
THE BOJ STAYS PUT...FOR NOW

Jesper Koll — Senior Advisor

11/23/2015

The Bank of Japan (BOJ) decided to maintain its steady policy course this week, very much in line with consensus expectations. However, its policy statement did add a twist to a previously mentioned sentence: “[original sentence from an earlier policy statement:] [inflation](#) expectations appear to be rising on the whole from a somewhat longer-term perspective, [new addition:] although some indicators have recently shown relatively weak developments.”¹ This new modification paves the way, in our view, for added stimulus in coming months. Here, we stress our long-held view that [it is all about coordinated policy](#)—the BOJ will come into play when [next year’s fiscal policy is finalized](#). Fiscal policy leads, BOJ follows. Yes, we still expect there to be an extra budget of ¥3 to 5 trillion, but it is taking longer than normal to compile the exact content of the coming fiscal boost. The reason for the delay is that the newly created minister for population growth has a new portfolio that is still working out its policy and spending needs. A press conference has been scheduled for November 26, which should provide the first concrete announcements (expanding child support, kindergarten, tax breaks for gifts to grandchildren and tax breaks for three-generation home building, etc.). In short, we believe Japan is set to have both stimulative fiscal and [monetary policy](#) in place for 2016. And we remain convinced that the country is in a multi-year [bull](#) market for such [risk assets](#) as equity and real estate. ¹Statement on Monetary Policy, Bank of Japan, 11/19/15.

Important Risks Related to this Article

Investments focused in Japan increase the impact of events and developments associated with the region, which can adversely affect performance.

For more investing insights, check out our [Economic & Market Outlook](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

U.S. investors only: Click [here](#) to obtain a WisdomTree ETF prospectus which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.

There are risks involved with investing, including possible loss of principal. Foreign investing involves currency, political and economic risk. Funds focusing on a single country, sector and/or funds that emphasize investments in smaller companies may experience greater price volatility. Investments in emerging markets, currency, fixed income and alternative investments include additional risks. Please see prospectus for discussion of risks.

Past performance is not indicative of future results. This material contains the opinions of the author, which are subject to change, and should not to be considered or interpreted as a recommendation to participate in any particular trading strategy, or deemed to be an offer or sale of any investment product and it should not be relied on as such. There is no guarantee that any strategies discussed will work under all market conditions. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This material should not be relied upon as research or investment advice regarding any security in particular. The user of this information assumes the entire risk of any use made of the information provided herein. Neither WisdomTree nor its affiliates, nor Foreside Fund Services, LLC, or its affiliates provide tax or legal advice. Investors seeking tax or legal advice should consult their tax or legal advisor. Unless expressly stated otherwise the opinions, interpretations or findings expressed herein do not necessarily represent the views of WisdomTree or any of its affiliates.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or component of any financial instruments or products or indexes. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each entity involved in compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties. With respect to this information, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including loss profits) or any other damages (www.msci.com)

Jonathan Steinberg, Jeremy Schwartz, Rick Harper, Christopher Gannatti, Bradley Krom, Tripp Zimmerman, Michael Barrer, Anita Rausch, Kevin Flanagan, Brendan Loftus, Joseph Tenaglia, Jeff Weniger, Matt Wagner, Alejandro Saltiel, Ryan Krystopowicz, Kara Marciscano, Jianing Wu and Brian Manby are registered representatives of Foreside Fund Services, LLC.

WisdomTree Funds are distributed by Foreside Fund Services, LLC, in the U.S. only.

You cannot invest directly in an index.

DEFINITIONS

Inflation : Characterized by rising price levels.

Monetary policy : Actions of a central bank or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates.

Bullish : a position that benefits when asset prices rise.

Riskier assets : Assets not backed by the full faith and credit of a government entity.