

Sujet traité : Le dollar USD se dirige vers son meilleur résultat de l'année en misant sur les réductions différées de la Fed / USD Dollar Heads for Best Run in Year in Bet on Fed Delaying Cuts

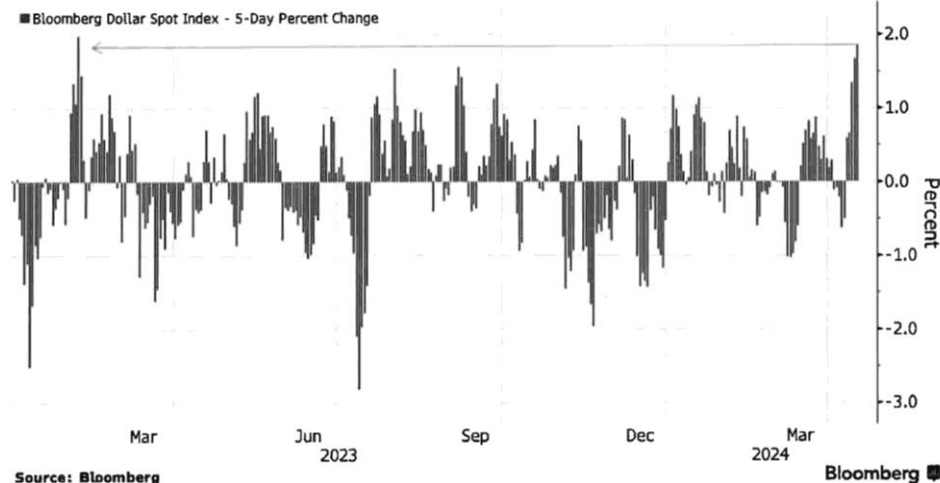
Source : Bloomberg Date : 16 avril 2024

USD Dollar Heads for Best Run in Year in Bet on Fed Delaying Cuts

[bloomberg.com/news/articles/2024-04-16/usd-dollar-heads-for-best-run-in-year-in-bet-on-fed-delaying-cuts](https://www.bloomberg.com/news/articles/2024-04-16/usd-dollar-heads-for-best-run-in-year-in-bet-on-fed-delaying-cuts)

Naomi Tajitsu

BBDXY Is Having Its Best Five-Day Run Since Feb 2023



Dollar Heads for Best Run in a Year as Fed Seen Delaying Cuts

- Bloomberg dollar index climbs for fifth straight day
- View that Fed will wait to cut rates is boosting FX volatility

By Naomi Tajitsu
16 avril 2024 at 05:31 UTC-4

Updated on
16 avril 2024 at 08:10 UTC-4

The dollar is headed for its biggest rally in over a year on expectations US interest rates will stay high for longer and as investors pile into the haven currency amid escalating tensions in the Middle East.

The Bloomberg Dollar Spot Index climbed for a fifth day Tuesday, taking gains to nearly 2%, the biggest advance since February 2023. China's move to weaken its daily reference rate for the yuan added to the selling pressure across emerging markets.

Traders are betting the Federal Reserve will only begin easing in September, compared with July a week ago. The repricing comes after a string of surprisingly strong US inflation readings that are shaking up the prevailing narrative for markets and stoking volatility.

"It is very hard to fight the dollar bull trend right now," Chris Turner, head of currency strategy at ING Groep NV, wrote in a note. He said the index could climb another 1.2% toward 1,280, which would be its highest since October.

For most of this year, the market had been betting major central banks including the European Central Bank and Bank of England would loosen policy in unison with the Fed. That kept moves subdued across currency markets, with gauges of implied price swings falling to multi-year lows.

But with Fed policy on hold for longer while other central banks start to cut, global monetary cutting cycles have become "a little bit more higgledy-piggledy," said Joe Little, chief global strategist at HSBC Asset Management.

"This means that currency volatility could pick up a little bit more," he said, adding that euro, sterling and the yen could see the biggest rise in volatility among G-10 currencies in the coming months.

Why the Dollar Is Causing Chaos in Emerging Markets: QuickTake

A fresh bout of risk aversion is also filtering through markets, compounding the dollar's advance. Top Israeli military officials reasserted that their country has no choice but to respond to Iran's weekend drone and missile attack, raising the prospect of a wider war.

"The increase in geopolitical uncertainty has been the icing on the cake," said Roberto Cobo Garcia, head of G-10 FX strategy at Banco Bilbao Vizcaya Argentaria SA in Madrid, referring to the dollar's allure as a haven.

Across the Group-of-10 currencies, the dollar has advanced the most against the Swedish krona and Australian dollar over the past five days. In Asia, it's been the South Korean won and Indonesian rupiah that were among the hardest hit.

Custodial data held by State Street shows that institutional flows into the greenback in the five days to April 11 hit their highest since November 2022. Asset managers have been selling the euro in particular, adding to their already underweight positions on growing conviction of upcoming rate cuts by the ECB. The Canadian dollar has also seen an exodus.

"Data surprises have reinforced that idea that interest rates will diverge after all, with rates falling across European economies in the summer but perhaps not in the US," said Michael Metcalfe, head of macro strategy at State Street Global Markets.

and CANADA