

Provisional Data on Monetary Aggregates as on August 20th, 2010

1) Broad Money (M2)

(Million Rupees)

COMPONENTS	Stocks at End-June 2010 ^P	Yearly Flows		Monetary Impact Since	
		FY 09	FY 10 ^P	1st July to	
				20-Aug-10 ^P	22-Aug-09
A Currency in Circulation	1,295,385	169,847	143,212	79,261	51,689
B Other Deposits with SBP	6,663	401	2,000	14	168
C Total Demand & Time Deposits incl. RFCDs ¹ of which Residents Foreign Currency Deposits (RFCDs)	4,475,183 345,438	277,827 16,934	494,799 65,074	-197,321 3,298	-176,011 12,119
Broad Money (M2)	5,777,231	448,076	640,012	-118,047	-124,154
<i>Growth</i>		<i>9.56%</i>	<i>12.46%</i>	<i>-2.04%</i>	<i>-2.42%</i>
Factors Affecting Broad Money (M2)					
A <u>Net Foreign Assets of the Banking System</u> ²	545,454	-171,657	49,600	-60,803	-14,620
B <u>Net Domestic Assets of the Banking System (1+2+3)</u>	5,231,776	619,732	590,413	-57,243	-109,535
<i>Growth</i>		<i>15.41%</i>	<i>12.72%</i>	<i>-1.09%</i>	<i>-2.36%</i>
1 <u>Net Government Sector Borrowings (a+b+c)</u>	2,440,941	525,763	406,636	94,199	92,629
a Borrowings for Budgetary Support ³	2,011,459	316,418	330,437	93,746	96,663
(i) From SBP of which	1,208,651	130,932	44,004	134,034	42,054
a) Central Government	1,141,750	44,258	30,138	154,912	21,247
b) Provincial Government	67,002	88,402	12,757	-21,409	20,944
Balochistan Government	19,886	6,161	-4,475	-4,400	-1,009
Khyber Pakhtunkhwa Government	-4,834	7,947	-4,139	-13,475	-4,153
Punjab Government	56,503	62,350	5,482	3,337	21,346
Sindh Government	-4,554	11,945	15,889	-6,871	4,761
c) AJK Government	-100	-1,728	1,110	532	-137
(ii) From Scheduled banks	802,808	185,487	286,432	-40,288	54,609
a) Central Government	1,047,004	227,780	309,514	-44,771	49,284
b) Provincial Government	-244,196	-42,293	-23,081	4,483	5,325
b Commodity Operations	413,191	210,778	76,989	-287	-4,663
c Others	16,291	-1,434	-790	740	629
2 <u>Credit to Non-Government Sector (a+b+c+d)</u>	3,388,800	170,070	198,806	-60,075	-90,791
a Credit to Private Sector	3,019,822	17,082	112,926	-59,616	-82,564
b Credit to Public Sectors Enterprises (PSEs)	375,033	152,723	85,028	-701	-8,227
c PSEs Special Account-Debt Repayment with SBP	-23,683	-86	0	0	0
d Other Financial Institutions (SBP credit to NBFIs)	17,628	351	852	241	0
3 <u>Other Items (net)</u>	-597,964	-76,100	-15,030	-91,367	-111,372
Broad Money (M2)	5,777,231	448,075	640,012	-118,046	-124,154
<i>Growth</i>		<i>9.56%</i>	<i>12.46%</i>	<i>-2.04%</i>	<i>-2.42%</i>

P: Provisional

Memorandum Items					
Accrued profit on SBP holdings of MRTBs	37,206	16,932	2,075	457	1,917
Outstanding amount of MTBs (realized value in auctions)	1,063,045	202,498	323,570	-31,789	91,852
Net Government Budgetary Borrowings for Budgetary Support (Estimated on cash basis as done in government budget)					
From Banking System	1,934,554	304,620	304,563	98,898	111,276
From SBP	1,171,445	114,000	41,930	133,577	40,136
From Scheduled Banks	763,108	190,620	262,633	-34,679	71,140

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

2/ The treatment of SDR allocation changed from Equity to SBP foreign liability w.e.f. 30-06-2009 and onwards.

3/ 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 12.65 percent as a result of the auction conducted on 25th August, 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 Friday.

Contact Person: Mr. Muhammad Atif Hamza (Sr. Joint Director), Monetary & Financial Statistics Division, Phone: 92 21 32453668

email: muhammad.atif@sbp.org.pk

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