The Bank of England reduced its policy rate 25 basis points (bp) to 3.5% on July 10. None of the other three major central banks has adjusted its policy setting since the Federal Open Market Committee (FOMC) reduced its federal funds rate target to 1% on June 26. The dollar has appreciated slightly against all three other currencies during that period. Market commentary suggests that the outlook for more rapid growth in the U.S. economy has brightened, at least relative to that of large nations in the Euro area. In turn, the Governor of the Bank of Japan remarked that, with improvement in other economies, “a cyclical upswing in Japan’s economy will begin to materialize in tandem with the gradual improvement in exports and production.”

In addition to the Bank of England, no fewer than 17 rate-setting central banks loosened policy on or after June 26, as little as 5 bp (to 7.25%) in Colombia and as much as 300 bp (to 35.00%) in Turkey. Some central banks do not calibrate policy with an interest rate, and several of these have relaxed their policy stance also. For example, the Singapore Monetary Authority re-centered its exchange rate policy band at a slightly depreciated level without changing the width of its zero-percent appreciation path. Peru’s central bank reduced its cutoff auction reference rates 25 bp on July 3, about a week before its president’s sudden resignation, which was said to be unrelated to monetary policy.