

Gold jumps Rs850/tola on rupee depreciation

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KARACHI: Gold grew dearer in the local market going up by Rs850/tola to reach Rs59,650/tola largely driven by the depreciation of rupee that is currently in the dumps against dollar, traders said on Monday.

Gold appreciated by \$2 to \$1,244 per ounce in the international market. Haji Haroon Chand, president Sindh Sarafa Bazar Association, said the gold became pricier because of currency devaluation as international market had a very little impact on the local prices.

“Pakistan’s overall economic situation is vulnerable. The stock market is falling daily. This scenario might further push the gold prices upward,” he said. It must be mentioned here that the price of gold increased by Rs729/10 grams to Rs51,140/10 grams.

Chand said common consumers, whose purchasing power was already compromised, would be further affected by this hike. “Those consumers, who used to buy gold from Dubai because of its being a tax free zone, are also coming back to Pakistani market, as taxes have been introduced over there,” he said adding but, their purchasing would take a hit here.

Muhammad Shafi, a senior goldsmith at the Sarafa Bazar, said an increasingly strengthening dollar had had a major impact on gold prices. “The rupee has devaluated from Rs105 to nearly Rs130 against dollar. It will have an impact on everything.”

Shafi said Pakistan’s imports had reached around 87 percent, while its exports were at a meager 13 percent of the total trade. “Consumers’ affordability has shrunk substantially as despite being culturally inclined towards buying gold Pakistanis are finding it hard to get money out for the precious metal.”

The goldsmith said due to higher prices new buyers were nowhere to be found in the market. “The bulk of the consumers visiting the market are those, who want to exchange old jewelry with the new one with little change in valuation,” Shafi said.

He said workers’ remittances were also affected, as overseas Pakistanis were coming back from various countries, adding, the situation would further worsen unless emergent steps were taken to shore up the economy.