Not to be released until 8:50 a.m. Japan Standard Time on Wednesday, June 18, 2008.

June 18, 2008

Bank of Japan

Minutes of the Monetary Policy Meeting

on April 30, 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 Wednesday, April 30, 2008, from 9:00 a.m. to 1:24 p.m.[1]

Policy Board Members Present

Mr. M. Shirakawa, Chairman, Governor of the Bank of Japan

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. 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

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 June 12 and 13, 2008 as "a document describing an outline of the discussion at the meeting" stipulated in Article 20, paragraph 1 of the Bank of Japan Act of 1997. Those present are referred to by their titles at the time of the meeting.

[2] Mr. H. Moriyama was present from 9:00 a.m. to 12:37 p.m.

[3] Mr. M. Suzuki was present from 12:40 p.m. to 1:24 p.m.

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. Nakamura, 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 April 8 and 9, 2008.[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 had edged up, partly because expectations that the Bank would lower the policy rate had subsided, and interest rates on Euroyen futures had also risen. Meanwhile, long-term interest rates had increased, and Japanese stock prices had been more or less unchanged. The yen had recently been traded in the range of 103-105 yen against the U.S. dollar, with some fluctuations.

C. Overseas Economic and Financial Developments

Growth in the U.S. economy had been sluggish. Housing investment had continued to decrease substantially. Inventories of unsold homes had remained elevated as home sales had continued to be on a downward trend, and home prices had been falling significantly. Private consumption had continued to be more or less unchanged. In this situation, both production in the manufacturing sector and activity in the nonmanufacturing sector had been more or less flat. The number of employees in both sectors had started to decrease. As for prices, the year-on-year rate of increase in consumer prices had been elevated, not only in terms of the consumer price index (CPI) for all items but also the CPI for all items less energy and food, or the core CPI, which registered a year-on-year rate of increase of around 2.5 percent.

The economy of the euro area continued to grow, although the pace of growth was slowing moderately. Business fixed investment was on an upward trend. Exports, the growth of which lost momentum temporarily at the end of 2007, had recently resumed their increasing trend. However, survey results suggested that their growth was likely to slow.

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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.

Housing investment had decreased somewhat, and the pace of growth in private consumption had slowed. 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 continued to expand at a moderate pace on the whole. The year-on-year rate of increase in the CPI had been elevated in many Asian economies due to the rise in energy and food prices.

In global financial markets, credit spreads in money markets remained wide. Credit spreads such as those on corporate bonds were still at relatively high levels. In the U.S. and European financial markets, compared with the time of the previous meeting, stock prices were more or less unchanged while long-term interest rates were higher reflecting market concerns about inflation risk. In emerging economies, stock prices rose somewhat, and yield differentials between their sovereign bonds and U.S. Treasuries narrowed partly due to the rise in U.S. interest rates.

D. Economic and Financial Developments in Japan

1. Economic developments

Real exports posted a solid increase in the January-March quarter from the previous quarter, after exhibiting high growth throughout the second half of 2007.

In the corporate sector, 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. Machinery orders, a leading indicator of machinery investment, had been more or less flat at a high level.

With regard to the household sector, private consumption had been firm in a situation where household income had continued rising moderately. Sales of durable consumer goods continued to be firm, although sales at department stores and in the food service industry had shown some weakness.

Production had been more or less flat lately. It decreased marginally in the January-March quarter from the previous quarter.

On the price front, 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, due to the increase in prices of petroleum products and food products. It 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. The year-on-year rate of growth in the money stock (M_2+CDs) was in the range of 2-3 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 agreed that economic growth was slowing, mainly due to the effects of high energy and materials prices. They also concurred that the economy was likely to grow at a slower pace for the time being and follow a moderate growth path thereafter.

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

Members concurred that instability continued in global financial markets. They also agreed that they needed to continue to closely monitor developments in financial markets, which might be affected by financial statements of financial institutions. Some members said that market participants were revising their overly pessimistic views about global financial markets, as evidenced by the fact that stock prices had started to rise. One of these members noted that this change in their views reflected the fact that concerns about credit risks had been easing since the acquisition of a major U.S. securities company. A few members said, however, that in money markets spreads between Libor and the overnight index swap rate (Libor-OIS spreads) and Treasury-Eurodollar (TED) spreads remained at high levels, even after the announcements by central banks in March of measures to enhance liquidity provision to money markets. One of these members added that disruptions also continued in the credit markets, as seen in the fact that corporate bond spreads remained at high levels.

Members concurred that growth in the U.S. economy had been sluggish. Many members said that housing starts declined and home prices continued to fall, suggesting that significant adjustments were still continuing, and there were no signs of the housing market bottoming out yet. A few members were of the view that, while private consumption had been more or less unchanged, the number of employees was decreasing at a faster pace. Some members commented that the European economy continued to grow, although the pace of growth was slowing moderately, and that the Chinese economy continued to show high growth.

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. One member was of the opinion, however, that attention should be paid to future developments in exports of IT-related goods, which had started to decrease, and of automobiles and related goods, whose growth had been decelerating.

With regard to the corporate sector, members agreed that 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.

As for the household sector, members shared the view that private consumption had been firm in a situation where household income had continued rising moderately, although consumer sentiment had become cautious given the ongoing rise in the prices of daily necessities, such as petroleum products and food products.

Members agreed that production had been more or less flat albeit with some fluctuations. Some members said that, due to the revision of the base year in the Indices of Industrial Production in April 2008, the figures for industrial production in the latter half of 2007 had been revised slightly downward whereas those since the beginning of 2008 had been revised slightly upward, and this showed more clearly that production had been more or less flat.

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. Many members said that firms were increasingly passing on higher costs to final prices as evidenced by the following facts: the year-on-year rate of increase in the CPI (excluding fresh food) had been rising; the year-on-year rate of change in the CPI excluding energy and food had become positive; the number of items in the CPI basket showing a price rise continued to increase; and prices of food products had been rising.

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. One member said, however, that attention should be paid to the fact that an increasing number of small firms regarded their financial positions and financial institutions' lending attitudes as less favorable.

C. Outlook for Economic Activity and Prices

With regard to the outlook for economic activity and prices, members agreed that, from fiscal 2008 through fiscal 2009, Japan's economy was likely to continue its moderate growth at a pace around the potential growth rate.

As for the background to this economic outlook, a few members noted that Japan's exports as a whole were likely to continue rising, albeit at a slower pace, as the increase in exports to emerging economies was likely to offset the decrease in those to the United States. With regard to the corporate sector, some members expressed the view that business fixed investment was likely to follow an increasing trend reflecting high corporate profits and the accommodative financial conditions, but the pace of growth was likely to slow due to the sluggishness in the pace of increase in profits caused by elevated materials prices and also due to the already high level of capital stock resulting from strong growth in capital investment over the last several years. Turning to the household sector, a few members said that private consumption was likely to increase moderately against the background of moderate growth in household income. However, they did not expect a marked rise in private consumption, because persistent labor cost restraint by firms was likely to keep the pace of wage increases moderate and also because the rise in the prices of daily necessities was likely to depress real income.

With regard to prices, members agreed that the CGPI was likely to continue increasing, depending on future developments in the prices of crude oil and other commodities as well as foreign exchange rates. They also agreed that, in a situation where the output gap was likely to remain more or less at the same level, it seemed likely that the year-on-year rate of change in the CPI (excluding fresh food) would be around 1.0 percent on average, reflecting the rise in the prices of petroleum products and food products.

As for upside and downside risks to the above outlook, many members were of the view that currently the degree of uncertainty regarding the outlook was especially high in light of developments in overseas economies and global financial markets as well as in energy and materials prices.

Regarding developments in overseas economies and global financial markets, a few members noted that, although market participants were revising their overly pessimistic views about global financial markets, future developments in global financial markets could not be viewed optimistically. They said that this was because the decline in underlying asset prices, which was the source of the market disruptions, had continued and market concerns about further losses that financial institutions might incur and possible resulting shortfalls in their capital bases had not been dispelled. Based on the above understanding, members concurred that, if the housing correction and the financial market disruptions intensified and became prolonged, the U.S. economy might weaken further, and in this case, there was a risk of slower global economic growth, as the adverse effects of sluggish growth in the U.S. economy might spill over to economies in other parts of the world. Some members noted that a negative feedback loop between financial conditions and the economy -- the interaction between the tightening of the financial environment and the deterioration in economic activity -- was still in place in the United States. One of these members added that, in light of the experience of the prolonged stagnation of Japan's economy after the bursting of the bubble, the effects of monetary easing measures and tax relief in the United States might be limited unless the financial system became stable. With regard to the European economy, one member expressed the view that possible adverse effects of global financial market disruptions on European financial conditions might pose a downside risk. As for the Chinese economy, a few members noted that developments in domestic demand such as fixed asset investment might pose upside risks. One of these members added, however, that economic developments in China after the 2008 Olympic Games in Beijing were highly uncertain. A few members were of the view that the expansion of domestic demand in oil-producing economies might further push up world economic growth. Some members said that emerging economies with currencies pegged de facto to the U.S. dollar were facing a risk of economic overheating as the interest rate cuts in the United States had left less room for flexible monetary policy action. One of these members expressed the opinion that attention should be paid to whether these economies were able to contain inflation pressure by adopting appropriate macroeconomic policies.

With regard to the rise in energy and materials prices, a few members expressed the view that it was due to both the increase in demand from emerging economies and a speculative inflow of funds to the commodity markets. Some members said that attention should be paid to the rise in international commodity prices, because it would not only increase inflation pressure, which would in turn discourage private consumption globally, but also worsen the terms of trade for Japan, leading to an outflow of income and depressing Japanese firms' spending. A few members added, however, that the rise in international commodity prices also caused an improvement in the terms of trade for countries that export natural resources, which could increase Japan's exports to those countries and thus could be a positive factor for Japan's economy.

With regard to the effects of the accommodative financial conditions, many members said that, from a short-term perspective, the economic slowdown had reduced the risk of possible larger swings in financial and economic activity under the continuing accommodative financial conditions. They also said, however, that if downside risks, such as those related to developments in overseas economies, diminished -- in other words, if the dense fog surrounding the outlook for the global and Japanese economies gradually cleared -- risks stemming from the accommodative financial conditions might materialize.

In relation to the outlook for prices, many members said that the effects of the rise in the prices of primary commodities were spreading to a wider range of prices downstream, reflecting the fact that firms were increasingly passing on higher costs to sales prices. One of these members added that, judging from the current level of utilization of production facilities and the labor force, there was a possibility that firms would continue to gradually pass on higher costs for a long time. A different member said that rises in prices controlled by the government, such as the standard selling price for wheat, tended to lag a rise in market prices, and it was necessary to watch closely the effects of such delayed price rises. One member said that rises in the prices of daily necessities had increased consumers' inflation expectations and the effects of these increased inflation expectations should be watched carefully. One member added that price stability should be considered from a medium- to long-term perspective, and in assessing whether prices were stable, the underlying trend was important rather than short-term changes in the inflation rate. In relation to prices of primary commodities such as crude oil, one member said that in the short run the risk of inflation deviating upward from its projected path seemed high due to the rise in international commodity prices. This member continued, however, that considerable uncertainty surrounded developments in prices of primary commodities, leaving the potential for movement in either direction, given that the rise in their prices so far had been extremely rapid.

Members assessed economic activity and prices from the "two perspectives" taking into account the above outlook and upside and downside risks. They first made an assessment in terms of the first perspective, that is to say, they assessed the most likely outlook for economic activity and prices through fiscal 2009. They agreed that Japan's economy was likely to realize sustainable growth with price stability.

Members then made an assessment in terms of the second perspective, that is to say, they examined the risks that they considered most relevant to the conduct of monetary policy, including risks that had a longer time horizon than the first perspective. Members concurred that the risks that demanded most attention were the downside risks to the economy stemming from uncertainties regarding future developments in overseas economies and global financial markets as well as high energy and materials prices. They also agreed that the outlook for prices was subject to upside risks stemming from increases in energy and materials prices but the possibility of the inflation rate deviating significantly from the "understanding of medium- to long-term price stability" was small. They concurred, however, that, if the downside risks to the economy finally decreased, the Bank should pay more attention to the risk that prolongation of the period of accommodative financial conditions could cause swings in economic activity and prices. On this point, one member commented that it was important to examine the financial environment from various angles, for example, by assessing the current level of the policy interest rate in light of a variety of measures.

Members discussed how the Risk Balance Charts should be used. A few members expressed the view that, in a situation of high uncertainty, the Risk Balance Charts, each of which showed a probability distribution of risks aggregated from those produced by individual Policy Board members, would act as a valuable communication tool, enhancing monetary policy transparency. One member said that the information that was most important to convey was about the mechanism behind economic and price developments, and it was necessary in the Bank's communication to explain in a well-balanced manner both the mechanism and the figures indicated by the Risk Balance Charts, to prevent the figures from taking on a life of their own. A few members said that the Bank should decide whether it would continue to release the Risk Balance Charts after carefully assessing the market's reaction.

With regard to the future conduct of monetary policy, as a result of the assessment of economic activity and prices described above, members agreed on the following points: (1) given the current situation, where the outlook for economic activity and prices was highly uncertain, it was not appropriate to predetermine the direction of future monetary policy; and (2) the Bank would carefully assess the likelihood of its projections materializing as well as factors posing upside or downside risks, and would implement its policies in an accordingly flexible manner. One member said that, for monetary policy to be effective, it was important that financial markets be kept stable. This member added that the Bank had at its disposal various tools for providing sufficient liquidity, and it was necessary that it continue to ensure, via appropriate money market operations, the proper functioning of the money market.

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.

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 and production had been flat. 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 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) Market participants were focusing on how the Bank would present its outlook for economic activity and prices as well as its thinking on the future conduct of monetary policy in the April *Outlook for Economic Activity and Prices*, whose text would be decided later in this meeting. 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 continued to be flat. Although Japan's economy was expected to resume its moderate recovery, future developments warranted careful attention since the downside risks to the economy were increasing. Inflation pressures stemming from domestic factors remained weak.

(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) In view of present economic conditions and the rise in downside risks, the government had released "Earlier Implementation Measures towards the Strengthened Growth," and had been implementing policy measures described in it. The government would like to request the Bank to continue to make efforts to establish a framework that increased transparency and further enhanced accountability to the public. The government would also like to request the Bank to implement effective monetary policy that was consistent with the government's policy efforts and its outlook for the economy, and to firmly support the economy from the financial side, paying due attention to downside risks to the outlook for the economy 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).

> 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. Review of the "Understanding of Medium- to Long-Term Price Stability"

In March 2006, the Bank announced, in "The Bank's Thinking on Price Stability," that the "understanding of medium- to long-term price stability" (the level of inflation that each Policy Board member understood, when conducting monetary policy, as being consistent with price stability over the medium to long term, hereafter "understanding") would be, in principle, reviewed annually. Since about a year had passed since the last time, in April 2007, a review was conducted at this meeting.

With regard to points that should be discussed in examining the "understanding," many members expressed the view that, thanks to the efforts of Japan's Statistics Bureau, there remained no large measurement bias in the CPI as evidenced by, for example, the results of the Bureau's mid-term review between rebasing years, which was conducted in January 2008. One of these members said that it would be incorrect to assume that the bias -- which could have either a positive or a negative value -- had a fixed value, as it was subject to change in the course of the economic cycle. As for the "safety margin" that acted as a buffer against the risk of falling into a vicious circle of declining prices and deteriorating economic activity, one member expressed the view that the appropriate size of the "safety margin" should be empirically examined in relation to the state of the economy and the financial system. On this point, many members were of the view that the risk was small, since in Japan the degree of downward rigidity of nominal wages was small and the financial system had become more resilient. In relation to this, one member noted that Japan had experience of the zero constraint on nominal interest rates being eased by the so-called "duration effect" and changes in the yen's external value. Many members commented that various survey results showed that, even with the current rate of increase in the CPI, the level of inflation perceived by the public was very high and the proportion of respondents who stated that the rise in prices was "unfavorable" was rising. These members continued that the level of inflation perceived by households and firms as consistent with price stability in the medium to long term had remained low and stable. One of these members said that the public's view of price stability might be a situation without inflation, deflation, or a bubble. This member added that whether prevailing price developments represented price stability should be judged in terms of their compatibility with sustainable economic growth rather than the fact that the inflation rate fell within a specific numerical range.

Based on the above considerations, members exchanged views regarding the figures that would represent the "understanding" in terms of the year-on-year rate of change in the CPI. The figure representing a few members' "understanding" was 1 percent, with a range of 1 percentage point in each direction attached. Figures presented by some members were centered around 1 percent, with ranges of 0.5 percentage point in each direction attached. There was one member whose "understanding" was expressed as a range from 0.5 to 1 percent. Another member said that the member's "understanding" could be best expressed by a positive number closer to 0 percent than to 1 percent. After stating their individual views, members agreed that they could be summarized as follows: the "understanding," expressed in terms of the year-on-year rate of change in the CPI, currently fell in a range approximately between 0 and 2 percent, with most members' median figures at around 1 percent.

Meanwhile, one member referred to some criticisms directed at the range in which the "understanding" fell. Regarding the criticism directed to the fact that the range included 0 percent, this member's view was that the Bank should make sure that the public understood the following fact: 0 percent was the lowest point of the range that was the lowest among those presented by members; and most members' median figures were around 1 percent. This member also referred to the criticism that the ranges of individual members' "understanding" were generally lower than inflation rates -- expressed as a single figure or as a range -- targeted, or defined as representing price stability, by overseas central banks. In this member's view, the level of the targeted inflation rate or the rate representing price stability in a country partly reflected its track record with regard to inflation, and it was therefore natural that in Japan, where the inflation rate had long been low, a low range of inflation rate represented the public's interpretation of price stability.

VII. Discussion on the *Outlook for Economic Activity and Prices*

Members discussed the draft of the *Outlook for Economic Activity and Prices* (consisting of "The Bank's View" and "The Background"), and put "The Bank's View" 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 30, 2008 and the whole report on May 1, 2008.

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.

Attachment

April 30, 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.