

Fayaz Hussain

Govt raises Rs398.4bn from T-bills

KARACHI: Bids for market treasury bills (MTBs) auction held on Wednesday crossed Rs1 trillion-mark as participants rushed to park their funds in the risk-free government papers amid attractive rates.

The State Bank of Pakistan (SBP) auction results showed the participants bid Rs407.49bn for three-month, Rs118.08bn for six-month and Rs622.19bn for 12-month papers, of which it accepted Rs156.85bn, Rs5.88bn and Rs183.85bn respectively.

The government raised a cumulative sum of Rs398.44bn against the target of Rs300bn.

The cut-off yield for three-month papers was 13.539 per cent whereas for six-month papers, it was at 13.289pc and 13.14pc for 12-month.

The data showed that the government raised around 46pc of the total funds from the 12-month papers.

Foreign investors have also shown keen interest in government papers as inflows recently crossed \$1 billion during the period between July to Nov 26. Almost all of the investments have been concentrated in the short-term treasury bills.

The investors have flocked to Pakistan's debt instruments in the wake of globally low interest rates as Pakistan is one of the only few countries in the world, where rates remain high.

The SBP in the last monetary policy announcement kept the rates unchanged at 13.25pc. Moreover, high returns coupled with exchange rate stability have pulled foreign investors to invest in the country's debt instruments.

Most of the funds came from investors UK- and USA-based investors accounting for \$612.683 million and \$476.05m in T-bills respectively. Additionally, investors from the UAE invested \$5.06m, Ireland \$2.36m while \$436,000 came from Cayman Islands.

The investments are expected to rise further as the government plans to raise additional Rs2.4tr from the MTBs in the next two months.