

Top Worldwide

Regions

Asia
 Australia & New Zealand
 Canada
 Europe
 Germany
Japan
 Latin America
 U.K.
 U.S.

Markets

Economy/Politics

Commentary

Sports

Japan

► ✉ **E-Mail This Story** ► 🖨 **Printer-Friendly Format**

Dollar Heads for Losing Week Versus Euro; Jobless Claims Surge

By **John Brinsley**

Tokyo, April 25 (Bloomberg) -- The dollar headed for its third losing week versus the euro after a report showed claims for jobless benefits in the U.S. surged.

The U.S. currency slid yesterday as stocks fell and the government said 455,000 Americans filed unemployment claims, the most in more than a year. The report fed concern growth in the world's biggest economy is too slow to attract enough overseas investment to offset its current account gap. The U.S. needs \$1.5 billion in foreign capital a day to cover the deficit.

The dollar held at \$1.1030 per euro at 11:50 a.m. in Tokyo, a loss of 1.4 percent for the week. It was little changed on the week against the yen, trading at 120.08.

“The U.S. economy is just not turning around,” said Bernard Tsui, a corporate currency adviser in Los Angeles at Union Bank of California. “The dollar is weak” and may fall to \$1.11 per euro today, he said. The currency hasn't been that weak against its 12- nation European counterpart since February 1999.

Any slide in the dollar against the yen may be limited after North Korea said for the first time that it has nuclear weapons. It also may have up to 200 mid-range missiles that can strike Japan, according to a report on the Asahi newspaper's Web site.

Japan's currency may fall for a sixth day against the euro after Secretary of State Colin Powell said the U.S. won't be intimidated by North Korea.

Proximity to N. Korea

“Japan's proximity to North Korea makes it very hard to buy the yen,” said Takeo Okabe, senior foreign exchange manager at Resona Bank. “The yen is going to continue to weaken against the euro.”

While the U.S. is seeking a diplomatic solution to North Korea's weapons program, “we will take no options off the table,” Powell said in response to a question about whether the Bush administration might resort to military force.

The yen was at 132.44 per euro, from 132.35. It was as weak as 132.53, a level not seen since May 1999. It may fall to 135 per euro in the coming weeks, Okabe said.

Mazda Motor Corp.'s second-half operating profit more than doubled to 35.9 billion yen, adding 19.7 billion yen from currency fluctuations in the fiscal year just ended, helped by the fact that the yen was an average 10 percent weaker against the euro in the period than a year earlier.

Zembei Mizoguchi, Japan's vice finance minister for international affairs, signaled Japan may sell its currency for a fourth month to stem a 3.6 percent rise against the dollar over the past six months that threatens to erode the country's export- led recovery.

“We continue to watch the markets closely and will respond if rapid change occurs,” Mizoguchi told reporters.

U.S. Growth

SARS Concern May Pummel Shares Like Sony's Results: Asian Stocks Outlook

‘Sony Shock’ May Trigger Further Stock Falls This Week; ADRs Decline 12%

Toshiba, Fujitsu Return to Profit; Chipmakers Differ on Sales Forecasts

RESOURCES:

Bloomberg TV
 Bloomberg Radio
 Markets

The average forecast for U.S. growth this year fell in the Blue Chip Economic Indicators April survey to 2.4 percent from 2.8 percent in January. The Organization for Economic Cooperation and Development cut its 2003 growth forecast for the 12-nations that use the euro to 1 percent from 1.8 percent.

William Poole, president of the Federal Reserve Bank of St. Louis, told reporters before a speech that he doesn't see signs that the end of the war in Iraq has spurred a revival in business investment. Poole is a member of the Federal Open Market Committee though he does not vote on interest rates this year.

The U.S. economy is failing to lure enough capital to the country to offset the country's current account deficit. The U.S. needs to attract \$1.5 billion in foreign investment a day to offset the deficit and maintain the dollar's value.

Capital flows to the U.S. are "not keeping pace" with the rise in the current account deficit, said Jason Bonanca, a currency strategist at Credit Suisse First Boston, the sixth biggest in the currency market. "We'll see a substantial weakening in the dollar."

Bonanca recommends clients buy euros. He forecasts the dollar will weaken to \$1.15 per euro and 108 yen in the next 12 months.

In other trading, the dollar was little changed against the Swiss franc at 1.3607 francs. The British pound held at \$1.5925.

Last Updated: April 24, 2003 22:53 EDT

©2003 Bloomberg L.P. All rights reserved. [Terms of Service](#) [Privacy Policy](#) [Trademarks](#)
[Site Map](#) [Help](#) [Feedback](#) [About Bloomberg](#)