

How effective was the Japan-US coordinated rate check? *

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Abstract

This paper evaluates the effectiveness of the unprecedented coordinated rate check (CRC) conducted by the Japanese and US monetary authorities on January 23, 2026, as a preparatory action toward implementing foreign exchange (FX) intervention. We first estimate the lasting effect of the CRC using our methodology based on synthetic control methods. This analysis reveals that the effect of the CRC significantly lasted for seven business days after the end of the CRC. We then compare the CRC with the four FX intervention events implemented in 2022-24. This study shows that the power of the lasting effect of the CRC was roughly equivalent to that of the large-scale yen-buying intervention event of April 29 and May 1, 2024. Our findings suggest that despite not actually implementing FX intervention, this coordinated action by the Japanese and US monetary authorities proved effective in correcting the yen's depreciation against the dollar. Therefore, this paper highlights the strategic importance of policy coordination in exchange rate policy.

JEL classification codes: F31, F33, F37, C21, C23

Keywords: Exchange rate, Rate check, FX intervention, Synthetic control method, Lasting effect

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