

January 23, 2018

Bank of Japan

## Statement on Monetary Policy

1. At the Monetary Policy Meeting held today, the Policy Board of the Bank of Japan decided upon the following.<sup>[Note 1]</sup>

(1) Yield curve control

The Bank decided, by an 8-1 majority vote, to set the following guideline for market operations for the intermeeting period.<sup>[Note 2]</sup>

The short-term policy interest rate:

The Bank will apply a negative interest rate of minus 0.1 percent to the Policy-Rate Balances in current accounts held by financial institutions at the Bank.

The long-term interest rate:

The Bank will purchase Japanese government bonds (JGBs) so that 10-year JGB yields will remain at around zero percent. With regard to the amount of JGBs to be purchased, the Bank will conduct purchases at more or less the current pace -- an annual pace of increase in the amount outstanding of its JGB holdings of about 80 trillion yen -- aiming to achieve the target level of the long-term interest rate specified by the guideline.

(2) Guidelines for asset purchases

With regard to asset purchases other than JGB purchases, the Bank decided, by a unanimous vote, to set the following guidelines.

a) The Bank will purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) so that their amounts outstanding will increase at annual paces of about 6 trillion yen and about 90 billion yen, respectively.

b) As for CP and corporate bonds, the Bank will maintain their amounts outstanding at about 2.2 trillion yen and about 3.2 trillion yen, respectively.

2. The Policy Board also decided, by a unanimous vote, to extend by one year the deadlines for new applications for such measures as the Fund-Provisioning Measure to Stimulate Bank Lending, the Fund-Provisioning Measure to Support Strengthening the Foundations for

Economic Growth, and the Funds-Supplying Operation to Support Financial Institutions in Disaster Areas affected by the Great East Japan Earthquake and by the Kumamoto Earthquake.

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<sup>[Note 1]</sup> With a view to reinforcing the inflation-overshooting commitment, Mr. G. Kataoka dissented from the decision, considering that, if there was a delay in the timing of achieving the price stability target due to domestic factors, the Bank should take additional easing measures and that it was necessary to include that in the text.

<sup>[Note 2]</sup> Voting for the action: Mr. H. Kuroda, Mr. K. Iwata, Mr. H. Nakaso, Mr. Y. Harada, Mr. Y. Funo, Mr. M. Sakurai, Ms. T. Masai, and Mr. H. Suzuki. Voting against the action: Mr. G. Kataoka. Mr. G. Kataoka dissented, considering that, taking account of risk factors such as the consumption tax hike and a possible economic downturn in the United States, it was desirable to achieve the price stability target in fiscal 2018, and that it was appropriate for the Bank to purchase JGBs so that yields on JGBs with maturities of 10 years and longer would broadly be lowered further.

(Reference)

Meeting hours:

Monday, January 22: 14:00-15:28

Tuesday, January 23: 9:00-12:07

Policy Board members present:

Haruhiko Kuroda (Governor)

Kikuo Iwata (Deputy Governor)

Hiroshi Nakaso (Deputy Governor)

Yutaka Harada

Yukitoshi Funo

Makoto Sakurai

Takako Masai

Hitoshi Suzuki

Goushi Kataoka

(Others present)

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From the Ministry of Finance:

Tetsuo Kabe, Deputy Vice Minister for Policy Planning and Co-ordination (14:00-15:28)

From the Cabinet Office:

Mamoru Maekawa, Vice-Minister for Policy Coordination (14:00-15:28)

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From the Ministry of Finance:

Minoru Kihara, State Minister of Finance (9:00-11:44, 11:51-12:07)

From the Cabinet Office:

Takao Ochi, State Minister of Cabinet Office (9:00-11:44, 11:51-12:07)

Release Dates and Time:

Statement on Monetary Policy -- Tuesday, January 23 at 12:14

Outlook for Economic Activity and Prices (The Bank's View) -- Tuesday, January 23 at 12:14

Release Schedule:

Outlook for Economic Activity and Prices (Outlook Report, full text including The Background) -- Wednesday, January 24 at 14:00

Summary of Opinions -- Wednesday, January 31 at 8:50

Minutes -- Wednesday, March 14 at 8:50