

Paris EUROPLACE Financial Forum

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Expansion of the Quantitative and Qualitative Monetary Easing

(Chart 1)

Accelerating the annual pace of increase in the monetary base
from about 60-70 trillion yen to

" 80 trillion yen "

Increasing the Bank's JGB holdings at an annual pace of
about **80 trillion yen**:

" + 30 trillion yen "

Extending the average remaining maturity of JGB purchases
to **about 7-10 years**:

" + 3 years "

Accelerating the pace of purchases of ETFs and J-REITs:

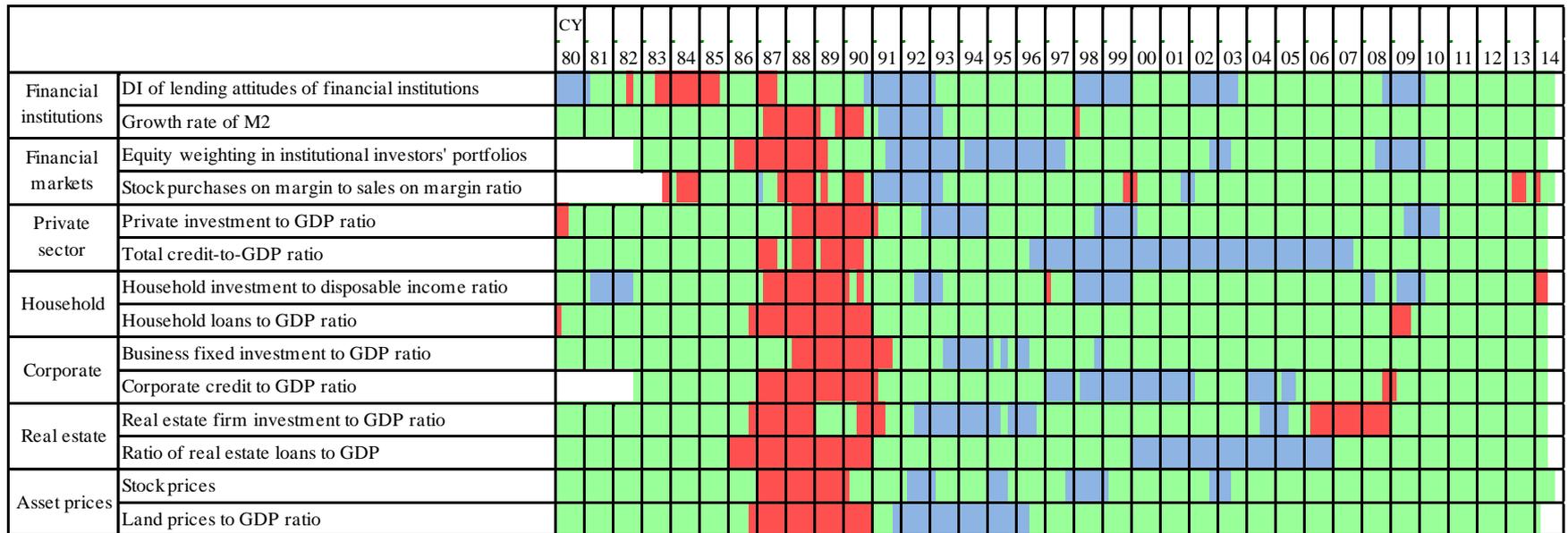
" Tripled "



- Pre-empt manifestation of a risk that conversion of deflationary mindset, which has so far been progressing steadily, might be delayed
- Maintain the improving **momentum of expectation formation**

Heat Map of Financial Activity Indexes¹

(Chart 2)

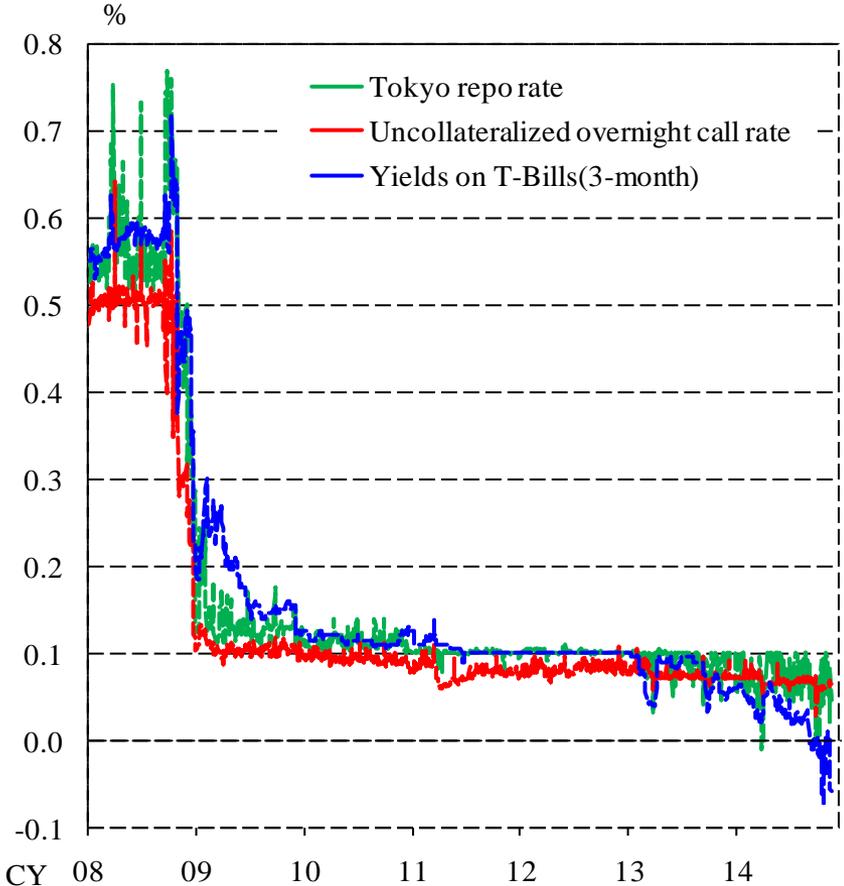


Note: The FAIXs consist of 14 financial indicators and measure whether financial activity is overheating or overcooling, based on how far individual indicators deviate from their historical trends. Shaded areas represent the following: (1) areas shaded in red (the darkest shaded areas) show that an indicator has risen above the upper threshold, that is, it is tilted toward overheating; (2) areas shaded in blue (the second darkest shaded areas) show that an indicator has declined below the lower threshold, that is, it is tilted toward overcooling; (3) areas shaded in green (the most lightly shaded areas) show everything in between; and (4) areas shaded in white show the periods without data.

Sources: Bloomberg; Cabinet Office, "National accounts"; Japan Real Estate Institute, "Urban land price index"; Ministry of Finance, "Financial statements statistics of corporations by industry"; Tokyo Stock Exchange, "Outstanding margin trading"; BOJ, "Flow of funds accounts," "Loans and bills discounted by sector," "Money stock," "Tankan."

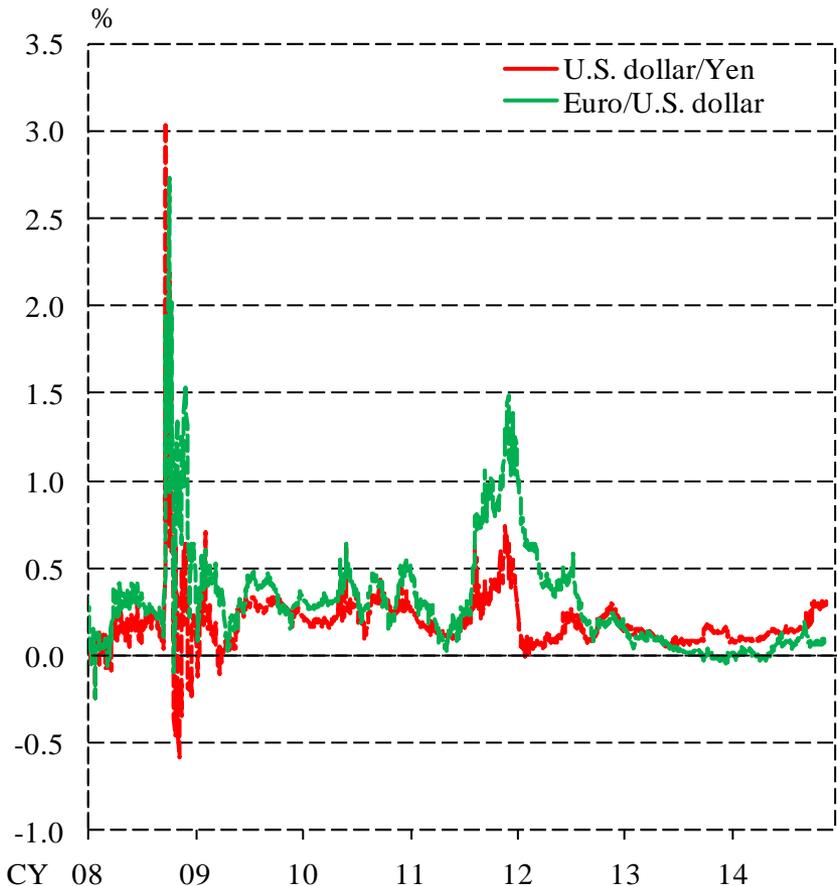
Short-Term Interest Rates

Short-term interest rates



Sources: Japan Bond Trading Co., Ltd.; Japan Securities Dealers Association; Bank of Japan.

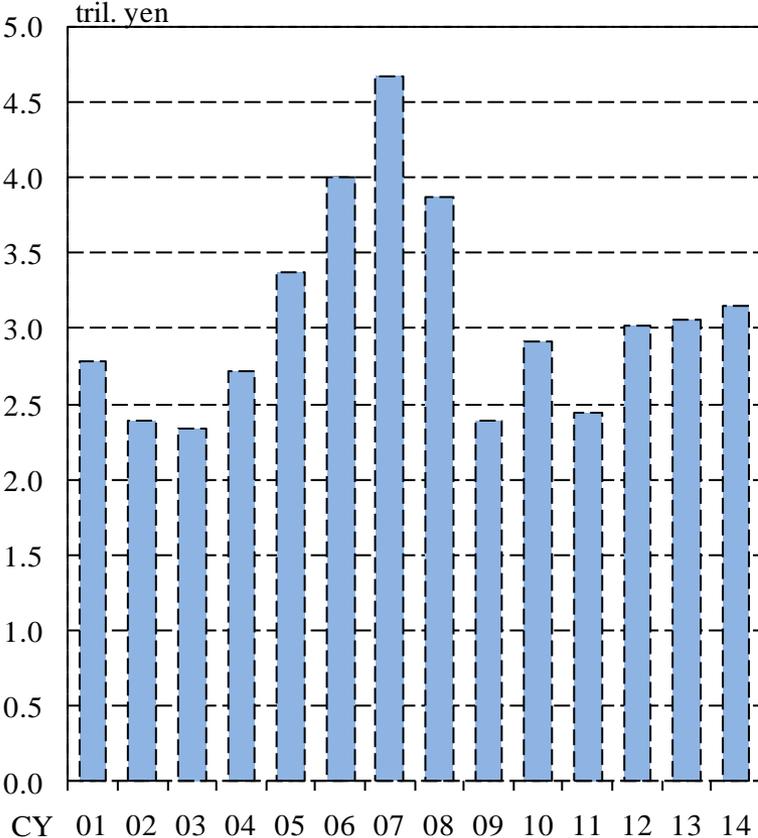
FX swap implied dollar rate - LIBOR spreads (3-month)



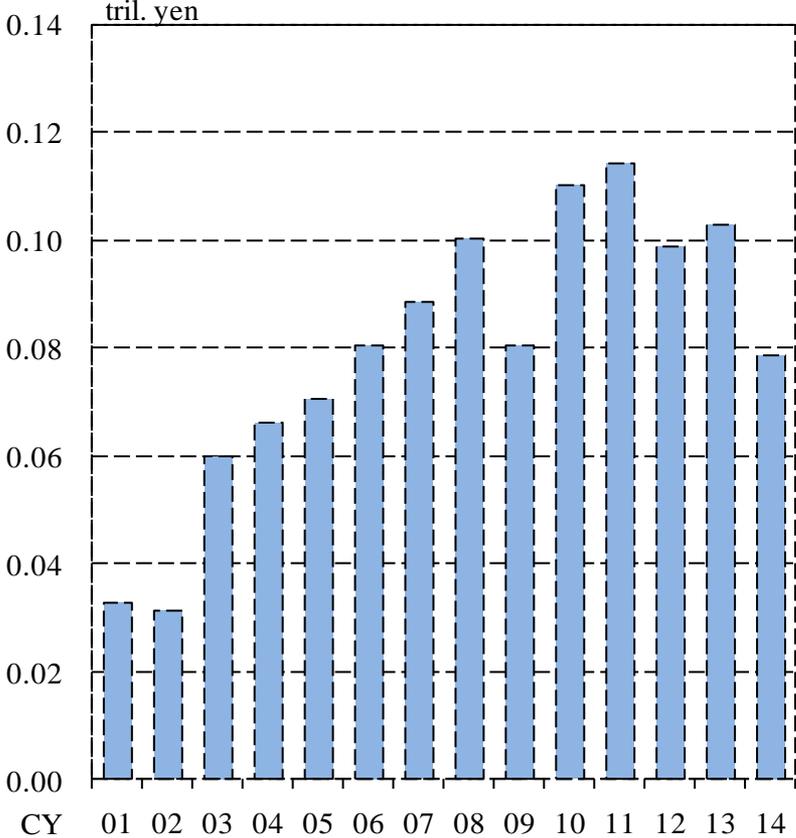
Source: Bloomberg.

Average Daily Turnover

JGB futures



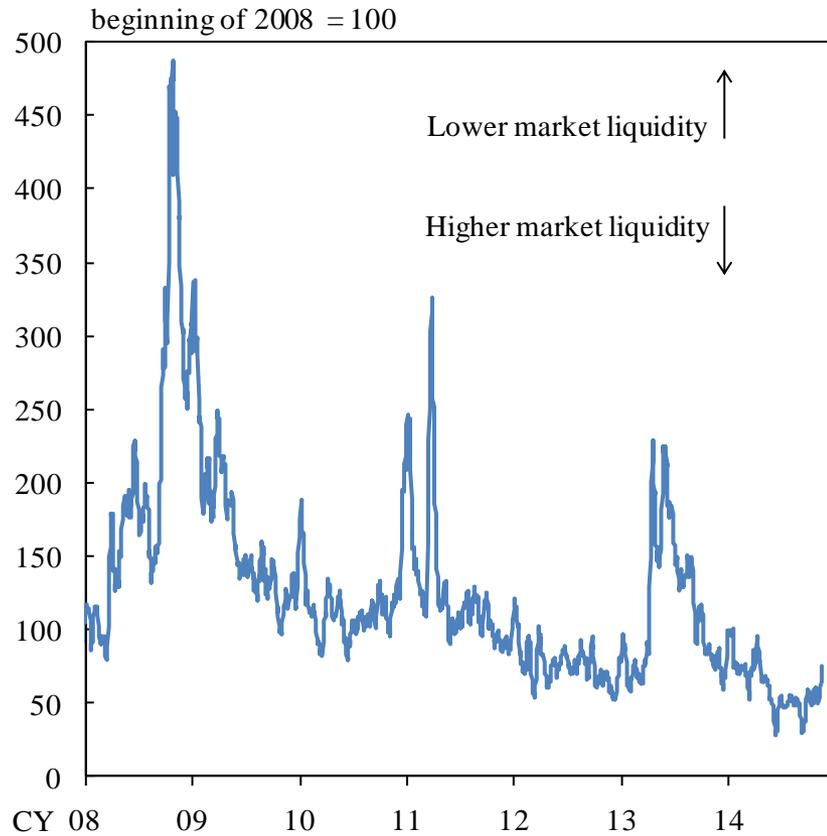
Newly issued 10-year JGBs



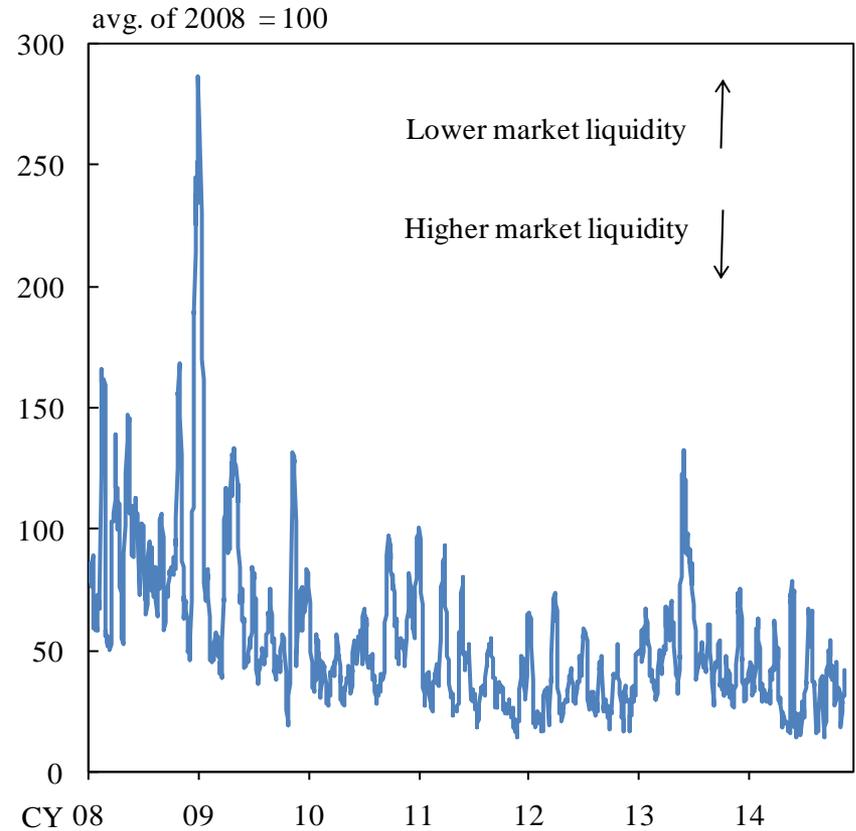
Source: QUICK.

Daily Price Range to Turnover Ratio

JGB futures



Newly issued 10-year JGBs



Note: 10-day backward moving average.

Source: QUICK.