

FX – INTERBANK RATE:

1-Oct	OPEN	HIGH	LOW	CLOSE	Last Day Close-LDC
Ready Rates	124.25	124.26	124.25	124.25	124.25

HIGHLIGHT OF MONETARY POLICY STATEMENT:

- ✓ Since the last meeting of the MPC in July 2018, Pakistan has witnessed notable changes on the political front. This has had a positive impact on the business and consumer confidence in the country as reflected in multiple surveys but concerns on the economic front continue to persist on the back of rising inflation and large twin deficits that are likely to compromise the sustainability of the high real economic growth path.
- ✓ Inflation is inching up, particularly from March 2018 onwards. So far, in the 2MFY-18/19, headline CPI inflation has averaged 5.82% percent as compared to an average of 3.92 for FY-17/18. The jump is even more pronounced in core inflation- a key measure reflecting the underlying inflationary pressures in the economy. For FY19, SBP’s inflation projections show that the average headline inflation is expected to fall in the revised forecast range of 6.5% to 7.5%.
- ✓ Following a healthy growth of 5.8% in FY-17/18, economic activity is likely to slowdown in FY-18/19 as the general macroeconomic policy mix is focusing towards stabilization. After incorporating the latest information on both demand and supply, SBP projects the real GDP growth for FY-18/19 at around 5.0%.
- ✓ The CAD continues to pose a challenge. Despite some growth in workers’ remittances and exports in the 2MFY-18/19, a notable increase in the value of oil imports has kept the CAD at \$2.7bn as compared to \$2.5bn, in the corresponding period last year despite non-oil imports declining during the period.
- ✓ Owing to these developments SBP’s net liquid FX reserves have declined to \$9.0bn as of 19th September, 2018 compared to \$ 9.8bn at the end of FY-17/18.
- ✓ In this backdrop, the MPC noted that: (i) while non-oil imports are responding to the contractionary measures a surge in oil prices is masking this improvement, and as a result the CAD remains high; (ii) rising trends in inflation mean that RIR have fallen and further; (iii) the unfolding global developments, whether in terms of oil-price shocks, protectionist trade policies and/or falling flows to the emerging markets, all pose challenges to macroeconomic management in Pakistan.
- ✓ In light of the current and evolving macroeconomic situation discussed above, the MPC is of the view that further consolidation efforts are required to ensure macroeconomic stability and therefore has decided to raise the SBP target policy rate by 100bps from 7.50% to 8.50%.

USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-WEEK	0.0450	0.0100	4.05%
2-WEEK	0.0900	0.0120	4.13%
1-MONTH	0.1650	(0.0250)	3.81%
2-MONTH	0.4550	(0.0400)	4.56%
3-MONTH	0.7600	(0.1400)	4.87%
4-MONTH	1.1000	(0.1000)	5.15%
5-MONTH	1.4300	(0.1000)	5.27%
6-MONTH	1.7450	(0.1850)	5.43%
12-MONTH	4.0000	(0.1250)	6.13%

ECONOMIC INDICATORS				
Items	Period	Unit	Figure	
Gross Domestic Product-GDP	2MFY-18/19	USD bn	51,339	
Foreign Exchange-FX-Reserves	19-Sep-18	USD bn	15.52	
FE-25 Import Financing	July, 2018	USD mn	667	
SBP Forward/Swap Position	31-May, 2018	USD mn	(6,680)	
Net International Reserves-NIR (EST)	19-Sep-18	USD bn	(7,944)	
IBA-SBP-Consumer Confidence Index-CCI	As at 31-01-2018	DI	45.70	
IBA-SBP-Inflation Expectation Index-IEI	As at 31-01-2018	DI	74.21	
Consumer Price Index-CPI (YoY)	August, 2018	%	5.84	
CPI- (MoM)	August, 2018	%	0.20	
Core CPI-Non-Food-Non-Energy-NFNE-YoY	August, 2018	%	7.70	
Core CPI-Trimmed 20%-YoY	August, 2018	%	5.90	
M2 Growth-YoY	1 July 18 - 14 Sep 18	%	(1.23)	
Net Government Sector Borrowing	1 July 18 - 14 Sep 18	Rs bn	(101.54)	
SBP borrowing for budgetary support	1 July 18 - 14 Sep 18	Rs bn	(89.08)	
Credit to Private Sector-YoY	1 July 18 - 14 Sep 18	Rs bn	16.48	
SBP Policy Rate	FY-18/19 YTD	%	8.50	
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	7.00-9.00	
SBP Policy Rate minus USD FED Fund Rate	8.50%-2.25%	%	6.25	
1-Year KIBOR minus 1-Year LIBOR	8.84%-2.92%	%	5.92	
Foreign Direct Investment-FDI	2MFY-18/19	USD mn	288.2	
Home Remittance	2MFY-18/19	USD bn	2,037	
Current Account Deficit-CAD	2MFY-18/19	USD bn	2,721	
CAD % of GDP	2MFY-18/19	%	5.30	
Trade -Deficit	2MFY-18/19	USD bn	7,344	
Kerb USD/PKR	1-Oct-18	Bid/Ask	127.50/128.00	
Real Effective Exchange Rate-REER	July, 2018	Rs	108.37	
Government Domestic Debt	As at 30-6-2018	Rs tm	17	
External Debt	As at 31-3-2018	USD bn	95.1	
Standard & Poor’s-S&P	Rating & Outlook	Rank	B-Stable	
Moodys	Rating & Outlook	Rank	B3-Negative	
MSCI-Emerging Market Index-EMI	1-Oct-18	Pts	1,048.34	
Pakistan Stock Exchange-PSX-100 Index	1-Oct-18	Pts	40,953.98	
Foreign Investor Portfolio Investment-FIPI	28-Sep-18	USD '000	(1,254.21)	
Special Convertible Rupee A/c-SCRA	1 July 17 To-Date	USD mn	(70.27)	
DATE	DATA	3-MONTH	6-MONTH	12-MONTH
28-Sep, 2018	US-LIBOR Rate	2.39380%	2.60388%	2.91863%

DATA		27-Sep-18
Pakistan Credit Default Swap - CDS		429.50

INTERNATIONAL EURO BOND ISSUE					27-Sep-18	
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%	6.95	6.74	
10-Years EURO Bonds	29-11-17	12-May-27	6.875%	7.67	7.53	

