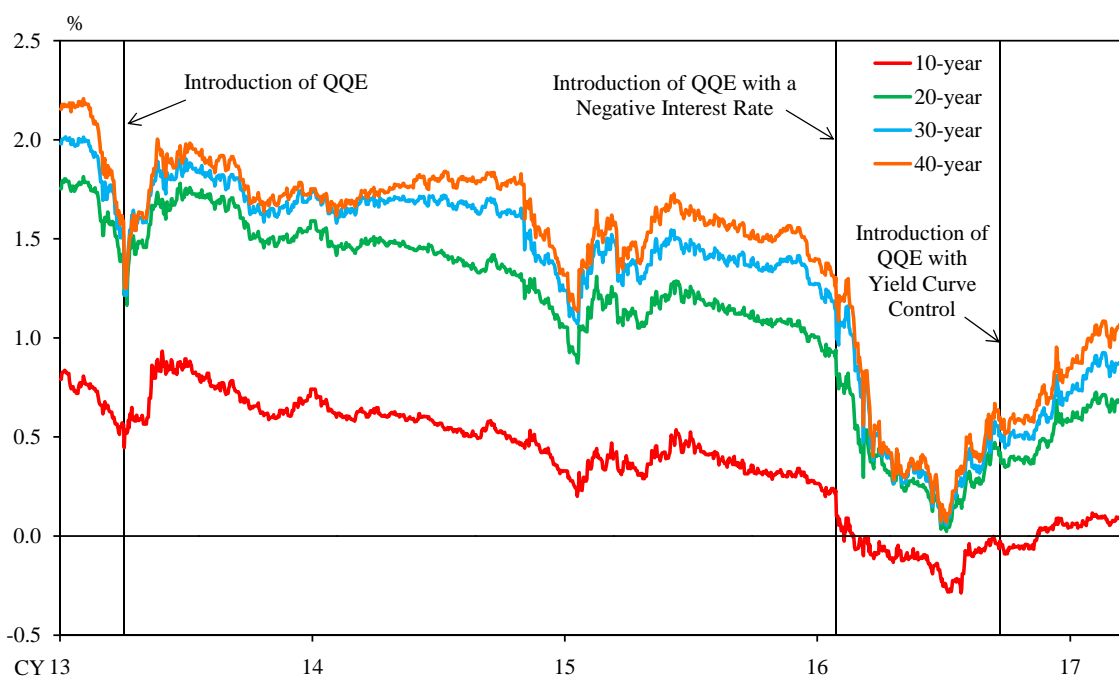
Note: Figures for the Consumption Activity Index exclude inbound tourism consumption and include outbound tourism consumption.
Sources: Cabinet Office; Bank of Japan; Ministry of Economy, Trade and Industry; Ministry of Internal Affairs and Communications, etc.

Consumer Prices



Note: 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.

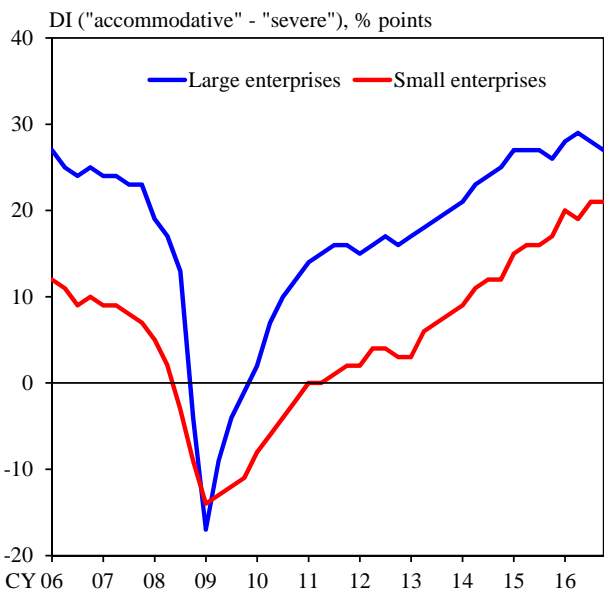
Super-long-term JGB Yields



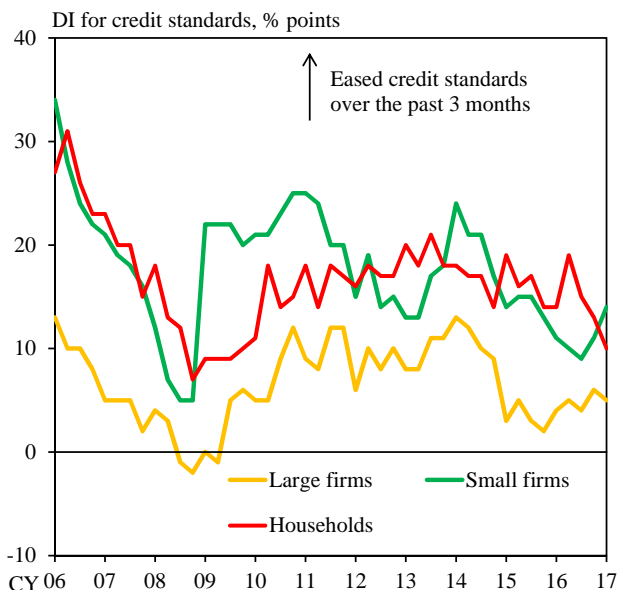
Source: Bloomberg.

Lending Attitudes of Financial Institutions

Lending Attitude of Financial Institutions as Perceived by Firms (Tankan)



Lending Policies of Large Banks (Senior Loan Officer Opinion Survey on Bank Lending Practices at Large Japanese Banks)



Notes: 1. Data from the *Tankan* are based on all industries.

2. DI for credit standards is calculated as follows.

$$DI = (\text{percentage of respondents selecting "eased considerably"} + \text{percentage of respondents selecting "eased somewhat"} \times 0.5)$$

$$- (\text{percentage of respondents selecting "tightened considerably"} + \text{percentage of respondents selecting "tightened somewhat"} \times 0.5)$$

Source: Bank of Japan.