



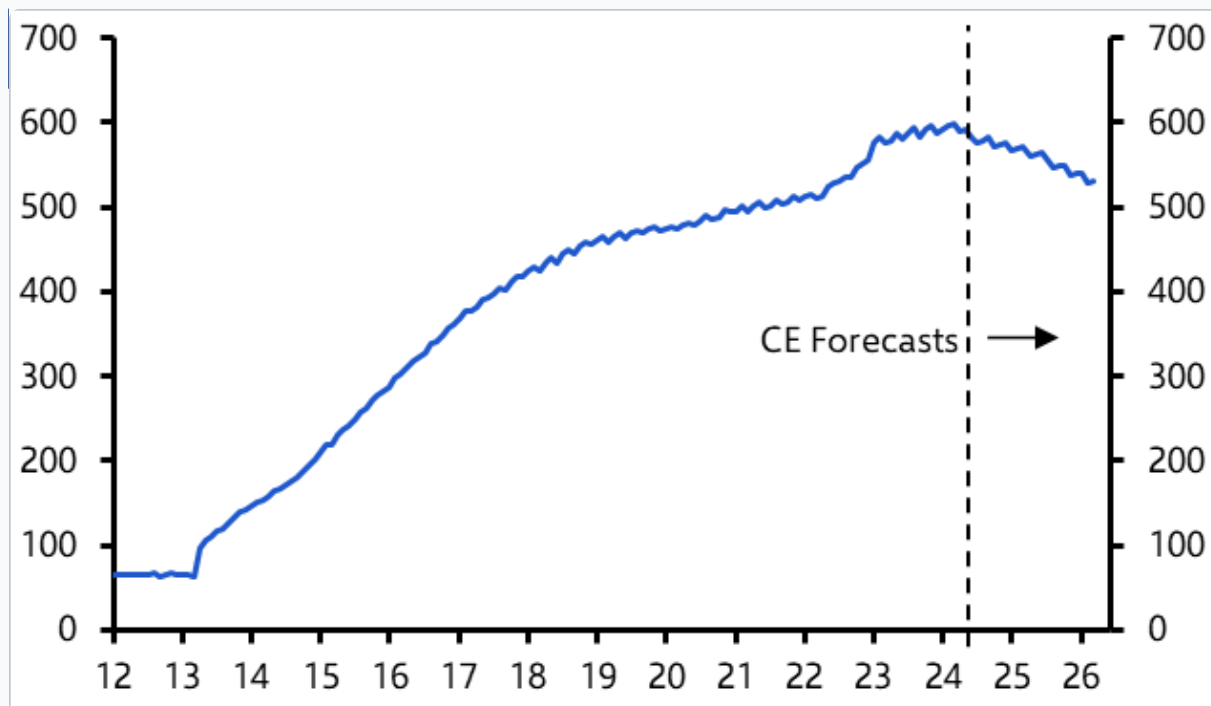
Bank of Japan – The end of easy policy



Ultra-loose policy ends but tightening cycle unlikely

Read our response to the BoJ's historic – but ultimately limited – policy move

[Read this analysis now](#)



JAPAN ECONOMICS UPDATE

Bank of Japan will hike rates yet again in October

The Bank of Japan outlined a plan for reducing its bond purchases and hiked its policy rate by 20bp today. We think it will follow up with another 20bp hike at its October meeting.

31st July 2024 · 3 mins read

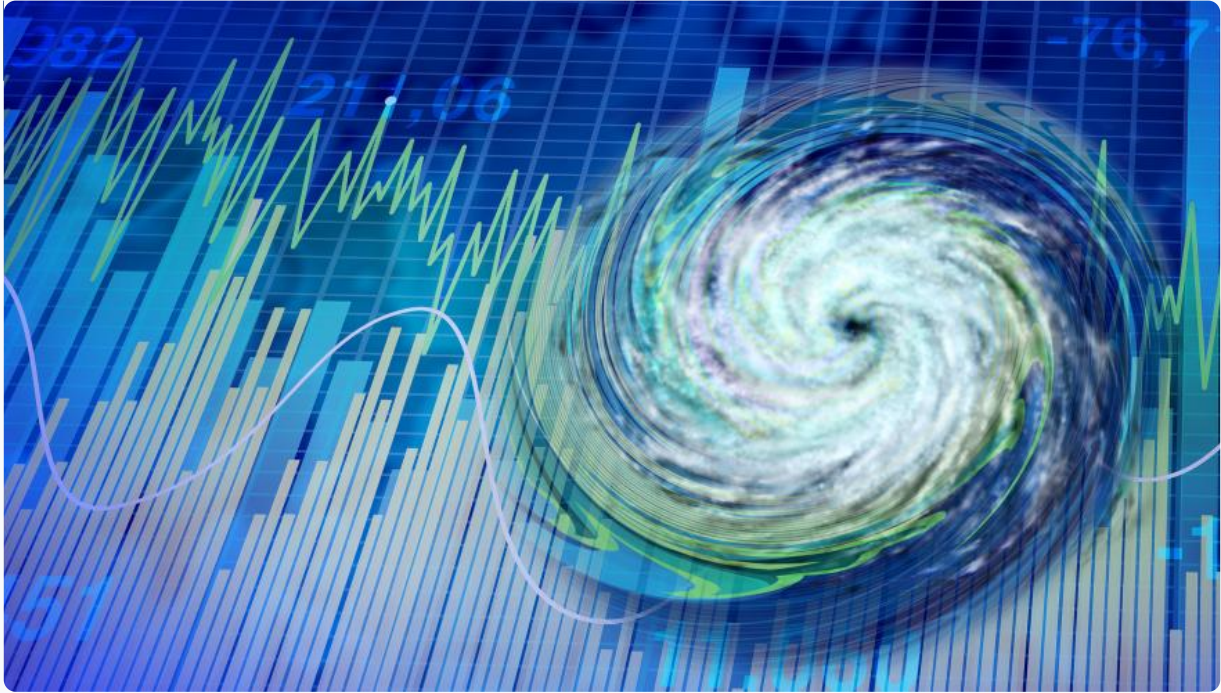


JAPAN ECONOMICS FOCUS

Higher interest rates won't trigger housing meltdown

While higher interest rates will make owner-occupied housing less affordable, the Bank of Japan will only tighten policy gradually so detached house prices will probably hold up well. By contrast...

15th July 2024 · 15 mins read



JAPAN ECONOMICS FOCUS

Will rising JGB yields cause capital repatriation?

In view of the wider interest, we are resending this publication to include clients of our Global Markets Service. We apologise to readers of our Japan Economics Service who are receiving it twice...

1st July 2024 · 15 mins read



JAPAN ECONOMICS UPDATE

Services inflation will remain around 2% this year

We now expect services inflation to remain around 2% this year as a fading tailwind from soaring hotel and package tour prices will be offset by stronger labour cost growth. The upshot is that the...

23rd April 2024 · 4 mins read

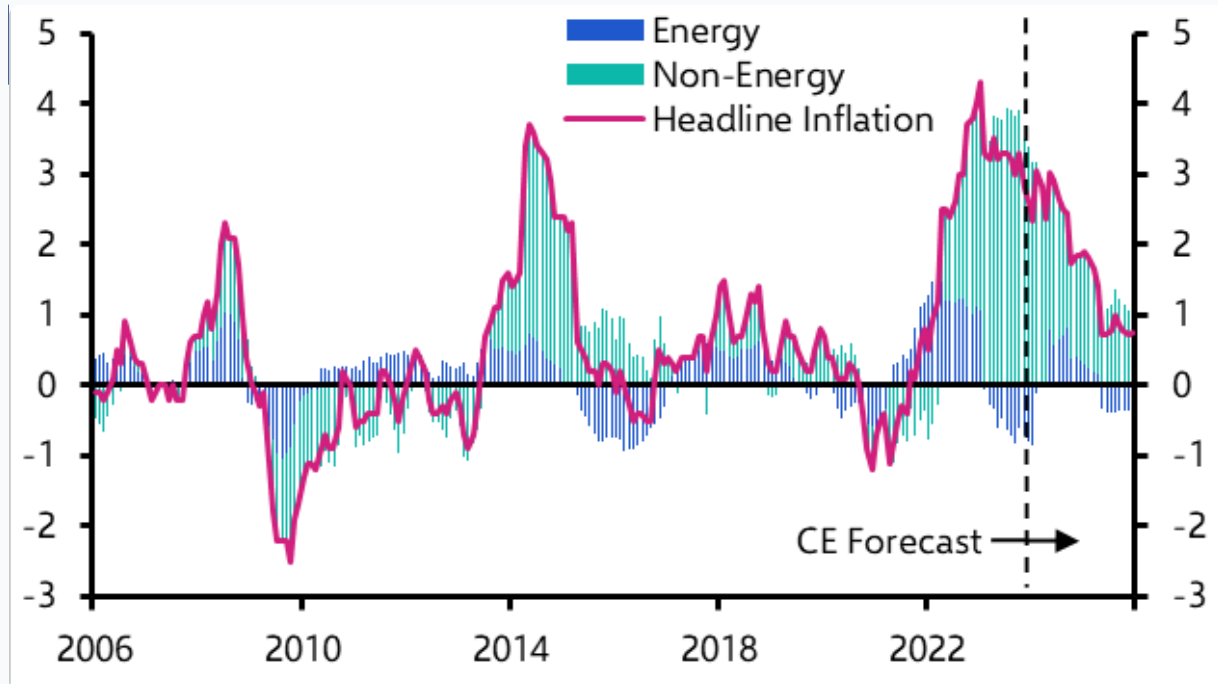


JAPAN ECONOMICS FOCUS

BoJ policy rate will reach 2% by 2030

The recent period of high inflation in Japan has kick-started a virtuous cycle between wages and prices. If inflation expectations remain elevated and structural forces push up the neutral rate of...

27th November 2023 · 15 mins read

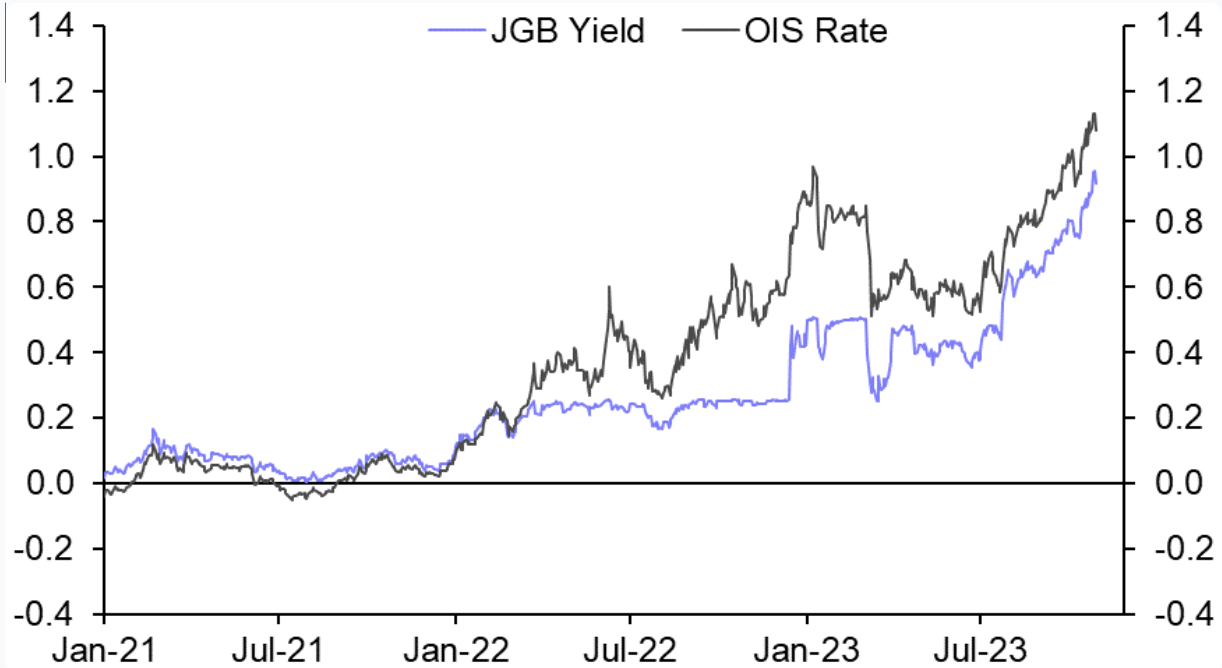


JAPAN ECONOMICS WEEKLY

BoJ will normalise rather than tighten policy

While headline inflation will jump in February due to base effects from the launch of energy subsidies, underlying inflation will continue to moderate, with services inflation set to fall below 2%...

19th January 2024 · 7 mins read

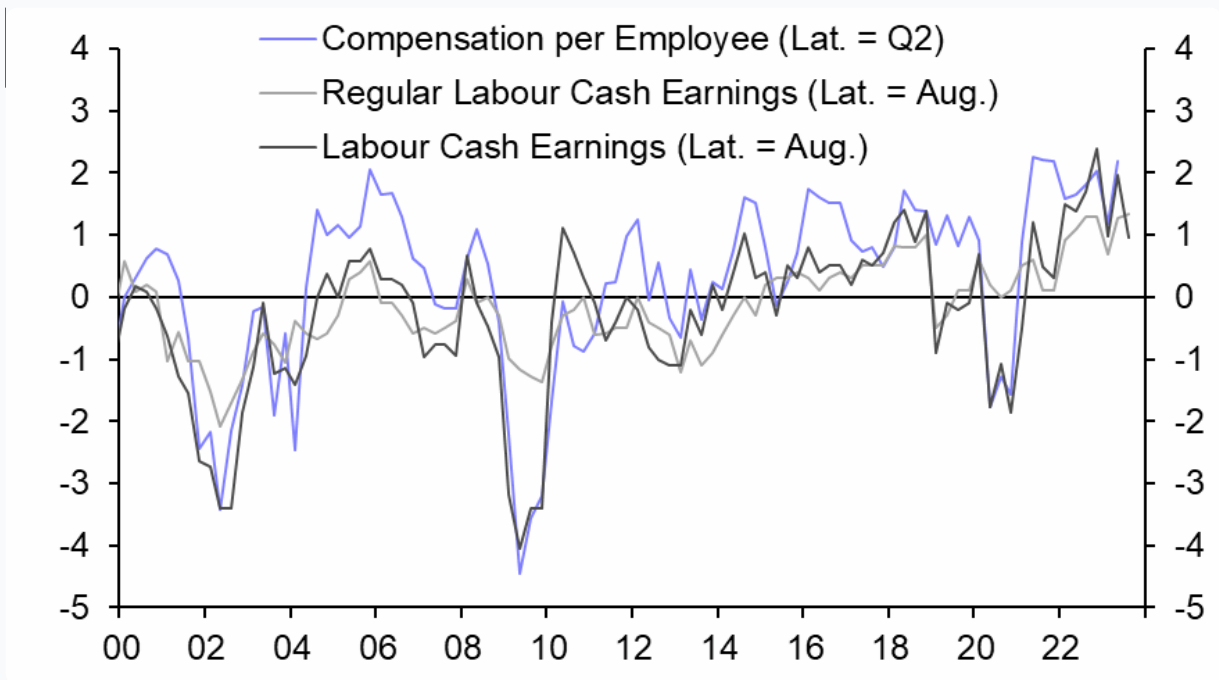


GLOBAL MARKETS UPDATE

BoJ normalisation points to higher JGB yields & stronger yen

We think the Bank of Japan's continued steps towards policy normalisation are consistent with somewhat higher JGB yields and a significant rebound in the yen over the coming quarters. In view of the...

2nd November 2023 · 4 mins read



JAPAN ECONOMICS FOCUS

Faster wage growth should give BoJ confidence to tighten

With wage growth set to strengthen further over the coming year, we think the Bank of Japan will soon have sufficient confidence in the sustainability of higher inflation to end negative interest...

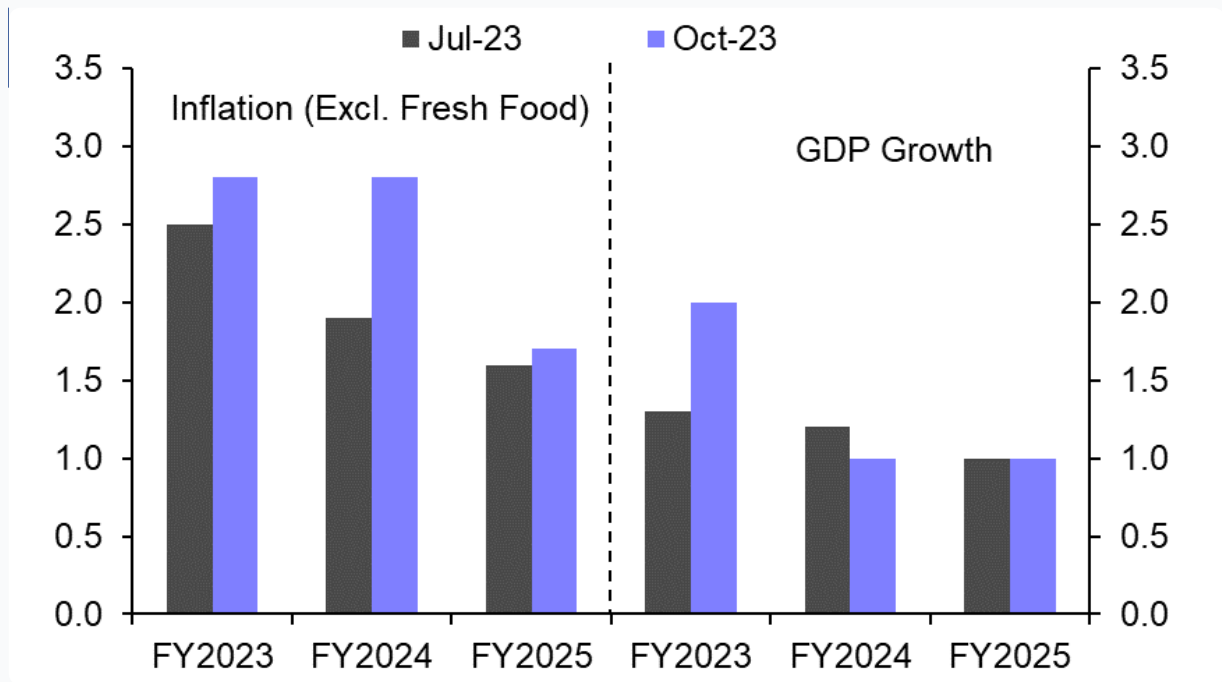
1st November 2023 · 13 mins read



DROP-IN

Drop-In on BOJ, bond yields and Asian economies

Watch this 31st Oct. briefing in which the Asia team answer questions on the BOJ's YCC announcement and the broader impact of rising bond yields on the region's economies.

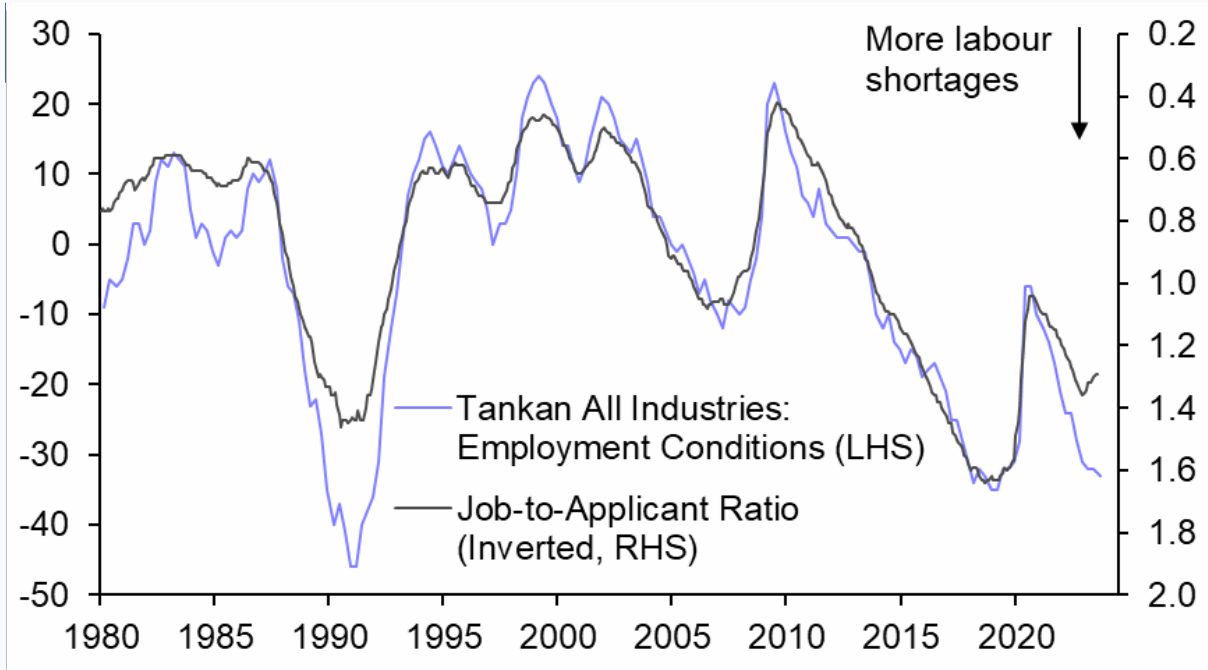


JAPAN ECONOMICS UPDATE

Bank will end negative interest rates in early-2024

The Bank of Japan today de facto abolished Yield Curve Control and we think policymakers will call time on negative interest rates as soon as January.

31st October 2023 · 4 mins read



JAPAN ECONOMICS UPDATE

Shunto will result in base pay hike well above 2%

Japan's trade unions are demanding an even larger pay hike in the upcoming spring wage negotiations and we believe that the talks will result in a base pay hike of around 2.5%. While the Bank of Japan...

20th October 2023 · 4 mins read



JAPAN ECONOMICS UPDATE

How a surge in bond yields could yet wreak havoc

We expect any rise in bond yields to be gradual and don't believe it will create major economic or market dislocation. But there are risks that the Bank of Japan loses control over longer-term yields...

5th October 2023 · 6 mins read

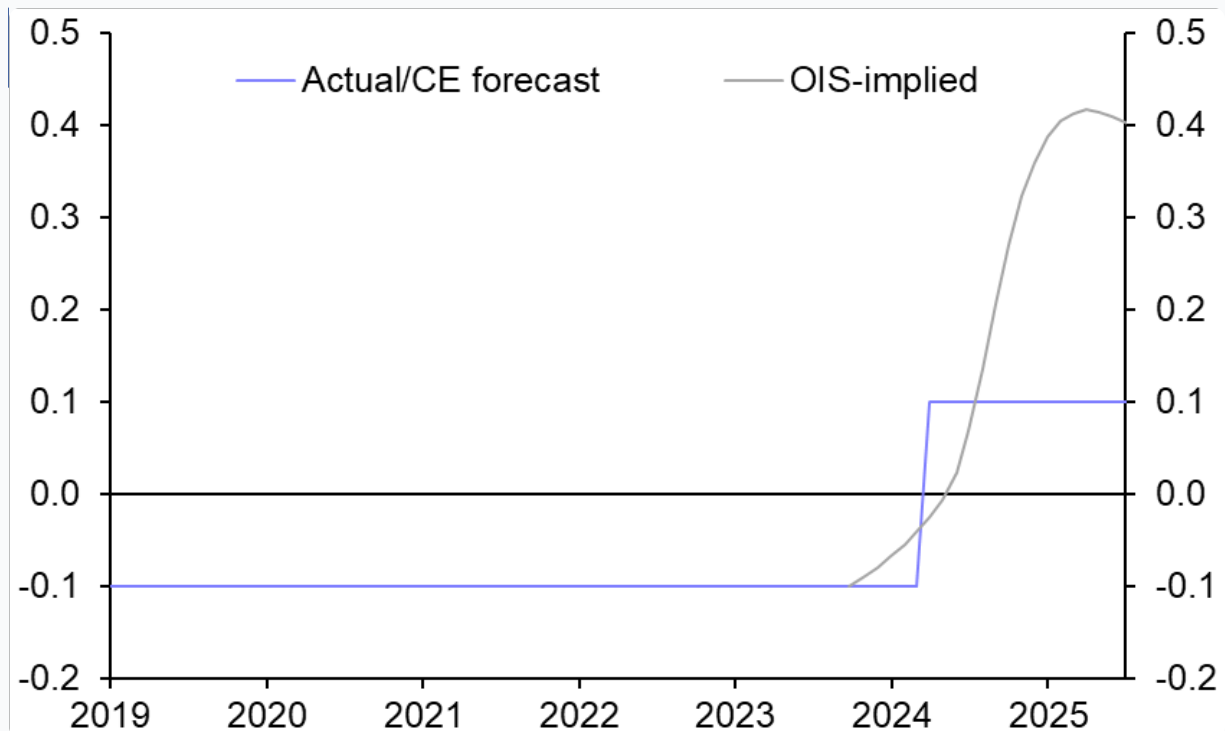


JAPAN ECONOMICS UPDATE

The impact of tighter policy on financial stability

By putting upward pressure on JGB yields and the yen, tighter monetary policy could lead to falls in the value of bonds and overseas assets held by Japanese investors. Insurance companies and pension...

3rd October 2023 · 4 mins read



ASSET ALLOCATION UPDATE

What rate hikes in Japan could mean for global markets

We now expect the Bank of Japan to hike its policy rate – for the first time in sixteen years – next January. While we think global markets are generally braced for such an event, there’s a clear risk...

22nd September 2023 · 5 mins read



JAPAN ECONOMICS UPDATE

End of Yield Curve Control won't spell fiscal disaster

The abandonment of Yield Curve Control would probably prompt the Bank of Japan to reduce its bloated holdings of government bonds, which could push up long-term bond yields. However, there are good...

25th September 2023 · 4 mins read



JAPAN ECONOMICS FOCUS

What would tighter monetary policy mean for Japan?

We don't expect the Bank of Japan to tighten monetary policy meaningfully but, with inflation about to breach 2%, what if we are wrong? The direct impact of higher interest rates on the corporate...

18th May 2022 · 15 mins read

