US Steps In Amid Japan Yen Intervention

Description

The recent coordinated intervention involving the United States and Japan marks the first joint operation to purchase yen since 1998. This initiative is seen as crucial as both nations seek to stabilise financial markets amid rising economic challenges.

Experts highlight that a primary concern for Washington was to prevent Japan from selling large amounts of U.S. Treasury bonds to fund unilateral interventions. Japan is the largest foreign holder of this debt, and such actions could disrupt U.S. financial stability. According to Louise Loo from Oxford Economics, this situation reflects a desire for self-preservation, as unstable markets in Japan could also destabilise U.S. Treasury markets.

Japan's finance ministry announced plans to use the Federal Reserve's FIMA repo facility for future interventions. This facility allows foreign central banks to access dollar liquidity without the need to sell Treasuries, a move intended to prevent forced sales that could negatively impact markets. Analysts believe that this could send a strong message about Japan's ability to manage liquidity while addressing concerns about the impact of its interventions.

The coordinated effort is also seen as a symbol of the evolving U.S.-Japan relationship. Jesper Koll from Monex noted that this could represent a new phase where the U.S. is willing to assist Japan. He argued that this intervention sends a clear geopolitical signal, particularly to China. However, while U.S. participation in foreign exchange interventions may enhance their effectiveness, analysts remain cautious. They warn that without addressing the underlying issues causing yen weakness, such actions may only offer temporary relief.

Vocabulary List:

1. **coordinated** //koʊˈɔrdəˌneɪtɪd// (adjective): organized so people or groups act together
2. **intervention** //ˌɪn.tɚˈvɛn.ʃən// (noun): an action to change or help a situation
3. **stabilise** //ˈsteɪbəˌlaɪz// (verb): make something steady and not change much
4. **liquidity** //lɪˈkwɪdəti// (noun): how easily things of value become money
5. **unilateral** //ˌjuːnɪˈlætərəl// (adjective): done by one person, group, or country alone
6. **disrupt** //dɪsˈrʌpt// (verb): cause problems and stop normal activities

Comprehension Questions

Multiple Choice

1. When did the first joint operation to purchase yen between the United States and Japan take place?

   Option: 1998
   Option: 2000
   Option: 2010
   Option: 2023

2. What is Japan's primary concern regarding U.S. Treasury bonds during unilateral interventions?

   Option: Buying more bonds
   Option: Selling large amounts
   Option: Maintaining full ownership
   Option: Refinancing debt

3. Which facility will Japan's finance ministry use for future interventions?

   Option: Liquidity Swap Facility
   Option: FIMA Repo Facility
   Option: Treasury Purchase Program
   Option: Dollar Exchange Initiative

4. What do experts believe the coordinated effort between the U.S. and Japan symbolizes?

   Option: A military alliance
   Option: Economic stagnation
   Option: An evolving relationship
   Option: Financial independence

5. Who highlighted the concerns regarding the impact of Japan's interventions on U.S. Treasury markets?

   Option: Louise Loo
   Option: Jesper Koll
   Option: Monex Analysis
   Option: Federal Reserve officials

6. According to analysts, what is crucial for the effectiveness of the U.S. participation in interventions?

   Option: Addressing internal market demands
   Option: Maintaining market secrecy
   Option: Reforming currency values
   Option: Addressing underlying issues

True-False

7. The coordinated intervention is Japan's first attempt to purchase yen since 1998.

8. Experts suggest that Washington's main concern is to increase U.S. Treasury bond sales.

9. Japan is the smallest foreign holder of U.S. Treasury debt.

10. The FIMA repo facility allows Japan to access dollar liquidity without selling Treasuries.

11. Analysts are entirely confident that the interventions will resolve yen weakness.

12. Jesper Koll believes the intervention sends a geopolitical signal to South Korea.

Gap-Fill

13. The recent coordinated intervention marks the first joint operation to purchase yen since ________ .

14. Japan plans to use the Federal Reserve's FIMA repo facility for future ________ .

15. According to analysts, addressing underlying issues causing yen weakness may offer ________ relief.

16. The coordinated effort is seen as a symbol of the evolving U.S.-Japan ________ .

17. Louise Loo from Oxford Economics mentioned that unstable markets in Japan could destabilise U.S. ________ markets.

18. Experts highlight that preventing Japan from selling large amounts of U.S. Treasury bonds aims to maintain financial ________ .

Answer

Multiple Choice: 1. 1998 2. Selling large amounts 3. FIMA Repo Facility 4. An evolving relationship 5. Louise Loo

6. Addressing underlying issues

True-False: 7. True 8. False 9. False 10. True 11. False 12. False

Gap-Fill: 13. 1998 14. interventions 15. temporary 16. relationship 17. Treasury 18. stability

Vocabulary quizzes

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

1. What is the term used to describe the availability of liquid assets to a market or company?

   Option: Equity
   Option: Liquidity
   Option: Debt
   Option: Investment

2. What is the action called when an authority steps in to influence a situation?

   Option: Inaction
   Option: Intervention
   Option: Cancellation
   Option: Support

3. Which of the following is a type of digital currency that uses cryptography for security?

   Option: Fiat currency
   Option: Commodity
   Option: Cryptocurrency
   Option: Bond

4. What is the state of being unable to pay debts called?

   Option: Solvency
   Option: Insolvency
   Option: Liquidity
   Option: Profitability

5. What is the term for the hopefulness and confidence about the future or the successful outcome of something?

   Option: Pessimism
   Option: Realism
   Option: Optimism
   Option: Cynicism

6. What term describes the process of improving a broken, damaged, or outdated structure?

   Option: Destruction

Option: Renovation
Option: Construction
Option: Demolition

7. What do you call the amount by which something falls short of what is required?

Option: Surplus
Option: Excess
Option: Shortfall
Option: Profit

8. Which term refers to an action taken by one side without agreement from the other?

Option: Bilateral
Option: Multilateral
Option: Unilateral
Option: Collective

9. What word describes a very large quantity of something?

Option: Scarcity
Option: Deficit
Option: Abundance
Option: Drought

10. What term is used to describe the action of rotating around an axis?

Option: Translation
Option: Revolution
Option: Circulation
Option: Rotation

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

11. The new technology aims to ________________________ traditional industries by introducing innovative solutions.

12. To qualify for the scholarship, students must be ________________________ based on their academic performance.

13. The scientist's ________________________ research has opened new avenues in the field of medicine.

14. The government is facing a budget ________________________ that requires immediate attention.

15. The trust fund has several ________________________ who will receive financial support.

16. A ________________________ can provide health care and treatment for pets and animals.

17. The story features a ________________________ creature that has been part of folklore for centuries.

18. The ________________________ of the two systems is crucial for the project's success.

19. The ________________________ of the Earth around its axis is responsible for day and night.

20. The central bank's role is to ________________________ the economy during times of crisis.

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

21. In finance, liquidity refers to how easily assets can be converted into cash.
22. Government intervention is often necessary to stabilize the economy during downturns.
23. Cryptocurrency operates on decentralized technology and offers a secure method of transaction.
24. Insolvency can lead to serious legal consequences for individuals and businesses alike.
25. A budget shortfall can hinder a company's ability to meet its financial obligations.
26. The home underwent a massive renovation to update its appearance and functionality.
27. Economic optimism often leads to increased consumer spending and investment.
28. A unilateral decision can sometimes create misunderstandings among stakeholders.
29. There was an abundance of food at the festival, which pleased all the attendees.
30. Her groundbreaking work in renewable energy has earned her several awards and recognition.

Answer

Multiple Choice: 1. Liquidity 2. Intervention 3. Cryptocurrency 4. Insolvency 5. Optimism 6. Renovation 7. Shortfall 8. Unilateral 9. Abundance 10. Rotation
Gap-Fill: 11. disrupt 12. eligible 13. groundbreaking 14. deficit 15. beneficiaries 16. veterinarian 17. mythical 18. synchronization 19. rotation 20. stabilise
Matching sentence: 1. liquidity 2. intervention 3. cryptocurrency 4. insolvency 5. shortfall 6. renovation 7. optimism

8. unilateral 9. abundance 10. groundbreaking

CATEGORY

1. Business - LEVEL5

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

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