

23 January 2018
Snap

BoJ - no change to statement but is it credible?

BoJ Governor Kuroda sticks to the old message - no hint of taper

Data improvements fail to change BoJ stance

BoJ policymakers made use of the Ctrl-C, Ctrl-V function again with a near identical policy statement to those of recent months, no change in their targeted asset purchases, no change to their target bond yields and no change to their negative policy rates. Even the dissent from Kataoka was nearly unchanged.

BoJ watchers had imagined that there might be some clue or even vague hint of future policy change at the BoJ conference. But instead, Governor Kuroda stuck very firmly to the message that nothing is going to change anytime soon.

According to Kuroda, the Japanese economy still requires persistent monetary easing. He went on to justify what seems a less and less credible statement with the comment that inflation was still too weak to change policy (maybe, or more likely, they are targeting an inappropriate inflation rate).

One new addition to the argument was to say that there would be no sustainable inflation without wage rises. So it now seems as if rising wage inflation has become a necessary, though probably not sufficient condition for BoJ policy to change.

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