

Japan's Financial Pulse: Yen's Plunge, BoJ Rate Hikes, and Record Nikkei High

Japan Finance · Practice Test · 10 Questions

1. What is the current approximate policy interest rate set by the Bank of Japan following their recent monetary policy meeting?

- A) 0.75%
- B) 1.00%
- C) 1.25%
- D) 1.50%

2. As of mid-June 2026, the Japanese yen has weakened to levels not seen since which year, prompting intervention concerns?

- A) 1986
- B) 1995
- C) 2001
- D) 2011

3. Which major geopolitical event has been a significant factor influencing oil prices and, consequently, Japan's import costs and inflation concerns this week?

- A) The ongoing trade dispute between the US and China.
- B) The G7 summit's decisions on climate change.
- C) The framework agreement reached between the US and Iran to end their war.
- D) A major earthquake in Southeast Asia.

4. What was the approximate weekly gain for Japan's Nikkei 225 index, marking its sharpest performance in nearly two years as of June 21, 2026?

- A) 3.5%
- B) 5.2%
- C) 7.9%
- D) 10.1%

5. According to recent data, Japan's core inflation rate (excluding fresh food) in May 2026 remained unchanged at what percentage, remaining below the BOJ's target?

- A) 0.8%
- B) 1.4%
- C) 2.0%
- D) 2.5%

6. Which sector has been a primary driver of the recent surge in Japanese equities, contributing to consecutive record highs for the Nikkei 225?

- A) Automotive manufacturing
- B) Traditional banking
- C) Artificial Intelligence (AI) and semiconductors
- D) Real estate development

7. What was the benchmark 10-year Japanese Government Bond (JGB) yield around June 19, 2026, reflecting easing inflation concerns after the US-Iran peace deal?

- A) 2.15%
- B) 2.58%
- C) 2.90%
- D) 3.30%

8. Despite the Bank of Japan's rate hike, the Japanese yen continues to weaken significantly. What is a primary reason cited for this persistent weakness?

- A) Increased foreign direct investment into Japan.
- B) A widening policy divergence with the US Federal Reserve, which is signaling potential rate hikes.
- C) A strong export performance boosting demand for the yen.
- D) A decrease in Japan's trade deficit.

9. Bank of Japan Deputy Governor Ryozi Himino recently stated that the central bank will continue raising interest rates while monitoring the risk of underlying inflation exceeding what target percentage?

- A) 1.0%
- B) 1.5%
- C) 2.0%
- D) 2.5%

10. Which specific event on June 15, 2026, led to a significant rally in Japanese equities and a tumble in government bond yields due to relief across markets?

- A) The release of stronger-than-expected Japanese GDP data.
- B) The Bank of Japan announcing a larger-than-anticipated interest rate hike.
- C) News that the United States and Iran had agreed on a framework to end their war.
- D) A surge in corporate earnings reports from major Japanese tech companies.