

Yen strengthens after a big drop in Tokyo stocks - The U.S. dollar stayed lower against the other major currencies after the release of mixed U.S. economic reports that added uncertainty over the rate hike in June. The Institute of Supply Management reported that the manufacturing purchasing manager's index rose to 51.3 from 60.8 in previous month, better than expected drop to 50.4. The new orders index however fell to 55.7, and the employment index was flat at 49.2. The other report from Markit showed slowest activity in manufacturing since 2009. The U.S. construction spending also fell 1.8% in April with the largest drop since 2011, disappointing expected 0.6% rise. The mixed figures raised doubts over whether the Federal Reserve is to raise the interest rate in June. The dollar declined 0.4% against other major currencies at 95.45.

Yen strengthens after a big drop in Tokyo stocks

Japanese yen surged overnight as a big price drop in Tokyo stocks fueled bids for increased safe-haven preference. Earlier in Japan, the Prime Minister Shinzo Abe announced he was planning to delay a scheduled sales tax hike by 2.5 years. However, investors found disappointment over lack of clear stimulus plans. USD/JPY pair was steady at 109.48, EUR/JPY dropped 0.6% at 122.50 and AUD/JPY retreated 0.7% overnight.

Euro hits three-week high against greenback

The euro rose sharply against the dollar, hitting its strongest move in three weeks after the release of mixed manufacturing data in both area. EUR/USD rose to 1.1185, the currency pair still closed under

1.12 in last seven sessions but it gained more than 2.5% since the year started. Sterling remained under pressure with uncertainty over Brexit referendum on June 23. GBP/USD fell 0.44% to 1.4417. The market will be attentive to the European Central Bank's policy meeting later in the session, amid investors widely expecting ECB to stand pat on monetary policy.

Aussie falls lower after mixed economic reports

The Australian dollar held lower against the dollar after the release of mixed reports. The Australian Bureau of Statistics reported that retail sales rose by 0.2% in April, slightly below 0.3% gain seen. The trade balance showed that the trade deficit narrowed to A\$1.56 billion in April compared to A\$1.97 billion in March. Economic analysts expected the deficit would be widened to A\$2billion in April.

AUD/USD slid 0.33%, traded at 0.7236. NZD/USD pair was steady at 0.6812. **Events in remaining week**

Thursday : ECB Monetary policy statement, conference with President Mario Draghi Euro zone producer price inflation UK construction activity US nonfarm payrolls report, initial jobless claims
Friday : China Caixin service sector index Euro zone PMI service sector UK service activity Canada and US trade balance US employment reports and ISM service sector activity

Source: [SolForex Broker \(Review and Forex Rebates Up to 85%\)](#)