

Trichet Doesn't Expect Greece to Default as Crisis Worsens
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April 8 (Bloomberg) -- European Central Bank Jean-Claude Trichet said he does not expect Greece to default on its debt and it probably won't need financial aid from the European Union.

"A default is not an issue for Greece," Trichet told reporters in Frankfurt today. He made the remarks after the ECB left its benchmark interest rate at a record low of 1 percent.

Greek bonds plunged this week on renewed concerns about the country's ability to cut the EU's largest budget deficit. Prime Minister George Papandreou's government needs to sell 11.6 billion euros (\$15.4 billion) of debt by the end of next month. The premium demanded by investors to hold Greek 10-year bonds over German counterparts today rose to the largest since the euro's debut in 1999.

The euro was little changed after Trichet's remarks, trading at \$1.3319 at 3:19 p.m. in Frankfurt. The yield on the Greek 10-year bond traded at 7.22 percent compared with 7.31 percent before the press conference started. Trichet declined to comment on recent market moves.

"I will only repeat that what is important is the measures that are taken and implemented by the Greek government and the Greek parliament," Trichet said.

Trichet earlier welcomed the EU aid package "as a workable framework" and downplayed his earlier opposition to the involvement of the International Monetary Fund.

While "we never said the IMF doesn't have very good expertise," the "position of the ECB has always been to say that we wanted the governments of the euro area to be up to their responsibility," Trichet said.

Trichet also signaled the ECB is in no rush to tighten policy as the Greek crisis delays the central bank's exit strategy, saying the ECB's benchmark rate is "appropriate."