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MPS on 17th

KARACHI: The State Bank of Pakistan (SBP) will announce Monetary Policy Statement for next two months on March 17 with expectations of rate cut on lower inflation outlook. The Independent Monetary Policy Committee (MPC) of the State Bank will meet on Tuesday (March 17) at SBP Karachi for deliberations on key economic issues to decide about policy rate.

The MPC has adopted a tight monetary stance for last two years due to a rising trend in the headline and core inflation, higher trade and current account deficit and depleting foreign exchange reserves. Currently the key policy rate is stable at 13.25 percent since July 2019.

Economists said the stable exchange rate, increase in forex exchange reserves, declining CA deficit, lower inflation outlook and falling POL products' prices have created some cushion for the rate cut.

They are expecting some 50 to 100 basis points (bps) cut in key policy rate on positive economic indicators. The inflation for February has already declined to 12.4 percent, while inflation expectations for March are 10 percent. Pakistan's current account has witnessed massive improvement supported by a sharp decline in the goods import bill. The country's current account deficit plunged by 72 percent during the first seven months of this fiscal year (FY20) compared to the same period of last fiscal year.