

FX – INTERBANK RATE:

17-Jul	OPEN	HIGH	LOW	CLOSE	Last Day Close-LDC
Ready Rates	159.30	159.85	159.30	159.80	160.05

FX-MARKET:

HIGH-LIGHT OF MONETARY POLICY STATEMENT JULY 2019:

- ✓ There have been 3-key developments since the last MPC meeting.
- ✓ 1st, the Govt. has passed a FY-20 budget that seeks to credibly improve fiscal sustainability by focusing on revenue measures to widen the tax base. Adjustments in utility prices and other measures in the budget are expected to lead to a 1-time considerable increase in prices in the 1st half of FY-20.
- ✓ 2nd, the outlook for external financing has further strengthened with the disbursement of the 1st tranche associated with the IMF-EFF, activation of the Saudi oil facility, and other commitments of support from multilateral and bilateral partners. The CA deficit has also continued to fall suggesting that external pressures continue to decline. On the other hand, the depreciation in the exchange rate since the last MPC has added to inflationary pressures.
- ✓ Finally, on the international front, the sentiment towards emerging markets has improved with greater expectations of a policy rate cut in the US.
- ✓ SBP expect the real GDP growth of around 3.5% in FY-20.
- ✓ External conditions show continued steady improvement with a sizeable reduction in the CA deficit which fell by 29.3% to \$12.7bn in 11MFY-19 as compared to \$17.9bn during the same period last year. This improvement was primarily driven by import compression and healthy growth in workers' remittances.
- ✓ SBP's FX-Reserves have risen to about \$8bn on 12th July 2019 with the disbursement of the 1st tranche of the IMF's EFF. Reserves are expected to rise further in FY-20 on a/c of additional financial inflows from other international creditors including those related to the Saudi oil facility and continued improvement in CA deficit.
- ✓ Reflecting the impact of stabilization measures, PSC growth has started to decelerate. PSC expanded 11.4% during FY-19 as compared to 14.8% during the same period last year.
- ✓ Inflation rose considerably to 7.3% in FY-19 due to higher Govt. borrowing from SBP, lagged impact of exchange rate depreciations, hike in domestic fuel prices, and rising food prices. These pressures are expected to recede in the 2nd half of the fiscal year and the MPC expects inflation to average 11–12% in FY-20.
- ✓ Conditional upon the latest available information, the MPC decided to raise the policy rate by 100bps from 12.25% to 13.25% with effect from 17th July 2019.

USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.3000	0.0175	12.17%
2-WEEK	0.5900	0.0270	23.76%
1-MONTH	1.3100	0.1100	#REF!
2-MONTH	2.5250	0.0750	12.13%
3-MONTH	3.6650	0.1150	11.64%
4-MONTH	4.7750	0.0750	11.40%
5-MONTH	5.8500	0.0250	11.02%
6-MONTH	6.9750	0.0250	10.92%
12-MONTH	11.2250	0.5250	9.30%

ECONOMIC INDICATORS				
Items	Period	Unit	Figure	
Gross Domestic Product-GDP	11MFY-18/19	USD bn	264.125	
Foreign Exchange-FX Reserves	5-Jul-19	USD bn	14.259	
FE-25 Import Financing	May, 2019	USD mn	474	
SBP Forward/Swap Position	30-Apr-19	USD bn	(8.055)	
Net International Reserves-NIR (EST)	5-Jul-19	USD bn	(18.071)	
IBA-SBP-Consumer Confidence Index-CCI	As at 31-3-2019	DI	53.20	
IBA-SBP-Inflation Expectation Index-IEI	As at 31-3-2019	DI	68.40	
Consumer Price Index-CPI (YoY)	June, 2019	%	8.88	
CPI- (MoM)	June, 2019	%	0.80	
Core CPI-Non-Food-Non-Energy-NFNE-YoY	June, 2019	%	7.20	
Core CPI-Trimmed 20%-YoY	June, 2019	%	7.30	
PAK CPI-YoY minus US CPI-YoY	8.88%-1.60%	%	7.28	
M2 Growth-YoY	1 July 18 - 28-June 19	%	12.23	
Net Govt. Sector Borrowing	1 July 18 - 28-June 19	Rs bn	2,345.85	
GOVT. Borrowing for budgetary support from SBP	1 July 18 - 28-June 19	Rs bn	2,412.36	
Credit to Private Sector-YoY	1 July 18 - 28-June 19	Rs bn	682.95	
Govt. Foreign Commercial Banks Borrowing	1 July 18 - 31-Mar 18	USD mn	3,183.47	
SBP Policy Rate	FY-19/20 YTD	%	13.25	
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	11.75-13.75	
SBP Policy Rate minus USD FED Fund Rate	12.25%-2.50%	%	9.75	
1-Year KIBOR minus 1-Year LIBOR	13.57%-2.21%	%	11.36	
Foreign Direct Investment-FDI	FY-18/19	USD bn	1.737	
Home Remittance	FY-18/19	USD bn	21.841	
Current Account Deficit-CAD	11MFY-18/19	USD bn	12.678	
CAD % of GDP	11MFY-18/19	%	4.80	
Trade -Deficit	11MFY-18/19	USD bn	30.056	
Kerb USD/PKR	17-Jul-19	Bid/Ask	159.30/160.50	
Real Effective Exchange Rate-REER	May, 2019	Rs	102.60	
Government Domestic Debt	As at 28-02-2019	Rs trn	18.79	
External Debt	As at 30-12-2018	USD bn	99.1	
Standard & Poor's-S&P	Rating & Outlook	Rank	B-Stable	
Moody's	Rating & Outlook	Rank	B3-Stable	
MSCI-Emerging Market Index-EMI	17-Jul-19	Pts	1,055.52	
Pakistan Stock Exchange-PSX-100 Index	17-Jul-19	Pts	32,981.99	
Foreign Investor Portfolio Investment-FIPI	16-Jul-19	USD '000	107.66	
Special Convertible Rupee A/c-SCRA	1 July 19 To-Date	USD mn	3.20	

DATE	DATA	3-MONTH	6-MONTH	12-MONTH
15-July, 2019	US-LIBOR Rate	2.30325%	2.21713%	2.21050%

KIBOR AND PKRV RATE (%)			
Tenor	KIBOR	PKRV	17-Jul-19
1-Month	13.14%	12.62%	
3-Month	13.41%	12.93%	
6-Month	13.49%	13.04%	
12-Month	13.57%	13.24%	

Pakistan Investment Bonds-PIB's			
Period	Types of Bonds	27-June-19 Cut Off Yields	17-July-19 Bid/Ask
* 2-Years		-	13.93
* 3-Years		13.6999%	13.98
* 5-Years		13.8005%	14.01
* 10-Years	* Fixed	13.7000%	13.82
	* Floating	13.3010	13.74

Market Treasury Bills-MTB			
Tenor	23-May-18 Cut Off Yields	17-July-19 Bid/Ask	
* 3-Months	12.7495%	12.93	
* 6-Months	12.8010%	13.04	
* 12-Months	6.0273%	13.24	

Note: * The secondary yields for 6 & 12-months tenors and 2 & 10-years (Fixed & Floating) period in T-Bills and PIB's are not available, so instead of leaving it blank, we inputted PKRV Rates.

DATA		20-May-19
Pakistan Credit Default Swap - CDS		376.80

INTERNATIONAL EURO BOND ISSUE					
Bond Issue	Issue Date	Maturity Date	Coupon Rate	Secondary Market Yields-%	
				Bid	Ask
5-Years EURO Bonds	29-11-17	12-May-22	5.625%	5.55	5.23
10-Years EURO Bonds	29-11-17	12-May-27	6.875%	7.05	6.98

