

### **Over Rs100bn borrowed thru sale of T-Bills**

KARACHI: The federal government has borrowed over one billion rupees through auction of short term government papers for fiscal deficit.

The State Bank of Pakistan (SBP) conducted on June 3, 2019, for the sale of 3-month, 6-month and 12-month Market Treasury Bills (MTBs). However, financial institutions were remained reluctant to invest in long-term government papers due to further increase in key policy rate and preferred to park their liquidity in short-term papers.

Most of bids were received for three months T-bills and some bids were for 12-month papers, however not a single bid was submitted for 6-month MTBs in the auction held on Monday.

Analysts said that with rising inflationary pressure on the economy, banks are expecting further monetary tightening in coming months; therefore, they prefer short-term investment in government papers. The State Bank in the last monetary policy announced on May 24, has increased the key policy rate by 150 basis points to 12.25 percent for next two months.

According to SBP announcement, MTBs auction fetched bids amounted to Rs 205.5 billion with realized value of Rs 199.43 billion as against target of Rs 100 billion set by the government for this auction. Some Rs 203 billion bids were received for 3-month MTBs, while Rs 2.5 billion worth bids were submitted for Rs 12-month papers.

Out of received bids, the federal government borrowed Rs 103 billion (Rs 1 billion realized value). An amount of Rs 102 billion or Rs 99.714 billion (realized value) was borrowed through auction of three months government papers at 12.7493 percent. Similarly, an amount of Rs 500 million was obtained against sale of 12-month MTBs at 12.1500 percent.

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