

# economicletter

a weekly publication of The Institute of Bankers Pakistan

## Pakistan

According to **SBP**, the **IMF** has released \$ **499.049 mn** as the sixth tranche of its Extended Fund Facility (**EFF**).

The **SBP** has allowed forex companies to conduct **branchless banking** as agents of authorised financial institution namely commercial banks, Islamic and microfinance banks.

According to **SBP**, the asset base of **Islamic Banking Industry** (IBI) rose to Rs. 1.259 trillion by end- December 2014, an increase of 24.2% over the end-December 2013 level. These assets in the overall banking system as a proportion increased to 10.4% against 9.6% during the above periods. The deposit base of the IBI increased to Rs. 1.070 trillion by end - December 2014, having **increased** by **23.3%** over end-December 2013. As a proportion of overall deposits of the banking sector, it rose to 11.6% against 10.4% during the above periods.

According to **SBP**, the country needs to invest **10%** of its GDP for infrastructure development which currently stands at **6%** of GDP. Investment in infrastructure development by banks and DFIs during the quarter **ending December 2014** was recorded at Rs. 297.8 bn, an **increase** of **5.5%** over the preceding quarter.

According to **SBP**, total liquid foreign exchange reserves as on March 27, 2015 stood at \$ 16.194 bn

of which \$ 11.123 bn was held by the SBP and the rest with banks.

The Federal Board of Revenue (**FBR**) has provisionally placed gross revenue collection in the first nine months of the current fiscal (July-March 2014-15) at Rs.1.574 trn at the same period last fiscal.

According to **PBS**, headline inflation measured by the consumer price index (**CPI**) fell to 2.5% in March against 3.2% in February year-on-year (YOY), the lowest level since September 2003. Some other findings are noted below;

- Arrange **CPI** inflation during July – March 2014-15 was recorded at 5.12% over the same period of 2013-14;
- Non-food-non-energy (**NFNE**) trimmed core inflation rise slowed to 5.9% in March against 6.2% in February;
- Food and non-food inflation **rises** were recorded at 0.5% and 3.9% respectively, YoY;
- Inflation measured by the sensitive price indicator (**SPI**) and the wholesale price index (**WPI**) registered increases of 2.55% and 0.36% respectively, YOY.

According to **PBS**, **exports** and **imports** of some **merchandise goods** during **July-February 2014-15** against July-February 2013-14 as under:

## 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	7.70	7.95	Rs.150.93	Rs.110.19	Rs.101.87	29,957	Rs.40,714
Ending	7.74	7.99	Rs.150.89	Rs.110.77	Rs. 101.83	31,413	Rs.40,500
Change	- 0.04	- 0.04	0.04	-0.58	0.04	-1456	214

- exports of **textile and clothing** stood at \$ 9.179 bn against \$ 9.136 bn.
- import cost of **food products** rose to \$ 3.476 bn against \$ 2.745 bn;
- total **oil sector** import cost fell to \$ 8.183 bn against \$ 9.953 bn with crude oil imports down by 22.55% and petroleum products cost by 14.76%.

The government has modified prices of some **petroleum products** for April after leaving them unchanged for the past six months. These include an **increase** in per liter cost of Rs. 4.0 in the price of petrol to Rs. 74.29 and of Rs. 3.0 in the price of **high speed diesel** to Rs. 83.61. The prices of Kerosene Oil, HOBC and high speed diesel have been left unchanged,

According to Pakistan Bureau of Statistics (**PBS**), exports of **non-textile products** during July – February 2014-15 fell to \$6.826 bn against \$ 7.704 bn in the same period of 2013-14.

The Cabinet Committee on Privatization (**CCoP**) has approved the sale of 97% shares of Heavy Electrical Complex (HEC) for Rs. 905 mn including liabilities of Rs. 435 mn.

According to the **Federal Petroleum Minister**, the government is injecting 200 mmcf of liquefied natural gas (**LNG**) into the system effective 31 March, 2015. The LNG being imported from Qatar would be increased to 400 mmcf by the end of the current year.

The Securities and Exchange Commission of Pakistan (**SECP**) has notified enhancement in the minimum paid-up capital for life insurance non-life insurance companies to progressively rise bi and annually to reach Rs. 700 mn and Rs. 500 mn respectively by end – December 2017.

The **Federal Minister for Water and Power** has informed the **National Assembly** that Circular debt currently stands at Rs. 258.7 bn while arrears of power distribution companies stand at Rs. 552.4 bn.

## INTERNATIONAL

**Russia, Australia, the Netherlands, Brazil, South Korea and Turkey** have all signed to join the China-led Asian Infrastructure Investment Bank (**AIIB**).

**GDP growth** in the **U.K.** in 2014 was recorded at 2.8%, the fastest pace since 2006.

**GDP growth** in **Brazil**, seventh largest in the world and largest in **Latin America**, slowed to 0.1% in 2014 against 2.7% in 2013. It is being anticipated to enter recession in 2015.

The first fully private **domestic commercial bank** in **China** has started operations.

**China** is to introduce deposit insurance to provide protection to banks' customers effective May 1, 2015. The measure is being seen leading to freer interest rates in the country's banking sector.

**CPI inflation** in **Japan** slid to zero percent in February, the lowest level since May 2013.

**Chinese investment** in the US by way of new enterprises or through expansion of existing one has grown by an annual average of 41% during 2009 – 2013

The **Central Bank of Philippines** has left its key lending rate unchanged at 4.0%.



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