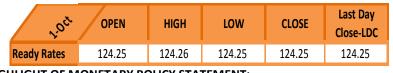
## FX – INTERBANK RATE:



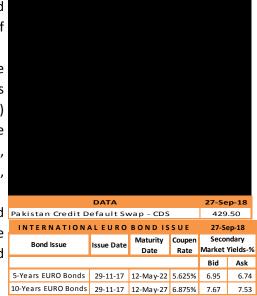
## HIGHLIGHT OF MONETARY POLICY STATEMENT:

- ✓ 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 19<sup>th</sup> 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%.
  ✓ In light of the current and evolving macroeconomic situation discussed Pakistan Credit Default Swap CDS INTERNATIONAL EURO BOND IS
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## C & M Management Pvt. Ltd

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%				

ECONOMICINDICATORS								
Items		Period		Unit	Figure			
Gross Domestic Product-GDP		2MFY-18/1	9	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-Tri	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 livestment-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			
Governmentt 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			
Moo dy's		Rating & Outlook		Rank	B3-Negative			
MSCI-Emerging Market Index-EMI		1-Oct-18		Pts	1,048.34			
Pakistan Stock Exchage-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-N	IONTH	12-MONTH			
28-Sep. 2018	US-LIBOR Rate	2.39380%	2.6	0388%	2.91863%			



 $\checkmark$ 

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