

October 8, 2008  
Bank of Japan

## **On the Policy Actions by Major Central Banks**

### **Joint Statement by Central Banks**

Throughout the current financial crisis, central banks have engaged in continuous close consultation and have cooperated in unprecedented joint actions such as the provision of liquidity to reduce strains in financial markets.

Inflationary pressures have started to moderate in a number of countries, partly reflecting a marked decline in energy and other commodity prices. Inflation expectations are diminishing and remain anchored to price stability. The recent intensification of the financial crisis has augmented the downside risks to growth and thus has diminished further the upside risks to price stability.

Some easing of global monetary conditions is therefore warranted. Accordingly, the Bank of Canada, the Bank of England, the European Central Bank, the Federal Reserve, Sveriges Riksbank, and the Swiss National Bank are today announcing reductions in policy interest rates. The Bank of Japan expresses its strong support of these policy actions.

### **The Bank of Japan's Statement**

The Bank of Japan welcomes the policy decisions made by six central banks and hopes that these actions will contribute to securing the stability of both the financial systems and economies of these countries.

In Japan, policy interest rates are very low and the monetary conditions remain accommodative. On top of that, the Bank has engaged itself in decisive actions of liquidity supply, ranging from the uninterrupted provision of ample yen liquidity in the market to the introduction of US dollar liquidity operations. Against this background, Japan's financial market has been stable in comparison with those in other industrialized countries.

It is of utmost importance for every central bank to maintain stability of financial markets amidst the ongoing financial turmoil. The Bank of Japan will continue to do its best to secure the stability of financial markets through money market operations while staying in close cooperation with other central banks. From this perspective, Governor of the Bank of Japan has instructed its staff to swiftly examine possible ways to further enhance the effectiveness of monetary operations, including those pertaining to BOJ reserve system.

**Information on Related Actions Being Taken by Central Banks**

Information on the actions that will be taken by central banks is available at the following websites:

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|-----------------------|---|
| Bank of Canada        | <a href="http://www.bankofcanada.ca">http://www.bankofcanada.ca</a>         |
| Bank of England       | <a href="http://www.bankofengland.co.uk">http://www.bankofengland.co.uk</a> |
| European Central Bank | <a href="http://www.ecb.int">http://www.ecb.int</a>                         |
| Federal Reserve       | <a href="http://www.federalreserve.gov">http://www.federalreserve.gov</a>   |
| Sveriges Riksbank     | <a href="http://www.riksbank.se">http://www.riksbank.se</a>                 |
| Swiss National Bank   | <a href="http://www.snb.ch">http://www.snb.ch</a>                           |