

# economicletter

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## Pakistan

The SBP has notified the following three Acts to be implemented with immediate effect:

- the Depositors Protection Act, to operate as a subsidiary of the SBP, will be setup to protect small depositors' interests in particular in case of any financial institution's lapse of any kind;
- the Corporate Restructuring Companies Act provides for the establishment, licensing and regulation of corporate restructuring companies;
- the Financial Institutions Act relates to recovery of loans.

According to SBP, repatriation of profits and dividends by foreign firms operating in Pakistan was lower at \$ 335 mn in the first quarter of the current fiscal compared to \$ 359 mn in the same quarter last fiscal.

According to SBP, monetary expansion (M2) in the first quarter of the current fiscal (July – September 2016) fell to 0.12 % against 0.45 % in the same quarter last fiscal.

According to SBP, total liquid foreign exchange reserves as on October 21, 2016, stood at \$ 24.327 bn of which \$ 19.320 bn was held by SBP and the rest with banks.

The World Bank in its annual "Ease of Doing Business, 2017, report has placed Pakistan at 144th position out of 190 countries surveyed.

Moody's Investors Services has retained its "stable" rating for Pakistani banks on the back of a stable deposit base, high liquidity buffers and an accelerating economic growth under the IMF programme. Well planned easy monetary policy by the SBP is leading to higher business opportunities.

The IMF has urged the government to take measures to reduce public debt which at over 65% of GDP is well above the average level of emerging economies.

## 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	5.80	6.05	Rs. 127.76	Rs. 113.86	Rs. 104.4	41,291.43	Rs. 40,700
Ending	5.80	6.05	Rs. 127.3	Rs. 113.97	Rs. 104.5	39,872.88	Rs. 40,542
Change	0.00	0.00	-0.46	+0.11	+0.1	-1418.55	-158

Export earnings of the services sector (PBS data) during July August 2016 fell to \$ 712.75 mn against \$ 1.04 bn in the same months of 2015. Import payments of the sector also fell to \$ 1.33 bn against \$ 1.42 bn during the above months.

The Federal Finance Minister has informed the National Assembly that government borrowing during the last five years stood at Rs. 6.29 trn at the domestic level while external borrowing during the above period was \$ 9.7 bn.

The World Economic Forum (WEF) in its latest "Global Competitiveness Report 2016 – 17" has placed Pakistan at 122 position in its survey of 138 countries.

The Senate Standing Committee has been informed by the concerned Ministry that 30 % of the country's population is living below the poverty line.

Total sale of locally assembled / manufactured cars, LCVs, jeeps and vans (industry data) at 47,645 units during the first quarter of the current fiscal was lower by 13 % over the same quarter last fiscal.

The Senate Standing Committee has been informed by the Ministry of Finance that total public debt, domestic and

external, currently stands at 66.5 % of GDP, targeted to come down to 60.0 % by end – FY 2018.

## International

The central bank of South Korea expects the economy to grow by 2.7 % this year to be followed by a growth of 2.8 % in 2017.

The Turkish central bank has left its key overnight lending rate unchanged at 8.25 %.

The central bank of Brazil has cut its key lending rate by 25 basis points (bps) to 14 %. The cut is the first in 4 years.

The African Development Bank (ADB) has forecast that GDP growth in the continent would fall to an average of 1.9 % this year following a growth of 3.6 % in 2015 but would rebound to 3.2 % in 2017.

Saudi Arabia has raised \$ 17.5 bn through a sovereign bond issue, the first ever by the Kingdom. It would be issued in three tranches with maturity periods of 5, 10 and 30 years with interest rates of 2.375 %, 3.25 % and 4.50 % for the above periods.



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