

“In the words of the Spanish finance minister the battle for the euro will be waged in Spain,” said Chris Towner, director of FX advisory services at currency specialist HiFX.

Commenting on the battle for the euro currently being waged in Spain, he said: “Arguably the European sovereign debt crisis has now reached a too big to bail, too big to fail stage. This has now become intense enough that Obama no longer sends his Treasury Secretary over, but needs to deal with it himself....the buck stops here so to speak.

"There has been a huge amount of development over the past two years and it seems like the authorities are constantly playing the game of catch-up with the financial markets and now they need to get ahead of the game by giving clear direction and thus cornering market speculators into the future.

“Market speculators thrive on fear and uncertainty and quite simply the way to solve this crisis is by solving the fear and uncertainty into the future.

“This requires bold action and for some, especially the Germans, considerable generosity, but it can be done. It doesn't need to be done all at once, but a step by step plan into the future will return calm.

“In the near term a plan to secure deposits in any EU bank up to 100,000 euros seems simple and fair. Then a gradual path towards the issue of a Eurobond needs to be mapped out, but as was the case with the beginning of the euro, only if countries abide by certain measures.

“Spain really is the country where a plan needs to be implemented. Think back to the story of Goldilocks and the three bears. In the instance we have tested the too hot porridge and the too

cold one and now the authorities need to introduce a sprinkling of austerity in return for financial aid to Spain or in the nursery story terms ' not too hot and not too cold' treatment."