Not to be released until 8:50 a.m. Japan Standard Time on Friday, January 25, 2008.

January 25, 2008

Bank of Japan

Minutes of the Monetary Policy Meeting

on December 19 and 20, 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 Wednesday, December 19, 2007, from 2:00 p.m. to 4:12 p.m., and on Thursday, December 20, from 9:00 a.m. to 12:47 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. M. Suzuki, Deputy Vice Minister for Policy Planning and Coordination, Ministry of Finance
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
Mr. T. Sekine, Senior Economist, Monetary Affairs Department
Mr. H. Nakaso, Director-General, Financial Markets Department

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[1] The minutes of this meeting were approved by the Policy Board at the Monetary Policy Meeting held on January 21 and 22, 2008 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.

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. K. Nakamura, Senior Economist, Monetary Affairs Department

I. Summary of Staff Reports on Economic and Financial Developments[2]

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 November 12 and 13, 2007.[3] 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, Euroyen rates had increased slightly reflecting factors such as demand for funds maturing beyond the year-end. Interest rates on term instruments, such as yields on financing bills (FBs) and treasury bills (TBs), and interest rates on Euroyen futures had fallen somewhat.

Japanese stock prices had followed U.S. stock prices, rising after the previous meeting and then falling slightly. The Nikkei 225 Stock Average had recently been in the range of 15,000-16,000 yen.

Long-term interest rates also continued to follow those in the United States and Europe: they declined to the 1.40-1.50 percent range after the previous meeting, and had been in the range of 1.50-1.60 percent since the beginning of December.

The yen appreciated to the range of 107-108 yen against the U.S. dollar toward the end of November. It then depreciated and had recently been traded in the range of 112-114 yen against the dollar.

C. Overseas Economic and Financial Developments

The U.S. economy continued to be in a moderate adjustment phase, but as financial market conditions had deteriorated recently and the correction in the housing market was intensifying, a slowdown in the economy was becoming somewhat more evident. Housing investment continued to decrease substantially. Business fixed investment remained on a gradual uptrend, although the pace of increase was decelerating. Private consumption continued to be on an increasing trend, albeit with a somewhat clearer

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

[3] The guideline was as follows:

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

slowing of the pace of increase. In this situation, the pace of increase in the number of employees had been decelerating 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 remained slightly over 2 percent. Underlying inflation pressures had not subsided yet as labor market conditions had continued to be tight.

In the euro area, both domestic and external demand continued to expand. Business fixed investment and private consumption remained on an upward trend while exports continued to grow steadily. The U.K. economy continued to show relatively high growth, led mainly by domestic demand. However, recently released survey results and some economic indicators in the euro area and the United Kingdom had been relatively weak.

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, widespread adjustments stemming from the U.S. subprime mortgage problem continued. Against the background of strong anxiety about financial institutions' availability of funds maturing beyond the year-end, financial markets had continued to be unstable, partly due to growing market concerns about possible further losses that financial institutions might incur. Repricing of securitized products had continued, and credit spreads had widened.

In money markets, interest rates on term instruments had risen further. To deal with the situation, five central banks announced measures designed to address elevated pressures in short-term funding markets. Two other central banks, including the Bank of Japan, issued statements welcoming these measures.

U.S. stock prices fell temporarily, then turned upward mainly due to heightened expectations for a reduction in the policy interest rate by the Federal Reserve and reports of strengthening of some financial institutions' capital. Long-term interest rates in the United States had also increased after declining temporarily. In Europe, developments in stock prices and long-term interest rates had followed those in the United States. Developments in stock prices and long-term interest rates in emerging economies had basically reflected those in the United States and Europe.

D. Economic and Financial Developments in Japan

1. Economic developments

Exports had been increasing against the background of the expansion of overseas economies. They rose substantially in the July-September quarter from the previous quarter, and continued to increase in October, albeit marginally. 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 and was expected to continue to do so 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. Sales of electrical appliances had continued to increase reflecting the continuing strong sales of digital appliances such as flat-panel televisions and of game consoles. 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 recently deteriorated slightly due to price rises in daily necessities, such as petroleum products and food products, and a series of announcements of price rises in these goods amid sluggishness in wages. 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 and the accommodative financial environment.

Production had continued to increase and was expected to continue to follow an increasing trend, reflecting the rise in domestic and external demand. Inventories had been more or less in balance with shipments.

As for employment and income, in a situation where firms were increasingly feeling a shortage of labor, household income had continued rising moderately, supported by the increase in the number of employees. Nominal wages per worker, however, had remained somewhat weak. The gradual increase in household income was likely to continue against the background that firms continued to feel 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, 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. It was projected to follow a positive trend due to the rise in prices of petroleum products and food products in the short run and the positive output gap in the longer run.

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 as a whole, although issuance spreads on those issued by firms with low credit ratings had expanded slightly. The lending attitudes of private banks had continued to be accommodative, and the amount outstanding of lending by private banks had been increasing moderately. 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, based on economic indicators released in the intermeeting period, that the economy was expanding moderately as a trend, although the pace of growth seemed to be slowing temporarily mainly due to the drop in housing investment. Members also agreed that the mechanism of Japan's economic growth remained in place and the economy was likely to continue expanding moderately, although the pace of growth was likely to slow for the time being. One member, however, said that, with regard to the virtuous circle of growth in production, income, and spending, some recently released data relating to income and spending needed to be examined.

Members agreed that overseas economies taken as a whole continued to expand with momentum being gained across a wide range of economies. Members, however, shared the view that a slowdown in the U.S. economy was becoming somewhat more evident as financial markets remained unstable and the correction in the housing market was intensifying.

Members concurred that global financial markets continued to be unstable reflecting concerns about possible further losses that financial institutions might incur. A few members said that credit spreads had widened reflecting concerns about possible further subprime mortgage-related losses at U.S. and European financial institutions and the availability of funds maturing beyond the year-end. Some members said that global financial markets might remain unstable for the time being since reevaluation of risk would take some time due to the gap between the information available to originators and end-investors and the fact that the current risk evaluation model needed to be reviewed. Some members, however, said that U.S. and European financial institutions were addressing the emergence of losses swiftly, and adjustments in the market might end earlier than expected due to measures taken by some of these institutions to strengthen their capital and policy measures taken by the authorities. Some members noted that, in the intermeeting period, interest rates on term instruments increased temporarily, but declined after the announcement by five central banks of measures to address elevated pressures in short-term funding markets. 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.

With regard to the U.S. economy, members said that housing investment continued to decrease substantially and a slowdown in the economy was becoming somewhat more evident. One member said that, since U.S. housing prices had recorded a historical decline, its negative effects warranted attention. Members concurred that so far private consumption and business fixed investment continued to increase moderately, although the pace of increase had been decelerating. Many members added, however, 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. A few members said that Christmas sales had so far been steady, but this might be due to special factors pushing up sales, such as calendar effects, and therefore it was necessary to pay careful attention to the effects of recent rises in gasoline and food prices on sales in the rest of the Christmas season. Some members pointed out that net exports had continued to improve due partly to the depreciation of the U.S. dollar. 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. 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. A few members said that if the U.S. economy turned out to be firmer than expected due mainly to policy measures, upside risks to the outlook for prices would increase significantly. One member, however, said that looser supply and demand conditions due to the economic slowdown would offset such inflation pressures to some extent.

With regard to European economies, members shared the view that the economy of the euro area continued to expand. Some members, however, noted weakness in indicators of business sentiment and changes in construction investment, including housing, in some areas, and said that economic developments therefore 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. A few members said that attention should be paid to the effects of a series of recent policy tightenings by the Chinese authorities.

Members concurred that Japan's exports had continued to increase, reflecting the expansion of overseas economies, and were likely to continue to increase. A few members, however, referred to the possibility of a slowdown in U.S. economic growth, and said that this might affect exports to some extent.

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, since the growth in domestic and external demand and high corporate profits were likely to be maintained. Some members said that the December *Tankan* (Short-Term Economic Survey of Enterprises in Japan) confirmed the firmness in business fixed investment plans. Meanwhile, a few members were of the view that attention should be paid to developments in investment in structures, as the revised Building Standard Law had been affecting it. A few other members said that firms might postpone implementation of their business fixed investment planned for fiscal 2007 due to increasing uncertainty regarding the outlook for the U.S. economy.

Members agreed that business sentiment had become somewhat cautious. They said that this was due to concerns over downward pressure on corporate profits caused by higher materials prices, the decrease in housing investment, and a heightening of uncertainty regarding global economic developments. A few members noted the severe profit situation of small firms, which were unable to pass on the rise in materials prices, such as crude oil prices, to product prices. A few members commented that the revised Building Standard Law coming into force and the introduction of the responsibility-sharing system for loans with guarantees from credit guarantee corporations might have imposed an additional burden on small firms.

Members concurred that private consumption had been firm and was likely to follow a gradual uptrend, reflecting the gradual increase in household income. Many members, however, referred to the fact that consumer sentiment had recently become cautious due to the rise in prices of petroleum-related products and food products, and said that future developments in private consumption warranted attention.

As for employment and income, many members expressed the view 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. These members 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. A few members noted that the recent change in the stance of an employers' association to accept wage increases was a positive factor for future developments in wages. One member said that the year-on-year rate of change in regular payments of full-time employees had been positive. Some members, however, said that developments in wages at small firms were sluggish. A few members commented that the growth rate in winter bonus payments was likely to be smaller than that in bonus payments last summer. A few members were of the view that the sluggishness in indicators relating to employment might be due to a weakening of demand for labor resulting from the deterioration in profits of small firms.

Members agreed that housing investment had dropped sharply, affected by the revised Building Standard Law coming into force. Some members said that the drop in housing investment had turned out to be larger, and had continued for longer, than expected, and its negative effects had become widespread. Many members expressed the view that it was likely to be sluggish for the time being, but was expected to recover gradually and regain its firmness in due course against the background of the rise in household income and the accommodative financial environment. Some members, however, said that the rise in prices of condominiums had exerted downward pressure on the trend of housing demand, and therefore housing investment might continue to be relatively weak even after the effects of the revised law had dissipated.

Members agreed that production had been increasing recently 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 had been completed.

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.

Members concurred that the year-on-year rate of change in the CPI (excluding fresh food) was likely to follow a positive trend due to the rise in prices of petroleum products and food products in the short run and the positive output gap in the longer run. A few members said that, in addition to the fact that price rises in daily necessities had been increasing, firms' price-setting stance in general seemed to be changing gradually. A few members noted that consumers seemed to be gradually accepting the price rises, and their perception of price developments might be changing. One member said that careful attention should be paid to the possibility that the rate of inflation might be higher than expected if inflation expectations among the public rose.

Members discussed, as in the previous meeting, how the rise in domestic prices triggered by the surge in international commodity prices, particularly crude oil prices, should be understood and how it should be reflected in the assessment of price trends. One member said that, while the rise in import prices would exert inflation pressure, it would exert downward pressure on economic activity and wages. Against this view, some members said that the current rise in crude oil prices partly reflected the increase in global demand for resources due mainly to emerging economies' robust growth, which was underpinning the rise in Japan's exports, and therefore the deterioration in the terms of trade had been offset to a large extent. A few members added that a continuous decline in energy consumption per unit of output had also offset to some extent the deterioration in the terms of trade. Some members, however, said that while the improvements in exports and in energy consumption per unit of output were positively affecting large firms, in small firms the negative effects of the deterioration in the terms of trade were very large -- in other words, its negative effects differed depending on firm size. One member said that Japanese workers might have become less averse to a reduction in nominal wages since the second half of the 1990s, and the rise in crude oil prices in this situation could negatively affect private consumption via a decline in real wages. Meanwhile, another member, referring to the importance of inflation expectations, said that firms might be less reluctant to raise wages if it became easier for them to pass on production costs to sales prices due to a change in the inflation expectations of the public. Based on the discussion, members agreed that the macroeconomic impact of the rise in materials prices on both economic and price developments should continue to be watched carefully.

B. Financial Developments

On financial developments in Japan, members concurred that the financial environment remained accommodative. One member said that the issuing environment for CP and corporate bonds had been accommodative as a whole, although issuance spreads on those issued by firms with low credit ratings had expanded slightly. The member also said that the lending attitudes of financial institutions had continued to be accommodative as suggested by, for example, the December *Tankan*.

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

On the guideline for money market operations for the intermeeting period ahead, members agreed that, given the economic and financial situation, it would be appropriate to maintain the current guideline that the Bank would encourage the uncollateralized overnight call rate to remain at around 0.5 percent. They shared the following view: (1) global financial markets continued to be unstable, and there was uncertainty regarding global economic developments, for example, downside risks to the U.S. economy; (2) the pace of growth of Japan's economy was slowing temporarily mainly due to the drop in housing investment; (3) however, the mechanism of Japan's economic growth remained in place, and the economy was likely to return to a sustained expansionary trend; and (4) in this situation, it was appropriate to carefully examine economic and financial developments at home and abroad to grasp the situation accurately. One member who had previously been against maintaining the current guideline for money market operations gave the member's reason for advocating the current guideline as follows: the adverse effects from the revision of the Building Standard Law and other institutional changes as well as from higher materials prices had been larger than expected; it was therefore necessary to examine whether the virtuous circle of Japan's economic growth would remain in place and the member intended to monitor the situation for a while.

Members concurred that their basic thinking on the monetary policy stance for the future remained unchanged. They discussed how the possibility in the short run of slower economic growth and a faster-than-expected rise in the CPI should be considered in relation to the Bank's conduct of monetary policy. Many members emphasized that it was important to carefully examine how these short-term developments would affect the path of prices and economic activity in the longer run. One member said that given that the rise in materials prices might not only exert inflation pressure in the short run but also exert downward pressure on the economy via a decline in real income, it was important to accurately evaluate the balance between these effects. A few members said that various recent surveys suggested that inflation expectations of private economic entities might be changing, and these changes should be watched closely. Based on the discussion, one member said that further discussion was necessary with regard to the following points: (1) through what channel increasing global demand, reflected in the rise in the prices of resources, would affect Japan's economy; and (2) how the recent change in the inflation rate due to the rise in materials prices would affect longer-term inflation expectations of private economic entities.

As for the Bank's communication with market participants, many members emphasized that, given that the Bank had changed the assessment of the economic situation at this meeting, it was important that the Bank clearly explain the following to the public: the economic growth rate for fiscal 2007 was likely to deviate downward from the projection presented in the October *Outlook for Economic Activity and Prices*; however, the main scenario was that the economy was likely to return to a sustainable growth path. Some members, referring to measures for the enhancement of the Federal Open Market Committee's communication strategy to improve the accountability of its monetary policymaking, said that the measures had been designed based on thinking similar to the Bank's monetary policy framework and they had many points in common.

IV. Remarks by Government Representatives

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

(1) Japan's economy as a whole continued to experience a sustained recovery, although some weaknesses had been seen as evidenced by the fact that housing construction remained at a low level and business sentiment was somewhat cautious. 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) With regard to the subprime mortgage problem, central banks had taken measures, including measures to provide liquidity to address elevated pressures in U.S. and European short-term funding markets, and the problem continued to require careful monitoring.

(4) 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.

(5) 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. Housing construction remained at a low level, although it had almost stopped decreasing. 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 been around 0 percent, and there had been little slackening in the pace of the continued year-on-year decrease in the GDP deflator, suggesting that inflation pressures stemming from domestic factors had still been weak.

(2) Due attention should be paid to the fact that downside risks to Japan's economy -- such as the possibility that swings in global financial markets and developments in crude oil prices might negatively affect it -- had increased somewhat. 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 released the "Fiscal 2008 Economic Outlook and Basic Stance for Economic and Fiscal Management" on December 19, 2007. Regarding economic developments in the remainder of fiscal 2007, although economic recovery was likely to continue, the government expected that the pace of recovery would be moderate partly due to the decrease in housing construction, which reflected the revised Building Standard Law coming into force. The government expected that, in fiscal 2008, with the global economy continuing to recover, as in fiscal 2007 the corporate sector would be firm and the household sector would improve gradually, and as a result Japan's economy would achieve private sector-led growth with price stability.

(4) 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, 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.

To reflect this view, <u>the chairman</u> 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 1).

> 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. A. Mizuno, Mr. K. G. Nishimura, Mr. T. Noda, Mr. S. Nakamura, and Mr. H. Kamezaki.

Votes against the proposal: None.

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 December 20, 2007 and the whole report on December 21, 2007.[4]

VII. Approval of the Minutes of the Monetary Policy Meetings

The Policy Board approved unanimously the minutes of the Monetary Policy Meetings of October 31, 2007 and November 12 and 13 for release on December 26, 2007.

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[4] The English version of the whole report was published on December 25, 2007.

VIII. Approval of the Scheduled Dates of the Monetary Policy Meetings in January-December 2008

At the end of the meeting, the Policy Board approved the dates of the Monetary Policy Meetings to be held in the period January-December 2008, for immediate release (see Attachment 2).

Attachment 1

December 20, 2007

Bank of Japan

At the Monetary Policy Meeting held today, the Bank of Japan decided, by a unanimous 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. A. Mizuno, Mr. K. G. Nishimura, Mr. T. Noda, Mr. S. Nakamura, and Mr. H. Kamezaki.
Voting against the action: None.

Attachment 2

December 20, 2007

Bank of Japan

Scheduled Dates of Monetary Policy Meetings in January-December 2008

	Date of MPM	Publication of Monthly Report (The Bank's View)	Publication of Outlook Report (The Bank's View)	Publication of MPM Minutes
Jan. 2008	21 (Mon.), 22 (Tue.)	22 (Tue.)	--	Feb. 20 (Wed.)
Feb.	14 (Thur.), 15 (Fri.)	15 (Fri.)	--	Mar. 12 (Wed.)
Mar.	6 (Thur.), 7 (Fri.)	7 (Fri.)	--	Apr. 14 (Mon.)
Apr.	8 (Tue.), 9 (Wed.)	9 (Wed.)	--	May 23 (Fri.)
	30 (Wed.)	--	30 (Wed.)	June 18 (Wed.)
May	19 (Mon.), 20 (Tue.)	20 (Tue.)	--	June 18 (Wed.)
June	12 (Thur.), 13 (Fri.)	13 (Fri.)	--	July 18 (Fri.)
July	14 (Mon.), 15 (Tue.)	15 (Tue.)	--	Aug. 22 (Fri.)
Aug.	18 (Mon.), 19 (Tue.)	19 (Tue.)	--	Sep. 22 (Mon.)
Sep.	16 (Tue.), 17 (Wed.)	17 (Wed.)	--	Oct. 10 (Fri.)
Oct.	6 (Mon.), 7 (Tue.)	7 (Tue.)	--	Nov. 6 (Thur.)
	31 (Fri.)	--	31 (Fri.)	Nov. 27 (Thur.)
Nov.	20 (Thur.), 21 (Fri.)	21 (Fri.)	--	Dec. 25 (Thur.)
Dec.	18 (Thur.), 19 (Fri.)	19 (Fri.)	--	To be announced

Note: The time of release will be, in principle, as follows.

Monthly Report of Recent Economic and Financial Developments (Monthly Report):

"The Bank's View" in the Monthly Report will be released at 3:00 p.m., and the full text at 2:00 p.m. on the next business day (the English translation will be published at 4:30 p.m. on the second business day after the publication of "The Bank's View").

Outlook for Economic Activity and Prices (Outlook Report):

"The Bank's View" in the Outlook Report will be released at 3:00 p.m., and the full text at 2:00 p.m. on the next business day.

MPM Minutes will be released at 8:50 a.m.