The policy settings of the four major central banks remain unchanged.

The Bank of Japan has brought its supply of current account balances within the target range after overshooting it to accommodate special liquidity needs. Throughout the bank’s balance-targeting period, variations in supply have been reflected almost entirely in variations in excess reserves. The adage, “you can lead a horse to water, but you can’t make it drink” seems to apply—although, in this case, the horse might become thirsty eventually. Cautious optimism has crept into official views of Japan’s economic outlook, though the weakening dollar may be tempering that view.

Repeated announcements of no change in the major banks’ explicit policy settings have dominated this year’s news coverage. However, many other central banks, including many in Eastern Europe, have changed their policy settings over the past six months.

Since Argentina ended official parity with the dollar early this year, its peso has depreciated to almost four to the dollar, a rate of depreciation many times that of the Brazilian real and the Chilean and Uruguayan pesos. These nations are feeling the impact of the Argentine crisis as their exports become less competitive in Argentine markets and as Argentine imports become more competitive in their own markets. Uruguay abandoned the managed float of its peso in June, and the International Monetary Fund doubled the size of its standby credit to that nation.