

Dollar falls against euro ahead of US jobs report
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The dollar fell against the euro yesterday, ahead of a key US jobs report and after a rosier outlook on the eurozone economy from the European Central Bank.

The euro traded at US\$1.3861 (RM4.51308) around 2245 GMT, up sharply from US\$1.3734 late Wednesday.

Earlier in the day the European shared currency hit US\$1.3873, its highest level since late December.

The yen weakened against both currencies. The dollar rose to 103.08 yen (RM3.25644) from 102.28 yen, while the euro bought 142.88 yen compared with 140.47 the prior day. The euro was higher after the European Central Bank held its interest rate in place and chief Mario Draghi appeared optimistic about growth in the 18-nation eurozone.

"A gradual recovery in domestic and external demand is expected to be the driving factor behind the projected increase in activity," Draghi said, after the ECB raised its 2014 growth forecast by 0.1 percentage point to 1.2%.

The dollar, meanwhile, was under pressure as investors braced for the Labor Department's monthly jobs report today.

Analysts estimate net job creation picked up to 163,000 in February after a mere 113,000 in January.

The unemployment rate is expected to hold steady at 6.6%.

"A pickup in employment may instill a bullish outlook for the greenback as the Federal Reserve is widely anticipated to discuss another US\$10 billion taper" at the March 18-19 monetary policy meeting, said David Song, currency analyst at DailyFX.

"However, the recent slowdown in economic activity certainly raises the risk of seeing another weaker-than-expected NFP (nonfarm payrolls) print, and a dismal result may heighten the bearish sentiment surrounding the reserve currency as it limits the Fed's scope to normalize monetary policy sooner rather than later."

The dollar fell to 0.8802 Swiss franc (RM3.25575) from 0.8873 franc late Wednesday.

The pound rose to US\$1.6740 from US\$1.6720. – AFP, March 7, 2014.

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