Monetary Policy Information Compendium

September 2014

Consolidated by

Statistics & DWH Department

STATE BANK OF PAKISTAN

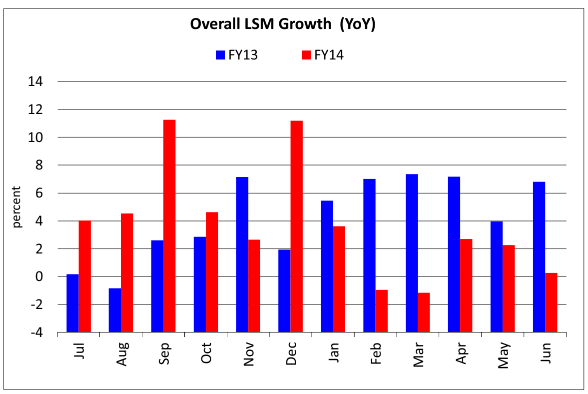
Tables and Graphs

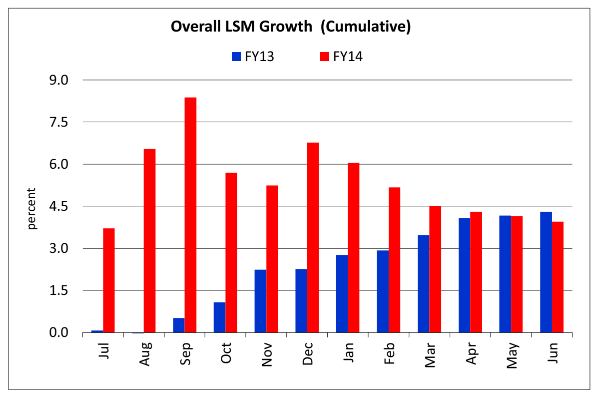
Growth

Cumulative growth of 3.9 percent has been recorded in the LSM sector for FY14, compared to a growth of 4.1 percent during the same period last year.

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

Groups	Weights	YoY changes		Cumulative change during Jul-Jun	
		Jun-14	Jun-13	FY14	FY13
Overall	**70.2**	**0.2**	**6.8**	**3.9**	**4.1**
Textile	20.9	0.5	4.4	1.3	1.6
Food, beverages and tobacco	12.4	-0.4	17.8	7.2	9.8
Petroleum products	5.4	1.3	30.3	8.3	16.5
Iron and steel products	5.4	2.5	4.9	5.6	8.7
Non-metallic mineral products	5.4	4.9	1.0	0.8	5.0
Automobile	4.6	-18.8	-17.1	-2.6	-12.8
Fertilizer	4.4	4.8	3.3	16.5	-4.0
Pharmaceuticals	3.6	0.6	5.1	-0.2	6.3
Paper and board	2.3	8.9	38.8	11.0	16.0
Electronics	2.0	19.6	-1.5	9.5	0.0
Chemicals	1.7	7.4	-0.9	6.9	-0.3
Leather products	0.9	8.1	7.3	11.7	1.5
Wood products	0.6	-84.3	77.8	-27.6	-8.4
Engineering products	0.4	2.2	-1.8	-12.5	-14.7
Rubber products	0.3	13.2	-12.4	11.5	11.8





All major crops have shown improvement in FY14 except production of cotton.

Major Crops

	Production				Area under cultivation			Yield		
	(million tons)			percent change	(million hectares)		percent change	(Kg/hectare)		percent change
	FY15[T]	FY14[P]	FY13[R]	FY14[P] over FY13[R]	FY14[P]	FY13[R]	FY14[P] over FY13[R]	FY14[P]	FY13[R]	FY14[P] over FY13[R]
Cotton[1]	15.1	12.8	13.0	-2.0	2.8	2.9	-2.5	774	769	0.5
Sugarcane	65.5	66.5	63.7	4.3	1.2	1.1	3.9	56,690	56,476	0.4
Rice	6.8	6.8	5.5	22.8	2.8	2.3	20.8	2,437	2,398	1.6
Wheat	25.8	25.3	24.2	4.4	9.0	8.7	4.4	2,797	2,796	0.1

[1] Cotton production is stated in thousand bales of 375 lbs each.

[P]: Provisional; [T]: Target; [R]: Revised

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

Provisional estimates show Real GDP growth of 4.1 percent during FY14, which is lower than the target of 4.4 percent.

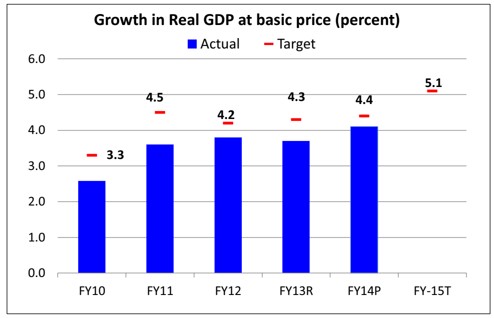
Product Approach - GDP at Constant Prices of 2005-06 (percent)

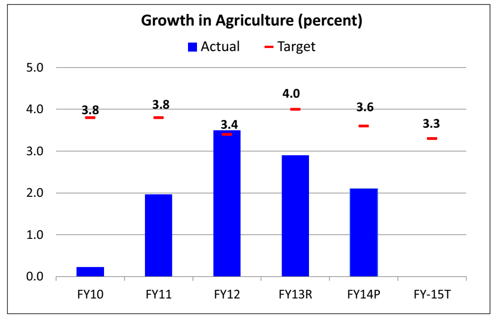
	FY14P			FY13R
	Growth	Shares	Contribution	Growth
Agriculture *of which*	**2.1**	**21.0**	**0.5**	**2.9**
Important crops	3.7	5.4	0.2	1.2
Other crops	-3.5	2.5	-0.1	6.1
Livestock	2.9	11.8	0.3	3.5
Industry *of which*	**5.8**	**20.8**	**1.2**	**1.4**
Manufacturing	5.5	13.5	0.7	4.5
Large-scale[1]	5.3	10.9	0.6	4.1
Small-scale	8.4	1.7	0.1	8.3
Construction	11.3	2.4	0.3	-1.7
Services *of which*	**4.3**	**58.1**	**2.5**	**4.9**
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
Real GDP (basic prices)	**4.1**	**100.0**	**4.1**	**3.7**
Real GDP (market prices)	**5.4**	**104.8**	**5.6**	**4.4**

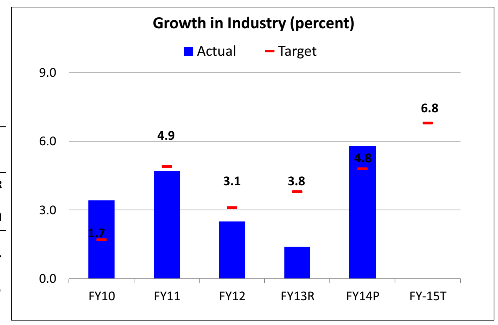
	FY14P	FY13R	FY12
Real GDP (bp, billion Rs)	10,227	9,820	9,470
Nominal GDP (mp, billion Rs)	25,402	22,489	20,047
Nominal GDP (mp, billion US$)[2]	247	232	225

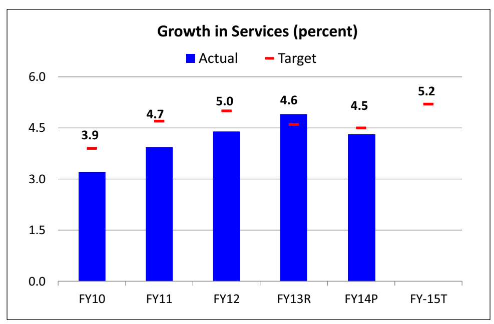
Expenditure Approach - GDP at Constant Prices of 2005-06 (percent)

	FY14P			FY13R
	Growth	Shares[3]	Contribution[3]	Growth
Consumption	**6.8**	**89.8**	**6.0**	**3.4**
Private	5.9	78.1	4.6	2.5
Government	12.7	11.7	1.4	10.2
Fixed capital formation	**0.5**	**12.2**	**0.1**	**0.2**
Private	-1.6	9.1	-0.2	2.7
Public plus general government	7.3	3.1	0.2	-7.2
Changes in stocks	**5.4**	**1.6**	**0.1**	**4.4**
Net exports of goods and nonfactor services	**24.6**	**-3.6**	**-0.7**	**1.2**
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
GDP (market prices)	**5.4**	**100.0**	**5.4**	**4.4**
Indirect Taxes	15.7	5.6	0.8	-2.7
Subsidies	-35.3	1.1	-0.6	-34.7
GDP (basic prices)	**4.1**	**95.5**	**-**	**3.7**
Total domestic demand[4]	**6.0**	**103.6**	**6.2**	**3.0**









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

[1] For FY14, LSM data pertains to July-Jun; [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.

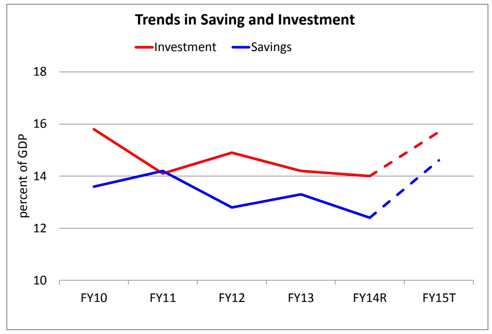
Source: Pakistan Bureau of Statistics; R: Revised; P: Provisional; Basic price (bp): The basic price is the price the producer gets on output excluding any taxes on the products and including any subsidies on the products.

Saving and Investment

Both savings and investments declined in FY14, however, saving-investment gap remained same.

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

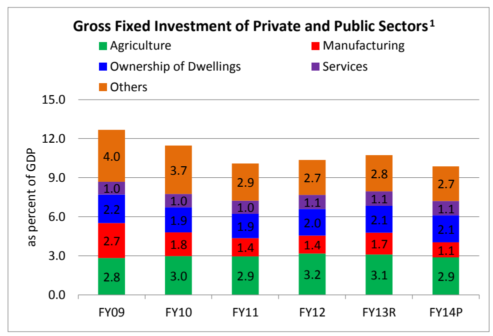
	FY15 Target	Actual	
		FY14[P]	FY13[R]
A. Investment	**15.7**	**14.0**	**14.6**
Gross fixed investment	14.1	12.4	13.0
Private sector	10.3	8.9	9.6
Public including general public	3.8	3.5	3.3
Change in capital stocks	1.6	1.6	1.6
B. National savings	**14.6**	**12.8**	**13.5**
C. Domestic savings	**-**	**7.5**	**8.3**
Saving investment gap (B - A)	**-1.1**	**-1.2**	**-1.1**



Gross fixed investment in the Manufacturing sector as percent of GDP has shown a declining trend in FY14.

Gross Fixed Investment of Private and Public Sectors[1] at Current Market prices

	FY14[P]		FY13[R]
	As percent of GDP	Percent share in total	As percent of GDP
Agriculture	2.9	29.1	3.1
Mining and quarrying	0.3	2.9	0.2
Manufacturing	1.1	11.6	1.7
Construction	0.2	1.8	0.1
Electricity and gas	0.5	5.1	0.6
Transport and communication	1.2	12.7	1.4
Wholesale and retail trade	0.3	2.9	0.3
Finance and insurance	0.2	1.6	0.2
Ownership of dwellings	2.1	20.9	2.1
Services	1.1	11.2	1.1
Total	**9.9**	**100.0**	**10.7**



[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,

Ministry of Finance, Economic Survey 2013-14

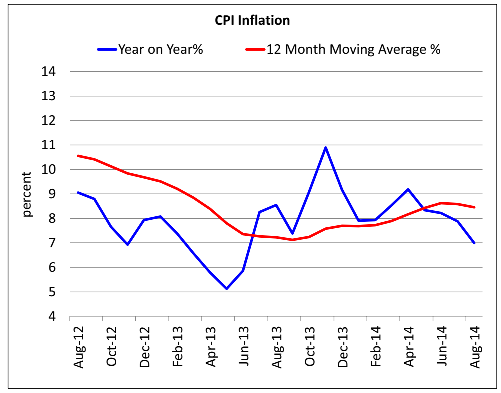
Inflation

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

Headline CPI inflation (YoY) has decreased to 7.0 percent in August 2014 from 7.9 percent in the previous month.

Consumer Price Index (CPI) (percent change)

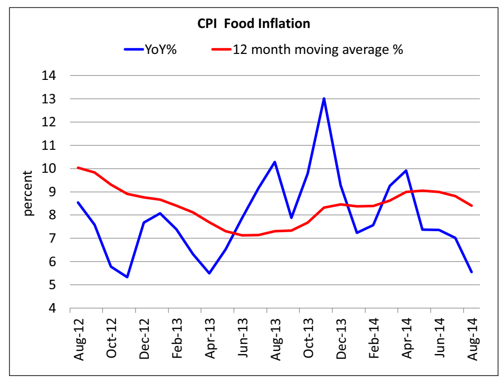
	MoM[1]	MoM SA[2]	YoY[3]	12M moving average[4]
Aug-13	1.2	0.9	8.5	7.2
Sep-13	-0.3	-0.2	7.4	7.1
Oct-13	2.0	1.7	9.1	7.2
Nov-13	1.3	1.5	10.9	7.6
Dec-13	-1.3	-0.1	9.2	7.7
Jan-14	0.5	0.2	7.9	7.7
Feb-14	-0.3	0.4	7.9	7.7
Mar-14	1.0	0.7	8.5	7.9
Apr-14	1.7	1.0	9.2	8.2
May-14	-0.3	0.2	8.3	8.4
Jun-14	0.6	0.6	8.2	8.6
Jul-14	1.7	0.9	7.9	8.6
Aug-14	0.3	-0.1	7.0	8.4
3-year average for Aug.	**0.8**	**0.4**	**8.2**	



CPI food inflation (YoY) has sharply decreased to 5.6 percent in August 2014 from 7.0 percent in the previous month.

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

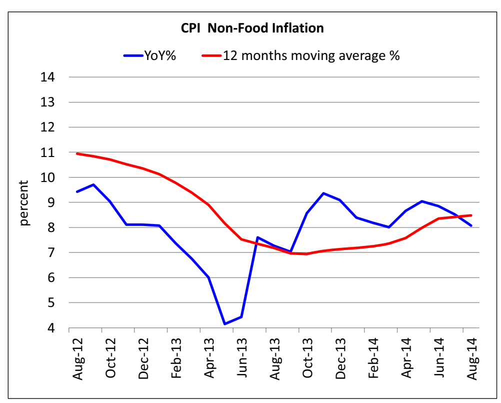
	MoM[1]	MoM SA[2]	YoY[3]	12M moving average[4]
Aug-13	2.0	1.0	10.3	7.3
Sep-13	-1.5	-1.6	7.9	7.3
Oct-13	1.7	1.6	9.8	7.7
Nov-13	2.6	2.7	13.0	8.3
Dec-13	-3.3	-1.0	9.3	8.5
Jan-14	0.0	-0.3	7.2	8.4
Feb-14	-1.0	0.6	7.6	8.4
Mar-14	2.1	1.4	9.3	8.6
Apr-14	2.0	1.0	9.9	9.0
May-14	-1.2	-0.4	7.4	9.0
Jun-14	1.0	1.1	7.4	9.0
Jul-14	2.7	0.7	7.0	8.8
Aug-14	0.6	-0.3	5.6	8.4
3-year average for Aug.	**1.1**	**0.2**	**8.1**	



CPI non-food inflation (YoY) has slightly decreased to 8.1 percent in August 2014 from 8.5 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]
Aug-13	0.6	0.7	7.3	7.2
Sep-13	0.6	0.8	7.0	7.0
Oct-13	2.2	1.8	8.6	6.9
Nov-13	0.3	0.6	9.4	7.1
Dec-13	0.2	0.5	9.1	7.1
Jan-14	0.9	0.5	8.4	7.2
Feb-14	0.2	0.3	8.2	7.2
Mar-14	0.2	0.2	8.0	7.4
Apr-14	1.5	1.1	8.7	7.6
May-14	0.4	0.7	9.0	8.0
Jun-14	0.3	0.3	8.9	8.3
Jul-14	1.0	1.0	8.5	8.4
Aug-14	0.2	0.0	8.1	8.5
3-year average for Aug.	**0.5**	**0.5**	**8.3**	



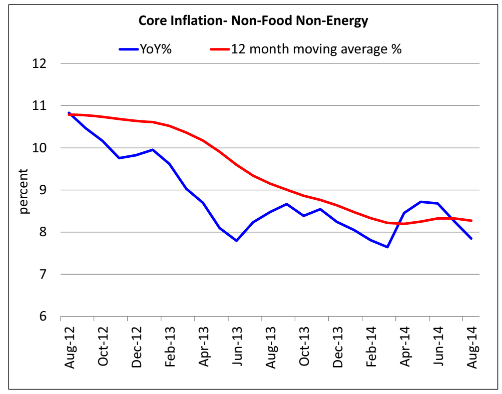
Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

[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.

The non-food non-energy (NFNE) measure of core inflation (YoY) has decreased to 7.8 percent in August 2014 from 8.3 percent in the previous month.

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

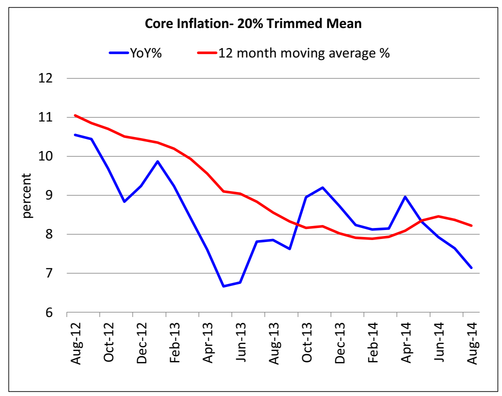
	MoM	YoY	12M moving average
Aug-13	0.6	8.5	9.1
Sep-13	0.5	8.7	9.0
Oct-13	0.9	8.4	8.9
Nov-13	0.4	8.5	8.8
Dec-13	0.2	8.2	8.6
Jan-14	1.0	8.1	8.5
Feb-14	0.2	7.8	8.3
Mar-14	0.3	7.6	8.2
Apr-14	1.9	8.5	8.2
May-14	0.5	8.7	8.3
Jun-14	0.4	8.7	8.3
Jul-14	1.1	8.3	8.3
Aug-14	0.2	7.8	8.3
3-year average for Aug.	**0.4**	**9.1**	



The 20 percent trimmed mean measure of core inflation (YoY) has decreased to 7.1 percent in August 2014 from 7.6 percent in the previous month.

Core - 20% Trimmed (percent change)

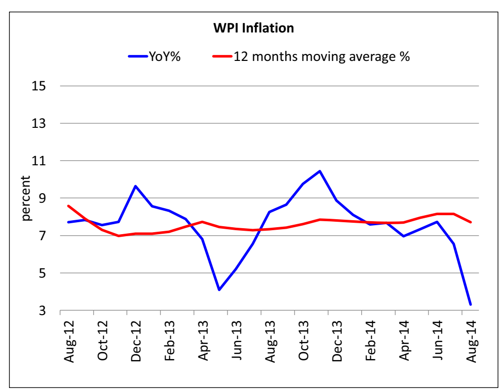
Aug-13	0.6	7.9	8.6
Sep-13	0.6	7.6	8.3
Oct-13	0.8	9.0	8.2
Nov-13	0.4	9.2	8.2
Dec-13	0.4	8.7	8.0
Jan-14	0.6	8.2	7.9
Feb-14	0.2	8.1	7.9
Mar-14	0.3	8.1	7.9
Apr-14	0.9	9.0	8.1
May-14	0.3	8.3	8.4
Jun-14	0.3	7.9	8.5
Jul-14	0.8	7.6	8.4
Aug-14	0.2	7.1	8.2
3-year average for Aug.	**0.4**	**8.5**	



The WPI inflation (YoY) has decreased significantly to 3.3 percent in August 2014 from 6.6 percent in July 2014.

Wholesale Price Index (WPI) (percent change)

	MoM	MoM SA	YoY	12M moving average
Aug-13	2.6	2.1	8.3	7.3
Sep-13	0.7	1.1	8.7	7.4
Oct-13	1.1	1.3	9.8	7.6
Nov-13	0.2	0.6	10.4	7.8
Dec-13	-1.0	0.0	8.9	7.8
Jan-14	0.5	-0.1	8.1	7.8
Feb-14	-0.1	0.1	7.6	7.7
Mar-14	0.3	0.0	7.7	7.7
Apr-14	0.1	-0.2	7.0	7.7
May-14	-0.1	0.4	7.3	8.0
Jun-14	1.4	0.8	7.7	8.2
Jul-14	0.5	0.4	6.6	8.1
Aug-14	-0.5	-1.0	3.3	7.7
3-year average for Aug.	**1.1**	**0.6**	**6.4**	

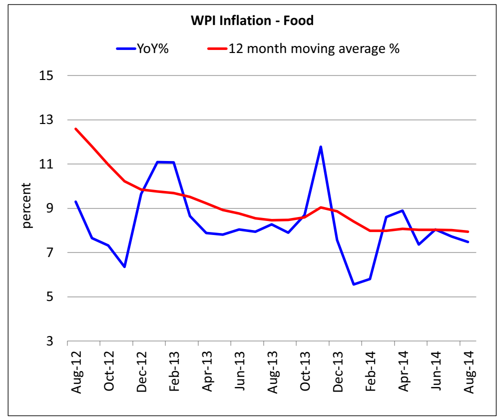


Source: Pakistan Bureau of Statistics, Statistics and Data Warehouse Department (S&DWD), SBP.

WPI food inflation (YoY) has slightly decreased to 7.5 percent in August 2014 from 7.7 percent in July 2014.

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

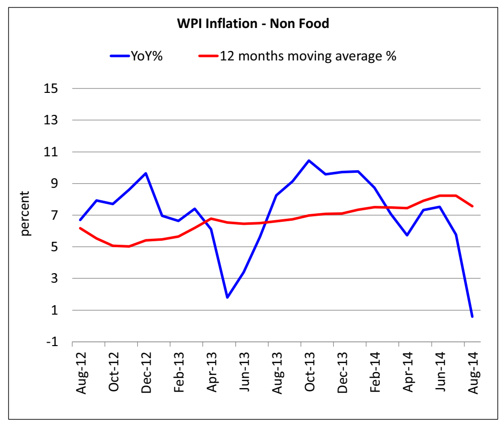
	MoM	MoM SA	YoY	12M moving average
Aug-13	1.0	0.4	8.3	8.5
Sep-13	-0.1	-0.1	7.9	8.5
Oct-13	0.9	1.2	8.7	8.6
Nov-13	1.2	1.9	11.8	9.0
Dec-13	-2.5	-0.9	7.6	8.9
Jan-14	-0.2	-0.5	5.6	8.4
Feb-14	-0.6	0.7	5.8	8.0
Mar-14	2.0	1.2	8.6	8.0
Apr-14	1.8	1.0	8.9	8.1
May-14	-0.3	0.3	7.4	8.0
Jun-14	2.4	1.4	8.0	8.0
Jul-14	2.0	0.8	7.7	8.0
Aug-14	0.8	0.3	7.5	7.9
3-year average for Aug.	**0.8**	**0.2**	**8.4**	



WPI non-food inflation (YoY) has sharply decreased to 0.6 percent in August 2014 from 5.8 percent in July 2014.

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

Aug-13	3.7	3.3	8.3	6.6
Sep-13	1.2	1.8	9.1	6.7
Oct-13	1.3	1.4	10.5	7.0
Nov-13	-0.4	-0.1	9.6	7.1
Dec-13	0.0	0.5	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	-0.8	7.1	7.5
Apr-14	-1.0	-1.1	5.7	7.4
May-14	0.1	0.6	7.3	7.9
Jun-14	0.7	0.4	7.5	8.2
Jul-14	-0.4	0.1	5.8	8.2
Aug-14	-1.3	-1.8	0.6	7.6
3-year average for Aug.	**1.2**	**0.8**	**5.2**	

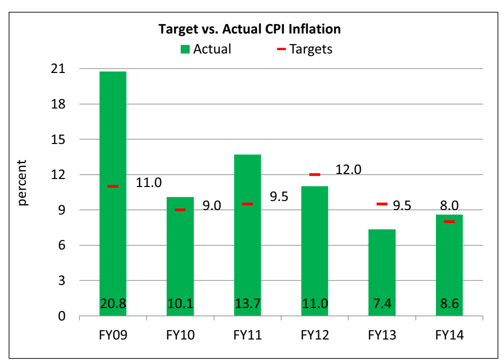


Average CPI inflation is recorded at 7.4 percent in Jul-Aug FY15 compared to 8.4 percent in Jul-Aug FY14.

Average CPI and WPI Inflation (percent change)

	CPI			WPI
	Headline	Food	Non Food	
FY-14	8.6	9.0	8.3	8.2
Jul-Aug FY-14	8.4	9.7	7.4	7.4
Jul-Aug FY-15	7.4	6.3	8.3	4.9

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



CPI and SPI Inflation by Groups

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

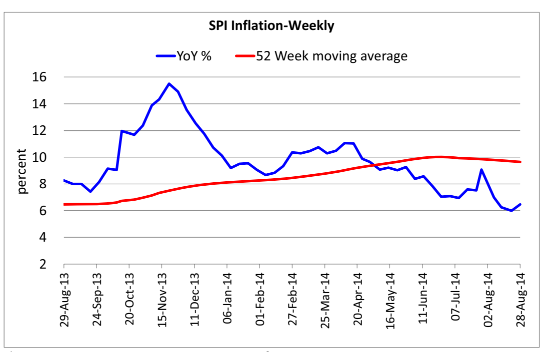
Group-Wise CPI Inflation

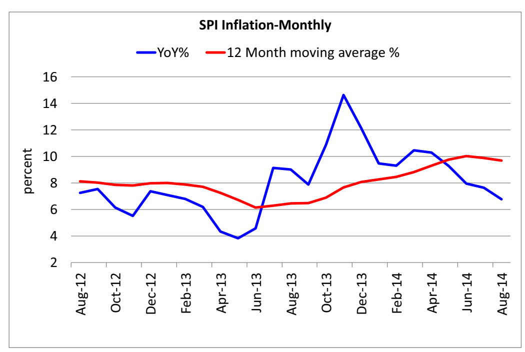
	Groups	Weights	Aug-14			Jul-14		
			MoM	YoY	12m MA[1]	MoM	YoY	12m MA[1]
I.	**Food group**	**37.5**	**0.6**	**5.6**	**8.4**	**2.7**	**7.0**	**8.8**
	Food and non-alcoholic beverages	34.8	0.6	4.7	7.9	2.8	6.2	8.3
	Alcoholic beverages and tobacco	1.4	0.3	22.6	18.3	2.5	22.2	17.6
	Restaurant & hotels	1.2	0.3	10.9	12.5	0.2	11.9	12.5
II.	**Non-food group**	**62.5**	**0.2**	**8.1**	**8.5**	**1.0**	**8.5**	**8.4**
	Clothing and footwear	7.6	0.3	9.3	11.9	1.2	10.0	12.4
	Housing, water, electricity, gas fuels	29.4	0.0	8.9	9.2	1.2	8.9	9.0
	Furnishing & household equipment maintenance etc.	4.2	0.5	8.7	9.0	0.2	9.2	9.0
	Health	2.2	0.0	6.8	6.8	0.4	7.4	6.7
	Transport	7.2	0.2	4.2	4.8	1.6	5.1	4.6
	Communication	3.2	0.0	0.1	2.1	0.0	0.2	2.5
	Recreation and culture	2.0	0.1	4.3	8.0	0.0	5.8	8.5
	Education	3.9	0.1	15.3	11.5	0.2	16.5	10.9
	Miscellaneous	2.8	0.8	7.1	5.7	0.9	8.0	5.6
	Overall	**100**	**0.3**	**7.0**	**8.4**	**1.7**	**7.9**	**8.6**

SPI inflation decreased by 0.3 percent during the 4th week of August 2014.

Sensitive Price Indicator (SPI) (percent change)

Income groups	7-Aug-14	13-Aug-14	21-Aug-14	28-Aug-14	Aug-14		
	WoW[2]				MoM	YoY	12m MA[1]
Up to Rs 8000	-0.45	0.06	-0.33	-0.12	0.8	5.2	8.5
Rs 8001-12000	-0.52	0.03	-0.34	-0.19	0.7	5.0	8.1
Rs 12001-18000	-0.59	0.00	-0.37	-0.23	0.6	7.1	10.2
Rs 18001-35000	-0.64	-0.03	-0.38	-0.29	0.4	7.5	10.4
Above Rs 35000	-0.68	-0.06	-0.37	-0.34	0.2	7.0	9.7
All	**-0.62**	**-0.02**	**-0.36**	**-0.28**	**0.4**	**6.8**	**9.7**





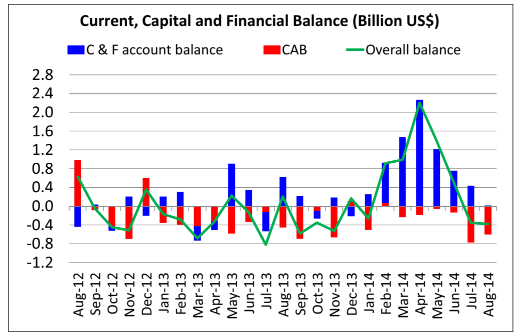
[1] Twelve month moving average inflation [2] WoW: Week on Week.
Sources: Pakistan Bureau of Statistics

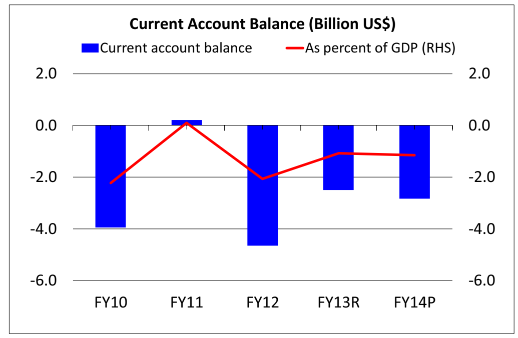
Balance of Payments

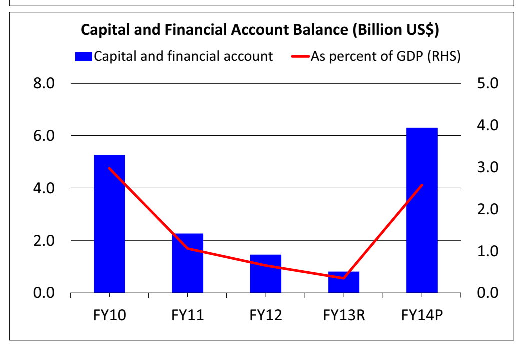
External current account balance witnessed a deficit of US$ 1.4 billion during Jul-Aug FY15, compared to US$ 0.6 billion in the same period last year.

Balance of Payments Summary (million US$)

Items	Jul-Aug FY15	Jul-Aug FY14	FY14	FY13
A) Current account balance (CAB)	**-1,372**	**-580**	**-2,971**	**-2,496**
Trade balance	-4,163	-2,691	-16,635	-15,431
Exports	3,749	4,208	25,151	24,795
Imports	7,912	6,899	41,786	40,226
Services (net); of which	-405	-583	-2,534	-1,472
CSF	371	0	1,050	1,806
Income (net)	-410	-443	-3,915	-3,685
Current transfers (net); of which	3,606	3,137	20,113	18,092
Remittances	2,978	2,644	15,832	13,922
B) Capital and financial (C&F) account balance ; *of which*	**453**	**211**	**7,068**	**813**
Foreign direct investment (net)[1]	77	130	1,483	1,258
Foreign portfolio investment (net)	108	77	2,766	26
Other investment assets	387	-179	297	-314
Other investment liabilities	-126	158	689	-421
Of which : General government	65	-51	1,223	248
of which: Disbursements	545	435	4,201	2,530
Amortization	480	486	2,973	2,282
C) Net Errors and omissions	**192**	**-245**	**-254**	**-309**
Overall balance (A+B+C)	**-727**	**-614**	**3,843**	**-1,992**
SBP gross reserves[2]	**10,137**	**6,016**	**10,508**	**7,197**
SBP net liquid reserves[3]	**8,719**	**4,824**	**9,096**	**6,007**
As percent of GDP[4]				
Current account balance; *of which*			***-1.2***	***-1.1***
Exports			*10.2*	*10.5*
Imports			*16.9*	*17.0*
Capital and financial inflows; *of which*			***2.9***	***0.3***
FDI			*0.6*	*0.5*





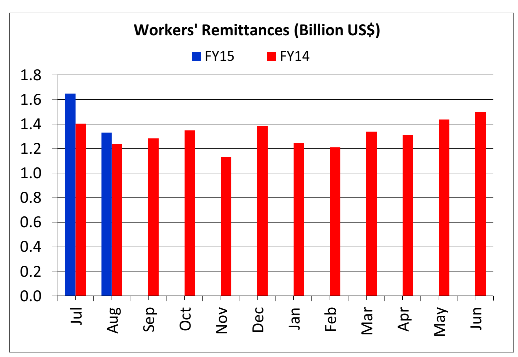


[1] Net FDI equals direct investment by foreigners in Pakistan less direct investment made by Pakistanis abroad.
[2] SBP gross reserves includes banks' deposits for meeting cash reserve requirements (CRR) against their foreign currency deposits and foreign currency cash holdings of SBP, but it excludes unsettled claims on RBI. [3] SBP reserves without CRR and foreign currency cash holding of SBP.
[4] For FY13 revised and for FY14, provisional GDP has been used and average exchange rate has been used to calculate GDP in US$.

Workers' remittances registered a growth of 12.6 percent during Jul-Aug FY15.

Workers' Remittances[5] (million US$)

[1] Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to	Jul-Aug FY-15	Jul-Aug FY14	FY-14	YoY growth in Jul-Aug FY15
Total inflows	**2,978**	**2,645**	**15,832**	**12.6**
USA	456	451	2,464	1.1
UK	421	420	2,180	0.05
Saudi Arabia	851	733	4,729	16.2
UAE	638	508	3,109	25.4
Other GCC[6]	332	296	1,860	12.2
All others	280	236	1,489	18.6



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

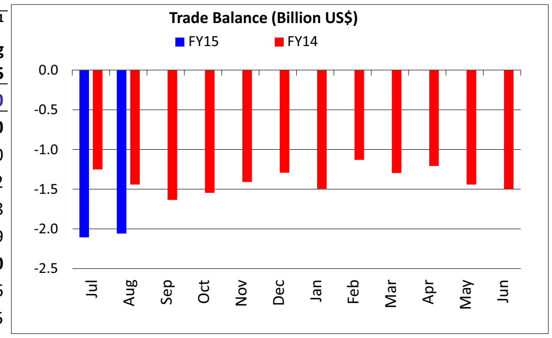
Source: Statistics & Data Warehouse Department (S&DWD), SBP.

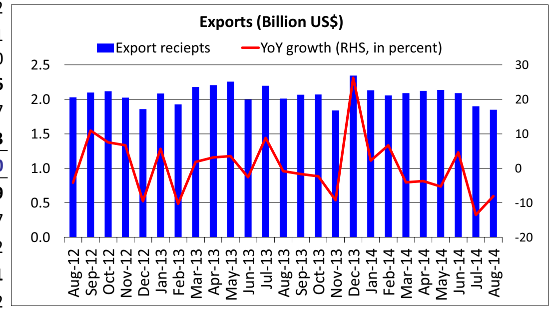
Trade and Foreign Investment

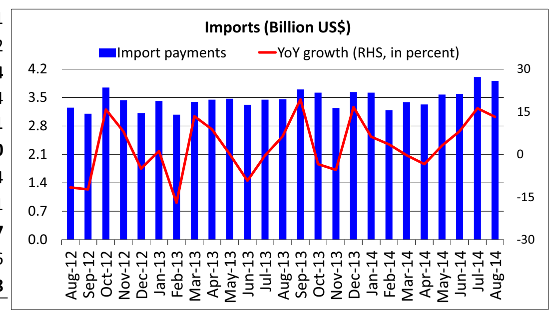
Trade deficit has increased to US$ 4.2 billion during Jul-Aug FY15, compared to US$ 2.7 billion during Jul-Aug FY14.

Trade in Goods -Major Groups (million US$)

	Jul-Aug		FY14	Shares[1] Jul-Aug
	FY15	FY14		FY15
Exports	**3,749**	**4,208**	**25,151**	**100**
Textile group	**2,262**	**2,337**	**13,656**	**60**
Knitwear, bed wear	765	712	4,256	20
Cotton cloth	437	485	2,734	12
Cotton Yarn	295	381	2,053	8
Readymade garments	337	309	1,833	9
Other manufactures group	**764**	**780**	**4,479**	**20**
Chemical and pharma	216	195	1,138	6
Leather items[2]	182	170	1,084	5
Cement	74	90	487	2
Engineering goods	45	53	317	1
Jewellery	3	42	61	0
Food group	**595**	**610**	**4,233**	**16**
Rice	270	287	2,100	7
All others	**129**	**482**	**2,782**	**3**
Imports	**7,912**	**6,899**	**41,786**	**100**
Petroleum group	**3,052**	**2,502**	**14,719**	**39**
Petroleum products	2,097	1,791	9,020	27
Petroleum crude	955	710	5,700	12
Machinery group	**884**	**874**	**5,053**	**11**
Telecom	198	196	1,217	2
Electrical machinery	113	154	722	1
Power machinery	138	109	675	2
Agriculture & other chemicals group	**1,132**	**1,066**	**6,917**	**14**
Plastic materials	322	288	1,680	4
Fertilizer manufactured	87	72	694	1
Food group	**831**	**752**	**4,147**	**10**
Palm oil	325	344	1,922	4
Tea	51	55	301	1
Metal group	**567**	**467**	**2,700**	**7**
Iron steel (IS) and IS scrap	471	370	2,142	6
All others	**1,447**	**1,239**	**8,250**	**18**
Trade Balance	**-4,163**	**-2,691**	**-16,635**	







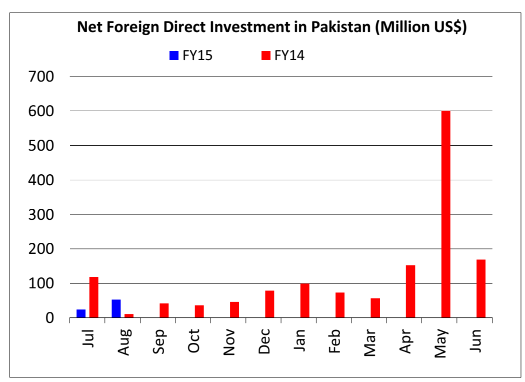
[1] Share (in percent) is calculated as a ratio of cumulative flow of a group (item) to cumulative flow of total exports/imports during Jul-Aug FY15.

[2] Includes tanned and manufactured leather.

Net FDI inflows registered a decline of 37.0 percent during Jul-Aug FY15.

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

	Jul-Aug		FY14	YoY growth in Jul-Aug
	FY15	FY14		FY15
Net inflows: *Of which*	**87**	**138**	**1,631**	**-37.0**
Selected Countries				
USA	36	48	207	-24.0
UAE	-9	-10	16	6.9
UK	22	17	116	31.4
China	-6	4.5	700	-226.8
Selected Sectors				
Communication	-24	-45	583	46.0
Financial businesses	24	26	157	-9.3
Oil and gas exploration	43	65	465	-34.8
Power	5	1	47	869.7
Trade	10	-1	-8	877.7
Memorandum Item:				
Net overall FDI[3]	77	130	1,483	



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

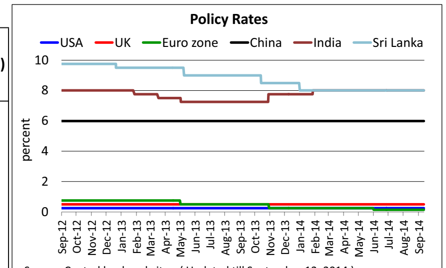
Source: Statistics & Data Warehouse Department (S&DWD), SBP.

Global Economy

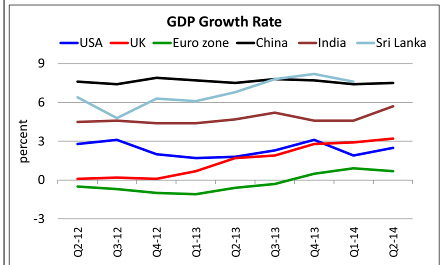
Most Central Banks kept policy rates unchanged in September 2014 so far.

Policy Rates in Major Economies

Major economies	Current		Previous policy rate	Change (bps)
	Policy rate	w.e.f		
USA	0.25	Dec 16 2008	1.00	-75
UK	0.50	Mar 05 2009	1.00	-50
Euro zone	0.15	Jun 05 2014	0.25	-10
Japan	0.10	Oct 05 2010	0.30	-20
Canada	1.25	Sep 08 2010	1.00	25
Australia	2.50	Aug 06 2013	2.75	-25
China	6.00	Jul 06 2012	6.31	-31
India	8.00	Jan 28 2014	7.75	25
Sri Lanka	8.00	Jan 1 2014	8.50	-50
Malaysia	3.25	Jul 10 2014	3.00	25
Indonesia	7.50	Nov 12 2013	7.25	25
Thailand	2.00	Mar 12 2014	2.25	-25



Source: Central bank websites (Updated till September 12, 2014)



Source: Central bank websites

Real GDP growth in most of the countries has improved in Q2-2014 as compared to Q1-2014.

Key Macroeconomic Indicators

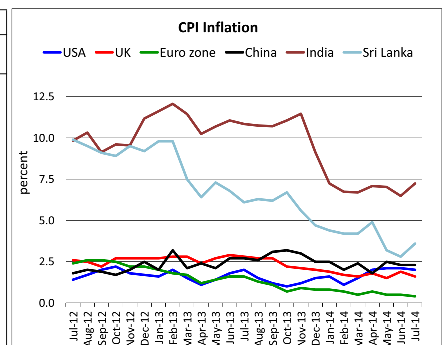
	Inflation (YoY)[1] July-14	GDP growth[2] Q2-2014	Current account balance[3]	Fiscal balance[3]	Reserves[5] (billion US$)	Lending rates[6]	
			as a percent of GDP[4]			Nominal	Real
USA	2.0	2.5	-2.5	-2.9	47.3	2.0	1.3
UK	1.6	3.2	-4.0	-4.6	76.3	1.6	-1.1
Euro zone	0.4	0.7	2.6	-2.5	227.2	0.4	7.1
Japan	3.4	-0.1	0.2	-7.8	1210.0	3.4	-2.2
Australia	2.5	3.1	-2.0	-1.2	48.5	2.5	3.5
China	2.3	7.5	1.7	-2.9	3993.2	2.3	3.7
India	7.2	5.7	-2.8	-4.9	289.3	7.2	3.1
Sri Lanka	3.6	7.6	-	-	7.8	3.6	3.4
South Korea	1.7	3.9	6.0	0.6	355.8	1.7	2.7
Malaysia	3.2	6.4	6.3	-3.7	127.3	3.4	1.1
Indonesia	4.5	5.1	-3.5	-1.6	104.4	7.3	5.3
Thailand	2.2	0.4	2.5	-2.2	160.8	2.2	4.6

[1] Values of Australia and South Korea pertain to June 2014 ; [2] Annualized growth, measured as a percentage change over the same quarter of previous year. Value of Srilanka and South Korea pertains to Q1 of 2014 ; [3] Latest 12 months; [4] The Economist, Economic and Financial indicators, September 05, 2014; [5] IMF (IFS) Reserve position data pertains to July 2014 except for China, India and South Korea pertains to June 2014 and Srilanka for May 2014 ; [6] IMF (IFS) data pertains to July 2014 except for Australia and South Korea pertains to June 2014 & Indonesia value pertain to May2014 & values of Malaysia pertains to April 2014.

IMF has recently revised its projections for 2014 world output growth downwards from 3.6 to 3.4 percent.

World Economic Outlook - Real GDP Growth

	2013 (IMF estimates)	2014 Projections		
		IMF [1]	World Bank [2]	OECD [3]
World output	**3.2**	**3.4**	**2.8**	**-**
Advanced[4]	**1.3**	**1.8**	**1.9**	-
US	1.9	1.7	2.1	2.6
Euro area	-0.4	1.1	1.1	1.2
Japan	1.5	1.6	1.3	1.2
UK	1.7	3.2	-	3.2
Emerging & Developing	**4.7**	**4.6**	**4.8**	-
Russia	1.3	0.2	2.2	0.5
China	7.7	7.4	7.6	7.4
India	5.0	5.4	5.5	4.9
ASEAN-5	5.2	4.6	-	-



Source: Central bank websites

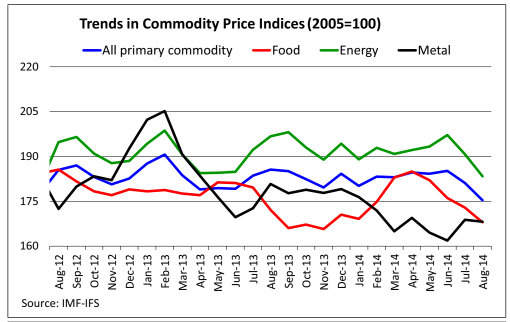
Sources: Bloomberg, World Bank, IMF, OECD, The Economist, World Economic Outlook, and Central Bank Websites. [1] IMF Projections of April 2014 ,
[2] World Bank Projection of June 2014, [3] OECD Projections of May 2014. [4] World Bank projections are for "high income" countries.

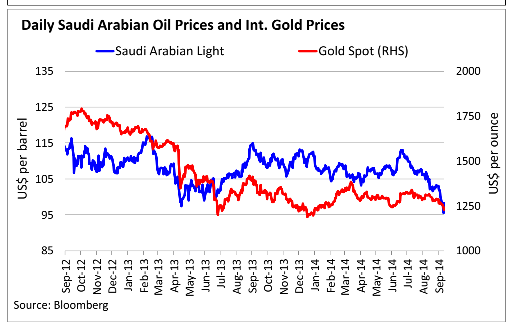
All commodity price index by IMF has registered a decline of 3.2 percent during August 2014.

World Commodity Price Indices (2005=100)

	Aug-14	Percent change since	
		Jul-14	End June - 14
All commodity price index	175.4	-3.2	-5.3
Food price index	167.9	-2.9	-4.7
Energy index	183.4	-3.9	-7.0
Non fuel price index	161.7	-1.8	-1.7
Metal price index	168.2	-0.4	3.9
Crude oil price ($/bbl)	103.8	-4.1	-9.3
Cotton spot (US cents/ pound)	68.9	3.0	-14.2
Palm oil ($/m. ton)	677.9	-10.0	-10.6
Soya bean Oil ($/m. ton)	745.8	-8.4	-14.4
Wheat ($/m. ton)	263.4	-6.0	-14.1
Gold spot ($/Oz)	1295.7	-2.9	-1.9
Sugar (US cents/pound)	25.6	0.2	-1.2

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



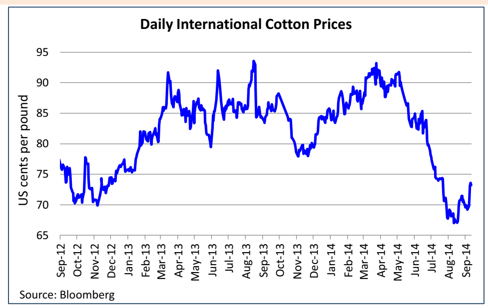


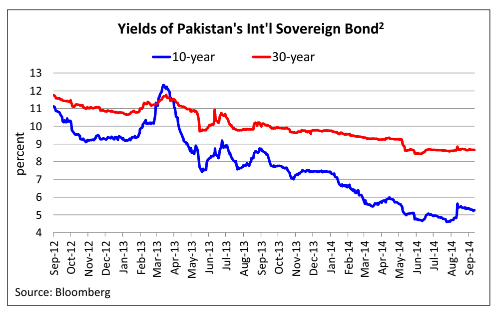
Major stock price indices have shown increasing trends during September 2014 as compared to previous month.

Capital Market Indices

	Sep-14	Percent change since	
		Aug-14	End June - 14
US (DJIA)	17064.8	1.8	1.3
DJ EURO STOXX	3235.7	4.7	-1.1
UK (FTSE 100)	6836.2	1.8	0.5
Japan (Nikkei 225)	15731.9	2.4	4.0
China (SSEA)	2409.2	3.7	12.8
France (CAC 40)	4442.2	4.5	-1.8
Germany (DAX)	9659.5	4.2	-2.7
India (BSE)	27083.9	3.9	7.4
World dev'd (MSCI)	1742.6	1.3	0.5
Emerging Markets (MSCI)	1086.4	1.2	4.0
World all (MSCI)	430.2	1.3	0.9

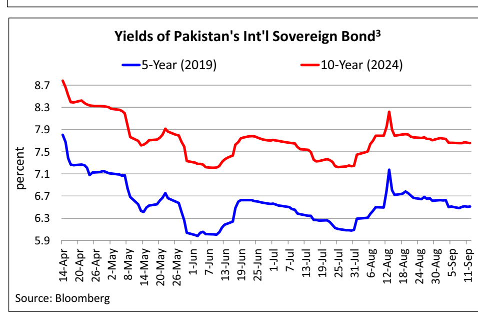
[1] **Updated till September 12, 2014**





[2] **30 Yr Bond** = $300 M (Coupon rate = 7.875%): Issued - Mar 24, 2006: Maturity -Mar 23, 2036
10 Yr Bond = $500 M (Coupon rate = 7.125%): Issued - Mar 24, 2006: Maturity - Mar 23, 2016
[3] **10 Yr Bond** = $1000 M (Coupon rate = 8.25%): Issued - April 8, 2014: Maturity - April 15, 2024
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

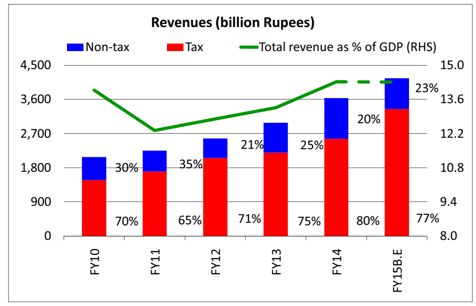


Revenues, Expenditures and Fiscal Balances

Fiscal deficit was recorded at 5.5 percent of GDP during FY14 campared to 8.2 percent in FY13.

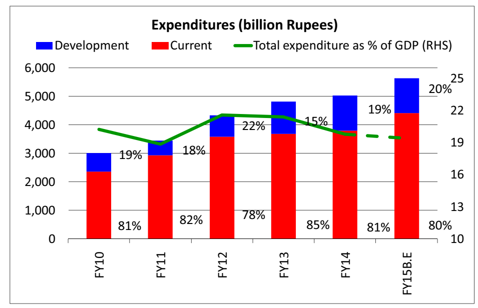
Revenues (billion Rs)

	FY15 BE[1]	FY14	FY13
Total revenues	**4,216**	**3,637**	**2,982**
Tax revenue	3,344	2,565	2,199
Growth (YoY) %	*30.4*	*16.6*	*7.1*
of which: FBR revenues	2,810	2,266	1,936
Non-tax revenues	**816**	**1,073**	**783**
Growth (YoY) %	*-23.9*	*37.0*	*52.5*



Expenditures (billion Rs)

	FY15 BE[1]	FY14	FY13
Total expenditures	**5,638**	**5,026**	**4,816**
Current	4,417	3,789	3,676
Growth (YoY) %	*16.6*	*3.1*	*15.2*
of which: Interest payments	1,325	1,148	991
Defence	700	623	541
Development Expenditure	1,221	1,237	1,140
Growth (YoY) %	*-1.2*	*8.5*	*53.2*



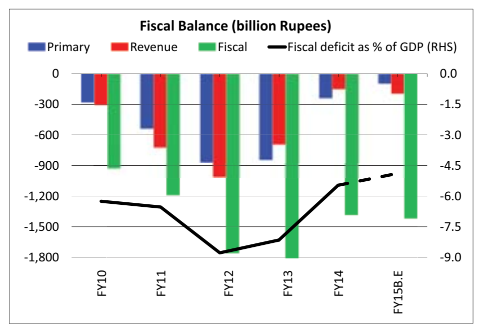
Overall Balance (billion Rs)

	FY15 BE[1]	FY14	FY13
Fiscal balance[2]	-1,422	-1,389	-1,834
Revenue balance[3]	-201	-152	-694
Primary balance[4]	-97	-241	-843
	As percent of GDP [5]		
Fiscal balance	-4.9	-5.5	-8.2
Revenue balance	-0.7	-0.6	-3.1
Primary balance	-0.3	-0.9	-3.7

During FY14, fiscal deficit was financed through borrowings from both domestic and external sources.

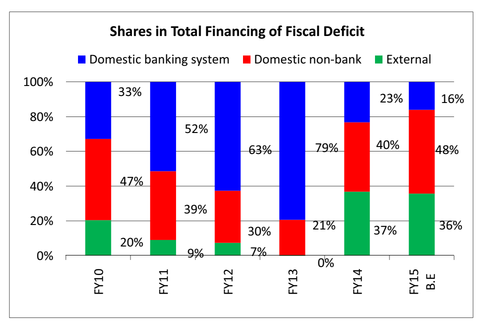
Financing of Fiscal Deficit (billion Rs)

	FY15 BE[1]	FY14	FY13
Financing	**1,422**	**1,389**	**1,834**
1. External: *of which*	508	512	-2
Privatization proceeds	198	-	-
2. Domestic: *of which*	914	877	1,836
Non-bank	686	553	378
Banking system: *of which*	228	324	1,458
Schedule banks	228	160	952
SBP	0	164	506



FBR Tax Collection[6] (billion Rs)

	Direct	Sales	Customs	FED[7]	Total taxes
FY12	**732**	**809**	**218**	**122**	**1,881**
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
Q3	217	235	59	32	543
Q4	285	285	72	49	692
FY14[P]	**884**	**1,002**	**241**	**139**	**2,266**



[1] Budget Estimates; Estimated from Budget in Brief 2014-15, MoF; [2] Fiscal balance = total revenue - total expenditure; [3] Revenue balance = total revenue - current expenditure (note that current expenditure are inclusive of unidentified expenditure); [4] Primary balance = total revenue - total expenditure + interest payment; [5] GDP(mp) on new basis (2005-2006) has been used to calculate deficit to GDP ratios; [6] as reported in fiscal accounts; [7] 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. 39 billion during July FY15.

Debt by Owner - end period stocks (billion Rs)

	Jul-14[P]	Jun-14[P]	Change since Jun-14
1.Bank	**6,704**	**6,781**	**-76**
Commercial banks	3,978	3,925	53
SBP	2,726	2,855	-129
2.Non-bank	**4,238**	**4,122**	**116**
National saving schemes (NSS)	2,691	2,670	21
Others	1,546	1,452	94
3.Foreign currency instruments[1]	**4**	**4**	**0**
Total(1+2+3)	**10,946**	**10,907**	**39**

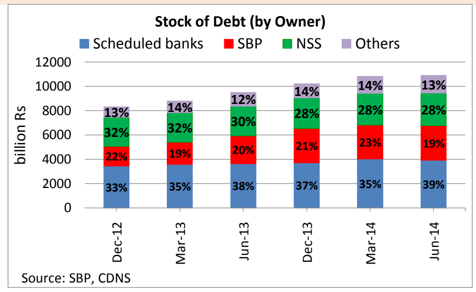
Debt by Type - end period stocks (billion Rs)

	Jul-14[P]	Jun-14[P]	Change since Jun-14
1.Permanent debt	**4,064**	**3,999**	**65**
PIBs	3,285	3,222	63
Prize bonds	448	447	1
Others[2]	331	331	0
2. Floating debt	**4,553**	**4,600**	**-47**
MTBs	1,830	1,747	82
MRTBs-replenishment	2,723	2,852	-129
3.Unfunded debt[3]: *of which*	**2,325**	**2,304**	**21**
Saving schemes	2,176	2,156	20
4.Foreign currency instruments	**4**	**4**	**0**
Total(1+2+3+4)	**10,946**	**10,907**	**39**
Government domestic liabilities[4]	**270**	**270**	**0**

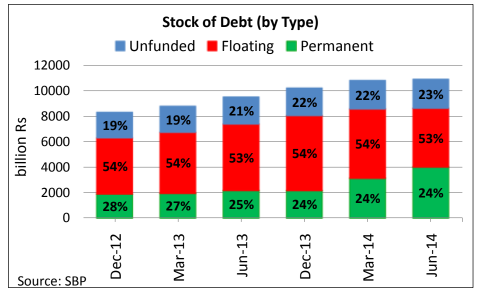
[1] Includes FEBCs, FCBCs, DBCs and special USD bonds held by the residents.

[2] Includes market loans and GOP Ijara Sukuk 3 Years.

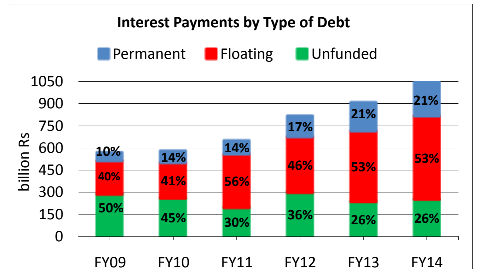
[3] Includes funds mobilized through NSS excluding prize bonds. [4] This reflects provincial governments' borrowings from banks for commodity operations.



Source: SBP, CDNS



Source: SBP



Source: SBP

Interest payments on domestic debt have shown an annualized growth of 80.5 percent during July FY15.

Debt Servicing (billion Rs)

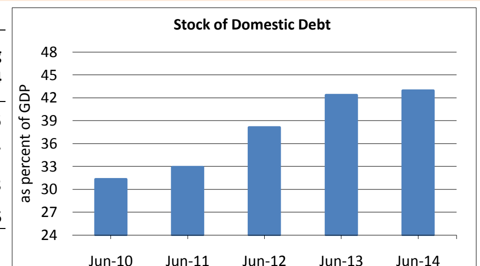
	July		FY14[R]	Percent change during FY15 over FY14
	FY15[P]	FY14		
Permanent[5]	147	36	229	307.6
Floating	24	50	562	-51.7
Unfunded	17	18	252	-6.8
Total	**188**	**104**	**1043**	**80.5**

Indicators of Domestic Debt Sustainability

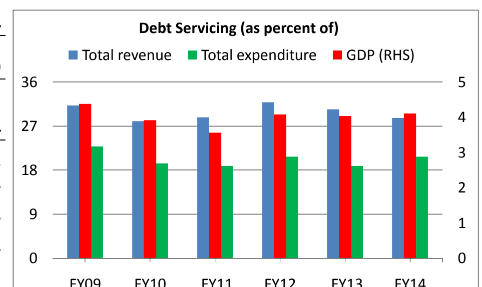
	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
Debt stock as percent of GDP	31.3	32.9	38.1	42.3	42.9
Debt servicing as percent of	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**
GDP	3.9	3.6	4.1	4.0	4.1
Total revenue	28.0	28.8	31.8	30.4	28.7
Tax revenue	39.5	38.3	39.8	41.3	40.7
Total expenditure	19.3	18.8	20.8	18.8	20.7
Current expenditure	24.4	21.8	25.6	24.7	27.5

[5] Includes prize bonds;

[R]: Revised; [P]: Provisional



Source: SBP, MoF



Source: SBP, MoF

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

External Debt

Stock of public sector external debt has increased by US$ 3.8 billion during FY14.

Debt & Liabilities[1] - end period stocks (million US$)

Items	Jun-14[P]	Jun-13	Change during Jul-Jun-FY14
1. Public debt (a+b+c)	**54,793**	**50,989**	**3,804**
a) Government debt	**48,491**	**43,496**	**4,995**
i)Long term (>1 year)	**47,790**	**43,488**	**4,302**
Paris club	13,607	13,548	59
Multilateral	25,826	24,198	1,628
Other bilateral	3,465	2,939	526
Euro/Sukuk global bonds	3,550	1,550	2,000
Military debt	36	71	-36
Commercial loans/credits	150	0	150
Local currency Securities (PIBs)	16	2	14
Saudi fund for development (SFD)	140	180	-40
SAFE China deposits	1,000	1,000	0
NBP/BOC deposits	0	0	0
ii) Short term (<1 year)	**701.3**	**8**	**693**
Of which: IDB	413	0	413
b) From IMF	**3,020**	**4,387**	**-1,367**
i) Federal government	919	1,698	-779
ii) Central bank	2,101	2,689	-588
c) Foreign exchange liabilities (FEL)[2]	**3,281**	**3,106**	**175**
2.Public sector enterprises(PSEs)	**2,075**	**2,104**	**-29**
a) Guaranteed debt	459	854	-395
b) Non-guaranteed debt	1,616	1,250	366
3.Scheduled banks	**1,989**	**1,554**	**435**
a)borrowing	**1,080**	**710**	**369**
i) Long term (>1 year)	33	76	-43
ii) Short term (<1 year)	1,046	634	412
b)Nonresident deposit(LCY & FCY)	**909**	**843**	**66**
4. Private sector	**2,932**	**3,143**	**-211**
a)guaranteed debt	0	0	**0**
b)non-guaranteed debt	**2,932**	**3,143**	**-211**
i)Loans	1,895	1,990	-95
ii)Private non-guaranteed bonds	12	124	-112
iii)Trade credit and others liabilities	1,025	1,029	-5
5.Debt liabilities to direct investors-intercompany debt	**3,746**	**3,110**	**636**
Total external debt (excl. FEL)	**62,252**	**57,793**	**4,459**
Total external debt & liabilities (1+2+3+4+5)	**65,533**	**60,899**	**4,634**

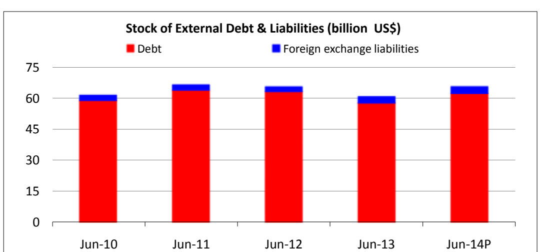
Debt Servicing (million US$)

Items	Jul-Jun-FY14[P]	FY13
1. Public debt (a+b+c)	**5,851**	**5,305**
a) Government debt[3]	**2,545**	**2,194**
Principal	1,834	1,505
Interest	711	689
b) To IMF	**3,182**	**2,999**
Principal	3,130	2,899
Interest	52	100
c) Foreign exchange liabilities	**124**	**112**
Principal	100	100
Interest	24	12
2. PSEs guaranteed debt	**301**	**39**
Principal	273	24
Interest	28	15
3. PSEs non-guaranteed debt[3]	**197**	**238**
Principal	179	214
Interest	18	24
4. Scheduled banks' borrowing[3]	**49**	**16**
Principal	48	16
Interest	1	1
5. Private guaranteed debt	**0**	**0**
6. Private non-guaranteed debt[3]	**298**	**354**
Principal	239	287
Interest	59	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)	**6,813**	**5,962**
Principal	**5,915**	**5,046**
Interest	**898**	**916**
Memorandum Items		
Short term debt servicing-principal[4] (excluding item No.3 below)	**174**	**507**
1. Government debt	**0**	**390**
2. PSEs non-guaranteed debt	**152**	**116**
3. Scheduled banks' borrowing	**28,459**	**26,293**
Net flows[5]	**239**	**(134)**
4. Private non-guaranteed debt	**22**	**1**

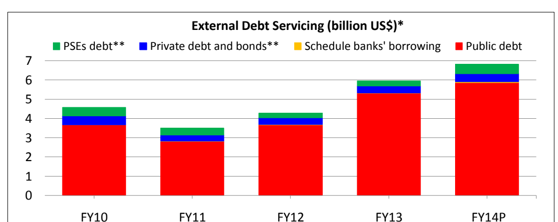
Stock of external debt as percent of GDP has declined to 25.5 percent by the end of June 2014.

Indicators of External Debt Sustainability

	End period debt stock as percent of						External debt servicing as percent of					
	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14[P]	FY09	FY10	FY11	FY12	FY13	FY14[6]
GDP	32.3	33.0	31.2	30.9	26.8	25.5	2.9	3.3	1.6	2.0	2.6	2.7
Reserves	407.5	339.3	347.2	426.8	550.8	461.0	37.0	34.2	18.3	27.9	53.9	47.9
Exports	273.6	291.5	261.7	264.9	245.5	260.4	24.8	29.4	13.8	17.3	24.0	27.1



Source: Ministry of Finance and SBP



*Only Long term debt servicing included.
**PSEs and Private debt include guaranteed and non-guaranteed debt.
Scheduled banks' debt servicing captured from Jul-Sep 09 onwards.
Source: Ministry of Finance and SBP(S&DWH)

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.

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

Total Debt

Stock of total debt and liabilities increased by Rs. 1,902 billion during FY14.

Total Debt Stock (billion Rs)

	Jun-14[P]	Jun-13[R]	Change during Jul-Jun FY14	Share in Jun- FY14 (percent)
I. Government domestic debt	10,907	9,521	1,386	59.8
II. Government external debt[1]	4,791	4,311	480	26.3
III. Debt from IMF	298	435	-136	1.6
IV. External liabilities	324	308	16	1.8
V. Private sector external debt	486	466	21	2.7
VI. PSEs external debt	205	209	-4	1.1
VII. PSEs domestic debt	366	312	54	2.0
VIII. Commodity operations[2]	492	470	23	2.7
IX. Intercompany debt	370	308	62	2.0
Total debt & liabilities (I to IX)	**18,241**	**16,339**	**1,902**	**100.0**
Total public debt (I to IV)	**16,321**	**14,575**	**1,746**	**89.5**
Total external debt & liabilities (II to VI &+ IX)	**6,475**	**6,036**	**439**	**35.5**
Commodity operations & PSEs debt (VI to VIII)	**1,064**	**990**	**73**	**5.8**

Total Debt Servicing (billion Rs)

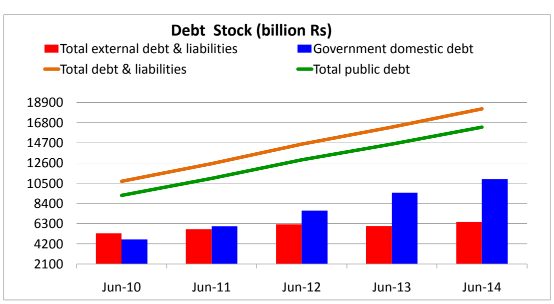
	FY14[P]	FY13[R]	Share in FY14 (percent)	Share in FY13 (percent)
Total Debt Servicing(A+B)	**1792**	**1538**	**100.0**	**100.0**
A. Total interest payment on debt and liabilities (I+II)	**1183**	**1049**	**66.0**	**68.2**
I. Interest payment on debt (a+b)	**1134**	**996**	**63.3**	**64.8**
a. Domestic debt	1043	907	58.2	59.0
b. External debt	91	89	5.1	5.8
II. Interest payment on liabilities (a+b)	**49**	**53**	**2.7**	**3.4**
a. External liabilities[1]	3	1	0.1	0.1
b. Domestic liabilities	47	52	2.6	3.4
B. Principal repayment of external debt and liabilities[3]	**609**	**489**	**34.0**	**31.8**

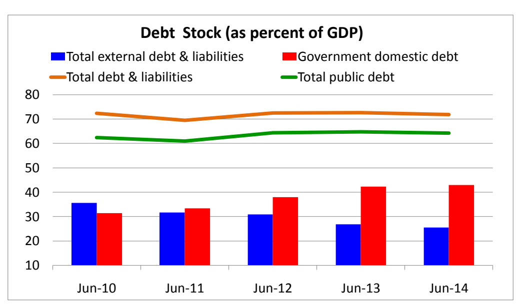
Debt stock (as percent of GDP)

	Jun-14[P4]	Jun-13[R]	Jun-12
Total debt and liabilities	**71.8**	**72.7**	**72.6**
Total public debt	64.3	64.8	64.5
Total external debt and liabilities	25.5	26.8	30.9
Government domestic debt	42.9	42.3	38.1
PSEs debt and liabilities	4.2	4.4	4.3

Debt Servicing (as percent of)

	FY14[P]	FY13[R]	FY12	FY11
GDP	7.1	6.8	6.3	5.6
Total revenue	49.3	51.6	49.3	45.0
Tax revenue	69.9	69.9	61.7	59.9
Total expenditure	35.6	31.9	32.2	29.4
Current expenditure	47.3	41.8	39.7	34.1





Note: R: Revised; P: Provisional;[1] Rupee value of external debt and liabilities computed by applying the corresponding end period average exchange rate to the end-period stock; [2] This includes borrowings from banks by provincial and Federal governments agencies for commodity operations; [3] This is excluding short term debt repayment; [4] PBS Provisional estimate of GDP (current market price) for FY14..

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

Monetary and Credit Aggregates

In FY15 so far, deceleration in broad money (M2) growth is largely contributed by contraction in other items (net) and private sector credit of the banking system.

Monetary Assets of the Banking System (billion Rs)

	End June 2014 stocks[P]	Cumulative flows since end-June: Latest week 5-Sep-14	Cumulative flows since end-June: A year ago 6-Sep-13	FY14 flows
NFA	**600.8**	**-40.0**	**-92.4**	**332.0**
NDA	**9,367.2**	**-94.7**	**81.3**	**778.2**
Net government borrowings: *of which*	**6,064.3**	**193.4**	**291.5**	**327.1**
Net budgetary borrowing	5,549.4	209.7	311.2	303.0
Commodity operations	492.4	-12.7	-16.9	24.7
Non-government borrowings: *of which*	**4,102.0**	**-54.7**	**-50.7**	**438.0**
Private sector	3,741.3	-68.7	-58.2	384.0
PSEs	342.1	14.3	7.7	54.0
Other items (net)	**-799.1**	**-233.4**	**-159.5**	**13.1**
M2	**9,968.0**	**-134.8**	**-11.1**	**1,110.2**

Monetary Liabilities of the Banking System (billion Rs)

	End June 2014 stocks[P]	Latest week 5-Sep-14	A year ago 6-Sep-13	FY14 flows
Currency in circulation	**2,177.9**	**95.3**	**123.7**	**239.7**
Total deposits with banks	**7,777.0**	**-230.2**	**-135.2**	**868.0**
Demand deposits with banks	6,505.8	-264.2	-133.7	917.7
Time deposits with banks	671.8	21.6	-33.4	-134.1
RFCDs with banks	599.4	12.5	31.9	84.4
M2	**9,968.0**	**-134.8**	**-11.1**	**1,110.2**

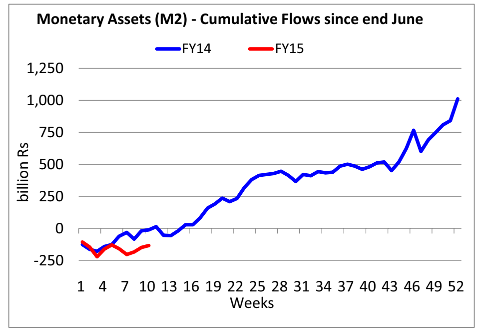
Monetary Assets of the Banking System (percent growth)

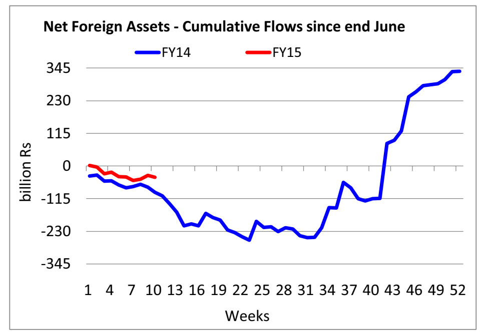
	YoY (05-Sep-14)	Since end June: 5-Sep-14	Since end June: 6-Sep-13	FY14
NFA	**217.8**	**-6.7**	**-34.4**	**123.5**
NDA	**6.9**	**-1.0**	**0.9**	**9.1**
Government borrowings	**3.8**	**3.2**	**5.1**	**5.7**
Budgetary borrowing	3.6	3.8	**5.9**	5.8
Commodity operations	6.4	-2.6	**-3.6**	5.3
Non-government sector borrowings	**12.0**	**-1.3**	**-1.4**	**12.0**
Private sector	11.3	-1.8	-1.7	11.4
PSEs	20.5	4.2	2.7	18.8
Other items (Net)	**-6.3**	**-29.2**	**-19.6**	**1.6**
M2	**11.2**	**-1.4**	**-0.1**	**12.5**

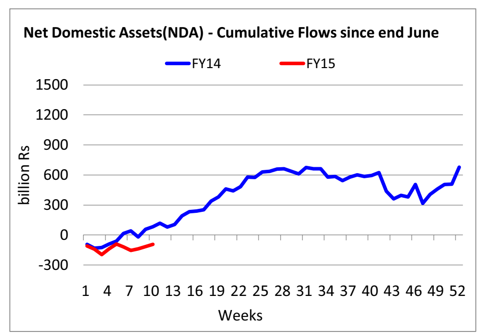
Memorandum Items

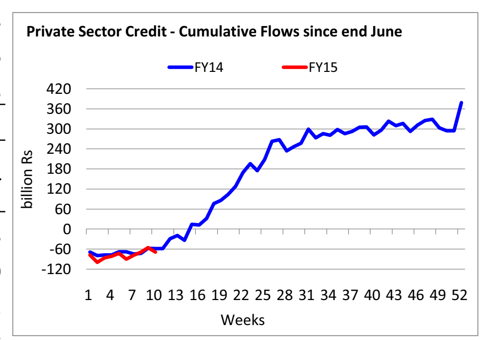
	Latest week 5-Sep-14	A year ago 6-Sep-13	FY14
Money multiplier	3.36	3.32	3.48
Currency to deposit ratio (percent)	30.1	30.4	28.0
M2 to GDP ratio (percent)	38.71	39.34	39.2
Private sector credit to GDP ratio (percent)	14.46	14.7	14.7

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







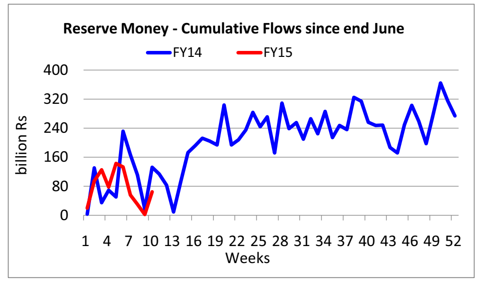


Government borrowing from SBP remained the key driver of reserve money growth during FY15 so far.

Monetary Assets of SBP

(billion Rs)

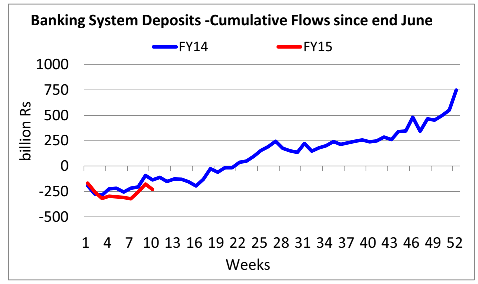
	End June 2014 stocks	Cumulative flows since end-June: Latest week 5-Sep-14	Cumulative flows since end-June: A year ago 6-Sep-13	FY14 Flows
NFA	**489.5**	**-55.0**	**-108.3**	**356.5**
NDA: *of which*	**2,371.8**	**119.7**	**240.6**	**-30.5**
Budgetary borrowing	2,409.8	168.2	784.1	196.9
Other items (net)	-555.0	12.3	-482.8	-278.6
Net impact of OMOs/discounting	-17.2	85.5	-438.5	-216.0
Reserve money	**2,861.3**	**64.7**	**132.3**	**326.0**

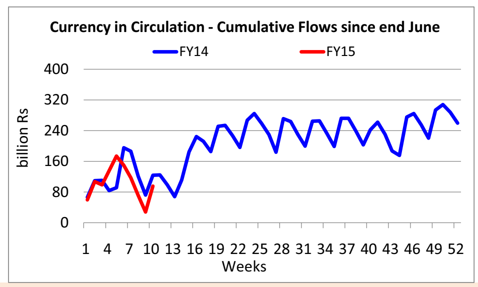


Monetary Liabilities of SBP

(billion Rs)

	End June 2014 stocks	Cumulative flows since end-June: Latest week 5-Sep-14	Cumulative flows since end-June: A year ago 6-Sep-13	FY14 Flows
Currency in circulation	2,177.9	95.3	123.7	239.7
Cash in tills	139.5	-26.5	0.0	28.6
Bank deposits with SBP (reserves)	530.7	-4.3	8.2	55.1
Other deposits with SBP	13.1	0.2	0.4	2.6
	YoY (05-Sep-14)			**(percent growth)**
NFA of the SBP	**1665.7**	**-11.2**	**-81.5**	**268.2**
NDA of the SBP: *of which*	**-5.7**	**5.0**	**10.0**	**-1.3**
Budgetary borrowing	-14.0	7.0	35.4	8.9
Reserve money	**9.7**	**2.3**	**5.2**	**12.9**



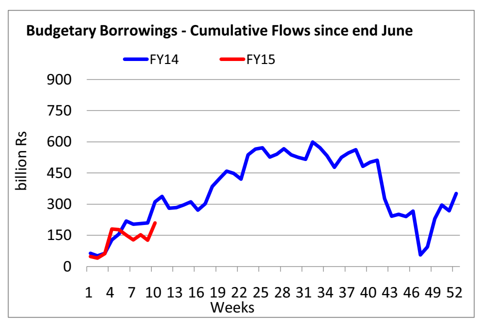


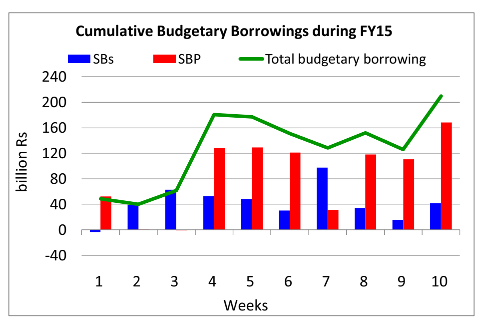
In FY15 so far, government borrowing needs are mainly met from SBP.

Details on Government Borrowing for Budgetary Support

(billion Rs)

	End June 2014 stocks	Cumulative flows since end-June: Latest week 5-Sep-14	Cumulative flows since end-June: A year ago 6-Sep-13	FY14 flows
Budgetary borrowing	**5,549.4**	**209.7**	**311.2**	**303.0**
Federal government	**6,059.5**	**202.7**	**319.3**	**497.5**
From SBP	2,567.7	178.0	797.3	326.6
SBP's holdings of MRTBs	2,852.3	-30.4	711.3	577.1
From scheduled banks (SBs)	3,491.8	24.7	-478.0	171.0
Provincial governments	**-510.1**	**7.0**	**-8.1**	**-194.5**
From SBP [1]	-157.9	-9.8	-13.2	-129.7
From scheduled banks[2]	-352.3	16.8	5.1	-64.9
Memorandum Items				
Budgetary borrowing on cash basis	**5,448.4**	**232.5**	**323.5**	**323.7**
SBP	2,327.7	185.4	771.6	159.8
Scheduled banks	3,120.7	47.1	-448.1	163.9





[1] Current overdraft ceilings for provinces are: Rs37.2 billion for Punjab; Rs15 billion for Sindh; Rs10.1 billion for KPK; Rs7.1 billion for Baluchistan, Rs4.5 billion for AJK.

[2] The end-June 2014 net stock of borrowings was negative as provincial governments' deposits with scheduled banks exceeded their borrowings.

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

Private Sector Credit

During July-FY15, net retirement in credit to private sector is higher compared with the same period of FY14.

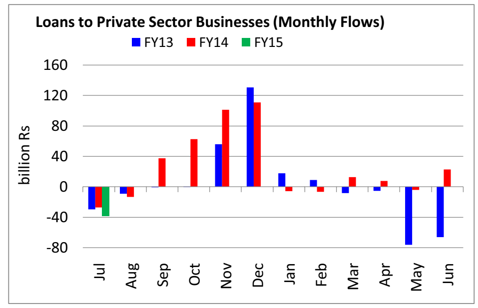
Credit to Private Sector

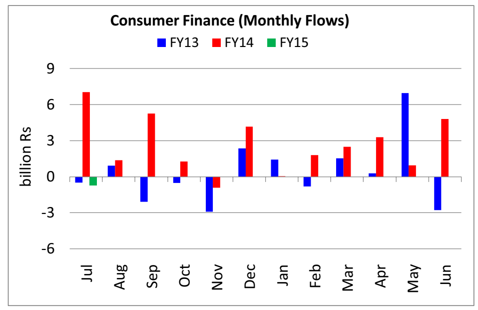
	End June 2014 stocks	Cumulative flows (billion Rs) Jul FY15	Jul FY14	FY14
Total credit to private sector [1]	**3,741.3**	**-72.6**	**-62.8**	**384.0**
1. Loans to private sector businesses	**2,765.2**	**-38.0**	**-27.3**	**298.0**
By type				
Working capital: *of which*	1,841.5	-28.0	-25.5	228.3
Export finance	276.0	4.5	-8.8	14.7
Import finance	157.1	12.6	4.0	24.5
Fixed investment	923.7	-10.1	-1.8	69.7
By Sectors: *of which*				
Agriculture	**252.7**	↑ **3.3**	↑ **1.5**	↑ **30.7**
Manufacturing: *of which*	**1,636.0**	↓ **-28.9**	↓ **-27.6**	↑ **187.2**
Textiles	558.1	↓ -12.7	↓ -1.8	↑ 43.2
Food products & beverages	414.4	↓ -18.8	↓ -14.2	↑ 97.5
Chemicals & products	191.9	↓ -3.2	↓ -3.7	↑ 20.2
Non-metallic mineral products	53.7	↑ 1.9	↓ -0.7	↓ -13.2
Wearing apparel, readymade gar.	53.9	↓ -0.9	↓ -4.5	↓ -0.6
Electricity, gas and water	**278.6**	↓ **-2.3**	↑ **8.5**	↑ **49.8**
Construction	**52.3**	↓ **-2.8**	↑ **0.1**	↓ **-1.1**
Commerce and trade	**223.3**	↓ **-7.9**	↓ **-8.3**	↑ **16.4**
Transport, storage and comm.	**117.1**	↓ **-3.2**	↓ **-5.9**	↑ **27.3**
Services: *of which*	**134.1**	↑ **4.7**	↓ **-0.6**	↓ **-5.0**
Real estate/renting & business act.	89.5	↑ 4.1	↓ -0.3	↓ -10.4
2. Personal: *of which*	**337.6**	↓ **-0.3**	↑ **6.5**	↑ **31.9**
Consumer financing	242.8	↓ -0.7	↑ 7.0	↑ 31.5
3. Investment in securities and shares	**187.5**	↑ **3.6**	↑ **11.2**	↑ **15.3**
4. Others[2]**:** *of which*	**451.0**	↓ **-37.8**	↓ **-53.1**	↑ **38.8**
Non-bank finance companies	156.8	↓ -9.7	↓ -5.6	↓ -4.2

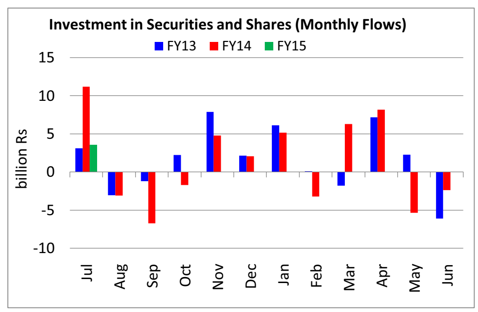
[1] From Weekly Monetary Survey's month end position.

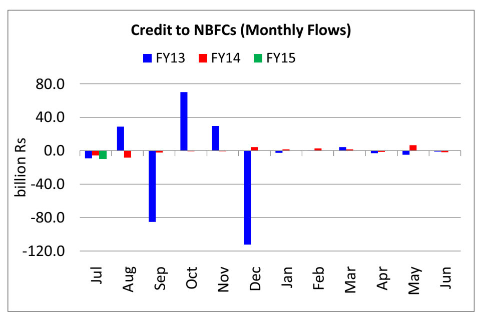
[2] This also includes credit to some Public Sector Enterprises, and other categories.

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









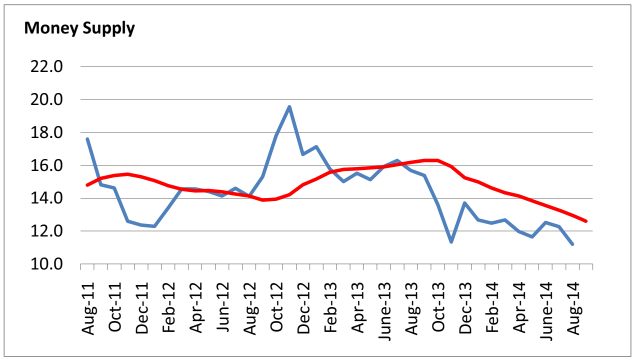
Key Indicators of Monetary Sector

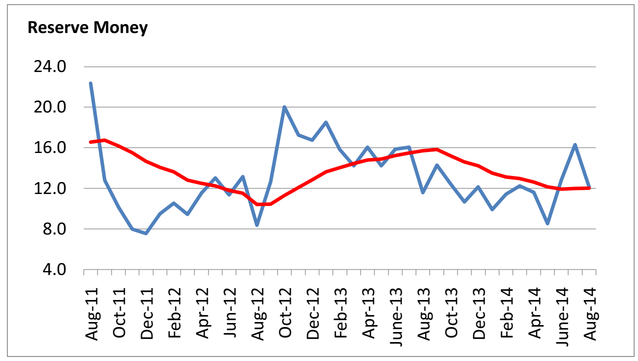
YoY growth of end June Stocks

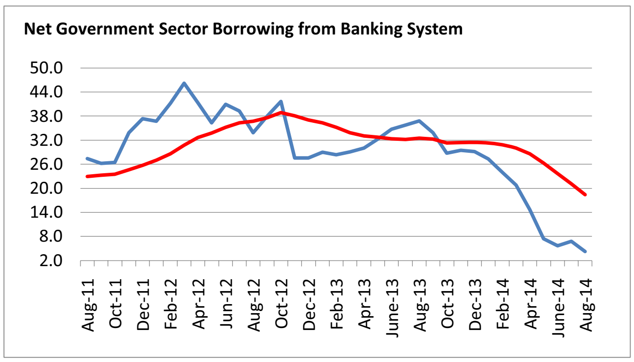
Source: Statistics and Data Warehouse Department (S&DWD), SBP.

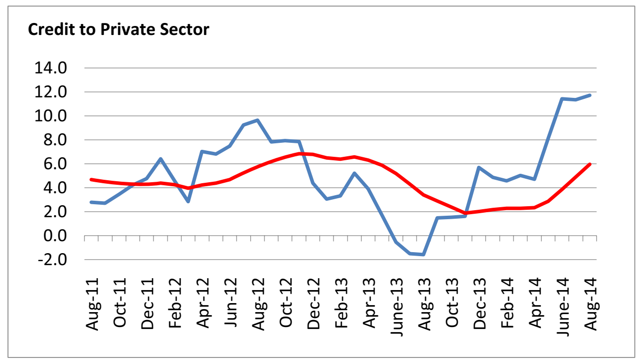
Trends in Monetary Aggregates

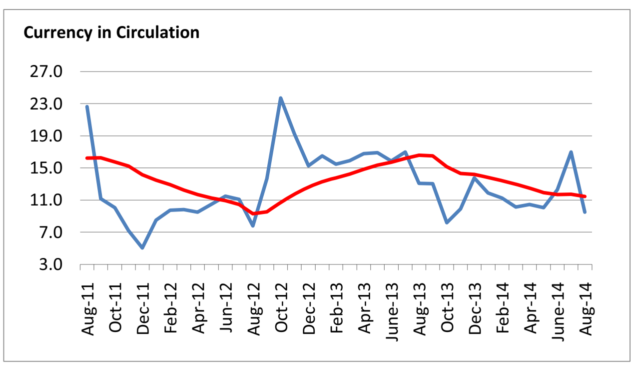
YoY Growth — 12 MMA

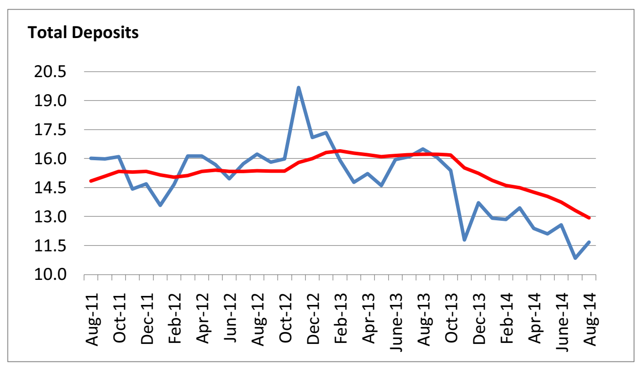


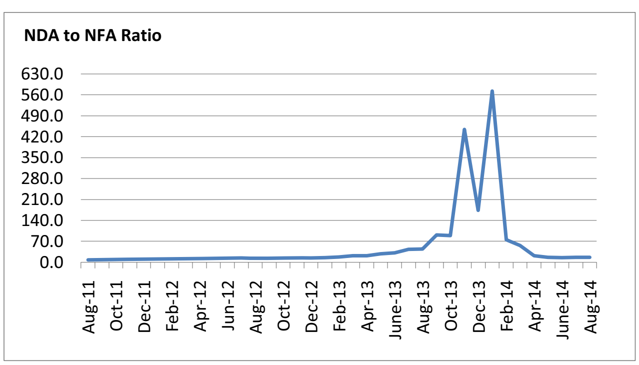


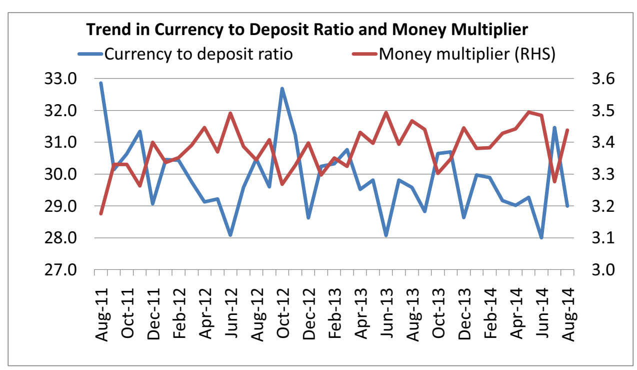












Month end stocks data has been used.
YoY growth shows growth over same month last year.
Source: Statistics and Data Warehouse Department (S&DWD), SBP.

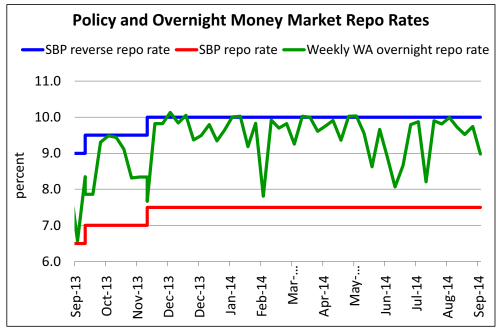
Money Market

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

[1] Basis points DL: Demand Liabilities; TL: Time Liabilities



Volatility in overnight repo rate has decreased in FY15 so far, compared to Q4-FY14.

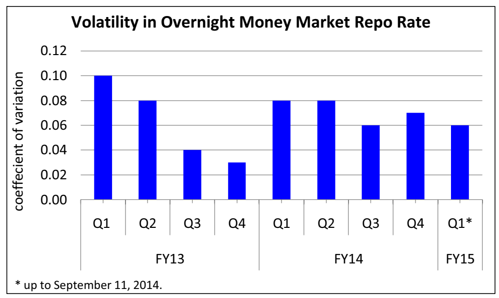
Weighted Average O/N Money Market Repo Rate (percent)

	FY14				FY15
	Q2	Q3	Q4	Year	Q1*
WA O/N repo rate[2]	9.25	9.62	9.43	9.15	9.55
Standard deviation	0.77	0.61	0.64	0.87	0.55
CoV[3]	0.08	0.06	0.07	0.10	0.06

*up to Sep 11, 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 September 11, 2014.

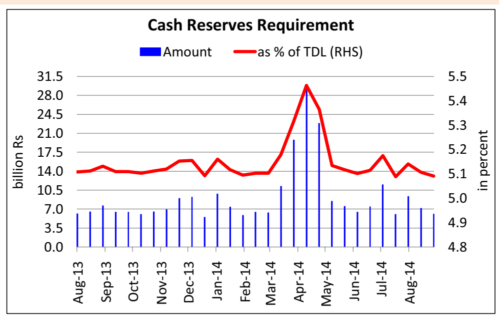
Banks' holding of government securities now stands at 82 percent of their total liquid assets maintained.

Bi-weekly Cash Reserves Requirement (CRR)[4] (billion Rs)

	Maintenance period ended as on		Change since Last MPS	
	28-Aug-14	31-Jul-14	31-Jul-14	3-Jul-14[5]
Cash required	332.1	332.3	-0.2	3.1
Cash maintained	338.1	341.6	-3.5	-2.3
Excess cash reserves (per day)	6.1	9.4	-3.3	-5.4

[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.

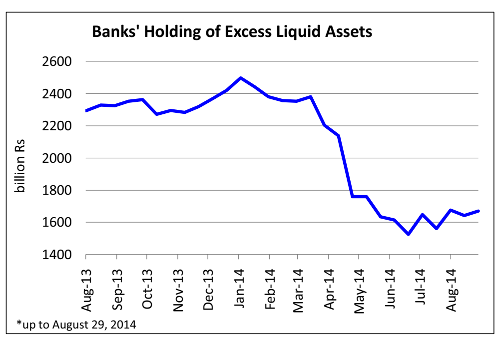
[5] As on Thursday preceding the last monetary policy decision.



Overall Reserve Requirement (billion Rs)

	Maintenance period started as on		Change since	
	29-Aug-14	1-Aug-14	1-Aug-14	4-Oct-08
Required reserves	**1633.3**	**1603.0**	**30.4**	**670.8**
for CRR	340.3	334.0	6.3	64.2
for SLR	1293.0	1269.0	24.0	606.7
Maintained[6]	**3304.4**	**3279.6**	**24.8**	**2285.7**
Cash	553.2	523.6	29.6	164.3
Cash in tills	157.0	186.4	-29.4	68.9
Balance with SBP	347.6	309.0	38.6	59.0
Balance with NBP	48.5	28.2	20.3	36.4
Securities	2709.7	2714.5	-4.9	2096.5
Others[7]	41.6	41.5	0.1	24.8
Excess liquid assets[8]	**1671.1**	**1676.7**	**-5.5**	**1614.8**

Source: Off-site Supervision and Enforcement Department, SBP



*up to August 29, 2014

[6] Data corresponds to the balances as on that date

[7] Includes Section 13(3) deposits and share capital of MFBs.

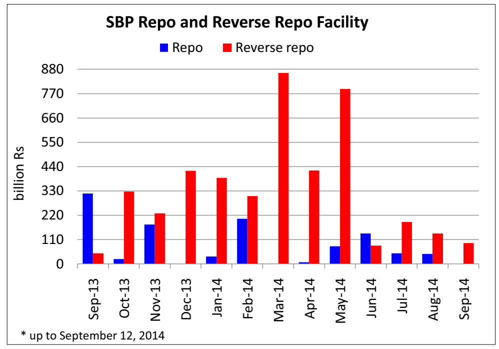
[8] Includes excess securities + cash and other assets maintained.

Banks' use of SBP's reverse repo facility has slightly increased in FY15 so far.

Use of SBP's Standing Facilities

	SBP reverse repo		SBP repo	
	Amount	**Days**	**Amount**	**Days**
	billion Rs	No.	billion Rs	No.
FY13	**2,925.8**	**88**	**747.9**	**33**
Q1	1,035.7	32	239.9	11
Q2	524.0	14	331.2	13
Q3	345.7	14	121.6	5
Q4	1,020.4	28	55.3	4
FY14	**4,084.5**	**71**	**1,084.3**	**39**
Q1	250.6	11	419.0	13
Q2	977.6	16	199.8	6
Q3	1,559.1	26	239.9	6
Q4	1,297.2	18	225.6	14
FY15[1]	**423.1**	**14**	**93.2**	**3**
Q1[1]	423.1	14	93.2	3

[1] Updated up to September 12, 2014



The level of average outstanding OMOs has remained positive in FY15 so far.

Outstanding Open Market Operations[2] (billion rupees)

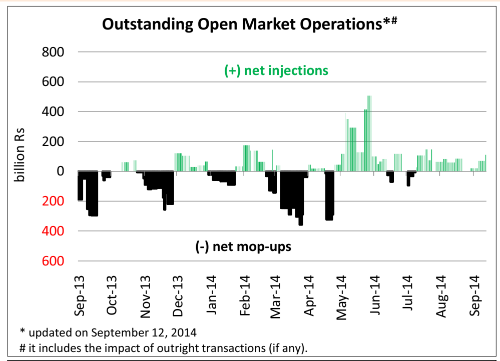
	Average Outstanding OMOs	**End-period Outstanding OMOs**
FY13	**460.9**	**207.6**
Q1	384.7	611.5
Q2	568.0	615.7
Q3	539.1	472.1
Q4	352.5	207.6
FY14	**(4.6)**	**0.0**
Q1	(34.7)	(40.0)
Q2	(13.8)	(24.5)
Q3	(58.9)	(39.1)
Q4	88.9	0.0
FY15[3]	**51.1**	**111.7**
Q1[3]	51.1	111.7

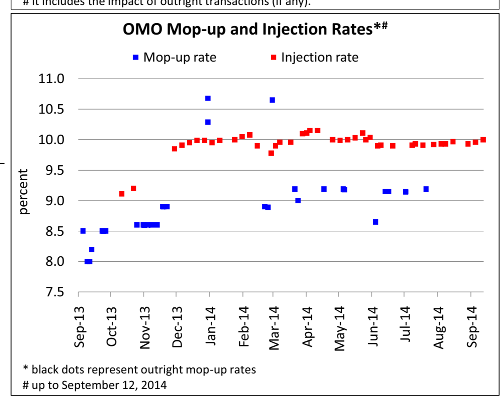
[2] It includes the impact of outright transactions (if any).

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

[3] Updated up to September 12, 2014

Source: Domestic Markets & Monetary Management Department, SBP

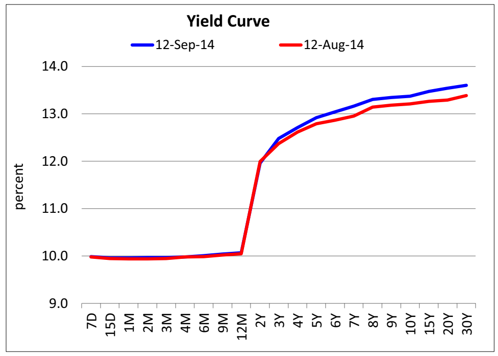




Secondary market yields for all tenors, except two year have increased since the last monetary policy decision in July 2014.

Pak Rupee Revaluation (PKRV) Rates[1] (%)

Tenors	Current		Change (in basis points) since	Last MPS
	12-Sep-14	12-Aug-14	12-Aug-14	18-Jul-14
1-week	9.99	9.98	1	1
2-week	9.96	9.95	1	0
1-month	9.96	9.94	2	1
3-month	9.97	9.95	2	1
6-month	10.01	9.99	2	1
9-month	10.04	10.02	2	0
12-month	10.07	10.05	2	1
2-year	11.96	11.99	-3	-3
3-year	12.48	12.37	11	20
5-year	12.92	12.79	13	21
7-year	13.16	12.95	21	24
10-year	13.37	13.21	16	24
20-year	13.54	13.29	25	30
30-year	13.60	13.38	22	27

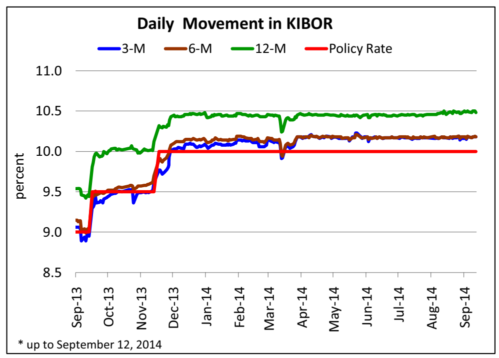


[1] It is secondary market yield-to-maturity used by banks to revalue their holding of securities (i.e. mark to market).

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

Tenor-wise KIBOR (%)

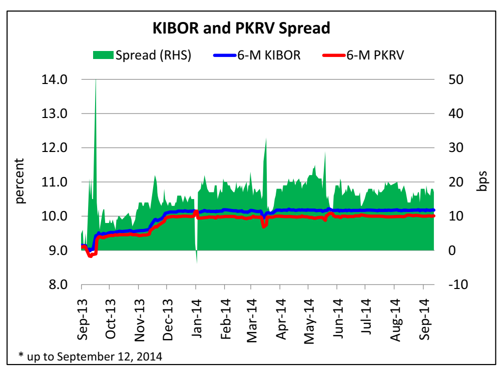
Tenors	Current		Change (in basis points) since	Last MPS
	12-Sep-14	12-Aug-14	12-Aug-14	18-Jul-14
1-week	10.31	10.31	0	80
2-week	10.30	10.32	-2	44
1-month	10.34	10.31	3	24
3-month	10.18	10.17	1	2
6-month	10.18	10.17	1	1
9-month	10.45	10.43	2	3
12-month	10.48	10.47	1	4
2-year	12.30	12.20	10	16
3-year	12.81	12.56	25	35



Spreads between KIBOR and PKRV rates for all tenors have increased compared to their levels observed at the time of monetary policy announcement in July 2014.

KIBOR and PKRV Spread (basis points)

Tenors	Current		Change since	Last MPS
	12-Sep-14	12-Aug-14	12-Aug-14	18-Jul-14
1-week	32	33	-1	79
2-week	34	37	-3	44
1-month	38	37	1	23
3-month	21	22	-1	1
6-month	17	18	-1	0
9-month	41	41	0	3
12-month	41	42	-1	3
2-year	34	21	13	19
3-year	33	19	14	15

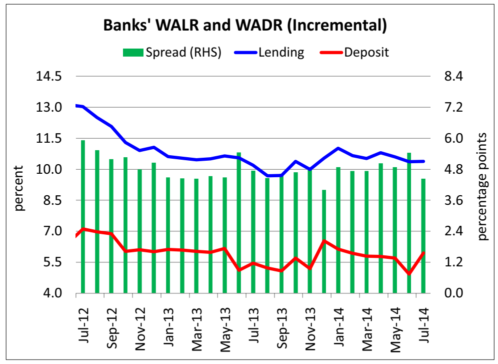


Sources: SBP and Financial Market Association of Pakistan

Spread between incremental WALR and WADR stands at 443 bps in July 2014.

Weighted average Lending and Deposit Rates (percent per annum)

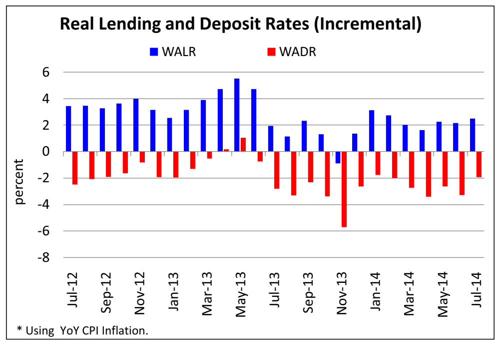
Months	Incremental[1]			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Jul-13	10.20	5.45	475	11.28	4.97	631
Aug-13	9.69	5.22	446	11.11	4.83	628
Sep-13	9.70	5.08	462	11.10	4.79	631
Oct-13	10.38	5.71	468	11.10	4.90	620
Nov-13	10.00	5.19	481	11.13	4.89	624
Dec-13	10.54	6.54	400	11.07	5.05	602
Jan-14	11.02	6.14	488	11.17	5.19	598
Feb-14	10.66	5.93	473	11.19	5.14	605
Mar-14	10.53	5.80	473	11.10	5.05	605
Apr-14	10.81	5.78	503	11.10	5.04	605
May-14	10.59	5.70	489	11.15	5.05	611
Jun-14	10.37	4.93	544	11.10	4.75	635
Jul-14	10.38	5.95	443	11.06	5.11	595



[1] Weighted average rates on incremental (fresh) loans and deposits (including interbank and zero markup) during a month.

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

Months	Real (based on 12-month MA inflation)[2]		Real (based on YoY inflation)[3]	
	WALR	WADR	WALR	WADR
Jul-13	2.94	-1.81	1.94	-2.81
Aug-13	2.46	-2.01	1.14	-3.32
Sep-13	2.58	-2.04	2.31	-2.31
Oct-13	3.14	-1.54	1.30	-3.38
Nov-13	2.41	-2.39	-0.90	-5.71
Dec-13	2.85	-1.15	1.36	-2.64
Jan-14	3.34	-1.54	3.11	-1.77
Feb-14	2.93	-1.80	2.72	-2.01
Mar-14	2.64	-2.09	2.00	-2.73
Apr-14	2.64	-2.39	1.63	-3.40
May-14	2.16	-2.73	2.25	-2.64
Jun-14	1.75	-3.69	2.15	-3.29
Jul-14	1.79	-2.64	2.50	-1.93



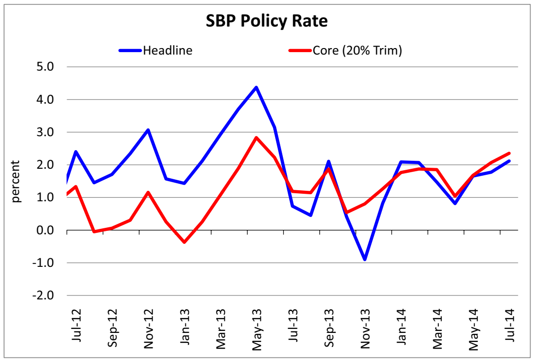
[2] Nominal rate less CPI inflation (12-month moving average).

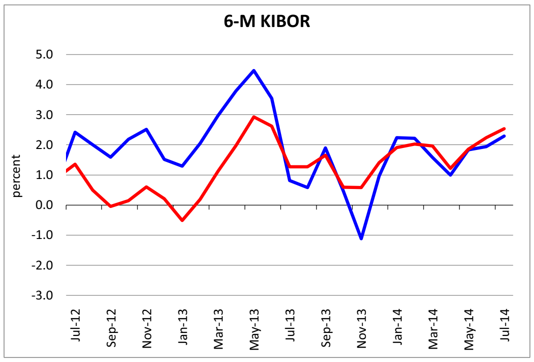
[3] Nominal rate less CPI inflation (year on year).

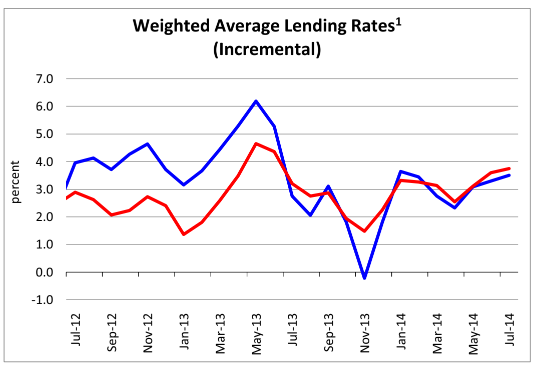
Sources: Statistics & Data Warehouse Department, SBP & Federal Bureau of Statistics

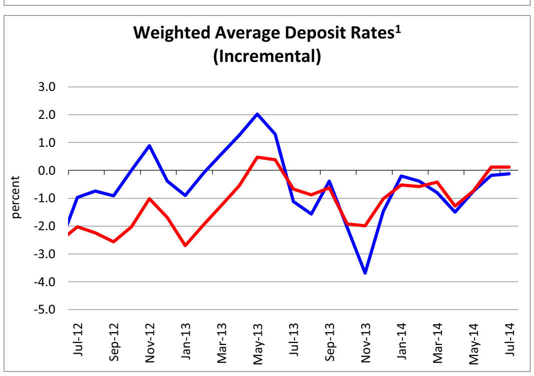
Real Interest Rates

Using YoY CPI inflation

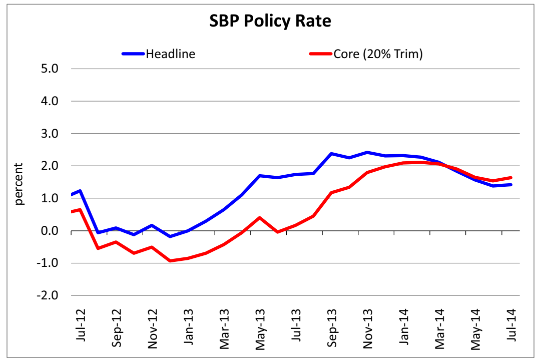


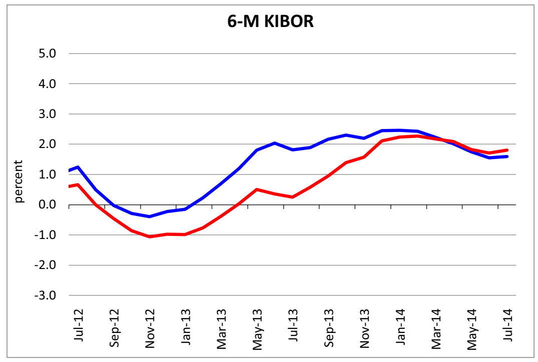


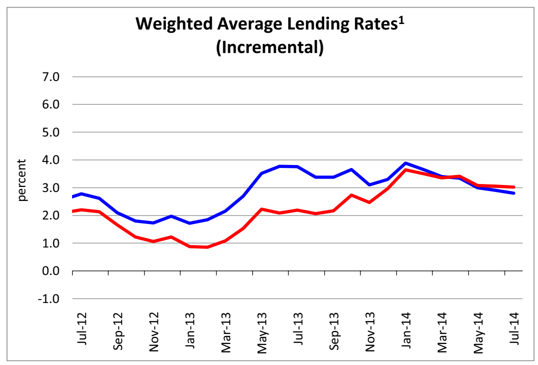


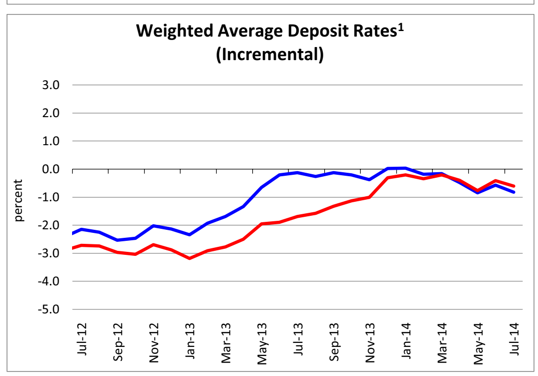


Using 12-month moving average CPI inflation









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

Sources: PBS and Statistics & Data Warehouse Department, SBP

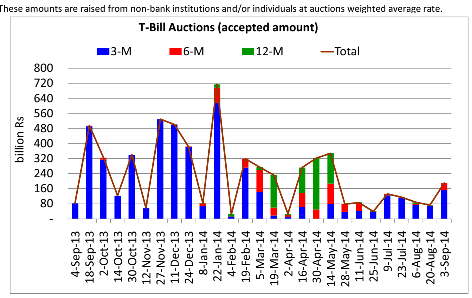
In the T-bill auctions held in Q1-FY15 so far, government has raised less than the targeted amount.

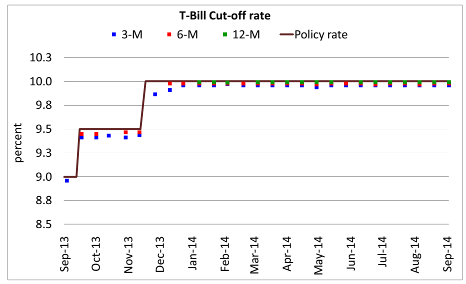
T-bill Auction (billion Rs (Realized value); rates in percent)

FY/Q/ Settlement date	TOTAL				3-Month			6-Month			12-Month			Non-competitive bids[4]
	Target	Maturity	Offered	Accepted[2]	Offered	Accepted[2]	Cut-off[3]	Offered	Accepted[2]	Cut-off[3]	Offered	Accepted[2]	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
FY14	**8,425.0**	**8,148.4**	**6,951.4**	**6,354.6**	**5,209.6**	**4,696.7**	**-**	**924.8**	**857.6**	**-**	**817.0**	**800.4**	**-**	**287.8**
Q1	1,600.0	1,594.6	1,446.6	1,276.7	1,200.3	1,057.4	9.41	230.6	210.0	9.45	15.7	9.3	8.98	72.2
Q2	2,100.0	2,248.8	2,591.3	2,259.2	2,560.6	2,244.7	9.96	29.9	14.5	9.98	0.8	-		87.9
Q3	2,450.0	2,360.2	1,728.3	1,646.0	1,177.3	1,129.2	9.96	325.3	300.7	9.98	225.6	216.1	9.99	72.7
Q4	2,275.0	1,944.7	1,185.3	1,172.7	271.4	265.4	9.96	339.0	332.4	9.97	575.0	575.0	9.99	55.0
FY15[1]	**600.0**	**538.4**	**597.6**	**596.4**	**531.1**	**530.1**		**55.2**	**54.9**		**11.4**	**11.4**		**34.7**
Q1[1]	600.0	538.4	597.6	596.4	531.1	530.1	9.96	55.2	54.9	9.98	11.4	11.4	9.99	34.7

[1] Up till September 12, 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 Q1-FY15 so far, government has raised greater amount than the target.

PIB Auction (billion Rs (Face value); rates in percent)[5]

		3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total	Target
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
FY14	**Cut-off rate[6]**	**12.10**	**12.55**	**-**	**13.00**		**13.00**	**-**	**-**	**-**
	Offered	**1221.7**	**459.9**	**-**	**508.1**	**-**	**22.3**	**-**	**2212.0**	**-**
	Accepted	**1161.6**	**420.7**	**-**	**416.0**	**-**	**20.3**	**-**	**2018.6**	**780.0**
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	Cut-off rate	12.10	12.55	-	12.91		12.90	-	-	-
	Offered	527.5	249.6	-	237.0	-	12.8	-	1026.8	-
	Accepted	503.2	245.4	-	218.6		11.8	-	978.9	180.0
Q4	Cut-off rate	12.1	12.6		13.0		13.0			-
	Offered	609.9	140.3		124.4		9.0		883.6	-
	Accepted	604.7	139.1		123.9		8.0		875.7	300.0
FY15[7] Q1	**Cut-off rate[6]**	**12.6**	**13.0**	**-**	**13.5**	**-**	**13.6**	**-**		
	Offered	**207.6**	**64.1**	**-**	**92.7**	**-**	**7.5**	**-**	**371.9**	
	Accepted	**162.4**	**57.4**	**-**	**74.6**	**-**	**7.5**	**-**	**302.0**	**300.0**

"-": Either no bid received or bids were rejected. [5] Excluding non-competitive bids and short-selling accommodation

[6] Quarterly rate are for end-period. [7] Up till September 12, 2014

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

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

	Target	Total offered	Total accepted	Cut-off margin[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	**49.5**	**113.7**	**49.5**	-
Q1	-	-	-	-
Q2	-	-	-	-
Q3	-	-	-	-
Q4	49.5	113.7	49.5	(200)
FY15	0.0	0.0	0.0	-
Q1	-	-	-	-

[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

In FY15 so far, Pak rupee has depreciated by 3.7 percent against US Dollar.

PKR against international currencies				% App/(Dep) of PKR
	Latest 12-Sep-14	Last MPS 18-Jul-14	Jun-14	Cumulative since Jun-14
USD	102.61	98.94	98.80	(3.71)
Euro	132.58	133.89	134.94	1.78
Sterling	166.77	169.30	168.15	0.83
JPY	0.96	0.98	0.97	1.81
USD Kerb	102.50	98.85	99.30	(3.12)
Premium (Rs)	(0.10)	(0.09)	0.50	-
Daily NEER	84.95	86.04	85.80	(0.99)

Source: SBP

International exchange rates[2]				% App/(Dep) of USD
	Latest 12-Sep-14	Last MPS 18-Jul-14	Jun-14	Cumulative since Jun-14
USD/EUR	1.29	1.35	1.37	5.70
USD/GBP	1.63	1.71	1.70	4.71
JPY/USD	107.18	101.38	101.38	5.73
INR/USD	60.77	60.25	60.06	1.18
CNY/USD	6.13	6.21	6.20	(1.11)
THB/USD	32.20	32.13	32.46	(0.80)
MYR/USD	3.20	3.18	3.21	(0.44)
SGD/USD	1.26	1.24	1.25	1.17

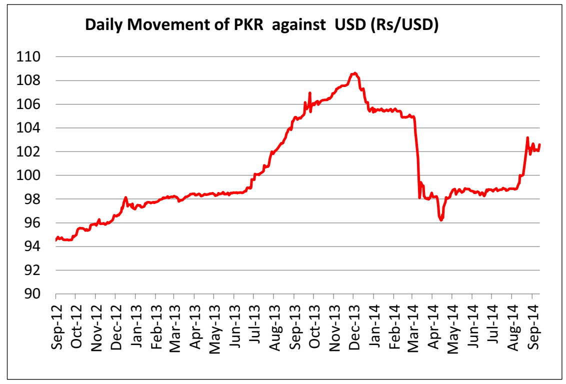
[2] The exchange rates are shown as per country practices

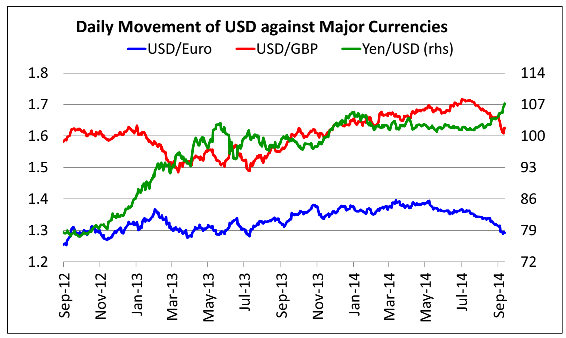
PKR/USD Interbank Exchange Rate Trends on Fiscal Year Basis

	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	110.50	95.75	98.80	102.88	4.07
FY15[4]	103.27	98.58	102.61	100.19	4.71

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

[4] **Updated up to 12th September, 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	105.70	97.12	98.53	103.48	5.63
Q4-FY14	98.96	95.75	98.80	98.31	4.14
Q1-FY15[4]	103.27	98.58	102.61	100.19	4.71

In real terms, Pak rupee has appreciated by 1.6 percent during Jul FY15.

Changes in Nominal Effective Exchange Rate (NEER)
Base Year: CY2010

		NEER Index	2012		2013				2014		
			Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun[R]	Jul[P]
2012	Sep	88.65	-	-2.99	-2.16	-2.45	-8.56	-10.39	-4.02	-2.71	-2.95
	Dec	86.00	-	-	0.86	0.56	-5.74	-7.62	-1.05	0.30	0.05
2013	Mar	86.74	-	-	-	-0.30	-6.55	-8.41	-1.90	-0.56	-0.81
	Jun	86.48	-	-	-	-	-6.27	-8.14	-1.61	-0.26	-0.51
	Sep	81.06	-	-	-	-	-	-2.00	4.97	6.41	6.14
	Dec	79.44	-	-	-	-	-	-	7.11	8.57	8.30
2014	Mar	85.09	-	-	-	-	-	-	-	1.36	1.11
	Jun[R]	86.25	-	-	-	-	-	-	-	-	-0.25
	Jul[P]	86.04	-	-	-	-	-	-	-	-	-

[R] Revised

Changes in Relative price Index (RPI)
Base Year: CY2010

		RPI	2012		2013				2014		
			Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun[R]	Jul[P]
2012	Sep	117.07	-	0.06	0.97	3.07	5.17	7.06	7.51	9.07	11.05
	Dec	117.14	-	-	0.91	3.01	5.11	7.00	7.45	9.00	10.99
2013	Mar	118.21	-	-	-	2.08	4.16	6.03	6.48	8.02	9.98
	Jun	120.67	-	-		-	2.03	3.87	4.31	5.81	7.74
	Sep	123.12	-	-	-	-	-	1.80	2.23	3.70	5.59
	Dec	125.34	-	-	-	-	-	-	0.42	1.87	3.73
2014	Mar	125.86	-	-	-	-	-	-	-	1.44	3.29
	Jun[R]	127.68	-	-	-	-	-	-	-	-	1.82
	Jul[P]	130.01	-	-	-	-	-	-	-	-	-

[P] Provisional

Changes in Real Effective Exchange Rate (REER)
Base Year: CY2010

		REER Index	2012		2013				2014		
			Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun[R]	Jul[P]
2012	Sep	103.78	-	-2.94	-1.21	0.55	-3.84	-4.06	3.20	6.11	7.78
	Dec	100.74	-	-	1.78	3.59	-0.93	-1.16	6.32	9.32	11.04
2013	Mar	102.53	-	-	-	1.78	-2.66	-2.89	4.46	7.41	9.09
	Jun	104.35	-	-	-	-	-4.36	-4.58	2.63	5.54	7.19
	Sep	99.80	-	-	-	-	-	-0.23	7.31	10.35	12.08
	Dec	99.57	-	-	-	-	-	-	7.56	10.61	12.34
2014	Mar	107.10	-	-	-	-	-	-	-	2.83	4.44
	Jun[R]	110.13	-	-	-	-	-	-	-	-	1.57
	Jul[P]	111.85	-	-	-	-	-	-	-	-	-

[P] Provisional
Source: SBP

Capital Market

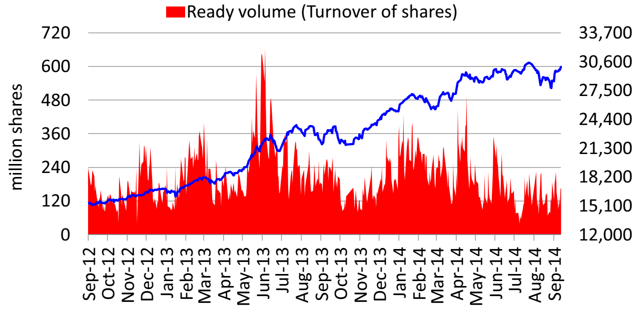
KSE-100 Index and Market Capitalization has increased by 5.2 percent and 2.7 percent respectively upto 12 September in FY15, as compared to last month.

Performance of Karachi Stock Exchange

	FY15		FY-14	FY-13	Percentage change during		
	Sep-14[1]	**Aug-14**			**Sep FY15[2]**	**FY14**	**FY13**
End-period KSE-100 index	30,045	28,568	29,653	21,006	5.2	41.2	52.2
End-period KSE-30 index	20,768	19,878	20,416	16,208	4.5	26.0	35.9
Market capitalization (billion Rs)[3]	6,935	6,750	6,171	4,300	2.7	43.5	33.3
Ready volume (million shares)[3]	153	134	216	200	-	-	-
SCRA flows (US$ million)[4]	35.1	13.2	689.1	187.8	-	-	-

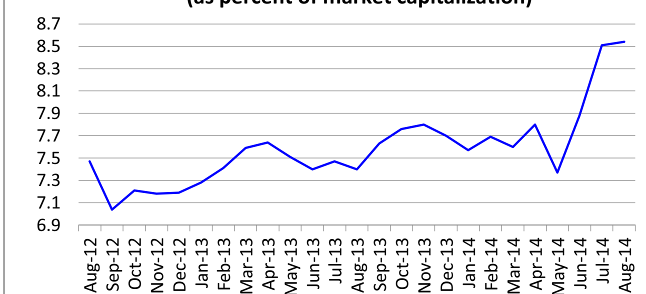
[1] **Up to 12th September 2014**
[2] Reflects growth since end of the previous month
[3] Average during the period
[4] Cumulative flow during the period upto 17th September 2014

KSE-100 Index and Ready Volume



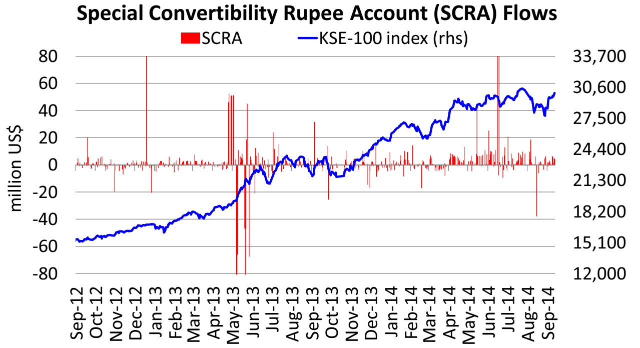
Source: JS Research, KSE — Updated upto September 12, 2014

Foreign Stake in Domestic Stock Market (as percent of market capitalization)



Sources: KSE and S&DWD, SBP

Special Convertibility Rupee Account (SCRA) Flows



Source: S&DWD, SBP — Updated upto September 12, 2014

Financial Expenses of Corporate Sector

Source: KSE and S&DWD, SBP

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

Financial Soundness Indicators

Asset quality indicators showed improvement during Q4-FY14, as NPLs to loans ratio declined to 12.8 percent in June 2014, compared to 13.4 percent in previous quarter.

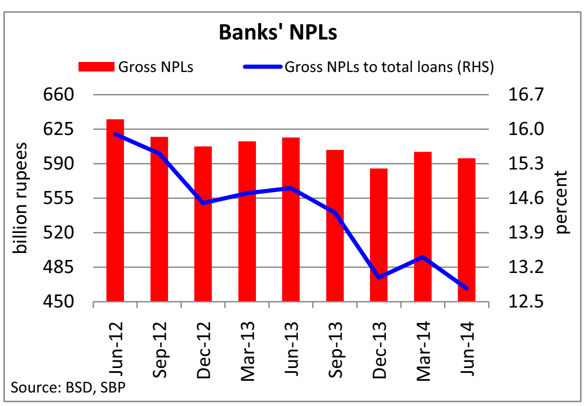
percent

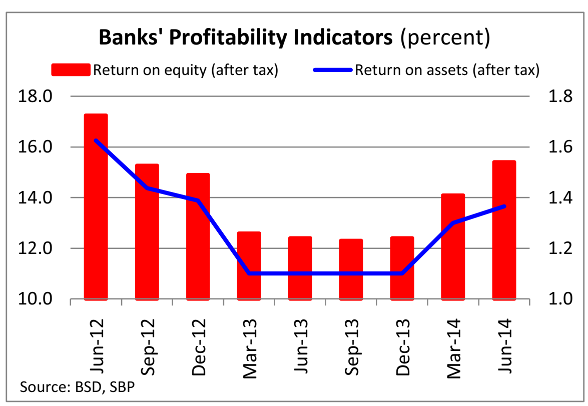
	Jun 2013	Sep 2013	Dec 2013	Mar 2014	Jun 2014
Risk weighted CAR[1]	15.5	15.5	15.1	14.8	15.1
Gross NPLs to total loans	14.8	14.3	13.0	13.4	12.8
Provision to NPLs	73.2	76.5	78.4	77.8	79.5
Net NPLs to net loans	4.4	3.8	3.1	3.3	2.9
Returns on assets (before tax)	1.7	1.7	1.7	1.9	2.1
Return on assets (after tax)	1.1	1.1	1.1	1.3	1.4
ROE (before tax)[2]	18.5	18.4	18.4	21.3	23.5
ROE (after tax)[2]	12.4	12.3	12.4	14.1	15.4
Net interest income/gross income	70.0	70.3	70.3	69.9	70.5
Liquid assets/total assets	49.0	46.7	47.3	48.3	47.8
Liquid assets/total deposits	63.7	59.2	60.0	63.7	60.6
Advances/deposits	48.1	48.7	48.6	49.2	47.7

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

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

[2] Average equity and surplus.





Source: Banking Surveillance Department (BSD), SBP