

Modification of the Conduct of Yield Curve Control (YCC)

Impact of Increased Volatility in Overseas Markets

Deterioration in Japan's bond market functioning

Relative relationships among interest rates of bonds with different maturities

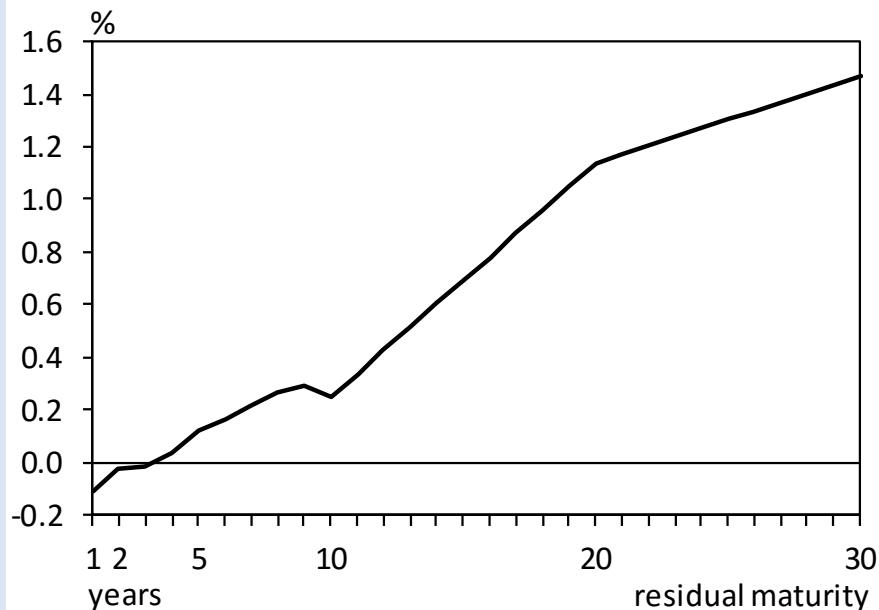
Arbitrage relationships between spot and futures markets



Possibility of a negative impact on financial conditions

Yields on Japanese government bonds (JGBs) are reference rates for corporate bond yields, bank lending rates, and other funding rates.

JGB Yield Curve (Before the December 2022 MPM)



Source: Bloomberg

Measures Decided by the Bank of Japan

Conduct of YCC

Encourage a smoother formation of the entire yield curve

Significant increase in the amount of JGB purchases: from 7.3 trillion yen per month to about 9 trillion yen per month

Expansion of the range of 10-year JGB yield fluctuations from the target level: from between around $\pm 0.25\%$ pts to between around $\pm 0.5\%$ pts

Nimble responses for each maturity:

- Offer to purchase 10-year JGBs at 0.5% every business day through fixed-rate purchase operations
- Make nimble responses for each maturity by increasing the amount of JGB purchases even more and conducting fixed-rate purchase operations

In adjusting the amount outstanding of corporate bonds, the Bank will give due consideration to their issuance conditions.



Facilitate the transmission of monetary easing effects generated under the framework of YCC, such as through corporate financing

The Bank will aim to achieve the price stability target by **enhancing the sustainability of monetary easing.**