

# economicletter

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## Pakistan

The Senate Finance Committee has been briefed by the SBP that five out of the 11 Banking Service Corporation (BSC) departments were being relocated to Lahore in the larger interests of operational efficiency and logistic ease pertaining to their activities.

According to SBP, home remittances during July October 2016 fall to \$ 6.258 bn against \$ 6.507 bn in the same period of 2015.

According to SBP, total public debt, domestic and external, rose to Rs. 19.9 trn by end September 2016 against Rs. 17.7 trn at end – same period of 2015.

According to SBP, non-performing loans of banks and DFIs (domestic and overseas) at end-September 2016 stood at Rs.646.230 bn compared to Rs. 620.448 bn at end-December 2015.

The SBP has introduced a Conduct Assessment Framework (CAF) for all banks and microfinance banks to undertake their own assessment as per format provided by it with effect from January 1, 2017.

The SBP is to setup a central portal for the Prime Minister Youth Business Loan Scheme data reporting to prevent multiple loan applications.

According to SBP, total liquid foreign exchange reserves as on November 04, 2016, stood at \$ 24.153 bn of which \$ 19.075 bn was held by SBP and the rest with banks.

The IMF has opined that while the China – Pakistan Economic Corridor (CPEC) would be a game – changer for Pakistan's stressed economy, servicing of debt obligations under it would pose challenges.

## Markets at a glance

Weekly Review	KIBOR (6 months)		Foreign Exchange Rates			PSX	Gold Rate
	Bid %	Offer %	GBP(£)	EURO(€)	USD(\$)	100 Index	(10 gm)
Beginning	5.81	6.06	Rs. 132.75	Rs. 117.7	Rs. 106.1	41,839.54	Rs. 40,739
Ending	5.82	6.07	Rs. 134.25	Rs. 116.45	Rs. 106.4	42,849.12	Rs. 40,817
Change	+0.01	+0.01	+1.5	-1.25	+0.3	+1009.58	+78

CPI inflation (PBS data) during July – October 2016 averaged 3.95 % against 1.65 % in the same period of 2015. Food and non – food inflation registered increases of 4.4 % and 4.1%, respectively, in October, year-on-year.

The Dubai – based Abraaj Group has signed an agreement for divestment of 66.4 % of its share – holding in K – Electric in favour of Shanghai Electric Power Company, a subsidiary of State Power Investment Corporation of China, a public sector entity, at a cost of \$ 1.77 bn.

Arrival of seed-cotton (phutti) at ginneries (PCGA data) from the beginning of the current crop season (early October) till end-October at 6.95 mn bales was higher by 7.5 % over the same period last crop season. Arrivals from Punjab were higher by 14 % while those from Sindh were unchanged during the above periods.

## International

The London High Court has ruled that Article 50 of the Treaty cannot be invoked – scheduled by the Prime Minister for March 2017 – to enable Brexit to take place unless the Parliament approves of it. The government is to appeal with the Supreme Court against the order.

Liquid foreign exchange reserves held by the central bank of China stood at \$ 3.121 trn by end – October 2016, lowest since March 2011 yet the highest any country in the world.

The Indian government has demonetised Rs. 500 and Rs. 1000 currency notes with immediate effect in a bid to tackle corruption and tax evasion.

China is to provide an investment fund of \$ 11.0 bn for facilitating higher trade relations with central and eastern Europe countries.

Bangladesh home remittances during July – October 2016 at \$ 4.26 bn was lower by 17.31 % over the same period of 2015.

The central bank of Thailand, the second largest economy in Southeast Asia after Indonesia, has left its key one-day repurchase rate unchanged at 1.50 %, a level holding since April 2015.

Kuwait, the largest producer and exporter of sweet crude in the world, is to issue US – dollar denominated sovereign bond in the current fiscal ending March 2017, valued at over \$ 9.5 bn to cover its external budgetary deficit forced by falling oil prices. This would be in addition to a \$ 6.6 bn domestic debt programme already underway. The country recorded a budgetary deficit of \$ 15.0 bn last fiscal ending March 2016 after a run of surpluses in the preceding 16 years.



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