



# **Monetary Policy Information Compendium**

**February 2013**

Consolidated by

**Monetary Policy Department**

**STATE BANK OF PAKISTAN**

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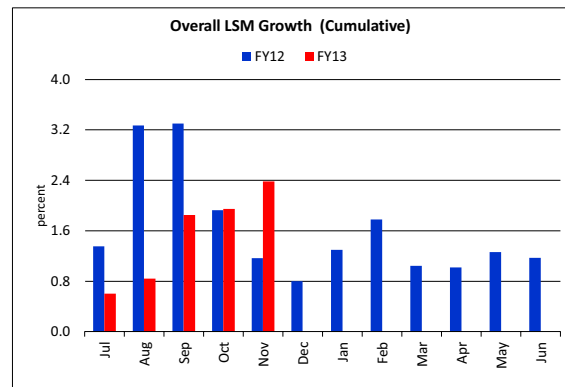
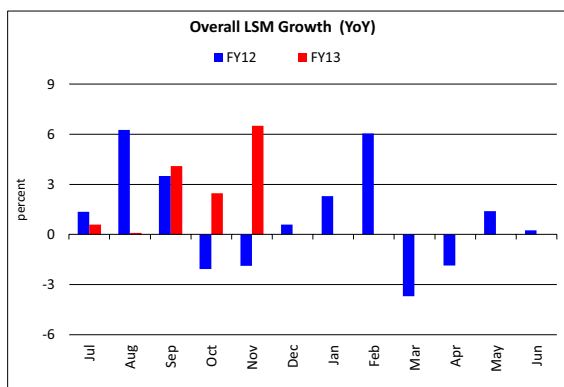


## Growth

*Annualized LSM growth of 2.4 percent is recorded in July-November FY13, which is twice the growth rate observed in July-November FY12.*

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

Groups	Weights	YoY changes		Cumulative change during Jul-Nov	
		Nov-12	Nov-11	FY13	FY12
<b>Overall</b>	<b>71.1</b>	<b>6.5</b>	<b>-1.9</b>	<b>2.4</b>	<b>1.2</b>
Textile	20.9	↑ 1.1	↑ 0.5	↑ 0.0	↑ 1.0
Food, beverages and tobacco	12.4	↑ 6.1	↑ 0.5	↑ 8.0	↑ 4.2
Petroleum products	5.4	↑ 20.8	↓ -12.7	↑ 10.5	↑ 2.8
Iron and steel products	5.4	↑ 35.8	↓ -39.8	↑ 16.8	↓ -33.1
Non-metallic mineral products	5.4	↑ 13.6	↓ -4.7	↑ 3.3	↑ 2.3
Automobile	4.6	↓ -8.6	↓ -4.3	↓ -8.7	↓ -0.4
Fertilizer	4.4	↑ 3.9	↓ -0.9	↓ -14.5	↓ -0.1
Pharmaceuticals	3.6	↑ 9.9	↑ 15.1	↑ 6.2	↑ 20.2
Paper and board	2.3	↑ 49.6	↓ -1.0	↑ 33.7	↑ 9.6
Electronics	2.0	↓ -35.3	↑ 26.7	↓ -13.6	↓ -8.9
Chemicals	1.7	↑ 0.5	↓ -6.3	↑ 0.2	↓ -5.9
Leather products	0.9	↑ 20.0	↑ 8.8	↓ -5.1	↑ 9.1
Wood products	0.6	↓ -22.7	↓ -8.1	↓ -19.2	↓ -1.2
Engineering industries	0.4	↓ -1.4	↑ 1.4	↓ -10.9	↓ -12.3
Rubber products	0.3	↑ 19.6	↓ -24.6	↑ 30.0	↓ -27.4



*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 <sup>T</sup>	FY12 <sup>P</sup>	FY11 <sup>R</sup>	FY12 <sup>P</sup> over FY11 <sup>R</sup>	FY12 <sup>P</sup>	FY11 <sup>R</sup>	FY12 <sup>P</sup> over FY11 <sup>R</sup>	FY12 <sup>P</sup>	FY11 <sup>R</sup>	FY12 <sup>P</sup> over FY11 <sup>R</sup>
Cotton <sup>1</sup>	14.5	13.6	11.5	↑ 18.6	2.8	2.7	↑ 5.4	815	724	↑ 12.6
Sugarcane	58.5	58.0	55.3	↑ 4.9	1.0	1.0	↑ 5.9	55,486	55,997	↓ -0.9
Rice	6.9	6.2	4.8	↑ 27.7	2.6	2.4	↑ 8.7	2,396	2,039	↑ 17.5
Wheat	25.8	23.5	25.2	↓ -6.7	8.7	8.9	↓ -2.6	2,714	2,833	↓ -4.2

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

P: Provisional; T: Target; R: Revised

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



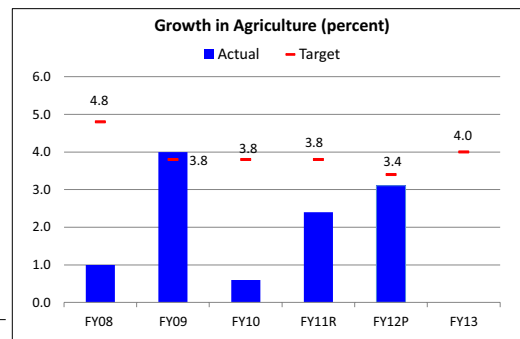
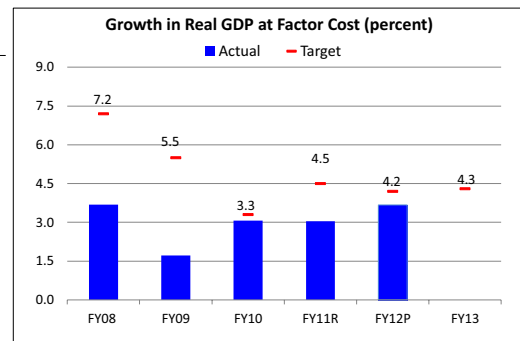
# Monetary Policy Information Compendium

February 2013

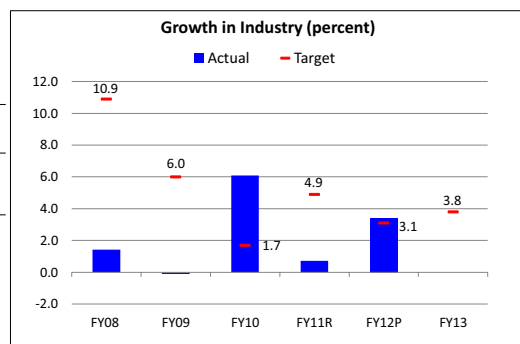
**Provisional estimates show moderate recovery in GDP growth (3.7 percent) during FY12, though the target (4.2 percent) was not achieved.**

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

	FY12 <sup>P</sup>			FY11 <sup>R</sup>
	Growth	Shares	Contribution	Growth
<b>Agriculture of which</b>	<b>3.1</b>	<b>21.1</b>	<b>0.7</b>	<b>2.4</b>
Major crops	3.2	6.7	0.2	-0.2
Minor crops	-1.3	2.1	-0.03	2.7
Livestock	4.0	11.6	0.5	4.0
<b>Industry of which</b>	<b>3.4</b>	<b>25.4</b>	<b>0.9</b>	<b>0.7</b>
Manufacturing	3.6	18.6	0.7	3.1
Large-scale <sup>1</sup>	1.8	11.9	0.2	1.2
Small-scale	7.5	5.3	0.4	7.5
Construction	6.5	2.2	0.1	-7.1
<b>Services of which</b>	<b>4.0</b>	<b>53.5</b>	<b>2.1</b>	<b>4.4</b>
Transport 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
<b>Real GDP (fc)</b>	<b>3.7</b>	-	-	<b>3.0</b>
<b>Real GDP (market prices)</b>	<b>4.2</b>	-	-	<b>3.0</b>

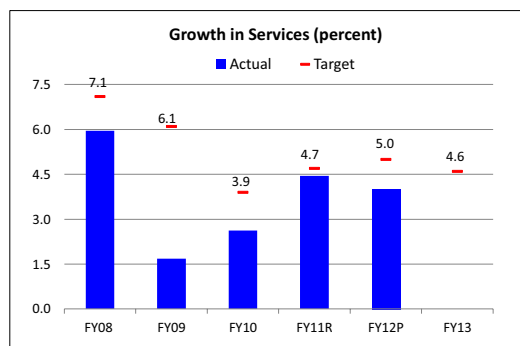


	FY12(P)	FY11(R)	FY10
Real GDP (fc, billion Rs)	6,029	5,815	5,644
Nominal GDP (mp, billion Rs)	20,654	18,033	14,804
Nominal GDP (mp, billion US\$) <sup>2</sup>	231	211	176



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

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



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

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

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

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

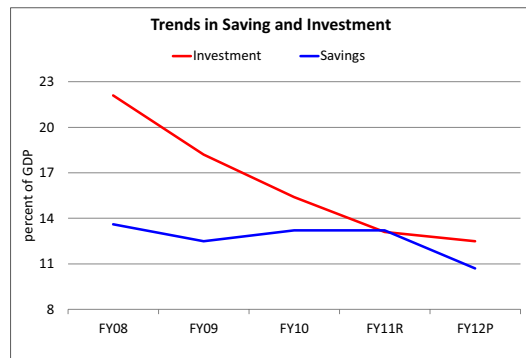


## Saving and Investment

*Investment as percent of GDP continues to fall.*

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

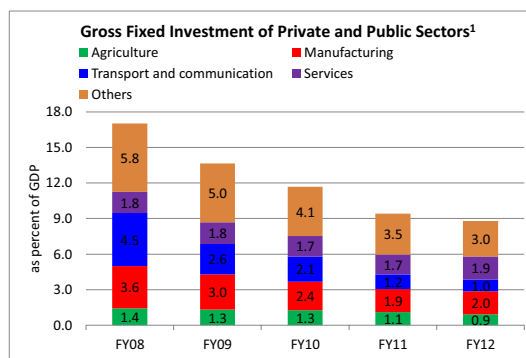
	Target	Actual	
	FY13	FY12 <sup>P</sup>	FY11
<b>A. Investment</b>	<b>13.1</b>	<b>12.5</b>	<b>13.1</b>
Gross fixed investment	11.5	10.9	11.5
Private sector	8.3	7.9	8.6
Public sector	-	0.9	0.8
General government	-	2.1	2.1
Change in capital stocks	1.6	1.6	1.6
<b>B. National savings</b>	<b>11.2</b>	<b>10.7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



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

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

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



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

<sup>P</sup>: Provisional

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



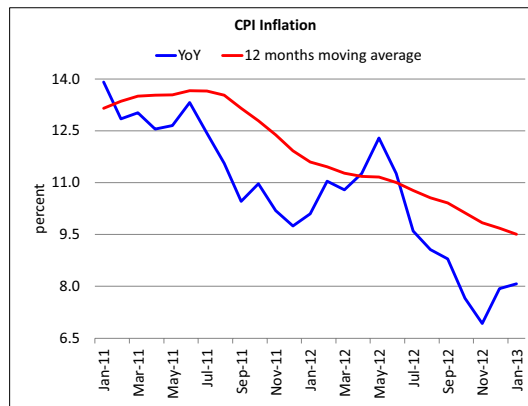
## Inflation

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

**Headline CPI inflation (YoY) has increased to 8.1 percent in January 2013 from 7.9 percent in the previous month.**

Consumer Price Index (CPI) (percent change)

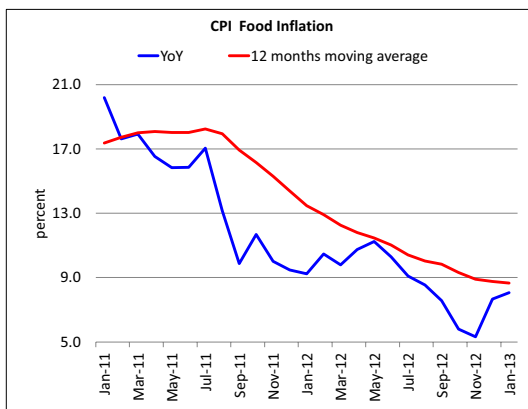
	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Jan-12	1.5	1.1	10.1	11.6
Feb-12	0.3	0.9	11.0	11.5
Mar-12	1.2	0.9	10.8	11.3
Apr-12	1.8	1.1	11.3	11.2
May-12	1.1	1.5	12.3	11.2
Jun-12	0.0	0.1	11.3	11.0
Jul-12	-0.2	-0.9	9.6	10.8
Aug-12	0.9	0.5	9.1	10.6
Sep-12	0.8	0.7	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	1.2	8.1	9.5
<b>3-year average for Jan.</b>	<b>1.5</b>	<b>1.0</b>	<b>10.7</b>	



**Food inflation (YoY) has increased to 8.1 percent in January 2013 from 7.7 percent in the previous month.**

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

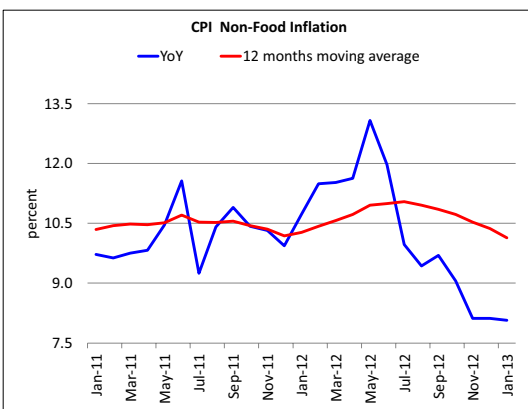
Jan-12	1.5	0.93	9.2	13.5
Feb-12	-0.7	0.7	10.5	12.9
Mar-12	1.5	0.8	9.8	12.3
Apr-12	2.2	1.2	10.7	11.8
May-12	0.2	0.8	11.3	11.5
Jun-12	-0.2	0.1	10.3	11.0
Jul-12	1.8	0.1	9.1	10.4
Aug-12	0.9	0.0	8.5	10.0
Sep-12	0.7	0.4	7.6	9.8
Oct-12	-0.1	-0.2	5.8	9.3
Nov-12	-0.3	0.3	5.3	8.9
Dec-12	0.0	2.4	7.7	8.8
Jan-13	1.87	1.2	8.1	8.7
<b>3-year average for Jan.</b>	<b>1.7</b>	<b>1.1</b>	<b>12.5</b>	



**Non-food inflation (YoY) has remained at 8.1 percent in January 2013.**

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

Jan-12	1.6	1.2	10.7	10.3
Feb-12	1.0	1.1	11.5	10.4
Mar-12	0.9	1.0	11.5	10.6
Apr-12	1.6	1.1	11.6	10.7
May-12	1.9	2.0	13.1	11.0
Jun-12	0.2	0.1	12.0	11.0
Jul-12	-1.7	-1.5	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	0.6	8.1	10.4
Jan-13	1.5	1.2	8.1	10.1
<b>3-year average for Jan.</b>	<b>1.3</b>	<b>1.0</b>	<b>9.5</b>	



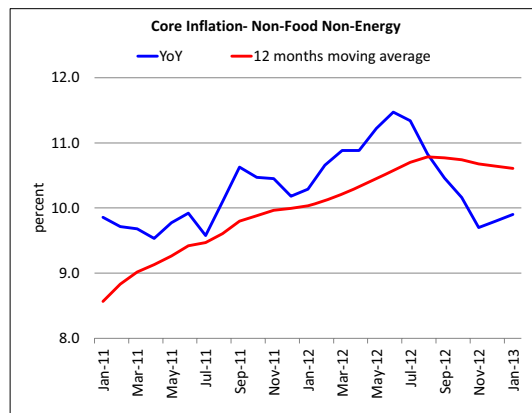
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

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



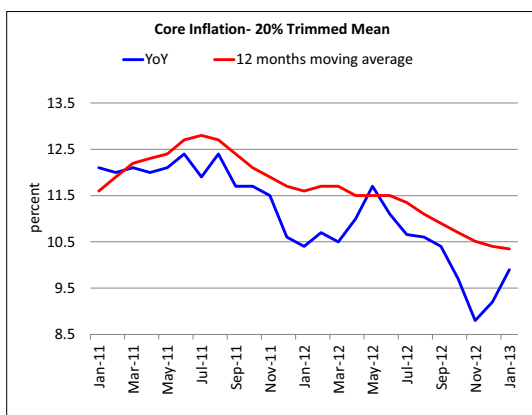
*The non-food non-energy (NFNE) measure of core inflation has increased slightly to 9.9 percent (YoY) in January 2013 from 9.8 percent in December 2012.*

Core - Non-food non-energy (53.52% weight in basket) (percent change)			
	MoM	YoY	12M moving average
Jan-12	1.1	10.3	10.0
Feb-12	0.7	10.7	10.1
Mar-12	1.0	10.9	10.2
Apr-12	1.4	10.9	10.3
May-12	0.8	11.2	10.4
Jun-12	0.7	11.5	10.6
Jul-12	1.1	11.3	10.7
Aug-12	0.3	10.8	10.8
Sep-12	0.4	10.5	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	9.9	10.6
<b>3-year average for Jan.</b>	<b>1.1</b>	<b>10.0</b>	



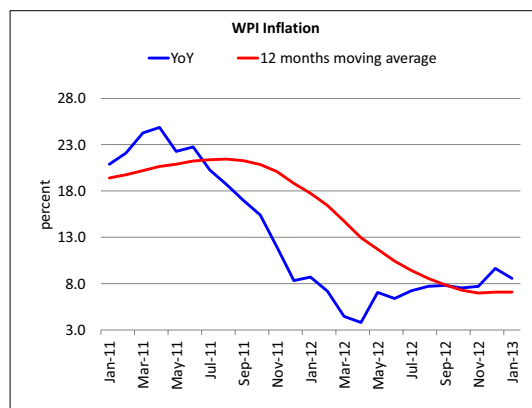
*The 20 percent trimmed mean measure of core inflation has increased to 9.9 percent (YoY) in January from 9.2 percent in the previous month.*

Core - 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
Jan-12	0.8	10.4	11.6
Feb-12	0.5	10.7	11.7
Mar-12	0.8	10.5	11.7
Apr-12	1.3	11.0	11.5
May-12	0.5	11.7	11.5
Jun-12	0.5	11.1	11.5
Jul-12	0.7	10.7	11.4
Aug-12	0.4	10.6	11.1
Sep-12	0.5	10.4	10.9
Oct-12	0.7	9.7	10.7
Nov-12	0.2	8.8	10.5
Dec-12	0.3	9.2	10.4
Jan-13	1.0	9.9	10.3
<b>3-year average for Jan.</b>	<b>1.0</b>	<b>10.8</b>	



*The WPI inflation (YoY) has decreased to 8.6 percent in January 2013 from 9.6 percent in December 2012.*

Wholesale Price Index (WPI) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Jan-12	2.3	1.5	8.7	17.7
Feb-12	0.6	0.7	7.2	16.4
Mar-12	0.7	0.3	4.5	14.7
Apr-12	1.8	1.1	3.8	13.0
May-12	2.1	2.0	7.1	11.7
Jun-12	0.0	-0.2	6.4	10.4
Jul-12	0.4	0.3	7.2	9.4
Aug-12	1.0	0.7	7.7	8.6
Sep-12	0.3	0.8	7.8	7.9
Oct-12	0.1	0.5	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
<b>3-year average for Jan.</b>	<b>1.8</b>	<b>1.1</b>	<b>12.7</b>	



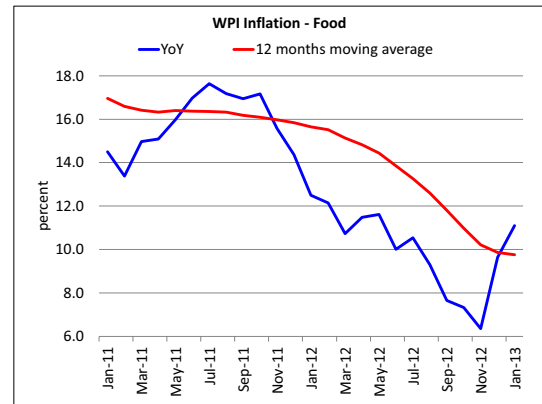
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



**WPI food inflation (YoY) has increased sharply to 11.1 percent in January 2013 from 9.6 percent in December 2012.**

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

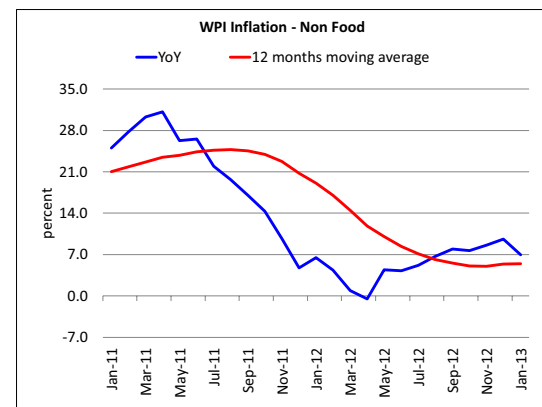
	MoM	MoM SA	YoY	12M moving average
Jan-12	0.4	-0.3	12.5	15.7
Feb-12	-0.8	0.3	12.1	15.5
Mar-12	1.6	0.9	10.7	15.1
Apr-12	2.2	1.6	11.5	14.8
May-12	1.1	0.9	11.6	14.4
Jun-12	1.5	1.1	10.0	13.9
Jul-12	2.4	2.1	10.5	13.3
Aug-12	0.7	-0.3	9.3	12.6
Sep-12	0.3	0.1	7.7	11.8
Oct-12	0.2	0.8	7.3	11.0
Nov-12	-1.6	-1.0	6.4	10.2
Dec-12	1.3	3.2	9.6	9.9
Jan-13	1.7	1.0	11.1	9.8
<b>3-year average for Jan.</b>	<b>1.4</b>	<b>0.7</b>	<b>12.7</b>	



**WPI non-food (YoY) inflation has decreased to 7.0 percent in January 2013 from 9.6 percent in December 2012.**

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

	MoM	MoM SA	YoY	12M moving average
Jan-12	3.5	2.7	6.5	19.1
Feb-12	1.4	0.9	4.4	17.0
Mar-12	0.1	-0.1	0.9	14.5
Apr-12	1.5	0.7	-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	-0.9	5.1	7.1
Aug-12	1.2	1.3	6.7	6.2
Sep-12	0.4	1.2	7.9	5.5
Oct-12	0.1	0.4	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
<b>3-year average for Jan.</b>	<b>2.1</b>	<b>1.3</b>	<b>12.8</b>	

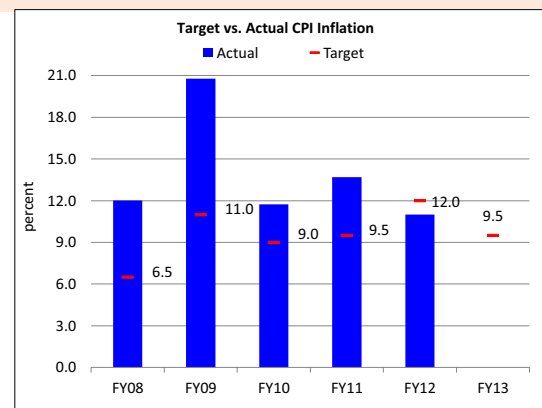


**Average CPI inflation has declined to 8.3 percent during July-January FY13 against 10.8 percent recorded in July-January FY12.**

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

	CPI			WPI
	Headline	Food	Non Food	
FY11	13.7	18.0	10.7	21.2
FY12	11.0	11.0	11.0	10.4
Jul-Jan FY12	10.8	11.4	10.3	14.2
<b>Jul-Jan FY13</b>	<b>8.3</b>	<b>7.4</b>	<b>8.9</b>	<b>8.0</b>

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







## CPI and SPI Inflation by Groups

*Increase in headline CPI inflation (YoY) in January 2013 was due to rise in inflation of the food group.*

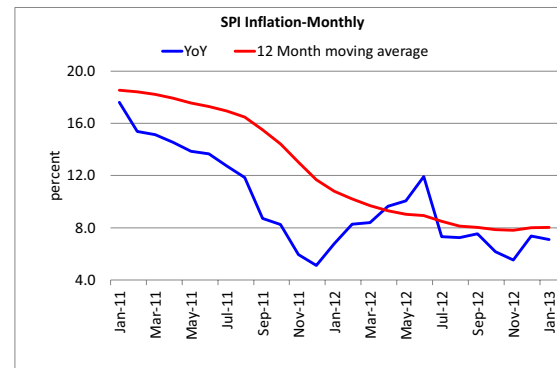
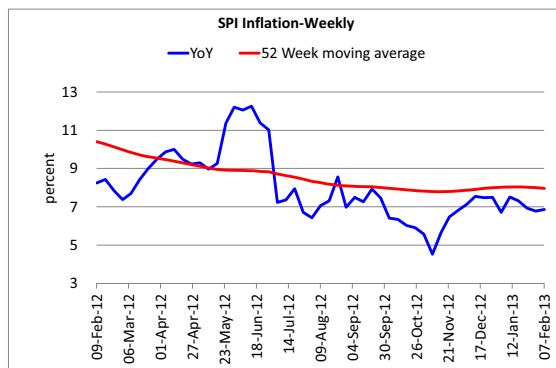
### Group-Wise CPI Inflation

Groups	Weights	Jan-13			Dec-12		
		MoM	YoY	12m MA <sup>1</sup>	MoM	YoY	12m MA <sup>1</sup>
<b>I. Food group</b>	<b>37.5</b>	<b>1.87</b>	<b>8.1</b>	<b>8.7</b>	<b>0.0</b>	<b>7.7</b>	<b>8.8</b>
Food and non-alcoholic beverages	34.8	2.0	7.6	8.3	-0.1	7.2	8.5
Alcoholic beverages and tobacco	1.4	0.1	18.2	15.3	0.2	18.2	14.4
Restaurant & hotels	1.2	1.0	10.4	10.7	0.7	10.7	10.7
<b>II. Non-food group</b>	<b>62.5</b>	<b>1.5</b>	<b>8.1</b>	<b>10.1</b>	<b>0.4</b>	<b>8.1</b>	<b>10.4</b>
Clothing and footwear	7.6	0.8	15.3	15.4	2.0	15.8	15.4
Housing, water, electricity, gas fuels	29.4	1.8	3.6	6.2	0.1	4.1	6.6
Furnishing & household equipment maintenance etc.	4.2	0.5	11.1	17.4	0.8	12.3	18.2
Health	2.2	0.5	13.7	13.8	0.4	14.3	13.6
Transport	7.2	3.2	10.9	14.5	0.2	8.9	14.8
Communication	3.2	3.8	5.1	0.3	0.1	0.6	-0.1
Recreation and culture	2.0	0.2	17.6	15.5	0.3	17.9	14.5
Education	3.9	0.1	9.9	10.8	0.1	10.0	10.9
Miscellaneous	2.8	0.3	10.5	14.2	0.4	11.3	15.0
<b>Overall</b>	<b>100</b>	<b>1.7</b>	<b>8.1</b>	<b>9.5</b>	<b>0.2</b>	<b>7.9</b>	<b>9.7</b>

*SPI inflation (WoW) has increased marginally by 0.02 percent during the first week of February 2013.*

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

Income groups	7-Feb-13	31-Jan-13	24-Jan-13	17-Jan-13	Jan-13		
					MoM	YoY	12m MA <sup>1</sup>
		WoW <sup>2</sup>					
<b>Up to Rs 8000</b>	0.16	0.03	-0.36	-0.33	1.92	9.2	7.6
<b>Rs 8001-12000</b>	0.10	0.01	-0.31	-0.36	1.79	10.9	9.3
<b>Rs 12001-18000</b>	0.06	0.02	-0.29	-0.40	1.65	10.3	9.0
<b>Rs 18001-35000</b>	0.01	0.03	-0.23	-0.43	1.62	6.0	7.5
<b>Above Rs 35000</b>	-0.06	0.13	-0.12	-0.43	1.39	3.3	6.8
<b>All</b>	<b>0.02</b>	<b>0.06</b>	<b>-0.21</b>	<b>-0.41</b>	<b>1.56</b>	<b>7.1</b>	<b>8.0</b>



<sup>1</sup> Twelve month moving average inflation <sup>2</sup> WoW: Week on Week.

Sources: Pakistan Bureau of Statistics

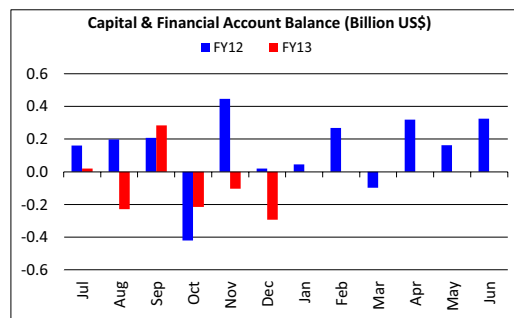
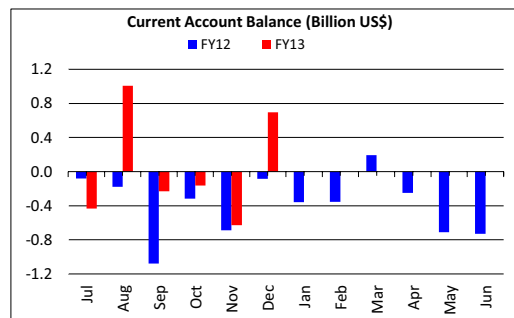
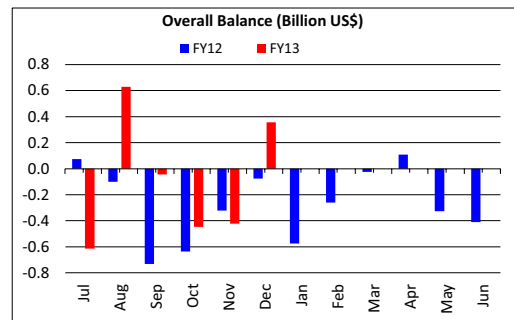


## Balance of Payments

*With US\$668 million of Coalition Support Fund, a surplus of US\$357 million in overall external balance was recorded in December 2012.*

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

Items	Dec-12	Jul-Dec		FY12
		FY13	FY12	
<b>A) Current account balance</b>	<b>697</b>	<b>250</b>	<b>-2,426</b>	<b>-4,634</b>
Trade balance	-1,189	-7,614	-7,895	-15,481
Exports	1,819	12,011	12,051	24,657
Imports	3,008	19,625	19,946	40,138
Services (net)	583	260	-1,336	-3,030
Receipts; of which	1,207	4,161	2,587	4,950
CSF	668	1,807	0	0
Payments	624	3,901	3,923	7,980
Income (net)	-230	-1,762	-1,578	-3,407
Receipts	84	272	489	820
Payments	314	2,034	2,067	4,227
Current transfers (net)	1,533	9,366	8,383	17,284
Receipts; of which	1,541	9,409	8,459	17,404
Remittances	1,135	7,117	6,325	13,186
Payments	8	43	76	120
<b>B) Capital and financial account balance; of which</b>	<b>-294</b>	<b>-539</b>	<b>612</b>	<b>1,634</b>
Foreign direct investment (net) <sup>1</sup>	239	510	489	749
Foreign portfolio investment (net)	-17	160	-159	-159
Other investment assets	-250	-718	-71	118
Other investment liabilities	-350	-629	258	782
Of which : General government	-62	14	271	1,043
Disbursements	147	963	1,022	2,129
Amortization	209	980	751	1,529
<b>C) Errors and omissions</b>	<b>-46</b>	<b>-252</b>	<b>22</b>	<b>-280</b>
<b>Overall balance (A+B+C)</b>	<b>357</b>	<b>-541</b>	<b>-1,792</b>	<b>-3,280</b>
<b>SBP gross reserves<sup>2</sup></b>	<b>10,094</b>	<b>10,094</b>	<b>14,451</b>	<b>11,901</b>
<b>SBP net liquid reserves<sup>3</sup></b>	<b>8,987</b>	<b>8,987</b>	<b>12,875</b>	<b>10,799</b>



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

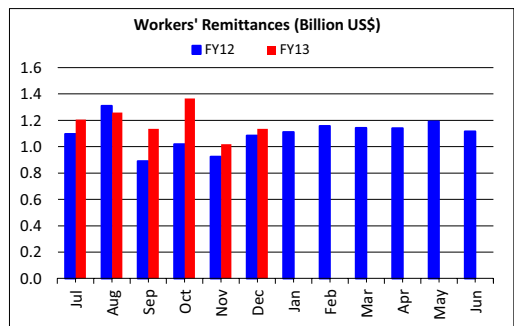
<sup>2</sup> SBP gross reserves includes banks' deposits for meeting cash reserve requirements (CRR) against their foreign currency deposits and foreign currency cash holdings of SBP, but it excludes unsettled claims on RBI.

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

*Workers' remittances recorded an annualized growth of 12.5 percent during H1-FY13.*

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

	Dec-12	Jul-Dec		FY12
		FY13	FY12	
<b>Total inflows</b>	<b>1,135</b>	<b>7,117</b>	<b>6,325</b>	<b>13,187</b>
USA	162	1,156	1,150	2,334
UK	159	1,005	726	1,521
Saudi Arabia	351	1,961	1,662	3,687
UAE	220	1,461	1,413	2,849
Other GCC <sup>5</sup>	134	811	721	1,495
All others	108	723	653	1,300



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

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

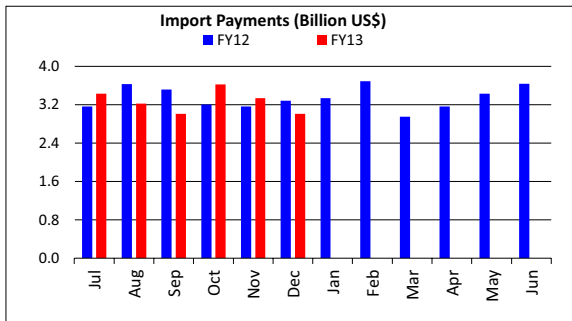
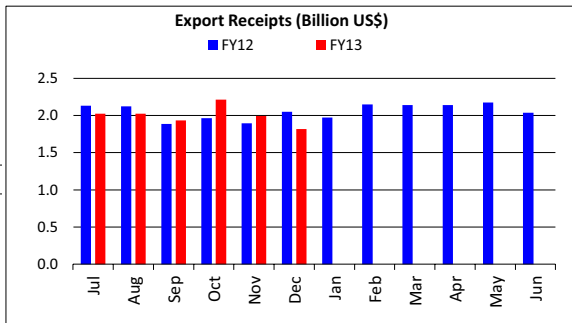
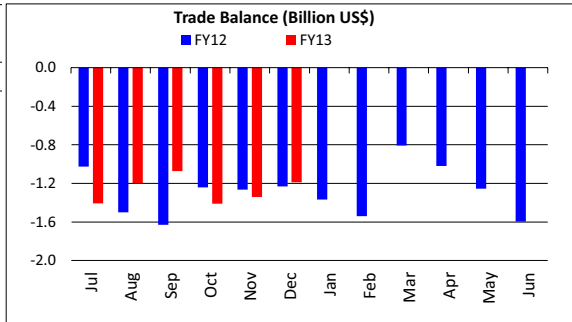


## Trade and Foreign Investment

*Led by a decline in import payments, the external trade deficit has narrowed by 3.6 percent during H1-FY13.*

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

	Dec-12	Jul-Dec		Shares <sup>1</sup> FY13
		FY13	FY12	
<b>Exports</b>	<b>1,819</b>	<b>12,011</b>	<b>12,051</b>	<b>100</b>
<b>Textile group</b>	<b>960</b>	<b>6,358</b>	<b>6,594</b>	<b>53</b>
Knitwear, bed wear	287	1,942	2,268	16
Cotton cloth	202	1,286	1,315	11
Cotton Yarn	152	986	804	8
Readymade garments	117	820	696	7
<b>Other manufactures group</b>	<b>308</b>	<b>2,254</b>	<b>2,178</b>	<b>19</b>
Chemical and pharma	76	597	613	5
Leather items <sup>2</sup>	66	460	475	4
Cement	39	281	246	2
Engineering goods	31	181	179	2
Jewellery	2	83	25	1
<b>Food group</b>	<b>301</b>	<b>1,784</b>	<b>1,765</b>	<b>15</b>
Rice	155	752	921	6
<b>All others</b>	<b>250</b>	<b>1,615</b>	<b>1,514</b>	<b>13</b>
<b>Imports</b>	<b>3,008</b>	<b>19,625</b>	<b>19,946</b>	<b>100</b>
<b>Petroleum group</b>	<b>1,004</b>	<b>7,198</b>	<b>7,087</b>	<b>37</b>
Petroleum products	531	4,436	4,745	23
Petroleum crude	474	2,762	2,341	14
<b>Machinery group</b>	<b>391</b>	<b>2,016</b>	<b>1,821</b>	<b>10</b>
Telecom	98	429	462	2
Electrical machinery	44	293	233	1
Power machinery	53	277	237	1
<b>Agriculture &amp; other chemicals group</b>	<b>530</b>	<b>3,276</b>	<b>3,575</b>	<b>17</b>
Plastic materials	116	735	708	4
Fertilizer manufactured	52	478	708	2
<b>Food group</b>	<b>258</b>	<b>2,019</b>	<b>2,466</b>	<b>10</b>
Palm oil	149	1,010	1,300	5
Tea	31	184	147	1
<b>Metal group</b>	<b>177</b>	<b>1,161</b>	<b>1,118</b>	<b>6</b>
Iron steel (IS) and IS scrap	143	943	893	5
<b>All others</b>	<b>647</b>	<b>3,955</b>	<b>3,879</b>	<b>20</b>



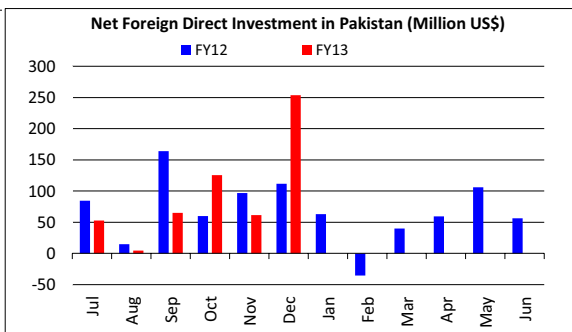
<sup>1</sup> Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total imports during FY13.

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

*FDI inflows has recorded some marginal improvement in December 2012.*

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

	Dec-12	Jul-Dec		FY12
		FY13	FY12	
<b>Net inflows: Of which</b>	<b>254</b>	<b>563</b>	<b>531</b>	<b>821</b>
<b>Major countries</b>				
USA	32	106	128	228
U.A.E.	38	-4	34	37
UK	23	100	197	206
China	2	8	59	126
<b>Major sectors</b>				
Communication	-13	-183	-106	-315
Financial businesses	28	140	44	64
Oil and gas exploration	139	303	345	629
Power	40	17	-30	-85
Trade	-0.4	9	13	25



### Memorandum Item:

Net overall FDI <sup>3</sup>	239	510	489	749
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Source: Statistics & Data Warehouse Department (S&DWD), SBP.

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

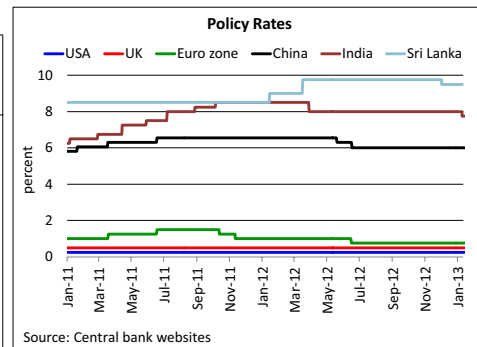


## Global Economy

Central banks of Australia, India and Sri Lanka have cut their policy rates during the last two months.

### Policy Rates in Major Economies

Major economies	Current		Previous policy rate	Change (bps)
	Policy rate	w.e.f		
USA	0.25	Dec 16 2008	1.00	-75
UK	0.50	Mar 05 2009	1.00	-50
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	7.75	Jan 29 2013	8.00	-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



Source: Central bank websites

Real GDP of Euro zone has continued to decline in Q3-2012.

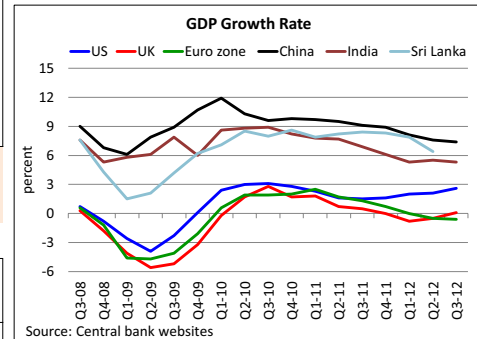
### Key Macroeconomic Indicators

	Inflation (YoY) Dec-12	GDP growth <sup>1</sup> Q3-2012	Current account balance <sup>2</sup>	Fiscal balance <sup>2</sup>
	as a percent of GDP <sup>3</sup>			
USA	1.7	2.6	-3.0	-7.0
UK	2.7	0.1	-3.6	-7.9
Euro zone	2.2	-0.6	1.0	-3.3
Japan	-0.1	0.5	1.0	-9.8
Australia	2.2	3.1	-3.7	-0.9
China	2.5	7.4	2.8	-1.6
India	11.2	5.3	-4.2	-6.1
Sri Lanka	9.2	4.8	-	-
South Korea	1.4	1.5	2.2	2.1
Malaysia	1.2	5.2	6.9	-4.7
Indonesia	4.3	6.2	-2.6	-2.4
Thailand	3.6	3.0	-0.1	-4.0

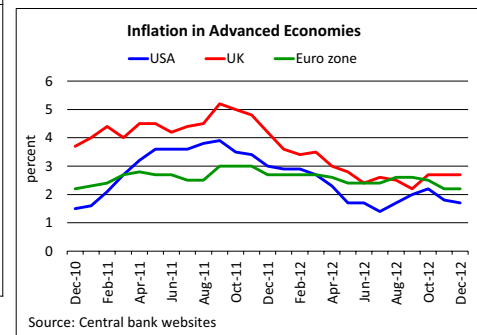
<sup>1</sup> Annualized growth, measured as a percentage change over the same quarter of previous year.

<sup>2</sup> Latest 12 months

<sup>3</sup> The Economist, Economic and financial indicators, February 2, 2013



Source: Central bank websites

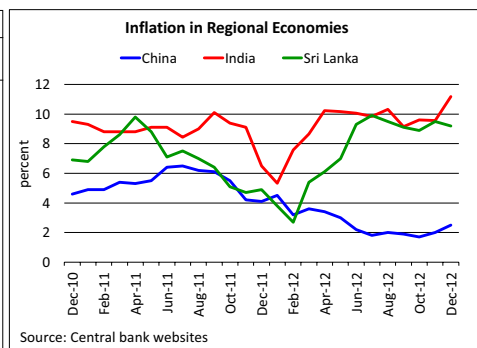


Source: Central bank websites

For 2013, IMF forecasts the world output growth at 3.5 percent.

### World Economic Outlook - Real GDP Growth

	2012 (IMF estimates)	2013 Projections		
		IMF (Jan-13)	World Bank (Jan-13)	OECD (Jan-13)
<b>World output</b>	<b>3.2</b>	<b>3.5</b>	<b>2.4</b>	-
<b>Advanced<sup>5</sup></b>	<b>1.3</b>	<b>1.4</b>	<b>1.3</b>	-
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
<b>Emerging &amp; Developing</b>	<b>5.1</b>	<b>5.5</b>	<b>5.5</b>	-
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	-	-



Source: Central bank websites

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

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

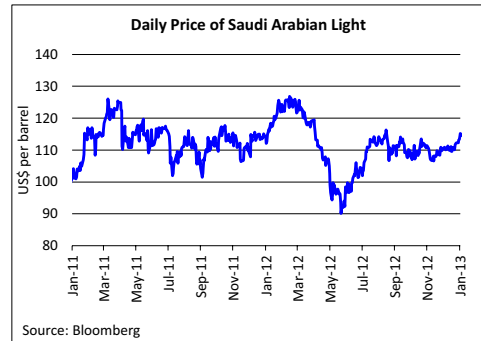
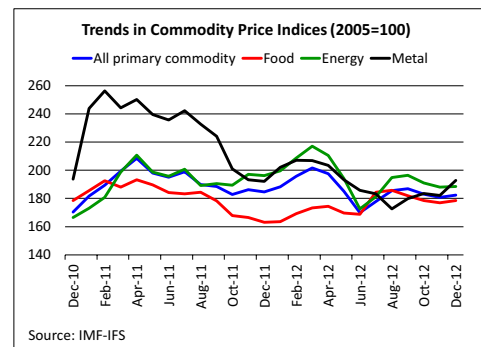


**All commodity price index by IMF has registered an increase of 0.9 percent during December 2012.**

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

	Dec-12	% change since	
		Nov-12	End June-12
All commodity price index	182.4.1	↑ 0.94	↑ 7.36
Food price index	178.5	↑ 0.85	↑ 5.81
Energy index	188.4	↑ 0.21	↑ 9.22
Non fuel price index	172.2	↑ 2.38	↑ 3.99
Metal price index	192.1	↑ 5.82	↑ 3.77
Crude oil price (\$/bbl)	110.6	↓ -0.73	↑ 12.36
Cotton spot (US cents/ pound)	75.7	↑ 1.65	↑ 4.66
Palm oil (\$/m. ton)	713.9	↓ -3.93	↓ -23.04
Soya bean Oil (\$/m. ton)	1088.8	↑ 1.59	↓ -0.82
Wheat (\$/m. ton)	347.9	↓ -3.63	↑ 25.96
Gold spot (\$/Oz)	1675.4	↓ -2.31	↑ 4.88
Sugar (US cents/pound)	22.6	↓ -0.66	↓ -21.39

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



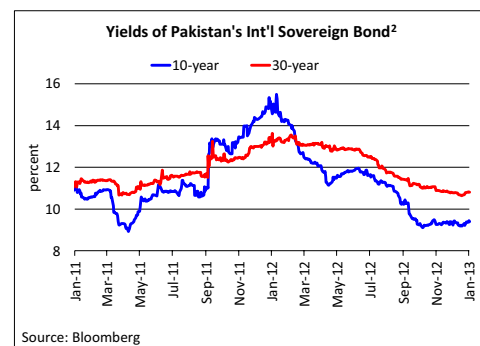
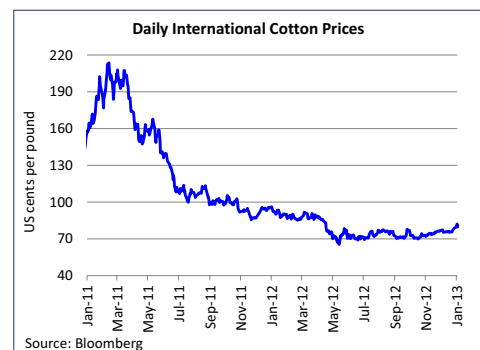
**Major stock indices have shown considerable growth since end-June 2012.**

### Capital Market Indices

	Feb 2013 <sup>1</sup>	% change since	
		Dec-12	End June-12
US (DJIA)	13986.5	↑ 6.7	↑ 8.6
DJ EURO STOXX	2617.4	↑ 1.6	↑ 15.6
UK (FTSE 100)	6295.3	↑ 6.7	↑ 13.0
Japan (Nikkei 225)	11463.8	↑ 10.3	↑ 27.3
China (SSEA)	2548.3	↑ 7.3	↑ 9.3
France (CAC 40)	3642.9	↑ 0.1	↑ 14.0
Germany (DAX)	7581.2	↓ -0.4	↑ 18.2
India (BSE)	19639.7	↑ 1.1	↑ 12.7
World dev'd (MSCI)	1408.4	↑ 5.2	↑ 14.0
Emerging Markets (MSCI)	1063.8	↑ 0.8	↑ 13.5
World all (MSCI)	355.5	↑ 4.6	↑ 13.9

<sup>1</sup> Updated till February 6, 2013

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





## Revenues, Expenditures and Fiscal Balances

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

### Revenues (billion Rs)

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

### Expenditures (billion Rs)

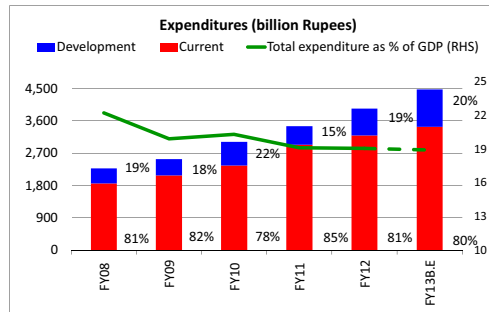
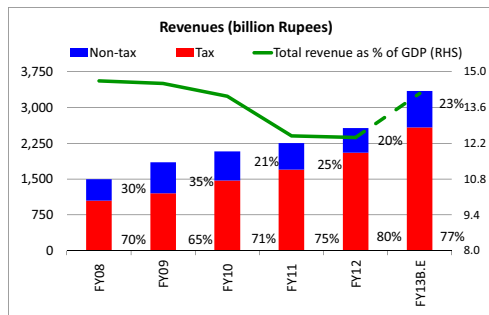
	FY13 BE <sup>1</sup>	Q1-FY13 Actual	Q1-FY12 Actual	FY12 Actual
<b>Total expenditures</b>	<b>4,486</b>	<b>976</b>	<b>791</b>	<b>3,936</b>
Current <sup>2</sup>	3,430	901	703	3,192
Growth (YoY) %	7.4	28.1	24.1	8.8
of which: Interest payments	926	313	177	889
Defence	545	117	107	507
Development Expenditure <sup>2</sup>	1,041	75	88	744
Growth (YoY) %	39.9	-14.6	39.7	44.7

### Overall Balance (billion Rs)

	FY13 BE <sup>1</sup>	Q1-FY13 Actual <sup>4</sup>	Q1-FY12 Actual	FY12 <sup>3</sup> Actual
<b>Fiscal balance<sup>5</sup></b>	<b>-1,105</b>	<b>-284</b>	<b>-257</b>	<b>-1,370</b>
Revenue balance <sup>6</sup>	-49	-209	-170	-626
Primary balance <sup>7</sup>	-179	29	-80	-481

As percent of GDP

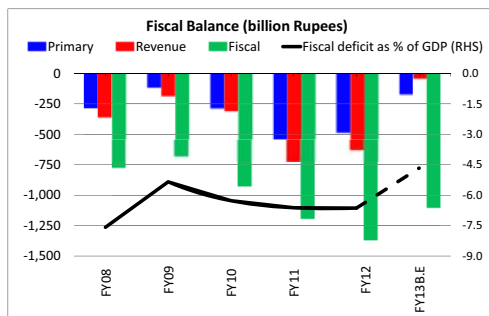
<b>Fiscal balance</b>	-4.7	-1.2	-1.2	-6.6
Revenue balance	-0.3	-0.9	-0.8	-3.0
Primary balance	-0.8	0.1	-0.4	-2.3



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

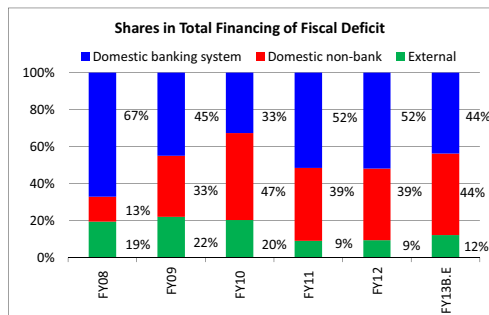
### Financing of Fiscal Deficit (billion Rs)

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



### FBR Tax Collection (billion Rs)

	Direct	Sales	Customs	FED <sup>8</sup>	Total taxes
Q1	128	176	42	28	374
Q2	185	210	52	24	471
Q3	157	184	54	33	428
Q4	262	239	70	37	609
<b>FY12</b>	<b>732</b>	<b>809</b>	<b>218</b>	<b>122</b>	<b>1,881</b>
July	22	64	15	6	107
August	32	65	18	9	123
September	85	69	19	8	181
<b>Q1FY13<sup>9</sup></b>	<b>139</b>	<b>197</b>	<b>52</b>	<b>22</b>	<b>411</b>
October	45	61	17	12	135
November	55	65	18	11	149
<b>Jul-Nov-FY13</b>	<b>239</b>	<b>324</b>	<b>87</b>	<b>45</b>	<b>695</b>
<b>Jul-Nov-FY12</b>	<b>210</b>	<b>310</b>	<b>73</b>	<b>47</b>	<b>639</b>



<sup>1</sup> Budget Estimates; <sup>2</sup> Estimated from Budget in Brief, MoF; <sup>3</sup> FY12 fiscal balance and its financing excluding the impact of debt consolidation of power and food sector; <sup>4</sup> GDP(mp) Target by MoF for FY13 has been used to calculate deficit to GDP ratios; <sup>5</sup> Fiscal balance = total revenue - total expenditure; <sup>6</sup> Revenue balance = total revenue - current expenditure (note that current expenditure are inclusive of unidentified expenditure); <sup>7</sup> Primary balance = total revenue - total expenditure + interest payment; <sup>8</sup> Federal excise duty; <sup>9</sup> Jul-Nov FY13 cumulative collection as given by FBR, which slightly differs from FBR tax collection reported in fiscal accounts. <sup>p</sup> Provisional  
Sources: Ministry of Finance (MoF), Federal Board of Revenue (FBR), Statistics and Data Warehouse Department (S&DWD), SBP.



## Government Domestic Debt

**Stock of government domestic debt has increased by Rs691 billion during H1-FY13.**

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

	Dec-12 <sup>P</sup>	Jun-12 <sup>R</sup>	Change since Jun-12
<b>1. Bank</b>	<b>5,055</b>	<b>4,427</b>	<b>628</b>
Commercial banks	3,444	2,665	780
SBP	1,611	1,763	-152
<b>2. Non-bank</b>	<b>3,272</b>	<b>3,209</b>	<b>62</b>
National saving schemes (NSS)	2,387	2,131	256
Others	885	1,078	-193
<b>3. Foreign currency instruments<sup>1</sup></b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total(1+2+3)</b>	<b>8,329</b>	<b>7,638</b>	<b>691</b>

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

	Dec-12 <sup>P</sup>	Jun-12 <sup>R</sup>	Change since Jun-12
<b>1. Permanent debt</b>	<b>1,903</b>	<b>1,696</b>	<b>207</b>
PIBs	1,120	975	145
Prize bonds	363	333	30
Others <sup>2</sup>	420	388	33
<b>2. Floating debt</b>	<b>4,400</b>	<b>4,143</b>	<b>257</b>
MTBs	2,792	2,383	409
MRTBs-replenishment	1,608	1,760	-152
<b>3. Unfunded debt<sup>3</sup> : of which</b>	<b>2,024</b>	<b>1,798</b>	<b>226</b>
Saving schemes	1,901	1,676	225
<b>4. Foreign currency instruments</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total(1+2+3+4)</b>	<b>8,329</b>	<b>7,638</b>	<b>691</b>
<b>Government domestic liabilities<sup>4</sup></b>	<b>175</b>	<b>242</b>	<b>-67</b>

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

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

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

**Interest payments on domestic debt have shown an annualized growth of 42.3 percent during H1-FY13 as compared to the first half of FY12.**

### Debt Servicing (billion Rs)

	Jul-Dec		FY12 <sup>R</sup>	Percent change during Jul-Dec FY13 over Jul-Dec FY12
	FY13 <sup>P</sup>	FY12		
Permanent <sup>5</sup>	93	60	142	54.9
Floating	286	177	377	62.0
Unfunded	121	115	298	5.5
<b>Total</b>	<b>500</b>	<b>351</b>	<b>817</b>	<b>42.3</b>

### Indicators of Domestic Debt Sustainability

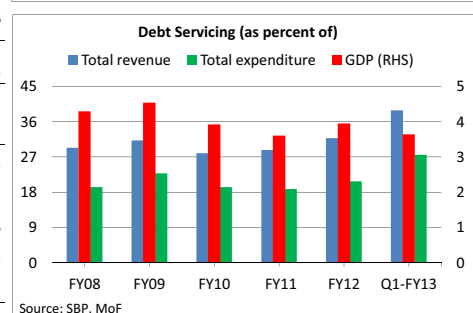
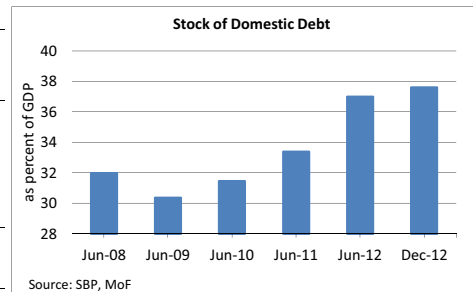
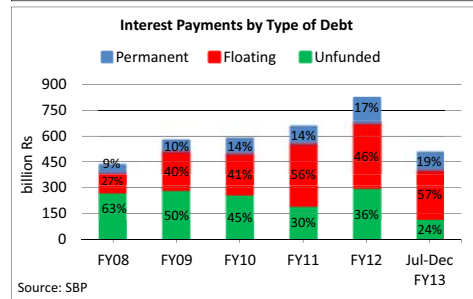
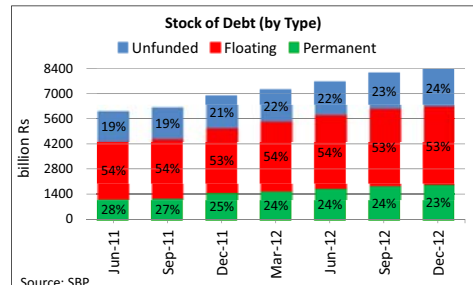
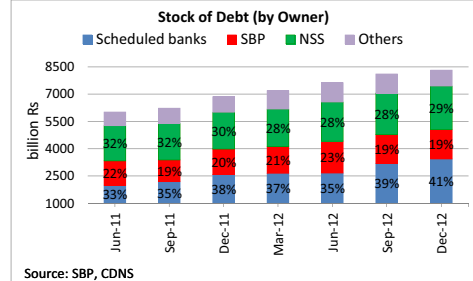
	Jun-09	Jun-10	Jun-11	Jun-12	Dec-12 <sup>6</sup>
	<b>Debt stock as percent of GDP</b>	30.3	31.4	33.4	37.0
<b>Debt servicing as percent of</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>Q1-FY13<sup>7</sup></b>
GDP	4.5	3.9	3.6	4.0	3.6
Total revenue	31.2	28.0	28.7	31.8	38.9
Tax revenue	48.0	39.5	38.2	39.8	59.6
Total expenditure	22.8	19.3	18.8	20.8	27.6
Current expenditure	28.3	24.4	21.8	25.6	29.9

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

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

<sup>7</sup> The debt servicing to GDP ratio is annualized. <sup>R</sup>: Revised; <sup>P</sup>: Provisional

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





## External Debt

**Stock of public sector external debt has increased by US\$423 million during Q1-FY13.**

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

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

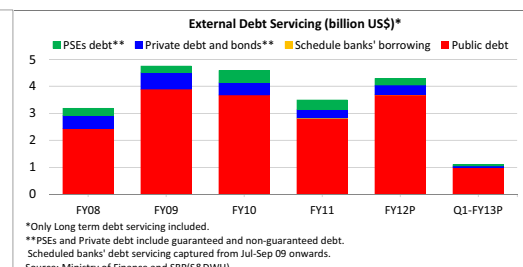
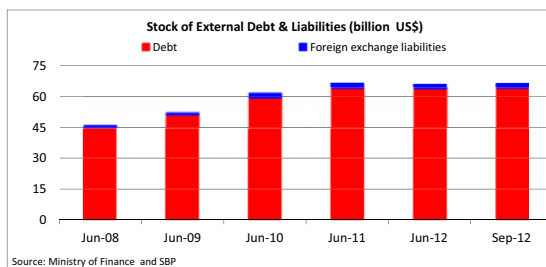
### Debt Servicing (million US\$)

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

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

### Indicators of External Debt Sustainability

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



R: Revised; P: Provisional; <sup>1</sup> External debt data format has been changed, as SBP enhances coverage & quality of external debt statistics by adopting Special Data Dissemination Standard, for more details visit <http://www.sbp.org.pk/ecodata/Revision-EDS.pdf>. <sup>2</sup> Allocation of SDR and Nonresident LCY deposits with central bank added to FEL; <sup>3</sup> Only long term debt servicing included (Revised). <sup>4</sup> As per the guidelines available in IMF's External Debt Guide for Compilers and Users 2003, the principal repayment of short term debt is excluded from over all principal repayments. However, for the information of data users, short term repayment of principle has been reported as Memorandum Items; <sup>5</sup> Net flows of short term borrowings by banks reflect the net increase (+) or decrease (-) in the stock of short term bank borrowings during the period. <sup>6</sup> Only long term debt servicing included from FY11 and onwards (Revised); <sup>7</sup> Average of Planning Commission, Government of Pakistan GDP(mp) Target for FY13 and PBS (Base FY00) GDP(mp) FY12 has been used to calculate Debt/GDP ratio (as used by SDWH) and end period total liquid reserves are used. The ratio of GDP is annualized.  
Sources: Economic Affairs Division and SBP(S&DWH)





## Total Debt

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

### Total Debt Stock (billion Rs)

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

### Total Debt Servicing (billion Rs)

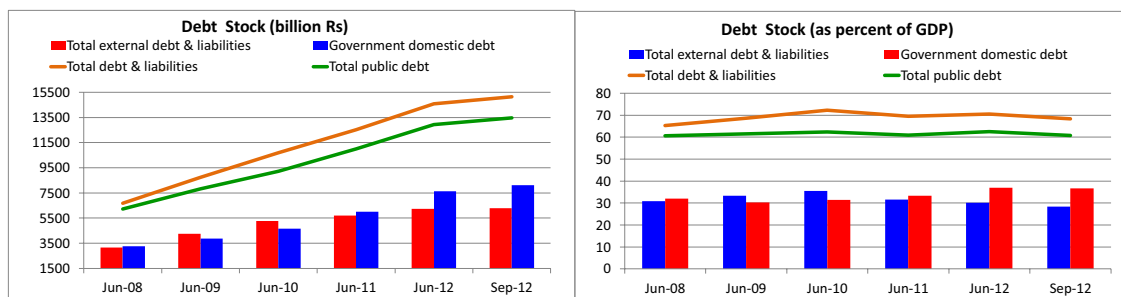
	Q1-FY13 <sup>P</sup>	FY12 <sup>R</sup>	Share in Q1-FY13 (percent)	Share in FY12 (percent)
<b>Total Debt Servicing(A+B)</b>	<b>390</b>	<b>1260</b>	<b>100.0</b>	<b>100.0</b>
<b>A. Total interest payment on debt and liabilities (I+II)</b>	<b>305</b>	<b>966</b>	<b>78.1</b>	<b>76.7</b>
<b>I. Interest payment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

### Debt stock (as percent of GDP)

	Sep-12 <sup>4</sup>	Jun-12 <sup>4</sup>	Jun-11
<b>Total debt and liabilities</b>	<b>68.4</b>	<b>70.6</b>	<b>69.5</b>
Total public debt	60.8	62.6	60.9
Total external debt and liabilities	28.4	30.2	31.6
Government domestic debt	36.7	37.0	33.3
PSEs debt and liabilities	4.0	4.2	5.1

### Debt Servicing (as percent of)

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



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

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



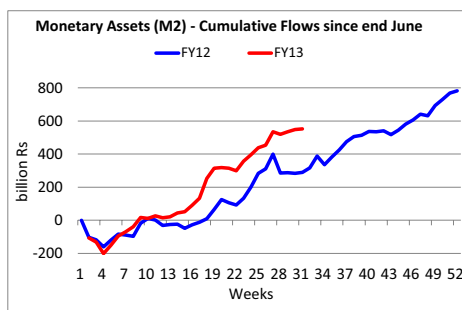
## Monetary and Credit Aggregates

*Government borrowing from the banking system remains the key driver of monetary expansion during July 1 - January 25, FY13.*

### Monetary Assets of the Banking System

(billion Rs)

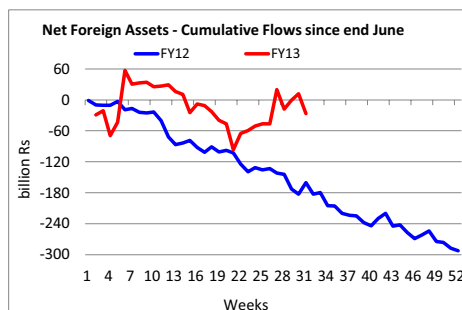
	End June 2012 stocks	Cumulative flows since end-June		FY12 flows
		Latest week	A year ago	
		25-Jan-13	27-Jan-12	
<b>NFA</b>	<b>532.1</b>	<b>-26.9</b>	<b>-160.3</b>	<b>-248.1</b>
<b>NDA</b>	<b>7109.7</b>	<b>578.5</b>	<b>449.6</b>	<b>1194.7</b>
<b>Net government borrowings: of which</b>	<b>4258.0</b>	<b>578.1</b>	<b>734.6</b>	<b>1237.4</b>
Net budgetary borrowing	3799.9	633.7	809.1	1198.3
Commodity operations	436.1	-54.5	-75.0	38.6
<b>Non-government borrowings: of which</b>	<b>3652.2</b>	<b>134.7</b>	<b>-47.0</b>	<b>104.9</b>
Private sector	3376.4	94.6	221.8	235.2
PSEs	257.2	40.2	-269.5	-130.5
<b>Other items (net)</b>	<b>-800.5</b>	<b>-134.3</b>	<b>-237.9</b>	<b>-147.6</b>
<b>M2</b>	<b>7641.8</b>	<b>551.6</b>	<b>289.3</b>	<b>946.6</b>



### Monetary Liabilities of the Banking System

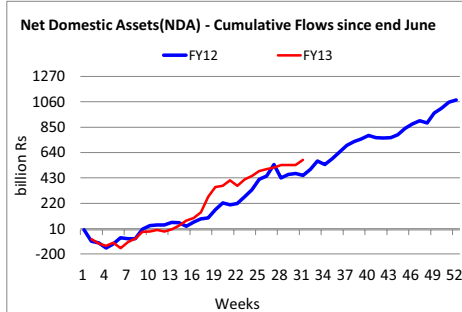
(billion Rs)

	End June 2012 stocks	Latest week	A year ago	FY12 flows
<b>Currency in circulation</b>	<b>1,673.7</b>	<b>261.0</b>	<b>152.6</b>	<b>172.3</b>
<b>Total deposits with banks</b>	<b>5,959.1</b>	<b>289.6</b>	<b>137.6</b>	<b>775.5</b>
Demand deposits with banks	4,712.4	227.9	10.8	588.9
Time deposits with banks	806.6	16.4	96.4	121.5
RFCDs with banks	440.1	45.3	30.4	65.2
<b>M2</b>	<b>7,641.8</b>	<b>551.6</b>	<b>289.3</b>	<b>946.6</b>



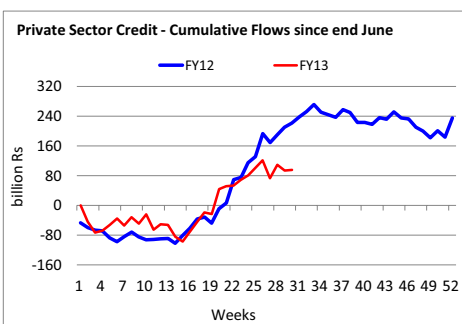
### Percent Growth in Monetary Assets of the Banking System

	YoY (25-Jan-13)	Since end June		FY12
		Latest week	A year ago	
		25-Jan-13	27-Jan-12	
<b>NFA</b>	<b>-18.5</b>	<b>-5.1</b>	<b>-20.5</b>	<b>-31.8</b>
<b>NDA</b>	<b>20.8</b>	<b>8.1</b>	<b>7.6</b>	<b>20.2</b>
<b>Government borrowings</b>	<b>28.8</b>	<b>13.6</b>	<b>24.3</b>	<b>41.0</b>
Budgetary borrowing	30.0	16.7	31.1	46.1
Commodity operations	18.3	-12.5	-18.9	9.7
<b>Non-government sector borrowings</b>	<b>8.2</b>	<b>3.7</b>	<b>-1.3</b>	<b>3.0</b>
Private sector	3.2	2.8	7.1	7.5
PSEs	151.6	15.6	-69.5	-33.7
<b>Other items (Net)</b>	<b>4.9</b>	<b>16.8</b>	<b>36.4</b>	<b>22.6</b>
<b>M2</b>	<b>17.3</b>	<b>7.2</b>	<b>4.3</b>	<b>14.1</b>



### Memorandum Items

	Latest week	A year ago	FY12		
				Latest week	A year ago
				25-Jan-13	27-Jan-12
Money multiplier	3.39	3.33	3.49		
Currency to deposit ratio (percent)	31.0	31.1	28.1		
M2 to GDP ratio (percent)	37.0	33.8	37.0		
Private sector credit to GDP ratio (percent)	15.7	16.3	16.3		

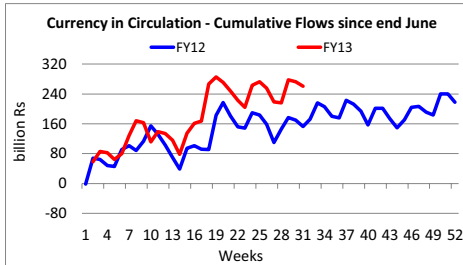
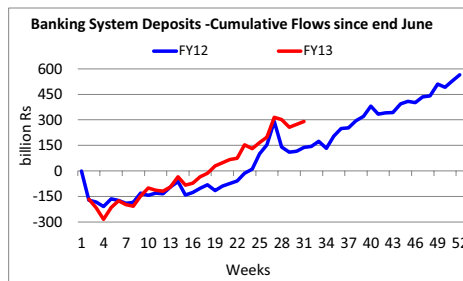
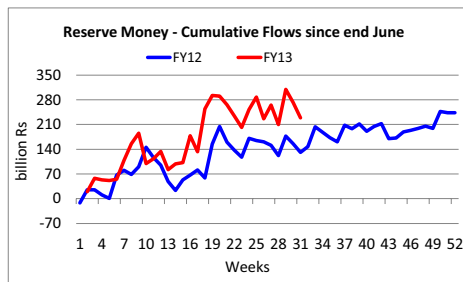


Note: All FY13 numbers are provisional; Source: Statistics & Data Warehouse Department (S&DWD), SBP



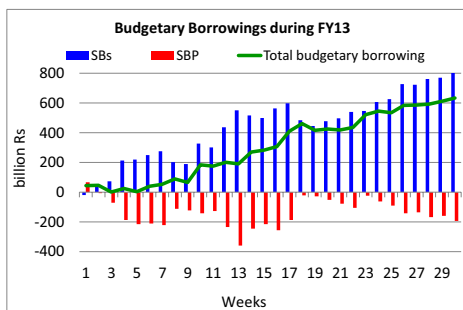
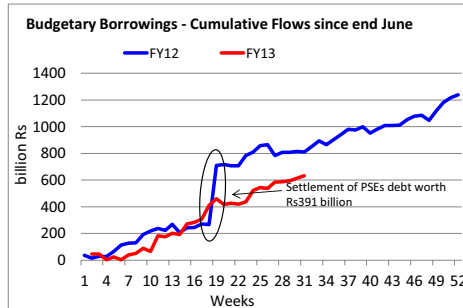
## SBP's OMO injection is the main driver of reserve money growth during July 1 - January 25, FY13.

Monetary Assets of SBP		(billion Rs)		
	End June 2012 stocks	Cumulative flows since end-June		FY12 Flows
		Latest week	A year ago	
		25-Jan-13	27-Jan-12	
<b>NFA</b>	<b>394.1</b>	<b>-81.4</b>	<b>-157.2</b>	<b>-219.9</b>
<b>NDA: of which</b>	<b>1794.8</b>	<b>310.5</b>	<b>288.8</b>	<b>443.0</b>
Budgetary borrowing	1706.0	-193.9	141.7	505.3
Other items (net)	-216.7	474.0	141.2	-36.6
Net impact of OMOs/discounting	100.7	492.1	192.9	37.0
<b>Reserve money</b>	<b>2188.9</b>	<b>229.1</b>	<b>131.6</b>	<b>223.0</b>
Monetary Liabilities of SBP		(billion Rs)		
	End June 2012 stocks	Cumulative flows since end-June		FY12 Flows
		Latest week	A year ago	
		25-Jan-13	27-Jan-12	
Currency in circulation	1673.7	261.0	152.6	172.3
Cash in tills	110.1	-2.3	-11.8	5.2
Bank deposits with SBP (reserves)	396.2	-30.6	-8.3	46.7
Other deposits with SBP	8.9	1.0	-0.9	-1.2
	<b>YoY (25-Jan-13)</b>	<b>Percent growth</b>		
<b>NFA of the SBP</b>	<b>-31.5</b>	<b>-20.6</b>	<b>-25.6</b>	<b>-35.8</b>
<b>NDA of the SBP: of which</b>	<b>28.3</b>	<b>17.3</b>	<b>21.4</b>	<b>32.8</b>
Budgetary borrowing	12.6	-11.4	11.8	42.1
<b>Reserve money</b>	<b>15.3</b>	<b>10.5</b>	<b>6.7</b>	<b>11.3</b>



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

Details on Government Borrowing for Budgetary Support		(billion Rs)		
	End June 2012 stocks	Cumulative flows since end-June		FY12 <sup>1</sup> flows
		Latest week	A year ago	
		25-Jan-13	27-Jan-12	
<b>Budgetary borrowing</b>	<b>3799.9</b>	<b>633.7</b>	<b>809.1</b>	<b>1198.3</b>
<b>Federal government</b>	<b>4064.5</b>	<b>688.4</b>	<b>773.6</b>	<b>1161.0</b>
From SBP	1704.3	-147.6	116.4	464.5
SBP's holdings of MRTBs	1759.7	-151.6	83.3	442.2
From scheduled banks (SBs)	2360.3	836.0	657.3	696.5
<b>Provincial governments</b>	<b>-264.6</b>	<b>-54.7</b>	<b>35.4</b>	<b>37.3</b>
From SBP <sup>2</sup>	1.7	-46.3	25.3	40.9
From scheduled banks <sup>3</sup>	-266.4	-8.4	10.1	-3.6
<b>Memorandum Items</b>				
<b>Budgetary borrowing on cash basis</b>	<b>3667.2</b>	<b>666.7</b>	<b>752.9</b>	<b>1143.9</b>
SBP	1662.1	-197.3	135.1	507.5
Scheduled banks	2005.2	864.0	617.8	636.4



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

<sup>2</sup> Current overdraft ceilings for provinces are: Rs37 billion for Punjab; Rs15 billion for Sindh; Rs10.1 billion for KPK; Rs7.1 billion for Baluchistan, Rs2.7 billion for AJK.

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

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



## Private Sector Credit

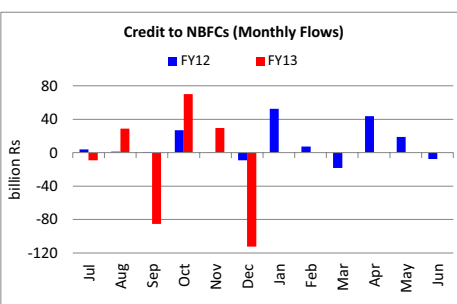
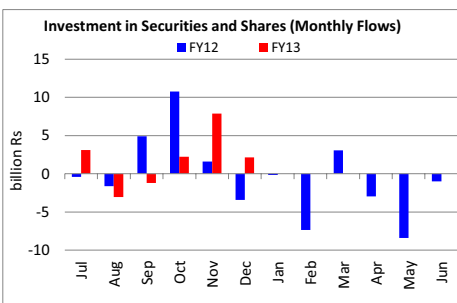
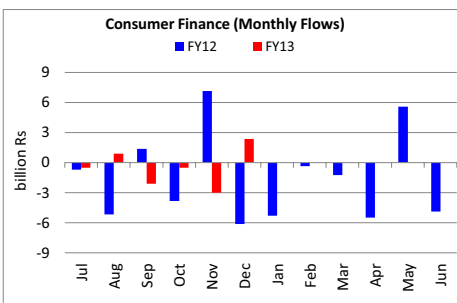
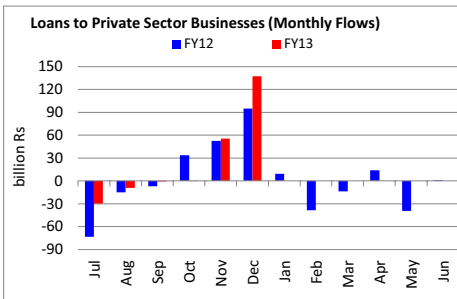
*Credit to Private Sector Businesses has witnessed significant increase in H1-FY13 compared to H1-FY12.*

### Credit to Private Sector

	End June 2012 stocks	Cumulative flows (billion Rs)		
		Jul-Dec FY13	Jul-Dec FY12	FY12
<b>Total credit to private sector</b>	<b>3376.4</b>	<b>104.5</b>	<b>193.5</b>	<b>235.2</b>
<b>1. Loans to private sector businesses</b>	<b>2450.1</b>	<b>153.5</b>	<b>86.1</b>	<b>18.3</b>
<b>By type</b>				
Working capital: <i>of which</i>	1582.1	127.9	98.1	-0.1
Export finance	247.0	21.1	11.4	-19.8
Import finance	126.6	-7.0	-16.4	-8.1
Fixed investment	868.0	25.6	-12.1	18.4
<b>By Sectors: of which</b>				
<b>Agriculture</b>	<b>198.4</b>	<b>↑ 12.8</b>	<b>↑ 8.9</b>	<b>↑ 17.9</b>
<b>Manufacturing: of which</b>	<b>1389.9</b>	<b>↑ 94.0</b>	<b>↑ 53.3</b>	<b>↑ 4.5</b>
Textiles	491.0	↑ 65.2	↑ 30.8	↓ -23.7
Food products & beverages	290.4	↑ 3.7	↓ -18.2	↑ 15.1
Chemicals & products	172.4	↓ -0.4	↑ 7.3	↑ 14.3
Non-metallic mineral products	76.5	↓ -6.5	↑ 0.4	↓ -18.3
Wearing apparel, readymade gar.	48.3	↑ 2.1	↓ -0.3	↓ -1.7
<b>Electricity, gas and water</b>	<b>278.1</b>	<b>↑ 16.6</b>	<b>↑ 29.8</b>	<b>↑ 8.7</b>
<b>Construction</b>	<b>53.5</b>	<b>↑ 1.0</b>	<b>↓ -3.0</b>	<b>↓ -14.2</b>
<b>Commerce and trade</b>	<b>210.0</b>	<b>↑ 12.4</b>	<b>↑ 1.6</b>	<b>↓ -3.6</b>
<b>Transport, storage and comm.</b>	<b>111.3</b>	<b>↓ -1.2</b>	<b>↓ -6.9</b>	<b>↑ 5.1</b>
<b>Services: of which</b>	<b>149.9</b>	<b>↑ 2.6</b>	<b>↓ -1.8</b>	<b>↓ -3.9</b>
Real estate/renting & business act.	107.9	↑ 4.0	↓ -2.5	↓ -3.1
<b>2. Personal: of which</b>	<b>285.0</b>	<b>↑ 10.1</b>	<b>↓ -8.1</b>	<b>↓ -9.0</b>
Consumer financing	198.7	↑ 6.0	↓ -7.3	↓ -18.9
<b>3. Investment in securities and shares</b>	<b>153.2</b>	<b>↑ 11.2</b>	<b>↑ 11.9</b>	<b>↓ -4.8</b>
<b>4. Others<sup>1</sup>: of which</b>	<b>488.0</b>	<b>↓ -70.2</b>	<b>↑ 103.6</b>	<b>↑ 230.7</b>
Non-bank finance companies	242.4	↓ -78.3	↑ 24.2	↑ 121.0

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

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

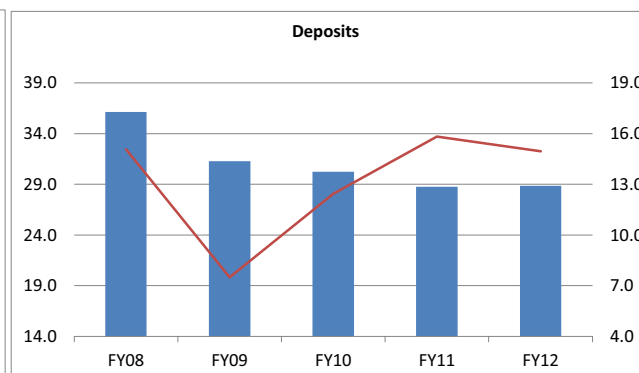
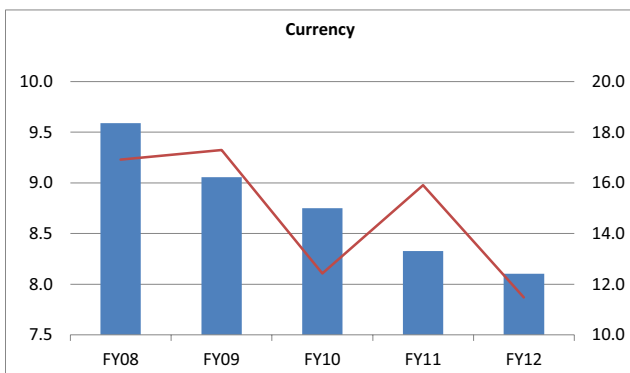
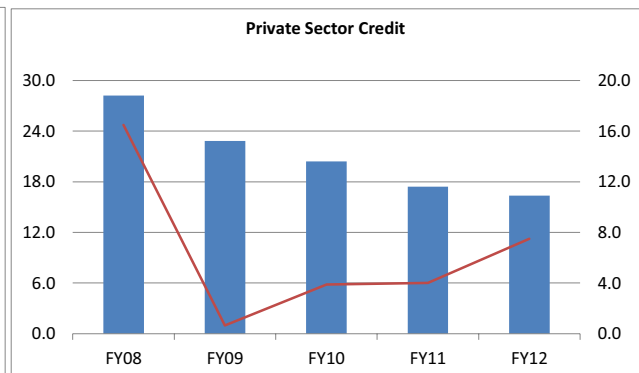
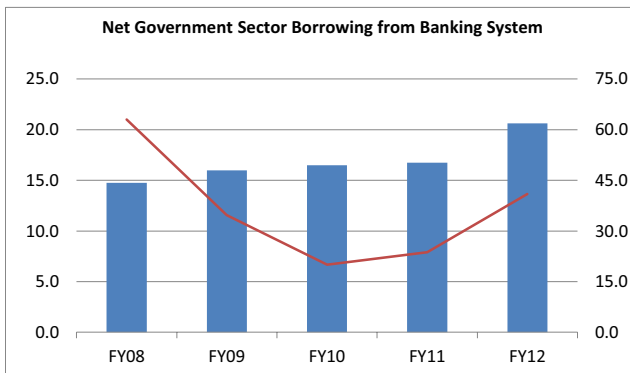
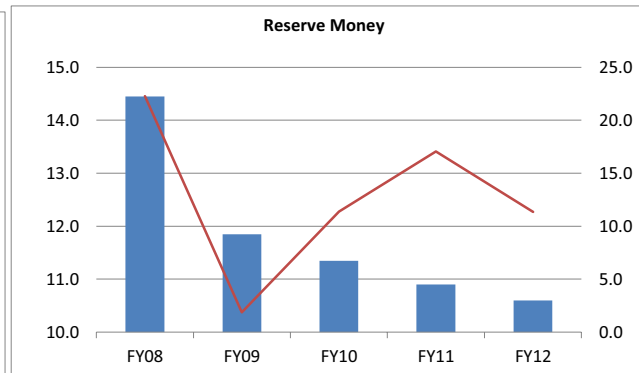
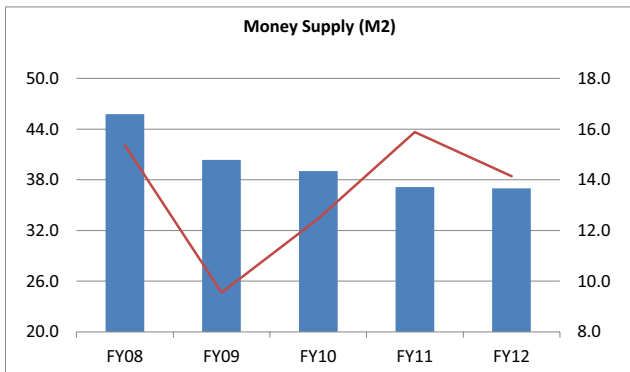




## Key Indicators of Monetary Sector

■ As percent of GDP

— YoY growth (RHS)

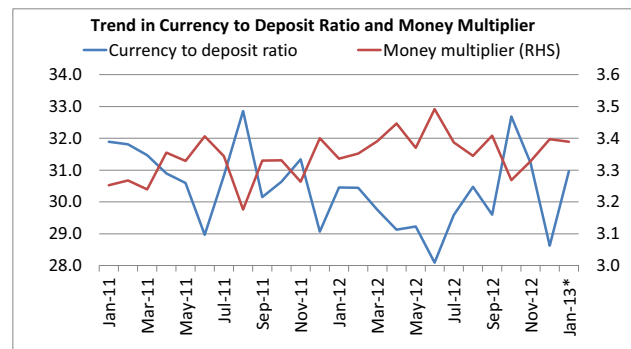
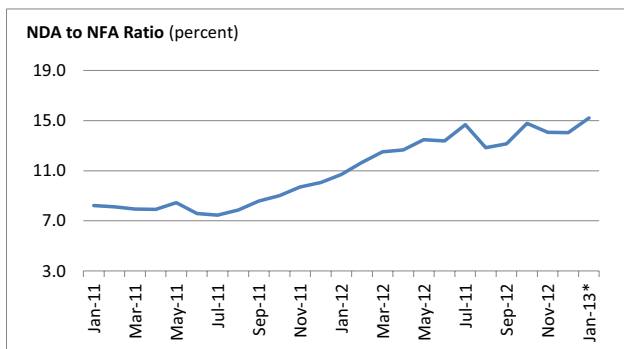
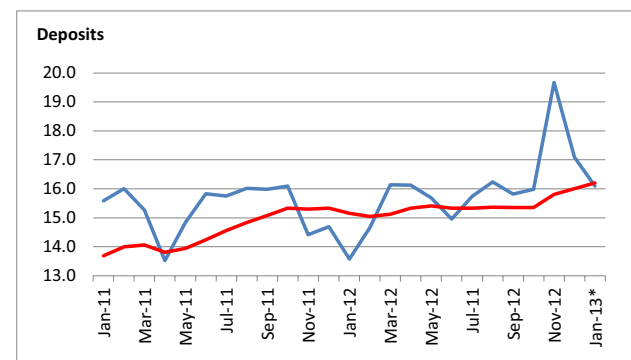
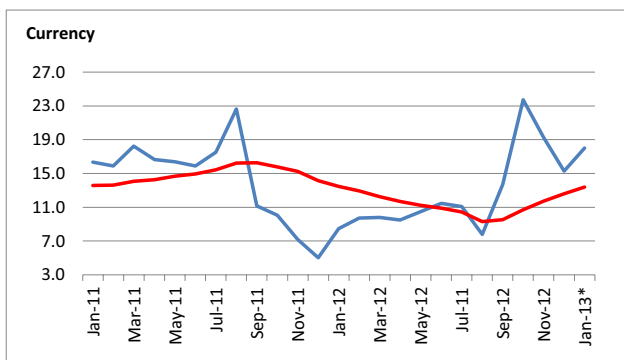
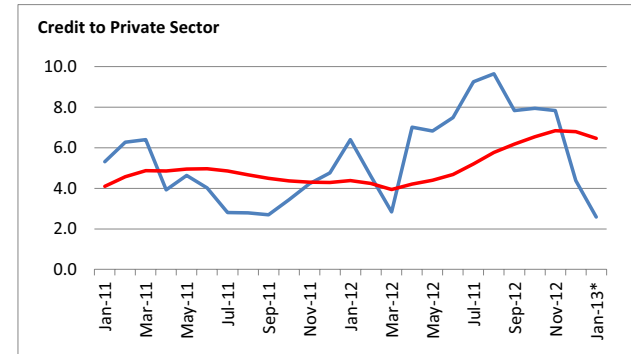
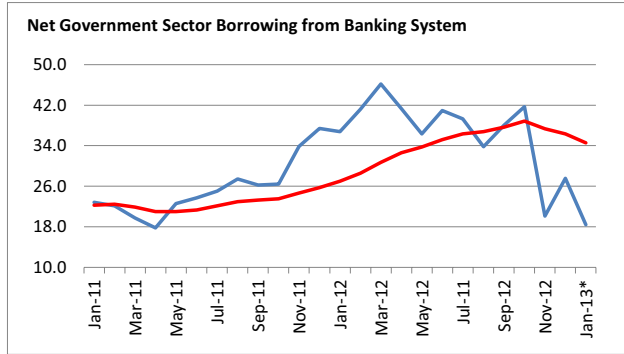
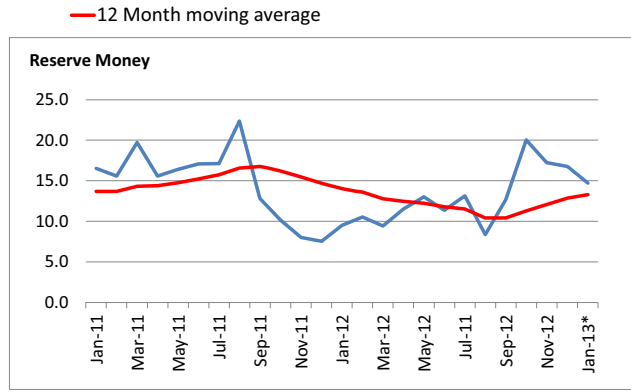
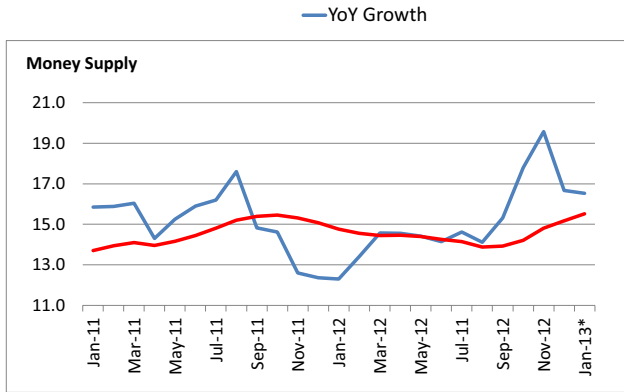


YoY growth of June end Stocks

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 January 25, 2013.  
 Source: Statistics and Data Warehouse Department (S&DWD), SBP.



## Money Market

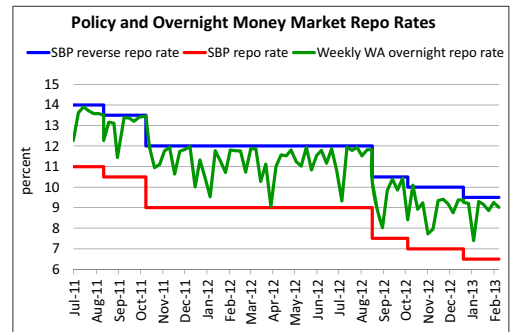
**With effect from 17th December 2012, SBP has reduced the policy rate by 50 bps to 9.5 percent.**

Policy Instruments (percent)

	Current		w.e.f Previous		w.e.f Change <sup>1</sup>	
	Value	Date	Value	Date	Value	Date
SBP reverse repo rate	9.5	17-Dec-12	10.0	8-Oct-12	↓	-50
SBP repo rate	6.5	17-Dec-12	7.0	8-Oct-12	↓	-50
Weekly average CRR on DL and TL < 1 year	5.0	1-Nov-08	6.0	18-Oct-08	↓	-100
Daily minimum CRR on DL and TL < 1 year	3.0	12-Oct-12	4.0	1-Nov-08	↓	-100
CRR on TL > 1 year	0.0	4-Aug-07	3.0	22-Jul-06	↓	-300
SLR on DL and TL < 1 year	19.0	24-May-08	18.0	22-Jul-06	↑	100
Islamic banks	19.0	3-Jun-11	14.0	1-Apr-11	↑	500
SLR on TL > 1 year	0.0	18-Oct-08	19.0	24-May-08	↓	-1900
Islamic banks	0.0	18-Oct-08	9.0	24-May-08	↓	-900

<sup>1</sup> Basis points

DL: Demand Liabilities; TL: Time Liabilities



**The weighted average overnight repo rate has declined by 37 bps, on average, since the last monetary policy review in December 2012.**

Weekly Cash Reserve Requirements<sup>2</sup> (billion Rs)

	Maintenance period ended as on		Change since	
	31-Jan-13	20-Dec-12	20-Dec-12	6-Dec-12 <sup>3</sup>
Cash required	266.0	258.9	↑ 7.0	↑ 11.4
Cash maintained	271.1	264.5	↑ 6.6	↑ 10.3
Excess cash reserves (per day)	5.1	5.6	↓ -0.5	↓ -1.1

<sup>2</sup> Weekly CRR is the proportion of total time and demand liabilities that schedule banks are required to maintain with SBP in the form of cash on average during the week (Friday to Thursday). The data is reported by Off-site Supervision and Enforcement Department with a lag of about 1-2 weeks.

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

Weighted Average O/N Money Market Repo Rate (percent)

	FY13				
	Q1	Q2*	Q3	Q4	YTD
WA O/N repo rate <sup>4</sup>	10.71	8.89	9.14		9.74
Standard deviation	1.08	0.73	0.15		1.19
CoV <sup>5</sup>	0.1	0.08	0.02		0.12

\*up to February 7, 2013 YTD: Year to date

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

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

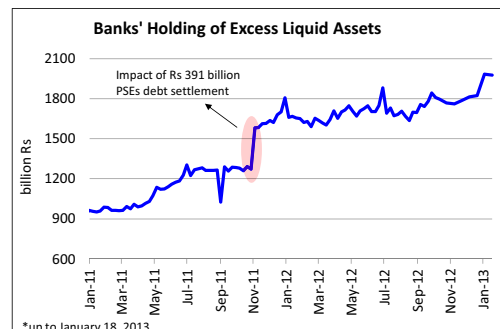
<sup>5</sup> CoV (Coefficient of Variation) is a ratio and not represented in percent.

**Banks' holding of government securities for SLR now stands at 86 percent of their total liquid assets maintained.**

Overall Reserve Requirement (billion Rs)

	Maintenance period started as on		Change since	
	18-Jan-13	21-Dec-12	21-Dec-12	4-Oct-08
<b>Required reserves</b>	<b>1276.6</b>	<b>1264.3</b>	<b>↑ 12.3</b>	<b>↑ 314.2</b>
Cash <sup>6</sup>	266.0	263.4	↑ 2.6	↓ -10.1
Securities <sup>7</sup>	1010.7	1000.9	↑ 9.7	↑ 324.3
<b>Maintained<sup>8</sup></b>	<b>3254.4</b>	<b>3088.3</b>	<b>↑ 166.1</b>	<b>↑ 2235.6</b>
Cash	405.3	392.9	↑ 12.4	↑ 16.4
Cash in tills	129.4	133.1	↓ -3.7	↑ 41.3
Balance with SBP	256.8	234.4	↑ 22.4	↓ -31.8
Balance with NBP	19.1	25.4	↓ -6.3	↑ 7.0
Securities	2807.4	2653.7	↑ 153.7	↑ 2194.2
Others <sup>9</sup>	41.7	41.7	↑ 0.0	↑ 25.0
<b>Excess liquid assets<sup>10</sup></b>	<b>1977.8</b>	<b>1824.0</b>	<b>↑ 153.8</b>	<b>↑ 1921.5</b>

Source: Off-site Supervision and Enforcement Department, SBP



\*up to January 18, 2013

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

<sup>7</sup> Required under SLR

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

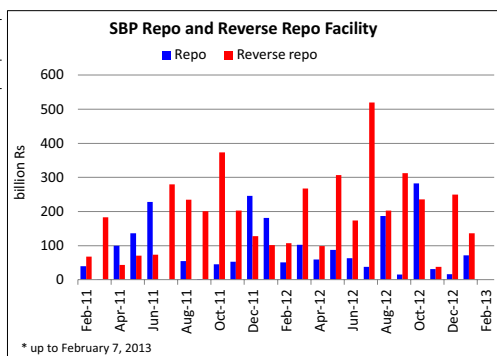
<sup>9</sup> Includes Section 13(3) deposits and share capital of MFBS.

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



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

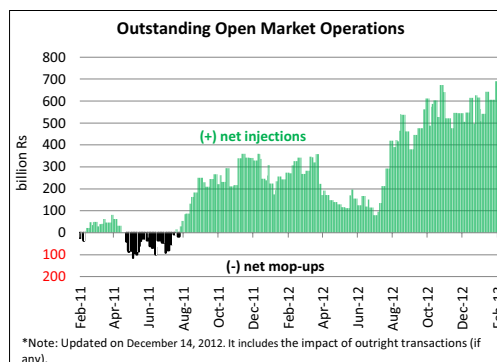
SBP Standing Facilities				
	SBP reverse repo		SBP repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
<b>FY11</b>	<b>691.3</b>	<b>53</b>	<b>1,138.8</b>	<b>83</b>
Q1	142.2	13	402.3	21
Q2	77.1	10	207.2	26
Q3	283.0	16	65.4	11
Q4	189.1	14	463.9	25
<b>FY12</b>	<b>2,477.2</b>	<b>119</b>	<b>948.1</b>	<b>47</b>
Q1	716.0	41	56.3	7
Q2	704.9	26	346.9	15
Q3	476.5	25	335.0	13
Q4	579.8	27	209.9	12
<b>FY13<sup>1</sup></b>	<b>1,698.2</b>	<b>53.0</b>	<b>642.4</b>	<b>26</b>
Q1	1,035.7	32	239.9	11
Q2	524.0	14	331.2	13
Q3 <sup>1</sup>	138.5	7	71.4	2



<sup>1</sup> Updated up to February 7, 2013

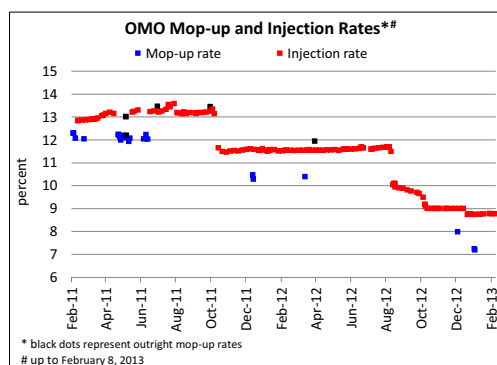
**SBP continued to inject substantial amount of liquidity through OMOs.**

Outstanding Open Market Operations (billion rupees)		
	Average Outstanding OMOs	End-period Outstanding OMOs
<b>FY11</b>	<b>(4.1)</b>	<b>(92.0)</b>
Q1	15.0	8.4
Q2	(13.0)	3.9
Q3	20.5	82.0
Q4	(38.6)	(92.0)
<b>FY12</b>	<b>208.5</b>	<b>79.9</b>
Q1	120.7	221.9
Q2	289.6	224.0
Q3	281.6	172.1
Q4	143.2	79.9
<b>FY13<sup>2</sup></b>	<b>498.5</b>	<b>600.1</b>
Q1	384.7	611.5
Q2	568.0	615.7
Q3 <sup>2</sup>	602.9	600.1



<sup>2</sup> Updated up to February 8, 2013      \*Note: (+) amount means net injection  
(-) amount means net mop-up

Source: Domestic Markets & Monetary Management Department, SBP



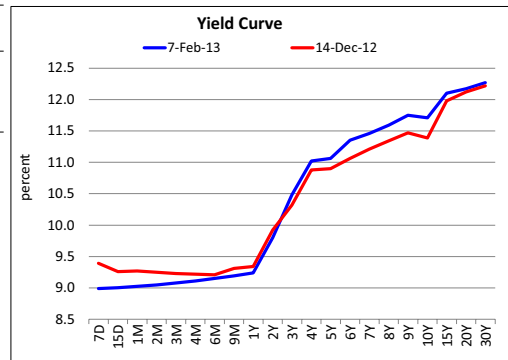




**Secondary market yield of 3 years and higher tenors have increased since the last monetary policy decision in December 2012.**

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

Tenors	Current		Change (in basis points) since	
	7-Feb-13	7-Jan-13	Last MPS	
			7-Jan-13	14-Dec-12
1-week	8.99	9.13	↓ -14	↓ -40
2-week	9.00	9.06	↓ -6	↓ -26
1-month	9.02	9.05	↓ -3	↓ -25
3-month	9.08	9.12	↓ -4	↓ -15
6-month	9.15	9.19	↓ -4	↓ -6
9-month	9.19	9.28	↓ -9	↓ -12
1-year	9.24	9.32	↓ -8	↓ -10
2-year	9.80	9.94	↓ -14	↓ -12
3-year	10.48	10.56	↓ -8	↑ 16
5-year	11.06	11.09	↓ -3	↑ 16
7-year	11.46	11.34	↑ 12	↑ 25
10-year	11.71	11.60	↑ 11	↑ 32
20-year	12.17	12.13	↑ 4	↑ 5
30-year	12.27	12.22	↑ 5	↑ 5

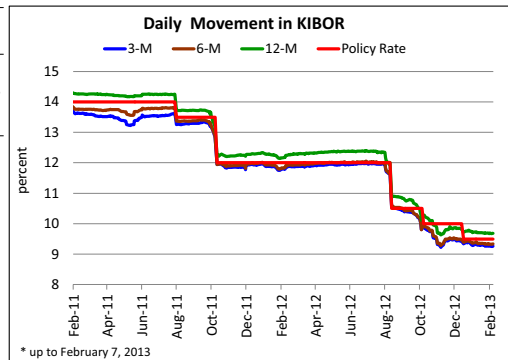


<sup>1</sup> It is secondary market yield-to-maturity used by banks to revalue their holding of securities (i.e. mark to market).

**KIBOR of all tenors, except 3 years, has decreased since the last monetary policy decision in December 2012.**

**Tenor-wise KIBOR (%)**

Tenors	Current		Change (in basis points) since	
	7-Feb-13	7-Jan-13	Last MPS	
			7-Jan-13	14-Dec-12
1-week	9.26	9.39	↓ -13	↓ -25
2-week	9.30	9.37	↓ -7	↓ -21
1-month	9.32	9.40	↓ -8	↓ -20
3-month	9.26	9.32	↓ -6	↓ -16
6-month	9.34	9.38	↓ -4	↓ -13
9-month	9.63	9.67	↓ -4	↓ -12
12-month	9.68	9.73	↓ -5	↓ -13
2-year	10.10	10.14	↓ -4	↓ -14
3-year	10.55	10.54	↑ 1	↑ 3

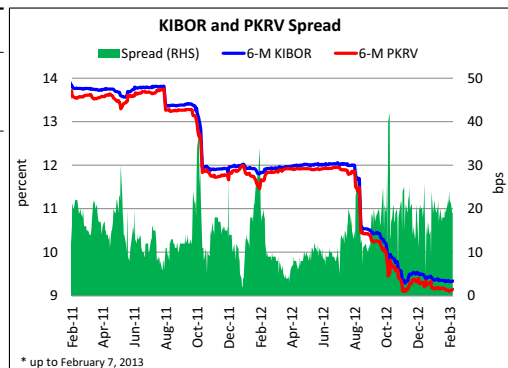


\* up to February 7, 2013

**The spreads between KIBOR and PKRV rates of very short-term tenors have increased since the monetary policy announcement in December 2012.**

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

Tenors	Current		Change since	
	7-Feb-13	7-Jan-13	Last MPS	
			7-Jan-13	14-Dec-12
1-week	27	26	↑ 1	↑ 15
2-week	30	31	↓ -1	↑ 5
1-month	30	35	↓ -5	↑ 5
3-month	18	20	↓ -2	↓ -1
6-month	19	19	↓ 0	↓ -7
9-month	44	39	↑ 5	↑ 0
12-month	44	41	↑ 3	↓ -3
2-year	30	20	↑ 10	↓ -2
3-year	7	-2	↑ 9	↓ -13



\* up to February 7, 2013

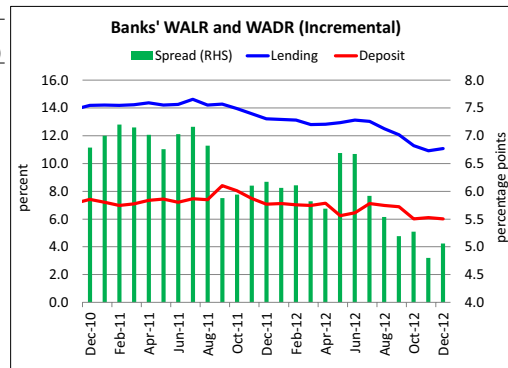
Sources: SBP and Financial Market Association of Pakistan



**Against a cumulative 450 bps decrease in the policy rate since August 2011, incremental WALR and WADR have declined by 355 bps and 145 bps respectively upto December 2012.**

Weighted average Lending and Deposit Rates (percent per annum)

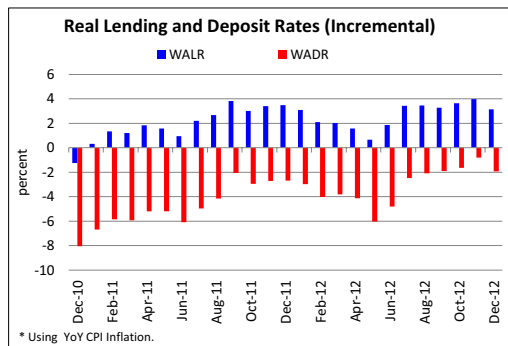
Months	Incremental <sup>1</sup>			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Dec-11	13.23	7.06	617	13.46	5.88	758
Jan-12	13.18	7.12	606	13.25	5.88	737
Feb-12	13.14	7.03	611	13.15	5.85	730
Mar-12	12.80	6.98	582	13.04	5.74	730
Apr-12	12.83	7.14	569	12.98	5.76	722
May-12	12.94	6.25	669	12.95	5.88	707
Jun-12	13.13	6.46	667	12.96	5.82	714
Jul-12	13.03	7.11	592	12.93	5.88	705
Aug-12	12.51	6.97	554	12.82	5.87	695
Sep-12	12.07	6.88	519	12.65	5.75	690
Oct-12	11.29	6.02	527	12.41	5.64	677
Nov-12	10.91	6.11	480	12.25	5.58	667
Dec-12	11.07	6.01	506	11.97	5.43	654



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

**Real lending rate, calculated on the basis of YoY inflation, was 3.1 in December 2012.**

Months	Real (based on 12-month MA inflation) <sup>2</sup>		Real (based on YoY inflation) <sup>3</sup>	
	WALR	WADR	WALR	WADR
Dec-11	1.31	-4.86	3.49	-2.68
Jan-12	1.58	-4.48	3.08	-2.98
Feb-12	1.68	-4.43	2.09	-4.02
Mar-12	1.52	-4.30	2.01	-3.81
Apr-12	1.65	-4.04	1.56	-4.13
May-12	1.78	-4.91	0.65	-6.04
Jun-12	2.12	-4.55	1.87	-4.80
Jul-12	2.26	-3.66	3.43	-2.49
Aug-12	1.95	-3.59	3.46	-2.08
Sep-12	1.66	-3.53	3.28	-1.91
Oct-12	1.16	-4.11	3.63	-1.64
Nov-12	1.07	-3.73	3.98	-0.82
Dec-12	1.39	-3.67	3.14	-1.92



\* Using YoY CPI Inflation.

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

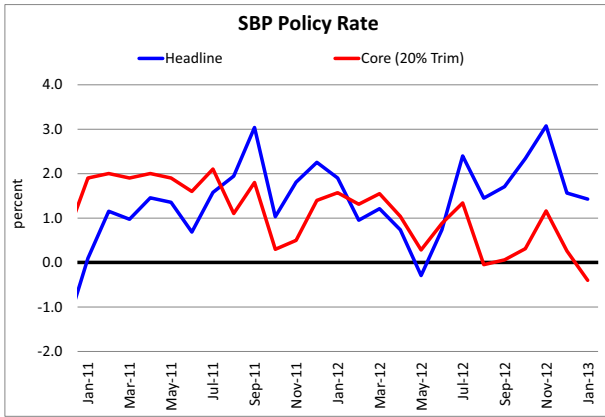
<sup>3</sup> Nominal rate less CPI inflation (year on year).

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

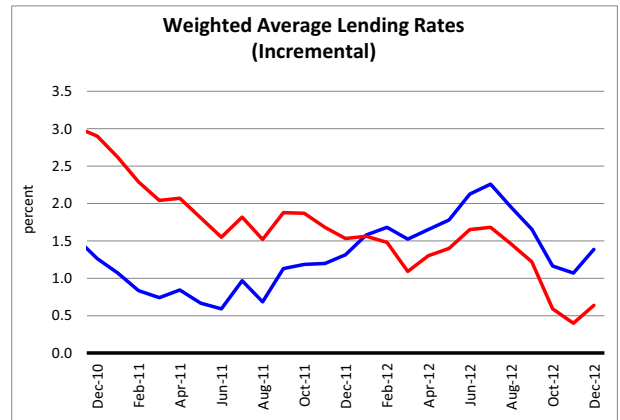
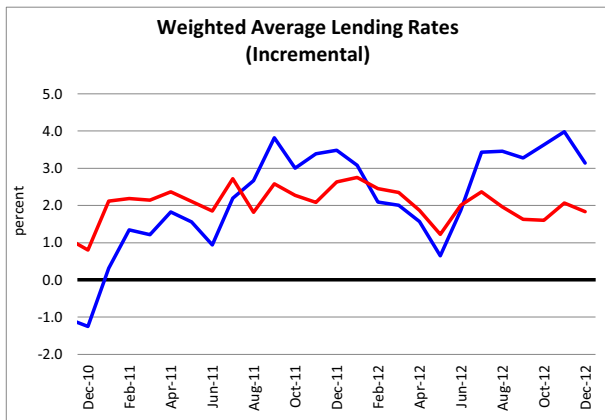
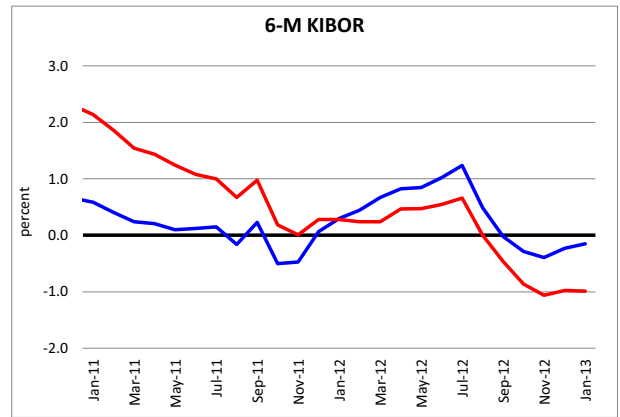
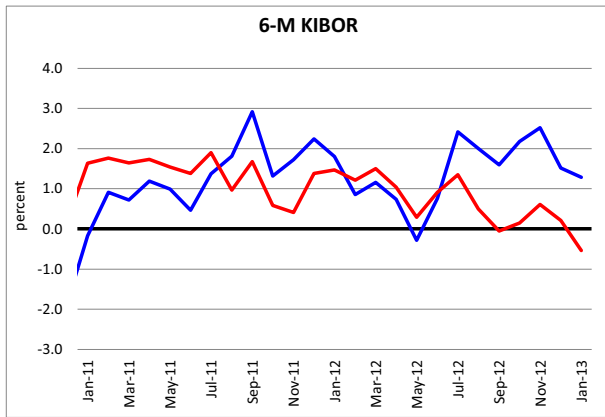
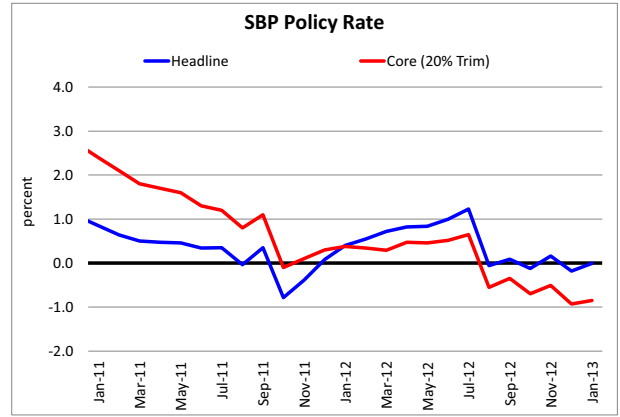


# Real Interest Rates

Using YoY CPI inflation



Using 12-month moving average CPI inflation



Sources: PBS and Statistics & Data Warehouse Department, SBP



**After Q1-FY13, market preferred to invest in 6 month tenor in T-bill auctions.**

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

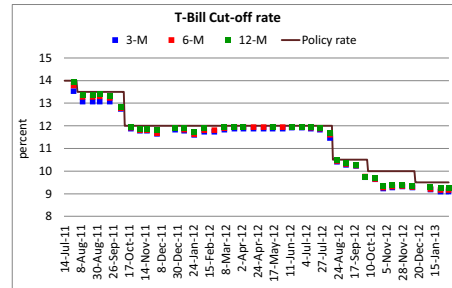
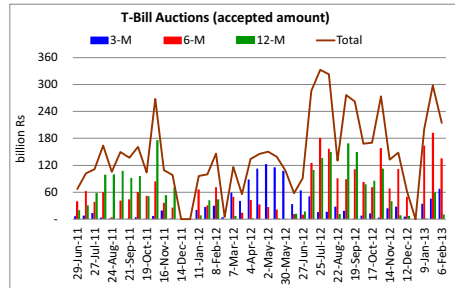
FY/Q/ Settlement date	TOTAL				3-Month			6-Month			12-Month			Non- competitive bids <sup>4</sup>
	Target	Maturity	Offered	Accepted <sup>2</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	
<b>FY12</b>	<b>3,345.0</b>	<b>3,053.4</b>	<b>4,773.6</b>	<b>2,854.6</b>	<b>1,416.6</b>	<b>889.6</b>	-	<b>1,513.2</b>	<b>891.6</b>	-	<b>1,843.8</b>	<b>1,073.4</b>	-	<b>366.5</b>
Q1	750.0	594.7	1,090.9	769.2	82.5	29.0	13.07	336.1	252.5	13.23	672.3	487.7	13.31	81.3
Q2	1,025.0	936.5	1,581.6	741.1	110.7	33.2	11.83	586.6	258.7	11.67	884.2	449.1	11.90	98.9
Q3	575.0	505.5	984.7	518.5	348.1	182.5	11.87	403.0	233.5	11.94	233.5	102.5	11.94	76.8
Q4	995.0	1,016.7	1,116.4	825.8	875.2	644.8	11.92	187.4	146.9	11.94	53.8	34.1	11.95	109.5
<b>FY13<sup>1</sup></b>	<b>3,325.0</b>	<b>3,345.9</b>	<b>5,357.7</b>	<b>3,279.9</b>	<b>712.9</b>	<b>359.0</b>	-	<b>2,815.2</b>	<b>1,790.2</b>	-	<b>1,829.6</b>	<b>1,130.7</b>	-	<b>350.1</b>
Q1	1,500.0	1,487.1	2,231.1	1,611.3	191.0	129.5	10.23	967.6	755.4	10.24	1,072.5	726.4	10.26	152.2
Q2	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 <sup>1</sup>	700.0	710.0	1,114.4	712.1	330.7	147.8	9.09	673.3	491.9	9.16	110.4	72.4	9.26	69.5

<sup>1</sup> Uptil February 6, 2013

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

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

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



**Government rejected all the bids in PIB auction held in January 2013.**

**PIB Auction** (billion Rs (Face value); rates in percent)<sup>6</sup>

		3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total	Target
		<b>FY12</b>	<b>Cut-off rate<sup>7</sup></b>	<b>12.75</b>	<b>13.12</b>	<b>12.60</b>	<b>13.38</b>	<b>13.50</b>	<b>13.35</b>	<b>14.19</b>
	<b>Offered</b>	<b>94.1</b>	<b>71.0</b>	<b>1.2</b>	<b>145.2</b>	<b>2.4</b>	<b>4.8</b>	<b>0.2</b>	<b>318.7</b>	-
	<b>Accepted</b>	<b>67.3</b>	<b>52.1</b>	-	<b>86.2</b>	<b>2.2</b>	<b>3.7</b>	-	<b>211.6</b>	<b>185.0</b>
	<b>Cut-off rate</b>	13.22	13.24	-	13.25	13.50	-	-	-	-
Q1	<b>Offered</b>	20.5	20.9	0.5	60.4	2.4	0.2	0.2	105.1	-
	<b>Accepted</b>	16.6	17.4	-	31.2	2.2	-	-	67.3	50.0
Q2	<b>Cut-off rate</b>	12.45	12.70	-	12.70	-	-	-	-	-
	<b>Offered</b>	25.4	8.6	0.7	22.1	-	-	-	56.8	-
	<b>Accepted</b>	14.1	4.0	-	15.1	-	-	-	33.2	45.0
Q3	<b>Cut-off rate</b>	12.59	12.94	-	13.20	-	-	-	-	-
	<b>Offered</b>	25.5	25.5	-	21.5	-	-	-	72.4	-
	<b>Accepted</b>	17.2	18.7	-	14.1	-	-	-	50.0	50.0
Q4	<b>Cut-off rate</b>	12.75	13.12	-	13.38	-	13.35	-	-	-
	<b>Offered</b>	22.6	15.9	-	41.1	-	4.7	-	84.3	-
	<b>Accepted</b>	19.4	12.1	-	25.9	-	3.7	-	61.1	40.0
<b>FY13</b>	<b>Cut-off rate</b>	10.63	11.17	-	11.60	-	13.35	-	-	-
Q1	<b>Offered</b>	94.1	72.2	-	76.9	-	6.1	-	249.4	-
	<b>Accepted</b>	43.3	45.6	-	21.8	-	5.1	-	115.8	90.0
Q2	<b>Cut-off rate</b>	10.4	10.9	-	11.4	-	-	-	-	-
	<b>Offered</b>	66.1	34.1	-	25.7	-	-	-	125.9	-
	<b>Accepted</b>	29.7	11.8	-	9.4	-	-	-	50.9	90.0
Q3 <sup>5</sup>	<b>Cut-off rate</b>	-	-	-	-	-	-	-	-	-
	<b>Offered</b>	11.0	5.7	-	5.4	-	-	-	22.0	-
	<b>Accepted</b>	-	-	-	-	-	-	-	-	25.0

<sup>6</sup> -: Either no bid received or bids were rejected.

<sup>5</sup> Uptil end January 2013

<sup>6</sup> Excluding non-competitive bids and short-selling accommodation

<sup>7</sup> The cut-off rates are of the last auction in FY12, where the bids were accepted, with the exception of 7 year (in which the cut-off rate of May 26, 2012 is used) and 30-year (in which the cut-off rate of June 22, 2011 is used)

**Government has successfully raised the targeted amount in the Sukuk auction held in Q1-FY13.**

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

	Target	Total offered	Total accepted	Cut-off margin <sup>8</sup>
<b>FY12</b>	<b>150.0</b>	<b>248.3</b>	<b>186.8</b>	-
Q1	0.0	-	-	-
Q2	50.0	84.2	70.3	0
Q3	50.0	55.7	38.1	0
Q4	50.0	108.4	78.4	0
<b>FY13</b>	<b>45.0</b>	<b>110.6</b>	<b>47.0</b>	-
Q1	45.0	110.6	47.0	-25
Q2	0.0	-	-	-
Q3	0.0	-	-	-

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

Source: Domestic Markets & Monetary Management Department, SBP



## Foreign Exchange Market

**Upto 7th February in FY13, Pak rupee has depreciated by 3.5 percent against US\$.**

	PKR against international currencies			% App/(Dpp) of PKR
	Latest 7-Feb-13	Last MPS 14-Dec-12	Jun-12	Cumulative since Jun-12
USD	97.96	97.70	94.55	(3.48)
Euro	132.90	127.85	118.99	(10.47)
Sterling	153.51	157.56	147.36	(4.01)
JPY	1.04	1.17	1.19	14.02
USD Kerb	99.43	98.35	95.65	(3.80)
Premium (Rs)		0.65	1.10	-
Daily NEER <sup>1</sup>	56.15	56.41	58.97	(4.77)

<sup>1</sup> Data updated up to 6th February 2013

Source: SBP

	International exchange rates			% App/(Dpp) of USD
	Latest 7-Feb-13	Last MPS 14-Dec-12	Jun-12	Cumulative since Jun-12
USD/EUR	1.36	1.31	1.26	(7.24)
USD/GBP	1.57	1.61	1.56	(0.54)
JPY/USD	93.84	83.80	79.43	18.13
INR/USD	53.28	54.35	55.97	(4.79)
CNY/USD	6.23	6.24	6.35	(1.91)
THB/USD	29.77	30.63	31.76	(6.28)
MYR/USD	3.09	3.06	3.18	(2.65)
SGD/USD	1.24	1.22	1.27	(2.54)

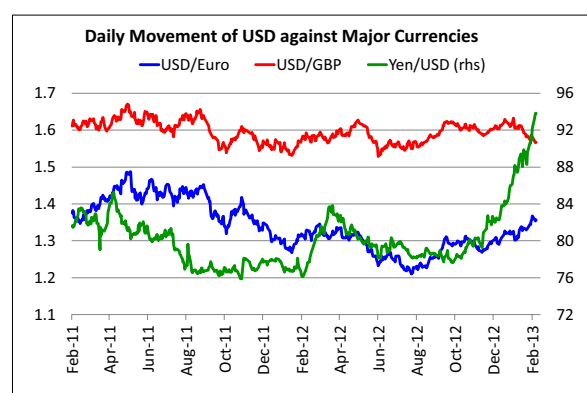
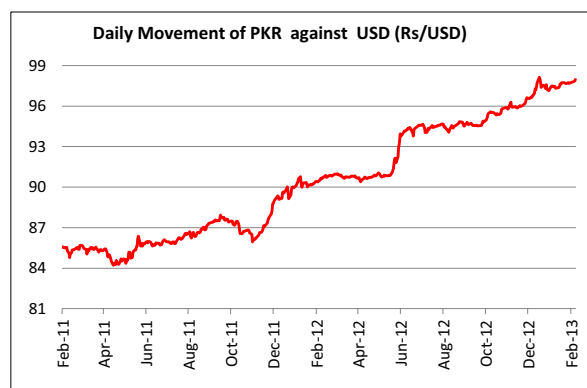
### PKR/USD Interbank Exchange Rate Trends on Fiscal Year Basis

	High	Low	Close	Average	Volatility C/C <sup>2</sup>
FY10	85.58	81.40	85.51	83.89	3.02
FY11	86.50	83.93	85.97	85.56	2.40
FY12	94.69	85.79	94.55	89.27	2.48
FY13 <sup>3</sup>	98.35	93.70	97.96	95.79	2.09

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

<sup>3</sup> Updated up to 07th February 2013

Source: SBP



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

	High	Low	Close	Average	Volatility C/C <sup>2</sup>
Q1-FY11	86.35	85.40	86.32	85.73	1.53
Q2-FY11	86.34	85.13	85.64	85.79	1.93
Q3-FY11	86.08	84.75	85.36	85.52	2.41
Q4-FY11	86.50	83.93	85.97	85.29	3.45
Q1-FY12	87.94	85.79	87.48	86.78	1.86
Q2-FY12	90.05	85.89	89.95	87.85	3.12
Q3-FY12	91.32	89.67	90.66	90.60	2.46
Q4-FY12	94.69	90.15	94.55	92.16	2.60
Q1-FY13	95.00	93.70	94.81	94.53	2.21
Q2-FY13	98.35	94.87	97.15	96.25	2.21
Q3-FY13 <sup>3</sup>	97.98	97.22	97.96	97.60	1.54



**In real terms, Pak rupee has depreciated by 2.9 percent during H1-FY13.**

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

		REER Index	Changes in Real Effective Exchange Rate (REER)									
			2010	2011					2012			
			Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec <sup>P</sup>	
2010	Mar	95.99	5.37	4.14	3.98	6.85	7.35	7.28	8.71	6.94	3.79	
	Jun	100.20	0.94	-0.24	-0.39	2.35	2.84	2.76	4.14	2.45	-0.57	
	Sep	101.39	-0.25	-1.41	-1.57	1.15	1.62	1.55	2.91	1.24	-1.74	
	Dec	101.14	-	-1.16	-1.32	1.40	1.88	1.81	3.17	1.50	-1.49	
2011	Mar	99.96	-	-	-0.16	2.60	3.08	3.01	4.38	2.69	-0.33	
	Jun	99.80	-	-	-	2.76	3.24	3.17	4.55	2.85	-0.18	
	Sep	102.56	-	-	-	-	0.47	0.40	1.74	0.09	-2.86	
	Dec	103.04	-	-	-	-	-	-0.07	1.26	-0.38	-3.31	
2012	Mar	102.97	-	-	-	-	-	-	1.33	-0.31	-3.25	
	Jun	104.34	-	-	-	-	-	-	-	-1.62	-4.52	
	Sep	102.65	-	-	-	-	-	-	-	-	-2.95	
	Dec <sup>P</sup>	99.63	-	-	-	-	-	-	-	-	-	

<sup>P</sup> Provisional

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

		WA Exchange Rate	Changes in Exchange Rate (Rs/USD)										
			2010	2011					2012				2013
			Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	30-Jan	
2010	Jun	85.46	-0.29	0.18	-0.61	-2.33	-5.01	-5.78	-9.68	-9.91	-12.02	-12.74	
	Sep	86.29	0.67	0.18	0.34	-1.39	-4.09	-4.87	-8.82	-9.04	-11.17	-11.90	
	Dec	85.71	-	-0.32	-0.32	-2.05	-4.73	-5.50	-9.42	-9.65	-11.76	-12.49	
2011	Mar	85.31	-	-	-0.79	-2.50	-5.18	-5.94	-9.84	-10.07	-12.17	-12.90	
	Jun	85.99	-	-	-	-1.73	-4.42	-5.20	-9.13	-9.36	-11.48	-12.20	
	Sep	87.50	-	-	-	-	-2.74	-3.53	-7.53	-7.76	-9.92	-10.66	
	Dec	89.97	-	-	-	-	-	-0.81	-4.92	-5.16	-7.38	-8.14	
2012	Mar	90.70	-	-	-	-	-	-	-4.15	-4.39	-6.62	-7.39	
	Jun	94.63	-	-	-	-	-	-	-	-0.25	-2.58	-3.38	
	Sep	94.87	-	-	-	-	-	-	-	-	-2.34	-3.14	
	Dec	97.14	-	-	-	-	-	-	-	-	-	-0.82	
2013	7-Feb	97.94	-	-	-	-	-	-	-	-	-	-	

Source: SBP



## Capital Market

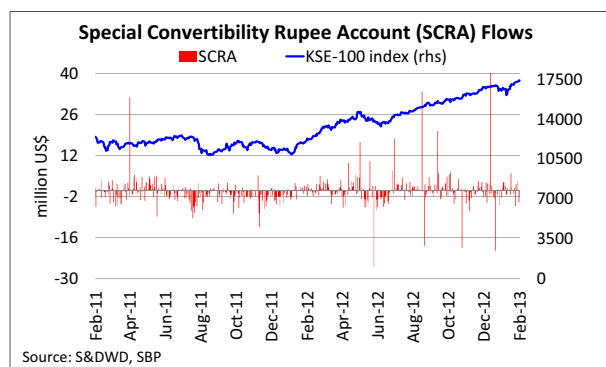
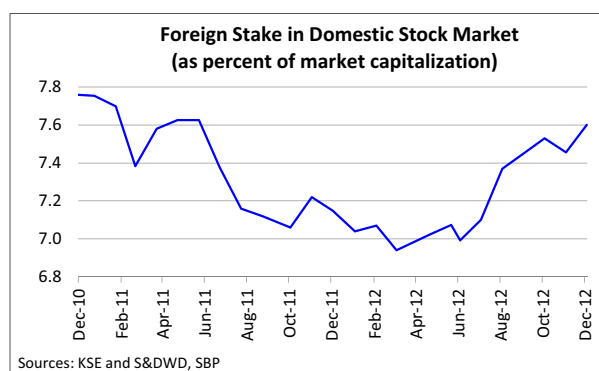
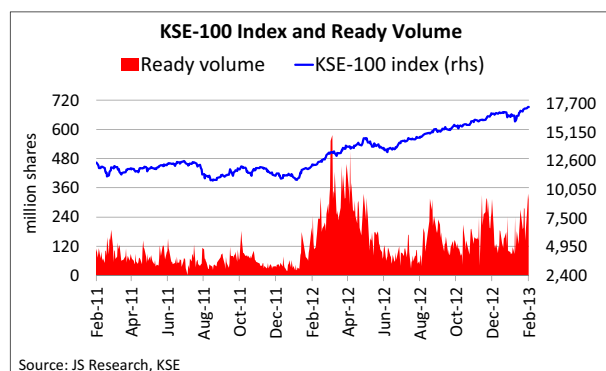
Since end June 2012, KSE-100 index has increased by 26 percent as compared to 10.4 percent growth in the entire FY12.

### Performance of Karachi Stock Exchange

	FY13		Jul-Feb FY13 <sup>1</sup>	FY12	Percentage change during		
	Feb-13 <sup>1</sup>	Jan-13			Feb FY13 <sup>2</sup>	FY13	FY12
KSE-100 index	17,383	17,243	17,383	13,801	0.8	26.0	10.4
KSE-30 index	14,199	14,063	14,199	11,922	1.0	19.1	2.9
Market capitalization (billion Rs)	4,338	4,183	3,989	3,233	3.7	23.4	7.0
Ready volume (million shares-avg.)	260.3	160	152.9	130.0	-	-	-
SCRA flows (US\$ million)	1.7	170.4	249.3	-251.0	-	-	-

<sup>1</sup> Up to 7th February 2013.

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



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



## Financial Soundness Indicators

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

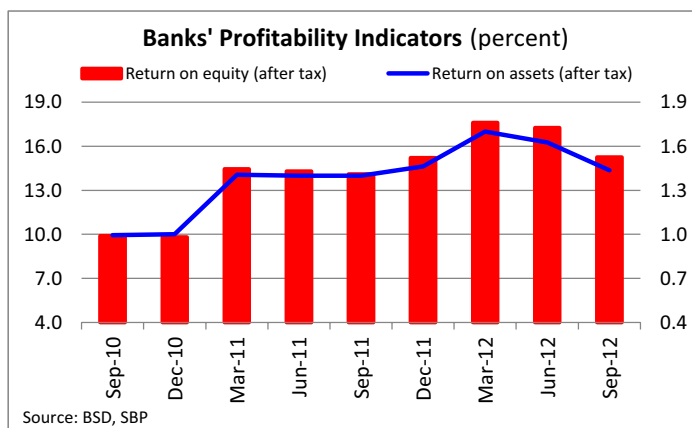
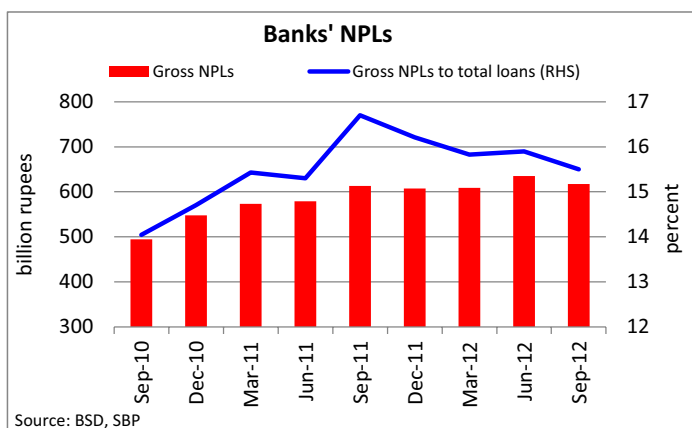
percent

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

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

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

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



Source: Banking Surveillance Department (BSD), SBP