

The Rise and Fall of QQE

Development of the BOJ Policy

Quantitative and Qualitative Monetary Easing (QQE, 2013–2014)

- Initiated under Governor Haruhiko Kuroda in 2013, QQE shifted the BOJ's policy target from the uncollateralized overnight call rate to the monetary base, increasing it through government bond purchases.
- This led to significant yen depreciation and stock market gains by spring 2014.
- However, a consumption tax hike from 5% to 8% in April 2014, followed by the 2015 “China Shock,” caused a consumption slump and global recession fears, prompting the Abe administration to postpone further tax hikes (to 10%) from 2015 to 2019.

Failure to Achieve 2% Inflation Target:

- The 2% inflation target, expected to be met early, was not achieved, sparking debates about QQE's effectiveness.
- Reflationists, including former BOJ Deputy Governor Kikuo Iwata, attributed this to the 2014 tax hike, arguing it disrupted inflation progress.
- Claming fiscal policy is unfair, given reflationists' emphasis on monetary easing over fiscal measures.

Negative Interest Rates and Yield Curve Control (2016)

- In response to ongoing stagnation, the BOJ introduced QQE with **negative interest rates and yield curve control (YCC)** in 2016, targeting 10-year government bond yields at around 0%.
- A BOJ report estimated that these policies lowered yields by about 1%. Yields fell to -0.28% in 2019 but rose to 1% by spring 2024, driven by yen depreciation-induced inflation, which hit 4% in early 2023.

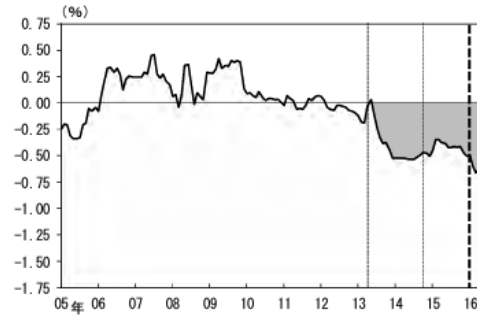
The Effects of QQE: Lower Interest Rates (shaded area) and The Weak Yen (since 2013)

〇マイナス金利と国債買入れによる金利引き下げ効果

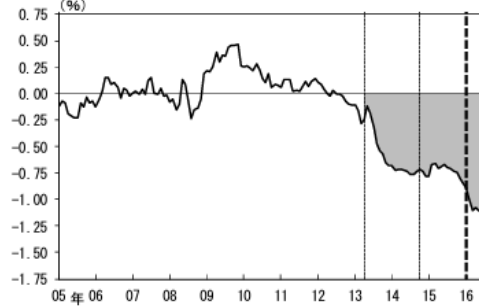
(1) 2年債



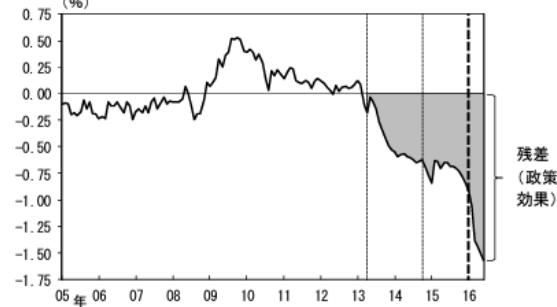
(2) 5年債



(3) 10年債



(4) 20年債



(注) 日本国債の利回り(2年、5年、10年、20年)を、「米国債金利(10年物)」、「消費者物価指数(除く生鮮食品)の前年比」、「有効求人倍率(需給ギャップの代理変数)」の3つの説明変数で回帰した際の推計残差。

ホーム > USD / JPY ・ 通貨

アメリカ合衆国ドル から 円

144.9254 ↑27.69% +31.4254 最大

6月6日, 14:59:04 UTC · 免責条項

1日 5日 1か月 6か月 年初来 1年 5年 最大



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Policy Shift in 2024:

- The BOJ ended negative interest rates and YCC in March 2024, but delayed tightening due to its focus on wage growth as a prerequisite for sustained inflation, waiting for 2024 spring wage negotiations (shunto).
- Governor Kazuo Ueda's "time-horizon policy" and political constraints following Kuroda's tenure contributed to this delay.
- The **time-horizon policy** refers to a monetary policy in which, due to the non-negative constraint on nominal interest rates, if there was a period in the past when interest rates could not be sufficiently lowered, low interest rates are maintained for an equivalent duration even after inflation rises.

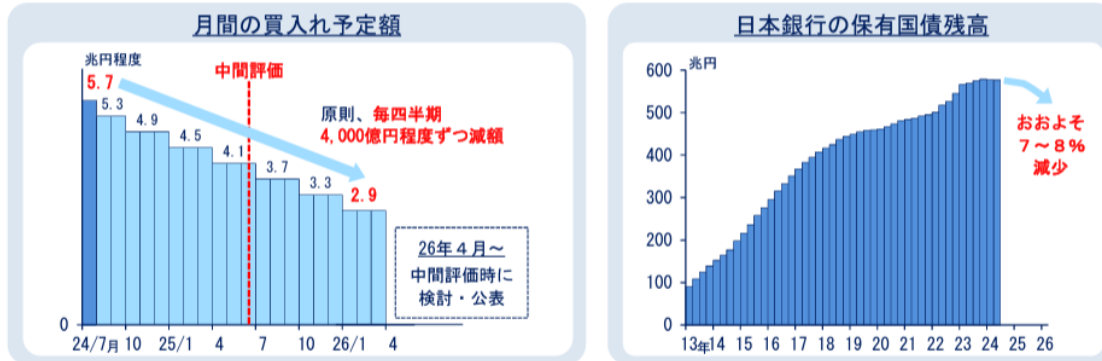
Policy Adjustments and Market Dynamics (July–October 2024):

2024年7月金融政策決定会合での決定内容②：長期国債買入れの減額計画

2026年3月までの減額計画の考え方

- ①長期金利：金融市場において形成されることが基本
- ②国債買入れ：国債市場の安定に配慮するための柔軟性を確保しつつ、予見可能な形で減額が適切

<予見可能な形で減額>



<柔軟性の確保>

- ①来年6月の金融政策決定会合で中間評価を実施
- ②長期金利が急激に上昇する場合には、機動的に、買入れ額の増額等を実施
- ③必要な場合には、金融政策決定会合において、減額計画を見直す

- In July, the BOJ raised the policy rate to 0.25% and outlined a plan to reduce bond purchases by 400 billion yen monthly, aiming for a 7–8% reduction in bond holdings by March 2026.
- Compared to Western central banks, this pace is slow, maintaining an accommodative stance.

日本銀行「2024年金融政策決定会合での決定内容」、
https://www.boj.or.jp/mopo/mpmdeci/mpr_2024/k240731b.pdf

Market Reactions to BOJ Statements:

- In April 2024, Ueda's remark that exchange rates had minimal impact on inflation ("Yes" statement) was interpreted as tolerating yen depreciation, leading to a USD/JPY surge from 155 to 158. Despite Ministry of Finance interventions, the rate climbed to 161 by July.
- Ueda's hawkish July 31, 2024, comments, suggesting flexible rate hikes without a 0.5% ceiling, triggered market turmoil, culminating in a 4,000-point Nikkei 225 drop on August 5 ("Reiwa Black Monday"). The USD/JPY fell to 144.

日経平均株価

37,741.61 ↓2.44% -942.32 1年

6月6日, 15:45:03 UTC+9・INDEXNIKKEI・免責条項

1日 5日 1か月 6か月 年初来 1年 5年 最大 [× 重要なイベント](#)



アメリカ合衆国ドル から 円

144.9254 ↓6.92% -10.7716 1年

6月6日, 14:59:04 UTC・免責条項

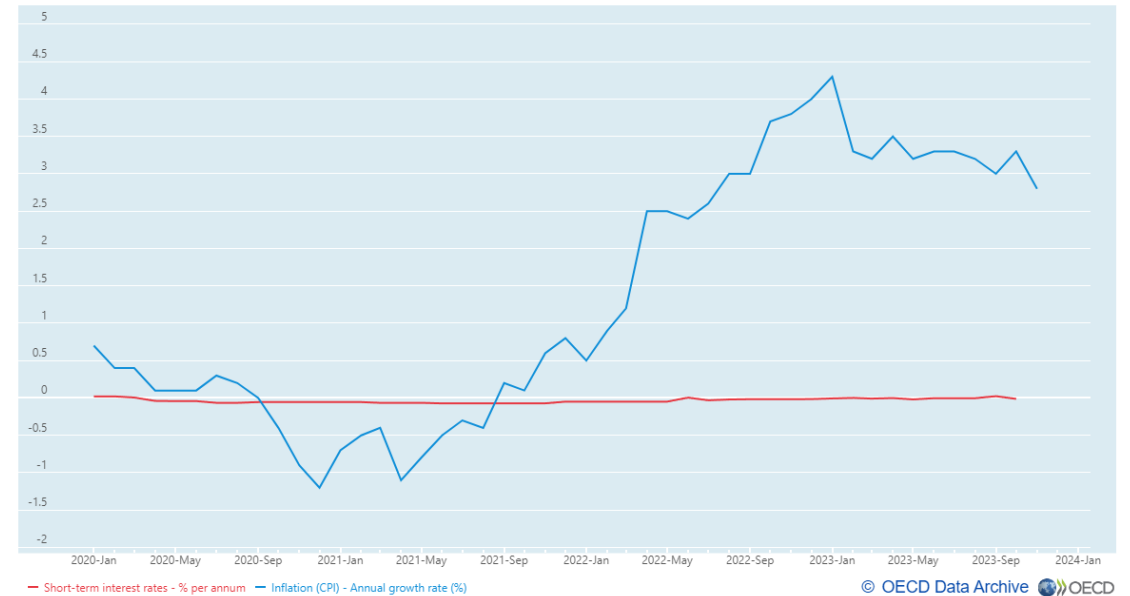
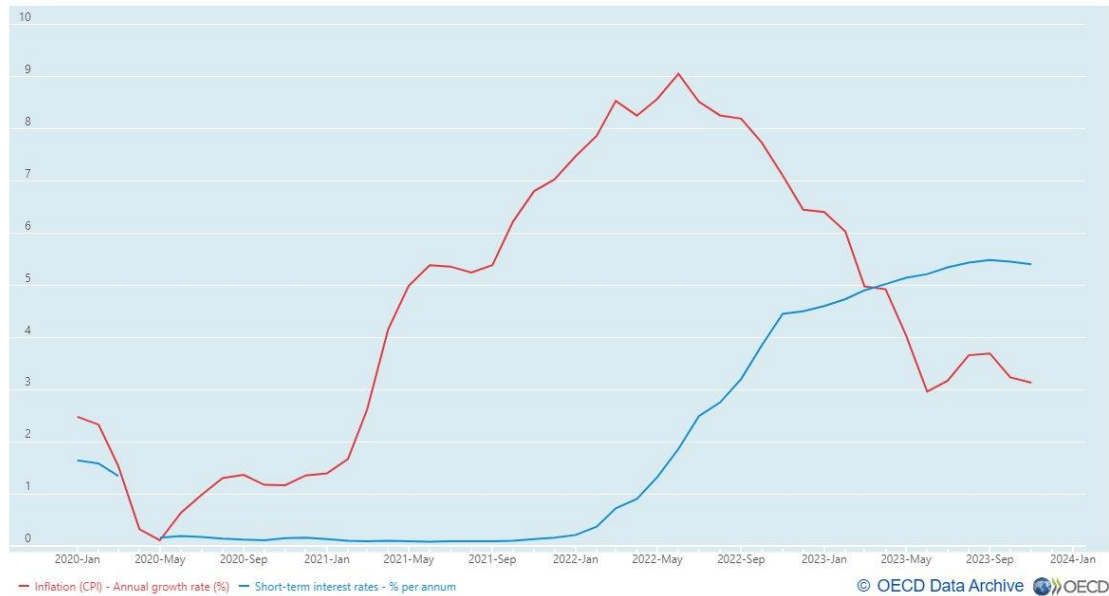
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- Deputy Governor Shinichi Uchida's August 7 reassurance that rate hikes would pause during market instability calmed sentiments, though the Nikkei had already begun recovering.

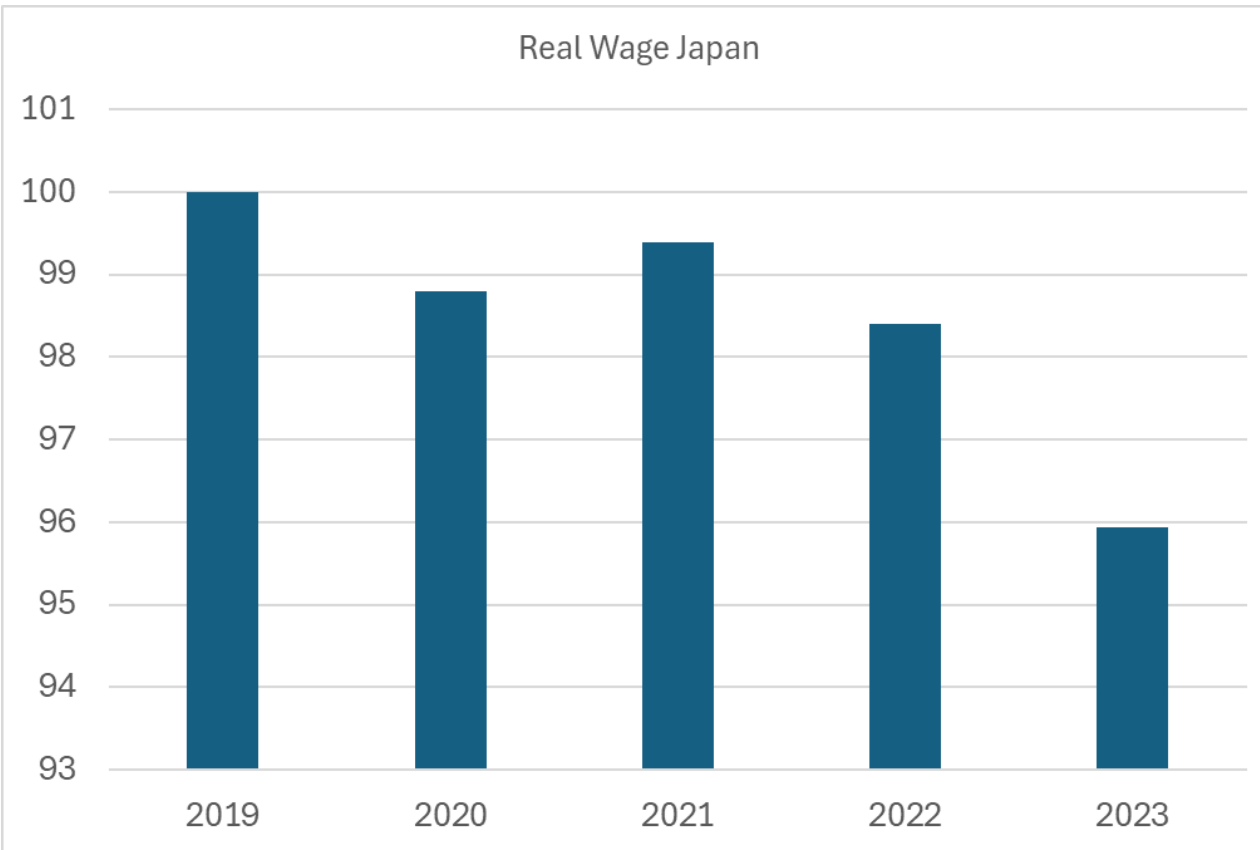
Administratio Shift 2024 from Kishida to Ishiba

- The “Ishiba Shock” followed Shigeru Ishiba’s unexpected LDP presidential victory on September 27, 2024, over Sanae Takaichi, who supported Abenomics.
- Ishiba’s hawkish stance on monetary tightening and asset taxation led to a 1,849-point Nikkei drop on September 30.
- His later softening of this stance, alongside strong U.S. employment data, stabilized the USD/JPY at 150 and the Nikkei at 38,000 by mid-October.



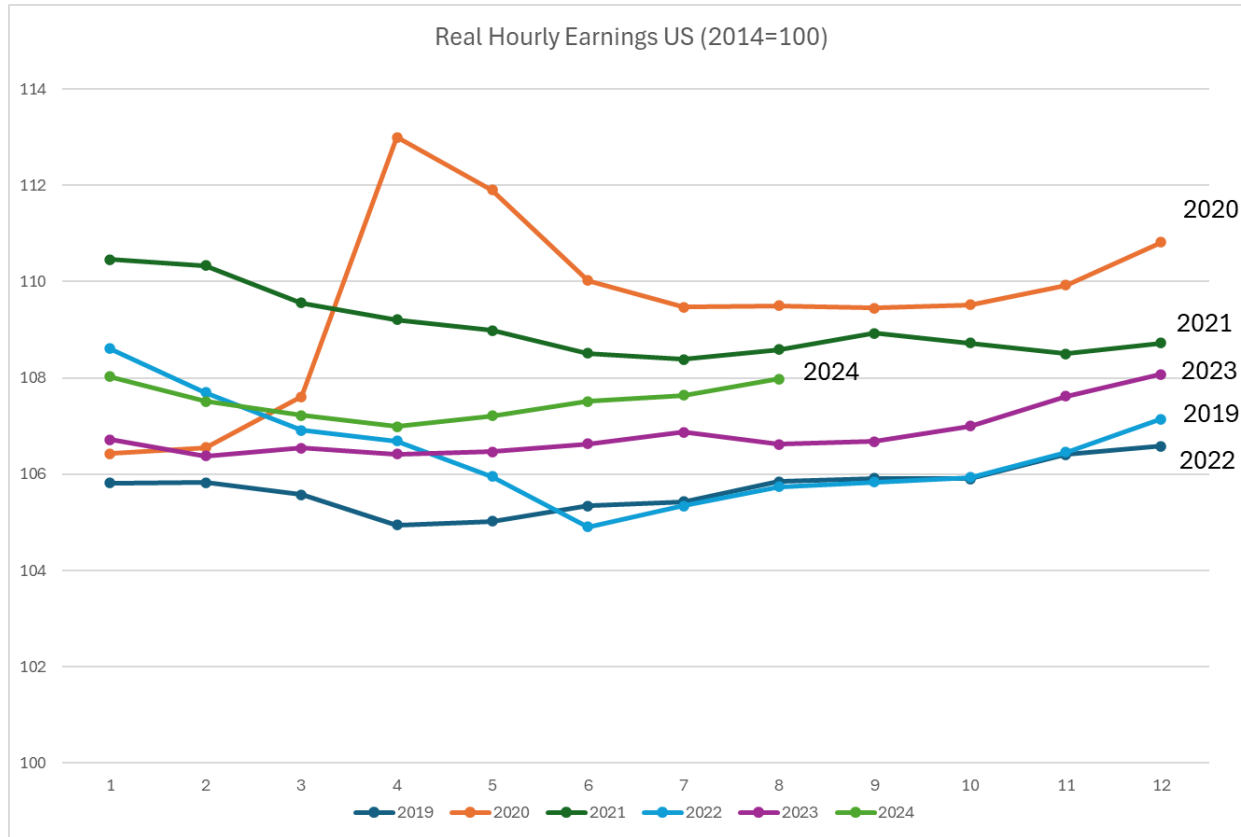
- The FRB (left) delayed rate hikes until spring 2022, when U.S. inflation hit 7%, peaking at 9% in May 2022. By 2023, its policy rate exceeded inflation by 2%.
- In contrast, the BOJ (right) maintained negative rates despite inflation reaching 3% by summer 2022, only acting in March 2024.
- This two-year delay reflected the BOJ's focus on wage growth, influenced by Japan's unique wage practices (shunto and bonuses).

Wage and Inflation Trends: Japan



- Wage growth peaked in December 2022, May 2023, and June 2024, driven by bonuses and shunto (Spring Offensive), but inflation consistently exceeded the 2% target from 2022 to 2024.
- Despite a downward trend post-spring 2023, inflation remained above target, justifying the BOJ's rate hikes. The author dismisses criticisms that raising rates during declining inflation is misguided.

Wage and Inflation Trends: United States



- In the United States, real wage levels fell below the pre-COVID (2019) level only in 2022, and since then, real wages have been higher than during the COVID period.
- Unlike Japan, there is no observed trend of real wages declining compared to the COVID period.