

Fixed Income Monthly Review Jan-21

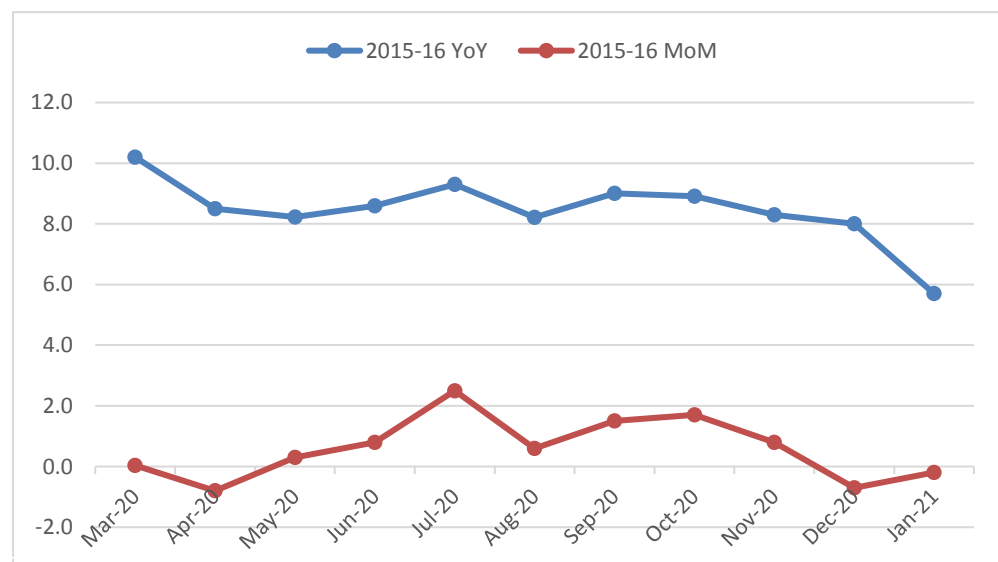
Economy on right path

Policy rate remained on 7% as SBP announced monetary policy. Inflation decreased from 8.00% to 5.70%. There was also reduction in food inflation as tax free sugar was allowed to be imported to stabilize prices. After 5 months of surplus, current account for the month of December showed a deficit amount of \$662 million, reason being the rise in the imports of surgical instruments amid the second wave of Covid-19.

In a regular bond auction conducted on 06th Jan 2021, SBP received bids of PKR 11.95bn, 21.5bn, 11.50bn, 2bn and 2bn in 3Y, 5Y, 10Y, 15Y and 20Y PIBs, which SBP has accepted 3Y PKR 8.174bn, 5Y 20.5bn, and 10Y 6bn at rate of 8.49%, 9.52% and 9.99% respectively. SBP rejected bids in 15-year and 20-year PIB. In auction of PIB Floater Quarterly on 13th Jan 2021, SBP received no bids in any of the tenor. In auction of PIB Floater Quarterly on 27th Jan 2021, SBP accepted PKR 25.00bn in 3Y at price of 99.0216 while SBP rejected bids 10 years Floater Quarterly and no bids were received in 2Y and 5Y.

In its routine MTB auctions conducted on 13th and 27th of January 2021. SBP received mild participation in auctions of 13th January. At the cutoff of 7.1691% and 7.2002%, SBP accepted bids amounting PKR 517.81bn in 3-month and 1.70bn in 6-month respectively, all bids of 12-month were rejected. On January 27th auction, SBP accepted PKR 308.88bn in 3-months, 101.00bn in 6-months and 6.00bn in 12-months at the level of 7.1597%, 7.4900% and 7.7989% respectively

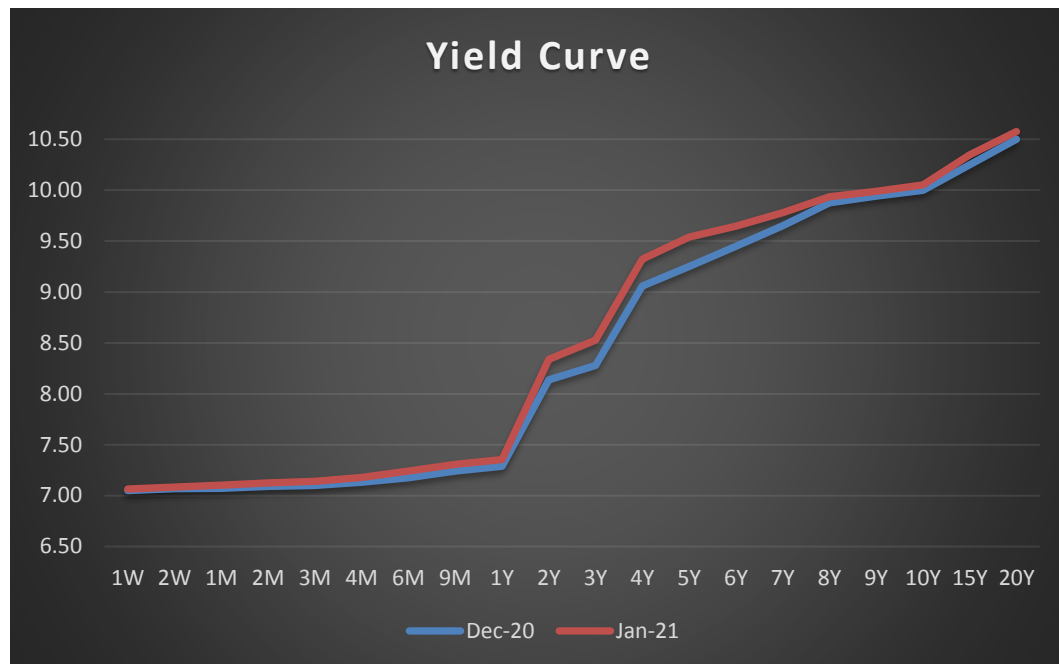
Market liquidity remained calm throughout the month as Central Bank managed liquidity through frequent OMOs. SBP continued to conduct regular OMO (Injection) to stabilize the liquidity condition. Headline inflation for the month of January recorded at 5.70%.



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Yield Curve Dec-20 vs. Jan-21:

Icon Management Private Limited



OMO History Jan-2021:

(All amounts in million PKR)

Date	Injection		Mop up		Tenor (Days)	Cut off Offered
	Offered	Accepted	Offered	Accepted		
4-Jan-21	741,550	690,000	-	-	4	741,550
7-Jan-21	353,000	313,000	-	-	1	353,000
8-Jan-21	912,620	912,620	-	-	7	912,620
11-Jan-21	78,000	78,000	-	-	4	78,000
15-Jan-21	1,034,450	975,050	-	-	7	1,034,450
18-Jan-21	100,400	72,400	-	-	4	100,400
21-Jan-21	98,000	60,000	-	-	1	98,000

Source: SBP

SBP Overnight Repo/Reverse Repo Facility-History:

(All amounts in million PKR)

Date	Floor	Ceiling
06-Jan-21	-	28,325
07-Jan-21	11,200	-
21-Jan-21	-	2000
29-Jan-21	19,300	

Source: SBP