

Box 5**Operations in the foreign exchange market conducted by the ECB on behalf of the Bank of Japan**

Demand for Japanese yen in the foreign exchange market rose rapidly following the publication of Japan's unexpectedly high first quarter GDP growth figures on 10 June 1999.

In order to deal with this increased demand, on 18 June 1999 the Bank of Japan asked the ECB to sell Japanese yen against euro on its behalf. The ECB and three national central banks conducted the operations. On the day of the operations the euro/yen exchange rate opened at JPY 123.55 and closed at JPY 125.15.

The operations were conducted in accordance with an agency agreement which the Bank of Japan, acting as an agent of the Japanese Ministry of Finance, had concluded with the ECB for the execution of foreign exchange market operations. These operations were settled between the Bank of Japan and the commercial banks involved and did not, therefore, involve the use of foreign reserve assets of the ECB.