

## 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 a 7-1 majority vote, to set the following guideline for market operations for the intermeeting period. <sup>[Note 1]</sup>

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.<sup>1</sup>

(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 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.<sup>2</sup>

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

<sup>2</sup> 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."

- b) 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 September 2021, it will conduct additional purchases with an upper limit on the amount outstanding of these assets of about 15 trillion yen in total.
2. The Policy Board decided, by a unanimous vote, to extend by one year the deadlines for loan disbursements under the Fund-Provisioning Measure to Stimulate Bank Lending and the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth.
  3. 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 continue to support financing mainly of firms and maintain stability in financial markets through (1) the Special Program to Support Financing in Response to the Novel Coronavirus (COVID-19), (2) an ample provision of yen and foreign currency funds without setting upper limits mainly by purchasing JGBs and conducting the U.S. dollar funds-supplying operations, and (3) active purchases of ETFs and J-REITs.

For the time being, the Bank will closely monitor the impact of the novel coronavirus (COVID-19) and will not hesitate to take additional easing measures if necessary, and also it expects short- and long-term policy interest rates to remain at their present or lower levels. <sup>[Note 2]</sup>

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<sup>[Note 1]</sup> Voting for the action: Mr. KURODA Haruhiko, Mr. WAKATABE Masazumi, Mr. SAKURAI Makoto, Ms. MASAI Takako, Mr. SUZUKI Hitoshi, Mr. ADACHI Seiji, and Mr. NAKAMURA Toyooki. Voting against the action: Mr. KATAOKA Goushi. Absent: Mr. AMAMIYA Masayoshi. Mr. Kataoka dissented, considering that it was desirable to further strengthen monetary easing by lowering short- and long-term interest rates, with a view to responding to an increase in downward pressure on prices and encouraging firms to make active business fixed investment for the post-COVID-19 era.

<sup>[Note 2]</sup> Mr. Kataoka dissented, considering that, in order to avoid Japan's economy returning to deflation, further coordination of fiscal and monetary policy was necessary and it was appropriate for the Bank to revise the forward guidance for the policy rates to relate it to the price stability target.

## Reference

### Meeting hours:

Wednesday, January 20: 14:00-15:27

Thursday, January 21: 9:00-11:31

### Policy Board members present:

Mr. KURODA Haruhiko, Chairman (Governor)

Mr. AMAMIYA Masayoshi (Deputy Governor) <sup>1</sup>

Mr. WAKATABE Masazumi (Deputy Governor)

Mr. SAKURAI Makoto

Ms. MASAI Takako

Mr. SUZUKI Hitoshi

Mr. KATAOKA Goushi

Mr. ADACHI Seiji

Mr. NAKAMURA Toyoaki

<sup>1</sup> Mr. AMAMIYA was present only on January 20.

[Others present]

### January 20

From the Ministry of Finance:

Mr. SHINKAWA Hirotugu, Deputy Vice-Minister for Policy Planning and Coordination  
(14:00-15:27)

From the Cabinet Office:

Mr. TAWA Hiroshi, Vice-Minister for Policy Coordination (14:00-15:27)

### January 21

From the Ministry of Finance:

Mr. SHINKAWA Hirotugu, Deputy Vice-Minister for Policy Planning and Coordination  
(9:00-11:10, 11:18-11:31)

From the Cabinet Office:

Mr. AKAZAWA Ryosei, State Minister of Cabinet Office (9:00-11:10, 11:18-11:31)

### Release dates and times:

Statement on Monetary Policy -- Thursday, January 21 at 11:38

Outlook for Economic Activity and Prices (Outlook Report)

The Bank's View -- Thursday, January 21 at 11:38

Full text -- Friday, January 22 at 14:00

Summary of Opinions -- Friday, January 29 at 8:50

Minutes of the Monetary Policy Meeting -- Wednesday, March 24 at 8:50