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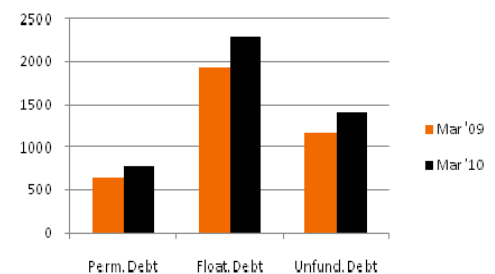
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Mounting Domestic Debt during July - March

According to data revealed by the Central Bank, the country's overall domestic debt surged by 19.48 % to attain Rs4,490.9 bn at the end of March, as compared with Rs3,758.7 bn for the period of the subsequent period last year. SBP fresh compositional break-up of domestic debt indicates that the Floating debt remained the largest component of domestic debt surged up by 19.56 % during Jul-Mar FY10 to Rs2,299.8 bn, as balanced to 1,923.5 bn during the corresponding period last year. Subsequently, permanent debt surged by 18.23% to Rs771.2bn during Jul-Mar 2009-10, as compared to Rs652.3bn over the corresponding period last year. Moreover, mobilization through prize bonds saw a significant improvement, Pakistan Investment Bonds (PIBs) kept its prevailing split in the outstanding stock of permanent debt with Rs493.4 bn next to Rs421.3 bn. In addition, the unfunded debt illustrated an increase of 20.18 % to reach Rs1,411.7 bn in FY10, as compared to Rs1,174.7 bn during the corresponding period. The National Savings Scheme instruments witnessed an optimistic augmentation excluding for Defence Savings Certificate, which was recorded at Rs222bn in FY10, as compared to Rs268.9 billion during the corresponding period last year.

The increase in the domestic debt is ascribed to the net external financing due to less anticipated disbursement of pledge foreign financing and increase in the external debt repayment on growing stocks of the foreign currency bonds. Consequently, A major contribution to the increase in the stock of outstanding debt has been made by the financing provided under the SBA with the IMF. Simultaneous with the increase in stock, volatile domestic and international conditions have weakened economic growth and foreign exchange earnings, resulting in a significant increase in the debt burden.

Break up of Domestic Debts (Rs in bn)

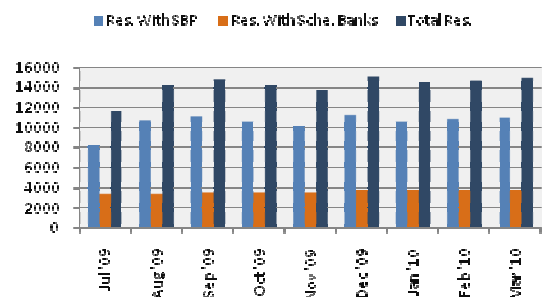


Sources: SBP

March: Marked a bull run by Foreign Funds.

Country's FOREX Reserves has reached over to \$14,951.4 mn during 9 months of the FY10, according to data revealed by the central bank, which was counted over \$12,425.2 mn at the end of FY09. The significance increase was witnessed in capital market. Subsequently, March scored the 10th consecutive month of a bull run by foreign funds. Share purchases (net) by offshore investors since June 2009 were recorded at \$419 mn. During the period, benchmark KSE-100 Index gained 38% (33% in US\$), the capital market attracted \$113 mn during March. Attributably, the huge inflows to renewed interest of foreign fund managers in frontier and emerging markets. The share of overseas investment in total volumes at the local bourses increased to 15 % in March, from an average of 9 % in 2009.

Forex Reserves 9mFY10 (US\$ in mn)



Sources: SBP