

Fixed Income Monthly Review April-20

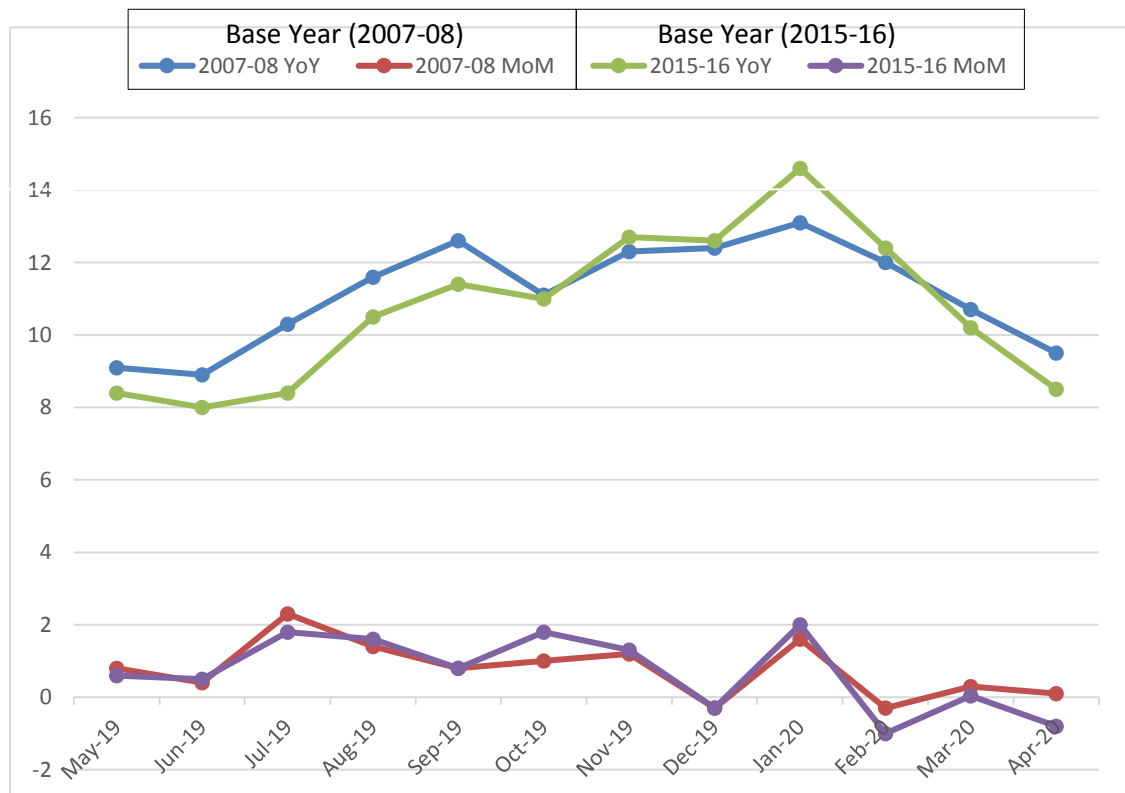
Trade restricted, Economies slow-down

As global pandemic Covid-19 intensified, international economies stuck, the GoP cuts policy rate by 425bps in the month of April and further expected to see a cut in order to survive businesses from looming recession. Government of Pakistan has taken necessary steps to control inflation by providing utility packages and controlling consumer prices. international trades are restricted, oil prices plunge, unemployment escalating, business shutdowns and slowing growth are the signs of *Global Recession*.

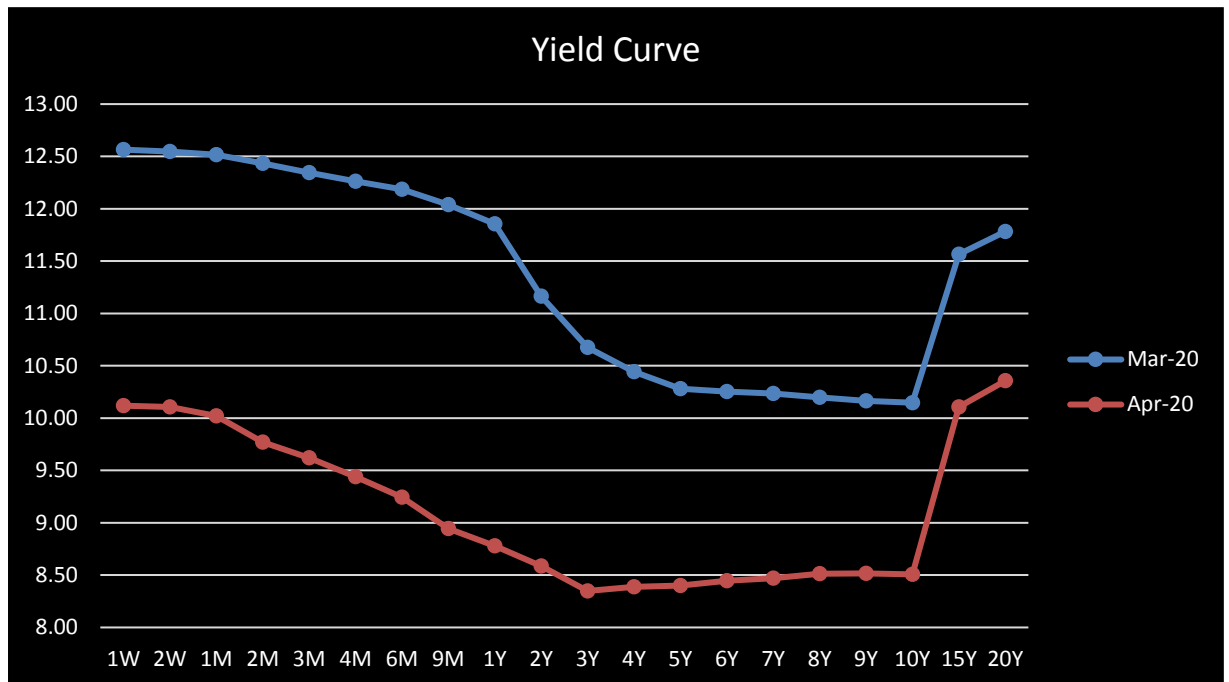
In a regular bond auction conducted on 15th April 2020, SBP received bids of PKR 243.7bn, 63.7bn, 21.8bn, 13.27bn and 6.2bn in 3Y, 5Y, 10Y, 15Y and 20Y PIBs, which SBP has accepted PKR 46.7bn, 36.44bn, 14.3bn, 10.27bn and 5bn at rate of 8.56%, 8.83%, 9.00%, 10.49% and 10.70% respectively. In PIB Floater, SBP accepted PKR 50.325bn out of 109.5bn at the cut-off 102.5594.

In its routine MTB auctions conducted on 8th, and 22nd of April 2020, SBP received mild participation in auctions of 8th April. At the cutoff of 10.8995%, 10.30% and 19.6490%, SBP accepted bids amounting PKR 156bn in 3-month, 142.88bn in 6-month and 160bn in 12-month respectively. Furthermore, in April 22nd auction, SBP accepted PKR 164.03bn in 3-months, 126.5bn in 6-months and 145bn in 12-months at the level of 8.3996%, 7.9997% and 7.4750% 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 March recorded at 8.50%.



Yield Curve Feb -20 vs. Mar-20:



OMO History Apr-2020:

(All amounts in million PKR)

Date	Injection		Mop up		Tenor (Days)	Cut off
	Offered	Accepted	Offered	Accepted		
2-Apr-20	-	-	73,050	48,250	1	10.89%
3-Apr-20	920,750	920,750	-	-	7	11.01%
9-Apr-20	355,000	347,000	-	-	8	11.01%
10-Apr-20	816,400	816,400	-	-	7	11.01%
13-Apr-20	107,500	107,500	-	-	4	11.01%
16-Apr-20	229,300	191,800	-	-	1	11.04%
17-Apr-20	229,300	191,800	-	-	11	9.01%
23-Apr-20	-	-	315,000	204,000	5	8.90%
28-Apr-20	1,267,450	1,267,450	-	-	6	9.01%
30-Apr-20	-	-	210,000	140,000	4	8.98%

Source: SBP

SBP Overnight Repo/Reverse Repo Facility-History:

(All amounts in million PKR)

Date	Floor	Ceiling
1-Apr-20	30,000	-
2-Apr-20	-	6,300
10-Apr-20	-	29,000
16-Apr-20	3,800	-
23-Apr-20	13,000	-
24-Apr-20	-	20,000
28-Apr-20	4,000	-
29-Apr-20	5,500	-
30-Apr-20	14,200	1,400

Source: SBP