Bank of Japan has Increased the Rates

Japan's central bank has raised its main interest rate to a fresh 31-year high as it continues to move away from decades of ultra-low borrowing costs and as the country faces increasing economic pressures. In a widely expected move on Friday, the Bank of Japan (BOJ) increased the rate from 1% to 1.25% - a level not seen since 1995. They have hiked six times in the past two and a half years. When a central bank raises rates, known as tightening monetary policy, the country's currency usually becomes stronger, as its more attractive to traders. Core inflation fell to 1.7% in August from 1.8% the previous month but remains close to the bank's 2% target level. While Japan's inflation rate is not high by international standards, rising prices are a relatively new development in the economy. Until recently, the country had experienced very low inflation or deflation - falling prices - for around three decades. Global oil and gas prices have risen this year as the Iran war caused major disruptions to shipments through the key Strait of Hormuz shipping route.

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