



Monetary Policy Information Compendium

November 2010

Consolidated by

Monetary Policy Department

STATE BANK OF PAKISTAN



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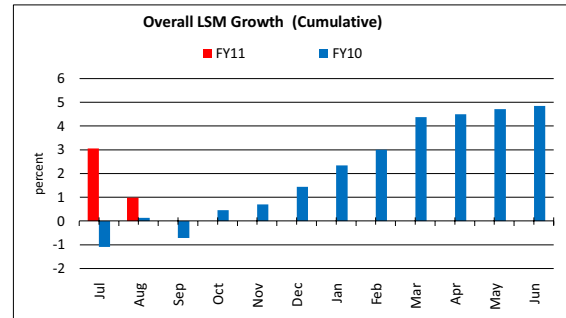
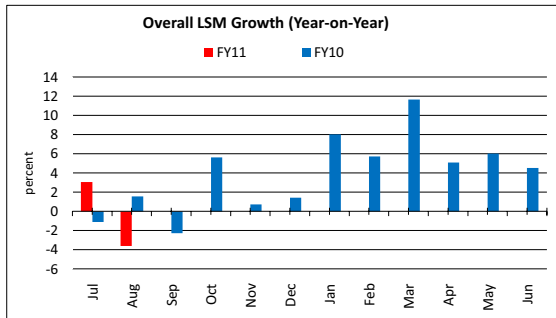
Real Sector

YoY Growth in LSM turned negative in August 2010 for the first time since October 2009.

Growth in LSM sector

Groups	Weights	YoY changes		Cumulative change since June	
		Aug-10	Aug-09	FY11	FY10
Overall	100	-3.6	1.6	0.97	0.12
Textile	32.6	↓ -7.5	↑ 1.5	↓ -7.8	↓ -0.2
Food, beverages & tobacco	19.1	↑ 1.1	↑ 2.5	↑ 1.3	↑ 1.8
Petroleum products	7.0	↓ -30.4	↓ -6.3	↓ -13.4	↓ -13.3
Pharmaceuticals	6.7	↓ -6.5	↓ -1.6	↓ -2.0	↓ -1.4
Chemicals	6.4	↑ 6.6	↓ -1.1	↑ 5.4	↓ -1.0
Non-metallic mineral products	5.6	↓ -17.4	↑ 25.4	↓ -12.2	↑ 18.8
Automobile	5.3	↑ 0.1	↑ 5.3	↑ 18.4	↑ 2.1
Metal industries	4.7	↑ 32.3	↓ -5.2	↓ -19.3	↓ -20.9
Fertilizer	4.5	↓ -2.6	↑ 11.1	↑ 7.0	↑ 1.9
Electronics	3.3	↓ -3.6	↓ -18.1	↑ 0.9	↓ -6.2
Leather products	3.0	↑ 103.4	↑ 19.8	↑ 104.9	↑ 14.4
Paper and board	0.8	↓ -7.2	↑ 14.2	↓ -2.0	↑ 8.4
Engineering industries	0.6	↑ 5.1	↓ -21.0	↑ 13.4	↓ -25.2
Rubber products	0.4	↑ 0.7	↑ 38.8	↑ 2.5	↑ 30.1
Wood and wood products	0.04	↓ -54.6	↓ -19.6	↓ -32.5	↓ -39.0

Note: Weights of LSM sectors are standardized to 100
Sources: Federal Bureau of Statistics (FBS)



Preliminary estimates by Ministry of Food and Agriculture (MINFA) show decline in output of major crops in FY11.

Performance of Major Crops

Crops	Production (million tons)				Area Under Cultivation (million hectares)				Yield (Kg/hectare)		
	FY10	FY11 ^T	FY11 ^P	% change in FY11 ^P over FY10	FY10	FY11 ^T	FY11 ^P	% change in FY11 ^P over FY10	FY11 ^T	FY11 ^P	% change in FY11 ^P over FY10
Cotton*	12.9	14.0	11.7	↓ -9.4	3.1	3.2	3.1	↑ 1.2	745	633	↓ -10.4
Sugarcane	49.4	53.7	49.4	↑ 0.1	0.9	1.1	1.0	↑ 11.0	51,000	47,182	↓ -9.9
Rice	6.9	6.0	5.9	↓ -13.6	2.9	2.7	2.6	↓ -8.4	2,228	2,252	↓ -5.7
Wheat	23.9	25.0	-	-	9.1	9.0	-	-	2,764	-	-
Gram	0.6	0.6	-	-	1.1	1.1	-	-	552	-	-
Maize	3.5	3.5	-	-	1.0	1.0	-	-	3,419	-	-

* Cotton production is stated in million bales.

P: Highly provisional ; T: Target

Source: Economic Survey 2009-10, MINFA (Ministry of Food and Agriculture)

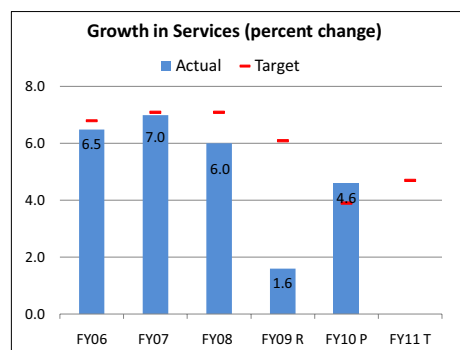
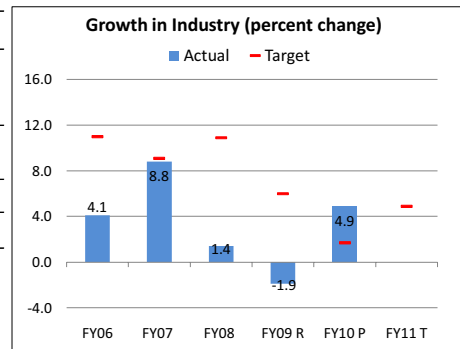
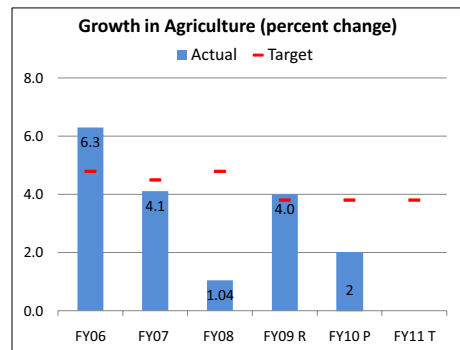
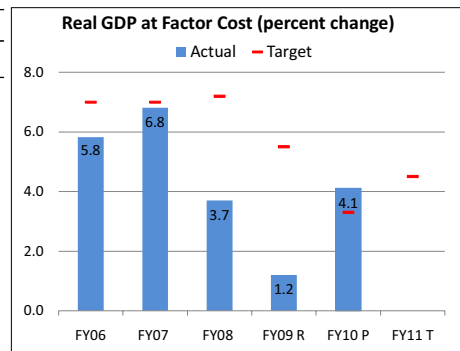
Note: Growth numbers may not tally due to separate rounding off of production data.



The real GDP (fc) grew by 4.1 percent during FY10 against a target of 3.3 percent for the year.

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

	FY09 (R)	FY10 (P)		
		Growth	Shares	Contribution
Agriculture of which	4.0	2.0	21.5	0.4
Major crops	7.3	-0.2	7.0	-0.01
Minor crops	-1.6	-1.2	2.4	-0.03
Livestock	3.5	4.1	11.4	0.5
Industry of which	-1.9	4.9	25.2	1.2
Manufacturing	-3.7	5.2	18.5	0.9
Large-scale	-8.2	4.4	12.2	0.5
Small-scale	7.5	7.5	4.9	0.4
Construction	-11.2	15.3	4.3	0.3
Services of which	1.6	4.6	53.3	2.4
Transport & communication	2.7	4.5	10.2	0.5
Wholesale & retail trade	-1.4	5.1	17.1	0.9
Finance & insurance	-7.0	-3.6	5.4	-0.2
Public administration & defence	3.6	7.5	6.3	0.5
Real GDP (fc)	1.2	4.1	100	4.1
Real GDP (mp)	3.6	4.4	-	-
	FY09	FY10^P	FY11^T	
Real GDP (fc, billion Rs)	5,448	5,671	5,929	
Real GDP (fc, billion US\$)	69.3	67.7	-	



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

	FY09 (R)	FY10 (P)		
		Growth	Shares	Contribution
Consumption	4.3	5.0	82.2	4.0
Private	11.3	3.9	72.6	2.9
Government	-31.5	13.4	9.5	1.2
Fixed capital formation	-11.3	-2.0	14.8	-0.3
Private	-11.1	-5.1	10.6	-0.6
Public plus general government	-11.8	6.5	4.2	0.3
Changes in Stocks	3.6	4.4	1.6	0.1
Net exports of goods and non-factor services	-181.3	59.5	1.4	0.6
Exports of goods and non-factor services	-3.3	14.1	17.1	2.2
Imports of goods and non-factor services	-15.2	11.2	15.7	1.6
GDP (market prices)	3.6	4.4	100	4.4
Less Indirect taxes plus subsidies	75.2	9.0	5.8	-
GDP (fc)	1.2	4.1	94.2	-
Total Domestic Demand*	1.4	3.8	98.6	-

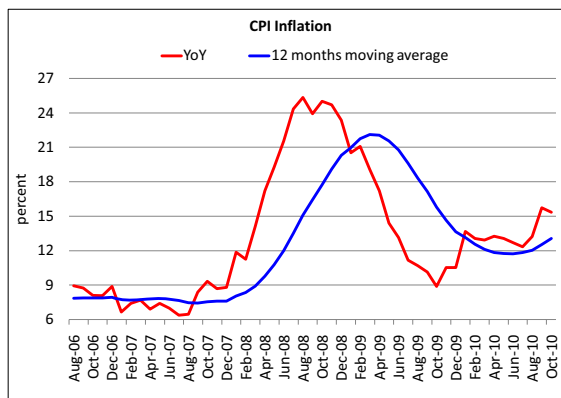
* Domestic demand is equal to GDP (fc) less net exports. P: Provisional; T: Target
Source: Economic Survey 2009-10 R: Revised



Inflation

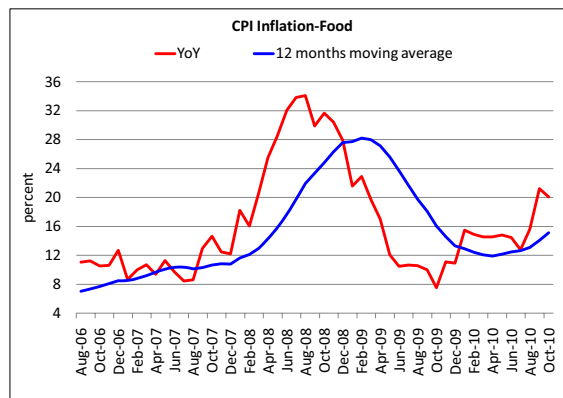
The headline CPI inflation (YoY) declined marginally during October 2010.

Consumer Price Index (CPI) (percent change)			
	MoM*	YoY#	12M moving average
Oct-09	1.0	8.9	15.8
Nov-09	1.4	10.5	14.6
Dec-09	-0.5	10.5	13.6
Jan-10	2.4	13.7	13.1
Feb-10	0.4	13.0	12.6
Mar-10	1.3	12.9	12.1
Apr-10	1.7	13.3	11.8
May-10	0.1	13.1	11.8
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
5-year Avg for October (excluding FY11)	1.1	11.9	



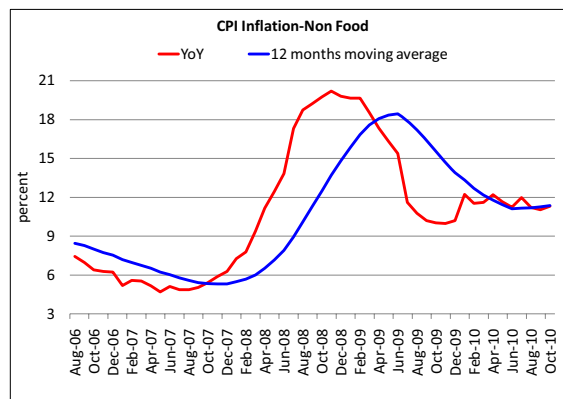
The monthly increase in food inflation is significantly lower than last month.

CPI - Food (40.3% weight in basket) (percent change)			
	MoM*	YoY#	12M moving average
Oct-09	1.1	7.5	16.1
Nov-09	1.8	11.1	14.6
Dec-09	-1.7	10.9	13.3
Jan-10	2.0	15.5	12.9
Feb-10	0.1	14.9	12.4
Mar-10	1.8	14.5	12.1
Apr-10	2.0	14.5	11.9
May-10	0.0	14.8	12.1
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
5-year Avg for October (excluding FY11)	1.6	14.2	



The non-food inflation (YoY), on the other hand, showed a moderate increase during the month.

CPI - Non Food (59.7% weight in basket) (percent change)			
	MoM*	YoY#	12M moving average
Oct-09	0.8	10.0	15.6
Nov-09	1.0	10.0	14.7
Dec-09	0.6	10.2	13.9
Jan-10	2.8	12.2	13.3
Feb-10	0.6	11.5	12.7
Mar-10	0.8	11.6	12.2
Apr-10	1.5	12.2	11.8
May-10	0.1	11.7	11.4
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
5-year Avg for October (excluding FY11)	0.7	10.2	



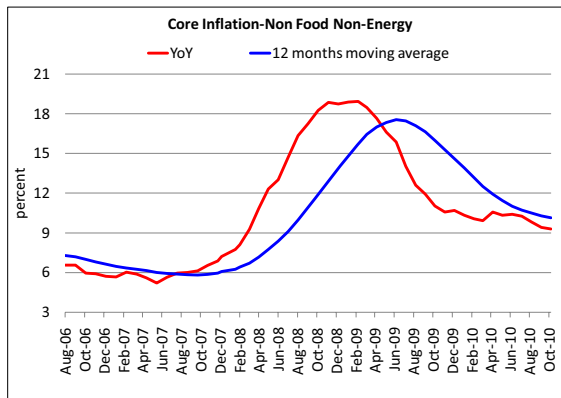
* Month-on-Month
Year-on-Year

Source: Federal Bureau of Statistics



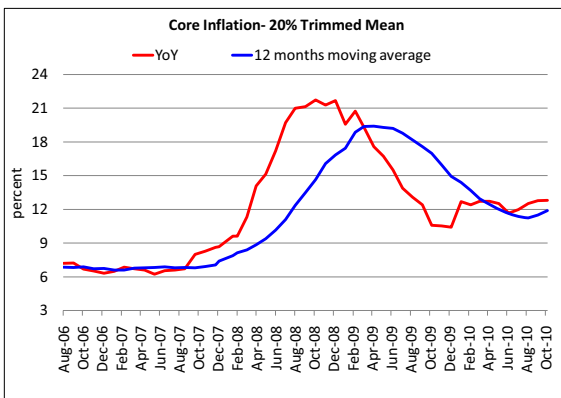
Non-food non-energy (NFNE) measure of core inflation declined to the lowest level since March 2008.

Core - Non-food non-energy (51% weight in basket) (percent change)			
	MoM	YoY	12M moving average
Oct-09	0.8	11.0	16.0
Nov-09	0.8	10.6	15.3
Dec-09	0.7	10.7	14.6
Jan-10	0.7	10.3	13.9
Feb-10	0.8	10.1	13.2
Mar-10	0.8	9.9	12.5
Apr-10	1.7	10.6	11.9
May-10	0.6	10.3	11.4
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
5-year Avg for October (excluding FY11)	0.9	10.0	



The 20% trimmed mean measure of core inflation (YoY), however, remained unchanged at 12.8 percent during October 2010.

Core - 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
Oct-09	0.8	10.6	17.0
Nov-09	0.7	10.5	16.0
Dec-09	0.6	10.4	14.9
Jan-10	1.3	12.7	14.4
Feb-10	0.7	12.4	13.7
Mar-10	0.8	12.7	13.0
Apr-10	1.1	12.7	12.5
May-10	0.4	12.5	12.0
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
5-year Avg for October (excluding FY11)	0.7	11.0	



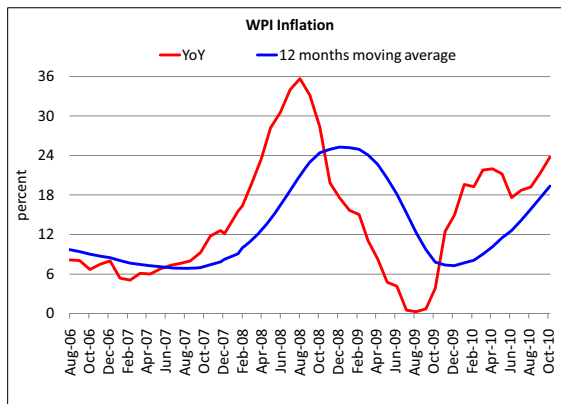
Source: Federal Bureau of Statistics



WPI inflation (YoY) accelerated in October 2010 due to increase in wholesale prices of both food and non-food items.

Wholesale Price Index (WPI) (percent change)

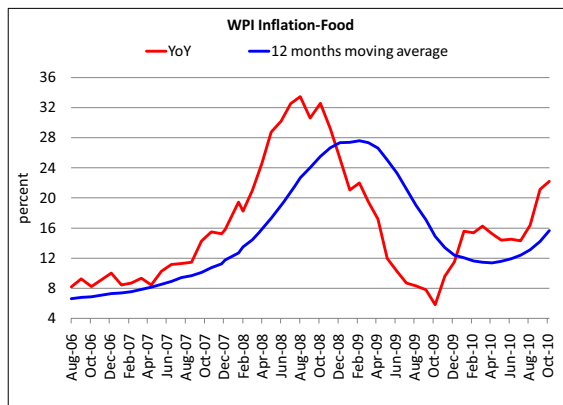
	MoM	YoY	12M moving average
Oct-09	1.2	3.8	7.8
Nov-09	2.8	12.5	7.4
Dec-09	0.2	15.0	7.3
Jan-10	4.2	19.6	7.7
Feb-10	0.4	19.3	8.1
Mar-10	2.5	21.8	9.0
Apr-10	1.8	22.0	10.1
May-10	0.9	21.2	11.5
Jun-10	-0.6	17.6	12.6
Jul-10	1.7	18.7	14.2
Aug-10	2.6	19.2	15.9
Sep-10	2.1	21.5	17.7
Oct-10	3.1	23.8	19.4
5-year Avg for October (excluding FY11)	0.7	14.9	



The WPI food inflation (YoY) has been showing a rising trend since July 2010.

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

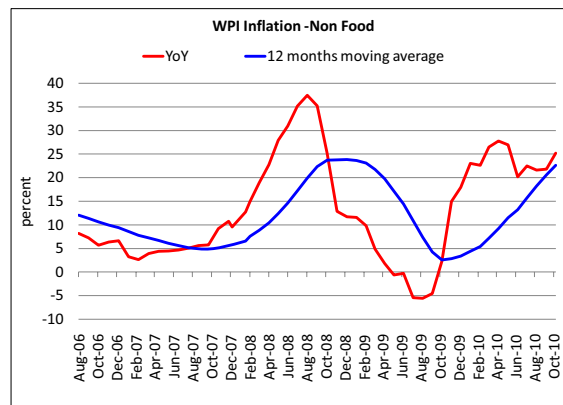
	MoM	YoY	12M moving average
Oct-09	0.9	5.8	14.9
Nov-09	1.9	9.6	13.4
Dec-09	-0.7	11.5	12.4
Jan-10	2.7	15.6	12.0
Feb-10	0.5	15.4	11.6
Mar-10	1.7	16.3	11.4
Apr-10	0.7	15.2	11.4
May-10	0.1	14.4	11.6
Jun-10	1.2	14.5	11.9
Jul-10	1.9	14.3	12.4
Aug-10	4.2	16.4	13.1
Sep-10	4.5	21.1	14.2
Oct-10	1.8	22.2	15.6
5-year Avg for October (excluding FY11)	1.4	16.9	



WPI non-food inflation (YoY) also rose sharply during October 2010.

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

	MoM	YoY	12M moving average
Oct-09	1.4	2.2	2.5
Nov-09	3.5	14.9	2.8
Dec-09	0.9	17.9	3.4
Jan-10	5.5	23.0	4.3
Feb-10	0.2	22.6	5.4
Mar-10	3.2	26.5	7.1
Apr-10	2.7	27.7	9.2
May-10	1.4	26.9	11.5
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
5-year Avg for October (excluding FY11)	0.3	13.5	



Sources: Federal Bureau of Statistics



CPI Inflation (YoY) by Groups

High inflation (YoY) is still being contributed largely by food group.

Groups	Weights	Oct-10			Sep-10		
		MoM	YoY	12m MA*	MoM	YoY	12m MA*
I. Food Group	40.3	0.1	20.1	15.1	5.3	21.2	14.0
II. Non-Food Group	59.7	1.1	11.3	11.3	0.3	11.0	11.2
Apparel, Textile etc.	6.1	0.9	10.8	7.8	0.6	10.1	7.3
House Rent	23.4	0.4	7.1	10.8	0.3	7.6	11.5
Fuel and Lighting	7.3	1.7	21.1	16.7	0.2	20.8	16.1
Furniture etc.	3.3	1.0	9.4	6.8	0.6	8.7	6.5
Transport etc.	7.3	2.7	18.5	13.8	-0.1	15.6	11.6
Recreation etc.	0.8	0.0	14.5	9.8	0.0	14.4	8.8
Education	3.5	0.3	6.3	9.9	0.0	6.5	10.5
Cleaning, Laundry etc.	5.9	2.0	10.5	10.2	0.7	10.0	10.2
Medicare	2.1	0.2	10.5	8.5	1.2	12.5	8.1
Overall	100	0.6	15.3	13.1	2.7	15.7	12.5

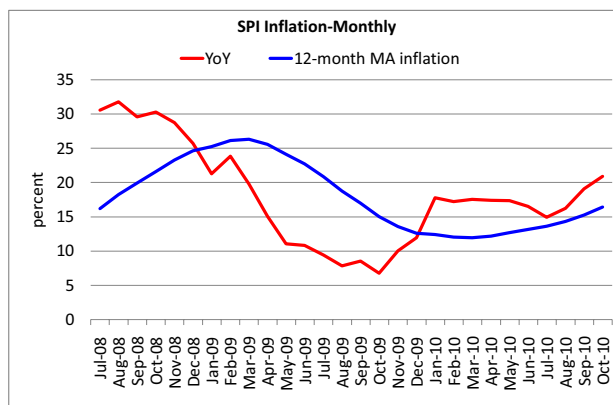
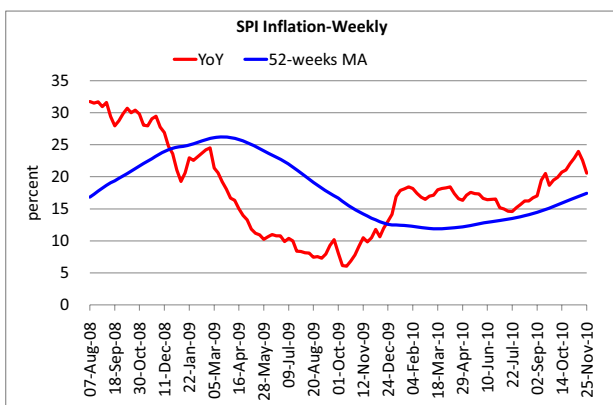
Weekly SPI inflation has eased during the last two weeks.

Sensitive Price Indicator (SPI) (percent change)

Income Groups	Percent change (WoW)				Oct-10		
	Current	Last week	Two weeks ago	Three weeks ago	MoM	YoY	12m MA*
	25-Nov-10	18-Nov-10	11-Nov-10	4-Nov-10			
Up to Rs 3000	-0.9	-1.0	2.5	1.3	2.2	21.7	16.3
Rs 3001-5000	-0.9	-1.0	2.3	1.2	-1.5	17.2	15.9
Rs 5001-12000	-0.8	-0.9	2.0	1.2	1.9	21.1	16.2
Above Rs 12000	-0.6	-0.7	1.4	1.6	1.3	20.3	16.6
All	-0.8	-0.8	1.8	1.4	1.7	20.9	16.4

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

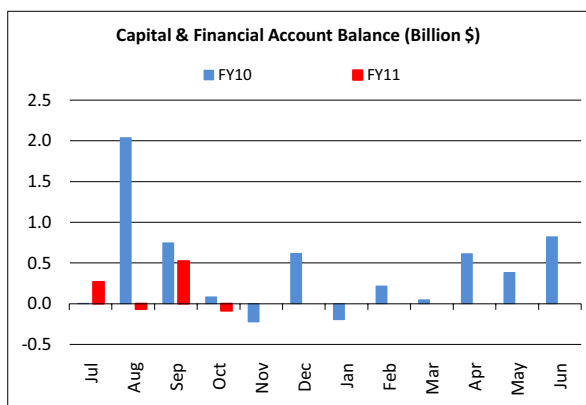
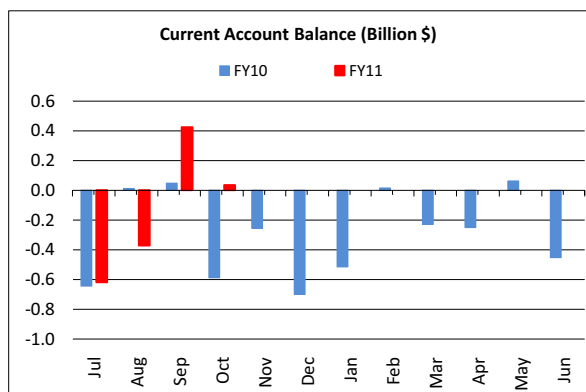
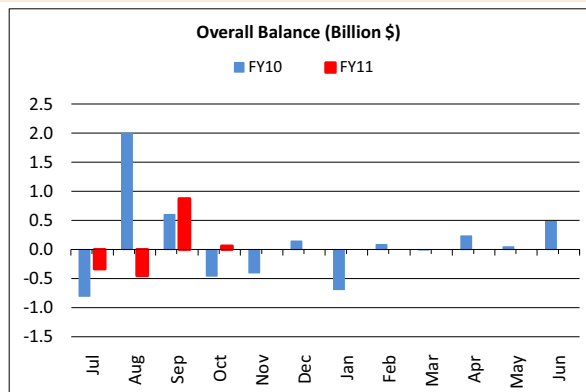
The current account posted a surplus for the second consecutive month.

Balance of Payments Summary (million \$)

Items	Oct-10	Jul-Oct		FY10
		FY11	FY10	
A) Current account	35	-533	-1,177	-3,495
1. Trade balance	-756	-3,722	-3,930	-11,423
Exports	1,835	7,080	6,247	19,632
Imports	2,591	10,802	10,177	31,055
2. Services (net)	-280	-987	-1,051	-1,677
Receipts	390	1,355	1,186	5,148
Payments	670	2,342	2,237	6,825
3. Income (net)	-192	-817	-879	-3,269
Receipts	64	249	165	562
Payments	256	1,066	1,044	3,831
4. Current transfers (net)	1,263	4,993	4,683	12,874
Receipts: of which	1,457	3,763	3,658	12,984
Remittances	855	3,501	3,089	8,906
Payments	9	20	43	110
B) Capital and financial account: of which	-89	625	2,863	5,185
1. Foreign investment	109	561	960	2,145
FDI (net)	73	459	676	2,209
FPI	36	102	284	-64
2. Foreign long term loans	-56	162	1,069	2,018
Disbursements	25	767	1,626	3,822
Amortization	81	605	557	1,804
C) Errors & omissions	116	58	-344	-424
Overall balance (A+B+C)	62	150	1,342	1,266
SBP gross reserves¹	14,354	14,354	12,099	13,953

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

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



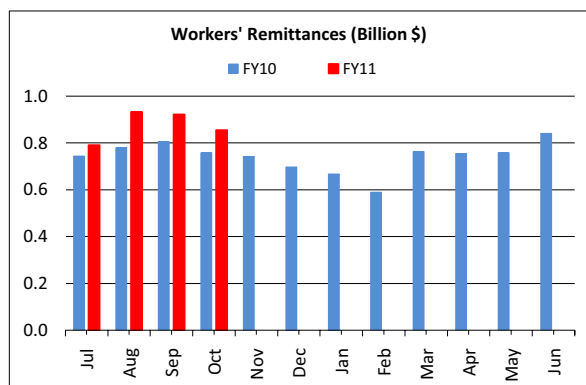
Remittances grew by 13.4 percent (YoY) during Jul-Oct FY11.

Workers' Remittances² (million \$)

	Oct-10	Jul-Oct		FY10
		FY11	FY10	
Total: of which	855	3,501	3,089	8,906
USA	154	666	653	1,771
UK	96	393	316	876
Saudi Arabia	188	764	574	1,918
UAE	198	820	679	2,039
GCC ³	104	417	435	1,238
Others	114	441	432	1,064

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

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



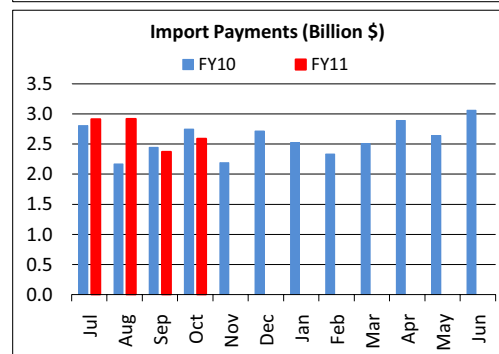
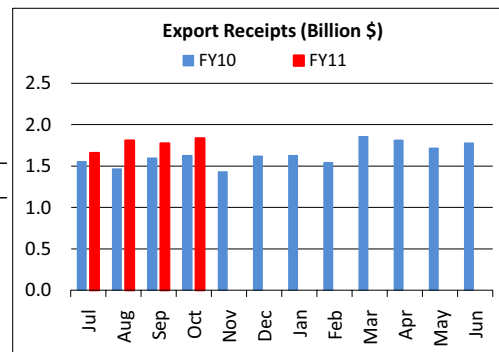
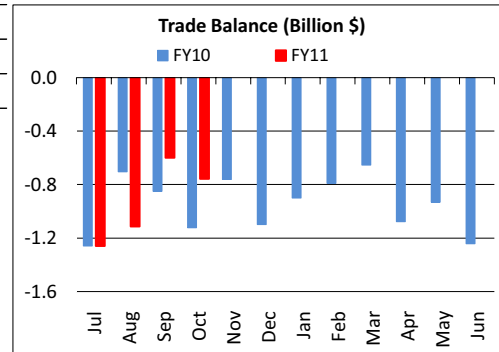


Trade

Trade deficit widened in October 2010 primarily due to relatively higher increase in imports.

Trade in Goods -Major Groups (million \$)

	Oct-10	Jul-Oct		Shares ¹
		FY11	FY10	FY10
Exports	1,835	7,080	6,247	100
Textile group	989	3,761	3,327	53
Cotton cloth	187	696	619	10
Knitwear, bedwear	368	1,483	1,255	21
Readymade garments	79	331	344	5
Other manufactures group	407	1,726	1,468	24
Leather items ²	68	281	233	4
Chemical and pharma	77	293	235	4
Cement	49	163	189	2
Engineering goods	25	153	106	2
Food group	235	1,029	873	15
Rice	141	659	514	9
All Others	204	564	579	8
Imports	2,591	10,802	10,177	100
Petroleum group	617	3,400	3,466	31
Petroleum products	467	2,456	2,242	23
Petroleum crude	150	944	1,224	9
Machinery group	314	1,419	1,308	13
Power machinery	69	357	324	3
Electrical machinery	53	173	178	2
Agri. & other chemicals group	387	1,756	1,800	16
Fertilizer manufactured	18	234	370	2
Plastic materials	106	412	338	4
Food group	510	1,559	965	14
Palm oil	168	589	410	5
Sugar	137	333	109	3
Metal group	195	778	645	7
Iron steel (IS) & IS scrap	162	624	510	6
All Others	567	1,890	1,994	17

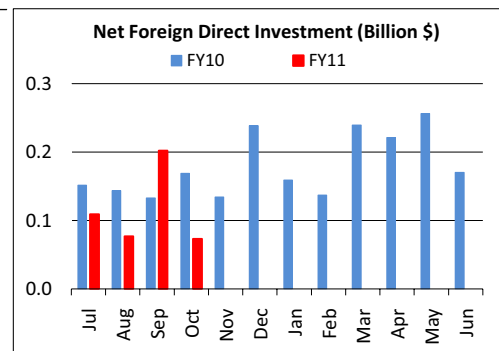


¹ Share=group(item)/total, based on FY10 value; ² Include tanned and manufactured leather

FDI inflows remain subdued during October 2010.

Inflow of Foreign Direct Investment in Pakistan (million \$)

	Oct-10	Jul-Oct		FY10
		FY11	FY10	
Total: Of which	73	468	596	2,151
Major countries				
USA	14	76	134	468
UAE	12	83	55	243
UK	18	87	76	295
Netherlands	-1	9	58	279
Major sectors				
Communication	-7	39	34	291
Financial service	4	16	4	163
Oil & gas exploration	37	150	172	741
Power	6	43	59	-121
Trade	2	14	25	117



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

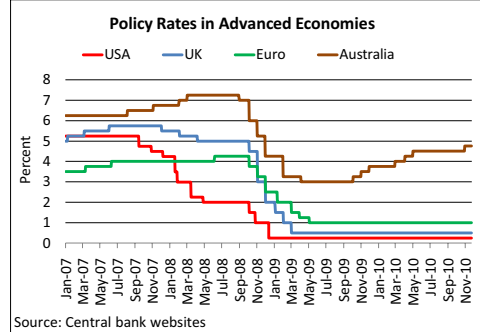


Global Economy

In view of resurgence in inflationary pressures, the central banks from both developed and developing economies raised their policy rates in recent months.

Policy Rates in Major Economies

Major Economies	Current Policy Rate	Previous	Changed On	Change (bps)
USA*	0.25	1.00	Dec 16 2008	↓ -75
UK	0.50	1.00	Mar 05 2009	↓ -50
ECB	1.00	1.25	May 07 2009	↓ -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	5.56	5.31	Oct 20 2010	↑ 25
India	6.25	6.00	Nov 01 2010	↑ 25
South Korea	2.25	2.00	Jul 09 2010	↑ 25
Malaysia	2.75	2.50	Jul 08 2010	↑ 25
Indonesia	6.50	6.75	Aug 05 2009	↓ -25
Thailand	1.75	1.50	Aug 25 2010	↑ 25

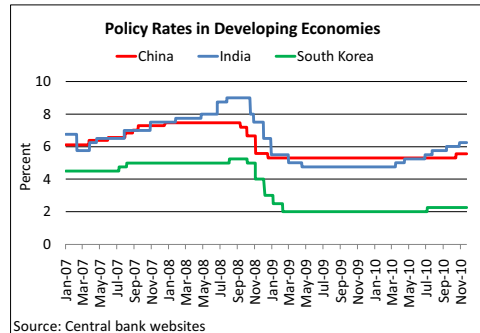


Source: Central bank websites

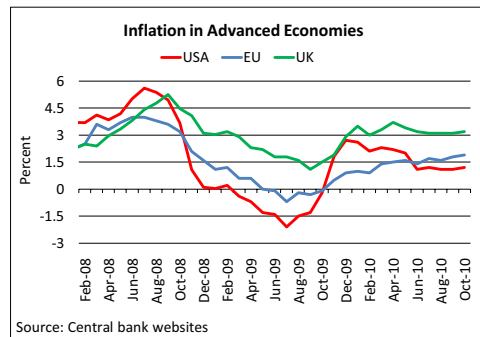
GDP grew moderately in most of the countries during third quarter of 2010.

Key Macroeconomic Indicators

	Inflation (YoY) ¹	GDP growth ²	Current account balance	Fiscal balance
	Oct-10		as a percentage of GDP	
USA	1.2	3.1 (Q3-10)	-2.9 (Q2-10)	-9.1 (Q2-10)
UK	3.2	2.8 (Q3-10)	-1.5 (Q2-10)	-9.2 (Q2-10)
Euro Area	1.9	1.9 (Q3-10)	-0.5 (Q2-10)	-8.0 (Q1-10)
Japan	0.2	4.4 (Q3-10)	3.3 (Q2-10)	-7.4 (Q2-10)
Australia	2.8 (Q3-10)	3.3 (Q2-10)	1.7 (Q2-10)	-
China	4.4	9.6 (Q3-10)	5.9 (H2-09)	4.3 (Q2-10)
India	9.8 (Sep-10)	8.8 (Q2-10)	-4.0 (Q2-10)	-5.3 (Q2-10)
Sri Lanka	6.6	8.5 (Q2-10)	-	-
South Korea	4.1	4.5 (Q3-10)	4.1 (Q2-10)	2.8 (Q2-10)
Malaysia	2.0	5.3 (Q3-10)	13.6 (Q2-10)	-4.8 (Q4-09)
Indonesia	5.7	5.8 (Q3-10)	1.5 (Q2-10)	-
Thailand	2.8	6.7 (Q3-10)	5.0 (Q2-10)	-2.2 (Q2-10)



Source: Central bank websites

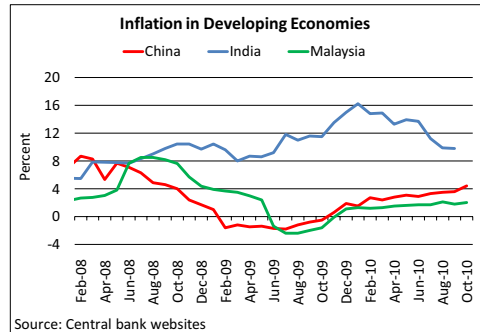


Source: Central bank websites

IMF and OECD forecasts show the global economy to rebound in 2010.

World Economic Outlook - Real GDP Growth

	2009 (IMF Estimated)	2010 Projections		
		IMF (Oct-10)	World Bank (Jun-10)	OECD (Nov-10)
World output	-0.6	4.8	3.3	-
Advance	-3.2	2.7	2.3	-
US	-2.6	2.6	3.3	2.7
Euro area	-4.1	1.7	0.7	1.7
Japan	-5.2	2.8	2.5	3.7
UK	-4.9	1.7	-	1.8
Emerging & Developing	2.5	7.1	6.2	-
Russia	-7.9	4.0	4.5	3.7
China	9.1	10.5	9.5	10.5
India	5.7	9.7	8.2	9.1
ASEAN-5	1.7	6.6	-	-



Source: Central bank websites

* 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.



Global CPI increased in October 2010 mainly on account of surge in food and metal prices.

World Commodity Price Indices (2005=100)

	Oct-10	% change since		
		Last month	End Jun-10	
Global CPI	156.1	↑ 5.64	↑ 12.21	
Food CPI	164.6	↑ 4.65	↑ 17.61	
Commodity non-fuel CPI	164.8	↑ 4.58	↑ 19.56	
Metal CPI	185.3	↑ 3.43	↑ 22.58	
Crude oil (\$/bbl)	81.7	↑ 7.31	↑ 9.35	
Palm oil (\$/m. ton)	933.5	↑ 6.02	↑ 22.03	
Soya bean Oil (\$/m. ton)	1034.9	↑ 11.30	↑ 26.05	
Wheat (\$/m. ton)	270.3	↓ -0.59	↑ 71.43	
Gold spot (\$/Oz)	1344.8	↑ 3.90	↑ 9.43	
Sugar (US cents/pound)	38.2	↑ 8.32	↑ 32.56	

Source: IMF-IFS

International capital markets have been showing mixed trend during the past few weeks.

Capital Market Indices

	Latest - Nov 26, 2010	% change since		
		Last month	End Jun-10	
US (DJIA)	11092.0	↓ -0.2	↑ 13.5	
DJ EURO STOXX	2737.0	↓ -3.8	↑ 6.4	
UK (FTSE 100)	5668.7	↓ -0.1	↑ 15.3	
Japan (Nikkei 225)	10039.6	↑ 9.1	↑ 7.0	
China (SSEA)	2871.6	↓ -3.4	↑ 12.0	
France (CAC 40)	3728.7	↓ -2.7	↑ 8.3	
Germany (DAX)	6849.0	↑ 3.8	↑ 14.8	
India (BSE)	19136.6	↓ -4.6	↑ 10.6	
World dev'd (MSCI) ³	1221.9	↑ 0.7	↑ 25.6	
Emerging markets (MSCI) ³	1096.7	↓ -0.2	↑ 41.9	
World all (MSCI) ³	315.5	↑ 0.5	↑ 27.6	

¹ Inflation is YoY percent changes in CPI.

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

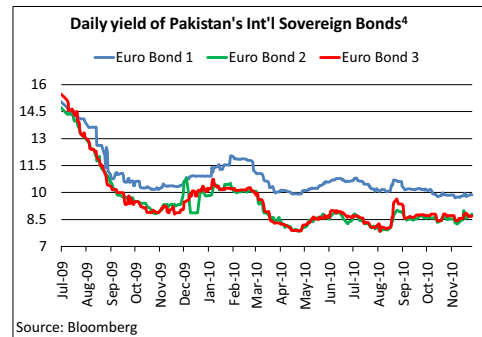
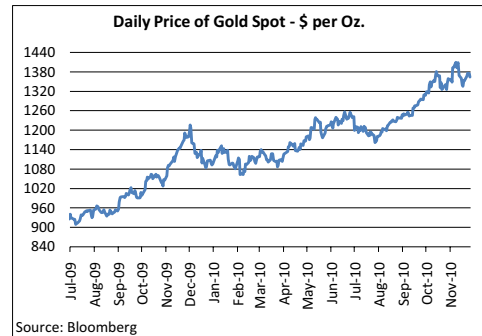
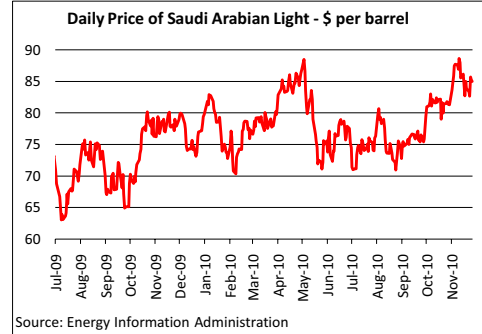
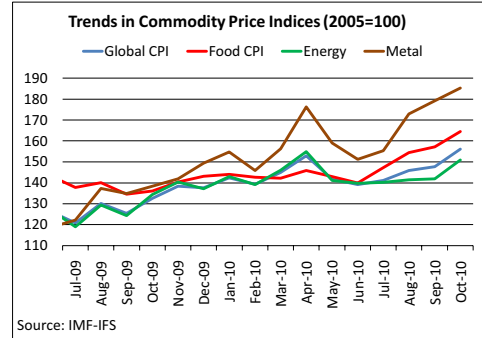
³ November 24, 2010

⁴ Euro Bond 1= \$300 M (30 Yr US T bill+302 bps=>7.875%): Issued-3/24/2006: Maturity-3/23/2036

Euro Bond 2= \$750 M (10 Yr US T bill+200 bps=>6.875%): Issued-6/1/2007: Maturity-5/31/2017

Euro Bond 3= \$500 M (10 Yr US T bill+240 bps=>7.125%): Issued-3/24/2006: Maturity-3/23/2016

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





Revenues, Expenditures and Fiscal Balances

Significant increase in expenditures and a shortfall in revenue collection have resulted in breaching of (revised) fiscal deficit target for FY10.

Revenues (billion Rs)

	FY10		FY11
	BE ¹	Actual	BE ⁸
Total revenues	2,155	2,078	2,574
Tax revenue	1,593	1,473	1,779 [^]
<i>Growth (YoY) %</i>	32.2	22.3	
<i>of which: FBR revenues*</i>	1,380	1,327	1,667
Non-tax revenues	562	605	632 [^]
<i>Growth (YoY) %</i>	-13.1	-6.3	

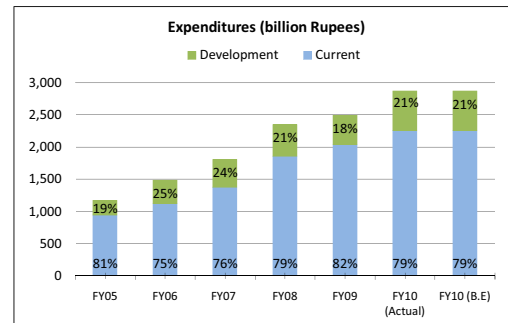
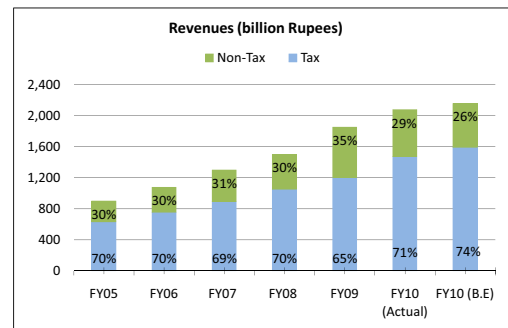
* The total FBR tax revenues during July-June FY10 are Rs1327 billion.

Expenditures (billion Rs)

	FY10		FY11
	BE ¹	Actual	BE ⁸
Total expenditures³	2,877	3,007	3,259
Current	2,261	2,386	1,998 [^]
<i>Growth (YoY) %</i>	10.7	16.9	
Interest payments	647	642	
Defence	343	375	
Development & net lending	616	653	
<i>Growth (YoY) %</i>	26.5	43.2	

Overall Balance (billion Rs)

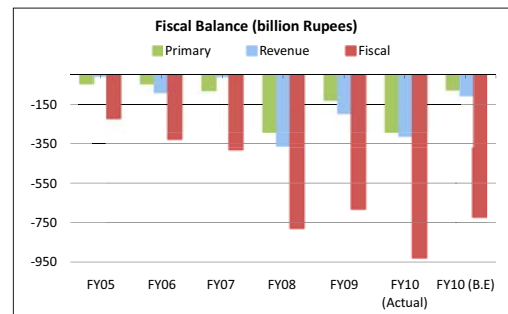
	FY10		FY11
	BE ¹	Actual	BE ⁸
Fiscal Balance⁶	-722	-929	-685
Revenue Balance ⁵	-106	-308	
Primary Balance ⁴	-75	-287	



The rising fiscal deficit and less than projected external inflows resulted in increased reliance on domestic sources of financing.

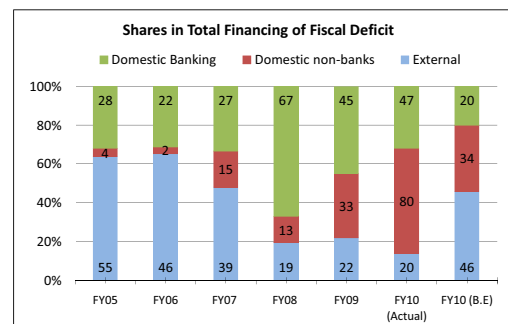
Financing of Fiscal Deficit (billion Rs)

	FY10		FY11
	BE ¹	Actual	BE ⁸
Financing	721	929	685
1. External	377	189	186
2. Domestic: <i>of which</i>	344	740	499
Non-bank	246	436	333
Banking system: <i>of which</i>	97	305	167
Commercial Banks	97	263	167
SBP	0	42	0
Privatization proceeds	-	-	-



FBR Tax Collection (billion Rs)

	Direct	Sales	Customs	FED ²	Total taxes
Oct-09	44	42	13	10	108
Nov-09	27	40	11	10	88
Dec-09	56	44	14	9	123
Jan-10	46	45	13	9	112
Feb-10	35	41	11	9	97
Mar-10	48	43	16	11	119
Apr-10	48	45	14	10	116
May-10	37	48	14	12	110
Jun-10	104	51	22	14	191
Jul-10	18	41	11	7	77
Aug-10	26	52	12	10	100
Sep-10	52	41	14	9	117
Oct-10	36	48	12	9	105
Jul-Oct FY11⁷	132	182	49	36	399
Jul-Oct FY10	129	159	46	38	372



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

¹ Budget estimates, Revised; ² Federal excise duty; ³ Exclusive of statistical discrepancy; ⁴ Primary balance = total revenue - total expenditure + interest payment; ⁵ Revenue balance = total revenue - current expenditure; ⁶ Fiscal balance = total revenue - total expenditure; ⁷ FY10 data is provisional; ⁸ Provisional, based on Federal Budget Speech; the numbers may be revised after finalization of Provincial Budgets. Numbers indicated by ^ are "Federal estimates only"

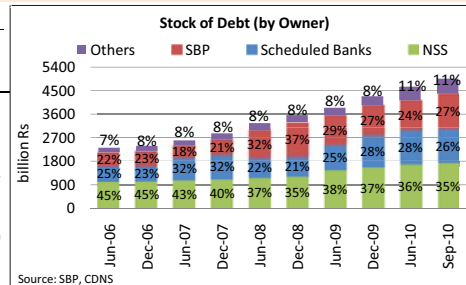


Government Domestic Debt

Non-realization of foreign inflows resulted in increased government borrowing from domestic sources during the first quarter of FY11.

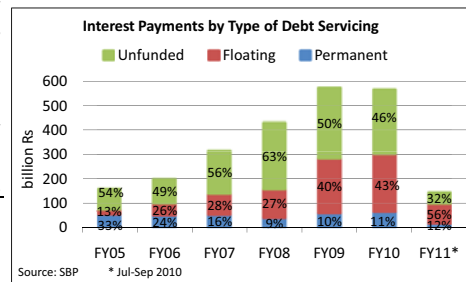
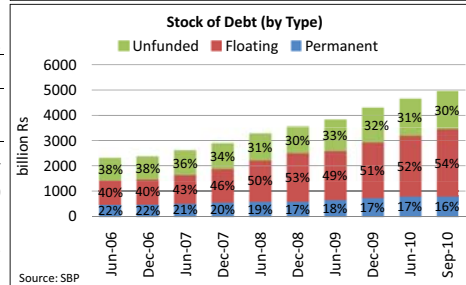
Debt by Owner - end period stocks (billion Rs)

	Sep-10	FY10	Jul-Sep FY10
Bank	2,654.0	2,439.9	214.1
Commercial banks	1,300.5	1,311.8	-11.3
SBP	1,353.5	1,128.1	225.4
Non-bank	2,301.8	2,209.7	92.1
National Saving Schemes (NSS)	1,736.2	1,692.2	44.0
Others	565.6	517.5	48.1
Foreign Currency Instruments ¹	3.0	3.1	-0.2
Total	4,958.8	4,652.7	306.1



Debt by Type - end period stocks (billion Rs)

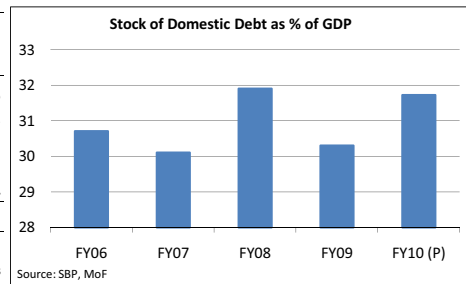
	Sep-10	FY10	Jul-Sep FY10
Long term	2,282.8	2,250.5	32.4
Permanent: of which	791.3	794.3	-3.0
PIBs	500.1	505.3	-5.2
Prize bonds	244.7	236.0	8.7
Unfunded: of which	1,491.5	1,456.2	35.4
NSS ²	1,380.6	1,345.9	34.8
Short term (floating): of which	2,673.0	2,399.1	273.9
MTBs	1,322.6	1,227.4	95.2
MRTBs-replenishment	1,350.3	1,124.9	225.4
Foreign Currency Instruments	3.0	3.1	-0.2
Total	4,958.8	4,652.7	306.1



Interest payments on floating debt (T-bills and MRTBs) explains the major portion of increase in debt servicing during the first quarter of FY11.

Debt Servicing (billion Rs)

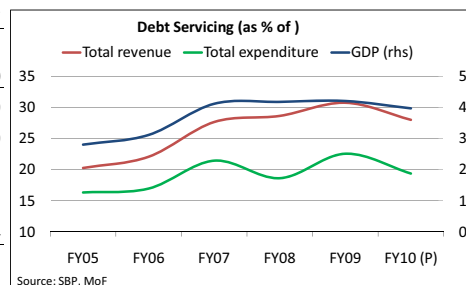
	Sep-10	Jul-Sep			FY10
		FY11	FY10	% change	
Permanent	7.1	22.2	21.3	4.2	80.6
Unfunded	14.3	45.2	64.6	-30.0	259.7
Floating	25.0	80.3	47.7	68.4	241.1
Total	46.3	147.7	133.6	10.6	581.4



Indicators of Domestic Debt Sustainability

Debt Stock as % of GDP	FY06	FY07	FY08	FY09	FY10 ³
	30.7	30.1	31.9	30.3	31.7

Debt Servicing as % of	FY06	FY07	FY08	FY09	FY10
GDP	3.1	4.1	4.2	4.2	4.0
Total revenue	22.0	27.6	31.6	30.2	28.0
Tax revenue	31.5	40.3	40.9	42.5	39.5
Total expenditure	16.9	21.4	20.8	22.1	19.3
Current expenditure	21.2	26.1	23.1	29.7	24.4



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

² NSS include certificates and saving accounts only.

³ Provisional; GDP Based on the Economic Survey 2009-10

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



External Debt

Stock of external debt increased in Q1-FY11 mainly due to loans from IFIs.

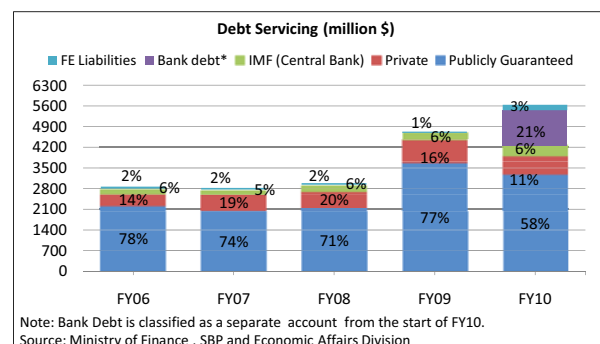
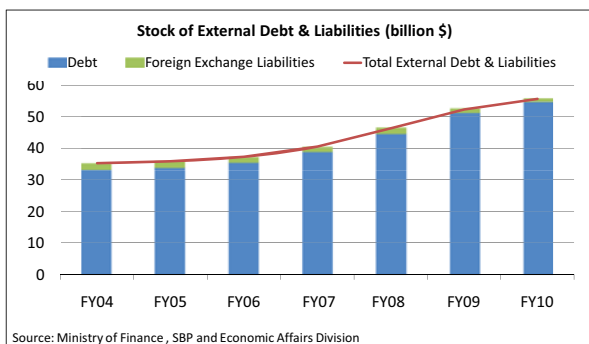
Debt & Liabilities - end period stocks (million \$)				Debt Servicing (million \$)		
Items	Sep-10 ¹	FY10 ¹	Change	Items	FY10 ¹	FY11 (Jul-Sep)
1. Public debt (a+b+c)	54,794	52,107	2,687	1. Public debt (a+b+c)	3,672	690
a) Government Debt	44,786	42,908	1,878	a) Government debt	3,134	573
i) Medium and long term (>1 yr)	43,906	42,115	1,791	Principal	2,403	410
Paris club	14,843	13,958	885	Interest	731	163
Multilateral	24,694	23,694	1,000	b) From IMF	359	92
Other bilateral	1,780	1,782	-2	Principal	240	52
Euro/Sukuk global bonds	1,550	1,550	0	Interest	120	40
Military debt	167	167	0	c) Foreign exchange liabilities	178	26
Commercial loans/credits	0	0	0	Principal	152	22
Local currency bonds (TBs & PIBs)	72	64	8	Interest	27	4
Saudi fund for development. (SFD)	200	200	0	2. PSEs guaranteed debt	157	37
SAFE China deposits	500	500	0	Principal	123	29
NBP/BOC deposits	100	200	-100	Interest	34	8
ii) Short term (<1 yr)	880	793	87	3. PSEs non-guaranteed debt	151	34
IDB	880	793	87	Principal	130	30
b) From IMF	8,908	8,077	831	Interest	21	4
i) Federal government	1,572	1,055	517	4. Scheduled banks' borrowing	1,204	830
ii) Central bank	7,336	7,022	314	Principal	1,196	829
c) Foreign exchange liabilities (FEL)	1,100	1,122	-22	Interest	8	1
2. PSE guaranteed debt	151	159	-8	5. Private guaranteed debt	50	1
3. PSE non-guaranteed debt	787	812	-25	6. Private non-guaranteed debt	383	78
4. Scheduled banks' borrowing	246	193	53	Principal	325	64
i) Medium and long term (>1 yr)	112	118	-6	Interest	58	14
ii) Short term (<1 year)	134	75	59	7. Private non-guaranteed bonds	23	0
5. Private guaranteed debt	0	0	0	Principal	13	0
6. Pvt. non-guaranteed debt (>1 yr)	2,310	2,231	79	Interest	10	0
7. Private non-guaranteed bonds	124	124	0	Total external debt servicing		
Total external debt (excl. FEL)	57,312	54,504	2,808	(1+2+3+4+5+6+7)	5,641	1,669
Total external debt & liabilities				Principal	4,632	1,436
(1+2+3+4+5+6+7)	58,412	55,626	2,786	Interest	1,009	233

¹Provisional

Debt stock as a percent of GDP has slightly declined in FY10.

Indicators of External Debt Sustainability

	Debt Stock as % of					Debt Servicing as a % of					
	FY06	FY07	FY08	FY09	FY10	FY06	FY07	FY08	FY09	FY10	
GDP	28.7	27.5	29.9	32.6	31.8	GDP	2.4	2.1	1.8	2.8	3.2
Reserves	273.5	249.3	390.1	408.5	322.4	Reserves	23.7	19.0	26.6	37.8	33.4
Exports	218.2	229.8	233.4	285.5	281.2	Exports	18.9	17.5	15.9	26.4	29.1



Sources: Economic Affairs Division and SBP



Total Debt

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

Total Debt Stock (billion Rs)

	Sep-10	FY10	Change (FY10 over FY09)	Share
Total debt & liabilities (I+II)	10,745.3	10,196.4	1,449.8	100.0
Total debt	10,263.2	9,685.9	1,379.2	95.5
<i>Domestic debt</i>	5,318.0	5,027.6	876.6	49.5
<i>Government domestic debt</i>	4,958.9	4,652.7	791.7	46.1
<i>PSEs domestic debt</i>	359.1	374.9	84.9	3.3
<i>External debt</i> ¹	4,945.2	4,658.3	502.6	46.0
<i>Government external debt</i>	3,864.4	3,667.2	215.4	36.0
<i>Debt from IMF</i>	768.6	690.3	271.3	7.2
<i>PSEs external debt</i>	80.9	83.0	-4.3	0.8
<i>Private sector external debt</i>	231.2	217.8	20.2	2.2
Total liabilities	482.1	510.5	70.6	4.5
<i>Domestic liabilities</i> ²	387.1	414.6	78.4	3.6
<i>External liabilities</i> ¹	94.9	95.9	-7.8	0.9

Total Debt Servicing (billion Rs)

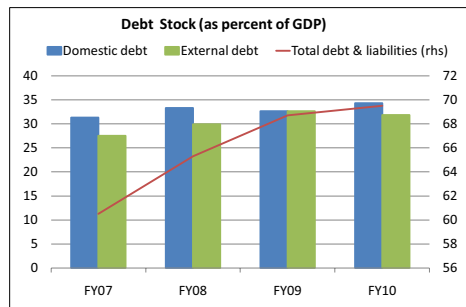
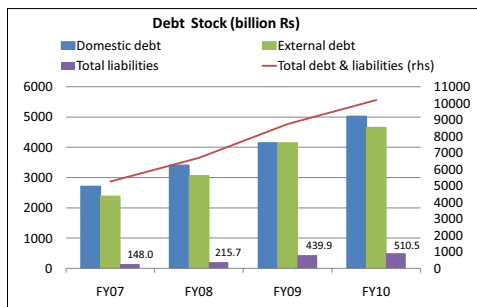
	July-Sep FY11	FY10	Change (FY10 over FY09)
Total debt servicing	288.9	1044.9	97.9
Total interest payment	167.7	668.6	-0.8
<i>Domestic</i>	147.7	575.2	5.0
<i>Foreign</i> ³	19.7	82.2	-7.2
<i>External liabilities</i> ³	0.3	2.3	0.6
<i>Domestic liabilities</i>	Not Available	8.9	0.8
Repayment of principal (foreign) ³	121.2	376.3	98.7

Debt stock (as percent of GDP⁴)

	FY07	FY08	FY09	FY10
Total debt & liabilities	60.5	65.3	68.7	69.5
Total debt	58.8	63.2	65.2	66.0
<i>Government domestic debt</i>	30.1	32.0	30.3	31.7
<i>PSEs domestic debt</i>	1.2	1.3	2.3	2.6
<i>External debt</i>	27.5	29.9	32.6	31.8
Total liabilities	1.7	2.1	3.5	3.5

Debt servicing (as a percent of)

	FY07	FY08	FY09	FY10
Tax revenue	60.5	64.7	68.4	70.9
Total revenue	41.5	45.3	49.1	50.3
Total expenditure	32.1	29.9	38.6	34.7
Current expenditure	39.2	36.6	45.4	43.8
GDP ⁴	6.2	6.6	7.4	7.1



¹ Rupee value of external debt computed by applying the corresponding end period average exchange rate to the end-period stock; ² Includes commodity operation loans to provincial governments and PSEs borrowing for commodity operations; ³ Converted from USD to rupee term, using period average exchange rate; ⁴ On the basis of provisional GDP for FY10

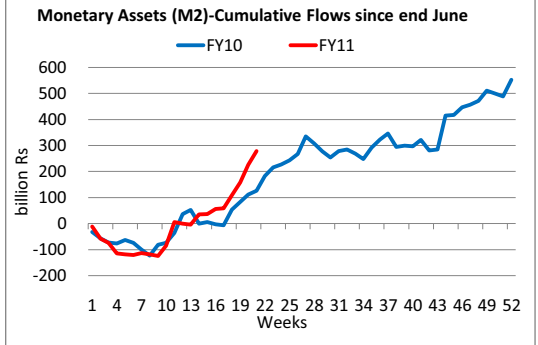


Monetary and Credit Aggregates*

Expansion in broad money (M2) was contributed by accumulation in both NFA and NDA of the banking system.

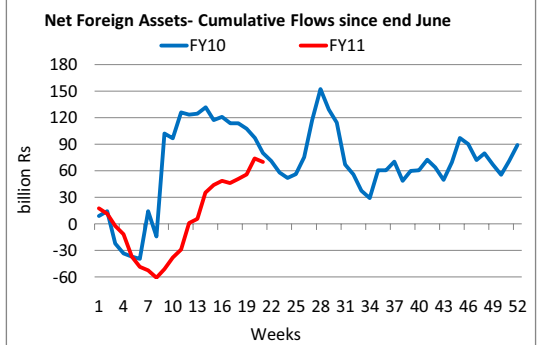
Monetary Assets of Banking System

	End June 2010 Stocks	Cumulative Flows since end June		FY10
		Latest week	A year ago	
		19-Nov-10	21-Nov-09	
NFA	545.3	70.2	-30.0	49.4
NDA	5232.0	208.6	155.4	590.6
Government borrowings: of wh.	2440.9	318.1	176.8	406.6
Budgetary borrowing	2011.5	341.8	179.8	330.4
Commodity operations	413.2	-25.2	-1.3	77.0
Non-govt. sect. borrowings: of wh.	3388.8	9.0	83.5	198.8
Private sector	3019.8	34.1	13.3	112.9
PSEs	351.4	-25.9	71.1	85.0
Other items (net)	-597.8	-118.5	-105.0	-14.9
M2	5777.2	278.8	125.4	640.0



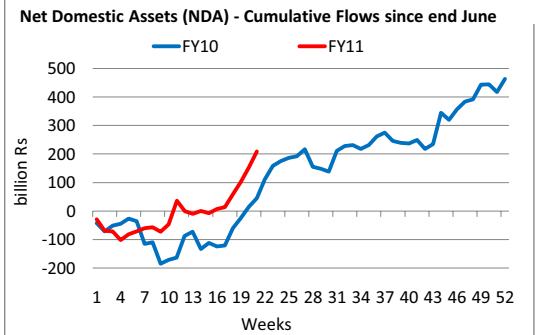
Monetary Liabilities of Banking System

	End June 2010 Stocks	Latest week	A year ago	FY10
		19-Nov-10	21-Nov-09	
Currency in circulation	1295.4	268.8	152.2	143.2
Total deposits with banks	4475.2	8.6	-30.9	494.8
Demand deposits with banks	3594.1	-52.3	-69.4	387.6
Time deposits with banks	535.7	49.4	17.1	42.1
RFCDs with banks	345.4	11.5	21.3	65.1
M2	5777.2	278.8	125.4	640.0



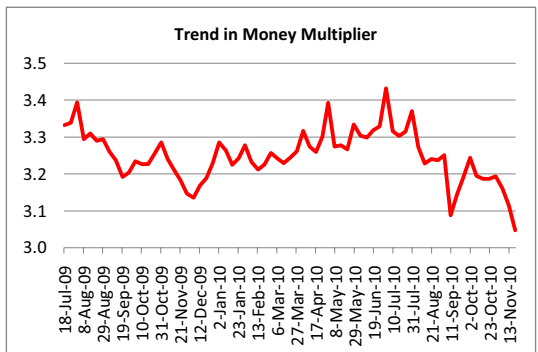
Percent Growth in Monetary Assets of Banking System

	YoY (19-Nov-10)	Since end June		FY10
		19-Nov-10	21-Nov-09	
NFA	32.1	12.9	-6.1	10.0
NDA	13.4	4.0	3.3	12.7
Government borrowings	24.8	13.0	8.7	20.0
Budgetary borrowing	25.9	17.0	10.7	19.7
Commodity operations	15.9	-6.1	-0.4	22.9
Non-government sector borrowings	3.8	0.3	2.6	6.2
Private sector	4.6	1.1	0.5	3.9
PSEs	-3.5	-7.4	26.7	31.9
Other items (Net)	4.0	19.8	35.6	2.5
M2	15.1	4.8	2.4	12.5



Memorandum Items

	(billion Rs)		
	Latest week	A year ago	FY10
	19-Nov-10	21-Nov-09	
Money multiplier	3.0	3.2	3.4
Currency to deposit ratio	34.9	33.0	29.0
M2 to GDP ratio	40.1	40.7	39.4
Private sector credit to GDP ratio	20.6	22.6	20.6



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

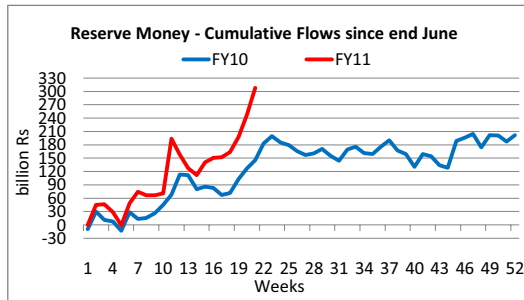


Government's heavy reliance on SBP borrowing has resulted in a significant expansion in reserve money.

Monetary Assets of SBP

(billion Rs)

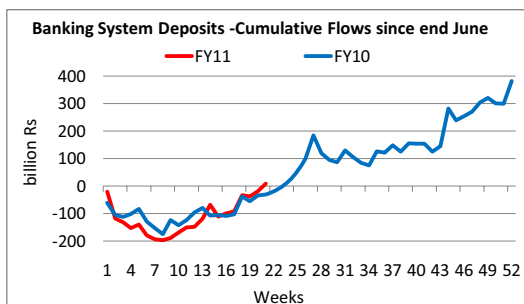
	End June 2010 Stocks	Cumulative Flows		FY10 (Provisional)
		Latest week	A year ago	
		19-Nov-10	21-Nov-09	
NFA	378.7	29.0	-17.0	75.9
NDA: of which	1300.6	279.2	162.7	95.9
Budgetary borrowing	1208.7	265.5	15.7	44.0
Other items (net)	-231.0	3.2	134.9	42.3
Net Impact of OMOs/Discounting	7.7	78.5	156.8	3.1
Reserve money	1679.3	308.2	145.7	171.7



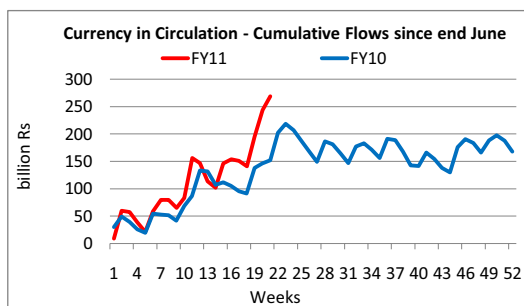
Monetary Liabilities of SBP

(billion Rs)

	End June 2010 Stocks	Cumulative Flows		FY10
		Latest week	A year ago	
		19-Nov-10	21-Nov-09	
Currency in circulation	1295.4	268.8	152.2	143.2
Cash in tills	87.7	7.2	-7.3	10.7
Bank deposits with SBP (reserves)	289.6	30.8	-3.3	15.8
Other deposits with SBP	6.7	1.4	4.1	2.0



	Percent growth		
NFA of the SBP	7.7	-5.6	25.0
NDA of the SBP: of which	21.5	13.5	8.0
Budgetary borrowing	22.0	1.3	3.8
Other items (net)	-1.4	-49.4	-15.5
Reserve money	18.4	9.7	11.4

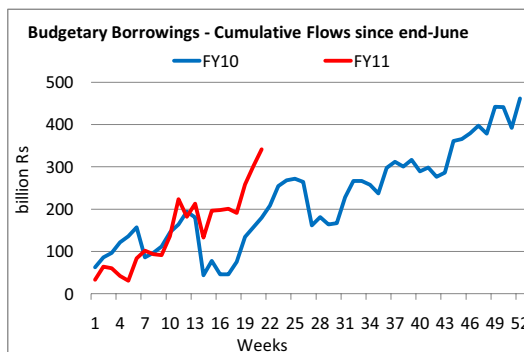


Government met the shortfall in financing of fiscal deficit through increased borrowing both from SBP and Scheduled banks.

Details on Government Borrowing for Budgetary Support

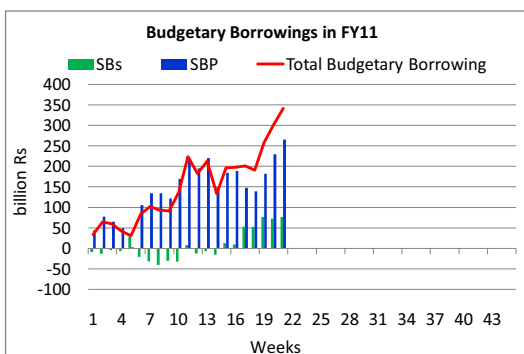
(billion Rs)

	End June 2010 Stocks	Cumulative Flows		FY10
		Latest week	A year ago	
		19-Nov-10	21-Nov-09	
Budgetary Borrowing	2011.5	341.8	179.8	330.4
Federal government	2188.8	353.1	182.1	339.7
From SBP	1141.7	281.7	13.6	30.1
SBP's Holdings of MRTBs	1124.9	254.8	-14.1	17.1
From SBs	1047.0	71.4	168.5	309.5
Provincial governments	-177.3	-11.3	-2.3	-9.2
From SBP	66.9	-16.2	2.1	13.9
From SBs	-244.2	4.9	-4.4	-23.1



Memorandum Items

Cash basis	1934.6	341.9	153.5	304.6
SBP	1171.4	266.6	29.3	41.9
SBs	763.1	75.3	124.2	262.6

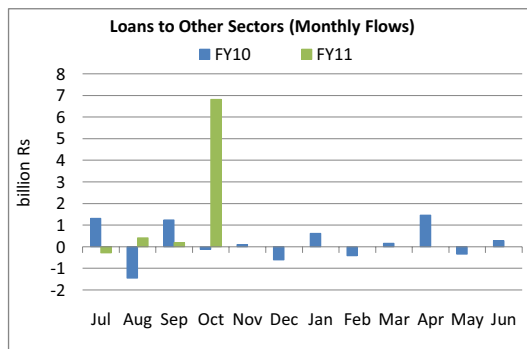
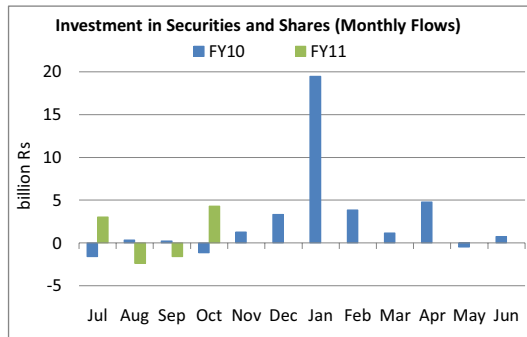
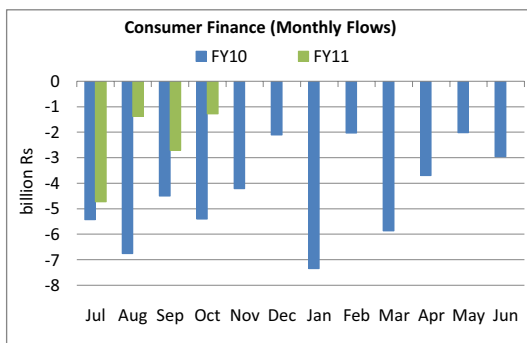
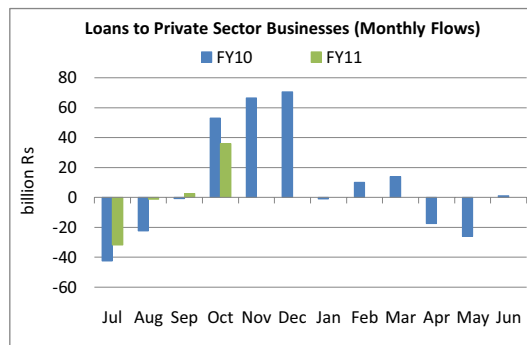




Credit to private sector increased marginally during Jul-Oct FY11 compared to net retirement witnessed during the corresponding period of the last year.

Credit to Private Sector

	End June 2010 Stocks	Flows during (billion Rs)		
		Jul-Oct FY11	Jul-Oct FY10	FY10
Total credit to private sector	3020.3	2.8	-23.0	113.0
1. Loans to private sector businesses	2258.5	5.7	-12.5	105.5
By type				
Working capital	1418.7	-1.4	-34.3	40.6
of which				
Export finance	239.8	10.0	4.8	12.0
Import finance	105.0	11.7	-0.6	11.1
Fixed investment	839.9	7.1	21.8	64.9
By Sectors				
Of which				
Agriculture	169.5	↑ 4.4	↑ 2.8	↑ 7.0
Manufacturing	1263.6	↓ -6.8	↓ -15.7	↑ 31.8
Of which				
Textiles	470.2	↑ 25.0	↑ 23.8	↓ -12.8
Food products & beverages	214.3	↓ -44.7	↓ -41.7	↑ 10.8
Chemicals & products	156.8	↑ 0.5	↑ 9.4	↑ 19.2
Non-metallic mineral products	102.7	↑ 2.9	↓ -1.2	↑ 0.7
Wearing apparel, readymade gar.	48.1	↑ 1.9	↓ -2.5	↓ -0.3
Electricity, gas and water	215.5	↑ 5.3	↑ 7.0	↑ 61.1
Construction	67.1	↑ 2.8	↓ -1.0	↓ -3.9
Commerce and trade	229.7	↑ 7.2	↓ -5.1	↓ -4.0
Transport, storage and comm.	105.1	↓ -1.0	↓ -1.2	↑ 7.8
Services	161.2	↓ -4.8	↓ -0.6	↑ 11.7
Of which				
Real estate/renting & business act.	113.2	↓ -0.9	↑ 0.6	↑ 6.0
2. Personal: of which	321.5	↓ -8.9	↓ -19.8	↓ -42.7
Consumer financing	242.0	↓ -10.1	↓ -22.1	↓ -49.5
3. Investment in securities and shares	145.1	↑ 3.4	↓ -2.2	↑ 31.9
4. Others	295.2	↑ 9.1	↑ 11.5	↑ 18.3





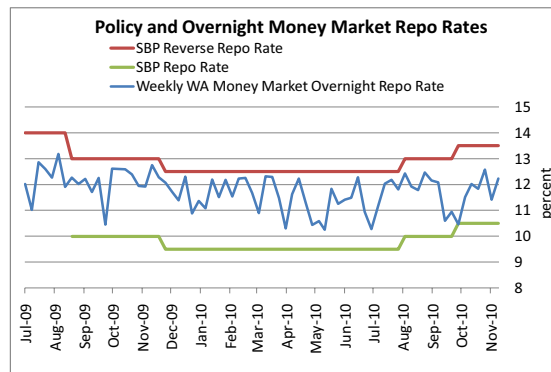
Money Market

SBP raised the policy rate by 50 basis points in the last monetary policy review on 29th September 2010.

	Policy Instruments (%)				
	Current	w.e.f	Previous	w.e.f	Change ¹
SBP reverse repo rate	13.5	30-Sep-10	13.0	2-Aug-10	↑ 50
SBP repo rate	10.5	30-Sep-10	10.0	2-Aug-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	9.0	24-May-08	8.0	22-Jul-06	↑ 100
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 increased substantially during the week ending on 18th November 2010 compared to previous month level.

	Weekly Cash Reserve Requirements ¹ (billion Rs)			
	Week Ended		Change since	
	Current	Last month	14-Oct-10	20-Nov-09 ²
	18-Nov-10	14-Oct-10		
Cash Required	190.0	186.6	↑ 3.4	↑ 21.0
Cash Maintained	214.2	195.1	↑ 19.1	↑ 39.3
Excess Cash Reserves (per day)	24.2	8.5	↑ 15.7	↑ 18.3

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-2010 - 25-Nov-2010				
	Q1	Q2	Q3	Q4	YTD
W.A.O/N Repo Rate ¹	11.68	11.88	-	-	11.76
Standard Deviation	0.61	0.39	-	-	0.54
CoV ²	0.05	0.03	-	-	0.05

	01-Jul-2009 - 30-June-2010				
	Q1	Q2	Q3	Q4	YTD
W.A. O/N Repo Rate	12.08	12.1	11.72	11.11	11.71
Standard Deviation	0.60	0.58	0.59	0.71	0.71
CoV ²	0.05	0.05	0.05	0.06	0.06

¹ Weekly Weighted Average O/N Repo Rate

² Coefficient of Variation

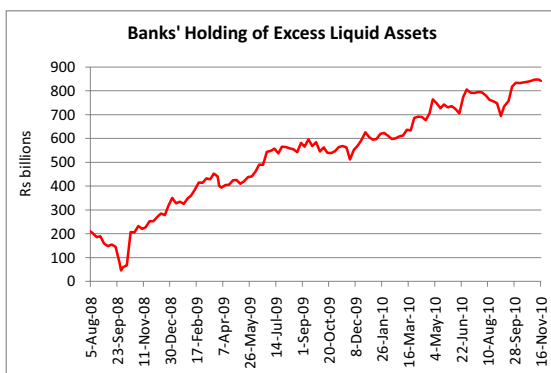
Banks' holding of liquid assets (cash plus securities) in excess of required reserves continued to increase during November 2010 as well.

	Overall Reserve Requirement (billion Rs)				
	As of	Current Last Month		Change since	
		16-Nov-10	8-Oct-10	8-Oct-10	4-Oct-08
Required Reserves	892.4	871.8	↑ 20.6	↓ -67.5	
Cash ¹	191.3	186.6	↑ 4.7	↓ -83.1	
Securities ²	701.1	685.2	↑ 15.9	↑ 15.6	
Maintained	1734.3	1703.7	↑ 30.5	↑ 715.5	
Cash	342.3	296.4	↑ 45.8	↓ -46.6	
Cash in Tills	113.7	90.3	↑ 23.5	↑ 25.6	
Balance with SBP	214.7	193.2	↑ 21.5	↓ -73.9	
Balance with NBP	13.9	13.0	↑ 0.8	↑ 1.7	
Securities	1356.2	1369.1	↓ -12.9	↑ 743.0	
Others ³	35.8	38.2	↓ -2.4	↑ 19.0	
Excess of Liquid Assets⁴	841.9	831.9	↑ 9.9	↑ 783.0	

Source: Off-site Supervision and Enforcement Department, SBP

¹ Required under weekly average CRR

² Required under SLR



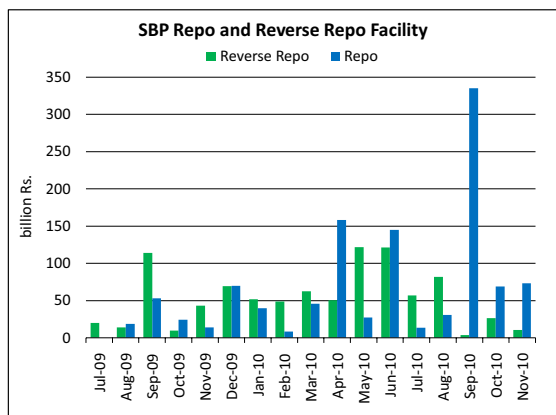
³ Includes Section 13(3) deposits and share capital of MFBs.

⁴ Includes excess securities + cash and other assets maintained.



Bank's increased use of SBP repo facility during the last two months suggests comfortable market liquidity conditions.

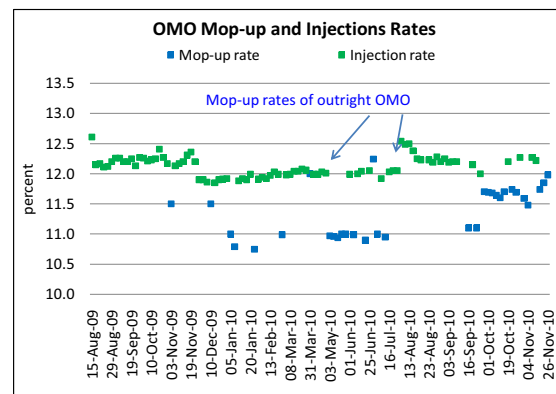
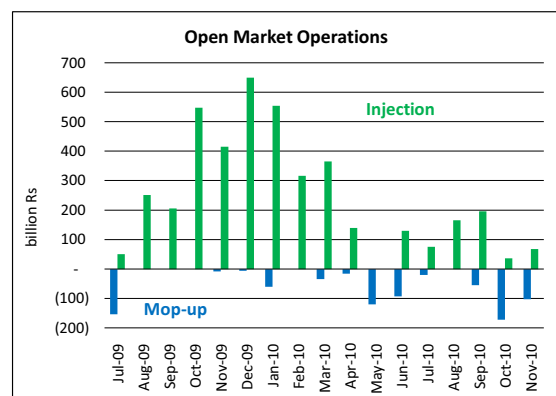
	SBP Reverse Repo		SBP Repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
FY09	865.0	122	-	-
Q1	314.5	24	-	-
Q2	304.5	63	-	-
Q3	145.5	23	-	-
Q4	100.5	12	-	-
FY10	724.2	54	602.1	50
Q1	147.2	12	71.6	8
Q2	121.8	11	107.4	15
Q3	162.1	17	93.3	11
Q4	293.1	14	329.9	16
FY11	179.0	17	520.3	38
Q1	142.2	13	378.7	20
Oct	26.4	2	68.7	11
Nov*	10.4	2	72.9	7



*Updated upto 26th November 2010 Source: Domestic Markets & Monetary Management Department, SBP

A net mop-up position during November 2010 also substantiates the ease in liquidity conditions.

	Open Market Operations (billion rupees) [#]			Outstanding OMOs	
	Mop-up	Injection	Net Mop-up*	Amount	Maturity
FY09	1,367.7	1,234.1	133.6	-	-
Q1	436.1	254.6	181.4	-	-
Q2	384.3	237.9	146.4	-	-
Q3	392.3	60.0	332.3	-	-
Q4	155.0	681.5	(526.5)	-	-
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	348.9	540.6	(191.7)	-	-
Jul	20.5	75.1	(54.6)	-	-
Aug	-	165.1	(165.1)	-	-
Sep	54.4	196.1	(141.7)	-	-
Oct	171.5	36.9	134.7	-	-
Nov	102.5	67.6	35.0	-	-
16-Nov-10	15.0	-	15.0	15.0	22-Nov-10
24-Nov-10	10.0	-	10.0	10.0	26-Nov-10
26-Nov-10	25.0	-	25.0	25.0	2-Dec-10



Updated upto 26th November 2010 *Note: (-) amount means net injection (+) amount means net mop-up

Source: Domestic Markets & Monetary Management Department, SBP



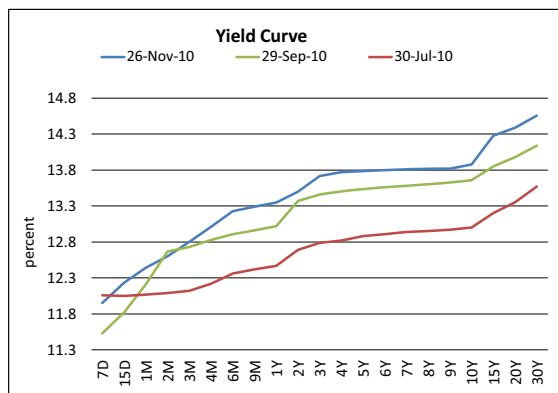
The yield curve shifted upward in line with increase in the policy rate.

Pak Rupee Revaluation (PKRV) Rates¹ (%)

Tenors	Current	last month	Change since last policy rate change*	
	26-Nov-10	15-Oct-10	29-Sep-10	
1-week	11.90	11.78	↑	42
2-week	12.18	12.00	↑	41
1-month	12.39	12.21	↑	23
3-month	12.75	12.62	↑	7
6-month	13.18	12.95	↑	32
9-month	13.24	13.07	↑	33
1-year	13.30	13.19	↑	33
2-year	13.45	13.38	↑	13
3-year	13.67	13.62	↑	26
5-year	13.74	13.74	↑	25
7-year	13.76	13.78	↑	23
10-year	13.83	13.77	↑	22
20-year	14.34	14.40	↑	41
30-year	14.51	14.58	↑	42

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).

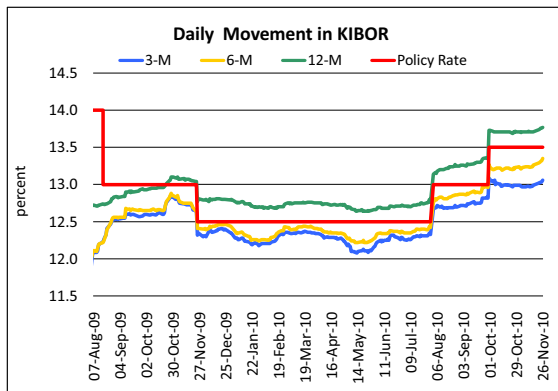
KIBOR of all tenors increased with the policy rate hike.

Tenor-wise KIBOR (%)

Tenors	Current	last month	Change since last policy rate change*	
	26-Nov-10	15-Oct-10	29-Sep-10	
1-Week	12.49	12.35	↑	62
2-Week	12.63	12.46	↑	43
1-Month	12.82	12.72	↑	16
3-Month	13.06	12.99	↑	24
6-Month	13.35	13.20	↑	39
9-Month	13.69	13.61	↑	41
12-Month	13.77	13.71	↑	42
2-Year	13.86	13.83	↑	38
3-Year	13.99	13.98	↑	40

Source: SBP and Financial Market Association of Pakistan

* In basis points

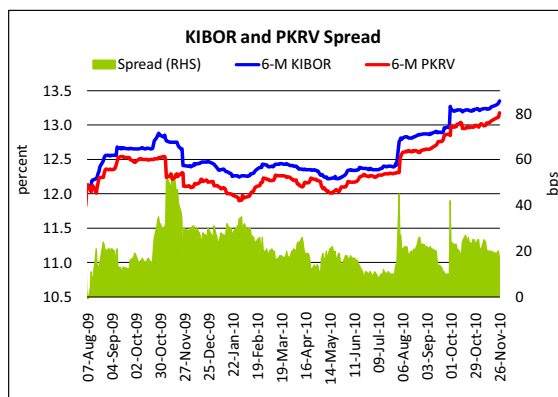


The spread between 6-month KIBOR and 6-month PKRV rates has increased in November.

KIBOR and PKRV Spread (basis points)

Tenors	Current	last month	Change since last policy rate change	
	26-Nov-10	15-Oct-10	29-Sep-10	
1-Week	59	57	↑	20
2-Week	45	46	↑	2
1-Month	43	51	↓	-7
3-Month	31	37	↑	17
6-Month	17	25	↑	7
9-Month	45	54	↑	8
12-Month	47	52	↑	9
2-Year	41	45	↑	25
3-Year	32	36	↑	14

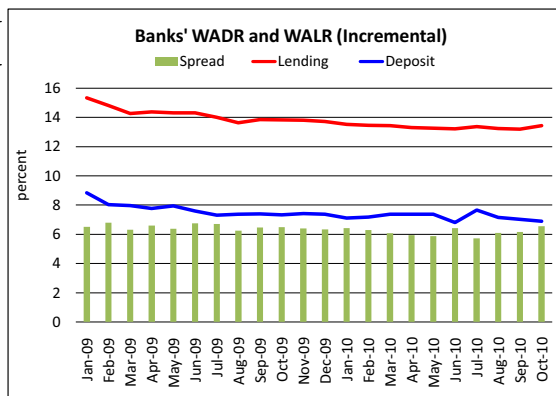
Sources: SBP





The spread between Weighted Average Lending and Deposit rates (incremental) increased in October 2010 mainly due to a decline in deposit rate.

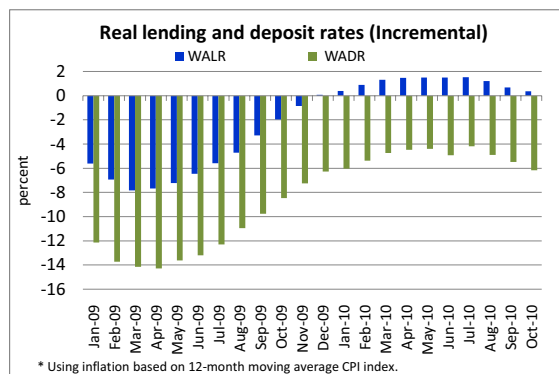
Months	Weighted average Lending and Deposit Rates (percent per annum)					
	Incremental ¹			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Oct-09	13.82	7.33	649	13.67	6.26	741
Nov-09	13.80	7.41	639	13.58	6.25	733
Dec-09	13.71	7.38	633	13.49	6.14	735
Jan-10	13.53	7.11	642	13.35	6.10	725
Feb-10	13.46	7.18	628	13.38	6.07	731
Mar-10	13.44	7.37	607	13.40	6.10	730
Apr-10	13.30	7.37	593	13.42	6.03	739
May-10	13.25	7.37	588	13.40	6.05	735
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



Source: Statistics & Data Warehouse Department, SBP ¹Weighted average rates on incremental (fresh) loans or deposits during a month.

Real lending and deposit rates declined in October 2010 both due to decline in nominal interest rates and acceleration in inflation.

Months	Real (based on 12-month MA inflation) ¹		Real (based on YoY inflation) ²	
	WALR	WADR	WALR	WADR
	Oct-09	-1.97	-8.46	4.95
Nov-09	-0.85	-7.24	3.29	-3.10
Dec-09	0.06	-6.27	3.19	-3.14
Jan-10	0.38	-6.04	-0.15	-6.57
Feb-10	0.89	-5.39	0.42	-5.86
Mar-10	1.32	-4.75	0.53	-5.54
Apr-10	1.46	-4.47	0.04	-5.89
May-10	1.50	-4.38	0.18	-5.70
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



* Using inflation based on 12-month moving average CPI index.

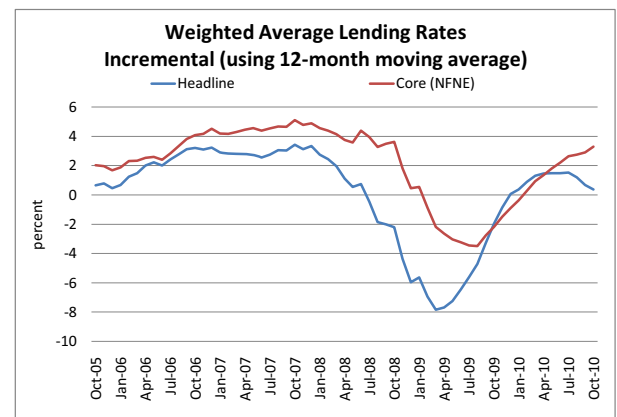
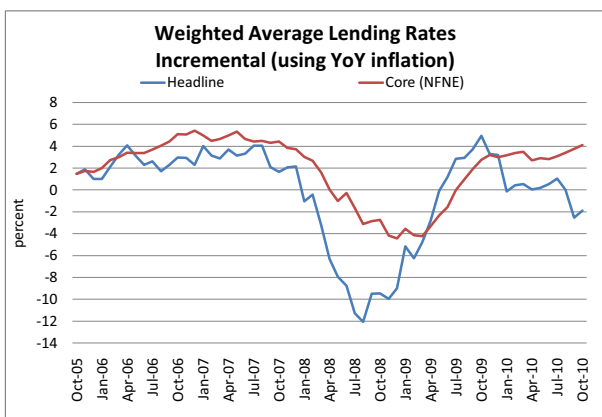
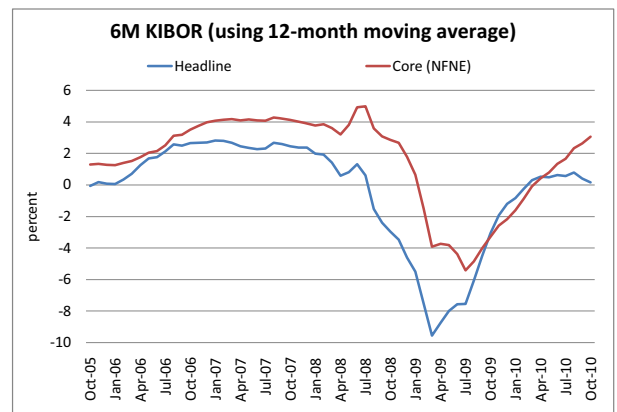
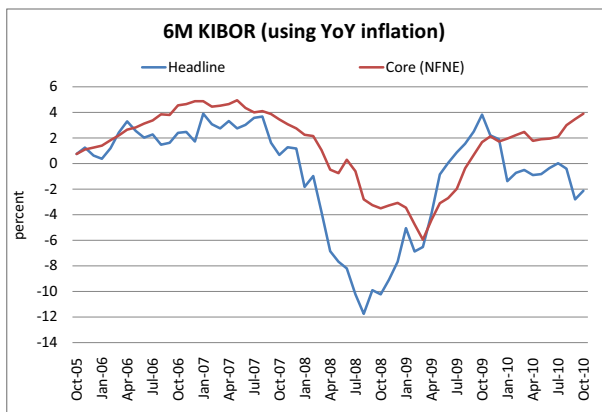
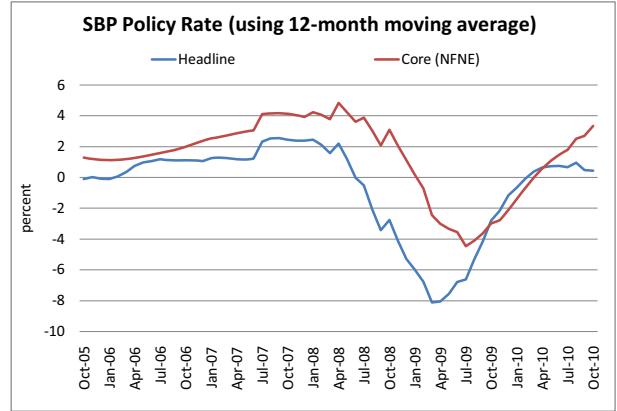
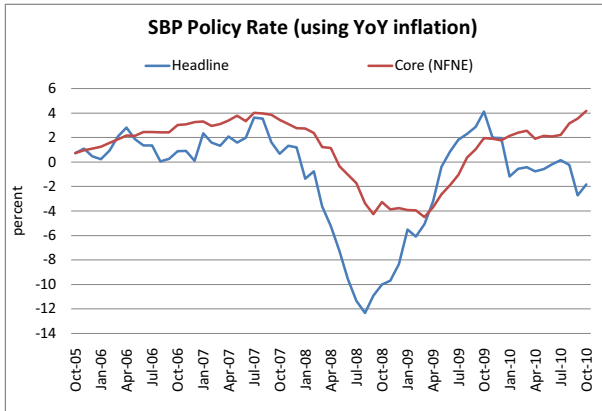
¹ Nominal rate less CPI inflation (12-month moving average).

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

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



Real Interest Rates



Sources: FBS and Statistics & Data Warehouse Department, SBP



Cut-off rates of all tenors increased while the bid amount was much lower than the target in the latest T-bills auction held on 16th November 2010.

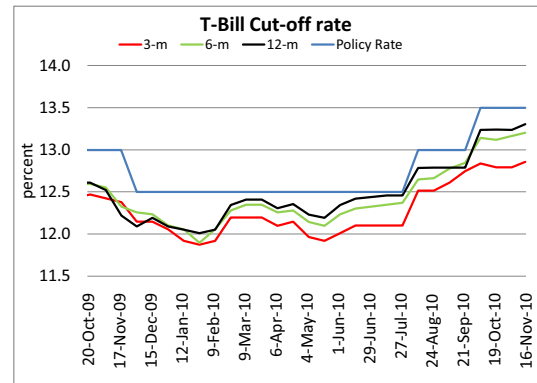
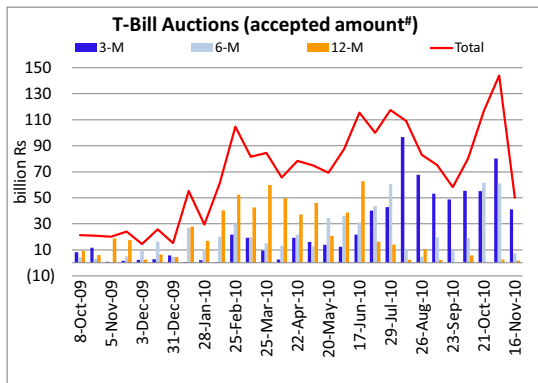
Amounts in billion Rs (Realized value) ; rates in percent

FY/Q/ Settlement Date	TOTAL				3-Month			6-Month			12-Month			Non- competitive bids (Accepted)#
	Target	Maturity	Offered	Accepted	Offered	Accepted	Cutoff*	Offered	Accepted	Cutoff*	Offered	Accepted	Cutoff*	
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	995.0	966.1	1,606.8	933.7	1,010.1	581.1	-	443.6	297.1	-	153.1	55.4	-	87.1
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
7-Oct	80.0	73.2	233.7	80.1	195.8	55.3	12.84	29.7	19.1	13.14	8.2	5.7	13.24	10.1
21-Oct	95.0	80.6	217.8	116.7	110.9	55.1	12.79	99.8	61.6	13.12	7.1	-	R	11.1
4-Nov	150.0	143.9	224.6	143.9	150.3	80.2	12.79	67.3	61.1	13.16	7.1	2.7	13.24	15.2
16-Nov	135.0	136.4	89.8	50.0	61.1	41.0	12.86	20.8	7.2	13.20	7.9	1.8	13.30	6.8

Source: Domestic Markets & Monetary Management Department, SBP
R: Bids rejected; N: No bids received

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

*Quarterly rate are for end-period.



Offers remained low in the recent PIB auction held on 13th October.

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
13-Oct-10	Cut-off rate	-	13.90	14.00	R	14.10	R	14.20	R
	Offered	-	3.78	1.60	0.20	8.61	0.35	1.30	1.30
	Accepted	20.00	0.53	0.50	R	4.86	R	0.50	R
18-Aug-10	Cut-off rate	-	R	R	R	R	R	R	R
	Offered	-	3.10	1.66	0.35	8.01	0.25	1.10	15.57
	Accepted	25.00	R	R	R	R	R	R	R
22-Jul-10	Cut-off rate	-	R	R	R	R	R	R	R
	Offered	-	3.98	2.30	0.70	9.35	0.50	1.30	1.80
	Accepted	20.00	R	R	R	R	R	R	R
26-May-10	Cut-off rate	-	12.49	12.55	12.60	12.68	R	R	R
	Offered	-	3.85	1.93	0.80	11.56	0.51	3.50	3.00
	Accepted	10.00	3.00	1.30	0.25	6.28	R	R	R
17-Mar-10	Cut-off rate	-	12.50	12.60	12.70	12.75	N	R	R
	Offered	-	3.65	2.53	0.55	9.99	N	1.82	4.75
	Accepted	10.00	1.31	1.13	0.25	6.27	N	R	R

*N=No bids; R=Bids rejected

Excluding non-competitive bids and short-selling accommodation

Source: Domestic Markets & Monetary Management Department, SBP



Foreign Exchange Market

PKR has strengthened against USD since the announcement of last MPS.

	PKR against International Currencies			% App/(Dpp) of PKR Cumulative since Jun-10
	Latest 26 Nov 10	Last MPS 29 Sep 10	Jun-10	
USD	85.67	86.25	85.51	(0.19)
Euro	113.44	117.16	104.82	(7.60)
Sterling	134.39	136.39	128.35	(4.49)
JPY	1.02	1.03	0.96	(5.59)
USD Kerb	85.48	86.33	85.45	(0.03)
Premium (Rs)	(0.20)	0.08	(0.06)	-
Daily NEER*	52.10	51.49	54.61	(4.60)

* Daily Nominal Effective Exchange Rate, available up to 24th November 2010

Source: SBP

	International Exchange Rates			% App/(Dpp) of USD Cumulative since Jun-10
	Latest 26 Nov 10	Last MPS 29 Sep 10	Jun-10	
EUR/USD	1.32	1.36	1.23	(7.42)
GBP/USD	1.57	1.58	1.50	(4.31)
USD/JPY	83.86	83.61	88.66	(5.41)
USD/INR	45.82	45.05	46.58	(1.63)
USD/CNY	6.67	6.69	6.78	(1.67)
USD/THB	30.19	30.47	32.40	(6.85)
USD/MYR	3.15	3.08	3.24	(2.58)
USD/SGD	1.32	1.32	1.39	(5.33)

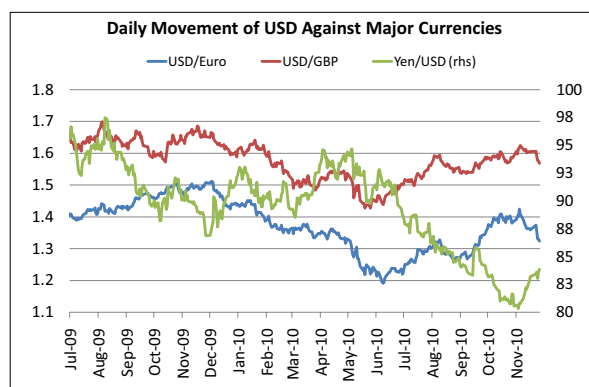
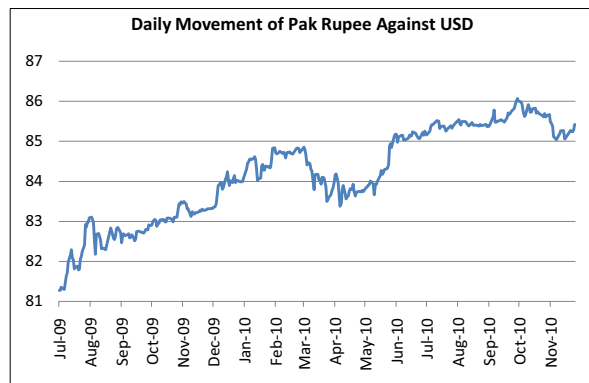
Source: SBP

USD/PKR Interbank Exchange Rate Trends on Fiscal Year Basis

	High	Low	Close	Average	Volatility C/C ¹
FY09	84.08	68.47	81.46	78.65	6.74
FY10	85.58	81.40	85.51	83.89	3.02
FY11	86.35	85.13	85.67	85.76	1.72

¹ Reuters: Average Close-to-Close Daily Volatility (in %)

*Updated up to 26th November 2010



USD/PKR Interbank Exchange Rate Trends on Quarterly Basis

	High	Low	Close	Average	Volatility C/C ¹
Q1-FY09	78.50	68.47	78.16	74.25	12.55
Q2-FY09	84.08	78.00	79.10	79.95	8.29
Q3-FY09	80.80	78.76	80.51	79.77	3.43
Q4-FY09	81.70	80.35	81.46	80.79	2.61
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	84.65	3.03
Q4-FY10	85.58	83.50	85.51	84.60	3.72
Q1-FY11	86.35	85.40	86.32	85.73	1.53
Q2-FY11	86.34	85.13	85.67	85.80	2.01

¹ Reuters: Average Close-to-Close Daily Volatility (in %)

*Updated up to 26th November 2010



In real terms, PKR depreciated during October 2010 compared to last month due to weakening of USD against the basket of currencies.

Changes in Real Effective Exchange Rate (REER)

Base Year: CY2000

		REER Index	App(+)/Dep(-)															
			2007			2008				2009				2010				
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Oct ^P	
2007	Jun	96.09	-	2.04	0.04	-2.14	-2.34	-5.77	-0.67	1.53	-2.56	-3.51	-4.24	0.75	5.52	6.93	4.16	
	Sep	98.05	-	-	-1.96	-4.10	-4.29	-7.66	-2.65	-0.50	-4.50	-5.44	-6.15	-1.26	3.41	4.80	4.12	
	Dec	96.13	-	-	-	-2.18	-2.38	-5.81	-0.70	1.49	-2.60	-3.55	-4.27	0.71	5.48	6.89	4.12	
2008	Mar	94.03	-	-	-	-	-0.20	-3.71	1.51	3.75	-0.42	-1.40	-2.14	2.96	7.83	9.27	6.44	
	Jun	93.84	-	-	-	-	-	-3.52	1.72	3.96	-0.22	-1.20	-1.94	3.16	8.05	9.50	6.66	
	Sep	90.54	-	-	-	-	-	-	5.42	7.75	3.41	2.40	1.63	6.92	11.99	13.49	10.55	
	Dec	95.45	-	-	-	-	-	-	-	2.21	-1.91	-2.86	-3.59	1.42	6.23	7.65	4.86	
2009	Mar	97.56	-	-	-	-	-	-	-	-	-4.02	-4.96	-5.68	-0.77	3.93	5.32	2.59	
	Jun	93.63	-	-	-	-	-	-	-	-	-	-0.98	-1.72	3.39	8.29	9.74	6.90	
	Sep	92.72	-	-	-	-	-	-	-	-	-	-	-0.75	4.41	9.36	10.82	7.95	
	Dec	92.02	-	-	-	-	-	-	-	-	-	-	-	5.21	10.19	11.66	8.77	
2010	Mar	96.81	-	-	-	-	-	-	-	-	-	-	-	-	4.74	6.14	3.39	
	Jun	101.40	-	-	-	-	-	-	-	-	-	-	-	-	-	1.34	-1.29	
	Sep	102.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-2.59	
	Oct ^P	100.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

^P Provisional

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

		WA Exchange Rate	App(+)/Dep(-)															
			2007			2008				2009				2010				
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	26-Nov	
2007	Jun	60.41	-	-0.48	-2.17	-3.69	-11.53	-22.59	-23.63	-24.91	-25.78	-27.38	-28.31	-28.24	-29.32	-29.99	-29.46	
	Sep	60.70	-	-	-1.70	-3.22	-11.11	-22.22	-23.27	-24.55	-25.43	-27.03	-27.97	-27.90	-28.98	-29.66	-29.12	
	Dec	61.75	-	-	-	-1.55	-9.57	-20.88	-21.94	-23.24	-24.14	-25.77	-26.72	-26.65	-27.75	-28.44	-27.90	
2008	Mar	62.72	-	-	-	-	-8.15	-19.63	-20.71	-22.03	-22.94	-24.60	-25.57	-25.50	-26.62	-27.31	-26.76	
	Jun	68.28	-	-	-	-	-	-12.50	-13.68	-15.12	-16.11	-17.91	-18.97	-18.89	-20.11	-20.87	-20.26	
	Sep	78.04	-	-	-	-	-	-	-1.34	-2.99	-4.12	-6.18	-7.39	-7.30	-8.69	-9.56	-8.87	
	Dec	79.10	-	-	-	-	-	-	-	-1.67	-2.82	-4.90	-6.13	-6.04	-7.45	-8.33	-7.63	
2009	Mar	80.44	-	-	-	-	-	-	-	-	-1.17	-3.29	-4.54	-4.44	-5.88	-6.77	-6.06	
	Jun	81.39	-	-	-	-	-	-	-	-	-	-2.15	-3.41	-3.31	-4.77	-5.67	-4.96	
	Sep	83.18	-	-	-	-	-	-	-	-	-	-	-1.29	-1.19	-2.68	-3.60	-2.87	
	Dec	84.26	-	-	-	-	-	-	-	-	-	-	-	0.10	-1.40	-2.34	-1.60	
2010	Mar	84.18	-	-	-	-	-	-	-	-	-	-	-	-	-1.50	-2.44	-1.70	
	Jun	85.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.95	-0.20	
	Sep	86.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.76	
	26-Nov	85.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



Capital Market

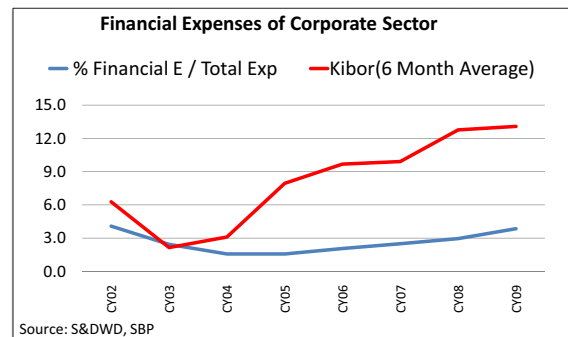
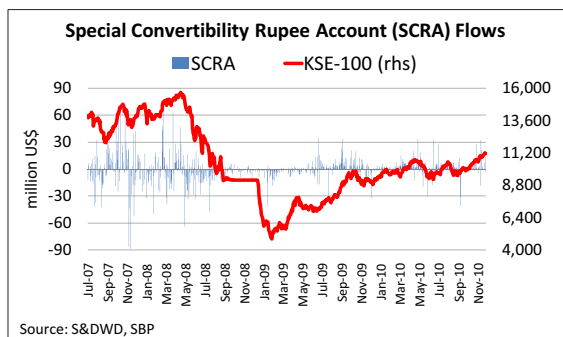
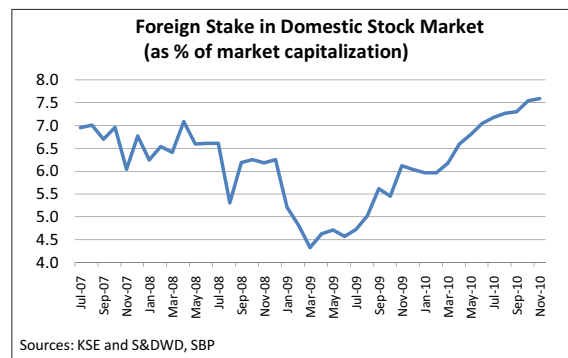
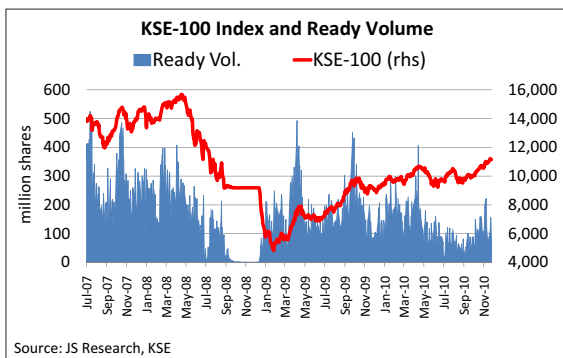
KSE-100 index, market capitalization and ready volume show improvement during November 2010 against the previous month.

Performance of Karachi Stock Exchange

	FY11		H1-FY10	FY10	Change (%)			
	Nov-10 ¹	Oct-10			Nov 10 ¹ over Oct 10	Nov 10 ¹ over H1-FY10	FY11 ¹ over FY10	FY10 over FY09
KSE-100 Index	11,145.0	10,598.4	9,386.9	9,721.9	5.2	18.7	14.6	35.7
KSE-30 Index	10,748.3	10,154.9	9,849.9	9,556.6	5.8	9.1	12.5	26.2
Market Capitalization (billion Rs.)	3,041.9	2,903.6	2,705.9	2,732.4	4.8	12.4	11.3	28.8
Ready Volume (million shares-Avg.)	125.8	107.0	173.1	161.3	17.6	-27.3	-22.0	54.3
SCRA Cumulative flows ² , Since July (US\$ million)	164.4	104.7	270.0	568.9	57.0	-39.1	-71.1	205.9

¹ Up to 26th November 2010; ² Up to 25th November 2010

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





Financial Soundness Indicators

Banks' profitability indicators show deterioration while NPLs to total loans have increased during September 2010 as compared to earlier quarters of 2010.

	2008	2009 [#]	Mar 2010	Jun 2010	Sep 2010
Risk weighted CAR*	12.2	14.0	13.7	13.9	13.8
NPLs to total loans	10.5	12.6	13.1	12.9	14.0
Provision to NPLs	69.6	69.9	70.9	73.2	71.1
Returns on assets (before tax)	1.2	1.3	1.8	1.8	1.6
Return on assets (after tax)	0.8	0.9	1.1	1.1	1.0
ROE--average equity and surplus (before tax)	11.4	13.2	17.8	17.7	16.2
ROE--average equity and surplus (after tax)	7.8	8.9	11.1	10.9	9.9
Net interest income/gross income	70.3	72.4	74.0	74.7	75.6
Liquid assets/total assets	28.2	32.7	32.4	34.2	33.6
Liquid assets/total deposits	37.7	44.5	43.7	45.3	44.4
Advances/deposits	75.2	67.7	66.4	63.0	63.1

Source: Banking Surveillance Department, SBP

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

[#] Annual audited accounts submitted by banks for the year ended December 31, 2009 except data for BOP, ZTBL which is based on un-audited Quarterly Report of Conditions (QRC) for quarter ended December 31, 2009.

Note: Financial Soundness Indicators are prepared on the basis of unaudited Quarterly Report of Condition submitted by banks.

