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June 19, 2026
Bank of Japan

Minutes of the Monetary Policy Meeting

on April 27 and 28, 2026

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

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A Monetary Policy Meeting of the Bank of Japan Policy Board was held in the Head Office of the Bank of Japan in Tokyo on Monday, April 27, 2026, from 2:00 p.m. to 3:59 p.m., and on Tuesday, April 28, from 9:00 a.m. to 11:57 a.m.¹

Policy Board Members Present

UEDA Kazuo, Chairman, Governor of the Bank of Japan

HIMINO Ryoza, Deputy Governor of the Bank of Japan

UCHIDA Shinichi, Deputy Governor of the Bank of Japan²

NAKAGAWA Junko

TAKATA Hajime

TAMURA Naoki

KOEDA Junko

MASU Kazuyuki

ASADA Toichiro

Government Representatives Present

NAKATANI Shinichi, State Minister of Finance, Ministry of Finance³

MAEDA Tsutomu, Deputy Vice-Minister for Policy Planning and Coordination, Ministry of Finance⁴

KIUCHI Minoru, Minister of State for Economic and Fiscal Policy, Cabinet Office⁵

HAYASHI Sachihiro, Vice-Minister for Policy Coordination, Cabinet Office⁴

MIZUTA Yutaka, Deputy Director General for Economic and Fiscal Management, Cabinet Office⁶

¹ The minutes of this meeting were approved by the Policy Board at the Monetary Policy Meeting held on June 15 and 16, 2026, 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 Present via conference call.

³ Present on April 28.

⁴ Present on April 27.

⁵ Present on April 28 from 9:14 a.m. to 11:57 a.m.

⁶ Present on April 28 from 9:00 a.m. to 9:13 a.m.

Reporting Staff

SHIMIZU Seiichi, Executive Director (Assistant Governor)

KAMIYAMA Kazushige, Executive Director

SUWAZONO Kenji, Executive Director

NAKAMURA Koji, Executive Director

OKUNO Akio, Director-General, Monetary Affairs Department

IDE Joji, Head of Policy Planning Division, Monetary Affairs Department

SUZUKI Koichiro, Director-General, Financial System and Bank Examination
Department

MINEGISHI Makoto, Director-General, Financial Markets Department

KAWAMOTO Takuji, Director-General, Research and Statistics Department

SUGO Tomohiro, Head of Economic Research Division, Research and Statistics
Department

CHIKADA Ken, Director-General, International Department

Secretariat of the Monetary Policy Meeting

FUKUDA Eiji, Director-General, Secretariat of the Policy Board

MIURA Yukihiro, Director, Deputy Head of Planning and Coordination Division,
Secretariat of the Policy Board

KAJITANI Tsutomu, Deputy Director, Secretariat of the Policy Board

YAGI Tomoyuki, Senior Economist, Monetary Affairs Department

KITAHARA Jun, Senior Economist, Monetary Affairs Department

ITO Yuichiro, Senior Economist, Monetary Affairs Department

I. Summary of Staff Reports on Economic and Financial Developments⁷

A. Market Operations in the Intermeeting Period

The Bank had been conducting money market operations in accordance with the guideline for money market operations decided at the previous meeting on March 18 and 19, 2026.⁸ The uncollateralized overnight call rate had been in the range of 0.726 to 0.728 percent.

Meanwhile, in March 2026, the Bank conducted Japanese government bond (JGB) purchases of about 2.9 trillion yen per month. In April 2026, it cut down the monthly purchase amount by about 200 billion yen, to about 2.7 trillion yen per month; this was in accordance with the JGB reduction plan decided at the June 2025 meeting.

B. Recent Developments in Financial Markets

In the money market, the uncollateralized overnight call rate had been at around 0.75 percent. The general collateral (GC) repo rate had been at around the same level as the uncollateralized overnight call rate. As for interest rates on term instruments, yields on three-month treasury discount bills (T-Bills) were more or less unchanged.

The Tokyo Stock Price Index (TOPIX) had risen in line with stock prices in the United States and Europe, although the rise was more modest than in those markets, with attention being drawn to factors such as a deterioration in the terms of trade reflecting the rise in crude oil prices. Yields on 10-year JGBs had increased, mainly due to higher inflationary pressure stemming from tension over the situation in the Middle East, and to a growing wait-and-see approach among investors in view of uncertainties. The liquidity indicators in the JGB markets continued to improve on the whole. In the foreign exchange market, the yen had been more or less flat against the U.S. dollar, but had depreciated against the euro.

C. Overseas Economic and Financial Developments

Overseas economies had grown moderately on the whole, although some weakness had been seen in part, partly due to the impact of the situation in the Middle East. The U.S. economy maintained solid growth on the whole, although some weakness had been seen in

⁷ Reports were made based on information available at the time of the meeting.

⁸ The guideline was as follows:

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

part. European economies remained resilient, particularly in domestic demand, although some weakness had been seen in part. The Chinese economy had picked up recently, mainly supported by an increase in exports, although consumption had lacked momentum. Growth in emerging and commodity-exporting economies other than China had improved moderately on the whole, although some weakness had been seen in part.

As for the outlook, overseas economies were expected to come under downward pressure for the time being due to the impact of factors such as the situation in the Middle East. Thereafter, however, based on the assumption that the impact of the situation in the Middle East would ease, overseas economies were projected to continue growing moderately, partly supported by global AI-related demand. Regarding the outlook, attention was warranted for the time being on the future course of the situation in the Middle East and on how this would affect global financial markets and the global economy; in addition, there remained high uncertainties, for example, over the impact of trade policy in each jurisdiction and over developments in global AI-related demand.

With respect to overseas financial markets, market participants continued to pay attention to uncertainties over the outlook, although market sentiment had somewhat improved, mainly reflecting expectations of progress in ceasefire negotiations between the United States and Iran. Long-term interest rates in the United States and Europe were more or less unchanged, in reflection of market attention to higher inflationary pressure and to a potential economic recession, both stemming from the tension over the situation in the Middle East. U.S. and European stock prices had risen over the intermeeting period, mainly due to favorable developments in AI-related sectors and expectations of progress in ceasefire negotiations between the United States and Iran, although they had declined at times, reflecting increased tension over the situation in the Middle East. Meanwhile, currencies in emerging economies had appreciated against the background of the improvement in market sentiment following the agreement on a temporary ceasefire between the United States and Iran. Crude oil prices continued to be at high levels, with the de facto closure of the Strait of Hormuz remaining in effect.

D. Economic and Financial Developments in Japan

1. Economic developments

Japan's economy had recovered moderately, although some weakness had been seen in part, partly due to the impact of the situation in the Middle East. Regarding the outlook, the economy was likely to decelerate for a time. This was because, although solid global AI-related demand and the government's various measures were likely to provide support, the economy was expected to be pushed down by moves to adjust production reflecting bottlenecks in logistics and by a deterioration in the terms of trade reflecting the surge in energy and raw material prices.

Exports continued to be more or less flat as a trend. Regarding the outlook, they were likely to remain more or less flat for the time being. This was because, while solid global AI-related demand was expected to push up exports of IT-related goods and capital goods in particular, it was expected that exports of automobiles to the Middle East would decline, reflecting the unstable situation in the Middle East, and a decline in the capacity utilization rate in the basic materials industry would also push down exports of related goods.

Industrial production continued to be more or less flat from a somewhat long-term perspective. Regarding the outlook, industrial production was expected to remain more or less flat on the whole. This was because, although underpinned by solid global AI-related demand and resilience in business fixed investment supported by economic measures, industrial production was expected to come under downward pressure from production adjustments in the basic materials industry and the transport equipment industry, reflecting the unstable situation in the Middle East.

Corporate profits remained at high levels on the whole, although downward effects due to U.S. tariff policy had been seen in manufacturing. Business sentiment had been at a favorable level, while it had been affected by the situation in the Middle East. Under these circumstances, business fixed investment had been on a moderate increasing trend. Regarding the outlook, the growth momentum in business fixed investment was highly likely to decelerate gradually. This was because a deterioration in corporate profits, reflecting higher energy prices, and a rise in construction costs were likely to exert greater downward pressure on business fixed investment, although moves to clear order backlogs from existing investment projects were likely to provide support.

Private consumption had been resilient against the background of an improvement in the employment and income situation, although it had been affected by price rises. The consumption activity index (CAI; real, travel balance adjusted) had been on a moderate increasing trend recently: it had increased slightly for the October-December quarter of 2025, and had also increased marginally on average for the January-February period of 2026, relative to that quarter. Based on anecdotal information from firms, statistics published by industry organizations, and high-frequency indicators, private consumption since March seemed to have increased from the previous month. Although these sources showed no signs thus far that adverse effects of the situation in the Middle East had significantly materialized, attention was warranted on the possibility that such sources might have partly reflected a front-loading of demand by consumers who expected price rises. Consumer sentiment had improved on the back of a decline in the rate of increase in food prices and the government's measures to reduce the household burden of higher energy prices, but had recently deteriorated sharply, reflecting the unstable situation in the Middle East and a rise in gasoline prices. Regarding the outlook, private consumption was highly likely to remain in a deceleration phase for the time being, mainly reflecting a decline in real purchasing power due to price rises, particularly for energy prices, although government measures, such as economic measures introduced so far and a resumption of fuel oil subsidies, were likely to provide support.

Labor market conditions remained tight. Under these circumstances, the employment and income situation had improved moderately. The rate of increase in the number of employed persons had decelerated. Nominal wages per employee continued to increase steadily, albeit with fluctuations. With regard to the outlook, employee income was likely to continue to see a steady increase at its current pace for the time being, albeit with fluctuations.

As for prices, in international commodity markets, crude oil prices had seen a rapid and significant rise, against the background of the growing instability of the situation in the Middle East. More recently, these prices had retreated somewhat, but they remained at high levels with pronounced fluctuations. Copper prices had also increased significantly and had subsequently fluctuated at high levels. Meanwhile, market prices of food had been more or less flat. The year-on-year rate of increase in the producer price index (PPI) had been on a decelerating trend, mainly due to the past decline in crude oil prices and a deceleration in the

pace of increase in food prices, such as rice prices; more recently, however, the rate of increase in the PPI had accelerated markedly, mainly due to increases in prices of petroleum and coal products, and of chemicals and related products, reflecting the situation in the Middle East. The year-on-year rate of increase in the services producer price index (SPPI, excluding international transportation) had been on a decelerating trend, being in the range of 2.5-3.0 percent recently, due to factors such as the dissipation of the impact of the price hikes seen in the previous fiscal year, although the rate itself remained relatively high, mainly on the back of a rise in personnel expenses. With moves to pass on wage increases to selling prices continuing, the year-on-year rate of increase in the consumer price index (CPI, all items less fresh food) had been above 2 percent, partly due to the effects of the rise in food prices, such as rice prices; however, the rate of increase had recently fallen to the range of 1.5-2.0 percent due to factors such as the effects of the government's measures to reduce the household burden of higher energy prices. Inflation expectations had risen moderately. With regard to the outlook, the year-on-year rate of increase in the CPI was likely to be pushed down in the short run by the decline in the rate of increase in food prices, such as rice prices, and the government's measures to reduce the household burden of higher energy prices. However, the rate of increase in the CPI was expected to then come under upward pressure again, as the effects of the rise in prices of crude oil and other commodities that reflected the situation in the Middle East were likely to strengthen.

2. Financial environment

Japan's financial conditions had been accommodative.

Real interest rates had been negative. Firms' funding costs had increased. Firms' demand for funds had increased on the back of, for example, the recovery in economic activity as well as mergers and acquisitions of firms. With regard to credit supply, financial institutions' lending attitudes as perceived by firms had been accommodative. Issuance conditions for CP and corporate bonds had been favorable. In this situation, the year-on-year rate of increase in the amount outstanding of bank lending had been in the range of 5.0-5.5 percent; that in the aggregate amount outstanding of CP and corporate bonds had been at around 6.5 percent. Firms' financial positions had been favorable. The number of bankruptcies of firms had been more or less flat.

Meanwhile, the year-on-year rate of change in the money stock had been at around 2 percent.

3. Financial system

Japan's financial system maintained stability on the whole.

Profits of major banks had increased, owing in particular to a rise in net interest income, mainly composed of interest on domestic loans. Meanwhile, their credit costs had been at low levels. Under these circumstances, their capital adequacy ratios remained sufficiently above the regulatory requirements.

Profits of regional banks had increased, mainly on the back of the rise in net interest income. Meanwhile, their credit costs had been at low levels. Under these circumstances, their capital adequacy ratios remained sufficiently above the regulatory requirements.

With regard to the financial cycle, 12 out of the 14 Financial Activity Indexes (FAIXs) that comprise the heat map in the *Financial System Report* were in a range that did not significantly deviate from their trends. Regarding the financial gap, the positive gap remained narrower than a while ago, and no major financial imbalances had been seen in current financial activities. However, attention continued to be warranted on developments in asset prices, such as real estate and stock prices, and it was necessary to continue paying close attention to whether financial activities would not significantly deviate from real economic activity. In addition, it was necessary to carefully monitor the impact that factors such as the future course of the situation in the Middle East, the profitability of AI-related investment, and developments in the foreign non-bank financial intermediary (NBFI) sector had on the financial system through various channels.

II. Summary of Discussions by the Policy Board on Economic and Financial Developments and the April 2026 *Outlook for Economic Activity and Prices*

A. Current Situation of Economic Activity and Prices

With regard to global financial and capital markets, members concurred that, while market sentiment had somewhat improved, as seen in the rebound in stock prices reflecting expectations that the tension over the situation in the Middle East would ease, market participants continued to pay attention to uncertainties over the outlook. One member pointed out that, although it was extremely difficult in March to predict the future course of the

situation in the Middle East, its risks had come to be perceived as predictable to some degree, owing to recent developments such as moves toward a ceasefire. The member continued that this had led stock prices to rise in many countries.

Members shared the recognition that overseas economies had grown moderately on the whole, although some weakness had been seen in part, partly due to the impact of the situation in the Middle East. Some members noted that the global economy had been solid, mainly due to an expansion in AI-related demand and to expansionary fiscal policies. One of these members commented that, despite downward pressure from high crude oil prices, the global economy was expected to go through a shifting phase toward recovery in 2026, considering that many countries had adopted expansionary macroeconomic policies. One member expressed the recognition that it was necessary to pay particular attention to developments in Asian economies, which are highly dependent on energy resources from the Middle East. The member continued that, however, indicators including the Purchasing Managers' Index (PMI) for suppliers' delivery times did not suggest a significant impact on global supply chains so far.

Members agreed that the U.S. economy maintained solid growth on the whole, although some weakness had been seen in part. One member expressed the view that the potential growth rate seemed to have risen recently, and together with factors such as the expansion in AI-related demand and a moderate pass-through of tariff costs borne by firms to households by raising selling prices, this had boosted growth in the economy.

Members shared the view that European economies remained resilient, particularly in domestic demand, although some weakness had been seen in part.

Members shared the view that the Chinese economy had picked up recently, mainly supported by the increase in exports, although consumption had lacked momentum.

Members shared the recognition that growth in emerging and commodity-exporting economies other than China had improved moderately on the whole, although some weakness had been seen in part.

Members agreed that financial conditions in Japan had been accommodative. A few members expressed the recognition that, while long-term interest rates had risen significantly, real interest rates in the short- to medium-term zone, which affect economic activity substantially, remained clearly negative, and that financial conditions remained accommodative. One of these members pointed out that firms' and other entities' demand for

funds continued to increase, and that the March 2026 *Tankan* (Short-Term Economic Survey of Enterprises in Japan) showed that financial institutions' lending attitudes remained active. A different member said that attention needed to be paid to the fact that continued negative real interest rates had sparked increased activity in bank lending, and to the fact that asset prices, particularly real estate prices, had risen. One member expressed the recognition that, while four months had passed since the last policy interest rate hike, sources such as anecdotal information from firms, the results of the *Tankan*, and the results of the *Senior Loan Officer Opinion Survey on Bank Lending Practices at Large Japanese Banks* showed little sign at this point that the degree of monetary accommodation had decreased and economic stimulus effects had weakened. Meanwhile, one member expressed the view that the impact of the situation in the Middle East on Japan's financial conditions had been limited so far, and that the financial system maintained stability on the whole.

Based on the above deliberations on economic and financial conditions abroad and financial conditions in Japan, members discussed the state of Japan's economic activity and prices.

With regard to economic activity, members shared the recognition that Japan's economy had recovered moderately, although some weakness had been seen in part, partly due to the impact of the situation in the Middle East. A few members expressed the recognition that, so far, hard data -- such as for exports, business fixed investment, and private consumption -- showed no significant impact from the situation in the Middle East, partly because of existing petroleum reserves and various ongoing efforts to secure alternative sources of raw materials. One of these members pointed out that, although indicators showed that business and household sentiment in Japan had become cautious because of the effects of the rise in crude oil prices, excessive reactions or significant shifts in spending had been contained, partly due to government communication with the public.

Members agreed that exports and industrial production continued to be more or less flat as a trend.

Members shared the recognition that business fixed investment had been on a moderate increasing trend, with corporate profits remaining at high levels on the whole, and with business sentiment being at a favorable level while being affected by the situation in the Middle East. One member pointed out that, according to the results of the March *Tankan* and other sources, business fixed investment plans for fiscal 2026 had been solid, with corporate

profits continuing to see favorable developments, and that developments in the corporate sector so far had been in line with the Bank's outlook in the January 2026 *Outlook for Economic Activity and Prices* (Outlook Report).

Members concurred that private consumption had been resilient against the background of the improvement in the employment and income situation, although it had been affected by price rises. One member expressed the view that, although household sentiment had turned cautious due to the effects of the rise in crude oil prices, consumption seemed to be strong recently, owing to wage increases thus far and expectations of continued wage growth, as well as to a front-loading of spending in anticipation of future price rises.

Members shared the view that the employment and income situation had improved moderately. Many members pointed out that the aggregate results of the annual spring labor-management wage negotiations compiled by the Japanese Trade Union Confederation (Rengo) showed that a base pay increase of around 3.5 percent had been implemented not only at large firms but also at relatively small firms, indicating that solid wage increases had been achieved thus far at a wide range of firms. One of these members added that, at the April 2026 meeting of the general managers of the Bank's branches, there were some views that small and micro firms' wage-setting stance could become cautious depending on the future course of the situation in the Middle East. The member continued that many of these firms, however, seemed to be planning to raise wages by as much as in 2025, because of the necessity of recruiting and retaining employees and the impact of the rise in the minimum wage.

As for prices, members agreed that, with moves to pass on wage increases to selling prices continuing, the year-on-year rate of increase in the CPI (all items less fresh food) had been above 2 percent, partly due to the effects of the rise in food prices, such as rice prices. They continued that, however, the rate of increase had recently been in the range of 1.5-2.0 percent due to factors such as the effects of the government's measures to reduce the household burden of higher energy prices. Regarding "beginning-of-the-period price hikes" by firms, one member noted that, according to media reports and other sources, while the rise in food prices had been relatively moderate, a pass-through of increased personnel expenses and distribution costs to selling prices continued and moves to raise prices were becoming widespread among sectors such as dining-out and public transportation, all suggesting that firms' price-setting behavior remained active. A few members expressed the view that the

impact of the situation in the Middle East had already begun to emerge on the domestic price front, as suggested by the fact that (1) the year-on-year rate of increase in the import price index accelerated in March 2026; (2) the rate of increase in the PPI had accelerated, mainly driven by energy-related factors; and (3) a pronounced increase had been observed for ocean freight transportation in the SPPI. One member stated that the rate of increase in the price of processed food that does not use rice as an ingredient had recently leveled off somewhat, yet it continued to show high growth of about 5 percent. The member then expressed the recognition that the rate was highly likely to head toward a rise again following a surge in the price of imported raw materials. Meanwhile, members concurred that inflation expectations had risen moderately. One member pointed out that medium- to long-term inflation expectations had risen somewhat in the wake of increased tension over the situation in the Middle East -- as evidenced by indicators such as firms' inflation outlook in the March 2026 *Tankan* and by the break-even inflation (BEI) rate, which shows market participants' inflation expectations -- and thus future developments warranted close monitoring. A different member expressed the recognition that the inflation expectations of firms and households had already reached approximately 2 percent. The member then expressed the view that the fact that inflation expectations had not decreased despite the year-on-year rate of increase in the CPI (all items less fresh food) decelerating in the past several months clearly indicated a shift from a deflationary mindset to an inflationary mindset.

B. Outlook for Economic Activity and Prices

In formulating the April 2026 Outlook Report, members first exchanged views on the assumptions for the baseline scenario of the outlook. Given that the situation in the Middle East remained unclear and there were various views regarding the future course of the situation in the region and its impact on Japan's economic activity and prices, members concurred that, from the perspective of examining the Bank's baseline scenario and clearly communicating the results to the public, it was desirable that they agree to a certain extent on assumptions for discussion. On this basis, members shared the recognition that it was appropriate to develop the baseline scenario in the April Outlook Report based on the common assumption that, with the impact of the situation in the Middle East expected to ease, crude oil prices would decline as expected in the futures market, and large-scale disruptions in supply chains would not occur. They also shared the recognition that the Bank's outlook

for economic activity and prices could change considerably depending on the future course of the situation in the Middle East.

Based on the above assumptions, members then discussed the baseline scenario of the outlook for Japan's economic activity. They shared the recognition that (1) in fiscal 2026, Japan's economic growth was likely to decelerate due to factors such as the deterioration in the terms of trade reflecting the rise in crude oil prices, but the economy was expected to continue growing moderately, since it was likely to be underpinned by factors including the high levels of profits in the corporate sector, the government's various measures, and accommodative financial conditions; and (2) from fiscal 2027 onward, Japan's economic growth rate was expected to rise moderately, since it was projected that the adverse effects of high crude oil prices would wane and that the virtuous cycle from income to spending would gradually intensify.

With regard to the impact of the situation in the Middle East on Japan's economic activity, members shared the view that the significant rise in crude oil prices, particularly the surge in Dubai crude oil prices, would lead to a deterioration in the terms of trade for Japan, which is highly dependent on crude oil produced in the Middle East, and would push down corporate profits and households' real income through price rises in energy and raw materials. On the other hand, members shared the recognition that Japan's economy appeared to be reasonably resilient to downward pressure stemming from the situation in the Middle East, given factors such as the government's various measures to reduce the household burden and accommodative financial conditions, together with high levels of profits in the corporate sector and solid wage increases. In relation to this, one member expressed the view that the increased burden caused by the deterioration in the terms of trade was likely to be shared between firms, households, and the government, through, for example, the pass-through of cost increases to selling prices by firms and the government's measures to transfer income to households, including the provision of gasoline subsidies. A different member noted that, while import prices in the petroleum and chemical industries had risen significantly, yen-based export prices in the IT industry had risen on the back of strong global demand. The member continued that, as seen from such developments, the situation differed between industries, and it was therefore necessary to examine the situation throughout Japan to grasp the impact of the situation in the Middle East on the terms of trade. Another member expressed the view that, although concerns over supply-side constraints persisted, looking

back at past experiences of surges in crude oil prices, Japan had secured the necessary amount of crude oil by raising its purchase prices.

Members agreed that, although global AI-related demand was expected to remain strong, Japan's exports and industrial production were likely to be more or less flat for the time being, as the impact of the situation in the Middle East was likely to exert downward pressure on, for example, automobile exports to the Middle East. They shared the recognition that, thereafter, exports and industrial production were likely to increase moderately, as the impact of the situation in the Middle East eased, and as overseas economies continued to grow moderately.

Members shared the recognition that the growth momentum in business fixed investment was likely to slow due to the impact of the deterioration in the terms of trade, although the government's economic measures and accommodative financial conditions, in addition to order backlogs for existing projects, were expected to provide support. They shared the view that, thereafter, business fixed investment was likely to remain on an upward trend, pushed up by labor-saving investment to address labor shortages, investment for capacity expansion, and investment projects to adapt to changes in the trade structure and supply chains, among other investments. One member noted that, while high levels of corporate profits would act as a buffer for business fixed investment amid the deterioration in the terms of trade, it was necessary to examine how individual firms' investment activities changed, given that U.S. trade policy and the recent situation in the Middle East could affect each industry differently.

Members concurred that private consumption was expected to be more or less flat due to the impact of price rises, particularly in energy prices, although it was likely to be underpinned by income transfers to households through the government's various measures in addition to wage increases. They shared the view that, thereafter, with the pace of price rises expected to moderate gradually, private consumption was projected to return to a moderate increasing trend. One member pointed out that, if calls were to be made to conserve gasoline, attention should be paid to the possibility that this could affect small parcel deliveries and put downward pressure on e-commerce activity.

Members agreed that employee income was likely to continue to see an increase at its current pace for the time being; subsequently, this increase was likely to slightly decelerate temporarily in the middle of the projection period of the April 2026 Outlook Report, reflecting

the deterioration in corporate profits with some time lag. In addition, they shared the view that, toward the end of the projection period, the growth momentum in employee income was likely to increase somewhat, reflecting a recovery in corporate profits. One member commented that attention was being paid to the extent to which high levels of profits accumulated in the corporate sector could function as a buffer for wage increases amid the impact of the situation in the Middle East. One member expressed the recognition that attention was warranted on whether small and micro firms in particular would prioritize maintaining lifetime employment and hold back from raising wages due to a deterioration in profits stemming from the situation in the Middle East.

Based on these discussions, members shared the recognition that, comparing the projections with those in the January 2026 Outlook Report, the projected real GDP growth rate for fiscal 2026 was lower due to the significant rise in crude oil prices.

Members then discussed the baseline scenario of the outlook for Japan's price developments. They shared the recognition that the year-on-year rate of increase in the CPI (all items less fresh food) was likely to be in the range of 2.5-3.0 percent in fiscal 2026, as the rise in crude oil prices was expected to push up prices, mainly of energy and goods, with moves to pass on wage increases to selling prices continuing. They continued that, thereafter, with the waning of the effects of high crude oil prices, the rate of increase was expected to decline to the range of 2.0-2.5 percent in fiscal 2027 and to around 2 percent in fiscal 2028. In addition, members agreed that, meanwhile, with a sense of labor shortage continuing to be strong, the mechanism in which wages and prices rise moderately in interaction with each other would be maintained, and that medium- to long-term inflation expectations would rise. On this basis, most members shared the recognition that underlying CPI inflation was expected to increase gradually, coming to a level that was generally consistent with the price stability target between the second half of fiscal 2026 and fiscal 2027 and remaining at around that level thereafter. In response, one member expressed the recognition that the level of the rate of increase in the CPI, including underlying CPI inflation, had already generally reached the price stability target, given that the deflationary norm had been dispelled and wages had increased. Furthermore, a different member expressed the view that underlying CPI inflation could be judged to have generally reached approximately 2 percent, given that, in addition to the fact that the annual spring labor-management wage negotiations had achieved high wage growth rates for the third consecutive year, the year-on-year rate of increase in the CPI

excluding institutional factors remained in the range of 2-3 percent and medium- to long-term inflation expectations had reached approximately 2 percent.

Regarding projections for the CPI, many members expressed the view that, given that crude oil is widely used as a raw material from the upstream to downstream stages of the production process in various industries, the rise in crude oil prices could push up not only energy prices, but also prices in general, particularly of a wide range of goods. These members then expressed the recognition that, considering the current situation of Japan's economy that, for example, firms' behavior had shifted more toward raising wages and prices, it was highly likely that the price pass-through stemming from the rise in crude oil prices was faster than before. One of these members added that, looking at the March 2026 *Tankan*, the diffusion index for output prices for both manufacturing and nonmanufacturing had risen, suggesting firms' stance to be one of swiftly passing on increases in input prices to selling prices. A different member pointed out that the speed of the price pass-through had also increased due to recent developments in trading practices and legislation, such as the revision of electricity pricing formulas for businesses, the introduction of a surcharge system in the chemical industry, and the implementation of the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment. In addition, the member said that, even if high crude oil prices had exerted downward pressure on Japan's economy, it would take time for the pressure to materialize. This member continued that, given that the economy had also been supported by the overseas macroeconomic environment, it was highly likely that prices and inflation expectations would rise first.

Based on these discussions, members shared the recognition that, comparing the projections with those in the January 2026 Outlook Report, the projected year-on-year rate of increase in the CPI (all items less fresh food) for fiscal 2026 was significantly higher and that for fiscal 2027 was also somewhat higher, reflecting the effects of the rise in crude oil prices.

Some members expressed the recognition that, given that the level of underlying CPI inflation had been approaching 2 percent, from the perspective of sustainable and stable achievement of the price stability target of 2 percent, it would also be necessary to examine whether underlying CPI inflation became anchored at around that level. With regard to the impact of the situation in the Middle East on the underlying trend in prices, one member expressed the view that the impact would not be significant if crude oil prices returned swiftly

to previous levels. The member continued that, however, based on the assumption made in the April 2026 Outlook Report that the pace of recovery in the supply of crude oil and other commodities would be moderate, prices could be either pushed down, due to an economic slowdown, or pushed up through a rise in inflation expectations. One member pointed out that, given that inflation expectations in Japan tended to be formed in an adaptive manner, the price rises in fiscal 2026 reflecting the situation in the Middle East could lead to underlying CPI inflation deviating upward from the baseline scenario. A different member stated that a further rise in domestic distribution costs due to the surge in fuel costs could not be avoided, and this could bring forward the timing for underlying CPI inflation to reach 2 percent.

Members then discussed upside and downside risks to economic activity and prices. They agreed that, while there were various risks to the outlook, for the time being, it was necessary to pay particular attention to the impact of the future course of the situation in the Middle East on financial and foreign exchange markets and on Japan's economic activity and prices.

On this basis, members noted the following two risks regarding the situation in the Middle East: (1) the risk that the turmoil surrounding the situation in the region would become prolonged, and crude oil prices would remain elevated; and (2) the risk that large-scale disruptions in supply chains would occur, exerting a significant impact on the production activity of Japanese firms. On the other hand, members noted that, contrary to these scenarios, there was a possibility that tension over the situation in the Middle East would ease swiftly, leading to a faster-than-expected decline in crude oil prices.

Members shared the recognition that, if crude oil prices remained elevated, there was a risk that adverse effects on Japan's economy would strengthen, such as through a deterioration in the terms of trade; on the other hand, risks to prices were skewed to the upside. One member pointed out that the scenario of crude oil prices remaining elevated for a while should also be considered, as it would take time for the Strait of Hormuz to become commercially navigable, even if the conflict in the Middle East came to a halt. A different member expressed the view that if this scenario was realized, it was possible that corporate profits and households' real income would be significantly lower than expected, which could weaken the mechanism in which wages and prices rise moderately in interaction with each other. The member continued that, in practice, however, the rise in crude oil prices was expected to skew risks to prices to the upside by pushing up not only energy prices but also

prices of a wide range of items. Meanwhile, one member pointed out that, compared with the period when commodity prices surged following Russia's invasion of Ukraine, there had been some changes; for example, firms' and households' inflation expectations were now higher, firms' price-setting behavior was now more active, and labor market conditions were now tighter. The member then expressed the recognition that, with the baseline scenario of the outlook for prices being revised significantly upward, if crude oil prices remained elevated, this would lead to further upside risks to prices. Some members, including this member, noted that inflation expectations in Japan were not as anchored to the inflation target as in the United States and Europe, and they were susceptible to actual price changes. These members continued that, considering this and other factors, there was concern over the risk of medium- to long-term inflation expectations and the underlying inflation rate rising above 2 percent. A different member pointed out that, for many years, all available policy measures from both monetary and fiscal sides had been mobilized to overcome deflation. The member continued that, against this backdrop, the government's various measures had become established, and inertia in wage increases and in the pass-through of cost increases to selling prices was in effect, giving rise to the risk of higher inflation due to the rise in crude oil prices.

Members shared the recognition that, if large-scale disruptions in supply chains occurred, this could lead to a significant slowdown in the economy and thereby push down underlying CPI inflation. They continued that, if supply-side constraints materialized, this could, on the other hand, lead to a pushing up of underlying CPI inflation while further heightening the upside risks to prices. One member stated that the impact on supply chains depended not only on the extent and duration of supply-side constraints for crude oil and products derived from crude oil, but also to a considerable extent on the effects on the supply of other commodities as damage spread across the Middle East. One member pointed out that there was a possibility that quantitative constraints on petrochemical products would emerge, and while it was difficult to project the extent to which these constraints might push down Japan's economy, it was necessary to carefully monitor whether these constraints would affect the automotive industry, which is one of Japan's core industries, and AI-related sectors, such as construction of data centers. A different member expressed the recognition that, in a scenario where large-scale quantitative constraints became prolonged, the mechanism in which wages and prices rise moderately in interaction with each other could be interrupted, resulting in the underlying trend in prices falling significantly below the price stability target.

In response, one member expressed the view that, if the situation in the Middle East affected not only prices but also supply quantity, and hence supply-side constraints materialized, this would exert extremely strong upward pressure on prices.

Members then discussed how to characterize the second-round effects of price rises stemming from high crude oil prices, and the extent of those effects. Some members pointed out that the term "second-round effects" has multiple meanings and is used in a wide variety of contexts; for example, in a situation where supply shocks cause a temporary rise in prices or a rise in the price of specific items, it could refer to the spillover of these rises to prices of a wide range of other goods and services, or the resulting increase in the wage growth rate, inflation expectations, or the underlying inflation rate. These members continued that there are also various criteria for judging whether second-round effects had arisen. On this point, one member expressed the view that, in assessing if there were second-round effects of price rises, one factor worth considering might be whether price rises had led to an increase in unit profits or in unit labor costs -- that is, whether profit margins had improved at firms facing higher raw material costs, or whether increased wages due to second-round effects had outweighed their labor productivity. On this basis, the member said that, given the current high levels of corporate profits, the possibility that firms would raise selling prices more than was necessary to cover cost increases was likely not so high. In response to this, some members pointed out that, with firms' behavior shifting more toward raising prices in the past few years, it was highly likely that firms would start passing on to selling prices not only cost increases stemming from the current rise in crude oil prices, but also past increases in personnel costs. These members then expressed the view that, if such actions were taken by an increasing number of firms, it was also highly likely that people's inflation expectations and underlying inflation would rise higher than projected. Regarding spillovers from price rises to wages, some members expressed the recognition that the possibility of a wage-price spiral in Japan was not high, given, for example, that wage growth rates in the past few years had been at levels that were generally consistent with the price stability target of 2 percent, even though the actual inflation rate had been significantly above 2 percent. In response, some members expressed the recognition that, considering the fact that spillovers from price rises to wages had been gaining momentum in recent years with the deflationary norm dispelled, attention was warranted on the risk that the rates of increase in both prices and wages would deviate upward from projections, although this would depend on the extent of the spillovers.

A different member noted that, unlike during the 1979 oil crisis, when the surge in wages and inflation was contained, the current financial and fiscal conditions and developments in the pass-through of price and wage increases appeared to be more prone to inducing second-round effects stemming from the rise in crude oil prices, although not as much as during the 1973 oil crisis. Based on these discussions, one member expressed the view that, given that the deflationary norm had been dispelled and underlying CPI inflation was currently approaching 2 percent, whether the current supply shocks would cause underlying CPI inflation to further deviate upward was an important factor in discussing second-round effects.

Meanwhile, members noted the following three factors as major risks other than those arising from the situation in the Middle East: (1) developments in overseas economic activity and prices, including AI-related demand; (2) the effects of future developments in foreign exchange rates on Japan's economic activity and prices; and (3) the impact of various changes in the environment surrounding Japan on firms' and households' medium- to long-term growth expectations and on Japan's potential growth rate. One member expressed the recognition that, with the upcoming U.S. midterm elections in autumn, there were high uncertainties regarding the policy conduct of the current U.S. administration and its effects on economic activity. The member continued that attention was also warranted on the possibility that, with the turmoil surrounding the situation in the Middle East and other factors, China could expand its exports with a view to capturing external demand, thereby affecting economic activity in Europe and Japan. One member pointed out that, in Japan, the oil crises in the 1970s prompted advances in energy efficiency and conservation, and led to structural changes in economic activity. The member then noted that this opened for discussion whether Japan's economy would gain momentum for structural change triggered by the current situation in the Middle East, since such change could affect the potential growth rate through improvements in productivity.

With regard to the risk balance -- particularly for fiscal 2026 -- members shared the recognition that, judging each member's risk assessments as a whole, risks to economic activity were skewed to the downside, and risks to prices were skewed to the upside.

III. Summary of Discussions on Monetary Policy

Based on the above assessment of economic and financial developments, members discussed monetary policy.

With respect to the guideline for money market operations for the intermeeting period, many members shared the view that it was appropriate for the Bank to maintain the guideline that it would encourage the uncollateralized overnight call rate to remain at around 0.75 percent.

Many members pointed out that, as the situation in the Middle East remained unclear, the likelihood of realizing the baseline scenario of the outlook for economic activity and prices was not as high as before, and it was difficult to assess at this point, for example, the extent to which downside risks to economic activity and upside risks to prices would persist and the relationship between these two types of risk. These members then expressed the recognition that a little more examination was required of the future course of the situation in the Middle East and its impact on Japan's economic activity and prices. One of these members commented that the situation in the Middle East remained unclear but had been moderating compared with a while ago, and that some kind of progress could be expected to be made in the future. The member then expressed the view that the current circumstances did not suggest a pressing need to quickly raise the policy interest rate. One member expressed the recognition that, given that inflation expectations in Japan were considered to be adaptive to some degree, the Bank should maintain the current policy interest rate at this meeting, with the year-on-year rate of increase in the CPI (all items less fresh food) for March 2026 remaining below 2 percent due in part to the waning of the past rise in food prices. A different member noted that, at this juncture, a policy interest rate hike that prioritized the containment of inflation was highly likely to have adverse effects on economic developments, including employment and production, while on the other hand, the Bank was not in a situation where a policy interest rate cut was possible. The member then expressed the view that, given that the future course of the situation in the Middle East was unclear, it was most appropriate for the Bank to maintain its current monetary policy.

On the other hand, some members expressed the view that it was desirable for the Bank to raise the policy interest rate to around 1.0 percent at this meeting. One of these members noted that, although it seemed unlikely that the impact of the situation in the Middle East would be limited and ease in the short term, market sentiment as observed in stock prices remained solid despite the rise in crude oil prices. The member continued that firms' price-setting behavior in response to rising prices had become more active, and risks to prices were skewed to the upside. On this basis, the member expressed the view that it was appropriate

for the Bank to adjust the degree of monetary accommodation in line with its mandate of achieving price stability from the perspective of safeguarding people's livelihoods and contributing to their peace of mind. One member expressed the opinion that, while the price stability target had been more or less achieved, Japan's real policy interest rate was by far at the lowest level globally, and it was necessary for the Bank to continue to adjust the negative real interest rate in preparation for the second-round effects of price rises stemming from overseas developments. A different member expressed the view that, with risks to prices becoming significantly skewed to the upside, the Bank should, as early as now, set the policy interest rate as close to the neutral level as possible, considering the possibility that it would be compelled to pursue monetary tightening in the future.

As for the future conduct of monetary policy, members shared the recognition that, given that underlying CPI inflation had been approaching 2 percent and real interest rates were at significantly low levels, it was appropriate that the Bank continue to raise the policy interest rate and adjust the degree of monetary accommodation, in response to developments in economic activity and prices as well as financial conditions. Some members expressed the view that, even if Japan's economic growth temporarily decelerated, the Bank would continue to raise the policy interest rate as long as the deceleration did not significantly affect the path of underlying inflation. These members continued that whether to raise the policy interest rate could also become a topic of discussion if upside risks to prices were judged to substantially outweigh downside risks to economic activity. One of these members then added that, given that the process of adjusting the degree of monetary accommodation had become more complex, with regard to the guideline for the conduct of monetary policy, it was desirable at this time to revise the wording, "in accordance with improvement in economic activity and prices."

With respect to the timing and pace of adjusting the degree of monetary accommodation, members concurred that it was important to consider this while closely monitoring the impact of the future course of the situation in the Middle East on Japan's economic activity and prices and examining the likelihood of realizing the baseline scenario of the outlook for economic activity and prices and the risks to the outlook.

Many members expressed the recognition that, if it could be judged that there had been a rise in the likelihood of realizing the outlook that underlying CPI inflation would come to a level that was generally consistent with the price stability target between the second half

of fiscal 2026 and fiscal 2027, the Bank should continue to adjust the degree of monetary accommodation at an appropriate pace. One member said that, if recovery in crude oil supply came in sight, as assumed in the Bank's baseline scenario, it would be appropriate for the Bank to return to the previous pace of rate hikes. One member expressed the view that it was unlikely at present that a strong wage-price spiral would emerge in domestic industries, and given the current level of underlying inflation, there was no need to take hasty action at this point. The member continued that, however, barring evident signs of an economic slowdown reflecting the impact of the situation in the Middle East, the Bank should raise the policy interest rate soon. A different member expressed the recognition that, in a situation where the potential growth rate remained resilient and Japan's economy recovered moderately, it was appropriate for the Bank to proceed further with the normalization of the policy interest rate by raising the policy rate when the real interest rate declined reflecting price rises.

One member expressed the recognition that, given that the impact on Japan's economy of the situation in the Middle East would become apparent to some degree, it was quite possible that the Bank would raise the policy interest rate from the next Monetary Policy Meeting onward depending on the magnitude and direction of the risks surrounding economic activity and prices, even if the future course of the situation in the Middle East remained unclear and the likelihood of realizing the baseline scenario of the outlook for economic activity and prices was not rising. In relation to this, a different member pointed out that, if the main risk factor for a downward deviation in economic activity was a rise in prices, the Bank should make it a priority to carry out its mission as the "guardian of price stability" and thereby contain such a downward deviation in economic activity. Some members expressed the recognition that, if tension over the situation in the Middle East became prolonged and there was a risk of crude oil prices remaining elevated, it would be desirable to raise the policy interest rate to the level of the neutral interest rate at an earlier timing to prevent underlying inflation from deviating upward. One of these members pointed out that the policy interest rate was still some way from the neutral interest rate, and that it would be necessary for the Bank to continue to raise the policy interest rate at intervals of a few months. The member then expressed the view that, in the case where upside risks to prices increased, it would be necessary to accelerate the pace of rate hikes without hesitation.

Meanwhile, one member expressed the view that, if large-scale disruptions in supply chains occurred and caused severe quantitative constraints, there was a risk that the

mechanism in which wages and prices rise moderately in interaction with each other would be interrupted, resulting in the underlying trend in prices falling significantly below the price stability target. The member continued that it was therefore desirable for the Bank to maintain accommodative financial conditions without raising the policy interest rate. In response, a different member pointed out that, when large-scale disruptions in supply chains occur, this exerts significant upward pressure on prices and significant downward pressure on economic activity. The member continued that, in such a situation, a central bank's response should not be to refrain from raising the policy interest rate, but instead to provide ample liquidity to the market as necessary and thereby support corporate financing.

Based on these discussions, members shared the recognition that, while downside risks to economic activity and upside risks to prices could both heighten, in conducting monetary policy, it was necessary to pay due attention, in particular, to keeping the risk of inflation significantly deviating upward from materializing and thereby exerting an adverse impact on the economy afterward.

In addition, one member expressed the view that, while there were some arguments that policy interest rate hikes should be implemented to prevent a depreciation of the yen, monetary policy does not target foreign exchange rates and, under a floating exchange rate system, the determination of exchange rates should be left to the market as much as possible. Moreover, regarding the Bank's communication with the market about its stance on monetary policy conduct, one member pointed out that it was not desirable for the Bank to be perceived as always signaling a policy interest rate hike in advance, and that it was necessary for the Bank to explore how best to communicate its policies.

In light of the above discussions, the chairman requested that the staff present possible descriptions of the future conduct of monetary policy to include in the April 2026 Outlook Report. The staff reported that the descriptions could be as follows. First, as for the conduct of monetary policy, given that underlying CPI inflation had been approaching 2 percent and real interest rates were at significantly low levels, the Bank would continue to raise the policy interest rate and adjust the degree of monetary accommodation, in response to developments in economic activity and prices as well as financial conditions. Second, in this regard, the Bank would consider the timing and pace of adjustment, while closely monitoring the impact of the future course of the situation in the Middle East on Japan's economic activity and prices and examining the likelihood of realizing the baseline scenario

of the outlook for economic activity and prices and the risks to the outlook. Third, with the price stability target of 2 percent, the Bank would conduct monetary policy as appropriate from the perspective of sustainable and stable achievement of the target.

In response to the staff's explanation, members shared the view that the descriptions presented by the staff were appropriate.

IV. Remarks by Government Representatives

The representative from the Cabinet Office made the following remarks.

- (1) The Japanese economy was recovering at a moderate pace, while it was necessary to closely monitor the impact of the situation in the Middle East.
- (2) Given the situation in the Middle East, the government had carried out emergency measures to curb dramatic price fluctuations and had worked to ensure a stable supply and the smooth distribution of crude oil and critical materials, and it would do its utmost to ensure sound economic and fiscal management.
- (3) Toward achieving both strong economic growth and stable inflation, it was important that monetary policy be conducted as appropriate. The government expected the Bank to conduct monetary policy as appropriate toward achieving the price stability target of 2 percent in a sustainable and stable manner, while paying due attention to factors such as economic developments at home and abroad and closely cooperating with the government in accordance with the spirit of the Bank of Japan Act and of the joint statement of the government and the Bank.

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

- (1) With regard to the situation in the Middle East, the government was making every effort to minimize the impact on economic activity, with close cooperation between relevant Cabinet members.
- (2) The government expected the Bank to conduct monetary policy as appropriate toward sustainable and stable achievement of the price stability target of 2 percent, while closely cooperating with the government, paying due attention to factors such as economic developments at home and abroad, including the impact of the situation in the Middle East on the Japanese economy, and communicating effectively with the market.

V. Votes

A. Vote on the Guideline for Money Market Operations

Based on the above discussions, to reflect the majority view of the members, the chairman formulated the following proposal on the guideline for money market operations.

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

The guideline for money market operations for the intermeeting period will be as follows.

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

However, Nakagawa Junko considered that, while the situation in the Middle East remained unclear, given economic developments, risks to prices were skewed to the upside under accommodative financial conditions. Takata Hajime considered that the price stability target had been more or less achieved and that risks to prices in Japan were already skewed to the upside due to the second-round effects of price rises stemming from overseas developments. Tamura Naoki considered that, with risks to prices becoming significantly skewed to the upside, the Bank should set the policy interest rate as close to the neutral rate as possible. On this basis, they each proposed separately the following.

Nakagawa Junko, Takata Hajime, and Tamura Naoki's Policy Proposals on the Guideline for Money Market Operations:

The guideline for money market operations for the intermeeting period will be as follows.

The Bank will encourage the uncollateralized overnight call rate to remain at around 1.0 percent.

Nakagawa Junko, Takata Hajime, and Tamura Naoki's policy proposals on the guideline for money market operations were defeated by majority votes.

Votes for the proposals: NAKAGAWA Junko, TAKATA Hajime, and TAMURA Naoki.

Votes against the proposals: UEDA Kazuo, HIMINO Ryoza, UCHIDA Shinichi, KOEDA Junko, MASU Kazuyuki, and ASADA Toichiro.

The chairman's policy proposal on the guideline for money market operations was decided by a majority vote.

Votes for the proposal: UEDA Kazuo, HIMINO Ryoza, UCHIDA Shinichi, KOEDA Junko, MASU Kazuyuki, and ASADA Toichiro.

Votes against the proposal: NAKAGAWA Junko, TAKATA Hajime, and TAMURA Naoki.

B. Discussion on the Statement on Monetary Policy

The chairman formulated the Statement on Monetary Policy and put it to a vote. The Policy Board decided the text by a unanimous vote. It was confirmed that the statement would be released immediately after the meeting (see Attachment).

VI. Discussion regarding the Outlook Report

Members discussed the draft of "The Bank's View" in the April 2026 Outlook Report (consisting of "The Bank's View" and "The Background") and formed a majority view.

Takata Hajime, however, formulated a proposal that included the following points. First, with respect to the outlook for economic activity, he proposed the description stating that, "Japan's economy is expected to continue growing moderately, albeit at a decelerated rate. This is because the economy is likely to be underpinned by factors such as continued high levels of profits in the domestic corporate sector, the government's various measures, and accommodative financial conditions, in addition to support from the global macroeconomic environment and the increase in AI-related demand." Second, with regard to the outlook for prices, he proposed the description, "the level of the rate of increase in the CPI, including underlying CPI inflation, already seems to have generally reached the price stability target." The proposal was then put to a vote, and was defeated by a majority vote.

Votes for the proposal: TAKATA Hajime.

Votes against the proposal: UEDA Kazuo, HIMINO Ryoza, UCHIDA Shinichi, NAKAGAWA Junko, TAMURA Naoki, KOEDA Junko, MASU Kazuyuki, and ASADA Toichiro.

Tamura Naoki formulated a proposal that included the following points. First, with respect to underlying CPI inflation, he proposed the description stating that "underlying CPI inflation is likely to be at a level that is generally consistent with the price stability target." Second, with regard to medium- to long-term inflation expectations, he proposed the description, "medium- to long-term inflation expectations are likely to be around the 2 percent level." The proposal was then put to a vote, and was defeated by a majority vote.

Votes for the proposal: TAMURA Naoki.

Votes against the proposal: UEDA Kazuo, HIMINO Ryoza, UCHIDA Shinichi, NAKAGAWA Junko, TAKATA Hajime, KOEDA Junko, MASU Kazuyuki, and ASADA Toichiro.

To reflect the majority view, the chairman formulated a proposal on "The Bank's View" and put it to a vote. The Policy Board decided the text of "The Bank's View" by a majority vote. It was confirmed that "The Bank's View" would be released immediately after the meeting. It also was confirmed that the full text of the Outlook Report would be made public on April 30.

Votes for the proposal: UEDA Kazuo, HIMINO Ryoza, UCHIDA Shinichi, NAKAGAWA Junko, KOEDA Junko, MASU Kazuyuki, and ASADA Toichiro.

Votes against the proposal: TAKATA Hajime and TAMURA Naoki.

VII. Approval of the Minutes of the Monetary Policy Meeting

The Policy Board approved unanimously the minutes of the Monetary Policy Meeting of March 18 and 19, 2026, for release on May 7.

Statement on Monetary Policy

At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided, by a 6-3 majority vote, to set the following guideline for money market operations for the intermeeting period: ^[Note]

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

^[Note] Voting for the action: UEDA Kazuo, HIMINO Ryoza, UCHIDA Shinichi, KOEDA Junko, MASU Kazuyuki, and ASADA Toichiro. Voting against the action: NAKAGAWA Junko, TAKATA Hajime, and TAMURA Naoki. Nakagawa Junko considered that, while the situation in the Middle East remained unclear, given economic developments, risks to prices were skewed to the upside under accommodative financial conditions. Takata Hajime considered that the price stability target had been more or less achieved and that risks to prices in Japan were already skewed to the upside due to the second-round effects of price rises stemming from overseas developments. Tamura Naoki considered that, with risks to prices becoming significantly skewed to the upside, the Bank should set the policy interest rate as close to the neutral rate as possible. They proposed that the Bank set the guideline for money market operations as follows: the Bank would encourage the uncollateralized overnight call rate to remain at around 1.0 percent. The proposals were defeated by majority votes.