

# Quantitative and Qualitative Monetary Easing

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# Basic Thinking

- The Bank should **do whatever is necessary** to overcome deflation.
- It should **strongly and clearly commit itself** to the achievement of the price stability target of 2% as its responsibility.
- It should **convey** its strong policy stance **with clarity and intelligibility**.
- It should **enter a new phase of monetary easing both in terms of quantity and quality** in order to underpin its commitment.

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## Introduction of the "Quantitative and Qualitative Monetary Easing" (1)

### Strong and Clear Commitment

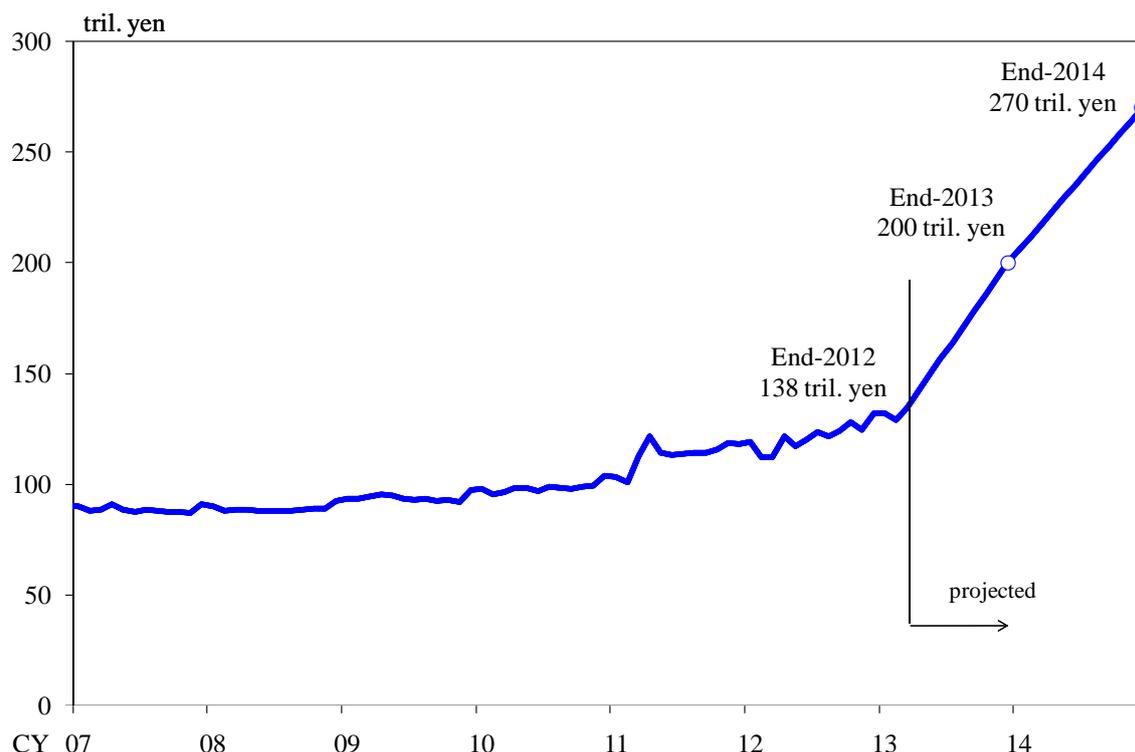
- The Bank will achieve the price stability target of 2% at the earliest possible time, with a time horizon of about 2 years.

### New Phase of Monetary Easing Both in Terms of Quantity and Quality

- Monetary base: Annual increase of about 60-70 tril. yen (x2 in 2 years).
- Amount outstanding of JGB holdings: Annual increase of about 50 tril. yen (more than x2 in 2 years).
- Average remaining maturity of the Bank's JGB purchases: Extended to about 7 years (more than x2 in 2 years).
- Amount outstanding of ETF holdings: Annual increase of about 1 tril. yen (more than x2 in 2 years).
- Amount outstanding of J-REIT holdings: Annual increase of about 30 bil. yen.

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# Monetary Base Target



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## Introduction of the "Quantitative and Qualitative Monetary Easing" (2)

### Intelligible Monetary Policy

- The Bank has terminated the Asset Purchase Program and synthesized purchasing methods of JGBs.
- It has adopted the monetary base as an indicator for quantitative easing.

### Continuation of Monetary Easing

- The Bank will continue with the quantitative and qualitative monetary easing, aiming to achieve the price stability target of 2%, as long as it is necessary for maintaining that target in a stable manner.
- It will examine both upside and downside risks to economic activity and prices, and make adjustments as appropriate.

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## Effects of the "Quantitative and Qualitative Monetary Easing"

Encouraging a further decline in **longer-term interest rates** and lowering risk premia of **asset prices**

**Portfolio rebalancing effect**  
where investment in risk assets and lending increase

Drastically changing **expectations**  
of markets and economic entities