

Dollar rally pauses

The dollar softened on Thursday as traders assessed the U.S. interest rates outlook in the wake of comments from Federal Reserve officials that cemented expectation of monetary settings remaining restrictive for a while longer.

The yen, meanwhile, briefly strengthened as Japan's top currency diplomat Masato Kanda said finance leaders of the G7 reaffirmed their stance that excessive currency volatility was undesirable.

The greenback has been rising in recent weeks as strong U.S. economic data and persistent inflation dashed expectation of near-term rate cuts. Tensions in the Middle East have also added to the dollar's safe-asset appeal.

Dollar strength has cast a shadow across currency markets, keeping the yen rooted near 34-year lows and leading to several warnings from Japanese authorities as traders fret about possible intervention. Emerging-market currencies have also been under pressure.

The U.S., Japan and South Korea agreed to "consult closely" on foreign exchange markets in their first trilateral finance dialogue on Wednesday, in a nod to concerns from Tokyo and Seoul over their currencies' recent sharp declines.

"The statement is likely intended to rein in markets and raises the possibility of a joint market intervention if JPY and KRW are to weaken further against the USD," said Wei Liang Chang, a currency and credit strategist at DBS.

The Japanese currency strengthened to 153.96 on Thursday, after Kanda told reporters of the G7 finance leaders' agreement to reaffirm their commitment on currency moves.

Important Note: The information found on Ausprime platform is intended only to be informative, is not advice nor a recommendation, nor research, or a record of our trading prices, or an offer of, or solicitation for a transaction in any financial instrument and thus should not be treated as such. The information provided does not include any specific investment objectives, financial situation and needs of any specific person who may receive it. The past performance is not a reliable indicator of future performance and/or results. Past Performance or Forward-looking scenarios are not a guarantee of future performance. Actual results may differ materially from those anticipated in forward-looking or past performance statement