

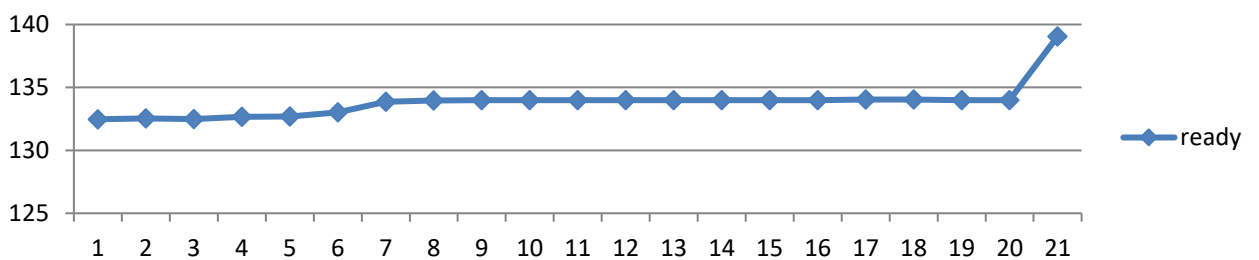
FOREIGN EXCHANGE MARKET REVIEW

Stability dominated the interbank foreign exchange market in the month of November as the dollar parity remains at 134 because Pakistan’s case for an IMF program can now be taken up by the executive board of the Fund in the second half of January at the earliest. The two sides had a concluding round of discussion before Finance Minister Asad Umar and IMF mission chief Herald Finger departed to Malaysia and Washington, In background discussions, senior officials said the two sides were able to agree on “80 per cent” of policy measures and had still “20pc” gap to bridge on all the five major areas — fiscal adjustment, monetary policy, further increase in electricity and gas rates and structural reforms.

According to data released by the State Bank of Pakistan, the total liquid foreign reserves held by the country stood at US\$13,715.0 million on November 16, 2018. SBP’s reserves decreased due to external debt servicing and other official payments. SBP received US\$ 1,000 million on November 19, 2018 as placement of funds by Saudi Arabia, after which SBP’s reserves stood at US\$8,293.9 million and total liquid foreign reserves at US\$14,722.4 million. The impact of inclining foreign reserves was not vivid in market as due to shortage of dollar supply the demand for dollar was very high which kept the dollar price stable but the forward premiums were trading in downward trend which creates instability in the market and there was continuous fluctuation all over the month.

Furthermore, there was volatile speculation observed on the last day of month the dollar parity rose to the highest level of all time at 145 as expectations were on government to accept the IMF terms of further PKR depreciation and hike in policy rates.

PKR per USD (NOV 18)



SWAPS (NOV 18)

