

Lebanese pound hits new record low against the US dollar

The Lebanese pound's market value hit a record low against the dollar Monday, as the cash-strapped country plunges further into financial and political turmoil three years after its economy collapsed.

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The pound sank further as the country, led by a caretaker government, heads into presidential elections next month with a divided parliament that has repeatedly failed to reach a consensus on a new leader.

The pound's market value fell to over 40,000 to the greenback, according to money exchangers who spoke to AFP, after it had stabilized at around 38,000 for weeks.

The Lebanese pound has been officially pegged at 1,507 to the dollar since 1997, a rate that has not reflected its true market value for years as the currency has been in free fall, with multiple parallel exchange rates coexisting.

After years of economic mismanagement and endemic corruption, Lebanon sunk into an unprecedented financial crisis in late 2019, dubbed by the World Bank as one of the world's worst in recent history.

The crisis has pushed most Lebanese into poverty, while talks with the International Monetary Fund to unlock billions of dollars in loans have stalled as Lebanese leaders have been unable to enact most reforms demanded by the lender and donor countries.

“If the pound continues to collapse, it is quite simply because there is no global reform plan,” said analyst Michel Fayad.

The new low also coincides with weeks of partial bank closures after a wave of exasperated depositors staged hold-ups at their own banks to demand access to their savings, frozen for years.