

Yuan opens higher against dollar, fears of hot money return
Malaysian Insider
7 March, 2014

China's yuan opened at 6.10 per dollar on Friday morning, up 0.3% from Thursday's close, as the currency continued to recover strongly from a dramatic slide in recent weeks.

However, subsequent trade saw the rate soften to 6.11 per dollar.

The opening showed the market pricing the spot yuan at a 0.33% premium to the midpoint rate, which the People's Bank of China (PBOC) set at 6.12 in the morning.

The currency lost as much as 1.9% over seven trading days between February 19 and 28 as the central bank, supported by trading by major state-owned banks, together hammered the yuan's value to squeeze out speculators and discourage hot money inflows.

However, the currency has recovered since then, which some analysts worry will only encourage more hot money flows if the correction proves to be temporary.

The initial quote that appeared in the system was 6.106 per dollar but it appears that a trade was entered in error or out of sequence, as occasionally occurs. – Reuters, March 7, 2014

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Source: <http://www.themalaysianinsider.com/business/article/chinas-yuan-opens-higher-continues-recovery>