

Dollar in fine fettle on jobs cheer, Swedish crown skids
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The dollar started trade in Asia at one-week highs today, having shown competitors a clean pair of heels after surprisingly strong US jobs growth added to hopes the economy is pulling out of a first quarter slump.

The dollar index climbed as far as 80.315 after US employers blew away most forecasts by adding 288,000 jobs last month. It was last at 80.218, well off an eight-week trough of 79.740 plumbed earlier in the week.

Against the yen, the dollar rose to its highest in over two weeks at 102.27. It was up 0.8% so far this week, on track for its best performance in 2-1/2 months.

"The data supports expectations for the Fed to begin coaxing the Fed funds rate higher by the middle of next year," analysts at BNP Paribas wrote in a note to clients.

"Markets are now on alert for any change of message from the Fed in response to the better data."

The U.S. two-year Treasury yield jumped to a 10-month high and Wall Street hit a record high, with the Dow ending above 17,000.

The euro, further weighed by a dovish-sounding European Central Bank, shed more than half a US cent to US\$1.3596. It fell back from a one-month high against its Japanese counterpart to 139.08, from 139.30.

The ECB, as expected, left interest rates steady at record lows yesterday but said it stood ready to do more if needed.

However, it sounded confident that a raft of policy measures introduced last month will help lift inflation and support bank lending.

The Australian dollar, already on the ropes after the country's central bank said it was overvalued, fell to its lowest in over two weeks.

The Aussie plumbed US\$0.9327, bringing the June 18 trough of US\$0.9322 into focus. It was last at US\$0.9345, well off an eight-month peak of US\$0.9505 set early in the week.

Despite the jobs-inspired rally, the greenback dipped to a fresh six-month low against its Canadian counterpart at C\$1.0620 . It only managed a very slim gain on sterling, which stayed near a six-year peak of \$1.7180.

The honours for the worst major performing currency belonged to the Swedish crown after the Riksbank cut its key interest rates by an unexpectedly large 50 basis points to 0.25%.

Adding to the drama, governor Stefan Ingves had wanted a quarter-point cut, but was outvoted by his rate-setting colleagues.

That marked the first instance that the central bank chief had been in a minority on a rate decision since the Riksbank became independent in 1999.

The Swedish crown fell to its lowest against the euro in almost three years, reaching 9.3900 crowns per euro from 9.1950. Against the dollar, it slumped to a two-year low of 6.8749 per dollar.

With US markets shut today for the Independence Day holiday, Asia is unlikely to have the same level of action seen overnight. Making matters worse, there is also no Asian data of interest due for release. – Reuters, July 4, 2014.

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