

# Change in the Guideline for Money Market Operations (June 2026 MPM)

## Economic activity: developing generally in line with the baseline scenario

Japan's economy is expected to continue growing moderately, albeit at a decelerated rate.

### Downward pressure on economic activity

- Higher crude oil prices reflecting the situation in the Middle East

### Factors supporting economic activity

- High levels of **corporate profits** and improvement in **the employment and income situation**

### Reduced risk of a significant slowdown in the economy

- The effects of the government's initiatives including **measures to reduce the household burden of higher energy prices**
- **Progress in securing alternative sources of supply** for raw materials that are highly dependent on the Middle East

## Prices: risk of underlying CPI inflation deviating upward to a level above the price stability target of 2 percent

### Inflationary pressure stemming from the rise in crude oil prices

- **Relatively fast pace of price pass-through** in business-to-business transactions
- The price pass-through **could spread to an increase in consumer prices across a wide range of items**
- **Continued rise** in medium- to long-term **inflation expectations**

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 1.0%"**  
(uncollateralized overnight call rate) (previously "around 0.75%")

- Accommodative financial conditions are expected to be maintained, continuing to firmly support economic activity.
- The Bank will continue to raise the policy interest rate and adjust the degree of monetary accommodation, in response to developments in economic activity and prices as well as financial conditions.
- The Bank will consider the timing and pace of adjustment, while examining the likelihood of realizing the baseline scenario and the risks to the outlook.