Circulars/Notifications - Domestic Market & Monetary Management Department

DMMD Circular No. 12 of 2020 **June 25, 2020**

The Presidents/ Chief Executives
All Commercial Banks/ Primary Dealers

Dear Sirs/Madams,

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

Please refer to DMMD Circular No. 10 dated May 15, 2020. Following changes are announced with reference to this circular:

1. SBP has decided to decrease its 'Policy Rate' (Target Rate) from 8.00% to 7.00%.
2. SBP Overnight Reverse Repo (Ceiling) rate will be at 8.00% i.e. 100 bps above the SBP Policy Rate.
3. The SBP Overnight Repo (Floor) rate will be at 6.00% i.e. 100 bps below the SBP Policy Rate.
4. Accordingly, the Floor and Ceiling levels for the Interest Rate Corridor are 6.00% and 8.00% p.a. respectively (i.e. width of 200bps).

SBP will continue to ensure that the money market overnight rate remains close to the SBP Policy Rate (Target Rate).

Above changes are effective from June 26, 2020. Other instructions on the subject shall, however, remain unchanged.

Yours Sincerely,

Muhammad Amin Khan Lodhi
Director

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