

economicletter

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Pakistan

The SBP Governor has directed banks to prepare at least a 3-year plan to strengthen their presence in Balochistan with focus on increased financing under concessional schemes amongst other measures.

According to SBP, the current account deficit during July-February 2016-17 widened to 5.473 bn against \$ 5.473 bn against \$ 2.482 bn in the same period of 2015-16.

According to SBP, total assets of Islamic Banking Industry (IBI) increased to Rs. 1.853 trn by end-December 2016 against Rs. 1.610 trn as by end-December 2015. The market share of assets and deposits of IBI increased to 11.7% and 13.3% respectively against 11.4% and 13.2% respectively during the above periods.

According to SBP, portfolio investment during July-February 2016-17 was negative \$ 353.2 mn against an outflow of \$ 347.6 mn in the same period of 2015-16.

The World bank has estimated that microfinancing needs an injection of Rs. 300 bn if it has to increase its share from the current 0.5% in financial sector's assets to reach 10 mn active borrowers by 2020.

The World bank in partnership with Alternative Energy Development Board (AEDP) is to develop a solar map of the country where clean and renewable solar plants for electric generation may be setup.

The international Development Association, the soft lending arm of the World Bank group, has approved a credit line of \$ 450 mn aimed at enhancing financial outreach, improvement in social safety net and promotion of tourism.

The large-scale manufacturing (LSM) sector ported a growth of (PBS data) 3.48% during July-February 2016-17 over the same period of 2015-16.

The National Electric Power Regulatory Authority (Nepra) has cut power tariff for consumers of K-Electric by Rs. 3.50 per unit for the next seven years.

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	5.87	6.12	Rs. 131.50	Rs. 112.50	Rs. 107.20	49,623	Rs. 43,671
Ending	5.88	6.13	Rs. 132	Rs. 114.50	Rs. 106.40	48,971	Rs. 43,371
Change	0.01	0.01	0.5	0.2	-0.8	-652	-300

International

The G-20 Finance Ministers have failed on a joint communique on free trade and climate change because of U.S opposition on both.

The Saudi Arabia monarch on an official visit to China has signed memorandum of understanding (MOUs) in various sectors of the two economics including the energy sectors. The MOUs are estimated to the worth about \$ 65 bn.

The central bank of Turkey has left its overnight lending rate unchanged at 9.25%. The one-week repo rate has been kept on hold at 8.0 % and the overnight borrowing rate has been maintained at 7.25%.

The central bank of Kuwait has raised its benchmark discount rate by 25 basis points to 2.75%.

Moody's Investors Services has downgraded Turkey's economic outlook from "stable" to "negative" citing institutional weaknesses as the main factor behind the downgrade.

The U.S. Federal Reserve has relaxed rules for merger of big banks by raising the threshold limit of total assets from \$ 25 bn to \$ 100 bn.

India with population of 1.25 bn has only 132,000 bank branches and 218,000 ATMs, only a fraction of which are in the rural areas. It has been estimated that the economy loses \$ 2.0 bn an year because it is unbanked or under-banked. The government is introducing new laws to redress the situation.

German exports in 2016 rose to a record 1.2 trn euros, higher by 1.2% over 2015. Imports rose by 0.6% to 955 bn euros during the above periods.

According to an UNDP study, 1.0% of the world's richest people hold nearly half of global wealth.

Fitch rating agency has downgraded Saudi Arabia's credit by a notch from "AA-" to "AA+" mainly on grounds of worsening public finances on the back of falling oil prices.

CPI inflation in Britain was higher by 2.3% in February, YoY, highest monthly gain for three-and-a half years and well above the central bank's target of containing it at 2.0 % or near it.

The U.S current account deficit in 2016 at \$ 481.2 bn was higher by 3.9% over 2015. As a proportion of GDP it was unchanged at 2.6% in both years.



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

Published by: The Institute of Bankers Pakistan, M.T. Khan Road, Karachi 74200, Pakistan
Phone: (021) 35277538 | Fax: (021) 35222416 | Email: publications@ibp.org.pk | Website: www.ibp.org.pk

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