Dollar Slumps Against Euro, Stocks Steady Despite Chinese Data

U.S. Currency At Lowest Level Against Euro Since October 2011

By CLARE CONNAGHAN
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The dollar came under pressure Thursday slumping to its weakest level against the euro since October 2011, while European stocks were steady shrugging off another set of disappointing economic data from China.

The buck fell 0.3% against the euro to $1.3956, its weakest level since Oct. 31. 2011.

"The dollar has been undermined in the near-term by the recent economic slowdown in the U.S. which has prompted the market to dampen Federal Reserve monetary tightening expectations ahead," said Lee Hardman, a currency analyst at Bank of Tokyo-Mitsubishi in London.

In addition, current Fed policy appears "relatively more dovish" after the European Central Bank raised the hurdle for further monetary easing last week at its meeting, which is also weighing on the dollar against the euro, Mr. Hardman added.

Most recently the euro was trading at $1.3952 against the buck, up from $1.3902 late Wednesday in New York.

Elsewhere, the New Zealand dollar rose to a 10-month high against the buck of $0.8582 after the central bank became one of the first major central banks to raise interest rates since the economic crisis.

Strong economic growth and increasing inflationary pressures mean "the current degree of monetary stimulus is no longer necessary," Reserve Bank Governor Graeme Wheeler said in a statement after lifting interest rates by 0.25 percentage point to 2.75%.

In neighboring Australia, its currency also got a boost, rising 0.9% against the U.S. dollar after strong employment growth in February.

The country added 80,500 full-time jobs in February from January, the bureau of statistics said, with the number of people employed rising by a whopping 47,300 overall—beating the rise of 15,000 forecast by economists.

In European stock markets, news that China's industrial output rose by 8.6% on the year over January and February, lower than an expected 9.5% expansion, had little impact. The benchmark
Stoxx Europe 600 index and France’s CAC was flat, while the U.K.’s FTSE 100 index was down 0.1% and Germany’s DAX was up 0.1%.

In commodities, the London Metal Exchange’s three-month copper futures contract is currently down 0.8% at $6,456 a metric ton. It fell to $6,376.25 a ton Wednesday, its lowest price since July 2010 amid continued concerns about the future of demand from China, the world’s top consumer of the metal. Year-to-date, LME copper is down 12%.

Meanwhile, gold was up 0.4% at $1,372.40 a troy ounce and Brent crude rose almost 0.2% to $108.19 a barrel.

Looking ahead in Europe consumer price inflation releases will be in focus with Italy’s due at 0900 GMT and the U.K. at 0930 GMT. In the U.S., all eyes will be on February’s retail sales data due for release at 1230 GMT.

—Rebecca Howard and Francesca Freeman contributed to this article.

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