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Bank of Japan

Revisiting QQE

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(English translation based on the Japanese original)

I. Economic Activity and Prices in Japan

A. Current Situation

I would like to start my speech with a look at developments in economic activity and prices in Japan.

Japan's economy has continued to recover moderately. Exports and industrial production have recently been more or less flat, due mainly to the effects of the slowdown in emerging economies. On the domestic demand side, business fixed investment has been on a moderate increasing trend as corporate profits have continued to improve markedly, and private consumption has been resilient against the background of steady improvement in the employment and income situation. The first preliminary estimate of the real GDP growth rate for the July-September quarter of 2015 was minus 0.8 percent on an annualized quarter-on-quarter basis. With regard to the outlook, exports are expected to be more or less flat for the time being, but to increase moderately thereafter as emerging economies move out of their deceleration phase. In this situation, the economy is expected to continue recovering moderately.

As for prices, the producer price index (PPI) is declining relative to three months earlier, mainly due to the fall in international commodity prices, and the year-on-year rate of change in the consumer price index (CPI, all items less fresh food) is about 0 percent. With regard to the outlook, the PPI is expected to continue declining for the time being, reflecting movements in international commodity prices, and the year-on-year rate of change in the CPI (all items less fresh food) is likely to be about 0 percent for the time being, due to the effects of the decline in energy prices.

B. Outlook

Against the background of such developments, the Bank of Japan revised the forecasts for both economic activity and prices for the period from fiscal 2015 through fiscal 2017 in its October 2015 *Outlook for Economic Activity and Prices* (hereafter the Outlook Report).

Comparing the medians of the Policy Board members' forecasts in the October 2015 Outlook Report with those in the July 2015 interim assessment, the projection for the real

GDP growth rate was revised downward from 1.7 percent to 1.2 percent for fiscal 2015, mainly due to sluggishness in exports, but was more or less unchanged at 1.4 percent and 0.3 percent for fiscal 2016 and 2017, respectively. In other words, Japan's economy is likely to gradually emerge from the recent pause, and after growing at a pace above its potential through fiscal 2016, is likely to maintain its positive growth in fiscal 2017, although with a slowing in its pace, due mainly to the effects of the consumption tax hike planned in April 2017.

The projections for the year-on-year rate of change in the CPI (all items less fresh food) for fiscal 2015 and 2016 were revised downward relatively largely, due in part to the decline in crude oil prices. Specifically, the projection for fiscal 2015 was revised downward from the July assessment of 0.7 percent to 0.1 percent in the October Outlook Report, and likewise for fiscal 2016, from 1.9 percent to 1.4 percent. For fiscal 2017, however, the projection was unchanged at 1.8 percent. In other words, the year-on-year rate of change in the CPI (all items less fresh food) is likely to be about 0 percent for the time being, but the rate will likely accelerate gradually, on the assumption that Dubai crude oil prices will rise moderately from 50 U.S. dollars per barrel.

II. Considerations regarding the Outlook

I believe that Japan's economic and price conditions have already regained stability that is broadly consistent with the economy's growth potential, supported mainly by the policy effects of quantitative and qualitative monetary easing (QQE). According to my baseline scenario, such stable conditions will continue through fiscal 2017 -- the projection period covered in the October 2015 Outlook Report. However, I hold a more cautious view on the outlook for Japan's economic activity and prices compared with the Policy Board members' baseline scenario presented in the Outlook Report. Let me share some of my considerations regarding the outlook with you.

A. Potential Economic Growth Rate and the Output Gap

According to the estimates the Bank presented in the October 2015 Outlook Report, the potential growth rate of Japan's economy, which represents -- from the supply side -- the pace of growth that is consistent with the economy's growth potential, has been around 0.5

percent or lower, and thus remains at a low level. The Bank also estimates Japan's output gap, which represents the degree of utilization of labor and production capacity, at minus 0.7 percent for the April-June quarter of 2015. Although there has been somewhat of a drop recently, the output gap has maintained a neutral level of around 0 percent since around the end of 2013. I would like to note that the output gap in Japan is also at a favorable level compared with those in other major countries, according to the estimates made by the Organisation for Economic Co-operation and Development (OECD). In a situation where the economy enters a phase in which the negative output gap almost closes, it is considered that it becomes more difficult for the economy to grow at a pace well above its potential compared with the early stage of economic recovery when the output gap is wide. I also consider that supply-side constraints such as labor shortages will tend to have the effect of constraining economic activity.

Based on these developments, as I will describe in more detail later, my assessment is that the economy will continue to grow at a moderate pace as a trend through fiscal 2017, which is roughly equivalent to its growth potential, and that stable economic activity and prices -- although lower than the Policy Board members' baseline scenario -- will be maintained. This is because the cumulative effects of QQE will continue to exert a positive impact on the economy for the time being, while on the demand side of the economy, there is downward pressure on exports, business fixed investment, and private consumption.

B. Overseas Economies and Japan's Exports

With regard to overseas economies, the effects of a further decline in commodity prices observed since the summer, in addition to the slowdown in the Chinese economy, continue to warrant attention. In my view, however, it remains unlikely that overseas economies will stall, based on the assumption that firmness in private consumption will be maintained in the United States, supported by the favorable income situation and financial conditions, and that practical economic stimulus measures will be implemented in China. On the other hand, it is indeed notable that the recent forecasts for global economic growth for 2015, released by international organizations such as the International Monetary Fund (IMF), represent downward revisions.

Meanwhile, real exports have been more or less flat on a quarter-on-quarter basis, registering an increase of 0.3 percent for the July-September quarter. The recent level of real exports is roughly consistent with the average for the period since 2010, suggesting that they have been more or less flat since recovering from the plunge caused by the global financial crisis. Thus, it can be said that the underlying trend in Japan's economy will not be significantly affected by the recent developments in real exports, which have become flat again, after temporarily turning upward during the second half of 2014 and the beginning of 2015. Nevertheless, the outlook for overseas economies remains uncertain, and if exports clearly turn to a decreasing trend, this might further push down production activity -- which has been more or less flat recently -- and negatively affect business fixed investment, as well as private consumption through deterioration in employment conditions. I therefore consider the outlook for overseas economies and the accompanying developments in Japan's exports as major downside risks to the economy.

C. Business Fixed Investment

Let me turn to business fixed investment. Although surveys generally showed relatively strong investment plans for fiscal 2015, actual investment activity still lacks momentum and firms' cautious investment stance has not changed considerably. It seems that firms maintain such a stance, despite marked improvement in the situation in corporate profits, against the backdrop of concern over the sustainability of the favorable situation in corporate profits. In other words, even when the situation in corporate profits improves temporarily due to changes in the terms of trade -- for example, the earlier depreciation of the yen and the decline in energy prices -- firms will not actively use their ample on-hand liquidity for fixed investment if they judge that such an improvement is not a sustainable one that is supported by structural changes such as an increase in the economy's growth potential.

In this situation, for firms to become more active in their fixed investment, it is essential to bring about a clear rise in medium- to long-term growth expectations -- underpinned as well by the government's growth strategy and measures to respond to the population decline. Meanwhile, focusing on the capital stock cycle of business fixed investment, I consider that fixed investment is likely to increase in fiscal 2015, and thereafter the pace of increase is likely to generally peak out toward fiscal 2017, on the assumption that the current growth expectations will be maintained.

D. Private Consumption

In my view, private consumption continues to lack momentum, although it has maintained its resilience under the favorable environment, evidenced by such factors as improvement in the employment and income situation and accommodative financial conditions. I personally think that some of the factors behind this are consumers' expectations of price rises for the time being and low expectations for wage increases. Since spring 2015 in particular, while a rise in prices of food and daily necessities has been widely observed, the rate of increase in wages has remained moderate, and this situation may have negatively affected consumer sentiment.

Let us look at this situation together with the effects of monetary easing. While real interest rates continued to decline due to the policy effects of QQE at the time of its introduction, there was no significant change in the outlook for real income. Therefore, a monetary easing effect emerged -- that is, the bringing forward of future consumption. However, in the current phase, while the decline in real interest rates has come to a halt, a view seems to be spreading among consumers that the rate of increase in wages will not easily catch up with that in prices. Therefore, due to the spread of expectations of a rise in prices into the near future, the outlook for real income may have deteriorated, thereby constraining consumption activity. This trend may be observed more clearly among elderly households, including those of pensioners, and low-income households.

E. Price Developments and the Outlook

Turning to price developments, the underlying trend in consumer prices in terms of the year-on-year rate of increase in the CPI for all items less food and energy -- or the core-core CPI -- has been improving recently. This is due in part to improvement in economic conditions from the end of 2014 through early 2015 and to the effects of the earlier depreciation of the yen, both of which have been exerting upward pressure on prices with a time lag. However, I personally think that there is not much room for the core-core CPI to see a further acceleration in its year-on-year rate of increase, given that (1) the recent economic conditions have indicated sluggishness; (2) the effects of the depreciation of the yen on a year-on-year basis will run their course; and (3) the PPI, which represents upstream prices, has been on a clear declining trend recently. I would add that, although prices such as of food and daily necessities, as well as durable consumer goods, have been rising noticeably recently, the PPI reveals that the prices that have risen are mainly those of imported goods. This suggests that the recent increase in the core-core CPI has been strongly affected by the depreciation of the yen; therefore, the pace of such increase may become sluggish as the effects of the depreciation of the yen run their course.

In considering the outlook for prices, it is also important to focus on the relationship between prices and wages. Scheduled cash earnings -- an indicator that shows the underlying trend in wage developments -- have remained moderate at 0.1 percent for September 2015 in terms of the year-on-year rate of increase. The rate of wage increases resulting from the wage negotiations in spring 2016 -- which will have a large impact on future wage developments -- seems subject to a certain degree of uncertainty relative to that resulting from the wage negotiations in spring 2015. That is to say, although the tightening of supply and demand conditions in the labor market and high corporate profits may serve as a tailwind for wage increases -- as was the case during 2014 and 2015 -- their effects are unlikely to be significant enough to further push up the rate of wage increases. In addition, the actual figure for the year-on-year inflation rate -- which has a significant impact on wage negotiations in the following year -- for 2015 has been low compared with that for 2014 due to the dissipating effects of the consumption tax hike and the impact of the decline in energy prices. The figure for 2015, therefore, does not seem high enough to be a factor that will positively affect wage increases to be agreed during wage negotiations in spring 2016. In this situation, the outlook for the rate of increase in real income will likely be sluggish, constraining private consumption, and consequently the acceleration in the underlying trend in inflation is likely to come to a halt.

Under these circumstances, I expressed dissent from the description presented in the October 2015 Outlook Report regarding the year-on-year rate of increase in the CPI (all items less fresh food) that the timing of reaching around 2 percent is projected to be around the second half of fiscal 2016. Even at this point, I still hold the view that the year-on-year rate of increase in the CPI (all items less fresh food) will be about 0 percent for the time being, and thereafter accelerate very moderately, and consider that the rate of increase is unlikely to reach 2 percent even in fiscal 2017.

III. Conduct of Monetary Policy

A. QQE and My Proposals

In April 2013, the Bank introduced QQE with a view to achieving the price stability target of 2 percent in terms of the year-on-year rate of change in the CPI at the earliest possible time, with a time horizon of about two years. Furthermore, in October 2014, the Bank expanded QQE. The specific measures of the expansion include (1) acceleration in the annual pace of increase in the monetary base from about 60-70 trillion yen at the time of introduction to about 80 trillion yen, and (2) an increase in the Bank's Japanese government bond (JGB) purchases so that the amount outstanding of its holdings is increased from an annual pace of about 50 trillion yen to about 80 trillion yen.

Despite supporting the introduction of QQE, judging that the scale of these measures was one in which the associated positive effects would just about outweigh the side effects when confined to a certain time period, I considered that the associated side effects would outweigh the positive effects over time. Therefore, I continued to submit a proposal -- that is, to designate QQE as an intensive measure with a time frame of about two years, and thereafter to review the monetary easing measures in a flexible manner -- since the introduction of QQE through the Monetary Policy Meeting (MPM) held in March 2015. This was because, while I personally considered it difficult to achieve the price stability target of 2 percent in a short period of time, I was concerned that, if the Bank carried out QQE with the rigid purpose of achieving the 2 percent price stability target, the policy decided at the time of introduction would be protracted or would be strengthened and the side effects would increase in a cumulative manner.

On the decision to expand QQE in October 2014, I cast a dissenting vote based on the judgment that the timing of the associated side effects outweighing the positive effects would be moved forward. Since then, I have continued to cast a dissenting vote on the current guidelines. Moreover, I submitted a proposal in April 2015 that included a reduction in the annual paces of increase in the monetary base and in the amount outstanding of the Bank's JGB holdings from the current ones of about 80 trillion yen to about 45 trillion yen, which are levels below the initial pace employed at the time of the introduction of QQE. Thereafter, I have continued to submit the same proposal through the most recent MPM held in November, which was formulated based on the judgment that the associated side effects are outweighing the positive effects even under the guidelines employed at the time of the introduction of QQE, in terms of such aspects as the pace of the Bank's JGB purchases. This judgment was formed on careful examination of whether the side effects of QQE are outweighing the positive effects now that two years have passed since the introduction. I considered the following as the consequences of the Bank's change in the current guidelines of the annual pace of increase in the amount outstanding of the Bank's JGB holdings to about 45 trillion yen, a level below the initial pace employed at the time of the introduction of QQE: the excessive pressure on the Japanese government securities market will be eased considerably, as the Bank's JGB purchases on an annual basis will be reduced to about less than half the amount of JGBs and treasury discount bills (T-Bills), planned to be issued in scheduled auctions in fiscal 2015, from April 2015 to March 2016, and the Bank's JGB purchases, for the time being, will be more sustainable and stable, as the risk that the Bank faces a limit to its JGB purchases at an early stage subsides.

The proposal I just mentioned is intended only to reduce the flow of the Bank's asset purchases, and not in any way reduce the stock of its asset holdings. Even if the paces of increase in the monetary base and of the Bank's JGB purchases were to be reduced, accommodative financial conditions would be strengthened in a cumulative manner as the amount outstanding of its asset holdings increases. I personally consider it appropriate to proceed with phased reductions of the flow of asset purchases for the time being, aiming to stabilize the amounts outstanding of the monetary base and of the Bank's JGB holdings at certain levels. However, this does not mean that the Bank will end QQE. It will take considerable time before the end of QQE -- that is, when excess reserves are depleted and the amount outstanding of the Bank's JGB holdings is normalized.

Next, I would like to elaborate on the thinking behind my proposals, focusing on the positive effects and side effects of QQE.

B. Long-Term Real Interest Rates and Policy Effects

QQE has been effective in increasing domestic private demand, mainly through a decline in long-term real interest rates. In this regard, I think that the cumulative effects of the policy have already firmly taken hold in Japan's economy through, for example, pushing down long-term real interest rates. I especially consider the following developments as an indication of the positive effects of QQE: (1) the negative output gap in Japan almost closed at around the end of 2013, and thereafter the output gap has generally been at a neutral level; and (2) the gap has narrowed between the medium- to long-term expected rates of inflation -- on which basis firms and households carry out their economic activities -- and the observed inflation rate.

However, I consider that the additional effects of QQE have already been diminishing clearly since around the middle of 2014, given that the declining trend in long-term real interest rates has come to a halt and that these rates have even started to show signs of picking up recently. Moreover, judging from various surveys and market indicators, medium- to long-term inflation expectations have been at a level that remains far from that deemed to be consistent with the price stability target of 2 percent, and some surveys and indicators even show a downward trend in these expectations recently.

I think that it will remain difficult to encourage medium- to long-term inflation expectations to continue rising solely by presenting the Bank's policy stance of exerting influence on expectations. Long-term real interest rates have become less likely to decline despite the continued increase in the amount outstanding of the Bank's JGB holdings, and therefore additional effects of QQE clearly have been diminishing. Given this situation, I consider that a reduction in the pace of the Bank's JGB purchases will reduce various side effects of QQE, which I will explain later, without significantly constraining the positive effects, thereby enabling the balance between the positive effects and the side effects to improve marginally.

C. Attention Required to Potential Side Effects of QQE

The side effects of QQE have not yet materialized fully because they are mostly potential effects. However, due attention needs to be paid because, once they do materialize, it will become difficult to handle them appropriately and promptly. Given this, I personally pay particular attention to the side effects of QQE arising from the Bank's large-scale purchases and holdings of JGBs, which impairs the proper functioning of the JGB market.

Specifically, these side effects to which I am paying due attention include risks such as the following: (1) the proper functioning of the JGB market -- in terms of liquidity and the price-discovery function -- will be impaired and financial institutions' profits will deteriorate, which could lead to instability in the financial system; (2) interest rates will rise in the course of normalizing monetary policy; and (3) drastic fluctuations in JGB prices will cause revisions to prices of a wide range of financial products and assets, thereby exerting severe effects on the financial system and economic activity. With the Bank's large-scale JGB purchases, I consider that attention should also be given to (1) the heightening possibility that the Bank's large-scale JGB purchases will be perceived as central bank financing of fiscal deficits; and (2) the impairment of the mechanism to maintain fiscal discipline through interest rates, reflecting overly heightened expectations that the stability in the JGB market will be ensured.

D. Sustainability of JGB Purchases and Stability of Interest Rates

Next, I would like to discuss the technical limit to the Bank's JGB purchases and a possible rise in term premiums on JGBs. So far, the Bank has conducted outright purchases of JGBs smoothly and a technical problem has not materialized markedly. Nevertheless, if market participants suddenly become concerned about such a limit, financial market turmoil -- such as a significant rise in term premiums on JGBs -- is likely to occur, and this may impair the stability of the economy and overall financial markets. Moreover, if financial institutions in Japan become more risk averse due to concerns over overseas financial markets, for example, and increasingly prefer to hold JGBs, this may tighten supply and demand conditions of JGBs and in turn abruptly make it difficult for the Bank to continue with its JGB purchases. I believe that such potential risks have increased steadily with the progress in the Bank's large-scale JGB purchases.

I do not think that the economy and financial markets will be negatively affected to a large degree if long-term nominal interest rates rise due to an increase in the expected inflation rate and an upward revision to the outlook for the economic growth rate that accompany improvement in economic and price conditions. However, if long-term nominal interest rates rise due to factors other than these, such as to a rise in term premiums on JGBs that is caused, for example, by concerns over the sustainability of the Bank's JGB purchases, the subsequent impact on the economy and financial markets could be serious. Based on the thinking that, under the Bank's policy of purchasing JGBs, term premiums are determined not only by the current amount outstanding of the Bank's JGB holdings but also by the projection for the amount outstanding, if market participants suddenly become concerned about a limit to the Bank's JGB purchases, they may revise their forecasts that the time frames for the Bank's JGB purchases and for maintaining the amount outstanding of JGB holdings will be shorter than expected, or that the peak level of the amount outstanding of the Bank's JGB holdings will be lowered, thereby leading to a significant rise in term premiums. Nevertheless, I consider that there is relatively large room to reduce such risks by (1) enhancing the sustainability and stability of the Bank's JGB purchases through a reduction in the pace of such purchases before the Bank faces a limit to them and (2) providing forward guidance about the Bank's policy that it will continue with such purchases and maintain the amount outstanding of its JGB holdings for the time being.

E. Financial Soundness of the Bank

As another side effect arising from maintaining QQE for a protracted period, I pay attention to the effect on the Bank's profits and balance sheet. The Bank's annual interest income on JGBs has reached a level that exceeds 1 trillion yen. Most of such income is paid to the government and constitutes government revenue; therefore, some take the view that, if the Bank's JGB purchase policy is maintained for a protracted period, there will be room for an increase in government expenditure, which will produce economic stimulus effects.

However, it should be noted that, in the course of normalizing QQE in the future, due to the Bank's current accounting rules under which securities are valued at amortized cost, the Bank's interest income on JGBs will increase only moderately despite rises in long-term interest rates. On the other hand, if its payment of such interest increases substantially due to a rise in the interest rate applied to excess reserve balances of financial institutions' current accounts at the Bank, a negative spread could occur. This could lead to a reduction in the Bank's profits and impairment of its capital, and at the same time cause a possible decrease or delay in the Bank's payment to the government, which could cause a decrease in government revenue. What is notable here is that the more protracted the period of maintaining QQE and the higher the level of excess reserves at the Bank, the larger the magnitude of such effects.

Needless to say, it can be expected in the long run that, as long-term interest rates rise, the negative spread will be resolved with a gradual increase in the Bank's interest income on JGBs, and the environment for the Bank's profits will improve, making it possible for the Bank to increase its capital. However, the path toward realization of this projection is highly uncertain, as it depends on the actual measures of monetary policy and developments in market interest rates, and also requires considerable time. Considering these potential risks, I do not think that expectations for the economic stimulus effects that I explained earlier will heighten easily.

In addition, although a deterioration in the Bank's profits and impairment of its capital may not directly hinder its business operations, attention needs to be paid to the possibility that these could give rise to uncertainty about the Bank's financial soundness, and in turn negatively affect the stability in the value of currency in some way. It is also important to note that a decrease in the Bank's payment to the government could be the trigger for the public to clearly acknowledge the costs of QQE, which had been hard to discern without such a decrease. In other words, it will be widely shared among the public that the Bank, through its pursuit of QQE, is deeply involved in income distribution. It is necessary to pay careful attention to the point that such a risk becomes more serious as QQE continues for a protracted period.

F. Future Conduct of Monetary Policy

As we have seen, there are various side effects of QQE, and I think that they have not diminished but rather have been increasing with the continuation of QQE. In addition, even if the Bank starts to normalize QQE, it will take considerable time for this to be completed; given this, it is necessary to fully take into account the side effects of QQE that may emerge over a considerable period of time and it is important to try to conduct monetary policy in a much more forward-looking manner than when conducting the conventional interest rate policy. In this regard, I think that it is inappropriate to adopt fine-tuning monetary policy measures such as expanding QQE to address short-term changes in the economic and financial situation.

At the same time, I consider that monetary policy should not rely on a specific measure but should be conducted flexibly and comprehensively with a combination of various ones. Accordingly, if developments in economic activity and prices or financial conditions were to deteriorate significantly, I personally think that there is room for examining possible additional measures other than expansion of QQE -- such as implementing a temporary and ample provision of funds in yen and foreign currencies regardless of the target for the annual increase in the monetary base under QQE.

G. My Thinking behind the Price Stability Target

Lastly, I would like to explain my thinking behind the price stability target, which is closely associated with the Bank's conduct of monetary policy in the future. As explained so far, I have been proposing at MPMs a change to the guidelines for money market operations and asset purchases, including a reduction in the pace of JGB purchases. I also have been submitting a proposal not to restrict the time frame for achieving the 2 percent price stability target to about two years, but to aim to achieve it in the medium to long term. These two proposals are intertwined, and I would like to explain the reasons for this.

The Bank's price stability target of 2 percent aims to maintain the 2 percent inflation rate in a stable manner, and not to merely reach it temporarily. In order to achieve this, it is a necessary condition that firms' and households' medium- to long-term inflation expectations -- on which basis they carry out their economic activities -- increase to about 2 percent and remain stable at that level. I consider that firms' and households' medium- to long-term inflation expectations are mainly determined by supply-side factors -- or, the economy's growth potential -- such as the potential growth rate and the labor productivity growth rate, rather than by factors such as the following: the level of the Bank's price stability target; the supply and demand balances in goods and services, as well as in the labor market; and developments in the observed inflation rate. From this point of view, I think that the price stability target of 2 percent is well above the level that is consistent with the growth potential of Japan's economy. Therefore, in my view, it is difficult at this point to achieve the 2 percent target in a stable manner through monetary policy alone, unless structural changes that would increase the underlying trend in inflation make further progress. In this situation, if the Bank, through monetary policy, tries to push prices higher in the short term than levels justified by the economy's growth potential, this could in turn impair the stability in economic activity and prices.

Moreover, to raise the growth potential of the economy, it is necessary for firms to make technological innovations, as well as active fixed investment, so that such innovations lead to increased productivity. In order to encourage firms to make active fixed investment in Japan and increase the economy's growth potential through accumulation of capital stock, it also is necessary that the government take various measures to increase firms' medium- to long-term expectations for the growth rate of domestic demand.

As mentioned earlier, my assessment is that QQE has exerted a considerable effect. In this current situation, I personally consider that the future role that monetary policy should play in the overall economic policy is to shift the focus, while maintaining favorable financial conditions, toward consistently providing indirect support for efforts by the government and firms so that the productivity growth rate and the potential growth rate will increase to levels consistent with the 2 percent inflation rate. To this end, it is important to conduct monetary policy with the aim of achieving prolonged economic recovery, albeit moderate, at a pace consistent with the economy's growth potential -- that is, the potential growth rate -- by reducing the side effects of monetary easing that could lead to financial market turmoil, thereby working to lessen future risks and uncertainty. My proposal to change the guidelines for money market operations and asset purchases, which I have been submitting at MPMs, is based on such a viewpoint. I believe this proposal is a quicker way of achieving the 2 percent price stability target.

Thank you for your attention.