

**Australian Dollar Could Benefit from Labor Data: UniCredit -- Market Talk**

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1055 GMT - The Australian dollar could rise on Thursday on the back of the overnight labor market data which could potentially expose "the AUD to positive re-pricing risk once market attention turns back to fundamentals," according to UniCredit. "March labor data in Australia tonight are expected to be sound, suggesting that the current probability that markets assign to a Reserve Bank of Australia rate hike by the end of the year is too low," the bank says. Investors are pricing in a 35% probability, UniCredit adds. AUD/USD is down 0.2% at 0.7755. (olga.cotaga@wsj.com; @OlgaCotaga)

1026 GMT - Investors haven't priced in an interest rate increase by the Bank of Canada, but they did price in a hawkish central bank, and so if the BOC fails to deliver on expectations, USD/CAD could rise further toward the 1.28 resistance level, according to Saxo Bank. USD/CAD is up by 0.3% at 1.2585. The Canadian dollar is supported by higher oil prices and the fading concerns that Canada may pull out of NAFTA. (olga.cotaga@wsj.com; @OlgaCotaga)

1002 GMT - Most people in the market don't expect the Bank of Canada to raise the interest rate on Wednesday, but the Canadian dollar could still gain from the meeting. That is likely to happen if "Governor Poloz signals sufficient confidence over the economic outlook--as well as hopes for a NAFTA deal-- such that investors raise their odds of a May BOC rate hike," ING says. It says people are pricing in a 50% chance of it. But even if this doesn't happen, the Canadian dollar will nonetheless firm up slightly, given higher oil prices and lower risk aversion, ING says, eyeing USD/CAD at 1.2400 to 1.2450. (olga.cotaga@wsj.com; @OlgaCotaga)

0959 GMT - Germany pays its lowest 10-year funding cost this year at Wednesday's auction, with the average yield coming in at 0.51%. The 10-year Bund yield has recently hovered around 0.50%, having come down from this year's highs of around 0.76% in February. Germany posted this year's highest 10-year funding cost of 0.69% at its Feb. 7 auction. (emese.bartha@wsj.com; @EmeseBartha)

0950 GMT - March eurozone inflation came in below expectations at 1.3% year-on-year, but inflation in the U.K. fell by even more--to 2.5% in March from 2.7% in April. EUR/GBP therefore holds onto the gains it made following the U.K. data, last up 0.7% at 0.8719. EUR/USD, on the other hand, fell to 1.2346 from 1.2360, though it has since rebounded and is last back at the level it was before the release. According to a WSJ poll, euro area inflation was supposed to have been revised to 1.4% year-on-year and U.K. inflation was supposed to come in at 2.7%. (olga.cotaga@wsj.com; @OlgaCotaga)

0937 GMT - EUR/CHF trades at a three-year high on Wednesday due to "the perennially dovish Swiss National Bank and CHF's funding-currency appeal," says ING. The Dutch bank says U.S. sanctions on Russian oligarchs hurt their Swiss investments, which may also have driven the spike. According to ING, 14% of Russian cross-border outflows in 2017 went to Switzerland. It also says the referendum on whether to abandon the current fractional-reserve banking system in Switzerland, due June 10, could be "potentially detrimental." EUR/CHF is up 0.2% at 1.1975. (olga.cotaga@wsj.com; @OlgaCotaga)

0925 GMT - Forty Chinese companies have applied for permission to raise dollar bonds, according to the National Development and Reform Commission's website, indicating issuers are in no mood to slow down borrowings. Already, some 10-15 Chinese property developers are waiting to raise up to \$18 billion from their existing NDRC quotas expiring soon, says a fund manager in Hong Kong. He expects companies to start paying more to attract investors to their new bonds. Chengdu Communications, Fujian Sunshine, Dalian Wanda and Anshan Iron & Steel are among those seeking new permissions. (manju.dalal@wsj.com; @manjudalal)

0923 GMT - Inflation in the UK fell in March but some of the most basic needs, such as housing, transport, food, clothes and recreational activities continue to inflate the cost of living, says Kevin Doran, chief investment officer at AJ Bell. Inflation of 2.5% still "comfortably" outstrips the returns available from most cash accounts, he says. "The Bank of England will be pleased to see inflation falling back towards its 2% target but with economic data looking generally solid, the Monetary Policy Committee is still going to be thinking very hard about raising interest rates when it next meets in May," Doran says. (emese.bartha@wsj.com; @EmeseBartha)

0922 GMT - As a cash crunch in parts of India looks to get resolved, State Bank of India notes ATM currency withdrawals jumped 12% in F2H from 1H, versus a 5-year average gain of 8.2%. Its chief economic adviser adds higher-denomination currency like INR2,000 notes aren't getting circulated adequately, leading to increased demand for smaller-denomination tender. Additionally, heightened economic activity may have increased usage of cash. Currency in circulation has topped predemonetization levels of INR17.98 trillion (\$274 billion) to reach INR18.29 trillion by March. (debiprasad.nayak@wsj.com)

0921 GMT - The fall in U.K. inflation in March "may come as welcome news to consumers," says Simon Longfellow, head of StepstoInvesting.com but stresses that inflation is still higher than savings rates. "It still remains higher than cash savings rates," he says, adding that inflation continues to "eat away" people's hard earned cash savings. Looking at last year in isolation, he says UK savers saw the purchasing power of the "nest eggs" fall by GBP30.3 billion as inflation far outstripped the interest earned on their cash. (emese.bartha@wsj.com; @EmeseBartha)

0921 GMT - The bigger-than-expected fall in U.K. annual inflation to 2.5% in March highlights the pressure on consumers and the retail sector, says James Hughes, chief market analyst at Axitrader. "Despite the extra money in people's pockets the high street remains under severe pressure," he says. The fact that real wage growth is now positive would ordinarily be viewed as an incentive for the Bank of England to raise rates, but concerns about consumer spending could offset this. Mr. Hughes notes that the probability of a May rate rise has fallen slightly since the data, albeit remaining high. (jessica.fleetham@wsj.com)

0917 GMT - Societe Generale continues to expect the European Central Bank to make a decision in June or July to extend the asset purchase program until December at a monthly pace of EUR15 billion, "allowing for an even longer program if needed in the autumn," says economist Anatoli Annenkov. Societe Generale looks for rate increases in June and September 2019, ending the negative deposit rate, he says. As regards the ECB's next meeting on April 26, Societe Generale doesn't expect any changes or policy communication as the governing council is set to await more data ahead of the next set of staff forecasts to be released in June. (emese.bartha@wsj.com; @EmeseBartha)

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