

# WORLD FOREX: Euro Down Vs Yen As Exporters Sell; Stress Tests Eyed

By Miho Nakauchi  
Of DOW JONES NEWSWIRE

TOKYO (Dow Jones)--The euro and dollar fell against the yen in Asia Friday as Japanese exporters and Asian short-term players sold the currencies after they rose to attractive levels earlier in the day.

Further declines in the euro and dollar may be short-lived before the 1600 GMT release of the much-awaited results of European stress tests, which gauge whether Europe's banking sector has sufficient capital. The outcome may determine directions of the euro as well as the dollar next week, traders said.

The two currencies entered Asian trading Friday amid expectations that Tokyo shares may gain following New York stocks' overnight rise, encouraging market participants to sell the safe-haven yen.

Japan's benchmark Nikkei Stock Average was up 2.3% in Tokyo's afternoon session, while share prices in South Korea, Australia and New Zealand were also higher.

But the euro and dollar later retreated as Japanese exporters sold the currencies following their climb to favorable levels, prompting Asian short-term players to follow suit, traders said.

As of 0450 GMT, the European unit was at Y112.02 from its intraday high of Y112.67 and its New York Thursday level of Y112.05. The greenback meanwhile exchanged hands at Y86.85 compared with its early high of Y87.23 and Y86.93 late Thursday.

Some dealers said the two currencies may extend their declines if the stress tests are considered not stringent enough, or if the results come in surprisingly negative, weighing on stocks and prodding players to reduce risks.

Mizuho Corporate Bank senior trader Yuichiro Harada said the euro's long-term outlook appears dim, no matter what happens following the results.

"Even if the stress tests are evaluated favorably (by the market), this doesn't mean the issues over the euro's credibility will be resolved," Harada said. Financial conditions in some euro-zone nations may remain stagnant, he added.

As of 0450 GMT, the single unit was at \$1.2896 compared with \$1.2892 overnight. The ICE Dollar Index, which tracks the dollar against a trade-weighted basket of currencies, was at 82.565, down from 82.611.

Interbank Foreign Exchange Rates At 00:50 EDT / 0450 GMT

	Latest	Previous	%Chg	Daily	Daily	%Chg
Dollar Rates		2150 GMT		High	Low	12/31
USD/JPY Yen	86.88-89	86.95-96	-0.08	87.23	86.75	-6.66
EUR/USD Euro	1.2896-98	1.2887-90	+0.07	1.2917	1.2885	-9.92
GBP/USD Sterling	1.5287-90	1.5251-57	+0.24	1.5290	1.5255	-5.42
USD/CHF Swiss Franc	1.0432-42	1.0431-33	+0.01	1.0437	1.0419	+0.75
USD/CAD Canadian Dlr	1.0385-92	1.0382-84	+0.03	1.0396	1.0364	-1.22
AUD/USD Australian Dlr	0.8926-29	0.8929-31	-0.03	0.8949	0.8905	-0.63
NZD/USD New Zealand Dlr	0.7244-50	0.7244-48	0.00	0.7275	0.7233	-0.17
Euro Rate						
EUR/JPY Yen	112.04-06	112.04-10	0.00	112.65	111.80	-15.92

-By Miho Nakauchi, Dow Jones Newswires; +813-6269-2784; miho.nakauchi@dowjones.com

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