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Central Bank Outlook

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BOJ: Is an Easing Coming?

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BOJ on hold for now. It was no surprise that the BOJ Board once again voted unanimously to continue the target for the overnight call loan rate at zero to 0.1%, with little change in its thinking regarding the economy.

It still suggested that there are some signs of a pick-up, albeit with activity more or less remaining flat, also pointing to a further easing in financial conditions.

Lending details released, as promised. The Board did follow up on its decision made last month and released the details of new loans it will offer banks in US dollars for promoting investments and loans denominated in foreign currencies that should contribute to Japan's economic growth.

A (token) easing coming soon? Following the meeting, Governor Shirakawa underlined that that there were no preconceptions regarding future policy. However, preparation of the semiannual *Outlook* report is currently underway, for release at an April 27 Policy Board meeting, and the process could, if the political heat does not ease, provide cover for a token policy step then.