

economicletter

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Pakistan

The **SBP** in its latest monetary policy statement (**MPS**) has left its discount rate unchanged at **6.0%**, a level arrived at in **November 2015**. The MPS stance has been based mainly on expectations of low inflation stable currency, low current account deficit, healthy foreign exchange reserves, and higher home remittances. The SBP's main areas of concern were falling export earnings and fiscal slippage which might disturb the macro stability currently well in sight.

According to SBP, **home remittances** during July – March 2015 – 16 rose to \$ 14.15 bn against \$ 13.59 bn in the same period of 2014 -15.

According to SBP, **private sector credit off-take** during July – March 2015-16 rose to Rs. 370.78 bn against Rs. 178.46 bn in the same period of 2014-15.

According to SBP, **total liquid foreign exchange reserves** as on April 08, 2016 stood at \$ 20.834 bn of which \$ 16.041 bn was held by SBP and the rest with banks.

IMF, World Bank and Asian Development Bank are all projecting a **GDP growth of 4.5 %** in the current fiscal. The **SBP** is anticipating it at between 4.0 – 5.0 %. **The government** is hoping to realise a growth of 5.5 %.

The Parliament has legislated the **conversion** of Pakistan International Airlines (**PIA**) from an autonomous corporation to a public limited company.

The Planning Commission has estimated that about 29.5 % of the **adult population** is living below the **poverty line** earning only \$ 1.0 a day.

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. 147.7	Rs. 119.1	Rs. 105.6	33,967	Rs. 42,257
Ending	6.11	6.36	Rs. 148.7	Rs. 117.75	Rs. 105.65	33,767	Rs. 42,128
Change	+0.01	+0.01	+01	-1.35	+0.5	-200	-129

Merchandise trade deficit (PBS f.o.b. data) during July – March 2015 – 16 widened to \$ 16.809 bn against \$ 16.027 bn in the same period of 2014 – 15.

Total sale of locally assembled cars (industry data) during July – March 2015-16 registered an increase of 23 % over the same period of 2014-15.

Total despatch of cement during July – March 2015 – 16 (industry data) rose to 28.34 mn tonnes, higher by 9.93 % over the same period of 2014 – 15. Domestic despatches were higher by 18.0 % while foreign despatches were lower by 19.0 % during the above periods.

The Central Directorate of National Savings (CDNS) has revised downwards the rates of return on its various savings schemes by between 6.07 % to 7.80 % by way of its adjustment policy with the SBP's discount rate.

International

The IMF has warned that British exit (Brexit) from the European Union (EU) might jolt the recovery in world economies.

The Asian Development Bank (ADB) has warned that the slowness in growth of the Chinese economy would drag down growth in Asian economies across the board.

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

The World Trade Organisation (WTO) has revised downwards global trade growth to 2.8 % this year against earlier estimates of it being 3.9 %. It has forecast it to grow by 3.6 % in 2017.

The U.S Justice Department has imposed a fine of \$ 5.1 bn on Goldman Sachs as relief to investors on grounds of shady mortgage – based deals.

Fitch rating agency has lowered Saudi Arabia's long – term credit rating by a notch from “AA” to “AA minus” citing falling oil prices hurting the Kingdom's export earnings as the main factor behind the downgrade.

CPI inflation in Brazil, the largest Latin American economy, slowed to 9.39 % in March, year-on-year. The central bank's target of containing it at 4.5 % was last achieved in August, 2010.



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