



NEW YORK, March 21 (Reuters) - The dollar surged to a three-month high against the yen on Friday amid a broad-based rally as the war in Iraq progressed.

The dollar traded as high as 121.87 yen , up 1.35 percent from Thursday's New York close. Earlier the dollar hit a two-month high against the euro at \$1.0507 and a two-month high against the Swiss franc at 1.4049 francs.

"It looks like dollar/yen might be playing a bit of a catch-up play with euro/dollar based upon the war trade, but technical factors are also driving it," said David Leaver, chief dealer at GAIN Capital in Warren, New Jersey.

Traders said the latest surge in the dollar was driven by rumors that Saddam Hussein was killed in the initial bombing of Baghdad at dawn local time on Thursday.