

Dollar close to multi-year lows versus euro

The dollar marked a fresh low against the yen and hovered around multi-year lows versus the euro and the Swiss franc on Tuesday as President Donald Trump's attacks on the Federal Reserve raised concerns about the central bank's independence.

Analysts said the dollar was left in an especially fragile state amid market concerns over the U.S. administration's tariffs, which could trigger a global trade war.

Doubts about Fed independence threaten the dollar's value as a reserve currency, with some analysts noting possible divestments from what many consider over-exposure to U.S. assets.

The U.S. currency accelerated losses after Thailand's prime minister said trade negotiations with Washington - scheduled to begin on Wednesday - would be postponed.

Trump ramped up his criticism of Fed chief Jerome Powell on Monday, calling him a "major loser" and demanding that he lower interest rates "NOW" or risk an economic slowdown.

On Friday, White House economic adviser Kevin Hassett said the president and his team were continuing to study whether they could fire Powell, a day after Trump said his termination "cannot come fast enough".

Trump's onslaught comes after Powell last week said the central bank can afford to be patient in judging how to set policy, and that rates should not be lowered until it is clearer that U.S. tariffs won't stoke persistently higher inflation.

"The current worst-case scenario for the greenback is that Powell caves in and delivers an emergency rate cut, although that remains a low-probability event," said Francesco Pesole, strategist at ING.

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