

Dollar hits all-time low vs. euro

Euro buys \$1.4221 as markets look ahead to ISM's factory index release.

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BERLIN (AP) -- The dollar touched an all-time low against the euro on Monday as markets awaited a report on American factories for indications about the strength of the U.S. economy.

In afternoon European trading the 13-nation currency bought \$1.4221 after touching a new all-time high of \$1.4283 early in Asia before slipping back. The euro was still up from the \$1.4160 it bought late on Friday in New York.

The British pound fell slightly to \$2.0410 from \$2.0454 late Friday, while the dollar rose to purchase 115.85 Japanese yen from 114.74 in New York.

The Canadian dollar, which hit a 31-year high of \$1.0091 on Friday, was down to \$0.9933.

Markets were looking ahead to the Institute for Supply Management's factory index, for release later in the day, for indications as to what the U.S. Federal Reserve's next move on interest rates might be.

The Fed is widely expected to cut rates for the second month in a row in October as it tries to stimulate the flagging U.S. economy.

The dollar's strength was hurt after the Fed cut rates last month by a larger-than-expected half-percentage point.

The lower U.S. interest rates, used to jump-start the economy, can weaken its currency as investors transfer funds to countries where their deposits and fixed-income investments bring higher returns.

The U.S. has been running large trade and budget deficits for years - factors that tend to undermine a country's currency in the long term, unless they are offset by foreigners' willingness to invest money in the United States. ■

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