

# Central Bank Information Effects in Japan: The Role of Uncertainty Channel\*

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Central bank information effect has been analyzed in the recent literature on monetary policy. In this study, we apply the identification method by Jarociński and Karadi (2020) to the Japanese data to empirically examine the macroeconomic effects of central bank information shock and pure monetary policy shock. These shocks are identified by combining of high-frequency identification and sign restriction. The empirical results support the presence of central bank information effects in Japan. Particularly, the central bank information shock accompanying monetary tightening decreases economic uncertainty and increases stock prices and output, suggesting that central bank's optimistic outlook is conveyed through contractionary monetary actions. The results of the forecast error variance decomposition indicate that the central bank's information effect may be spread through changes in uncertainty. Finally, the total effect of monetary policy and information shocks on the variables are much larger than that of the shocks identified by the conventional Cholesky decomposition. These findings are important for evaluating the true effects of monetary actions on the economy.

**Keywords:** Monetary policy, Information effect, High-frequency data, VAR model.

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