

20th September 2023

DAILY MARKET REVIEW

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Foreign Exchange-FX-Reserves			
FX-Reserves-WoW	8-Sep-23	USD bn	13.079
FE-25 Import Financing	July, 2023	USD bn	1.44
SBP Forward/Swap Position	July, 2023	USD bn	(4.58)
Net International Reserves-NIR (EST)	8-Sep-23	USD bn	(27.15)
Kerb USD/PKR- Buying/Selling Avg. Rate	20-Sep-23	Rs	294.55
Real Effective Exchange Rate-REER	Aug, 2023	Rs	90.12
Net Roshan Digital Account-RDA	Sep 20 to 1MFY24	USD bn	1.13
Consumer Price Index-CPI			
Sensitive Price Index-SPI-WoW	14-Sep-23	bps	279.18
CPI (YoY)	August, 2023	%	27.40
CPI- (MoM)	August, 2023	%	1.70
CPI-Urban-YoY	August, 2023	%	25.00
CPI-Rural-YoY	August, 2023	%	30.90
PAK CPI-YoY minus US CPI-YoY	27.40%-3.20%	%	24.20
Broad Money Supply-M2 Growth:			
M2 Growth-YoY	1 Jul 23 To 1 Sep 23	%	(1.79)
Net Govt. Sector Borrowing	1 Jul 23 To 1 Sep 23	Rs bn	642.61
GOVT. Borrowing for budgetary support from SBP	1 Jul 23 To 1 Sep 23	Rs bn	811.01
Private Sector Credit-PSC	1 Jul 23 To 1 Sep 23	Rs bn	(222.84)
Govt. Foreign Commercial Banks Borrowing	1MFY24	USD bn	0.00
Policy Rate-PR			
SBP Policy Rate	FY-24 YTD	%	22.00
SBP O/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	24.54-6.04%	%	18.50
FX-Economic Data			
Foreign Direct Investment-FDI	2MFY-24	USD bn	233.80
Home Remittance	2MFY-24	USD bn	2.092
Trade Bal-S/(D)	1MFY-24	USD bn	(2.38)
CAB-S/(D)	1MFY-24	USD bn	(809.00)
Special Convertible Rupee Account-SCRA			
SCRA-Cumulative inflow/(outflow)	July 23 till date	USD bn	24.58
SCRA-MTB+PIB inflow/(outflow)	July 23 till date	USD bn	4.60
Govt., Circular Debt & External Liabilities			
Govt. Domestic Debt & Liabilities	As at 30-6-2023	Rs trn	39.65
External Debt	As at 30-6-2023	USD bn	124.296
Central Govt. Debt (Domestic + External)	As at 30-6-2023	Rs trn	60.839

ECONOMIC-NEWS:

- ✓ **IT exports rise by 10% MoM Bank profits double to Rs284.5bn**
SBP released the mid-year performance report for banking sector showed that banks` profits more than doubled to Rs284.5bn in 1HCY23 from Rs126.2bn during the same period last year.
- ✓ The major push to earnings came from higher net interest income, as the rising interest rates translated into higher earnings. The SBP PR rose by cumulative 600bps during H1CY23.
- ✓ Banks` net interest income (NH) grew by 67.3% in H1CY23 compared to 23.6% during the same period last year, as the policy rate was raised a number of times during the period under review while earning assets also posted a steady growth.
- ✓ Though interest income doubled to Rs2.72trn in H1CY23 as compared to 1HCY22, interest expenses more than doubled to Rs1.88trn, off-setting a significant part of the growth in interest income.
- ✓ The banks` major increase in income on advances and investments was due to a rise in interest rate while the expansion in volume of these assets also contributed to the growth in interest income.
- ✓ Non-interest expenses recorded a noticeable increase of 31.9% in H1CY23, which was higher than last year.
- ✓ Banking sector managed to expand its asset base by 14% during the period under review which was, however, largely augmented by investments as advances recorded a muted growth.
- ✓ The asset base grew by 14% in H1CY23 (16% growth in H1CY22) to reach Rs40.79trn. This growth was mainly contributed by investments which constitute 52.7% of asset base, while growth in advances remained subdued.
- ✓ ADR declined to 45% from 50.4% in December 2022.
- ✓ Banks` investments increased by Rs3.1trn and advances by Rs241bn during H1CY23. `There was a marked slowdown in domestic PSA during H1CY23 which contracted by 7% against 6.8% growth in the corresponding period last year.
- ✓ Segment-wise details of PSA reveal that almost all segments retired loans during H1CY23. Corporate segment holding 75% of domestic private sector advances made highest retirement of Rs534.6bn. `This substantial loans retirement was mainly driven by low demand for working capital loans and trade financing,` said the report.
- ✓ Auto financing observed retirement of Rs44.9bn, driven by high interest rates. Sector-wise details of PSA reveal a broad based slowdown.
- ✓ Substantial retirements were made by financial sector (of Rs138.7bn), energy (Rs71.8bn), chemicals and pharmaceuticals (Rs75.2bn), textiles (Rs64.7bn) and individuals (Rs53.8bn). In line with the recent trend, investment portfolio of banks increased by 16.9% to reach Rs21.5trn during H1CY23.
- ✓ FX market: The rupee depreciated by 20.8% in H1CY23 against the dollar compared to 13.8% in H1CY22, while the exchange rate exhibited relatively higher volatility during H1CY23.
- ✓ Deposits of the banking sector increased by 14.2% to Rs26.78trn during H1CY23, showing a noticeable revival in mobilization activity when compared with 1.1% contraction in H2CY22 and 9.3% growth in H1CY22.

Interbank READY Rates- 20-Sep-23			
PKR-Rs			
Open	294.00	Last Day Close-LDC	
High	294.00		
Low	293.50	294.90	
Close	293.90		
DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.3500	(0.4271)	11.37%
2-Week	0.7000	(0.8609)	11.46%
1-Month	2.3000	(1.0804)	14.66%
2-Month	5.5500	(1.8122)	16.86%
3-Month	8.7500	(1.7590)	17.61%
4-Month	12.0000	(2.1616)	17.86%
5-Month	15.0000	(2.9502)	18.00%
6-Month	17.7500	(3.5754)	18.08%
9-Month	21.5000	(3.5140)	15.71%
1-Year	26.0000	(2.5620)	14.82%
MONEY Market-MM Over-Night- 20-Sep-23			
O/N Rates-%			
Open	21.25	Last Day Close-LDC	
High	21.25		
Low	21.05	21.15	
Close	21.10		
KIBOR AND PKRV RATES (%) 19-Sep-23			
Tenor	KIBOR-%	PKRV Rates-%	
1-M	21.83	21.81	
3-M	22.53	22.46	
6-M	22.83	22.89	
12-M	22.90	22.96	
Pakistan Investment Bonds-PIB's			
Period	19-Sep-23	20-Sep-23	
	Cut Off Yields-%	Bid-%	Ask -%
3-Yrs	19.3449	19.75	19.60
5-Yrs	16.9500	17.40	17.00
10-Yrs-Fixed	15.2500	16.08	
15-yrs*	-	15.33	
20-yrs*	-	15.33	
Market Treasury Bills-MTB			
Tenor	24-Aug-23	20-Sep-23	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	24.4999	22.60	22.50
6-M	24.7870	22.89	
12-M	25.0687	22.96	
Note: * The secondary yields for 6 & 12-months & 10, 15 & 20-years Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates.			