

USD loses ground as investors bet on riskier assets

With confidence returning to the global economy as vaccines are being rolled out, demand for the US dollar has dipped as investors rotate towards riskier assets. Also weighing on the greenback is the rush of liquidity following a series of unprecedented blockbuster government and central bank measures in the US earlier this year. Meanwhile, the expectation of sustained loose monetary and fiscal policy will lend strength to G-10 and Asian currencies, including the Singapore dollar which is managed against a basket of currencies. **BY CLAUDIA TAN**

Sustained weakness

US dollar index



Source: Bloomberg (Data as at Dec 31)

Gathering strength

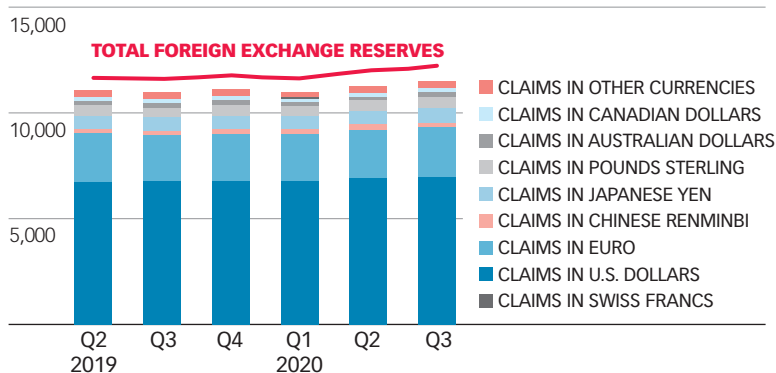
USD/SGD



Source: Bloomberg (Data as at Dec 31)

Foreign exchange reserves by currency (US\$B)

Reserves



Source: International Monetary Fund (Data as at Dec 31)