

economicletter

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Pakistan

According to SBP the average spread - the difference between the average deposit and lending rates - during July-November 2016 stood at 5.12 %, lower by 47 basis points over the same period of 2015.

The SBP has relaxed the condition of obtaining photocopies of identity documents of directors in case of government and semi-government entities in their association of transactions with banks and DFIs.

The SBP has revised upwards the minimum number of independent directors for banks from 25% to 33% effective March 31,2018.

According to SBP, total liquid foreign exchange reserves as on December 23, 2016, stood at \$ 23.286 bn of which \$ 18.299 bn was held by SBP and the rest with banks.

The fourth civilian nuclear power plant, a joint venture of Pakistan Atomic Energy Commission and China National Nuclear Corporation, has went into operation adding 340 MWs of electricity to the national grid.

According to Economic Affairs Division of the Ministry of Finance, the country received \$ 3.13 bn of foreign assistance, inclusive of loans and grants, during July-November 2016 against \$ 2.70 bn in the same period of 2015. The government has budgeted \$ 7.99 bn of a foreign assistance inflows during July-June 2016-17 fiscal against budgeted \$ 9.18 bn in the 2015-16 fiscal.

The National Electric Power Regulatory Authority (Nepra) has allowed a cut of Rs. 3.60 % in power tariff for all the distribution companies (Discos) under its aegis and an increase of Rs. 0.60 per unit for K-Electric consumers for November by way of its monthly fuel adjustment policy.

The Central Directorate of national Savings (CDNS) has revised upwards the rates of return on its various saving schemes. The full 2016-17 fiscal target for additional mobilization of savings has been set at Rs. 228 bn as the CDNS was able to mobilize Rs. 218 bn target set for the 2015-16 fiscal.

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	5.89	6.14	Rs. 134.75	Rs. 113.95	Rs. 108.8	46633.99	Rs. 35,492.87
Ending	5.90	6.15	Rs. 133.5	Rs. 113.7	Rs. 108.5	47806.97	Rs. 39,285
Change	+0.01	+0.01	-1.25	-0.25	-0.3	+1172.98	+3792.13

Food import cost (PBS f.o.b data) during first five months of current fiscal (July-November 2016) rose to \$ 2.34 bn against \$2.22 bn in the same period last fiscal.

The ECC of Cabinet has approved export of 225,000 metric tons of surplus sugar.

The National Assembly Standing Committee on Industries and Production has been informed by the government that it is yet to find a strategic buyer of Pakistan Steel Mill (PSM), by way of its privatization, on “as is where is” basis.

International

The Central Bank of Iran has allowed some banks to deal in foreign exchange trading at a free market rate with a view to unify exchange rates. The country currently operates two exchange rates pegged to the U.S dollar. The official rate is 32.300 rials while the open market rate is 40.140 rials.

Saudi Arabia expects the kingdoms' budgetary deficit to come down to \$ 53 bn in 2017 against the anticipated \$ 79 bn in 2016.

The British economy grew by 0.6% during July-September quarter compared to growth of 0.3% and 0.6% in the first and second quarters respectively, year-on-year.

CPI inflation in Japan fell for the ninth consecutive month to 0.4% in November year-on-year, as the economy continues to face deflation.

The Russian President has forecast economic contraction in 2016 to range between 0.5-0.6% against 3.7 % in 2015.

Deutsche Bank and Credit Suisse have reached agreement with the U.S regulatory authorities to pay \$ 7.2 bn and \$ 5.3 bn respectively as penalties on grounds of selling toxic mortgage bonds which in part triggered the 2008 global financial crisis.

Japan has officially expressed its intention to join the U.S, led Trans-Pacific Partnership (TPP), trade alliance initiated by the outgoing U.S Administration provided the U.S remains part of it. Vietnam has officially withdrawn its possible membership from the alliance. The TPP is to encompass the U.S, Japan and countries in the Southeast Asian region.

The government of Thailand expects the economy to grow by 3.3 % this year and then further to between 3.6-3.7% in 2017, given the stimulus packages introduced. It had grown by 2.8 % in 2015.

GDP in Cuba is being forecast to shrink by 0.9% this year following a growth of 4.0% in 2015. It is projected to rise by 2.0% in 2017.



Editor: Syed Mahdi Mustafa [M.Sc. London School of Economics] | Composer: Mahreen Channa

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan
UAN: 111-000-IBP (427) (Ext.506) | Fax: (021) 35683805 | Email: publications@ibp.org.pk | Website: www.ibp.org.pk

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