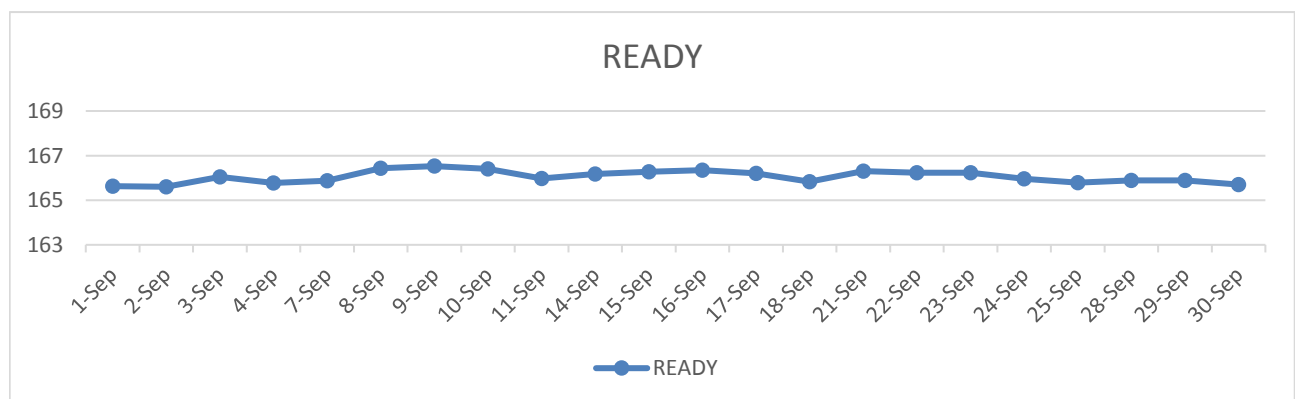
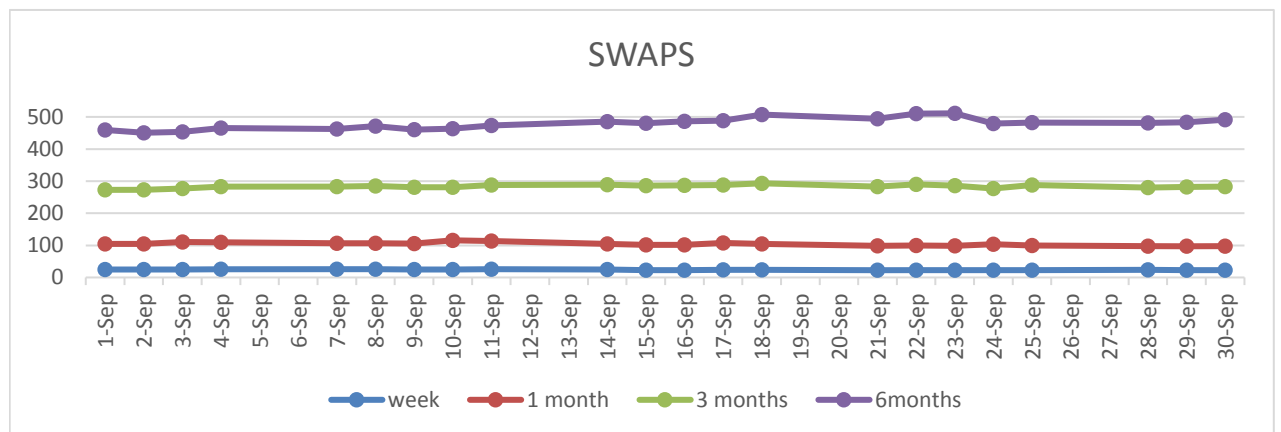


FOREIGN EXCHANGE MARKET REVIEW

Ready dollar moved within the range of 165.50/166.60 during September which started with the opening price of 165.60/70 and closed at level of 165.68/72, peak traded level at 166.55 and lowest at 165.50 respectively. Stability of PKR is contributed by the inclining reserves of commercial banks, showing \$ 32.9 Million raise compared to August led by an impressive growth in workers' remittances reaching \$ 2.095 billion for the month of August and lower import payments which declined by 9.53 percent in August than the previous month providing contribution to strengthen PKR. Additionally, surplus Current Account Balance (CAB) for the second consecutive month of FY21 also predicts the stability of ready dollar. During the month, Commercial banks received higher amount of foreign currency reason being the dollar inflows through banking channel due to coronavirus by overseas Pakistani, previously used to bring thousands of dollars in bags, that may increase the remittances up to \$2 billion in September. On the other hand, Fitch- one of the top rating agencies warns Pakistan credit rating that may be impacted due a squeeze on income and loss of jobs by the expatriates abroad in the wake of Covid-19 pandemic and an international oil pricing crisis, by stating that the receipt of record high remittances by Pakistan consecutively was due to temporary factors and may have a declining effect in future. Secondly, Pakistan again experienced pressure from The International Monetary Fund (IMF) to increase power and gas tariffs for the revival of the stalled \$6 billion program, also demanded measures to reduce circular debt and power losses. Moreover, Pakistan got approval from The Asian Development Bank (ADB), a \$300 million policy-based loan to help strengthen Pakistan's finance sector by supporting measures to develop competitive capital markets and encourage private sector investment in the country.

Pakistan's total liquid foreign reserves held by the country stood at USD 19,903.7 Million on Sep 18, 2020. During the start of the month, forward premiums observed selling pressure which result in to decrease the premiums but after that forward premiums remained stable throughout the month. Stability in the forward premium is also because SBP remained the policy rate to 7%.



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