

Forward Guidance Elements: Near-Zero Policy Rate Environments

Country (Year FG introduced)	Central bank	Current policy rate	Policy rate when FG introduced (%)	Recent policy rate (%)	Official policy publication
Japan (1999)	Bank of Japan	Overnight call rate	0.15	0.15	<i>Monetary Policy Release</i>
<p>"Furthermore, it announced in April 1999 to continue the zero interest rate policy until deflationary concern is dispelled." —<i>Monetary Policy Release</i>, August 11, 2000</p>				0.05	
<p>"The Bank will maintain the virtually zero interest rate policy until it judges, on the basis of the understanding of the 'medium-to long-term price stability,' that price stability is in sight, on condition that no problem will be identified in examining risk factors, including the accumulation of financial imbalances."—<i>Monetary Policy Release</i>, October 5, 2010</p>				0.05	
<p>"[T]he Bank sets the 'price stability target' at 2 percent in terms of the year-on-year rate of change in the consumer price index (CPI)—a main price index."—<i>Monetary Policy Release</i>, January 22, 2013</p>				0.05	
<p>"The Bank will achieve the price stability target of 2 percent in terms of the year-on-year rate of change in the consumer price index (CPI) at the earliest possible time, with a time horizon of about two years."—<i>Monetary Policy Release</i>, April 4, 2013</p>					
Canada (2009)	Bank of Canada	Overnight money market financing rate	0.25	1.00	<i>Monetary Policy Report</i>
<p>"Conditional on the outlook for inflation, the target overnight rate can be expected to remain at its current level until the end of the second quarter of 2010 in order to achieve the inflation target."—<i>Monetary Policy Report</i>, April 2009</p>					
Euro area (2013)	European Central Bank	Bid rate	0.50	0.50	<i>Monthly Bulletin</i>
<p>"The Governing Council expects the key ECB interest rates to remain at present or lower levels for an extended period of time." —ECB President Mario Draghi, July 4, 2013</p>					
United Kingdom (2013)	Bank of England	Official Bank rate	0.50	0.50	<i>Inflation Report</i>
<p>"Bank Rate remains at 0.5% and the timing of the first increase in Bank Rate implied by market interest rates has moved out to late 2016."—<i>Inflation Report</i>, May 2013</p>				0.50	
<p>"The Committee noted that the incoming data over the past couple of months had been broadly consistent with the central outlook for output growth and inflation contained in the May Report...the implied rise in the expected future path of Bank Rate was not warranted by the recent developments in the domestic economy. The latest remit letter to the MPC from the Chancellor had requested that the Committee provide an assessment, alongside its August Inflation Report, of the case for adopting some form of forward guidance, including the possible use of intermediate thresholds."—BOE News release, July 4, 2013b</p>				0.50	
<p>"The message is that the MPC is going to maintain the exceptional monetary policy stimulus until unemployment reaches a 7% threshold, at which point we will reconsider."—Mark Carney, BOE press conference, August 2013, p. 19</p>					