

## MNI BOJ Preview – April 2026

**Meeting Date:** Monday April 27 to Tuesday April 28, 2026.

**Statement Release Time:** N/a

**Link To Statement:** [https://www.BOJ.or.jp/en/mopo/mpmsche\\_minu/index.htm/](https://www.BOJ.or.jp/en/mopo/mpmsche_minu/index.htm/)

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## MNI Point Of View: Hawkish Hold Amid Energy Price Volatility

Most major banks expect the Bank of Japan (BOJ) to keep its policy rate unchanged at 0.75% at the 27–28 April meeting, while maintaining a clear but cautious tightening bias. The dominant view is that policymakers are pausing not because the tightening cycle is over, but due to heightened uncertainty stemming from the Middle East conflict, energy price volatility, and its ambiguous impact on both growth and inflation.

A key theme across all banks is the tension between still-resilient domestic fundamentals and weakening external conditions. On the positive side, “hard data remains on track,” with Tankan surveys showing stable business sentiment, corporate earnings holding up, and spring wage negotiations delivering increases of around 5% for a third consecutive year. Several banks, including JPMorgan and Scotiabank, emphasise that wage growth and inflation expectations remain supportive of gradual normalisation, with underlying inflation seen as near or approaching 2%.

However, softer indicators have weakened. Consumer confidence, economy watcher surveys, and anecdotal evidence point to deteriorating sentiment, while higher energy prices are compressing real incomes and consumption. Natixis highlights a sharp rise in import prices, “+7.9% YoY in March from +2.7% YoY in February,” alongside a weaker yen and rising cost pressures, reinforcing concerns about growth and demand.

On policy reaction, the consensus is a “hawkish hold.” Banks broadly expect the BOJ to keep rates unchanged in April but signal that tightening remains on the table. Governor Ueda is widely expected to maintain optionality, stressing that policy responses are “very difficult” given the balance of upside inflation and downside growth risks (JPMorgan), while also reaffirming that “more tightening will be needed over time” (UniCredit). Goldman Sachs and JPMorgan both emphasise that the BOJ will likely revise forecasts—downgrading growth but upgrading inflation—while maintaining tightening intent.

Political factors are also important. Several banks highlight pushback from the Takaichi government, which has signalled that tightening amid energy shocks could hurt the economy, reinforcing short-term caution and a “wait-and-see” stance.

Market pricing has shifted sharply, with expectations for an April hike falling to around 5%, while roughly 65% probability is now assigned to a June move, with July also seen as a fallback depending on data and geopolitical developments. DBS, MUFG, and TD Securities all push expectations for the next hike to June, citing the need for clearer evidence on inflation persistence and energy shock transmission.

Looking ahead, most banks still see the tightening cycle intact. Goldman Sachs expects the next hike in July, while others—including DBS and Scotiabank—see June as the most likely timing. Beyond that, a gradual path toward 1.0% is widely expected by mid-2025, with further increases to 1.25%–1.50% over 2026–2027, assuming wage-driven inflation remains sustainable and geopolitical risks ease.

Overall, the consensus view is that April will deliver a hold with a mildly hawkish tone. The BOJ is seen as carefully balancing three forces: (1) resilient wage and inflation dynamics supporting normalisation, (2) weakening sentiment and external growth risks from energy shocks, and (3) political pressure to avoid premature tightening. The cycle is therefore not derailed, but clearly slowed and made more data-dependent, with June–July now the critical window for the next policy move.

The table below presents the BOJ meeting time outcomes. The general rule of thumb remains that the later the meeting time outcome the greater the risk of a policy shift. Still, in 2025 we had later meeting time outcomes with no policy shift in the terms of the policy rate.

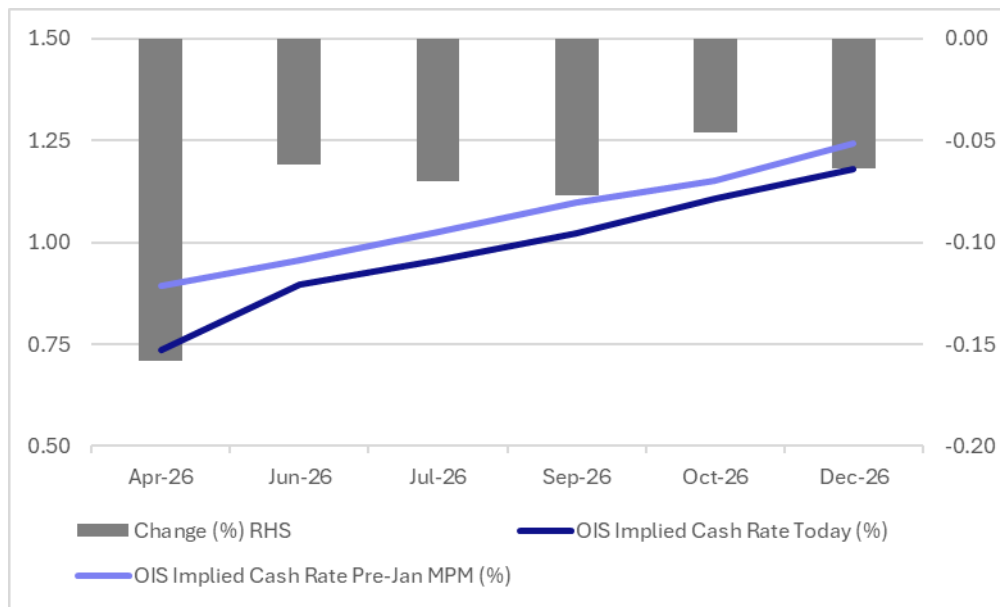
	Local Time	BST	AEST	US EST
Jan 23 (2024)	12:09PM	03:09AM	2:09PM	10:09PM
Mar 19	12:36PM	03:36AM	2:36PM	11:36PM
Apr 26	12:22PM	04:22AM	1:22PM	11:22PM
Jun 14	12:23PM	04:23AM	1:23PM	11:23PM
<b>Jul 31</b>	<b>12:56PM</b>	<b>04:56AM</b>	<b>1:56PM</b>	<b>11:56PM</b>
Sep 20	11:52AM	03:52AM	12:52PM	10:52PM
Oct 31	11:48AM	02:48AM	1:48PM	10:48PM
Dec-19	11:52AM	02:52AM	1:52PM	9:52PM
<b>Jan 24 (2025)</b>	<b>12:23PM</b>	<b>03:23AM</b>	<b>2:23PM</b>	<b>10:23PM</b>
Mar 19	11:25AM	02:25AM	1:25PM	10:25PM
May 1	12:02PM	04:02AM	1:02PM	11:02PM
Jun 17	12:31PM	04:31AM	1:31PM	11:31PM
Jul-31	11:57AM	03:57AM	12:57PM	10:57PM
Sep-19	12:47PM	04:47AM	1:47PM	11:47PM
Oct 30	12:15PM	03:15AM	2:15PM	11:15PM
<b>Dec-19</b>	<b>12:19PM</b>	<b>03:19AM</b>	<b>2:19PM</b>	<b>10:19PM</b>
Jan 23 (2026)	12:07PM	03:07AM	2:07PM	10:07PM
Mar-19	11:46AM	02:46AM	1:46PM	10:46PM

## BOJ Market Pricing: Positioned For a Wait-&-See Approach

BOJ-dated OIS pricing shows a market that is positioned for a cautious, wait-and-see approach from the BOJ at the April meeting. The market currently assigns a 5% probability of a 25bp hike.

- Although uncertainty around the timing of the BOJ next rate hike remains elevated, a move in July is still seen as the most likely outcome (91% priced). By that stage, policymakers should have sufficient data to assess the impact of higher crude oil prices on growth, wages, and inflation.
- OIS pricing also implies a 180% probability of a 25bp by December.

Figure 1: BOJ-Dated OIS – Today Vs. Pre-January MPM



Source: Bloomberg Finance LP / MNI

## MNI POLICY: Board Likely To Hold, Open June Hike Door

By Hiroshi Inoue,  
Apr 24, 2026

TOKYO - The Bank of Japan is likely to keep its policy rate unchanged at 0.75% at its April 27-28 meeting, amid heightened uncertainty over the outlook for economic activity and inflation, despite persistently low real interest rates continuing to argue for further tightening.

While uncertainty remains elevated, Governor Kazuo Ueda is expected to reiterate the bank's stance of gradually raising the policy rate, citing low real rates and the need to ease yen-selling pressure, leaving the possibility of a June hike open. Markets see little risk of a move higher next week, but have priced a 62% chance of a move in June and a 1.25% policy rate by December.

The Board has held the rate steady since it last hiked 25 basis points in December. (See MNI BOJ WATCH: Holds, But Ueda Signals Hike Likely Near)

### OIL SHOCK

The BOJ sees upside risks to prices increasing on the back of high crude oil prices and a weak yen, but does not view these as requiring an immediate policy response. (See MNI POLICY: April BOJ Rate Hike In Doubt On Slowdown Fears)

Officials do not expect underlying CPI — a key focus for monetary policy — to accelerate sharply enough to warrant near-term action, as wage growth is unlikely to surge and trigger a wage-price spiral. Unlike last year's rice-driven price increases, higher crude oil prices are broadly lifting firms' costs, increasing pressure to raise prices, with current conditions allowing business to pass on costs more easily than before.

Simultaneously, officials are concerned that further rate hikes could have an outsized tightening effect, adding downward pressure on the economy. They are also closely monitoring private consumption, as elevated living costs weigh on sentiment, according to government data. A key focus is whether medium- to long-term inflation expectations rise sufficiently to lift underlying CPI.

However, officials do not expect the wage-price cycle to turn into a self-reinforcing spiral, as wage growth is unlikely to exceed around 5%, broadly in line with recent outcomes.

Corporate profits are expected to come under pressure from higher crude oil prices, limiting firms' capacity to raise wages, while labour unions are seen as lacking the leverage to secure significantly larger pay increases, suggesting wage growth is unlikely to exceed around 5%, broadly in line with recent outcomes, which would help contain inflation.

### BELOW NEUTRAL

While the U.S. Federal Reserve and the European Central Bank are also likely to adopt a wait-and-see approach this month, their policy rates are already within estimates of neutral.

The Bank's policy rate remains below the estimated neutral range of around 1.1%-2.5%, implying monetary conditions are still accommodative and supportive of inflation. This has prompted some board members to argue for a faster move towards the natural rate.

In the Outlook Report, which the bank will publish alongside the decision, the median GDP forecast for the current fiscal year is expected to be revised down from January's 1.0% due to higher crude oil prices, while the inflation forecast is likely to be revised up from 1.9%. Officials judge that the probability of the baseline scenario outlined in January has declined following the escalation of conflict in the Middle East, with risks to both economic activity and prices increasing.

## Sell-Side Views

**ANZ:** ANZ expects the Bank of Japan to keep rates unchanged at the 27–28 April meeting while maintaining a tightening bias, with a 25bp hike now more likely in June. It notes earlier expectations for an April move have faded as policymakers emphasise caution, with recent communication highlighting “potential downside risks to growth from developments in the Middle East.”

- The BOJ’s prior outlook that the economy would “continue growing moderately...as a virtuous cycle from income to spending gradually intensifies” is now under scrutiny. Higher energy prices are squeezing real incomes and consumption, while uncertainty may lift precautionary savings, raising doubts about that “virtuous cycle.”
- Despite this, conditions are not deteriorating sharply. The Tankan survey shows business sentiment holding up, and inflation expectations remain relatively stable. Wage growth is still solid, with spring negotiations delivering around 5% increases, supporting incomes.
- ANZ argues this backdrop aligns with Governor Ueda’s cautious stance: “Given lingering uncertainty...we will scrutinise how future developments affect the economy.” Stable JPY and bond markets also reduce urgency to act.
- In sum, ANZ sees patience in the near term but expects tightening to resume, with rates likely rising 25bp to 1.0% “probably in June,” especially if geopolitical tensions ease.

**CBA:** CBA expects the Bank of Japan to leave its policy rate unchanged at 0.75% for now, pushing back its anticipated 25bp hike to June. The shift reflects recent guidance from Governor Ueda, with CBA noting his comments “encouraged us to delay our expected 25bp BoJ rate hike to June.”

- Geopolitical developments are a key factor. The war in Iran creates “large upside risks to inflation and downside risks to growth,” particularly given Japan’s reliance as a major net energy importer. This complicates the BoJ’s policy outlook, as higher energy prices could lift inflation while simultaneously weighing on economic activity.
- Looking ahead, markets will focus on the BoJ’s updated economic forecasts and any forward guidance from Ueda. In particular, attention will centre on “whether Governor Ueda will hint at a rate hike at the following meeting in June,” which would signal the Bank’s readiness to proceed with policy normalisation despite rising external risks.

**BofA:** BofA expects the Bank of Japan to hold rates at 0.75% at the April meeting, revising its prior call for a hike and pushing the next move to June amid rising uncertainty. It highlights that “heightened uncertainty surrounding the Middle East” has prompted a shift to caution, with risks that further disruptions could delay tightening to July.

- While “hard data had supported an April hike,” including wages and Tankan results, more recent indicators and anecdotal evidence point to weakening sentiment and rising downside risks to growth. Government caution and a broader global “wait-and-see floor” in policy have reinforced this stance.
- BofA anticipates a “hawkish hold,” with the BoJ still alert to inflation risks and likely to revise down growth but up inflation forecasts. Governor Ueda is expected to keep tightening expectations alive, stressing flexibility and data dependence, noting it is “hard to say” how long assessment will take while policy remains “highly accommodative.”
- The base case is a 25bp hike to 1.0% in June, conditional on easing geopolitical tensions and stable markets. Beyond that, BofA expects gradual tightening to continue, maintaining its terminal rate forecast of 1.75% by end-2027.

**DBS:** DBS expects the Bank of Japan to keep its policy rate unchanged at 0.75% at the April meeting, while maintaining a signal that tightening is still coming. The Bank is likely to act cautiously given geopolitical risks, noting “uncertainties in the Middle East still lingering,” which reduces the likelihood of an immediate hike.

- Expectations for an April move have also diminished after Governor Kazuo Ueda “provided no clear signals” in recent remarks, reinforcing a wait-and-see approach. DBS warns that a surprise hike now could “trigger unintended volatility in JPY assets,” further supporting the case for holding steady.
- Looking ahead, DBS anticipates a rate increase to 1.00% by mid-year, “potentially as soon as the June meeting.” By then, policymakers should have greater clarity as Middle East risks may ease, while additional data—particularly from Shunto wage negotiations—will help confirm whether “underlying inflation momentum remains sustainable.”
- Overall, DBS sees a pause in April but continued forward guidance toward near-term tightening, contingent on improved visibility over growth and inflation dynamics.

**Goldman Sachs:** Goldman Sachs expects the Bank of Japan to hold rates at the April meeting, judging that “the cost of a rate hike negatively impacting an economy with...downside risks is greater than the cost of waiting.” While economic and price trends are broadly on track, heightened Middle East tensions and higher oil prices mean the BoJ will likely cut growth forecasts and raise inflation forecasts, while stressing that “uncertainty around this outlook is high.”

- Underlying inflation is rising but “not yet reaching 2%,” and there are “no apparent acceleration[s] in price hikes,” reinforcing the case for patience. Still, some dissent is possible, with at least two board members likely to argue that the “cost of waiting is greater.”
- Goldman expects a “status quo” decision alongside a hawkish tone to limit yen weakness. Looking ahead, it forecasts the next hike in July, when key data—April CPI, June Tankan, and SME wage outcomes—will provide clarity on the impact of higher energy prices.
- However, timing remains uncertain. A June hike is possible if inflation surprises on the upside, while prolonged geopolitical stress could delay tightening further. Overall, Goldman sees a cautious BoJ balancing rising inflation pressures against significant downside risks to growth.

**JPM:** JPMorgan expects the Bank of Japan to delay a rate hike at the April meeting, shifting to a “hawkish hold” amid ongoing geopolitical uncertainty. Although fundamentals still support tightening, the bank notes that with the Iran conflict unresolved and the Strait of Hormuz still closed, the BoJ may struggle to conclude that “uncertainty has eased to a certain degree.”

- Governor Ueda has recently emphasised that “policy responses are very difficult” given the balance of upside inflation and downside growth risks, reinforcing the case for caution. JPM also points to indirect political pressure, with government messaging suggesting that raising rates amid uncertainty could hurt the economy.
- Even if rates are held, JPM expects the BoJ to clearly signal continued tightening intent and keep a June hike on the table. Without this, markets may increasingly believe that “the BoJ cannot easily move,” potentially driving higher long-term yields and yen weakness if policy is seen as overly delayed.
- Importantly, JPM argues fundamentals still justify tightening: wages remain strong, corporate earnings are resilient, and “underlying inflation has reached roughly 2%.” The current 0.75% policy rate is still seen as overly accommodative relative to a neutral range of 1.1%–2.5%.
- Looking ahead, it expects a renewed “tug-of-war” between markets and politics into June, with fiscal expansion pressures possibly complicating the path to the next hike.

**Mizuho:** Mizuho judges that most hard data on activity, wages, and prices remain “on track” from a BOJ perspective and are “unlikely to serve as an obstacle to an April rate hike.” However, it highlights that softer survey indicators have weakened materially, while uncertainty around the US–Iran situation and the Strait of Hormuz leave the macro-outlook unclear.

- This makes it difficult for the BOJ to assess whether “downside risks (deteriorating terms of trade)” or “upside risks (energy-driven inflation expectations)” should dominate its reaction function. Mizuho also notes policy signalling is mixed: while Governor Ueda keeps an April hike “an option,” he shows no urgency, and government officials have signalled a “wait-and-see stance.”
- Market pricing has swung sharply, with the probability of an April hike falling to around 10% after media reports suggesting the BOJ is “highly likely to forgo” tightening given Middle East uncertainty and low risk of a wage–price spiral.
- Mizuho therefore expects the BOJ to keep rates at 0.75%, with any hike more likely in June. It also sees scope for dissent within the Board. Beyond that, it maintains its base case of gradual tightening: hikes roughly every six months toward 1.50% by mid-2027.

**MUFJ:** MUFJ expects the Bank of Japan to delay its next rate hike from April to the June 15–16 meeting, citing increased uncertainty from the US–Iran conflict and its dual impact on “downside risks to economic growth and upside risks to inflation.” It notes that the BOJ is now likely to prioritise assessing the persistence of the oil shock and its transmission to wages, inflation, and activity.

- While the BOJ had been steadily preparing for further tightening, MUFJ argues that the lack of hard data since the escalation of Middle East tensions, combined with renewed political pushback from the Takaichi cabinet, supports a more cautious stance. It highlights that the government has signalled that a hike “would obviously have a negative impact on the economy,” reinforcing short-term restraint.
- However, MUFJ still sees the medium-term tightening cycle as intact. It emphasises that Japan’s real rates remain “significantly low” and financial conditions accommodative, leaving room for further normalisation. Governor Ueda is expected to reaffirm that policy remains on a gradual tightening path and that the BOJ would act if “secondary inflation pressures look more likely.”
- Beyond June, MUFJ forecasts a gradual path to 1.00% in June, 1.25% by December 2026, and 1.50% by June 2027, reflecting a slower but steady tightening trajectory.

**Natixis:** Natixis expects the Bank of Japan to stay on hold at the 28 April meeting but maintain a tightening bias aimed at stabilising the yen. It notes that the Middle East conflict has already driven a sharp rise in import inflation, with import prices jumping to “+7.9% YoY in March from +2.7% YoY in February,” alongside a weaker yen approaching USD/JPY 160.

- This surge in imported costs is seen as weighing on real wages and consumption, with consumer confidence falling to 33.3 and the Economy Watchers index dropping to its lowest level since February 2022. Natixis also highlights signs of regional supply disruption linked to the energy shock.
- While these conditions “justify further rate hikes,” Natixis argues that monetary policy is constrained, as energy-driven inflation cannot be directly addressed by the BOJ, and political resistance to tightening from Prime Minister Takaichi adds further caution.
- Importantly, underlying inflation remains subdued, with core-core CPI stable around “+1.7% YoY,” suggesting limited pass-through of import costs and giving the BOJ room to wait.
- Overall, Natixis concludes the BOJ will remain on hold in April, balancing rising import-driven inflation risks against weak domestic demand and elevated uncertainty.

**Scotiabank:** Scotiabank expects the Bank of Japan to keep policy unchanged at the upcoming meeting, noting that markets are “leaning toward no policy rate change on Tuesday,” despite some minority expectations of a 25bps hike.

- Market pricing, however, still implies tightening ahead, with roughly a 60% probability of a June hike, and a full 25bps increase priced in by July, with another by year-end.
- On fundamentals, Scotiabank highlights that recent wage outcomes strengthen the case for normalisation. Spring wage negotiations delivered increases of more than 5% for a third consecutive year, while real wages have recorded back-to-back gains at the start of the year after two years of decline.
- This wage momentum “strengthens the case for the Bank to move toward monetary policy normalization.”
- However, the outlook is complicated by external risks. The Middle East conflict, elevated energy prices, and uncertainty over how persistent these pressures will be are likely to warrant caution. These factors could affect growth, corporate earnings, and ultimately wage and inflation dynamics, arguing for more time before further tightening.
- As a result, Scotiabank sees the updated BOJ economic projections as the key focus for signalling the timing of future rate hikes.

**SEB:** SEB expects the Bank of Japan to leave policy unchanged at 0.75%, noting the BOJ must “carefully balance the downside risks to growth due to the energy disruption and the upside risks to inflation.”

- It sees the next rate hike as still likely in June or July, but emphasises that political pressure from the Takaichi government to delay tightening amid surging energy prices will keep the BOJ cautious in its normalisation path.
- At the same time, SEB highlights that underlying inflation pressures remain firm. It points to solid Shunto wage agreements and the Tankan survey, which “suggests continued price gains are in the pipeline,” reinforcing the case for gradual tightening.
- SEB also flags upside risks to its outlook, noting there is a possibility the BOJ could deliver more tightening than its base case if inflation dynamics strengthen further.
- It expects the upcoming outlook report to show higher inflation forecasts, reflecting both cost-push pressures from energy and the second-round effects of wage growth. Overall, SEB maintains a cautious but tightening bias, with policy normalisation continuing but sensitive to energy-driven volatility and political constraints.

**TD:** TD expects the Bank of Japan to keep rates on hold in April, noting that the BOJ has “made clear in its media campaign that it’s delaying a hike in Apr due to the uncertainty over the Middle East.”

- It argues that the upcoming policy forecasts are unlikely to provide meaningful guidance on the rate path, as the BOJ will instead wait for more data showing the economic impact of higher oil prices. In TD’s view, this data dependency reinforces a cautious stance in the near term.
- Against this backdrop, TD maintains its base case for the next rate increase in June. However, it highlights a key dovish risk: Governor Ueda may remain “noncommittal in his remarks,” limiting any strong signalling of imminent tightening even if the underlying bias remains towards normalisation.
- Overall, TD sees policy timing being driven less by domestic fundamentals—which it implies remain broadly consistent with gradual tightening—and more by external uncertainty, particularly energy-driven shocks and geopolitical risks. The result is a delayed but still intact tightening cycle, with June as the most likely next step.

**UOB:** UOB expects the Bank of Japan to keep policy unchanged at 0.75% at its 28 April meeting, aligning with the Bloomberg consensus where “the majority (53) expects the BOJ to keep the policy unchanged at 0.75%,” versus a smaller minority expecting a 25bps hike.

- UOB notes that the BOJ has signalled a data-dependent stance, with April price dynamics and new CPI readings excluding government measures likely to guide the next policy decision. It highlights that mixed signals and data distortions reinforce the case for patience in the near term.
- The focus of the meeting will be the updated GDP and inflation forecasts in the Outlook Report, followed by Governor Ueda’s press conference, rather than any immediate policy shift.
- Looking ahead, UOB maintains a cautiously hawkish medium-term view, retaining its base case for “one final 25 bps hike to a 1.00% terminal rate in 3Q26.” However, it stresses this is conditional on sustained wage-driven inflation and more stable global conditions.
- Overall, UOB sees April as a hold decision, with the tightening cycle still intact but likely delayed and highly dependent on incoming inflation and wage data.

**UniCredit:** UniCredit expects the Bank of Japan to keep its policy rate unchanged at 0.75% at the upcoming meeting, noting that this outcome has already been “flagged by the Japanese press” and is consistent with market pricing and “expectations implied by forward rates.” It also points to Middle East uncertainty as a key factor supporting the pause.

- However, UniCredit expects Governor Kazuo Ueda to maintain a mildly hawkish communication tone, likely reaffirming in his press conference that “more tightening will be needed over time,” citing the very low level of Japanese real interest rates.
- Looking ahead, UniCredit continues to see the tightening cycle as intact. It expects a 25bps rate hike to 1.00% either at the June meeting or, at the latest, by July. Beyond that, it projects a gradual normalisation path, with rates rising to 1.25% by 4Q26 and reaching a terminal rate of 1.50% by end-2027.
- Overall, UniCredit’s view is that April will be a holding decision driven by external uncertainty, but the underlying policy bias remains toward steady, gradual tightening over the medium term.

**Westpac:** Westpac expects the Bank of Japan to keep policy unchanged at its April meeting, while still signalling that further tightening lies ahead. It anticipates that the updated forecasts will “show inflation is on track to be higher,” driven by rising energy costs and persistently elevated food prices.

- However, Westpac emphasises that the Policy Board remains primarily focused on fostering “domestically-driven inflation.” In this context, it is likely to remain patient to ensure financial conditions stay sufficiently accommodative, supporting continued corporate wage growth and investment, while also managing the inflationary impact of a weaker yen.
- As a result, Westpac sees a careful balancing act between external cost pressures and the need to sustain domestic demand-driven inflation dynamics. While April is expected to be a hold, the communication is likely to keep tightening expectations alive.
- Westpac continues to expect the next rate hike in June, consistent with a gradual normalisation path. Overall, it sees policy as on hold in the near term but still clearly biased toward further tightening, contingent on wage momentum and the evolution of inflation pressures.