Country: Japan.

1. (a) Briefly describe : (compare and contrast) how the Japanese economy diverged from the predictions of the IMF World Economic Outlook from October 2019. Specifically note how the Covid-19 pandemic has affected retail price inflation and output.

(b) Briefly describe the Japanese central bank monetary policy responses during 2020 and 2021. What are the potential risks arising from their strategy?

2. Briefly describe the pressures that have arisen in the financial sector of Japanese economy and note how their financial regulators responded. What were they trying to achieve? Were they successful?

3. What central bank policy responses would be appropriate as from 2022? Explain the rationale for your advice.

Note: You must answer using your own words. The total word count for the assignment as a whole must not exceed 4,500 words – not counting any charts or tables, but these must all be relevant to the text.