

## Dollar Hits 2009 High Versus Yen as U.S. Jobs Gain Tops Forecast

2013-03-08 15:06:13.867 GMT

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March 8 (Bloomberg) -- The dollar gained versus the yen to the highest level since 2009 as U.S. employers added more jobs than forecast last month, boosting optimism the economy is withstanding higher taxes and lower government spending. The U.S. currency rallied against most of its major peers after the Labor Department reported the nation's jobless rate unexpectedly fell to a four-year low of 7.7 percent. The greenback rose against its European counterpart as the improving employment data contrasts with the euro-area's record 11.9 percent unemployment rate in January. The yen dropped against all its 16 major counterparts as a government report showed Japan's current-account deficit widened in January.

"The dollar is being rewarded on a better-than-expected payroll number," Richard Franulovich, senior currency strategist at Westpac Banking Corp. in New York, said in telephone interview. "It's holding its own at a time when equities are doing quite well and risk appetite is firming. It's a potentially momentous correlation shift, whereby the dollar is now a growth currency."

The dollar rose 1.3 percent to 96.01 per yen at 10:02 a.m. in New York, reaching the highest level since Aug. 12, 2009. It gained 1 percent to \$1.2981 per euro. The 17-nation currency gained 0.2 percent to 124.57 per yen.

### Rand, Rupee

South Africa's rand increased versus the greenback for the first time in three days after Reserve Bank Governor Gill Marcus said the currency may strengthen as its decline beyond 9 to the dollar is overdone. It rose 0.2 percent to 9.1285 per dollar after increasing 0.7 percent, the most since Feb. 26.

The Indian rupee appreciated against a group of 31 major peers on speculation foreign investors will boost purchases of the nation's assets to benefit from relatively stronger growth and returns. The currency climbed 0.5 percent to 54.2913 per dollar after reaching its highest level since Feb. 28.

Sweden's krona fell the most in two weeks against the euro after Finance Minister Anders Borg said he's unsure if the krona's strength will last and that there may be "exaggerated confidence" in the currency. It weakened as much as 0.5 percent against the shared currency to 8.3353, the steepest retreat since Feb. 21, before trading at 8.3189.

The krona has gained 5 percent in this year, making it the

best performer of 10 developed-nation currencies tracked by Bloomberg Correlation-Weighted Indexes. The dollar increased 3.2 percent, the euro climbed 1.5 percent and the yen depreciated 7.7 percent.

## February Data

The Dollar Index, which Intercontinental Exchange Inc. uses to track the greenback against the currencies of six major U.S. trading partners, reached its highest level since Aug. 3 as employment rose 236,000 last month after a revised 119,000 gain in January that was smaller than first estimated, Labor Department figures showed today in Washington.

The median forecast of 90 economists surveyed by Bloomberg projected an advance of 165,000. The jobless rate dropped from 7.9 percent. The Dollar Index increased 0.8 percent to 82.728.

"The currency has moved from thrashing the dollar on good news to rewarding it, and the reason that's happening is because of the widening growth differential favoring the dollar,"

Andrew Wilkinson, chief economic strategist at Miller Tabak & Co. in New York, said in a telephone interview. "Improving data, rather than justifying the Fed's existence, is being interpreted as rewarding the dollar."

Federal Reserve policy makers at their last meeting debated curtailing bond-buying that is seen as debasing the dollar, a move Chairman Ben S. Bernanke has opposed as he seeks to drive down unemployment to 6.5 percent.

## Yen Declines

The yen extended a second weekly loss against the dollar as the Ministry of Finance said the deficit in the current account, the widest measure of trade, increased to 364.8 billion yen in January, up from 264.1 billion yen a month ago.

Japan's currency has slumped 9.6 percent versus the dollar this year as Prime Minister Shinzo Abe pushed the central bank to add to stimulus to beat deflation. Haruhiko Kuroda, Abe's pick to become the next Bank of Japan governor, told lawmakers this week the scale of the BOJ's asset purchases was insufficient to achieve its target of 2 percent inflation.

The yen may be due to reverse course, according to a technical indicator. The currency's 14-day relative strength index versus the dollar fell below 30 today, a level that may signal an asset has fallen too far, too quickly.

The euro headed for a weekly advance versus the dollar, snapping four weeks of declines, after European Central Bank President Mario Draghi said yesterday the region will gradually recover later this year.

“With the euro risk receding and expectations for U.S. economic growth improving, the yen may come under selling pressure in a risk-on trade” said Junichi Ishikawa, an analyst at IG Markets Securities Ltd. in Tokyo.

The euro is estimated to weaken to \$1.29 to the greenback by the end of the year, while the yen is forecast to be about unchanged at 96, according to the median estimate of economists surveyed by Bloomberg.

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