

economicletter

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Pakistan

According to SBP, the current account deficit rose to \$ 2.601 bn during the first five months of the on-going fiscal (July-November 2016) compared to \$ 1.362 bn in the same period last fiscal.

According to SBP, foreign firms operating in Pakistan repatriated \$ 727.2 mn by way of profits and dividends during July- November 2016 against \$ 802.0 mn in the same period last year.

According to SBP, the value and volume of digital payments during July-June 2015-16 fiscal rose to cumulate at Rs. 231.7 trn and 930,501, an increase of 29% and 21% respectively over the 2014-15 fiscal. Internet banking registered growth of 18% in volume and 10% in value during the above fiscals. Mobile banking transactions rose by 8% and by 5% in value in FY 16 over FY 15.

According to SBP, total liquid foreign exchange reserves as on December 16,2016, stood at \$ 23.132 bn of which \$ 18.190 bn was held by SBP and the rest with banks.

The government has altered the autonomous status of some regulatory authorities by placing them under the federal ministries concerned to act as advisory bodies. The authorities concerned are the following: Oil & Gas Regulatory Authority (Ogra); National Electric Power Regulatory Authority (Nepra); Pakistan Telecommunication Authority (PTA), Frequency Allocation Board (FAB); Public Procurement Regulatory Authority (PPRA).

The government has notified deregulation of CNG prices to be determined by producers and distributors for end- users as per the ordinary norm of market forces of supply and demand.

Arrival of new crop seed-cotton (phutti) at ginneries (PCGA data) across the country at 10.14 mn bales by mid-December registered an increase of 12.33% over the same period last crop season. Arrivals from Punjab and Sindh were higher by 19.38% and 1.86% respectively during the above periods.

The large scale manufacturing (LSM) sector posted a growth of 2.03% over the same period of 2015.

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	5.90	6.15	Rs.135.00	Rs.113.45	Rs.107.9	46,584.53	Rs.39,128.00
Ending	5.89	6.14	Rs. 134.75	Rs. 113.95	Rs. 108.8	46,633.99	Rs.35,492.87
Change	- 0.01	- 0.01	- 0.25	+ 0.5	+ 0.9	+ 49.46	- 3635.13

Import cost (PBS f.o.b data) of the oil sector, comprising of crude oil and petroleum products, at \$ 4.075 bn during July-November 2016 was higher by 5.4% over the same period of 2015.

Import cost of food products (PBS f.o.b data) during July-November 2016 was recorded at \$ 2.34 bn, higher by 5.4% over the same period of 2015.

A consortium of private Chinese firms has bid to acquire 40% share of Pakistan Stock Exchange (PSX) for \$ 85 mn, the bid being the highest.

The senate has recommended the government to withdraw Rs. 5, 000 currency notes as it was promoting the shadow economy and was stoking inflation.

International

The Prime Minister of India has quashed, within a day, conditions imposed by the Reserve Bank of India, the central bank of the country, on the exchange of demonetized currency notes of Rs. 500 and Rs. 1,000 which constitute about 86% of all monetary transactions. The Prime Minister had himself demonetized them in early-December this year.

The Chinese Academy of Social Sciences (CASS), a government-backed top think-tank, expects the economic growth to slow down to 6.5% next year having grown by 6.7% in the first three quarters this year which may be sustained in the fourth quarter too.

Top French banks are to sue the European Central Bank (ECB) to get an exemption from holding capital against deposits parked with a state-owned fund, the most high profile challenge to the main regulatory authority –ECB – for the past two years.

The First Minister of Scotland has unveiled plans to stay in the European Union (EU) single market notwithstanding the June 23,2016 Brexit referendum result.

The central bank of Russia has left its key lending rate unchanged at 10.0% aimed primarily at containing inflation as a step towards spurring growth to be attended to later.

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