



# Monetary Policy Information Compendium

February 2012

Consolidated by

Monetary Policy Department

STATE BANK OF PAKISTAN

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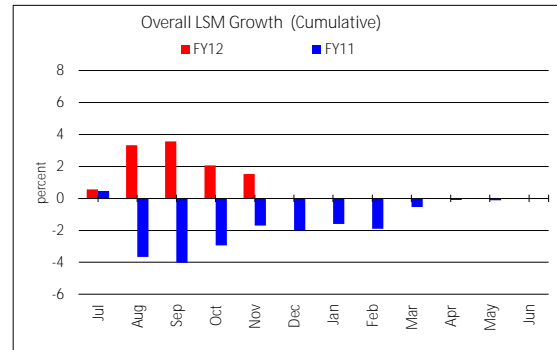
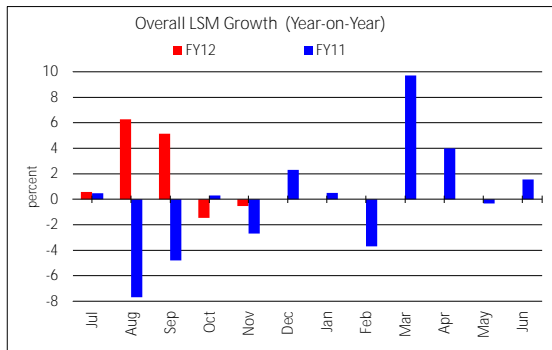
Real Sector

Large-scale manufacturing recorded a decline of 0.5 percent (on YOY basis) in November 2011.

Growth in Large Scale Manufacturing (LSM) Sector

Groups	Weights	YoY changes		Cumulative change during Jul-Nov	
		Nov-11	Nov-10	FY12	FY11
Overall	70.3	-0.5	-2.7	1.5	-1.7
Textile	21.0	↑ 0.6	↑ 0.5	↑ 1.1	↑ 0.5
Food, beverages & tobacco	12.4	↑ 6.9	↓ -6.1	↑ 6.6	↑ 4.2
Petroleum products	5.5	↓ -12.7	↑ 3.4	↑ 2.8	↓ -10.5
Iron & Steel Products	5.4	↓ -39.8	↓ -19.6	↓ -33.1	↓ -9.4
Non-metallic mineral products	5.4	↓ -2.3	↓ -6.4	↑ 2.5	↓ -10.8
Automobile	4.6	↓ -4.8	↑ 4.5	↓ -0.4	↑ 9.6
Fertilizer	4.4	↓ -0.9	↓ -8.9	↓ -0.1	↓ -5.9
Pharmaceuticals	3.6	↑ 12.4	↓ -8.1	↑ 17.5	↓ -2.8
Paper & Board	2.3	↓ -5.9	↑ 7.5	↓ -0.9	↓ -3.8
Electronics	2.0	↑ 31.4	↓ -6.2	↓ -7.6	↓ -4.5
Chemicals	1.7	↓ -6.2	↑ 1.6	↓ -5.1	↓ -2.0
Leather products	0.9	↑ 40.4	↑ 6.7	↑ 26.9	↑ 14.3
Wood products	0.6	↓ -8.1	↑ 53.1	↓ -1.2	↑ 25.1
Engineering industries	0.4	↑ 1.0	↓ -19.3	↓ -13.0	↓ -3.9
Rubber products	0.3	↓ -24.2	↑ 3.4	↑ 0.7	↑ 6.0

Sources: Federal Bureau of Statistics (FBS)



Major crops have shown significant growth over last year.

Crops	Production (million tons)				Area Under Cultivation (million hectares)			Yield (Kg/hectare)		
	FY11 <sup>P</sup>	FY12 <sup>T</sup>	FY12 <sup>E</sup>	% change in FY12 <sup>E</sup> over FY11 <sup>P</sup>	FY11 <sup>P</sup>	FY12 <sup>E</sup>	% change in FY12 <sup>E</sup> over FY11 <sup>P</sup>	FY11 <sup>P</sup>	FY12 <sup>E</sup>	% change in FY12 <sup>E</sup> over FY11 <sup>P</sup>
Cotton*	11.6	12.8	12.6	↑ 8.6	2.6	-	-	724	-	-
Sugarcane	55.3	57.6	69.9	↑ 26.4	1.0	1.3	↑ 29.4	55,997	54,665	↓ -2.4
Rice	4.8	6.6	7.2	↑ 48.9	2.3	3.1	↑ 32.5	2,039	2,321	↑ 13.8
Wheat	24.2	25.0	-	-	8.8	-	-	2,764	-	-

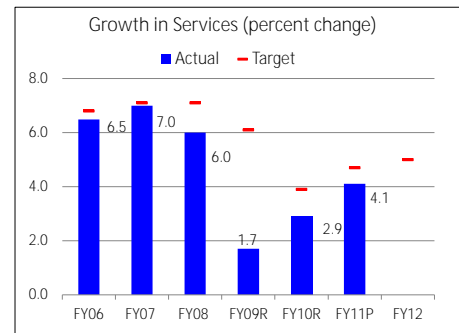
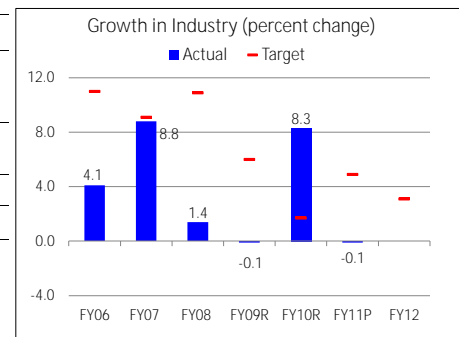
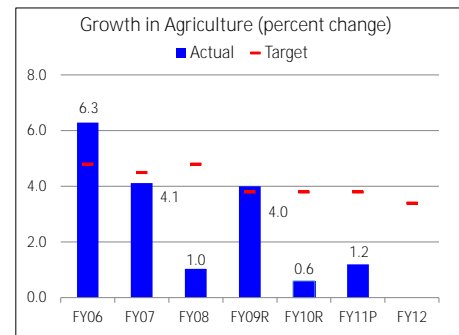
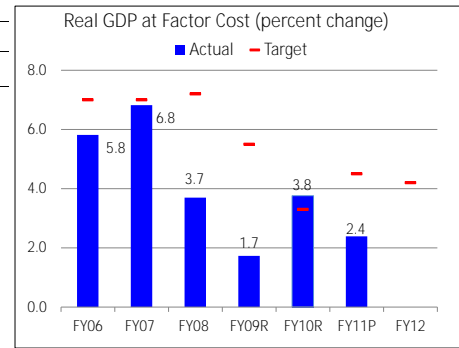
\* Cotton production is stated in million bales of 170.0 kg each. FY12 cotton estimate are taken from Cotton Crop Assessment Committee.

Annual Plan FY12); T: Target; E: Estimates (Source: Suparco).



*Real GDP (fc) growth moderated to 2.4 percent in FY11 mainly due to lackluster performance of industrial sector affected by infrastructural constraints and unfavorable law & order situation in the country.*

	FY10 (R)	FY11 (P)		
		Growth	Shares	Contribution
Agriculture of which	0.6	1.2	20.9	0.3
Major crops	-2.4	-4.0	6.5	-0.3
Minor crops	-7.8	4.8	2.3	0.11
Livestock	4.3	3.7	11.5	0.4
Industry of which	8.3	-0.1	25.8	-0.02
Manufacturing	5.5	3.0	18.7	0.6
Large-scale	4.9	1.0	12.1	0.1
Small-scale	7.5	7.5	5.1	0.4
Construction	28.4	0.8	2.5	0.02
Services of which	2.9	4.1	53.3	2.2
Transport & communication	2.8	1.3	10.0	0.1
Wholesale & retail trade	4.6	3.9	17.2	0.7
Finance & insurance	-11.3	-6.3	4.5	-0.3
Public administration & defence	2.5	13.2	2.7	0.8
Real GDP (fc)	3.8	2.4	-	-
Real GDP (mp)	4.1	2.4	-	-



	FY09	FY10(R)	FY11(P)
Real GDP (fc, billion Rs)	5,476	5,682	5,817
Real GDP (fc, billion US\$)	69.3	67.5	67.9

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

	FY10 (R)	FY11 (P)		
		Growth	Shares	Contribution
Consumption	3.9	7.0	85.8	6.1
Private	4.0	7.0	76.8	5.4
Government	2.2	7.5	9.0	0.7
Fixed capital formation	-6.1	-0.4	13.3	-0.1
Private	-5.7	-3.1	9.7	-0.3
Public plus general government	-7.3	7.7	3.6	2.8
Changes in Stocks	4.1	2.4	1.6	0.04
Net exports of goods and non-factor services	196.6	-127.8	-0.7	-3.6
Exports of goods and non-factor	15.8	-14.2	14.6	-2.6
Imports of goods and non-factor	4.4	6.1	15.3	1.0
GDP (market prices)	4.1	2.4	100.0	-
Less Indirect taxes plus subsidies	11.4	1.7	-5.7	-0.1
GDP (fc)	3.8	2.4	105.7	-
Total Domestic Demand*	2.3	5.9	-	-

\*Domestic demand is calculated as sum of consumption and investment expenditures on real GDP; ^ GDP in dollar terms is calculated using average exchange rate during the year.

Source: Federal Bureau of Statistics; Note: LSM data pertains to Jul-Feb FY11; R: Revised; P: Provisional; T: Target



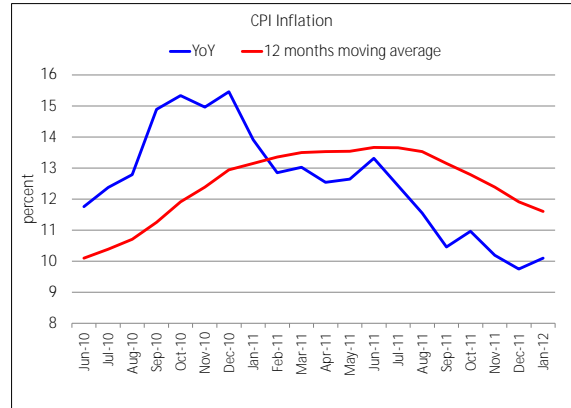
## Inflation

(Calculated from the revised base of price indices from 2000-01 to 2007-08)

*Headline CPI inflation (YoY) rose by 10.1 percent in January 2012 after falling to single digit in December 2011.*

Consumer Price Index (CPI) (percent change)

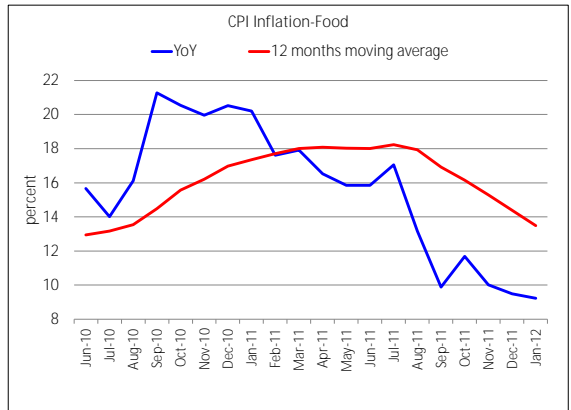
	MoM*	YoY#	12M moving average
Jan-11	1.2	13.9	13.2
Feb-11	-0.6	12.8	13.4
Mar-11	1.4	13.0	13.5
Apr-11	1.4	12.5	13.5
May-11	0.2	12.6	13.5
Jun-11	1.0	13.3	13.7
Jul-11	1.3	12.4	13.7
Aug-11	1.4	11.6	13.5
Sep-11	1.0	10.5	13.2
Oct-11	1.4	11.0	12.8
Nov-11	0.3	10.2	12.4
Dec-11	-0.7	9.7	11.9
Jan-12	1.5	10.1	11.6
3-year average for January	1.8	11.8	



*Food inflation (YoY) maintained its declining trend in January 2012.*

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

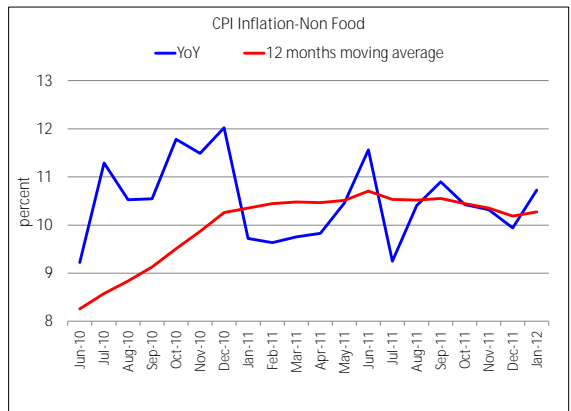
	MoM*	YoY#	12M moving average
Jan-11	1.7	20.2	17.4
Feb-11	-1.8	17.6	17.7
Mar-11	2.2	17.9	18.0
Apr-11	1.3	16.5	18.1
May-11	-0.3	15.8	18.0
Jun-11	0.7	15.9	18.0
Jul-11	2.9	17.1	18.2
Aug-11	1.4	13.2	17.9
Sep-11	1.6	9.9	16.9
Oct-11	1.6	11.7	16.2
Nov-11	0.1	10.0	15.3
Dec-11	-2.2	9.5	14.4
Jan-12	1.5	9.2	13.5
3-year average for January	-2.1	15.0	



*Non-food inflation (YoY) increased to 10.7 percent in January 2012 from 9.9 percent in December 2011.*

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

	MoM*	YoY#	12M moving average
Jan-11	0.8	9.7	10.3
Feb-11	0.3	9.6	10.4
Mar-11	0.9	9.8	10.5
Apr-11	1.5	9.8	10.5
May-11	0.6	10.5	10.5
Jun-11	1.2	11.6	10.7
Jul-11	0.1	9.2	10.5
Aug-11	1.4	10.4	10.5
Sep-11	0.6	10.9	10.6
Oct-11	1.3	10.4	10.4
Nov-11	0.4	10.3	10.4
Dec-11	0.4	9.9	10.2
Jan-12	1.6	10.7	10.3
3-year average for January	1.8	9.7	



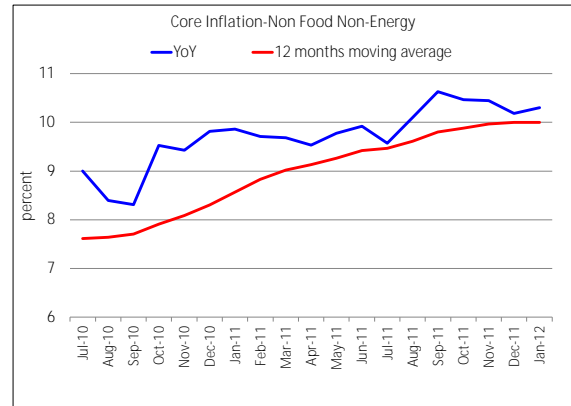
\* Month-on-Month  
# Year-on-Year

Source: Federal Bureau of Statistics



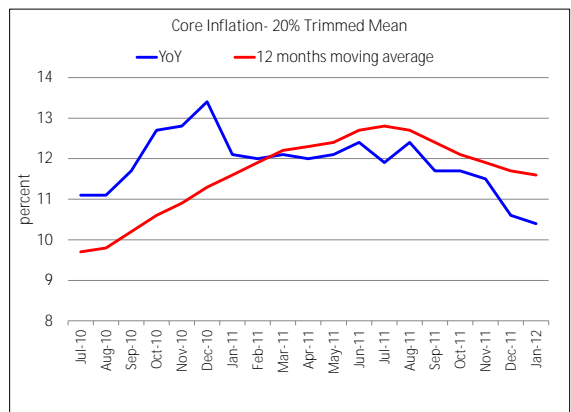
*The non-food non-energy (NFNE) measure of core inflation (YoY) recorded an uptick in January 2012.*

Core - Non-food non-energy (53.52% weight in basket) (percent change)			
	MoM	YoY	12M moving average
Jan-11	1.0	9.9	8.6
Feb-11	0.4	9.7	8.8
Mar-11	0.8	9.7	9.0
Apr-11	1.4	9.5	9.1
May-11	0.5	9.8	9.3
Jun-11	0.5	9.9	9.4
Jul-11	1.2	9.6	9.5
Aug-11	0.8	10.1	9.6
Sep-11	0.7	10.6	9.8
Oct-11	1.4	10.5	9.9
Nov-11	0.6	10.4	10.0
Dec-11	0.5	10.2	10.0
Jan-12	1.1	10.3	10.0
2-year average for January			
	1.1	10.1	



*The 20% trimmed mean measure of core inflation (YoY) declined slightly to 10.4 percent in January 2012.*

Core - 20% Trimmed (percent change)			
Jan-11	1.1	12.1	11.6
Feb-11	0.4	12.0	11.9
Mar-11	1.0	12.1	12.2
Apr-11	1.0	12.0	12.3
May-11	0.5	12.1	12.4
Jun-11	0.7	12.4	12.7
Jul-11	1.1	11.9	12.8
Aug-11	0.7	12.4	12.7
Sep-11	0.6	11.7	12.4
Oct-11	1.0	11.7	12.1
Nov-11	0.5	11.5	11.9
Dec-11	0.3	10.6	11.7
Jan-12	0.8	10.4	11.6
2-year average for January			
	1.0	11.3	

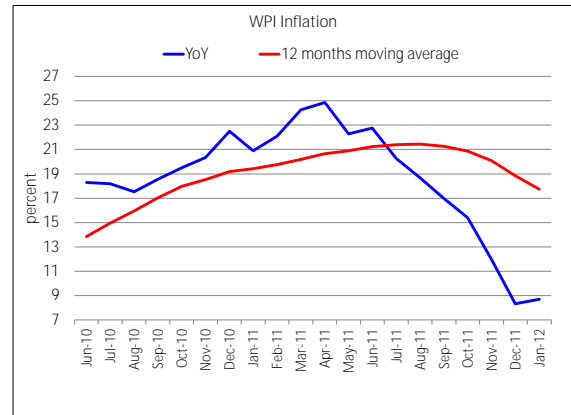


Source: Federal Bureau of Statistics



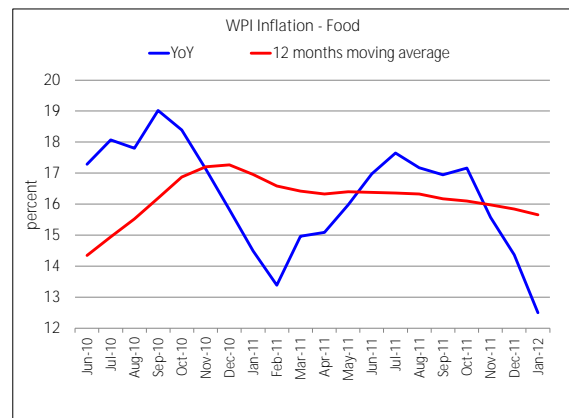
*The WPI inflation (YoY) registered an uptick in January 2012 after having fallen to single digit in December 2011 from 22.8 percent in June 2011.*

Wholesale Price Index (WPI) (percent change)			
	MoM	YoY	12M moving average
Jan-11	1.9	20.9	19.4
Feb-11	2.0	22.1	19.8
Mar-11	3.3	24.3	20.2
Apr-11	2.4	24.9	20.7
May-11	-1.0	22.3	20.9
Jun-11	0.6	22.8	21.2
Jul-11	-0.4	20.3	21.4
Aug-11	0.6	18.7	21.4
Sep-11	0.2	17.0	21.3
Oct-11	0.4	15.4	20.9
Nov-11	-0.5	12.0	20.1
Dec-11	-1.3	8.3	18.8
Jan-12	2.3	8.7	17.7
3-year average for January	2.5	15.9	



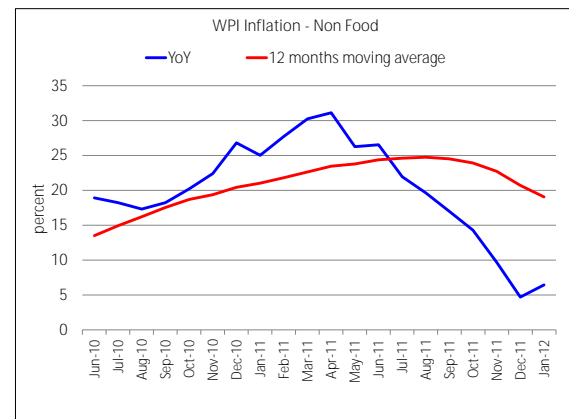
*WPI food inflation (YoY) declined sharply to 12.5 percent in January 2012.*

WPI - Food (38.82% weight in basket) (percent change)			
	MoM	YoY	12M moving average
Jan-11	2.1	14.5	17.0
Feb-11	-0.5	13.4	16.6
Mar-11	2.9	15.0	16.4
Apr-11	1.6	15.1	16.3
May-11	1.0	16.0	16.4
Jun-11	3.0	17.0	16.4
Jul-11	1.9	17.6	16.4
Aug-11	1.8	17.2	16.3
Sep-11	1.8	16.9	16.2
Oct-11	0.5	17.2	16.1
Nov-11	-0.7	15.6	16.0
Dec-11	-1.8	14.4	15.8
Jan-12	0.4	12.5	15.7
3-year average for January	1.9	15.0	



*The WPI non food inflation (YoY) increased slightly to 6.5 percent in January 2012.*

WPI - Non Food (61.18% weight in basket) (percent change)			
	MoM	YoY	12M moving average
Jan-11	1.8	25.0	21.0
Feb-11	3.4	27.7	21.8
Mar-11	3.5	30.3	22.7
Apr-11	3.0	31.1	23.5
May-11	-2.1	26.3	23.8
Jun-11	-0.8	26.5	24.4
Jul-11	-1.8	22.0	24.6
Aug-11	-0.2	19.7	24.7
Sep-11	-0.7	17.0	24.5
Oct-11	0.3	14.3	23.9
Nov-11	-0.4	9.7	22.7
Dec-11	-1.1	4.7	20.7
Jan-12	3.5	6.5	19.1
3-year average for January	2.9	16.6	



Sources: Federal Bureau of Statistics



### CPI Inflation (YoY) by Groups

*Increase in headline CPI inflation (YoY) in January 2012 was mainly contributed by non-food group.*

Groups	Weights	Jan-12			Dec-11		
		MoM	YoY	12m MA*	MoM	YoY	12m MA*
I. Food Group	37.5	1.5	9.2	13.5	-2.2	9.5	14.4
Food & Non-Alcoholic Bev	34.8	1.6	9.3	13.6	-2.4	9.5	14.6
Alcoholic Bev & Tobacco	1.4	0.0	6.8	6.9	0.0	6.9	7.1
Restaurant & Hotels	1.2	1.3	9.9	16.4	0.3	10.9	17.3
II. Non-Food Group	62.5	1.6	10.7	10.3	0.4	9.9	10.2
Clothing & Footwear	7.6	1.3	15.3	14.2	0.8	14.9	13.9
Housing Water, Elec, Gas Fuels	29.4	2.3	7.7	8.2	0.1	6.4	8.4
Furnishing & Household Equip. Maintenance etc	4.2	1.5	20.1	13.8	1.8	19.4	13.0
Health	2.2	1.0	11.0	10.0	1.0	10.6	9.8
Transport	7.2	1.3	14.8	12.8	0.6	13.6	12.4
Communication	3.2	-0.6	-0.4	3.4	-0.1	0.8	4.7
Recreation & Culture	2.0	0.4	5.5	5.0	0.5	5.5	4.9
Education	3.9	0.2	10.8	11.1	-0.1	11.3	10.8
Misc	2.8	1.0	19.4	18.4	0.6	18.8	17.8
Overall	100	1.5	10.1	11.6	-0.7	9.7	11.9

*SPI (WoW) declined sharply for the second week of February 2012 for all income groups.*

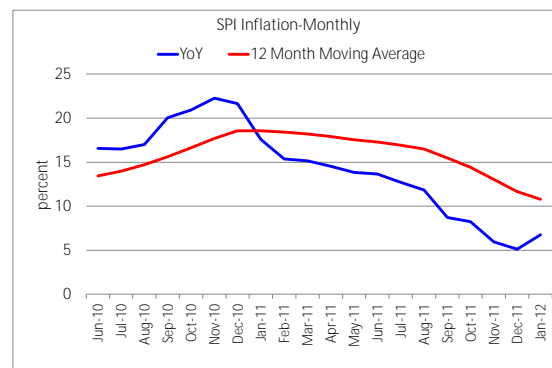
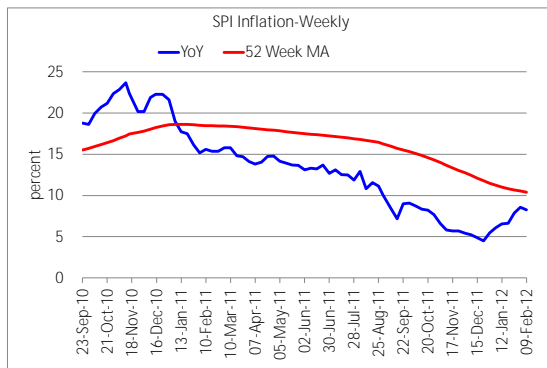
Sensitive Price Indicator (SPI) (percent change)

Income Groups	Percent change (WoW)				Jan-12		
	Current	Last week	Two weeks ago	Three weeks ago	MoM	YoY	12m MA*
	9-Feb-12	2-Feb-12	26-Jan-12	19-Jan-12			
Up to Rs 8000	-0.04	-0.08	0.11	-0.22	1.0	4.0	9.8
Rs 8001-12000	-0.03	-0.02	0.12	-0.23	1.2	5.0	10.3
Rs 12001-18000	-0.05	0.03	0.14	-0.24	1.2	5.4	9.6
Rs 18001-35000	-0.06	0.14	0.14	-0.23	2.0	6.8	11.3
Above Rs 35000	-0.07	0.41	0.15	-0.20	2.5	8.6	11.5
All	-0.06	0.21	0.14	-0.22	1.8	6.8	10.8

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.





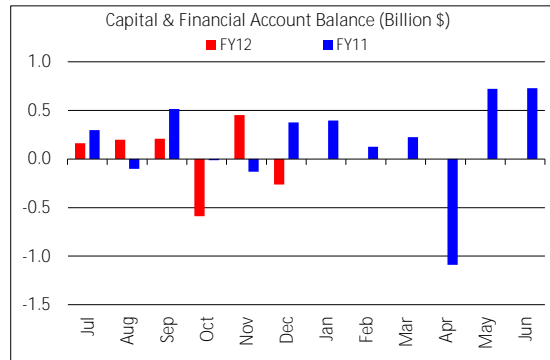
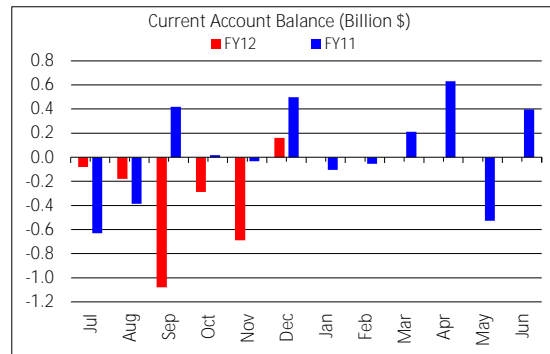
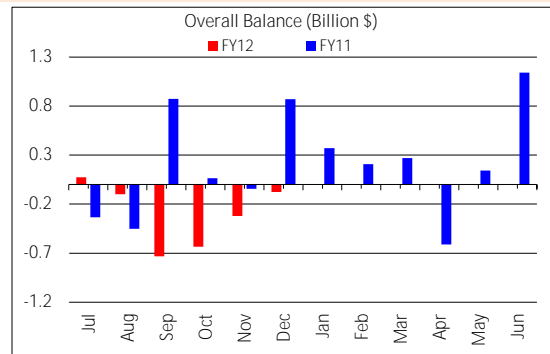


### Balance of Payments

*The external current account recorded a surplus in December 2011 with narrowing of trade deficit and improved workers' remittances compared to previous three months.*

Balance of Payments Summary (million \$)

Items	Dec-11	Jul-Dec		FY11
		FY12	FY11	
A) Current account	160	-2,154	8	268
1. Trade balance	-1,025	-7,619	-5,770	-10,472
Exports	2,057	12,124	11,112	25,356
Imports	3,082	19,743	16,882	35,828
2. Services (net)	-85	-1,304	-349	-1,926
Receipts	560	2,586	3,315	5,768
Payments	645	3,890	3,664	7,694
3. Income (net)	-299	-1,596	-1,497	-3,017
Receipts	109	488	361	716
Payments	408	2,084	1,858	3,733
4. Current transfers (net)	1,569	8,365	7,624	15,683
Receipts: of which	1,601	8,441	7,704	15,859
Remittances	1,085	6,325	5,291	11,201
Payments	32	76	80	176
B) Capital and financial account: of which	-262	167	1,030	2,214
1. Foreign investment	79	350	1,034	1,929
FDI (net) <sup>1</sup>	107	489	815	1,591
FPI	-28	-139	219	338
2. Foreign long term loans	-25	61	79	854
Disbursements	109	951	1,139	2,843
Amortization	134	890	1,060	1,989
C) Errors & omissions	26	195	-63	10
Overall balance (A+B+C)	-76	-1,792	975	2,492
SBP gross reserves <sup>2</sup>	14,451	14,451	15,041	16,614
SBP net liquid reserves <sup>3</sup>	12,875	12,875	13,529	14,784



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

<sup>2</sup> These include sinking funds (earmarked for specific purposes) and foreign currency holdings of SBP, and exclude claims on RBI.

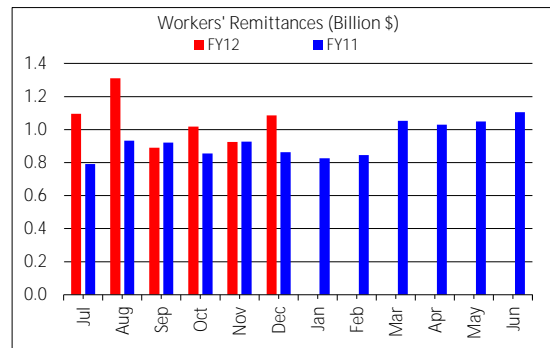
<sup>3</sup> SBP gross reserves excluding foreign currency holdings of SBP and commercial banks deposits with SBP for CRR.

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

*Workers' remittances were recorded above \$1 billion in December 2011.*

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

	Dec-11	Jul-Dec		FY11
		FY12	FY11	
Total: of which	1,085	6,325	5,291	11,201
USA	175	1,150	998	2,069
UK	132	726	577	1,200
Saudi Arabia	298	1,662	1,144	2,670
UAE	246	1,413	1,256	2,598
GCC <sup>5</sup>	121	721	626	1,306
Others	114	653	691	1,359



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

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

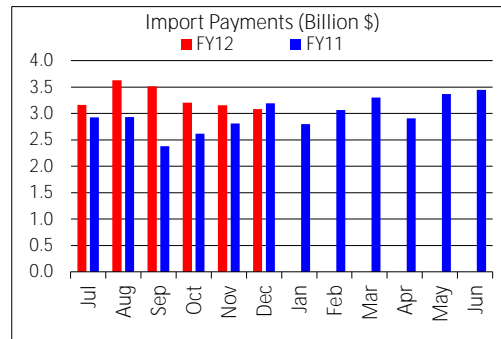
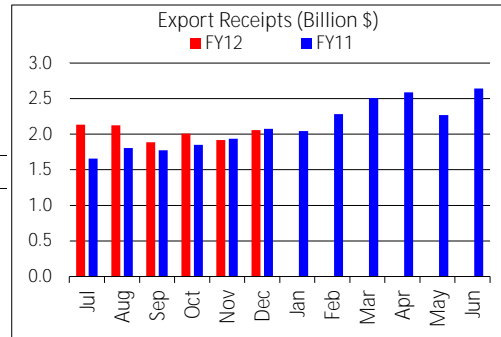
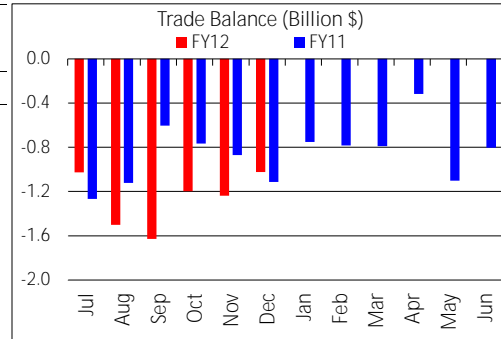


Trade

*Both the increase in exports and decrease in imports helped in narrowing trade deficit in December 2011.*

Trade in Goods -Major Groups (million \$)

	Dec-11	Jul-Dec		Shares <sup>1</sup> FY12
		FY12	FY11	
<b>Exports</b>	<b>2,057</b>	<b>12,124</b>	<b>11,111</b>	<b>100</b>
Textile group	1,036	6,594	5,903	54
Cotton cloth	223	1,315	1,095	11
Knitwear, bed wear	323	2,268	2,259	19
Readymade garments	112	696	499	6
Other manufactures group	333	2,178	1,954	18
Leather items <sup>2</sup>	71	475	429	4
Chemical and pharma	88	613	479	5
Cement	37	246	239	2
Engineering goods	29	179	211	1
Food group	311	1,765	1,580	15
Rice	191	921	1,004	8
All Others	377	1,587	1,674	13
<b>Imports</b>	<b>3,082</b>	<b>19,743</b>	<b>16,882</b>	<b>100</b>
Petroleum group	790	7,087	5,299	36
Petroleum products	437	4,746	3,777	24
Petroleum crude	353	2,341	1,522	12
Machinery group	309	1,821	2,046	9
Power machinery	31	237	412	1
Electrical machinery	41	233	262	1
Agri. & other chemicals group	795	3,575	2,632	18
Fertilizer manufactured	324	708	287	4
Plastic materials	126	708	643	4
Food group	442	2,466	2,520	12
Palm oil	223	1,300	901	7
Sugar	0.9	6	571	0
Metal group	172	1,118	1,064	6
Iron steel (IS) & IS scrap	132	893	831	5
All Others	573	3,675	3,321	19

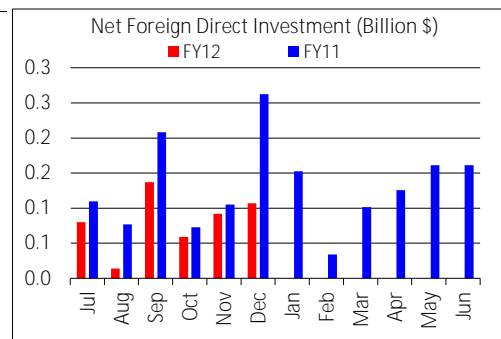


<sup>1</sup> Share is calculated as cumulative flow of a group(item) divided by total cumulative flow during FY12; <sup>2</sup> Include tanned and manufactured leather

*FDI continues showing disappointing trends in FY12 so far.*

Foreign Direct Investment inflows in Pakistan (million \$)<sup>3</sup>

	Dec-11	Jul-Dec		FY11
		FY12	FY11	
<b>Total: Of which</b>	<b>112</b>	<b>531</b>	<b>840</b>	<b>1,635</b>
Major countries				
USA	46	265	122	238
UAE	-39	1	145	284
UK	14	43	122	207
China	14	38	5	47
Major sectors				
Communication	-9	-106	52	-34
Financial service	3	44	147	310
Oil & gas exploration	91	332	267	512
Power	6	-31	59	156
Trade	1	13	25	53



<sup>3</sup> The numbers in this table show gross FDI inflows and therefore may not match with the numbers in Balance of Payments table.

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

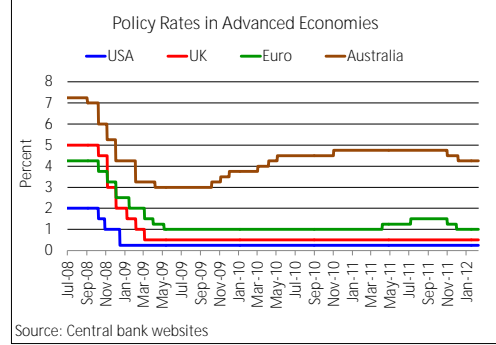


Global Economy

Bank Indonesia has further eased its monetary policy in February 2012.

Policy Rates in Major Economies

Major Economies	Current Policy Rate	Previous	Previous	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	Dec 08 2011	↓ -25
Japan*	0.10	0.30	Dec 20 2008	↓ -20
Canada	1.00	0.75	Sep 08 2010	↑ 25
Australia	4.25	4.50	Dec 06 2011	↓ -25
China	6.56	6.31	Jul 07 2011	↑ 25
India	8.50	8.25	Oct 25 2011	↑ 25
South Korea	3.25	3.00	Jun 10 2011	↑ 25
Malaysia	3.00	2.75	May 05 2011	↑ 25
Indonesia	5.75	6.00	Feb 09 2012	↓ -25
Thailand	3.00	3.25	Jan 25 2012	↓ -25

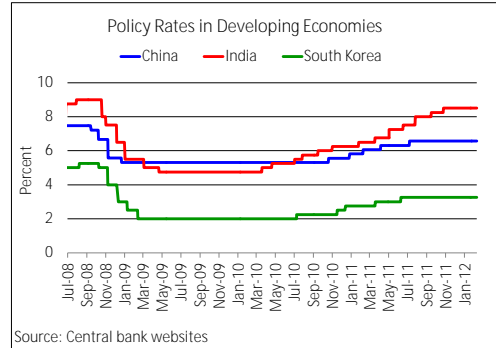


Source: Central bank websites

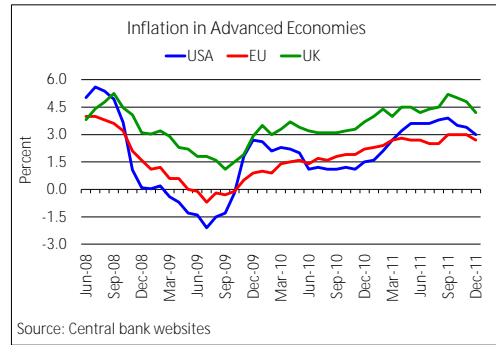
While growth has improved in U.S and U.K and remained steady in case of China in 4th quarter of 2011, inflation has eased in both the developed and developing countries in recent months.

Key Macroeconomic Indicators

	Inflation (YoY) <sup>1</sup>	GDP Growth <sup>2</sup>	Current Account Balance	Fiscal Balance
	Dec-11	Q4-2011	as a percentage of GDP (Q3-2011)	
USA	3.0	1.6	-3.1	-8.7
UK	4.2	0.8	-2.5	-8.8
Euro Area	2.7	1.3 (Q3'11)	-0.5	-0.5
Japan	-0.2	-0.7	2.4	-8.3
Australia	3.1	2.5	-2.0	-2.6
China	4.1	8.9	4.0	-2.1
India	7.5	6.9 (Q3'11)	-2.8	-5.4
Sri Lanka	3.8 (Jan-12)	8.4	-	-
South Korea	3.4 (Jan-12)	3.4	2.0	2.4
Malaysia	3.0	5.8 (Q3'11)	12.0	-5.6
Indonesia	3.8	6.5 (Q3'11)	0.5	-1.0
Thailand	3.4 (Jan-12)	3.5 (Q3'11)	4.1	-2.9



Source: Central bank websites

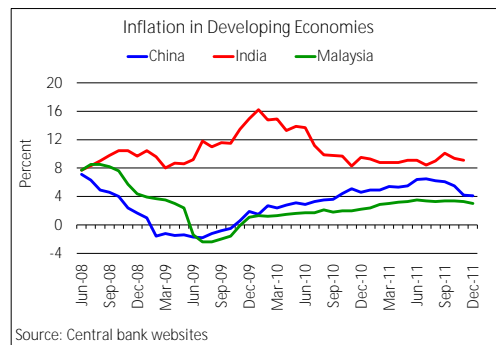


Source: Central bank websites

In their recent assessment in January 2012, both the IMF and World Bank have scaled down projections for the overall global growth in 2012.

World Economic Outlook - Real GDP Growth

	2010 (IMF Estimated)	2011 Projections		
		IMF (Jan-12)	World Bank (Jan-12)	OECD (Nov-11)
World output	5.1	3.8	2.5	-
Advance	3.0	1.6	1.4	-
US	2.9	1.8	2.2	1.7
Euro area	1.8	1.6	-0.3	1.6
Japan	4	-0.9	1.9	-0.3
UK	1.3	0.9	-	0.9
Emerging & Developing	7.4	6.2	5.4	-
Russia	4.0	4.1	3.5	4.0
China	10.3	9.2	8.4	9.3
India	10.4	7.4	6.5	7.7
ASEAN-5	6.9	4.8	-	-



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.



*International commodity prices have edged up in January 2012.*

World Commodity Price Indices (2005=100)

	Jan-12	% change since	
		Last month	End Jun-11
Global CPI	188.5	↑ 2.13	↓ -3.39
Food CPI	165.1	↑ 1.22	↓ -10.33
Commodity non-fuel CPI	169.3	↑ 2.76	↓ -12.74
Metal CPI	202.0	↑ 5.17	↓ -14.28
Crude Oil (\$/bbl)	106.9	↑ 3.35	↓ -2.43
Palm oil (\$/m. ton)	1020.5	↑ 5.31	↓ -5.15
Soya bean Oil (\$/m. ton)	1131.8	↑ 2.60	↓ -9.46
Wheat (\$/m. ton)	274.9	↑ 2.18	↓ -15.79
Gold spot (\$/Oz)	1722.5	↓ -0.40	↑ 14.81
Sugar (US cents/pound)	35.4	↓ -4.92	↑ 0.68

Source: IMF-IFS

*Performance of global stock markets recorded a significant improvement in 2012 so far.*

Capital Market Indices

	Latest - February 10, 2012	% change since	
		Last month	End Dec-11
US (DJIA)	12890.5	↑ 1.8	↑ 8.0
DJ EURO STOXX	2498.9	↑ 2.6	↓ -8.0
UK (FTSE 100)	5877.8	↑ 2.5	↑ 3.2
Japan (Nikkei 225)	8947.2	↑ 1.2	↓ -7.6
China (SSEA)	2352.0	↑ 2.3	↓ -14.4
France (CAC 40)	3399.7	↑ 2.4	↓ -10.2
Germany (DAX)	6726.1	↑ 3.3	↓ -5.6
India (BSE)	17748.7	↑ 2.99	↓ -2.7
World dev'd (MSCI) <sup>3</sup>	1257.6	↑ 1.1	↑ 6.3
Emerging Markets (MSCI) <sup>3</sup>	1029.9	↑ 3.0	↑ 11.4
World all (MSCI) <sup>3</sup>	320.8	↑ 1.4	↑ 6.9

<sup>1</sup> Inflation is YoY percent changes in CPI.

<sup>2</sup> Growth is measured as percentage change over the same quarter of previous year.

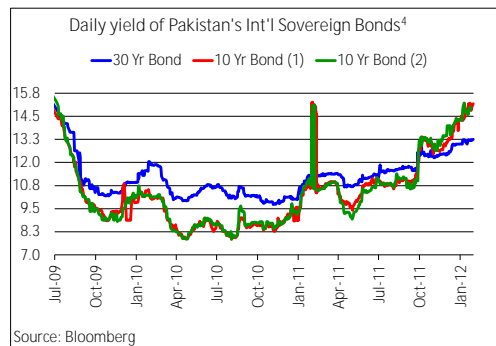
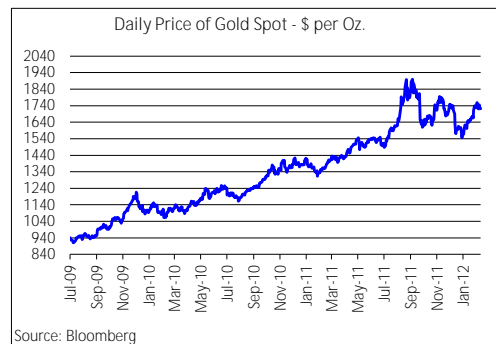
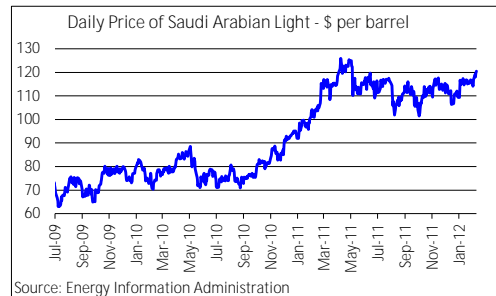
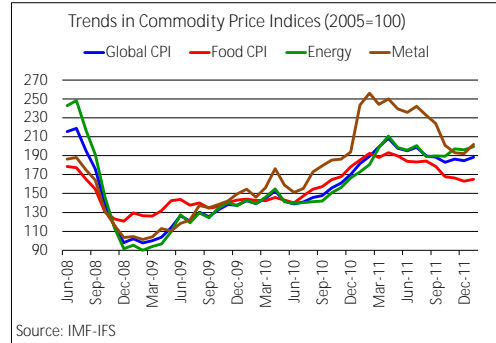
<sup>3</sup> May 11, 2011

<sup>4</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 (1) = \$750 M (10 Yr US T bill+200 bps=>6.875%): Issued - Jun 1, 2007: Maturity - May 31, 2017

10 Yr Bond (2) = \$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



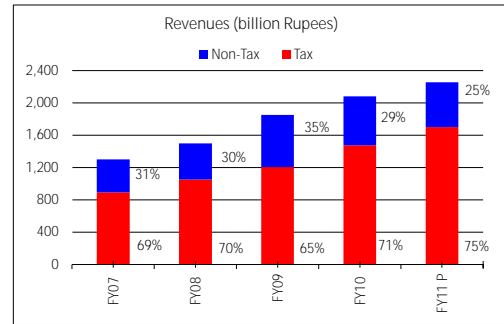


Revenues, Expenditures and Fiscal Balances

Fiscal deficit was recorded at 1.2 percent of GDP in Q1-FY12.

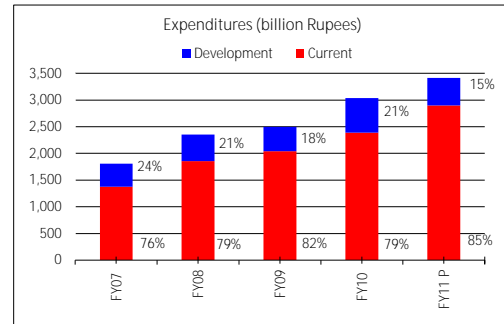
Revenues (billion Rs)

	FY12		FY11
	BE <sup>1</sup>	(Jul-Sep)	
Total revenues	2870	534	2253
Tax revenue	2176	409	1699
Growth (YoY) %	25.2	28.9	15.4
of which: FBR revenues	1952	374	1550
Non-tax revenues	694	125	554
Growth (YoY) %	32.7	50.4	-8.6



Expenditures (billion Rs)

	FY12		FY11
	BE <sup>1</sup>	(Jul-Sep)	
Total expenditures	3711	791	3447
Current <sup>2</sup>	3053	703	2933
Growth (YoY) %	4.1	24.1	23.2
Interest payments	791	177	698
Defence	495	107	451
Development & net lending	658	88	514
Growth (YoY) %	28.0	39.7	-21.3



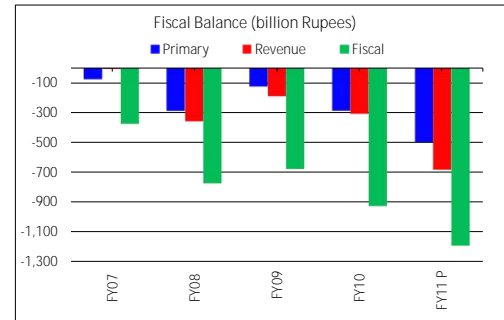
Overall Balance (billion Rs)

	FY12		FY11
	BE <sup>1</sup>	(Jul-Sep)	
Fiscal Balance <sup>3</sup>	-841	-257	-1,194
Revenue Balance <sup>4</sup>	-183	-170	-680
Primary Balance <sup>5</sup>	-50	-80	-496

Government borrowing to finance the fiscal deficit was substantial in Q1-FY12

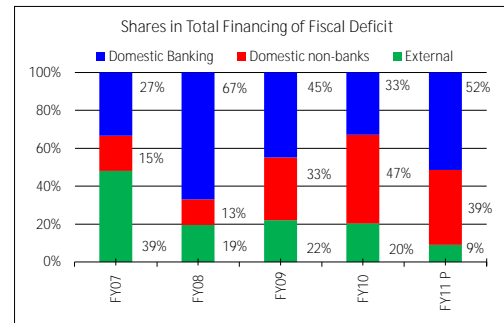
Financing of Fiscal Deficit (billion Rs)

	FY12		FY11
	BE <sup>1</sup>	(Jul-Sep)	
Financing	841	257	1194
1. External	65	-4	108
2. Domestic: of which	706	262	1087
Non-bank	413	142	472
Banking system: of which	293	120	615
Schedule Banks	293	224	647
SBP	0	-104	-32
Privatization proceeds	70	-	-



FBR Tax Collection (billion Rs)

	Direct	Sales	Customs	FED <sup>6</sup>	Total taxes
	Jan-11	36	48	14	11
Feb-11	37	45	14	10	106
Mar-11	67	48	18	11	144
Apr-11	50	52	15	13	130
May-11	47	79	18	16	160
Jun-11	124	80	26	19	249
Jul-11	29	62	12	10	112
Aug-11	32	64	14	10	121
Sep-11	64	59	16	9	148
Oct-11	40	64	15	9	126
Nov-11	46	61	16	10	132
Dec-11	105	67	21	8	201
Jul-Dec FY12 <sup>7</sup>	315	377	94	55	840
Jul-Dec FY11	242	282	80	58	662



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

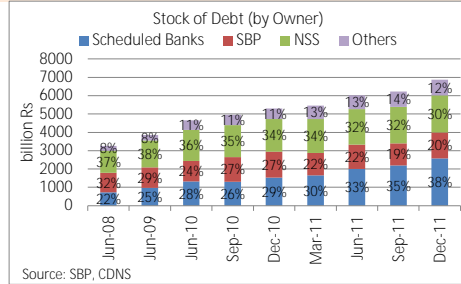
<sup>1</sup> Budget Estimates (Source: Ministry of Finance); <sup>2</sup> Inclusive of unidentified expenditures; <sup>3</sup> Fiscal balance = total revenue - total expenditure; <sup>4</sup> Revenue balance = total revenue - current expenditure (note current expenditure are inclusive of unidentified expenditure); <sup>5</sup> Primary balance = total revenue - total expenditure + interest payment; <sup>6</sup> Federal excise duty; <sup>7</sup> Provisional Figures.



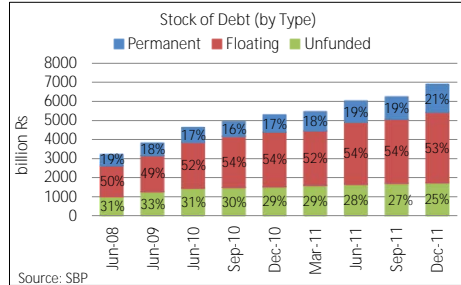
Government Domestic Debt

Government's domestic debt continues to tilt towards scheduled banks in H1-FY12.

Debt by Owner - end period stocks (billion Rs)			
	Dec-11	Jun-11	Change since Jun-11
Bank	3,984.2	3,328.1	656.1
Commercial banks	2,579.3	2,007.5	571.8
SBP	1,405.0	1,320.6	84.3
Non-bank	2,880.7	2,687.5	193.2
National Saving Schemes (NSS)	2,028.5	1,932.9	95.6
Others	852.1	754.6	97.5
Foreign Currency Instruments <sup>1</sup>	1.4	1.4	0
<b>Total</b>	<b>6,866.3</b>	<b>6,017.0</b>	<b>849.2</b>



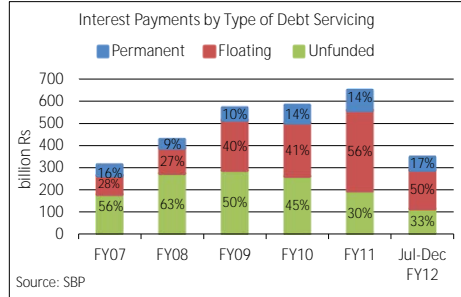
Debt by Type - end period stocks (billion Rs)			
	Dec-11	Jun-11	Change since Jun-11
Long term	3,197.1	2,780.2	416.9
Permanent: of which	1,462.6	1,124.4	338.2
PIBs	882.0	618.5	263.5
Prize bonds	294.0	277.1	17.0
Unfunded: of which	1,734.5	1,655.8	78.7
NSS <sup>2</sup>	1,615.9	1,540.7	75.2
Short term (floating): of which	3,667.8	3,235.4	432.4
MTBs	2,265.9	1,917.9	348.1
MRTBs-replenishment	1,401.8	1,317.5	84.3
Foreign Currency Instruments <sup>1</sup>	1.4	1.4	0
<b>Total</b>	<b>6,866.3</b>	<b>6,017.0</b>	<b>849.2</b>
Government Domestic Liabilities*	184.4	214.2	-29.8



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

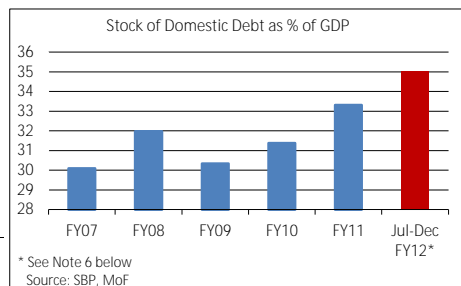
<sup>2</sup> NSS includes certificates and saving accounts only.

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



Interest payments on floating debt accounted for the major chunk of domestic debt servicing in H1-FY12.

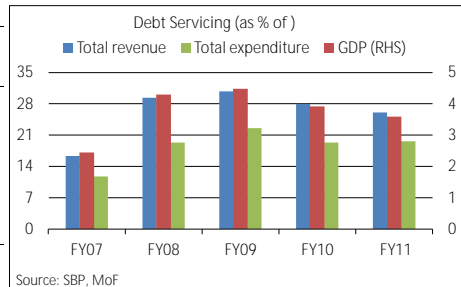
Debt Servicing (billion Rs)			
	Jul-Dec FY12	FY11	Change from Jul-Dec FY11 (%)
Permanent <sup>3</sup>	60.1	91.8	40.2
Floating	176.6	361.4	14.3
Unfunded	114.4	197.1	25.5
<b>Total</b>	<b>351.2</b>	<b>650.3</b>	<b>21.7</b>



Indicators of Domestic Debt Sustainability

Debt Stock as % of GDP					
	FY08	FY09	FY10 <sup>4</sup>	FY11 <sup>5</sup>	FY12 <sup>6</sup>
Debt Stock as % of GDP	32.0	30.3	31.4	33.3	35.0
Debt Servicing as % of					
	FY08	FY09	FY10 <sup>4</sup>	FY11 <sup>5</sup>	FY12 <sup>6</sup>
GDP	4.3	4.5	3.9	3.6	1.8
Total revenue	29.4	30.8	28.0	26.1	-
Tax revenue	41.9	47.3	39.5	34.4	-
Total expenditure	19.3	22.5	19.3	19.7	-
Current expenditure	23.8	27.9	24.4	22.3	-

\* See Note 6 below  
Source: SBP, MoF



<sup>3</sup> Includes prize bonds; <sup>4</sup> The table only takes into account the Q1-FY12 data

<sup>5</sup> Debt stock (as on June 2011) as percent of provisional GDP for FY11.

<sup>6</sup> Average of projected GDP at current market prices of FY12 and actual FY11 GDP has been used to calculate Domestic Debt/GDP ratio. The fiscal data for H1-FY12 is not available to calculate the ratios.

Sources: Central Directorate of National Savings (CDNS), SBP and Ministry of Finance (MoF) <sup>P</sup>: Provisional figures



External Debt

Stock of external debt and liabilities decreased marginally in Q1-FY12.

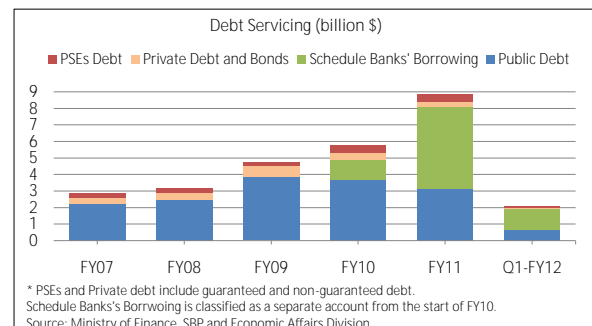
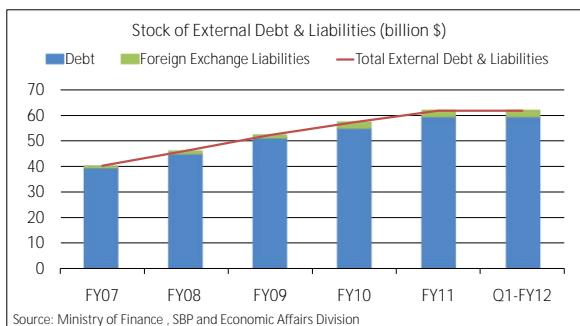
Debt & Liabilities - end period stocks (million \$)				Debt Servicing (million \$)		
Items	Jun-11 <sup>R</sup>	Sep-11	Change since Jun-11	Items	Jun-11 <sup>1</sup>	Sep-11
1. Public debt (a+b+c)	57,897	57,586	-311	1. Public debt (a+b+c)	3,153	647
a) Government Debt	46,375	46,372	-3	a) Government debt	2,574	540
i) Medium and long term (>1 yr)	45,767	45,805	38	Principal	1,817	414
Paris club	15,462	15,576	114	Interest	758	126
Multilateral	25,837	25,694	-143	b) To IMF	442	104
Other bilateral	1,925	2,092	167	Principal	268	55
Euro/Sukuk global bonds	1,550	1,550	0	Interest	174	49
Military debt	135	135	0	c) Foreign exchange liabilities	137	3
Commercial loans/credits	0	0	0	Principal	122	0
Local currency bonds (TBs & PIBs)	58	59	1	Interest	15	3
Saudi fund for development. (SFD)	200	200	0	2. PSEs guaranteed debt	158	9
SAFE China deposits	500	500	0	Principal	141	6
NBP/BOC deposits	100	0	-100	Interest	17	3
ii) Short term (<1 yr)	608	567	-41	3. PSEs non-guaranteed debt	290	76
IDB	608	567	-41	Principal	260	70
b) From IMF	8,940	8,670	-270	Interest	30	6
i) Federal government	1,997	1,949	-48	4. Scheduled banks' borrowing	4,937	1,256
ii) Central bank	6,943	6,721	-222	Principal	4,931	1,255
c) Foreign exchange liabilities (FEL)	2,582	2,544	-38	Interest	6	1
2. PSE guaranteed debt	84	186	102	5. Private guaranteed debt	0	0
3. PSE non-guaranteed debt	975	926	-49	6. Private non-guaranteed debt	311	112
4. Scheduled banks' borrowing	386	648	262	Principal	247	91
i) Medium and long term (>1 yr)	104	97	-7	Interest	64	21
ii) Short term (<1 year)	282	551	269	7. Private non-guaranteed bonds	5	0
5. Private guaranteed debt	0	0	0	Principal	0	0
6. Pvt. non-guaranteed debt (>1 yr)	2,379	2,365	-14	Interest	5	0
7. Private non-guaranteed bonds	124	124	0	Total external debt servicing	8,854	2,099
Total external debt (excl. FEL)	59,263	59,291	28	(1+2+3+4+5+6+7)		
Total external debt & liabilities				Principal	7,786	1,890
(1+2+3+4+5+6+7)	61,845	61,835	-10	Interest	1,068	209

<sup>1</sup>Provisional

Debt stock as percent of GDP has declined in Sep-11

Indicators of External Debt Sustainability

	Debt Stock as % of						Debt Servicing as % of				
	FY07	FY08	FY09	FY10	FY11	Sep-11 <sup>1</sup>	FY07	FY08	FY09	FY10	FY11
GDP	28.1	30.8	33.5	33.0	29.4	27.6	2.0	2.1	3.0	3.3	4.3
Reserves	257.7	405.0	421.2	342.5	339.0	356.8	18.4	27.9	38.2	34.5	48.8
Exports	233.4	226.0	273.7	291.6	243.1	1008.4	16.6	15.6	24.8	29.4	35.0



R: Revised, Allocation of SDR added to FEL: <sup>1</sup> Average of projected GDP at current market prices of FY12 and actual FY11 GDP has been used to calculate External Debt/GDP ratio for July 2011 to onward. End Period Total Liquid Reserves are used, whereas Exports during Jul-Sep-11 is used.

Sources: Economic Affairs Division and SBP



**Total Debt**

*Stock of external debt and liabilities decreased marginally in Q1-FY12.*

**Total Debt Stock (billion Rs)**

	Sep-11	Jun-11	Change since Jun-11	Share
Total Debt & Liabilities (I to VIII)	12,470.4	12,146.1	324.3	100.0
Total Public Debt (I to IV)	11,265.1	10,995.5	269.5	90.3
Total External Debt & Liabilities (II to VI)	5,410.7	5,318.0	92.7	43.4
Commodity Operations & PSEs Debt (VI to VIII)	930.8	902.1	28.7	7.5
<i>I. Government Domestic Debt</i>	6,226.2	6,017.0	209.1	49.9
<i>II. Government External Debt<sup>1</sup></i>	4,057.7	3,987.8	69.9	32.5
<i>III. Debt from IMF</i>	758.64	768.75	-10.1	6.1
<i>IV. External Liabilities</i>	222.6	222.0	0.6	1.8
<i>V. Private Sector External Debt</i>	274.5	248.4	26.1	2.2
<i>VI. PSEs External Debt</i>	97.3	91.1	6.2	0.8
<i>VII. PSEs Domestic Debt</i>	436.8	411.5	25.2	3.5
<i>VIII. Commodity Operations Debt<sup>2</sup></i>	396.7	399.5	-2.8	3.2

**Total Debt Servicing (billion Rs)**

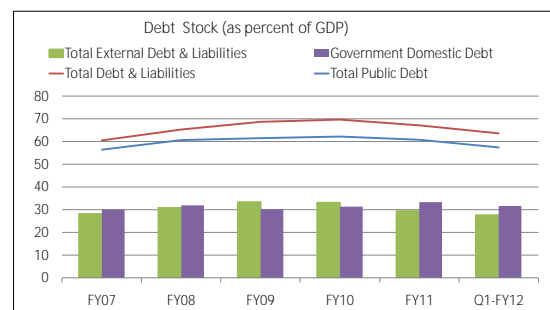
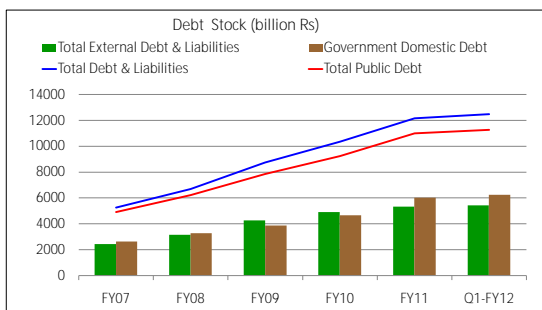
	Sep-11	FY11	Share
Total Debt Servicing	363.7	1472.3	100.0
Total Interest Payment	199.6	806.3	54.9
<i>Domestic Debt</i>	165.3	649.9	45.5
<i>External Debt</i>	17.9	90.2	4.9
<i>External Liabilities<sup>3</sup></i>	0.3	1.3	0.1
<i>Domestic Liabilities</i>	16.1	65.0	4.4
Principal Repayment of External Debt & Liabilities	164.1	666.0	45.1

**Debt stock (as percent of GDP)**

	FY09	FY10	FY11	Sep-11 <sup>4</sup>
Total Debt & Liabilities	68.7	69.7	67.2	63.6
Total Public Debt	61.6	62.2	60.9	57.4
Total External Debt & Liabilities	33.5	33.0	29.4	27.6
Government Domestic Debt	30.3	31.4	33.3	31.7
PSEs Debt & Liabilities	5.6	6	5.0	4.7

**Debt stock as percent of GDP has declined in Sep-11**

	FY09	FY10	FY11	Sep-11 <sup>5</sup>
Tax revenue	80.5	73.5	78.3	-
Total revenue	52.4	52.1	59.3	-
Total expenditure	38.3	36.0	44.7	-
Current expenditure	47.5	45.4	50.6	-
GDP	7.6	7.3	8.2	1.9



Note: <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 governments and PSEs for commodity operations; <sup>3</sup> Rupee value of external liabilities computed by applying the corresponding period average exchange; <sup>4</sup> Average of projected GDP at current market prices of FY12 and actual FY11 GDP has been used to calculate Debt/GDP ratio for July 2011 to onward. Actual GDP of FY12 will be used when it becomes available in June 2012; <sup>5</sup> The data of Q1-FY12 of Fiscal is not available yet.

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



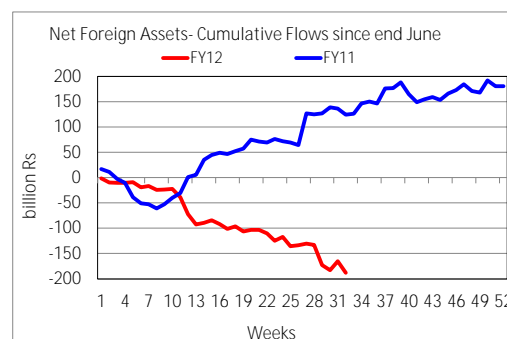
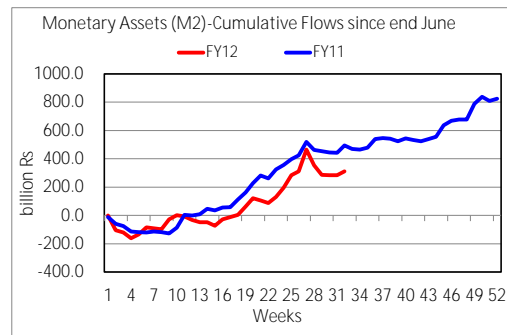


## Monetary and Credit Aggregates

*Deceleration in broad money (M2) growth is primarily due to sharp contraction in NFA of the banking system.*

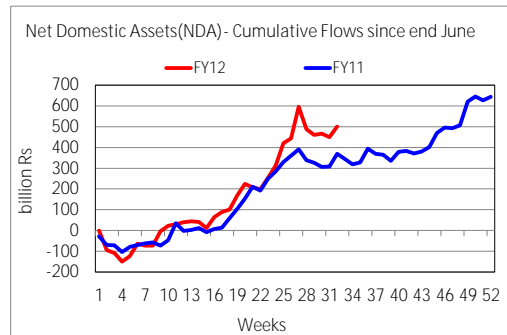
### Monetary Assets of the Banking System

	End June 2011 Stocks	Cumulative Flows since end June		FY11
		Latest week	A year ago	
		3-Feb-12	4-Feb-11	
NFA	780.4	-188.1	124.3	235.1
NDA	5914.8	500.0	370.0	682.9
Government borrowings: <i>of wh.</i>	3020.5	757.8	338.7	579.6
Budgetary borrowing	2601.6	835.1	409.1	590.2
Commodity operations	397.5	-77.7	-72.8	-15.7
Non-govt. sect. borrowings: <i>of wh.</i>	3546.8	-32.5	179.2	158.0
Private sector	3141.2	237.8	158.2	121.3
PSEs	387.6	-270.9	20.2	36.3
Other items (net)	-652.6	-225.3	-147.9	-54.8
M2	6695.2	311.9	494.3	918.0



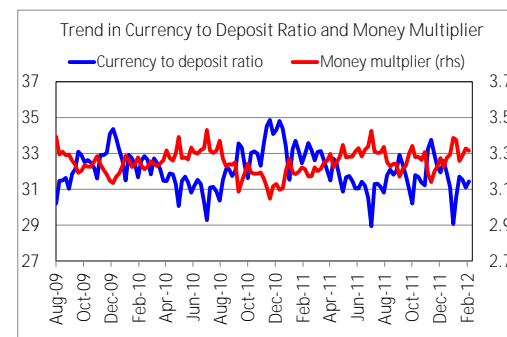
### Monetary Liabilities of the Banking System

Currency in circulation	1501.4	172.8	257.8	206.0
Total deposits with banks	5183.6	140.0	232.0	708.5
Demand deposits with banks	4123.5	25.1	134.6	529.5
Time deposits with banks	685.2	89.4	75.1	149.5
RFCDs with banks	374.9	25.4	22.3	29.5
M2	6695.2	311.9	494.3	918.0



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

	YoY (3-feb-12)	Since end June		FY11
		3-Feb-12	4-Feb-11	
NFA	-11.6	-24.1	22.8	43.1
NDA	14.5	8.5	7.1	13.1
Government borrowings	35.9	25.1	13.9	23.7
Budgetary borrowing	41.8	32.1	20.5	29.3
Commodity operations	-6.0	-19.6	-17.6	-3.8
Non-government sector borrowings	-1.5	-0.9	5.3	4.7
Private sector	6.3	7.6	5.2	4.0
PSEs	-68.6	-69.9	5.8	10.3
Other items (Net)	17.7	34.5	24.8	9.2
M2	11.7	4.7	8.6	15.9



### Memorandum Items

	(billion Rs)		
	Latest week	A year ago	FY11
	3-Feb-12	4-Feb-11	
Money multiplier	3.3	3.2	3.4
Currency to deposit ratio	31.4	33.0	29.0
M2 to GDP ratio	33.5	34.7	37.1
Private sector credit to GDP ratio	16.2	17.6	17.4

\*All FY11 numbers are provisional: Source: Statistics & Data Warehouse Department (S&DWD), SBP



*Growth in reserve money also decelerated considerably due to significant contraction in NFA of SBP.*

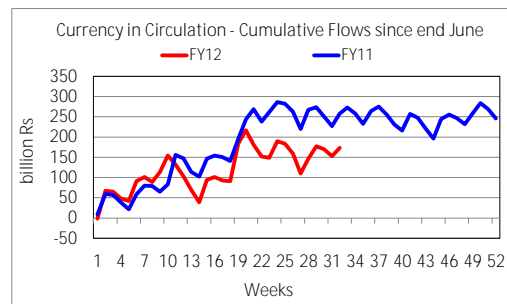
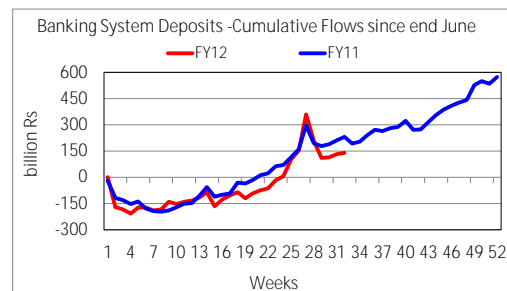
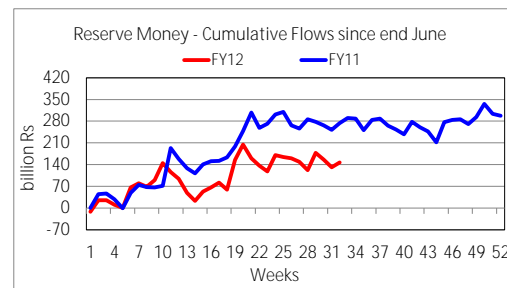
Monetary Assets of SBP (billion Rs)				
	End June 2011 Stocks	Cumulative Flows		FY11 (Provisional)
		Latest week	A year ago	
		3-Feb-12	4-Feb-11	
NFA	614.1	-185.5	120.6	235.4
NDA: of which	1351.7	333.0	153.7	51.1
Budgetary borrowing	1200.7	197.0	183.7	-8.0
Other items (net)	-179.7	129.7	-53.7	51.3
Net Impact of OMOs/Discounting	63.7	189.8	-34.1	55.9
Reserve money	1965.8	147.5	274.3	286.6

Monetary Liabilities of SBP (billion Rs)				
	End June 2011 Stocks	Cumulative Flows		FY11
		Latest week	A year ago	
		3-Feb-12	4-Feb-11	
Currency in circulation	1501.4	172.8	257.8	206.0
Cash in tills	104.9	-17.6	-13.5	17.2
Bank deposits with SBP (reserves)	349.4	-6.9	25.5	59.9
Other deposits with SBP	10.1	-0.9	4.5	3.5

	YoY (3-feb-12)	Percent growth		
NFA of the SBP	-14.2	-30.2	31.9	62.2
NDA of the SBP: of which	15.9	24.6	11.8	3.9
Budgetary borrowing	0.4	16.4	15.2	-0.7
Other items (net)	-82.3	-72.0	23.3	-22.2
Reserve money	8.2	7.5	16.3	17.1

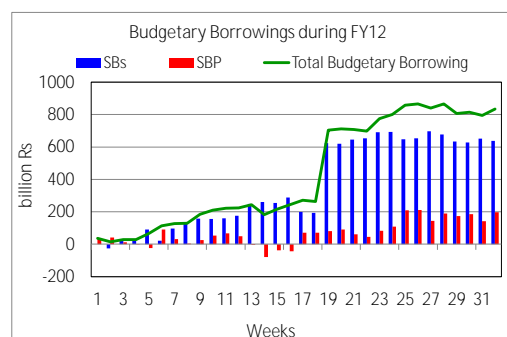
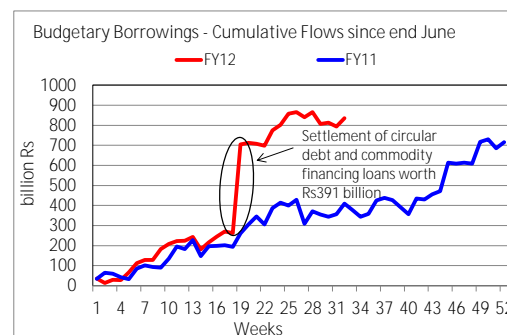


*Government borrowing from the banking system for budgetary support increased significantly.*

Details on Government Borrowing for Budgetary Support (billion Rs)				
	End June 2011 Stocks	Cumulative Flows		FY11
		Latest week	A year ago	
		3-Feb-12	4-Feb-11	
Budgetary Borrowing	2601.6	835.1	409.1	590.2
Federal government	2903.5	849.9	473.6	714.8
From SBP	1239.8	218.4	231.6	98.0
SBP's Holdings of MRTBs	1317.5	95.6	197.2	192.6
From SBs	1663.7	631.5	242.0	616.7
Provincial governments	-301.9	-14.8	-64.5	-124.6
From SBP <sup>1</sup>	-39.1	-21.5	-47.8	-106.0
From SBs <sup>2</sup>	-262.8	6.6	-16.6	-18.6

Memorandum Items				
Cash basis	2523.3	796.3	394.3	588.7
SBP	1154.5	197.0	177.3	-16.9
SBs	1368.8	599.3	217.1	605.7



<sup>1</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 A.J.K.

<sup>2</sup> The end-June 2010 net stock of borrowings was negative as provincial governments' deposits with scheduled banks exceeded their borrowings.

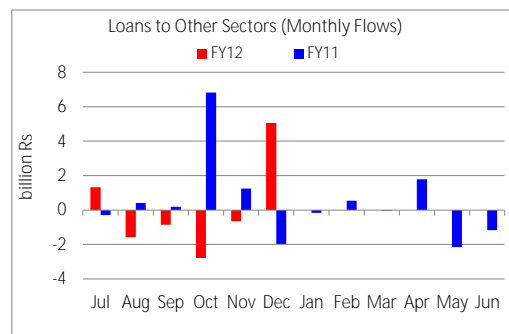
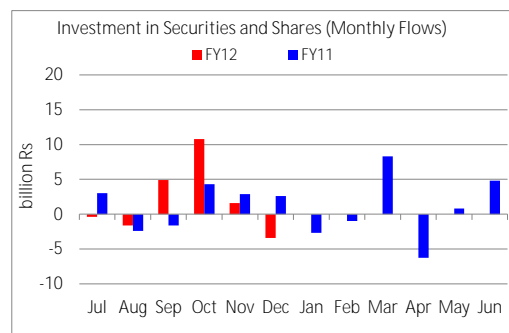
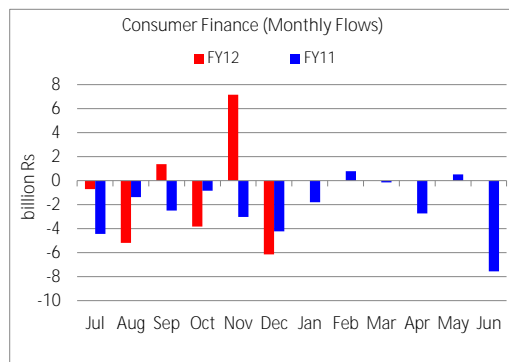
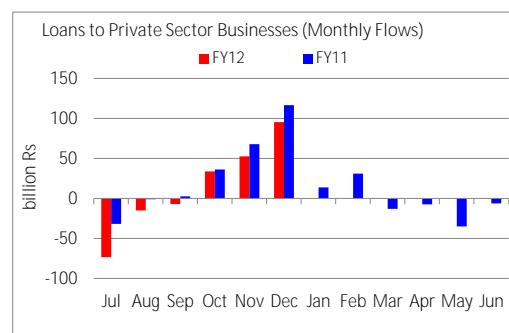


*Private sector credit has picked up following the seasonal pattern; however, credit to private sector businesses remained depressed.*

Credit to Private Sector

	End June 2011 Stocks	Flows during Jul-Dec (billion Rs)		
		Jul-Dec FY12	Jul-Dec FY11	FY11
Total credit to private sector	3141.2	193.5 <sup>P</sup>	163.4	121.3
1. Loans to private sector businesses	2431.8	86.1	190.2	173.2
<u>By type</u>				
Working capital: of which	1582.2	98.1	183.5	163.5
Export finance	266.8	11.4	34.1	27.0
Import finance	134.7	-16.4	16.7	29.7
Fixed investment	849.6	-12.1	6.7	9.7
<u>By Sectors: of which</u>				
Agriculture	180.5	↑ 8.9	↑ 9.1	↑ 11.0
Manufacturing: of which	1385.4	↑ 53.3	↑ 143.6	↑ 121.9
Textiles	514.7	↑ 30.8	↑ 106.3	↑ 44.5
Food products & beverages	275.3	↓ -18.2	↑ 14.4	↑ 61.0
Chemicals & products	158.1	↑ 7.3	↓ -0.6	↑ 1.3
Non-metallic mineral products	94.8	↑ 0.4	↑ 3.7	↓ -7.9
Wearing apparel, readymade gar	50.0	↓ -0.3	↑ 3.4	↑ 1.8
Electricity, gas and water	269.4	↑ 29.8	↑ 23.3	↑ 53.9
Construction	67.7	↓ -3.0	↑ 3.0	↑ 0.6
Commerce and trade	213.7	↑ 1.6	↑ 4.1	↓ -16.0
Transport, storage and comm.	106.2	↓ -6.9	↑ 3.0	↑ 1.1
Services: of which	153.9	↓ -1.8	↓ -0.5	↓ -7.3
Real estate/renting & business ac	111.0	↓ -2.5	↑ 0.1	↓ -2.2
2. Personal: of which	294.0	↓ -8.1	↓ -15.5	↓ -27.5
Consumer financing	217.6	↓ -7.3	↓ -16.3	↓ -27.2
3. Investment in securities and shares	158.0	↑ 11.9	↑ 8.9	↑ 13.0
4. Others	257.4	↑ 103.6	↓ -20.3	↓ -37.4

P= Provisional





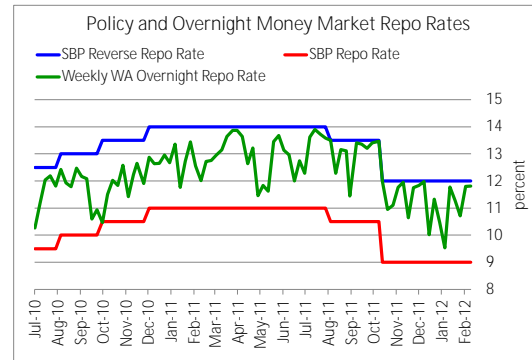
## Money Market

*SBP kept the policy rate unchanged in last monetary policy review considering the risks to macroeconomic stability, particularly due to the external sector.*

	Policy Instruments (%)				
	Current	w.e.f	Previous	w.e.f	Change <sup>1</sup>
SBP reverse repo rate	12.0	10-Oct-11	13.5	1-Aug-11	↓ -150
SBP repo rate	9.0	10-Oct-11	10.5	1-Aug-10	↓ -150
CRR on DL and TL < 1 year	5.0	1-Nov-08	6.0	18-Oct-08	↓ -100
CRR on TL > 1 year	0.0	4-Aug-07	3.0	19-Jan-07	↓ -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' holding of excess cash reserves with SBP was significantly lower for the week ending 2nd February 2012 compared to last month.*

	Weekly Cash Reserve Requirements <sup>1</sup> (billion Rs)				
	Week Ended		Change since		
	Current	Last month	29-Dec-11	6-Oct-11 <sup>2</sup>	
Cash Required	222.5	220.6	↑ 1.9	↑ 6.6	
Cash Maintained	227.7	232.8	↓ -5.1	↑ 2.6	
Excess Cash Reserves (per day)	5.2	12.2	↓ -7.0	↓ -3.9	

<sup>1</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>2</sup> As on Friday preceding the monetary policy decision of a change in policy rate.

	Weighted Average O/N Money Market Repo Rate (%)				
	Q1	Q2	Q3	Q4	YTD
WA O/N Repo Rate <sup>1</sup>	13.31	11.55	11.18	-	12.09
Standard Deviation	0.48	0.89	0.59	-	1.14
CoV <sup>2</sup>	0.04	0.08	0.05	-	0.09

	01 Jul 2010 - 30 June 2011				
	Q1	Q2	Q3	Q4	FY11
WA O/N Repo Rate <sup>1</sup>	11.68	12.1	13.01	12.67	12.34
Standard Deviation	0.61	0.61	0.63	0.76	0.8
CoV <sup>2</sup>	0.05	0.05	0.05	0.06	0.07

<sup>1</sup> Weekly Weighted Average O/N Repo Rate

<sup>2</sup> Coefficient of Variation

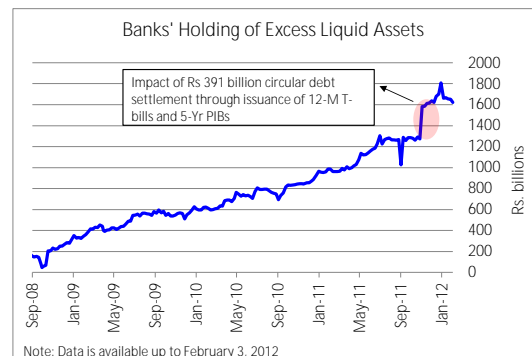
*Banks' holding of government securities now stands at more than 52 percent of their demand and time liabilities.*

	Overall Reserve Requirement (billion Rs)				
	Current		Change since		
	As of	Last Month	31-Dec-11	4-Oct-08	
Required Reserves	1070.4	1072.5	↓ -2.2	↑ 107.9	
Cash <sup>1</sup>	223.0	223.4	↓ -0.5	↓ -53.1	
Securities <sup>2</sup>	847.4	849.1	↓ -1.7	↑ 161.0	
Maintained	2692.4	2805.8	↓ -113.4	↑ 1673.6	
Cash	340.9	388.0	↓ -47.1	↓ -48.0	
Cash in Tills	102.9	127.5	↓ -24.6	↑ 14.8	
Balance with SBP	218.9	254.0	↓ -35.2	↓ -69.8	
Balance with NBP	19.1	80.2	↓ -61.1	↑ 7.0	
Securities	2311.2	2377.5	↓ -66.3	↑ 1698.0	
Others <sup>3</sup>	40.4	40.4	↑ 0.0	↑ 23.6	
Excess of Liquid Assets <sup>4</sup>	1622.1	1733.3	↓ -111.2	↑ 1565.8	

Source: Off-site Supervision and Enforcement Department, SBP

<sup>1</sup> Required under weekly average CRR

<sup>2</sup> Required under SLR



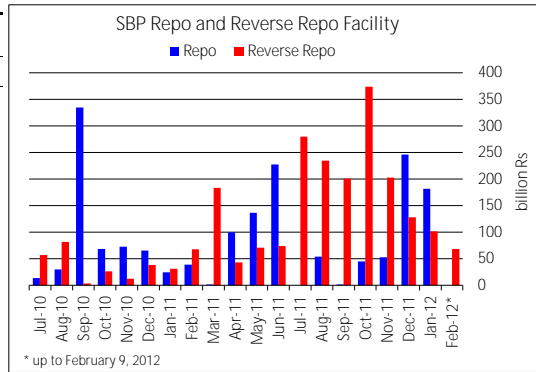
<sup>3</sup> Includes Section 13(3) deposits and share capital of MFBS.

<sup>4</sup> Includes excess securities + cash and other assets maintained.



*Banks' increased use of both SBP reverse repo and repo facilities since the start of Q2-FY12 reflects volatile liquidity flows in the money market.*

	SBP Reverse Repo		SBP Repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
FY11	691.3	53	1,138.8	83
Q1	142.2	13	402.3	21
Q2	77.1	10	207.2	26
Q3	283.0	16	65.4	11
Q4	189.1	14	463.9	25
FY12	1,590.8	80	584.7	28
Q1	716.0	41	56.3	7
Q2	704.9	26	346.9	15
Jan	101.6	8	181.5	6
Feb*	68.3	5	-	-

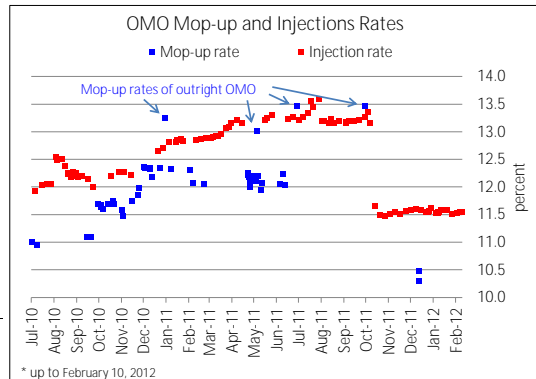
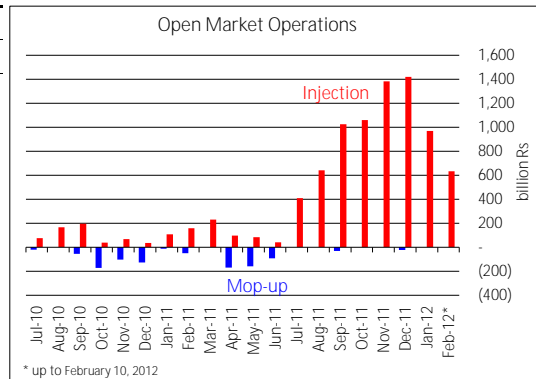


\* Updated up to February 9, 2012

Source: Domestic Markets & Monetary Management Department, SBP

*The volumes of net OMO injections by the SBP continues to remain substantial.*

	Open Market Operations (billion rupees)			Outstanding OMOs	
	Mop-up	Injection	Net Mop-up*	Amount	Maturity
FY11	961.3	1,252.8	(291.5)	-	-
Q1	74.9	436.2	(361.3)	-	-
Q2	402.6	138.5	264.1	-	-
Q3	62.7	457.1	(394.4)	-	-
Q4	421.2	221.0	200.2	-	-
FY12	56.4	7,209.8	(7,132.9)	-	-
Q1	32.4	2,074.0	(2,041.6)	-	-
Q2	24.0	3,859.0	(3,835.0)	-	-
06-Jan	-	175.1	(175.1)	-	-
09-Jan	-	1.5	(1.5)	-	-
09-Jan	-	16.5	(16.5)	-	-
10-Jan	-	20.3	(20.3)	-	-
10-Jan	-	21.1	22.5	-	-
13-Jan	-	218.1	(245.6)	-	-
20-Jan	-	242.5	(238.1)	-	-
27-Jan	-	274.2	(274.2)	-	-
03-Feb	-	270.7	(270.7)	-	-
07-Feb	-	37.0	(37.0)	-	-
10-Feb	-	326.5	(326.5)	(326.5)	17-Feb



Source: Domestic Markets & Monetary Management Department, SBP

\* Updated up to February 10, 2012

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



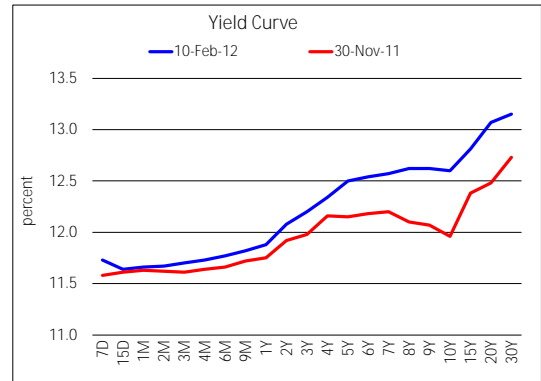
*The slope of the yield curve has steepened since the last monetary policy review in November 2011.*

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

Tenors	Current		Change since last MPS*	
	10-Feb-12	10-Jan-11	30-Nov-11	
	10-Feb-12	10-Jan-11	30-Nov-11	
1-week	11.73	11.75	↑	15
2-week	11.64	11.76	↑	3
1-month	11.66	11.74	↑	3
3-month	11.70	11.76	↑	9
6-month	11.77	11.81	↑	11
9-month	11.82	11.88	↑	10
1-year	11.88	11.91	↑	13
2-year	12.08	12.17	↑	16
3-year	12.20	12.26	↑	22
5-year	12.50	12.60	↑	35
7-year	12.57	12.65	↑	37
10-year	12.60	12.60	↑	64
20-year	13.07	13.10	↑	59
30-year	13.15	13.21	↑	42

Source: Financial Market Association of Pakistan

\* In basis points



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

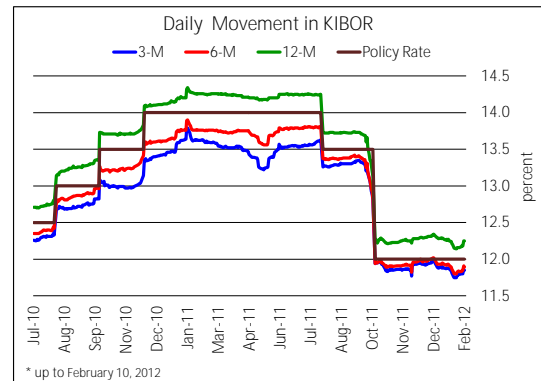
*KIBOR of all tenors have closely followed the changes in the policy rate.*

Tenor-wise KIBOR (%)

Tenors	Current		Change since last MPS*	
	10-Feb-12	10-Jan-11	30-Nov-11	
	10-Feb-12	10-Jan-11	30-Nov-11	
1-week	12.01	11.93	↑	10
2-week	12.02	11.96	↑	9
1-month	12.01	12.02	↑	9
3-month	11.85	11.88	↑	8
6-month	11.89	11.93	↑	7
9-month	12.19	12.24	↑	4
12-month	12.25	12.28	↑	3
2-year	12.33	12.35	↑	5
3-year	12.40	12.42	↑	5

Source: SBP and Financial Market Association of Pakistan

\* In basis points



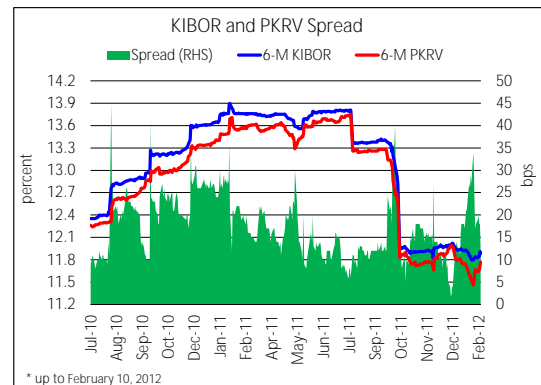
\* up to February 10, 2012

*The spread between 6-month KIBOR and 6-month PKRV rates slightly decreased in February 2012.*

KIBOR and PKRV Spread (basis points)

Tenors	Current		Change since last policy rate change	
	10-Feb-12	10-Jan-11	30-Nov-11	
	10-Feb-12	10-Jan-11	30-Nov-11	
1-week	12.01	11.96	↓	-21
2-week	12.01	12.01	↓	-20
1-month	12.01	12.05	↓	-17
3-month	11.86	11.90	↓	-4
6-month	11.91	11.93	↓	-4
9-month	12.19	12.24	↓	-31
12-month	12.25	12.29	↓	-35
2-year	12.32	12.36	↓	-24
3-year	12.40	12.41	↓	-25

Sources: SBP



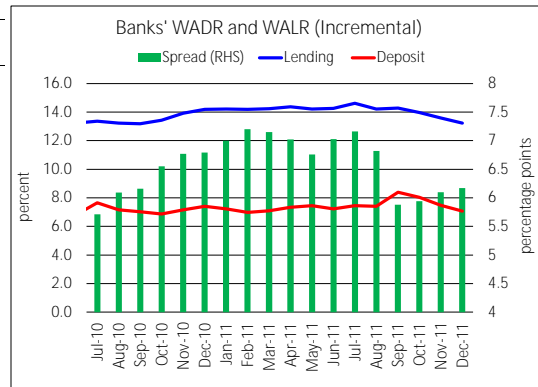
\* up to February 10, 2012



*The spread between lending and deposit rates in December 2011 is substantially lower than in June 2011.*

Weighted average Lending and Deposit Rates (percent per annum)

Months	Incremental <sup>1</sup>			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Dec-10	14.20	7.41	679	13.52	5.91	761
Jan-11	14.22	7.22	700	13.62	6.02	760
Feb-11	14.19	6.99	720	13.55	6.04	751
Mar-11	14.24	7.09	715	13.55	5.97	758
Apr-11	14.37	7.35	702	13.55	6.03	752
May-11	14.21	7.45	676	13.65	6.00	765
Jun-11	14.25	7.22	703	13.78	5.92	786
Jul-11	14.62	7.46	716	13.76	5.88	788
Aug-11	14.22	7.40	682	13.65	6.06	759
Sep-11	14.28	8.40	588	13.81	6.18	763
Oct-11	13.97	8.03	594	13.68	6.01	767
Nov-11	13.58	7.48	610	13.52	5.99	753
Dec-11	13.23	7.06	617	13.46	5.88	758

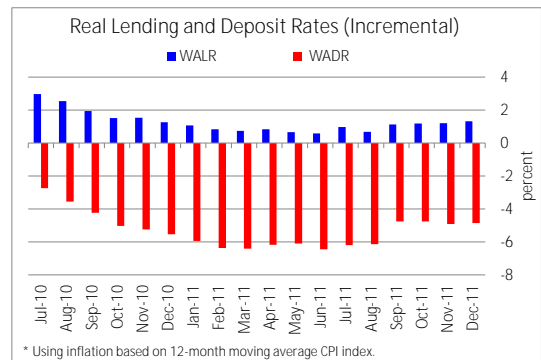


Source: Statistics & Data Warehouse Department, SBP <sup>1</sup>Weighted average rates on incremental (fresh) loans and deposits during a month.

*Both the real deposit and lending rates in December 2011 remained close to their respective levels in previous month.*

Months	Real (based on 12-month MA inflation) <sup>1</sup>		Real (based on YoY inflation) <sup>2</sup>	
	WALR	WADR	WALR	WADR
Dec-10	1.26	-5.53	-1.25	-8.04
Jan-11	1.07	-5.93	0.31	-6.69
Feb-11	0.83	-6.37	1.34	-5.86
Mar-11	0.74	-6.41	1.22	-5.93
Apr-11	0.84	-6.18	1.83	-5.19
May-11	0.67	-6.09	1.56	-5.20
Jun-11	0.59	-6.44	0.94	-6.09
Jul-11	0.97	-6.19	2.19	-4.97
Aug-11	0.69	-6.13	2.66	-4.16
Sep-11	1.13	-4.75	3.82	-2.06
Oct-11	1.18	-4.76	3.00	-2.94
Nov-11	1.20	-4.90	3.39	-2.71
Dec-11	1.31	-4.86	3.49	-2.68

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

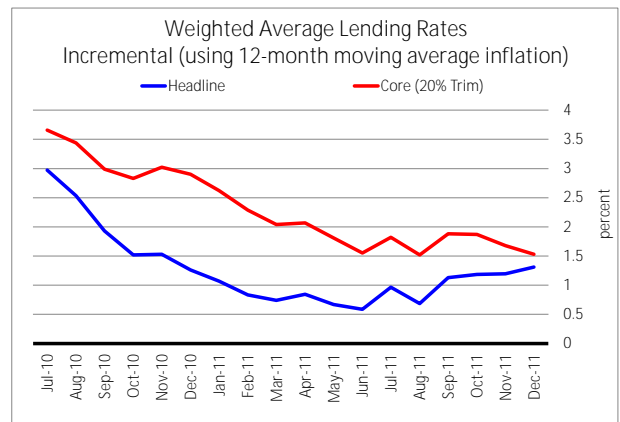
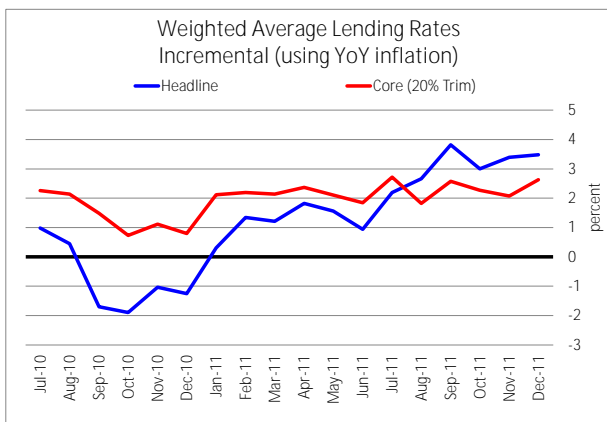
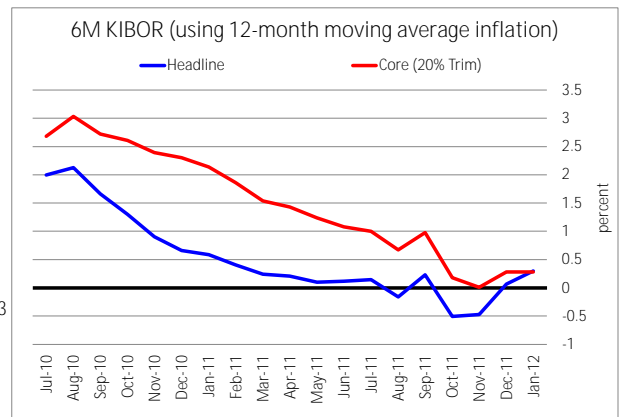
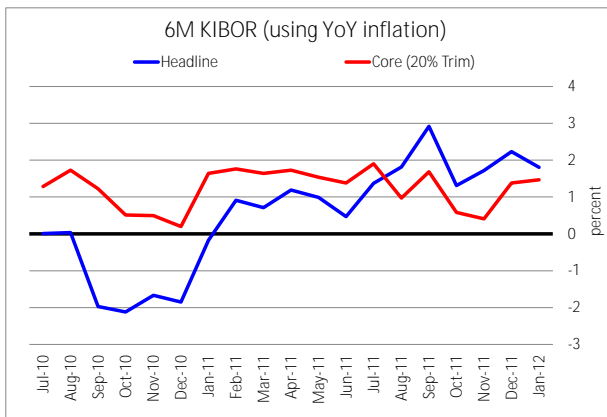
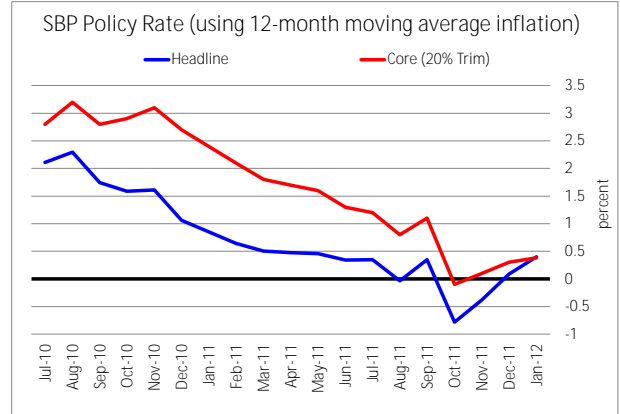
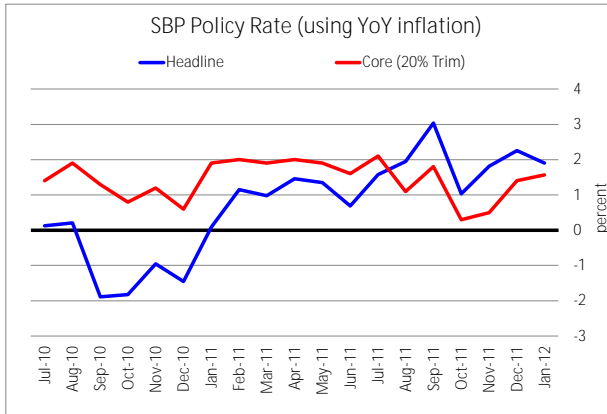


<sup>1</sup> Nominal rate less CPI inflation (12-month moving average).

<sup>2</sup> Nominal rate less CPI inflation (year on year).



# Real Interest Rates



Sources: FBS and Statistics & Data Warehouse Department, SBP





*Banks offered large amounts for government securities in last three MTB auctions.*

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

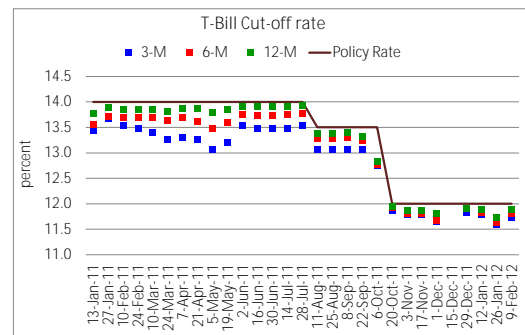
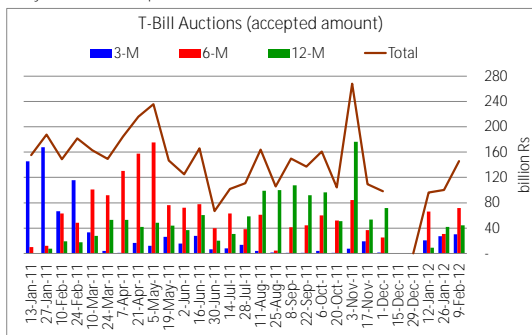
FY/Q/ Settlement Date	TOTAL				3-Month			6-Month			12-Month			Non-competitive bids (Accepted)#
	Target	Maturity	Offered	Accepted	Offered	Accepted	Cut-off*	Offered	Accepted	Cut-off*	Offered	Accepted	Cut-off*	
FY10	1,360.0	1,106.5	2,875.1	1,376.0	523.2	199.9	-	797.3	362.4	-	1,554.5	813.7	-	65.9
Q1	325.0	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	3,350.0	3,285.6	5,291.9	3,336.6	2,520.1	1,385.4	-	1,995.4	1,446.8	-	776.4	504.4	-	349.5
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
Q2	685.0	704.0	1,262.1	711.0	811.1	440.0	13.25	380.2	242.2	13.46	70.9	28.8	13.78	66.5
Q3	980.0	883.8	1,512.5	942.2	942.7	490.2	13.25	385.2	326.9	13.64	184.6	125.1	13.80	100.2
Q4	1,150.0	1,165.8	1,676.3	1,140.5	274.3	105.8	13.49	1,004.0	729.5	13.74	398.0	305.2	13.91	138.9
FY12	2,050.0	1,800.0	3,331.8	1,852.4	365.7	140.4	-	1,212.7	680.0	-	1,753.4	1,032.1	-	223.9
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
Jan	150.0	148.5	442.1	196.2	110.3	48.1	11.60	194.0	97.2	11.63	137.8	51.0	11.73	31.4
09-Feb	125.0	120.3	217.2	145.9	62.1	30.0	11.74	96.0	71.5	11.81	59.1	44.3	11.89	12.2

Source: Domestic Markets & Monetary Management Department, SBP

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

R: Bids rejected; N: No bids received

\* Quarterly rate are for end-period.



*Against the target of Rs45 billion for Q2-FY12, government was able to raise only Rs33 billion through PIB auctions.*

Yields in % and Face Value in billion Rs#

Settlement Date	Target	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total
22-Dec-11	Cut-off rate	-	12.45	12.70	-	12.70	-	-	-
	Offered	-	6.95	2.70	0.20	2.83	-	-	12.68
	Accepted	15.00	4.25	1.50	R	0.05	-	-	5.80
24-Nov-11	Cut-off rate	-	12.22	-	-	12.32	-	-	-
	Offered	-	9.10	3.02	0.20	7.35	-	-	19.67
	Accepted	15.00	4.90	R	R	4.95	-	-	9.85
13-Oct-11	Cut-off rate	-	12.16	12.19	-	12.24	-	-	-
	Offered	-	9.33	2.90	0.25	11.98	-	-	24.46
	Accepted	15.00	4.94	2.45	R	10.13	-	-	17.52
15-Sep-11	Cut-off rate	-	13.22	13.24	-	13.25	-	-	-
	Offered	-	9.28	8.38	0.20	20.04	-	-	37.89
	Accepted	20.00	6.60	6.68	R	12.84	-	-	26.12

\*N=No bids; R=Bids rejected

# Excluding non-competitive bids and short-selling accommodation

Source: Domestic Markets & Monetary Management Department, SBP

*The government raised substantially higher amount than the target in the last Sukuk auction.*

Auction Date #	Settlement Date	Target	Total Offered	Total Accepted	Cut-off Margin*
20-Dec-11	26-Dec-11	50.00	84.17	70.27	0.00
9-May-11	16-May-11	45.00	51.25	45.80	0.00
1-Mar-11	7-Mar-11	45.00	56.84	47.54	0.00
13-Dec-10	20-Dec-10	40.00	57.75	37.17	0.00

\* This cut-off margin is applicable to all accepted bids. The benchmark is 06-Month MTB Auction Weighted Average Yield.

# The Tenor for Sukuk Auction is fixed for 3 years with a bi-annual coupon payment



Foreign Exchange Market

*Pak rupee has depreciated by 5.2 percent against US\$ during 1st July 2011 to 10th February 2012.*

	PKR against International Currencies			% App/(Dpp) of PKR Cumulative since Jun-11
	Latest 10 Feb 12	Last MPS 30 Nov 11	Jun-11	
	USD	90.68	88.75	
Euro	120.40	117.93	124.54	3.44
Sterling	143.50	137.80	137.35	(4.29)
JPY	1.17	1.14	1.07	(8.45)
USD Kerb	90.70	88.50	86.03	(5.15)
Premium (Rs)	0.02	-0.25	0.06	-
Daily NEER**	59.50	61.72	61.46	(3.18)

\* Nominal Effective Exchange Rate      \*\*Latest NEER available for 08 Feb 2012

Source: SBP

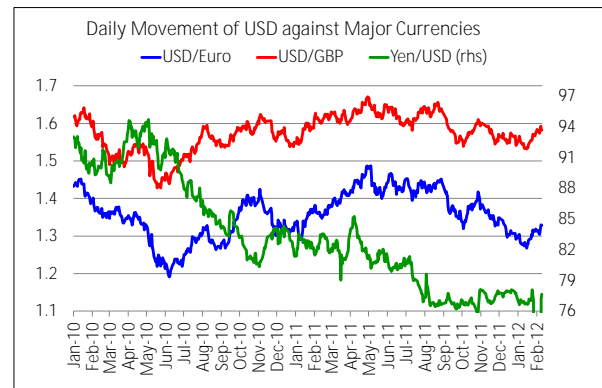
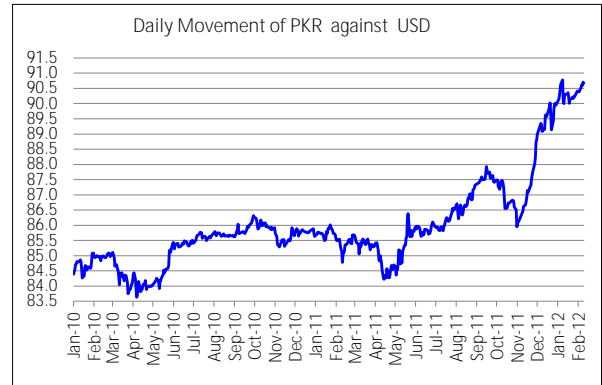
	International Exchange Rates			% App/(Dpp) of USD Cumulative since Jun-11
	Latest 08 Feb 12	Last MPS 30 Nov 11	Jun-11	
	EUR/USD	1.33	1.33	
GBP/USD	1.58	1.55	1.60	0.96
USD/JPY	77.64	78.00	80.40	(3.43)
USD/INR	49.63	52.26	44.69	11.07
USD/CNY	6.30	6.38	6.46	(2.54)
USD/THB	30.83	31.17	30.76	0.23
USD/MYR	3.03	3.18	3.02	0.38
USD/SGD	1.26	1.30	1.23	2.15

Source: SBP

USD/PKR Interbank Exchange Rate Trends on Fiscal Year Basis

	High	Low	Close	Average	Volatility C/C <sup>1</sup>
FY10	85.58	81.40	85.51	83.89	3.02
FY11	86.50	83.93	85.97	85.56	2.40
FY12*	91.32	85.79	90.68	87.82	2.70

<sup>1</sup> Reuters: Average Close-to-Close Daily Volatility (in %) \*Updated up to 10th February 2012



USD/PKR Interbank Exchange Rate Trends on Quarterly Basis

	High	Low	Close	Average	Volatility C/C <sup>1</sup>
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	84.67	2.98
Q4-FY10	85.58	83.50	85.51	84.60	3.78
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
Q3-FY12*	91.32	89.67	90.68	90.34	3.97

<sup>1</sup> Reuters: Average Close-to-Close Daily Volatility (in %) \*Updated up to 10th February 2012



*In real terms, PKR has appreciated by 3 percent during H1-FY12, mainly due to higher domestic inflation vis-à-vis our trading partners and competitor countries.*

Changes in Real Effective Exchange Rate (REER)  
Base Year: FY05

	REER Index	App(+)/Dep(-)												
		2009				2010				2011				
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec <sup>P</sup>	
2009	Mar	100.78	-	-4.53	-5.74	-7.19	-2.41	1.75	2.96	2.68	1.46	1.28	4.06	4.32
	Jun	96.22	-	-	-1.27	-2.78	2.22	6.58	7.85	7.56	6.27	6.09	9.00	9.27
	Sep	94.99	-	-	-	-1.53	3.54	7.95	9.24	8.94	7.64	7.45	10.40	10.68
	Dec	93.54	-	-	-	-	5.15	9.63	10.94	10.64	9.32	9.12	12.12	12.40
2010	Mar	98.36	-	-	-	-	-	4.26	5.50	5.22	3.96	3.78	6.63	6.89
	Jun	102.54	-	-	-	-	-	-	1.19	0.92	-0.28	-0.46	2.27	2.52
	Sep	103.76	-	-	-	-	-	-	-	-0.27	-1.46	-1.63	1.07	1.32
	Dec	103.49	-	-	-	-	-	-	-	-	-1.19	-1.37	1.34	1.59
2011	Mar	102.25	-	-	-	-	-	-	-	-	-	-0.18	2.57	2.82
	Jun	102.07	-	-	-	-	-	-	-	-	-	-	2.75	3.00
	Sep	104.87	-	-	-	-	-	-	-	-	-	-	-	0.24
	Dec <sup>P</sup>	105.13	-	-	-	-	-	-	-	-	-	-	-	-

<sup>P</sup> Provisional

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

	WA Exchange Rate	App(+)/Dep(-)													
		2009				2010				2011				2012	
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	10-Feb	
2009	Mar	80.44	-	-1.17	-3.29	-4.54	-4.44	-5.88	-6.77	-6.15	-5.71	-6.45	-8.07	-10.59	-11.32
	Jun	81.39	-	-	-2.15	-3.41	-3.31	-4.77	-5.67	-5.04	-4.60	-5.35	-6.99	-9.53	-10.28
	Sep	83.18	-	-	-	-1.29	-1.19	-2.68	-3.60	-2.96	-2.50	-3.27	-4.94	-7.55	-8.31
	Dec	84.26	-	-	-	-	0.10	-1.40	-2.34	-1.69	-1.23	-2.01	-3.70	-6.34	-7.11
2010	Mar	84.18	-	-	-	-	-	-1.50	-2.44	-1.79	-1.33	-2.10	-3.80	-6.43	-7.20
	Jun	85.46	-	-	-	-	-	-	-0.95	-0.29	0.18	-0.61	-2.33	-5.01	-5.79
	Sep	86.29	-	-	-	-	-	-	-	0.67	1.14	0.34	-1.39	-4.09	-4.88
	Dec	85.71	-	-	-	-	-	-	-	-	0.47	-0.32	-2.05	-4.73	-5.51
2011	Mar	85.31	-	-	-	-	-	-	-	-	-	-0.79	-2.50	-5.18	-5.96
	Jun	85.99	-	-	-	-	-	-	-	-	-	-	-1.73	-4.42	-5.21
	Sep	87.50	-	-	-	-	-	-	-	-	-	-	-	-2.74	-3.54
	Dec	89.97	-	-	-	-	-	-	-	-	-	-	-	-	-0.82
2012	10-Feb	90.71	-	-	-	-	-	-	-	-	-	-	-	-	-



Capital Market

Performance of capital market improved in February 2012 against deterioration observed in January 2012.

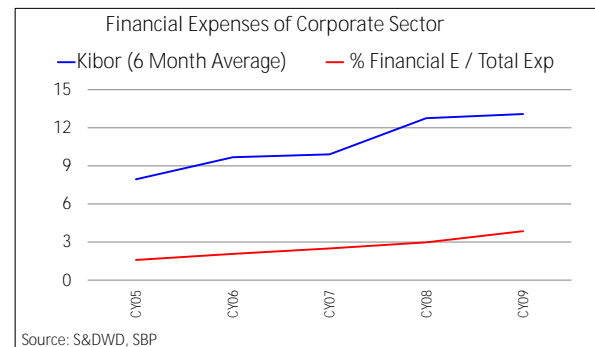
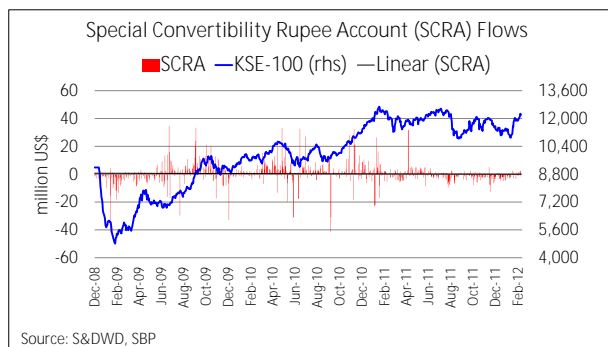
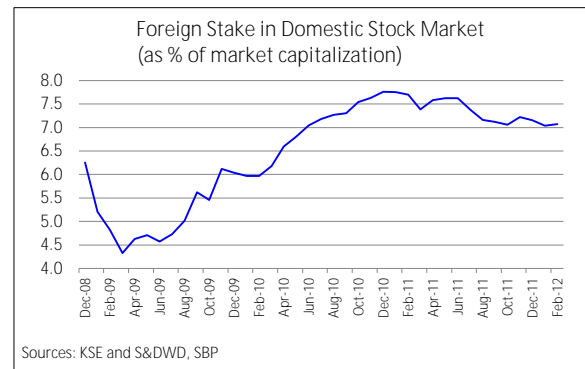
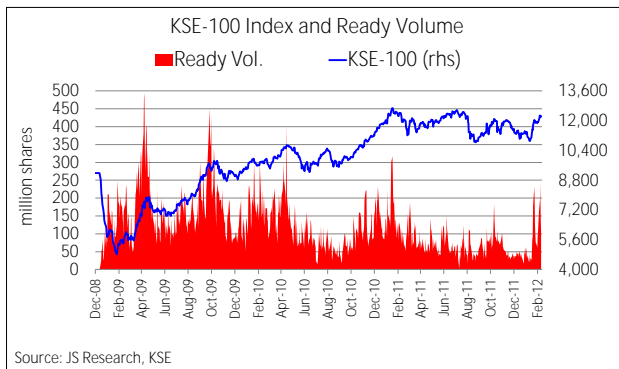
Performance of Karachi Stock Exchange

	FY12			FY11	Change (%)			
	Feb-12 <sup>1</sup>	Jan-12	H1-FY12		February 12 <sup>1</sup> over January 12	February 12 <sup>1</sup> over H1-FY12	FY11 over FY10	FY10 over FY09
KSE-100 Index	12,231.6	11,874.9	11,347.7	12,496.0	3.0	7.8	25.4	35.7
KSE-30 Index	11,415.2	11,172.9	10,179.0	11,586.5	2.2	12.1	21.0	26.2
Market Capitalization (billion Rs.)	3,185.4	3,083.3	2,945.8	3,288.7	3.3	8.1	17.9	28.8
Ready Volume (million shares-avg.)	107.1	60.2	62.6	95.0	78.0	71.2	-66.6	54.3
SCRA flows (US\$ million)	3.5	-11.8	-208.7	237.6	N/A*	N/A*	-107.6	205.9

<sup>1</sup> As of 10th Feb 2012, except SCRA flows which is updated till 9th February 2012.

\* Growth cannot be calculated due to negative flows in January FY12 and H1-FY12.

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





### Financial Soundness Indicators

*Although the ratio of banks' liquid assets to total assets and deposits have increased during September 2011, their NPLs to total loans ratio has been consistently rising in the past few years.*

percent

	2008*	2009	Jun 2010	Dec 2010	Jun 2011	Sep 2011
Risk weighted CAR **	12.2	14.0	13.9	14.0	14.1	14.9
NPLs to total loans	10.5	12.6	12.9	14.7	15.3	16.7
Provision to NPLs	69.6	69.9	73.2	66.7	67.9	65.8
Returns on assets (before tax)	1.2	1.3	1.8	1.7	2.1	2.1
Return on assets (after tax)	0.8	0.9	1.1	1.0	1.4	1.4
ROE (before tax) ***	11.4	13.2	17.7	16.7	21.8	21.5
ROE (after tax) ***	7.8	8.9	10.9	9.8	14.3	14.1
Net interest income/gross income	70.3	72.4	74.7	74.7	75.9	76.5
Liquid assets/total assets	28.2	32.7	34.2	35.0	38.2	40.5
Liquid assets/total deposits	37.7	44.5	45.3	45.9	49.5	54.5
Advances/deposits	75.2	67.7	63.0	61.4	56.7	56.6

Source: Banking Surveillance Department, SBP

Note: FSIs are prepared on the basis of annual audited accounts except for quarter ended Jun-10, Dec-10, Mar-11 and Jun-11 which are based on unaudited Quarterly Report of Condition (QRC) submitted by banks.

\*Statistics for 2008 has been restated on the basis of audit for the year 2009.

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

\*\*\*Average equity and surplus

