



Economic Activity, Prices, and Monetary Policy in Japan

Speech at a Meeting with Local Leaders in Oita

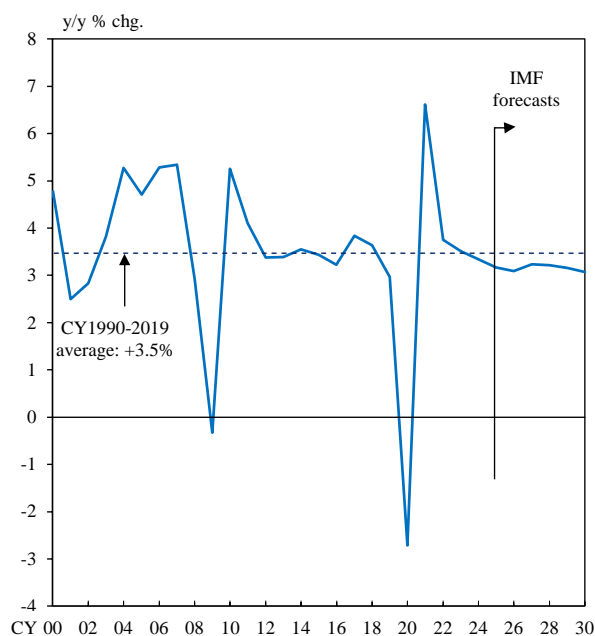
November 27, 2025

NOGUCHI Asahi
Member of the Policy Board
Bank of Japan

Chart 1

IMF Forecasts for Global Growth

Global Growth Rate



Major Economies' Growth Rates

	CY2024	CY2025 [Forecast]				CY2026 [Forecast]
		As of January	As of April	As of July	As of October	
World	3.3	3.3	2.8	3.0	3.2	3.1
Advanced economies	1.8	1.9	1.4	1.5	1.6	1.6
United States	2.8	2.7	1.8	1.9	2.0	2.1
Euro area	0.9	1.0	0.8	1.0	1.2	1.1
United Kingdom	1.1	1.6	1.1	1.2	1.3	1.3
Japan	0.1	1.1	0.6	0.7	1.1	0.6
Emerging market and developing economies	4.3	4.2	3.7	4.1	4.2	4.0
China	5.0	4.6	4.0	4.8	4.8	4.2
India	6.5	6.5	6.2	6.4	6.6	6.2
ASEAN-5	4.6	4.6	4.0	4.1	4.2	4.1

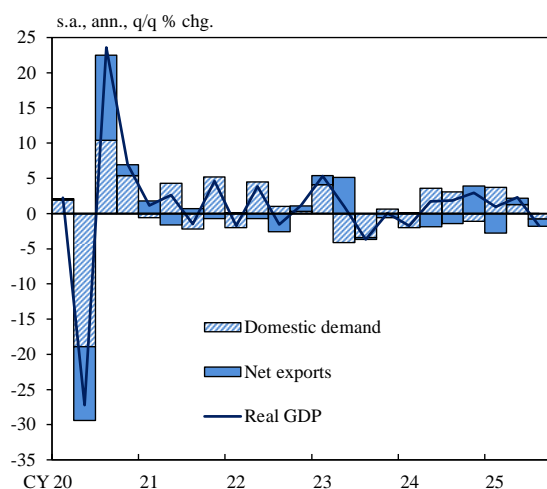
Note: Figures are as of October 2025.

Source: IMF.

Real GDP

Annualized Quarterly Growth Rate

Quarter-on-Quarter Changes

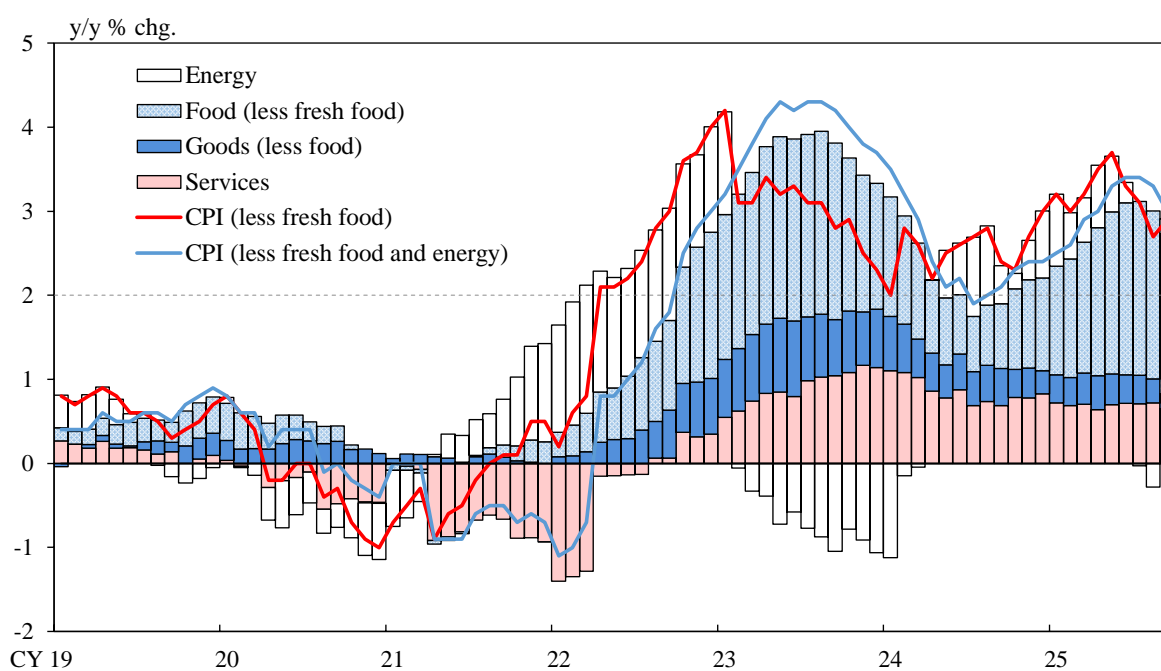


s.a., q/q % chg.

	2024				2025		
	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
GDP	-0.5	0.4	0.4	0.7	0.2	0.6	-0.4
Domestic demand	-0.5	0.9	0.8	-0.3	0.9	0.3	-0.2
Private demand	-0.7	0.7	1.1	-0.3	1.3	0.5	-0.4
Private consumption	-0.7	0.7	0.8	0.0	0.3	0.4	0.1
Private residential investment	-3.2	1.5	0.8	-0.1	1.3	0.3	-9.4
Private non-resi. investment	-1.2	1.4	-0.0	0.6	0.9	0.8	1.0
Public demand	0.0	1.3	-0.1	-0.0	-0.1	-0.1	0.5
Exports of goods & services	-4.1	0.7	2.0	2.0	-0.4	2.3	-1.2
Imports of goods & services	-3.9	2.7	3.3	-2.2	2.5	1.3	-0.1

Source: Cabinet Office.

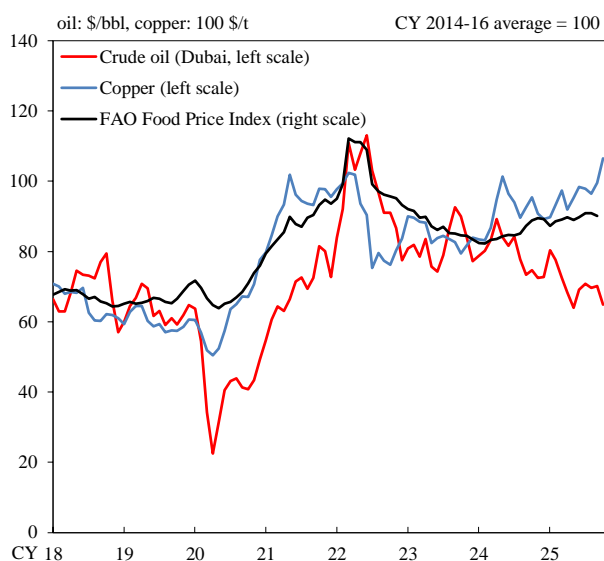
Consumer Prices



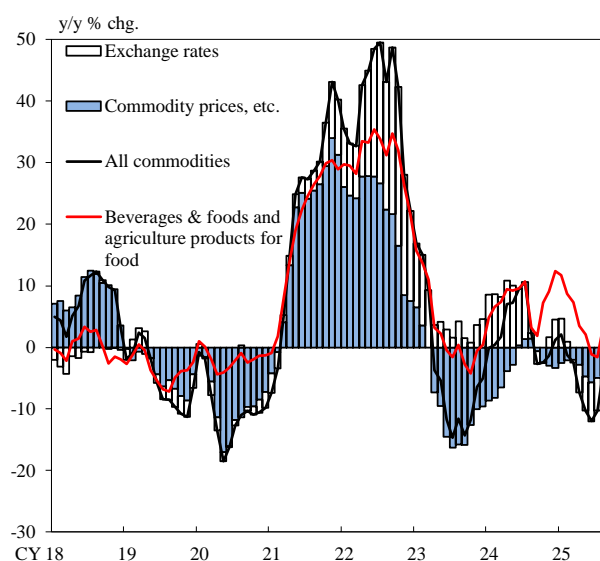
Source: Ministry of Internal Affairs and Communications.

International Commodity Prices and Import Prices

International Commodity Prices



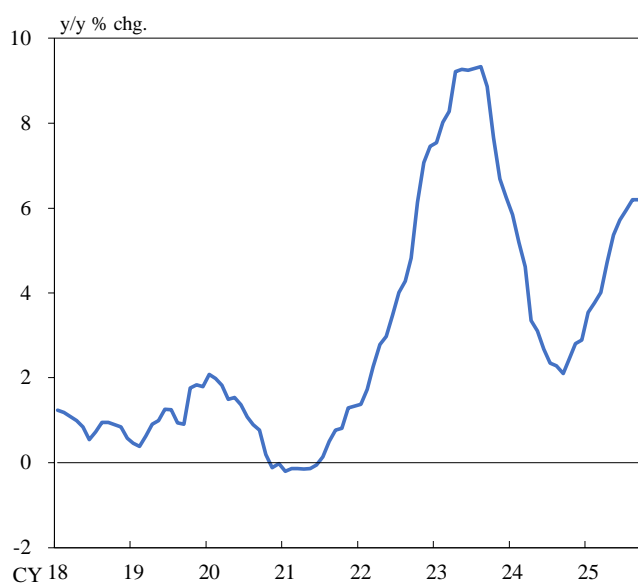
Import Price Index (Yen Basis)



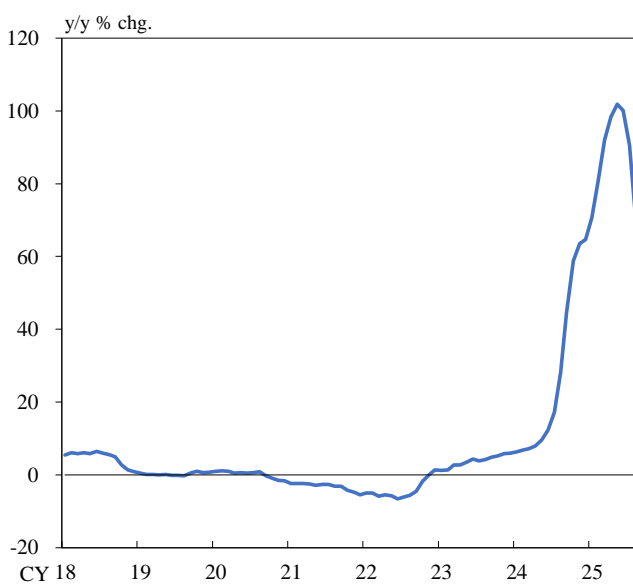
Note: Figures for crude oil (Dubai) and copper are the monthly average. Figures for "beverages & foods and agriculture products for food" exclude tobacco.
Sources: Bloomberg; FAO; Nikkei Inc.; Bank of Japan.

CPI

Food (Less Fresh Food and Rice)



Rice

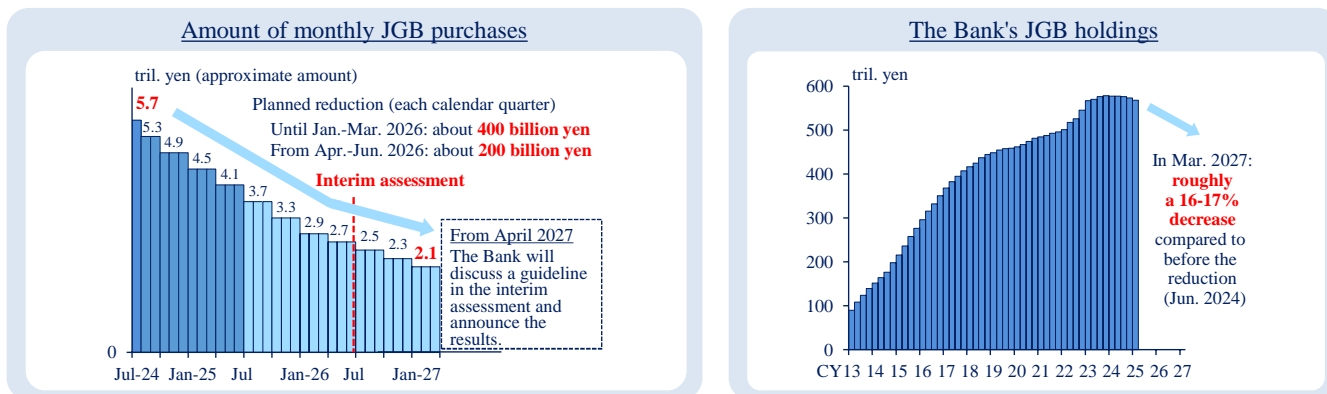


Source: Ministry of Internal Affairs and Communications.

Plan for the Reduction of the Purchase Amount of JGBs (June 2025 MPM)

1. Long-term interest rates: to be formed in financial markets in principle
 2. JGB purchases: appropriate for the Bank to **reduce its purchase amount of JGBs in a predictable manner**, while **allowing enough flexibility** to support stability in the JGB markets
- In principle, the Bank will reduce the planned amount of its monthly purchases of JGBs each calendar quarter as follows.
- Until January-March 2026 : about **400 billion yen** (the reduction plan decided in July 2024 will be maintained)
 - From April-June 2026 to January-March 2027: about **200 billion yen**
- The Bank will **gradually reduce** its purchase amount so that it can improve the functioning of the JGB markets in a manner that supports stability in the markets.

Reduction in a Predictable Manner



Allowing Enough Flexibility

1. The Bank will **conduct an interim assessment of the plan at the June 2026 MPM**.
2. In the case of a rapid rise in long-term interest rates, the Bank will make nimble responses by, for example, increasing the amount of JGB purchases.
3. The Bank is prepared to amend the plan at the MPMs, if deemed necessary.

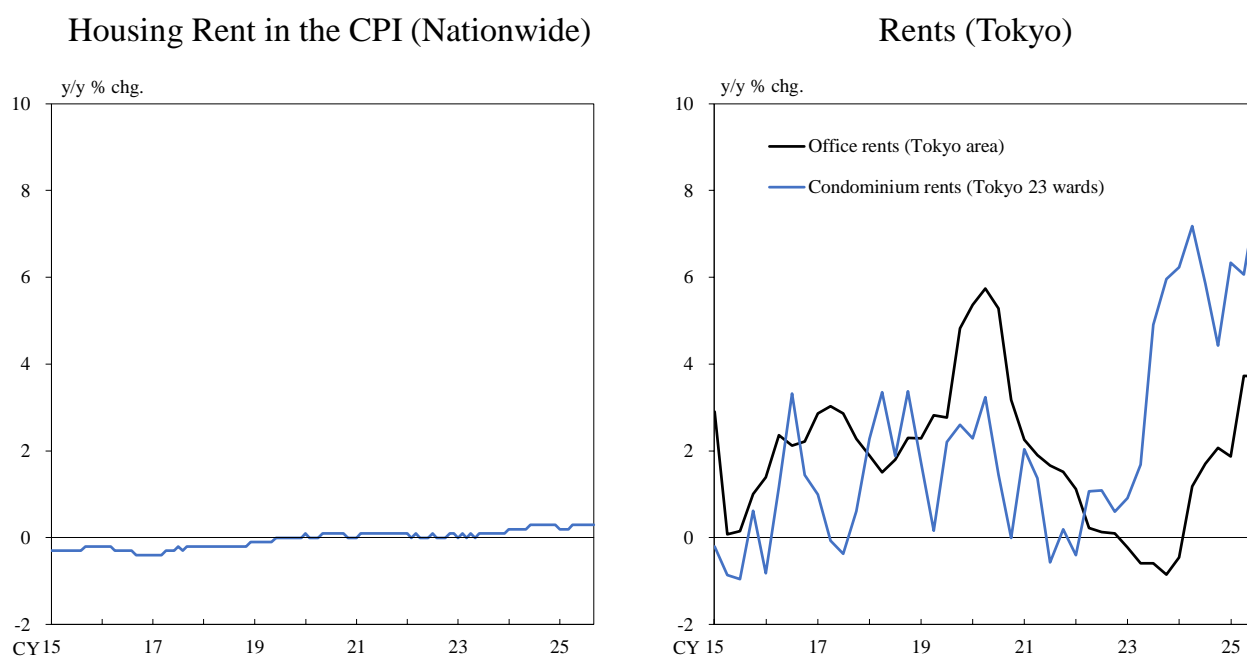
Forecasts of the Majority of the Policy Board Members (as of October 2025)

		y/y % chg.	
	Real GDP	CPI (all items less fresh food)	(Reference) CPI (all items less fresh food and energy)
Fiscal 2025	+0.6 to +0.8 [+0.7]	+2.7 to +2.9 [+2.7]	+2.8 to +3.0 [+2.8]
Forecasts made in July 2025	+0.5 to +0.7 [+0.6]	+2.7 to +2.8 [+2.7]	+2.8 to +3.0 [+2.8]
Fiscal 2026	+0.6 to +0.8 [+0.7]	+1.6 to +2.0 [+1.8]	+1.8 to +2.2 [+2.0]
Forecasts made in July 2025	+0.7 to +0.9 [+0.7]	+1.6 to +2.0 [+1.8]	+1.7 to +2.1 [+1.9]
Fiscal 2027	+0.7 to +1.1 [+1.0]	+1.8 to +2.0 [+2.0]	+2.0 to +2.2 [+2.0]
Forecasts made in July 2025	+0.9 to +1.0 [+1.0]	+1.8 to +2.0 [+2.0]	+2.0 to +2.1 [+2.0]

Note: Figures in brackets indicate the medians of the Policy Board members' forecasts (point estimates).

Source: Bank of Japan.

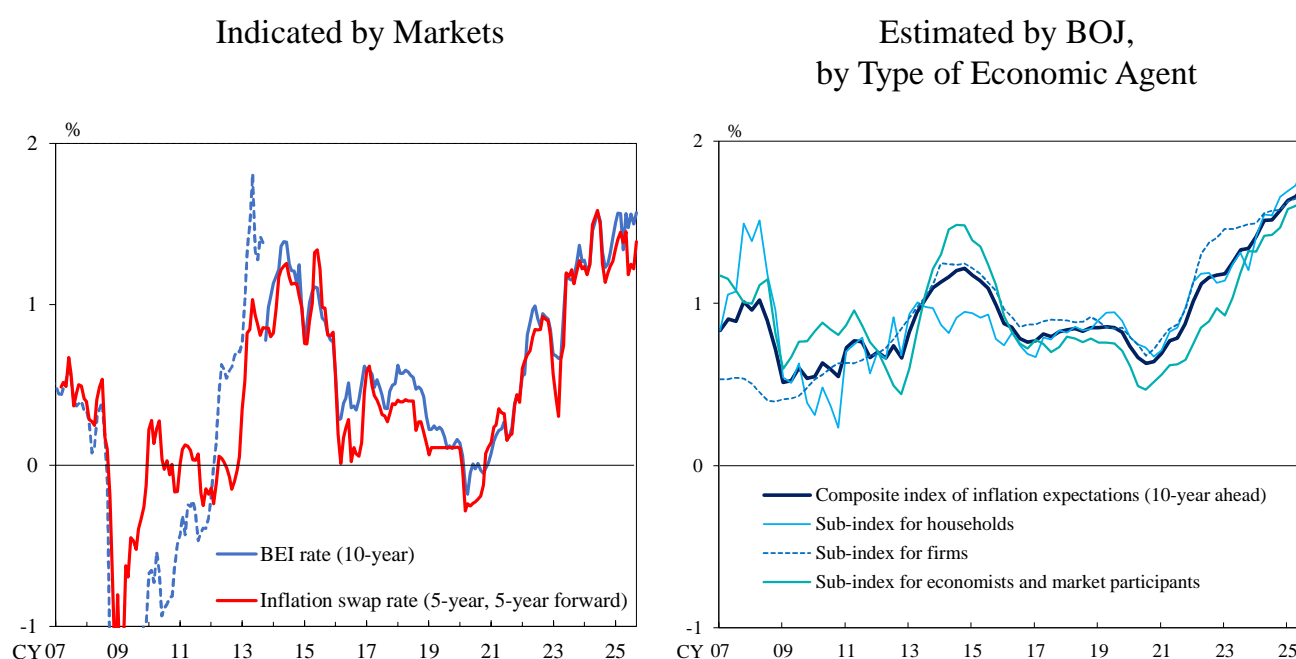
Housing Rent



Note: Figures for office rents are based on the Services Producer Price Index. Figures for condominium rents are calculated using the average rents under new contracts.

Sources: Ministry of Internal Affairs and Communications; Real Estate Information Network for East Japan; Bank of Japan.

Inflation Expectations

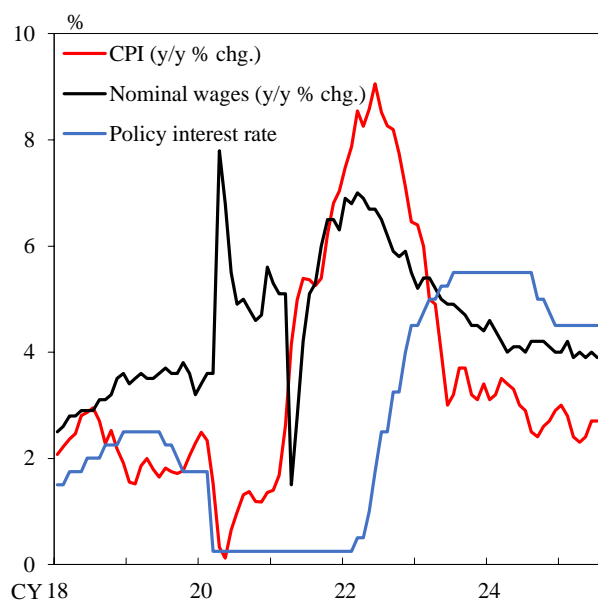


Note: In the left panel, the BEI (break-even inflation) rate is the yield spread between fixed-rate coupon-bearing JGBs and inflation-indexed JGBs. The dotted line represents the rate calculated based on inflation-indexed JGBs issued before October 2013.

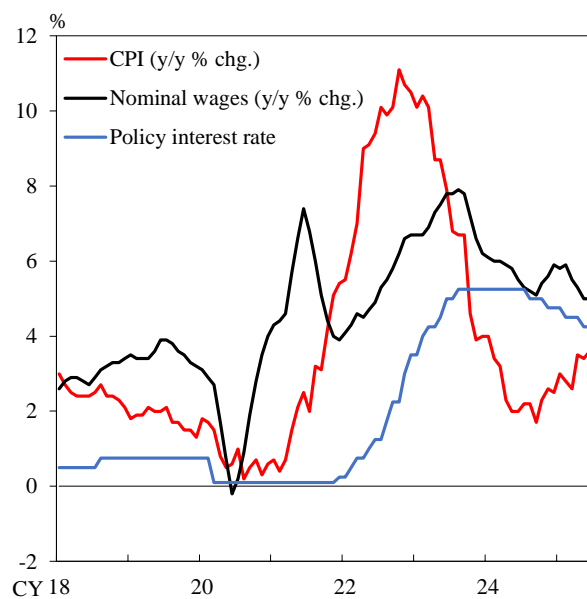
Sources: Bloomberg; Consensus Economics Inc., *Consensus Forecasts*; QUICK, *QUICK Monthly Market Survey <Bonds>*; Bank of Japan.

Prices, Nominal Wages, and Policy Interest Rates

United States



United Kingdom



Note: Figures for nominal wages for the United States are for hourly wages, and those for the United Kingdom are for weekly wages (excluding bonuses).

Sources: BLS; BOE; FRB; OECD; ONS.