

US dollar steadier after post-jobs volatility, Ukraine in focus
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The dollar got off to a cautious start today having staged a curious reversal late last week that saw it erase all of the gains sparked by a strong payrolls report.

Data on Friday showed US employers hired workers at the fastest clip in more than two years in April, pointing to a rebound in economic growth after a severe winter.

The dollar index initially rallied to a high of 79.852, only to then slide to a session low of 79.469. It was last flat at 79.504.

Traders said a combination of factors took the wind out of the dollar, including a worryingly-large increase in the number of people dropping out of the labour force, weak wage growth and escalating violence in Ukraine.

Further undermining the dollar was a drop in US Treasury yields particularly at the long-end, resulting in a marked flattening of the curve. The benchmark yield plumbed a three-month low of 2.57% and was last at 2.59%.

"Market reaction to the report suggested cautiousness in overrating the payrolls gain," analysts at Barclays Capital wrote in a note to clients.

One reason for the lack of a bounce could have been market positioning as currency speculators had already slashed bets against the greenback ahead of the jobs report.

Against the yen, the dollar was back at 102.20, having retreated from a near one-month peak of 103.03. The euro, which fell as low as US\$1.3812 (RM5), recovered to US\$1.3874.

Other major currencies were also steadier after a volatile session on Friday. The Aussie was little changed at US\$0.9278, having swung between a one-month trough of US\$0.9203 and a one-week high of US\$0.9322.

HSBC will release its final reading on China's manufacturing sector at 0145 GMT (9.45am, Malaysia time). The preliminary survey released on April 23 showed the downturn in factory activity eased slightly in April as declines in new orders and output slowed.

Any disappointment will no doubt dampen risk appetite at a time when worries have mounted about Ukraine. – Reuters, May 5, 2014.

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