

September 19, 2025

Bank of Japan

## Statement on Monetary Policy

1. At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided, by a 7-2 majority vote, to set the following guideline for money market operations for the intermeeting period: <sup>[Note]</sup>

The Bank will encourage the uncollateralized overnight call rate to remain at around 0.5 percent.

2. With regard to exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) it holds, the Bank decided, by a unanimous vote, to sell these assets to the market in accordance with the fundamental principles for their disposal, which include the principle to avoid inducing destabilizing effects on the financial markets. The scale of the sales will generally be equivalent to that for the "stocks purchased from financial institutions" (see Attachment).<sup>1,2</sup>
3. Japan's economy has recovered moderately, although some weakness has been seen in part. Overseas economies have grown moderately on the whole, although some weakness has been seen in part, reflecting trade and other policies in each jurisdiction. Exports and industrial production have continued to be more or less flat as a trend, although there has been some front-loading and a subsequent reactionary decline, due to the increase in U.S. tariffs. Corporate profits have remained at high levels on the whole, although downward effects due to tariffs have been seen in manufacturing. Business fixed investment has been on a moderate increasing trend. Private consumption has been resilient against the background of an improvement in the employment and income situation, despite weakness in consumer sentiment due to the impact of price rises and other factors. Housing investment has been relatively weak. Public investment has been more or less flat. Financial conditions have been accommodative. On the price front, with moves to pass on wage increases to selling prices continuing, the year-on-year rate of increase in the consumer price index (CPI, all items less fresh food) has been in the range of 2.5-3.0 percent recently, due to the effects of the rise in food prices, such as rice prices, and other factors. Inflation expectations have risen moderately.

---

<sup>1</sup> In order to ensure the stability of the financial system, the Bank purchased stocks from financial institutions from 2002 to 2004 and from 2009 to 2010. Thereafter, the Bank sold the purchased stocks at a constant pace, completing their disposal in July 2025.

<sup>2</sup> The Bank will also discontinue the ETF lending facility, which was introduced in December 2019, given factors such as the current usage of the facility.

Japan's economic growth is likely to moderate, as trade and other policies in each jurisdiction lead to a slowdown in overseas economies and to a decline in domestic corporate profits and other factors, although factors such as accommodative financial conditions are expected to provide support. Thereafter, Japan's economic growth rate is likely to rise, with overseas economies returning to a moderate growth path. With regard to the CPI (all items less fresh food), the effects of the recent rise in food prices, such as rice prices, are expected to wane. Meanwhile, underlying CPI inflation is likely to be sluggish, mainly due to the deceleration in the economy. Thereafter, however, underlying CPI inflation is expected to increase gradually, since it is projected that a sense of labor shortage will grow as the economic growth rate rises, and that medium- to long-term inflation expectations will rise. In the second half of the projection period of the July 2025 *Outlook for Economic Activity and Prices*, underlying CPI inflation is likely to be at a level that is generally consistent with the price stability target.

There are various risks to the outlook. In particular, it remains highly uncertain how trade and other policies in each jurisdiction will evolve and how overseas economic activity and prices will react to them. It is therefore necessary to pay due attention to the impact of these developments on financial and foreign exchange markets and on Japan's economic activity and prices.

---

[Note] Voting for the action: UEDA Kazuo, HIMINO Ryozi, UCHIDA Shinichi, NOGUCHI Asahi, NAKAGAWA Junko, KOEDA Junko, and MASU Kazuyuki. Voting against the action: TAKATA Hajime and TAMURA Naoki. Takata Hajime considered that there had been a shift away from the deflationary norm and the price stability target had been more or less achieved. Tamura Naoki considered that, with risks to prices becoming more skewed to the upside, the Bank should set the policy interest rate a little closer to the neutral rate. They proposed that the Bank set the guideline for money market operations as follows: the Bank would encourage the uncollateralized overnight call rate to remain at around 0.75 percent. The proposals were defeated by majority votes.

### Disposal of ETFs and J-REITs

At the Monetary Policy Meeting (MPM) held in March 2024, the Policy Board of the Bank of Japan changed the monetary policy framework, judging that it was within sight that the price stability target of 2 percent would be achieved in a sustainable and stable manner. As part of the change, the Bank decided to discontinue purchases of exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs). Thereafter, the Bank has considered the details of the disposal of these assets.

The "Principal Terms and Conditions for Purchases of ETFs and J-REITs" lays out fundamental principles for the disposal of ETFs and J-REITs as follows: the Bank should (1) dispose these assets for adequate prices, taking into account the situation such as the condition of the ETF or J-REIT market, (2) avoid incurring losses as much as possible, and (3) avoid inducing destabilizing effects on the financial markets as much as possible.

Based on these fundamental principles and its experience of the smooth conduct of sales of the "stocks purchased from financial institutions," the Bank decided to sell its holdings of ETFs and J-REITs for the time being at a scale generally equivalent to that of the sales of the "stocks purchased from financial institutions" (the sales amounts of ETFs and J-REITs will account for about 0.05 percent of the trading values in the markets) as described below.

1. The Bank will sell ETFs to the market at a pace of about 330 billion yen per year, based on the prices formed in the exchange market.<sup>3</sup>
2. The Bank will sell J-REITs to the market at a pace of about 5 billion yen per year, based on the prices formed in the exchange market.<sup>4</sup>
3. Under the pace of sales described above, the Bank will sell each ETF and J-REIT at the amount approximately proportionate to the share of each asset in its holdings, with consideration to spreading out the timing of the sales.

---

<sup>3</sup> The sales amount is based on book value. Based on market value, the amount is about 620 billion yen as of the end of March 2025, which is roughly equivalent to the annual sales amount of the stocks purchased from financial institutions. (The sales amount of ETFs accounts for about 0.05 percent of the trading value in the Tokyo Stock Exchange Prime Market.)

<sup>4</sup> The sales amount is based on book value. Based on market value, the amount is about 5.5 billion yen as of the end of March 2025. (The sales amount of J-REITs accounts for about 0.05 percent of the trading value in the Tokyo Stock Exchange REIT Market.)

The Bank will select a trustee, who will conduct the disposal of ETFs and J-REITs. The disposal will begin once necessary operational preparations are completed (see Annex for the "Basic Principles for Disposal of ETFs and J-REITs").

The pace of sales may be modified at future MPMs after the start of the disposal of ETFs and J-REITs, based on the fundamental principles and the experience from the sales to be conducted.

### **Basic Principles for Disposal of ETFs and J-REITs**

Pursuant to the provisions of Paragraph 8. (3) of the "Principal Terms and Conditions for Purchases of ETFs and J-REITs," the basic principles for the disposal of exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) shall be as follows:

1. Framework of disposal

ETFs and J-REITs shall be disposed by means of sales to the market, based on the prices formed in the exchange market.

2. Method of sales

(1) Details of sales of ETFs and J-REITs shall be as follows:

- (a) ETFs shall be sold at a pace of about 330 billion yen (book value basis) per year, with consideration to spreading out the timing of the sales.
- (b) J-REITs shall be sold at a pace of about 5 billion yen (book value basis) per year, with consideration to spreading out the timing of the sales.
- (c) Under the pace of sales stipulated in (a) and (b), the sales amount of each ETF and J-REIT shall be approximately proportionate to the share of each asset in the Bank's holdings, although the Bank shall set a limit to the total number of units sold per business day for each J-REIT, taking into account the market liquidity of each J-REIT.

(2) Under the set of principles stipulated in (1) above, the trustee may temporarily adjust the amount of sales within the range set in prior consultation with the Bank, in response to changes in the condition of the financial markets. The trustee may suspend the sales, especially in the event of a considerable fall in relevant price indexes.

(Supplementary Provision)

The basic principles shall become effective on the date determined by the Governor.

## Reference

### Meeting hours:

Thursday, September 18: 14:00-15:37

Friday, September 19: 9:00-12:40

### Policy Board members present:

UEDA Kazuo, Chairman (Governor)

HIMINO Ryoza (Deputy Governor)

UCHIDA Shinichi (Deputy Governor)

NOGUCHI Asahi

NAKAGAWA Junko

TAKATA Hajime

TAMURA Naoki

KOEDA Junko

MASU Kazuyuki

### [Others present]

#### September 18

##### From the Ministry of Finance:

MAEDA Tsutomu, Deputy Vice-Minister for Policy Planning and Coordination  
(14:00-15:37)

##### From the Cabinet Office:

HAYASHI Sachihiro, Vice-Minister for Policy Coordination (14:00-15:37)

#### September 19

##### From the Ministry of Finance:

MAEDA Tsutomu, Deputy Vice-Minister for Policy Planning and Coordination  
(9:00-12:04, 12:16-12:40)

##### From the Cabinet Office:

SETO Takakazu, State Minister of Cabinet Office (9:00-12:04, 12:16-12:40)

### Release dates and times:

Statement on Monetary Policy -- Friday, September 19 at 12:47

Summary of Opinions -- Tuesday, September 30 at 8:50

Minutes of the Monetary Policy Meeting -- Wednesday, November 5 at 8:50