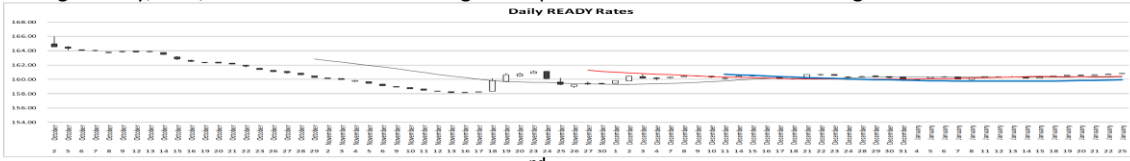


FOREIGN EXCHANGE-FX-MARKET:

- ✓ Today in interbank session, PKR dropped by 5paise against the yesterday's close at Rs160.75 to Rs160.80.
- ✓ During the day, USD/PKR traded within the range of 16paise from low at Rs160.79 to high at Rs160.85.



SUMMARY OF SBP MONETARY POLICY STATEMENT AT 22nd JANUARY 2021:

- ✓ The MPC noted that since the last meeting in November, the domestic recovery has gained some further traction. Most economic activity data and indicators of consumer and business sentiment have shown continued improvement. As a result, there are upside risks to the current growth projection of slightly above 2.0% in FY21. On the inflation front, recent out-turns are also encouraging, suggesting a waning of supply-side price pressures from food and still-benign core inflation. While utility tariff increases may cause an uptick in inflation, this is likely to be transient given excess capacity in the economy and well anchored inflation expectations. As a result, inflation is still expected to fall within the previously announced range of 7.0%-9.0% for FY21.
- ✓ The economic recovery underway since July has strengthened in recent months. LSMI grew by 7.4% (y/y) in October and 14.5 (y/y) in November. LSM has grown by 7.4% (y/y), against a contraction of 5.3% during the same period last year.
- ✓ Following five consecutive months of surpluses, the current account registered a deficit of \$662mn in December. While remittances and exports continued to grow steadily, the trade deficit rose due to a rise in imports of machinery and industrial raw material, in line with the pick-up in economic activity. At the same time, wheat and sugar imports also rose to close demand and supply gaps in the domestic market. Nevertheless, the current account remained in surplus during the 1HFY21, at \$1.1bn compared to a deficit of over \$2bn during the same period last year. This improvement has been mainly driven by workers' remittances, which have remained above \$2 billion every month during the current fiscal year due in part to travel restrictions and supportive policy measures taken by the government and SBP that have increased the use of formal channels.
- ✓ Fiscal developments have been largely in line with this year's budget and the Govt. has continued to adhere to its commitment of no fresh borrowing from the SBP. Despite higher interest payments and Covid-related spending, healthy growth in revenues has contained the fiscal deficit during the fiscal year so far. Provisional estimates suggest that net FBR revenue grew by 3.0% and 8.3% (y/y) in November and December, respectively.
- ✓ The MPC noted that financial conditions remain appropriately accommodative at this early stage of the recovery, with the RIR in slightly negative territory on a forward-looking basis. PSC has seen an encouraging uptick since the last MPC meeting, driven by a continued rise in consumer and fixed investment loans on the back of SBP's refinance facilities.
- ✓ Inflation pressures have eased since the last MPC, despite an upward adjustment in fuel prices. After remaining close to 9.0% in the preceding 2-months, headline inflation fell to 8.3% in November and further to 8.0% in December, the lowest rate since June 2019.
- ✓ After considering all the indicators, the MPC decided to maintain the policy rate at 7.0% for next 2-months.

ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS					
Date	Event	Impact	Actual	Forecast	Previous
22/1/2021	SBP Monetary Policy Decision	HIGH	7.00%	7.00%	7.00%

KIBOR AND PKRV RATE (%) 25-Jan-21		
Tenor	KIBOR-%	PKRV Rates-%
1-Month	6.96	7.12
3-Month	7.06	7.16
6-Month	7.10	7.25
12-Month	7.20	7.35

Pakistan Investment Bonds-PIB's			
Period	Cut Off Yields-%	Bid-%	Ask-%
2-Yrs	-	8.55	8.45
3-Yrs	8.4999	8.75	8.65
5-Yrs	9.5298	9.73	9.65
10-Yrs-Fix	9.9900	10.20	10.05
Floating	7.5498	10.2	10.175
15-years*	10.0000	-	10.45
20-years*	10.5800	-	10.66

Market Treasury Bills-MTB			
Tenor	Cut Off Yields-%	Bid-%	Ask-%
3-M	7.1691	7.17	7.15
6-M	7.2002	7.27	7.22
12-M	7.2900	7.40	7.30

Note: * The secondary yields for 15 & 20-years Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates.

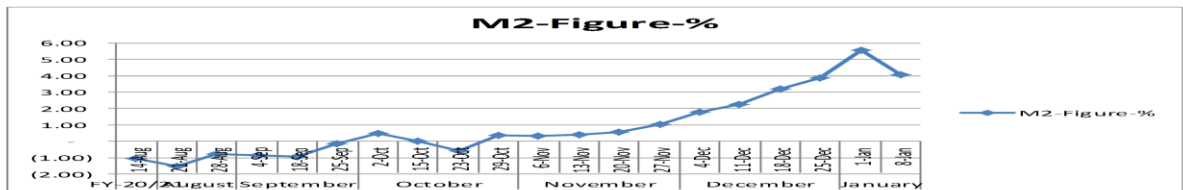
MONEY MARKET/ECONOMIC INDICATORS

Items	Period	Unit	Figure
Long Side of Balance of Payments			
ISI	9-Nov-20	bps	1852
Current Account			
Services/Trade Balance	2-Jan-21	bps	3025
CR(CA)	December, 2020	%	737
CR(Infl)	December, 2020	%	088
CR(Run)	December, 2020	%	200
CR(Red)	December, 2020	%	590
PKR/USD Annual	23-Apr-20	%	677
Balance of Payments			
Net Current Account	11-Jan-21	%	405
Net Current Account	11-Jan-21	Rtn	2534
Govt. Borrowing for Investment	11-Jan-21	Rtn	3244
Govt. Revenue	11-Jan-21	Rtn	2549
Govt. Foreign Commercial Banks	10-Dec-20	USDm	1550
Rate			
SPR/Rate	PKR/USD	%	200
SP/INR/Rate	PKR/INR	%	60800
SP/USD/Rate	USD/INR	%	625
SP/GBP/Rate	GBP/INR	%	685
Rate Spread			
Standard/Rate	Rate/Spread	Risk	B
Min/Rate	Rate/Spread	Risk	BBB
Stocks/Rate			
NSI/Rate	Rate/Spread	Risk	1489
Rate/Rate	Rate/Spread	Risk	43288
Foreign/Rate	Rate/Spread	Risk	63300
Stock/Rate			
SP/Rate	Rate/Spread	Risk	4627
SP/Rate	Rate/Spread	Risk	1480
SP/Rate	Rate/Spread	Risk	389

US-LIBOR Rate 22/1/2021		
Tenor	Units	LIBOR Rate
3-Month	%	0.21525
6-Month	%	0.23600
12-Month	%	0.31225

MONEY MARKET-MM:

- ✓ SBP issued the numbers of Broad Money Supply for the week ended 8th January 2021. According to the SBP, M2 posted the positive growth of 4.05% as compared to last year positive growth of 3.29%.
- ✓ On WoW basis, M2 fell by 1.51% as broad money declined by Rs347.17bn from Rs1.19trn to Rs845.97bn.
- ✓ M2-Growth measured with the sum of Net Foreign Assets-NFA & Net Domestic Assets NDA:
- ✓ NFA includes FX-Reserves while NDA includes Credit to Govt. & Non-Govt. Sectors borrowing and other net items (liability) respectively.
- ✓ NFA decreased by Rs1.66bn from Rs579.75bn to Rs578.09bn mainly due to decrease in FX-Reserves figure, while NDA plunged by Rs345.51bn from Rs613.39bn to Rs267.88bn mainly due to decline in Non-Govt. Sector Borrowing, Other items-Net (Liability) & Net-Govt. Sector Borrowing by Rs158.87bn, Rs99.11bn & Rs87.53bn respectively.



- ✓ Today MM initiated the market at 6.75% and traded whole day within the range at 6.75%-7.10% and closed at 7.00%.

ECONOMIC DATA RELEASED DURING THE LAST 24-HOURS					
Date	Event	Impact	Actual	Forecast	Previous
22/1/2021	M2-Growth for 8 Jan 21	LOW	4.05%	4.86%	5.56%

COMMODITIES MARKET:

- ✓ **GOLD-SPOT:** During the last 4-hours, Gold traded and closed lower indicating that yellow metal will move lower unless prices remain below from \$1,856. While moving lower, the next target it would find at \$1,840. Yellow metal is currently trading at \$1,863.76 per ounce.
- ✓ **CRUDE-OIL:** During the last 4-hours, Crude-oil traded and closed higher indicating that black gold will move lower unless prices remain below from \$52.45. While moving lower the next target it would find at \$52.00. Black gold is currently trading at \$52.79 per barrel.

WORLD ECONOMIC DATA RELEASED AT LAST FRIDAY				
Date	Events	Actual	Forecast	Previous
22-1-21	GBP Retail Sales m/m	0.30%	1.40%	-4.10%
22-1-21	EUR French Flash Services PMI	46.5	48.3	49.1
22-1-21	EUR French Flash Manufacturing PMI	51.5	50.6	51.1
22-1-21	EUR German Flash Manufacturing PMI	57	57.3	58.3
22-1-21	EUR German Flash Services PMI	46.8	45.1	47
22-1-21	EUR Flash Manufacturing PMI	54.7	54.5	55.2
22-1-21	EUR Flash Services PMI	45	44.4	46.4
22-1-21	GBP Flash Manufacturing PMI	52.9	53.5	57.5
22-1-21	GBP Flash Services PMI	38.8	45.2	49.4
22-1-21	CAD Core Retail Sales m/m	2.10%	0.30%	-0.20%
22-1-21	CAD Retail Sales m/m	1.30%	0.00%	0.10%
22-1-21	USD Flash Manufacturing PMI	59.1	56.6	57.1

Source: www.forexfactory.com

Ready Rates-PKR 25/1/2021	
Open	160.85
High	160.90
Low	160.79
Close	160.80

USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.2261	(0.0006)	7.43%
1-Month	0.9924	(0.0081)	7.39%
2-Month	1.8243	(0.0572)	7.18%
3-Month	2.7459	(0.0396)	7.14%
4-Month	3.5914	(0.2218)	6.90%
5-Month	4.6932	(0.1292)	7.19%
6-Month	5.3808	(0.1736)	6.87%
1-Year	9.2369	(0.0824)	6.06%

FOREIGN EXCHANGE/ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Govt Domestic Product-GDP			
GDP	11-Jan-21	USDm	14165
Foreign Exchange/Reserves			
FX Reserves/WAV	15-Jan-21	USDm	2012
REZ Import Financing	December, 2020	USDm	397
SEF Forward Swap Position	31-Dec-20	USDm	(460)
Net International Reserves-NIR(EST)	15-Jan-21	USDm	(1058)
Net USD/RR	21-Jan-21	Bid/Ask	300.27/301.00
Real Effective Exchange Rate-REER	September, 2020	Rt	94.12
Balance of Payments			
Foreign Direct Investment-FDI	11-Jan-21	USDm	9260
Home Remittance	11-Jan-21	USDm	1423
CR(CA)	11-Jan-21	USDm	1.131
CR% of GDP	11-Jan-21	%	080
Trade Balance/Trade Deficit	11-Jan-21	USDm	(1238)
Govt. Domestic Debt & Liabilities			
Government Domestic Debt & Liabilities	As at 31-8-2020	Rtn	1462
External Debt	As at 30-6-2020	USDm	11288
Govt. Debt	FY-19/20	Rtn	2.25