



# **Monetary Policy Information Compendium**

**January 2014**

Consolidated by

**Monetary Policy Department**

**STATE BANK OF PAKISTAN**

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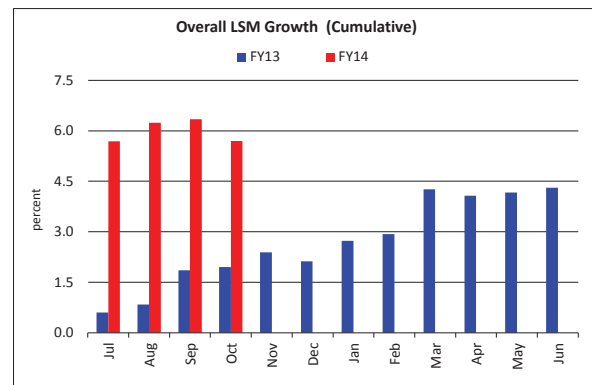
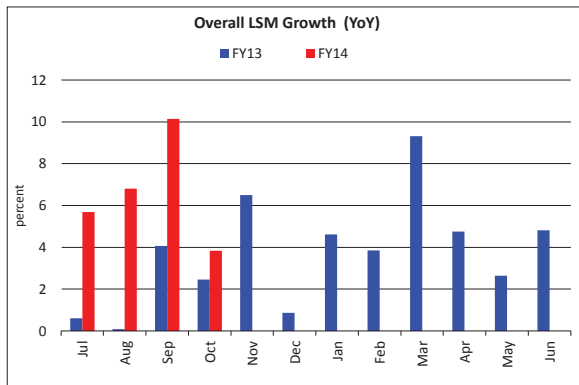


## Growth

*Cumulative growth of 5.7 percent has been recorded in the LSM sector for Jul-Oct FY14, compared to a growth of 1.1 percent during same period of last year.*

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

Groups	Weights	YoY changes				Cumulative change during Jul-Oct			
		Oct-13		Oct-12		FY14		FY13	
<b>Overall</b>	<b>71.1</b>	<b>3.8</b>	<b>2.8</b>		<b>5.7</b>	<b>1.1</b>			
Textile	20.9	↑ 1.5	↑ 0.4		↑ 2.2	↓ -0.3			
Food, beverages and tobacco	12.4	↑ 4.0	↑ 9.8		↑ 6.5	↑ 7.3			
Petroleum products	5.4	↑ 5.3	↑ 21.6		↑ 11.4	↑ 8.2			
Iron and steel products	5.4	↑ 0.5	↑ 3.3		↑ 7.4	↑ 12.8			
Non-metallic mineral products	5.4	↓ -3.4	↓ -2.6		↓ -0.3	↑ 2.1			
Automobile	4.6	↑ 3.4	↓ -26.0		↓ -3.7	↓ -8.8			
Fertilizer	4.4	↑ 32.0	↑ 13.8		↑ 41.1	↓ -19.0			
Pharmaceuticals	3.6	↓ -2.5	↑ 5.3		↑ 0.4	↑ 5.2			
Paper and board	2.3	↑ 10.9	↑ 57.6		↑ 17.3	↑ 23.7			
Electronics	2.0	↑ 37.8	↑ 5.7		↑ 21.2	↓ -9.5			
Chemicals	1.7	↑ 5.9	↓ -3.9		↑ 3.5	↑ 0.1			
Leather products	0.9	↑ 21.3	↓ -10.6		↑ 14.4	↓ -10.1			
Wood products	0.6	↓ -15.9	↓ -30.8		↓ -8.5	↓ -18.2			
Engineering products	0.4	↓ -30.3	↓ -14.6		↓ -25.5	↓ -13.3			
Rubber products	0.3	↓ -5.2	↑ 30.1		↓ -1.6	↑ 32.7			



*Production targets of all major crops for FY14 are higher than the actual production in FY13.*

### Major Crops

	Production				Area under cultivation				Yield			
	(million tons)			percent change	(million hectares)		percent change	(Kg/hectare)		percent change		
	FY14 <sup>T</sup>	FY13 <sup>P</sup>	FY12 <sup>R</sup>	FY13 <sup>P</sup> over FY12 <sup>R</sup>	FY13 <sup>P</sup>	FY12 <sup>R</sup>	FY13 <sup>P</sup> over FY12 <sup>R</sup>	FY13 <sup>P</sup>	FY12 <sup>R</sup>	FY13 <sup>P</sup> over FY12 <sup>R</sup>		
Cotton <sup>1</sup>	14.1	13.0	13.6	↓ -4.2	2.9	2.8	↑ 1.6	769	816	↓ -5.8		
Sugarcane	65.0	62.5	58.4	↑ 7.0	1.1	1.1	↑ 6.2	55,580	55,196	↑ 0.7		
Rice	6.2	5.5	6.2	↓ -10.0	2.3	2.6	↓ -10.1	2,398	2,396	↑ 0.1		
Wheat	25.5	24.2	23.5	↑ 3.2	8.7	8.7	↑ 0.5	2,787	2,714	↑ 2.7		

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

<sup>P</sup>: Provisional; <sup>T</sup>: Target; <sup>R</sup>: Revised

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



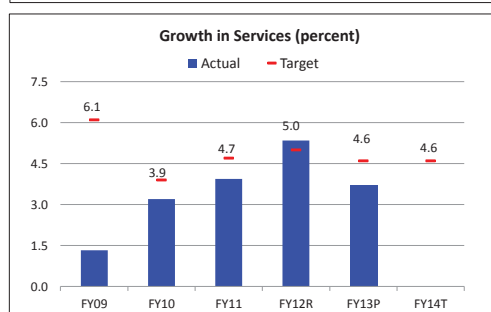
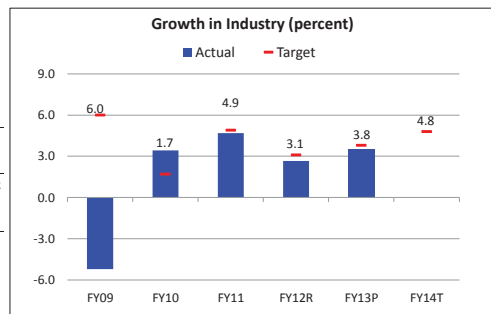
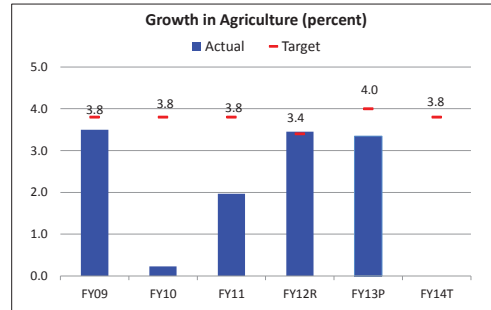
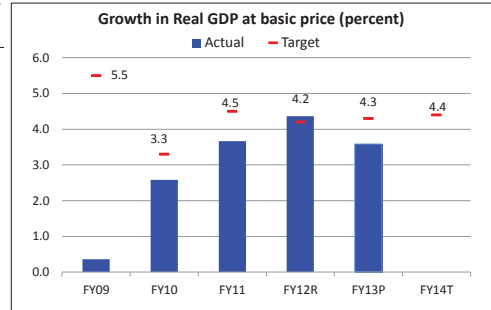
# Monetary Policy Information Compendium

January 2014

*Provisional estimates show real GDP growth of 3.6 percent during FY13, which is lower than the target (4.3 percent) for the year and revised estimate (4.4 percent) for FY12.*

## Product Approach - GDP at Constant Prices of 2005-06 (percent)

	FY13 <sup>P</sup>			FY12 <sup>R</sup> Growth
	Growth	Shares	Contribution	
<b>Agriculture of which</b>	<b>3.3</b>	<b>21.4</b>	<b>0.7</b>	<b>3.5</b>
Important crops	2.3	5.4	0.1	7.4
Other crops	6.7	2.6	0.2	-7.7
Livestock	3.7	11.9	0.4	3.9
<b>Industry of which</b>	<b>3.5</b>	<b>20.9</b>	<b>0.7</b>	<b>2.7</b>
Manufacturing	3.5	13.2	0.5	2.1
Large-scale <sup>1</sup>	2.8	10.6	0.3	1.2
Small-scale	8.2	1.6	0.1	8.4
Construction	5.2	2.4	0.1	3.2
<b>Services of which</b>	<b>3.7</b>	<b>57.7</b>	<b>2.1</b>	<b>5.3</b>
Wholesale & retail trade	2.5	18.2	0.5	1.7
Transport Storage and Communications	3.4	13.7	0.5	8.9
Finance & insurance	6.6	3.0	0.2	1.0
General Government Services	5.6	6.8	0.4	11.1
<b>Real GDP (basic prices)</b>	<b>3.6</b>	<b>100.0</b>	<b>3.6</b>	<b>4.4</b>
<b>Real GDP (market prices)</b>	<b>6.1</b>	<b>105.2</b>	<b>6.2</b>	<b>4.0</b>



	FY13 <sup>P</sup>	FY12 <sup>R</sup>	FY11
Real GDP (bp, billion Rs)	9,863	9,522	9,124
Nominal GDP (mp, billion Rs)	22,909	20,091	18,285
Nominal GDP (mp, billion US\$) <sup>2</sup>	237	225	214

## Expenditure Approach - GDP at Constant Prices of 2005-06 (percent)

	FY13 <sup>P</sup>			FY12 <sup>R</sup> Growth
	Growth	Shares <sup>3</sup>	Contribution <sup>3</sup>	
<b>Consumption</b>	<b>4.6</b>	<b>87.7</b>	<b>4.2</b>	<b>6.0</b>
Private	4.0	77.0	3.1	5.8
Government	9.7	10.7	1.0	7.3
<b>Fixed capital formation</b>	<b>0.8</b>	<b>13.2</b>	<b>0.1</b>	<b>1.5</b>
Private	-1.8	9.7	-0.2	-1.7
Public plus general government	8.6	3.5	0.3	12.6
<b>Changes in stocks</b>	<b>6.1</b>	<b>1.6</b>	<b>0.1</b>	<b>4.0</b>
<b>Net exports of goods and nonfactor services</b>	<b>-39.7</b>	<b>-2.5</b>	<b>1.7</b>	<b>-1.4</b>
Exports of goods and non-factor services	12.2	11.8	1.4	-15.3
Imports of goods and non-factor services	-2.4	14.3	-0.4	-3.6
<b>GDP (market prices)</b>	<b>6.1</b>	<b>100.0</b>	<b>6.1</b>	<b>4.0</b>
Indirect Taxes	16.9	6.0	0.9	5.7
Subsidies	-60.1	1.0	-1.7	22.0
<b>GDP (basic prices)</b>	<b>3.6</b>	<b>95.0</b>	<b>-</b>	<b>4.4</b>
<b>Total domestic demand<sup>4</sup></b>	<b>4.2</b>	<b>102.5</b>	<b>4.3</b>	<b>5.3</b>

Note: Targets, except for FY14, shown in the graphs are based on FY00 prices (as base year).

<sup>1</sup> For FY13, 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; Basic price (bp): The basic price is the price the producer gets on output excluding any taxes on the products and including any subsidies on the products.

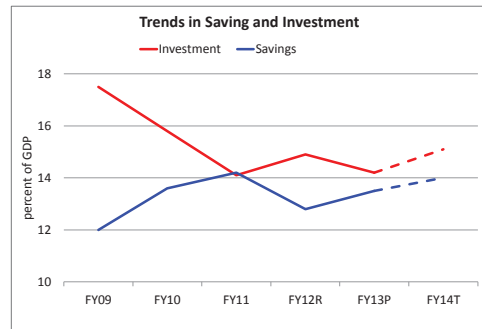


## Saving and Investment

*Saving investment gap has narrowed in FY13, compared to FY12.*

**Saving and Investment** (at current market prices-2005-2006)  
as percent of GDP

	FY14	Actual	
	Target	FY13 <sup>P</sup>	FY12 <sup>R</sup>
<b>A. Investment</b>	<b>15.1</b>	<b>14.2</b>	<b>14.9</b>
Gross fixed investment	13.5	12.6	13.3
Private sector	9.0	8.7	9.6
Public including general public	4.5	3.9	3.7
Change in capital stocks	1.6	1.6	1.6
<b>B. National savings</b>	<b>14.0</b>	<b>13.5</b>	<b>12.8</b>
<b>C. Domestic savings</b>	<b>-</b>	<b>8.7</b>	<b>7.7</b>
<b>Saving investment gap (B - A)</b>	<b>-1.1</b>	<b>-0.7</b>	<b>-2.1</b>

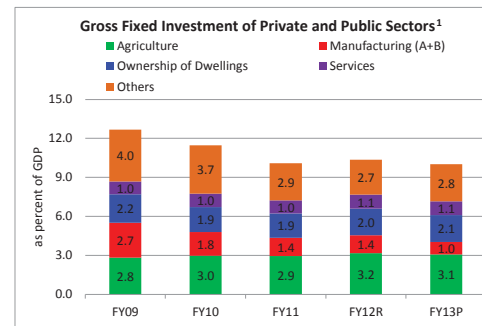


T: Target

*Gross fixed investment in the Manufacturing sector as percent of GDP has shown a declining trend.*

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

	FY13 <sup>P</sup>		FY12 <sup>R</sup>
	As percent of GDP	Percent share in total	As percent of GDP
Agriculture	3.1	30.7	3.2
Mining and quarrying	0.6	6.1	0.2
Manufacturing	1.0	9.7	1.4
Construction	0.6	5.9	0.7
Electricity and gas	0.2	1.6	0.1
Transport and communication	0.3	2.8	0.3
Wholesale and retail trade	1.0	10.0	1.2
Finance and insurance	0.2	1.9	0.2
Ownership of dwellings	2.1	20.6	2.0
Services	1.1	10.7	1.1
<b>Total</b>	<b>10.0</b>	<b>100.0</b>	<b>10.4</b>



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

<sup>P</sup>: Provisional; <sup>R</sup>: Revised;

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



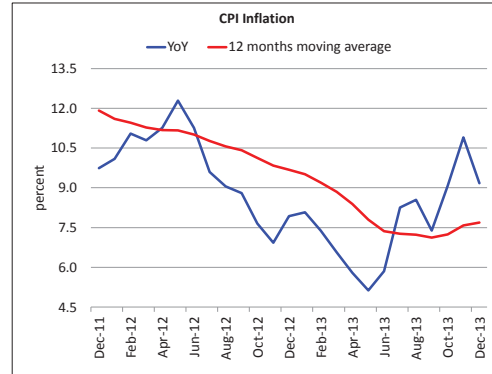
## Inflation

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

**Headline CPI inflation (YoY) has decreased sharply to 9.2 percent in December 2013 from 10.9 percent in the previous month.**

**Consumer Price Index (CPI) (percent change)**

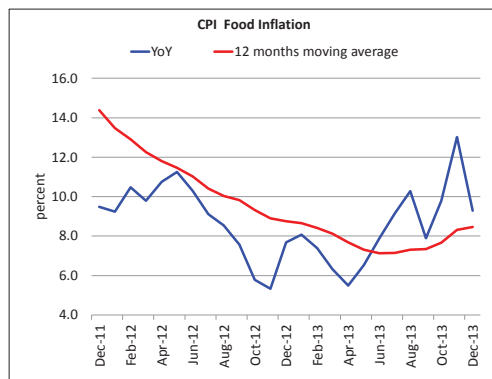
	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Dec-12	0.2	1.4	7.9	9.7
Jan-13	1.7	1.2	8.1	9.5
Feb-13	-0.3	0.4	7.4	9.2
Mar-13	0.4	0.2	6.6	8.9
Apr-13	1.1	0.4	5.8	8.4
May-13	0.5	1.0	5.1	7.8
Jun-13	0.7	0.8	5.9	7.4
Jul-13	2.0	1.2	8.3	7.3
Aug-13	1.2	0.8	8.5	7.2
Sep-13	-0.3	-0.2	7.4	7.1
Oct-13	2.0	1.8	9.1	7.2
Nov-13	1.3	1.5	10.9	7.6
Dec-13	-1.3	-0.1	9.2	7.7
<b>3-year average for Dec.</b>	<b>-0.6</b>	<b>0.6</b>	<b>9.0</b>	



**CPI food inflation (YoY) has decreased sharply to 9.3 percent in December 2013 from 13.0 percent in the previous month.**

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

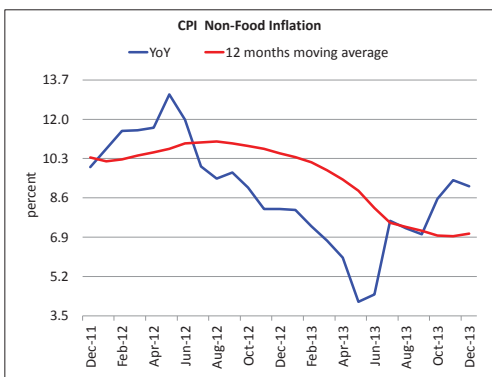
	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Dec-12	0.0	2.4	7.7	8.8
Jan-13	1.9	1.4	8.1	8.7
Feb-13	-1.3	0.2	7.4	8.4
Mar-13	0.5	-0.1	6.3	8.1
Apr-13	1.4	0.5	5.5	7.7
May-13	1.1	1.7	6.5	7.3
Jun-13	1.1	1.3	7.9	7.1
Jul-13	3.0	1.3	9.2	7.1
Aug-13	2.0	0.8	10.3	7.3
Sep-13	-1.5	-1.5	7.9	7.3
Oct-13	1.7	1.6	9.8	7.7
Nov-13	2.6	2.8	13.0	8.3
Dec-13	-3.3	-0.9	9.3	8.5
<b>3-year average for Dec.</b>	<b>-1.9</b>	<b>0.5</b>	<b>8.8</b>	



**CPI non-food inflation (YoY) has decreased to 9.1 percent in December 2013 from 9.4 percent in the previous month.**

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

	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Dec-12	0.4	0.7	8.1	10.4
Jan-13	1.5	1.0	8.1	10.1
Feb-13	0.4	0.5	7.4	9.8
Mar-13	0.3	0.4	6.7	9.4
Apr-13	0.9	0.4	6.0	8.9
May-13	0.1	0.4	4.1	8.2
Jun-13	0.5	0.4	4.4	7.5
Jul-13	1.3	1.1	7.6	7.3
Aug-13	0.6	0.8	7.3	7.2
Sep-13	0.6	0.8	7.0	7.0
Oct-13	2.2	1.9	8.6	6.9
Nov-13	0.3	0.5	9.4	7.1
Dec-13	0.2	0.5	9.1	7.1
<b>3-year average for Dec.</b>	<b>0.3</b>	<b>0.6</b>	<b>9.1</b>	



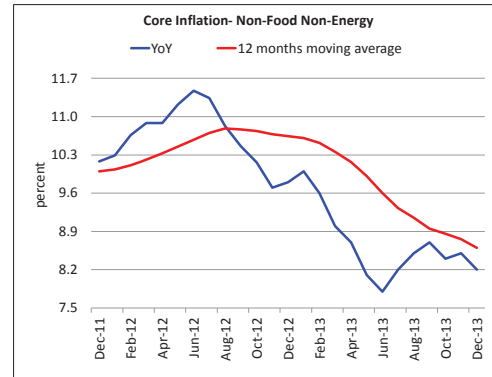
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

<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.



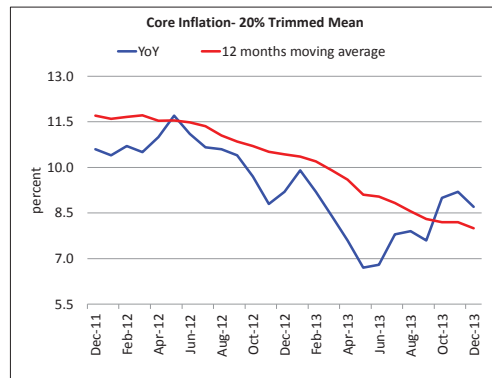
*The non-food non-energy (NFNE) measure of core inflation (YoY) has decreased to 8.2 percent in December 2013 from 8.5 percent in November 2013.*

Core - Non-food non-energy (53.52% weight in basket) (percent change)			
	MoM	YoY	12M moving average
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
Apr-13	1.1	8.7	10.2
May-13	0.3	8.1	9.9
Jun-13	0.4	7.8	9.6
Jul-13	1.5	8.2	9.3
Aug-13	0.6	8.5	9.2
Sep-13	0.6	8.7	9.0
Oct-13	0.9	8.4	8.9
Nov-13	0.3	8.5	8.8
Dec-13	0.2	8.2	8.6
3-year average for Dec.	<b>0.4</b>	<b>9.4</b>	



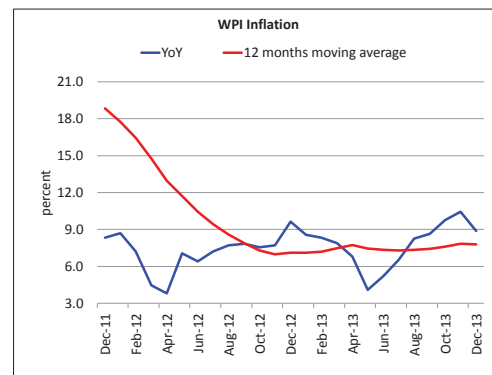
*The 20 percent trimmed mean measure of core inflation (YoY) has decreased to 8.7 percent in December 2013 from 9.2 percent in November 2013.*

Core - 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
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
Apr-13	0.7	7.6	9.6
May-13	0.3	6.7	9.1
Jun-13	0.6	6.8	9.0
Jul-13	1.2	7.8	8.8
Aug-13	0.6	7.9	8.6
Sep-13	0.6	7.6	8.3
Oct-13	0.8	9.0	8.2
Nov-13	0.4	9.2	8.2
Dec-13	0.4	8.7	8.0
3-year average for Dec.	<b>0.3</b>	<b>9.5</b>	



*The WPI inflation (YoY) has decreased sharply to 8.9 percent in December 2013 from 10.4 percent in November 2013.*

Wholesale Price Index (WPI) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Dec-12	0.4	1.7	9.6	7.1
Jan-13	1.2	0.6	8.6	7.1
Feb-13	0.3	0.4	8.3	7.2
Mar-13	0.3	-0.1	7.9	7.5
Apr-13	0.8	0.2	6.8	7.7
May-13	-0.4	-0.4	4.1	7.5
Jun-13	1.0	0.7	5.2	7.3
Jul-13	1.6	1.9	6.5	7.3
Aug-13	2.6	1.7	8.3	7.3
Sep-13	0.7	1.0	8.7	7.4
Oct-13	1.1	1.4	9.8	7.6
Nov-13	0.2	0.7	10.4	7.8
Dec-13	-1.0	0.2	8.9	7.8
3-year average for Dec.	<b>-0.6</b>	<b>0.6</b>	<b>8.9</b>	



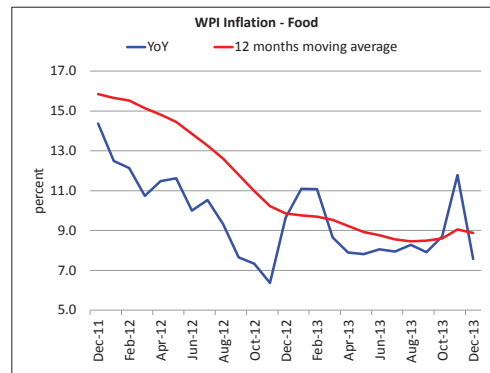
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



**WPI food inflation (YoY) has decreased sharply to 7.6 percent in December 2013 from 11.8 percent in November 2013.**

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

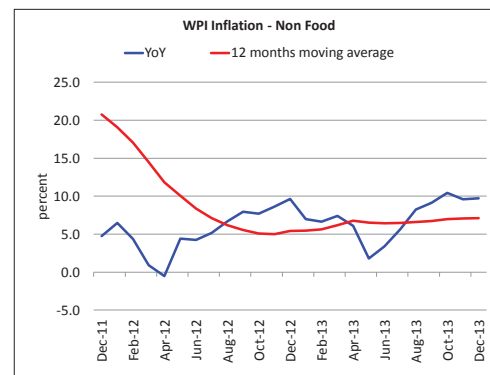
	WPI - Food (38.82% weight in basket) (percent change)			12M moving average
	MoM	MoM SA	YoY	
Dec-12	1.3	3.1	9.6	9.9
Jan-13	1.7	1.1	11.1	9.8
Feb-13	-0.8	0.4	11.1	9.7
Mar-13	-0.6	-1.2	8.7	9.5
Apr-13	1.5	1.0	7.9	9.2
May-13	1.1	1.0	7.8	8.9
Jun-13	1.7	0.8	8.0	8.8
Jul-13	2.3	2.0	7.9	8.5
Aug-13	1.0	-0.1	8.3	8.5
Sep-13	-0.1	0.0	7.9	8.5
Oct-13	0.9	1.3	8.7	8.6
Nov-13	1.2	1.8	11.8	9.0
Dec-13	-2.5	-0.8	7.6	8.9
<b>3-year average for Dec.</b>	<b>-1.0</b>	<b>0.8</b>	<b>10.5</b>	



**WPI non-food inflation (YoY) has increased slightly to 9.7 percent in December 2013 from 9.6 percent in November 2013.**

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

	WPI - Non Food (61.18% weight in basket) (percent change)			
	MoM	MoM SA	YoY	12M moving average
Dec-12	-0.1	0.8	9.6	5.4
Jan-13	1.0	0.2	7.0	5.5
Feb-13	1.1	0.5	6.6	5.6
Mar-13	0.8	0.6	7.4	6.2
Apr-13	0.3	-0.3	6.1	6.8
May-13	-1.4	-1.3	1.8	6.5
Jun-13	0.5	0.7	3.4	6.5
Jul-13	1.2	1.9	5.6	6.5
Aug-13	3.7	2.9	8.2	6.6
Sep-13	1.2	1.7	9.1	6.7
Oct-13	1.3	1.5	10.5	7.0
Nov-13	-0.3	0.1	9.6	7.1
Dec-13	0.01	0.8	9.7	7.1
<b>3-year average for Dec.</b>	<b>-0.4</b>	<b>0.5</b>	<b>8.0</b>	

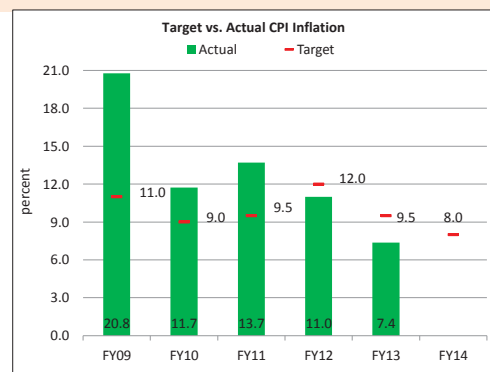


**Average CPI inflation is recorded at 8.9 percent in H1FY14 compared to 8.3 percent in H1FY13.**

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

	CPI			WPI
	Headline	Food	Non Food	
FY13	7.4	7.1	7.5	7.3
Jul-Dec FY13	8.3	7.3	9.1	7.9
Jul-Dec FY14	8.9	9.9	8.2	8.8

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







**CPI and SPI Inflation by Groups**

*The YoY decrease in headline CPI inflation in December 2013 was due to sharp decline in food inflation, particularly perishable food items.*

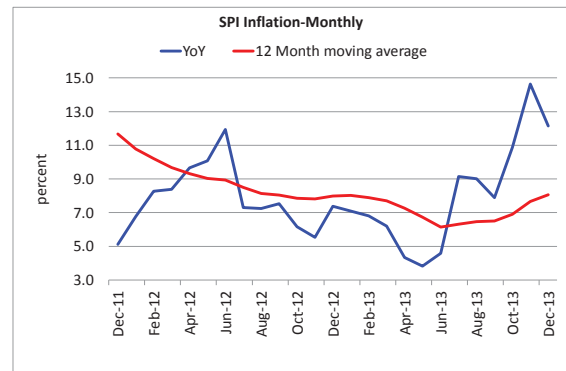
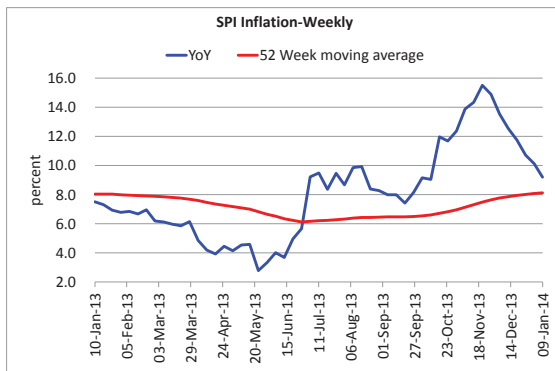
**Group-Wise CPI Inflation**

Groups	Weights	Dec-13			Nov-13		
		MoM	YoY	12m MA <sup>1</sup>	MoM	YoY	12m MA <sup>1</sup>
<b>I. Food group</b>	<b>37.5</b>	<b>-3.3</b>	<b>9.3</b>	<b>8.5</b>	<b>2.6</b>	<b>13.0</b>	<b>8.3</b>
Food and non-alcoholic beverages	34.8	-3.7	8.9	8.2	2.8	13.0	8.0
Alcoholic beverages and tobacco	1.4	1.2	15.7	14.2	0.0	14.4	14.4
Restaurant & hotels	1.2	1.1	12.7	10.1	0.9	12.3	9.9
<b>II. Non-food group</b>	<b>62.5</b>	<b>0.2</b>	<b>9.1</b>	<b>7.1</b>	<b>0.3</b>	<b>9.4</b>	<b>7.1</b>
Clothing and footwear	7.6	0.2	12.0	13.9	0.9	14.0	14.3
Housing, water, electricity, gas fuels	29.4	0.1	9.6	5.3	0.1	9.5	4.9
Furnishing & household equipment maintenance etc.	4.2	0.9	8.8	8.8	0.9	8.7	9.1
Health	2.2	0.7	6.4	9.2	0.4	6.2	9.9
Transport	7.2	0.0	8.8	4.6	0.0	9.0	4.6
Communication	3.2	0.1	4.8	4.9	0.0	4.8	4.6
Recreation and culture	2.0	0.3	9.9	11.9	0.3	9.9	12.6
Education	3.9	0.3	8.7	8.2	0.0	8.5	8.3
Miscellaneous	2.8	0.3	4.5	6.5	0.6	4.6	7.1
<b>Overall</b>	<b>100</b>	<b>-1.3</b>	<b>9.2</b>	<b>7.7</b>	<b>1.3</b>	<b>10.9</b>	<b>7.6</b>

*SPI inflation decreased by 0.10 percent during the second week of January 2014.*

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

Income groups	9-Jan-14	2-Jan-14	26-Dec-13	19-Dec-13	Dec-13		
	WoW <sup>2</sup>				MoM	YoY	12m MA <sup>1</sup>
<b>Up to Rs 8000</b>	-0.08	0.13	-0.39	-1.02	-2.54	11.1	9.4
<b>Rs 8001-12000</b>	-0.10	0.15	-0.32	-0.88	-2.30	10.3	9.6
<b>Rs 12001-18000</b>	-0.10	0.16	-0.28	-0.79	-2.14	12.9	9.9
<b>Rs 18001-35000</b>	-0.10	0.18	-0.22	-0.68	-1.89	13.1	7.8
<b>Above Rs 35000</b>	-0.09	0.19	-0.15	-0.48	-1.45	11.9	5.9
<b>All</b>	<b>-0.10</b>	<b>0.17</b>	<b>-0.22</b>	<b>-0.67</b>	<b>-1.85</b>	<b>12.1</b>	<b>8.1</b>



<sup>1</sup> Twelve month moving average inflation <sup>2</sup> WoW: Week on Week.  
Sources: Pakistan Bureau of Statistics

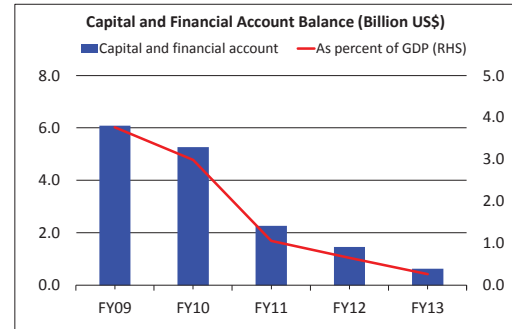
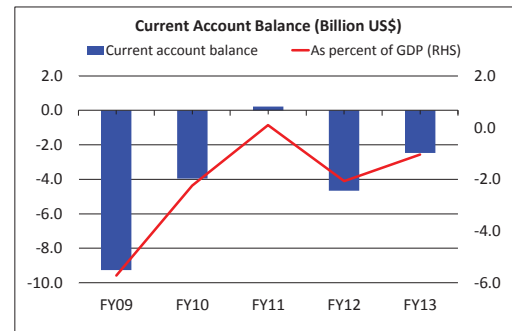
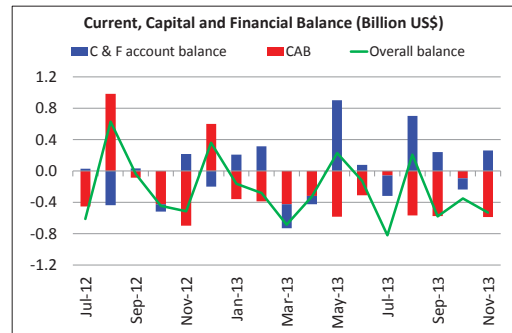


## Balance of Payments

External current account balance witnessed a deficit of US\$1.9 billion during Jul-Nov FY14, compared to US\$0.7 billion during the same period last year.

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

Items	July-Nov		FY13	FY12
	FY14	FY13		
<b>A) Current account balance (CAB)</b>	<b>-1,885</b>	<b>-684</b>	<b>-2,466</b>	<b>-4,658</b>
Trade balance	-7,294	-6,695	-15,404	-15,765
Exports	10,201	10,291	24,795	24,696
Imports	17,495	16,986	40,199	40,461
Services (net); of which	-1,072	-511	-1,469	-3,192
CSF	322	1,118	1,806	0
Income (net)	-1,688	-1,489	-3,685	-3,245
Current transfers (net); of which	8,169	8,011	18,092	17,544
Remittances	6,407	5,982	13,922	13,186
<b>B) Capital and financial (C&amp;F) account balance ; of which</b>	<b>800</b>	<b>-263</b>	<b>609</b>	<b>1,463</b>
Foreign direct investment (net) <sup>1</sup>	251	283	1,258	744
Foreign portfolio investment (net)	42	125	26	-144
Other investment assets	564	-745	-488	9
Other investment liabilities	-131	19	-451	671
Of which : General government	-376	260	218	998
of which: Disbursements	939	1,128	2,500	2,633
Amortization	1,315	868	2,282	1,577
<b>C) Net Errors and omissions</b>	<b>-988</b>	<b>-41</b>	<b>-135</b>	<b>-80</b>
<b>Overall balance (A+B+C)</b>	<b>-2,073</b>	<b>-988</b>	<b>-1,992</b>	<b>-3,275</b>
<b>SBP gross reserves<sup>2</sup></b>	<b>4,344</b>	<b>9,881</b>	<b>7,198</b>	<b>11,905</b>
<b>SBP net liquid reserves<sup>3</sup></b>	<b>3,048</b>	<b>8,703</b>	<b>6,008</b>	<b>10,803</b>
<i>As percent of GDP<sup>4</sup></i>				
<b>Current account balance; of which</b>			<b>-1.0</b>	<b>-2.1</b>
Exports			10.5	11.0
Imports			17.0	18.0
<b>Capital and financial inflows; of which</b>			<b>0.3</b>	<b>0.6</b>
FDI			0.6	0.3



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

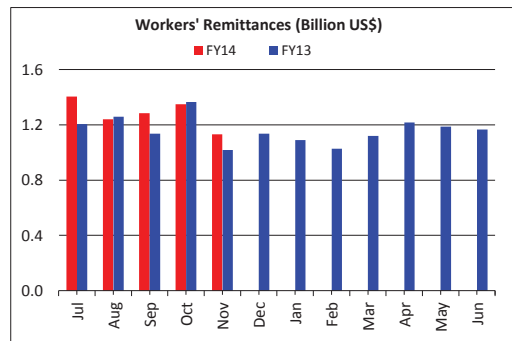
<sup>2</sup> SBP gross reserves includes banks' deposits for meeting cash reserve requirements (CRR) against their foreign currency deposits and foreign currency cash holdings of SBP, but it excludes unsettled claims on RBI. <sup>3</sup> SBP reserves without CRR and foreign currency cash holding of SBP.

<sup>4</sup> For FY12 revised and for FY13, provisional GDP has been used and average exchange rate has been used to calculate GDP in US\$.

Workers' remittances registered a growth of 7.1 percent during Jul-Nov FY14.

### Workers' Remittances<sup>5</sup> (million US\$)

	July-Nov		YoY growth in July-Nov FY13	FY14
	FY14	FY13		
<b>Total inflows</b>	<b>6,407</b>	<b>5,982</b>	<b>13,922</b>	<b>7.1</b>
USA	1,026	994	2,186	3.3
UK	963	846	1,946	13.8
Saudi Arabia	1,794	1,609	4,105	11.4
UAE	1,297	1,241	2,750	4.6
Other GCC <sup>6</sup>	733	677	1,608	8.3
All others	595	616	1,327	-3.5



<sup>5</sup> Only cash, <sup>6</sup> Kuwait, Qatar, Bahrain and Oman.

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

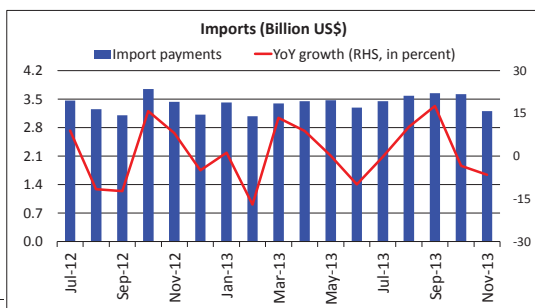
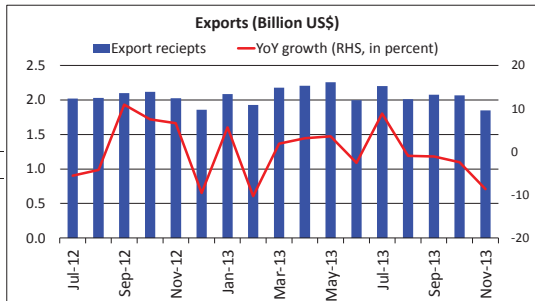
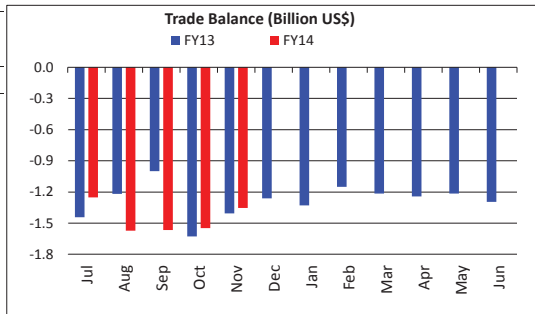


## Trade and Foreign Investment

Trade deficit has increased to US\$ 7.3 billion during Jul-Nov FY14, compared to US\$ 6.7 billion in Jul-Nov FY13.

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

	July-Nov			Shares <sup>1</sup>
	FY14	FY13	FY13	
<b>Exports</b>	<b>10,201</b>	<b>10,291</b>	<b>24,795</b>	<b>100</b>
<b>Textile group</b>	<b>5,704</b>	<b>5,403</b>	<b>12,832</b>	<b>56</b>
Knitwear, bed wear	1,740	1,658	3,850	17
Cotton cloth	1,175	1,085	2,621	12
Cotton Yarn	934	835	2,064	9
Readymade garments	727	703	1,652	7
<b>Other manufactures group</b>	<b>1,847</b>	<b>1,948</b>	<b>4,659</b>	<b>18</b>
Chemical and pharma	458	520	1,200	4
Leather items <sup>2</sup>	439	395	955	4
Cement	219	243	531	2
Engineering goods	131	150	361	1
Jewellery	49	81	253	0
<b>Food group</b>	<b>1,460</b>	<b>1,484</b>	<b>4,142</b>	<b>14</b>
Rice	698	598	1,876	7
<b>All others</b>	<b>1,190</b>	<b>1,456</b>	<b>3,162</b>	<b>12</b>
<b>Imports</b>	<b>17,495</b>	<b>16,986</b>	<b>40,199</b>	<b>100</b>
<b>Petroleum group</b>	<b>6,317</b>	<b>6,191</b>	<b>14,066</b>	<b>36</b>
Petroleum products	4,129	3,905	8,489	24
Petroleum crude	2,188	2,286	5,577	13
<b>Machinery group</b>	<b>2,068</b>	<b>1,625</b>	<b>4,014</b>	<b>12</b>
Telecom	506	332	941	3
Electrical machinery	310	250	557	2
Power machinery	255	225	512	1
<b>Agriculture &amp; other chemicals group</b>	<b>2,887</b>	<b>2,746</b>	<b>6,323</b>	<b>17</b>
Plastic materials	682	619	1,535	4
Fertilizer manufactured	377	426	611	2
<b>Food group</b>	<b>1,869</b>	<b>1,761</b>	<b>3,914</b>	<b>11</b>
Palm oil	852	861	1,902	5
Tea	121	154	373	1
<b>Metal group</b>	<b>1,124</b>	<b>984</b>	<b>2,442</b>	<b>6</b>
Iron steel (IS) and IS scrap	906	800	1,963	5
<b>All others</b>	<b>3,231</b>	<b>3,678</b>	<b>9,441</b>	<b>18</b>
<b>Trade Balance</b>	<b>-7,294</b>	<b>-6,695</b>	<b>-15,404</b>	



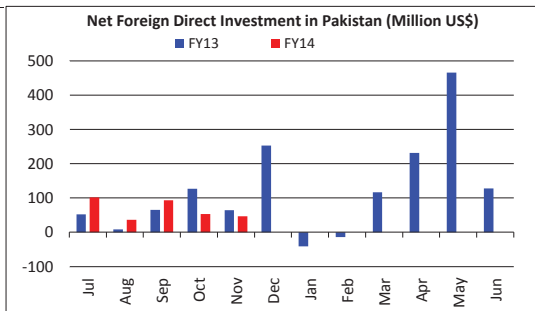
<sup>1</sup> Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total exports/imports during Jul-Nov FY14.

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

Net FDI inflows recorded some improvement during Jul-Nov FY14, compared to same period last year.

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

	July-Nov			YoY growth in Jul-Nov-FY14
	FY14	FY13	FY13	
<b>Net inflows: Of which</b>	<b>331</b>	<b>316</b>	<b>1,456</b>	<b>4.7</b>
<b>Major countries</b>				
USA	97	95	227	1.9
UAE	2	-39	18	-104.4
UK	46	76	632	-39.2
China	-5	6	91	-185.9
<b>Major sectors</b>				
Communication	-105	-173	-382	-39.4
Financial businesses	64	112	314	-42.8
Oil and gas exploration	179	155	560	15.8
Power	4	-23	27	-119.5
Trade	-4	7	5	-152.3
<b>Memorandum Item:</b>				
Net overall FDI <sup>3</sup>	251	283	1,258	



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

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

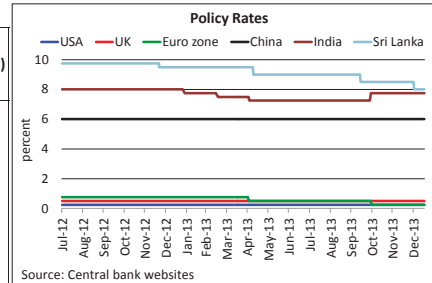


## Global Economy

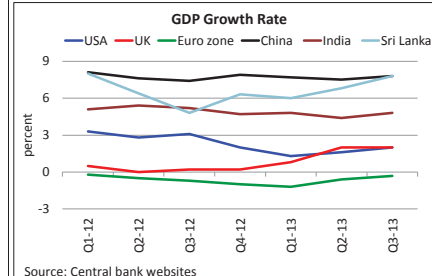
Central Banks kept policy rates unchanged in January 2014.

### 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	0.25	Nov 11 2013	0.50	-25
Japan	0.10	Dec 20 2008	0.30	-20
Canada	1.00	Sep 08 2010	0.75	25
Australia	2.50	Aug 06 2013	2.75	-25
China	6.00	Jul 06 2012	6.31	-31
India	7.75	Oct 29 2013	7.50	25
Sri Lanka	8.00	Jan 1 2014	8.50	-50
Malaysia	3.00	May 05 2011	2.75	25
Indonesia	7.50	Nov 12 2013	7.25	25
Thailand	2.25	Nov 27 2013	2.75	-50



Source: Central bank websites



Source: Central bank websites

Real GDP growth in China has improved in Q3-2013 as compared to Q2-2013.

### Key Macroeconomic Indicators

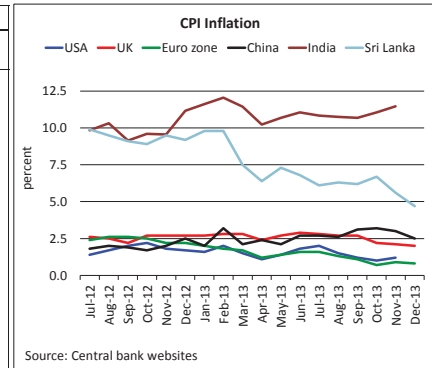
	Inflation (YoY) <sup>1</sup> Dec-13	GDP growth <sup>2</sup> Q3-2013	Current account	Fiscal balance <sup>3</sup>	Reserves <sup>5</sup> (billion US\$)	Lending rates <sup>5</sup>	
			balance <sup>3</sup>			Nominal	Real
			as a percent of GDP <sup>4</sup>				
USA	1.2	2.0	-2.5	-4.1	48.5	3.3	2.3
UK	2.0	2.0	-3.1	-6.7	70.9	0.5	-1.7
Euro zone	0.8	-0.4	2.0	-2.9	221.3	7.6	6.5
Japan	1.5	2.4	0.9	-8.2	1210.3	1.3	0.4
Australia	2.2	2.3	-2.8	-2.2	43.6	6.0	3.8
China	2.5	7.8	1.9	-2.0	3662.7	6.0	2.9
India	11.5	4.8	-3.1	-5.1	248.8	10.3	-0.8
Sri Lanka	4.7	7.8	-	-	5.6	13.1	5.8
South Korea	1.1	3.3	4.7	0.7	326.1	4.6	3.1
Malaysia	2.9	5.0	5.0	-4.2	132.6	4.5	2.5
Indonesia	8.4	5.6	-3.9	-3.3	89.4	11.8	3.4
Thailand	1.7	2.7	-1.6	-3.1	163.3	7.0	5.5

<sup>1</sup> Value for Australia pertains to September 2013, for India, Japan, Malaysia and USA value pertains to November 2013; <sup>2</sup> Annualized growth, measured as a percentage change over the same quarter of previous year; <sup>3</sup> Latest 12 months; <sup>4</sup> The Economist, Economic and Financial indicators, January 11, 2014; <sup>5</sup> IMF (IFS) data pertains to October except for Sri Lanka value pertains to August 2013; for China, India, Indonesia and South Korea value pertains to September 2013; <sup>6</sup> IMF (IFS) data pertains to October except for Australia, China, Euro zone and Indonesia values pertain to September; for Japan and South Korea values pertain to August; Malaysia value pertains to July.

IMF revised its world output growth projections downward for 2013 from 3.1 to 2.9 percent in October 2013.

### World Economic Outlook - Real GDP Growth

	2012 (IMF estimates)	2013 Projections		
		IMF (Oct-13)	World Bank (Jan-13)	OECD (Nov-13)
<b>World output</b>	<b>3.2</b>	<b>2.9</b>	<b>2.4</b>	-
<b>Advanced<sup>5</sup></b>	<b>1.5</b>	<b>1.2</b>	<b>1.3</b>	-
US	2.8	1.6	1.8	1.9
Euro area	-0.6	-0.4	-0.4	-0.6
Japan	2.0	2.0	1.7	1.6
UK	0.2	1.4	-	0.8
<b>Emerging &amp; Developing</b>	<b>4.9</b>	<b>4.5</b>	<b>4.8</b>	-
Russia	3.4	1.5	1.3	2.3
China	7.7	7.6	7.7	7.8
India	3.2	3.8	4.8	5.3
ASEAN-5	6.4	6.3	-	-



Source: Central bank websites

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

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

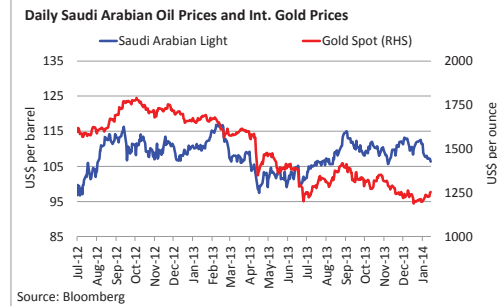
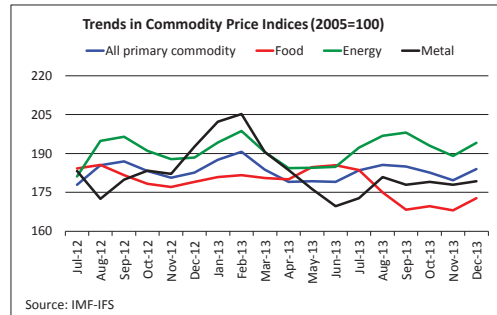


All commodity price index by IMF has registered an increase of 2.4 percent during December 2013.

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

	Dec-13	Percent change since	
		Nov-13	End June - 13
All commodity price index	184.0	↑ 2.4	↑ 2.7
Food price index	172.7	↑ 2.7	↓ -6.9
Energy index	194.1	↑ 2.7	↑ 5.0
Non fuel price index	166.6	↑ 1.8	↓ -1.7
Metal price index	179.3	↑ 0.7	↑ 5.7
Crude oil price (\$/bbl)	111.4	↑ 2.1	↑ 8.9
Cotton spot (US cents/ pound)	83.1	↑ 5.4	↓ -4.0
Palm oil (\$/m. ton)	795.3	↓ -1.9	↑ 4.2
Soya bean Oil (\$/m. ton)	872.5	↓ -2.8	↓ -17.6
Wheat (\$/m. ton)	291.6	↓ -5.0	↓ -7.0
Gold spot (\$/Oz)	1221.5	↓ -4.2	↓ -9.0
Sugar (US cents/pound)	20.6	↓ -4.9	↑ 4.8

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



Major stock price indices have shown mixed trends during January 2014.

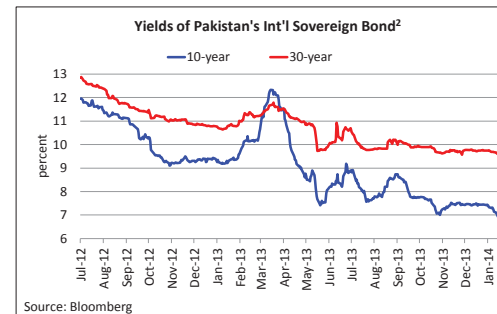
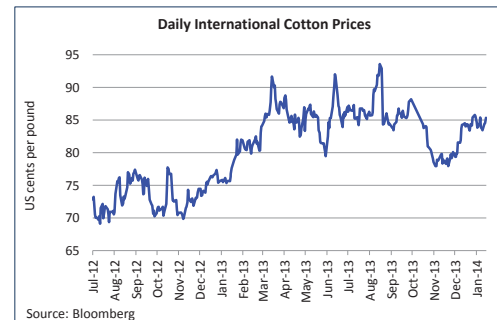
### Capital Market Indices

	Jan-14 <sup>1</sup>	Percent change since	
		Dec-13	End June - 13
US (DJIA)	16095.8	↑ 2.1	↑ 9.3
DJ EURO STOXX	3010.2	↑ 3.0	↑ 16.8
UK (FTSE 100)	6573.0	↑ 2.6	↑ 7.0
Japan (Nikkei 225)	15655.2	↑ 1.1	↑ 20.8
China (SSEA)	2264.4	↓ -5.7	↓ -3.7
France (CAC 40)	4161.4	↑ 2.3	↑ 12.3
Germany (DAX)	9235.0	↑ 2.8	↑ 17.4
India (BSE)	20973.6	↓ -0.2	↑ 9.5
World dev'd (MSCI)	1620.2	↑ 1.8	↑ 13.7
Emerging Markets (MSCI)	997.9	↓ -2.0	↑ 3.3
World all (MSCI)	399.3	↑ 1.4	↑ 12.5

<sup>1</sup> Updated till January 16, 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 Sources: Bloomberg, IMF, OECD, The Economist and Central Bank Websites



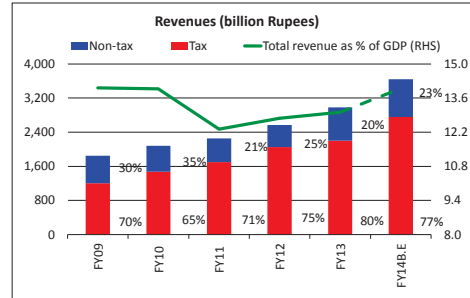


## Revenues, Expenditures and Fiscal Balances

*Fiscal deficit was recorded at 1.1 percent of GDP during Q1-FY14, compared to 1.2 percent in the same period last year.*

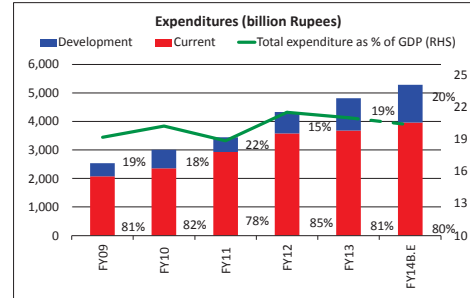
### Revenues (billion Rs)

	FY14 BE <sup>1</sup>	Q1-FY14	Q1-FY13	FY13
<b>Total revenues</b>	<b>3,640</b>	<b>830</b>	<b>692</b>	<b>2,982</b>
Tax revenue	2,756	537	451	2,199
<i>Growth (YoY) %</i>	25.3	19.0	10.3	7.1
<i>of which: FBR revenues</i>	2,475	469	400	1,936
<b>Non-tax revenues</b>	<b>884</b>	<b>293</b>	<b>241</b>	<b>783</b>
<i>Growth (YoY) %</i>	12.9	21.5	93.2	52.5



### Expenditures (billion Rs)

	FY14 BE <sup>1</sup>	Q1-FY14	Q1-FY13	FY13
<b>Total expenditures</b>	<b>5,291</b>	<b>1,117</b>	<b>976</b>	<b>4,816</b>
Current <sup>2</sup>	3,964	946	901	3,676
<i>Growth (YoY) %</i>	7.8	5.0	37.2	15.2
<i>of which: Interest payments</i>	1,154	301	313	991
Defence	627	146	117	541
Development Expenditure <sup>2</sup>	1,327	170	75	1,140
<i>Growth (YoY) %</i>	16.4	127.3	-14.6	53.2



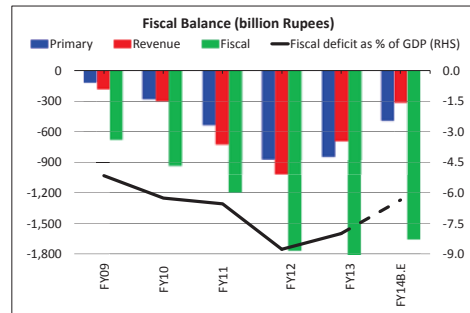
### Overall Balance (billion Rs)

	FY14 BE <sup>1</sup>	Q1-FY14	Q1-FY13	FY13
Fiscal balance <sup>3</sup>	-1,651	-287	-284	-1,834
Revenue balance <sup>4</sup>	-324	-117	-209	-694
Primary balance <sup>5</sup>	-497	14	29	-843
<i>As percent of GDP<sup>6</sup></i>				
Fiscal balance	-6.3	-1.1	-1.2	-8.0
Revenue balance	-1.2	-0.4	-0.9	-3.0
Primary balance	-1.9	0.1	0.1	-3.7

*During Q1-FY14, fiscal deficit was entirely financed through borrowings from domestic sources.*

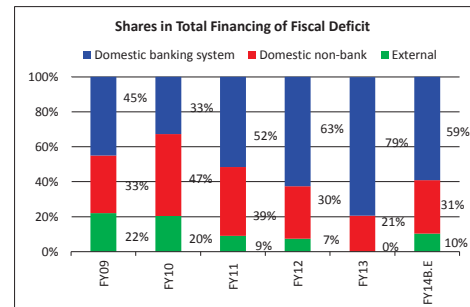
### Financing of Fiscal Deficit (billion Rs)

	FY14 BE <sup>1</sup>	Q1-FY14	Q1-FY13	FY13
<b>Financing</b>	<b>1,651</b>	<b>287</b>	<b>284</b>	<b>1,834</b>
1. External: <i>of which</i>	169	-27	-2	-2
Privatization proceeds	79	-	-	-
2. Domestic: <i>of which</i>	1,482	314	285	1,835
Non-bank	507	116	134	378
Banking system: <i>of which</i>	975	198	151	1,457
Schedule banks	975	-155	564	952
SBP	0	353	-412	506



### FBR Tax Collection<sup>7</sup> (billion Rs)

	Direct	Sales	Customs	FED <sup>8</sup>	Total taxes
<b>FY12</b>	<b>732</b>	<b>809</b>	<b>218</b>	<b>122</b>	<b>1,881</b>
Q1	137	190	51	22	400
Q2	195	202	57	30	484
Q3	160	202	62	27	452
Q4	244	247	69	41	601
<b>FY13<sup>p</sup></b>	<b>736</b>	<b>841</b>	<b>240</b>	<b>119</b>	<b>1,936</b>
Q1	161	231	53	24	469
Oct-13					168
Nov-13					169
Jul-Nov FY14 <sup>9</sup>					806
<b>FY14<sup>10</sup></b>					<b>806</b>



<sup>1</sup> Budget Estimates; <sup>2</sup> Estimated from Budget in Brief, MoF; <sup>3</sup> Fiscal balance = total revenue - total expenditure; <sup>4</sup> Revenue balance = total revenue - current expenditure (note that current expenditure are inclusive of unidentified expenditure); <sup>5</sup> Primary balance = total revenue - total expenditure + interest payment; <sup>6</sup> GDP(mp) on new basis (2005-2006) has been used to calculate deficit to GDP ratios; <sup>7</sup> as reported in fiscal accounts; <sup>8</sup> Federal excise duty. <sup>9</sup> source; [http://fbr.gov.pk/PressRelease.aspx?view=Press Release&ActionID= &ArticleID=](http://fbr.gov.pk/PressRelease.aspx?view=Press+Release&ActionID=&ArticleID=) <sup>10</sup> FY 14 FBR tax collection numbers are provisional, except Q1-FY14; <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 Rs 682 billion during Jul-Nov FY14.*

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

	Nov-13 <sup>P</sup>	Jun-13 <sup>R</sup>	Change since Jun-13
<b>1. Bank</b>	<b>6,454</b>	<b>5,924</b>	<b>530</b>
Commercial banks	3,602	3,646	-43
SBP	2,852	2,278	573
<b>2. Non-bank</b>	<b>3,745</b>	<b>3,593</b>	<b>152</b>
National saving schemes (NSS)	2,621	2,536	84
Others	1,124	1,056	68
<b>3. Foreign currency instruments<sup>1</sup></b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Total(1+2+3)</b>	<b>10,203</b>	<b>9,521</b>	<b>682</b>

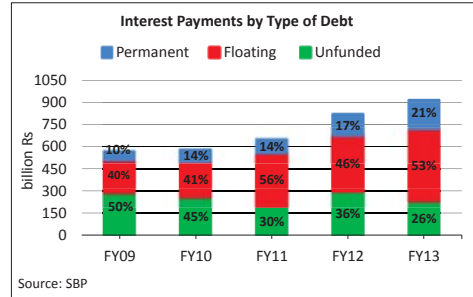
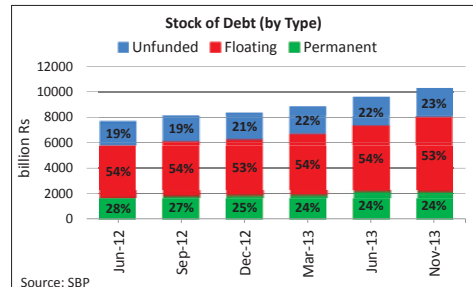
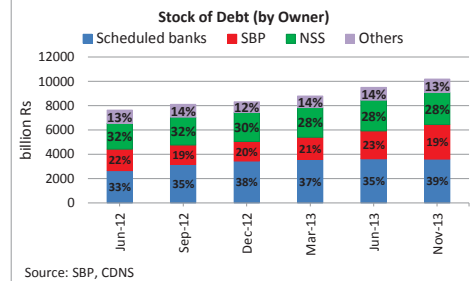
### Debt by Type - end period stocks (billion Rs)

	Nov-13 <sup>P</sup>	Jun-13 <sup>R</sup>	Change since Jun-13
<b>1. Permanent debt</b>	<b>2,143</b>	<b>2,174</b>	<b>-32</b>
PIBs	1,320	1,322	-2
Prize bonds	411	390	22
Others <sup>2</sup>	411	463	-52
<b>2. Floating debt</b>	<b>5,846</b>	<b>5,195</b>	<b>651</b>
MTBs	2,997	2,920	77
MRTBs-replenishment	2,849	2,275	574
<b>3. Unfunded debt<sup>3</sup>: of which</b>	<b>2,209</b>	<b>2,147</b>	<b>63</b>
Saving schemes	2,066	2,006	60
<b>4. Foreign currency instruments</b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Total(1+2+3+4)</b>	<b>10,203</b>	<b>9,521</b>	<b>682</b>
<b>Government domestic liabilities<sup>4</sup></b>	<b>200</b>	<b>244</b>	<b>-44</b>

<sup>1</sup> 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> Includes 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 1.6 percent during Jul-Nov FY14.*

### Debt Servicing (billion Rs)

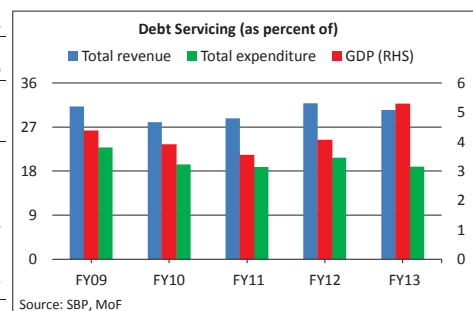
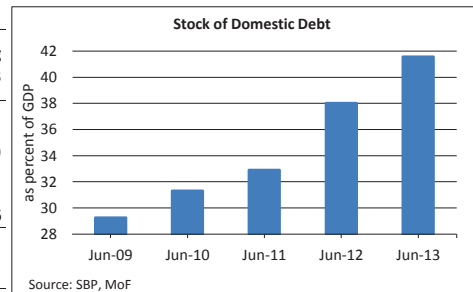
	Jul-Nov		FY13 <sup>R</sup>	Percent change during FY14 over FY13
	FY14 <sup>P</sup>	FY13		
Permanent <sup>5</sup>	99	78	193	26.5
Floating	290	293	481	-1.0
Unfunded	91	102	236	-10.3
<b>Total</b>	<b>480</b>	<b>473</b>	<b>910</b>	<b>1.6</b>

### Indicators of Domestic Debt Sustainability

	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
<b>Debt stock as percent of GDP</b>	<b>29.2</b>	<b>31.3</b>	<b>32.9</b>	<b>38.0</b>	<b>41.6</b>
<b>Debt servicing as percent of</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>
GDP	4.4	3.9	3.6	4.1	5.3
Total revenue	31.2	28.0	28.8	31.8	30.5
Tax revenue	48.0	39.5	38.3	39.8	41.4
Total expenditure	22.8	19.3	18.8	20.8	18.9
Current expenditure	28.3	24.4	21.8	25.6	24.7

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

<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\$ 0.39 billion during Q1-FY14.**

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

Items	Sep-13 <sup>P</sup>	Jun-13 <sup>R</sup>	Change during Q1-FY14
<b>1. Public debt (a+b+c)</b>	<b>50,560</b>	<b>50,176</b>	<b>385</b>
<b>a) Government debt</b>	<b>44,076</b>	<b>43,496</b>	<b>580</b>
<b>i) Long term (&gt;1 year)</b>	<b>43,877</b>	<b>43,488</b>	<b>389</b>
Paris club	13,793	13,548	245
Multilateral	24,300	24,198	102
Other bilateral	2,970	2,939	31
Euro/Sukuk global bonds	1,550	1,550	0
Military debt	71	71	0
Commercial loans/credits	0	0	0
Local currency bonds (TBs & PIBs)	13	2	11
Saudi fund for development (SFD)	180	180	0
SAFE China deposits	1,000	1,000	0
NBP/BOC deposits	0	0	0
<b>ii) Short term (&lt;1 year)</b>	<b>198.8</b>	<b>8</b>	<b>191</b>
IDB	135	0	135
<b>b) From IMF</b>	<b>4,163</b>	<b>4,387</b>	<b>-224</b>
i) Federal government	1,441	1,698	-257
ii) Central bank	2,722	2,689	33
<b>c) Foreign exchange liabilities (FEL)<sup>2</sup></b>	<b>2,321</b>	<b>2,292</b>	<b>29</b>
<b>2. Public sector enterprises (PSEs)</b>	<b>2,081</b>	<b>2,104</b>	<b>-23</b>
a) Guaranteed debt	848	854	-6
b) Non-guaranteed debt	1,233	1,250	-17
<b>3. Scheduled banks</b>	<b>1,852</b>	<b>1,554</b>	<b>298</b>
<b>a) borrowing</b>	<b>959</b>	<b>710</b>	<b>248</b>
i) Long term (>1 year)	57	76	-19
ii) Short term (<1 year)	902	634	268
<b>b) Nonresident deposit (LCY &amp; FCY)</b>	<b>893</b>	<b>843</b>	<b>50</b>
<b>4. Private sector</b>	<b>3,086</b>	<b>3,117</b>	<b>-32</b>
a) guaranteed debt	0	0	0
b) non-guaranteed debt	3,086	3,117	-32
i) Loans	1,975	1,990	-14
ii) Private non-guaranteed bonds	124	124	0
iii) Trade credit and others liabilities	986	1,003	-17
<b>5. Debt liabilities to direct investors-intercompany debt</b>	<b>2,851</b>	<b>2,829</b>	<b>23</b>
<b>Total external debt (excl. FEL)</b>	<b>58,109</b>	<b>57,486</b>	<b>623</b>
<b>Total external debt &amp; liabilities (1+2+3+4+5)</b>	<b>60,431</b>	<b>59,779</b>	<b>652</b>

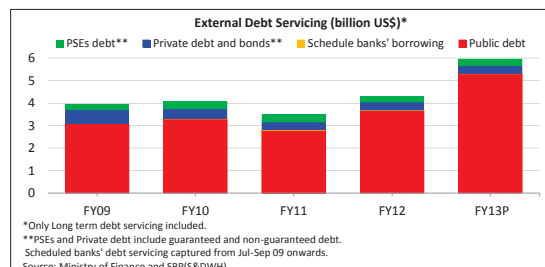
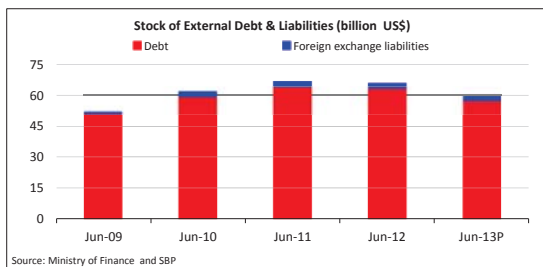
### Debt Servicing (million US\$)

Items	Q1-FY14 <sup>P</sup>	FY13 <sup>R</sup>
<b>1. Public debt (a+b+c)</b>	<b>1,461</b>	<b>5,305</b>
<b>a) Government debt<sup>3</sup></b>	<b>584</b>	<b>2,194</b>
Principal	440	1,505
Interest	144	689
<b>b) To IMF</b>	<b>873</b>	<b>2,999</b>
Principal	855	2,899
Interest	19	100
<b>c) Foreign exchange liabilities</b>	<b>3</b>	<b>112</b>
Principal	0	100
Interest	3	12
<b>2. PSEs guaranteed debt</b>	<b>12</b>	<b>39</b>
Principal	6	24
Interest	6	15
<b>3. PSEs non-guaranteed debt<sup>3</sup></b>	<b>44</b>	<b>238</b>
Principal	40	214
Interest	5	24
<b>4. Scheduled banks' borrowing<sup>3</sup></b>	<b>20</b>	<b>16</b>
Principal	19	16
Interest	1	1
<b>5. Private guaranteed debt</b>	<b>0</b>	<b>0</b>
<b>6. Private non-guaranteed debt<sup>3</sup></b>	<b>54</b>	<b>354</b>
Principal	44	287
Interest	11	67
<b>7. Private non-guaranteed bonds</b>	<b>0</b>	<b>10</b>
Principal	0	0
Interest	0	10
<b>Total Long term external debt servicing (1+2+3+4+5+6+7)</b>	<b>1,592</b>	<b>5,962</b>
Principal	1,403	5,046
Interest	188	916
<b>Memorandum Items</b>		
<b>Short term debt servicing-principal<sup>4</sup> (excluding item No.3 below)</b>	<b>206</b>	<b>507</b>
1. Government debt	157	390
2. PSEs non-guaranteed debt	31	116
3. Scheduled banks' borrowing	3,308	26,293
Net flows <sup>5</sup>	268	(134)
4. Private non-guaranteed debt	18	1

**Stock of external debt as percent of GDP has declined to 25.9 percent by the end of June 2013.**

### 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	Jun-13	FY08	FY09	FY10	FY11	FY12	FY13 <sup>6</sup>
<b>GDP</b>	27.2	31.2	32.4	31.1	29.1	25.9	1.8	2.4	2.3	1.6	1.9	2.5
<b>Reserves</b>	399.1	407.8	339.3	347.2	426.8	540.6	26.9	30.8	24.4	18.3	27.9	53.9
<b>Exports</b>	226.0	273.7	291.6	261.0	265.1	241.1	15.2	20.7	21.0	13.7	17.3	24.0



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)

Sources: Economic Affairs Division and SBP(S&DWH)





## Total Debt

**Stock of total debt and liabilities increased by Rs1,128 billion during Q1-FY14.**

### Total Debt Stock (billion Rs)

	Sep-13 <sup>P</sup>	Jun-13 <sup>R</sup>	Change during Q1-FY14	Share in Q1-FY14 (percent)
I. Government domestic debt	10,155	9,521	634	58.5
II. Government external debt <sup>1</sup>	4,672	4,311	361	26.9
III. Debt from IMF	441	435	6	2.5
IV. External liabilities	246	227	19	1.4
V. Private sector external debt	523	463	60	3.0
VI. PSEs external debt	221	209	12	1.3
VII. PSEs domestic debt	347	312	35	2.0
VIII. Commodity operations <sup>2</sup>	448	470	-22	2.6
IX. Intercompany debt	302	280	22	1.7
<b>Total debt &amp; liabilities (I to IX)</b>	<b>17,356</b>	<b>16,228</b>	<b>1,128</b>	<b>100.0</b>
<b>Total public debt (I to IV)</b>	<b>15,514</b>	<b>14,494</b>	<b>1,020</b>	<b>89.4</b>
<b>Total external debt &amp; liabilities (II to VI &amp;+ IX)</b>	<b>6,406</b>	<b>5,925</b>	<b>481</b>	<b>36.9</b>
<b>Commodity operations &amp; PSEs debt (VI to VIII)</b>	<b>1,016</b>	<b>990</b>	<b>25</b>	<b>5.9</b>

### Total Debt Servicing (billion Rs)

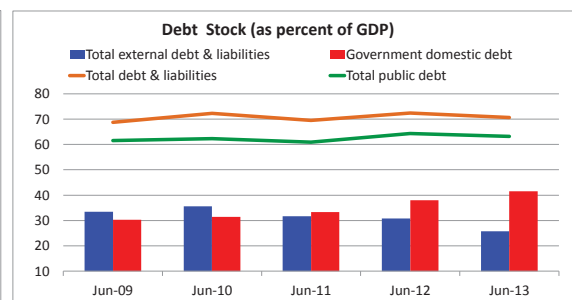
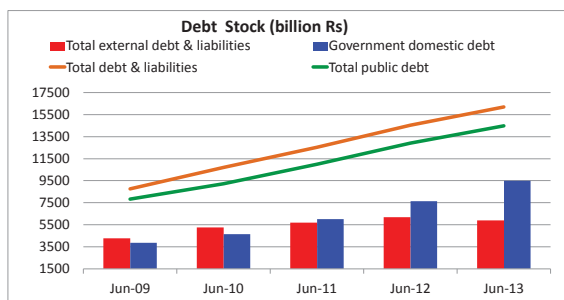
	Q1-FY14 <sup>P</sup>	FY13 <sup>R</sup>	Share in Q1-FY14 (percent)	Share in FY13 (percent)
<b>Total Debt Servicing(A+B)</b>	<b>488</b>	<b>1542</b>	<b>100.0</b>	<b>100.0</b>
<b>A. Total interest payment on debt and liabilities (I+II)</b>	<b>344</b>	<b>1054</b>	<b>70.4</b>	<b>68.3</b>
<b>I. Interest payment on debt (a+b)</b>	<b>331</b>	<b>999</b>	<b>67.8</b>	<b>64.8</b>
a. Domestic debt	311	910	63.8	59.0
b. External debt	19	89	4.0	5.8
<b>II. Interest payment on liabilities (a+b)</b>	<b>13</b>	<b>54</b>	<b>2.6</b>	<b>3.5</b>
a. External liabilities <sup>1</sup>	0	1	0.1	0.1
b. Domestic liabilities	12	53	2.5	3.4
<b>B. Principal repayment of external debt and liabilities<sup>3</sup></b>	<b>145</b>	<b>489</b>	<b>29.6</b>	<b>31.7</b>

### Debt stock (as percent of GDP)

	Sep-13 <sup>P4</sup>	Jun-13 <sup>R</sup>	Jun-12
<b>Total debt and liabilities</b>	<b>71.0</b>	<b>70.8</b>	<b>72.4</b>
Total public debt	63.4	63.3	64.3
Total external debt and liabilities	26.2	25.9	30.8
Government domestic debt	41.5	41.6	38.0
PSEs debt and liabilities	4.2	4.3	4.3

### Debt Servicing (as percent of)

	FY13 <sup>P</sup>	FY12 <sup>R</sup>	FY11	FY10
GDP	6.7	6.3	5.6	6.6
Total revenue	51.7	49.3	45.0	47.1
Tax revenue	70.1	61.7	59.9	66.4
Total expenditure	32.0	32.2	29.4	32.5
Current expenditure	42.0	39.7	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, Government of Pakistan GDP(current market price) Target for FY14 and PBS GDP(current market price) FY13 has been used to calculate Debt/GDP ratio for July 2013 & onward.

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



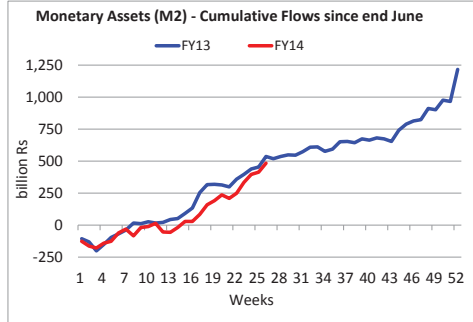
## Monetary and Credit Aggregates

*Government borrowing from the banking system remained the key driver of monetary expansion during FY14 so far.*

### Monetary Assets of the Banking System

(billion Rs)

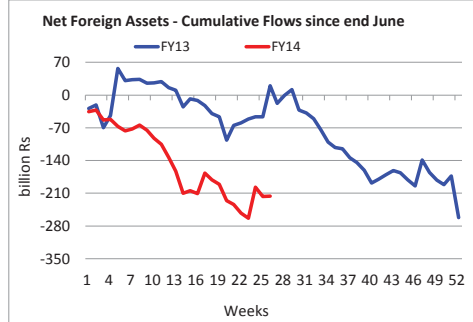
	End June 2013 stocks <sup>R</sup>	Cumulative flows since end-June		FY13 flows
		Latest week	A year ago	
		27-Dec-13	28-Dec-12	
<b>NFA</b>	<b>268.8</b>	<b>-216.4</b>	<b>20.1</b>	<b>-263.3</b>
<b>NDA</b>	<b>8,589.0</b>	<b>700.7</b>	<b>515.4</b>	<b>1,479.3</b>
<b>Net government borrowings: of which</b>	<b>5,737.1</b>	<b>497.2</b>	<b>544.8</b>	<b>1,479.2</b>
Net budgetary borrowing	5,246.4	593.9	583.8	1,446.5
Commodity operations	467.7	-94.8	-38.0	31.6
<b>Non-government borrowings: of which</b>	<b>3,664.0</b>	<b>299.0</b>	<b>107.6</b>	<b>11.7</b>
Private sector	3,357.4	259.0	73.2	-19.0
PSEs	288.1	40.3	34.4	30.9
<b>Other items (net)</b>	<b>-812.1</b>	<b>-95.5</b>	<b>-137.0</b>	<b>-11.6</b>
<b>M2</b>	<b>8,857.8</b>	<b>484.3</b>	<b>535.5</b>	<b>1,216.0</b>



### Monetary Liabilities of the Banking System

(billion Rs)

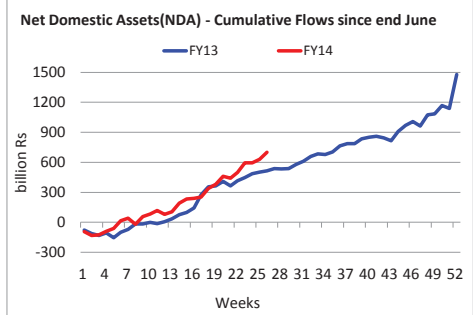
<b>Currency in circulation</b>	<b>1,938.2</b>	<b>229.9</b>	<b>219.0</b>	<b>264.5</b>
<b>Total deposits with banks</b>	<b>6,909.1</b>	<b>254.0</b>	<b>315.9</b>	<b>949.9</b>
Demand deposits with banks	5,588.1	219.3	247.6	875.7
Time deposits with banks	806.0	-55.0	23.0	-0.7
RFCDs with banks	515.0	89.6	45.3	74.9
<b>M2</b>	<b>8,857.8</b>	<b>484.3</b>	<b>535.5</b>	<b>1,216.0</b>



### Monetary Assets of the Banking System

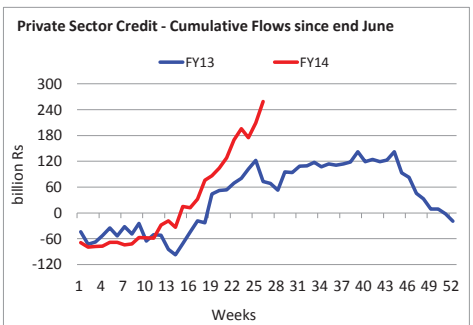
(percent growth)

	YoY (27-Dec-13)	Since end June		FY13
		Latest week	A year ago	
		27-Dec-13	28-Dec-12	
<b>NFA</b>	<b>-90.5</b>	<b>-80.5</b>	<b>3.8</b>	<b>-49.3</b>
<b>NDA</b>	<b>21.8</b>	<b>8.2</b>	<b>7.2</b>	<b>20.8</b>
<b>Government borrowings</b>	<b>29.8</b>	<b>8.7</b>	<b>12.8</b>	<b>34.7</b>
Budgetary borrowing	33.2	11.3	15.4	38.1
Commodity operations	-6.3	-20.3	-8.7	7.2
<b>Non-government sector borrowings</b>	<b>5.4</b>	<b>8.2</b>	<b>2.9</b>	<b>0.3</b>
Private sector	4.8	7.7	2.2	-0.6
PSEs	12.6	14.0	13.4	12.0
<b>Other items (Net)</b>	<b>-3.2</b>	<b>11.8</b>	<b>17.1</b>	<b>1.4</b>
<b>M2</b>	<b>14.2</b>	<b>5.5</b>	<b>7.0</b>	<b>15.9</b>



### Memorandum Items

	Latest week	A year ago	FY13		
				Latest week	A year ago
				27-Dec-13	28-Dec-12
Money multiplier		3.33	3.33	3.49	
Currency to deposit ratio (percent)		30.3	30.2	28.1	
M2 to GDP ratio (percent)		35.93	35.69	38.7	
Private sector credit to GDP ratio (percent)		13.91	15.1	14.7	



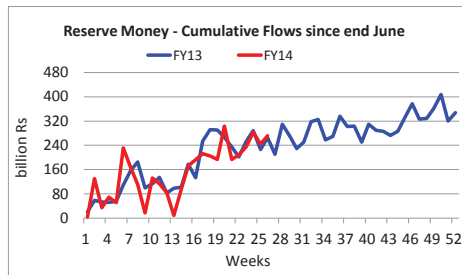
<sup>R</sup>; Revised (All weekly numbers are provisional); Source: Statistics & Data Warehouse Department (S&DWD), SBP



**Government borrowing from SBP remained the sole driver of reserve money growth during FY14 so far.**

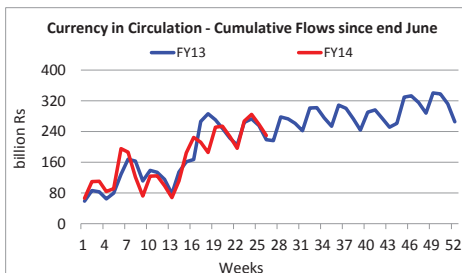
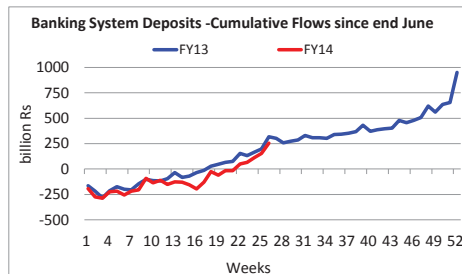
## Monetary Assets of SBP

	End June 2013 stocks	Cumulative flows since end-June		FY13 Flows
		Latest week	A year ago	
		27-Dec-13	28-Dec-12	
<b>NFA</b>	<b>132.9</b>	<b>-226.3</b>	<b>-53.9</b>	<b>-261.1</b>
<b>NDA: of which</b>	<b>2,402.3</b>	<b>497.5</b>	<b>319.0</b>	<b>607.5</b>
Budgetary borrowing	2,212.9	612.4	-143.2	506.9
Other items (net)	-276.4	-171.0	436.1	-59.7
Net impact of OMOs/discounting	198.8	-134.8	483.5	98.1
<b>Reserve money</b>	<b>2,535.3</b>	<b>271.2</b>	<b>265.1</b>	<b>346.4</b>



## Monetary Liabilities of SBP

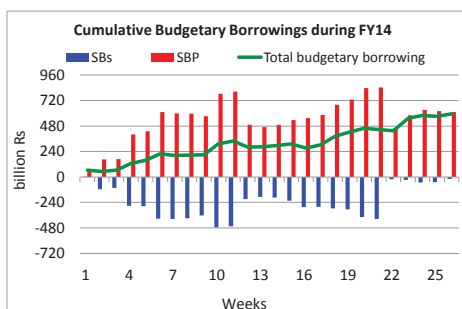
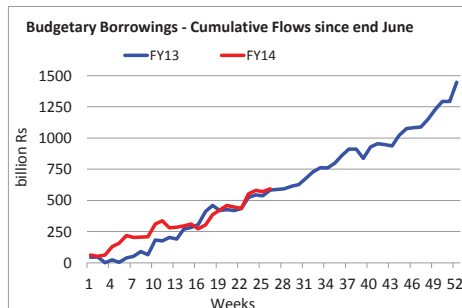
	End June 2013 stocks	Cumulative flows since end-June		FY13 Flows
		Latest week	A year ago	
		27-Dec-13	28-Dec-12	
Currency in circulation	1,938.2	229.9	219.0	264.5
Cash in tills	110.9	15.7	10.9	0.8
Bank deposits with SBP (reserves)	475.6	25.2	34.6	79.5
Other deposits with SBP	10.5	0.3	0.6	1.6
	<b>YoY</b>			
	<b>(27-Dec-13)</b>		<b>(percent growth)</b>	
<b>NFA of the SBP</b>	<b>-127.4</b>	<b>-170.2</b>	<b>-13.7</b>	<b>-66.3</b>
<b>NDA of the SBP: of which</b>	<b>37.2</b>	<b>20.7</b>	<b>17.8</b>	<b>33.8</b>
Budgetary borrowing	80.8	27.7	-8.4	29.7
<b>Reserve money</b>	<b>14.4</b>	<b>10.7</b>	<b>12.1</b>	<b>15.8</b>



**Government's massive borrowing from SBP continued, however, there is retirement by the government to scheduled banks in FY14 so far.**

## Details on Government Borrowing for Budgetary Support

	End June 2013 stocks	Cumulative flows since end-June		FY13 flows
		Latest week	A year ago	
		27-Dec-13	28-Dec-12	
<b>Budgetary borrowing</b>	<b>5,246.4</b>	<b>593.9</b>	<b>583.8</b>	<b>1,446.5</b>
<b>Federal government</b>	<b>5,562.0</b>	<b>690.3</b>	<b>593.1</b>	<b>1,497.5</b>
From SBP	2,241.1	708.1	-142.3	536.9
SBP's holdings of MRTBs	2,275.2	635.0	-151.6	515.5
From scheduled banks (SBs)	3,320.9	-17.8	735.4	960.6
<b>Provincial governments</b>	<b>-315.6</b>	<b>-96.4</b>	<b>-9.2</b>	<b>-51.0</b>
From SBP <sup>1</sup>	-28.2	-95.6	-0.9	-30.0
From scheduled banks <sup>2</sup>	-287.4	-0.8	-8.4	-21.0



## Memorandum Items

<b>Budgetary borrowing on cash basis</b>	<b>5,124.8</b>	<b>606.7</b>	<b>644.3</b>	<b>1,457.5</b>
SBP	2,168.0	590.9	-134.4	505.9
Scheduled banks	2,956.8	15.8	778.7	951.6

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

<sup>2</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

Private sector credit has recorded a significant increase during Jul-Nov FY14 with substantial pick-up by private sector businesses (PSBs) for both working capital and fixed investment.

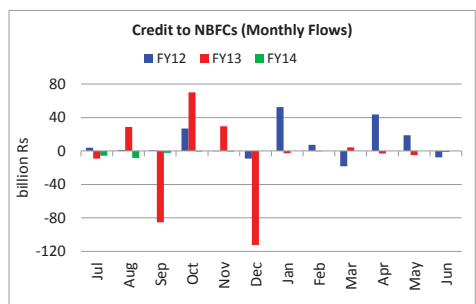
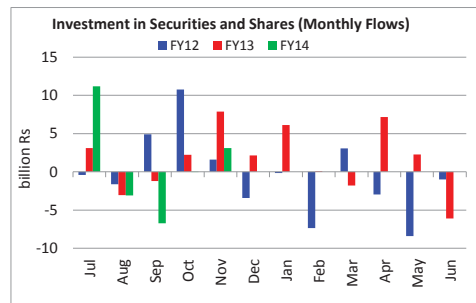
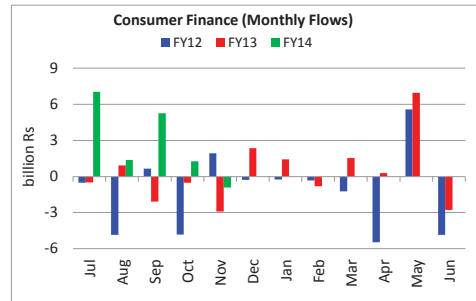
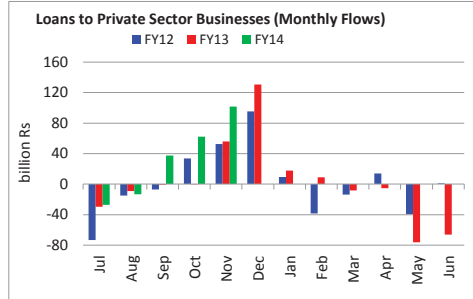
### Credit to Private Sector

	End June 2013 stocks	Cumulative flows (billion Rs)		
		Jul- Nov FY14	Jul-Nov FY13	FY13
<b>Total credit to private sector <sup>1</sup></b>	<b>3,357.4</b>	<b>170.4</b>	<b>68.9</b>	<b>-19.0</b>
<b>1. Loans to private sector businesses</b>	<b>2,467.2</b>	<b>160.7</b>	<b>16.1</b>	<b>17.1</b>
<b>By type</b>				
Working capital: of which	1,613.2	123.0	12.6	31.0
Export finance	261.3	13.2	11.6	14.3
Import finance	132.6	29.1	0.7	5.9
Fixed investment	854.1	37.8	3.5	-13.9
<b>By Sectors: of which</b>				
<b>Agriculture</b>	<b>222.0</b>	<b>↑ 8.4</b>	<b>↑ 9.6</b>	<b>↑ 23.5</b>
<b>Manufacturing: of which</b>	<b>1,448.9</b>	<b>↑ 86.0</b>	<b>↓ -12.0</b>	<b>↑ 58.9</b>
Textiles	514.9	↑ 78.0	↑ 16.2	↑ 23.9
Food products & beverages	316.9	↓ -20.9	↓ -36.4	↑ 26.5
Chemicals & products	171.7	↓ -8.6	↑ 3.8	↓ -0.7
Non-metallic mineral products	66.9	↓ -1.3	↓ -2.5	↓ -9.6
Wearing apparel, readymade gar.	54.5	↓ -0.9	↑ 0.3	↑ 6.3
<b>Electricity, gas and water</b>	<b>228.9</b>	<b>↑ 33.0</b>	<b>↑ 4.7</b>	<b>↓ -49.2</b>
<b>Construction</b>	<b>53.4</b>	<b>↓ -0.3</b>	<b>↓ -1.3</b>	<b>↓ -0.1</b>
<b>Commerce and trade</b>	<b>206.9</b>	<b>↑ 25.1</b>	<b>↑ 2.4</b>	<b>↓ -3.1</b>
<b>Transport, storage and comm.</b>	<b>89.8</b>	<b>↓ -3.9</b>	<b>↑ 1.3</b>	<b>↓ -21.5</b>
<b>Services: of which</b>	<b>139.1</b>	<b>↑ 8.0</b>	<b>↑ 1.5</b>	<b>↓ -10.8</b>
Real estate/renting & business act.	99.8	↑ 5.1	↑ 3.8	↓ -8.1
<b>2. Personal: of which</b>	<b>305.8</b>	<b>↑ 17.0</b>	<b>↑ 7.6</b>	<b>↑ 20.7</b>
Consumer financing	211.3	↑ 14.0	↑ 3.6	↑ 12.6
<b>3. Investment in securities and shares</b>	<b>172.2</b>	<b>↑ 4.5</b>	<b>↑ 9.0</b>	<b>↑ 18.9</b>
<b>4. Others<sup>2</sup>: of which</b>	<b>412.2</b>	<b>↓ -11.9</b>	<b>↑ 36.2</b>	<b>↓ -75.8</b>
Non-bank finance companies	156.8	↓ -17.7	↑ 34.1	↓ -85.6

<sup>1</sup> From Weekly Monetary Survey's month end position.

<sup>2</sup> This also includes credit to some Public Sector Enterprises, and other categories.

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

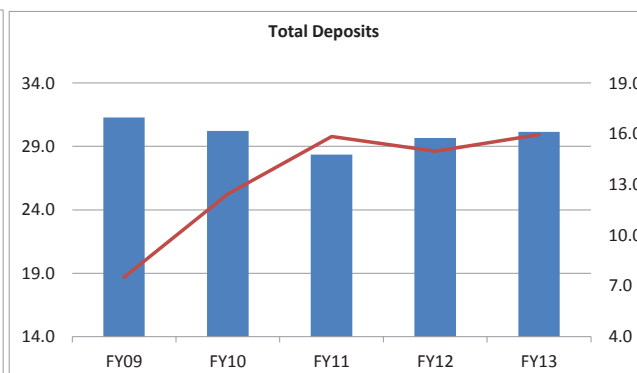
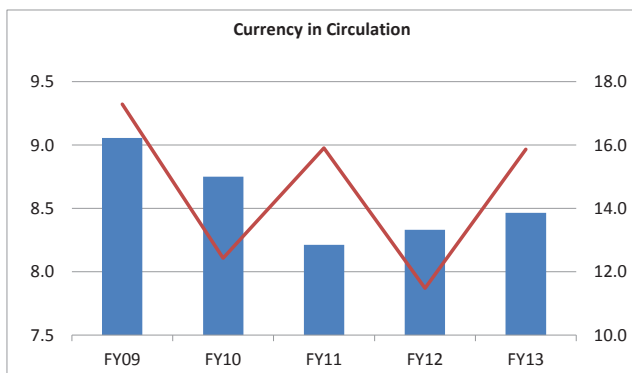
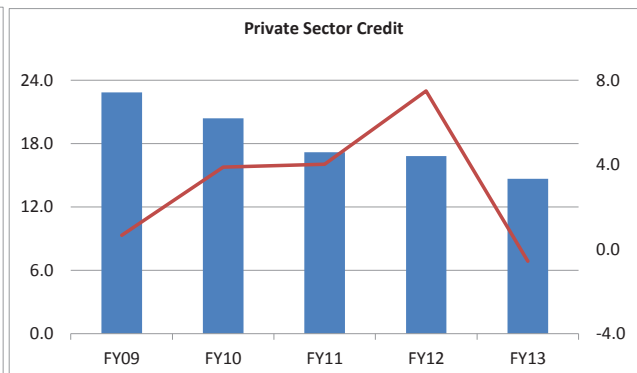
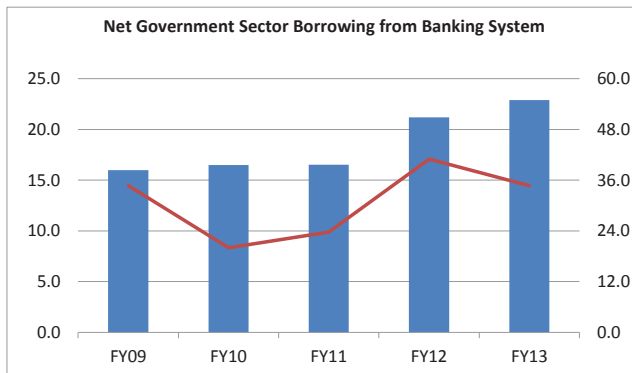
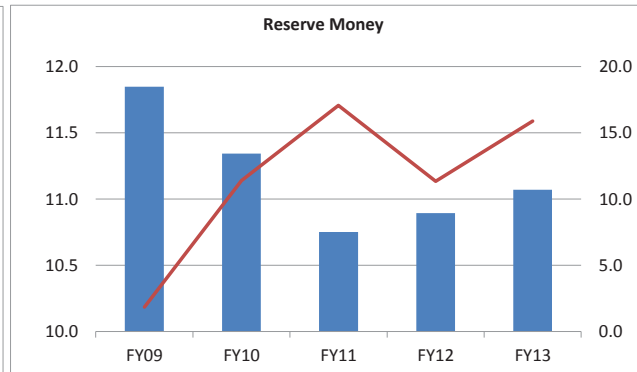
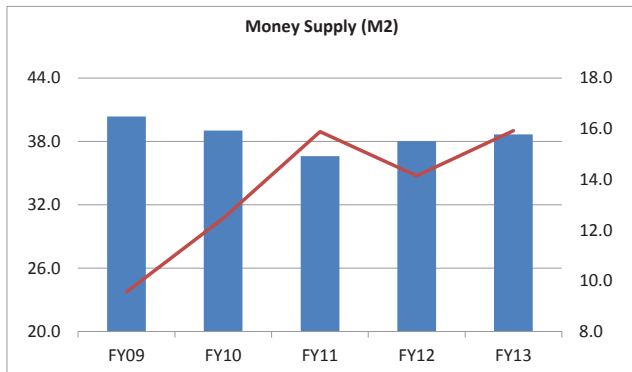




## Key Indicators of Monetary Sector

■ As percent of GDP

— YoY growth (RHS)

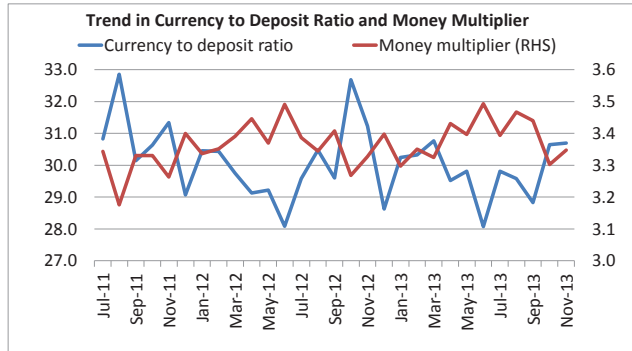
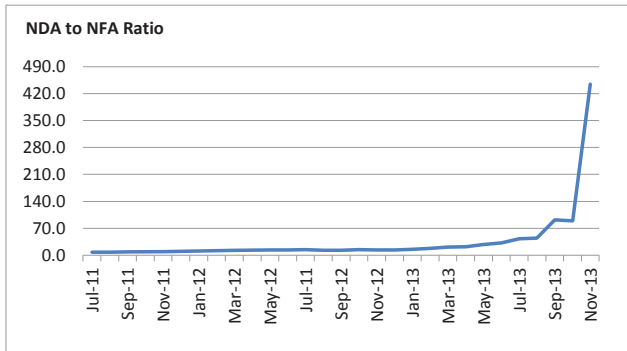
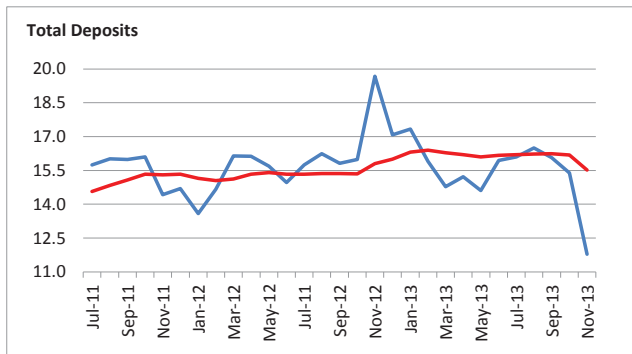
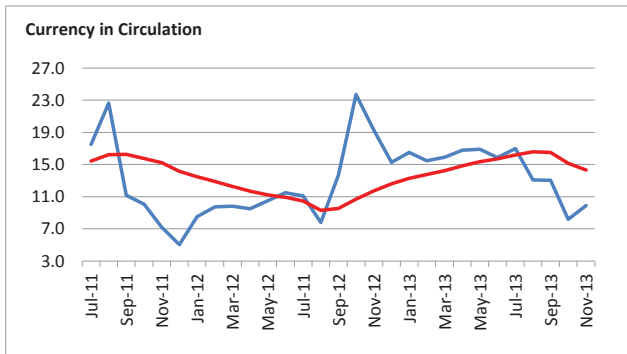
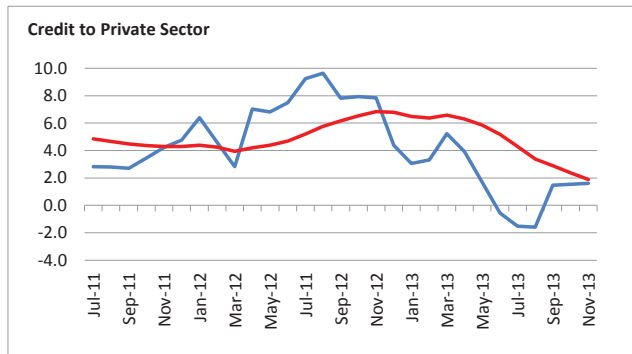
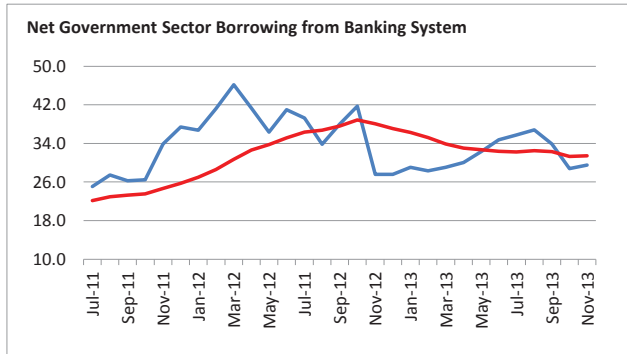
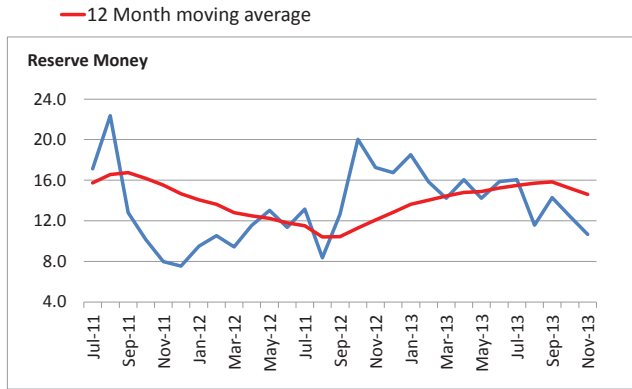
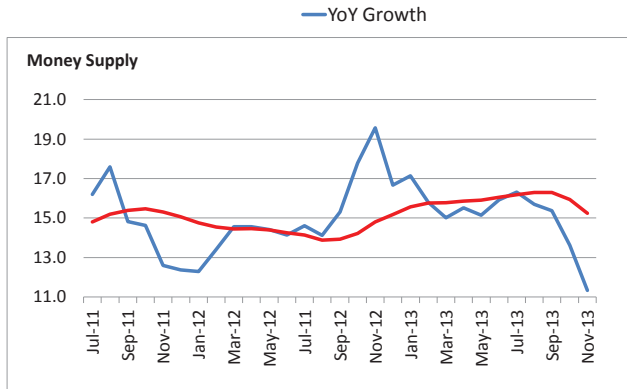


YoY growth of end June Stocks

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



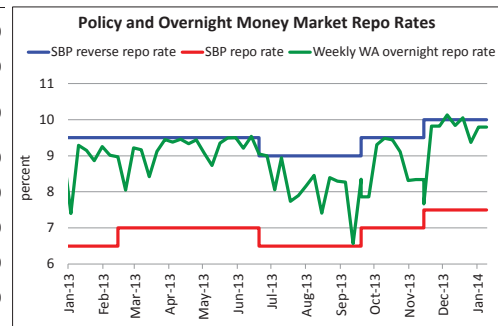
## Money Market

**With effect from 18th November 2013, SBP has increased the SBP reverse repo rate by 50 bps to 10 percent.**

Policy Instruments (percent)					
	Current	w.e.f	Previous	w.e.f	Change <sup>1</sup>
SBP reverse repo rate	10.0	18-Nov-13	9.5	16-Sep-13	↑ 50
SBP repo rate	7.5	18-Nov-13	7.0	16-Sep-13	↑ 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



**Volatility in overnight repo rate has increased in FY14 so far, compared to H2-FY13.**

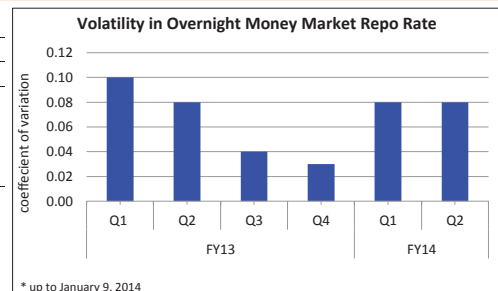
	Weighted Average O/N Money Market Repo Rate (percent)				
	FY13 Q4	FY14 Q1	FY14 Q2	FY14 Q3 *	YTD
WA O/N repo rate <sup>2</sup>	9.04	7.88	9.25	9.79	8.69
Standard deviation	0.38	0.61	0.77		0.91
CoV <sup>3</sup>	0.03	0.08	0.08		0.10

\*up to January 9, 2014

YTD: Year to date

<sup>2</sup> Weekly Weighted Average O/N Repo Rate

<sup>3</sup> CoV (Coefficient of Variation) is a ratio and is unit free.



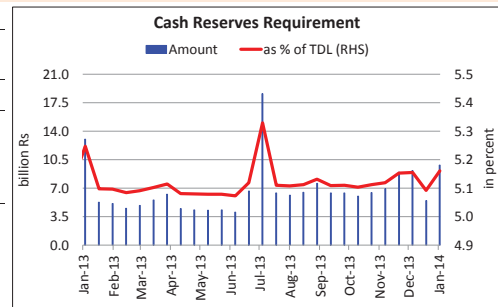
\* up to January 9, 2014

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

	Bi-weekly Cash Reserves Requirement (CRR) <sup>4</sup> (billion Rs)			
	Maintenance period ended as on		Change since Last MPS	
	2-Jan-14	5-Dec-13	5-Dec-13	7-Nov-13 <sup>5</sup>
Cash required	305.1	294.8	↑ 10.3	↑ 15.5
Cash maintained	314.9	304.0	↑ 10.9	↑ 18.4
Excess cash reserves (per day)	9.8	9.2	↑ 0.6	↑ 2.9

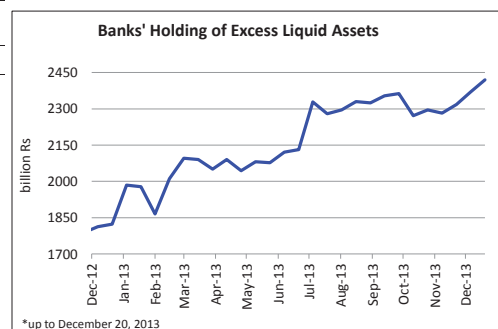
<sup>4</sup> Bi-weekly CRR is the proportion of local currency time and demand liabilities (TDL) that schedule banks are required to maintain with SBP in the form of cash on average during the reserve maintenance period.

<sup>5</sup> As on Thursday preceding the last monetary policy decision.



	Overall Reserve Requirement (billion Rs)			
	Maintenance period started as on		Change since	
	20-Dec-13	22-Nov-13	22-Nov-13	4-Oct-08
<b>Required reserves</b>	<b>1464.6</b>	<b>1415.1</b>	<b>↑ 49.5</b>	<b>↑ 502.1</b>
for CRR	305.1	294.8	↑ 10.3	↑ 29.0
for SLR	1159.5	1120.3	↑ 39.2	↑ 473.1
<b>Maintained<sup>6</sup></b>	<b>3884.6</b>	<b>3733.7</b>	<b>↑ 151.0</b>	<b>↑ 2865.9</b>
Cash	456.2	439.1	↑ 17.0	↑ 67.3
Cash in tills	143.2	143.1	↑ 0.1	↑ 55.1
Balance with SBP	289.3	273.9	↑ 15.4	↑ 0.7
Balance with NBP	23.6	22.1	↑ 1.5	↑ 11.5
Securities	3385.2	3251.2	↑ 134.0	↑ 2772.0
Others <sup>7</sup>	43.3	43.4	↓ -0.1	↑ 26.5
<b>Excess liquid assets<sup>8</sup></b>	<b>2420.1</b>	<b>2318.6</b>	<b>↑ 101.5</b>	<b>↑ 2363.8</b>

Source: Off-site Supervision and Enforcement Department, SBP



\* up to December 20, 2013

<sup>7</sup> Data corresponds to the balances as on that date

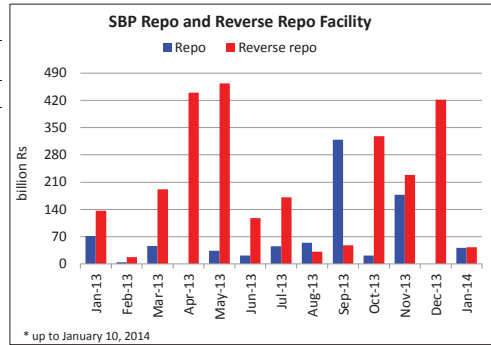
<sup>8</sup> Includes Section 13(3) deposits and share capital of MFBs.

<sup>9</sup> Includes excess securities + cash and other assets maintained.



**Banks' use of SBP's reverse repo facility has significantly increased in Q2-FY14.**

	Use of SBP's Standing Facilities			
	SBP reverse repo		SBP repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
<b>FY13</b>	<b>2,927.8</b>	<b>88</b>	<b>748.0</b>	<b>33</b>
Q1	1,035.7	32	239.9	11
Q2	524.0	14	331.2	13
Q3	347.7	14	121.6	5
Q4	1,020.4	28	55.3	4
<b>FY14<sup>1</sup></b>	<b>1,270.8</b>	<b>31</b>	<b>652.8</b>	<b>20</b>
Q1	250.6	11	419.0	13
Q2	977.6	16	199.8	6
Q3 <sup>1</sup>	42.6	4	34.0	1



<sup>1</sup> Updated up to January 10, 2014

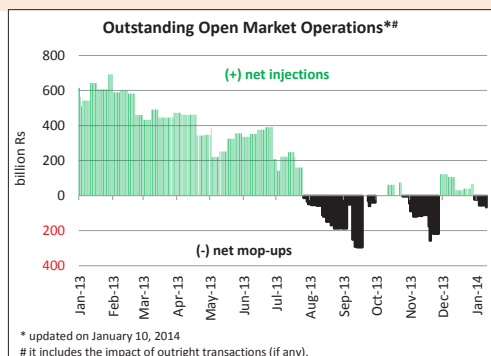
**The level of outstanding OMOs has remained negative in FY14 so far.**

	Outstanding Open Market Operations <sup>2</sup> (billion rupees)	
	Average Outstanding OMOs	End-period Outstanding OMOs
<b>FY13</b>	<b>460.9</b>	<b>207.6</b>
Q1	384.7	611.5
Q2	568.0	615.7
Q3	539.1	472.1
Q4	352.5	207.6
<b>FY14<sup>3</sup></b>	<b>(25.7)</b>	<b>(67.6)</b>
Q1	(34.7)	(40.0)
Q2	(13.8)	(24.5)
Q3 <sup>3</sup>	(52.4)	(67.6)

<sup>2</sup> It includes the impact of outright transactions (if any).

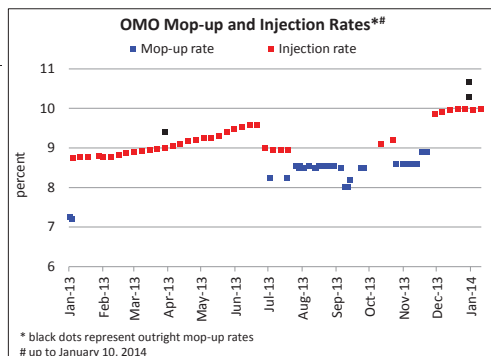
\*Note: (+) amount means net injection  
(-) amount means net mop-up

<sup>3</sup> Updated up to January 10, 2014



\* updated on January 10, 2014

# it includes the impact of outright transactions (if any).



\* black dots represent outright mop-up rates

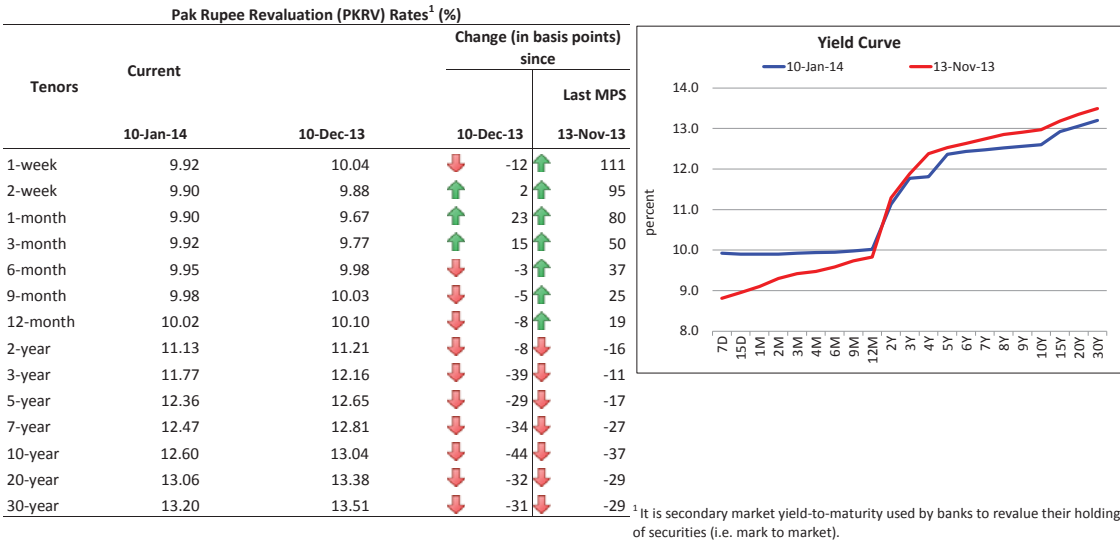
# up to January 10, 2014

Source: Domestic Markets & Monetary Management Department, SBP

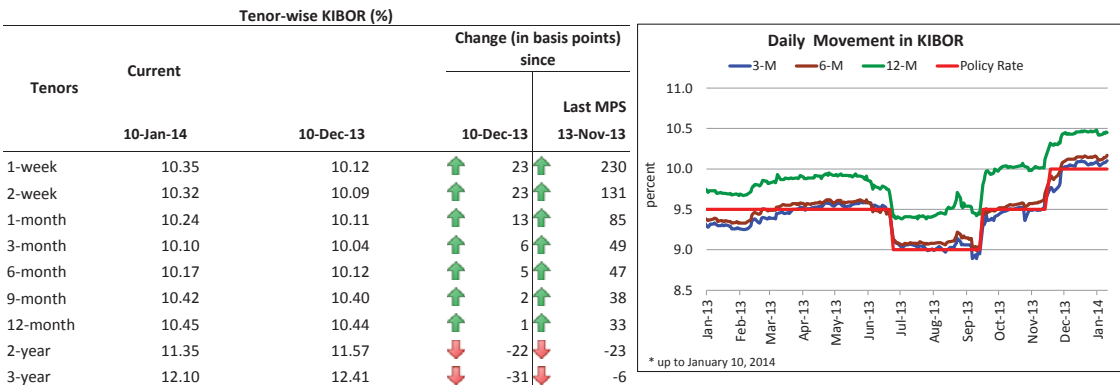




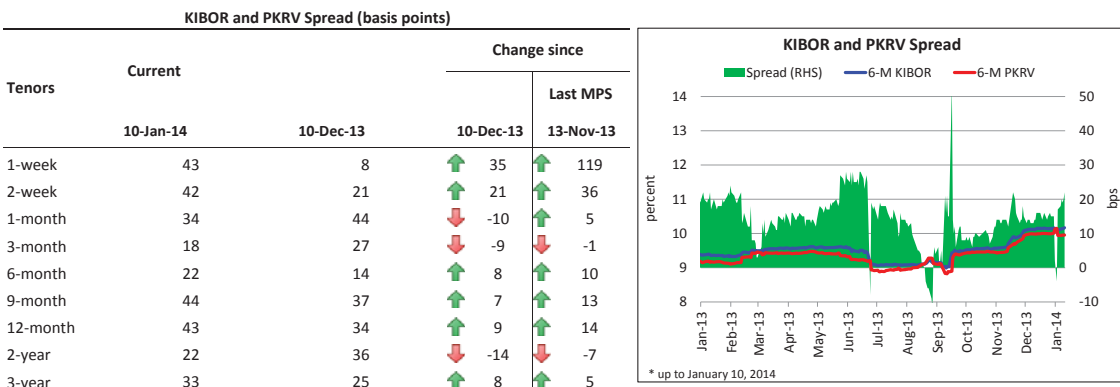
**Secondary market yields for 12 month and below tenors have increased since the last monetary policy decision in November 2013.**



**KIBOR of all tenors, except two and three years have increased since the last monetary policy decision in November 2013.**



**Spreads between KIBOR and PKRV rate for most tenors have increased compared to level observed at the time of monetary policy announcement in November 2013.**

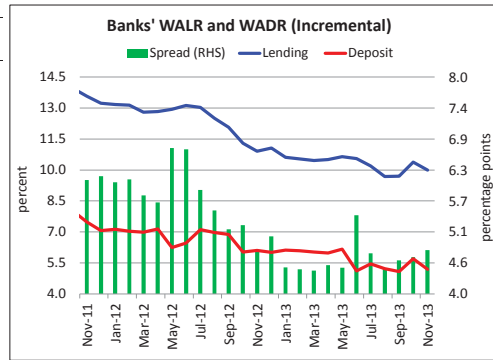


Sources: SBP and Financial Market Association of Pakistan



## Spread between incremental WALR and WADR stands at 481 bps in November 2013.

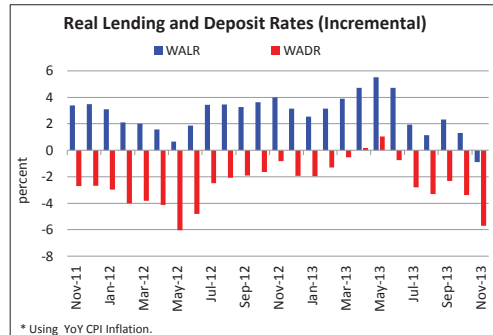
Months	Weighted average Lending and Deposit Rates (percent per annum)					
	Incremental <sup>1</sup>			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Nov-12	10.91	6.11	480	12.25	5.58	667
Dec-12	11.07	6.01	506	11.97	5.43	654
Jan-13	10.61	6.12	449	11.60	5.39	621
Feb-13	10.53	6.08	445	11.52	5.34	618
Mar-13	10.46	6.03	443	11.50	5.26	624
Apr-13	10.51	5.98	453	11.42	5.23	619
May-13	10.65	6.17	448	11.49	5.15	634
Jun-13	10.56	5.11	545	11.36	5.01	635
Jul-13	10.20	5.45	475	11.28	4.97	631
Aug-13	9.69	5.22	446	11.11	4.83	628
Sep-13	9.70	5.08	462	11.10	4.79	631
Oct-13	10.38	5.71	468	11.10	4.90	620
Nov-13	10.00	5.19	481	11.13	4.89	624



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

## Both real lending and deposit rates, calculated on the basis of YoY CPI inflation, have decreased in November 2013.

Months	Real (based on 12-month MA inflation) <sup>2</sup>		Real (based on YoY inflation) <sup>3</sup>	
	WALR	WADR	WALR	WADR
	Nov-12	1.07	-3.73	3.98
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
Mar-13	1.61	-2.82	3.89	-0.54
Apr-13	2.12	-2.41	4.71	0.18
May-13	2.85	-1.63	5.52	1.04
Jun-13	3.20	-2.25	4.71	-0.74
Jul-13	2.94	-1.81	1.94	-2.81
Aug-13	2.46	-2.01	1.14	-3.32
Sep-13	2.58	-2.04	2.31	-2.31
Oct-13	3.14	-1.54	1.30	-3.38
Nov-13	2.41	-2.39	-0.90	-5.71



\* Using YoY CPI Inflation.

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

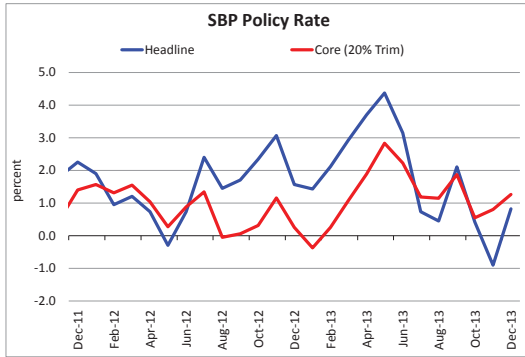
<sup>3</sup> Nominal rate less CPI inflation (year on year).

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

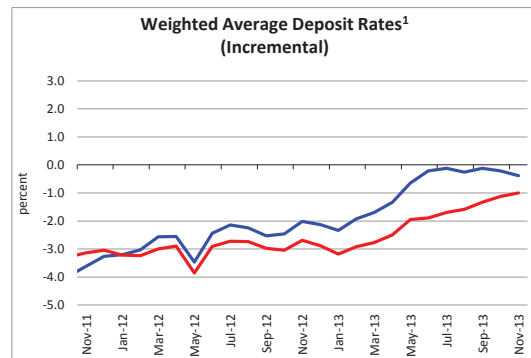
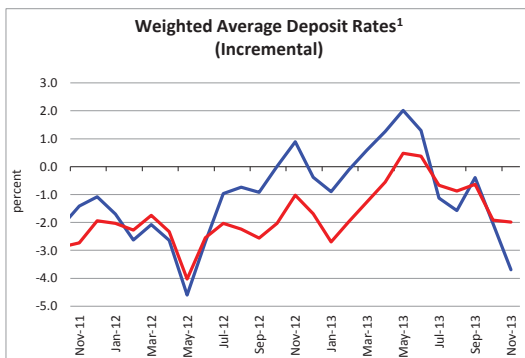
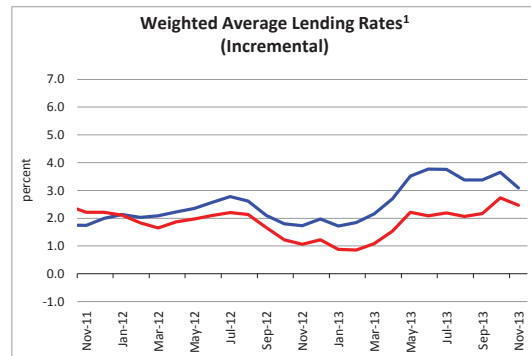
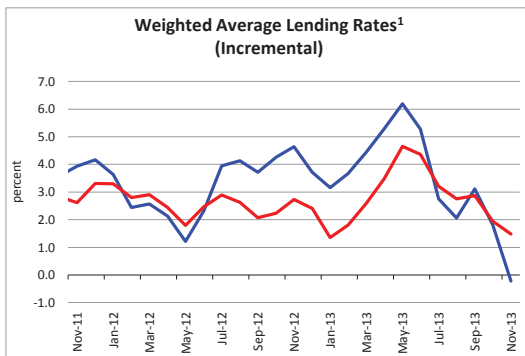
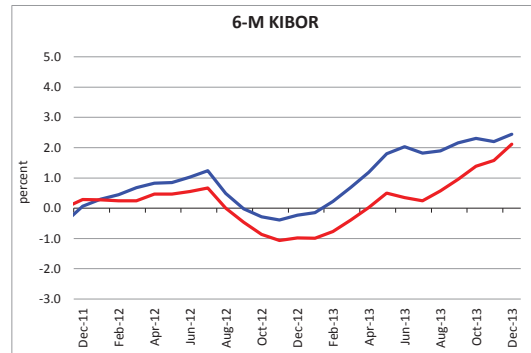
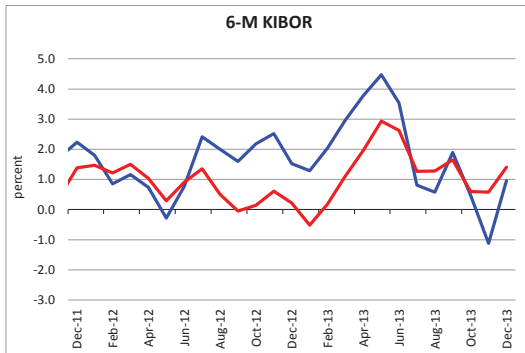
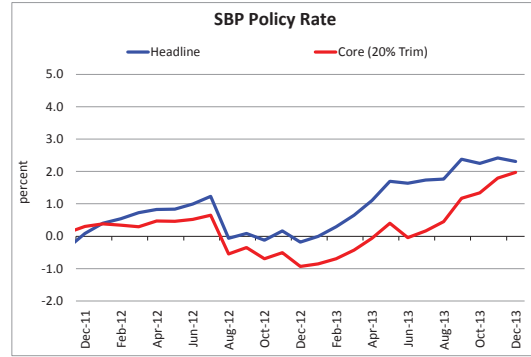


## Real Interest Rates

Using YoY CPI inflation



Using 12-month moving average CPI inflation



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

Sources: PBS and Statistics & Data Warehouse Department, SBP



# Monetary Policy Information Compendium

January 2014

*In the T-bill auctions held in H1-FY14, government has successfully raised the targeted amount.*

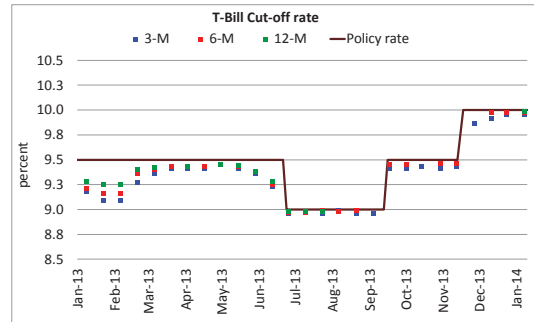
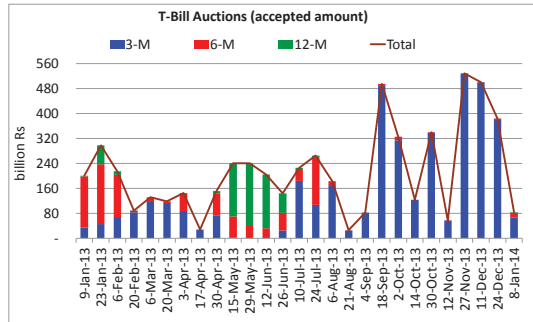
FY/Q/ Settlement date	T-bill Auction (billion Rs (Realized value); rates in percent)													Non- competitive bids <sup>4</sup>
	TOTAL				3-Month			6-Month			12-Month			
	Target	Maturity	Offered	Accepted <sup>2</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	
<b>FY13</b>	<b>5,075.0</b>	<b>5,049.0</b>	<b>7,160.3</b>	<b>4,772.3</b>	<b>1,308.0</b>	<b>884.2</b>	-	<b>3,243.1</b>	<b>2,136.6</b>	-	<b>2,609.1</b>	<b>1,751.4</b>	-	<b>511.3</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	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	1,325.0	1,309.2	1,424.4	1,153.6	259.9	212.5	8.96	388.0	322.4	8.97	776.5	618.7	8.98	119.0
<b>FY14<sup>1</sup></b>	<b>3,900.0</b>	<b>4,022.8</b>	<b>4,140.4</b>	<b>3,619.0</b>	<b>3,837.3</b>	<b>3,368.2</b>	-	<b>275.8</b>	<b>239.7</b>	-	<b>27.3</b>	<b>11.1</b>	-	<b>171.9</b>
Q1	1,600.0	1,594.6	1,446.6	1,276.7	1,200.3	1,057.4	9.41	230.6	210.0	9.45	15.7	9.3	8.98	72.2
Q2	2,100.0	2,248.8	2,591.3	2,259.2	2,560.6	2,244.7	9.96	29.9	14.5	9.98	0.8	-	-	87.9
Q3 <sup>1</sup>	200.0	179.3	102.5	83.2	76.3	66.1	9.96	15.2	15.2	9.98	10.9	1.8	9.99	11.8

<sup>1</sup> Up till January 10, 2014

<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.



*In the PIB auctions held in H1-FY14, government has raised less than the targeted amount.*

		PIB Auction (billion Rs (Face value); rates in percent) <sup>5</sup>										Total	Target
		3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year					
<b>FY13</b>	Cut-off rate <sup>6</sup>	9.69	10.15	-	11.05	-	-	-	-	-	-	-	
	Offered	310.7	167.4	-	141.9	-	6.1	-	-	-	626.1	-	
	Accepted	126.9	72.1	-	44.3	-	5.1	-	-	-	248.5	330.0	
Q1	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	
Q2	Cut-off rate	10.40	10.93	-	11.42	-	-	-	-	-	-	-	
	Offered	66.1	34.1	-	25.7	-	-	-	-	-	125.9	-	
	Accepted	29.7	11.8	-	9.4	-	-	-	-	-	50.9	90.0	
Q3	Cut-off rate	-	-	-	-	-	-	-	-	-	-	-	
	Offered	39.8	16.8	-	11.2	-	-	-	-	-	67.7	-	
	Accepted	-	-	-	Bids rejected	-	-	-	-	-	0.0	75.0	
Q4	Cut-off rate	9.69	10.15	-	11.05	-	-	-	-	-	-	-	
	Offered	110.7	44.4	-	28.1	-	-	-	-	-	183.2	-	
	Accepted	53.9	14.8	-	13.1	-	-	-	-	-	81.8	75.0	
<b>FY14<sup>7</sup></b>	Cut-off rate <sup>6</sup>	12.10	12.56	-	12.95	-	13.29	-	-	-	-	-	
	Offered	84.4	70.0	-	146.7	-	0.5	-	-	-	301.6	-	
	Accepted	53.7	36.2	-	73.6	-	0.5	-	-	-	164.1	300.0	
Q1	Cut-off rate	11.69	12.15	-	12.60	-	-	-	-	-	-	-	
	Offered	32.7	27.0	-	23.1	-	-	-	-	-	82.7	-	
	Accepted	24.2	23.8	-	15.2	-	-	-	-	-	63.1	150.0	
Q2 <sup>7</sup>	Cut-off rate	12.10	12.56	-	12.95	-	13.29	-	-	-	-	-	
	Offered	51.7	43.0	-	123.6	-	0.5	-	-	-	218.9	-	
	Accepted	29.5	12.5	-	58.4	-	0.5	-	-	-	100.9	150.0	
Q3	Cut-off rate	-	-	-	-	-	-	-	-	-	-	-	
	Offered	-	-	-	-	-	-	-	-	-	-	-	
	Accepted	-	-	-	-	-	-	-	-	-	-	-	
Q4	Cut-off rate	-	-	-	-	-	-	-	-	-	-	-	
	Offered	-	-	-	-	-	-	-	-	-	-	-	
	Accepted	-	-	-	-	-	-	-	-	-	-	-	

<sup>5</sup> Either no bid received or bids were rejected.

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

<sup>7</sup> Quarterly rate are for end-period.

<sup>8</sup> Up till January 10, 2014

*Government had successfully raised the targeted amount in the Sukuk auctions held in Q3-FY13.*

3-year Ijarah Sukuk Auction (billion Rs; margin in bps)				
	Target	Total offered	Total accepted	Cut-off margin <sup>8</sup>
<b>FY13</b>	<b>88.0</b>	<b>196.9</b>	<b>90.0</b>	-
Q1	45.0	110.6	47.0	(25)
Q2	-	-	-	-
Q3	43.0	86.3	43.0	(30)
Q4	-	-	-	-
<b>FY14</b>	-	-	-	-
Q1	-	-	-	-
Q2	-	-	-	-
Q3	-	-	-	-

<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 10th January in FY14, Pak rupee has depreciated by 5.5 percent against US Dollar.*

	PKR against international currencies			% App/(Dep) of PKR
	Latest 10-Jan-14	Last MPS 13-Nov-13	Jun-13	Cumulative since Jun-13
USD	105.49	107.55	99.66	(5.53)
Euro	143.52	144.44	130.18	(9.30)
Sterling	173.55	171.29	151.80	(12.53)
JPY	1.00	1.08	1.01	0.16
USD Kerb	106.18	108.53	100.53	(5.32)
Premium (Rs)	0.69	0.98	0.87	-
Daily NEER	53.20	52.02	56.85	(6.43)

Source: SBP

	International exchange rates <sup>2</sup>			% App/(Dep) of USD
	Latest 10-Jan-14	Last MPS 13-Nov-13	Jun-13	Cumulative since Jun-13
USD/EUR	1.36	1.34	1.31	(3.99)
USD/GBP	1.65	1.59	1.52	(7.42)
JPY/USD	104.97	99.43	99.02	6.02
INR/USD	61.87	63.49	59.26	4.41
CNY/USD	6.05	6.09	6.14	(1.39)
THB/USD	33.04	31.62	31.02	6.50
MYR/USD	3.27	3.21	3.16	3.48
SGD/USD	1.27	1.25	1.27	0.38

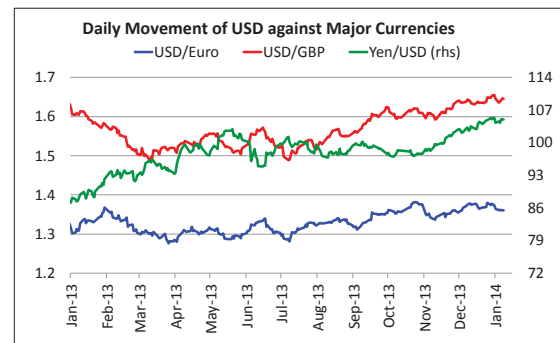
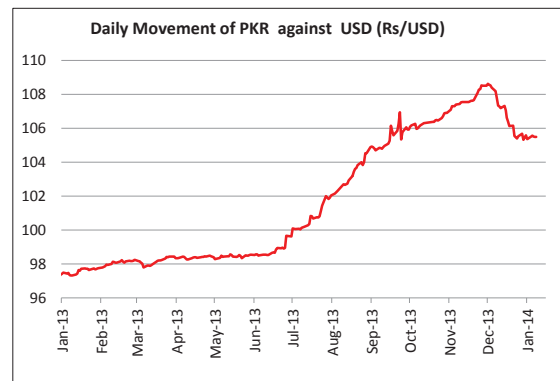
<sup>2</sup> The exchange rates are shown as per country practices

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

	High	Low	Close	Average	Volatility C/C <sup>3</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	99.80	93.70	99.66	96.85	1.67
FY14 <sup>4</sup>	110.50	99.55	105.49	105.03	3.32

<sup>3</sup> Reuters: Average Close-to-Close Daily Volatility (in %)

<sup>4</sup> Updated up to 10th January, 2014.



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

	High	Low	Close	Average	Volatility C/C <sup>3</sup>
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	99.80	98.24	99.66	98.52	1.03
Q1-FY14	110.50	99.55	106.06	103.06	3.45
Q2-FY14	108.75	105.10	105.32	107.01	3.03
Q3-FY14 <sup>4</sup>	105.67	105.30	105.49	105.51	4.73



# Monetary Policy Information Compendium

January 2014

**In real terms, Pak rupee has depreciated by 3.6 percent during Jul-Nov FY14.**

## Changes in Nominal Effective Exchange Rate (NEER)

Base Year: CY2005

		NEER Index	Changes in Nominal Effective Exchange Rate (NEER)								
			2011			2012			2013		
			Dec	Mar	Jun	Sep	Dec	Mar	Jun	Nov <sup>p</sup>	
2011	Sep	61.63	-0.21	-2.21	-3.72	-5.70	-8.53	-7.74	-8.01	-15.81	
	Dec	61.50	-	-2.00	-3.52	-5.51	-8.34	-7.54	-7.82	-15.64	
2012	Mar	60.27	-	-	-1.55	-3.58	-6.46	-5.65	-5.94	-13.91	
	Jun	59.33	-	-	-	-2.06	-4.99	-4.17	-4.46	-12.56	
	Sep	58.11	-	-	-	-	-2.99	-2.15	-2.45	-10.72	
	Dec	56.37	-	-	-	-	-	0.87	0.56	-7.97	
2013	Mar	56.86	-	-	-	-	-	-	-0.30	-8.76	
	Jun	56.69	-	-	-	-	-	-	-	-8.48	
	Nov <sup>p</sup>	51.88	-	-	-	-	-	-	-	-	

<sup>p</sup> Revised

## Changes in Relative price Index (RPI)

Base Year: CY2005

		RPI	Changes in Relative price Index (RPI)								
			2011			2012			2013		
			Dec	Mar	Jun	Sep	Dec	Mar	Jun	Nov <sup>p</sup>	
2011	Sep	166.44	0.68	2.68	5.67	6.15	6.28	7.27	9.47	15.33	
	Dec	167.58	-	1.98	4.95	5.43	5.56	6.54	8.73	14.55	
2012	Mar	170.90	-	-	2.91	3.38	3.51	4.47	6.62	12.32	
	Jun	175.87	-	-	-	0.46	0.59	1.51	3.60	9.14	
	Sep	176.68	-	-	-	-	0.12	1.05	3.13	8.64	
	Dec	176.90	-	-	-	-	-	0.92	3.00	8.51	
2013	Mar	178.53	-	-	-	-	-	-	2.06	7.51	
	Jun	182.21	-	-	-	-	-	-	-	5.34	
	Nov <sup>p</sup>	191.95	-	-	-	-	-	-	-	-	

<sup>p</sup> Provisional

## Changes in Real Effective Exchange Rate (REER)

Base Year: CY2005

		REER Index	Changes in Real Effective Exchange Rate (REER)								
			2011			2012			2013		
			Dec	Mar	Jun	Sep	Dec	Mar	Jun	Nov <sup>p</sup>	
2011	Sep	102.58	0.47	0.41	1.73	0.10	-2.78	-1.03	0.70	-2.91	
	Dec	103.06	-	-0.06	1.25	-0.37	-3.24	-1.50	0.23	-3.37	
2012	Mar	103.00	-	-	1.31	-0.31	-3.18	-1.44	0.29	-3.31	
	Jun	104.35	-	-	-	-1.61	-4.43	-2.72	-1.01	-4.57	
	Sep	102.67	-	-	-	-	-2.87	-1.13	0.61	-3.01	
	Dec	99.72	-	-	-	-	-	1.80	3.58	-0.14	
2013	Mar	101.52	-	-	-	-	-	-	1.75	-1.90	
	Jun	103.30	-	-	-	-	-	-	-	-3.59	
	Nov <sup>p</sup>	99.59	-	-	-	-	-	-	-	-	

<sup>p</sup> Provisional

Source: SBP



## Capital Market

Since end June 2013, KSE-100 index and market capitalization has increased by 27.3 percent and 47.5 percent respectively.

### Performance of Karachi Stock Exchange

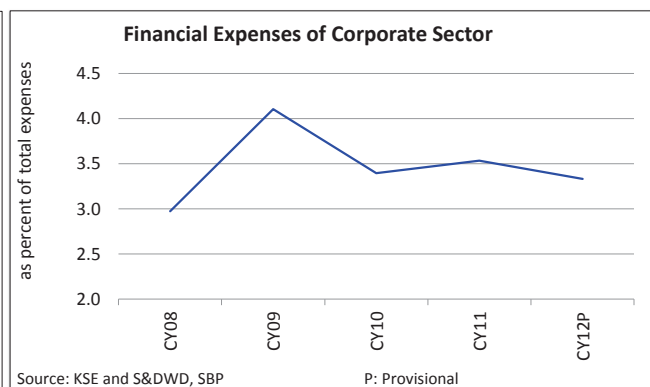
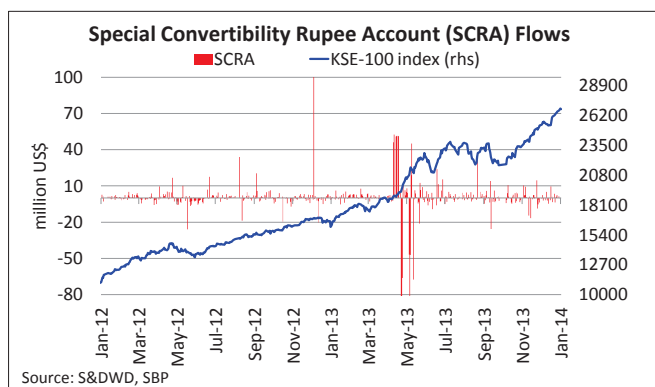
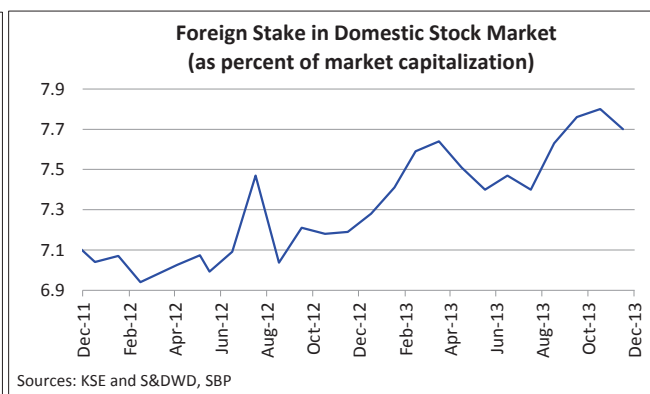
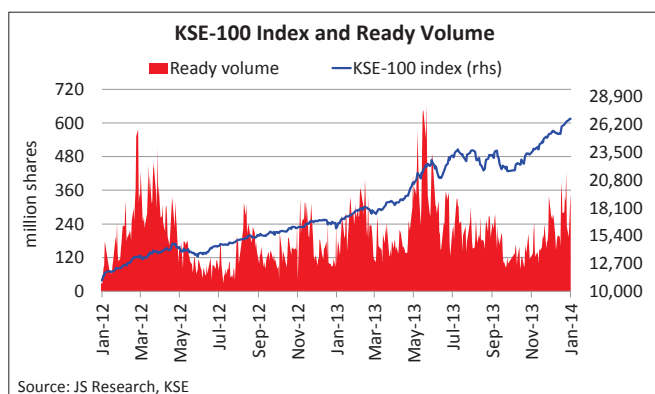
	FY14			FY13	Percentage change during		
	Jan-14 <sup>1</sup>	Dec-13	Jul-Jan		Jan FY14 <sup>2</sup>	FY14	FY13
End-period KSE-100 index	26,730	25,261	26,730	21,006	5.8	27.3	52.2
End-period KSE-30 index	19,578	18,809	19,578	16,208	4.1	20.8	35.9
Market capitalization (billion Rs) <sup>3</sup>	6,352	6,044	5,680	4,307	5.1	47.5	33.3
Ready volume (million shares) <sup>3</sup>	314	212	206	200	-	-	-
SCRA flows (US\$ million) <sup>4</sup>	1.7	4.1	90.7	187.8	-	-	-

<sup>1</sup> Up to 16th January 2014

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

<sup>3</sup> Average during the period

<sup>4</sup> 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 indicators showed improvement during Q1-FY14, as NPLs to loans ratio declined to 14.3 percent in September 2013, compared to 14.8 percent in previous quarter.*

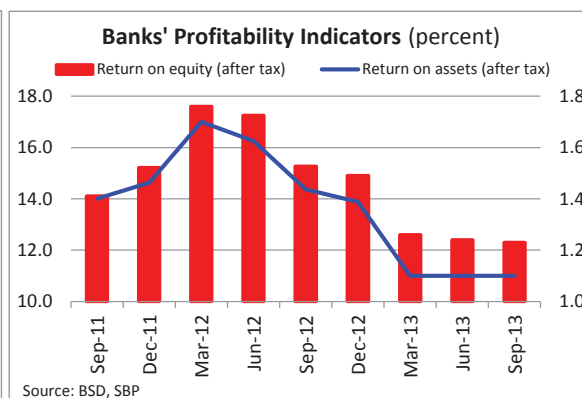
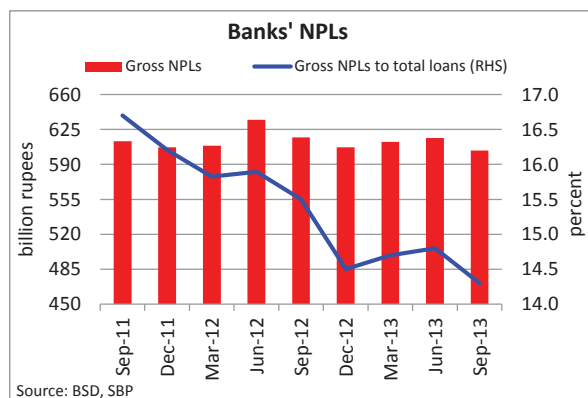
percent

	Sep 2012	Dec 2012	Mar 2013	Jun 2013	Sep 2013
Risk weighted CAR <sup>1</sup>	16.0	15.4	15.1	15.5	15.5
Gross NPLs to total loans	15.5	14.5	14.7	14.8	14.3
Provision to NPLs	70.0	71.8	71.9	73.2	76.5
Net NPLs to net loans	5.2	4.6	4.6	4.4	3.8
Returns on assets (before tax)	2.2	2.1	1.7	1.7	1.7
Return on assets (after tax)	1.4	1.4	1.1	1.1	1.1
ROE (before tax) <sup>2</sup>	23.4	22.9	19.0	18.5	18.4
ROE (after tax) <sup>2</sup>	15.3	14.9	12.6	12.4	12.3
Net interest income/gross income	71.6	71.1	71.6	70.0	70.3
Liquid assets/total assets	46.5	47.4	47.4	49.0	46.7
Liquid assets/total deposits	62.8	63.3	63.8	63.7	59.2
Advances/deposits	52.6	51.5	51.6	48.1	48.7

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