

11<sup>th</sup> June 2024

**DAILY MARKET REVIEW**

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
<b>Foreign Exchange-FX-Reserves</b>			
FX-Reserves-WoW	31-May-24	USD bn	14.215
FE-25 Import Financing	Mar, 2024	USD bn	1.31
SBP Forward/Swap Position	Apr, 2024	USD bn	3.39
Net International Reserves-NIR (EST)	31-May-24	USD bn	(20.54)
Verb USD/PKR-Buying/Selling Avg. Rate	11-Jun-24	Rs	279.13
Real Effective Exchange Rate-REER	Apr, 2024	Rs	104.51
Net Roshan Digital Account-RDA	Sep 20 to 10MFY24	USD bn	1.32
<b>Consumer Price Index-CPI</b>			
Sensitive Price Index-SP-WoW	31-May-24	bps	308.52
General Head Line CPI-YoY	May, 2024	%	11.80
Core CPI-Non Food Non Energy-NFNE-Rural-YoY	May, 2024	%	17.00
Core CPI-Non Food Non Energy-NFNE-Urban-YoY	May, 2024	%	12.30
Core CPI-20% Weighted Trimmed-Rural-YoY	May, 2024	%	10.60
Core CPI-20% Weighted Trimmed-Urban-YoY	May, 2024	%	11.00
General Head Line CPI-Rural-YoY	May, 2024	%	8.20
General Head Line CPI-Urban-YoY	May, 2024	%	14.30
General Head Line CPI-MoM	May, 2024	%	(3.20)
Average CPI	11MFY24	%	24.92
PAK CPI-YoY minus US CPI-YoY	11.80-3.40	%	8.40
<b>Broad Money Supply-M2 Growth</b>			
M2 Growth-YoY	1 Jul 23 To 24 May 24	%	7.77
Net Govt. Sector Borrowing	1 Jul 23 To 24 May 24	Rs tm	5.53
GOVT. Borrowing for budgetary support from SBP	1 Jul 23 To 24 May 24	Rs tm	5.68
Private Sector Credit-PSC	1 Jul 23 To 24 May 24	Rs bn	106.36
Govt. Foreign Commercial Banks Borrowing	9MFY24	USD bn	0.00
<b>Policy Rate-PR</b>			
SBP Policy Rate	FY-24 YTD	%	20.50
SBP Q/N REPO & Reserve REPO Rate	Floor & Ceiling	%	19.50-21.50
SBP PR minus USD FED Fund Rate	20.50-5.50	%	15.00
1-Year KIBOR minus 1-Year LIBOR	19.69-6.06	%	13.63
<b>FX-Economic Data</b>			
Foreign Direct Investment-FDI	10MFY-24	USD bn	1.46
Home Remittance	11MFY-24	USD bn	27.093
Trade Bal-S/(D)	10MFY-24	USD bn	(19.59)
C&B-S/(D)	10MFY-24	USD mn	(202.00)
<b>Special Convertible Rupee Account-SCRA</b>			
SCRA-Cumulative inflow/outflow	July 23 to date	USD mn	287.19
SCRA-MTB+PIB inflow/outflow	July 23 to date	USD bn	191.90
<b>Govt. Circular Debt &amp; External Liabilities</b>			
Govt. Domestic Debt & Liabilities	As at 31-3-2024	Rs tm	43.91
External Debt	As at 31-3-2024	USD bn	130.401

**ECONOMIC NEWS**

- ✓ **Summary of Monetary Policy Statement-MPS**
- ✓ **Real Sector** Latest estimates indicate real GDP growth at 2.1 % in Q3FY24 against a contraction of 1.1% in the same quarter last year. While agriculture was already showing strong growth, industry also witnessed positive growth in Q3. Also, initial growth estimates for both Q1 and Q2 for FY24 were revised upward. Taking into a/c the developments in the 9MFY24 growth is provisionally estimated by PBS at 2.4% against a contraction of 0.2% in FY23. Almost 2/3 of this recovery was explained by improvement in the agriculture sector.
- ✓ **External Sector** CA posted a surplus for the 3<sup>rd</sup> consecutive month in April on the back of robust growth in remittances and exports, which more than offset the uptick in imports. During 10MFY24, CAD narrowed significantly to \$202mn. In the same period, exports grew by 10.6% mainly driven by increased quantum of rice and HVA textile exports. Conversely, imports decreased by 5.3% during the same period due to lower international commodity prices. Workers' remittances also remained robust in recent months, reaching an all-time high of \$3.2bn in May 2024.
- ✓ **Fiscal sector** Fiscal indicators continued to show improvement during 9MFY24. The primary surplus increased to 1.5% of GDP, while the overall deficit remained almost at last year's level. A large part of this improvement reflected the impact of increase in tax and PDL rates, higher SBP profit, and lower energy sector subsidies.
- ✓ **Money and credit** M2 growth decelerated to 15.2% y/y on May 24, 2024 from 17.1% as of end-March 2024. This reduction was primarily due to deceleration in growth of NDA of the banking system. On the other hand, the growth contribution of NFA in M2 remained positive. From the liability side, deposits remained the mainstay in M2 growth, while currency in circulation growth decelerated. As a result, RM growth observed a steep decline from 10.0 percent to 4.3% during the period. The MPC noted that these developments in monetary aggregates are consistent with the tight monetary policy stance and have favorable implications for the inflation outlook.
- ✓ **Inflation outlook** Headline inflation decelerated to 11.8% in May 2024 from 17.3% in April. Besides the continued tight monetary policy stance, this sharp reduction was also driven by a sizeable decline in prices of wheat, wheat flour, and some other major food items, along with the downward adjustment in administered energy prices. Core inflation also decelerated to 14.2% from 15.6%. The Committee noted that the near-term inflation outlook is susceptible to risks emanating from the FY25 budgetary measures and future adjustments in electricity and gas tariffs. The MPC foresees a risk of inflation to rise significantly in July 2024 from current levels, before trending down gradually during FY25.
- ✓ **Conclusion** After analyzing all above economic indicators, MPC decided to reduce the PR by 150bps from 22.00% to 20.50%.

Interbank READY Rates- PKR-Rs		
11-Jun-24		
Open	278.50	Last Day Close
Close	278.50	278.38

DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	1.010	0.5200	24.07%
2-Week	1.475	0.2250	19.06%
1-Month	2.450	0.1500	15.80%
2-Month	4.800	0.1500	15.84%
3-Month	6.850	-	15.47%
4-Month	8.700	(0.2000)	15.08%
5-Month	10.650	0.5500	15.20%
6-Month	12.500	0.0500	14.71%
9-Month	18.250	(0.2500)	15.04%
1-Year	23.250	(0.2500)	14.30%

MONEY Market- M M Over-Night- O/N Rates-%		
11-Jun-24		
Open	21.00	Last Day Close-LDC
High	21.00	
Low	20.25	22.90
Close	20.50	

KIBOR AND PKRV RATES (%)		
10-Jun-24		
Tenor	KIBOR-%	PKRV Rates-%
1-M	21.25	21.20
3-M	20.44	20.07
6-M	20.43	20.38
12-M	19.72	19.69

Pakistan Investment Bonds-PIB's			
Period	22-May-24	11-Jun-24	
	Cut Off Yields-%	Bid-%	Ask-%
3-Yrs	16.6450	16.40	16.20
5-Yrs	15.4500	15.40	15.20
10-Yrs	14.2999	14.25	14.00
15-yrs*	-	14.04	
20-yrs*	-	14.00	

Market Treasury Bills-MTB			
Tenor	30-May-24	11-Jun-24	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	21.0001	20.00	19.60
6-M	21.0000	19.90	19.75
12-M	20.1001	19.50	19.40

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