

**Australia, NZ dollars at multi-month lows on a resurgent greenback**

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SYDNEY, May 2 (Reuters) - The Australian and New Zealand dollars spiralled lower to multi-month lows on Wednesday, as the greenback trekked higher against most major currencies amid bets that interest rates will rise at a faster pace in the United States.

In contrast, the central banks in Australia and New Zealand have reiterated the need for cash rates to remain at historic lows for a while yet. The divergence has pushed U.S. Treasury yields above those in Australia to the widest since mid-1998.

The Australian dollar pushed below critical support of \$0.7500 to near a one-year trough of \$0.7472 touched on Tuesday.

The Aussie has fallen in eight out of the last 10 sessions and has lost more than 4 percent since the beginning of this year. It surged 8.7 percent in 2017.

The New Zealand dollar lingered near a more than four-month trough of \$0.6991 touched on Tuesday.

The kiwi has fallen two weeks in a row and is set for another drop this week. For the year so far though it has done better than the Aussie but is still down modestly.

The antipodean currencies bounced off their lows around mid-day after positive data from China, a leading trade partner for both countries, showing factory growth unexpectedly picked up in April.

The Aussie was last up 0.1 percent at \$0.75 while the kiwi added 0.2 percent to \$0.7018.

Investors will keep a close eye on a two-day U.S. Federal Reserve meeting where rates are widely seen on hold. The Fed is expected to go for at least two more hikes later this year.

The Reserve Bank of Australia (RBA) left rates at an all-time low of 1.50 percent on Tuesday and signalled a stable policy outlook for a while.

"The majority of the market are looking for a hawkish hold from the (Fed) with a June hike looking odds on," said Nick Twidale, Sydney-based chief operating officer at Rakuten Securities Australia.

"But stranger things have happened in the market and a surprise hike is not totally off the board, which would send the greenback soaring to even higher levels."

In New Zealand, the jobless rate dropped to a nine-year trough of 4.4 percent but stubbornly low wage growth left the central bank all but certain to hold rates again next week.

Weighing on the outlook for the kiwi dollar, global dairy prices fell at a fortnightly auction held earlier in the day, reversing a jump seen last month and casting doubts over an imminent recovery.

New Zealand government bonds eased, sending yields 1.5 basis points higher on the long-end of the curve.

Australian government bond futures slipped, with the three-year bond contract off half a tick at 97.775. The 10-year contract fell 3 ticks to 97.20. (Editing by Jacqueline Wong)

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