

Dollar dips despite US data shows jobs growth
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The dollar backed away from early gains and declined against other major currencies today even though data showed solid jobs gains for a second straight month in the United States.

In trading after the March jobs report, which eases the way for the US Federal Reserve to wind up its bond-buying programme, the dollar index was off 0.06% at 80.425. Earlier it touched 80.599, its highest level since February 27.

The greenback was down 0.13% against the euro at US\$1.3700 and down 0.14% against the Japanese yen at 103.75 yen after hitting a session high of 104.12 yen in trading immediately after the employment reports.

"The numbers were sufficiently in line so the bigger picture isn't changed going forward for the Fed," said currency strategist Cameron Umetsu at UBS in Stamford, Connecticut.

US non-farm payrolls increased by 192,000 jobs last month after rising 197,000 in February, the Labour Department said. The unemployment rate was unchanged at 6.7%, as Americans flooded the labor market.

Economists polled by Reuters had expected employment to increase by 200,000 last month and the unemployment rate to fall one-tenth of a percentage point.

Some traders hoping the jobs data would be more robust were disappointed, though the report will likely encourage the Fed to continue reducing its massive monetary stimulus, a process known as tapering, according to Anthony Valeri, investment strategist at LPL Financial in San Diego.

"It's a Goldilocks report, not too warm and not too cold, and puts pressure on the next report in May to be good," Valeri said. "It doesn't change the pace of tapering and shows the economy is still on track."

Euro setback

Yesterday the euro had hit a one-month low against the dollar after ECB President Mario Draghi said the Governing Council was unanimous in its commitment to also using "unconventional instruments within its mandate in order to cope effectively with risks of a too-prolonged period of low inflation."

Unconventional instruments include quantitative easing - essentially, printing of money to buy assets. Some euro zone central bankers considered such measures highly undesirable until now.

The growth-sensitive Australian dollar got a boost after the US jobs report and touched a session high of US\$0.9290, before settling back to US\$0.9279 for a gain for the day of 0.55%. - Reuters, April 4, 2014

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