

**Euro wary ahead of ECB, Aussie basks in growth glow**  
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The euro last stood at \$1.3736 (RM4.49), having slipped as far as \$1.3707 overnight. The euro stayed on the defensive early today, having lost ground against many of its peers as investors made short shrift of the common currency ahead of possible policy easing by the European Central Bank.

Market concerns about Ukraine continued to simmer in the background with high-level diplomatic efforts to resolve the crisis making little apparent headway so far.

The euro last stood at \$1.3736 (RM4.49), having slipped as far as \$1.3707 overnight. It was also down against sterling and the Australian dollar but managed to drift up versus the yen to 140.43 (RM4.49).

"We think Thursday will be a big day for euro bears, with the ECB likely to deliver significant policy easing measures, weakening the currency," analysts at BNP Paribas wrote in a note to clients.

There is talk the ECB may loosen monetary policy by ending so-called sterilisation of its bond purchases that could release around 175 billion euros (RM786.2 billion) into the financial system.

That should bring down interbank lending rates and could also knock the euro lower against the US dollar. The ECB will, for the first time, publish staff forecasts stretching into 2016.

BNP economists expect the ECB to cut rates as well.

With the euro on the back foot, the US dollar index climbed to its highest for the week at 80.272. It has since retreated to 80.071, partly due to disappointing US data.

Reports yesterday showed US private employers added fewer workers than expected in February and growth in the services sector slowed. All eyes are now on non-farm payrolls due tomorrow.

Against the yen, the greenback stood at 102.32, continuing to pull away from Monday's trough of 101.20. Talk of maturities in dollar/yen options could inject a bit of volatility in the pair, traders said.

A notable performer overnight was the Australian dollar, which hit a one-week high near 90 US cents after local data showed the economy sped up more than expected in the fourth quarter.

The Aussie could build on that head of steam if retail sales data due at 0030 GMT (11am MYT) showed further strength in consumer spending. It was last at \$0.8987. – Reuters, March 6, 2014.

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