

Dollar subdued after jobs data, euro wary of ECB stimulus
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Commodity currencies including the Australian dollar held onto solid gains early today as the dollar and euro fell to the wayside and even lost ground to an otherwise soft yen.

Investors went cool on the dollar after a closely watched US jobs report failed to live up to the market's lofty expectations, while the thought of the European Central Bank launching its own bond-buying stimulus kept euro bulls at bay.

Data last Friday showed the world's biggest economy generated 192,000 jobs last month, a touch lower than analysts' median forecast and well down from whisper numbers that made the usual rounds in the markets, traders said.

Investors were forced to trim bullish positions as a result, knocking the dollar index off a seven-week peak of 80.599. It last stood at 80.436, little changed from where it closed in New York.

Traders said the dollar's dip was a reflection of market positioning rather than any true weakness in payrolls.

Indeed, the report showed "solid job growth and suggests that the negative weather effects of the winter are largely over," analysts at Barclays Capital wrote in a note to clients.

The greenback recoiled from a 2-1/2 month high of 104.13 yen (RM3.31) to last stand at 103.36. It also lost ground against commodity currencies including the Australian, New Zealand and Canadian dollars.

However, the dollar only slightly underperformed the euro, which came under pressure after a newspaper report added weight to possible bond-buying stimulus from the ECB.

German newspaper Frankfurter Allgemeine Zeitung said the ECB had modelled the effects of buying a trillion euros of assets to ward off deflation, a day after the head of the ECB said radical policy action might be needed.

The common currency fell to one-week lows against the yen at 141.30 and slid to a 4-1/2 month low of A\$1.4689 (RM4.47). Against the dollar, it stood at US\$1.3697 (RM4.49), having edged off a five-week trough of US\$1.3672.

Trading is expected to be subdued in Asia today with little in the way of market moving economic news. – Reuters, April 7, 2014.

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