

Commodity currencies struggle

Commodity currencies slid to multi-week lows on Wednesday on weakening raw material prices, with the heaviest selling against the yen which surged to its highest in two months as short sellers bailed out ahead of next week's central bank meeting.

The Canadian dollar hit a three-month low of C\$1.38 per dollar, ahead of a likely second rate cut in as many months by the Bank of Canada at its meeting later in the day.

The Australian dollar fell as much as 0.5% and at \$0.6583 was only a few pips from chart support at the early June low. It fell more than 1% on the yen to 101.79 yen and is down nearly 7% against the Japanese currency in two weeks. [AUD/]

The New Zealand dollar fell 0.6% to a near three-month low of \$0.5914.

The moves tracked falling prices for industrial metals such as iron ore and copper, which made 3-1/2 month lows on a gloomy outlook for Chinese demand, and risk aversion in stock markets following some disappointing U.S. earnings. [MET/L]

"We're seeing softer demand in China and Asia in general and the kiwi and Aussie just being pulled down," said Jason Wong, senior markets strategist at BNZ in Wellington.

The euro suffered after soft business activity data and was last down 0.1% against the dollar at \$1.10842 and fell 0.14% on the pound to 83.99 pence as the picture looked perkier in Britain.. [GBP/]

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