

KEY PAKISTAN STATS & ECONOMIC INDICATORS				
Items	Period	Unit	Figure	
<b>Gross Domestic Product-GDP</b>				
GDP	FY-20/21	USD bn	298.021	
<b>Foreign Exchange-FX-Reserves</b>				
FX-Reserves-WoW	3-Sep-21	USD bn	27.102	
FE-25 Import Financing	July, 2021	USD mn	557	
SBP Forward/Swap Position	31-Jul-21	USD bn	(4.870)	
Net International Reserves-NIR (EST)	3-Sep-21	USD bn	(4.068)	
Kerb USD/PKR	14-Sep-21	Bid/Ask	169.00/170.00	
Real Effective Exchange Rate-REER	July, 2021	Rs	99.42	
<b>Consumer Price Index-CPI</b>				
Sensitive Price Index-SPI-WoW	16-Sep-21	bps	157.30	
CPI (YoY)	August, 2021	%	8.35	
CPI- (MoM)	August, 2021	%	0.60	
CPI-Urban-YoY	August, 2021	%	8.30	
CPI-Rural-YoY	August, 2021	%	8.40	
PAK CPI-YoY minus US CPI-YoY	8.35%-5.40%	%	2.95	
<b>M2 Growth</b>				
M2 Growth-YoY	1 July 21 - 3-September 21	%	-1.31%	
Net Govt. Sector Borrowing	1 July 21 - 3-September 21	Rs mn	992.00	
GOVT. Borrowing for budgetary support from SBP	1 July 21 - 3-September 21	Rs bn	1.31	
Credit to Private Sector-YoY	1 July 21 - 3-September 21	Rs bn	(145.70)	
Govt. Foreign Commercial Banks Borrowing	1MFY-21/22	USD mn	148.26	
<b>Policy Rate</b>				
SBP Policy Rate	FY-20/21 YTD	%	7.25	
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	6.25-8.25	
SBP Policy Rate minus USD FED Fund Rate	7.00%-0.25%	%	6.75	
1-Year KIBOR minus 1-Year LIBOR	7.66%-0.22%	%	7.44	
<b>FX-Economic Data</b>				
Foreign Direct Investment-FDI	2MFY-21/22	USD mn	203.10	
Home Remittance	2MFY-21/22	USD bn	5.364	
Trade Bal-S/D	2MFY-21/22	USD bn	(7.424)	
CAB-S/(D)	2MFY-21/22	USD bn	(2.29)	
CAB-S/(D) % of GDP	2MFY-21/22	%	(4.10)	
<b>Government, Circular Debt &amp; External Liabilities</b>				
Government Domestic Debt & Liabilities	As at 30-6-2021	Rs trn	15.90	
External Debt	As at 30-6-2021	USD bn	95.177	
Central Debt	As at 31-5-2021	Rs trn	26.065	

**21<sup>ST</sup> SEPTEMBER 2021**
**DAILY MARKET REVIEW**
**ECONOMIC-NEWS:**

✓ **Pakistan GDP to grow 4.20%-FITCH:** Yesterday, FITCH rating forecast Pakistan's Economic growth at 4.20%-against the Govt. target of 4.80% in FY-22 owing to supportive monetary and fiscal conditions and improving vaccination rates that will boost private consumption growth.

**ECONOMIC-DATA:**

✓ **Summary of Monetary Policy Statement at September 20, 2021:** At its meeting on 20<sup>th</sup> Sep 2021, the MPC decided to raise the policy rate by 25bps to 7.25%. Since its last meeting in July, the MPC noted that the pace of the economic recovery has exceeded expectations. This robust recovery in domestic demand, coupled with higher international commodity prices, is leading to a strong pick-up in imports and a rise in the CAD. While YoY inflation has declined since June, rising demand pressures together with higher imported inflation could begin to manifest in inflation readings later in the FY22.

✓ In reaching its decision, the MPC considered key trends and prospects in the real, external and fiscal sectors, and the resulting outlook for monetary conditions and inflation.

✓ **Real sector:** With a supportive FY22 budget and accommodative monetary policy, most high-frequency domestic demand indicators such as automobiles, POL sales, cement sales and electricity generation continue to depict robust growth. This growth is mirrored in the strength of imports and tax collections. LSM registered strong growth in June (18.5% YoY) before moderating in August to 2.2% (YoY), in line with typical seasonal patterns.

✓ **External sector:** The CAD rose to \$0.8bn in July and \$1.5bn in August, reflecting both vigorous domestic demand and high global commodity prices. While remittances remained strong, growing by 10.4% (YoY) during July-August and exports also performed reasonably well (averaging \$2.3bn per month), they were outstripped by imports. In response, the rupee depreciated by 4.1% since the last MPC meeting.

✓ The MPC noted that the flexible market-based exchange rate regime has performed well since its introduction in June 2019, including through the COVID shock. It has overseen a healthy modulation of the current account and supported a critical build-up in the country's gross and net FX-Reserves despite external pressures. Since its floatation, the rupee has moved in an orderly manner in both directions and has depreciated by only 4.8% to date, much less than many other emerging market currencies over the same period. Since the rupee was floated, SBP's gross FX-Reserves have nearly tripled to a record \$20bn, while NIR have risen by nearly \$16bn between end-June 2019 and end-August 2021.

✓ **Fiscal sector:** In FY21, prudent management of the public finances facilitated fiscal consolidation for the 2<sup>nd</sup> year in a row despite COVID, with the primary deficit declining by around ½% to 1.4% of GDP. This improvement largely stemmed from strong growth in tax and PDL revenues, together with significant deceleration in non-interest expenditures.

✓ **Monetary and inflation outlook:** Inflation fell from 9.7% YoY in June to 8.4% in both July and August. In addition to favorable base effects, this decline reflects continued deceleration in administered prices of energy due to the reduction in PDL and sales tax on petroleum products. Core inflation also fell in both urban and rural areas in August. Nevertheless, the momentum of prices remains relatively elevated, with MoM increases of 1.3% in July and 0.6% in August.

✓ In addition, inflation expectations of both households and businesses have drifted up and wage growth has picked up as the recovery has strengthened. Looking ahead, the inflation outlook largely depends on the path of domestic demand and administered prices, notably fuel and electricity, as well as global commodity prices.

ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS					
Date	Event	Impact	Actual	Forecast	Previous
20/9/2021	SBP Monetary Policy Decision	HIGH	7.25%	7.00%	7.00%

Daily READY Rates-Rs				21-Sep-21	
Open	168.68			<b>Last Day Close-LDC 168.72</b>	
High	168.70				
Low	168.40				
Close	168.52				
DAILY USD/PKR SWAP YIELDS-%					
PERIOD	SWAP	Change in Premiums	Swap Implied	PKR Yield	
1-Week	0.2157	0.0637	6.75%		
2-Week	0.4091	0.1046	6.41%		
1-Month	0.8140	0.0790	5.43%		
2-Month	1.6345	0.0638	5.91%		
3-Month	2.4150	0.1275	5.81%		
4-Month	3.2554	0.1666	5.82%		
5-Month	4.1418	0.1894	6.01%		
6-Month	5.0309	0.2422	6.07%		
9-Month	7.5905	0.1544	6.32%		
1-Year	10.6782	0.2020	6.56%		
Daily MONEY Market Rates-%				21-Sep-21	
Open	7.25			<b>Last Day Close-LDC 7.10</b>	
High	7.60				
Low	7.20				
Close	7.40				
KIBOR AND PKRV RATE (%)			21-Sep-21		
Tenor	KIBOR-%	PKRV Rates-%			
1-M	7.09	7.29			
3-M	7.32	7.39			
6-M	7.50	7.62			
12-M	7.82	8.11			
Pakistan Investment Bonds-PIB					
Period	15-Sep-21		21-Sep-21		
	Cut Off Yields-%	Bid-%	Ask-%		
2-Yrs	-	8.90	8.80		
3-Yrs	8.8800	9.35	9.32		
5-Yrs	9.1800	9.68	9.63		
10-Yrs-Fixed	9.8300	10.15	10.05		
Floating	8.0438	102	101.75		
15-yrs*	10.4000	10.34			
20-yrs*	10.5600	10.45			
Market Treasury Bills-MTB					
Tenor	8-Sep-21		21-Sep-21		
	Cut Off Yields-%	Bid-%	Ask-%		
3-M	7.2347	7.48	7.42		
6-M	7.4389	7.85	7.82		
12-M	7.6700	8.20	8.10		
<b>Note: * The secondary yields for 15 &amp; 20 years Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates.</b>					