

Dollar hits new low versus euro

The US dollar has continued its record-breaking slide and has tumbled to a new low against the euro.

Investors are betting that the European Central Bank (ECB) will not do anything to weaken the euro, while the US is thought to favour a declining dollar. The US is struggling with a ballooning trade deficit and analysts said one of the easiest ways to fund it was by allowing a depreciation of the dollar. They have predicted that the dollar is likely to fall even further.

The US currency was trading at \$1.364 per euro at 1800 GMT on Monday. This compares with \$1.354 to the euro in late trading in New York on Friday, which was then a record low.

The dollar has weakened sharply since September when it traded about \$1.20 against the euro. It has lost 7% this year, while against the Japanese yen it is down 3.2%. Traders said that thin trading levels had amplified Monday's move. "It's not going to take much to push [the dollar] one way or the other," said Grant Wilson of Mellon Bank. Liquidity - a measure of the number of parties willing to trade in the market - was about half that of a normal working day, traders said.