

economicletter

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Pakistan

The **SBP** has directed all the financial institutions of the country to report to it all **cases of fraud** of associates and joint venturers in any enterprise where they have a minimum shareholding of 20%.

The **SBP** has allowed **exchange companies** to raise their authorised or paidup capital base through the existing Directors or shareholders without seeking its prior approval.

According to **SBP**, the **services sector exports** during the first seven months of the current fiscal (July-January 2014-15) stood at \$ 3.167 bn against \$ 2.776 bn in the same period last fiscal. The **sector's imports** were recorded at \$ 4.628 bn against \$ 4.603 bn during the above period. The **sector's trade deficit** narrowed to \$ 1.461 bn during July-January 2014-15 compared to \$ 1.827 bn in the same period of 2013-14.

According to SBP, total **liquid foreign exchange** reserves as on February 27, 2015 stood at \$ 16.136 bn of which \$ 11.207 bn was held by SBP and the rest with banks.

According to Pakistan Bureau of Statistics (**PBS**), headline inflation measured by the consumer price index (**CPI**) eased to **3.20%** in February 2014 against **3.88%** in January, both year-on-year (yoy).

Some other findings of inflation by it are noted below:

- **average CPI inflation** during July-February 2014-15 stood at 5.45% yoy;
- non-food-non-energy (**NFNE**) **trimmed core inflation** was lower at 6.2% in February against 6.4% in January;
- **food and non-food inflation** rose by 2.1% and 4.0% respectively, yoy;
- **inflation** measured by the sensitive price indicator (**SPI**) and wholesale price index (**WPI**) registered increases of 2.7% and 0.87% respectively in February, yoy.

According to **PBS**, movement of some **tradable items** during July-January 2014-15 over the same period of 2013-14 has been as under:

- **exports of textile and clothing** rose to \$ 8.096 bn against \$ 8.016 bn;
- import cost of **food products** rose to \$ 3.158 bn against \$ 2.410 bn;
- total **import cost of the oil sector** fell to \$ 7.507 bn against \$ 8.735 bn with crude oil imports down by 14.61% and petroleum products lower by 13.73%;

Markets at a glance

Weekly Review	KIBOR (6 months)		Foreign Exchange Rates			KSE	Gold Rate
	Bid %	Offer %	UK (£)	Euro (€)	US (\$)	100 Index	(10 gm)
Beginning	8.19	8.44	Rs.156.88	Rs.114.29	Rs.101.84	33,632	Rs.41,142
Ending	8.01	8.26	Rs.154.68	Rs.111.65	Rs.101.78	33,263	Rs.40,800
Change	- 0.18	- 0.18	- 2.2	- 2.64	- 0.06	- 369	- 342

- **import cost of generators** rose to \$ 775 mn against \$ 643 mn;
- **import cost of pulses** rose to \$ 274.135 mn against \$ 165.160 mn.
- **total import cost of the oil sector** fell to \$ 7.507 bn against \$ 8.735 bn with crude oil imports down by 14.61% and petroleum products lower by 13.73%;
- **import cost of generators** rose to \$ 775 mn against \$ 643 mn;
- **import cost of pulses** rose to \$ 274.135 mn against \$ 165.160 mn.

According to provisional data released by the **FBR**, **gross revenue collection** during the first eight months of the current fiscal (July-February 2014-15) rose by **13.0%** to Rs. 1.519 trn against Rs. 1.341 trn in the same period last fiscal.

According to **PBS**, the large scale manufacturing (**LSM**) sector posted a growth of **2.5%** during the first half of the current fiscal (July-December 2014) over the same half of 2014.

According to Pakistan Cotton Ginners Association (**PCGA**), arrival of new crop seed cotton (phutti) at ginneries across the country till **end-February 2015** was recorded at **14.7 mn bales**, higher by 10.33% over the same last crop season. Arrivals from Punjab were higher by 12.2% while those from Sindh were higher by 5.6%.

The Asian Development Bank (**ADB**) has approved a credit line of **\$ 30.0 mn** to a private limited firm for

establishing the country's first liquefied natural gas (**LNG**) terminal at Port Qasim, Karachi.

INTERNATIONAL

The **Indian** Economic survey, 2014-15 has forecast that the **economy** would grow by between **8.1 - 8.5%** in the fiscal beginning April 2015 compared to an anticipated growth of **7.4%** last fiscal ending March 2015. Both forecasts are based on changed calculation of GDP in common with other countries. CPI inflation is projected to moderate further to 5.5% and fiscal deficit to come down to 3.0% of GDP against 4.1% in 2014-15.

The central bank of China has cut its benchmark lending rate by 25 basis points (bps) – the second cut in three months – to 5.35%. It has also reduced the benchmark deposit rates by 25 bps to 2.5%.

The Reserve Bank of India (**RBI**) has cut its key **repo rate** by 0.25% to **7.5%**.

The **central bank of South Korea** has left its policy lending rate unchanged at the record low of 2.0%.

CPI inflation in the U.S. declined to 0.1% in January, the lowest level since October 2009 and a sharp deceleration from the rise of 0.8% last December.

CPI inflation in Sri Lanka fell to a rise of 0.6% in February against 3.2% in January and 4.2% in February 2013. The rise was lowest for 11 years of 0.5% in January 2004.

India is to invest **\$ 137 bn** over the next five years to improve and modernise its **railways network**.



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