

## Dollar slides versus euro

NEW YORK (CNNMoney.com) -- The dollar weakened against the euro Monday after French President Nicolas Sarkozy said Europe is ready to help Greece if needed, boosting investor optimism about the nation's debt crisis.

**What prices are doing:** The dollar dropped 0.1% against the euro to \$1.3634 and rose 0.5% against the pound to \$1.5078. The greenback edged up 0.02% against the yen to ¥90.27.

**On Friday**, the dollar rose sharply against the yen after a better than expected employment report from the government, but it slipped versus other currencies. Earlier last week, **the buck fell** as investors began eyeing riskier assets following news that Greece had finally **outlined a plan** to reduce its debt.

**What's moving the market:** Over the weekend, President Nicolas Sarkozy said the euro zone is willing to back Greece if needed, reassuring investors that the country is unlikely to default on its debt.

The news reduced the appeal of the U.S. currency as a safe haven, and investors turned to riskier assets. Despite the positive reaction to Sarkozy's comments, the euro's gains were pared in later trading after Greek Prime Minister George Papandreou warned that Greece may have a difficult time carrying out its plan to cut its debt.

**What analysts are saying:** "Overall there's still a lot of uncertainty. The market is still waiting to digest what's going on in the euro zone," said Gareth Sylvester, a senior currency strategist at HFIX.

Better than expected payroll data last week, coupled with a higher unemployment rate, also increased uncertainty about the economic recovery, said Sylvester.

"With a lack of a clear outlook and direction, traders are a little more reserved, which is causing a lot of volatility and ultimately causing the market to be directionless," he said. "There's no reason to be overly bullish and to buy high yielding assets, but neither is there an attitude of pessimism, so it leaves the market pretty neutral."

Sylvester expects trading to be choppy throughout the week, and investors will eye retail sales, due Friday, to gauge the pace of recovery. Looking ahead, he said uncertainty will remain, but the dollar may strengthen on continued concern about the economy.

"I think there will be a very neutral tone overall but would expect to see some dollar strength in the months ahead," he said. "There's still uncertainty and negative news coming out, and the longer a sustained recovery doesn't come to fruition, the longer investors will be nervous and see a pull-back in the equity markets."