



# **Monetary Policy Information Compendium**

**May 2014**

Consolidated by

**Monetary Policy Department**

**STATE BANK OF PAKISTAN**

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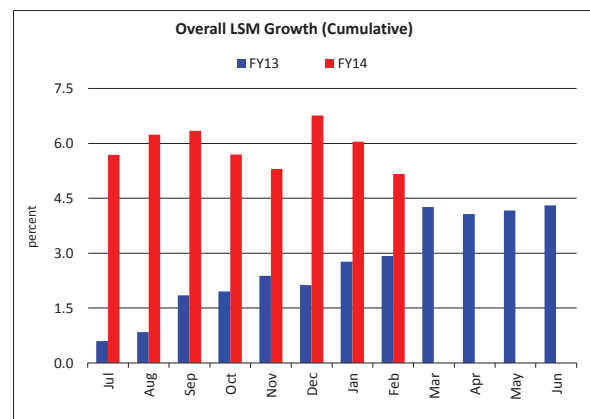
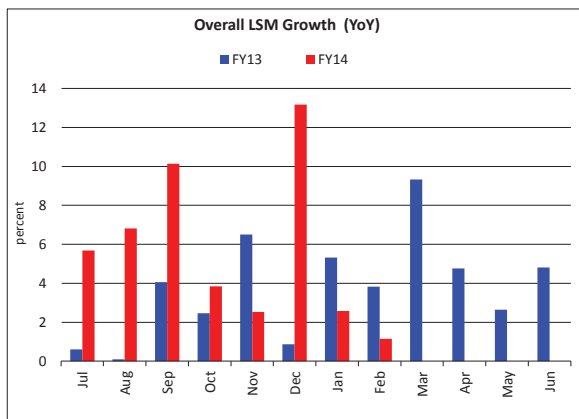


## Growth

*Cumulative growth of 5.2 percent was recorded in the LSM sector during Jul-Feb FY14, compared to a growth of 2.9 percent during the same period of last year.*

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

Groups	Weights	YoY changes				Cumulative change during Jul-Feb			
		Feb-14		Feb-13		FY14		FY13	
<b>Overall</b>	<b>70.3</b>	<b>1.1</b>	<b>3.8</b>			<b>5.2</b>	<b>2.9</b>		
Textile	20.9	↑ 0.5	↑ 2.4	↑	↑	1.5	↑ 0.7	↑	
Food, beverages and tobacco	12.4	↓ -2.7	↑ 8.9	↓	↑	10.7	↑ 5.7	↑	
Petroleum products	5.4	↑ 19.6	↑ 11.5	↑	↑	8.5	↑ 11.5	↑	
Iron and steel products	5.4	↓ -0.7	↑ 6.9	↓	↑	3.5	↑ 13.0	↑	
Non-metallic mineral products	5.4	↑ 1.5	↑ 8.1	↑	↑	1.2	↑ 5.3	↑	
Automobile	4.6	↑ 3.3	↓ -24.1	↑	↓	-0.9	↓ -11.2	↓	
Fertilizer	4.4	↑ 14.3	↑ 11.8	↑	↑	24.2	↓ -5.4	↓	
Pharmaceuticals	3.6	↓ -0.3	↑ 7.2	↓	↑	-0.3	↑ 6.7	↑	
Paper and board	2.3	↓ -11.9	↓ -8.0	↓	↑	6.8	↑ 21.3	↑	
Electronics	2.0	↓ -11.2	↑ 9.3	↓	↑	6.3	↓ -3.9	↓	
Chemicals	1.7	↑ 15.9	↓ -1.8	↑	↑	8.2	↓ -1.3	↓	
Leather products	0.9	↑ 30.4	↓ -2.0	↑	↑	14.9	↓ -1.5	↓	
Wood products	0.6	↑ 5.9	↓ -18.6	↑	↓	-7.2	↓ -20.4	↓	
Engineering products	0.4	↑ 0.7	↓ -33.2	↑	↓	-22.2	↓ -15.5	↓	
Rubber products	0.3	↑ 20.9	↓ -3.0	↑	↑	8.2	↑ 21.1	↑	



*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	63.8	↑ 4.3	1.2	1.1	↑ 3.9	56,666	56,466	↑ 0.4	
Rice	6.8	6.2	5.5	↑ 22.8	2.8	2.3	↑ 20.8	2,437	2,398	↑ 1.7	
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 million bales of 170 kg each.

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

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



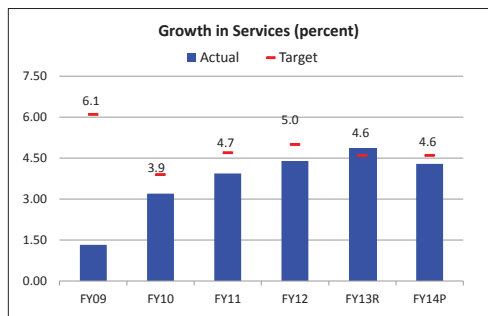
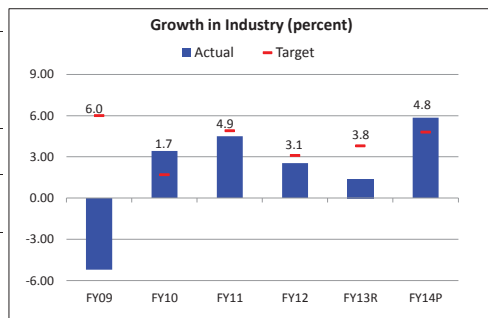
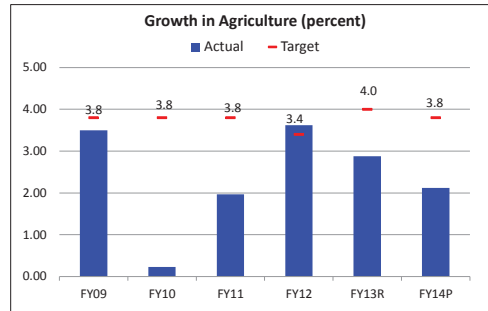
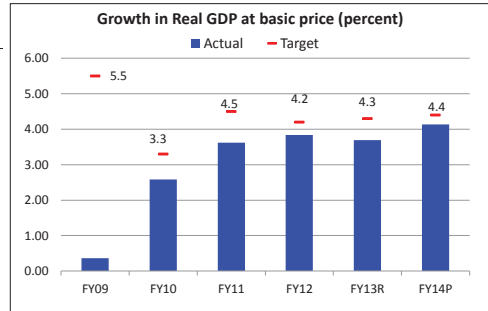
# Monetary Policy Information Compendium

May 2014

Provisional estimates show real GDP growth of 4.1 percent during FY14 against the target of 4.4 percent for the year.

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

	FY14 <sup>P</sup>			FY13 <sup>R</sup>
	Growth	Shares	Contribution	Growth
<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>



	FY14 <sup>P</sup>	FY13 <sup>R</sup>	FY12
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	Shares <sup>3</sup>	Contribution <sup>3</sup>	Growth
<b>Consumption</b>	<b>6.8</b>	<b>89.8</b>	<b>6.2</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>-</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	20.2	5.8	1.0	-2.7
Subsidies	-38.9	1.0	-0.7	-34.7
<b>GDP (basic prices)</b>	<b>3.8</b>	<b>95.2</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-February; <sup>2</sup> GDP in dollar terms is calculated using exchange rate highlighted in National Accounts table.

<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.

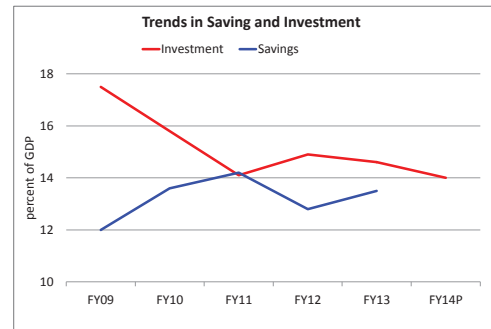


## Saving and Investment

*Investment as percent of GDP has further declined to 14.0 percent in FY14.*

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

	FY14 Target	Actual	
		FY14 <sup>P</sup>	FY13
<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>NA</b>	<b>13.5</b>
<b>C. Domestic savings*</b>	<b>-</b>	<b>NA</b>	<b>8.7</b>
<b>Saving investment gap (B - A)</b>	<b>-1.1</b>	<b>NA</b>	<b>-1.1</b>



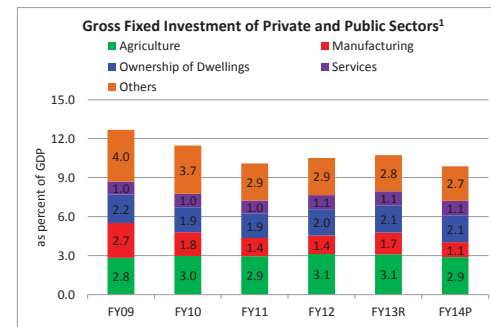
T: Target

\* The savings data for FY14 is not available. For prior years the saving-investment gap is calculated based on provisional data of Economic Survey 2012-13.

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

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

	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
Electricity and gas	0.5	5.1	0.6
Construction	0.2	1.8	0.1
Wholesale and retail trade	0.3	2.9	0.3
Transport and communication	1.2	12.7	1.4
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.



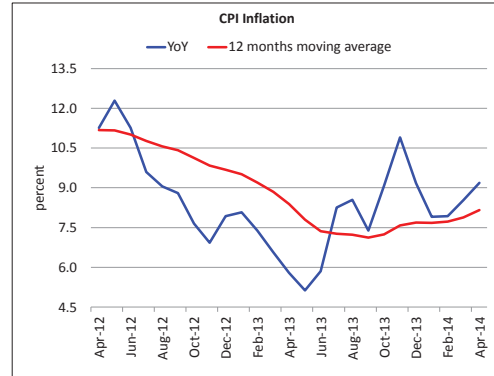
## Inflation

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

**Headline CPI inflation (YoY) has increased to 9.2 percent during April 2014 from 8.5 percent in March 2014.**

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

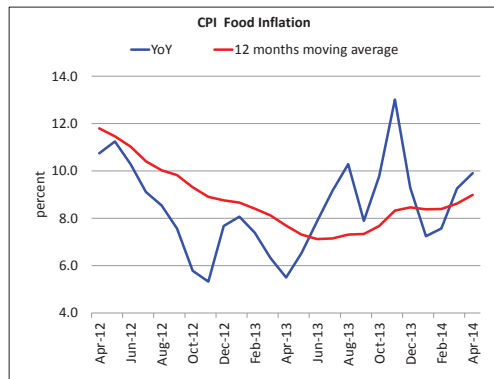
	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Apr-13	1.1	0.4	5.8	8.4
May-13	0.5	1.0	5.1	7.8
Jun-13	0.7	0.8	5.9	7.4
Jul-13	2.0	1.2	8.3	7.3
Aug-13	1.2	0.8	8.5	7.2
Sep-13	-0.3	-0.2	7.4	7.1
Oct-13	2.0	1.7	9.1	7.2
Nov-13	1.3	1.5	10.9	7.6
Dec-13	-1.3	-0.2	9.2	7.7
Jan-14	0.5	0.1	7.9	7.7
Feb-14	-0.3	0.5	7.9	7.7
Mar-14	1.0	0.7	8.5	7.9
Apr-14	1.7	1.0	9.2	8.2
<b>3-year average for April</b>	<b>1.5</b>	<b>0.8</b>	<b>8.7</b>	



**CPI food inflation (YoY) has increased sharply to 9.9 percent in April 2014 from 9.3 percent in the previous month.**

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

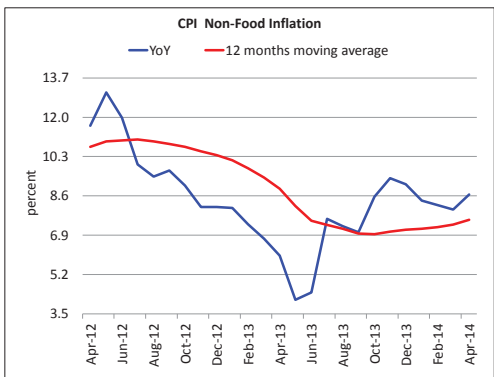
	MoM <sup>1</sup>	MoM SA <sup>2</sup>	YoY <sup>3</sup>	12M moving average <sup>4</sup>
Apr-13	1.4	0.4	5.5	7.7
May-13	1.1	1.7	6.5	7.3
Jun-13	1.1	1.3	7.9	7.1
Jul-13	3.0	1.3	9.2	7.1
Aug-13	2.0	0.8	10.3	7.3
Sep-13	-1.5	-1.6	7.9	7.3
Oct-13	1.7	1.6	9.8	7.7
Nov-13	2.6	2.9	13.0	8.3
Dec-13	-3.3	-1.0	9.3	8.5
Jan-14	0.0	-0.4	7.2	8.4
Feb-14	-1.0	0.8	7.6	8.4
Mar-14	2.1	1.3	9.3	8.6
Apr-14	2.0	1.0	9.9	9.0
<b>3-year average for April</b>	<b>1.8</b>	<b>0.9</b>	<b>8.7</b>	



**CPI non-food inflation (YoY) has increased to 8.7 percent in April 2014 from 8.0 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>
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	0.8	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	0.4	9.1	7.1
Jan-14	0.9	0.5	8.4	7.2
Feb-14	0.2	0.2	8.2	7.2
Mar-14	0.2	0.3	8.0	7.4
Apr-14	1.5	1.0	8.7	7.6
<b>3-year average for April</b>	<b>1.3</b>	<b>0.8</b>	<b>8.8</b>	



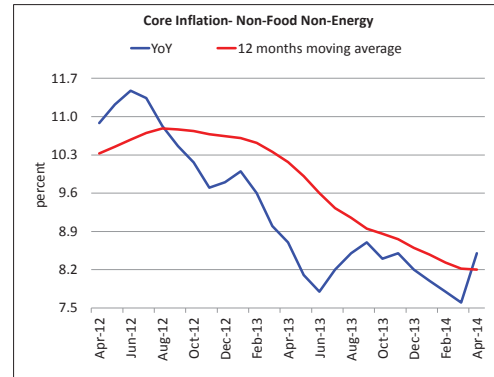
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

<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.



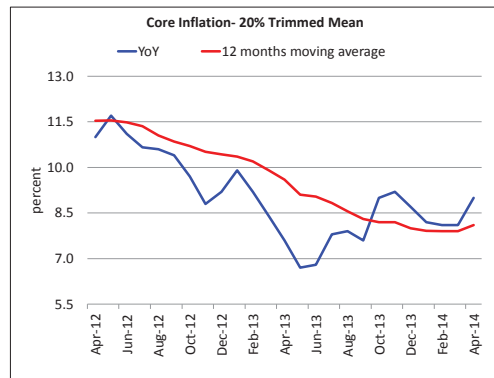
**The non-food non-energy (NFNE) measure of core inflation (YoY) has increased sharply to 8.5 percent in April 2014 from 7.6 percent in March 2014.**

Core - Non-food non-energy (53.52% weight in basket) (percent change)			
	MoM	YoY	12M moving average
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
Mar-14	0.3	7.6	8.2
Apr-14	1.9	8.5	8.2
<b>3-year average for April</b>	<b>1.5</b>	<b>9.3</b>	



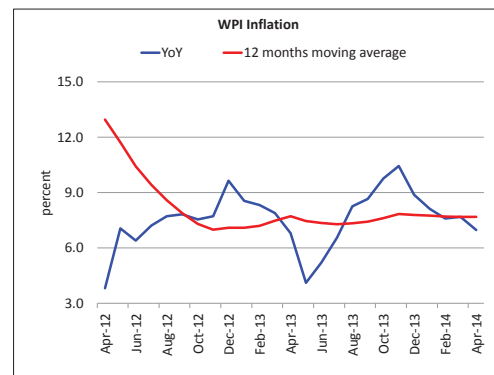
**The 20 percent trimmed mean measure of core inflation (YoY) has increased to 9.0 percent in April 2014 from 8.1 percent in March 2014.**

Core - 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
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
Mar-14	0.3	8.1	7.9
Apr-14	0.9	9.0	8.1
<b>3-year average for April</b>	<b>1.0</b>	<b>9.2</b>	



**The WPI inflation (YoY) has decreased to 7.0 percent in April 2014 from 7.7 percent in March 2014.**

Wholesale Price Index (WPI) (percent change)				
	MoM	MoM SA	YoY	12M moving average
Apr-13	0.8	0.4	6.8	7.7
May-13	-0.4	-0.3	4.1	7.5
Jun-13	1.0	0.8	5.2	7.3
Jul-13	1.6	1.6	6.5	7.3
Aug-13	2.6	1.9	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	0.8	10.4	7.8
Dec-13	-1.0	0.2	8.9	7.8
Jan-14	0.5	-0.4	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
<b>3-year average for April</b>	<b>0.9</b>	<b>0.6</b>	<b>5.9</b>	



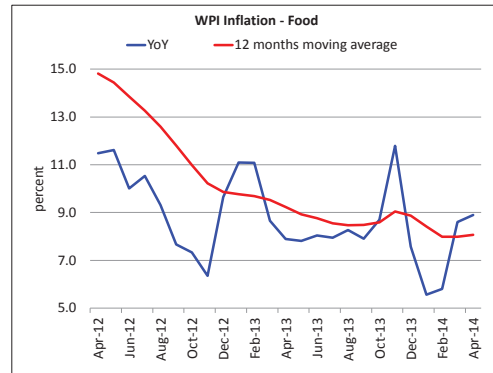
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.



**WPI food inflation (YoY) has increased to 8.9 percent in April 2014 from 8.6 percent in March 2014.**

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

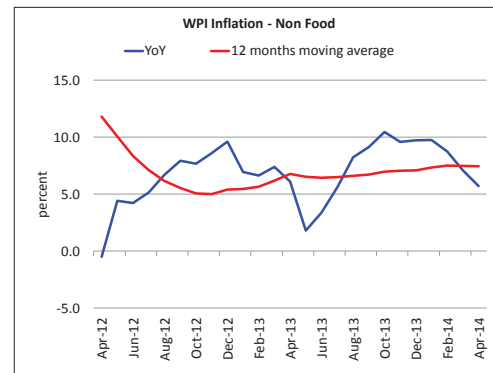
	MoM	MoM SA	YoY	12M moving average
Apr-13	1.5	1.0	7.9	9.2
May-13	1.1	0.9	7.8	8.9
Jun-13	1.7	1.1	8.0	8.8
Jul-13	2.3	2.0	7.9	8.5
Aug-13	1.0	-0.1	8.3	8.5
Sep-13	-0.1	-0.1	7.9	8.5
Oct-13	0.9	1.1	8.7	8.6
Nov-13	1.2	2.0	11.8	9.0
Dec-13	-2.5	-0.9	7.6	8.9
Jan-14	-0.2	-0.8	5.6	8.4
Feb-14	-0.6	1.2	5.8	8.0
Mar-14	2.0	1.0	8.6	8.0
Apr-14	1.8	1.2	8.9	8.1
<b>3-year average for April</b>	<b>1.8</b>	<b>1.3</b>	<b>9.4</b>	



**WPI non-food inflation (YoY) has decreased sharply to 5.7 percent in April 2014 from 7.1 percent in March 2014.**

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

	MoM	MoM SA	YoY	12M moving average
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	3.3	8.2	6.6
Sep-13	1.2	1.6	9.1	6.7
Oct-13	1.3	1.4	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	-0.1	9.8	7.3
Feb-14	0.1	-0.3	8.7	7.5
Mar-14	-0.7	-0.9	7.1	7.5
Apr-14	-1.0	-1.1	5.7	7.4
<b>3-year average for April</b>	<b>0.3</b>	<b>0.1</b>	<b>3.8</b>	

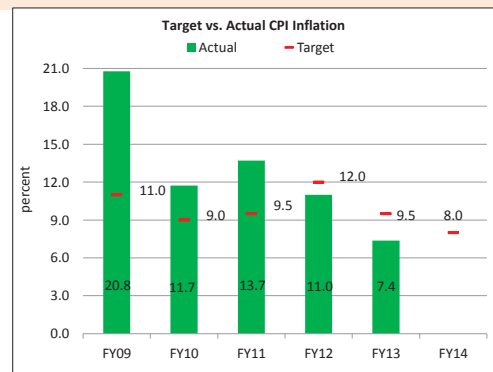


**Average CPI inflation is recorded at 8.7 percent in Jul-Apr FY14 compared to 7.8 percent in Jul-Apr FY13.**

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

	CPI			WPI
	Headline	Food	Non Food	
FY13	7.4	7.1	7.5	7.3
Jul-Apr FY13	7.8	7.1	8.2	7.9
Jul-Apr FY14	8.7	9.3	8.2	8.3

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







## CPI and SPI Inflation by Groups

The YoY headline CPI inflation has increased to 9.2 percent in April 2014 due to sharp increase in both food and non-food inflation.

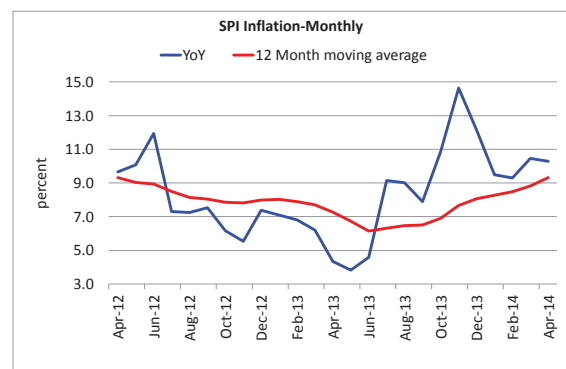
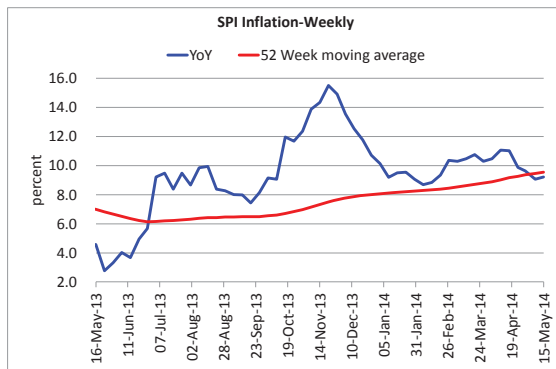
### Group-Wise CPI Inflation

Groups	Weights	Apr-14			Mar-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>1.98</b>	<b>9.9</b>	<b>9.0</b>	<b>2.10</b>	<b>9.3</b>	<b>8.6</b>
Food and non-alcoholic beverages	34.8	2.11	9.5	8.7	2.23	8.8	8.3
Alcoholic beverages and tobacco	1.4	0.04	16.1	13.9	0.02	16.0	13.9
Restaurant & hotels	1.2	0.62	13.6	11.4	0.95	13.2	11.0
<b>II. Non-food group</b>	<b>62.5</b>	<b>1.50</b>	<b>8.7</b>	<b>7.6</b>	<b>0.15</b>	<b>8.0</b>	<b>7.4</b>
Clothing and footwear	7.6	1.22	11.2	13.1	0.57	11.6	13.2
Housing, water, electricity, gas fuels	29.4	1.48	9.7	7.3	0.02	9.2	6.8
Furnishing & household equipment maintenance etc.	4.2	1.08	9.5	8.5	0.47	9.0	8.5
Health	2.2	0.38	7.1	7.2	1.40	7.2	7.6
Transport	7.2	-0.31	4.2	4.1	-0.56	3.8	3.8
Communication	3.2	-0.04	0.9	3.5	0.03	0.9	3.8
Recreation and culture	2.0	2.30	7.0	9.0	0.16	7.7	10.0
Education	3.9	9.68	14.3	8.5	0.03	6.9	7.9
Miscellaneous	2.8	-0.59	5.3	5.4	0.92	5.8	5.6
<b>Overall</b>	<b>100</b>	<b>1.7</b>	<b>9.2</b>	<b>8.2</b>	<b>1.0</b>	<b>8.5</b>	<b>7.9</b>

SPI inflation increased by 0.37 percent during the second week of May 2014.

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

Income groups	WoW <sup>2</sup>				Apr-14		
	15-May-14	8-May-14	30-Apr-14	23-Apr-14	MoM	YoY	12m MA <sup>1</sup>
<b>Up to Rs 8000</b>	0.24	-0.27	-0.86	-1.24	0.1	9.4	9.4
<b>Rs 8001-12000</b>	0.30	-0.22	-0.77	-1.10	0.2	8.8	8.9
<b>Rs 12001-18000</b>	0.34	-0.20	-0.71	-1.14	-0.2	11.0	10.2
<b>Rs 18001-35000</b>	0.38	-0.17	-0.63	-1.01	-0.2	11.1	9.7
<b>Above Rs 35000</b>	0.41	-0.14	-0.50	-0.87	-0.2	10.0	8.5
<b>All</b>	<b>0.37</b>	<b>-0.18</b>	<b>-0.62</b>	<b>-0.98</b>	<b>-0.1</b>	<b>10.3</b>	<b>9.3</b>



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

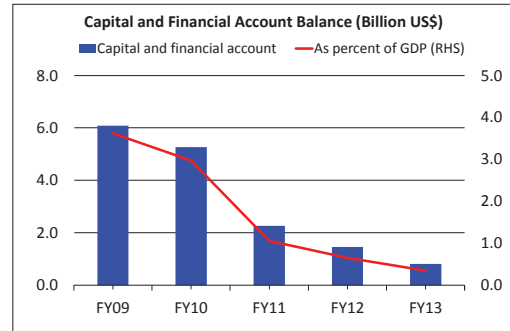
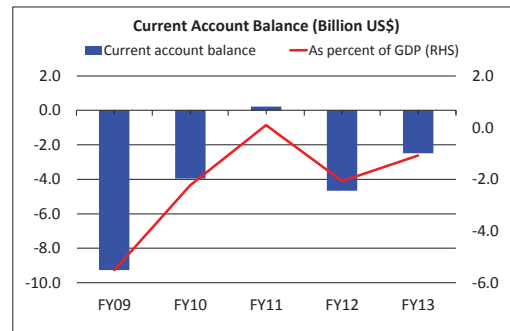
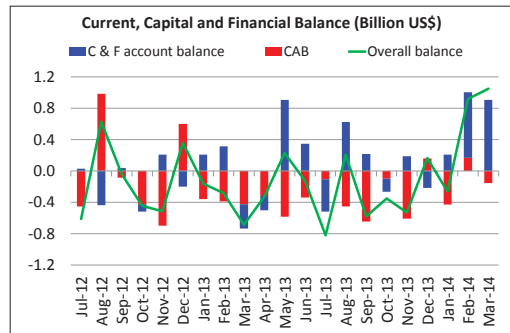


## Balance of Payments

External current account balance witnessed a deficit of US\$2.2 billion during Jul-Mar FY14, compared to US\$1.3 billion during the same period last year.

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

Items	Jul-Mar		FY13	FY12
	FY14	FY13		
<b>A) Current account balance (CAB)</b>	<b>-2,173</b>	<b>-1,255</b>	<b>-2,496</b>	<b>-4,658</b>
Trade balance	-12,170	-11,650	-15,431	-15,765
Exports	18,921	18,341	24,795	24,696
Imports	31,091	29,991	40,226	40,461
Services (net); of which	-1,948	-705	-1,472	-3,192
CSF	675	1,806	1,806	0
Income (net)	-2,844	-2,571	-3,685	-3,245
Current transfers (net); of which	14,789	13,671	18,092	17,544
Remittances	11,583	10,354	13,922	13,186
<b>B) Capital and financial (C&amp;F) account balance ; of which</b>	<b>2,185</b>	<b>-255</b>	<b>813</b>	<b>1,463</b>
Foreign direct investment (net) <sup>1</sup>	577	440	1,258	744
Foreign portfolio investment (net)	127	110	26	-144
Other investment assets	-162	-602	-314	9
Other investment liabilities	-83	-395	-421	671
Of which : General government	-241	157	248	998
of which: Disbursements	1,980	1,905	2,530	2,633
Amortization	2,221	1,748	2,282	1,577
<b>C) Net Errors and omissions</b>	<b>-217</b>	<b>-253</b>	<b>-309</b>	<b>-80</b>
<b>Overall balance (A+B+C)</b>	<b>-205</b>	<b>-1,763</b>	<b>-1,992</b>	<b>-3,275</b>
<b>SBP gross reserves<sup>2</sup></b>	<b>6,751</b>	<b>8,283</b>	<b>7,198</b>	<b>11,905</b>
<b>SBP net liquid reserves<sup>3</sup></b>	<b>5,364</b>	<b>7,126</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			10.7	11.0
Imports			17.3	18.0
<b>Capital and financial inflows; of which</b>			<b>0.3</b>	<b>0.7</b>
FDI			0.6	0.3



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

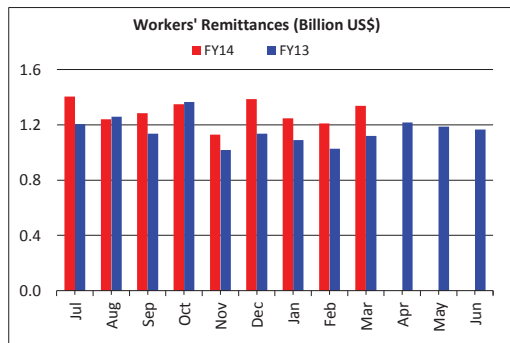
<sup>2</sup> SBP gross reserves includes banks' deposits for meeting cash reserve requirements (CRR) against their foreign currency deposits and foreign currency cash holdings of SBP, but it excludes unsettled claims on RBI. <sup>3</sup> SBP reserves without CRR and foreign currency cash holding of SBP.

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

### Workers' remittances registered a growth of 11.9 percent during Jul-Mar FY14.

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

	Jul-Mar		YoY growth in Jul-Mar FY13	FY14
	FY14	FY13		
<b>Total inflows</b>	<b>11,583</b>	<b>10,354</b>	<b>13,922</b>	<b>11.9</b>
USA	1,821	1,637	2,186	11.3
UK	1,632	1,435	1,946	13.7
Saudi Arabia	3,391	2,979	4,105	13.8
UAE	2,289	2,086	2,750	9.7
Other GCC <sup>6</sup>	1,358	1,196	1,608	13.5
All others	1,092	1,021	1,327	6.9



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

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

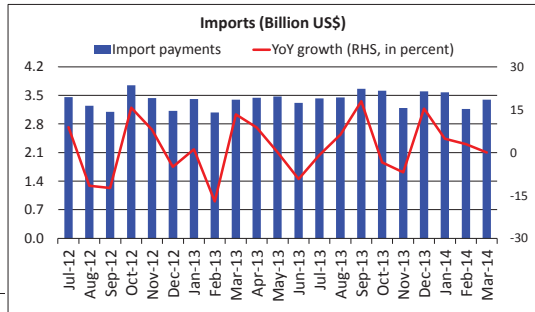
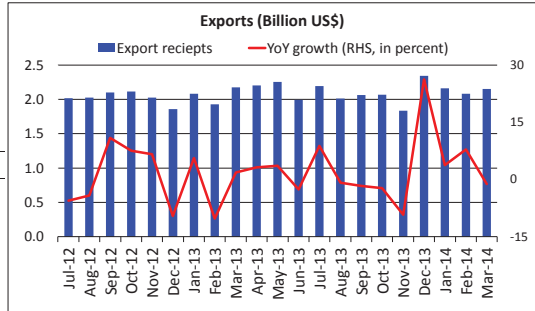
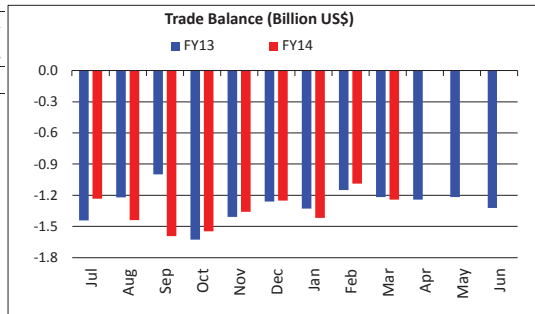


## Trade and Foreign Investment

Trade deficit has increased to US\$12.2 billion during Jul-Mar FY14, compared to US\$11.7 billion in Jul-Mar FY13.

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

	Jul-Mar			Shares <sup>1</sup>
	FY14	FY13	FY13	
<b>Exports</b>	<b>18,921</b>	<b>18,341</b>	<b>24,795</b>	<b>100</b>
<b>Textile group</b>	<b>10,191</b>	<b>9,583</b>	<b>12,832</b>	<b>54</b>
Knitwear, bed wear	3,165	2,903	3,850	17
Cotton cloth	2,051	1,944	2,621	11
Cotton Yarn	1,579	1,520	2,064	8
Readymade garments	1,351	1,241	1,652	7
<b>Other manufactures group</b>	<b>3,250</b>	<b>3,355</b>	<b>4,659</b>	<b>17</b>
Chemical and pharma	799	892	1,200	4
Leather items <sup>2</sup>	795	695	955	4
Cement	361	397	531	2
Engineering goods	226	274	361	1
Jewellery	56	101	253	0
<b>Food group</b>	<b>3,073</b>	<b>2,934</b>	<b>4,142</b>	<b>16</b>
Rice	1,540	1,328	1,876	8
<b>All others</b>	<b>2,407</b>	<b>2,469</b>	<b>3,162</b>	<b>13</b>
<b>Imports</b>	<b>31,091</b>	<b>29,991</b>	<b>40,226</b>	<b>100</b>
<b>Petroleum group</b>	<b>11,074</b>	<b>10,729</b>	<b>14,066</b>	<b>36</b>
Petroleum products	6,925	6,517	8,489	22
Petroleum crude	4,149	4,212	5,577	13
<b>Machinery group</b>	<b>3,779</b>	<b>2,937</b>	<b>4,014</b>	<b>12</b>
Telecom	948	663	941	3
Electrical machinery	531	427	557	2
Power machinery	507	386	512	2
<b>Agriculture &amp; other chemicals group</b>	<b>5,180</b>	<b>4,720</b>	<b>6,323</b>	<b>17</b>
Plastic materials	1,235	1,122	1,535	4
Fertilizer manufactured	608	505	611	2
<b>Food group</b>	<b>3,119</b>	<b>3,136</b>	<b>3,914</b>	<b>10</b>
Palm oil	1,412	1,531	1,902	5
Tea	227	307	373	1
<b>Metal group</b>	<b>1,944</b>	<b>1,743</b>	<b>2,442</b>	<b>6</b>
Iron steel (IS) and IS scrap	1,537	1,409	1,963	5
<b>All others</b>	<b>5,993</b>	<b>6,725</b>	<b>9,468</b>	<b>19</b>
<b>Trade Balance</b>	<b>-12,170</b>	<b>-11,650</b>	<b>-15,431</b>	



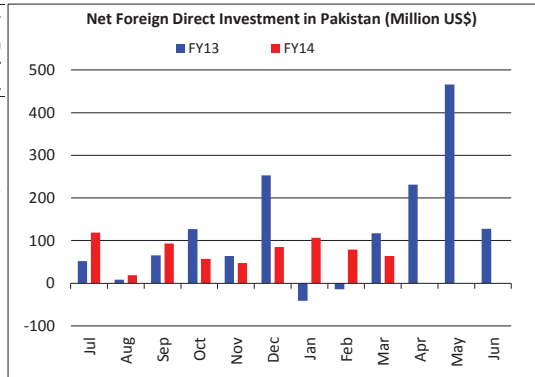
<sup>1</sup> Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total exports/imports during Jul-Mar FY14.

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

Net FDI inflows registered some improvement in Jul-Mar FY14, compared to same period last year.

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

	Jul-Mar			YoY growth in Jul-Mar FY14
	FY14	FY13	FY13	
<b>Net inflows: Of which</b>	<b>670</b>	<b>631</b>	<b>1,456</b>	<b>6.1</b>
<b>Major countries</b>				
USA	172	155	227	11.2
Hong Kong	174	182	243	-4.6
UK	82	145	632	-43.5
Switzerland	193	113	149	71.2
<b>Major sectors</b>				
Communication	-132	-314	-382	--
Financial Business	119	226	314	-47.4
Oil & Gas Explorations	347	426	560	-18.6
Food	73	42	494	74.6
<b>Memorandum Item:</b>				
Net overall FDI <sup>3</sup>	577	440	1,258	



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

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

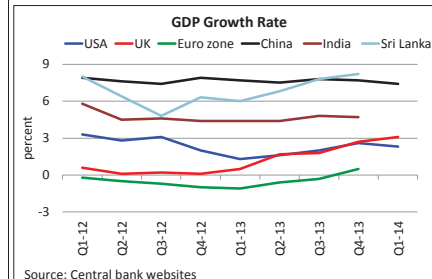
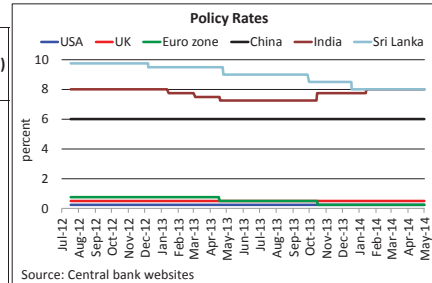


## Global Economy

Central banks kept their policy rates unchanged in May 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	2.00	Mar 12 2013	2.25	-25



Real GDP growth in China has declined in Q1-2014 as compared to Q4-2013.

### Key Macroeconomic Indicators

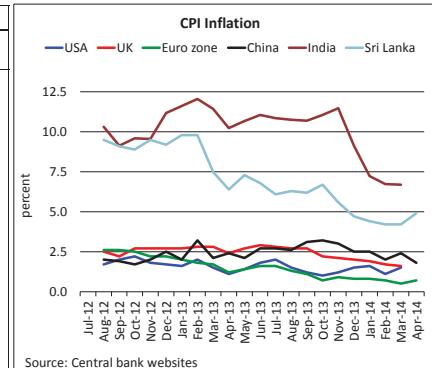
	Inflation (YoY) <sup>1</sup> April-14	GDP growth <sup>2</sup> Q1-2014	Current account balance <sup>3</sup>	Fiscal balance <sup>3</sup>	Reserves <sup>5</sup> (billion US\$)	Lending rates <sup>5</sup>	
			as a percent of GDP <sup>4</sup>			Nominal	Real
USA	1.5	2.6	-2.2	-2.9	47.6	3.3	1.7
UK	1.6	3.1	-3.4	-5.4	68.4	0.5	-1.4
Euro zone	0.7	0.5	2.3	-2.6	221.1	7.6	6.8
Japan	1.6	2.6	0.4	-8.1	1202.9	1.3	-0.1
Australia	2.9	2.8	-2.8	-1.9	42.5	6.0	3.3
China	1.8	7.4	1.7	-2.2	3662.7	6.0	3.5
India	6.7	4.7	-2.6	-5.2	267.7	10.3	3.1
Sri Lanka	4.9	8.2	-	-	6.3	13.1	5.8
South Korea	1.5	3.9	4.6	0.5	334.3	4.5	3.4
Malaysia	3.5	5.1	5.3	-4.1	130.5	4.6	1.7
Indonesia	7.3	5.7	-3.5	-2.3	93.4	12.2	4.0
Thailand	2.5	0.6	2.6	-2.3	159.0	6.8	5.0

<sup>1</sup> Value for Australia, India, Japan, Malaysia, UK and USA pertains to March 2014; <sup>2</sup> Annualized growth, measured as a percentage change over the same quarter of previous year; values for Australia, Euro Zone, India, Indonesia, Japan, Malaysia, Sri Lanka and Thailand pertain to Q4-2013. <sup>3</sup> Latest 12 months; <sup>4</sup> The Economist, Economic and Financial indicators, May 10th, 2014; <sup>5</sup> IMF (IFS) data pertains to February except for ; China value pertains to December 2013; South Korea value pertains to January 2014 and Sri Lanka value pertains to November 2013; <sup>6</sup> IMF (IFS) data pertains to February except for China, Euro Zone, India, Indonesia, Japan, UK and USA values pertain to January 2014; South Korea value pertains to December 2013; Malaysia value pertains to November; and for Sri Lanka value pertains to May 2013.

IMF's world output growth projections for 2014 is 3.6 percent in April 2014.

### World Economic Outlook - Real GDP Growth

	2013 (IMF estimates)	2014 Projections		
		IMF (April-14)	World Bank (Jan-14)	OECD (Nov-13)
<b>World output</b>	<b>3.0</b>	<b>3.6</b>	<b>3.2</b>	<b>-</b>
<b>Advanced<sup>5</sup></b>	<b>1.3</b>	<b>2.2</b>	<b>2.2</b>	<b>-</b>
US	1.9	2.8	2.8	2.9
Euro area	-0.5	1.2	1.1	1.0
Japan	1.5	1.4	1.4	1.5
UK	1.8	2.9	-	2.4
<b>Emerging &amp; Developing</b>	<b>6.5</b>	<b>6.7</b>	<b>5.3</b>	<b>-</b>
Russia	1.3	1.3	2.2	2.3
China	7.7	7.5	7.7	8.2
India	4.4	5.4	6.2	4.7
ASEAN-5	5.2	4.9	-	-



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

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

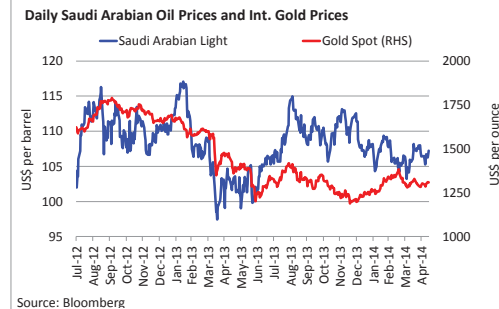
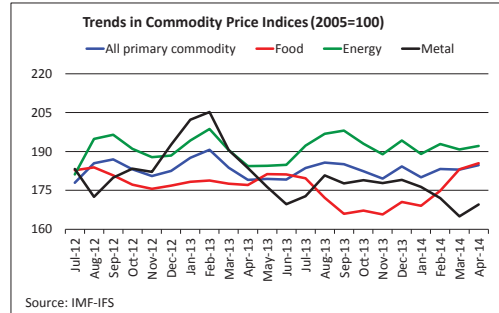


All commodity price index by IMF has registered an increase of 0.9 percent during April 2014 over last month.

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

	Apr-14	Percent change since		
		Mar-14	End June - 13	
All commodity price index	184.7	↑ 0.9	↑ 3.1	
Food price index	185.5	↑ 1.3	↑ 2.4	
Energy index	192.2	↑ 0.7	↑ 3.9	
Non fuel price index	172.0	↑ 1.5	↑ 1.5	
Metal price index	169.5	↑ 2.7	↓ -0.1	
Crude oil price (\$/bbl)	106.2	↓ 0.0	↑ 3.8	
Cotton spot (US cents/ pound)	90.1	↑ 0.4	↑ 4.0	
Palm oil (\$/m. ton)	825.3	↓ -4.1	↑ 8.2	
Soya bean Oil (\$/m. ton)	934.1	↑ 0.6	↓ -11.8	
Wheat (\$/m. ton)	324.9	↑ 0.4	↑ 3.6	
Gold spot (\$/Oz)	1296.7	↓ -0.2	↓ -3.4	
Sugar (US cents/pound)	24.7	↑ 7.1	↑ 25.7	

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



Major stock price indices mostly have shown increasing trends during May 2014.

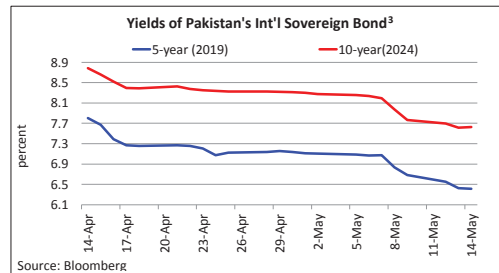
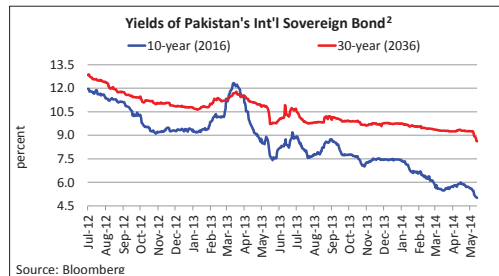
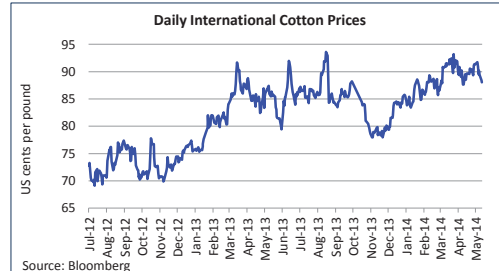
### Capital Market Indices

	May-14 <sup>1</sup>	Percent change since		
		Apr-14	End June - 13	
US (DJIA)	16399.5	↑ 1.0	↑ 10.2	
DJ EURO STOXX	3171.5	↑ 0.5	↑ 20.0	
UK (FTSE 100)	6652.0	↑ 2.6	↑ 8.3	
Japan (Nikkei 225)	14475.3	↓ -1.3	↑ 9.0	
China (SSEA)	2171.8	↓ -2.1	↓ -4.2	
France (CAC 40)	4437.3	↑ 0.9	↑ 18.0	
Germany (DAX)	9339.5	↑ 1.2	↑ 18.8	
India (BSE)	22578.1	↑ 1.5	↑ 19.8	
World dev'd (MSCI)	1670.5	↑ 1.1	↑ 16.3	
Emerging Markets (MSCI)	1005.5	↑ 0.0	↑ 6.2	
World all (MSCI)	410.7	↑ 1.0	↑ 15.2	

<sup>1</sup> Updated till May 15, 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



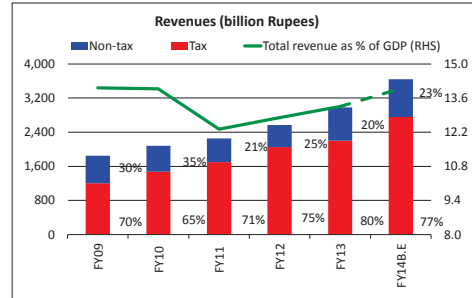


## Revenues, Expenditures and Fiscal Balances

*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.*

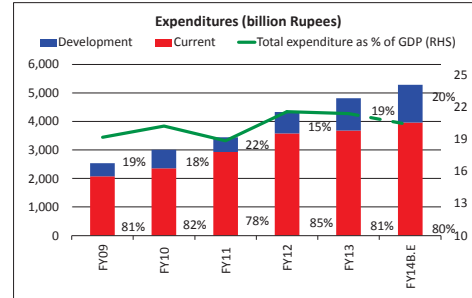
### Revenues (billion Rs)

	FY14 BE <sup>1</sup>	Jul-Mar FY14	Jul-Mar FY13	FY13
<b>Total revenues</b>	<b>3,640</b>	<b>2,477</b>	<b>2,125</b>	<b>2,982</b>
Tax revenue	2,756	1,786	1,528	2,199
<i>Growth (YoY) %</i>	25.3	16.9	11.4	7.1
<i>of which: FBR revenues</i>	2,475	1,575	1,335	1,936
<b>Non-tax revenues</b>	<b>884</b>	<b>691</b>	<b>597</b>	<b>783</b>
<i>Growth (YoY) %</i>	12.9	15.8	62.3	52.5



### Expenditures (billion Rs)

	FY14 BE <sup>1</sup>	Jul-Mar FY14	Jul-Mar FY13	FY13
<b>Total expenditures</b>	<b>5,291</b>	<b>3,289</b>	<b>3,171</b>	<b>4,816</b>
Current <sup>2</sup>	3,964	2,733	2,725	3,676
<i>Growth (YoY) %</i>	7.8	0.3	23.5	15.2
<i>of which: Interest payments</i>	1,154	909	772	991
Defence	627	452	406	541
Development Expenditure	1,327	556	446	1,140
<i>Growth (YoY) %</i>	16.4	24.7	4.2	53.2



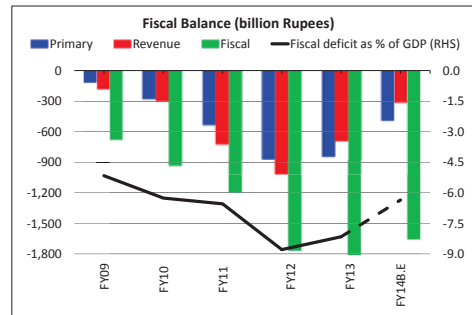
### Overall Balance (billion Rs)

	FY14 BE <sup>1</sup>	Jul-Mar FY14	Jul-Mar FY13	FY13
Fiscal balance <sup>3</sup>	-1,651	-812	-1,046	-1,834
Revenue balance <sup>4</sup>	-324	-256	-600	-694
Primary balance <sup>5</sup>	-497	97	-274	-843
<i>As percent of GDP<sup>6</sup></i>				
Fiscal balance	-6.3	-3.2	-4.7	-8.2
Revenue balance	-1.2	-1.0	-2.7	-3.1
Primary balance	-1.9	0.4	-1.2	-3.7

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

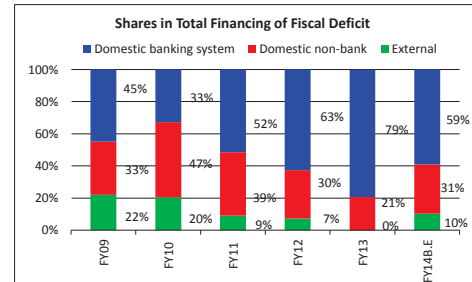
### Financing of Fiscal Deficit (billion Rs)

	FY14 BE <sup>1</sup>	Jul-Mar FY14	Jul-Mar FY13	FY13
<b>Financing</b>	<b>1,651</b>	<b>812</b>	<b>1,046</b>	<b>1,834</b>
1. External: <i>of which</i>	169	-50	-4	-2
Privatization proceeds	79	-	-	-
2. Domestic: <i>of which</i>	1,482	862	1,050	1,835
Non-bank	507	425	194	378
Banking system: <i>of which</i>	975	437	857	1,457
Schedule banks	975	378	882	952
SBP	0	59	-26	506



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

	Direct	Sales	Customs	FED <sup>8</sup>	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
<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
<b>Jul-Mar FY14</b>	<b>599</b>	<b>717</b>	<b>169</b>	<b>90</b>	<b>1,575</b>



<sup>1</sup> Budget Estimates; <sup>2</sup> Includes unidentified expenditures, MoF; <sup>3</sup> Fiscal balance = total revenue - total expenditure; <sup>4</sup> Revenue balance = total revenue - current expenditure (note that current expenditure are inclusive of unidentified expenditure); <sup>5</sup> Primary balance = total revenue - total expenditure + interest payment; <sup>6</sup> Fiscal deficit as a percent of GDP reported here is based on the latest available National Income Accounts data; <sup>7</sup> As reported in fiscal accounts; <sup>8</sup> Federal excise duty. <sup>P</sup> Provisional  
Sources: Ministry of Finance (MoF), Federal Board of Revenue (FBR), Statistics and Data Warehouse Department (S&DWD), SBP.



## Government Domestic Debt

**Stock of government domestic debt has increased by Rs 1299 billion during Jul-Mar FY14.**

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

	Mar-14 <sup>P</sup>	Jun-13 <sup>R</sup>	Change since Jun-13
<b>1. Bank</b>	<b>6,812</b>	<b>5,924</b>	<b>888</b>
Commercial banks	4,033	3,646	387
SBP	2,779	2,278	501
<b>2. Non-bank</b>	<b>4,004</b>	<b>3,593</b>	<b>411</b>
National saving schemes (NSS)	2,691	2,536	155
Others	1,313	1,056	256
<b>3. Foreign currency instruments<sup>1</sup></b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Total(1+2+3)</b>	<b>10,820</b>	<b>9,521</b>	<b>1,299</b>

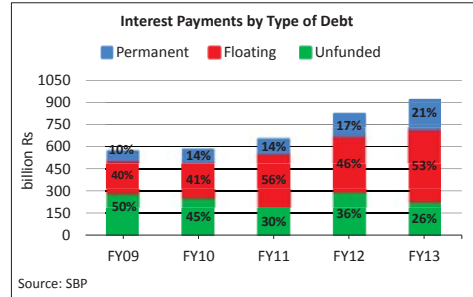
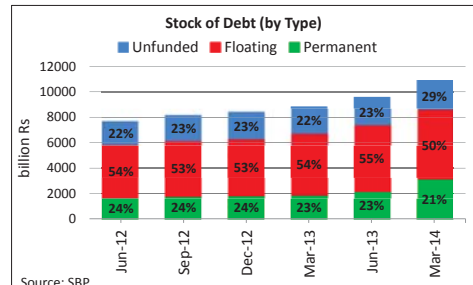
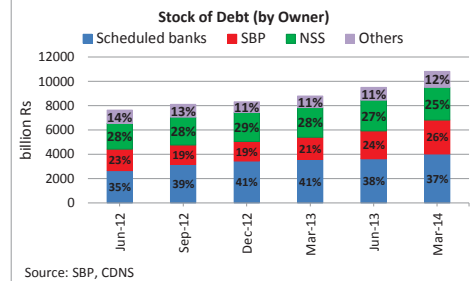
### Debt by Type - end period stocks (billion Rs)

	Mar-14 <sup>P</sup>	Jun-13 <sup>R</sup>	Change since Jun-13
<b>1. Permanent debt</b>	<b>3,123</b>	<b>2,174</b>	<b>948</b>
PIBs	2,365	1,322	1,043
Prize bonds	431	390	42
Others <sup>2</sup>	327	463	-137
<b>2. Floating debt</b>	<b>5,433</b>	<b>5,195</b>	<b>237</b>
MTBs	2,380	2,920	-540
MRTBs-replenishment	3,052	2,275	777
<b>3. Unfunded debt<sup>3</sup>: of which</b>	<b>2,260</b>	<b>2,147</b>	<b>113</b>
Saving schemes	2,114	2,006	108
<b>4. Foreign currency instruments</b>	<b>4</b>	<b>5</b>	<b>0</b>
<b>Total(1+2+3+4)</b>	<b>10,820</b>	<b>9,521</b>	<b>1,299</b>
<b>Government domestic liabilities<sup>4</sup></b>	<b>128</b>	<b>244</b>	<b>-115</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 14.2 percent during Jul-Mar FY14.**

### Debt Servicing (billion Rs)

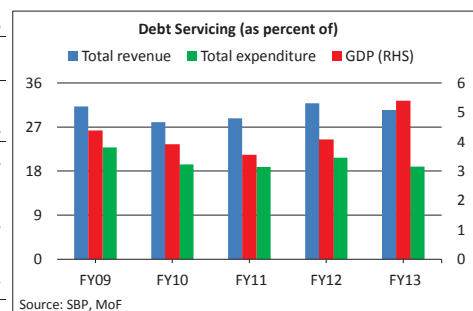
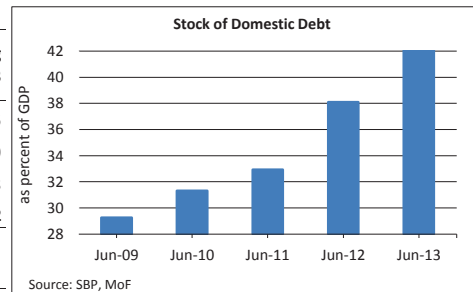
	Jul-Mar		FY13 <sup>R</sup>	Percent change during FY14 over FY13
	FY14 <sup>P</sup>	FY13		
Permanent <sup>5</sup>	202	164	193	23.6
Floating	437	383	481	14.0
Unfunded	190	179	236	5.8
<b>Total</b>	<b>829</b>	<b>726</b>	<b>910</b>	<b>14.2</b>

### 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
<b>Debt servicing as percent of</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>
GDP	4.4	3.9	3.6	4.1	5.4
Total revenue	31.2	28.0	28.8	31.8	30.5
Tax revenue	48.0	39.5	38.3	39.8	41.4
Total expenditure	22.8	19.3	18.8	20.8	18.9
Current expenditure	28.3	24.4	21.8	25.6	24.7

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

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



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



## External Debt

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

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

Items	Dec-13 <sup>P</sup>	Jun-13 <sup>R</sup>	Change during Jul-Dec FY14
<b>1. Public debt (a+b+c)</b>	<b>49,805</b>	<b>50,176</b>	<b>-371</b>
<b>a) Government debt</b>	<b>43,887</b>	<b>43,496</b>	<b>391</b>
<b>i) Long term (&gt;1 year)</b>	<b>43,438</b>	<b>43,488</b>	<b>-50</b>
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
<b>ii) Short term (&lt;1 year)</b>	<b>448.8</b>	<b>8</b>	<b>441</b>
IDB	275	0	275
<b>b) From IMF</b>	<b>3,590</b>	<b>4,387</b>	<b>-797</b>
i) Federal government	1,144	1,698	-554
ii) Central bank	2,446	2,689	-243
<b>c) Foreign exchange liabilities (FEL)<sup>2</sup></b>	<b>2,328</b>	<b>2,292</b>	<b>36</b>
<b>2. Public sector enterprises (PSEs)</b>	<b>1,946</b>	<b>2,104</b>	<b>-158</b>
a) Guaranteed debt	589	854	-265
b) Non-guaranteed debt	1,357	1,250	107
<b>3. Scheduled banks</b>	<b>1,819</b>	<b>1,554</b>	<b>266</b>
<b>a) borrowing</b>	<b>958</b>	<b>710</b>	<b>248</b>
i) Long term (>1 year)	50	76	-27
ii) Short term (<1 year)	909	634	275
<b>b) Nonresident deposit (LCY &amp; FCY)</b>	<b>861</b>	<b>843</b>	<b>18</b>
<b>4. Private sector</b>	<b>3,015</b>	<b>3,117</b>	<b>-102</b>
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
<b>5. Debt liabilities to direct investors-intercompany debt</b>	<b>2,797</b>	<b>2,829</b>	<b>-32</b>
<b>Total external debt (excl. FEL)</b>	<b>57,054</b>	<b>57,486</b>	<b>-432</b>
<b>Total external debt &amp; liabilities (1+2+3+4+5)</b>	<b>59,383</b>	<b>59,779</b>	<b>-396</b>

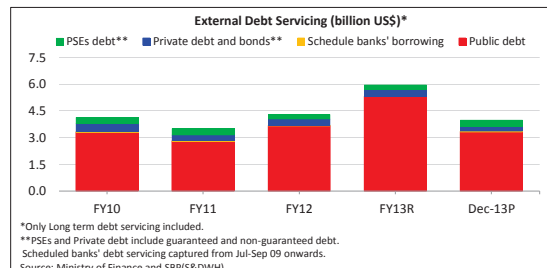
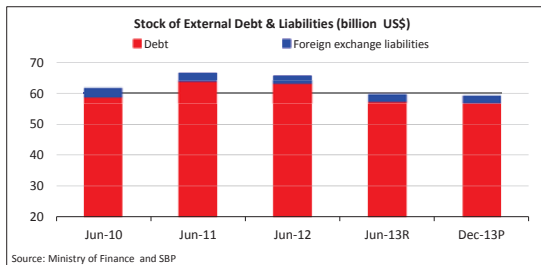
### Debt Servicing (million US\$)

Items	Jul-Dec FY14 <sup>P</sup>	FY13 <sup>R</sup>
<b>1. Public debt (a+b+c)</b>	<b>3,325</b>	<b>5,305</b>
<b>a) Government debt<sup>3</sup></b>	<b>1,297</b>	<b>2,194</b>
Principal	949	1,505
Interest	348	689
<b>b) To IMF</b>	<b>2,024</b>	<b>2,999</b>
Principal	1,992	2,899
Interest	32	100
<b>c) Foreign exchange liabilities</b>	<b>4</b>	<b>112</b>
Principal	0	100
Interest	4	12
<b>2. PSEs guaranteed debt</b>	<b>285</b>	<b>39</b>
Principal	265	24
Interest	20	15
<b>3. PSEs non-guaranteed debt<sup>3</sup></b>	<b>88</b>	<b>238</b>
Principal	81	214
Interest	8	24
<b>4. Scheduled banks' borrowing<sup>3</sup></b>	<b>33</b>	<b>16</b>
Principal	32	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>145</b>	<b>354</b>
Principal	117	287
Interest	28	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>3,993</b>	<b>5,962</b>
Principal	3,547	5,046
Interest	446	916
<b>Memorandum Items</b>		
<b>Short term debt servicing-principal<sup>4</sup> (excluding item No.3 below)</b>	<b>138</b>	<b>507</b>
1. Government debt	0	390
2. PSEs non-guaranteed debt	120	116
3. Scheduled banks' borrowing	10,204	26,293
Net flows <sup>5</sup>	275	(134)
4. Private non-guaranteed debt	18	1

**Stock of external debt as percent of GDP has declined to 25.7 percent by the end of June 2013.**

### Indicators of External Debt Sustainability

	End period debt stock as percent of						External debt servicing as percent of					
	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	FY08	FY09	FY10	FY11	FY12	FY13 <sup>6</sup>
<b>GDP</b>	27.1	31.1	32.3	31.1	29.1	25.7	1.9	2.4	2.3	1.6	1.9	2.6
<b>Reserves</b>	399.1	407.8	339.3	347.2	426.8	540.6	27.5	30.8	24.4	18.3	27.9	53.9
<b>Exports</b>	226.0	273.7	291.6	261.0	265.1	241.1	15.6	20.7	21.0	13.7	17.3	24.0



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

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





## Total Debt

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

### Total Debt Stock (billion Rs)

	Dec-13 <sup>P</sup>	Jun-13 <sup>R</sup>	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 <sup>1</sup>	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 <sup>2</sup>	381	470	-88	2.2
IX. Intercompany debt	296	280	15	1.7
<b>Total debt &amp; liabilities (I to IX)</b>	<b>17,251</b>	<b>16,228</b>	<b>1,023</b>	<b>100.0</b>
<b>Total public debt (I to IV)</b>	<b>15,491</b>	<b>14,494</b>	<b>997</b>	<b>89.8</b>
<b>Total external debt &amp; liabilities (II to VI &amp;+ IX)</b>	<b>6,275</b>	<b>5,925</b>	<b>350</b>	<b>36.4</b>
<b>Commodity operations &amp; PSEs debt (VI to VIII)</b>	<b>953</b>	<b>990</b>	<b>-37</b>	<b>5.5</b>

### Total Debt Servicing (billion Rs)

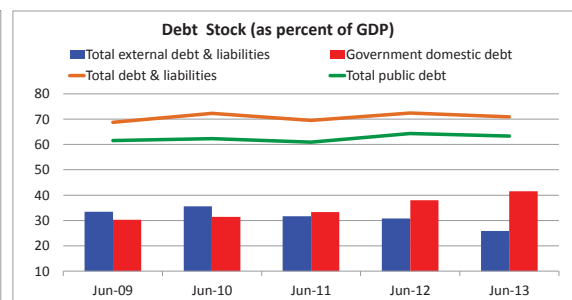
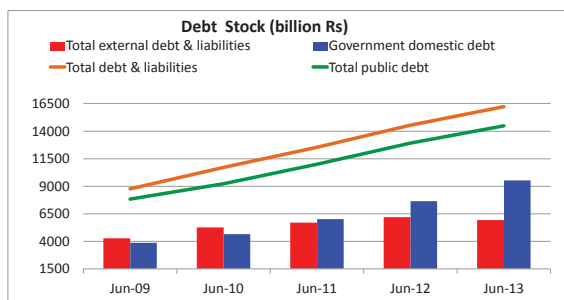
	Jul-Dec FY14 <sup>P</sup>	FY13 <sup>R</sup>	Share in Jul-Dec FY14 (percent)	Share in FY13 (percent)
<b>Total Debt Servicing(A+B)</b>	<b>969</b>	<b>1542</b>	<b>100.0</b>	<b>100.0</b>
<b>A. Total interest payment on debt and liabilities (I+II)</b>	<b>596</b>	<b>1054</b>	<b>61.5</b>	<b>68.3</b>
<b>I. Interest payment on debt (a+b)</b>	<b>571</b>	<b>999</b>	<b>58.9</b>	<b>64.8</b>
a. Domestic debt	524	910	54.1	59.0
b. External debt	47	89	4.8	5.8
<b>II. Interest payment on liabilities (a+b)</b>	<b>25</b>	<b>54</b>	<b>2.6</b>	<b>3.5</b>
a. External liabilities <sup>1</sup>	0	1	0.0	0.1
b. Domestic liabilities	24	53	2.5	3.4
<b>B. Principal repayment of external debt and liabilities<sup>3</sup></b>	<b>373</b>	<b>489</b>	<b>38.5</b>	<b>31.7</b>

### Debt stock (as percent of GDP)

	Dec-13 <sup>P4</sup>	Jun-13 <sup>R</sup>	Jun-12
<b>Total debt and liabilities</b>	<b>67.9</b>	<b>72.2</b>	<b>72.6</b>
Total public debt	61.0	64.4	64.5
Total external debt and liabilities	24.7	26.3	30.9
Government domestic debt	40.3	42.3	38.1
PSEs debt and liabilities	3.8	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>Average of Planning Commission, Government of Pakistan GDP(current market price) Target for FY14 and PBS GDP(current market price) FY13 has been used to calculate Debt/GDP ratio for July 2013 & onward.

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



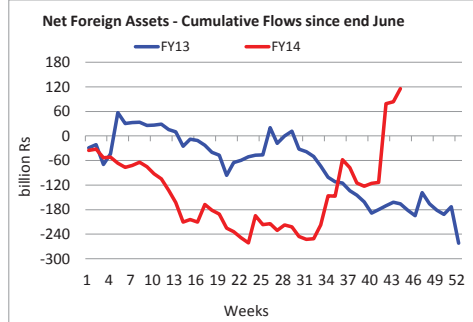
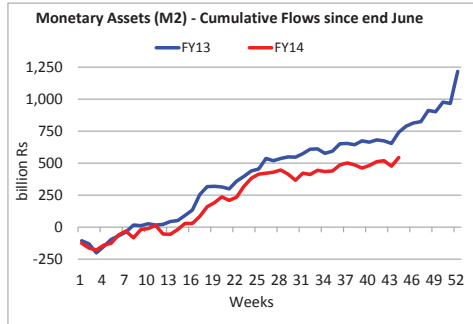
## Monetary and Credit Aggregates

Private sector credit has mainly contributed in monetary expansion during FY14 so far.

### Monetary Assets of the Banking System

(billion Rs)

	End June 2013 stocks <sup>R</sup>	Cumulative flows since end-June		FY13 flows
		Latest week	A year ago	
		2-May-14	3-May-13	
<b>NFA</b>	<b>268.8</b>	<b>116.1</b>	<b>-166.2</b>	<b>-263.3</b>
<b>NDA</b>	<b>8,589.0</b>	<b>426.4</b>	<b>907.5</b>	<b>1,479.3</b>
<b>Net government borrowings: of which</b>	<b>5,737.1</b>	<b>161.7</b>	<b>907.7</b>	<b>1,479.2</b>
Net budgetary borrowing	5,246.4	276.2	1,021.5	1,446.5
Commodity operations	467.7	-114.4	-115.1	31.6
<b>Non-government borrowings: of which</b>	<b>3,664.0</b>	<b>385.5</b>	<b>184.7</b>	<b>11.7</b>
Private sector	3,357.4	320.3	141.7	-19.0
PSEs	288.1	65.2	43.2	30.9
<b>Other items (net)</b>	<b>-812.1</b>	<b>-120.8</b>	<b>-184.8</b>	<b>-11.6</b>
<b>M2</b>	<b>8,857.8</b>	<b>542.5</b>	<b>741.4</b>	<b>1,216.0</b>



### Monetary Liabilities of the Banking System

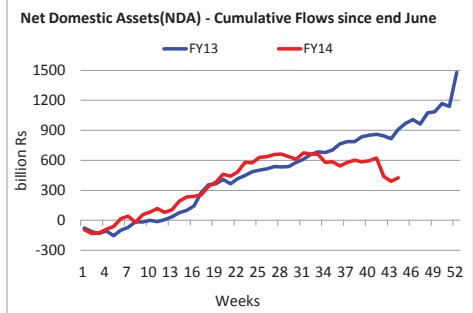
(billion Rs)

<b>Currency in circulation</b>	<b>1,938.2</b>	<b>175.3</b>	<b>261.5</b>	<b>264.5</b>
<b>Total deposits with banks</b>	<b>6,909.1</b>	<b>363.7</b>	<b>478.0</b>	<b>949.9</b>
Demand deposits with banks	5,588.1	403.1	373.8	875.7
Time deposits with banks	806.0	-86.5	36.3	-0.7
RFCDs with banks	515.0	47.1	67.9	74.9
<b>M2</b>	<b>8,857.8</b>	<b>542.5</b>	<b>741.4</b>	<b>1,216.0</b>

### Monetary Assets of the Banking System

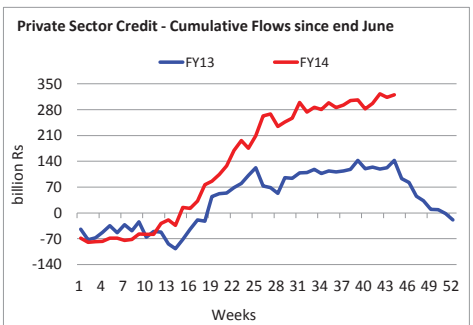
(percent growth)

	YoY (2-May-14)	Since end June		FY13
		Latest week	A year ago	
		2-May-14	3-May-13	
<b>NFA</b>	<b>5.2</b>	<b>43.2</b>	<b>-31.2</b>	<b>-49.5</b>
<b>NDA</b>	<b>12.5</b>	<b>5.0</b>	<b>12.8</b>	<b>20.8</b>
<b>Government borrowings</b>	<b>14.2</b>	<b>2.8</b>	<b>21.3</b>	<b>34.7</b>
Budgetary borrowing	14.5	5.3	26.9	38.1
Commodity operations	10.1	-24.5	-26.4	7.2
<b>Non-government sector borrowings</b>	<b>5.5</b>	<b>10.5</b>	<b>5.1</b>	<b>0.3</b>
Private sector	4.5	9.5	4.2	-0.6
PSEs	17.6	22.6	16.8	12.0
<b>Other items (Net)</b>	<b>-5.3</b>	<b>14.9</b>	<b>23.1</b>	<b>1.4</b>
<b>M2</b>	<b>12.1</b>	<b>6.1</b>	<b>9.7</b>	<b>15.9</b>



### Memorandum Items

	Latest week	A year ago	FY13		
				Latest week	A year ago
				2-May-14	3-May-13
Money multiplier	3.47	3.39	3.49		
Currency to deposit ratio (percent)	29.1	30.1	28.1		
M2 to GDP ratio (percent)	37.01	37.28	38.7		
Private sector credit to GDP ratio (percent)	14.48	15.6	14.7		



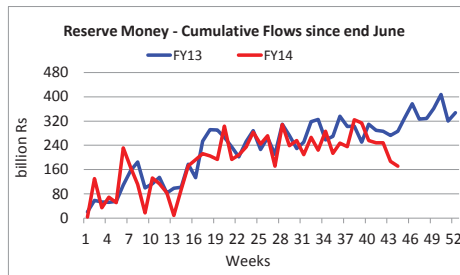
<sup>R</sup>; Revised (All weekly numbers are provisional); Source: Statistics & Data Warehouse Department (S&DWD), SBP



**OMO injections by SBP remained the key driver of reserve money growth during FY14 so far.**

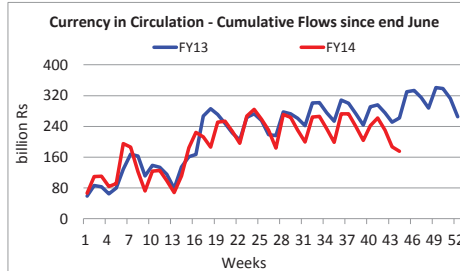
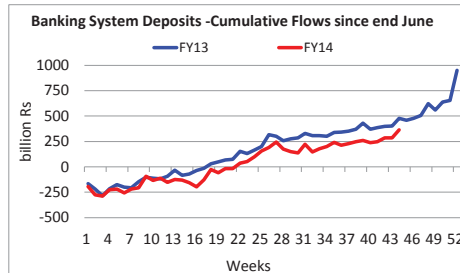
## Monetary Assets of SBP

	End June 2013 stocks	Cumulative flows since end-June		FY13 Flows
		Latest week	A year ago	
		2-May-14	3-May-13	
<b>NFA</b>	<b>132.9</b>	<b>140.2</b>	<b>-191.8</b>	<b>-261.1</b>
<b>NDA: of which</b>	<b>2,402.3</b>	<b>31.3</b>	<b>478.5</b>	<b>607.5</b>
Budgetary borrowing	2,212.9	-287.1	392.8	506.9
Other items (net)	-276.4	241.3	60.9	-59.7
Net impact of OMOs/discounting	198.8	354.6	116.0	98.1
<b>Reserve money</b>	<b>2,535.3</b>	<b>171.4</b>	<b>286.7</b>	<b>346.4</b>



## Monetary Liabilities of SBP

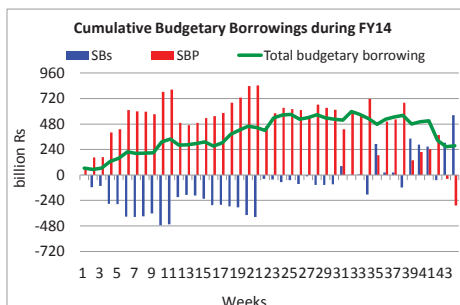
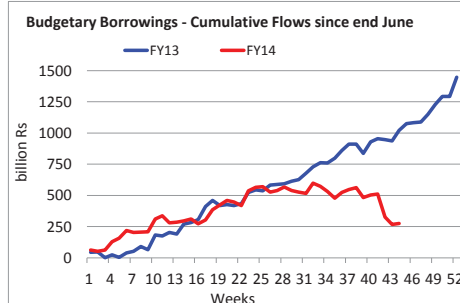
	End June 2013 stocks	Cumulative flows since end-June		FY13 Flows
		Latest week	A year ago	
		2-May-14	3-May-13	
Currency in circulation	1,938.2	175.3	261.5	264.5
Cash in tills	110.9	5.1	-4.0	0.8
Bank deposits with SBP (reserves)	475.6	-12.5	27.3	79.5
Other deposits with SBP	10.5	3.5	1.8	1.6
	<b>YoY</b>			<b>(percent growth)</b>
	<b>(2-May-14)</b>			
<b>NFA of the SBP</b>	<b>35.0</b>	<b>105.4</b>	<b>-48.7</b>	<b>-66.3</b>
<b>NDA of the SBP: of which</b>	<b>7.1</b>	<b>1.3</b>	<b>26.7</b>	<b>33.8</b>
Budgetary borrowing	-8.2	-13.0	23.0	29.7
<b>Reserve money</b>	<b>9.3</b>	<b>6.8</b>	<b>13.1</b>	<b>15.8</b>



**In FY14 so far, government borrowing needs are 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	
		2-May-14	3-May-13	
<b>Budgetary borrowing</b>	<b>5,246.4</b>	<b>276.2</b>	<b>1,021.5</b>	<b>1,446.5</b>
<b>Federal government</b>	<b>5,562.0</b>	<b>504.9</b>	<b>1,069.3</b>	<b>1,497.5</b>
From SBP	2,241.1	-85.7	436.1	536.9
SBP's holdings of MRTBs	2,275.2	556.5	350.2	515.5
From scheduled banks (SBs)	3,320.9	590.6	633.2	960.6
<b>Provincial governments</b>	<b>-315.6</b>	<b>-228.7</b>	<b>-47.9</b>	<b>-51.0</b>
From SBP <sup>1</sup>	-28.2	-201.4	-43.4	-30.0
From scheduled banks <sup>2</sup>	-287.4	-27.3	-4.5	-21.0
<b>Memorandum Items</b>				
<b>Budgetary borrowing on cash basis</b>	<b>5,124.8</b>	<b>280.0</b>	<b>1,017.5</b>	<b>1,457.5</b>
SBP	2,168.0	-307.3	402.4	505.9
Scheduled banks	2,956.8	587.3	615.1	951.6



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

<sup>2</sup> The 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-Mar FY14 with pick-up of credit by private sector businesses (PSBs) for both working capital and fixed investment.

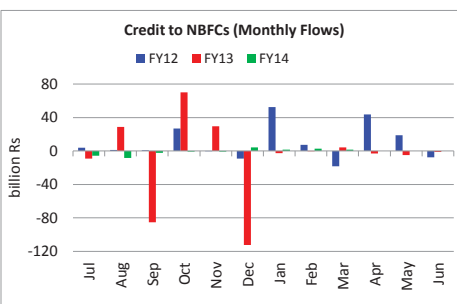
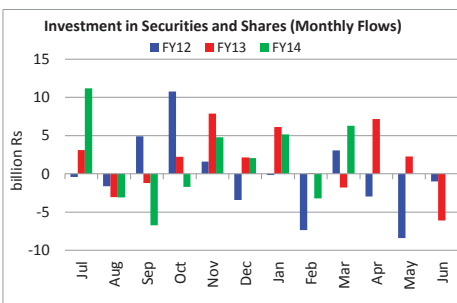
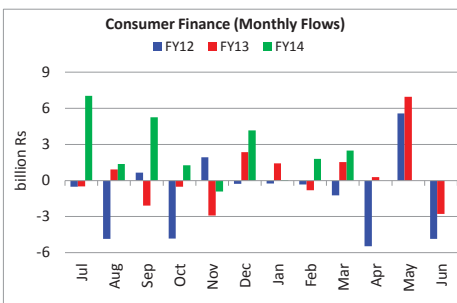
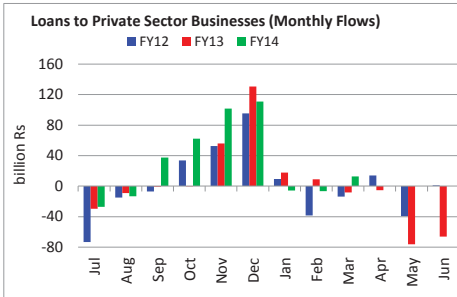
### Credit to Private Sector

	End June 2013 stocks	Cumulative flows (billion Rs)		
		Jul- Mar FY14	Jul-Mar FY13	FY13
<b>Total credit to private sector <sup>1</sup></b>	<b>3,357.4</b>	<b>335.8</b>	<b>139.8</b>	<b>-19.0</b>
<b>1. Loans to private sector businesses</b>	<b>2,467.2</b>	<b>271.7</b>	<b>165.1</b>	<b>17.1</b>
<b>By type</b>				
Working capital: <i>of which</i>	1,613.2	222.6	151.1	31.0
Export finance	261.3	27.0	19.0	14.3
Import finance	132.6	17.4	-1.7	5.9
Fixed investment	854.1	49.2	14.0	-13.9
<b>By Sectors: <i>of which</i></b>				
<b>Agriculture</b>	<b>222.0</b>	<b>↑ 16.6</b>	<b>↑ 14.3</b>	<b>↑ 23.5</b>
<b>Manufacturing: <i>of which</i></b>	<b>1,448.9</b>	<b>↑ 215.1</b>	<b>↑ 145.5</b>	<b>↑ 58.9</b>
Textiles	514.9	↑ 68.6	↑ 74.9	↑ 23.9
Food products & beverages	316.9	↑ 95.2	↑ 60.4	↑ 26.5
Chemicals & products	171.7	↑ 3.5	↓ -3.3	↓ -0.7
Non-metallic mineral products	66.9	↓ -7.4	↓ -12.8	↓ -9.6
Wearing apparel, readymade gar.	54.5	↓ -1.9	↑ 2.2	↑ 6.3
<b>Electricity, gas and water</b>	<b>228.9</b>	<b>↑ 26.8</b>	<b>↓ -0.8</b>	<b>↓ -49.2</b>
<b>Construction</b>	<b>53.4</b>	<b>↓ -1.6</b>	<b>↓ -1.2</b>	<b>↓ -0.1</b>
<b>Commerce and trade</b>	<b>206.9</b>	<b>↑ 20.3</b>	<b>↑ 1.8</b>	<b>↓ -3.1</b>
<b>Transport, storage and comm.</b>	<b>89.8</b>	<b>↓ -4.0</b>	<b>↓ -8.7</b>	<b>↓ -21.5</b>
<b>Services: <i>of which</i></b>	<b>139.1</b>	<b>↑ 0.2</b>	<b>↑ 1.4</b>	<b>↓ -10.8</b>
Real estate/renting & business act.	99.8	↓ -3.3	↑ 5.2	↓ -8.1
<b>2. Personal: <i>of which</i></b>	<b>305.8</b>	<b>↑ 21.7</b>	<b>↑ 13.0</b>	<b>↑ 20.7</b>
Consumer financing	211.3	↑ 22.5	↑ 8.1	↑ 12.6
<b>3. Investment in securities and shares</b>	<b>172.2</b>	<b>↑ 14.8</b>	<b>↑ 15.6</b>	<b>↑ 18.9</b>
<b>4. Others<sup>2</sup>: <i>of which</i></b>	<b>412.2</b>	<b>↑ 27.5</b>	<b>↓ -53.9</b>	<b>↓ -75.8</b>
Non-bank finance companies	156.8	↓ -7.6	↓ -76.3	↓ -85.6

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

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

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

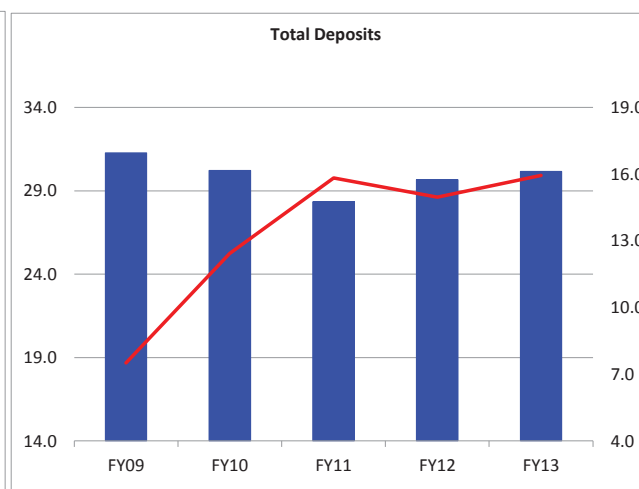
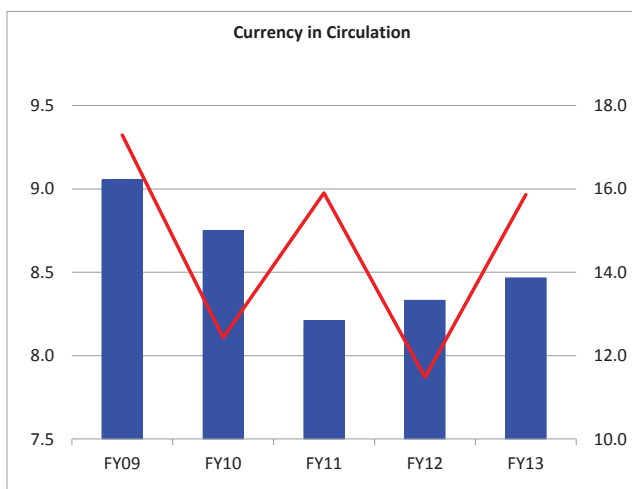
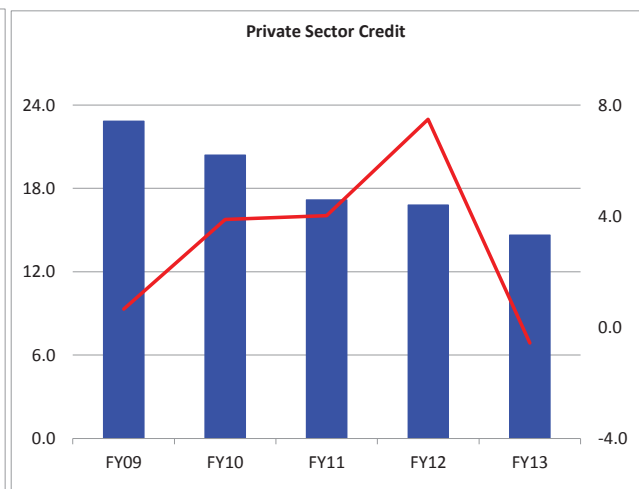
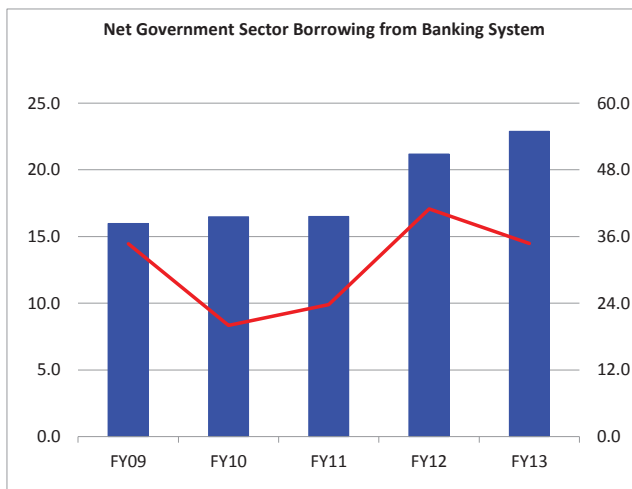
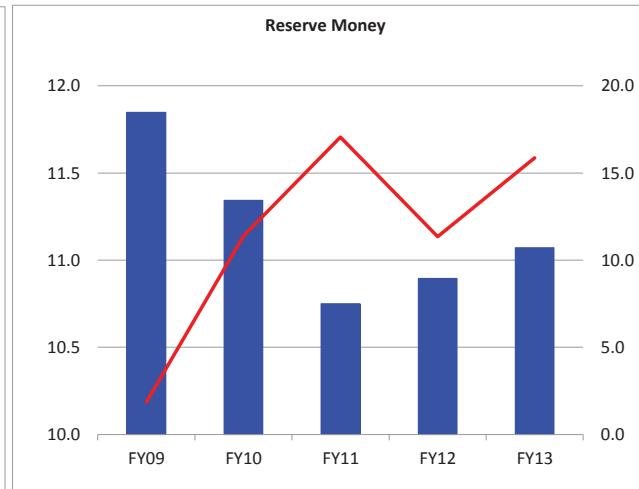
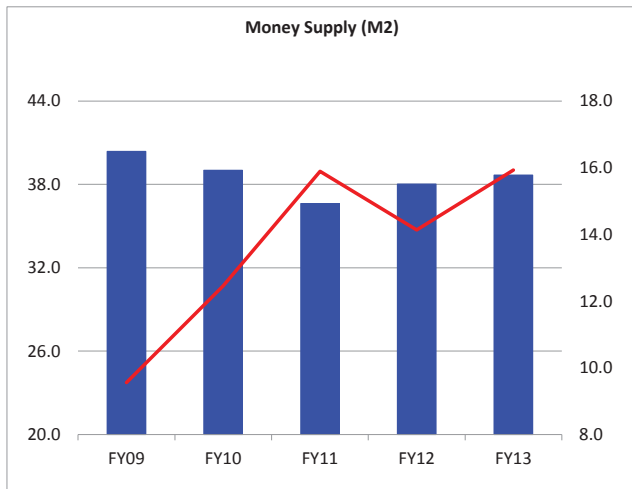




## Key Indicators of Monetary Sector

■ As percent of GDP

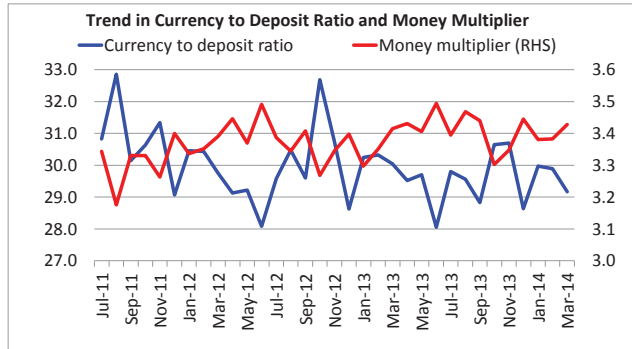
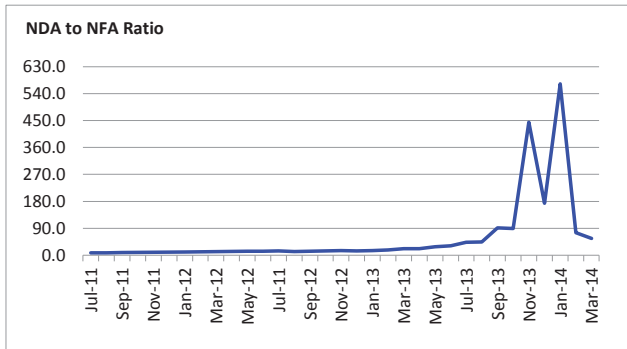
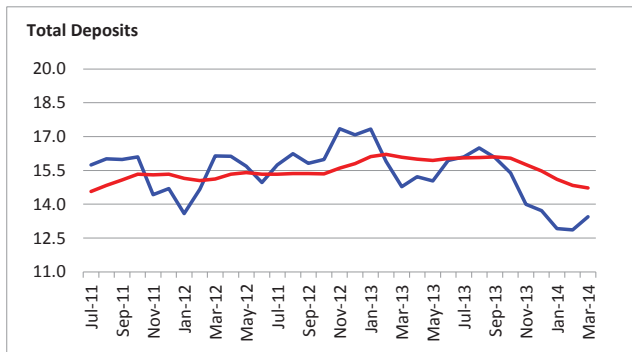
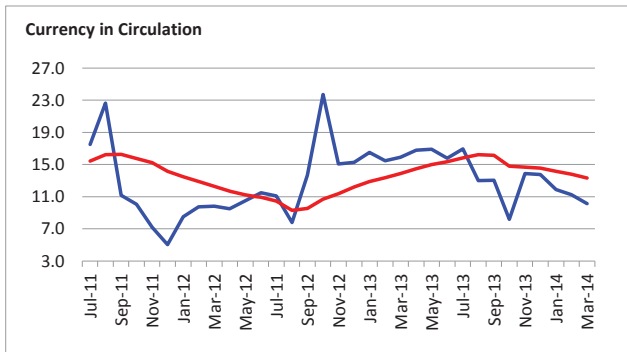
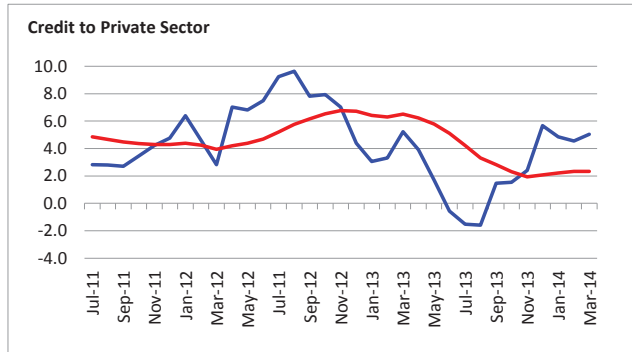
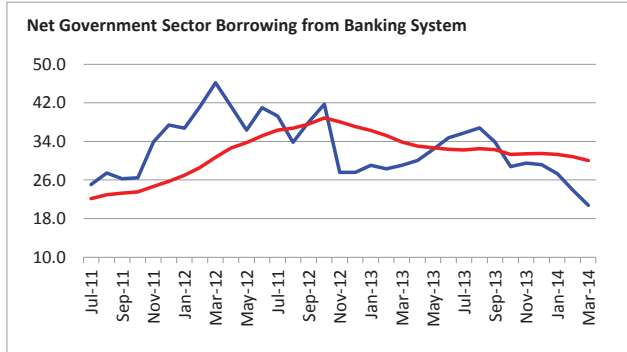
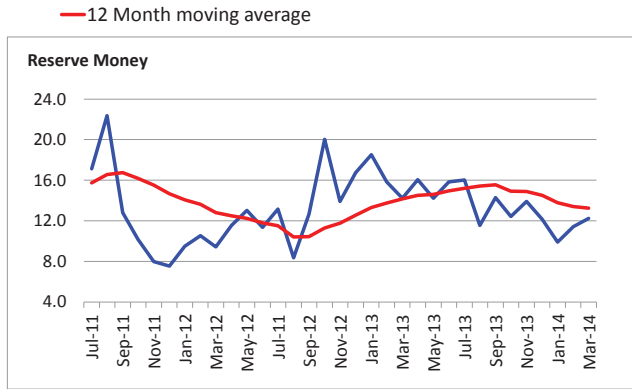
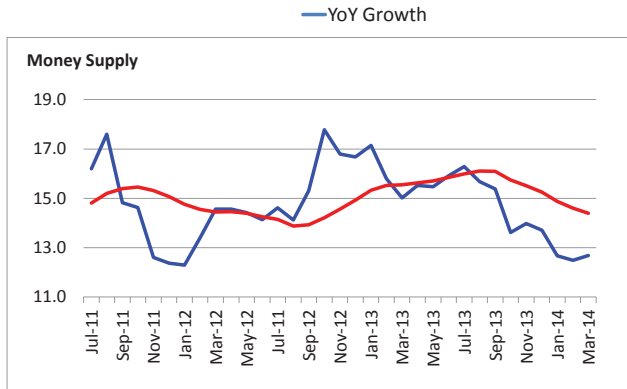
— YoY growth (RHS)



YoY growth of end June Stocks  
Source: Statistics and Data Warehouse Department (S&DWD), SBP.



## Trends in Monetary Aggregates



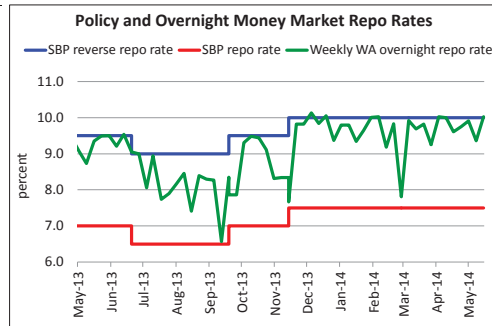
Month end stocks data has been used.  
 YoY growth shows growth over same month last year.  
 Source: Statistics and Data Warehouse Department (S&DWD), SBP.



## Money Market

**SBP kept its reverse repo (policy) rate unchanged at 10.0 percent in March 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

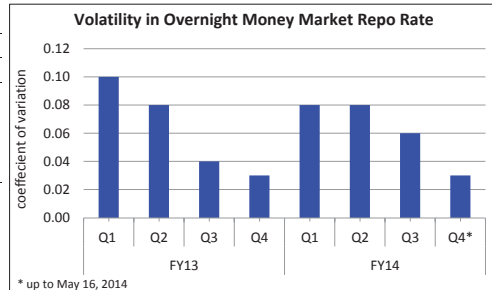
**Volatility in overnight repo rate has decreased in Q4-FY14 so far, compared to Q3-FY14.**

	Weighted Average O/N Money Market Repo Rate (percent)				
	FY14				
	Q1	Q2	Q3	Q4 *	YTD
WA O/N repo rate <sup>2</sup>	7.88	9.25	9.62	9.72	9.15
Standard deviation	0.61	0.77	0.61	0.26	0.90
CoV <sup>3</sup>	0.08	0.08	0.06	0.03	0.10

\*up to May 16, 2014                      YTD: Year to date

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

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



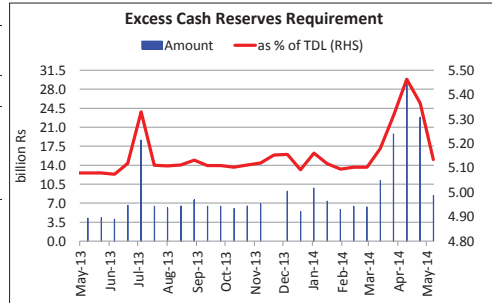
\* up to May 16, 2014

**Banks' holding of government securities now stands at 84 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	
	8-May-14	10-Apr-14	10-Apr-14	13-Mar-14 <sup>5</sup>
Cash required	314.6	314.2	↑ 0.4	↑ 1.7
Cash maintained	323.0	343.3	↓ -20.3	↓ -1.0
Excess cash reserves (per day)	8.4	29.1	↓ -20.7	↓ -2.8

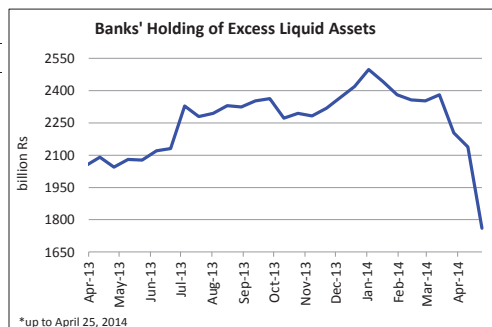
<sup>4</sup> Bi-weekly CRR is the proportion of local currency time and demand liabilities (TDL) that schedule banks are required to maintain with SBP in the form of cash on average during the reserve maintenance period.

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



	Overall Reserve Requirement (billion Rs)			
	Maintenance period started as on		Change since	
	25-Apr-14	28-Mar-14	28-Mar-14	4-Oct-08
<b>Required reserves</b>	<b>1510.2</b>	<b>1508.3</b>	<b>↑ 1.9</b>	<b>↑ 547.7</b>
for CRR	314.6	314.2	↑ 0.4	↑ 38.5
for SLR	1195.6	1194.1	↑ 1.5	↑ 509.2
<b>Maintained<sup>6</sup></b>	<b>3270.3</b>	<b>3711.9</b>	<b>↓ -441.6</b>	<b>↑ 2251.5</b>
Cash	471.7	598.6	↓ -126.8	↑ 82.9
Cash in tills	141.9	143.8	↓ -1.9	↑ 53.8
Balance with SBP	305.0	422.5	↓ -117.5	↑ 16.3
Balance with NBP	24.8	32.2	↓ -7.4	↑ 12.7
Securities	2757.2	3070.7	↓ -313.5	↑ 2144.0
Others <sup>7</sup>	41.4	42.6	↓ -1.3	↑ 24.6
<b>Excess liquid assets<sup>8</sup></b>	<b>1760.1</b>	<b>2203.6</b>	<b>↓ -443.5</b>	<b>↑ 1703.8</b>

Source: Off-site Supervision and Enforcement Department, SBP



\* up to April 25, 2014

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

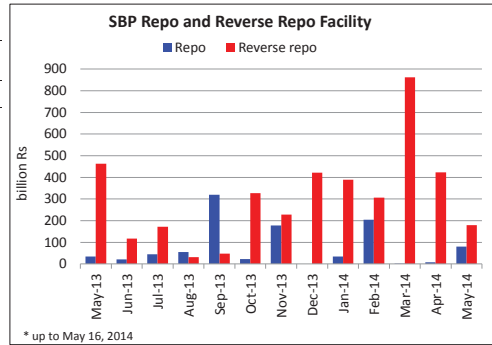
<sup>8</sup> Includes Section 13(3) deposits and share capital of MFBs.

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



**Banks' use of SBP's reverse repo facility has decreased in Q4-FY14 so far, compared to Q3-FY14.**

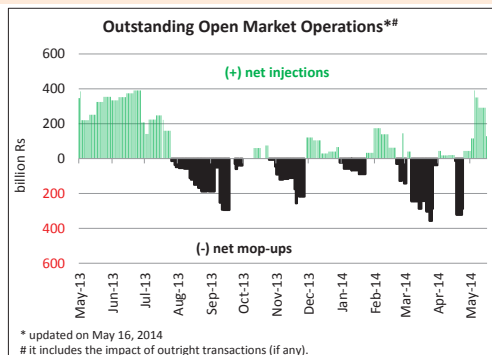
Use of SBP's Standing Facilities				
	SBP reverse repo		SBP repo	
	Amount	Days	Amount	Days
	billion Rs	No.	billion Rs	No.
<b>FY13</b>	<b>2,927.8</b>	<b>88</b>	<b>748.0</b>	<b>33</b>
Q1	1,035.7	32	239.9	11
Q2	524.0	14	331.2	13
Q3	347.7	14	121.6	5
Q4	1,020.4	28	55.3	4
<b>FY14<sup>1</sup></b>	<b>3,389.3</b>	<b>64</b>	<b>947.1</b>	<b>28</b>
Q1	250.6	11	419.0	13
Q2	977.6	16	199.8	6
Q3	1,559.1	26	239.9	6
Q4 <sup>1</sup>	602.0	11	88.4	3



<sup>1</sup> Updated up to May 16, 2014

**The level of average outstanding OMOs has remained positive in Q4-FY14 so far.**

Outstanding Open Market Operations <sup>2</sup> (billion rupees)		
	Average Outstanding OMOs	End-period Outstanding OMOs
<b>FY13</b>	<b>460.9</b>	<b>207.6</b>
Q1	384.7	611.5
Q2	568.0	615.7
Q3	539.1	472.1
Q4	352.5	207.6
<b>FY14<sup>3</sup></b>	<b>(23.0)</b>	<b>128.3</b>
Q1	(34.7)	(40.0)
Q2	(13.8)	(24.5)
Q3	(58.9)	(39.1)
Q4 <sup>3</sup>	52.4	128.3

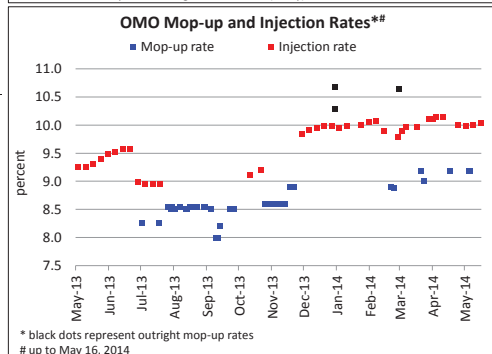


<sup>2</sup> It includes the impact of outright transactions (if any).

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

<sup>3</sup> Updated up to May 16, 2014

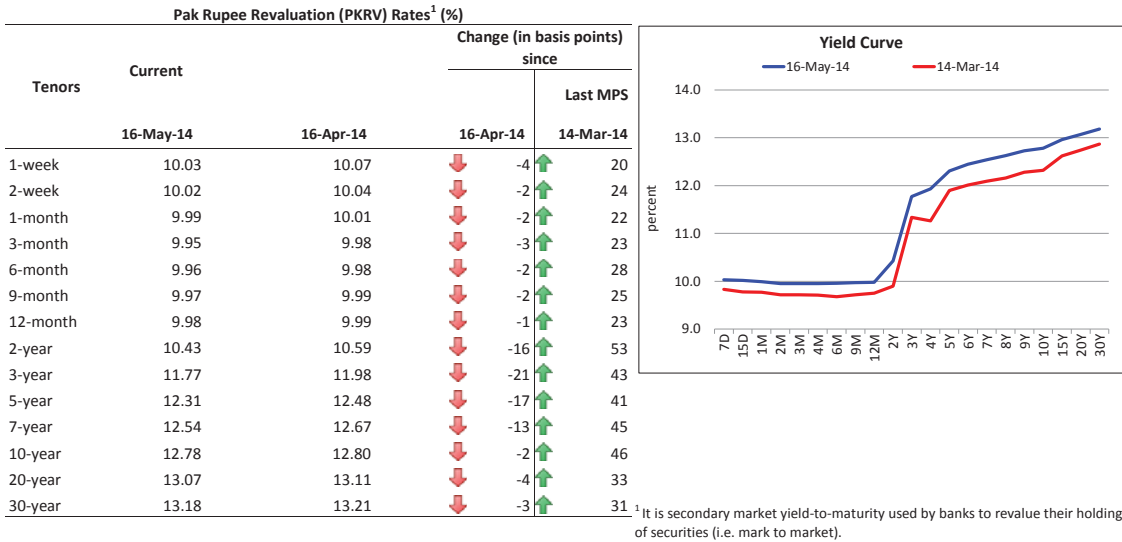
Source: Domestic Markets & Monetary Management Department, SBP



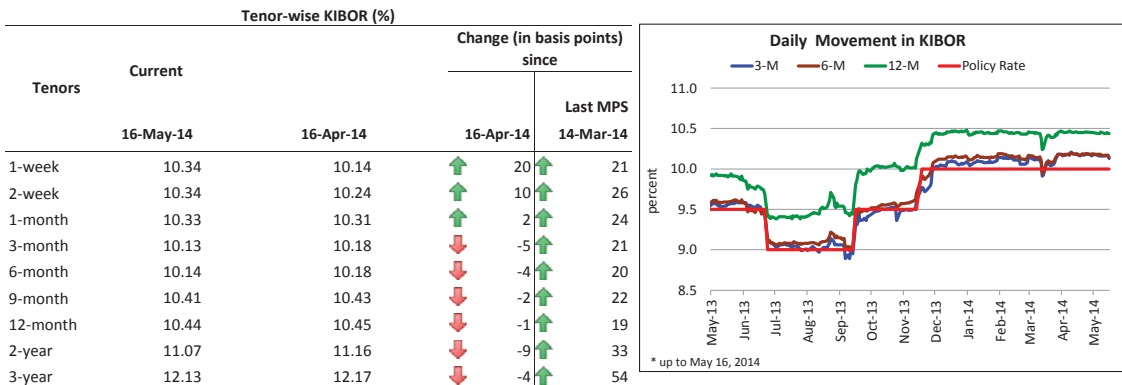




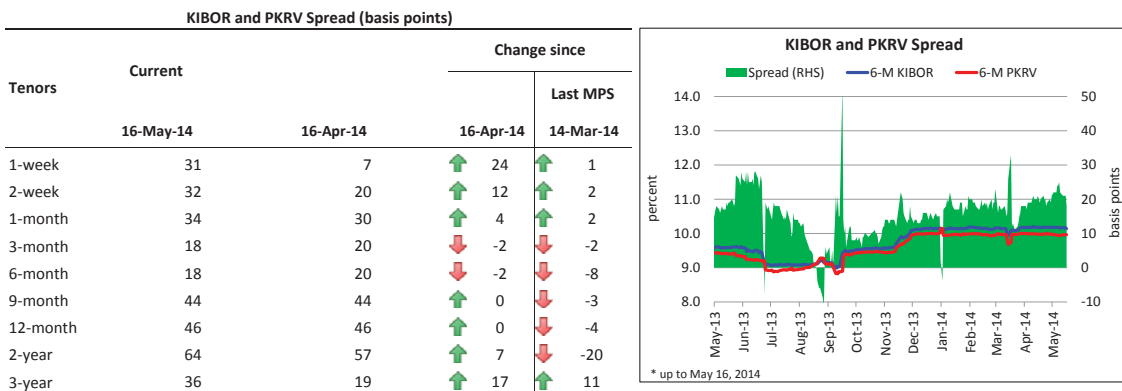
**Secondary market yields on all tenors have increased since the last monetary policy decision in March 2014.**



**KIBOR of all tenors have increased since the last monetary policy decision in March 2014.**



**Spread between KIBOR and PKRV rate for 6 month tenor decreased compared to level observed at the time of monetary policy announcement in March 2014.**

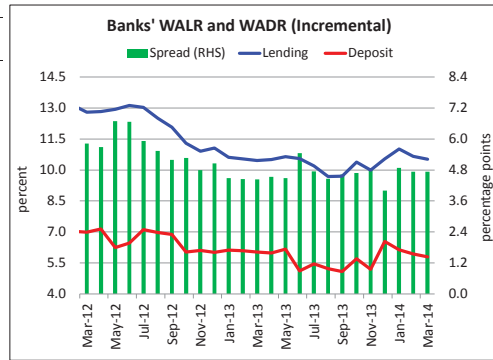


Sources: SBP and Financial Market Association of Pakistan



## Spread between incremental WALR and WADR stands at 473 bps in March 2014.

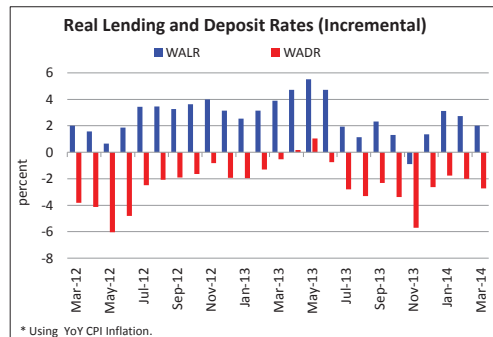
Months	Weighted average Lending and Deposit Rates (percent per annum)					
	Incremental <sup>1</sup>			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Mar-13	10.46	6.03	443	11.50	5.26	624
Apr-13	10.51	5.98	453	11.42	5.23	619
May-13	10.65	6.17	448	11.49	5.15	634
Jun-13	10.56	5.11	545	11.36	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
Feb-14	10.66	5.93	473	11.19	5.14	605
Mar-14	10.53	5.80	473	11.10	5.05	605



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

## Both real lending and deposit rates, calculated on the basis of YoY CPI inflation, have decreased in March 2014.

Months	Real (based on 12-month MA inflation) <sup>2</sup>		Real (based on YoY inflation) <sup>3</sup>	
	WALR	WADR	WALR	WADR
	Mar-13	1.61	-2.82	3.89
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
Feb-14	2.93	-1.80	2.72	-2.01
Mar-14	2.64	-2.09	2.00	-2.73



\* Using YoY CPI Inflation.

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

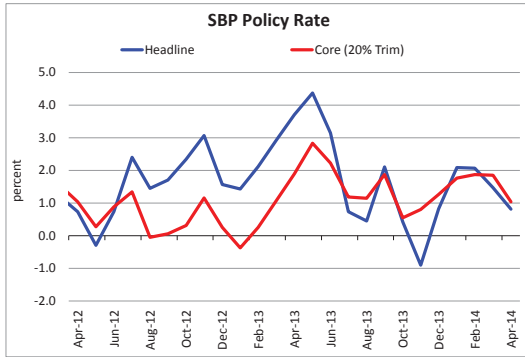
<sup>3</sup> Nominal rate less CPI inflation (year on year).

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

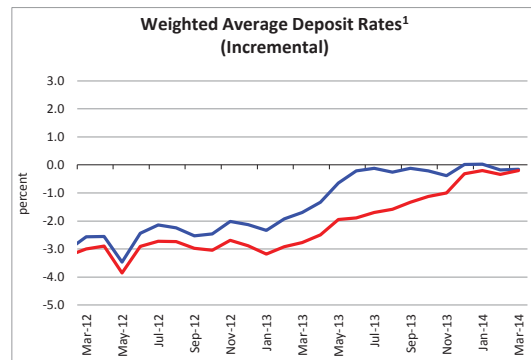
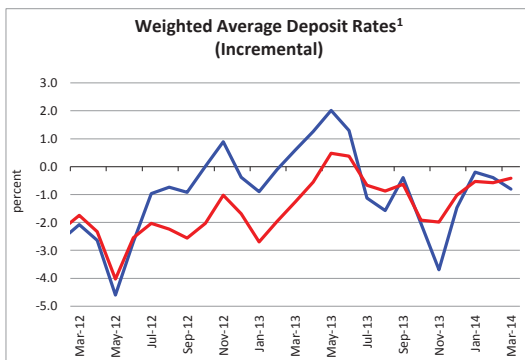
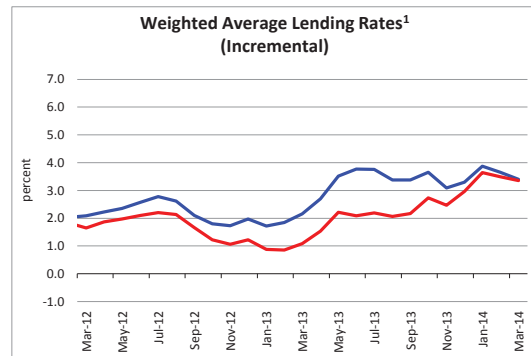
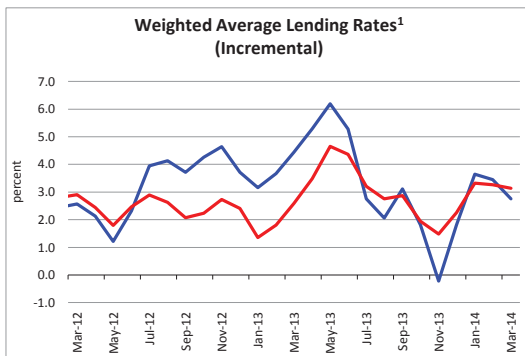
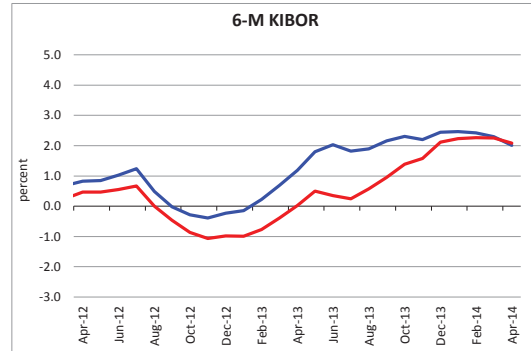
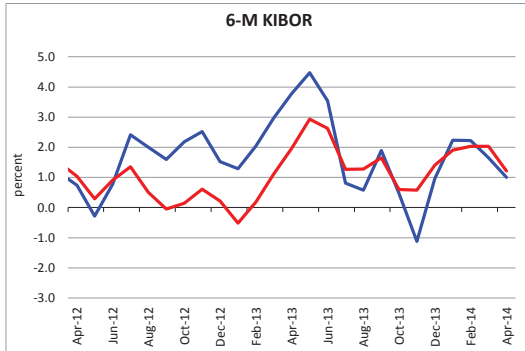
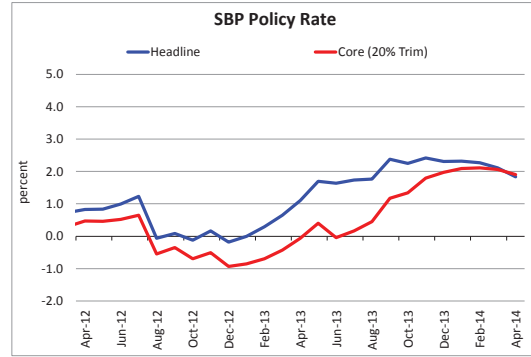


## Real Interest Rates

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

May 2014

*In the T-bill auctions held in Q4-FY14 so far, government has raised less than the targeted amount.*

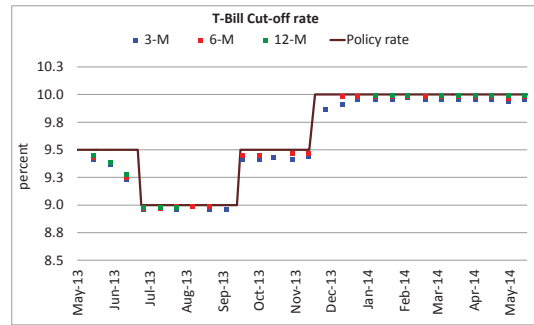
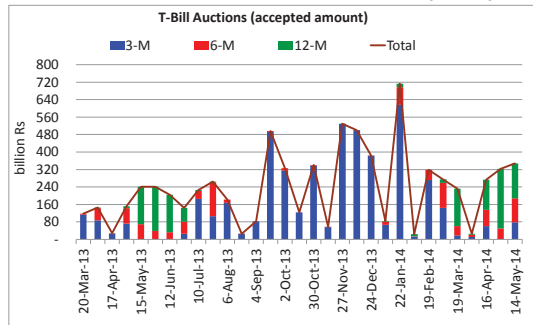
FY/Q/ Settlement date	T-bill Auction (billion Rs (Realized value); rates in percent)													Non- competitive bids <sup>4</sup>
	TOTAL				3-Month			6-Month			12-Month			
	Target	Maturity	Offered	Accepted <sup>2</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	Offered	Accepted	Cut-off <sup>3</sup>	
<b>FY13</b>	<b>5,075.0</b>	<b>5,049.0</b>	<b>7,160.3</b>	<b>4,772.3</b>	<b>1,308.0</b>	<b>884.2</b>	-	<b>3,243.1</b>	<b>2,136.6</b>	-	<b>2,609.1</b>	<b>1,751.4</b>	-	<b>511.3</b>
Q1	1,500.0	1,487.1	2,231.1	1,611.3	191.0	129.5	10.23	967.6	755.4	10.24	1,072.5	726.4	10.26	152.2
Q2	1,125.0	1,148.9	2,012.2	956.5	191.2	81.6	9.28	1,174.3	543.0	9.30	646.7	331.8	9.36	128.3
Q3	1,125.0	1,103.8	1,492.6	1,050.8	665.9	460.5	9.41	713.3	515.9	9.43	113.4	74.5	9.42	111.7
Q4	1,325.0	1,309.2	1,424.4	1,153.6	259.9	212.5	8.96	388.0	322.4	8.97	776.5	618.7	8.98	119.0
<b>FY14<sup>1</sup></b>	<b>7,575.0</b>	<b>7,746.9</b>	<b>6,748.1</b>	<b>6,151.2</b>	<b>5,092.5</b>	<b>4,579.6</b>	-	<b>838.7</b>	<b>771.5</b>	-	<b>816.9</b>	<b>800.2</b>	-	<b>272.5</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 <sup>1</sup>	1,425.0	1,543.2	981.9	969.3	154.2	148.2	9.96	252.9	246.3	9.98	574.8	574.8	9.99	39.7

<sup>1</sup> Up till May 16, 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 so far, government has raised higher amounts than the target amounts.*

		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	
<b>FY13</b>	<b>Cut-off rate<sup>6</sup></b>	<b>9.69</b>	<b>10.15</b>	-	<b>11.05</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>	
	Cut-off rate	10.63	11.17	-	11.60	-	13.35	-	-	-	
Q1	Offered	94.1	72.2	-	76.9	-	6.1	-	249.4	-	
	Accepted	43.3	45.6	-	21.8	-	5.1	-	115.8	90.0	
Q2	Cut-off rate	10.40	10.93	-	11.42	-	-	-	-	-	
	Offered	66.1	34.1	-	25.7	-	-	-	125.9	-	
	Accepted	29.7	11.8	-	9.4	-	-	-	50.9	90.0	
Q3	Cut-off rate	-	-	-	-	-	-	-	-	-	
	Offered	39.8	16.8	-	11.2	-	-	-	67.7	-	
	Accepted	-	-	-	Bids rejected	-	-	-	0.0	75.0	
Q4	Cut-off rate	9.69	10.15	-	11.05	-	-	-	-	-	
	Offered	110.7	44.4	-	28.1	-	-	-	183.2	-	
	Accepted	53.9	14.8	-	13.1	-	-	-	81.8	75.0	
<b>FY14<sup>7</sup></b>	<b>Cut-off rate<sup>6</sup></b>	<b>12.10</b>	<b>12.55</b>	-	<b>12.91</b>	-	<b>12.90</b>	-	-	-	
	<b>Offered</b>	<b>611.9</b>	<b>319.6</b>	-	<b>383.7</b>	-	<b>13.3</b>	-	<b>1328.4</b>	-	
	<b>Accepted</b>	<b>556.9</b>	<b>281.6</b>	-	<b>292.2</b>	-	<b>12.3</b>	-	<b>1143.0</b>	<b>420.0</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	-	12.90	-	12.90	-	-	-	
	Offered	527.5	249.6	-	237.0	-	12.8	-	1026.8	-	
	Accepted	503.2	245.3	-	218.6	-	11.8	-	978.9	180.0	
Q4 <sup>7</sup>	Cut-off rate	12.1	12.6	-	12.9	-	-	-	-	-	
	Offered	246.5	81.4	-	101.1	-	1.0	-	430.0	-	
	Accepted	242.2	80.8	-	100.6	-	-	-	423.5	100.0	

<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 May 16, 2014

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

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

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

Source: Domestic Markets & Monetary Management Department, SBP



## Foreign Exchange Market

*Pak rupee has appreciated by 1.1 percent against US Dollar in FY14, so far.*

	PKR against international currencies			% App/(Dep) of PKR
	Latest 16-May-14	Last MPS 14-Mar-14	Jun-13	Cumulative since Jun-13
USD	98.54	99.42	99.66	1.14
Euro	135.17	138.05	130.18	(3.69)
Sterling	165.65	165.25	151.80	(8.36)
JPY	0.97	0.98	1.01	3.73
USD Kerb <sup>1</sup>	99.33	101.10	100.53	1.21
Premium (Rs)	0.79	1.68	0.87	-
Daily NEER <sup>1</sup>	56.42	56.03	56.85	(0.77)

<sup>1</sup>Updated till 15th May 2014  
Source: SBP

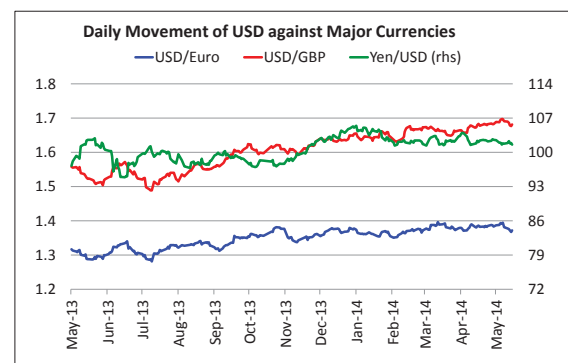
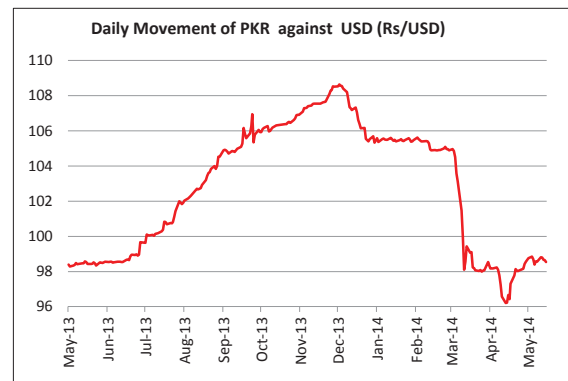
	International exchange rates <sup>2</sup>			% App/(Dep) of USD
	Latest 16-May-14	Last MPS 14-Mar-14	Jun-13	Cumulative since Jun-13
USD/EUR	1.37	1.39	1.31	(4.78)
USD/GBP	1.68	1.66	1.52	(9.39)
JPY/USD	101.55	101.56	99.02	2.56
INR/USD	59.01	61.24	59.26	(0.43)
CNY/USD	6.23	6.15	6.14	1.56
THB/USD	32.51	32.32	31.02	4.81
MYR/USD	3.23	3.28	3.16	2.36
SGD/USD	1.25	1.27	1.27	(1.04)

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

PKR/USD Interbank Exchange Rate Trends on Fiscal Year Basis					
	High	Low	Close	Average	Volatility C/C <sup>3</sup>
FY10	85.58	81.40	85.51	83.89	3.02
FY11	86.50	83.93	85.97	85.56	2.40
FY12	94.69	85.79	94.55	89.27	2.48
FY13	99.80	93.70	99.66	96.85	1.67
FY14 <sup>4</sup>	110.50	95.75	98.54	103.49	4.33

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

<sup>4</sup> Updated up to May 16, 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 <sup>4</sup>	98.91	95.75	98.54	98.00	5.87



*In real terms, Pak rupee has appreciated by 2.8 percent during Jul-March FY14.*

### Changes in Nominal Effective Exchange Rate (NEER)

Base Year: CY2005

	NEER Index	2012				2013				2014	
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar <sup>p</sup>	
2012	Mar	60.27	-	-1.55	-3.58	-6.46	-5.65	-5.94	-11.83	-13.59	-7.45
	Jun	59.33	-	-	-2.06	-4.99	-4.17	-4.46	-10.44	-12.23	-5.99
	Sep	58.11	-	-	-	-2.99	-2.15	-2.45	-8.56	-10.39	-4.02
	Dec	56.37	-	-	-	-	0.87	0.56	-5.74	-7.62	-1.05
2013	Mar	56.86	-	-	-	-	-	-0.30	-6.55	-8.42	-1.90
	Jun	56.69	-	-	-	-	-	-	-6.27	-8.14	-1.61
	Sep	53.14	-	-	-	-	-	-	-	-2.00	4.97
	Dec	52.08	-	-	-	-	-	-	-	-	7.11
2014	Mar <sup>p</sup>	55.78	-	-	-	-	-	-	-	-	-

<sup>p</sup> Provisional

### Changes in Relative price Index (RPI)

Base Year: CY2005

	RPI Index	2012				2013				2014	
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar <sup>p</sup>	
2012	Mar	170.90	-	2.91	3.38	3.51	7.81	10.08	12.10	14.10	15.05
	Jun	175.87	-	-	0.46	0.59	4.76	6.97	8.93	10.88	11.80
	Sep	176.68	-	-	-	0.12	4.29	6.48	8.44	10.37	11.28
	Dec	176.90	-	-	-	-	4.16	6.34	8.30	10.23	11.15
2013	Mar	184.25	-	-	-	-	-	2.10	3.98	5.83	6.71
	Jun	188.12	-	-	-	-	-	-	1.84	3.66	4.52
	Sep	191.58	-	-	-	-	-	-	-	1.78	2.63
	Dec	195.00	-	-	-	-	-	-	-	-	0.83
2014	Mar <sup>p</sup>	196.62	-	-	-	-	-	-	-	-	-

<sup>p</sup> Provisional

### Changes in Real Effective Exchange Rate (REER)

Base Year: CY2005

	REER Index	2012				2013				2014	
		Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar <sup>p</sup>	
2012	Mar	103.00	1.31	1.31	-0.31	-3.18	1.72	3.54	-1.16	-1.41	6.48
	Jun	104.35	-	-	-1.61	-4.43	0.40	2.20	-2.44	-2.69	5.10
	Sep	102.67	-	-	-	-2.87	2.04	3.87	-0.85	-1.10	6.82
	Dec	99.72	-	-	-	-	5.06	6.94	2.08	1.83	9.97
2013	Mar	104.77	-	-	-	-	-	1.79	-2.83	-3.07	4.68
	Jun	106.65	-	-	-	-	-	-	-4.54	-4.78	2.84
	Sep	101.80	-	-	-	-	-	-	-	-0.25	7.73
	Dec	101.55	-	-	-	-	-	-	-	-	8.00
2014	Mar <sup>p</sup>	109.67	-	-	-	-	-	-	-	-	-

<sup>p</sup> Provisional

Source: SBP



## Capital Market

Since end June 2013, KSE-100 index and market capitalization has increased by 37.3 percent and 58.6 percent respectively.

### Performance of Karachi Stock Exchange

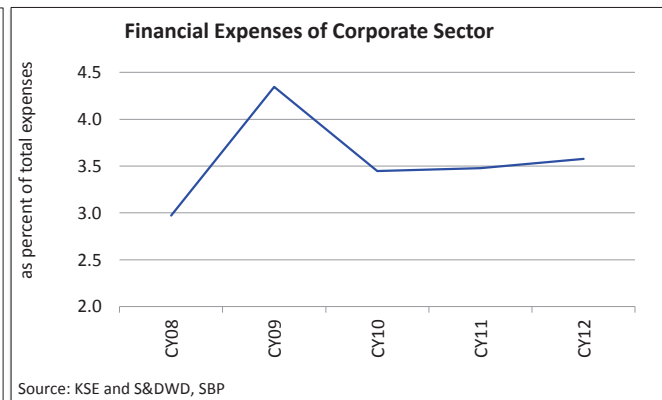
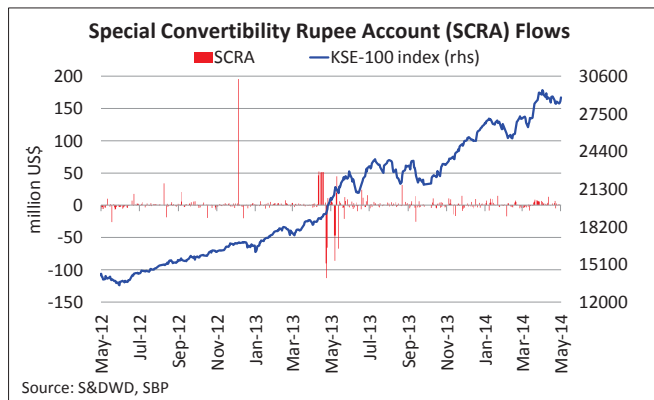
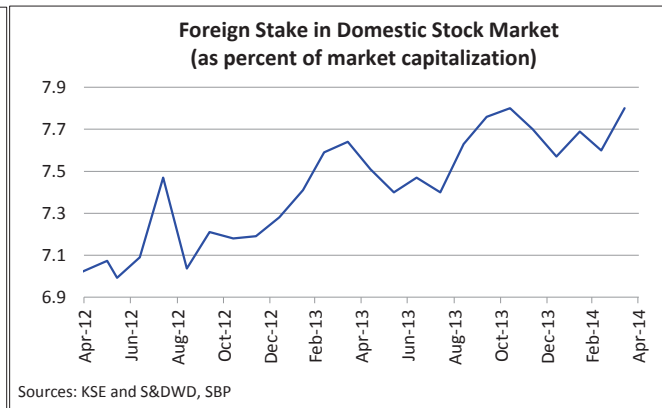
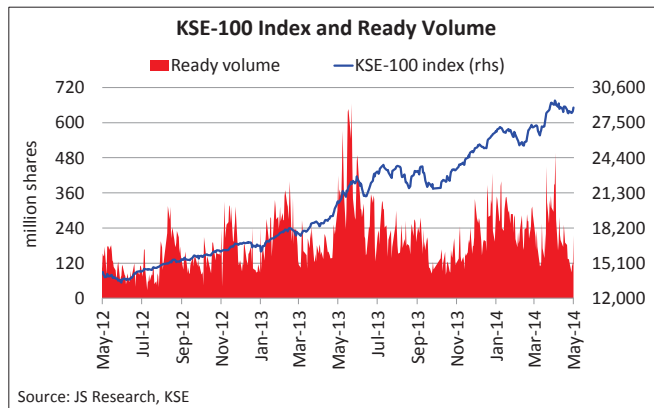
	FY14				Percentage change during		
	May-14 <sup>1</sup>	Apr-14	Jul-May	FY13	May FY14 <sup>2</sup>	FY14	FY13
End-period KSE-100 index	28,843	28,913	28,843	21,006	-0.2	37.3	52.2
End-period KSE-30 index	19,934	20,151	19,934	16,208	-1.1	23.0	35.9
Market capitalization (billion Rs) <sup>3</sup>	6,831	6,916	6,050	4,307	-1.2	58.6	33.3
Ready volume (million shares) <sup>3</sup>	143	283	219	200	-	-	-
SCRA flows (US\$ million) <sup>4</sup>	12.4	85.7	197.8	187.8	-	-	-

<sup>1</sup> Up to 15th May 2014

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

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

<sup>4</sup> Cumulative flow during the period



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



## Financial Soundness Indicators

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

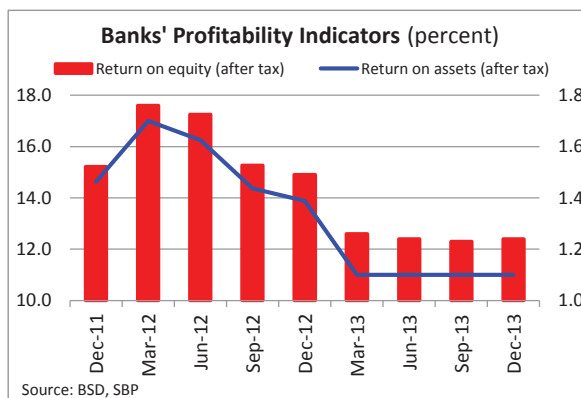
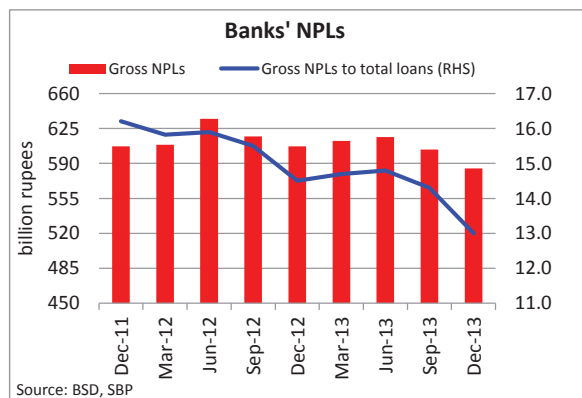
percent

	Dec 2012	Mar 2013	Jun 2013	Sep 2013	Dec 2013
Risk weighted CAR <sup>1</sup>	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) <sup>2</sup>	22.9	19.0	18.5	18.4	18.2
ROE (after tax) <sup>2</sup>	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.

<sup>1</sup> Data for Dec-13 is based on Basel III and data from CY08 to Sep-13 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