

Forex reserves fall \$1.818bln to \$16.920bln in May

KARACHI: The country's total foreign exchange reserves fell \$1.818 billion to \$16.920 billion in May from \$18.738 billion in April, a statement issued by the central bank said on Thursday.

The forex reserves held by commercial banks rose to \$6.558 billion from \$6.409 billion.

The country's foreign exchange reserves have come under pressure in a month for higher external debt payments, as well as capital outflows from the country.

The State Bank of Pakistan's forex reserves fell 15.95 percent, or \$1.967 billion to \$10.362 billion in May on the back of increased debt repayments, compared with \$12.329 billion in the previous month, it added.

"During the week ended May 29, 2020, the SBP's forex reserves decreased by \$1,712 million to \$10,362.1 million.

This decline is primarily attributed to the government's external debt repayments of \$1,669.1 million."

"In the fourth quarter to the end of June, Pakistan has to make around \$3.2 billion external debt repayments, including the IMF and Eurobonds.

Such outflows are putting pressure on the reserves and the currency also," an analyst said.

"The current SBP's reserves are sufficient to cover more than two months of imports," he added.

Analysts expect the SBP's reserves to increase to \$11 billion in the current fiscal year from \$7.3 billion last fiscal year.

Analyst Mohammad Sohail at Topline Securities in a tweet said Pakistan's foreign currency reserves fell by a record \$1.7 billion "inspite of rising swaps".