

July 15, 2008

Bank of Japan

Further Enhancement of Communication Strategy under the "Framework for the Conduct of Monetary Policy"

At the Monetary Policy Meeting (MPM) held today, the Bank of Japan decided to adopt following enhancements to its communication strategy under the "Framework for the Conduct of Monetary Policy" (hereafter "Framework") introduced in March 2006. Given that economic situation is ever-changing, future outlook always entails uncertainties, and monetary policy works with a lag, these enhancements are introduced to better provide timely and thorough explanation regarding the current situation and future course of the economy and prices as well as risk factors in line with the "Framework".

1. Release of the Assessment from "Two Perspectives" after Each MPM

Under the "Framework", the conduct of monetary policy is decided at each MPM through assessing economic and price situation from "two perspectives". Previously, in the announcement following the meeting, the policy decision and its background were communicated when there was a change in policy, whereas in cases when there was no change in policy, only the decision was communicated. Hereafter, following each meeting, a summary of the assessment of economic and price situation from "two perspectives", and the Bank's thinking on the future conduct of monetary policy will be communicated along with the policy decision.

Meanwhile, the Monthly Report of Recent Economic and Financial Developments will be released on the first business day (second business day for English translation) following the MPM as a background document.

2. Extension of the Forecast Horizon for Projections in the Outlook for Economic Activity and Prices

The Forecast horizon for projections in the Outlook for Economic Activity and Prices (Outlook Report) had been two fiscal years (current and the following fiscal year). Starting this October, however, projections in the October Outlook Report will extend to the fiscal year after next.

3. Quarterly Publication of the Forecasts of Policy Board Members and the Risk Balance Charts

The Risk Balance Charts introduced in the April 2008 Outlook Report will be provided regularly in the semi-annual Outlook Report. In addition, the forecasts of Policy Board members and the Risk Balance Charts will also be provided at the time of interim assessment in January and July as references.

4. Release of the Minutes of the MPM after the Subsequent Meeting upon Approval

Minutes of the MPM will be released after the subsequent meeting upon approval, whereas they were previously approved either at the subsequent meeting or meeting after next depending on the meeting schedule.