



Monetary Policy Information Compendium

July 2011

Consolidated by

Monetary Policy Department

STATE BANK OF PAKISTAN



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Real Sector

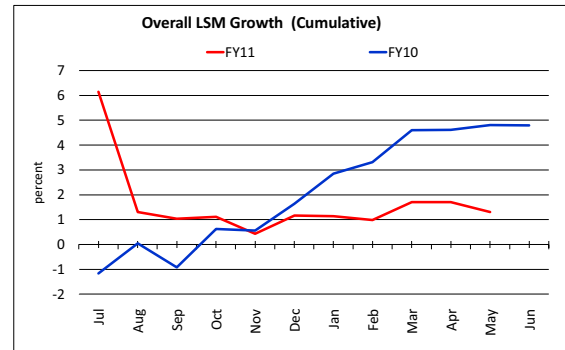
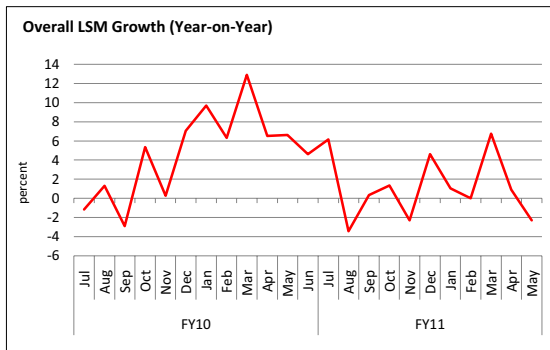
The growth in large-scale manufacturing declined in May 2011, largely due to sharp fall in the production of petroleum products, consumer durables, metals and engineering goods.

Growth in Large Scale Manufacturing (LSM) Sector

Groups	Weights	YoY changes				Cumulative change during July-May	
		May-11		May-10		FY11	FY10
Overall	75.1	-2.3	6.9	1.3	4.8		
Textile	26.4	↑ 8.4	↑ 6.7	↑ 1.3	↓ -1.4		
Food, beverages & tobacco	14.4	↑ 1.7	↑ 1.4	↑ 9.8	↓ -3.2		
Petroleum products	5.2	↓ -2.1	↑ 16.4	↓ -3.0	↓ -7.4		
Pharmaceuticals	5.0	↑ 20.9	↑ 3.1	↑ 3.4	↑ 7.0		
Non-metallic mineral products	4.2	↓ -9.2	↓ -5.7	↓ -8.3	↑ 11.4		
Automobile	4.0	↓ -1.2	↓ -37.9	↑ 11.9	↑ 35.2		
Metal industries	3.5	↓ -5.8	↑ 18.7	↓ -9.2	↓ -26.6		
Fertilizer	3.4	↑ 12.5	↓ -2.7	↓ -0.1	↑ 9.5		
Chemicals	2.9	↓ -1.3	↓ -1.9	↑ 1.6	↑ 0.9		
Electronics	2.5	↓ -38.5	↓ -29.2	↓ -20.0	↑ 24.9		
Leather products	2.3	↑ 24.4	↓ -15.3	↑ 29.4	↑ 21.7		
Paper and board	0.6	↓ -7.0	↓ -4.4	↑ 1.8	↓ -0.9		
Engineering industries	0.4	↓ -54.6	↓ -31.9	↓ -22.3	↑ 15.6		
Rubber products	0.3	↓ -8.1	↓ -26.2	↓ -4.2	↑ 32.7		
Wood and wood products	0.03	↓ -32.3	↓ -1.4	↓ -3.9	↓ -42.5		

Note: Weights of LSM sectors are standardized to 100

Sources: Federal Bureau of Statistics (FBS)



Flood related production losses restricted agriculture growth to 1.2 percent during FY11.

Crops	Production (million tons)				Area Under Cultivation (million hectares)				Yield (Kg/hectare)		
	FY10 ^R	FY11 ^T	FY11 ^E	% change in FY11 ^E over FY10 ^R	FY10 ^R	FY11 ^T	FY11 ^E	% change in FY11 ^E over FY10 ^R	FY11 ^T	FY11 ^E	% change in FY11 ^E over FY10 ^R
Cotton*	12.9	14.0	11.5	↓ -11.3	3.1	3.2	2.7	↓ -13.4	745	724	↑ 2.5
Sugarcane	49.4	53.7	55.3	↑ 12.0	0.9	1.1	1.0	↑ 4.8	51,000	55,997	↑ 6.9
Rice	6.9	6.0	4.8	↓ -29.9	2.9	2.7	2.4	↓ -17.9	2,228	2,039	↓ -14.6
Wheat	23.3	25.0	24.2	↑ 3.9	9.1	9.0	8.8	↓ -3.6	2,764	2,752	↑ 7.7
Gram	0.6	0.6	0.5	↓ -6.9	1.1	1.1	1.1	↑ 0.1	552	490	↓ -7.0
Maize	3.3	3.5	3.3	↑ 2.4	0.9	1.0	0.9	↑ 0.4	3,419	3,560	↑ 2.1

* Cotton production is stated in million bales.

R: Revised, T: Target, E: Highly provisional estimates.

Source: Federal Bureau of Statistics

Note: Growth numbers may not tally due to separate rounding off of production data.



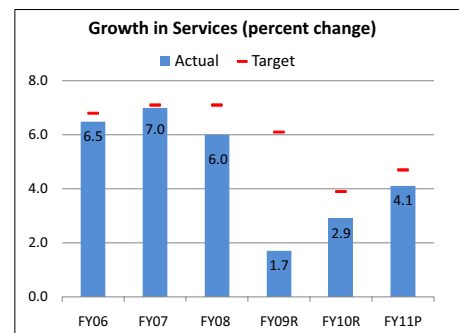
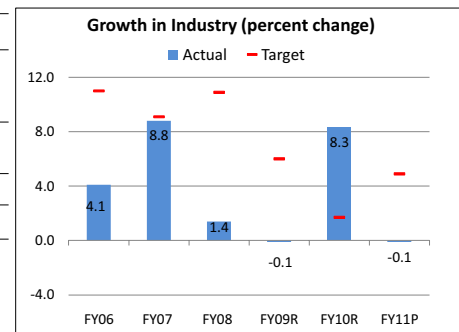
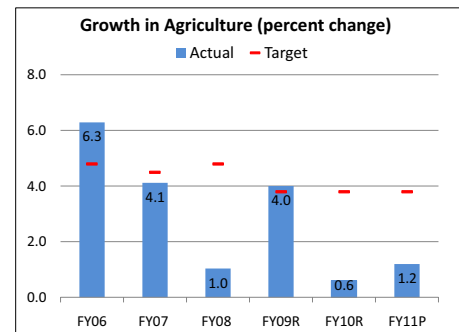
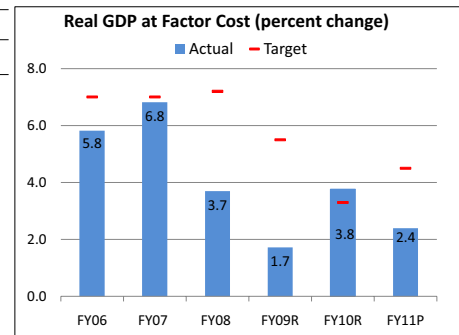
Monetary Policy Information Compendium

July 2011

Real GDP (fc) growth moderated to 2.4 percent in FY11 mainly due to lackluster performance of the industrial sector affected by infrastructure constraints and unfavorable law & order situation in the country.

Income Approach- GDP at Constant Factor Cost (fc) of 1999-00, % changes

	FY10 (R)	FY11 (P)		
		Growth	Shares	Contribution
Agriculture of which	0.6	1.2	20.9	0.3
Major crops	-2.4	-4.0	6.5	-0.3
Minor crops	-7.8	4.8	2.3	0.11
Livestock	4.3	3.7	11.5	0.4
Industry of which	8.3	-0.1	25.8	-0.02
Manufacturing	5.5	3.0	18.7	0.6
Large-scale	4.9	1.0	12.1	0.1
Small-scale	7.5	7.5	5.1	0.4
Construction	28.4	0.8	2.5	0.02
Services of which	2.9	4.1	53.3	2.2
Transport & communication	2.8	1.3	10.0	0.1
Wholesale & retail trade	4.6	3.9	17.2	0.7
Finance & insurance	-11.3	-6.3	4.5	-0.3
Public administration & defence	2.5	13.2	2.7	0.8
Real GDP (fc)	3.8	2.4	-	-
Real GDP (mp)	4.1	2.4	-	-



	FY09	FY10(R)	FY11(P)
Real GDP (fc, billion Rs)	5,476	5,682	5,817
Real GDP (fc, billion US\$)	69.3	67.5	67.9

Expenditure Approach - GDP at Constant Prices of 1999-00, % changes

	FY10 (R)	FY11 (P)		
		Growth	Shares	Contribution
Consumption	3.9	7.0	85.8	6.1
Private	4.0	7.0	76.8	5.4
Government	2.2	7.5	9.0	0.7
Fixed capital formation	-6.1	-0.4	13.3	-0.1
Private	-5.7	-3.1	9.7	-0.3
Public plus general government	-7.3	7.7	3.6	2.8
Changes in Stocks	4.1	2.4	1.6	0.04
Net exports of goods and non-factor services	196.6	-127.8	-0.7	-3.6
Exports of goods and non-factor	15.8	-14.2	14.6	-2.6
Imports of goods and non-factor	4.4	6.1	15.3	1.0
GDP (market prices)	4.1	2.4	100.0	-
Less Indirect taxes plus subsidies	11.4	1.7	-5.7	-0.1
GDP (fc)	3.8	2.4	105.7	-
Total Domestic Demand*	2.3	5.9	-	-

*Domestic demand is calculated as sum of consumption and investment expenditures on real GDP; ^ GDP in dollar terms is calculated using average exchange rate during the year.

Source: Federal Bureau of Statistics; Note: LSM data pertains to Jul-Feb FY11; R: Revised; P: Provisional; T: Target

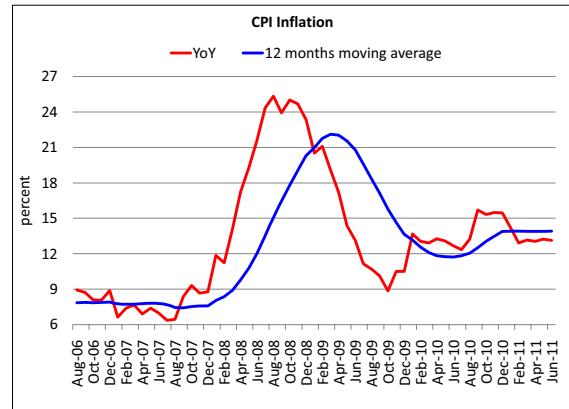


Inflation

Headline CPI inflation (YoY) is hovering around 13 percent since February 2011.

Consumer Price Index (CPI) (percent change)

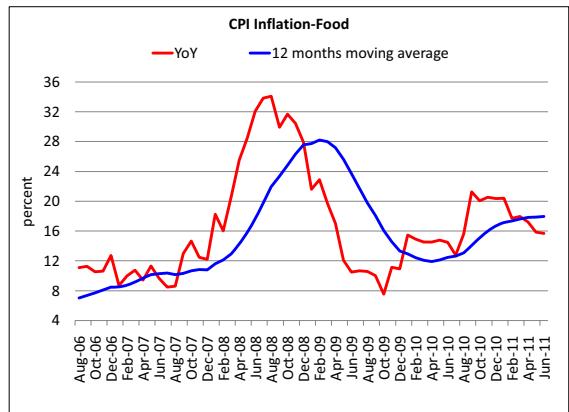
	MoM*	YoY#	12M moving average
Jun-10	0.6	12.7	11.7
Jul-10	1.2	12.3	11.8
Aug-10	2.5	13.2	12.0
Sep-10	2.7	15.7	12.5
Oct-10	0.6	15.3	13.1
Nov-10	1.5	15.5	13.5
Dec-10	-0.5	15.5	13.9
Jan-11	1.3	14.2	13.9
Feb-11	-0.7	12.9	13.9
Mar-11	1.5	13.2	13.9
Apr-11	1.6	13.0	13.9
May-11	0.2	13.2	13.9
Jun-11	0.6	13.1	13.9
5-year Avg for June (excluding FY11)	0.9	12.4	



Food inflation (YoY) has declined for the third consecutive month in June 2011.

CPI - Food (40.3% weight in basket) (percent change)

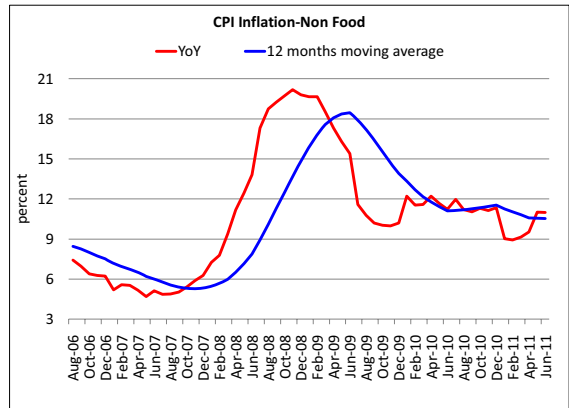
	MoM*	YoY#	12M moving average
Jun-10	0.7	14.5	12.5
Jul-10	1.5	12.8	12.6
Aug-10	5.1	15.6	13.1
Sep-10	5.3	21.2	14.0
Oct-10	0.1	20.1	15.1
Nov-10	2.2	20.5	15.9
Dec-10	-1.9	20.4	16.7
Jan-11	2.1	20.4	17.1
Feb-11	-2.1	17.7	17.4
Mar-11	2.0	18.0	17.6
Apr-11	1.4	17.2	17.8
May-11	-1.1	15.9	17.9
Jun-11	0.5	15.7	18.0
5-year Avg for June (excluding FY11)	1.0	14.9	



Non-food inflation (YoY) rose to double-digits during the last two months after remaining below 10 percent in the previous four months.

CPI - Non Food (59.7% weight in basket) (percent change)

	MoM*	YoY#	12M moving average
Jun-10	0.6	11.2	11.1
Jul-10	1.0	12.0	11.1
Aug-10	0.3	11.2	11.2
Sep-10	0.3	11.0	11.2
Oct-10	1.1	11.3	11.3
Nov-10	0.9	11.1	11.4
Dec-10	0.8	11.4	11.5
Jan-11	0.6	9.0	11.3
Feb-11	0.5	8.9	11.0
Mar-11	1.0	9.1	10.8
Apr-11	1.8	9.5	10.6
May-11	1.4	11.0	10.5
Jun-11	0.6	11.0	10.5
5-year Avg for June (excluding FY11)	0.8	10.6	



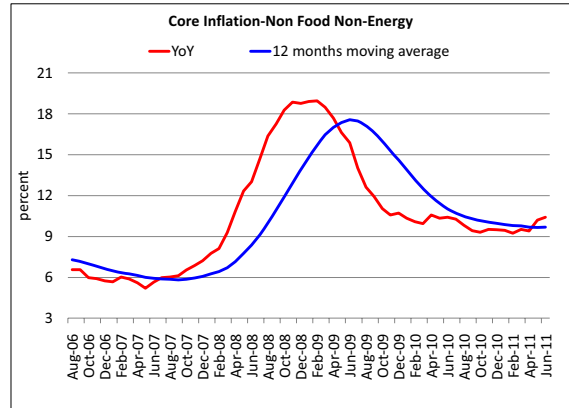
* Month-on-Month
Year-on-Year

Source: Federal Bureau of Statistics



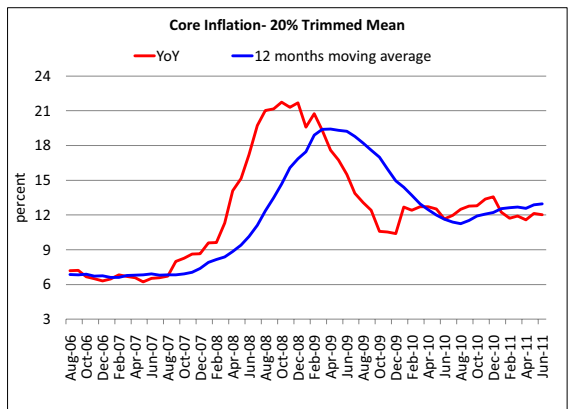
The non-food non-energy (NFNE) measure of core inflation (YoY) rose for the second consecutive month in June 2011 after remaining between 9.2 and 9.8 percent during the previous 9 months.

Core - Non-food non-energy (51% weight in basket) (percent change)			
	MoM	YoY	12M moving average
Jun-10	0.7	10.4	11.0
Jul-10	0.5	10.3	10.7
Aug-10	0.4	9.8	10.5
Sep-10	0.4	9.4	10.3
Oct-10	0.7	9.3	10.1
Nov-10	1.0	9.5	10.1
Dec-10	0.7	9.5	10.0
Jan-11	0.7	9.4	9.9
Feb-11	0.6	9.2	9.8
Mar-11	1.0	9.5	9.8
Apr-11	1.6	9.4	9.7
May-11	1.3	10.2	9.7
Jun-11	0.9	10.4	9.7
5-year Avg for June (excluding FY11)	0.8	10.3	



The 20% trimmed mean measure of core inflation (YoY) remained close to last month's level in June 2011.

Core - 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
Jun-10	0.7	11.7	11.6
Jul-10	0.7	12.0	11.4
Aug-10	0.7	12.5	11.2
Sep-10	0.9	12.8	11.5
Oct-10	1.0	12.8	11.9
Nov-10	1.2	13.4	12.1
Dec-10	0.7	13.6	12.2
Jan-11	0.9	12.2	12.6
Feb-11	0.4	11.7	12.6
Mar-11	1.1	11.9	12.7
Apr-11	1.2	11.6	12.6
May-11	0.9	12.1	12.9
Jun-11	0.7	12.0	13.0
5-year Avg for June (excluding FY11)	0.9	11.5	



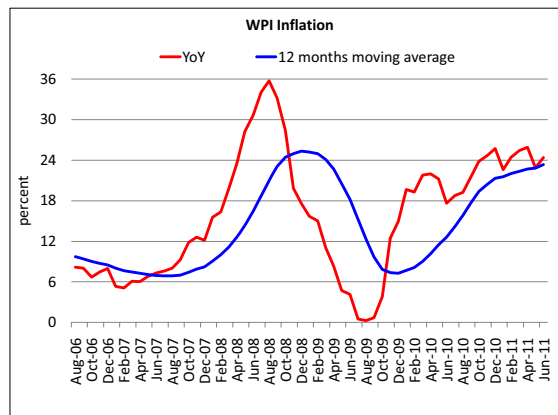
Source: Federal Bureau of Statistics



The WPI inflation (YoY) increased in June 2011, largely due to increase in prices of non-food items.

Wholesale Price Index (WPI) (percent change)

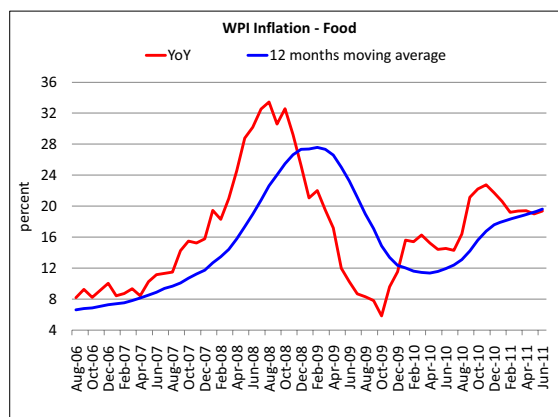
	MoM	YoY	12M moving average
Jun-10	-0.6	17.6	12.6
Jul-10	1.7	18.7	14.2
Aug-10	2.6	19.2	15.9
Sep-10	2.1	21.5	17.7
Oct-10	3.1	23.8	19.4
Nov-10	3.5	24.7	20.4
Dec-10	1.1	25.7	21.3
Jan-11	1.6	22.6	21.6
Feb-11	1.9	24.4	22.0
Mar-11	3.3	25.4	22.3
Apr-11	2.3	25.9	22.7
May-11	-1.6	22.9	22.8
Jun-11	0.6	24.4	23.4
5-year Avg for June (excluding FY11)	1.3	13.8	



WPI food inflation (YoY) witnessed an uptick in June 2011.

WPI - Food (42.1% weight in basket) (percent change)

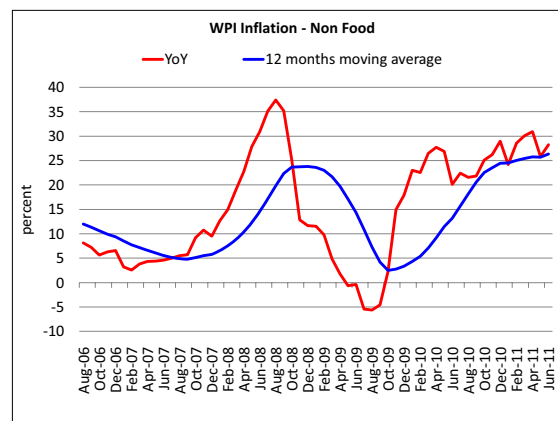
	MoM	YoY	12M moving average
Jun-10	1.2	14.5	11.9
Jul-10	1.9	14.3	12.4
Aug-10	4.2	16.4	13.1
Sep-10	4.5	21.1	14.2
Oct-10	1.8	22.2	15.6
Nov-10	2.3	22.7	16.8
Dec-10	-1.5	21.7	17.6
Jan-11	1.7	20.6	18.0
Feb-11	-0.6	19.2	18.3
Mar-11	1.8	19.4	18.6
Apr-11	0.8	19.4	18.9
May-11	-0.2	19.0	19.3
Jun-11	1.5	19.4	19.6
5-year Avg for June (excluding FY11)	1.4	14.6	



The WPI non-food inflation (YoY) increased, relatively sharply to food inflation, in June 2011 due to higher raw material and fuel prices.

WPI - Non Food (57.9% weight in basket) (percent change)

	MoM	YoY	12M moving average
Jun-10	-2.0	20.1	13.2
Jul-10	1.5	22.5	15.7
Aug-10	1.4	21.6	18.2
Sep-10	0.2	21.8	20.6
Oct-10	4.2	25.1	22.6
Nov-10	4.4	26.2	23.5
Dec-10	3.1	29.0	24.4
Jan-11	1.6	24.2	24.5
Feb-11	3.8	28.6	25.0
Mar-11	4.5	30.1	25.4
Apr-11	3.3	30.9	25.8
May-11	-2.5	25.8	25.7
Jun-11	-0.1	28.3	26.3
5-year Avg for May (excluding FY11)	1.2	13.2	



Sources: Federal Bureau of Statistics



CPI Inflation (YoY) by Groups

Headline CPI inflation (YoY) is hovering around 13 percent since February 2011.

Groups	Weights	Jun-11			May-11		
		MoM	YoY	12m MA*	MoM	YoY	12m MA*
I. Food Group	40.3	0.5	15.7	18.0	-1.1	15.9	17.9
II. Non-Food Group	59.7	0.6	11.0	10.5	1.4	11.0	10.5
Apparel, Textile etc.	6.1	0.5	13.5	12.0	1.8	13.7	11.6
House Rent	23.4	1.0	8.1	7.3	1.0	7.5	7.4
Fuel and Lighting	7.3	-0.5	10.8	15.3	0.8	12.1	15.8
Furniture etc.	3.3	0.1	11.2	10.2	1.0	11.9	9.8
Transport etc.	7.3	-0.3	14.8	14.4	3.3	15.9	14.5
Recreation etc.	0.8	0.1	0.8	9.9	0.1	0.8	11.1
Education	3.5	1.6	7.4	6.1	1.2	5.7	6.2
Cleaning, Laundry etc.	5.9	1.7	17.6	12.5	1.6	17.2	11.9
Medicare	2.1	0.6	17.3	15.1	2.3	18.1	14.5
Overall	100	0.6	13.1	13.9	0.2	13.2	13.9

SPI inflation (WoW) has been lower during July 2011 as compared to the previous month.

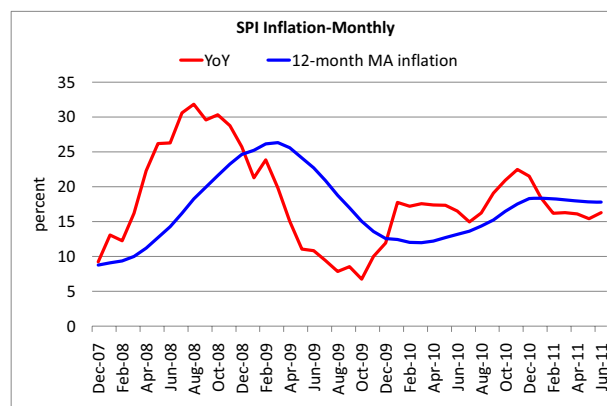
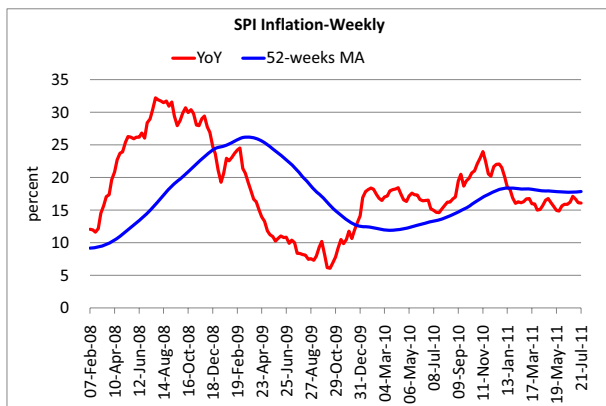
Sensitive Price Indicator (SPI) (percent change)

Income Groups	Percent change (WoW)				Jun-11		
	Current	Last week	Two weeks ago	Three weeks ago	MoM	YoY	12m MA*
	21-Jul-11	14-Jul-11	7-Jul-11	30-Jun-11			
Up to Rs 3000	0.05	0.03	0.72	0.87	1.2	16.9	18.2
Rs 3001-5000	0.05	0.02	0.75	0.97	1.2	16.3	17.8
Rs 5001-12000	0.05	0.03	0.73	0.84	1.3	15.5	17.4
Above Rs 12000	0.08	0.02	0.33	0.73	1.0	15.9	17.4
All	0.06	0.03	0.53	0.83	1.2	16.3	17.8

Sources: Federal Bureau of Statistics

WoW: Week on Week

*These changes are calculated on the basis of 12 month average of CPI over the 12 month average of preceding year.





Balance of Payments

Reduction in trade deficit, record increase in workers' remittances, and flood related inflows turned the external current account into surplus during FY11.

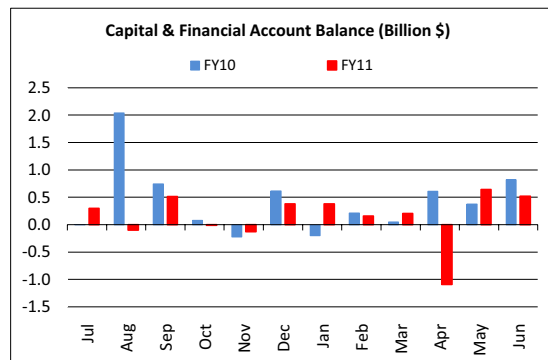
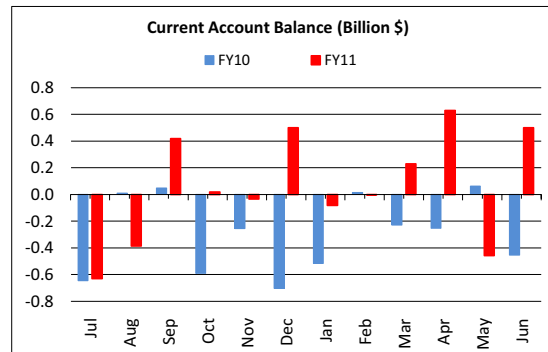
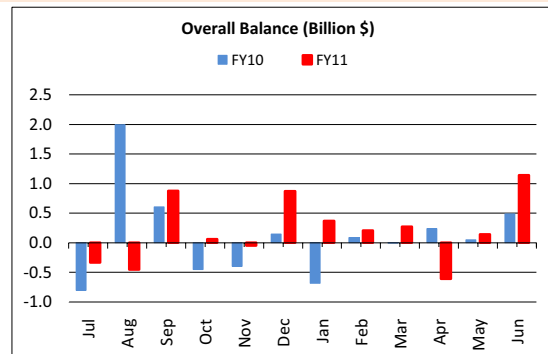
Balance of Payments Summary (million \$)

Items	Jun-11	FY11	FY10
A) Current account	501	542	-3,946
1. Trade balance	-692	-10,175	-11,536
Exports	2,665	25,462	19,673
Imports	3,357	35,637	31,209
2. Services (net)	-361	-2,135	-1,690
Receipts	416	5,455	5,229
Payments	777	7,590	6,919
3. Income (net)	-108	-2,952	-3,282
Receipts	92	714	561
Payments	200	3,666	3,843
4. Current transfers (net)	1,662	15,804	12,562
Receipts: of which	1,670	15,886	12,672
Remittances	1,105	11,201	8,906
Payments	8	82	110
B) Capital and financial account: of which	522	1,843	5,272
1. Foreign investment	169	1,869	2,010
FDI (net) ²	171	1,531	2,075
FPI	-2.0	338	-65
2. Foreign long term loans	365	289	1,884
Disbursements	472	2,245	4,134
Amortization	107	1,956	2,250
C) Errors & omissions	117	108	-60
Overall balance (A+B+C)	1,140	2,493	1,266
SBP gross reserves¹	16,614	16,614	13,953

¹ These include sinking funds (earmarked for specific purposes) and foreign currency holdings of SBP, and exclude claim on RBI.

² Net FDI inflows equals direct investment in Pakistan less direct investment made by Pakistan abroad.

Source: Statistics & Data Warehouse Department (S&DWD), SBP



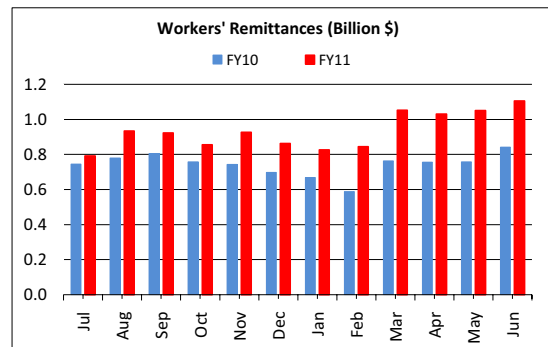
Pakistan received record amount of workers' remittances during FY11.

Workers' Remittances² (million \$)

	Jun-11	FY11	FY10
Total: of which	1,105	11,201	8,905
USA	205	2,069	1,771
UK	106	1,200	876
Saudi Arabia	292	2,670	1,918
UAE	270	2,598	2,039
GCC ³	121	1,306	1,238
Others	111	1,359	1,063

² Only cash, ³ Kuwait, Qatar, Bahrain and Oman

Source: Statistics & Data Warehouse Department (S&DWD), SBP



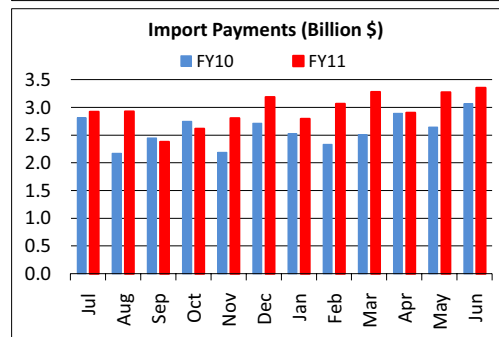
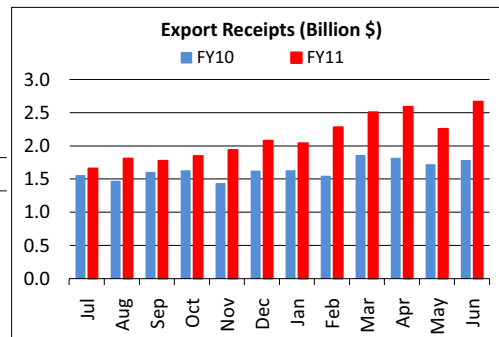
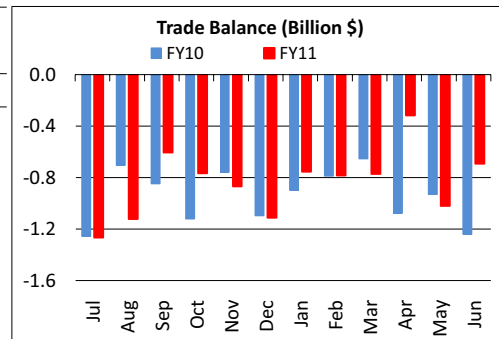


Trade

The trade deficit decreased in June 2011 mainly due to higher export receipts.

Trade in Goods -Major Groups (million \$)

	Jun-11	FY11	FY10	Shares ¹ FY11
Exports	2,665	25,461	19,673	100
Textile group	1,367	13,076	10,182	51
Cotton cloth	237	2,444	1,880	10
Knitwear, bedwear	482	4,734	3,702	19
Readymade garments	112	1,092	964	4
Other manufactures group	426	4,243	3,526	17
Leather items ²	88	895	700	4
Chemical and pharma	128	1,090	855	4
Cement	49	496	511	2
Engineering goods	35	425	301	2
Food group	503	4,128	3,289	16
Rice	182	2,118	2,135	8
All Others	369	4,014	2,675	16
Imports	3,357	35,637	31,209	100
Petroleum group	1,385	12,317	10,463	35
Petroleum products	863	8,254	6,646	23
Petroleum crude	522	4,064	3,817	11
Machinery group	309	3,926	4,133	11
Power machinery	69	714	837	2
Electrical machinery	37	500	587	1
Agri. & other chemicals group	554	5,652	5,284	16
Fertilizer manufactured	30	460	867	1
Plastic materials	126	1,392	1,127	4
Food group	295	4,546	3,079	13
Palm oil	155	1,850	1,239	5
Sugar	2	650	287	2
Metal group	175	2,034	2,028	6
Iron steel (IS) & IS scrap	137	1,575	1,615	4
All Others	639	7,162	6,222	20

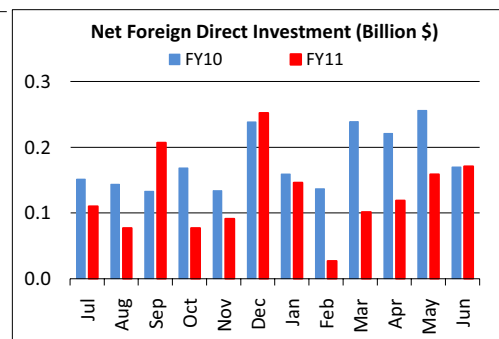


¹ Share=group(item)/total, based on FY11value; ² Include tanned and manufactured leather

FDI inflows remain subdued during FY11.

Foreign Direct Investment inflows in Pakistan (million \$)³

	Jun-11	FY11	FY10
Total: Of which	162	1,574	2,151
Major countries			
USA	26	239	468
UAE	15	284	243
UK	28	208	295
Netherlands	-5	-44	279
Major sectors			
Communication	-20	-34	291
Financial service	28	247	163
Oil & gas exploration	79	512	741
Power	24	156	-121
Trade	5	53	117



³ The numbers in this table show gross FDI inflows and therefore may not match with the numbers in Balance of Payments table.

Source: Statistics & Data Warehouse Department (S&DWD), SBP



Global Economy

To contain emerging inflationary pressures, the central banks of Europe, China, India and Thailand raised their policy rates in July 2011.

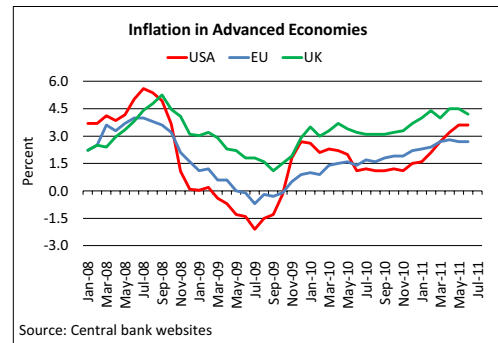
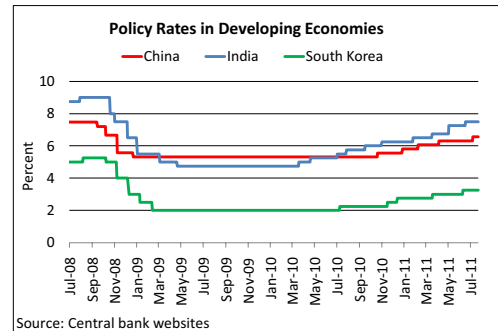
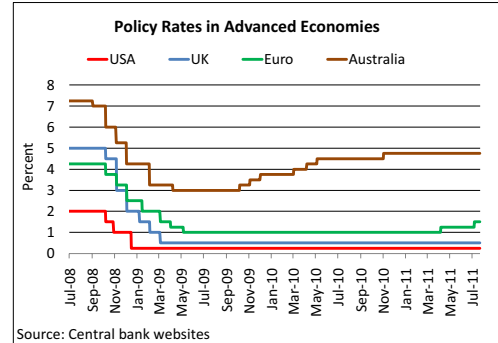
Policy Rates in Major Economies

Major Economies	Current Policy Rate	Previous	Previous	Change (bps)
USA*	0.25	1.00	Dec 16 2008	↓ -75
UK	0.50	1.00	Mar 05 2009	↓ -50
ECB	1.50	1.25	Jul 07 2011	↑ 25
Japan*	0.10	0.30	Dec 20 2008	↓ -20
Canada	1.00	0.75	Sep 08 2010	↑ 25
Australia	4.75	4.50	Nov 02 2010	↑ 25
China	6.56	6.31	Jul 07 2011	↑ 25
India	8.00	7.50	Jul 26 2011	↑ 50
South Korea	3.25	3.00	Jun 10 2011	↑ 25
Malaysia	3.00	2.75	May 05 2011	↑ 25
Indonesia	6.75	6.50	Feb 04 2011	↑ 25
Thailand	3.25	3.00	Jul 13 2011	↑ 25

Growth in most of the economies, except China, moderated in first quarter of 2011.

Key Macroeconomic Indicators

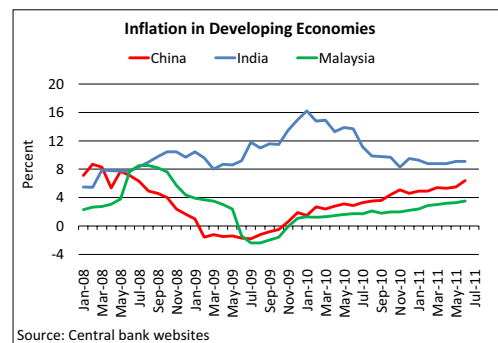
	Inflation (YoY) ¹	GDP Growth ²	Current Account Balance	Fiscal Balance
	Jun-11	Q1-2011	as a percentage of GDP (Q1-2011)	
USA	3.6	1.6 (Q2-11)	-3.4	-9.1
UK	4.2	1.6	-2.0	-9.0
Euro Area	2.7	2.5	-0.4	-4.3
Japan	0.2	-1.0	2.6	-8.0
Australia	3.6	1.0	-2.2	-2.5
China	6.4	9.5 (Q2-11)	3.1	-2.1
India	8.7 (May-11)	7.8	-3.4	-4.8
Sri Lanka	7.1	7.9	-	-
South Korea	4.4	3.4 (Q2-11)	2.7	1.6
Malaysia	3.5	4.6	9.7	-5.6
Indonesia	5.5	6.5	1.1	-1.2
Thailand	4.1	3.0	2.3	-3.1



In addition to IMF and OECD, the World Bank estimates also show the global GDP growth to be moderate in 2011.

World Economic Outlook - Real GDP Growth

	2010 (IMF Estimated)	2011 Projections		
		IMF (Jun-11)	World Bank (Jun-11)	OECD (Jun-11)
World output	5.1	4.3	3.2	-
Advance	3.0	2.2	2.2	-
US	2.9	2.5	2.6	2.6
Euro area	1.8	2.0	1.7	2.0
Japan	4	-0.7	0.1	-0.9
UK	1.3	1.5	-	1.4
Emerging & Developing	7.4	6.6	6.3	-
Russia	4.0	4.8	4.4	4.2
China	10.3	9.6	9.3	9.7
India	10.4	8.2	8.0	8.2
ASEAN-5	6.9	5.4	-	-



* US Federal Reserve and Bank of Japan are currently operating under an interest rate bands of 0 to 0.25 percent and 0 to 0.1 percent respectively.

Sources: Bloomberg, IMF, OECD, The Economist and Central Bank Websites.



International commodity prices significantly eased during the last two months mainly due to economic uncertainty caused by European and US debt related issues.

World Commodity Price Indices (2005=100)

	Jun-11	% change since	
		Last month	End Jun-10
Global CPI	195.1	↓ -1.49	↑ 40.29
Food CPI	184.1	↓ -2.98	↑ 31.54
Commodity non-fuel CPI	194.0	↓ -1.52	↑ 40.75
Metal CPI	235.7	↓ -1.57	↑ 55.91
Crude oil (\$/bbl)	105.9	↓ -2.15	↑ 41.64
Palm oil (\$/m. ton)	1075.9	↓ -5.91	↑ 40.66
Soya bean Oil (\$/m. ton)	1250.1	↓ -0.45	↑ 52.26
Wheat (\$/m. ton)	326.5	↓ -7.90	↑ 107.05
Gold spot (\$/Oz)	1615.8	↑ 7.69	↑ 30.07
Sugar (US cents/pound)	35.1	↑ 2.69	↑ 22.03

Source: IMF-IFS

The debt related issues in Europe and US have also affected the performance of global stock markets in recent months.

Capital Market Indices

	Latest - July 29, 2011	% change since	
		Last month	End Jun-10
US (DJIA)	12240.1	↑ 2.6	↑ 25.2
DJ EURO STOXX	2663.6	↓ -1.9	↑ 3.5
UK (FTSE 100)	5851.7	↑ 2.7	↑ 19.0
Japan (Nikkei 225)	9833.0	↑ 1.6	↑ 4.8
China (SSEA)	2701.7	↓ -1.6	↑ 5.4
France (CAC 40)	3677.9	↓ -2.8	↑ 6.8
Germany (DAX)	7128.7	↑ 0.1	↑ 19.5
India (BSE)	18232.3	↓ -0.05	↑ 5.4
World dev'd (MSCI) ³	1324.1	↑ 2.7	↑ 26.7
Emerging markets (MSCI) ³	1136.8	↑ 1.9	↑ 25.2
World all (MSCI) ³	339.9	↑ 2.6	↑ 26.5

¹ Inflation is YoY percent changes in CPI.

² Growth is measured as percentage change over the same quarter of previous year.

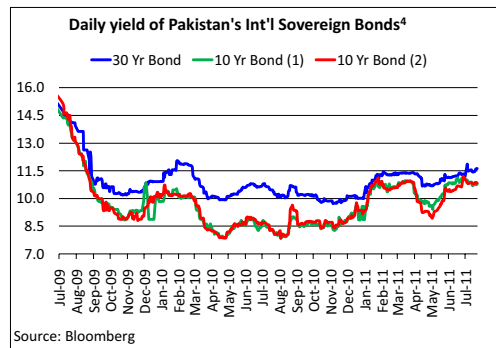
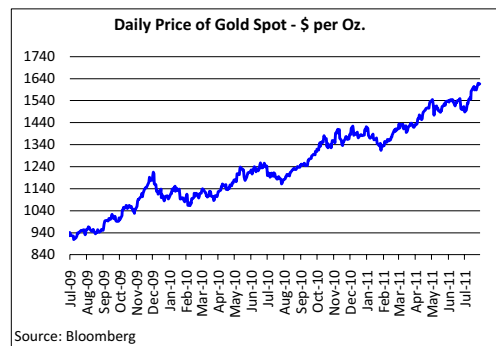
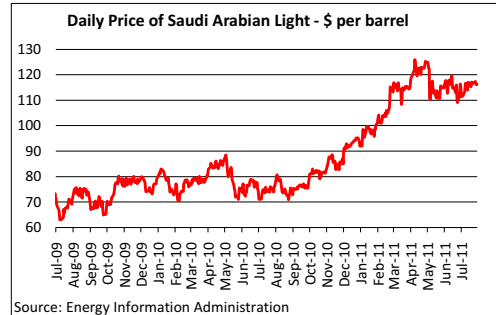
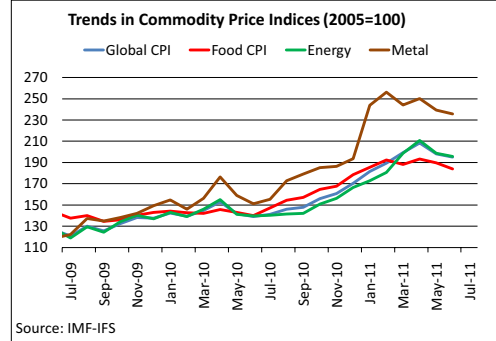
³ May 11, 2011

⁴ **30 Yr Bond** = \$300 M (30 Yr US T bill+302 bps=>**7.875%**): Issued - Mar 24, 2006: Maturity - Mar 23, 2036

10 Yr Bond (1) = \$750 M (10 Yr US T bill+200 bps=>**6.875%**): Issued - Jun 1, 2007: Maturity - May 31, 2017

10 Yr Bond (2) = \$500 M (10 Yr US T bill+240 bps=>**7.125%**): Issued - Mar 24, 2006: Maturity - Mar 23, 2016

Sources: Bloomberg, IMF, OECD, The Economist and Central Bank Websites



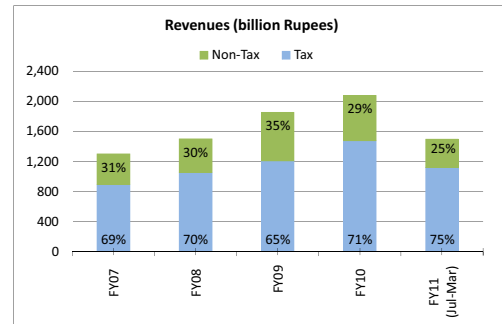


Revenues, Expenditures and Fiscal Balances

The latest available data on fiscal accounts for July-March 2011 suggest that fiscal deficit is likely to miss the revised target for FY11.

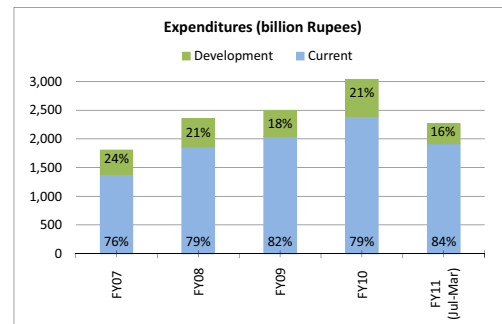
Revenues (billion Rs)

	FY11			FY10 ³
	BE ¹	RE ²	(Jul-Mar)	
Total revenues	2,574	2,485	1495	2078
Tax revenue	1,859	1,881	1118	1473
Growth (YoY) %	-	-	10.1	10.7
of which: FBR revenue:	1,667	1,655	1017	1327
Non-tax revenues	716	605	378	605
Growth (YoY) %	-	-	-2.5	16.4



Expenditures (billion Rs)

	FY11			FY10 ³
	BE ¹	RE ²	(Jul-Mar)	
Total expenditures	3,259	3,297	2279	3007
Current ⁴	2,519	2,910	1910	2354
Growth (YoY) %	-	-	14.8	13.4
Interest payments	-	-	507	642
Defence	-	-	335	375
Development & net lending	740	387	353	653
Growth (YoY) %	-	-	-3.1	43.2



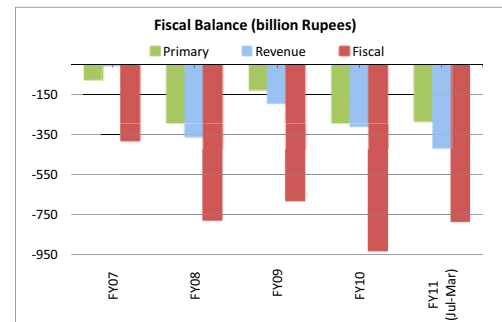
Overall Balance (billion Rs)

	FY11			FY10 ³
	BE ¹	RE ²	(Jul-Mar)	
Fiscal Balance⁵	-685	-811	-783	-929
Revenue Balance ⁶	-	-	-467	-308
Primary Balance ⁷	-	-	-276	-287

Government's reliance on domestic sources for financing, especially from the banking system, has increased due to less than expected receipts from external sources.

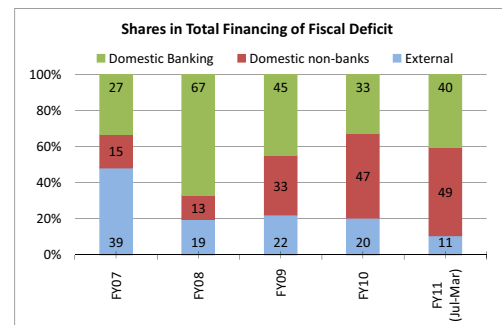
Financing of Fiscal Deficit (billion Rs)

	FY11		FY10 ³
	BE ¹	(Jul-Mar)	
Financing	685	783	929
1. External	186	83	189
2. Domestic: of which	499	700	740
Non-bank	333	384	436
Banking system: of which	166	316	305
Schedule Banks	166	333	263
SBP	0	-16	42
Privatization proceeds	-	-	-



FBR Tax Collection (billion Rs)

	Direct	Sales	Customs	FED ⁸	Total taxes
Jun-10	101	51	21	18	191
Jul-10	18	41	11	7	77
Aug-10	26	52	12	10	100
Sep-10	52	41	14	9	116
Oct-10	34	47	12	10	104
Nov-10	33	46	13	11	103
Jan-11	37	47	14	11	108
Feb-11	37	45	14	10	106
Mar-11	66	49	18	11	144
Apr-11	50	52	15	13	130
May-11	50	78	18	17	163
Jul-May FY11⁹	481	553	159	120	1312
Jul-June FY10	529	517	161	121	1329



Sources: Ministry of Finance (MoF), Federal Board of Revenue (FBR) and State Bank of Pakistan (SBP)

¹ Budget Estimates-as announced in the Federal Budget for FY11; ² Revised estimates according to Fiscal Policy Statement 2010-11; ³ Final numbers from Consolidated Fiscal Accounts, Ministry of Finance; ⁴ Inclusive of unidentified expenditures; ⁵ Fiscal balance = total revenue - total expenditure; ⁶ Revenue balance = total revenue - current expenditure; ⁷ Primary balance = total revenue - total expenditure + interest payment; ⁸ Federal excise duty; ⁹ FY11 data is provisional, while the figures for June 2011 are not finalized yet.

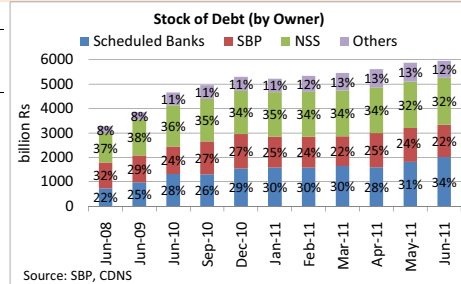


Government Domestic Debt

Government's domestic debt increased by 28 percent during FY11.

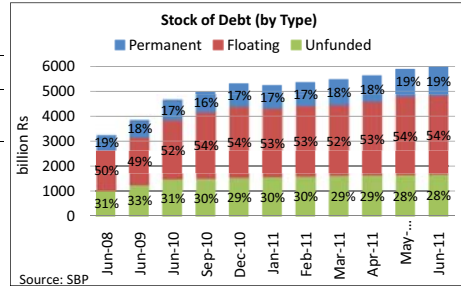
Debt by Owner - end period stocks (billion Rs)

	FY11	Change	FY10
Bank	3,328.1	888.3	2,439.9
Commercial banks	2,007.5	695.7	1,311.8
SBP	1,320.6	192.6	1,128.1
Non-bank	2,627.7	416.6	2,211.1
National Saving Schemes (NSS)	1,930.2	236.7	1,693.5
Others	697.5	180.0	517.5
Foreign Currency Instruments ¹	1.4	-1.7	3.1
Total	5,957.2	1,303.2	4,654.0



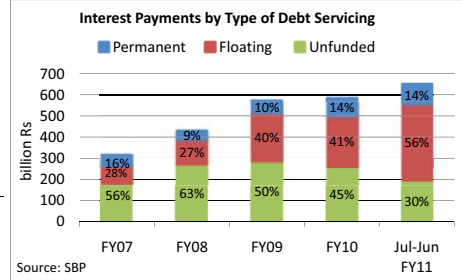
Debt by Type - end period stocks (billion Rs)

	FY11	Change	FY10
Long term	2,777.6	525.7	2,251.8
Permanent: of which	1,124.4	330.2	794.3
PIBs	618.5	113.2	505.3
Prize bonds	277.1	41.1	236.0
Unfunded: of which	1,653.1	195.6	1,457.5
NSS ²	1,543.2	192.7	1,350.5
Short term (floating): of which	3,178.2	779.1	2,399.1
MTBs	1,817.6	590.2	1,227.4
MRTBs-replenishment	1,360.6	189.0	1,171.7
Foreign Currency Instruments ¹	1.4	-1.7	3.1
Total	5,957.2	1,303.2	4,654.0



¹ It includes FEBCs, FCBCs, DBCs and special USD bonds held by the residents.

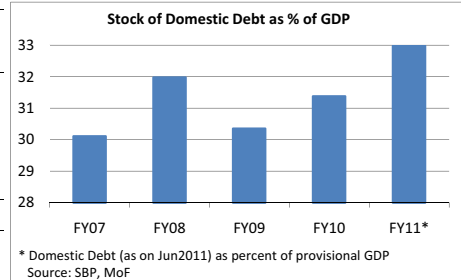
² NSS includes certificates and saving accounts only.



Share of interest payments for floating debt in total debt servicing during FY11 has increased to more than 50 percent.

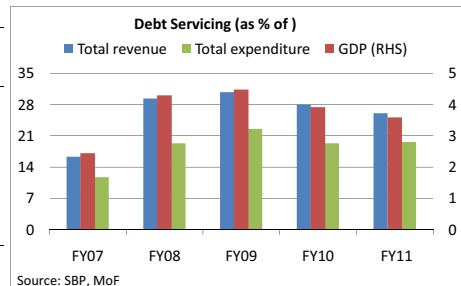
Debt Servicing (billion Rs)

	FY11	Change (%)	FY10
Permanent ³	91.8	23.6	74.3
Floating	361.4	49.9	241.1
Unfunded	194.7	-25.7	262.1
Total	647.9	12.2	577.5



Indicators of Domestic Debt Sustainability

	Debt Stock as % of GDP					
	FY07	FY08	FY09 ⁴	FY10 ⁴	FY11 ⁵	
	30.1	32.0	30.3	31.4	33.0	
Debt Servicing as % of	FY07					
	FY07	FY08	FY09 ⁴	FY10 ⁴	FY11 ⁶	
	GDP	2.4	4.3	4.5	3.9	3.6
	Total revenue	16.3	29.4	30.8	28.0	26.1
	Tax revenue	23.8	41.9	47.3	39.5	34.4
	Total expenditure	11.8	19.3	22.5	19.3	19.7
Current expenditure	15.4	23.8	27.9	24.4	22.3	



³ Includes Prize bonds; ⁴ Revised GDP

⁵ Debt stock (as on June 2011) as percent of provisional GDP for FY11.

⁶ Debt Servicing during Jul-Jun FY11 as percent of provisional GDP and revised projections of revenue and expenditure.

Sources: Central Directorate of National Savings (CDNS), SBP and Ministry of Finance (MoF) ^P: Provisional figures



External Debt

Stock of external debt continues to increase during FY11, albeit at a slower pace, mainly due to loans from multilateral institutions and Paris club.

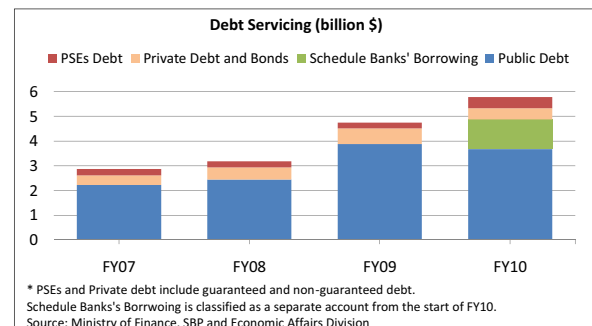
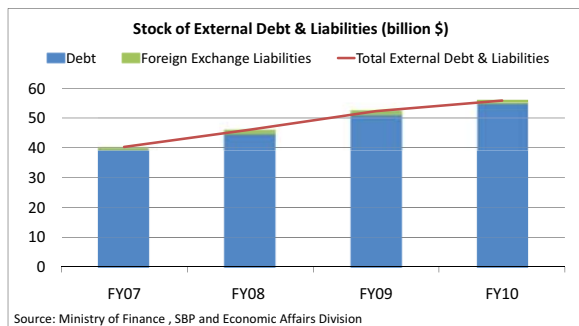
Debt & Liabilities - end period stocks (million \$)				Debt Servicing (million \$)		
Items	Mar-11 ¹	FY10 ¹	Change	Items	Jul-Mar FY11	FY10 ¹
1. Public debt (a+b+c)	55,604	52,107	3,497	1. Public debt (a+b+c)	1,990	3,672
a) Government Debt	45,565	42,908	2,657	a) Government debt	1,642	3,134
i) Medium and long term (>1 yr)	44,649	42,115	2,534	Principal	1,119	2,403
Paris club	15,133	13,958	1,175	Interest	523	731
Multilateral	25,147	23,694	1,453	b) From IMF	315	359
Other bilateral	1,850	1,782	68	Principal	186	240
Euro/Sukuk global bonds	1,550	1,550	0	Interest	129	120
Military debt	167	167	0	c) Foreign exchange liabilities	33	178
Commercial loans/credits	0	0	0	Principal	22	152
Local currency bonds (TBs & PIBs)	2	64	-62	Interest	11	27
Saudi fund for development. (SFD)	200	200	0	2. PSEs guaranteed debt	148	157
SAFE China deposits	500	500	0	Principal	131	123
NBP/BOC deposits	100	200	-100	Interest	16	34
ii) Short term (<1 yr)	916	793	123	3. PSEs non-guaranteed debt	190	297
IDB	916	793	123	Principal	171	270
b) From IMF	8,939	8,077	862	Interest	19	27
i) Federal government	1,979	1,055	924	4. Scheduled banks' borrowing	4,378	1,204
ii) Central bank	6,960	7,022	-62	Principal	4,373	1,196
c) Foreign exchange liabilities (FEL)	1,100	1,122	-22	Interest	5	8
2. PSE guaranteed debt	105	159	-54	5. Private guaranteed debt	0	51
3. PSE non-guaranteed debt	1,021	1,087	-66	6. Private non-guaranteed debt	234	383
4. Scheduled banks' borrowing	350	193	157	Principal	188	325
i) Medium and long term (>1 yr)	105	118	-13	Interest	46	58
ii) Short term (<1 year)	245	75	170	7. Private non-guaranteed bonds	5	23
5. Private guaranteed debt	0	0	0	Principal	0	13
6. Pvt. non-guaranteed debt (>1 yr)	2,332	2,231	101	Interest	5	10
7. Private non-guaranteed bonds	124	124	0	Total external debt servicing		
Total external debt (excl. FEL)	58,436	54,779	3,658	(1+2+3+4+5+6+7)	6,945	5,787
Total external debt & liabilities				Principal	6,190	4,772
(1+2+3+4+5+6+7)	59,536	55,901	3,636	Interest	756	1,015

¹Provisional

Debt stock as percent of GDP has declined, while debt servicing as percent of GDP has increased in FY10.

Indicators of External Debt Sustainability

	Debt Stock as % of					Debt Servicing as % of					
	FY06	FY07	FY08	FY09	FY10	FY06	FY07	FY08	FY09	FY10	
GDP	29.4	28.1	30.8	33.4	32.2	GDP	2.3	2.0	2.1	3.0	3.3
Reserves	273.5	249.3	390.1	408.5	322.4	Reserves	21.9	17.3	27.5	37.0	34.2
Exports	218.2	229.8	233.4	285.5	281.2	Exports	17.5	16.6	15.6	24.8	29.4



Sources: Economic Affairs Division and SBP



Total Debt

Increase in both domestic and external debt contributed towards the rise in total debt stock.

Total Debt Stock (billion Rs)

	Mar-11	FY10	Jul-Mar FY11	Share
Total Debt & Liabilities (I to VIII)	11,239.0	10,221.2	1,017.8	100.0
Total Public Debt (I to IV)	10,206.2	9,107.3	1,098.9	90.8
Total External Debt & Liabilities (II to VI)	5,079.1	4,777.6	301.5	45.2
Commodity Operations & PSEs Debt (VI to VIII)	793.4	896.1	-102.7	7.1
<i>I. Government Domestic Debt</i>	5,462.6	4,654.0	808.6	48.6
<i>II. Government External Debt¹</i>	3,887.2	3,667.1	220.1	34.6
<i>III. Debt from IMF</i>	762.6	690.3	72.3	6.8
<i>IV. External Liabilities</i>	93.8	95.9	-2.1	0.8
<i>V. Private Sector External Debt</i>	239.4	217.8	21.6	2.1
<i>VI. PSEs External Debt</i>	96.1	106.5	-10.4	0.9
<i>VII. PSEs Domestic Debt</i>	404.8	375.0	29.8	3.6
<i>VIII. Commodity Operations Debt²</i>	292.5	414.6	-122.1	2.6

Total Debt Servicing (billion Rs)

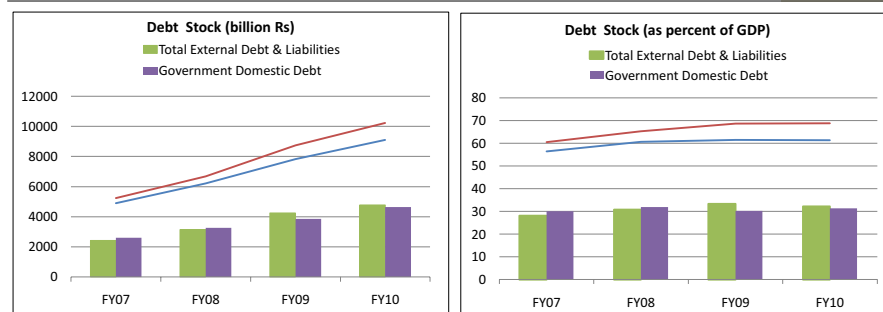
	Jul-Mar FY11	FY10
Total Debt Servicing	1088.3	1082.5
Total Interest Payment	558.3	678.9
<i>Domestic Debt</i>	453.3	577.7
<i>External Debt</i>	63.8	83.6
<i>External Liabilities³</i>	0.9	2.3
<i>Domestic Liabilities</i>	40.3	15.3
Principal Repayment of External Debt & Liabilities	530.0	403.6

Debt stock (as percent of GDP)

	FY07	FY08	FY09	FY10
Total Debt & Liabilities	60.5	65.3	68.7	68.9
Total Public Debt	56.4	60.7	61.5	61.4
Total External Debt & Liabilities	28.1	30.8	33.4	32.2
Government Domestic Debt	30.1	32.0	30.3	31.4
Commodity Operations & PSEs Debt & Liabilities	3.2	3.4	5.6	6.0

Debt servicing (as a percent of)

	FY07	FY08	FY09	FY10
Tax revenue	55.6	61.6	80.5	73.5
Total revenue	38.1	43.2	52.4	52.1
Total expenditure	29.5	28.4	38.3	36.0
Current expenditure	36.0	34.8	47.5	45.4
GDP	5.7	6.3	7.6	7.3



Note: ¹ Rupee value of external debt computed by applying the corresponding end period average exchange rate to the end-period stock; ² This includes borrowings from banks by provincial governments and PSEs for commodity operations; ³ Rupee value of external liabilities computed by applying the corresponding period average exchange

Source: CDNS, Ministry of Finance, Economic Affairs Division and SBP



Monetary and Credit Aggregates

Growth in M2 accelerated in FY11 due to both expansion in NDA, primarily contributed by heavy government budgetary borrowings, and significant accumulation in NFA of the banking system.

Monetary Assets of Banking System

(billion Rs)

	End June 2011 Stocks	Cumulative Flows during	
		FY11	FY10
NFA	780.4	235.1	49.4
NDA	5914.8	682.9	590.6
Government borrowings: of wh.	3020.5	579.6	406.6
Budgetary borrowing	2601.6	590.2	330.4
Commodity operations	397.5	-15.7	77.0
Non-govt. sect. borrowings: of wh.	3546.8	158.0	198.8
Private sector	3141.2	121.3	112.9
PSEs	387.6	36.3	85.0
Other items (net)	-652.6	-54.8	-14.9
M2	6695.2	918.0	640.0

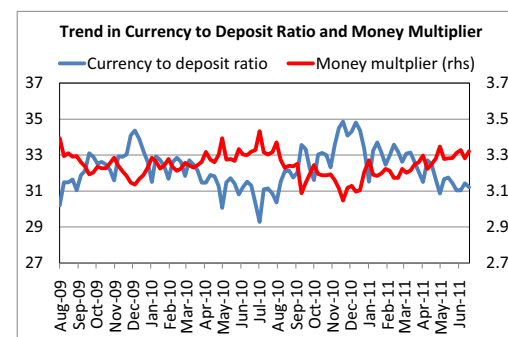
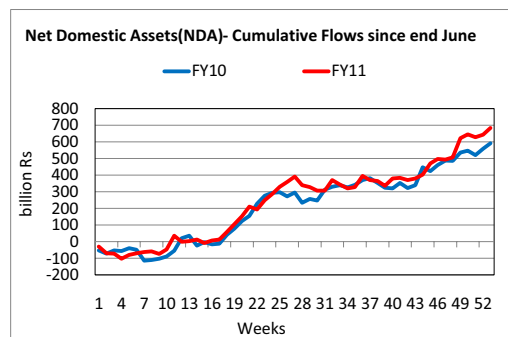
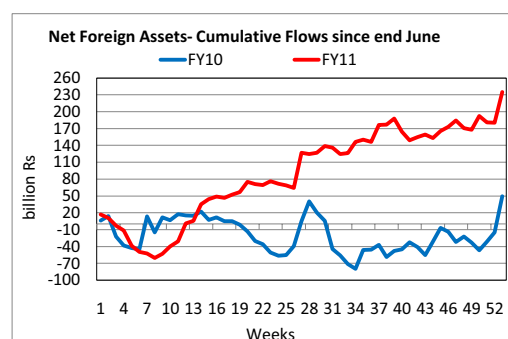
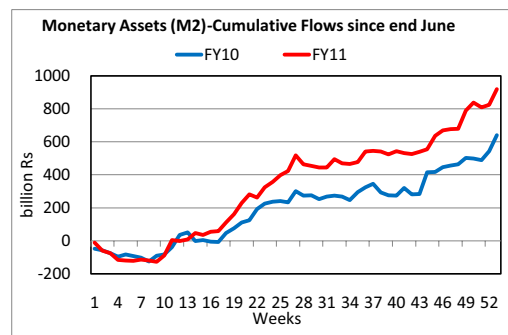
Monetary Liabilities of Banking System

Currency in circulation	1501.4	206.0	143.2
Total deposits with banks	5183.6	708.5	494.8
Demand deposits with banks	4123.5	529.5	387.6
Time deposits with banks	685.2	149.5	42.1
RFCDs with banks	374.9	29.5	65.1
M2	6695.2	918.0	640.0

Percent Growth in Monetary Assets of Banking System

	Year-on-Year	
	FY11	FY10
NFA	43.1	10.0
NDA	13.1	12.7
Government borrowings	23.7	20.0
Budgetary borrowing	29.3	19.7
Commodity operations	-3.8	22.9
Non-government sector borrowings	4.7	6.2
Private sector	4.0	3.9
PSEs	10.3	31.9
Other items (Net)	9.2	2.5
M2	15.9	12.5
Memorandum Items	FY11	FY10
Money multiplier	3.4	3.4
Currency to deposit ratio	29.0	28.9
M2 to GDP ratio	37.1	38.9
Private sector credit to GDP ratio	17.4	20.4

*All FY11 numbers are provisional; Source: Statistics & Data Warehouse Department (S&DWD), SBP



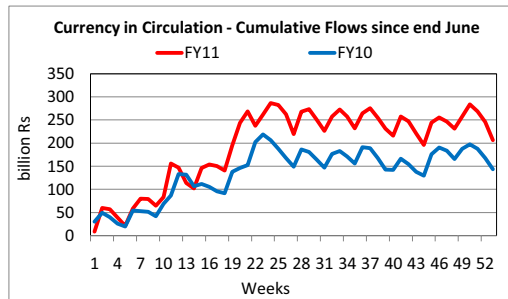
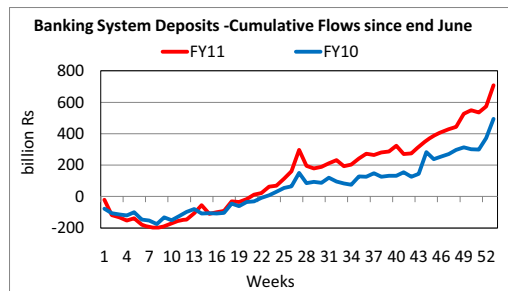
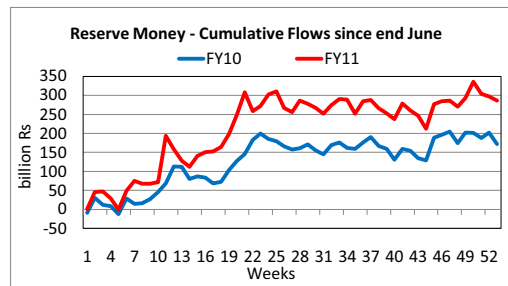


Expansion in reserve money was largely due to a considerable increase in NFA of the SBP.

Monetary Assets of SBP		(billion Rs)	
	End June 2011 Stocks	Cumulative flows during	
		FY11	FY10
NFA	614.1	235.4	75.9
NDA: of which	1351.7	51.1	95.9
Budgetary borrowing	1200.7	-8.0	44.0
Other items (net)	-179.7	51.3	42.3
Net Impact of OMOs/Discounting	63.7	55.9	3.1
Reserve money	1965.8	286.6	171.7

Monetary Liabilities of SBP		(billion Rs)	
	End June 2011 Stocks	Cumulative flows during	
		FY11	FY10
Currency in circulation	1501.4	206.0	143.2
Cash in tills	104.9	17.2	10.7
Bank deposits with SBP (reserves)	10.1	59.9	15.8
Other deposits with SBP	349.4	3.5	2.0

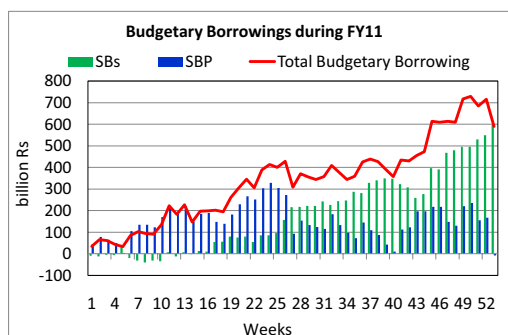
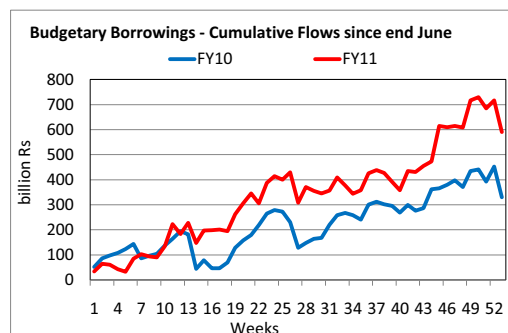
	Percent growth	
NFA of the SBP	62.2	25.0
NDA of the SBP: of which	3.9	8.0
Budgetary borrowing	-0.7	3.8
Other items (net)	-22.2	-15.5
Reserve money	17.1	11.4



Government met the shortfall in financing of fiscal deficit through increased borrowing from scheduled banks.

Details on Government Borrowing for Budgetary Support (billion Rs)		(billion Rs)	
	End June 2011 Stocks	Cumulative flows during	
		FY11	FY10
Budgetary Borrowing	2601.6	590.2	330.4
Federal government	2903.5	714.8	339.7
From SBP	1239.8	98.0	30.1
SBP's Holdings of MRTBs	1317.5	192.6	17.1
From SBs	1663.7	616.7	309.5
Provincial governments	-301.9	-124.6	-9.2
From SBP ¹	-39.1	-106.0	13.9
From SBs ²	-262.8	-18.6	-23.1

Memorandum Items		(billion Rs)	
	End June 2011 Stocks	Cumulative flows during	
		FY11	FY10
Cash basis	2523.3	588.7	304.6
SBP	1154.5	-16.9	41.9
SBs	1368.8	605.7	262.6



¹Current overdraft ceilings for provinces are: Rs37 billion for Punjab; Rs15 billion for Sindh; Rs10.1 billion for KPK; Rs7.1 billion for Baluchistan, Rs2.7 billion for AJK.

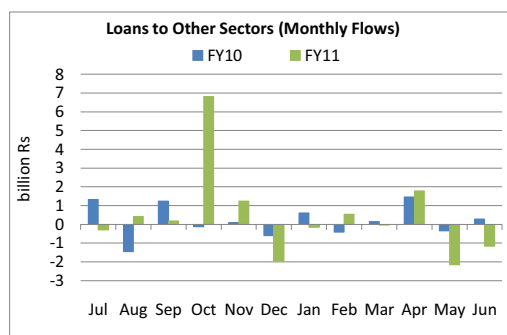
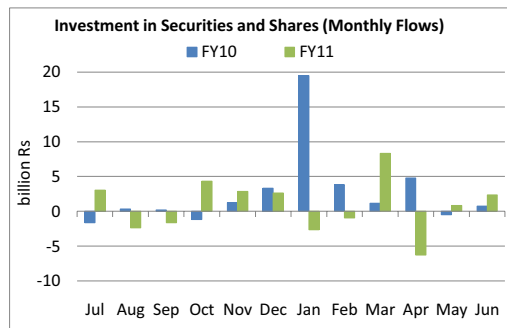
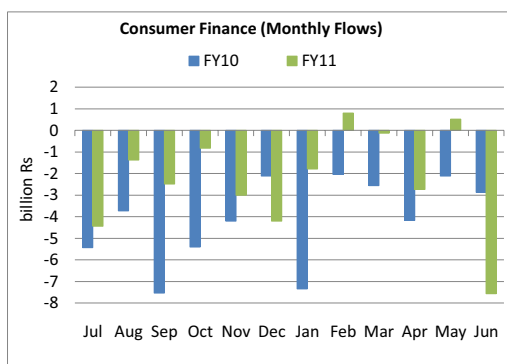
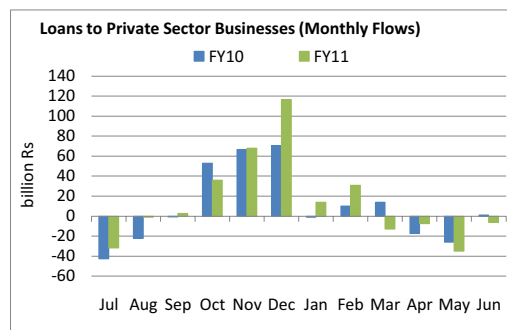
² The end-June 2011 net stock of borrowings was negative as provincial governments' deposits with scheduled banks exceeded their borrowings.



The expansion in private sector credit during FY11 was entirely meant for short-term working capital requirements.

Credit to Private Sector

	End June 2011 Stocks	Flows during (billion Rs)	
		FY11	FY10
Total credit to private sector	3141.2	121.3	112.9
1. Loans to private sector businesses	2431.8	173.2	105.5
By type			
Working capital: of which	1582.2	163.5	40.6
Export finance	266.8	27.0	12.0
Import finance	134.7	29.7	11.1
Fixed investment	849.6	9.7	64.9
By Sectors: of which			
Agriculture	180.5	↑ 11.0	↑ 7.0
Manufacturing: of which	1385.4	↑ 121.9	↑ 31.8
Textiles	514.7	↑ 44.5	↓ -12.8
Food products & beverages	275.3	↑ 61.0	↑ 10.8
Chemicals & products	158.1	↑ 1.3	↑ 19.2
Non-metallic mineral products	94.8	↓ -7.9	↑ 0.7
Wearing apparel, readymade gar	50.0	↑ 1.8	↓ -0.3
Electricity, gas and water	269.4	↑ 53.9	↑ 61.1
Construction	67.7	↑ 0.6	↓ -3.9
Commerce and trade	213.7	↓ -16.0	↓ -4.0
Transport, storage and comm.	106.2	↑ 1.1	↑ 7.8
Services: of which	153.9	↓ -7.3	↑ 11.7
Real estate/renting & business ac	111.0	↓ -2.2	↑ 6.0
2. Personal: of which	294.0	↓ -27.5	↓ -42.7
Consumer financing	217.6	↓ -27.2	↓ -49.5
3. Investment in securities and shares	155.6	↑ 10.5	↑ 31.9
4. Others	259.8	↓ -35.0	↑ 18.2





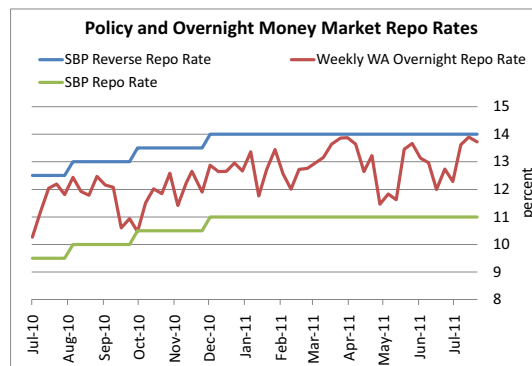
Money Market

Money market overnight repo rate has remained close to the SBP reverse repo rate in July 2011 due to tight market liquidity conditions.

Policy Instruments (%)					
	Current	w.e.f	Previous	w.e.f	Change ¹
SBP reverse repo rate	14.0	30-Nov-10	13.5	30-Sep-10	↑ 50
SBP repo rate	11.0	30-Nov-10	10.5	30-Sep-10	↑ 50
CRR on DL and TL < 1 year	5.0	1-Nov-08	6.0	18-Oct-08	↓ -100
CRR on TL > 1 year	0.0	4-Aug-07	3.0	19-Jan-07	↓ -300
SLR on DL and TL < 1 year	19.0	24-May-08	18.0	22-Jul-06	↑ 100
Islamic banks	19.0	3-Jun-11	14.0	1-Apr-11	↑ 500
SLR on TL > 1 year	0.0	18-Oct-08	19.0	24-May-08	↓ -1900
Islamic banks	0.0	18-Oct-08	9.0	24-May-08	↓ -900

¹ Basis points

DL: Demand Liabilities; TL: Time Liabilities



Banks' holding of excess cash was slightly higher for the week ending on 14th July 2011 compared to last month.

	Weekly Cash Reserve Requirements ¹ (billion Rs)			
	Week Ended		Change since	
	Current	Last month	16-Jun-11	25-Nov-10 ²
	14-Jul-11	16-Jun-11		
Cash Required	217.0	214.4	↑ 2.6	↑ 25.7
Cash Maintained	223.6	219.2	↑ 4.4	↑ 14.8
Excess Cash Reserves (per day)	6.6	5.9	↑ 0.7	↓ -10.9

¹ Weekly CRR is the proportion of total time and demand liabilities that schedule banks are required to maintain with SBP in the form of cash on average during the week (Friday to Thursday). The data is reported by Off-site Supervision and Enforcement Department with a lag of about 1-2 weeks.

² As on Friday preceding the monetary policy decision of a change in policy rate.

	Weighted Average O/N Market Repo Rate Trends (%)				
	01-Jul-2011 - 28-Jul-2011				
	Q1	Q2	Q3	Q4	YTD
WA O/N Repo Rate ¹	13.72	-	-	-	13.72
Standard Deviation	0.37	-	-	-	0.37
CoV ²	0.03	-	-	-	0.03

	01-Jul-2010 - 30-June-2011				
	Q1	Q2	Q3	Q4	FY11
	WA O/N Repo Rate ¹	11.68	12.1	13.01	12.67
Standard Deviation	0.61	0.61	0.63	0.76	0.8
CoV ²	0.05	0.05	0.05	0.06	0.07

¹ Weekly Weighted Average O/N Repo Rate

² Coefficient of Variation

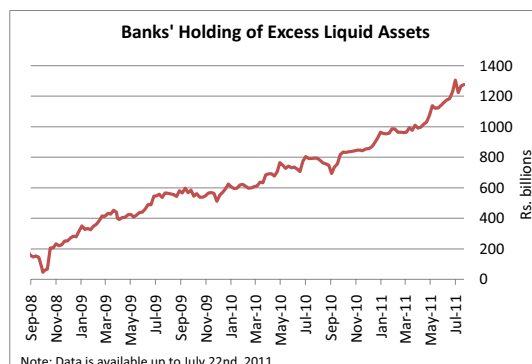
Banks' holding of excess liquid assets almost doubled in FY11 compared to last year.

	Overall Reserve Requirement (billion Rs)				
	As of	Current	Last Month	Change since	
		22-Jul-11	24-Jun-11	24-Jun-11	4-Oct-08
Required Reserves		1028.2	1039.5	↓ -11.3	↑ 65.8
Cash ¹		214.22	216.6	↓ -2.4	↓ -61.9
Securities ²		814.0	823.0	↓ -8.9	↑ 127.6
Maintained		2303.5	2266.9	↑ 36.6	↑ 1284.7
Cash		339.1	345.1	↓ -6.0	↓ -49.8
Cash in Tills		107.3	103.2	↑ 4.1	↑ 19.2
Balance with SBP		215.1	217.4	↓ -2.4	↓ -73.6
Balance with NBP		16.7	24.4	↓ -7.7	↑ 4.6
Securities		1927.8	1885.5	↑ 42.3	↑ 1314.6
Others ³		36.6	36.3	↑ 0.3	↑ 19.8
Excess of Liquid Assets⁴		1275.3	1227.3	↑ 47.9	↑ 1219.0

Source: Off-site Supervision and Enforcement Department, SBP

¹ Required under weekly average CRR

² Required under SLR



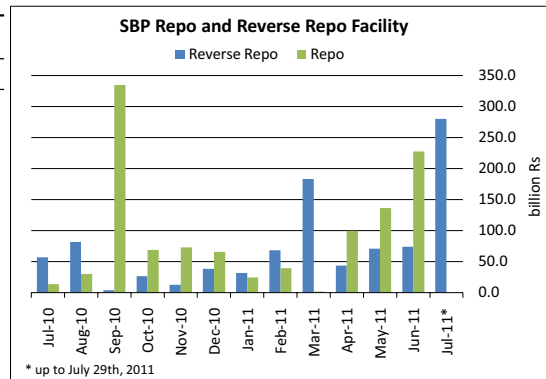
³ Includes Section 13(3) deposits and share capital of MFBS.

⁴ Includes excess securities + cash and other assets maintained.



Banks' use of SBP reverse repo facility increased considerably in July 2011.

	SBP Reverse Repo		SBP Repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
FY10	724.2	54	578.5	49
Q1	147.2	12	71.6	8
Q2	121.8	11	107.4	15
Q3	162.1	17	93.3	11
Q4	293.1	14	306.3	15
FY11	691.3	53	1,138.8	83
Q1	142.2	13	402.3	21
Q2	77.1	10	207.2	26
Q3	283.0	16	65.4	11
Q4	189.1	14	463.9	25
FY12	280.0	13	-	-
Jul*	280.0	13	-	-



*Updated upto July 29th, 2011

Source: Domestic Markets & Monetary Management Department, SBP

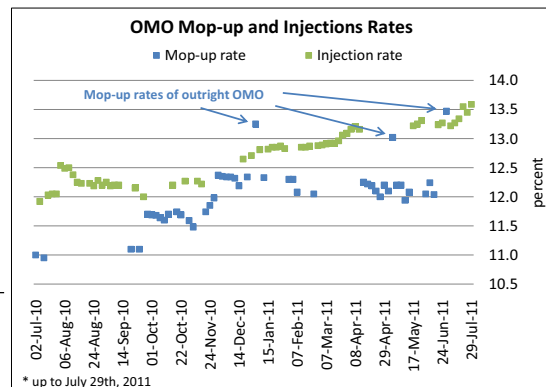
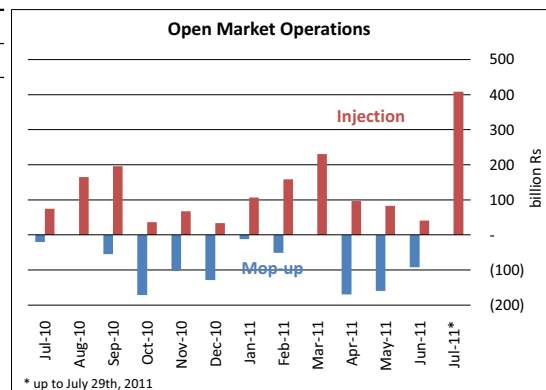
Realizing the tight liquidity conditions during past couple of weeks, SBP is supporting the market through its net OMO injections.

	Open Market Operations (billion rupees) [#]			Outstanding OMOs	
	Mop-up	Injection	Net Mop-up*	Amount	Maturity
	FY10	489.7	3,621.0	(3,131.3)	-
Q1	153.6	506.9	(353.4)	-	-
Q2	14.3	1,610.7	(1,596.4)	-	-
Q3	93.8	1,234.9	(1,141.1)	-	-
Q4	228.0	268.5	(40.5)	-	-
FY11	961.3	1,252.8	(291.5)	-	-
Q1	74.9	436.2	(361.3)	-	-
Q2	402.6	138.5	264.1	-	-
Q3	62.7	457.1	(394.4)	-	-
Q4	421.2	221.0	200.2	-	-
FY12	-	408.5	(408.5)	-	-
02-Jul	-	26.0	(26.0)	-	-
08-Jul	-	55.0	(55.0)	-	-
15-Jul	-	100.0	(100.0)	-	-
19-Jul	-	22.5	(22.5)	-	-
22-Jul	-	90.0	(90.0)	-	-
29-Jul	-	115.0	(115.0)	(115.0)	02-Aug
-	-	-	-	61.0	02-Aug

Updated upto July 29th, 2011

*Note: (-) amount means net injection
(+) amount means net mop-up

Source: Domestic Markets & Monetary Management Department, SBP





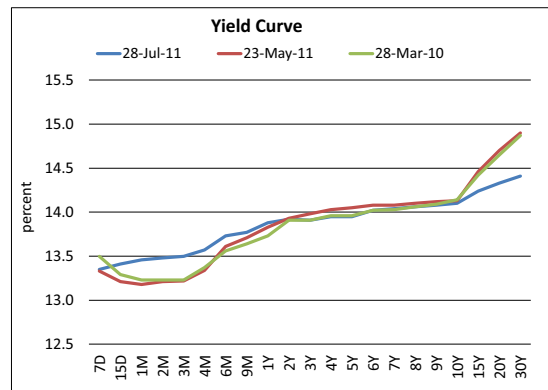
While shorter end of the yield curve is indicating tight market liquidity conditions, a slight fall in longer term rates is reflecting market's expectations of inflation remaining low in future.

Pak Rupee Revaluation (PKRV) Rates¹ (%)

Tenors	Current	last month	Change since last policy rate change*	
	28-Jul-11	28-Jun-11		29-Nov-10
1-week	13.35	13.00	↑	89
2-week	13.41	13.16	↑	95
1-month	13.46	13.24	↑	83
3-month	13.50	13.42	↑	66
6-month	13.73	13.67	↑	52
9-month	13.77	13.74	↑	49
1-year	13.88	13.85	↑	53
2-year	13.92	13.95	↑	44
3-year	13.91	14.00	↑	22
5-year	13.95	14.04	↑	20
7-year	14.04	14.08	↑	27
10-year	14.01	14.09	↑	16
20-year	14.33	14.31	↓	-1
30-year	14.41	14.43	↓	-10

Source: Financial Market Association of Pakistan

* In basis points



¹ It is secondary market yield-to-maturity used by banks to revalue their holding of securities (i.e. mark to market).

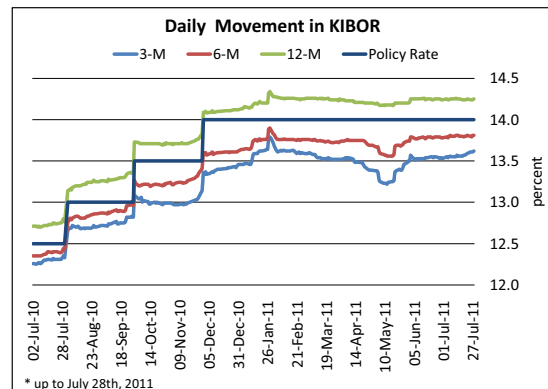
Like other market interest rates, KIBOR of shorter tenor has also witnessed uptick during the last six weeks.

Tenor-wise KIBOR (%)

Tenors	Current	last month	Change since last policy rate change*	
	28-Jul-11	28-Jun-11		29-Nov-10
1-week	13.80	13.32	↑	83
2-week	13.75	13.40	↑	78
1-month	13.75	13.54	↑	72
3-month	13.62	13.53	↑	48
6-month	13.81	13.79	↑	40
9-month	14.14	14.14	↑	41
12-month	14.25	14.25	↑	42
2-year	14.34	14.35	↑	42
3-year	14.43	14.45	↑	41

Source: SBP and Financial Market Association of Pakistan

* In basis points

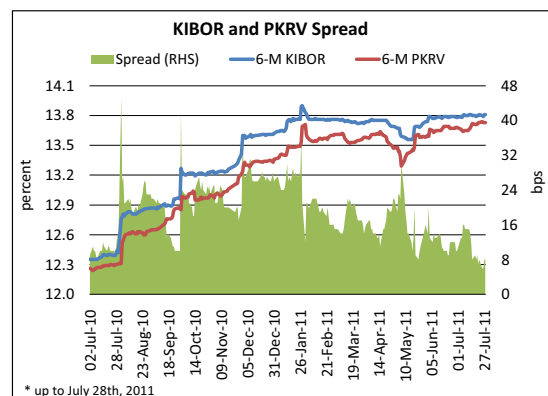


The spread between 6-month KIBOR and 6-month PKRV rates has fallen in last two months.

KIBOR and PKRV Spread (basis points)

Tenors	Current	last month	Change since last policy rate change	
	28-Jul-11	28-Jun-11		29-Nov-10
1-week	45	32	↓	-6
2-week	34	24	↓	-17
1-month	29	30	↓	-11
3-month	12	11	↓	-18
6-month	8	12	↓	-12
9-month	37	40	↓	-8
12-month	37	40	↓	-11
2-year	42	40	↓	-2
3-year	52	45	↑	19

Sources: SBP

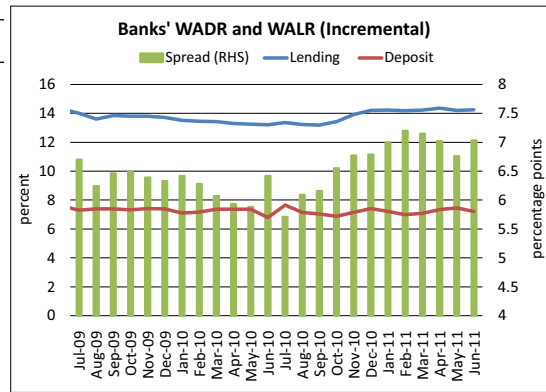




On average during FY11, spread between WALR and WADR on incremental and outstanding loans and deposits reached to 6.69 and 7.58 percentage points respectively.

Weighted average Lending and Deposit Rates (percent per annum)

Months	Incremental ¹		Spread (bps)	Outstanding		Spread (bps)
	WALR	WADR		WALR	WADR	
Jun-10	13.22	6.80	642	13.39	5.79	760
Jul-10	13.36	7.65	571	13.35	5.84	751
Aug-10	13.24	7.15	609	13.38	5.82	756
Sep-10	13.19	7.03	616	13.34	5.77	757
Oct-10	13.43	6.88	655	13.32	5.83	749
Nov-10	13.92	7.15	677	13.42	5.88	754
Dec-10	14.20	7.41	679	13.52	5.91	761
Jan-11	14.22	7.22	700	13.62	6.02	760
Feb-11	14.19	6.99	720	13.55	6.04	751
Mar-11	14.24	7.09	715	13.55	5.97	758
Apr-11	14.37	7.35	702	13.55	6.03	752
May-11	14.21	7.45	676	13.65	6.00	765
Jun-11	14.25	7.22	703	13.78	5.92	786

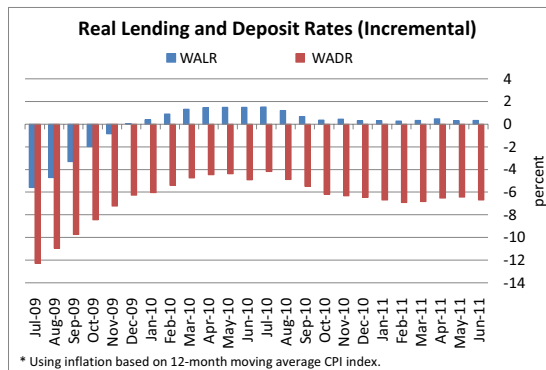


Source: Statistics & Data Warehouse Department, SBP

¹ Weighted average rates on incremental (fresh) loans and deposits during a month.

While real lending rate remains in positive zone, the real deposit rate declined further in June 2011.

Months	Real (based on 12-month MA inflation) ¹		Real (based on YoY inflation) ²	
	WALR	WADR	WALR	WADR
Jun-10	1.49	-4.93	0.53	-5.89
Jul-10	1.53	-4.18	1.02	-4.69
Aug-10	1.20	-4.89	0.01	-6.08
Sep-10	0.67	-5.49	-2.52	-8.68
Oct-10	0.37	-6.18	-1.90	-8.45
Nov-10	0.44	-6.33	-1.56	-8.33
Dec-10	0.32	-6.47	-1.26	-8.05
Jan-11	0.30	-6.70	0.03	-6.97
Feb-11	0.29	-6.91	1.28	-5.92
Mar-11	0.33	-6.82	1.08	-6.07
Apr-11	0.48	-6.54	1.33	-5.69
May-11	0.32	-6.44	0.98	-5.78
Jun-11	0.33	-6.70	1.12	-5.91



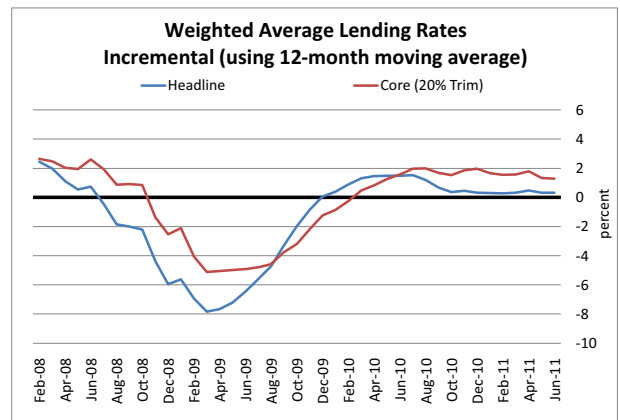
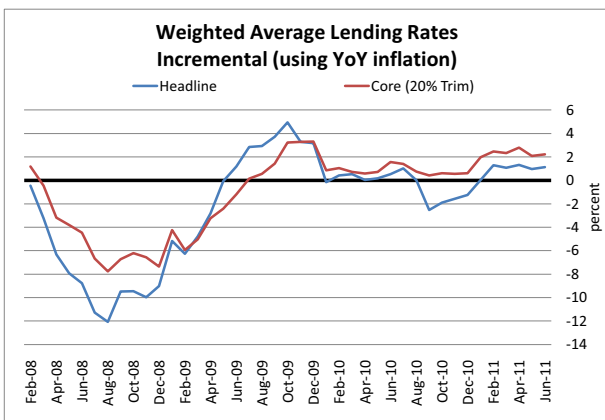
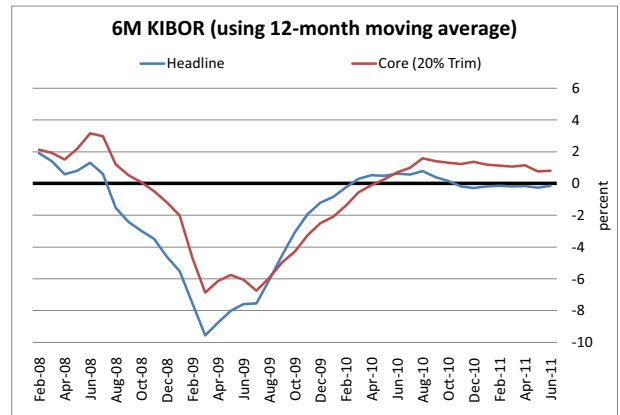
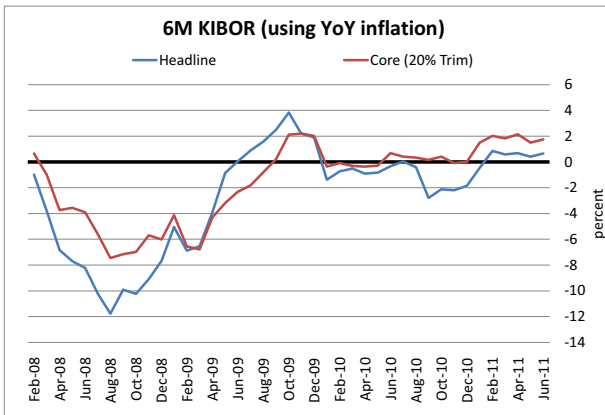
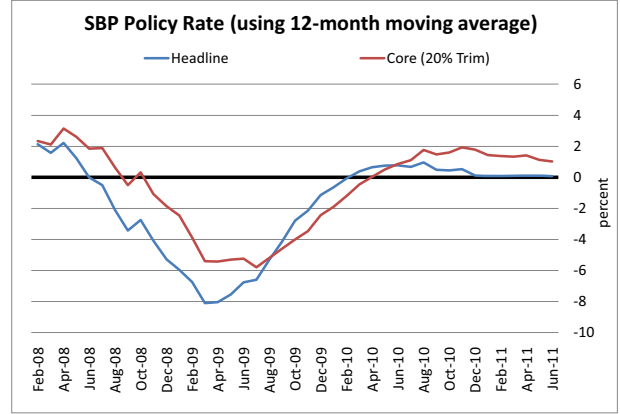
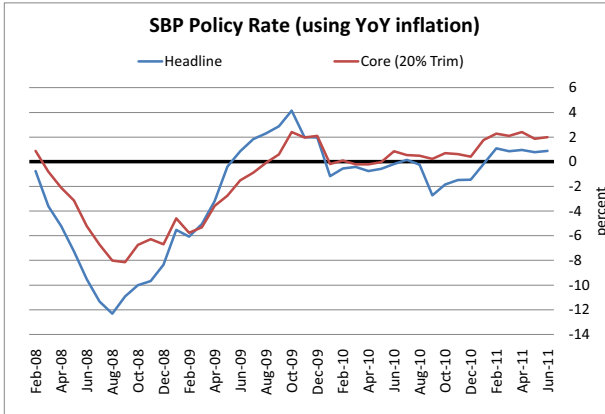
Sources: Statistics & Data Warehouse Department, SBP & Federal Bureau of Statistics

¹ Nominal rate less CPI inflation (12-month moving average).

² Nominal rate less CPI inflation (year on year).



Real Interest Rates



Sources: FBS and Statistics & Data Warehouse Department, SBP



In the last two auctions, relatively higher offers in 6- and 12-month T-bills indicate banks' expectations of no change in policy rate in near future.

Amounts in billion Rs (Realized value); rates in percent

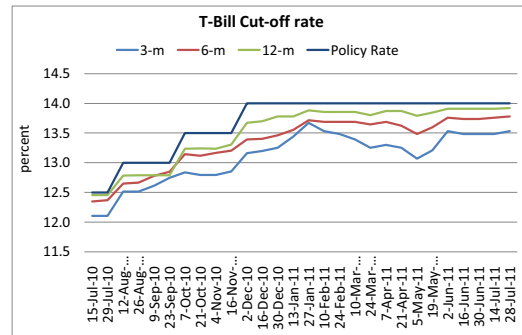
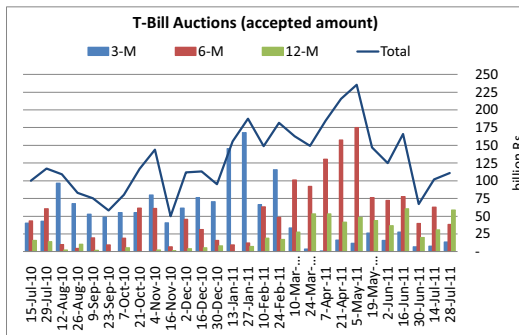
FY/Q/ Settlement Date	TOTAL				3-Month			6-Month			12-Month			Non- competitive bids (Accepted)#
	Target	Maturity	Offered	Accepted	Offered	Accepted	Cut-off*	Offered	Accepted	Cut-off*	Offered	Accepted	Cut-off*	
FY10	1,360.0	1,106.5	2,875.1	1,376.0	523.2	199.9	-	797.3	362.4	-	1,554.5	813.7	-	65.9
Q1	325.0	180.8	700.3	329.0	56.5	27.3	12.49	147.8	47.7	12.60	496.0	254.0	12.54	4.2
Q2	145.0	75.1	462.9	141.1	101.4	33.1	12.06	133.1	43.4	12.10	228.4	64.6	12.09	5.7
Q3	430.0	401.7	701.1	415.8	160.6	53.7	12.20	215.1	122.1	12.35	325.4	240.0	12.41	16.6
Q4	460.0	448.9	1,010.8	490.1	204.8	85.8	12.10	301.3	149.2	12.30	504.7	255.1	12.42	39.4
FY11	3,350.0	3,285.6	5,291.9	3,336.6	2,520.1	1,385.4	-	1,995.4	1,446.8	-	776.4	504.4	-	349.5
Q1	535.0	532.0	840.9	542.9	492.0	349.5	12.75	226.0	148.2	12.85	122.9	45.3	12.79	43.9
Q2	685.0	704.0	1,262.1	711.0	811.1	440.0	13.25	380.2	242.2	13.46	70.9	28.8	13.78	66.5
Q3	980.0	883.8	1,512.5	942.2	942.7	490.2	13.25	385.2	326.9	13.64	184.6	125.1	13.80	100.2
Q4	1,150.0	1,165.8	1,676.3	1,140.5	274.3	105.8	13.49	1,004.0	729.5	13.74	398.0	305.2	13.91	138.9
FY12	210.0	121.6	307.7	212.7	58.7	21.8	-	133.9	101.5	-	115.1	89.4	-	29.3
14-Jul	90.0	61.3	162.0	101.8	34.7	8.1	13.49	80.3	63.0	13.76	47.1	30.7	13.91	14.1
28-Jul	120.0	60.3	145.7	110.9	24.0	13.7	13.53	53.7	38.5	13.78	68.0	58.8	13.92	15.2

Source: Domestic Markets & Monetary Management Department, SBP

These amounts are raised from non-bank institutions and/or individuals at auctions weighted average rate.

R: Bids rejected; N: No bids received

*Quarterly rate are for end-period.



Government has accepted higher than the target amount in last four PIB auctions.

PIB Auctions (Yields in % and Face Value in billion Rs) #

Auction Date	Target	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total
23-Jun-11	Cut-off rate	-	14.00	14.05	R	14.09	14.10	14.14	14.19
	Offered	-	12.21	3.72	0.10	19.67	0.50	0.20	0.20
	Accepted	20.00		2.87	R	14.77	0.20	0.20	18.24
25-May-11	Cut-off rate	-	14.00	14.06	R	14.10	14.11	14.14	R
	Offered	-	16.23	4.93	0.25	18.30	0.15	0.10	0.10
	Accepted	20.00	12.57	2.53	R	12.70	0.10	0.10	R
27-Apr-11	Cut-off rate	-	14.00	14.07	R	14.10	R	R	R
	Offered	-	9.28	4.85	0.65	25.80	0.05	1.00	0.95
	Accepted	20.00	5.48	3.45	R	14.53	R	R	R
16-Mar-11	Cut-off rate	-	14.08	14.11	R	14.12	R	R	R
	Offered	-	11.17	5.23	0.95	30.32	0.05	1.00	1.00
	Accepted	15.00	4.05	0.88	R	17.51	R	R	R

*N=No bids; R=Bids rejected

Excluding non-competitive bids and short-selling accommodation

Source: Domestic Markets & Monetary Management Department, SBP

Government accepted a total of Rs45.8 billion in the last Ijara Sukuk auction held on 9th May 2011.

Auction Date #	Settlement Date	Target	Total Offered	Total Accepted	Cut-off Margin*
9-May-11	16-May-11	45.00	51.25	45.80	0.00
1-Mar-11	7-Mar-11	45.00	56.84	47.54	0.00
13-Dec-10	20-Dec-10	40.00	57.75	37.17	0.00
8-Nov-10	15-Nov-10	40.00	64.71	51.84	0.00

* This cut-off margin is applicable to all accepted bids. The benchmark is 06-Month MTB Auction Weighted Average Yield.

The Tenor for Sukuk Auction is fixed for 3 years with a bi-annual coupon payment



Foreign Exchange Market

After remaining broadly stable during FY11, the PKR weakened marginally against US dollar in July 2011.

	PKR against International Currencies			% App/(Dpp) of PKR
	Latest 29 July 11	Last MPS 21 May 11	Jun-11	Cumulative since Jun-11
USD	86.56	86.38	85.97	(0.68)
Euro	123.60	122.33	124.54	0.76
Sterling	140.87	140.32	137.35	(2.50)
JPY	1.11	1.06	1.07	(4.10)
USD Kerb	86.30	86.65	86.03	(0.32)
Premium (Rs)	-0.26	0.27	0.06	-
Daily NEER*	49.16	50.10	49.75	(1.20)

* Nominal Effective Exchange Rate

Source: SBP

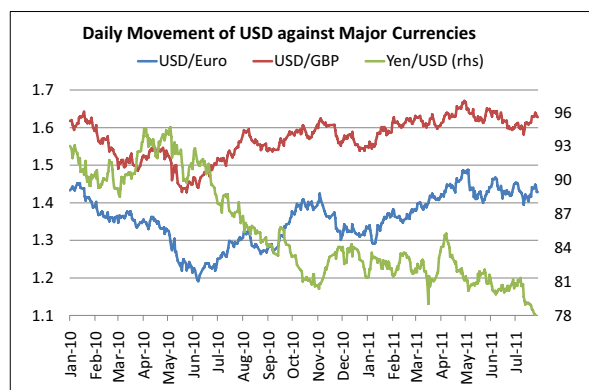
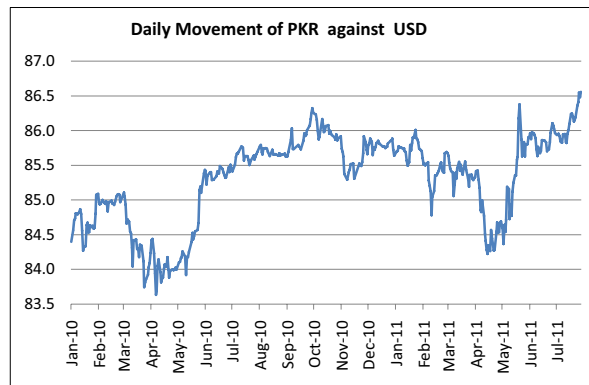
	International Exchange Rates			% App/(Dpp) of USD
	Latest 29 July 11	Last MPS 21 May 11	Jun-11	Cumulative since Jun-11
EUR/USD	1.43	1.42	1.45	1.45
GBP/USD	1.63	1.62	1.60	(1.83)
USD/JPY	77.64	81.71	80.40	(3.44)
USD/INR	44.20	44.95	44.69	(1.08)
USD/CNY	6.44	6.49	6.46	(0.42)
USD/THB	29.83	30.28	30.76	(3.01)
USD/MYR	2.97	3.01	3.02	(1.76)
USD/SGD	1.20	1.24	1.23	(1.94)

Source: SBP

USD/PKR Interbank Exchange Rate Trends on Fiscal Year Basis

	High	Low	Close	Average	Volatility C/C ¹
FY10	85.58	81.40	85.51	83.89	3.02
FY11	86.50	83.93	85.97	85.56	2.40
FY12*	86.59	85.79	86.48	86.08	1.46

¹ Reuters: Average Close-to-Close Daily Volatility (in %)
*Updated up to 28th July 2011



USD/PKR Interbank Exchange Rate Trends on Quarterly Basis

	High	Low	Close	Average	Volatility C/C ¹
Q1-FY10	83.52	81.40	83.15	82.69	3.37
Q2-FY10	84.55	83.10	84.24	83.66	1.97
Q3-FY10	85.18	83.65	84.09	84.67	2.98
Q4-FY10	85.58	83.50	85.51	84.60	3.78
Q1-FY11	86.35	85.40	86.32	85.73	1.53
Q2-FY11	86.34	85.13	85.64	85.79	1.93
Q3-FY11	86.08	84.75	85.36	85.52	2.41
Q4-FY11	86.50	83.93	85.97	85.29	3.45
Q1-FY12*	86.59	85.79	86.48	86.08	1.46

¹ Reuters: Average Close-to-Close Daily Volatility (in %)
*Updated up to 28th July 2011



In real terms, PKR depreciated slightly during FY11 due to both depreciation in nominal exchange rate against basket of currencies during H2-FY11 and relatively stable domestic inflation in recent months.

Changes in Real Effective Exchange Rate (REER)

Base Year: CY2000

		REER Index	App(+)/Dep(-)											
			2008		2009				2010				2011	
			Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun ^P
2008	Sep	90.54	-	5.42	7.75	3.41	2.40	1.63	6.92	11.99	13.49	13.49	11.65	11.10
	Dec	95.45	-	-	2.21	-1.91	-2.86	-3.59	1.42	6.23	7.65	7.66	5.90	5.39
2009	Mar	97.56	-	-	-	-4.02	-4.96	-5.68	-0.77	3.93	5.32	5.33	3.62	3.11
	Jun	93.63	-	-	-	-	-0.98	-1.72	3.39	8.29	9.74	9.75	7.96	7.43
	Sep	92.72	-	-	-	-	-	-0.75	4.41	9.36	10.82	10.83	9.03	8.49
	Dec	92.02	-	-	-	-	-	-	5.21	10.19	11.66	11.67	9.85	9.32
2010	Mar	96.81	-	-	-	-	-	-	-	4.74	6.14	6.14	4.42	3.91
	Jun	101.40	-	-	-	-	-	-	-	-	1.34	1.34	-0.30	-0.79
	Sep	102.75	-	-	-	-	-	-	-	-	-	0.01	-1.62	-2.10
	Dec	102.76	-	-	-	-	-	-	-	-	-	-	-1.63	-2.11
2011	Mar	101.09	-	-	-	-	-	-	-	-	-	-	-	-0.49
	Jun	100.59	-	-	-	-	-	-	-	-	-	-	-	-0.79

^P Provisional

Changes in Exchange Rate (Rs/USD)

(Mid Rates) End Period

Weighted Average

		WA Exchange Rate	App(+)/Dep(-)												
			2008		2009				2010				2011		
			Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	29-Jul
2008	Sep	78.04	-	-1.34	-2.99	-4.12	-6.18	-7.39	-7.30	-8.69	-9.56	-8.95	-8.53	-9.25	-9.84
	Dec	79.10	-	-	-1.67	-2.82	-4.90	-6.13	-6.04	-7.45	-8.33	-7.72	-7.28	-8.01	-8.62
2009	Mar	80.44	-	-	-	-1.17	-3.29	-4.54	-4.44	-5.88	-6.77	-6.15	-5.71	-6.45	-7.06
	Jun	81.39	-	-	-	-	-2.15	-3.41	-3.31	-4.77	-5.67	-5.04	-4.60	-5.35	-5.97
	Sep	83.18	-	-	-	-	-	-1.29	-1.19	-2.68	-3.60	-2.96	-2.50	-3.27	-3.90
	Dec	84.26	-	-	-	-	-	-	0.10	-1.40	-2.34	-1.69	-1.23	-2.01	-2.65
2010	Mar	84.18	-	-	-	-	-	-	-	-1.50	-2.44	-1.79	-1.33	-2.10	-2.74
	Jun	85.46	-	-	-	-	-	-	-	-	-0.95	-0.29	0.18	-0.61	-1.26
	Sep	86.29	-	-	-	-	-	-	-	-	-	0.67	1.14	0.34	-0.31
	Dec	85.71	-	-	-	-	-	-	-	-	-	-	0.47	-0.32	-0.98
2011	Mar	85.31	-	-	-	-	-	-	-	-	-	-	-	-0.79	-1.44
	Jun	85.99	-	-	-	-	-	-	-	-	-	-	-	-	-0.65
	29-Jul	86.56	-	-	-	-	-	-	-	-	-	-	-	-	-



Capital Market

KSE-30 index has shown improvement during July 2011 compared to the previous month, while KSE-100 index, market capitalization and average ready volume have shown a decline due to outflows in SCRA account.

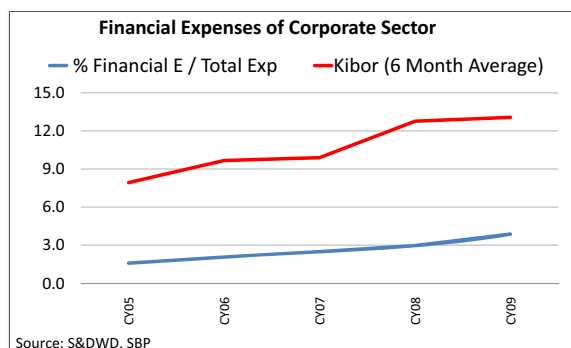
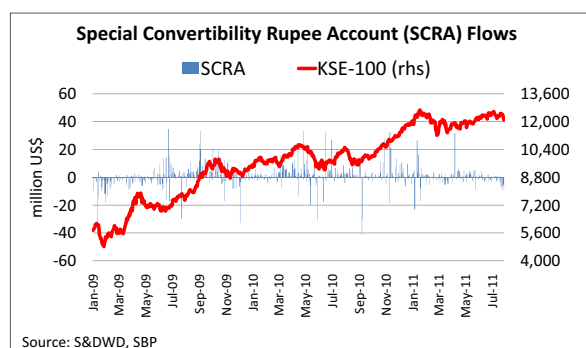
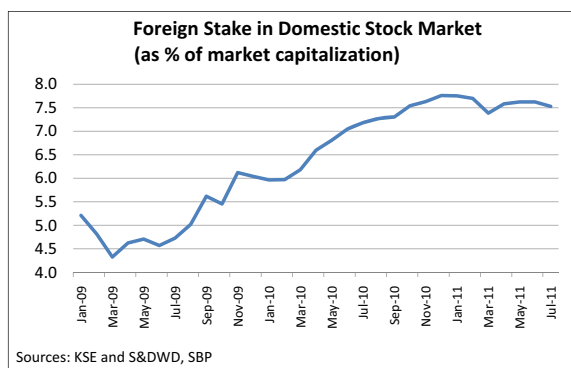
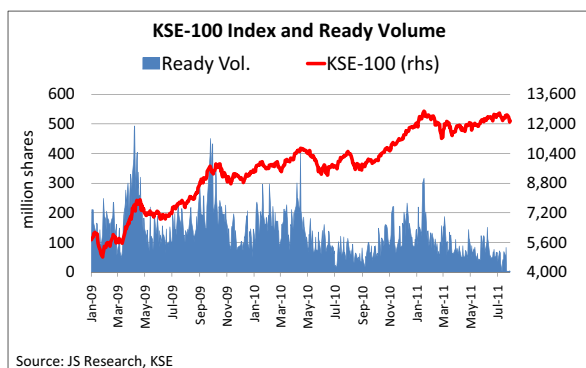
Performance of Karachi Stock Exchange

	FY11		H1-FY11	FY10	Change (%)			
	July-11 ¹	Jun-11			July 11 ¹ over June 11 ¹	Jun 11 ¹ over H1-FY11	FY11 ¹ over FY10	FY10 over FY09
KSE-100 Index	12,190.4	12,496.0	12,022.5	9,721.9	-2.4	1.4	25.4	35.7
KSE-30 Index	11,560.2	11,586.5	11,588.2	9,556.6	-0.2	-0.2	21.0	26.2
Market Capitalization (billion Rs.)	3,220.9	3,288.7	3,269.0	2,732.4	-2.1	-1.5	17.9	28.8
Ready Volume (million shares-Avg.)	53.9	75.1	92.1	161.3	-28.2	-41.5	-66.6	54.3
SCRA Cumulative flows, Since July (US\$ million) ²	-43.0	237.6	195.4	568.9	-118.1	-122.0	-107.6	205.9

¹ 29th July 2011 values

² 28th July 2011 values

Sources: Karachi Stock Exchange (KSE) and Statistics & Data Warehouse Department (S&DWD), SBP





Financial Soundness Indicators

Banks' profitability indicators have increased while NPLs to total loans have continued to rise during the last few years.

percent

	2008	2009	Mar 2010	Jun 2010	Dec 2010	Mar 2011
Risk weighted CAR*	12.2	14.0	13.7	13.9	14.0	13.6
NPLs to total loans	10.5	12.6	13.1	12.9	14.7	15.4
Provision to NPLs	69.6	69.9	70.9	73.2	66.7	66.7
Returns on assets (before tax)	1.2	1.3	1.8	1.8	1.7	2.2
Return on assets (after tax)	0.8	0.9	1.1	1.1	1.0	1.4
ROE (before tax)**	11.4	13.2	17.8	17.7	16.7	22.4
ROE (after tax)**	7.8	8.9	11.1	10.9	9.8	14.4
Net interest income/gross income	70.3	72.4	74.0	74.7	74.7	76.6
Liquid assets/total assets	28.2	32.7	32.4	34.2	35.0	35.7
Liquid assets/total deposits	37.7	44.5	43.7	45.3	45.9	47.3
Advances/deposits	75.2	67.7	66.4	63.0	61.4	61.5

Source: Banking Surveillance Department, SBP

*For Capital Adequacy Ratios, Data of IDBP, PPCBL, and SME is based on Basel I.

**Average equity and surplus

#Results of two banks are based on un-audited Quarterly Report of Condition (QRC) for the quarter ended December 31, 2009.

Note: FSIs are prepared on the basis of annual audited accounts except for quarter ended Mar-10, Jun-10, Sep-10 and Dec-10 which are based on unaudited Quarterly Report of Condition (QRC) submitted by banks.

