13th September 2024 **DAILY MARKET REVIEW**

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Foreign Exchange-FX-Reserves			
FX-Reserves-WoW	6-Sep-24	USD bn	14.796
FE-25 Import Financing	June, 2024	USD bn	1.36
SBP Forward/Swap Position	June, 2024	USD bn	3.45
Net International Reserves-NIR (EST)	6-Sep-24	USD bn	(20.94)
Kerb USD/PKR-Buying/Selling Avg. Rate	13-Sep-24	Rs	279.75
Real Effective Exchange Rate-REER	July, 2024	Rs	101.47
Net Roshan Digital Account-RDA	Sep 20 to 1MFY25	USD bn	1.45
Consumer Price Index-CPI			
Sensitive Price Index-SPI-WoW	5-Sep-24	bps	319.24
General Head Line CPI-YoY	Aug, 2024	%	9.60
Core CPI-Non Food Non Energy- NFNE-Rural-YoY	Aug, 2024	%	14.40
Core CPI-Non Food Non Energy- NFNE-Urban-YoY	Aug, 2024	%	10.20
Core CPI-20% Weighted Trimmed-Rural-YoY	Aug, 2024	%	9.60
Core CPI-20% Weighted Trimmed-Urban-YoY	Aug, 2024	%	8.00
General Head Line CPI-Rural-YoY	Aug, 2024	%	6.70
General Head Line CPI-Urban-YoY	Aug, 2024	%	11.70
General Head Line CPI-MoM	Aug, 2024	%	0.40
Average CPI	2MFY25	%	10.35
PAK CPI-YoY munus US CPI-YoY	9.60-2.90	%	6.70
Broad Money Supply-M2 Growth:			
M2 Growth-YoY	1 Jul 23 To 30 Aug 24	%	(2.63)
Net Govt. Sector Borrowing	1 Jul 23 To 30 Aug 24	Rs bn	439.67
GOVT. Borrowing for budgetary support from SBP	1 Jul 23 To 30 Aug 24	Rs bn	680.95
Private Sector Credit-PSC	1 Jul 23 To 30 Aug 24	Rs bn	(309.17)
Govt. Foreign Commercial Banks Borrowing	1MFY25	USD mn	0.00
Policy Rate-PR			
SBP Policy Rate	FY-25 YTD	%	17.50
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	16.50-18.50
SBP PR minus USD FED Fund Rate	17.50-5.50	%	12.00
1-Year KIBOR minus 1-Year LIBOR	16.73-4.95	%	11.78
FX-Economic Data			
Foreign Direct livestment-FDI	1MFY-25	USD mn	136.30
Home Remittance	2MFY-25	USD bn	5.936
Trade Bal-S/(D)	1MFY-25	USD bn	(2.59)
CAB-S/(D)	1MFY-25	USD mn	(162.00)
Special Convertible Rupee Account-SCRA			
SCRA-Cumulative inflow/(outflow)	July 23 to date	USD mn	135.84
SCRA-MTB+PIB inflow/(outflow)	July 23 to date	USD bn	122.50
Govt., Circular Debt & External Liabilities			
Govt. Domestic Debt & Liablities	As at 30-6-2024	Rs trn	47.72
External Debt	As at 30-6-2024	USD bn	130.5
Central Govt. Debt (Domestic + External)	As at 30-6-2024	Rs trn	68.91

ECONOMIC NEWS

- ✓ **Summary of Monetary Policy Statement-MPS**
- ✓ **Real Sector** Recent high-frequency sales indicators reflect a moderate pick up in the economic activity. Domestic cement and POL sales (excluding furnace oil) increased by 8.5% and 6.8% on m/m basis in August, respectively.
- ✓ Latest business sentiment surveys also support this assessment of a moderate pickup, as manufacturing firms reported increased capacity utilization during the past couple of waves. At the same time, the MPC noted that the outlook for the agriculture sector has weakened.
- ✓ **External Sector** In July 2024, elevated workers' remittance inflows and a substantial improvement in export earnings offset an increase in imports and helped contain the CAD to $0.2bn. This robust trend in workers' remittances continued in August as well. The global macroeconomic environment also turned favorable as manifested by the substantial softening of crude oil prices and relative easing of global financial conditions.
- ✓ **Fiscal sector** During 2MFY25, FBR tax collection grew by 20.5%. The MPC noted that the pace of tax collection in the remaining months of FY25 needs to be significantly higher than the current rate to meet the revenue target for the FY.
- ✓ Meanwhile, the fiscal consolidation achieved in the past couple of years has supported monetary policy in bringing inflation down and restoring overall macroeconomic stability.
- ✓ **Money and credit** M2 growth decelerated to 14.6% as of end-August 2024, from 16.1% at end-June, primarily due to more than seasonal retirements in PSC and commodity operations financing.
- ✓ The MPC emphasized that the planned official FX inflows will be critical for the Govt. to reduce its reliance on the domestic banking sector, improve the NFA, and create space for lending to the private sector.
- ✓ **Inflation outlook** Maintaining its downward trajectory, headline inflation eased to single digit to 9.6% y/y in August 2024 from 12.6% in June 2024 at the time of last MPC meeting, while core inflation declined to 11.9% from 14.1%.
- ✓ The Committee assessed that this decline reflected the impact of contained demand, reinforced by improved supplies of major food items, favourable global commodity prices and delay in upward adjustments in administered energy prices.
- ✓ On balance, the Committee viewed a possibility of FY25 average inflation falling below the earlier forecast range of 11.5% – 13.5%.
- ✓ However, this assessment is contingent on achieving the targeted fiscal consolidation and timely realization of planned external inflows.
- ✓ **Conclusion** After analyzing all the above macro economic data, SBP decided to cut the PR by 200bps to 17.50%.

ECONOMIC DATA

- ✓ **Pakistan Investment Bonds-PIBs When-Issue Yields-%**

Date	13-Sep-24	
Pakistan Investment Bonds-PIB When-Issue Yields-%		
Period	When-Issue Yield-%	
	Bid	Ask
3-Yrs	14.20	14.10
5-Yrs	14.05	13.95
10-Yrs	-	-

Interbank READY Rates-PKR-Rs	13-Sep-24	
Open	278.16	Last Day Close
Close	278.16	278.45

DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.540	(0.0204)	15.23%
2-Week	1.028	(0.0471)	14.80%
1-Month	2.135	(0.0654)	14.31%
2-Month	4.122	(0.0281)	14.13%
3-Month	5.689	(0.0613)	13.46%
4-Month	7.370	(0.2305)	13.20%
5-Month	9.232	(0.3181)	13.40%
6-Month	10.633	(0.7170)	12.74%
9-Month	17.065	(0.9349)	13.58%
1-Year	21.771	(0.9787)	12.67%

MONEY Market-MM Over-Night-O/N Rates-%		13-Sep-24
Open	17.50	Last Day Close-LDC
High	18.00	
Low	17.40	20.00
Close	17.50	

KIBOR AND PKRV RATES (%)		12-Sep-24
Tenor	KIBOR-%	PKRV Rates-%
1-M	18.30	18.92
3-M	17.57	17.72
6-M	17.42	17.39
12-M	16.69	16.66

Pakistan Investment Bonds-PIB's			
Period	31-Jul-24	13-Sep-24	
	Cut Off Yields-%	Bid-%	Ask-%
3-Yrs	16.2450	14.30	14.15
5-Yrs	15.2950	14.15	14.00
10-Yrs	14.2499	13.20	13.00
15-yrs*	-	13.11	
20-yrs*	-	13.03	

Market Treasury Bills-MTB			
Tenor	4-Sep-24	13-Sep-24	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	17.4799	17.40	17.20
6-M	17.7399	16.95	16.80
12-M	16.9989	16.40	16.35

Note: * The secondary yields for 15 & 20-yrs Bonds are not available, so instead of leaving it blank, we inputed PKRV Rates.

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