

Excerpt



Euro-denominated travellers cheques

Widespread euro euphoria lifts European markets

THE euro, Europe's new common currency, traded firm and steady in its first full day yesterday and pushed up bonds and stocks on the European continent in widespread euro euphoria.

"The euro has arrived" boomed banners at the Frankfurt stock exchange. The euro led the news in London, Frankfurt, Paris and other TV stations in European capitals, with reporters cornering currency traders and interviewing industrialists and people in the street.

Earlier in Asian morning trading, where currency traders were among the first to deal in the new European currency, the euro surged 2 per cent from its US\$1.16675 start on Dec 31, before falling back from its US\$1.19 high. The new currency of the 11 member states of Euroland ended Asian trading with a net one per cent gain at US\$1.1790. Against the Singapore unit, the euro ended its first Asian session at 1.9512 Sing dollars.

In Europe, wariness that the

European Central Bank would intervene to prevent a major rally put a cap on the new currency, some dealers noted, as it settled at around US\$1.18 towards the close of European trading.

Dealers said there were "surprisingly few glitches" on the spot, forward and options markets. But trading was cautious and the currency ebbed and flowed in relatively light volume.

"Few customers are dealing in size," said a currency dealer at a US investment bank in London. "The market is bullish on the euro, but most clients are preferring to wait on the sidelines." In Singapore, Linus Koh, chief operating officer for Deutsche Bank's Asia Pacific Corporates and Institutions Division, spoke for many when he told BT that the euro's strength partly reflected a strong sense of relief that the transition to a new currency had taken place so smoothly. "We saw good liquidity for the euro, but I think it's still too early to tell where it's headed yet," Mr Koh said.

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S'pore banks not taking any chances with Y2K bug

Sweeping changes for securities industry