**Dollar Rises Against Euro, European Currencies After ECB Move**

Asset-purchase Program Is Expected to Weaken the Common Currency

By

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The dollar soared against the euro on Thursday after the European Central Bank announced a massive [asset-purchase program](http://www.wsj.com/articles/ecb-announces-stimulus-plan-1421931011?), a move that also had ripple effects among European currencies apart from the euro.

The [euro sank](http://www.wsj.com/articles/stocks-rally-euro-falls-after-ecb-move-1421916056?) below $1.14 for the first time since November 2003 in a decline that ranked among its largest ever. The single currency reached $1.1316 before rebounding slightly to trade at $1.1337 in late-afternoon trade, falling 2.4% on the day.

The selloff also [reverberated in other currency markets](http://www.wsj.com/articles/european-central-banks-stimulus-move-ripples-across-region-1421965143?) with close economic ties to the eurozone. The British pound slid 1.1% to $1.4980, a new 18-month low. The dollar also posted gains against other developed-market European currencies, such as the Swiss franc, the Norwegian krone and the Swedish krona.

ECB President [Mario Draghi](http://topics.wsj.com/person/D/Mario-Draghi/5738) announced the ECB will buy a total of €60 billion ($69 billion) a month in assets, including government bonds, debt securities issued by European institutions and private-sector bonds. The purchases will start in March and run through September 2016 but could extend beyond that point should inflation remain too far below 2%, Mr. Draghi said.

The large asset-purchase program, also called quantitative easing, is expected to weaken the common currency, because the ECB will print euros to buy the debt.

Some European policy makers believe a weaker euro will make eurozone-made goods more competitive, which would benefit Germany’s export-driven economy. But that could become a problem for the exports of other European countries with currencies that have appreciated against the euro. A weaker euro could prove troublesome for them over the longer term and potentially persuade their respective central banks to respond, saidOmer Esiner, chief market analyst with currency brokerage Commonwealth Foreign Exchange Inc.

“There’s a view that if the euro continues to depreciate, then peripheral economies with strong trade ties with the eurozone might have to take steps to limit the rise in their currencies to remain competitive with the region,” Mr. Esiner said.

In response to the ECB move, Denmark’s central bank on Thursday cut its main interest rate for the second time in a week, in an attempt to stifle investor interest in its currency as investors sold the euro.

The size and duration of the program herald a sustained flood of assets into the global markets, said Richard Cochinos, head of Americas developed-market foreign-exchange strategy at Citigroup Inc. This encouraged investors to move into assets they perceive as risky, such as equities and emerging-market currencies, most of which rallied against the dollar following the ECB announcement.

Investors also shed some of their positions in haven assets, such as the yen and U.S. Treasurys. The dollar rose 0.6% versus the Japanese currency, rising to ¥118.63.

The dollar has rallied sharply in the past seven months as investors have piled into bets against developed-market currencies for months with the belief that central banks around the world would continue adopting easing measures to boost growth and inflation while the Federal Reserve moves closer to raising interest rates. Higher U.S. rates make the dollar more attractive to investors as they would boost returns on assets denominated in the currency.

The market looks to the Greek election on Sunday, which the leftist, antiausterity Syriza party is poised to win. Investors fear a Syriza victory potentially could lead Greece to exit the euro. Investors predict the uncertainty surrounding the election’s results and consequences could further weaken the single currency.