

The Newspaper's Staff Reporter

### **Govt raises Rs756bn in T-bill auction**

KARACHI: The government on Wednesday raised Rs756 billion through treasury bills' (T-bill) auction which attracted larger interest in 12-month instruments.

The amount borrowed was much higher than the Rs600 target.

However, unlike past auctions when short-term investments were more attractive in the rising interest rate scenario, investors on the Wednesday preferred to park their liquidity in 12-month papers. The trend reflects investors' confidence that the interest rates are likely to remain stable in the long-run.

The auction results also showed the return on 12-month papers was higher than three- and six-months papers. Further, return on 12-month papers was even higher than that of three-year Pakistan Investment Bonds (PIBs).

As per the auction results, the government borrowed Rs597bn in 12-month papers at a return of 14.24 per cent whereas the return on three-years PIBs was 14.225pc. While the last PIB auction witnessed low returns on longer tenures, the scenario was opposite in the T-bill auction.

The data released by the central bank showed that the government borrowed Rs158bn in three-month and Rs750 million in six-month papers with a return of 13.74pc and 13.93pc respectively.

The last PIB auction held on Aug 21 saw record participation as total bids rose to Rs1 trillion against which the government borrowed Rs495bn; much higher than the target.

On the other hand, the government in the Wednesday's T-bill auction did borrow funds much above the target as the auction attracted participation of Rs953bn. Moreover, the 600bn target set for the auction was much higher than the maturing amount of Rs110.85bn on the same date.

Financial experts believe the government would continue to borrow more from banks due to two reasons; the State Bank of Pakistan unwilling to loan funds to the government and the record-high fiscal deficit. Additionally, the revenue short falls are also expected to force the government to borrow more from banks.