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# Dollar: It will only get worse

## Greenback likely to stay under pressure in near term but find relied by mid-year, currency experts argue.

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NEW YORK (CNNMoney.com) -- Despite all the pain the U.S. dollar has endured in recent days, the greenback may still have further to fall before seeing any sort of relief, according to currency experts.

Driving much of the dollar's decline this week were tepid remarks about the U.S. economy by Federal Reserve Chairman Ben Bernanke, who hinted that the central bank would cut interest rates once again at the Fed's March meeting.

Those comments, combined with a number of troubling signs about the strength of the U.S. economy, helped send the dollar tumbling to multi-year lows against a host of currencies including the Swiss franc, the Malaysian ringgit and Japanese yen.

"It all points towards a weaker U.S. economy and currency traders don't want to be exposed to that kind of



**The battered U.S. dollar is poised to fall further next week if next Friday's February employment report reveals more signs of economic weakness.**

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risk," said Gareth Sylvester, senior currency strategist and self-described "dollar bear" at HFIX Plc in San Francisco.

But perhaps the most notable move of the week was the dollar hitting successive all-time lows against the euro, breaking the key psychological barrier of \$1.50 for the first time since the 15-nation currency was launched in 1999.

Currency experts, however, argue that the dollar will remain under pressure at least through the next month or longer.

If next Friday's February employment report is as bad as economists are anticipating, argues Joe Francomano, manager of foreign exchange with Erste Bank in New York, the greenback could possibly hit rock bottom at that point.

"You are going to see the momentum of this week carry over as far as dollar weakness goes and culminate next Friday," said Francomano.

How far could it fall?

The prevailing forecast lately is that the dollar will hit a ceiling of \$1.55 against the euro in the near term and fall further against the yen, sinking as low as ¥101 or ¥102.

Even the most bearish currency experts agree that the pressure on the dollar should abate some time around the middle of 2008, after the Fed winds down its rate-cutting campaign and as the sluggish U.S. economy starts to perk up.

But where the dollar heads after that is anyone's guess.

Greg Anderson, executive director of forex strategy at ABN AMRO, expects the greenback to move towards \$1.56 against the euro as 2008 comes to a close.

Erste Bank's Francomano, however, argues that the dollar should wind up around \$1.46 against the euro by year end as investors are lured back in by a discounted greenback.

"When the bad data has been processed and the Fed has cut rates to 2 percent or so, then expect the dollar to look cheap," said Francomano. ■



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