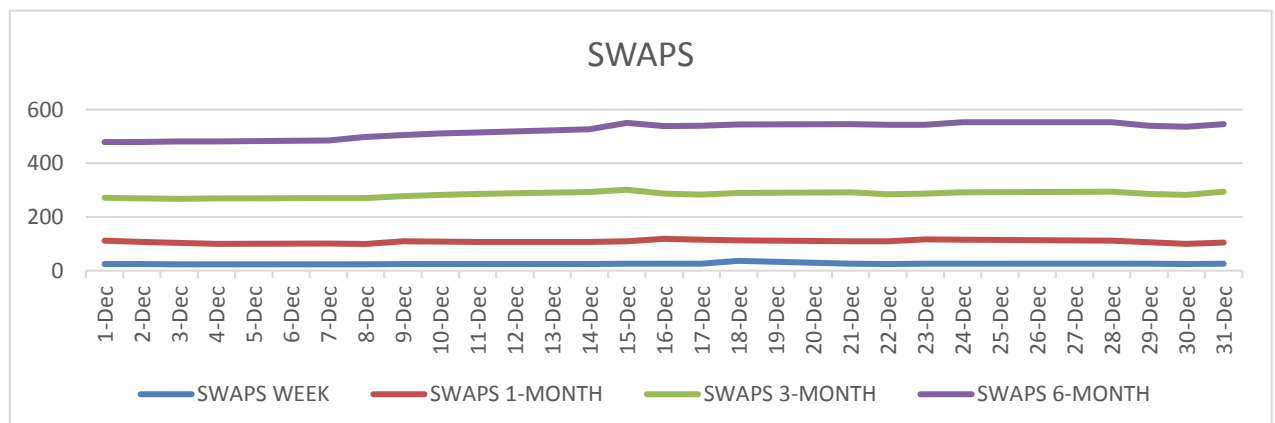
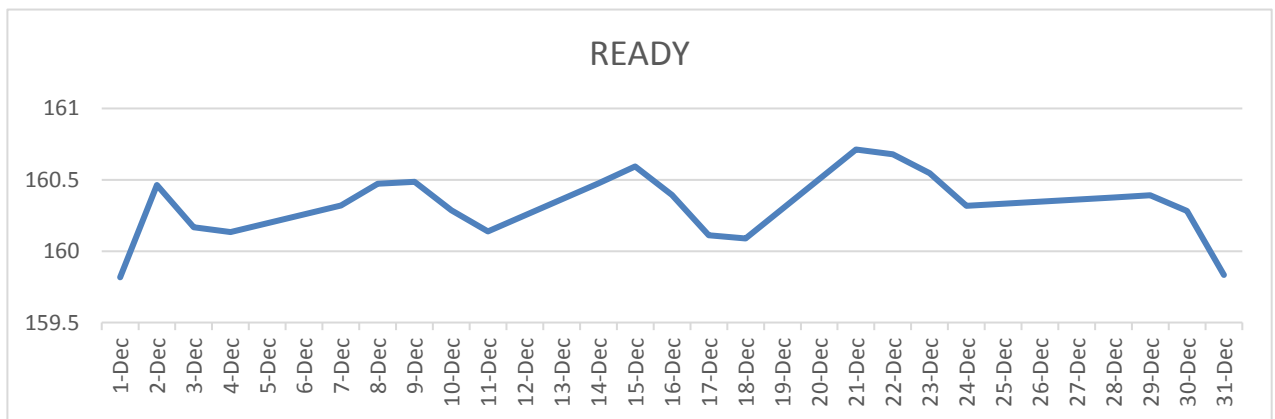


FOREIGN EXCHANGE MARKET REVIEW

The Rupee has strengthened of due to Roshan Digital Accounts, a six-month extension of the G20 debt repayment deadline and positive global equity markets amid the development of a Coronavirus vaccine. Additionally Rupee has strengthened because of current account surplus of \$1.6 billion during Jul-Nov FY21 due to the plunge in oil prices, making imports cheaper and record inflows of workers' remittances to \$11.8 billion in Jul-Nov FY21. Inflows of workers' remittances maintained strong growth, posting an increase of 27 percent during the first five months of this fiscal year (FY21). Pakistan's exports for the month of December 2020 have grown by 18.3% to USD 2.357 billion as compared to USD 1.993 billion in December 2019, showing an increase of USD 364 million over December 2019. Pakistan has also returned \$1 billion Saudi loan out of the remaining \$2 billion due. Pakistan has also incurred foreign debt of \$4.5 billion from multiple financing sources in the first five months (July-November) of 2020-21 including \$1.62 billion from foreign commercial banks. Fitch Solutions in its latest research stated that the real GDP growth forecast for Pakistan for fiscal year 2020-21, even after factoring in base effects, stands at a meagre 0.8 percent, and could see further downsides, as the recent second wave of the Covid-19 infections derail hopes for recoveries in private consumption and investment inflows.

Pakistan's Forex Reserves held by the country stood at USD 20,254.00 Million on Dec 24, 2020. SBP reserves decreased by USD 65.30 Million due to external debt repayments. The forward premiums, be it a shorter or longer premium witnessed fluctuation during the month of December. But During the second half of the month these premium witnessed upward trend, maybe because of the year end closing market observed huge Sell/Buy pressure.



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