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REVIEW OF THE METHOD OF VALUATION OF THE SDR—AMENDMENT TO RULE O-1

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REVIEW OF THE METHOD OF VALUATION OF THE SDR— AMENDMENT TO RULE O-1

Approved By	
Andrew Tweedie	Prepared by the Finance Department (In consultation with the Legal Department)

This paper seeks Executive Board approval of an amendment to Rule O-1, which specifies the currency amounts in the SDR valuation basket.

In accordance with Decision No. 15891-(15/109), adopted November 30, 2015, as amended by Decision No. 16033-(16/71), adopted on July 20, 2016, on the method of valuation of the SDR, the amounts of each currency to be included in the SDR valuation basket, effective October 1, 2016, have been determined and are illustrated in Table 1, column 3.

These currency amounts are calculated such that the value of the SDR in U.S. dollar terms is the same under the new basket as the value of the SDR prevailing today, and that, at the average exchange rates for the three-month period ending today (July 1 through September 30, 2016), the share of each currency in the value of the SDR corresponds to the weight approved by the IMF Executive Board on November 30, 2015. Table 1, column 9 shows that the shares of the currencies in the value of the SDR are in fact equivalent to the weights approved on November 30, 2015.

Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

Effective October 1, 2016, Rule O-1, which specifies the amounts of the currencies in the SDR

valuation basket, shall be amended to read as follows:

"Rule O-1. The value of the SDR shall be the sum of the values of the following

amounts of the following currencies:

U.S. dollar	0.58252
Euro	0.38671
Chinese yuan	1.0174
Japanese yen	11.900
Pound sterling	0.085946"

Table 1. Calculation of Amounts of Currency Units to be Listed in Amended Rule O-1, Effective October 1, 2016

	Transition Date Exchange Rates [1/] Sep. 30, 2016 (TEX)	Base Period Avg. Exchange Rates [1/] Jul. 1 - Sep. 30 (BEX)	Final Currency Amounts (CA) [3/]	Currency Amounts		Currency Weights		
				Valued at TEX (1) x (3)	Valued at BEX (2) x (3)	Implied by Final CA (5) / (6)	Board-adopted Weights [4/]	Difference
	(1)	(2)	(3)	(4)	(5)	(7)	(8)	(9)
U.S. dollar	1	1	**0.58252**	0.582520	0.582520	41.73	41.73	0.00
Euro	1.1166	1.116498	**0.38671**	0.431800	0.431761	30.93	30.93	0.00
Chinese yuan	0.149837	0.149828	**1.0174**	0.152445	0.152435	10.92	10.92	0.00
Japanese yen	0.00988631	0.00977142	**11.900**	0.117647	0.116280	8.33	8.33	0.00
Pound sterling	1.2961	1.313967	**0.085946**	0.111395	0.112930	8.09	8.09	0.00
On September 30, 2016	SDR1 = US$	1.39581 [2/]	= Sum	1.39581 [2/ 5/]	1.395926 (6)			

Source: IMF Finance Department.

1/ The exchange rates are expressed as U.S. dollars per currency unit.

2/ The value in U.S. dollars of one SDR, rounded to six significant digits.

3/ See Currency Amounts in the SDR Basket—Proposed Changes to the Rounding Methodology, July 13, 2016 for details on calculation and rounding of currency amounts.

4/ See Decision No. 15891-(15/109), adopted November 30, 2015, as amended by Decision No. 16033-(16/71), adopted July 20, 2016.

5/ The total may not reflect the sum of displayed components due to rounding.