
CB Regulates Currency Fluctuations

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A1+ - 22/6/2007

'Dollar-dram fluctuations in Armenia are not conditioned by economy and international tendencies,' said economist Eduard Aghajanov in answer to A1+'s question. The exchange rate is determined by a group of people, i.e. economy, international currency policy and market state do not affect Armenia.

-Whom do you mean?

The dram depreciation is profitable for importers. The foreign trade deficit increases. In my opinion, this year the deficit will exceed \$1.5 - 2 milliard as the current rate promotes import and hinders the growth of the national output.

Does the President of the Central bank Tigran Sargsyan support these groups?

Surely, he does. He confessed it. By 2005 he had cheated everyone saying that the dollar rate was free in Armenia and he had no connection with the dollar-dram movements. In 2005 he announced that the Central Bank regulated the currency fluctuations.

How long will the fluctuation last?

It depends on the appetite of the interested groups.

Do you foresee dram depreciation?

It depends on the interests of the above-mentioned groups. The dollar rate went up in April as they needed dram during the elections.

Can the dollar rate go up in 2008 during presidential elections?

I don't exclude it. They need the dram to give bribes. They collected the dram in April and the exchange rate fell. And now they have fixed cheaper price for the dollar.

And what factor is the gold price determined by?

By the dollar. In case the dollar price goes up at the international market, the gold price falls and the vice versa. Banks and great businessmen store gold.

-How did the election affect the Armenian economy?

Armenia is the only country where elections do not affect the economy. During the 2003 presidential and parliamentary elections Armenia had the highest economic growth- 13.9 per cent. The same scene was observed after the 2005 referendum.

And how do elections affect economy in developed countries?

Generally, political activeness surpasses economic activeness as people are more interested in policy than in economy.

Then, why do we have the opposite picture in Armenia ?

The answer is evident. Armenia differs from other countries. We are unique. I cannot find any other explanation.
