FOREIGN EXCHANGE MARKET REVIEW
Strengthening PKR against USD

The month of July illustrates strengthen PKR against USD as the ready started with 167.95/168 and moved around 166.00/167.00 during the month, with the highest rate traded at 168.40 and lowest at 166.05, made the month to close at 166.95/167.00, reason being the inclining trend of total liquid foreign reserves held by the country which stood at USD 19.047 Billion as on 17th July. During the month, Pakistan has received around $505 million from the World Bank, to help public and private sectors fight the outbreak. Secondly, with the aim to remove Pakistan's name from FATF grey list, IMF is providing technical assistance to the government who is required to provide implementation report of 27-point Action plan to FATF by Aug 6. Furthermore, World Bank brief on the tourism sector of South Asia estimates that the potential loss to Pakistan's gross domestic product (GDP) due to the impact of Covid-19 pandemic would be $3.64 billion. Positively, despite Covid-19 pandemic, Pakistan managed to fetch $2.561 billion during July-June of FY20 compared to $1.362 billion in the corresponding period of FY19, increased by 88 percent reason being sufficient investment inflows from China and Norway. The country's current account deficit in fiscal year 2019-20 fell by 78 per cent mainly on account of significant decline in imports by 18.61 percent with slight increase in exports by 6.81 percent, reach record high remittances USD 2.4662 Billion compared with USD 1.6364 Billion in June 2019.

Pakistan's Forex Reserves held by the country stood at USD 19.047 Billion on July 17, 2020, state bank reserved increased by USD 2,160.4 Million while reserves held by the commercial banks increased by USD 156.8 Million compared to last month. Initially market in forward premiums observed declining trend but since the SBP announced that Monetary Policy Committee does not considered it necessary to hold its regular meeting in July 2020 that will be held in September 2020, forward premium started to show an increasing trend.

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