

Asian Economies Navigate Global Currents: Interest Rates, Trade Wars, and T

Global Finance - Asia · Practice Test · 13 Questions

1. In 2025, the Bank of Japan (BoJ) made significant shifts in its monetary policy, including ending its negative interest rate policy and discontinuing Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control (YCC). What was a primary driver cited for these policy changes?

- A) A surge in domestic technology sector growth.
- B) A need to stabilize the depreciating Japanese yen and manage rising inflation.
- C) Increased foreign direct investment from the US.
- D) A decline in Japan's export volume.

2. By April 2025, the Chinese Yuan (RMB) had increased its share of global SWIFT payments to 3.5%. What significant trend does this indicate regarding the RMB's international role?

- A) A decline in its use for trade finance.
- B) Growing institutional trust in the RMB for international transactions.
- C) A reduction in China's cross-border trade settlements.
- D) Its diminishing importance compared to other emerging market currencies.

3. In 2024, the global semiconductor market was significantly influenced by Taiwan's role. Despite diversification efforts by companies like TSMC establishing plants abroad, what policy did the Taiwanese government mandate regarding cutting-edge chip work?

- A) It must be conducted exclusively in overseas plants.
- B) It must be conducted only in Taiwan.
- C) It must be divided equally between Taiwan and US-based facilities.
- D) It is subject to a voluntary R&D sharing program with South Korea.

4. The demographics of Asia, particularly China and Japan, present unique economic challenges. What is a primary concern associated with widespread declines in birth rates in these countries?

- A) An oversupply of skilled labor leading to wage stagnation.
- B) Reduced economic growth due to a shrinking pool of available workers.
- C) Increased consumer spending due to a larger young population.
- D) A higher dependency ratio on the export market.

5. In 2024, global foreign direct investment (FDI) saw a contraction. However, developing Asia remained a significant recipient. Which sub-region within Asia demonstrated particularly strong growth in FDI inflows, reaching a record US\$225 billion?

- A) East Asia, excluding China
- B) South Asia
- C) Southeast Asia (ASEAN)
- D) Central Asia

6. China's efforts to internationalize the yuan have led to a steady rise in its global presence. By March 2025, what milestone was reached regarding the yuan's settlement in China's cross-border trade?

- A) Less than 20% of trade was settled in yuan.
- B) Exactly 50% of trade was settled in yuan.
- C) Over half (54.3%) of trade was settled in yuan.
- D) The yuan was used in less than 5% of trade.

7. The US-China trade tensions have had significant ramifications for Asian economies. What strategy have some companies adopted to navigate these tensions and potential tariffs, leading to benefits for countries like Vietnam and Indonesia?

- A) Increasing their reliance on Chinese suppliers.
- B) Diversifying production away from China ('China+1' or 'Not China' approach).
- C) Shifting all manufacturing to the United States.
- D) Reducing overall trade activity.

8. In 2024, India emerged as Asia's FDI powerhouse. According to reports, it became the third-largest recipient of greenfield projects globally, surpassing which two traditional European economic giants?

- A) France and Italy
- B) Germany and the United Kingdom
- C) Spain and Portugal
- D) Sweden and Norway

9. Regarding sustainable finance in Asia, what was the approximate share of global green bond issuance attributed to the Asia-Pacific region in 2024, indicating its growing role in financing the global energy transition?

- A) Approximately 5%
- B) Approximately 15%
- C) Approximately 24%
- D) Approximately 50%

10. The Bank of Japan's (BoJ) monetary policy pivot in 2024-2025 has global implications. One significant effect is on the 'yen carry trade.' What is the 'yen carry trade' and how has the BoJ's policy shift impacted it?

- A) It's a strategy of borrowing yen at low rates to invest in higher-yielding assets abroad, which has become less attractive.
- B) It's a strategy of borrowing yen at high rates to invest in domestic Japanese markets, which has become more attractive.
- C) It's a strategy of currency hedging using yen, which has become more complex.
- D) It's a strategy of investing in Japanese government bonds, which has seen reduced foreign interest.

11. By the end of 2024, the Chinese yuan accounted for a certain percentage of global trade finance. What was this percentage, and how did it compare to the previous year?

- A) 6%, up from under 2% the previous year.
- B) 10%, up from 5% the previous year.
- C) 2%, down from 4% the previous year.
- D) 15%, up from 8% the previous year.

12. In 2025, India's equity market experienced pressure due to various factors including US tariffs and weak earnings. However, a strong policy push was introduced to revive domestic growth. Which of the following was a key policy measure mentioned to potentially ease inflation and fuel demand?

- A) An increase in the Cash Reserve Ratio (CRR).
- B) A significant overhaul of the Goods and Services Tax (GST).
- C) A reduction in export subsidies.
- D) The imposition of capital controls.

13. The geopolitical landscape surrounding Taiwan's semiconductor industry is critical. Given that TSMC produces a significant portion of the world's most advanced chips, what is a major concern for the supply chain's stability?

- A) Over-diversification leading to increased production costs.
- B) A lack of demand for advanced chips.
- C) Geopolitical uncertainty and the potential for supply route disruptions.
- D) The high cost of labor in Taiwan.