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Dollar advances on odds of further rate increases

By Wanfeng Zhou

NEW YORK--The dollar rallied against its major rivals after the Federal Reserve delivered on a widely expected interest-rate increase and signaled more to come.

In New York, the euro was at \$1.2007, down from \$1.2011 late Monday, and the pound traded at \$1.7437, down from \$1.7474. The dollar rose to 118.01 yen from 116.70 yen, and stayed steady at 1.3094 Swiss francs.

The Fed raised its target for the overnight lending rate by a quarter percentage point to 4.75%

"Some further policy firming may be needed to keep the risks to the attainment of both sustainable economic growth and price stability roughly in balance," the Fed said, repeating language from its January statement.

"This is good for the dollar," said Craig Russell, senior foreign ex-

change strategist at ODL Securities.

Mike Malpede, senior currency analyst at Man Global Research, said, "There is still a very good chance that they'll raise rates again in May. Not much has changed."

Brian Dolan, head of currency research at Gain Capital, cautioned that the dollar rally may not last.

"Most market participants have already reconciled with 5% [federal-funds] rates, and today's statement certainly confirmed that belief," he said. "For the dollar to rally further, the prospects for rates above 5% will have to build, and that suggests we are back to reviewing incoming data for what it suggests about underlying inflation pressures."

Earlier, the dollar retained some strength from news the Conference Board's consumer-confidence index rose in March to 107.2, a four-year high, from an upwardly revised 102.7, despite higher gasoline prices

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