

Yen weakens in Asia on BoJ easing speculation
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The yen eased in Asia today as surprisingly weak Japanese factory output boosted speculation that the Bank of Japan would expand its stimulus programme to prop up the world's number-three economy.

In afternoon Tokyo trade, the dollar crept up to 102.84 yen (RM3.27) from 102.80 yen in New York on Friday.

The euro bought US\$1.3747 (RM4.49) and 141.39 yen compared with US\$1.3752 and 141.38 yen.

Official data showed Japan's industrial output in February fell 2.3% month-on-month following a 3.8% expansion in January. Economists had widely predicted a 0.3% rise.

"Today's data show that Japan's manufacturing sector lost some speed ahead of (Tuesday's) increase in the consumption tax," Capital Economics said.

The data weighed on the yen as it could nudge the Bank of Japan towards widening its asset-buying stimulus, which was put in place last year to kickstart the economy.

The dollar was also being supported by figures showing US consumer incomes and spending gained for a second straight month in February.

Focus is now on the release Tuesday of the BoJ's Tankan survey of Japanese business sentiment while the US Labor Department will on Friday unveil closely-watched non-farm payrolls data for March.

Eurozone inflation figures are due later today.

With recent data showing prices rises remain weak, the latest release will put the spotlight on the European Central Bank as it prepares for its next policy meeting Thursday.

"We do not believe the ECB can afford to do nothing this week, having intentionally raised hopes of fresh monetary easing," Credit Agricole said, adding that "at some point the market will ask for more than dovish words".

Investors are also tracking events in Europe as the top diplomats from the US and Russia hold talks to find a solution to the crisis in Ukraine.

While the two failed yesterday to reach a breakthrough in Paris they did agree to keep talking after what were described as "frank" and "constructive" negotiations.

The dollar was mostly lower against other Asia-pacific currencies.

It slipped to 59.89 Indian rupees from 60.05 rupees on Friday, to 11,361.30 Indonesian rupiah from 11,410.00 rupiah, and to 32.46 Thai baht from 32.51 baht.

The greenback also fell to 1,066.55 South Korean won from 1,068.66 won and to 44.84 Philippine pesos from 44.98 pesos. It edged up to SgUS\$1.2619 from SgUS\$1.2616.

The Australian dollar fell to 92.23 US cents from a four-month high of 92.95.

The Chinese yuan fetched 16.52 yen against 16.41 yen. – AFP, March 31, 2014.

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