

OpenVoiceNews U.S.

Transparent. Unbiased. Yours.

Dollar Rises on Strong Jobs Data, Fed Inflation Warning

July 11, 2025

— Categories: Finance



On Thursday, the U.S. dollar index (DXY) rose by 0.09%, hitting its highest level in roughly two weeks following stronger labor data and hawkish remarks from Fed officials (as reported by Reuters). This rise came after the release of stronger-than-expected labor market data and hawkish signals from Federal Reserve officials, which together fueled optimism about the outlook for US monetary policy.

For the week ending July 4, initial jobless claims unexpectedly declined by 5,000 to 227,000, an eight-week low that exceeded expectations of 235,000, indicating continued

labor market strength. The drop in initial claims indicates that fewer people are filing for jobless benefits, a sign of resilience in the US economy and a key factor supporting the dollar's recent strength.

Adding to the dollar's momentum were rising yields on Treasury notes, which increased interest rate differentials between the US and other economies. Higher yields make dollar-denominated assets more attractive to investors, pushing up demand for the currency.

Meanwhile, comments from James Bullard, President of the Federal Reserve Bank of St. Louis, added a hawkish tone to the market. Bullard highlighted upside risks to inflation, suggesting that the Federal Reserve may need to keep monetary policy tight for longer than expected. His remarks reinforced expectations that the central bank will maintain or even increase interest rates to keep inflation in check, which generally supports a stronger dollar.

However, the dollar's gains were somewhat limited as it retreated from its peak after the S&P 500 stock index hit a new record high. When equity markets perform well, investors tend to move out of safe-haven assets like the dollar in favor of riskier assets, which can reduce demand for the US currency.

Continuing claims increased by 10,000 to 1.965 million, the highest level since November 2021, suggesting that while fewer people are filing for unemployment initially, many recipients from earlier weeks remain unemployed. This mixed picture in the labor market underscores the complexity of the US economy's recovery and its uneven progress.

Overall, Thursday's data and comments highlight why the dollar has been strengthening recently. A resilient labor market and the Federal Reserve's cautious stance on inflation suggest that interest rates may stay elevated for some time, making the dollar more attractive. Yet, the interplay with stock market performance and continuing jobless claims also serves as a reminder that the economic environment remains dynamic and uncertain.

For now, traders and investors will likely keep a close eye on upcoming economic reports and Fed statements for further clues about the dollar's direction and the future path of US monetary policy.

[Download IPFS](#)