



Monetary Policy Information Compendium

October 2012

Consolidated by

Monetary Policy Department

STATE BANK OF PAKISTAN



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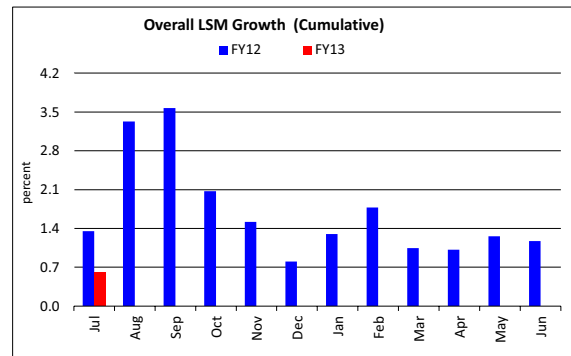
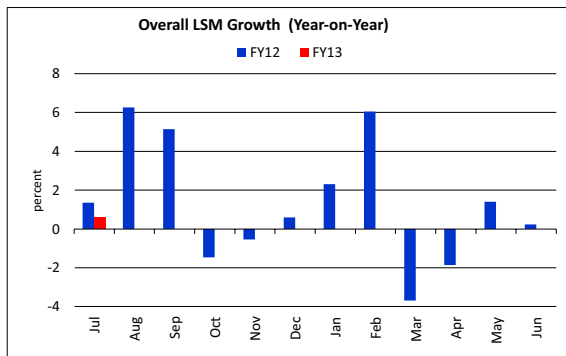
Real Sector

LSM grew by 0.6 percent (YoY) in July 2012.

Growth in Large Scale Manufacturing (LSM) Sector (percent)

Groups	Weights	YoY changes		MoM changes ¹	
		Jul-12	Jul-11	Jul-12	Jul-11
Overall	70.3	0.6	1.4	-1.1	-1.2
Textile	21.0	↓ -0.8	↑ 0.7	↑ 1.1	↓ -0.1
Food, beverages & tobacco	12.4	↑ 5.8	↑ 16.1	↑ 0.7	↓ -4.4
Petroleum products	5.4	↓ -3.4	↓ -3.4	↓ -4.0	↓ -4.0
Iron & steel products	5.4	↑ 20.5	↓ -27.5	↑ 15.0	↓ -0.8
Non-metallic mineral products	5.4	↑ 3.2	↑ 6.1	↓ -2.3	↓ -2.3
Automobile	4.6	↑ 10.8	↓ -16.6	↓ -23.6	↓ -13.6
Fertilizer	4.4	↓ -16.3	↓ -3.2	↓ -10.2	↓ -1.9
Pharmaceuticals	3.6	↓ -0.2	↑ 19.0	↓ -1.0	↑ 2.7
Paper & board	2.3	↓ -0.2	↑ 10.8	↑ 16.7	↑ 22.5
Electronics	2.0	↓ -14.7	↓ -6.4	↓ -13.1	↑ 1.1
Chemicals	1.7	↑ 6.1	↓ -11.4	↑ 2.7	↓ -5.3
Leather products	0.9	↓ -2.6	↑ 11.0	↑ 4.2	↑ 5.0
Wood products	0.6	↓ -12.7	↑ 1.0	↑ 62.4	↓ -0.8
Engineering industries	0.4	↓ -17.9	↓ -9.7	↓ -13.3	↓ -8.6
Rubber products	0.3	↑ 28.2	↓ -36.1	↓ -6.5	↓ -37.8

¹ Over previous month of the same year



Except wheat, production of all major crops increased during FY12.

Major Crops

	Production				Area Under Cultivation			Yield		
	(million tons)		percent change		(million hectares)		percent change	(Kg/hectare)		percent change
	FY11 ^R	FY12 ^P	FY13 ^T	FY12 over FY11	FY11 ^R	FY12 ^P	FY12 over FY11	FY11 ^R	FY12 ^P	FY12 over FY11
Cotton ²	11.5	13.6	14.5	↑ 18.6	2.7	2.8	↑ 5.4	724	815	↑ 12.6
Sugarcane	55.3	58.0	58.5	↑ 4.9	1.0	1.0	↑ 5.9	55,997	55,486	↓ -0.9
Rice	4.8	6.2	6.9	↑ 27.7	2.4	2.6	↑ 8.7	2,039	2,396	↑ 17.5
Wheat	25.2	23.5	25.8	↓ -6.7	8.9	8.7	↓ -2.6	2,833	2,714	↓ -4.2

² Cotton production is stated in million bales of 170 kg each.

P: Provisional; T: Target; R: Revised

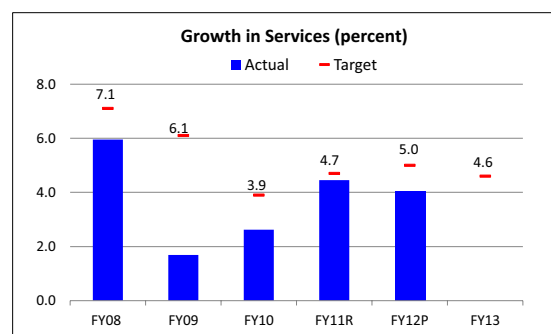
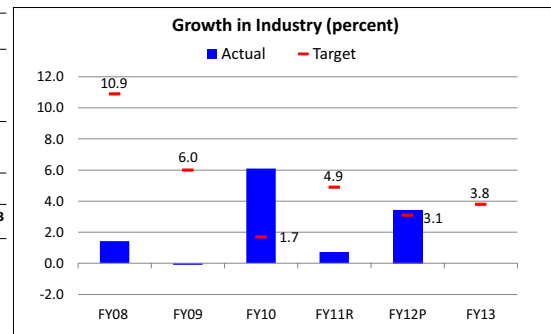
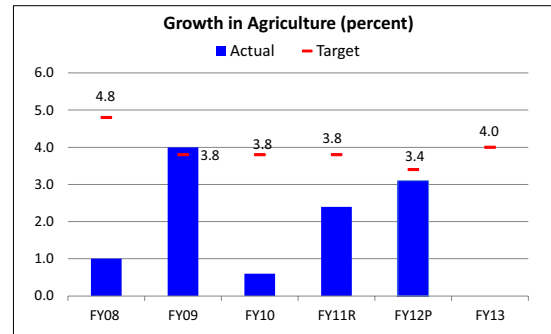
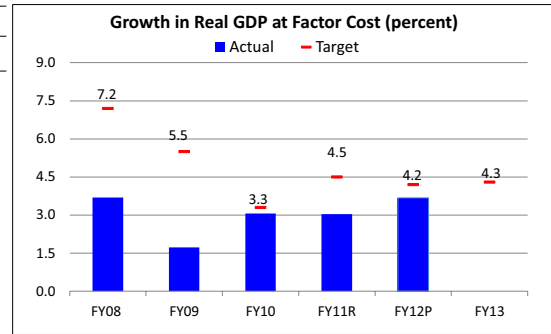
Sources: Pakistan Bureau of Statistics (PBS) and Planning Commission (PC).



Provisional estimates show moderate recovery in GDP growth (3.7 percent) during FY12, though the target (4.2 percent) is not achieved.

Product Approach - GDP at Constant Prices of 1999-00 (percent)

	FY11 ^R	FY12 ^P		
	Growth	Growth	Shares	Contribution
Agriculture of which	2.4	3.1	21.1	0.7
Major crops	-0.2	3.2	6.7	0.2
Minor crops	2.7	-1.3	2.1	-0.03
Livestock	4.0	4.0	11.6	0.5
Industry of which	0.7	3.4	25.4	0.9
Manufacturing	3.1	3.6	18.6	0.7
Large-scale ¹	1.2	1.8	11.9	0.2
Small-scale	7.5	7.5	5.3	0.4
Construction	-7.1	6.5	2.2	0.1
Services of which	4.4	4.0	53.5	2.1
Transport & communication	0.9	1.3	9.6	0.1
Wholesale & retail trade	3.5	3.6	17.1	0.6
Finance & insurance	-1.4	6.5	4.8	0.3
Public administration & defence	14.2	2.6	6.6	0.2
Real GDP (fc)	3.0	3.7	-	-
Real GDP (market prices)	3.0	4.2	-	-



	FY10	FY11(R)	FY12(P)
Real GDP (fc, billion Rs)	5,644	5,815	6,029
Real GDP (fc, billion US\$) ²	67.2	67.9	67.5

Expenditure Approach - GDP at Constant Prices of 1999-00 (percent)

	FY11 ^R	FY12 ^P		
	Growth	Growth	Shares ³	Contribution ³
Consumption	3.9	11.1	93.8	9.7
Private	3.7	11.6	80.0	8.6
Government	5.2	8.2	13.8	1.1
Fixed capital formation	-5.6	-10.2	11.5	-1.4
Private	-6.7	-13.0	8.4	-1.3
Public plus general government	-1.8	-1.6	3.0	-0.1
Changes in stocks	3.0	4.2	1.7	0.1
Net exports of goods and nonfactor services	16.3	-125.5	-0.8	-4.0
Exports of goods and non-factor services	2.4	-13.4	15.4	-2.5
Imports of goods and non-factor services	-0.1	10.0	16.2	1.5
GDP (market prices)	3.0	4.2	106.2	-
Less Indirect taxes plus subsidies	1.5	13.2	-6.2	-0.8
GDP (fc)	3.0	3.7	100.0	3.7
Total domestic demand⁴	2.6	8.2	-	-

¹ For FY12, LSM data pertains to Jul-Feb; ² GDP in dollar terms is calculated using average exchange rate during the year.

³ Shares and contributions in GDP growth are based on GDP(fc)

⁴ Domestic demand is calculated as sum of consumption, fixed capital formation and change in stock expenditures on real GDP

Source: Pakistan Bureau of Statistics; R: Revised; P: Provisional



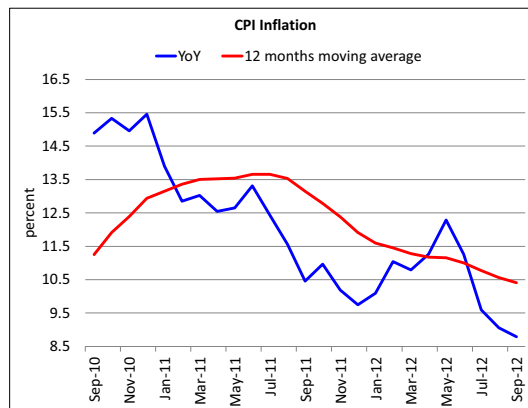
Inflation

(Calculated from price indices with base year 2007-08)

Headline CPI inflation (YoY) decreased to 8.8 percent in September 2012 from 9.1 percent in August 2012.

Consumer Price Index (CPI) (percent change)

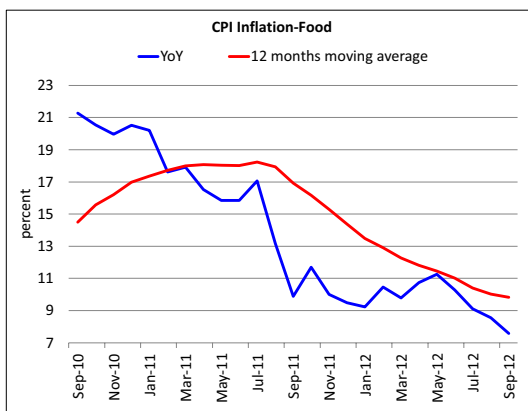
	MoM ¹	MoM SA ²	YoY ³	12M moving average ⁴
Sep-11	1.0	1.0	10.5	13.2
Oct-11	1.4	1.1	11.0	12.8
Nov-11	0.3	0.7	10.2	12.4
Dec-11	-0.7	0.5	9.7	11.9
Jan-12	1.5	1.1	10.1	11.6
Feb-12	0.3	0.8	11.0	11.5
Mar-12	1.2	1.1	10.8	11.3
Apr-12	1.8	1.2	11.3	11.2
May-12	1.1	1.6	12.3	11.2
Jun-12	0.0	0.1	11.3	11.0
Jul-12	-0.2	-0.8	9.6	10.8
Aug-12	0.9	0.6	9.1	10.6
Sep-12	0.8	0.7	8.8	10.4
3-year average for Sep.	1.3	1.2	11.4	



Food inflation (YoY) declined to 7.6 percent in September 2012 from 8.5 percent in the previous month.

CPI - Food (37.47% weight in basket) (percent change)

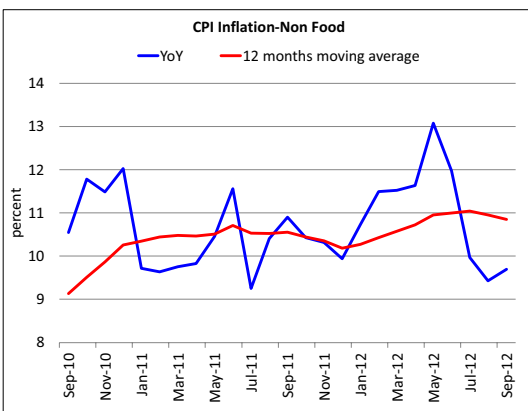
Sep-11	1.6	1.1	9.9	16.9
Oct-11	1.6	1.1	11.7	16.2
Nov-11	0.1	0.2	10.0	15.3
Dec-11	-2.2	0.4	9.5	14.4
Jan-12	1.5	1.1	9.2	13.5
Feb-12	-0.7	0.9	10.5	12.9
Mar-12	1.5	0.7	9.8	12.3
Apr-12	2.2	1.3	10.7	11.8
May-12	0.2	1.0	11.3	11.5
Jun-12	-0.2	0.3	10.3	11.0
Jul-12	1.8	-0.1	9.1	10.4
Aug-12	0.9	0.2	8.5	10.0
Sep-12	0.7	0.2	7.6	9.8
3-year average for Sep.	2.3	1.8	12.9	



Non-food inflation (YoY) increased to 9.7 percent in September 2012 from 9.4 percent in the previous month.

CPI - Non Food (62.53% weight in basket) (percent change)

Sep-11	0.6	0.8	10.9	10.6
Oct-11	1.3	1.3	10.4	10.4
Nov-11	0.4	0.5	10.3	10.4
Dec-11	0.4	0.5	9.9	10.2
Jan-12	1.6	1.3	10.7	10.3
Feb-12	1.0	1.1	11.5	10.4
Mar-12	0.9	1.0	11.5	10.6
Apr-12	1.6	1.1	11.6	10.7
May-12	1.9	2.0	13.1	11.0
Jun-12	0.2	0.1	12.0	11.0
Jul-12	-1.7	-1.6	10.0	11.0
Aug-12	0.9	0.9	9.4	11.0
Sep-12	0.9	1.1	9.7	10.8
3-year average for Sep.	0.5	0.8	10.4	



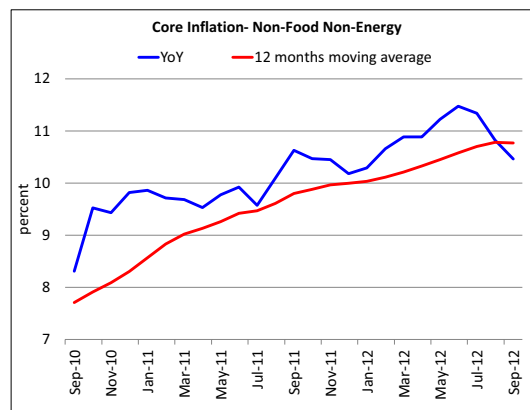
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

1 Month-on-Month; 2 Month-on-month changes in seasonally adjusted series; 3 Year-on-Year; 4 These changes are calculated on the basis of 12 month average of CPI over the 12 month average of preceding year.



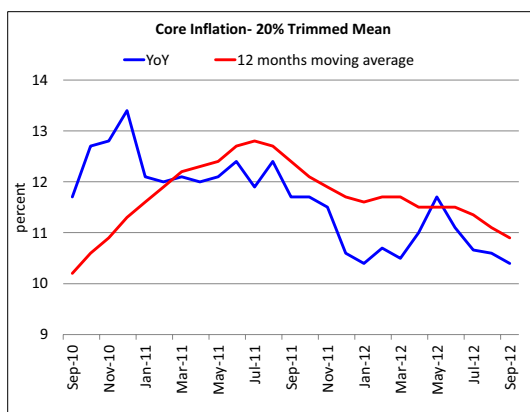
The non-food non-energy (NFNE) measure shows deceleration in core inflation to 10.4 percent (YoY) in September 2012 from 10.8 percent in August 2012.

Core - Non-food non-energy (53.52% weight in basket) (percent change)			
	MoM	YoY	12M moving average
Sep-11	0.7	10.6	9.8
Oct-11	1.4	10.5	9.9
Nov-11	0.6	10.4	10.0
Dec-11	0.5	10.2	10.0
Jan-12	1.1	10.3	10.0
Feb-12	0.7	10.7	10.1
Mar-12	1.0	10.9	10.2
Apr-12	1.4	10.9	10.3
May-12	0.8	11.2	10.4
Jun-12	0.7	11.5	10.6
Jul-12	1.1	11.3	10.7
Aug-12	0.3	10.8	10.8
Sep-12	0.4	10.4	10.8
3-year average for Sep.	0.4	9.8	



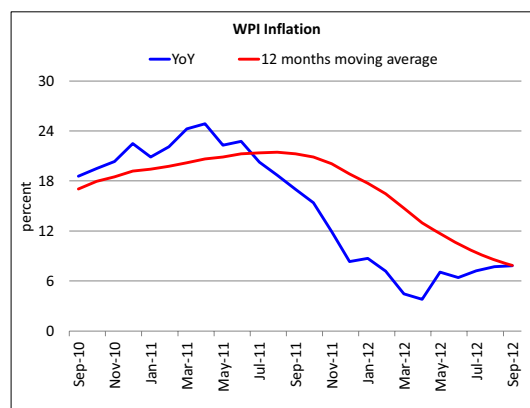
The 20% trimmed mean measure of core inflation also decelerated to 10.4 percent (YoY) in September 2012 from 10.6 percent in the previous month.

Core - 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
Sep-11	0.6	11.7	12.4
Oct-11	1.0	11.7	12.1
Nov-11	0.5	11.5	11.9
Dec-11	0.3	10.6	11.7
Jan-12	0.8	10.4	11.6
Feb-12	0.5	10.7	11.7
Mar-12	0.8	10.5	11.7
Apr-12	1.3	11.0	11.5
May-12	0.5	11.7	11.5
Jun-12	0.5	11.1	11.5
Jul-12	0.7	10.7	11.4
Aug-12	0.4	10.6	11.1
Sep-12	0.5	10.4	10.9
3-year average for Sep.	0.6	11.3	



The WPI inflation (YoY) slightly increased to 7.8 percent in September 2012 from 7.7 percent in August 2012.

Wholesale Price Index (WPI) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Sep-11	0.2	0.4	17.0	21.3
Oct-11	0.4	0.8	15.4	20.9
Nov-11	-0.5	-0.1	12.0	20.1
Dec-11	-1.3	-0.5	8.3	18.8
Jan-12	2.3	2.3	8.7	17.7
Feb-12	0.6	0.4	7.2	16.4
Mar-12	0.7	0.3	4.5	14.7
Apr-12	1.8	1.0	3.8	13.0
May-12	2.1	1.8	7.1	11.7
Jun-12	0.0	0.1	6.4	10.4
Jul-12	0.4	0.4	7.2	9.4
Aug-12	1.0	0.7	7.7	8.6
Sep-12	0.3	0.6	7.8	7.9
3-year average for Sep.	0.8	1.0	14.5	

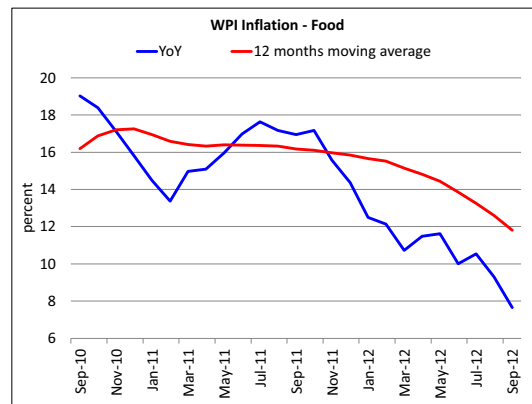


Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



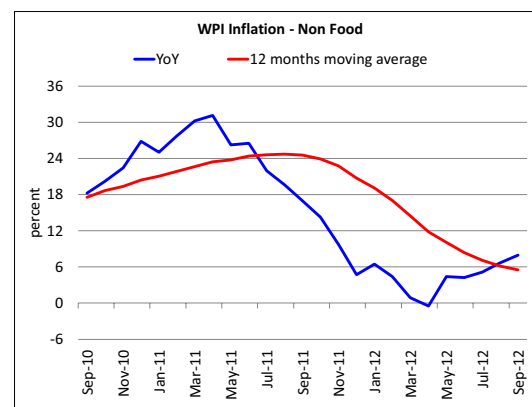
WPI food inflation (YoY) sharply decreased to 7.7 percent in September 2012 from 9.3 percent in August 2012.

WPI - Food (38.82% weight in basket) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Sep-11	1.8	1.6	16.9	16.2
Oct-11	0.5	0.9	17.2	16.1
Nov-11	-0.7	-0.2	15.6	16.0
Dec-11	-1.8	0.0	14.4	15.8
Jan-12	0.4	0.0	12.5	15.7
Feb-12	-0.8	0.2	12.1	15.5
Mar-12	1.6	0.8	10.7	15.1
Apr-12	2.2	1.4	11.5	14.8
May-12	1.1	1.6	11.6	14.4
Jun-12	1.5	0.7	10.0	13.9
Jul-12	2.4	2.2	10.5	13.3
Aug-12	0.7	-0.4	9.3	12.6
Sep-12	0.3	0.1	7.7	11.8
3-year average for Sep.	1.3	1.1	14.5	



WPI non-food (YoY) increased significantly to 7.9 percent in September 2012 from 6.7 percent in August 2012.

WPI - Non Food (61.18% weight in basket) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Sep-11	-0.7	0.0	17.0	24.5
Oct-11	0.3	0.6	14.3	23.9
Nov-11	-0.4	-0.1	9.7	22.7
Dec-11	-1.1	-0.6	4.7	20.7
Jan-12	3.5	3.0	6.5	19.1
Feb-12	1.4	1.1	4.4	17.0
Mar-12	0.1	-0.5	0.9	14.5
Apr-12	1.5	0.8	-0.5	11.8
May-12	2.8	2.7	4.4	10.1
Jun-12	-1.0	-0.9	4.2	8.4
Jul-12	-0.9	-0.7	5.1	7.1
Aug-12	1.2	1.0	6.7	6.2
Sep-12	0.4	1.2	7.9	5.5
3-year average for Sep.	0.4	1.2	14.4	



Average CPI inflation declined significantly to 9.1 percent in Q1-FY13 against 11.5 percent recorded in Q1-FY12.

	CPI					WPI			SPI
	Headline	Food	Non Food	Trimmed Mean	NFNE	Overall	Food	Non Food	Overall
FY11	13.7	18.0	10.7	12.7	9.4	21.2	16.4	24.4	17.3
FY12	11.0	11.0	11.0	11.5	10.6	10.4	13.9	8.4	8.9
Q1-FY12	11.5	13.3	10.2	11.9	10.1	18.6	17.3	19.5	11.1
Q1-FY13	9.1	8.4	9.7	10.6	10.9	7.6	9.1	6.6	7.4

Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



CPI and SPI Inflation by Groups

Decrease in headline CPI inflation (YoY) in September 2012 was due to decline in food inflation.

Group-Wise CPI Inflation

Groups	Weights	Sep-12			Aug-12		
		MoM	YoY	12m MA ¹	MoM	YoY	12m MA ¹
I. Food group	37.5	0.7	7.6	9.8	0.9	8.5	10.0
Food & non-alcoholic beverages	34.8	0.7	7.1	9.7	1.0	8.1	9.9
Alcoholic beverages & tobacco	1.4	0.2	17.8	11.6	0.3	18.1	10.7
Restaurant & hotels	1.2	0.7	9.8	11.3	0.2	10.1	11.9
II. Non-food group	62.5	0.9	9.7	10.8	0.9	9.4	11.0
Clothing & footwear	7.6	0.8	14.9	15.4	0.9	15.6	15.4
Housing water, electricity, gas fuels	29.4	0.0	4.4	7.3	0.0	4.4	7.6
Furnishing & household equipment maintenance etc.	4.2	0.8	17.3	19.5	0.0	17.4	19.3
Health	2.2	1.0	15.2	12.7	1.7	15.6	12.4
Transport	7.2	4.1	19.2	15.5	4.5	15.4	15.1
Communication	3.2	0.0	0.2	0.0	0.0	0.2	0.1
Recreation & culture	2.0	0.0	18.4	11.3	0.3	18.8	10.2
Education	3.9	0.2	9.7	11.3	0.6	9.9	11.7
Miscellaneous	2.8	1.7	10.1	16.8	0.9	11.7	18.0
Overall	100	0.8	8.8	10.4	0.9	9.1	10.6

SPI inflation (WoW) recorded decrease across all the income groups during the first week of October 2012.

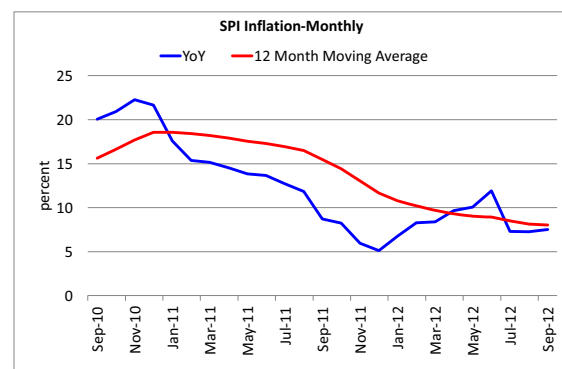
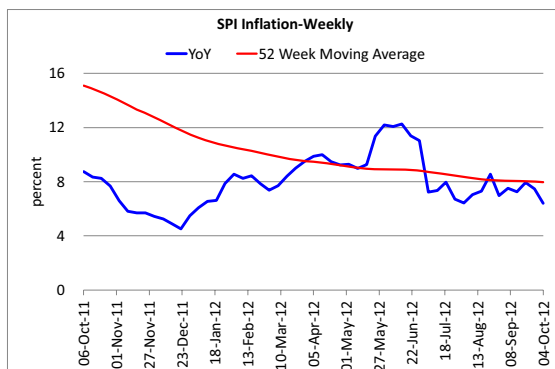
Sensitive Price Indicator (SPI) (percent change)

Income Groups	4-Oct-12	27-Sep-12	20-Sep-12	13-Sep-12	Sep-12		
	WoW ²				MoM	YoY	12m MA ¹
Up to Rs 8000	-0.53	-0.53	0.68	-0.24	1.3	8.1	6.5
Rs 8001-12000	-0.56	-0.47	0.69	-0.28	1.0	10.1	7.8
Rs 12001-18000	-0.61	-0.45	0.76	-0.33	0.9	9.8	7.9
Rs 18001-35000	-0.71	-0.39	0.87	-0.41	0.8	6.4	7.8
Above Rs 35000	-0.88	-0.26	1.06	-0.54	0.9	4.8	8.3
All	-0.73	-0.37	0.90	-0.42	0.9	7.5	8.0

Sources: Pakistan Bureau of Statistics

¹ Twelve month moving average inflation

² WoW: Week on Week



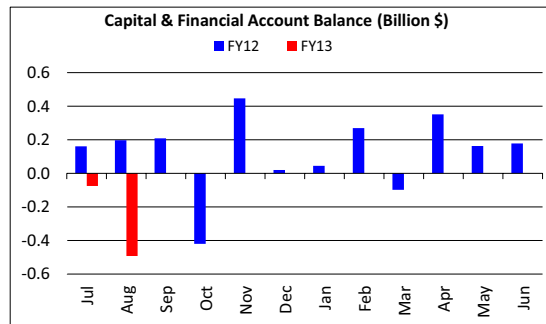
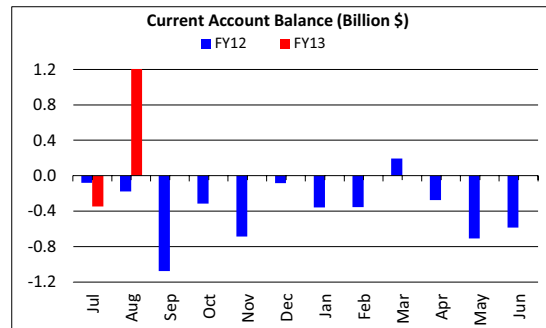
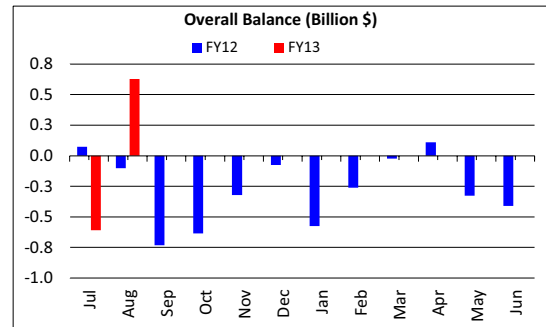


Balance of Payments

Realization of CSF money and a relatively lower trade deficit have led to a significant improvement in external current account balance in July-August FY13 over the same period of FY12.

Balance of Payments Summary (million \$)

Items	Aug-12	Jul-Aug		FY12
		FY13	FY12	
A) Current account	1,233	884	-298	-5,263
1. Trade balance	-1,063	-2,410	-2,528	-15,481
Exports	2,043	4,061	4,257	24,657
Imports	3,106	6,471	6,785	40,138
2. Services (net)	920	658	-437	-3,030
Receipts	1,484	1,808	771	4,950
Payments	564	1,150	1,208	7,980
3. Income (net)	-212	-388	-350	-3,407
Receipts	35	83	181	820
Payments	247	471	531	4,227
4. Current transfers (net)	1,595	3,059	3,054	17,284
Receipts: of which	1,602	3,068	3,069	17,404
Remittances	1,259	2,464	2,407	13,186
Payments	7	9	15	120
B) Capital and financial account: of which	-493	-569	358	1,634
1. Foreign investment	18	98	47	590
FDI (net) ¹	-10	28	94	749
FPI	28	70	-47	-159
2. Foreign long term loans	-93	-106	27	588
Disbursements	32	100	231	2,462
Amortization	125	206	204	1,874
C) Errors & omissions	-119	-330	-125	-280
Overall balance (A+B+C)	628	20	-28	-3,280
SBP gross reserves²	11,505	11,505	16,556	11,901
SBP net liquid reserves³	10,392	10,392	14,603	10,799



¹ Net FDI inflows equals direct investment in Pakistan less direct investment made by Pakistanis abroad.

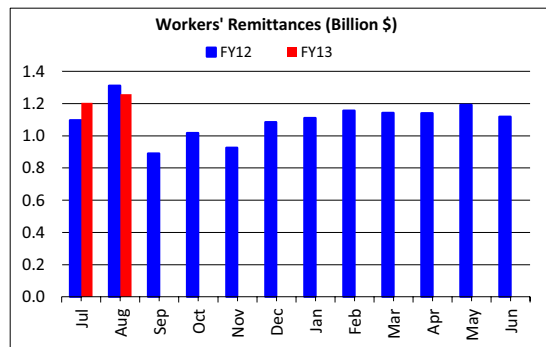
² SBP gross reserves includes banks' deposits for meeting cash reserve requirements (CRR) against their foreign currency deposits and foreign currency cash holdings and excludes unsettled claims on RBI.

³ SBP reserves without CRR, sinking fund, and foreign currency cash.

Workers' remittances during July-August FY13 remained close to their level observed in same period of the last year.

Workers' Remittances⁴ (million \$)

	Aug-12	Jul-Aug		FY12
		FY13	FY12	
Total: of which	1,259	2,464	2,407	13,187
USA	231	447	458	2,334
UK	186	334	282	1,521
Saudi Arabia	308	658	602	3,687
UAE	265	506	552	2,849
GCC ⁵	134	274	251	1,495
Others	135	245	261	1,300



⁴ Only cash, ⁵ Kuwait, Qatar, Bahrain and Oman

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

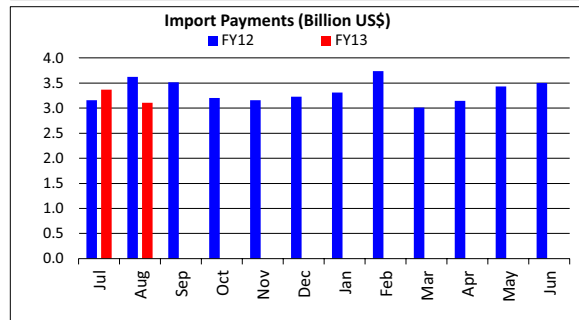
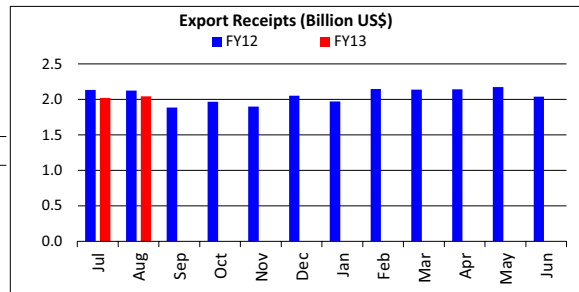
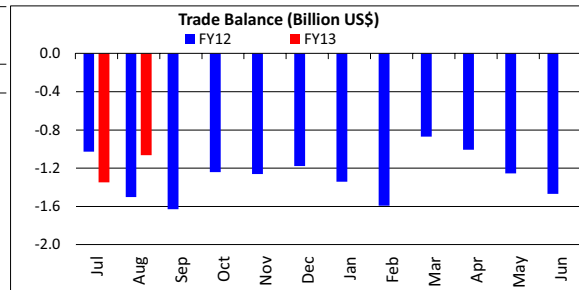


Trade and Foreign Investment

Compared to July 2012, trade deficit narrowed in August 2012 because of decrease in import payments.

Trade in Goods -Major Groups (million US\$)

	Aug-12	Jul-Aug		Shares ¹ FY13
		FY13	FY12	
Exports	2,043	4,061	4,257	100
Textile group	1,118	2,202	2,330	54
Cotton cloth	216	433	441	11
Knitwear, bed wear	356	356	356	9
Readymade garments	142	279	239	7
Other manufactures group	405	842	771	21
Leather items ²	84	161	165	4
Chemical and pharma	109	218	220	5
Cement	45	98	81	2
Engineering goods	30	60	72	1
Food group	309	608	658	15
Rice	112	242	305	6
All others	211	408	499	10
Imports	3,106	6,472	6,785	100
Petroleum group	1,042	2,253	2,893	35
Petroleum products	620	1,451	1,909	22
Petroleum crude	421	802	985	12
Machinery group	296	649	590	10
Power machinery	46	95	84	1
Electrical machinery	39	87	75	1
Telecom	48	124	130	2
Agri. & other chemicals group	580	1,152	1,063	18
Fertilizer manufactured	69	190	115	3
Plastic materials	150	265	230	4
Food group	412	823	779	13
Palm oil	242	453	443	7
Sugar	1	1	2	0
Metal group	196	393	384	6
Iron steel (IS) & IS scrap	165	323	307	5
All others	581	1,201	1,077	19



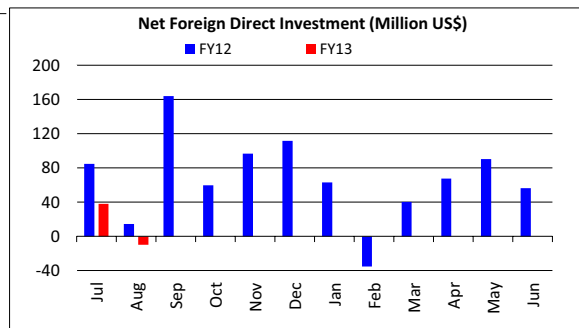
¹ Share (in percent) is calculated as a ratio of cumulative flow of a group(item) to cumulative flow of total imports during FY13.

² Include tanned and manufactured leather

FDI inflows remain suppressed during July-August FY13.

Foreign Direct Investment (FDI) in Pakistan (million US\$)

	Aug-12	Jul-Aug		FY12
		FY13	FY12	
Net FDI	-10	28	94	749
FDI inflows: Of which	121	174	99	813
Major countries				
USA	14	20	59	362
U.A.E.	12	26	26	3
UK	1	4	23	53
China	1	6	10	103
Major sectors				
Communication	75	82	-63	-315
Financial services	3	3	2	56
Oil & gas exploration	20	37	54	613
Power	0.3	2	4	-85
Trade	3	6	6	26



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



Global Economy

During August and September 2012 central banks preferred to maintain their respective policy rates.

Policy Rates in Major Economies

Major Economies	Current Policy Rate	w.e.f	Previous	Change (bps)
USA ¹	0.25	Dec 16 2008	1.00	-75
UK	0.50	Mar 05 2009	1.00	-50
ECB	0.75	Jul 05 2012	1.00	-25
Japan ¹	0.10	Dec 20 2008	0.30	-20
Canada	1.00	Sep 08 2010	0.75	25
Australia	3.25	Oct 03 2012	3.50	-25
China	6.00	Jul 06 2012	6.31	-31
India	8.00	Apr 17 2012	8.50	-50
South Korea	3.00	Jul 12 2012	3.25	-25
Malaysia	3.00	May 05 2011	2.75	25
Indonesia	5.75	Feb 09 2012	6.00	-25
Thailand	3.00	Jan 25 2012	3.25	-25

¹ 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.

In many of the developed and developing economies inflation is on a declining trend since July 2011.

Key Macroeconomic Indicators

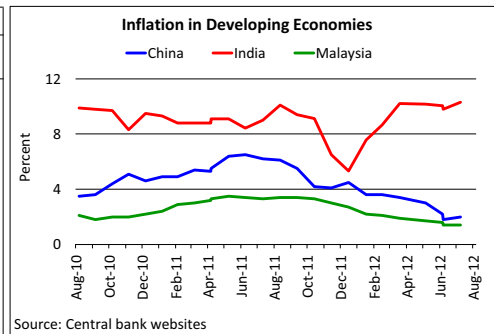
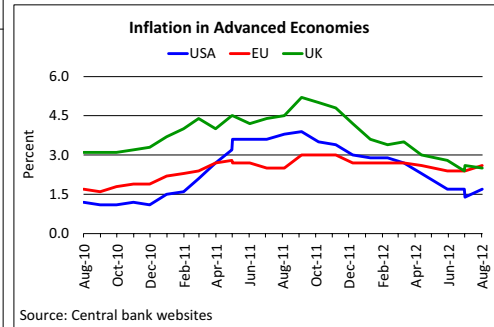
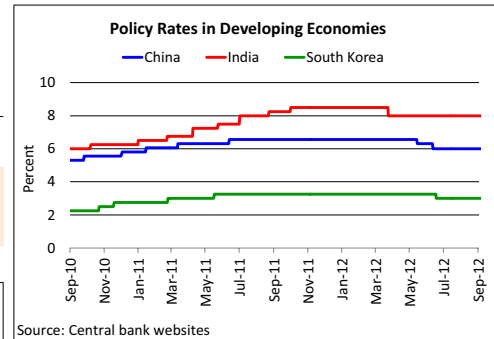
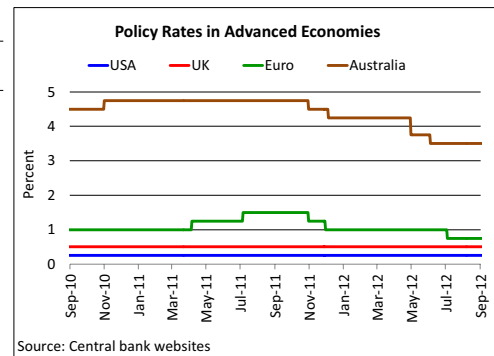
	Inflation (YoY) ² Aug-12	GDP Growth ³ Q2-2012	Current Account Balance	Fiscal Balance
			as a percentage of GDP (Q1-2012)	
USA	1.7	2.1	-3.2	-8.1
UK	2.5	-0.5	-1.7	-8.2
Euro Area	2.6	-0.5	-0.5	-3.0
Japan	-0.4	3.2	1.5	-9.3
Australia (Jun'12)	1.2	3.7	-4.5	-0.7
China	2.0	7.6	1.4	-2.3
India	10.3	5.5	-4.9	-6.2
Sri Lanka (Sep'12)	9.1	6.4	-	-
South Korea (Sep'12)	2.0	2.3	3.1	1.9
Malaysia	1.4	5.4	8.0	-5.2
Indonesia (Sep'12)	4.3	6.4	-0.5	-2.2
Thailand (Sep'12)	3.4	4.2	0.7	-2.3

OECD revised down its forecasts for the advanced economies.

World Economic Outlook - Real GDP Growth

	2011 (IMF Estimated)	2012 Projections		
		IMF (Jul-12)	World Bank (Jun-12)	OECD (Sep-12)
World output	3.9	3.5	2.5	1.6
Advance	1.6	1.4	1.4	-
US	1.7	2.0	2.1	2.3
Euro area	1.5	-0.3	-0.3	-0.1
Japan	-0.7	2.4	2.4	2.0
UK	0.7	0.2	-	-0.7
Emerging & Developing	6.2	5.6	5.3	-
Russia	4.3	4.0	3.8	4.5
China	9.2	8.0	8.2	8.2
India	7.1	6.1	6.6	7.3
ASEAN-5	4.5	5.4	-	-

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



² Inflation is YoY percent changes in CPI.

³ Growth is measured as percentage change over the same quarter of previous year.



International commodity prices, except for metals and palm oil, increased in August 2012.

World Commodity Price Indices (2005=100)

	Aug-12	% change since	
		Jul-12	End Jun-12
All Commodity Price Index	185.4	↑ 4.24	↑ 9.13
Food Price Index	183.9	↑ 0.51	↑ 9.50
Non Fuel Price Index	169.2	↓ -1.89	↑ 2.11
Metal Price Index	172.5	↓ -5.82	↓ -7.11
Crude Oil Price (\$/bbl)	105.3	↑ 8.82	↑ 18.57
Palm oil (\$/m. ton)	930.6	↓ -2.30	↑ 0.32
Soya bean Oil (\$/m. ton)	1188.5	↑ 1.13	↑ 7.06
Wheat (\$/m. ton)	349.4	↑ 1.07	↑ 26.51
Gold spot (\$/Oz) ¹	1759.0	↑ 3.96	↑ 10.11
Sugar (US cents/pound)	28.8	↑ 0.42	↓ -0.21

Source: IMF-IFS

Global stock indices are showing mixed trend in recent months.

Capital Market Indices

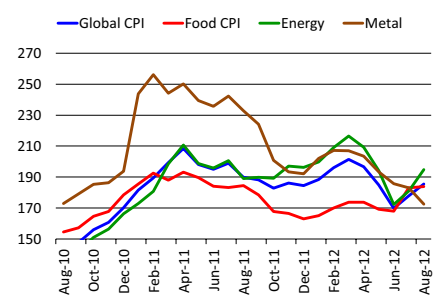
	Latest - 04 th October, 2012	% change since	
		Aug-12	End Jun-12
US (DJIA)	13675.4	↑ 1.8	↑ 9.7
DJ EURO STOXX	2485.8	↑ 1.3	↓ -80.1
UK (FTSE 100)	5827.8	↑ 1.49	↓ -53.2
Japan (Nikkei 225)	8863.3	↓ -0.1	↓ -28.9
China (SSEA)	2086.2	↑ 0.0	↓ -83.3
France (CAC 40)	3401.2	↑ 1.4	↓ -72.7
Germany (DAX)	7305.2	↑ 1.2	↓ -41.4
India (BSE)	18885.5	↑ 0.7	↑ 51.6
World dev'd (MSCI)	1309.4	↓ -2.4	↑ 10.6
Emerging Markets (MSCI)	990.4	↓ -1.9	↑ 7.2
World all (MSCI)	330.6	↓ -2.3	↑ 10.2

¹ Updated till October 4, 2012

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

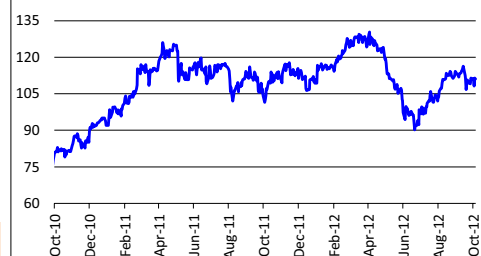
Sources: Bloomberg, IMF, OECD, The Economist and Central Bank Websites

Trends in Commodity Price Indices (2005=100)



Source: IMF-IFS

Daily Price of Saudi Arabian Light - \$ per barrel



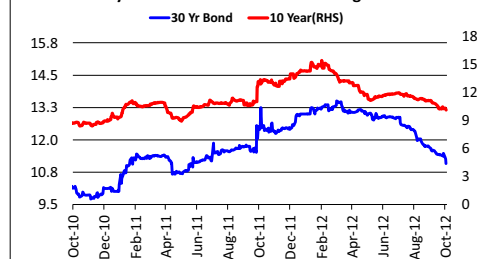
Source: Energy Information Administration

Daily Price of Gold Spot - \$ per Oz.



Source: Bloomberg

Daily Yield of Pakistan's Int'l Sovereign Bond²



Source: Bloomberg

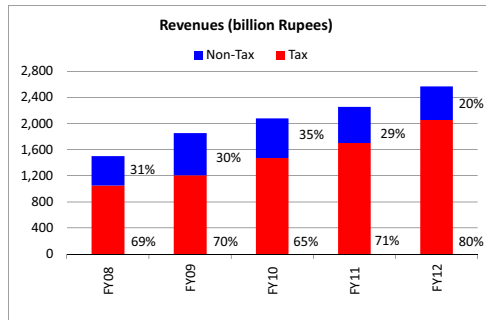


Revenues, Expenditures and Fiscal Balances

Excluding one-off payment for the settlement of PSEs debt, fiscal deficit for FY12 is recorded at 6.6 percent of GDP.

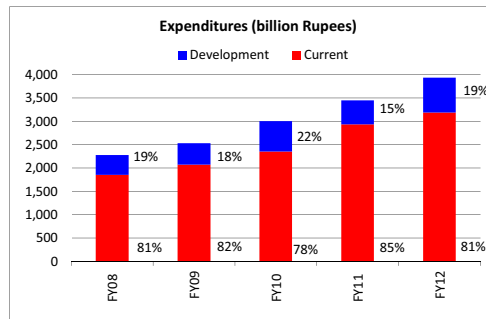
Revenues (billion Rs)

	FY13	FY12		FY11
	BE ¹	BE ¹	Actual	Actual
Total revenues	3,379	2,870	2,567	2,253
Tax revenue	2,615	2,176	2,053	1,699
Growth (YoY) %	27.4	25.2	20.8	15.4
of which: FBR revenues	2,381	1,952	1,881	1,550
Non-tax revenues	764	694	514	554
Growth (YoY) %	48.7	32.7	-7.2	-8.6



Expenditures (billion Rs)

	FY13	FY12		FY11
	BE ¹	BE ¹	Actual	Actual
Total expenditures	4,484	3,711	3,936	3,447
Current ²	3,606	3,053	3,192	2,933
Growth (YoY) %	13.0	4.1	8.8	23.2
of which: Interest payments	926	791	889	698
Defence	545	495	507	451
Development & net lending	878	658	744	514
Growth (YoY) %	18.0	28.0	44.7	-21.3



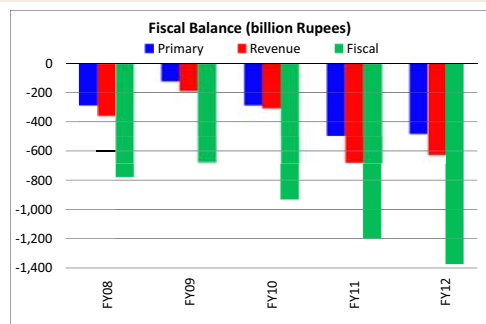
Overall Balance (billion Rs)

	FY13	FY12		FY11
	BE ¹	BE ¹	Actual	Actual
Fiscal balance³	-1,105	-841	-1,370	-1,194
Revenue balance ⁴	-227	-183	-626	-680
Primary balance ⁵	-179	-50	-481	-496

A significant portion of FY12 fiscal deficit was financed through borrowing from SBP.

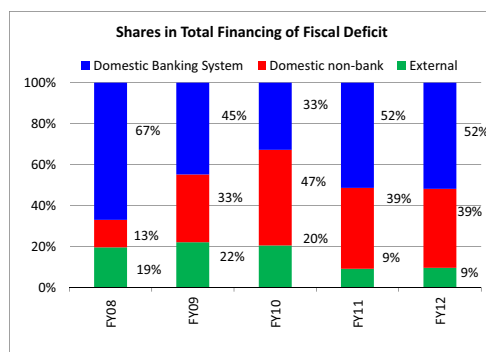
Financing of Fiscal Deficit (billion Rs)

	FY13	FY12		FY11
	BE ¹	BE ¹	Actual	Actual
Financing	1,105	841	1,370	1,194
1. External: of which	135	135	128	108
Privatization proceeds	74	70	-	-
2. Domestic: of which	970	706	1,241	1,087
Non-bank	487	413	529	472
Banking system: of which	484	293	712	615
Schedule banks	484	293	204	647
SBP	0	0	508	-32



FBR Tax Collection (billion Rs)

	Direct	Sales	Customs	FED ⁶	Total taxes
Jul-11	29	62	12	10	112
Aug-11	32	64	14	10	121
Sep-11	64	59	16	9	148
Oct-11	40	64	15	9	126
Nov-11	45	61	16	10	132
Dec-11	103	71	21	7	202
Jan-12	42	66	17	12	136
Feb-12	51	57	17	8	133
Mar-12	73	65	21	11	170
Apr-12	50	67	18	11	146
May-12	72	76	21	13	182
Jun-12	138	94	30	14	275
Jul-12 ^p	22	64	15	6	107
FY12⁷	739	805	217	122	1,883
FY11	602	633	185	137	1,558



¹ Budget Estimates (Source: Ministry of Finance); ² Inclusive of unidentified expenditures; ³ Fiscal balance = total revenue - total expenditure; ⁴ Revenue balance = total revenue - current expenditure (note current expenditure are inclusive of unidentified expenditure); ⁵ Primary balance = total revenue - total expenditure + interest payment; ⁶ Federal excise duty; ⁷ Jul-Jun FY12 cumulative collection as FBR Quarterly Review, which slightly differs from FBR tax collection reported in fiscal accounts. P Provisional
Sources: Ministry of Finance (MoF), Federal Board of Revenue (FBR), Statistics and Data Warehouse Department (S&DWD), SBP.



Government Domestic Debt

Stock of government domestic debt has increased by Rs 112 billion during July, 2012.

Debt by Owner - end period stocks (billion Rs)

	Jul-12 ^P	Jun-12 ^P	Change since Jun-12 ^P
1.Bank	4,441.1	4,427.6	13.5
Commercial banks	2,853.2	2,664.8	188.5
SBP	1,587.8	1,762.8	-175.0
2.Non-bank	3,307.1	3,208.8	98.3
National Saving Schemes (NSS)	2,157.5	2,130.7	26.7
Others	1,149.6	1,078.1	71.6
3.Foreign currency instruments¹	1.4	1.4	0.0
Total(1+2+3)	7,749.6	7,637.8	111.8

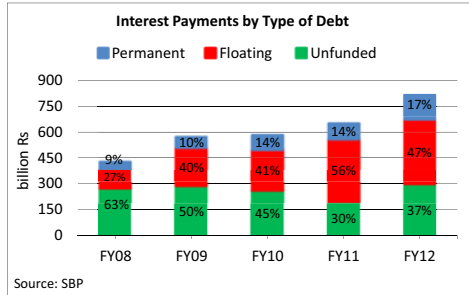
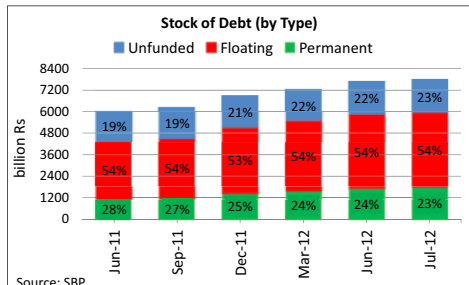
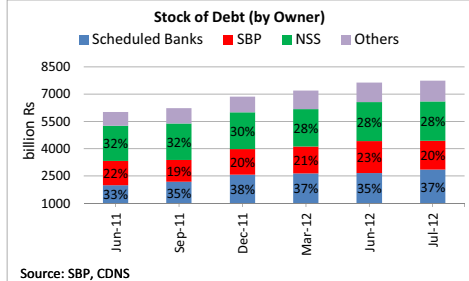
Debt by Type - end period stocks (billion Rs)

	Jul-12 ^P	Jun-12 ^P	Change since Jun-12
1.Long term	3,577.1	3,493.2	83.9
Permanent: of which	1,756.3	1,695.9	60.4
PIBs	1,031.9	974.7	57.2
Prize bonds	336.7	333.4	3.3
Unfunded: of which	1,820.8	1,797.3	23.5
NSS ²	1,698.9	1,675.7	23.2
2.Short term (floating): of which	4,171.0	4,143.1	27.9
MTBs	2,586.3	2,383.4	202.9
MRTBs-replenishment	1,584.7	1,759.7	-175.0
3.Foreign currency instruments	1.4	1.4	0.0
Total(1+2+3)	7,749.6	7,637.8	111.8
Government domestic liabilities³	245.7	242.1	3.6

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

²NSS includes certificates and saving accounts only.

³This reflects provincial governments' borrowings from banks for commodity operations.



Interest payments on floating debt have increased by 101 percent during July, 2012 over July, 2011.

Debt Servicing (billion Rs)

	Jul-12	Jul-11	FY12	percent change in July12 over July11
Permanent ⁴	13.8	12.0	136.0	15.0
Floating	43.7	21.7	377.1	101.2
Unfunded	26.4	19.1	297.1	38.4
Total	84.0	52.8	810.3	58.9

Indicators of Domestic Debt Sustainability

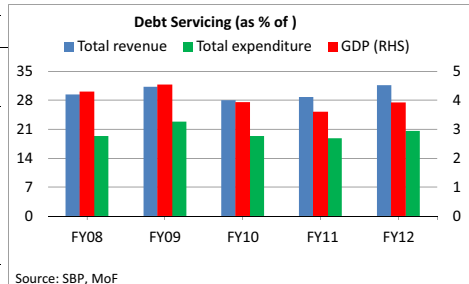
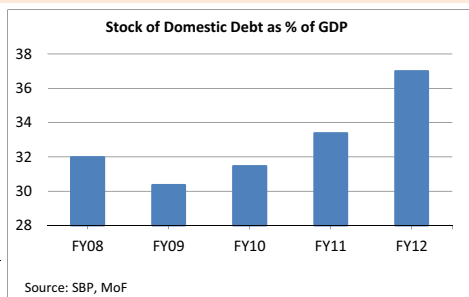
Debt stock as percent of GDP	FY08	FY09	FY10	FY11	FY12 ⁵
	32.0	30.3	31.4	33.4	37.0
Debt servicing as percent of	FY08	FY09	FY10	FY11	FY12 ⁵
GDP	4.3	4.5	3.9	3.6	3.9
Total revenue	29.4	31.2	28.0	28.7	31.6
Tax revenue	41.9	43.4	39.5	37.4	39.5
Total expenditure	19.3	22.8	19.3	18.8	20.6
Current expenditure	23.8	28.3	24.4	21.8	25.9

⁴ Includes prize bonds;

⁵Provisional GDP at current market prices of FY12 has been used to calculate Domestic Debt/GDP ratio.

R: Revised; P: Provisional

Sources: Central Directorate of National Savings (CDNS), Statistics and Data Warehouse Department (S&DWD), SBP and Ministry of Finance (MoF).





External Debt

Stock of public debt decreased by US\$2.0 billion during FY12, mainly due to repayments of IMF loan.

Debt & Liabilities¹ - end period stocks (million \$)

Items	Jun-12 ^P	Jun-11 ^R	Change during FY12
1. Public debt (a+b+c)	55,862	57,897	-2,035
a) Government debt	46,123	46,374	-251
i) Long term (>1 year)	45,742	45,734	8
Paris club	15,014	15,462	-448
Multilateral	25,406	25,837	-431
Other bilateral	2,469	1,925	544
Euro/Sukuk global bonds	1,550	1,550	0
Military debt	103	135	-32
Commercial loans/credits	0	0	0
Local currency bonds (TBs & PIBs)	0	25	-25
Saudi fund for development (SFD)	200	200	0
SAFE China deposits	1,000	500	500
NBP/BOC deposits	0	100	-100
ii) Short term (<1 year)	381	640	-259
IDB	377	608	-231
b) From IMF	7,337	8,940	-1,603
i) Federal government	1,894	1,997	-103
ii) Central bank	5,443	6,943	-1,500
c) Foreign exchange liabilities (FEL)²	2,402	2,583	-181
2. Public Sector Enterprises (PSEs)	1,526	1,356	170
a) guaranteed debt	226	84	142
b) non-guaranteed debt	1,300	1,272	28
3. Scheduled banks	1,844	1,099	745
a) borrowing	860	383	477
i) Long term (>1 year)	92	101	-9
ii) Short term (<1 year)	768	282	486
b) Nonresident deposit (LCY & FCY)	983	716	267
4. Private sector	4,229	4,372	-143
a) guaranteed debt	0	0	0
b) non-guaranteed debt	4,229	4,372	-143
i) Loans	2,249	2,379	-130
ii) Private non-guaranteed bonds	124	124	0
iii) Trade Credits	1,551	1,551	0
5. Debt liabilities to direct investors-intercompany debt	2,100	1,642	458
Total external debt (excl. FEL)	63,159	63,783	-624
Total external debt & liabilities (1+2+3+4+5)	65,561	66,366	-805

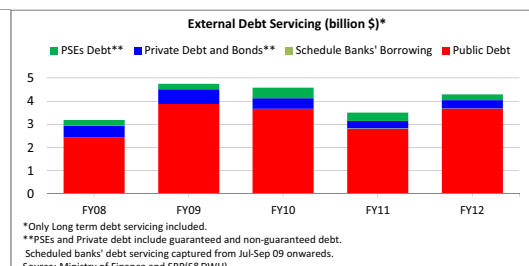
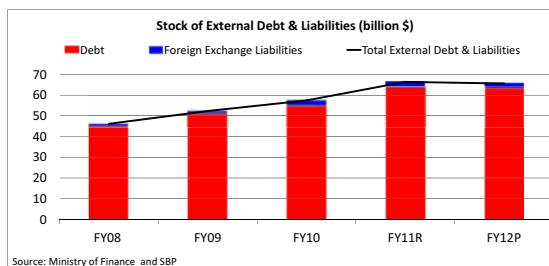
Debt Servicing (million \$)

Items	FY12 ^P	FY11 ^R
1. Public debt (a+b+c)	3,670	2,798
a) Government debt³	2,240	2,219
Principal	1,546	1,491
Interest	694	728
b) To IMF	1,318	442
Principal	1,154	268
Interest	164	174
c) Foreign exchange liabilities	112	137
Principal	100	122
Interest	12	15
2. PSEs guaranteed debt	40	160
Principal	31	141
Interest	9	19
3. PSEs non-guaranteed debt³	208	196
Principal	179	169
Interest	28	27
4. Scheduled banks' borrowing³	19	23
Principal	18	19
Interest	1	4
5. Private guaranteed debt	0	0
6. Private non-guaranteed debt³	339	311
Principal	265	247
Interest	74	64
7. Private non-guaranteed bonds	10	10
Principal	0	0
Interest	10	10
Total Long term external debt servicing (1+2+3+4+5+6+7)	4,285	3,498
Principal	3,294	2,458
Interest	991	1,040
Memorandum Items		
Short term debt servicing-principal ⁴	20,274	5,328
1. Government debt	0	325
2. PSEs non-guaranteed debt	149	91
3. Scheduled banks' borrowing	20,079	4,912
Net flows	486	207
4. Private non-guaranteed debt	46	0

Stock of external debt, as percent of GDP, has declined to 28.3 percent by the end of FY12.

Indicators of External Debt Sustainability

Debt Stock as % of	FY07						FY08						FY09						FY10						FY11						FY12					
	FY07	FY08	FY09	FY10	FY11	FY12	FY07	FY08	FY09	FY10	FY11	FY12	FY07	FY08	FY09	FY10	FY11	FY12	FY07	FY08	FY09	FY10	FY11	FY12	FY07	FY08	FY09	FY10	FY11	FY12						
GDP	28.1	28.2	32.3	32.5	31.5	28.3	2.0	1.9	2.9	3.3	1.7	1.9	17.3	27.5	37.0	34.2	18.3	27.9	16.6	15.6	24.8	29.4	13.7	17.4												
Reserves	257.7	399.1	407.8	339.3	347.2	427.7	17.3	27.5	37.0	34.2	18.3	27.9	16.6	15.6	24.8	29.4	13.7	17.4																		
Exports	233.4	226.0	273.7	291.6	261.0	266.1	16.6	15.6	24.8	29.4	13.7	17.4																								



R: Revised; P: Provisional; ¹External debt data format has been changed, as SBP enhances coverage & quality of external debt statistics by adopting Special Data Dissemination Standard, for more details visit <http://www.sbp.org.pk/ecodata/Revision-EDS.pdf>; ² Allocation of SDR and Nonresident LCY deposits with central bank added to FEL; ³ Only long term debt servicing included (Revised); ⁴ As per the guidelines available in IMF's External Debt Guide for Compilers and Users 2003, the principal repayment of short term debt is excluded from over all principal repayments. However, for the information of data users, short term repayment of principle has been reported as Memorandum Items; ⁵ Only long term debt servicing included from FY11 and onwards (Revised); ⁶ Provisional GDP at current market prices of FY12 has been used to calculate External Debt/GDP ratio & End Period Total Liquid Reserves are used.

Sources: Economic Affairs Division and SBP(S&DWH)



Total Debt

Stock of total debt and liabilities increased by Rs. 2.0 trillion during FY12, mainly due to increase in government domestic debt.

Total Debt Stock (billion Rs)

	Jun-12 ^P	Jun-11 ^R	Change during FY12	Share in FY12 (percent)
I. Government domestic debt	7,637.8	6,017.0	1,620.8	52.5
II. Government external debt ¹	4,364.5	3,987.8	376.7	30.0
III. Debt from IMF	694.28	768.75	-74.5	4.8
IV. External liabilities	227.3	222.0	5.3	1.6
V. Private sector external debt	574.7	470.4	104.2	3.9
VI. PSEs external debt	144.4	116.6	27.8	1.0
VII. PSEs domestic debt	281.1	411.5	-130.5	1.9
VIII. Commodity operations ²	438.1	399.5	38.6	3.0
IX. Intercompany debt	198.7	141.2	57.6	1.4
Total debt & liabilities (I to VIII)	14560.8	12534.8	2026.0	100.0
Total public debt (I to IV)	12923.9	10995.5	1928.3	88.8
Total external debt & liabilities (II to VI &+ IX)	6203.9	5706.8	497.1	42.6
Commodity operations & PSEs debt (VI to VIII)	863.6	927.6	-64.1	5.9

Total Debt Servicing (billion Rs)

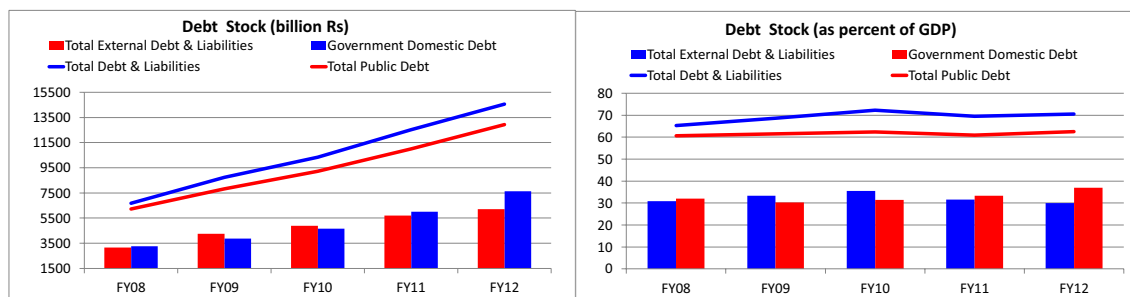
	FY12 ^P	FY11 ^R	Share in FY12 (percent)	Share in FY11 (percent)
Total Debt Servicing(A+B)	1259.3	1017.0	100.0	100.0
A.Total Interest Payment on Debt and Liabilities (I+II)	965.4	806.7	76.7	79.3
I.Interest Payment on debt (a+b)	900.1	740.4	71.5	72.8
a.Domestic Debt	810.3	649.9	64.3	63.9
b.External Debt	89.8	90.6	7.1	8.9
II.Interest Payment on Liabilities (a+b)	65.3	66.3	5.2	6.5
a.External Liabilities ³	1.1	1.3	0.1	0.1
b.Domestic Liabilities	64.2	65.0	5.1	6.4
B.Principal Repayment of External Debt & Liabilities⁴	294.0	210.3	23.3	20.7

Debt stock (as percent of GDP)

	FY12 ⁵	FY11	FY10
Total Debt & Liabilities	70.5	69.5	72.3
Total Public Debt	62.6	61.0	62.4
Total External Debt & Liabilities	30.0	31.6	35.5
Government Domestic Debt	37.0	33.4	31.4
PSEs Debt & Liabilities	4.2	5.1	6.2

Debt Servicing (as percent of)

	FY12 ^P	FY11	FY10
GDP	6.1	5.6	6.6
Total revenue	49.1	45.0	47.1
Tax revenue	61.3	58.5	66.4
Total expenditure	32.0	29.4	32.5
Current expenditure	40.3	34.1	41.0



Note: R: Revised; P: Provisional;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 and Federal governments agencies for commodity operations; ³ Rupee value of external liabilities computed by applying the corresponding end period average exchange rate; ⁴ Short term debt repayment excluded; ⁵ Provisional GDP at current market prices of FY12 has been used to calculate Debt/GDP ratio for FY12;

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



Monetary and Credit Aggregates

Government borrowing from the banking system remains the key driver of monetary expansion during July 1 - September 21, FY13.

Monetary Assets of the Banking System

	End June 2012 stocks	Cumulative flows since end-June		FY12
		Latest week	A year ago	
		21-Sep-12	24-Sep-11	
NFA	526.6	16.2	-87.0	-253.6
NDA	7,115.2	5.2	62.0	1,200.2
Net government borrowings: of which	4,258.0	204.4	262.6	1,237.4
Net budgetary borrowing	3,799.9	201.8	269.5	1,198.3
Commodity operations	436.1	5.1	-4.9	38.6
Non-government borrowings: of which	3,652.7	-37.1	-71.5	105.4
Private sector	3,376.4	-52.2	-89.9	235.2
PSEs	257.2	15.6	18.2	-130.5
Other items (net)	-795.5	-162.1	-129.1	-142.6
M2	7,641.8	21.4	-25.1	946.6

Monetary Liabilities of the Banking System

	(billion Rs)			
	Latest week	A year ago	FY12	
	21-Sep-12	24-Sep-11		
Currency in circulation	1,673.7	115.6	69.8	172.3
Total deposits with banks	5,959.1	-94.5	-94.0	775.5
Demand deposits with banks	4,712.4	-115.9	-143.6	588.9
Time deposits with banks	806.6	23.5	50.7	121.5
RFCDs with banks	440.1	-2.0	-1.1	65.2
M2	7,641.8	21.4	-25.1	946.6

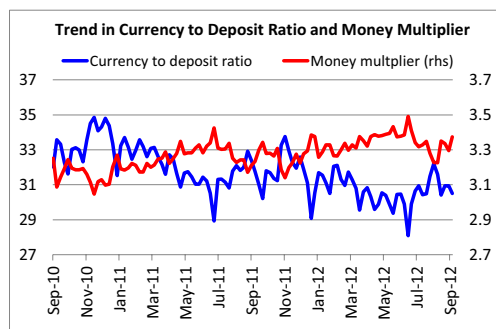
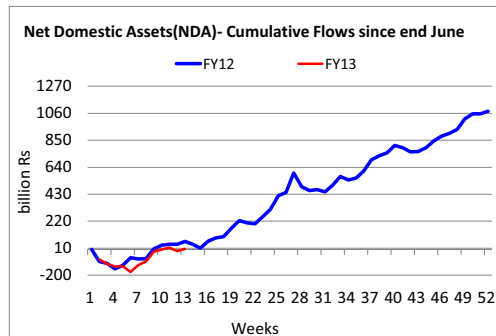
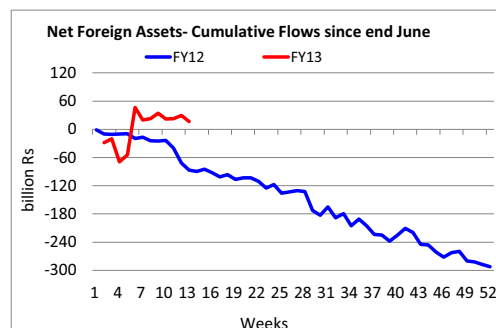
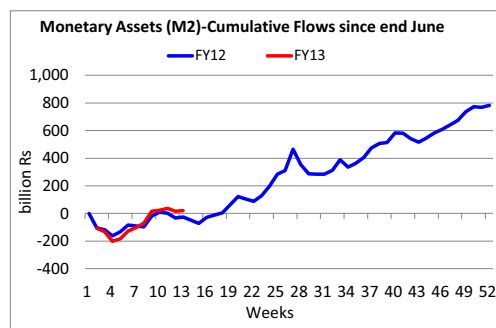
Percent Growth in Monetary Assets of the Banking System

	YoY (21-Sep-12)	Since end June		FY12
		21-Sep-12	24-Sep-11	
NFA	-21.7	3.1	-11.2	-32.5
NDA	19.1	0.1	1.0	20.3
Government borrowings	35.9	4.8	8.7	41.0
Budgetary borrowing	39.4	5.3	10.4	46.1
Commodity operations	12.4	1.2	-1.2	9.7
Non-government sector borrowings	4.0	-1.0	-2.0	3.0
Private sector	8.9	-1.5	-2.9	7.5
PSEs	-32.8	6.1	4.7	-33.7
Other items (Net)	22.5	20.4	19.8	21.8
M2	14.9	0.3	-0.4	14.1

Memorandum Items

	Latest week	A year ago	FY12
	21-Sep-12	24-Sep-11	
Money multiplier	3.37	3.31	3.49
Currency to deposit ratio	30.5	30.9	28.1
M2 to GDP ratio	32.3	32.3	37.1
Private sector credit to GDP ratio	14.0	14.8	17.4

Note: All FY12 numbers are provisional; Source: Statistics & Data Warehouse Department (S&DWD), SBP





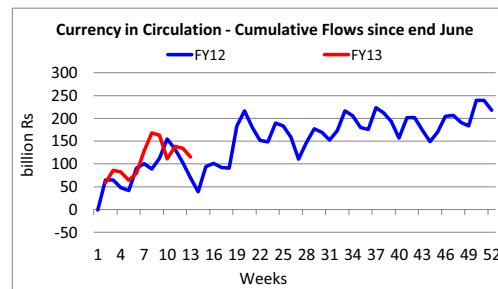
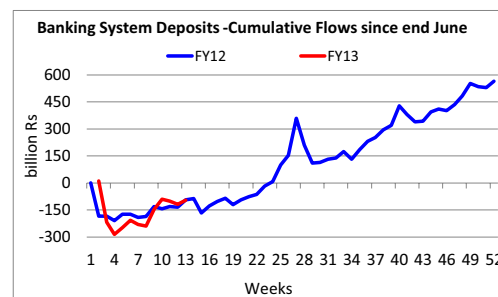
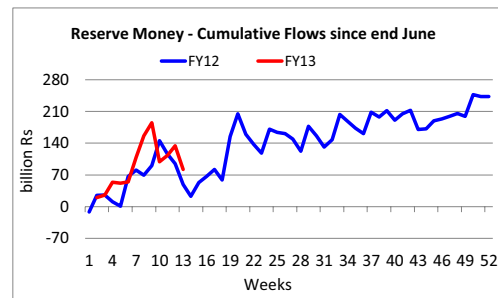
SBP's OMO injection is a main driver of reserve money growth during July 1 - September 21, FY13.

Monetary Assets of SBP

	End June 2012 stocks	Cumulative flows since end-June		FY12 (Provisional)
		Latest week	A year ago	
		21-Sep-12	24-Sep-11	
NFA	388.6	-5.1	-56.8	-225.4
NDA: of which	1,800.3	87.5	106.0	448.5
Budgetary borrowing	1,706.0	-235.3	-3.9	505.3
Other items (net)	-211.7	365.4	149.9	-142.6
Net impact of OMOs/discounting	110.5	410.9	190.8	46.9
Reserve money	2,188.9	82.4	49.2	223.0

Monetary Liabilities of SBP

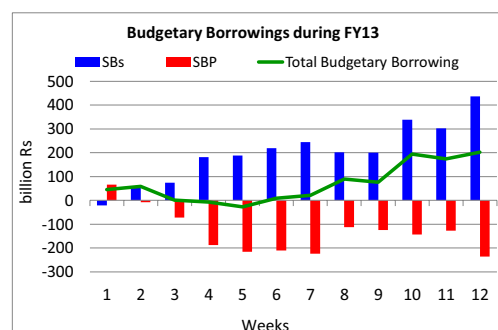
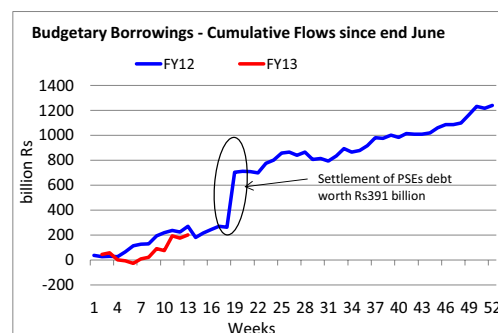
	End June 2012 stocks	Cumulative flows since end-June		FY12
		Latest week	A year ago	
		21-Sep-12	24-Sep-11	
Currency in circulation	1673.7	115.6	69.8	172.3
Cash in tills	110.1	-2.9	1.0	5.2
Bank deposits with SBP (reserves)	396.2	-30.6	-20.7	46.7
Other deposits with SBP	8.9	0.3	-0.9	-1.2
	YoY (21-Sep-12)	Percent growth		(billion Rs)
NFA of the SBP	-31.2	-1.3	-9.2	-225.4
NDA of the SBP: of which	29.5	4.9	7.8	448.5
Budgetary borrowing	22.9	-13.8	-0.3	505.3
Other items (net)	-609.6	-172.6	-83.2	-31.6
Reserve money	12.7	3.8	2.5	223.0



Government budgetary borrowing remained lower during July 1-September 21, FY13 compared to that in the same period of FY12.

Details on Government Borrowing for Budgetary Support

	End June 2012 stocks	Cumulative flows since end-June		FY12 ¹
		Latest week	A year ago	
		21-Sep-12	24-Sep-11	
Budgetary borrowing	3799.9	201.8	269.5	1198.3
Federal government	4064.5	188.2	226.8	1161.0
From SBP	1704.3	-235.3	-33.3	505.3
SBP's Holdings of MRTBs	1759.7	-129.5	-83.8	445.2
From scheduled banks (SBs)	2360.3	423.5	260.2	696.5
Provincial governments	-264.6	-34.8	42.6	37.3
From SBP ²	1.7	-48.3	29.4	40.9
From SBs ³	-266.4	13.6	13.2	-3.6
Memorandum Items				
Budgetary borrowing on cash basis	3667.2	211.5	225.1	1143.9
SBP	1662.1	-247.6	-5.1	507.5
SBs	2005.2	459.2	230.2	636.4



¹ Including Rs 391 billion shifted due to settlement of PSEs debt stock.

² Current 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.

³ The end-June 2012 net stock of borrowings was negative as provincial governments' deposits with scheduled banks exceeded their borrowings.



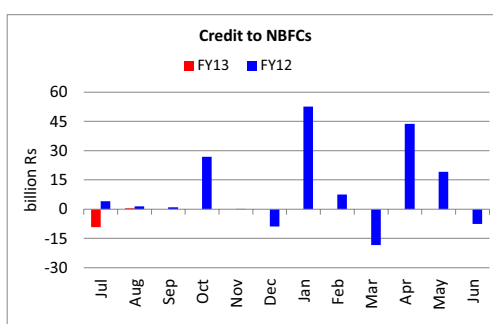
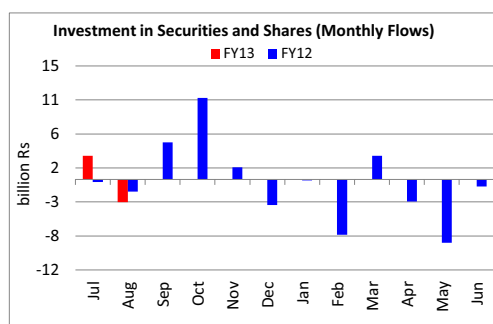
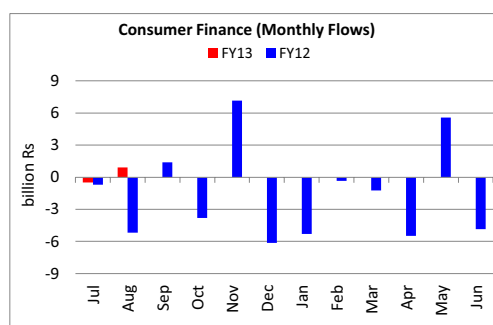
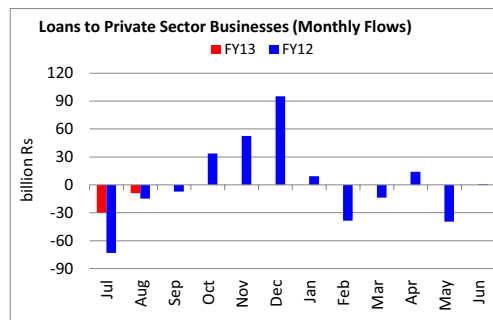
During July-August FY13, net retirement in credit to private sector is significantly lower compared with the same period of FY12.

Credit to Private Sector

	End June 2012 stocks	Cumulative flows (billion Rs)		
		Jul-Aug FY13	Jul-Aug FY12	FY12
Total credit to private sector	3376.4	-24.3	-84.2	235.2
1. Loans to private sector businesses	2450.1	-38.8	-88.2	18.3
By type				
Working capital: of which	1582.1	-49.4	-66.9	-0.1
Export finance	247.0	-16.4	-19.8	-19.8
Import finance	126.6	7.1	2.2	-8.1
Fixed investment	868.0	10.6	-21.2	18.4
By Sectors: of which				
Agriculture	198.4	↑ 2.0	↑ 4.0	↑ 17.9
Manufacturing: of which	1389.9	↓ -48.3	↓ -66.4	↑ 4.5
Textiles	491.0	↓ -25.0	↓ -30.0	↓ -23.7
Food products & beverages	290.4	↓ -27.3	↓ -41.1	↑ 15.1
Chemicals & products	172.4	↑ 7.7	↓ -6.6	↑ 14.3
Non-metallic mineral products	76.5	↓ -1.1	↑ 1.6	↓ -18.3
Wearing apparel, readymade gar.	48.3	↓ -1.2	↓ -1.8	↓ -1.7
Electricity, gas and water	278.1	↑ 0.6	↑ 0.7	↑ 8.7
Construction	53.5	↓ -2.4	↓ -3.1	↓ -14.2
Commerce and trade	210.0	↑ 0.5	↓ -9.8	↓ -3.7
Transport, storage and comm.	111.3	↓ -1.9	↓ -6.9	↑ 5.1
Services: of which	149.9	↓ -3.3	↓ -5.3	↓ -4.0
Real estate/renting & business act.	107.9	↓ -2.2	↓ -4.0	↓ -3.1
2. Personal: of which	285.0	↑ 1.1	↓ -5.8	↓ -9.0
Consumer financing	198.7	↑ 0.4	↓ -5.9	↓ -18.9
3. Investment in securities and shares	153.2	↑ 0.1	↓ -2.0	↓ -4.8
4. Others¹	488.0	↑ 10.3	↑ 11.7	↑ 230.6

¹ This includes credit to Non-Bank Finance Companies, some Public Sector Enterprises, and other categories.

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





Money Market

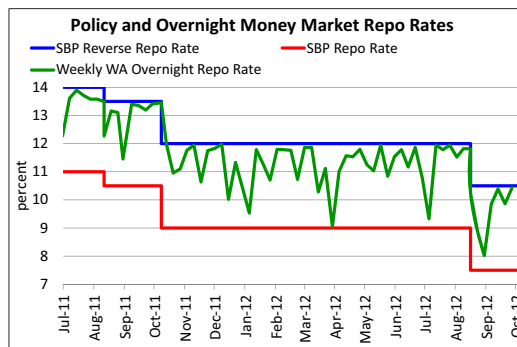
SBP cut its policy rate by 150 basis points to 10.5 percent with effect from 13th August 2012.

Policy Instruments (%)

	Current	w.e.f	Previous	w.e.f	Change ¹
SBP reverse repo rate	10.5	13-Aug-12	12.0	10-Oct-11	↓ -150
SBP repo rate	7.5	13-Aug-12	9.0	10-Oct-11	↓ -150
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	22-Jul-06	↓ -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' excess cash reserves with SBP have decreased since the change in SBP policy rate in August 2012.

Weekly Cash Reserve Requirements² (billion Rs)

	Week Ended		Change since	
	Current	Last month		
	27-Sep-12	23-Aug-12	23-Aug-12	9-Aug-12 ³
Cash required	246.8	242.6	↑ 4.1	↑ 4.5
Cash maintained	253.3	251.7	↑ 1.5	↑ 3.2
Excess cash reserves (per day)	6.5	9.1	↓ -2.6	↓ -1.3

² 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.

³ As on Friday preceding the monetary policy decision of a change in policy rate.

Weighted Average O/N Money Market Repo Rate (percent)

	FY13				
	Q1	Q2*	Q3	Q4	YTD
WA O/N Repo Rate ⁴	10.71	8.55			10.52
Standard Deviation	1.08				1.18
CoV ⁵	0.1				0.11

*upto October 4, 2012

YTD: Year to Date

	FY12				FY11
	Q1	Q2	Q3	Q4	
WA O/N Repo Rate ⁴	13.31	11.55	11.09	11.42	11.75
Standard Deviation	0.48	0.89	0.68	0.39	1.04
CoV ⁵	0.04	0.08	0.06	0.03	0.09

⁴ Weekly Weighted Average O/N Repo Rate

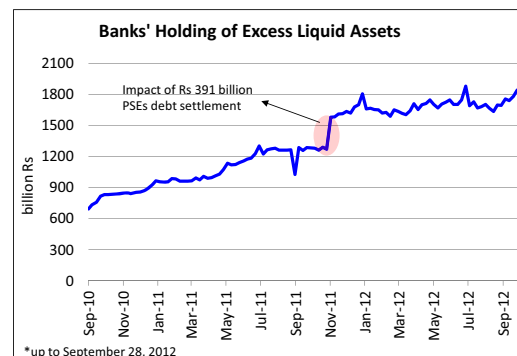
⁵ CoV (Coefficient of Variation) is a ratio and not represented in percent.

Banks' holding of government securities now stands at 85 percent of their total liquid assets maintained.

Overall Reserve Requirement (billion Rs)

	Current		Change since	
	28-Sep-12	10-Aug-12	10-Aug-12	4-Oct-08
Required reserves	1191.1	1170.5	↑ 20.6	↑ 228.6
Cash ⁶	248.2	243.8	↑ 4.3	↓ -27.9
Securities ⁷	942.9	926.6	↑ 16.3	↑ 256.6
Maintained	3034.3	2838.1	↑ 196.3	↑ 2015.6
Cash	436.6	389.0	↑ 47.6	↑ 47.8
Cash in tills	130.1	133.0	↓ -2.9	↑ 42.0
Balance with SBP	262.3	237.3	↑ 25.0	↓ -26.3
Balance with NBP	44.2	18.7	↑ 25.5	↑ 32.1
Securities	2556.9	2408.2	↑ 148.6	↑ 1943.7
Others ⁸	40.9	40.8	↑ 0.0	↑ 24.1
Excess liquid assets⁹	1843.2	1667.6	↑ 175.6	↑ 1786.9

Source: Off-site Supervision and Enforcement Department, SBP



⁶ Required under weekly average CRR

⁷ Required under SLR

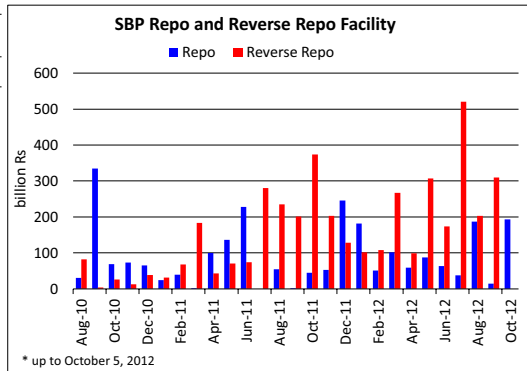
⁸ Includes Section 13(3) deposits and share capital of MFBS.

⁹ Includes excess securities + cash and other assets maintained.



Banks' use of SBP reverse repo facility as opposed to SBP repo facility has been significantly higher in FY13 so far.

SBP Standing Facilities				
	SBP Reverse Repo		SBP Repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
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	2,477.2	119	948.1	47
Q1	716.0	41	56.3	7
Q2	704.9	26	346.9	15
Q3	476.5	25	335.0	13
Q4	579.8	27	209.9	12
FY13	1,035.7	32	432.7	15
Q1	1,035.7	32	239.9	11
Oct ¹	-	-	192.9	4

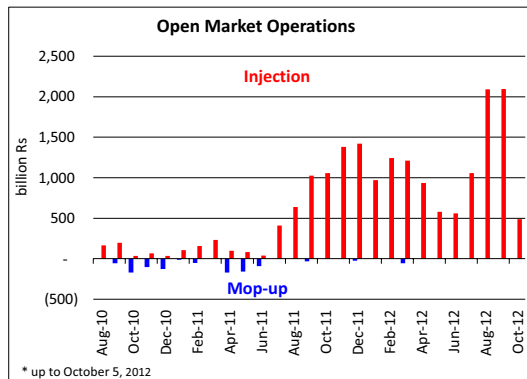


¹ Updated up to October 5, 2012

Source: Domestic Markets & Monetary Management Department, SBP

SBP continued to inject substantial amount of liquidity through OMOs in FY13.

Open Market Operations (billion rupees)				
	Mop-up	Injection	Net	Outstanding OMOs ²
			Injection	
FY11	961.3	1,252.8	291.5	-
Q1	74.9	436.2	361.3	8.4
Q2	402.6	138.5	(264.1)	3.9
Q3	62.7	457.1	394.4	82.0
Q4	421.2	221.0	(200.2)	(92.0)
FY12	110.4	11,432.0	11,321.6	-
Q1	32.4	2,074.0	2,041.6	221.9
Q2	24.0	3,859.0	3,835.0	224.0
Q3	54.0	3,424.5	3,370.5	172.1
Q4	0.0	2,074.5	2,074.5	79.9
FY13	0.0	5,731.4	5,731.4	-
Q1	0.0	5,244.3	5,244.3	611.5
Oct ³	0.0	487.2	487.2	487.2

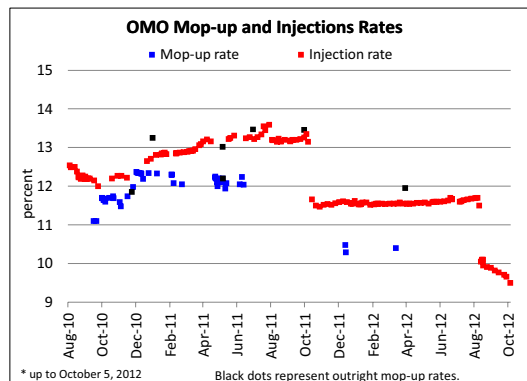


Source: Domestic Markets & Monetary Management Department, SBP

² End-period

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

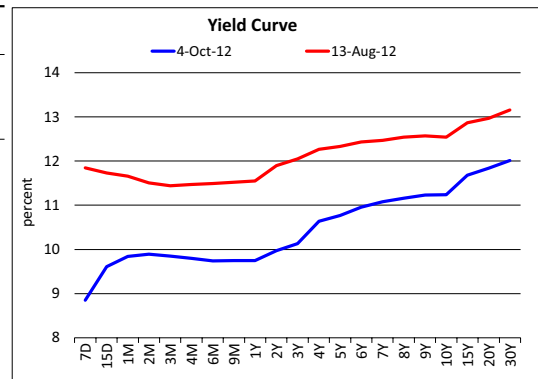
³ Updated up to October 5, 2012





Following the cut in the policy rate, secondary market yield curve has shifted downward.

Tenors	Pak Rupee Revaluation (PKRV) Rates ¹ (%)		Change (in basis points) since	
	Current		Last MPS	
	4-Oct-12	28-Aug-12	28-Aug-12	10-Aug-12
1-week	9.28	9.71	↓ -43	↓ -255
2-week	9.67	10.02	↓ -35	↓ -216
1-month	9.87	10.22	↓ -35	↓ -186
3-month	9.73	10.38	↓ -65	↓ -171
6-month	9.70	10.41	↓ -71	↓ -179
9-month	9.73	10.44	↓ -71	↓ -181
1-year	9.73	10.45	↓ -72	↓ -184
2-year	9.91	10.91	↓ -100	↓ -200
3-year	10.12	11.01	↓ -89	↓ -195
5-year	10.71	11.58	↓ -87	↓ -167
7-year	11.01	11.76	↓ -75	↓ -150
10-year	11.17	11.97	↓ -80	↓ -143
20-year	11.82	12.41	↓ -59	↓ -117
30-year	11.99	12.58	↓ -59	↓ -116

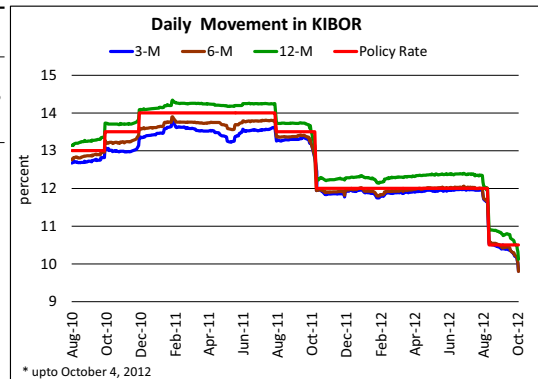


Source: Financial Market Association of Pakistan

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

KIBOR of most tenors have started to decline prior to the announcement of monetary policy.

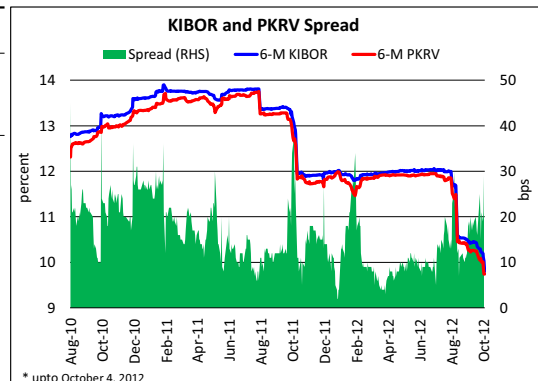
Tenors	Tenor-wise KIBOR (%)		Change (in basis points) since	
	Current		Last MPS	
	4-Oct-12	28-Aug-12	28-Aug-12	10-Aug-12
1-week	9.71	9.43	↑ 28	↓ -223
2-week	9.82	9.99	↓ -17	↓ -209
1-month	9.96	10.37	↓ -41	↓ -191
3-month	9.80	10.47	↓ -67	↓ -184
6-month	9.80	10.52	↓ -72	↓ -189
9-month	10.07	10.82	↓ -75	↓ -189
12-month	10.12	10.87	↓ -75	↓ -188
2-year	10.45	11.08	↓ -63	↓ -176
3-year	10.59	11.25	↓ -66	↓ -172



Source: Financial Market Association of Pakistan

The spreads between 1 month to 12 month KIBOR and PKRV rates have decreased since the latest cut in the policy rate.

Tenors	KIBOR and PKRV Spread (basis points)		Change since	
	Current		Last MPS	
	4-Oct-12	28-Aug-12	28-Aug-12	10-Aug-12
1-week	43	-28	↑ 71	↑ 32
2-week	15	-3	↑ 18	↑ 7
1-month	9	15	↓ -6	↓ -5
3-month	7	9	↓ -2	↓ -13
6-month	10	11	↓ -1	↓ -10
9-month	34	38	↓ -4	↓ -8
12-month	39	42	↓ -3	↓ -4
2-year	54	17	↑ 37	↑ 24
3-year	47	24	↑ 23	↑ 23



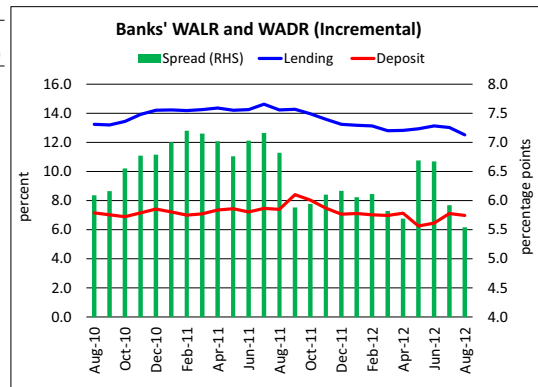
Sources: SBP



Against a cumulative 350 basis points (bps) cut in the policy rate since August 2011, incremental WALR and WADR have declined by 211 bps and 49 bps respectively uptill August 2012.

Weighted average Lending and Deposit Rates (percent per annum)

Months	Incremental ¹			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Aug-11	14.22	7.40	682	13.65	6.06	759
Sep-11	14.28	8.40	588	13.81	6.18	763
Oct-11	13.97	8.03	594	13.68	6.01	767
Nov-11	13.58	7.48	610	13.52	5.99	753
Dec-11	13.23	7.06	617	13.46	5.88	758
Jan-12	13.18	7.12	606	13.25	5.88	737
Feb-12	13.14	7.03	611	13.15	5.85	730
Mar-12	12.80	6.98	582	13.04	5.74	730
Apr-12	12.83	7.14	569	12.98	5.76	722
May-12	12.94	6.25	669	12.95	5.88	707
Jun-12	13.13	6.46	667	12.96	5.82	714
Jul-12	13.03	7.11	592	12.93	5.88	705
Aug-12	12.51	6.97	554	12.82	5.87	695



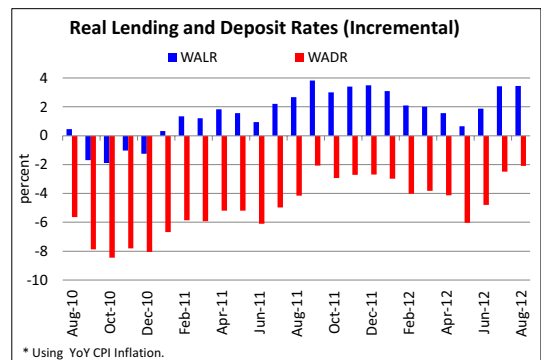
Source: Statistics & Data Warehouse Department, SBP

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

The real lending rates, calculated on the basis of YoY inflation, remain positive.

Months	Real (based on 12-month MA inflation) ²		Real (based on YoY inflation) ³	
	WALR	WADR	WALR	WADR
Aug-11	0.69	-6.13	2.66	-4.16
Sep-11	1.13	-4.75	3.82	-2.06
Oct-11	1.18	-4.76	3.00	-2.94
Nov-11	1.20	-4.90	3.39	-2.71
Dec-11	1.31	-4.86	3.48	-2.69
Jan-12	1.58	-4.48	3.08	-2.98
Feb-12	1.68	-4.43	2.09	-4.02
Mar-12	1.52	-4.30	2.01	-3.81
Apr-12	1.65	-4.04	1.56	-4.13
May-12	1.78	-4.91	0.65	-6.04
Jun-12	2.13	-4.54	1.87	-4.80
Jul-12	2.26	-3.66	3.43	-2.49
Aug-12	1.95	-3.59	3.45	-2.09

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



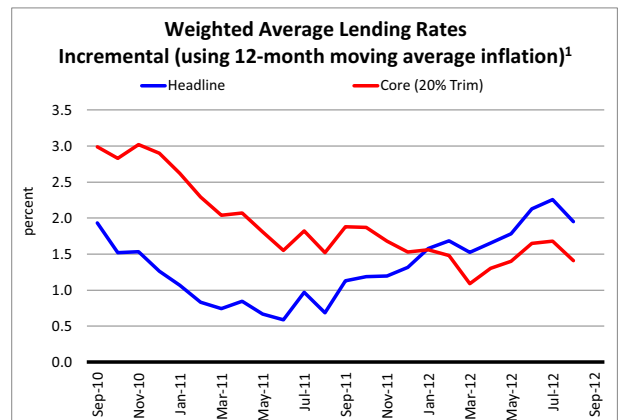
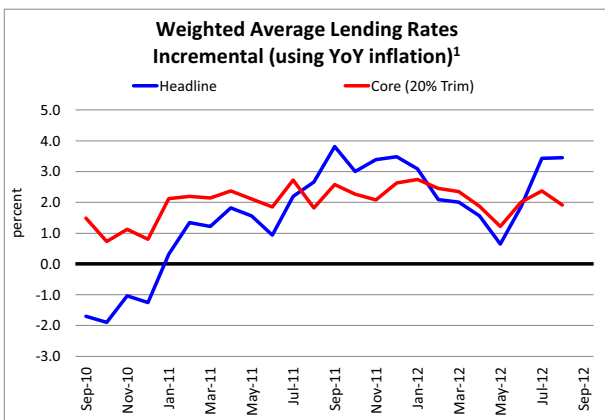
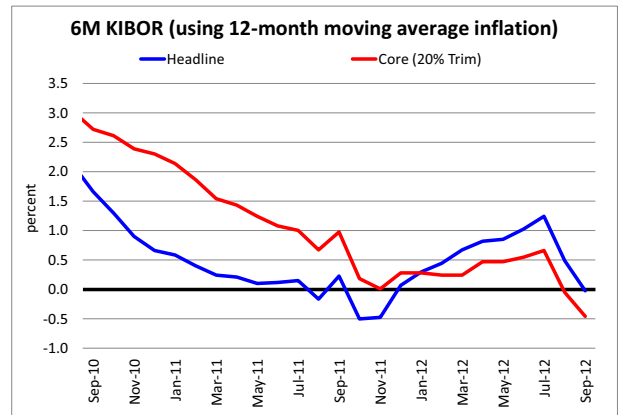
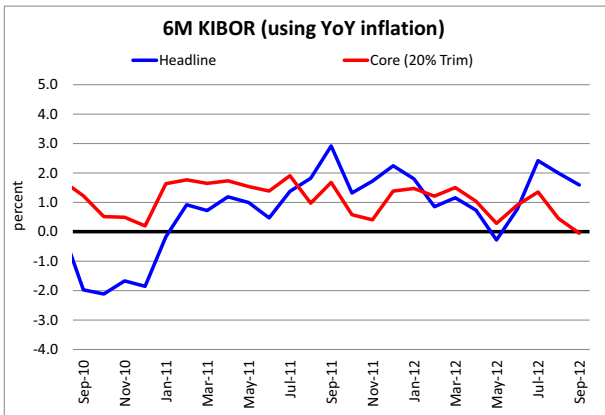
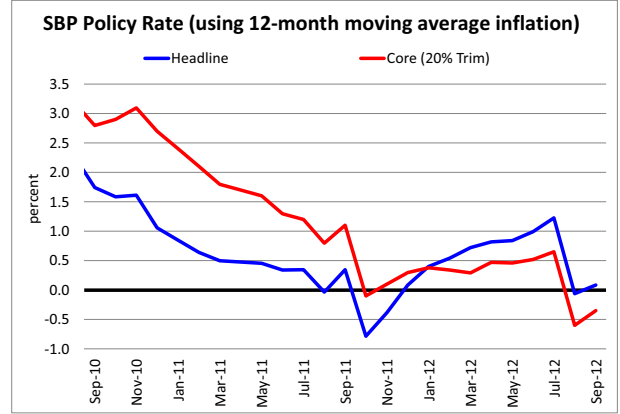
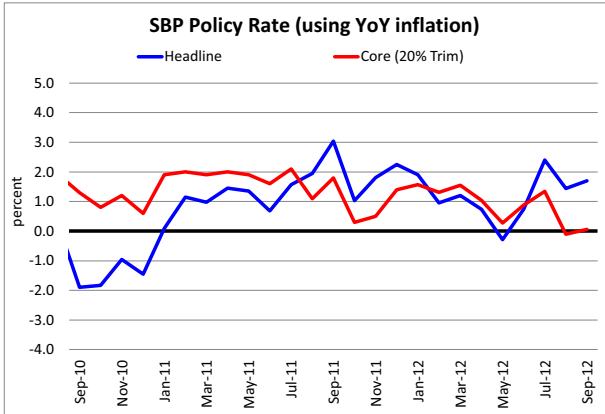
* Using YoY CPI Inflation.

² Nominal rate less CPI inflation (12-month moving average).

³ Nominal rate less CPI inflation (year on year).



Real Interest Rates



¹ The weighted average lending rates are not available for September 2012

Sources: FBS and Statistics & Data Warehouse Department, SBP



Since the beginning of FY13, market preference for longer tenor T-bills has increased.

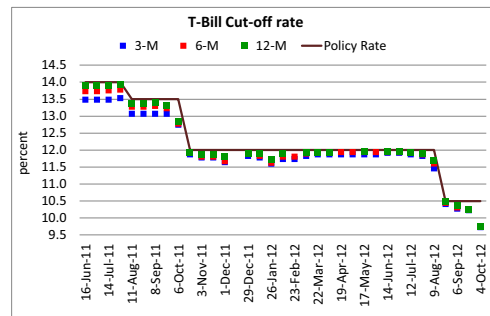
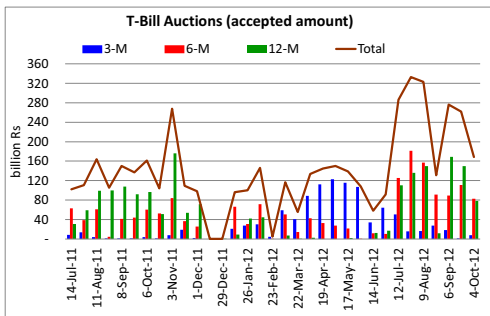
FY/Q/ Settlement Date	TOTAL				3-Month			6-Month			12-Month			Non-competitive bids ³
	Target	Maturity	Offered	Accepted ¹	Offered	Accepted	Cut-off ²	Offered	Accepted	Cut-off ²	Offered	Accepted	Cut-off ²	
FY12	3,345.0	3,053.4	4,773.6	2,854.6	1,416.6	889.6	-	1,513.2	891.6	-	1,843.8	1,073.4	-	366.5
Q1	750.0	594.7	1,090.9	769.2	82.5	29.0	13.07	336.1	252.5	13.23	672.3	487.7	13.31	81.3
Q2	1,025.0	936.5	1,581.6	741.1	110.7	33.2	11.83	586.6	258.7	11.67	884.2	449.1	11.90	98.9
Q3	575.0	505.5	984.7	518.5	348.1	182.5	11.87	403.0	233.5	11.94	233.5	102.5	11.94	76.8
Q4	995.0	1,016.7	1,116.4	825.8	875.2	644.8	11.92	187.4	146.9	11.94	53.8	34.1	11.95	109.5
FY13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Q1	1,500.0	1,487.1	2,231.1	1,611.3	191.0	129.5	10.23	967.6	755.4	10.24	1,072.5	726.4	10.26	152.2
Q2	1,125.0	1,148.9	-	-	-	-	-	-	-	-	-	-	-	-
4-Oct	250.0	233.4	526.3	168.5	24.8	7.7	9.73	271.2	82.9	9.76	230.4	77.8	9.76	23.2

Source: Domestic Markets & Monetary Management Department, SBP

¹ The amount does not include the non-competitive bids.

² Quarterly rate are for end-period.

³ These amounts are raised from non-bank institutions and/or individuals at auctions weighted average rate.



Government has successfully raised the targeted amount in the PIB auction held in Q1-FY13.

FY12	Cut-off rate ⁵	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total	Target
		Offered	94.1	71.0	1.2	145.2	2.4	4.8	0.2	318.7
Accepted	67.3	52.1	-	86.2	2.2	3.7	-	211.6	185.0	
Q1	Cut-off rate	13.22	13.24	-	13.25	13.50	-	-	-	-
	Offered	20.5	20.9	0.5	60.4	2.4	0.2	0.2	105.1	-
	Accepted	16.6	17.4	-	31.2	2.2	-	-	67.3	50.0
Q2	Cut-off rate	12.45	12.70	-	12.70	-	-	-	-	-
	Offered	25.4	8.6	0.7	22.1	-	-	-	56.8	-
	Accepted	14.1	4.0	-	15.1	-	-	-	33.2	45.0
Q3	Cut-off rate	12.59	12.94	-	13.20	-	-	-	-	-
	Offered	25.5	25.5	-	21.5	-	-	-	72.4	-
	Accepted	17.2	18.7	-	14.1	-	-	-	50.0	50.0
Q4	Cut-off rate	12.75	13.12	-	13.38	-	13.35	-	-	-
	Offered	22.6	15.9	-	41.1	-	4.7	-	84.3	-
	Accepted	19.4	12.1	-	25.9	-	3.7	-	61.1	40.0
FY13										
	Cut-off rate	10.63	11.17	-	11.60	-	13.35	-	-	-
Q1	Offered	94.1	72.2	-	76.9	-	6.1	-	249.4	-
	Accepted	43.3	45.6	-	21.8	-	5.1	-	115.8	90.0
Q2										90.0

"-": Either no bid received or bids were rejected.

⁴ Excluding non-competitive bids and short-selling accommodation

⁵ The cut-off rates are of the last auction in FY12, where the bids were accepted, with the exception of 7 year (in which the cut-off rate of May 26, 2012 is used) and 30-year (in which the cut-off rate of June 22, 2011 is used)

Source: Domestic Markets & Monetary Management Department, SBP

Government also successfully raised the targeted amount in the Sukuk auction held in Q1-FY13.

FY12	Target	Total		Cut-off Margin ⁶
		Offered	Accepted	
FY12	150.0	248.3	186.8	-
Q1	0.0	-	-	-
Q2	50.0	84.2	70.3	0
Q3	50.0	55.7	38.1	0
Q4	50.0	108.4	78.4	0
FY13				
Q1	45.0	110.6	47.0	-25

⁶ This cut-off margin, with the benchmark of 6-Month MTB Auction Weighted Average Yield, is applicable to all accepted bids



Foreign Exchange Market

After depreciating by 10 percent in FY12, Pak rupee US\$ parity is stable in Q1-FY13.

	PKR against International Currencies			% App/(Dpp) of PKR
	Latest 5th Oct 12	Last MPS 10 th Aug 12	Jun-12	Cumulative since Jun-12
USD	95.47	94.22	94.55	(0.96)
Euro	124.13	115.70	118.99	(4.14)
Sterling	154.47	146.94	147.36	(4.60)
JPY	1.22	1.20	1.19	(2.19)
USD Kerb	95.35	94.23	95.65	0.31
Premium (Rs)	-0.12	0.01	1.10	-
Daily NEER ¹	57.74	59.36	58.97	(2.07)

¹Nominal Effective Exchange Rate, as on October 3, 2012

Source: SBP

	International Exchange Rates			% App/(Dpp) of USD
	Latest 5th Oct 12	Last MPS 10 th Aug 12	Jun-12	Cumulative since Jun-12
USD/EUR	1.30	1.23	1.26	(3.20)
USD/GBP	1.62	1.56	1.56	(3.68)
JPY/USD	78.44	78.50	79.43	(1.25)
INR/USD	51.86	55.32	55.97	(7.33)
CNY/USD	6.28	6.36	6.35	(1.09)
THB/USD	30.56	31.47	31.76	(3.78)
MYR/USD	3.05	3.12	3.18	(3.81)
SGD/USD	1.23	1.25	1.27	(3.31)

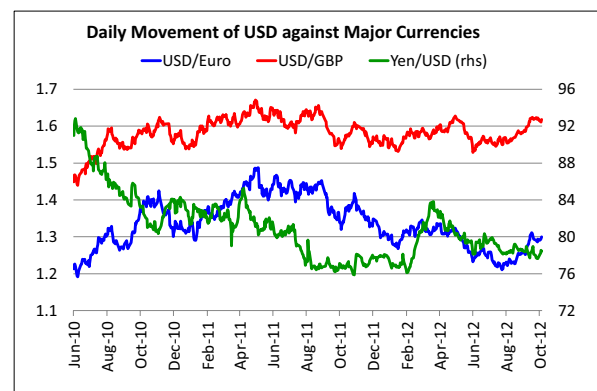
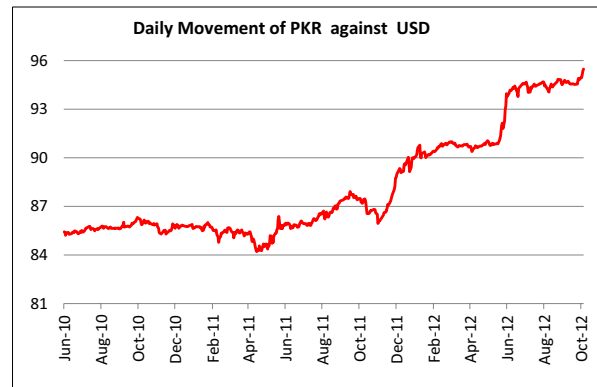
Source: SBP

PKR/USD Interbank Exchange Rate Trends on Fiscal Year Basis

	High	Low	Close	Average	Volatility C/C ²
FY10	85.58	81.40	85.51	83.89	3.02
FY11	86.50	83.93	85.97	85.56	2.40
FY12	94.69	85.79	94.55	89.27	2.48
FY13 ³	95.57	93.70	95.47	94.58	2.17

² Reuters: Average Close-to-Close Daily Volatility (in %)

³ Updated up to 5th October 2012



PKR/USD Interbank Exchange Rate Trends on Quarterly Basis

	High	Low	Close	Average	Volatility C/C ²
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	87.94	85.79	87.48	86.78	1.86
Q2-FY12	90.05	85.89	89.95	87.85	3.12
Q3-FY12	91.32	89.67	90.66	90.60	2.46
Q4-FY12	94.69	90.15	94.55	92.16	2.60
Q1-FY13	95.00	93.70	94.81	94.53	2.21
Q2-FY13 ³	95.57	94.87	95.47	95.23	1.73



In real terms, PKR has appreciated by 4.5 percent during FY12, mainly due to higher domestic inflation vis-à-vis our trading partners and competitor countries.

Changes in Real Effective Exchange Rate (REER) Base Year: CY2005

		REER Index	Changes in Real Effective Exchange Rate (REER)											
			2010				2011				2012			
			Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Aug ^P	
2010	Mar	95.99	-	4.39	5.64	5.37	4.14	3.98	6.85	7.35	7.28	8.71	8.21	
	Jun	100.20	-	-	1.19	0.94	-0.24	-0.39	2.35	2.84	2.76	4.14	3.66	
	Sep	101.39	-	-	-	-0.25	-1.41	-1.57	1.15	1.62	1.55	2.91	2.44	
	Dec	101.14	-	-	-	-	-1.16	-1.32	1.40	1.88	1.81	3.17	2.70	
2011	Mar	99.96	-	-	-	-	-	-0.16	2.60	3.08	3.01	4.38	3.91	
	Jun	99.80	-	-	-	-	-	-	2.76	3.24	3.17	4.55	4.07	
	Sep	102.56	-	-	-	-	-	-	-	0.47	0.40	1.74	1.28	
	Dec	103.04	-	-	-	-	-	-	-	-	-0.07	1.26	0.80	
2012	Mar	102.97	-	-	-	-	-	-	-	-	-	1.33	0.87	
	Jun	104.34	-	-	-	-	-	-	-	-	-	-	-0.46	
	Aug ^P	103.86	-	-	-	-	-	-	-	-	-	-	-	

^P Provisional

Changes in Exchange Rate (Rs/USD) Weighted Average (Mid Rates) End Period

		WA Exchange Rate	Changes in Exchange Rate (Rs/USD)											
			2010				2011				2012			
			Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	
2010	Mar	84.18	-	-1.50	-2.44	-1.79	-1.33	-2.10	-3.80	-6.43	-7.19	-11.04	-11.26	
	Jun	85.46	-	-	-0.95	-0.29	0.18	-0.61	-2.33	-5.01	-5.78	-9.69	-9.91	
	Sep	86.29	-	-	-	0.67	1.14	0.34	-1.39	-4.09	-4.87	-8.82	-9.04	
	Dec	85.71	-	-	-	-	0.47	-0.32	-2.05	-4.73	-5.50	-9.43	-9.65	
2011	Mar	85.31	-	-	-	-	-	-0.79	-2.50	-5.18	-5.94	-9.85	-10.07	
	Jun	85.99	-	-	-	-	-	-	-1.73	-4.42	-5.20	-9.13	-9.36	
	Sep	87.50	-	-	-	-	-	-	-	-2.74	-3.53	-7.53	-7.76	
	Dec	89.97	-	-	-	-	-	-	-	-	-0.81	-4.93	-5.16	
2012	Mar	90.70	-	-	-	-	-	-	-	-	-	-4.15	-4.39	
	Jun	94.63	-	-	-	-	-	-	-	-	-	-	-0.25	
	Sep	94.87	-	-	-	-	-	-	-	-	-	-	-	



Capital Market

Since end June 2012, KSE-100 index has increased by 14.4 percent as compared to 10.4 percent growth in the entire FY12.

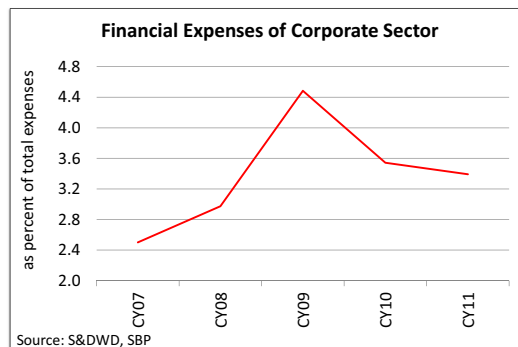
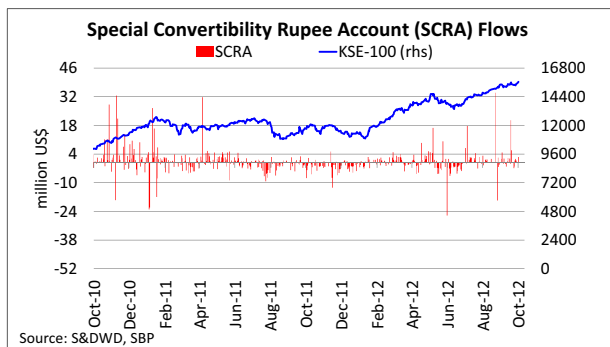
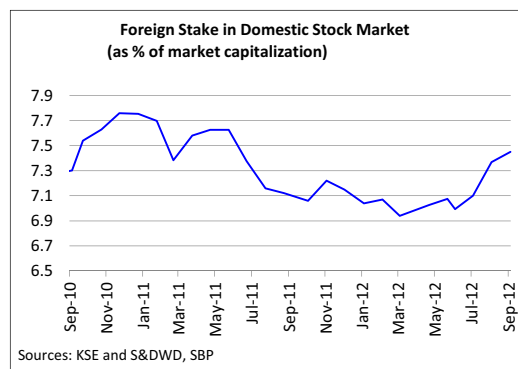
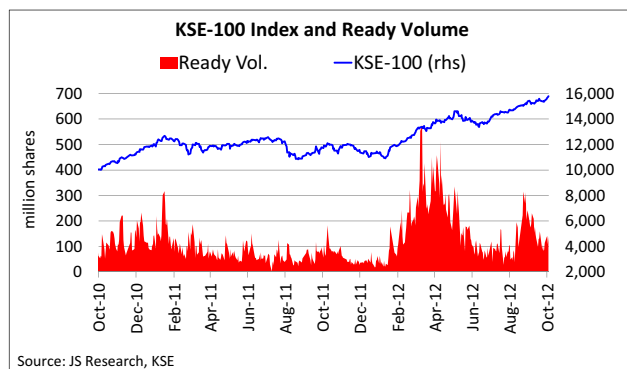
Performance of Karachi Stock Exchange

	FY13			FY12	Percentage Change during		
	Oct-12 ¹	Sep-12	July-Oct ¹ FY13		October ² FY13	FY13	FY12
KSE-100 index	15,789	15,445	15,789	13,801	2.2	14.4	10.4
KSE-30 index	13,303	13,029	13,303	11,922	2.1	11.6	2.9
Market capitalization (billion Rs)	3,956	3,903	3,808	3,233	1.3	17.8	7.0
Ready volume (million shares-avg.)	130.0	146.8	129.0	130.0	-11.4	-0.8	36.1
SCRA flows (US\$ million)	2.5	30.2	92.5	-251.0	-91.7	136.9	-210.1

¹Updated till 4th October 2012

²Reflects growth since end of previous month

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





Financial Soundness Indicators

Despite increase in provisioning for loan losses, banks' profitability indicators have improved steadily.

percent

	Dec 2010	Jun 2011	Dec 2011	Mar 2012
Risk weighted CAR ¹	14.0	14.1	14.6	14.7
Gross NPLs to total loans	14.7	15.3	16.2	15.8
Provision to NPLs	66.7	67.9	66.8	68.5
Net NPLs to net loans	5.4	5.5	6.0	5.6
Returns on assets (before tax)	1.7	2.1	2.2	2.5
Return on assets (after tax)	1.0	1.4	1.5	1.7
ROE (before tax) ²	16.7	21.8	23.4	26.3
ROE (after tax) ²	9.8	14.3	15.2	17.6
Net interest income/gross income	74.7	75.9	75.7	73.4
Liquid assets/total assets	35.0	38.2	44.4	44.0
Liquid assets/total deposits	45.9	49.5	58.4	58.5
Advances/deposits	61.4	56.7	53.6	54.3

Source: Banking Surveillance Department (BSD), SBP

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

¹Data of IDBP, PPCBL, and SME is based on Basel I.

²Average equity and surplus.

