

6th April 2023 **DAILY MARKET REVIEW**

KEY PAKISTAN STATS & ECONOMIC INDICATORS			
Items	Period	Unit	Figure
<u>Foreign Exchange-FX-Reserves</u>			
FX-Reserves-WoW	24-Mar-23	USD bn	9.815
FE-25 Import Financing	Feb, 2023	USD mn	1,147.00
SBP Forward/Swap Position	Jan, 2022	USD bn	(5.69)
Net International Reserves-NIR (EST)	24-Mar-23	USD bn	(28.46)
Kerb USD/PKR	6-Apr-23	Bid/Ask	290.00/294.00
Real Effective Exchange Rate-REER	Feb, 2023	Rs	86.45
Roshan Digital Account-RDA	8MFY23	USD bn	5.69
<u>Consumer Price Index-CPI</u>			
Sensitive Price Index-SPI-WoW	30-Mar-23	bps	249.75
CPI (YoY)	Mar, 2023	%	35.40
CPI- (MoM)	Mar, 2023	%	3.70
CPI-Urban-YoY	Mar, 2023	%	33.00
CPI-Rural-YoY	Mar, 2023	%	38.90
PAK CPI-YoY minus US CPI-YoY	35.40%-6.00%	%	29.40
<u>Broad Money Supply-M2 Growth:</u>			
M2 Growth-YoY	1 Jul 22 To 17 Mar 23	%	1.88
Net Govt. Sector Borrowing	1 Jul 22 To 17 Mar 23	Rs trn	2.30
GOVT. Borrowing for budgetary support from SBP	1 Jul 22 To 17 Mar 23	Rs trn	2.29
Private Sector Credit-PSC	1 Jul 22 To 17 Mar 23	Rs bn	227.32
Govt. Foreign Commercial Banks Borrowing	7MFY-23	USD mn	200.00
<u>Policy Rate</u>			
SBP Policy Rate	FY-23 YTD	%	20.00
SBP O/N REPO & Reserve REPO Rate	Floor & Ceiling	%	19.00-21.00
SBP PR minus USD FED Fund Rate	20.00%-4.75%	%	15.25
1-Year KIBOR minus 1-Year LIBOR	20.95-4.73%	%	16.22
<u>FX-Economic Data</u>			
Foreign Direct Investment-FDI	8MFY-23	USD mn	784.40
Home Remittance	8MFY-23	USD bn	17.994
Trade Bal-S/(D)	8MFY-23	USD bn	(19.09)
CAB-S/(D)	8MFY-23	USD bn	(3.86)
<u>Special Convertible Rupee Account-SCRA</u>			
SCRA-Cumulative inflow/(outflow)	July 22 till date	USD bn	(95.08)
SCRA-MTB+PIB inflow/(outflow)	July 22 till date	USD bn	(41.59)
<u>Govt., Circular Debt & External Liabilities</u>			
Govt. Domestic Debt & Liabilities	As at 31-1-2023	Rs trn	34.86
External Debt	As at 31-12-2022	USD bn	126.345
Central Debt	As at 31-1-2023	Rs trn	54.942

ECONOMIC DATA:

- ✓ **Summary of Monetary Policy Statement-MPS:**
- ✓ There has been a significant decline in sales volumes of automobiles and POL in recent months. Similarly, the contraction in LSM accelerated in January to 7.9% y/y. cumulatively; LSM output is down by 4.4% during 7MFY23 when compared with corresponding period of last year.
- ✓ In February 2023, the CAD only \$74mn and the cumulative deficit now stands at \$3.9bn in 8MFY23, about 68% lower from the same period last year. This mainly reflects the contraction in imports, which continues to outweigh the combined decline in remittances and exports. Importantly, workers' remittances have slightly recovered on m/m basis in February and the momentum is expected to continue in coming months.
- ✓ The MPC views that the fiscal outcomes during 7MFY23 have been encouraging in the context of achieving macroeconomic stability. The fiscal deficit was contained to 2.3% of GDP during 7MFY23 compared to 2.8% in the same period last year, while the primary balance posted a surplus of 1.1% of GDP against a deficit of 0.3% last year. This improvement in the primary balance was achieved on the back of lower subsidies, grants and development spending.
- ✓ M2-Growth showed a slight uptick in February, primarily due to a significant expansion in NDA of the banking system. This was largely on a/c of higher public sector borrowing as growth in PSC decelerated sharply to 11.1% in February 2023 from 18.6% in February 2022. On a monthly basis, PSC recorded a contraction for the 2nd consecutive month in February. This contraction was due to retirement in FI and consumer loans, while working capital loans saw a marginal seasonal uptick during the month.
- ✓ As the MPC had anticipated, national CPI inflation further rose to 35.4% in March 2023, resulting in average inflation of 27.3% during 9MFY23. The MPC noted that the surge in inflation was broad-based, though a large part of it was contributed by food and energy components. This reflects the pass through of increases in taxes and duties, unwinding of untargeted energy subsidies and the recent exchange rate depreciation. Importantly, core inflation has risen to 18.6% in urban and 23.1% in rural baskets, indicating the 2nd round impacts of the above-mentioned adjustments.
- ✓ To anchor these expectations, the MPC views its current monetary policy stance as appropriate to keep the RIR in positive territory on a forward-looking basis.
- ✓ After analyzing, all the above macroeconomic indicators, MPC decided to raise the PR by 100bps to 21.00%.

Interbank READY Rates- PKR-Rs			
		6-Apr-23	
Open	287.00	Last Day Close-LDC	
High	287.50		
Low	284.00	287.85	
Close	284.50		
DAILY USD/PKR SWAP YIELDS-%			
PERIOD	SWAP	Change in Premiums	Swap Implied PKR Yield
1-Week	1.0450	(0.0030)	23.75%
2-Week	1.9500	(0.0816)	22.50%
1-Month	3.6000	0.1189	19.61%
2-Month	5.7000	0.7910	16.85%
3-Month	7.8750	0.7783	16.01%
4-Month	9.2500	0.8570	14.53%
5-Month	10.8750	1.1996	13.98%
6-Month	13.0000	1.5050	14.05%
9-Month	14.0000	0.1863	11.40%
1-Year	16.5000	0.1848	10.48%
MONEY Market-MM Rates-%			
		6-Apr-23	
Open	21.00	Last Day Close-LDC	
High	21.25		
Low	20.50	20.80	
Close	20.75		
KIBOR AND PKRV RATES (%)			5-Apr-23
Tenor	KIBOR-%	PKRV Rates-%	
1-M	21.17	21.30	
3-M	21.64	21.46	
6-M	21.73	21.25	
12-M	21.74	21.28	
Pakistan Investment Bonds-PIB			
Period	16-Mar-23	6-Apr-23	
	Cut Off Yields-%	Bid-%	Ask-%
3-Yrs	18.0500	18.90	18.80
5-Yrs	13.8000	15.90	15.80
10-Yrs-Fixed	12.9500	15.00	14.20
Floating	17.8255	102	101.75
15-yrs*	-	15.18	
20-yrs*	-	15.19	
Market Treasury Bills-MTB			
Tenor	6-Apr-23	6-Apr-23	
	Cut Off Yields-%	Bid-%	Ask-%
3-M	21.9997	21.95	21.90
6-M	21.9789	17.15	16.80
12-M	21.8898	17.15	16.80
Note: * The secondary yields for 15 & 20-years Bonds are not available, so instead of leaving it blank, we inputted PKRV Rates.			