
Euro Strengthens After ECB Expands Bond-Buying: Inside G-10
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By Alyce Andres

(Bloomberg) -- The euro gained against most of its Group-of-10 peers -- reaching a two-month high versus the dollar and a one-year high versus the yen -- after the European Central Bank announced a bigger-than-anticipated increase to its emergency bond-buying program.

* Euro's 1% gain in dollar terms helped send Bloomberg Dollar Index down 0.5% to lowest since March 12

** Dollar weakened against all its G-10 peers except the Canadian dollar and the yen; the Norwegian krone outperformed for a second session

* ECB, by broad consensus, voted to expand PEPP purchases by 600 billion euros (\$675 billion) to 1,350 billion euros, extend program until at least mid-2021, and extend principal maturities until end-2022

** Expansion of the "very controversial" program suggests that the ECB is determined to stabilize peripheral spreads and is indifferent to court challenges, a change from ECB President Christine Lagarde's posture in January, according to a message from Bipan Rai, North American head of foreign exchange strategy at CIBC

* AUD/JPY, a bellwether for risk appetite, briefly advanced to a YTD high 76.205 amid fading gains for global equity benchmarks

** "Above 75.85 is risk on, below 74.40 is risk off, is the message from the cross," said Shaun Osborne, chief foreign exchange strategist at Scotiabank

* Dollar Index, lower by 1.7% over previous five sessions, erased a 0.4% advance; the U.S. 10-year Treasury yield climbed more than 7bps to 0.82%, a two-month high

* EUR/USD rose as much as 1.2% to \$1.136, highest since March 11, after Lagarde's press conference concluded

** The euro's recent rally has pushed momentum to levels historically associated with deep corrections

* GBP/USD is little changed after erasing a drop of 0.6% to 1.2501

** The pound retreated after Germany's ambassador to the EU said there had been no real progress toward a trade deal in talks with the U.K.

* USD/JPY, +0.1% to 108.82, fell as much as 0.3% to 108.62 after

reports that the U.S. is considering designating several Chinese outlets as foreign missions; USD/CNH is little changed after rising as much as 0.2% to 7.1337

** USD/JPY saw Japanese sellers into strength in Tokyo, according to a Hong Kong-based trader

* AUD/USD, +0.3% after paring nearly 1% advance to a five-month high 0.699, earlier fell 0.6% amid leveraged and fund sales, according to an Asia-based FX trader

** NZD/USD +0.4% after erasing 0.3% slide; USD/CAD little changed after testing lowest level since March 9

* Some information comes from FX traders familiar with the transactions who asked not to be identified because they aren't authorized to speak publicly

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