

## Fixed Income Monthly Review Nov-20

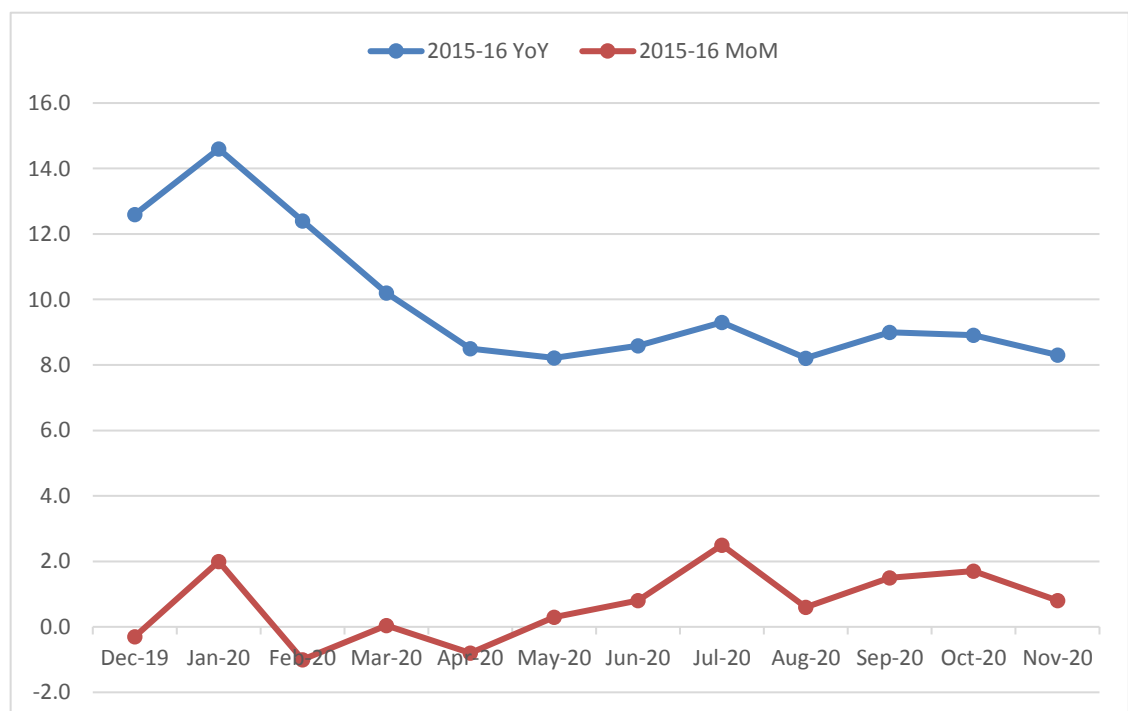
### *Economic indicators showing improvement*

Though indicators of our economy are showing improvement as current account balance is positive, remittances growing gradually and tax collections are on mark, but government is worrisome for circular debt and food inflation. To continue the IMF program which is lingered from February 2020, government have to bring down the balance of circular debt which is recorded Rs.2.31 trillion. Moreover, early harvesting has been started for new crop which will bring down the food inflation in coming months.

In a regular bond auction conducted on 11<sup>th</sup> Nov 2020, SBP received bids of PKR 9.15bn, 19.25bn, 20.05bn, 4bn and 9.56bn in 3Y, 5Y, 10Y, 15Y and 20Y PIBs, which SBP has accepted 3Y PKR 2bn, 15Y 4bn, and 20Y 9.5bn at rate of 8.24%, 9.98% and 10.5498% respectively. SBP rejected bids in 5-year and 10-year PIB. In auction of PIB Floater on 5<sup>th</sup> Nov 2020, SBP accepted PKR 5.15bn in 2Y, 38.8bn in 3Y, 36.1bn in 5Y, and 40.5bn in 10Y at price of 99.6312, 99.2067, 97.9884 and 95.2510 respectively. In auction of PIB Floater Quarterly on 19<sup>th</sup> Nov 2020, SBP accepted PKR 249mn in 2Y, 6.7bn in 3Y, 29.56bn in 5Y and 24.4bn in 10Y at price of 99.6356, 99.2144, 97.9997 and 95.2616 respectively. Bids in Semiannual Floater were rejected.

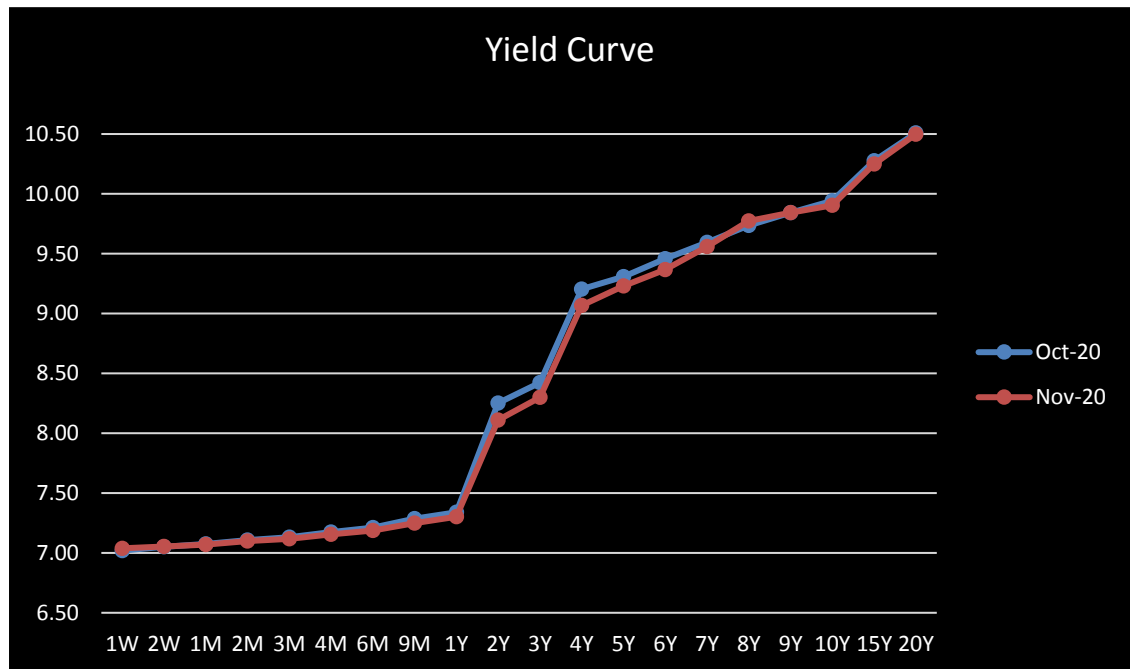
In its routine MTB auctions conducted on 5<sup>th</sup>, and 19<sup>th</sup> of November 2020, SBP received mild participation in auctions of 5<sup>th</sup> October. At the cutoff of 7.1597%, 7.20% and 7.29%, SBP accepted bids amounting PKR 238.35bn in 3-month, 12.5bn in 6-month and 2bn in 12-month respectively. Furthermore, in October 19<sup>th</sup> auction, SBP accepted PKR 329.88bn in 3-months, 1.2bn in 6-months and 9.2bn in 12-months at the level of 7.1525%, 7.1998% and 7.22498% respectively.

Market liquidity remained calm throughout the month as 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 November recorded at 8.35%.



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### Yield Curve Oct-20 vs. Nov-20:



### OMO History Nov-2020:

(All amounts in million PKR)

Date	Injection		Mop up		Tenor (Days)	Cut off
	Offered	Accepted	Offered	Accepted		
02-Nov-20	675,900	675,900	-	-	4	7.03%
06-Nov-20	746,200	746,200	-	-	7	7.03%
13-Nov-20	741,150	741,150	-	-	7	7.02%
17-Nov-20	93,400	93,400	-	-	3	7.05%
19-Nov-20	190,550	190,550	-	-	8	7.03%
20-Nov-20	741,000	690,000	-	-	7	7.03%
26-Nov-20	-	-	15,250	15,250	1	6.95%
27-Nov-20	759,500	758,500	-	-	7	7.03%

Source: SBP

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

(All amounts in million PKR)

Date	Floor	Ceiling
03-Nov-20	5,000	-
05-Nov-20	-	11,000
06-Nov-20	10,000	-
12-Nov-20	11,300	-
24-Nov-20	11,000	--
26-Nov-20	21,600	-

Source: SBP