Pakistan to repay IMF $541.47m by end-June | Forex, Pakistan

Written by Administrator
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KARACHI: Pakistan will repay approximately $541.47 million worth of debt to the International Monetary Fund (IMF) by June 30, say analysts. </p> <p>�</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The payments have to be completed under the international lending agency�s standby and extended credit facility arrangements with the government.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Three principal loan repayments to the IMF remain at the moment.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">According to the IMF calendar available on its website, Pakistan has to pay 258.425 million special drawing rights (SDR) against the stand-by arrangement facility on Friday (May 24).</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">One special drawing right is equivalent to $385.62 million (1 SDR = $1.49206).</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Other payments due are $12.852 million (8.614 SDR) under extended credit facility (ECF) and $142.99 million (95.837 SDR) against SBA on June 28, 2013, respectively, making a total of $ 155.842 million (362.90 SDR) by the end of the current fiscal year.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">A spokesman for the central bank said two payments - amounting to $144.68 million (95.84 million SDR) against the SBA and $17.22 million (26.01 million SDR) under ECF had been made on May 10.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Analysts said that the central bank was misguiding people by disseminating wrong statistical information on the external repayments.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Earlier, the central bank confirmed that it had paid $114 million to the IMF on May 10, while later rectified the amount.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The worst victim of the IMF debt repayments is the Pakistan�s current account balance, which has been deteriorating since the second quarter of this fiscal year.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The current account posted a deficit of $1.418 billion during July-April 2012-13.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">It shows Pakistan foreign increased debt servicing burden and decline in foreign exchange earnings affecting the debt servicing capacity of the country,</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The central bank�s forex holding also squeezed to $6.3 billion during the week ending May 17. Similarly, the total liquid reserves held by the country also declined to $11.4 billion a week ago.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">�The forex reserves of the central bank seem to be sufficient for import cover of less then two months, said Sayem Ali, an economist at Standard Chartered Bank.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">�With the IMF repayments due on May 24 and June 28, the forex holdings of the State Bank will approximately dip to $5.8 billion at the end of June 2013,� Ali said.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">�If the repayments to other foreign creditors are included, the SBP�s reserves will stand at $5.5 billion,� he added.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Added to this are dim prospects of fresh external inflows to the country.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">The state bank�s foreign exchange reserves have also dipped below comfort level.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Analysts warn that this is a clear indication that the country is heading towards a serious balance of payments

crisis.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">This situation also puts a serious question mark on the reserves adequacy ratio and the debt servicing capacity of the country in months to come.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">It reflects that Pakistan is going towards default on external payments and will still be in need of IMF assistance.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">There is some still some hope of escaping the crisis - especially the recently discussed $15 billion soft loan from the Saudi Arabia materialize.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Atleast $1.8 billion inflows are also expected under the head of coalition support fund (CSF).Combined these potential foreign inflows could provide a cushion to the weakening balance of payments. In particular, the Saudi Arabian loan will give relief to the country�s oil import bill.

Courtesy: �The News</p> <p>�</p>