

Japan finance minister warns against excessive yen weakening

Japan will take appropriate steps should the yen weaken excessively, Finance Minister Shunichi Suzuki said on Friday after the currency plumbed seven-month lows against the dollar.

Suzuki warned against investors selling the yen too far as the currency weakened past 145 to the dollar, a level that made speculators wary of potential intervention by Japanese authorities.

When the yen breached the 145-level last September, authorities intervened in markets to support the currency for the first time in 24 years.

"It is important for currencies to move stably reflecting fundamentals," Suzuki told reporters.

"Sharp (OTC:SHCAY) and one-sided moves are seen in the currency market lately. The government is watching currency market moves with a great sense of urgency. We will respond appropriately if the moves become excessive."

A weak yen has both positive and negative effects on the economy, depending for example on the export or import sectors.

However, it is not positive considering the current situation where government policy focuses on steps to mitigate the impact of rising prices, Suzuki added.

Generally, yen weakening pushes up import costs of food and energy for resource-poor Japan, which would deal a blow to consumers struggling to make ends meet.

Suzuki stopped short of saying he was 'deeply concerned' or declaring an intention to take 'decisive steps', which were the phrases he used as a prelude to the last time authorities intervened in the currency market.

On Friday, the Japanese currency struck 145.07 per dollar in early Asia trade, its lowest in over seven months, but it had steadied to 144.80 by late morning.

The yen has depreciated by more than 9% against the dollar so far this year.

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