Not to be released until 8:50 a.m. Japan Standard Time on Wednesday, December 26, 2007.

December 26, 2007

Bank of Japan

Minutes of the Monetary Policy Meeting

on November 12 and 13, 2007

(English translation prepared by the Bank's staff based on the Japanese original)

A Monetary Policy Meeting of the Bank of Japan Policy Board was held in the Head Office of the Bank of Japan in Tokyo on Monday, November 12, 2007, from 2:00 p.m. to 4:09 p.m., and on Tuesday, November 13, from 9:00 a.m. to 12:25 p.m.[1]

Policy Board Members Present

Mr. T. Fukui, Chairman, Governor of the Bank of Japan

Mr. T. Muto, Deputy Governor of the Bank of Japan

Mr. K. Iwata, Deputy Governor of the Bank of Japan

Ms. M. Suda

Mr. A. Mizuno

Mr. K. G. Nishimura

Mr. T. Noda

Mr. S. Nakamura

Mr. H. Kamezaki

Government Representatives Present

Mr. H. Moriyama, Senior Vice Minister of Finance, Ministry of Finance[2]

Mr. M. Suzuki, Deputy Vice Minister for Policy Planning and Coordination, Ministry of Finance[3]

Mr. J. Hamano, Vice Minister for Policy Coordination, Cabinet Office

Reporting Staff

Mr. N. Inaba, Executive Director

Mr. A. Horii, Executive Director (Assistant Governor)

Mr. K. Ido, Executive Director

Mr. M. Amamiya, Director-General, Monetary Affairs Department

Mr. S. Uchida, Associate Director-General, Monetary Affairs Department

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[1] The minutes of this meeting were approved by the Policy Board at the Monetary Policy Meeting held on December 19 and 20, 2007 as "a document which contains an outline of the discussion at the meeting" stipulated in Article 20, Paragraph 1 of the Bank of Japan Law of 1997. Those present are referred to by their titles at the time of the meeting.

[2] Mr. H. Moriyama was present on November 13.

[3] Mr. M. Suzuki was present on November 12.

Mr. H. Nakaso, Director-General, Financial Markets Department

Mr. K. Momma, Director-General, Research and Statistics Department

Mr. E. Maeda, Associate Director-General, Research and Statistics Department

Mr. T. Idesawa, Director-General, International Department

Secretariat of the Monetary Policy Meeting

Mr. K. Osugi, Director-General, Secretariat of the Policy Board

Mr. K. Shigyoh, Director, Deputy Head of Secretarial Services for the Board, Secretariat of the Policy Board

Mr. A. Otani, Senior Economist, Monetary Affairs Department

Mr. K. Suzuki, Senior Economist, Monetary Affairs Department

I. Summary of Staff Reports on Economic and Financial Developments[4]

A. Money Market Operations in the Intermeeting Period

The Bank conducted money market operations in accordance with the guideline decided at the previous meeting on October 31, 2007.[5] As a result, the uncollateralized overnight call rate had been at around 0.5 percent.

B. Recent Developments in Financial Markets

In the money market, interest rates on term instruments, such as yields on financing bills (FBs) and treasury bills (TBs), and interest rates on Euroyen futures had been more or less flat.

Japanese stock prices had followed U.S. stock prices. The Nikkei 225 Stock Average had recently dropped to the range of 15,000-15,500 yen.

Long-term interest rates declined, mainly in response to long-term interest rate movements in the United States and Europe, and had recently been at around 1.5 percent.

The yen appreciated against the U.S. dollar, mainly due to the financial statements of some U.S. financial institutions. The yen was currently being traded in the range of 109-111 yen against the dollar.

C. Overseas Economic and Financial Developments

The U.S. economy continued to be in a moderate adjustment phase. Housing investment continued to decrease, and the pace of decrease had recently been accelerating. Business fixed investment remained on a gradual uptrend, although the pace of increase was decelerating. Private consumption continued to be on an increasing trend, although the pace of increase was slower than before. In this situation, the pace of increase in the number of employees had been slowing moderately with some fluctuations. As for prices, the year-on-year rate of increase in the consumer price index (CPI) for all items less food and energy, or the core CPI, had been slightly over 2 percent. Underlying inflation pressures had not subsided yet as labor market conditions had continued to be tight. As for

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[4] Reports were made based on information available at the time of the meeting.

[5] The guideline was as follows:

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

the financial environment, financial institutions had tightened their stance with regard to providing a broad range of loans, including prime mortgages and commercial real estate loans, because of the subprime mortgage problem.

In the euro area, the economy continued to expand with domestic and external demand well in balance. Business fixed investment and private consumption remained on an upward trend while exports continued to grow steadily. However, there seemed to be some signs of deceleration in exports and production. The U.K. economy continued to show relatively high growth, led mainly by domestic demand.

In China, both domestic and external demand continued to expand strongly. India's economy continued to show high growth, led mainly by domestic demand. The NIEs and ASEAN economies continued to expand at a moderate pace on the whole.

In global financial markets, adjustments stemming from the U.S. subprime mortgage problem continued. Repricing of securitized products had continued, and credit spreads had widened somewhat. Under these circumstances, stock prices in the United States had fallen, mainly due to growing concerns about financial institutions' performance, and long-term interest rates there had decreased. In Europe, developments in stock prices and long-term interest rates had followed those in the United States. In many emerging economies, stock prices had fallen along with those in the United States and Europe, and yield differentials between their sovereign bonds and U.S. Treasuries had expanded.

D. Economic and Financial Developments in Japan

1. Economic developments

Exports had continued to increase against the background of the expansion of overseas economies. They remained more or less unchanged in the April-June quarter from the previous quarter due in part to the weakness in exports to the United States, but following this weakness they returned to relatively high growth in the July-September quarter. Exports were expected to continue to rise against the background of the expansion of overseas economies as a whole.

As for domestic private demand, business fixed investment had continued to trend upward. Shipments of capital goods (excluding transport equipment) and machinery orders (private demand, excluding shipbuilding orders and orders from electric power companies) both rose in the July-September quarter. Construction starts (floor area, private, nondwelling use) rose substantially in the April-June quarter as a result of a rush of demand just before the revised Building Standard Law came into force, but mainly in reaction to this they fell back sharply in the July-September quarter. Business fixed investment was expected to continue to trend upward since the growth in domestic and external demand and the high level of corporate profits were likely to be maintained.

Private consumption had been firm. With regard to durable consumer goods, the number of new passenger-car registrations, which previously were declining, had picked up since August, supported mainly by strong sales of new models, and in the area of electrical appliances, sales of digital appliances such as flat-panel televisions and of game consoles had continued to be strong, while those of cellular phones had also been on an increasing trend with the introduction of new models in progress. Sales at department stores and supermarkets, which primarily sold nondurable and semi-durable consumer goods, had been more or less unchanged, with fluctuations caused by the weather. As for services consumption, sales in the food service industry had continued to trend upward, albeit with large fluctuations caused by the weather, and outlays for travel had generally been firm. Indicators of consumer sentiment had generally been at favorable levels, although some had shown a slight deterioration most recently. Private consumption was expected to follow a gradual uptrend, reflecting the gradual increase in household income.

As for housing investment, housing starts had recently dropped sharply, affected by the revised Building Standard Law coming into force. Housing investment was likely to be sluggish for the time being, but was expected to regain its firmness in due course against the background of the rise in household income.

Production had continued to be on an increasing trend and was expected to continue to increase, reflecting the rise in domestic and external demand. Inventories had been more or less in balance with shipments. Inventories of electronic parts and devices, which were previously elevated relative to shipments, had moved more or less into balance with them.

As for employment and income, in a situation where labor market conditions had continued to tighten, household income had continued rising moderately, supported by the increase in the number of employees. Nominal wages per worker, however, had recently been somewhat weak. The gradual increase in household income was likely to continue against the background that firms were increasingly feeling a shortage of labor and corporate profits were expected to remain high.

On the price front, international commodity prices showed the following developments: crude oil prices had been high, mainly due to the tightening of supply and demand conditions and to a heightening of concerns over geopolitical risks, while prices of nonferrous metals had also been high on the whole, albeit with some fluctuations. The three-month rate of change in the domestic corporate goods price index (CGPI) had been positive, mainly due to the rise in international commodity prices, and the CGPI was likely to continue increasing for the time being. The year-on-year rate of change in the CPI (excluding fresh food) had been around 0 percent, and it was expected to continue to be around 0 percent in the short run. From a longer-term perspective, however, it was projected to continue to follow a positive trend, as the output gap continued to be positive.

2. Financial environment

The environment for corporate finance was accommodative. Credit demand in the private sector had been more or less flat, since ample cash flow had slowed the increase in corporate demand for external funds. The issuing environment for CP and corporate bonds had been favorable, and the lending attitudes of private banks had continued to be accommodative. Under these circumstances, the amount outstanding of lending by private banks had been increasing moderately, and the amount outstanding of CP and corporate bonds issued had been above the previous year's level. Funding costs for firms had risen slightly. The year-on-year rate of growth in the money stock (M_2+CDs) was around 2 percent.

II. Summary of Discussions by the Policy Board on Economic and Financial Developments

A. Economic Developments

On the current state of Japan's economy, members concurred that it continued to expand moderately, and was likely to continue its sustained expansion with a virtuous circle of growth in production, income, and spending in place. They also agreed, however, that developments in global financial markets and the global economy continued to warrant attention, because global financial markets remained unstable and there was uncertainty regarding global economic developments, for example, downside risks to the U.S. economy.

Members agreed that overseas economies taken as a whole continued to expand with momentum being gained across a wide range of economies.

Members shared the view that global financial markets continued to be unstable. Most members were of the view that the sluggishness in markets for securitized products and the fall in stock prices had become pronounced and a "flight to quality" had occurred, due to the emergence of subprime mortgage-related losses at U.S. and European financial institutions and further downgrading of securitized products. Many members said that credit spreads, such as those on corporate bonds, had increased again. One of these members added that corporate bond spreads and credit default swap (CDS) premiums had been regaining stability, with the exception of those relating to the financial industry. With regard to money market conditions in the United States and Europe, a few members said that interbank rates remained high, although it had become easier for term instrument deals to be made compared with some time ago. Many members expressed the view that it would be some time before the overall picture of the losses incurred by financial institutions became available, because the process of repricing in financial markets was still ongoing and it was difficult to accurately assess prices of financial assets such as securitized products. One member said that market participants' confidence in the pricing of securitized products had been undermined and this had made financial markets nervous. Based on the discussion, members agreed that close attention should continue to be paid to developments in global financial markets, and also how they might affect economic activity.

Members concurred that despite the prolonged correction in the U.S. housing market, the U.S. economy continued to expand moderately, led mainly by private consumption and business fixed investment, although the pace of growth was decelerating. Many members said that the number of employees had been increasing, and the GDP statistics for the July-September quarter had shown no effects of the correction in the housing sector on other sectors and had confirmed that private consumption and business fixed investment had been on an uptrend. Some members said that net exports had continued to improve. Many members noted that financial institutions had tightened their stance with regard to providing loans, not only subprime mortgages but also other types of loans, and attention should be paid to how this tightened lending stance would affect developments in private consumption and business fixed investment. Some members said that possible effects of recent rises in gasoline and food prices on private consumption also warranted attention. Based on the above discussion, some members expressed the view that although the scenario that the U.S. economy was likely to realize a soft landing and gradually move onto a sustainable growth path remained valid, downside risks to the economy had increased somewhat. One member commented that a soft landing remained likely, mainly in view of the firmness of the economy as a whole, which had been confirmed by the fact that the prolonged correction in the housing sector had not affected other sectors noticeably. As for prices, many members' assessment was that underlying inflation pressures had not yet subsided as labor market conditions had continued to be tight and crude oil prices had risen.

With regard to European economies, members shared the view that the economy of the euro area continued to expand with domestic and external demand well in balance. A few members said that, although the disruptions in global financial markets had not affected economic activity thus far, developments continued to warrant attention.

On Asian economies, members concurred that in China both domestic and external demand continued to expand strongly, and that the NIEs and ASEAN economies continued to expand at a moderate pace on the whole.

Regarding Japan's economy, members concurred that exports had continued to increase, reflecting the expansion of overseas economies, and were likely to continue to increase.

As for domestic private demand, members shared the view that business fixed investment had continued to trend upward, and was likely to keep increasing, albeit at a slower pace in light of the capital stock cycle, since the growth in domestic and external demand and high corporate profits were likely to be maintained. Many members commented that the fact that business fixed investment in the GDP statistics and machinery orders returned to growth in the July-September quarter was in line with this view. Some members referred to the fact that construction starts in terms of floor area fell back sharply after the revised Building Standard Law came into force, and said that it would be necessary to monitor how they recovered when assessing future developments in business fixed investment. Some members commented that developments in small firms, such as the slightly weak growth in fixed investment planned by them and the deterioration in their business sentiment, warranted attention.

Members concurred that private consumption had been firm and was likely to follow a gradual uptrend, reflecting the gradual increase in household income.

Members agreed that housing investment had dropped sharply, affected by the revised Building Standard Law coming into force. A few members expressed the view that the drop in housing investment had started to affect the business of firms, particularly small ones, in construction-related industries, in the form of a rise in the inventory ratio of construction goods and a fall in their prices. Some members noted that some in the real estate industry were saying that housing demand was peaking out, and continued that careful attention should be paid to developments in housing investment after the effects of the revised law coming into force had dissipated. A few members added that attention should also be paid to the possibility that the decline in housing investment, if it continued for a prolonged period, might have adverse and wide-ranging effects, including on business and consumer sentiment.

Members agreed that production, which was flat in the first half of the year, had started to increase again and was likely to be on an upward trend reflecting the rise in domestic and external demand. Members concurred that inventories had been more or less in balance with shipments, and that adjustments in those of electronic parts and devices, which were previously high, had almost been completed. A few members commented that they would nevertheless monitor developments in prices of dynamic random access memories (DRAMs) and flash memories, because these prices had been somewhat weak.

As for employment and income, members concurred that, in a situation where labor market conditions had continued to tighten, household income had continued rising moderately, supported by the increase in the number of employees. They also agreed that the gradual increase in household income was likely to continue against the background that firms were increasingly feeling a shortage of labor and corporate profits were expected to remain high. One member said that the member would pay attention to developments in winter bonus payments because some survey results had suggested a lower, or even negative, year-on-year rate of growth in them.

With regard to the first preliminary estimates of GDP for the July-September quarter, members said that, although housing investment had dropped sharply, net exports, business fixed investment, and private consumption had increased, and concurred that overall these developments were in line with the Bank's assessment of the current state of Japan's economy that it continued to expand moderately.

As for prices, members said that the three-month rate of change in the CGPI had been positive, mainly due to the rise in international commodity prices, and the CGPI was likely to continue increasing for the time being. A few members added that the rate of increase in the CGPI was likely to be somewhat lower in the rebased series, which would be introduced in December 2007, than in the current series.

Members concurred that the year-on-year rate of change in the CPI (excluding fresh food) was likely to be around 0 percent in the short run, but from a longer-term perspective it was likely to continue to follow a positive trend since resource utilization had been rising. A few members noted that while it was still not easy to pass on production costs to sales prices, firms' capacity to absorb higher costs had been approaching its limit, and some firms had started to pass on higher materials prices to final goods prices. A different member commented that consumers' perception of price developments seemed to have been changing as price rises in daily necessities had been increasing.

As for future developments in the CPI, some members expressed the view that the positive contribution of petroleum products' prices was likely to increase gradually starting from the figure for October, and depending on changes in crude oil prices, the year-on-year rate of change in the CPI might turn slightly positive before the end of the year.

Members discussed how to take the surge in international commodity prices, particularly crude oil prices, into account when assessing price developments. Regarding the cause of the rise in crude oil prices, one member expressed the view that the rise was basically due to the expansion of the global economy, particularly emerging economies, which was a demand-side factor. A different member added that it was a view widely shared in Europe and the United States that developments in crude oil prices should be taken into account in an assessment of price developments. Another member said that the rise in crude oil prices could not be explained solely by demand-side factors; supply-side factors, such as geopolitical risks, and most recently a short-term speculative inflow of funds had also contributed to it. A few members said that as a downturn in crude oil prices might cause a temporary change in the course of consumer prices, the Bank should take this into account when assessing price trends and explaining them to the public. Members agreed that the discussion could be summed up as follows: the rise in crude oil prices was due to both supply-side and demand-side factors; although simply ignoring it in the assessment of price trends was not appropriate, the swings in crude oil prices were large and were causing short-term price fluctuations; and it was important to consider these points to understand actual price trends. Some members noted the importance of examining a wide range of price indicators in assessing price trends.

In relation to this, one member pointed out that, given the fact that energy consumed in Japan was mostly imported, a rise in general prices caused by the surge in energy prices could be regarded as imported inflation, and that inflation pressures stemming from domestic demand were not strong. Against this view, a different member said that even price rises due to exogenous factors could increase inflation expectations among the public in Japan. Another member commented that the two members might be approaching the same issue from different angles because whether price rises due to exogenous factors affected inflation expectations depended on the strength in domestic demand.

B. Financial Developments

On financial developments in Japan, members concurred that despite the emergence of the U.S. subprime mortgage problem and the instability in the global financial markets, the financial environment remained accommodative as seen in the fact that the lending attitudes of private banks and the issuing conditions in capital markets were favorable. One member said that the amount of loss related to securitized products had also been increasing somewhat in Japan, but was not significant. Some members, referring to large swings in stock prices in Japan and foreign exchange rates, said that careful attention should be paid to their effects on corporate activity and consumer sentiment.

III. Summary of Discussions on Monetary Policy for the Immediate Future

Members concurred that, given the economic and financial situation, their basic thinking remained unchanged on the monetary policy stance for the immediate future: while confirming that Japan's economy remained likely to follow a path of sustainable growth under price stability in light of the "understanding of medium- to long-term price stability" and assessing relevant risk factors, the Bank would adjust the level of interest rates gradually in accordance with improvements in the economic and price situation.

On the guideline for money market operations for the intermeeting period ahead, one member said that it would be appropriate to raise the uncollateralized overnight call rate target from around 0.5 percent to around 0.75 percent.

Against this view, most members said that it would be appropriate to maintain the current guideline for money market operations that the Bank would encourage the uncollateralized overnight call rate to remain at around 0.5 percent. They expressed the following view: economic indicators suggested that Japan's economy was likely to continue sustainable growth under price stability broadly in line with the projection presented in the *Outlook for Economic Activity and Prices* (hereafter the Outlook Report); however, global financial markets continued to be unstable, and there was uncertainty regarding global economic developments, for example, downside risks to the U.S. economy; and therefore the Bank should continue to examine economic indicators and other relevant information as well as financial market conditions carefully to grasp the situation accurately.

With regard to the Outlook Report released at the end of October, some members said that financial market conditions since its release had been stable, and this suggested that market participants had understood that there had been no change in the Bank's basic thinking concerning the conduct of monetary policy. One member, however, expressed the view that, although the most likely projection remained almost the same in the October Outlook Report, there were more references than before to uncertainty regarding future developments, and thus the Bank's thinking might be seen as difficult to understand. Some members noted that, in this situation, the timing of a policy change continued to attract market participants' attention. They continued that, while there was a view in the market that the Bank was eager to raise the policy interest rate based on an optimistic projection, there was also a view that the Bank was unlikely to raise the rate for a while as it was attentive to downside risks to the economy. In the end, members agreed that the Bank should continue to take every opportunity to explain both the standard scenario and the assessment of upside and downside risks, which were described in the October Outlook Report covering a period of one and a half years ahead, and also its basic thinking concerning the conduct of monetary policy.

IV. Remarks by Government Representatives

The representative from the Ministry of Finance made the following remarks.

(1) Although some weaknesses had been seen recently, Japan's economy as a whole continued to experience a sustained recovery as evidenced by the fact that real GDP for

the July-September quarter released earlier in the day increased by 2.6 percent on an annualized basis. The CGPI had been increasing, while the CPI had been more or less unchanged.

(2) Given the current developments in economic activity and prices, the government would like the Bank to continue to support the economy from the financial side so as to ensure the sustainability of the ongoing economic recovery.

(3) The subprime mortgage problem continued to require careful monitoring. The government would like the Bank to carefully monitor developments in the Japanese and the global economy, particularly the U.S. economy, and also in financial markets, and continue to react appropriately to changes in trends. The Ministry of Finance would also give due consideration to developments in the economy and financial markets, both at home and abroad.

(4) Furthermore, the government would like the Bank to clearly explain to market participants and the public its view regarding the current situation and future course of Japan's economy and its thinking on the future conduct of monetary policy.

The representative from the Cabinet Office made the following remarks.

(1) Japan's economy was recovering, although some weaknesses had been seen recently. Construction starts had recently been decreasing, affected by the revised Building Standard Law coming into force. According to the first preliminary estimates of GDP for the July-September quarter released earlier in the day, real GDP growth was 0.6 percent and nominal GDP growth was 0.3 percent on a quarter-on-quarter basis. The GDP deflator continued to exhibit a year-on-year decrease. Private residential investment decreased by 7.8 percent from the previous quarter. A comprehensive review of developments in prices suggested that the economy had not yet overcome deflation. The year-on-year rate of change in the CPI had recently been negative, and inflation pressures stemming from domestic factors had still been weak. The rate of change in the CPI was likely to eventually turn positive, and therefore price developments should be monitored carefully, paying close attention to when the upturn occurred.

(2) Due attention should be paid to downside risks to Japan's economy such as the possibility that developments in overseas economies, particularly in the United States,

in crude oil prices, and in global financial markets might negatively affect Japan's economy. In order to ensure sustainable economic growth led by private demand and achieve a stable inflation rate that would be compatible with that growth, it was important for the government and the Bank to implement their policies based on the shared basic perspective on macroeconomic management.

(3) The government would like to request the Bank to implement effective monetary policy that was consistent with the government's policy efforts and outlook for the economy, and to firmly support the economy from the financial side, paying due attention to economic and price developments in view of downside risks to the outlook for economic activity and prices.

V. Votes

Based on the above discussions, most members agreed that it was appropriate to maintain the current guideline for money market operations, which encouraged the uncollateralized overnight call rate to remain at around 0.5 percent.

One member, however, said that the member would like to propose that the Bank should raise the uncollateralized overnight call rate target from around 0.5 percent to around 0.75 percent.

As a result, the following proposal was submitted and put to the vote.

Mr. A. Mizuno proposed the following guideline for money market operations for the intermeeting period ahead:

> The Bank of Japan will encourage the uncollateralized overnight call rate to remain at around 0.75 percent.

The proposal was defeated by a majority vote.

Votes for the proposal: Mr. A. Mizuno.

Votes against the proposal: Mr. T. Fukui, Mr. T. Muto, Mr. K. Iwata, Ms. M. Suda, Mr. K. G. Nishimura, Mr. T. Noda, Mr. S. Nakamura, and Mr. H. Kamezaki.

To reflect the majority view, the chairman formulated the following proposal and put it to the vote.

The Chairman's Policy Proposal on the Guideline for Money Market Operations:

The guideline for money market operations for the intermeeting period ahead will be as follows, and will be made public by the attached statement (see Attachment).

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

Votes for the proposal: Mr. T. Fukui, Mr. T. Muto, Mr. K. Iwata, Ms. M. Suda, Mr. K. G. Nishimura, Mr. T. Noda, Mr. S. Nakamura, and Mr. H. Kamezaki.

Votes against the proposal: Mr. A. Mizuno.

Mr. A. Mizuno dissented from the above proposal for the following reasons. First, developments in Japan's economy had continued to be in line with the projection in the Outlook Report, with a virtuous circle of growth in production, income, and spending in place. Second, a change in the projection for Japan's economy was not necessary because the U.S. subprime mortgage problem and the consequent swings in financial markets continued to be only one of the risks to Japan's economy. And third, under these circumstances, postponing the decision to raise the policy interest rate target might leave interest rates at levels inconsistent with economic fundamentals even longer.

VI. Discussion on the Bank's View of Recent Economic and Financial Developments

Members discussed "The Bank's View" in the *Monthly Report of Recent Economic and Financial Developments* (consisting of "The Bank's View" and "The Background"), and put it to the vote.

The Policy Board decided, by a unanimous vote, the text of "The Bank's View." It was confirmed that "The Bank's View" would be published on November 13, 2007 and the whole report on November 14, 2007.[6]

[6] The English version of the whole report was published on November 15, 2007.

VII. Approval of the Minutes of the Monetary Policy Meeting

The Policy Board approved unanimously the minutes of the Monetary Policy Meeting of October 10 and 11, 2007 for release on November 16, 2007.

Attachment

November 13, 2007

Bank of Japan

At the Monetary Policy Meeting held today, the Bank of Japan decided, by an 8-1 majority vote,[Note] to set the following guideline for money market operations for the intermeeting period:

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

[Note] Voting for the action: Mr. T. Fukui, Mr. T. Muto, Mr. K. Iwata, Ms. M. Suda, Mr. K. G. Nishimura, Mr. T. Noda, Mr. S. Nakamura, and Mr. H. Kamezaki.
Voting against the action: Mr. A. Mizuno.