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Bye Bye Dollar?

ByMerijn

Was just reading very interesting stuff on the Saudi's not following the latest interest rate cut in the US. The article is from almost 2 weeks ago... Apparently since then, there's been hedgefunds speculating on a revaluation and both Saudis and Kuwaiti's are dissing the dollar.. And also Hong Kong wants out of a peg... Anybody in on this?

From The Telegraph: Fears of dollar collapse as Saudis take fright

<http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/09/19/bcnsaudi119.xml>

Saudi Arabia has refused to cut interest rates in lockstep with the US Federal Reserve for the first time, signalling that the oil-rich Gulf kingdom is preparing to break the dollar currency peg in a move that risks setting off a stampede out of the dollar across the Middle East.

"This is a very dangerous situation for the dollar," said Hans Redeker, currency chief at BNP Paribas.

Saudi Arabia has \$800bn (Â£400bn) in their future generation fund, and the entire region has \$3,500bn under management. They face an inflationary threat and do not want to import an interest rate policy set for the recessionary conditions in the United States," he said.

The Saudi central bank said today that it would take "appropriate measures" to halt huge capital inflows into the country, but analysts say this policy is unsustainable and will inevitably lead to the collapse of the dollar peg.