



Monetary Policy Information Compendium

April 2013

Consolidated by

Monetary Policy Department

STATE BANK OF PAKISTAN



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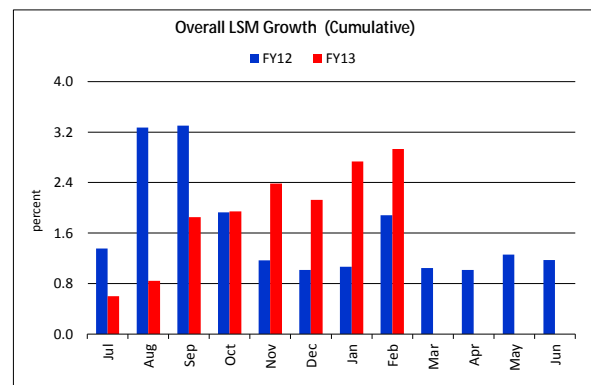
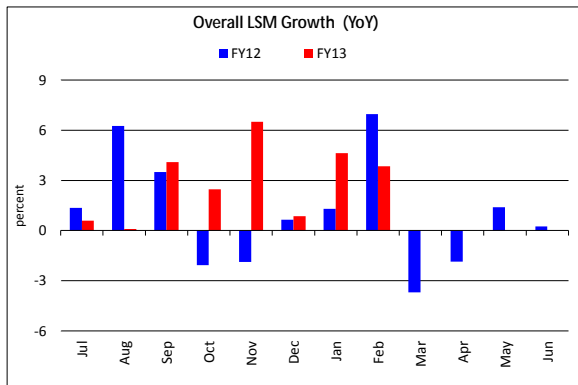


Growth

Annualized LSM growth of 2.9 percent is recorded for the period July-February FY13, which is higher than growth of 1.9 percent observed in the same period of FY12.

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

| Groups | Weights | YoY changes | | | | Cumulative change during Jul-Feb | | | |
|-------------------------------|---------|-------------|---------|--------|--|----------------------------------|---------|------|--|
| | | Feb-13 | | Feb-12 | | FY13 | | FY12 | |
| Overall | 71.1 | 3.8 | 7.0 | | | 2.9 | 1.9 | | |
| Textile | 20.9 | ↑ 2.6 | ↑ 0.7 | | | ↑ 0.8 | ↑ 0.9 | | |
| Food, beverages and tobacco | 12.4 | ↑ 7.8 | ↑ 20.2 | | | ↑ 5.4 | ↑ 10.4 | | |
| Petroleum products | 5.4 | ↑ 11.5 | ↓ -9.7 | | | ↑ 11.5 | ↓ -2.7 | | |
| Iron and steel products | 5.4 | ↑ 6.9 | ↓ -16.7 | | | ↑ 13.0 | ↓ -29.5 | | |
| Non-metallic mineral products | 5.4 | ↑ 7.7 | ↓ -1.3 | | | ↑ 5.1 | ↑ 2.7 | | |
| Automobile | 4.6 | ↓ -24.4 | ↑ 11.5 | | | ↓ -12.0 | ↓ -0.6 | | |
| Fertilizer | 4.4 | ↑ 11.8 | ↓ -10.6 | | | ↓ -5.4 | ↓ -2.4 | | |
| Pharmaceuticals | 3.6 | ↑ 8.2 | ↑ 7.2 | | | ↑ 6.8 | ↑ 10.6 | | |
| Paper and board | 2.3 | ↑ 3.9 | ↑ 57.8 | | | ↑ 27.4 | ↑ 14.4 | | |
| Electronics | 2.0 | ↑ 1.8 | ↓ -8.6 | | | ↓ -9.4 | ↓ -7.1 | | |
| Chemicals | 1.7 | ↑ 3.3 | ↓ -3.0 | | | ↑ 0.9 | ↓ -5.5 | | |
| Leather products | 0.9 | ↓ -7.5 | ↑ 3.7 | | | ↓ -4.7 | ↑ 3.4 | | |
| Wood products | 0.6 | ↓ -18.6 | ↑ 44.3 | | | ↓ -20.4 | ↑ 8.2 | | |
| Engineering industries | 0.4 | ↓ -33.3 | ↑ 5.8 | | | ↓ -15.5 | ↓ -9.5 | | |
| Rubber products | 0.3 | ↓ -3.0 | ↓ -14.6 | | | ↑ 21.1 | ↓ -24.9 | | |



Production targets of all the 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 ^T | FY12 ^P | FY11 ^R | FY12 ^P over FY11 ^R | FY12 ^P | FY11 ^R | FY12 ^P over FY11 ^R | FY12 ^P | FY11 ^R | FY12 ^P over FY11 ^R | FY12 ^P over FY11 ^R | |
| Cotton ¹ | 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 | | |

¹ Cotton production is stated in million bales of 170 kg each.

P: Provisional; T: Target; R: Revised

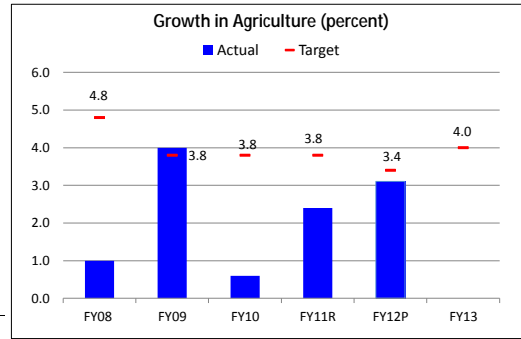
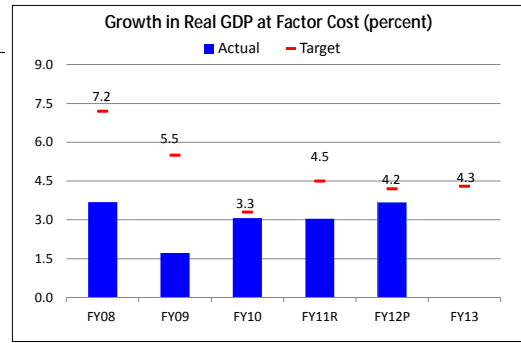
Sources: Pakistan Bureau of Statistics (PBS) and Planning Commission of Pakistan.



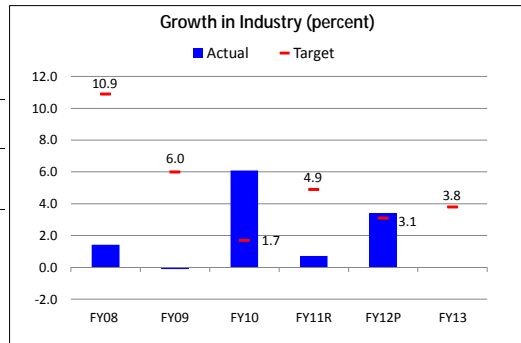
Provisional estimates show moderate recovery in GDP growth (3.7 percent) during FY12, though the target (4.2 percent) was not achieved.

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

| | FY12 ^P | | | FY11 ^R Growth |
|-----------------------------------|-------------------|-------------|--------------|-----------------------------|
| | Growth | Shares | Contribution | |
| Agriculture of which | 3.1 | 21.1 | 0.7 | 2.4 |
| 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 |
| Industry of which | 3.4 | 25.4 | 0.9 | 0.7 |
| Manufacturing | 3.6 | 18.6 | 0.7 | 3.1 |
| Large-scale ¹ | 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 |
| Services of which | 4.0 | 53.5 | 2.1 | 4.4 |
| Transport and communication | 1.3 | 9.6 | 0.1 | 0.9 |
| Wholesale and retail trade | 3.6 | 17.1 | 0.6 | 3.5 |
| Finance and insurance | 6.5 | 4.8 | 0.3 | -1.4 |
| Public administration and defence | 2.6 | 6.6 | 0.2 | 14.2 |
| Real GDP (fc) | 3.7 | - | - | 3.0 |
| Real GDP (market prices) | 4.2 | - | - | 3.0 |

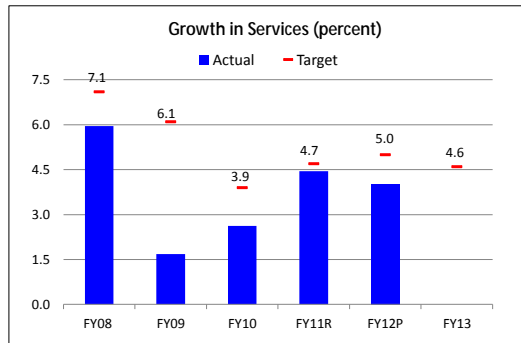


| | FY12(P) | FY11(R) | FY10 |
|---|---------|---------|--------|
| Real GDP (fc, billion Rs) | 6,029 | 5,815 | 5,644 |
| Nominal GDP (mp, billion Rs) | 20,654 | 18,033 | 14,804 |
| Nominal GDP (mp, billion US\$) ² | 231 | 211 | 176 |



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

| | FY12 ^P | | | FY11 ^R Growth |
|--|-------------------|---------------------|---------------------------|-----------------------------|
| | Growth | Shares ³ | Contribution ³ | |
| Consumption | 11.1 | 88.3 | 9.2 | 3.9 |
| Private | 11.6 | 75.3 | 8.1 | 3.7 |
| Government | 8.2 | 13.0 | 1.0 | 5.2 |
| Fixed capital formation | -10.2 | 10.8 | -1.3 | -5.6 |
| Private | -13.0 | 7.9 | -1.2 | -6.7 |
| Public plus general government | -1.6 | 2.9 | 0.0 | -1.8 |
| Changes in stocks | 4.2 | 1.6 | 0.1 | 3.0 |
| Net exports of goods and nonfactor services | -125.5 | -0.7 | -3.8 | 16.3 |
| 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 |
| GDP (market prices) | 4.2 | 100.0 | 4.2 | 3.0 |
| Less indirect taxes plus subsidies | 13.2 | - | - | 1.5 |
| GDP (fc) | 3.7 | - | - | 3.0 |
| Total domestic demand⁴ | 8.2 | - | - | 2.6 |



¹ For FY12, LSM data pertains to July-February; ² GDP in dollar terms is calculated using average exchange rate during the year.

³ Shares and contributions in GDP growth are based on real GDP(mp).

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

Source: Pakistan Bureau of Statistics; ^R: Revised; ^P: Provisional

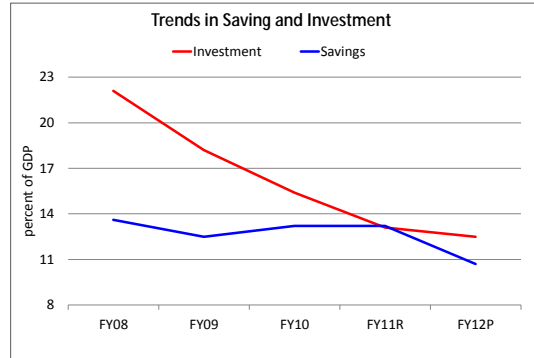


Saving and Investment

Investment as percent of GDP continues to fall.

Saving and Investment (at current market prices)
as percent of GDP

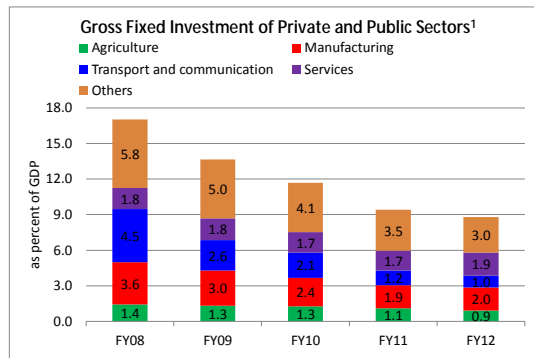
| | Target | Actual | |
|--------------------------------------|--------|-------------------|------|
| | FY13 | FY12 ^P | FY11 |
| A. Investment | 13.1 | 12.5 | 13.1 |
| Gross fixed investment | 11.5 | 10.9 | 11.5 |
| Private sector | 8.3 | 7.9 | 8.6 |
| Public sector | - | 0.9 | 0.8 |
| General government | - | 2.1 | 2.1 |
| Change in capital stocks | 1.6 | 1.6 | 1.6 |
| B. National savings | 11.2 | 10.7 | 13.2 |
| C. Domestic savings | - | 8.9 | 13.3 |
| Saving investment gap (B - A) | -1.9 | -1.7 | 0.1 |



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

Gross Fixed Investment of Private and Public Sectors¹

| | FY12 ^P | | 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 |
| Total | 8.8 | 100.0 | 9.4 |



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

^P: Provisional

Source: Pakistan Bureau of Statistics and Planning Commission of Pakistan.



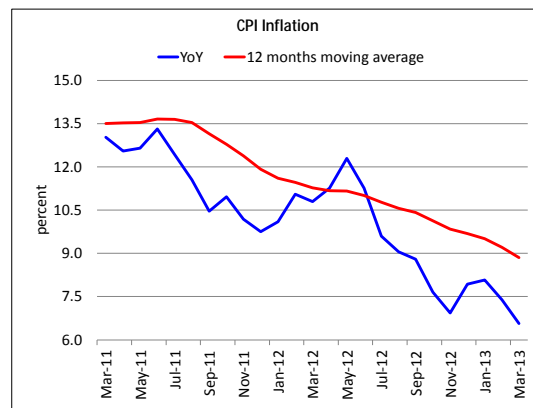
Inflation

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

Headline CPI inflation (YoY) has decreased to 6.6 percent in March 2013 from 7.4 percent in the previous month.

Consumer Price Index (CPI) (percent change)

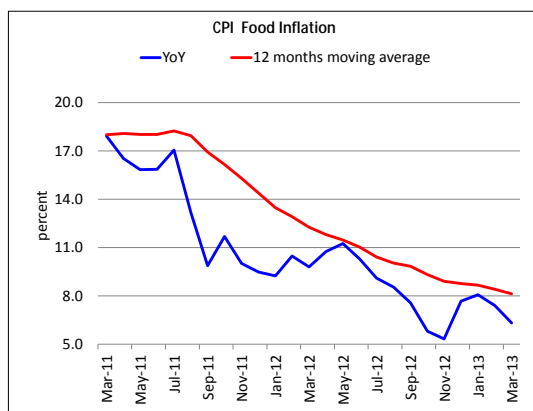
| | MoM ¹ | MoM SA ² | YoY ³ | 12M moving average ⁴ |
|--------------------------|------------------|---------------------|------------------|---------------------------------|
| Mar-12 | 1.2 | 1.0 | 10.8 | 11.3 |
| Apr-12 | 1.8 | 1.1 | 11.3 | 11.2 |
| May-12 | 1.1 | 1.5 | 12.3 | 11.2 |
| Jun-12 | 0.0 | 0.1 | 11.3 | 11.0 |
| Jul-12 | -0.2 | -0.8 | 9.6 | 10.8 |
| Aug-12 | 0.9 | 0.4 | 9.1 | 10.6 |
| Sep-12 | 0.8 | 0.7 | 8.8 | 10.4 |
| Oct-12 | 0.4 | 0.3 | 7.7 | 10.1 |
| Nov-12 | -0.4 | 0.0 | 6.9 | 9.8 |
| Dec-12 | 0.2 | 1.4 | 7.9 | 9.7 |
| Jan-13 | 1.7 | 1.1 | 8.1 | 9.5 |
| Feb-13 | -0.3 | 0.5 | 7.4 | 9.2 |
| Mar-13 | 0.4 | 0.2 | 6.6 | 8.9 |
| 3-year average for March | 1.0 | 0.8 | 10.1 | |



Food inflation (YoY) has declined to 6.3 percent in March 2013 from 7.4 percent in the previous month.

CPI - Food (37.48 % weight in basket) (percent change)

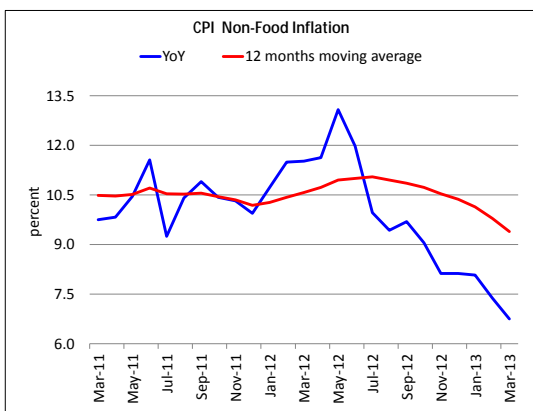
| | MoM ¹ | MoM SA ² | YoY ³ | 12M moving average ⁴ |
|--------------------------|------------------|---------------------|------------------|---------------------------------|
| Mar-12 | 1.5 | 0.9 | 9.8 | 12.3 |
| Apr-12 | 2.2 | 1.2 | 10.7 | 11.8 |
| May-12 | 0.2 | 0.8 | 11.3 | 11.5 |
| Jun-12 | -0.2 | 0.2 | 10.3 | 11.0 |
| Jul-12 | 1.8 | 0.1 | 9.1 | 10.4 |
| Aug-12 | 0.9 | -0.1 | 8.5 | 10.0 |
| Sep-12 | 0.7 | 0.3 | 7.6 | 9.8 |
| Oct-12 | -0.1 | -0.2 | 5.8 | 9.3 |
| Nov-12 | -0.3 | 0.2 | 5.3 | 8.9 |
| Dec-12 | 0.0 | 2.3 | 7.7 | 8.8 |
| Jan-13 | 1.9 | 1.1 | 8.1 | 8.7 |
| Feb-13 | -1.3 | 0.4 | 7.4 | 8.4 |
| Mar-13 | 0.5 | -0.1 | 6.3 | 8.1 |
| 3-year average for March | 1.4 | 0.8 | 11.3 | |



Non-food inflation (YoY) has decreased to 6.7 percent in March 2013 from 7.4 percent in February 2013.

CPI - Non Food (62.52 % weight in basket) (percent change)

| | MoM ¹ | MoM SA ² | YoY ³ | 12M moving average 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 | 2.1 | 13.1 | 11.0 |
| Jun-12 | 0.2 | 0.1 | 12.0 | 11.0 |
| Jul-12 | -1.7 | -1.5 | 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 | -0.2 | 8.1 | 10.5 |
| Dec-12 | 0.4 | 0.7 | 8.1 | 10.4 |
| Jan-13 | 1.5 | 1.0 | 8.1 | 10.1 |
| Feb-13 | 0.3 | 0.5 | 7.4 | 9.8 |
| Mar-13 | 0.3 | 0.4 | 6.7 | 9.4 |
| 3-year average for March | 0.7 | 0.8 | 9.3 | |



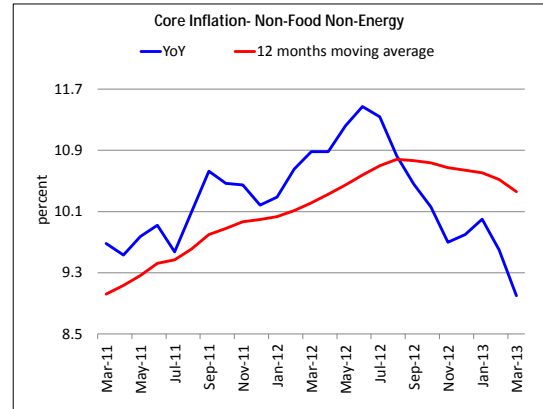
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

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



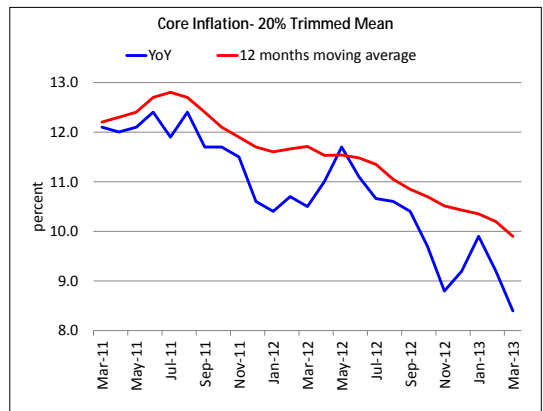
The non-food non-energy (NFNE) measure of core inflation has decreased to 9.0 percent (YoY) in March 2013 from 9.6 percent in February 2013.

| | Core - Non-food non-energy (53.52% weight in basket) (percent change) | | |
|--------------------------|---|------|--------------------|
| | MoM | YoY | 12M moving average |
| 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 | 10.5 | 10.8 |
| Oct-12 | 1.2 | 10.2 | 10.7 |
| Nov-12 | 0.2 | 9.8 | 10.7 |
| Dec-12 | 0.5 | 9.8 | 10.6 |
| Jan-13 | 1.2 | 10.0 | 10.6 |
| Feb-13 | 0.4 | 9.6 | 10.5 |
| Mar-13 | 0.4 | 9.0 | 10.4 |
| 3-year average for March | 0.7 | 9.9 | |



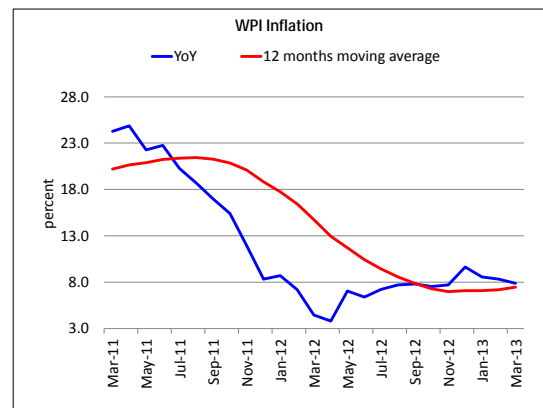
The 20 percent trimmed mean measure of core inflation has decreased to 8.4 percent (YoY) in March 2013 from 9.2 percent in the previous month.

| Core - 20% Trimmed (percent change) | | | |
|-------------------------------------|-----|------|--------------------|
| | MoM | YoY | 12M moving average |
| 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 |
| Dec-12 | 0.3 | 9.2 | 10.4 |
| Jan-13 | 1.0 | 9.9 | 10.4 |
| Feb-13 | 0.2 | 9.2 | 10.2 |
| Mar-13 | 0.2 | 8.4 | 9.9 |
| 3-year average for March | 0.7 | 10.3 | |



The WPI inflation (YoY) has decreased to 7.9 percent in March 2013 from 8.3 percent in February 2013.

| Wholesale Price Index (WPI) (percent change) | | | | |
|--|------|--------|------|--------------------|
| | MoM | MoM SA | YoY | 12M moving average |
| Mar-12 | 0.7 | 0.3 | 4.5 | 14.7 |
| Apr-12 | 1.8 | 1.1 | 3.8 | 13.0 |
| May-12 | 2.1 | 2.2 | 7.1 | 11.7 |
| Jun-12 | 0.0 | -0.3 | 6.4 | 10.4 |
| Jul-12 | 0.4 | 0.4 | 7.2 | 9.4 |
| Aug-12 | 1.0 | 0.5 | 7.7 | 8.6 |
| Sep-12 | 0.3 | 0.6 | 7.8 | 7.9 |
| Oct-12 | 0.1 | 0.6 | 7.5 | 7.3 |
| Nov-12 | -0.4 | 0.0 | 7.7 | 7.0 |
| Dec-12 | 0.4 | 1.7 | 9.6 | 7.1 |
| Jan-13 | 1.2 | 0.4 | 8.6 | 7.1 |
| Feb-13 | 0.3 | 0.6 | 8.3 | 7.2 |
| Mar-13 | 0.3 | -0.2 | 7.9 | 7.5 |
| 3-year average for March | 1.4 | 1.0 | 12.2 | |

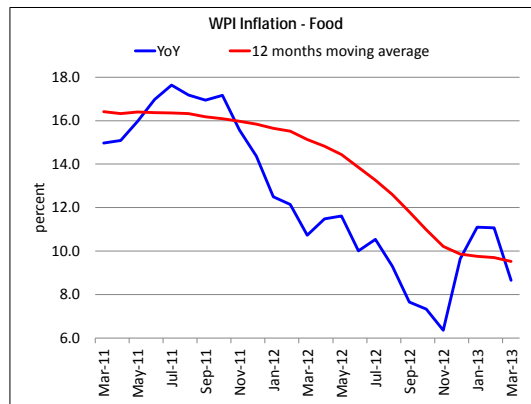


Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



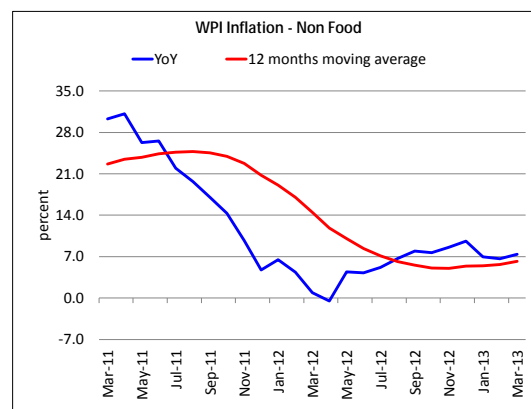
WPI food inflation (YoY) has declined sharply to 8.7 percent in March 2013 from 11.1 percent in February 2013.

| WPI - Food (38.82% weight in basket) (percent change) | | | | |
|---|------|--------|------|--------------------|
| | MoM | MoM SA | YoY | 12M moving average |
| Mar-12 | 1.6 | 0.9 | 10.7 | 15.1 |
| Apr-12 | 2.2 | 1.6 | 11.5 | 14.8 |
| May-12 | 1.1 | 1.5 | 11.6 | 14.4 |
| Jun-12 | 1.5 | 0.7 | 10.0 | 13.9 |
| Jul-12 | 2.4 | 2.1 | 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 | 0.8 | 7.3 | 11.0 |
| Nov-12 | -1.6 | -1.2 | 6.4 | 10.2 |
| Dec-12 | 1.3 | 3.1 | 9.6 | 9.9 |
| Jan-13 | 1.7 | 0.9 | 11.1 | 9.8 |
| Feb-13 | -0.8 | 0.7 | 11.1 | 9.7 |
| Mar-13 | -0.6 | -1.3 | 8.7 | 9.5 |
| 3-year average for March | 1.3 | 0.6 | 11.5 | |



WPI non-food (YoY) inflation has increased to 7.4 percent in March 2013 from 6.6 percent in February 2013.

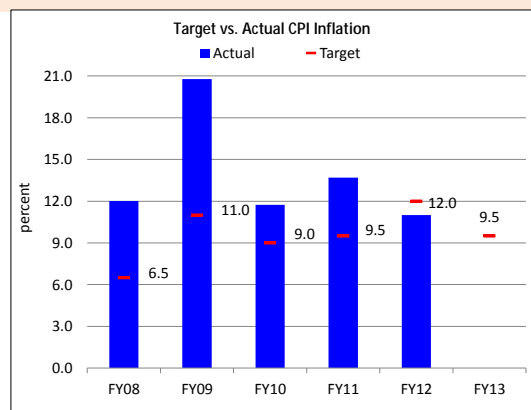
| WPI - Non Food (61.18% weight in basket) (percent change) | | | | |
|---|------|--------|------|--------------------|
| | MoM | MoM SA | YoY | 12M moving average |
| Mar-12 | 0.1 | -0.1 | 0.9 | 14.5 |
| Apr-12 | 1.5 | 0.8 | -0.5 | 11.8 |
| May-12 | 2.8 | 2.6 | 4.4 | 10.1 |
| Jun-12 | -1.0 | -0.9 | 4.2 | 8.4 |
| Jul-12 | -0.9 | -0.7 | 5.1 | 7.1 |
| Aug-12 | 1.2 | 1.1 | 6.7 | 6.2 |
| Sep-12 | 0.4 | 1.0 | 7.9 | 5.5 |
| Oct-12 | 0.1 | 0.5 | 7.7 | 5.1 |
| Nov-12 | 0.4 | 0.7 | 8.6 | 5.0 |
| Dec-12 | -0.1 | 0.7 | 9.6 | 5.4 |
| Jan-13 | 1.0 | 0.1 | 7.0 | 5.5 |
| Feb-13 | 1.1 | 0.6 | 6.6 | 5.6 |
| Mar-13 | 0.8 | 0.6 | 7.4 | 6.2 |
| 3-year average for March | 1.5 | 1.3 | 12.9 | |



Average CPI inflation has declined to 8.0 percent during July-March FY13 against 10.8 percent recorded in July-March FY12.

| | Average CPI and WPI Inflation (percent change) | | | WPI |
|--------------|--|------|----------|------|
| | Headline | Food | Non Food | |
| FY11 | 13.7 | 18.0 | 10.7 | 21.2 |
| FY12 | 11.0 | 11.0 | 11.0 | 10.4 |
| Jul-Mar FY12 | 10.8 | 11.1 | 10.6 | 12.2 |
| Jul-Mar FY13 | 8.0 | 7.3 | 8.5 | 8.1 |

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





CPI and SPI Inflation by Groups

The YoY decline in headline CPI inflation in March 2013 was due to moderation in both food and non-food inflation.

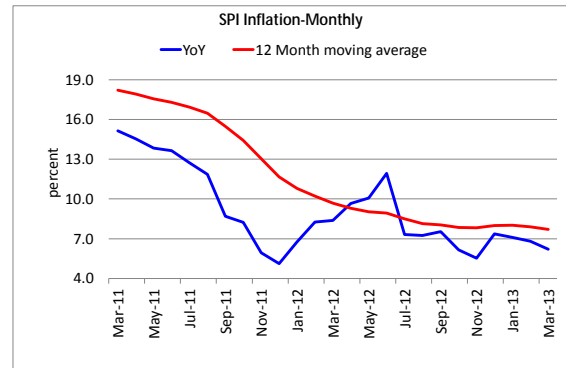
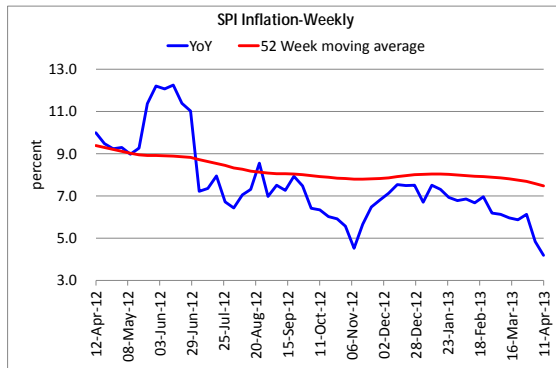
Group-Wise CPI Inflation

| Groups | Weights | Mar-13 | | | Feb-13 | | |
|---|-------------|------------|------------|---------------------|-------------|------------|---------------------|
| | | MoM | YoY | 12m MA ¹ | MoM | YoY | 12m MA ¹ |
| I. Food group | 37.5 | 0.5 | 6.3 | 8.1 | -1.3 | 7.4 | 8.4 |
| Food and non-alcoholic beverages | 34.8 | 0.5 | 5.9 | 7.7 | -1.4 | 6.9 | 8.0 |
| Alcoholic beverages and tobacco | 1.4 | 0.0 | 16.9 | 17.0 | 0.0 | 18.5 | 16.3 |
| Restaurant & hotels | 1.2 | 0.4 | 8.6 | 10.3 | 1.4 | 9.8 | 10.6 |
| II. Non-food group | 62.5 | 0.3 | 6.7 | 9.4 | 0.3 | 7.4 | 9.8 |
| Clothing and footwear | 7.6 | 0.6 | 12.6 | 15.1 | 0.8 | 15.7 | 15.4 |
| Housing, water, electricity, gas fuels | 29.4 | 0.1 | 3.6 | 5.5 | 0.0 | 3.5 | 5.9 |
| Furnishing & household equipment maintenance etc. | 4.2 | 0.3 | 9.3 | 15.5 | 0.5 | 9.9 | 16.4 |
| Health | 2.2 | 0.3 | 12.4 | 14.0 | 0.3 | 13.2 | 13.9 |
| Transport | 7.2 | 0.4 | 6.0 | 12.5 | 0.9 | 7.6 | 13.6 |
| Communication | 3.2 | 0.0 | 5.1 | 1.3 | 0.0 | 5.1 | 0.8 |
| Recreation and culture | 2.0 | 2.0 | 18.2 | 17.3 | 0.2 | 17.0 | 16.4 |
| Education | 3.9 | 1.2 | 8.7 | 10.2 | 0.5 | 8.4 | 10.5 |
| Miscellaneous | 2.8 | 0.0 | 7.5 | 12.1 | 0.5 | 8.6 | 13.2 |
| Overall | 100 | 0.4 | 6.6 | 8.9 | -0.3 | 7.4 | 9.2 |

SPI has contracted by 0.15 percent (WoW) during the second week of April 2013.

Sensitive Price Indicator (SPI) (percent change)

| Income groups | 11-Apr-13 | 4-Apr-13 | 28-Mar-13 | 21-Mar-13 | Mar-13 | | |
|----------------|------------------|--------------|-------------|-------------|-------------|------------|---------------------|
| | WoW ² | | | | MoM | YoY | 12m MA ¹ |
| Up to Rs 8000 | -0.35 | -0.26 | 0.49 | 0.23 | 0.78 | 8.7 | 8.1 |
| Rs 8001-12000 | -0.27 | -0.23 | 0.50 | 0.19 | 0.70 | 10.1 | 9.9 |
| Rs 12001-18000 | -0.22 | -0.20 | 0.50 | 0.17 | 0.69 | 9.5 | 9.5 |
| Rs 18001-35000 | -0.16 | -0.18 | 0.50 | 0.15 | 0.64 | 5.1 | 7.0 |
| Above Rs 35000 | -0.04 | -0.15 | 0.47 | 0.11 | 0.56 | 2.3 | 5.5 |
| All | -0.15 | -0.19 | 0.49 | 0.15 | 0.64 | 6.2 | 7.7 |



¹ Twelve month moving average inflation ² WoW: Week on Week.

Sources: Pakistan Bureau of Statistics

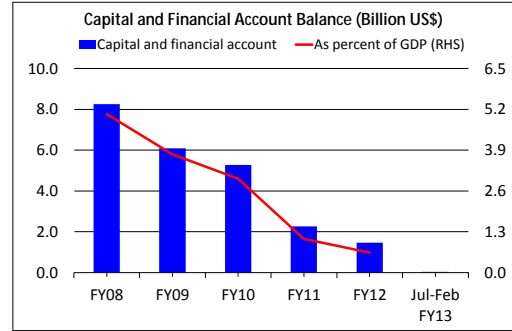
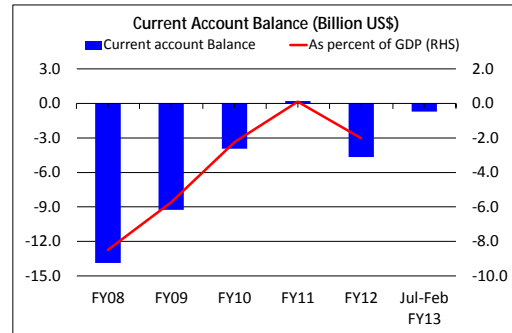
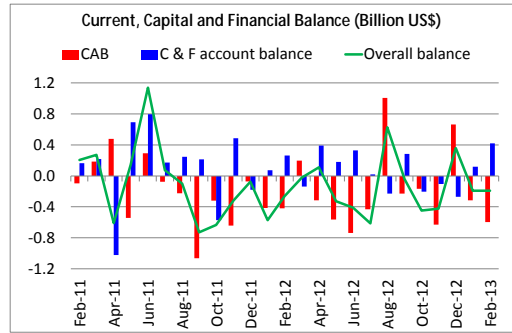


Balance of Payments

In February 2013, the external current account deficit increased to US\$ 596 million.

Balance of Payments Summary (million US\$)

| Items | Feb-13 | Jul-Feb | | FY12 |
|--|--------|---------|---------|---------|
| | | FY13 | FY12 | |
| A) Current account balance (CAB) | -596 | -700 | -3,235 | -4,658 |
| Trade balance | -1,236 | -10,170 | -10,981 | -15,765 |
| Exports | 1,920 | 16,047 | 16,195 | 24,696 |
| Imports | 3,156 | 26,217 | 27,176 | 40,461 |
| Services (net); of which | -254 | -178 | -1,884 | -3,192 |
| CSF | 0 | 1,806 | 0 | 0 |
| Income (net) | -346 | -2,311 | -1,939 | -3,245 |
| Current transfers (net); of which | 1,240 | 11,959 | 11,569 | 17,544 |
| Remittances | 1,028 | 9,235 | 8,593 | 13,186 |
| B) Capital and financial (C&F) account balance ; of which | 419 | 34 | 704 | 1,463 |
| Foreign direct investment (net) ¹ | -39 | 423 | 503 | 744 |
| Foreign portfolio investment (net) | 27 | 168 | -146 | -144 |
| Other investment assets | 347 | -151 | -241 | 9 |
| Other investment liabilities | 22 | -607 | 445 | 671 |
| Of which: General government | 123 | 283 | 349 | 998 |
| Disbursements | 206 | 1,385 | 1,252 | 2,633 |
| Amortization | 82 | 1,130 | 902 | 1,577 |
| C) Net Errors and omissions | -14 | -257 | -96 | -80 |
| Overall balance (A+B+C) | -191 | -923 | -2,627 | -3,275 |
| SBP gross reserves² | 9,097 | 9,097 | 13,250 | 11,905 |
| SBP net liquid reserves³ | 7,945 | 7,945 | 11,962 | 10,803 |
| <i>As percent of GDP⁴</i> | | | | |
| Current account balance; of which | | -0.3 | -1.4 | -2.0 |
| Exports | | 6.8 | 7.0 | 10.7 |
| Imports | | 11.0 | 11.7 | 17.5 |
| Capital and financial inflows; of which | | 0.0 | 0.3 | 0.6 |
| FDI | | 0.2 | 0.2 | 0.4 |



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

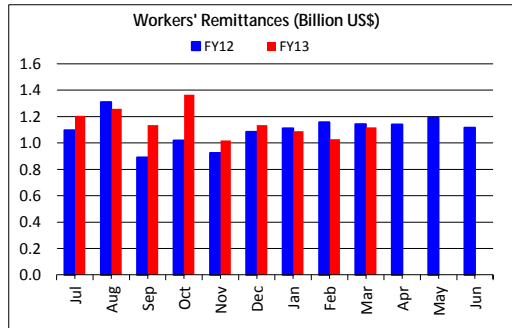
² SBP gross reserves includes banks' deposits for meeting cash reserve requirements (CRR) against their foreign currency deposits and foreign currency cash holdings of SBP, but it excludes unsettled claims on RBI.

³ SBP reserves without CRR, sinking fund, and foreign currency cash holding of SBP. ⁴ For FY13, SBP projected GDP for the full year has been used.

Workers' remittances showed an annualized growth of 6.3 percent in Jul-Mar FY13.

Workers' Remittances⁵ (million US\$)

| | Mar-13 | Jul-Mar | | FY12 |
|------------------------|--------|---------|-------|--------|
| | | FY13 | FY12 | |
| Total inflows | 1,119 | 10,354 | 9,736 | 13,187 |
| USA | 176 | 1,637 | 1,724 | 2,334 |
| UK | 150 | 1,435 | 1,132 | 1,521 |
| Saudi Arabia | 352 | 2,979 | 2,655 | 3,687 |
| UAE | 220 | 2,086 | 2,141 | 2,849 |
| Other GCC ⁶ | 128 | 1,196 | 1,099 | 1,495 |
| All others | 93 | 1,021 | 984 | 1,300 |



⁵ Only cash. ⁶ Kuwait, Qatar, Bahrain and Oman.

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

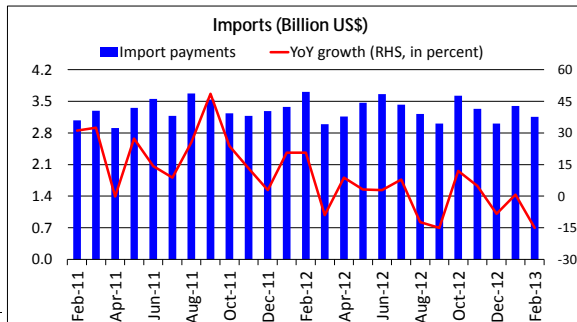
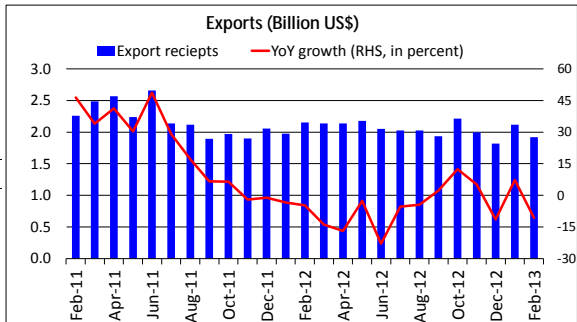
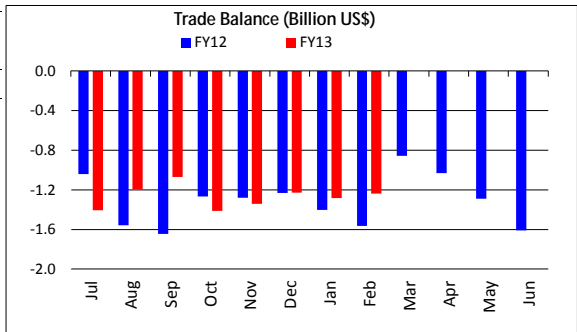


Trade and Foreign Investment

External trade deficit declined by 7.4 percent during Jul-Feb FY13, mainly due to decline in import payments.

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

| | Feb-13 | Jul-Feb | | Shares ¹ FY13 |
|--|---------------|----------------|----------------|-----------------------------|
| | | FY13 | FY12 | |
| Exports | 1,920 | 16,047 | 16,195 | 100 |
| Textile group | 998 | 8,457 | 8,691 | 53 |
| Knitwear, bed wear | 291 | 2,561 | 2,912 | 16 |
| Cotton cloth | 210 | 1,717 | 1,736 | 11 |
| Cotton Yarn | 167 | 1,349 | 1,054 | 8 |
| Readymade garments | 136 | 1,094 | 940 | 7 |
| Other manufactures group | 340 | 2,962 | 2,941 | 18 |
| Chemical and pharma | 85 | 781 | 813 | 5 |
| Leather items ² | 66 | 608 | 613 | 4 |
| Cement | 37 | 353 | 318 | 2 |
| Engineering goods | 32 | 244 | 237 | 2 |
| Jewellery | 6 | 99 | 93 | 1 |
| Food group | 340 | 2,523 | 2,444 | 16 |
| Rice | 163 | 1,120 | 1,339 | 7 |
| All others | 241 | 2,106 | 2,119 | 13 |
| Imports | 3,156 | 26,217 | 27,176 | 100 |
| Petroleum group | 1,079 | 9,468 | 9,873 | 36 |
| Petroleum products | 693 | 5,775 | 6,902 | 22 |
| Petroleum crude | 386 | 3,693 | 2,971 | 14 |
| Machinery group | 283 | 2,621 | 2,424 | 10 |
| Telecom | 67 | 569 | 597 | 2 |
| Electrical machinery | 45 | 395 | 305 | 2 |
| Power machinery | 36 | 345 | 302 | 1 |
| Agriculture & other chemicals group | 446 | 4,236 | 4,672 | 16 |
| Plastic materials | 110 | 993 | 975 | 4 |
| Fertilizer manufactured | 4 | 494 | 889 | 2 |
| Food group | 342 | 2,774 | 3,310 | 11 |
| Palm oil | 143 | 1,343 | 1,701 | 5 |
| Tea | 34 | 264 | 219 | 1 |
| Metal group | 206 | 1,562 | 1,510 | 6 |
| Iron steel (IS) and IS scrap | 176 | 1,269 | 1,210 | 5 |
| All others | 800 | 5,555 | 5,388 | 21 |
| Trade Balance | -1,236 | -10,170 | -10,981 | |



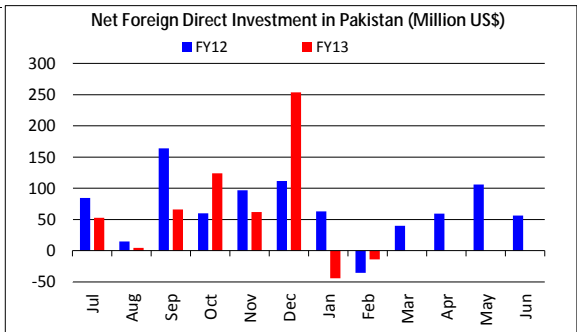
¹ Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total imports during FY13.

² Includes tanned and manufactured leather.

Net FDI recorded an outflow for the second consecutive month in February 2013.

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

| | Feb-13 | Jul-Feb | | FY12 |
|------------------------------------|------------|------------|------------|------------|
| | | FY13 | FY12 | |
| Net inflows: Of which | -14 | 504 | 559 | 821 |
| Major countries | | | | |
| USA | 12 | 134 | 161 | 228 |
| UAE | -13 | -22 | 24 | 37 |
| UK | 14 | 125 | 214 | 206 |
| China | 57 | 68 | 103 | 126 |
| Major sectors | | | | |
| Communication | -103 | -305 | -221 | -315 |
| Financial businesses | 23 | 203 | 45 | 64 |
| Oil and gas exploration | 25 | 340 | 399 | 629 |
| Power | 22 | 42 | -34 | -85 |
| Trade | 0.9 | 3 | 19 | 25 |
| Memorandum Item: | | | | |
| Net overall FDI³ | -39 | 423 | 503 | 744 |



³ 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.

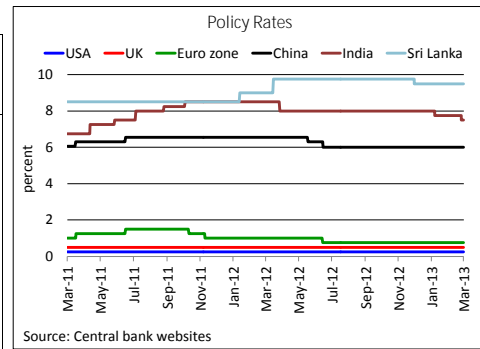


Global Economy

During March 2013, Reserve Bank of India decreased its policy rate by 25 basis points.

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 |
| Euro zone | 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 | 7.50 | Mar 19 2013 | 7.75 | -25 |
| Sri Lanka | 9.50 | Dec 23 2012 | 9.75 | -25 |
| 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 |

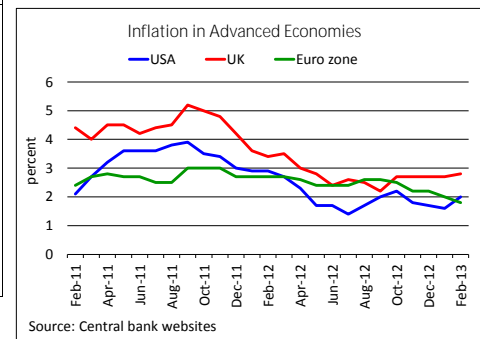
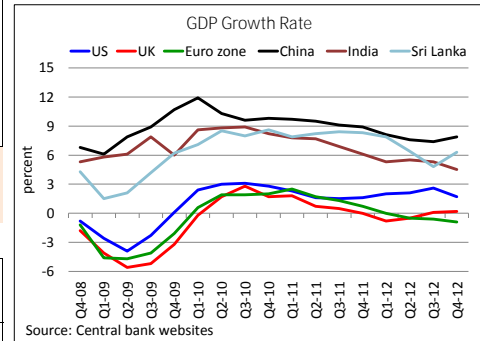


Real GDP in Euro zone continued to decline in Q4-2012.

Key Macroeconomic Indicators

| | Inflation (YoY) ¹ | GDP growth ² | Current account balance ³ | Fiscal balance ³ |
|-------------|------------------------------|-------------------------|--------------------------------------|-----------------------------|
| | February-13 | Q4-2012 | as a percent of GDP ⁴ | |
| USA | 2.0 | 1.7 | -2.6 | -5.4 |
| UK | 2.8 | 0.2 | -3.0 | -7.8 |
| Euro zone | 1.8 | -0.9 | 1.6 | -2.7 |
| Japan | -0.3 | 0.5 | 0.9 | -9.0 |
| Australia | 2.2 | 3.1 | -3.8 | -0.7 |
| China | 3.2 | 7.9 | 1.8 | -2.0 |
| India | 12.1 | 4.5 | -4.1 | -5.0 |
| Sri Lanka | 9.8 | 6.3 | - | - |
| South Korea | 1.4 | 1.5 | 4.4 | 2.6 |
| Malaysia | 1.5 | 6.4 | 6.2 | -4.1 |
| Indonesia | 5.3 | 6.1 | -2.9 | -1.4 |
| Thailand | 3.2 | 18.9 | 1.6 | -2.9 |

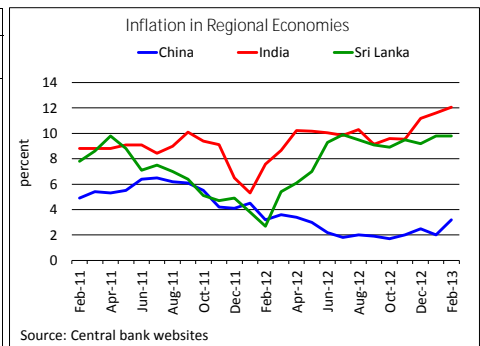
¹ For Australia value pertains to December 2012.
² Annualized growth, measured as a percentage change over the same quarter of previous year.
³ Latest 12 months ⁴ The Economist, Economic and financial indicators, April 6, 2013



For 2013, IMF has forecasted the world output growth at 3.5 percent, showing an improvement over 3.2 percent estimated for 2012.

World Economic Outlook - Real GDP Growth

| | 2012 (IMF estimates) | 2013 Projections | | |
|-----------------------|----------------------|------------------|---------------------|---------------|
| | | IMF (Jan-13) | World Bank (Jan-13) | OECD (Mar-13) |
| World output | 3.2 | 3.5 | 2.4 | - |
| Advanced ⁵ | 1.3 | 1.4 | 1.3 | - |
| US | 2.3 | 2.0 | 1.9 | 2.0 |
| Euro area | -0.4 | -0.2 | -0.1 | -0.1 |
| Japan | 2.0 | 1.2 | 0.8 | 0.7 |
| UK | -0.2 | 1.0 | - | 0.9 |
| Emerging & Developing | 5.1 | 5.5 | 5.5 | - |
| Russia | 3.6 | 3.7 | 3.6 | 3.8 |
| China | 7.8 | 8.2 | 8.4 | 8.5 |
| India | 4.5 | 5.9 | 6.1 | 6.5 |
| ASEAN-5 | 5.7 | 5.5 | - | - |



⁵ World Bank projections are for "high income" countries.

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

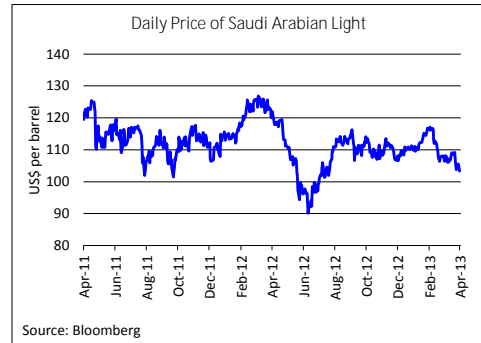
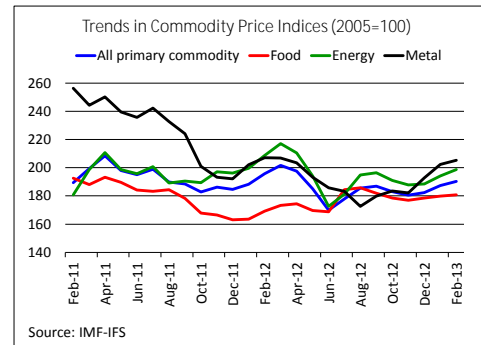


All commodity price index by IMF has registered an increase of 1.7 percent during February 2013.

World Commodity Price Indices (2005=100)

| | Feb-13 | % change since | |
|-------------------------------|--------|----------------|-------------|
| | | Jan-13 | End June-12 |
| All commodity price index | 190.4 | ↑ 1.7 | ↑ 12.1 |
| Food price index | 180.7 | ↑ 0.5 | ↑ 7.1 |
| Energy index | 198.6 | ↑ 2.3 | ↑ 15.1 |
| Non fuel price index | 176.4 | ↑ 0.5 | ↑ 6.5 |
| Metal price index | 205.2 | ↑ 1.4 | ↑ 10.5 |
| Crude oil price (\$/bbl) | 109.6 | ↓ -4.3 | ↑ 11.4 |
| Cotton spot (US cents/ pound) | 84.1 | ↑ 2.6 | ↑ 16.2 |
| Palm oil (\$/m. ton) | 792.4 | ↑ 2.0 | ↓ -14.6 |
| Soya bean Oil (\$/m. ton) | 1132.0 | ↑ 0.8 | ↑ 3.1 |
| Wheat (\$/m. ton) | 318.9 | ↓ -4.9 | ↑ 15.5 |
| Gold spot (\$/Oz) | 1579.6 | ↓ -5.1 | ↓ -1.1 |
| Sugar (US cents/pound) | 20.7 | ↓ -5.7 | ↓ -28.3 |

Sources: Bloomberg for Crude oil price (Saudi Arabian Light), Cotton Spot and Gold spot. IMF (IFS) for all other items.



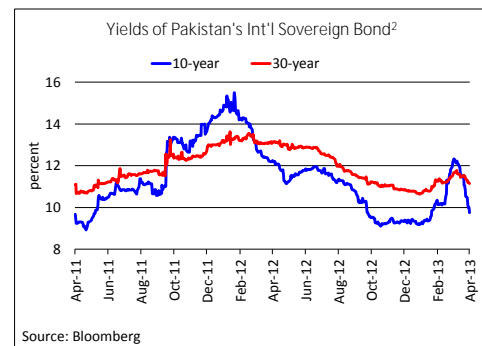
All the major stock price indices have shown considerable growth since end-June 2012.

Capital Market Indices

| | March 2013 ¹ | % change since | |
|-------------------------|-------------------------|----------------|-------------|
| | | Feb-13 | End June-12 |
| US (DJIA) | 14418.3 | ↑ 3.2 | ↑ 14.9 |
| DJ EURO STOXX | 2680.2 | ↑ 1.9 | ↑ 24.5 |
| UK (FTSE 100) | 6435.6 | ↑ 1.9 | ↑ 17.4 |
| Japan (Nikkei 225) | 12244.0 | ↑ 13.9 | ↑ 41.7 |
| China (SSEA) | 2403.6 | ↓ -3.5 | ↑ 0.5 |
| France (CAC 40) | 3786.4 | ↑ 2.9 | ↑ 23.9 |
| Germany (DAX) | 7913.9 | ↑ 3.2 | ↑ 28.0 |
| India (BSE) | 19147.2 | ↓ -1.6 | ↑ 14.4 |
| World dev'd (MSCI) | 1428.3 | ↑ 1.6 | ↑ 19.5 |
| Emerging Markets (MSCI) | 1040.9 | ↓ -1.9 | ↑ 13.8 |
| World all (MSCI) | 358.9 | ↑ 1.2 | ↑ 18.8 |

¹ Updated till March 29, 2013

² 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



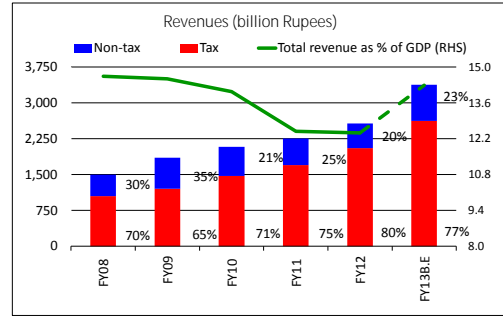


Revenues, Expenditures and Fiscal Balances

Fiscal deficit was recorded at 2.6 percent of GDP in H1-FY13.

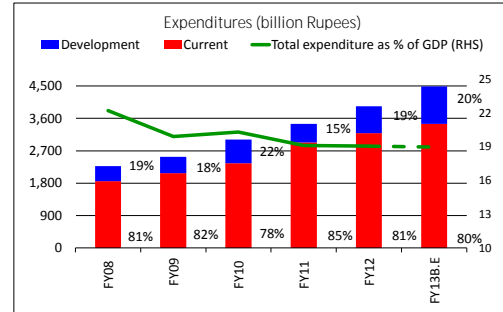
Revenues (billion Rs)

| | FY13 BE ¹ | H1-FY13 Actual | H1-FY12 Actual | FY12 Actual |
|-------------------------|-------------------------|-------------------|-------------------|----------------|
| Total revenues | 3,381 | 1,462 | 1,135 | 2,567 |
| Tax revenue | 2,626 | 1,013 | 905 | 2,053 |
| Growth (YoY) % | 27.9 | 12.0 | 25.4 | 20.8 |
| of which: FBR revenues | 2,381 | 883 | 845 | 1,881 |
| Non-tax revenues | 755 | 449 | 231 | 514 |
| Growth (YoY) % | 47.0 | 94.7 | -14.0 | -7.2 |



Expenditures (billion Rs)

| | FY13 BE ¹ | H1-FY13 Actual | H1-FY12 Actual | FY12 Actual |
|--|-------------------------|-------------------|-------------------|----------------|
| Total expenditures | 4,486 | 2,086 | 1,668 | 3,936 |
| Current² | 3,445 | 1,722 | 1,399 | 3,192 |
| Growth (YoY) % | 7.9 | 23.7 | 14.1 | 8.8 |
| of which: Interest payments | 926 | 553 | 397 | 889 |
| Defence | 545 | 257 | 243 | 507 |
| Development Expenditure² | 1,041 | 278 | 231 | 744 |
| Growth (YoY) % | 39.9 | 20.4 | 11.1 | 44.7 |



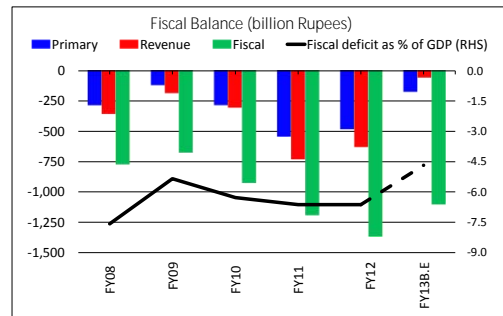
Overall Balance (billion Rs)

| | FY13 BE ¹ | H1-FY13 Actual ⁴ | H1-FY12 Actual | FY12 ³ Actual |
|------------------------------|-------------------------|--------------------------------|-------------------|-----------------------------|
| Fiscal balance ⁵ | -1,105 | -625 | -533 | -1,370 |
| Revenue balance ⁶ | -64 | -260 | -264 | -626 |
| Primary balance ⁷ | -179 | -72 | -135 | -481 |
| <i>As percent of GDP</i> | | | | |
| Fiscal balance | -4.7 | -2.6 | -2.6 | -6.6 |
| Revenue balance | -0.3 | -1.1 | -1.3 | -3.0 |
| Primary balance | -0.8 | -0.3 | -0.7 | -2.3 |

Fiscal deficit in H1-FY13 was mainly financed through borrowings from scheduled banks.

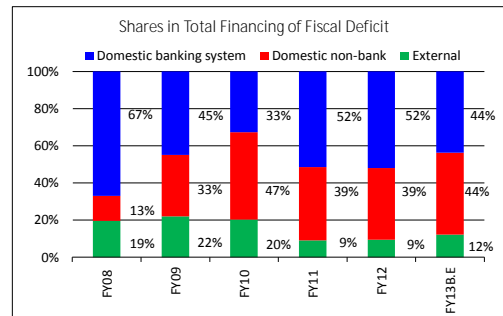
Financing of Fiscal Deficit (billion Rs)

| | FY13 BE ¹ | H1-FY13 Actual | H1-FY12 Actual | FY12 ³ Actual |
|--------------------------|-------------------------|-------------------|-------------------|-----------------------------|
| Financing | 1,105 | 625 | 533 | 1,370 |
| 1. External: of which | 135 | -1.4 | 34.0 | 128 |
| Privatization proceeds | 74 | - | - | - |
| 2. Domestic: of which | 970 | 626 | 499 | 1,241 |
| Non-bank | 487 | 68 | 196 | 529 |
| Banking system: of which | 484 | 558 | 302 | 712 |
| Schedule banks | 484 | 766 | 178 | 204 |
| SBP | 0 | -208 | 124 | 508 |



FBR Tax Collection (billion Rs)

| | Direct | Sales | Customs | FED ⁸ | 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 |
| FY12 | 732 | 809 | 218 | 122 | 1,881 |
| July | 22 | 64 | 15 | 6 | 107 |
| August | 32 | 65 | 18 | 9 | 123 |
| September | 85 | 69 | 19 | 8 | 181 |
| Q1-FY13 ⁹ | 139 | 197 | 52 | 22 | 411 |
| October | 45 | 61 | 17 | 12 | 135 |
| November | 55 | 65 | 18 | 11 | 149 |
| December | 105 | 69 | 20 | 9 | 203 |
| Q2-FY13 ⁹ | 205 | 195 | 55 | 32 | 487 |
| January | 40 | 66 | 17 | 9 | 133 |
| Jul-Jan-FY12 | 354 | 447 | 111 | 65 | 977 |



¹ Budget Estimates; ² Estimated from Budget in Brief, MoF; ³ FY12 fiscal balance and its financing excluding the impact of debt consolidation of power and food sector; ⁴ GDP(mp) Target by MoF for FY13 has been used to calculate deficit to GDP ratios; ⁵ Fiscal balance = total revenue - total expenditure; ⁶ Revenue balance = total revenue - current expenditure (note that current expenditure are inclusive of unidentified expenditure); ⁷ Primary balance = total revenue - total expenditure + interest payment; ⁸ Federal excise duty; ⁹ Provisional, cumulative collection as given by FBR, which slightly differs from FBR tax collection reported in fiscal accounts. ¹⁰ 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 Rs 952 billion during July-February FY13.

Debt by Owner - end period stocks (billion Rs)

| | Feb-13 ^P | Jun-12 ^R | Change since Jun-12 |
|--|---------------------|---------------------|---------------------|
| 1. Bank | 5,206 | 4,427 | 779 |
| Commercial banks | 3,455 | 2,665 | 791 |
| SBP | 1,751 | 1,763 | -12 |
| 2. Non-bank | 3,380 | 3,209 | 170 |
| National saving schemes (NSS) | 2,424 | 2,131 | 292 |
| Others | 956 | 1,078 | -122 |
| 3. Foreign currency instruments ¹ | 4 | 1 | 3 |
| Total(1+2+3) | 8,590 | 7,638 | 952 |

Debt by Type - end period stocks (billion Rs)

| | Feb-13 ^P | Jun-12 ^R | Change since Jun-12 |
|--|---------------------|---------------------|---------------------|
| 1. Permanent debt | 1,910 | 1,696 | 214 |
| PIBs | 1,120 | 975 | 145 |
| Prize bonds | 370 | 333 | 36 |
| Others ² | 420 | 388 | 33 |
| 2. Floating debt | 4,622 | 4,143 | 479 |
| MTBs | 2,874 | 2,383 | 491 |
| MRTBs-replenishment | 1,748 | 1,760 | -12 |
| 3. Unfunded debt ³ : of which | 2,054 | 1,798 | 256 |
| Saving schemes | 1,929 | 1,676 | 253 |
| 4. Foreign currency instruments | 4 | 1 | 3 |
| Total(1+2+3+4) | 8,590 | 7,638 | 952 |
| Government domestic liabilities ⁴ | 126 | 242 | -116 |

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

² Includes market loans and GOP Ijara Sukuk 3 Years.

³ Includes funds mobilized through NSS excluding prize bonds. ⁴ This reflects provincial governments' borrowings from banks for commodity operations.

Interest payments on domestic debt have shown an annualized growth of 37.5 percent during July-February FY13 as compared to the same period of FY12.

Debt Servicing (billion Rs)

| | Jul-Feb | | FY12 ^R | Percent change during Jul-Feb FY13 over Jul-Feb FY12 |
|------------------------|-------------------|------|-------------------|--|
| | FY13 ^P | FY12 | | |
| Permanent ⁵ | 146 | 97 | 142 | 50.0 |
| Floating | 360 | 225 | 377 | 59.9 |
| Unfunded | 159 | 162 | 298 | -1.3 |
| Total | 666 | 484 | 817 | 37.5 |

Indicators of Domestic Debt Sustainability

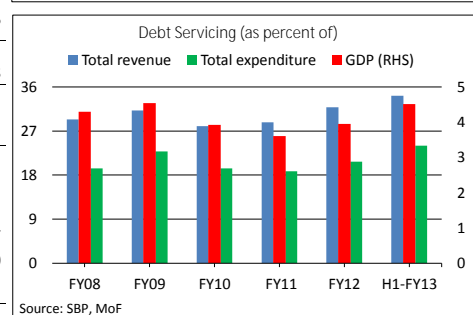
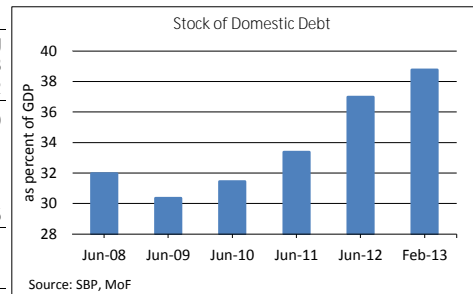
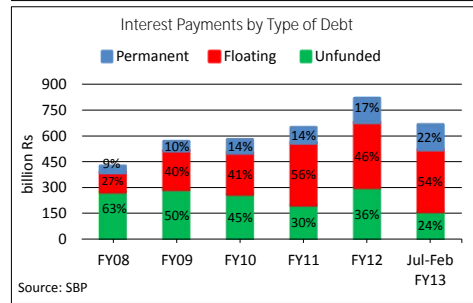
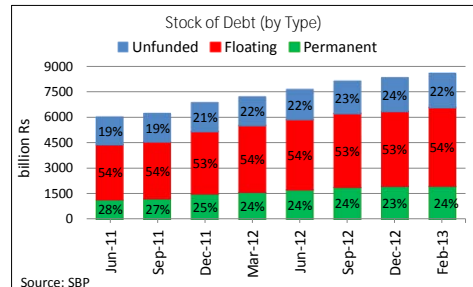
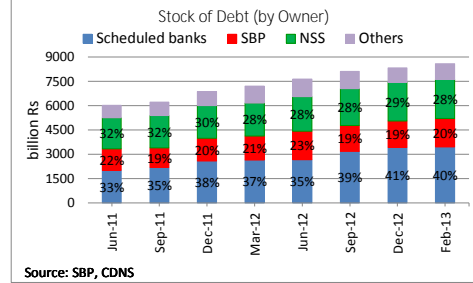
| | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Feb-13 ⁶ |
|------------------------------|--------|--------|--------|--------|----------------------|
| Debt stock as percent of GDP | 30.3 | 31.4 | 33.4 | 37.0 | 38.8 |
| Debt servicing as percent of | | | | | |
| GDP | FY09 | FY10 | FY11 | FY12 | H1-FY13 ⁷ |
| Total revenue | 4.5 | 3.9 | 3.6 | 4.0 | 4.5 |
| Tax revenue | 31.2 | 28.0 | 28.7 | 31.8 | 34.2 |
| Total expenditure | 48.0 | 39.5 | 38.2 | 39.8 | 49.4 |
| Current expenditure | 22.8 | 19.3 | 18.8 | 20.8 | 24.0 |
| Current expenditure | 28.3 | 24.4 | 21.8 | 25.6 | 29.1 |

⁵ Includes prize bonds;

⁶ 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.

⁷ The debt servicing to GDP ratio is annualized. ^R: Revised; ^P: Provisional

Sources: Central Directorate of National Savings (CDNS), Statistics and Data Warehouse Department (S&DWD), SBP and Ministry of Finance (MoF).





External Debt

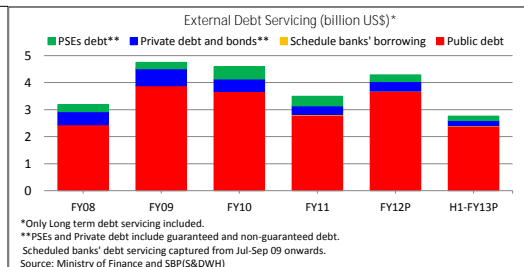
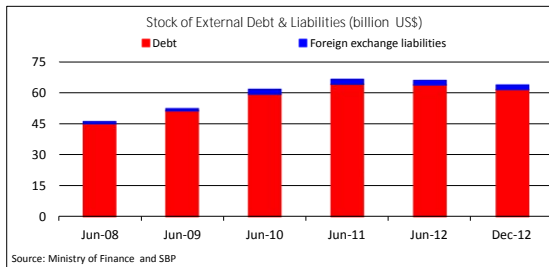
Stock of public sector external debt has decreased by US\$1.9 billion during H1-FY13, mainly due to IMF repayments.

| Debt & Liabilities ¹ - end period stocks (million US\$) | | | | Debt Servicing (million US\$) | | |
|--|---------------------|---------------------|-----------------------|--|----------------------|-------------------|
| Items | Dec-12 ^P | Jun-12 ^R | Change during H1-FY13 | Items | H1-FY13 ^P | FY12 ^R |
| 1. Public debt (a+b+c) | 53,940 | 55,862 | -1,922 | 1. Public debt (a+b+c) | 2,392 | 3,670 |
| a) Government debt | 45,351 | 46,123 | -772 | a) Government debt ³ | 1,072 | 2,240 |
| i) Long term (>1 year) | 45,219 | 45,742 | -523 | Principal | 717 | 1,546 |
| Paris club | 14,557 | 15,014 | -457 | Interest | 355 | 694 |
| Multilateral | 25,058 | 25,406 | -348 | b) To IMF | 1,314 | 1,318 |
| Other bilateral | 2,751 | 2,469 | 282 | Principal | 1,254 | 1,154 |
| Euro/Sukuk global bonds | 1,550 | 1,550 | 0 | Interest | 61 | 164 |
| Military debt | 103 | 103 | 0 | c) Foreign exchange liabilities | 6 | 112 |
| Commercial loans/credits | 0 | 0 | 0 | Principal | 0 | 100 |
| Local currency bonds (TBs & PIBs) | 0 | 0 | 0 | Interest | 6 | 12 |
| Saudi fund for development (SFD) | 200 | 200 | 0 | 2. PSEs guaranteed debt | 15 | 40 |
| SAFE China deposits | 1,000 | 1,000 | 0 | Principal | 9 | 31 |
| NBP/BOC deposits | 0 | 0 | 0 | Interest | 7 | 9 |
| ii) Short term (<1 year) | 132 | 381 | -249 | 3. PSEs non-guaranteed debt ³ | 142 | 208 |
| IDB | 132 | 377 | -245 | Principal | 130 | 179 |
| b) From IMF | 6,164 | 7,337 | -1,173 | Interest | 13 | 28 |
| i) Federal government | 1,827 | 1,894 | -67 | 4. Scheduled banks' borrowing ³ | 8 | 19 |
| ii) Central bank | 4,337 | 5,443 | -1,106 | Principal | 7 | 18 |
| c) Foreign exchange liabilities (FEL) ² | 2,425 | 2,402 | 22 | Interest | 0 | 1 |
| 2. Public sector enterprises (PSEs) | 1,776 | 1,524 | 252 | 5. Private guaranteed debt | 0 | 0 |
| a) Guaranteed debt | 473 | 226 | 247 | 6. Private non-guaranteed debt ³ | 204 | 339 |
| b) Non-guaranteed debt | 1,303 | 1,298 | 5 | Principal | 173 | 265 |
| 3. Scheduled banks | 1,651 | 1,844 | -193 | Interest | 31 | 74 |
| a) borrowing | 738 | 860 | -122 | 7. Private non-guaranteed bonds | 5 | 10 |
| i) Long term (>1 year) | 85 | 92 | -7 | Principal | 0 | 0 |
| ii) Short term (<1 year) | 654 | 768 | -115 | Interest | 5 | 10 |
| b) Nonresident deposit (LCY & FCY) | 913 | 983 | -71 | Total Long term external debt servicing (1+2+3+4+5+6+7) | 2,766 | 4,285 |
| 4. Private sector | 4,222 | 4,503 | -281 | Principal | 2,290 | 3,294 |
| a) guaranteed debt | 0 | 0 | 0 | Interest | 477 | 991 |
| b) non-guaranteed debt | 4,222 | 4,503 | -281 | Memorandum Items | | |
| i) Loans | 2,181 | 2,447 | -266 | Short term debt servicing-principal ⁴ (excluding item No.3 below) | 317 | 195 |
| ii) Private non-guaranteed bonds | 124 | 124 | 0 | 1. Government debt | 261 | 0 |
| iii) Trade credit and others liabilities | 1,918 | 1,932 | -14 | 2. PSEs non-guaranteed debt | 55 | 149 |
| 5. Debt liabilities to direct investors-intercompany debt | 2,073 | 2,100 | -27 | 3. Scheduled banks' borrowing Net flows ⁵ | 15,255 | 20,079 |
| Total external debt (excl. FEL) | 61,238 | 63,431 | -2,193 | | (114) | 486 |
| Total external debt & liabilities (1+2+3+4+5) | 63,662 | 65,833 | -2,171 | 4. Private non-guaranteed debt | 1 | 46 |

Stock of external debt, as percent of GDP, has declined to 27.2 percent by the end of H1-FY13.

Indicators of External Debt Sustainability

| | End period debt stock as percent of | | | | | | External debt servicing as percent of | | | | | |
|----------|-------------------------------------|--------|--------|--------|--------|--------|---------------------------------------|------|------|-------------------|------|----------------------|
| | Jun-08 | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Dec-12 | FY08 | FY09 | FY10 | FY11 ⁶ | FY12 | H1-FY13 ⁷ |
| GDP | 28.2 | 32.3 | 32.5 | 31.5 | 28.4 | 27.2 | 1.9 | 2.9 | 3.3 | 2.0 | 1.9 | 2.4 |
| Reserves | 399.1 | 407.8 | 339.3 | 347.2 | 429.1 | 458.0 | 27.5 | 37.0 | 34.2 | 22.4 | 27.9 | 19.9 |
| Exports | 226.0 | 273.7 | 291.6 | 261.0 | 267.0 | 530.0 | 15.6 | 24.8 | 29.4 | 16.8 | 17.4 | 23.0 |



R: Revised; P: Provisional; ¹ 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>; ² Allocation of SDR and Nonresident LCY deposits with central bank added to FEL; ³ Only long term debt servicing included (Revised); ⁴ 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; ⁵ 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; ⁶ Only long term debt servicing included from FY11 and onwards(Revised); ⁷ 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)



Total Debt

Stock of total debt and liabilities increased by Rs647 billion during H1-FY13, mainly due to increase in government domestic debt.

Total Debt Stock (billion Rs)

| | Dec-12 ^P | Jun-12 ^R | Change during H1-FY13 | Share in H1-FY13 (percent) |
|---|---------------------|---------------------|-----------------------|----------------------------|
| I. Government domestic debt | 8,329 | 7,638 | 691 | 54.7 |
| II. Government external debt ¹ | 4,405 | 4,364 | 41 | 28.9 |
| III. Debt from IMF | 599 | 694 | -95 | 3.9 |
| IV. External liabilities | 236 | 227 | 8 | 1.5 |
| V. Private sector external debt | 571 | 601 | -30 | 3.7 |
| VI. PSEs external debt | 172 | 144 | 28 | 1.1 |
| VII. PSEs domestic debt | 322 | 281 | 40 | 2.1 |
| VIII. Commodity operations ² | 400 | 438 | -38 | 2.6 |
| IX. Intercompany debt | 201 | 199 | 3 | 1.3 |
| Total debt & liabilities (I to IX) | 15,234 | 14,587 | 647 | 100.0 |
| Total public debt (I to IV) | 13,568 | 12,924 | 644 | 89.1 |
| Total external debt & liabilities (II to VI & IX) | 6,184 | 6,230 | -46 | 40.6 |
| Commodity operations & PSEs debt (VI to VIII) | 894 | 863 | 30 | 5.9 |

Total Debt Servicing (billion Rs)

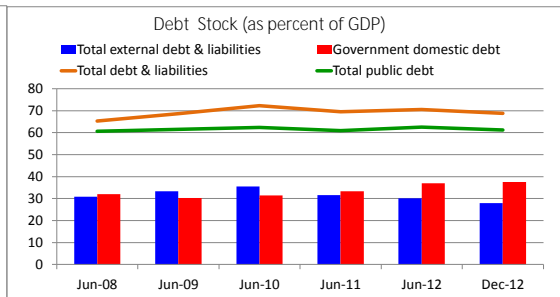
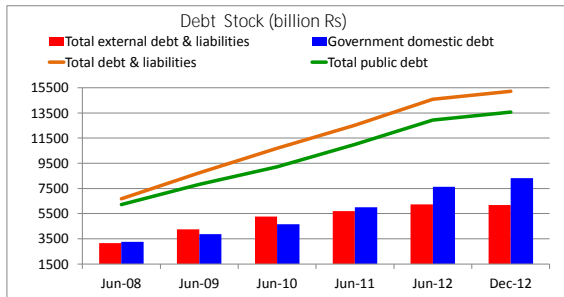
| | H1-FY13 ^P | FY12 ^R | Share in H1-FY13 (percent) | Share in FY12 (percent) |
|--|----------------------|-------------------|----------------------------|-------------------------|
| Total Debt Servicing(A+B) | 795 | 1266 | 100.0 | 100.0 |
| A. Total interest payment on debt and liabilities (I+II) | 576 | 972 | 72.5 | 76.8 |
| I. Interest payment on debt (a+b) | 546 | 907 | 68.7 | 71.6 |
| a. Domestic debt | 500 | 817 | 62.9 | 64.5 |
| b. External debt | 46 | 90 | 5.8 | 7.1 |
| II. Interest payment on liabilities (a+b) | 30 | 65 | 3.8 | 5.2 |
| a. External liabilities ¹ | 1 | 1 | 0.1 | 0.1 |
| b. Domestic liabilities | 29 | 64 | 3.7 | 5.1 |
| B. Principal repayment of external debt and liabilities ³ | 219 | 294 | 27.5 | 23.2 |

Debt stock (as percent of GDP)

| | Dec-12 ⁴ | Jun-12 | Jun-11 |
|-------------------------------------|---------------------|--------|--------|
| Total debt and liabilities | 68.8 | 70.6 | 69.5 |
| Total public debt | 61.2 | 62.6 | 60.9 |
| Total external debt and liabilities | 27.9 | 30.2 | 31.6 |
| Government domestic debt | 37.6 | 37.0 | 33.3 |
| PSEs debt and liabilities | 4.0 | 4.2 | 5.1 |

Debt Servicing (as percent of)

| | H1-FY13 | FY12 ^P | FY11 | FY10 |
|---------------------|---------|-------------------|------|------|
| GDP | 3.6 | 6.1 | 5.6 | 6.6 |
| Total revenue | 54.4 | 49.1 | 45.0 | 47.1 |
| Tax revenue | 78.5 | 61.4 | 59.9 | 66.4 |
| Total expenditure | 38.1 | 32.0 | 29.4 | 32.5 |
| Current expenditure | 46.2 | 39.5 | 34.1 | 41.0 |



Note: R: Revised; P: Provisional; ¹ Rupee value of external debt and liabilities computed by applying the corresponding end period average exchange rate to the end-period stock; ² This includes borrowings from banks by provincial and Federal governments agencies for commodity operations; ³ This is excluding short term debt repayment; ⁴ 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

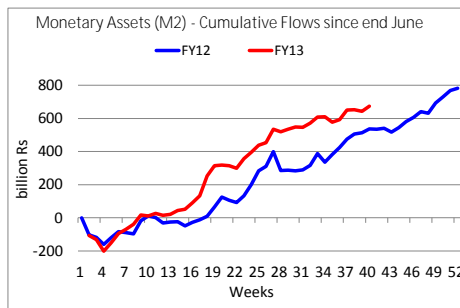


Monetary and Credit Aggregates

Government borrowing from the banking system remains the key driver of monetary expansion during July 1 - March 29, FY13.

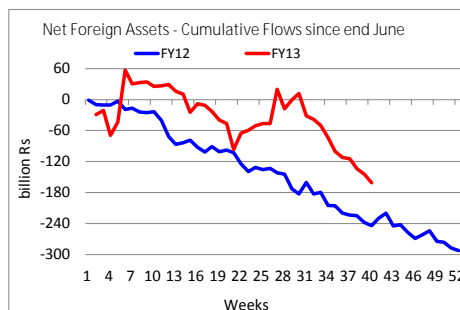
Monetary Assets of the Banking System (billion Rs)

| | End June 2012 stocks | Cumulative flows since end-June | | FY12 flows |
|--|----------------------|---------------------------------|------------|-------------|
| | | Latest week | A year ago | |
| | | 29-Mar-13 | 30-Mar-12 | |
| NFA | 532 | -161 | -244 | -248 |
| NDA | 7110 | 835 | 782 | 1195 |
| Net government borrowings: <i>of which</i> | 4258 | 721 | 859 | 1237 |
| Net budgetary borrowing | 3800 | 833 | 951 | 1198 |
| Commodity operations | 436 | -113 | -93 | 39 |
| Non-government borrowings: <i>of which</i> | 3652 | 184 | 55 | 105 |
| Private sector | 3376 | 142 | 224 | 235 |
| PSEs | 257 | 43 | -169 | -130 |
| Other items (net) | -801 | -71 | -132 | -148 |
| M2 | 7642 | 674 | 537 | 947 |



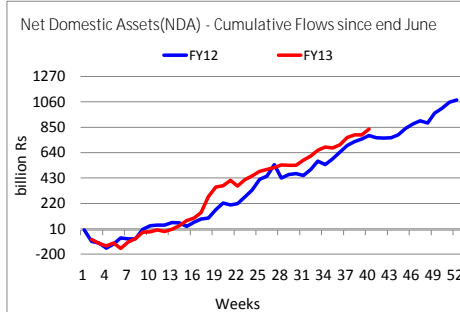
Monetary Liabilities of the Banking System (billion Rs)

| | | | | |
|----------------------------|--------------|------------|------------|------------|
| Currency in circulation | 1,674 | 244 | 157 | 172 |
| Total deposits with banks | 5,959 | 430 | 382 | 776 |
| Demand deposits with banks | 4,712 | 361 | 218 | 589 |
| Time deposits with banks | 807 | 13 | 121 | 121 |
| RFCDs with banks | 440 | 56 | 42 | 65 |
| M2 | 7,642 | 674 | 537 | 947 |



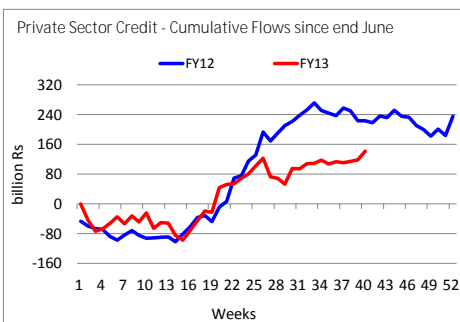
Monetary Assets of the Banking System (percent growth)

| | YoY (29-Mar-13) | Since end June | | FY12 |
|----------------------------------|-----------------|----------------|-------------|-------------|
| | | Latest week | A year ago | |
| | | 29-Mar-13 | 30-Mar-12 | |
| NFA | -30.7 | -30.2 | -31.3 | -31.8 |
| NDA | 18.6 | 11.7 | 13.2 | 20.2 |
| Government borrowings | 28.4 | 16.9 | 28.4 | 41.0 |
| Budgetary borrowing | 30.4 | 21.9 | 36.6 | 46.1 |
| Commodity operations | 6.3 | -25.8 | -23.4 | 9.7 |
| Non-government sector borrowings | 6.5 | 5.1 | 1.6 | 3.0 |
| Private sector | 4.6 | 4.2 | 7.1 | 7.5 |
| PSEs | 37.3 | 16.6 | -43.7 | -33.7 |
| Other items (Net) | 11.0 | 8.8 | 20.3 | 22.6 |
| M2 | 15.0 | 8.8 | 8.0 | 14.1 |



Memorandum Items

| | Latest week | A year ago | FY12 |
|--|-------------|------------|------|
| | 29-Mar-13 | 30-Mar-12 | |
| Money multiplier | 3.41 | 3.35 | 3.49 |
| Currency to deposit ratio (percent) | 30.0 | 29.8 | 28.1 |
| M2 to GDP ratio (percent) | 37.5 | 35.0 | 37.0 |
| Private sector credit to GDP ratio (percent) | 15.9 | 16.3 | 16.3 |



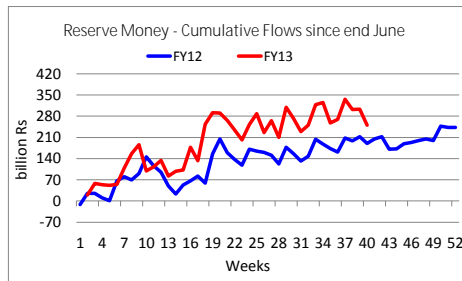
Note: All FY13 numbers are provisional; Source: Statistics & Data Warehouse Department (S&DWD), SBP



SBP's OMO injection is the main driver of reserve money growth during July 1 - March 29, FY13.

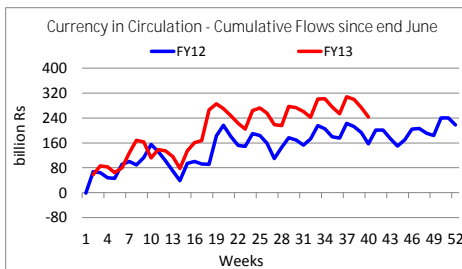
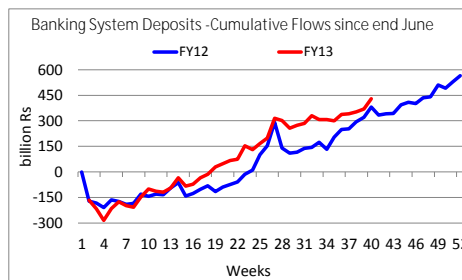
Monetary Assets of SBP (billion Rs)

| | End June 2012 stocks | Cumulative flows since end-June | | FY12 Flows |
|--------------------------------|----------------------|---------------------------------|------------|------------|
| | | Latest week | A year ago | |
| | | 29-Mar-13 | 30-Mar-12 | |
| NFA | 394 | -163 | -200 | -220 |
| NDA: of which | 1795 | 413 | 391 | 443 |
| Budgetary borrowing | 1706 | -24 | 218 | 505 |
| Other items (net) | -217 | 410 | 183 | -37 |
| Net impact of OMOs/discounting | 101 | 400 | 212 | 37 |
| Reserve money | 2189 | 250 | 191 | 223 |



Monetary Liabilities of SBP (billion Rs)

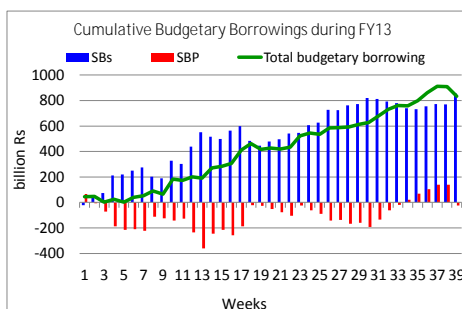
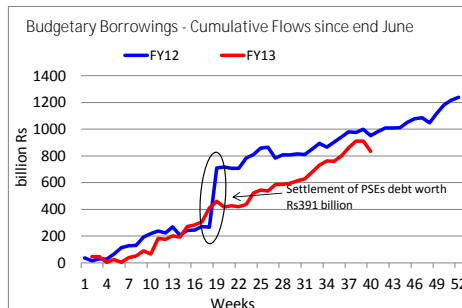
| | End June 2012 stocks | Cumulative flows since end-June | | FY12 Flows |
|-----------------------------------|----------------------|---------------------------------|------------------|------------|
| | | Latest week | A year ago | |
| | | 29-Mar-13 | 30-Mar-12 | |
| Currency in circulation | 1674 | 244 | 157 | 172 |
| Cash in tills | 110 | 0 | -1 | 5 |
| Bank deposits with SBP (reserves) | 396 | 6 | 36 | 47 |
| Other deposits with SBP | 9 | 1 | -1 | -1 |
| | YoY (29-Mar-13) | | (percent growth) | |
| NFA of the SBP | -44.2 | -41.4 | -32.6 | -35.8 |
| NDA of the SBP: of which | 26.7 | 23.0 | 28.9 | 32.8 |
| Budgetary borrowing | 18.6 | -1.4 | 18.1 | 42.1 |
| Reserve money | 13.1 | 11.4 | 9.7 | 11.3 |



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 (billion Rs)

| | End June 2012 stocks | Cumulative flows since end-June | | FY12 ¹ flows |
|-----------------------------------|----------------------|---------------------------------|------------|-------------------------|
| | | Latest week | A year ago | |
| | | 29-Mar-13 | 30-Mar-12 | |
| Budgetary borrowing | 3800 | 833 | 951 | 1198 |
| Federal government | 4065 | 935 | 1017 | 1161 |
| From SBP | 1704 | 72 | 294 | 464 |
| SBP's holdings of MRTBs | 1760 | 69 | 167 | 442 |
| From scheduled banks (SBs) | 2360 | 863 | 723 | 697 |
| Provincial governments | -265 | -103 | -66 | 37 |
| From SBP ² | 2 | -96 | -76 | 41 |
| From scheduled banks ³ | -266 | -7 | 10 | -4 |



¹ Including Rs 391 billion shifted due to settlement of PSEs debt stock.

² 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.

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

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



Private Sector Credit

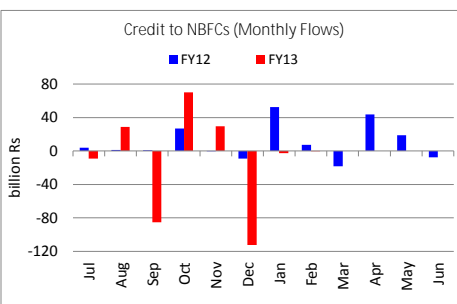
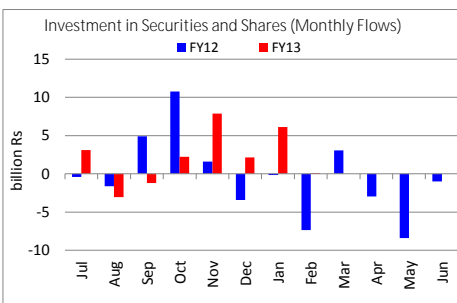
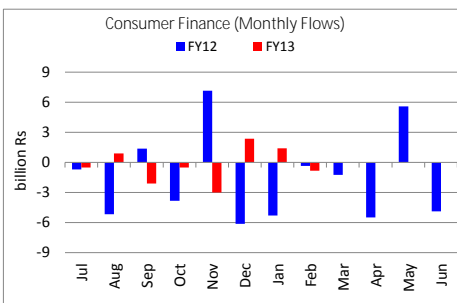
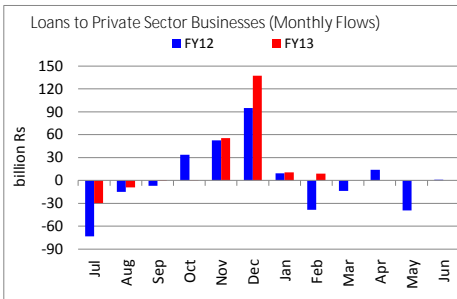
Credit to Private Sector Businesses continues to perform better in FY13 compared to FY12; both working capital and fixed investments has picked-up in the period.

Credit to Private Sector

| | End June 2012 stocks | Cumulative flows (billion Rs) | | |
|--|-------------------------|-------------------------------|-----------------|---------|
| | | Jul-Feb FY13 | Jul-Feb FY12 | FY12 |
| Total credit to private sector | 3376.4 | 119.9 | 243.3 | 235.2 |
| 1. Loans to private sector businesses | 2450.1 | 173.3 | 56.8 | 18.3 |
| <u>By type</u> | | | | |
| Working capital: of which | 1582.1 | 149.0 | 51.8 | -0.1 |
| Export finance | 247.0 | 15.5 | 17.9 | -19.8 |
| Import finance | 126.6 | -3.5 | -17.7 | -8.1 |
| Fixed investment | 868.0 | 24.3 | 5.0 | 18.4 |
| <u>By Sectors: of which</u> | | | | |
| Agriculture | 198.4 | ↑ 10.6 | ↑ 10.5 | ↑ 17.9 |
| Manufacturing: of which | 1389.9 | ↑ 136.3 | ↑ 84.7 | ↑ 4.5 |
| Textiles | 491.0 | ↑ 64.9 | ↑ 34.9 | ↓ -23.7 |
| Food products & beverages | 290.4 | ↑ 47.1 | ↑ 8.6 | ↑ 15.1 |
| Chemicals & products | 172.4 | ↑ 7.9 | ↑ 7.9 | ↑ 14.3 |
| Non-metallic mineral products | 76.5 | ↓ -10.1 | ↓ -3.8 | ↓ -18.3 |
| Wearing apparel, readymade gar. | 48.3 | ↑ 2.6 | ↑ 0.9 | ↓ -1.7 |
| Electricity, gas and water | 278.1 | ↑ 5.9 | ↓ -17.4 | ↑ 8.7 |
| Construction | 53.5 | ↑ 0.1 | ↓ -9.3 | ↓ -14.2 |
| Commerce and trade | 210.0 | ↑ 6.3 | ↓ -2.7 | ↓ -3.6 |
| Transport, storage and comm. | 111.3 | ↓ -7.2 | ↓ -6.4 | ↑ 5.1 |
| Services: of which | 149.9 | ↑ 1.5 | ↓ -6.0 | ↓ -3.9 |
| Real estate/renting & business act. | 107.9 | ↑ 5.4 | ↓ -4.5 | ↓ -3.1 |
| 2. Personal: of which | 285.0 | ↑ 10.1 | ↓ -7.9 | ↓ -9.0 |
| Consumer financing | 198.7 | ↑ 6.6 | ↓ -12.9 | ↓ -18.9 |
| 3. Investment in securities and shares | 153.2 | ↑ 17.4 | ↑ 4.4 | ↓ -4.8 |
| 4. Others ¹ : of which | 488.0 | ↓ -80.8 | ↑ 190.1 | ↑ 230.7 |
| Non-bank finance companies | 242.4 | ↓ -80.7 | ↑ 84.3 | ↑ 121.0 |

¹ This also includes credit to some Public Sector Enterprises, and other categories.

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

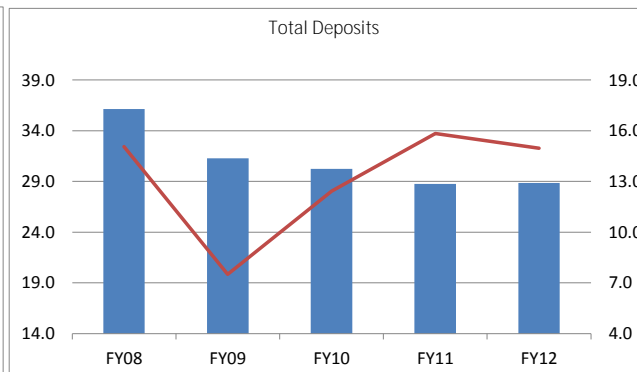
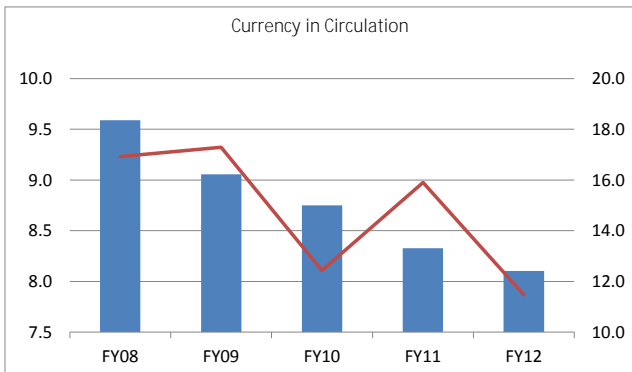
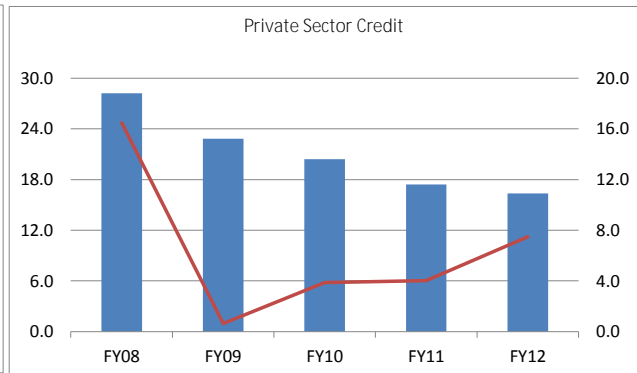
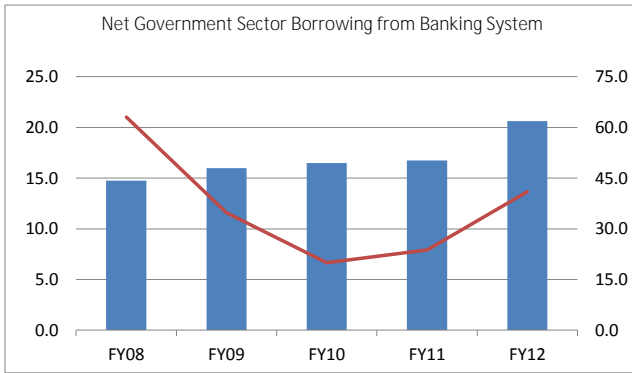
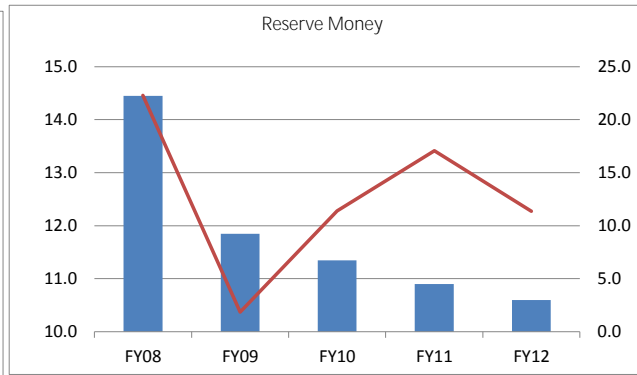
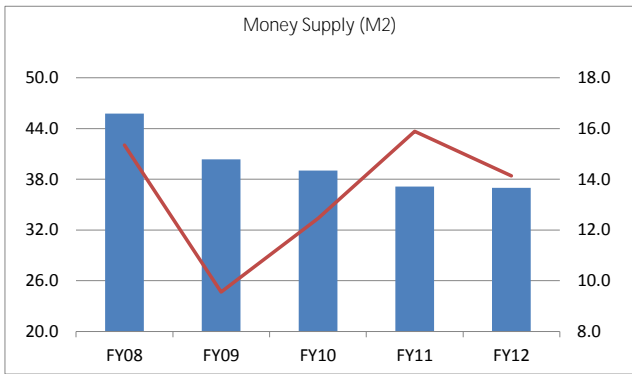




Key Indicators of Monetary Sector

■ As percent of GDP

— YoY growth (RHS)

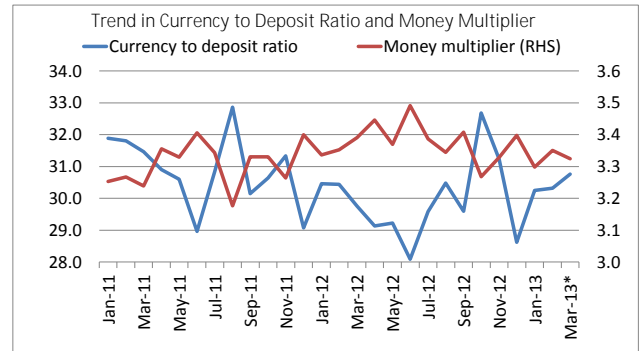
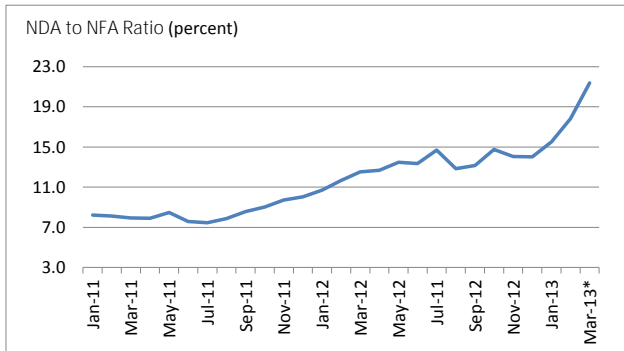
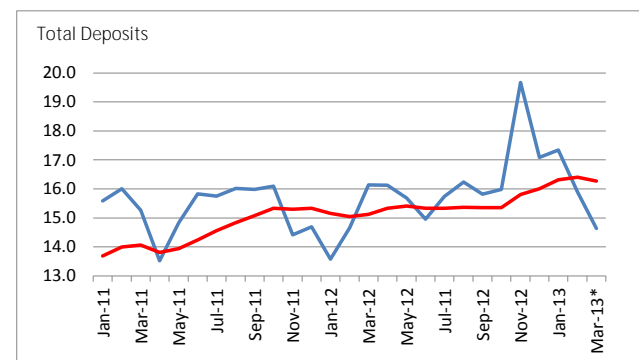
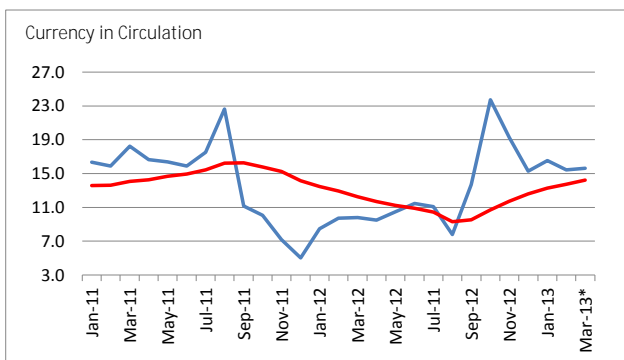
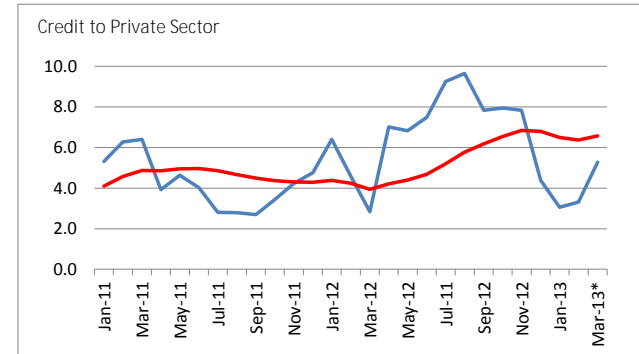
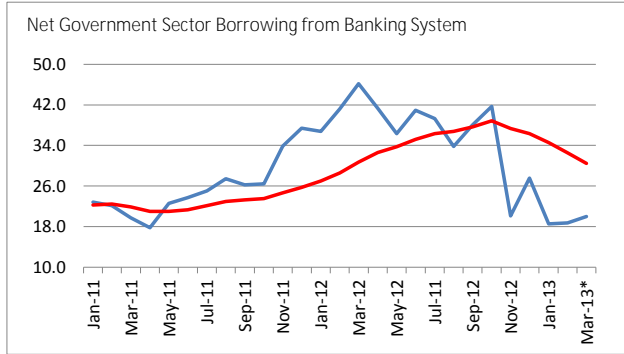
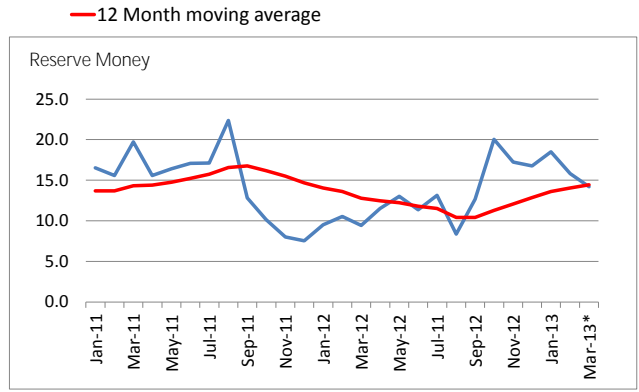
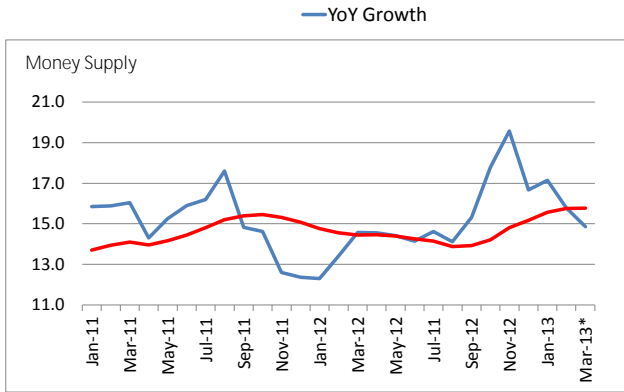


YoY growth of June end Stocks

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



Trends in Monetary Aggregates



Month end stocks data has been used.
 YoY growth shows growth over same month last year.
 * Data pertains to March 29, 2013. YoY growth shows percent change as on March 29, 2013 over 31st March 2012.
 Source: Statistics and Data Warehouse Department (S&DWD), SBP.



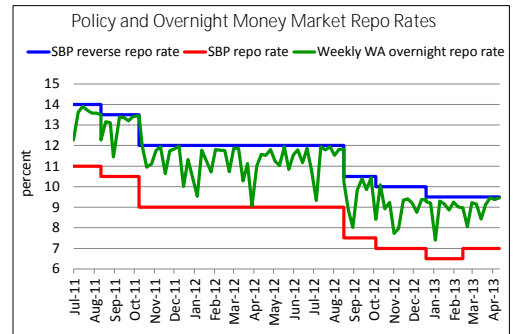
Money Market

With effect from 11th February 2013, SBP has increased the SBP repo rate by 50 bps to 7.0 percent while kept the SBP reverse repo rate (policy rate) unchanged at 9.5 percent.

| | Policy Instruments (percent) | | | | |
|--|------------------------------|-----------|----------|-----------|---------------------|
| | Current | w.e.f | Previous | w.e.f | Change ¹ |
| SBP reverse repo rate | 9.5 | 17-Dec-12 | 10.0 | 8-Oct-12 | ↓ -50 |
| SBP repo rate | 7.0 | 11-Feb-13 | 6.5 | 17-Dec-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 |

¹ Basis points

DL: Demand Liabilities; TL: Time Liabilities



Volatility in overnight repo rate has declined in Q3-FY13 when compared to preceding quarters.

| | Weekly Cash Reserve Requirements ² (billion Rs) | | | |
|--------------------------------|--|-----------|--------------|------------------------|
| | Maintenance period ended as on | | Change since | |
| | 28-Mar-13 | 28-Feb-13 | 28-Feb-13 | 31-Jan-13 ³ |
| Cash required | 270.6 | 267.9 | ↑ 2.7 | ↑ 4.6 |
| Cash maintained | 276.8 | 272.7 | ↑ 4.1 | ↑ 5.7 |
| Excess cash reserves (per day) | 6.2 | 4.9 | ↑ 1.4 | ↑ 1.1 |

² 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.

³ As on Thursday preceding the monetary policy decision of a change in policy rate.

| | Weighted Average O/N Money Market Repo Rate (percent) | | | | |
|-------------------------------|---|------|------|------|------|
| | Q1 | Q2* | Q3 | Q4 | YTD |
| WA O/N repo rate ⁴ | 10.71 | 8.89 | 9.04 | 9.44 | 9.61 |
| Standard deviation | 1.08 | 0.73 | 0.38 | 0.05 | 1.10 |
| CoV ⁵ | 0.1 | 0.08 | 0.04 | 0.01 | 0.11 |

*up to April 11, 2013 YTD: Year to date

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

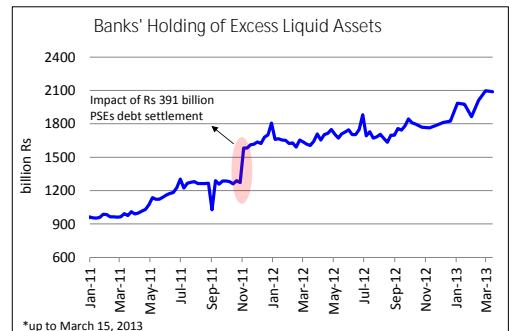
⁴ Weekly Weighted Average O/N Repo Rate

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

Banks' holding of government securities for SLR now stands at 87 percent of their total liquid assets maintained.

| | Overall Reserve Requirement (billion Rs) | | | |
|------------------------------------|--|-----------|--------------|----------|
| | Maintenance period started as on | | Change since | |
| | 15-Mar-13 | 15-Feb-13 | 15-Feb-13 | 4-Oct-08 |
| Required reserves | 1298.8 | 1285.7 | ↑ 13.1 | ↑ 336.3 |
| Cash ⁶ | 270.6 | 267.9 | ↑ 2.7 | ↓ -5.5 |
| Securities ⁷ | 1028.2 | 1017.9 | ↑ 10.3 | ↑ 341.8 |
| Maintained ⁸ | 3388.7 | 3297.2 | ↑ 91.5 | ↑ 2369.9 |
| Cash | 406.9 | 430.3 | ↓ -23.3 | ↑ 18.1 |
| Cash in tills | 124.0 | 129.3 | ↓ -5.3 | ↑ 35.9 |
| Balance with SBP | 261.0 | 281.2 | ↓ -20.1 | ↓ -27.6 |
| Balance with NBP | 21.9 | 19.8 | ↑ 2.1 | ↑ 9.8 |
| Securities | 2940.1 | 2825.2 | ↑ 114.8 | ↑ 2326.9 |
| Others ⁹ | 41.7 | 41.7 | ↓ 0.0 | ↑ 25.0 |
| Excess liquid assets ¹⁰ | 2090.0 | 2011.5 | ↑ 78.5 | ↑ 2033.7 |

Source: Off-site Supervision and Enforcement Department, SBP



⁶ Required under weekly average CRR

⁷ Required under SLR

⁸ Data corresponds to the balances as on that date

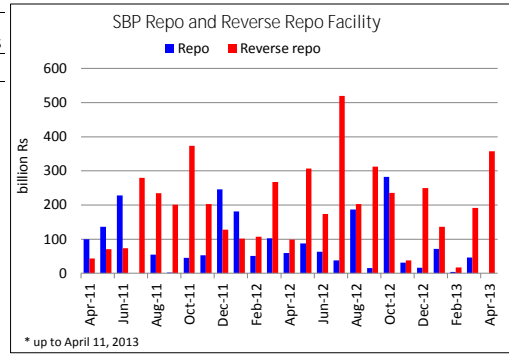
⁹ Includes Section 13(3) deposits and share capital of MFBs.

¹⁰ Includes excess securities + cash and other assets maintained.



Banks' use of SBP's reverse repo facility has increased after February 2013.

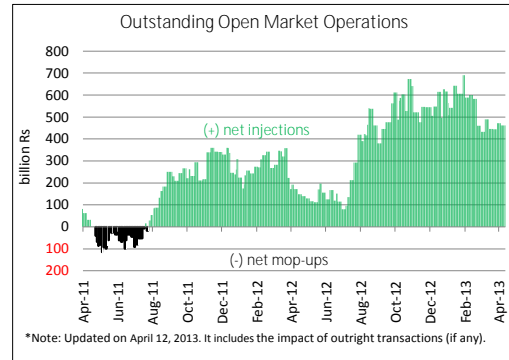
| SBP Standing Facilities | | | | |
|-------------------------|------------------|------|------------|------|
| | SBP reverse repo | | SBP repo | |
| | Amount | Days | Amount | Days |
| | billion Rs | No. | billion Rs | No. |
| FY11 | 691.3 | 53 | 1,138.8 | 83 |
| Q1 | 142.2 | 13 | 402.3 | 21 |
| Q2 | 77.1 | 10 | 207.2 | 26 |
| Q3 | 283.0 | 16 | 65.4 | 11 |
| Q4 | 189.1 | 14 | 463.9 | 25 |
| FY12 | 2,477.2 | 119 | 948.1 | 47 |
| 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 |
| FY13 ¹ | 2,264.5 | 66.0 | 692.7 | 29 |
| Q1 | 1,035.7 | 32 | 239.9 | 11 |
| Q2 | 524.0 | 14 | 331.2 | 13 |
| Q3 | 347.7 | 14 | 121.6 | 5 |
| Q4 ¹ | 357.1 | 6 | - | - |



¹ Updated up to April 11, 2013

The level of outstanding OMOs has declined in Q3-FY13.

| Outstanding Open Market Operations ² (billion rupees) | | |
|--|--------------------------|-----------------------------|
| | Average Outstanding OMOs | End-period Outstanding OMOs |
| FY11 | (4.1) | (92.0) |
| Q1 | 15.0 | 8.4 |
| Q2 | (13.0) | 3.9 |
| Q3 | 20.5 | 82.0 |
| Q4 | (38.6) | (92.0) |
| FY12 | 208.5 | 79.9 |
| Q1 | 120.7 | 221.9 |
| Q2 | 289.6 | 224.0 |
| Q3 | 281.6 | 172.1 |
| Q4 | 143.2 | 79.9 |
| FY13 ³ | 495.6 | 462.1 |
| Q1 | 384.7 | 611.5 |
| Q2 | 568.0 | 615.7 |
| Q3 | 539.1 | 472.1 |
| Q4 ³ | 465.5 | 462.1 |

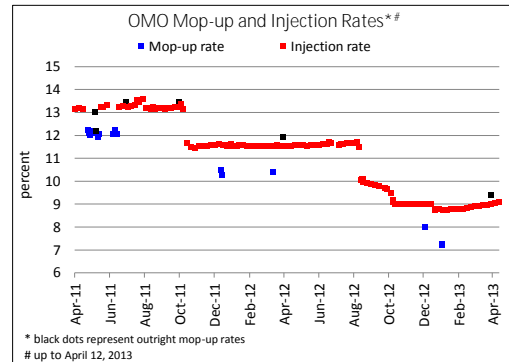


² It includes the impact of outright transactions (if any).

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

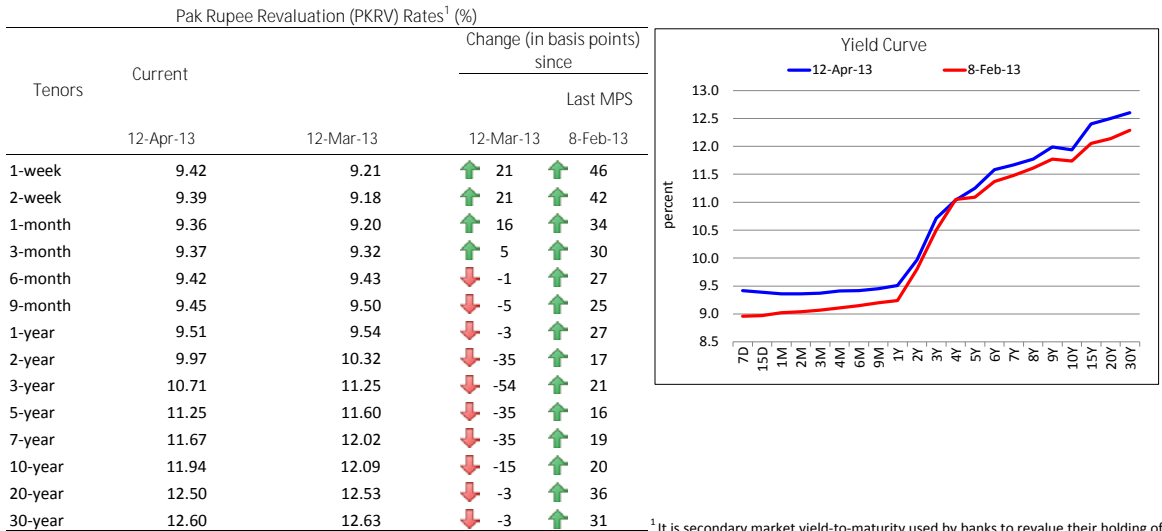
³ Updated up to April 12, 2013

Source: Domestic Markets & Monetary Management Department, SBP

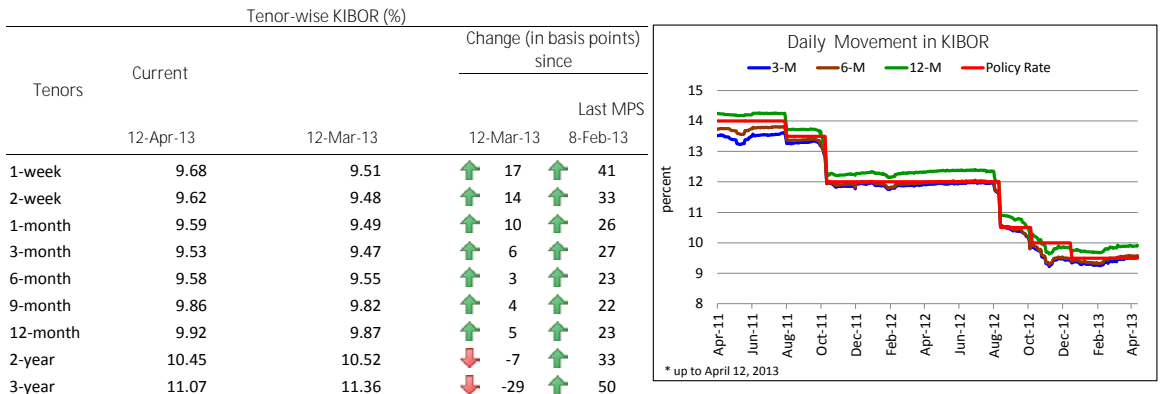




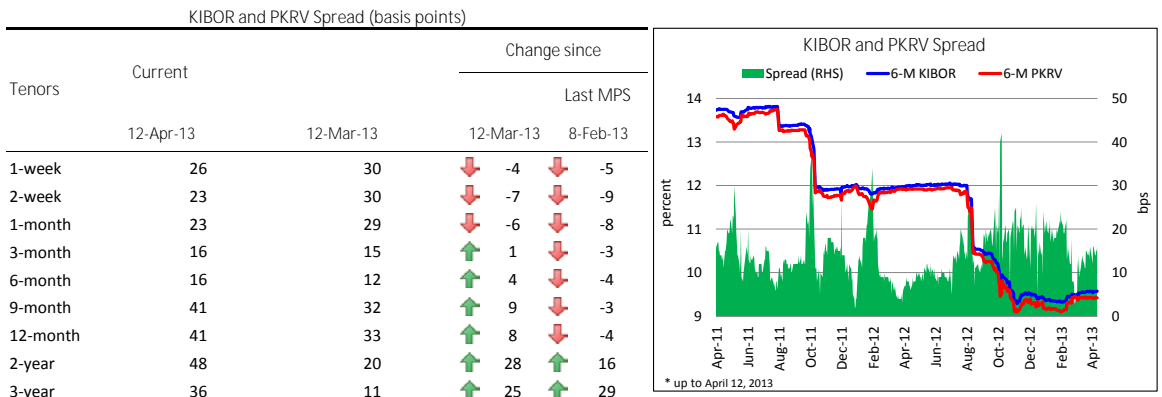
Secondary market yields of all tenors have increased since the last monetary policy decision in February 2013.



KIBOR of all tenors have increased since the last monetary policy decision in February 2013.



Spreads between KIBOR and PKRV rates for all tenors up to 12-months have decreased compared to the levels observed at the time of monetary policy announcement in February 2013.



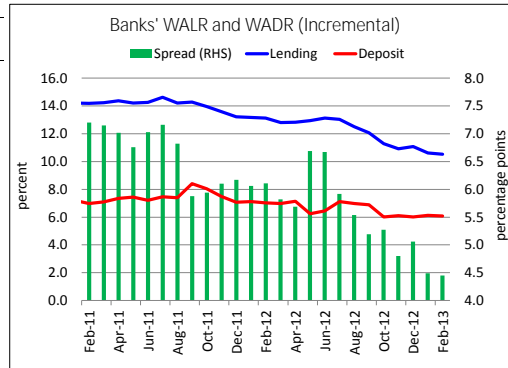
Sources: SBP and Financial Market Association of Pakistan



Spread between incremental WALR and WADR has declined to 455 bps in February 2013.

Weighted average Lending and Deposit Rates (percent per annum)

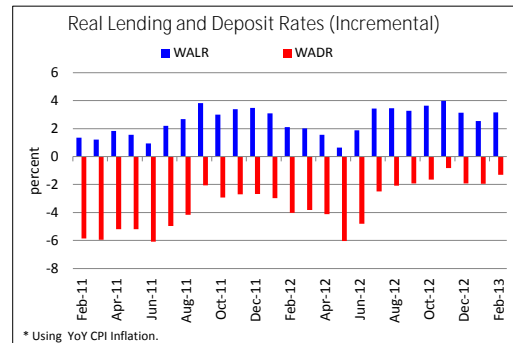
| Months | Incremental ¹ | | | Outstanding | | |
|--------|--------------------------|------|--------------|-------------|------|--------------|
| | WALR | WADR | Spread (bps) | WALR | WADR | Spread (bps) |
| Feb-12 | 13.14 | 7.03 | 611 | 13.15 | 5.85 | 730 |
| Mar-12 | 12.80 | 6.98 | 582 | 13.04 | 5.74 | 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 |
| Nov-12 | 10.91 | 6.11 | 480 | 12.25 | 5.58 | 667 |
| Dec-12 | 11.07 | 6.01 | 506 | 11.97 | 5.43 | 654 |
| Jan-13 | 10.61 | 6.12 | 449 | 11.60 | 5.39 | 621 |
| Feb-13 | 10.53 | 6.08 | 445 | 11.52 | 5.34 | 618 |



¹ Weighted average rates on incremental (fresh) loans and deposits (including interbank and zero marup) during a month.

Real lending rates, calculated on the basis of YoY CPI inflation, was 3.1 percent in February 2013.

| Months | Real (based on 12-month MA inflation) ² | | Real (based on YoY inflation) ³ | |
|--------|--|-------|--|-------|
| | WALR | WADR | WALR | WADR |
| 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 | 2.13 | -4.54 | 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 |
| Nov-12 | 1.07 | -3.73 | 3.98 | -0.82 |
| Dec-12 | 1.39 | -3.67 | 3.14 | -1.92 |
| Jan-13 | 1.10 | -3.39 | 2.54 | -1.95 |
| Feb-13 | 1.33 | -3.12 | 3.15 | -1.30 |



* Using YoY CPI Inflation.

² Nominal rate less CPI inflation (12-month moving average).

³ Nominal rate less CPI inflation (year on year).

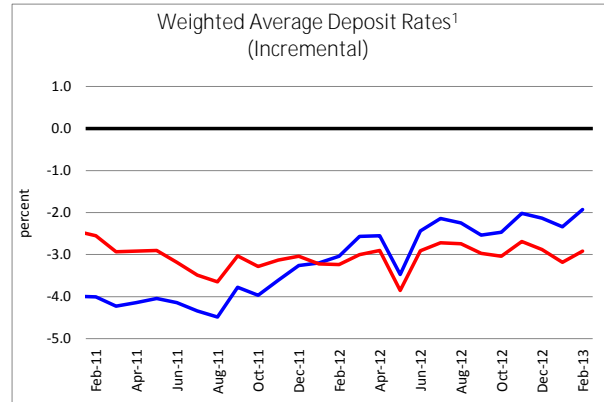
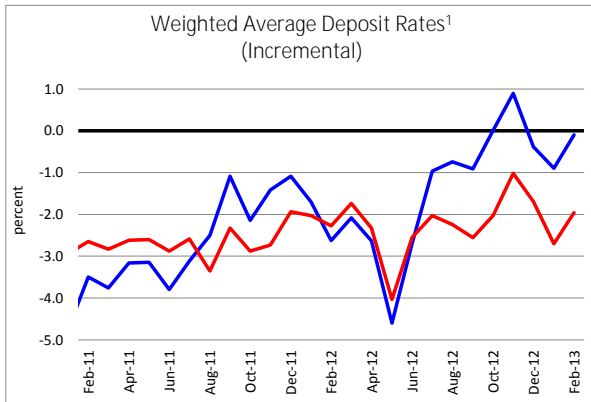
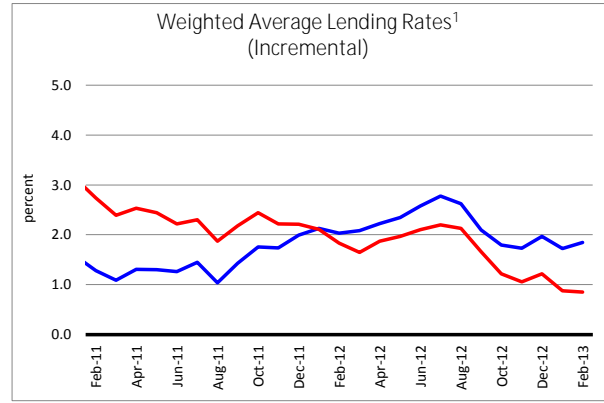
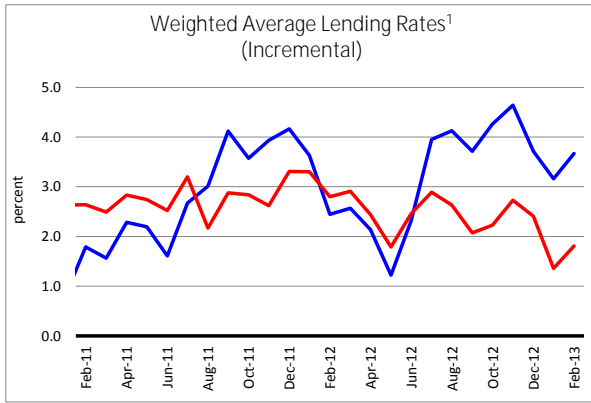
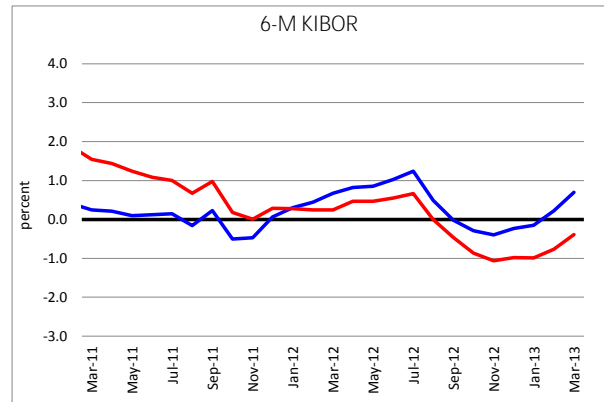
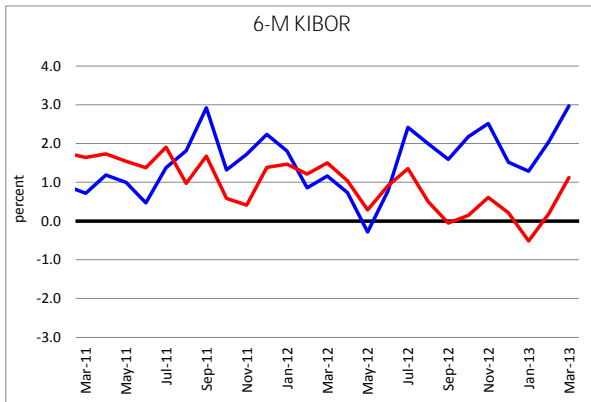
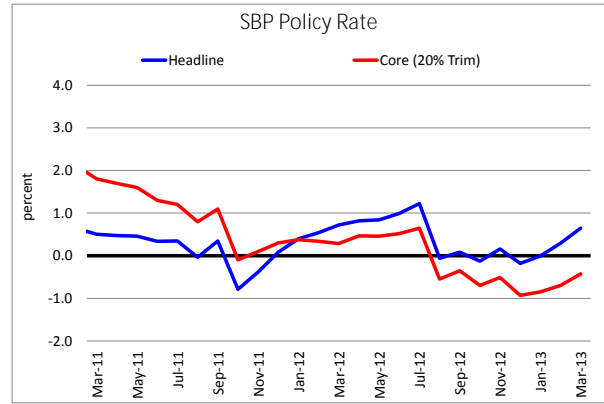
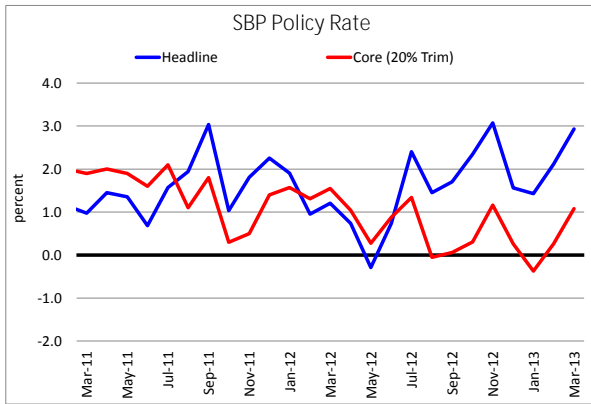
Sources: Statistics & Data Warehouse Department, SBP & Federal Bureau of Statistics



Real Interest Rates

Using YoY CPI inflation

Using 12-month moving average CPI inflation



¹ Weighted average lending and deposit rates excluding transactions in the interbank and on zero markup.

Sources: PBS and Statistics & Data Warehouse Department, SBP



Since the last monetary policy announcement in February 2013, market preferred to invest in 3-month tenor in T-bill auctions.

T-bill Auction (billion Rs (Realized value); rates in percent)

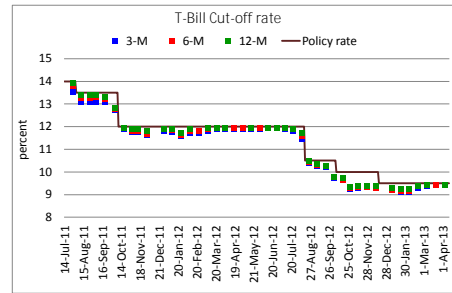
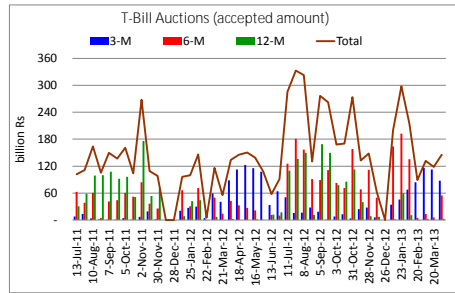
| FY/Q/ Settlement date | TOTAL | | | | 3-Month | | | 6-Month | | | 12-Month | | | Non- competitive bids ⁴ |
|-----------------------------|---------|----------|---------|-----------------------|---------|----------|----------------------|---------|----------|----------------------|----------|----------|----------------------|--|
| | Target | Maturity | Offered | Accepted ² | Offered | Accepted | Cut-off ³ | Offered | Accepted | Cut-off ³ | Offered | Accepted | Cut-off ³ | |
| FY12 | 3,345.0 | 3,053.4 | 4,773.6 | 2,854.6 | 1,416.6 | 889.6 | - | 1,513.2 | 891.6 | - | 1,843.8 | 1,073.4 | - | 366.5 |
| 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 |
| FY13 ¹ | 3,900.0 | 3,891.3 | 5,894.2 | 3,763.8 | 1,139.4 | 759.1 | - | 2,915.8 | 1,869.1 | - | 1,839.0 | 1,135.6 | - | 410.3 |
| 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 | 1,125.0 | 1,148.9 | 2,012.2 | 956.5 | 191.2 | 81.6 | 9.28 | 1,174.3 | 543.0 | 9.30 | 646.7 | 331.8 | 9.36 | 128.3 |
| Q3 | 1,125.0 | 1,103.8 | 1,492.6 | 1,050.8 | 665.9 | 460.5 | 9.41 | 713.3 | 515.9 | 9.43 | 113.4 | 74.5 | 9.42 | 111.7 |
| Q4 ¹ | 150.0 | 151.5 | 158.3 | 145.2 | 91.3 | 87.4 | 9.41 | 60.7 | 54.9 | 9.43 | 6.4 | 2.9 | 9.44 | 18.0 |

¹ Uptil April 3, 2013

² The amount does not include the non-competitive bids.

³ Quarterly rate are for end-period.

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



Government rejected all the bids in PIB auctions held in Q3-FY13.

PIB Auction (billion Rs (Face value); rates in percent)⁵

| | Cut-off rate ⁶ | 3-Year | 5-Year | 7-Year | 10-Year | 15-Year | 20-Year | 30-Year | Total | Target |
|------|---------------------------|--------|--------|--------|---------|---------|---------|---------|-------|--------|
| | | FY12 | 12.75 | 13.12 | 12.60 | 13.38 | 13.50 | 13.35 | 14.19 | - |
| | Offered | 94.1 | 71.0 | 1.2 | 145.2 | 2.4 | 4.8 | 0.2 | 318.7 | - |
| | Accepted | 67.3 | 52.1 | - | 86.2 | 2.2 | 3.7 | - | 211.6 | 185.0 |
| 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 |
| FY13 | Cut-off rate | 10.63 | 11.17 | - | 11.60 | - | 13.35 | - | - | - |
| | Offered | 94.1 | 72.2 | - | 76.9 | - | 6.1 | - | 249.4 | - |
| | Accepted | 43.3 | 45.6 | - | 21.8 | - | 5.1 | - | 115.8 | 90.0 |
| Q1 | Cut-off rate | 10.4 | 10.9 | - | 11.4 | - | - | - | - | - |
| | Offered | 66.1 | 34.1 | - | 25.7 | - | - | - | 125.9 | - |
| | Accepted | 29.7 | 11.8 | - | 9.4 | - | - | - | 50.9 | 90.0 |
| Q2 | Cut-off rate | - | - | - | - | - | - | - | - | - |
| | Offered | 39.8 | 16.8 | - | 11.2 | - | - | - | 67.7 | - |
| | Accepted | - | - | - | - | - | - | - | - | 75.0 |

⁵: Either no bid received or bids were rejected.

⁶ Excluding non-competitive bids and short-selling accommodation

⁷ 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)

Government has successfully raised the targeted amount in the Sukuk auction held in Q3-FY13.

3-year Ijarah Sukuk Auction (billion Rs; margin in bps)

| | Target | Total offered | Total accepted | Cut-off margin ⁷ |
|------|--------|---------------|----------------|-----------------------------|
| FY12 | 150.0 | 248.3 | 186.8 | - |
| Q1 | - | - | - | - |
| Q2 | 50.0 | 84.2 | 70.3 | 0 |
| Q3 | 50.0 | 55.7 | 38.1 | 0 |
| Q4 | 50.0 | 108.4 | 78.4 | 0 |
| FY13 | 88.0 | 196.9 | 90.0 | - |
| Q1 | 45.0 | 110.6 | 47.0 | (25) |
| Q2 | - | - | - | - |
| Q3 | 43.0 | 86.3 | 43.0 | (30) |

⁷ This cut-off margin, with the benchmark of 6-Month MTB Auction Weighted Average Yield, is applicable to all accepted bids

Source: Domestic Markets & Monetary Management Department, SBP



Foreign Exchange Market

Upto 12th April FY13, Pak rupee has depreciated by 3.8 percent against US\$.

| | PKR against international currencies | | | % App/(Dep) of PKR |
|-------------------------|--------------------------------------|-------------------|--------|-------------------------|
| | Latest 12-Apr-13 | Last MPS 8-Feb-12 | Jun-12 | Cumulative since Jun-12 |
| USD | 98.26 | 97.95 | 94.55 | (3.77) |
| Euro | 128.25 | 131.44 | 118.99 | (7.22) |
| Sterling | 150.92 | 154.18 | 147.36 | (2.36) |
| JPY | 0.99 | 1.06 | 1.19 | 20.14 |
| USD Kerb | 98.93 | 99.60 | 95.65 | (3.31) |
| Premium (Rs) | 0.67 | 1.65 | 1.10 | - |
| Daily NEER ¹ | 56.69 | 56.23 | 58.97 | (3.86) |

¹ Data updated up to 12th April 2013

Source: SBP

| | International exchange rates ² | | | % App/(Dep) of USD |
|---------|---|-------------------|--------|-------------------------|
| | Latest 12-Apr-13 | Last MPS 8-Feb-13 | Jun-12 | Cumulative since Jun-12 |
| USD/EUR | 1.31 | 1.34 | 1.26 | (3.57) |
| USD/GBP | 1.54 | 1.57 | 1.56 | 1.47 |
| JPY/USD | 99.17 | 92.64 | 79.43 | 24.85 |
| INR/USD | 54.58 | 53.60 | 55.97 | (2.48) |
| CNY/USD | 6.19 | 6.23 | 6.35 | (2.55) |
| THB/USD | 29.02 | 29.78 | 31.76 | (8.63) |
| MYR/USD | 3.04 | 3.10 | 3.18 | (4.19) |
| SGD/USD | 1.24 | 1.24 | 1.27 | (2.48) |

² The exchange rates are shown as per country practices

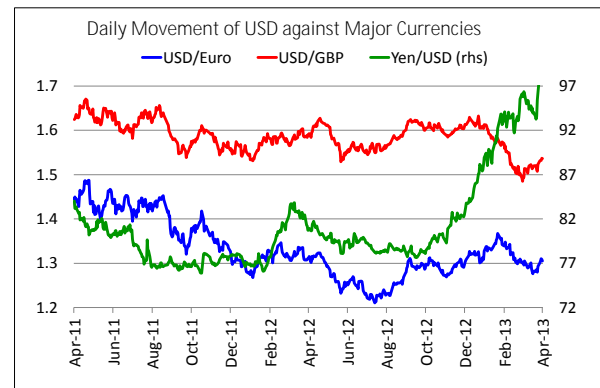
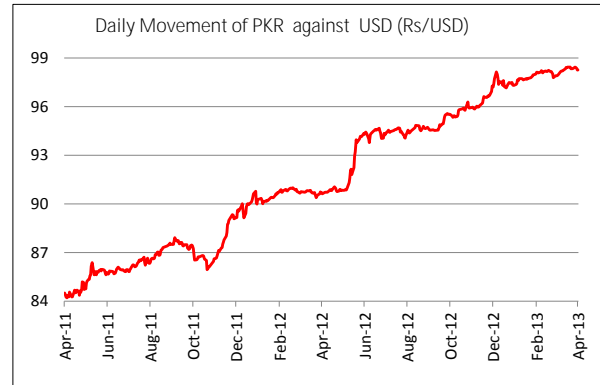
PKR/USD Interbank Exchange Rate Trends on Fiscal Year Basis

| | High | Low | Close | Average | Volatility C/C ³ |
|-------------------|-------|-------|-------|---------|-----------------------------|
| 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 ⁴ | 98.53 | 93.70 | 98.26 | 96.36 | 1.86 |

³ Reuters: Average Close-to-Close Daily Volatility (in %)

⁴ Updated up to 11th April 2013

Source: SBP



PKR/USD Interbank Exchange Rate Trends on Quarterly Basis

| | High | Low | Close | Average | Volatility C/C ³ |
|----------------------|-------|-------|-------|---------|-----------------------------|
| 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 | 98.35 | 94.87 | 97.15 | 96.25 | 2.21 |
| Q3-FY13 | 98.53 | 97.22 | 98.44 | 97.92 | 1.30 |
| Q4-FY13 ⁴ | 98.48 | 98.24 | 98.26 | 98.36 | 0.95 |



In real terms, Pak rupee has depreciated by 4.2 percent during July-February FY13.

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

| | | REER Index | Changes in Real Effective Exchange Rate (REER) | | | | | | | | | |
|------|------------------|------------|--|-------|-------|------|------|-------|------|-------|-------|------------------|
| | | | 2010 | 2011 | | | | 2012 | | | | 2013 |
| | | | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Feb ^P |
| 2010 | Jun | 100.20 | 0.94 | -0.24 | -0.39 | 2.35 | 2.84 | 2.76 | 4.14 | 2.45 | -0.54 | -0.20 |
| | Sep | 101.39 | -0.25 | -1.41 | -1.57 | 1.15 | 1.62 | 1.55 | 2.91 | 1.24 | -1.72 | -1.38 |
| | Dec | 101.14 | - | -1.16 | -1.32 | 1.40 | 1.88 | 1.81 | 3.17 | 1.50 | -1.47 | -1.13 |
| 2011 | Mar | 99.96 | - | - | -0.16 | 2.60 | 3.08 | 3.01 | 4.38 | 2.69 | -0.31 | 0.04 |
| | Jun | 99.80 | - | - | - | 2.76 | 3.24 | 3.17 | 4.55 | 2.85 | -0.15 | 0.19 |
| | Sep | 102.56 | - | - | - | - | 0.47 | 0.40 | 1.74 | 0.09 | -2.83 | -2.50 |
| | Dec | 103.04 | - | - | - | - | - | -0.07 | 1.26 | -0.38 | -3.29 | -2.95 |
| 2012 | Mar | 102.97 | - | - | - | - | - | - | 1.33 | -0.31 | -3.22 | -2.89 |
| | Jun | 104.34 | - | - | - | - | - | - | - | -1.62 | -4.49 | -4.16 |
| | Sep | 102.65 | - | - | - | - | - | - | - | - | -2.92 | -2.58 |
| | Dec | 99.65 | - | - | - | - | - | - | - | - | - | 0.35 |
| 2013 | Feb ^P | 100.00 | - | - | - | - | - | - | - | - | - | - |

^P Provisional

Changes in Nominal Effective Exchange Rate (NEER)
Base Year: CY2005

| | | NEER Index | Changes in Nominal Effective Exchange Rate (NEER) | | | | | | | | | |
|------|--------|------------|---|-------|-------|-------|-------|--------|--------|--------|--------|--------|
| | | | 2010 | 2011 | | | | 2012 | | | | 2013 |
| | | | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | 11-Apr |
| 2010 | Jun | 67.74 | -5.16 | -7.00 | -8.84 | -9.02 | -9.21 | -11.03 | -12.41 | -14.21 | -16.78 | -16.29 |
| | Sep | 64.87 | -0.96 | -2.88 | -4.80 | -4.99 | -5.19 | -7.09 | -8.53 | -10.41 | -13.10 | -12.58 |
| | Dec | 64.25 | - | -1.94 | -3.88 | -4.08 | -4.27 | -6.19 | -7.65 | -9.55 | -12.25 | -11.74 |
| 2011 | Mar | 63.00 | - | - | -1.97 | -2.17 | -2.38 | -4.33 | -5.82 | -7.75 | -10.52 | -9.99 |
| | Jun | 61.75 | - | - | - | -0.20 | -0.41 | -2.41 | -3.92 | -5.90 | -8.71 | -8.18 |
| | Sep | 61.63 | - | - | - | - | -0.21 | -2.21 | -3.72 | -5.70 | -8.53 | -7.99 |
| | Dec | 61.50 | - | - | - | - | - | -2.00 | -3.52 | -5.51 | -8.34 | -7.80 |
| 2012 | Mar | 60.27 | - | - | - | - | - | - | -1.55 | -3.58 | -6.46 | -5.91 |
| | Jun | 59.33 | - | - | - | - | - | - | - | -2.06 | -4.99 | -4.43 |
| | Sep | 58.11 | - | - | - | - | - | - | - | - | -2.99 | -2.42 |
| | Dec | 56.37 | - | - | - | - | - | - | - | - | - | 0.59 |
| 2013 | 11-Apr | 56.71 | - | - | - | - | - | - | - | - | - | - |

Source: SBP



Capital Market

Since end June 2012, KSE-100 index has so far increased by 35.7 percent as compared to 10.4 percent growth in the entire FY12.

Performance of Karachi Stock Exchange

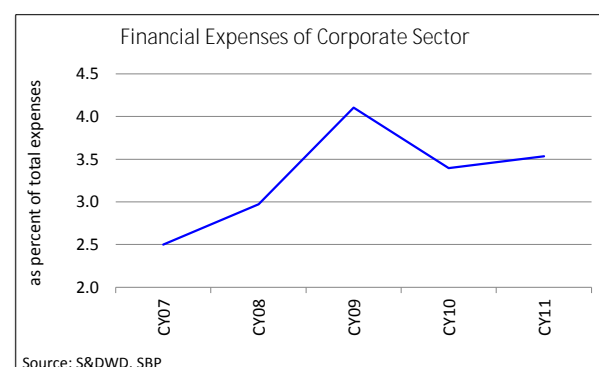
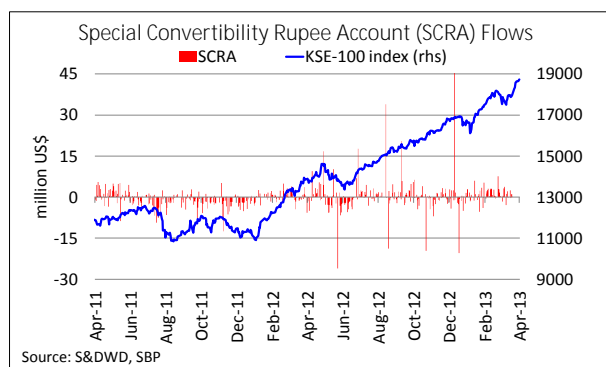
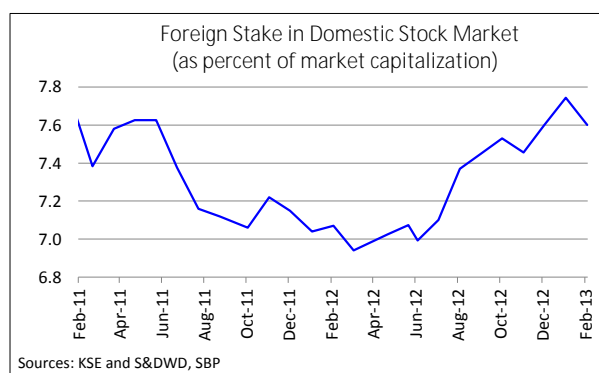
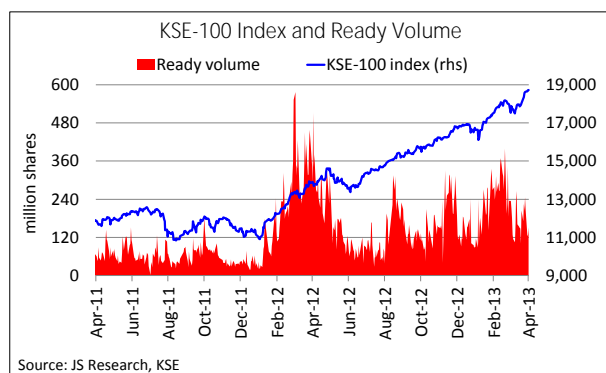
| | FY13 | | | FY12 | Percentage change during | | |
|---|---------------------|--------|----------------------|--------|--------------------------|------|------|
| | Apr-13 ¹ | Mar-13 | Jul-Apr ¹ | | Apr FY13 ² | FY13 | FY12 |
| End-period KSE-100 index | 18,723 | 18,043 | 18,723 | 13,801 | 3.8 | 35.7 | 10.4 |
| End-period KSE-30 index | 14,613 | 14,208 | 14,613 | 11,922 | 2.8 | 22.6 | 2.9 |
| Market capitalization (billion Rs) ³ | 4,567 | 4,410 | 4,089 | 3,233 | 3.5 | 26.5 | 7.0 |
| Ready volume (million shares) ³ | 181.9 | 197 | 169 | 130.0 | - | - | - |
| SCRA flows (US\$ million) ⁴ | -2.1 | 32.6 | 299.7 | -251.0 | - | - | - |

¹ Up to 10th April 2013

² Reflects growth since end of the previous month

³ Average during the period

⁴ Cumulative flow during the period



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



Financial Soundness Indicators

Asset quality and liquidity indicators of the banking system have improved during Q2-FY13.

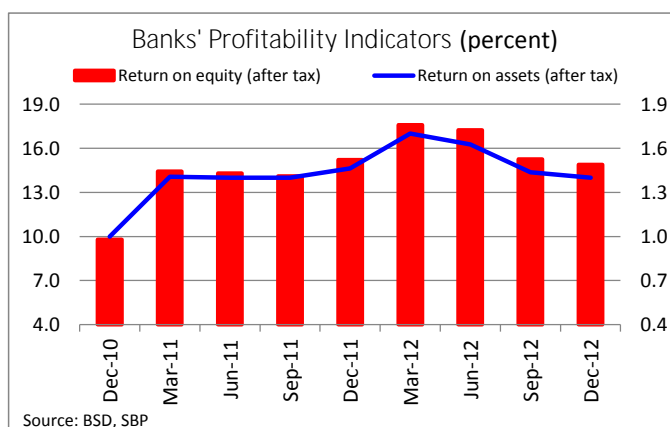
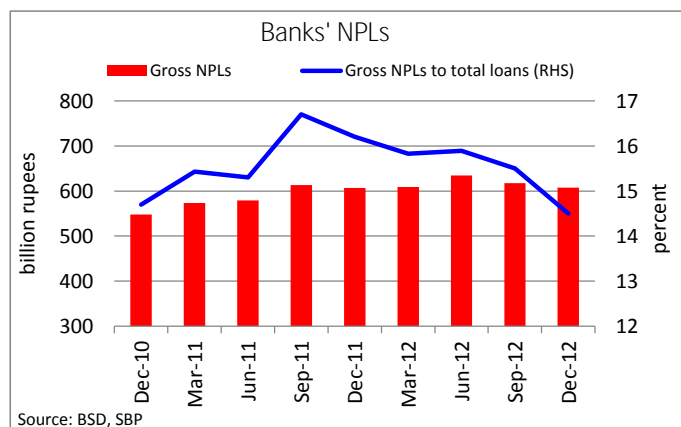
percent

| | Sep 2011 | Dec 2011 | Mar 2012 | Jun 2012 | Sep 2012 | Dec 2012 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Risk weighted CAR ¹ | 14.9 | 14.6 | 14.7 | 15.1 | 16.0 | 15.4 |
| Gross NPLs to total loans | 16.7 | 16.2 | 15.8 | 15.9 | 15.5 | 14.5 |
| Provision to NPLs | 65.8 | 66.8 | 68.5 | 66.3 | 70.0 | 71.8 |
| Net NPLs to net loans | 6.4 | 6.0 | 5.6 | 6.0 | 5.2 | 4.6 |
| Returns on assets (before tax) | 2.1 | 2.2 | 2.5 | 2.4 | 2.2 | 2.1 |
| Return on assets (after tax) | 1.4 | 1.5 | 1.7 | 1.6 | 1.4 | 1.4 |
| ROE (before tax) ² | 21.5 | 23.4 | 26.3 | 25.9 | 23.4 | 22.9 |
| ROE (after tax) ² | 14.1 | 15.2 | 17.6 | 17.3 | 15.3 | 14.9 |
| Net interest income/gross income | 76.5 | 75.7 | 73.4 | 72.3 | 71.6 | 71.7 |
| Liquid assets/total assets | 40.5 | 44.4 | 44.0 | 42.7 | 46.5 | 47.4 |
| Liquid assets/total deposits | 54.5 | 58.4 | 58.5 | 54.3 | 62.8 | 63.3 |
| Advances/deposits | 56.6 | 53.6 | 54.3 | 52.5 | 52.6 | 51.5 |

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

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

² Average equity and surplus.



Source: Banking Surveillance Department (BSD), SBP