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FOREX-Bullish ex-auto U.S. retail sales cheer dollar

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(Adds details, updates prices)

* Dollar gains on retail sales ex-autos, import price data

* Data supports views Fed will not cut rates in June

* Sterling falls on weak British house price data

By Lucia Mutikani

NEW YORK, May 13 (Reuters) - The dollar rose broadly on Tuesday after unexpectedly strong U.S. retail sales, excluding automobiles, in April supported views that the Federal Reserve would probably not cut interest rates again next month.

Retail sales excluding the hard-pressed auto sector increased 0.5 percent, more than double the increase that economists had forecast, and followed a 0.4 percent pickup in March, suggesting that the U.S. consumer remained resilient despite the housing market rout.

The reading bolstered the dollar as consumer spending accounts for about two-thirds of the U.S. economy.

"Today we saw the strength of the consumer with retail sales being better than what the market expected, especially in household goods, which shows us consumers are still resilient" said Boris Schlossberg, senior currency strategist at DailyFX.com in New York.

"That will provide a floor underneath Fed rates for the time being and benefit the dollar as we go forward. We are seeing this more strongly in dollar/yen. It gives traders a boost of confidence that the U.S. economy is not falling off the cliff."

The euro dropped to a session low of $1.5431 <EUR=>. It was last trading at $1.5511, down 0.2 percent on the day. The New York Board of Trade's dollar index, which tracks the dollar's performance against a basket of currencies, rose 0.6 percent to an intraday peak of 73.409 .DXY.

CREDIT AGRICOLE HURTS EURO

Sentiment towards the euro was also soured by a rights issue from France's Credit Agricole (CAGR.PA: Quote, Profile, Research) after it reported write-downs related to the U.S. subprime mortgage sector.

This indicated the euro zone is not immune to the problems in the United States and analysts are convinced that growing signs of a slowdown in economic activity in the euro area will force the European Central Bank to cut interest rates at some point this year.

Analysts said euro/dollar faced support around $1.5260 in the immediate term, adding more bad news out of the euro zone would be needed for a break below that level, which could see the currency pair making stabs at $1.50.

The dollar jumped to a session high of 104.78 yen <JPY=>. It was last trading at 104.33 yen, up 0.6 percent on the day and shrugging off declining U.S. shares.

Analysts said the dollar had also been boosted by a government report showing a slight rise in U.S. import prices in April, which pointed to growing inflationary pressures.

"One thing that the market has not focused on, but will, when it comes to interpreting Fed policy is the import prices that are up sharply. Inflation is firmly becoming rooted," said Axel Merk, portfolio manager at Merk Hard currency in Palo Alto, California.

"Cutting rates further is not going to boost the economy much, it's going to foster further inflationary pressures."

Import prices rose 1.8 percent in April. For details, see [ID:nN13373768]

Short-term interest rate futures FFG8, which track market expectations for Fed policy, showed a 92 percent perceived chance that the central bank would leave benchmark lending rates unchanged at 2 percent next month.

The fed funds target rate was lowered by 3.25 percentage points since mid-September, undermining the dollar's appeal to investors seeking higher returns.

The market was little moved by Fed Chairman Ben Bernanke's comments that the central bank's liquidity measures had helped relieve strain in financial markets, but that the recovery process remained incomplete.

Sterling fell 0.6 percent versus the dollar to $1.9457 <GBP=> on data showing a fall in British housing and retail sales. The reports underlined economic weakness spilling over from the credit crunch amid rising inflationary pressures with the consumer price index growing at its fastest rate since May 2001. (Editing by Tom Hals)