

## Euro Rises Above \$1.20 for First Time in More Than Two Years

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- Leveraged, macro investors add to long positions on currency
- Halfway point of the euro's drop since 2014 at 1.2167 in focus

The euro advanced to its strongest level in more than two years, hours after North Korea fired a ballistic missile over Japan.

The common currency gained for a third day even as South Korean President Moon Jae-in ordered a show of force in response, which traders said highlighted its growing appeal as a haven.

The euro rallied as “the dollar is no safe haven from the North Korean factor,” said Stuart Bennett, head of Group-of-10 strategy at Banco Santander SA. It is “overvalued by most quantifiable indicators at this level, but the market is likely to pull it higher in the same way they wanted to pull it lower at the start of the year.”



Leveraged and macro investors bought the euro in its latest push higher, according to foreign-exchange traders in Europe. Demand was also driven ahead of next week's monetary-policy review by the European Central Bank, said the traders, who asked not to be identified as they weren't authorized to speak publicly.

The euro rose 0.4 percent to \$1.2023 as of 8:34 a.m in London. Tuesday's advance is the first time since January 2015 that the common currency has been this strong. From a technical perspective, traders are watching \$1.2167, which marks the 50 percent retracement of the euro's drop since 2014.

While ECB President Mario Draghi chose not to mention the euro's appreciation in his Jackson Hole speech on Friday, European central bank officials expressed concern about the currency's strength in the minutes from their last meeting on July 20.

"This \$1.20 break sends alarm bells off across the globe," said Neil Jones, head of hedge fund sales at Mizuho Bank Ltd. "The market was looking for further verbal intervention from Draghi. At some point we will see this again from ECB officials, especially now we're above \$1.20."

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