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## Pakistan's Foreign Exchange Reserves Fall by \$69 Million in One Week

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– Categories: Finance



Pakistan's foreign exchange reserves dipped by \$69 million in the week ending July 18, 2025, as the State Bank of Pakistan (SBP) managed scheduled external debt repayments. Despite the decline, total reserves remain at \$19.92 billion, bolstered by commercial banks' holdings. This article examines the reasons behind the drop, its implications, and Pakistan's ongoing economic challenges.

The SBP reported that its reserves fell from \$14.53 billion to \$14.46 billion due to external debt obligations, according to Business Recorder. Combined with \$5.46 billion held by

commercial banks, Pakistan's total liquid foreign exchange reserves stand at \$19.92 billion, providing a buffer for imports and currency stability, per Daily Times. The decline follows a modest \$23 million increase the previous week, highlighting the volatility driven by debt servicing, as noted by ProPakistani. "SBP's reserves decreased by \$69 million to \$14,456.6 million due to external debt repayments," the central bank stated, per Business Recorder. This reflects Pakistan's commitment to meeting international liabilities despite fiscal pressures.

The drop comes amid broader economic concerns, with Pakistan navigating high debt-servicing costs and political instability. A post on X by @Rao\_A\_Qayyum noted that reserves fell below International Monetary Fund (IMF) targets, with the Pakistani rupee (PKR) devaluing to Rs. 288 against the US dollar as the SBP intervened in the market. The rupee's 0.03% slip to 284.56, reported by The Express Tribune, underscores currency pressures. Analysts warn that sustained debt repayments could strain reserves further, with import cover at 2.71 months, per AKD Securities. Yet, recent inflows from allies like China and Saudi Arabia have provided some relief, per Minute Mirror.

Pakistan's economic path demands prudent fiscal management to maintain reserve stability. While the \$69 million dip is manageable, it highlights the need for structural reforms to reduce debt dependency and boost exports. The government's focus on fiscal discipline, as seen in recent IMF agreements, offers hope, but consistent policy execution remains critical to sustaining economic resilience and investor confidence.