

economicletter

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Pakistan

According to **SBP**, the **current account deficit** during July-February 2014-15 **narrowed** to \$ 1.614 bn (**0.8% of GDP**) against \$ 2.453 bn (**1.2% of GDP**) in the same period of 2013-14.

According to **SBP**, private foreign direct investment (**FDI**) in the first seven months of the current fiscal (July-February 2014-15) fell to **\$ 615.5 mn** against **\$ 640.0 mn** in the same period last fiscal. **Portfolio investment** during July-February 2014-15 rose to **\$ 155.7 mn** against **\$ 39.2 mn** in the same period of 2013-14. **Total net foreign investment** comprising of private FDI, portfolio investment and foreign public investment during July-February 2014-15 rose by **139%** over the same period last fiscal to **\$ 1.776 bn**.

According to **SBP**, **agricultural credit disbursement** by banks and specialised institutions **rose by 32%** to Rs. 288.7 bn during the first months of the current fiscal (**July-February 2014-15**) against Rs. 218.3 bn in the same period of 2013-14. The disbursement equals 58% of the full fiscal target of Rs. 500 bn. The **outstanding portfolio** of the loans by **end February 2015** stood at **Rs. 307.6 bn** against **Rs. 273.4 bn** as at **end February 2014**.

The **SBP** has revised its instructions of Fit and Proper Test (**FIT**) criterion for board and senior management

personnel in Banks and DFIs. The instructions include **prohibition** of key executive posts to be filled on acting and additional charge basis **for more than three months**.

The **SBP** has directed banks and DFIs to **rotate posting** of key executives every 5-6 years.

According to **SBP's** "Quarterly Housing Finance Review", the portfolio of private **housing finance** in the quarter ending December 2014 by banks and specialised institutions stood at **Rs. 53.7 bn**, an increase of 1.49% over the previous quarter of the year. The level of non-performing loans (**NPLs**) of **housing finance** provided by banks and specialised institutions fell to Rs. 15.51 bn in the quarter ending December 2014 compared to Rs. 15.93 bn in the previous quarter ending September 2014.

According to SBP, total **liquid foreign exchange** reserves as on March 13, 2015 stood at \$ 16.273 bn of which \$ 11.226 bn was held by SBP and the rest with banks.

The government is to setup an export-import (**EXIM**) **bank** to start operating from the next fiscal beginning July 01, 2015. It would operate as a DFI.

The government is to establish a "**Pakistan Mortgage >>**

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	7.96	8.21	Rs.151.16	Rs.107.86	Rs.101.70	32,929	Rs.39,857
Ending	7.87	8.12	Rs.150.50	Rs.109.03	Rs.102.07	31,800	Rs.38,849
Change	- 0.09	- 0.09	- 0.66	+ 1.17	+ 0.37	- 1129	- 1,008

Refinance Company” Ltd. with the prime objective of streamlining housing finance and to ensure greater access particularly for the less privileged affordability.

The Water and Power Development Authority (**WAPDA**) has signed two agreements with **China Civil Engineering Construction Company** for the **Dasu Hydropower Project** in two phases near the Karakoram Highway. Once completed, it would generate 4,320 MWs of cheap electricity. The **World Bank** is to provide a credit line of **\$ 588.4 mn** and an **IDA** assistance of **\$ 460.0 mn** for the completion of the first phase of the project.

According to the Central Directorate of National Savings Scheme (**NSS**), fresh investment of **Rs. 280 bn** was recorded in its various deposit portfolios during July-February 2014-15 against **Rs. 180 bn** during the same period of 2013-14.

The National Electric Power Regulatory Authority (**Nepra**) has allowed **K-Energy** to convert **two** of its thermal based power plants at Port Qasim, Karachi for **coal-fired generation** of electricity. **Each** plant would have a **capacity of 210 MWs**. The switchover would be undertaken with technical assistance of a Chinese private sector firm.

According to All Pakistan Cement Manufacturers Association, **total despatch of cement** in the first eight months of the current fiscal (July-February 2014-15) rose by **5.12%** to 22.78 mn tons over same period of 2013-14. **Domestic despatches** were **higher by 9.12%** while **export despatches** were **lower by 5.55%** during the above periods.

INTERNATIONAL

The **central bank of Sri Lanka** has left its Standing Deposit Facility (**SDF**) rate and the Standing Lending Facility (**SLF**) rate unchanged at 6.50% and 8.00% respectively for the 14th consecutive month.

The **Russian central bank** has cut its key lending **repo rate** to 14.0% from 15.0%.

Private foreign direct investment (**FDI**) excluding those in the financial sector **into China** during January-February at **\$ 22.5 bn** was **higher by 17.0%** over the same months of 2013. **Outbound Chinese investment** rose by **51% to \$ 17.4 bn** during the above periods.

CPI inflation in Brazil rose to a 10-year high at 7.70% in February, year-on-year, well above the government's target of containing it at around 4.5%.

CPI inflation in Russia was recorded at 16.7% in February, year-on-year (yoy), highest since 2002, with food inflation rising by 23.3% in the month, yoy.

GDP growth in Rwanda was recorded at **7.0% in 2014** compared to a slowed growth of **4.6% in 2013**. The central bank has forecast a growth of between 6.0 - 6.7% for 2015. The economy had expanded by an average of 8.2% during 2006-12. The landlocked African country has emerged as a **favourite destination for foreign investors** given its considerable untapped natural resources and favourable investment laws.



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