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Franc Rises Most Since March on Speculation SNB Allowing Gain  
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By Paul Dobson

May 6 (Bloomberg) -- The Swiss franc climbed the most in more than a month against the euro on speculation the Swiss National Bank relaxed efforts to curb the currency's advance.

"It's obvious that the SNB has been in the market recently," said Marcus Hettinger, a foreign-exchange analyst at Credit Suisse Group AG in Zurich. "It could be that it is now accepting a new level versus the euro, which could be around 1.42. But it still seems to be a managed exchange rate."

The Swiss franc appreciated as much as 0.8 percent to 1.4212 per euro in the biggest intraday advance since March 18, before trading at 1.4228 at 11:47 a.m. in London, compared with 1.4327 yesterday.

The currency was little changed against the euro in the previous three days on speculation the Swiss National Bank sold the currency to prevent gains that may hamper the nation's economic recovery.

SNB spokesman Nicolas Haymoz declined to comment on the franc. The Zurich-based central bank started selling francs in March 2009 to ward off deflation and revive the economy.

Switzerland's consumer prices increased 1.4 percent in April from a year earlier, matching the fastest pace since November 2008, the Federal Statistics Office reported. The median forecast of 12 economists in a Bloomberg News survey was for a 1.3 percent advance.

"It seems the SNB is letting the market do the work without standing in the way," said Geoffrey Yu, a currency strategist at UBS AG in London. "The sentiment is against the euro, and investors are selling it, without the SNB buying on the other side."

The euro has lost 7.5 percent of its value this year, according to Bloomberg Correlation-Weighted Currency Indices, dropping on Greece's deficit turmoil. The franc has decreased 3.2 percent during that period.

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