

Poll: BoJ more likely to hold policy after conflict

TOKYO: The Bank of Japan (BoJ) will stick with its current policy settings next week and is more likely to keep them on hold throughout the year following the Russian invasion of Ukraine, according to economists surveyed by *Bloomberg*.

All 47 polled economists expect no policy change at the end of a two-day meeting on March 18, according to the survey.

While the Federal Reserve is set to start raising US interest rates two days before the BoJ decision, 53% of respondents said the chance of the BoJ's monetary easing staying unchanged this year has strengthened since the invasion.

That's more than double the proportion who see the impact of the war increasing the likelihood of moves toward normalisation.

The survey suggests that caution will be the BoJ's initial response to the shockwaves created by the war as the central bank monitors the impact of soaring fuel costs that threaten to push up prices and strain an already fragile economy.

Half of respondents said they expect Prime Minister Fumio Kishida to unveil more stimulus before the summer to shore up the recovery, with rising utility bills and costlier household necessities fast becoming an election issue.

Oil prices rose to the highest level in more than a decade earlier this week, making it almost certain that Japan's energy prices will continue to rise much faster than household wages. Domestic fuel and power bills have already reached a four-decade high.

The BoJ sees the rapid increase in oil push-



Rising costs: Men working at a transmission tower in Kakogawa. Japan's domestic fuel and power bills have reached a four-decade high. — Reuters

ing inflation beyond its latest forecast, adding to the negative factors weighing on the economy, people familiar with the matter told *Bloomberg* earlier this month.

As Kishida looks for ways to relieve the burden of higher costs, surveyed economists said the size of fresh spending from the government is likely to be about 10 trillion yen (US\$86bil or RM360.53bil), according to the

median estimate of respondents.

That matches the amount called for by an economic adviser to former Prime Minister Shinzo Abe.

While Kishida said he has inherited the Abenomics policies of his predecessors, 84% of respondents said the current premier's view on monetary policy is different from Abe's. — Bloomberg