

Economics

## BOJ Sends Yields Soaring With Surprise Change to Rate Limit

- Keeps negative rate, says 10-year yield band a reference point
- Bank says more flexible approach will help sustainability

...

By [Toru Fujioka](#), and [Sumio Ito](#)  
July 27, 2023 at 11:49 PM EDT  
Updated on July 28, 2023 at 4:27 AM EDT

[Listen 5:18](#)

The Bank of Japan jolted financial markets by loosening its grip on bond yields in Governor Kazuo Ueda's first surprise move since taking the helm, a step that will likely spur talk of potential policy normalization to come.

The BOJ kept its target for 10-year yields at around 0% but said its 0.5% ceiling was now a reference point, not a rigid limit as it sought to make its ultra-loose monetary policy program more flexible. The bank said it will offer to buy 10-year debt at 1% each day, suggesting an effective doubling of the movement range for yields.

...

While the BOJ left its short-term policy interest rate unchanged at -0.1% and Ueda said the moves didn't represent a step toward the end of its yield curve control program, some investors were unconvinced. Japan's benchmark bond yield surged to the highest since 2014, extending gains above the central bank's previous 0.5% cap. The yen jumped before the decision on a [Nikkei report](#) that