



Monetary Policy Information Compendium

March 2014

Consolidated by

Monetary Policy Department

STATE BANK OF PAKISTAN



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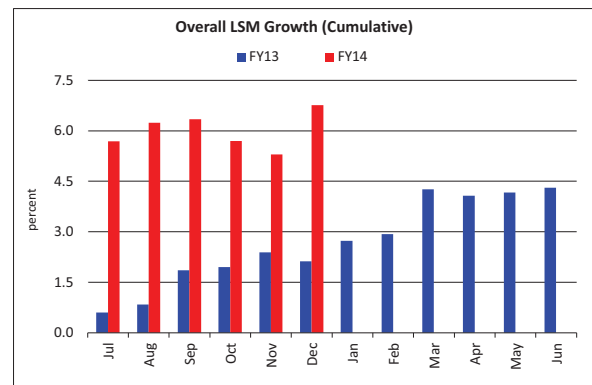
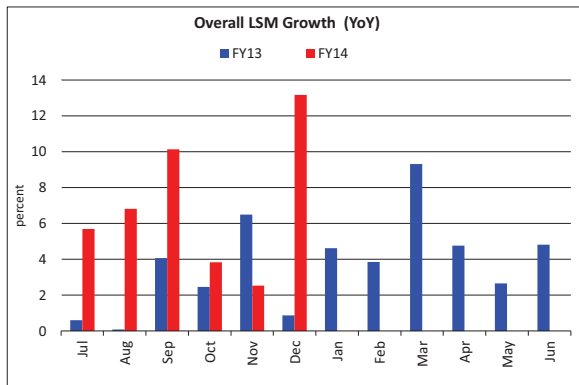


Growth

Cumulative growth of 6.8 percent was recorded in the LSM sector during Jul-Dec FY14, compared to a growth of 2.3 percent during the same period of last year.

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

Groups	Weights	YoY changes				Cumulative change during Jul-Dec			
		Dec-13		Dec-12		FY14		FY13	
Overall	71.1	13.2	1.9		6.8	2.3			
Textile	20.9	↑ 1.1	↑ 1.3		↑ 1.7	↑ 0.2			
Food, beverages and tobacco	12.4	↑ 42.0	↓ -6.3		↑ 18.2	↑ 3.5			
Petroleum products	5.4	↑ 8.6	↑ 12.0		↑ 9.9	↑ 10.8			
Iron and steel products	5.4	↓ -7.5	↑ 33.0		↑ 2.3	↑ 19.3			
Non-metallic mineral products	5.4	↑ 7.2	↑ 4.2		↑ 1.0	↑ 4.5			
Automobile	4.6	↑ 6.1	↓ -4.7		↓ -2.3	↓ -8.2			
Fertilizer	4.4	↑ 10.8	↑ 17.5		↑ 28.8	↓ -10.0			
Pharmaceuticals	3.6	↑ 1.5	↑ 4.0		↑ 0.6	↑ 6.5			
Paper and board	2.3	↑ 18.9	↑ 28.3		↑ 17.5	↑ 26.6			
Electronics	2.0	↑ 1.8	↑ 8.2		↑ 12.2	↓ -6.4			
Chemicals	1.7	↑ 8.1	↓ -5.6		↑ 5.3	↓ -0.8			
Leather products	0.9	↑ 11.9	↓ -5.9		↑ 9.6	↓ -6.6			
Wood products	0.6	↓ -34.1	↓ -28.4		↓ -15.4	↓ -21.0			
Engineering products	0.4	↓ -32.2	↓ -11.0		↓ -24.8	↓ -12.6			
Rubber products	0.3	↑ 26.8	↑ 20.4		↑ 5.9	↑ 28.4			



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 ^T	FY13 ^P	FY12 ^R	FY13 ^P over FY12 ^R	FY13 ^P	FY12 ^R	FY13 ^P over FY12 ^R	FY13 ^P	FY12 ^R	FY13 ^P over FY12 ^R		
Cotton ¹	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		

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

^P: Provisional; ^T: Target; ^R: Revised

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



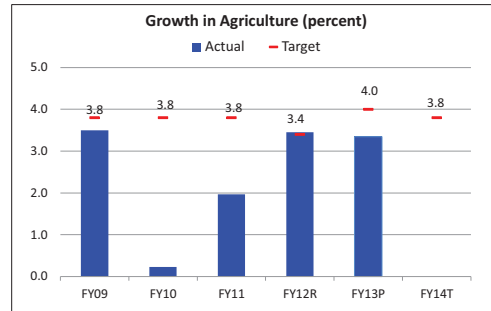
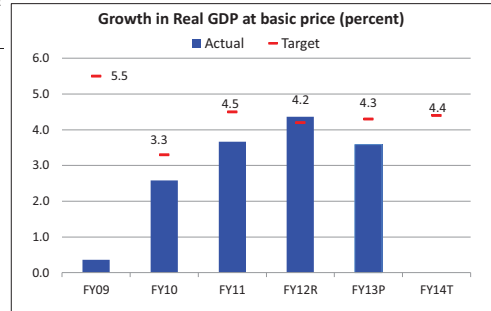
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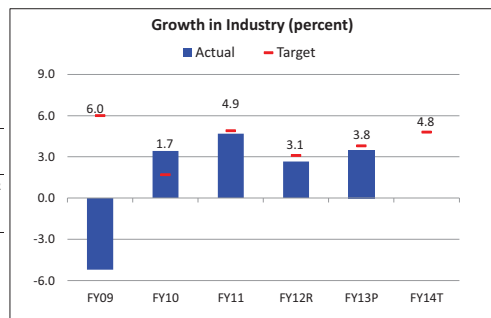
Provisional estimates show real GDP growth of 3.6 percent during FY13, which is lower than the target (4.3 percent) for the year and revised estimate (4.4 percent) for FY12.

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

	FY13 ^P			FY12 ^R
	Growth	Shares	Contribution	Growth
Agriculture of which	3.3	21.4	0.7	3.5
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
Industry of which	3.5	20.9	0.7	2.7
Manufacturing	3.5	13.2	0.5	2.1
Large-scale ¹	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
Services of which	3.7	57.7	2.1	5.3
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
Real GDP (basic prices)	3.6	100.0	3.6	4.4
Real GDP (market prices)	6.1	105.2	6.2	4.0

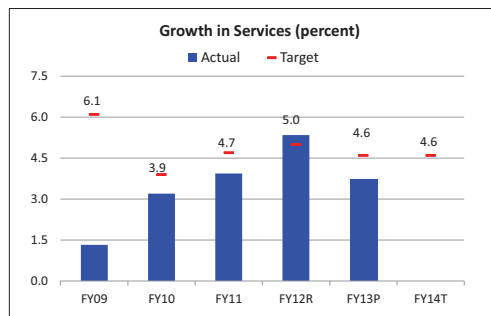


	FY13 ^P	FY12 ^R	FY11
Real GDP (bp, billion Rs)	9,863	9,522	9,124
Nominal GDP (mp, billion Rs)	22,909	20,091	18,285
Nominal GDP (mp, billion US\$) ²	237	225	214



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

	FY13 ^P			FY12 ^R
	Growth	Shares ³	Contribution ³	Growth
Consumption	4.6	87.7	4.2	6.0
Private	4.0	77.0	3.1	5.8
Government	9.7	10.7	1.0	7.3
Fixed capital formation	0.8	13.2	0.1	1.5
Private	-1.8	9.7	-0.2	-1.7
Public plus general government	8.6	3.5	0.3	12.6
Changes in stocks	6.1	1.6	0.1	4.0
Net exports of goods and nonfactor services	-39.7	-2.5	1.7	-1.4
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
GDP (market prices)	6.1	100.0	6.1	4.0
Indirect Taxes	16.9	6.0	0.9	5.7
Subsidies	-60.1	1.0	-1.7	22.0
GDP (basic prices)	3.6	95.0	-	4.4
Total domestic demand⁴	4.2	102.5	4.3	5.3



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

¹ For FY13, LSM data pertains to July-February; ² GDP in dollar terms is calculated using average exchange rate during the year.

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

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

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

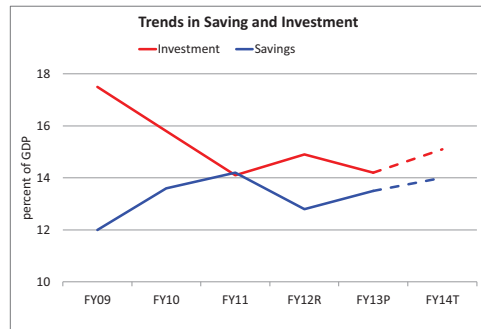


Saving and Investment

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 ^P	FY12 ^R
A. Investment	15.1	14.2	14.9
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. National savings	14.0	13.5	12.8
C. Domestic savings	-	8.7	7.7
Saving investment gap (B - A)	-1.1	-0.7	-2.1

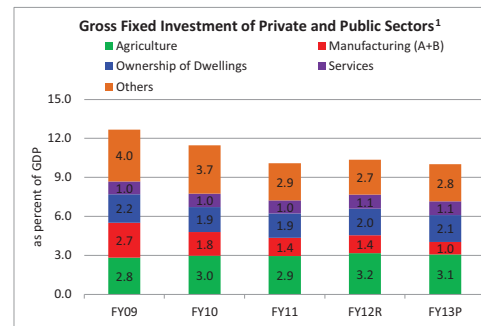


T: Target

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

Gross Fixed Investment of Private and Public Sectors¹

	FY13 ^P		FY12 ^R
	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
Total	10.0	100.0	10.4



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

^P: Provisional; ^R: Revised;

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

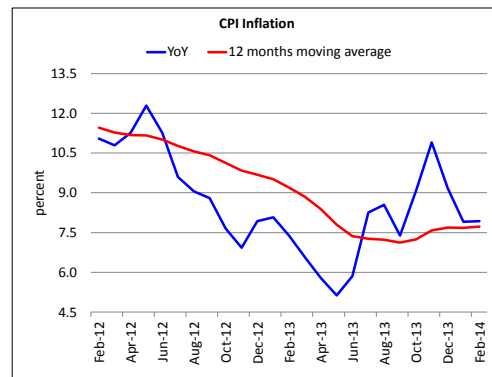


Inflation

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

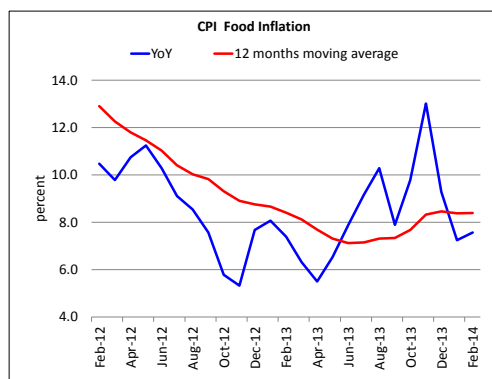
Headline CPI inflation (YoY) remained at 7.9 percent during February 2014 and January 2014.

Consumer Price Index (CPI) (percent change)				
	MoM ¹	MoM SA ²	YoY ³	12M moving average ⁴
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	0.9	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	0.7	8.5	7.2
Sep-13	-0.3	-0.2	7.4	7.1
Oct-13	2.0	1.9	9.1	7.2
Nov-13	1.3	1.4	10.9	7.6
Dec-13	-1.3	-0.2	9.2	7.7
Jan-14	0.5	0.1	7.9	7.7
Feb-14	-0.3	0.4	7.9	7.7
3-year average for Feb.	-0.1	0.6	8.8	



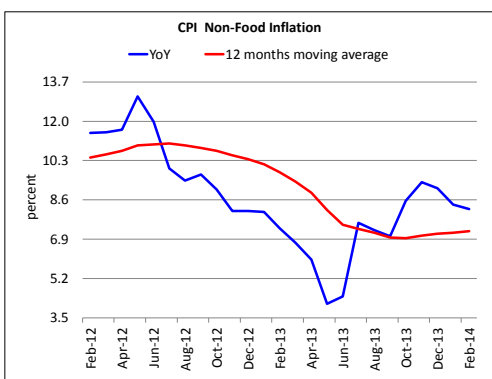
CPI food inflation (YoY) has increased to 7.6 percent in February 2014 from 7.2 percent in the previous month.

CPI - Food (37.48 % weight in basket) (percent change)				
	MoM ¹	MoM SA ²	YoY ³	12M moving average ⁴
Feb-13	-1.3	0.4	7.4	8.4
Mar-13	0.5	-0.1	6.3	8.1
Apr-13	1.4	0.4	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	-1.6	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	-1.0	9.3	8.5
Jan-14	0.0	-0.5	7.2	8.4
Feb-14	-1.0	0.7	7.6	8.4
3-year average for Feb.	-1.0	0.7	8.5	



CPI non-food inflation (YoY) has decreased to 8.2 percent in February 2014 from 8.4 percent in the previous month.

CPI - Non Food (62.52 % weight in basket) (percent change)				
	MoM ¹	MoM SA ²	YoY ³	12M moving average ⁴
Feb-13	0.4	0.4	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	0.5	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	0.7	7.0	7.0
Oct-13	2.2	2.0	8.6	6.9
Nov-13	0.3	0.4	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	0.2	8.2	7.2
3-year average for Feb.	0.5	0.6	9.0	



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

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

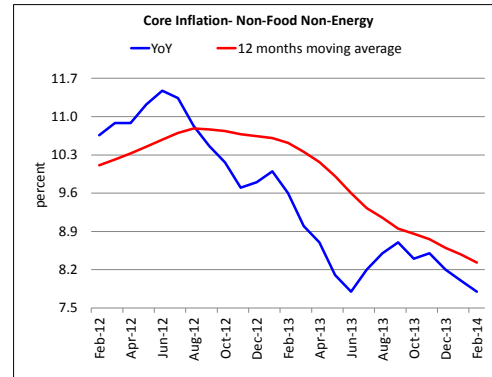


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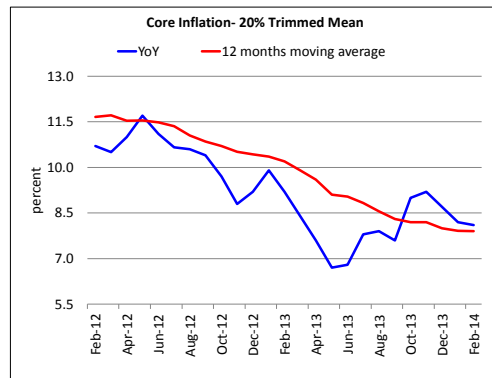
The non-food non-energy (NFNE) measure of core inflation (YoY) has decreased to 7.8 percent in February 2014 from 8.0 percent in January 2014.

	Core - Non-food non-energy (53.52% weight in basket) (percent change)		
	MoM	YoY	12M moving average
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
Jan-14	1.0	8.0	8.5
Feb-14	0.2	7.8	8.3
3-year average for Feb.	0.4	9.4	



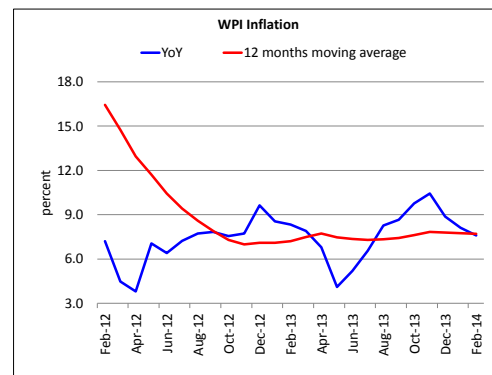
The 20 percent trimmed mean measure of core inflation (YoY) has decreased slightly to 8.1 percent in February 2014 from 8.2 percent in January 2014.

Core - 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
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
Jan-14	0.6	8.2	7.9
Feb-14	0.2	8.1	7.9
3-year average for Feb.	0.3	9.3	



The WPI inflation (YoY) has decreased sharply to 7.6 percent in February 2014 from 8.1 percent in January 2014.

Wholesale Price Index (WPI) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Feb-13	0.3	0.6	8.3	7.2
Mar-13	0.3	-0.2	7.9	7.5
Apr-13	0.8	0.3	6.8	7.7
May-13	-0.4	-0.2	4.1	7.5
Jun-13	1.0	0.8	5.2	7.3
Jul-13	1.6	1.4	6.5	7.3
Aug-13	2.6	2.0	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	0.8	10.4	7.8
Dec-13	-1.0	0.1	8.9	7.8
Jan-14	0.5	-0.1	8.1	7.8
Feb-14	-0.1	0.1	7.6	7.7
3-year average for Feb.	0.3	0.5	7.7	



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

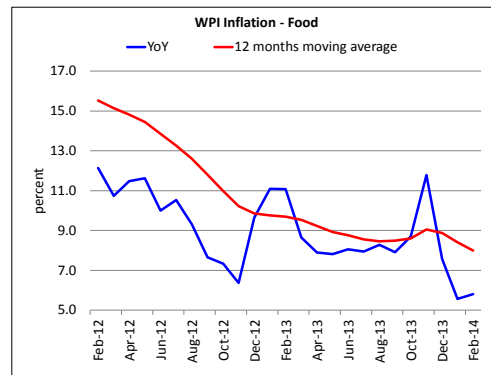


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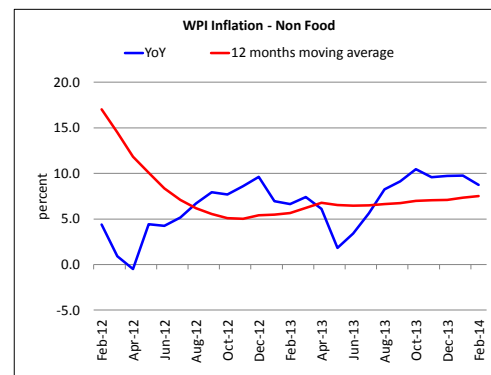
WPI food inflation (YoY) has increased to 5.8 percent in February 2014 from 5.6 percent in January 2014.

	WPI - Food (38.82% weight in basket) (percent change)			
	MoM	MoM SA	YoY	12M moving average
Feb-13	-0.8	0.4	11.1	9.7
Mar-13	-0.6	-1.3	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	1.5	7.9	8.5
Aug-13	1.0	0.3	8.3	8.5
Sep-13	-0.1	0.0	7.9	8.5
Oct-13	0.9	1.2	8.7	8.6
Nov-13	1.2	1.9	11.8	9.0
Dec-13	-2.5	-0.9	7.6	8.9
Jan-14	-0.2	-0.3	5.6	8.4
Feb-14	-0.6	0.6	5.8	8.0
3-year average for Feb.	-0.7	0.4	9.7	



WPI non-food inflation (YoY) has decreased sharply to 8.7 percent in February 2014 from 9.8 percent in January 2014.

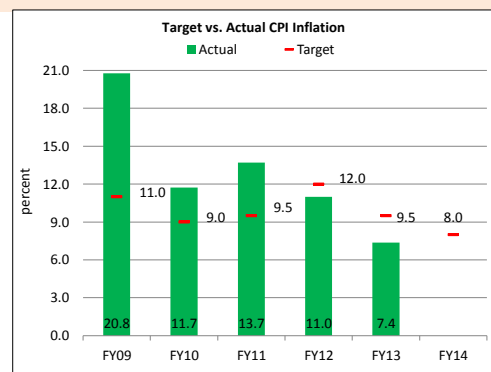
	WPI - Non Food (61.18% weight in basket) (percent change)			
	MoM	MoM SA	YoY	12M moving average
Feb-13	1.1	0.7	6.6	5.6
Mar-13	0.8	0.5	7.4	6.2
Apr-13	0.3	-0.1	6.1	6.8
May-13	-1.4	-1.0	1.8	6.5
Jun-13	0.5	0.7	3.4	6.5
Jul-13	1.2	1.3	5.6	6.5
Aug-13	3.7	3.2	8.2	6.6
Sep-13	1.2	1.6	9.1	6.7
Oct-13	1.3	1.5	10.5	7.0
Nov-13	-0.3	0.0	9.6	7.1
Dec-13	0.0	0.8	9.7	7.1
Jan-14	1.0	0.0	9.8	7.3
Feb-14	0.1	-0.2	8.7	7.5
3-year average for Feb.	0.9	0.5	6.6	



Average CPI inflation is recorded at 8.6 percent in Jul-Feb FY14 compared to 8.2 percent in Jul-Feb FY13.

	Average CPI and WPI Inflation (percent change)			WPI
	Headline	Food	Non Food	
FY13	7.4	7.1	7.5	7.3
Jul-Feb FY13	8.2	7.4	8.7	8.1
Jul-Feb FY14	8.6	9.3	8.2	8.5

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





CPI and SPI Inflation by Groups

The YoY headline CPI inflation stabilized at 7.9 percent in February 2014 due to sharp decline in food Inflation, particularly perishable food items.

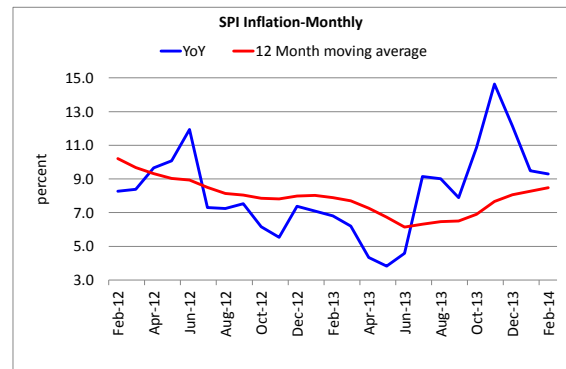
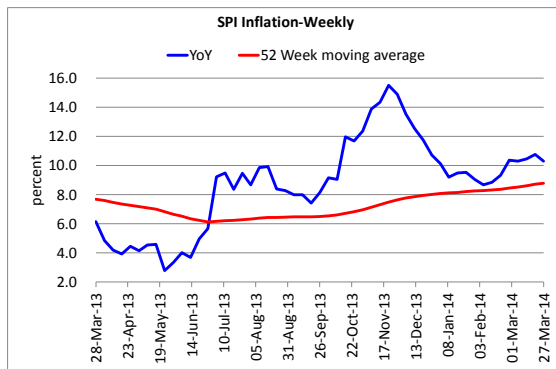
Group-Wise CPI Inflation

Groups	Weights	Feb-14			Jan-14		
		MoM	YoY	12m MA ¹	MoM	YoY	12m MA ¹
I. Food group	37.5	-0.98	7.6	8.4	-0.04	7.2	8.4
Food and non-alcoholic beverages	34.8	-1.10	7.0	8.1	-0.1	6.7	8.1
Alcoholic beverages and tobacco	1.4	-0.01	16.0	13.9	0.4	16.0	14.1
Restaurant & hotels	1.2	0.95	12.6	10.6	1.3	13.0	10.3
II. Non-food group	62.5	0.17	8.2	7.2	0.9	8.4	7.2
Clothing and footwear	7.6	0.45	11.6	13.3	0.9	12.0	13.7
Housing, water, electricity, gas fuels	29.4	0.01	9.3	6.3	1.5	9.3	5.8
Furnishing & household equipment maintenance etc.	4.2	0.59	8.8	8.5	0.5	8.7	8.6
Health	2.2	0.40	6.0	8.0	0.0	5.9	8.6
Transport	7.2	0.07	4.8	4.0	0.1	5.6	4.2
Communication	3.2	0.02	0.9	4.2	0.0	0.9	4.6
Recreation and culture	2.0	0.04	9.6	10.8	0.1	9.8	11.3
Education	3.9	0.00	8.1	8.0	0.1	8.6	8.1
Miscellaneous	2.8	0.59	4.8	5.7	0.4	4.7	6.1
Overall	100	-0.31	7.9	7.7	0.5	7.9	7.7

SPI inflation increased by 0.08 percent during the last week of March 2014.

Sensitive Price Indicator (SPI) (percent change)

Income groups	27-Mar-14	20-Mar-14	13-Mar-14	6-Mar-14	MoM	Feb-14	YoY	12m MA ¹
	WoW ²							
Up to Rs 8000	0.19	0.51	0.30	0.63	-0.09	7.5	9.1	
Rs 8001-12000	0.14	0.48	0.29	0.55	-0.16	7.0	9.0	
Rs 12001-18000	0.11	0.46	0.29	0.47	-0.20	9.8	9.8	
Rs 18001-35000	0.07	0.43	0.28	0.37	-0.24	10.1	8.5	
Above Rs 35000	0.02	0.36	0.25	0.17	-0.25	9.5	7.0	
All	0.08	0.42	0.27	0.35	-0.22	9.3	8.5	



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

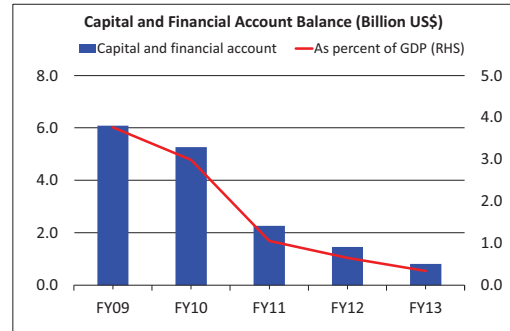
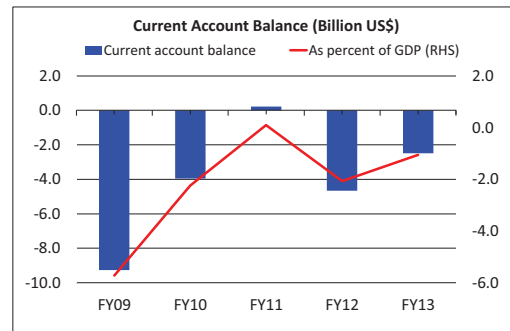
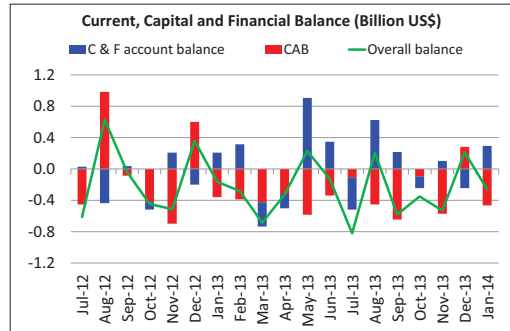


Balance of Payments

External current account balance witnessed a deficit of US\$2.0 billion during Jul-Jan FY14, compared to US\$0.4 billion during the same period last year.

Balance of Payments Summary (million US\$)

Items	Jul-Jan		FY13	FY12
	FY14	FY13		
A) Current account balance (CAB)	-2,055	-441	-2,496	-4,658
Trade balance	-9,796	-9,284	-15,431	-15,765
Exports	14,704	14,233	24,795	24,696
Imports	24,500	23,517	40,226	40,461
Services (net); of which	-1,687	-219	-1,472	-3,192
CSF	322	1,806	1,806	0
Income (net)	-2,114	-1,922	-3,685	-3,245
Current transfers (net); of which	11,542	10,984	18,092	17,544
Remittances	9,033	8,207	13,922	13,186
B) Capital and financial (C&F) account balance ; of which	428	-258	813	1,463
Foreign direct investment (net) ¹	435	476	1,258	744
Foreign portfolio investment (net)	85	88	26	-144
Other investment assets	281	-811	-314	9
Other investment liabilities	-550	-137	-421	671
Of which : General government	-369	384	248	998
of which: Disbursements	1,313	1,529	2,530	2,633
Amortization	1,682	1,145	2,282	1,577
C) Net Errors and omissions	-496	-97	-309	-80
Overall balance (A+B+C)	-2,123	-796	-1,992	-3,275
SBP gross reserves²	4,563	9,873	7,198	11,905
SBP net liquid reserves³	3,181	8,693	6,008	10,803
<i>As percent of GDP⁴</i>				
Current account balance; of which			-1.1	-2.1
Exports			10.5	11.0
Imports			17.0	18.0
Capital and financial inflows; of which			0.3	0.6
FDI			0.6	0.3



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

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

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

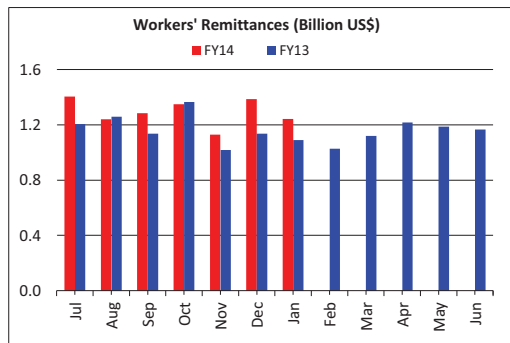
Workers' remittances registered a growth of 10.1 percent during Jul-Jan FY14.

Workers' Remittances⁵ (million US\$)

	Jul-Jan		YoY growth in Jul-Jan FY13	in Jul-Jan FY14
	FY14	FY13		
Total inflows	9,033	8,207	13,922	10.1
USA	1,441	1,324	2,186	8.9
UK	1,309	1,155	1,946	13.3
Saudi Arabia	2,597	2,292	4,105	13.3
UAE	1,786	1,669	2,750	7.0
Other GCC ⁶	1,048	942	1,608	11.3
All others	852	824	1,327	3.4

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

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



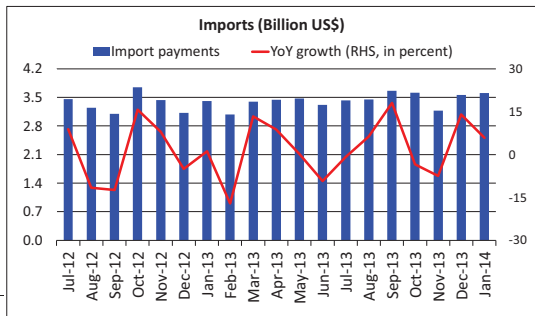
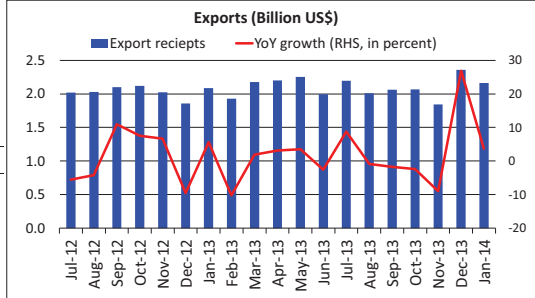
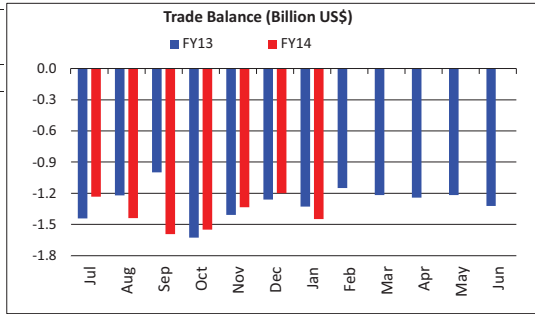


Trade and Foreign Investment

Trade deficit has increased to US\$ 9.8 billion during Jul-Jan FY14, compared to US\$ 9.3 billion in Jul-Jan FY13.

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

	Jul-Jan			Shares ¹
	FY14	FY13	FY13	
Exports	14,704	14,233	24,795	100
Textile group	8,018	7,463	12,832	55
Knitwear, bed wear	2,453	2,273	3,850	17
Cotton cloth	1,641	1,507	2,621	11
Cotton Yarn	1,296	1,182	2,064	9
Readymade garments	1,031	959	1,652	7
Other manufactures group	2,529	2,623	4,659	17
Chemical and pharma	615	695	1,200	4
Leather items ²	623	544	955	4
Cement	316	288	531	2
Engineering goods	179	212	361	1
Jewellery	50	93	253	0
Food group	2,269	2,184	4,142	15
Rice	1,117	958	1,876	8
All others	1,888	1,963	3,162	13
Imports	24,500	23,517	40,226	100
Petroleum group	8,840	8,388	14,066	36
Petroleum products	5,654	5,082	8,489	23
Petroleum crude	3,186	3,306	5,577	13
Machinery group	3,005	2,338	4,014	12
Telecom	760	502	941	3
Electrical machinery	440	351	557	2
Power machinery	411	309	512	2
Agriculture & other chemicals group	4,111	3,790	6,323	17
Plastic materials	954	884	1,535	4
Fertilizer manufactured	553	490	611	2
Food group	2,498	2,433	3,914	10
Palm oil	1,155	1,200	1,902	5
Tea	173	231	373	1
Metal group	1,518	1,356	2,442	6
Iron steel (IS) and IS scrap	1,209	1,094	1,963	5
All others	4,528	5,212	9,468	18
Trade Balance	-9,796	-9,284	-15,431	



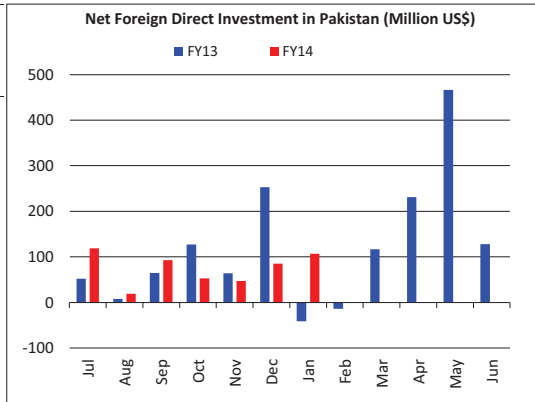
¹ Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total exports/imports during Jul-Jan FY14.

² Includes tanned and manufactured leather.

Net FDI inflows remained almost same during Jul-Jan FY14, compared to same period last year.

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

	Jul-Jan			YoY growth in Jul-Jan FY14
	FY14	FY13	FY13	
Net inflows: Of which	523	528	1,456	-1.0
Major countries				
USA	111	144	227	-22.9
Hong Kong	124	139	243	-11.0
UK	66	112	632	-41.2
Switzerland	138	81	149	70.4
Major sectors				
Communication	-114	-198	-382	-42.1
Financial Business	91	179	314	-49.3
Oil & Gas Explorations	258	315	560	-18.1
Food	71	32	494	119.6
Tobacco & Cigarettes	45	19	0.4	134.4
Memorandum Item:				
Net overall FDI ³	435	476	1,258	



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

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

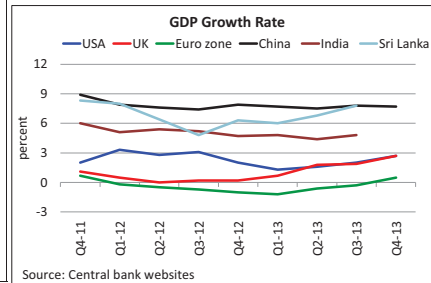
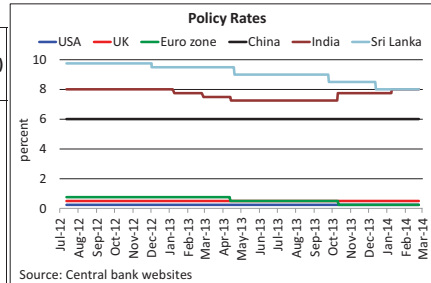


Global Economy

Most central banks kept their policy rate unchanged in March 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	8.00	Jan 28 2014	7.75	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	2.50	-25



Real GDP growth in Euro zone has improved in Q4-2013 as compared to Q3-2013.

Key Macroeconomic Indicators

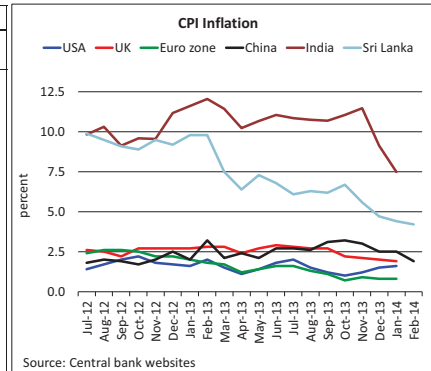
	Inflation (YoY) ¹ Feb-14	GDP growth ² Q4-2013	Current account balance ³	Fiscal balance ³	Reserves ⁵ (billion US\$)	Lending rates ⁵	
			as a percent of GDP ⁴			Nominal	Real
USA	1.6	2.7	-2.4	-4.1	47.6	3.3	1.8
UK	1.9	2.7	-3.6	-6.7	68.4	0.5	-1.4
Euro zone	0.8	0.5	2.0	-2.9	221.1	7.5	6.6
Japan	1.6	2.7	0.9	-8.2	1202.9	1.3	0.4
Australia	2.7	2.3	-3.0	-3.1	42.5	6.0	3.8
China	1.9	7.7	1.9	-1.8	3662.7	6.0	3.0
India	7.2	4.8	-3.1	-5.0	267.7	10.3	-1.2
Sri Lanka	4.2	7.8	-	-	6.3	13.1	5.8
South Korea	1.1	3.9	4.6	0.9	334.3	4.5	3.6
Malaysia	3.4	5.1	4.9	-4.2	130.5	4.5	2.5
Indonesia	7.8	5.7	-3.9	-3.3	93.4	12.1	3.7
Thailand	2.0	0.6	-1.9	-3.1	159.0	6.8	5.1

¹ Value for USA, UK, Euro zone, Japan, Australia, and India pertains to January 2014; ² Annualized growth, measured as a percentage change over the same quarter of previous year; values for Australia, India and Sri Lanka pertain to Q3-2013 ³ Latest 12 months; ⁴ The Economist, Economic and Financial indicators, February 22nd, 2014; ⁵ IMF (IFS) data pertains to December except for ; Korea value pertains to November 2013, for Sri Lanka value pertains to October 2013 and for China, value pertains to September 2013; ⁶ IMF (IFS) data pertains to January except for Thailand and USA values pertain to December 2013; Eurozone, Australia, China, India and Indonesia values pertain to November 2013; South Korea value pertains to October 2013; Japan value pertains to August; Malaysia value pertains to July; and for Sri Lanka value pertains to May 2013.

IMF's world output growth projections for 2014 is 3.7 percent in January 2013.

World Economic Outlook - Real GDP Growth

	2013 (IMF estimates)	2014 Projections		
		IMF (Jan-14)	World Bank (Jan-14)	OECD (Nov-13)
World output	3.0	3.7	2.4	-
Advanced⁵	1.3	2.2	1.3	-
US	1.9	2.8	1.8	1.9
Euro area	-0.4	1.0	-0.4	-0.6
Japan	1.7	1.7	1.7	1.6
UK	1.7	2.4	-	0.8
Emerging & Developing	4.7	5.1	4.8	-
Russia	1.5	2.0	1.3	2.3
China	7.7	7.5	7.7	7.8
India	4.4	5.4	4.8	5.3
ASEAN-5	5.0	5.1	-	-



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

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

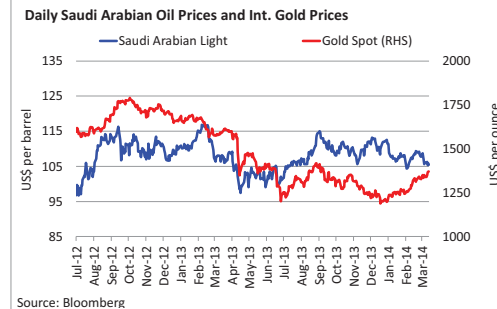
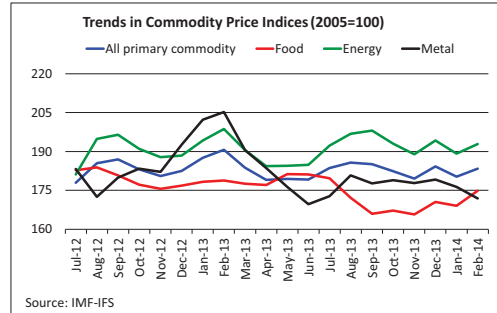


All commodity price index by IMF has registered an increase of 1.7 percent during February 2014 over last month.

World Commodity Price Indices (2005=100)

	Feb-14	Percent change since	
		Jan-14	End June - 13
All commodity price index	183.4	↑ 1.7	↑ 2.3
Food price index	174.9	↑ 3.5	↓ -3.5
Energy index	192.9	↑ 2.0	↑ 4.3
Non fuel price index	167.1	↑ 1.1	↓ -1.4
Metal price index	172.0	↓ -2.5	↑ 1.3
Crude oil price (\$/bbl)	107.4	↓ -0.4	↑ 4.9
Cotton spot (US cents/ pound)	87.5	↑ 2.1	↑ 1.0
Palm oil (\$/m. ton)	811.2	↑ 5.4	↑ 6.3
Soya bean Oil (\$/m. ton)	873.7	↑ 5.1	↓ -17.5
Wheat (\$/m. ton)	292.3	↑ 6.1	↓ -6.8
Gold spot (\$/Oz)	1301.4	↑ 4.6	↓ -3.1
Sugar (US cents/pound)	21.7	↑ 4.6	↑ 10.4

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 falling trends during February 2014.

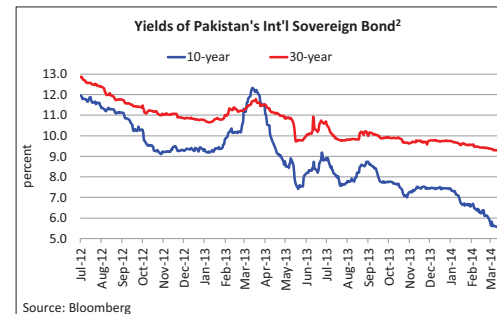
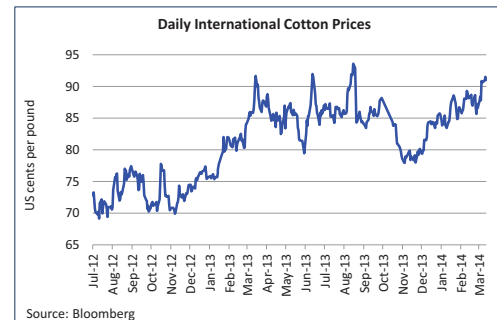
Capital Market Indices

	Mar-14 ¹	Percent change since	
		Feb-14	End June - 13
US (DJIA)	16108.9	↑ 1.2	↑ 7.1
DJ EURO STOXX	3009.5	↓ -2.3	↑ 13.3
UK (FTSE 100)	6545.8	↓ -2.0	↑ 3.9
Japan (Nikkei 225)	14327.7	↓ -1.9	↑ 9.3
China (SSEA)	2004.3	↓ -9.2	↓ -9.6
France (CAC 40)	4231.7	↓ -0.8	↑ 11.6
Germany (DAX)	9004.8	↓ -4.8	↑ 11.3
India (BSE)	21809.8	↑ 6.9	↑ 14.0
World dev'd (MSCI)	1665.6	↑ 2.5	↑ 14.7
Emerging Markets (MSCI)	944.6	↑ 0.1	↓ -0.2
World all (MSCI)	407.0	↑ 2.2	↑ 13.0

¹ Updated till March 14, 2014

² 30 Yr Bond = \$300 M (30 Yr US T bill+302 bps=>7.875%): Issued - Mar 24, 2006; Maturity - Mar 23, 2036

10 Yr Bond = \$500 M (10 Yr US T bill+240 bps=>7.125%): Issued - Mar 24, 2006; Maturity - Mar Sources: Bloomberg, IMF, OECD, The Economist and Central Bank Websites



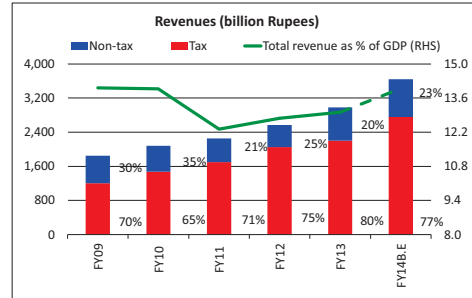


Revenues, Expenditures and Fiscal Balances

Fiscal deficit was recorded at 2.1 percent of GDP during H1-FY14, compared to 2.7 percent in the same period last year.

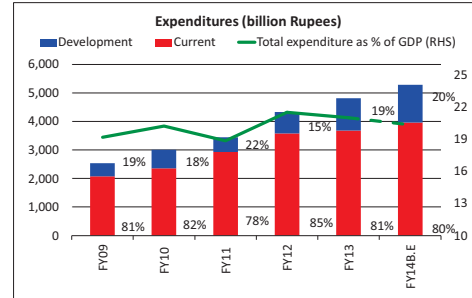
Revenues (billion Rs)

	FY14 BE ¹	H1-FY14	H1-FY13	FY13
Total revenues	3,640	1,685	1,462	2,982
Tax revenue	2,756	1,172	1,013	2,199
<i>Growth (YoY) %</i>	25.3	15.7	12.0	7.1
<i>of which: FBR revenues</i>	2,475	1,031	883	1,936
Non-tax revenues	884	513	449	783
<i>Growth (YoY) %</i>	12.9	14.1	94.7	52.5



Expenditures (billion Rs)

	FY14 BE ¹	H1-FY14	H1-FY13	FY13
Total expenditures	5,291	2,225	2,086	4,816
Current ²	3,964	1,899	1,809	3,676
<i>Growth (YoY) %</i>	7.8	5.0	25.9	15.2
<i>of which: Interest payments</i>	1,154	598	553	991
Defence	627	295	257	541
Development Expenditure	1,327	326	278	1,140
<i>Growth (YoY) %</i>	16.4	17.4	20.3	53.2



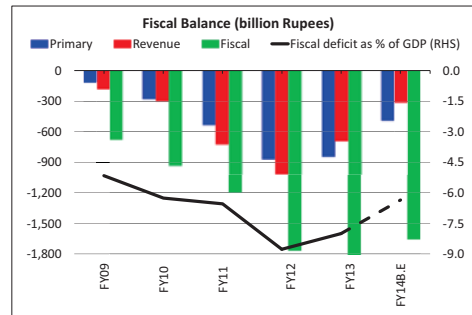
Overall Balance (billion Rs)

	FY14 BE ¹	H1-FY14	H1-FY13	FY13
Fiscal balance ³	-1,651	-540	-625	-1,834
Revenue balance ⁴	-324	-214	-347	-694
Primary balance ⁵	-497	58	-72	-843
<i>As percent of GDP⁶</i>				
Fiscal balance	-6.3	-2.1	-2.7	-8.0
Revenue balance	-1.2	-0.8	-1.5	-3.0
Primary balance	-1.9	0.2	-0.3	-3.7

During H1-FY14, fiscal deficit was entirely financed through borrowings from domestic sources.

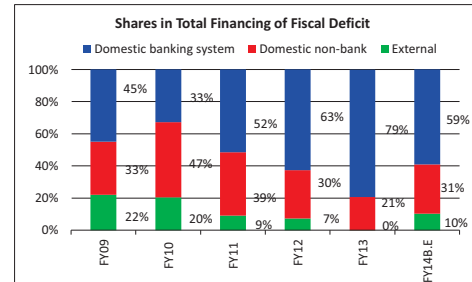
Financing of Fiscal Deficit (billion Rs)

	FY14 BE ¹	H1-FY14	H1-FY13	FY13
Financing	1,651	540	625	1,834
1. External: <i>of which</i>	169	-43	-1	-2
Privatization proceeds	79	-	-	-
2. Domestic: <i>of which</i>	1,482	584	626	1,835
Non-bank	507	100	68	378
Banking system: <i>of which</i>	975	483	558	1,457
Schedule banks	975	40	766	952
SBP	0	443	-208	506



FBR Tax Collection⁷ (billion Rs)

	Direct	Sales	Customs	FED ⁸	Total taxes
Q1	137	190	51	22	400
Q2	195	202	57	30	484
Q3	160	202	62	27	452
Q4	244	247	69	41	601
FY13^P	736	841	240	119	1,936
Q1	161	231	53	24	469
Q2	221	250	57	34	563



¹ Budget Estimates; ² Includes unidentified expenditures, MoF; ³ Fiscal balance = total revenue - total expenditure; ⁴ Revenue balance = total revenue - current expenditure (note that current expenditure are inclusive of unidentified expenditure); ⁵ Primary balance = total revenue - total expenditure + interest payment; ⁶ GDP(mp) on new basis (2005-2006) has been used to calculate deficit to GDP ratios; ⁷ As reported in fiscal accounts; ⁸ Federal excise duty. ^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 1074 billion during Jul-Jan FY14.

Debt by Owner - end period stocks (billion Rs)

	Jan-14 ^P	Jun-13 ^R	Change since Jun-13
1. Bank	6,712	5,924	789
Commercial banks	3,760	3,646	114
SBP	2,953	2,278	674
2. Non-bank	3,878	3,593	285
National saving schemes (NSS)	2,638	2,536	102
Others	1,240	1,056	184
3. Foreign currency instruments¹	5	5	0
Total(1+2+3)	10,595	9,521	1,074

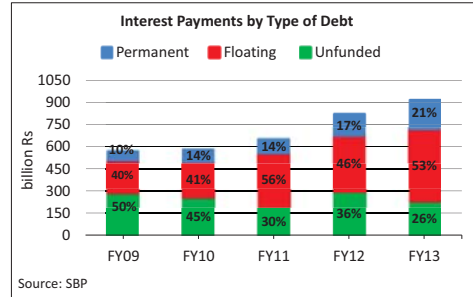
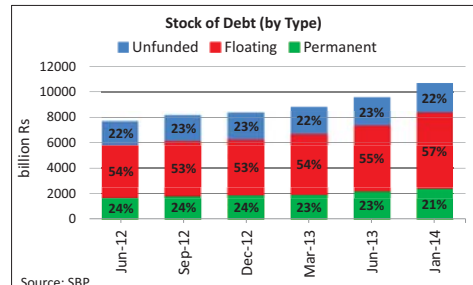
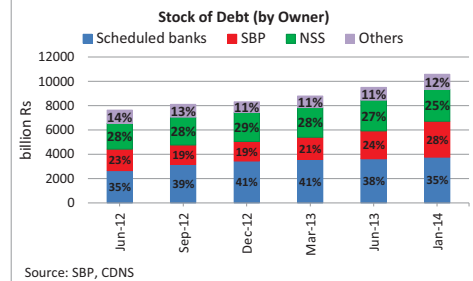
Debt by Type - end period stocks (billion Rs)

	Jan-14 ^P	Jun-13 ^R	Change since Jun-13
1. Permanent debt	2,373	2,174	199
PIBs	1,581	1,322	259
Prize bonds	418	390	28
Others ²	374	463	-89
2. Floating debt	5,997	5,195	802
MTBs	3,047	2,920	127
MRTBs-replenishment	2,950	2,275	675
3. Unfunded debt³: of which	2,220	2,147	73
Saving schemes	2,076	2,006	69
4. Foreign currency instruments	5	5	0
Total(1+2+3+4)	10,595	9,521	1,074
Government domestic liabilities⁴	155	244	-89

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

² Includes market loans and GOP Ijara Sukuk 3 Years.

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



Interest payments on domestic debt have shown an annualized growth of 9.0 percent during Jul-Jan FY14.

Debt Servicing (billion Rs)

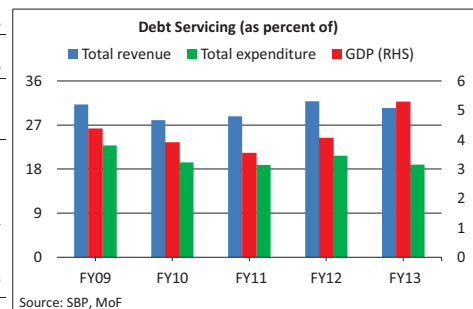
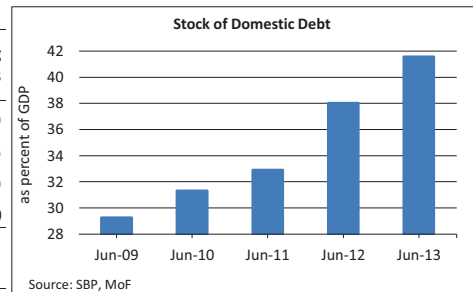
	Jul-Jan		FY13 ^R	Percent change during FY14 over FY13
	FY14 ^P	FY13		
Permanent ⁵	155	117	193	32.0
Floating	335	320	481	4.6
Unfunded	142	142	236	0.0
Total	632	579	910	9.0

Indicators of Domestic Debt Sustainability

	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13
Debt stock as percent of GDP	29.2	31.3	32.9	38.0	41.6
Debt servicing as percent of					
GDP	FY09: 4.4	FY10: 3.9	FY11: 3.6	FY12: 4.1	FY13: 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

⁵ Includes prize bonds;

^R: Revised; ^P: Provisional



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



External Debt

Stock of public sector external debt has decreased by US\$ 0.4 billion during H1-FY14.

Debt & Liabilities¹ - end period stocks (million US\$)

Items	Dec-13 ^P	Jun-13 ^R	Change during Jul-Dec FY14
1. Public debt (a+b+c)	49,805	50,176	-371
a) Government debt	43,887	43,496	391
i) Long term (>1 year)	43,438	43,488	-50
Paris club	13,351	13,548	-197
Multilateral	24,183	24,198	-15
Other bilateral	3,119	2,939	180
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)	4	2	2
Saudi fund for development (SFD)	160	180	-20
SAFE China deposits	1,000	1,000	0
NBP/BOC deposits	0	0	0
ii) Short term (<1 year)	448.8	8	441
IDB	275	0	275
b) From IMF	3,590	4,387	-797
i) Federal government	1,144	1,698	-554
ii) Central bank	2,446	2,689	-243
c) Foreign exchange liabilities (FEL)²	2,328	2,292	36
2. Public sector enterprises (PSEs)	1,946	2,104	-158
a) Guaranteed debt	589	854	-265
b) Non-guaranteed debt	1,357	1,250	107
3. Scheduled banks	1,819	1,554	266
a) borrowing	958	710	248
i) Long term (>1 year)	50	76	-27
ii) Short term (<1 year)	909	634	275
b) Nonresident deposit (LCY & FCY)	861	843	18
4. Private sector	3,015	3,117	-102
a) guaranteed debt	0	0	0
b) non-guaranteed debt	3,015	3,117	-102
i) Loans	2,000	1,990	10
ii) Private non-guaranteed bonds	12	124	-112
iii) Trade credit and others liabilities	1,003	1,003	0
5. Debt liabilities to direct investors-intercompany debt	2,797	2,829	-32
Total external debt (excl. FEL)	57,054	57,486	-432
Total external debt & liabilities (1+2+3+4+5)	59,383	59,779	-396

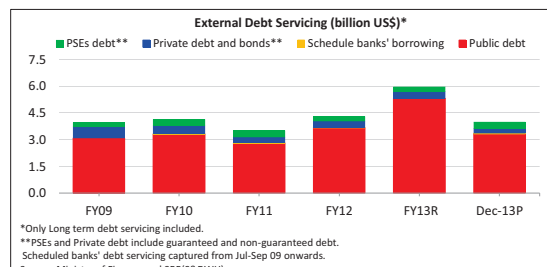
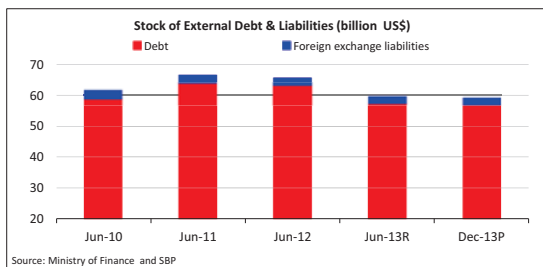
Debt Servicing (million US\$)

Items	Jul-Dec FY14 ^P	FY13 ^R
1. Public debt (a+b+c)	3,325	5,305
a) Government debt³	1,297	2,194
Principal	949	1,505
Interest	348	689
b) To IMF	2,024	2,999
Principal	1,992	2,899
Interest	32	100
c) Foreign exchange liabilities	4	112
Principal	0	100
Interest	4	12
2. PSEs guaranteed debt	285	39
Principal	265	24
Interest	20	15
3. PSEs non-guaranteed debt³	88	238
Principal	81	214
Interest	8	24
4. Scheduled banks' borrowing³	33	16
Principal	32	16
Interest	1	1
5. Private guaranteed debt	0	0
6. Private non-guaranteed debt³	145	354
Principal	117	287
Interest	28	67
7. Private non-guaranteed bonds	117	10
Principal	112	0
Interest	5	10
Total Long term external debt servicing (1+2+3+4+5+6+7)	3,993	5,962
Principal	3,547	5,046
Interest	446	916
Memorandum Items		
Short term debt servicing-principal⁴ (excluding item No.3 below)	138	507
1. Government debt	0	390
2. PSEs non-guaranteed debt	120	116
3. Scheduled banks' borrowing	10,204	26,293
Net flows ⁵	275	(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 ⁶
GDP	27.2	31.2	32.4	31.1	29.1	25.9	1.9	2.4	2.3	1.6	1.9	2.5
Reserves	399.1	407.8	339.3	347.2	426.8	540.6	27.5	30.8	24.4	18.3	27.9	53.9
Exports	226.0	273.7	291.6	261.0	265.1	241.1	15.6	20.7	21.0	13.7	17.3	24.0



R: Revised; P: Provisional; ¹ External debt data format has been changed, as SBP enhances coverage & quality of external debt statistics by adopting Special Data Dissemination Standard, for more details visit <http://www.sbp.org.pk/ecodata/Revision-EDS.pdf>. ² Allocation of SDR and Nonresident LCY deposits with central bank added to FEL; ³ Only long term debt servicing included. ⁴ As per the guidelines available in IMF's External Debt Guide for Compilers and Users 2003, the principal repayment of short term debt is excluded from over all principal repayments. However, for the information of data users, short term repayment of principle has been reported as Memorandum Items; ⁵ Net flows of short term borrowings by banks reflect the net increase (+) or decrease (-) in the stock of short term bank borrowings during the period. ⁶ Only long term debt servicing included from FY11 and onwards(Revised)

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



Total Debt

Stock of total debt and liabilities increased by Rs1,023 billion during FY14, so far.

Total Debt Stock (billion Rs)

	Dec-13 ^P	Jun-13 ^R	Change during Jul-Dec FY14	Share in Jul-Dec FY14 (percent)
I. Government domestic debt	10,228	9,521	707	59.3
II. Government external debt ¹	4,638	4,311	327	26.9
III. Debt from IMF	379	435	-55	2.2
IV. External liabilities	246	227	19	1.4
V. Private sector external debt	511	463	48	3.0
VI. PSEs external debt	206	209	-3	1.2
VII. PSEs domestic debt	367	312	54	2.1
VIII. Commodity operations ²	381	470	-88	2.2
IX. Intercompany debt	296	280	15	1.7
Total debt & liabilities (I to IX)	17,251	16,228	1,023	100.0
Total public debt (I to IV)	15,491	14,494	997	89.8
Total external debt & liabilities (II to VI &+ IX)	6,275	5,925	350	36.4
Commodity operations & PSEs debt (VI to VIII)	953	990	-37	5.5

Total Debt Servicing (billion Rs)

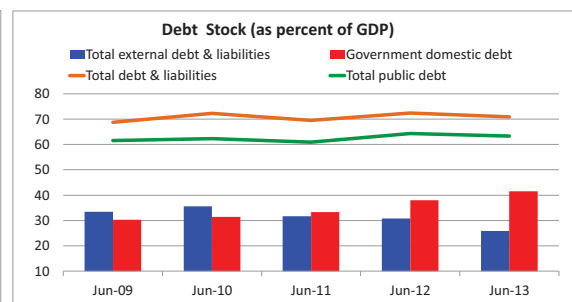
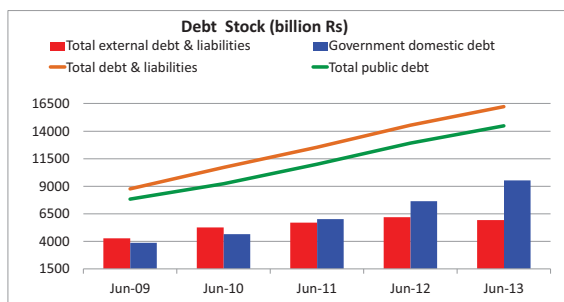
	Jul-Dec FY14 ^P	FY13 ^R	Share in Jul-Dec FY14 (percent)	Share in FY13 (percent)
Total Debt Servicing(A+B)	969	1542	100.0	100.0
A. Total interest payment on debt and liabilities (I+II)	596	1054	61.5	68.3
I. Interest payment on debt (a+b)	571	999	58.9	64.8
a. Domestic debt	524	910	54.1	59.0
b. External debt	47	89	4.8	5.8
II. Interest payment on liabilities (a+b)	25	54	2.6	3.5
a. External liabilities ¹	0	1	0.0	0.1
b. Domestic liabilities	24	53	2.5	3.4
B. Principal repayment of external debt and liabilities³	373	489	38.5	31.7

Debt stock (as percent of GDP)

	Dec-13 ^{P4}	Jun-13 ^R	Jun-12
Total debt and liabilities	70.5	70.8	72.4
Total public debt	63.3	63.3	64.3
Total external debt and liabilities	25.7	25.9	30.8
Government domestic debt	41.8	41.6	38.0
PSEs debt and liabilities	3.9	4.3	4.3

Debt Servicing (as percent of)

	FY13 ^P	FY12 ^R	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; ¹Rupee value of external debt and liabilities computed by applying the corresponding end period average exchange rate to the end-period stock; ²This includes borrowings from banks by provincial and Federal governments agencies for commodity operations; ³This is excluding short term debt repayment; ⁴Average 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



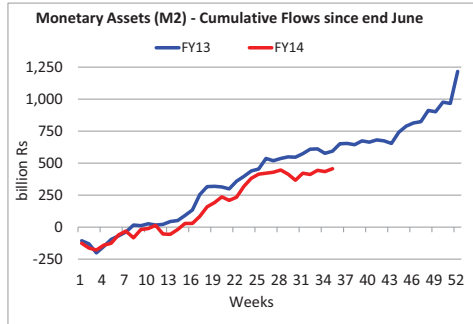
Monetary and Credit Aggregates

Government borrowing from the banking system and the private sector credit mainly contributed in monetary expansion during FY14 so far.

Monetary Assets of the Banking System

(billion Rs)

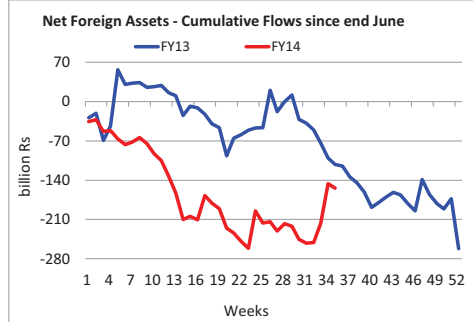
	End June 2013 stocks ^R	Cumulative flows since end-June		FY13 flows
		Latest week	A year ago	
		28-Feb-14	1-Mar-13	
NFA	268.8	-154.0	-111.9	-263.3
NDA	8,589.0	609.9	704.9	1,479.3
Net government borrowings: of which	5,737.1	371.4	708.1	1,479.2
Net budgetary borrowing	5,246.4	492.2	799.3	1,446.5
Commodity operations	467.7	-120.9	-91.8	31.6
Non-government borrowings: of which	3,664.0	366.7	154.4	11.7
Private sector	3,357.4	298.5	113.5	-19.0
PSEs	288.1	68.3	40.9	30.9
Other items (net)	-812.1	-128.2	-157.5	-11.6
M2	8,857.8	455.9	593.0	1,216.0



Monetary Liabilities of the Banking System

(billion Rs)

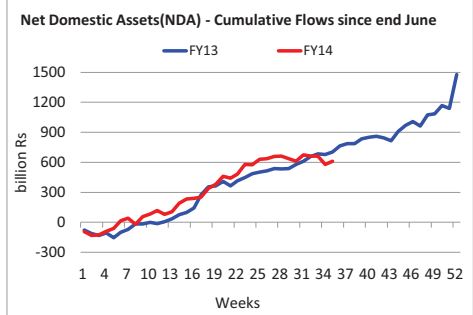
Currency in circulation	1,938.2	198.9	253.8	264.5
Total deposits with banks	6,909.1	256.8	338.5	949.9
Demand deposits with banks	5,588.1	261.4	265.4	875.7
Time deposits with banks	806.0	-81.4	17.1	-0.7
RFCDs with banks	515.0	76.9	55.9	74.9
M2	8,857.8	455.9	593.0	1,216.0



Monetary Assets of the Banking System

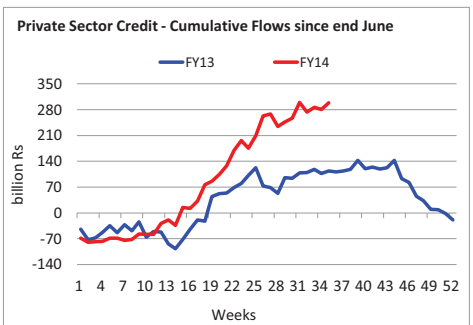
(percent growth)

	YoY (28-Feb-14)	Since end June		FY13
		28-Feb-14	1-Mar-13	
		NFA	-72.7	
NDA	17.7	7.1	9.9	20.8
Government borrowings	23.0	6.5	16.6	34.7
Budgetary borrowing	24.8	9.4	21.0	38.1
Commodity operations	0.7	-25.9	-21.0	7.2
Non-government sector borrowings	5.9	10.0	4.2	0.3
Private sector	4.8	8.9	3.4	-0.6
PSEs	19.6	23.7	15.9	12.0
Other items (Net)	-1.8	15.8	19.7	1.4
M2	13.1	5.1	7.8	15.9



Memorandum Items

	Latest week	A year ago	FY13
	28-Feb-14	1-Mar-13	
	Money multiplier	3.39	
Currency to deposit ratio (percent)	29.8	30.6	28.1
M2 to GDP ratio (percent)	35.82	35.95	38.7
Private sector credit to GDP ratio (percent)	14.06	15.2	14.7



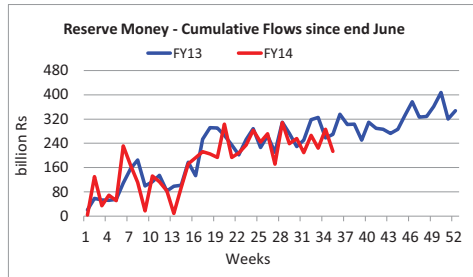
^R; Revised (All weekly numbers are provisional); Source: Statistics & Data Warehouse Department (S&DWD), SBP



Government borrowing from SBP and net OMO injections remained the key drivers of reserve money growth during FY14 so far.

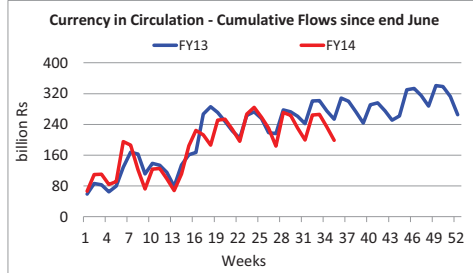
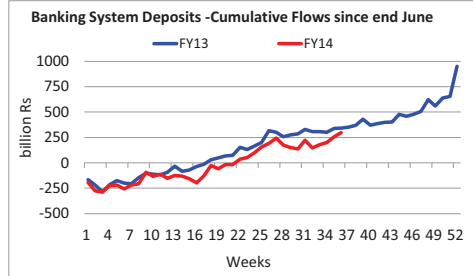
Monetary Assets of SBP

	End June 2013 stocks	Cumulative flows since end-June		FY13 Flows
		Latest week	A year ago	
		28-Feb-14	1-Mar-13	
NFA	132.9	-158.6	-108.8	-261.1
NDA: of which	2,402.3	372.2	377.8	607.5
Budgetary borrowing	2,212.9	185.7	67.5	506.9
Other items (net)	-276.4	112.4	276.1	-59.7
Net impact of OMOs/discounting	198.8	182.1	322.6	98.1
Reserve money	2,535.3	213.5	269.0	346.4



Monetary Liabilities of SBP

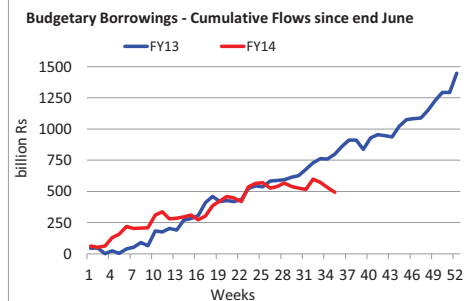
	End June 2013 stocks	Cumulative flows since end-June		FY13 Flows
		Latest week	A year ago	
		28-Feb-14	1-Mar-13	
Currency in circulation	1,938.2	198.9	253.8	264.5
Cash in tills	110.9	9.4	-3.3	0.8
Bank deposits with SBP (reserves)	475.6	5.1	17.8	79.5
Other deposits with SBP	10.5	0.1	0.7	1.6
	YoY			(percent growth)
	(28-Feb-14)			
NFA of the SBP	-109.0	-119.3	-27.6	-66.3
NDA of the SBP: of which	27.7	15.5	21.0	33.8
Budgetary borrowing	35.2	8.4	4.0	29.7
Reserve money	11.8	8.4	12.3	15.8



In FY14 so far, government borrowing needs are largely met from Scheduled banks.

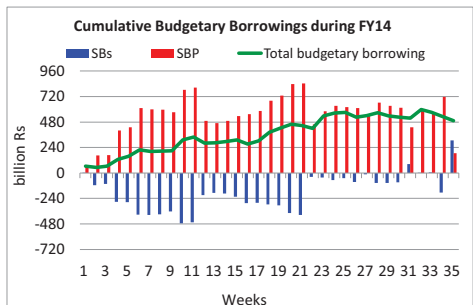
Details on Government Borrowing for Budgetary Support

	End June 2013 stocks	Cumulative flows since end-June		FY13 flows
		Latest week	A year ago	
		28-Feb-14	1-Mar-13	
Budgetary borrowing	5,246.4	492.2	799.3	1,446.5
Federal government	5,562.0	692.9	856.1	1,497.5
From SBP	2,241.1	367.0	117.5	536.9
SBP's holdings of MRTBs	2,275.2	482.0	15.1	515.5
From scheduled banks (SBs)	3,320.9	325.9	738.7	960.6
Provincial governments	-315.6	-200.7	-56.8	-51.0
From SBP ¹	-28.2	-181.3	-49.9	-30.0
From scheduled banks ²	-287.4	-19.4	-6.9	-21.0



Memorandum Items

Budgetary borrowing on cash basis	5,124.8	501.3	829.3	1,457.5
SBP	2,168.0	166.1	60.6	505.9
Scheduled banks	2,956.8	335.2	768.7	951.6



¹ 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.

² The 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 continues to record a significant increase during Jul-Jan FY14 with substantial pick-up of credit by private sector businesses (PSBs) for both working capital and fixed investment.

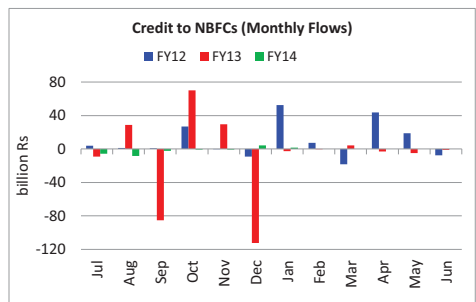
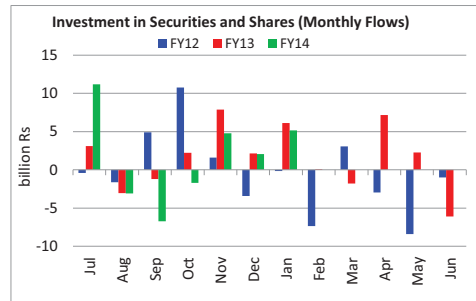
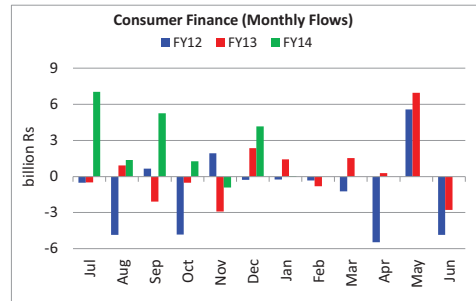
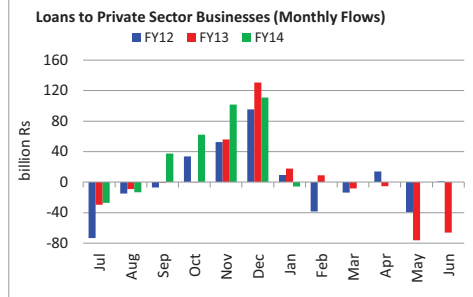
Credit to Private Sector

	End June 2013 stocks	Cumulative flows (billion Rs)		
		Jul-Jan FY14	Jul-Jan FY13	FY13
Total credit to private sector ¹	3,357.4	299.0	110.3	-19.0
1. Loans to private sector businesses	2,467.2	265.8	164.3	17.1
By type				
Working capital: of which	1,613.2	217.4	142.0	31.0
Export finance	261.3	32.1	12.2	14.3
Import finance	132.6	20.9	-4.9	5.9
Fixed investment	854.1	48.5	22.2	-13.9
By Sectors: of which				
Agriculture	222.0	↑ 13.7	↑ 9.3	↑ 23.5
Manufacturing: of which	1,448.9	↑ 175.6	↑ 120.5	↑ 58.9
Textiles	514.9	↑ 94.4	↑ 62.6	↑ 23.9
Food products & beverages	316.9	↑ 40.3	↑ 29.3	↑ 26.5
Chemicals & products	171.7	↓ -5.0	↑ 7.3	↓ -0.7
Non-metallic mineral products	66.9	↓ -2.3	↓ -8.7	↓ -9.6
Wearing apparel, readymade gar.	54.5	↓ -0.4	↑ 2.4	↑ 6.3
Electricity, gas and water	228.9	↑ 40.7	↑ 8.4	↓ -49.2
Construction	53.4	↑ 0.1	↑ 0.0	↓ -0.1
Commerce and trade	206.9	↑ 28.7	↑ 7.0	↓ -3.1
Transport, storage and comm.	89.8	↓ -5.3	↓ -6.9	↓ -21.5
Services: of which	139.1	↑ 9.9	↑ 0.2	↓ -10.8
Real estate/renting & business act.	99.8	↑ 7.2	↑ 4.0	↓ -8.1
2. Personal: of which	305.8	↑ 17.8	↑ 10.6	↑ 20.7
Consumer financing	211.3	↑ 18.2	↑ 7.4	↑ 12.6
3. Investment in securities and shares	172.2	↑ 11.7	↑ 17.3	↑ 18.9
4. Others²: of which	412.2	↑ 3.7	↓ -81.8	↓ -75.8
Non-bank finance companies	156.8	↓ -11.8	↓ -80.7	↓ -85.6

¹ From Weekly Monetary Survey's month end position.

² This also includes credit to some Public Sector Enterprises, and other categories.

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

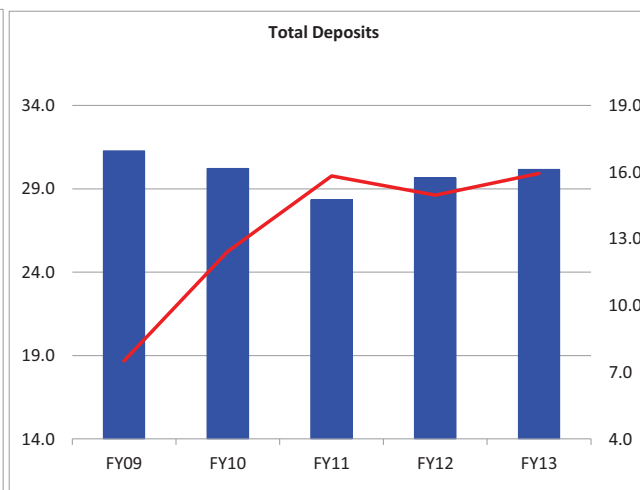
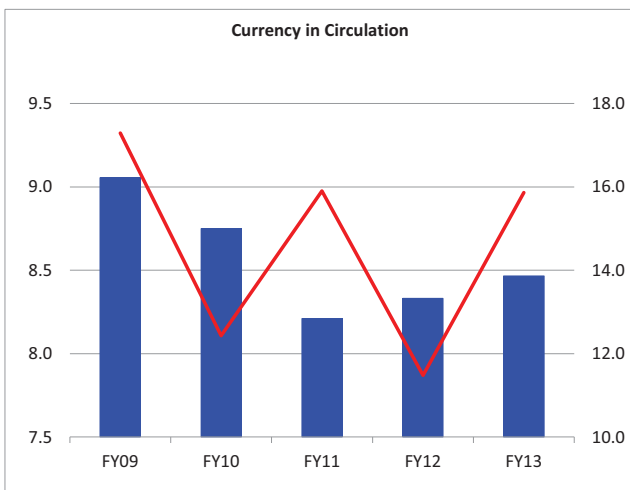
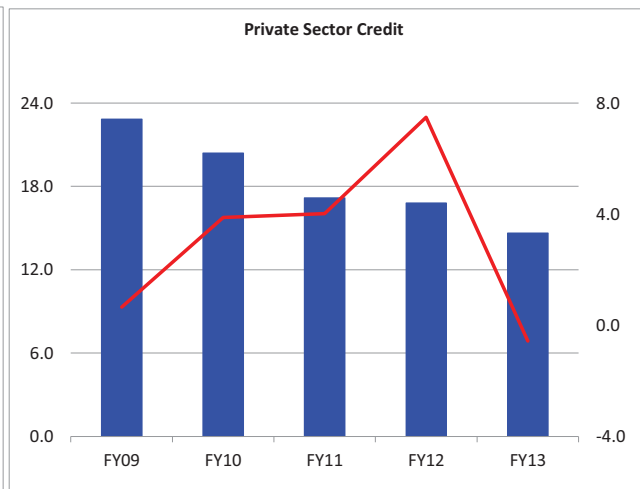
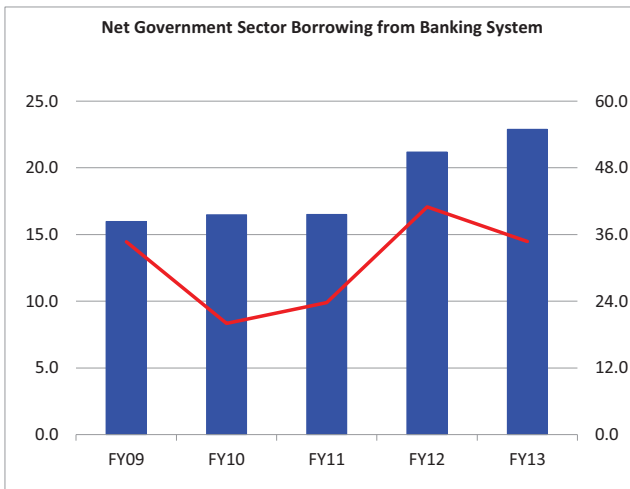
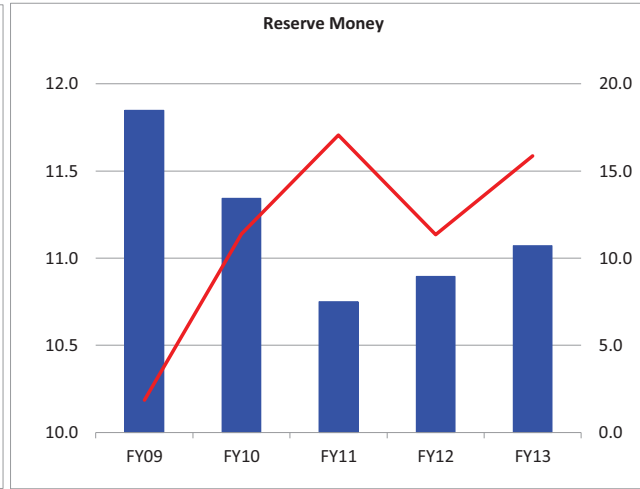
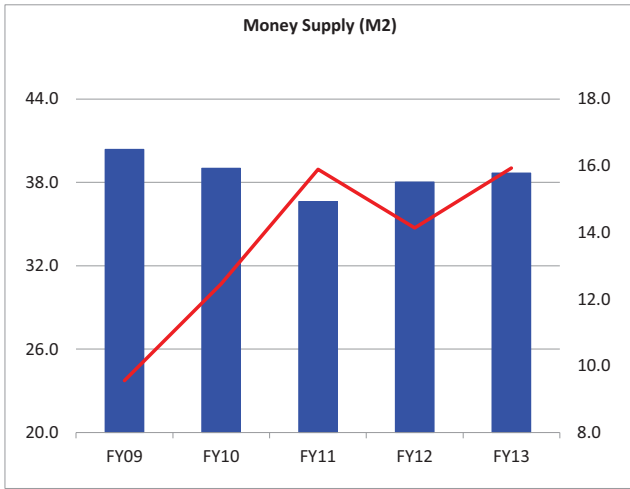




Key Indicators of Monetary Sector

■ As percent of GDP

— YoY growth (RHS)

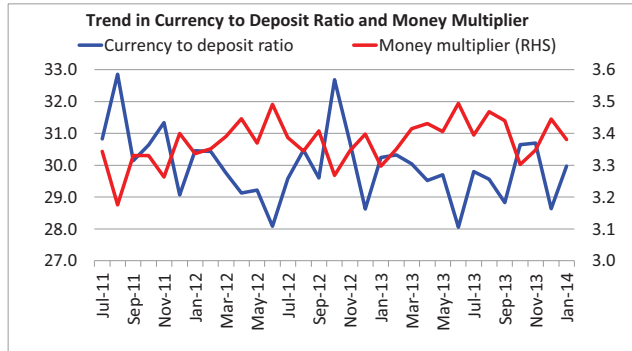
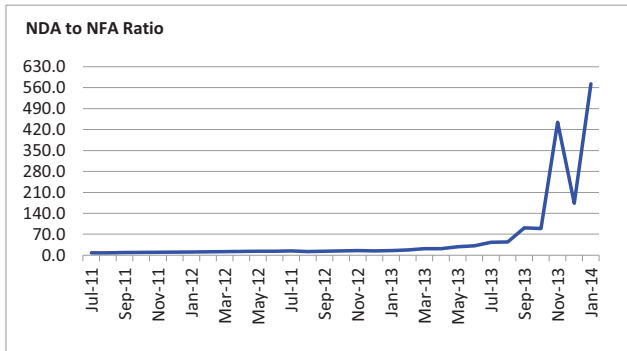
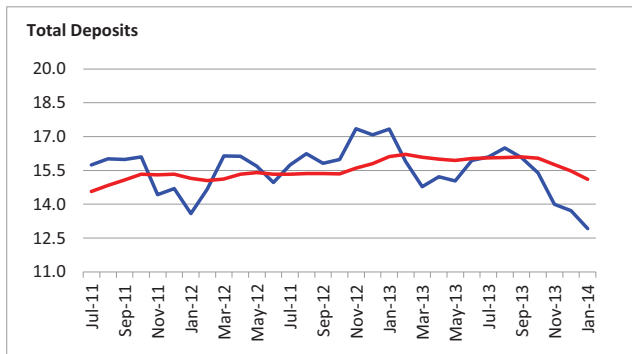
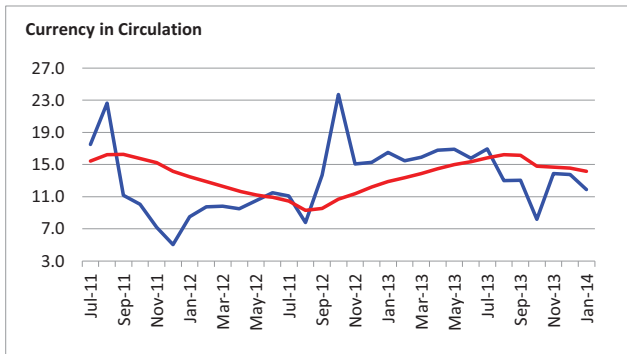
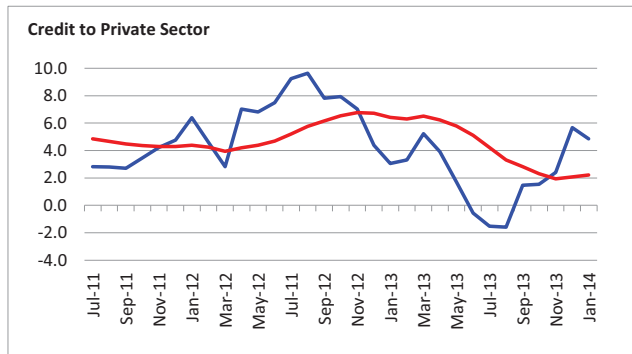
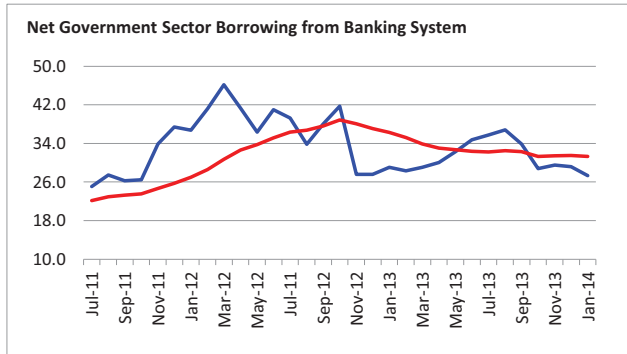
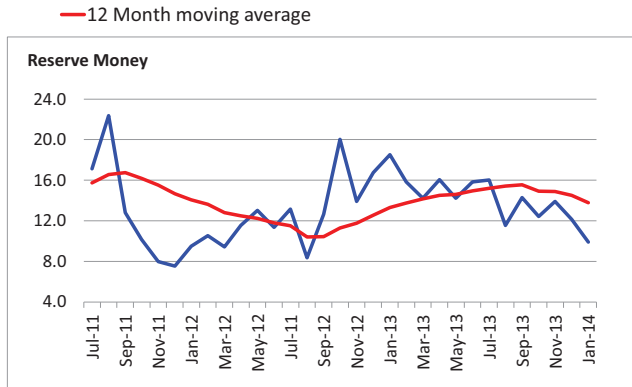
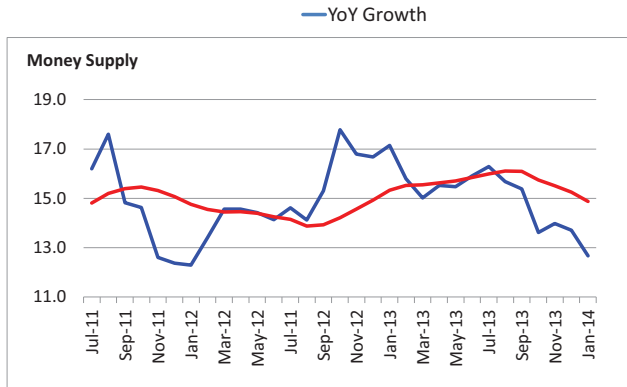


YoY growth of end June Stocks

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.



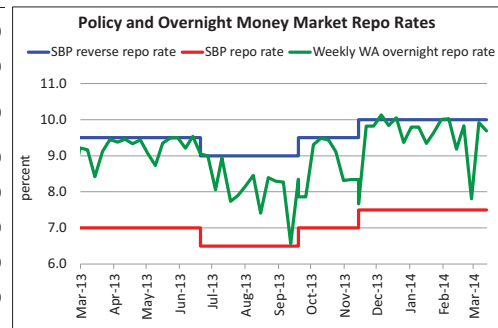
Money Market

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

Policy Instruments (percent)					
	Current	w.e.f	Previous	w.e.f	Change ¹
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

¹ Basis points

DL: Demand Liabilities; TL: Time Liabilities



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

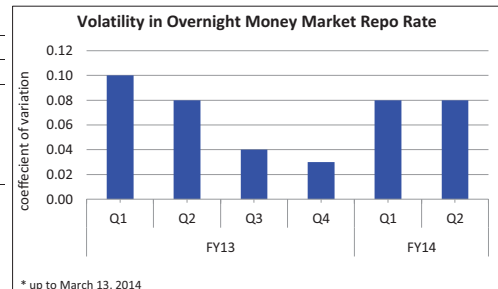
	Weighted Average O/N Money Market Repo Rate (percent)				
	FY13 Q4	FY14 Q1	FY14 Q2	FY14 Q3 *	YTD
WA O/N repo rate ²	9.04	7.88	9.25	9.55	8.93
Standard deviation	0.38	0.61	0.77	0.67	0.92
CoV ³	0.03	0.08	0.08	0.07	0.10

*up to March 13, 2014

YTD: Year to date

² Weekly Weighted Average O/N Repo Rate

³ CoV (Coefficient of Variation) is a ratio and is unit free.



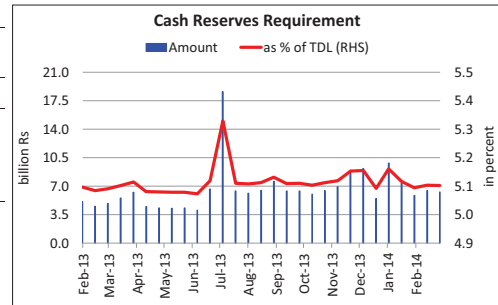
* up to March 13, 2014

Banks' holding of government securities now stands at 85 percent of their total liquid assets maintained.

	Bi-weekly Cash Reserves Requirement (CRR) ⁴ (billion Rs)			
	Maintenance period ended as on		Change since Last MPS	
	27-Feb-14	30-Jan-14	30-Jan-14	16-Jan-14 ⁵
Cash required	307.8	309.2	↓ -1.4	↓ -6.4
Cash maintained	314.1	315.0	↓ -1.0	↓ -7.5
Excess cash reserves (per day)	6.3	5.9	↑ 0.4	↓ -1.1

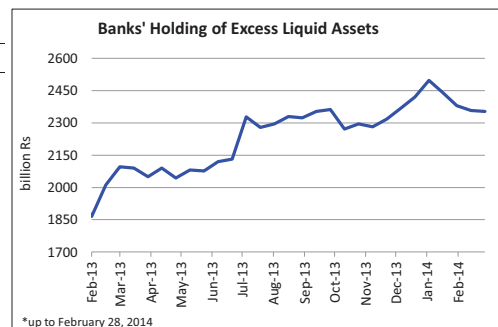
⁴ Bi-weekly CRR is the proportion of local currency time and demand liabilities (TDL) that schedule banks are required to maintain with SBP in the form of cash on average during the reserve maintenance period.

⁵ As on Thursday preceding the last monetary policy decision.



	Overall Reserve Requirement (billion Rs)			
	Maintenance period started as on		Change since	
	28-Feb-14	31-Jan-14	31-Jan-14	4-Oct-08
Required reserves	1501.8	1494.3	↑ 7.5	↑ 539.3
for CRR	312.9	311.3	↑ 1.6	↑ 36.8
for SLR	1188.9	1183.0	↑ 5.9	↑ 502.5
Maintained⁶	3854.8	3874.7	↓ -19.9	↑ 2836.1
Cash	521.7	511.3	↑ 10.4	↑ 132.9
Cash in tills	145.9	142.6	↑ 3.3	↑ 57.8
Balance with SBP	311.4	311.5	↓ -0.1	↑ 22.8
Balance with NBP	64.4	57.2	↑ 7.3	↑ 52.3
Securities	3290.3	3320.5	↓ -30.3	↑ 2677.1
Others ⁷	42.9	42.9	↓ 0.0	↑ 26.1
Excess liquid assets⁸	2353.1	2380.4	↓ -27.3	↑ 2296.8

Source: Off-site Supervision and Enforcement Department, SBP



* up to February 28, 2014

⁷ Data corresponds to the balances as on that date

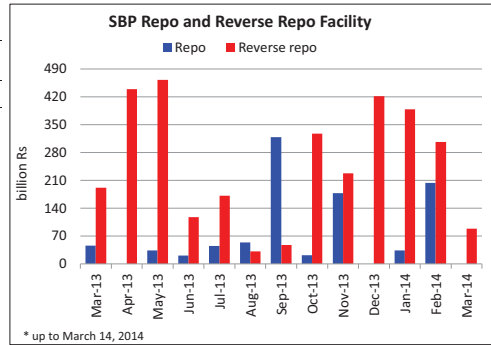
⁸ Includes Section 13(3) deposits and share capital of MFBs.

⁹ Includes excess securities + cash and other assets maintained.



Banks' use of SBP's reverse repo facility has increased in Q3-FY14, so far.

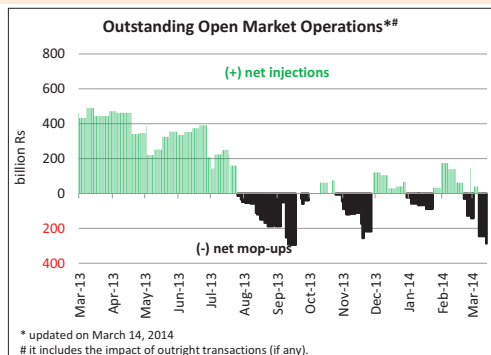
	Use of SBP's Standing Facilities			
	SBP reverse repo		SBP repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
FY13	2,927.8	88	748.0	33
Q1	1,035.7	32	239.9	11
Q2	524.0	14	331.2	13
Q3	347.7	14	121.6	5
Q4	1,020.4	28	55.3	4
FY14¹	2,013.1	48	856.6	24
Q1	250.6	11	419.0	13
Q2	977.6	16	199.8	6
Q3 ¹	784.9	21	237.8	5



¹ Updated up to March 14, 2014

The level of outstanding OMOs has remained negative in Q3-FY14, so far.

	Outstanding Open Market Operations ² (billion rupees)	
	Average Outstanding OMOs	End-period Outstanding OMOs
FY13	460.9	207.6
Q1	384.7	611.5
Q2	568.0	615.7
Q3	539.1	472.1
Q4	352.5	207.6
FY14³	(22.5)	(289.1)
Q1	(34.7)	(40.0)
Q2	(13.8)	(24.5)
Q3 ³	(18.0)	(289.1)

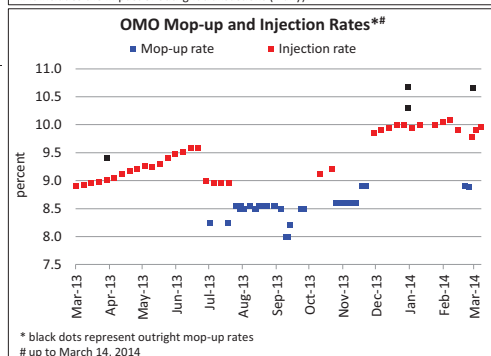


^{*} updated on March 14, 2014
[#] it includes the impact of outright transactions (if any).

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

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

³ Updated up to March 14, 2014

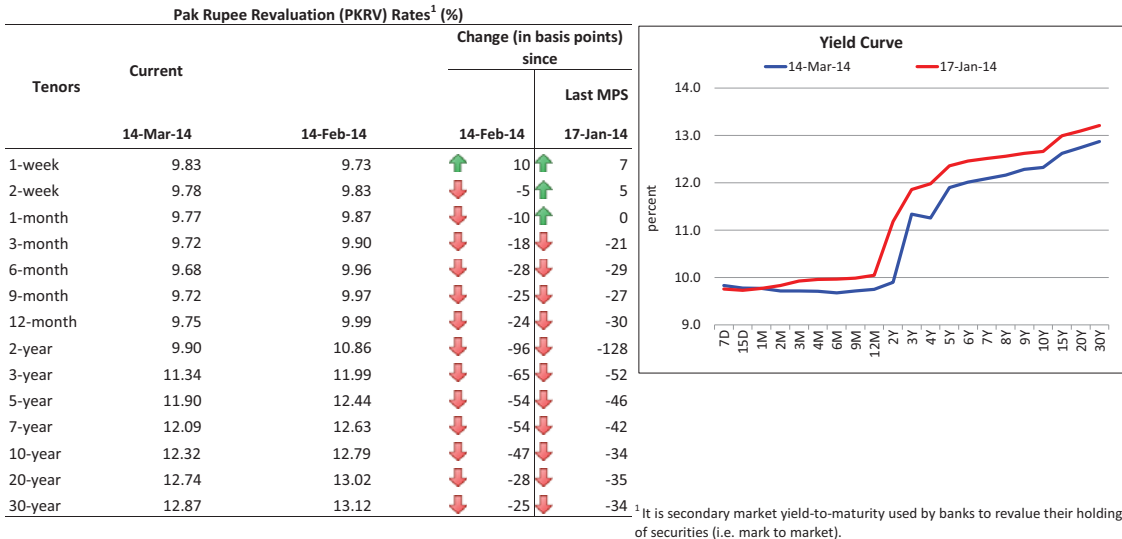


^{*} black dots represent outright mop-up rates
[#] up to March 14, 2014

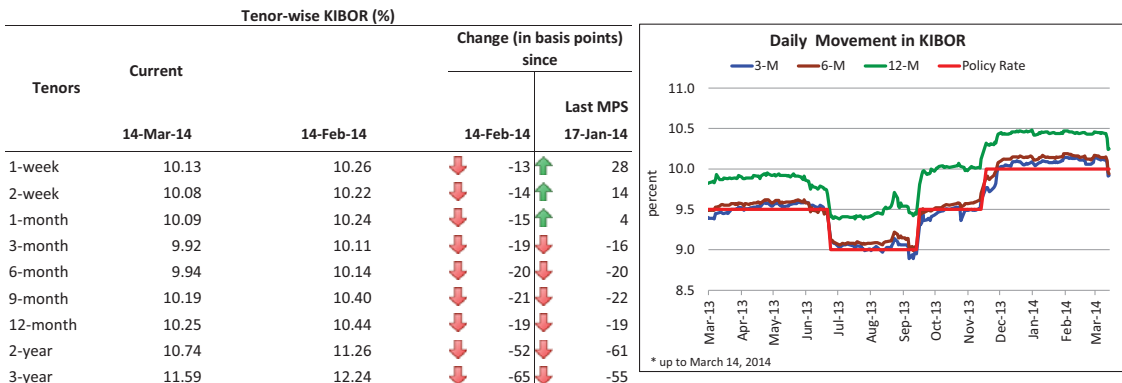
Source: Domestic Markets & Monetary Management Department, SBP



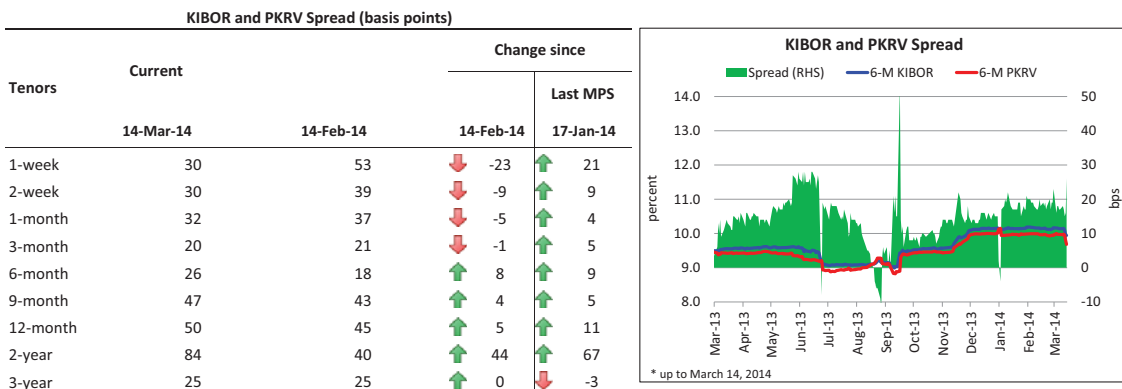
Secondary market yields in most of the tenors have declined since the last monetary policy decision in January 2014.



Except for three tenors, KIBOR of all other tenors have decreased since the last monetary policy decision in January 2014.



Spreads between KIBOR and PKRV rate for most tenors have increased compared to level observed at the time of monetary policy announcement in January 2014.



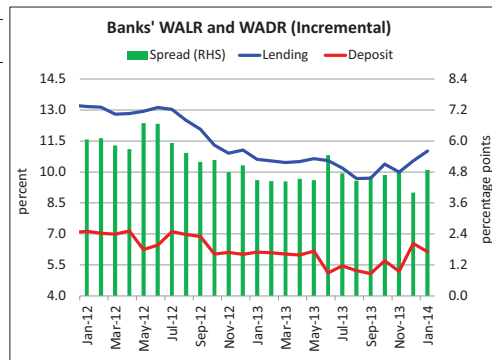
Sources: SBP and Financial Market Association of Pakistan



Spread between incremental WALR and WADR stands at 488 bps in January 2014.

Weighted average Lending and Deposit Rates (percent per annum)

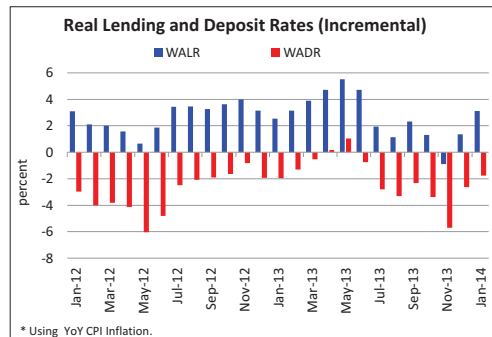
Months	Incremental ¹		Spread (bps)	Outstanding		
	WALR	WADR		WALR	WADR	Spread (bps)
Jan-13	10.61	6.12	449	11.60	5.39	621
Feb-13	10.53	6.08	445	11.52	5.34	618
Mar-13	10.46	6.03	443	11.50	5.26	624
Apr-13	10.51	5.98	453	11.42	5.23	619
May-13	10.65	6.17	448	11.49	5.15	634
Jun-13	10.56	5.11	545	11.36	5.01	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
Dec-13	10.54	6.54	400	11.07	5.05	602
Jan-14	11.02	6.14	488	11.17	5.19	598



¹ 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 increased in January 2014.

Months	Real (based on 12-month MA inflation) ²		Real (based on YoY inflation) ³	
	WALR	WADR	WALR	WADR
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
Dec-13	2.85	-1.15	1.36	-2.64
Jan-14	3.34	-1.54	3.11	-1.77



* Using YoY CPI Inflation.

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

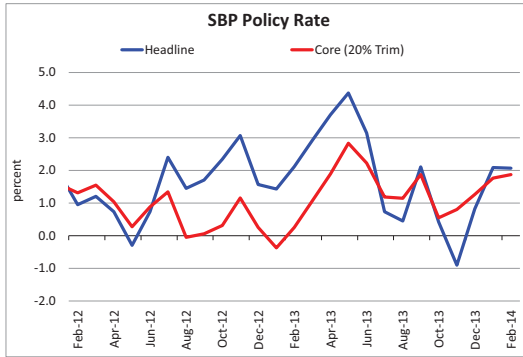
³ Nominal rate less CPI inflation (year on year).

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

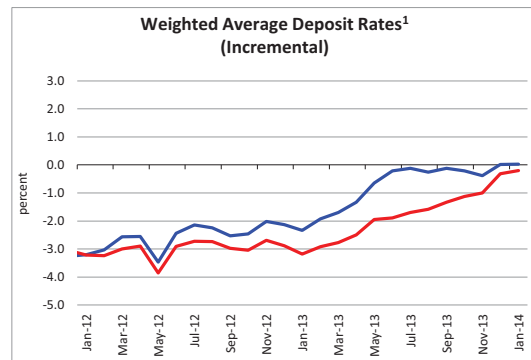
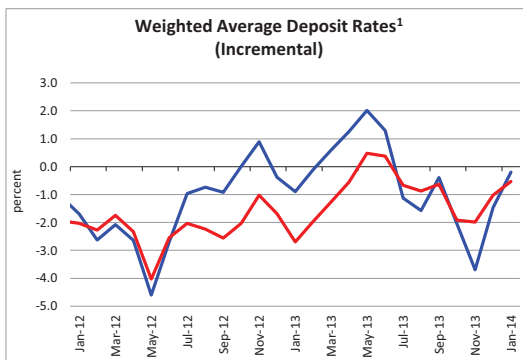
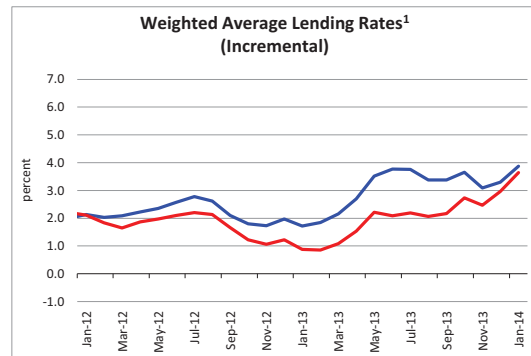
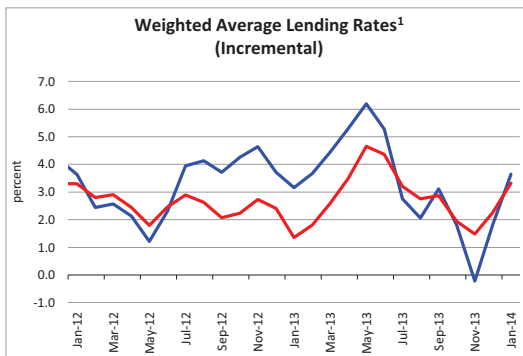
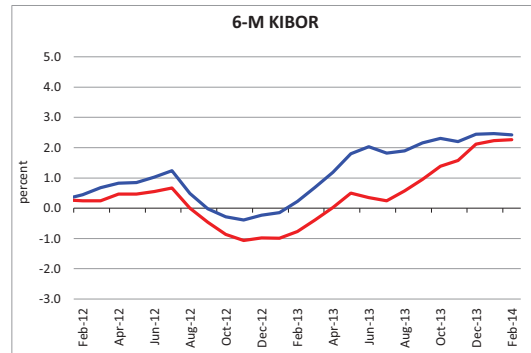
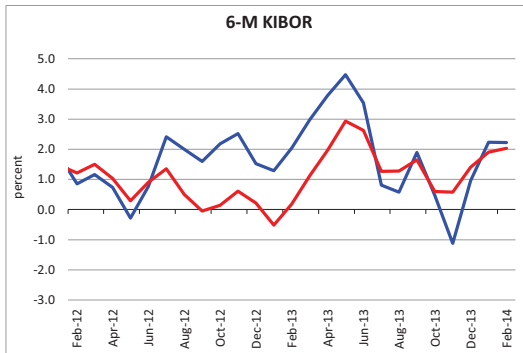
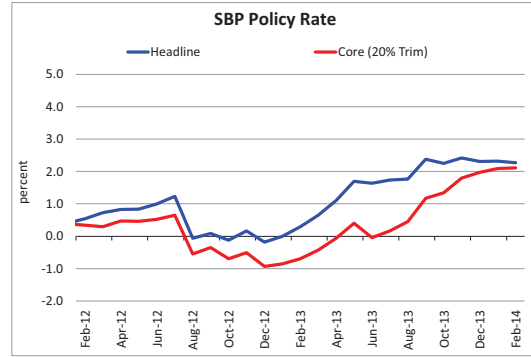


Real Interest Rates

Using YoY CPI inflation



Using 12-month moving average CPI inflation



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

Sources: PBS and Statistics & Data Warehouse Department, SBP



Monetary Policy Information Compendium

March 2014

In the T-bill auctions held in Q3-FY14 so far, government has raised lower than the targeted amount.

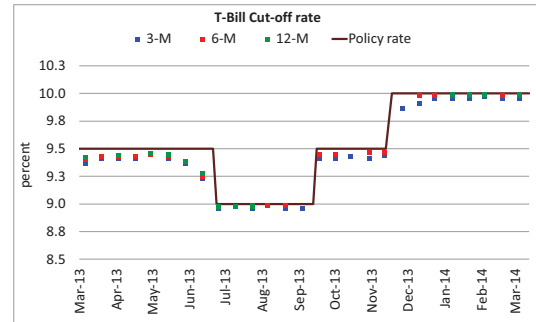
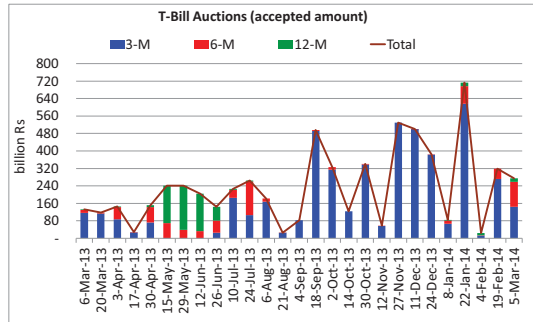
FY/Q/ Settlement date	T-bill Auction (billion Rs (Realized value); rates in percent)													Non- competitive bids ⁴
	TOTAL				3-Month			6-Month			12-Month			
	Target	Maturity	Offered	Accepted ²	Offered	Accepted	Cut-off ³	Offered	Accepted	Cut-off ³	Offered	Accepted	Cut-off ³	
FY13	5,075.0	5,049.0	7,160.3	4,772.3	1,308.0	884.2	-	3,243.1	2,136.6	-	2,609.1	1,751.4	-	511.3
Q1	1,500.0	1,487.1	2,231.1	1,611.3	191.0	129.5	10.23	967.6	755.4	10.24	1,072.5	726.4	10.26	152.2
Q2	1,125.0	1,148.9	2,012.2	956.5	191.2	81.6	9.28	1,174.3	543.0	9.30	646.7	331.8	9.36	128.3
Q3	1,125.0	1,103.8	1,492.6	1,050.8	665.9	460.5	9.41	713.3	515.9	9.43	113.4	74.5	9.42	111.7
Q4	1,325.0	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
FY14¹	5,650.0	5,797.0	5,533.8	4,950.2	4,920.4	4,413.5	-	542.7	482.7	-	70.7	54.0	-	221.2
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 ¹	1,950.0	1,953.5	1,495.9	1,414.3	1,159.5	1,111.4	9.96	282.2	258.2	9.98	54.3	44.8	9.99	61.2

¹ Up till March 14, 2014

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

³ Quarterly rate are for end-period.

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



In the PIB auctions held in Q3-FY14 so far, government has raised higher amounts than the target amounts.

		PIB Auction (billion Rs (Face value); rates in percent) ⁵										Total	Target
		3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year					
FY13	Cut-off rate ⁶	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	-	-	
FY14⁷	Cut-off rate ⁶	12.10	12.55	-	12.91	-	12.90	-	-	-	-	-	
	Offered	317.9	189.7	-	264.7	-	13.3	-	785.5	-	-	-	
	Accepted	269.9	152.3	-	176.3	-	12.3	-	610.7	420.0	-	-	
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	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 ⁷	Cut-off rate	12.10	12.55	-	12.91	-	12.90	-	-	-	-	-	
	Offered	233.5	119.7	-	118.0	-	12.8	-	483.9	-	-	-	
	Accepted	216.2	116.0	-	102.7	-	11.8	-	446.7	120.0	-	-	
Q4	Cut-off rate	-	-	-	-	-	-	-	-	-	-	-	
	Offered	-	-	-	-	-	-	-	-	-	-	-	
	Accepted	-	-	-	-	-	-	-	-	-	-	-	

⁵ "-": Either no bid received or bids were rejected.

⁶ Excluding non-competitive bids and short-selling accommodation

⁷ Quarterly rate are for end-period.

⁸ Up till March 14, 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 ⁸
FY13	88.0	196.9	90.0	-
Q1	45.0	110.6	47.0	(25)
Q2	-	-	-	-
Q3	43.0	86.3	43.0	(30)
Q4	-	-	-	-
FY14	-	-	-	-
Q1	-	-	-	-
Q2	-	-	-	-
Q3	-	-	-	-

⁸ 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

Pak rupee has appreciated by 0.24 percent against US Dollar in FY14, so far.

	PKR against international currencies			% App/(Dep) of PKR
	Latest 14-Mar-14	Last MPS 17-Jan-14	Jun-13	Cumulative since Jun-13
USD	99.42	105.41	99.66	0.24
Euro	138.05	143.30	130.18	(5.71)
Sterling	165.25	173.29	151.80	(8.14)
JPY	0.98	1.01	1.01	2.81
USD Kerb ¹	97.50	106.18	100.53	3.10
Premium (Rs)	(1.92)	0.77	0.87	-
Daily NEER ¹	56.69	53.20	56.85	(0.29)

¹ Latest data is available up to March 13, 2013
Source: SBP

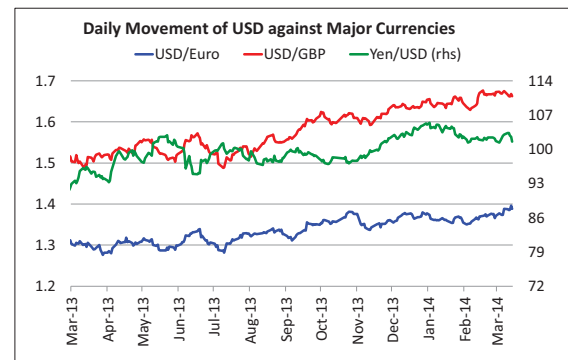
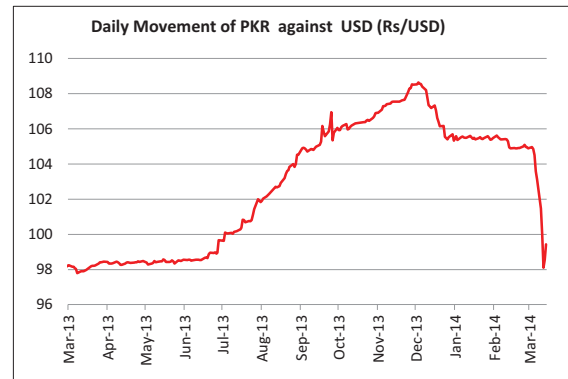
	International exchange rates ²			% App/(Dep) of USD
	Latest 14-Mar-14	Last MPS 17-Jan-14	Jun-13	Cumulative since Jun-13
USD/EUR	1.39	1.36	1.31	(5.93)
USD/GBP	1.66	1.64	1.52	(8.36)
JPY/USD	101.56	104.36	99.02	2.57
INR/USD	61.24	61.44	59.26	3.35
CNY/USD	6.15	6.05	6.14	0.21
THB/USD	32.32	32.86	31.02	4.19
MYR/USD	3.28	3.30	3.16	3.80
SGD/USD	1.27	1.27	1.27	0.05

² The exchange rates are shown as per country practices

PKR/USD Interbank Exchange Rate Trends on Fiscal Year Basis					
	High	Low	Close	Average	Volatility C/C ³
FY10	85.58	81.40	85.51	83.89	3.02
FY11	86.50	83.93	85.97	85.56	2.40
FY12	94.69	85.79	94.55	89.27	2.48
FY13	99.80	93.70	99.66	96.85	1.67
FY14 ⁴	110.50	97.70	99.42	104.89	3.34

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

⁴ Updated up to March 14, 2014.



PKR/USD Interbank Exchange Rate Trends on Quarterly Basis

	High	Low	Close	Average	Volatility C/C ³
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 ⁴	105.70	97.70	99.42	104.62	3.59



Monetary Policy Information Compendium

March 2014

In real terms, Pak rupee has depreciated by 2.2 percent during Jul-Jan FY14.

Changes in Nominal Effective Exchange Rate (NEER)

Base Year: CY2005

	NEER Index	2012				2013				2014	
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan ^P	
2012	Mar	60.27	-	-1.55	-3.58	-6.46	-5.65	-5.94	-11.83	-13.59	-11.72
	Jun	59.33	-	-	-2.06	-4.99	-4.17	-4.46	-10.44	-12.23	-10.33
	Sep	58.11	-	-	-	-2.99	-2.15	-2.45	-8.56	-10.39	-8.44
	Dec	56.37	-	-	-	-	0.87	0.56	-5.74	-7.62	-5.62
2013	Mar	56.86	-	-	-	-	-	-0.30	-6.55	-8.42	-6.43
	Jun	56.69	-	-	-	-	-	-	-6.27	-8.14	-6.14
	Sep	53.14	-	-	-	-	-	-	-	-2.00	0.13
	Dec	52.08	-	-	-	-	-	-	-	-	2.17
2014	Jan ^P	53.21	-	-	-	-	-	-	-	-	-

^P Provisional

Changes in Relative price Index (RPI)

Base Year: CY2005

	RPI Index	2012				2013				2014	
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan ^P	
2012	Mar	170.90	-	2.91	3.38	3.51	4.47	6.62	8.77	10.75	11.10
	Jun	175.87	-	-	0.46	0.59	1.51	3.60	5.69	7.61	7.96
	Sep	176.68	-	-	-	0.12	1.05	3.13	5.21	7.12	7.46
	Dec	176.90	-	-	-	-	0.92	3.00	5.08	6.99	7.33
2013	Mar	178.53	-	-	-	-	-	2.06	4.12	6.01	6.35
	Jun	182.21	-	-	-	-	-	-	2.02	3.87	4.20
	Sep	185.88	-	-	-	-	-	-	-	1.82	2.14
	Dec	189.26	-	-	-	-	-	-	-	-	0.32
2014	Jan ^P	189.87	-	-	-	-	-	-	-	-	-

^P Provisional

Changes in Real Effective Exchange Rate (REER)

Base Year: CY2005

	REER Index	2012				2013				2014	
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Jan ^P	
2012	Mar	103.00	1.31	1.31	-0.31	-3.18	-1.44	0.29	-4.10	-4.31	-1.92
	Jun	104.35	-	-	-1.61	-4.43	-2.72	-1.01	-5.35	-5.55	-3.19
	Sep	102.67	-	-	-	-2.87	-1.13	0.61	-3.80	-4.01	-1.61
	Dec	99.72	-	-	-	-	1.80	3.58	-0.95	-1.17	1.30
2013	Mar	101.52	-	-	-	-	-	1.75	-2.70	-2.91	-0.49
	Jun	103.30	-	-	-	-	-	-	-4.38	-4.58	-2.20
	Sep	98.77	-	-	-	-	-	-	-	-0.22	2.28
	Dec	98.56	-	-	-	-	-	-	-	-	2.50
2014	Jan ^P	101.02	-	-	-	-	-	-	-	-	-

^P Provisional

Source: SBP



Capital Market

Since end June 2013, KSE-100 index and market capitalization has increased by 28.9 percent and 50.2 percent respectively.

Performance of Karachi Stock Exchange

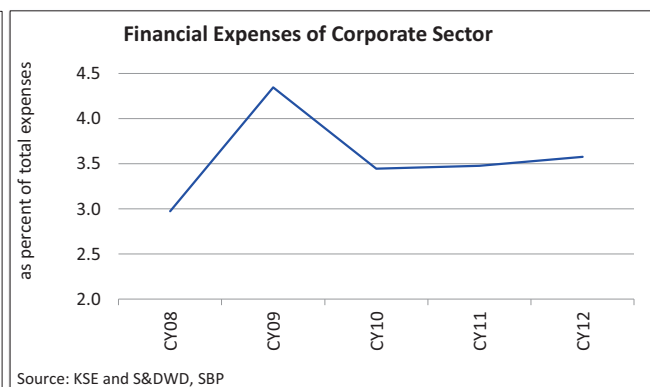
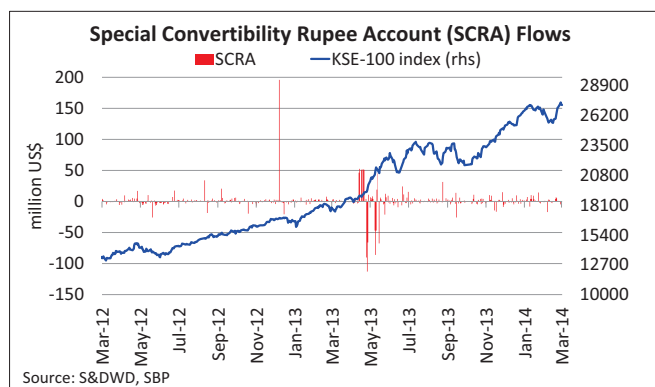
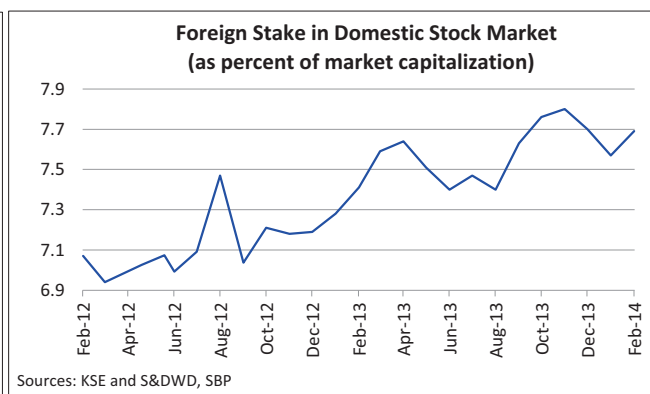
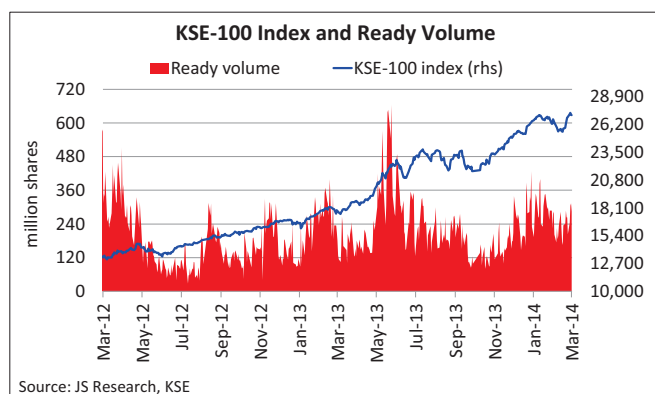
	FY14			FY13	Percentage change during		
	Mar-14 ¹	Feb-14	Jul-Mar		Mar FY14 ²	FY14	FY13
End-period KSE-100 index	27,083	25,783	27,083	21,006	5.0	28.9	52.2
End-period KSE-30 index	19,562	18,755	19,562	16,208	4.3	20.7	35.9
Market capitalization (billion Rs) ³	6,471	6,363	5,854	4,307	1.7	50.2	33.3
Ready volume (million shares) ³	267	237	219	200	-	-	-
SCRA flows (US\$ million) ⁴	10.6	-10.3	123.5	187.8	-	-	-

¹ Up to 13th March 2014

² Reflects growth since end of the previous month

³ Average during the period

⁴ Cumulative flow during the period



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



Financial Soundness Indicators

Asset quality indicators showed improvement during Q2-FY14, as NPLs to loans ratio declined to 13.0 percent in December 2013, compared to 14.3 percent in previous quarter.

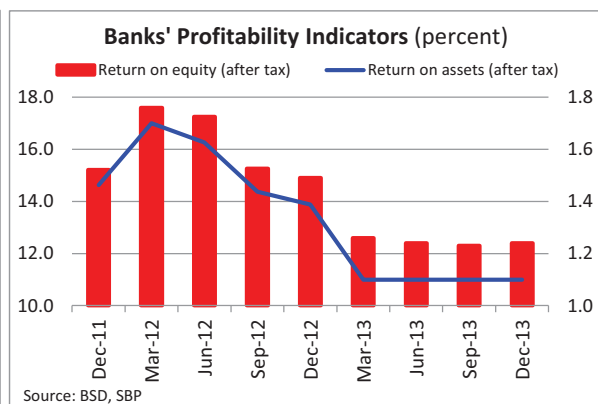
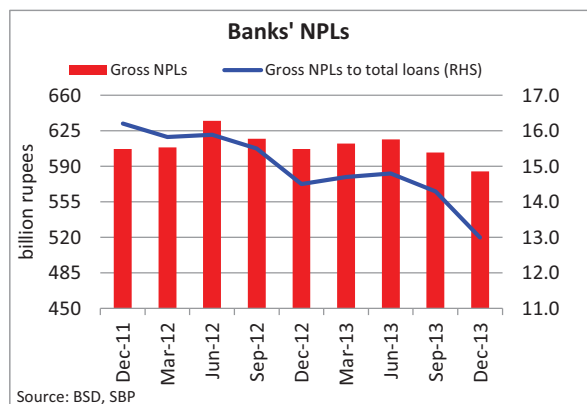
percent

	Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013
Risk weighted CAR ¹	15.4	15.1	15.5	15.5	14.9
Gross NPLs to total loans	14.5	14.7	14.8	14.3	13.0
Provision to NPLs	71.8	71.9	73.2	76.5	78.4
Net NPLs to net loans	4.6	4.6	4.4	3.8	3.1
Returns on assets (before tax)	2.1	1.7	1.7	1.7	1.7
Return on assets (after tax)	1.4	1.1	1.1	1.1	1.1
ROE (before tax) ²	22.9	19.0	18.5	18.4	18.2
ROE (after tax) ²	14.9	12.6	12.4	12.3	12.2
Net interest income/gross income	71.1	71.6	70.0	70.3	70.3
Liquid assets/total assets	47.4	47.4	49.0	46.7	47.3
Liquid assets/total deposits	63.3	63.8	63.7	59.2	60.0
Advances/deposits	51.5	51.6	48.1	48.7	48.6

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

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

² Average equity and surplus.



Source: Banking Surveillance Department (BSD), SBP