BOJ Governor Kuroda's Press Conference June 15, 2018

G: BOJ Governor Kuroda
Q: Reporters

(0:21)

Q: Thank you. I am Kawamura from Jiji Press, the managing news company. I would like to ask three questions. First, would you please tell us once again what was decided at today's policy board meeting.

G: At the Monetary Policy Meeting held today, we decided to maintain the existing policy for monetary market adjustments under the long- and short-term rates manipulation, or so-called "Yield Curve Control," as before, by a majority vote. That is, in terms of the short-term policy interest rate, the Bank will apply a negative interest rate of minus 0.1% to the Policy-Rate Balances in current accounts held by financial institutions at the BOJ, and, at the same time, in terms of 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. In addition, with regard to asset purchases other than JGBs, we have decided unanimously to continue the current purchase policy.

With respect to the current situation in Japan's economy, we judged that the economy is expanding moderately, with a virtuous cycle from income to spending operating. To provide a little more detail. Overseas economies have continued to grow firmly on the whole. In this situation, exports have been on an increasing trend. On the domestic demand side, business fixed investment has continued on an increasing trend with corporate profits and business sentiment maintaining their improving trend. Private consumption has been increasing moderately, albeit with fluctuations, against the background of steady improvement in the employment and income situation. Housing investment has been weakening somewhat. Meanwhile, public investment has been more or less flat, remaining at a relatively high level. Reflecting these increases in demand both at home and abroad, industrial production has been on an increasing trend, and labor market conditions have continued to tighten steadily. In addition, financial conditions are highly accommodative.

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With regard to the outlook, Japan's economy is likely to continue its moderate expansion. Domestic demand is likely to follow an uptrend, with a virtuous cycle from income to spending being maintained in both the corporate and household sectors, mainly against the background of highly accommodative financial conditions and the underpinnings through government spending. Exports are expected to continue their moderate increasing trend on the back of the firm growth in overseas economies. On the price front, the year-on-year rate of change in the consumer price index (CPI, all items less fresh food) is in the range of 0.5 – 1.0 percent. Inflation expectations have been more or less unchanged. With regard to the outlook, the year-on-year rate of change in the CPI is likely to continue on an upward trend and increase toward 2%, mainly on the back of an improvement in the output gap and a rise in the medium- to long-term inflation expectations.

Risks to the outlook include the following: the US economic policies and their impact on global financial markets; developments in emerging and commodity-exporting economies; negotiations on the UK's exit from the EU and their effects; and geopolitical risks.
The BOJ will continue with "Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control", aiming to achieve the price stability target of 2%, as long as it is necessary for maintaining the target in a stable manner. In addition, it will continue expanding the monetary base until the year-on-year rate of increase in the observed CPI (all items less fresh food) exceeds 2% and stays above the target in a stable manner. The BOJ will make policy adjustments as appropriate, taking account of developments in economic activity and prices as well as financial conditions, with a view to maintaining the momentum toward achieving the price stability target.

(4:20)

Q: So, now I would like to ask my second question. My question relates to price trends. Looking at the recent CPI figures, it suggests there is not much energy in the upward trend for prices and they are under pressure. In relation to the current price recognition and the momentum for a rise in prices, is the momentum being maintained? Would you also tell us when you think the 2% that is being targeted will be achieved?

(4:49)

G: As you have rightly point out, if you look at the recent trend in Japan's prices, the growth rates for both the CPI, all items less fresh food and the CPI, all items less fresh food and energy are contracting somewhat on year-on-year basis. This can be attributed to the strong yen up to the beginning of spring that put downward pressure on the price of durable goods and other items and the decline in hotel charges that fluctuate wildly. There are also signs that companies particularly in the service sector are starting to transfer the increase in wages on to sales prices. There has also been a definite widening of the year-on-year increase in the cost of meals outside the home and other items. In this way, given the improvement in the macro output gap companies have become more proactive towards price setting and we believe that the momentum toward achieving the 2% price stability target is being maintained.

Furthermore, in terms of the price outlook, we will once again at the next Policy Board meeting when we prepare the July Outlook Report after ample discussion based on the thoughts of the Policy Board members.

(6:02)

Q: This is my last question. It is about the side effects that I will ask. Looking at the financial results for regional financial institutions with fiscal year ending March 2018 that were released last month, the financial results appear to be quite serious with some institutions even in the red. Would you please provide your thoughts, your current recognition, on the impact of the current easing policy on regional financial institutions and include whether this might have a negative impact on the entire financial system in future.

(6:37)

G: Under the “Quantitative and Qualitative Monetary Easing with Yield Curve Control” Japan’s long-term interest rates have certainly remained stable and lending interest rates are at extremely low levels. I acknowledge that this could lead to lower profits for financial institutions through a reduction in interest rate margins. In addition, this profit trend is also something that needs to be monitored since it could have an accumulative impact on the strength of management at financial institutions. If low interest rates persist for a long time, there is risk that financial intermediation could stagnate and we are also aware of the risk that there could be of instability in the financial system that needs to be monitored. First, it is important to realize that Japan’s financial institutions including regional financial institutions have ample capital base and plenty of liquidity. In addition, various surveys such as the Tankan also indicate that the lending attitude of financial institutions towards companies is comparatively, sorry I meant to say, is continuing to be positive. Considering this, there is currently no major issue concerning financial intermediation that would come from deterioration in profit and we believe the financial system remains stable. At any rate we will continue to monitor these matters closely.

(8:02)

Q: That is all from the managing company. Other companies may now ask questions.

(8:10)

Q:（Ohe, from TV Tokyo） There seems to be mounting concerns about the adverse side effect of the prolonged massive monetary easing. Although the objective is to achieve the 2% price stability target as soon as possible, it seems it will take further time before it is achieved. Do you think it’s time to start discussing the need to make the monetary policy more sustainable? That is my first question.

G: As I said earlier, we understand that long-term interest rates are stable at low levels and that interest rate margins are shrinking, and that this situation may lead to reduced profitability of financial institutions. So, I think it is necessary to seriously consider the risk that will arise from the prolonged low-interest-rate environment. However, as I said earlier, with the ample capital base and abundant liquidity, I don’t think that there are problems with financial institutions including regional banks in Japan. Looking at the most recent, Fiscal 2017 results, not only major banks but also regional or local banks secured a certain level of profits. However, the profits included some contributions from profit-taking actions and reduction in credit costs. So, it is true that the contribution from normal operational income has been decreasing. Yet, the reality is that banks have ample capital and liquidity. In addition, the results were of a certain level. I don’t think there is any urgent need to consider monetary policy change. However, if prolonged, the effects of the monetary policy could be cumulative. On the one hand, we have been monitoring the financial system in considerable depth in the form of our bi-annual Financial System Report. I think we should continue this. Also, we are going to discuss the effects of monetary policy on financial institutions in detail and in depth. In any case, the current framework of the QQE with Yield Curve Control is sustainable. I don’t think there is any urgent problem. However, as I said earlier, I’d like to pay close attention to the effect on the long-term revenues of financial institutions including regional banks.

Q: My other question. Do you plan to review why prices won’t go up by doing something again like the Comprehensive Assessment, which was undertaken two years ago?

G: Regarding this, to be sure, as I said earlier, it is true that the pace of increase in consumer prices has recently been lower than the previous year. However, given the improved macro output gap, increased labor costs have been passed on to the price of goods in some cases, especially in the service sector. As I said earlier, I believe the momentum toward achieving the 2% price stability target has been maintained. Also, under the mechanism of the Yield Curve Control, the increase in the expected price will lower real interest rates, and amplify the effect of monetary easing. This is the embedded mechanism. As I said earlier, I think it is appropriate to continue the current powerful monetary easing persistently to maintain the present positive momentum. In addition, while the real economy is making smooth progress, the prices aren't going up at a commensurate pace. We have been discussing these things at the Policy Board Meetings and our staff have been conducting various analysis. I think we need to have deeper discussions in the future, ahead of the release of the Outlook Report in July. However, I don't think there is need to repeat the comprehensive assessment.

(14:38)

Q: (Tanabe, from Sankei Newspaper) The US and Europe are taking action to normalize from monetary easing. I think the difference in orientations in monetary policy has become conspicuous, with Japan still continuing monetary easing. Some people say that Japan has been left behind. What do you think?

G: Regarding this, I think each country should conduct monetary policy appropriately in accordance with the price and economic situation specific to each country. I think in the cases of Europe and the US, they are doing what is appropriate for them. In the case of Japan, against the backdrop of sustained economic growth, labor supply-demand has tightened, and the macro output gap has tightened too. However, the rate of price increase has not moved up as smoothly. In this situation, I think it is appropriate for Japan to continue the current powerful monetary easing in a persistent manner. Some may say that the orientations are different, but I think that is because they reflect the situation in prices and the economy.

(16 :17)

Q: (Saito, from Asahi Newspaper) Regarding the gap or difference in monetary policy with the US and Europe, we are all doing similar quantitative easing. Why is Japan the only country where prices have not risen? Japan appears to be a special case. In addition to the mechanisms that the BOJ has been explaining to us, is anything happening that is beyond expectations? This is my first question. The second question is: the BOJ is the only one without enough margin left for the next inevitable economic downturn. Is the BOJ appropriately prepared?

G: First, to look at the factors common to Japan and the US and Europe, while the real economy has been recovering and expanding, prices and wages have not gone up proportionately. This is the similarity among us all. In the US, wages and prices have been rising rather smoothly. In that sense, I think the FOMC has taken actions to normalize monetary policy in accordance with the reality of the economy and prices. Europe has been progressing a little behind the US, and therefore, they want to normalize a little later than the US. In addition to the common factors that make it difficult for prices and wages to go up, there are unique or special factors for Japan. As you might know, as a result of

15 years of low growth or deflation from 1998 to 2013, a kind of deflation mindset remains as a legacy in the corporate and household sectors. For one thing, the expected price increase….short-term price expectations fluctuate easily, directly linked to the actual price increase. However, the mid-to-long-term price expectations won't go up. A kind of deflation mindset remaining. This is arguably a factor that is not found in the US and Europe. Then, regarding the discussion about the price and wage reaction to the improvement in the output gap, the so-called Philips curve theory, as you know, it is said that the Philips curve has flattened in the West. In Japan, the output gap is shrinking or appears to be in positive territory. However, the increase in prices and wages is disproportionately slow. I think there are many other factors. For one thing, as is often heard, especially in the non-manufacturing sector, where labor productivity is low compared with the West, investment in labor-saving and IT has improved productivity to a considerable degree. This leads to a phenomenon that a certain level of increase in wages in the service sector does not lead to price increases. I think this element can be found more or less in Western economies. However, in Japan, the productivity increased sharply to a high level from a low level in the non-manufacturing sector. This is favorable for the longer term, although it is one factor behind the phenomenon that the prices don't go up despite a certain level of wage hikes. I don't say there is not such a thing in the West, but this is conspicuous in Japan. We will continue to conduct analysis into the relation between prices and the real economy.

(21:10)

Q: (Atsumi, Tokyo Shimbun) I would like to ask Honebuto no Houshin to be approved by the cabinet today. There are several evaluations even on a draft, such as postponement of fiscal consolidation target and loose spending cuts. In a joint statement, it is written as it is important to establish sustainable fiscal structure. I would like to first ask if this plan is suitable to context of joint statement.

G: As you pointed out, the joint statement actually stated so. The other day, we reconfirmed to firmly keep the context of the joint statement with the government. Off course, the BOJ will continue to maintain bold fiscal easing to achieve 2% price stability target. On the other hand, government has committed to fiscal and growth strategy as was stated in the joint statement and I expect government will act in line with the joint statement. As for fiscal operation, government and diet should be in charge and the BOJ should not say anything at all, I believe. However, as Japanese outstanding debt is extremely high, I believe it is important for government to secure market confidence for medium- to long-term fiscal consolidation. Therefore, the BOJ hopes that government stably pushes policies toward establishing sustainable fiscal structure.

Q: Another question. Many learned individuals say context of Honebuto no Houshin is very loose. Many people are pointing out monetary financing, i.e. the BOJ's underwriting of government bonds, is a reason behind. You have always been saying that the BOJ is not aiming at monetary financing.

However how do you see that the BOJ operation resulted in a loose fiscal discipline?

G: On that point, as I said before, government and diet are in charge of fiscal operation, and it is just a basis of democracy. So, it is impoliteness for the BOJ to comment on their operation, isn't it? As diet and government are mainly in charge of fiscal operation as representative of people, and it is a basis of democracy, we, as a BOJ, just expect what I said earlier.

(24:55)

Q: (Echizenya, from the Yomiuri Shimbun) I have two questions. In 2015, three years ago, you showed determination in price increases referring to Peter Pan who could not fly once he stopped believing he could fly. I'm wondering if you are still confident in price increases. And, not only you, but as Mr. Kataoka says in today's statement that possibility of price rising toward 2% price stability target is very low at this moment. I'm wondering if some members are still confident in price increase momentum, or if some members might lose confidence in the price momentum. Please comment on your ideas.

G: On that point, it is simply stated in the release. Most members believe that the momentum toward the 2% price stability target is maintained and I also believe so. Therefore, the BOJ has conducted and will certainly conduct its utmost efforts toward realization of the 2% price stability target.

Q: My second question. This week, both the Fed and the ECB took steps toward the normalization of monetary policy. Under such circumstance, although I believe you would say that you do not envisage such circumstances, I would be pleased if you would explain the BOJ's thinking about the exit strategy in more detail. For example, even though you do not think it is yet time for the exit, will you communicate with market prior to the exit?

G: On this point, it is not that we are not mentioning the exit strategy at all, but we have been saying there are two issues for the exit. They are about the operations of the short-term policy rate and the handling of the expanded balance sheet. Those are issues or points of discussion. Looking at the Fed's monetary policy normalization, or future normalization by ECB, I believe it is true that those two issues will be specific challenges, which will also be challenges for us in normalization. However, specific means such as the methods, process and timing should be based on economic activity and prices as well as financial conditions and be conducted on such conditions at that time. So, at this moment, as is stated in the release, the increase in the consumer price index, all items less fresh food is high single decimal point, 0.7% specifically, and far from the 2% price stability target. At this juncture, it is too early to talk about specific methods or process of policy normalization or the exit, and I believe it is the time to do our utmost effort to achieve the 2% price stability target as soon as possible. Although I believe we need to appropriately communicate with the market at the right time, saying something specific when it is not the right time may confuse the market, I believe we will have appropriate communication at the right time.

Q: (Azuma of NHK) I refer to something earlier. I believe one of the points of the Basic Policies for Economic and Fiscal Management is to increase foreign workers. I believe it is a counter measure to deal with the labor shortage, so I would like to hear your opinion on how such a policy would affect the economy or wages.

G: That, of course, does not mean wages of foreign workers would be lower than Japanese workers because of the principle of equal pay for equal work. Under such circumstance, there are currently labor shortages in various industries, which on the one hand does of course have good aspects such as growing labor-saving investment. On the other, there are some voices that companies cannot invest despite demand because it is difficult to secure workers. In particular, in several industries, it seems labor shortages constrain supplies. Focusing on such industries, I believe it is very natural to bring in mainly foreign skilled workers and it will be a factor to accelerate economic growth. Basically, I believe it as a favorable movement. Note, however, as the government says to establish appropriate system so that any problems would not arise, basically I believe it would be positive for the economy as well as other various conditions needed to make the system work.

Q: (Naoi, from Nikkei CNBC) I have two questions. The first is about evaluation and risks of US monetary policy normalization. The Fed raised its policy interest rate this week and it is expected to raise rates three more times or rather four more times by the year end. I believe the Fed is steadily normalizing monetary policy. One is its evaluation, and on the other hand aren't there any risks? Popular remarks refer to the prospect of an inverted yield curve on the horizon that might have an impact on the economy. Or that US interest rate normalization might affect money flows to emerging markets. Emerging markets were fairly disrupted around 2015 and even now some emerging markets such as Turkey and Argentina are unstable. But things seem more stable than they were three years ago. I would like to hear your view as my first question.

G: I would like to refrain from specific comment on the Fed monetary operation. At any rate, I believe the Fed is conducting appropriate monetary policy in light of the US economy and price developments. Having said that, on your point of there being two risks. In terms of the first one of an inverted yield curve, historically, it has happened. In other words, prices increased rapidly and the Fed raised short-term interest rate rapidly, resulting in inverted yield curve. It was not an inverted yield curve, but a rapid monetary tightening due to inflation that caused recession. I believe an inverted yield curve does not always lead to recession. At this juncture, as I said earlier, the Fed is conducting monetary policy normalization in line with US economy and price developments, so I do not believe there are worries such as you pointed out.

As for the second point, at this moment, it is true that Turkey and Argentina, particularly the latter, suffered significant currency weakness, the central bank raised interest rates to double digits, significantly high double digits and Argentina eventually asked the IMF for emergency credit. According to the press, the IMF will offer $50 billion of emergency credit. That has significant impacts. This, as you know, happened because Argentina, and more or less so Turkey, carries significant current account deficits, large fiscal deficits and high inflation rate. I do not believe it (higher interest rates in the US) is having an impact on emerging markets as a whole. However, of course, as a lot of money has flowed into emerging markets, a large and wide reversal of such money flows due to higher interest rates and/or US dollar might have an impact on a wide range of emerging markets, which I believe is a potential risk. However, so far, the situation is not like that and as for emerging markets in Asia, in particular, most countries have current account balances that are in surplus and even those with deficits, have small ones. In addition, these countries have ample foreign currency reserves. Fiscal conditions in Asian countries are relatively sound. In this context, I believe Asian emerging markets are currently not affected. In any case, as it is one risk I believe we need to watch carefully.

Q: I have another question. It is about ETF purchases as a part of monetary policy. In response to previous questions, you have said that purchase amount is not big enough compared with total market capitalization to distort market. It is true that the amount is not big in comparison with the more than 600 trillion yen of entire market capitalization, but in comparison with ETF market capitalization of slightly more than 30 trillion yen, your holding is estimated as roughly 25 trillion yen. I believe there are many who would say such amount is slightly excessive. In addition, you have said that ETF and J-REIT purchases have an effect on credit risks as a part of monetary policy. Looking at P/E of the Japanese market during your period of purchases, it has not risen significantly but it has been declining recently. How do you tell if there has been any effect in view of working on credit risks?

G: Firstly, for the first part, I believe it is appropriate to view ETF purchases by the BOJ in proportion to the entire stock market. The reason is that if there is ETF demand, market creates ETFs freely, so that I believe the current holding ratio of ETFs by the BOJ compared to existing ETFs does not have much meaning. As you pointed out, we purchase ETFs and J-REITs in view of positive impacts on the economy and price through ETFs and J-REITs, particularly in the case of ETFs that have an impact on the risk premium of the stock market. As far as we see, working through ETF channels on the risk premium has had certain effects, and played certain roles. Although there are several measures for risk premiums, looking at the impacts and effects of ETF purchases and the increase in amount so far, I believe it has played a large role. In any case, I believe future operations will be appropriately decided based on the economic activity and prices as well as financial conditions at such times.

(40:25)

Q: (Ito from Reuters) You mentioned productivity as a factor for the slow inflation in Japan. Despite tight output, price rises are still slow. I think the scope for productivity to rise is possibly wider than expected or, in the first place, the output is not as tight as people claim. What do you think about this? My second question relates to this: productivity improvements will reach their limits sooner or later, but the BOJ probably expects that the potential growth rate will rise along with the improvement in productivity, raising expectation of price rises and boost the upward pressure on prices. How long does will it take for the improvement in productivity to lead to price rises? How long do you expect?

G: As to the first question. The unemployment rate has surely fallen to as low as 2.5% and fairly low levels of unemployment rate have been evident recently, so I guess that output has tightened in the ordinary sense. In the meantime, during the past four to five years, the number of employed people in Japan has increased by around three million. While the so-called working age population has continuously decreased, the number of actual employees has increased. Not only former jobless people, but also those who had been outside the employment statistics, namely those who had not sought jobs due to wages and other factors, particularly women and elderly people, have joined the working population. The working population increased and labor supply rose. Though the unemployment rate has fallen to 2.5%, the part not included in the statistics can be said to have formed a kind of buffer or slack. There were such arguments in the US and I think there can be similar arguments in Japan. Anyway, the rate of women's employment has risen so far, surpassing that in the US, as you may know. The employment rate of elderly people was already high in Japan and it has risen further. I do not believe this slack will continue forever.　Regarding the second question, labor productivity in Japan has been lower than in the US and Europe, especially in the non-manufacturing sector or service industry. However, the growth rate of productivity in Japan has probably been largest among the G7 countries in recent years. In that sense, although I won't say it is catching up with the US and Europe, Japan's low labor productivity is improving at a fairly fast pace and constitutes a fact that wages in the non-manufacturing sector have risen but prices are not increasing in the service industry. But this situation will not last permanently. It may be possible that Japan's productivity will sharply increase and surpass the US and Europe. But we should not expect so much. If the gap gradually contracts, the slack will be narrower. I cannot say definitively in concrete numbers of years or months, but it is certain that this slack factor will be less active, so both the labor market slack and the room for growth of labor productivity will become smaller and I believe that wage rises will be directly reflected in price rises.

(46:15)

Q:（Fujioka from Bloomberg News）The simple summary of your Peter Pan remark in 2015 is that if you believe you can do something, you can, namely, if you believe that prices will rise, they will rise. Three years later, do you still maintain that belief or do you think prices in Japan are a somewhat little more complicated? That is my first question.

G: I do not mean “Believe and you will be saved,” but I think unless you believe, prices will not rise easily.

Q: （Again Fujioka from Bloomberg）My second question. This week was a rare week when major central banks, the Fed, ECB and BOJ, all held their policy meetings one after another. While the Fed and ECB take their courses toward normalization, the BOJ suffers from weak prices. The different policy directions have become pronounced once again. On foreign exchange rates, if all other factors are kept unchanged, this policy difference should work towards a weaker yen. What do you think about that?

G: If I mention anything about FX, there should be some wrong or evil consequences, so I do not want to say a lot about the issue. As you said, however, if all other circumstances are kept constant, interest rate gaps or the level of monetary easing will expand, guiding the yen lower. It is almost a theoretical tautology. But since the other circumstances cannot be kept constant, the actual result is unpredictable and that is that.

Q: (Oto from Nihon Keizai Shimbun) You mentioned Japan’s unique factor of prices being unlikely to rise. Meanwhile, from a global perspective, it has taken a long time for prices to reach the 2% level in Europe, and in the US, although the rate is currently 2%, it took time to reach this level which was previously referred to by former Fed Chief Yellen as a “mystery.” At a conference in late May, you mentioned “lost inflation.” Is there any common factor working (to prevent prices from rising smoothly) in those countries? Please tell us if you have any theories.

G: There have been a lot of arguments about the issue in each country and also at BIS meetings. The first factor is the labor market slack that I have already mentioned. You have to watch not only ordinary factors of the employment rate, but also many other factors in the labor market or you miss the real slack. Conversely, there may be slacker available than shown by the unemployment rate. That is why wages have not risen satisfactorily and prices have not risen as indicated by the unemployment rate. That is one conceivable theory.

Another theory: International competition has genuinely intensified. Not only goods but also services are traded internationally to a certain extent. China and other emerging economies have joined the international market. So, wages and prices do not rise on a single country’s circumstances alone, and the global market situation and output gaps should be taken into account.

The third one is a recent fashion. The effect of e-commerce or the Internet, typically shown by the word “Amazon effect”, though citing the name of a specific company may not be proper. In short, the market where consumer purchases of goods and services are no longer limited by geography. Consumers can watch the price of goods and services nationwide or all over the world then make the decision to purchase. The argument goes that this situation has led to the unlikelihood of rises in goods and services. This has recently become a frequently cited argument.

So, there is the problem of the labor market slack, globalization or innovation. I believe that these theories are applicable not only to the US and Europe, but also to Japan. There are various other arguments. For example, some people argue that the downward rigidity of wages may trigger their upward rigidity. Namely, even if the economy deteriorates, companies cannot easily lower wages. This is downward rigidity. And as a result, even if the economy improves, companies do not or cannot easily raise wages. But I am not sure to what extent this argument has been proven correct.

Q: (Tanaka from Asahi Shimbun) You said that deflation continued from 1998 to 2013. Is this certification of 15-years of deflation a BOJ consensus? If deflation ended in 2013, what was the purpose of the subsequently implemented extraordinary monetary easing measures? If the easing was not for escaping from deflation, was it to artificially induce inflation? I want to ask afresh for what purpose the BOJ is implementing the extraordinary monetary easing.

G: The 15 years of inflation are certified by economic data and I do not think there is any objection to that. The government acknowledges that QQE since April 2013 has led to a non-deflationary situation and we claim so. But the government is yet to declare that the Japanese economy has escaped from deflation. Our price stability target is the 2% inflation target which was determined at the policy meeting in January 2013. I do not see any contradiction or problem about that as you pointed out.

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