

## **Euro saw slight increase against the dollar, but minor decline against Japanese yen**

The dollar remained stable on Thursday, anticipating the U.S. employment data release on Friday, which could influence the Federal Reserve's monetary policy decisions. Concurrently, the euro maintained its position following a rate cut by the European Central Bank (ECB). The euro experienced a slight increase against the dollar, reaching close to its highest level in over two months. In contrast, it saw a minor decline against the Japanese yen.

The dollar index showed a slight decrease, reflecting the market's reaction to the unexpected rise in U.S. unemployment benefit applications, suggesting a potential easing in the labor market's tightness. This development aligns with the broader narrative that easing labor market conditions could positively impact inflation rates, influencing U.S. Treasury yields.

Inflation within the eurozone has seen a significant decrease, attributed to reduced fuel costs and the resolution of supply chain issues post-pandemic. However, the anticipated easing cycle by the ECB faces uncertainties due to persistent inflation, mirroring challenges seen in the U.S. economy. The market's response to the ECB's rate decisions indicates a cautious outlook on future monetary policy adjustments.

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