

Decision at the December 2025 MPM

- It is highly likely that the mechanism in which **both wages and prices rise moderately** will be maintained.
- **The likelihood of realizing the baseline scenario** that underlying CPI inflation will be at a level that is generally consistent with the price stability target of 2 percent in the second half of the projection period of the October 2025 Outlook Report **has been rising**.

U.S. economy and the impact of trade policies

- While **uncertainties** remain, they have **declined**.

Wages

- It is highly likely that firms will continue to **raise wages steadily** next year, following the solid wage increases this year.
- The risk of firms' **active wage-setting behavior** being interrupted is low.

Prices

- **Underlying CPI inflation has continued to rise moderately**, with moves to pass on wage increases to selling prices continuing.

Adjusting the degree of monetary accommodation from the perspective of sustainable and stable achievement of the price stability target of 2 percent

Short-term interest rate : raised to "around 0.75%"

(uncollateralized overnight call rate)

(previously "around 0.5%")

- Real interest rates are expected to remain significantly negative, and accommodative financial conditions will continue to **firmly support economic activity**.
- If the outlook presented in the October 2025 Outlook Report will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation.