

March 6, 2008

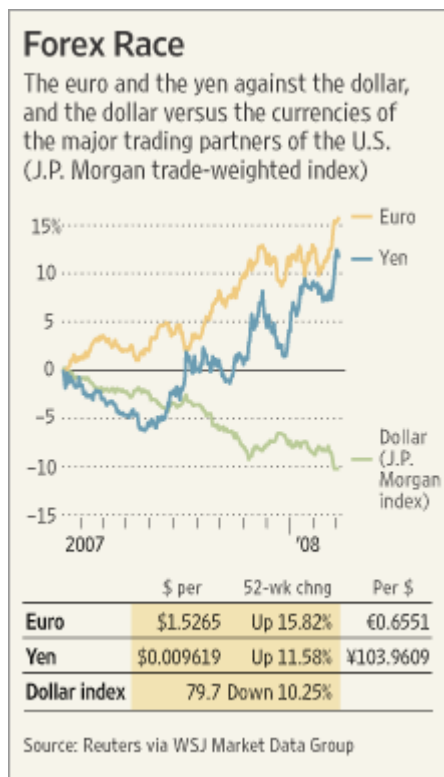
FOREIGN EXCHANGE

Euro Hits High Against Dollar

 By **RIVA FROYMOVICH**
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The euro notched another historical high against the dollar yesterday, extending a weeklong rally based on a string of poor U.S. data and concern that the European Central Bank isn't doing enough to halt its ascent.

The euro rose to \$1.5305, spurred by a disappointing U.S. jobs report and increased risk sentiment. The dollar also was hurt by expectations that ECB President Jean-Claude Trichet will express little concern about the dollar's slide in his remarks to the media after the ECB monetary policy meeting today.




The euro's rise is part of an underlying pattern of dollar weakness which has been in place for the past three to four weeks, said Jens Nordvig, currency strategist at Goldman Sachs in New York.

This time the euro's rally looks sustainable, he added, because it took place with "very limited participation from shorter-term foreign-exchange traders. "It is very unusual to see the euro trade to a new all-time high with speculative participation being so low as it is currently."

Late yesterday in New York, the euro was at \$1.5265 from \$1.5211 late Tuesday. The dollar was at 103.96 yen from 103.34 yen. The euro was at 158.70 yen from 157.19 yen. The British pound was at \$1.9908 from \$1.9862, and the dollar was at 1.0364 Swiss francs from 1.0381 late Tuesday.

The higher-yielding euro and pound were lifted by a rise in risk appetite when the Dow Jones Industrial Average climbed about 100 points. When stocks lost their gains later in the day, both currencies lost some of their advances also. Sterling hit an intraday high of \$1.9966, within reach

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of its high for the year, \$1.9970. Against the yen, the euro hit a high for this week of 159.2 yen.

The dollar received some respite from its slide after yesterday morning's release of a stronger-than-expected ISM nonmanufacturing business report.

An employment indicator published by payrolls titan Automatic Data Processing Inc. and consultancy Macroeconomic Advisers reported a 23,000 decrease in U.S. private-sector jobs in February; economists polled by Dow Jones Newswires had forecast just a 10,000 decline.

"This will suggest some further upside in euro versus the dollar in the run-up to Friday" when the U.S. government releases its nonfarm payrolls report, said Samarjit Shankar, senior currency strategist at Bank of New York Mellon in Boston.

Employment indicators are a key because they anticipate consumption trends.

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