

April 27, 2018

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

The Bank decided, by an 8-1 majority vote, to set the following guideline for market operations for the intermeeting period. ^[Note 1]

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 Japanese government bonds (JGBs) so that 10-year JGB yields will remain at around zero percent. With regard to the amount of JGBs to be purchased, the Bank will conduct purchases at more or less the current pace -- an annual pace of increase in the amount outstanding of its JGB holdings of about 80 trillion yen -- aiming to achieve the target level of the long-term interest rate specified by the guideline.

(2) Guidelines for asset purchases

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

a) The Bank will purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) so that their amounts outstanding will increase at annual paces of about 6 trillion yen and about 90 billion yen, respectively.

b) As for CP and corporate bonds, the Bank will maintain their amounts outstanding at about 2.2 trillion yen and about 3.2 trillion yen, respectively.

2. The Bank will continue with "Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control," aiming to achieve the price stability target of 2 percent, 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 make policy adjustments as appropriate, taking account of developments in economic activity and prices as well as financial conditions, with a view to maintaining the momentum toward achieving the price stability target. ^[Note 2]

^[Note 1] Voting for the action: Mr. H. Kuroda, Mr. M. Amamiya, Mr. M. Wakatabe, Mr. Y. Harada, Mr. Y. Funo, Mr. M. Sakurai, Ms. T. Masai, and Mr. H. Suzuki. Voting against the action: Mr. G. Kataoka. Mr. G. Kataoka dissented, considering that, taking account of risk factors through fiscal 2020 such as the consumption tax hike and a possible economic downturn in the United States, it was desirable to further strengthen monetary easing, and that it was appropriate for the Bank to purchase JGBs so that yields on JGBs with maturities of 10 years and longer would broadly be lowered further.

^[Note 2] Mr. G. Kataoka dissented, considering that (1) the timing of achieving the price stability target should be clearly stated, and (2) with a view to reinforcing the inflation-overshooting commitment, if there was a delay in the timing of achieving the target due to domestic factors, the Bank should take additional easing measures and that it was necessary to include that in the text.

(Reference)

Meeting hours:

Thursday, April 26: 14:00-15:21

Friday, April 27: 9:00-11:56

Policy Board members present:

Haruhiko Kuroda (Governor)

Masayoshi Amamiya (Deputy Governor)

Masazumi Wakatabe (Deputy Governor)

Yutaka Harada

Yukitoshi Funo

Makoto Sakurai

Takako Masai

Hitoshi Suzuki

Goushi Kataoka

(Others present)

April 26

From the Ministry of Finance:

Tetsuo Kabe, Deputy Vice Minister for Policy Planning and Co-ordination (14:00-15:21)

From the Cabinet Office:

Mamoru Maekawa, Vice-Minister for Policy Coordination (14:00-15:21)

April 27

From the Ministry of Finance:

Minoru Kihara, State Minister of Finance (9:00-11:32, 11:39-11:56)

From the Cabinet Office:

Takao Ochi, State Minister of Cabinet Office (9:00-11:32, 11:39-11:56)

Release Dates and Time:

Statement on Monetary Policy -- Friday, April 27 at 12:03

Outlook for Economic Activity and Prices (The Bank's View) -- Friday, April 27 at 12:03

Release Schedule:

Outlook for Economic Activity and Prices (Outlook Report, full text including The Background) -- Saturday, April 28 at 14:00

Summary of Opinions -- Thursday, May 10 at 8:50

Minutes -- Wednesday, June 20 at 8:50