

5th November 2024

DAILY MARKET REVIEW

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
Foreign Exchange-FX-Reserves			
FX-Reserves-WoW	25-Oct-24	USD bn	16.049
FE-25 Import Financing	June, 2024	USD bn	1.36
SBP Forward/Swap Position	Sep, 2024	USD bn	3.06
Net International Reserves-NIR (EST)	25-Oct-24	USD bn	(18.86)
Kerb USD/PKR-Buying/Selling Avg. Rate	5-Nov-24	Rs	277.65
Real Effective Exchange Rate-REER	Sep, 2024	Rs	98.65
Net Roshan Digital Account-RDA	Sep 20 to 1QFY25	USD bn	1.53
Consumer Price Index-CPI			
Sensitive Price Index-SPI-WoW	31-Oct-24	bps	319.40
General Head Line CPI-YoY	Oct, 2024	%	7.20
Core CPI-Non Food Non Energy- NFNE-Rural-YoY	Oct, 2024	%	11.70
Core CPI-Non Food Non Energy- NFNE-Urban-YoY	Oct, 2024	%	8.60
Core CPI-20% Weighted Trimmed-Rural-YoY	Oct, 2024	%	7.20
Core CPI-20% Weighted Trimmed-Urban-YoY	Oct, 2024	%	6.40
General Head Line CPI-Rural-YoY	Oct, 2024	%	4.20
General Head Line CPI-Urban-YoY	Oct, 2024	%	9.30
General Head Line CPI-MoM	Oct, 2024	%	1.20
Average CPI	4MFY25	%	8.70
PAK CPI-YoY minus US CPI-YoY	7.20-2.40	%	4.80
Broad Money Supply-M2 Growth			
M2 Growth-YoY	1 Jul 23 To 25 Oct 24	%	(1.94)
Net Govt. Sector Borrowing	1 Jul 23 To 25 Oct 24	Rs bn	(2,075.26)
GOVT. Borrowing for budgetary support from SBP	1 Jul 23 To 25 Oct 24	Rs bn	(1,866.83)
Private Sector Credit-PSC	1 Jul 23 To 25 Oct 24	Rs bn	447.15
Govt. Foreign Commercial Banks Borrowing	1QFY25	USD mn	200.00
Policy Rate-PR			
SBP Policy Rate	FY-25 YTD	%	15.00
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	14.00-16.00
SBP PR minus USD FED Fund Rate	15.00-5.00	%	10.00
1-Year NIBOR minus 1-Year LIBOR	12.86-4.89	%	7.97
FX-Economic Data			
Foreign Direct Investment-FDI	1QFY-25	USD mn	771.10
Home Remittance	1QFY-25	USD bn	8.785
Trade Bal-S/(D)	1QFY-25	USD bn	(7.42)
CAB-S/(D)	1QFY-25	USD mn	(98.00)
Special Convertible Rupee Account-SCRA			
SCRA-Cumulative inflow/outflow	July 23 to date	USD mn	215.54
SCRA-MTB+PIB inflow/outflow	July 23 to date	USD bn	283.77
Govt., Circular Debt & External Liabilities			
Govt. Domestic Debt & Liabilities	As at 31-7-2024	Rs tm	48.06
External Debt	As at 30-6-2024	USD bn	130.5
Central Govt. Debt (Domestic + External)	As at 31-8-2024	Rs tm	70.362

ECONOMIC NEWS

- ✓ **Summary of Monetary Policy Statement-MPS**
- ✓ **Real Sector** The latest data showed a gradual pick-up in economic activity. The initial estimates of major Kharif crops turned out better than the MPC's earlier expectations.
- ✓ In particular, textile, food, automobile and allied industries have recorded significant growth during 2MFY25, which is expected to gain further momentum in the coming months. This assessment is supported by increasing imports of raw materials and machinery, improving business confidence, and easing financial conditions. Better prospects of commodity producing sectors and easing inflationary pressures are also expected to support services sector.
- ✓ Overall, the MPC expects real GDP growth in FY25 to be better than its earlier assessment, while remaining in the range of 2.5% – 3.5%.
- ✓ **External Sector** CAB posted a surplus for the 2nd consecutive month in September 2024; narrowing the cumulative deficit to \$98 million in Q1FY25. Despite a substantial increase in imports, robust workers' remittances and higher exports helped contain the deficit. On the financing side, foreign investment recorded a slight uptick in September. These developments, along with receipt of the 1st tranche under the IMF program, helped in further build-up of SBP's FX-Reserves to \$11.2bn as on October 25, 2024.
- ✓ The MPC, nonetheless, assessed that relatively higher workers' remittances and exports will help keep CAD within the projected range of 0% – 1% of GDP.
- ✓ **Fiscal Sector** During Q1-FY25, the fiscal and primary balances posted surpluses of 1.4% and 2.4% of GDP, respectively. This improvement is mainly explained by record high SBP profit, which substantially increased the non-tax revenues.
- ✓ **Money and Credit** M2 growth increased slightly to 15.2% y/y as of October 25, with noticeable changes in its composition since the last MPC meeting. Specifically, the net budgetary borrowing from the banking system declined considerably, while banks' credit to the non-Govt. sector increased. After the receipt of SBP profit, Govt. reduced its borrowing from banks and also initiated buy-back operations of its outstanding debt securities. This created additional room for banks to extend PSC.
- ✓ **Inflation** Since the last MPC meeting, inflation eased significantly and fell close to its medium-term target range. The headline inflation (y/y) dropped to 6.9% in September and 7.2% in October, from 9.6% in August 2024.
- ✓ MPC now expects the average inflation for FY25 to be significantly lower than its previous forecast range of 11.5% – 13.5%.
- ✓ **Conclusion** After analyzing all the above macro economic data, SBP decided the PR by 250bps from 17.50% to 15.0% respectively.

Interbank READY Rates- PKR-Rs			
	5-Nov-24		
Open	277.85	Last Day Close	
Close	277.85	277.78	
DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	0.240	0.1250	9.31%
2-Week	0.375	0.1750	8.31%
1-Month	0.575	0.2250	7.22%
2-Month	0.925	0.1750	6.79%
3-Month	1.550	0.1000	7.05%
4-Month	2.550	0.2500	7.59%
5-Month	3.200	-	7.70%
6-Month	4.000	(0.1000)	7.73%
9-Month	9.500	-	9.61%
1-Year	13.500	-	9.68%
MONEY Market-MM Over-Night-O/N Rates-%			
	5-Nov-24		
Open	15.50	Last Day Close-LDC	
High	15.95	17.25	
Low	15.50	17.25	
Close	15.95		
KIBOR AND PKRV RATES (%)			
Tenor	KIBOR-%	PKRV Rates-%	
1-M	15.57	15.36	
3-M	13.62	13.31	
6-M	13.08	12.97	
12-M	12.67	12.62	
Pakistan Investment Bonds-PIB's			
Period	18-Oct-24	5-Nov-24	
	Cut Off Yields-%	Bid-%	Ask-%
2-Yrs	13.2400	11.95	11.75
3-Yrs	12.5000	12.00	11.80
5-Yrs	12.7880	12.20	12.05
10-Yrs	12.9770	12.50	12.00
15-yrs*		11.96	
20-yrs*	-	11.92	
Market Treasury Bills-MTB			
Tenor	31-Oct-24	5-Nov-24	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	13.8998	13.50	13.20
6-M	13.5000	13.00	12.90
12-M	13.0997	12.70	12.55