



# **Monetary Policy Information Compendium**

**July 2010**

Consolidated by

**Monetary Policy Department**

**STATE BANK OF PAKISTAN**

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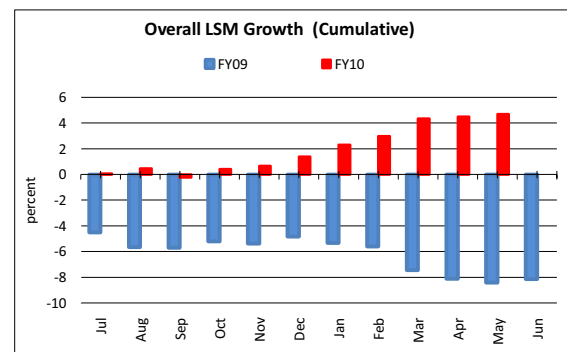
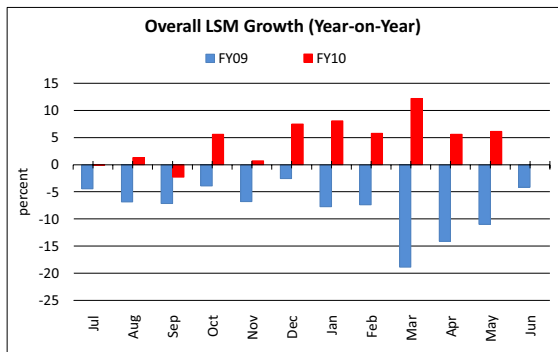
## Real Sector

*Recovery in large-scale manufacturing is led by higher output of consumer durable, pharmaceutical and fertilizer industries.*

### Growth in LSM sector

Groups	Weights	YoY changes				Cumulative changes during Jul-May	
		May-10		May-09		FY10	FY09
<b>Overall</b>	<b>100.0</b>	<b>6.1</b>	<b>-11.0</b>			<b>4.7</b>	<b>-8.4</b>
Textile	32.6	↓ -6.6	↑ 0.2	↓ -1.7	↓ -0.1		
Food, beverages & tobacco	19.1	↓ -2.9	↑ 5.9	↓ -3.6	↓ -10.0		
Petroleum products	7.0	↓ -13.9	↓ -6.3	↓ -7.4	↓ -8.9		
Pharmaceuticals	6.7	↓ -3.4	↑ 0.9	↑ 7.1	↑ 1.8		
Chemicals	6.4	↑ 2.7	↓ -4.2	↑ 0.08	↑ 0.6		
Non-metallic mineral products	5.6	↓ -0.6	↑ 5.3	↑ 9.4	↑ 5.6		
Automobile	5.3	↑ 61.1	↓ -48.3	↑ 35.2	↓ -40.4		
Metal industries	4.7	↓ -12.1	↓ -22.1	↓ -26.4	↓ -8.6		
Fertilizer	4.5	↑ 2.8	↑ 3.6	↑ 9.5	↑ 20.2		
Electronics	3.3	↑ 40.7	↓ -38.9	↑ 28.7	↓ -36.0		
Leather products	3.0	↑ 24.4	↑ 3.1	↑ 22.1	↑ 4.5		
Paper and board	0.8	↑ 12.3	↓ -15.1	↓ -2.3	↓ -1.3		
Engineering industries	0.6	↑ 46.3	↓ -26.9	↑ 15.4	↓ -3.0		
Rubber products	0.4	↑ 44.6	↑ 7.9	↑ 26.1	↑ 2.9		
Wood and wood products	0.0	↓ -28.0	↑ 6.9	↓ -44.3	↑ 38.5		

Sources: Federal Bureau of Statistics (FBS)



*Production of major crops declined by 0.2 percent in FY10 mainly due to water shortages.*

### Performance of Major Crops

Crops	Production (million tons)				Area Under Cultivation (million hectares)			Yield (Kg/hectare)		
	FY09	FY10 <sup>T</sup>	FY10 <sup>P</sup>	% change in FY10 <sup>P</sup> over FY09	FY10 <sup>T</sup>	FY10 <sup>P</sup>	% change in FY10 <sup>P</sup> over FY09	FY10 <sup>T</sup>	FY10 <sup>P</sup>	% change in FY10 <sup>P</sup> over FY09
Cotton*	11.8	13.4	12.7	↑ 7.4	3.2	3.1	↑ 10.1	710	695	↓ -2.5
Sugarcane	50.0	56.5	49.4	↓ -1.3	1.1	0.9	↓ -8.4	51,109	52,357	↑ 7.7
Rice	7.0	5.9	6.9	↓ -1.0	2.5	2.9	↓ -2.7	2,355	2,387	↑ 1.7
Wheat	24.0	25.0	23.9	↓ -0.7	9.0	9.0	↓ -0.04	2,764	2,639	↓ -0.7
Gram	0.7	0.8	0.6	↓ -22.9	1.0	1.1	↓ -2.9	800	543	↓ -20.7
Maize	3.6	3.4	3.5	↓ -3.0	1.0	1.0	↓ -9.7	3,400	3,670	↑ 7.5

\*Cotton production is stated in million bales.

P: Provisional ; T: Target

Source: Economic Survey 2009-10

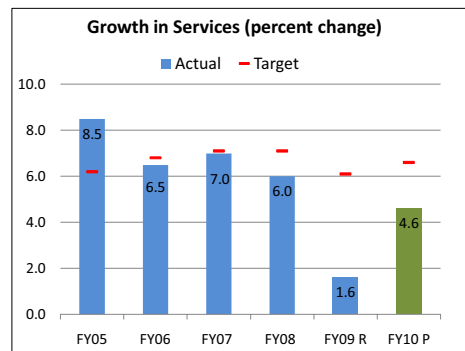
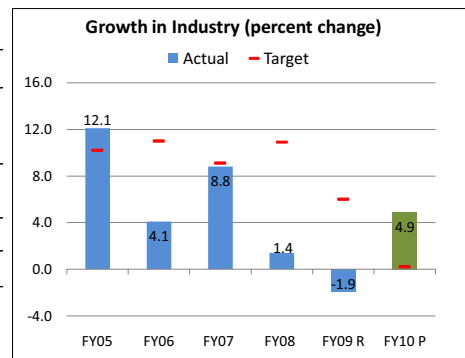
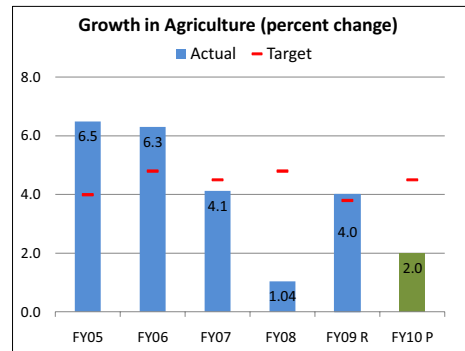
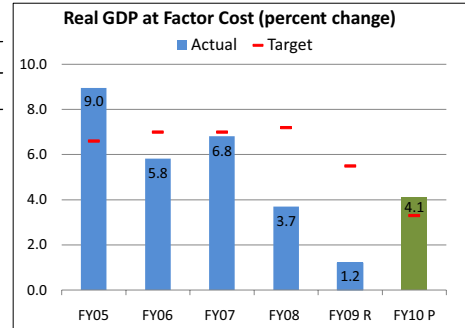
Note: Growth numbers may not tally due to separate rounding off of production data.



**The real GDP (fc) grew by 4.1 percent during FY10 against a target of 3.3 percent for the year.**

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

	FY09 (R)	FY10 (P)		
		Growth	Shares	Contribution
<b>Agriculture of which</b>	<b>4.0</b>	<b>2.0</b>	<b>21.5</b>	<b>0.4</b>
Major crops	7.3	-0.2	7.0	-0.01
Minor crops	-1.6	-1.2	2.4	-0.03
Livestock	3.5	4.1	11.4	0.5
<b>Industry of which</b>	<b>-1.9</b>	<b>4.9</b>	<b>25.2</b>	<b>1.2</b>
Manufacturing	-3.7	5.2	18.5	0.9
Large-scale	-8.2	4.4	12.2	0.5
Small-scale	7.5	7.5	4.9	0.4
Construction	-11.2	15.3	4.3	0.3
<b>Services of which</b>	<b>1.6</b>	<b>4.6</b>	<b>53.3</b>	<b>2.4</b>
Transport & communication	2.7	4.5	10.2	0.5
Wholesale & retail trade	-1.4	5.1	17.1	0.9
Finance & insurance	-7.0	-3.6	5.4	-0.2
Public administration & defence	3.6	7.5	6.3	0.5
<b>Real GDP (fc)</b>	<b>1.2</b>	<b>4.1</b>	<b>100</b>	<b>4.1</b>
<b>Real GDP (mp)</b>	<b>3.6</b>	<b>4.4</b>	-	-



	FY09	FY10 <sup>P</sup>	FY11 <sup>T</sup>
Real GDP (fc, billion Rs)	5,448	5,671	5,926
Real GDP (fc, billion US\$)	69.3	67.7	-

### Expenditure Approach- GDP at Constant Factor Cost of 1999-00, % changes

	FY09 (R)	FY10 (P)		
		Growth	Shares	Contribution
<b>Consumption</b>	<b>4.3</b>	<b>5.0</b>	<b>82.2</b>	<b>4.0</b>
Private	11.3	3.9	72.6	2.9
Government	-31.5	13.4	9.5	1.2
<b>Fixed capital formation</b>	<b>-11.3</b>	<b>-2.0</b>	<b>14.8</b>	<b>-0.3</b>
Private	-11.1	-5.1	10.6	-0.6
Public plus general government	-11.8	6.5	4.2	0.3
<b>Changes in Stocks</b>	<b>3.6</b>	<b>4.4</b>	<b>1.6</b>	<b>0.1</b>
<b>Net exports of goods and non-factor services</b>	<b>-181.3</b>	<b>59.5</b>	<b>1.4</b>	<b>0.6</b>
Exports of goods and non-factor services	-3.3	14.1	17.1	2.2
Imports of goods and non-factor services	-15.2	11.2	15.7	1.6
<b>GDP (market prices)</b>	<b>3.6</b>	<b>4.4</b>	<b>100</b>	<b>4.4</b>
Less Indirect taxes plus subsidies	75.2	9.0	5.8	-
<b>GDP (fc)</b>	<b>1.2</b>	<b>4.1</b>	<b>94.2</b>	-
<b>Total Domestic Demand*</b>	<b>1.4</b>	<b>3.8</b>	<b>98.6</b>	-

\* Domestic demand is equal to GDP (fc) less net exports.  
Source: Economic Survey 2009-10

P: Provisional; T: Target  
R: Revised

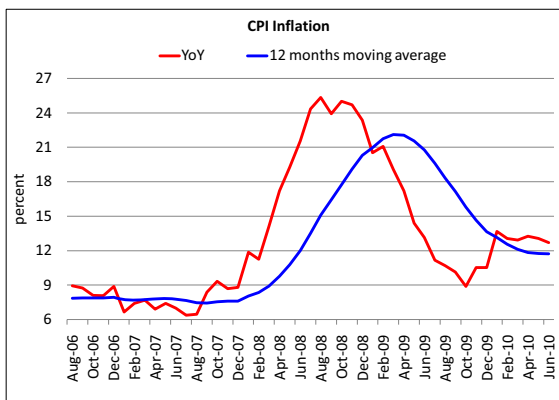


### Inflation

*CPI inflation (YoY) declined marginally in June 2010, however, it has remained close to 13 percent during H2-FY10.*

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

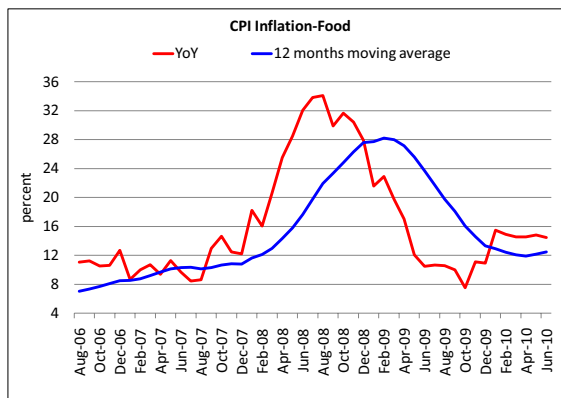
	MoM*	YoY#	12M moving average
Jun-09	1.0	13.1	20.8
Jul-09	1.5	11.2	19.6
Aug-09	1.7	10.7	18.3
Sep-09	0.5	10.1	17.1
Oct-09	1.0	8.9	15.8
Nov-09	1.4	10.5	14.6
Dec-09	-0.5	10.5	13.6
Jan-10	2.4	13.7	13.1
Feb-10	0.4	13.0	12.6
Mar-10	1.3	12.9	12.1
Apr-10	1.7	13.3	11.8
May-10	0.1	13.1	11.8
Jun-10	0.6	12.7	11.7
<b>5-year Avg for June (excluding FY10)</b>	<b>0.8</b>	<b>11.6</b>	



*Despite a slight decrease in June 2010, CPI food inflation (YoY) remains high.*

**CPI -Food (40.3% weight in basket) (percent change)**

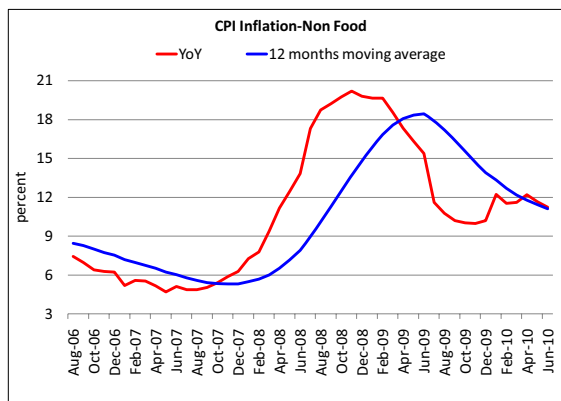
	MoM*	YoY#	12M moving average
Jun-09	1.0	10.5	23.7
Jul-09	3.0	10.7	21.7
Aug-09	2.5	10.6	19.8
Sep-09	0.4	10.0	18.1
Oct-09	1.1	7.5	16.1
Nov-09	1.8	11.1	14.6
Dec-09	-1.7	10.9	13.3
Jan-10	2.0	15.5	12.9
Feb-10	0.1	14.9	12.4
Mar-10	1.8	14.5	12.1
Apr-10	2.0	14.5	11.9
May-10	0.0	14.8	12.1
Jun-10	0.7	14.5	12.5
<b>5-year Avg for June (excluding FY10)</b>	<b>0.7</b>	<b>13.9</b>	



*Non-food inflation (YoY) declined for the second consecutive month in June 2010.*

**CPI -Non Food (59.7% weight in basket) (percent change)**

	MoM*	YoY#	12M moving average
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
Mar-10	0.8	11.6	12.2
Apr-10	1.5	12.2	11.8
May-10	0.1	11.7	11.4
Jun-10	0.6	11.2	11.1
<b>5-year Avg for June (excluding FY10)</b>	<b>0.9</b>	<b>10.0</b>	



\* Month-on-Month

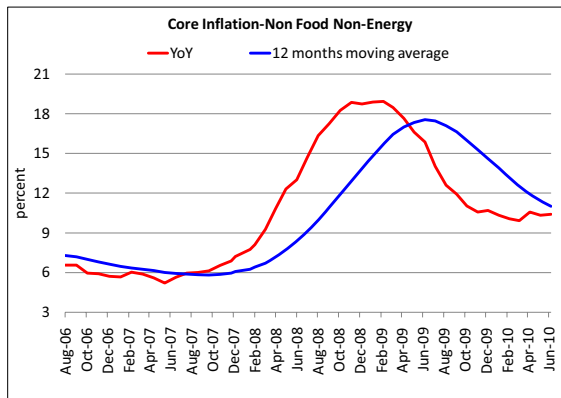
# Year-on-Year

Source: Federal Bureau of Statistics



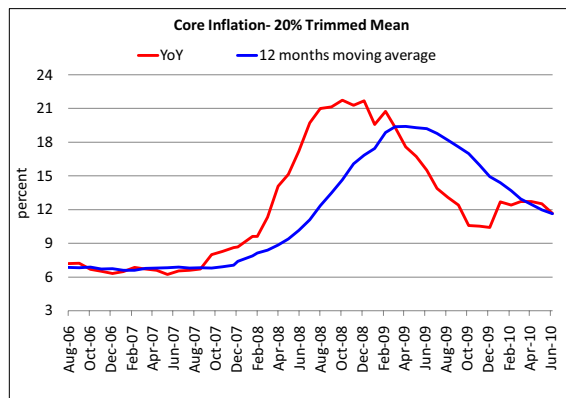
*Non-food non-energy (NFNE) measure of core inflation has remained above 10 percent during the last three months.*

Core-Non food non-energy (51% weight in basket) (percent change)			
	MoM	YoY	12M moving average
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
Mar-10	0.8	9.9	12.5
Apr-10	1.7	10.6	11.9
May-10	0.6	10.3	11.4
Jun-10	0.7	10.4	11.0
<b>5-year Avg for June (excluding FY10)</b>	<b>0.7</b>	<b>9.8</b>	



*However, core inflation (20% trimmed mean) witnessed a slight decline in June 2010.*

Core- 20% Trimmed (percent change)			
	MoM	YoY	12M moving average
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
Mar-10	0.8	12.7	13.0
Apr-10	1.1	12.7	12.5
May-10	0.4	12.5	12.0
Jun-10	0.7	11.7	11.6
<b>5-year Avg for June (excluding FY10)</b>	<b>0.9</b>	<b>10.7</b>	



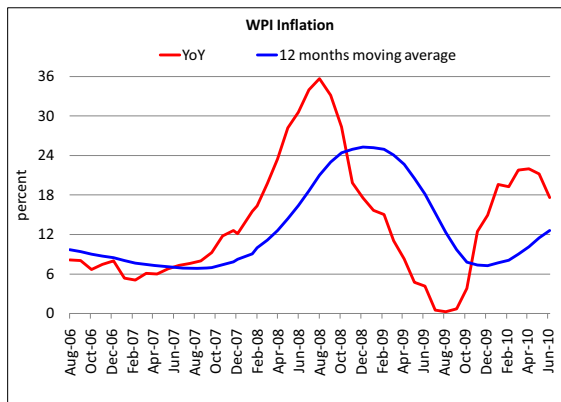
Source: Federal Bureau of Statistics



**WPI inflation (YoY) declined by 3.6 percentage points during June 2010, primarily contributed by fall in prices of non-food items.**

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

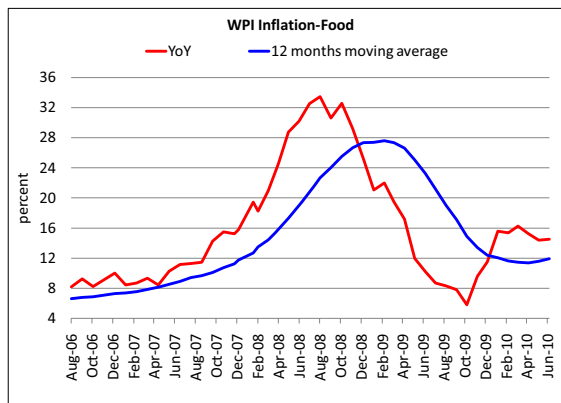
	MoM	YoY	12M moving average
Jun-09	2.4	4.1	18.2
Jul-09	0.7	0.5	15.3
Aug-09	2.2	0.3	12.3
Sep-09	0.2	0.7	9.7
Oct-09	1.2	3.8	7.8
Nov-09	2.8	12.5	7.4
Dec-09	0.2	15.0	7.3
Jan-10	4.2	19.6	7.7
Feb-10	0.4	19.3	8.1
Mar-10	2.5	21.8	9.0
Apr-10	1.8	22.0	10.1
May-10	0.9	21.2	11.5
Jun-10	-0.6	17.6	12.6
5-year Avg for June (excluding FY10)	<b>1.6</b>	<b>11.5</b>	



**WPI food inflation (YoY) edged up in June 2010 after showing declines during previous two months.**

**WPI-Food (42.1% weight in basket) (percent change)**

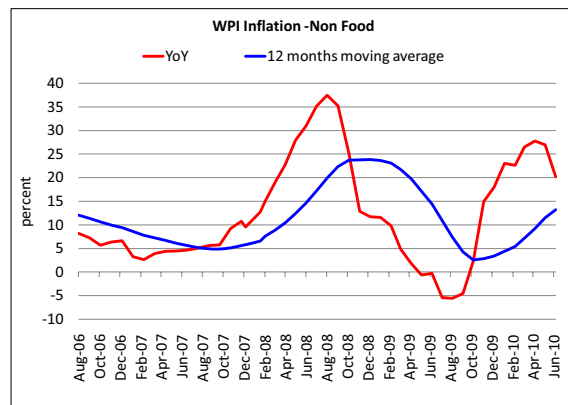
	MoM	YoY	12M moving average
Jun-09	1.1	10.2	23.2
Jul-09	2.0	8.7	21.2
Aug-09	2.3	8.3	19.0
Sep-09	0.4	7.8	17.1
Oct-09	0.9	5.8	14.9
Nov-09	1.9	9.6	13.4
Dec-09	-0.7	11.5	12.4
Jan-10	2.7	15.6	12.0
Feb-10	0.5	15.4	11.6
Mar-10	1.7	16.3	11.4
Apr-10	0.7	15.2	11.4
May-10	0.1	14.4	11.6
Jun-10	1.2	14.5	11.9
5-year Avg for June (excluding FY10)	<b>1.1</b>	<b>13.3</b>	



**WPI non-food inflation (YoY) declined considerably in June 2010, largely contributed by downward adjustment in fuel prices.**

**WPI-Non Food (57.9% weight in basket) (percent change)**

	MoM	YoY	12M moving average
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
Mar-10	3.2	26.5	7.1
Apr-10	2.7	27.7	9.2
May-10	1.4	26.9	11.5
Jun-10	-2.0	20.1	13.2
5-year Avg for June (excluding FY10)	<b>1.9</b>	<b>10.1</b>	



Sources: Federal Bureau of Statistics



### CPI Inflation (YoY) by Groups

*The fall in headline CPI inflation (YoY) in June 2010 was contributed by both food and non-food groups.*

Groups	Weights	Jun-10			May-10		
		MoM	YoY	12m MA*	MoM	YoY	12m MA*
<b>I. Food Group</b>	<b>40.3</b>	<b>0.7</b>	<b>14.5</b>	<b>12.5</b>	<b>0.0</b>	<b>14.8</b>	<b>12.1</b>
<b>II. Non-Food Group</b>	<b>59.7</b>	<b>0.6</b>	<b>11.2</b>	<b>11.1</b>	<b>0.1</b>	<b>11.7</b>	<b>11.4</b>
Apparel, Textile etc.	6.1	0.7	9.3	6.3	1.3	8.8	6.4
House Rent	23.4	0.4	9.7	13.8	0.5	10.5	14.6
Fuel and Lighting	7.3	0.6	16.4	14.1	-0.8	15.8	14.6
Furniture etc.	3.3	0.7	6.7	6.4	0.8	6.2	6.7
Transport etc.	7.3	0.6	15.8	6.0	-2.1	18.7	5.1
Recreation etc.	0.8	0.0	14.4	5.9	0.0	14.5	5.0
Education	3.5	0.1	8.4	12.4	1.0	8.4	13.3
Cleaning, Laundry etc.	5.9	1.3	10.0	10.6	0.6	9.2	11.0
Medicare	2.1	1.3	10.6	6.6	0.7	9.2	6.3
<b>Overall</b>	<b>100</b>	<b>0.6</b>	<b>12.7</b>	<b>11.7</b>	<b>0.1</b>	<b>13.1</b>	<b>11.8</b>

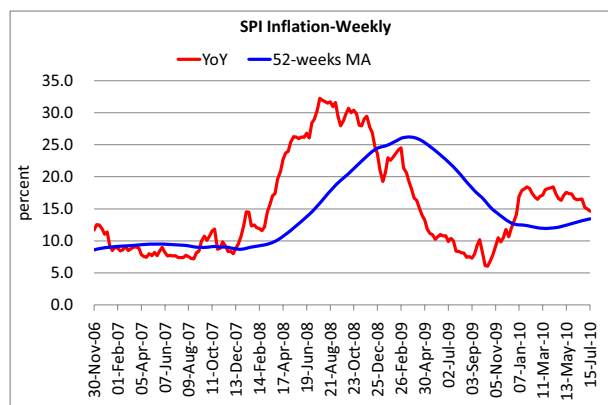
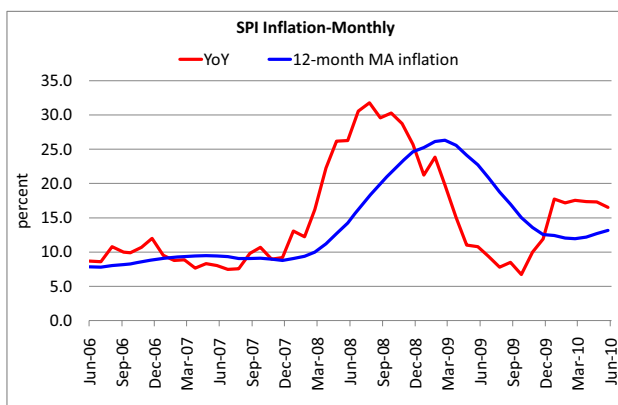
*After rising during the first seven months of FY10, monthly SPI inflation (YoY) eased in June 2010.*

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

Income Groups	Percent change (WoW)				Jun-10		
	Current	Last week	Two weeks ago	Three weeks ago	MoM	YoY	12m MA*
	15-Jul-10	8-Jul-10	1-Jul-10	24-Jun-10			
<b>Up to Rs 3000</b>	0.5	0.6	0.3	0.3	1.0	14.9	13.3
<b>Rs 3001-5000</b>	0.5	0.9	0.3	0.3	0.9	14.9	13.5
<b>Rs 5001-12000</b>	0.5	0.8	0.2	0.2	0.8	15.5	13.6
<b>Above Rs 12000</b>	0.4	0.9	-0.1	0.2	0.1	17.7	12.8
<b>All</b>	<b>0.5</b>	<b>0.9</b>	<b>0.1</b>	<b>0.2</b>	<b>0.4</b>	<b>16.5</b>	<b>13.2</b>

Sources: Federal Bureau of Statistics

WoW: Week on Week



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





## Balance of Payments

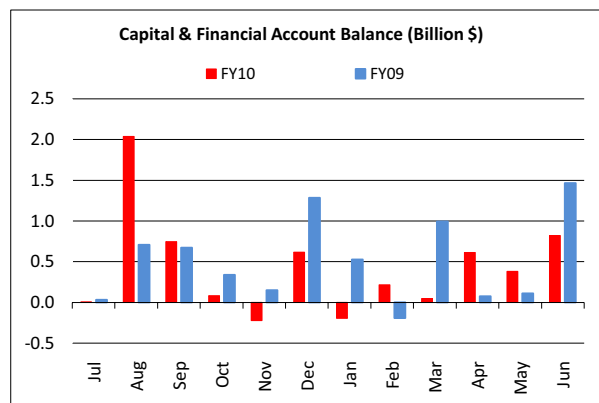
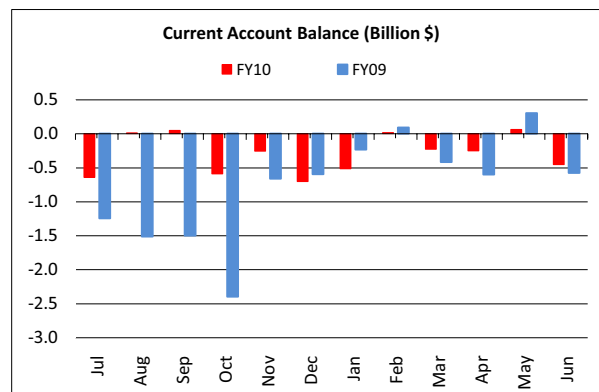
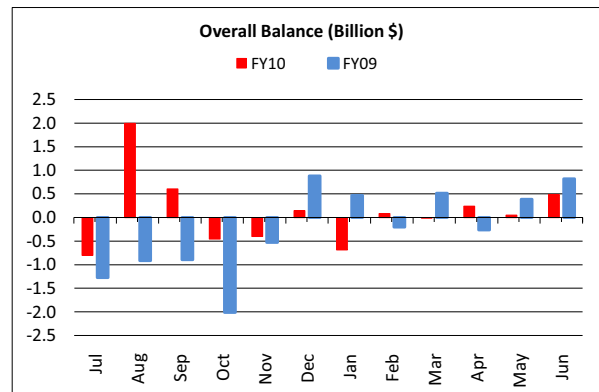
*With significant reduction in current account deficit and increase in debt creating inflows, the overall balance of payments turned into surplus during FY10.*

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

Items	Jun-10	FY10	FY09
<b>A) Current account</b>	<b>-453</b>	<b>-3,507</b>	<b>-9,261</b>
1. Trade balance	-1,241	-11,377	-12,627
Exports	1,782	19,636	19,121
Imports	3,023	31,013	31,747
2. Services (net)	-227	-1,658	-3,381
Receipts	386	5,147	4,106
Payments	613	6,805	7,487
3. Income (net)	-260	-3,267	-4,407
Receipts	44	562	874
Payments	304	3,829	5,281
4. Current transfers (net)	1,275	12,795	11,154
Receipts: of which	1,285	12,909	11,256
Remittances	841	8,906	7,811
Payments	10	114	102
<b>B) Capital and financial account: of which</b>	<b>821</b>	<b>5,125</b>	<b>6,087</b>
1. Foreign investment	247	2,155	2,622
FDI (net)	175	2,218	3,695
FPI	72	-63	-1,073
2. Foreign long term loans	665	1,960	2,180
Disbursements	818	3,756	4,031
Amortization	153	1,796	1,851
<b>C) Errors &amp; omissions</b>	<b>117</b>	<b>-352</b>	<b>118</b>
<b>Overall balance (A+B+C)</b>	<b>485</b>	<b>1,266</b>	<b>-3,056</b>
<b>SBP gross reserves<sup>1</sup></b>	<b>13,953</b>	<b>13,953</b>	<b>10,257</b>

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

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



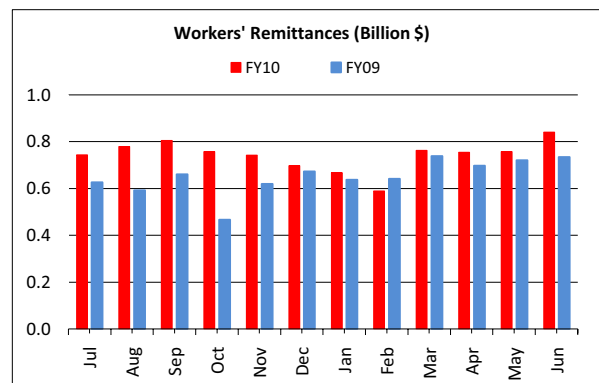
*Despite global economic crisis, Pakistan received record workers' remittances in FY10.*

### Workers' Remittances<sup>2</sup> (million \$)

	Jun-10	FY10	FY09
<b>Total: of which</b>	<b>841</b>	<b>8,906</b>	<b>7,811</b>
USA	165	1,771	1,736
UK	82	876	606
Saudi Arabia	199	1,918	1,560
UAE	196	2,039	1,689
GCC <sup>3</sup>	106	1,238	1,203
Others	93	1,064	1,019

<sup>2</sup> Only cash, <sup>3</sup> Kuwait, Qatar, Bahrain and Oman

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



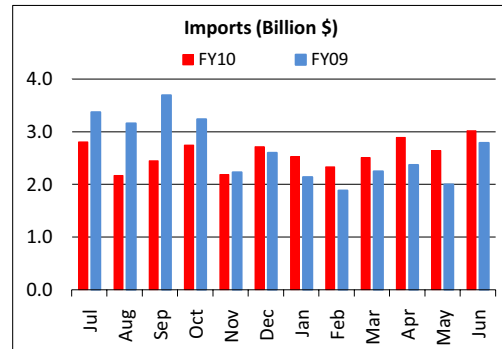
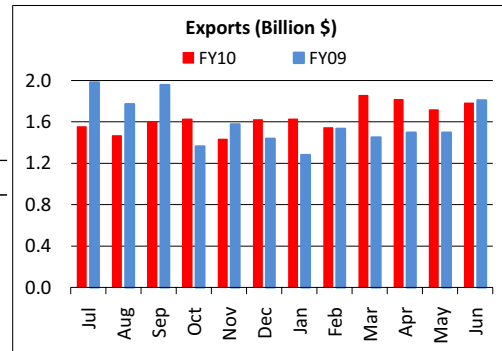
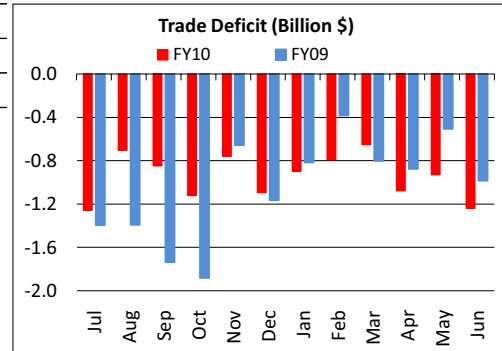


## Trade

*With improvement in exports and decline in imports, trade deficit declined marginally during FY10.*

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

	Jun-10	FY10	FY09	Shares <sup>1</sup> FY10
<b>Exports</b>	<b>1,782</b>	<b>19,636</b>	<b>19,121</b>	<b>100</b>
<b>Textile group</b>	<b>956</b>	<b>10,177</b>	<b>9,776</b>	<b>52</b>
Cotton cloth	178	1,879	2,107	10
Knitwear, bedwear	358	3,702	3,581	19
Readymade garments	100	962	983	5
<b>Other manufactures group</b>	<b>338</b>	<b>3,523</b>	<b>3,511</b>	<b>18</b>
Leather items <sup>2</sup>	76	700	749	4
Chemical and pharma	83	853	668	4
Cement	46	511	606	3
Engineering goods	28	301	347	2
<b>Food group</b>	<b>299</b>	<b>3,289</b>	<b>2,797</b>	<b>17</b>
Rice	200	2,135	1,766	11
<b>All Others</b>	<b>188</b>	<b>2,647</b>	<b>3,037</b>	<b>13</b>
<b>Imports</b>	<b>3,023</b>	<b>31,013</b>	<b>31,747</b>	<b>100</b>
<b>Petroleum group</b>	<b>1,137</b>	<b>10,463</b>	<b>10,032</b>	<b>34</b>
Petroleum products	793	6,646	5,599	21
Petroleum crude	344	3,817	4,433	12
<b>Machinery group</b>	<b>411</b>	<b>4,133</b>	<b>4,923</b>	<b>13</b>
Power machinery	79	837	1,305	3
Electrical machinery	54	587	716	2
<b>Agri. &amp; other chemicals group</b>	<b>456</b>	<b>5,284</b>	<b>4,848</b>	<b>17</b>
Fertilizer manufactured	73	867	449	3
Plastic materials	100	1,127	1,091	4
<b>Food group</b>	<b>313</b>	<b>3,079</b>	<b>3,586</b>	<b>10</b>
Palm oil	110	1,239	1,342	4
Sugar	51	287	51	1
<b>Metal group</b>	<b>156</b>	<b>2,028</b>	<b>2,042</b>	<b>7</b>
Iron steel (IS) & IS scrap	117	1,615	1,658	5
<b>All Others</b>	<b>551</b>	<b>6,025</b>	<b>6,317</b>	<b>19</b>

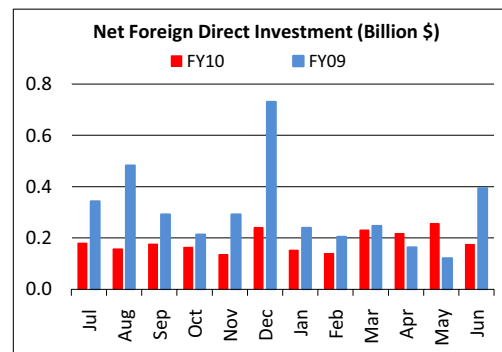


<sup>1</sup> Share=group(item)/total, based on FY10 value; <sup>2</sup> Include tanned and manufactured leather

*During FY10, FDI fell to its lowest since FY05.*

### Inflow of Foreign Direct Investment in Pakistan (million \$)

	Jun-10	FY10	FY09
<b>Total: Of which</b>	<b>174</b>	<b>2,206</b>	<b>3,720</b>
<b>Major countries</b>			
USA	47	488	870
UAE	38	243	178
UK	22	297	263
Netherlands	7	279	42
<b>Major sectors</b>			
Communication	-3	291	879
Financial service	9	163	708
Oil & gas exploration	97	751	775
Power	-95	-112	122
Trade	13	117	167



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

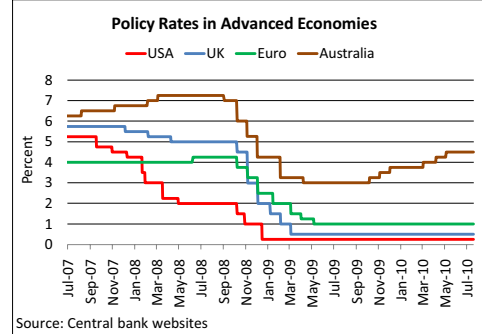


## Global Economy

*In view of resurgence in inflationary pressures, the central banks of Malaysia, Thailand, South Korea and India raised their policy rates during July 2010.*

### Policy Rates in Major Economies

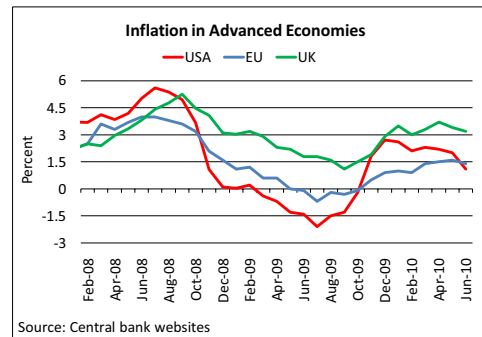
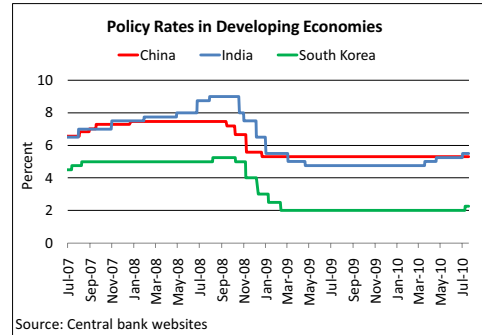
Major Economies	Current Policy Rate	Previous	Changed On	Change (bps)
USA*	0.25	1.00	Dec 16 2008	↓ -75
UK	0.50	1.00	Mar 05 2009	↓ -50
ECB	1.00	1.25	May 07 2009	↓ -25
Japan	0.10	0.30	Dec 20 2008	↓ -20
Australia	4.50	4.25	May 05 2010	↑ 25
China	5.31	5.58	Dec 22 2008	↓ -27
India	5.50	5.25	Jul 02 2010	↑ 25
South Korea	2.25	2.00	Jul 09 2010	↑ 25
Malaysia	2.75	2.50	Jul 08 2010	↑ 25
Indonesia	6.50	6.75	Aug 05 2009	↓ -25
Thailand	1.50	1.25	Jul 14 2010	↑ 25



*GDP growth accelerated in most of the economies during first quarter of 2010.*

### Key Macroeconomic Indicators

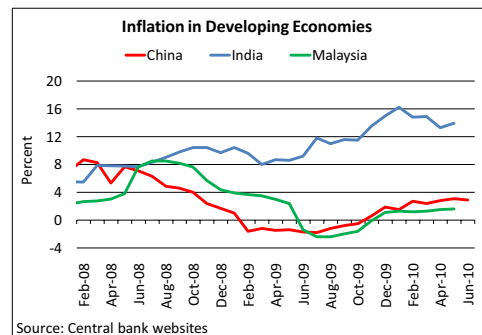
	Inflation (YoY) <sup>1</sup>	GDP growth <sup>2</sup>	Current account balance	Fiscal balance
	Jun-10		as a percentage of GDP	
USA	1.1	2.5 (Q1-10)	-2.6 (Q1-10)	-9.3 (Q1-10)
UK	3.2	-0.2 (Q1-10)	-1.3 (Q4-09)	-9.5 (Q1-10)
Euro Area	1.4	0.5 (Q1-10)	-0.4 (Q1-10)	-6.5 (Q4-09)
Japan	-0.9 (May-10)	4.6 (Q1-10)	3.2 (Q1-10)	-
Australia	3.1 (Q2-10)	2.7 (Q1-10)	-4.2 (Q4-09)	-
China	2.9	10.3 (Q2-10)	6.3 (H1-09)	4.3 (Q4-09)
India	13.9 (May-10)	8.6 (Q4-09)	-2.1 (Q4-09)	-7.0 (Q1-10)
Sri Lanka	4.8	7.1 (Q1-10)	-	-
South Korea	2.6	7.8 (Q1-10)	4.6 (Q1-10)	-
Malaysia	1.6 (May-10)	10.1 (Q1-10)	15.8 (Q1-10)	-
Indonesia	5.1	5.7 (Q1-10)	1.6 (Q1-10)	-
Thailand	3.3	12.0 (Q1-10)	5.5 (Q1-10)	-3.9 (Q1-10)



*Notwithstanding Euro debt crisis, the global economy is projected to rebound in 2010.*

### World Economic Outlook - Real GDP Growth

	2009 (IMF Estimated)	2010 Projections		
		IMF (Jul-10)	World Bank (Jun-10)	OECD (May-10)
<b>World output</b>	<b>-0.6</b>	<b>4.6</b>	<b>3.3</b>	-
<b>Advance</b>	<b>-3.2</b>	<b>2.6</b>	<b>2.3</b>	-
US	-2.4	3.3	3.3	3.2
Euro area	-4.1	1.0	0.7	1.2
Japan	-5.2	2.4	2.5	3.0
UK	-4.9	1.2	-	1.3
<b>Emerging &amp; Developing</b>	<b>2.5</b>	<b>6.8</b>	<b>6.2</b>	-
Russia	-7.9	4.3	4.5	5.5
China	9.1	10.5	9.5	11.1
India	5.7	9.4	8.2	8.3
ASEAN-5	1.7	6.4	-	-



\* US Federal Reserve 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 declined for the second consecutive month in June 2010.**

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

	Jun-10	% change since		
		Last month		End Jun-09
Global CPI	139.1	↓ -1.87	↑	9.9
Food CPI	139.9	↓ -2.15	↓	-2.5
Commodity non-fuel CPI	137.8	↓ -3.37	↑	10.3
Metal CPI	151.2	↓ -4.96	↑	27.6
Crude oil (\$/bbl)	74.8	↓ -1.85	↑	8.3
Palm oil (\$/m. ton)	78.7	↓ -7.64	↓	-88.6
Soya bean Oil (\$/m. ton)	348.5	↓ -0.15	↓	-58.1
Wheat (\$/m. ton)	762.8	↓ -0.15	↑	201.0
Gold spot (\$/Oz)	1,234.0	↑ 2.14	↑	34.1
Sugar (US cents/pound)	1,090.3	↓ -1.11	↑	4,751.7

Source: IMF-IFS

**Fall in most international capital markets in recent months reflects uncertainty about global economic recovery.**

### Capital Market Indices

	Latest - Jul 16, 2010	% change since		
		Last month		End Jun-09
US (DJIA)	10,097.9	↓ -3.2	↑	21.9
DJ EURO STOXX	2,645.6	↓ -3.0	↑	10.8
UK (FTSE 100)	5,158.9	↓ -1.8	↑	21.8
Japan (Nikkei 225)	9,408.4	↓ -5.9	↑	-4.2
China (SSEA)	2,424.3	↓ -5.3	↓	-21.5
France (CAC 40)	3,500.2	↓ -5.0	↑	12.2
Germany (DAX)	6,040.3	↓ -2.9	↑	28.3
India (BSE)	17,955.8	↓ 1.9	↑	21.6
World dev'd (MSCI) <sup>3</sup>	1,113.1	↑ 0.2	↑	14.4
Emerging markets (MSCI) <sup>3</sup>	961.5	↑ 1.9	↑	24.4
World all (MSCI) <sup>3</sup>	286.0	↑ 0.4	↑	15.6

### End Notes

<sup>1</sup> Inflation is YoY percent changes in CPI.

<sup>2</sup> Growth is measured as percentage change over the same quarter of previous year.

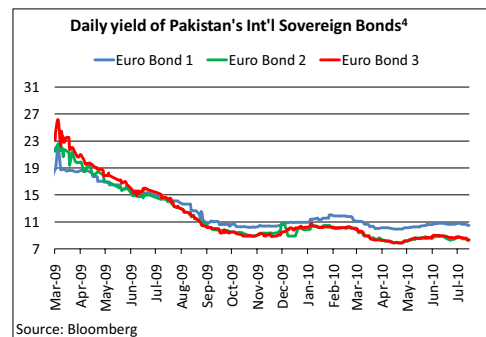
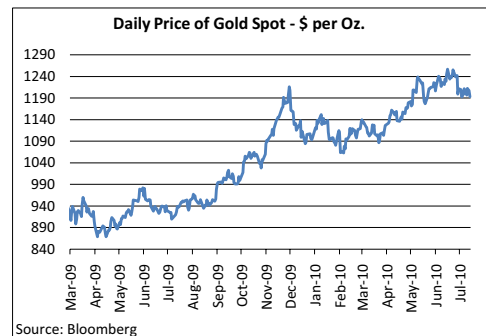
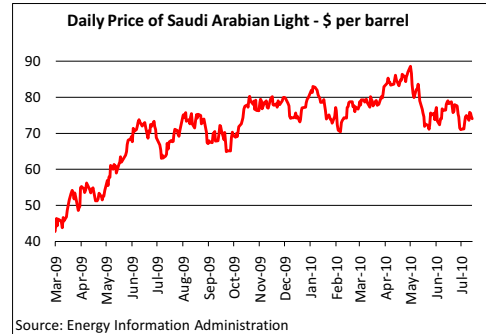
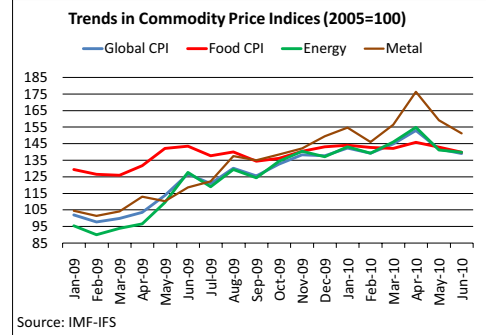
<sup>3</sup> July 14, 2010

<sup>4</sup> 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

The available information indicate breaching of (revised) fiscal deficit target for FY10.

### Revenues (billion Rs)

	BE <sup>1</sup>	Actual	BE <sup>8</sup>
	FY10	Jul-Mar FY10	FY11
<b>Total revenue</b>	<b>2,155</b>	<b>1,402</b>	<b>2,574</b>
Tax revenue	1,593	1,015	1,779 <sup>^</sup>
Growth (YoY) %	32.2	19.5	
of which: FBR revenues*	1,380	909	1,667
Non-tax revenue	562	387	632 <sup>^</sup>
Growth (YoY) %	-13.1	-14.4	

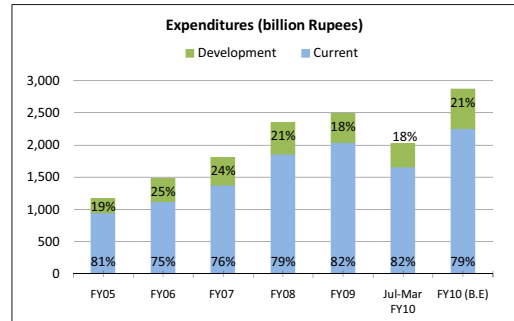
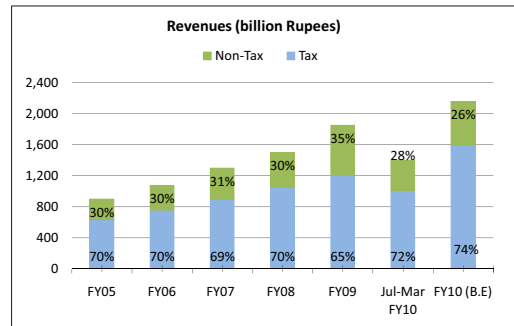
\* The total FBR tax revenues during July-June FY10 are Rs1327 billion.

### Expenditures (billion Rs)

	BE <sup>1</sup>	Actual	BE <sup>8</sup>
	FY10	Jul-Mar FY10	FY11
<b>Total expenditure<sup>3</sup></b>	<b>2,877</b>	<b>2,028</b>	<b>3,259</b>
Current	2,261	1,660	1,998 <sup>^</sup>
Growth (YoY) %	10.7	17.3	
Interest payments	664	474	
Defence	343	270	
Development & net lending	616	364	
Growth (YoY) %	26.5	47.8	

### Overall Balance (billion Rs)

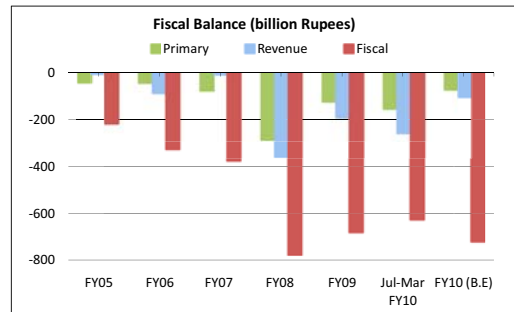
	BE <sup>1</sup>	Actual	BE <sup>8</sup>
	FY10	Jul-Mar FY10	FY11
<b>Fiscal Balance<sup>6</sup></b>	<b>-722</b>	<b>-626</b>	<b>-685</b>
Revenue Balance <sup>5</sup>	-106	-258	
Primary Balance <sup>4</sup>	-58	-152	



The rising fiscal deficit and less than projected external inflows have raised pressure on domestic sources of financing.

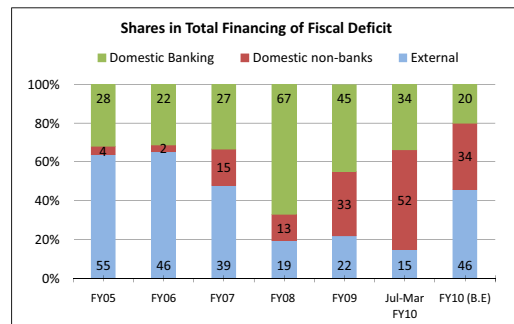
### Financing of Fiscal Deficit (billion Rs)

	BE <sup>1</sup>	Actual	BE <sup>8</sup>
	FY10	Jul-Mar FY10	FY11
<b>Financing</b>	<b>722</b>	<b>626</b>	<b>685</b>
1. External	332	93	186
2. Domestic: of which	390	533	499
Non-bank	246	322	333
Banking system: of which	144	211	167
Commercial Banks	144	181	167
SBP	0	30	0
Privatization proceeds	19.4	-	-



### FBR Tax Collection (billion Rs)

	Direct	Sales	Customs	FED <sup>2</sup>	Total taxes
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	35	41	11	9	97
Mar-10	48	43	16	11	119
Apr-10	48	45	14	10	116
May-10	37	48	14	12	110
Jun-10	104	51	22	14	191
<b>Jul-Jun FY10<sup>7</sup></b>	<b>529</b>	<b>516</b>	<b>161</b>	<b>121</b>	<b>1,327</b>
Jul-Jun FY09	444	452	148	117	1,161



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

<sup>1</sup> Budget estimates, Revised according to latest Economic Survey; <sup>2</sup> Federal excise duty; <sup>3</sup> Exclusive of statistical discrepancy; <sup>4</sup> Primary balance = total revenue - total expenditure + interest payment; <sup>5</sup> Revenue balance = total revenue - current expenditure; <sup>6</sup> Fiscal balance = total revenue - total expenditure; <sup>7</sup> FY10 data is provisional; <sup>8</sup> Provisional, based on Federal Budget Speech; the numbers may be revised after finalization of Provincial Budgets. Numbers indicated by ^ are "Federal estimates only"

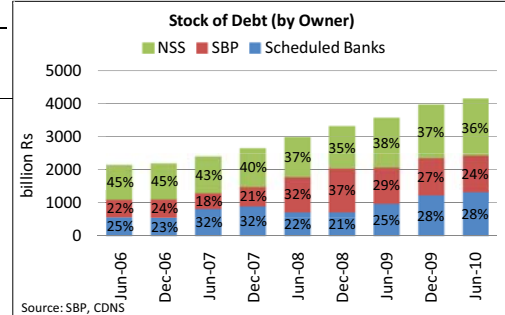


## Domestic Debt

The stock of domestic debt rose by 20.5 percent during FY10.

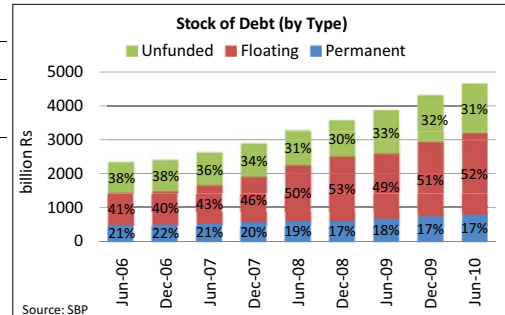
### Debt by Owner - end period stocks (billion Rs)

	FY10 <sup>P</sup>	FY09	Absolute change Since Jun 2009
Bank	2,440	2,065	375
Commercial banks	1,312	954	358
SBP	1,128	1,111	17
Non-bank	2,210	1,788	422
National saving	1,692	1,468	224
Others	518	320	197
Foreign Currency Instruments <sup>1</sup>	3	8	-5
<b>Total</b>	<b>4,652.7</b>	<b>3,860.7</b>	<b>792.0</b>



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

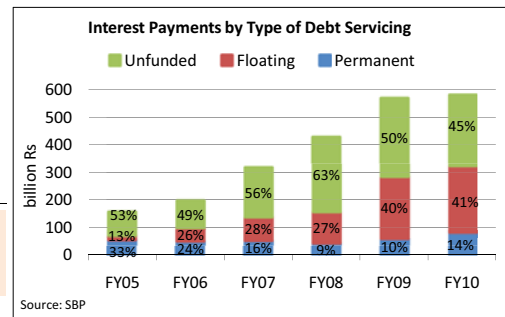
	FY10	FY09	Absolute change Since Jun 2009
Long term	2,250	1,949	302
Permanent: <i>Of which</i>	794	678	116
PIBs	505	441	64
Prize bonds	236	197	39
Unfunded: <i>Of which</i>	1,456	1,271	186
NSS <sup>2</sup>	1,346	1,163	183
Short term (floating): <i>Of which</i>	2,399	1,904	495
MTBs	1,227	796	431
MRTBs-replenishment	1,172	1,108	64
Foreign Currency Instruments	3	8	-5.0
<b>Total</b>	<b>4,652.7</b>	<b>3,860.7</b>	<b>792.0</b>



Debt stock as percent of GDP has risen close to 32 percent in FY10.

### Debt Servicing (billion Rs)

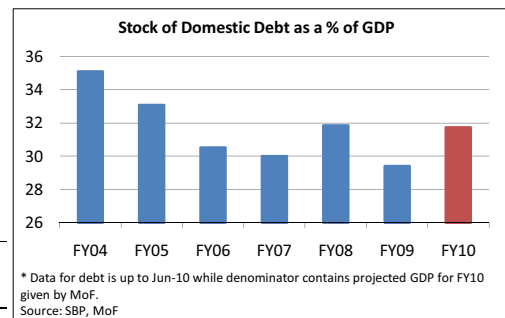
	Jun-10	Jul-June		
		FY10	FY09	% change
Permanent	7.4	80.6	57.0	41.4
Unfunded	17.5	259.7	286.0	-9.2
Floating	27.6	241.1	227.2	6.1
<b>Total</b>	<b>52.5</b>	<b>581</b>	<b>570.2</b>	<b>2.0</b>



### Indicators of Domestic Debt Sustainability

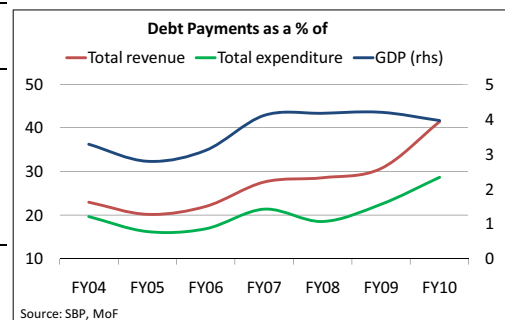
#### Debt Stock as a % of GDP

	FY06	FY07	FY08	FY09	FY10 <sup>3</sup>
	30.5	30.0	31.8	29.4	31.7



#### Debt Servicing as a % of

	FY06	FY07	FY08	FY09	FY10 <sup>4</sup>
GDP	3.1	4.1	4.2	4.2	4.0
Total revenue	22.0	27.6	31.6	30.2	41.5
Tax revenue	31.5	40.3	40.9	42.5	57.3
Total expenditure	16.9	21.4	20.8	22.1	28.7
Current expenditure	21.2	26.1	23.1	29.7	35.0



<sup>1</sup> It includes FEBCs, FCBCs, DBCs and special USD bonds held by the residents.

<sup>2</sup> NSS include certificates, saving accounts, prize bonds and excludes GP fund.

<sup>3</sup> Provisional; GDP Based on the Economic Survey 2009-10

<sup>4</sup> Data in numerator is up to Jun-10 while in denominator is up to Mar-10, except for GDP.

Sources: Central Directorate of National Savings (CDNS), SBP and Ministry of Finance (MoF) <sup>P</sup>: Provisional figures



## External Debt

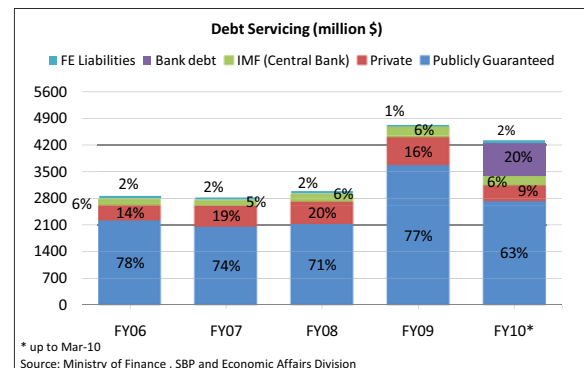
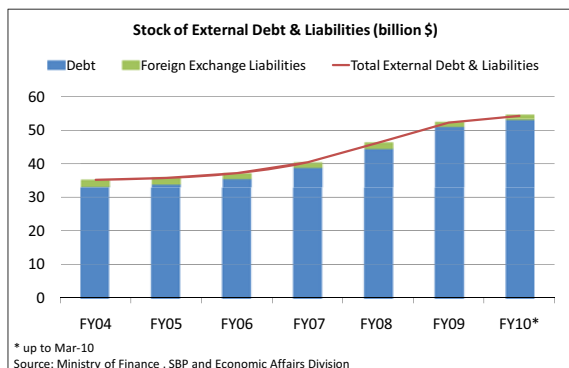
*Stock of external debt continues to rise mainly due to loans from IFIs.*

Debt & Liabilities - end period stocks (million \$)				Debt Servicing (million \$)		
Items	Jul-Mar FY10	FY09	Absolute Δ Since Jun 2009	Items	Jul-Mar FY10	FY09
I.Public & publicly guaranteed	43,462	42,567	895	I.Public & publicly guaranteed	2,744	3,663
i) Public debt	43,293	42,415	878	i) Public debt	2,601	3,559
a.Medium and long term	41,410	41,463	-53	Principal	2,082	2,667
Paris club <sup>1</sup>	14,017	13,998	19	Interest	519	892
Multilateral <sup>2</sup>	23,161	23,001	160	a.Medium and long term	2,130	2,645
Other bilateral <sup>3</sup>	1,820	1,499	321	Principal	1,632	1,826
Euro/Saindak/Sukuk bonds	1,550	2,150	-600	Interest	498	819
Military debt	157	199	-42	b.Short-term (≤ 1 yr )	472	914
Commercial loans/credits	-	166	-	c.IMF (Federal Government)	-	-
Local currency bonds (TBs & PIBs) <sup>4</sup>	4	-	4	Repurchase/Principal	-	-
Saudi fund for development. (SFD)	200	-	200	Charges/Interest	-	-
SAFE China deposits	500	500	-	ii) Publicly guaranteed debt	144	104
b.Short-Term (≤ 1 yr)	800	952	-152	Principal	114	77
IDB	600	652	-52	Interest	30	27
NBP/BOC deposits	200	300	-100	II.Bank's borrowing	861	-
c.IMF (Federal Government)	1,083	-	1,083	III.Pvt. guaranteed debt	-	-
ii) Publicly guaranteed debt	169	152	17	IV.Pvt. Non-guaranteed debt	396	604
II.Banks' borrowing <sup>5</sup>	262	-	226	V.Pvt. Non-guaranteed bonds	5	154
III.Pvt. guaranteed debt	-	-	-	VI.IMF (Central Bank)	248	264
IV.Pvt. non-guaranteed (M&LT) <sup>6</sup>	3,029	3,207	-178	Repurchase/Principal	163	210
V.Pvt. non-guaranteed Bonds <sup>7</sup>	137	137	0	Charges/Interest	85	54
VI.IMF (Central Bank)	6,123	5,148	975	VII.Foreign exchange liabilities	75	44
Total external debt (I to VI)	53,013	51,059	1,954	<b>Total Servicing (I to VII):</b>	<b>4,347</b>	<b>4,728</b>
VII.Foreign exchange liabilities <sup>8</sup>	1,222	1,274	-52	Principal	3,625	3,575
<b>Total debt &amp; liabilities (I to VII)</b>	<b>54,235</b>	<b>52,333</b>	<b>1,902</b>	Interest	722	1,153

*Debt stock as a percentage of GDP is likely to increase further during FY10.*

### Indicators of External Debt Sustainability

	Debt Stock as a % of					Debt Servicing as a % of					
	FY06	FY07	FY08	FY09	Jul-Mar FY10	FY06	FY07	FY08	FY09	Jul-Mar FY10	
GDP	28.2	27.2	29.5	31.5	30.3 <sup>9</sup>	GDP	2.4	2.1	1.8	2.8	2.5
Reserves	273.5	249.3	390.1	408.5	354.0	Reserves	23.7	19.0	26.6	37.8	28.9
Exports	218.2	229.8	233.4	285.5	-	Exports	18.9	17.5	15.9	26.4	30.2



<sup>1</sup> Major contributors are Canada, France, Germany, Japan, Korea, USA; <sup>2</sup> Major contributors are ADB, IBRD, IDB; <sup>3</sup> Major contributors are China, Kuwait, Saudi Arabia, UAE; <sup>4</sup> Local currency bonds of public sector and private non-guaranteed bonds have been captured from last quarter of FY07; <sup>5</sup> Commercial bank borrowing; <sup>6</sup> Medium and long term; <sup>7</sup> Comprises bonds issued by Mobilink & Pace International; <sup>8</sup> Include special USD bonds, national debt retirement program, central banks' deposit, NBP/BOC deposits, swap arrangements and exclude FEBCs/FCBCs & DBCs; <sup>9</sup> Based on provisional GDP in dollar terms; data for exports and reserves is up to Mar-10.

Sources: Economic Affairs Division and SBP



## Total Debt

*Delayed foreign inflows had placed substantial pressure on the Government to borrow from the Domestic market.*

### Total Debt Stock

(billion Rs)

	Jul-Mar FY10	FY09	Absolute Δ Since Jun-09	Share <sup>3</sup>
<b>Total debt &amp; liabilities (I+II)</b>	<b>9,056.4</b>	<b>8,120.1</b>	<b>936.3</b>	<b>100.0</b>
I.Total debt (a+b)	8,953.5	8,016.4	937.2	98.9
a.Domestic debt	4,490.9	3,860.7	630.2	49.6
b.External debt <sup>1</sup>	4,462.6	4,155.7	307.0	49.3
II.Explicit liabilities <sup>2</sup>	102.9	103.7	-0.8	1.1

### Total Debt Servicing

(billion Rs)

	Jul-Mar			FY09
	FY10	FY09	% Δ	
<b>Total debt servicing (I+II)</b>	<b>788.5</b>	<b>695.6</b>	<b>13.4</b>	<b>938.3</b>
I. Total interest payment (a+b+c)	485.2	476.4	1.8	659.9
a.Domestic	424.8	412.2	3.1	570.2
b.External <sup>4</sup>	58.5	62.6	-6.6	88.0
c.Explicit liabilities	1.9	1.6	17.7	1.7
II.Repayment of principal (external debt & liabilities)	303.3	219.2	38.4	278.3

### Debt stock

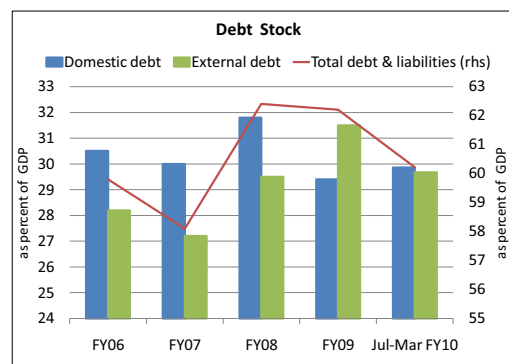
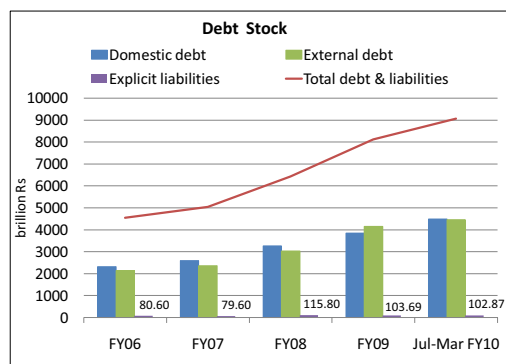
(as percent of GDP<sup>5</sup>)

	FY06	FY07	FY08	FY09	Jul-Mar FY10
<b>Total debt &amp; liabilities (I+II)</b>	<b>59.8</b>	<b>58.1</b>	<b>62.4</b>	<b>62.2</b>	<b>61.6</b>
I.Total debt (a+b)	58.7	57.2	61.3	60.9	60.9
a.Domestic debt	30.5	30.0	31.8	29.4	30.6
b.External debt	28.2	27.2	29.5	31.5	30.3
II.Explicit liabilities	1.1	0.9	1.1	1.3	0.7

### Debt servicing

(as a percent of)

	FY06	FY07	FY08	FY09	Jul-Mar FY10 <sup>6</sup>
Tax revenue	56.4	60.5	64.7	68.4	77.7
Total revenue	39.4	41.5	45.3	49.1	56.2
Total expenditure	30.3	32.1	29.9	38.6	38.9
Current expenditure	37.9	39.2	36.6	45.4	47.5
GDP <sup>5</sup>	5.6	6.2	6.6	7.2	5.4



<sup>1</sup> Rupee value of external debt computed by applying the corresponding end period average exchange rate to the end-period stock; <sup>2</sup> Explicit liabilities include all foreign liabilities owned by the country; <sup>3</sup> Based on Mar-FY10 data; <sup>4</sup> Converted from USD to rupee term, using period average exchange rate; <sup>5</sup> On the basis of provisional GDP for FY10; <sup>6</sup> The data for all variables, except GDP, is for Jul-Mar FY10.

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





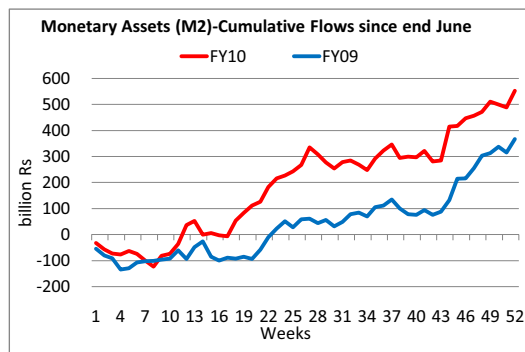
## Monetary and Credit Aggregates\*

*Expansion in broad money (M2) during FY10 was largely contributed by significant increase in government borrowing for budgetary support and commodity operations.*

### Monetary Assets of Banking System

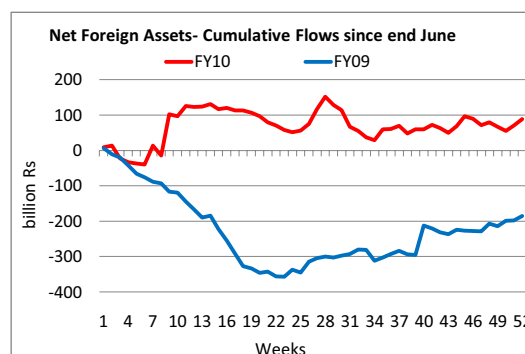
(billion Rs)

	End June 2010 Stocks	Cumulative flows during	
		FY10	FY09
<b>Net Foreign Assets (NFA)</b>	<b>670</b>	<b>152</b>	<b>-150</b>
<b>Net Domestic Assets (NDA)</b>	<b>5,108</b>	<b>488</b>	<b>598</b>
<b>Government borrowings: of wh.</b>	<b>2,441</b>	<b>407</b>	<b>526</b>
Budgetary borrowing	2,011	330	316
Commodity operations	413	77	211
<b>Non-govt. sect. borrowings: of wh.</b>	<b>3,389</b>	<b>199</b>	<b>170</b>
Private sector	3,020	113	17
PSEs	351	85	153
<b>Other items (net)</b>	<b>-722</b>	<b>-118</b>	<b>-98</b>
<b>M2</b>	<b>5,777</b>	<b>640</b>	<b>448</b>



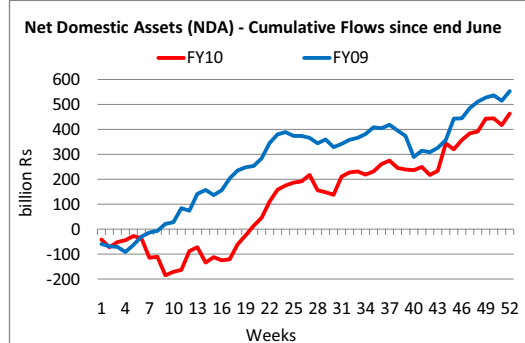
### Monetary Liabilities of Banking System

<b>Currency in circulation</b>	<b>1,295</b>	<b>143</b>	<b>170</b>
<b>Total deposits with banks</b>	<b>4,475</b>	<b>495</b>	<b>278</b>
Demand deposits with banks	3,594	388	133
Time deposits with banks	536	42	127
RFCDs with banks	345	65	17
<b>M2</b>	<b>5,777</b>	<b>640</b>	<b>448</b>



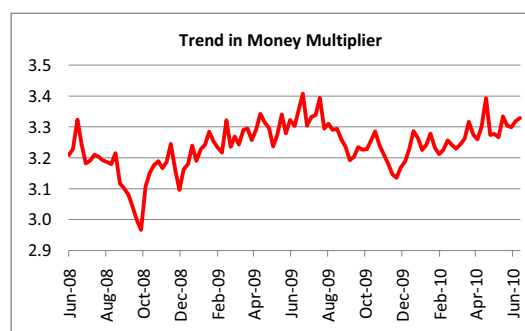
### Percent Growth in Monetary Assets of Banking System

	Year-on-year	
	FY10	FY09
<b>NFA</b>	↑ 29.4	↓ -22.5
<b>NDA</b>	↑ 10.6	↑ 14.9
<b>Government borrowings</b>	↑ 20.0	↑ 34.9
Budgetary borrowing	↑ 19.7	↑ 23.2
Commodity operations	↑ 22.9	↑ 168.1
<b>Non-government sector borrowings</b>	↑ 6.2	↑ 5.6
Private sector	↑ 3.9	↑ 0.6
PSEs	↑ 31.9	↑ 134.3
<b>Other items (Net)</b>	↑ 19.5	↑ 19.3
<b>M2</b>	↑ 12.5	↑ 9.6



### Memorandum Items

	FY10	FY09
Money multiplier	3.4	3.4
Currency to deposit ratio	29.0	29.0
M2 to GDP ratio	44.1	50.0
Private sector credit to GDP ratio	23.1	24.3



\*All FY10 numbers are provisional

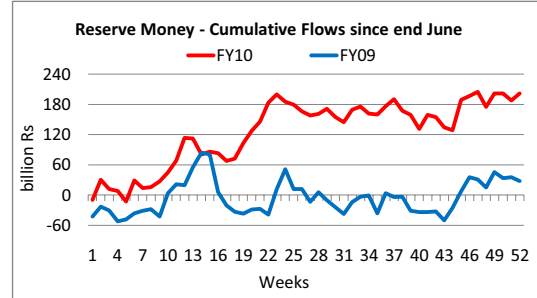
Source: Statistics & Data Warehouse Department (S&DWD), SBP



**Reserve money expanded with improvement in SBP's NFA and increase in government borrowings for budgetary support.**

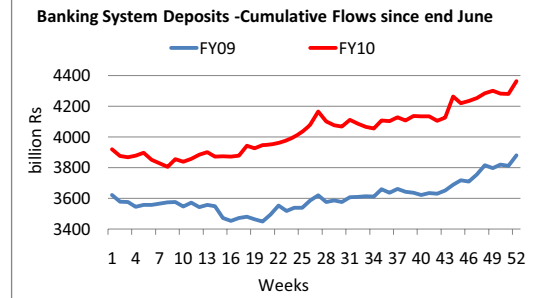
**Monetary Assets of SBP**

	End June 2010 Stocks	Cumulative flows during	
		FY10	FY09
<b>NFA</b>	<b>503</b>	179	-156
<b>NDA: of which</b>	<b>1,176</b>	-7	183
Budgetary borrowing	1,209	44.0	131
Other items (net)	-355	-60	-23
Net Impact of OMOs/Discounting	8	3	11
<b>Reserve money</b>	<b>1,679</b>	172	27

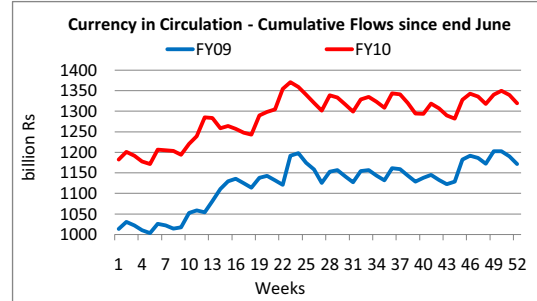


**Monetary Liabilities of SBP**

	End June 2010 Stocks	Cumulative flows during	
		FY10	FY09
Currency in circulation	1,295	143	170
Cash in tills	88	11	8
Bank deposits with SBP (reserve)	290	16	-151
Other deposits with SBP	6.7	2.0	0.4



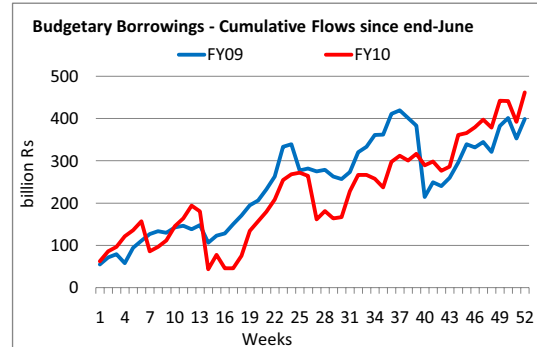
	Percent growth	
<b>NFA of the SBP</b>	55.1	-32.5
<b>NDA of the SBP: of which</b>	-0.6	18.3
Budgetary borrowing	3.8	12.7
Other items (net)	20.5	8.4
<b>Reserve money</b>	11.4	1.9



**Government met the shortfall in financing of fiscal deficit through borrowings from SBP.**

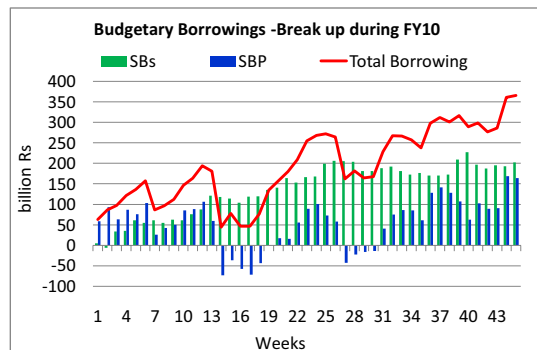
**Details on Government Borrowing for Budgetary Support**

	End June 2010 Stocks	Cumulative flows during	
		FY10	FY09
<b>Budgetary Borrowing</b>	<b>2,441</b>	<b>330</b>	<b>316</b>
<b>Federal government</b>	<b>2,189</b>	<b>340</b>	<b>272</b>
From SBP	1,142	30	44
SBP's Holdings of MRTBs	1,125	17	17
From Scheduled Banks (SBs)	1,047	310	228
<b>Provincial governments</b>	<b>-177</b>	<b>-9</b>	<b>44</b>
From SBP	67	14	87
From Scheduled Banks (SBs)	-244	-23	-42



**Memorandum Items**

<b>Cash basis</b>	<b>1,935</b>	<b>305</b>	<b>305</b>
SBP	1,171	42	114
SBs	763	263	191

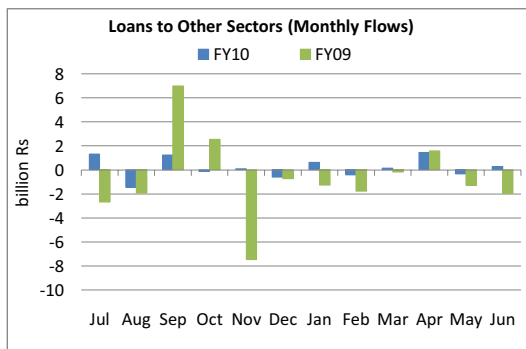
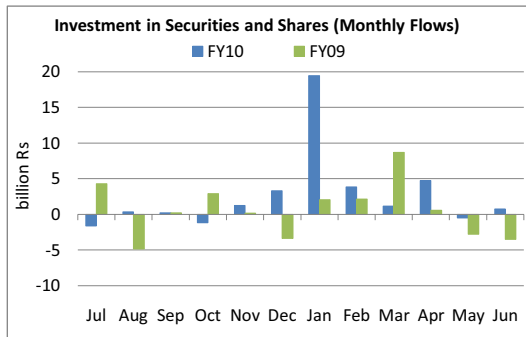
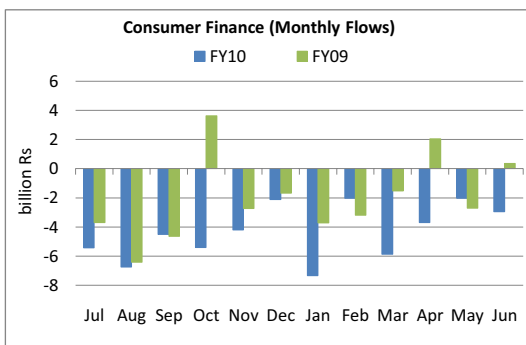
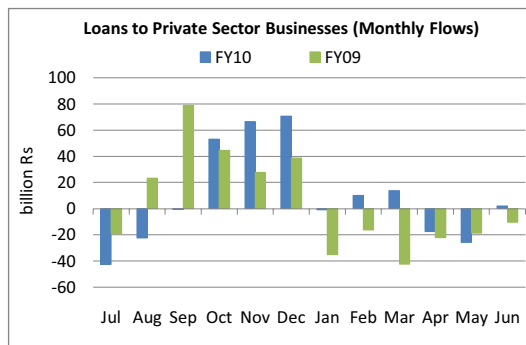




*Increase in credit to private sector businesses is reflective of recovery in real economic activity.*

**Credit to Private Sector**

	End June 2009 Stocks	Flows during (billion Rs)	
		FY10	FY09
<b>Total credit to private sector</b>	2,907	113	17
<b>1. Loans to private sector businesses</b>	2,153	106	49
<b>By type</b>			
Working capital	1,378	15	-113
of which			
Export finance	228	13	15
Import finance	94	11	-8
Fixed investment	775	92	162
<b>By Sectors</b>			
Of which			
<b>Agriculture</b>	163 ↑	7.0	↑ 3.3
<b>Manufacturing</b>	1,232 ↑	31.8	↑ 27.3
Of which			
Textiles	483 ↓	-12.8	↓ -33.4
Food products & beverages	203 ↑	10.8	↑ 11.4
Chemicals & products	138 ↑	19.2	↑ 25.3
Non-metallic mineral products	102 ↑	0.7	↑ 10.5
Wearing apparel, readymade gar.	48 ↓	-0.3	↑ 3.6
<b>Electricity, gas and water</b>	154 ↑	61.1	↑ 43.4
<b>Construction</b>	71 ↓	-3.9	↓ -8.7
<b>Commerce and trade</b>	234 ↓	-3.1	↓ -16.2
<b>Transport, storage and comm.</b>	97 ↑	7.8	↑ 3.6
<b>Services</b>	149 ↑	11.7	↑ 3.0
Of which			
Real estate/renting & business activities	107 ↑	6.0	↓ -0.8
<b>2. Personal: of which</b>	364 ↓	-42.7	↓ -54.8
Consumer financing	294 ↓	-52.3	↓ -62.5
<b>3. Investment in securities and shares</b>	113 ↑	31.9	↑ 6.6
<b>4. Others</b>	277 ↑	17.3	↑ 16.2



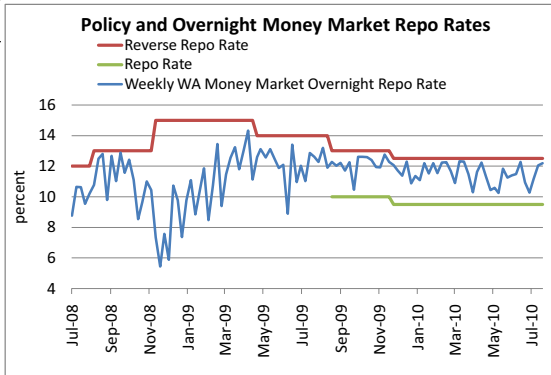


## Money Market

*After a 50 basis points cut in November 2009, SBP kept the policy rate unchanged at 12.5 percent.*

	Policy Instruments (%)				
	Current	w.e.f	Previous	w.e.f	Change <sup>1</sup>
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	24-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	18-Oct-08	9.0	24-May-08	↓ -900

<sup>1</sup> Basis points

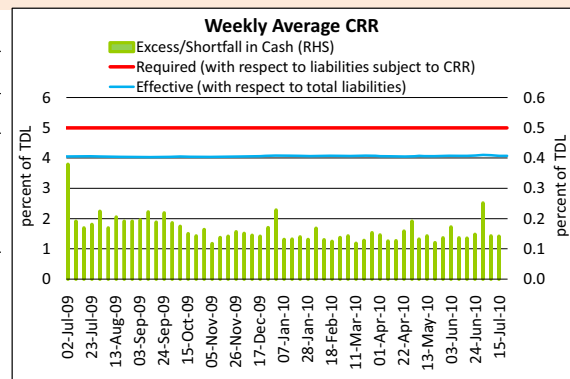


*Banks excess cash reserves with SBP has broadly remained stable around Rs6 billion since October 2009.*

	Weekly Cash Reserve Requirements <sup>1</sup> (billion Rs)			
	Last		Change since	
	Current	month	10-Jun-10	20-Nov-09 <sup>2</sup>
Cash Required	188.0	185.3	↑ 2.7	↑ 19.0
Cash Maintained	194.5	191.5	↑ 3.0	↑ 19.6
Excess Cash Reserves	6.6	6.2	↑ 0.3	↑ 0.6

<sup>1</sup> 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 on average during the week (Friday to Thursday). The data is reported by Off-site Supervision and Enforcement Department with a lag of about 1-2 weeks.

<sup>2</sup> As on Friday preceding the monetary policy decision of a change in policy rate.



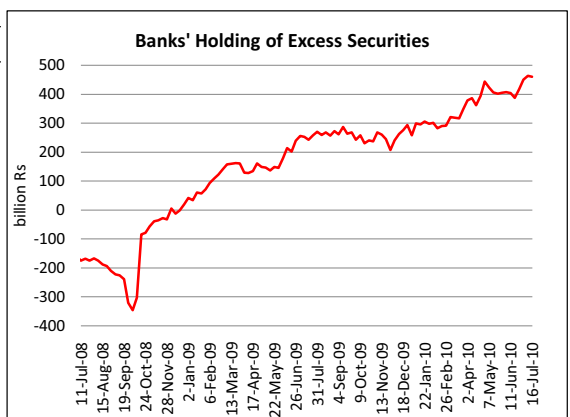
*Banks' holding of liquid assets (cash+securities) in excess of required reserves continues to rise.*

	Overall Reserve Requirement (billion Rs)			
	Last		Change since	
	Current	Month	11-Jun-10	4-Oct-08
<b>Required Reserves</b>	<b>875.4</b>	<b>865.4</b>	↑ 10.0	↓ -84.5
Cash <sup>1</sup>	187.1	184.8	↑ 2.3	↓ -87.3
Securities <sup>2</sup>	688.3	680.7	↑ 7.6	↑ 2.8
<b>Maintained</b>	<b>1666.6</b>	<b>1589.4</b>	↑ 77.3	↑ 647.9
Cash	295.7	283.1	↑ 12.7	↓ -93.1
Cash in Tills	86.5	82.6	↑ 3.9	↓ -1.6
Balance with SBP	195.9	185.9	↑ 10.0	↓ -92.7
Balance with NBP	13.3	14.5	↓ -1.2	↑ 1.2
Securities	1336.4	1270.1	↑ 66.2	↑ 723.2
Others <sup>3</sup>	34.6	36.2	↓ -1.6	↑ 17.8
<b>Excess of Securities<sup>4</sup></b>	<b>461.0</b>	<b>404.7</b>	↑ 56.3	↑ 807.7
<b>Excess of Liquid Assets<sup>5</sup></b>	<b>791.2</b>	<b>723.9</b>	↑ 67.3	↑ 732.3

Source: Off-site Supervision and Enforcement Department, SBP

<sup>1</sup> Required under weekly average CRR

<sup>2</sup> Required under SLR



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

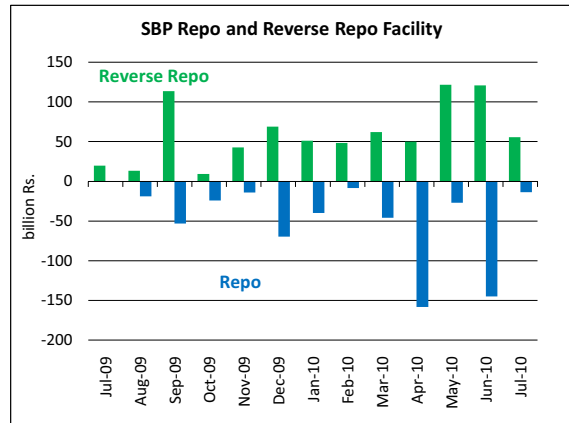
<sup>4</sup> This is amount of securities held by banks in excess of required under SLR and CRR.

<sup>5</sup> Includes excess securities + cash and other assets maintained.



*During July 2010 so far, banks' use of SBP reverse repo and repo facility has been lower compared to past months.*

	SBP Reverse Repo			SBP Repo		
	Amount	No. of Days	No. of visits	Amount	No. of Days	No. of visits
	billion Rs	#s	#s	billion Rs	#s	#s
<b>FY09</b>	<b>865.0</b>	<b>122</b>	<b>505</b>	-	-	-
Q1	314.5	24	151	-	-	-
Q2	304.5	63	225	-	-	-
Q3	145.5	23	88	-	-	-
Q4	100.5	12	41	-	-	-
<b>FY10</b>	<b>724.2</b>	<b>54</b>	<b>308</b>	<b>602.1</b>	<b>50</b>	<b>222</b>
Q1	147.2	12	67	71.6	8	30
Q2	121.8	11	51	107.4	15	65
Q3	162.1	17	83	93.3	11	35
Q4	293.1	14	107	329.9	16	92
<b>FY11</b>	<b>55.8</b>	<b>4</b>	<b>28</b>	<b>13.5</b>	<b>1</b>	<b>1</b>
Jul	55.8	4	28	13.5	1	1



\*Updated upto 29th July 2010

Sources: Domestic Markets & Monetary Management Department, SBP

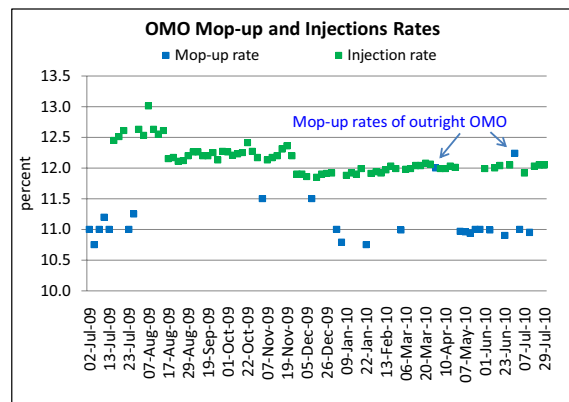
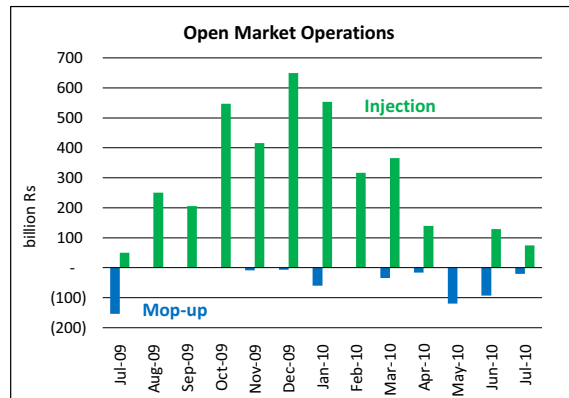
*Similarly, SBP intervention through OMOs has come down considerably during July 2010.*

	Open Market Operations (billion rupees) <sup>#</sup>			Outstanding OMOs	
	Mop-up	Injection	Net Mop-up*	Amount	Maturity
	<b>FY09</b>	<b>1,367.7</b>	<b>1,234.1</b>	<b>133.6</b>	-
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)	-	-
<b>FY10</b>	<b>489.7</b>	<b>3,621.0</b>	<b>(3,131.3)</b>	-	-
Q1	153.6	506.9	(353.4)	-	-
Q2	14.3	1,610.7	(1,596.4)	-	-
Q3	93.8	1,234.9	(1,141.1)	-	-
Q4	228.0	268.5	(40.5)	-	-
<b>FY11</b>	<b>20.5</b>	<b>75.1</b>	<b>(54.6)</b>	-	-
Jul	20.5	75.1	(54.6)	-	-
2-Jul	10.5	-	10.5	-	-
7-Jul	-	13.5	(13.5)	-	-
9-Jul	10.0	-	10.0	-	-
16-Jul	-	8.0	(8.0)	-	-
23-Jul	-	12.2	(12.2)	12.2	30-Jul-10
29-Jul	-	41.4	(41.4)	41.4	2-Aug-10

# Updated upto 29th Jul 2010

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

Source: Domestic Markets & Monetary Management Department, SBP





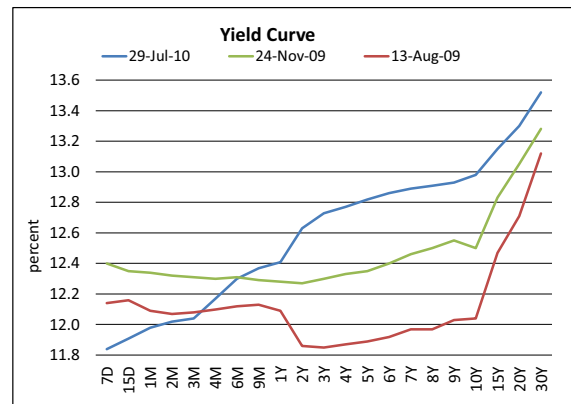
**Fall in short-term rates and a rise in long-term rates has steepened the yield curve.**

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

Tenors	Current	last month	Change since last policy rate change*	
	29-Jul-10	17-Jun-10		24-Nov-09
1-week	11.84	12.10	↓	-56
2-week	11.91	12.06	↓	-44
1-month	11.98	12.09	↓	-36
3-month	12.04	12.08	↓	-27
6-month	12.30	12.24	↓	-1
9-month	12.37	12.27	↑	8
1-year	12.41	12.32	↑	13
2-year	12.63	12.35	↑	36
3-year	12.73	12.41	↑	43
5-year	12.82	12.51	↑	47
7-year	12.89	12.61	↑	43
10-year	12.98	12.69	↑	48
20-year	13.30	13.08	↑	25
30-year	13.52	13.21	↑	24

Source: Financial Market Association of Pakistan

\* In basis points



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

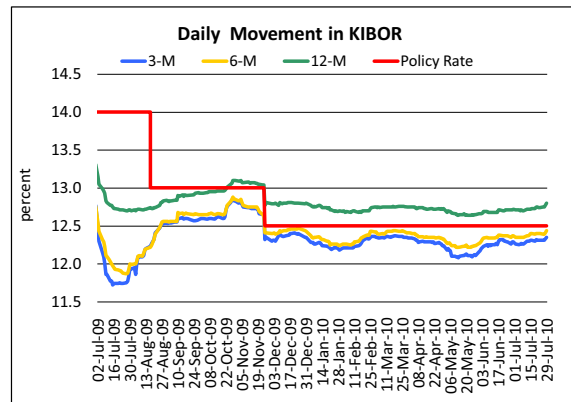
**KIBOR of all tenors have broadly remained stable, which is in line with no change in policy rate.**

**Tenor-wise KIBOR (%)**

Tenors	Current	last month	Change since last policy rate change*	
	29-Jul-10	17-Jun-10		24-Nov-09
1-Week	12.33	12.52	↓	-41
2-Week	12.34	12.53	↓	-41
1-Month	12.40	12.55	↓	-35
3-Month	12.35	12.30	↓	-29
6-Month	12.44	12.38	↓	-21
9-Month	12.72	12.66	↓	-23
12-Month	12.80	12.71	↓	-24
2-Year	12.88	12.80	↓	-32
3-Year	12.96	12.90	↓	-42

Source: SBP and Financial Market Association of Pakistan

\* In basis points

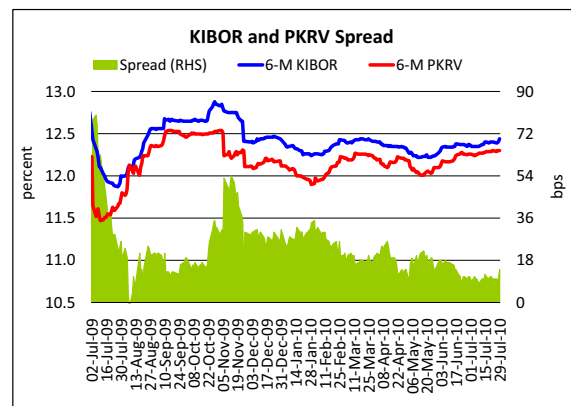


**The spread between 6-month KIBOR and 6-month PKRV rate has decreased since early May 2010.**

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

Tenors	Current	last month	Change since last policy rate change	
	29-Jul-10	17-Jun-10		24-Nov-09
1-Week	49	42	↑	15
2-Week	43	47	↑	3
1-Month	42	46	↑	1
3-Month	31	22	↓	-2
6-Month	14	14	↓	-20
9-Month	35	39	↓	-31
12-Month	39	39	↓	-37
2-Year	25	45	↓	-68
3-Year	23	49	↓	-85

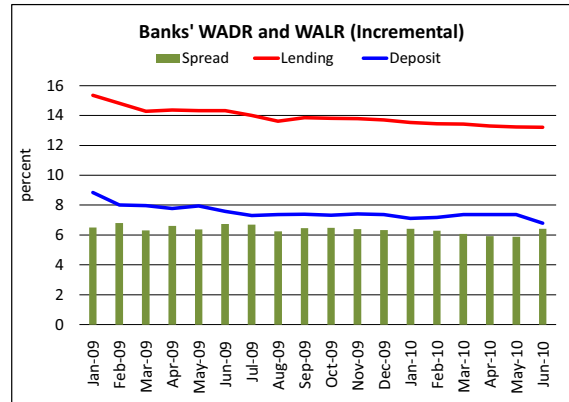
Sources: SBP





*The spread between weighted average lending and deposit rates (incremental) rose in June 2010 due to a significant drop in deposit rates to its lowest level since May 2008.*

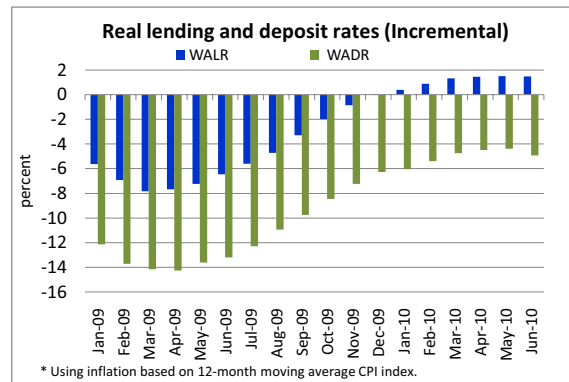
Months	Weighted average Lending and Deposit Rates (percent per annum)					
	Incremental <sup>1</sup>			Outstanding		
	WALR	WADR	Spread (bps)	WALR	WADR	Spread (bps)
Jun-09	14.32	7.58	674	14.02	6.50	752
Jul-09	14.01	7.31	670	13.79	6.44	735
Aug-09	13.62	7.38	624	13.73	6.41	732
Sep-09	13.85	7.39	646	13.67	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
Mar-10	13.44	7.37	607	13.40	6.10	730
Apr-10	13.30	7.37	593	13.42	6.03	739
May-10	13.25	7.37	588	13.40	6.05	735
<b>Jun-10</b>	<b>13.22</b>	<b>6.80</b>	<b>642</b>	<b>13.39</b>	<b>5.79</b>	<b>760</b>



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

*Similarly, real deposit rates fell during June 2010 despite a decrease in 12-month moving average CPI inflation.*

Months	Real (based on 12-month MA inflation) <sup>1</sup>		Real (based on YoY inflation) <sup>2</sup>	
	WALR	WADR	WALR	WADR
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
Mar-10	1.32	-4.75	0.53	-5.54
Apr-10	1.46	-4.47	0.04	-5.89
May-10	1.50	-4.38	0.18	-5.70
<b>Jun-10</b>	<b>1.49</b>	<b>-4.93</b>	<b>0.53</b>	<b>-5.89</b>

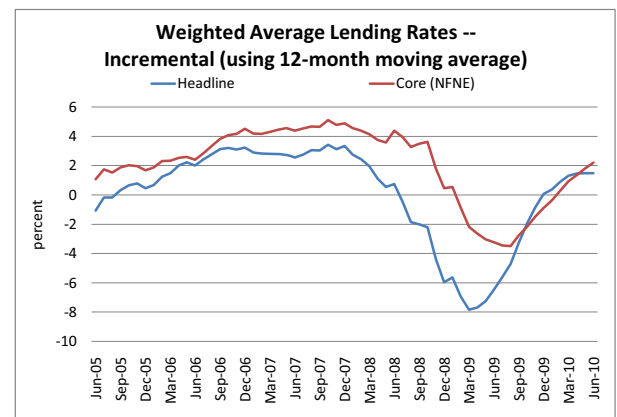
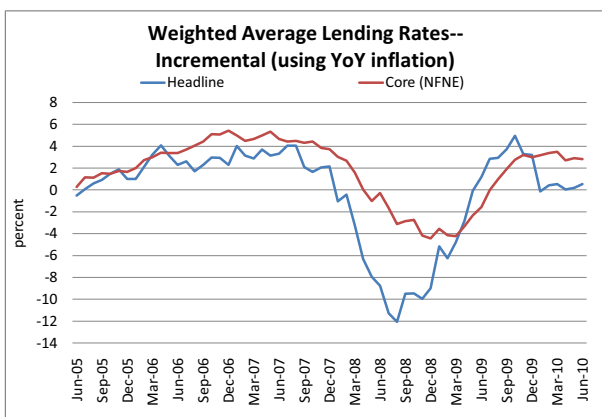
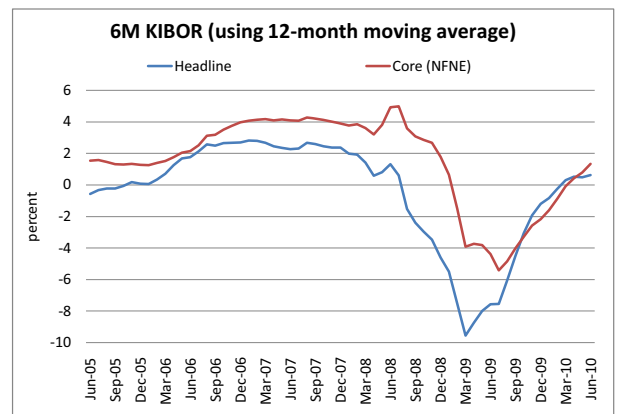
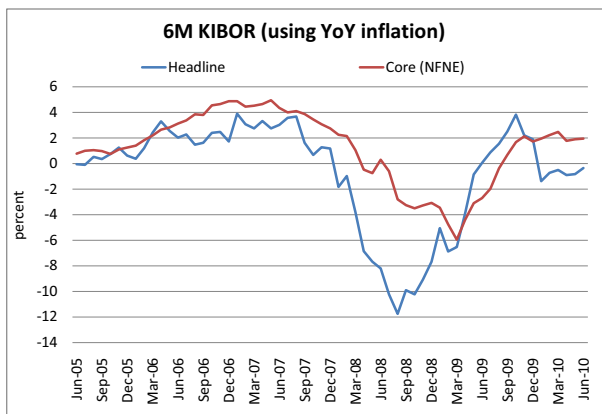
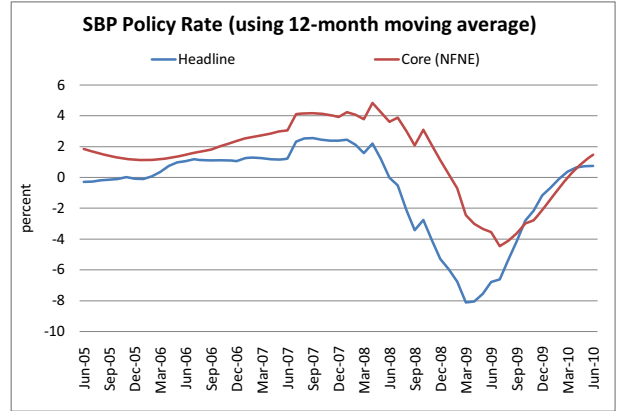
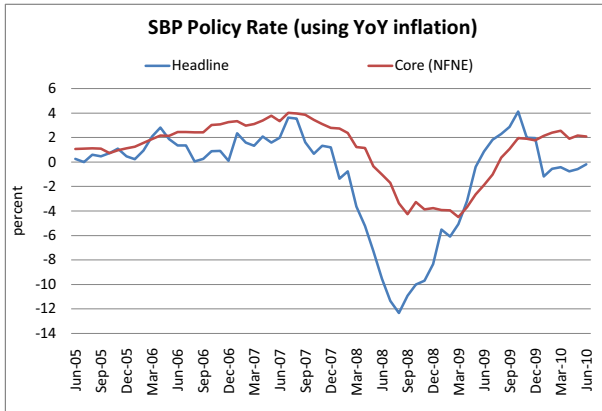


\* Using inflation based on 12-month moving average CPI index.  
<sup>1</sup> Nominal rate less CPI inflation (12-month moving average).  
<sup>2</sup> Nominal rate less CPI inflation (year on year).

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



# Real Interest Rates



Sources: FBS and Statistics & Data Warehouse Department, SBP





**Government successfully mopped up more than Rs32 billion in excess of target without raising the cut-off rates in the auction held on 28th July 2010.**

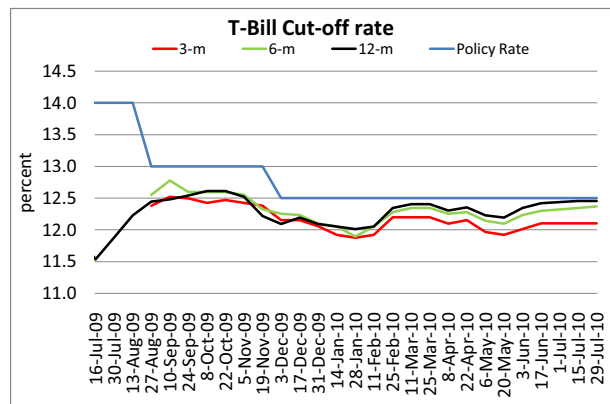
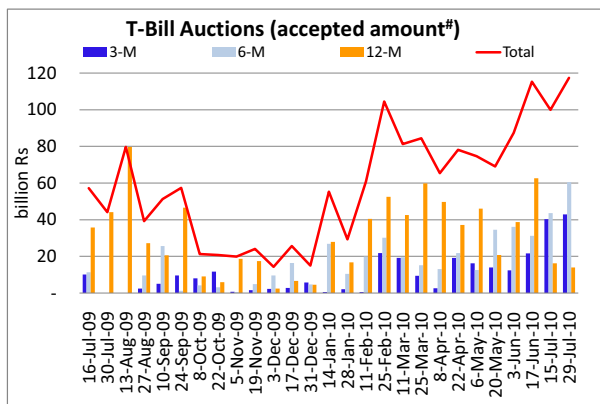
Amounts in billion Rs (realized value)<sup>#</sup>; rates in percent

FY/Q/ Settlement Date	TOTAL				3-Month			6-Month			12-Month		
	Target	Maturity	Offered	Accepted	Offered	Accepted	Cutoff*	Offered	Accepted	Cutoff*	Offered	Accepted	Cutoff*
<b>FY09</b>	<b>1,845.0</b>	<b>1,560.7</b>	<b>3,086.2</b>	<b>1,747.0</b>	<b>1,389.2</b>	<b>954.6</b>	-	<b>308.3</b>	<b>196.9</b>	-	<b>1,388.7</b>	<b>595.5</b>	-
Q1	430.0	397.1	417.0	289.2	398.1	283.4	12.56	1.3	0.3	12.69	17.6	5.4	11.84
Q2	425.0	327.6	559.2	418.9	539.4	410.5	13.85	14.5	8.0	14.01	5.3	0.4	12.79
Q3	640.0	585.4	1,474.8	699.3	434.5	253.7	11.69	240.1	157.3	11.90	800.2	288.3	11.96
Q4	350.0	250.5	635.3	339.7	17.2	7.0	12.98	52.4	31.3	12.44	565.7	301.4	12.24
<b>FY10</b>	<b>1,360.0</b>	<b>1,106.5</b>	<b>2,875.1</b>	<b>1,376.0</b>	<b>523.2</b>	<b>199.9</b>	-	<b>797.3</b>	<b>362.4</b>	-	<b>1,554.5</b>	<b>813.7</b>	-
Q1	325.0	180.8	700.3	329.0	56.5	27.3	12.49	147.8	47.7	12.60	496.0	254.0	12.54
Q2	145.0	75.1	462.9	141.1	101.4	33.1	12.06	133.1	43.4	12.10	228.4	64.6	12.09
Q3	430.0	401.7	701.1	415.8	160.6	53.7	12.20	215.1	122.1	12.35	325.4	240.0	12.41
Q4	460.0	448.9	1,010.8	490.1	204.8	85.8	12.10	301.3	149.2	12.30	504.7	255.1	12.42
<b>FY11</b>	<b>185.0</b>	<b>172.9</b>	<b>373.1</b>	<b>217.4</b>	<b>168.9</b>	<b>83.0</b>	-	<b>134.0</b>	<b>104.2</b>	-	<b>70.2</b>	<b>30.2</b>	-
15-Jul	100.0	93.0	198.2	100.0	91.3	40.2	<b>12.10</b>	65.2	43.6	<b>12.35</b>	41.7	16.2	<b>12.46</b>
29-Jul	85.0	79.9	175.0	117.4	77.6	42.8	<b>12.10</b>	68.8	60.6	<b>12.37</b>	28.5	14.0	<b>12.46</b>

Source: Domestic Markets & Monetary Management Department, SBP

# Non-competitive bids and special auctions are not included.

\*Quarterly rate are for end-period.



**Ministry of Finance rejected bids in all tenors in the latest PIB auction held on 22nd July 2010 due to high bid rates.**

PIB Auctions (Yields in % and Face Value in billion Rs)<sup>#</sup>

Auction Date	Target	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	30-Year	Total
<b>22-Jul-10</b>	Cut-off rate	-	R	R	R	R	R	R	-
	Offered	-	4.0	2.3	0.7	9.3	0.5	1.3	19.9
	Accepted	20.0	R	R	R	R	R	R	-
26-May-10	Cut-off rate	-	12.49	12.55	12.60	12.68	R	R	-
	Offered	-	3.9	1.9	0.8	11.6	0.5	3.5	25.1
	Accepted	10.0	3.0	1.3	0.3	6.3	R	R	10.8
17-Mar-10	Cut-off rate	-	12.50	12.60	12.70	12.75	N	R	-
	Offered	-	3.7	2.5	0.6	10.0	N	1.8	23.3
	Accepted	10.0	1.3	1.1	0.3	6.3	N	R	9.0
3-Feb-10	Cut-off rate	-	12.30	12.4	12.50	12.54	12.90	13.10	13.55
	Offered	-	4.2	2.1	0.7	7.8	0.1	4.7	24.3
	Accepted	10.0	3.1	1.4	0.2	4.2	0.1	0.5	9.8
11-Nov-09	Cut-off rate	-	12.26	12.4	12.43	12.44	12.86	13.21	13.74
	Offered	-	5.5	4.1	2.30	20.7	1.3	1.0	35.9
	Accepted	15.0	1.9	2.1	0.55	9.0	0.6	0.5	15.4

\*N=No bids; R=Bids rejected

# Excluding non-competitive bids and short-selling accommodation

Source: Domestic Markets & Monetary Management Department, SBP



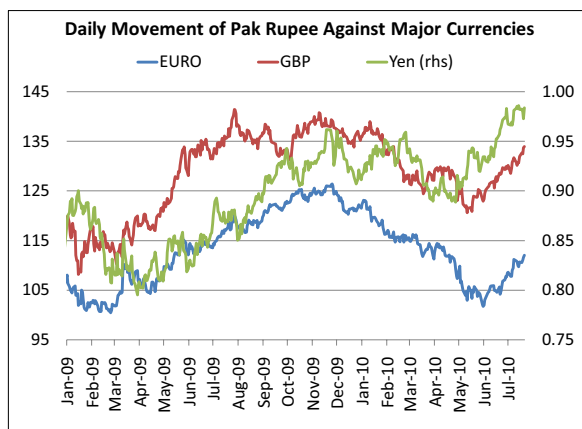
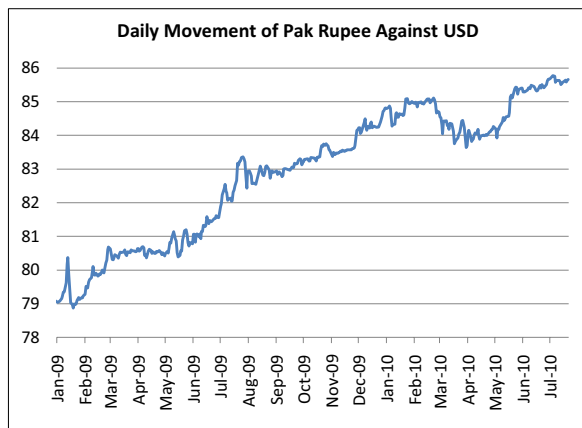
Foreign Exchange Market

PKR has been weakening against major currencies since June 2010.

	PKR against International Currencies			% App/Dpp of PKR Cumulative since Jun-10
	Latest 29 Jul 10	Last MPS 24 May 10	Jun-10	
USD	85.66	84.57	85.51	-0.17
Euro	112.01	104.69	104.82	-6.42
Sterling	133.96	121.63	128.35	-4.18
JPY	0.98	0.94	0.96	-1.95
USD Kerb	85.85	84.60	85.45	-0.47
Premium (Rs)	0.19	0.03	-0.06	-
Daily NEER*	53.09	55.40	54.61	-2.78

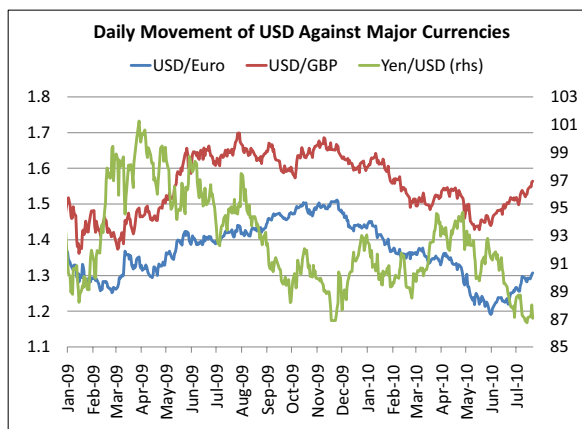
\* Daily Nominal Effective Exchange Rate

Source: SBP



	International Exchange Rates			% App/Dpp Cumulative since Jun-10
	Latest 29 Jul 10	Last MPS 24 May 10	Jun-10	
USD/Euro	1.31	1.24	1.23	-6.25
USD/GBP	1.56	1.44	1.50	-4.02
JPY /USD	87.08	90.08	88.66	-1.78
Ind Rs/USD	46.61	46.87	46.58	0.08
Yuan/USD	6.78	6.83	6.78	-0.08
Baht/USD	32.25	32.44	32.40	-0.46
Ringgit/USD	3.19	3.32	3.24	-1.59
Sing\$/USD	1.36	1.41	1.39	-2.31

Source: SBP





*In real terms, PKR has been appreciating since January 2010 due to (1) relatively higher domestic inflation compared to its trading partners and (2) increase in NEER in the wake of strengthening USD against major currencies.*

## Changes in Real Effective Exchange Rate (REER) Base Year: CY2000

		REER Index	App(+)/Dep(-)												
			2007			2008				2009				2010	
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun <sup>P</sup>
2007	Jun	96.09	-	2.04	0.04	-2.14	-2.34	-5.77	-0.67	1.53	-2.56	-3.51	-4.24	0.75	5.54
	Sep	98.05	-	-	-1.96	-4.10	-4.29	-7.66	-2.65	-0.50	-4.50	-5.44	-6.15	-1.26	3.43
	Dec	96.13	-	-	-	-2.18	-2.38	-5.81	-0.70	1.49	-2.60	-3.55	-4.27	0.71	5.50
2008	Mar	94.03	-	-	-	-	-0.20	-3.71	1.51	3.75	-0.42	-1.40	-2.14	2.96	7.85
	Jun	93.84	-	-	-	-	-	-3.52	1.72	3.96	-0.22	-1.20	-1.94	3.16	8.07
	Sep	90.54	-	-	-	-	-	-	5.42	7.75	3.41	2.40	1.63	6.92	12.00
	Dec	95.45	-	-	-	-	-	-	-	2.21	-1.91	-2.86	-3.59	1.42	6.24
2009	Mar	97.56	-	-	-	-	-	-	-	-	-4.02	-4.96	-5.68	-0.77	3.95
	Jun	93.63	-	-	-	-	-	-	-	-	-	-0.98	-1.72	3.39	8.31
	Sep	92.72	-	-	-	-	-	-	-	-	-	-	-0.75	4.41	9.37
	Dec	92.02	-	-	-	-	-	-	-	-	-	-	-	5.21	10.21
2010	Mar	96.81	-	-	-	-	-	-	-	-	-	-	-	-	4.75
	Jun <sup>P</sup>	101.41	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>P</sup> Highly Provisional

## Changes in Exchange Rate (Rs/USD)--Weighted Average (Mid Rates) End Period

		WA Exchange Rate	App(+)/Dep(-)													
			2007			2008				2009				2010		
			Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	29-Jul
2007	Jun	60.41	-	-0.48	-2.17	-3.69	-11.53	-22.59	-23.63	-24.91	-25.78	-27.38	-28.31	-28.24	-29.32	-29.44
	Sep	60.70	-	-	-1.70	-3.22	-11.11	-22.22	-23.27	-24.55	-25.43	-27.03	-27.97	-27.90	-28.98	-29.10
	Dec	61.75	-	-	-	-1.55	-9.57	-20.88	-21.94	-23.24	-24.14	-25.77	-26.72	-26.65	-27.75	-27.87
2008	Mar	62.72	-	-	-	-	-8.15	-19.63	-20.71	-22.03	-22.94	-24.60	-25.57	-25.50	-26.62	-26.74
	Jun	68.28	-	-	-	-	-	-12.50	-13.68	-15.12	-16.11	-17.91	-18.97	-18.89	-20.11	-20.24
	Sep	78.04	-	-	-	-	-	-	-1.34	-2.99	-4.12	-6.18	-7.39	-7.30	-8.69	-8.84
	Dec	79.10	-	-	-	-	-	-	-	-1.67	-2.82	-4.90	-6.13	-6.04	-7.45	-7.60
2009	Mar	80.44	-	-	-	-	-	-	-	-	-1.17	-3.29	-4.54	-4.44	-5.88	-6.03
	Jun	81.39	-	-	-	-	-	-	-	-	-	-2.15	-3.41	-3.31	-4.77	-4.93
	Sep	83.18	-	-	-	-	-	-	-	-	-	-	-1.29	-1.19	-2.68	-2.84
	Dec	84.26	-	-	-	-	-	-	-	-	-	-	-	0.10	-1.40	-1.57
2010	Mar	84.18	-	-	-	-	-	-	-	-	-	-	-	-	-1.50	-1.67
	Jun	85.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.17
	29-Jul	85.61	-	-	-	-	-	-	-	-	-	-	-	-	-	-



**Capital Market**

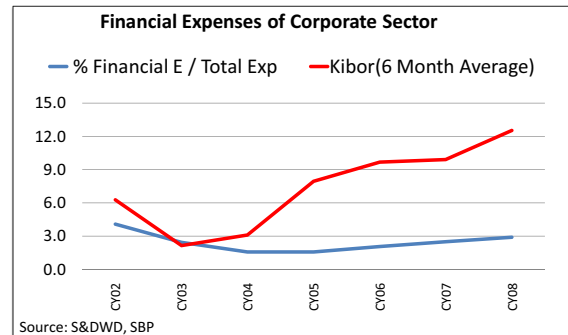
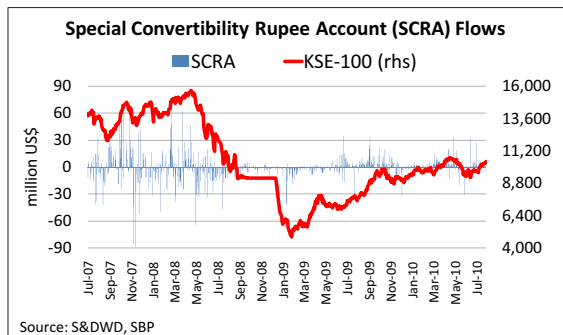
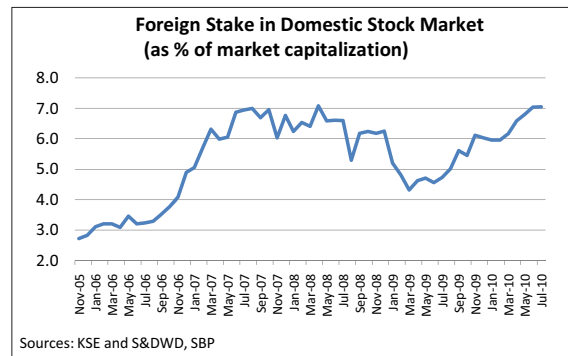
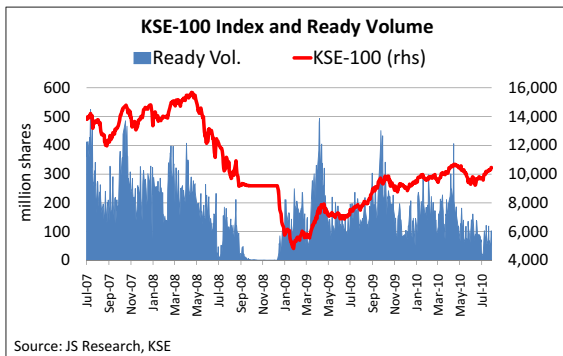
*KSE-100 index and market capitalization show improvement on YoY as well as MoM basis.*

**Performance of Karachi Stock Exchange**

	FY11		H1-FY10	FY10	Change (%)			
	Jul-10 <sup>1</sup>	Jun-10			Jul 10 <sup>1</sup> over Jun 10	Jul 10 <sup>1</sup> over H1-FY10	FY11 <sup>1</sup> over FY10	FY10 over FY09
KSE-100 Index	10,438.7	9,721.9	9,386.9	9,721.9	7.4	11.2	7.4	35.7
KSE-30 Index	10,417.4	9,556.6	9,849.9	9,556.6	9.0	5.8	9.0	26.2
Market Capitalization (billion Rs.)	2,925.7	2,732.4	2,705.9	2,732.4	7.1	8.1	7.1	28.8
Ready Volume (million shares-Avg.)	66.7	99.5	173.1	161.3	-33.0	-61.5	-58.7	54.3
SCRA Cumulative flows Since July (US\$ million)	31.7	568.9	270.0	568.9	-94.4	-88.3	-94.4	205.9

<sup>1</sup> upto Jul 29, 2010

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





## Financial Soundness Indicators

*Despite higher provisioning against rising NPLs, banks' profitability indicators show improvement over 2009.*

	2008	Jan-Mar 2009	Apr-Jun 2009	Jul-Sep 2009	Sep-Dec 2009	Jan-Mar 2010
Risk weighted CAR*	12.3	12.9	13.5	14.3	14.1	13.7
NPLs to total loans	10.5	11.5	11.5	12.4	12.2	13.1
Provision to NPLs	69.6	69.2	70.2	69.7	71.0	70.9
Returns on assets (before tax)	1.2	1.8	1.7	1.6	1.5	1.8
Return on assets (after tax)	0.8	1.1	1.0	0.9	0.9	1.1
ROE--average equity and surplus (before tax)	11.4	17.7	16.0	15.1	14.5	17.8
ROE--average equity and surplus (after tax)	7.8	10.7	9.7	9.0	8.6	11.1
Net interest income/gross income	70.4	75.8	73.0	73.1	72.3	74.0
Liquid assets/total assets	28.6	30.5	31.2	31.4	32.3	32.4
Liquid assets/total deposits	38.2	41.5	41.7	42.7	44.1	43.7
Advances/deposits	75.5	71.7	69.6	69.6	67.9	66.4

Source: Banking Surveillance Department (BSD), SBP

Note: Financial Soundness Indicators 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.

