

Aussie, Kiwi Dollars Rise on Growth Prospects After BOJ Decision
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By Candice Zachariahs

Jan. 22 (Bloomberg) -- The Australian and New Zealand dollars rose against their U.S. counterpart after the Bank of Japan said it would expand monetary stimulus, boosting prospects for global growth.

Both currencies rose briefly against the yen after Japan's central bank said it would set a 2 percent inflation target and shift to Federal Reserve-style open-ended asset purchases in its strongest commitment yet to ending two decades of deflation.

Japan is Australia's second-largest trading partner.

"For global growth it's a good thing to have some expansive monetary policy in Japan," said Derek Mumford, a Sydney-based director at Rochford Capital, a currency risk-management company. "It's supportive of the Aussie dollar as it's attempting to speed up growth and get inflation in the Japanese economy."

Australia's dollar rose 0.4 percent to \$1.0554 as of 5:04 p.m. in Sydney and bought 94.09 yen from 94.23 yesterday. New Zealand's dollar gained 0.6 percent to 84.12 U.S. cents and fetched 75.00 yen from 74.91 yesterday.

The Aussie rose as much as 0.8 percent and New Zealand's currency climbed as much as 1 percent against the yen immediately after the BOJ decision, before the move reversed.

The central bank's statement "should be regarded as underwhelming expectations," Greg Gibbs, a Singapore-based senior currency strategist at Royal Bank of Scotland Group Plc, wrote in an e-mailed note to clients.

Against the yen, the Aussie and New Zealand dollars have climbed more than 4 percent this year, leading advances among major currencies.

Inflation Data

Demand for the Aussie was tempered before the Bureau of Statistics releases inflation data tomorrow that may spur bets on further cuts to Australia's benchmark interest rate.

Australia's trimmed mean gauge of core prices probably rose 0.7 percent in the fourth quarter, matching the previous three-month period's reading, according to the median forecast of economists surveyed by Bloomberg News.

Swaps traders are betting on a 45 percent chance that the Reserve Bank of Australia will lower benchmark borrowing costs to 2.75 percent when officials meet Feb. 5.

Yields on Australia's 10-year bonds were little changed at

3.36 percent. New Zealand's two-year swap rate, a fixed payment made to receive floating rates which is sensitive to interest-rate expectations, rose two basis points to 2.83 percent.

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