

## Yen sinks as investors chase better yields

The yen sagged on the euro, sterling and other crosses this week and headed for a fourth weekly drop against the dollar on Friday as investors chased better yields just about everywhere else, wagering Japan's rates would stay near zero for some time.

The yen is the worst performing G10 currency this year, with a 6.3% slide on the dollar. The greenback is the best performer.

For the week the yen is down 0.6% on the euro, touching its weakest for three months on Thursday at 163.45 per euro. It dropped by the same margin on sterling to hit its lowest since late 2015 at 190.83 and made nine-year nadirs on the Australian and New Zealand dollars. [AUD/]

Yen moves against the dollar were more modest due to the risk its slide could prompt intervention in markets from Japan, with officials reminding traders they stand ready in recent days.

The dollar gained 0.2% to trade at 150.53 yen this week. Moves in Friday's Asia session were small and trade lightened by a public holiday in Japan.

Investors can earn interest, or "carry", by borrowing yen around 0% and buying income-bearing assets in other currencies.

With Deutsche Bank's foreign exchange volatility index collapsing to two-year lows and markets backpedalling on bets for deep rate cuts in the U.S., Europe and Britain - leaving yields elevated - the trade is profitable.

"There's a focus on carry while we're in a range-bound environment," said Bank of Singapore strategist Moh Siong Sim, noting that hopes for a yen rally had taken a hit from last week's data showing an unexpected slide into recession in Japan.

**Important Note:** The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement