

Stocks continue descent: Dollar devalues rupee again

KARACHI: The rupee remained mired in red ink in both the markets on Friday, as the central bank seemed to pull support to rescue the battered local currency ahead of a \$6 billion bailout deal with the International Monetary Fund (IMF).

The rupee closed down 2.72 percent or Rs4 weaker to Rs151 in the open trade, while it fell 0.92 percent to settle at 147.87 in the interbank market. On Thursday, the dollar hit a high of Rs147 in the open market, and was at Rs146.25 in the open market on Wednesday, before it bounced back to Rs144 the same day. A currency dealer said some importers and companies bought dollars to make oil payments in the morning, but another dealer said it was the devaluation. "There is no demand pressures on the currency," the dealer added. In the interbank market, the rupee fell to 149 against the US dollar during an intraday trade. "It's all devaluation and no free-float exchange rate," a head of treasury sales at a commercial bank told this reporter on condition of anonymity. "The USD jumped 5 rupees in early trade and it was done deliberately with no volume trade happening." "Together with expected hike in the interest rates, we would be seeing vicious circle between inflation and rates which would push each other higher."

Meanwhile, another currency devaluation further dented the capital market, wiping away 800 points from the benchmark KSE-100 index, as share values succumbed to selling pleasure sparking panic in local and foreign investors, dealers said. The Pakistan Stock Exchange (PSX) KSE-100 shares index lost 2.37 percent or 804.50 points to close at 33,166.62 points level.

The KSE-30 shares index followed suit with a low of 2.63 percent or 425.40 points to end at 15,733.71 points level. Of 329 active scrips, 31 moved up, 286 retreated, and 12 remained unchanged. The ready market volumes stood at 90.373 million shares, as compared to the turnover of 108.579 million shares in the previous session.

Meanwhile, Adviser to the Prime Minister on Finance, Revenue and Economic Affairs Abdul Hafeez Shaikh assured a delegation of brokers of measures to help the stock market recover its losses. He was talking to a delegation of leading businessmen and brokers in Karachi. Chairman Federal Board of Revenue Shabbar Zaidi and Adviser to the Ministry of Finance Khaqan Najeeb were also present.

Hafeez took note of all the suggestions and assured the delegation of the government's full support and cooperation. Various measures relating to market reforms were discussed during the meeting. On this occasion, Dr. Hafeez Shaikh approved initiation of "Disaster Support Fund" worth around Rs17 billion rupees which will be managed by NIT where MD NIT Adnan Afridi was called on immediate notice to discuss the execution of the fund. The advisor also committed to expedite the Buy Back regulation amendments to support and hold destabilizing stock prices.

With regard to the current issue of Show Cause notices in relation to short selling, Finance Minister has requested SECP to expedite and clear the ambiguities between the authorities and brokers to bring investor class confidence in the market. Besides this, another development states that the same delegation is scheduled to meet Governor State Bank of Pakistan today (Saturday) to discuss and resolve issues in relation to Monetary Policy and Exchange rate affecting the stock market and the economy.

In a related development, Special Assistant to the Prime Minister on Information and Broadcasting Dr Firdous Ashiq Awan said those who had plunged the country into an economic crisis are today pointing a finger at us. In a Twitter message, Awan said, "The Sharif family destroyed the country with their 'economic terrorism'. With what face are they speaking about going to the masses?" She continued, "Those who have been destroying the economy for the past 30 years want the masses to suffer even more."

Erum Zaidi