Circulars/Notifications - Domestic Market & Monetary Management Department

DMMD Circular No. 07 of 2016 **May 21, 2016**

The Presidents/ Chief Executives,
All Commercial Banks/ Primary Dealers

Dear Sirs/Madam,

SBP's Policy Rate and Overnight Repo / Reverse-Repo Facilities

Please refer to DMMD Circular No.16 dated 12th Sep 2015. Following changes are announced with reference to this circular:

1. SBP has decided to reduce its 'Policy Rate' (Target Rate) from 6.00% to 5.75%.
2. The SBP Overnight Reverse Repo (Ceiling) rate will be at 6.25% i.e. 50 bps above the SBP Policy Rate.
3. The SBP Overnight Repo (Floor) rate will be at 4.25% i.e. 150 bps below the SBP Policy Rate.
4. Accordingly, the Floor and Ceiling levels for the Interest Rate Corridor are 4.25% and 6.25% p.a. respectively. (I.e. width of 200bps).
5. SBP will ensure that the money market overnight repo rate remains close to the SBP Policy Rate (Target rate).
6. Above changes are effective from 23rd May 2016.
7. Other instructions on the subject shall, however, remain unchanged.

Yours Sincerely,,

Sd/-

(Muhammad Faisal)
Senior Joint Director

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