



Monetary Policy Information Compendium

March 2010

Consolidated by

Monetary Policy Department

STATE BANK OF PAKISTAN



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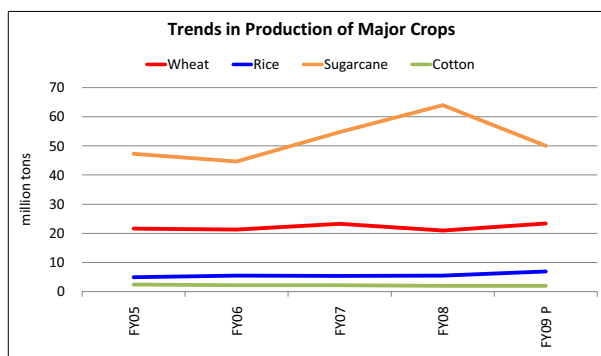
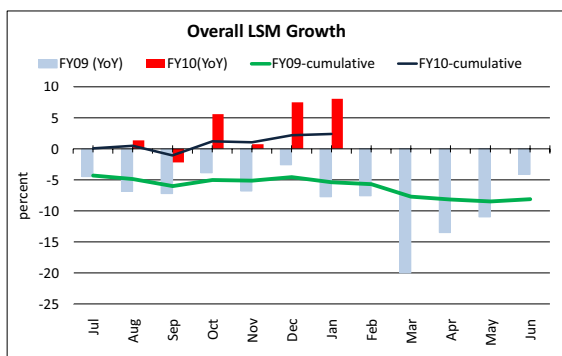
Real Sector

Output of large-scale manufacturing grew by 8 percent (YoY) during January 2010 .

Growth in Large Scale Manufacturing sector

| Groups | Weights | YoY changes | | Cumulative changes during July-January | |
|-------------------------------|--------------|-------------|-------------|--|-------------|
| | | Jan-10 | Jan-09 | FY10 | FY09 |
| Overall | 100.0 | 8.03 | -7.7 | 2.4 | -5.4 |
| Textile | 32.6 | ↓ -0.7 | ↓ -0.9 | ↓ -1.3 | ↓ -0.4 |
| Food, beverages & tobacco | 19.1 | ↓ -9.3 | ↓ -14.7 | ↓ -4.0 | ↓ -7.4 |
| Petroleum products | 7.0 | ↓ -9.2 | ↓ -8.2 | ↓ -6.5 | ↓ -8.1 |
| Pharmaceuticals | 6.7 | ↑ 12.3 | ↑ 5.1 | ↑ 6.0 | ↑ 0.9 |
| Chemicals | 6.4 | ↓ -3.8 | ↑ 3.8 | ↑ 1.2 | ↑ 0.5 |
| Non-metallic mineral products | 5.6 | ↑ 14.7 | ↑ 24.3 | ↑ 15.7 | ↑ 5.3 |
| Automobile | 5.3 | ↑ 95.8 | ↓ -46.6 | ↑ 23.4 | ↓ -36.3 |
| Metal industries | 4.7 | ↓ -20.3 | ↑ 23.9 | ↓ -26.3 | ↓ -6.7 |
| Fertilizer | 4.5 | ↑ 156.5 | ↑ 5.8 | ↑ 9.1 | ↑ 21.5 |
| Electronics | 3.3 | ↑ 43.5 | ↓ -36.1 | ↓ -1.8 | ↓ -15.9 |
| Leather products | 3.0 | ↑ 16.6 | ↑ 16.8 | ↑ 25.9 | ↑ 4.0 |
| Paper and board | 0.8 | ↓ -25.6 | ↑ 24.9 | ↓ -2.6 | ↑ 2.1 |
| Engineering industries | 0.6 | ↑ 14.1 | ↓ -14.0 | ↓ -9.2 | ↑ 3.6 |
| Rubber products | 0.4 | ↑ 90.9 | ↑ 6.9 | ↑ 31.0 | ↓ -4.3 |
| Wood and wood products | 0.0 | ↓ -62.4 | ↑ 51.0 | ↓ -42.0 | ↑ 42.8 |

Sources: Federal Bureau of Statistics (FBS); Economic Analysis Department (EAD), SBP



Early estimates show cotton production to increase by 5.3 percent during FY10.

Performance of Major Crops

| Crops | Production (million tons) | | | | Area Under Cultivation (million hectares) | | | | Yield (kg/hectare) | | |
|-----------|---------------------------|-------------------|-------------------|--|---|-------------------|--|-------------------|--------------------|--|--|
| | FY09 ^P | FY10 ^T | FY10 ^E | % change in FY10 ^E over FY09 ^P | FY10 ^T | FY10 ^E | % change in FY10 ^E over FY09 ^P | FY10 ^T | FY10 ^E | % change in FY10 ^E over FY09 ^P | |
| Cotton* | 12.1 | 13.4 | 12.7 | ↑ 5.3 | 3.2 | 3.0 | ↑ 6.7 | 710 | 711 | ↓ -1.3 | |
| Sugarcane | 50.0 | 56.5 | 48.6 | ↓ -2.8 | 1.1 | 1.0 | ↓ -7.5 | 51,109 | 51,074 | ↑ 5.0 | |
| Rice | 7.0 | 5.9 | 6.4 | ↓ -8.3 | 2.5 | 2.9 | ↓ -3.7 | 2,355 | 2,234 | ↓ -4.8 | |
| Wheat | 24.0 | 25.0 | - | - | 9.0 | 8.9 | ↓ -1.9 | 2,764 | - | - | |
| Gram | 0.8 | 0.8 | - | - | 1.0 | - | - | - | - | - | |
| Maize | 3.5 | 3.4 | 3.3 | ↓ -5.7 | 1.0 | 1.0 | ↓ -8.6 | 3,410 | 3,444 | ↑ 3.1 | |

*Cotton production is stated in million bales; for FY10, it is estimated assuming yield of 710 kg per hectare

P: Provisional; T: Target; E: Estimates (Ministry of Food, Agriculture and Livestock)

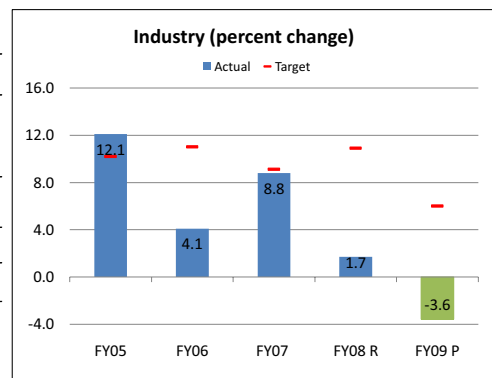
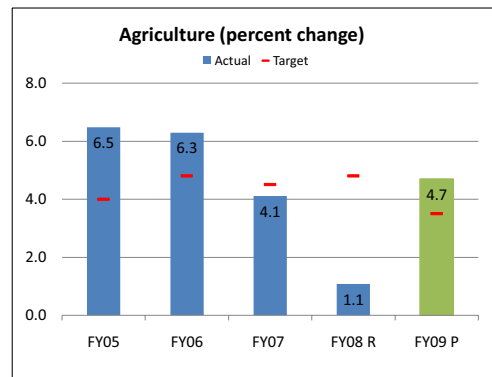
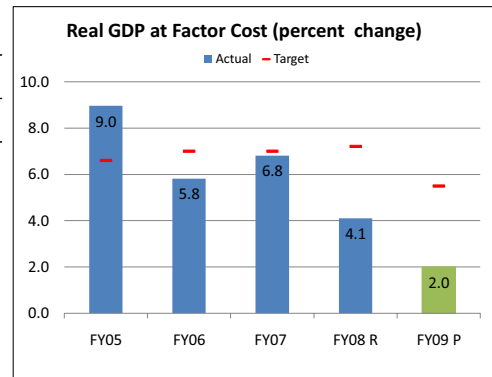
Source: Ministry of Food, Agriculture and Livestock (MINFAL)



GDP growth for FY09 was 2.0 % compared with a target of 5.5 %.

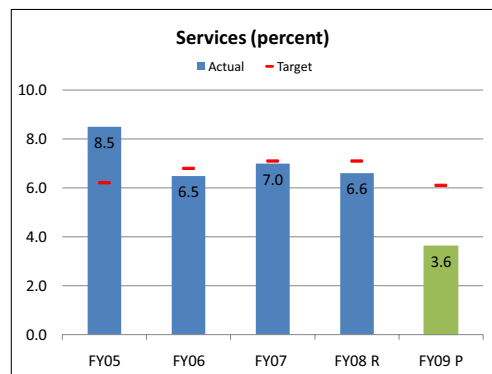
GDP at Constant Factor Cost of 1999-00 (Income Approach) - % changes

| | FY08 (R) | FY09 (P) | | |
|---------------------------------|-------------|-------------------------|-------------------------|--------------|
| | | Growth | Shares | Contribution |
| Agriculture of which | 1.1 | 4.7 | 21.8 | 0.4 |
| Major crops | -6.4 | 7.7 | 7.3 | 0.1 |
| Minor crops | 10.9 | 3.6 | 2.6 | 0.1 |
| Livestock | 4.2 | 3.7 | 11.3 | 0.2 |
| Industry of which | 1.7 | -3.6 | 24.3 | 0.5 |
| Manufacturing | 4.8 | -3.3 | 18.2 | 0.4 |
| Large-scale | 4.0 | -7.7 | 12.1 | 0.2 |
| Small-scale | 7.5 | 7.5 | 4.7 | 0.1 |
| Construction | -3.9 | -10.8 | 2.1 | 0.0 |
| Services of which | 6.6 | 3.6 | 53.8 | 1.1 |
| Transport & communication | 5.7 | 2.9 | 10.3 | 0.2 |
| Wholesale & retail trade | 5.3 | 3.1 | 17.5 | 0.3 |
| Finance & insurance | 12.9 | -1.2 | 6.2 | 0.1 |
| Public administration & defence | 1.2 | 5.0 | 6.1 | 0.1 |
| Real GDP (fc) | 4.1 | 2.0 | 100.0 | 2.0 |
| Real GDP (mp) | 5.2 | 3.7 | - | - |
| | FY08 | FY09^P | FY10^T | |
| Real GDP (fc, billion Rs.) | 5,404 | 5,512 | 5,696 | |
| Real GDP (fc, billion US\$) | 86.3 | 70.1 | - | |



GDP at Constant Factor Cost of 1999-00 (Expenditure approach) - % changes

| | FY08 (R) | FY09 (P) | | |
|---|---------------|--------------|--------------|--------------|
| | | Growth | Shares | Contribution |
| Consumption | 3.5 | 2.2 | 80.6 | 1.6 |
| Private | -1.3 | 5.2 | 69.6 | 1.4 |
| Government | 39.0 | -13.5 | 11.0 | 0.2 |
| Fixed capital formation | 3.8 | -6.5 | 16.0 | 0.3 |
| Private | 3.6 | -7.0 | 12.0 | 0.2 |
| Public plus general government | 9.7 | -13.0 | 4.0 | 0.1 |
| Changes in Stocks | 4.8 | -3.2 | 1.5 | 0.0 |
| Net exports of goods and non-factor services | -434.6 | 262.0 | 1.9 | 0.04 |
| Exports of goods and non-factor services | -5.3 | 9.0 | 17.6 | 0.4 |
| Imports of goods and non-factor services | 3.6 | -9.2 | 15.7 | 0.3 |
| GDP (at factor cost) | 4.1 | 2.0 | 100.0 | 2.0 |
| Total Domestic Demand* | 3.6 | 0.6 | 96.6 | 0.6 |



* Domestic demand is equal to GDP (fc) less net exports and changes in stocks.

P: Provisional; T: Target R: Revised

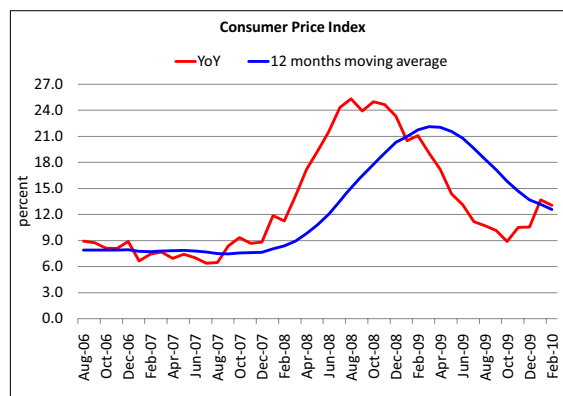
Source: Economic Survey 2008-09



Inflation

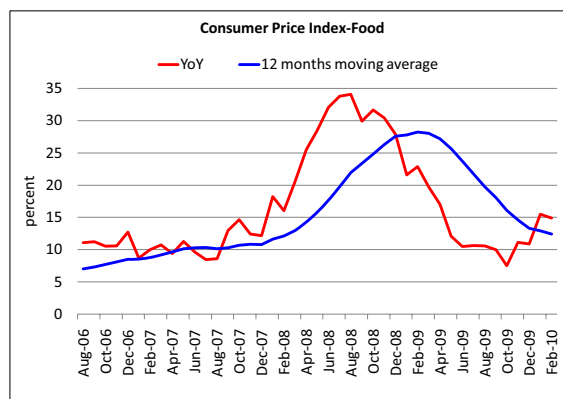
CPI inflation (YoY) fell marginally during February 2010 as compared to the preceding month.

| | CPI (percent change) | | |
|---|----------------------|-------------|--------------------|
| | MoM* | YoY# | 12M moving average |
| Feb-09 | 1.0 | 21.1 | 21.7 |
| Mar-09 | 1.4 | 19.1 | 22.1 |
| Apr-09 | 1.4 | 17.2 | 22.0 |
| May-09 | 0.2 | 14.4 | 21.5 |
| Jun-09 | 1.0 | 13.1 | 20.8 |
| Jul-09 | 1.5 | 11.2 | 19.6 |
| Aug-09 | 1.7 | 10.7 | 18.3 |
| Sep-09 | 0.5 | 10.1 | 17.1 |
| Oct-09 | 1.0 | 8.9 | 15.8 |
| Nov-09 | 1.4 | 10.5 | 14.6 |
| Dec-09 | -0.5 | 10.5 | 13.6 |
| Jan-10 | 2.4 | 13.7 | 13.1 |
| Feb-10 | 0.4 | 13.0 | 12.6 |
| 5-year Avg for February (excluding FY10) | 0.8 | 11.5 | |



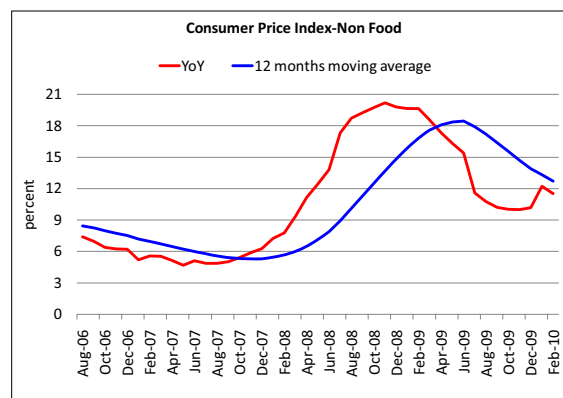
After showing a sharp increase in the last month, CPI food inflation (YoY) fell slightly during February 2010.

| | CPI -Food (40.3% weight in basket) (percent change) | | |
|---|---|-------------|------|
| Feb-09 | 0.6 | 22.9 | 28.2 |
| Mar-09 | 2.2 | 19.7 | 28.0 |
| Apr-09 | 2.0 | 17.0 | 27.2 |
| May-09 | -0.2 | 12.1 | 25.6 |
| Jun-09 | 1.0 | 10.5 | 23.7 |
| Jul-09 | 3.0 | 10.7 | 21.7 |
| Aug-09 | 2.5 | 10.6 | 19.8 |
| Sep-09 | 0.4 | 10.0 | 18.1 |
| Oct-09 | 1.1 | 7.5 | 16.1 |
| Nov-09 | 1.8 | 11.1 | 14.6 |
| Dec-09 | -1.7 | 10.9 | 13.3 |
| Jan-10 | 2.0 | 15.5 | 12.9 |
| Feb-10 | 0.1 | 14.9 | 12.4 |
| 5-year Avg for February (excluding FY10) | 0.5 | 13.9 | |



Similarly, non-food inflation (YoY) also declined during February 2010.

| | CPI -Non Food (59.7% weight in basket) (percent change) | | |
|---|---|------------|------|
| Feb-09 | 1.2 | 19.6 | 16.8 |
| Mar-09 | 0.7 | 18.5 | 17.6 |
| Apr-09 | 0.9 | 17.3 | 18.1 |
| May-09 | 0.6 | 16.3 | 18.4 |
| Jun-09 | 1.0 | 15.4 | 18.4 |
| Jul-09 | 0.3 | 11.6 | 17.9 |
| Aug-09 | 1.0 | 10.8 | 17.2 |
| Sep-09 | 0.5 | 10.2 | 16.4 |
| Oct-09 | 0.8 | 10.0 | 15.6 |
| Nov-09 | 1.0 | 10.0 | 14.7 |
| Dec-09 | 0.6 | 10.2 | 13.9 |
| Jan-10 | 2.8 | 12.2 | 13.3 |
| Feb-10 | 0.6 | 11.5 | 12.7 |
| 5-year Avg for February (excluding FY10) | 0.9 | 9.9 | |



* Month-on-Month

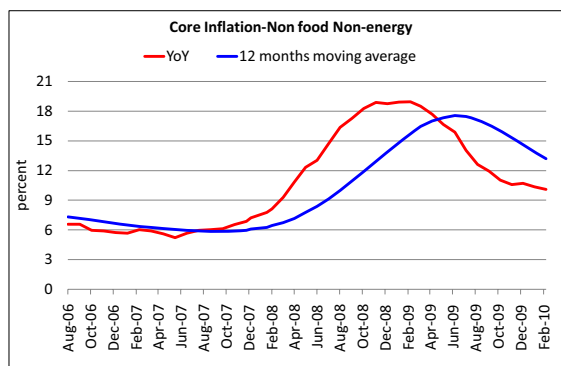
Year-on-Year

Sources: Federal Bureau of Statistics and Economic Analysis Department, SBP



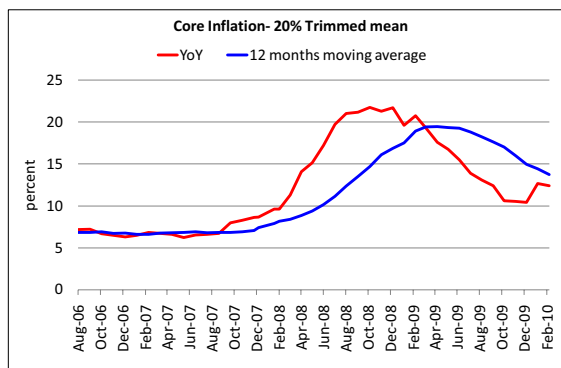
Non-food non-energy (NFNE) measure of core inflation maintained its declining trend.

| | Core-Non food non-energy (51% weight in basket) (percent change) | | |
|---|--|------------|--------------------|
| | MoM | YoY | 12M moving average |
| Feb-09 | 1.1 | 18.9 | 15.7 |
| Mar-09 | 0.9 | 18.5 | 16.5 |
| Apr-09 | 1.1 | 17.7 | 17.0 |
| May-09 | 0.8 | 16.6 | 17.4 |
| Jun-09 | 0.7 | 15.9 | 17.6 |
| Jul-09 | 0.7 | 14.0 | 17.5 |
| Aug-09 | 0.8 | 12.6 | 17.1 |
| Sep-09 | 0.8 | 11.9 | 16.6 |
| Oct-09 | 0.8 | 11.0 | 16.0 |
| Nov-09 | 0.8 | 10.6 | 15.3 |
| Dec-09 | 0.7 | 10.7 | 14.6 |
| Jan-10 | 0.7 | 10.3 | 13.9 |
| Feb-10 | 0.8 | 10.1 | 13.2 |
| 5-year Avg for February (excluding FY10) | 0.8 | 9.6 | |



Core inflation, 20% trimmed mean, also tapered off in February 2010 after the rise during January 2010.

| Core- 20% Trimmed (percent change) | | | |
|---|------------|-------------|------|
| Feb-09 | 0.7 | 20.8 | 18.9 |
| Mar-09 | 0.8 | 19.3 | 19.4 |
| Apr-09 | 1.2 | 17.6 | 19.4 |
| May-09 | 0.9 | 16.7 | 19.3 |
| Jun-09 | 0.8 | 15.5 | 19.2 |
| Jul-09 | 0.8 | 13.9 | 18.8 |
| Aug-09 | 1.1 | 13.1 | 18.2 |
| Sep-09 | 0.6 | 12.4 | 17.6 |
| Oct-09 | 0.8 | 10.6 | 17.0 |
| Nov-09 | 0.7 | 10.5 | 16.0 |
| Dec-09 | 0.6 | 10.4 | 14.9 |
| Jan-10 | 1.3 | 12.7 | 14.4 |
| Feb-10 | 0.7 | 12.4 | 13.7 |
| 5-year Avg for February (excluding FY10) | 0.7 | 10.7 | |

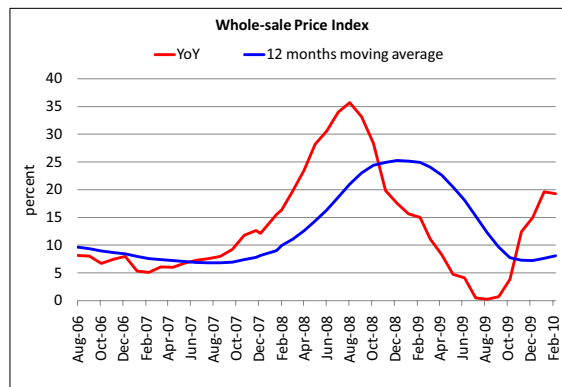


Sources: Federal Bureau of Statistics and Economic Analysis Department, SBP



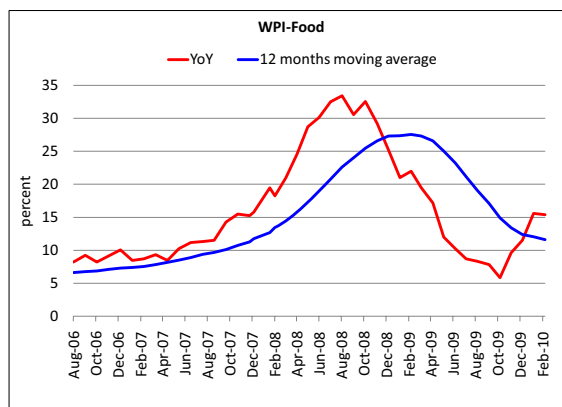
Wholesale price inflation (YoY) slightly eased during February 2010.

| | WPI (percent change) | | |
|---|----------------------|-------------|--------------------|
| | MoM | YoY | 12M moving average |
| Feb-09 | 0.7 | 15.0 | 25.0 |
| Mar-09 | 0.4 | 11.1 | 24.1 |
| Apr-09 | 1.7 | 8.3 | 22.7 |
| May-09 | 1.5 | 4.7 | 20.5 |
| Jun-09 | 2.4 | 4.1 | 18.2 |
| Jul-09 | 0.7 | 0.5 | 15.3 |
| Aug-09 | 2.2 | 0.3 | 12.3 |
| Sep-09 | 0.2 | 0.7 | 9.7 |
| Oct-09 | 1.2 | 3.8 | 7.8 |
| Nov-09 | 2.8 | 12.5 | 7.4 |
| Dec-09 | 0.2 | 15.0 | 7.3 |
| Jan-10 | 4.2 | 19.6 | 7.7 |
| Feb-10 | 0.4 | 19.3 | 8.1 |
| 5-year Avg for February (excluding FY10) | 0.9 | 10.6 | |



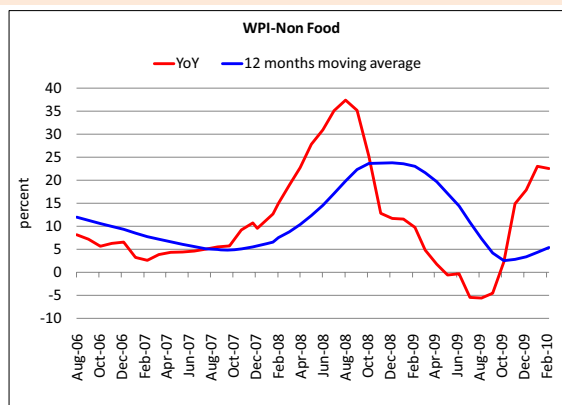
WPI food inflation (YoY) was slightly lower during February 2010 compared to previous month.

| WPI-Food (42.1% weight in basket) (percent change) | | | |
|--|------------|-------------|------|
| Feb-09 | 0.7 | 22.0 | 27.6 |
| Mar-09 | 0.9 | 19.5 | 27.3 |
| Apr-09 | 1.7 | 17.2 | 26.6 |
| May-09 | 0.8 | 12.0 | 25.0 |
| Jun-09 | 1.1 | 10.2 | 23.2 |
| Jul-09 | 2.0 | 8.7 | 21.2 |
| Aug-09 | 2.3 | 8.3 | 19.0 |
| Sep-09 | 0.4 | 7.8 | 17.1 |
| Oct-09 | 0.9 | 5.8 | 14.9 |
| Nov-09 | 1.9 | 9.6 | 13.4 |
| Dec-09 | -0.7 | 11.5 | 12.4 |
| Jan-10 | 2.7 | 15.6 | 12.0 |
| Feb-10 | 0.5 | 15.4 | 11.6 |
| 5-year Avg for February (excluding FY10) | 0.7 | 13.5 | |



Similarly, WPI non-food inflation (YoY) also declined marginally during February 2010 after rising for the last four consecutive months.

| WPI-Non Food (57.9% weight in basket) (percent change) | | | |
|--|------------|------------|------|
| Feb-09 | 0.6 | 9.8 | 23.0 |
| Mar-09 | 0.0 | 4.8 | 21.7 |
| Apr-09 | 1.7 | 1.8 | 19.7 |
| May-09 | 2.1 | -0.6 | 17.1 |
| Jun-09 | 3.5 | -0.3 | 14.4 |
| Jul-09 | -0.4 | -5.4 | 10.9 |
| Aug-09 | 2.1 | -5.6 | 7.3 |
| Sep-09 | 0.0 | -4.6 | 4.2 |
| Oct-09 | 1.4 | 2.2 | 2.5 |
| Nov-09 | 3.5 | 14.9 | 2.8 |
| Dec-09 | 0.9 | 17.9 | 3.4 |
| Jan-10 | 5.5 | 23.0 | 4.3 |
| Feb-10 | 0.2 | 22.6 | 5.4 |
| 5-year Avg for February (excluding FY10) | 1.2 | 8.6 | |



Sources: Federal Bureau of Statistics and Economic Analysis Department, SBP



CPI Inflation (YoY) by Groups

Both food and non-food groups contributed to slight decline in headline CPI inflation during February 2010.

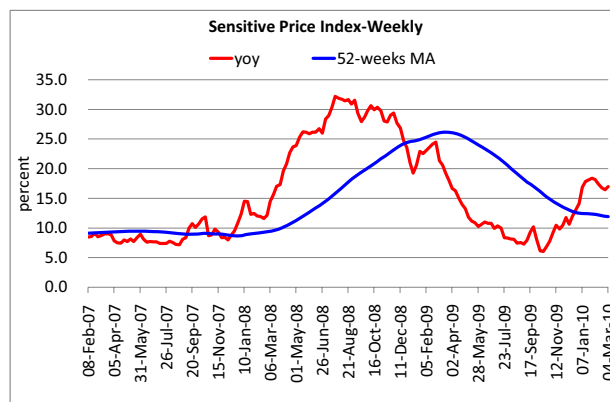
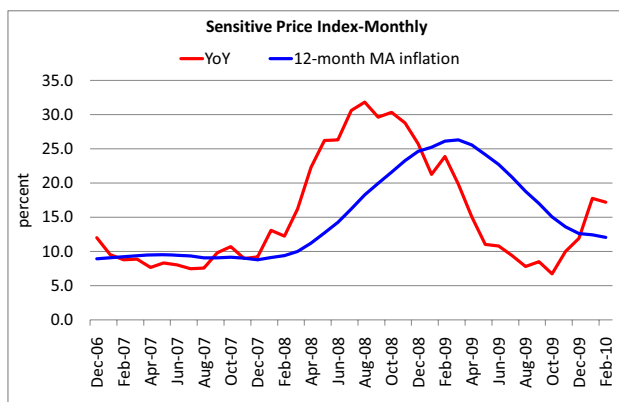
| Groups | Weights | Feb-10 | | | Jan-10 | | |
|---------------------------|-------------|------------|-------------|-------------|------------|-------------|-------------|
| | | MoM | YoY | 12m MA* | MoM | YoY | 12m MA* |
| I. Food Group | 40.3 | 0.1 | 14.9 | 12.4 | 2.0 | 15.5 | 12.9 |
| II. Non-Food Group | 59.7 | 0.6 | 11.5 | 12.7 | 2.8 | 12.2 | 13.3 |
| Apparel, Textile etc. | 6.1 | 0.7 | 5.6 | 7.6 | 0.5 | 5.2 | 8.3 |
| House Rent | 23.4 | 0.8 | 12.7 | 16.5 | 0.8 | 13.4 | 17.0 |
| Fuel and Lighting | 7.3 | -0.1 | 17.2 | 16.6 | 13.4 | 20.2 | 17.5 |
| Furniture etc. | 3.3 | 0.7 | 5.5 | 8.4 | 0.6 | 5.6 | 9.1 |
| Transport etc. | 7.3 | 1.1 | 10.4 | 3.3 | 3.0 | 9.4 | 4.0 |
| Recreation etc. | 0.8 | 3.5 | 4.3 | 4.8 | -0.3 | 2.1 | 5.5 |
| Education | 3.5 | 0.2 | 12.9 | 16.0 | 0.2 | 13.7 | 16.4 |
| Cleaning, Laundry etc. | 5.9 | 0.5 | 9.8 | 12.7 | 0.9 | 11.5 | 13.4 |
| Medicare | 2.1 | 0.4 | 5.9 | 7.0 | 2.7 | 5.9 | 7.7 |
| Overall | 100 | 0.4 | 13.0 | 12.6 | 2.4 | 13.7 | 13.1 |

SPI inflation (WoW) recorded higher for the first week of the March 2010 compared to previous weeks.

Sensitive Price Indicator (SPI) (percent change)

| Income Groups | Percent change | | | | Feb-10 | | |
|-----------------------|----------------|------------|---------------|-----------------|------------|-------------|-------------|
| | Current | Last week | Two weeks ago | Three weeks ago | MoM | YoY | 12m MA* |
| | 4-Mar-10 | 25-Feb-10 | 18-Feb-10 | 11-Feb-10 | | | |
| Up to Rs 3000 | 0.3 | 0.2 | 0.1 | 0.0 | 0.6 | 18.0 | 12.6 |
| Rs 3001-5000 | 0.3 | 0.2 | 0.1 | 0.0 | 0.5 | 17.8 | 13.0 |
| Rs 5001-12000 | 0.4 | 0.3 | 0.1 | 0.0 | 0.5 | 17.3 | 13.3 |
| Above Rs 12000 | 0.4 | 0.3 | 0.1 | 0.0 | 1.2 | 17.1 | 11.5 |
| All | 0.4 | 0.3 | 0.2 | 0.0 | 0.9 | 17.2 | 12.0 |

Sources: Federal Bureau of Statistics and Economic Analysis Department, SBP



*These changes are calculated on the basis of 12 month average of CPI over the 12 month average of preceding year.



Balance of Payments

Overall balance of payments turned into a surplus during February 2010 largely as a result of decline in trade deficit and receipt of logistic support.

Balance of Payments Summary (Billion \$)

| Items | Feb-10 (Mlns \$) | Jul-Feb | | FY09 |
|---|---------------------|---------------|--------------|---------------|
| | | FY10 | FY09 | |
| A) Current account | -50.0 | -2.6 | -8.0 | -9.3 |
| 1. Trade balance | -781 | -7.4 | -9.5 | -12.6 |
| Exports | 1535 | 12.5 | 12.9 | 19.1 |
| Imports | 2316 | 19.9 | 22.3 | 31.7 |
| 2. Services | 116 | -1.7 | -2.7 | -3.4 |
| Receipts | 614 | 2.7 | 2.6 | 4.1 |
| Payments | 498 | 4.4 | 5.3 | 7.5 |
| 3. Income | -192 | -1.9 | -3.0 | -4.4 |
| Receipts | 51 | 0.4 | 0.6 | 0.9 |
| Payments | 243 | 2.2 | 3.6 | 5.3 |
| 4. Current transfers | 807 | 8.4 | 7.2 | 11.2 |
| Receipts: of which | 812 | 8.5 | 7.2 | 11.3 |
| Remittances | 589 | 5.8 | 4.9 | 7.8 |
| Payments | 5 | 0.1 | 0.1 | 0.1 |
| B) Capital and financial account: of which | 220 | 4 | 3.4 | 6.1 |
| 1. Foreign investment | 156 | 1.0 | 1.9 | 2.6 |
| FDI | 143 | 1.3 | 2.8 | 3.7 |
| FPI | 13 | -0.3 | -0.9 | -1.1 |
| 2. Foreign long term loans | -36 | 1.5 | 0.8 | 2.2 |
| Disbursements | 64 | 2.5 | 2.0 | 4.0 |
| Amortization | 100 | 1.0 | 1.2 | 1.8 |
| C) Errors & omissions | -81 | -0.4 | 0.0 | 0.2 |
| Overall balance (A+B+C) | 89 | 0.9 | -4.5 | -3.1 |
| SBP gross reserves¹ | 12,070 | 12,070 | 7,914 | 10,257 |

¹ These include sinking funds (earmarked for specific purposes) and foreign currency holdings of SBP.

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

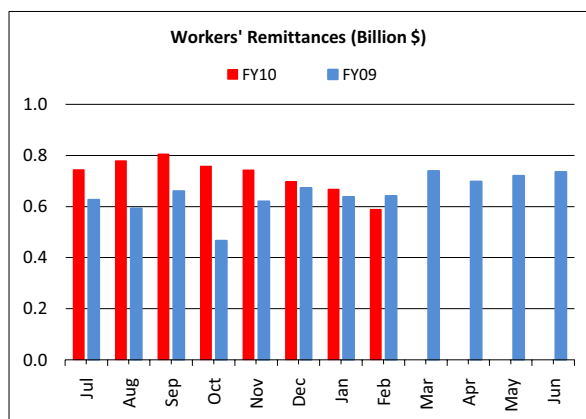
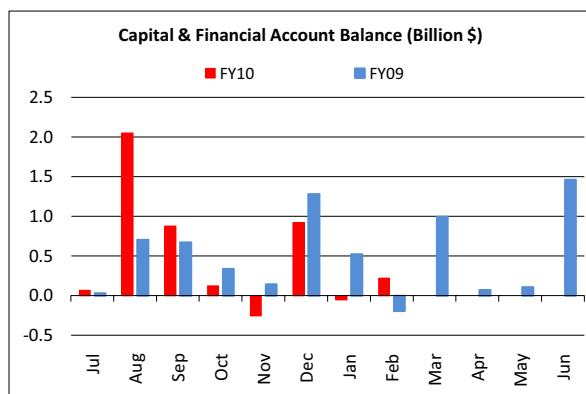
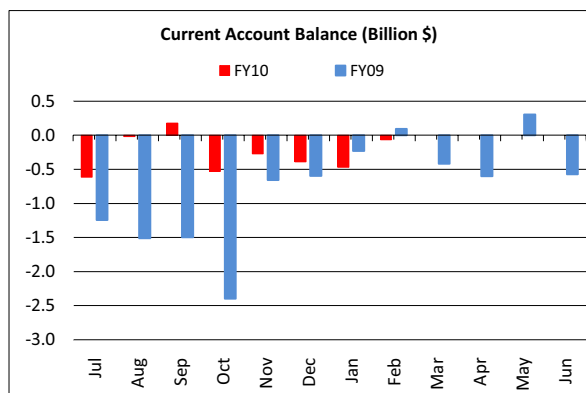
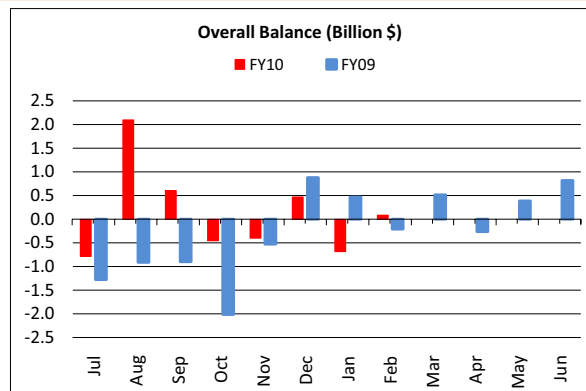
Slowdown in remittances inflow continued during February 2010.

Workers' Remittances² (Million \$)

| | Feb-10 | Jul-Feb | | FY09 |
|------------------------|------------|--------------|--------------|--------------|
| | | FY10 | FY09 | |
| Total: of which | 589 | 5,786 | 4,918 | 7,811 |
| USA | 111 | 1,173 | 1,157 | 1,736 |
| UK | 46 | 596 | 344 | 606 |
| Saudia | 149 | 1,149 | 962 | 1,560 |
| UAE | 138 | 1,318 | 1,036 | 1,689 |
| GCC ³ | 89 | 827 | 783 | 1,203 |
| Others | 55 | 722 | 636 | 1,019 |

² Only cash, ³ Kuwait, Qatar, Bahrain and Oman

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



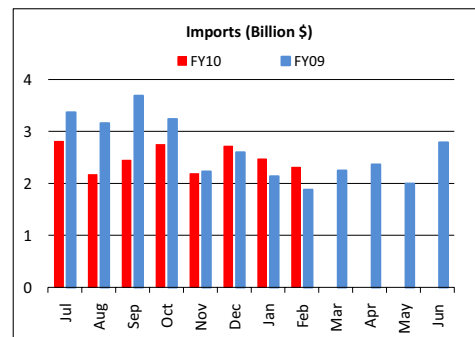
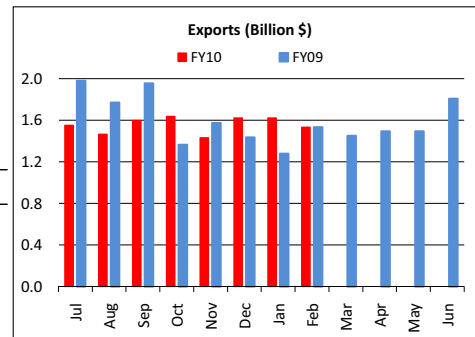
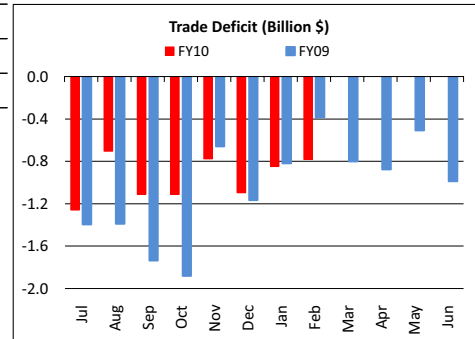


Trade

The trade deficit narrowed down further during February 2010, mainly due to decline in imports.

Trade in Goods -Major Groups (Million \$)

| | Feb-10 | Jul-Feb | | FY09 | Shares ¹ |
|--|--------------|---------------|---------------|---------------|---------------------|
| | | FY10 | FY09 | | FY10 |
| Exports | 1,535 | 12,480 | 12,870 | 19,121 | 100 |
| Textile group | 757 | 6,570 | 6,759 | 9,776 | 53 |
| Cotton cloth | 131 | 1,205 | 1,462 | 2,107 | 10 |
| Knitwear, bedwear | 263 | 2,379 | 2,454 | 3,581 | 19 |
| Readymade garments | 69 | 636 | 670 | 983 | 5 |
| Other manufactures group | 339 | 2,909 | 3,131 | 3,511 | 23 |
| Leather items ² | 47 | 440 | 540 | 749 | 4 |
| Chemical and pharma | 67 | 491 | 453 | 668 | 4 |
| Cement | 34 | 335 | 414 | 606 | 3 |
| Engineering goods | 20 | 191 | 234 | 347 | 2 |
| Food group | 276 | 2,026 | 1,895 | 2,797 | 16 |
| Rice | 186 | 1,274 | 1,215 | 1,766 | 10 |
| All Others | 163 | 975 | 1,543 | 3,128 | 8 |
| Imports | 2,316 | 19,929 | 22,331 | 31,747 | 100 |
| Petroleum group | 873 | 6,720 | 7,697 | 10,032 | 34 |
| Petroleum products | 617 | 4,252 | 4,098 | 5,599 | 21 |
| Petroleum crude | 256 | 2,468 | 3,599 | 4,433 | 12 |
| Machinery group | 293 | 2,649 | 3,459 | 4,923 | 13 |
| Power machinery | 45 | 570 | 772 | 1,305 | 3 |
| Electrical machinery | 34 | 374 | 563 | 716 | 2 |
| Agri. & other chemicals group | 377 | 3,538 | 3,432 | 4,848 | 18 |
| Fertilizer manufactured | 46 | 699 | 329 | 449 | 4 |
| Plastic materials | 87 | 712 | 766 | 1,091 | 4 |
| Food group | 260 | 1,869 | 2,493 | 3,586 | 9 |
| Palm oil | 111 | 812 | 999 | 1,342 | 4 |
| Sugar | 1 | 136 | 14 | 51 | 1 |
| Metal group | 162 | 1,281 | 1,243 | 2,042 | 6 |
| Iron steel (IS) & IS scrap | 130 | 1,018 | 999 | 1,658 | 5 |
| All Others | 351 | 3,872 | 4,008 | 6,238 | 19 |

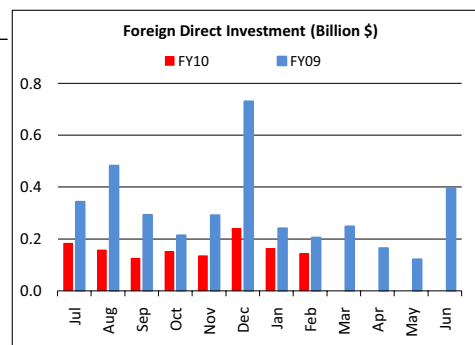


¹ Share=group(item)/total, based on FY10 value; ² Include tanned and manufactured leather

Inflow of FDI remained meager during February 2010.

Inflow of Foreign Direct Investment in Pakistan (Million \$)

| | Feb-10 | Jul-Feb | | FY09 |
|------------------------|------------|--------------|--------------|-------------|
| | | FY10 | FY09 | |
| Total: Of which | 143 | 1,319 | 2,795 | 3720 |
| Major countries | | | | |
| USA | 64 | 411 | 618 | 870 |
| U.A.E. | 6 | 129 | 152 | 178 |
| U.K. | 12 | 131 | 189 | 263 |
| Netherlands | 4 | 184 | 57 | 42 |
| Major sectors | | | | |
| Communication | -2 | 111 | 795 | 879 |
| Financial service | 0 | 86 | 647 | 707 |
| Oil & gas exploration | 78 | 399 | 471 | 775 |
| Power | 13 | 116 | 80 | 131 |
| Trade | 3 | 49 | 122 | 167 |



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



Global Economy

Considering strong recovery in the domestic economy, central banks of India, Malaysia and Australia raised their policy rates.

Policy Rates in Major Economies

| Major Economies | Current Policy Rate | Previous | Changed On | Change (bps) |
|-----------------|---------------------|----------|-------------|--------------|
| USA* | 0.25 | 1.00 | Dec 16 2008 | ↓ -75 |
| UK | 0.50 | 1.00 | Mar 05 2009 | ↓ -50 |
| ECB | 1.00 | 1.25 | May 07 2009 | ↓ -25 |
| Japan | 0.10 | 0.30 | Dec 20 2008 | ↓ -20 |
| Australia | 4.00 | 3.75 | Mar 03 2010 | ↑ 25 |
| China | 5.31 | 5.58 | Dec 22 2008 | ↓ -27 |
| India | 5.00 | 4.75 | Mar 19 2009 | ↑ 25 |
| South Korea | 2.00 | 2.50 | Feb 12 2009 | ↓ -50 |
| Malaysia | 2.25 | 2.00 | Mar 04 2010 | ↑ 25 |
| Indonesia | 6.50 | 6.75 | Aug 05 2009 | ↓ -25 |
| Thailand | 1.25 | 1.50 | Apr 08 2009 | ↓ -25 |

GDP growth improved in many developed economies during last quarter of 2009, but at the same time, inflation was also on the rise.

Key Macroeconomic Indicators

| | Inflation (YoY) ¹ | | GDP growth ² | C/A balance | Fiscal balance |
|--------------|------------------------------|------|-------------------------|--------------------------------|----------------|
| | Feb-10 | | | (As a percentage of GDP-Q4'09) | |
| USA | 2.1 | 0.1 | Q4-09 | -3.2 (Q3'09) | -10.2 |
| UK | 3.5 (Jan-10) | -3.2 | Q4-09 | -1.2 (Q3'09) | -7.1 |
| Euro Area | 0.9 | -2.1 | Q4-09 | 0.2 | -6.3 (Q3'09) |
| Japan | -1.3 (Jan-10) | -0.4 | Q4-09 | 2.8 | - |
| Australia | 2.1 (Q4-09) | 2.7 | Q4-09 | -4.2 (Q3-09) | - |
| China | 2.7 | 10.7 | Q4-09 | 6.3 (H1-09) | 4.3 |
| India | 16.2 (Jan-10) | 6.0 | Q3-09 | -2.5 (Q2-09) | -7.6 (Q2-09) |
| Sri Lanka | 6.9 | 4.2 | Q3-09 | - | - |
| Korea, South | 2.7 | 6.0 | Q4-09 | 6.4 | -6.3 |
| Malaysia | 1.3 | 4.5 | Q4-09 | 0.2 (Q3'09) | - |
| Indonesia | 3.8 | 5.4 | Q4-09 | 2.1 | - |
| Thailand | 3.7 | 5.8 | Q4-09 | 7.4 | -5.3 |

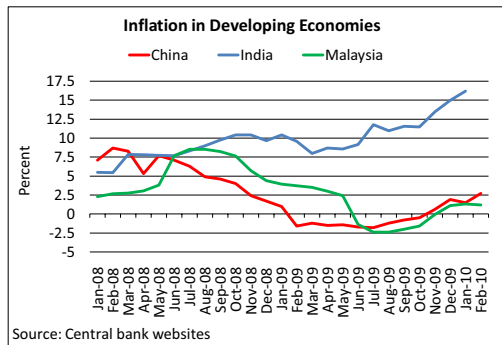
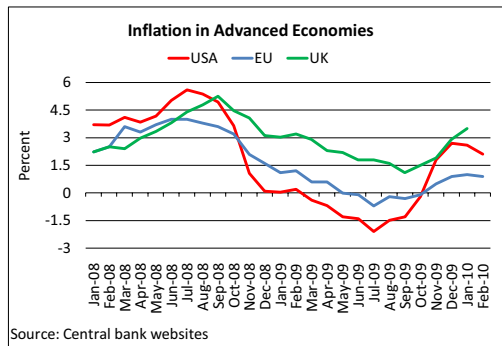
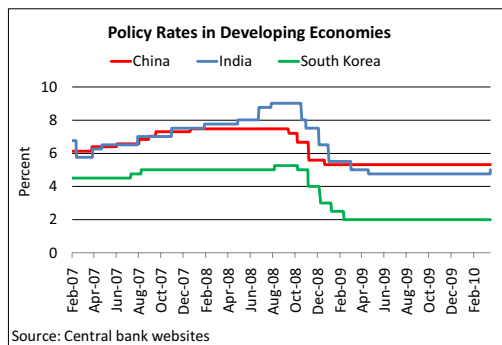
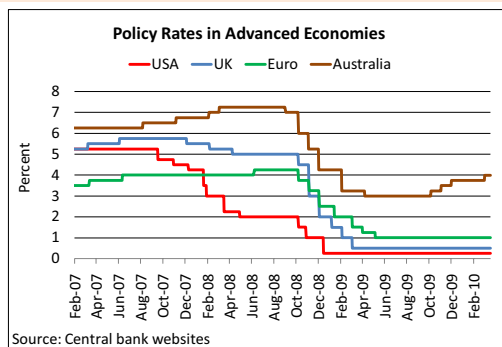
World economy is expected to rebound in a big way in 2010.

World Economic Outlook - Real GDP Growth

| | 2009 (IMF Estimated) | 2010 Projections | | |
|----------------------------------|----------------------|------------------|---------------------|---------------|
| | | IMF (Jan-10) | World Bank (Jan-10) | OECD (Nov-09) |
| World output | -0.8 | 3.9 | 2.7 | - |
| Advance | -3.2 | 2.1 | 1.8 | - |
| US | -2.5 | 2.7 | 2.5 | 2.5 |
| Euro area | -3.9 | 1.0 | 1.0 | 0.9 |
| Japan | -5.3 | 1.7 | 1.3 | 1.8 |
| UK | -4.8 | 1.3 | - | 1.2 |
| Emerging & Developing | 2.1 | 6.0 | 5.2 | - |
| Russia | -9.0 | 3.6 | 3.2 | 4.9 |
| China | 8.7 | 10.0 | 9.0 | 10.2 |
| India | 5.6 | 7.7 | 7.6 | 7.3 |
| ASEAN-5 | 1.3 | 4.7 | - | - |

* US Fed is currently operating under an interest rate band of 0 to 0.25 percent.

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





Most of the international commodity prices showed decreasing trend in February 2010 due to above average inventory levels in many commodity sectors.

World Commodities Price Indices (2005=100)

| | Feb-10 | % change since | | |
|---------------------------|---------|----------------|---|------------|
| | | Last month | | End Jun-09 |
| Global CPI | 139.29 | ↓ -2.15 | ↑ | 10.02 |
| Food CPI | 142.74 | ↓ -0.93 | ↓ | -0.59 |
| Commodity non-fuel CPI | 139.51 | ↓ -1.20 | ↑ | 11.68 |
| Metal CPI | 145.97 | ↓ -5.63 | ↑ | 23.21 |
| Crude oil (\$/bbl) | 74.78 | ↓ -3.04 | ↑ | 8.17 |
| Palm oil (\$/m. ton) | 754.32 | ↑ 1.66 | ↑ | 9.19 |
| Soya bean Oil (\$/m. ton) | 840.40 | ↑ 0.24 | ↑ | 1.06 |
| Wheat (\$/m. ton) | 194.37 | ↓ -3.39 | ↓ | -23.30 |
| Gold spot (\$/Oz) | 1117.60 | ↑ 3.40 | ↑ | 20.61 |
| Sugar (US cents/pound) | 35.00 | ↑ 4.71 | ↑ | 55.73 |

Source: IMF-IFS

International capital markets are showing positive signs on the back of improved expectations regarding global economic recovery.

Capital Market Indices

| | Latest - Mar 19, 2010 | % change since | | |
|--------------------------------------|-----------------------|----------------|---|------------|
| | | Last month | | End Jun-09 |
| US (DJIA) | 10741.9 | ↑ 3.3 | ↑ | 27.2 |
| DJ EURO STOXX | 2897.9 | ↑ 3.7 | ↑ | 20.7 |
| UK (FTSE 100) | 5650.1 | ↑ 5.4 | ↑ | 33.0 |
| Japan (Nikkei 225) | 10824.7 | ↑ 6.9 | ↑ | 8.7 |
| China (SSEA) | 3067.7 | ↑ 2.1 | ↑ | 3.7 |
| France (CAC 40) | 3925.4 | ↑ 4.14 | ↑ | 25.0 |
| Germany (DAX) | 5982.4 | ↑ 4.6 | ↑ | 24.4 |
| India (BSE) | 17578.2 | ↓ -7.4 | ↑ | 11.7 |
| World dev'd (MSCI) ³ | 1180.3 | ↑ 7.2 | ↑ | 16.5 |
| Emerging markets (MSCI) ³ | 993.4 | ↑ 8.9 | ↑ | 28.5 |
| World all (MSCI) ³ | 302.2 | ↑ 7.4 | ↑ | 22.2 |

End Notes

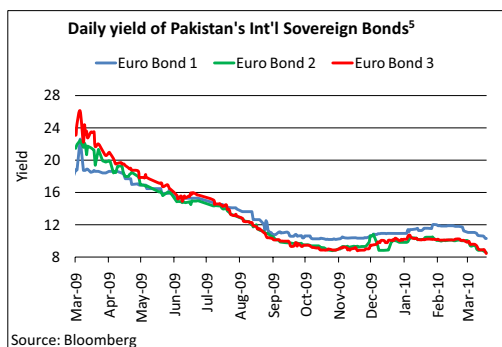
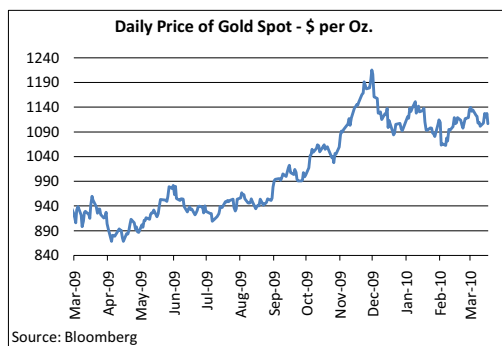
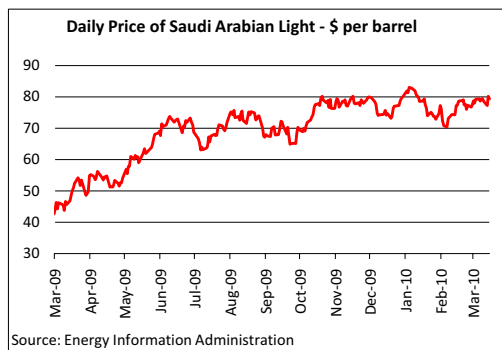
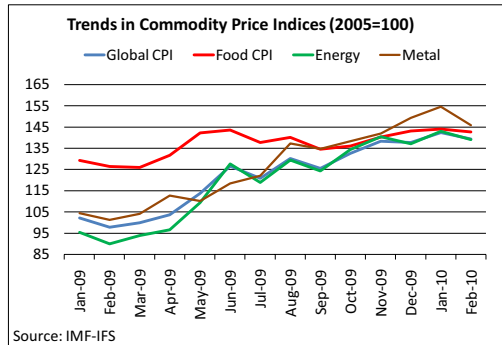
¹ Inflation is monthly data with YoY percent changes

² Growth is measured as percentage change over the same quarter of previous year.

³ March 10, 2010

⁴ Euro Bond 1= \$300 M (30 Yr US T bill+302 bps=>7.875%); Issued-3/24/2006: Maturity-3/23/2036; Euro Bond 2= \$750 M (10 Yr US T bill+200 bps=>6.875%); Issued-6/1/2007: Maturity-5/30/2017; Euro Bond 3= \$500 M (10 Yr US T bill+240 bps=>7.125%); Issued-3/24/2006: Maturity-3/23/2016

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





Revenues, Expenditures and Fiscal Balances

Current trends in tax revenues and expenditures suggest the likelihood of rising fiscal deficit for FY10.

Revenues (Billion Rupees)

| | BE ¹ | | Actual FY09 |
|---------------------------------|-----------------|------------|----------------|
| | FY10 | H1-FY10 | |
| Total revenue | 2156 | 910 | 1851 |
| 1. Tax revenue | 1593 | 659 | 1331 |
| <i>Growth (YoY) %</i> | 19.7 | 14.0 | 26.6 |
| <i>of which: FBR revenues *</i> | 1380 | 582 | 1157 |
| 2. Non-tax revenue | 563 | 251 | 520 |
| <i>Growth (YoY)</i> | 8.2 | -2.2 | 15.9 |

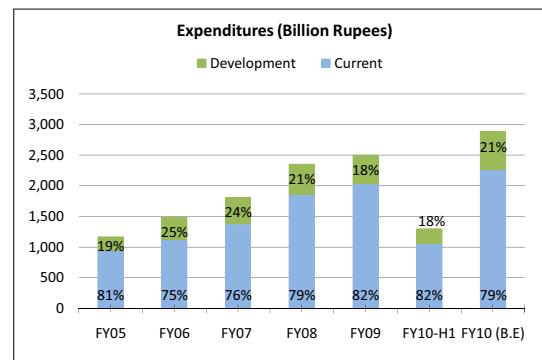
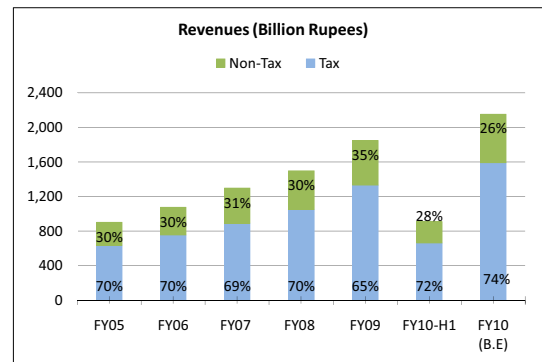
* The total FBR tax revenues during July-JanFY10 are Rs694 billion.

Expenditures (Billion Rupees)

| | BE ¹ | | Actual FY09 |
|--------------------------------------|-----------------|-------------|----------------|
| | FY10 | H1-FY10 | |
| Total expenditure³ | 2877 | 1313 | 2531 |
| 1. Current | 2261 | 1059 | 2042 |
| <i>Growth (YoY) %</i> | 10.7 | 15.2 | 9.9 |
| Interest payments | 647 | 294 | 555 |
| Defence | - | 166 | 313 |
| 2. Development & net lending | 616 | 239 | 456 |
| <i>Growth (YoY) %</i> | 35.2 | 80.3 | 7.6 |

Overall Balance (Billion Rupees)

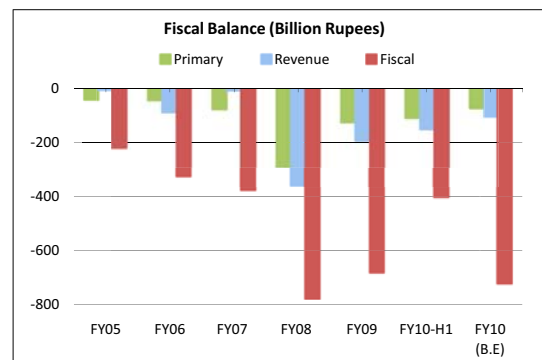
| | BE ¹ | | Actual FY09 |
|-----------------------------------|-----------------|-------------|----------------|
| | FY10 | H1-FY10 | |
| Fiscal Balance⁶ | -721 | -403 | -680 |
| Revenue Balance ⁵ | -105 | -149 | -191 |
| Primary Balance ⁴ | -74 | -109 | -125 |



Tax collections from FBR posted a robust growth of 46 percent during January 2010.

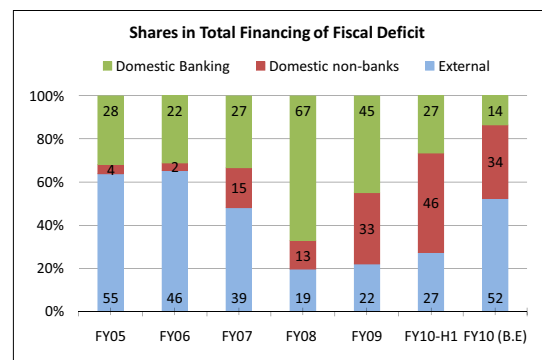
Financing of Fiscal Deficit (Billion Rupees)

| | BE ¹ | | Actual FY09 |
|---------------------------------|-----------------|------------|----------------|
| | FY10 | H1-FY10 | |
| Financing | 721 | 403 | 680 |
| 1. External | 377 | 110 | 150 |
| 2. Domestic: <i>of which</i> | 344 | 293 | 531 |
| Non-bank | 246 | 186 | 224 |
| Banking system: <i>of which</i> | 97 | 107 | 306 |
| Commercial Banks | 97 | 171 | 192 |
| SBP | 0 | -64 | 114 |
| Privatization proceeds | - | - | 1.3 |



FBR Tax Collection (Billion Rupees)

| | Direct | Sales | Customs | FED ² | Total taxes |
|---------------------------------|------------|------------|-----------|------------------|-------------|
| Feb-09 | 24 | 35 | 9 | 9 | 78 |
| Mar-09 | 49 | 36 | 12 | 10 | 107 |
| Apr-09 | 25 | 38 | 12 | 11 | 86 |
| May-09 | 32 | 40 | 11 | 11 | 95 |
| Jun-09 | 75 | 53 | 20 | 13 | 161 |
| Jul-09 | 17 | 38 | 9 | 9 | 75 |
| Aug-09 | 26 | 39 | 11 | 10 | 86 |
| Sep-09 | 41 | 40 | 12 | 9 | 103 |
| Oct-09 | 44 | 42 | 13 | 10 | 108 |
| Nov-09 | 27 | 40 | 11 | 10 | 88 |
| Dec-09 | 56 | 44 | 14 | 9 | 123 |
| Jan-10 | 46 | 45 | 13 | 9 | 112 |
| Feb-10 | 32 | 41 | 8 | 11 | 93 |
| Jul-Feb FY10⁷ | 289 | 329 | 92 | 77 | 787 |
| Jul-Feb FY09 | 259 | 285 | 93 | 71 | 708 |



Sources: Ministry of Finance (MoF), Federal Board of Revenue (FBR) and State Bank of Pakistan (SBP)

¹ Budget estimates; ² Federal excise duty; ³ Exclusive of statistical discrepancy; ⁴ Primary balance = total revenue - total expenditure + interest payment;

⁵ Revenue balance = total revenue - current expenditure; ⁶ Fiscal balance = total revenue - total expenditure; ⁷ All data of FY10 is Provisional

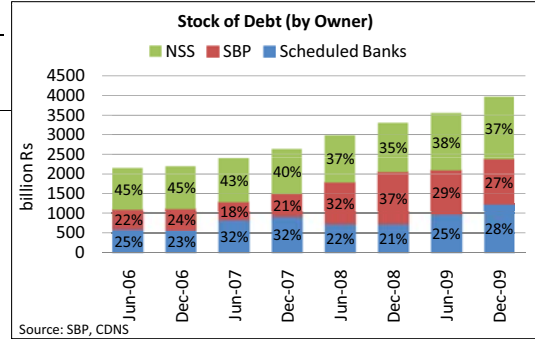


Domestic Debt

The stock of domestic debt is rising and borrowings remain skewed towards short-term sources.

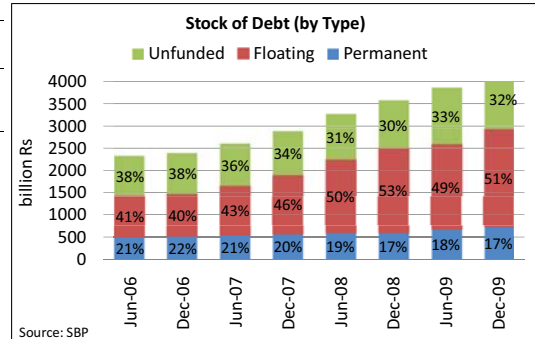
Debt by Owner - End Period Stocks (Billion Rupees)

| | Jan-10 | Jun-09 | Absolute Δ Since Jun 2009 |
|------------------|----------------|----------------|---------------------------|
| Bank | 2,288 | 2065 | 224 |
| Commercial banks | 1,175 | 954 | 221 |
| SBP | 1,114 | 1111 | 3 |
| Non-bank | 2,004 | 1788 | 216 |
| National saving | 1,601 | 1468 | 133 |
| Others | 403 | 320 | 83 |
| Total | 4,292.5 | 3,852.6 | 439.9 |



Debt by Type - End Period Stocks (Billion Rupees)

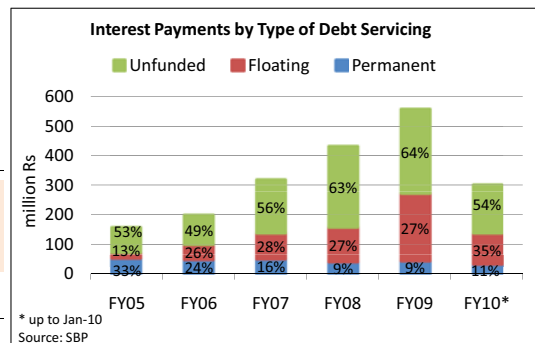
| | Jan-10 | Jun-09 | Absolute Δ Since Jun 2009 |
|--|----------------|----------------|---------------------------|
| Long term | 2,128 | 1,949 | 179 |
| Permanent: <i>Of which</i> | 747 | 678 | 69 |
| PIBs | 474 | 441 | 33 |
| Prize bonds | 217 | 197 | 19 |
| Unfunded: <i>Of which</i> | 1381 | 1271 | 110 |
| NSS ¹ | 1274 | 1163 | 111 |
| Short term (floating): <i>Of which</i> | 2165 | 1904 | 261 |
| MTBs | 1054 | 796 | 258 |
| MTBs-replenishment | 1111 | 1108 | 3 |
| Total | 4,292.5 | 3,852.6 | 439.9 |



Expenditures related to debt servicing increased significantly due to short-term borrowing.

Debt Servicing (Billion Rupees)

| | Jan-10 | Jul-Jan | | | FY09 |
|--------------|-------------|--------------|--------------|------------|--------------|
| | | FY10 | FY09 | %Δ | |
| Permanent | 0.7 | 32.7 | 20.5 | 59.5 | 42.9 |
| Unfunded | 20.5 | 161.7 | 139.7 | 15.7 | 286.0 |
| Floating | 18.5 | 104.7 | 128.0 | -18.2 | 227.2 |
| Total | 39.7 | 299.1 | 288.2 | 3.8 | 556.1 |



Indicators of Domestic Debt Sustainability

Debt Stock as % of GDP

| | FY06 | FY07 | FY08 | FY09 | FY10 ² |
|--|------|------|------|------|-------------------|
| | 30.5 | 29.8 | 31.2 | 29.4 | 29.0 |

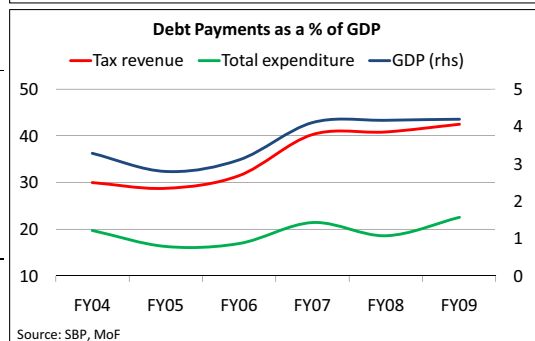
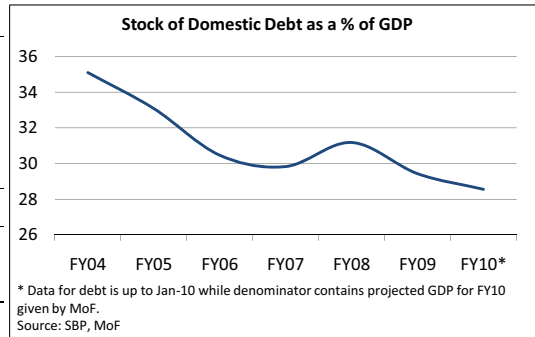
Debt Servicing as % of

| | FY06 | FY07 | FY08 | FY09 | FY10 ³ |
|---------------------|------|------|------|------|-------------------|
| GDP | 3.1 | 4.1 | 4.2 | 4.2 | 2.0 |
| Total revenue | 22.0 | 27.6 | 28.6 | 30.7 | 32.9 |
| Tax revenue | 31.5 | 40.3 | 40.9 | 42.5 | 45.4 |
| Total expenditure | 16.9 | 21.4 | 18.6 | 22.5 | 22.8 |
| Current expenditure | 21.2 | 26.1 | 23.1 | 29.7 | 28.2 |

¹ National saving schemes include certificates and accounts.

² On the basis of projected GDP for FY10 given by MoF (debt up to Jan-10).

³ Data in numerator is up to Jan-10 while in denominator it is up to Dec-09, except for GDP. Sources: Central Directorate of National Savings (CDNS), SBP and Ministry of Finance (MoF)





External Debt

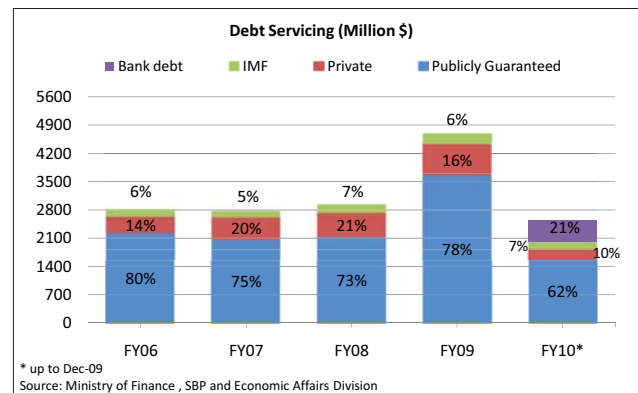
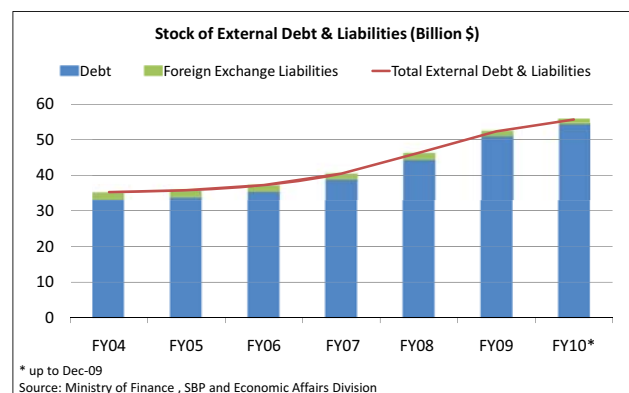
Stock of external debt continues to increase mainly due to IFIs loans.

| Debt & Liabilities - End Period Stocks (Million \$) | | | | Debt Servicing (Million \$) | | |
|---|---------------|---------------|---------------------------|----------------------------------|--------------|---------------|
| Items | Dec-09 | FY09 (Jun-09) | Absolute Δ Since Jun 2009 | Items | Dec-09 | FY09 (Jun-09) |
| I.Public & publicly guaranteed | 43,498 | 42,567 | 931 | I.Public & publicly guaranteed | 1,579 | 3,664 |
| A.Medium and long term | 42,276 | 41,115 | 1,161 | Principal | 1,173 | 2,745 |
| Paris club ¹ | 14,330 | 13,998 | 332 | Interest | 406 | 919 |
| Multilateral ² | 23,792 | 23,103 | 689 | A.Medium and long term | 1,115 | 2,750 |
| Other bilateral ³ | 1,752 | 1,499 | 253 | Principal | 728 | 1,904 |
| Euro/Saindak/Sukuk bonds | 2,150 | 2,150 | 0 | Interest | 387 | 846 |
| Others ⁴ | 252 | 365 | -113 | B.Short-term (< 1 yr) | 464 | 914 |
| B.Short-Term (≤ 1 yr) | 1,222 | 1,452 | -230 | II.Bank's debt | 545 | - |
| IDB | 322 | 652 | -330 | III.Pvt. Non-guaranteed debt | 265 | 758 |
| II.Banks' debt ⁵ | 196 | - | 226 | IV.IMF | 171 | 264 |
| III.Pvt. non-guaranteed (M<) ⁶ | 3,128 | 3,207 | -79 | Repurchase/Principal | 109 | 210 |
| IV.Pvt. non-guaranteed Bonds ⁷ | 137 | 137 | 0 | Charges/Interest | 62 | 54 |
| V.IMF | 7,494 | 5,148 | 2,346 | V.Foreign exchange liabilities | 71 | 44 |
| Total external debt (I to V) | 54,453 | 51,059 | 3,394 | Total Servicing (I to V): | 2,631 | 4,730 |
| VI.Foreign exchange liabilities ⁸ | 1,222 | 1,274 | -52 | Principal | 2,095 | 3,577 |
| Total debt liabilities (I to VI) | 55,675 | 52,333 | 3,342 | Interest | 537 | 1,153 |

Similar to FY09, debt stock as a percentage of GDP is likely to increase during FY10.

Indicators of External Debt Sustainability

| | Debt Stock as % of | | | | | Debt Servicing as % of | | | | | |
|------------------|--------------------|-------|-------|-------|---------|------------------------|------|------|------|---------|------|
| | FY06 | FY07 | FY08 | FY09 | FY10-H1 | FY06 | FY07 | FY08 | FY09 | FY10-H1 | |
| GDP ⁹ | 28.2 | 27.3 | 27.1 | 30.7 | 30.5 | Exports | 18.9 | 17.5 | 15.9 | 26.4 | 28.7 |
| Reserves | 273.5 | 249.3 | 390.1 | 408.5 | 361.9 | GDP | 2.4 | 2.1 | 1.8 | 2.8 | 1.5 |
| Exports | 218.2 | 229.8 | 233.4 | 285.5 | - | Reserves | 23.7 | 19.0 | 26.6 | 37.8 | 17.5 |



¹ Major contributors are Canada, France, Germany, Japan, Korea, USA; ² Major contributors are ADB, IBRD, IDB; ³ Major contributors are China, Kuwait, Saudi Arabia, UAE; ⁴ Include military debt, commercial loans & credit, local currency bonds TBs, PIBs; ⁵ Commercial banks borrowing; ⁶ Medium and long term; ⁷ Comprises bonds issued by Mobilink & Pace International; ⁸ Include special USD bonds, national debt retirement program, central banks' deposit, NBP/BOC deposits, swap arrangements and exclude FEBCs/FCBCs & DBCs; ⁹ Denominator contains projected GDP in dollar terms provided by SBP for FY10, while data for exports and reserves is up to Dec-09.

Sources: Economic Affairs Division and SBP



Monetary and Credit Aggregates

Expansion in both NFA and NDA of the banking system are contributing towards expansion in broad money (M2).

Monetary Assets of Banking System

| | End June 2009 Stocks | Cumulative Flows since end June | | FY09 |
|---|-------------------------|---------------------------------|-------------|-------------|
| | | Latest week | A year ago | |
| | | 13-Mar-10 | 14-Mar-09 | |
| NFA | 517 | 70 | -282 | -150 |
| NDA | 4620 | 275 | 403 | 599 |
| Government borrowings: of wh. | 2034 | 249 | 419 | 525 |
| Budgetary borrowing | 1681 | 312 | 405 | 317 |
| Commodity operations | 336 | -62 | 16 | 209 |
| Non-govt. sect. borrowings: of wh. | 3190 | 224 | 158 | 172 |
| Private sector | 2907 | 147 | 100 | 19 |
| PSEs | 266 | 77 | 59 | 153 |
| Other items (net) | -604 | -198 | -174 | -98 |
| M2 | 5137 | 345 | 120 | 449 |

Monetary Liabilities of Banking System

| | | | | |
|----------------------------------|-------------|------------|------------|------------|
| Currency in circulation | 1152 | 189 | 177 | 170 |
| Total deposits with banks | 3980 | 148 | -56 | 279 |
| Demand deposits with banks | 3206 | 101 | -137 | 134 |
| Time deposits with banks | 494 | -1 | 61 | 128 |
| RFCDs with banks | 280 | 48 | 21 | 17 |
| M2 | 5137 | 345 | 120 | 449 |

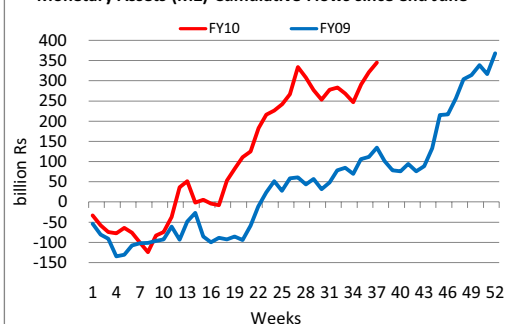
Percent Growth in Monetary Assets of Banking System

| | YoY | Since end June | | FY09 |
|---|---------|----------------|------------|---------|
| | | Latest week | A year ago | |
| | | 13-Mar-10 | 14-Mar-09 | |
| NFA | ↑ 52.5 | ↑ 13.6 | ↓ -42.3 | ↓ -22.5 |
| NDA | ↑ 10.6 | ↑ 5.9 | ↑ 10.0 | ↑ 14.9 |
| Government borrowings | ↑ 18.6 | ↑ 12.3 | ↑ 27.8 | ↑ 34.8 |
| Budgetary borrowing | ↑ 1.5 | ↑ 18.6 | ↑ 30.8 | ↑ 23.3 |
| Commodity operations | ↑ 135.0 | ↓ -18.4 | ↑ 9.8 | ↑ 164.3 |
| Non-government sector borrowings | ↑ 7.1 | ↑ 7.0 | ↑ 5.4 | ↑ 5.7 |
| Private sector | ↑ 1.3 | ↑ 5.0 | ↑ 3.4 | ↑ 0.7 |
| PSEs | ↑ 108.1 | ↑ 28.9 | ↑ 51.9 | ↑ 134.3 |
| Other items (Net) | ↑ 4.8 | ↑ 32.8 | ↑ 34.5 | ↑ 19.3 |
| M2 | ↑ 19.2 | ↑ 6.7 | ↑ 2.6 | ↑ 9.6 |

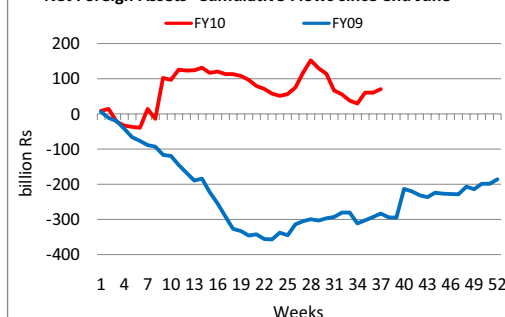
Memorandum Items

| | (billion Rs) | | |
|------------------------------------|--------------|------------|------|
| | Latest week | A year ago | FY09 |
| | 13-Mar-10 | 14-Mar-09 | |
| Money multiplier | 3.2 | 3.3 | 3.4 |
| Currency to deposit ratio | 32.5 | 31.8 | 28.9 |
| M2 to GDP ratio | 53.3 | 55.5 | 46.8 |
| Private sector credit to GDP ratio | 28.9 | 29.6 | 28.3 |

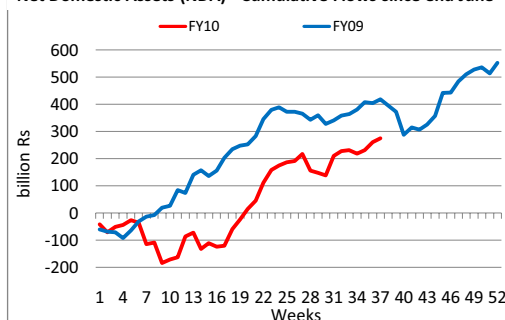
Monetary Assets (M2)-Cumulative Flows since end June



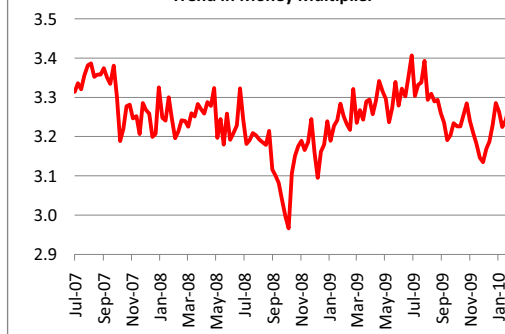
Net Foreign Assets- Cumulative Flows since end June



Net Domestic Assets (NDA) - Cumulative Flows since end June



Trend in Money Multiplier

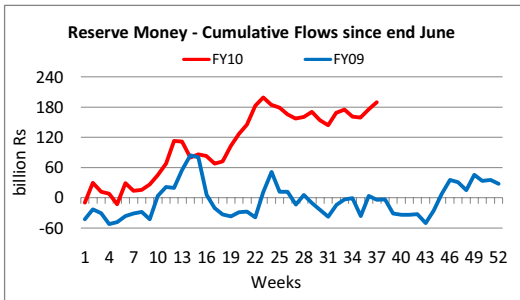




Government's budgetary borrowings and improvement in SBP's NFA caused growth in reserve money.

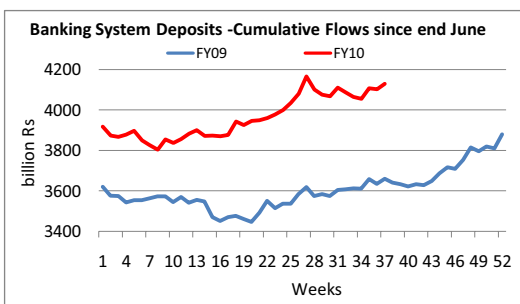
Monetary Assets of SBP (billion Rs)

| | End June 2009 Stocks | Cumulative Flows | | FY09 (Provisional) |
|--------------------------------|-------------------------|------------------|-------------|-----------------------|
| | | Latest week | A year ago | |
| | | 13-Mar-10 | 14-Mar-09 | |
| NFA | 324 | 64 | -305 | -156 |
| NDA: of which | 1183 | 127 | 301 | 183 |
| Budgetary borrowing | 1165 | 141.7 | 320 | 131 |
| Other items (net) | -295 | -31 | -74 | -23 |
| Net Impact of OMOs/Discounting | 5 | 53 | -2 | - |
| Reserve money | 1508 | 190 | -4 | 27 |

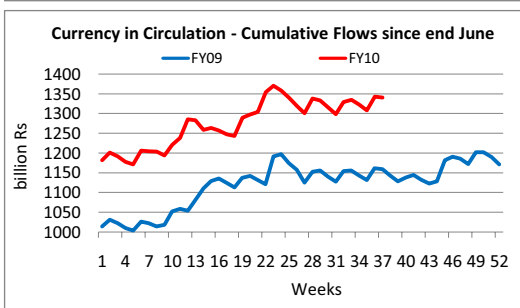


Monetary Liabilities of SBP (billion Rs)

| | End June 2009 Stocks | Cumulative Flows | | FY09 |
|----------------------------------|-------------------------|------------------|------------|------|
| | | Latest week | A year ago | |
| | | 13-Mar-10 | 14-Mar-09 | |
| Currency in circulation | 1152 | 189 | 177 | 170 |
| Cash in tills | 77 | -12 | -5 | 8 |
| Bank deposits with SBP (reserve) | 274 | 5 | -176 | -151 |
| Other deposits with SBP | 4.7 | 8.6 | 0.0 | 0.4 |



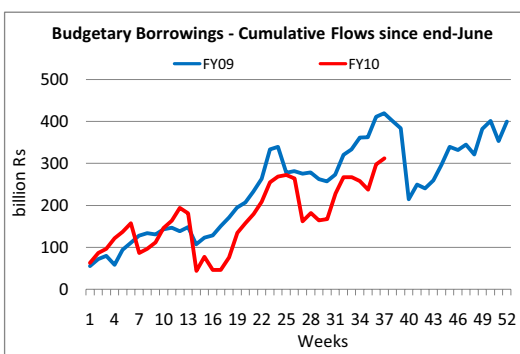
| | Percent growth | | |
|---------------------------------|----------------|-------|-------|
| NFA of the SBP | 19.6 | -63.6 | -32.4 |
| NDA of the SBP: of which | 10.7 | 30.1 | 18.3 |
| Budgetary borrowing | 12.2 | 31.0 | 12.7 |
| Other items (net) | 10.6 | 27.2 | 8.4 |
| Reserve money | 12.6 | -0.3 | 1.9 |



IMF budgetary support helped government to retire SBP borrowings.

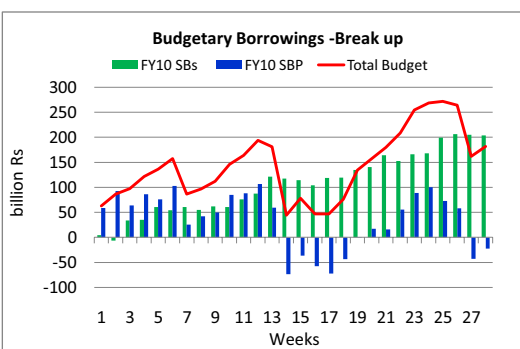
Details on Government Borrowing for Budgetary Support (billion Rs)

| | End June 2009 Stocks | Cumulative Flows | | FY09 |
|-------------------------------|-------------------------|------------------|------------|------------|
| | | Latest week | A year ago | |
| | | 13-Mar-10 | 14-Mar-09 | |
| Budgetary Borrowing | 1681 | 312 | 405 | 317 |
| Federal government | 1849 | 300 | 429 | |
| From SBP | 1112 | 124 | 326 | 131 |
| SBP's Holdings of MRTBs | 1108 | 85 | 309 | 55 |
| From SBs | 737 | 176 | 103 | 186 |
| Provincial governments | -168 | 12 | -24 | 49 |
| From SBP | 53 | 18 | -6 | -3 |
| From SBs | -221 | -6 | -18 | 52 |



Memorandum Items

| | | |
|-------------------|-------------|-------------|
| Cash basis | 1630 | 1944 |
| SBP | 1130 | 1275 |
| SBs | 500 | 669 |

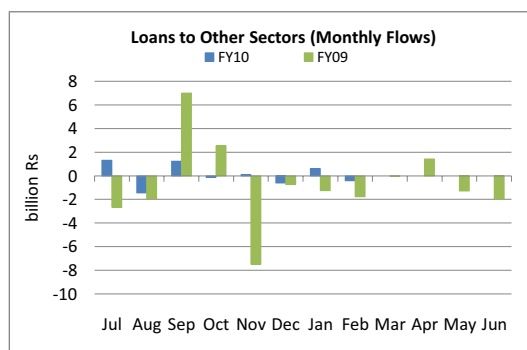
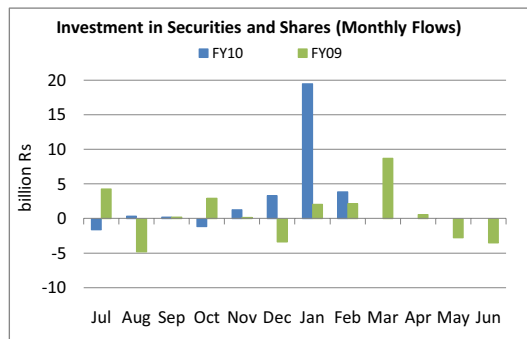
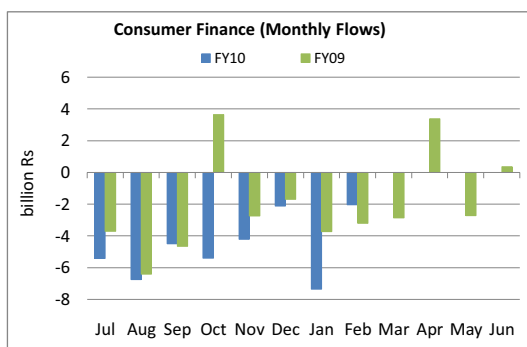
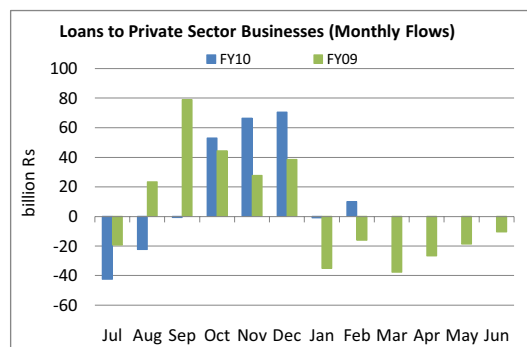




Despite subdued expansion in February 2010, cumulative rise in credit to private sector businesses is in line with the recovery in real sector growth.

Credit to Private Sector

| | End June 2009 Stocks | Flows during (billion Rs) | | |
|---|-------------------------|---------------------------|-----------------|---------|
| | | Jul-Feb FY10 | Jul-Feb FY09 | FY09 |
| Total credit to private sector | 2906.9 | 148.4 | 136.1 | 18.9 |
| 1. Loans to private sector businesses | 2153.0 | 133.8 | 142.8 | 49.1 |
| By type | | | | |
| Working capital | 1378.0 | 84.5 | 1.7 | -112.7 |
| of which | | | | |
| Export finance | 227.8 | 26.6 | 8.3 | 15.4 |
| Import finance | 93.9 | -3.7 | -8.2 | -7.6 |
| Fixed investment | 775.0 | 49.4 | 141.0 | 161.8 |
| By Sectors | | | | |
| Of which | | | | |
| Agriculture | 163 | ↑ 6.0 | ↑ 8.0 | ↑ 3.3 |
| Manufacturing | 1232 | ↑ 92.4 | ↑ 101.9 | ↑ 27.3 |
| Of which | | | | |
| Textiles | 483 | ↑ 19.7 | ↑ 9.3 | ↓ -33.4 |
| Food products & beverages | 203 | ↑ 42.5 | ↑ 32.3 | ↑ 11.4 |
| Chemicals & products | 138 | ↑ 9.9 | ↑ 26.3 | ↑ 25.3 |
| Non-metallic mineral products | 102 | ↑ 2.2 | ↑ 10.1 | ↑ 10.5 |
| Wearing apparel, readymade gar. | 48 | ↑ 0.8 | ↑ 3.8 | ↑ 3.6 |
| Electricity, gas and water | 154 | ↑ 38.7 | ↑ 43.7 | ↑ 43.4 |
| Construction | 71 | ↓ -1.6 | ↓ -3.8 | ↓ -8.7 |
| Commerce and trade | 234 | ↓ -4.4 | ↓ -5.5 | ↓ -16.2 |
| Transport, storage and comm. | 97 | ↓ -0.2 | ↑ 2.5 | ↑ 3.6 |
| Services | 149 | ↑ 4.0 | ↓ -0.3 | ↑ 3.0 |
| Of which | | | | |
| Real estate/renting & business activities | 107 | ↑ 1.8 | ↓ -0.2 | ↓ -0.8 |
| 2. Personal: of which | 364 | ↓ -33.1 | ↓ -40.9 | ↓ -54.8 |
| Consumer financing | 294 | ↓ -37.8 | ↓ -45.4 | ↓ -62.5 |
| 3. Investment in securities and shares | 113 | ↑ 25.7 | ↑ 3.6 | ↑ 6.6 |
| 4. Others | 277 | ↑ 22.0 | ↑ 34.0 | ↑ 18.0 |



Note: All the numbers are provisional
Source: Statistics & Data Warehouse Department (S&DWD), SBP

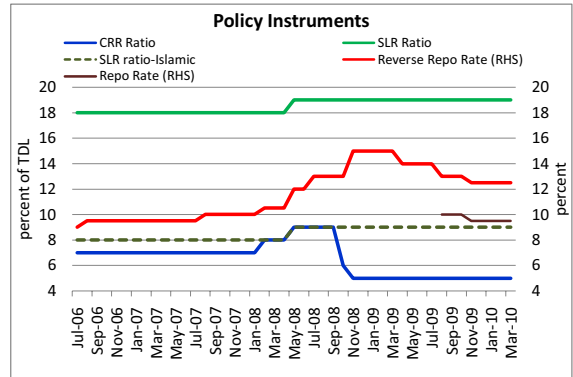


Money Market

SBP kept the policy rate unchanged at 12.5 percent in the last monetary policy review in January 2010.

| | Policy Instruments (%) | | | | |
|---------------------------|------------------------|-----------|----------|-----------|---------------------|
| | Current | w.e.f | Previous | w.e.f | Change ¹ |
| SBP reverse repo rate | 12.5 | 25-Nov-09 | 13.0 | 17-Aug-09 | ↓ -50 |
| SBP repo rate | 9.5 | 25-Nov-09 | 10.0 | 17-Aug-09 | ↓ -50 |
| CRR on demand liabilities | 5.0 | 1-Nov-08 | 6.0 | 18-Oct-08 | ↓ -100 |
| CRR on time liabilities | 0.0 | 4-Aug-07 | 3.0 | 19-Jan-07 | ↓ -300 |
| SLR on demand liabilities | 19.0 | 24-May-08 | 18.0 | 22-Jul-06 | ↑ 100 |
| Islamic banks | 9.0 | 25-May-08 | 8.0 | 22-Jul-06 | ↑ 100 |
| SLR on time liabilities | 0.0 | 18-Oct-08 | 19.0 | 24-May-08 | ↓ -1900 |
| Islamic banks | 0.0 | 19-Oct-08 | 9.0 | 24-May-08 | ↓ -900 |

¹ Basis points



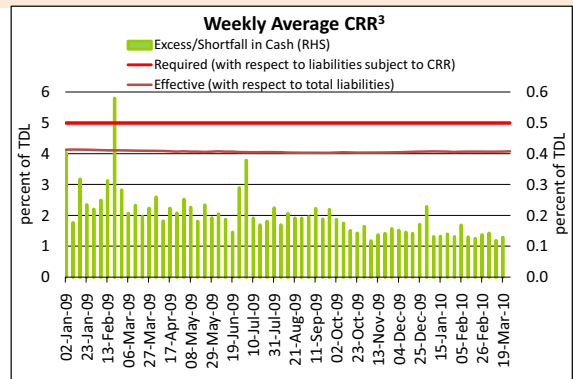
Excess cash reserves of banks (held with SBP) has remained stable around Rs6 billion since early October 2009.

| | Weekly Cash Reserve Requirements ¹ (Billion Rupees) | | | |
|----------------------|--|-----------|-----------------|------------------------|
| | Last | | Change since... | |
| | Current | month | 12-Feb-10 | 20-Nov-09 ² |
| | 19-Mar-10 | 12-Feb-10 | | |
| Cash Required | 177.8 | 176.1 | ↑ 1.6 | ↑ 8.8 |
| Cash Maintained | 183.4 | 181.8 | ↑ 1.6 | ↑ 8.5 |
| Excess Cash Reserves | 5.6 | 5.7 | ↓ 0.0 | ↓ -0.3 |

¹ Weekly CRR is the proportion of total time and demand liabilities that schedule banks are required to maintain with SBP in the form of cash for the week ending on Friday. The data is reported by Off-site Supervision and Enforcement Department with a lag of about 1-2 weeks.

² As on Friday preceding monetary policy decision.

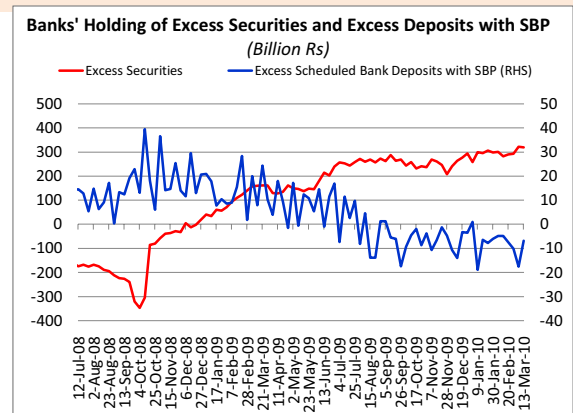
³ As Punjab Provincial Cooperative Bank (PPCBL) could not return outstanding amount owed to SBP provided in the past (credit lines), its overall balance with SBP turned negative during 31st January 2008 through September 2009. Since mid-October 2009, however, the issue has been resolved. Therefore, before mid-October 2009, excess CRR exclude PPCBL's negative balance in the figure.



Banks' holding of liquid assets (cash+securities) continues to remain in excess of overall reserve requirements.

| | Overall Reserve Requirement (Billion Rupees) | | | |
|--|--|--------------|-----------------|---------------|
| | Last | | Change since... | |
| | Current | Month | 13-Feb-10 | 26-Sep-09 |
| | 20-Mar-10 | 13-Feb-10 | | |
| Required Securities | 829.6 | 822.3 | ↑ 7.3 | ↑ 43.7 |
| Maintained | 1463.1 | 1419.8 | ↑ 43.3 | ↑ 93.1 |
| Cash | 280.6 | 279.1 | ↑ 1.5 | ↓ -0.5 |
| Cash in Tills | 81.8 | 76.3 | ↑ 5.5 | ↓ -15.8 |
| Balance with NBP | 13.4 | 10.8 | ↑ 2.6 | ↓ -2.1 |
| Balance with SBP | 185.4 | 192.0 | ↓ -6.7 | ↑ 17.4 |
| Securities | 1146.5 | 1104.6 | ↑ 41.9 | ↑ 92.1 |
| Others ² | 36.1 | 36.1 | ↓ -0.1 | ↑ 1.5 |
| Excess of Securities | 316.8 | 282.3 | ↑ 34.6 | ↑ 48.4 |
| Excess of Liquid Assets¹ | 633.5 | 597.5 | ↑ 36.0 | ↑ 49.4 |
| Excess banks deposits³ | -6.9 | -4.9 | ↓ -2.0 | ↑ 10.6 |

Source: Off-site Supervision and Enforcement Department, SBP



¹ Includes excess securities + cash and other assets maintained

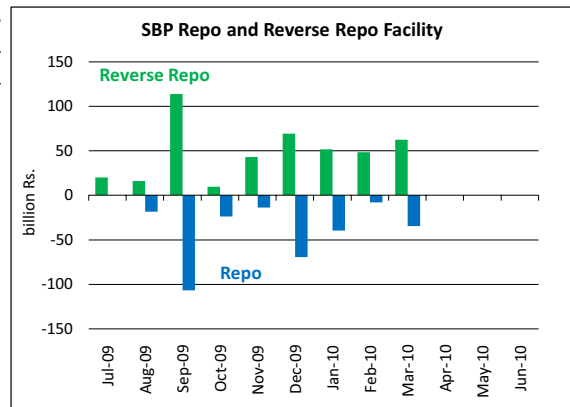
² Includes Section 13 Deposits and Share Capital of MFB

³ Due to lag in reporting, the latest available week's figure is of 13th March 2010 instead.



Trends in SBP repo (deposit facility) and reverse repo (injections) reflect tight liquidity conditions.

| | SBP Reverse Repo | | | SBP Repo | | |
|-------------|------------------|-------------|--------------|--------------|-------------|--------------|
| | Amount | Days | visits | Amount | Days | visits |
| | Billion Rs | #s | #s | Billion Rs | #s | #s |
| FY09 | 865.0 | 122 | 505 | - | - | - |
| Q1 | 314.5 | 24 | 151 | - | - | - |
| Q2 | 304.5 | 63 | 225 | - | - | - |
| Q3 | 145.5 | 23 | 88 | - | - | - |
| Q4 | 100.5 | 12 | 41 | - | - | - |
| FY10 | 433.5 | 41.0 | 202.0 | 315.2 | 37.0 | 131.0 |
| Q1 | 149.6 | 13 | 68 | 125.6 | 12 | 34 |
| Q2 | 121.8 | 11 | 51 | 107.4 | 15 | 65 |
| Jan | 51.5 | 6 | 24 | 39.6 | 3 | 20 |
| Feb | 48.4 | 5 | 22 | 8.1 | 2 | 2 |
| Mar | 62.3 | 6 | 37 | 34.6 | 5 | 10 |

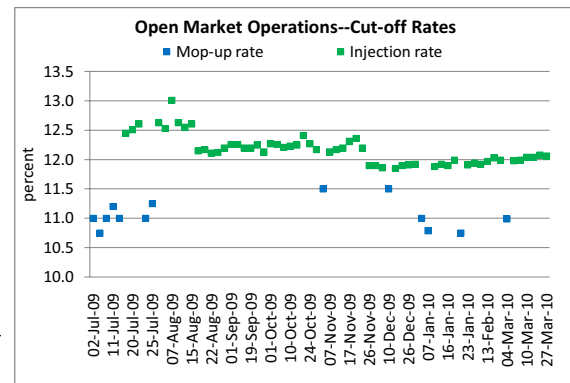
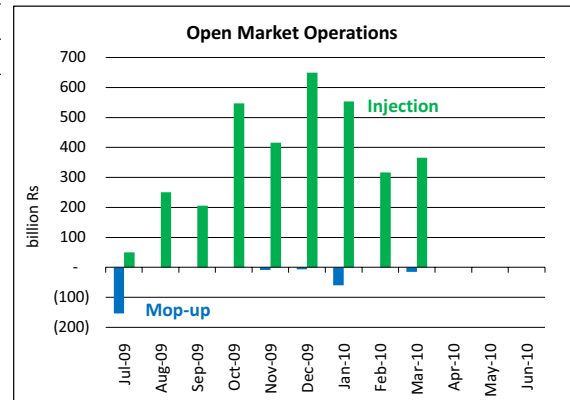


*Updated upto 26th March 2010

Sources: Domestic Markets & Monetary Management Department, SBP

SBP continued to inject massive amounts of cash through OMOs.

| | Open Market Operations (billion rupees)* | | | Outstanding OMOs | |
|-------------|--|----------------|----------------|------------------|-----------|
| | Mop-up | Injection | Net | Amount | Maturity |
| | | | Mop-up | | |
| FY09 | 1,367.7 | 1,234.1 | 133.6 | - | - |
| Q1 | 436.1 | 254.6 | 181.4 | - | - |
| Q2 | 384.3 | 237.9 | 146.4 | - | - |
| Q3 | 392.3 | 60.0 | 332.3 | - | - |
| Q4 | 155.0 | 681.5 | -526.5 | - | - |
| FY10 | 242.1 | 3,352.5 | -3110.4 | - | - |
| Q1 | 153.6 | 506.9 | -353.4 | - | - |
| Q2 | 14.3 | 1,610.7 | -1596.4 | - | - |
| Jan | 59.9 | 553.2 | -493.3 | - | - |
| Feb | - | 316.6 | -316.6 | - | - |
| Mar | 14.3 | 365.2 | (350.9) | - | - |
| 1-Mar | - | 96.4 | -96.4 | 96.4 | 6-Mar-10 |
| 4-Mar | 14.3 | - | 14.3 | -14.3 | 6-Mar-10 |
| 6-Mar | - | 51.8 | -51.8 | 51.8 | 13-Mar-10 |
| 8-Mar | - | 10.2 | -10.2 | 10.2 | 13-Mar-10 |
| 10-Mar | - | 22.7 | -22.7 | 22.7 | 13-Mar-10 |
| 13-Mar | - | 60.1 | -60.1 | 60.1 | 20-Mar-10 |
| 20-Mar | - | 62.2 | -62.2 | 62.2 | 27-Mar-10 |
| 27-Mar | - | 62.0 | -62.0 | 62.0 | 3-Apr-10 |



*Updated upto 27th March 2010

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

Source: Domestic Markets & Monetary Management Department, SBP

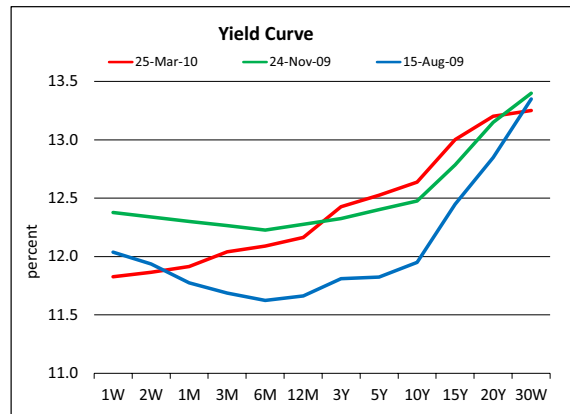


The fall in short-term rates since the monetary policy review on 24th November 2009 has steepened the yield curve.

Tenor-wise Repo and PIB secondary market Rates (%)

| Tenors | Current | Last month | Change since last MPS (bps) | |
|-----------|-----------|------------|-----------------------------|-----------|
| | 25-Mar-10 | 20-Feb-10 | | 24-Nov-09 |
| Overnight | 11.20 | 12.23 | ↓ | -121 |
| 1-Month | 11.91 | 11.99 | ↓ | -39 |
| 3-Month | 12.04 | 12.04 | ↓ | -23 |
| 6-Month | 12.09 | 12.06 | ↓ | -14 |
| 12-Month | 12.16 | 12.09 | ↓ | -11 |
| 3-Year | 12.43 | 12.38 | ↑ | 10 |
| 5-Year | 12.53 | 12.48 | ↑ | 13 |
| 10-Year | 12.64 | 12.66 | ↑ | 16 |
| 15-Year | 13.00 | 12.83 | ↑ | 22 |
| 20-Year | 13.20 | 13.13 | ↑ | 5 |
| 30-Year | 13.25 | 13.25 | ↓ | -15 |

Source: Brokerage houses

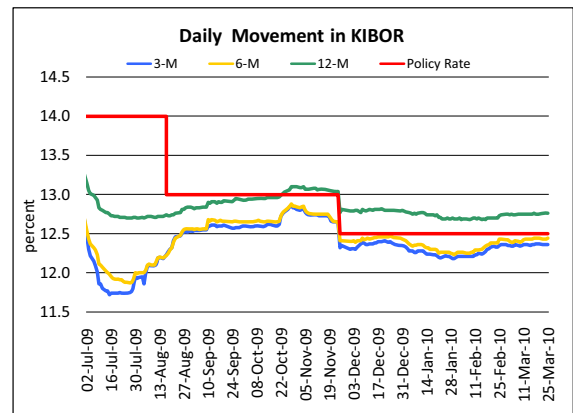


KIBOR of 3- and 6-month tenors have started to rise reflecting the impact of persistence in tight liquidity conditions.

Tenor-wise KIBOR (%)

| Tenors | Current | last month | Change since last MPS (bps) | |
|----------|-----------|------------|-----------------------------|-----------|
| | 25-Mar-10 | 20-Feb-10 | | 24-Nov-09 |
| 1-Week | 12.45 | 12.48 | ↓ | -29 |
| 1-Month | 12.50 | 12.47 | ↓ | -25 |
| 3-Month | 12.36 | 12.33 | ↓ | -28 |
| 6-Month | 12.44 | 12.38 | ↓ | -21 |
| 9-Month | 12.72 | 12.64 | ↓ | -23 |
| 12-Month | 12.76 | 12.70 | ↓ | -28 |
| 2-Year | 12.86 | 12.85 | ↓ | -34 |
| 3-Year | 12.95 | 12.93 | ↓ | -43 |

Sources: SBP and Brokerage Houses

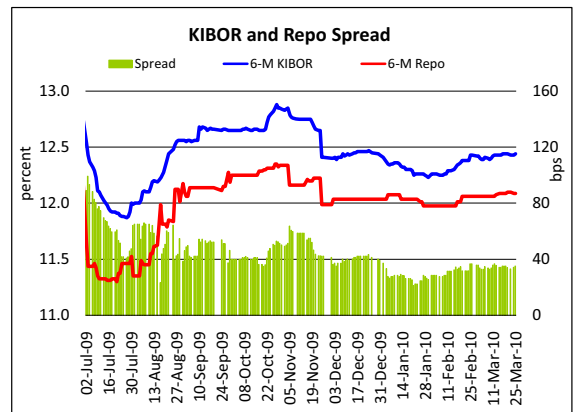


The spread between 6-month KIBOR and 6-month repo rate slightly widened due to relatively higher increase in 6-month KIBOR.

KIBOR and Repo Spread (bps)

| Tenors | Current | last month | Change since last MPS (bps) | |
|----------|-----------|------------|-----------------------------|-----------|
| | 25-Mar-10 | 20-Feb-10 | | 24-Nov-09 |
| 1-month | 59 | 48 | ↑ | 14 |
| 3-month | 32 | 29 | ↓ | -6 |
| 6-month | 35 | 32 | ↓ | -7 |
| 12-month | 60 | 61 | ↓ | -17 |
| 3-year | 52 | 56 | ↓ | -53 |

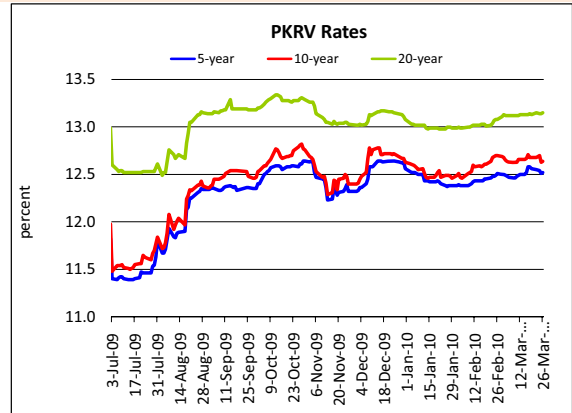
Sources: SBP and Brokerage Houses





Similarly, long-term PKRV rates have started to rise since mid-January 2010.

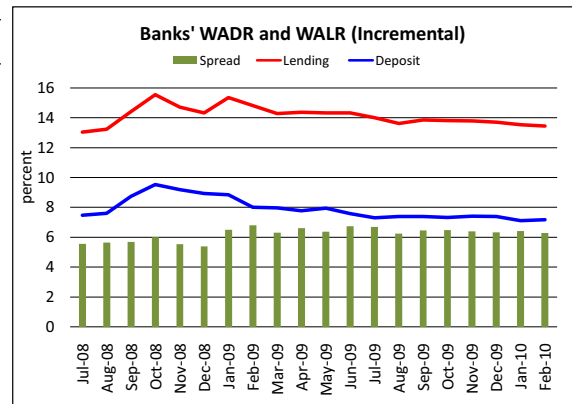
| Pak Rupee Revaluation (PKRV) Rates* (%) | | | |
|---|-----------|------------|----------------------------|
| Tenors | Current | last month | Change since last MPS(bps) |
| | 26-Mar-10 | 22-Feb-10 | |
| 3-month | 12.12 | 12.09 | ↓ -19 |
| 6-month | 12.25 | 12.12 | ↓ -13 |
| 1-year | 12.34 | 12.13 | ↓ -10 |
| 3-year | 12.43 | 12.36 | ↑ 20 |
| 5-year | 12.52 | 12.46 | ↑ 28 |
| 7-year | 12.65 | 12.57 | ↑ 30 |
| 10-year | 12.64 | 12.64 | ↑ 22 |
| 20-year | 13.15 | 13.02 | ↑ 12 |
| 30-year | 13.27 | 13.11 | ↓ -1 |



Source: Bloomberg *It is secondary market yield-to-maturity used by banks to revalue their holding of securities (i.e. mark to market).

The spread between weighted average lending and deposit rates (incremental) fell in February 2010 due to a rise in deposit rates and a fall in lending rates.

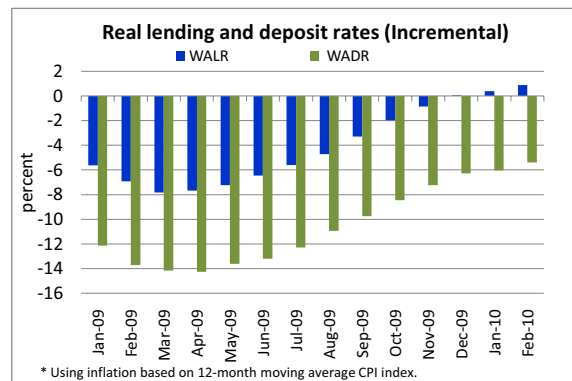
| Months | Incremental ¹ | | | Outstanding | | |
|---------------|--------------------------|-------------|--------------|--------------|-------------|--------------|
| | WALR | WADR | Spread (bps) | WALR | WADR | Spread (bps) |
| Feb-09 | 14.82 | 8.02 | 680 | 14.58 | 6.96 | 762 |
| Mar-09 | 14.28 | 7.96 | 632 | 14.38 | 6.72 | 766 |
| Apr-09 | 14.37 | 7.77 | 660 | 14.14 | 6.60 | 754 |
| May-09 | 14.32 | 7.94 | 638 | 14.09 | 6.62 | 747 |
| Jun-09 | 14.32 | 7.58 | 674 | 14.02 | 6.50 | 752 |
| Jul-09 | 14.01 | 7.31 | 670 | 13.79 | 6.44 | 735 |
| Aug-09 | 13.62 | 7.38 | 624 | 13.73 | 6.41 | 732 |
| Sep-09 | 13.85 | 7.39 | 646 | 13.67 | 6.29 | 738 |
| Oct-09 | 13.82 | 7.33 | 649 | 13.67 | 6.26 | 741 |
| Nov-09 | 13.80 | 7.41 | 639 | 13.58 | 6.25 | 733 |
| Dec-09 | 13.71 | 7.38 | 633 | 13.49 | 6.14 | 735 |
| Jan-10 | 13.53 | 7.11 | 642 | 13.35 | 6.10 | 725 |
| Feb-10 | 13.46 | 7.18 | 628 | 13.38 | 6.07 | 731 |



Source: Statistics & Data Warehouse Department, SBP ¹ Weighted average rates on incremental (fresh) loans or deposits during a month.

Due to a fall in February 2010 inflation, real lending and deposit rates rose during the month.

| Months | Real (using 12-month moving average) | | Real (using YoY CPI) | |
|---------------|--------------------------------------|--------------|----------------------|--------------|
| | WALR | WADR | WALR | WADR |
| Feb-09 | -6.93 | -13.73 | -6.25 | -13.05 |
| Mar-09 | -7.83 | -14.15 | -4.79 | -11.11 |
| Apr-09 | -7.67 | -14.27 | -2.82 | -9.42 |
| May-09 | -7.23 | -13.61 | -0.07 | -6.45 |
| Jun-09 | -6.45 | -13.19 | 1.18 | -5.56 |
| Jul-09 | -5.59 | -12.29 | 2.84 | -3.86 |
| Aug-09 | -4.71 | -10.95 | 2.93 | -3.31 |
| Sep-09 | -3.30 | -9.76 | 3.73 | -2.73 |
| Oct-09 | -1.97 | -8.46 | 4.95 | -1.54 |
| Nov-09 | -0.85 | -7.24 | 3.29 | -3.10 |
| Dec-09 | 0.06 | -6.27 | 3.19 | -3.14 |
| Jan-10 | 0.38 | -6.04 | -0.15 | -6.57 |
| Feb-10 | 0.89 | -5.39 | 0.42 | -5.86 |

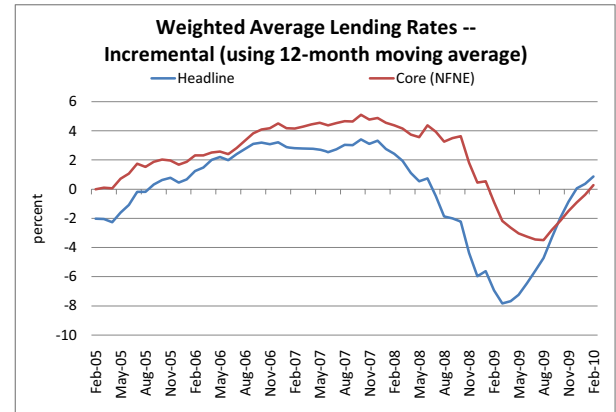
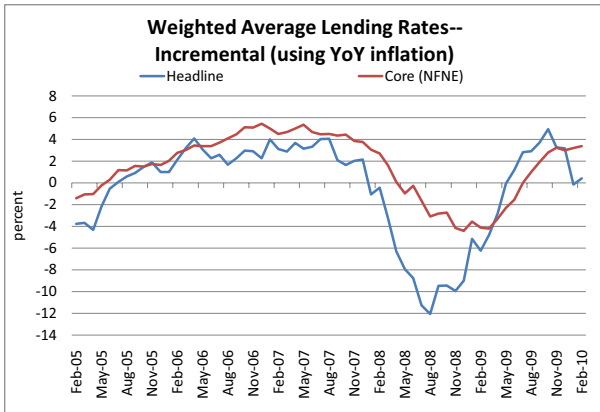
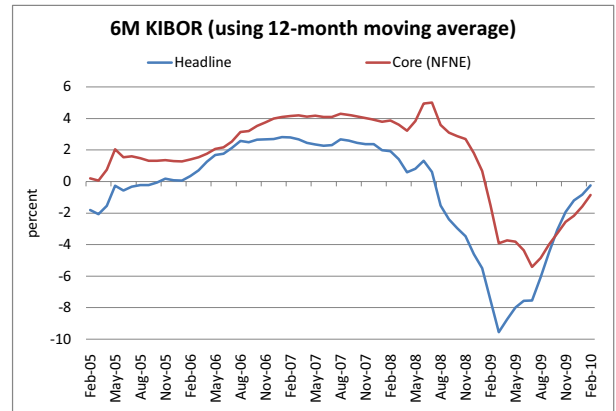
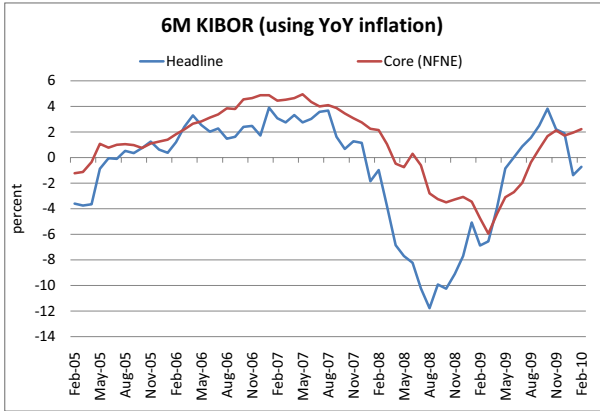
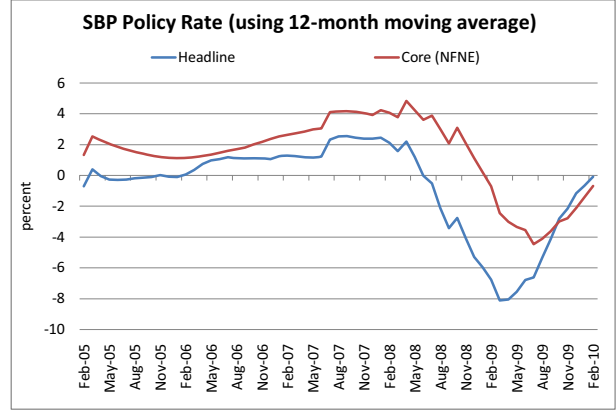
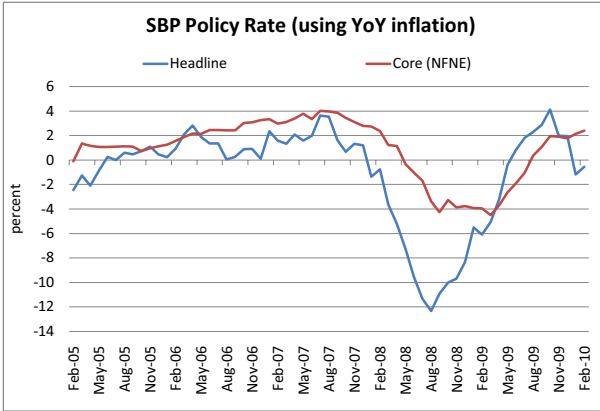


* Using inflation based on 12-month moving average CPI index.

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



Real Interest Rates



Sources: FBS and Statistics & Data Warehouse Department, SBP



Banks' continue to post high bids in 12-month T-bills.

Amounts # in billion rupees (realized value); rates in percent

| FY/Q/ Settlement Date | TOTAL | | | | 3-Month | | | 6-Month | | | 12-Month | | |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|
| | Target | Maturity | Offered | Accepted | Offered | Accepted | Cutoff | Offered | Accepted | Cutoff | Offered | Accepted | Cutoff |
| FY09 | 1,845.0 | 1,560.7 | 3,086.2 | 1,747.0 | 1,389.2 | 954.6 | - | 308.3 | 196.9 | - | 1,388.7 | 595.5 | - |
| Q1 | 430.0 | 397.1 | 417.0 | 289.2 | 398.1 | 283.4 | - | 1.3 | 0.3 | - | 17.6 | 5.4 | - |
| Q2 | 425.0 | 327.6 | 559.2 | 418.9 | 539.4 | 410.5 | - | 14.5 | 8.0 | - | 5.3 | 0.4 | - |
| Q3 | 640.0 | 585.4 | 1,474.8 | 699.3 | 434.5 | 253.7 | - | 240.1 | 157.3 | - | 800.2 | 288.3 | - |
| Q4 | 350.0 | 250.5 | 635.3 | 339.7 | 17.2 | 7.0 | - | 52.4 | 31.3 | - | 565.7 | 301.4 | - |
| FY10 | 900.0 | 657.5 | 1,864.3 | 886.0 | 318.4 | 114.1 | - | 496.0 | 213.2 | - | 1,049.8 | 558.6 | - |
| Q1 | 325.0 | 180.8 | 700.3 | 329.0 | 56.5 | 27.3 | - | 147.8 | 47.7 | - | 496.0 | 254.0 | - |
| Q2 | 145.0 | 75.1 | 462.9 | 141.1 | 101.4 | 33.1 | - | 133.1 | 43.4 | - | 228.4 | 64.6 | - |
| Q3 | 430.0 | 401.7 | 701.1 | 415.8 | 160.6 | 53.7 | - | 215.1 | 122.1 | - | 325.4 | 240.0 | - |
| 14-Jan-10 | 60.0 | 53.9 | 137.2 | 55.2 | 31.3 | 0.5 | 11.92 | 56.5 | 26.8 | 12.05 | 49.3 | 27.9 | 12.05 |
| 28-Jan-10 | 30.0 | 23.8 | 87.8 | 29.3 | 10.6 | 2.1 | 11.87 | 41.5 | 10.4 | 11.90 | 35.7 | 16.7 | 12.01 |
| 11-Feb-10 | 65.0 | 61.8 | 99.7 | 60.9 | 19.4 | 0.5 | 11.92 | 27.9 | 20.0 | 12.05 | 52.4 | 40.4 | 12.05 |
| 25-Feb-10 | 115.0 | 112.7 | 126.5 | 104.5 | 32.2 | 21.8 | 12.20 | 40.9 | 30.2 | 12.28 | 53.4 | 52.5 | 12.34 |
| 11-Mar-10 | 90.0 | 83.1 | 121.4 | 81.4 | 42.4 | 19.2 | 12.20 | 22.5 | 19.6 | 12.35 | 56.5 | 42.5 | 12.41 |
| 25-Mar-10 | 70.0 | 66.3 | 128.4 | 84.5 | 24.7 | 9.4 | 12.20 | 25.7 | 15.2 | 12.35 | 78.1 | 59.9 | 12.41 |

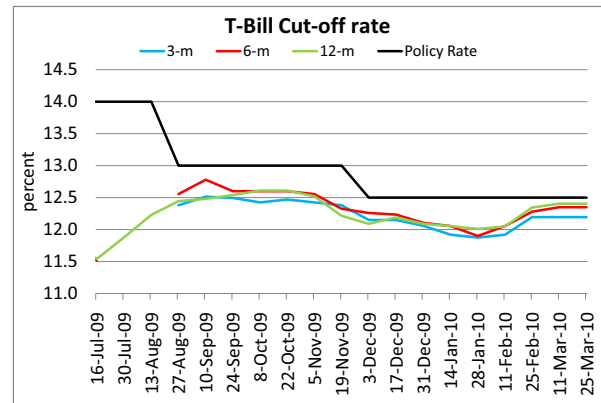
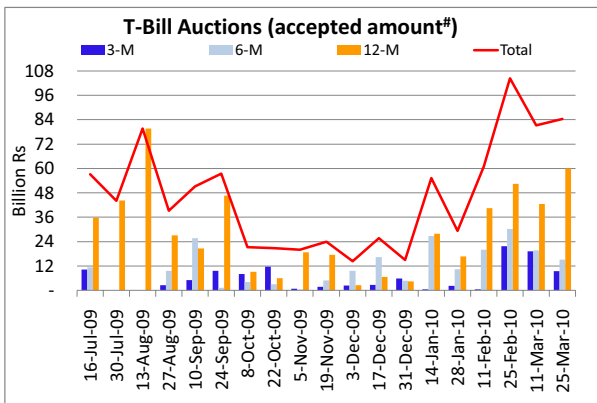
* Updated upto auction held on 26th March 2010

N= No Bids Received

R= Bids Rejected

Source: Domestic Markets & Monetary Management Department, SBP

Non-competitive bids and special auctions are not included.



Bidding pattern of PIB auction on 17th March 2010 continues to lean towards 10-year bonds with rising cut-off rates in most tenors.

PIB Auctions (Yields in % and Face Value in bln Rs)

| Auction Date | Target | 3-Year | 5-Year | 7-Year | 10-Year | 15-Year | 20-Year | 30-Year | Total |
|--------------|--------------|--------|--------|--------|---------|---------|---------|---------|-------|
| 17-Mar-10 | Cut-off rate | - | 12.50 | 12.60 | 12.70 | 12.75 | N | R | R |
| | Offered | - | 3.7 | 2.5 | 0.6 | 10.0 | N | 1.8 | 4.8 |
| | Accepted | 10.0 | 1.3 | 1.1 | 0.3 | 6.3 | N | R | 9.0 |
| 3-Feb-10 | Cut-off rate | - | 12.30 | 12.41 | 12.50 | 12.54 | 12.90 | 13.10 | 13.55 |
| | Offered | - | 4.2 | 2.1 | 0.7 | 7.8 | 0.1 | 4.7 | 4.7 |
| | Accepted | 10.0 | 3.1 | 1.4 | 0.2 | 4.2 | 0.1 | 0.5 | 0.5 |
| 11-Nov-09 | Cut-off rate | - | 12.26 | 12.40 | 12.43 | 12.44 | 12.86 | 13.21 | 13.74 |
| | Offered | - | 5.5 | 4.1 | 2.3 | 20.7 | 1.3 | 1.0 | 1.0 |
| | Accepted | 15.0 | 1.9 | 2.1 | 0.6 | 9.0 | 0.6 | 0.5 | 0.8 |
| 2-Sep-09 | Cut-off rate | - | 12.30 | 12.4 | 12.46 | 12.50 | 12.93 | 13.30 | 13.75 |
| | Offered | - | 1.9 | 2.0 | 1.3 | 17.2 | 1.4 | 1.0 | 1.0 |
| | Accepted | 15.0 | 0.4 | 0.6 | 0.8 | 12.5 | 0.1 | 0.5 | 0.5 |
| 27-May-09 | Cut-off rate | - | 12.50 | 12.4 | 12.58 | 12.63 | 13.39 | 13.80 | 14.30 |
| | Offered | - | 3.8 | 5.8 | 3.00 | 32.2 | 0.3 | 1.5 | 2.0 |
| | Accepted | 20.0 | 2.5 | 2.5 | 1.53 | 11.8 | 0.1 | 0.2 | 2.0 |

Source: Domestic Markets & Monetary Management Department, SBP

*N=No bids

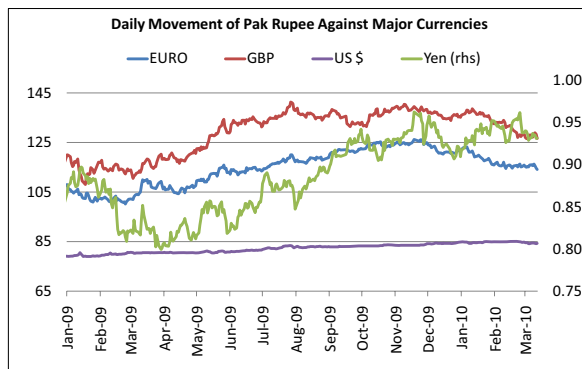
*R= Bids rejected



Foreign Exchange Market

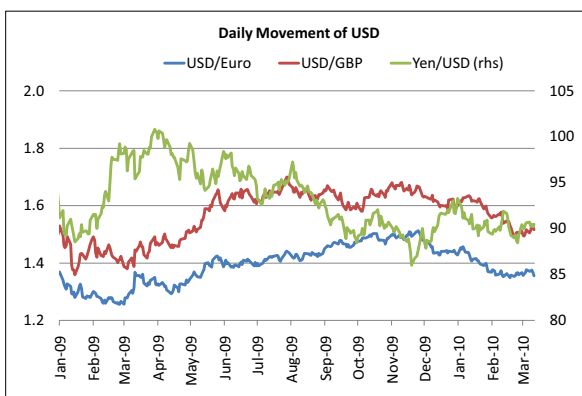
Although PKR strengthened against pound sterling and Euro, it weakened considerably against Yen and US Dollar.

| | PKR against International Currencies | | | % App/Dpp of PKR |
|--------------|--------------------------------------|----------------------|--------|-------------------------|
| | Latest- 20 Mar 10 | Last MPS - 30 Jan 10 | Jun-09 | Cumulative since Jun 09 |
| USD | 84.29 | 84.91 | 81.39 | -3.44 |
| EURO | 114.03 | 117.59 | 114.87 | 0.74 |
| Sterling | 126.59 | 135.68 | 135.37 | 6.94 |
| JPY | 0.93 | 0.94 | 0.85 | -8.82 |
| USD Kerb | 84.48 | 86.35 | 81.48 | -3.55 |
| Premium (Rs) | 0.19 | 1.44 | 0.09 | - |
| Daily NEER | 53.66 | 52.87 | 55.84 | -3.90 |



Source: Domestic Markets & Monetary Management Department and Monetary Policy Department, SBP

| | International Exchange Rates | | | % App/Dpp |
|-------------|------------------------------|----------------------|--------|-------------------------|
| | Latest- 20 Mar 10 | Last MPS - 30 Jan 10 | Jun-09 | Cumulative since Jun 09 |
| USD/Euro | 1.35 | 1.40 | 1.41 | 4.33 |
| USD/GBP | 1.52 | 1.61 | 1.66 | 9.27 |
| JPY /USD | 90.46 | 89.85 | 95.95 | 6.07 |
| Ind Rs/USD | 45.48 | 46.37 | 47.87 | 5.26 |
| Yuan/USD | 6.83 | 6.83 | 6.83 | 0.08 |
| Baht/USD | 32.31 | 33.08 | 34.07 | 5.45 |
| Ringgit/USD | 3.30 | 3.41 | 3.52 | 6.60 |
| Sing\$/USD | 1.40 | 1.40 | 1.45 | 3.88 |



Source: International Monetary Fund



| Changes in Real Effective Exchange Rate (REER) (Base Year: CY2000) | | | | | | | | | | | | | | | |
|---|------|------------|---------------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | REER Index | App(+)/Dpp(-) | | | | | | | | | | | | |
| | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 |
| | | | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Feb* |
| 2007 | Mar | 96.32 | - | -0.24 | 1.80 | -0.20 | -2.38 | -2.57 | -6.00 | -0.90 | 1.29 | -2.82 | -3.73 | -4.48 | -1.01 |
| | Jun | 96.09 | - | - | 2.04 | 0.04 | -2.14 | -2.34 | -5.77 | -0.67 | 1.53 | -2.59 | -3.50 | -4.25 | -0.77 |
| | Sep | 98.05 | - | - | - | -1.96 | -4.10 | -4.29 | -7.66 | -2.65 | -0.50 | -4.53 | -5.43 | -6.16 | -2.75 |
| | Dec | 96.13 | - | - | - | - | -2.18 | -2.38 | -5.81 | -0.70 | 1.49 | -2.63 | -3.54 | -4.29 | -0.81 |
| 2008 | Mar | 94.03 | - | - | - | - | - | -0.20 | -3.71 | 1.51 | 3.76 | -0.46 | -1.39 | -2.15 | 1.40 |
| | Jun | 93.84 | - | - | - | - | - | - | -3.52 | 1.72 | 3.97 | -0.25 | -1.19 | -1.96 | 1.61 |
| | Sep | 90.54 | - | - | - | - | - | - | - | 5.42 | 7.75 | 3.38 | 2.41 | 1.62 | 5.31 |
| | Dec | 95.45 | - | - | - | - | - | - | - | - | 2.21 | -1.94 | -2.85 | -3.61 | -0.11 |
| 2009 | Mar | 97.56 | - | - | - | - | - | - | - | - | - | -4.06 | -4.96 | -5.69 | -2.27 |
| | Jun | 93.60 | - | - | - | - | - | - | - | - | - | - | -0.94 | -1.70 | 1.87 |
| | Sep | 92.73 | - | - | - | - | - | - | - | - | - | - | - | -0.78 | 2.83 |
| | Dec | 92.01 | - | - | - | - | - | - | - | - | - | - | - | - | 3.63 |
| 2010 | Feb* | 95.35 | - | - | - | - | - | - | - | - | - | - | - | - | - |

*provisional

Changes in Exchange Rate (Rs/\$)--Weighted Average (Mid Rates) End Period

| | | WA Exchange Rate | App(+)/Dpp(-) | | | | | | | | | | | | |
|------|--------|------------------|---------------|------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | | 2007 | | | | 2008 | | | | 2009 | | | | 2010 |
| | | | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | 20-Mar |
| 2007 | Mar | 60.73 | - | 0.54 | 0.06 | -1.64 | -3.17 | -11.06 | -22.18 | -23.22 | -24.50 | -25.38 | -26.99 | -27.93 | -27.95 |
| | Jun | 60.41 | - | - | -0.48 | -2.17 | -3.69 | -11.53 | -22.59 | -23.63 | -24.91 | -25.78 | -27.38 | -28.31 | -28.33 |
| | Sep | 60.70 | - | - | - | -1.70 | -3.22 | -11.11 | -22.22 | -23.27 | -24.55 | -25.43 | -27.03 | -27.97 | -27.99 |
| | Dec | 61.75 | - | - | - | - | -1.55 | -9.57 | -20.88 | -21.94 | -23.24 | -24.14 | -25.77 | -26.72 | -26.74 |
| 2008 | Mar | 62.72 | - | - | - | - | - | -8.15 | -19.63 | -20.71 | -22.03 | -22.94 | -24.60 | -25.57 | -25.59 |
| | Jun | 68.28 | - | - | - | - | - | - | -12.50 | -13.68 | -15.12 | -16.11 | -17.91 | -18.97 | -18.99 |
| | Sep | 78.04 | - | - | - | - | - | - | - | -1.34 | -2.99 | -4.12 | -6.18 | -7.39 | -7.42 |
| | Dec | 79.10 | - | - | - | - | - | - | - | - | -1.67 | -2.82 | -4.90 | -6.13 | -6.16 |
| 2009 | Mar | 80.44 | - | - | - | - | - | - | - | - | - | -1.17 | -3.29 | -4.54 | -4.56 |
| | Jun | 81.39 | - | - | - | - | - | - | - | - | - | - | -2.15 | -3.41 | -3.44 |
| | Sep | 83.18 | - | - | - | - | - | - | - | - | - | - | - | -1.29 | -1.32 |
| | Dec | 84.26 | - | - | - | - | - | - | - | - | - | - | - | - | -0.03 |
| 2010 | 20-Mar | 84.29 | - | - | - | - | - | - | - | - | - | - | - | - | - |



Capital Market

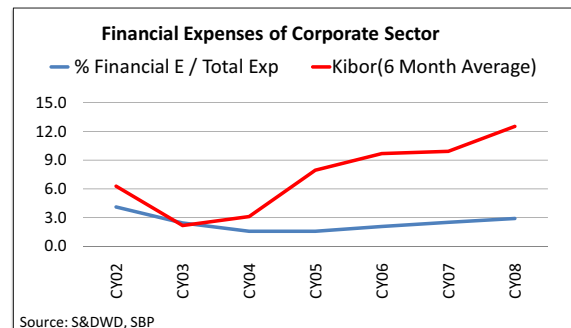
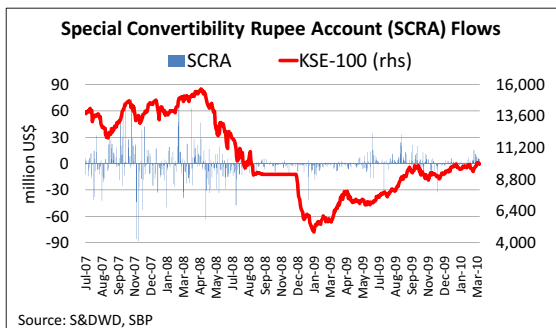
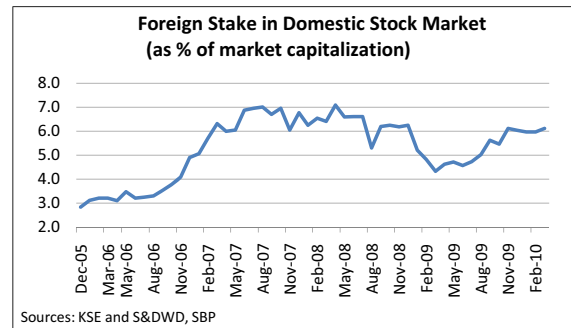
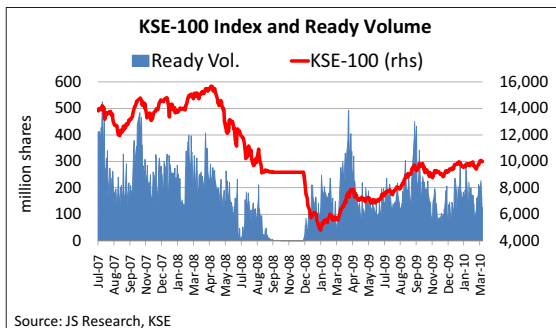
KSE-100 index, market capitalization and SCRA flows show improvement over the previous month.

Performance of Karachi Stock Exchange

| | FY10 | | | FY09 | Change (%) | | | |
|--|---------------------|----------|---------|---------|---------------------------------|---------------------------------|-----------------------------|----------------|
| | Mar-10 ¹ | Feb-10 | Dec-09 | | Mar 10 ¹ over Feb 10 | Mar 10 ¹ over Dec-09 | FY10 ¹ over FY09 | FY09 over FY08 |
| KSE-100 Index | 10,000.9 | 9,657.8 | 9,386.9 | 7,162.2 | 3.6 | 6.5 | 39.6 | -41.7 |
| KSE-30 Index | 10,313.3 | 10,061.0 | 9,849.9 | 7,571.1 | 2.5 | 4.7 | 36.2 | -47.2 |
| Market Capitalization (billion Rs.) | 2,847.2 | 2,773.5 | 2,705.9 | 2,120.7 | 2.7 | 5.2 | 34.3 | -43.9 |
| Ready Volume (million shares-Avg.) | 157.9 | 163.6 | 173.1 | 105.1 | -3.5 | -8.8 | 50.2 | -56.4 |
| SCRA Cumulative flows (US\$ million) | 371.0 | 294.1 | 270.0 | -537.2 | 26.2 | 37.4 | -169.1 | 131.5 |
| Average CFS Rate (percent) ² | n.a | n.a | n.a | 28.9 | n.a | n.a | n.a | 145.0 |
| CFS Investments, end period (billion Rs.) ² | n.a | n.a | n.a | 0.1 | n.a | n.a | n.a | -100.0 |

¹ upto March 19, 2010; ² CFS discontinued from July 1, 2009

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





Financial Soundness Indicators (FSIs)

Despite higher provisioning against rising NPLs, banks' profitability indicators show improvement over 2008.

| | 2008 | Jan-Mar 2009 | Apr-Jun 2009 | Jul-Sep 2009 | Sep-Dec 2009 |
|--|------|--------------|--------------|--------------|--------------|
| Risk weighted CAR* | 12.3 | 12.9 | 13.5 | 14.3 | 14.1 |
| NPLs to total loans | 10.5 | 11.5 | 11.5 | 12.4 | 12.2 |
| Provision to NPLs | 69.6 | 69.2 | 70.2 | 69.7 | 71.0 |
| Returns on assets (before tax) | 1.2 | 1.8 | 1.7 | 1.6 | 1.5 |
| Return on assets (after tax) | 0.8 | 1.1 | 1.0 | 0.9 | 0.9 |
| ROE--average equity and surplus (before tax) | 11.4 | 17.7 | 16.0 | 15.1 | 14.5 |
| ROE--average equity and surplus (after tax) | 7.8 | 10.7 | 9.7 | 9.0 | 8.6 |
| Net interest income/gross income | 70.4 | 75.8 | 73.0 | 73.1 | 72.3 |
| Liquid assets/total assets | 28.6 | 30.5 | 31.2 | 31.4 | 32.3 |
| Liquid assets/total deposits | 38.2 | 41.5 | 41.7 | 42.7 | 44.1 |
| Advances/deposits | 75.5 | 71.7 | 69.6 | 69.6 | 67.9 |

Source: Banking Surveillance Department (BSD), SBP

Note: FSIs are prepared on the basis of unaudited Quarterly Report of Condition submitted by banks.

*For Capital Adequacy Ratios, Data of IDBP, PPCBL, and SME is based on Basel I.

