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-China will allow the yuan to trade in a wider daily range beginning Monday

--Beijing moving gradually toward a more market-determined exchange-rate regime

--Yuan's trading band against U.S. dollar now 1.0% above and below a daily reference exchange rate, from 0.5% now

--White House calls move 'progress.' Will push for more movement with ultimate goal of reaching 'market value.'

By Esther Fung and Shen Hong `Of DOW JONES NEWSWIRES

SHANGHAI (Dow Jones)--China will allow the yuan to trade in a wider daily range against the U.S. dollar beginning Monday, taking another major but widely-anticipated step to further liberalize its exchange-rate regime and make its currency more market-oriented.

The move received cautious praise by U.S. and international officials, who described the widening as an important step while renewing their calls for further appreciation of the yuan.

The People's Bank of China said Saturday it will widen the yuan's trading band against the U.S. dollar to 1.0% above and below a daily reference exchange rate from 0.5% now. It last expanded the dollar/ yuan trading band from 0.3% in May 2007.

The move came at a time when the currency's immediate outlook seems murky and as pressures for the yuan to appreciate have eased substantially after recent data showed that the country's trade has become more balanced, ending a remarkable era of constant, huge trade surpluses as Chinese goods flooded the global market with the help of inexpensive labor and a cheap yuan.

Senior officials, including Premier Wen Jiabao and China's central banker, have hinted strongly on various occasions in recent months that they would let the yuan trade in a wider range as they argued the currency is nearing fair value. The authorities' decision also followed data showing the world's second-largest economy grew at its slowest pace in three years in the first quarter, a development that calls for further policy easing.

The yuan's performance has indeed become significantly more volatile in recent months, suffering waves of heavy selling and on numerous occasions hitting its downside band limit due to concerns about a hard landing for the Chinese economy.

The yuan has depreciated 0.14% against the dollar so far this year and accumulated a gain of 8.3% since Beijing effectively depegged its currency from the greenback in June 2010. The yuan was trading at around 6.3030 to the dollar late Friday.