

Bank of Japan Monetary Policy Meeting (April 2026)

Policy Interest Rate Held Steady as Expected by the Market

April 30, 2026

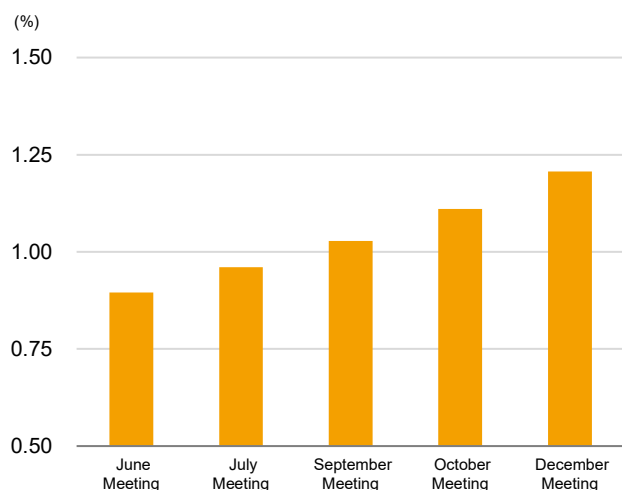
Inflation Concerns Surface as Oil Prices Rise on Middle East Tensions

The Bank of Japan (BOJ) held its Monetary Policy Meeting on April 27–28 and, as expected by the market, decided to keep the policy interest rate—the unsecured overnight call rate—at 0.75%. However, three members—Nakagawa, Takada, and Tamura—argued for a rate hike, citing high risks of upward price pressures, and the number of dissenting votes increased from the previous meeting. This suggests that concerns about inflation are growing within the BOJ.

In the central economic and price outlook of the Outlook Report released this time, against the backdrop of rising crude oil prices due to the escalating situation in the Middle East, downward revisions to the real GDP growth rate and upward revisions to the inflation rate were particularly notable, centered on fiscal year 2026. Furthermore, with the outlook period extended by one year to fiscal 2028, the timing for achieving the inflation target—which had been a focal point—was set as “from the second half of fiscal 2026 through fiscal 2027,” largely maintaining the previous outlook.

Regarding future monetary policy management, the Bank indicated a policy of proceeding with interest rate hikes in response to economic, price, and financial conditions as the underlying inflation rate approaches 2%. At a press conference, Governor Ueda acknowledged the downside risks to underlying inflation associated with an economic downturn but expressed the view that, overall, upside risks are greater. Furthermore, to ensure that monetary policy does not fall behind, he stated, “If the risks of an economic downturn or a major economic adjustment are somewhat contained, there is a possibility that we may raise interest rates.” In response to this forward-looking stance on rate hikes, the market continues to price in a roughly 70% probability of a rate hike at the next meeting in June.

Policy Interest Rate Level Implied by the Market



※As of April 28, 2026

Source: Bloomberg; Compiled by Daiwa Asset Management

GDP and Price Outlook of Bank of Japan Policy Board Members

(YoY, %)	Real GDP	Consumer Price Index	
		(less fresh food)	(less fresh food and energy)
FY2025	+1.0~+1.0 <+1.0>	+2.7	+3.0
(as of Jan)	+0.8~+0.9 <+0.9>	+2.7~+2.8 <+2.7>	+2.9~+3.1 <+3.0>
FY2026	+0.4~+0.7 <+0.5>	+2.8~+3.0 <+2.8>	+2.5~+2.7 <+2.6>
(as of Jan)	+0.8~+1.0 <+1.0>	+1.9~+2.0 <+1.9>	+2.0~+2.3 <+2.2>
FY2027	+0.6~+0.8 <+0.7>	+2.3~+2.4 <+2.3>	+2.6~+2.7 <+2.6>
(as of Jan)	+0.8~+1.0 <+0.8>	+1.9~+2.2 <+2.0>	+2.0~+2.3 <+2.1>
FY2028	+0.7~+0.8 <+0.8>	+2.0~+2.2 <+2.0>	+2.1~+2.4 <+2.2>

※ As of April 2026; the lower bracket <> indicates the median

Source: Bank of Japan; Compiled by Daiwa Asset Management

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