

Dollar set for weekly loss as investors brace for slower Fed rises

The U.S. dollar stood close to a three-month low and was headed for a weekly loss on Friday, as the prospect of the Federal Reserve slowing monetary policy tightening as soon as December preoccupied investors and kept the mood buoyant.

Trading was thin overnight due to the Thanksgiving holiday in the United States, though a softer dollar remained in focus.

Sterling rose more than 0.5% overnight and last stood at \$1.2103, close to its over three-month high of \$1.2153 hit in the previous session and on track for a nearly 2% weekly gain.

The Aussie firmed to \$0.6765 and was on track for a weekly gain of more than 1%.

The euro gained 0.02% to \$1.0413, edging toward an over four-month high of \$1.0481 hit last week.

"We've still got the third successive day of positive risk sentiment ... I think that is keeping the U.S. dollar subdued pretty much across the board," said Ray Attrill, head of FX strategy at National Australia Bank (OTC:NABZY).

Minutes from the Fed's November meeting released earlier this week showed that a "substantial majority" of policymakers agreed it would "likely soon be appropriate" to slow the pace of interest rate rises - remarks that sent the greenback tumbling.

The Fed's aggressive rate increases and market expectations of how high the central bank could take them has been a huge driver of the dollar's 10% surge this year.

Against a basket of currencies, the U.S. dollar index stood at 105.83, testing its three-month trough of 105.30 hit last week. It is down more than 1% for the week.

Also aiding risk sentiment slightly was a survey that showed that German business morale rose further than expected in November.

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