

Ringgit leads Asia FX gains after US jobs data, rupiah weaker after GDP
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Emerging Asian currencies edged up on Monday as last week's US jobs data was not seen strong enough to spur an early rate hike by the Federal Reserve, while the Indonesian rupiah eased after weaker-than-expected first quarter growth.

Trading was subdued overall with financial markets in Japan, South Korea and Thailand closed.

Malaysia's ringgit outperformed regional peers on demand from offshore funds and lower bond yields. The Taiwan dollar gained on foreign financial inflows.

China's yuan advanced after the central bank's stronger midpoint fixing. The US dollar stayed weaker even after data on Friday showed US employers in April hired workers at the fastest clip in more than two years, keeping the Fed on track to end bond purchases this year.

The bright outlook for the world's top economy, however, was tempered somewhat by a sharp increase in the number of people dropping out of the labour force.

After the US jobs data, the CBOE Volatility index, a measure of investors anxiety, fell to its lowest since January 22.

"Is it strong enough to oblige the Fed to raise rates? I don't think that is the expectation," said Andy Ji, Asian currency strategist for Commonwealth Bank of Australia in Singapore.

"The view is USD only gets a lift when rates are higher is taking hold in the markets. Certainly, US yields are not pricing a sooner than expected rate hike here," Ji said, adding a sluggish dollar is seen supporting emerging Asian currencies.

Last week, most emerging Asian currencies rose on expectations that the US jobs data would indicate a solid recovery in the region's main overseas market.

Investors remained wary of China's slowing economy and increasing tensions in Ukraine.

Earlier, a private survey showed China's manufacturing activity in April remained weak for a fourth consecutive month, adding to worries about fading economic momentum.

Geopolitical unrest grew as pro-Russia militants stormed a Ukrainian police station on Sunday.

Investors and traders in Asia, however, appear to have not paid much attention to these conflicts yet, said a senior Malaysian bank trader in Kuala Lumpur.

"It is hard to put on any positions until we see the actual impact of any conflict. If the surrounding countries... were not impacted, Asian countries would certainly not be," the trader added.

Last week, FTSEurofirst 300 index of leading European shares reported a third straight week of gains, even though the index fell slightly on Friday.

Investors were keeping an eye on monetary policy meetings in Asia this week, even though they may not move regional currencies unless there is a surprise policy decision.

The central banks of Indonesia, Malaysia and the Philippines are due to hold policy meetings on Thursday, while the Bank of Korea is scheduled to meet on Friday. – Reuters, May 5, 2014.

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