



## External Relations Department

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### **PKR –US\$ exchange rate adjusts in the interbank market**

Today, the PKR-US\$ exchange rate in the interbank market closed at Rs 107 per US\$. During the day, PKR depicted high and low of Rs.109.50 and Rs.105.55 respectively

Almost half way into the current fiscal year, Pakistan's economy is well positioned to achieve the real GDP growth target of 6 percent in 2017-18. This positive outlook is supported by a broad-based 8.4% growth in Large Scale Manufacturing during the first quarter of the year, and encouraging assessment of major crops, while services are likely to benefit from the positive spillovers of the growing commodity sector. Strong growth in private sector credit, particularly in fixed investment loans, also reflects the dynamism in the real economic activity. Moreover, inflation continues to remain low and stable, and stood at 3.6 percent during the first five months of the year.

On external front, exports recorded a double-digit growth during Jul-Oct FY18; Foreign Direct Investment reached a nine-year high; and workers' remittances posted a modest growth. However, the continuation of high growth in imports led to a widening of current account deficit, and consequently to depletion in the country's foreign exchange reserves. These pressures have persisted leading to the adjustment in inter-bank exchange rate. This movement in the exchange rate is based on demand and supply of foreign exchange in the interbank market.

SBP is of the view that this market-driven adjustment in the exchange rate will contain the imbalance in the external account and sustain higher growth trajectory. The exchange rate will continue to reflect the demand and supply conditions; and SBP stands ready to intervene, in case speculative and/or momentary pressures emerge, for smooth functioning of the foreign exchange markets.

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