

15th DECEMBER 2021
DAILY MARKET REVIEW

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Gross Domestic Product-GDP			
GDP	1QFY-20/21	USD bn	81.995
Foreign Exchange-FX-Reserves			
FX-Reserves-WoW	3-Dec-21	USD bn	25.15
FE-25 Import Financing	October, 2021	USD mn	775
SBP Forward/Swap Position	30-Sep-21	USD bn	(4.870)
Net International Reserves-NIR (EST)	3-Dec-21	USD bn	(7.555)
Kerb USD/PKR	14-Dec-21	Bid/Ask	179.75/181.50
Real Effective Exchange Rate-REER	October, 2021	Rs	95.58
Consumer Price Index-CPI			
Sensitive Price Index-SPI-WoW	9-Dec-21	bps	167.24
CPI (YoY)	Nov, 2021	%	11.53
CPI- (MoM)	Nov, 2021	%	3.00
CPI-Urban-YoY	Nov, 2021	%	12.00
CPI-Rural-YoY	Nov, 2021	%	10.90
PAK CPI-YoY minus US CPI-YoY	11.53%-6.80%	%	4.73
M2 Growth			
M2 Growth-YoY	1 July 21 To 3-Dec 21	%	-0.17%
Net Govt. Sector Borrowing	1 July 21 To 3-Dec 21	Rs mn	(183.26)
GOVT. Borrowing for budgetary support from SBP	1 July 21 To 3-Dec 21	Rs bn	(169.05)
Credit to Private Sector-YoY	1 July 21 To 3-Dec 21	Rs bn	454.29
Govt. Foreign Commercial Banks Borrowing	1QFY-21/22	USD mn	457.54
Policy Rate			
SBP Policy Rate	FY-21/22 YTD	%	8.75
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	7.75-9.75
SBP PR minus USD FED Fund Rate	8.75%-0.25%	%	8.50
1-Year KIBOR minus 1-Year LIBOR	11.19%-0.48%	%	10.71
FX-Economic Data			
Foreign Direct Investment-FDI	4MFY-21/22	USD mn	662.10
Home Remittance	4MFY-21/22	USD bn	10.562
Trade Bal-S/D	4MFY-21/22	USD bn	(14.845)
CAB-S/(D)	4MFY-21/22	USD bn	(5.08)
CAB-S/(D) % of GDP	4MFY-21/22	%	(4.70)
Government, Circular Debt & External Liabilities			
Government Domestic Debt & Liabilities	As at 31-10-2021	Rs trn	26.47
External Debt	As at 30-9-2021	USD bn	127.023
Central Debt	As at 31-10-2021	Rs trn	27.14

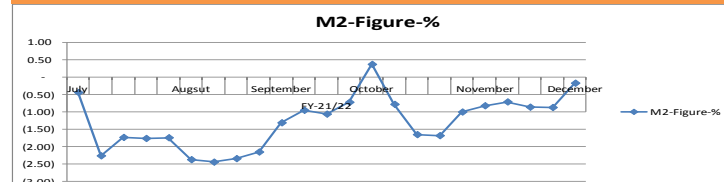
ECONOMIC NEWS:

- ✓ **Summary of Monetary Policy Statement at December, 14 2021:** Since the last meeting on 19th November 2021, indicators of activity have remained robust while inflation and the trade deficit have risen further due to both high global prices and domestic economic growth. In November, headline inflation increased to 11.5% (y/y).
 - ✓ Core inflation in urban and rural areas also rose to 7.6% and 8.2% respectively, reflecting domestic demand growth.
 - ✓ On the external side, despite record exports, high global commodity prices contributed to a significant increase in the import bill.
 - ✓ The momentum in inflation has continued since the last MPC meeting, as reflected in a significant increase in both headline and core inflation in November. Due to recent higher than expected outturns, SBP expects inflation to average 9% – 11% this fiscal year
 - ✓ Despite strong exports and remittances, the CAD has increased sharply this year due to a rise in imports, and recent outturns have been higher than earlier expected. Based on PBS data, imports rose to \$32.9bn during 5MFY-22, compared to \$19.5bn during the same period last year. Around 70% of this increase in imports stems from the sharp rise in global commodity prices, while the rest is attributable to stronger domestic demand. Due to the higher recent outturns, the CAD is projected at around 4% of GDP, somewhat higher than earlier projected.
 - ✓ During 5MFY-22, fiscal revenue growth has been strong, driven by a broad-based and above target increase in FBR tax collections (36.5%/y). However, lower PDL collection led to a decline in non-tax revenues (22.6%/y) in Q1FY22.
 - ✓ On the expenditure side, development spending and subsidies and grants have increased significantly during this period. The Govt. intends to introduce legislation to increase revenues through elimination of certain tax exemptions and reduce current and development expenditures.
 - ✓ Since the last meeting, despite a moderation in consumer loans, overall credit growth has remained supportive of growth. Meanwhile, across all tenors, secondary market yields, benchmark rates and cut-off rates in the Govt. auctions have risen significantly. The MPC noted that this increase appeared unwarranted.
 - ✓ After analyzing all the key economic indicators, MPC decided to raise the PR by 100bps from 8.75% to 9.75%.

ECONOMIC-DATA:
M2-Growth:

Broad Money Supply-M2 GROWTH-%					
Data	Unit	3-Dec-21	26-Dec-21	4-Dec-20	
M2-Growth	%	(0.17)	(0.87)	1.73	
M2-Growth For the WoW Change					
Amount in RKR-Rs, bn					
S.No	M2-Growth figure made with 2-Components	Current	Previous	PKR-Rs	%
		03-Dec-21	26-Nov-21	Change	Change
1	Net Foreign Assets of the Banking System	(146.98)	(642.59)	495.61	(77.13)
2	Net Domestic Assets of the Banking System	105.23	362.96	(257.74)	(71.01)
	Total	(41.75)	(279.63)	237.87	(85.07)
Net Domestic Assets-NDA-WoW					
Amount in RKR-Rs, bn					
S.No	NDA figure made with 3-Components	Current	Previous	PKR-Rs	%
		03-Dec-21	26-Nov-21	Change	Change
1	Net Govt. Sector Borrowing	(183.26)	28.03	(211.29)	753.79
2	Non-Govt. Sector Borrowing	509.09	524.01	(14.92)	(2.85)
3	Other Item-Net (Liability)	(220.61)	(189.08)	(31.53)	(16.68)
	Total	105.23	362.96	(257.73)	(71.01)

M2-Figure-%					
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ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS					
Date	Event	Impact	Actual	Forecast	Previous
14/12/2021	SBP PR Decision 14 Dec 21	HIGH	9.75%	9.50%	8.75%
14/12/2021	M2-Growth for 3 Dec 21	LOW	-0.17%	-0.44%	-0.87%

READY Rates-PKR-Rs 15-Dec-21			
Open	177.90	Last Day Close-LDC	
High	178.00		
Low	177.90	177.87	
Close	177.98		
DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.0948	0.0148	2.85%
2-Week	0.1896	(0.0154)	2.86%
1-Month	0.6315	(0.0335)	4.03%
2-Month	1.9695	(0.1555)	6.77%
3-Month	3.2470	(0.3030)	7.44%
4-Month	4.4860	(0.4640)	7.65%
5-Month	6.0146	(0.3354)	8.32%
6-Month	7.4203	(0.3297)	8.56%
9-Month	11.4473	(0.1527)	9.15%
1-Year	15.1863	(0.3137)	9.02%
MONEY Market-MM Rates-% 15-Dec-21			
Open	10.25	Last Day Close-LDC	
High	10.70		
Low	10.25	9.70	
Close	10.50		
KIBOR AND PKRV RATE (%) 15-Dec-21			
Tenor	KIBOR-%	PKRV Rates-%	
1-M	10.01	9.99	
3-M	10.49	10.64	
6-M	11.01	11.26	
12-M	11.19	11.51	
Pakistan Investment Bonds-PIB			
Period	29-Nov-21	15-Dec-21	
	Cut Off Yields-%	Bid-%	Ask-%
2-Yrs	-	11.55	11.45
3-Yrs	11.3400	11.65	11.55
5-Yrs	11.5900	11.55	11.50
10-Yrs-Fixed	11.7900	11.90	11.80
Floating	12.1001	102	101.75
15-yrs*	-	12.39	
20-yrs*	-	12.65	
Market Treasury Bills-MTB			
Tenor	1-Dec-21	15-Dec-21	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	10.7890	10.50	10.40
6-M	11.5001	11.05	10.95
12-M	11.5143	11.20	11.15
Note: * The secondary yields for 15 & 20-years Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates.			