

May 22, 2020

Bank of Japan

Statement on Monetary Policy ^[Note 1]

At the Monetary Policy Meeting (MPM) held today, the Policy Board of the Bank of Japan decided upon the following guidelines for market operations and asset purchases.

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 2]

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 a necessary amount of Japanese government bonds (JGBs) without setting an upper limit so that 10-year JGB yields will remain at around zero percent. While doing so, the yields may move upward and downward to some extent mainly depending on developments in economic activity and prices.¹

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.

- (1) The Bank will actively purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) for the time being so that their amounts outstanding will increase at annual paces with the upper limit of about 12 trillion yen and about 180 billion yen, respectively.²

¹ In case of a rapid increase in the yields, the Bank will purchase JGBs promptly and appropriately.

² As for the guideline for purchases of ETFs and J-REITs, in principle, "the Bank will purchase these assets so that their amounts outstanding will increase at annual paces of about 6 trillion yen and about 90 billion yen, respectively. With a view to lowering risk premia of asset prices in an appropriate manner, the Bank may increase or decrease the amount of purchases depending on market conditions."

- (2) As for CP and corporate bonds, the Bank will maintain their amounts outstanding at about 2 trillion yen and about 3 trillion yen, respectively. In addition, until the end of March 2021, it will conduct additional purchases with the upper limit of the amounts outstanding of 7.5 trillion yen for each asset.

^[Note 1] Regarding this MPM, the Summary of Opinions will not be compiled, but the minutes will be released on June 19 following the approval at the MPM that is scheduled to be held on June 15 and 16.

^[Note 2] Voting for the action: Mr. KURODA Haruhiko, Mr. AMAMIYA Masayoshi, Mr. WAKATABE Masazumi, Mr. FUNO Yukitoshi, Mr. SAKURAI Makoto, Ms. MASAI Takako, Mr. SUZUKI Hitoshi, and Mr. ADACHI Seiji. Voting against the action: Mr. KATAOKA Goushi. Mr. Kataoka dissented, considering that it was desirable to further strengthen monetary easing by lowering short- and long-term interest rates, in response to a possible increase in downward pressure on prices and with the aim of alleviating firms' and households' interest burden.

Reference

Meeting hours:

Friday, May 22: 9:00-9:54

Policy Board members present:

Mr. KURODA Haruhiko, Chairman (Governor)

Mr. AMAMIYA Masayoshi (Deputy Governor)

Mr. WAKATABE Masazumi (Deputy Governor)

Mr. FUNO Yukitoshi

Mr. SAKURAI Makoto

Ms. MASAI Takako

Mr. SUZUKI Hitoshi

Mr. KATAOKA Goushi

Mr. ADACHI Seiji

[Others present]

From the Ministry of Finance:

Mr. KANDA Masato, Deputy Vice-Minister for Policy Planning and Coordination (9:00-9:36, 9:47-9:54)

From the Cabinet Office:

Mr. MIYASHITA Ichiro, State Minister of Cabinet Office (9:00-9:36, 9:47-9:54)

Release dates and times:

Statement on Monetary Policy -- Friday, May 22 at 10:01

Minutes of the Monetary Policy Meeting -- Friday, June 19 at 8:50