

13th June 2023

DAILY MARKET REVIEW

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Foreign Exchange-FX-Reserves			
FX-Reserves-WoW	2-Jun-23	USD bn	9.334
FE-25 Import Financing	Apr, 2023	USD bn	1.15
SBP Forward/Swap Position	Apr, 2023	USD bn	(4.81)
Net International Reserves-NIR (EST)	2-Jun-23	USD bn	(27.91)
Kerb USD/PKR	13-Jun-23	Bid/Ask	301.00/304.00
Real Effective Exchange Rate-REER	Apr, 2023	Rs	85.57
Roshan Digital Account-RDA	10MFY23	USD bn	6.10
Consumer Price Index-CPI			
Sensitive Price Index-SPI-WoW	8-Jun-23	bps	254.67
CPI (YoY)	May, 2023	%	38.00
CPI- (MoM)	May, 2023	%	1.60
CPI-Urban-YoY	May, 2023	%	35.10
CPI-Rural-YoY	May, 2023	%	42.20
PAK CPI-YoY minus US CPI-YoY	38.00%-4.90%	%	33.10
Broad Money Supply-M2 Growth:			
M2 Growth-YoY	1 Jul 22 To 26 May 23	%	7.01
Net Govt. Sector Borrowing	1 Jul 22 To 26 May 23	Rs trn	3.40
GOVT. Borrowing for budgetary support from SBP	1 Jul 22 To 26 May 23	Rs trn	3.05
Private Sector Credit-PSC	1 Jul 22 To 26 May 23	Rs bn	14.34
Govt. Foreign Commercial Banks Borrowing	10MFY-23	USD mn	900.00
Policy Rate			
SBP Policy Rate	FY-23 YTD	%	21.00
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	20.00-22.00
SBP PR minus USD FED Fund Rate	21.00%-5.00%	%	16.00
1-Year KIBOR minus 1-Year LIBOR	21.89-5.79%	%	16.10
FX-Economic Data			
Foreign Direct Investment-FDI	10MFY-23	USD bn	1.17
Home Remittance	10MFY-23	USD bn	22.741
Trade Bal-S/(D)	10MFY-23	USD bn	(22.39)
CAB-S/(D)	10MFY-23	USD bn	(3.26)
Special Convertible Rupee Account-SCRA			
SCRA-Cumulative inflow/(outflow)	July 22 till date	USD bn	(108.68)
SCRA-MTB+PIB inflow/(outflow)	July 22 till date	USD bn	(41.01)
Govt., Circular Debt & External Liabilities			
Govt. Domestic Debt & Liabilities	As at 28-2-2023	Rs trn	34.67
External Debt	As at 31-12-2022	USD bn	126.345
Central Debt	As at 28-2-2023	Rs trn	54.353

ECONOMIC DATA:

- ✓ **Summary of Monetary Policy Statement-MPS** Yesterday MPC decided to keep the PR at 21% for the next 2-months after observing following economic indicators.
- ✓ **Real sector** the provisional NA estimates show that real GDP grew by 0.3% in FY23, from the revised FY22 growth of 6.1%. The major drag came from a significant contraction in value addition of industry due to several adverse domestic and external factors; while services sector grew at the slowest pace since the COVID-impacted FY20.
- ✓ The MPC also noted that the slowdown in economic activity was in line with the trends in high-frequency indicators, especially double-digit declines in volumes of auto, POL and domestic cement sales, and contraction in LSMI during the course of this FY. These trends are expected to continue in the near term due to the accumulated impact of tight policies.
- ✓ **External sector** CA continues to respond to the demand-compression policies and regulatory mix, with the deficit during 10MFY23 dropping to \$3.3bn, less than 1/4 of last year's deficit. The policy induced contraction in imports more than offset the drop in exports and remittances.
- ✓ The Committee noted that the narrowing of the CAD has somewhat contained pressures on the FX-Reserves and the ready rate, which has broadly remained stable since the last MPC meeting.
- ✓ **Fiscal sector** Fiscal position has improved in cumulative terms during 9MFY23, as the fiscal deficit reduced slightly to 3.6% of GDP from 3.9% last year, while the primary balance posted a surplus of 0.6% of GDP this year against a deficit last year. Notwithstanding this cumulative improvement, there has been some deterioration in fiscal indicators in Q3, largely reflecting an increase in non-interest current expenditures, mainly subsidies, and a significant deceleration in the pace of overall tax revenue.
- ✓ The revised estimates show fiscal deficit at 7.0% and primary deficit at 0.5% of GDP for FY23. The FY24 budget envisages the fiscal deficit at 6.5% and a primary surplus of 0.4% of GDP.
- ✓ **Monetary and inflation outlook** M2 growth decelerated in May 2023 compared to last year, largely due to a substantial fall in PSC and a contraction in NFA of the banking system.
- ✓ The y/y growth in PSC decelerated to 7.1% in April 2023, substantially lower than 22.3% in April 2022. Sequentially, PSC saw net retirement for the 4th consecutive month in April, mainly because of a substantial reduction in demand for working capital and consumer loans in the wake of subdued economic activity and high borrowing costs.
- ✓ The national CPI inflation rose to 38% in May 2023, pushing the average inflation to 29.2% during 11MFY23, compared to 11.3% in the same period last year. Inflation remained broad-based, with food continuing to contribute more than half to the overall inflation in May. Importantly, core inflation maintained its upward trajectory,
- ✓ The MPC expects that reduced demand-side pressures and ease in inflation expectations, along with moderating global commodity prices and high base effect, would help bring inflation down from June 2023 onwards. In this context, the MPC views that maintaining the current policy stance is necessary to bring inflation down to the medium-term target range of 5% – 7% by the end of FY25.

Interbank READY Rates- PKR-Rs			
13-Jun-23		Last Day Close-LDC	
Open	287.65		
High	288.00		
Low	287.60	287.63	
Close	287.97		
DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.9132	(0.1165)	21.64%
2-Week	1.7100	(0.0324)	20.63%
1-Month	2.4559	(0.1473)	15.26%
2-Month	4.1127	(0.3713)	13.92%
3-Month	5.8273	(0.4242)	13.66%
4-Month	7.3719	(0.3797)	13.18%
5-Month	8.5103	(0.4424)	12.67%
6-Month	9.7118	(0.4275)	12.46%
9-Month	13.0310	(0.4378)	11.73%
1-Year	16.6077	(0.2690)	11.51%
MONEY Market-MM Rates-%			
13-Jun-23		Last Day Close-LDC	
Open	20.75		
High	21.10		
Low	20.30	21.10	
Close	20.70		
KIBOR AND PKRV RATES (%)			12-Jun-23
Tenor	KIBOR-%	PKRV Rates-%	
1-M	21.10	21.45	
3-M	21.83	21.94	
6-M	21.88	21.95	
12-M	21.90	21.95	
Pakistan Investment Bonds-PIB			
Period	11-May-23	13-Jun-23	
	Cut Off Yields-%	Bid-%	Ask-%
3-Yrs	19.3895	19.30	19.05
5-Yrs	13.8000	15.25	15.05
10-Yrs-Fixed	12.9500	15.00	14.20
Floating	17.8255	102	101.75
15-yrs*	-	15.15	
20-yrs*	-	15.15	
Market Treasury Bills-MTB			
Tenor	1-Jun-23	13-Jun-23	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	21.9999	21.75	21.65
6-M	21.9429	21.80	21.60
12-M	21.9997	17.15	16.80
Note: * The secondary yields for 15 & 20-years Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates.			