

# Pound falls amid political turmoil and economic gloom

The [pound](#) fell heavily on Monday amid market concerns over political uncertainty and the gloomy economic outlook.

As the race to become the next Tory leader gathered pace with nearly all candidates pledging to cut taxes and boost [growth](#), [sterling](#) dropped by more than a cent against the US [dollar](#) to fall below \$1.19.

It came after the pound rose at the end of last week following Boris Johnson's dramatic resignation.

Fiona Cincotta, market analyst for CityIndex, said: "We know last week the pound against the dollar did just pop higher when Boris Johnson finally handed in his resignation. That was a relief rally that we were seeing.

"However, the pound is coming down today and there is going to be this period of political limbo where we are not going to see any political decisions taken and that, at this time, when the economy and the economic outlook is quite dire, is a bit concerning for the pound."

## READ MORE

- [Who is Penny Mordaunt: What is her background on Brexit, trans rights & Royal Navy?](#)
- [Wives of Russian soldiers appeal for them to be returned home](#)
- [Sir Mo Farah: The truth is I'm not who you think I am](#)
- [The desert does bloom: rewilding AlUla](#)

Mr Johnson, who is now acting as a caretaker prime minister, has vowed not to take any major decisions while the Tory party

chooses its next leader.

But that has led to concerns that he is presiding over a 'zombie government' at a time when the country is facing a cost of living crisis.

Lord Butler, the former senior civil servant who served as Cabinet Secretary to Margaret Thatcher, said he was confident the interim administration would be capable of running the country for the next few weeks.

"The job of the civil service is to keep the show on the road," he said. "And so it's not really very tricky and not a long period."

Meanwhile, Sir Keir Starmer attacked the Tory leadership hopefuls, accusing them of "fantasy economics".