

MPS tomorrow Key policy rate may go up

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REPORT

KARACHI: The monetary policy decision for the next two months will be announced Saturday with expectations of some surge in key policy rate.

After the meeting of independent Monetary Policy Committee, governor State Bank of Pakistan, Tariq Bajwa will unveil Monetary Policy decision at a press conference at SBP Learning Resource Centre Auditorium, SBP Head Office, the central bank announced Thursday.

"The monetary policy committee is most likely to increase interest rate by 50 to 100 basis points (bps) as inflation and current account deficit is gradually increasing," economists said.

They said the SBP, in its recent report, has expressed concern over the deteriorating external balances and high fiscal deficit and believes that it may hurt the growth momentum.

Followed by a higher import bill and slow foreign inflows, the country's external account posted a record current account deficit of about \$16 billion during July-May of last fiscal year. In addition, high domestic demand, adjustment in energy prices and Pak rupee depreciation are likely to contribute to higher CPI inflation in FY19.

Economists are expecting that the SBP may continue its previous stance of monetary policy tightening in the next policy.