

Dollar weakens 0.8 percent against rupee in open trade

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KARACHI: US dollar further weakened by 0.8 percent against the rupee in open trade on Friday as pressure on foreign reserves was marginally eased after the inflows of one billion dollars of Chinese loan, while exporters also offloaded their greenback holdings.

Buying and selling of dollar were recorded at Rs121.50/Rs122.50 in open market compared to previous day's close of Rs122.50/123.50.

Recently, China pledged two billion dollars in loan to avert balance of payments crisis in Pakistan.

The central bank has already received one billion dollars out of the total commitment, while another one would soon be transferred, people familiar with the matter told The News.

The country's current account deficit widened more than 40 percent to \$18 billion during the last fiscal year, mainly caused by \$37 billion of trade deficit.

The country, losing \$1.2 billion every month, is in dire need of monetary buttress to escape a situation that emerged five years back when foreign exchange reserves compelled a bailout package of \$6.7 billion from the International Monetary Fund.

The new government-to-be already expressed an intention to obtain \$10 to 12 billion of loan to heal up external account vulnerabilities.

Analysts said rupee stability would stem from recovery in external account position.

"Foreign debt repayments would exert pressure on rupee that may devalue in the coming days," an analyst said.

Rupee ended unchanged against dollar in interbank market as importers were reluctant to buy dollars due to uncertainty in the foreign exchange market, dealers said. Rupee ended 124.05 to a dollar, similar to the previous day's level.

The local currency staged a modest recovery after losing value against the greenback four times since December last year. Rupee lost 20 percent during the period.

The dealers said massive fluctuation in exchange rate during the recent days made buyers uncertain about opening letters of credit for import payments.

The dealers said the local unit managed to sustain the current levels due to inflows from China and amounts realised under the recently-concluded tax amnesty scheme.

The country managed to bring Rs2.5 trillion worth of local and foreign concealed assets in the net under the tax amnesty scheme announced in April by the last government. The three-month amnesty scheme provided opportunity of

documentation against two to five percent of tax payment. The amnesty scheme was extended by one month on June 30.

The interbank foreign exchange market saw trade in the range of Rs124.05 and Rs124.15.

The market recorded the intraday high of Rs124.09 and low of Rs124.06.