

12th October 2023

DAILY MARKET REVIEW

| KEY PAKISTAN STATS & ECONOMIC INDICATORS | | | |
|--|-----------------------|--------|-------------|
| Items | Period | Unit | Figure |
| Foreign Exchange-FX-Reserves | | | |
| FX-Reserves-WoW | 28-Sep-23 | USD bn | 13.03 |
| FE-25 Import Financing | Aug, 2023 | USD bn | 1.48 |
| SBP Forward/Swap Position | Aug, 2023 | USD bn | (4.58) |
| Net International Reserves-NIR (EST) | 28-Sep-23 | USD bn | (27.17) |
| Kerb USD/PKR-Buying/Selling Avg. Rate | 12-Oct-23 | Rs | 277.38 |
| Real Effective Exchange Rate-REER | Aug, 2023 | Rs | 90.12 |
| Net Roshan Digital Account-RDA | Sep 20 to 2MFY24 | USD bn | 1.13 |
| Consumer Price Index-CPI | | | |
| Sensitive Price Index-SPI-WoW | 5-Oct-23 | bps | 282.00 |
| CPI (YoY) | Sep, 2023 | % | 31.40 |
| CPI- (MoM) | Sep, 2023 | % | 2.00 |
| CPI-Urban-YoY | Sep, 2023 | % | 29.70 |
| CPI-Rural-YoY | Sep, 2023 | % | 33.90 |
| PAK CPI-YoY minus US CPI-YoY | 31.40%-3.70% | % | 27.70 |
| Broad Money Supply-M2 Growth: | | | |
| M2 Growth-YoY | 1 Jul 23 To 22 Sep 23 | % | (1.33) |
| Net Govt. Sector Borrowing | 1 Jul 23 To 22 Sep 23 | Rs trn | 1.18 |
| GOVT. Borrowing for budgetary support from SBP | 1 Jul 23 To 22 Sep 23 | Rs trn | 1.36 |
| Private Sector Credit-PSC | 1 Jul 23 To 22 Sep 23 | Rs bn | (258.02) |
| Govt. Foreign Commercial Banks Borrowing | 2MFY24 | USD bn | 0.00 |
| Policy Rate-PR | | | |
| SBP Policy Rate | FY-24 YTD | % | 22.00 |
| SBP O/N REPO & Reserve REPO Rate | Floor & Ceiling | % | 21.00-23.00 |
| SBP PR minus USD FED Fund Rate | 22.00%-5.50% | % | 16.50 |
| 1-Year KIBOR minus 1-Year LIBOR | 22.66-6.04% | % | 16.62 |
| FX-Economic Data | | | |
| Foreign Direct Investment-FDI | 2MFY-24 | USD bn | 233.80 |
| Home Remittance | 1QFY-24 | USD bn | 6.329 |
| Trade Bal-S/(D) | 2MFY-24 | USD bn | (4.41) |
| CAB-S/(D) | 2MFY-24 | USD mn | (935.00) |
| Special Convertible Rupee Account-SCRA | | | |
| SCRA-Cumulative inflow/(outflow) | July 23 till date | USD bn | 15.27 |
| SCRA-MTB+PIB inflow/(outflow) | July 23 till date | USD bn | 0.00 |
| Govt., Circular Debt & External Liabilities | | | |
| Govt. Domestic Debt & Liabilities | As at 30-6-2023 | Rs trn | 39.65 |
| External Debt | As at 30-6-2023 | USD bn | 124.296 |
| Central Govt. Debt (Domestic + External) | As at 30-6-2023 | Rs trn | 60.839 |

ECONOMIC NEWS

- ✓ **IMF projects record budget deficit** IMF projected Pakistan's budget deficit at 7.6% of the size of its economy, or a record Rs8.2trn, which was far higher than the official target and would keep the Govt. dependent on lenders to remain afloat.
- ✓ In its global Fiscal Monitor Outlook, the lender also made some adjustments in revenue and expenditure forecasts for FY24 compared to the ones given in the staff-level report for a \$3bn SBA in July.
- ✓ The over-all budget deficit—the gap b/w Govt. expenditures and revenues—is estimated at 7.6% of GDP for FY24.
- ✓ Govt. had set the over-all budget deficit target at 6.5% of GDP, or Rs6.9trn, for FY24. The 7.6% deficit means that Pakistan will need to borrow Rs1.3trn more than what it had planned in June this year.
- ✓ Govt. is already struggling to borrow from international creditors despite entering into a \$3bn deal with the IMF. This has shifted the financing burden to domestic banks, which are now freely exploiting the situation.
- ✓ WB reported that cumulatively nearly 75% of banks' lending was being made to the Govt., leaving only 1/4 of the available money for private sector.
- ✓ Last week, WB had also given the budget deficit forecast equal to 7.7% of GDP.
- ✓ The understated debt servicing cost of Rs7.3trn for FY24 could be 1 of the key factors behind missing the budget deficit target.

| Interbank READY Rates- PKR-Rs | | | 12-Oct-23 | |
|--|------------------|--------------------|------------------------|--|
| Open | 278.70 | Last Day Close-LDC | | |
| High | 278.70 | | | |
| Low | 278.50 | 279.55 | | |
| Close | 278.58 | | | |
| DAILY USD/PKR SWAP YIELDS-% | | | | |
| PERIOD | SWAP | Change in Premiums | Swap Implied PKR Yield | |
| 1-Week | 0.0750 | (0.0750) | 6.56% | |
| 2-Week | 0.1250 | (0.1750) | 6.43% | |
| 1-Month | 0.6000 | (0.4000) | 7.99% | |
| 2-Month | 1.3750 | (0.3750) | 8.51% | |
| 3-Month | 2.7500 | (1.0000) | 9.63% | |
| 4-Month | 3.7500 | (1.5000) | 9.74% | |
| 5-Month | 4.8750 | (2.1250) | 9.99% | |
| 6-Month | 6.7500 | (2.2500) | 10.78% | |
| 9-Month | 10.0000 | (2.0000) | 10.76% | |
| 1-Year | 14.5000 | (0.5000) | 11.20% | |
| MONEY Market-MM Over-Night-O/N Rates-% | | | 12-Oct-23 | |
| Open | 22.25 | Last Day Close-LDC | | |
| High | 22.90 | | | |
| Low | 22.25 | 22.50 | | |
| Close | 22.80 | | | |
| KIBOR AND PKRV RATES (%) | | 11-Oct-23 | | |
| Tenor | KIBOR-% | PKRV Rates-% | | |
| 1-M | 21.84 | 22.08 | | |
| 3-M | 22.13 | 22.19 | | |
| 6-M | 22.51 | 22.48 | | |
| 12-M | 22.51 | 22.59 | | |
| Pakistan Investment Bonds-PIB's | | | | |
| Period | 3-Oct-23 | 12-Oct-23 | | |
| | Cut Off Yields-% | Bid-% | Ask-% | |
| 3-Yrs | 19.1900 | 18.65 | 18.40 | |
| 5-Yrs | 16.9500 | 16.40 | 16.00 | |
| 10-Yrs-Fixed * | 15.2500 | 15.98 | | |
| 15-yrs* | - | 15.36 | | |
| 20-yrs* | - | 15.36 | | |
| Market Treasury Bills-MTB | | | | |
| Tenor | 4-Oct-23 | . | | |
| | Cut Off Yields-% | Bid-% | Ask-% | |
| 3-M | 22.5002 | 22.30 | 22.15 | |
| 6-M | 22.8500 | 22.48 | | |
| 12-M | 22.8400 | 22.59 | | |
| Note: * The secondary yields for 6 & 12-months & 10, 15 & 20-yrs Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates. | | | | |