

Euro weakens in Asia after Draghi comments
Malaysian Insider
4 Apr, 2014

The euro extended its losses in Asia today after the head of the European Central Bank (ECB) signalled he was ready to aggressively loosen monetary policy as the eurozone faces the threat of deflation.

The single currency dipped to 142.36 yen (RM4.49) in Tokyo from 142.61 yen in New York yesterday, while it weakened to US\$1.3703 (RM4.49) from US\$1.3717.

It is also well down from the 143.02 yen and US\$1.3763 seen earlier yesterday in Asia.

The dollar edged down to 103.88 yen from 103.94 yen in US trade.

In a news conference after the ECB held rates at a record low and stood pat on other easing measures, its president Mario Draghi vowed to "act swiftly" if needed to keep falling prices at bay.

"We do not exclude further monetary easing," he said. "We will monitor developments very closely and will consider all instruments available to us.

"We are resolute in our determination to maintain a high degree of monetary accommodation and to act swiftly if required."

The prospect of any easing measures – such as asset purchases similar to the US Federal Reserve, or a rate cut – sent investors fleeing the single currency.

"It's difficult to support the euro under the current economic conditions," said Minori Uchida, head of Tokyo global markets research at the Bank of Tokyo-Mitsubishi UFJ.

"In addition, a rise in US interest rates on the back of its economic recovery is making the euro less attractive," Uchida added.

Focus is now on the release later today of US non-farm payrolls data for March, with investors hoping to get a better idea about the state of the world's largest economy.

The report will give a clearer idea about the US recovery than recent readings, which were skewed by severe winter weather at the turn of the year.

While a strong figure will be welcomed, there are fears that the numbers could be too good for the Federal Reserve's liking.

Norihiro Fujito, senior investment strategist at Mitsubishi UFJ Morgan Stanley Securities, said: "Solid jobs data is welcome, but numbers too robust may spark fears that the Fed may actually accelerate stimulus tapering."

That could result in "another roiling effect", he said.

The Fed's decision to start winding down its stimulus programme from January – citing improvements in the economy – hit world markets as investors repatriated their cash to the US in expectations interest rates will begin to rise.

The dollar was mixed against other Asia-Pacific currencies.

It edged up to 60.30 Indian rupees from 60.14 rupees yesterday, to 32.54 Thai baht from 32.49 baht, to 11,309 Indonesian rupiah from 11,303 rupiah, and to Sg\$1.2637 from Sg\$1.2629.

It eased to 1,054.35 South Korean won from 1,057.67 won while it was flat at 45.00 Philippine pesos.

The Australian dollar inched up to 92.35 US cents from 92.18 cents and the Chinese yuan was at 16.68 yen against 16.73 yen. – AFP, April 4, 2014.

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Source: <http://www.themalaysianinsider.com/business/article/euro-weakens-in-asia-after-draghi-comments>