

Dollar rises on high demand

KARACHI: Rupee depreciated by another 32 paisas on Monday as demand for dollar spiked after importers rushed to open letter of credits (LCs) in fears of rising number of Covid-19 cases and lockdowns.

Currency experts in the inter-bank market said the dollar on Monday was traded at Rs161.04 compared to Rs160.72 on Nov 20.

Earlier, the dollar had lost against the rupee as it was traded as low as Rs158 in the inter-bank market on Nov 16. The dollar was under pressure for a couple of weeks due to improvement in macro indicators like higher remittances, current account surplus and increased exports.

However, the dollar has appreciated against rupee in the last few sessions.

"Importers were waiting for further devaluation of dollar from Rs158 but the rising trend created a panic-like situation and they rushed to book maximum number of LCs," said Malik Bostan, President Forex Association of Pakistan.

However, bankers maintained that dollar was still surplus in the banking market and no shortage was noted in the recent past. The dollar is still easily available in the open market as well.

Currency experts said the fear of Covid-19 has forced importers to quickly open LCs so that their requirement could be fulfilled before lockdowns halt transportation in Pakistan and other export markets around the world.

They said the UAE's decision to stop issuing visa to Pakistanis also had negative impact on exchange rate. Pakistan receives second highest remittances from the UAE after KSA.