

economicletter

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Pakistan

According to SBP, the current account deficit during July – February 2015 – 16 narrowed to \$ 1.869 bn (0.9 % of GDP) against \$ 1.947 bn in the same period last fiscal.

The SBP has unearthed a number of irregularities in the trade sector mainly related to over and under invoicing and has started punitive proceedings against the recalcitrant.

The Chief Advisor to the SBP has opined that the private corporate sector has a potential to invest over Rs. 3.7 trillion in the non-financial sector of the economy.

According to SBP, total liquid foreign exchange reserves as on March 18, 2016 stood at \$ 20.521 bn of which \$ 15.630 bn was held by SBP and the rest with banks.

The IMF has affirmed that despite some slippages at macro level targets, the economy continues to remain stable and despite high external debt liability there is no possibility of default in its servicing.

The World Bank has estimated that the country was losing a potential growth of 2.0 % of its GDP due to the security situation confronting the economy.

Arrival of new crop seed – cotton (phutti) (PCGA data) at ginneries across the country by mid-March at 9.748 mn bales was lower by 14.79 % over the same period last crop season. Arrivals from Punjab and Sindh were lower by 44.68 % and 5.16 % respectively during the above periods.

Total merchandise export earnings during July – February 2015 – 16 was recorded (PBS f.o.b. data) at \$ 13.868 bn, lower by 13.30 % over the same period last fiscal.

Markets at a glance

Weekly Review	KIBOR (6 months)		Foreign Exchange Rates			KSE	Gold Rate
	Bid %	Offer %	GBP(£)	EURO(€)	USD(\$)	100 Index	(10 gm)
Beginning	6.10	6.35	Rs. 151.22	Rs. 118.06	Rs. 104.68	33,080	Rs. 42,821.35
Ending	6.11	6.36	Rs. 148.50	Rs. 117.30	Rs. 105.50	32,876	Rs. 42,128
Change	+0.01	+0.01	-2.72	-0.76	+0.82	-204	-693.35

Total merchandise import payments (PBS f.o.b data) during July – February 2015 – 16 at \$ 28.949 bn was lower by 5.04 % over the same period last fiscal.

Export earnings (PBS f.o.b. data) of the services during July – January 2015 – 16 at \$ 3.093 bn was recorded lower by 5.96 % over the same period last fiscal. Import payments of the sector at \$ 4.370 bn was lower by 14.51 % during the above periods.

Export earnings of textiles and clothing (PBS f.o.b. data) in the first eight months of the current fiscal (July – February 2015 -16) at \$ 8.363 bn was lower by 8.76 % over the same period last fiscal.

The government has approved a new trade policy for the next three years envisaging a growth in exports from \$ 24 bn in 2015 to \$ 35 bn by 2018. The plank of the policy rests on diversification of markets and products and by value – addition in non – traditional items.

The ECC of the Cabinet has approved a new 5-year Automobile Policy with a view to make the sector more competitive and end – products cheaper for end-users.

International

India has signed a deal for supply of oil and gas from Russia over the next 5 years.

China has offered to provide \$ 11.5 bn to countries in the Southeast Asian region for development of infrastructure and other projects of their choice.

The Bank of England (BoE) has left its lending rate unchanged at 0.50 %.

The central bank of Indonesia has cut its key lending rate by 0.25 % to 6.75 %, the third in as many months.

The central bank of Taiwan has cut its policy rate 12.5 basis points (bps) to 1.50 %.

The central bank of Thailand has held its lending rate at 1.50 % while lowering the growth prospect of the economy in 2016 from earlier estimates of 4.1 % to latest estimates of 3.1 % mainly on account of lower than projected merchandise export earnings.



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