C&M Management Pvt. Ltd.

17th December 2024 **DAILY MARKET REVIEW**

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Foreign Exchange-FX-Reserves			
FX-Reserves-WoW	6-Dec-24	USD bn	16.6
FE-25 Import Financing	June, 2024	USD bn	1.36
SBP Forward/Swap Position	Oct, 2024	USD bn	3.07
Net International Reserves-NIR (EST)	6-Dec-24	USD bn	(18.84)
Kerb USD/PKR-Buying/Selling Avg. Rate	17-Dec-24	Rs	278.50
Real Effective Exchange Rate-REER	Oct, 2024	Rs	98.80
Net Roshan Digital Account-RDA	Sep 20 to 4MFY25	USD bn	1.59
Consumer Price Index-CPI			
Sensitive Price Index-SPI-WoW	12-Dec-24	bps	323.14
General Head Line CPI-YoY	Nov, 2024	%	4.90
Core CPI-Non Food Non Energy- NFNE-Rural-YoY	Nov, 2024	%	10.90
Core CPI-Non Food Non Energy- NFNE-Urban-YoY	Nov, 2024	%	8.90
Core CPI-20% Weighted Trimmed-Rural-YoY	Nov, 2024	%	7.80
Core CPI-20% Weighted Trimmed-Urban-YoY	Nov, 2024	%	7.50
General Head Line CPI-Rural-YoY	Nov, 2024	%	4.30
General Head Line CPI-Urban-YoY	Nov, 2024	%	5.20
General Head Line CPI-MoM	Nov, 2024	%	0.50
Average CPI	5MFY25	%	7.94
PAK CPI-YoY munus US CPI-YoY	4.90-2.60	%	2.30
Broad Money Supply-M2 Growth:			
M2 Growth-YoY	1 Jul 23 To 29 Nov 24	%	(0.59)
Net Govt. Sector Borrowing	1 Jul 23 To 29 Nov 24	Rs bn	(2,232.04)
GOVT. Borrowing for budgetary support from SBP	1 Jul 23 To 29 Nov 24	Rs bn	(2,018.63)
Private Sector Credit-PSC	1 Jul 23 To 29 Nov 24	Rs bn	1,148.58
Govt. Foreign Commercial Banks Borrowing	1QFY25	USD mn	200.00
Policy Rate-PR			
SBP Policy Rate	FY-25 YTD	%	13.00
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	12.00-14.00
SBP PR minus USD FED Fund Rate	13.00-4.75	%	8.25
1-Year KIBOR minus 1-Year LIBOR	11.91-5.72	%	6.19
FX-Economic Data			
Foreign Direct livestment-FDI	4MFY-25	USD mn	904.30
Home Remittance	5MFY-25	USD bn	14.766
Trade Bal-S/(D)	4MFY-25	USD bn	(9.32)
CAB-S/(D)	4MFY-25	USD mn	218.00
Special Convertible Rupee Account-SCRA			
SCRA-Cumulative inflow/(outflow)	July 23 to date	USD mn	135.20
SCRA-MTB+PIB inflow/(outflow)	July 23 to date	USD bn	301.90
Govt., Circular Debt & External Liabilities			
Govt. Domestic Debt & Liabilities	As at 31-10-2024	Rs trn	69.11
External Debt	As at 30-9-2024	USD bn	133.455
Central Govt. Debt (Domestic + External)	As at 31-8-2024	Rs trn	70.362

ECONOMIC NEWS

- ✓ **Summary of Monetary Policy Statement**
- ✓ **Real Sector** The incoming data indicates improved prospects for economic growth. In the agriculture sector, downside risks to the overall crop outlook have somewhat subsided. This is based on better than expected cotton arrivals since the last MPC meeting and encouraging initial information, including satellite images, pertaining to sowing area of the wheat crop.
- ✓ Going forward, improving business confidence and easing financial conditions are expected to support economic growth. Considering these developments, the MPC expects the real GDP growth in FY25 to remain in the upper half of the projected range of 2.5% to 3.5%.
- ✓ **External Sector** CAB continued to improve and posted a surplus of $0.2bn during 4MFY25, driven by robust workers' remittances and strong export performance. Exports grew by 8.7%, mainly driven by HVA textile, rice and POL exports.
- ✓ The surplus in CAB, along with the improved FI inflows, helped build up SBP's FX reserves, despite weak official inflows.
- ✓ Going forward, sustained uptrend in workers' remittances and exports, along with favorable international commodity prices, are expected to keep the CAD near the lower bound of the projected 0% to 1% of GDP range in FY25. This will enable the SBP's FX reserves to exceed $13bn by the end of FY25.
- ✓ **Fiscal Sector** The revised data for fiscal operations showed improvement in both the overall and primary balances during Q1FY25. FBR revenues grew by 23% y/y during 5MFY25. This is, however, substantially lower than the required growth to achieve the annual tax collection target. On the expenditure side, the declining yields will lead to a sizeable saving in interest payments on domestic debt compared to the budget estimates. These lower interest payments will help the Govt. to contain the fiscal deficit.
- ✓ **Money and Credit** M2 growth decelerated to 13.9% y/y at end-November from 15.2% at the time of the last MPC meeting. This deceleration primarily stemmed from NDA of the banking system due to a decline in Govt. borrowing, while the contribution of NFA in overall M2 growth increased.
- ✓ Banks' lending to the private sector and non-bank financial institutions accelerated amidst easing financial conditions and their efforts to comply with minimum ADR thresholds by end-December 2024.
- ✓ **Inflation** Headline inflation eased further to 4.9% y/y in November from 7.2% in the previous month. This sharp decline was mainly driven by a favourable base effect from gas prices, along with the continued moderation in food inflation and benign global commodity prices.
- ✓ The Committee noted that these factors are likely to continue in the near term and may bring headline inflation even lower in the coming months.
- ✓ Accordingly, the Committee assessed FY25 inflation to average substantially below its earlier forecast range of 11.5% to 13.5%.
- ✓ Notwithstanding these risks and the expected phase out of the favourable base effect, the Committee, on balance, viewed that the monetary policy stance remains appropriate to stabilize inflation in its target range.
- ✓ **Conclusion** After analyzing all the above macro economic indicators, MPC decided to cut the PR by 200bps from 15% to 13%.

Interbank READY Rates-PKR-Rs	17-Dec-24	
Open	278.28	Last Day Close
Close	278.28	278.18

DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	(0.015)	(0.0150)	4.62%
2-Week	(0.005)	-	4.47%
1-Month	(0.005)	(0.0200)	4.58%
2-Month	0.350	(0.0250)	4.69%
3-Month	0.925	(0.0750)	5.31%
4-Month	1.750	(0.0750)	5.91%
5-Month	2.700	(0.0500)	6.57%
6-Month	3.800	(0.0250)	7.05%
9-Month	8.000	(0.1250)	7.32%
1-Year	12.000	(0.1250)	8.56%

MONEY Market-MM Over-Night-O/N Rates-%	17-Dec-24	
Open	13.75	Last Day Close-LDC
High	13.90	
Low	13.75	15.90
Close	13.90	

KIBOR AND PKRV RATES (%)		16-Dec-24
Tenor	KIBOR-%	PKRV Rates-%
1-M	12.99	12.44
3-M	11.94	11.88
6-M	11.94	11.88
12-M	11.95	12.10

Pakistan Investment Bonds-PIB's			
Period	21-Nov-24	17-Dec-24	
	Cut Off Yields-%	Bid-%	Ask-%
2-Yrs	13.0500	12.30	12.20
3-Yrs	12.5000	12.25	12.15
5-Yrs	12.7880	12.30	12.18
10-Yrs	12.8380	12.15	12.05
15-yrs*		11.99	
20-yrs*	-	11.99	

Market Treasury Bills-MTB			
Tenor	12-Dec-24	17-Dec-24	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	11.9999	12.00	11.90
6-M	11.9999	12.05	11.95
12-M	12.2999	12.25	12.20

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