

Fixed Income Monthly Review December-19

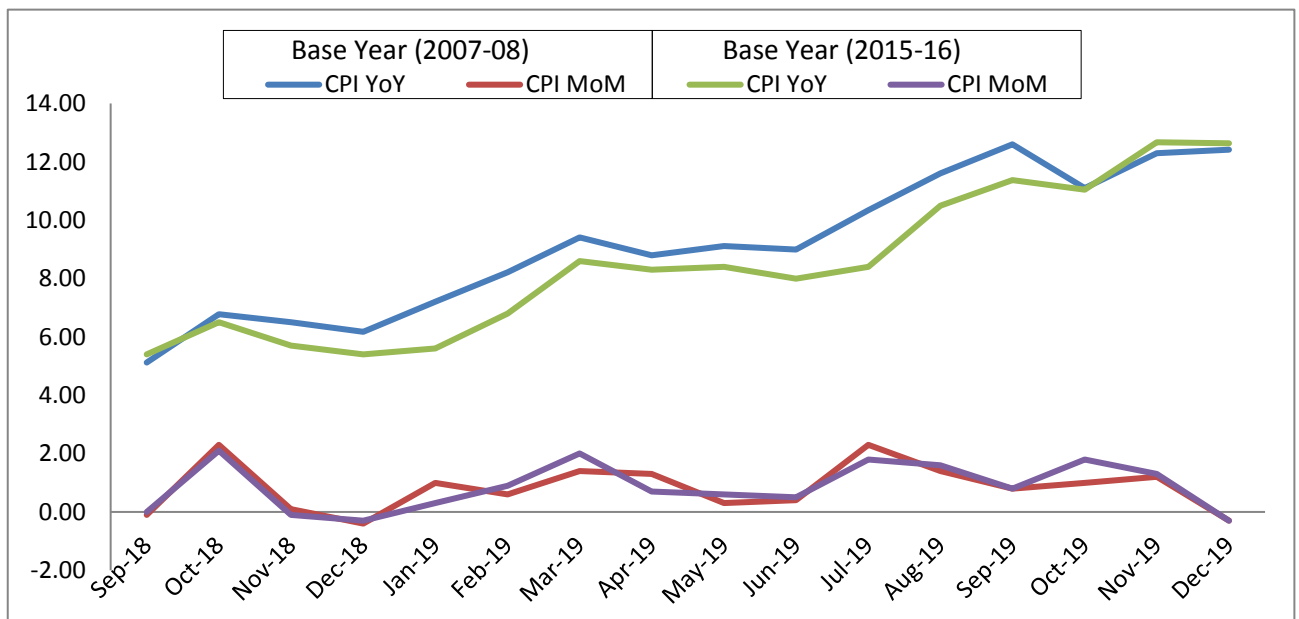
Target revised but missed

IMF in latest review of EFF Program, revised the tax collection target to PKR 5,238 billion. In the first half of FY2020, FBR has collected PKR2,080 billion against the target of 2,198 billion, the collection was 301 billion higher as compared to the same period of FY2019 where collection stood at 1,779 billion. Exports and Import for the period of five month (Jul-Nov) reported at \$10.309 billion and \$18.311 billion respectively. Foreign investment in SCRA recorded at 289.671 million during December 2019, and the total SCRA recorded for the period of Jul-Dec at PKR 1,433 million. CPI for the month of December 2019 was lower than November 2019, where it stood at 12.70%. It seems that inflation will further surge in coming month due to the prevailing food inflation, moreover OGRA has also approved raise in prices of petroleum products.

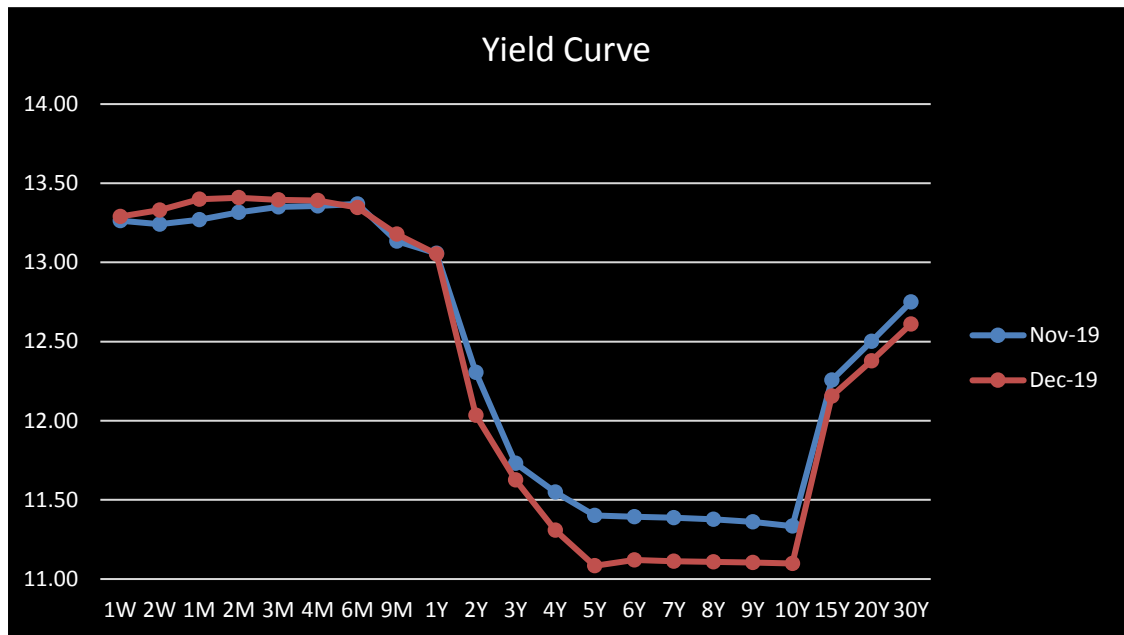
In a regular bond auction conducted on 11th December 2019, SBP received bids of PKR 115.7bn, 138.656bn, 82.4bn and 1.5bn in 3Y, 5Y, 10Y and 20Y PIBs, which SBP has accepted PKR 58.637bn, 56.046bn and 36.76bn at rate of 11.75%, 11.1939% and 10.9968% respectively, bids in PIB 20Y were rejected. In PIB Floater, SBP accepted PKR 72.2bn out of 142.45bn at the cut-off 101.7689.

In its routine MTB auctions conducted on 4th and 18th of December 2019, SBP received mild participation in auctions of 4^h December. At the cutoff of 13.5391%, 13.2899% and 13.14%, SBP accepted bids amounting PKR 156.85bn in 3-month, 5.88bn in 6-month and 183.85bn in 12-month respectively. Furthermore, in December 18th auction, SBP accepted PKR 220.3bn in 3-months, 11.65bn in 6-months and 231.1bn in 12-months at the level of 13.4897%, 13.2899% and 13.14% respectively.

Market liquidity remained calm throughout the month as the Central Bank managed liquidity through frequent OMOs, SBP continued to conduct regular OMO (Injection) to stabilize the liquidity condition. Headline inflation for the month of December recorded at 12.63%.



Yield Curve Nov-19 vs. Dec-19:



OMO History Dec-2019:

(All amounts in million PKR)

Date	Injection		Mop up		Tenor (Days)	Cut off
	Offered	Accepted	Offered	Accepted		
5-Dec-19	334,800	304,800	-	-	8	13.31%
6-Dec-19	403,000	300,000	-	-	7	13.30%
9-Dec-19	86,000	86,000	-	-	4	13.31%
12-Dec-19	84,000	47,000	-	-	1	13.40%
13-Dec-19	853,700	825,000	-	-	7	13.29%
19-Dec-19	339,000	339,000	-	-	8	13.28%
20-Dec-19	787,750	787,750	-	-	7	13.29%
26-Dec-19	307,750	290,000	-	-	1	13.34%
27-Dec-19	1,000,800	975,000	-	-	7	13.31%

Source: SBP

SBP Overnight Repo/Reverse Repo Facility-History:

(All amounts in million PKR)

Date	Floor	Ceiling
11-Dec-19	15,600	-
12-Dec-19	-	16,200
26-Dec-19	-	1,500
27-Dec-19	-	26,700
31-Dec-19	15,000	-

Source: SBP