



The Weekly Observer

April 27-May 1

YOUR WEEKLY RECAP OF POLITICAL DEVELOPMENTS IN JAPAN!

THIS WEEK IN NUMBERS

GOJ & BOJ Intervene in Foreign Exchange Market

On Thursday, the GOJ and Bank of Japan (BOJ) carried out foreign exchange intervention by buying yen and selling dollars. The yen-dollar exchange rate, which had briefly hit the high ¥160 range earlier that day — marking the weakest level for the yen in a year and nine months — soared to the ¥155 range.

Minister of Finance Katayama Satsuki hinted at the intervention, stating, “The time is finally approaching when we must take decisive action.” Vice Minister of Finance for International Affairs Mimura Atsushi strongly cautioned against speculative market activity, calling it “the final warning.”

Private financial intermediary Totan Research estimates that the GOJ and BOJ likely spent around ¥5 trillion in its foreign exchange intervention. *Nikkei* writes that the “trump card” is limited in its effectiveness, as this round and past interventions have not prevented the exchange rate from floating around ¥160.

BOJ Maintains Policy Rate

On Tuesday, the BOJ’s monetary policy board decided to maintain the target rate for the unsecured overnight call rate — the BOJ’s key policy rate — at 0.75 percent. It predicted that rising oil prices would exert downward pressure on the economy while pushing up consumer prices.

Three of nine policy board members opposed the decision, proposing raising rates to one percent to address high risk of inflation. Nakagawa Junko, viewed as a “neutral” on monetary policy, cast an opposing vote, with reports suggesting that a rate hike may be coming at the next monetary policy meeting.

BOJ Governor Ueda Kazuo stated at the press conference after the monetary policy meeting that he would like to “wait and see a little longer” to determine how the risks of both rising prices due to high oil prices and an economic downturn will materialize.

Cabinet Approval



69% (- 3 pts.)

26% (+3 pts.)

[Nihon Keizai Shimbun](#) (April 27)

State of the Economy

BOJ Economic Outlook (April):

Real GDP in FY 2026: 0.5% (-0.5 pts.)

FY 2027: 0.7% (-0.1 pt.)

FY 2028: 0.8% (NEW)

CPI Excluding Fresh Food in FY 2026:

2.8% (+0.9)

FY 2027: 2.3% (+0.3)

FY 2028: 2% (NEW)

Labor Statistics (FY 2025):

Jobs-to-applicants: 1.20x (-0.05 pt.)

Unemployment: 2.6% (+0.1 pt.)

Jobs-to-applicants (March): 1.18x (-0.01)

Unemployment: 2.7% (+0.1)

1st increase in 2 months