

# economicletter

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## Pakistan

According to SBP:

- Net foreign direct investment fell to \$ 249.3 mn in the first quarter of the current fiscal ( July – September 2016) against \$ 403.3 mn in the same quarter last fiscal.
- The current account deficit during July – September 2016 widened to \$ 1.368 bn against \$ 579 mn in the same quarter last fiscal.
- Housing finance outstandings provided by banks, DFIs and specialised institutions as at end – June 2016 stood at Rs. 65.70 bn compared to Rs. 60.80 bn by end – December 2015.
- Infrastructure financing by banks and DFIs by end – April – June quarter at Rs. 1.05 trn represented an increase of 29 % over the same end – quarter of 2015.
- The stock markets of the country attracted an inflow of \$ 28 mn during July – September 2016 against an outflow of \$ 91.5 mn in the same quarter of 2015.
- Total liquid foreign exchange reserves as on October 14, 2016, stood at \$ 24.261 bn of which \$ 19.462 bn was held by SBP and the rest with banks.

The IMF expects the economy to grow by 5.0 % in the current fiscal, the same forecast as by the World Bank.

Merchandise export earnings (PBS data) in the first quarter of the current fiscal (July – September 2016) at \$ 4.68 bn was lower by 8.98 % over the same period last fiscal. Merchandise import payments at \$ 11.74 bn was higher by 10.7 % during the above periods.

Arrival of seed – cotton (phutti) at ginneries (PCGA data) since the beginning of new crop season (early – September) to mid – October was lower by 6.2 % over the same period last crop season. Arrivals from Punjab and Sindh were lower by 9.0 % and 3.8 % respectively.

## 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. 129.2	Rs. 116.25	Rs. 105.55	41,464.31	Rs. 39,992
Ending	5.80	6.05	Rs. 127.76	Rs. 113.86	Rs. 104.4	41,291.43	Rs. 40,700
Change	+0.01	+0.01	-1.44	-2.39	-1.15	-172.88	+708

## International

China's economy expanded by 6.7 % in the third quarter, YoY, within the government's comfort zone of it being 6.5 – 7.0 % in the full year. In 2015 it had grown by 6.9 %.

The U.S. budgetary deficit for the fiscal ending September 2016 widened to \$ 587 bn or 3.2 % of GDP compared to \$ 439 bn or 2.5 % in the previous fiscal.

China has signed loan agreements worth \$ 20 bn to enable Bangladesh develop key infrastructure projects as also for the establishment of new industrial parks across the country. Additionally, Chinese private sector firms have signed trade and investment deals worth \$ 13.6 bn with their Bangladeshi counterparts.

Iran hopes to boost its oil output to 4 mn barrels per day (bpd) by March next year after it was informally exempted by OPEC members who decided to cut output to shore-up prices in their last meeting.

GDP growth in Singapore at 0.6 % on an annualised basis during July – September was the slowest pace since 2009.

China's trade surplus in September at \$ 42.0 bn was lower by \$ 10.0 bn over the same month in 2015.

The World Bank is to provide Bangladesh a credit line of \$ 2.0 bn over a three – year period to fight climate change.

CPI inflation in the U.S. during the year ending September 2016 averaged 1.5 %, year-on-year, highest yearly rise since October 2014.

Germany's CPI inflation rose by 0.7 % in September, year-on-year, yet far short of ECB's target of it being close to 2 %.

Unemployment in the U.K. during June – August held steady at 4.9 % of workforce, lowest for 11 years.

The Egyptian President considers adoption of "tough but unavoidable" measures as part of conditionalities agreed to with the IMF to secure the \$ 12.0 bn credit facility to prop-up the sagging economy. The main measures include cut in subsidies and increase in public revenue.



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