

13<sup>th</sup> December 2023

**DAILY MARKET REVIEW**

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
<b>Foreign Exchange-FX-Reserves</b>			
FX-Reserves-WoW	1-Dec-23	USD bn	12.107
FE-25 Import Financing	Oct, 2023	USD bn	1.31
SBP Forward/Swap Position	Oct, 2023	USD bn	(2.99)
Net International Reserves-NIR (EST)	1-Dec-23	USD bn	(26.18)
Verb USD/PKR-Buying/Selling Avg. Rate	13-Dec-23	Rs	285.00
Real Effective Exchange Rate-REER	Oct, 2023	Rs	98.62
Net Roshan Digital Account-RDA	Sep 20 to 4MFY24	USD bn	1.16
<b>Consumer Price Index-CPI</b>			
Sensitive Price Index-SPI-WoW	7-Dec-23	bps	311.78
CPI (YoY)	Nov, 2023	%	29.20
CPI- (MoM)	Nov, 2023	%	2.70
CPI-Urban-YoY	Nov, 2023	%	30.40
CPI-Rural-YoY	Nov, 2023	%	27.50
PAK CPI-YoY minus US CPI-YoY	29.20%-3.20%	%	26.00
<b>Broad Money Supply-M2 Growth:</b>			
M2 Growth-YoY	1 Jul 23 To 24 Nov 23	%	(0.39)
Net Govt. Sector Borrowing	1 Jul 23 To 24 Nov 23	Rs tm	2.28
GOVT. Borrowing for budgetary support from SBP	1 Jul 23 To 24 Nov 23	Rs tm	2.52
Private Sector Credit-PSC	1 Jul 23 To 24 Nov 23	Rs bn	(90.94)
Govt. Foreign Commercial Banks Borrowing	4MFY24	USD bn	0.00
<b>Policy Rate-PR</b>			
SBP Policy Rate	FY-24 YTD	%	22.00
SBP Q/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	21.16-6.0%	%	15.16
<b>FX-Economic Data</b>			
Foreign Direct Investment-FDI	4MFY-24	USD mn	524.70
Home Remittance	5MFY-24	USD bn	11.045
Trade Bal-S/(D)	4MFY-24	USD bn	(7.66)
CAB-S/(D)	4MFY-24	USD bn	(1.06)
<b>Special Convertible Rupee Account-SCRA</b>			
SCRA-Cumulative inflow/(outflow)	July 23 till date	USD bn	10.27
SCRA-MTB+PIB inflow/(outflow)	July 23 till date	USD bn	1.51
<b>Govt., Circular Debt &amp; External Liabilities</b>			
Govt. Domestic Debt & Liabilities	As at 31-8-2023	Rs tm	40.47
External Debt	As at 30-6-2023	USD bn	124.296
Central Govt. Debt (Domestic + External)	As at 31-8-2023	Rs tm	63.996

**ECONOMIC-NEWS**

- ✓ **Summary of Monetary Policy Statement-MPS**
- ✓ **Real sector** The MPC viewed that the recovery in real GDP during FY24 is expected to remain moderate. According to the 1<sup>st</sup> estimates, real GDP grew by 2.1% y/y in Q1-FY24, compared to 1.0% in the same quarter last year. As per earlier expectation, recovery in the agriculture sector was the major driver of this growth.
- ✓ **External sector** The MPC observed a significant improvement in the CAB, as the deficit narrowed by 65.9% y/y to \$1.1bn during 4MFY24. While imports declined, exports inched up on the back of food items, especially rice. Further, workers' remittances also improved in October and November 2023 as compared to corresponding months last year. However, tepid official inflows since July and ongoing debt repayments have led to a gradual decline in the SBP's FX reserves.
- ✓ **Fiscal sector** The Committee noted that the improvement in fiscal indicators continued, as both tax and non-tax revenues have shown strong growth. During Jul-Nov FY24, FBR tax collection grew by 29.6%, while non-tax revenues also increased amidst substantial growth in petroleum development levy and transfer of sizeable SBP profit.
- ✓ **Money and credit** M2 growth decelerated to 13.7% y/y as of November 24, 2023 from 14.2% as of end-June. This deceleration is attributed to net retirements in PSC and more than seasonal decline in commodity operations financing. Reserve money followed a similar trajectory, slowing down from June, primarily due to a significant deceleration in currency in circulation. The NFA of the SBP and the overall banking system have expanded since June due to considerable FX inflows in July.
- ✓ **Inflation outlook** The MPC noted that the higher-than-expected increase in gas prices contributed 3.2% to the 29.2% y/y inflation in November 2023. Further, core inflation remained sticky at 21.5% during the month, only slightly lower from its peak of 22.7% in May 2023. Inflation expectation of both consumers and businesses, though improving in recent months, remain at an elevated level. Nevertheless, barring further sizable increase in administered prices, the MPC continues to expect that headline inflation will decline significantly in the 2HFY24 due to contained aggregate demand, easing supply constraints, moderation in international commodity prices and favorable base effect.
- ✓ **Conclusion** After analyzing all above macro economic indicators, MPC decided to keep the PR at 22.0%.

Interbank READY Rates- PKR-Rs 13-Dec-23			
Open	283.63	Last Day	
High	283.75	Close-LDC	
Low	283.60	283.78	
Close	283.63		
DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.9100	0.0237	21.90%
2-Week	1.5450	0.1059	19.47%
1-Month	2.6750	0.4337	16.58%
2-Month	4.6500	0.6033	15.37%
3-Month	6.1000	0.8166	14.27%
4-Month	7.6250	0.5721	13.65%
5-Month	9.0000	0.5476	13.28%
6-Month	10.9000	0.9633	13.49%
9-Month	13.6250	0.3665	12.29%
1-Year	16.7500	0.2755	11.85%
MONEY Market- M M Over-Night- O/N Rates-% 13-Dec-23			
Open	21.80	Last Day	
High	22.20	Close-LDC	
Low	21.70	21.80	
Close	22.00		
KIBOR AND PKRV RATES (%) 12-Dec-23			
Tenor	KIBOR-%	PKRV Rates-%	
1-M	21.80	21.90	
3-M	21.56	21.64	
6-M	21.39	21.47	
12-M	21.12	21.19	
Pakistan Investment Bonds-PIB's			
Period	10-Nov-23		13-Dec-23
	Cut Off Yields-%	Bid-%	Ask-%
3-Yrs	17.3900	16.60	16.35
5-Yrs	15.9000	16.10	15.85
10-Yrs-Fixed *	15.1000	14.97	
15-yrs*	-	14.82	
20-yrs*	-	14.78	
Market Treasury Bills-MTB			
Tenor	30-Nov-23		13-Dec-23
	Cut Off Yields-%	Bid-%	Ask-%
3-M	21.4499	21.65	21.60
6-M*	21.4299	21.65	21.60
12-M*	21.4300	21.47	21.40
Note: * The secondary yields for 6, 12 & 10, 15 & 20-yrs Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates.			