

Dollar gains after strong New York factory survey



NEW YORK/LONDON : The dollar rose on Monday after New York state factory activity in April increased for the first time in five months, helping bolster expectations the Federal Reserve will raise interest rates in May.

Also bolstering the dollar was

a report showing confidence among U.S. single-family homebuilders improved for a fourth straight month in April.

The dollar index, a measure of the currency against six major peers, rose 0.413 per cent after the Empire State Manufacturing index shot to 10.8 from -24.6 in March, far higher than expectations of -18 in a Reuters poll of 35 economists.

The new orders index rose 47 points to 25.1, while the shipments index added 37 points to 23.9, substantial increases after they had declined in recent months, the New York Fed said.

"It's the best reading since last July with a big jump in orders and has taken the dollar higher on this," said Marc Chandler, chief market strategist at Bannockburn Global Forex in New York.

"The economy still looks like it's growing above what the Fed says is its speed limit," he said. "The market is under-estimating chances of another hike after May. Now the market says the Fed is going to cut later, but I think that the economy is showing itself to be resilient."

Futures trading showed the probability of the..... [SOURCE](#)

Inflation sliding and tough Bank of England means the pound will see better days

"Hope is not a strategy," Jordan Rochester, a wonk at Japanese investment bank Nomura, said last September, referring to politicians' attempts to revive the pound after it plummeted to its lowest level ever against the US dollar following Liz Truss's tax cutting mini budget.

Chancellor Jeremy Hunt raised taxes and cut spending by £55bn in November - reversing basically everything Truss stood for - then injected a £20bn boost into the economy at the budget last month.

The Bank of England has now signed off on eleven straight interest rate increases, sending them to a post-financial crisis high of 4.25 per cent.

Truss has been consigned to the fringes of the Conservative Party from holding the keys to Number 10. Same goes for her first Chancellor Kwasi Kwarteng.

Sterling has undergone somewhat of a change in fortunes -

too. It is among the best performing currencies in the rich world so far this year, strengthening around 2.5 per cent against the US dollar.

The City's best and brightest were warning that the pound was on track to fall below parity with the greenback and settle there for years to come.

Nomura was first out the block, calling for the pound to sink to \$0.95, mainly because of the UK's enduring, gaping trade deficit that would've been worsened by Truss's £45bn of unfunded tax cuts. Others followed.

"This is a fundamental balance of payments crisis, with politicians hoping it will eventually just calm down," Rochester said at the time.

That gap hasn't narrowed much, though it's tough to yield anything from the Office for National Statistics' wild data anyway..... [SOURCE](#)

Gold steadies above \$2,000 as markets reassess Fed risks

Gold prices steadied in early Asian trade on Monday, holding on to key levels after hawkish comments from Federal Reserve officials on the path of interest rate hikes triggered a heavy dose of profit taking in the prior session.

The yellow metal sank nearly 2% on Friday after noted Fed hawk, Governor Christopher Waller, called for more monetary tightening even as recent data showed that U.S. inflation retreated steadily from 40-year highs hit last year.

His comments offset recent speculation that the Fed was close to hitting its terminal rate, and that a pause in its current [SOURCE](#)