

Outline of Outright Purchases of Japanese Government Bonds during September

1. At the Monetary Policy Meeting (MPM) held today, the Policy Board of the Bank of Japan decided to introduce the "Quantitative and Qualitative Monetary Easing with Yield Curve Control."

In accordance with this decision, from today and during September, the Bank will conduct the present outright purchases of Japanese government bonds (JGBs) and the newly introduced "outright purchases of JGBs with yields designated by the Bank" (fixed-rate purchase operations) as follows (see the next page for details).

	Present outright purchases of JGBs <competitive auction method>	Outright purchases of JGBs with yields designated by the Bank (new) <fixed-rate method>
Bonds to be purchased	Same as before (JGBs with coupons) ¹	JGBs with coupons, mainly on-the-run issues ²
Frequency of purchases	Same as before ¹	As needed
Purchase size per auction	Decided based on the latest amount offered	Fixed or unlimited amount
Purchasing yields	Same as before (a multiple-price competitive auction) ¹	Set by the Bank

¹ Purchases of JGBs with coupons, including floating-rate bonds and inflation-indexed bonds, will be conducted based on the "Outline of Outright Purchases of Japanese Government Bonds" released on August 31, 2016.

² In case of a spike in interest rates, the Bank stands ready to conduct fixed-rate JGB purchase operations -- for example, those with regard to 10-year and 20-year JGB yields -- in order to prevent the yield curve from deviating substantially from the current levels.

(Present outright purchases of JGBs <competitive auction method>)

- In principal, purchases will be conducted based on the "Outline of Outright Purchases of Japanese Government Bonds" released on August 31, 2016.
- Specific purchase size per auction will be decided based on the latest amount of offer for each bond type and residual maturity. However, aiming to achieve the target level of a long-term interest rate specified by the guideline for market operations, the Bank may change the amount of offer, taking account of market conditions.
- Aiming to achieve the target level of a long-term interest rate specified by the guideline, the Bank may set a lower bound to purchasing yields, taking account of market conditions.

(Outright purchases of JGBs with yields designated by the Bank <fixed-rate method>)

- Bonds to be purchased shall be JGBs with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, and 40-year bonds). Specifically, among these bonds, the Bank will purchase mainly on-the-run issues for each maturity segment.
- Depending on market conditions, the Bank may set the purchase size per auction to a fixed amount or to an unlimited amount.
- Purchasing yields will be set per auction, by indicating the spreads from the benchmark yields which the Bank determines separately.

2. Amount outstanding of treasury discount bills (T-Bills) to be purchased, which is conducted as part of money market operations, will initially be kept to around the current level.

3. The Bank will, in principle, continue to release the outline of outright purchases of JGBs for the following month and onwards on the last business day of each month. From now on, the Bank will also concurrently release a rough outline of the outright purchases of T-Bills. The next outline, effective from October, will be released on September 30, 2016 at 5 p.m.