

The Bank's Thinking on Monetary Policy: Toward Achieving the Price Stability Target in a Sustainable and Stable Manner

Speech at the Kisaragi-kai Meeting in Tokyo

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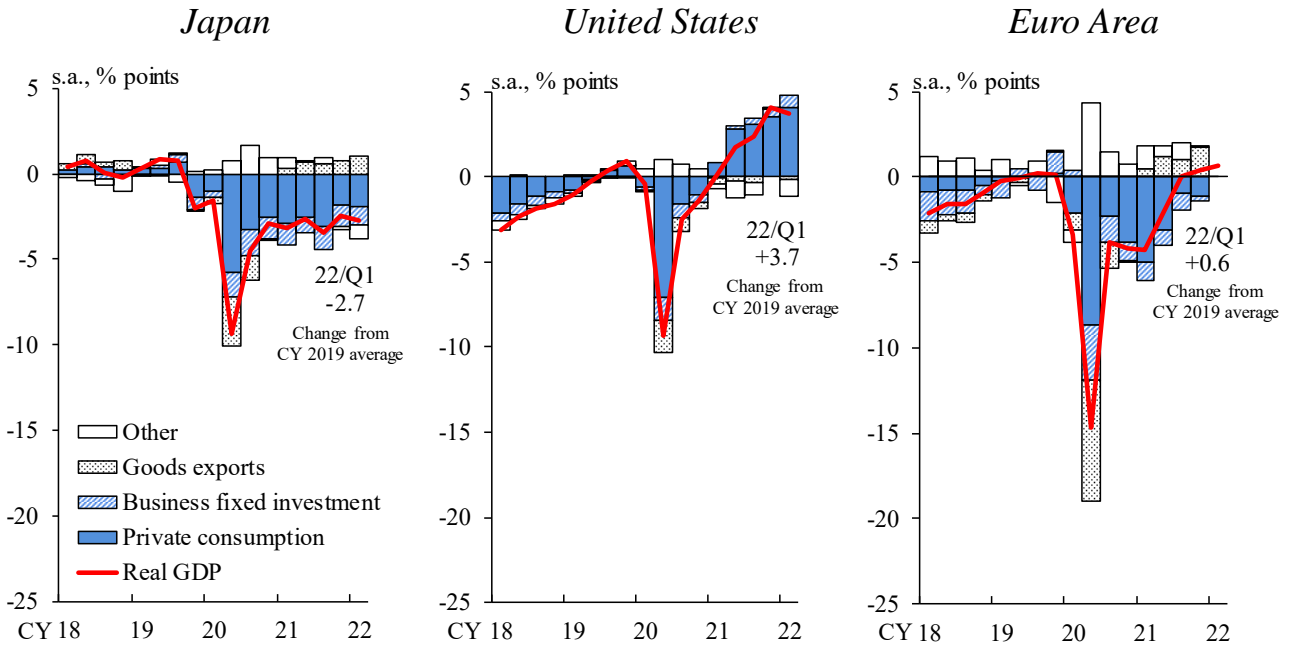
Introduction

I. The Bank's Monetary Policy Conduct for the Time Being

II. Toward Achieving the Price Stability Target of 2 Percent
in a Sustainable and Stable Manner

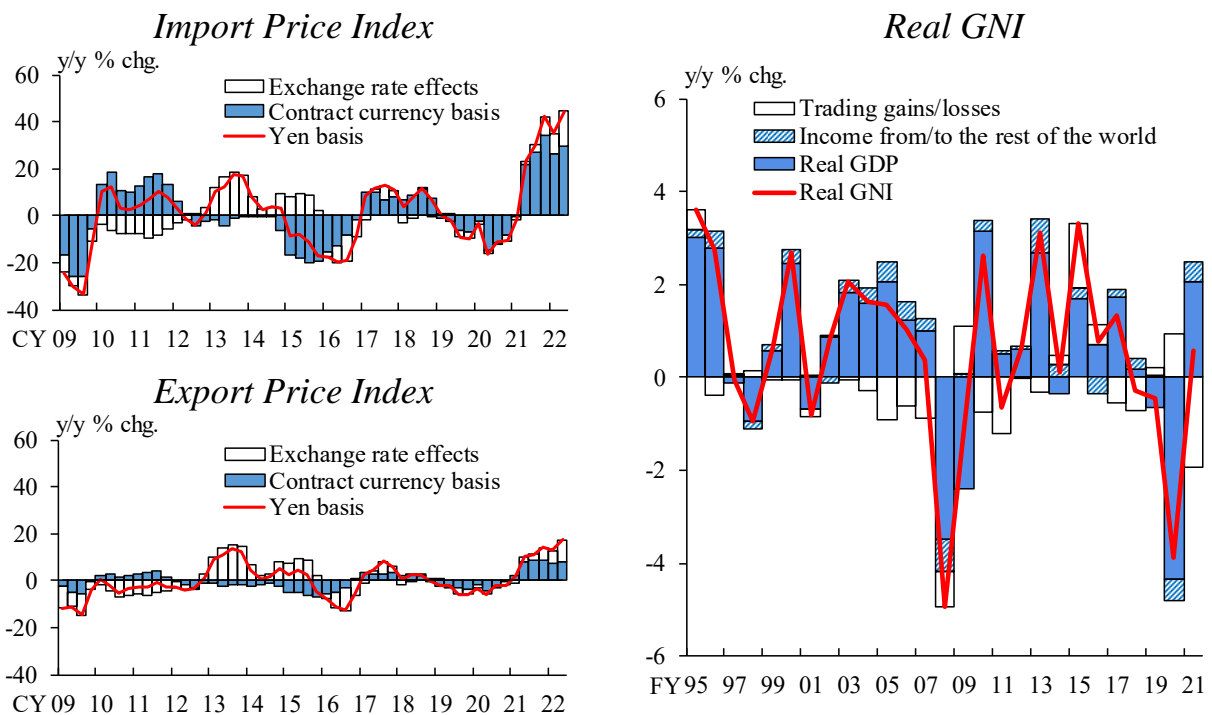
Conclusion

Real GDP in Japan, the United States, and the Euro Area



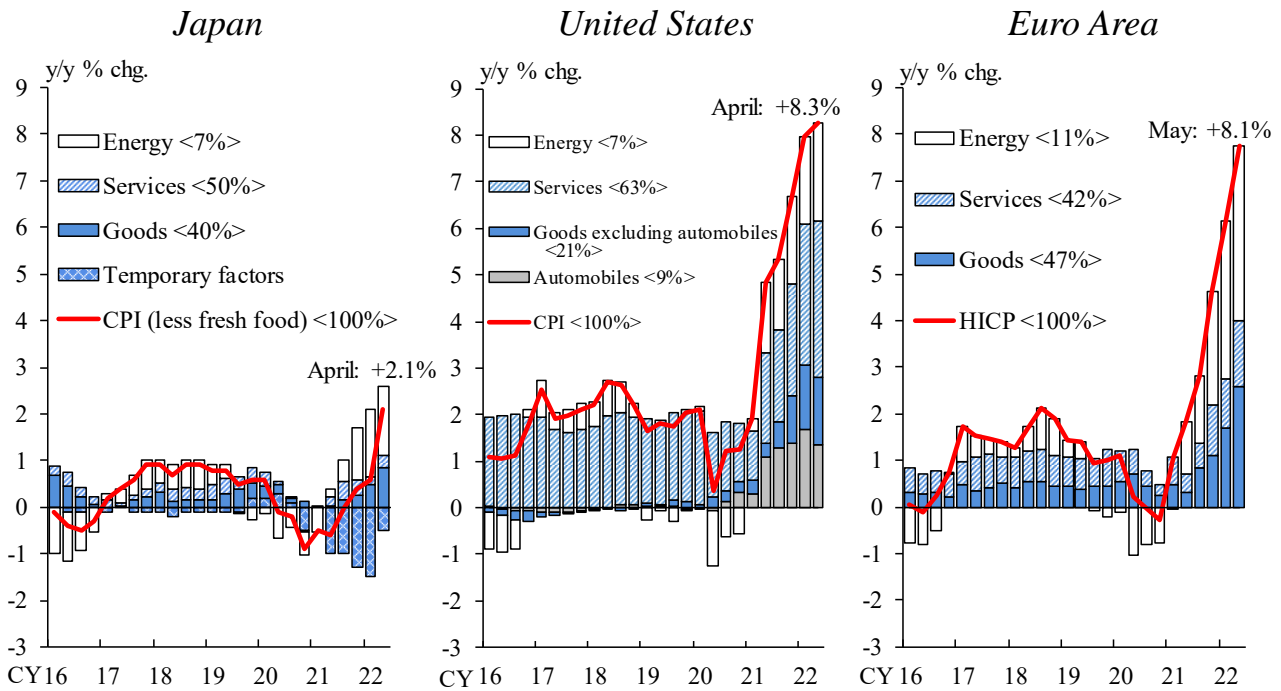
Note: The charts show the deviation from the 2019 average. Figures for business fixed investment for the euro area are those for gross fixed capital formation excluding housing investment. Sources: Cabinet Office; Haver.

Import Prices, Export Prices, and Real GNI



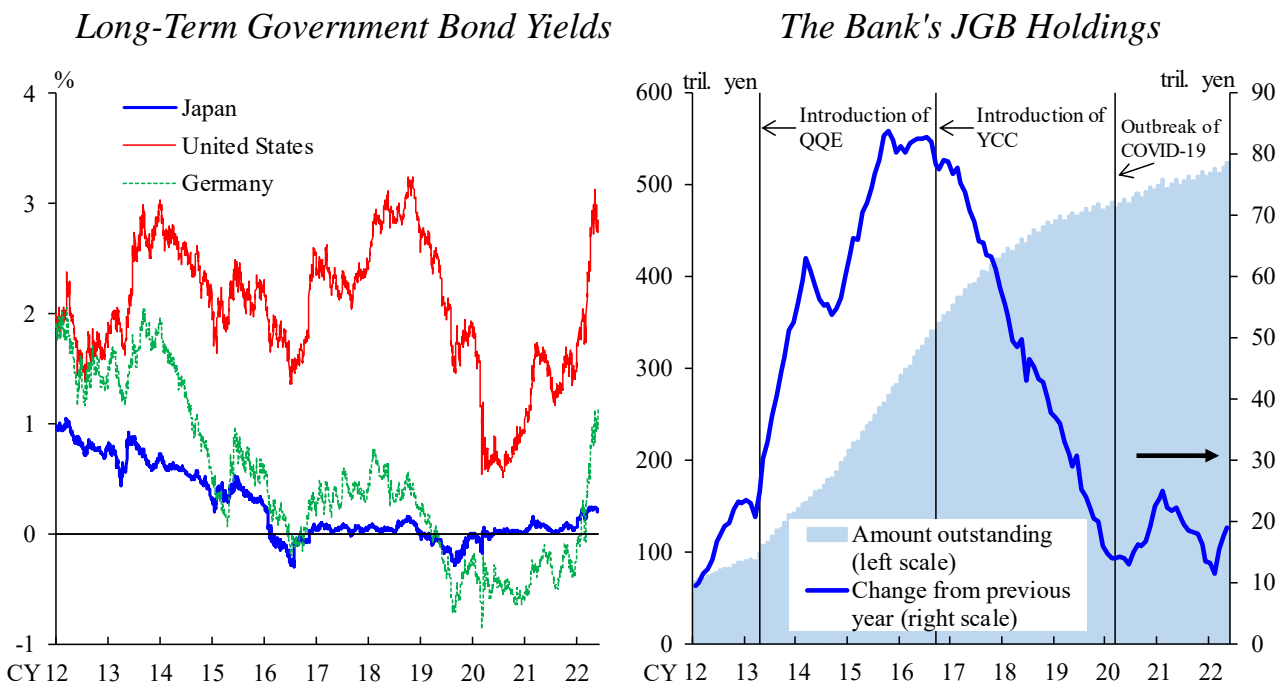
Sources: Bank of Japan; Cabinet Office.

Consumer Prices in Japan, the United States, and the Euro Area



Notes: 1. Figures for services include administered prices.
 2. Figures for temporary factors for Japan are staff estimates and consist of mobile phone charges and the effects of the consumption tax hike, policies concerning the provision of free education, and the "Go To Travel" campaign, which covers a portion of domestic travel expenses.
 3. Figures in angular brackets show the share of each component. Figures for temporary factors for Japan include mobile phone charges (weight: 3%).
 4. Figures for 2022/Q2 for Japan and the United States are for April, while those for the euro area are April-May averages.
 Sources: Ministry of Internal Affairs and Communications; Haver.

Long-Term Government Bond Yields and the Bank's JGB Holdings



Sources: Bloomberg; Bank of Japan.

Price Change Distributions in Japan and the United States

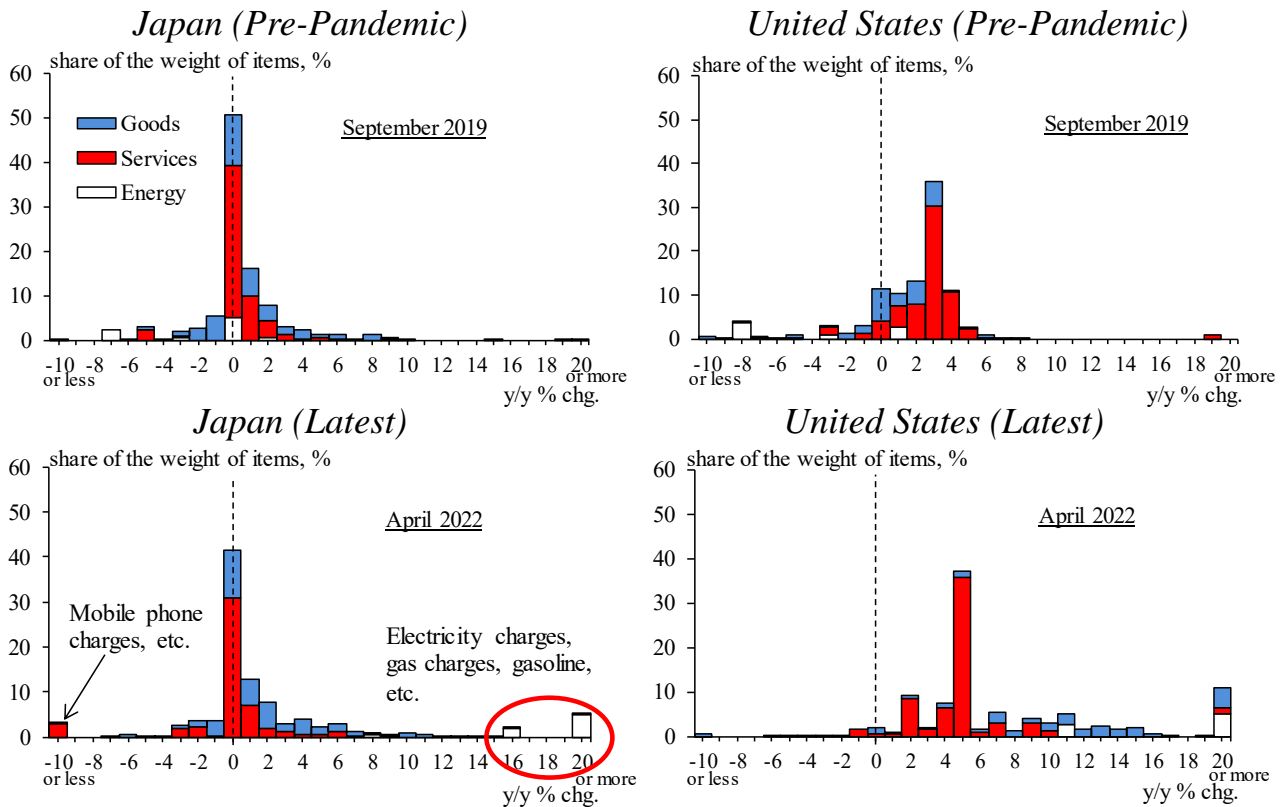
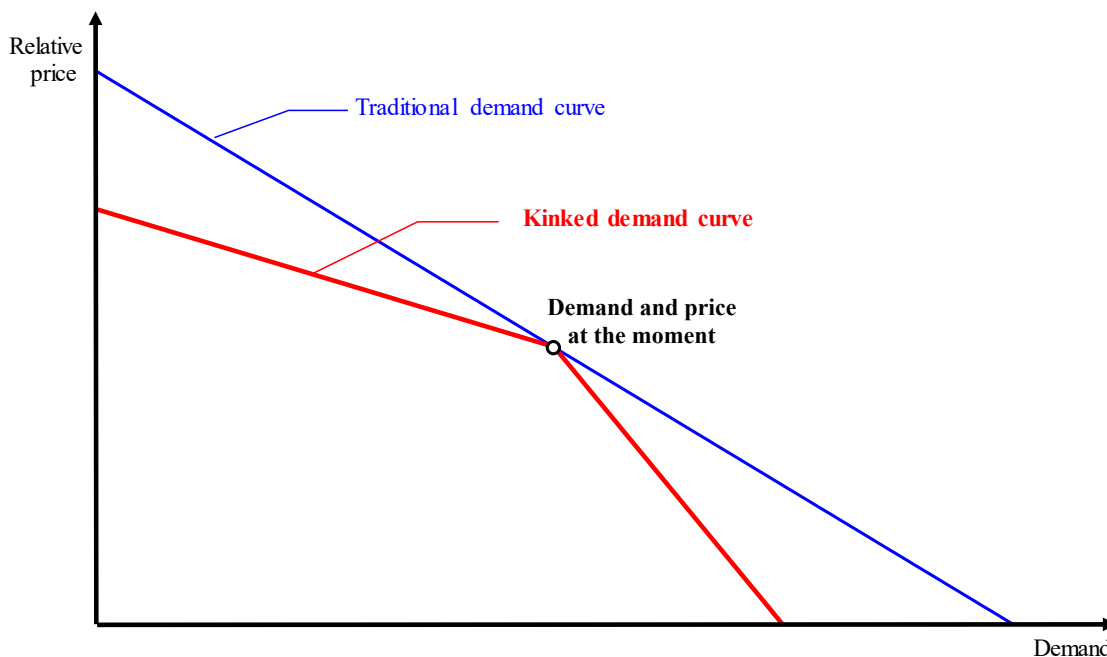
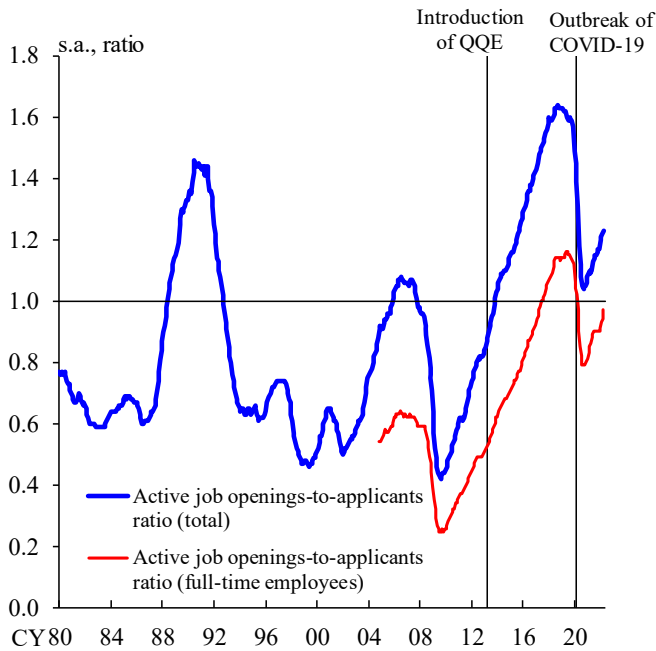


Illustration of a Kinked Demand Curve

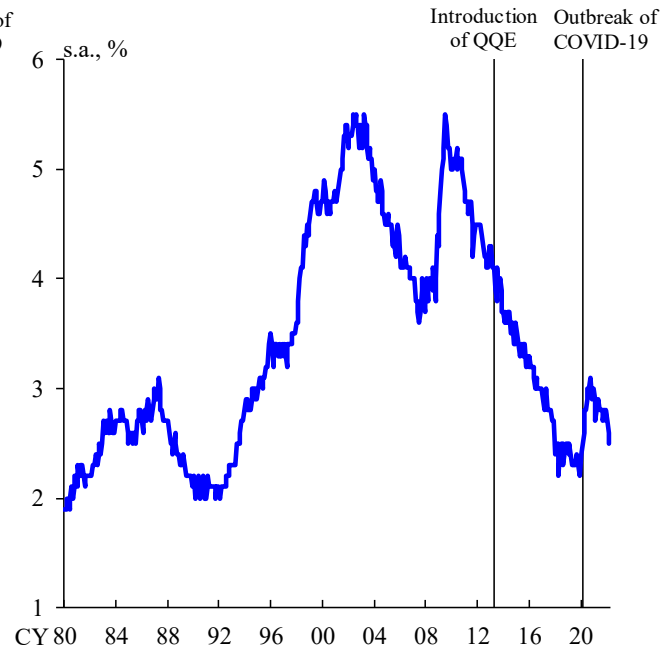


Labor Market Conditions

Active Job Openings-to-Applicants Ratio



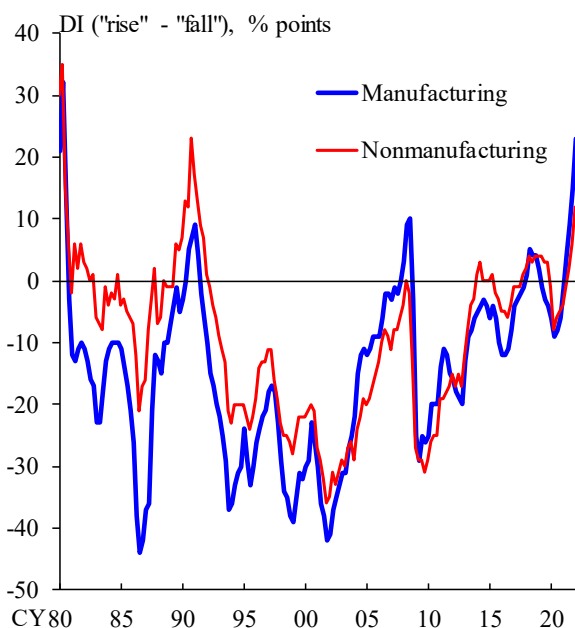
Unemployment Rate



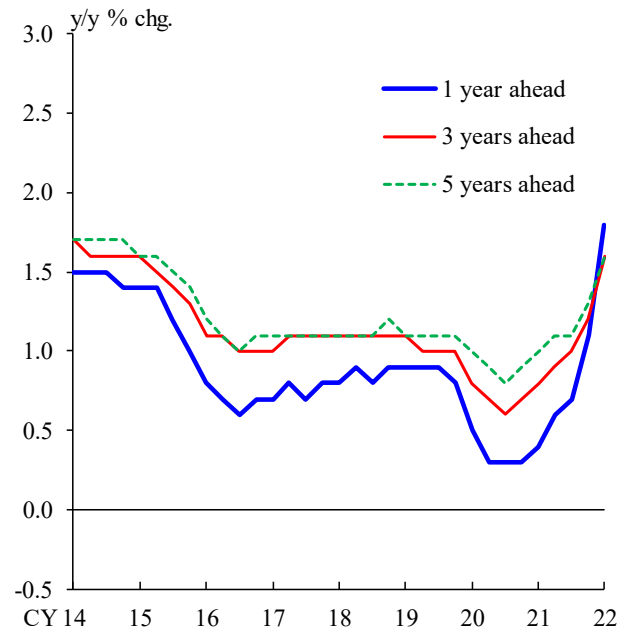
Sources: Ministry of Health, Labour and Welfare; Ministry of Internal Affairs and Communications.

Firms' Output Prices and Inflation Expectations

Output Prices (Tankan)



Inflation Expectations (Tankan)



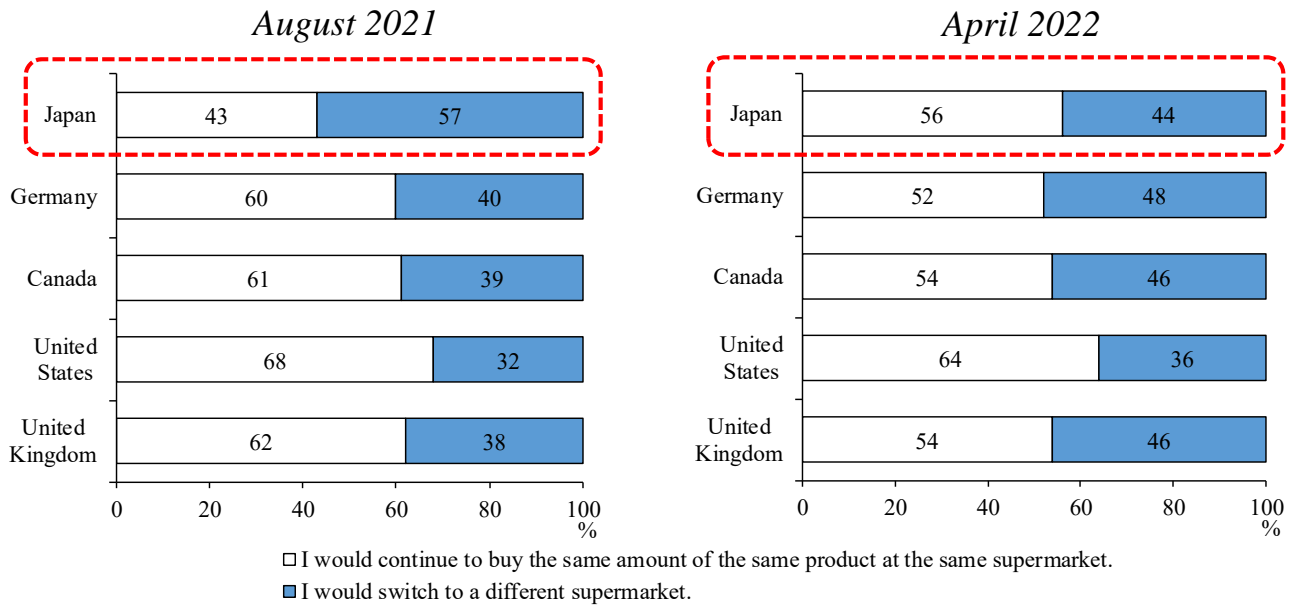
Notes: 1. In the left-hand chart, figures are for all enterprises.

2. In the right-hand chart, figures show the inflation outlook of enterprises for general prices (all industries and enterprises, average).

Source: Bank of Japan.

Survey on Households' Response to Price Increases

Suppose that the price of a product that you always buy in your supermarket goes up by 10 percent. What would you do?



Source: Watanabe, T., "5-kakoku no kakei o taishō to shita infure yosō chōsa' (2022-nen 5-gatsu jishū bun) no kekka," May 30, 2022, https://www.centralbank.e.u-tokyo.ac.jp/wp-content/uploads/2022/05/household_survey_May_2022.pdf.