

## No New Issuance

November, bond yields faced little change as stagnation prevailed in the money/fixed income market. The previous month witnessed a steady trend, with minor decrease in yields towards month ended November 2017. The participation of the PIB auction of 15<sup>th</sup> November 2017 further highlighted the position of Banks/DFIs/FIs as the total participation equaled to a minor total of only PKR 24 billion out of which 3 years PIB received majority bids worth of PKR 19.4 billion, 5 years PIB received only PKR 2.1 billion and 10 years PIB received PKR 2.8 billion. The insignificant amount at higher yields resulted in the auction being rejected. The PIB auction result showed that banks/DFIs/FIs have no interest in the prevailing yields of ready PIBs. The yields for ready 3 year PIB (29-12-2016 to 29-12-2019) hovered around 6.55%, yield for 3 year remaining bond (26-03-15 to 26-03-2020) witnessed a declining trend going from 6.69% on 1<sup>st</sup> November 2017 to 6.59% in month ended November 2017. PIBs of longer tenors such as 5 year (21-4-2016 to 21-4-2021), 6 year (19-7-2012 to 19-7-2022), and 10 year (21-4-2016 to 21-4-2026) also showed minor decrease, with their yields prevailing at 7.15%, 7.48%, and 7.95% respectively. The result of the latest MTB auction of 22<sup>nd</sup> November 2017 showed a stable trend as the cut offs for 3 month and 6 month were maintained at 5.9910% and 6.0109% respectively. The target for the auction amounted to PKR 550 billion out of which a significant total of PKR 603 billion was accepted with 3 months receiving majority bids worth of PKR 502 billion, followed by 6 months receiving PKR 99 billion and 12 months receiving no bids at all, hence showing the interest of FIs on shorter tenors as compared to longer tenors. Looking at the prevailing trend bond yields will remain stable in the near future. According to the MPS released by SBP on 24<sup>th</sup> November 2017, the monetary policy committee maintained status quo with the policy rate at 5.75%. The CPI for YoY November 2017 equaled to 3.97% greater than the previous number of 3.80%.

