

# economicletter

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## Pakistan

The SBP is to transfer 332,134 depositors accounts held by banks and DFIs lying dormant for long unless claimed by end-year of 2015.

The SBP has allowed the long term trade facility (LTTF) to even those exporters whose annual exports are \$ 5.0 mn.

According to SBP, total liquid foreign exchange reserves as on March 25, 2016 stood at \$ 20.423 bn of which \$ 15.588 bn was held by SBP and the rest with banks.

According to the Ministry of Finance, the International Monetary Fund (IMF) has approved the disbursement of \$ 502 mn due to tranche of the Extended Fund Facility.

The visiting Iranian President has signed six memorandums of understanding (MoUs) with Pakistan aimed at increasing ties in different sectors of the economy. The most important of these relate to meeting Pakistan's energy needs and bolster bilateral trade to \$ 5.0 bn annually in the short-term.

The large – scale manufacturing (LSM) sector posted a growth (PBS data) of 4.12 % during July – February 2015 – 16 over the same period of 2014 – 15.

The Council of Common Interests (CCI), an inter-provincial body headed by the Federal Government has approved a Flood Preventive Programme of Rs. 178 bn to be disbursed over the next ten years.

Export earnings of non-textile products (PBS f.o.b. data) during the first eight months of the current fiscal (July – February 2015 -16) fell to \$ 6.829 bn in the same period of 2014-15.

## 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	6.11	6.36	Rs. 148.50	Rs. 117.30	Rs. 105.50	32,876	Rs. 42,128
Ending	6.11	6.36	Rs. 150.2	Rs. 119	Rs. 105.75	33,449	Rs. 42,428
Change	0.00	0.00	+1.7	+1.7	+0.25	+573	+300

Iran has agreed to finalise a free trade agreement (FTA) with Pakistan by end – 2017 leading to dismantling of tariff barriers leading to higher bilateral trade particularly between the private sectors of the two countries.

## International

The Indian government has introduced measures to rein in the so-called “willful defaulters” of bank loans causing the exchequer a loss of \$ 1.34 bn on year.

The Indian government has cut the interest rate for small borrowers from 8.4 % to 7.1 %.

The federal government of Sri Lanka borrowed Rs. 1.74 trillion for budgetary support in 2015, higher by 25.6 % over 2014.

The International Energy Agency (IEA) has contended that the freeze on oil production levels adopted by Russia and Iran with a view to strengthen falling oil prices may be of no avail unless global economies start turning the corner by higher growth rates.

The U.S economy expanded by 2.4 % in the full year of 2015, almost two percentage points higher than earlier forecasts.

Japan has unveiled a \$ 861.5 bn central budget focusing on increased public spending with a view to arrest and reverse the sluggishness of the economy on way to growth against the latest recessionary spell.

Leading financial experts and research institutes have come to conclude that Brexit (exit of Britain from the European Union (EU) membership) not-with-standing revised better terms offered by the EU to induce Britain to remain in the EU group of countries could cost the U.K an annual loss of about \$ 100 bn by way of lost trade opportunities and services sector financial income besides undermining its status as a global power to reckon with. The national referendum to be held on June 23, 2016 would provide the answer.

The central bank of Malaysia has forecast that the economy would grow by a slower pace of 4.0 – 4.5 % in 2016 against the realised growth of 5.0 % in 2015.

The Bank of England (BoE) has warned that Brexit could cause volatility in the sterling’s exchange rate and in pruning of its value as a reserve currency.



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