



## Dollar reaches 106 US cents

From: AAP

April 20, 2011

**THE dollar broke the 106 US-cent mark to reach yet another fresh post-float high as traders moved back into risk assets.**

The jump of more than one US cent from yesterday's local close, came after the currency reversed its fall caused by a downgrading of the outlook for US sovereign debt by ratings agency Standard & Poor's.

At 5pm AEST today, the local unit was trading at 105.95 US cents, up from yesterday's local close of 104.66 cents.

During today's local session the Australian dollar hit an intraday high of 106.06 cents, according to Reuters' data.

This was its highest level since the local currency was floated in December 1983.

Since 7am AEST the currency's low was 105.16 US cents.

Commonwealth Bank currency strategist Joseph Capurso said the Australian dollar rebounded strongly after yesterday's big fall.

"It's made a recovery from that fall yesterday and you've also got the US dollar remaining quite weak."

Mr Capurso said he expected the Australian currency to reach the 108 US cents soon.

"It probably won't get up to that level before Easter, but I think it won't take too long before it does.

"What typically happens in the run up to public holidays, you get traders squaring up their books.

"They won't want to have too much exposure to risky or highly volatile currencies like the Australian dollar (over the Easter break)," he said.

At 5pm AEST, the Australian dollar was at 87.80 Japanese yen, up from yesterday's close of 86.35 yen, and at 73.50 euro cents, up marginally from 73.47 euro cents previously.

The euro finished at 1.4417 US dollars, up from 1.4243 US dollars, and at 119.47 yen, up from 117.53 yen previously.

The US dollar was at 82.47 yen, down slightly from 82.51 yen yesterday.

Meanwhile, the Australian bond market was weaker.

At 5pm AEST today, the June 10-year bond futures contract was trading at 94.465 (implying a yield of 5.535 per cent), down from 94.495 (5.505 per cent) yesterday.

The June three-year bond futures contract was at 94.870 (5.130 per cent), down from 94.920 (5.080 per cent) previously.

FIIG Securities associated director Andrew Hicks said bond prices were over-extended after the past few days.

"It technically got a little bit over-extended as we approached the top of the recent trading ranges," he said.

"I'd probably describe it as more of a technical correction than anything else."

Mr Hicks said a focus for the market tonight (AEST) would be the release of sales of existing US homes for March.

"You've also got initial jobless claims and US (February) house prices, but things will be pretty quiet heading into the extended long weekend," he said.

During tomorrow's local session, the Australian Bureau of Statistics will release the March quarter producer price index (PPI).

The 90-day bank bills on Wednesday were at 4.860 per cent, down from 4.880 per cent on yesterday, and the 180-day bank bills were 4.990 per cent down from 5.010 per cent previously.

The Reserve Bank of Australia's trade weighted index (TWI) was at 77.5 today, which was its highest level since February 8 1985. yesterday it was 76.9.