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By Chris Redfern

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Chris Redfern: Diminished pessimism boost for risky money

Moneycorp analyst on a good week for currency in New Zealand, Norway, but a bad one for Japan and the US



Whilst it would be an exaggeration to say there was a resurgence of confidence among investors, their diminished pessimism helped the 'riskier' antipodean dollars move to the top of the heap while the 'safe-haven' Japanese yen fell from favour.

Nevertheless, there was more than the usual relationship last week between national economic developments and the way currencies performed.

Leading the way was the NZ dollar, which received a leg up from news that unemployment unexpectedly fell from 6.2 per cent to 6 per cent in the fourth quarter of last year.

The Australian dollar's break came when the Reserve Bank of Australia's monthly policy statement omitted the usual comments about the overvaluation of its currency.

The Norwegian krone, meanwhile, got its boost from a surprisingly strong 1.7 per cent monthly increase in manufacturing output.

Down towards the bottom of the pile, the US dollar took its first hit from a much weaker than expected manufacturing sector purchasing managers' index (PMI).

The figure indicated positive growth but was only minutely better than the reading from Greece. At the end of the week the dollar took another blow when, for a second successive month, the US employment report showed the creation of fewer than expected new jobs. Sterling was hampered by manufacturing and services sector PMIs which both fell short of forecast.

They were not bad numbers but they

were not good enough to satisfy investors who increasingly demand excellence, not adequacy, in UK ecostats.

The euro was helped by the European Central Bank's failure to cut interest rates in response to an unhealthy-low 0.7 per cent inflation rate.

<http://www.fruitnet.com/americafruit/article/1474/parts-of-san-diego-quarantined-as-psyllid-count-mounts>

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