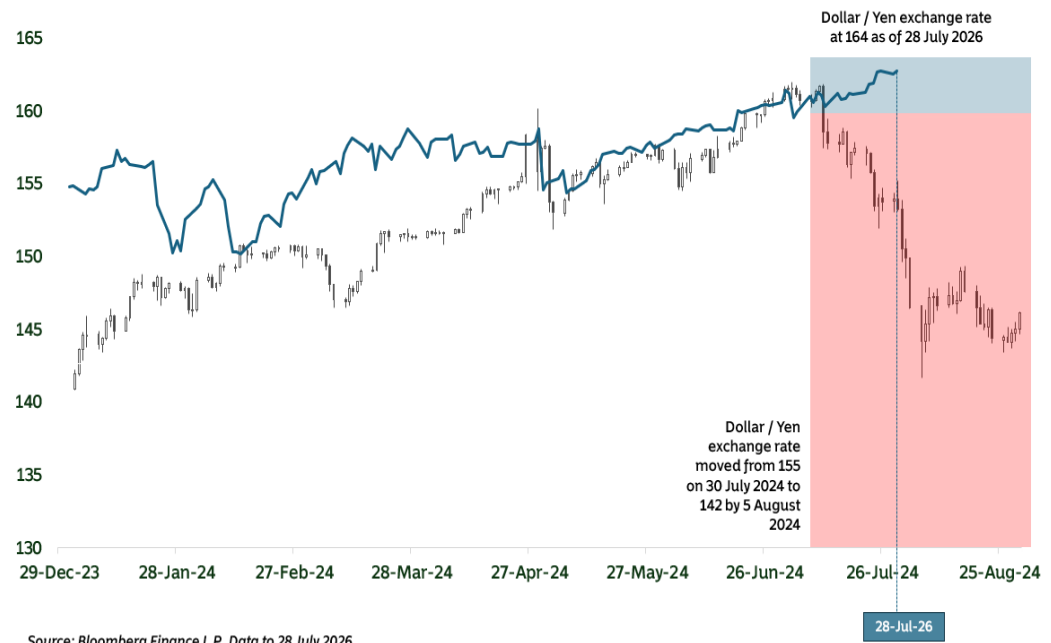


# Global Matters Weekly

03 August 2026

## Mind the Gap Slawomir Soroczynski



### What does the chart show?

The chart compares the USD/JPY exchange rate this year (dark blue line) with its performance during the first eight and a half months of 2024 (candlestick series). We use a different chart format for the 2024 data to illustrate the full extent of the volatility experienced by USD/JPY between 30 July and 5 August 2024.

During those four trading days, the exchange rate fell from 155.22 to 141.72, representing a decline of 8.7%.

### Why this is important

When examining the exchange rate this year, one can identify periods that closely resemble the trading patterns observed in 2024. However, only recently has a significant divergence emerged.

Given that the Japanese yen remains close to its weakest level against the US dollar in more than three decades, the Japanese authorities' determination to support the currency, and this week's central bank meetings involving both the Federal Reserve and the Bank of Japan, investors should be prepared for a potential spike in volatility.

While it is difficult to estimate the magnitude of any potential market move, some participants are likely to look back at the events of August 2024 as a reference point.

The yen's role as the world's primary funding currency is well established and has been extensively utilised across a wide range of leveraged investment strategies. Leverage is employed across virtually all asset classes, from traditional safe-haven investments to ultra-high-beta assets. As a result, any significant and disorderly move in the funding currency can rapidly affect the global risk landscape and trigger broader market dislocations. It is worth remembering that, particularly in financial markets, history does not repeat itself, but it often rhymes. Therefore, as we navigate the current environment, it is prudent to mind the gap.



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