

Yen climbs on BOJ outlook

The yen hit its strongest level in over two months on Thursday as investors ramped up bets on further rate hikes from the Bank of Japan (BOJ) this year, while concerns about new tariff threats from U.S. President Donald Trump kept markets on edge.

The yuan got a lift after Trump said "it's possible" for the U.S. and China to have a new trade deal and said he expected Chinese President Xi Jinping to visit the United States, though he did not give a timeline for the trip.

The yen rose more than 0.8% to touch a high of 150.15 per dollar on Thursday, extending its gains from the previous session.

BOJ Governor Kazuo Ueda said on Thursday he met Japanese Prime Minister Shigeru Ishiba for a regular exchange of views on the economy and financial markets, however the two did not discuss recent rises in long-term interest rates.

"I don't think there's a single cause," Bank of Singapore currency strategist Moh Siong Sim said of the yen's surge.

"Ueda did say he didn't discuss rising yields with Ishiba, so perhaps that got people excited to think that the recent rise in the yields that supported the yen wasn't a concern, and therefore it's a green light for more yen strength and perhaps a BOJ hike quite soon."

Investors have been gradually adding to bets that the BOJ could hike rates sooner rather than later, particularly as recent domestic data have supported the case for further policy tightening.

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