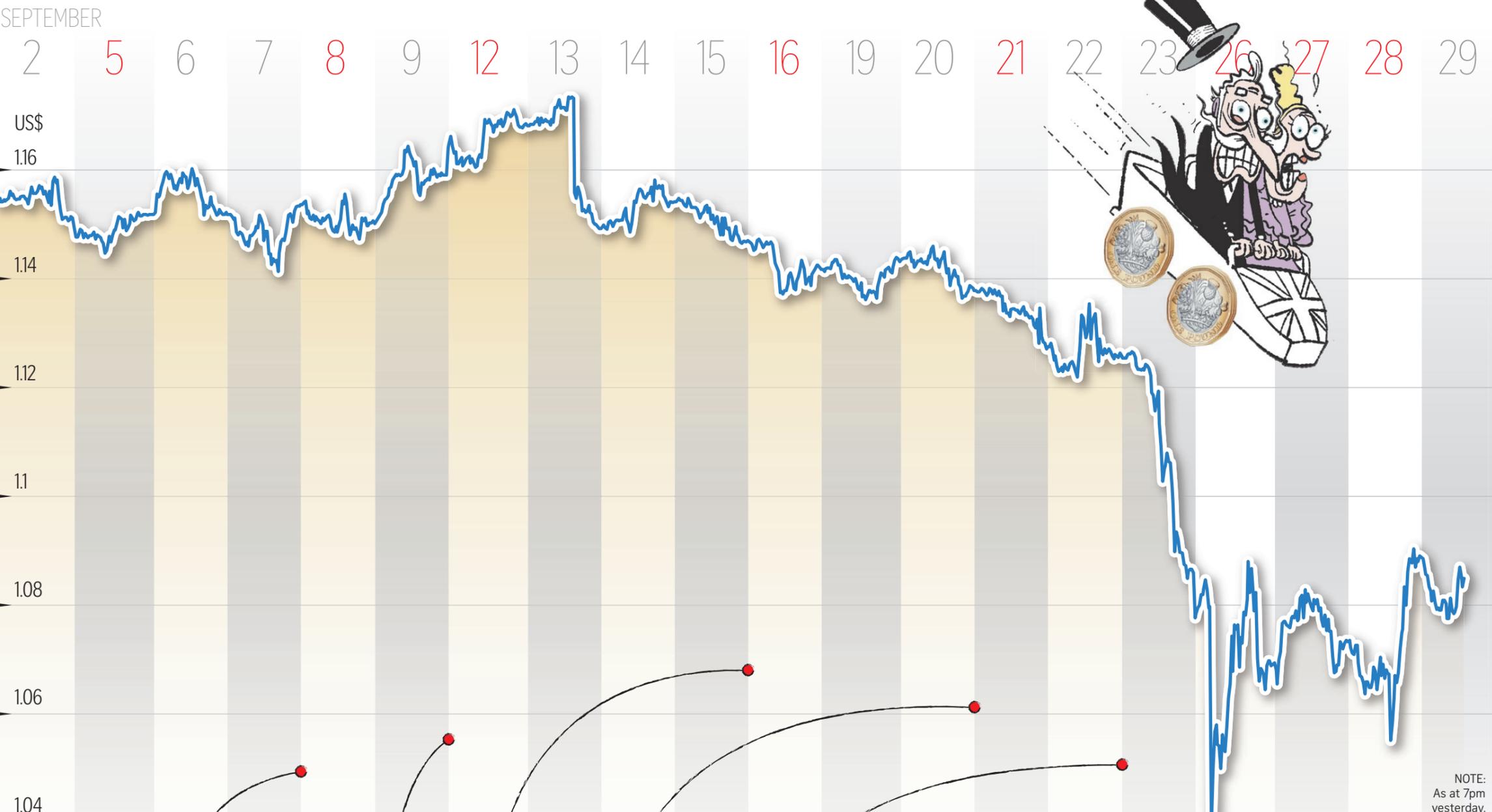


London's pound is falling down

A continually tumbling pound worsens the cost of living crisis for Britons as imported goods become more expensive, but it makes it cheaper for tourists to the country. Some analysts expect sterling to hit parity with the US dollar before the end of the year.



NOTE: As at 7pm yesterday.

- SEPT 5, MONDAY**
Ms Elizabeth Truss wins the race to become Britain's next prime minister. The sterling stays steady, but it has already tumbled in the weeks prior, as investors signal doubt over her campaign promises to cut taxes with no clear plan for how to fund it.
- SEPT 8, THURSDAY**
Ms Truss says she will freeze household energy bills for two years from Oct 1. The plan – which caps the average bill at £2,500 a year – is meant to tackle soaring power prices on track to surge 80 per cent in October. The move will help cool skyrocketing inflation but add £130 billion to Britain's borrowing in just its first year. The pound falls to its lowest level against the US dollar since 1985, as investors worry about the scale of debt Britain will have to sell to fund Ms Truss' plans.
- SEPT 12, MONDAY**
New data shows that Britain's growth stagnated in the three months through July.
- SEPT 16, FRIDAY**
British retail sales fall much more than expected in August, further fuelling recession fears. All main retail sectors fell for the first time since July 2021.
- SEPT 21, WEDNESDAY**
Ms Truss announces a £40 billion bailout to help companies with their energy bills, capping for six months wholesale energy prices that feed into businesses' gas and power contracts.
- SEPT 23, FRIDAY**
Finance Minister Kwasi Kwarteng unveils a mini-budget aimed at easing the cost of living crisis. The £45 billion package – the largest in 50 years – includes cuts in income and property taxes, the scrapping of a planned corporation tax increase, and tax-free shopping for overseas visitors. To finance it, Britain will have to raise borrowing by 45 per cent for this financial year alone. The pound slides to a fresh 37-year low; government bond yields surge by the most in a day in over three decades, and the FTSE 100 stock index falls to its lowest since mid-July.
- SEPT 25, SUNDAY**
Mr Kwarteng promises "more to come" in tax cuts.
- SEPT 26, MONDAY**
The pound plunges nearly 5 per cent at one point to its lowest level since 1971. Investors are worried that the much-bigger-than-expected cuts will further stoke inflation and that the sterling's slump may force the central bank into an emergency interest rate hike to support the currency.
- SEPT 27, TUESDAY**
The International Monetary Fund urges Britain to "re-evaluate" the mini budget's "untargeted" measures. But Ms Truss and Mr Kwarteng stand firm on their plans.
- SEPT 28, WEDNESDAY**
Britain's 30-year government bond yields hit their highest level since 2002. The Bank of England (BOE) steps in to stem the sell-off, pledging to buy £65 billion of long-dated gilts and holding off a plan to sell its £838 billion of gilts. It says it will restart printing money at "whatever scale is necessary" – something it previously pledged never to do as the move fuels inflation and risks going out of control.

