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Snap

## BoJ meeting: new member Kataoka dissents

Japan's central bank has a new dissenter. And we think he's probably right

Goushi Kataoka has just joined the Bank of Japan's rate-setting board, but that did not stop him from dissenting from the no-change policy decision which he believes is insufficient to pull CPI inflation to 2.0%.

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It takes nerves to join a central bank and then dissent from the otherwise consensus view. But that is exactly what Goushi Katoaoka has just done.

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Having just lost two longstanding dissenting members from the board, Governor Kuroda might have been looking forward to a bit more unanimity. But he doesn't look as if he is going to get it. Kataoka, formerly with Mitsubishi UFJ, thinks the BoJ's JPY80tr a year asset purchasing will be insufficient to bring CPI inflation to 2.0%, and he's probably right.

### The question is, should they try harder?

We think not. Indeed, with the unemployment rate at only 2.8%, and growth averaging (1.7% annualised) over the last six quarters, Japan's economy is looking quite good. And if negative rates (-0.1%) on policy rate balances and JPY80tr is not enough to generate a higher inflation rate, we are sceptical that cutting rates further, or expanding QQE more, will achieve anything other than distort financial asset prices even more.

2% may simply be the wrong number for the BoJ to target. But, whatever the truth here, we don't see the BoJ altering policy in either direction anytime soon.

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