Introduction
The MPM of the BOJ decided to maintain the current framework of accommodative policy at its regular meeting. Size of the policy program, however, automatically grew, due to the enhancement of policy program by the government.

Assessment of economy
The MPM made downward revision of its current assessment of economy. According to the statement, its mechanism of transmission and features are largely the same as other economies. It also confirmed the substantial uncertainties about the proliferation of covid-19 and its economic impacts.

Some press reporters asked if the MPM had become more cautious. Governor Kuroda explained that the economic outlook had been intended to show the medium-term perspectives, and he continued to think that the gradual recovery of our economy as a main scenario. He also pointed out that there have not been second major waves of infection in any major economies.

Several other press reporters claimed that no additional policy action might be inconsistent with the downward revision of economic assessment.

Assessment of prices
The MPM maintained cautious assessment of current inflation. In fact, Governor Kuroda explained that the rate of core inflation would be negative for the time being both due to fall in crude oil price and weakness of aggregate demand.

In reply to the question about the risk of deflation, however, Governor Kuroda reiterated the constructive view from long-term perspectives. He pointed out that the inflation rate excluding the impacts of crude oil price remained stabilized and there has been less sign of more cautiousness about pricing practices by firms.

Nevertheless, Governor Kuroda honestly admitted that it would be less plausible to start hiking interest rates until the end of FY2022 (ie. March 2023). He referred to the fact that the upper end of the distribution of inflation forecast for FY 2022 at April MPM was only +1.0%.

Several press reporters rather asked about the potential tools of monetary easing. While Governor Kuroda insisted flexibility in choosing the tools including further enhancement of current package of measures, he also referred twice to the possibility to shift downward the target yields of YCC.

Monetization of debt
Toward the end of press conference, several press reporters raised the issue of monetization of government debt by pointing out the high share of JGB holding by the BOJ.

Governor Kuroda strongly argued against them. He claimed that larger supply of the government bonds due to the expansion of fiscal stimulus could cause upward pressure on the yield, regardless of the concerns about fiscal discipline. He also explained that major central banks including the BOJ have been purchasing large amount of the bonds, solely in order to satisfy the mandate of monetary policy.

Moreover, Governor Kuroda claimed that it would be rude to discuss that the management of fiscal policy might be affected by the asset purchase by a central bank, as the fiscal policy is the matter of the diet and the government. He further explained that the monetization of government debt would be the case when a central bank automatically underwrites the debt or conducts asset purchase according to the fiscal condition of the government.

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