The Fall of the Euro: Enduring?

The World Financial Market was taken aback by the Euro falling so drastically. Investtechfx expounds upon the reasons behind such a fall. Will the Euro survive or will it crash? A question that is wandering the mind's of everyone. www.investtechfx.com

Toronto, Canada (PRWEB) June 23, 2010 -- Investtechfx the leading 1 PIP Forex Co offering MetaTrader4 notes that the European Union and the European Central Bank geared up the global financial structure exceptionally well for the introduction of the euro and thereafter continued to maintain its value through meticulous anti-inflation policies. However, Investtechfx asserts with disappointment that to a large extent their work has been unraveled due to the Euro debt crisis. A decade after its formation, the Euro is confronted with its biggest challenge. The Euro has dominated the financial market ever since its formation, however this unique currency is at present facing a difficult situation and is at the verge of losing all that it has gained.

InvestTechFx, worldwide Forex Broker using the MetaTrader4 platform observes that the Greek debt crisis first seized investors' attention all around the world. Nevertheless, not much has been discussed as to what brought about this predicament in Greece and furthermore how it could in due course affect investors in other EU nations and worldwide. According to InvestTechFx, it is necessary to comprehend how the EU Debt crisis began and which other EU nations may subsequently face a similar crisis. The Greek financial crisis should not be unfamiliar to the World after the hard times faced by the United States in 2008. As the essence of both the crisis has been the same over-expenditure. Greece adopted a strategy of 'deficit spending' to sustain its immense social programs however these programs blew out of control as the financial market embittered. In order to financially support it's over-spending, Greece borrowed funds, giving out debts at an increased interest rate. Nonetheless, the scheme of loans did not last long. As the nation's debt weight increased, investors became apprehensive and expanded bond yield spreads and increased the risk premium for credit default trade on Greek debts, thereby raising the cost of borrowing for Greece. In other words, as Greece continued to take on debts at high rates, the rate of borrowing increased as well, like this the interest rate owed on the Greek debts valued far more than the debts themselves. However, as Greece is a part of the European Union and therefore interlinked with the markets of the other 26 EU member Nations; Greece's economic fallout may echo throughout the European Monetary Union.

Investtechfx the leading 1 PIP Forex Co offering MetaTrader4 explains that the dangers connected with the collapse of one EMU nation affecting the whole Euro system and the tie among EU nations has been a cause of concern for the EU from the time of its birth. Due to which, the EU placed a ceiling rate of 60% of GDP on debts and 3 % of GDP on deficit spending. Nevertheless, the enforcement of these limitations has been very though for the EU and at present several nations are in breach of at least one of these limitations.

InvestTechFx contends that the affects of the debt crisis on the EU would be to a great extent controlled if Greece was the only European nations suffering from astounding deficits and debts, yet this is not the case. At present, investors are all the more concerned as austerity measures have also been announced in several other EU nations including Spain. Portugal, Italy and Ireland are also at the verge of facing grave fiscal consequences. Early this year, Portugal endeavored to raise funds by auctioning T-bills worth 500 million Euros, yet was able to only auction t-bills worth 300 million Euros. This illustrates the apprehension of the investors that Portugal would fail to pay its sovereign debt. www.investtechfx.com

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Contact Information
Steve Choya
InvestTechFx
http://www.investtechfx.com
+1-416-619-5914

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