

**Provisional Data on Monetary Aggregates as on March 6<sup>th</sup>, 2010**

**1) Broad Money (M2)**

(Million Rupees)

COMPONENTS	Stocks at End-June 2009	Yearly Flows		Monetary Impact Since	
		FY 08	FY 09	1st July to	
				6-Mar-10 <sup>P</sup>	7-Mar-09
A Currency in Circulation	1,152,173	142,145	169,847	191,085	179,128
B Other Deposits with SBP	4,662	-2,751	401	8,598	-10
C Total Demand & Time Deposits incl. RFCDs <sup>1</sup>	3,980,384	484,595	277,827	121,931	-81,677
of which Residents Foreign Currency Deposits (RFCDs)	280,364	56,118	16,934	42,857	20,735
<b>Broad Money (M2)</b>	<b>5,137,219</b>	<b>623,988</b>	<b>448,076</b>	<b>321,614</b>	<b>97,441</b>
<i>Growth</i>		<i>15.35%</i>	<i>9.56%</i>	<i>6.26%</i>	<i>2.08%</i>
<b>Factors Affecting Broad Money (M2)</b>					
A <u>Net Foreign Assets of the Banking System</u>	<u>517,330</u>	<u>-317,380</u>	<u>-150,181</u>	<u>60,774</u>	<u>-291,527</u>
B <u>Net Domestic Assets of the Banking System (1+2+3)</u>	<u>4,619,888</u>	<u>941,369</u>	<u>598,257</u>	<u>260,840</u>	<u>388,968</u>
<i>Growth</i>	<i>14.88%</i>	<i>30.56%</i>	<i>14.88%</i>	<i>5.65%</i>	<i>9.67%</i>
1 <u>Net Government Sector Borrowings (a+b+c)</u>	<u>2,034,304</u>	<u>582,011</u>	<u>525,763</u>	<u>240,123</u>	<u>409,256</u>
a Borrowings for Budgetary Support <sup>2</sup>	1,681,022	554,551	316,418	297,943	397,026
(i) From SBP of which	1,164,647	688,724	130,932	127,835	348,433
a) Central government	1,111,612	670,730	44,258	114,457	359,154
b) Provincial governments	54,245	16,508	88,402	14,569	-5,397
Balochistan Government	24,361	7,379	6,161	-7,517	-1,542
N.W.F.P. Government	-695	1,208	7,947	-4,179	-713
Punjab Government	51,020	4,408	62,350	26,500	18,763
Sindh Government	-20,442	3,513	11,945	-237	-21,906
c) A.J.K Government	-1,210	1,486	-1,728	-1,191	-5,325
(ii) From Scheduled banks	516,375	-134,173	185,487	170,108	48,594
a) Central Government	737,490	-107,818	227,780	184,687	66,923
b) Provincial Government	-221,114	-26,355	-42,293	-14,579	-18,329
b. Commodity Operations	336,202	26,872	210,778	-56,498	14,245
c. Others	17,081	588	-1,434	-1,322	-2,015
2. <u>Credit to Non-Government Sector (a+b+c+d)</u>	<u>3,189,994</u>	<u>443,450</u>	<u>170,070</u>	<u>223,067</u>	<u>165,405</u>
a Credit to Private Sector	2,906,897	410,207	17,082	146,499	107,996
b Credit to Public Sectors Enterprises (PSEs)	290,005	33,124	152,723	76,837	57,608
c PSEs Special Account-Debt Repayment with SBP	-23,683	-118	-86	0	-86
d Other Financial Institutions (SBP credit to NBFIs)	16,776	238	351	-269	-113
3. <u>Other Items (net)</u>	<u>-604,410</u>	<u>-84,093</u>	<u>-97,576</u>	<u>-202,350</u>	<u>-185,693</u>
<b>Broad Money (M2)</b>	<b>5,137,218</b>	<b>623,988</b>	<b>448,075</b>	<b>321,614</b>	<b>97,441</b>
<i>Growth</i>		<i>15.35%</i>	<i>9.56%</i>	<i>6.26%</i>	<i>2.08%</i>

P: Provisional

<b>Memorandum Items</b>					
Accrued profit on SBP holdings of MRTBs	35,131	11,809	16,932	-6,089	23,932
Outstanding amount of MTBs (realized value in auctions)	739,475	-119,122	202,498	201,365	117,143
Net Government Budgetary Borrowings for Budgetary Support (Estimated on cash basis as done in government budget)					
<b>From Banking System</b>	<b>1,629,990</b>	<b>509,496</b>	<b>304,620</b>	<b>299,620</b>	<b>436,287</b>
From SBP	1,129,516	676,915	114,001	133,923	324,501
From Scheduled Banks	500,475	-167,419	190,620	165,697	111,786

1/ Excluding inter-bank deposits, deposits of governments and foreign constituents.

2/ Government's borrowing mechanisms from the banking system are as follows:-

(a) Borrowings from scheduled banks is mainly through fortnightly auctioning of Market Treasury Bills (MTBs) of 3, 6 and 12-month maturities. Government of Pakistan also borrows long-term by quarterly auctioning of Pakistan Investment Bonds (PIBs) of 3, 5, 10, 15, 20 and 30 years maturities.

(b) Federal Government may also borrow directly from SBP either through Ways and Means Advance or purchase (by SBP) of Market Related Treasury Bills (MRTBs). The Ways and Means Advance is extended for Government borrowings up to Rs.100 million at an interest rate of 4 percent per annum whereas higher amounts are borrowed through SBP purchase of 6-month MTBs at the weighted average yield of 6-month MTB determined in the most recent fortnightly auction of treasury bills. The weighted average yield on 6-month MTB was 12.22 percent as a result of the auction conducted on February 24, 2010.

(c) Provincial Governments and the Government of Azad Jammu & Kashmir may also borrow directly from SBP through raising of their debtor balances (over drafts) within limits defined for them. An interest rate is charged on the borrowings which is weighted average of the weighted average yields of 6-month MTBs over the preceding three months. In case, the Provincial Governments or the Government of Azad Jammu & Kashmir borrow over and above the over draft limit, they are penalized by charging an incremental rate of 4 percent per annum.

**Source:** Based on weekly returns of scheduled banks for the week ending Saturday.

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