

# economicletter

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## Pakistan

In order to promote quality listings, the Securities & Exchange Commission of Pakistan (SECP) has notified a comprehensive regulatory framework for initial public offering (IPO) that the SECP has revamped public offering regime including introduction of centralized e-IPO system. The main objective of the regulatory framework is to promote ease of doing business and streamline the entire public offering process for debt and equity securities to bring efficiency to it.

The combined import bill of food, oil and machinery hit a record \$21.09 bn during the first nine months of FY 2016-17, at 30% increase over the last year.

No major development was witnessed in the local currency market last week. The rupee remained almost flat against the dollar amid dull trading. The dollar rate differed between the open market and the interbank deal remained at Rs 1.08 on the week average.

Sialkot is the city of entrepreneurs and opportunities. Its small to medium enterprises fetch almost to tenth of the country's total export revenue, by selling sports goods and clothing, surgical instruments, leather and leather products, martial arts uniforms, footwear, etc. to 40 internal brands and 60 Regional and national brands in Europe and elsewhere. The city employs roughly 400,000 people in its export-oriented units and supports around 100,000 vendor jobs elsewhere in the country.

Today Pakistan's leather and leather products continue to stagnate at \$ 700 mn while India has pushed its global market share to \$ 7bn because its government helped its exporters comply with environment standards (by establishing tannery zones and investing in (water treatment plants), improve quality and increase value-addition.

Pakistan's meat exports are on the decline despite a global trend of rapid growth. The Trade Development Authority of Pakistan (TDAP) figures that the country's meat exports have dropped to \$ 140.345 mn in the first eight months of the current year, from \$ 188.345 mn a year ago: International meat trade on the other hand has risen by 16% to touch the \$ 700 bn mark.

The country provisionally received \$ 5.27 bn i.e. 65% of budgeted estimates foreign assistance from multilateral and bilateral donors in the current financial year (July-March), mainly because of \$ 1.315 bn loans from commercial banks.

The country's bed-wear export grew to \$ 1.585 bn in July-March 2017, up by 5.11%, official statistics show.

The World Bank expects the economy to expand in the current fiscal ending June 2017 by 5.2% with fiscal deficit rising by 0.3% over the previous fiscal to 4.8% of GDP.

The IMF has forecast the economy to grow by 5.2% in 2017 and then by 5.2% in 2018.

## Markets at a glance \*Rates are taken till 5 pm\*

Weekly Review	KIBOR (6 months)		Foreign Exchange Rates			PSX	Gold Rate
	Bid %	Offer %	UK(£)	EURO(€)	USD(\$)	100 Index	(10 gm)
Beginning	5.91	6.16	Rs. 131.75	Rs. 112.80	Rs. 106.10	47,889	Rs. 43,457
Ending	5.90	6.15	Rs. 135.60	Rs. 115.00	Rs. 105.70	49,851	Rs. 42,814
Change	-0.01	-0.01	+3.85	+2.2	-0.4	1962	-643

The government is to establish 9 special economic zones during the next 2 to 3 years to meet the needs of projects under the China-Pakistan Economic Corridor (CPEC) programme.

According to SBP, the current account deficit widened to \$ 6.13 bn (2.6% of GDP during the first nine months of the current fiscal (July-March 2016-17) compared to \$ 2.35 bn (1.1% of GDP) in the same period last fiscal. The target is to contain it at between 1.0-2.0% GDP during the full 2016-17 fiscal.

## International

Ready to go cashless? Contactless spending may be on the rise (the UK Card Association reported at 184% year-on-year increase in November 2016), but, according to Mintel, 97% of consumers remain regular cash users. In fact, ATM network LINK reported a record of 730 mn in withdrawals on Friday 23 December 2016, the highest ever amount of money dispensed in a single day by UK cash machines. This total compares to £ 634 mn taken out on 24 December 2015. Mintel also reported that, while almost a third of (respondents felt comfortable about the potential for a completely cashless society in April 2016, over half did not. One reason cited for our commitment to cash, despite the growth in alternatives, there are still situations in which it is perceived as the only suitable option. The fact that both current and previous records were set on the last business day before Christmas suggests that those giving money as a gift still feel that it is more personal to use cash rather than electronic transfer.

Chinese conglomerate HNA Group has become Deutsche Bank's biggest direct shareholder, upping its stake in flagship lender of Europe's top economy to just under 10%, according to a US regulatory filing.

The proposed Exim Bank will be operational by December this year, the Senate Standing Committee was informed last Wednesday.

According to research from the Families and Work Institute, 70% of American workers say that they dream of having a different job often.

The European Central Bank stuck to its ultra-easy policy stance on Thursday as inflation continues to undershoot its target but explicitly acknowledged the Eurozone economy, now in its best run since the global financial crisis. Despite calls from Germany, the Eurozone 'economic powerhouse' for a gradual reduction of stimulus, the ECB even left the door open to further rates cuts or increase in asset buys.

Production cuts have created record Asian demand for European oil and made China the second largest consumer of North Sea crude oil as flows from its usual Middle East suppliers dip. Rising Asian appetite for North Sea crude has largely been fueled by the falling premium charged for North Sea crude over rival Middle East oil and this demand could last beyond OPEC's supply cuts if that favorable pricing persists.

The US Dollar edged lower against the Euro and eased off one-month high against the Yen on Monday after weak US factory and inflation data did not boost expectations for a June interest rate hike from the Federal Reserve. Personal consumption expenditures (PCE) price index excluding food and energy slipped 0.1 percent in March, the first and largest drop since September 2001. In the 12 months through March, the so-called core PCE price index increased 1.6%, the smallest gain since last July.

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