

**Provisional Data on Monetary Aggregates as on January 27<sup>th</sup> 2012**

**1) Broad Money (M2)**

(Million Rupees)

COMPONENTS	Stocks at End-June 2011	Yearly Flows		Monetary Impact Since	
		FY 10	FY 11	1st July to	
				27-Jan-12 <sup>P</sup>	29-Jan-11
A Currency in Circulation	1,501,409	143,212	206,025	152,593	226,699
B Other Deposits with SBP	10,145	2,000	3,482	-902	4,508
C Total Demand & Time Deposits incl. RFCDs <sup>1/</sup>	5,183,640	494,803	708,453	132,790	212,280
of which Residents Foreign Currency Deposits (RFCDs)	374,945	65,074	29,508	25,430	22,316
<b>Broad Money (M2)</b>	<b>6,695,194</b>	<b>640,015</b>	<b>917,960</b>	<b>284,481</b>	<b>443,487</b>
<i>Growth</i>		<i>12.46%</i>	<i>15.89%</i>	<i>4.25%</i>	<i>7.68%</i>
<b>Factors Affecting Broad Money (M2)</b>					
A <u>Net Foreign Assets of the Banking System</u> <sup>2/</sup>	780,253	49,427	234,972	-165,315	135,979
B <u>Net Domestic Assets of the Banking System (1+2+3)</u>	5,914,941	590,589	682,988	449,796	307,508
<i>Growth</i>		<i>12.72%</i>	<i>13.05%</i>	<i>7.60%</i>	<i>5.88%</i>
1 <u>Net Government Sector Borrowings (a+b+c)</u>	3,020,510	406,636	579,569	719,640	297,038
a <u>Borrowings for Budgetary Support</u> <sup>3/</sup>	2,601,622	330,437	590,163	794,119	357,184
(i) From SBP of which					
a) Federal Government (net)	1,200,658	44,005	-7,993	141,707	114,506
of which deposits with SBP	1,239,785	30,138	98,035	116,379	160,939
of which deposits with SBP	-141,092	10,984	-103,939	26,417	-10,061
b) Provincial Government	-39,713	12,757	-106,714	24,365	-46,560
Balochistan Government	7,646	-4,475	-12,241	-10,144	-18,303
Khyber Pakhtunkhwa Government	-26,471	-4,139	-21,637	6,352	-12,671
Punjab Government	11,872	5,482	-44,630	32,040	-4,865
Sindh Government	-32,760	15,889	-28,206	-3,883	-10,721
c) AJK Government	586	1,110	686	1,363	127
d) Gilgit-Baltistan Government	0	0	0	-399	0
(ii) From Scheduled banks (net)	1,400,964	286,433	598,156	652,413	242,678
a) Federal Government	1,663,747	309,514	616,743	645,772	259,308
of which deposits with banks	-379,086	-74,077	-71,379	31,510	-2,704
b) Provincial Government (net)	-262,783	-23,081	-18,587	6,641	-16,629
of which deposits with banks	-263,807	-23,081	-18,587	6,641	-16,629
b Commodity Operations	397,488	76,989	-15,703	-74,991	-62,672
c Others	21,400	-790	5,109	512	2,526
2 <u>Credit to Non-Government Sector (a+b+c+d)</u>	3,547,345	198,806	158,544	-47,299	173,870
a Credit to Private Sector	3,141,151	112,926	121,328	221,543	154,808
b Credit to Public Sectors Enterprises (PSEs)	411,538	85,028	36,505	-269,461	18,254
c PSEs Special Account-Debt Repayment with SBP	-23,915	0	-232	0	0
d Other Financial Institutions (SBP credit to NBFIs)	18,571	852	943	619	807
3 <u>Other Items (net)</u>	-652,914	-14,854	-55,126	-222,545	-163,400
<b>Broad Money (M2)</b>	<b>6,695,194</b>	<b>640,016</b>	<b>917,960</b>	<b>284,481</b>	<b>443,487</b>
<i>Growth</i>		<i>12.46%</i>	<i>15.89%</i>	<i>4.25%</i>	<i>7.68%</i>

<b>Memorandum Items</b>					
Accrued profit on SBP holdings of MRTBs	46,120	2,075	8,914	6,644	16,640
Outstanding amount of MTBs (realized value in auctions)	1,542,553	323,570	479,508	345,263	191,606
Net Government Budgetary Borrowings for Budgetary Support (Estimated on cash basis as done in government budget)					
<b>From Banking System</b>	2,523,300	304,563	588,748	752,864	337,585
From SBP	1,154,539	41,930	-16,907	135,063	97,866
From Scheduled Banks	1,368,762	262,633	605,655	617,800	239,719

P: Provisional

1/ Excluding inter-bank deposits, deposits of governments and foreign constituents.

2/ The treatment of SDR allocation changed from Equity to SBP foreign liability w.e.f. 30-06-2009 and onwards.

3/ Government's borrowing net of Federal, Provincial, Azad Kashmir's and Gilgit-Baltistan's deposit with SBP and Scheduled Banks. The (-) sign in govt. deposits shows a credit balance whereas (+) sign shows their debtor/withdrawal from the system

4/ Data on government deposits with scheduled banks are available only on monthly basis therefore, the previous month data were repeated in subsequent weeks till the availability of latest month data.

**Government's borrowing mechanisms from the banking system are as follows:-**

- Borrowings from scheduled banks is mainly through fortnightly auctioning of Market Treasury Bills (MTBs) of 3, 6 and 12-month maturities. Government of Pakistan also borrows long-term by quarterly auctioning of Pakistan Investment Bonds (PIBs) of 3, 5, 10, 15, 20 and 30 years maturities.
- Federal Government may also borrow directly from SBP either through Ways and Means Advance or purchase (by SBP) of Market Related Treasury Bills (MRTBs). The Ways and Means Advance is extended for Government borrowings up to Rs.100 million at an interest rate of 4 percent per annum whereas higher amounts are borrowed through SBP purchase of 6-month MTBs at the weighted average yield of 6-month MTB determined in the most recent fortnightly auction of treasury bills. The weighted average yield on 6-month MTB was 11.63 percent as a result of the auction conducted on 25th January 2012.
- Provincial Governments and the Government of Azad Jammu & Kashmir may also borrow directly from SBP through raising of their debtor balances (over drafts) within limits defined for them. An interest rate is charged on the borrowings which is weighted average of the weighted average yields of 6-month MTBs over the preceding three months. In case, the Provincial Governments or the Government of Azad Jammu & Kashmir borrow over and above the over draft limit, they are penalized by charging an incremental rate of 4 percent per annum.

**Source:** Based on weekly returns of scheduled banks for the week ending Friday.

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