

## Yen rises amid intervention nerves

Japan's yen scaled a six-week high on Thursday, stirring up speculation of an official push, while traders waited on a European Central Bank meeting to direct the euro's next move.

The single European currency held near four-month highs ahead of the ECB's decision, which is all but certain to result in no change to monetary policy, leaving traders to focus on what the chances of a September rate cut might be.

"We expect the ECB to emphasise that future interest rate cuts will be dependent on further declines in inflation and wages growth," said Commonwealth Bank of Australia (OTC:CMWAY)'s Joe Capurso.

"The risk is that pricing for the September cut is reduced."

The euro was roughly steady at \$1.09325. Markets currently show traders believe euro zone rates will fall at least once more this year, with a reasonable chance of another drop on top of that.

The pound, meanwhile, traded around one-year highs, dipping below \$1.30 after British data showed a slower moderation in wage growth than expected in May, which kept the chances of an August rate cut well under 50%.

Sterling was last flat at \$1.2998, but is on course for a 2.1% rise so far this year, making it the best-performing major currency against the dollar, largely down to the rate outlook.

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