



BUSINESS DAY

Kiwi forges ahead against faltering pound

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The New Zealand dollar forged ahead against the sterling overnight, with the rout of the British currency dragging the euro down.

The kiwi was up to 46.66p at 8am from 46.05p at 5pm yesterday, having briefly spiked overnight to within a whisker of 47p. The NZ dollar was also up to 0.5157 euro from 0.5130.

The pound hit a 10-month low against the US dollar after a poll showed an increased risk that no party will win a majority in this year's British general election, making it difficult to take tough action to reduce Britain's debt.

"Political uncertainty now is adding to an already clouded outlook for the pound," said Omer Esiner, senior market analyst for Travelex Global Business Payments in Washington.

The euro had steadied earlier in the global session on hopes Greece may be nearing a deal with European Union governments to get some form of emergency aid, although analysts said the lack of concrete developments suggests the currency remains fragile.

"It's continued concern about sovereign risk both for the euro and the pound," said Sophia Drossos, co-head of global currency strategy at Morgan Stanley in New York.

Against the greenback, the NZ dollar did dip during the night to near US69.30c, but by 8am was up to US69.91c, little different from its level at the local close.

The kiwi was also little changed by the local open against the Australian dollar at A77.73c, while the NZ dollar edged up to 62.35 yen at the local open from 62.20 at 5pm. The trade weighted index rose to 64.83 at 8am from 64.66 at 5pm.

ANZ bank said attention today would be on the Reserve Bank of Australia which was thought likely to lift interest rates across the Tasman. Support for the NZ dollar by association would ensure dips remained limited.