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# Euro's strength vexes European Central Bank

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VIENNA, Austria - The euro's growing strength against the U.S. dollar is "unwelcome," the European Central Bank chief said Monday as the 12-nation European currency hovered just below a record high.

The increasing level of concern about the dollar's spiraling weakness raised talk among market watchers of a possible intervention to help the dollar stabilize.

In late New York trading, the euro fell slightly to \$1.3273, after hitting a record high of \$1.3329 on Friday. The euro rose to record highs against the dollar on four successive days last week.

"As I have already said recently and repeatedly . . . recent exchange rate developments are unwelcome," ECB President Jean-Claude Trichet said at a conference in Vienna on the challenges facing the countries of southeastern Europe.

Many analysts have predicted the euro could hit \$1.40 by the middle of next year, and Trichet recently called the rapid increase "brutal."

"The ECB keeps intervening verbally in financial markets," said Lorenzo Codogno, European economist at Bank of America in London. "At some point they will have no choice but to intervene in the market on the assumption that the euro keeps rising at the pace we saw last week."

Trichet, worried about a strong euro making European exports more expensive, has tried several times to talk the euro down, but the ECB has so far been wary of intervening more aggressively on its own.

Meanwhile, South Korea's deputy finance and economy minister on international affairs, Chin Dong-soo, said Monday that officials from China, Japan and South Korea have reached an "understanding" concerning the U.S. dollar but refused to say whether the three nations plan to intervene to bolster the currency.

U.S. officials reiterated their stance on letting the market determine currency rates. "Our policy on currency hasn't changed," Treasury Department spokesman Tony Fratto told reporters in a weekly briefing in Washington.

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