The adjustment of Monetary Policy Committee (MPC) meeting frequency

The MPC decided at Meeting No. 8/2121 on December 22, 2021 to adjust the MPC meeting frequency to six times per year while keeping the Monetary Policy Report published four times per year.

Previous

MPC meeting
8 times per year
(every 6-8 weeks)

New

MPC meeting
6 times per year
(every 7-10 weeks)

1 Information Flow

In a short period of time, macroeconomic data does not change significantly. When more new data is added, the quality of the analysis improves and volatility associated with temporarily irregular data can be looked through.

2 Communication

Frequent meetings could have an unintended consequences on financial market expectations. A lower frequency allows financial markets to better predict policy direction. This also acknowledges the policy's limited ability to fine-tune the economy.

3 Internal Process

This allows more effective management of limited time and resources by focusing on in-depth analysis to support and guide policy implementation.

The frequency of MPC meetings in foreign central banks has continued to decline.

The frequency of meetings in advanced economy central banks has been reduced to 8 times per year.

EU reduced from 12 to 8 times per year (2015)

England reduced from 12 to 8 times per year (2015)

Japan reduced from 14 to 8 times per year (2016)

Many central banks have less than 8 meetings per year.

New Zealand reduced from 8 to 7 times per year (2016)

Malaysia reduced from 8 to 6 times per year (2010)

Sweden reduced from 6 to 5 times a year (2020)

* Some countries have had few meetings, such as Singapore (2), Taiwan (4), Switzerland (4).

Reasons to reduce the frequency of meetings include the following:

*"The frequency of policy meetings should reflect **the frequency with which underlying economic conditions evolve**, while [...] taking into consideration **the resources** that each meeting absorbs and maintaining **the flexibility to conduct unscheduled meetings.**"* ***Warsh Review, Bank of England (2014)***

*"… **give the financial markets clarity** over a longer timeframe to enable more efficient risk management and pricing of financial instruments"* ***Reserve Bank of New Zealand (2015)***