

Dollar steady in Asia after upbeat US manufacturing data
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The dollar held steady in Asia today after getting a lift from positive US and Chinese manufacturing data, while speculation about further easing measures by the European Central Bank (ECB) held back the euro.

In Tokyo afternoon trading, the greenback fetched 102.37 yen (RM3.22), little changed from 102.36 yen in New York yesterday afternoon, having made up ground from its 102.02 yen level in Tokyo earlier in the day. The euro ticked up slightly to US\$1.3602 (RM4.38) and 139.26 yen today against US\$1.3595 and 139.19 yen in US trade.

The European single currency has faced selling pressure lately due to expectations of an interest rate cut by the European Central Bank.

Yesterday, the dollar rose as the Institute of Supply Management said its purchasing managers index of US manufacturing activity rose in May to 55.4 from 54.9 in April. A reading above 50 indicates growth.

Upbeat Chinese manufacturing data released over the weekend have also boosted investors' appetite for risk, spurring more dollar-buying.

Eurozone inflation concerns were also in focus as consumer prices in Germany, Europe's biggest economy, slowed to their lowest rate in four years in May, at 0.9%, compared with 1.3% in April.

The sharp fall added to pressure on the ECB, which holds a monetary policy meeting Thursday, to act to keep the 18-nation bloc from falling into deflation.

ECB watchers predicted a cut in the central bank's key interest rates and possibly new measures to pump liquidity into the banking system.

The "ECB remains the central focus of this week as Germany 'flash' inflation came in much lower than expected yesterday," Credit Agricole said, adding that "if anything, (it) reinforces the view that the central bank cannot afford to remain on the side line".

Bank of Japan Governor Haruhiko Kuroda repeated his view today that the BoJ would not hesitate to pull the trigger on more easing if necessary to

boost the economy and achieve a target of stable 2.0% inflation by next year.

"I don't think the measures are limited," he told parliament.

Investors are also looking ahead to eurozone unemployment and US factory orders later in the day, as well as US non-farm payroll figures at the end of the week.

The dollar was mixed against other Asia-Pacific currencies.

It fell to 1,023.90 South Korean won from 1,024.15 won yesterday, to 43.79 Philippine pesos from 43.86 pesos, and to 32.70 Thai baht from 32.87 baht.

The dollar inched down to Tw\$30.01 from Tw\$30.05, and to Sg\$1.2559 from Sg\$1.2560 while firming to 59.13 Indian rupees from 59.09 rupees, and to 11,807.50 Indonesian rupiah from 11,757.50 rupiah.

The Australian dollar fell to 92.49 US cents from 92.59 cents while the Chinese yuan bought 16.36 yen against 16.35 yen. – AFP, June 3, 2014.

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