

Rupee may firm up further

KARACHI: Pakistani rupee is forecast to grow stronger against dollar next week amid muffled demand for hard currency, while inflows from multilateral financing institutions are also strongly expected to anchor the local currency, traders said.

"We aren't seeing much in terms of dollar demand from importers in the coming days. There are also no debt repayments scheduled next week," said a trader from a leading commercial bank.

"Foreign assistance came in from the World Bank, Asian Development Bank, Asian Infrastructure Investment Bank and China to combat COVID-19 impacts and to support balance of payments. These helped boost foreign exchange reserves."

It was highly likely that the rupee would make moderate gains, trading at around 160 to 165.50 versus the greenback, the trader added.

The rupee rose by Rs1.45 to 166.21 against the dollar in the interbank market this week. Market participants are taking positively an increase in the country's exports in May.

Total exports of goods rose 14 percent month-on-month in May.

The trade deficit dropped to \$2.123 billion in June from \$2.650 billion a year ago and fell 27.11 percent to \$23.183 billion in the full 2019/20 fiscal year.

The central bank's foreign currency reserves increased by 1.270 billion to \$11.231 billion as of June 26 after the multilateral lenders disbursed around \$3 billion loans to Pakistan during the outgoing week. A slowdown in industrial activity amid coronavirus related lockdown, falling exports and slowdown in remittances led to the weakness of the local unit in the last fiscal year.