

DAILY C&M MARKET REVIEW

FOREIGN EXCHANGE-FX-MARKET:

- Today, in interbank session, PKR appreciated by 23paise against the yesterday's close at Rs159.31 to Rs159.08.
- During the day, USD/PKR traded within the range of 27paise from low at Rs159.06 to high at Rs159.33.



SBP Modernizes Foreign Exchange Regulations to facilitate Start-ups, Fintechs and Exports

- Yesterday, SBP has notified revisions in chapter-20 of the FX Manual to facilitate Start-ups, Fintechs and Exports
- SBP, after approval of the Federal Government, has introduced three new categories of investment abroad under its revised policy governing equity investment abroad and banks have been authorized to allow remittances under newly introduced categories.
- The new policy for equity investment abroad will attract foreign direct investment through the establishment of holding companies by Pakistani fintechs and startups; support exports by facilitating exporters to establish subsidiaries or branch offices outside Pakistan; and, allow resident Pakistanis to acquire sweat equity, amongst other changes to the Foreign Exchange (FX) regulations.
- 1- Establishment of Holding Company abroad by residents for raising capital from abroad:**
- 2- Establishment of subsidiary/branch office abroad by export oriented companies/ firms for promoting exports:**
- 3- Investment abroad by Resident Individuals:**
- Investment in Mutual/Private Funds in Pakistan by Non-Residents:**
- With an objective to attract investment in the country, SBP has allowed the trading of units of funds quoted at Stock Exchange, including ETF, REIT and close-end mutual funds, through SCRA and PKR version of NRVA. These account holders have also been allowed to invest in units of Mutual Funds registered as OES under the management of AMCs licensed by SECP to provide asset management services. (You can read the whole notification at <https://www.sbp.org.pk/press/2021/Pr-10-Feb-21.pdf>)

Ready Rates-PKR		11/2/2021	
Open	159.33	Last Day Close	LDC: 159.31
High	159.33		
Low	159.06		
Close	159.07		
USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.2381	(0.0199)	7.90%
1-Month	0.9299	0.0345	7.01%
2-Month	1.9755	0.0870	7.85%
3-Month	2.9073	0.0547	7.62%
4-Month	3.8782	0.1157	7.50%
5-Month	4.8692	0.1239	7.52%
6-Month	5.7971	0.1407	7.45%
1-Year	10.8602	0.2427	7.14%
FOREIGN EXCHANGE-FX ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Gross Domestic Product-GDP			
GDP	1HPY-20/21	USD bn	141.675
Foreign Exchange-FX Reserves			
FX-Reserves-WoW	29-Jan-21	USD bn	20.163
FE-25 Import Financing	December, 2020	USD mn	397
SBP Forward/Swap Position	31-Dec-20	USD bn	(4.610)
Net International Reserves-NIR (EST)	22-Jan-21	USD bn	(10.608)
Kerbi USD/PKR	11-Feb-21	Bid/Ask	159.80/160.50
Real Effective Exchange Rate-REER	October, 2020	Rs	97.11
FX-Economic Data			
Foreign Direct Investment-FDI	1HPY-20/21	USD mn	952.60
Home Remittance	1HPY-20/21	USD bn	14.203
CAB(CAD)	1HPY-20/21	USD mn	1.131
CAB % of GDP	1HPY-20/21	%	0.80
Trade Balance/(Trade-Deficit)	1HPY-20/21	USD bn	(12.381)
GOVT. Circular Debt & External Liabilities			
Government Domestic Debt & Liabilities	As at 31-8-2020	Rs tm	14.62
External Debt	As at 30-6-2020	USD bn	112.858
Circular Debt	FY-19/20	Rs tm	2.253

KIBOR AND PKRV RATE (%)			11-Feb-21	
Tenor	KIBOR-%	PKRV Rates-%		
1-Month	6.96	7.12		
3-Month	7.10	7.19		
6-Month	7.31	7.40		
12-Month	7.50	7.80		

Pakistan Investment Bonds-PIB's			
Period	3-Feb-21 Cut Off Yields-%	11-Feb-21 Bid-%	Ask-%
2-Yrs	-	8.53	8.52
3-Yrs	8.4999	9.00	8.90
5-Yrs	9.5298	9.60	9.50
10-Yrs-Fix	9.9900	10.10	9.85
Floating	7.5498	102	101.75
15-years*	10.0000		10.31
20-years*	10.5800		10.52

Market Treasury Bills-MTB			
Tenor	10-Jan-21 Cut Off Yields-%	11-Feb-21 Bid-%	Ask-%
3-M	7.1799	7.17	7.15
6-M	7.4900	7.42	7.40
12-M	7.7989	7.74	7.70

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

MONEY MARKET-MM ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Lower Scale Manufacturing Industries-LSMI			
LSMI	SMFY-20/21	bps	138.52
Consumer Price Index-CPI			
Sensitive Price Index-SPi-WoW	4-Feb-21	bps	141.62
CPI (YoY)	January, 2021	%	5.85
CPI-(MoM)	January, 2021	%	-0.20
CPI-Urban-YoY	January, 2021	%	5.00
CPI-Rural-YoY	January, 2021	%	6.60
PAK CPI-YoY minus US CPI-YoY		%	5.65%-1.36%
M2 Growth			
M2 Growth-YoY	1 July 20-29-Jan-21	%	3.48
Net Govt. Sector Borrowing	1 July 20-29-Jan-21	Rs bn	188.20
GOVT. borrowing for budgetary support from SBP	1 July 20-29-Jan-21	Rs bn	283.09
Credit to Private Sector-YoY	1 July 20-29-Jan-21	Rs bn	283.46
Govt. Foreign Commercial Banks Borrowing	1QFY-20/21	USD mn	136.70
Policy Rate			
SBP Policy Rate	FY-20/21 YTD	%	7.00
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	6.00-6.00
SBP Policy Rate minus USD FED Fund Rate		%	6.75
1-Year KIBOR minus 1-Year LIBOR		%	7.19
Rating & Outlook			
Standard & Poor's SBP	Rating & Outlook	Rank	B-
Moody's	Rating & Outlook	Rank	B3-Stable
Stock Exchange & Market Index			
MSCI Emerging Market Index-EMI	11-Feb-21	Pts	1,425.94
Pakistan Stock Exchange-PSX-100 Index	11-Feb-21	Pts	45,991.70
Foreign Investor Portfolio Investment-FPI	10-Feb-21	USD '000	(1,847,481)
Special Convertible Rupee Account-4(C-SCRA)			
SCRA-Cumulative	1 July 20 To Date	USD mn	(454.12)
SCRA-T-Bills & PIB's	1 July 20 To Date	USD mn	(135.67)
SCRA-T-Bills & PIB's	Feb-21	USD mn	(6.62)

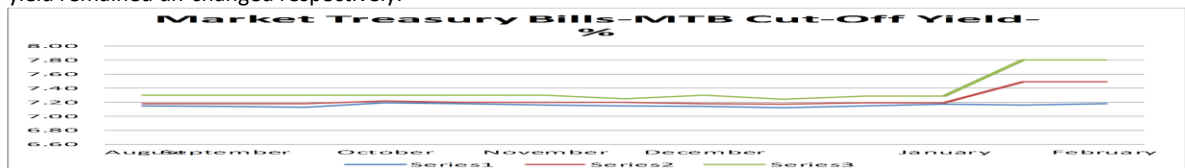
US-LIBOR Rate			9/2/2021	
Tenor	Units	LIBOR Rate		
3-Month	%	0.20250		
6-Month	%	0.20800		
12-Month	%	0.30563		

MONEY MARKET-MM:

ECONOMIC-DATA:

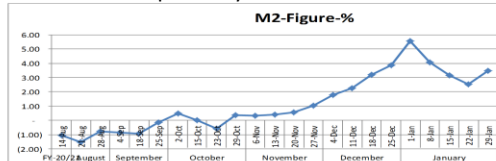
MARKET TREASURY BILLS-MTB AUCTION REPORT & RESULT:

- Yesterday, SBP held its MTB Auction for FY-20/21. Where target amount was Rs550.0bn while the maturity amount was Rs504.0bn. The total bid participation amount was recorded almost double from the target and maturity amount Rs1.28trn that is divided into 3, 6 and 12-month tenor Rs403.62bn, Rs774.67bn and Rs102.80bn respectively.
- We expect that the MTB Cut-off Yield for 3, 6 and 12-months tenor rose by 5bps, 36bps and 120bps from 7.16% to 7.21%, 7.49% to 7.85% and 7.80% to 7.90% respectively.
- But the Govt. accepted the amount was more than the target and maturity amount Rs662.83bn that is distributed into 3, 6 and 12-month tenor Rs161.21bn, Rs496.42bn and Rs5.20bn respectively.
- The MTB Cut-off Yield rose by 2bps in 3Months tenor from 7.16% to 7.18% while in 6 and 12-month tenor MTB Cut-off yield remained unchanged respectively.



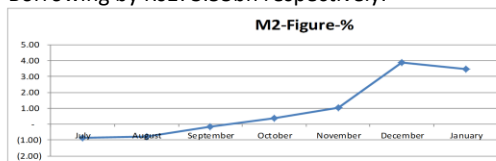
M2-GROWTH:

- SBP issued the numbers of Broad Money Supply for the week ended 29th January 2021. According to the SBP, M2 posted the positive growth of 3.48% slightly lower as compared to last year positive growth of 3.52%.
- On WoW basis, M2 rose by 0.95% as broad money advanced by Rs282.30bn from Rs529.27bn to Rs811.57bn.
- M2-Growth measured with the sum of Net Foreign Assets-NFA & Net Domestic Assets NDA:
- NFA includes FX-Reserves while NDA includes Credit to Govt. & Non-Govt. Sectors borrowing and other net items (liability) respectively.
- NFA advanced by Rs108.72bn from Rs486.73bn to Rs595.46bn mainly due to increase in FX-Reserves figure, While NDA increased by Rs173.58bn from Rs42.54bn to Rs216.11bn mainly due to increase in Net-Govt. Sector Borrowing by Rs159.48bn respectively.



M2-Growth For the WoW Change					
S.No	M2-Growth figure made with 2-Components	Amount in RKR-Rs, bn			%
		Current 29-Jan-21	Previous 25-Dec-20	Change	
1	Net Foreign Assets of the Banking System	595.46	486.73	108.73	22.34
2	Net Domestic Assets of the Banking System	216.11	42.54	173.57	408.02
Total		811.57	529.27	282.30	53.34

- On MoM basis, M2-Growth rose by 0.06% as broad money advanced by Rs460.0mn from last month Rs811.57bn to Rs811.11bn.
- NFA advanced by Rs83.80bn from Rs511.66bn to Rs595.46bn mainly due to increase in FX-Reserves figure, While NDA decreased by Rs83.34bn from Rs299.45bn to Rs216.11bn mainly due to decline in Other Items-Net and Net-Govt. Sector Borrowing by Rs146.31bn and Rs110.58bn but that negatively affect mostly washed by surge in Non-Govt. Sector Borrowing by Rs173.55bn respectively.



M2-Growth For the MoM Change					
S.No	M2-Growth figure made with 2-Components	Amount in RKR-Rs, bn			%
		Current 29-Jan-21	Previous 25-Dec-20	Change	
1	Net Foreign Assets of the Banking System	595.46	511.66	83.80	16.38
2	Net Domestic Assets of the Banking System	216.11	299.45	(83.34)	(27.83)
Total		811.57	811.11	0.46	0.06

- Today MM initiated the market at 7.25% and traded whole day within the range at 7.25%-7.90% and closed at 7.75%.

ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS						
Date	Event	Impact	Actual	Forecast	Previous	
10/2/2021	M2-Growth for 29 Jan 21	LOW	3.48%	2.30%	2.53%	
10/2/2021	3-Month MTB Cut-off Yield	MEDIUM	7.18%	7.21%	7.16%	
10/2/2021	6-Month MTB Cut-off Yield	MEDIUM	7.49%	7.85%	7.49%	
10/2/2021	12-Month MTB Cut-off Yield	MEDIUM	7.80%	9.00%	7.80%	