

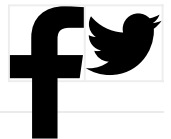
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FINANCIALS

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QUOTES-BOJ Governor Kuroda's comments at news conference

By Reuters Staff



Sept 22 (Reuters) - The Bank of Japan kept ultra-low interest rates on Thursday and vowed to hold them there to support economic growth as it swam against a global tide of monetary tightening by central banks fighting to rein in soaring inflation.

The decision came after the U.S. Federal Reserve delivered its third straight rate increase of 75 basis points on Wednesday and signalled more hikes, underscoring its resolve not to let up in its battle against inflation.

The policy divergence pushed the yen to a fresh 24-year low and past the closely watched 145 to the dollar level, highlighting the dilemma Tokyo faces in trying to support a fragile economy with ultra-low rates without accelerating an unwelcome yen decline that inflates the cost of imports.

Following are excerpts from BOJ Governor Haruhiko Kuroda's comments at his post-meeting news conference, which was conducted in Japanese, as translated by Reuters:

YEN WEAKNESS

“Various factors should be affecting currency moves but markets are focused single-mindedly on interest rate differentials. This is a one-sided move driven in part by speculative moves. Recent rapid yen falls make it difficult for firms to set business plans and heighten uncertainty. As such, they are negative for Japan’s economy. We will coordinate closely with the government, and closely watch the impact market moves have on the economy and prices.”

RECENT INFLATION

“Inflation is expected to accelerate this year, as rising commodity prices and the weak yen push up import costs. But we expect such factors to dissipate early next year and lead to a slowdown in inflation ... We expect consumer inflation to slow below 2% next year.”

JAPAN ECONOMY

“Japan’s economy is still in the midst of recovering from the pandemic’s pain ... Rising commodity prices, driven by the Ukraine crisis, are worsening Japan’s terms of trade and weighing on the economy. It’s important to support the economy and ensure we achieve our inflation target in a stable, sustained manner accompanied by wage growth. For this, we need to maintain our easy monetary policy.”

MONETARY POLICY STANCE

“There’s absolutely no change to our stance of maintaining easy monetary policy for the time being. We won’t be raising interest rates for the time being.”

FORWARD GUIDANCE

“There may eventually come a time where we need to change our forward guidance. But the focus for the time being is to support the economy’s recovery and achieve 2% inflation accompanied by wage hikes ... For the time being, I don’t see the need to change our forward guidance.”

When asked whether interest rates, forward guidance won't change for quite a long time "Yes, that's right ... Consumer inflation likely will be higher than we projected in July for the current fiscal year. But the basic mechanism hasn't changed. It's certain inflation will slow below 2% next fiscal year ... You can expect no change to our forward guidance for say, two to three years." "There could be minor fine-tuning to the forward guidance depending on economic and price developments. But tweaking forward guidance is something that should be considered only when there's a change in economic and price conditions that warrant shifting monetary policy." Reporting by Leika Kihara; editing by Rashmi Aich

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