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Asian Currencies Advance on Exporter Demand, Bernanke Comments
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By Yumi Teso and Lilian Karunungan

June 8 (Bloomberg) -- Asian currencies strengthened, lifting the Bloomberg-JPMorgan Asia Dollar Index from a two-week low, on speculation exporters were taking advantage of recent depreciation to repatriate income.

The Taiwan dollar yesterday reached a seven-month low and the Thai baht its worst level in 12 weeks, as Europe's debt crisis dimmed the outlook for Asian exports and sapped demand for riskier assets. Federal Reserve Chairman Ben S. Bernanke said the U.S. economic recovery is progressing at a "moderate" pace, easing concern global demand will slump as European governments tighten their purse strings to plug budget deficits.

"Exporters are still keen to sell the dollar on its rallies," said Paisarn Lertkowitz, a currency trader at Bangkok Bank Pcl, the country's biggest lender. "If the economy in the U.S. keeps growing at a moderate pace, we may see a rebound in the jobs market, boosting consumer spending. That is good for Asian exports."

South Korea's won advanced 0.2 percent to 1,233.48 per dollar as of the 3 p.m. close in Seoul, after yesterday tumbling 2.7 percent, and India's rupee gained 0.1 percent to 47.065, according to data compiled by Bloomberg. The Asia Dollar Index, which tracks the region's 10 most-traded currencies excluding the yen, rose 0.2 percent to 109.70. The MSCI Asia-Pacific Index of shares climbed 0.4 percent.

Given the depth of the recession, the recovery is "moderate paced," Bernanke said late yesterday in Washington. Luxembourg Prime Minister Jean-Claude Juncker yesterday said euro-region finance ministers vowed to raise taxes or cut spending next year.

Taiwan Intervention

The Taiwan dollar advanced 0.1 percent to NT\$32.51 versus the greenback. It yesterday and today touched NT\$32.528, the weakest level since Nov. 6.

The local currency rose as much as 0.5 percent earlier, paring gains in the final minute of trading after policy makers sold the currency, according to a trader familiar with the central bank's operations who declined to be identified.

The central bank has bought the U.S. currency in the final minutes of trading almost every day for more than a month, seeking to counter gains that may hurt exports, according to traders.

"Every time the central bank intervenes in the market in the final minute, the next day the Taiwan dollar will be back to its price before the intervention," said Hao-Yun Juan, a currency trader at Kingstown Bank in Taipei. "Maybe it's because exporters like the price because the U.S. dollar is high."

Taiwan's overseas sales surged 57.9 percent from a year earlier in May, the most since January, the Ministry of Finance reported

yesterday. That beat the median 40 percent increase forecast in a Bloomberg News survey of economists.

Rupiah Rebound

Indonesia's rupiah strengthened 0.3 percent to 9,263, following a 1 percent drop yesterday, on speculation the central bank was buying the currency. A report yesterday that showed factory orders in Germany, Europe's largest economy, unexpectedly increased in April also helped shore up demand for emerging-markets assets.

"Bank Indonesia is still intervening," said Muhammad Fauzi Halim, a foreign-exchange trader at PT Bank Resona Perdania in Jakarta. "The news from Europe has helped but the rupiah is still under pressure because some investors think it is not the right time to buy the currency."

Elsewhere, Thailand's baht was little changed at 32.64 per dollar, having yesterday touched 32.69, the weakest level since March 12. Malaysia's ringgit slid 0.2 percent to 3.3265 and the Philippine peso rose 0.5 percent to 46.625.

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