

Won leads Asia FX gains after weak US GDP
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The South Korean won led gains among emerging Asian currencies today as a disappointing contraction in the US economy during the first quarter raised expectations that the Federal Reserve may not hurry to increase interest rates.

The Taiwan dollar closed the local trade up 0.2% at 29.992 against the US dollar, to end stronger than the 30.000 level for the first time since January 2.

Traders in Taipei said the central bank's last-minute intervention was milder than usual.

The monetary authority appeared to loosen its grip on the currency market as the Taiwan dollar has underperformed regional peers, especially the won, traders said.

Taiwan's central bank closely watches the won's movements as some companies such as Taiwan Semiconductor Manufacturing Co Ltd compete with South Korean rivals in overseas markets.

The won ended the local trade up 0.5% at 1,016.2. That compared with a near six-year high of 1,015.5 hit on June 10.

South Korean exporters chased the currency for month-end settlements despite growing caution over possible intervention by the foreign exchange authorities to stem gains in the best performing emerging Asian currency so far this year.

The ringgit advanced on similar corporate bids.

Thailand's baht slightly rose on growing hopes that the economy could avoid a recession even though exports in May fell more than expected.

The Indonesian rupiah, however, fell to its weakest in four-and-a-half months on concerns over the country's current account deficit and uncertainty over the coming presidential election on July 9. – Reuters, June 26, 2014.

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