US Intervenes in Japan’s Yen Crisis

Description

The recent coordinated intervention between the United States and Japan to buy yen marks the first joint operation of its kind since 1998. This move is significant as it aims to stabilise financial markets amid concerns about the yen's value and global economic stability.

Industry experts indicated that one of the main reasons for the intervention was to prevent Japan from selling large amounts of U.S. Treasuries, which could negatively impact U.S. debt markets. Washington is especially concerned about the effects volatile markets could have on the dollar. Japan's finance ministry plans to use the Federal Reserve's FIMA repo facility for future interventions, aiming to avoid forced sales of Treasuries.

The U.S. intervention not only protects American bond markets but also serves broader economic goals. According to analysts, if the U.S. perceives Japan’s economic policies as contributing to a weaker yen, it could justify ongoing interventions until Japan is ready to raise interest rates later this year.

Experts remarked that this operation signals a new phase of cooperation between the two nations. U.S. involvement enhances the effectiveness of the measures taken, reinforcing the message that both governments are prepared to act again if needed. However, some analysts caution that without addressing the fundamental issues behind yen weakness, the impact of this intervention may be short-lived.

Looking ahead, the continued cooperation could shape monetary policy strategies in both countries for the foreseeable future.

Vocabulary List:

1. **intervention** //ˌɪntər'vɛnʃən// (noun): official action to change a situation
2. **stabilise** //'steɪbəˌlaɪz// (verb): make something steady or stop it falling
3. **Treasuries** //'trɛʒəriz// (noun): U.S. government bonds that people buy
4. **volatile** //'vɑlətəl// (adjective): likely to change quickly and suddenly
5. **fundamental** //ˌfʌndə'mɛntəl// (adjective): basic and very important for a topic
6. **monetary** //'mɑnɪˌtɛri// (adjective): connected with money and national finance

Comprehension Questions

Multiple Choice

1. When was the recent coordinated intervention between the United States and Japan to buy yen initiated?

   Option: 1998
   Option: 2023
   Option: 2022
   Option: 2021

2. What is one of the main reasons for the U.S. intervention in the yen market?

   Option: To stabilize the euro
   Option: To prevent Japan from selling U.S. Treasuries
   Option: To increase the value of the yen
   Option: To lower interest rates

3. What facility does Japan's finance ministry plan to use for future interventions?

   Option: World Bank Funding
   Option: Federal Reserve's FIMA repo facility
   Option: International Monetary Fund
   Option: Asian Development Bank

4. What do analysts say could justify ongoing U.S. interventions regarding Japan?

   Option: Japan's declining population
   Option: Japan's economic policies contributing to a weaker yen
   Option: Rising oil prices
   Option: Inflation rates in Europe

5. What does the U.S. intervention serve aside from protecting American bond markets?

   Option: Broader economic goals
   Option: Increasing tariffs on imports
   Option: Reducing unemployment
   Option: Enhancing military cooperation

6. What has been signaled as a new phase of cooperation between the U.S. and Japan?

   Option: Increased trade tariffs
   Option: Joint monetary policy decisions
   Option: The recent coordinated intervention operation
   Option: Military collaboration

True-False

7. The recent intervention marks the first operation of this kind since 1998.

8. Japan's finance ministry plans to completely avoid dealing with U.S. Treasuries in the future.

9. The intervention was primarily aimed at stabilizing financial markets due to concerns about the yen's value.

10. Washington is unconcerned about the effects of volatile markets on the yen.

11. Some analysts believe the intervention may have lasting effects without addressing fundamental issues.

12. The cooperation between the U.S. and Japan could influence monetary policy strategies in both countries.

Gap-Fill

13. The coordinated intervention between the United States and Japan aims to stabilize financial markets amid concerns about the yen's value and global economic ________________________.

14. One of the main reasons for the intervention was to prevent Japan from selling large amounts of U.S. ________________________.

15. Japan's finance ministry plans to avoid forced sales of Treasuries by using the Federal Reserve's FIMA repo ________________________.

16. Analysts believe ongoing interventions may be justified until Japan is ready to raise ________________________ rates later this year.

17. Experts remarked that this operation signals a new phase of ________________________ between the two nations.

18. The U.S. involvement enhances the effectiveness of measures taken, reinforcing the message that both

governments are prepared to act ______________________ if needed.

Answer

Multiple Choice: 1. 2023 2. To prevent Japan from selling U.S. Treasuries 3. Federal Reserve's FIMA repo facility 4. Japan's economic policies contributing to a weaker yen 5. Broader economic goals 6. The recent coordinated intervention operation
True-False: 7. True 8. False 9. True 10. False 11. False 12. True
Gap-Fill: 13. stability 14. Treasuries 15. facility 16. interest 17. cooperation 18. again

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What is needed to address a sudden economic downturn?
   Option: Intervention
   Option: Postponing
   Option: Acquisition
   Option: Stabilise

2. Which type of policy is often implemented to influence the economy?
   Option: Fiscal
   Option: Regulatory
   Option: Monetary
   Option: Environmental

3. What is essential for maintaining trust in governance?
   Option: Negligent
   Option: Transparency
   Option: Disruption
   Option: Compliance

4. What helps ensure compliance with laws in a business?
   Option: Regulation
   Option: Obfuscation
   Option: Outage
   Option: Stabilisation

5. What term is used to describe robots designed to resemble humans?

Option: Automaton
Option: Humanoid
Option: A.I.
Option: Drone

6. What term describes a deficit in expected revenue?

Option: Surplus
Option: Shortfall
Option: Advancement
Option: Acquisition

7. What do users become when they sign up for a service?

Option: Members
Option: Subscribers
Option: Participants
Option: Clients

8. What is necessary for companies to avoid legal issues?

Option: Negligence
Option: Compliance
Option: Intervention
Option: Regulation

9. What is essential for the functioning of online services?

Option: Connection
Option: Disruption
Option: Outage
Option: Connectivity

10. What occurs when normal operations are interrupted?

Option: Stability
Option: Disruption
Option: Advancement
Option: Acquisition

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. The government plans to ________________________ the economy with new policies.

12. The company has developed an ________________________ software system for data management.

13. They are ________________________ the project until next quarter due to budget cuts.

14. The merger was finalized after the strategic ________________________ of the smaller firm.

15. They are implementing ________________________ regulations to protect local wildlife.

16. The meeting addresses ________________________ issues affecting the department.

17. The company faced lawsuits due to ________________________ safety practices.

18. How do you ________________________ the changes in the market dynamics?

19. Students may receive ________________________ for certain fees under specific conditions.

20. Last night's power ________________________ caused significant disruption in the area.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The stock market was highly volatile, reflecting investor uncertainty.
22. The fundamental principles of economics guide our understanding of markets.
23. The team is prioritising tasks to maximize productivity and efficiency.
24. A lack of resources can hinder project completion and success.
25. Many people seek companionship to enhance their quality of life.
26. She was awarded the prize for her outstanding contributions to science.
27. Natural disasters often cause significant disruption to services and infrastructure.
28. Research has led to advanced technologies that change everyday life.
29. Companies are striving for transparency in their dealings with clients.
30. Compliance with regulations is essential for maintaining business integrity.

Answer

Multiple Choice: 1. Intervention 2. Monetary 3. Transparency 4. Regulation 5. Humanoid 6. Shortfall 7. Subscribers

8. Compliance 9. Connectivity 10. Disruption

Gap-Fill: 11. stabilise 12. advanced 13. postponing 14. acquisition 15. environmental 16. recurring 17. negligent 18. perceive 19. waivers 20. outage

Matching sentence: 1. volatile 2. fundamental 3. prioritising 4. lack 5. companionship 6. awarded 7. disruption 8. advanced 9. transparency 10. compliance

CATEGORY

1. Business - LEVEL4

POST TAG

1. B2
2. ESL learning
3. esl news
4. intervention
5. japan
6. Level 4
7. yen

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