

**Euro hits 2014 high, may get boost from US data**  
**Malaysian Insider**  
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The euro's raced to fresh 2014 highs against the dollar today with more gains likely if a key US jobs report reflects the soft patch the world's largest economy has hit due to the cold weather.

The dollar slipped from a five-week high against the yen with its near-term fortunes hinging on the non-farm payrolls report, due at 930pm.

The data is likely to show job growth in the United States picked up enough in February to encourage the Federal Reserve to continue scaling back stimulus.

A Reuters poll of economists found employers were expected to have added 149,000 workers to their payrolls last month.

But analysts said investors may be bracing for a weaker reading following the soft ADP private sector jobs report and ISM services sector survey released earlier this week.

The euro hit a 2.5-month high of US\$1.3874 in early European trade – a 2014 peak – with investors targeting the December 27 high of US\$1.3894 that would take the currency to its highest since late 2011.

The euro has made broad based gains after the ECB yesterday decided to stand pat on policy and held off from fresh monetary stimulus.

President Mario Draghi told a news conference that economic conditions in the region did not require a shift in monetary policy. He also clarified that the euro's rise has only reduced inflation by 0.4 percentage points, comments which analysts said will likely to see more upside for the currency.

"The ECB was quite disappointing to a lot of euro bears," said Yujiro Gato, currency strategist at Nomura. "We do not rule out a move towards US\$1.40 by the euro in the coming weeks given the ECB is unlikely to ease policy anytime soon."

Despite losses against the euro, the dollar index, which measures its value against a basket of major currencies, stood broadly steady at 79.619. It fell to a four-month low of 79.59 yesterday on the euro's post-ECB surge.

Traders said they were geared up for a soft number due to weather disruptions and any number below 100,000 fresh jobs being created, could see the dollar drop against the yen.

"There's a very wide range on this one now. I think the market has already priced in a lower number," said Jeffrey Halley, FX trader for Saxo Capital Markets in Singapore, referring to the US non-farm payrolls data.

"I think it would have to come in well under 100,000 for it to have any significant downside effect on dollar/yen," he added.

The dollar eased 0.2% to 102.91 yen. Earlier, the dollar touched a high of 103.17 yen, matching a five-week high that had been set yesterday.

"The market could treat the consensus figure of 150,000 jobs as a positive surprise. Considering the severe winter conditions, a number through to 120,000 may not be considered a letdown," said Ayako Sera, senior market economist at Sumitomo Mitsui Trust in Tokyo.

A solid US non-farm payrolls report would help the greenback consolidate its position above 103 yen but investors will be wary of pushing too far as the crisis in Ukraine appears far from over, Sera at Sumitomo Mitsui Trust said.

The yen, along with the Swiss franc, is considered a safe haven currency and received a boost earlier this week when tensions in the Crimea heightened. – Reuters, March 7, 2014.

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