

January 23, 2024

Bank of Japan

Statement on Monetary Policy

1. At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided upon the following.

(1) Yield curve control

a) The Bank decided, by a unanimous vote, to set the following guideline for market operations for the intermeeting period.

The short-term policy interest rate:

The Bank will apply a negative interest rate of minus 0.1 percent to the Policy-Rate Balances in current accounts held by financial institutions at the Bank.

The long-term interest rate:

The Bank will purchase a necessary amount of Japanese government bonds (JGBs) without setting an upper limit so that 10-year JGB yields will remain at around zero percent.

b) Conduct of yield curve control (a unanimous vote)

The Bank will regard the upper bound of 1.0 percent for 10-year JGB yields as a reference in its market operations, and in order to encourage the formation of a yield curve that is consistent with the above guideline for market operations, it will continue with large-scale JGB purchases and make nimble responses for each maturity by, for example, increasing the amount of JGB purchases and conducting fixed-rate purchase operations and the Funds-Supplying Operations against Pooled Collateral.¹

(2) Guidelines for asset purchases (a unanimous vote)

With regard to asset purchases other than JGB purchases, the Bank decided to set the following guidelines.

¹ The Bank will determine the offer rate for fixed-rate purchase operations each time, taking account of market rates and other factors.

- a) The Bank will purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) as necessary with upper limits of about 12 trillion yen and about 180 billion yen, respectively, on annual paces of increase in their amounts outstanding.
 - b) The Bank will maintain the amount outstanding of CP at about 2 trillion yen. It will purchase corporate bonds at about the same pace as prior to the COVID-19 pandemic, so that their amount outstanding will gradually return to the pre-pandemic level of about 3 trillion yen. In adjusting the amount outstanding of corporate bonds, the Bank will give due consideration to their issuance conditions.
2. The Bank decided, by a unanimous vote, to extend by one year the deadline for loan disbursement under the Fund-Provisioning Measure to Stimulate Bank Lending.
 3. With extremely high uncertainties surrounding economies and financial markets at home and abroad, the Bank will patiently continue with monetary easing while nimbly responding to developments in economic activity and prices as well as financial conditions. By doing so, it will aim to achieve the price stability target of 2 percent in a sustainable and stable manner, accompanied by wage increases.

The Bank will continue with Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control, aiming to achieve the price stability target, as long as it is necessary for maintaining that target in a stable manner. It will continue expanding the monetary base until the year-on-year rate of increase in the observed consumer price index (CPI, all items less fresh food) exceeds 2 percent and stays above the target in a stable manner. The Bank will continue to maintain the stability of financing, mainly of firms, and financial markets, and will not hesitate to take additional easing measures if necessary.

Reference

Meeting hours:

Monday, January 22: 14:00-16:17

Tuesday, January 23: 9:00-12:02

Policy Board members present:

UEDA Kazuo, Chairman (Governor)

HIMINO Ryoza (Deputy Governor)

UCHIDA Shinichi (Deputy Governor)

ADACHI Seiji

NAKAMURA Toyoaki

NOGUCHI Asahi

NAKAGAWA Junko

TAKATA Hajime

TAMURA Naoki

[Others present]

January 22

From the Ministry of Finance:

SAKAMOTO Motoru, Deputy Vice-Minister for Policy Planning and Coordination
(14:00-16:17)

From the Cabinet Office:

INOUE Hiroyuki, Vice-Minister for Policy Coordination (14:00-16:17)

January 23

From the Ministry of Finance:

AKAZAWA Ryosei, State Minister of Finance (9:00-11:45, 11:51-12:02)

From the Cabinet Office:

IBAYASHI Tatsunori, State Minister of Cabinet Office (9:00-11:45, 11:51-12:02)

Release dates and times:

Statement on Monetary Policy -- Tuesday, January 23 at 12:09

Outlook for Economic Activity and Prices (Outlook Report)

The Bank's View -- Tuesday, January 23 at 12:09

Full text -- Wednesday, January 24 at 14:00

Summary of Opinions -- Wednesday, January 31 at 8:50

Minutes of the Monetary Policy Meeting -- Monday, March 25 at 8:50