

Dollar drops as Fed's Powell repeats disinflation comments, seen less-hawkish

NEW YORK (Reuters) - The dollar fell from one-month highs on Tuesday after U.S. Federal Reserve Chair Jerome Powell doubled down on statements last week that disinflation has started, saying he expects significant declines in inflation this year.

Powell did not revert to a hawkish stance despite last Friday's blockbuster U.S. non-farm payrolls report, which led investors to believe the Fed is not likely to tighten more than what has been priced in by the market.

The greenback dropped across the board, led by losses versus the yen, Swiss franc, as well as the

Australian and New Zealand dollar.

In a question-and-answer session at the Economic Club of Washington, the Fed chief did say the return to the U.S. central bank's inflation goal of 2% would be a bumpy process, which would need further rate increases.

Powell, however, declined to equate the surprising strength in the job market shown in the January employment report with an expectation that interest rates would need to be higher than Fed officials estimated late last year.

Friday's U.S. jobs report wrongfooted traders who were

banking on an imminent pause in the Fed's rate-hike cycle, and gave the dollar a leg up.

"Powell had a chance to signal a shift to a more aggressive posture and he didn't take it," wrote Bill Adams, chief economist at Comerica Bank in research note after remarks from the Fed's top official.

"In the near-term, the Fed will likely continue to make one (or perhaps two) more hike(s) before going on hold.

The dollar index, which measures the performance of the greenback against a basket of six other [SOURCE](#)



Bank of England aggressive rate hikes send chill through UK construction economy

The Bank of England's ten successive interest rate rises have sent a chill through the UK's construction economy, a closely watched survey out today shows.

Potential home buyers are shunning purchases due to mortgage rates flying higher, pro-

mpting house builders to rein in spending.

S&P Global and the Chartered Institute of Procurement and Supply's (CIPS) latest purchasing managers' index (PMI) for the construction industry dropped to 48.4 points last..... [SOURCE](#)

UK to Start Further Development Work on 'Likely Needed' Digital Pound

The Bank of England is starting further research and development work on a digital pound for purchasing goods and services - something that's likely to be needed in the future, the regulator said Monday.

The central bank and the country's finance ministry wants the public to weigh in on its plans for a digital version of the pound sterling, and will publish a consultation open to public comment on Tuesday.

"While cash is here to stay, a digital pound issued and backed by the Bank of England could be a new way to pay that's trusted, accessible and easy to use," Finance..... [SOURCE](#)