Not to be released until 8:50 a.m. Japan Standard Time on Friday, May 23, 2008.

May 23, 2008

Bank of Japan

Minutes of the Monetary Policy Meeting

on April 8 and 9, 2008

(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 Tuesday, April 8, 2008, from 2:00 p.m. to 4:31 p.m., and on Wednesday, April 9, from 8:59 a.m. to 12:20 p.m.[1]

Policy Board Members Present

Mr. M. Shirakawa, Chairman, Deputy Governor of the Bank of Japan[2]

Mr. K. G. Nishimura, Deputy Governor of the Bank of Japan

Ms. M. Suda

Mr. A. Mizuno

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

---

[1] The minutes of this meeting were approved by the Policy Board at the Monetary Policy Meeting held on May 19 and 20, 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.

[2] Mr. M. Shirakawa was absent from 2:00 p.m. to 3:51 p.m. on April 8 to attend a meeting of the Committee on Rules and Administration of the House of Councillors. During his absence, Mr. K. G. Nishimura performed the duties of the chairman pursuant to Article 16, Paragraph 5 of the Bank of Japan Law.

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. S. Yamaguchi, Senior Economist, Monetary Affairs Department

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

I. Summary of Staff Reports on Economic and Financial Developments[3]

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 March 6 and 7, 2008.[4] As a result, the uncollateralized overnight call rate had been at around 0.5 percent, although it rose higher on March 31, the last business day of fiscal 2007.

B. Recent Developments in Financial Markets

In the money market, Euroyen rates and interest rates on term instruments, such as yields on financing bills (FBs) and treasury bills (TBs), had been more or less flat on the whole, although they rose temporarily due to the approach of the fiscal year-end. Interest rates on Euroyen futures had risen slightly.

Japanese stock prices dropped sharply, reflecting unstable U.S. and European stock price movements and the rapid appreciation of the yen, but then rallied following U.S. stock prices. The Nikkei 225 Stock Average temporarily fell below 12,000 yen, but had been moving in the range of 13,000-13,500 yen recently.

Long-term interest rates fell to 1.25 percent but then rebounded, continuing to follow those in the United States and Europe. They had recently been at around 1.35 percent.

The yen temporarily appreciated sharply against the U.S. dollar to the range of 95-96 yen partly due to concerns about the U.S. financial system. It depreciated thereafter and had recently been traded in the range of 102-103 yen against the dollar.

C. Overseas Economic and Financial Developments

Growth in the U.S. economy had been sluggish. Adjustments in the housing market had persisted, private consumption had continued to be more or less unchanged, and a slowdown in business fixed investment had become more evident. Industrial production and the number of employees had also started to decline. In this situation, financial

---

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

[4] The guideline was as follows:

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

institutions' lending standards remained tight. As for prices, the year-on-year rate of increase in the consumer price index (CPI) for all items had stayed elevated, and that in the CPI for all items less energy and food, or the core CPI, was at the 2.0-2.5 percent level.

The economy of the euro area continued to grow, although the pace of growth was slowing moderately. Export growth seemed to be losing momentum, and the growth in housing investment continued to decelerate. The pace of growth in private consumption had slowed due to the rise in energy and food prices and to uncertainty about the outlook for the economy. Meanwhile, business fixed investment was on an upward trend. As for prices, the year-on-year rate of increase in the Harmonized Index of Consumer Prices (HICP) continued to be relatively high, reflecting the rise in energy and food prices. The U.K. economy continued to grow, albeit with a moderate slowing of the pace of growth.

In China, both domestic and external demand continued to expand strongly. India's economy continued to show relatively high growth, although it was slowing moderately. The NIEs and ASEAN economies as a whole continued to expand at a moderate pace, although the pace of growth in exports had started to slow.

In global financial markets, a fall in prices and a decrease in market liquidity had spread from securitized products to U.S. federal agency securities, against the background of persisting market concerns about possible further losses that financial institutions might incur. Corporate bond spreads and credit default swap (CDS) premiums had widened. In money markets, liquidity concerns had heightened, as seen in the expansion of spreads between Libor and the overnight index swap rate (Libor-OIS spreads) and Treasury-Eurodollar (TED) spreads. In these circumstances, the authorities took measures to maintain market stability, including those announced on March 11, 2008 by five central banks to provide liquidity to markets, as well as the introduction of the Primary Dealer Credit Facility announced on March 16 by the Federal Reserve. Meanwhile, the Federal Reserve lowered the policy rate significantly, and some U.S. and European financial institutions had taken action, including capital reinforcement and a merger. As a result, strains in financial markets had begun to ease. Nevertheless, the markets remained nervous, and credit spreads were generally at high levels.

In the U.S. and European financial markets, stock prices fell temporarily, but started to rise thereafter mainly due to action taken by U.S. and European financial institutions, including capital reinforcement and a merger. Long-term interest rates decreased temporarily, but then rose partly due to the fact that the "flight to quality" was losing momentum. In emerging economies, developments in stock prices followed those in the United States and Europe, and yield differentials between their sovereign bonds and U.S. Treasuries expanded temporarily reflecting developments in U.S. interest rates but narrowed thereafter.

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 continued to rise in the January-February period, with the average level for the period clearly higher than for the October-December quarter, after exhibiting high growth throughout the second half of 2007. Exports were expected to continue to rise, as overseas economies were likely to expand although at a slower pace.

As for domestic private demand, the pace of increase in business fixed investment had become slower in a situation where corporate profits had been leveling off, albeit at a high level, and business sentiment had become cautious.

Private consumption had been firm. With regard to durable consumer goods, the number of new passenger-car registrations had been more or less unchanged lately, after picking up in the second half of 2007 supported mainly by the introduction of new models. Sales of electrical appliances had continued to increase. As for nondurable and semi-durable consumer goods, sales at department stores had been sluggish lately, notably in apparel and general merchandise. Sales at supermarkets and convenience stores, including those of foods, had been more or less flat. As for services consumption, outlays for travel had been firm, while growth in sales in the food service industry had recently lost momentum. Consumer sentiment had become generally cautious, due mainly to rises in prices of petroleum products and food products and the weakness in stock prices. Private consumption was expected to remain firm, reflecting the gradual increase in household income.

Housing investment had remained at a low level, although there had been signs of recovery. The number of housing starts, a leading indicator of housing investment, had been on a recovery trend, but had remained relatively small compared with the level before the revised Building Standard Law came into force. Housing investment was expected to recover, but the pace was likely to be modest.

Production had been more or less flat lately, partly in reaction to the relatively large increase in the second half of 2007. In light of developments in demand both at home and abroad, production was expected to remain more or less flat in the short run and increase thereafter. 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. The year-on-year rate of change in nominal wages per worker had recently been around 0 percent. The gradual increase in household income was likely to continue against the background of the persisting labor shortage and the generally high, but slightly reduced, corporate profits.

On the price front, international commodity prices showed the following developments: crude oil prices had been high; prices of nonferrous metals had also generally been high; and prices of crops such as wheat had been on an increasing trend, due to the ongoing rise in demand for alternative energy sources and the effect of droughts in major production areas, but they had lately showed a slight decrease. 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 rising since around the end of 2007, and was projected to follow a positive trend due to the rise in prices of petroleum products and food products in a situation where aggregate supply and demand in the economy were more or less balanced.

2. Financial environment

The environment for corporate finance was accommodative. Credit demand in the private sector had been more or less flat. 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. The lending attitudes of private banks had continued to be generally 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 been more or less unchanged. The financial positions of firms had continued to be favorable as a whole, although those of small and medium-sized firms had deteriorated somewhat. The year-on-year rate of growth in the money stock (M_2+CDs) was in the range of 2.0-3.0 percent.

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

A. Economic Developments

Members agreed on the following assessment on the current state of Japan's economy: economic growth was slowing, mainly due to the effects of high energy and materials prices; the economy was likely to grow at a slower pace for the time being and follow a moderate growth path thereafter; however, due attention should continue to be paid to factors such as uncertainty regarding future developments in overseas economies and global financial markets, and to the effects of high energy and materials prices.

Members agreed that, although overseas economies taken as a whole continued to expand, downside risks had increased as the disruptions in global financial markets had continued and growth in the U.S. economy had been sluggish.

Many members noted that strains in global financial markets intensified toward the middle of March mainly reflecting market participants' growing concerns about further losses incurred by U.S. and European financial institutions and about deterioration in the creditworthiness of some financial institutions and monoline insurers. Some members said that the functioning of the repo market weakened and liquidity concerns heightened in the money market as a whole. Many members noted that corporate bond spreads and CDS premiums widened further, and disruptions were also seen in the markets for U.S. federal agency securities and municipal securities. With regard to more recent developments in global financial markets, members concurred that instability continued, although the strains in the markets had eased somewhat mainly reflecting the following: measures by central banks, such as the introduction of a new lending facility by the Federal Reserve and some central banks' provision of ample liquidity to the markets; and capital reinforcement by U.S. and European financial institutions, as well as better-than-expected results in their financial statements. A few members said that, although market participants generally held the view that losses from securitized products had been promptly identified, it could not be concluded immediately that adjustments in financial markets had made substantial progress because possible changes in prices of real estate, the underlying assets of securitized products, should also be considered. Based on the discussion, members agreed that they needed to continue to closely monitor developments in financial markets, which might be affected by financial statements of U.S. and European financial institutions. A few members added that attention should also be paid to the continuing expansion of financial institutions' balance sheets.

Members concurred that growth in the U.S. economy had been sluggish. Many members said that adjustments in the housing market were still continuing as seen in the fact that the decline in home prices had accelerated amid the continued decline in housing starts and sales. Members shared the view that a slowdown in business fixed investment had recently become more evident and private consumption had been more or less flat. Some members referred to the further deterioration in consumer sentiment and added that attention should be paid to the risk of a further downturn in private consumption due partly to a negative wealth effect. As for employment, many members noted that the number of employees was decreasing in a wide range of industries and the unemployment rate was rising. One member noted that delinquency rates were increasing on not only mortgage loans but also commercial real estate loans and consumer loans, and expressed concern that the economy had fallen into an adverse feedback loop where tightening of financial institutions' lending standards led to weaker aggregate demand and a fall in asset prices, and this, in turn, increased their losses.

Based on the above discussion, members concurred that downside risks to the U.S. economy were growing. A few members added that, from a longer-term perspective, it should be borne in mind that if adjustments in the housing market and financial markets progressed smoothly and uncertainty in these markets abated, the U.S. economy might grow more strongly than expected, given the accommodative financial conditions.

With regard to European economies, members shared the view that the economy of the euro area continued to grow, although the pace of growth was slowing moderately. A few members said that attention should be paid to the downside risks, particularly the effects of the disruptions in global financial markets and the consequent tightening of financial institutions' lending standards.

On Asian economies, members concurred that China and India continued to show high growth, and that the NIEs and ASEAN economies as a whole continued to expand at a moderate pace although the pace of growth in exports had started to slow. One member noted that China's exports to the United States were decreasing reflecting the deterioration in the U.S. economy, while those to other countries remained firm.

Regarding global price developments, members agreed that there were upside risks worldwide given the high international commodity prices, particularly crude oil prices.

Members concurred that Japan's exports had continued to increase, as overseas economies were expanding although at a slower pace, and they were likely to continue to increase. Some members noted that, although exports to the United States were decelerating, those to Europe, Asia, and the Middle East had remained strong, and that exports taken as a whole had been firm. Meanwhile, a few members said that the pace of growth of Japan's exports might slow eventually, as the pace of global economic growth was likely to decelerate. A different member expressed the view that, because of the decrease in China's exports of machinery to the United States and Japan's exports of IT-related goods to China, the effects of the slowdown in the U.S. economy on Japan's exports were also being seen in a decrease in exports of intermediate goods to Asian economies.

As for domestic private demand, members agreed that the pace of increase in business fixed investment had become slower in a situation where corporate profits had been leveling off due mainly to the rise in energy and materials prices. They also concurred that business fixed investment was likely to remain firm but increase at a slower pace. Some members commented that fixed investment plans for fiscal 2008 were somewhat weak in the March 2008 *Tankan* (Short-Term Economic Survey of Enterprises in Japan), even bearing in mind the fact that the plans tended to be conservative in March surveys, and due attention should therefore be paid to developments in fixed investment. One member added that firms' projected ratios of profits to sales in the March 2008 *Tankan* might later be revised downward because their plans were based on a weaker yen against the U.S. dollar than the recent level. Many members said that the results of the March 2008 *Tankan* also showed that the stance on fixed investment of firms, especially small ones, was becoming cautious, since their profits were leveling off reflecting the rise in materials prices and the appreciation of the yen. Many members added, however, that firms did not consider their capital stock to be excessive, and this supported the view that business fixed investment was likely to remain firm.

Members shared the view that business sentiment had become cautious in a wide range of industries. One member commented that recent surveys covering a large number of firms smaller than those sampled in the *Tankan* showed more clearly that business sentiment had deteriorated.

Members concurred that private consumption had been firm and was likely to remain so, reflecting the gradual increase in household income. A few members, however, noted that consumer sentiment had become cautious given the ongoing rise in the prices of daily necessities, such as petroleum products and food products.

As for employment and income, members agreed that household income had continued rising moderately. They also concurred that the gradual increase in household income was likely to continue against the background of the persisting labor shortage. Some members said that the year-on-year rate of change in regular payments had recently been positive against the background that the effects of retirement of baby boomers had almost dissipated and firms had increasingly been employing former part-time workers as regular employees in view of the coming into force of the revised Part-Time Work Law on April 1, 2008. One member commented that wages might be pushed up by the fact that the starting salaries of new graduates had risen and an employers' association had taken a positive stance on wage increases. A few members said that, since corporate profits had been leveling off, a marked improvement in household income nevertheless remained unlikely. A different member added that some private research institutes expected an acceleration this summer in the decline in bonus payments. Regarding the number of employees, some members said that the number of regular employees in the *Monthly Labour Survey*, which fluctuated relatively little from month to month, had been increasing by around 2 percent year on year, while the *Labour Force Survey*, which covered a wider range of workers, showed some weakness. They continued that this had made it difficult to make an accurate assessment of recent developments in the number of employees and thus both indicators should continue to be examined carefully.

Members agreed that housing investment had remained at a low level, although there had been signs of recovery such as the improvement in the number of housing starts. They were of the opinion that housing investment was likely to recover, but the pace was likely to be modest. Some members said that there was some weakness in demand for housing, particularly condominiums, partly due to the earlier rise in prices.

Members agreed that production had been more or less flat lately, partly in reaction to the relatively large increase in the second half of 2007. With regard to the outlook, one member noted that careful attention should be paid to the projected reduction in production of transport equipment, developments in which strongly affected overall production, in a situation where a slowdown in overseas economies was becoming more evident. A few members were, however, of the opinion that an intensification of adjustment in production was unlikely, given that inventories had been more or less in balance with shipments in the industrial sector as a whole.

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 a situation where aggregate supply and demand in the economy were more or less balanced. Some members said that consumers' inflation expectations were increasing, reflecting the ongoing rise in the prices of daily necessities, and this warranted attention. One member commented that the underlying upward momentum of the CPI remained unchanged, although the year-on-year rate of increase in the CPI for April was expected to be lower than that for March because of the expiration on April 1, 2008 of the law levying the provisional tax on, for example, gasoline.

A few members said that the national average land price for all types of land as of January 1, 2008 rose for the second consecutive year according to the data in *Land Price Publication*, but the pace of increase in land prices had been decelerating, especially in the metropolitan areas, since the second half of 2007. One of these members added that this deceleration could be partly attributed to a decline in the inflow of funds from overseas.

B. Financial Developments

Members concurred that financial conditions in Japan remained accommodative. They also agreed that 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, and that the lending attitudes of financial institutions had been generally accommodative. Some members said, however, that attention should be paid to the slight cautiousness in small firms' perception of their financial positions and of financial institutions' lending attitudes in the March 2008 *Tankan*.

As for developments in the Japanese money market, many members referred to a temporary rise in interest rates on term instruments and a firmness in repo rates, both through the fiscal year-end. Some members said that at that time the money market was nervous due to the disruptions in U.S. and European financial markets in addition to the approach of the fiscal year-end. Based on this discussion, members agreed that the Japanese money market was currently quite stable compared with its U.S. and European counterparts. In this regard, some members expressed the view that the stability of the Japanese money market was partly attributable to the Bank's flexible conduct of money market operations and the variety of the Bank's operational tools in terms of maturity and collateral.

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) Japan's economy was likely to grow at a slower pace for the time being, due to the effects of high energy and materials prices, and follow a moderate growth path thereafter; (2) however, there were considerable downside risks including uncertainty regarding future developments in overseas economies and global financial markets; and (3) in this situation, it was appropriate to carefully examine economic and financial developments at home and abroad to grasp the situation more accurately.

Members concurred that the following thinking on the monetary policy stance for the future remained unchanged: as risk factors had been increasing both at home and abroad, the Bank should assess the future paths of the economy and prices, and the likelihood of the projected future paths, as well as both upside and downside risks, after a close examination of economic indicators and other relevant information and of the market situation both at home and abroad, and then it should implement monetary policy in an appropriate manner based on the assessment. One member added that it was not appropriate to predetermine the direction of future monetary policy, because uncertainty regarding future developments was considerable at present. This member continued that the Bank should assess thoroughly the future economic path giving careful consideration to whether downside risks would decrease, thereby allowing Japan's economy to be on a sustainable growth path, or whether the probability of such risks materializing and of economic growth subsequently slowing would rise.

Some members said that it was important to continue to conduct money market operations flexibly and in a timely manner, giving due consideration to the situation of financial markets and individual financial institutions, both at home and abroad, because global financial markets were still nervous, albeit less strained.

IV. Remarks by Government Representatives

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

(1) There appeared to be a pause in Japan's economic recovery recently, as evidenced by the fact that corporate profits had been somewhat weak, although housing construction had generally recovered. Domestic corporate goods prices had been rising due to increased materials prices. Consumer prices excluding prices of petroleum products and some other components had risen only slightly.

(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) Developments in the U.S. subprime mortgage problem, in crude oil prices, and in the global economy, particularly the U.S. economy, should continue to be watched closely. The government would like the Bank to carefully monitor both the effects of developments in these areas on Japan's economy and developments 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) There appeared to be a pause in Japan's economic recovery recently, as evidenced by the fact that private consumption, business fixed investment, and production had all been flat. Although Japan's economy was expected to resume its moderate recovery, future developments in the economy warranted careful attention since the downside risks to the economy were increasing due to the slowdown in the U.S. economy, swings in the stock and foreign exchange markets, and developments in crude oil prices. As for price developments, inflation pressures stemming from domestic factors remained weak. In view of present economic conditions and the rise in downside risks, the government released "Earlier Implementation Measures towards the Strengthened Growth" on April 4, 2008, and the government would implement policy measures as described in it.

(2) 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, under its new executives, to implement effective monetary policy that was consistent with the government's policy efforts, including those aimed at enhancing growth potential, and its 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 the economy and prices. The government would also like the Bank to fulfill its accountability to the public by explaining its view regarding the economy's path toward price stability in the upcoming April 2008 *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, 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. M. Shirakawa, Mr. K. G. Nishimura, Ms. M. Suda, Mr. A. Mizuno, 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 April 9, 2008 and the whole report on April 10, 2008.[5]

VII. Approval of the Minutes of the Monetary Policy Meeting

The Policy Board approved unanimously the minutes of the Monetary Policy Meeting of March 6 and 7, 2008 for release on April 14, 2008.

[5] The English version of the whole report was published on April 11, 2008.

Attachment

April 9, 2008

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. M. Shirakawa, Mr. K. G. Nishimura, Ms. M. Suda, Mr. A. Mizuno, Mr. T. Noda, Mr. S. Nakamura, and Mr. H. Kamezaki.
Voting against the action: None.