



# **Monetary Policy Information Compendium**

**December 2012**

Consolidated by

**Monetary Policy Department**

**STATE BANK OF PAKISTAN**

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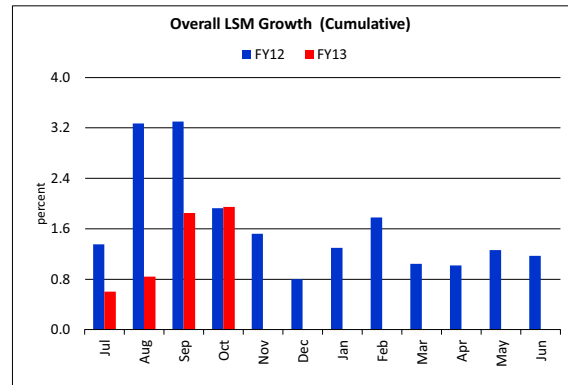
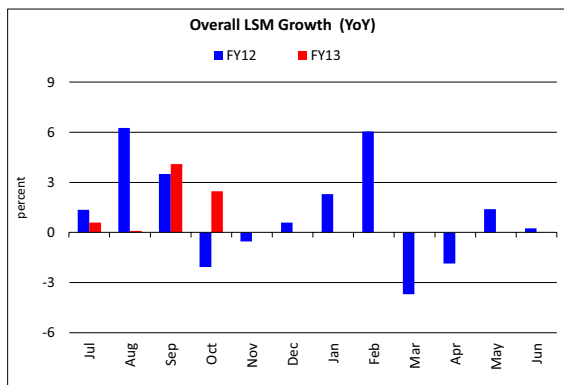


## Growth

Annualized LSM growth of 1.9 percent is recorded in Jul-Oct FY13.

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

Groups	Weights	YoY changes		Cumulative change during Jul-Oct	
		Oct-12	Oct-11	FY13	FY12
<b>Overall</b>	<b>71.1</b>	<b>2.5</b>	<b>-2.1</b>	<b>1.9</b>	<b>1.9</b>
Textile	20.9	↑ 0.5	↑ 1.4	↓ -0.3	↑ 1.2
Food, beverages & tobacco	12.4	↑ 8.1	↓ -2.6	↑ 7.6	↑ 5.2
Petroleum products	5.4	↑ 21.6	↓ -8.4	↑ 8.2	↑ 7.2
Iron & steel products	5.4	↑ 3.3	↓ -34.9	↑ 12.8	↓ -31.5
Non-metallic mineral products	5.4	↓ -5.6	↑ 0.4	↑ 1.4	↑ 3.9
Automobile	4.6	↓ -28.0	↑ 10.9	↓ -9.7	↑ 0.6
Fertilizer	4.4	↑ 13.8	↓ -21.3	↓ -19.0	↑ 0.1
Pharmaceuticals	3.6	↑ 1.1	↑ 19.6	↑ 4.1	↑ 21.5
Paper & board	2.3	↑ 68.3	↓ -9.7	↑ 42.8	↑ 12.3
Electronics	2.0	↑ 11.4	↓ -29.4	↓ -6.9	↓ -16.2
Chemicals	1.7	↓ -2.8	↑ 2.5	↑ 0.8	↓ -5.8
Leather products	0.9	↑ 10.7	↑ 5.9	↑ 5.0	↑ 9.2
Wood products	0.6	↓ -31.1	↓ -8.8	↓ -17.8	↑ 0.8
Engineering industries	0.4	↓ -14.6	↓ -16.6	↓ -13.2	↓ -15.1
Rubber products	0.3	↑ 30.1	↓ -19.2	↑ 32.7	↓ -28.1



Except for wheat, production targets of all major crops for FY13 are significantly higher than the actual production in FY12.

### Major Crops

	Production				Area Under Cultivation			Yield		
	(million tons)		percent change		(million hectares)		percent change	(Kg/hectare)		percent change
	FY13 <sup>T</sup>	FY12 <sup>P</sup>	FY11 <sup>R</sup>	FY12 <sup>P</sup> over FY11 <sup>R</sup>	FY12 <sup>P</sup>	FY11 <sup>R</sup>	FY12 <sup>P</sup> over FY11 <sup>R</sup>	FY12 <sup>P</sup>	FY11 <sup>R</sup>	FY12 <sup>P</sup> over FY11 <sup>R</sup>
Cotton <sup>1</sup>	14.5	13.6	11.5	↑ 18.6	2.8	2.7	↑ 5.4	815	724	↑ 12.6
Sugarcane	58.5	58.0	55.3	↑ 4.9	1.0	1.0	↑ 5.9	55,486	55,997	↓ -0.9
Rice	6.9	6.2	4.8	↑ 27.7	2.6	2.4	↑ 8.7	2,396	2,039	↑ 17.5
Wheat	25.8	23.5	25.2	↓ -6.7	8.7	8.9	↓ -2.6	2,714	2,833	↓ -4.2

<sup>1</sup> Cotton production is stated in million bales of 170 kg each.

P: Provisional; T: Target; R: Revised

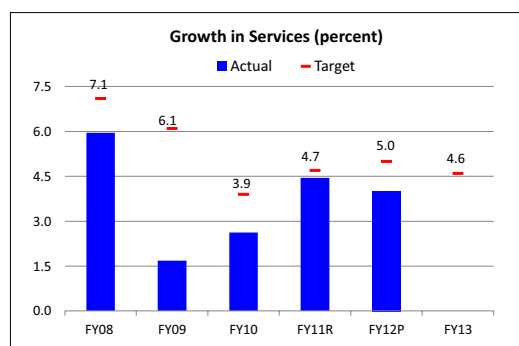
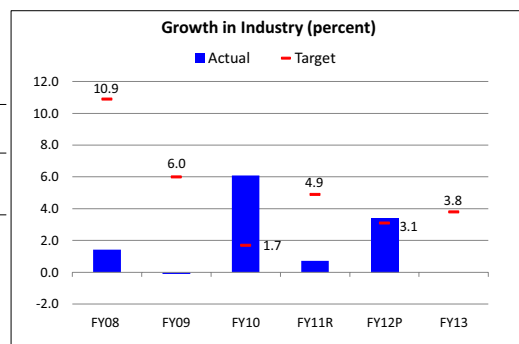
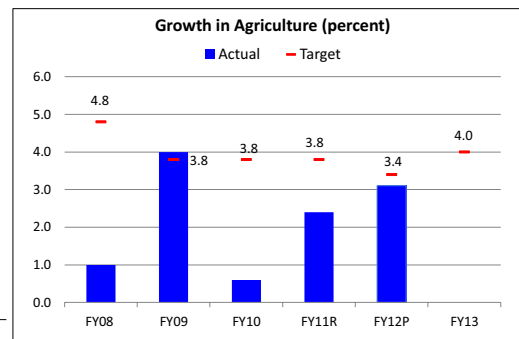
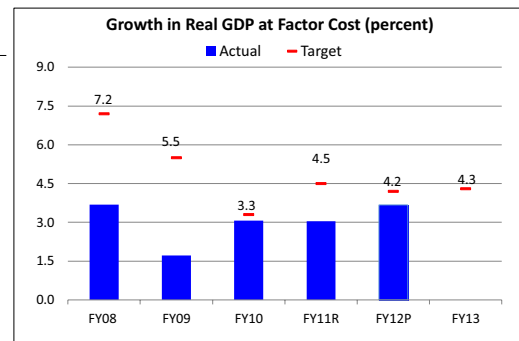
Sources: Pakistan Bureau of Statistics (PBS) and Planning Commission (PC).



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

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

	FY12 <sup>P</sup>			FY11 <sup>R</sup> Growth
	Growth	Shares	Contribution	
<b>Agriculture of which</b>	<b>3.1</b>	<b>21.1</b>	<b>0.7</b>	<b>2.4</b>
Major crops	3.2	6.7	0.2	-0.2
Minor crops	-1.3	2.1	-0.03	2.7
Livestock	4.0	11.6	0.5	4.0
<b>Industry of which</b>	<b>3.4</b>	<b>25.4</b>	<b>0.9</b>	<b>0.7</b>
Manufacturing	3.6	18.6	0.7	3.1
Large-scale <sup>1</sup>	1.8	11.9	0.2	1.2
Small-scale	7.5	5.3	0.4	7.5
Construction	6.5	2.2	0.1	-7.1
<b>Services of which</b>	<b>4.0</b>	<b>53.5</b>	<b>2.1</b>	<b>4.4</b>
Transport & communication	1.3	9.6	0.1	0.9
Wholesale & retail trade	3.6	17.1	0.6	3.5
Finance & insurance	6.5	4.8	0.3	-1.4
Public administration & defence	2.6	6.6	0.2	14.2
<b>Real GDP (fc)</b>	<b>3.7</b>	-	-	<b>3.0</b>
<b>Real GDP (market prices)</b>	<b>4.2</b>	-	-	<b>3.0</b>
	<b>FY12(P)</b>	<b>FY11(R)</b>	<b>FY10</b>	
Real GDP (fc, billion Rs)	6,029	5,815	5,644	
Nominal GDP (mp, billion Rs)	20,654	18,033	14,804	
Nominal GDP (mp, billion US\$) <sup>2</sup>	231	211	176	



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

	FY12 <sup>P</sup>			FY11 <sup>R</sup> Growth
	Growth	Shares <sup>3</sup>	Contribution <sup>3</sup>	
<b>Consumption</b>	<b>11.1</b>	<b>88.3</b>	<b>9.2</b>	<b>3.9</b>
Private	11.6	75.3	8.1	3.7
Government	8.2	13.0	1.0	5.2
<b>Fixed capital formation</b>	<b>-10.2</b>	<b>10.8</b>	<b>-1.3</b>	<b>-5.6</b>
Private	-13.0	7.9	-1.2	-6.7
Public plus general government	-1.6	2.9	0.0	-1.8
<b>Changes in stocks</b>	<b>4.2</b>	<b>1.6</b>	<b>0.1</b>	<b>3.0</b>
<b>Net exports of goods and nonfactor services</b>	<b>-125.5</b>	<b>-0.7</b>	<b>-3.8</b>	<b>16.3</b>
Exports of goods and non-factor services	-13.4	14.5	-2.3	2.4
Imports of goods and non-factor services	10.0	15.2	1.4	-0.1
<b>GDP (market prices)</b>	<b>4.2</b>	<b>100.0</b>	<b>4.2</b>	<b>3.0</b>
Less indirect taxes plus subsidies	13.2	-	-	1.5
<b>GDP (fc)</b>	<b>3.7</b>	-	-	<b>3.0</b>
<b>Total domestic demand<sup>4</sup></b>	<b>8.2</b>	-	-	<b>2.6</b>

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

<sup>3</sup> Shares and contributions in GDP growth are based on real GDP(mp)

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

Source: Pakistan Bureau of Statistics; <sup>R</sup>: Revised; <sup>P</sup>: Provisional



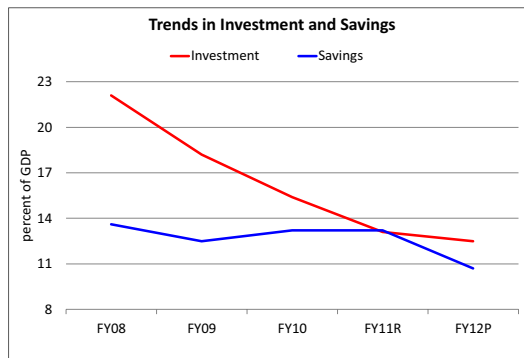
## Saving and Investment

*Investment as percent of GDP continues to fall.*

**Investment and Saving** (at current market prices)

as percent of GDP

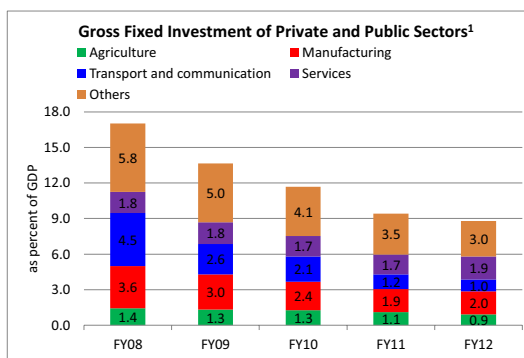
	Target FY13	Actual	
		FY12 <sup>P</sup>	FY11
<b>A. Investment</b>	<b>13.1</b>	<b>12.5</b>	<b>13.1</b>
Gross fixed investment	11.5	10.9	11.5
Private sector	8.3	7.9	8.6
Public sector	-	0.9	0.8
General government	-	2.1	2.1
Change in capital stocks	1.6	1.6	1.6
<b>B. National savings</b>	<b>11.2</b>	<b>10.8</b>	<b>13.2</b>
<b>C. Domestic savings</b>	<b>-</b>	<b>8.9</b>	<b>13.3</b>
<b>Saving investment gap (B - A)</b>	<b>-1.9</b>	<b>-1.7</b>	<b>0.1</b>



*Except services sector, all the major sectors have shown declining trend in gross fixed investment to GDP ratio.*

**Gross Fixed Investment of Private and Public Sectors<sup>1</sup>**

	FY12 <sup>P</sup>		FY11
	As percent of GDP	Percent share in total	As percent of GDP
Agriculture	0.9	10.4	1.1
Mining and quarrying	0.3	3.9	0.5
Manufacturing	2.0	22.2	1.9
Construction	0.1	1.6	0.1
Electricity and gas	0.4	4.4	0.7
Transport and communication	1.0	11.2	1.2
Wholesale and retail trade	0.3	3.9	0.3
Finance and insurance	0.2	2.1	0.3
Ownership of dwellings	1.6	18.2	1.5
Services	1.9	22.1	1.7
<b>Total</b>	<b>8.8</b>	<b>100.0</b>	<b>9.4</b>



<sup>1</sup>Economic category wise distribution of government's gross fixed investment is not available.

<sup>P</sup>: Provisional

Source: Pakistan Bureau of Statistics



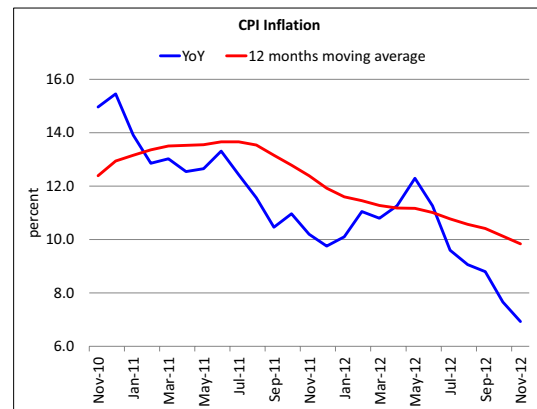
## Inflation

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

**Headline CPI inflation continued to decline and has reached to 6.9 percent (YoY) by November 2012.**

Consumer Price Index (CPI) (percent change)

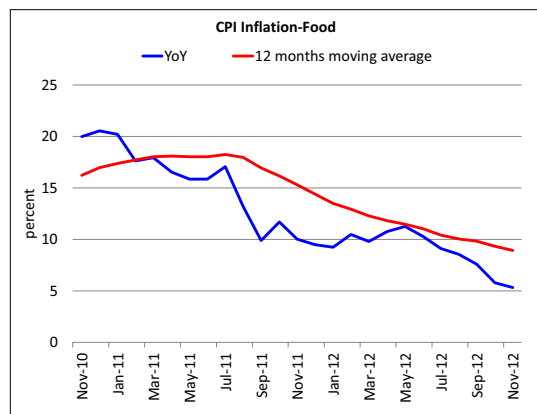
	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Nov-11	0.3	0.6	10.2	12.4
Dec-11	-0.7	0.4	9.7	11.9
Jan-12	1.5	1.2	10.1	11.6
Feb-12	0.3	1.0	11.0	11.5
Mar-12	1.2	0.9	10.8	11.3
Apr-12	1.8	1.2	11.3	11.2
May-12	1.1	1.6	12.3	11.2
Jun-12	0.0	0.2	11.3	11.0
Jul-12	-0.2	-1.0	9.6	10.8
Aug-12	0.9	0.5	9.1	10.6
Sep-12	0.8	0.6	8.8	10.4
Oct-12	0.4	0.2	7.7	10.1
Nov-12	-0.4	-0.1	6.9	9.8
<b>3-year average for Nov.</b>	<b>0.3</b>	<b>0.6</b>	<b>10.7</b>	



**Food inflation (YoY) declined to 5.3 percent in November from 5.8 percent in the previous month.**

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

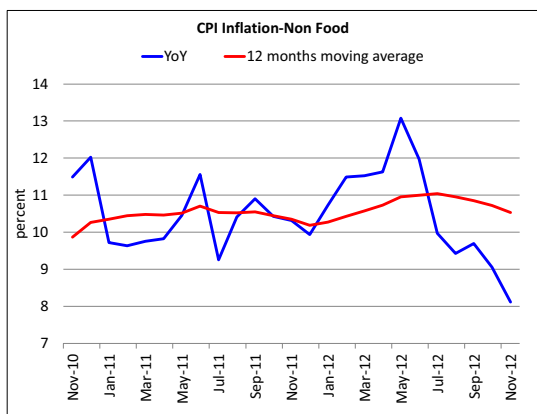
	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Nov-11	0.1	0.4	10.0	15.3
Dec-11	-2.2	0.2	9.5	14.4
Jan-12	1.5	1.0	9.2	13.5
Feb-12	-0.7	0.9	10.5	12.9
Mar-12	1.5	0.8	9.8	12.3
Apr-12	2.2	1.3	10.7	11.8
May-12	0.2	1.0	11.3	11.5
Jun-12	-0.2	0.3	10.3	11.0
Jul-12	1.8	-0.2	9.1	10.4
Aug-12	0.9	0.2	8.5	10.0
Sep-12	0.7	0.0	7.6	9.8
Oct-12	-0.1	-0.3	5.8	9.3
Nov-12	-0.3	-0.05	5.3	8.9
<b>3-year average for Nov.</b>	<b>0.5</b>	<b>0.7</b>	<b>11.8</b>	



**Non-food inflation (YoY) showed a larger fall to 8.1 percent in November from 9.1 percent in October 2012.**

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

	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Nov-11	0.4	0.7	10.3	10.4
Dec-11	0.4	0.6	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	0.8	9.4	11.0
Sep-12	0.9	1.0	9.7	10.8
Oct-12	0.7	0.6	9.1	10.7
Nov-12	-0.4	-0.1	8.1	10.5
<b>3-year average for Nov.</b>	<b>0.2</b>	<b>0.4</b>	<b>10.0</b>	



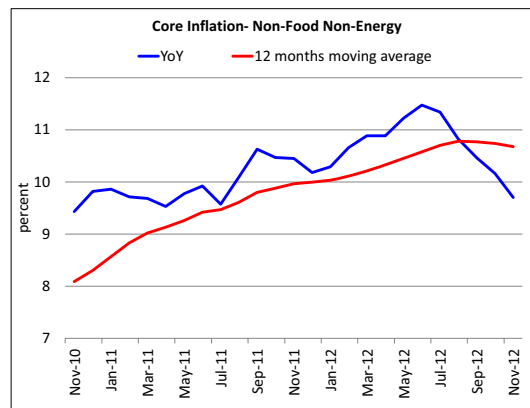
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

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



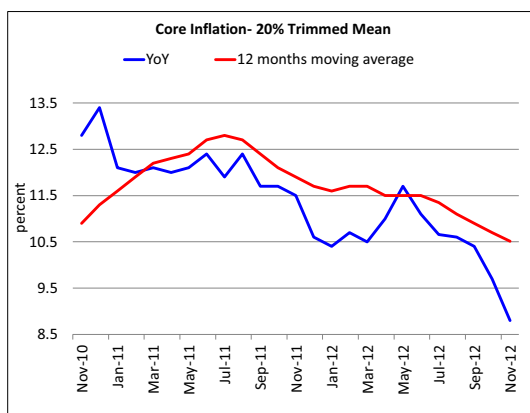
**The non-food non-energy (NFNE) measure of core inflation showed deceleration to 9.7 percent (YoY) in November 2012 from 10.2 percent in October 2012.**

	Core - Non-food non-energy (53.52% weight in basket) (percent change)		
	MoM	YoY	12M moving average
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
Oct-12	1.2	10.2	10.7
Nov-12	0.2	9.7	10.7
<b>3-year average for Nov.</b>	<b>0.5</b>	<b>9.9</b>	



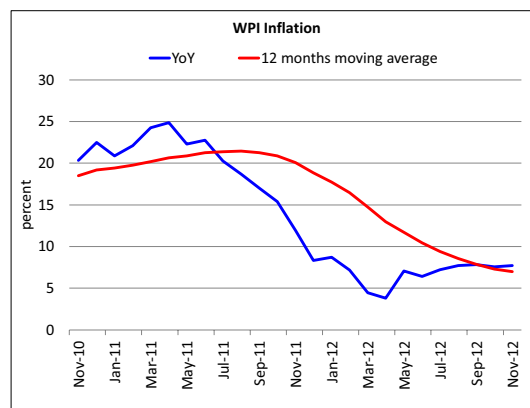
**The 20 percent trimmed mean measure of core inflation also depicted deceleration to 8.8 percent (YoY) in November 2012 from 9.7 percent in the previous month.**

Core - 20% Trimmed (percent change)			
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
Oct-12	0.7	9.7	10.7
Nov-12	0.2	8.8	10.5
<b>3-year average for Nov.</b>	<b>0.5</b>	<b>11.0</b>	



**The WPI inflation (YoY) increased to 7.7 percent in November 2012 from 7.5 percent in October 2012.**

Wholesale Price Index (WPI) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Nov-11	-0.5	0.0	12.0	20.1
Dec-11	-1.3	-0.6	8.3	18.8
Jan-12	2.3	2.2	8.7	17.7
Feb-12	0.6	0.5	7.2	16.4
Mar-12	0.7	0.2	4.5	14.7
Apr-12	1.8	1.0	3.8	13.0
May-12	2.1	1.6	7.1	11.7
Jun-12	0.0	0.2	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	0.5	7.8	7.9
Oct-12	0.1	0.6	7.5	7.3
Nov-12	-0.4	0.2	7.7	7.0
<b>3-year average for Nov.</b>	<b>0.5</b>	<b>1.1</b>	<b>13.3</b>	



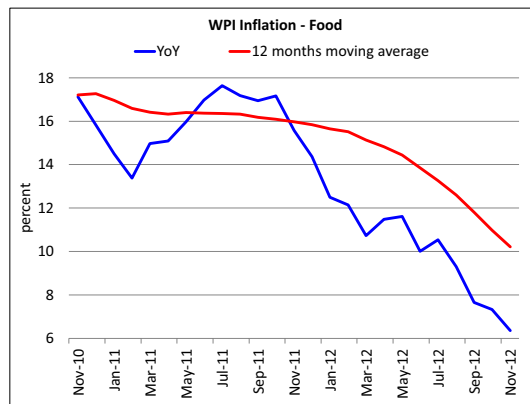
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



**WPI food inflation (YoY) decreased to 6.4 percent in November 2012 from 7.3 percent in October 2012.**

**WPI - Food (38.82% weight in basket) (percent change)**

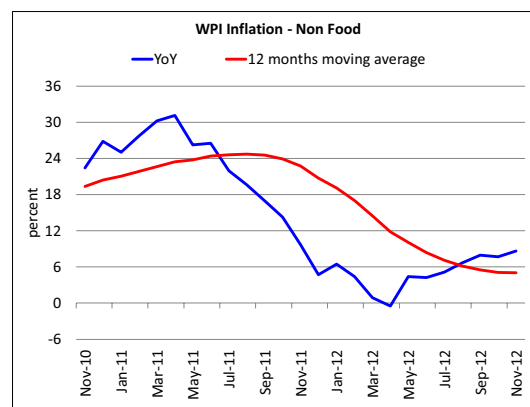
	MoM	MoM SA	YoY	12M moving average
Nov-11	-0.7	0.2	15.6	16.0
Dec-11	-1.8	0.0	14.4	15.8
Jan-12	0.4	0.0	12.5	15.7
Feb-12	-0.8	0.2	12.1	15.5
Mar-12	1.6	0.9	10.7	15.1
Apr-12	2.2	1.4	11.5	14.8
May-12	1.1	1.4	11.6	14.4
Jun-12	1.5	0.8	10.0	13.9
Jul-12	2.4	2.2	10.5	13.3
Aug-12	0.7	-0.4	9.3	12.6
Sep-12	0.3	0.0	7.7	11.8
Oct-12	0.2	0.5	7.3	11.0
Nov-12	-1.6	-0.6	6.4	10.2
<b>3-year average for Nov.</b>	<b>-0.6</b>	<b>0.4</b>	<b>13.0</b>	



**WPI non-food (YoY) inflation increased to 8.6 percent in November 2012 from 7.7 percent in October 2012.**

**WPI - Non Food (61.18% weight in basket) (percent change)**

	MoM	MoM SA	YoY	12M moving average
Nov-11	-0.4	-0.1	9.7	22.7
Dec-11	-1.1	-0.4	4.7	20.7
Jan-12	3.5	2.8	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	2.3	4.4	10.1
Jun-12	-1.0	-0.5	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
Oct-12	0.0	0.5	7.7	5.1
Nov-12	0.5	0.8	8.6	5.0
<b>3-year average for Nov.</b>	<b>1.3</b>	<b>1.6</b>	<b>13.6</b>	

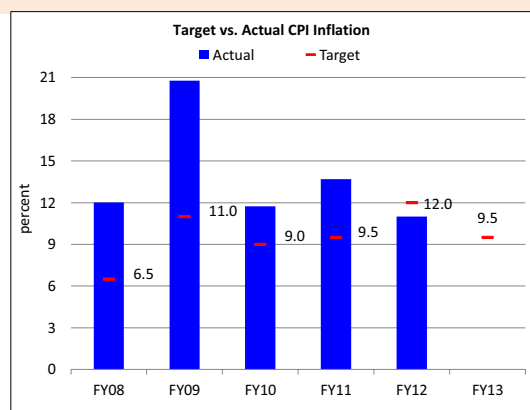


**Average CPI inflation declined significantly to 8.4 percent during July-November FY13 against 11.1 percent recorded in July-November FY12.**

**Average CPI and WPI Inflation (percent change)**

	CPI			WPI
	Headline	Food	Non Food	
FY11	13.7	18.0	10.7	21.2
FY12	11.0	11.0	11.0	10.4
Jul-Nov FY12	11.1	12.3	10.3	16.6
<b>Jul-Nov FY13</b>	<b>8.4</b>	<b>7.2</b>	<b>9.2</b>	<b>7.6</b>

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 November 2012 was due to decline in both food and non-food inflation.*

### Group-Wise CPI Inflation

Groups	Weights	Nov-12			Oct-12		
		MoM	YoY	12m MA <sup>1</sup>	MoM	YoY	12m MA <sup>1</sup>
<b>I. Food group</b>	<b>37.5</b>	<b>-0.3</b>	<b>5.3</b>	<b>8.9</b>	<b>-0.1</b>	<b>5.8</b>	<b>9.3</b>
Food & non-alcoholic beverages	34.8	-0.4	4.7	8.7	-0.1	5.2	9.1
Alcoholic beverages & tobacco	1.4	0.1	18.0	13.5	0.0	17.9	12.5
Restaurant & hotels	1.2	0.4	10.3	10.7	1.2	10.8	10.9
<b>II. Non-food group</b>	<b>62.5</b>	<b>-0.4</b>	<b>8.1</b>	<b>10.5</b>	<b>0.7</b>	<b>9.1</b>	<b>10.7</b>
Clothing & footwear	7.6	1.1	14.5	15.3	1.1	14.4	15.4
Housing, water, electricity, gas fuels	29.4	0.0	4.2	6.8	1.3	4.2	7.0
Furnishing & household equipment maintenance etc.	4.2	1.0	13.4	18.8	0.8	14.7	19.3
Health	2.2	0.6	14.9	13.3	0.8	14.7	12.9
Transport	7.2	-5.5	9.4	15.3	-1.6	15.6	15.6
Communication	3.2	0.1	0.5	-0.1	0.1	0.3	-0.1
Recreation & culture	2.0	0.2	18.1	13.5	0.4	18.3	12.4
Education	3.9	0.2	9.8	11.0	0.4	10.1	11.1
Miscellaneous	2.8	0.7	11.5	15.6	1.7	12.7	16.3
<b>Overall</b>	<b>100</b>	<b>-0.4</b>	<b>6.9</b>	<b>9.8</b>	<b>0.4</b>	<b>7.7</b>	<b>10.1</b>

*SPI inflation (WoW) recorded increase during the first two weeks of December 2012.*

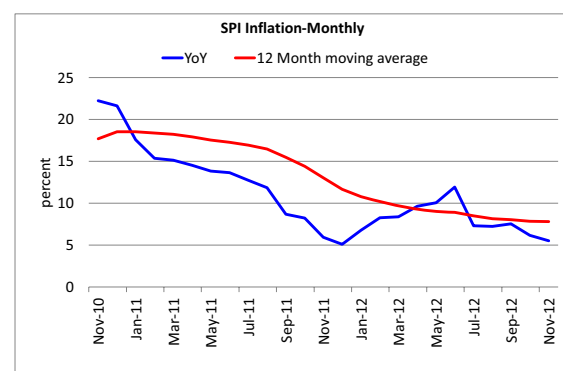
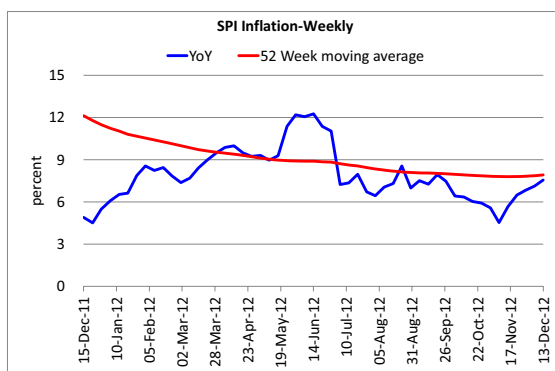
### Sensitive Price Indicator (SPI) (percent change)

Income groups	13-Dec-12	6-Dec-12	29-Nov-12	22-Nov-12	Nov-12		
	WoW <sup>2</sup>				MoM	YoY	12m MA <sup>1</sup>
<b>Up to Rs 8000</b>	-0.18	0.07	-0.03	-0.14	0.03	6.0	6.7
<b>Rs 8001-12000</b>	-0.08	0.11	-0.03	-0.12	0.03	8.1	8.2
<b>Rs 12001-18000</b>	-0.02	0.12	-0.02	-0.11	0.03	7.7	8.1
<b>Rs 18001-35000</b>	0.05	0.15	-0.02	-0.07	0.03	4.5	7.4
<b>Above Rs 35000</b>	0.16	0.18	-0.01	-0.03	-0.01	2.9	7.4
<b>All</b>	<b>0.05</b>	<b>0.15</b>	<b>-0.02</b>	<b>-0.07</b>	<b>0.02</b>	<b>5.5</b>	<b>7.8</b>

Sources: Pakistan Bureau of Statistics

<sup>1</sup> Twelve month moving average inflation

<sup>2</sup> WoW: Week on Week



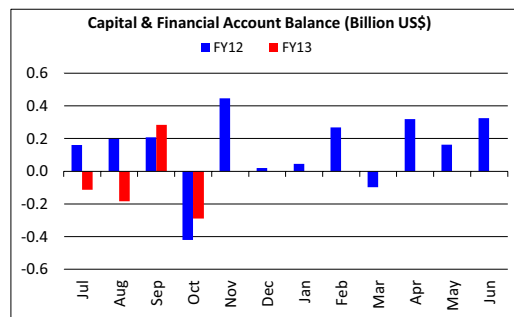
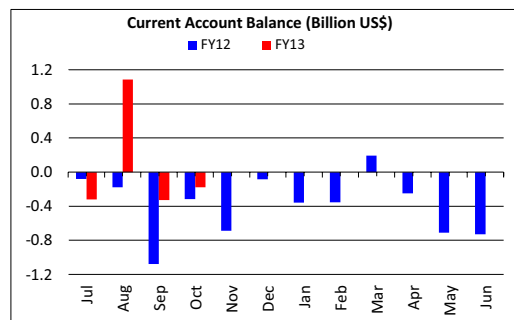
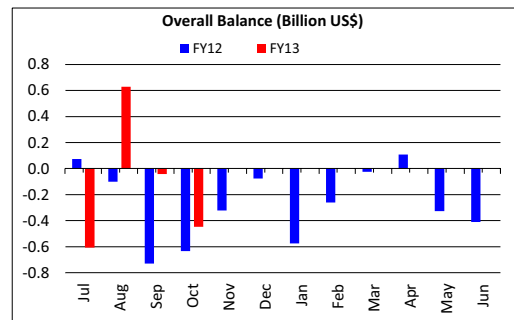


## Balance of Payments

A deficit of US\$447 million is recorded in the overall external account balance during October 2012.

### Balance of Payments Summary (million US\$)

Items	Oct-12	Jul-Oct		FY12
		FY13	FY12	
<b>A) Current account balance</b>	<b>-177</b>	<b>258</b>	<b>-1,655</b>	<b>-4,634</b>
Trade balance	-1,369	-5,000	-5,398	-15,481
Exports	2,216	8,210	8,105	24,657
Imports	3,585	13,210	13,503	40,138
Services (net)	-255	44	-953	-3,030
Receipts	444	2,564	1,671	4,950
Payments	699	2,520	2,624	7,980
Income (net)	-334	-1,088	-869	-3,407
Receipts	42	157	291	820
Payments	376	1,245	1,160	4,227
Current transfers (net)	1,781	6,302	5,565	17,284
Receipts: of which	1,794	6,332	5,603	17,404
Remittances	1,365	4,964	4,315	13,186
Payments	13	30	38	120
<b>B) Capital and financial account balance; of which</b>	<b>-290</b>	<b>-304</b>	<b>145</b>	<b>1,634</b>
Foreign direct investment (net) <sup>1</sup>	122	219	290	749
Foreign portfolio investment (net)	22	150	-100	-159
Other investment assets	-586	-702	-232	118
Other investment liabilities	131	-11	158	782
Of which : General government	-38	-42	32	1,043
Disbursements	43	382	519	2,129
Amortization	81	462	487	1,529
<b>C) Errors &amp; omissions</b>	<b>20</b>	<b>-424</b>	<b>116</b>	<b>-280</b>
<b>Overall balance (A+B+C)</b>	<b>-447</b>	<b>-470</b>	<b>-1,394</b>	<b>-3,280</b>
<b>SBP gross reserves<sup>2</sup></b>	<b>10,908</b>	<b>10,908</b>	<b>15,095</b>	<b>11,901</b>
<b>SBP net liquid reserves<sup>3</sup></b>	<b>9,733</b>	<b>9,733</b>	<b>13,322</b>	<b>10,799</b>



<sup>1</sup> Net FDI equals net direct investment by foreigners in Pakistan less direct investment made by Pakistanis abroad.

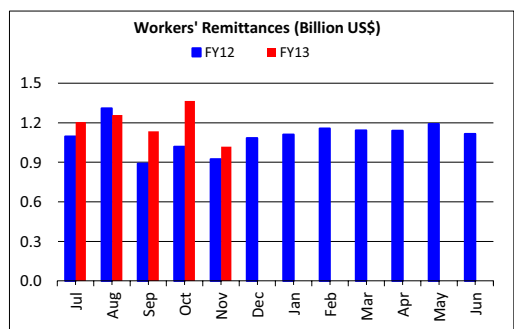
<sup>2</sup> SBP gross reserves includes banks' deposits for meeting cash reserve requirements (CRR) against their foreign currency deposits and foreign currency cash holdings of SBP, but it excludes unsettled claims on RBI.

<sup>3</sup> SBP reserves without CRR, sinking fund, and foreign currency cash holding of SBP.

Workers' remittances recorded an annualized growth of 14.2 percent during July-November FY13.

### Workers' Remittances<sup>4</sup> (million US\$)

	Nov-12	Jul-Nov		FY12
		FY13	FY12	
<b>Total inflows</b>	<b>1,018</b>	<b>5,982</b>	<b>5,240</b>	<b>13,187</b>
USA	152	994	975	2,334
UK	149	846	594	1,521
Saudi Arabia	301	1,609	1,364	3,687
UAE	194	1,241	1,167	2,849
GCC <sup>5</sup>	117	677	600	1,495
Others	105	616	539	1,300



<sup>4</sup> Only cash, <sup>5</sup> Kuwait, Qatar, Bahrain and Oman.

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

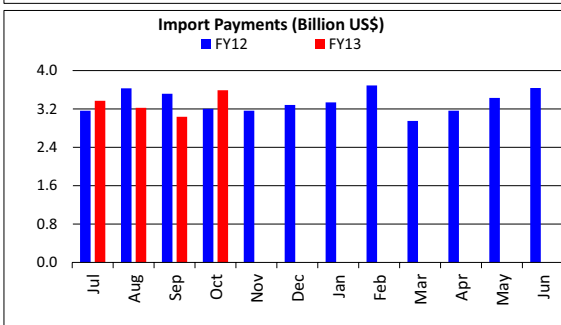
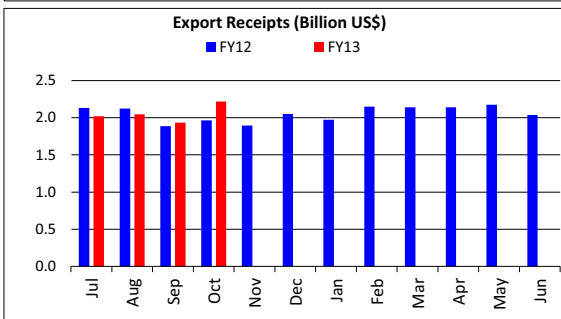
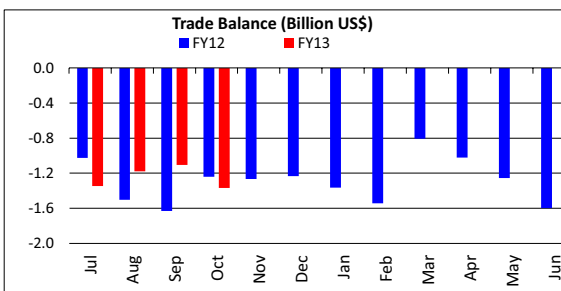


## Trade and Foreign Investment

*Relatively larger export receipt and lower import bill improved the external trade balance during July-October FY13 as compared to July-October FY12.*

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

	Oct-12	Jul-Oct		Shares <sup>1</sup> FY13
		FY13	FY12	
<b>Exports</b>	<b>2,216</b>	<b>8,210</b>	<b>8,105</b>	<b>100</b>
<b>Textile group</b>	<b>1,130</b>	<b>4,346</b>	<b>4,513</b>	<b>53</b>
Knitwear, bed wear	340	1,339	1,598	16
Cotton cloth	223	866	878	11
Readymade garments	153	565	472	7
<b>Other manufactures group</b>	<b>391</b>	<b>1,603</b>	<b>1,494</b>	<b>20</b>
Chemical and pharma	103	422	429	5
Leather items <sup>2</sup>	89	322	325	4
Cement	49	196	172	2
Engineering goods	31	122	121	1
Jewellery	4	78	17	1
<b>Food group</b>	<b>295</b>	<b>1,181</b>	<b>1,185</b>	<b>14</b>
Rice	111	449	569	5
<b>All others</b>	<b>400</b>	<b>1,080</b>	<b>913</b>	<b>13</b>
<b>Imports</b>	<b>3,585</b>	<b>13,210</b>	<b>13,503</b>	<b>100</b>
<b>Petroleum group</b>	<b>1,522</b>	<b>4,883</b>	<b>5,267</b>	<b>37</b>
Petroleum products	994	3,096	3,599	23
Petroleum crude	528	1,787	1,668	14
<b>Machinery group</b>	<b>313</b>	<b>1,299</b>	<b>1,191</b>	<b>10</b>
Telecom	57	261	305	2
Electrical machinery	48	197	153	1
Power machinery	38	175	156	1
<b>Agri. &amp; other chemicals group</b>	<b>585</b>	<b>2,233</b>	<b>2,310</b>	<b>17</b>
Plastic materials	123	508	459	4
Fertilizer manufactured	116	374	379	3
<b>Food group</b>	<b>336</b>	<b>1,452</b>	<b>1,550</b>	<b>11</b>
Palm oil	135	716	849	5
Tea	38	114	97	1
<b>Metal group</b>	<b>223</b>	<b>823</b>	<b>769</b>	<b>6</b>
Iron steel (IS) & IS scrap	189	681	620	5
<b>All others</b>	<b>606</b>	<b>2,520</b>	<b>2,417</b>	<b>19</b>



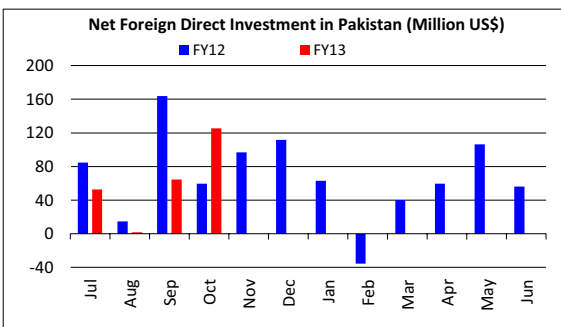
<sup>1</sup> Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total imports during FY13.

<sup>2</sup> Include tanned and manufactured leather.

*FDI inflows in Pakistan remain suppressed during July-October FY13.*

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

	Oct-12	Jul-Oct		FY12
		FY13	FY12	
<b>Net inflows: Of which</b>	<b>125</b>	<b>244</b>	<b>323</b>	<b>821</b>
<b>Major countries</b>				
USA	8	44	103	228
U.A.E.	8	37	31	37
UK	2	12	144	206
China	1	8	31	126
<b>Major sectors</b>				
Communication	0	-94	-97	-315
Financial services	-6	-2	28	64
Oil & gas exploration	20	135	222	629
Power	-4	-3	-39	-85
Trade	13	18	11	25
<b>Memorandum Item:</b>				
Net overall FDI <sup>3</sup>	122	219	290	749



<sup>3</sup> These numbers correspond to net FDI flows given in the balance of payments table and adjusted for net FDI made by Pakistanis abroad.

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



## Global Economy

Central banks of Australia and Thailand have cut their policy rates in the last two months.

### Policy Rates in Major Economies

Major economies	Current		Previous policy rate	Change (bps)
	Policy rate	w.e.f		
USA	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	0.10	Dec 20 2008	0.30	↓ -20
Canada	1.00	Sep 08 2010	0.75	↑ 25
Australia	3.00	Dec 04 2012	3.25	↓ -25
China	6.00	Jul 06 2012	6.31	↓ -31
India	8.00	Apr 17 2012	8.50	↓ -50
Sri Lanka	9.75	Apr 5 2012	9.00	↑ 75
Malaysia	3.00	May 05 2011	2.75	↑ 25
Indonesia	5.75	Feb 09 2012	6.00	↓ -25
Thailand	2.75	Oct 17 2012	3.00	↓ -25

GDP growth rate of regional countries remained higher than the growth rates of advanced economies.

### Key Macroeconomic Indicators

	Inflation (YoY) <sup>1</sup> Oct-12	GDP growth <sup>2</sup> Q3-2012	Current account balance <sup>3</sup>	Fiscal balance
			as a percent of GDP <sup>4</sup>	
USA	2.2	2.3	-3.0	-7.0
UK	2.7	-0.1	-3.2	-7.9
Euro Area	2.4	-0.6	0.9	-3.4
Japan	-0.4	0.1	1.0	-9.7
Australia	2.0	3.7	-3.7	-0.7
China	2.0	7.4	2.7	-2.3
India	9.6	5.3	-4.3	-6.0
Sri Lanka	9.5	6.4	-	-
South Korea	1.6	0.3	2.1	2.1
Malaysia	1.3	5.2	6.8	-4.6
Indonesia	4.3	6.2	-2.3	-2.5
Thailand	2.7	3.0	-0.6	-3.8

<sup>1</sup>Inflation figure for Australia pertains to September 2012, while for China, Sri Lanka, South Korea, Indonesia and Thailand, the figures pertain to November 2012.

<sup>2</sup>Annualized growth, measured as a percentage change over the same quarter of previous year.

<sup>3</sup>Latest 12 months

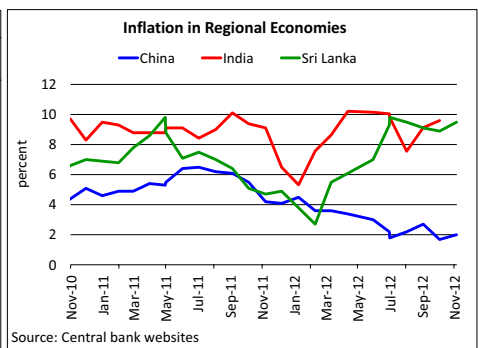
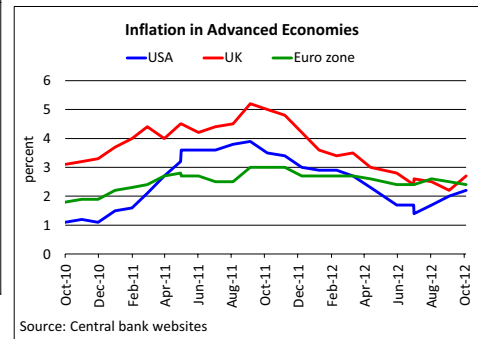
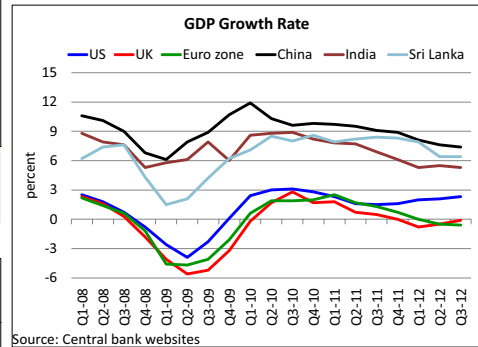
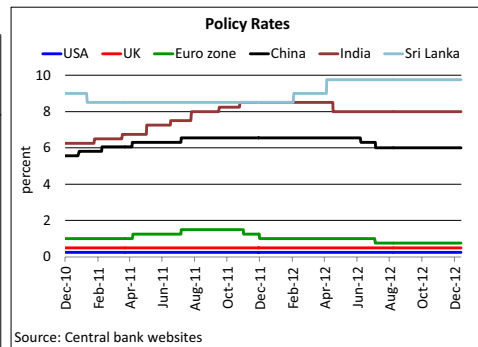
<sup>4</sup>The Economist, Economic and financial indicators, December 8, 2012

IMF has downward revised its growth forecasts for 2012 world output.

### World Economic Outlook - Real GDP Growth

	2011 (IMF estimates)	2012 Projections		
		IMF (Oct-12)	World Bank (Oct-12)	OECD (Nov-12)
<b>World output</b>	<b>3.8</b>	<b>3.3</b>	<b>2.5</b>	-
<b>Advanced<sup>5</sup></b>	<b>1.6</b>	<b>1.3</b>	<b>1.4</b>	-
US	1.8	2.2	2.1	2.2
Euro area	1.4	-0.4	-0.3	-0.4
Japan	-0.8	2.2	2.4	1.6
UK	0.8	-0.4	-	-0.1
<b>Emerging &amp; Developing</b>	<b>6.2</b>	<b>5.3</b>	<b>5.3</b>	-
Russia	4.3	3.7	3.8	3.4
China	9.2	7.8	8.2	7.5
India	6.8	4.9	6.6	4.5
ASEAN-5	4.5	5.4	-	-

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



<sup>5</sup>For World Bank, projections are for "high income" countries.

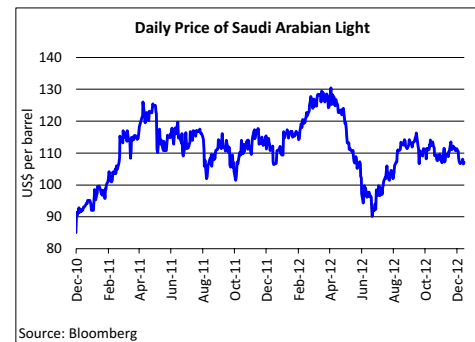
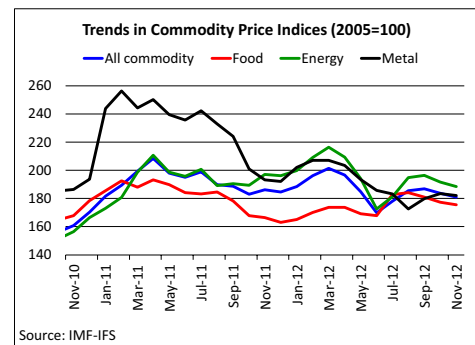


*International commodity prices, except for wheat, have decreased in November 2012.*

### World Commodity Price Indices (2005=100)

	Nov-12	% change since	
		Oct-12	End Jun-12
All commodity price index	181.1	↓ -1.41	↑ 6.54
Food price index	175.4	↓ -1.10	↑ 4.51
Energy index	188.4	↓ -1.68	↑ 9.25
Non fuel price index	168.4	↓ -0.90	↑ 1.70
Metal price index	182.1	↓ -0.70	↓ -1.92
Crude oil price (\$/bbl)	101.2	↓ -2.15	↑ 11.51
Cotton spot (US cents/ pound)	80.9	↓ -1.32	↓ -1.59
Palm oil (\$/m. ton)	743.1	↓ -3.25	↓ -19.89
Soya bean Oil (\$/m. ton)	1071.8	↓ -4.30	↓ -2.37
Wheat (\$/m. ton)	361.0	↑ 0.78	↑ 30.71
Gold spot (\$/Oz)	1715.0	↓ -0.33	↑ 7.36
Sugar (US cents/pound)	22.7	↓ -5.96	↓ -21.39

Source: Bloomberg (for gold spot) and IMF-IFS (for all other items)



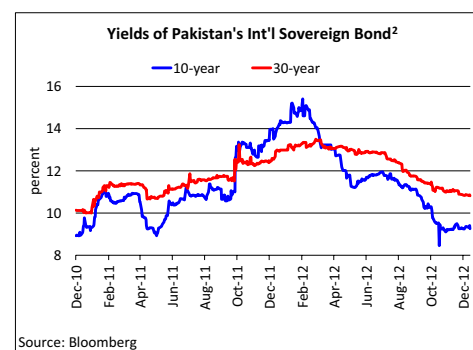
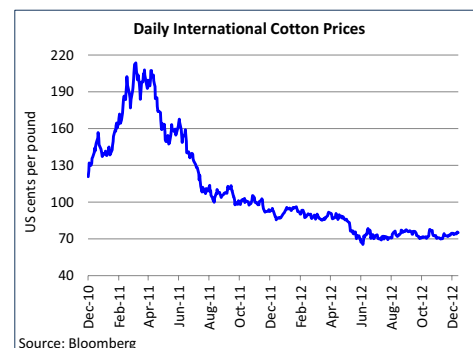
*Major stock indices have shown considerable growth since end-June 2012.*

### Capital Market Indices

	Dec 2012 <sup>1</sup>	% change since	
		Nov-12	End Jun-12
US (DJIA)	13170.7	↑ 1.1	↑ 5.7
DJ EURO STOXX	2627.7	↑ 2.0	↑ 22.6
UK (FTSE 100)	5929.6	↑ 1.07	↑ 8.8
Japan (Nikkei 225)	9737.6	↑ 3.1	↑ 15.1
China (SSEA)	2141.8	↑ 8.2	↓ -6.7
France (CAC 40)	3643.1	↑ 2.4	↑ 18.6
Germany (DAX)	7582.0	↑ 2.4	↑ 23.4
India (BSE)	19289.0	↓ -0.3	↑ 16.2
World dev'd (MSCI)	1315.4	↑ 0.9	↑ 10.2
Emerging Markets (MSCI)	1017.4	↑ 2.6	↑ 12.7
World all (MSCI)	333.1	↑ 1.1	↑ 11.4

<sup>1</sup>Updated till December 13, 2012

<sup>2</sup>30 Yr Bond = \$300 M (30 Yr US T bill+302 bps=>7.875%): Issued - Mar 24, 2006; Maturity - Mar 23, 2036  
 10 Yr Bond = \$500 M (10 Yr US T bill+240 bps=>7.125%): Issued - Mar 24, 2006; Maturity - Mar 23, 2016  
 Sources: Bloomberg, IMF, OECD, The Economist and Central Bank Websites





## Revenues, Expenditures and Fiscal Balances

Fiscal deficit is recorded at 1.2 percent of GDP in Q1-FY13.

### Revenues (billion Rs)

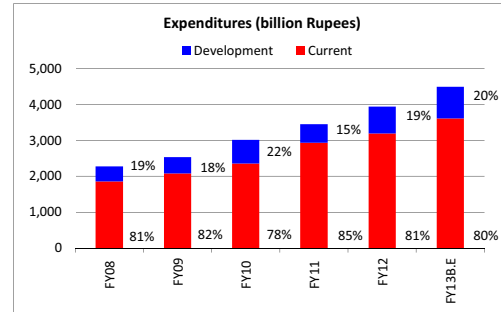
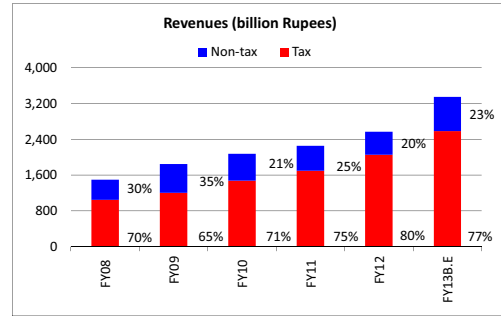
	FY13 BE <sup>1</sup>	Q1-FY13 Actual	Q1-FY12 Actual	FY12 Actual
<b>Total revenues</b>	<b>3,379</b>	<b>692</b>	<b>534</b>	<b>2,567</b>
Tax revenue	2,584	451	409	2,053
<i>Growth (YoY) %</i>	25.9	10.3	28.9	20.8
<i>of which: FBR revenues</i>	2,381	400	374	1,881
Non-tax revenues	764	241	125	514
<i>Growth (YoY) %</i>	48.7	93.2	50.4	-7.2

### Expenditures (billion Rs)

	FY13 BE <sup>1</sup>	Q1-FY13 Actual	Q1-FY12 Actual	FY12 Actual
<b>Total expenditures</b>	<b>4,484</b>	<b>976</b>	<b>791</b>	<b>3,936</b>
Current <sup>2</sup>	3,606	901	703	3,192
<i>Growth (YoY) %</i>	13.0	28.1	24.1	8.8
<i>of which: Interest payments</i>	926	313	177	889
Defence	545	117	107	507
Development and net lending	878	75	88	744
<i>Growth (YoY) %</i>	18.0	-14.6	39.7	44.7

### Overall Balance (billion Rs)

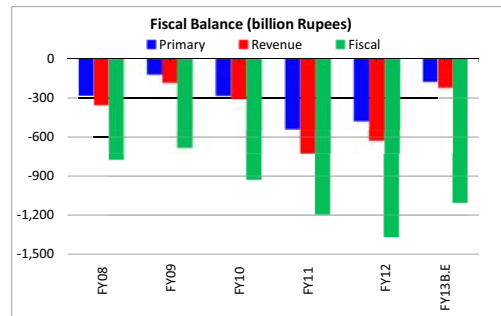
	FY13 BE <sup>1</sup>	Q1-FY13 Actual <sup>4</sup>	Q1-FY12 Actual	FY12 <sup>3</sup> Actual
<b>Fiscal balance<sup>5</sup></b>	<b>-1,105</b>	<b>-284</b>	<b>-257</b>	<b>-1,370</b>
Revenue balance <sup>6</sup>	-227	-209	-170	-626
Primary balance <sup>7</sup>	-179	29	-80	-481
	<i>As percent of GDP</i>			
<b>Fiscal balance</b>	-4.7	-1.2	-1.2	-6.6
Revenue balance	-1.0	-0.9	-0.8	-3.0
Primary balance	-0.8	0.1	-0.4	-2.3



Fiscal deficit in Q1-FY13 was mainly financed through borrowings from scheduled banks.

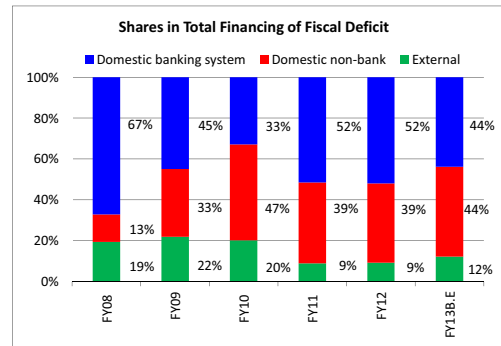
### Financing of Fiscal Deficit (billion Rs)

	FY13 BE <sup>1</sup>	Q1-FY13 Actual	Q1-FY12 Actual	FY12 <sup>3</sup> Actual
<b>Financing</b>	<b>1,105</b>	<b>284</b>	<b>257</b>	<b>1,370</b>
1. External: <i>of which</i>	135	-1.6	-4.4	128
Privatization proceeds	74	-	-	-
2. Domestic: <i>of which</i>	970	285	262	1,241
Non-bank	487	134	142	529
Banking system: <i>of which</i>	484	151	120	712
Schedule banks	484	564	223	204
SBP	0	-412	-104	508



### FBR Tax Collection (billion Rs)

	Direct	Sales	Customs	FED <sup>8</sup>	Total taxes
Q1	128	176	42	28	374
Q2	185	210	52	24	471
Q3	157	184	54	33	428
Q4	262	239	70	37	609
<b>Total collection FY12</b>	<b>732</b>	<b>809</b>	<b>218</b>	<b>122</b>	<b>1,881</b>
July	22	64	15	6	107
August	32	65	18	9	123
September	85	69	19	8	181
<b>Total collection Q1-FY13<sup>9</sup></b>	<b>139</b>	<b>197</b>	<b>52</b>	<b>22</b>	<b>411</b>



<sup>1</sup>Budget Estimates; <sup>2</sup>Inclusive of unidentified expenditures; <sup>3</sup>FY12 fiscal balance and its financing excluding the impact of debt consolidation of power and food sector; <sup>4</sup>GDP(mp) Target by MoF for FY13 has been used to calculate deficit to GDP ratio; <sup>5</sup>Fiscal balance = total revenue - total expenditure; <sup>6</sup>Revenue balance = total revenue - current expenditure (note that current expenditure are inclusive of unidentified expenditure); <sup>7</sup>Primary balance = total revenue - total expenditure + interest payment; <sup>8</sup>Federal excise duty; <sup>9</sup>Jul-Sep FY13 cumulative collection as given by FBR, which slightly differs from FBR tax collection reported in fiscal accounts. <sup>9</sup> 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 Rs468 billion during Jul-Oct FY13.**

### Debt by Owner - end period stocks (billion Rs)

	Oct-12 <sup>P</sup>	Jun-12 <sup>R</sup>	Change since Jun-12
<b>1. Bank</b>	<b>4,700</b>	<b>4,427</b>	<b>273</b>
Commercial banks	3,229	2,665	564
SBP	1,471	1,763	-292
<b>2. Non-bank</b>	<b>3,405</b>	<b>3,209</b>	<b>195</b>
National saving schemes (NSS)	2,317	2,131	186
Others	1,087	1,078	9
<b>3. Foreign currency instruments<sup>1</sup></b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total(1+2+3)</b>	<b>8,106</b>	<b>7,638</b>	<b>468</b>

### Debt by Type - end period stocks (billion Rs)

	Oct-12 <sup>P</sup>	Jun-12 <sup>R</sup>	Change since Jun-12
<b>1. Permanent debt: of which</b>	<b>1,866</b>	<b>1,696</b>	<b>170</b>
PIBs	1,093	975	118
Prize bonds	353	333	20
Others <sup>2</sup>	420	388	33
<b>2. Floating debt</b>	<b>4,274</b>	<b>4,143</b>	<b>131</b>
MTBs	2,806	2,383	423
MRTBs-replenishment	1,468	1,760	-292
<b>3. Unfunded debt<sup>3</sup>: of which</b>	<b>1,964</b>	<b>1,798</b>	<b>166</b>
Saving schemes	1,841	1,676	165
<b>4. Foreign currency instruments</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total(1+2+3+4)</b>	<b>8,106</b>	<b>7,638</b>	<b>468</b>
<b>Government domestic liabilities<sup>4</sup></b>	<b>225</b>	<b>242</b>	<b>-18</b>

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

<sup>2</sup> Includes market loans and GOP Ijara Sukuk 3 Years.

<sup>3</sup> Funds mobilized through NSS excluding prize bonds. <sup>4</sup> This reflects provincial governments' borrowings from banks for commodity operations.

**Interest payments on domestic debt showed a YoY increase of 50.4 percent during Jul-Oct FY13 as compared to the same period of FY12.**

### Debt Servicing (billion Rs)

	Jul-Oct		FY12 <sup>R</sup>	Percent change in Jul-Oct FY13 over Jul-Oct FY12
	FY13 <sup>P</sup>	FY12		
Permanent <sup>5</sup>	74	41	136	79.0
Floating	190	113	377	67.6
Unfunded	81	75	298	8.7
<b>Total</b>	<b>345</b>	<b>229</b>	<b>811</b>	<b>50.4</b>

### Indicators of Domestic Debt Sustainability

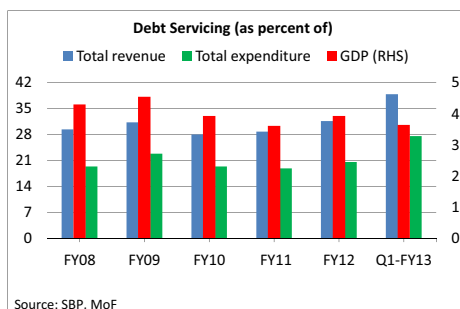
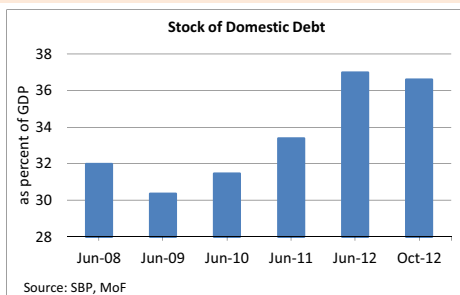
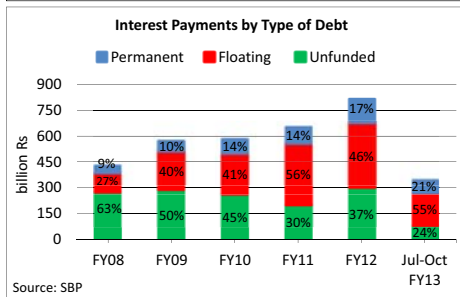
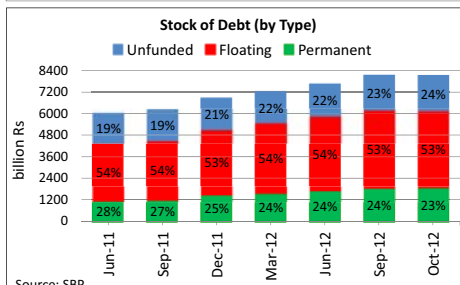
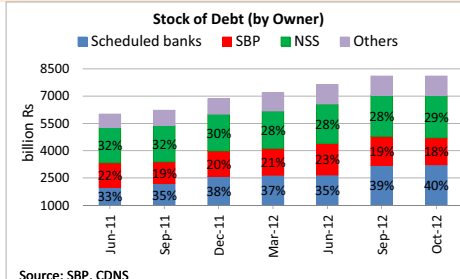
	Jun-09	Jun-10	Jun-11	Jun-12	Oct-12
<b>Debt stock as percent of GDP</b>	30.3	31.4	33.4	37.0	36.6
<b>Debt servicing as percent of</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>Q1-FY13<sup>7</sup></b>
GDP	4.5	3.9	3.6	3.9	3.6
Total revenue	31.2	28.0	28.7	31.6	38.9
Tax revenue	48.0	39.5	38.2	39.5	59.6
Total expenditure	22.8	19.3	18.8	20.6	27.6
Current expenditure	28.3	24.4	21.8	25.4	29.9

<sup>5</sup> Includes prize bonds;

<sup>6</sup> Average GDP of Planning Commission, Government of Pakistan GDP(mp) Target for FY13 and PBS (Base FY00) GDP(mp) FY12 has been used to calculate the ratios.

<sup>7</sup> The debt servicing to GDP ratio is annualized. <sup>R</sup>: Revised; <sup>P</sup>: 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 sector external debt increased by US\$423 million during Q1-FY13.**

### Debt & Liabilities<sup>1</sup> - end period stocks (million \$)

Items	Sep-12 <sup>P</sup>	Jun-12 <sup>R</sup>	Change during Q1-FY13
<b>1. Public debt (a+b+c)</b>	<b>56,286</b>	<b>55,862</b>	<b>423</b>
<b>a) Government debt</b>	<b>46,855</b>	<b>46,123</b>	<b>732</b>
<b>i) Long term (&gt;1 year)</b>	<b>46,445</b>	<b>45,742</b>	<b>703</b>
<i>Paris club</i>	15,329	15,014	315
<i>Multilateral</i>	25,660	25,406	254
<i>Other bilateral</i>	2,603	2,469	134
<i>Euro/Sukuk global bonds</i>	1,550	1,550	0
<i>Military debt</i>	103	103	0
<i>Commercial loans/credits</i>	0	0	0
<i>Local currency bonds (TBs &amp; PIBs)</i>	0	0	0
<i>Saudi fund for development (SFD)</i>	200	200	0
<i>SAFE China deposits</i>	1,000	1,000	0
<i>NBP/BOC deposits</i>	0	0	0
<b>ii) Short term (&lt;1 year)</b>	<b>410</b>	<b>381</b>	<b>29</b>
<i>IDB</i>	388	377	11
<b>b) From IMF</b>	<b>7,004</b>	<b>7,337</b>	<b>-333</b>
<i>i) Federal government</i>	1,855	1,894	-39
<i>ii) Central bank</i>	5,149	5,443	-294
<b>c) Foreign exchange liabilities (FEL)<sup>2</sup></b>	<b>2,427</b>	<b>2,402</b>	<b>25</b>
<b>2. Public sector enterprises (PSEs)</b>	<b>1,586</b>	<b>1,524</b>	<b>62</b>
<b>a) Guaranteed debt</b>	<b>220</b>	<b>226</b>	<b>-6</b>
<b>b) Non-guaranteed debt</b>	<b>1,366</b>	<b>1,298</b>	<b>68</b>
<b>3. Scheduled banks</b>	<b>1,808</b>	<b>1,844</b>	<b>-35</b>
<b>a) borrowing</b>	<b>816</b>	<b>860</b>	<b>-44</b>
<i>i) Long term (&gt;1 year)</i>	87	92	-5
<i>ii) Short term (&lt;1 year)</i>	729	768	-39
<b>b) Nonresident deposit (LCY &amp; FCY)</b>	<b>992</b>	<b>983</b>	<b>9</b>
<b>4. Private sector</b>	<b>4,496</b>	<b>4,503</b>	<b>-7</b>
<b>a) guaranteed debt</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>b) non-guaranteed debt</b>	<b>4,496</b>	<b>4,503</b>	<b>-7</b>
<i>i) Loans</i>	2,429	2,447	-18
<i>ii) Private non-guaranteed bonds</i>	124	124	0
<i>iii) Trade credit and others liabilities</i>	1,943	1,932	11
<b>5. Debt liabilities</b>			
to direct investors-intercompany debt	2,067	2,100	-33
<b>Total external debt (excl. FEL)</b>	<b>63,816</b>	<b>63,431</b>	<b>385</b>
<b>Total external debt &amp; liabilities (1+2+3+4+5)</b>	<b>66,243</b>	<b>65,833</b>	<b>409</b>

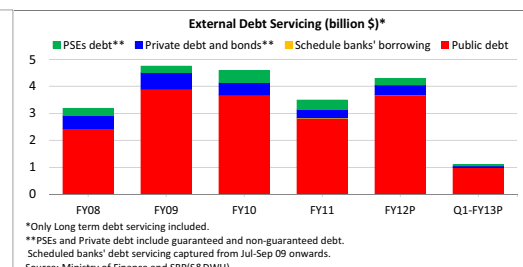
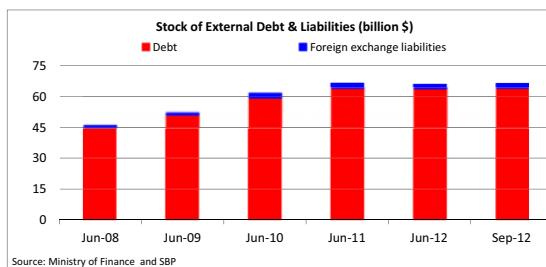
### Debt Servicing (million \$)

Items	Q1-FY13 <sup>P</sup>	FY12 <sup>R</sup>
<b>1. Public debt (a+b+c)</b>	<b>993</b>	<b>3,670</b>
<b>a) Government debt<sup>3</sup></b>	<b>515</b>	<b>2,240</b>
<i>Principal</i>	375	1,546
<i>Interest</i>	140	694
<b>b) To IMF</b>	<b>475</b>	<b>1,318</b>
<i>Principal</i>	444	1,154
<i>Interest</i>	31	164
<b>c) Foreign exchange liabilities</b>	<b>4</b>	<b>112</b>
<i>Principal</i>	0	100
<i>Interest</i>	4	12
<b>2. PSEs guaranteed debt</b>	<b>11</b>	<b>40</b>
<i>Principal</i>	6	31
<i>Interest</i>	5	9
<b>3. PSEs non-guaranteed debt<sup>3</sup></b>	<b>49</b>	<b>208</b>
<i>Principal</i>	44	179
<i>Interest</i>	5	28
<b>4. Scheduled banks' borrowing<sup>3</sup></b>	<b>5</b>	<b>19</b>
<i>Principal</i>	5	18
<i>Interest</i>	0	1
<b>5. Private guaranteed debt</b>	<b>0</b>	<b>0</b>
<b>6. Private non-guaranteed debt<sup>3</sup></b>	<b>46</b>	<b>339</b>
<i>Principal</i>	30	265
<i>Interest</i>	17	74
<b>7. Private non-guaranteed bonds</b>	<b>0</b>	<b>10</b>
<i>Principal</i>	0	0
<i>Interest</i>	0	10
<b>Total Long term external debt servicing (1+2+3+4+5+6+7)</b>	<b>1,104</b>	<b>4,285</b>
<i>Principal</i>	<b>903</b>	<b>3,294</b>
<i>Interest</i>	<b>201</b>	<b>991</b>
<b>Memorandum Items</b>		
<b>Short term debt servicing-principal<sup>4</sup></b> (excluding item No.3 below)	<b>13</b>	<b>195</b>
1. Government debt	0	0
2. PSEs non-guaranteed debt	13	149
3. Scheduled banks' borrowing	7,450	20,079
<i>Net flows<sup>5</sup></i>	(39)	486
4. Private non-guaranteed debt	0	46

**Stock of external debt, as percent of GDP, has declined to 28.3 percent by the end of Q1-FY13.**

### Indicators of External Debt Sustainability

End period debt stock as percent of	End period debt stock as percent of						External debt servicing as percent of					
	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Sep-12	FY08	FY09	FY10	FY11 <sup>6</sup>	FY12	Q1-FY13 <sup>7</sup>
<b>GDP</b>	28.2	32.3	32.5	31.5	28.4	28.3	1.9	2.9	3.3	2.0	1.9	1.9
<b>Reserves</b>	399.1	407.8	339.3	347.2	429.2	442.4	27.5	37.0	34.2	22.4	27.9	7.4
<b>Exports</b>	226.0	273.7	291.6	261.0	267.0	806.9	15.6	24.8	29.4	16.8	17.4	13.5



R: Revised; P: Provisional; <sup>1</sup>External 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>. <sup>2</sup>Allocation of SDR and Nonresident LCY deposits with central bank added to FEL; <sup>3</sup>Only long term debt servicing included (Revised). <sup>4</sup>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; <sup>5</sup>Net flows of short term borrowings by banks reflect the net increase (+) or decrease (-) in the stock of short term bank borrowings during the period. <sup>6</sup>Only long term debt servicing included from FY11 and onwards(Revised); <sup>7</sup>Average of Planning Commission, Government of Pakistan GDP(mp) Target for FY13 and PBS (Base FY00) GDP(mp) FY12 has been used to calculate Debt/GDP ratio(as used by SDWH) and end period total liquid reserves are used. The ratio of GDP is annualized.  
Sources: Economic Affairs Division and SBP(S&DWH)





# Monetary Policy Information Compendium

December 2012

## Total Debt

Stock of total debt and liabilities increased by Rs561 billion during Q1-FY13, mainly due to increase in government domestic debt.

### Total Debt Stock (billion Rs)

	Sep-12 <sup>P</sup>	Jun-12 <sup>R</sup>	Change during Q1-FY13	Share in Q1-FY13 (percent)
I. Government domestic debt	8,120	7,638	482	53.6
II. Government external debt <sup>1</sup>	4,445	4,364	80	29.3
III. Debt from IMF	664	694	-30	4.4
IV. External liabilities	230	227	3	1.5
V. Private sector external debt	598	601	-3	3.9
VI. PSEs external debt	150	144	6	1.0
VII. PSEs domestic debt	297	281	16	2.0
VIII. Commodity operations <sup>2</sup>	447	438	9	3.0
IX. Intercompany debt	196	199	-3	1.3
<b>Total debt &amp; liabilities (I to VIII)</b>	<b>15,148</b>	<b>14,587</b>	<b>561</b>	<b>100.0</b>
<b>Total public debt (I to IV)</b>	<b>13,460</b>	<b>12,924</b>	<b>535</b>	<b>88.9</b>
<b>Total external debt &amp; liabilities (II to VI &amp;+ IX)</b>	<b>6,284</b>	<b>6,230</b>	<b>55</b>	<b>41.5</b>
<b>Commodity operations &amp; PSEs debt (VI to VIII)</b>	<b>894</b>	<b>863</b>	<b>31</b>	<b>5.9</b>

### Total Debt Servicing (billion Rs)

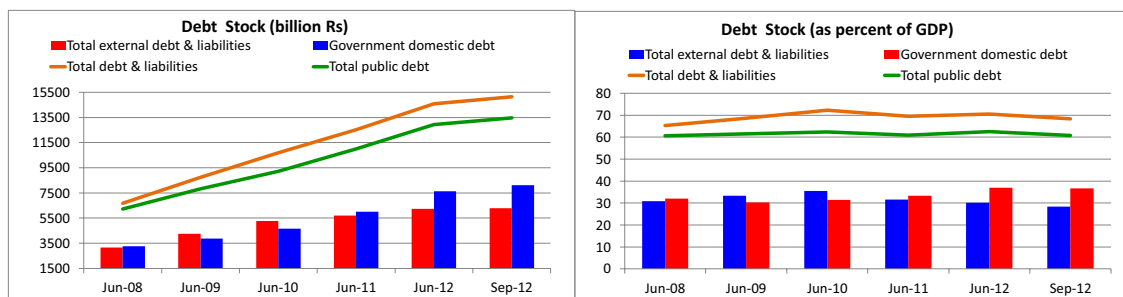
	Q1-FY13 <sup>P</sup>	FY12 <sup>R</sup>	Share in Q1-FY13 (percent)	Share in FY12 (percent)
<b>Total Debt Servicing(A+B)</b>	<b>390</b>	<b>1260</b>	<b>100.0</b>	<b>100.0</b>
<b>A. Total interest payment on debt and liabilities (I+II)</b>	<b>305</b>	<b>966</b>	<b>78.1</b>	<b>76.7</b>
<b>I. Interest payment on debt (a+b)</b>	<b>288</b>	<b>901</b>	<b>73.8</b>	<b>71.5</b>
a. Domestic debt	269	811	69.0	64.4
b. External debt	19	90	4.9	7.1
<b>II. Interest payment on liabilities (a+b)</b>	<b>17</b>	<b>65</b>	<b>4.3</b>	<b>5.2</b>
a. External liabilities <sup>3</sup>	0	1	0.1	0.1
b. Domestic liabilities	16	64	4.2	5.1
<b>B. Principal repayment of external debt and liabilities<sup>4</sup></b>	<b>85</b>	<b>294</b>	<b>21.9</b>	<b>23.3</b>

### Debt stock (as percent of GDP)

	Sep-12 <sup>5</sup>	Jun-12 <sup>5</sup>	Jun-11
<b>Total debt and liabilities</b>	<b>68.4</b>	<b>70.6</b>	<b>69.5</b>
Total public debt	60.8	62.6	60.9
Total external debt and liabilities	28.4	30.2	31.6
Government domestic debt	36.7	37.0	33.3
PSEs debt and liabilities	4.0	4.2	5.1

### Debt Servicing (as percent of)

	Q1-FY13	FY12 <sup>P</sup>	FY11	FY10
GDP	1.8	6.1	5.6	6.6
Total revenue	56.4	49.1	45.0	47.1
Tax revenue	86.5	61.4	59.9	66.4
Total expenditure	40.0	32.0	29.4	32.5
Current expenditure	43.3	39.5	34.1	41.0



Note: R: Revised; P: Provisional; <sup>1</sup> Rupee value of external debt computed by applying the corresponding end period average exchange rate to the end-period stock; <sup>2</sup> This includes borrowings from banks by provincial and Federal governments agencies for commodity operations; <sup>3</sup> Rupee value of external liabilities computed by applying the corresponding end period average exchange rate; <sup>4</sup> Short term debt repayment excluded; <sup>5</sup> Average of Planning Commission, GDP(mp) Target for FY13 and PBS (Base FY00) GDP(mp) FY12 has been used to calculate Debt/GDP ratio;

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



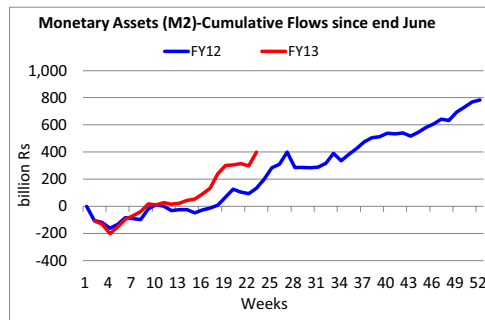
## Monetary and Credit Aggregates

*Government borrowing from the banking system remains the key driver of monetary expansion during July 1 - November 30, FY13.*

### Monetary Assets of the Banking System

(billion Rs)

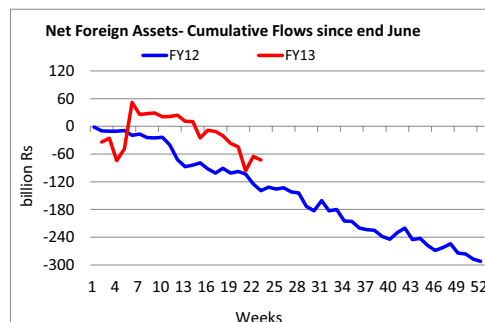
	End June 2012 stocks	Cumulative flows since end-June		FY12 flows
		Latest week	A year ago	
		30-Nov-12	2-Dec-11	
<b>NFA</b>	<b>532.1</b>	<b>-72.9</b>	<b>-139.2</b>	<b>-248.1</b>
<b>NDA</b>	<b>7,109.7</b>	<b>473.2</b>	<b>272.8</b>	<b>1,194.7</b>
<b>Net government borrowings: of which</b>	<b>4,258.0</b>	<b>472.3</b>	<b>697.8</b>	<b>1,237.4</b>
Net budgetary borrowing	3,799.9	479.8	783.2	1,198.3
Commodity operations	436.1	-6.2	-83.8	38.6
<b>Non-government borrowings: of which</b>	<b>3,652.2</b>	<b>101.1</b>	<b>-206.9</b>	<b>104.9</b>
Private sector	3,376.4	69.3	69.0	235.2
PSEs	257.2	31.8	-276.3	-130.5
<b>Other items (net)</b>	<b>-800.5</b>	<b>-100.2</b>	<b>-218.1</b>	<b>-147.6</b>
<b>M2</b>	<b>7,641.8</b>	<b>400.3</b>	<b>133.6</b>	<b>946.6</b>



### Monetary Liabilities of the Banking System

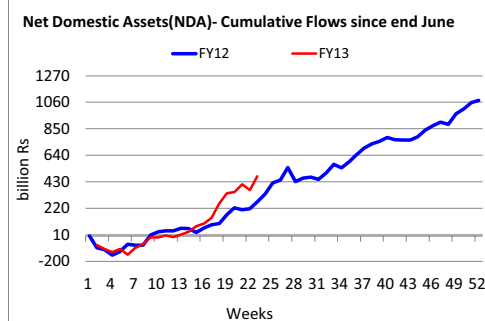
(billion Rs)

<b>Currency in circulation</b>	<b>1,673.7</b>	<b>204.4</b>	<b>148.7</b>	<b>172.3</b>
<b>Total deposits with banks</b>	<b>5,959.1</b>	<b>195.3</b>	<b>-13.8</b>	<b>775.5</b>
Demand deposits with banks	4,712.4	149.0	-106.1	588.9
Time deposits with banks	806.6	33.8	82.0	121.5
RFCDs with banks	440.1	12.6	10.3	65.2
<b>M2</b>	<b>7,641.8</b>	<b>400.3</b>	<b>133.6</b>	<b>946.6</b>



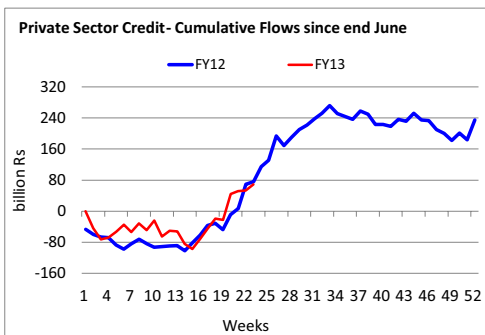
### Percent Growth in Monetary Assets of the Banking System

	YoY (30-Nov-12)	Since end June		FY12
		30-Nov-12	2-Dec-11	
		30-Nov-12	2-Dec-11	
<b>NFA</b>	<b>-28.4</b>	<b>-13.7</b>	<b>-17.8</b>	<b>-31.8</b>
<b>NDA</b>	<b>22.5</b>	<b>6.7</b>	<b>4.6</b>	<b>20.2</b>
<b>Government borrowings</b>	<b>27.2</b>	<b>11.1</b>	<b>23.1</b>	<b>41.0</b>
Budgetary borrowing	26.4	12.6	30.1	46.1
Commodity operations	37.0	-1.4	-21.1	9.7
<b>Non-government sector borrowings</b>	<b>12.4</b>	<b>2.8</b>	<b>-5.8</b>	<b>3.0</b>
Private sector	7.3	2.1	2.2	7.5
PSEs	159.7	12.4	-71.3	-33.7
<b>Other items (Net)</b>	<b>3.4</b>	<b>12.5</b>	<b>33.4</b>	<b>22.6</b>
<b>M2</b>	<b>17.8</b>	<b>5.2</b>	<b>2.0</b>	<b>14.1</b>



### Memorandum Items

	Latest week	A year ago	FY12
	30-Nov-12	2-Dec-11	
Money multiplier	3.36	3.28	3.49
Currency to deposit ratio (percent)	30.5	31.9	28.1
M2 to GDP ratio (percent)	33.9	33.1	37.1
Private sector credit to GDP ratio (percent)	14.5	15.5	17.4



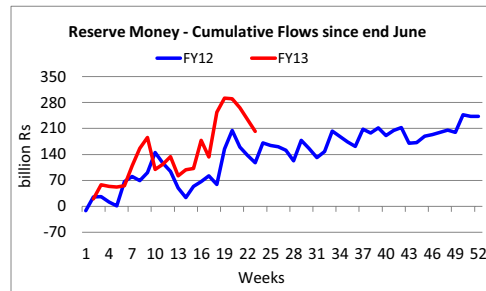
Note: All FY12 numbers are provisional; Source: Statistics & Data Warehouse Department (S&DWD), SBP



## SBP's OMO injection is the main driver of reserve money growth during July 1 - November 30, FY13.

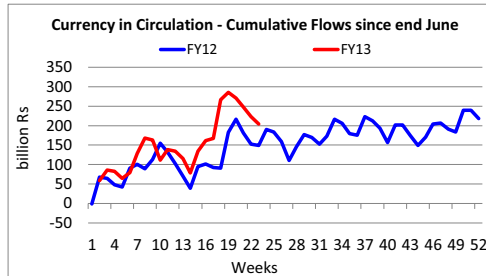
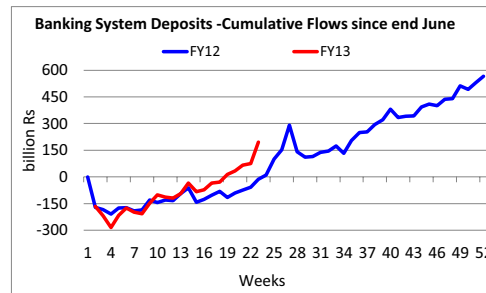
### Monetary Assets of SBP

	End June 2012 stocks	Cumulative flows since end-June		FY12 (Provisional)
		Latest week	A year ago	
		30-Nov-12	2-Dec-11	
<b>NFA</b>	<b>394.1</b>	<b>-92.3</b>	<b>-124.9</b>	<b>-219.9</b>
<b>NDA: of which</b>	<b>1,794.8</b>	<b>294.5</b>	<b>242.8</b>	<b>443.0</b>
Budgetary borrowing	1,706.0	-105.9	83.4	505.3
Other items (net)	-216.7	388.5	172.3	-36.6
Net impact of OMOs/discounting	100.7	426.0	239.6	37.0
<b>Reserve money</b>	<b>2,188.9</b>	<b>202.1</b>	<b>117.9</b>	<b>223.0</b>



### Monetary Liabilities of SBP

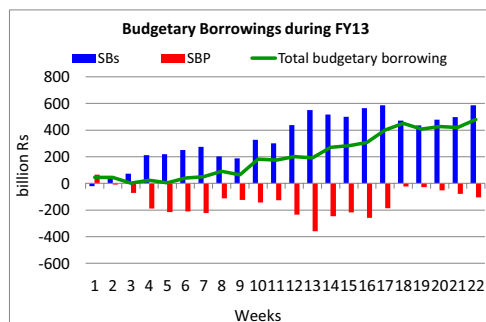
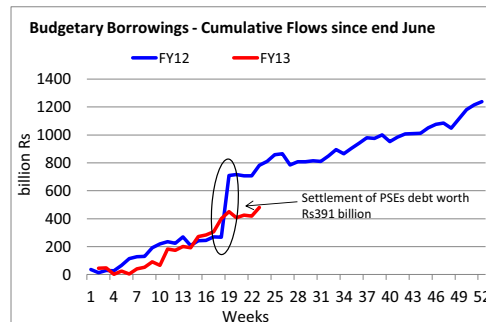
	End June 2012 stocks	Cumulative flows since end-June		FY12
		Latest week	A year ago	
		30-Nov-12	2-Dec-11	
Currency in circulation	1673.7	204.4	148.7	172.3
Cash in tills	110.1	1.3	-10.1	5.2
Bank deposits with SBP (reserves)	396.2	-4.1	-19.4	46.7
Other deposits with SBP	8.9	0.5	-1.3	-1.2
	<b>YoY (30-Nov-12)</b>	<b>Percent growth</b>		
<b>NFA of the SBP</b>	<b>-38.3</b>	<b>-23.4</b>	<b>-20.3</b>	<b>-35.8</b>
<b>NDA of the SBP: of which</b>	<b>31.0</b>	<b>16.4</b>	<b>18.0</b>	<b>32.8</b>
Budgetary borrowing	24.6	-6.2	6.9	42.1
<b>Reserve money</b>	<b>14.7</b>	<b>9.2</b>	<b>6.0</b>	<b>11.3</b>



## Government borrowing from the scheduled banks in FY13 is significantly higher than in FY12, adjusting for Rs391 billion on account of PSEs' debt settlement in FY12.

### Details on Government Borrowing for Budgetary Support

	End June 2012 stocks	Cumulative flows since end-June		FY12 <sup>1</sup> flows
		Latest week	A year ago	
		30-Nov-12	2-Dec-11	
<b>Budgetary borrowing</b>	<b>3799.9</b>	<b>479.8</b>	<b>783.2</b>	<b>1198.3</b>
<b>Federal government</b>	<b>4064.5</b>	<b>543.7</b>	<b>758.6</b>	<b>1161.0</b>
From SBP	1704.3	-41.2	82.3	464.5
SBP's holdings of MRTBs	1759.7	-84.4	-20.9	442.2
From scheduled banks (SBs)	2360.3	584.9	676.3	696.5
<b>Provincial governments</b>	<b>-264.6</b>	<b>-63.9</b>	<b>24.6</b>	<b>37.3</b>
From SBP <sup>2</sup>	1.7	-64.6	1.1	40.9
From SBs <sup>3</sup>	-266.4	0.8	23.5	-3.6



### Memorandum Items

<b>Budgetary borrowing on cash basis</b>	<b>3667.2</b>	<b>536.0</b>	<b>772.4</b>	<b>1143.9</b>
SBP	1662.1	-93.7	102.1	507.5
SBs	2005.2	629.6	670.3	636.4

<sup>1</sup> Including Rs 391 billion shifted due to settlement of PSEs debt stock.

<sup>2</sup> 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.

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



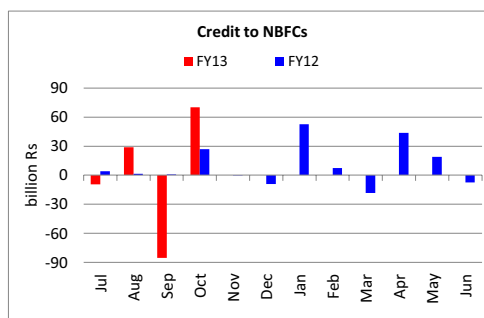
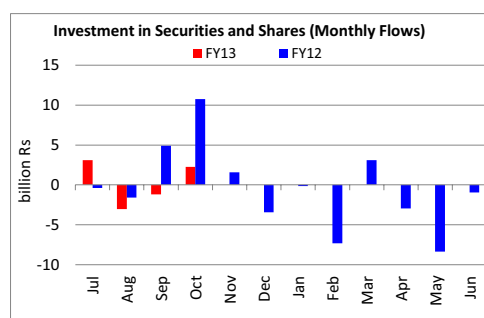
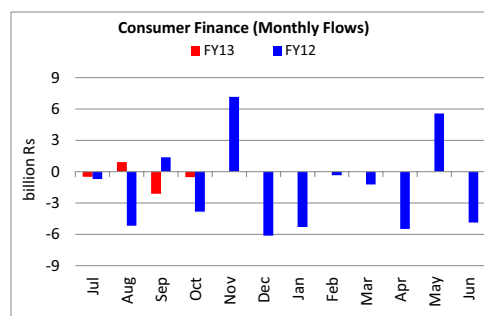
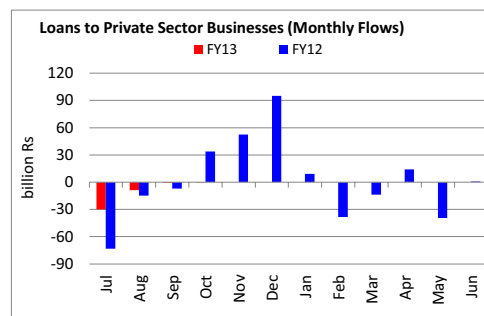
**During July-October FY13, net retirement continues in working capital while fixed investment witnessed an increase compared with the same period of FY12.**

## Credit to Private Sector

	End June 2012 stocks	Cumulative flows (billion Rs)		
		Jul-Oct FY13	Jul-Oct FY12	FY12
<b>Total credit to private sector</b>	<b>3376.4</b>	<b>-1.0</b>	<b>-14.0</b>	<b>235.2</b>
<b>1. Loans to private sector businesses</b>	<b>2450.1</b>	<b>-39.6</b>	<b>-61.5</b>	<b>18.3</b>
<b>By type</b>				
Working capital: of which	1582.1	-50.2	-29.6	-0.1
Export finance	247.0	-0.5	-8.2	-19.8
Import finance	126.6	9.0	-15.0	-8.1
Fixed investment	868.0	10.6	-31.9	18.4
<b>By Sectors: of which</b>				
<b>Agriculture</b>	<b>198.4</b>	<b>↑ 9.7</b>	<b>↑ 7.4</b>	<b>↑ 17.9</b>
<b>Manufacturing: of which</b>	<b>1389.9</b>	<b>↓ -61.7</b>	<b>↓ -67.9</b>	<b>↑ 4.5</b>
Textiles	491.0	↓ -14.2	↓ -21.2	↓ -23.7
Food products & beverages	290.4	↓ -49.5	↓ -65.4	↑ 15.1
Chemicals & products	172.4	↑ 3.7	↓ -5.6	↑ 14.3
Non-metallic mineral products	76.5	↓ -8.9	↑ 0.1	↓ -18.3
Wearing apparel, readymade gar.	48.3	↓ -1.5	↓ -2.3	↓ -1.7
<b>Electricity, gas and water</b>	<b>278.1</b>	<b>↑ 1.8</b>	<b>↑ 12.6</b>	<b>↑ 8.7</b>
<b>Construction</b>	<b>53.5</b>	<b>↓ -3.6</b>	<b>↓ -3.4</b>	<b>↓ -14.2</b>
<b>Commerce and trade</b>	<b>210.0</b>	<b>↑ 3.1</b>	<b>↓ -3.7</b>	<b>↓ -3.7</b>
<b>Transport, storage and comm.</b>	<b>111.3</b>	<b>↓ -0.7</b>	<b>↓ -6.6</b>	<b>↑ 5.1</b>
<b>Services: of which</b>	<b>149.9</b>	<b>↓ -2.4</b>	<b>↓ -0.5</b>	<b>↓ -4.0</b>
Real estate/renting & business act.	107.9	↑ 0.1	↑ 1.0	↓ -3.1
<b>2. Personal: of which</b>	<b>285.0</b>	<b>↑ 2.2</b>	<b>↓ -0.3</b>	<b>↓ -9.0</b>
Consumer financing	198.7	↓ -2.2	↓ -8.3	↓ -18.9
<b>3. Investment in securities and shares</b>	<b>153.2</b>	<b>↑ 1.1</b>	<b>↑ 13.7</b>	<b>↓ -4.8</b>
<b>4. Others<sup>1</sup>: of which</b>	<b>488.0</b>	<b>↑ 35.3</b>	<b>↑ 34.1</b>	<b>↑ 230.6</b>
Non-bank finance companies	242.4	↑ 4.4	↑ 33.1	↑ 121.0

<sup>1</sup> This also includes credit to some Public Sector Enterprises, and other categories.

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

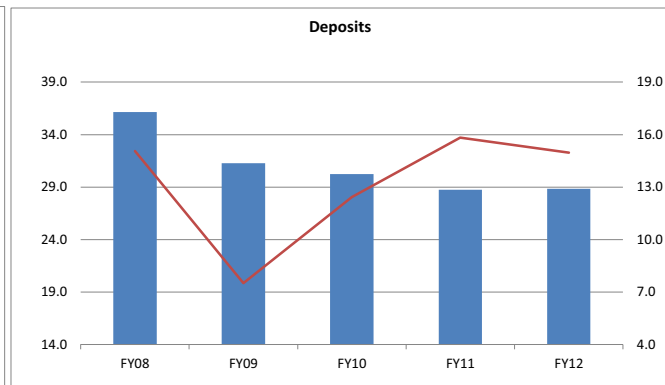
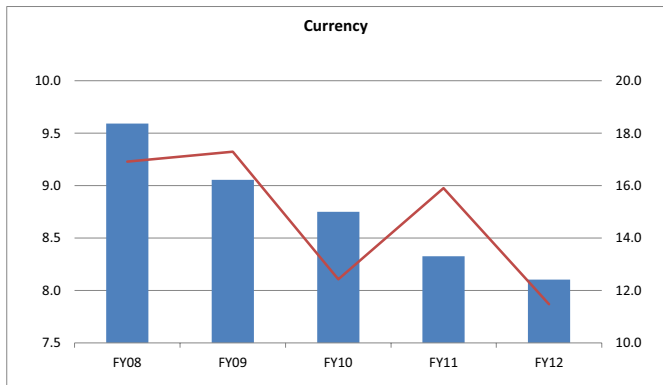
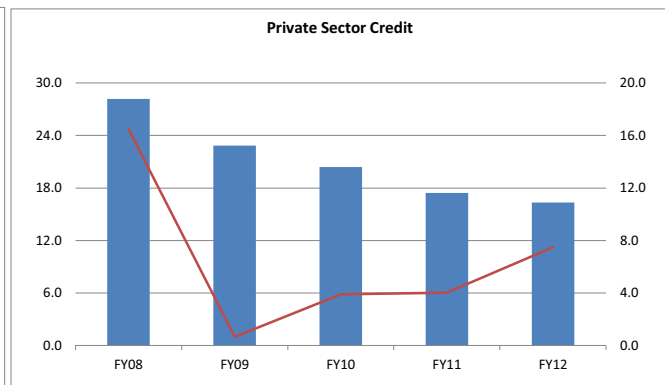
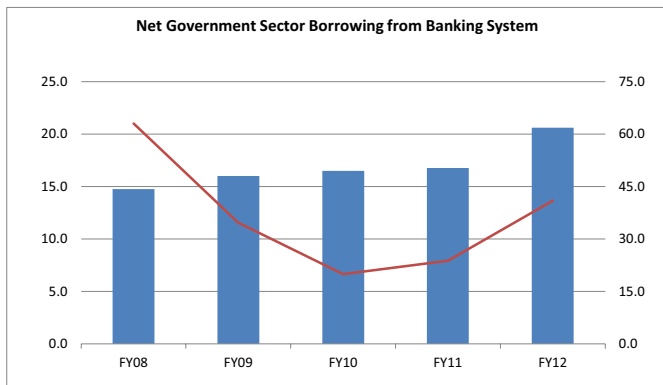
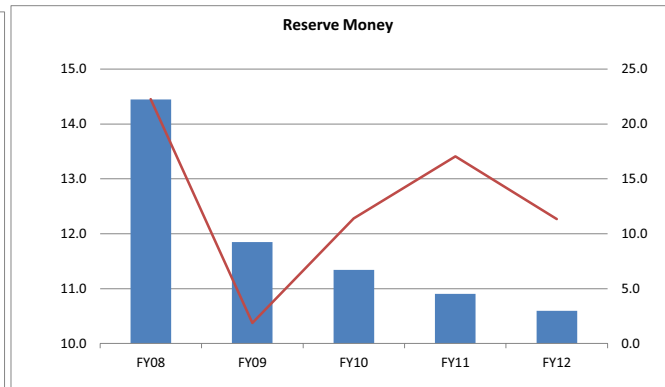
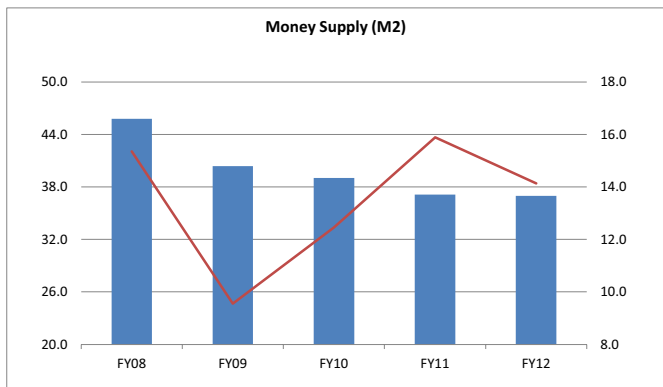




## Key Indicators of Monetary Sector

■ as percent of GDP

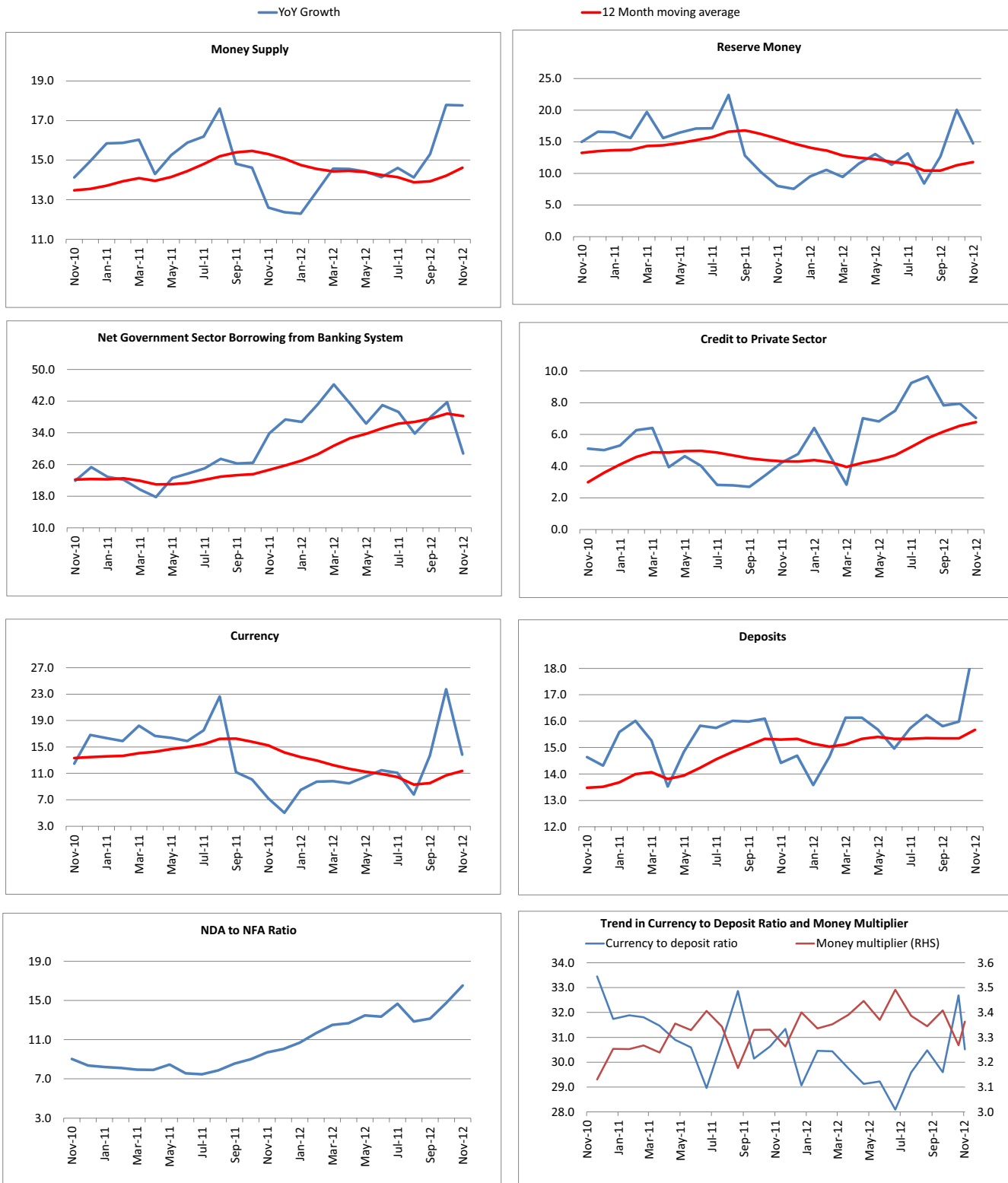
— YoY growth (RHS)



YoY growth of June end Stocks



## Trends in Monetary Aggregates



Month end stocks data has been used.

YoY growth shows growth over same month last year.



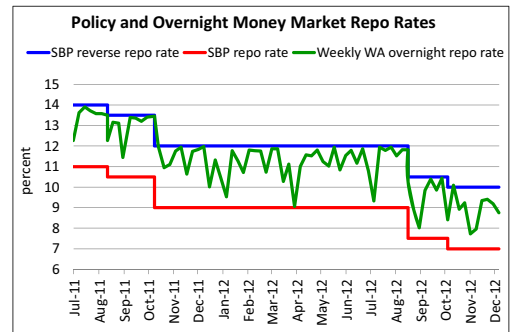
## Money Market

**In addition to 50 basis points cut in the policy rate, SBP also reduced the daily minimum cash reserves requirement from 4 to 3 percent in its last monetary policy review.**

Policy Instruments (percent)					
	Current	w.e.f	Previous	w.e.f	Change <sup>1</sup>
SBP reverse repo rate	10.0	8-Oct-12	10.5	13-Aug-12	↓ -50
SBP repo rate	7.0	8-Oct-12	7.5	13-Aug-12	↓ -50
Weekly average CRR on DL and TL < 1 year	5.0	1-Nov-08	6.0	18-Oct-08	↓ -100
Daily minimum CRR on DL and TL < 1 year	3.0	12-Oct-12	4.0	1-Nov-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

<sup>1</sup> Basis points

DL: Demand Liabilities; TL: Time Liabilities



**Banks' excess cash reserves with SBP have decreased since the last monetary policy review in October 2012.**

	Weekly Cash Reserve Requirements <sup>2</sup> (billion Rs)			
	Maintenance period ended as on		Change since	
	6-Dec-12	8-Nov-12	8-Nov-12	4-Oct-12 <sup>3</sup>
Cash required	254.6	250.4	↑ 4.1	↑ 6.4
Cash maintained	260.8	257.9	↑ 2.9	↑ 1.0
Excess cash reserves (per day)	6.3	7.4	↓ -1.2	↓ -5.4

<sup>2</sup> 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.

<sup>3</sup> As on Friday preceding the monetary policy decision of a change in policy rate.

	Weighted Average O/N Money Market Repo Rate (percent)				
	FY13				YTD
	Q1	Q2*	Q3	Q4	
WA O/N repo rate <sup>4</sup>	10.71	8.97			10.00
Standard deviation	1.08	0.66			1.24
CoV <sup>5</sup>	0.1	0.07			0.12

\*up to December 13, 2012 YTD: Year to date

	FY12				FY11
	Q1	Q2	Q3	Q4	
WA O/N repo rate <sup>4</sup>	13.31	11.55	11.09	11.42	11.75
Standard deviation	0.48	0.89	0.68	0.39	1.04
CoV <sup>5</sup>	0.04	0.08	0.06	0.03	0.09

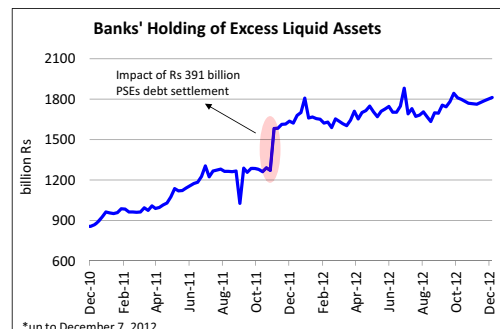
<sup>4</sup> Weekly Weighted Average O/N Repo Rate

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

**Banks' holding of government securities now stands at 84 percent of their total liquid assets.**

	Overall Reserve Requirement (billion Rs)			
	Maintenance period started as on		Change since	
	7-Dec-12	8-Nov-12	8-Nov-12	4-Oct-08
<b>Required reserves</b>	<b>1243.2</b>	<b>1216.0</b>	<b>↑ 27.2</b>	<b>↑ 280.7</b>
Cash <sup>6</sup>	259.0	253.3	↑ 5.7	↓ -17.1
Securities <sup>7</sup>	984.2	962.7	↑ 21.5	↑ 297.8
<b>Maintained<sup>8</sup></b>	<b>3056.5</b>	<b>2978.8</b>	<b>↑ 77.7</b>	<b>↑ 2037.7</b>
Cash	395.9	436.1	↓ -40.2	↑ 7.1
Cash in tills	127.8	134.4	↓ -6.6	↑ 39.7
Balance with SBP	250.4	279.5	↓ -29.1	↓ -38.2
Balance with NBP	17.7	22.1	↓ -4.4	↑ 5.6
Securities	2619.4	2500.9	↑ 118.5	↑ 2006.2
Others <sup>9</sup>	41.2	41.8	↓ -0.6	↑ 24.4
<b>Excess liquid assets<sup>10</sup></b>	<b>1813.3</b>	<b>1762.8</b>	<b>↑ 50.5</b>	<b>↑ 1757.0</b>

Source: Off-site Supervision and Enforcement Department, SBP



\*up to December 7, 2012

<sup>6</sup> Required under weekly average CRR

<sup>7</sup> Required under SLR

<sup>8</sup> Data corresponds to the balances as on that date

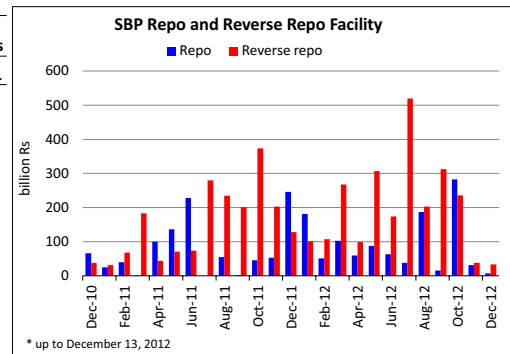
<sup>9</sup> Includes Section 13(3) deposits and share capital of MFBs.

<sup>10</sup> Includes excess securities + cash and other assets maintained.



**Banks' use of SBP reverse repo facility has declined significantly after October 2012.**

SBP Standing Facilities				
	SBP reverse repo		SBP repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
<b>FY11</b>	<b>691.3</b>	<b>53</b>	<b>1,138.8</b>	<b>83</b>
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
<b>FY12</b>	<b>2,477.2</b>	<b>119</b>	<b>948.1</b>	<b>47</b>
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
<b>FY13<sup>1</sup></b>	<b>1,343.1</b>	<b>41</b>	<b>561.0</b>	<b>23</b>
Q1	1,035.7	32	239.9	11
Q2 <sup>1</sup>	307.4	9	321.2	12

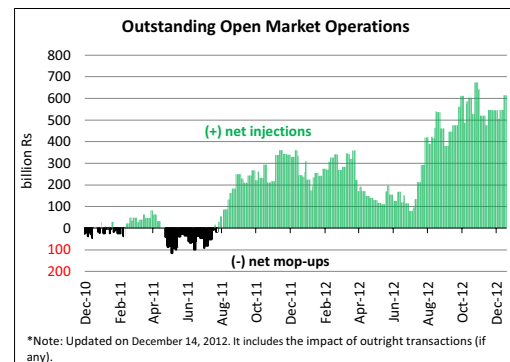


<sup>1</sup> Updated up to December 13, 2012

Source: Domestic Markets & Monetary Management Department, SBP

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

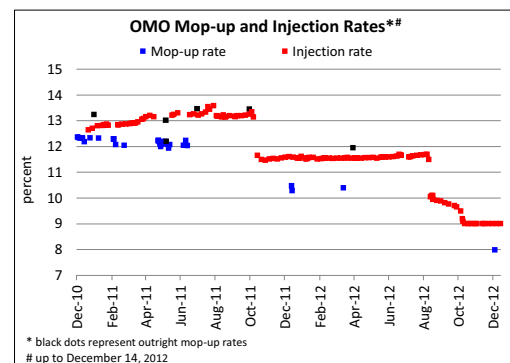
Outstanding Open Market Operations (billion rupees)		
	Average Outstanding OMOs	End-period Outstanding OMOs
<b>FY11</b>	<b>(4.1)</b>	<b>(92.0)</b>
Q1	15.0	8.4
Q2	(13.0)	3.9
Q3	20.5	82.0
Q4	(38.6)	(92.0)
<b>FY12</b>	<b>208.5</b>	<b>79.9</b>
Q1	120.7	221.9
Q2	289.6	224.0
Q3	281.6	172.1
Q4	143.2	79.9
<b>FY13<sup>2</sup></b>	<b>464.1</b>	<b>615.0</b>
Q1	384.7	611.5
Q2 <sup>2</sup>	561.4	615.0



Source: Domestic Markets & Monetary Management Department, SBP

<sup>2</sup> Updated up to December 14, 2012

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



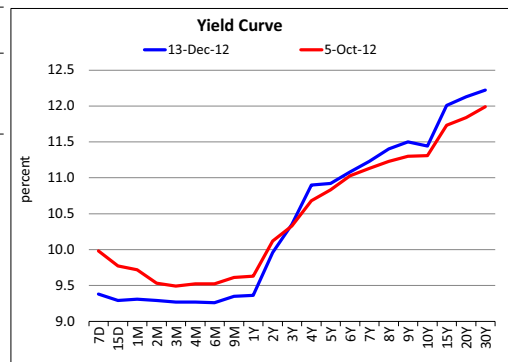




**Secondary market yield curve has slightly steepened since the last monetary policy review in October 2012.**

**Pak Rupee Revaluation (PKRV) Rates<sup>1</sup> (%)**

Tenors	Current		Change (in basis points) since	
	13-Dec-12	13-Nov-12	Last MPS	
			13-Nov-12	5-Oct-12
1-week	9.38	9.76	↓ -38	↑ 6
2-week	9.29	9.53	↓ -24	↓ -20
1-month	9.31	9.31	↑ 0	↓ -25
3-month	9.27	9.18	↑ 9	↓ -12
6-month	9.26	9.19	↑ 7	↓ -19
9-month	9.35	9.26	↑ 9	↓ -11
1-year	9.36	9.28	↑ 8	↓ -13
2-year	9.96	9.65	↑ 31	↓ -7
3-year	10.35	10.06	↑ 29	↑ 18
5-year	10.92	10.66	↑ 26	↑ 18
7-year	11.23	10.95	↑ 28	↑ 15
10-year	11.44	11.16	↑ 28	↑ 18
20-year	12.13	11.89	↑ 24	↑ 30
30-year	12.22	12.00	↑ 22	↑ 24



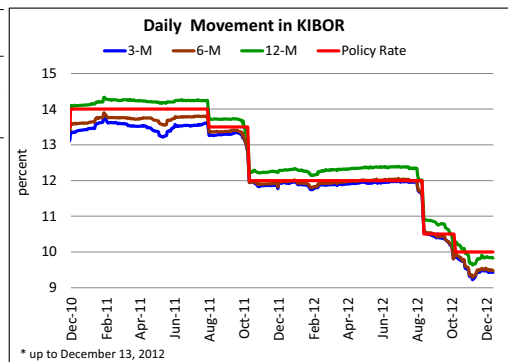
Source: Financial Market Association of Pakistan

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

**KIBOR of 3-month and higher tenors have increased during the last one month.**

**Tenor-wise KIBOR (%)**

Tenors	Current		Change (in basis points) since	
	13-Dec-12	13-Nov-12	Last MPS	
			13-Nov-12	5-Oct-12
1-week	9.82	9.95	↓ -13	↓ -47
2-week	9.66	9.82	↓ -16	↓ -51
1-month	9.55	9.66	↓ -11	↓ -55
3-month	9.43	9.38	↑ 5	↓ -42
6-month	9.47	9.42	↑ 5	↓ -38
9-month	9.76	9.69	↑ 7	↓ -36
12-month	9.83	9.72	↑ 11	↓ -32
2-year	10.21	9.98	↑ 23	↓ -26
3-year	10.51	10.40	↑ 11	↓ -10

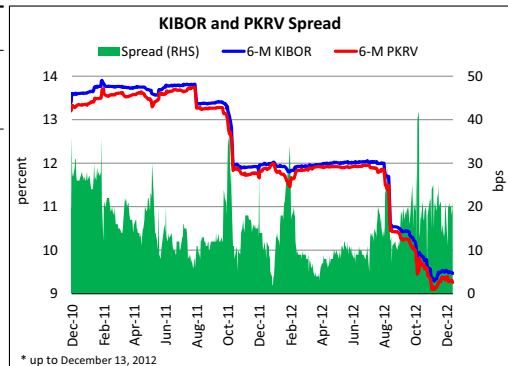


Source: Financial Market Association of Pakistan

**The spreads between KIBOR and PKRV rates of all tenors have decreased since the monetary policy announcement in October 2012.**

**KIBOR and PKRV Spread (basis points)**

Tenors	Current		Change since	
	13-Dec-12	13-Nov-12	Last MPS	
			13-Nov-12	5-Oct-12
1-week	44	19	↑ 25	↓ -53
2-week	37	29	↑ 8	↓ -31
1-month	24	35	↓ -11	↓ -30
3-month	16	20	↓ -4	↓ -30
6-month	21	23	↓ -2	↓ -19
9-month	41	43	↓ -2	↓ -25
12-month	47	44	↑ 3	↓ -19
2-year	25	33	↓ -8	↓ -19
3-year	16	34	↓ -18	↓ -28



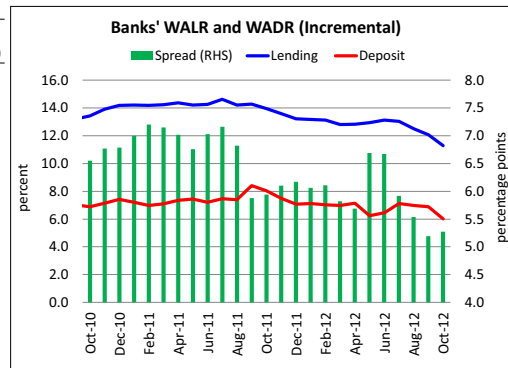
Sources: SBP



**Against a cumulative 400 basis points cut in the policy rate since August 2011, incremental WALR and WADR have declined by 333 bps and 144 bps respectively upto October 2012.**

**Weighted average Lending and Deposit Rates (percent per annum)**

Months	Incremental <sup>1</sup>			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
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
Sep-12	12.07	6.88	519	12.65	5.75	690
Oct-12	11.29	6.02	527	12.41	5.64	677



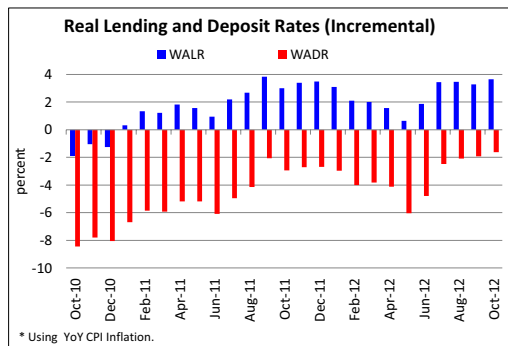
Source: Statistics & Data Warehouse Department, SBP

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

**Real lending rates, calculated on the basis of YoY inflation, increased to 3.6 in October 2012.**

Months	Real (based on 12-month MA inflation) <sup>2</sup>		Real (based on YoY inflation) <sup>3</sup>	
	WALR	WADR	WALR	WADR
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	3.49	-2.68
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	2.12	-4.55	1.87	-4.80
Jul-12	2.26	-3.66	3.43	-2.49
Aug-12	1.95	-3.59	3.46	-2.08
Sep-12	1.66	-3.53	3.28	-1.91
Oct-12	1.16	-4.11	3.63	-1.64

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



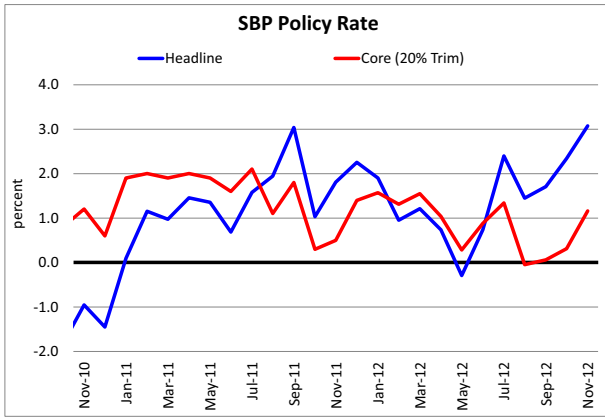
<sup>2</sup> Nominal rate less CPI inflation (12-month moving average).

<sup>3</sup> Nominal rate less CPI inflation (year on year).

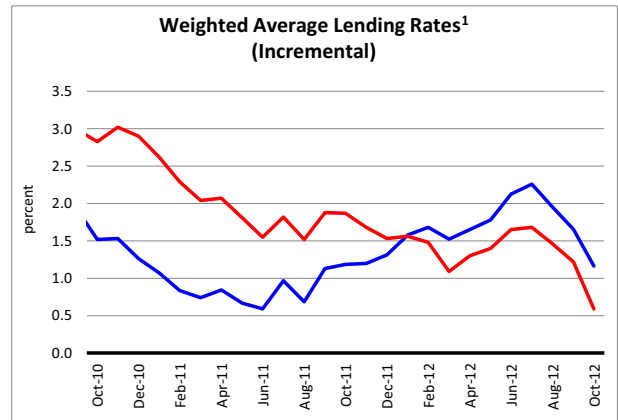
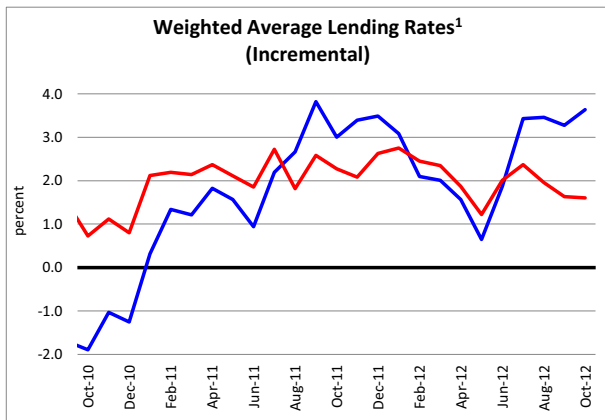
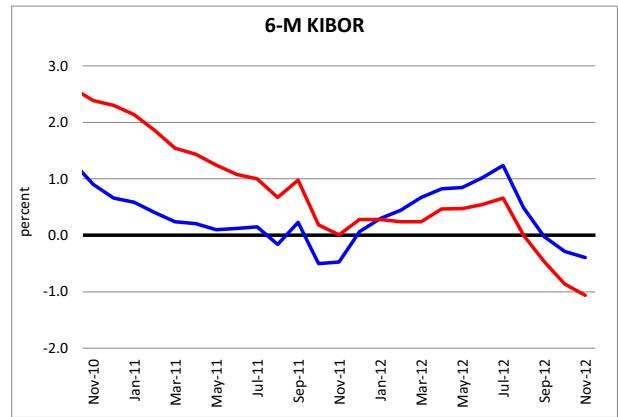
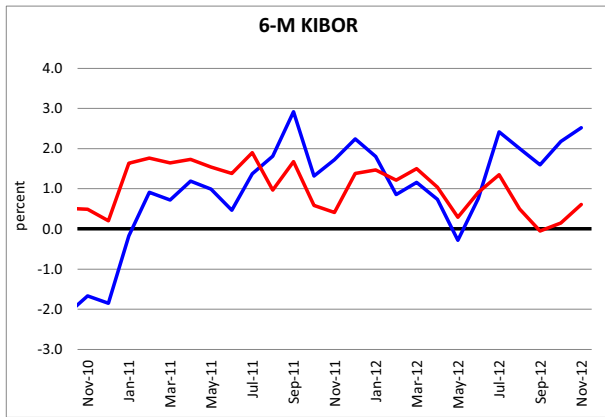
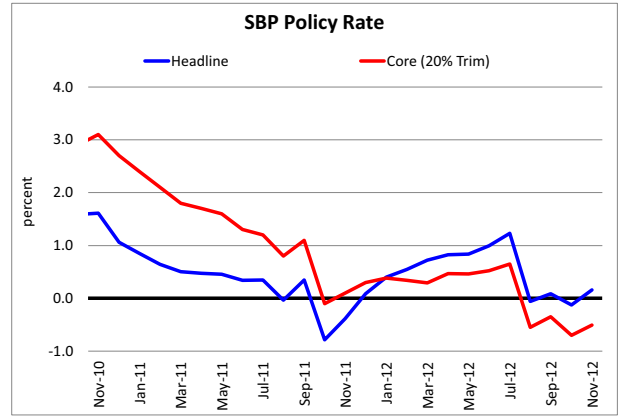


# Real Interest Rates

Using YoY CPI inflation



Using 12-month moving average CPI inflation



<sup>1</sup> The weighted average lending rates are not available for November 2012

Sources: PBS 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 <sup>4</sup>
	Target	Maturity	Offered	Accepted <sup>2</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	
<b>FY12</b>	<b>3,345.0</b>	<b>3,053.4</b>	<b>4,773.6</b>	<b>2,854.6</b>	<b>1,416.6</b>	<b>889.6</b>	-	<b>1,513.2</b>	<b>891.6</b>	-	<b>1,843.8</b>	<b>1,073.4</b>	-	<b>366.5</b>
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
<b>FY13<sup>1</sup></b>	<b>2,575.0</b>	<b>2,608.3</b>	<b>4,162.3</b>	<b>2,567.8</b>	<b>339.2</b>	<b>211.2</b>	-	<b>2,108.6</b>	<b>1,298.4</b>	-	<b>1,714.6</b>	<b>1,058.2</b>	-	<b>280.6</b>
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 <sup>1</sup>	1,075.0	1,121.2	1,931.2	956.5	148.2	81.6	9.28	1,141.0	543.0	9.30	642.1	331.8	9.36	128.3

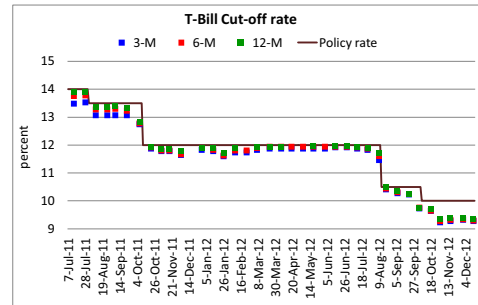
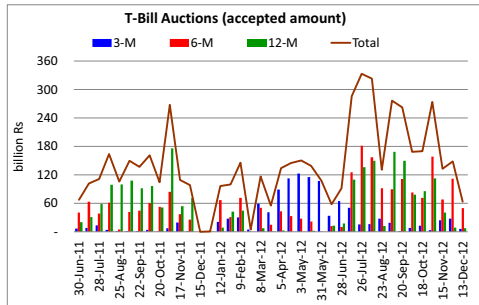
Source: Domestic Markets & Monetary Management Department, SBP

<sup>1</sup> Uptil December 12, 2012

<sup>2</sup> The amount does not include the non-competitive bids.

<sup>3</sup> Quarterly rate are for end-period.

<sup>4</sup> These amounts are raised from non-bank institutions and/or individuals at auctions weighted average rate.



Accepted amount in the PIB auctions during Q2-FY13 fell short of the target.

		3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total	Target
		<b>FY12</b>	<b>Cut-off rate<sup>6</sup></b>	<b>12.75</b>	<b>13.12</b>	<b>12.60</b>	<b>13.38</b>	<b>13.50</b>	<b>13.35</b>	<b>14.19</b>
	<b>Offered</b>	<b>94.1</b>	<b>71.0</b>	<b>1.2</b>	<b>145.2</b>	<b>2.4</b>	<b>4.8</b>	<b>0.2</b>	<b>318.7</b>	-
	<b>Accepted</b>	<b>67.3</b>	<b>52.1</b>	-	<b>86.2</b>	<b>2.2</b>	<b>3.7</b>	-	<b>211.6</b>	<b>185.0</b>
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
<b>FY13</b>	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	Cut-off rate	10.40	10.93	-	11.42	-	-	-	-	-
	Offered	66.1	34.1	-	25.7	-	-	-	125.9	-
	Accepted	29.7	11.8	-	9.4	-	-	-	50.9	90.0

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

<sup>5</sup> Excluding non-competitive bids and short-selling accommodation

<sup>6</sup> 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 has successfully raised the targeted amount in the Sukuk auction held in Q1-FY13.

	Target	Total offered	Total accepted	Cut-off margin <sup>8</sup>
<b>FY12</b>	<b>150.0</b>	<b>248.3</b>	<b>186.8</b>	-
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
<b>FY13</b>				
Q1	45.0	110.6	47.0	-25
Q2	0.0	-	-	-

<sup>8</sup> This cut-off margin, with the benchmark of 6-Month MTB Auction Weighted Average Yield, is applicable to all accepted bids



## Foreign Exchange Market

**Upto 14th December 2012 in FY13, Pak rupee has depreciated by 3.2 percent against US\$.**

	PKR against international currencies			% App/(Dpp) of PKR
	Latest 14-Dec-12	Last MPS 5-Oct-12	Jun-12	Cumulative since Jun-12
USD	97.70	95.47	94.55	(3.23)
Euro	127.85	124.13	118.99	(6.93)
Sterling	157.56	154.47	147.36	(6.47)
JPY	1.17	1.22	1.19	2.09
USD Kerb	98.35	95.35	95.65	(2.75)
Premium (Rs)	0.65	-0.12	1.10	-
Daily NEER <sup>1</sup>	56.41	57.33	58.97	(4.33)

<sup>1</sup> Data updated up to 12th December 2012

Source: SBP

	International exchange rates			% App/(Dpp) of USD
	Latest 14-Dec-12	Last MPS 5-Oct-12	Jun-12	Cumulative since Jun-12
USD/EUR	1.31	1.30	1.26	(3.82)
USD/GBP	1.61	1.62	1.56	(3.35)
JPY/USD	83.80	78.45	79.43	5.50
INR/USD	54.35	51.86	55.97	(2.88)
CNY/USD	6.24	6.28	6.35	(1.76)
THB/USD	30.63	30.56	31.76	(3.54)
MYR/USD	3.06	3.05	3.18	(3.75)
SGD/USD	1.22	1.23	1.27	(3.79)

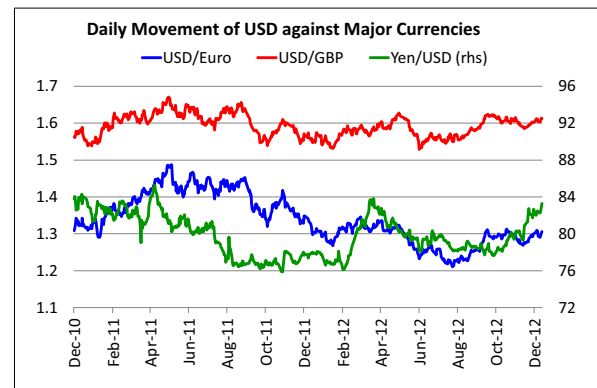
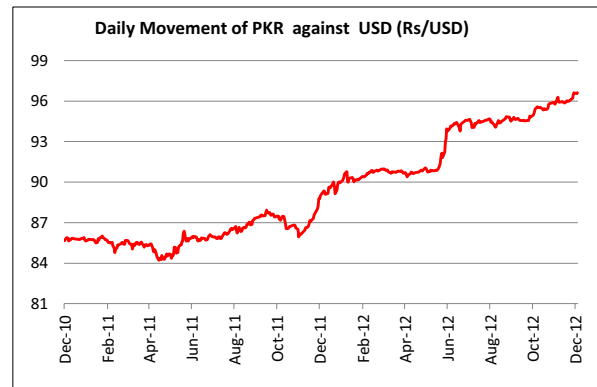
Source: SBP

### PKR/USD Interbank Exchange Rate Trends on Fiscal Year Basis

	High	Low	Close	Average	Volatility C/C <sup>2</sup>
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 <sup>3</sup>	97.95	93.70	97.70	95.22	2.08

<sup>2</sup> Reuters: Average Close-to-Close Daily Volatility (in %)

<sup>3</sup> Updated up to 14th December 2012



### PKR/USD Interbank Exchange Rate Trends on Quarterly Basis

	High	Low	Close	Average	Volatility C/C <sup>2</sup>
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 <sup>3</sup>	97.95	94.87	97.70	96.00	1.94



*In real terms, PKR has depreciated by 2.6 percent during the first four months of FY13.*

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

		REER Index	Changes in Real Effective Exchange Rate (REER)											
			2010			2011				2012				
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Oct <sup>p</sup>	
2010	Mar	95.99	4.39	5.64	5.37	4.14	3.98	6.85	7.35	7.28	8.71	6.94	5.91	
	Jun	100.20	-	1.19	0.94	-0.24	-0.39	2.35	2.84	2.76	4.14	2.45	1.46	
	Sep	101.39	-	-	-0.25	-1.41	-1.57	1.15	1.62	1.55	2.91	1.24	0.26	
	Dec	101.14	-	-	-	-1.16	-1.32	1.40	1.88	1.81	3.17	1.50	0.51	
2011	Mar	99.96	-	-	-	-	-0.16	2.60	3.08	3.01	4.38	2.69	1.70	
	Jun	99.80	-	-	-	-	-	2.76	3.24	3.17	4.55	2.85	1.86	
	Sep	102.56	-	-	-	-	-	-	0.47	0.40	1.74	0.09	-0.88	
	Dec	103.04	-	-	-	-	-	-	-	-0.07	1.26	-0.38	-1.34	
2012	Mar	102.97	-	-	-	-	-	-	-	-	1.33	-0.31	-1.27	
	Jun	104.34	-	-	-	-	-	-	-	-	-	-1.62	-2.57	
	Sep	102.65	-	-	-	-	-	-	-	-	-	-	-0.97	
	Oct <sup>p</sup>	101.66	-	-	-	-	-	-	-	-	-	-	-	

<sup>p</sup> 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				
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	14-Dec	
2010	Mar	84.18	-1.50	-2.44	-1.79	-1.33	-2.10	-3.80	-6.43	-7.19	-11.04	-11.26	-13.78	
	Jun	85.46	-	-0.95	-0.29	0.18	-0.61	-2.33	-5.01	-5.78	-9.69	-9.91	-12.46	
	Sep	86.29	-	-	0.67	1.14	0.34	-1.39	-4.09	-4.87	-8.82	-9.04	-11.62	
	Dec	85.71	-	-	-	0.47	-0.32	-2.05	-4.73	-5.50	-9.43	-9.65	-12.21	
2011	Mar	85.31	-	-	-	-	-0.79	-2.50	-5.18	-5.94	-9.85	-10.07	-12.62	
	Jun	85.99	-	-	-	-	-	-1.73	-4.42	-5.20	-9.13	-9.36	-11.92	
	Sep	87.50	-	-	-	-	-	-	-2.74	-3.53	-7.53	-7.76	-10.37	
	Dec	89.97	-	-	-	-	-	-	-	-0.81	-4.93	-5.16	-7.85	
2012	Mar	90.70	-	-	-	-	-	-	-	-	-4.15	-4.39	-7.10	
	Jun	94.63	-	-	-	-	-	-	-	-	-	-0.25	-3.07	
	Sep	94.87	-	-	-	-	-	-	-	-	-	-	-2.83	
	14-Dec	97.63	-	-	-	-	-	-	-	-	-	-	-	



## Capital Market

Since end June 2012, KSE-100 index has increased by 21.8 percent as compared to 10.4 percent growth in the entire FY12.

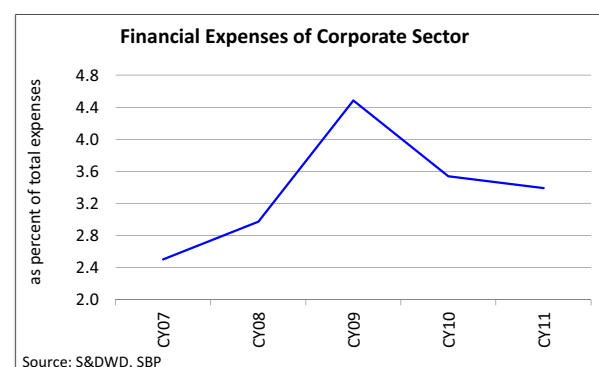
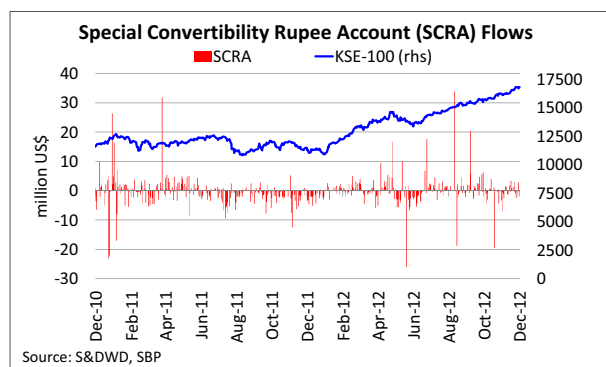
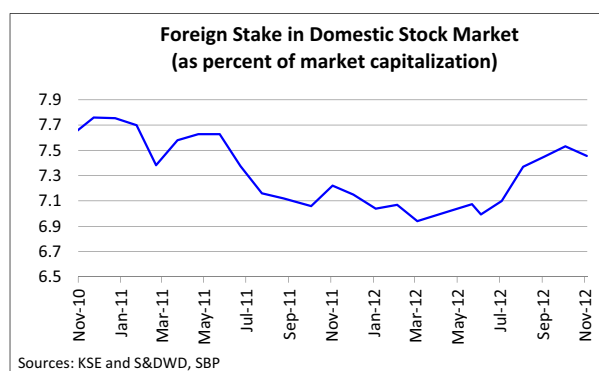
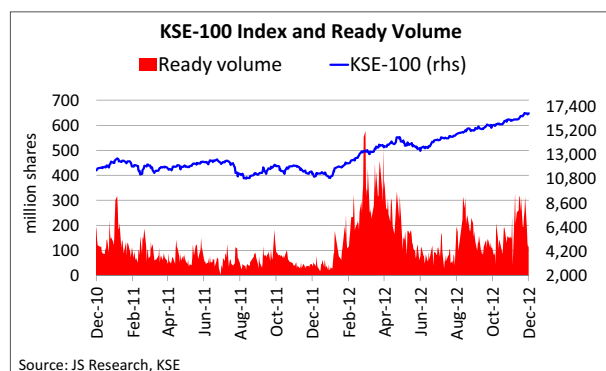
### Performance of Karachi Stock Exchange

	FY13		Jul-Dec <sup>1</sup> FY13	FY12	Percentage change during		
	Dec-12 <sup>1</sup>	Nov-12			Dec <sup>2</sup> FY13	FY13	FY12
KSE-100 index	16,807	16,574	16,807	13,801	1.4	21.8	10.4
KSE-30 index	13,604	13,422	13,604	11,922	1.4	14.1	2.9
Market capitalization (billion Rs)	4,192	4,059	3,889	3,233	3.3	20.3	7.0
Ready volume (million shares-avg.)	193.6	210	145.0	130.0	-	-	-
SCRA flows (US\$ million)	1.4	-11.7	77.6	-251.0	-	-	-

<sup>1</sup> Up to 13th December 2012

<sup>2</sup> Reflects growth since end of the previous month

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





## Financial Soundness Indicators

*Capital adequacy, asset quality and liquidity indicators of the banking system have improved in Q1-FY13.*

percent

	Jun 2011	Sep 2011	Dec 2011	Mar 2012	Jun 2012	Sep 2012
Risk weighted CAR <sup>1</sup>	14.1	14.9	14.6	14.7	15.1	16.0
Gross NPLs to total loans	15.3	16.7	16.2	15.8	15.9	15.5
Provision to NPLs	67.9	65.8	66.8	68.5	66.3	70.0
Net NPLs to net loans	5.5	6.4	6.0	5.6	6.0	5.2
Returns on assets (before tax)	2.1	2.1	2.2	2.5	2.4	2.2
Return on assets (after tax)	1.4	1.4	1.5	1.7	1.6	1.4
ROE (before tax) <sup>2</sup>	21.8	21.5	23.4	26.3	25.9	23.4
ROE (after tax) <sup>2</sup>	14.3	14.1	15.2	17.6	17.3	15.3
Net interest income/gross income	75.9	76.5	75.7	73.4	72.3	71.6
Liquid assets/total assets	38.2	40.5	44.4	44.0	42.7	46.5
Liquid assets/total deposits	49.5	54.5	58.4	58.5	54.3	62.8
Advances/deposits	56.7	56.6	53.6	54.3	52.5	52.6

Source: Banking Surveillance Department (BSD), SBP

Note: Figures are based on unaudited Quarterly Report of Condition (QRC) submitted by banks.

<sup>1</sup>Data of IDBP, PPCBL, and SME is based on Basel I, while for the rest data is based on Basel II.

<sup>2</sup>Average equity and surplus.

