



# **Monetary Policy Information Compendium**

**July 2014**

Consolidated by

**Statistics & DWH Department**

**STATE BANK OF PAKISTAN**

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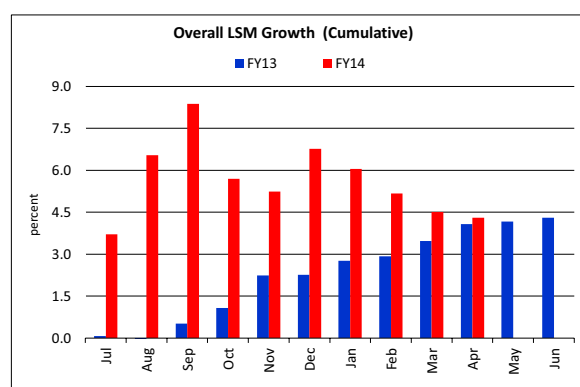
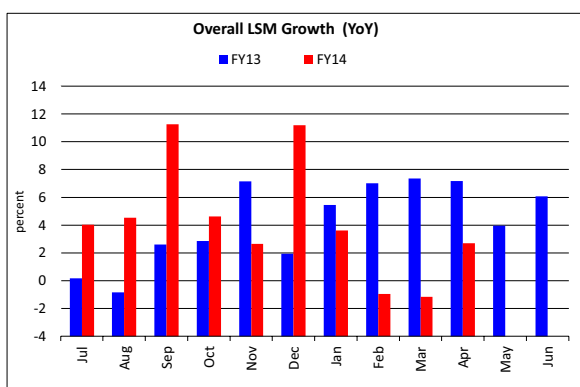


## Growth

*Cumulative growth of 4.3 percent has been recorded in the LSM sector for Jul-Apr FY14, compared to a growth of 3.9 percent during the same period of last year.*

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

Groups	Weights	YoY changes				Cumulative change during Jul-Apr			
		Apr-14		Apr-13		FY14		FY13	
<b>Overall</b>	<b>70.2</b>	<b>2.7</b>	<b>7.3</b>			<b>4.3</b>	<b>3.9</b>		
Textile	20.9	↑ 1.1	↑ 3.1	↑	↑	1.4	↑	1.1	
Food, beverages and tobacco	12.4	↑ 8.3	↑ 22.2	↑	↑	8.2	↑	8.7	
Petroleum products	5.4	↓ -4.2	↑ 47.8	↑	↑	8.0	↑	16.4	
Iron and steel products	5.4	↑ 20.6	↓ -5.2	↑	↑	5.1	↑	11.1	
Non-metallic mineral products	5.4	↓ -1.0	↑ 3.8	↑	↑	0.1	↑	5.8	
Automobile	4.6	↓ -1.5	↓ -16.1	↓	↓	-0.2	↓	-12.5	
Fertilizer	4.4	↑ 9.9	↓ -9.0	↑	↑	20.4	↓	-5.4	
Pharmaceuticals	3.6	↓ -0.1	↑ 7.0	↑	↓	-0.3	↑	6.6	
Paper and board	2.3	↑ 22.1	↑ 0.3	↑	↑	10.2	↑	15.9	
Electronics	2.0	↓ -5.9	↑ 16.0	↑	↑	4.1	↓	-0.1	
Chemicals	1.7	↑ 1.9	↑ 3.5	↑	↑	6.3	↓	-0.2	
Leather products	0.9	↑ 4.5	↑ 20.5	↑	↑	11.7	↑	0.5	
Wood products	0.6	↓ -82.8	↑ 28.3	↑	↓	-17.0	↓	-15.6	
Engineering products	0.4	↓ -16.3	↓ -13.1	↓	↓	-19.8	↓	-15.2	
Rubber products	0.3	↑ 20.9	↑ 3.6	↑	↑	10.5	↑	16.2	



*While rice production surpassed its target, cotton production significantly missed the target in FY14.*

### Major Crops

	Production				Area under cultivation				Yield			
	(million tons)			percent change	(million hectares)			percent change	(Kg/hectare)			percent change
	FY14 <sup>P</sup>	FY14 <sup>T</sup>	FY13 <sup>R</sup>	FY14 <sup>P</sup> over FY13 <sup>R</sup>	FY14 <sup>P</sup>	FY13 <sup>R</sup>	FY14 <sup>P</sup> over FY13 <sup>R</sup>	FY14 <sup>P</sup>	FY13 <sup>R</sup>	FY14 <sup>P</sup> over FY13 <sup>R</sup>		
Cotton <sup>1</sup>	12.8	14.1	13.0	↓ -2.0	2.8	2.9	↓ -2.5	774	769	↑ 0.5		
Sugarcane	66.5	65.0	63.7	↑ 4.3	1.2	1.1	↑ 3.9	56,690	56,476	↑ 0.4		
Rice	6.8	6.2	5.5	↑ 22.8	2.8	2.3	↑ 20.8	2,437	2,398	↑ 1.6		
Wheat	25.3	25.5	24.2	↑ 4.4	9.0	8.7	↑ 4.4	2,797	2,796	↑ 0.1		

<sup>1</sup> Cotton production is stated in thousand bales of 375 lbs each.

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

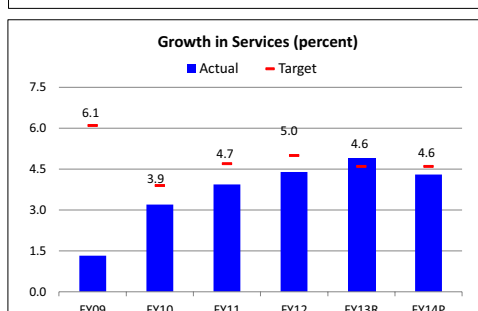
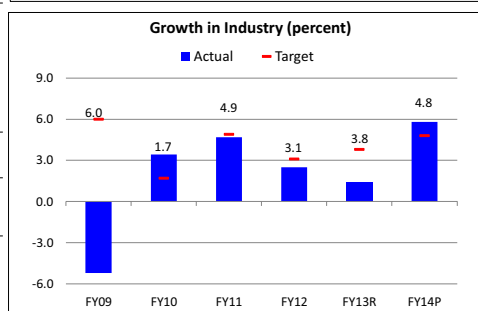
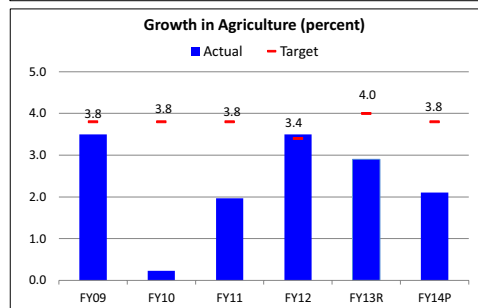
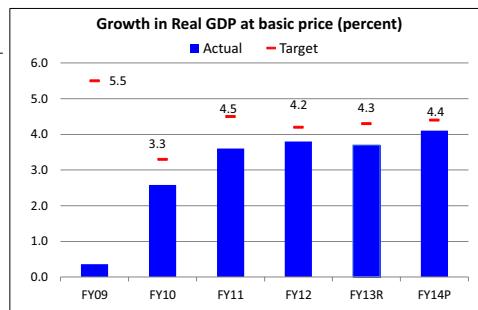
Sources: Pakistan Bureau of Statistics (PBS) and Planning Commission of Pakistan.



**Provisional estimates show real GDP growth of 4.1 percent during FY14, which is lower than the target (4.4 percent)**

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

	FY14 <sup>P</sup>			FY13 <sup>R</sup> Growth
	Growth	Shares	Contribution	
<b>Agriculture of which</b>	<b>2.1</b>	<b>21.0</b>	<b>0.5</b>	<b>2.9</b>
Important crops	3.7	5.4	0.2	1.2
Other crops	-3.5	2.5	-0.1	6.1
Livestock	2.9	11.8	0.3	3.5
<b>Industry of which</b>	<b>5.8</b>	<b>20.8</b>	<b>1.2</b>	<b>1.4</b>
Manufacturing	5.5	13.5	0.7	4.5
Large-scale <sup>1</sup>	5.3	10.9	0.6	4.1
Small-scale	8.4	1.7	0.1	8.3
Construction	11.3	2.4	0.3	-1.7
<b>Services of which</b>	<b>4.3</b>	<b>58.1</b>	<b>2.5</b>	<b>4.9</b>
Wholesale & retail trade	5.2	18.6	1.0	3.4
Transport Storage and Communications	3.0	13.0	0.4	2.9
Finance & insurance	5.2	3.1	0.2	9.0
General Government Services	2.2	7.0	0.2	11.3
<b>Real GDP (basic prices)</b>	<b>4.1</b>	<b>100.0</b>	<b>4.1</b>	<b>3.7</b>
<b>Real GDP (market prices)</b>	<b>5.4</b>	<b>104.8</b>	<b>5.6</b>	<b>4.4</b>
	<b>FY14<sup>P</sup></b>	<b>FY13<sup>R</sup></b>	<b>FY12</b>	
Real GDP (bp, billion Rs)	10,227	9,820	9,470	
Nominal GDP (mp, billion Rs)	25,402	22,489	20,047	
Nominal GDP (mp, billion US\$) <sup>2</sup>	245	232	225	



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

	FY14 <sup>P</sup>			FY13 <sup>R</sup> Growth
	Growth	Shares <sup>3</sup>	Contribution <sup>3</sup>	
<b>Consumption</b>	<b>6.8</b>	<b>89.8</b>	<b>6.0</b>	<b>3.4</b>
Private	5.9	78.1	4.6	2.5
Government	12.7	11.7	1.4	10.2
<b>Fixed capital formation</b>	<b>0.5</b>	<b>12.2</b>	<b>0.1</b>	<b>0.2</b>
Private	-1.6	9.1	-0.2	2.7
Public plus general government	7.3	3.1	0.2	-7.2
<b>Changes in stocks</b>	<b>5.4</b>	<b>1.6</b>	<b>0.1</b>	<b>4.4</b>
<b>Net exports of goods and nonfactor services</b>	<b>24.6</b>	<b>-3.6</b>	<b>-0.7</b>	<b>1.2</b>
Exports of goods and non-factor services	-1.4	11.4	-0.2	13.6
Imports of goods and non-factor services	3.7	15.0	0.6	1.6
<b>GDP (market prices)</b>	<b>5.4</b>	<b>100.0</b>	<b>5.4</b>	<b>4.4</b>
Indirect Taxes	15.7	5.6	1.0	-2.7
Subsidies	-35.3	1.1	-0.7	-34.7
<b>GDP (basic prices)</b>	<b>3.8</b>	<b>95.5</b>	<b>-</b>	<b>3.7</b>
<b>Total domestic demand<sup>4</sup></b>	<b>6.0</b>	<b>103.6</b>	<b>6.2</b>	<b>3.0</b>

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

<sup>1</sup> For FY14, LSM data pertains to July-April; <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.



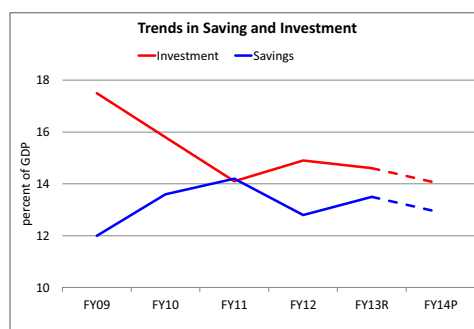
## Saving and Investment

*Saving investment gap has remained the same but both Savings and Investments have declined.*

**Saving and Investment** (at current market prices-2005-2006)

as percent of GDP

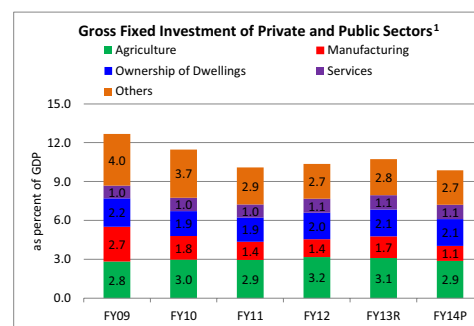
	FY14	Actual	
	Target	FY14 <sup>P</sup>	FY13 <sup>R</sup>
<b>A. Investment</b>	<b>15.1</b>	<b>14.0</b>	<b>14.6</b>
Gross fixed investment	13.5	12.4	13.0
Private sector	9.0	8.9	9.6
Public including general public	4.5	3.5	3.3
Change in capital stocks	1.6	1.6	1.6
<b>B. National savings</b>	<b>14.0</b>	<b>12.9</b>	<b>13.5</b>
<b>C. Domestic savings</b>	<b>-</b>	<b>7.5</b>	<b>8.3</b>
<b>Saving investment gap (B - A)</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-1.1</b>



*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> at Current Market prices**

	FY14 <sup>P</sup>		FY13 <sup>R</sup>
	As percent of GDP	Percent share in total	As percent of GDP
Agriculture	2.9	29.1	3.1
Mining and quarrying	0.3	2.9	0.2
Manufacturing	1.1	11.6	1.7
Construction	0.2	1.8	0.1
Electricity and gas	0.5	5.1	0.6
Transport and communication	1.2	12.7	1.4
Wholesale and retail trade	0.3	2.9	0.3
Finance and insurance	0.2	1.6	0.2
Ownership of dwellings	2.1	20.9	2.1
Services	1.1	11.2	1.1
<b>Total</b>	<b>9.9</b>	<b>100.0</b>	<b>10.7</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, Ministry of Finance, Economic Survey 2013-14

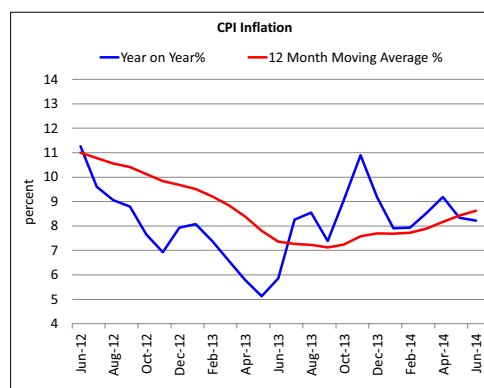


## Inflation

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

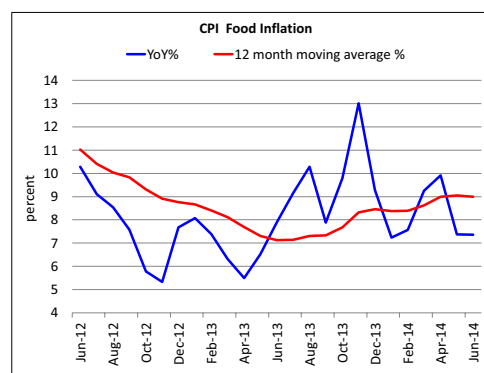
**Headline CPI inflation (YoY) has slightly decreased to 8.2 percent in June 2014 from 8.3 percent in the previous month.**

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>
Jun-13	0.7	0.8	5.9	7.4
Jul-13	2.0	1.2	8.3	7.3
Aug-13	1.2	0.7	8.5	7.2
Sep-13	-0.3	-0.2	7.4	7.1
Oct-13	2.0	1.7	9.1	7.2
Nov-13	1.3	1.5	10.9	7.6
Dec-13	-1.3	-0.1	9.2	7.7
Jan-14	0.5	0.1	7.9	7.7
Feb-14	-0.3	0.5	7.9	7.7
Mar-14	1.0	0.7	8.5	7.9
Apr-14	1.7	1.0	9.2	8.2
May-14	-0.3	0.3	8.3	8.4
Jun-14	0.6	0.7	8.2	8.6
<b>3-year average for Jun.</b>	<b>0.5</b>	<b>0.5</b>	<b>8.4</b>	



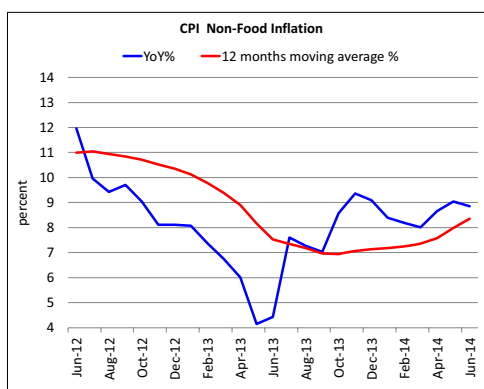
**CPI food inflation (YoY) has remained same at 7.4 percent in June 2014 as compared to previous month.**

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>
Jun-13	1.1	1.2	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	-1.6	7.9	7.3
Oct-13	1.7	1.6	9.8	7.7
Nov-13	2.6	2.7	13.0	8.3
Dec-13	-3.3	-1.0	9.3	8.5
Jan-14	0.0	-0.4	7.2	8.4
Feb-14	-1.0	0.7	7.6	8.4
Mar-14	2.1	1.3	9.3	8.6
Apr-14	2.0	1.0	9.9	9.0
May-14	-1.2	-0.4	7.4	9.0
Jun-14	1.0	1.1	7.4	9.0
<b>3-year average for Jun.</b>	<b>0.6</b>	<b>0.7</b>	<b>8.5</b>	



**CPI non-food inflation (YoY) has slightly decreased to 8.9 percent in June 2014 from 9.0 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>
Jun-13	0.5	0.5	4.4	7.5
Jul-13	1.3	1.1	7.6	7.3
Aug-13	0.6	0.7	7.3	7.2
Sep-13	0.6	0.8	7.0	7.0
Oct-13	2.2	1.8	8.6	6.9
Nov-13	0.3	0.6	9.4	7.1
Dec-13	0.2	0.5	9.1	7.1
Jan-14	0.9	0.5	8.4	7.2
Feb-14	0.2	0.3	8.2	7.2
Mar-14	0.2	0.3	8.0	7.4
Apr-14	1.5	0.9	8.7	7.6
May-14	0.4	0.8	9.0	8.0
Jun-14	0.3	0.3	8.9	8.3
<b>3-year average for Jun.</b>	<b>0.3</b>	<b>0.4</b>	<b>8.4</b>	



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

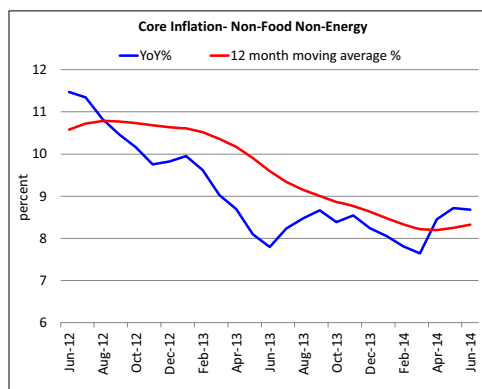
<sup>1</sup> Month-on-Month; <sup>2</sup> Month-on-month changes in seasonally adjusted series; <sup>3</sup> Year-on-Year; <sup>4</sup> These changes are calculated on the basis of 12 month average of CPI over the 12 month average of preceding year.



**The non-food non-energy (NFNE) measure of core inflation (YoY) has remained same at 8.7 percent in June 2014 as compared to previous month.**

**Core - Non-food non-energy (53.52% weight in basket) (percent change)**

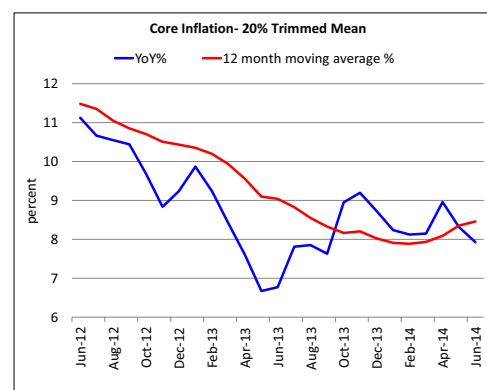
	MoM	YoY	12M moving average
Jun-13	0.4	7.8	9.6
Jul-13	1.5	8.2	9.3
Aug-13	0.6	8.5	9.1
Sep-13	0.5	8.7	9.0
Oct-13	0.9	8.4	8.9
Nov-13	0.4	8.5	8.8
Dec-13	0.2	8.2	8.6
Jan-14	1.0	8.1	8.5
Feb-14	0.2	7.8	8.3
Mar-14	0.3	7.6	8.2
Apr-14	1.9	8.5	8.2
May-14	0.5	8.7	8.3
Jun-14	0.4	8.7	8.3
<b>3-year average for Jun.</b>	<b>0.5</b>	<b>9.3</b>	



**The 20 percent trimmed mean measure of core inflation (YoY) has decreased to 7.9 percent in June 2014 as compared to 8.3 percent in May 2014.**

**Core - 20% Trimmed (percent change)**

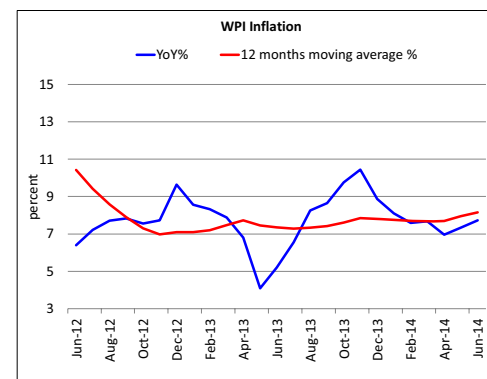
	MoM	YoY	12M moving average
Jun-13	0.6	6.8	9.0
Jul-13	1.2	7.8	8.8
Aug-13	0.6	7.9	8.6
Sep-13	0.6	7.6	8.3
Oct-13	0.8	9.0	8.2
Nov-13	0.4	9.2	8.2
Dec-13	0.4	8.7	8.0
Jan-14	0.6	8.2	7.9
Feb-14	0.2	8.1	7.9
Mar-14	0.3	8.1	7.9
Apr-14	0.9	9.0	8.1
May-14	0.3	8.3	8.4
Jun-14	0.3	7.9	8.5
<b>3-year average for Jun.</b>	<b>0.5</b>	<b>8.6</b>	



**The WPI inflation (YoY) has increased to 7.7 percent in June 2014 from 7.3 percent in May 2014.**

**Wholesale Price Index (WPI) (percent change)**

	MoM	MoM SA	YoY	12M moving average
Jun-13	1.0	0.5	5.2	7.3
Jul-13	1.6	1.5	6.5	7.3
Aug-13	2.6	2.0	8.3	7.3
Sep-13	0.7	0.9	8.7	7.4
Oct-13	1.1	1.3	9.8	7.6
Nov-13	0.2	0.7	10.4	7.8
Dec-13	-1.0	0.0	8.9	7.8
Jan-14	0.5	-0.1	8.1	7.8
Feb-14	-0.1	0.3	7.6	7.7
Mar-14	0.3	-0.1	7.7	7.7
Apr-14	0.1	-0.2	7.0	7.7
May-14	-0.1	0.5	7.3	8.0
Jun-14	1.4	0.9	7.7	8.2
<b>3-year average for Jun.</b>	<b>0.8</b>	<b>0.3</b>	<b>6.4</b>	



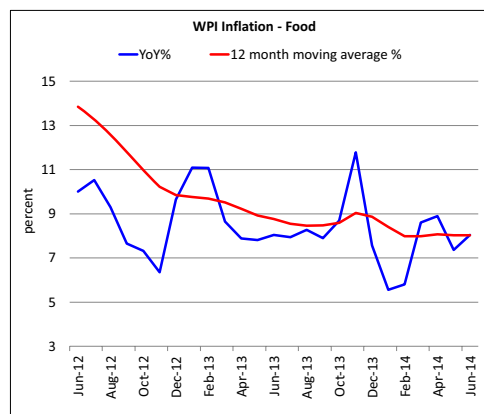
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



**WPI food inflation (YoY) has increased to 8.0 percent in June 2014 from 7.4 percent in May 2014.**

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

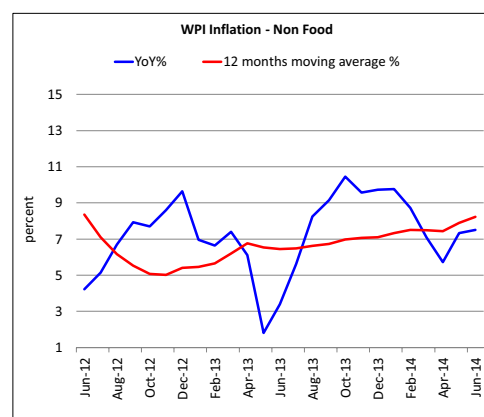
	MoM	MoM SA	YoY	12M moving average
Jun-13	1.7	0.6	8.0	8.8
Jul-13	2.3	1.6	7.9	8.5
Aug-13	1.0	0.3	8.3	8.5
Sep-13	-0.1	-0.1	7.9	8.5
Oct-13	0.9	1.2	8.7	8.6
Nov-13	1.2	1.8	11.8	9.0
Dec-13	-2.5	-0.9	7.6	8.9
Jan-14	-0.2	-0.6	5.6	8.4
Feb-14	-0.6	1.1	5.8	8.0
Mar-14	2.0	1.0	8.6	8.0
Apr-14	1.8	1.0	8.9	8.1
May-14	-0.3	0.3	7.4	8.0
Jun-14	2.4	1.4	8.0	8.0
<b>3-year average for Jun.</b>	<b>1.9</b>	<b>0.8</b>	<b>8.7</b>	



**WPI non-food inflation (YoY) has slightly increased to 7.5 percent in June 2014 from 7.4 percent in May 2014.**

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

	MoM	MoM SA	YoY	12M moving average
Jun-13	0.5	0.4	3.4	6.5
Jul-13	1.2	1.4	5.8	6.5
Aug-13	3.7	3.2	8.3	6.6
Sep-13	1.2	1.6	9.1	6.7
Oct-13	1.3	1.4	10.4	7.0
Nov-13	-0.4	-0.1	9.6	7.1
Dec-13	0.0	0.6	9.6	7.1
Jan-14	1.0	0.2	9.7	7.3
Feb-14	0.1	-0.3	8.7	7.5
Mar-14	-0.7	-0.8	7.0	7.5
Apr-14	-1.0	-1.0	5.7	7.4
May-14	0.1	0.6	7.4	7.9
Jun-14	0.7	0.5	7.5	8.2
<b>3-year average for Jun.</b>	<b>0.1</b>	<b>-0.04</b>	<b>5.0</b>	

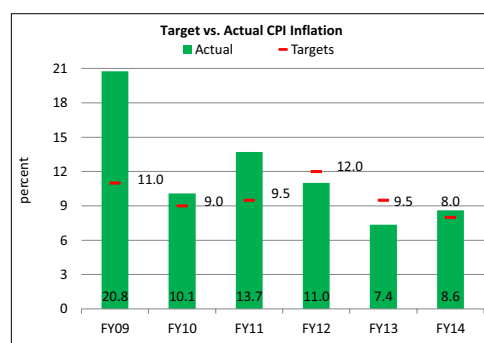


**Average CPI inflation is recorded at 8.6 percent in FY14 compared to 7.4 percent in FY13.**

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

	CPI			WPI
	Headline	Food	Non Food	
FY-13	7.4	7.1	7.5	7.3
FY-14	8.6	9.0	8.3	8.2

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







## CPI and SPI Inflation by Groups

*The YoY increase in headline CPI inflation in June 2014 was mainly due to increase in non-food inflation.*

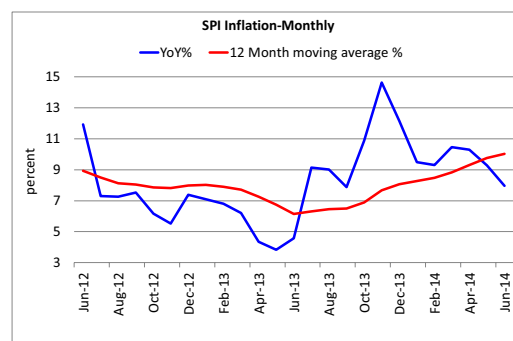
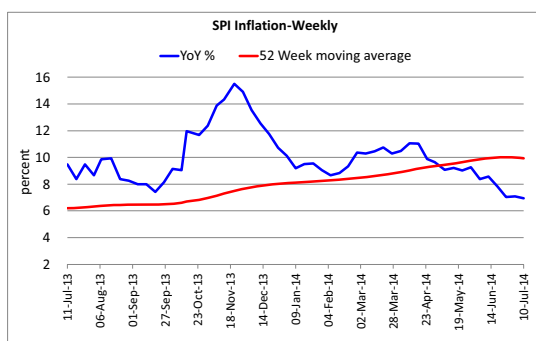
### Group-Wise CPI Inflation

Groups	Weights	Jun-14			May-14		
		MoM	YoY	12m MA <sup>1</sup>	MoM	YoY	12m MA <sup>1</sup>
<b>I. Food group</b>	<b>37.5</b>	<b>1.0</b>	<b>7.4</b>	<b>9.0</b>	<b>-1.2</b>	<b>7.4</b>	<b>9.0</b>
Food and non-alcoholic beverages	34.8	0.4	6.1	8.6	-1.3	6.8	8.7
Alcoholic beverages and tobacco	1.4	15.9	33.2	16.9	0.8	17.0	14.4
Restaurant & hotels	1.2	0.3	13.3	12.3	0.5	13.4	11.8
<b>II. Non-food group</b>	<b>62.5</b>	<b>0.3</b>	<b>8.9</b>	<b>8.3</b>	<b>0.4</b>	<b>9.0</b>	<b>8.0</b>
Clothing and footwear	7.6	1.0	11.0	12.8	1.1	11.6	13.0
Housing, water, electricity, gas fuels	29.4	0.0	9.6	8.8	0.0	9.7	8.0
Furnishing & household equipment maintenance etc.	4.2	1.0	9.8	8.9	0.5	9.4	8.7
Health	2.2	0.2	7.4	6.8	1.1	7.6	6.9
Transport	7.2	0.1	4.3	4.7	-0.3	5.1	4.5
Communication	3.2	0.1	0.9	2.9	0.0	0.9	3.1
Recreation and culture	2.0	0.1	6.1	8.7	0.3	6.7	8.9
Education	3.9	1.1	16.7	10.1	2.1	16.4	9.3
Miscellaneous	2.8	-0.1	6.3	5.3	1.0	6.3	5.3
<b>Overall</b>	<b>100</b>	<b>0.6</b>	<b>8.2</b>	<b>8.6</b>	<b>-0.3</b>	<b>8.3</b>	<b>8.4</b>

*SPI inflation increased by 0.2 percent during the 2nd week of July 2014.*

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

Income groups	19-Jun-14	26-Jun-14	3-Jul-14	10-Jul-14	Jun-14		
	WoW <sup>2</sup>				MoM	YoY	12m MA <sup>1</sup>
<b>Up to Rs 8000</b>	0.29	0.32	0.67	0.24	1.1	6.2	9.3
<b>Rs 8001-12000</b>	0.29	0.31	0.64	0.24	1.2	6.0	8.7
<b>Rs 12001-18000</b>	0.30	0.31	0.62	0.24	1.2	8.2	10.5
<b>Rs 18001-35000</b>	0.31	0.29	0.60	0.23	1.3	8.6	10.6
<b>Above Rs 35000</b>	0.31	0.26	0.55	0.23	1.3	8.3	9.9
<b>All</b>	<b>0.31</b>	<b>0.29</b>	<b>0.59</b>	<b>0.23</b>	<b>1.2</b>	<b>8.0</b>	<b>10.0</b>



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

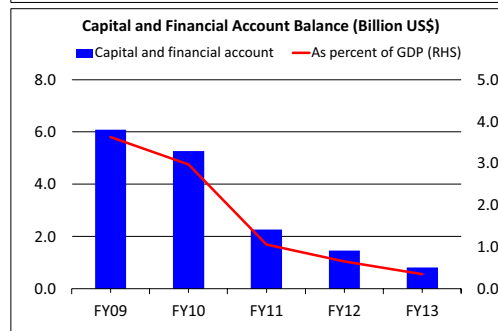
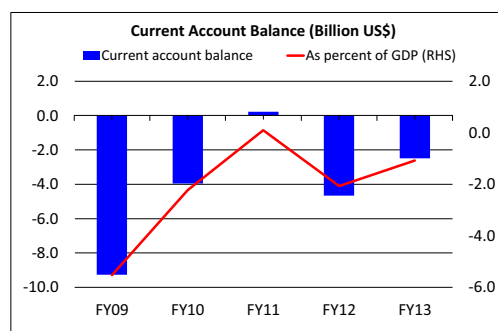
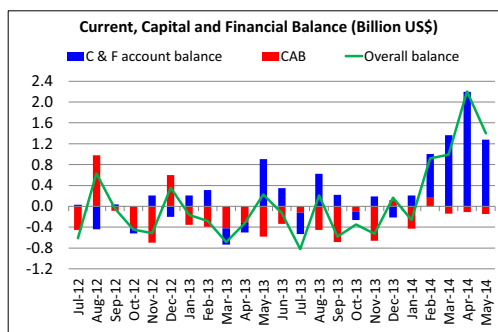


## Balance of Payments

External current account balance witnessed a deficit of US\$2.6 billion during Jul-May FY14, compared to US\$2.2 billion during the same period last year.

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

Items	Jul-May		FY13	FY12
	FY14	FY13		
<b>A) Current account balance (CAB)</b>	<b>-2,577</b>	<b>-2,157</b>	<b>-2,496</b>	<b>-4,658</b>
Trade balance	-15,027	-14,108	-15,431	-15,765
Exports	23,103	22,799	24,795	24,696
Imports	38,130	36,907	40,226	40,461
Services (net); of which	-2,070	-1,322	-1,472	-3,192
CSF	1,050	1,806	1,806	0
Income (net)	-3,641	-3,426	-3,685	-3,245
Current transfers (net); of which	18,161	16,699	18,092	17,544
Remittances	14,333	12,756	13,922	13,186
<b>B) Capital and financial (C&amp;F) account balance ; of which</b>	<b>6,117</b>	<b>465</b>	<b>813</b>	<b>1,463</b>
Foreign direct investment (net) <sup>1</sup>	1,255	1,130	1,258	744
Foreign portfolio investment (net)	2,369	-19	26	-144
Other investment assets	143	-531	-314	9
Other investment liabilities	597	-368	-421	671
Of which : General government	976	112	248	998
of which: Disbursements	3,672	2,244	2,530	2,633
Amortization	2,696	2,132	2,282	1,577
<b>C) Net Errors and omissions</b>	<b>-204</b>	<b>-171</b>	<b>-309</b>	<b>-80</b>
<b>Overall balance (A+B+C)</b>	<b>3,336</b>	<b>-1,863</b>	<b>-1,992</b>	<b>-3,275</b>
<b>SBP gross reserves<sup>2</sup></b>	<b>10,090</b>	<b>7,557</b>	<b>7,198</b>	<b>11,905</b>
<b>SBP net liquid reserves<sup>3</sup></b>	<b>8,684</b>	<b>6,392</b>	<b>6,008</b>	<b>10,803</b>
<b>As percent of GDP<sup>4</sup></b>				
<b>Current account balance; of which</b>			<b>-1.1</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			0.5	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\$.

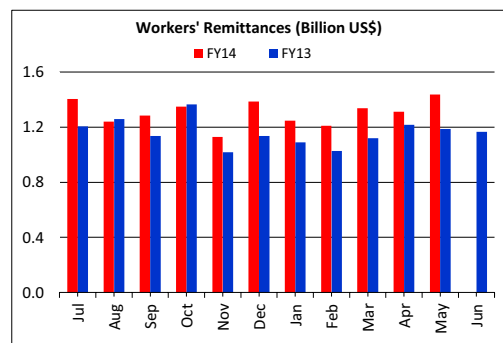
### Workers' remittances registered a growth of 12.4 percent during Jul-May FY14.

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

Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to	July-May		YoY growth in July-May FY13	FY14
	FY14	FY13		
<b>Total inflows</b>	<b>14,333</b>	<b>12,756</b>	<b>13,922</b>	<b>12.4</b>
USA	2,242	2,006	2,186	11.7
UK	1,979	1,774	1,946	11.6
Saudi Arabia	4,258	3,752	4,105	13.5
UAE	2,814	2,532	2,750	11.1
Other GCC <sup>6</sup>	1,691	1,470	1,608	15.1
All others	1,349	1,223	1,327	10.3

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

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



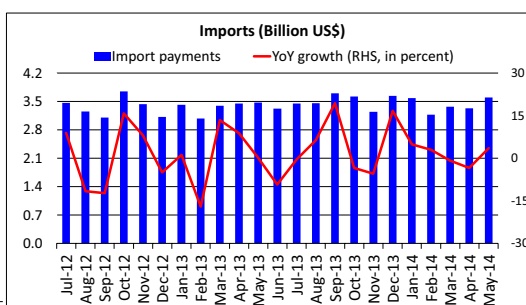
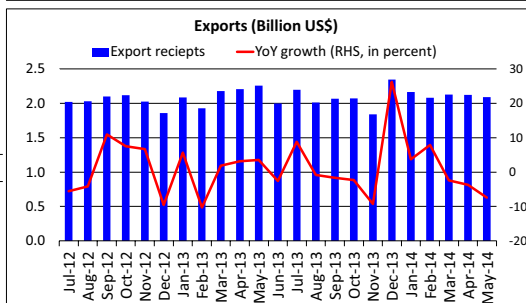
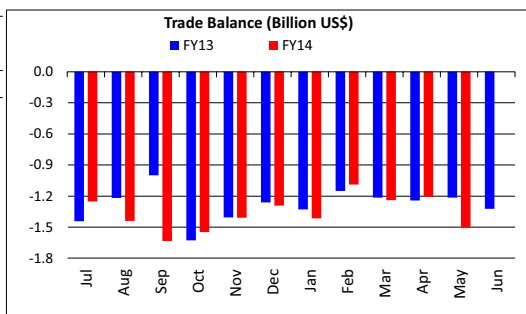


## Trade and Foreign Investment

**Trade deficit has increased to US\$ 15.0 billion during Jul-May FY14, compared to US\$ 14.1 billion in Jul-May FY13.**

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

	July-May			Shares <sup>1</sup> FY14
	FY14	FY13	FY13	
<b>Exports</b>	<b>23,103</b>	<b>22,799</b>	<b>24,795</b>	<b>100</b>
<b>Textile group</b>	<b>12,498</b>	<b>11,785</b>	<b>12,832</b>	<b>54</b>
Knitwear, bed wear	3,891	3,543	3,850	17
Cotton cloth	2,510	2,404	2,621	11
Cotton Yarn	1,893	1,883	2,064	8
Readymade garments	1,673	1,524	1,652	7
<b>Other manufactures group</b>	<b>4,079</b>	<b>4,223</b>	<b>4,659</b>	<b>18</b>
Chemical and pharma	1,030	1,099	1,200	4
Leather items <sup>2</sup>	986	871	955	4
Cement	446	496	531	2
Engineering goods	293	338	361	1
Jewellery	59	176	253	0
<b>Food group</b>	<b>3,863</b>	<b>3,814</b>	<b>4,142</b>	<b>17</b>
Rice	1,927	1,736	1,876	8
<b>All others</b>	<b>2,663</b>	<b>2,977</b>	<b>3,162</b>	<b>12</b>
<b>Imports</b>	<b>38,130</b>	<b>36,907</b>	<b>40,226</b>	<b>100</b>
<b>Petroleum group</b>	<b>13,524</b>	<b>13,036</b>	<b>14,066</b>	<b>35</b>
Petroleum products	8,378	7,945	8,489	22
Petroleum crude	5,146	5,091	5,577	13
<b>Machinery group</b>	<b>4,616</b>	<b>3,651</b>	<b>4,014</b>	<b>12</b>
Telecom	1,102	836	941	3
Electrical machinery	653	514	557	2
Power machinery	622	472	512	2
<b>Agriculture &amp; other chemicals group</b>	<b>6,374</b>	<b>5,732</b>	<b>6,323</b>	<b>17</b>
Plastic materials	1,533	1,392	1,535	4
Fertilizer manufactured	668	554	611	2
<b>Food group</b>	<b>3,799</b>	<b>3,650</b>	<b>3,914</b>	<b>10</b>
Palm oil	1,748	1,781	1,902	5
Tea	281	356	373	1
<b>Metal group</b>	<b>2,455</b>	<b>2,237</b>	<b>2,442</b>	<b>6</b>
Iron steel (IS) and IS scrap	1,946	1,800	1,963	5
<b>All others</b>	<b>7,362</b>	<b>8,601</b>	<b>9,468</b>	<b>19</b>
<b>Trade Balance</b>	<b>-15,027</b>	<b>-14,108</b>	<b>-15,431</b>	



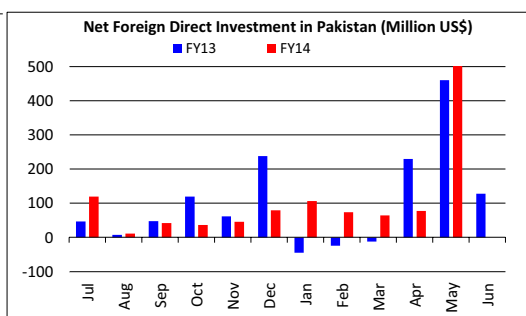
<sup>1</sup> Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total exports/imports during Jul-May FY14.

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

**Net FDI inflows recorded slight improvement during Jul-May FY14, compared to same period last year.**

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

	July-May			YoY growth in Jul-May FY14
	FY14	FY13	FY13	
<b>Net inflows: Of which</b>	<b>1,362</b>	<b>1,328</b>	<b>1,456</b>	<b>2.5</b>
<b>Major countries</b>				
USA	196	218	227	-10.0
UAE	4	39	22	-90.1
UK	103	578	633	-82.2
China <sup>4</sup>	527	84	91	528.6
<b>Major sectors</b>				
Communication	406	-365	-382	-
Financial businesses	143	281	314	-49.3
Oil and gas exploration	427	500	560	-14.7
Power	33	27	27	24.1
Trade	-8	8	5	-200.4
<b>Memorandum Item:</b>				
Net overall FDI <sup>3</sup>	1255	1130	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.

<sup>4</sup> Received in communication Sector

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

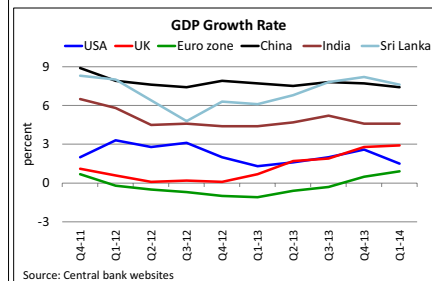
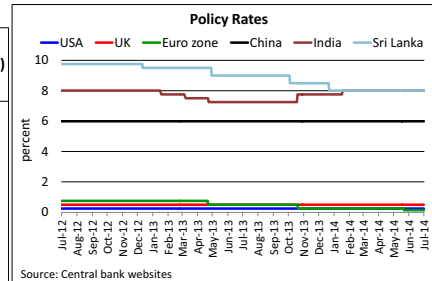


## Global Economy

Central Banks, except Malaysia kept policy rates unchanged in July 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	0.15	Jun 05 2014	0.25	-10
Japan	0.10	Oct 05 2010	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	8.00	Jan 28 2014	7.75	25
Sri Lanka	8.00	Jan 1 2014	8.50	-50
Malaysia	3.25	July 10 2014	3.00	25
Indonesia	7.50	Nov 12 2013	7.25	25
Thailand	2.00	Mar 12 2014	2.25	-25



Real GDP growth in Malaysia and Australia has improved in Q1-2014 as compared to Q4-2013.

### Key Macroeconomic Indicators

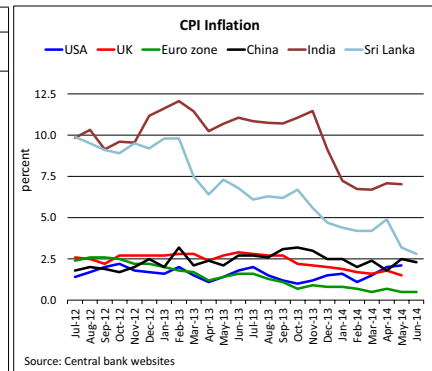
	Inflation (YoY) <sup>1</sup> June-14	GDP growth <sup>2</sup> Q1-2014	Current account balance <sup>3</sup>		Reserves <sup>5</sup> (billion US\$)	Lending rates <sup>6</sup>	
			Fiscal balance <sup>3</sup>	as a percent of GDP <sup>4</sup>		Nominal	Real
USA	2.1	1.5	-2.3	-2.9	48.0	2.1	1.2
UK	1.5	2.9	-4.0	-4.9	74.8	1.5	-1.0
Euro zone	0.5	0.9	2.5	-2.6	228.8	0.5	7.0
Japan	3.7	3.0	0.2	-8.0	1219.8	1.5	-0.3
Australia	2.9	3.5	-2.1	-1.2	50.3	2.9	3.1
China	2.3	7.4	2.1	-3.0	3948.1	2.5	3.5
India	7.0	4.6	-2.6	-5.2	283.7	7.1	4.2
Sri Lanka	2.8	7.6	-	-	7.1	5.6	5.9
South Korea	1.7	3.9	4.5	1.0	345.0	1.3	3.2
Malaysia	3.2	6.2	6.4	-4.0	126.5	3.4	1.1
Indonesia	6.7	5.2	-3.5	-2.3	101.0	7.3	5.1
Thailand	2.4	-0.6	2.5	-2.3	159.1	2.6	4.1

<sup>1</sup> Value for USA, UK, Japan, India and Malaysia pertains to May 2014 and Australia for March 2014; <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, July 12, 2014; <sup>5</sup> IMF (IFS) Reserve position data pertains to May 2014 except for China, India and South Korea pertains to April 2014 and Sri Lanka for March 2014; <sup>6</sup> IMF (IFS) data pertains to May 2014 except for India, Malaysia and Indonesia values pertain to April 2014, and values of Australia & Korea pertain to March 2014 and value of Japan pertain to February 2014 and value of Sri Lanka pertain to November 2013

World Bank has revised its projection for 2014 from 3.2 to 2.8 in June 2014

### World Economic Outlook - Real GDP Growth

	2013 (IMF estimates)	2014 Projections		
		IMF <sup>1</sup>	World Bank <sup>2</sup>	OECD <sup>3</sup>
<b>World output</b>	<b>3.0</b>	<b>3.6</b>	<b>2.8</b>	-
<b>Advanced<sup>5</sup></b>	<b>1.3</b>	<b>2.2</b>	<b>1.9</b>	-
US	1.9	2.8	2.1	2.6
Euro area	-0.5	1.2	1.1	1.2
Japan	1.5	1.4	1.3	1.2
UK	1.8	2.9	-	3.2
<b>Emerging &amp; Developing</b>	<b>4.7</b>	<b>4.9</b>	<b>4.8</b>	-
Russia	1.3	1.3	2.2	0.5
China	7.7	7.5	7.6	7.4
India	4.4	5.4	5.5	4.9
ASEAN-5	5.0	5.1	-	-



Sources: Bloomberg, World Bank, IMF, OECD, The Economist, World Economic Outlook, and Central Bank Websites.  
<sup>1</sup> on April 2014, <sup>2</sup> World Bank Projection on June 2014, <sup>3</sup> OECD Projections on May 2014

<sup>5</sup> World Bank projections are for "high income" countries.  
<sup>6</sup> IMF Projections

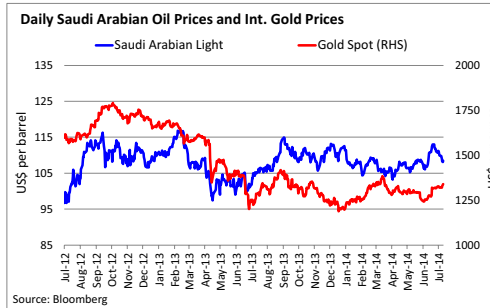
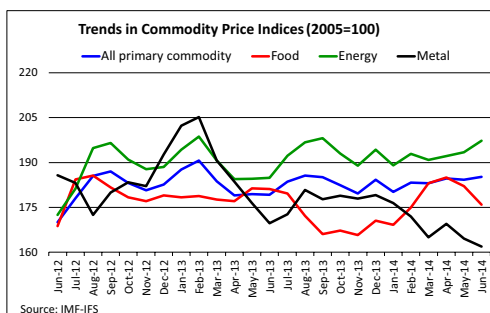


All commodity price index by IMF has registered an increase of 0.5 percent during June 2014.

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

	Jun-14	Percent change since	
		May-14	End June - 13
All commodity price index	185.2	↑ 0.5	↑ 3.3
Food price index	175.9	↓ -3.4	↓ -2.9
Energy index	197.3	↑ 2.0	↑ 6.7
Non fuel price index	164.4	↓ -2.4	↓ -3.0
Metal price index	161.8	↓ -1.6	↓ -4.6
Crude oil price (\$/bbl)	109.7	↑ 2.1	↑ 7.2
Cotton spot (US cents/ pound)	82.7	↓ -5.3	↓ -4.5
Palm oil (\$/m. ton)	758.5	↓ -5.2	↓ -0.6
Soya bean Oil (\$/m. ton)	871.6	↓ -2.5	↓ -17.7
Wheat (\$/m. ton)	306.5	↓ -8.4	↓ -2.2
Gold spot (\$/Oz)	1282.6	↓ -0.4	↓ -4.5
Sugar (US cents/pound)	25.9	↑ 3.1	↑ 32.3

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

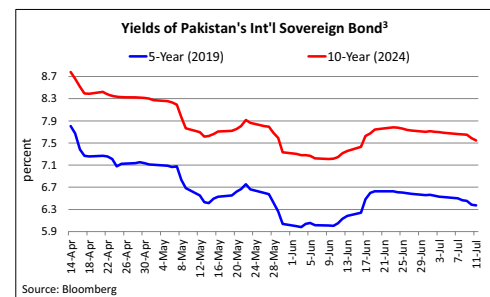
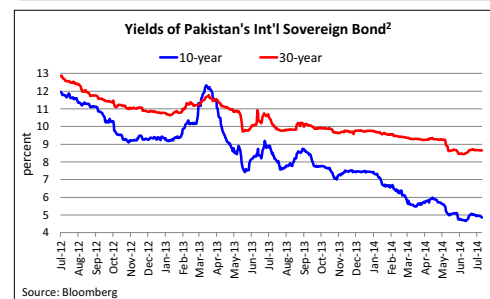
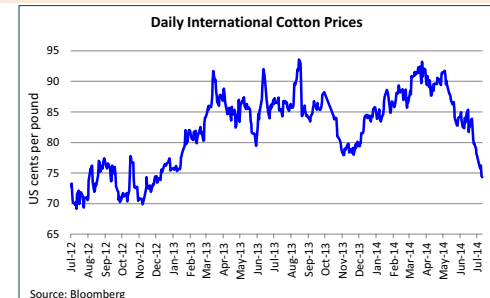


Most of the major stock price indices have shown increasing trends during July 2014 as compared to previous month.

### Capital Market Indices

	Jul-14	Percent change since	
		Jun-14	End June - 13
US (DJIA)	16972.0	↑ 0.8	↑ 13.0
DJ EURO STOXX	3221.9	↓ -1.5	↑ 21.5
UK (FTSE 100)	6777.0	↓ -0.4	↑ 7.7
Japan (Nikkei 225)	15317.6	↑ 1.2	↑ 17.0
China (SSEA)	2149.9	↑ 0.5	↓ -3.1
France (CAC 40)	4399.0	↓ -2.7	↑ 16.1
Germany (DAX)	9851.6	↓ -0.8	↑ 22.0
India (BSE)	25629.7	↑ 1.6	↑ 34.3
World dev'd (MSCI)	1750.3	↑ 1.0	↑ 20.8
Emerging Markets (MSCI)	1060.8	↑ 1.5	↑ 12.2
World all (MSCI)	430.7	↑ 2.4	↑ 19.8

<sup>1</sup> Updated till July 11, 2014



<sup>2</sup> 30 Yr Bond = \$300 M (Coupon rate = 7.875%): Issued - Mar 24, 2006; Maturity - Mar 23, 2036

<sup>3</sup> 10 Yr Bond = \$500 M (Coupon rate = 7.125%): Issued - Mar 24, 2006; Maturity - Mar 23, 2016

<sup>4</sup> 10 Yr Bond = \$1000 M (Coupon rate = 8.25%): Issued - April 8, 2014; Maturity - April 15, 2024

<sup>5</sup> 5 Yr Bond = \$1000 M (Coupon rate = 7.25%): Issued - April 8, 2014; Maturity - April 15, 2019

Sources: Bloomberg, IMF, OECD, The Economist and Central Bank Websites

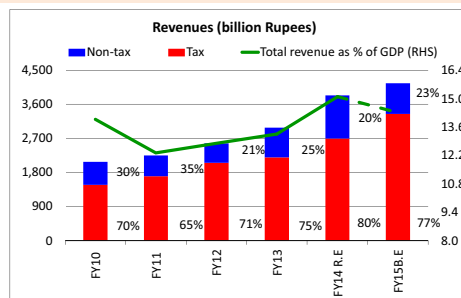


## Revenues, Expenditures and Fiscal Balances

Fiscal deficit was recorded at 3.2 percent of GDP during Jul-Mar, FY14, compared to 4.7 percent in the same period last year.

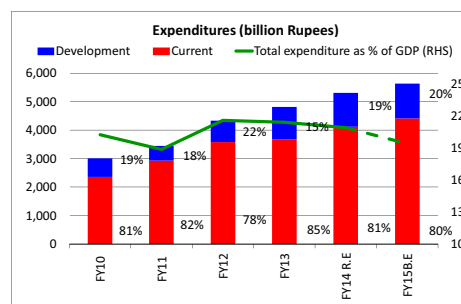
### Revenues (billion Rs)

	FY15	Jul-Mar		FY14
	BE <sup>1</sup>	FY14	FY13	RE <sup>2</sup>
<b>Total revenues</b>	<b>4,216</b>	<b>2,477</b>	<b>2,125</b>	<b>3,843</b>
Tax revenue	3,344	1,786	1,528	2,695
<i>Growth (YoY) %</i>	24.1	16.9	11.4	22.5
<i>of which: FBR revenues</i>	2,810	1,575	1,335	2,275
<b>Non-tax revenues</b>	<b>816</b>	<b>691</b>	<b>597</b>	<b>1,141</b>
<i>Growth (YoY) %</i>	-28.5	15.8	62.3	45.7



### Expenditures (billion Rs)

	FY15	Jul-Mar		FY14
	BE <sup>1</sup>	FY14	FY13	RE <sup>2</sup>
<b>Total expenditures</b>	<b>5,638</b>	<b>3,289</b>	<b>3,171</b>	<b>5,314</b>
Current	4,417	2,733	2,725	4,114
<i>Growth (YoY) %</i>	7.4	0.3	23.5	11.9
<i>of which: Interest payments</i>	1,325	909	772	1,187
Defence	700	452	406	630
Development Expenditure	1,221	556	446	1,200
<i>Growth (YoY) %</i>	1.8	24.7	4.2	5.3



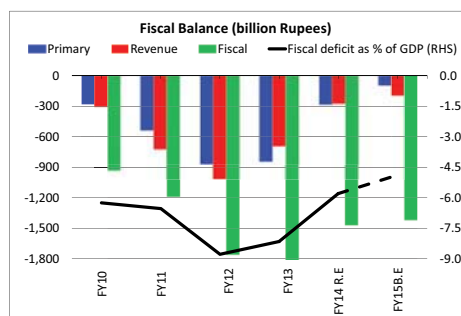
### Overall Balance (billion Rs)

	FY15	Jul-Mar		FY14
	BE <sup>1</sup>	FY14	FY13	RE <sup>2</sup>
Fiscal balance <sup>3</sup>	-1,422	-812	-1,046	-1,471
Revenue balance <sup>4</sup>	-201	-256	-600	-271
Primary balance <sup>5</sup>	-97	97	-274	-284
<i>As percent of GDP<sup>6</sup></i>				
Fiscal balance	-4.9	-3.2	-4.7	-5.8
Revenue balance	-0.7	-1.0	-2.7	-1.1
Primary balance	-0.3	0.4	-1.2	-1.1

During Jul-Mar, FY14, fiscal deficit was entirely financed through borrowings from domestic sources.

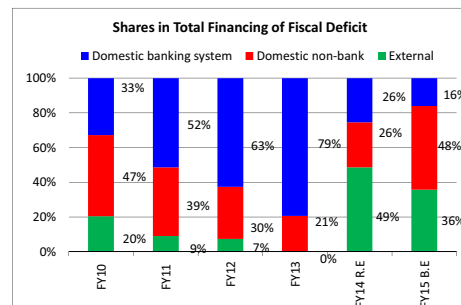
### Financing of Fiscal Deficit (billion Rs)

	FY15	Jul-Mar		FY14
	BE <sup>1</sup>	FY14	FY13	RE <sup>2</sup>
<b>Financing</b>	<b>1,422</b>	<b>812</b>	<b>1,046</b>	<b>1,471</b>
1. External: <i>of which</i>	508	-50	-4	714
Privatization proceeds	198	-	-	-
2. Domestic: <i>of which</i>	914	862	1,050	757
Non-bank	686	425	194	381
Banking system: <i>of which</i>	228	437	857	376
Schedule banks	228	378	882	-
SBP	0	59	-26	-



### 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
Q2	221	250	57	34	563
Q3	217	235	59	32	543
Q4 <sup>9</sup>	292	288	72	48	700
<b>FY14<sup>P</sup></b>	<b>891</b>	<b>1,005</b>	<b>241</b>	<b>138</b>	<b>2,275</b>



<sup>1</sup> Budget Estimates; Estimated from Budget in Brief 2014-15, MoF; <sup>2</sup> Revised Estimates FY14 are taken from Budget documents 2014-15, MoF. Source:

[http://www.finance.gov.pk/budget/Budget\\_in\\_Brief\\_2014\\_15.pdf](http://www.finance.gov.pk/budget/Budget_in_Brief_2014_15.pdf); <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> Derived by subtracting first three quarters from revised budget estimates, FY14; P 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. 1058 billion during Jul-May FY14.**

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

	May-14 <sup>P</sup>	Jun-13 <sup>R</sup>	Change since Jun-13
<b>1. Bank</b>	<b>6,449</b>	<b>5,924</b>	<b>525</b>
Commercial banks	3,775	3,646	129
SBP	2,675	2,278	396
<b>2. Non-bank</b>	<b>4,126</b>	<b>3,593</b>	<b>533</b>
National saving schemes (NSS)	2,716	2,536	180
Others	1,409	1,056	353
<b>3. Foreign currency instruments<sup>1</sup></b>	<b>4</b>	<b>5</b>	<b>0</b>
<b>Total(1+2+3)</b>	<b>10,579</b>	<b>9,521</b>	<b>1,058</b>

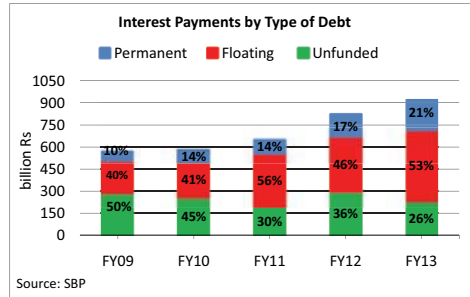
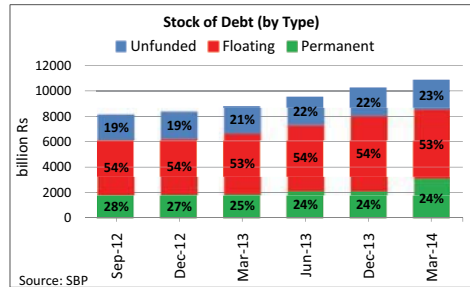
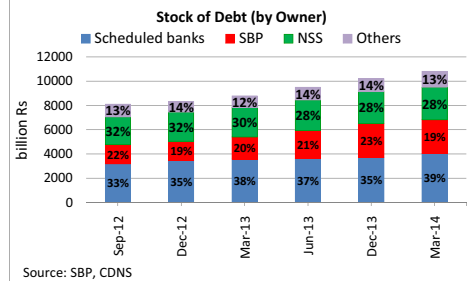
### Debt by Type - end period stocks (billion Rs)

	May-14 <sup>P</sup>	Jun-13 <sup>R</sup>	Change since Jun-13
<b>1. Permanent debt</b>	<b>3,729</b>	<b>2,174</b>	<b>1,555</b>
PIBs	3,010	1,322	1,688
Prize bonds	439	390	49
Others <sup>2</sup>	281	463	-182
<b>2. Floating debt</b>	<b>4,568</b>	<b>5,195</b>	<b>-627</b>
MTBs	1,896	2,920	-1,024
MRTBs-replenishment	2,672	2,275	397
<b>3. Unfunded debt<sup>3</sup>: of which</b>	<b>2,278</b>	<b>2,147</b>	<b>131</b>
Saving schemes	2,131	2,006	125
<b>4. Foreign currency instruments</b>	<b>4</b>	<b>5</b>	<b>0</b>
<b>Total(1+2+3+4)</b>	<b>10,579</b>	<b>9,521</b>	<b>1,058</b>
<b>Government domestic liabilities<sup>4</sup></b>	<b>253</b>	<b>244</b>	<b>10</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 14.5 percent during Jul-May FY14.**

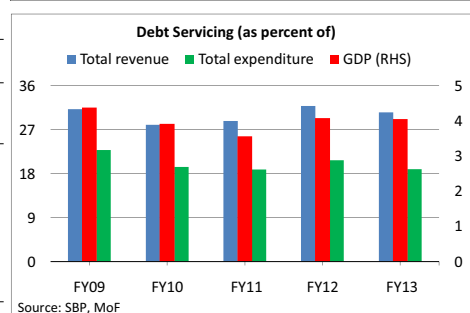
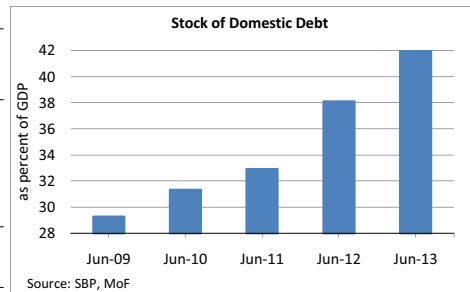
### Debt Servicing (billion Rs)

	Jul-May		FY13 <sup>R</sup>	Percent change during FY14 over FY13
	FY14 <sup>P</sup>	FY13		
Permanent <sup>5</sup>	217	181	193	19.8
Floating	538	462	481	16.4
Unfunded	231	218	236	6.3
<b>Total</b>	<b>986</b>	<b>861</b>	<b>910</b>	<b>14.5</b>

### Indicators of Domestic Debt Sustainability

	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
<b>Debt stock as percent of GDP</b>	29.2	31.3	32.9	38.1	42.3
<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	4.0
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	24.8

<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\$ 0.6 billion during July-March FY14.**

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

Items	Mar-14 <sup>P</sup>	Jun-13 <sup>R</sup>	Change during Jul-Mar-FY14
<b>1. Public debt (a+b+c)</b>	<b>51,539</b>	<b>50,989</b>	<b>550</b>
<b>a) Government debt</b>	<b>44,527</b>	<b>43,496</b>	<b>1,031</b>
<b>i) Long term (&gt;1 year)</b>	<b>44,001</b>	<b>43,488</b>	<b>513</b>
Paris club	13,485	13,548	-63
Multilateral	24,200	24,198	2
Other bilateral	3,385	2,939	446
Euro/Sukuk global bonds	1,550	1,550	0
Military debt	71	71	0
Commercial loans/credits	150	0	150
Local currency Securities (PIBs)	0	2	-2
Saudi fund for development (SFD)	160	180	-20
SAFE China deposits	1,000	1,000	0
NBP/BOC deposits	0	0	0
<b>ii) Short term (&lt;1 year)</b>	<b>526</b>	<b>8</b>	<b>518</b>
Of which: IDB	275	0	275
<b>b) From IMF</b>	<b>3,631</b>	<b>4,387</b>	<b>-756</b>
i) Federal government	1,010	1,698	-688
ii) Central bank	2,621	2,689	-68
<b>c) Foreign exchange liabilities (FEL)<sup>2</sup></b>	<b>3,381</b>	<b>3,106</b>	<b>275</b>
<b>2. Public sector enterprises (PSEs)</b>	<b>1,943</b>	<b>2,104</b>	<b>-161</b>
a) Guaranteed debt	400	854	-454
b) Non-guaranteed debt	1,543	1,250	293
<b>3. Scheduled banks</b>	<b>2,246</b>	<b>1,554</b>	<b>692</b>
<b>a) borrowing</b>	<b>1,318</b>	<b>710</b>	<b>607</b>
i) Long term (>1 year)	50	76	-27
ii) Short term (<1 year)	1,268	634	634
<b>b) Nonresident deposit (LCY &amp; FCY)</b>	<b>928</b>	<b>843</b>	<b>85</b>
<b>4. Private sector</b>	<b>2,976</b>	<b>3,143</b>	<b>-167</b>
a) guaranteed debt	0	0	0
b) non-guaranteed debt	2,976	3,143	-167
i) Loans	1,943	1,990	-47
ii) Private non-guaranteed bonds	12	124	-112
iii) Trade credit and others liabilities	1,021	1,029	-8
<b>5. Debt liabilities to direct investors-intercompany debt</b>	<b>3,101</b>	<b>3,110</b>	<b>-8</b>
<b>Total external debt (excl. FEL)</b>	<b>58,424</b>	<b>57,793</b>	<b>630</b>
<b>Total external debt &amp; liabilities (1+2+3+4+5)</b>	<b>61,805</b>	<b>60,899</b>	<b>906</b>

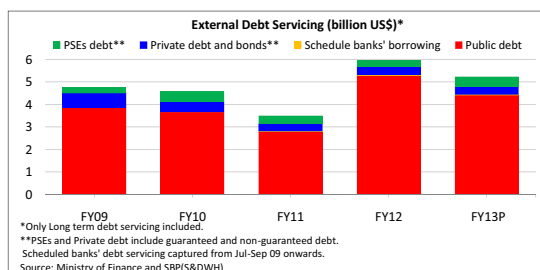
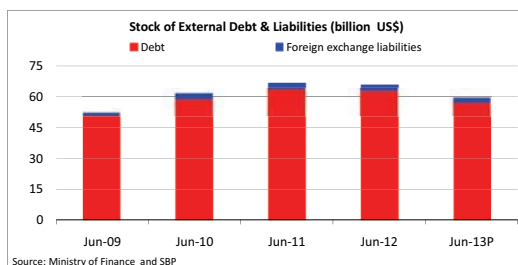
### Debt Servicing (million US\$)

Items	Jul-Mar-FY14 <sup>P</sup>	FY13 <sup>R</sup>
<b>1. Public debt (a+b+c)</b>	<b>4,411</b>	<b>5,305</b>
<b>a) Government debt<sup>3</sup></b>	<b>1,843</b>	<b>2,194</b>
Principal	1,346	1,505
Interest	497	689
<b>b) To IMF</b>	<b>2,561</b>	<b>2,999</b>
Principal	2,519	2,899
Interest	42	100
<b>c) Foreign exchange liabilities</b>	<b>8</b>	<b>112</b>
Principal	0	100
Interest	8	12
<b>2. PSEs guaranteed debt</b>	<b>298</b>	<b>39</b>
Principal	271	24
Interest	27	15
<b>3. PSEs non-guaranteed debt<sup>3</sup></b>	<b>134</b>	<b>238</b>
Principal	119	214
Interest	15	24
<b>4. Scheduled banks' borrowing<sup>3</sup></b>	<b>36</b>	<b>16</b>
Principal	35	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>231</b>	<b>354</b>
Principal	189	287
Interest	42	67
<b>7. Private non-guaranteed bonds</b>	<b>117</b>	<b>10</b>
Principal	112	0
Interest	5	10
<b>Total Long term external debt servicing (1+2+3+4+5+6+7)</b>	<b>5,228</b>	<b>5,962</b>
Principal	4,591	5,046
Interest	637	916
<b>Memorandum Items</b>		
Short term debt servicing-principal <sup>4</sup> (excluding item No.3 below)	156	507
1. Government debt	0	390
2. PSEs non-guaranteed debt	134	116
3. Scheduled banks' borrowing	18,372	26,293
Net flows <sup>5</sup>	595	(134)
4. Private non-guaranteed debt	21	1

**Stock of external debt as percent of GDP has declined to 26.8 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>5</sup>
<b>GDP</b>	27.2	31.2	32.4	31.1	29.1	26.8	1.9	2.8	3.3	2.8	2.6	2.2
<b>Reserves</b>	399.1	407.8	339.3	347.2	426.8	550.7	27.5	37.0	34.2	31.2	38.9	47.3
<b>Exports</b>	226.0	273.7	291.6	261.0	265.1	245.6	15.6	24.8	29.4	23.4	24.1	21.1



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 Rs. 1,274 billion during Jul-Mar FY14.**

### Total Debt Stock (billion Rs)

	Mar-14 <sup>P</sup>	Jun-13 <sup>R</sup>	Change during Jul-Mar FY14	Share in Mar-FY14 (percent)
I. Government domestic debt	10,820	9,521	1,299	61.4
II. Government external debt <sup>1</sup>	4,373	4,311	62	24.8
III. Debt from IMF	357	435	-78	2.0
IV. External liabilities	332	308	24	1.9
V. Private sector external debt	513	466	47	2.9
VI. PSEs external debt	191	209	-18	1.1
VII. PSEs domestic debt	386	312	74	2.2
VIII. Commodity operations <sup>2</sup>	336	470	-134	1.9
IX. Intercompany debt	305	308	-4	1.7
<b>Total debt &amp; liabilities (I to IX)</b>	<b>17,613</b>	<b>16,339</b>	<b>1,274</b>	<b>100.0</b>
<b>Total public debt (I to IV)</b>	<b>15,882</b>	<b>14,575</b>	<b>1,307</b>	<b>90.2</b>
<b>Total external debt &amp; liabilities (II to VI &amp; IX)</b>	<b>6,070</b>	<b>6,036</b>	<b>34</b>	<b>34.5</b>
<b>Commodity operations &amp; PSEs debt (VI to VIII)</b>	<b>913</b>	<b>990</b>	<b>-77</b>	<b>5.2</b>

### Total Debt Servicing (billion Rs)

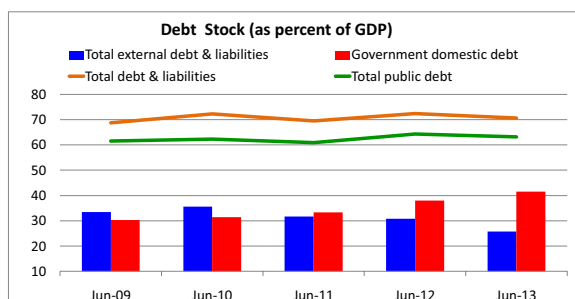
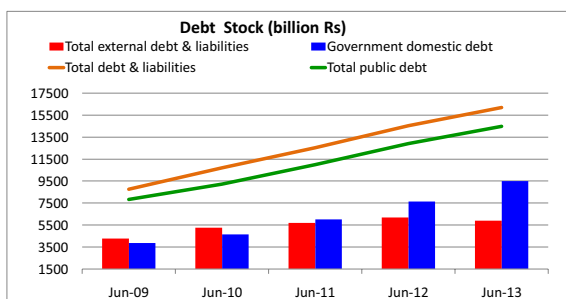
	Jul-Mar-FY14 <sup>P</sup>	FY13 <sup>R</sup>	Share in Jul-Mar FY14 (percent)	Share in FY13 (percent)
<b>Total Debt Servicing(A+B)</b>	<b>1412</b>	<b>1542</b>	<b>100.0</b>	<b>100.0</b>
<b>A. Total interest payment on debt and liabilities (I+II)</b>	<b>930</b>	<b>1054</b>	<b>65.9</b>	<b>68.3</b>
<b>I. Interest payment on debt (a+b)</b>	<b>895</b>	<b>999</b>	<b>63.4</b>	<b>64.8</b>
a. Domestic debt	829	910	58.7	59.0
b. External debt	66	89	4.7	5.8
<b>II. Interest payment on liabilities (a+b)</b>	<b>35</b>	<b>54</b>	<b>2.5</b>	<b>3.5</b>
a. External liabilities <sup>1</sup>	1	1	0.1	0.1
b. Domestic liabilities	34	53	2.4	3.4
<b>B. Principal repayment of external debt and liabilities<sup>3</sup></b>	<b>482</b>	<b>489</b>	<b>34.1</b>	<b>31.7</b>

### Debt stock (as percent of GDP)

	Mar-14 <sup>P4</sup>	Jun-13 <sup>R</sup>	Jun-12
<b>Total debt and liabilities</b>	<b>69.3</b>	<b>72.7</b>	<b>72.6</b>
Total public debt	62.5	64.8	64.5
Total external debt and liabilities	23.9	26.8	30.9
Government domestic debt	42.6	42.3	38.1
PSEs debt and liabilities	3.6	4.4	4.3

### Debt Servicing (as percent of)

	FY13 <sup>P</sup>	FY12 <sup>R</sup>	FY11	FY10
GDP	6.9	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> PBS Provisional estimate of GDP (current market price) for FY14.

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

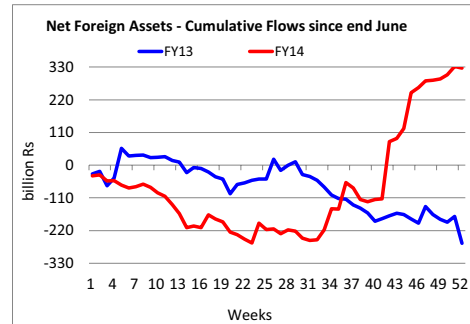
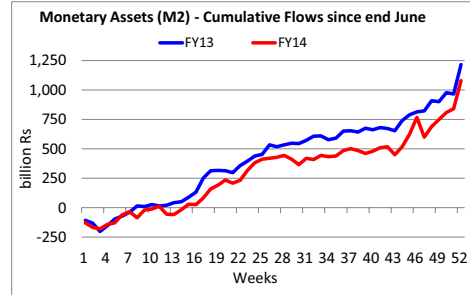


## Monetary and Credit Aggregates

*Private sector credit and Government Borrowing from the banking system mainly contributed in monetary expansion during FY14.*

### Monetary Assets of the Banking System (billion Rs)

	End June	Cumulative flows During	
	2014 stocks <sup>P</sup>	FY14	FY13
<b>NFA</b>	<b>600.8</b>	<b>332.0</b>	<b>-263.3</b>
<b>NDA</b>	<b>9,367.2</b>	<b>778.2</b>	<b>1,479.3</b>
<b>Net government borrowings: of which</b>	<b>6,064.3</b>	<b>327.1</b>	<b>1,479.2</b>
Net budgetary borrowing	5,549.4	303.0	1,446.5
Commodity operations	492.4	24.7	31.6
<b>Non-government borrowings: of which</b>	<b>4,102.0</b>	<b>438.0</b>	<b>11.7</b>
Private sector	3,741.3	384.0	-19.0
PSEs	342.1	54.0	30.9
<b>Other items (net)</b>	<b>-799.1</b>	<b>13.1</b>	<b>-11.6</b>
<b>M2</b>	<b>9,968.0</b>	<b>1,110.2</b>	<b>1,216.0</b>

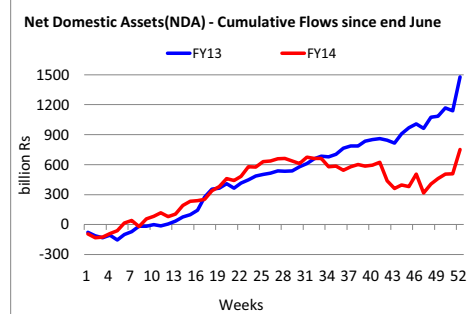


### Monetary Liabilities of the Banking System

<b>Currency in circulation</b>	<b>2,177.9</b>	<b>239.7</b>	<b>264.5</b>
<b>Total deposits with banks</b>	<b>7,777.0</b>	<b>868.0</b>	<b>949.9</b>
Demand deposits with banks	6,505.8	917.7	875.7
Time deposits with banks	671.8	-134.1	-0.7
RFCDs with banks	599.4	84.4	74.9
<b>M2</b>	<b>9,968.0</b>	<b>1,110.2</b>	<b>1,216.0</b>

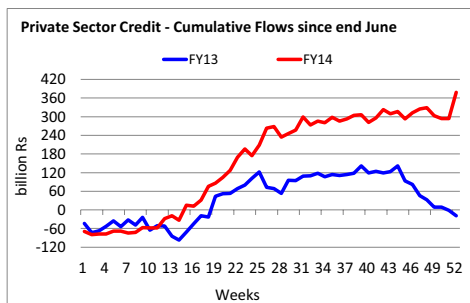
### Monetary Assets of the Banking System

	Year on Year	
	FY14	FY13
<b>NFA</b>	<b>123.5</b>	<b>-49.5</b>
<b>NDA</b>	<b>9.1</b>	<b>20.8</b>
<b>Government borrowings</b>	<b>5.7</b>	<b>34.7</b>
Budgetary borrowing	5.8	38.1
Commodity operations	5.3	7.2
<b>Non-government sector borrowings</b>	<b>12.0</b>	<b>0.3</b>
Private sector	11.4	-0.6
PSEs	18.8	12.0
<b>Other items (Net)</b>	<b>-1.6</b>	<b>1.4</b>
<b>M2</b>	<b>12.5</b>	<b>15.9</b>



### Memorandum Items

	FY14	FY13
Money multiplier	3.48	3.49
Currency to deposit ratio (percent)	28.0	28.1
M2 to GDP ratio (percent)	39.2	39.4
Private sector credit to GDP ratio (percent)	14.7	14.9



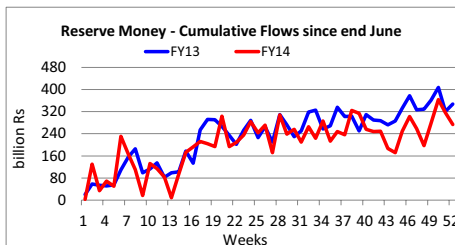
<sup>P</sup> Revised (All weekly numbers are provisional); Source: Statistics & Data Warehouse Department (S&DWD), SBP



## Net Foreign Assets of SBP remained the key driver of reserve money growth during FY14.

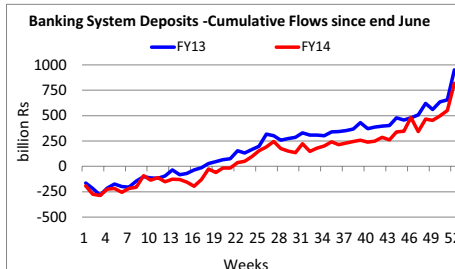
### Monetary Assets of SBP (billion Rs)

	End June	Cumulative flows During	
	2014 stocks <sup>p</sup>	FY14	FY13
<b>NFA</b>	<b>489.5</b>	<b>356.5</b>	<b>-261.1</b>
<b>NDA: of which</b>	<b>2,371.8</b>	<b>-30.5</b>	<b>607.5</b>
Budgetary borrowing	2,409.8	196.9	506.9
Other items (net)	-555.0	-278.6	-59.7
Net impact of OMOs/discounting	-17.2	-216.0	98.1
<b>Reserve money</b>	<b>2,861.3</b>	<b>326.0</b>	<b>346.4</b>

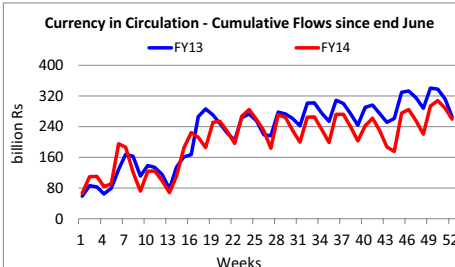


### Monetary Liabilities of SBP

	End June	Cumulative flows During	
	2014 stocks <sup>p</sup>	FY14	FY13
Currency in circulation	2,177.9	239.7	264.5
Cash in tills	139.5	28.6	0.8
Bank deposits with SBP (reserves)	530.7	55.1	79.5
Other deposits with SBP	13.1	2.6	1.6



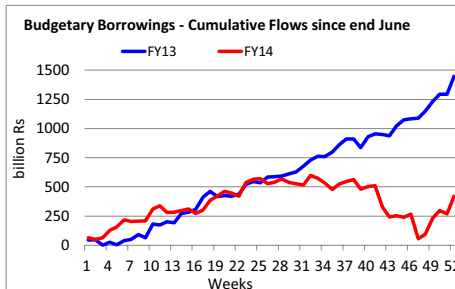
	Percent growth	
<b>NFA of the SBP</b>	<b>268.2</b>	<b>-66.3</b>
<b>NDA of the SBP: of which</b>	<b>-1.3</b>	<b>33.8</b>
Budgetary borrowing	8.9	29.7
<b>Reserve money</b>	<b>12.9</b>	<b>15.8</b>



## In FY14, government borrowing need were largely met from Scheduled Banks.

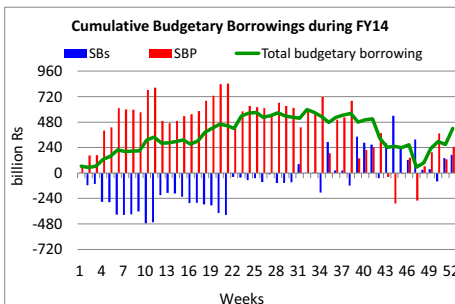
### Details on Government Borrowing for Budgetary Support

	End June	Cumulative flows During	
	2014 stocks <sup>p</sup>	FY14	FY13
<b>Budgetary borrowing</b>	<b>5,549.4</b>	<b>303.0</b>	<b>1,446.5</b>
<b>Federal government</b>	<b>6,059.5</b>	<b>497.5</b>	<b>1,497.5</b>
From SBP	2,567.7	326.6	536.9
SBP's holdings of MRTBs	2,852.3	577.1	515.5
From scheduled banks (SBs)	3,491.8	171.0	960.6
<b>Provincial governments</b>	<b>-510.1</b>	<b>-194.5</b>	<b>-51.0</b>
From SBP	-157.9	-129.7	-30.0
From scheduled banks <sup>1</sup>	-352.3	-64.9	-21.0



### Memorandum Items

<b>Budgetary borrowing on cash basis</b>	<b>5,448.4</b>	<b>323.7</b>	<b>1,457.5</b>
SBP	2,327.7	159.8	505.9
Scheduled banks	3,120.7	163.9	951.6



<sup>1</sup> The end-June 2014 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 performed better in July-May, FY14 compared to same period of FY13; both working capital and fixed investments have shown significant improvement.*

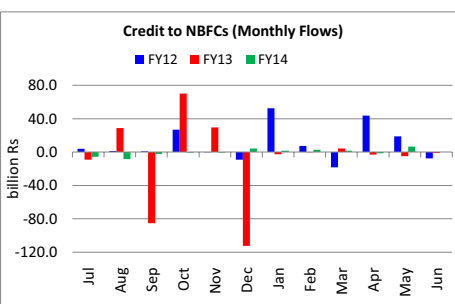
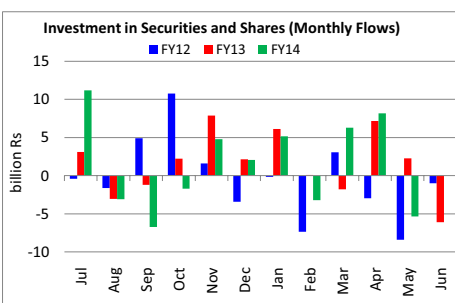
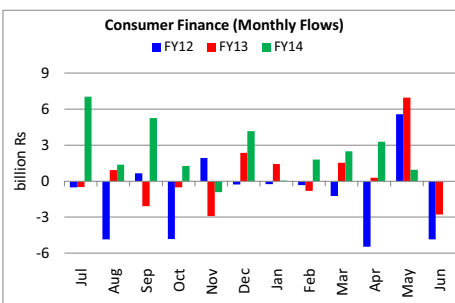
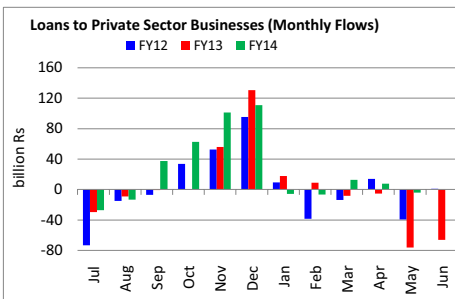
### Credit to Private Sector

	End June 2013 stocks	Cumulative flows (billion Rs)		
		Jul- May FY14	Jul-May FY13	FY13
<b>Total credit to private sector <sup>1</sup></b>	<b>3,357.4</b>	<b>328.9</b>	<b>32.7</b>	<b>-19.0</b>
<b>1. Loans to private sector businesses</b>	<b>2,467.2</b>	<b>275.4</b>	<b>83.4</b>	<b>17.1</b>
<b>By type</b>				
Working capital: <i>of which</i>	1,613.2	192.2	95.9	31.0
Export finance	261.3	26.8	21.2	14.3
Import finance	132.6	20.0	1.7	5.9
Fixed investment	854.1	83.2	-12.5	-13.9
<b>By Sectors: <i>of which</i></b>				
<b>Agriculture</b>	<b>222.0</b>	<b>↑ 31.8</b>	<b>↑ 18.5</b>	<b>↑ 23.5</b>
<b>Manufacturing: <i>of which</i></b>	<b>1,448.9</b>	<b>↑ 168.6</b>	<b>↑ 80.0</b>	<b>↑ 58.9</b>
Textiles	514.9	↑ 40.5	↑ 43.7	↑ 23.9
Food products & beverages	316.9	↑ 96.4	↑ 30.9	↑ 26.5
Chemicals & products	171.7	↑ 3.7	↓ -5.8	↓ -0.7
Non-metallic mineral products	66.9	↓ -12.9	↓ -12.6	↓ -9.6
Wearing apparel, readymade gar.	54.5	↓ -1.0	↑ 2.7	↑ 6.3
<b>Electricity, gas and water</b>	<b>228.9</b>	<b>↑ 50.3</b>	<b>↑ 6.3</b>	<b>↓ -49.2</b>
<b>Construction</b>	<b>53.4</b>	<b>↓ -3.8</b>	<b>↓ -1.2</b>	<b>↓ -0.1</b>
<b>Commerce and trade</b>	<b>206.9</b>	<b>↑ 10.0</b>	<b>↓ -5.1</b>	<b>↓ -3.1</b>
<b>Transport, storage and comm.</b>	<b>89.8</b>	<b>↑ 25.6</b>	<b>↓ -17.2</b>	<b>↓ -21.5</b>
<b>Services: <i>of which</i></b>	<b>139.1</b>	<b>↓ -2.2</b>	<b>↓ -9.8</b>	<b>↓ -10.8</b>
Real estate/renting & business act.	99.8	↓ -7.2	↓ -5.0	↓ -8.1
<b>2. Personal: <i>of which</i></b>	<b>305.8</b>	<b>↑ 28.0</b>	<b>↑ 20.5</b>	<b>↑ 20.7</b>
Consumer financing	211.3	↑ 26.7	↑ 15.4	↑ 12.6
<b>3. Investment in securities and shares</b>	<b>172.2</b>	<b>↑ 17.7</b>	<b>↑ 25.0</b>	<b>↑ 18.9</b>
<b>4. Others<sup>2</sup>: <i>of which</i></b>	<b>412.2</b>	<b>↑ 7.9</b>	<b>↓ -96.3</b>	<b>↓ -75.8</b>
Non-bank finance companies	156.8	↓ -2.3	↓ -84.4	↓ -85.6

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

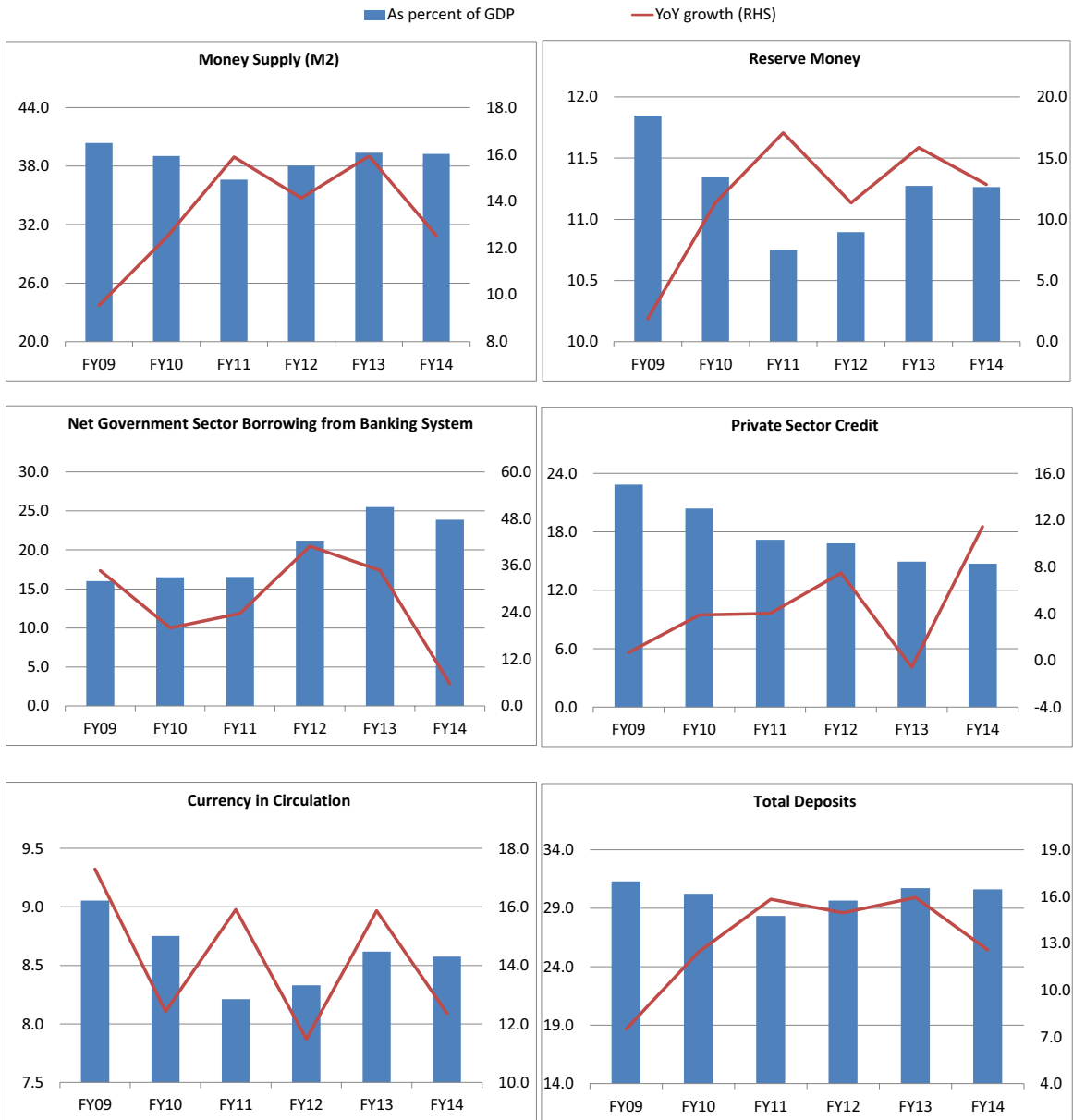
<sup>2</sup> This also includes credit to some Public Sector Enterprises, and other categories.

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





## Key Indicators of Monetary Sector

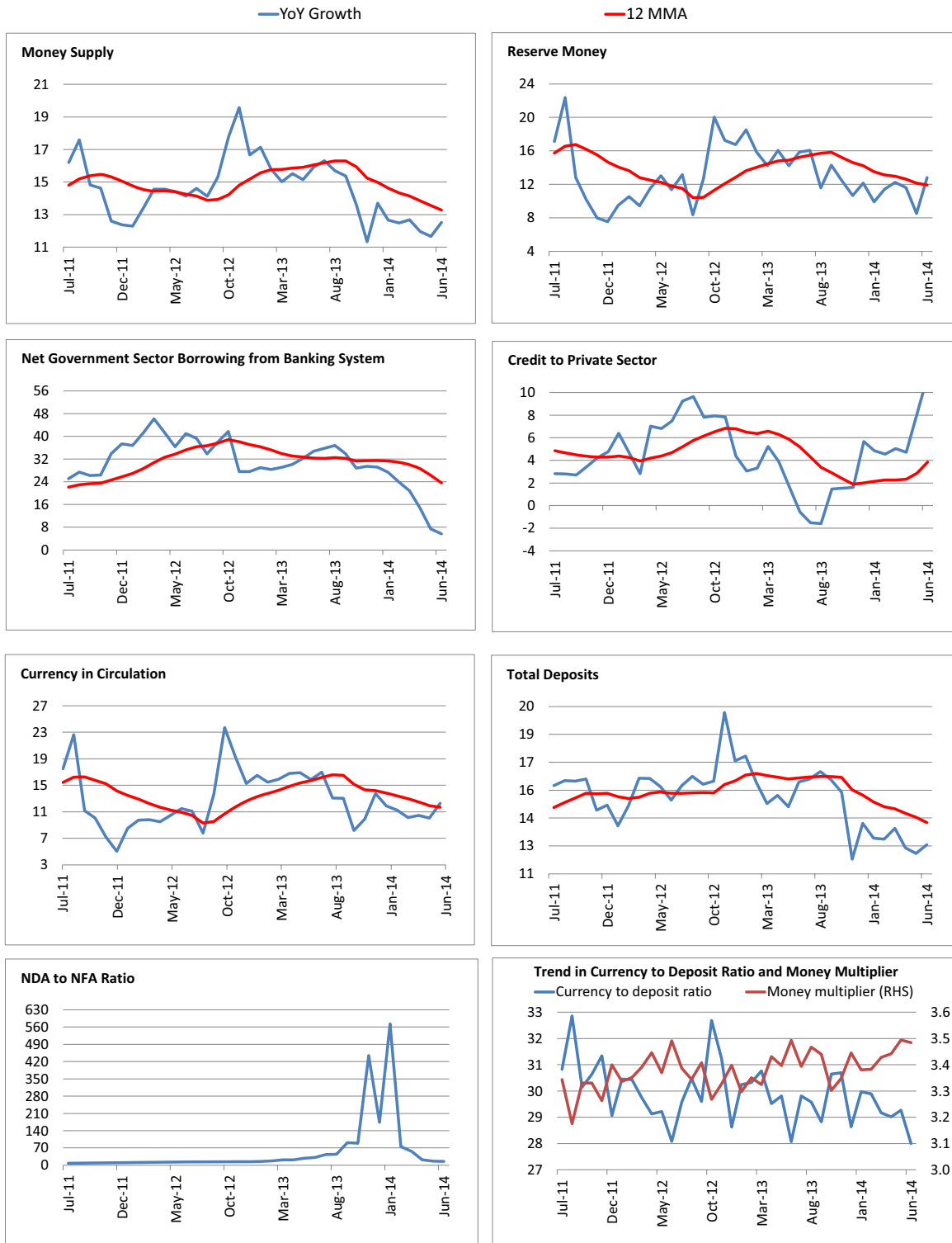


YoY growth of end June Stocks

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

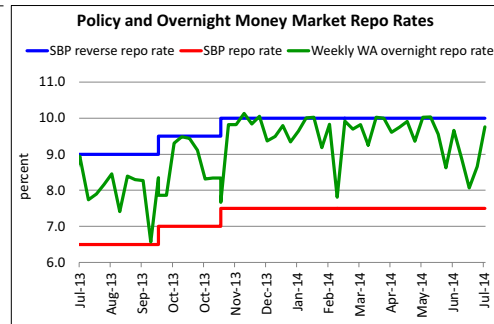
*SBP kept its reverse repo (policy) rate unchanged at 10.0 percent in May 2014 monetary policy decision.*

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
Bi-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 Q1-FY15, so far.*

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

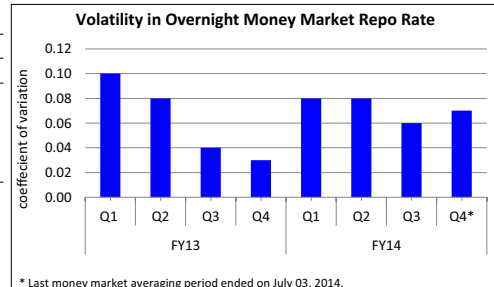
	FY14				FY15
	Q2	Q3	Q4	Year	Q1 *
WA O/N repo rate <sup>2</sup>	9.25	9.62	9.43	9.15	9.76
Standard deviation	0.77	0.61	0.64	0.87	-
CoV <sup>3</sup>	0.08	0.06	0.07	0.10	-

\* up to July 11, 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.



\* Last money market averaging period ended on July 03, 2014.

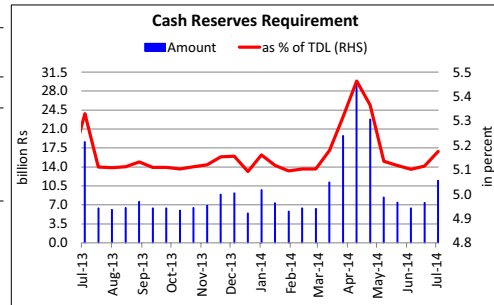
*Banks' holding of government securities now stands at 83 percent of their total liquid assets maintained.*

Bi-weekly Cash Reserves Requirement (CRR)<sup>4</sup> (billion Rs)

	Maintenance period ended as on		Change since Last MPS	
	3-Jul-14	5-Jun-14	5-Jun-14	8-May-14 <sup>5</sup>
Cash required	329.0	317.9	↑ 11.1	↑ 14.4
Cash maintained	340.5	324.4	↑ 16.1	↑ 17.5
Excess cash reserves (per day)	11.5	6.4	↑ 5.1	↑ 3.1

<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.

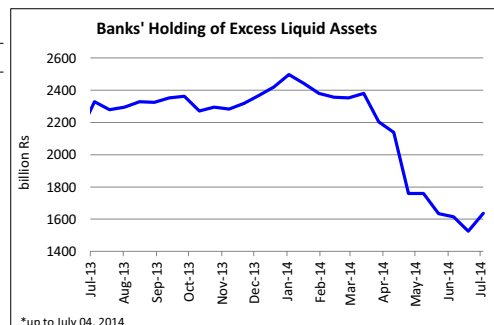
<sup>5</sup> As on Thursday preceding the last monetary policy decision.



Overall Reserve Requirement (billion Rs)

	Maintenance period started as on		Change since	
	4-Jul-14	6-Jun-14	6-Jun-14	4-Oct-08
<b>Required reserves</b>	<b>1635.8</b>	<b>1554.7</b>	<b>↑ 81.1</b>	<b>↑ 673.3</b>
for CRR	340.8	323.8	↑ 16.9	↑ 64.7
for SLR	1295.0	1230.8	↑ 64.2	↑ 608.6
<b>Maintained<sup>6</sup></b>	<b>3284.2</b>	<b>3170.0</b>	<b>↑ 114.3</b>	<b>↑ 2265.4</b>
Cash	509.1	445.5	↑ 63.6	↑ 120.3
Cash in tills	154.1	132.8	↑ 21.3	↑ 66.0
Balance with SBP	333.8	295.7	↑ 38.1	↑ 45.2
Balance with NBP	21.2	17.1	↑ 4.1	↑ 9.1
Securities	2733.7	2683.0	↑ 50.6	↑ 2120.5
Others <sup>7</sup>	41.5	41.4	↑ 0.1	↑ 24.7
<b>Excess liquid assets<sup>8</sup></b>	<b>1648.4</b>	<b>1615.3</b>	<b>↑ 33.1</b>	<b>↑ 1592.1</b>

Source: Off-site Supervision and Enforcement Department, SBP



\* up to July 04, 2014

<sup>6</sup> Data corresponds to the balances as on that date

<sup>7</sup> Includes Section 13(3) deposits and share capital of MFBs.

<sup>8</sup> Includes excess securities + cash and other assets maintained.

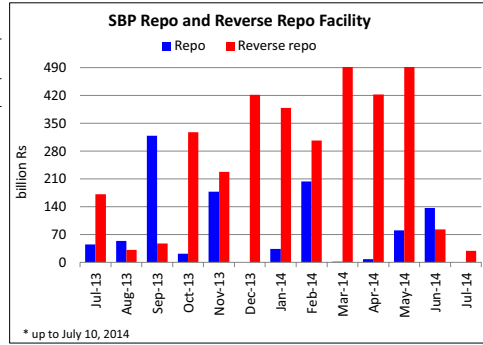


**Banks' use of SBP's reverse repo facility has increased in FY14.**

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</b>	<b>4,084.5</b>	<b>71</b>	<b>1,084.3</b>	<b>39</b>
Q1	250.6	11	419.0	13
Q2	977.6	16	199.8	6
Q3	1,559.1	26	239.9	6
Q4	1,297.2	18	225.6	14
<b>FY15<sup>1</sup> Q1</b>	<b>28.9</b>	<b>3</b>	-	-

<sup>1</sup> Updated up to July 11, 2014



**The level of average outstanding OMOs remained negative in Q1-FY15, so far.**

Outstanding Open Market Operations<sup>2</sup> (billion rupees)

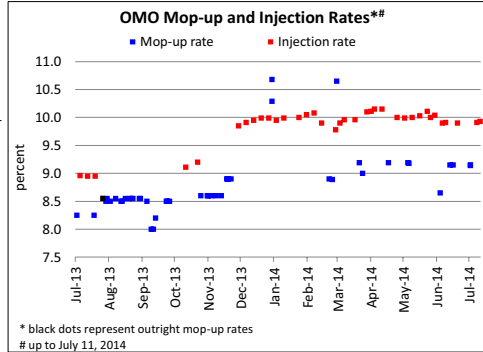
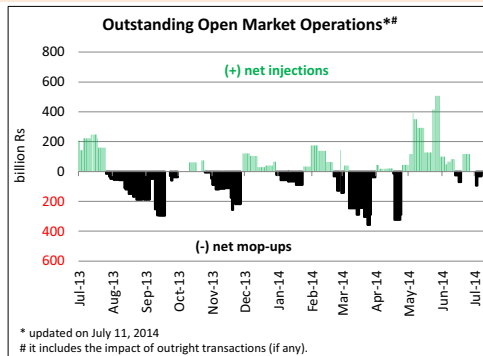
	Average Outstanding OMOs	End-period Outstanding OMOs
<b>FY13</b>	<b>460.9</b>	<b>207.6</b>
Q1	384.7	611.5
Q2	568.0	615.7
Q3	539.1	472.1
Q4	352.5	207.6
<b>FY14</b>	<b>(4.7)</b>	<b>0.0</b>
Q1	(34.7)	(40.0)
Q2	(13.8)	(24.5)
Q3	(58.9)	(39.1)
Q4	88.9	0.0
<b>FY14<sup>3</sup> Q1</b>	<b>(18.3)</b>	<b>106.3</b>

<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 July 11, 2014

Source: Domestic Markets & Monetary Management Department, SBP



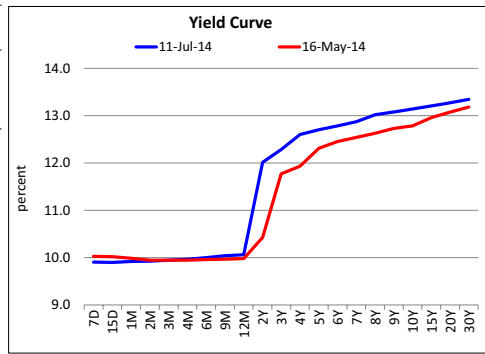




**Secondary market yields beyond 1 month tenors have increased since the last monetary policy decision in May 2014.**

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

Tenors	Current		Change (in basis points) since		Last MPS
	11-Jul-14	11-Jun-14	11-Jun-14		
	11-Jul-14	11-Jun-14	11-Jun-14	16-May-14	
1-week	9.91	9.86	↑	5	↓ -12
2-week	9.90	9.91	↓	-1	↓ -12
1-month	9.92	9.90	↑	2	↓ -7
3-month	9.95	9.95	↑	0	↑ 0
6-month	10.00	9.99	↑	1	↑ 4
9-month	10.04	10.01	↑	3	↑ 7
12-month	10.06	10.03	↑	3	↑ 8
2-year	12.01	12.03	↓	-2	↑ 158
3-year	12.28	12.25	↑	3	↑ 51
5-year	12.70	12.62	↑	8	↑ 39
7-year	12.87	12.78	↑	9	↑ 33
10-year	13.13	13.00	↑	13	↑ 35
20-year	13.27	13.17	↑	10	↑ 20
30-year	13.34	13.25	↑	9	↑ 16

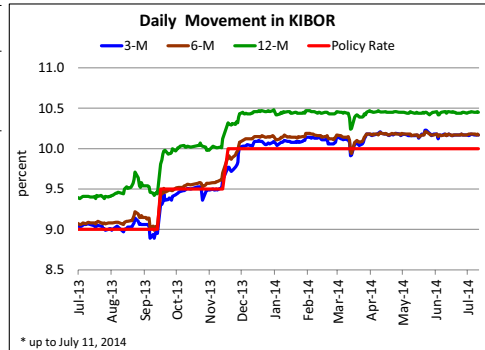


<sup>1</sup> It is secondary market yield-to-maturity used by banks to revalue their holding of securities (i.e. mark to market).

**KIBOR of three month and above tenors have increased since the last monetary policy decision in May 2014.**

**Tenor-wise KIBOR (%)**

Tenors	Current		Change (in basis points) since		Last MPS
	11-Jul-14	11-Jun-14	11-Jun-14		
	11-Jul-14	11-Jun-14	11-Jun-14	16-May-14	
1-week	10.08	9.75	↑	33	↓ -26
2-week	10.14	9.95	↑	19	↓ -20
1-month	10.22	10.12	↑	10	↓ -11
3-month	10.17	10.16	↑	1	↑ 4
6-month	10.17	10.16	↑	1	↑ 3
9-month	10.43	10.42	↑	1	↑ 2
12-month	10.45	10.44	↑	1	↑ 1
2-year	12.18	11.76	↑	42	↑ 111
3-year	12.44	12.34	↑	10	↑ 31

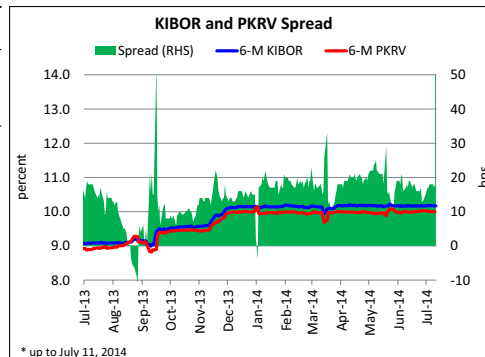


\* up to July 11, 2014

**Spreads between KIBOR and PKRV rates for all tenors, except three months has decreased compared to their levels observed at the time of monetary policy announcement in May 2014.**

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

Tenors	Current		Change since		Last MPS
	11-Jul-14	11-Jun-14	11-Jun-14		
	11-Jul-14	11-Jun-14	11-Jun-14	16-May-14	
1-week	17	-11	↑	28	↓ -14
2-week	24	4	↑	20	↓ -8
1-month	30	22	↑	8	↓ -4
3-month	22	21	↑	1	↑ 4
6-month	17	17	↑	0	↓ -1
9-month	39	41	↓	-2	↓ -5
12-month	39	41	↓	-2	↓ -7
2-year	17	-27	↑	44	↓ -47
3-year	16	9	↑	7	↓ -20



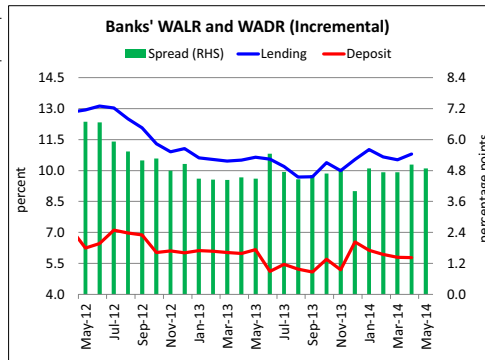
\* up to July 11, 2014

Sources: SBP and Financial Market Association of Pakistan



**Spread between incremental WALR and WADR stands at 489 bps in May 2014.**

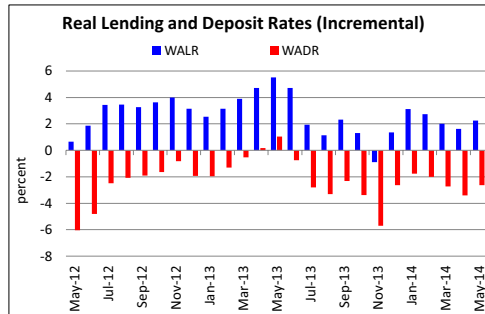
Months	Weighted average Lending and Deposit Rates (percent per annum)					
	Incremental <sup>1</sup>			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
May-13	10.65	6.17	448	11.49	5.15	634
Jun-13	10.56	5.11	545	11.36	5.01	635
Jul-13	10.20	5.45	475	11.28	4.97	631
Aug-13	9.69	5.22	446	11.11	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
Dec-13	10.54	6.54	400	11.07	5.05	602
Jan-14	11.02	6.14	488	11.17	5.19	598
Feb-14	10.66	5.93	473	11.19	5.14	605
Mar-14	10.53	5.80	473	11.10	5.05	605
Apr-14	10.81	5.78	503	11.10	5.04	605
May-14	10.59	5.70	489	11.15	5.05	611



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

**Both real lending and deposit rates, calculated on the basis of YoY CPI inflation, have increased in May 2014.**

Months	Real (based on 12-month MA inflation) <sup>2</sup>		Real (based on YoY inflation) <sup>3</sup>	
	WALR	WADR	WALR	WADR
	May-13	2.85	-1.63	5.52
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
Dec-13	2.85	-1.15	1.36	-2.64
Jan-14	3.34	-1.54	3.11	-1.77
Feb-14	2.93	-1.80	2.72	-2.01
Mar-14	2.64	-2.09	2.00	-2.73
Apr-14	2.64	-2.39	1.63	-3.40
May-14	2.16	-2.73	2.25	-2.64



<sup>4</sup> 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).

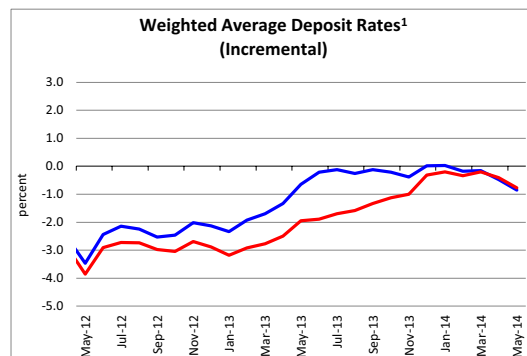
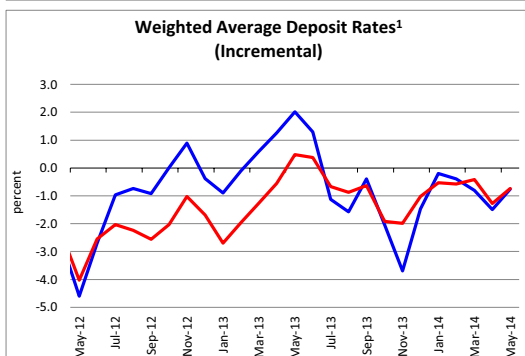
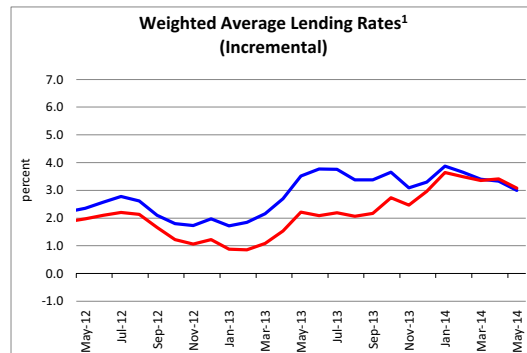
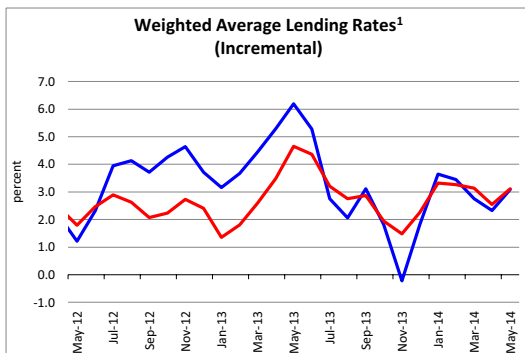
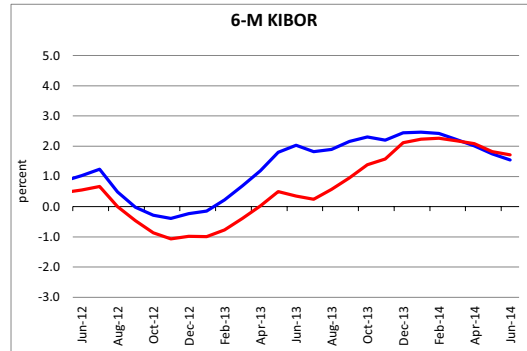
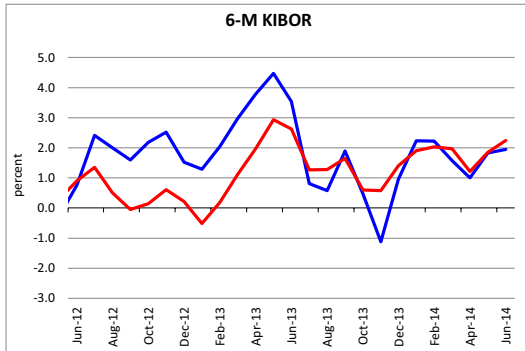
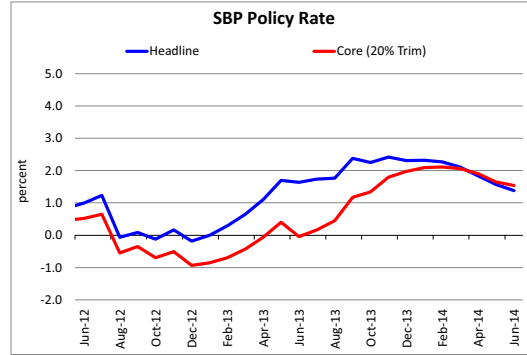
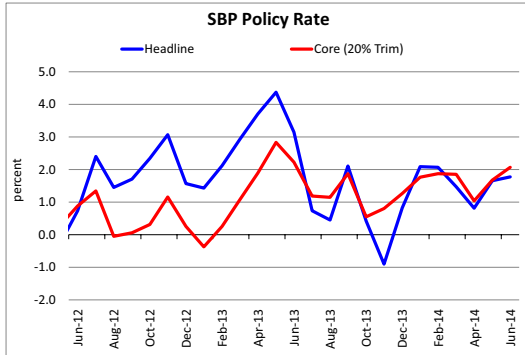
Sources: Statistics & Data Warehouse Department, SBP & Federal Bureau of Statistics



### 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

July 2014

**In the sole T-bill auctions held in FY15 so far, government has raised more than the targeted amount.**

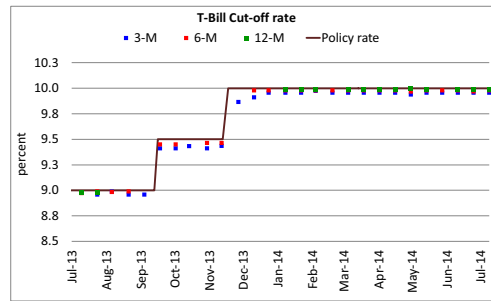
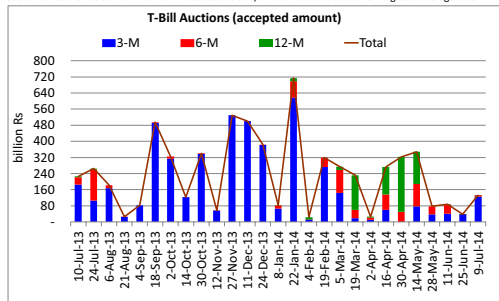
FY/Q/ Settlement date	T-bill Auction (billion Rs (Realized value); rates in percent)													
	TOTAL				3-Month			6-Month			12-Month			Non-competitive bids <sup>4</sup>
	Target	Maturity	Offered	Accepted <sup>2</sup>	Offered	Accepted <sup>2</sup>	Cut-off <sup>3</sup>	Offered	Accepted <sup>2</sup>	Cut-off <sup>3</sup>	Offered	Accepted <sup>2</sup>	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</b>	<b>8,425.0</b>	<b>8,148.4</b>	<b>6,951.4</b>	<b>6,354.6</b>	<b>5,209.6</b>	<b>4,696.7</b>	-	<b>924.8</b>	<b>857.6</b>	-	<b>817.0</b>	<b>800.4</b>	-	<b>287.8</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	2,450.0	2,360.2	1,728.3	1,646.0	1,177.3	1,129.2	9.96	325.3	300.7	9.98	225.6	216.1	9.99	72.7
Q4	2,275.0	1,944.7	1,185.3	1,172.7	271.4	265.4	9.96	339.0	332.4	9.97	575.0	575.0	9.99	55.0
<b>FY15<sup>1</sup></b>	<b>125.0</b>	<b>91.7</b>	<b>133.6</b>	<b>132.6</b>	<b>125.5</b>	<b>124.6</b>	-	<b>7.9</b>	<b>7.9</b>	-	<b>0.2</b>	<b>0.2</b>	-	<b>8.4</b>
Q1	125.0	91.7	133.6	132.6	125.5	124.6	9.96	7.9	7.9	9.97	0.2	0.2	9.99	8.4

<sup>1</sup> Up till July 11, 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 Q4-FY14, government has raised higher amount than the target.**

	PIB Auction (billion Rs (Face value); rates in percent) <sup>5</sup>									
	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total	Target	
	Cut-off rate <sup>6</sup>	9.69	10.15	-	11.05	-	-	-	-	-
<b>FY13</b>	<b>Offered</b>	<b>310.7</b>	<b>167.4</b>	-	<b>141.9</b>	-	<b>6.1</b>	-	<b>626.1</b>	-
	<b>Accepted</b>	<b>126.9</b>	<b>72.1</b>	-	<b>44.3</b>	-	<b>5.1</b>	-	<b>248.5</b>	<b>330.0</b>
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	-	-	-	-	-	-	-	0.0	75.0
	Bids rejected									
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>	<b>Cut-off rate<sup>6</sup></b>	<b>12.10</b>	<b>12.55</b>	-	<b>13.00</b>	-	<b>13.00</b>	-	-	-
	<b>Offered</b>	<b>1221.7</b>	<b>459.9</b>	-	<b>508.1</b>	-	<b>22.3</b>	-	<b>2212.0</b>	-
	<b>Accepted</b>	<b>1161.6</b>	<b>420.7</b>	-	<b>416.0</b>	-	<b>20.3</b>	-	<b>2018.6</b>	<b>780.0</b>
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	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	12.10	12.55	-	12.91	-	12.90	-	-	-
	Offered	527.5	249.6	-	237.0	-	12.8	-	1026.8	-
	Accepted	503.2	245.4	-	218.6	-	11.8	-	978.9	180.0
Q4	Cut-off rate	12.1	12.6	-	13.0	-	13.0	-	-	-
	Offered	609.9	140.3	-	124.4	-	9.0	-	883.6	-
	Accepted	604.7	139.1	-	123.9	-	8.0	-	875.7	300.0

<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 July 11, 2014

**Government had successfully raised the targeted amount in the Sukuk auctions held in Q4-FY14.**

	3-year Ijarah Sukuk Auction (billion Rs; margin in bps)			
	Target	Total offered	Total accepted	Cut-off margin <sup>6</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>	<b>49.5</b>	<b>113.7</b>	<b>49.5</b>	-
Q1	-	-	-	-
Q2	-	-	-	-
Q3	-	-	-	-
Q4	49.5	113.7	49.5	(200)

<sup>6</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

*In FY15 so far, Pak rupee has appreciated by 0.05 percent against US Dollar.*

	PKR against international currencies			% App/(Dep) of PKR
	Latest 11-Jul-14	Last MPS 16-May-14	Jun-14	Cumulative since Jun-14
USD	98.75	98.54	98.80	0.05
Euro	134.37	135.17	134.94	0.43
Sterling	169.13	165.65	168.15	(0.58)
JPY	0.97	0.97	0.97	0.03
USD Kerb	99.10	99.30	99.30	0.20
Premium (Rs)	0.35	0.77	0.50	-
Daily NEER	56.30	56.39	56.24	0.10

Source: SBP

	International exchange rates <sup>2</sup>			% App/(Dep) of USD
	Latest 11-Jul-14	Last MPS 16-May-14	Jun-14	Cumulative since Jun-14
USD/EUR	1.36	1.37	1.37	0.37
USD/GBP	1.71	1.68	1.70	(0.63)
JPY/USD	101.36	101.55	101.38	(0.02)
INR/USD	60.13	59.01	60.06	0.12
CNY/USD	6.21	6.23	6.20	0.05
THB/USD	32.17	32.51	32.46	(0.91)
MYR/USD	3.19	3.23	3.21	(0.73)
SGD/USD	1.24	1.25	1.25	(0.57)

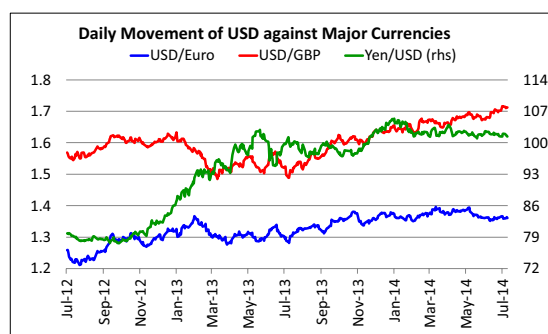
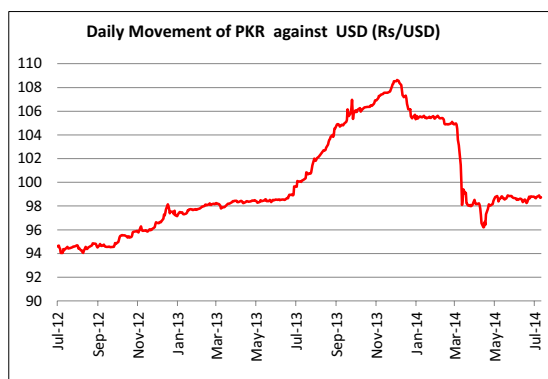
<sup>2</sup> The exchange rates are shown as per country practices

### 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	110.50	95.75	98.80	102.88	4.07
FY15 <sup>4</sup>	98.92	98.58	98.75	98.76	2.18

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

<sup>4</sup> Updated up to 11th July, 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	105.70	97.12	98.53	103.48	5.63
Q4-FY14	98.96	95.75	98.80	98.31	4.14
Q1-FY15 <sup>4</sup>	98.92	98.58	98.75	98.76	2.18



# Monetary Policy Information Compendium

July 2014

**In real terms, Pak rupee has appreciated by 4.6 percent during Jul-May FY14.**

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

		NEER Index									
			2012			2013				2014	
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	May <sup>P</sup>
2012	Jun	59.33	-	-2.06	-4.99	-4.17	-4.46	-10.44	-12.23	-5.99	-5.11
	Sep	58.11	-	-	-2.99	-2.15	-2.45	-8.56	-10.39	-4.02	-3.12
	Dec	56.37	-	-	-	0.87	0.56	-5.74	-7.62	-1.05	-0.13
2013	Mar	56.86	-	-	-	-	-0.30	-6.55	-8.42	-1.90	-0.99
	Jun	56.69	-	-	-	-	-	-6.27	-8.14	-1.61	-0.69
	Sep	53.14	-	-	-	-	-	-	-2.00	4.97	5.95
	Dec	52.08	-	-	-	-	-	-	-	7.11	8.11
2014	Mar	55.78	-	-	-	-	-	-	-	-	0.93
	May <sup>P</sup>	56.30	-	-	-	-	-	-	-	-	-

<sup>P</sup> Revised

**Changes in Relative price Index (RPI)**  
Base Year: CY2005

		RPI									
			2012			2013				2014	
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	May <sup>P</sup>
2012	Jun	181.13	-	0.47	0.53	1.45	3.56	5.67	7.57	8.02	9.05
	Sep	181.99	-	-	0.06	0.98	3.07	5.17	7.06	7.51	8.53
	Dec	182.09	-	-	-	0.92	3.01	5.11	7.00	7.45	8.47
2013	Mar	183.76	-	-	-	-	2.07	4.15	6.02	6.47	7.48
	Jun	187.57	-	-	-	-	-	2.03	3.87	4.31	5.30
	Sep	191.39	-	-	-	-	-	-	1.80	2.23	3.20
	Dec	194.84	-	-	-	-	-	-	-	0.42	1.38
2014	Mar	195.66	-	-	-	-	-	-	-	-	0.95
	May <sup>P</sup>	197.52	-	-	-	-	-	-	-	-	-

<sup>P</sup> Provisional

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

		REER Index									
			2012			2013				2014	
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	May <sup>P</sup>
2012	Jun	107.47	-	-1.59	-4.48	-2.77	-1.06	-5.37	-5.59	1.55	3.47
	Sep	105.76	-	-	-2.94	-1.20	0.55	-3.84	-4.06	3.19	5.14
	Dec	102.65	-	-	-	1.79	3.59	-0.93	-1.16	6.32	8.33
2013	Mar	104.49	-	-	-	-	1.77	-2.67	-2.90	4.45	6.42
	Jun	106.34	-	-	-	-	-	-4.36	-4.58	2.63	4.57
	Sep	101.70	-	-	-	-	-	-	-0.23	7.31	9.34
	Dec	101.46	-	-	-	-	-	-	-	7.56	9.60
2014	Mar	109.14	-	-	-	-	-	-	-	-	1.89
	May <sup>P</sup>	111.20	-	-	-	-	-	-	-	-	-

<sup>P</sup> Provisional

Source: SBP



## Capital Market

*During FY14, KSE-100 Index and Market Capitalization has increased by 41.2 percent and 43.2 percent respectively.*

### Performance of Karachi Stock Exchange

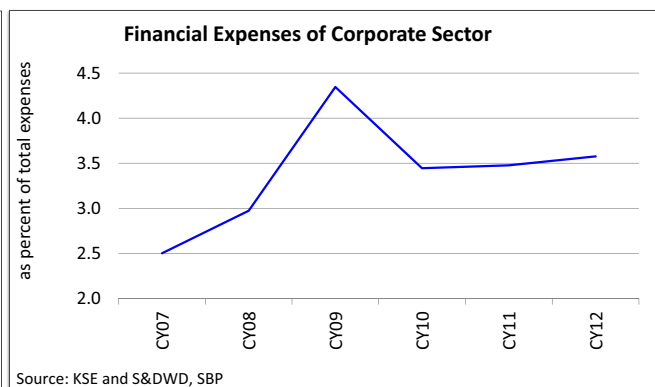
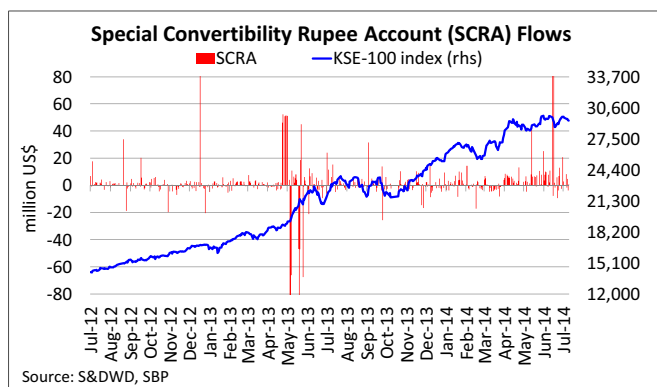
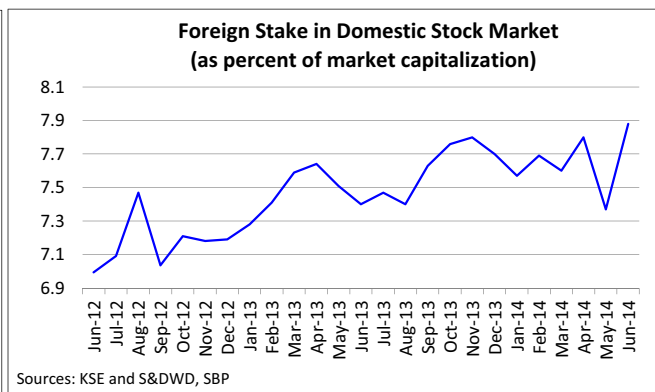
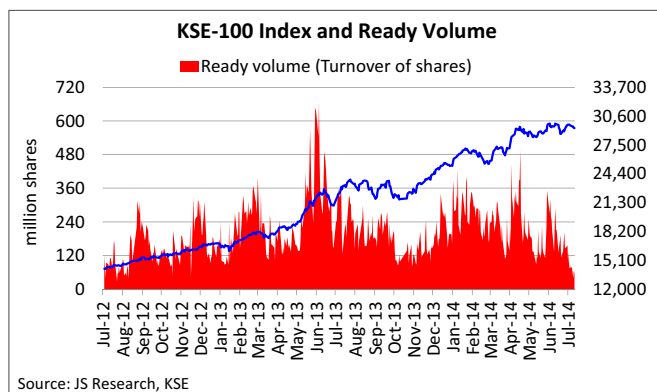
	FY14		FY-14	FY-13	Percentage change during		
	Jul-14 <sup>1</sup>	Jun-14			Jul FY15 <sup>2</sup>	FY14	FY13
End-period KSE-100 index	29,318	29,653	29,653	21,006	-1.1	41.2	52.2
End-period KSE-30 index	20,260	20,416	20,416	16,208	-0.8	26.0	35.9
Market capitalization (billion Rs) <sup>3</sup>	6,966	6,949	6,166	4,307	0.3	43.2	33.3
Ready volume (million shares) <sup>3</sup>	75	195	216	200	-	-	-
SCRA flows (US\$ million) <sup>4</sup>	23.5	394.2	689.1	187.8	-	-	-

<sup>1</sup> Up to 11th July 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

*Profitability and Liquidity indicators of the banking system have improved in Q3-FY14.*

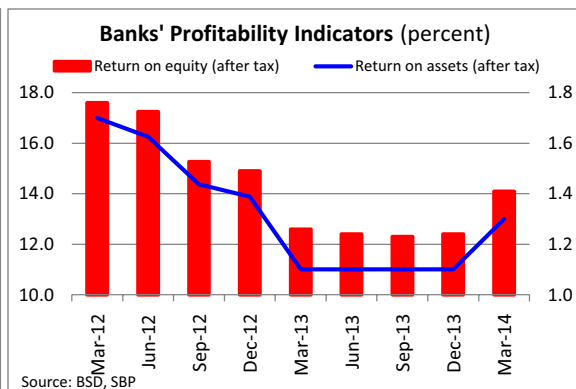
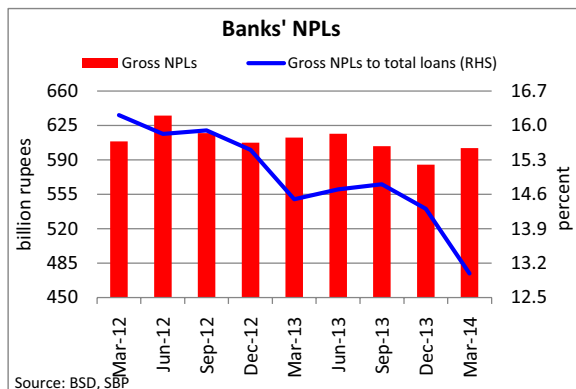
percent

	Mar 2013	Jun 2013	Sep 2013	Dec 2013	Mar 2014
Risk weighted CAR <sup>1</sup>	15.1	15.5	15.5	15.1	14.8
Gross NPLs to total loans	14.7	14.8	14.3	13.0	13.4
Provision to NPLs	71.9	73.2	76.5	78.4	77.8
Net NPLs to net loans	4.6	4.4	3.8	3.1	3.3
Returns on assets (before tax)	1.7	1.7	1.7	1.7	1.9
Return on assets (after tax)	1.1	1.1	1.1	1.1	1.3
ROE (before tax) <sup>2</sup>	19.0	18.5	18.4	18.4	21.3
ROE (after tax) <sup>2</sup>	12.6	12.4	12.3	12.4	14.1
Net interest income/gross income	71.6	70.0	70.3	70.3	69.9
Liquid assets/total assets	47.4	49.0	46.7	47.3	48.3
Liquid assets/total deposits	63.8	63.7	59.2	60.0	63.7
Advances/deposits	51.6	48.1	48.7	48.6	49.2

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

<sup>1</sup> Data from Dec-13 is based on Basel III while the rest is based on Basel II with the exception of the data of IDBL, PPCBL, and SME Bank, which is based on Basel I.

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



Source: Banking Surveillance Department (BSD), SBP