

Global Financial Turmoil: Geopolitics, Interest Rates, and Market Shifts in the

Global Finance · Answer Key · 8 Questions

1. Which central bank recently held its key interest rate at 6.5%, signaling an end to its easing cycle and noting that inflationary risks remain 'tilted to the upside'?

- A) Bank of England
- B) European Central Bank
- C) Bank of Mexico**
- D) Bank of Japan

2. Following a period of significant geopolitical tension in the Middle East, which major oil shipping route experienced disruptions, leading to a temporary spike in oil prices before easing due to a peace agreement?

- A) Suez Canal
- B) Panama Canal
- C) Strait of Hormuz**
- D) Malacca Strait

3. Recent global economic updates indicate that producer prices in China have significantly changed from a consistent fall to a rise. In May, they were up 3.9% year-on-year, the highest level since July 2022. What has been a contributing factor to this inflationary pressure in China?

- A) A decrease in export subsidies
- B) An overall disinflationary environment
- C) Excess capacity and a deflationary environment**
- D) Reduced domestic demand

4. The Bank of Japan has recently resumed monetary policy tightening. What is a key factor supporting this shift after decades of focusing on deflation?

- A) A rapid increase in the yen's value
- B) A decrease in global energy prices
- C) Sustained inflation pressure and solid wage growth**
- D) A significant reduction in government debt

5. In the last 30 days, what major event has been cited as a primary driver for increased financial market volatility, affecting asset prices across stocks, foreign exchange, and commodities?

- A) A global surge in cryptocurrency adoption
- B) The intensification of geopolitical conflicts**
- C) A widespread shift to a purely digital economy
- D) The discovery of new, abundant natural resources

6. Reports from the past month indicate that the U.S. stock market, specifically the S&P 500, experienced a decline from its January peak. What factor, in addition to geopolitical conflicts, was highlighted as influencing market sentiment and investor caution?

- A) A sudden and unexpected rise in global interest rates
- B) The successful implementation of global carbon taxes
- C) Uncertainty surrounding upcoming midterm elections and a change in Federal Reserve leadership**
- D) A significant decrease in corporate earnings across all sectors

7. Which of the following central banks recently cut interest rates to 14.25% despite forecasts of worsening inflation for the year, with projections of 5.2% price growth for 2026?

- A) Central Bank of Hungary
- B) Bank of Thailand
- C) Central Bank of Brazil**
- D) South Africa Reserve Bank

8. Amidst ongoing geopolitical tensions and supply chain concerns, what commodity's price has been particularly volatile, with significant fluctuations influenced by events like the closure and potential reopening of the Strait of Hormuz?

- A) Natural Gas
- B) Wheat
- C) Copper
- D) Crude Oil**