

POUND STERLING'S HISTORIC DROP NEARS PARITY WITH DOLLAR

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The pound dropped to its lowest value ever against the dollar on September 26th.

It dropped [as low as](#) \$1.0327 on Monday, an 8% fall that started on Friday, September 23rd, following new Finance Minister Kwasi Kwarteng's unveiling of [historic tax cuts](#). The unfunded cuts, worth £45 billion (\$48 billion), are to be covered by the biggest increase in government borrowing since 1972.

It was the finance minister's first public announcement as part of the new government led by Prime Minister Liz Truss.

British government bond prices also collapsed.

Reuters [reports](#) that the pound had initially rebounded from its Friday losses but then fell again on Monday after the Bank of England announced that it "will not hesitate" to raise interest rates if needed, while it was watching financial markets "very closely." Such caution was not enough to recover investor confidence.