

## Fixed Income Monthly Review March-20

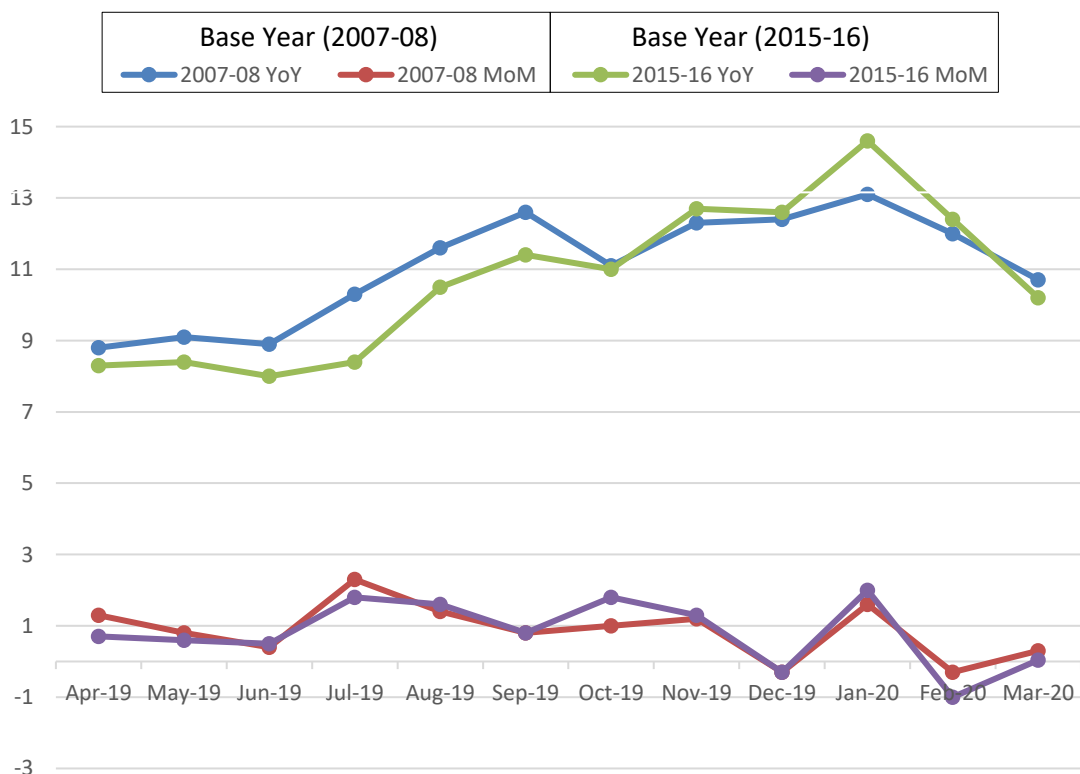
### *Covid-19 epidemic and Economy*

Expected growth projection shows a downward trend due to Covid-19 epidemic. Due to loss of business activity, tax collection target also seems impossible to attain. Export order cancellation/postponement is leading towards high trade deficit gap although due to import of essential products being open along with cheaper oil prices, inflation might be controlled as long as government makes enough effort. On the contrary, the local market growth majorly depends on construction sector to which no ease of doing business or a relief package is announced, leading future economical growth in a downward trend.

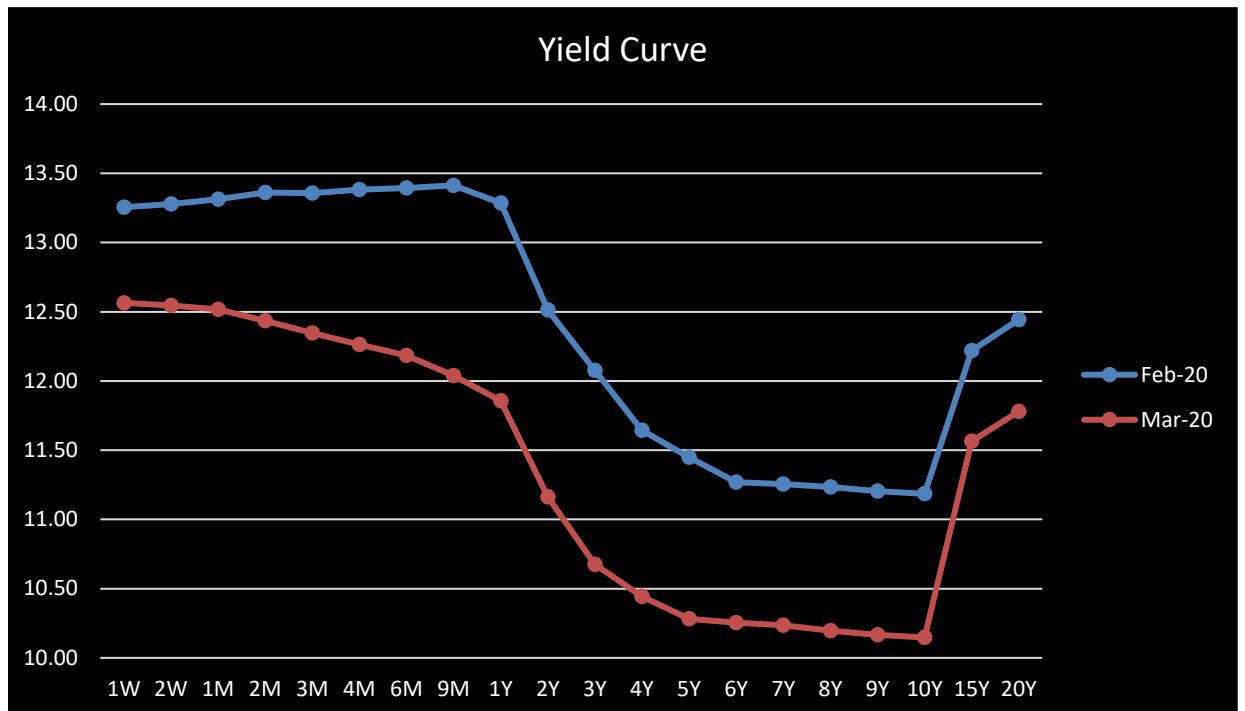
In a regular bond auction conducted on 5<sup>th</sup> March 2020, SBP received bids of PKR 243.7bn, 105.67bn, 74.49bn and 1bn in 3Y, 5Y, 10Y and 20Y PIBs, which SBP has accepted PKR 38.35bn, 32.15bn, 38.10bn and 1bn at rate of 11.5888%, 10.99%, 10.85% and 10.7999% respectively. In PIB Floater, SBP accepted PKR 55bn out of 251.852bn at the cut-off 102.5295.

In its routine MTB auctions conducted on 12<sup>th</sup>, and 26<sup>th</sup> of March 2020, SBP received mild participation in auctions of 12<sup>th</sup> March. At the cutoff of 12.7288%, 12.505% and 12.00%, SBP accepted bids amounting PKR 128.59bn in 3-month, 102.3bn in 6-month and 92.5bn in 12-month respectively. Furthermore, in March 26<sup>th</sup> auction, SBP accepted PKR 242.24bn in 3-months, 151.96bn in 6-months and 157.5bn in 12-months at the level of 11.2985%, 11.2989% and 10.8699% 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 10.20%.



### Yield Curve Feb -20 vs. Mar-20:



### OMO History Mar-2020:

(All amounts in million PKR)

Date	Injection		Mop up		Tenor (Days)	Cut off
	Offered	Accepted	Offered	Accepted		
5-Mar-20	377,000	377,000	-	-	1	13.30%
6-Mar-20	987,500	987,500	-	-	7	13.26%
10-Mar-20	20,000	10,000	-	-	3	13.26%
12-Mar-20	92,000	92,000	-	-	8	13.26%
13-Mar-20	1,038,450	1,035,950	-	-	7	13.26%
18-Mar-20	270,150	257,150	-	-	2	12.55%
20-Mar-20	1,191,750	1,191,750	-	-	7	12.52%
25-Mar-20	135,000	135,000	-	-	2	11.01%
27-Mar-20	937,200	937,200	-	-	7	11.01%
31-Mar-20	-	-	38,500	35,000	3	10.97%

Source: SBP

### SBP Overnight Repo/Reverse Repo Facility-History:

(All amounts in million PKR)

Date	Floor	Ceiling
19-Mar-20	-	500
24-Mar-20	-	39,400
25-Mar-20	-	2,000
26-Mar-20	-	9,000
30-Mar-20	30,000	-

Source: SBP