

**MINUTES OF THE MEETING OF THE  
MONETARY POLICY COMMITTEE (MPC)  
HELD ON MARCH 24, 2020**

**P R E S E N T**

|                      |                                  |
|----------------------|----------------------------------|
| Dr. Reza Baqir       | Chairman & Governor SBP          |
| Mr. Jameel Ahmad     | Deputy Governor (Banking & FMRM) |
| Dr. Murtaza Syed     | Deputy Governor (Policy)         |
| Dr. Inayat Hussain   | Executive Director (FS&BSG)      |
| Mr. Azam Faruque     | Director SBP Board               |
| Mr. Atif R. Bokhari  | Director SBP Board               |
| Dr. Tariq Hassan     | Director SBP Board               |
| Dr. Asad Zaman       | External Member                  |
| Dr. Hanid Mukhtar    | External Member                  |
| Dr. Naved Hamid      | External Member                  |
| Mr. Haroon ur Rehman | Secretary to the Committee       |

**Review of Current Economic Conditions and Outlook for FY20**

1. At the outset, the MPC was apprised of the reasons for holding the emergency meeting and latest economic developments. It was recalled that in its last meeting on March 17, 2020, the Monetary Policy Committee had noted that there was considerable uncertainty about how the nascent Coronavirus outbreak would propagate and impact the global economy and Pakistan. In the statement issued following that meeting, the MPC had “emphasized that it stood ready to take further actions if and when needed as more information becomes available on the outlook for inflation and growth.”
2. The Committee was informed that in the week since the last meeting, considerable new information had come to light about the exceptionally fast evolving global and domestic economic developments.
3. On the external front, the Coronavirus outbreak had spread much more quickly across the world than previously anticipated, paralyzing global activity and international trade. As result, global growth forecasts had been revised downward faster than at any point in the recent past, with the IMF significantly downgrading its global growth outlook for 2020 from 3.3 percent growth just a few weeks ago to below zero. It was also noted that other countries around the world had also considerably amplified their policy support within a short span of time, including through aggressive fiscal stimulus, steeper interest rate cuts, and other actions to support borrowers by central banks.
4. On the domestic front, it was observed that cases of the Coronavirus had risen sharply, prompting lockdowns in some parts of the country. The spillover impact on the economy from global disruptions and curtailment of domestic activity is expected to be considerable. While the initial assessment a few weeks earlier was that exporters would bear the brunt of the impact with their orders either being delayed or cancelled, more recent data suggested that other sectors were also beginning to face stress, including food, pharmaceutical, retail and electronics.
5. Further, it was stated that the current juncture, a precise assessment of the likely impact was difficult due to the unique nature of the Coronavirus shock and its highly uncertain trajectory. Nevertheless, it was clear that the outlook for growth and inflation in Pakistan would need to be revised downwards. The Committee then discussed various scenarios and their policy

implications for the domestic economy, particularly with respect to the need to support activity and sentiment during these times of heightened uncertainty and risk aversion globally. It was also informed that the SBP was in the process of taking necessary regulatory measures in coordination with banks to address pressures on cash flows of borrowers affected by Coronavirus related disruptions through facilitating deferment and restructuring of their loans.

### **Monetary Policy Deliberations and Decision Vote**

5. Concluding the deliberations, the members voted on the policy rate decision.
6. The MPC unanimously decided to decrease the policy rate by 150bps.
7. The Committee then scripted the Monetary Policy Statement.
8. The Committee decided as follows:

#### **DECISION:**

- *The policy rate is decreased by 150bps to 11.0 percent.*
- *The Monetary Policy Statement – March 24, 2020 is approved.*