

[Sign in](#) | [Register](#)

Go to:

**GuardianUnlimited** **The Guardian**

<a href="#">Home</a>	<a href="#">UK</a>	<a href="#">Business</a>	<a href="#">Online</a>	<a href="#">World dispatch</a>	<a href="#">The Wrap</a>	<a href="#">Newsblog</a>	<a href="#">Talk</a>	<a href="#">Search</a>
<a href="#">The Guardian</a>	<a href="#">World</a>	<a href="#">US elections</a>	<a href="#">Arts</a>	<a href="#">News guide</a>	<a href="#">Columnists</a>	<a href="#">Audio</a>	<a href="#">Help</a>	<a href="#">Quiz</a>



**The Guardian**  
**Business**

## Dollar melts but Snow stays firm

We will not intervene, insists US treasury chief

**Ashley Seager**

**Thursday November 18, 2004**

[The Guardian](#)

Search this site

The dollar plunged to an all-time low against the euro yesterday as the Bush administration signalled it was not prepared to take any action to prevent the slide.

The greenback has resumed its fall since George Bush was re-elected and is down 40% against the euro over the past two years, reflecting growing concerns in currency markets over the giant US budget and current account deficits.

### In this section

[US begins tobacco trials](#)

[Ailing M&S offers share buyback](#)

[Blair launches record-breaking tilting train](#)

[Barclays raises mortgage rates](#)

[Blair's missing the point on financing renewables: fossil volatility costs more](#)

[Strong pound blamed for record trade deficit](#)

But US treasury secretary John Snow told the Royal Institute of International Affairs that his country's current account deficit was a problem for other nations as well and signalled his opposition to any kind of intervention to put a floor under the currency.

"The issue of the current account deficit is a shared responsibility not just one for the US," he said.

He added that the US intended to do its bit to eradicate the current account deficit by reducing its budget deficit over the next few years. Other countries, particularly in Europe, had to make a contribution by boosting their economies and attracting investment capital which is now flowing into the US and exacerbating its current account problem. "We would be interested in seeing Europe grow faster ... There is unbalanced growth which is contributing to this problem of current account deficits," he said.

[Equitable directors snub report into losses by savers](#)

As he spoke, the dollar bust through the \$1.30 to the euro level to set a record low of \$1.3047. It also set a nine-year low against a basket of major currencies and a seven-month low of 104.1 against the yen. The pound rose to \$1.8628.

[Barclays' insurance hideaway](#)

But Mr Snow dismissed speculation that the major economic powers may intervene in currency markets and buy dollars: "The history of efforts to impose non-market values on currencies is at best unrewarding ... we believe in open, free, competitive currency markets."

[ITV directors in struggle for survival](#)

[CBI cries foul over UN human rights code](#)

But in spite of questioning he reiterated that Washington's long-stated policy of wanting a strong dollar remained intact: "The policy is the policy."

[Budgetary largesse is a spent force](#)

However, currency markets believe that Washington is happy to see the dollar fall back and help reduce the current account deficit by making imports more expensive and exports cheaper, so they took his comments as a signal to sell the dollar. "He gave no impression that dollar policy will change and that gave a green light to dollar sales," said Tim Fox, currency strategist at National Australia Bank in London.

[Carphone buys into Spanish telecoms](#)

[Red tape barometer attacked](#)

[Buffett keeps out of the dollar](#)

Mr Snow said he was optimistic that China would soon free up the renminbi, which Beijing pegs at an artificially low rate to the dollar to boost its own exports. It runs a huge current account surplus with the US and freeing up its currency is seen as a way to reducing the US deficit.

[Sainsbury makes first ever loss](#)

[Cheaper Russian gas for Britain](#)

Mr Snow said he was "very optimistic" that China would float its currency in the next few years, but did not specify a date. "They have agreed to do it but say they need a little more time. We are saying 'let's get on with it'."

[Inquiry in Moscow hits Harmony bid](#)

Chinese officials are likely to come under more pressure to revalue the renminbi at a meeting of the Group of 20 leading industrialised and developing countries this weekend.

[MmO2 pays first dividend as customers stay loyal](#)

[Hewitt backs Blair's science pledge with new security measures](#)

Mr Snow said that with China and India becoming so much more significant, dialogue about economic issues needed to be widened beyond traditional meetings of the G7 industrialised nations.

[Tories' privatisation adviser struck off](#)

[Dixons warns of chill](#)

**Special report**  
[United States of America](#)

[hitting festive sales](#)

[H&M to overtake M&S as Europe's fashion favourite](#)

[Kmart snaps up Sears for \\$11bn](#)

[Attack of the retail beast](#)

[Judges end Rover's jobs-for-life deal](#)

[In brief](#)

[Dollar melts but Snow stays firm](#)

[Jobless rise may keep rate pegged](#)

[Jaguar boss: Browns Lane had to go](#)

[Eisner: Disney brief advised me on Ovitz](#)

[Energis to target media market after telecoms deal with broadcaster](#)

[Satellite subscriber battle hinges on ITV](#)

[Saudi prince backs Murdoch on Malone](#)

[160m shares traded points to RSA intrigue](#)

[Royal Mail posts daily £1m profit](#)

[Retail figures suggest slowdown](#)

## **World news guide**

[North American media](#)

### **Media**

[New York Times](#)

[Washington Post](#)

[CNN](#)

### **Government**

[US government portal](#)

[White House](#)

[Senate](#)

[House of Representatives](#)

---

[Printable version](#) | [Send it to a friend](#) | [Save story](#)



Guardian Unlimited © Guardian Newspapers Limited 2004