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

Economic activity and prices — **Developing generally in line with the baseline scenario**

Economic activity: Japan's economy has recovered moderately, despite the impact of the situation in the Middle East

✓ Increase in global AI-related demand
✓ Improvement in the employment and income situation
✓ The government's various measures

Prices: underlying CPI inflation has been approaching 2 percent

✓ High year-on-year rate of increase in the PPI
✓ Upward pressure has started to spill over into consumer prices
✓ Continued rise in medium- to long-term inflation expectations

Risks — **The situation in the Middle East, Expansion in AI-related demand, Developments in foreign exchange rates**

There is a risk that underlying CPI inflation will deviate upward to a level above the price stability target of 2 percent

Financial conditions — **Japan's financial conditions have been accommodative**

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 1.25%"
(uncollateralized overnight call rate) (previously "around 1.0%")

- 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.
- The perspective of stabilizing underlying CPI inflation at a level around 2 percent becomes important.