

*January 5, 2009*

**MTB Q3 auctions not  
to cause liquidity crunch**

Market Treasury Bills (MTBs) Auction target of Rs 565.0 billion announced by the State Bank of Pakistan for the January-March quarter of the current 2008-09 fiscal year will not cause any liquidity crunch in the inter-bank market.

It may be pointed out that against the total market maturities of MTBs/OMOs amounting to Rs 541.8 billion, the MTB Auction target of Rs 565.0 billion has an incremental amount of only Rs 23.2 billion for the whole of third quarter in which six fortnightly MTB Auctions would be conducted by the State Bank. Total maturities for the quarter include Rs 517.8 billion MTB maturities and Rs 24.0 billion against OMO maturities.

According to the breakup, MTB maturity inflows in January, February and March are Rs 122.07 billion, Rs 239.05 billion and Rs 156.654 billion, respectively. While an inflow of Rs 24 billion against OMO maturities is due in January, 2009.

Therefore, in the context of this relatively low incremental amount for the quarter, the announced quarterly MTB auction target is neither ambitious nor it will cause liquidity crunch in the inter-bank market.

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