

# On the Recent Changes in the Bank of Japan's Monetary Policy Framework

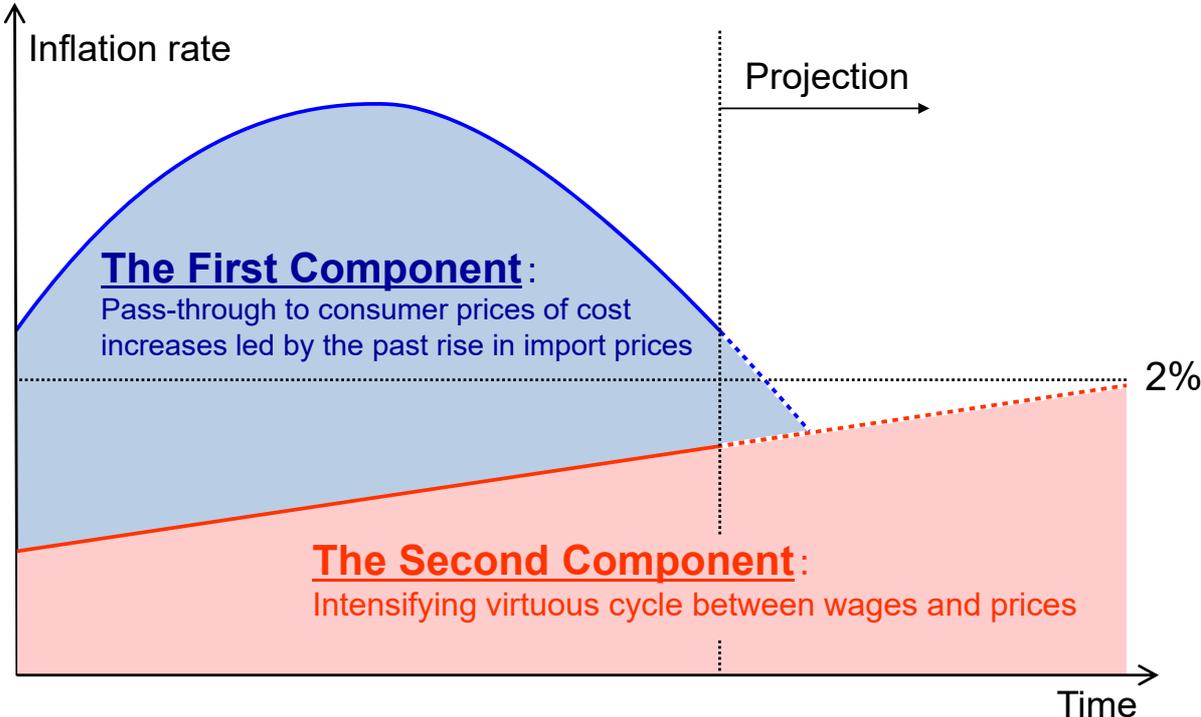
*Remarks at the Peterson Institute for International Economics*

April 19, 2024

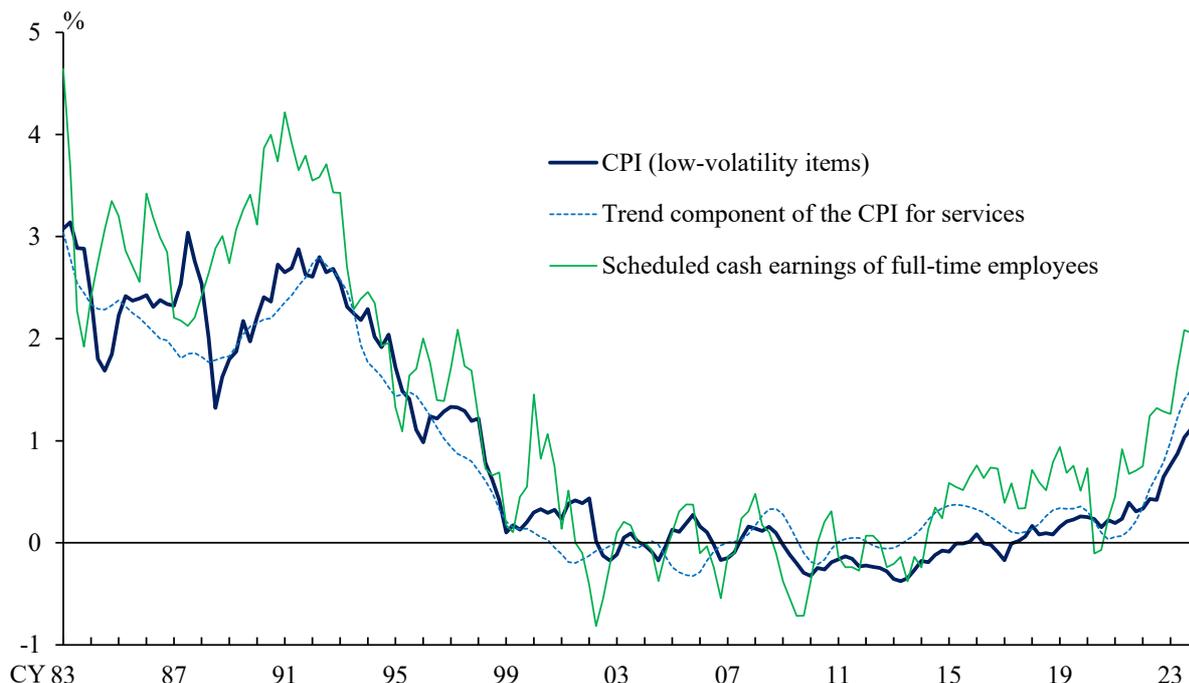
UEDA Kazuo  
*Governor of the Bank of Japan*

Chart 1

## Japan's Recent Inflation Dynamics: An Illustration



## CPI and Scheduled Cash Earnings

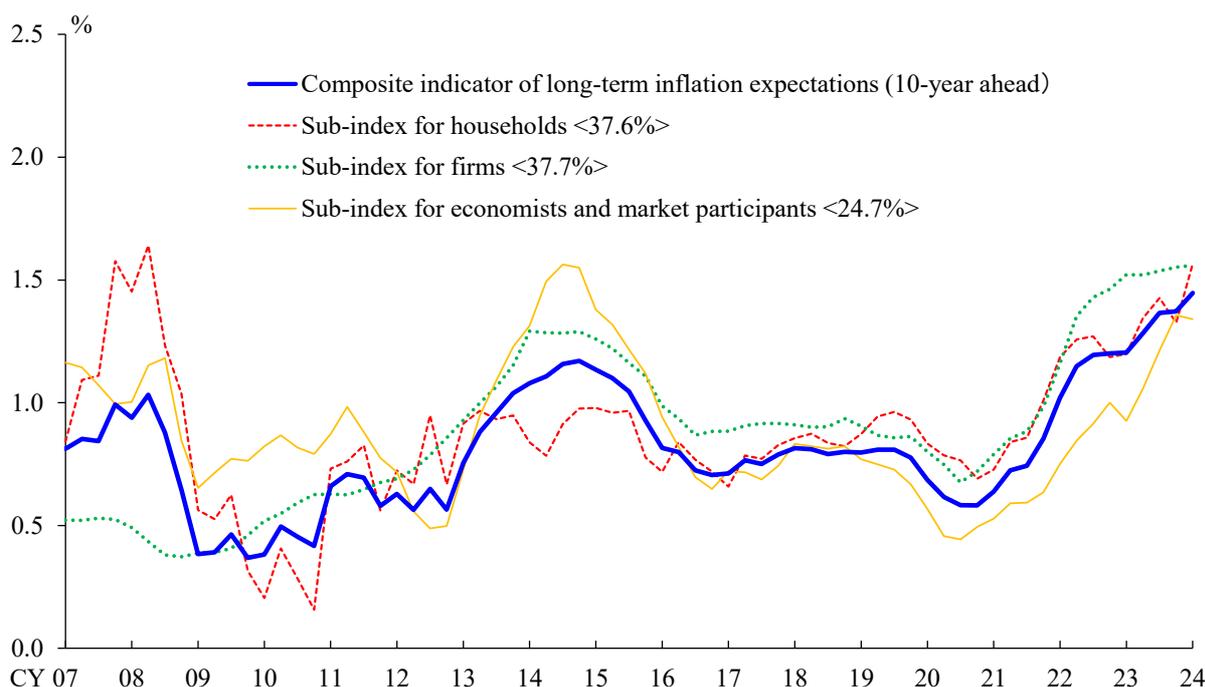


Notes: 1. Figures for low-volatility CPI items and scheduled cash earnings of full-time employees are year-on-year percentage changes, while those for the trend component of the CPI for services are the 6-quarter backward moving averages of annualized quarter-on-quarter percentage changes. Figures for scheduled cash earnings of full-time employees before 1994 are those for regular employees. Moreover, figures from 2016 onward are based on continuing observations following the sample revisions.

2. Figures for the trend component of the CPI for services are the composite of the sector-specific price trend for services and the common trend in services prices and wages. The figures are estimated using category-level services prices and industry-level scheduled cash earnings

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

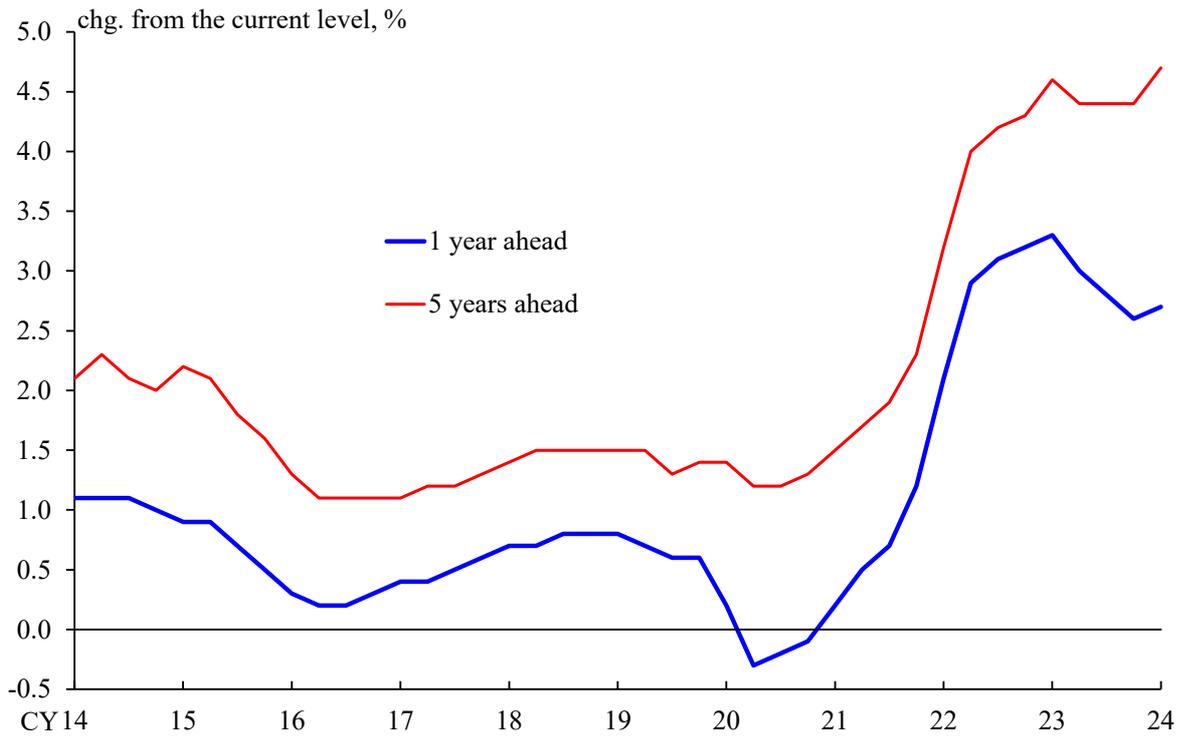
## Long-Term Inflation Expectations



Note: Based on the first principal component extracted from the following six indicators: two indicators for households from the *Opinion Survey on the General Public's Views and Behavior*, one indicator for firms from the *Tankan*, and three indicators for economists and market participants from the *QUICK Survey*, the *Consensus Forecasts*, and data based on inflation swap rates. Numbers in angular brackets indicate share of each sub-index in the overall composite indicator.

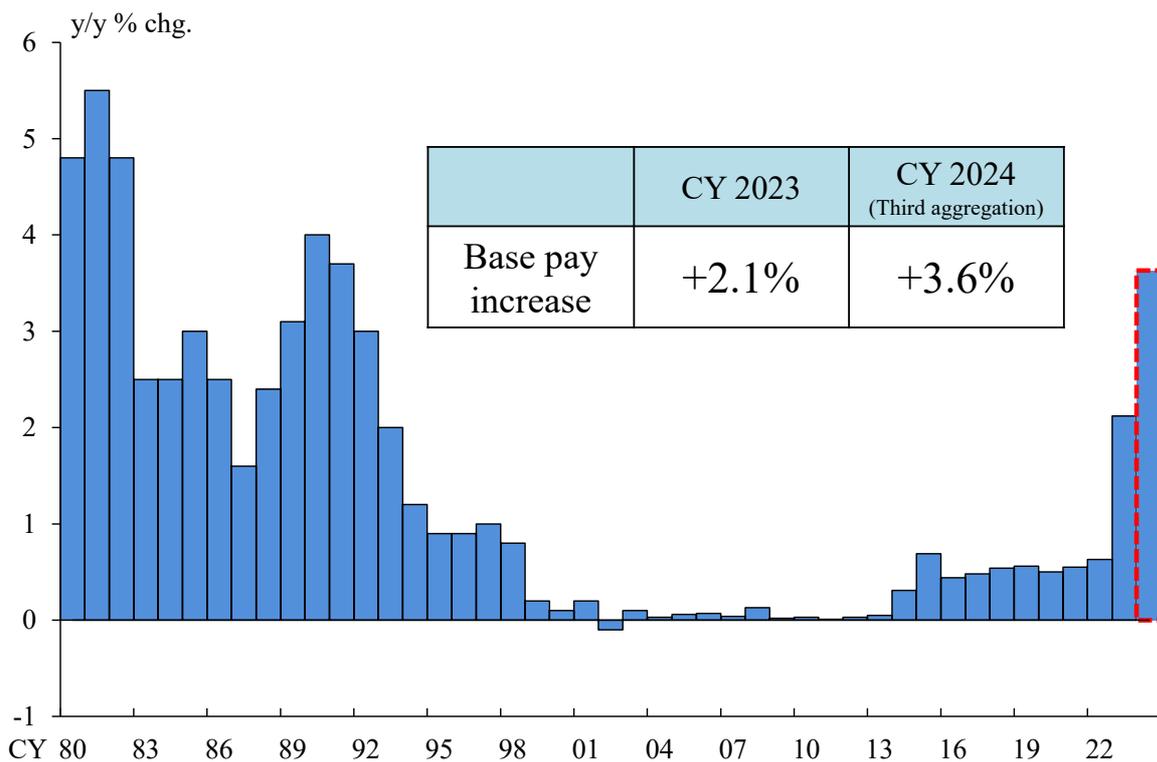
Sources: Bank of Japan; Consensus Economics Inc., "Consensus Forecasts"; QUICK, "QUICK Monthly Market Survey <Bonds>"; Bloomberg.

## Firms' Inflation Outlook for their Products/Services



Note: Based on the *Tankan*: outlook for output prices, all industries, all enterprises.  
Source: Bank of Japan.

## Base Pay Increase (Spring Wage Negotiation)



Note: Figures from 1980 to 2014 are those published by the Central Labour Relations Commission, while those from 2015 to 2024 are figures released by Rengo. The figure for 2024 is from Rengo's third aggregation.  
Sources: Japanese Trade Union Confederation (Rengo); Central Labour Relations Commission.