

CURRENCY WARS

CURRENCY WARS ARE ONE OF THE MOST DISRUPTIVE AND FEARED OUTCOMES IN INTERNATIONAL ECONOMICS AND THE 1ST OF OCTOBER 2016 WILL BE SEEN BY HISTORIANS AS A "WATERSHED MOMENT".

The \$US retains its value because it is the world's major trading currency but its days in this role are numbered.

The International Monetary Fund (I.M.F) and China are pushing for the creation of a new global reserve currency. Actually, it won't be a currency. It is called "a special drawing right", known as SDR, but the SDR is neither a currency nor a claim on the I.M.F.

The reason 1st October 2016 will be seen as a "watershed moment" in history, is because it was on this day that the Chinese RMB was included in the basket of currencies that form the base value of the SDR.

The other four major currencies that the value of the SDR is based on are:

- **US Dollar**
- **Euro**
- **Japanese Yen**
- **Pound Sterling**

As the \$US loses its status as the world's major trading currency, its value will drop. Whilst this will have a negative effect on the lives of most Americans, an upside is that a lower \$US will make their exports more attractive and could possibly revive their manufacturing industries

- STEVE TAYLOR

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Mark (Fitter)



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