



Rupee tumble continues as banks reopen

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Exchange companies are telling their customers that they are running out of dollars as demand for the US currency surges after sharp increase in its price.

KARACHI: The exchange rate resumed its slide as banks and exchange companies reopened after Eid holidays. On Tuesday the dollar rose to Rs124.50 in the open market, though most exchange companies visited by Dawn during the day were not willing to sell even at that rate. “We are out of dollars” was the standard reply.

In the interbank market, the dollar appreciated by 46 paises against the rupee, touching an intraday high of Rs122.75 before closing at Rs121.85.

Currency dealers said they would sell dollars if they buy from public but nobody is ready to sell their holdings due to day-to-day appreciation of dollar and other foreign currencies.

The dollar gained about Re1 to Rs1.50 in the open market while the closing rate was quoted as Rs124.50. During the day the rate was even higher than the closing rate.

Similarly, currency dealers in the open market said the dollar was sold at different rates but closing rate was not more than Rs121.85. “We deal with banks and we got the rate of Rs122.75, it was the peak rate in the banks on Tuesday,” said Zafar Paracha, Secretary General Exchange Companies Association of Pakistan.

“Open market is the reflection of interbank market. I am surprised what this autonomous State Bank is doing to control this fluid situation which is highly damaging for the economy?” he asked.

Since first week of Dec 2017, the US dollar gained 15.5 per cent or Rs16.35 in the interbank market while it gained 15.8pc or Rs17 against the rupee in the open market.

The disappearance of dollars from the market has created serious problems for travellers, students, and those going abroad for medical treatment. All of them depend on the open market for their foreign currency requirements.

The central bank has so far not issued any directives to the exchange companies to control this depreciation of the rupee. The representative organisations of currency dealers said they were not contacted by the State Bank while it had been a norm to hold meetings with currency dealers for controlling the open market rate.

The caretaker government has indicated that the exchange rate would be market-based and would not manage it.

However, market experts said the large current account deficit of \$14bn during the first 10 months of this fiscal year requires management as the pressure is mounting on external front of the economy resulting in weakening of the local currency.

They, however, were not clear how this situation would be managed.

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